



Company presentation  
June 2016

SUMMARY

1

# HEP Group at a Glance

## Vertically Integrated Power Utility Company with Strong Presence Across Energy Value Chain



### Generation

#### Electricity

- 4,232 MWe of installed capacity
- 26 hydro PPs (2,214 MWe)
- 8 thermal PPs (1,670 MWe)
- 1 nuclear PP<sup>1</sup> (348 MWe)

#### Heat

- 1,755 MWth of installed capacity in 4 TPPs and 335 MWth in district boiler rooms
- Partially regulated

### Transmission

- HOPS, Croatian electricity transmission system operator
- Upon Croatia's accession to the EU, HEP opted for ITO<sup>2</sup> model of unbundling of the Group's transmission operations from the generation and supply
- Regulated activity with transmission tariffs approved by the Croatian Energy Regulatory Agency - HERA

### Distribution

- The sole distributor of electricity to > 2,3 mn customers
- The largest distributor of thermal energy in the country
- Gas distributor in the retail market
- Regulated activity with distribution tariffs approved by HERA

### Supply

- Sale of electricity, gas and thermal energy in Croatia
- Sole provider of public supply services to tariff customers
- Regulated and Unregulated Supply
- 84.6% of electricity sold in Croatia in 2015
- In April 2014 HEP was chosen as a sole supplier to the Croatian wholesale gas market for a 3-year period
- Certain tariff rates approved by HERA

### Trading & Other

- Trading in electricity, gas and CO2 emissions in Croatia and abroad
- Trading platform responsible for optimisation of power plant operation and intermediation in the domestic and international markets
- Other businesses specialise in renewable energy sources, energy efficiency, environmental protection and other

Integrated business model – operating across the entire market spectrum

HEP primarily relies on low-cost hydro and nuclear power plants for electricity generation

Leading position in Croatia with a natural advantage of enhanced creditworthiness (100% state-owned)

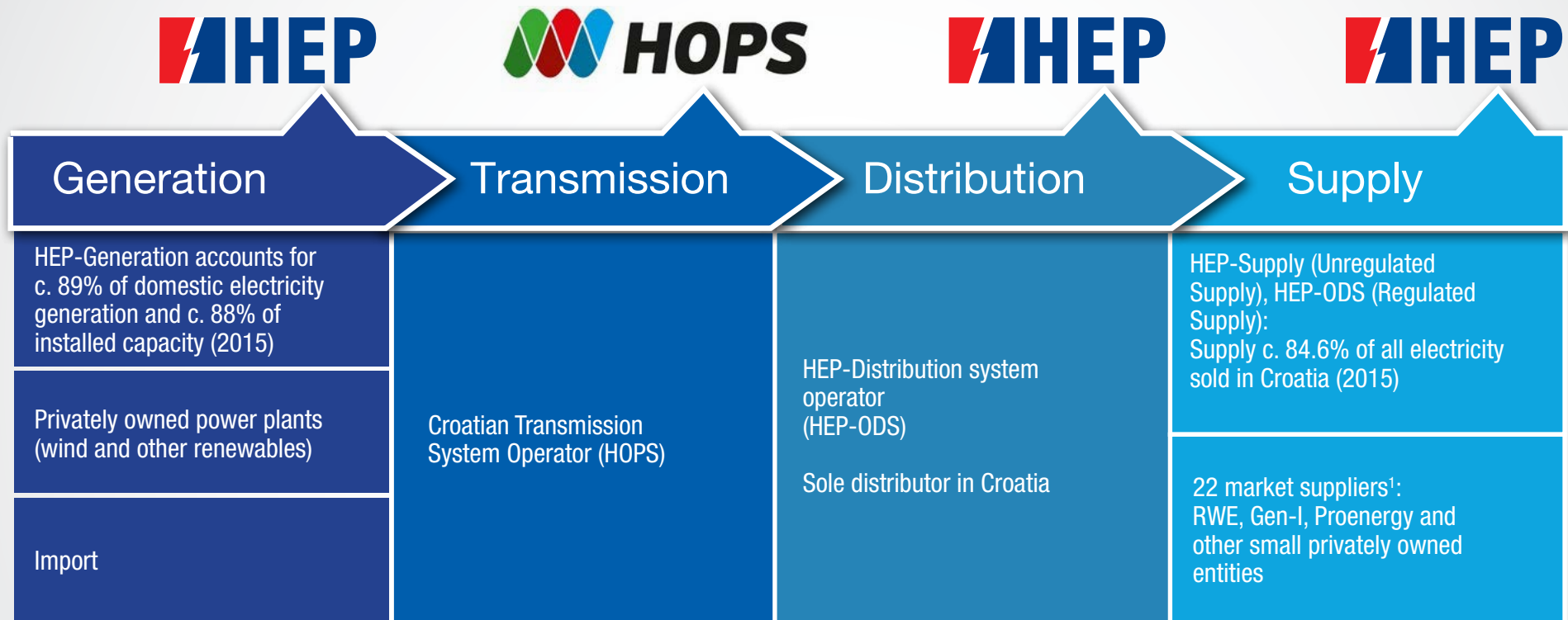
Source: HEP

1 - Co-owned with GenE (total NPP installed capacity 696 MWe)

2 - Independent transmission operator, the unbundling process of HOPS has been completed and the company obtained required approval and certification from HERA in February 2016

# Croatian Electricity Market

## HEP Leading Across the Market Spectrum



### Regulatory Framework

Independent and non-profit public institution responsible for regulatory issues in the energy sector, incl. control over tariffs

Under supervision of HERA, organises the electricity and gas market as a public service

Source: HEP, HERA website

<sup>1</sup> - Including three market suppliers that are part of HEP Group

# Croatian Energy Development Strategy

## HEP as the Pillar of Strategy Execution

### Key goals by 2020

- Security of energy supply, the establishment of a competitive energy sector and sustainable development of the energy sector
- Maintain the share of generation from large hydro power and renewable energy sources in total electricity consumption at its present level (35%) up to 2020
- Natural gas-fired and coal-fired power plants of total capacity of at least 1,200 MWe each to be built by 2020 and thermal power plants of total capacity of at least 2,400 MWe

### HEP's mission to meet Croatian energy strategy

- Provide top quality public services by providing secure supply of electricity, heat energy and natural gas to customers
- Apply sustainable development concept in all business activities and ensure long-term competitive advantage
- Revitalise existing generating capacities by implementing new technologies and increasing capacity
- Optimise the utilisation rate of the existing locations by modernising/upgrading new capacities
- Balance generation portfolio by repurposing the existing capacities into peak load generating plants and by constructing 'band' and 'peak load' power plants

