



Hrvatska elektroprivreda

More than electricity

Consolidated Financial Statements
1H 2018



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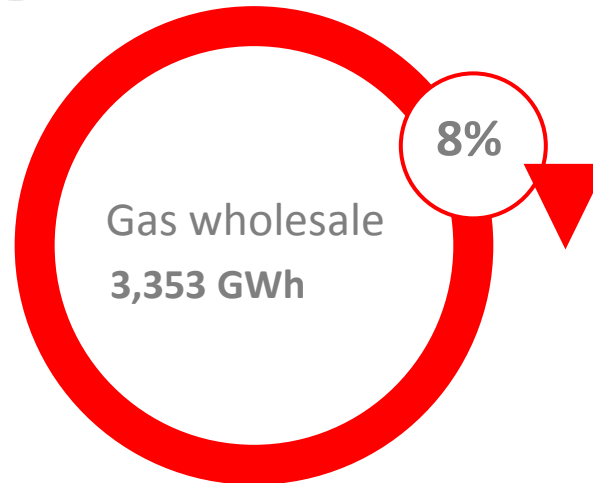
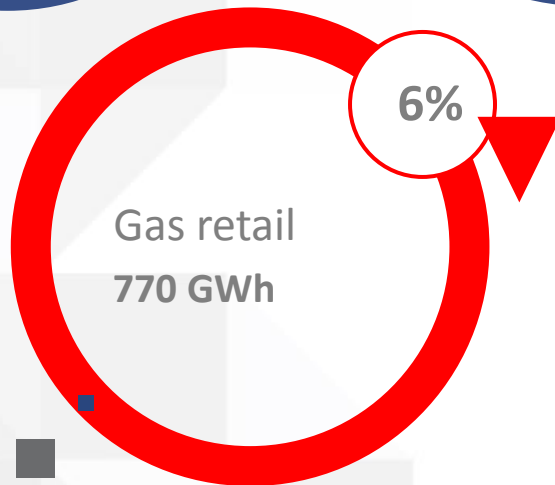
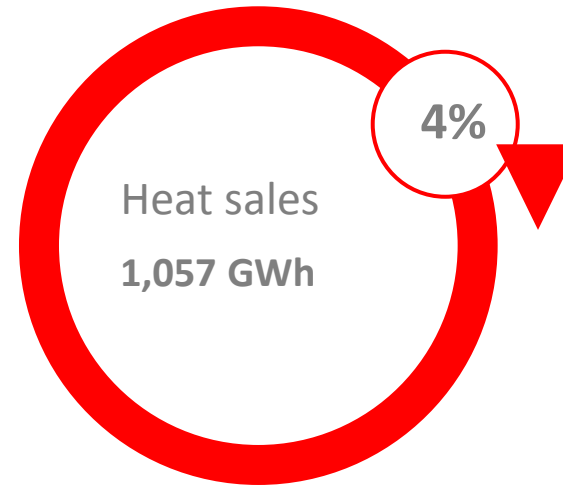
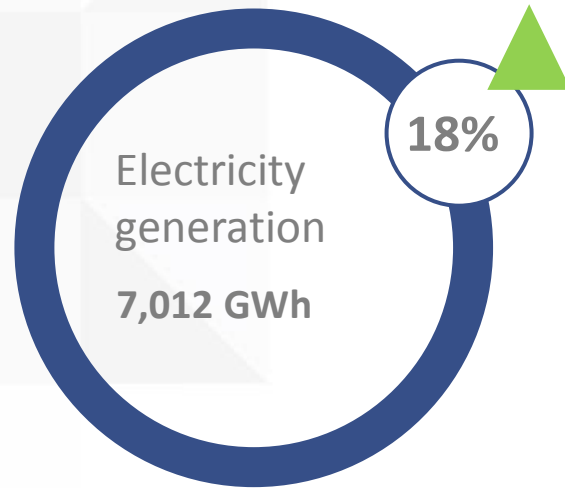
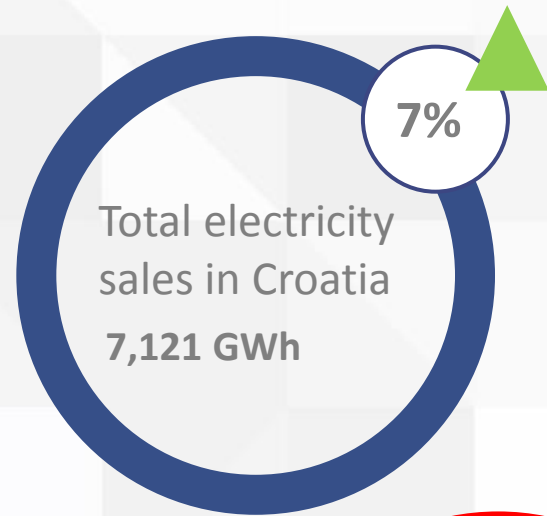
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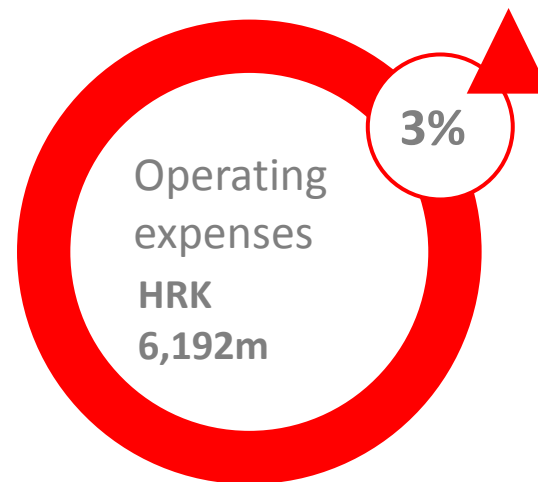
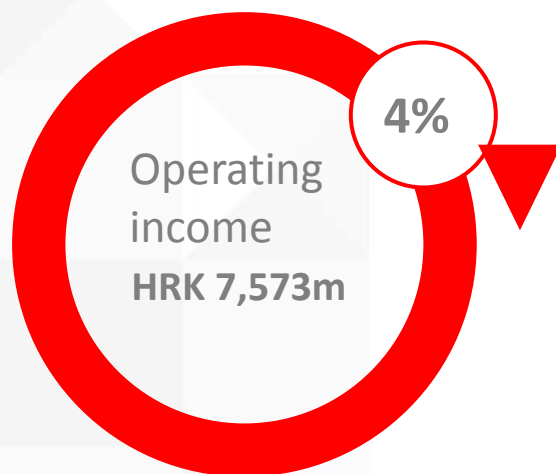
Key Facts



