

Zagreb, 02 December 2011

INA INDUSTRIJA NAFTE, d.d.  
Av. V. Holjevca 10  
10 000 Zagreb, Croatia  
Ordinary shares INA-R-A ISIN HRINA0RA0007  
Listed on the Zagreb Stock Exchange official market  
Announcement in line with Capital Markets Act

Subject: Strategy

Management Board of INA – INDUSTRIJA NAFTE, d.d at its session on November 29 2011 approved the „INA 2011-2015 strategy” and its financial and divisional targets.

The strategy defines key segments of INA investments in the upcoming years for which the company is targeting a total of 20 billion HRK capital expenditures subject to the available financing sources. Around two-third of the planned investments are to be in Croatia which will secure INA’s position as the largest investor of the country.

In Exploration and Production, as primary growth driver, INA is planning to pursue an exploration-led growth strategy by developing existing projects and through potential inorganic steps. INA is targeting a reserve replacement of 100% and maintaining production at a level of at least 70,000 boepd by compensating natural production decline from legacy assets with development of existing assets in the strategic period.

INA aims at the position of a regional efficiency leader in Refining and Marketing by targeting USD 250 mn EBITDA improvement by 2015 while securing an uninterrupted supply to the Croatian market. In Croatia, the company is targeting 75% wholesale market share in motoric fuels, while it aims to double export wholesale sales of motoric fuels by 2015.

Further development of refinery system will be focused on investments into technology for residue conversion in Rijeka refinery and investments into Sisak refinery with a view of ensuring 2 million tons/year available technical capacity in the strategic period with special focus on maintenance-type and HSE investments as well as investments into logistics system by pipeline connection between Rijeka and Sisak refineries.

INA plans to achieve above 10% return on the invested capital (ROACE) in Retail business, in order to increase its competitiveness, which is further supported by the continuation of the intensive modernization project of the retail network. This will encompass 270 filling stations by 2015 aiming at generally elevating the service level, operational efficiency and outfit of the Croatian filling stations. The company is aiming at strengthening its market positions by targeting 6% increase in total gasoline sales volumes and 4% increase in total diesel sales volumes in its existing markets.

The Company also sees possibilities, particularly in the Croatian market, in identifying opportunities to enter the power business in the strategic time horizon.

After the consultation with both major Shareholders, the mentioned direction of company’s strategy for the 2011-2015 period was approved unanimously by INA Management Board. Details from the strategy will be published after they are presented to the Supervisory Board.

**INA-INDUSTRIJA NAFTE, d.d.**  
OIB:27759560625  
Tel. + 385 1 645 0444  
Fax. + 385 1 645 2444  
e-mail: [investitori@ina.hr](mailto:investitori@ina.hr)

---