

NIS GROUP'S PERFORMANCE PRESENTATION

For 9M 2017

November 06th, 2017
Anton Federov
Finance, Economics, Planning and Accounting Function

Exploration and Production

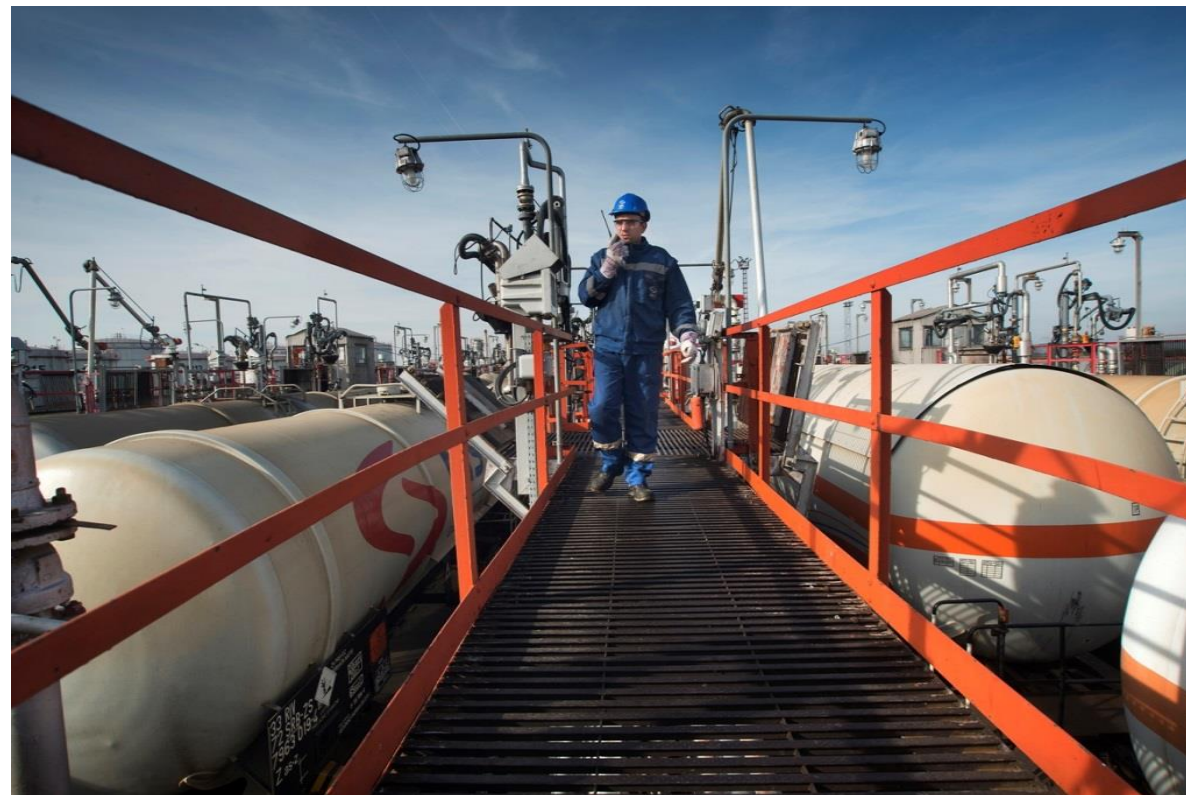
- Wells: 3 wells in production, 3 in testing, 1 in stage of drilling, 1 preparation for start drilling, 1 start of drilling before year-end, for 1 well before year-end in plan hydro-fracturing, in 1 high % non-hydrocarbon gases in deposit
- 3D survey: data acquisition complete (Južni Banat I, Turija III and Morović), interpretation (Južni Banat I), processing (Turija III and Morović), data acquisition started (Južni Banat II)
- Gravity survey and magnetism u/w to the south of Sava and Danube – Licence Obligation;
- Testing of all 8 интервала well intervals Teremia-1000 is completed at Ex-7 block, wells conservation completed.



NIS in Q3 2017

Refining

- Refining of a new grade of crude oil - Novy Port
- Repaired plants for Alkylation , SARU, Visbreaking, Deparaffination
- Obtained construction permit and construction works commenced within Work Package 1 of the Bottom-of-the-Barrel project
- EPCm contract signed for the Work Package 2 with selected contractor
- Obtained IPPC permit for integrated environment pollution prevention and control



NIS in Q3 2017

Sales and Distribution

- Start of G-Drive premium fuel sales at NIS Petrol refuelling stations (84 refuelling stations)
- Loyalty programme “Together on the Road” introduced in Bulgaria and Bosnia-Herzegovina
- Implementation of new organisation chart - wholesale channel
- Start of implementation of “Orfeus” software in Romania
- Start of sale of new products in non-fuel goods: bitumen strips and bitumen mass
- A total reconstruction of 2 PS completed, start of total reconstruction of 5 PS and construction of 1 new PS
- A refuelling station was purchased in Bagrdan



- EPC contractor selected for construction of CCPP Pančevo project
- Invitation to bid started concerning ME Velebit 3 to procure the service of reconstruction of a power plant, construction of a heat sub-station and connection to the field heat system and delivery of heat accumulators
- Main equipment delivered for CNG dispensing point construction project at PS Žarkovo 2 (Belgrade)
- Approved construction of a compressed natural gas plant at future Block 45 PS at Novi Beograd
- Contracted electricity trading volume 2.51 TWh

