



Results and activities in 2015

Zagreb

February, 2016



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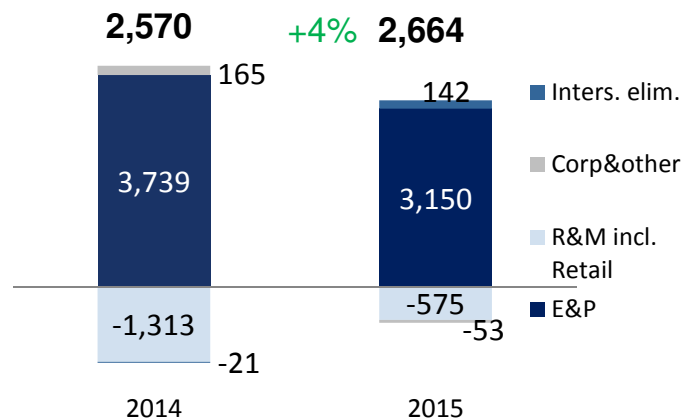
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HIGHER VOLUMES AND LOWER REVENUES DECREASING NET LOSS BY 25%

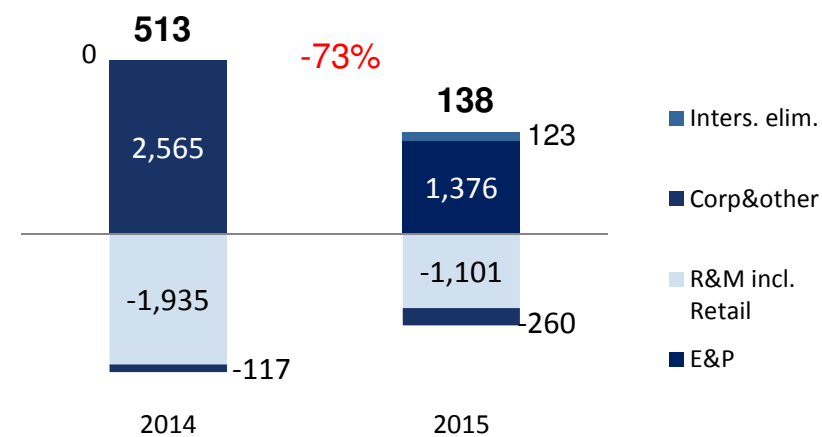
EBITDA

HRK million



Operating profit excluding special items *

HRK million



- +
 - Net loss decreased by 25%, from HRK (1,897) million to HRK (1,418) million
 - Upstream segment recorded a 6% increase in total hydrocarbon production with 20% increase in domestic crude oil production
 - Downstream operations show significant improvement on a clean CCS EBITDA basis HRK 307 vs. (505) million last year

- - Decreasing realized hydrocarbon prices by 33%, driven by Brent price decrease of 47%
 - Impairments in the amount of HRK 1,221 million, of which HRK 987 million in Upstream
 - Operating cash flow lower by 49% but indebtness stable with net debt of HRK 3,032 million

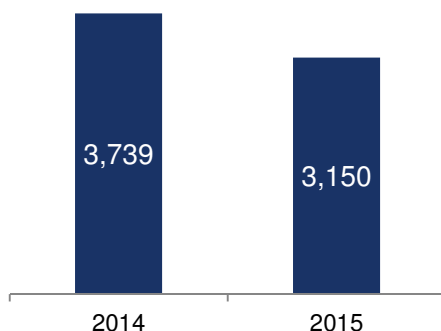
*operating profit was influenced by HRK 1,476 million of special items

EXPLORATION & PRODUCTION – HIGHER PRODUCTION ON MATURE PORTFOLIO



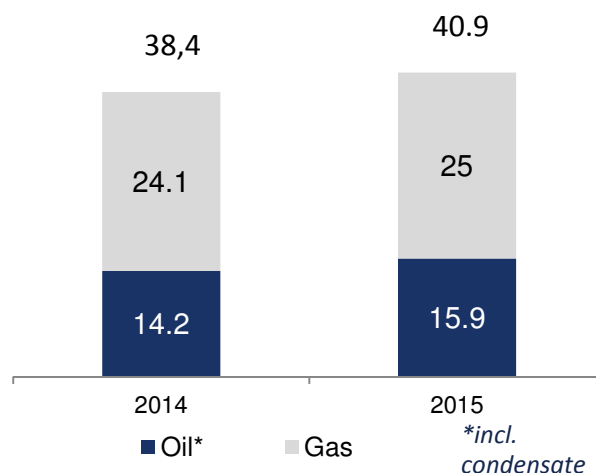
EBITDA

(HRK million)