### Legal framework

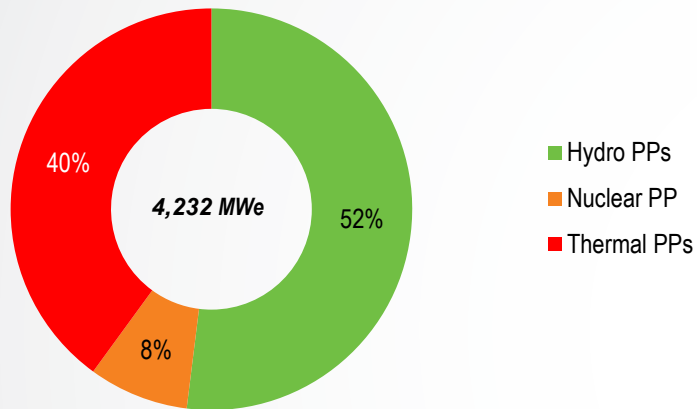
1996	Beginning of the liberalisation process starting with first Directive on internal energy market
2003	Second EU Energy Package
2004	Opening electricity market for all types of customers except for the households
2007	Opening electricity market for all types of customers
2009	EU adopted the Third Energy Package
2013	EU Accession and implementation of the Third Energy Package



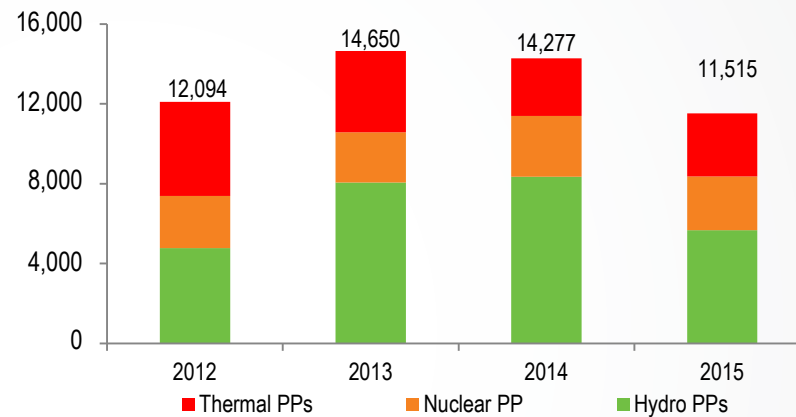
# Low Cost Based Portfolio

## Driving Financial Performance

Electricity - installed capacity 2015



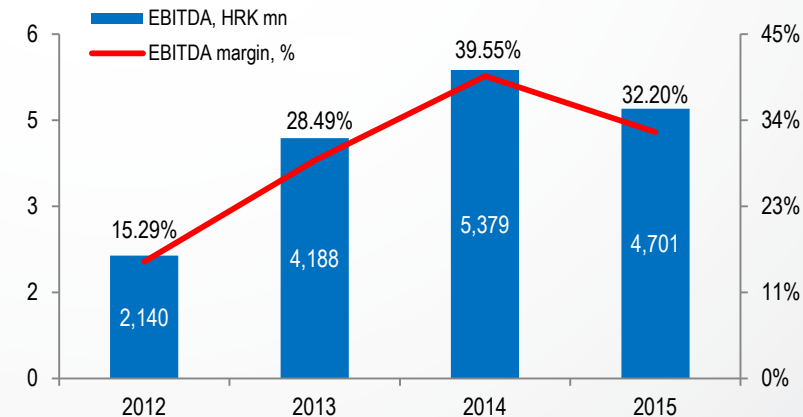
Electricity generation mix, GWh



Accumulation levels for the hydro PPs, GWh



EBITDA and EBITDA margin



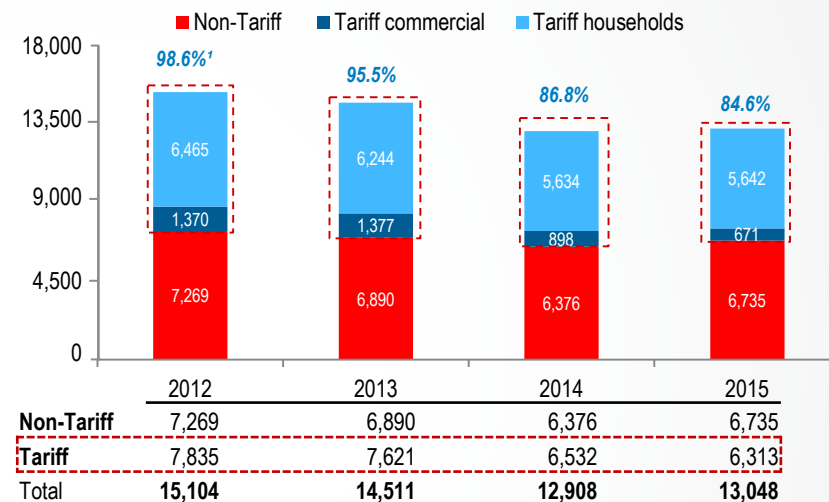
# Key Customers

## Strong and Long Established Relationship with Customers

### Commercial customers

- Commercial customers include commercial and industrial entities
- Commercial customers who choose a market supplier (offering non-tariff based rates) typically pay lower rates than the tariff rates under the regulated public supply system, but they may be more exposed to price fluctuations in market rates
- 2013 was marked with an emergence of alternative suppliers among commercial customers and their entrance in the residential sector during mid-2013
- In 2015 HEP entered into Slovenian electricity supply market

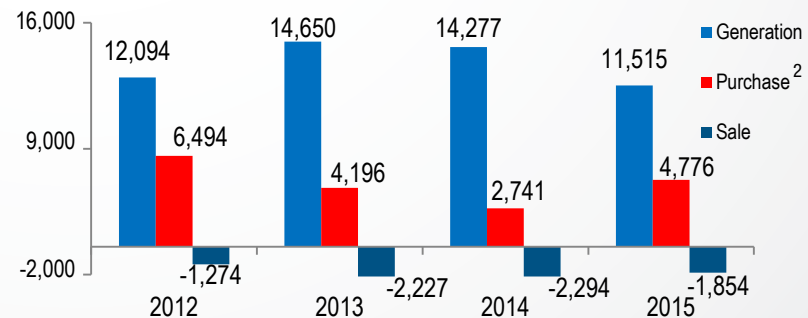
### Electricity sold by customer category, GWh



### Households

- Households who choose a market supplier (offering non-tariff based rates) typically pay lower rates than the tariff rates under the regulated public supply system, but they may be more exposed to price fluctuations in market rates
- Vast majority (98.3% as of 31.12.2015) of households remain with and are supplied through the public supply system by HEP at fixed tariff rates set by HERA

### Generation, purchase and sale, GWh – 2015



Source: HEP

1 - HEP's share of electricity sold to end-consumers in Croatia

2 - Purchase from all producers in Croatia including renewable energy sources and import energy