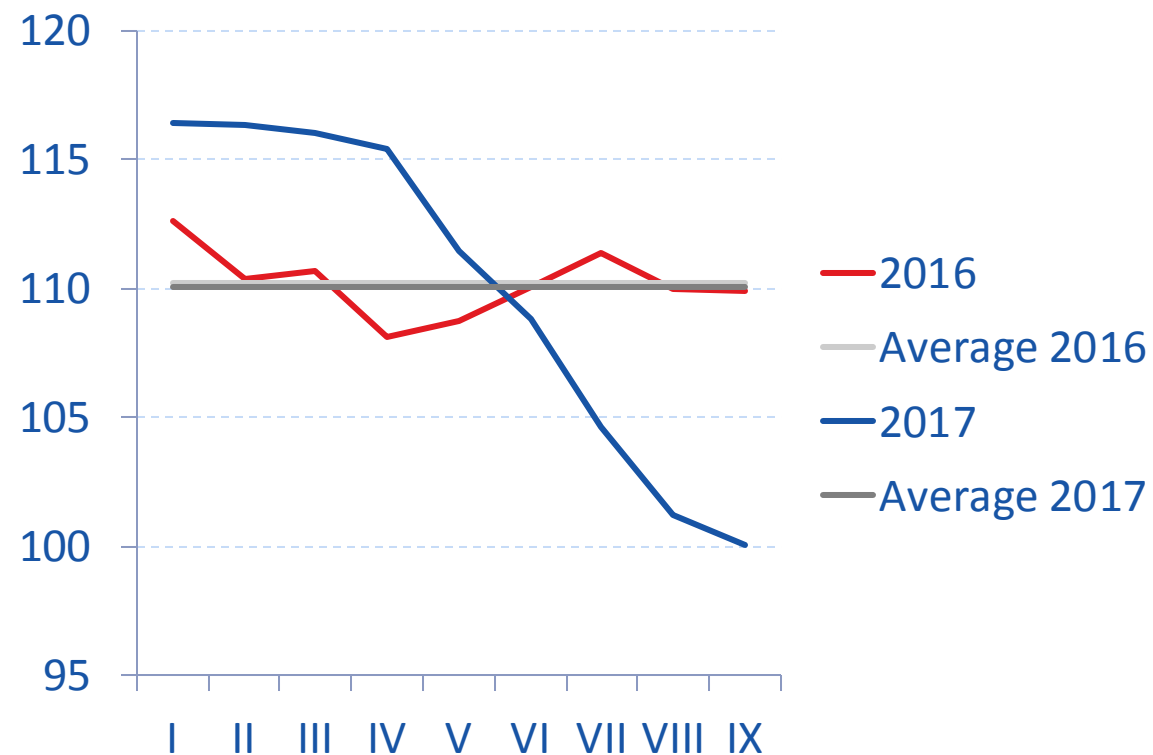


Macroeconomic indicators

Stable exchange rate, higher oil price

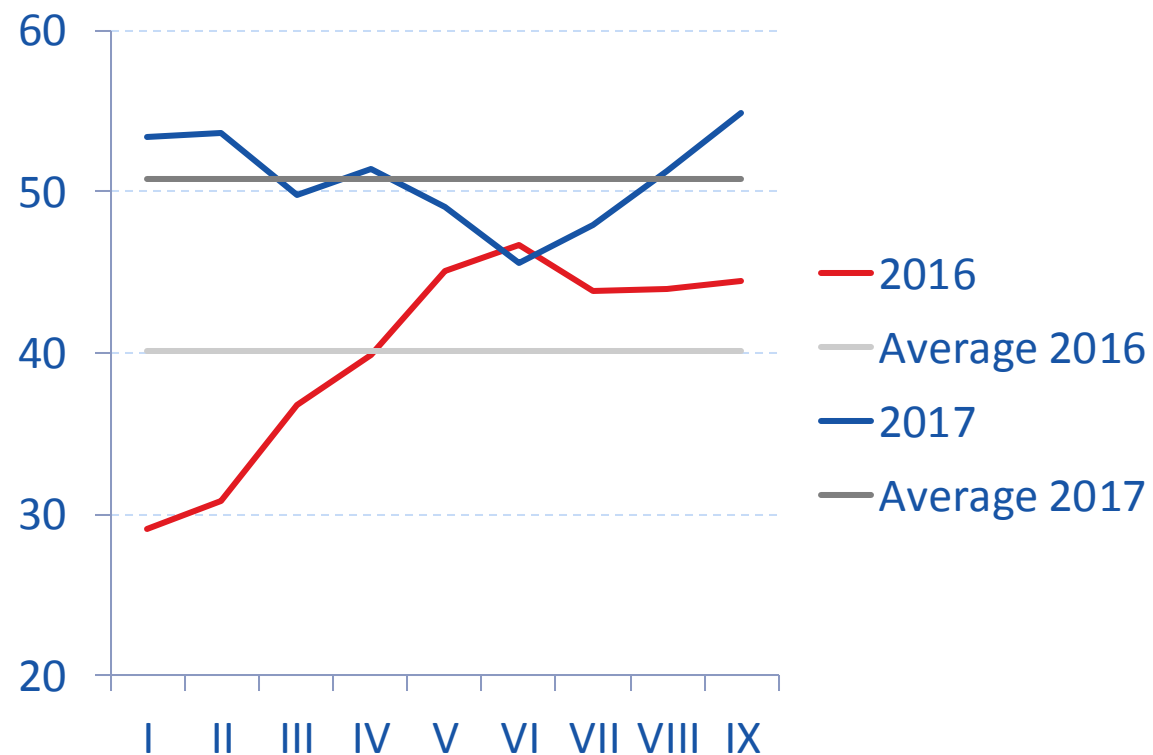
Exchange rate USD/RSD

➡ 0%



Price of crude oil type Urals RCMB, \$/bbl

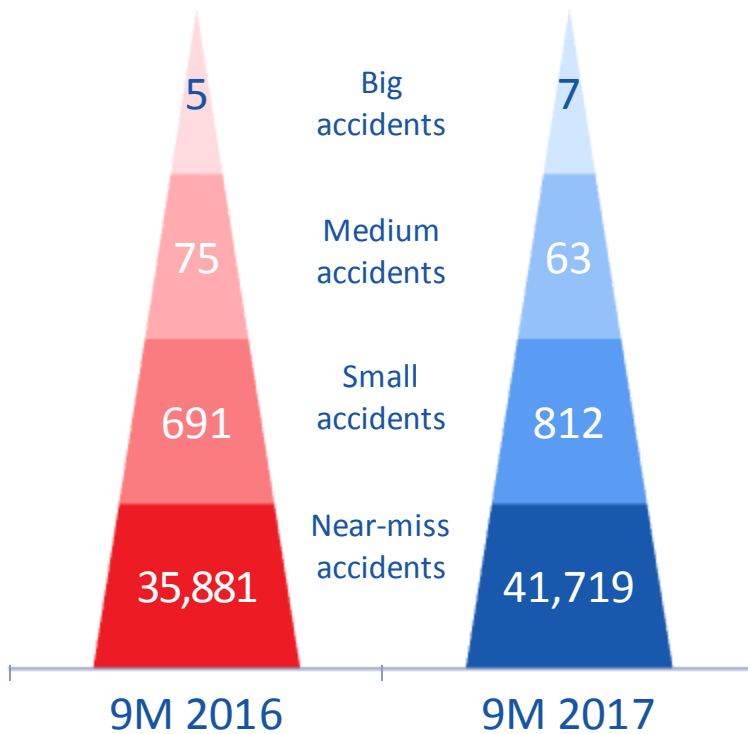
⬆️ +27%



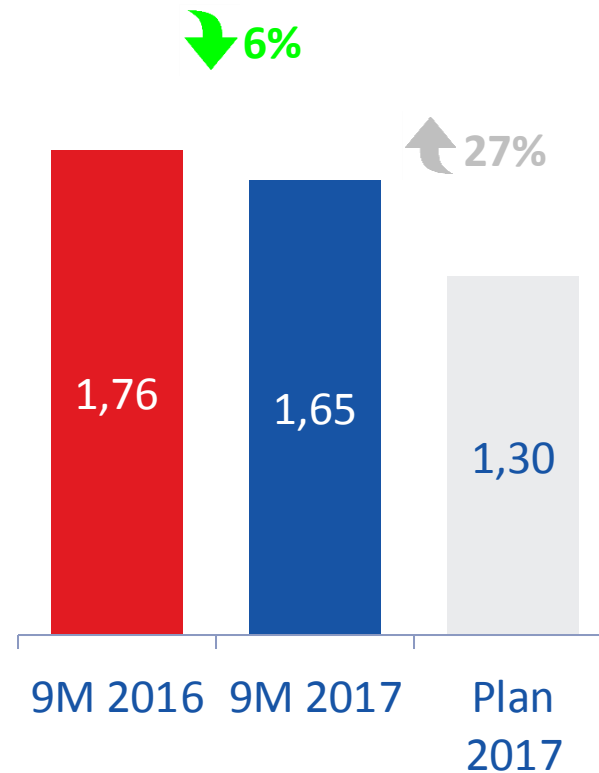
HSE indicators

HSE indicators have a positive trend, except big accidents indicators

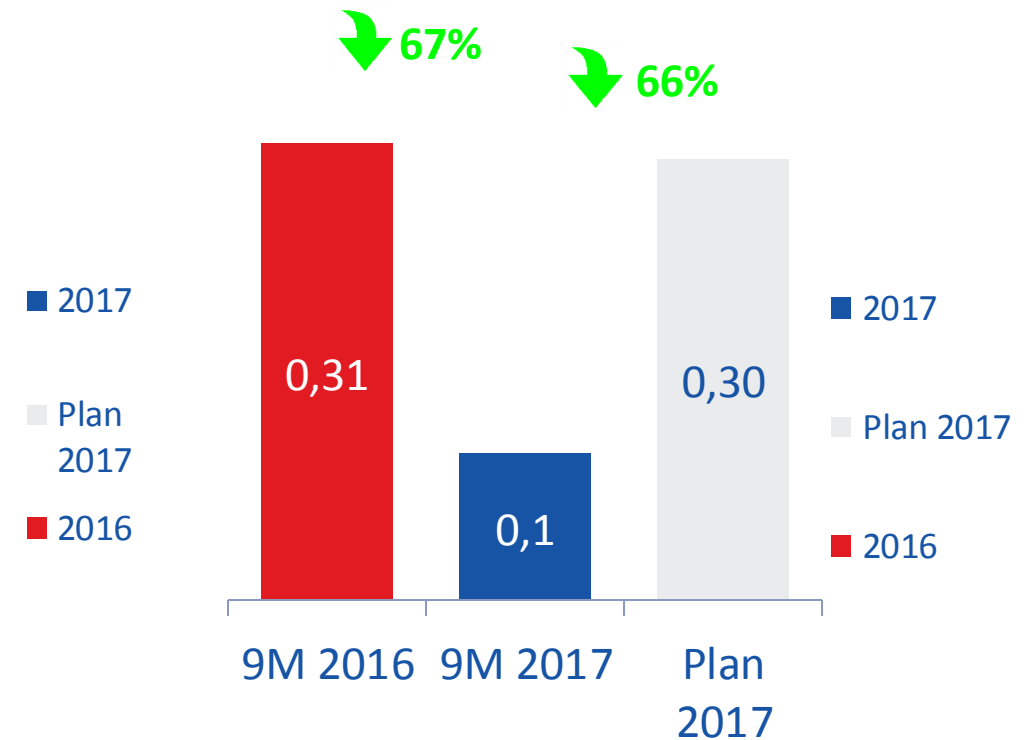
Increased transparency



LTIF



RAR



Key indicators

NIS Group

Q3 2017	Q3 2016	Δ	Key indicators	Unit of measurement	9M 2017	9M 2016	Δ
51.4	44.1	↑ +16%	Urals	\$/bbl	50.8	40.1	↑ +27%
60.4	52.7	↑ +15%	Sales Revenues	bn RSD	167.8	134.1	↑ +25%
7.7	4.5	↑ +70%	Net profit	bn RSD	20.1	7.7	↑ +2,6x
11.7	9.3	↑ +26%	EBITDA	bn RSD	34.3	22.5	↑ +53%
