



Company profile



iNA

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An introduction by the President of the Management Board



For half a century, INA has been the flagship of the Croatian economy and a respected regional energy company. This combination of national and regional provides INA with flexibility and adaptability in achieving growth and sustainable development goals in an increasingly complex market and social environment.

Just as any other company, INA too has its own story. Everyday efforts of the whole organization in finding and selecting the best possible solutions, various adaptations and recognizing new business opportunities are a part of each success and each result.

The safety of supply and the company's ability to respond to external challenges successfully have become even more important determinants of energy companies' business.

There are also economic circumstances within the euro zone which are still unfavorable, and Croatia has been in a deep recession for the sixth year in a row resulting in a lower consumption.

Still, even in that kind of environment, INA manages to intensify investments in various projects in order to enable continuous oil and gas production and the safety of supply.

With quality investment projects INA intends to secure its market and social position in Croatia and wider region, all the while maintaining its efforts in diminishing impact on the environment. This approach proves that INA has a clear vision of future and of its role within great energy transformation, a vision that balances the interests of the owner of the society and care for the environment.



Mr Zoltán Áldott

2014

469
mil USD



91
mil USD



EBITDA*
at the level of
469 mil USD

Operating profit and net
profit amounted to 91
mil USD* and 60 mil
USD, respectively.



2014 results

**4,1
billion USD**



INA Group's revenues reached 4,1 billion USD with operating cash flow of 671 mil USD

20 %



The gearing level at 20 % level on 31 December 2014 with net debt amounting to 520 mil USD, decrease of 38 % compared to 31 December 2013

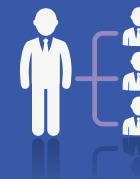
**294
mil USD**



E&P CAPEX amounted to 182 million USD; 156 million USD invested in Croatia and 26 million USD abroad

12.503 employees

12.503 employees
in INA Group



HRK **18,2** billion

since 2008, HRK 18,2 billion
have been invested in all three
INA's core businesses

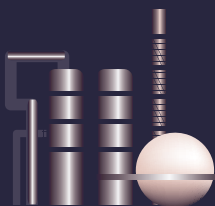
HRK **11** billion
* since 2008

Over HRK 11 billion invested in
Exploration and Production since 2008



HRK **5,4** billion
* since 2008

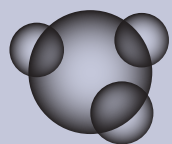
USD 1 billion of investments in
development of refinery systems



Key indicators

No.1

leader both in retail and
wholesale in Croatia



38,405 boe/day

on 31 December 2014

38,405 boe/day average daily
production of hydrocarbons

442 petrol stations

442 petrol stations in Croatia,
Slovenia, Bosnia and Herzegovina,
and Montenegro



178.000 daily users

almost 180.000 daily users
at INA's petrol stations

Core businesses

Exploration and Production

The business division of Exploration and Production is synonymous with exploring and bringing numerous oil and gas fields into production. In more than six decades of systematic research, INA has implemented exploration and production projects in Croatia, as well as in 20 other countries.

Today, it successfully explores and produces hydrocarbons in Croatia, Egypt, and Angola. By applying modern technologies and knowledge, in 2012 INA launched an Enhanced Oil Recovery (EOR) project in Croatia, a tertiary method of oil extraction which makes INA a pioneer in implementation of such methods in Croatia. In 2014 Upstream achieved great result in crude oil production with a 5% increase compared to 2013, while the company's efforts abroad also resulted with production increase by 8.1%.





KEY INDICATORS

Exploration and Production in 2014

- Average daily production of crude oil (M bbl/day) 12.1
- Average daily natural gas production (M boe/day) 24.2
- Average daily condensate production (M boe/day) 2.1
- Total average daily hydrocarbon production (Mboe/day) 38.4

Activities in Croatia

INA is strongly dedicated to its exploration and production activities in Croatia and is at the moment the only company with the required equipment, experience, knowledge, and projects that can speed up exploration activities in continental Croatia.

The company has been pursuing intensive exploration and development activities in Croatia that contributed to a significant increase in capital investments during past few years.

Out of total investment in Exploration and Production in 2014, HRK 1,048 million, HRK 899 million were realized in Croatia.

Within the past six years we have drilled 16 wells, discovered three land oil fields and one smaller offshore gas field and confirmed a gas condensate field on the border between Croatia and Hungary. In 2014, we found indications of several new fields that still remain to be explored, drilled 3 exploration wells and continued works on Međimurje project.

On offshore Adriatic we finished IKA JZ platform and the gas test production started late 2014 while the production from Izabela field started in the mid of last year after successfully finished negotiations between the partners on the project, INA and Italian Edison.





