



Investor Relations Release

Zagreb, 8 April 2020

INA - INDUSTRIJA NAFTE, d.d.

Av. V. Holjevca 10

10 020 Zagreb, Croatia

LEI: 213800RUSOIJPD19H13

Ordinary shares INA-R-A ISIN HRINA0RA0007

Listed on the Zagreb Stock Exchange Official market

Announcement in line with Zagreb Stock Exchange rules

Member State: Republic of Croatia

Subject: INA Group ensures secure market supply while introducing financial and operative measures due to Covid19 situation

As INA already announced, due to Covid 19 pandemic the company has implemented all necessary health and safety preventive measures in our businesses and sites, in order to protect, foremost, our employees and customers. These measures support social distancing, increase hygiene and usage of protective equipment, as well as the changing of shift patterns and the switch to home office wherever possible.

Furthermore, due to market developments which include drop in oil prices, introduction of measures against Covid 19 and demand drop, INA has switched to the crisis model and has introduced operational and financial measures, keeping the production on-going and the market supply safe.

Operational update on the key businesses:

- In Exploration and Production segment, production has been uninterrupted and going as planned, however sharp drop in crude oil prices has significant impact on business profitability and cash flow. Due to the reduced cash flow generation investment projects for the upcoming period, profitability of existing fields and operational costs are reviewed to adjust the operation to the changed external environment.
- Refining and Marketing. Lockdown in core markets have resulted in a significant drop in demand for key product groups, which will have a negative impact on cash flow of the segment. This creates operational challenges and continuous optimization across the assets. Safe supply of products in all core markets is ensured and remains INA's top priority.



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- Consumer Services and Retail. Following a strong operational and financial performance in Q1, INA Group witnesses declining sales, primarily in fuel segment, with the reduced travel needs of the general public and slowdown in economic activity. This resulted in a recent demand decrease between 30-50%. INA has refocused operations to provide reliable and safe supply across our network and remain cash flow positive in the segment.

In order to maintain financial stability and ensure sustainability of operations on the long run INA will implement a number of measures. Comprehensive review of operational expenditure will be made to preserve cash flow, and some of the planned capital spending will be adjusted until the economic lockdown caused by the emergency measures ceases. INA management stays committed to INA DS New course 2023.

President of INA Management Board, Sándor Fasimon commented:

“At this moment, the safety of our employees and customers is a priority to INA. Along with Covid 19 pandemic, we are facing the economic crisis which is additionally enhanced by low oil prices. The company showed its resilience many times before, and it will prove it again. In order to continue successfully fulfilling our role in the society and to meet our customers’ needs, we have introduced series of measures and changes in business operations which will help us to overcome this difficult period. It is important to point out that these measures aim at company stability while market supply stays uninterrupted and conducted in accordance with the all necessary preventive measures.”