



Investor day 2023

# NIS GROUP'S PERFORMANCE PRESENTATION FOR THIRD QUARTER OF 2023

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Function for finance, economics, planning and  
accounting

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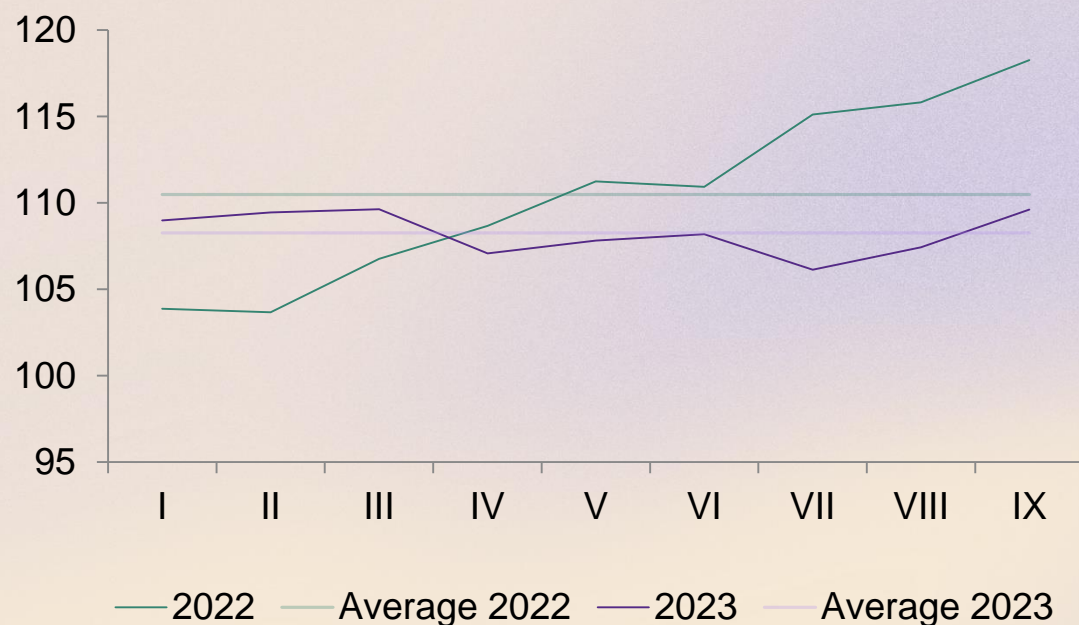


# Macroeconomic Indicators

*Fall of oil price, a slide drop of USD dollar comparing to RSD*

## USD/RSD rate

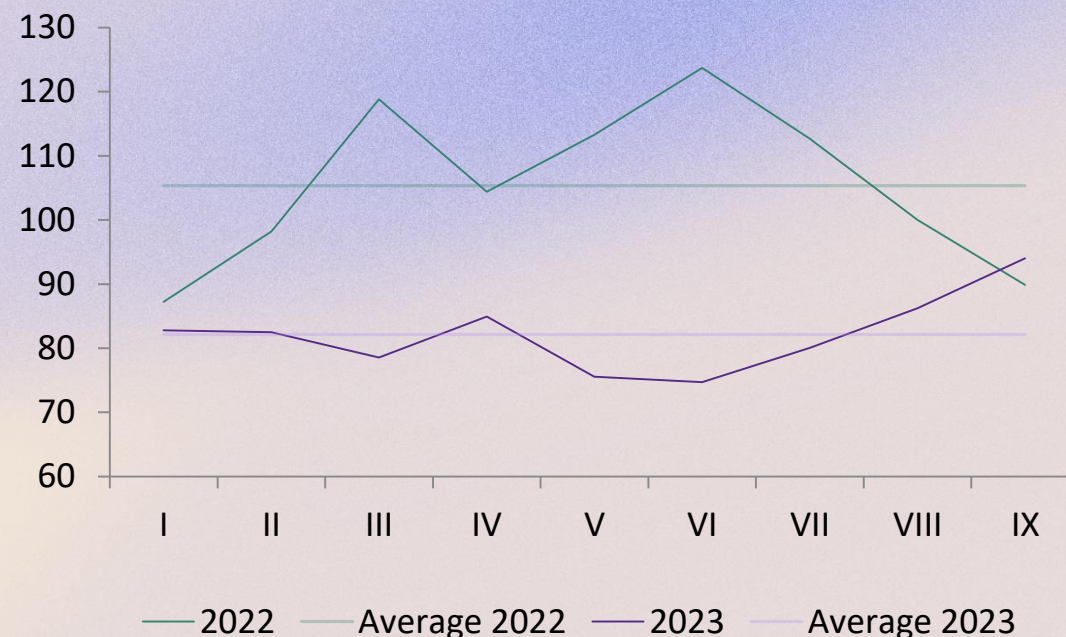
▼ -2%



The average USD/RSD exchange rate in the first nine months of 2023 was lower by 2% compared to the same period last year.

## Brent oil price, \$/bbl

▼ -22%



The average price of Brent oil in the first nine months of 2023 is 82.14 \$/bbl, which is a decrease of 22% compared to the same period in 2022.

# NIS in Q3 2023



## Number of wells:

### Q3 2023

#### Drilled :

**12** development wells and **1** exploration well in Serbia and **1** development well in Romania.

#### Put into operation:

**13** development and **2** exploration wells in Serbia

# Block Exploration and production



## OIL AND GAS OUTPUT:

### Q3 2023

Total volume of domestic oil and gas production in the third quarter amounts to **297.6** thousands t.o.e.



## FINANCIAL INDICATORS:

### Q3 2023

**CAPEX<sup>1</sup>: 7.1** bln RSD

**EBITDA<sup>2</sup>: 10.2** bln RSD

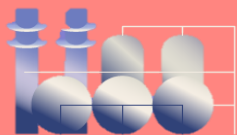
The main goal during third quarter of 2023 in the Exploration and production Block was to fulfill the planned production of hydrocarbons, the realization of geological research projects and increase the efficiency of geological and technical activities.

<sup>1</sup>Financing. CAPEX for 9M 2023 is RSD 16.04 billion

<sup>2</sup>EBITDA for 9M 2023 is RSD 24.7 billion



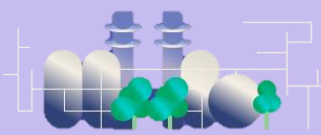
# NIS in Q3 2023



## Q3 2023

- The continuous operation of the Oil Refinery in Pančevo, which fully meets the needs of the petroleum product market.

## Downstream - Refining



### VOLUME OF OIL REFINING AND SEMI-PRODUCTS:

The total volume of oil refining and semi-products in the third quarter is **1,077** thousand tonnes



### FINANCIAL INDICATORS:






#### Q3 2023

**CAPEX<sup>1</sup>: 0.6 bln RSD**  
**EBITDA<sup>2</sup>: 15.7 bln RSD**

The Refining Block adjusted its operations to market conditions in order to continuously supply the market with petroleum products, as well as to provide fuel for the current agricultural season.



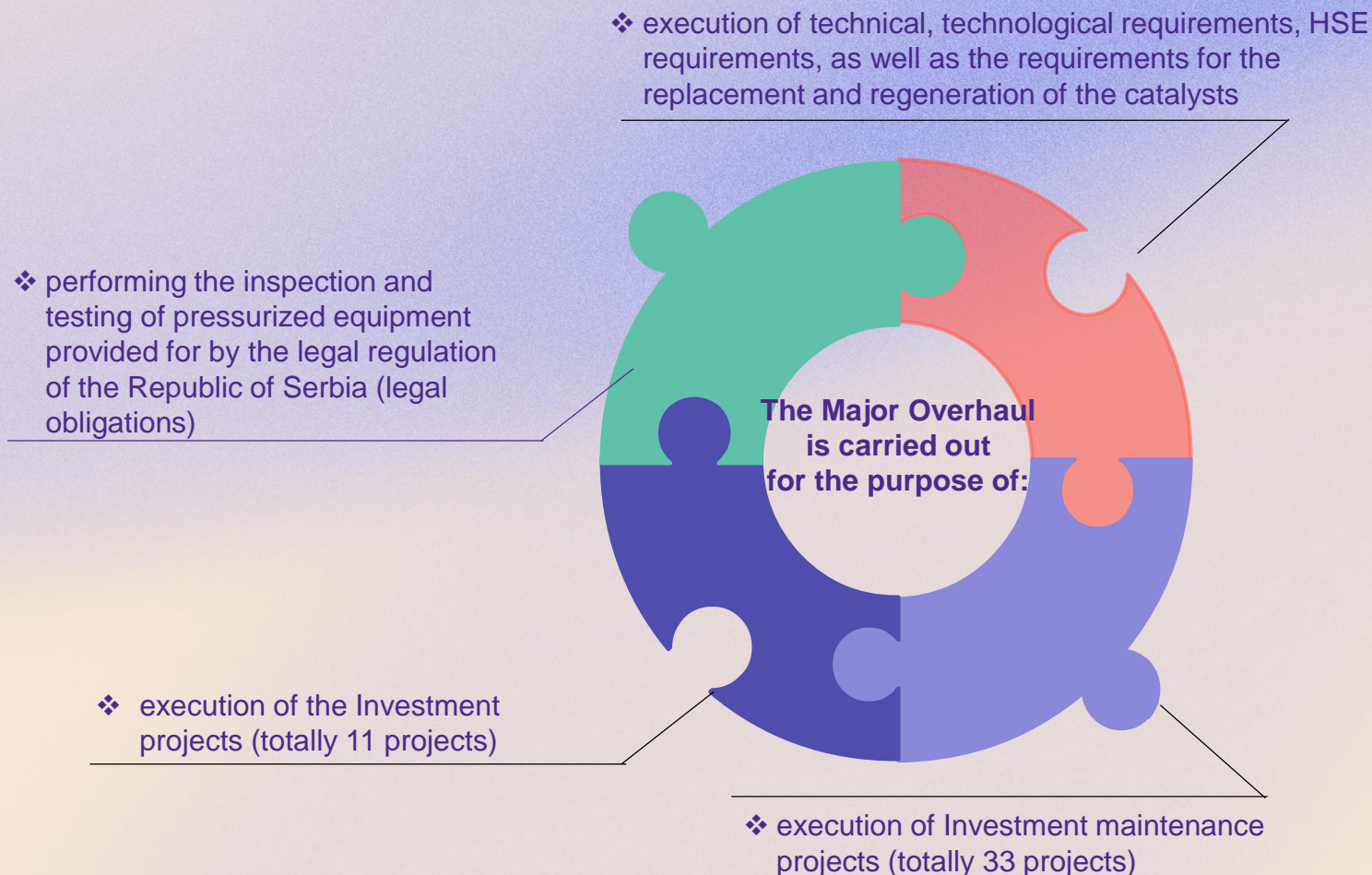
# Key projects for further modernization of RNP:

Key projects	Status	Project objectives and benefits
<b>Reconstruction of the FCC Unit, construction of the ETBE Unit</b> 	<ul style="list-style-type: none"> <li>The extension of the FEED stage and activities for 2023-2024 were approved at the meeting of the NIS IB</li> <li>Location conditions were obtained, the request for the consent of the Audit Committee to the Preliminary Design was submitted</li> <li>The Contractor was selected for the realization of activities in the Major Overhaul in 2024.</li> <li>The selection of the Contractor for the survey of as-built state of the DCS/ESD system is ongoing.</li> </ul>	<ul style="list-style-type: none"> <li>Achieving the maximum EBITDA indicator by increasing the production of high-margin products while taking into account the market needs for petrochemical monomers and biocomponents for motor fuel.</li> </ul>
<b>Efficiency projects</b>		
 <b>Replacement of steam turbines</b>	<ul style="list-style-type: none"> <li>The project was approved in its entirety, the Contract on the Delivery of Equipment and Services was signed, the implementation is ongoing.</li> <li>Installation of equipment and commissioning during the Major Overhaul in 2024.</li> </ul>	<ul style="list-style-type: none"> <li>Raising the level of energy efficiency of the FCC Complex and the Alkylation Unit by increasing the energy efficiency of the GB-2301/2501/2601 compressor operation.</li> </ul>
 <b>Track</b>	<ul style="list-style-type: none"> <li>The project was approved in its entirety, the Contract on the Delivery of Equipment and Services was signed, the implementation is ongoing.</li> <li>Commissioning of Stage A in the first quarter of 2024.</li> </ul>	<ul style="list-style-type: none"> <li>Harmonization of the technical condition of the industrial track with the legal regulation.</li> <li>Eliminating safety defects, reducing risks of the occurrence of accidents.</li> </ul>
 <b>Dosing markers and additives</b>	<ul style="list-style-type: none"> <li>The project was approved in its entirety, the Contract on the Delivery of Equipment and Services was signed, the implementation is ongoing. Commissioning in the first quarter of 2024.</li> </ul>	<ul style="list-style-type: none"> <li>Increasing the operational efficiency related to the legal obligation to mark motor fuel.</li> <li>Reducing the costs of secondary logistics for the supply of branded motor fuel to the Belgrade market.</li> </ul>
 <b>Fire protection project</b>	<ul style="list-style-type: none"> <li>The project was approved in its entirety, the Contract on the Delivery of Equipment and Services for the Replacement of the Hydrant Network was signed. Commissioning of Stage 1 in 2025.</li> </ul>	<ul style="list-style-type: none"> <li>Reducing the risk of fire in the RNP and potential negative consequences.</li> <li>Compliance with the legal regulation.</li> </ul>



# Major Overhaul of the RNP

- In the period **Mart-April** it is planned to perform the Major Overhaul of the Pančevo Oil Refinery process units.
- The previous overhaul was carried out in 2019. After the overhaul, continuous operation of the plant was ensured.
- The planned Major Overhaul in 2024 is so far the largest one in the history of the Refinery in terms of volume and complexity, given the modernization and increase in the number of production units.
- The overhaul is carried out in order to bring the equipment and the complete unit into a safe and reliable operational condition in accordance with the design parameters and to ensure the continuous operation of the unit until the next planned major overhaul.





# NIS in Q3 2023



## DEVELOPMENT PROJECTS:

- Start of work of the new PS Sokolići 2 and its restaurant, as well as the commissioning of PS Brus, Kosjerić.
- Start of work of PS Lukavica in Bosnia and Herzegovina.

# Downstream – Sales and distribution



## Q3 2023

- The total sales volume of petroleum products in the third quarter of this year amounted to **1,126** thousand tonnes.



## FINANCIAL INDICATORS:

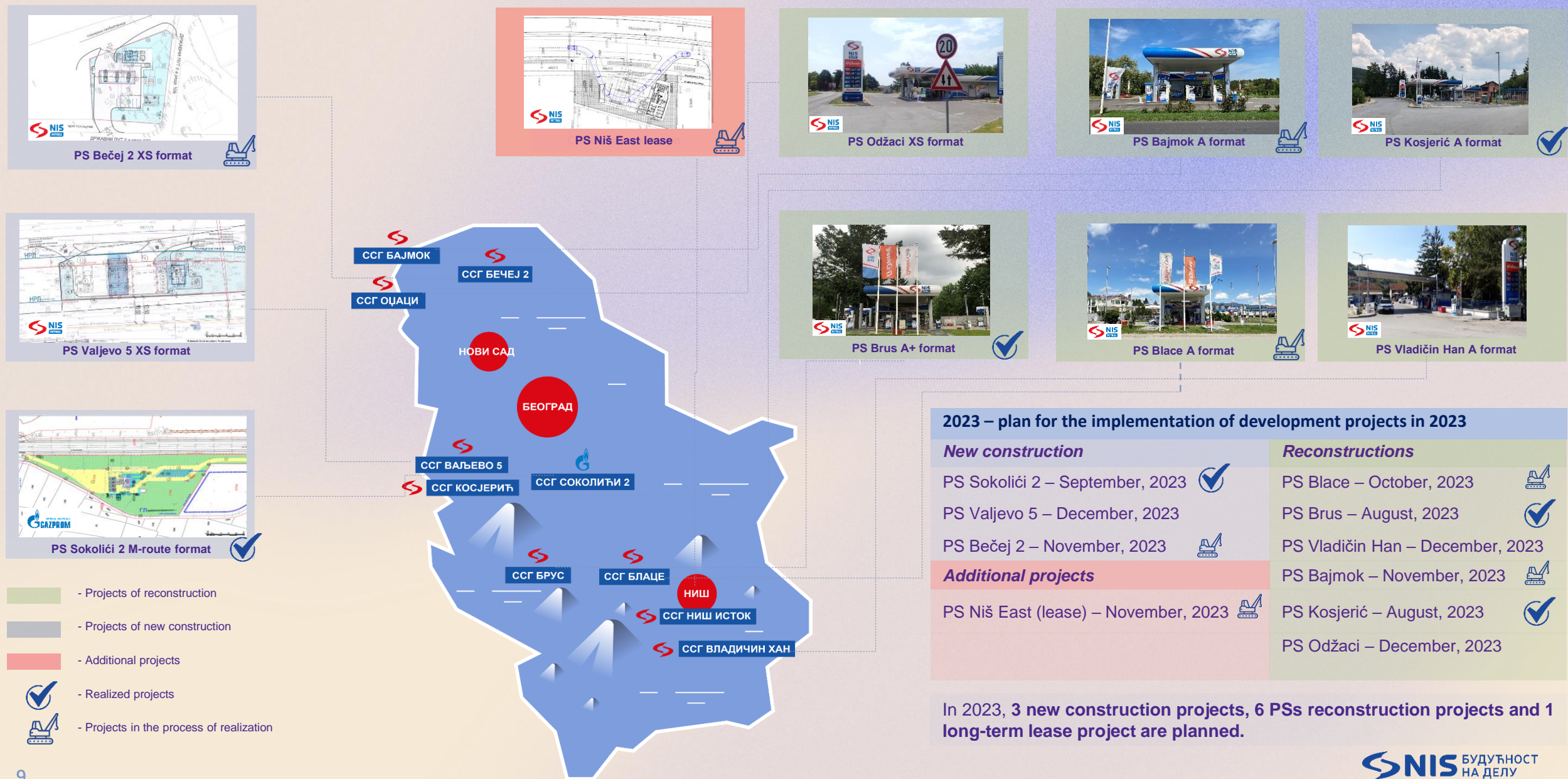
### Q3 2023

**CAPEX<sup>1</sup>: 1.9 bln RSD**  
**EBITDA<sup>2</sup>: 8.1 bln RSD**

This year, NIS continued to sell products under conditions of price regulation by Serbia's Government decrees, so that the state determines the maximum selling price of oil products on the petrol stations. Compared to the previous year, the attractiveness of the preferential price for farmers has decreased due to price dynamics (the price is lower on average) and as a result, part of the volumes of Agro diesel for sale has been returned from NIS gas stations to the stations of other market players.



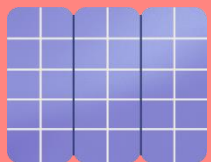
# Realization of development projects in Serbia in 2023



In 2023, 3 new construction projects, 6 PSs reconstruction projects and 1 long-term lease project are planned.



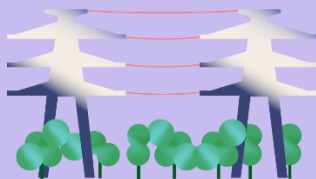
# NIS in Q3 2023.



## Installation of photovoltaic power plants:

- NIS started the installation of solar panels with the total capacity of 620 kWp at the Jazak water plant
- NIS purchased solar power equipment to be installed on the ground at the Novi Sad tank farm - 6.5 MW, and on the roof of the Novi Sad office - 99.9 kWp

# Downstream - Energy



## Q3 2023

- The total volume of solar power generated in the third quarter is **217** Mwh (vs. 422 Mwh in 9 months of 2023)



## FINANCIAL INDICATORS:

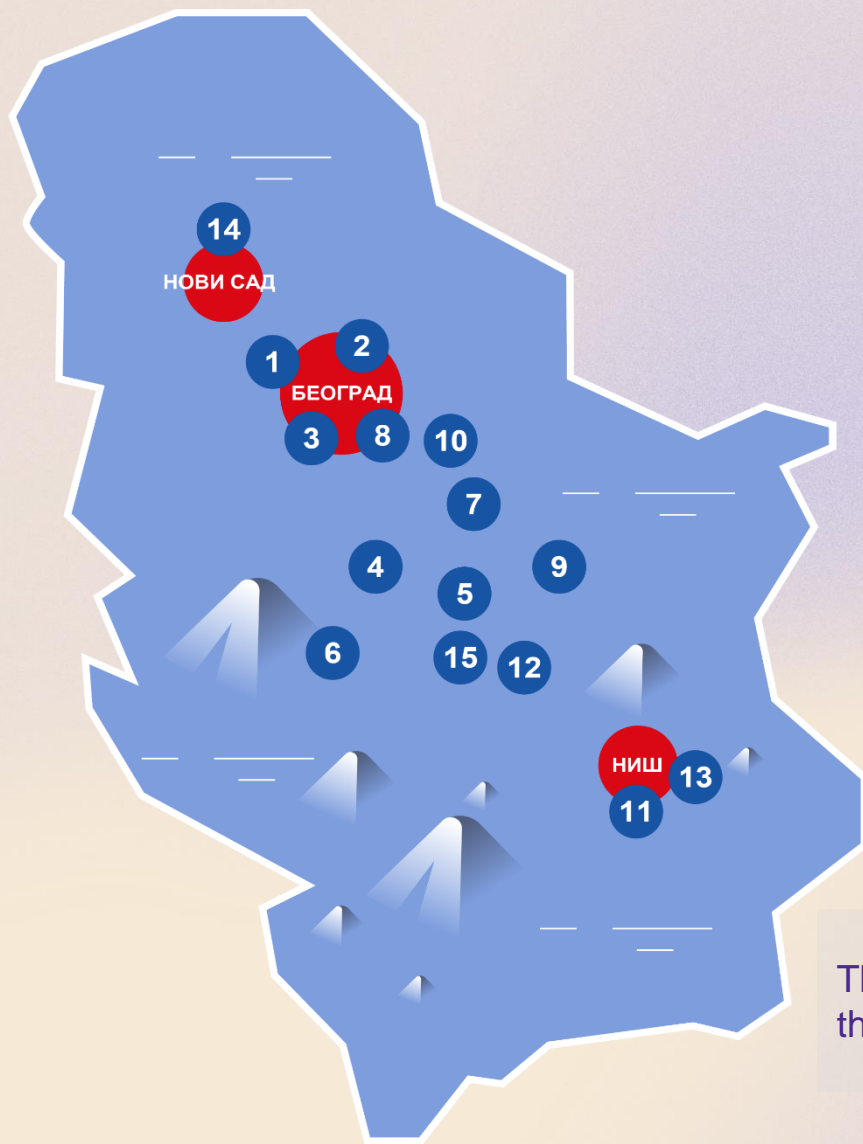
### Q3 2023.

**CAPEX<sup>1</sup>: 0.07 bln RSD**  
**EBITDA<sup>2</sup>: 0.1 bln RSD**

**In 2022 NIS installed PVPP units at 8 petrol stations (capacity of 290 kWp). In 2023 the project continued: solar panels were installed on another 7 stations. The total capacity is 240 kWp, total investments EUR 170,000.**



# Implementation of photovoltaic power projects in Serbia



Petrol station name		Capacity (kW)
<b>Completed photovoltaic power projects in 2022</b>		
1	Krnješevci	38.64
2	Stari Banovci	38.64
3	Block 45	30.36
4	Gornji Milanovac	30.36
5	Kragujevac 7	30.36
6	Preljina 2	30.36
7	Velika Plana	30.36
8	Dayton	60.72
<b>Completed solar projects in 2023</b>		
9	Bagrdan	65.1
10	Dunav	30.49
11	Fontana	30.49
12	Kruševac 5	30.49
13	Nais	30.49
14	Novi Sad 1	30.49
15	Vrnjačka Banja	30.49

**Total number of PS' with PVPP 15**

The construction of SPP on 30 PS with a total power of 1,000 kWe was contracted. By the end of 2023, 10 more PPS' are planned to be put into operation.



