



NIS announced consolidated business results for the first nine months of 2016

Although the average price of Urals crude oil in the first nine months of 2016 was about 27 percent lower compared to the previous year, NIS Group recorded positive financial results. NIS Group has significantly improved the result from the first half of the year, when the net profit amounted to 3.1 billion dinars, and ended the first nine months of this year with a net profit of 7.7 billion dinars. Achieved positive results were largely the result of implementation of the program of the operational efficiency increase whose effects in the nine months of 2016 are estimated at 5.7 billion dinars.

The success was recorded also with the operational indicators, many of which are above the business plan. The total turnover of petroleum products in the nine months of 2016 amounted to 2,414 million tons, which is 3 percent more compared to the previous year. Significant results were achieved in foreign equities, where the turnover increased 34 percent compared to the same period last year. Also, compared to the same period last year NIS has increased the share of the retail market in Serbia by 1.3 percent, and it now stands at 42.7 percent. Better results were achieved also by Energy Block that realized the production of electricity of 104,305 MWh, or 21 percent more compared to first nine months of the last year. Total production of oil and gas in Serbia and concessions amounted to 1.108 million conditional tons which is in line with the planned production volume, while the volume of oil processing was 2.376 million tons.

However, the low prices of crude oil affected the financial results of the NIS Group: EBITDA (earnings before interest, taxes, depreciation and amortization) in the first nine months of 2016 amounted to 22.5 billion dinars, or 30 percent less compared to the same period last year. At the same time the liabilities for taxes and other public revenues were increased, so for nine months of 2016 they amounted to 117.5 billion dinars, which is 7 percent more compared to the same period of the previous year.

Despite the negative trends in the market, NIS has not given up a responsible attitude towards its shareholders, employees and the local community. In September this year NIS paid to shareholders more than 4 billion dinars, or 25 percent of the net profit from 2015. NIS continues to follow the socially responsible course and continues to invest in the community in which it operates. In the third quarter of this year NIS has published the results of a public bid within the corporate program "Together for the Community" on the basis of which NIS will support projects in 11 municipalities throughout Serbia with 110.5 million dinars. NIS has not gave up the improvement of health and safety at work, and significant results were achieved in this area - an indicator of injuries with lost days was 50 percent lower compared to the same period in 2015.

Kirill Kravchenko, CEO of NIS, stated:

"The results that we achieved once again prove that we have created a good and resistant business model. We remained the leader despite the complex macroeconomic conditions. For the nine months of 2016 we invested a total of 14.5 billion dinars, which confirms the status of NIS as the leading investor in Serbia. Our ambition is to be first and to be the most



efficient company in the country. We expect that our measures of operational efficiency in 2016 will bring the total savings of more than 8.5 billion dinars. This will allow us to maintain profitability and continue to develop NIS."

Director of
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