

Overview of INA Group Activities

The image features the INA logo in white, bold, sans-serif font on the left side. To the right, there is a photograph of a modern glass skyscraper with a curved facade, reflected in a dark surface below. The entire scene is set against a blue gradient background.

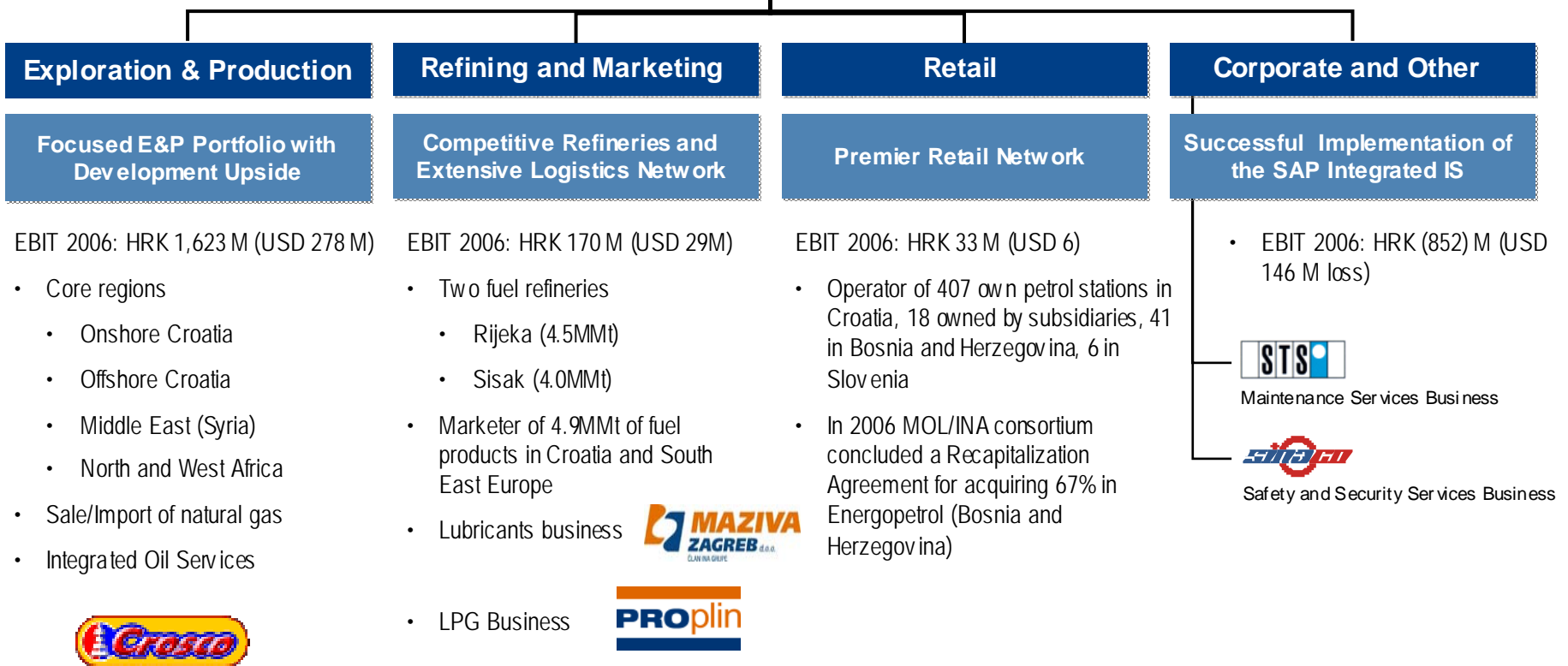
INA

**Presented by Zalan Bacs,
Vice President and CFO of INA Management Board**

Zagreb, April 2007.