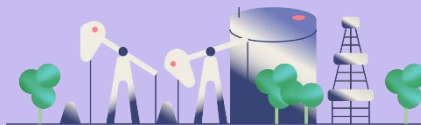
# NIS in Q3 2023



## Q3 2023

- NIS is working on integrating HIP in its business processes through the implementation of regulatory and methodological documents. HIP is operating as planned.
- Changes have been made to the organizational structure of HIPP, management has been appointed

# Downstream – HIP Petrohemija



## Q3 2023

- In September HIPP started the major overhaul of the production facilities, which will last till the end of October.



## FINANCIAL INDICATORS:

### Q3 2023

**CAPEX<sup>1</sup>: 0.22 RSD billion**

**EBITDA<sup>2</sup>: -2.5 RSD billion**

On June 9, 2023, NIS signed the documents on completion of the deal under the Strategic Partnership Agreement. After paying the first instalment of its investment obligations NIS became the owner of the 90% share in HIP Petrohemija d.o.o. Pančevo. As soon as the deal was finalized, NIS launched its integration plan, which is progressing as planned.

<sup>1</sup> Indicators for Q3 since the consolidation, i.e. From July 1 to September 9. CAPEX for 9 months of 2023 is RSD 0.75 billion

<sup>2</sup> Indicators for Q3 since the consolidation, i.e. From July 1 to September 9. EBITDA for 9 months of 2023 is RSD -6.7 billion



# HIP Petrohemija: Planned Overhaul and Development Projects

## PLANNED CAPITAL OVERHAUL



- In September, the planned major overhaul of the HIP Petrohemija plant began.
- The major overhaul is carried out by conducting several parallel activities of high importance and complexity, the basic of which are:
  - Overhaul of compressors, turbines, furnaces and heat-exchangers in the Ethylene factory
  - Overhaul of columns and vessels
  - Overhaul of safety valves
  - Reparation of the boiler
  - Overhaul of compressors overhaul in the LDPE factory
  - Project of re-instrumentation of the Ethylene factory - stage 2
  - Project of a new packaging line in the LDPE factory
- As a result of the overhaul, it is expected to increase reliability and safety, improve energy efficiency, and complete the re-instrumentation in the Ethylene factory.

## DEVELOPMENT PROJECTS

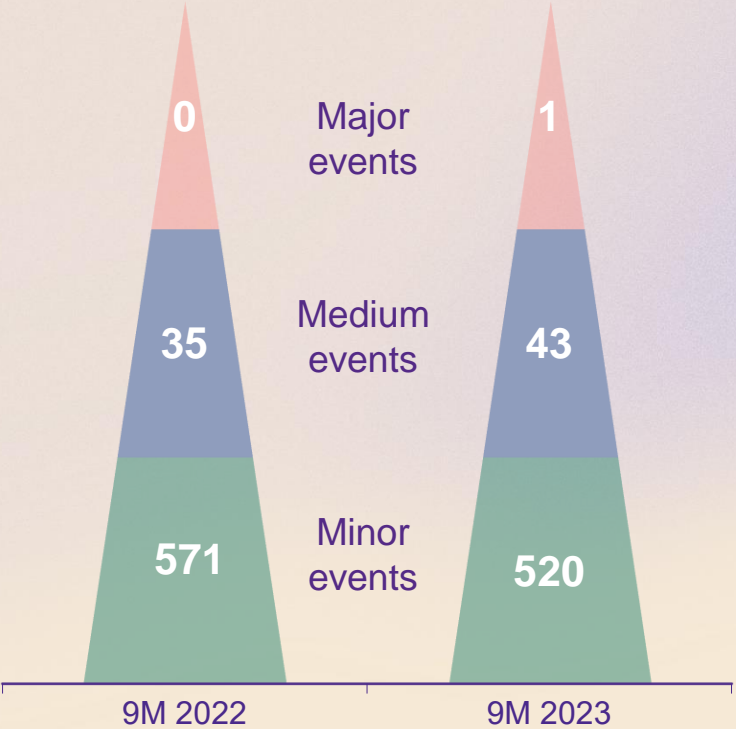
- The construction of a Polypropylene Production plant is planned to be done by 2029
- Implementation of projects aimed at increasing efficiency and reliability



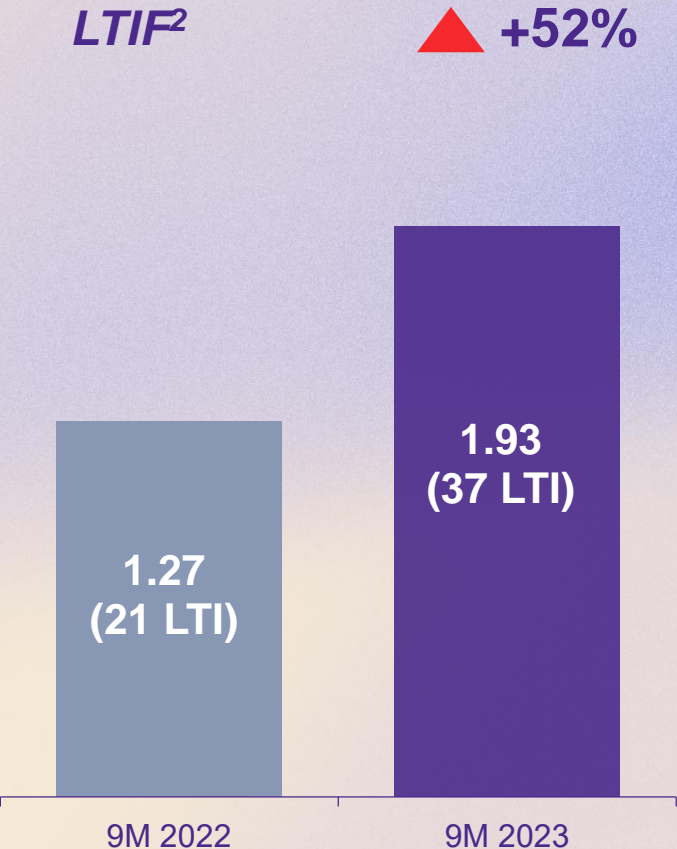


# HSE indicators<sup>1</sup>

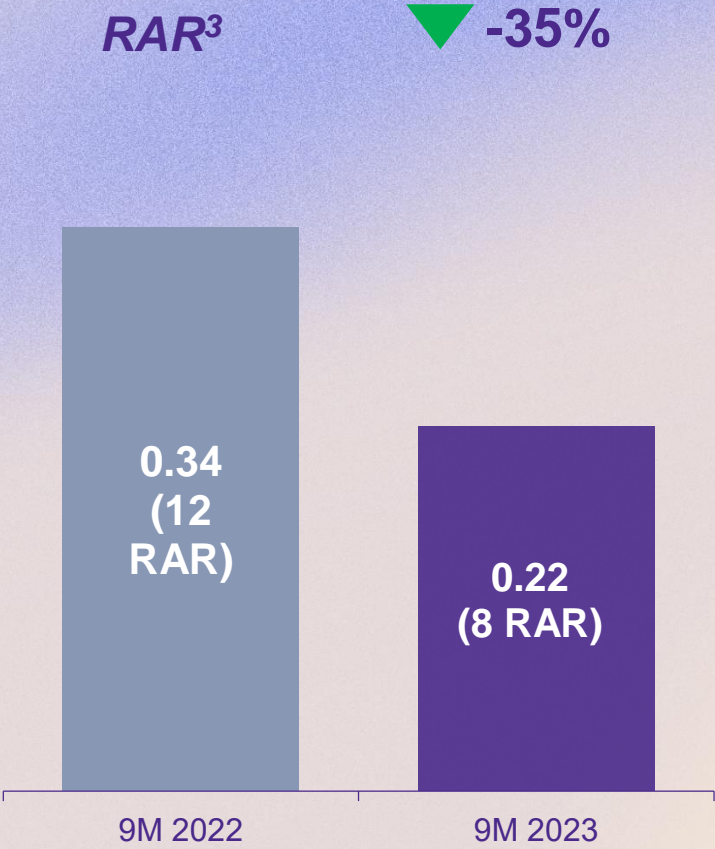
Number of events in NIS



LTIF<sup>2</sup>



RAR<sup>3</sup>



<sup>1</sup> Without HIP Petrohemija.  
<sup>2</sup>LTIF (Lost Time Injury Frequency) – Ratio of employee injuries with sick leaves to the total number of working hours.  
<sup>3</sup>RAR (Road Accident Rate) - Indicator of the number of traffic accidents.

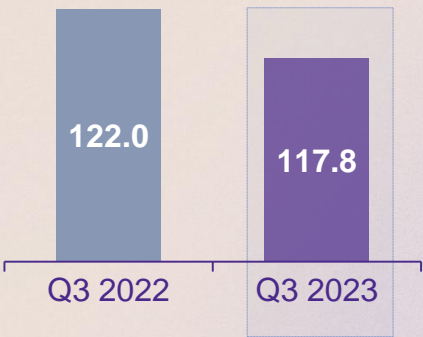
# Key Indicators

Q3 2023	Q3 2022		Δ (%)	Key indicators	Unit of measures	9M 2023	9M 2022		Δ (%)
86.8	100.9	▼	-14%	Brent Dtd	\$/bbl	82.1	105.3	▼	-14%
117.2	140.5	▼	-17%	Sales revenues	bn RSD	304.1	380.8	▼	-17%
28.1	38.6	▼	-27%	EBITDA	bn RSD	56.5	104.8	▼	-27%
18.0	25.7	▼	-30%	Net profit	bn RSD	31.8	69.4	▼	-30%
26.4	45.4	▼	-42%	OCF	bn RSD	21.6	72.5	▼	-42%
74.7	66.7	▲	+12%	Accrued liabilities based on public revenues	bn RSD	181.7	184.6	▼	+12%
297.6	296.3	▲	+0,4%	Oil and gas output	thou. TOE	868.1	879.3	▼	+0,4%
1,077.5	1,161.0	▼	-7%	Crude oil and semi-finished products output	thou. tonnes	3,053.6	3,265.1	▼	-7%
1,125.6	1,134.4	▼	-1%	Total petroleum products sales volume	thou. tonnes	2,994.99	3,222.3	▼	-1%
10.4	4.5	▲	+129%	CAPEX	bn RSD	21.9	12.1	▲	+129%
548.1	570.6	▼	-4%	Total debt to banks (total debt to banks + letters of credits)	mn EUR	548.1	570.6	▼	-4%

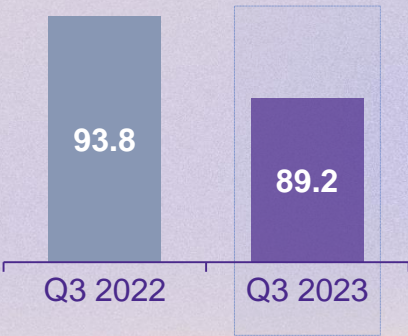


# HIP Petrohemija: Key Operating and Financial indicators

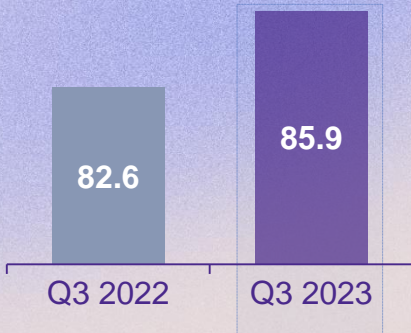
Production of petrochemical products, thousand tons



Refining of primary gasoline, thousand tons



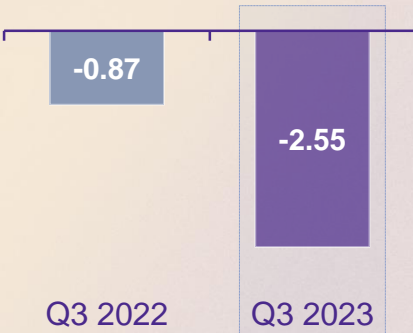
Petrochemical product sales, thousand tons