20.0	9.6	↑ +109%	OCF	bn RSD	38.9	18.2	↑ +114%
45.8	41.2	↑ +11%	Calculated obligations on the basis of public revenues	bn RSD	126.0	117.5	↑ +7%
352	365	↓ -4%	Production of oil and gas	thous t.o.e	1,044	1,108	↓ -6%
968	626	↑ +55%	Refining of crude oil and semi-products	thous tons	2,613	2,376	↑ +10%
962	861	↑ +12%	Total sales volume of petroleum products	thous tons	2,514	2,414	↑ +4%
6.7	5.3	↑ +25%	CAPEX	bn RSD	16.6	14,4	↑ +15%
671	708	↓ -5%	Total indebtedness to banks (Total debt to banks+ LCs)	mn USD	671	708	↓ -5%

Trends in the motor fuel market

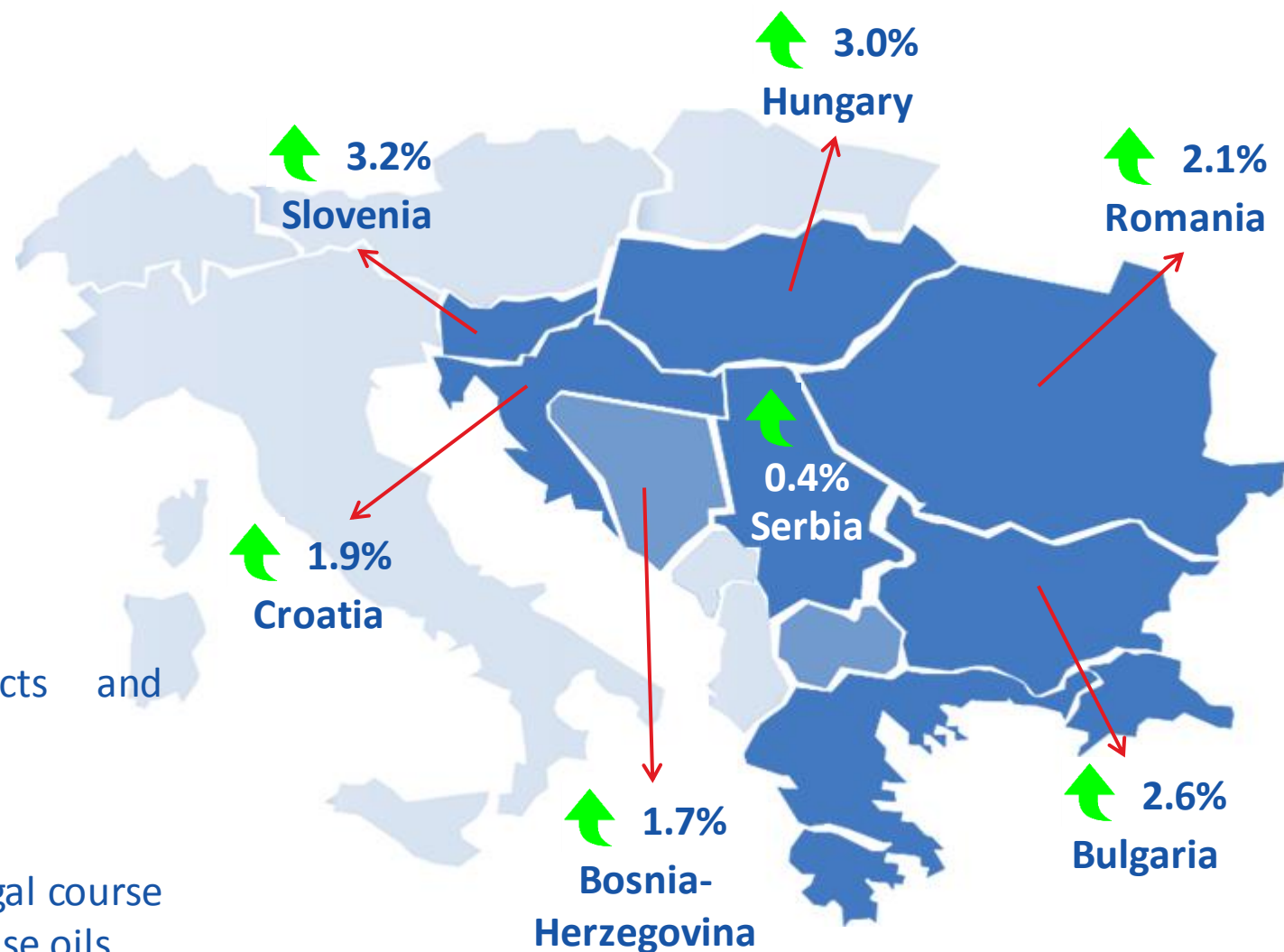
9M 2017/9M 2016

Region's motor fuel consumption is growing:

- Macroeconomic trends,
- Fuel consumption is growing in segment of transport, construction and processing industry.