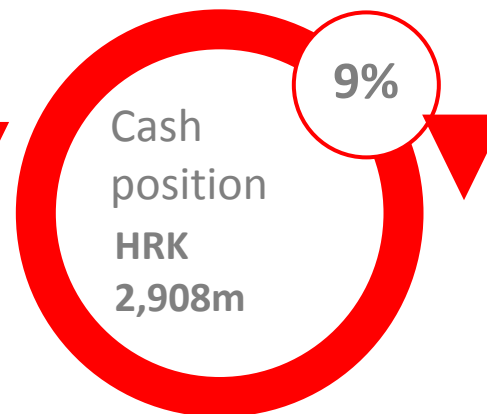
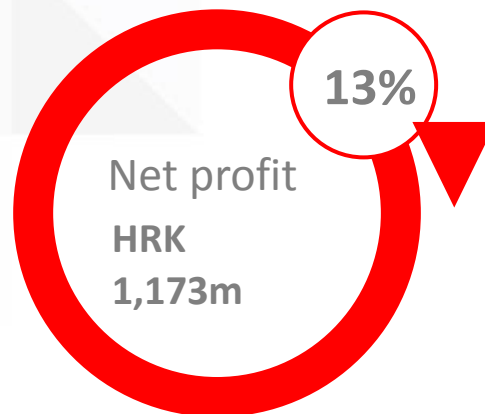
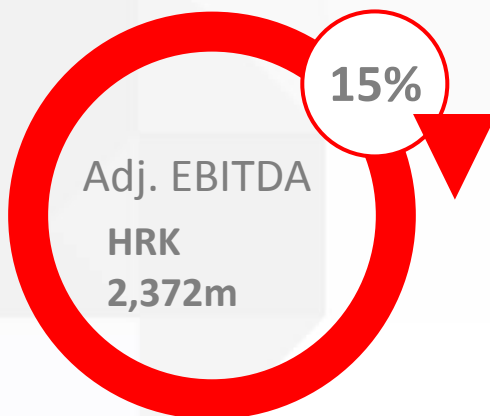
■ HEP Group c. 88 %
electricity market
share in Croatia

■ Regional presence-
11.1% commercial
customers in the
Slovenian market

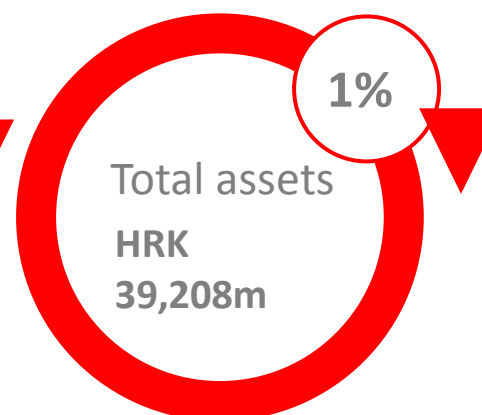
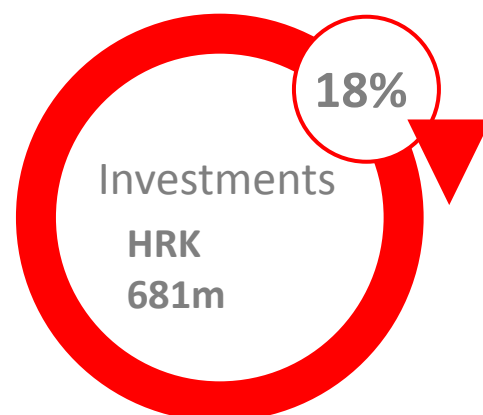
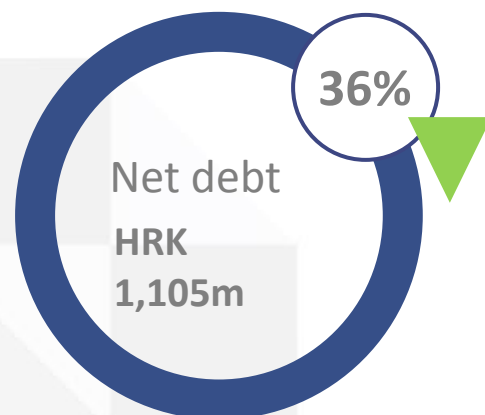
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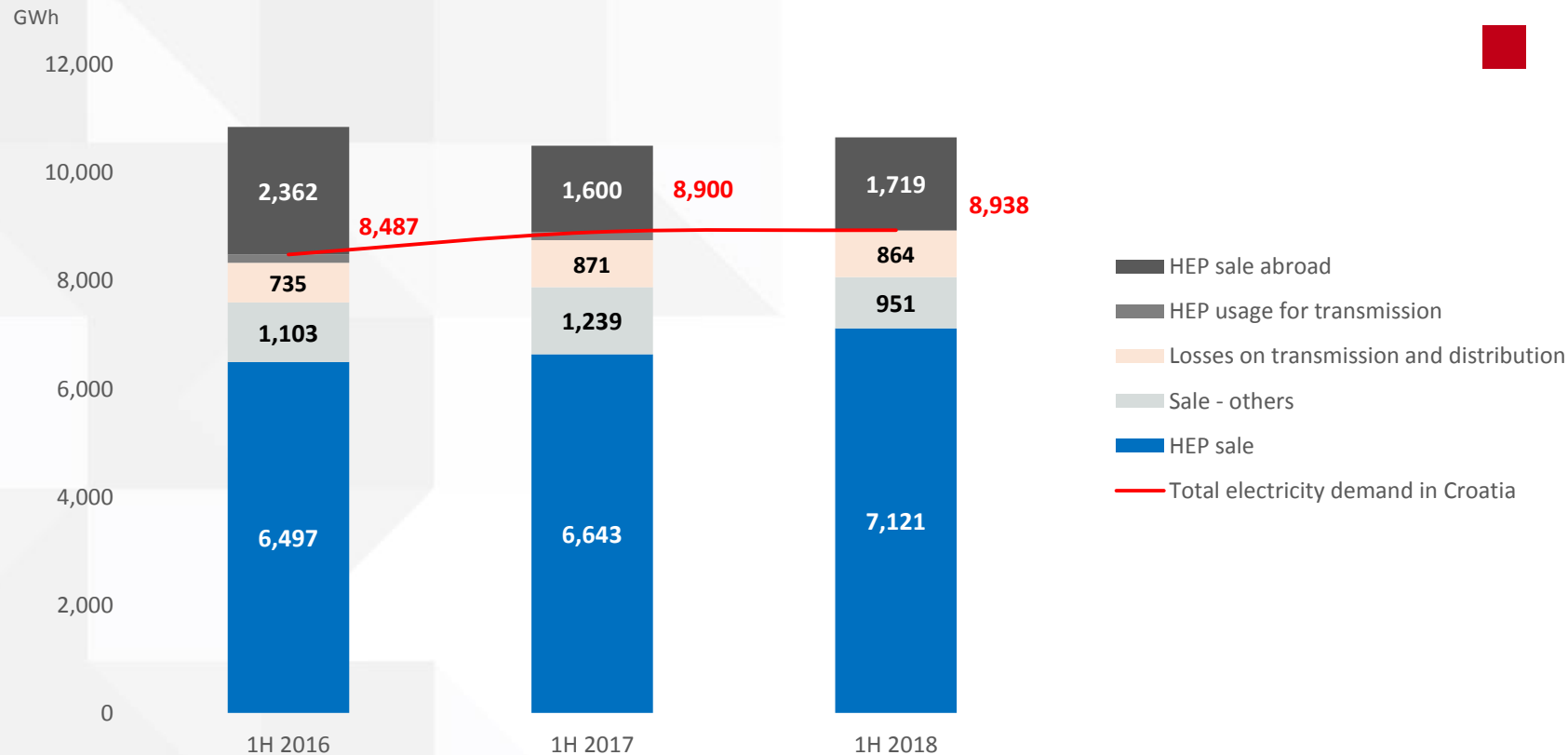
■ Number of employees
1H 2018: 10.758