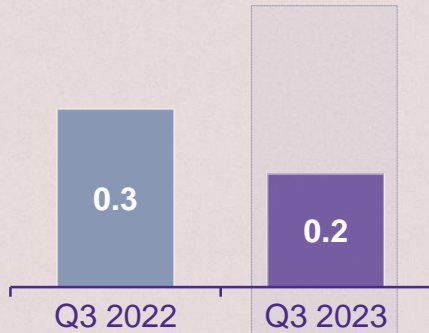
EBITDA, RSD billion



Net profit, RSD billion



CAPEX, RSD billion



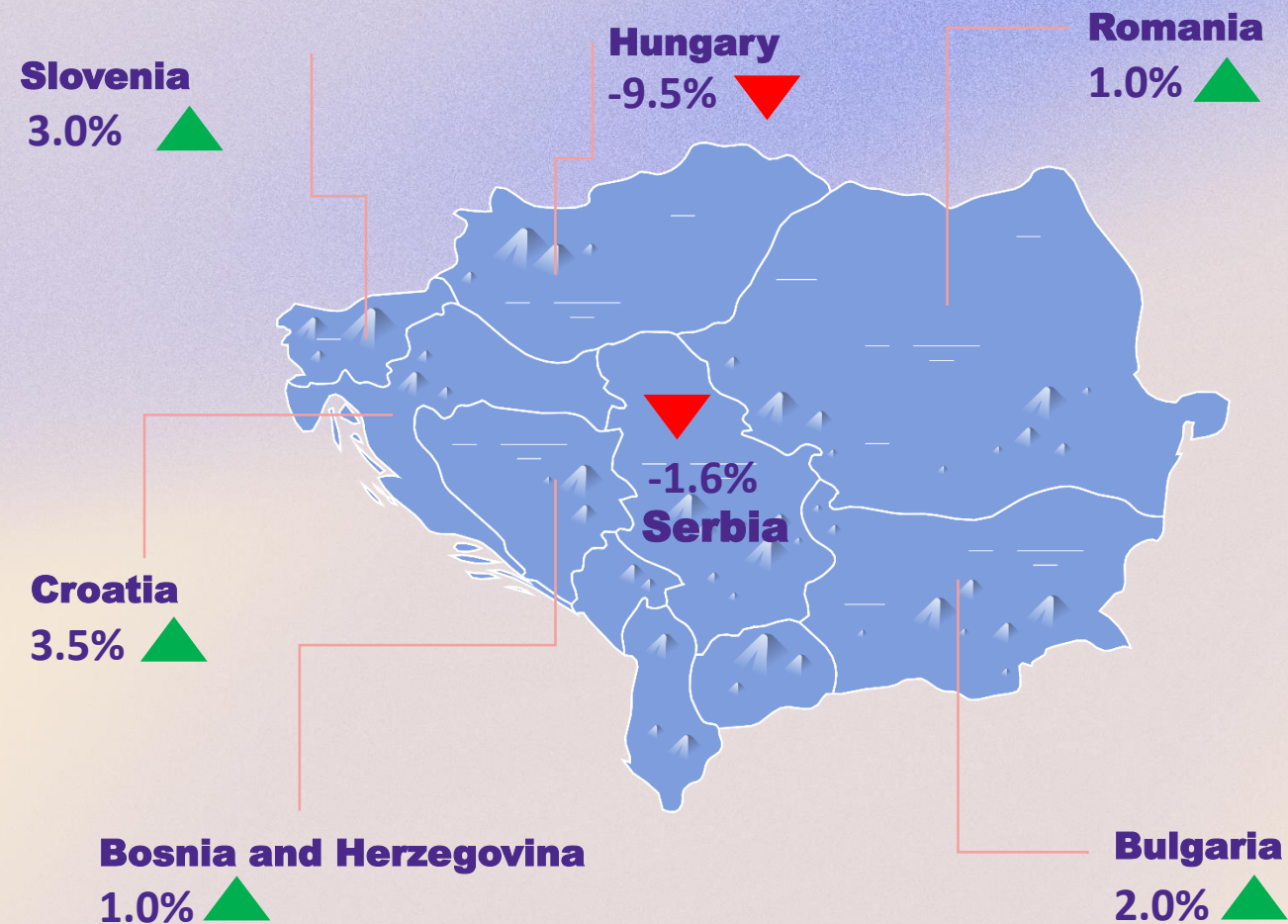


# Motor Fuel Market Trends

9M 2023/9M 2022

Growth in consumption is recorded in almost all countries of the region.

A good tourist season led to a significant increase in consumption in Croatia, while consumption in Hungary is lower due to an extremely long period of fixed prices at an extremely low level the previous year.



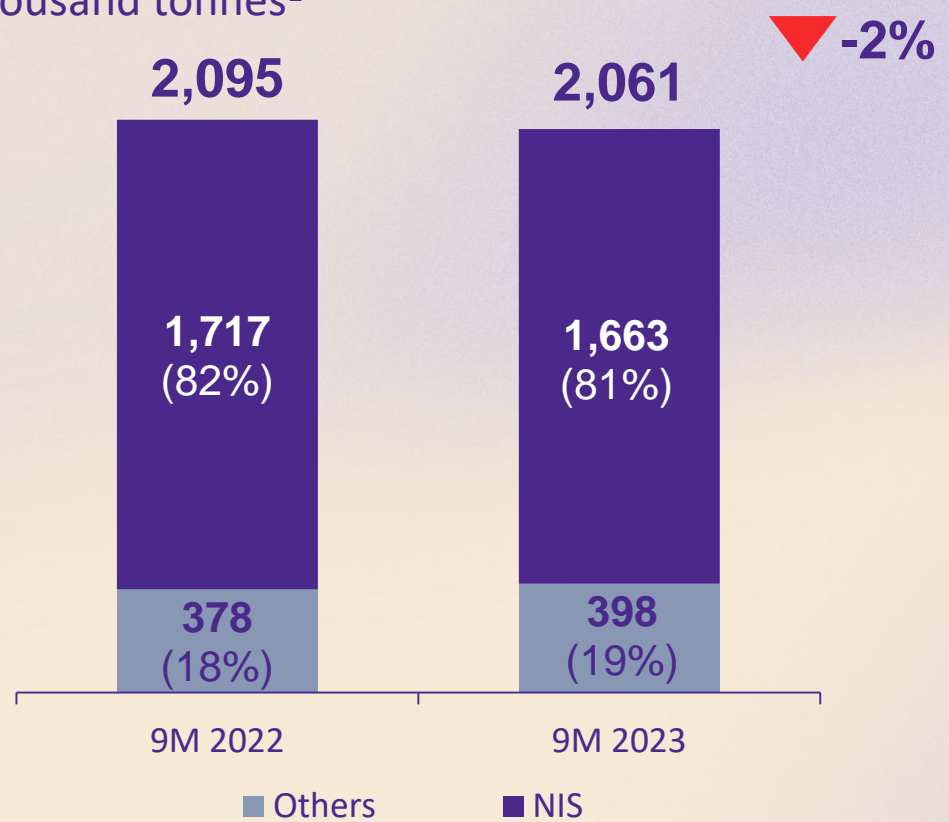


# Market share – Serbia

## Motor fuels market

In the first nine months of 2023, the motor fuel consumption in Serbia was 2% lower comparing to the same period in the last year.

Motor fuels market volume,  
Thousand tonnes<sup>1</sup>



- In the period January-September 2023, the consumption of oil derivatives in Serbia decreased by 3.4% compared to the same period of the previous year. Consumption of motor fuels in Serbia decreased by 1.6%. The high base period in the first half of 2022 due to the increase in end users' stocks due to the fear of possible shortages affects the reduction of the difference in interannual consumption as the year draws to a close.
- The growth of NIS's share in the motor fuel market in 2022 was related to the controlled price of derivatives that is continuously in force this year, as well as the prescribed preferential price for supplying farmers.
- Although during the second quarter of this year the attractiveness of the price of diesel for farmers was reduced as a result of the drop in quotations on the world market, which restored the possibility of other traffic participants to compete in this segment, this changed again in September with a significant jump in prices that brought agrodiesel back to the stations NIS.

<sup>1</sup>including CNG. Data for 2023 are based on estimates.



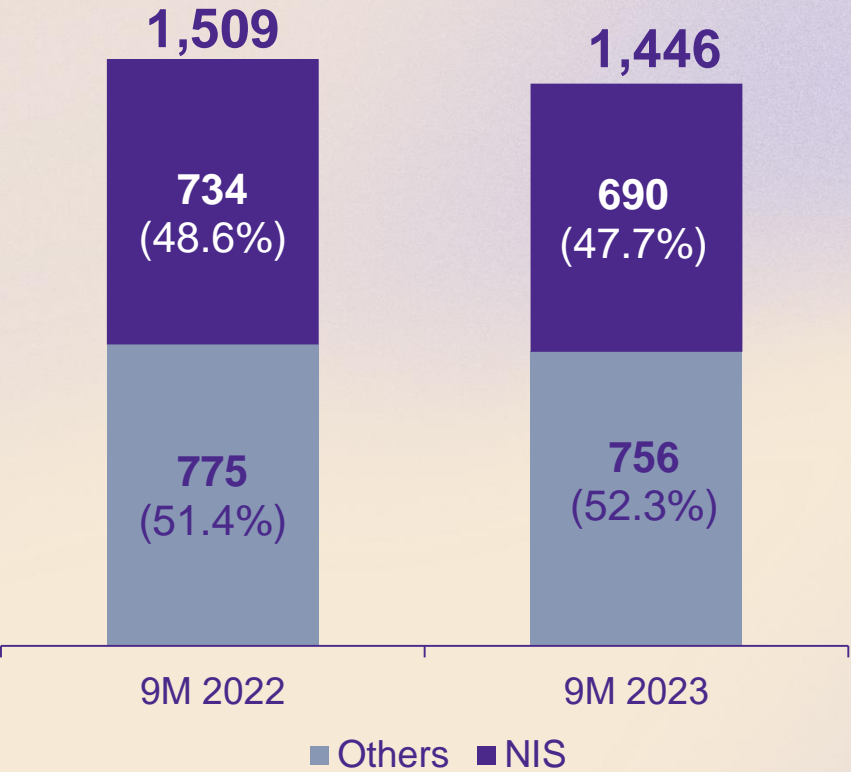
# Market Share - Serbia

## Motor fuel retail market

In the first nine months of 2023, the consumption recorded a fall as opposed to 2022 by 4%, while NIS' share is lower than the same period in last year by 0.9%.

Retail market,  
thousand tonnes<sup>1</sup>

▼ -4%



- In 2023, the company NIS will ensure the safe supply of oil derivatives to the Serbian market in all sales channels. The impact of higher prices and the renewed growth in sales of agro diesel will have a positive impact on market share for NIS by the end of the year.

