

Although the world economy is still far from recovery and demand is limited, the impact of gradual easing of COVID-19 restrictions is visible.

Croatian oil company INA said in its financial report that the beginning of 2021 was marked by a more favorable external environment compared to 2020, which was one of the most challenging years for oil and gas industry. The company's EBITDA reached 61.8 million euros in the first three months of 2021 and its net profit for the period amounted to 6.6 million euros, compared to significant losses in 2020 caused by a large drop in hydrocarbon prices and consequent negative inventory revaluation.

Exploration and Production benefited from the increased hydrocarbon prices but expected natural decline continued with production level below 28,000 barrels of oil equivalent per day, 12 % lower compared to Q1 2020. This drove the segment's EBITDA to 53.1 million euros, 5 % lower compared to Q1 2020. In Q1 2021, INA entered a new concession in Egypt, following efforts to partly compensate for the natural decline of production on domestic fields. Refining and Marketing, including Consumer services and Retail, reached CCS EBITDA of 18.3 million euros million in Q1 2021. Despite the 3 % lower fuel demand, retail segment's contribution remained strong.

Investment activities were 17 % higher compared to Q1 2020. Strategic investments continue with Rijeka refinery upgrade as the main project while constant financial discipline throughout the crisis resulted in stable net debt of 360.5 million euros.

INA's CEO Sandor Fasimon said that, after the year 2020, marked by an unseen crisis in the oil & gas industry, the start of 2021 shows some signs of segment recovery, although it is certain that the industry will not return to its previous power soon. Brent prices moved around 50 dollars during Q1 2021 which positively affected the result, but doesn't allow for a laid-back approach to operations. INA Group, with its timely reaction to crisis, managed to keep a stable financial position and ensured continuity in implementing strategic projects. Q1 2021 Exploration & Production operations have seen a continued trend of decreased production, something that is expected given the mature structure of INA fields, which was partially offset with the mentioned increase in prices. On the other hand, a new transaction in Egypt was finalized which will allow for some upside in future production. Refining operations have been adjusted to demand during 2020, with profitable import ensuring stable market supply, but with the relative easing of COVID-19 restrictions and some optimism in the macroenvironment, domestic processing started at the end of the first quarter. Retail sales volumes are roughly at previous year level, while non-fuel margin records a steady and strong growth.

Any forward-looking statements in an environment still burdened by pandemic restrictions are hard to make, but INA can and will work on its internal actions, including continuation of strategic projects as well as adjusting its operations quickly to any market development, to ensure stable cash generation in the future, Fasimon concluded.

