

## OPERATION OF NIS GROUP IN THE FIRST HALF OF 2020

### **Preserved business stability despite the crisis, NIS invested 14.5 billion dinars in capital projects**

In the first half of 2020, NIS' operations were strongly influenced by adverse global macroeconomic circumstances. This primarily relates to the drop in oil prices and the COVID-19 epidemic, which caused a drastic decrease in demand for petroleum products in the reporting period. Under such conditions, the priorities of NIS were the preservation of health of employees and consumers, stability in the petroleum products market, social security of employees and continued investment in key development projects.

In the period from January to June, the average value of Brent oil barrels amounted to USD 39.7, which is 40% less than in the same period of 2019. At the same time, demand for petroleum products decreased between 30% and 40% at certain times during the reporting period, which significantly affected NIS Group sales revenues. Despite unfavorable macroeconomic trends, NIS Group invested RSD 14.5 billion in further development. The largest investments were made in the area of oil and gas exploration and production, the Bottom of the Barrel project at the Pančevo Oil Refinery and the modernization of the retail network in Serbia and the region.

When it comes to operational indicators, NIS preserved the results in the field of exploration and production at last year's level, despite the crisis - producing 636 thousand tons of oil and gas, which is 1% less than last year's performance. In the area of processing and sales, NIS achieved better results compared to the first half of 2019. The Pančevo Oil Refinery processed 1,630 million tons of crude oil and semi-finished products, which is 35% more than in the first half of the previous year. At the same time, preparatory activities were initiated at the Delayed Coking Unit complex. The total volume of sales amounted to 1.556 million tons, i.e. 2% more than in the comparative period in 2019, with export growth of 42%. In the first semester of the current year, after reconstruction, 5 petrol stations opened their doors in Serbia, including the modern A-format city stations in Leskovac. The Otopeni petrol station, NIS' 19th petrol station in Romania, also started operating. In addition, consumers at NIS Petrol and GAZPROM petrol stations have been given the possibility, for the first time in Serbia, to pay for fuel without going to the cash register, via the digital app Drive.Go.

Even under complex circumstances, NIS managed to keep the EBITDA indicator at a positive level of RSD 2.3 billion, as well as a positive cash flow of RSD 6.3 billion, but due to negative macroeconomic trends, a net loss of RSD 10.2 billion was recorded. In the first half of the current year, NIS Group's calculated liabilities based on public revenues amounted to RSD 83.9 billion, which is 5% more than in the first half of 2019. Also, at its session on 30 June 2020, the NIS j.s.c. Novi Sad Shareholders' Assembly decided on the payment of dividends from profit for 2019, based on which a total of RSD 4.4 billion will be paid.



NIS and its employees have contributed to the fight against the spread of the novel corona virus. Within these efforts, NIS provided 270 tons of aviation fuel for humanitarian flights of the domestic air carrier Air Serbia, while the majority shareholder the Russian company Gazprom Neft donated fuel for the needs of public services of the Republic of Serbia. In addition, NIS volunteers were engaged in the support of the most vulnerable categories of the population and medical professionals.

Mr. Kirill Tyurdenev, the CEO of NIS, stated:

"Our operations in the first half of 2020 took place in circumstances unprecedented in the global economy. Therefore, I am pleased to announce that in the previous period, thanks to the great efforts of management and employees, we have preserved financial stability, security of supply in the domestic market, as well as the health of our colleagues and consumers. Extraordinary circumstances call for strong answers. At the end of the year, we will be committed to further savings, but we will not stop investing in key projects. We will also focus on increasing operational efficiency in all segments of our operations, as well as on efforts to preserve the social security of our employees by relying on our own strengths. We will also continue to support the community in which we operate, aware that we can overcome this difficult period more successfully if we are responsible and solidary."

Head of  
Corporate Affairs Department  
NIS j.s.c. Novi Sad

---

Mirjana Stanojevic