The total number of petrol stations  
in Serbia on September 30, 2023

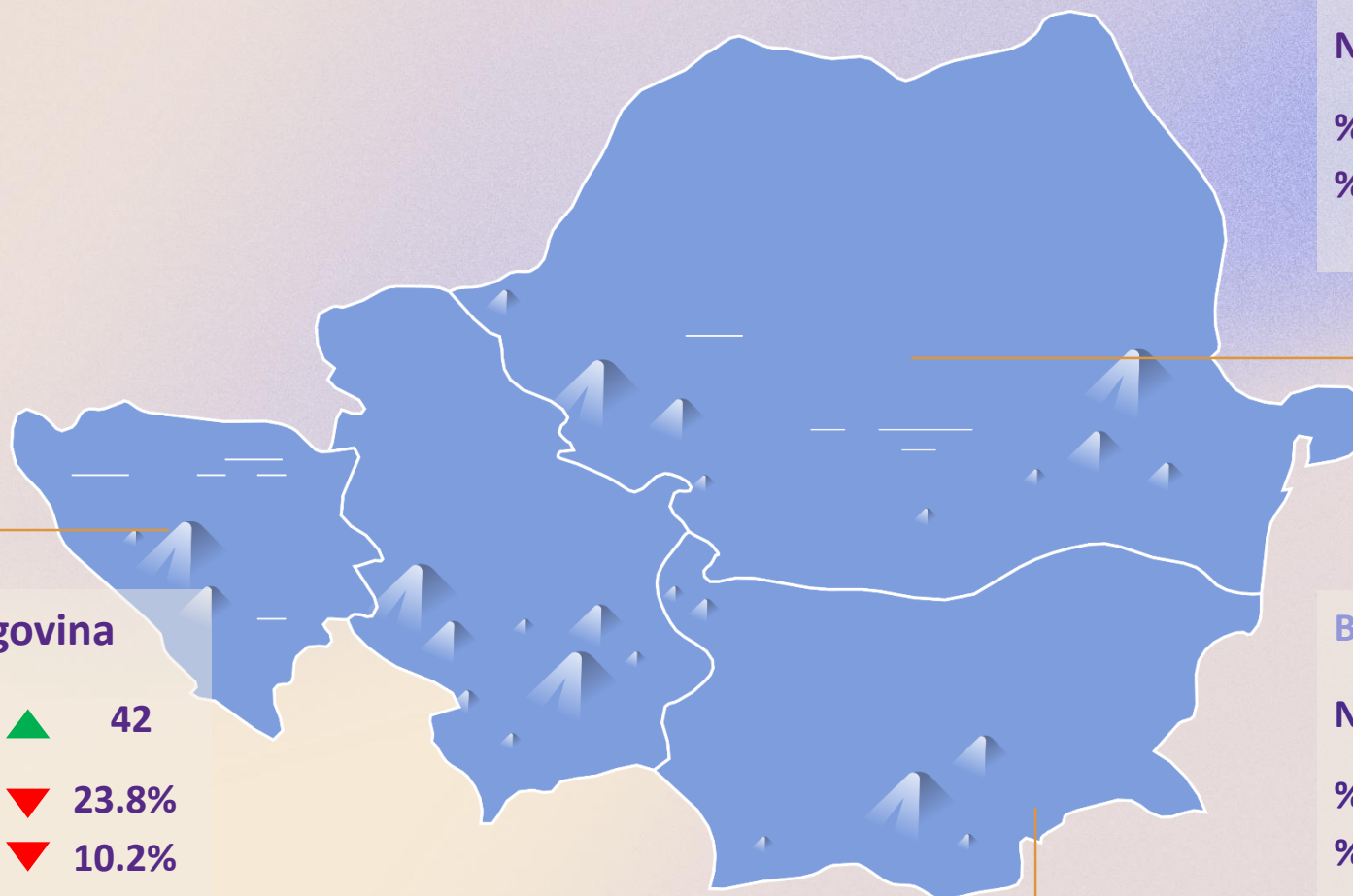
331

<sup>1</sup>NIS sale and other competitors include motor fuels (gas, CNG-motor fuel, motor gasoline, diesels). LPG bottles are not included. Data for the 9M 2023 are based on estimates. Retail sales of other market participants are supplied by NIS wholesalers and other participants in the Serbian wholesale market.



# Market share - region


9M 2023/9M 2022




## Romania:

No. of PS':  19

% total market:  0.5%

% retail market:  0.7%


## Bosnia and Herzegovina

No. of PS':  42

% total market:  23.8%

% retail market:  10.2%

## Bulgaria

No. of PS:  23

% total market:  3.2%

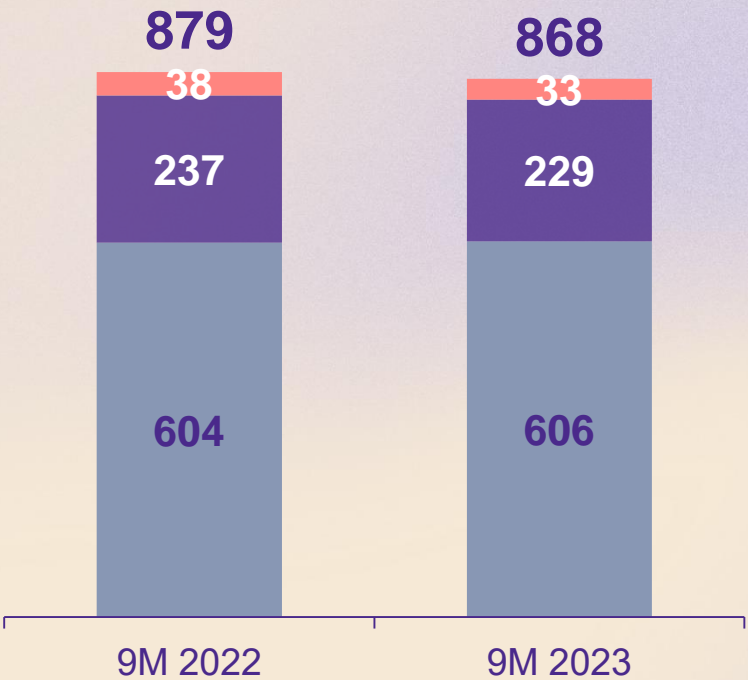
% retail market:  2.7%

# Operational indicators

## Exploration and production

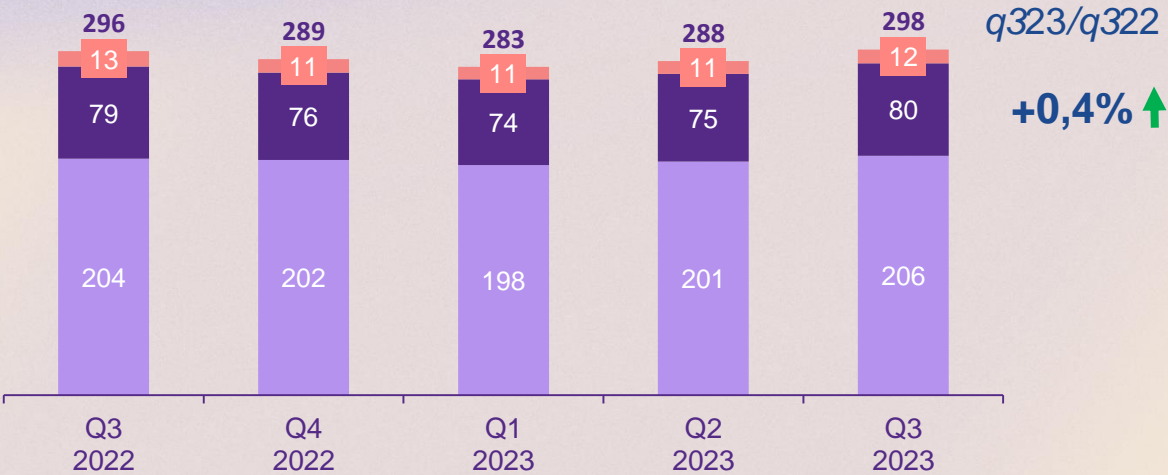
Oil and gas output,  
thou TOE

▼ -1%



■ Domestic oil ■ Domestic gas ■ Foreign projects

- Planned volume of hydrocarbon production achieved

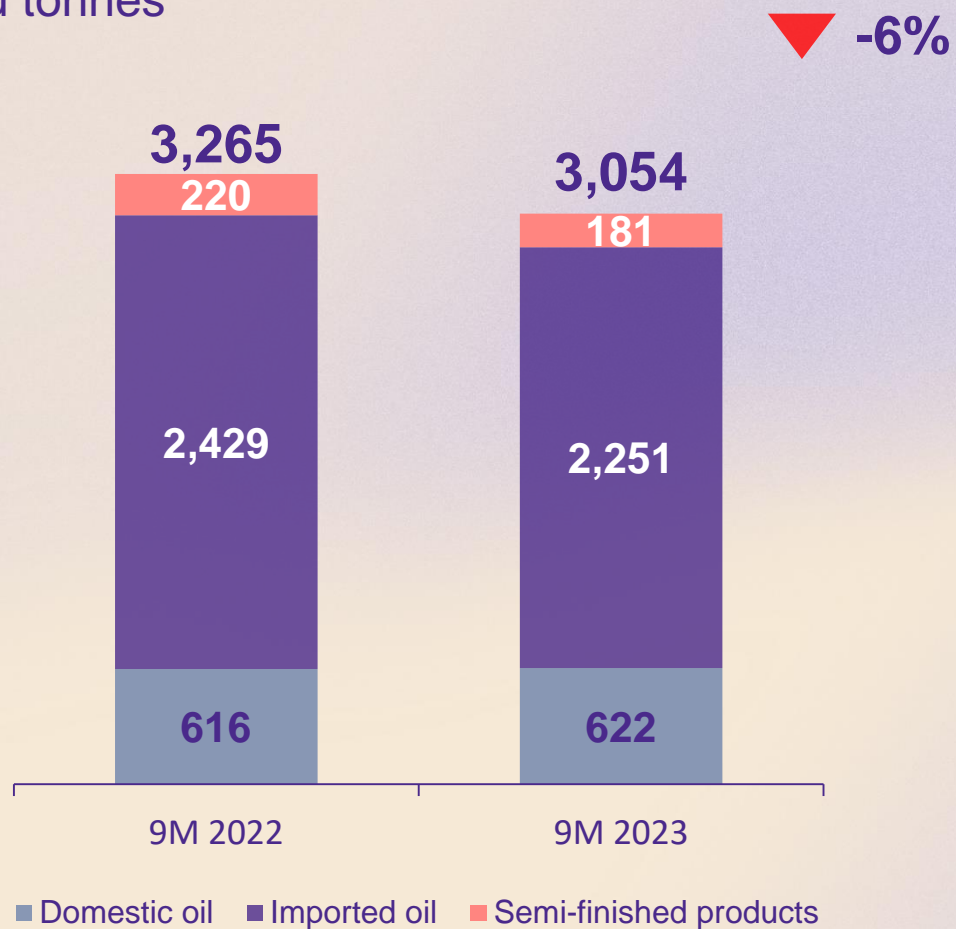




# Operational indicators

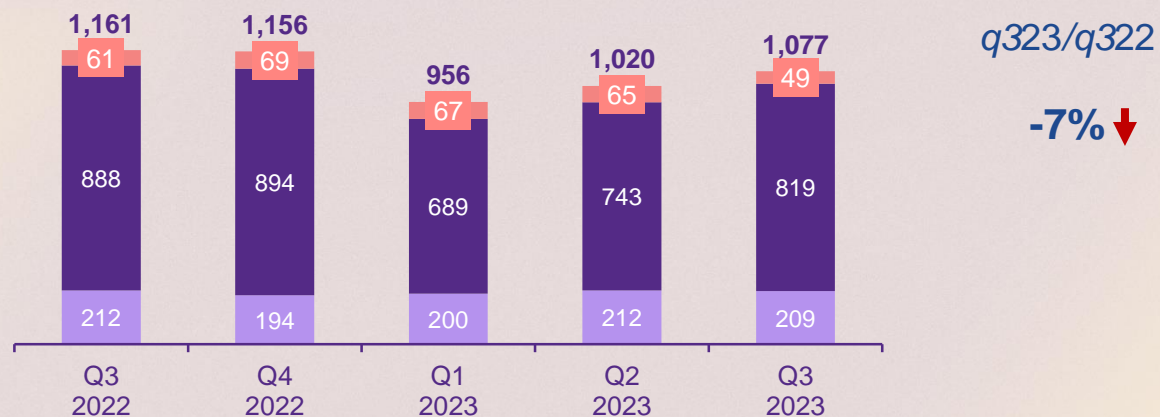
## Downstream Refining

### Oil and gas output<sup>1</sup>, Thou tonnes



Reduction of the refining scope by 6% compared to the first nine months of 2022 is the result of:

- Changes in macroparameters, restrictions to the export of petroleum products and the complex situation on the import oil market. In addition, the continuous production and regular supply of the domestic market with all types of products was achieved, while ensuring a stable level of stocks.

