

INDUSTRIJA NAFTE, d.d.

The background of the slide features a blue-tinted photograph of a modern, multi-story office building with a glass facade. The building is reflected in a dark surface below it, creating a symmetrical effect. The title 'Group 2006 Results' is overlaid in a large, white, bold, sans-serif font. To the left of the title, the 'i' logo and the letters 'INA' are also visible in white.

# **Group 2006 Results**

Zagreb, March 2007



## 2006 FINANCIAL RESULTS

- INA GROUP highlights
- Segmental operating profit
- Debt profile and gearing
- CAPEX Structure
- Efficiency programmes



## FINANCIAL HIGHLIGHTS OF YEAR 2006

	2005	2006	Change
	HRK M	HRK M	%
Net sales revenues	21,070	23,434	11
EBITDA	2,966	2,474	(17)
Operating profit	1,410	974	(31)
Net financial expenses (gain)	(337)	131	n.a.
Net income	885	883	(0)
Gearing ratio (%)	13.29	20.55	55
<u>Operating cash flow</u>	<u>1,249</u>	<u>1,429</u>	<u>14</u>

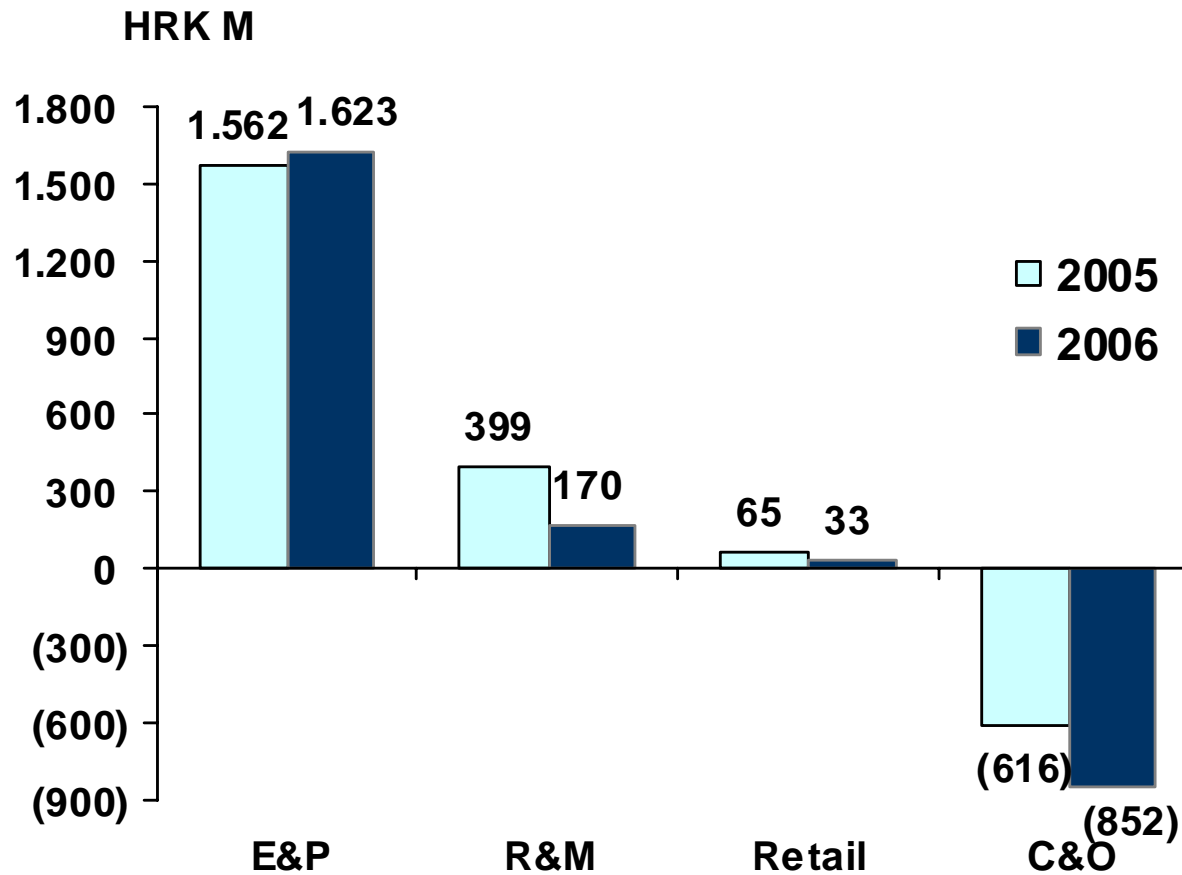
### INA GROUP Highlights:

- Sales revenues reached a record level of HRK 23,434 M
- The net income of the Group reached HRK 883 M
- Operating cash flow was HRK 1,429 M
- Total capital expenditure amounted to HRK 3,1 MM