# Generation

## Favourable and Diversified Generation Mix

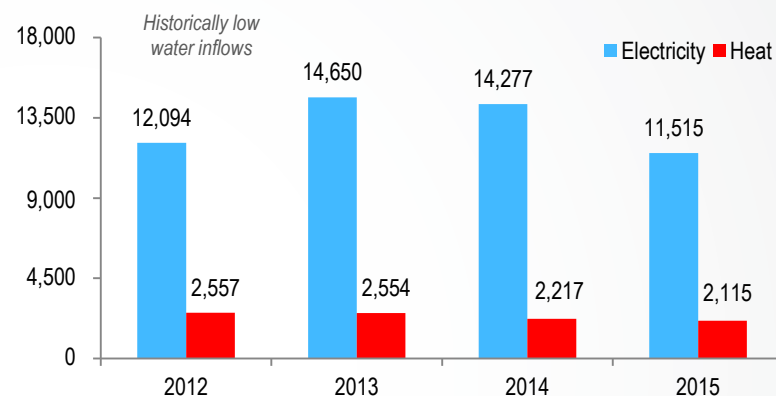
### Electricity

- Large and diversified portfolio of assets with installed capacity of 4,232 MWe
- 26 hydro PPs with total installed capacity of 2,214 MWe (HEP does not hold registered ownership title with respect to certain properties, incl. real estate connected to 17 out of 26 of the hydro PPs, which it currently operates in Croatia)
- 8 thermal PPs with total installed capacity of 1,670 MWe
- 50% ownership in Krško nuclear PP (696 MWe of installed capacity)<sup>1</sup>, together with GenE, and HEP has 50% of the output
- In May 2015 the Group assumed a 50% share in TE Plomin II from RWE, and currently holds the 100% share in TE Plomin II
- Limited CO2 footprint and reduced commodity exposure to own power generation, with generation largely based on hydro and nuclear power

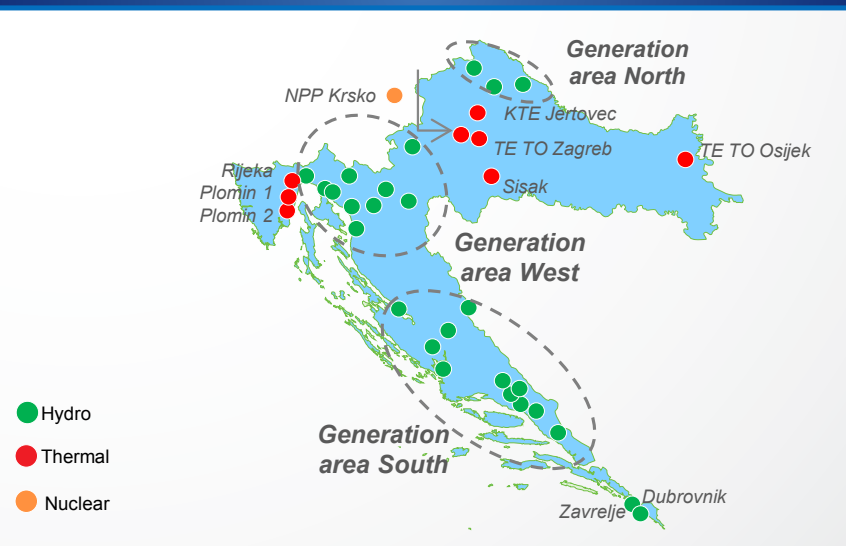
### Thermal energy (Heat)

- Actively engaged in heat generation via 4 TPPs in Croatia with 1,755 MWth of installed capacity and 354 MWth of installed capacity in 29 district boiler rooms
- Generated as a by-product of electricity generation at Group's thermal power plants and district boiler rooms
- Distributed to continental cities of Zagreb, Osijek, Sisak, Zaprrešić, Velika Gorica and Samobor

### Power generation, GWh



### HEP's power plant portfolio



Source: HEP

1 - Of which 50% is allocated to HEP



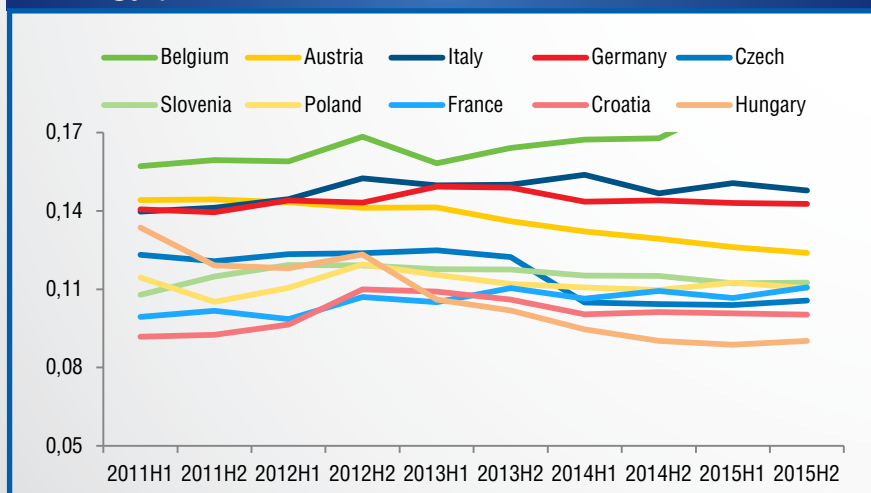
# Transmission, Distribution and Sale

## Sole Owner and Operator of Electricity T&D Networks in Croatia

### Transmission of electricity

- In April 2013 the Company opted for the ITO<sup>1</sup> model of unbundling - the Group's transmission operator HOPS was restructured to ensure its legal, financial, accounting, IT and managerial independence from the Group's generation and supply activities. HOPS obtained required approval and certification from HERA in February 2016
- Regulated monopoly with transmission tariffs approved by HERA; last tariff change in 2012
- Croatian transmission network also connected to the neighboring systems of Serbia, BiH, Slovenia and Hungary

### Energy prices for household consumers, EUR/kWh<sup>2</sup>



### Transmission of electricity

#### Electricity

- Sole distributor of electricity to more than 2,3 million customers - Regulated monopoly
- Operates 136,733 kilometers of high, medium and low voltage electricity distribution lines (as of 31 December 2015)
- Largest out of 22 registered suppliers (3 market suppliers are part of the Group) of electricity in Croatia in terms of volume of electricity sold

#### Thermal energy (Heat)

- Largest of 19 distributors of heat with c. 124,000 customers, covering approx. 80% of the total market by the number of customers in Croatia in 2015
- Loss making due to low regulated tariff rates and increased operating costs
- Focus on making the district heating business economically viable

#### Gas

- Wholesale market – in 2015 HEP distributed approx. 5,881 million GWh of gas
- Tariffs are set by the Croatian Government on the recommendation of HERA
- Retail market - second largest gas supplier in Croatia by volume sold to end-consumers<sup>3</sup>
- Gas sales prices to non-regulated customers are set by the Group, and prices to regulated customers are set by HERA

1 - Independent Transmission Operator

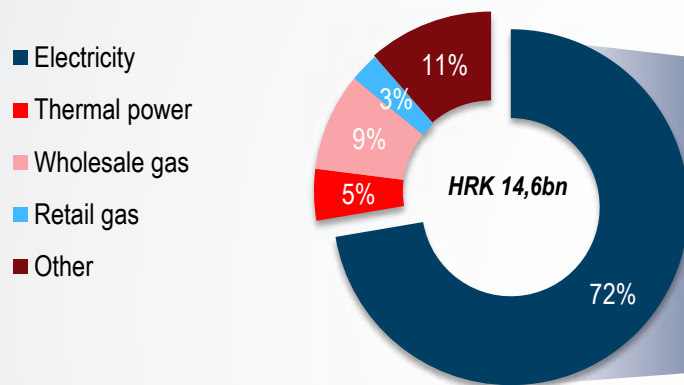
2 - Eurostat as of 14 April 2016, excluding taxes and levies