⦿ % Compared to 1H 2017



Electricity Market in Croatia¹



Total sale by HEP Group suppliers increased by 7.2% compared to the same period 2017, an 13.7% increase in the sale to commercial customers.

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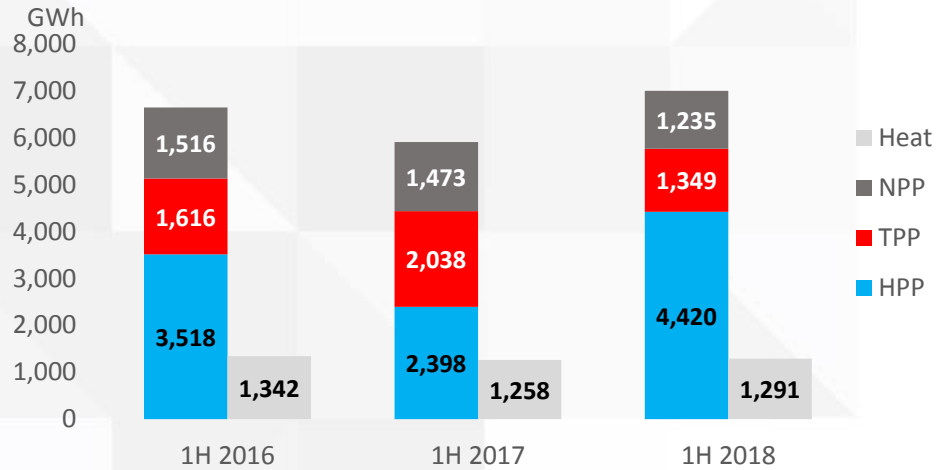
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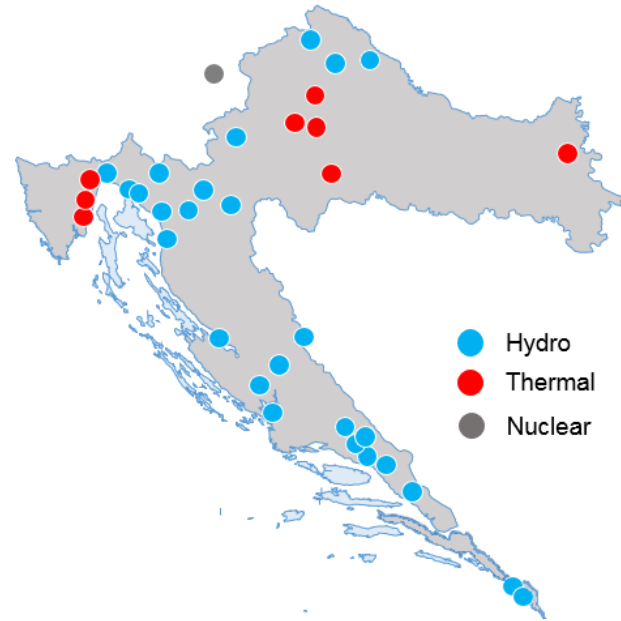
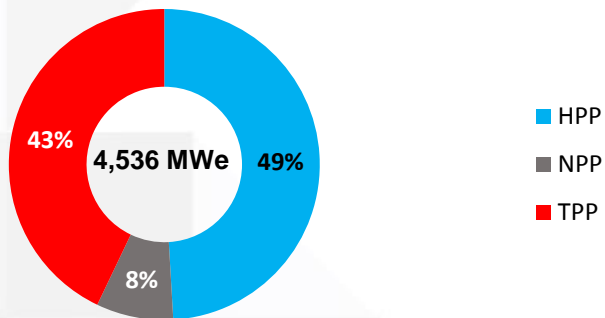
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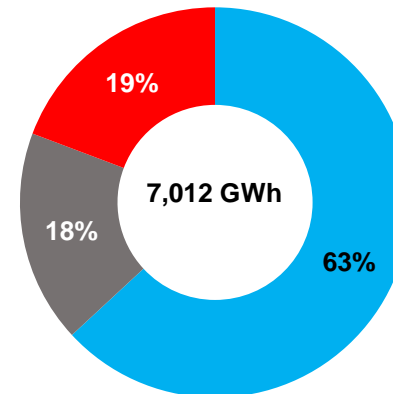
Power Generation in 1H 2018