Activities abroad

Since it has been founded, INA has been present in twenty countries worldwide through its exploration and production activities. The biggest part of INA's foreign investments during the last few years was focused on Syria, but the company also invested in Angola and Egypt. INA's total investments abroad in 2014 amounted to HRK 149 million.

In Egypt, oil production in 2014 was higher by 8.1% than in 2013 as a result of higher production on North Bahariya after an aggressive drilling campaign and performed workover operations and of higher production on East Yidma. Eight wells were successfully drilled and seven of them put in production. Workover operations were performed on twenty two wells.

In Angola, INA participates in development-production activities on two concessions, where it is a partner with varying percentages of work and production share. In addition, INA is also present abroad through Croscos, STSI and other affiliated companies, members of INA Group.

Until February 2012, INA operated in Syria where it participated in exploration activities and production on Jihar and Palmyra fields with peak of production in 2011. In compliance to the decision of the Government of the Republic of Croatia regarding the implementation of International Restrictive Measures towards the Syrian Arab Republic, INA declared "force majeure" on 26 February 2012 and temporarily suspended all business activities in Syria for the duration of "force majeure".

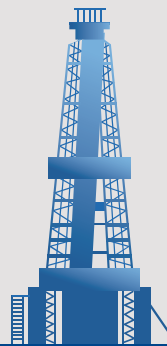
EOR project

Tertiary methods of increasing oil recovery are being increasingly used often in global oil practice in order to revitalize older and partially depleted reservoirs. The most common tertiary method is injecting carbon dioxide into oil reservoirs - EOR (Enhanced Oil Recovery) which increases the level of utilization of a well up to 75 percent.

INA will be the first company in Croatia to use this method in order to gain additional amounts of hydrocarbons on Žutica and Ivanić exploitation fields. The project includes alternating injecting carbon dioxide and water into partially depleted oil reservoirs which will increase the pressure in the reservoir. Apart from better reservoir utilization, the project also has an ecological dimension because substantial amounts of CO₂

are being injected into the ground, thus reducing emissions of this gas into the atmosphere. As a part of the project, in addition to the existing gas pipeline from Molve to INA's fields in Ivanić and Žutica, which is 85 kilometers long, additional 56 kilometres of new pipelines and two compression stations will be built.

The EOR project is one of INA's most important projects in continental Croatia in which INA is going to invest more than 500 million kuna. This method will be applied on exploitation fields Žutica and Ivanić exploitation fields for 24 years, during which INA will produce additional 3.4 million tons of oil and approximately 500 million cubic meters of gas.



RIJEKA REFINERY

Mild hydrocracking, completed; EUR 138 million investment

Hydrogen production, completed; EUR 69 million investment

Claus desulphurisation plant; EUR 25 million

New control building and IT system

SISAK REFINERY

Desulphurisation plant (Claus); EUR 26 million

Hydrodesulphurisation of FCC gasoline, 2008; EUR 26 million

Isomerisation plant, 2011; EUR 28 million

Waste water treatment; EUR 1.5 million

Production of bio-component diesel; EUR 1.1 million

Several more projects are implemented in 2014 such as:

- closing the blow down system in the coking plant
- replacement of coking chambers

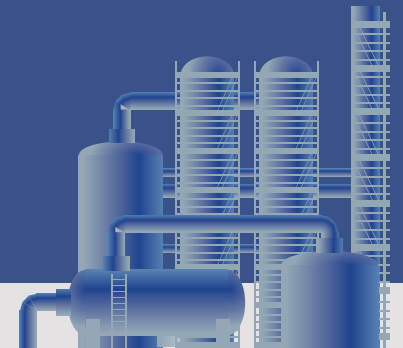
Refining and Marketing

INA operates two refineries, located in Rijeka and Sisak with overall capacity of 6.7 million tons. INA has invested more than 5 billion kuna during the last few years into the refinery system development, increasing energy efficiency and reducing environmental impact.

In Rijeka Refinery three process facilities have been constructed as a part of the Hydrocracking complex - Mild Hydrocracking, hydrogen production and sulphur extraction as well as numerous auxiliary facilities and installations.

The facilities have been commercially operational since May 2011. In Sisak Refinery three facilities have also been completed - the sulphur extraction plant (the so called Claus plant), the hydro-desulphurization plant FCC and the Isomerisation Plant.

At the moment, preparation activities for the tender on Delayed Coking Unit in Rijeka Refinery are underway, based on which INA will make a final decision on this investment worth USD 400 million.





0800 1112
TOLL FREE NUMBER

Retail

INA manages a network of 442 petrol stations in Croatia, Bosnia and Herzegovina, Slovenia, and Montenegro. The company is continually developing its retail network through capital investments in petrol stations which are becoming a recognizable place of purchase with top-quality service from obliging and professional staff. Since 2010, close to USD 80 million have been invested in the modernization of the retail network which enabled more than 170 stations to be renewed as a part of a project called the “Blue Concept”.