3 - Eurostat as of 2014

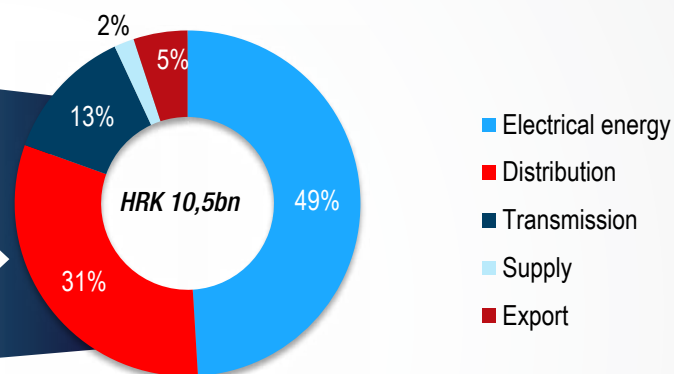
# Other Group Activities

## Diversified Business

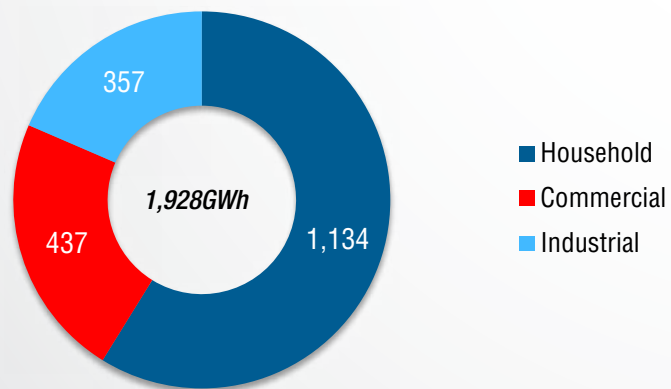
Total operating income split, 2015



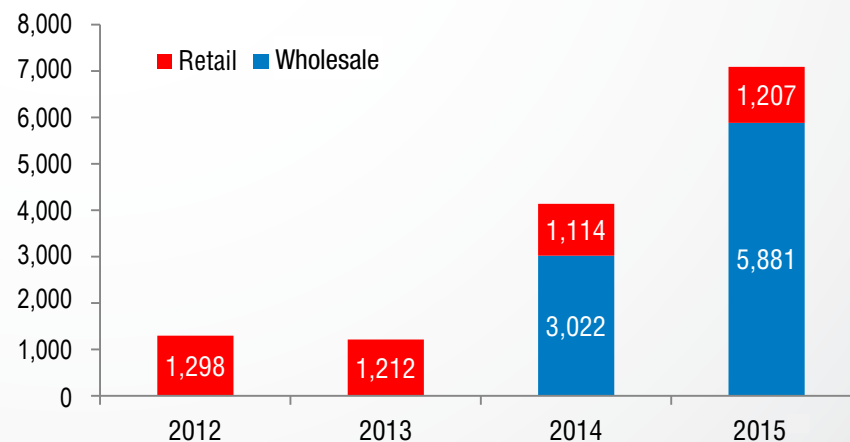
Electricity income split, 2015



Distribution and sale of thermal energy, GWh



Distribution and sale of gas, GWh



# KEY INVESTMENT CONSIDERATIONS



2

# Investment Highlights

1

Leading position in Croatian electricity, gas and thermal energy markets benefitting from state ownership



2

Stable and predictable revenue stream



3

Favourable and diversified power generation mix with access to low-cost generation facilities



# 1

## Leading Position in Croatian Electricity, Gas and Thermal Energy Markets Benefitting from State Ownership

### Leading position in the energy sector

- HEP continues to hold a leading position in the market
- Accounts for c. 89% of domestic electricity generation and c. 88% of installed capacity as at 31 December 2015
- Supplies 84.6% of all electricity sold in Croatia as at 31 December 2015 (as of 1 March 2016 HEP's market share of all electricity sold in Croatia is 85.3% which is reflection of new organizational changes and marketing initiatives)
- The largest distributor of thermal energy – more than 80% of the district heating market
- Sole supplier on the wholesale gas market<sup>1</sup> and second largest supplier on the retail gas market (among >50 suppliers)
- To compete effectively HEP offers new products and energy services to its customers

### Strong government support given HEP's pivotal role in delivering Croatian Energy Strategy

- Energy sector is a strategic priority for the Croatian Government
- The Government's Energy Development Strategy is focused on the development and renovation of the generation, transmission and distribution grids, with significant investment capital allocated to these programs
- Such development capabilities expected to further benefit HEP, strengthen its position in the Croatian energy market and potentially increase the Group's presence in neighboring countries
- Strong Government support through ownership commitment

Source: HEP, HERA  
1 - Until March 2017



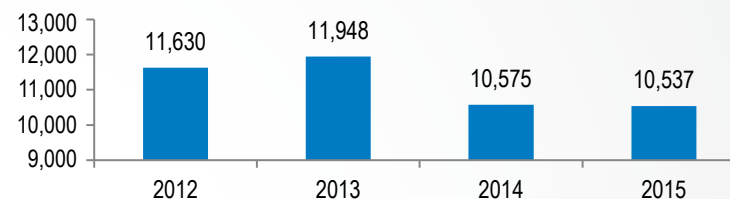
# 2

## Stable and Predictable Revenue Stream

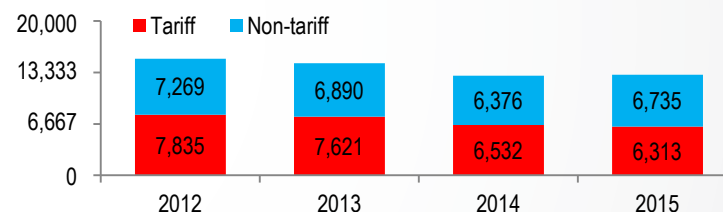
### Predominantly regulated business activities...

- Transmission, distribution and public supply of electricity and the distribution of thermal energy and gas, are regulated activities
- HERA sets the tariff rates for transmission and distribution of electricity based on approved costs plus approved capital rate of return
- 47.6% of the Group's electricity sold to end consumers was sold under the public supply system as at 31 December 2015
- 71.7% of Group's revenues from electricity sales coming from regulated tariff rates as at 31 December 2015
- Sole distributor of electricity within public supply services to the tariff customers in Croatia
- All electricity Market Suppliers must use the Group's transmission and distribution networks

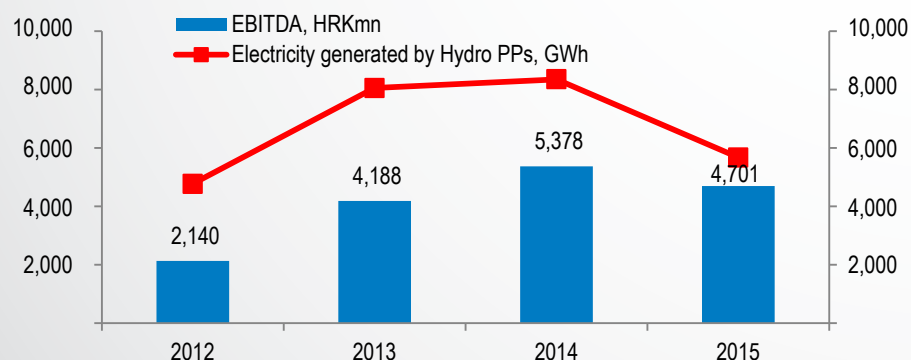
### Revenue from electricity sales, HRK mn



