

Hungary-Croatia: MOL reports successful financial results of its Croatia Oil company INA, Revenues from the sale of 1, 5 billion EUR

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Oil company INA Group achieved EBITDA of 192 MEUR and net profit of 48, 59 MEUR in the first half of 2014th. Total sales revenues amounted to 1, 5 billion EUR. INA is dominantly owned and managed by Hungary MOL.

The company has continued its intensive investment in the first six months which have reached 86, 86 MEUR. The largest part of the investment, just as in 2013th, related to the oil and gas research and production in Croatia in which has been invested almost 57, 47 MEUR.

For the first time in ten years INA recorded an increase in oil production from domestic existing fields and recorded an overall increase in hydrocarbon production by 3%.

By further decline in net debt by 18% and the debt and equity ratio reduction, with 25.8% to 24.3% compared to the first half of 2013th, it was further improved the financial position of the Group.

Commenting on the results for the first six months, Zoltán Áldott, the president of the Management Board of INA, said "by continuous and conscious management efforts INA has achieved improved operating and net profit in the first half of 2014th, effectively mitigating the negative effects of still very difficult market conditions and regulatory changes that have had a strong negative impact on our business, research and production segments and the gas business.

We managed to further strengthen our financial position and as well to increase capital investment by 33%, primarily in the exploration and production area, what is reflected in the increase in oil production from existing domestic fields and the temporary halt of production decline, as a result of intensive repairing program. Additional contribution to the production will be visible in the coming period with starting production in the field of Isabella.

"We achieved further improvements in the sales and cost control structure in the refining and marketing segment, however, this effort did not mitigate a strong negative impact of lower average refining margins and sales volumes arising out of the deepening economic crisis in key markets. In retail trade, significant modernization activities and efforts directed for raising the service level provided solid business activity despite the market reduction".

Review of operational results

- Net income from the INA Group sale reached 1, 5 billion EUR

- EBITDA of INA Group amounted to 192 MEUR
- Operating profit amounted to 69, 75 MEUR
- Net profit was 48, 59 MEUR
- Capital investments reached 86, 86 MEUR, an increase of 33% compared to the same period last year
- Debt and capital ratio decreased from 25.8% to 24.3% and operating cash flow amounted to 154 MEUR, while net debt fell by 18%
- For the first time in ten years INA recorded an increase in production from the old domestic fields
- Negative refinery environment and lower average refining margin of 22% have negative impacts on refinery operations, as in 2013th
- Regulatory changes (increase fees for exploitation by 5% to 10% and taking the gas distribution to households by HEP and forced sale of INA's gas from storage Okoli) had direct financial consequences for INA
- Losses of natural gas reached the 64, 9 MEUR due to regulated gas prices and the impact of the aforementioned forced gas sale