

# **INA GROUP PERFORMANCE IN 2019**

## **ANNUAL GENERAL MEETING**

Zagreb, August 26<sup>th</sup>, 2020



The biggest Croatian exporter

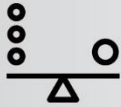
more than

8

billion HRK in 2019



Securing energy stability of Croatia



The biggest modernized retail network in Croatia

234,000 customers daily



Holdina the strongest BiH company by revenues



BAM 1.3 billion

Bosnia and Herzegovina

HOLDINA

EP

The biggest market share

52%

in retail and wholesale



Domestic crude production +36% 2014 - 2019



REGIONAL LEADER

INA

The leader in the category of medium sized companies according to revenues



Montenegro

INA CRNA GORA



2018

1 service station



today

11 service station

Implementation of INA Downstream 2023 New Course has started

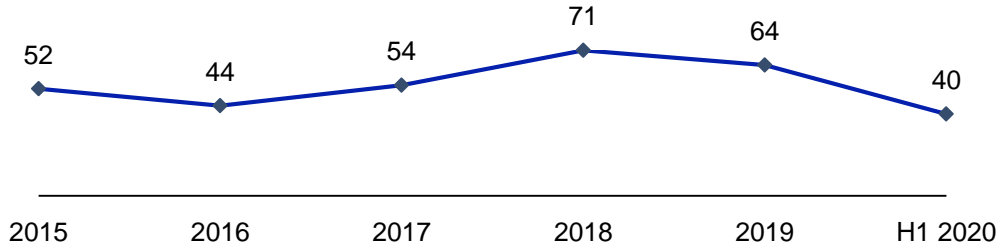


Investment in DCU in Rijeka Refinery around HRK

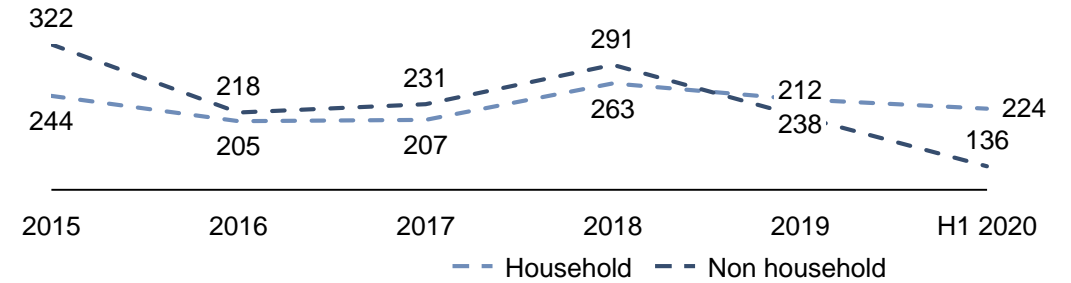
4 billion

# External environment: Decreasing trend in oil and gas prices, deteriorating refining margins

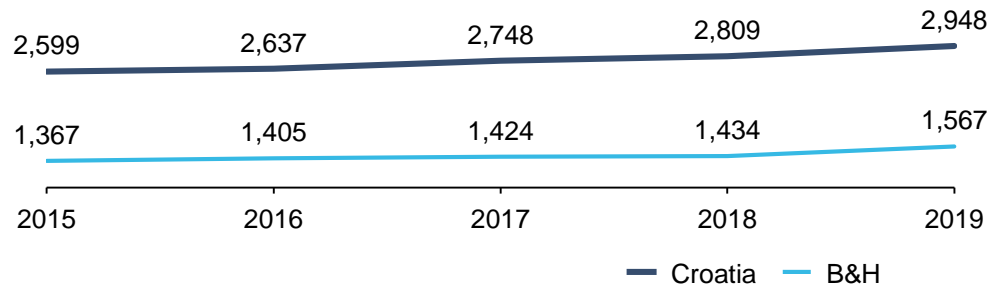
**Brent  
(USD/bbl)**



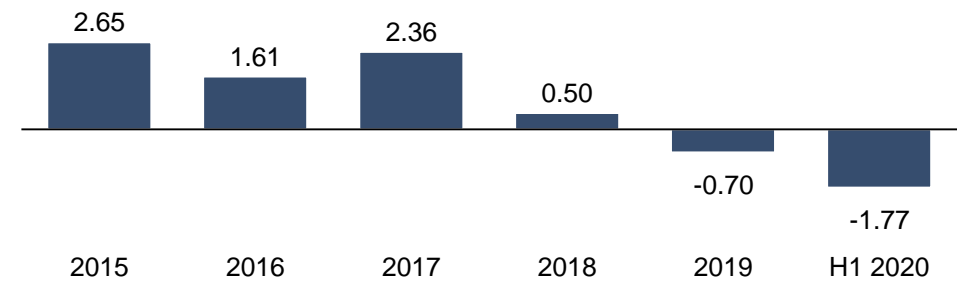
**Gas price  
(USD/thm<sup>3</sup>)**