SALES REVENUES REACHED A RECORD LEVEL



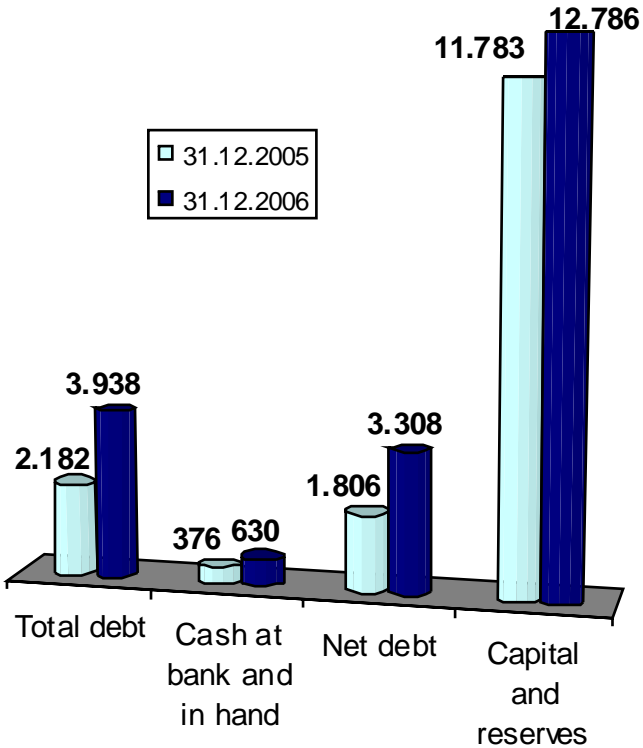
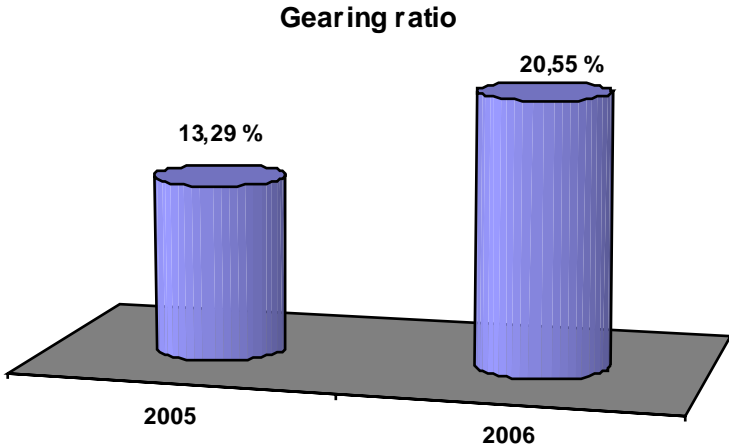
## INCREASING OPERATING PROFIT IN E&P SEGMENT





# BALANCED DEBT PROFILE

Gearing ratio formula elements HRK M



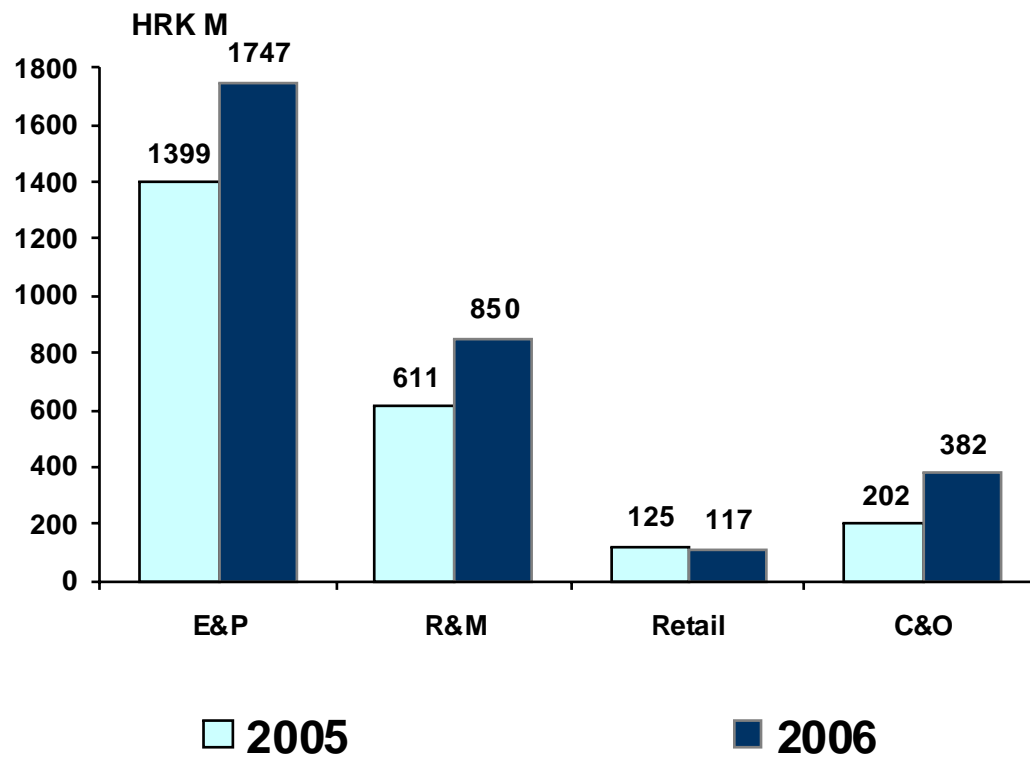
Gearing ratio = Net debt / (Net debt + Capital and reserves)

