

Serbia: NIS - decreased demand and oil prices fall led to loss in Q1 2020

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The dramatic fall in oil prices on the world market and the fall in demand for oil and petroleum products in the context of the COVID-19 pandemic had a decisive impact on the financial performance of the NIS Group in this period. The NIS Group's operations in the first quarter of 2020 were strongly influenced by negative macroeconomic trends.

The average price of a barrel of Brent oil in the first quarter was 50.3 dollars, which is 20 % less compared to the same period in 2019, while the price in the second half of March was almost constantly below 30 dollars/barrel.

It is important to emphasize that in these challenging circumstances, NIS also realized a large investment portfolio worth 65.5 million euros, thus continuing its investments in development and modernization. The largest amount has been invested in oil and gas production and processing projects. In addition, in the context of combating the spread of the COVID-19 virus, NIS has secured a stable supply in the domestic oil market, recognizing the health of employees, external associates and consumers as an irrevocable priority in this situation.

When it comes to operational indicators, NIS has achieved good results despite adverse circumstances. In the January-March period, NIS produced 319 thousand tons of oil and gas. The Pancevo Oil Refinery processed 860 thousand tons of oil, which is 44 % more than last year. The total volume of products amounted to 778 thousand tons, which is 7 % more than in the first quarter of last year. An export growth of 63 % was also recorded.

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. Retail fuel sales in Serbia dropped by 1 % in the first three months of 2020.