**Refined product demand in the region  
(kt)**



**Indicative refining margin for Rijeka Refinery  
(USD/bbl)**



# INA Group: Lower 2019 EBITDA reflects the less favorable external environment

Stable revenues despite the deteriorated environment

- **Exploration and Production** - E&P production reflecting stable crude volumes and continued tendency for natural decline in gas production
- **Refining and Marketing** - Processing level stable after Rijeka Refinery Turnaround, improved captive total sales
- **Consumer Services and Retail** - Retail performance improved in both fuel and non-fuel segment

Capital expenditures were higher in 2019 with increased investments in Refining and Marketing



# INA Group: Key developments **by segments**



## **NEW ONSHORE CONCESSIONS**

Three new onshore concessions were granted to INA, blocks **DR-03, SZH-01 and DI-14**, following which PSA's were signed in 2020



## **IMPLEMENTATION OF INA DOWNSTREAM 2023 NEW COURSE**

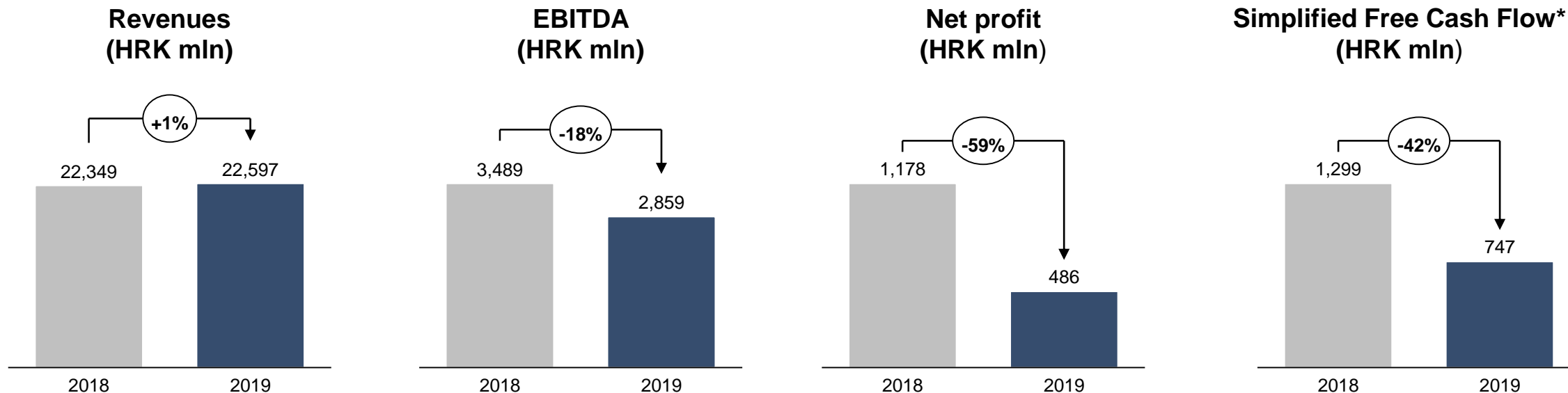
A contract for the construction of a **Residue Upgrade unit** was signed, with the value of the contract **over HRK 3.3 billion**, while the total investment in the project is **around HRK 4 billion**