Electricity - installed capacity 1H 2018¹

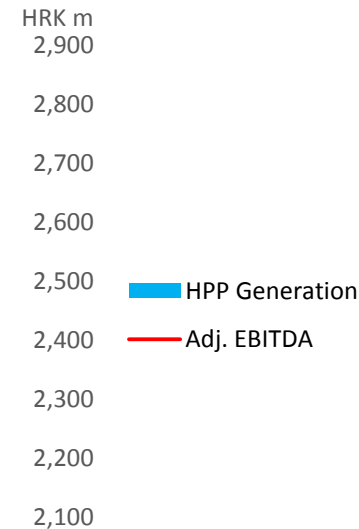
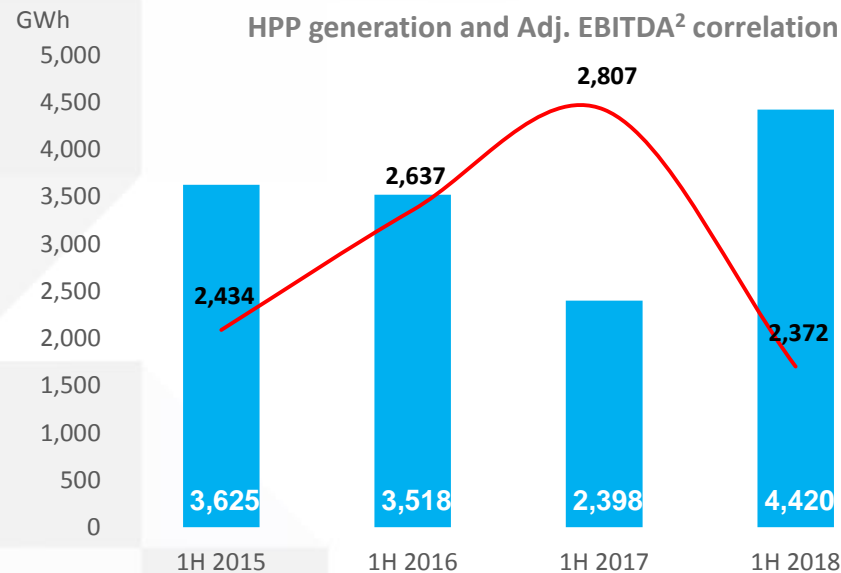
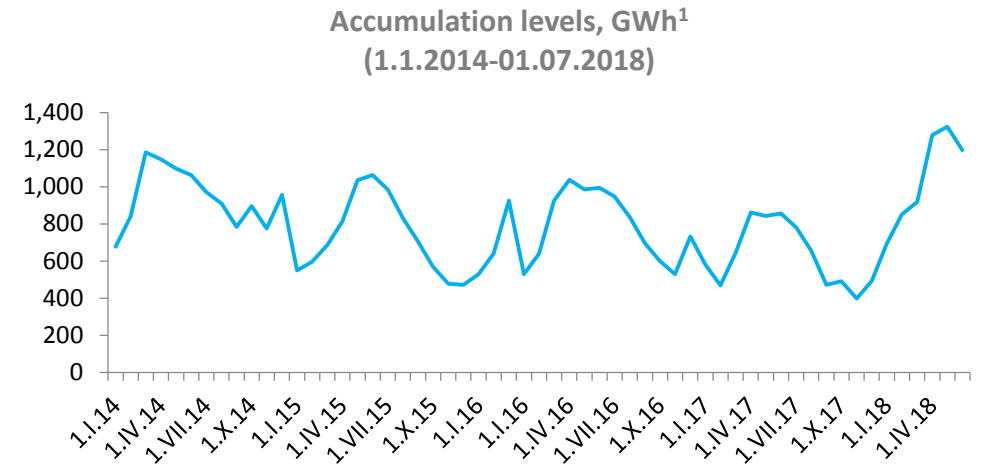
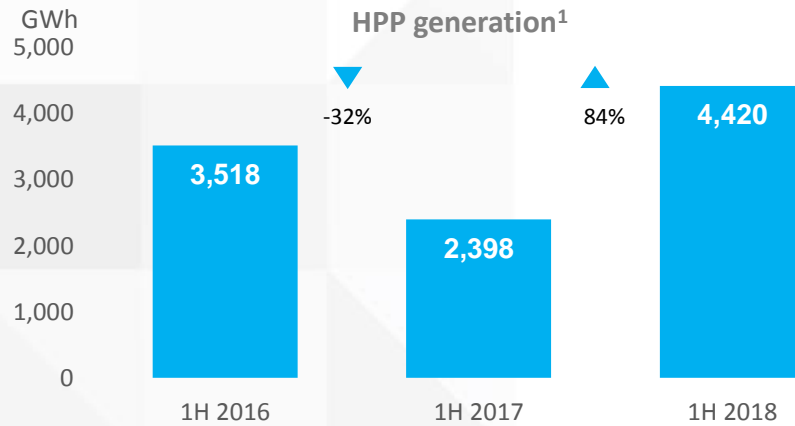


Electricity generation 1H 2018¹



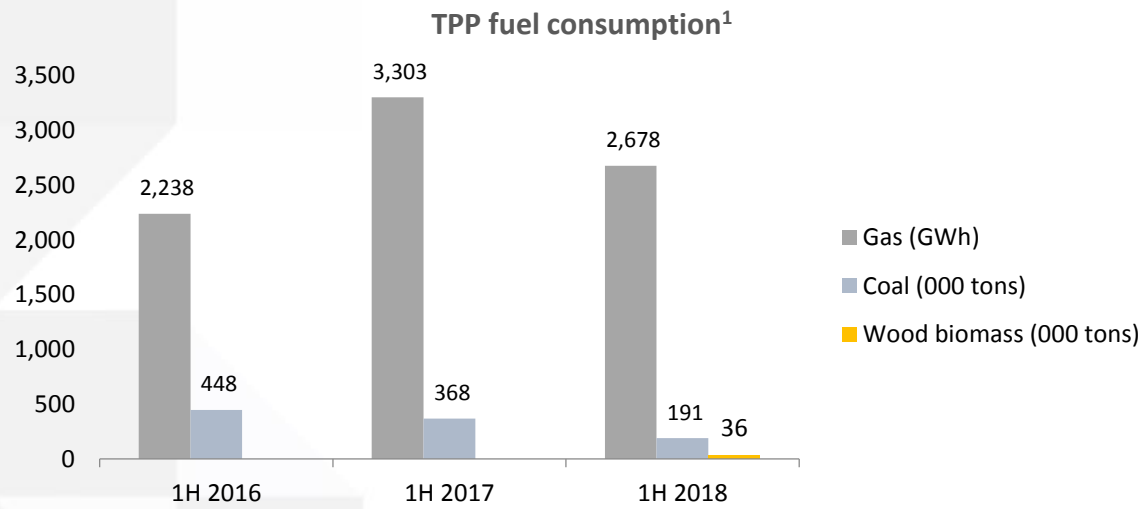
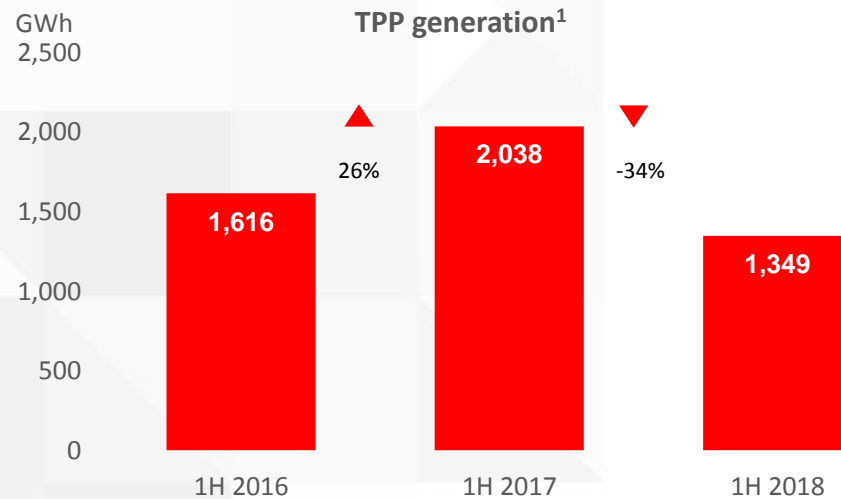
- Compared to the year before HPP generation was 84% higher
- TPP generated 34% less electricity while NPP generation was 16% lower compared to the same period last year
- Generation of heat energy was 3% higher