Serbia

- Growing diesel consumption:
 - good results in infrastructure projects and construction development,
 - growing processing industry and transport.
- Diesel fuel consumption is partly returning to legal course
 - in the wake of emergency control of sales of base oils

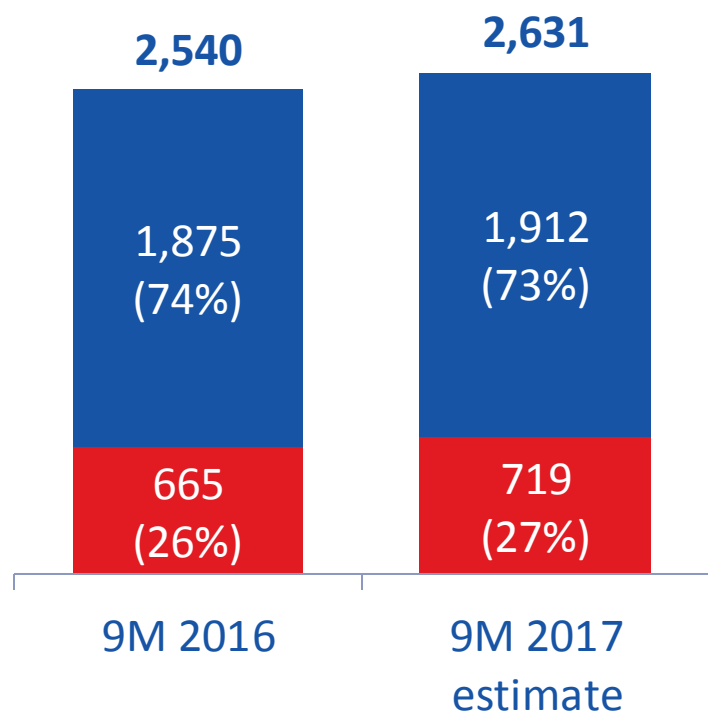


Market share – Serbia

Petroleum products market

Volume of petroleum products market, thousand tons

↑ 3.6%



- Total consumption of petroleum products is growing
- Growing consumption of coke, jet fuel, straight-run and motor petrol and diesel fuel
 - Growing of construction and road-building industry
- Lower consumption of LPG

NIS sales has a growing trend, however its growth is a bit slower than the market growth.

Market share – Serbia

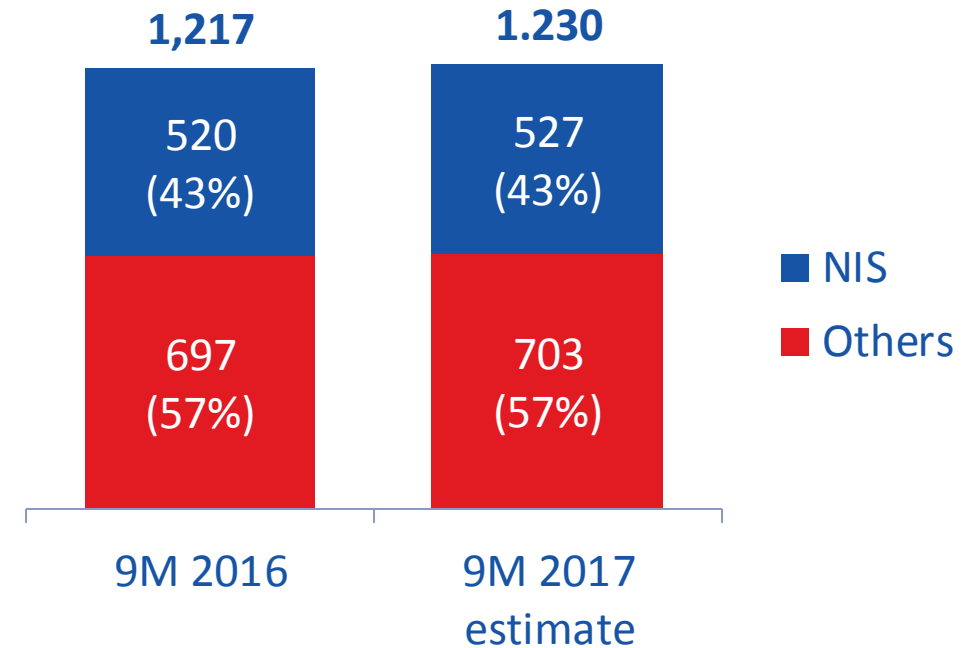
Retail market

NIS has a steady retail market share.

- Retail market growth for 1.1%
- Fuel consumption is growing due to:
 - Transport growth
 - car fleet boost
 - transit traffic boost
 - diesel consumption partially returns in legal channels

Retail market, thousand tons

↑ 1.1%



Market share – region

Q3 2017/Q3 2016

Romania

Number of PS:  18
Total market %:  0.9%
Retail market %:  1.3%

Bosnia and Herzegovina

Number of PS:  35*
Total market %:  12.2%
Retail market %:  10.9%

Bulgaria

Number of PS:  35
Total market %:  5.2%
Retail market %:  4.4%

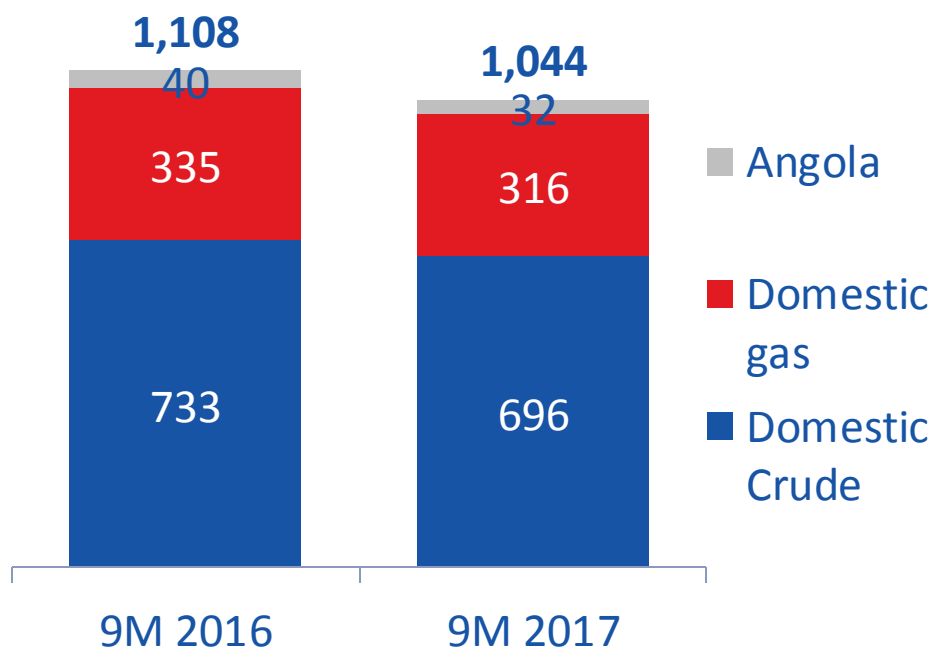
*and two petrol stations in DODO operating model

Operational indicators

Exploration and Production

Oil and gas production,
thous. t.o.e.

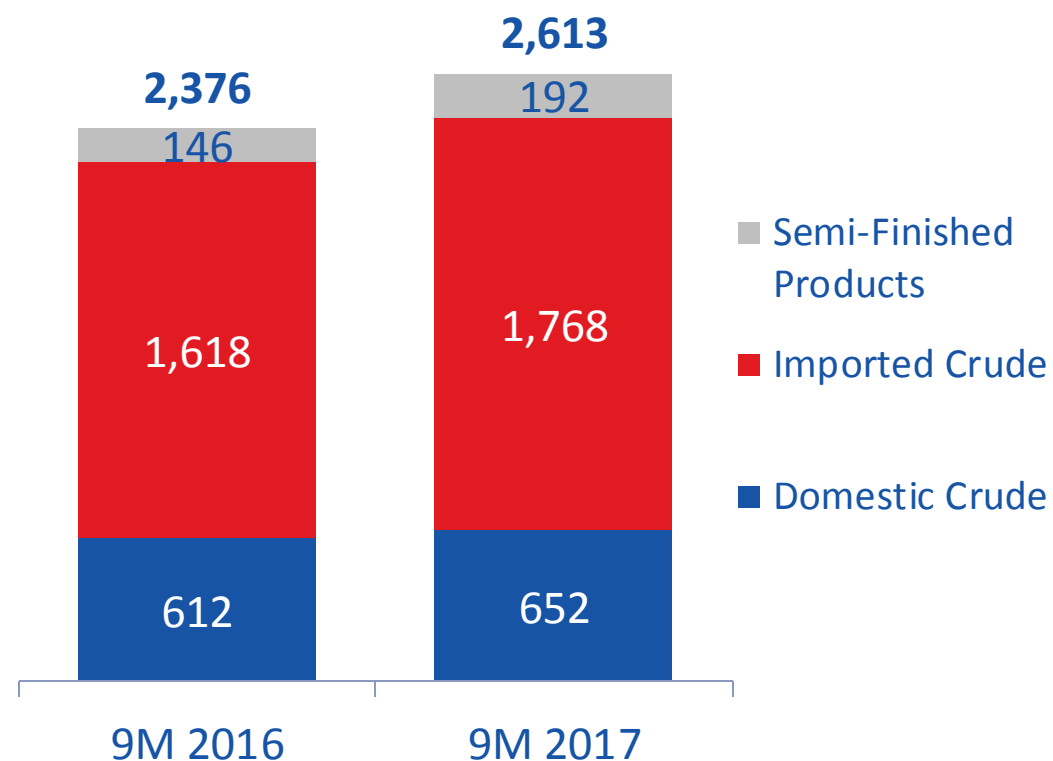
↓ -6%



- Oil and gas output volume in first 9 M 2017 is 6% less on the same period previous year.
- 47 wells drilled through and put on-stream.