## **RETAIL DEVELOPMENT**

Network development and further increase in **non-fuel performance**

# INA Group: Cash flow reflects increased CAPEX spending



Despite lower prices, revenues stable with 1% increase related mainly to stable sales and improved retail performance

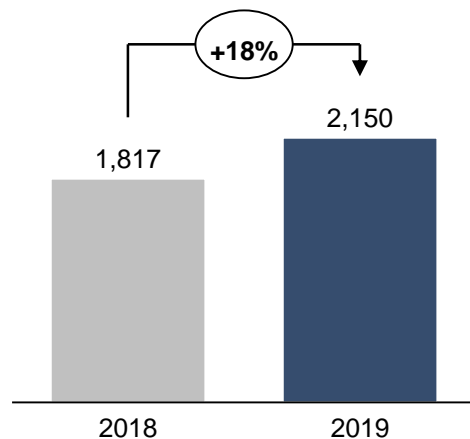


EBITDA and other indicators negatively impacted by deteriorated environment and Rijeka Refinery turnaround in H1 2019

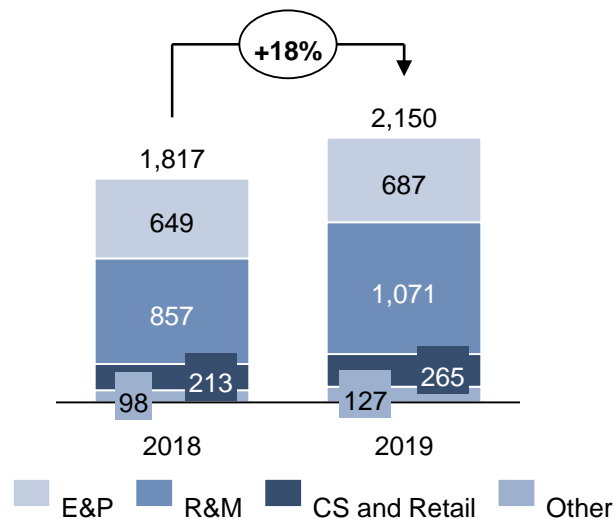
\* Simplified FCF = CCS EBITDA ex. special items – CAPEX

# INA Group: Investment activities in 2019 above HRK 2.1 bln

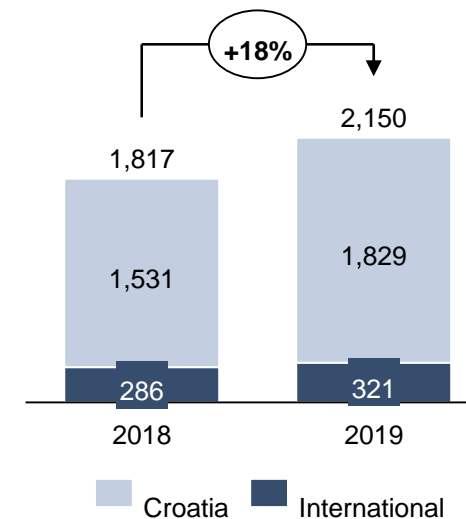
Total CAPEX  
(HRK mln)



CAPEX by business  
(HRK mln)



CAPEX by country  
(HRK mln)



## Exploration and Production

Higher investment level compared to 2018 focusing on exploration drilling and development activities in Egypt



## Refining and Marketing

Significantly increased CAPEX in 2019 mainly driven by the Rijeka Refinery turnaround and Propane-Propylene Splitter project