### Electricity sold by customer category, GWh



### ...Resilient to challenging hydrological conditions in 2012



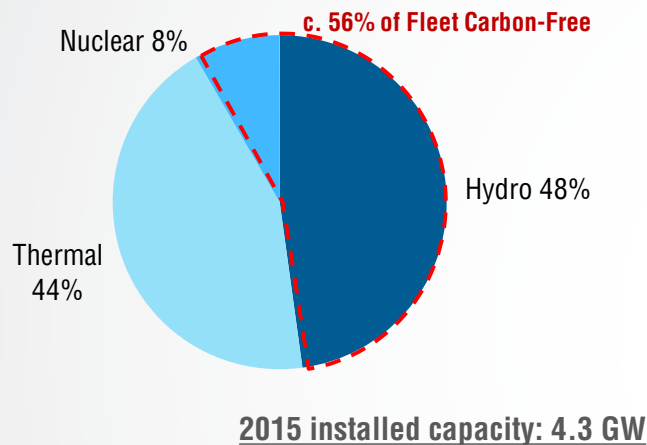
- In 2011 and 2012, Croatia experienced long periods of drought and historically low water inflows
- In these extremely challenging hydrological and macro conditions, HEP demonstrated a solid EBITDA floor of HRK 2.1 bn

Source: HEP, 2012-2015 IFRS

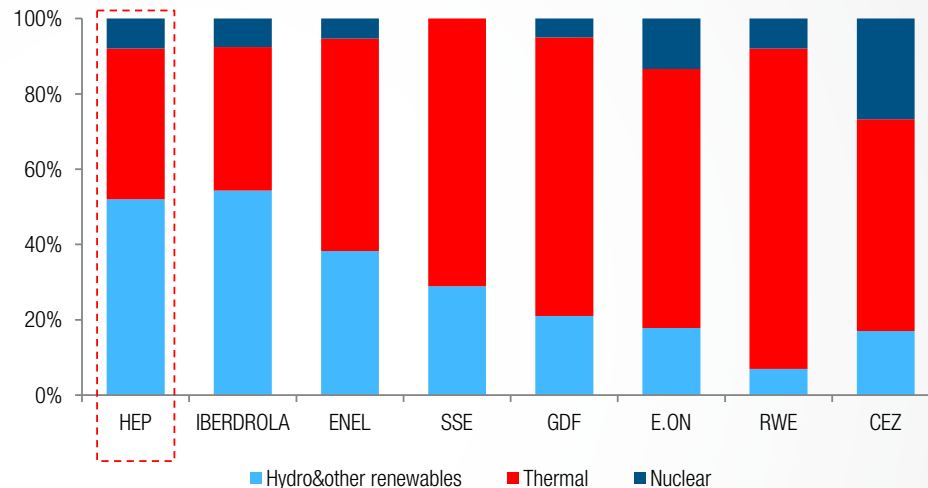
# 3

## Favourable and Diversified Power Generation Mix with Access to Low Cost Generation Facilities

### Flexible carbon-light generation fleet



### Fuel mix of European electricity generators<sup>1</sup> in 2014



### Predominantly regulated business activities...

- Group has diversified form of electricity generation
- Cost competitive generation mix - hydro power plants and nuclear power plant provide low cost electricity generation
- Oil-fired thermal power plants used primarily to meet high electricity demand during adverse weather conditions
- Not reliant on single fuel type with respect to the thermal power plants, operating a combination of oil, coal, natural gas and fuel oil fired thermal power plants
- Reduced exposure to commodity prices - can minimize costs, reduce price volatility and prevent supply disruptions

Source: HEP, HERA

<sup>1</sup> - Installed capacity, respective companies' data

# Strong Investment Program

## A Number of Planned New Capacities and Revitalisations

	Expected Increase in Installed Capacity	Expected Amount of Investment (HRK bn)	Planned Construction
Revitalization of 12 HPPs and one TPP	144 MW	2,1	Until 2022
<b>Thermal Power Plants (TPPs)</b>			
Construction of EL-TO Zagreb (CCCGT)	130 MWe	0,8	Completed by the end of 2020
<b>Biomass Power Plants</b>			
BE TO Sisak	3 MWe, 11 MWt	0,144	Completed by the end of 2017
BE TO Osijek	3 MWe, 11 MWt	0,123	Completed by the end of 2017
<b>Hydro Power Plants (HPPs)</b>	Up to 570 MW	3,9	Project under development
<b>Thermal Power Plants (TPPs)</b>	Up to 500 MW	2,4	Project under development
<b>Modernization of distribution network</b>	—	4,9	Completed by the end of 2020
<b>Modernization of transmission network</b>	—	3,9	Completed by the end of 2020
<b>Total</b>	<b>1,350 MW</b>	<b>18,3</b>	<b>—</b>
TPP <sup>1</sup>	500	6,5	Project under development