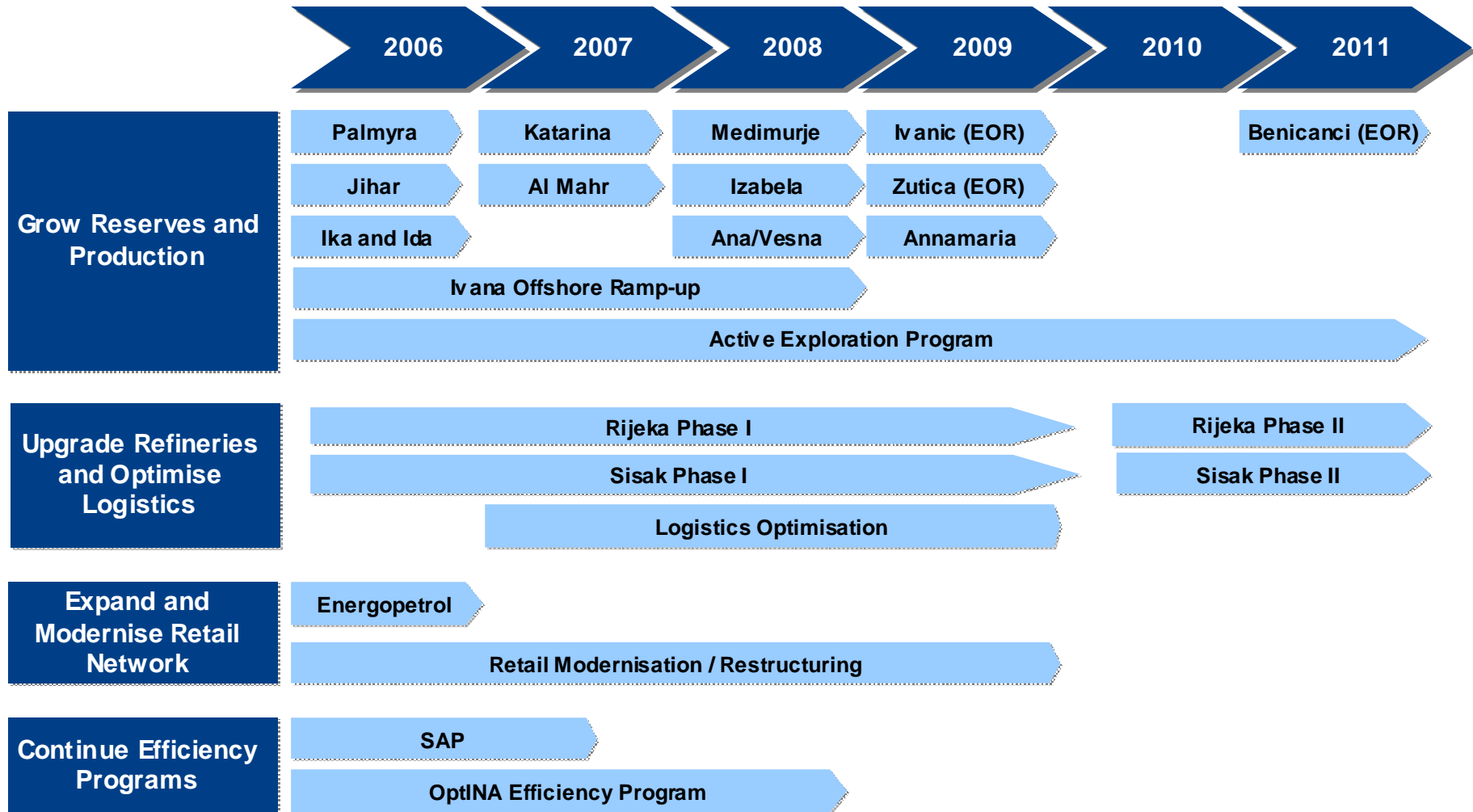


INA - Vertically Integrated Oil & Gas Company





Visible Growth and Profit Improvement Across all Business Segments



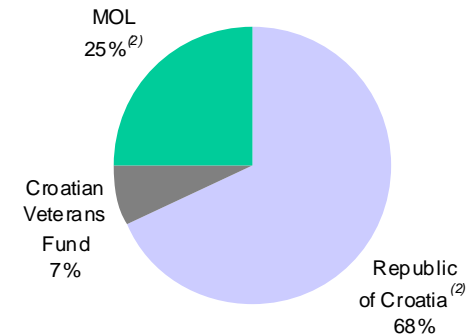


Corporate Governance: Strategic Partnership with MOL

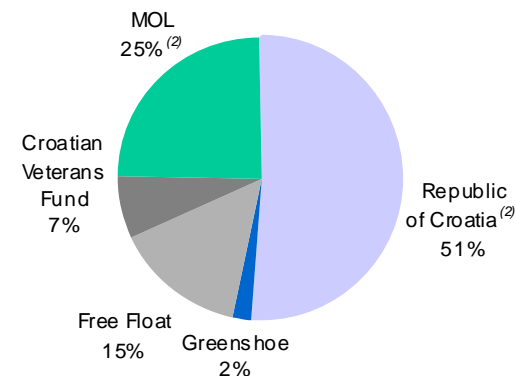
Corporate Governance

- Two-tier board structure
- Supervisory Board (7 members)
 - 4 Government of Croatia (1 thereof granted to the Croatian Veterans Fund)
 - 2 MOL
 - 1 Employees (currently unfilled)
- Management Board (7 members)
 - 5 Government of Croatia (“GoC”)
 - 2 MOL (including CFO)
- “Reserved Matters” require an affirmative vote of 6 of 7 Supervisory Board Members