- Increased volume of refining +10%
- Volume of refining is a result of meeting the market demand, available stock and optimised raw material pool

Refining of crude oil and semi-finished products, thousand tons

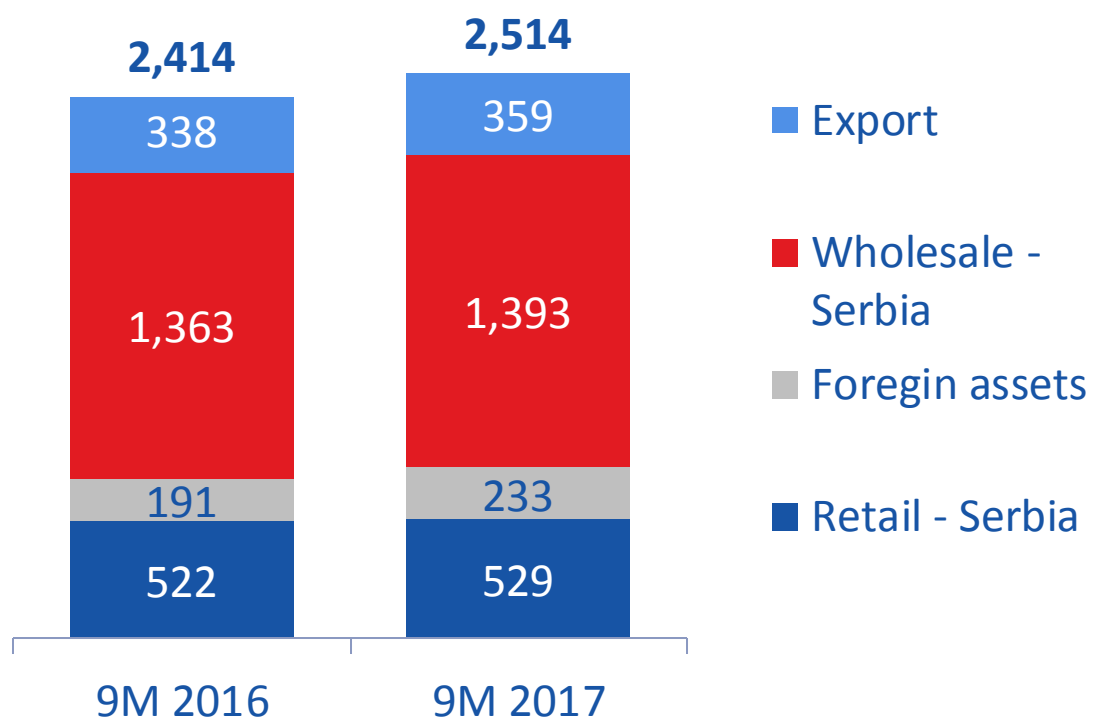


Operational indicators

Sales and Distribution

Sales volume, thousand tons

↑ +4%



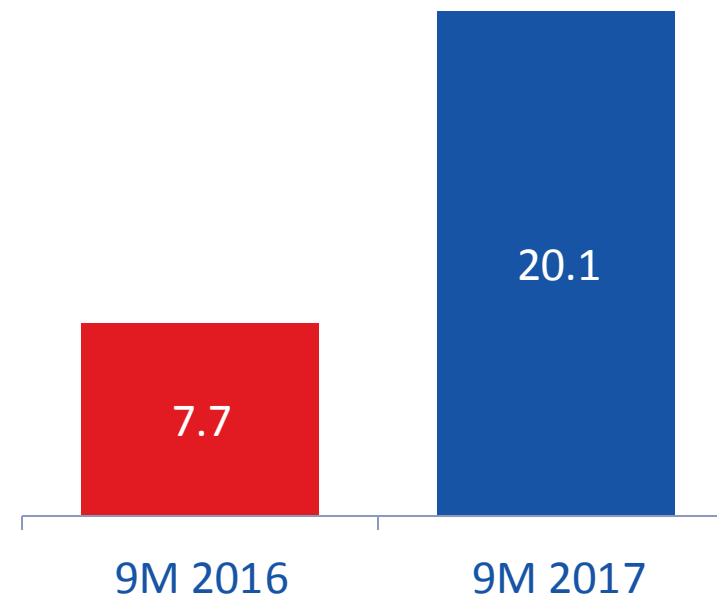
- Retail in Serbia – increase 1%
- Wholesale in Serbia – increase 2%
- Export – increase 6%
- Foreign Assets – increase 22%

*Including the internal sales volume

- Increase in price of crude oil and petroleum products
- Measures to boost operational efficiency and reduce cost
- Positive foreign exchange difference

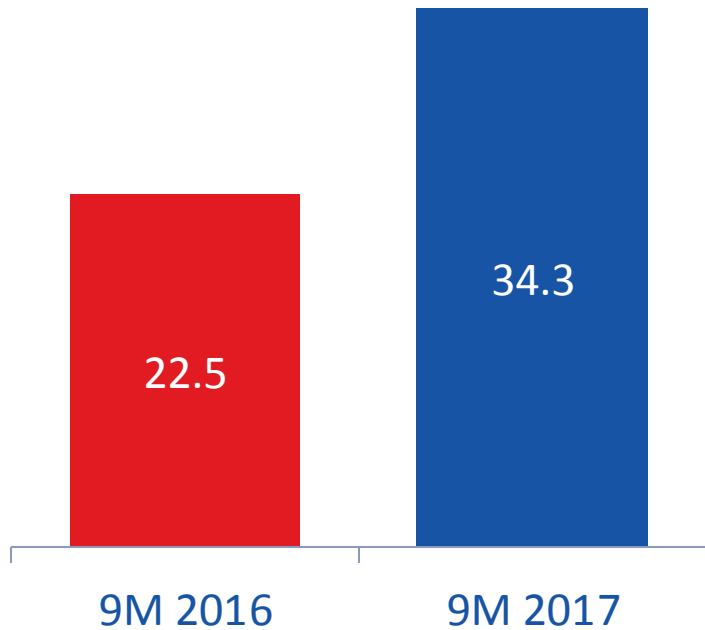
Net profit, bn RSD

 2.6x



EBITDA, bn RSD

 +53%

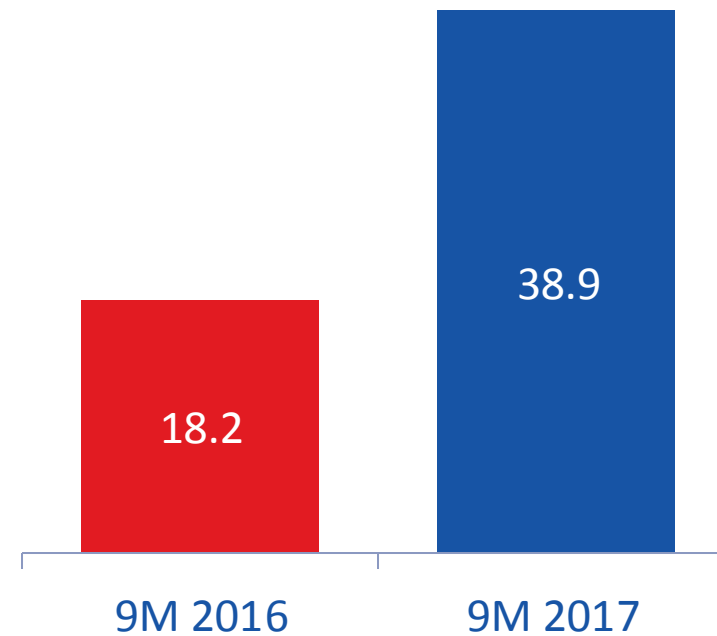


- Increase in price of crude oil and petroleum products
- Measures to boost operational efficiency and reduce cost