Net debt = Total debt - Cash at bank and in hand

MODERATE GEARING RATIO



## INVESTING IN BUSINESS CAPEX SPENDING



TOTAL CAPEX AMOUNTED TO HRK 3,072 M in 2006. 44% INCREASE

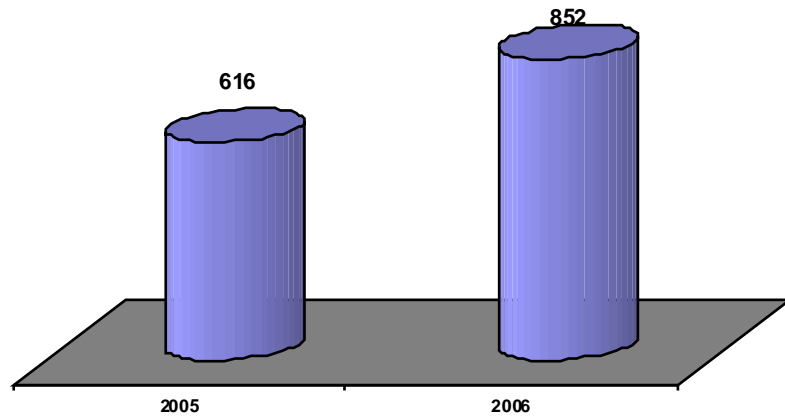


# TARGETED EFFICIENCY IMPROVEMENTS IN CORPORATE FUNCTIONS

SAP – first phase implemented on November 1 2006

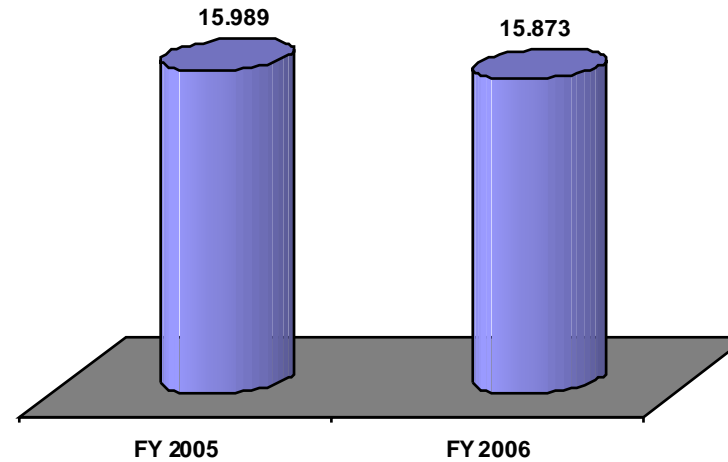
OptINA – delivered an annualized impact of ~ HRK 223 M

Corporate functions operating loss HRK M



Total headcount reduces 1% y-o-y basis.

INA Group closing headcount





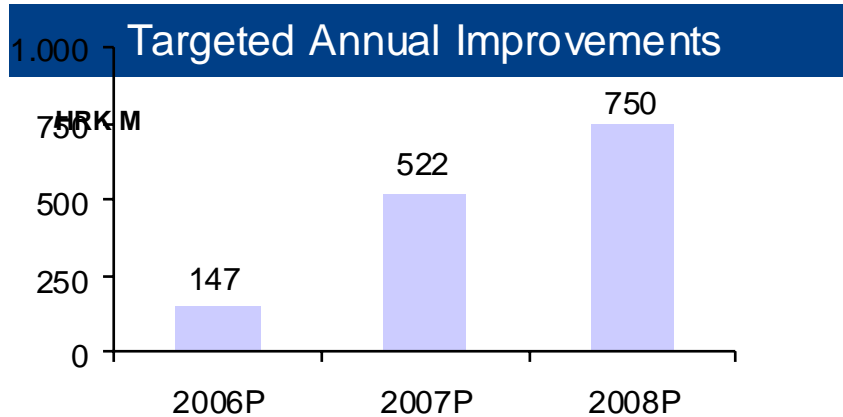
## SUCCESSFUL IMPLEMENTATION OF EFFICIENCY IMPROVEMENT PROGRAMS

### OptINA

- McKinsey & Company Inc., estimates INA could realize annual savings of HRK750m by 2008

### SAP

- First phase went live as of 1 November 2006



- Key OptINA efficiency projects include:
  - **Procurement:** optimise purchasing of energy, travel, telecom, office supplies etc.
  - **Maintenance optimisation:** reducing sub-contractor spending, improving work scheduling and monthly budgeting
  - **Reduce Rijeka refinery bottleneck**
  - **Maziva Strategic option**
  - **Reduce refining losses and own consumption**
  - **Reduce upstream production costs**
  - **Working capital management**