Pre-IPO Shareholder Structure

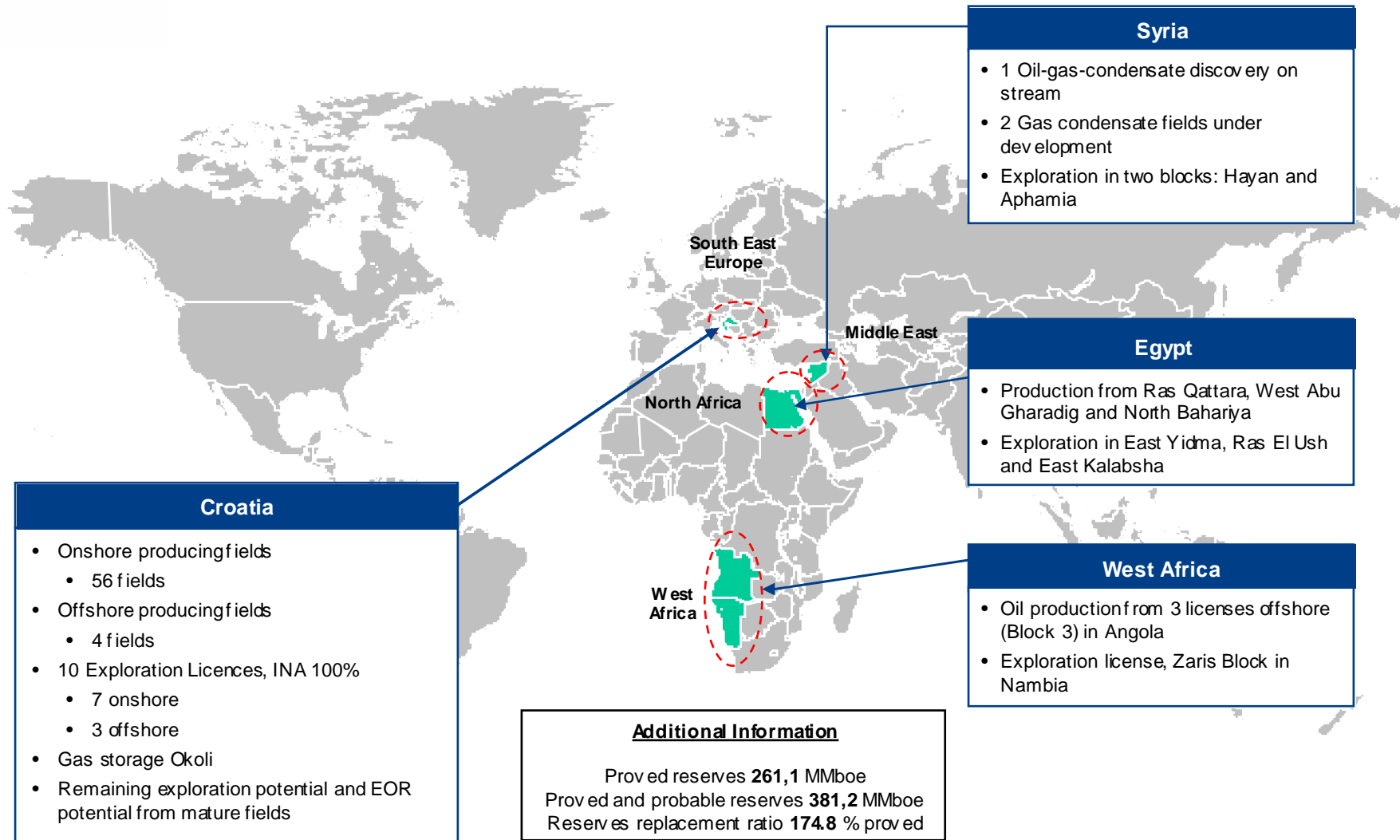


Post-IPO Shareholder Structure⁽¹⁾



- Phase II of privatisation process: 7% of INA shares to be distributed to the employees.
- After the distribution, the share of Republic of Croatia: 44%

Focused Upstream Activities



E&P Strategy

Development and Production

- Complete existing development and EOR projects
 - ~ US\$790MM (~ US\$484MM is in Croatia) in 2006-2010
 - Key projects Syria, Offshore Croatia, Medimurje, EOR, Egypt

Exploration

- ~ US\$325MM planned (~US\$116MM is in Croatia) in 2006-2010
 - 7 exploration wells per year
 - Focus on Syria and Adriatic

New Concessions

- Seek to acquire 10% to 50% interests in three to five concessions
 - Middle East, Africa and CIS



Strategically Positioned Fuel Refineries and Strong Wholesale Marketing Business

- Rijeka - Adriatic coast
 - Access to multiple sources of crude oil
 - Able to sell refined products into Bosnia and Herzegovina, Albania, Slovenia, the region of Kosovo and Mediterranean markets
- Sisak - 50km south of Zagreb
 - In the centre of Croatia's main consumption area
 - Proximity to INA oil fields
 - Access to other regional markets such as Bosnia and Herzegovina, Slovenia and Northern Serbia
- Extensive storage and logistics infrastructure
- Wholesale market share of 80% in Croatia and 60% in Bosnia and Herzegovina