With its top quality fuels INA meets the needs of its customers, while providing reliable products of consistent quality. Renowned petrol fuels Eurosuper BS 95, Eurosuper BS 95 Class and Eurosuper BS 98+ Class, as well as diesel fuels Eurodizel BS and Eurodizel BS Class are widely recognized

products of superior characteristics which provide efficient and safe driving while preserving vehicle's durability. INA also offers auto gas, or liquefied petroleum gas for cars that have an appropriate auto gas kit. Apart for motor fuels and a wide selection of oils and lubricants, car spare parts and cosmetics, INA filling stations also offer a wide selection of everyday products. There are also car wash services and free Internet access on larger stations and travellers can rest and refresh at INA's bars and restaurants.

In addition to the regular offer of products and services, INA organizes both actions and special offers at its petrol stations and it also implements regular loyalty programs. INA communicates with the users of its products and services not just through sales channels, but also via the Facebook fan page and our toll free telephone number 0800-1112.



80.000.000
USD

INVESTED IN THE MODERNIZATION
OF THE RETAIL NETWORK





Sustainable development

Sustainability is the key principle in the development of INA Group, which, aside from economic influence of an industry, also takes into account its effect on the environment and the community. In that sense, INA develops and improves its technology, knowledge and capacities while trying to initiate social and economic development in a responsible way, by taking responsibility for the society and the environment. INA is one of the first Croatian companies that has started to publish annual report on environmental protection regularly (first report was issued in 1997), which represents a long tradition of our efforts to incorporate principles of sustainable development in our business.

Environmental protection and climate change

As the largest energy company in Croatia, INA has to answer two great, closely connected challenges of today - safe and continuous energy supply of the market and environmental protection. INA's contribution to sustainable development is visible in systematic management of environmental protection. INA makes every effort to rationally use energy resources, to reduce green-house gas emissions and to increase energy efficiency. So for example, as a result of constructing biodiesel processing plants in Refin-

eries Rijeka and Sisak, INA offers bio-component diesel fuels on its stations.

Our employees' health and safety

INA is the leading company in oil business in Croatia and the region. Such success would not be possible without educated, professional and innovative employees. They generate growth and everyday efforts to shape new knowledge and skills and their application. This is the capital that enabled INA to be the flagship of Croatian economy and a respected regional energy company for half a century.

INA in the community

INA has a long history of fruitful and collaborative cooperation with the communities in which it operates. The company respects cultural, religious and other specificities, is an active listener and tries to understand realistic expectations and concerns regarding its own influence.

Some of the projects of which we are especially proud are the cooperation with SOS Children's Village Croatia, started in 2010 as well as a continuous support to humanitarian demining of Croatia.

Energy for the future



Advanced services for our numerous customers are the focus of INA's business, and the idea of sustainability plays a major role in it. Because of that, INA has started a project called "Energy for the Future" aimed at building a self-sustainable, environmentally acceptable and innovative petrol stations.

As the industrial leader in applying sustainable practices, with this project INA wants to set a new standard in Croatia in applying "green" technologies in retailing energy generating products and offer additional value to the customers and the community.

The first station of this kind will be built in Zagreb in the second half of 2015, while another petrol station of this kind is planned to be constructed in Split. The new stations will use various technological solutions for energy saving, and among them, there is also heat storage and its usage in heating and cooling systems, application of alternative energy sources for ventilation and air-conditioning, rainwater use, as well as using nanotechnology on outer and inner surfaces, LED lighting with the possibility of energy consumption control and the use of recycled materials wherever possible and justified.



Klub Volontera

MORE THAN
440 MEMBERS



ON THE OCCASION OF THE 2014 INTERNATIONAL VOLUNTEER DAY INA WAS AWARDED THE "RECOGNITION FOR CONTRIBUTION OF BUSINESS SECTOR'S TO THE DEVELOPMENT OF VOLUNTEERING" BY VOLUNTEER CENTER OSIJEK.

IN 2014 INA WAS A WINNER OF THE "BEST CORPORATE GOVERNANCE IN CROATIA" AWARD GIVEN BY THE WORLD FINANCE, UK FINANCIAL MAGAZINE, BASED ON THE OPINION OF BUSINESS AND FINANCIAL JOURNALISTS, SUPPORTED BY A RESEARCH TEAM.

INA Volunteers Club

Marking the European Year of Volunteering, in 2011 INA has launched a Project of Corporate volunteering of the employees within the local community. INA Volunteers Club was established with the aim of voluntary personal investment of time, effort, knowledge and skills for the common good. INA Volunteers Club has more than 440 members and during 2014, it has organized 19 actions aimed at ecological and humanitarian projects and projects for children and youth. INA Volunteers

Club is the winner of the Volunteer Award for 2012 in the category of the business sector contribution to volunteering development in Slavonija and Baranja.





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