- Higher funds inflow due to higher prices of oil products
- EBITDA growth

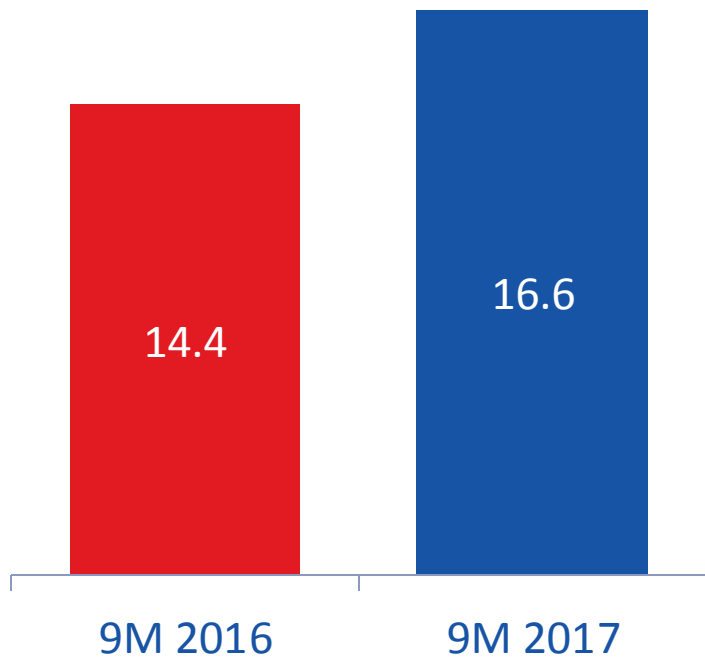
OCF, bln. RSD

 +114%

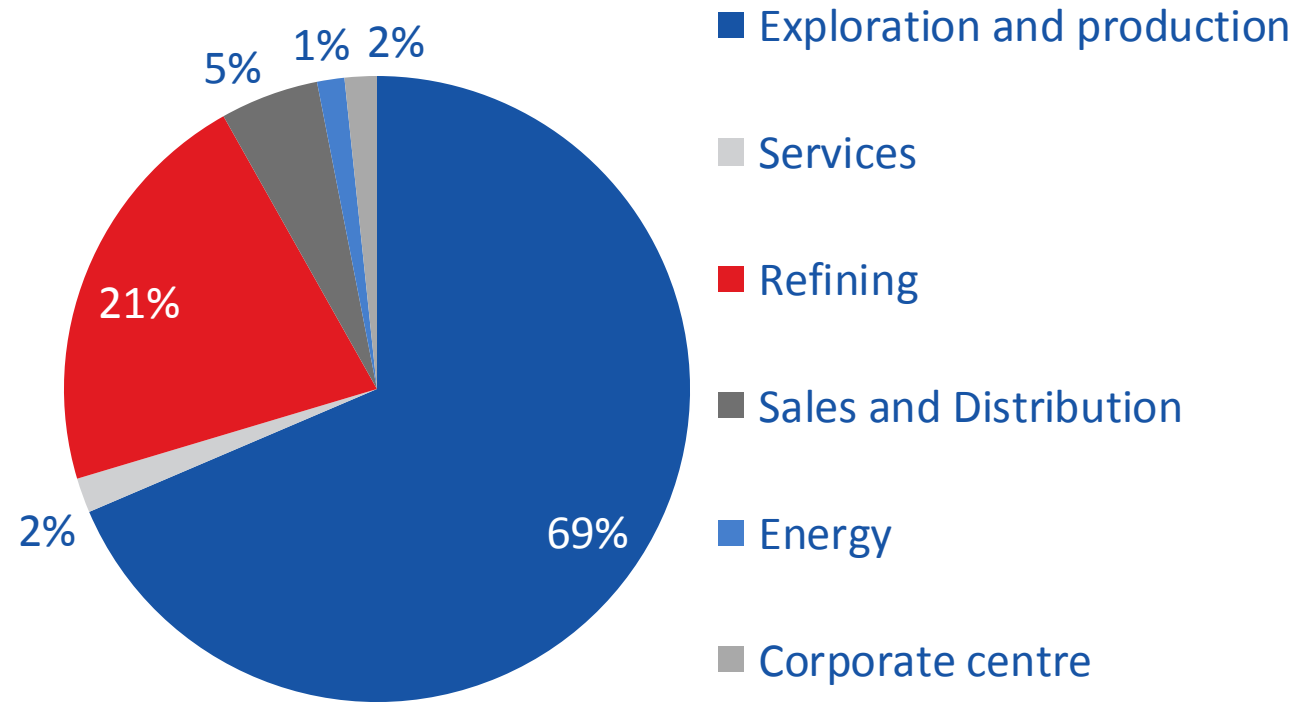


CAPEX, bn RSD

 +15%

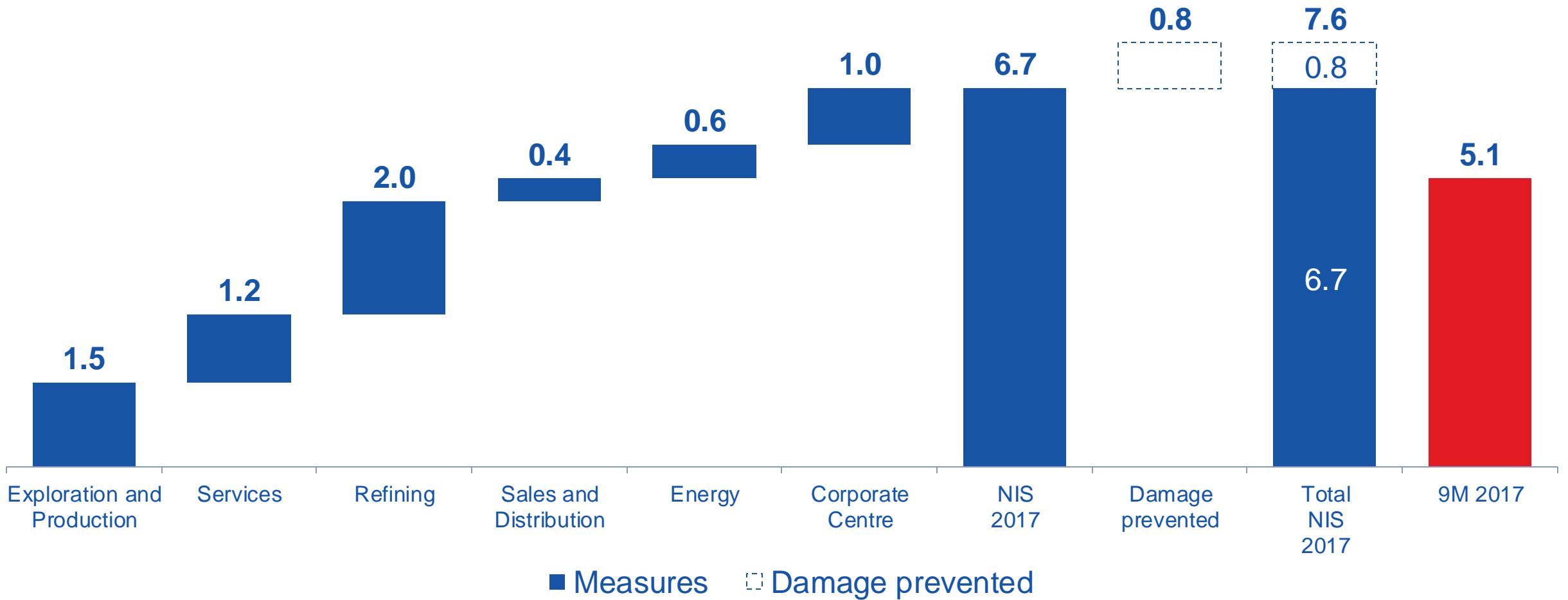


CAPEX by segment



Measures to increase operational efficiency