Electricity Generation from HPP

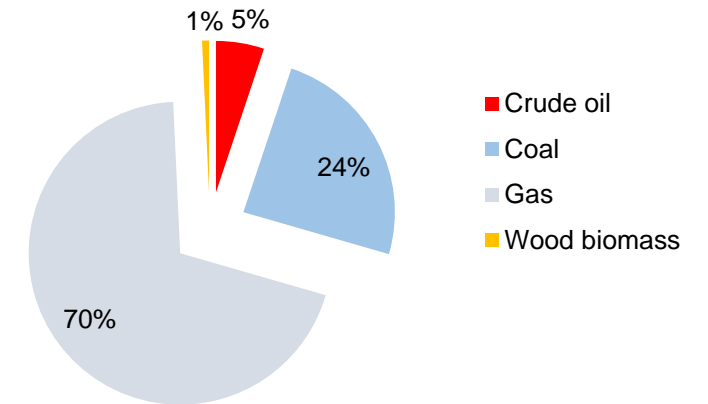


- 26 HPP operated 2,225 MWe total installed capacity
- Good hydrological conditions- 84% higher hydro power generation

Electricity Generation from TPP



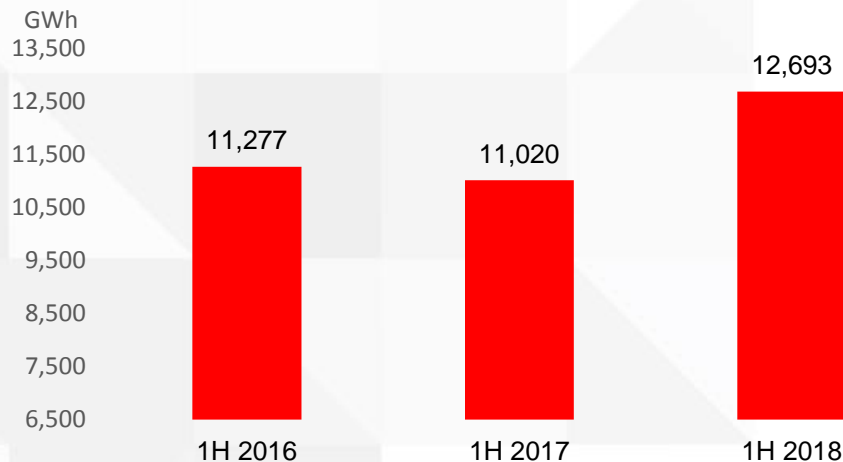
TPP by fuel type, installed capacity²



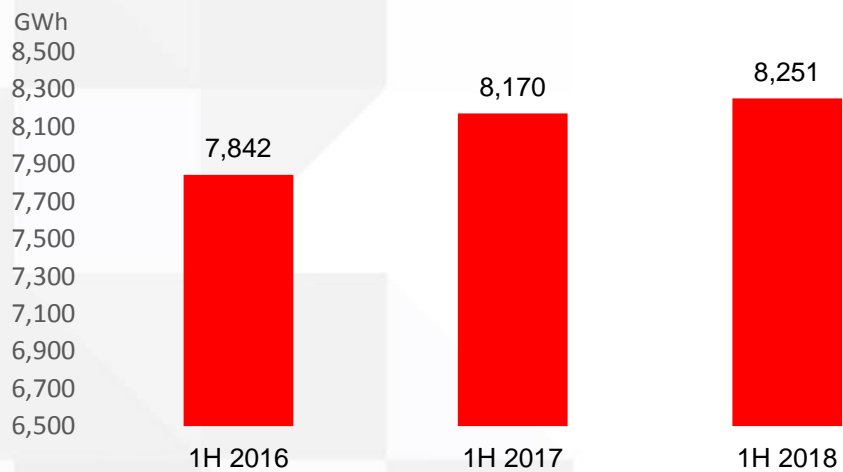
- 7 TPP with total installed capacity of 1,946 MWe²
- 34% lower generation
- All cogeneration plants have obtained environmental permits