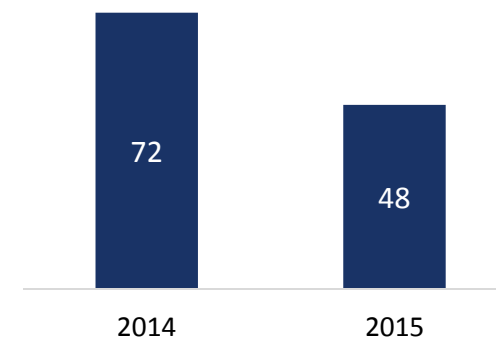
Total hydrocarbon production

(Mboe/d)



Average realized hydrocarbon price

(USD/boe)



- Crude oil production increased by 15% (domestic and international)
- Higher domestic crude oil production by 20% resulted from continuing well workovers, well optimizations and additional production from Hrastilnica
- International oil production was 3% higher in Angola due to start up of new Block 3/05A and 3% in Egypt after successful drilling and workover operations
- Total natural gas production in 2015 was 3% higher than in 2014, offshore increased by 10% (mainly as a result of full year production from new offshore field Ika SW and Isabela start up)
- Despite lower EBITDA segment contributed by HRK 2,310 million positive free cash flow

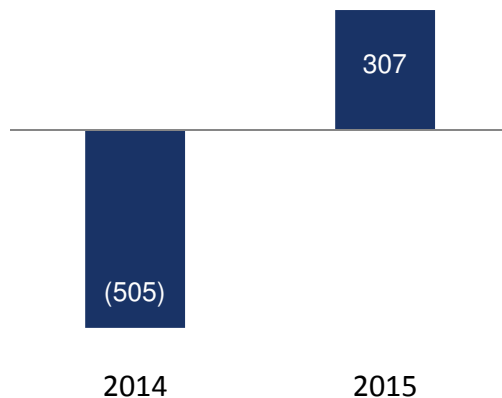


- Decline of Brent by 47%
- Impairments in the amount of HRK 987 million
- Onshore natural gas production was negatively impacted by natural decline and water cuts on mature gas fields
- Lower domestic condensate production by 9% was a consequence of natural decline on main gas condensate fields

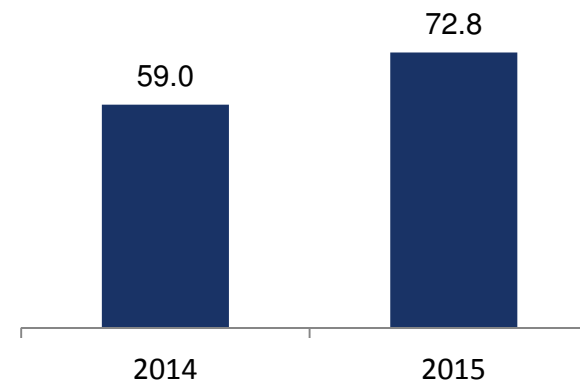
REFINING & MARKETING (INCL. RETAIL) – FAVORABLE ENVIRONMENT TURNED CCS EBITDA POSITIVE



CCS EBITDA
(HRK million)



Average crack spread



- Favorable external environment reflected in Improved product crack spreads (mostly mofuel and heating oil)
- Higher total sales on captive markets together with higher export market realization (Slovenian, Albanian and sea spot markets)
- Positive effect of lower energy costs
- Continued crude slate optimization with higher utilization of refining units



- Higher staff costs related to severance payments
- Intra-business transfers of several activities to business segments
- Despite increase of overall EBITDA R&M could not contribute with positive free cash flow

** CCS methodology eliminates from EBITDA/operating profit inventory holding gain/loss; impairment on inventories; FX gains/losses on debtors and creditors/operating profit by capturing the results of underlying hedge transactions. Clean CCS figures of the base periods were modified as well according to the improved methodology.*