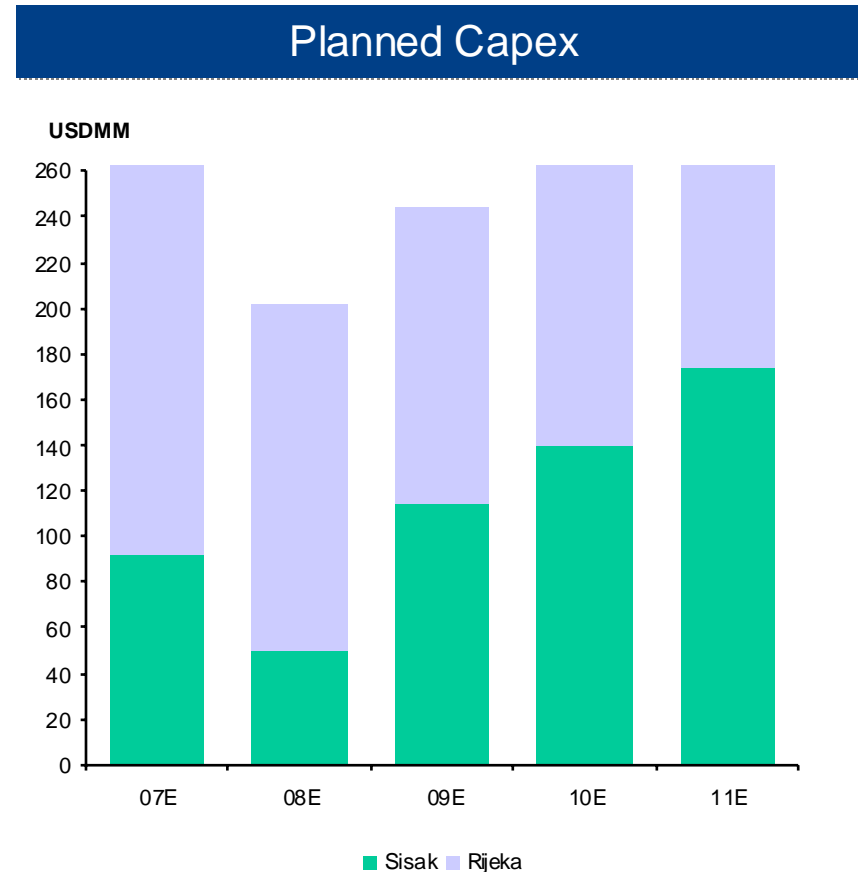
Location of INA Refineries





Refining Capex Plan and Upgrade Program

- **Rijeka**
 - 2009 – Improving fuel quality
 - Hydrocracking, hydrodesulphurisation,
 - 2011 – Residue Upgrading
 - Either Coker or LC Finer
 - Post-upgrade Nelson Complexity ~9.5
- **Sisak**
 - 2007/2008 – Improving fuel quality
 - Sulphur recovery, HDS FCC gasoline (units already under contract)
 - 2011 – Improving fuel quality
 - Hydrocracking, hydrodesulphurisation
 - Post-upgrade Nelson Complexity ~9.5



Approx. US\$1.1 billion to be spent on Sisak and Rijeka upgrades between 2006 – 2011



Refining & Marketing Strategy

Refining

- Upgrade and increase capacity utilization of refineries :
 - ~ US\$1.1billion in 2006-2011 for modernisation program
 - Focus on quality improvement and HSE requirements

Marketing

- Expansion to neighboring countries:
 - In marketing of refined products the focus is on the region

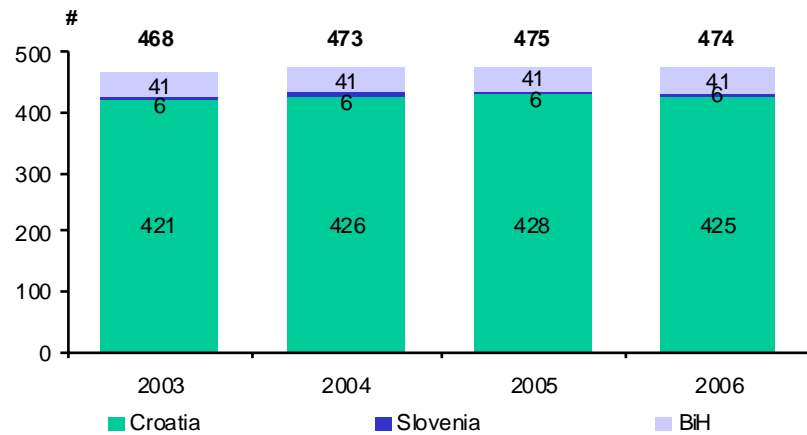
Logistics

- Optimize logistic network
 - Improvement opportunities in storage and logistics operations