Key projects the Company will focus on

1 - Considered as JV with EPC contractor, off balance sheet project financing

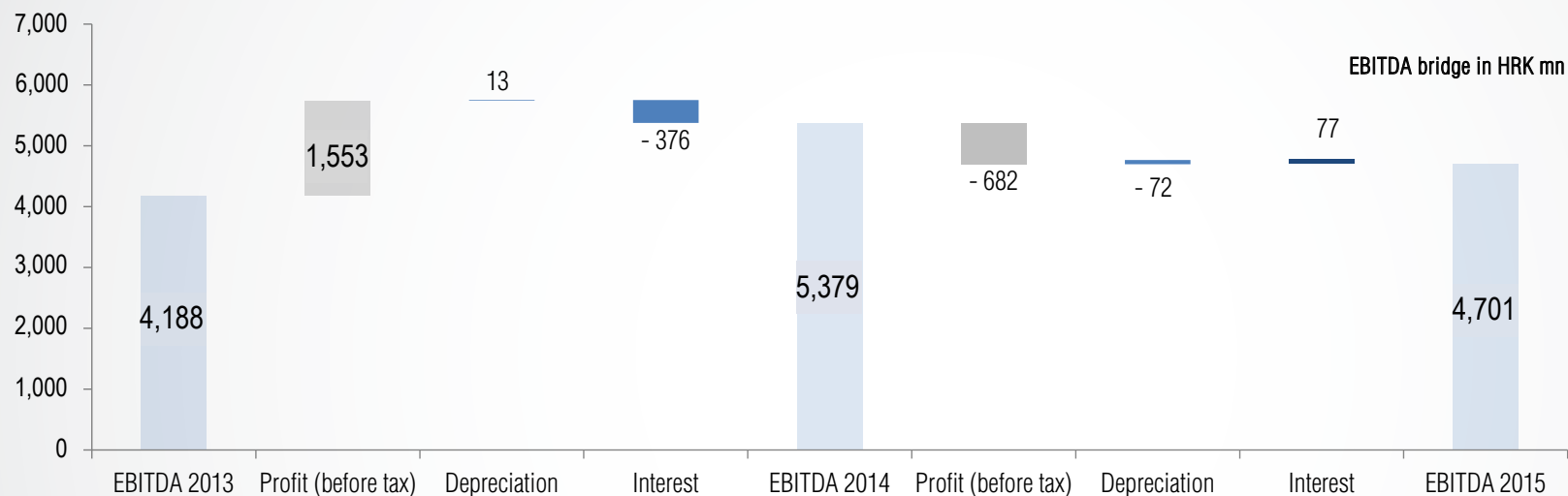
# FINANCIAL PERFORMANCE



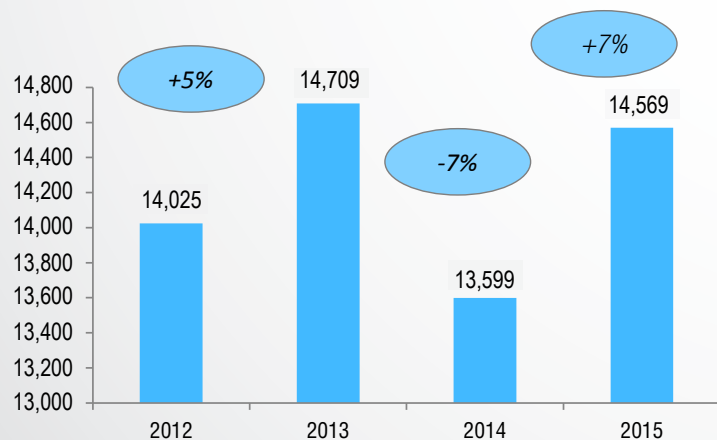
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# Historical Financial Performance

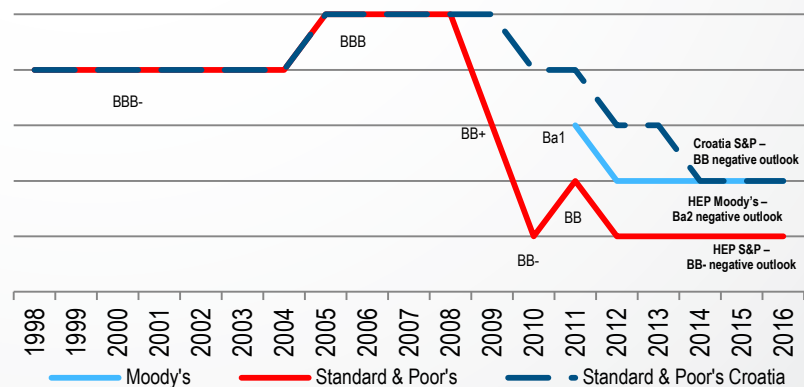
EBITDA Bridge, HRK mn 2013-2015



Total operating income, HRK mn 2015



Credit rating

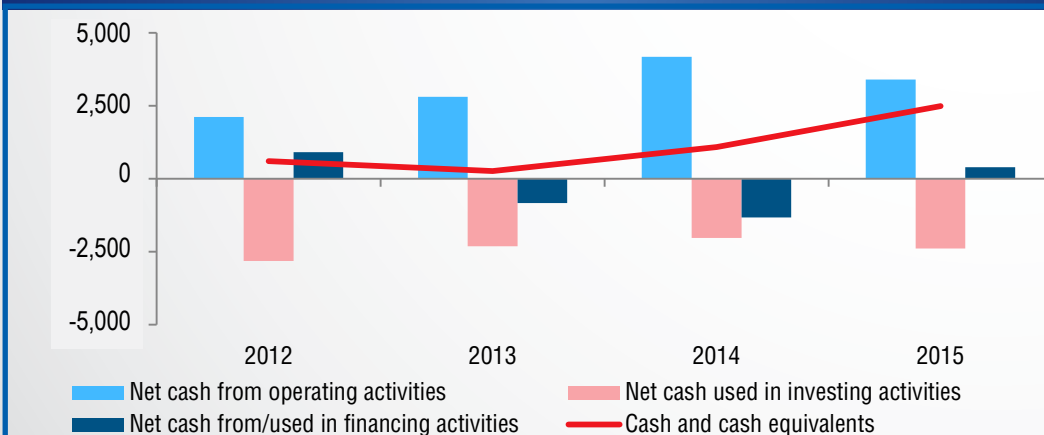




# Strong Liquidity Position

HRK mn	2012	2013	2014	2015
Total operating income	14,024.6	14,709.2	13,599.2	14,569.4
% growth		4.88%	(7.55%)	7.13%
EBITDA	2,140.5	4,188.2	5,378.5	4,701.1
EBITDA margin%	15.29%	28.49%	39.55%	32.20%
Operating cash flow before movements in working capital	2,503.1	4,227.1	5,579.8	4,994.7
Interest paid	(306.5)	(378.4)	(404.2)	(389.1)
Corporate income tax expense	33.98	(364.95)	(465.02)	(843.60)
<b>Net cash from operating activities</b>	<b>2,112.6</b>	<b>2,804.8</b>	<b>4,173.7</b>	<b>3,404.3</b>
<b>Net cash used in investing activities</b>	<b>(2,823.5)</b>	<b>(2,318.3)</b>	<b>(2,029.7)</b>	<b>(2,389.5)</b>
Dividend paid to the owner	-	-	(284.9)	-
<b>Net cash from/(used in) financing activities</b>	<b>908.9</b>	<b>(830.6)</b>	<b>(1,325.0)</b>	<b>398.5</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>198.0</b>	<b>(344.2)</b>	<b>819.1</b>	<b>1,413.3</b>