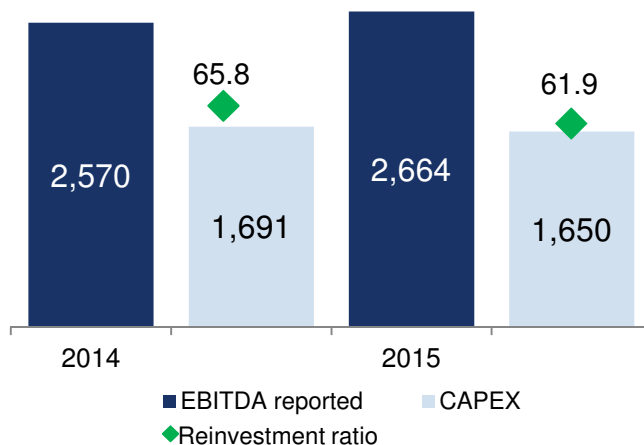
HRK million	2014	2015	%
Net sales revenues	23,759	18,861	(21)
EBITDA	2,570	2,664	4
EBITDA excl. special items	2,689	2,952	10
CCS EBITDA excl. special items	3,378	3,669	9
Operating profit excl. special items	513	138	(73)
CCS Operating profit excl. special items	1,206	843	(30)
Net loss	(1,897)	(1,418)	(25)
Operating cash flow	3,849	1,979	(49)
Net gearing	20.4	22.3	-
CAPEX	1,691	1,650	(2)

STABLE REINVESTMENT RATIO



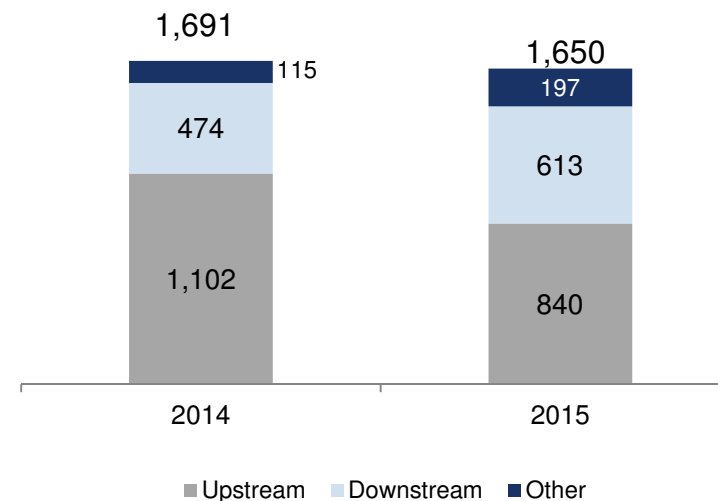
INA Group EBITDA

(HRK million)



Investments distribution

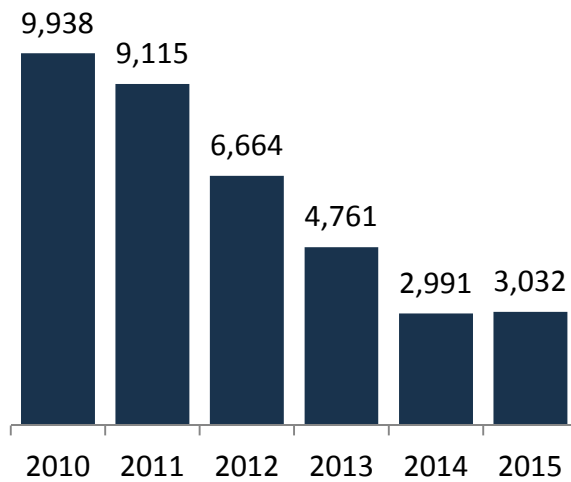
(HRK million)



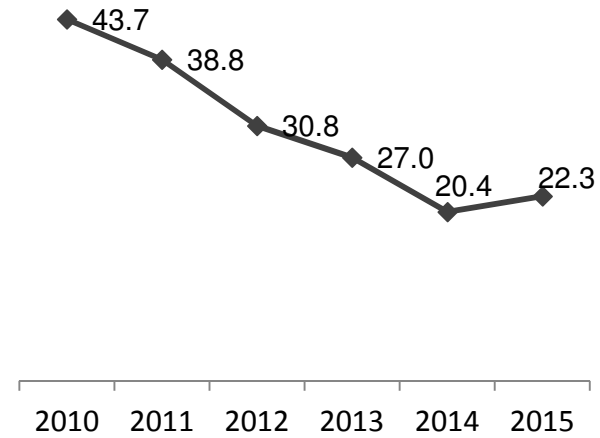
- Investment level of HRK 1,650 million is around 2014 level (97%)
- Mostly focused on the Croatian production activities – however decreased investment level is mainly result of lower offshore development and onshore exploration
- Decreased intensity in Refinery and Marketing – capex mainly related to Logistics projects