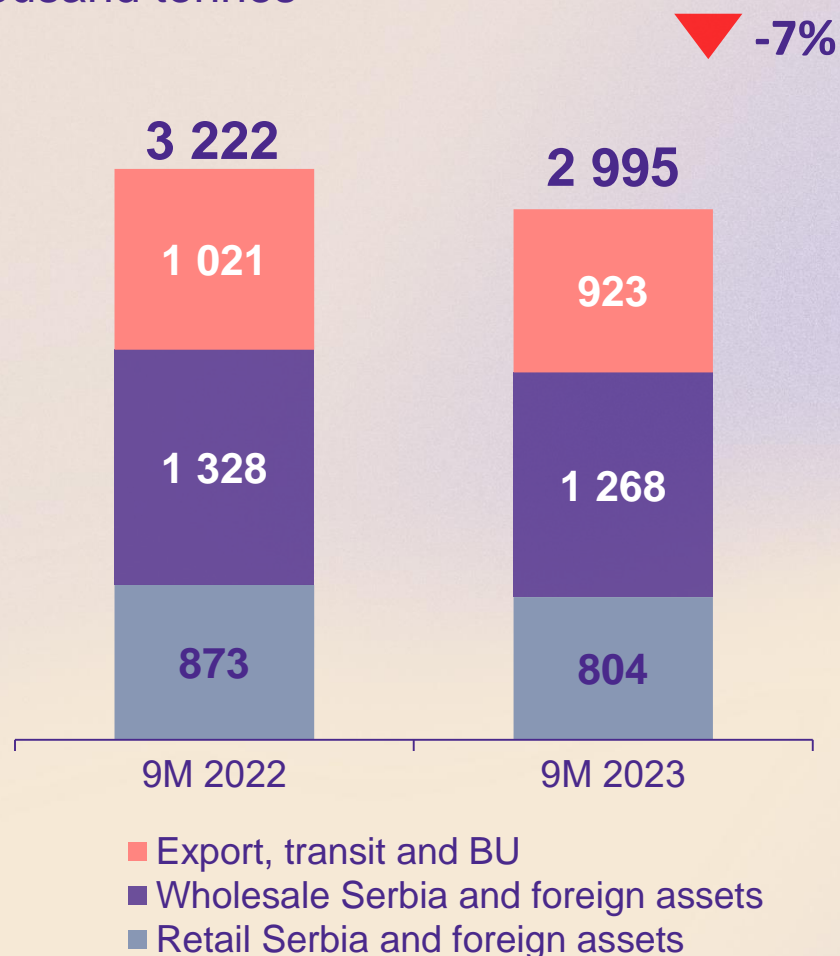




# Operational indicators

## Downstream Sales and distribution

Sales volume<sup>1</sup>,  
thousand tonnes



**Retail in Serbia and foreign assets** – a decline by 8%:

- primarily in foreign countries, due to the geopolitical situation in the EU countries (especially in Romania, and in Bulgaria);
- the consequence of the specific factors relating to the last year:
  - the restriction of retail prices by the Republic of Serbia Government at a low level, which in some periods during 2022 were even lower than the prices of countries in the region,
  - the low price for agro buyers only at NIS PSs and the NIS prices lower than the defined maximum,
  - the growth of petrol tourism and international transport, led to a significant increase in the consumption, sales and market share of NIS in 2022

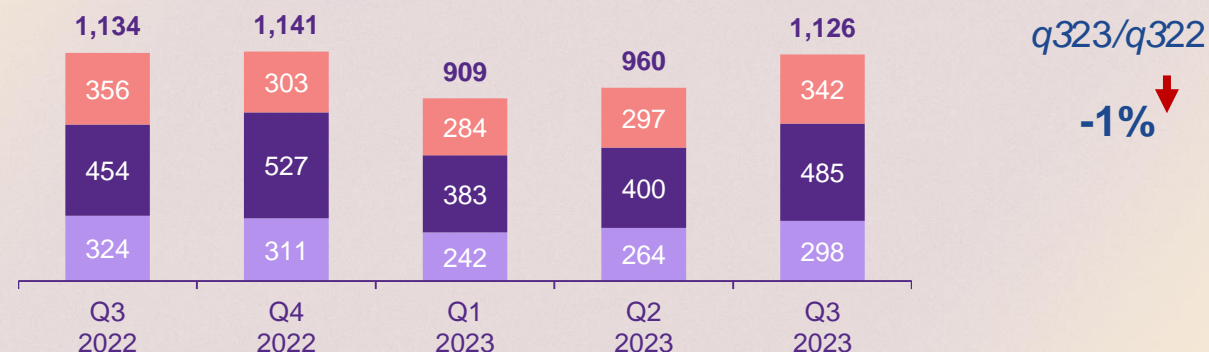
**Wholesale in Serbia and foreign assets<sup>2</sup>** – a decline by 5% primarily due to:

- the decrease in sales of petroleum products in foreign countries Bosnia and Herzegovina and Romania because of the ban on exports from Serbia.
- Also, increased wholesale diesel sales in 2022 as a result of government regulation of prices at a low level, influenced the high demand last year compared to this year.

**Export, transit and BU<sup>3</sup>:**

- decrease in the sales of fuel oil, bitumen and primary gasoline on the domestic market;
- a decrease in consumption;
- decrease of technological export as a consequence of production optimization and exports due to changes in the structure of the petroleum basket.

The decrease in sales partially compensates for the increase in aviation fuel sales by 28% compared to the first nine months of 2022 due to the expansion of the international flight line of Air Serbia and foreign airlines, as well as the increase in the amount of aviation fuel exported compared to the same period last year.



<sup>1</sup>without HIP Petrohemija

<sup>2</sup>It includes the sale of KPG of the Energy Block and the sale of oils and lubricants of the plant for the lubricants production.

<sup>3</sup>Business unit includes the sale in petroleum products of bitumen, bunker and jet fuels.

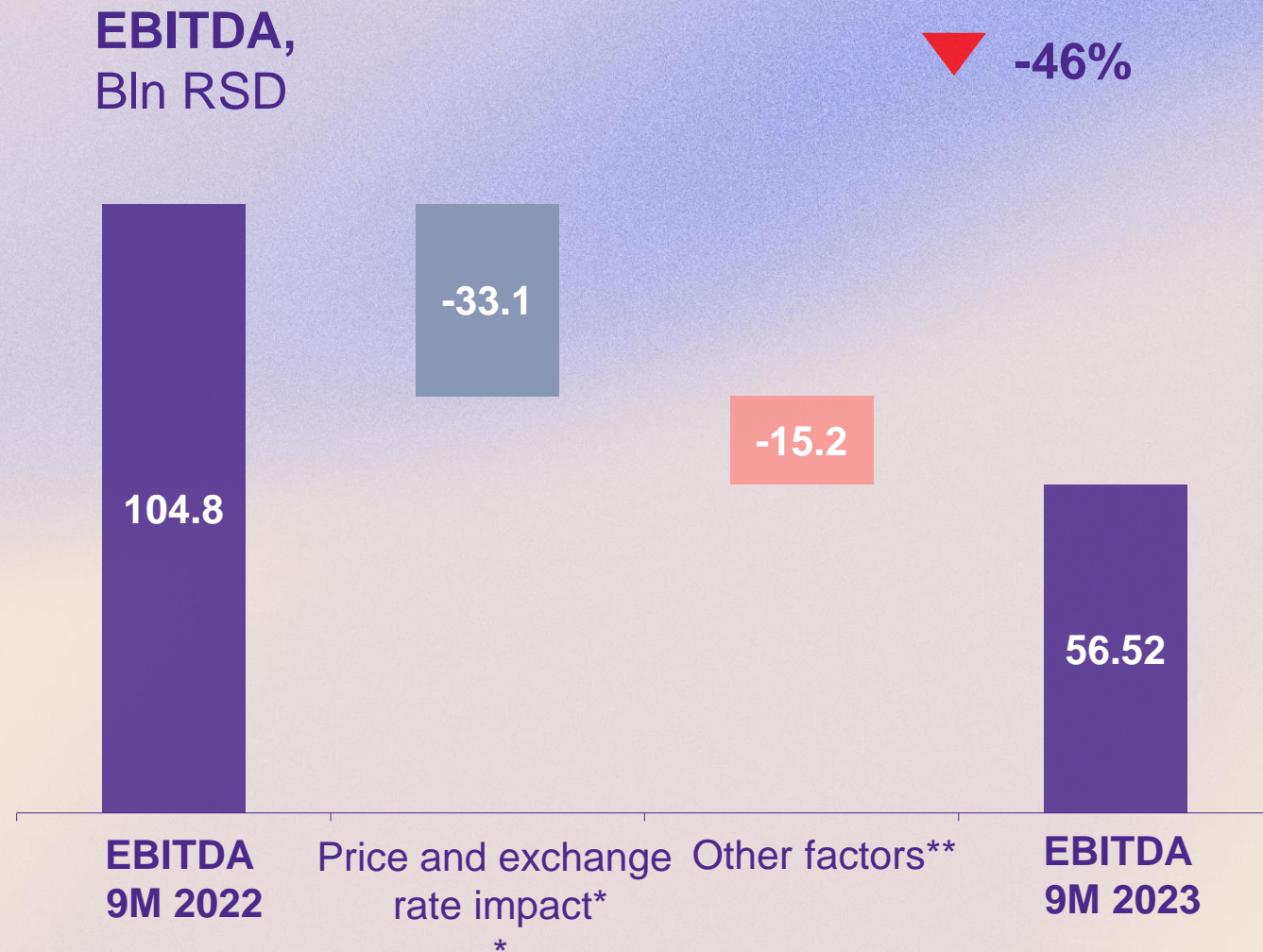


# Financial indicators

## EBITDA

Decrease in EBITDA indicator is the consequence of:

- Impact of decrease in oil and petroleum product prices in the world market;
- Deterioration of the scope of the refining of oil and petroleum products, which was partially compensated by the increase in the margin of petroleum products;
- Payment of the donation to the Government of Republic of Serbia;
- Increase in costs compared to the comparative period due to inflation and price increase.



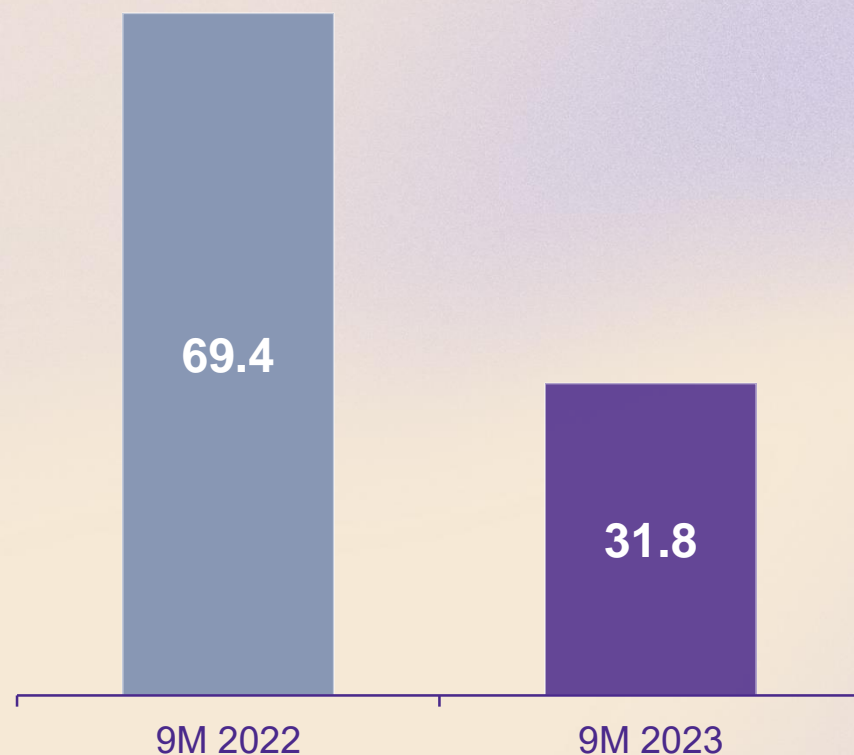


# Financial indicators

## Net profit

Net profit,  
bln RSD

▼ -54%



The decrease of net profit is conditioned by:

- The decline in EBITDA, which was partially compensated by the higher growth of financial income then to the growth of financial expenses, as well as the decrease in expenses related to income tax as a consequence of lower profit before taxation.