Transmission & Distribution

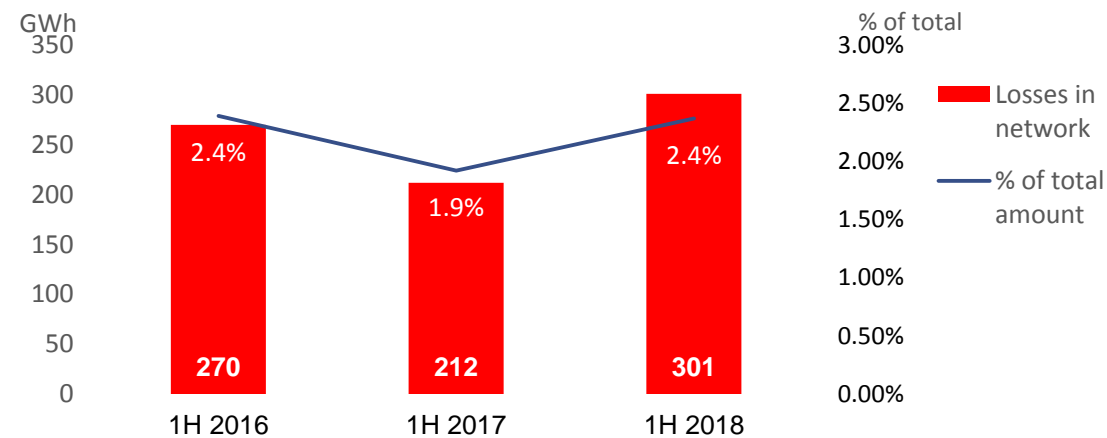
Transmission volume¹



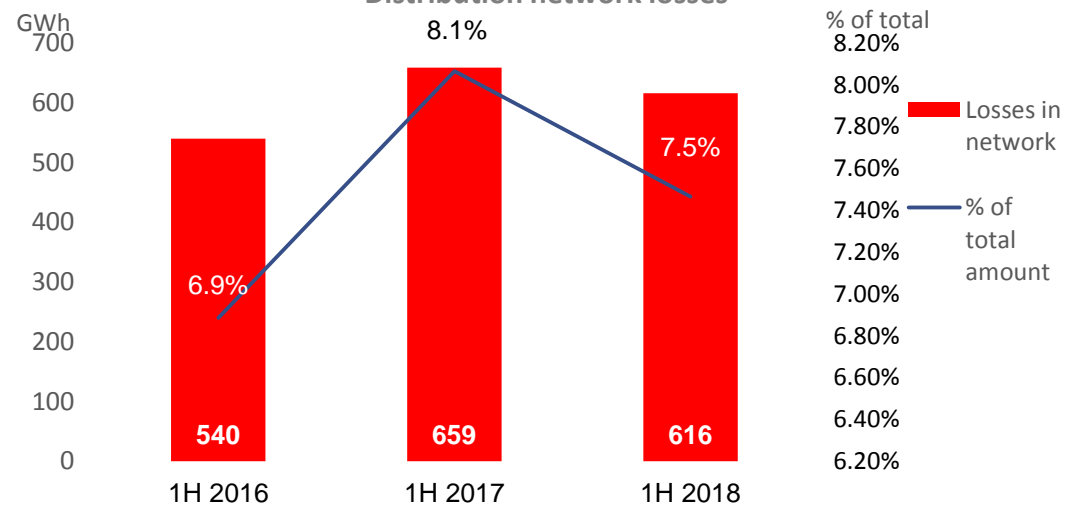
Distribution volume¹



Transmission network losses

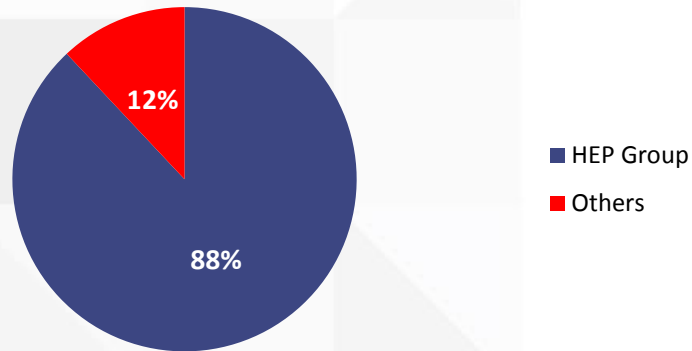


Distribution network losses



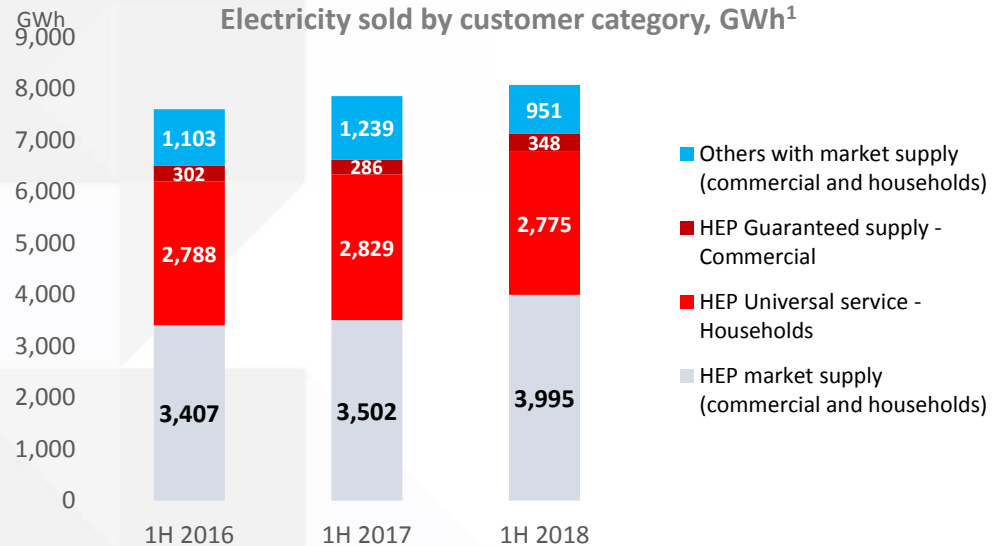
Power Supply

Electricity consumption 1H 2018 per supplier¹

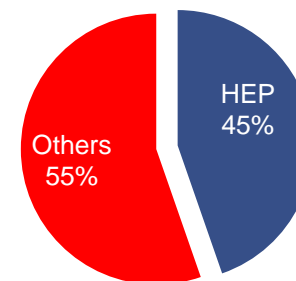


- HEP Group supplies **88 %** of all electricity sold in Croatia
- HEP Elektra supplies customers under public service obligation (universal service and guaranteed supply) while HEP-Supply supplies all other customers that have opted for a market supplier
- HEP Supply is the largest non-tariff supplier among 16 others² in Croatia
- HEP Supply supplies c. 85% of commercial customers in the Croatian market²
- In the first six months of 2018, HEP Supply continued its presence in the region and remained 11.1% of commercial customers in the Slovenian market

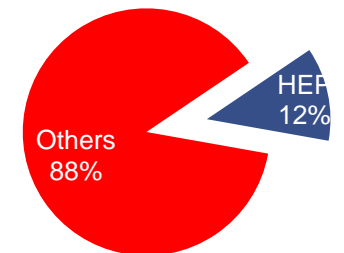
Electricity sold by customer category, GWh¹



Gas Wholesale in Croatia¹



Gas Retail in Croatia¹





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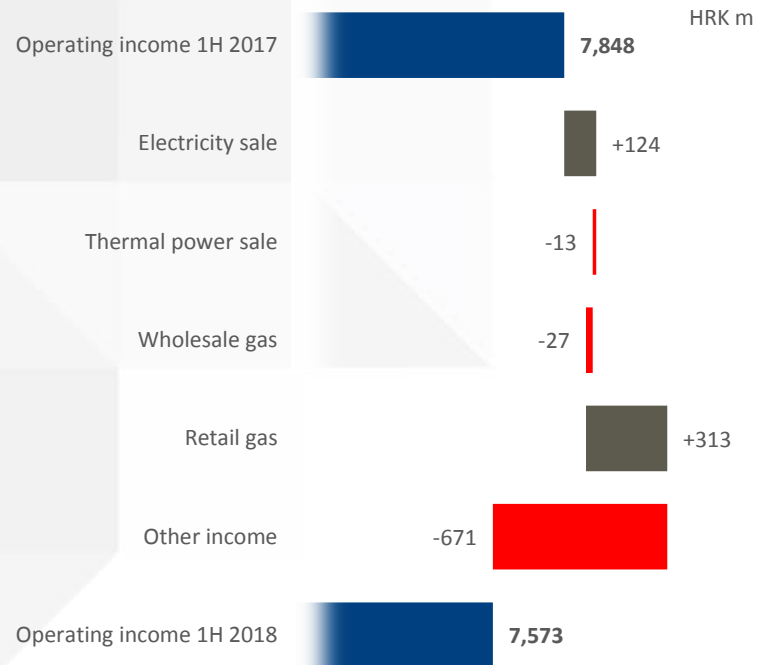
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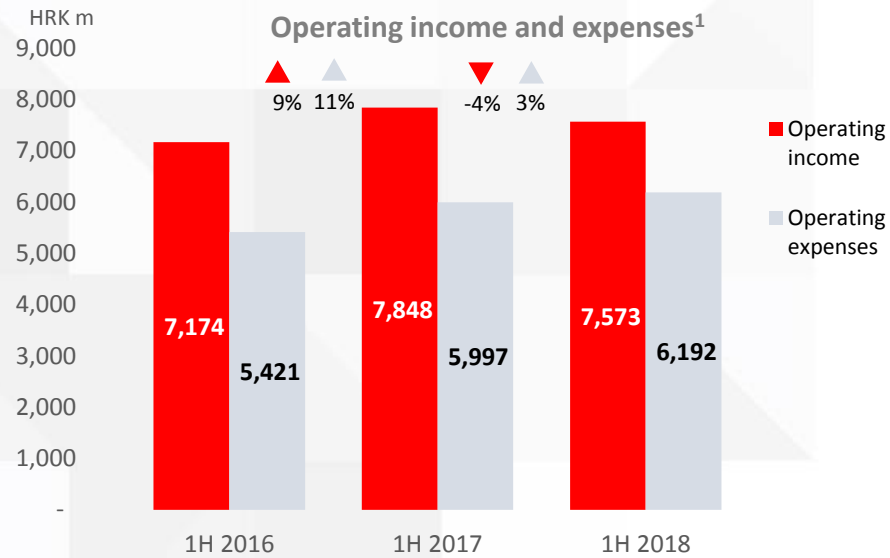


