

The outbreak of the COVID-19 pandemic, coupled with the disagreement within OPEC+, have led to a parallel supply and demand shock on global oil markets which resulted with a massive drop in oil and gas prices which was reflected in the result of INA. INA Group operations in the first quarter of 2020 have witnessed unprecedented market dynamics, particularly during end of the quarter. Additionally, INA experienced a cyber-attack which created operational challenges. Nevertheless, core operations and market supply were not interrupted and the business continuity was ensured.

CCS EBITDA of INA Group remained positive in Q1 2020 at 57.2 million euros, but declined by 14 % compared to Q1 2019. However, the reported result turned negative, primarily due to inventory revaluation driven by the mentioned external environment. The Group recorded significant net loss in the first quarter - over 105 million euros.

Exploration and Production revenues of 108.2 million euros, 15 % lower than same period last year, were mainly driven by 12 % lower hydrocarbon prices and the natural decline in production, primarily Croatian natural gas volumes. Still, the segment EBITDA amounted to 56 million euros.

Refining and Marketing including Consumer Services and Retail CCS EBITDA excluding special items amounted to negative 2 million euros in Q1 2020, while the reported EBITDA, hit by the external drivers, was negative in the amount of 124.5 million euros. Consumer Services sale quantities were down only by 3 % in Q1, as the bigger drop in demand triggered by the COVID-19 pandemic measures occurred at the end of the reporting period. Due to pandemic restrictions that are mainly implemented in Q2, continuation of the negative trend in the coming period is expected. CAPEX was significantly lower in Q1 2020 compared to the same period last year due to the fact that a major turnaround in the Rijeka refinery in 2019 boosted investments last year.

Due to the severe macroeconomic consequences of the coronavirus pandemic, a comprehensive review of operational expenditure is carried out in order to preserve cash flow. Also, some of the planned capital spending will be adjusted until the economic lockdown caused by the emergency measures remains in place.