STRONG FINANCIAL POSITION WITH A NEGATIVE OUTLOOK

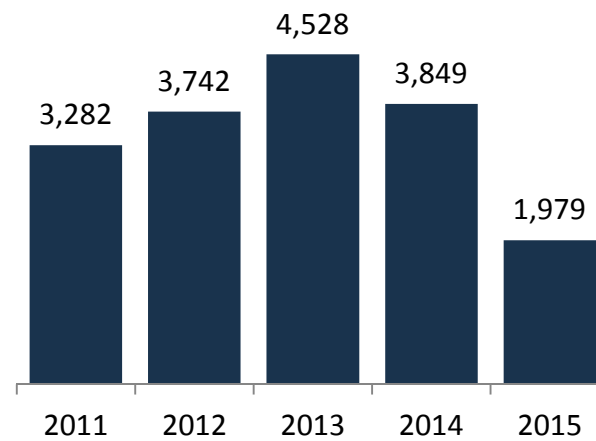
Net indebtedness
(HRK million)



Gearing ratio
(%)



Operating cash flow
(HRK million)

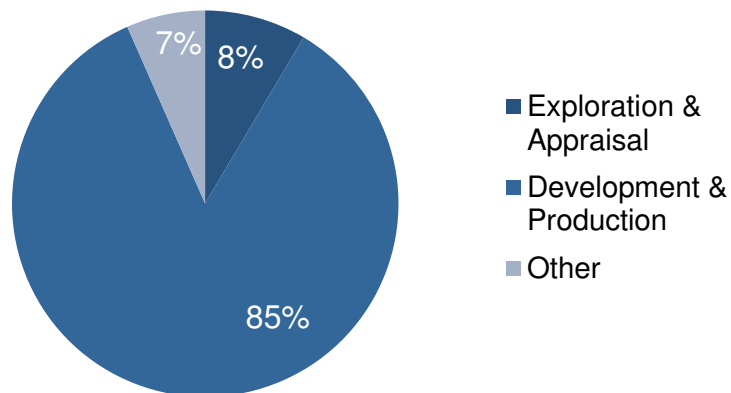


EXPLORATION & PRODUCTION

Activities summary

KEY FIGURES OF 2015 E&P ACTIVITIES

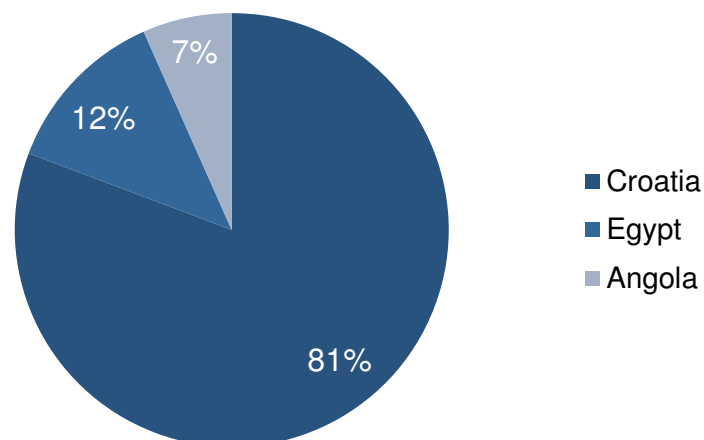
CAPEX distribution by investment categories



CAPEX distribution by activities and countries

Country	HRK mn			Total
	Exploration & Appraisal	Development & Production	Other	
Croatia	71.4	552.1	55.2	678.7
Egypt		105.9		105.9
Angola		55.9		55.9
Total	71.4	713.9	55.2	840.5

Geographical CAPEX distribution



Summary of tested wells

Country	2015			Paying / participating interest %
	Exploration & Appraisal	Progress	Comment / Test result	
Croatia	Hrastilnica 5	Suspended	Dry	100%
	Bunjani 2 South	Testing	Well is currently under testing	100%
	Đeletovci 2 North	Tested, Suspended	Unsuccessful testing. Testing will be repeated on other intervals in 2016.	100%
	Selec 2	Waiting to test	Planned for testing in June 2016	100%