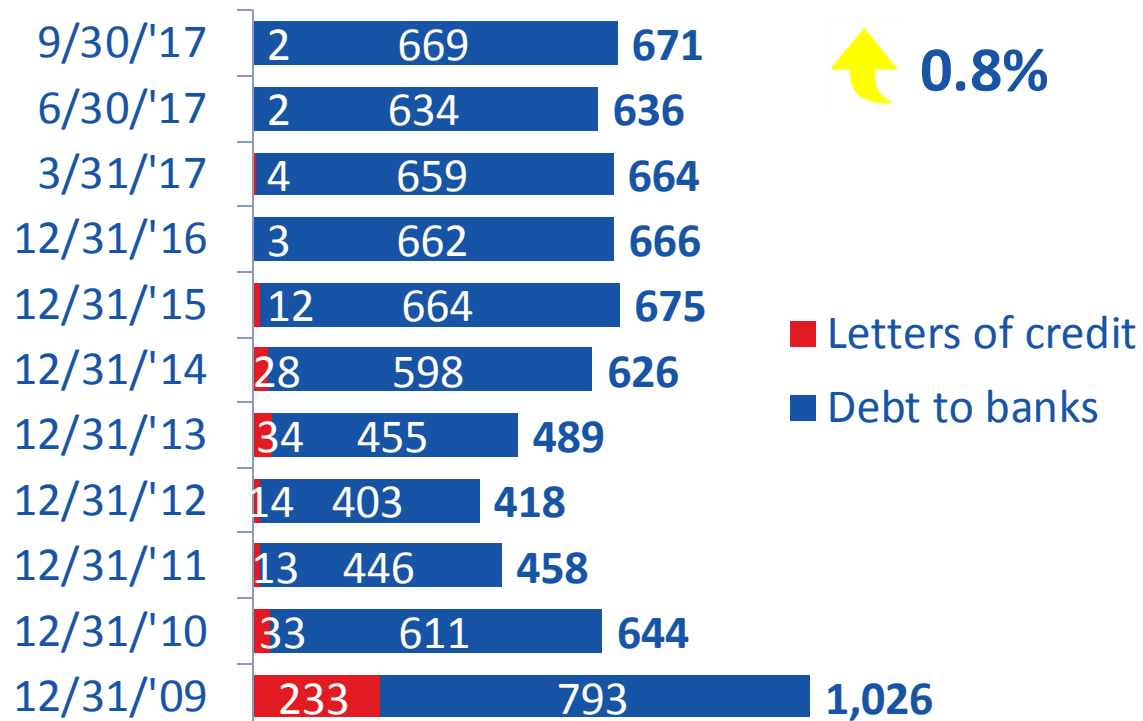
Effect on EBITDA in 9M 2017 is 5.1 bn RSD



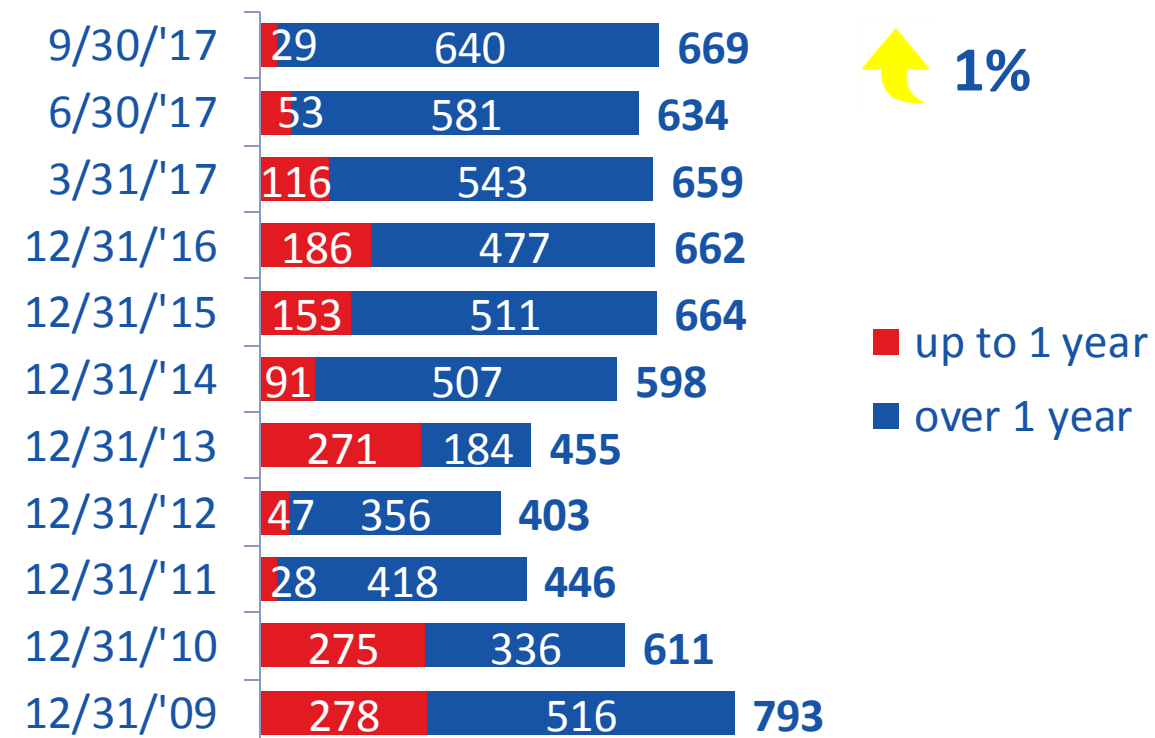
Bank indebtedness

Maturity and currency structure of credit portfolio

Bank indebtedness, mn USD



Debt to banks, mn USD



Debt structure:

■ USD 38% ↘
 ■ EUR 62% ↗
 ■ Other 0.5% ↔

GPN Loan

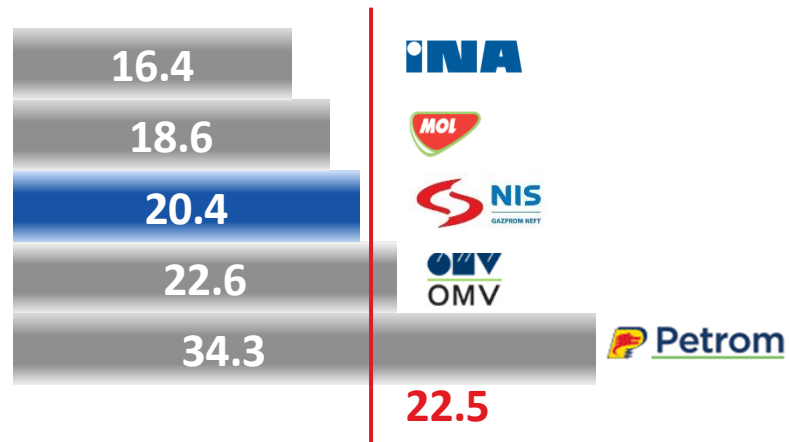
267 mn EUR

↘ -11%

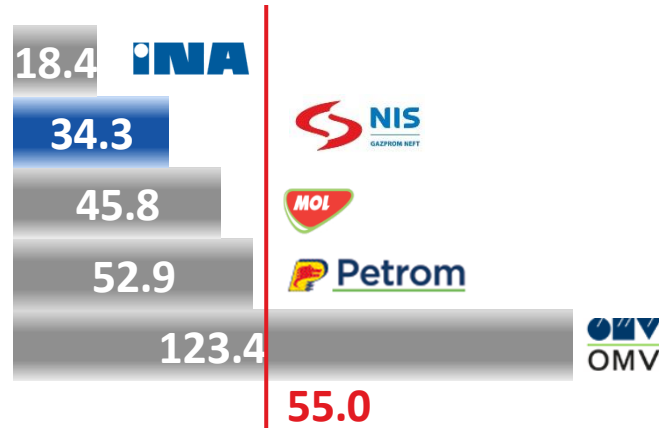
*all changes shown in respect to 31.12.2016.

Benchmarking

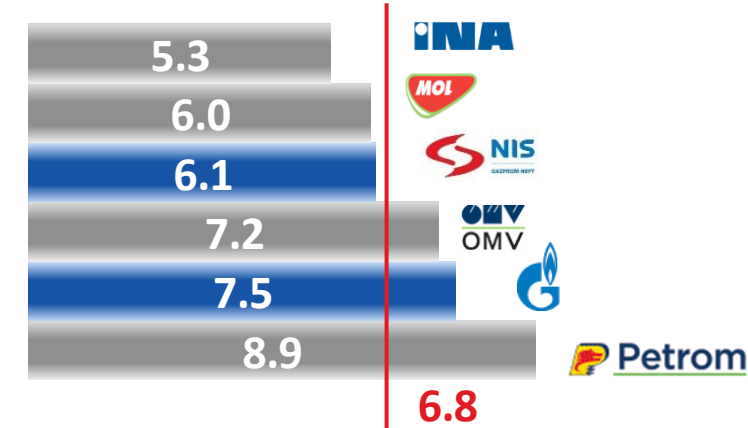
EBITDA margin (%)



3. EBITDA/FTE* (thous USD)

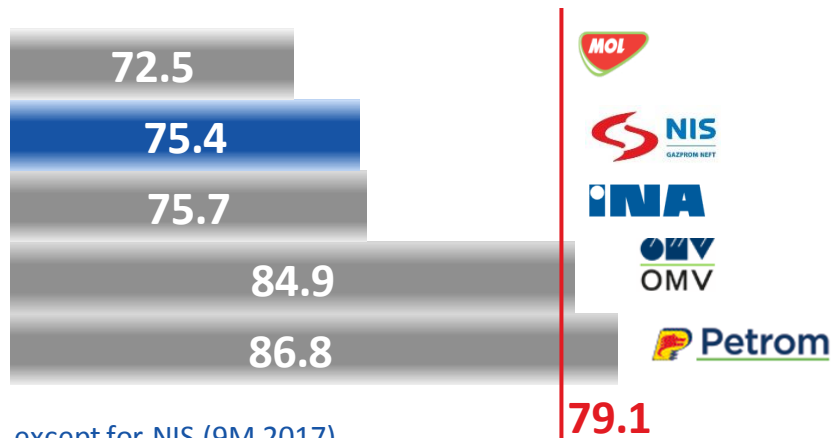


4. Daily Sales (t/day)

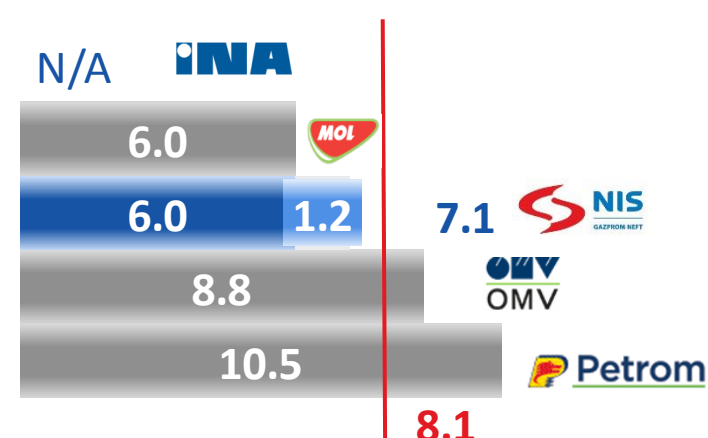


4.&2.

Light Products Share (%)



4. OPEX (\$/boe)



2.

Data from report for 6M 2017, except for NIS (9M 2017)

*Data for 6M 2017



- ↘ Limited opportunities for long-term borrowing
- ↘ Increased activity of competitors in Serbia's market



- ↗ Positive trend of macroeconomic indicators
- ↗ Domestic crude oil and gas production exceeds plan
- ↗ Increased volume of refining and sales
- ↗ Growth of finance indices

Disclaimer

This presentation has been prepared by NIS j.s.c. Novi Sad ("Company") and consists of a slide show that contain information pertaining to the NIS Group intended to investors. This presentation is not any offer or invitation to tender, or any information on the approval of the offer for sale or purchase or registration of shares or other securities of Company; neither this presentation, nor any of its part, as well as the fact that this presentation is made available or distributed, can be a ground for any contract or investment decision, and it may not be relied upon for this purpose.

All visitors of this presentation who consider purchase or sale of securities are hereby warned that any purchase or sale should be undertaken on the basis of the information contained in other publicly available documents, which should be used in accordance with the restrictions contained in these documents. There should be no reliance, for whatever purpose, on the information contained in this presentation, or any content that has been mention when it was made public, or on its completeness, accuracy or veracity. The information specified in this presentation should not be treated as giving investment advice or recommendations. All reasonable measures were taken with a view to ensure that the facts contained in this presentation are accurate and that the opinions expressed are correct and reasonable. This presentation is not adopted by Company's bodies. Consequently, no statement or guarantees, explicit or implicit, in connection with the accuracy, completeness or veracity of information or opinions which are contained or considered in this presentation was not given by or in the name of the Company or any of its shareholders, directors, agents, employees or any other person. Neither the Company nor any of its shareholders, directors, agents or employees or any other person do not accept any responsibility for any loss that may arise on the basis of or in connection with the use of this presentation or its content or in any other way connected with this presentation.

Information in this presentation contains a statements on uncertain future events. The statements about uncertain future events include statements that are not historical facts, statements in connection with the intent of the Company and NIS Group, beliefs or current expectations in connection with, among other things, performance results of the NIS Group, the financial situation and their liquidity management, prospects, growth, strategies and industrial branches in which the NIS Group operates. For the reasons which are related to the events and depend on circumstances that may but are not certain to take place in the future, the statements about uncertain future events by their nature involve risks and uncertainty, including but not limited to the risks and uncertainties that the Company and NIS Group have identified in other publicly available documents. The Company warns that there is no guarantee that the statements on uncertain future events will come true in the future and that the actual business results, the financial situation and the liquidity, as well as the development of the industrial branch in which the Company and NIS Group operate, may significantly differ from those presented or reckoned by the statements about uncertain future events which are contained in this presentation. Additionally, and if the results of the business of the NIS Group, its financial condition and liquidity, as well as the development of industrial branch in which the Company and NIS Group operate are in accordance with the statements herein contained about uncertain future events, such results and the development are not indicative of the results and the development in the coming periods. The information contained in this presentation is given on the date of this presentation and their changes are possible without prior notice.

No person shall be under any obligation to update and keep current the data herein contained.

Once you have visited or read this presentation you shall be considered familiar with the above mentioned constraints.