## Cash flow position, HRK mn



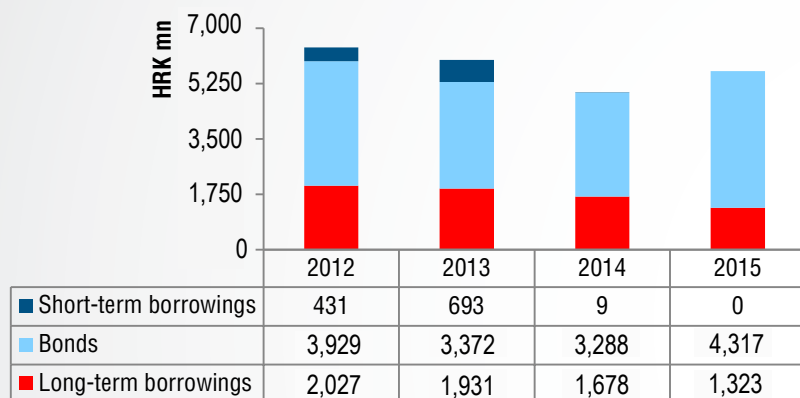
Source: HEP, 2012-2015 IFRS

## Comments

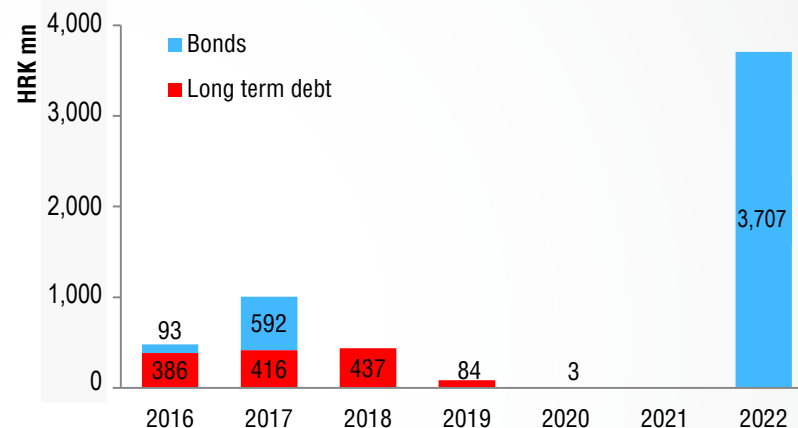
- The Group's principal sources of liquidity are cash flow from its current operations and proceeds of maturing financial assets together with borrowings from third parties
- 2015 EBITDA decreased compared to 2014 primarily due to an increase in electricity purchase cost (lower generation by HPPs due to lower water inflows and increased purchase of electricity from renewable energy sources)
- 2015 increase in net cash used in investing activities primarily attributable to a 19.5% increase in expenditure for property, plant and equipment as part of HEP's investment plan for 2015
- As of 31 December 2015 HEP did not have any amounts outstanding under its short term financing facilities, and HRK 1,300 mn was available for drawing

# Proactive Debt Management

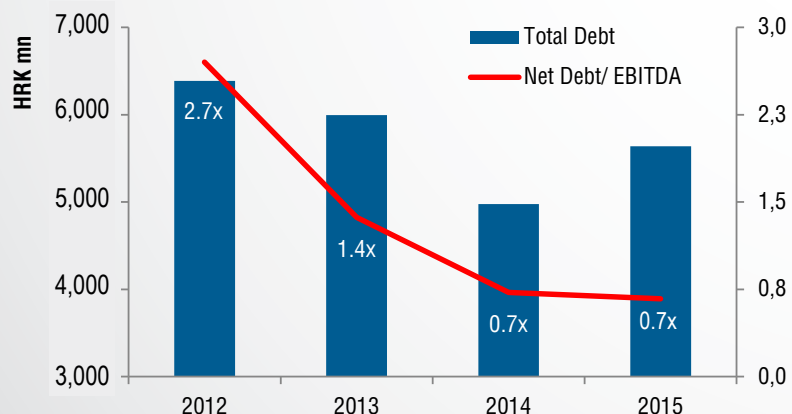
## Debt composition



## Debt maturity profile, HRK mn 2015



## Total debt and net debt/EBITDA development



## Comments

- In October 2015 HEP finalized issuance of USD 550 million Eurobond and refinanced 83.37% of USD 500 million bonds maturing in 2017 (tender offer)
- Remaining net proceeds from the bond issue will be used for general corporate purposes
- Positive effects of this asset-liability management:
  - Extension of debt maturity profile (from average of 2.55 to 5.55 years)
  - Additional stability to the capital structure
  - Decrease in interest rate (6.53% coupon to 4.851% coupon after CCS)
  - Decrease in weighted average interest rates from 5.29% to 4.47%)

# 2015 Key operational facts

HEP ELECTRICITY GENERATION	HEP ELECTRICITY TRANSMISSION
<ul style="list-style-type: none"><li>• Reconstruction of HPP Zakučac finalized (the largest HPP in portfolio)</li><li>• Finalization of construction of Sisak Blok C TPP (230 MWe/50 MWt)</li><li>• Reconstruction of CCPP EL-TO Zagreb initiated</li><li>• Close to annual average hydrology generation</li></ul>	<ul style="list-style-type: none"><li>• Unbundling and certification process of Croatian electricity transmission system operator (HOPS) under ITO model finalized</li><li>• HOPS obtained approval/certificate from the regulator HERA in February 2016</li></ul>
HEP ELECTRICITY DISTRIBUTION	HEP ELECTRICITY SUPPLY
<ul style="list-style-type: none"><li>• Restructuring process in DSO initiated with expected significant savings</li><li>• Envisaged separation of public supply from distribution network operations according to 3rd Energy Package</li></ul>	<ul style="list-style-type: none"><li>• Electricity market leader in Croatia, multi-utility offers</li><li>• Acquisition of 6% market in Slovenia and entering other regional markets (Bosnia-Herzegovina, Serbia, Kosovo); i.e. the first client switch to HEP Supply in BiH</li></ul>
HEP GROUP CORPORATE LEVEL	
<ul style="list-style-type: none"><li>• Restructuring process finalized on both Group corporate and operational subsidiaries level (excl. HEP ODS and HOPS), expected significant savings, (over EUR 300 M through headcount number reduced for 1,040, improvement in corporate procurement – economies of scale...)</li><li>• Corporate refinancing – tender offer and new issue; 83.37% of \$ 500M 2012 bond refinanced; new \$ 550M 7Y 2015 bond issue; the first liability management exercise; significant NPV savings</li><li>• Arbitrage process against Republic of Slovenia resulting with EUR 43M payout in favor of HEP</li></ul>	

## Disclaimer

*This presentation may contain forward-looking statements based on current assumptions and forecasts made by HEP Group Management and other information currently available to HEP. Various known and unknown risks, uncertainties and other factors could lead to material differences between the actual future results, financial situation, development or performance of the company and the estimates given here. HEP Group does not intend, and does not assume any liability whatsoever, to update these forward-looking statements or to conform them to future events or developments.*

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## Investor Relations Contact

IR@hep.hr

# Consolidated statement of comprehensive income for the year ended 31 December 2015

		in 000 HRK*	
		2014.	2015.
<b>I.</b>	<b>OPERATING REVENUE</b>	<b>13.599.138</b>	<b>14.569.465</b>
1.	Revenue from electricity sales	10.575.290	10.537.427
2.	Revenue from thermal power sales	671.946	682.388
3.	Revenue from sale of gas on wholesale market	689.575	1.298.352
4.	Revenue from sale of gas to customers	371.490	386.388
5.	Other operating income	1.290.837	1.664.910
<b>II.</b>	<b>OPERATING EXPENDITURES</b>	<b>-10.398.725</b>	<b>-11.573.700</b>
1.	Electricity purchase cost	-1.200.023	-1.943.077
2.	Fuel cost	-1.777.077	-1.798.986
3.	Costs of gas sold	-717.721	-1.352.038
4.	Staff cost	-1.880.519	-1.923.831
5.	Depreciation and amortization costs	-1.897.190	-1.825.097
6.	Other operating expenses	-2.926.195	-2.730.671
<b>III.</b>	<b>OPERATING PROFIT</b>	<b>3.200.413</b>	<b>2.995.765</b>
IV.	Financial income	433.671	70.479
V.	Financial expenses	-556.577	-670.520
VI.	Net loss from financial activities	-122.906	-600.041
<b>VII.</b>	<b>PROFIT BEFORE TAX</b>	<b>3.077.507</b>	<b>2.395.724</b>
VIII.	Corporate income tax expense	-612.119	-455.667
<b>IX.</b>	<b>PROFIT FOR THE YEAR</b>	<b>2.465.388</b>	<b>1.940.057</b>
<b>X.</b>	<b>Attributable to:</b>		
1.	Owners of the parent	2.462.332	1.939.095
2.	Non-controlling interest	3.092	962
<b>XI.</b>	<b>Other comprehensive income</b>	<b>54.546</b>	<b>41.436</b>
1.	Exchange (losses) / gains arising on translation of foreign operations	2.216	-4.453
2.	Net gain on AFS financial assets	52.330	45.889
3.	Net other comprehensive income to be reclassified to income/ (loss) in subsequent periods	54.546	41.436
<b>XII.</b>	<b>Total comprehensive income for the year, net of</b>	<b>2.519.970</b>	<b>1.981.493</b>
<b>XIII.</b>	<b>Total comprehensive income attributable to:</b>		
1.	Owners of the parent	2.516.797	1.980.788
2.	Non-controlling interest	3.173	705

