

RESULTS OF NIS GROUP FOR THE FIRST NINE MONTHS OF 2020

In the third quarter, NIS improved its financial results and preserved investments in key projects despite the crisis

Thanks to its business model that is directed towards operational efficiency increase and savings across all the levels, NIS achieved good financial results in the third quarter of 2020. At the same time, NIS managed to preserve its stability on the market of petroleum products, social security for its staff, as well as the health of our employees and consumers.

In the period January-September of the current year, oil and gas industry was affected by adverse global trends, reduced demand for petroleum products, before all, due to the COVID-19 pandemics, as well as to sharp decline in oil prices. The average price of the oil of Brent type in the first nine months this year was 40.8 US\$ per barrel and was lower by 37% than the price in the same period of 2019. Even with unfavorable external factors, in the period from January to September, NIS implemented its comprehensive investment program RSD 20.7 billion worth. Majority of funds were invested in the area of oil and gas exploration and production, Bottom-of-the Barrel Project in the Oil Refinery of Pancevo, as well as in the upgrade and development of retail network in Serbia and countries in the region. Calculated liabilities of NIS Group for tax and other public revenues were RSD 131.8 billion in the period of 9 months of 2020.

In the third quarter, EBITDA indicator amounts to RSD 8 billion, while the same indicator for 9 months of 2020, amounts to the total of RSD 10.4 billion. NIS also preserved its positive cash flow, which was, in the period January-September RSD 19.6 billion. Net profit realized in the third quarter was RSD 1.9 billion, but unfavorable macroeconomic situation in the first half of the year influenced the NIS Group to record the loss of RSD 8.3 billion in first nine months of the current year.

In the period January-September, 952 thousands of conditional tons of oil and gas was produced, which is at the level of the results from the same period last year. The volume of refining in Pancevo Oil Refinery increased by 14% if compared with 9 months of the previous year and it amounts to 2.6 million tons of crude oil and semi-finished products. Total trade with petroleum products in the reporting period is 2.5 million tons, which is lower by 3% than in the same period of 2019, but it is also a notable result, bearing in mind the decreased demand for products in the circumstances of coronavirus epidemics. At the same time, NIS continued to develop its retail network, within which 7 petrol stations started its operation in Serbia, including the station "Novi Sad 16", the most modern one in NIS's network. In addition, regional network was also expanded, and 6 new station started its operation - 5 of them in Bosnia-Herzegovina and one in Romania. In this period, NIS noted also increase of export of 19 percent, if compared to the same period of 2019.



NIS has continued its support to the community in combatting the spread of COVID-19. Among other things, it donated, together with UNICEF, 50 flowmeters to health institutions in Belgrade. In cooperation with the Ministry of Education, Science and Technological Development and the Ministry of Interior, 72 projects across Serbia were singled out to be supported by NIS with RSD 114.5 million, to the end of supporting digitalization of educational process and to the safety of students and professors in schools.

Kirill Tyurdenev, the CEO of NIS is quoted as saying:

“Despite not very easy circumstances, we have managed to preserve liquidity of NIS, regular market supply, as well as health protection and social stability of our employees. In addition, we remain the stable source of income for our shareholders and we will pay, as dividends for 2019, the amount of RSD 4.4 billion, which is 25 percent of last year’s net profit. The program of operation efficiency increase measures that we implemented across the levels of NIS Group gave the effect of one billion RS dinars to EBITDA indicator, which testifies about our commitment to face the crisis that stirred and upset the world economy. I believe that such attitude will fruit results in the continuation of the year and that we will overcome successfully all the challenges to the benefit of our shareholders, employees and the community in which we operate“.

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