UPSTREAM PORTFOLIO OVERVIEW



Croatian onshore

several fields

Reserves: 158 MMboe
Production: 25.4 mboepd

North Adriatic

North Adriatic

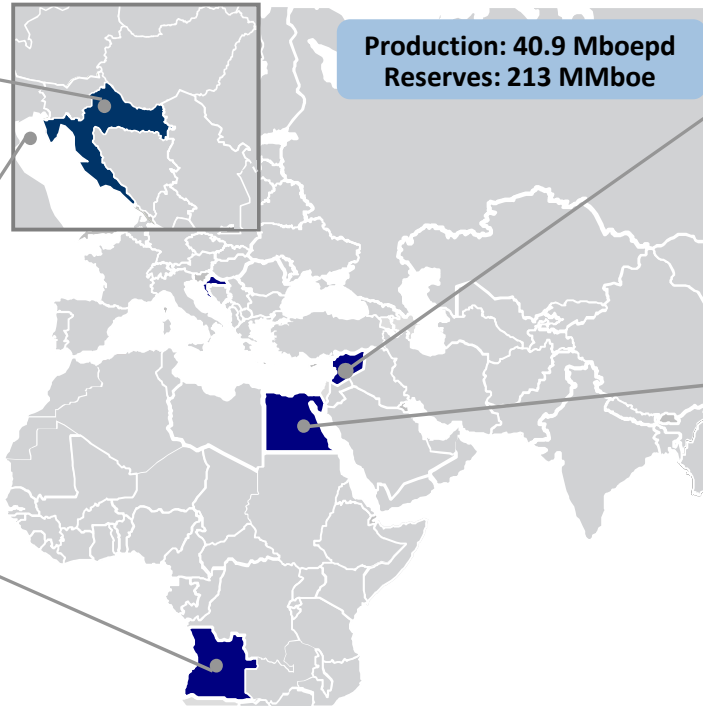
Aiza Laura
Izabela

Reserves: 14 MMboe
Production: 12.2 mboepd

Angola

3/05 Block,
3/05A Block

Reserves: 4 MMboe
Production: 1.2 mboepd



Production: 40.9 Mboepd
Reserves: 213 MMboe

Syria

Hayan Block
Reserves: 36 MMboe
(Force Majeure declared in 2012)

Egypt

Ras Qattara,
West Abu Gharadig,
North Bahariya,
Sidi Rahman
Total reserves: 2 MMboe
Total production: 2.1 mboepd

Note: SPE 2P reserves.

MAIN DATA OF BLOCKS



Country	Block	Reserves Mmboe	Production Mboepd	Acreege in sqkm	Phase	Contract type	Operator	Diluted share %	Partner
CROATIA	Onshore - several	157.6	25.4	11,930	E / D	C	Yes	➤ 100	➤ -
	Offshore – North Adriatic			1,756	E / D	C / PSA	No	➤ 50	➤ ENI 50%
	Offshore – Aiza Laura	13.9	12.1	22	E / D	C / PSA	No	➤ 50	➤ ENI 50%
	Offshore – Izabela			34	D	C / PSA	No	➤ 30	➤ EDISON 70 %
SYRIA	Hayan			645	D	PSA	Yes	➤ 100	➤ -
	Aphamia	35.8	n.a.	2,285	E	PSA	Yes	➤ 100	➤ -
EGYPT	Ras Qattara			247	D	PSA	No	➤ 25	➤ IEOC (75 %) - operator
	West Abu Ghardig	2.3	2.1	77	D	PSA	No	➤ 25	➤ IEOC (45 %) - operator ➤ Dana Petroleum (30 %)
	North Bahariya			135	D	PSA	No	➤ 20	➤ Sahara North Bahariya (50%) - operator & IPR (30%)
	East Yidma – Sidi Rahman			25	D	PSA	Yes	➤ 100	
ANGOLA	Block 3/05A	3.9	1.2	226	D	PSA	No	➤ 4	➤ Sonangol P&P (25%) - operator, China Sonangol (25%), AJOCO (20%), ENI (12%), Somoil (10%), NIS (4%); INA (4%)
	Block 3/05			99	D	PSA	No	➤ 4	➤ China Sonangol (25%), AJOCO (20%), ENI (12%), Somoil (10%), NIS (4%); INA (4%)

