

Compared to 2019 results, financial results of Croatian oil company INA dropped, Following the unforeseen and unprecedented market turmoil during the first half of 2020.

With the easing of restrictive measures connected to COVID-19 pandemic, the global oil market has stabilized, but the oil and gas industry is far from full recovery.

CCS EBITDA of INA Group amounted to 108 million euros, which is a 31 % decline compared to the same period in 2019. However, the Q2 2020 result is at a similar level as Q1 2020, reflecting the recent recovery of hydrocarbon prices and stable internal operations. The reported result is still negative, but significantly less than in Q1 2020, with EBITDA of (7.2) million euros, driven by external environment impact.

Exploration and Production result has been impacted by the combination of 12 % lower production due to natural decline and 35 % lower realized hydrocarbon prices, having the EBITDA to 73.7 million euros compared to H1 2019.

Refining and Marketing including Consumer Services and Retail CCS EBITDA excluding special items is positive at 24.6 million euros on H1 2020 level, driven by healthy Retail performance. Still, the reported EBITDA shows a negative trend with (90.8) million euros in line with the unfavorable price environment. The pandemic and the decline in tourism resulted in a 16 % drop of Retail sales volumes, while the non-fuel revenues continue to increase.

In the first half of 2020, INA recorded a net loss in the amount of 128 million euros, compared to a net profit of 25 million euros recorded in the same period last year. Total revenues in H1 2020 dropped by 27.5 % and amounted to 985 million euros, while expenditures dropped by 15.5 % to 1.12 billion euros.

President of the Management Board of INA Sandor Fasimon said that 2020 continues to prove itself as one of the most challenging years for oil and gas industry. Following the outbreak of COVID-19 pandemic many countries implemented gradual easing of restrictive measures which helped move the economy from a standstill. But for oil and gas industry recovery is still not near, since demand returned only partially and the price levels, especially of gas, remain too low for many assets to operate profitably.

In such unforeseen conditions INA took swift operative and financial measures to adapt its operations, most significant being further streamlining of operations, reducing OPEX and postponing non-critical investments. Only with such strong reaction can INA maintain its stability and ensure sufficient cash flow for strategic investments in the coming years. Most of these strategic investments, which are continuing regardless of crises are focused in its refining segment as part of INA Downstream New Course 2023.