Development of Operating Income¹

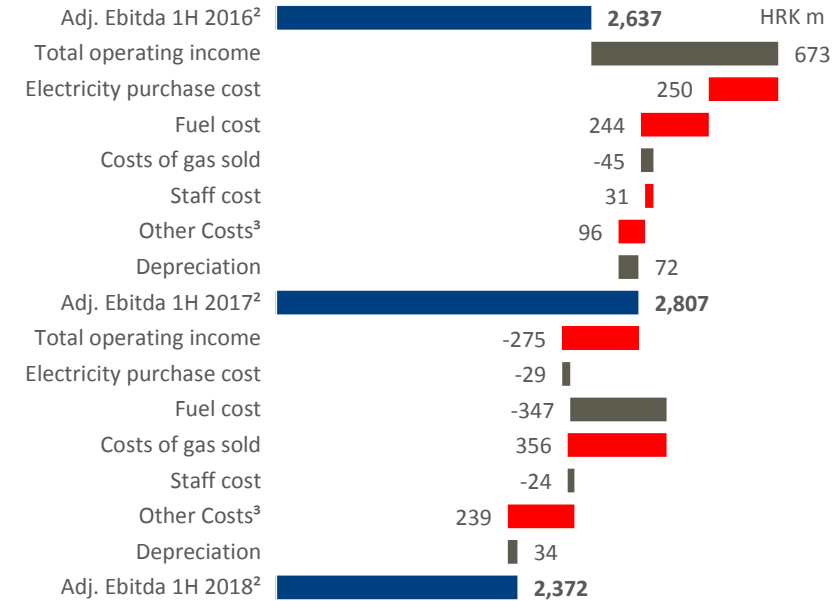
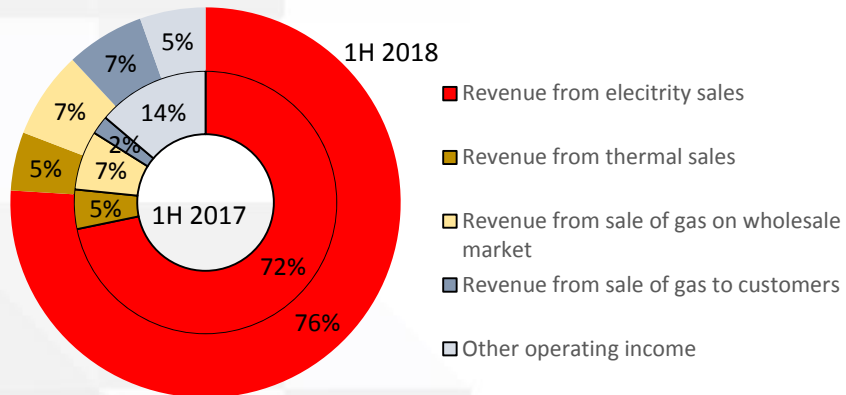


- Revenue from electricity sale increased by HRK **123,6m (2%)**, which is a result of:
 - 2.4% increased demand
 - 7% increased share in the sale to commercial customers
- 3.5% lower** thermal power sales revenue due to **4.2%** consumption decrease
- Sale of gas increased mainly due to start of supply of Petrokemija and trading on power exchanges
- Other operating income decreased by HRK 671.4 m as a result of absence revenue from cancelling asset impairment.