Year	Type	Work programme
2015	Exploration	<ul style="list-style-type: none"> - Đeletovci 2 West – drilling and well test conducted, additional well test to follow - Bunjani 2 South – drilling finished; well test ongoing - Hrastilnica 5 - drilling finished, well tested as negative - In the 1st Offshore Bid Round INA was awarded two Blocks – 25 and 26. In the 1st Onshore Bid round, INA was awarded with Block Drava-2. Croatian Government postponed signing all PSAs.
	Development	<ul style="list-style-type: none"> -(1) Selec 2 – drilling finished, (2) Selec 3 – drilling ongoing, (3) Mačkovec – 1 – injection well, (4) Gola 10 – drilling and testing conducted - EOR - injection of CO2 on Ivanić field is ongoing on 12 wells and 8 wells on Žutica North - Međimurje - construction works on Zebanec, Vuckovec, Vukanovec field and gas pipeline node Međimurje – GTP Molve - all in progress - Production Optimisation Program: WWO and Well Stimulation campaigns. Well stimulations were performed on 21 wells. Offshore - installation of booster compressor on platform Ivana K completed, performance test in progress
	Production	<ul style="list-style-type: none"> - Finished 26 capital WWO, 12 capital well equipment repairs, 1 acidizing, HDM/WCH in 55 wells, 205 equipment WO, 5 chemical treatments of injection wells - Finished 1st part of well stimulation project – 21 wells - Additional development and production optimisation of oil field Đeletovci

Year	Type	Work programme
2016	Exploration	<ul style="list-style-type: none"> - Postponement of all planned exploration wells in Croatia (problems with obtaining location permits) - 1 onshore and 2 offshore licences await Croatian Government's ratification
	Development	<ul style="list-style-type: none"> - Select 3 well drilling starts on January 1st and well test is expected to follow in H2 2016 - Production Optimization Program's Well Stimulation Campaign continues throughout 2016 with some postponements and scope reduction due to the sharp oil price decline - EOR Project – continuation of CO2 injection on Ivanić field and Žutica North, start of workovers on Žutica South injection wells - Međimurje – construction works completion and production start-up in July are expected - Finish artificial lift optimization project on the Đeletovci oil field
	Production	<ul style="list-style-type: none"> - Implement the Full Field Optimization concept on onshore fields

* work program is subject to adjustment due to deteriorated environment

EGYPT

INA holds interests in four hydrocarbon concessions in Western Desert of Egypt. INA is the operator of the Sidi Rahman and Rizk Development Leases of the East Yidma Concession, and has a non-operator status in three other concessions (Ras Qattara, West Abu Gharadig and North Bahariya). In 2015, 9 development wells were drilled and put in production on North Bahariya concession.

In 2016, drilling of wells on the North Bahariya concession was planned but is suspended until the oil price improves and the Partners reach an agreement to continue. The work programmes on other concessions are under revision.

ANGOLA

INA entered Angola in 1981 by becoming a partner in the offshore Block 3 PSA with a 5% participating interest. Block 3 contained some of the biggest oil discoveries in the early 1980s and it included three contract areas: Block 3/80 (6 fields), Block 3/85 (2 fields) and Block 3/91 (1 field) at water depths in the range from 40-105 m. Production in this area started in 1985, peaked in 1998, and currently remains in decline. As production licences on Block 3/80 expired in 2001, INA and other partners accepted National Concessionaire's offer to continue production under a new contract as Block 3/05, and in the remaining area of Block 3 exploration activities continued under contract for Block 3/05A. Blocks 3/85 and 3/91 were operated by Total E&P Angola, S.A. until operatorship was transferred on December 31st, 2010 to Sonangol Pesquisa & Producao S.A. INA's participating interest in Blocks 3/05 and 3/05A is 4%.

BLOCK 3/05

In 2015 work programme included drilling of BUF-113 infill well, Palanca field workovers (Pulling/Snubbing 4 Wells) and facilities engineering activities. In 2016, the Cobo-Pambi fields Reservoir Model construction will commence, ESP Pilot Project on two Palanca field wells will be performed, and well workover activities (perforating/ acidizing) on two wells will be executed.

BLOCK 3/05A

Development well Gazela-101/Gazela-101 ST-1 was drilled and completed in 2015. Although expected in 2015, the Contractor Group might the Final Investment Decisions about further development of Block's Caco-Gazela and Punja development areas during 2016. Therefore, in 2016 CAPEX spending is limited to Gazela-101 ST-1 development well post-drilling studies preparation, and engineering activity for Punja wells.