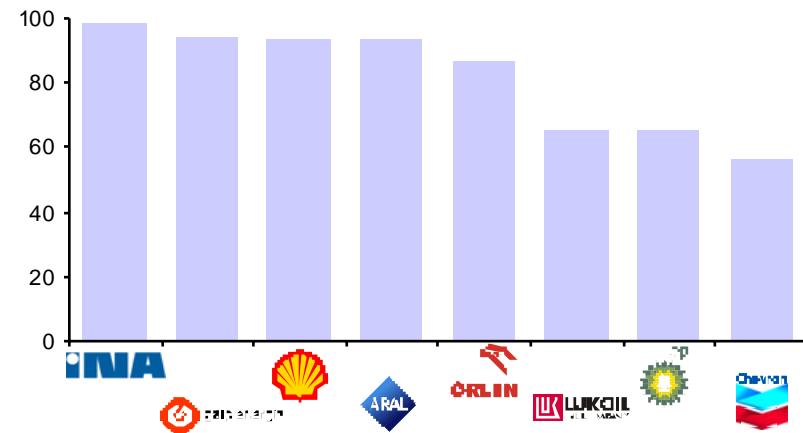


Premier Croatian Retail Marketing Network

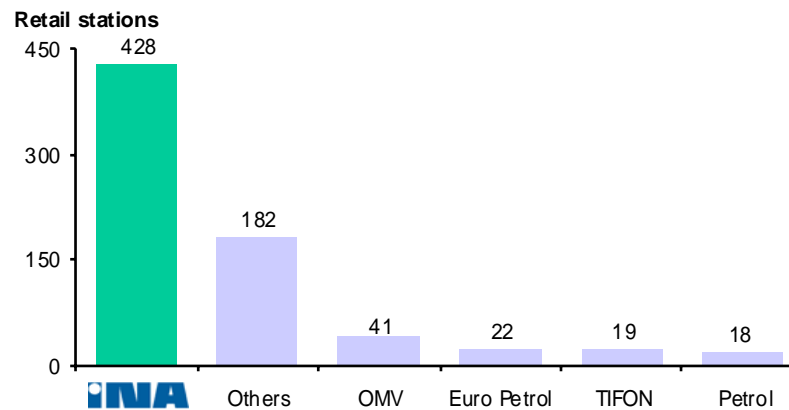
Number of Retail Stations



Unaided Home Market Retail Brand Awareness⁽¹⁾



Retail Network in Croatia, 31 Dec 2005



Retail Strategy

Restructuring and Upgrading Existing Network

- Segmentation of network
 - Premium company-owned and company-operated petrol stations
 - Standard company-owned franchise operated sites
 - Currently 40 premium sites and 100 existing sites identified as candidates for conversion to premium sites
- Improvement of product offering and optimization of costs

Construction of Greenfield Sites in Croatia and Neighbouring Markets

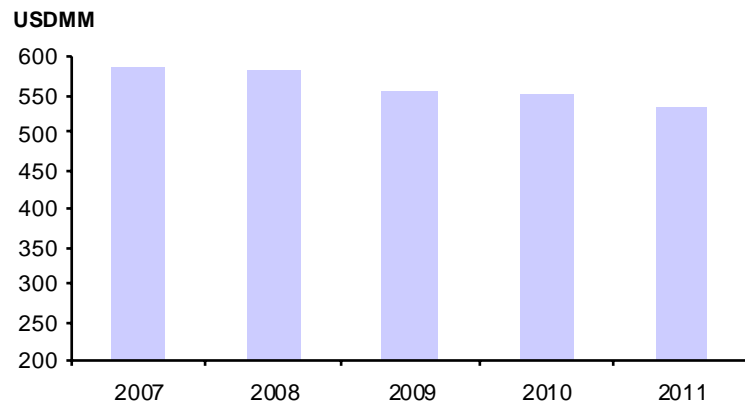
- Selective construction of new sites particularly in urban areas and along motorways
 - Seven premium sites are currently under development
 - In 2007, four additional premium sites will be developed

