

## **BUSINESS RESULTS OF NIS GROUP IN THE FIRST HALF OF 2019**

**In strategic projects RSD 18.4 billion was invested,  
7 percent more than in the same period last year**

The continuation of the modernization process and the implementation of strategic projects were the priority of the NIS Group in the first half of 2019. In that period, a large investment program was realized, during which 18.4 billion dinars were invested, which is 7 percent more compared to investments from the same period last year.

Most of the funds have been invested in the field of exploration and production of oil and gas, as well as in the construction of the Deep Processing Plant, which is a key project of the second phase of the modernization of the Pancevo Oil Refinery. Also, during this reporting period, the construction of a thermal power plant (TE-TO) started in Pancevo, a project NIS realized in partnership with "Gazprom energoholding".

Staying committed to introduction of modern technologies into its business, NIS also introduced a new format of gas stations in Serbia in the first half of 2019 - a new GAZPROM gas station was opened on the Belgrade-Niš highway in May, the first in this part of Europe equipped with best digital technology. In this period, retail sales in Serbia grew by 5% compared to the first half of 2018, while ino-active turnover increased by 9%. In the research and production segment, 20 wells were put into operation and 654 km<sup>2</sup> of 3D seismics were carried out at the Ada exploration area in Serbia.

NIS continued with a consistent dividend policy. Thus, the Shareholders' Assembly of the company adopted a decision to pay 25% of last year's net profit as dividends. The shareholders will be paid 6.5 billion dinars.

The financial results of the NIS Group in this period were under the influence of macroeconomic factors, negative exchange rate and greater depreciation. The average Brent crude oil price in the reporting period was about 66\$, which is 6 percent less compared to the average price from the first half of last year. In addition, during this period, in the Pančevo Oil Refinery NIS carried out the most complex planned repair works in the history of NIS processing plants. 2.4 billion dinars were invested in repair works. In addition to the planned capital repair, a number of additional works were also carried out to connect existing refinery sections with new Deep Processing plant, a key project of the second phase of the refinery modernization program.

In the second quarter of 2019, the net profit of NIS amounted to 3.1 billion dinars, which is 19 times more compared to the first quarter of the current year. The total realized net profit for the first six months of 2019 amounted to 3.2 billion dinars.



The EBITDA (profit before interest, profit tax and depreciation) is 15.9 billion dinars. Tax liabilities and other public revenues of the NIS Group in the first half of 2019 amounted to 79.8 billion dinars.

When it comes to operational indicators, the total production of oil and gas is 641 thousand conditional tonnes, which is the result above the planned. In the Pancevo Oil Refinery, a total of 1.2 million tons of crude oil and semi-finished products were processed, while the total volume of petroleum products in the first half of the year amounted to 1.5 million tons. At the same time, HSE (Health, Safety, Environment) results were significantly improved, so the injury indicator (LTIF indicator) was reduced by 24 percent compared to last year.

NIS continued to contribute to the development of the community in which it operates, so 20 projects supporting health care institutions throughout Serbia were selected within the framework of the "Community together 2019" competition, with NIS investing 116.5 million dinars in domestic health care.

Kirill Tyurdenev, CEO of NIS, stated:

"Successful implementation of strategic projects and the continuation of modernization are our priorities this year. In this way, we put firm foundations for the further development of NIS in the conditions of fierce competition in the regional market. At the same time, we will remain committed to further improvement of financial results and improvement of operational indicators in all business segments. In addition, our irrevocable priorities remain safety at work and improvement of environmental protection, as the basis for sustainable development for NIS and our concern for the people and the community in which we operate."

Head of  
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