



NIS PUBLISHED AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR 2016

NIS published audited consolidated financial statements for the year 2016, prepared in accordance with International Financial Reporting Standards.

In 2016, the NIS Group posted a RSD 15 billion net profit, which exceeds the previous year performance by 3 per cent. This marked a discontinued downward net profit trend that was brought about by the oil industry crisis back in 2014. This performance has been accomplished in adverse macroeconomic environment, low crude oil prices in 2016 in particular. The EBITDA indicator (Earnings before Interest, Taxation, Depreciation & Amortisation) reached RSD 39.8 billion.

This performance has been accomplished as a result of the implemented operative efficiency boost measures programme, the effect of which in 2016 is estimated at RSD 8.6 billion. NIS has continued to invest in development projects by allocating as much as RSD 26.1 billion for them, which ranked it among Serbia's top investors. NIS' liabilities related to taxes and various other public revenues in 2016 were RSD 163.3 billion, i.e. 7 per cent more than in 2015. Notwithstanding the adverse macroeconomic environment NIS has not changed its dividends policy, so for the fourth consecutive year its shareholders received 25 per cent of net profit for the previous year, specifically a bit more than RSD 4 billion.

Total output of crude oil and gas reached 1.46 million tons of oil equivalent, while the hydro carbons increment trend in 2016 is estimated at 3.4 per cent. Total crude oil refining volume was 3.3 million tons, i.e. 1 per cent more than in 2015. The Pančevo Oil Refinery has continued its Bottom of the barrel project, which is the next stage in modernising NIS refining capacities.

In 2016, NIS launched G-Drive, a new premium diesel fuel, into the market. Sales volume of oil products increased by 3 per cent compared to 2015 and reached 3.34 million tons.

In 2016, business operations diversification was also continued. NIS facilities have produced a total of 147.505 MWh of electricity, which represent a 19 per cent increase compared to the previous year. NIS continued its activities related to the realisation of the Combined Heat and Power Plant Pančevo project, and with China's "Betec" Company it entered an agreement to cooperate in tapping into Serbia's geothermal power.



Strides were also made in HSE (Health, Safety, and Environment) that was pivotal for NIS in 2016. The Lost Time Injuries Frequency indicator went down by 46 per cent compared to 2015, which was NIS significant contribution to improved occupational health and safety.

On the occasion of the publishing of 2016 business performance, Kirill Kravchenko, CEO of NIS and member of the Management Board of “Gazprom Neft” has issued the following statement:

“We take a tremendous pride in our 2016 performance, as it yet again demonstrated our system’s success and resilience, which is based on a continuously growing efficiency of the business operations on the one hand and on investing into the further development, on the other. This is why we intend to make the year of 2017 a continuation of the positive trend of growth in key financial and operative indicators that will secure a long-term efficiency of NIS business processes. Within the period of 2017 and 2019, “Gazprom Neft” shall invest more than RSD 100 billion into NIS strategic projects. These investments will be fundamental for further NIS development and ensure a secure future to the company, our employees and shareholders“.

Head of
Corporate Affairs Department

Mirjana Stanojević