Selective Acquisitions

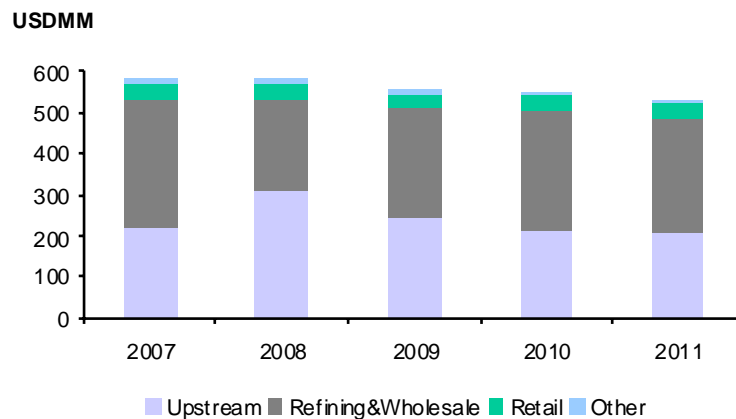
- Selective acquisitions in Croatia and neighbouring countries, particularly in urban areas and along motorways
 - Currently in negotiations to gain control of Krajinapetrol and its 14 petrol stations in Bosnia and Herzegovina

Forecast Capital Expenditures

Forecast Capital Expenditures



Forecast Capital Expenditures – by Business Unit



Comments

Forecast capital expenditures will support a full set of growth initiatives:

Upstream

- Completion of existing development projects
 - Offshore Croatia and Syria
 - Onshore Croatia EOR projects
- Pursuit of an active exploration program
- US\$200 - US\$300 MM p.a. between 2007-2011

Refining & Wholesale

- Modernisation of Rijeka and Sisak refineries
- US\$200 - US\$300 MM p.a. between 2007-2011

Retail

- Restructuring existing sites and building new sites
- US\$30 - US\$40 MM p.a. between 2007-2011



