

Although certain factors influenced the decline in profit of the GazpromNeft managed Oil Industry of Serbia (NIS) in 2014, this will not affect the company's plans related to the modernization of Oil Refinery Pančevo.

NIS will continue the modernization of this refinery claim from NIS. The preliminary agreement with the potential construction partner has been recently signed with the same company which built the facility MHC/DHT in the refinery. Implementation is planned to begin this year. The project will last for three and a half years, and it will cost more than 300 million dollars.

"Gazprom Neft" has otherwise invested 547 million euros in the modernization of the Oil Refinery in Pančevo so far, and the Refinery has fully transitioned to the production of petrol and diesel complying with the requirements of the Euro 5 standard.

- Last year, the net profit of the Oil Industry of Serbia was reduced by 42 percent and it amounted to 27.8 billion dinars. Many factors had contributed to this large decline, primarily the foreign exchange losses of 13.2 billion dinars, the weakening of the dinar against the dollar, the large drop in the price of crude oil in the fourth quarter, as well as the negative effects of the EU sanctions against Russia. Although the decline in the final result is quite big, the indicator of a company's efficiency, EBITDA, earnings before interests, taxes, depreciation and amortization, dropped by only eight percent and it amounted to 63.4 billion .

When it comes to NIS, it remains to be seen to which extent the dividends will be paid this year, but their absolute value will certainly be lower than in the previous year. In 2014, NIS paid the dividends amounting to almost 13.1 billion dinars, which is the highest amount paid on the Belgrade Stock Exchange. In the last two years, the company's Management Board suggested that 25 percent of profit should be paid as dividends, and this decision was also adopted by the Shareholders Assembly. When it comes to the payment of dividends, it is determined by the amount of profit and the decision of the Shareholders Assembly.

In the following period, the investments of NIS will certainly be limited by the price of crude oil on the world market, and other oil companies worldwide have also already announced a similar approach.

In short, if the price of crude oil stays at the current level, which is low, it is unlikely that NIS will repeat the last year's amount of investments of around 40 billion dinars. It is true that this is precisely the amount of planned investments, but it is certain that they will be lower if the unfavourable trends continue on world .

The General Manager of The Oil Industry of Serbia, Kiril Kravčenko, has recently said that the significant drop in the prices of hydrocarbon feedstock, as well as the strengthening of exchange rates of global currencies against the dinar in 2014, caused a decline in the profit of NIS.

- Essentially, today, we have faced the crisis that we were already experiencing in 2008.

However, the current situation is more complex, primarily because of the record-low oil prices, the competition and the growing technological needs. NIS is stably passing through this turbulent period. We are oriented towards a constant increase in business efficiency, we are increasing hydrocarbon reserves, we have the resources necessary for the implementation of important investment projects. All this seemed impossible in 2008. It is important that, on our way, we have been met with understanding on the part of the Serbian Government. In 2014, the Memorandum that regulates the debts repayment mechanism for the company's largest debtors was signed. I hope that we will start its implementation during the current year - Kravčenko stresses. Despite the further decline in the derivatives markets of the Balkans region, which was intensified in 2014 also due to the consequences of floods in Serbia, Bulgaria, Bosnia and Herzegovina, NIS has preserved the oil derivatives sales volume at the level of three million tons, which corresponds to the last year's volume. At this, the share of motor fuels in the range of sales has been increased to 58 percent. The daily fuel sales volume at a petrol station of Gazprom's premium network in Serbia has reached 7.1 tons, which has ranked the network first on the domestic market according to this indicator.