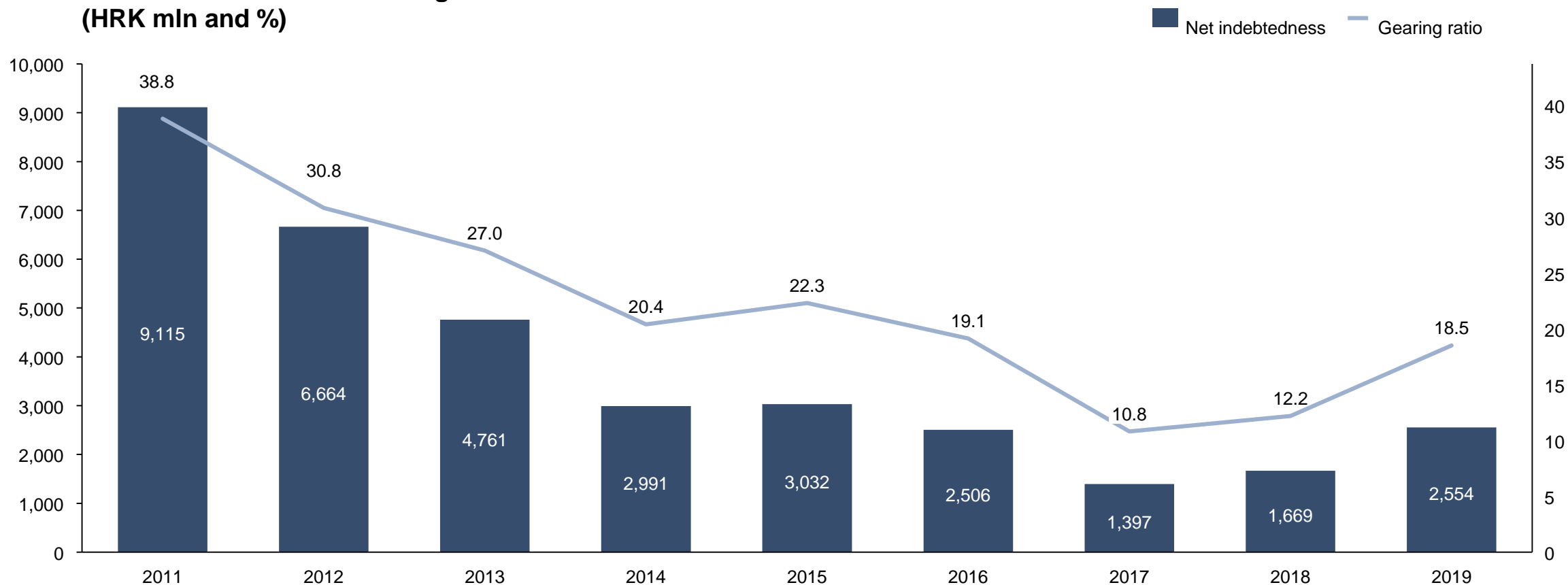


## Consumer Services and Retail

Investment focus in transforming Consumer Services and Retail with projects in modernization, reconstruction and non-fuel growth

# INA Group: Financial position stable despite increased investments

Net indebtedness and Gearing ratio  
(HRK mln and %)

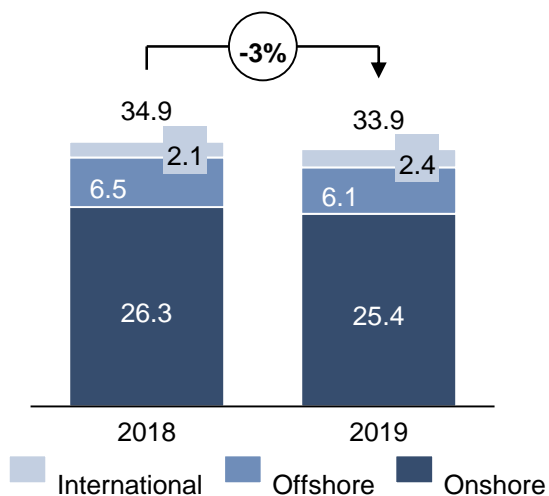




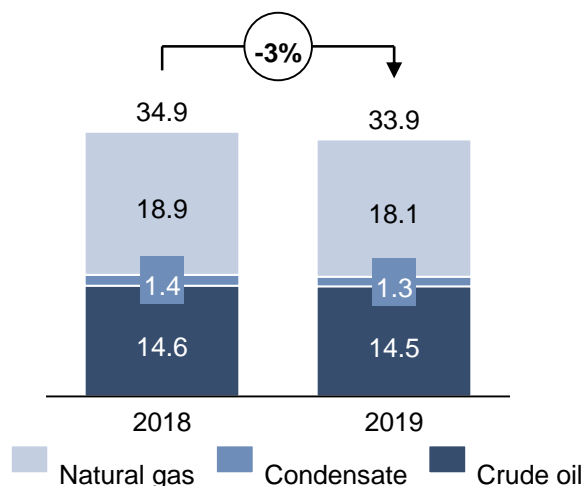
# Exploration and Production:

## Production stable with mild natural decline

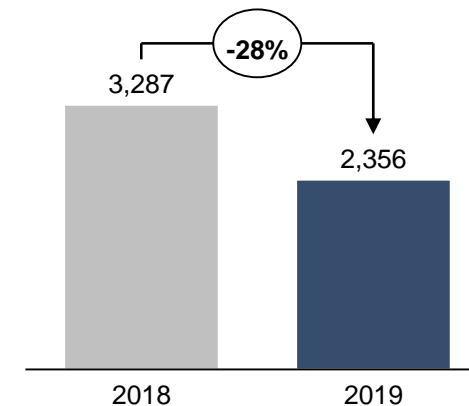
Production by region  
(Mboe/d)



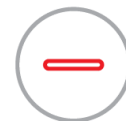
Production by product  
(Mboe/d)



EBITDA  
(HRK mln)

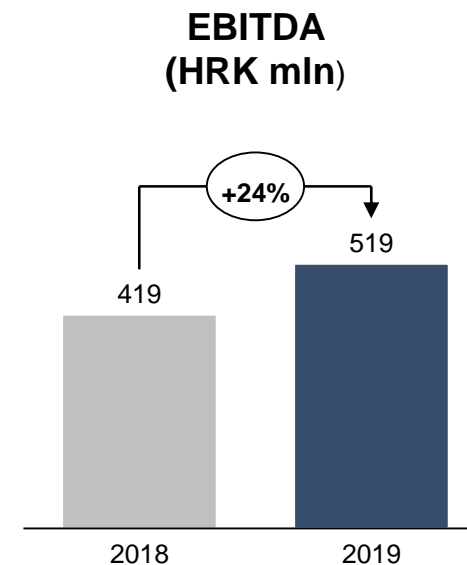
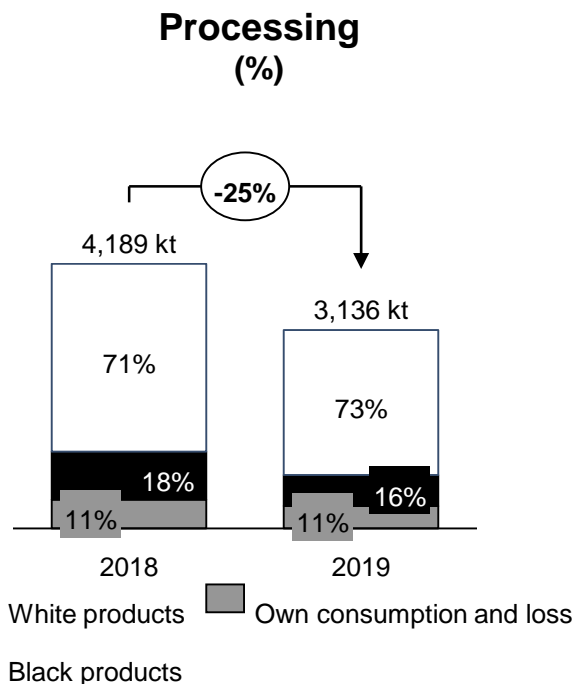
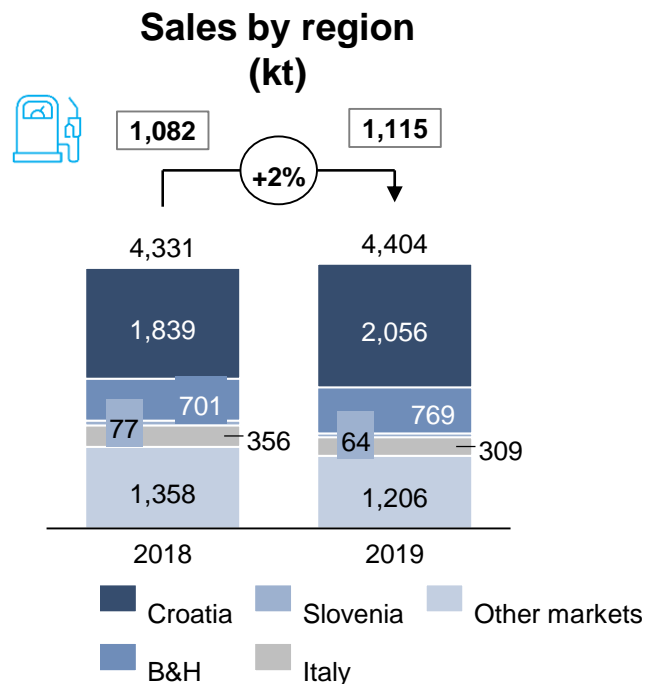