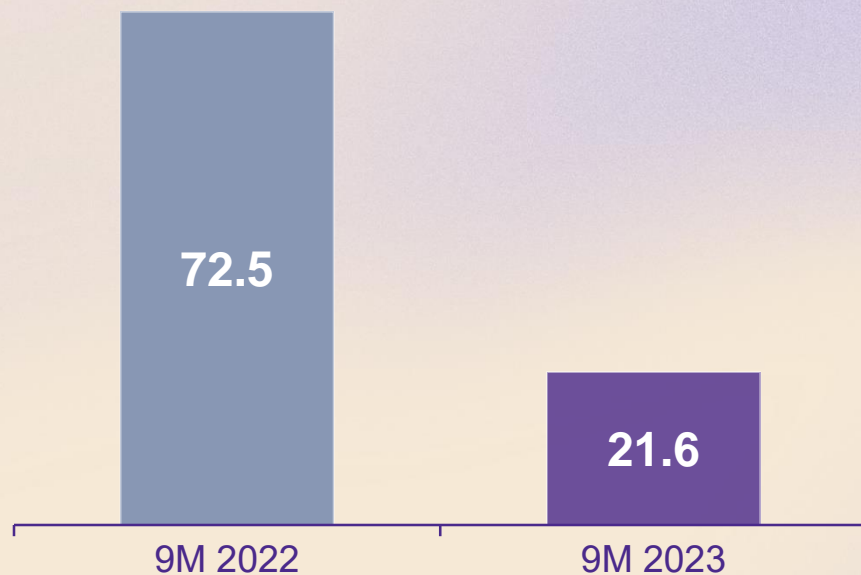


# Financial indicators

## OCF

**OCF**, bln RSD

▼ -70%



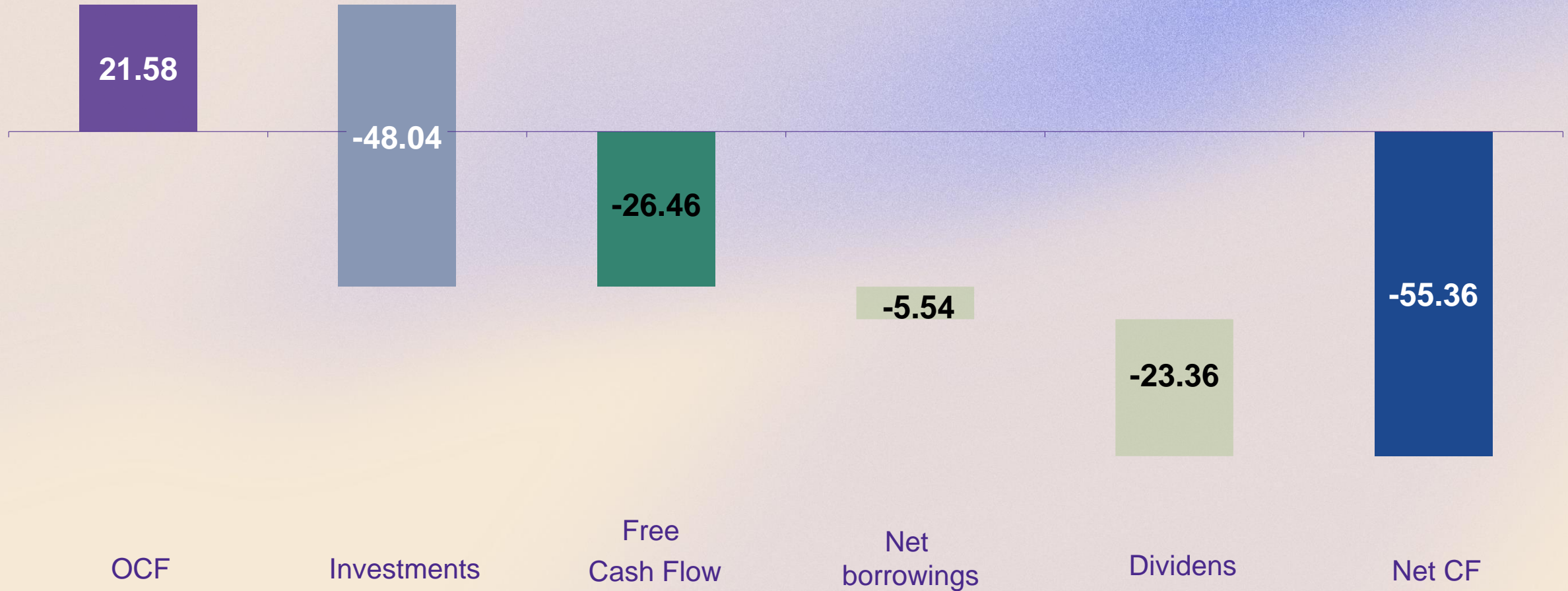
The decrease of the OCF indicator was influenced by:

- Lower inflows;
- Payment of the donation to the Government of the Republic of Serbia;
- Higher taxes based on the profit tax from 2022.



# Realization of CF in first nine months of 2023,

bln RSD



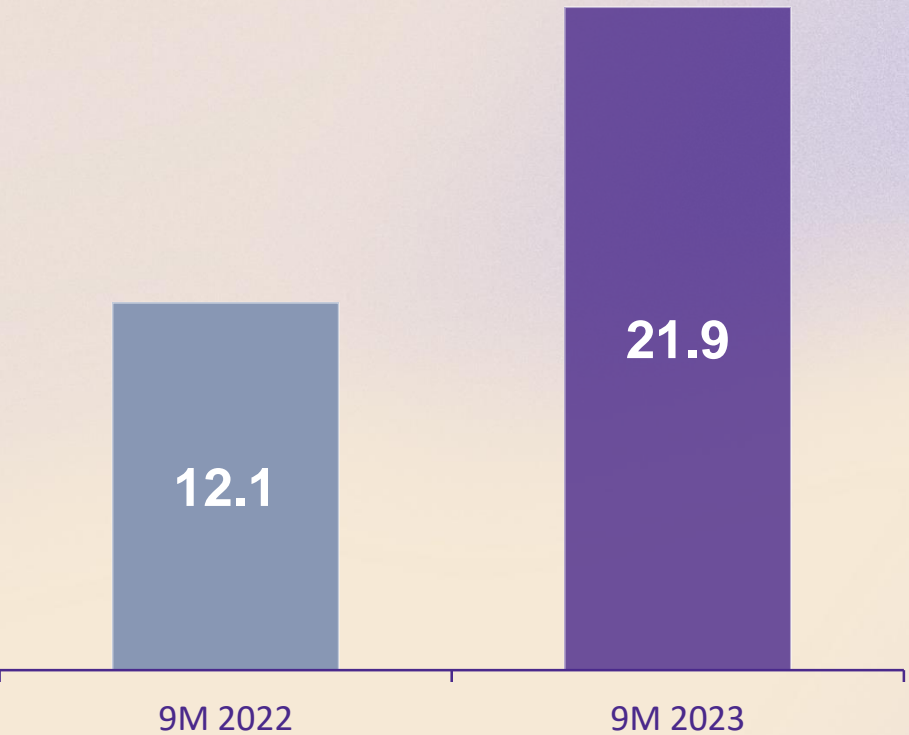


# Financial indicators

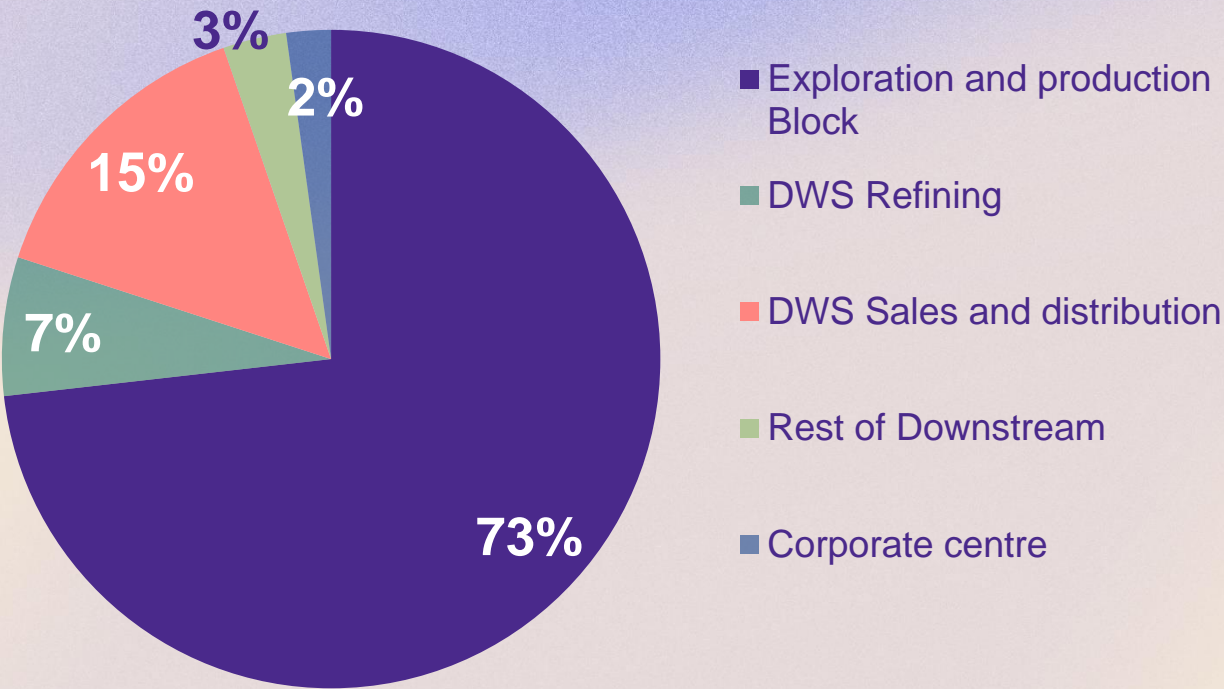
## CAPEX

CAPEX<sup>1</sup>, bln RSD

▲ +80%



CAPEX by segments

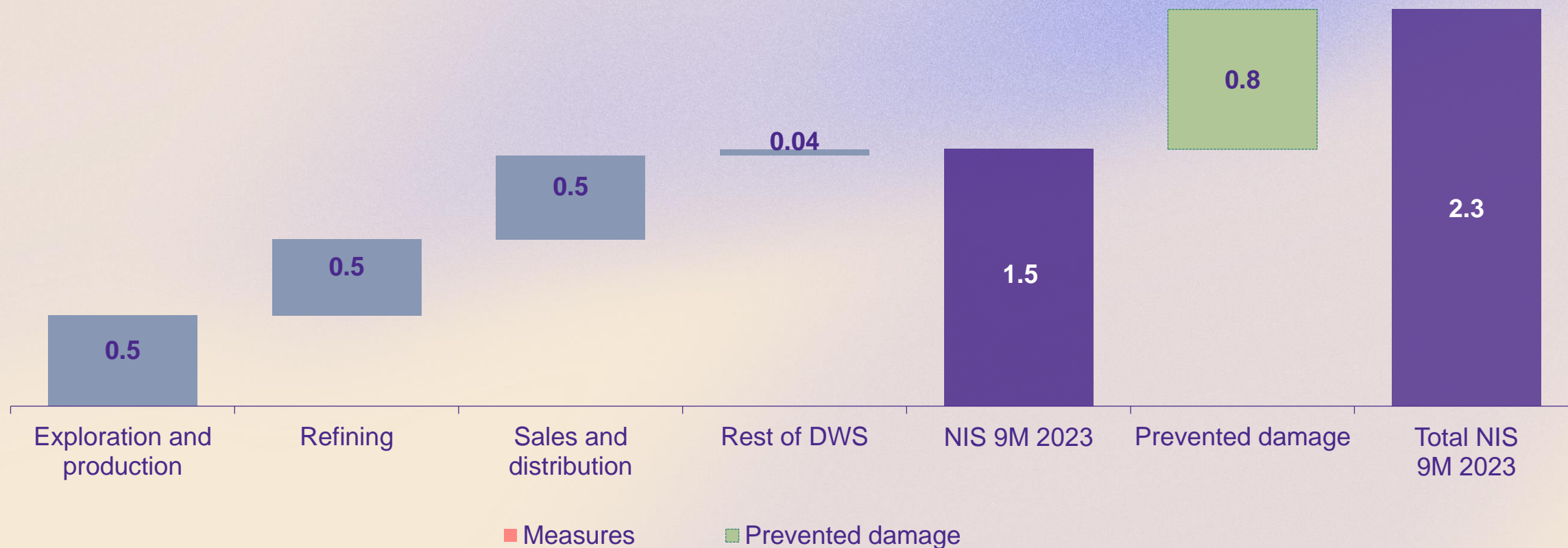




# Achievable potential level on EBITDA

Effect of reaching the target level of potential on EBITDA, in RSD billion

The total effect of reaching the target level of potential on the EBITDA indicator in the first nine months of 2023 on EBITDA equals **RSD 1.5 billion**.