\*HRK - Official Croatian currency



# Consolidated Balance Sheet

## as at 31 December 2015

ASSETS		in 000 HRK*	
		31.12.2014.	31.12.2015.
<b>A)</b>	<b>SUBSCRIBED CAPITAL UNPAID</b>	<b>0</b>	<b>0</b>
<b>B)</b>	<b>NON-CURRENT ASSETS</b>		
1.	Property, plant and equipment	25.334.813	25.722.455
2.	Assets under construction	4.188.741	4.386.574
3.	Prepayments for property, plant and equipment	41.486	37.880
4.	Intangible assets	77.046	121.437
5.	Investment property	236.153	236.778
6.	Long-terms loans and deposits	4.533	28.605
7.	Available-for-sale and other investments	192.676	245.910
8.	Other non-current assets	51.277	115.795
9.	Deferred tax assets	653.907	650.681
	<b>Total non-current assets</b>	<b>30.780.632</b>	<b>31.546.115</b>
<b>C)</b>	<b>CURRENT ASSETS</b>		
1.	Inventories	1.613.297	1.489.289
2.	Trade receivables	1.864.680	1.847.063
3.	Other short-term receivables	518.209	835.753
4.	Cash and cash equivalents	1.079.900	2.493.166
	<b>Total current assets</b>	<b>5.076.086</b>	<b>6.665.271</b>
<b>D)</b>	<b>TOTAL ASSETS</b>	<b>35.856.718</b>	<b>38.211.386</b>

# Consolidated Balance Sheet

## as at 31 December 2015 (continued)

		in 000 HRK*	
		31.12.2014.	31.12.2015.
<b>A)</b>	<b>EQUITY</b>		
1.	Share capital	19.792.159	19.792.159
2.	Revaluation reserves	54.947	100.836
3.	Retained earnings / (loss carried forward)	2.201.265	4.132.208
	<b>Equity Attributable to Owners of the parent</b>	<b>22.048.371</b>	<b>24.025.203</b>
1.	Non-controlling interest	0	29.202
	<b>Total equity</b>	<b>22.077.573</b>	<b>24.025.203</b>
<b>B)</b>	<b>NON-CURRENT LIABILITIES</b>		
1.	Long-term loan liabilities	1.262.036	936.243
2.	Long-term liabilities to the State	21.690	18.774
3.	Long-term provisions	902.779	969.501
4.	Liabilities under issued bonds	3.194.986	4.223.883
5.	Other long-term liabilities	4.499.502	4.444.970
6.	Deferred tax liabilities	13.573	21.816
	<b>Total non-current liabilities</b>	<b>9.894.566</b>	<b>10.615.187</b>
1.	Trade payables	1.590.745	1.740.910
2.	Current portion of long-term bonds issued	93.380	93.380
3.	Current portion of long-term loans	416.349	386.509
4.	Short-term loans	8.981	0
5.	Taxes and contributions	361.095	199.288
6.	Interests payable	38.263	45.693
7.	Liabilities to employees	151.240	226.510
12.	Other non-current liabilities	1.224.526	878.706
	<b>Total non-current liabilities</b>	<b>3.884.579</b>	<b>3.570.996</b>
<b>F)</b>	<b>TOTAL EQUITY AND LIABILITIES</b>	<b>35.856.718</b>	<b>38.211.386</b>

\*HRK - Official Croatian currency

# Consolidated statement of cash flows

## for the year ended 31 December 2015

		in 000 HRK*	
		2014.	2015.
<b>Cash flow from operating activities</b>			
1.	Profit / (loss) for the year	2.465.424	1.940.057
2.	Corporate income tax expense recognized in profit	509.764	455.667
3.	Net loss from financial activities	122.906	600.041
4.	Property surpluses	-3.954	0
5.	Fair value of swap	393.281	-12.449
6.	Fair value of property investment	-3.096	-625
7.	Value adjustment of non-current assets	73.518	47.507
8.	Depreciation and amortization	1.897.190	1.825.097
9.	Receivables value adjustment	56.689	71.419
10.	Inventories Value adjustment	19.892	14.257
11.	Increase in provisions	94.397	66.722
<b>Operating cash flows before movements in working capital</b>		<b>5.626.011</b>	<b>5.007.693</b>
1.	(Increase) in trade receivables	-121.293	-53.802
2.	Decrease / (increase) in inventories	-478.785	109.751
3.	(Increase) in other current assets	-60.454	-317.544
4.	Increase / (decrease) in trade payables	-67.470	150.165
5.	Increase in other current liabilities	798.242	75.483
6.	(Decrease) in other non-current liabilities	-607.062	-247.223
<b>Cash generated from operations</b>		<b>5.089.189</b>	<b>4.724.523</b>
1.	Corporate income tax paid	-465.018	-843.656
2.	Interests paid	-404.220	-389.097
<b>NET CASH FROM OPERATING ACTIVITIES</b>		<b>4.219.951</b>	<b>3.491.770</b>
<b>INVESTING ACTIVITIES</b>			
1.	Interest receipts	13.210	49.420
2.	Increase in property, plant and equipment	-2.063.723	-2.528.144
3.	Disposal of property, plant and equipment	20.845	25.674
4.	Increase in other non-current assets	-46.215	-23.966
<b>NET CASH (USED IN) INVESTING ACTIVITIES</b>		<b>-2.075.883</b>	<b>-2.477.016</b>
<b>FINANCING ACTIVITIES</b>			
1.	Receipts from bonds issued	0	3.703.533
2.	Long-term loans received	0	66.722
3.	Repayment of long-term loans	-258.848	-417.915
4.	Repayment of issued bonds	-93.380	-2.900.335
5.	Repayment of short-term loans	-681.866	-8.981
6.	Dividends paid to the owner	-284.970	0
7.	Dividends paid to RWE	-5.948	-44.512
<b>NET CASH FROM / (USED IN) FINANCING ACTIVITIES</b>		<b>-1.325.012</b>	<b>398.512</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>		<b>819.056</b>	<b>1.413.266</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>		<b>260.844</b>	<b>1.079.900</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>		<b>1.079.900</b>	<b>2.493.166</b>

\*HRK - Official Croatian currency