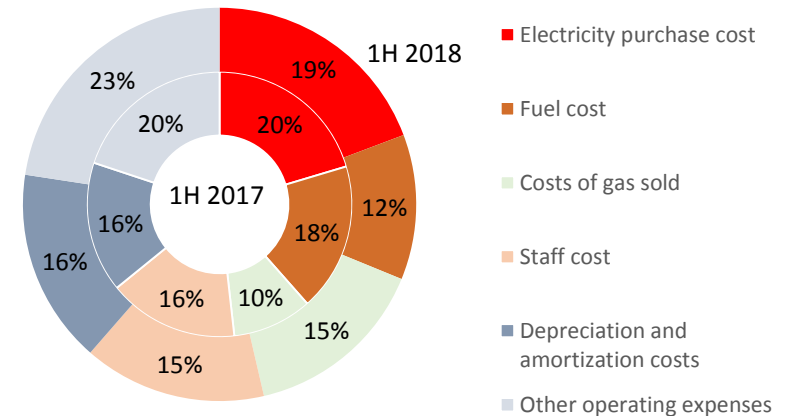
Financial Performance 1H 2018



Total operating income split H1 2018 vs H1 2017¹



Total operating expenses split 1H 2018 vs 1H 2017¹

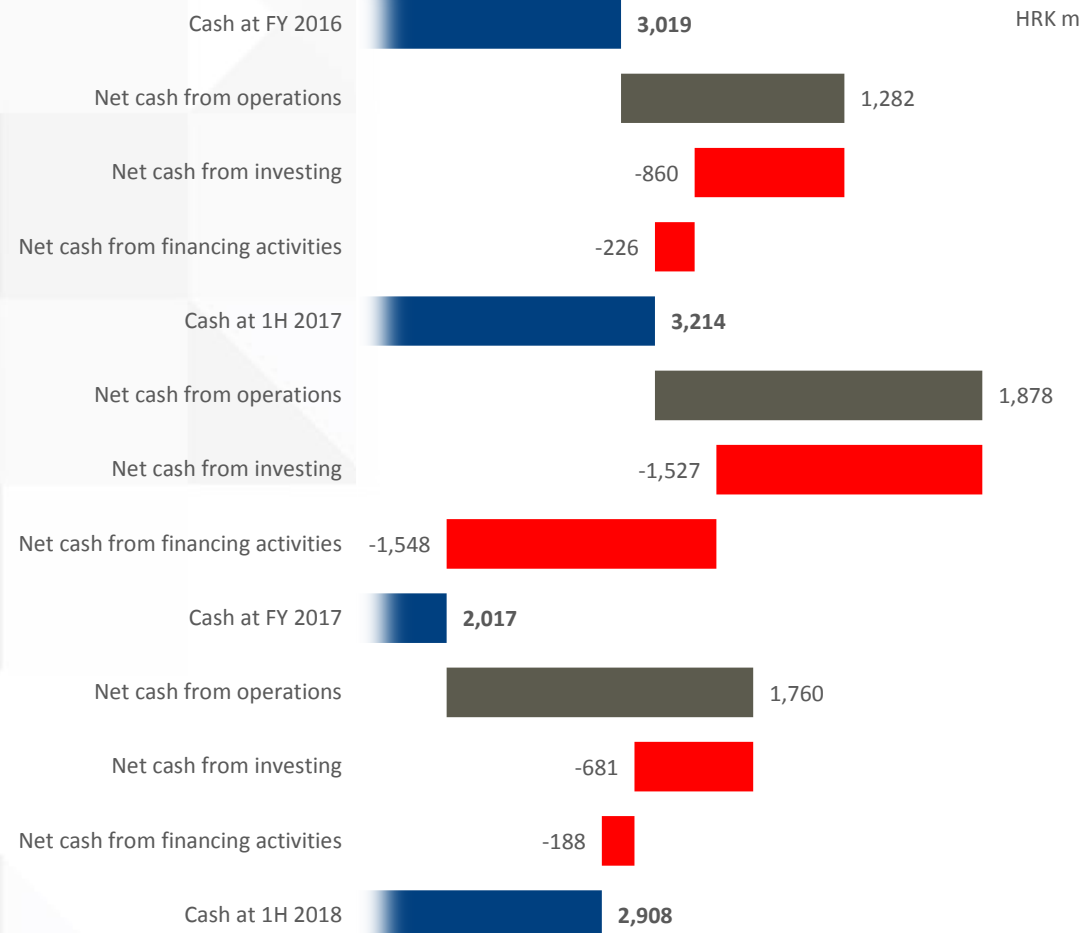


¹ Unaudited Financial Statements for 1H 2018, available at www.hep.hr

² Adjusted EBITDA consists of operating profit/(loss) and depreciation and amortization for the period excluding financial expense, financial income, corporate income tax expense

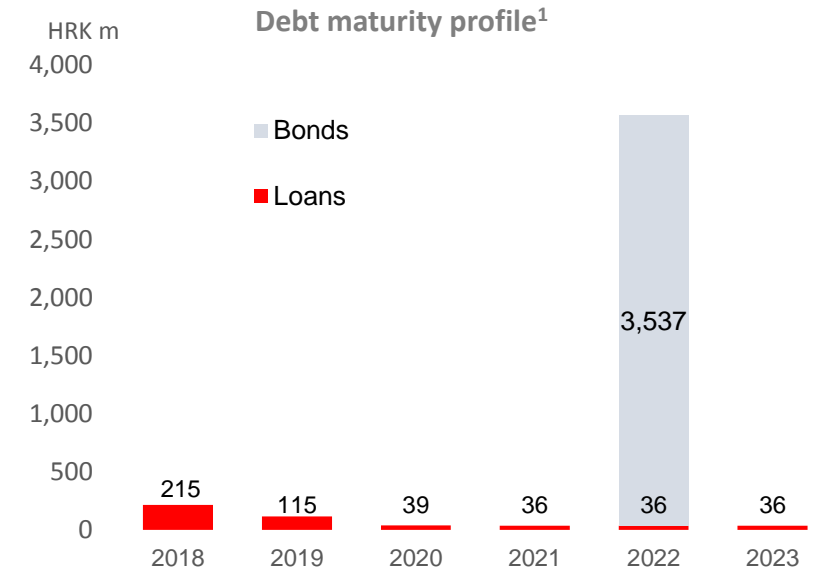
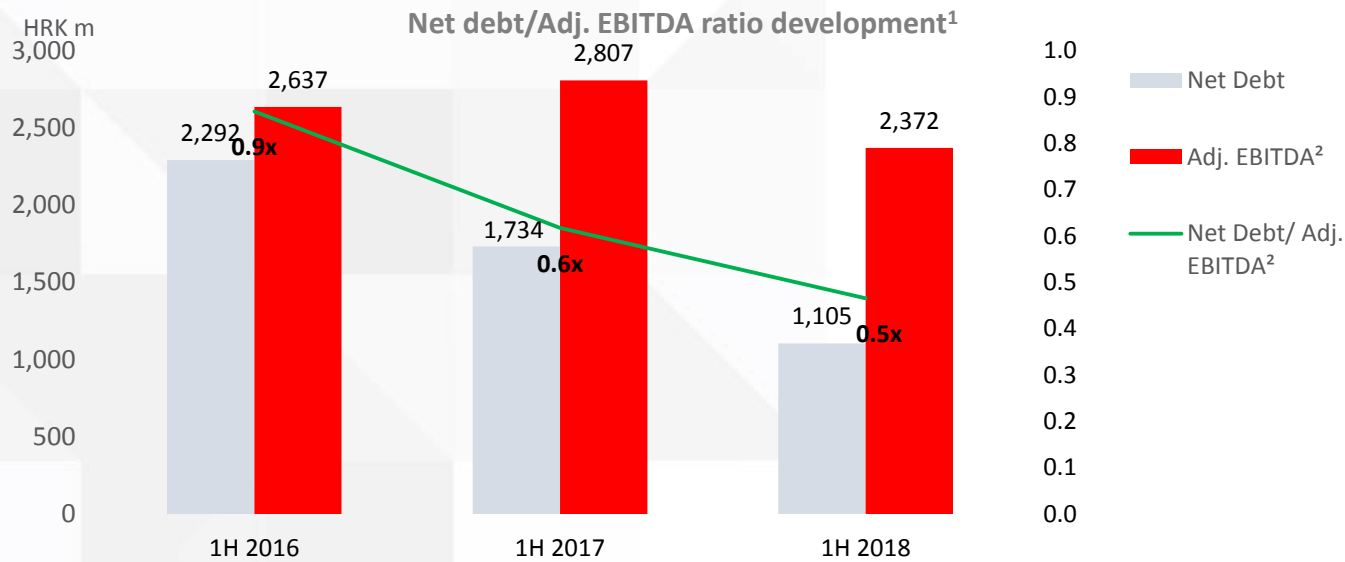
³ Includes depreciation and amortization

Cash flow¹



- Strong liquidity position
- Additional liquidity HRK 1 billion under short term financing sources with local banks
- Continuous capital expenditures
 - KKE EL-TO Zagreb Unit L
 - modernization and revitalization of distribution and district heating network
 - smart meters

HEP Group Debt



Credit Rating Agency	Issue date	Rating
Standard & Poor's	21 December 2016	BB/Stable – SACP bb
Moody's	14 March 2017	Ba2/Stable outlook

- No short term debt since YE 2014
- Experienced issuer on domestic and international capital market (first Croatian Tender Offer and Liability Management Transaction in 2015)

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