Higher crude production in Egypt by 19%  
Positive effect of additional development, well optimization and EOR project compensating natural decline  
CAPEX increase resulting mainly from activities in Egypt, with effects visible in production



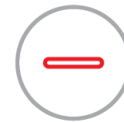
Decline of offshore gas production in line with the maturity of assets  
Revenues decreased mainly due to lower realized HC prices  
Lower EBITDA additionally reflects lower EGPC collection

# Refining and Marketing including Consumer Services and Retail: Strong sales performance compensating regular Rijeka refinery maintenance



Higher sales on core markets due to higher demand, stronger wholesale and lack of supply from competition

Retail sales improved both domestically and in line with Montenegro network growth



Lower processing level due to planned maintenance activities

EBITDA burdened by the deteriorated refining environment and lower processing

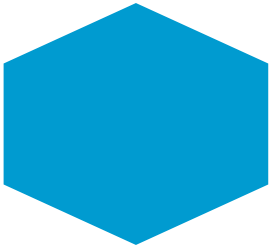
o/w Retail segment sales

# 2020 extraordinary events: Unexpected events **impacting the operations**



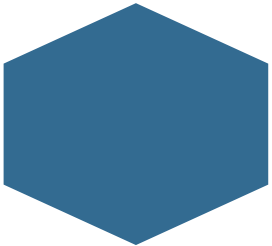
## **CYBER ATTACK IN Q1**

INA experienced a cyber-attack which created **operational challenges** but **core operations and market supply were not interrupted** and the business continuity was ensured



## **COVID-19 PANDEMIC**

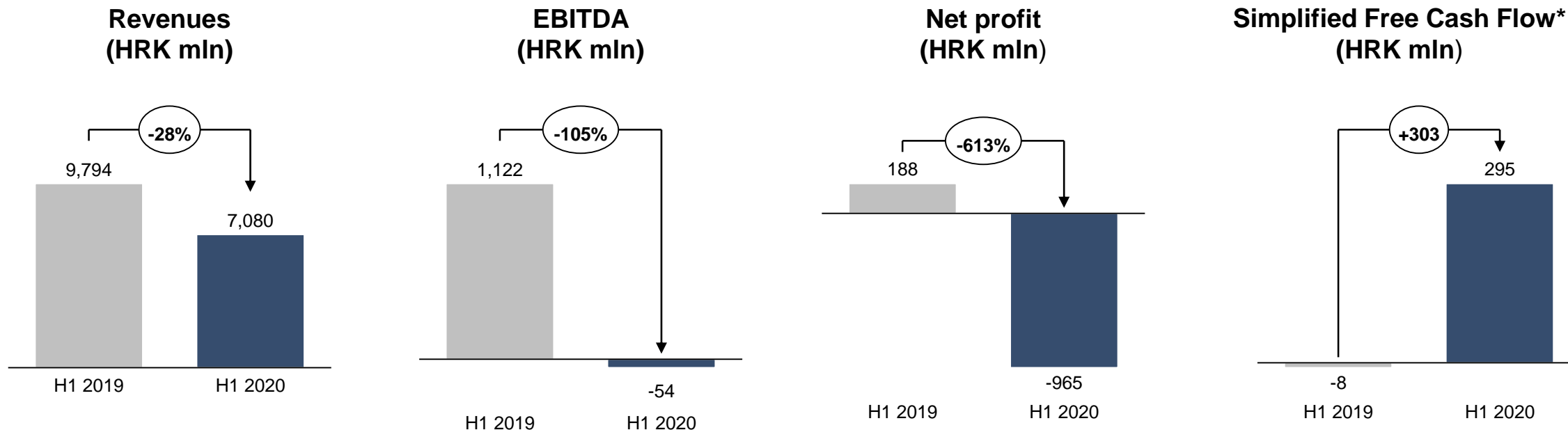
The outbreak of the **COVID-19 pandemic** urged INA to quickly adapt in order to maintain **health of our employees and customers**, while also reducing the demand



