

Although the oil markets partially stabilized, the price environment is still far from pre-crisis levels. Upstream is burdened by lower realized prices, while Downstream witnesses lower demand and deteriorated refining margins.

CCS EBITDA excluding special items of INA Group amounted to 177 million euros in the first nine months of 2020, of which around 40 % was generated in the third quarter in line with the usual seasonality trends. This is 44 % decline compared to the same period of 2019, still the reported EBITDA turned positive in Q3 2020 and amounted to 62 million euros. The company recorded a net loss in the amount of 140 million euros in the first nine months of the year, compared to a profit of 90 million euros recorded in the same period last year. Operation of Exploration and Production is marked with the combination of 13 % lower production due to natural decline and the decrease in realized hydrocarbon prices, driving EBITDA to 93.3 million euros.

CCS EBITDA excluding special items of Refining and Marketing including Consumer Services and Retail stayed positive at 70.8 million euros in Q1-Q3 2020, mainly due to the Retail contribution and additionally supported by higher share of own product sales and cost saving measures, needed to offset the effects of the economic downturn and lower demand. Retail sales volumes, although 16 % lower in Q1-Q3 2020, compared to the same period in 2019, show a healthy spike in Q3 2020.

Strategic projects in INA Downstream continued, amounting to almost half of the spent CAPEX. Despite the market turmoil, financial stability of INA stayed strong with a gearing ratio of 20.9 %, reflecting strict cost control and efficiency improvements across all segments. At the end of Q3 2020, net debt decreased by 18 % compared to the same period last year and amounted to 330.5 million euros.

INA's CEO Sandor Fasimon said that during the summer months Croatia still experienced somewhat better tourist season than expected, but its effect and the seasonal increase in turnover could not compensate for the overall deteriorated environment. INA operations during 2020 required several operative adjustments in order to ensure sustainable cash generation. Postponing non-critical investments and taking other numerous internal optimization activities were the main focus, thanks to which strategic projects INA is committed to, such as Rijeka refinery upgrade project as part of INA R&M New Course program, are not endangered.

A year such as 2020 can hardly be repeated, but the autumn and winter months are also difficult to foresee, and the full economic recovery is still not near. Still, INA will enter 2021 as a company adjusted to this unforeseen crisis and with the strong strategic projects underway, aimed to ensure future growth potential, Fasimon concluded.