

Serbia: Despite the crisis in the oil market, NIS remains stable

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CFO of Serbian oil company NIS Anton Cherepanov said that the priorities of NIS until the end of the year will be the realization of capital investments, reduction of costs and preservation of the company's liquidity. According to him, NIS is achieving good operational indicators despite the crisis, but the financial results are under the influence of unfavorable macroeconomic circumstances.

Cherepanov believes that the coronavirus pandemic and the crisis on the oil market will significantly affect the company's results in 2020.

On the one hand, there is a dramatic drop in the price of oil, which lost as much as 30 % of its value in just one day in March. On the other hand, there is a drastic drop in demand due to the coronavirus pandemic. NIS has come to a situation where demand has practically halved compared to normal business operation. The combination of these two factors has already affected the financial results and liquidity of oil companies, without exception. Such a loss will leave significant consequences not only on business in 2020, but also on the plans for the next period.

Cherepanov said that NIS has to think years in advance and continue with the modernization of the company and investments in those projects that will bring the most benefits in the future. This is primarily related to deep processing at the Pancevo oil refinery and combined heat and power (CHP) plant in Pancevo, but also further investment in oil and gas exploration and production, as well as in the further development of retail network.

However, the payment of dividends to shareholders will continue in coming years. NIS' dividend policy means paying at least 15 % of last year's net profit to shareholders as dividends, however, in the past few years the company distributed 25 % of its net profit and will strive to remain at the same percentage, despite the crisis.

NIS Group recorded a net loss in the amount of 9.3 million euros in the first quarter of 2020. Its earnings before interest, taxes, depreciation and amortization (EBITDA) amounted to 44.2 million euros, down from 53.5 million euros in Q1 2019.