

NIS BOARD OF DIRECTORS ADOPTS 2025 CORPORATE STRATEGY

NIS j.s.c. Novi Sad Board of Directors has adopted an Integrated Strategy of Company's Corporate Development for the period till 2025. It paves the way for continuous development in the challenging macroeconomic environment and is aimed at increasing the company value both for its staffers and shareholders as well as the community, where NIS operates.

This recently adopted Development Strategy is to enable NIS to maintain its status as a major employer in the next period, along with significantly contributing to Serbia's budget in the forms of tax deductions and dividends. In the period to 2025, an average annual 4 per cent EBITDA indicator growth is forecast. Other than that, a vast investment programme to the tune of 2.2 billion dollars is envisaged until 2025, thus NIS remains at the top of the largest local investors list.

The newly adopted Development Strategy highlights NIS priority projects: increased depth and efficiency of refining at the Pančevo Oil Refinery, steady oil and gas production indicators and hydrocarbon reserves growth. This will be followed by the formatting and revamp of the retail network. Furthermore, the strategic objectives also imply further expansion of business by investing into power generation, as well as keeping the position of the region's efficiency leader, along with complete optimization of operating performance.

When it defined the strategic areas of its development, NIS took account of the real circumstances of Exploration and Production Block operation in the long run up to this date. This is why the newly adopted Strategy in Exploration and Production Block devised a plethora of activities aimed at developing the resource base and putting into practice the programme of drilling and geological and technical measures. The focus on profitable investment projects both in Serbia and the region will have a major impact on the overall business.

Refining Block's principal development strategic objectives are improved energy efficiency and a steady refining efficiency growth. The project envisaging a revamp of Refinery plants, i.e. the project increasing the bottom of the barrel processing in Pančevo Oil Refinery remains NIS pivotal project in the coming period. The completion of this 300+ million euros worth project will further diversify the product range with increased-yield products, along with ensuring high quality fuel supply to the market, consequently bolstering Serbia's energy stability. Q3 2019 shall see the start of commercial operation of the bottom of the barrel plant based on delayed coking technology.

Sales and Distribution Block will continue its investments into modernisation, development and upgrade of retail network efficiency, as well as into the increased market share in the region. Refuelling stations within the NIS Petrol mass brand and GAZPROM premium brand will expand its offer to consumers in its loyalty programmes and making a single sales offer. In the next period, NIS will also make effort to develop the business lines for specialised



products – jet fuel, lubricants and bunker fuel, which will be achieved by streamlining dedicated logistics and improved quality of products and related services.

In terms of Energy, NIS will seek to further diversify its operations by investing into power generation. Key projects of this business segment will be the construction of a new combined-cycle power plant (CCPP) Pančevo, further growth of power generation based on cogeneration and development of wind-generation project. The mainstay focus is also the streamlining of energy efficiency system based on a prudent use of available resources.

Chairman of the Board of Directors of NIS, First deputy CEO of “Gazprom Neft” mister Vadim Yakovlev has stated:

“At the moment NIS is Serbia’s largest and most influential company, one of the key players of the power market of the Balkan region. I am convinced that NIS long-term development strategy shaping business development vectors in Serbia and abroad will be instrumental in building up company’s competitive edge throughout East-European markets, and implementation of its strategic projects will propel the shareholder return”.

Speaking about the adopted Integrated Corporate Development Strategy till 2025, Kirill Tyurdenev, the CEO of NIS, pointed out:

“We are sure that the Strategy we had adopted with the major shareholders consent will prove in the years to come a driving force behind the successful development of NIS, as we seek to accomplish our long-term vision – NIS emerging as the leading power generating company in the South East European region. Moreover, this Strategy is the testament to the right choice we made concerning the way we forge ahead, it is our demonstration of an unchanged focus on our strategic priorities aimed at ensuring the continuation of a successful business, having a resolve to keep close to heart the demands of our consumers and an ever-changing market environment”.

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