Efficiency Improvement Programmes

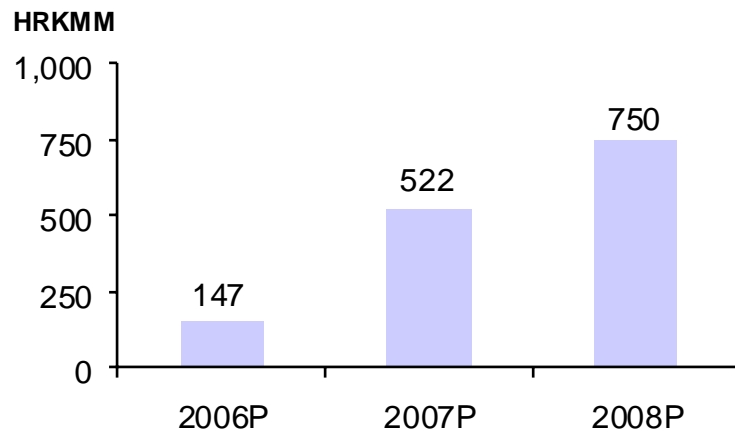
OptINA

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

SAP

- First phase went live as of 1 November 2006

Targeted Annual Improvements



- 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**

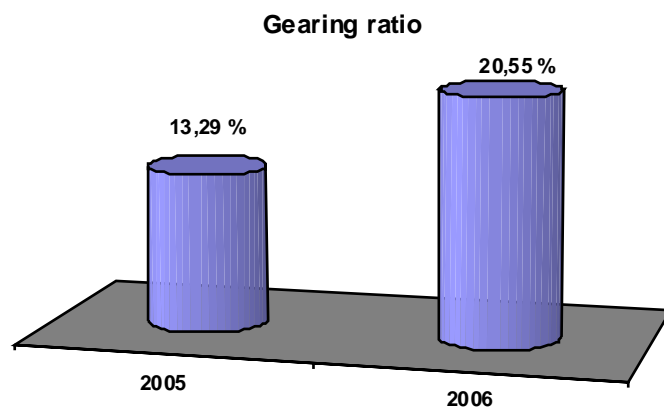
Financial Highlights



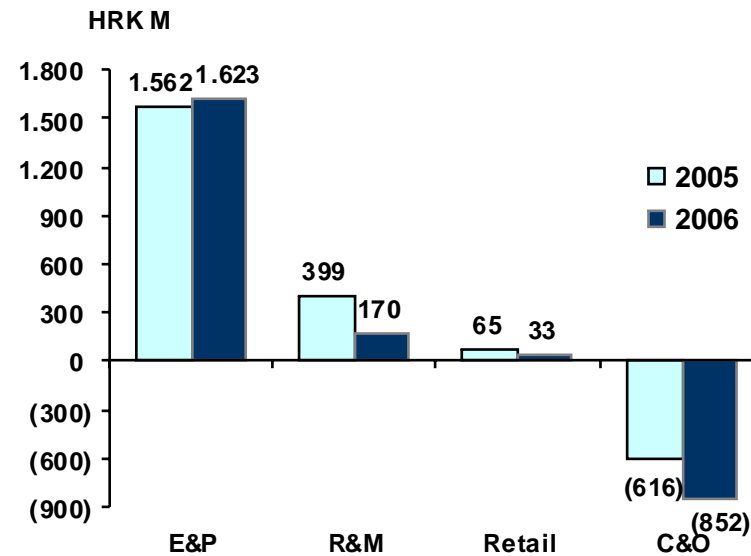
2006 Financial Highlights

Financial highlights

	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
Operating cash flow	1.249	1.429	14



Segmental Operating profit





A Unique Growth Opportunity

A Strong Business Platform

- Focused E&P Portfolio
- Strategically Positioned Refineries in Attractive Markets
- Premier Retail Network
- Track Record of Improved Operational Performance
- Experienced Strategic Shareholder

Positioned for Growth

- 10% production growth from existing development projects
- US\$1.1 billion modernisation and expansion of refineries to increase throughput and margins
- Rationalisation of logistics operations
- Restructuring and modernisation of retail network
- Efficiency programs
 - OptINA
 - SAP



INA Group Contacts

INA Industrija nafte d.d.
Av. V. Holjevca 10
10 000 Zagreb
Croatia

www.ina.hr



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