

Serbian oil company NIS will pay 250 million kuna for use of JANAF's storage capacities. Croatia's oil pipeline company JANAF (Adriatic Pipeline) has concluded a new contract with Serbia's NIS (Petroleum Industry of Serbia) worth 250 million kuna. The contract includes new projects related to the use of storage capacities at the oil terminal in Sisak and new storage capacities at the oil terminal in Omišalj on the island of Krk, in which JANAF made substantial investments in the last two years.

The contract with the company which is owned by Russian giant Gazpromneft will result in large operating income for JANAF and with an increase in company's profits in 2017. The state-owned company has recently also signed agreements with new partners Vitol and Unipetrol worth 125 million kuna. With the new contract, the management led by Dragan Kovačević has brought a total of 375 million kuna of new revenues in the current year, which is the reason why it expects record-breaking business results for the company. Kovačević became the CEO of JANAF in 2012, after the company ended 2011 with revenues of 444 million kuna and net profits of just 61 million kuna. With new contracts and the growth in revenues in the first nine months of 2016, JANAF could easily reach a billion kuna of total revenues and net profits of 250 million kuna.

"We have created a respectable company in the European context and made JANAF one of more important players on the European energy map. We have opened new markets, resulting in increased revenues, while keeping costs under control. We have also invested funds in profitable projects which have increased our capacity", said Kovačević. Analysts estimate that globally there is a lack of capacity for storage of oil and that in the next 15 years there should be an increase by a minimum of 7.8 percent.

Given the fact that Europe is diversifying energy supply channels, the terminal in Omišalj has a good chance to become a regional centre, which would ultimately mean higher revenues for JANAF and better revenues for the state coffers. In the last five years, the company has paid in the state budget as much as 154 million kuna just through taxes. JANAF is one of rare examples which prove that it is possible for state companies and their resources to be managed in a responsible and efficient way.

*Source: Total Croatia News*