## **DECREASE IN OIL & GAS PRICES**

**COVID-19 pandemic** coupled with the disagreement within OPEC+ have led to a **massive drop in oil & gas prices**, with the gas prices still not recovering

# INA Group in H1 2020: External environment impact reflected in the negative reported result



Cash generation sufficient to ensure positive cash flow and to keep financial headroom for execution of strategic investment plans, but CAPEX plans needed to be adjusted



Sales revenue decrease following the restrictive pandemic measures  
Result negatively impacted by deteriorated environment and inventory revaluation

\* Simplified FCF = CCS EBITDA ex. special items – CAPEX



**CSR Index Award - Croatian Business Council for Sustainable Development and the Croatian Chamber of Economy, awarded INA CSR Index Award in the category of Corporate Social Responsibility Policy in Diversity and Protection of Human Rights**

**Green Frog Award - INA Group won the Green Frog Award in 2019 for the Best Sustainable**

**Development Report in Croatia for 2017**

**Yellow Frame award by National Geographic Croatia - Zdravlje+ project "Integration of Health Protection and Promotion in INA Group Companies" was awarded the Yellow Frame in the Sustainable Development Goal 3 – Good Health and Well-Being category**



**Employer Partner Certificate - For the 9th time, INA was presented with the Employer Partner Certificate. In INA Group, certificate was also received by: INA MALOPRODAJNI SERVISI d.o.o. for the 1st time; CROSCO d.o.o., STSI d.o.o., PLAVI TIM d.o.o., TOP RAČUNOVODSTVO SERVISI d.o.o. and INA MAZIVA d.o.o. for the 2nd time.**



**INA among top 10 most desired employers in Croatia**

**INA is Employer of the year for people with disabilities in 2019**



**Croatia's Best Employer Brand Awards – INA won three awards in the categories:**

- ▶ Best employer brand activity - student programs (topic: Growww)
- ▶ Progress in implementation of EB activities (topic: D&I strategy, #wearealOK)
- ▶ The best EB brand in the technology sector



**6 years of Green Belt project - 18 project for financing from open tender**

**Over HRK 2.1 mln in total was donated to those in need, of which HRK 800.000 was invested in the hospital system.**



**ANI – INA first start-up programme started. 34 included in the free incubation and pre-accelerator programs**

**#MISMOINA – INA Group Sports Tournament in Rijeka**



**WITH PARENTS AT WORK – Open Door Day for families with children held at 7 locations**



**INA is certified with MAMFORCE certificate**



**Golden Index - student organization eSTUDENT awarded INA in the Scholarships category.**



**INOVA 2019 International Innovation Exhibition Awards - Gold medal: Small hydroelectric power station; Smart lighting system at service stations and INA GAT 20 refrigerant. Bronze medal: Automation of the process of sending price lists to the customers, Case for 0.5 l bioethanol sampling laboratory bottle and using the knowledge management principle in integrating the workflow within organizational units.**

**INA Klub Volontera**

**771** members  
 carried out **54** activities



**6.168** total hours

**INA Volunteers Club received two awards: an award from Volunteer Centre Osijek for the contribution of the business sector to the development of volunteering, and a recognition from Zagreb Volunteer Centre for INA's significant contribution to the development of volunteerism in Croatia**

THANK  
YOU!



INA