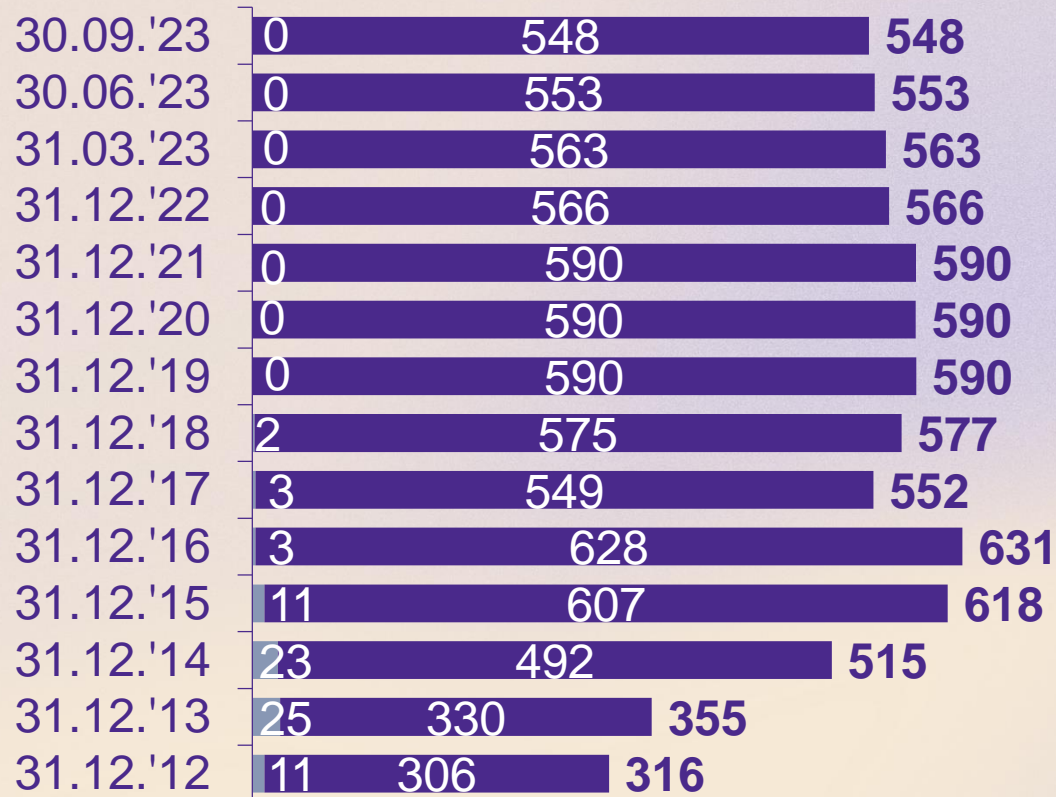




# Debt to banks

## Maturity and Currency Structure of Credit Portfolio

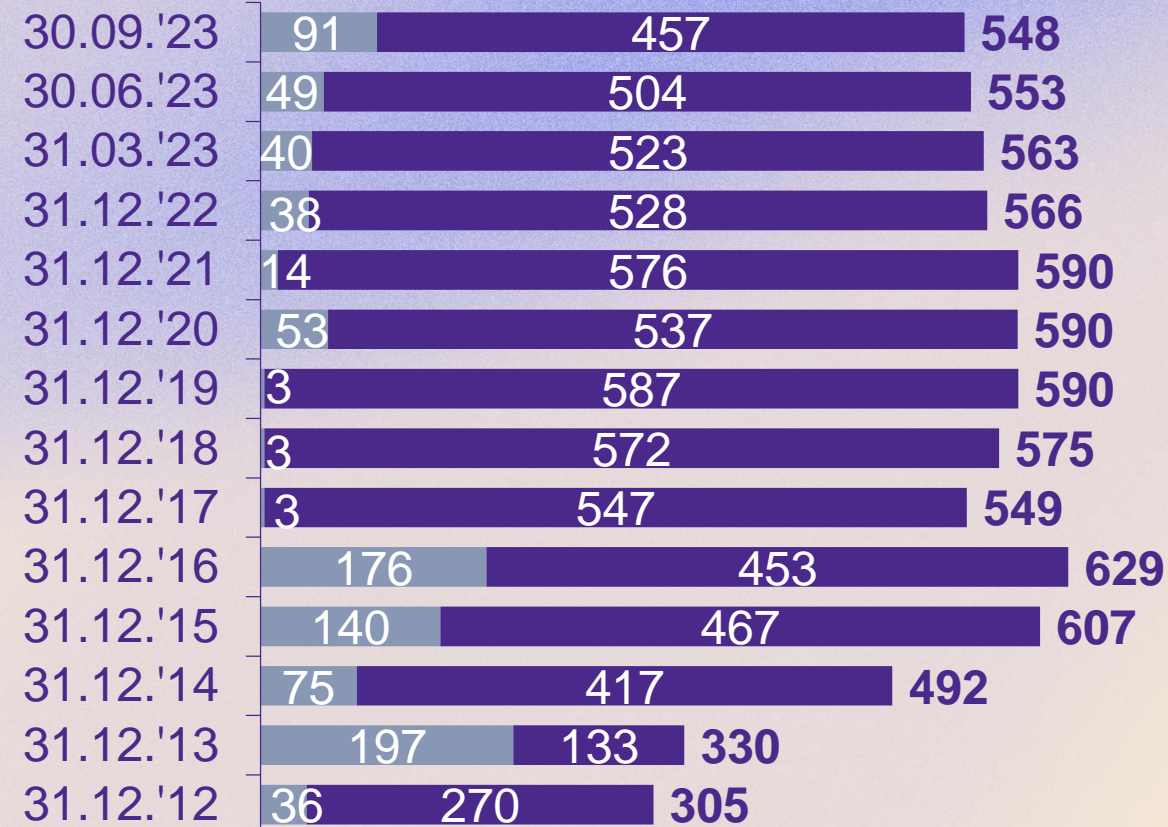
### Bank indebtedness, mn EUR



■ Letter to credits

■ Debts to the banks

### Debts to banks, mn EUR



■ up to 1 year

■ over 1 year

#### Debt structure:

USD 0.05% ▼

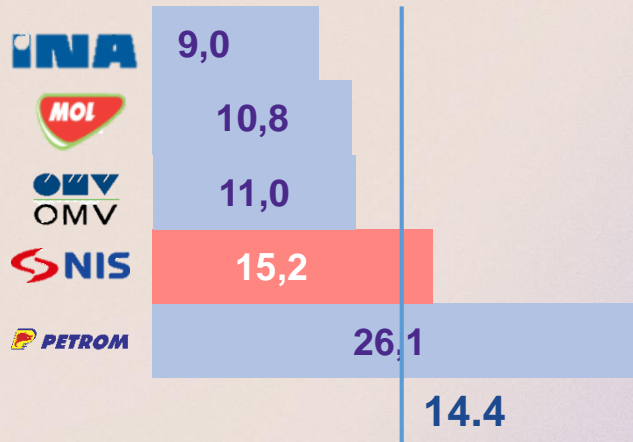
EUR 98.6% ▼

Other 1.4% ▲

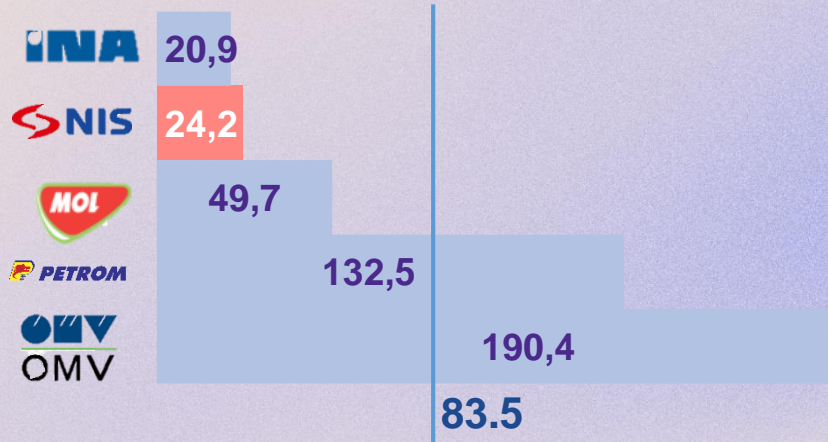


# Benchamrking

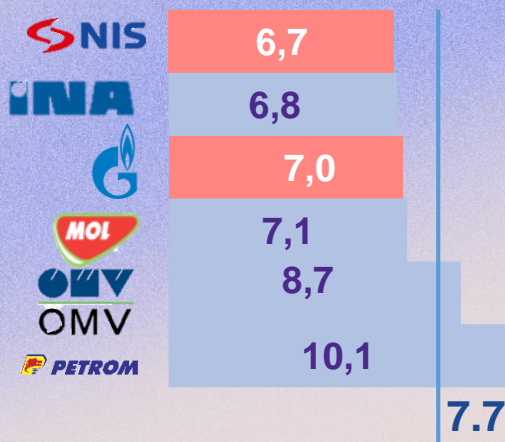
EBITDA margin (%)



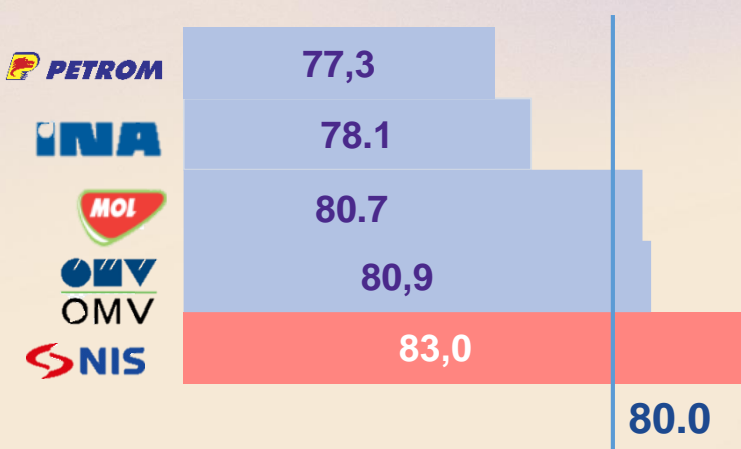
EBITDA/FTE (thou. USD)



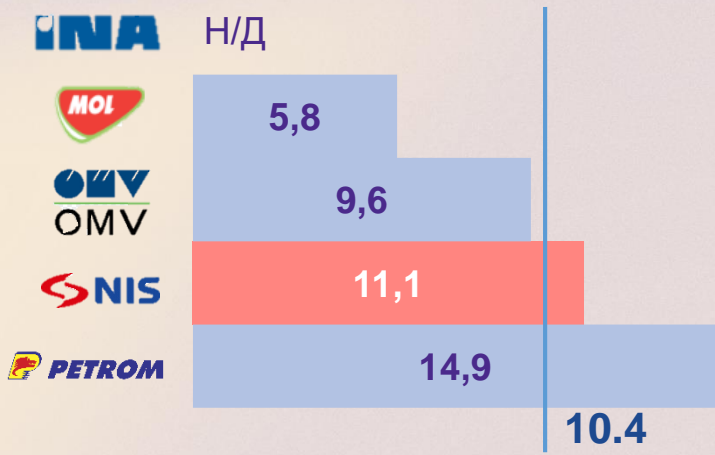
Daily volume (t/day)



Share of light products (%)



UPS OPEX (\$/boe)







# Conclusion



- ▼ Complex macroeconomic conditions
- ▼ Decrease of oil price and oil derivatives
- ▼ Market limitations



- ▲ Preserved stability on the domestic market of oil derivatives



Investor day 2023

**THANK YOU FOR  
THE ATTENTION!**