



# Hrvatska elektroprivreda

More than electricity

Consolidated Financial Statements  
1H 2019



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## **1H 2019 Key highlights**

Operations results

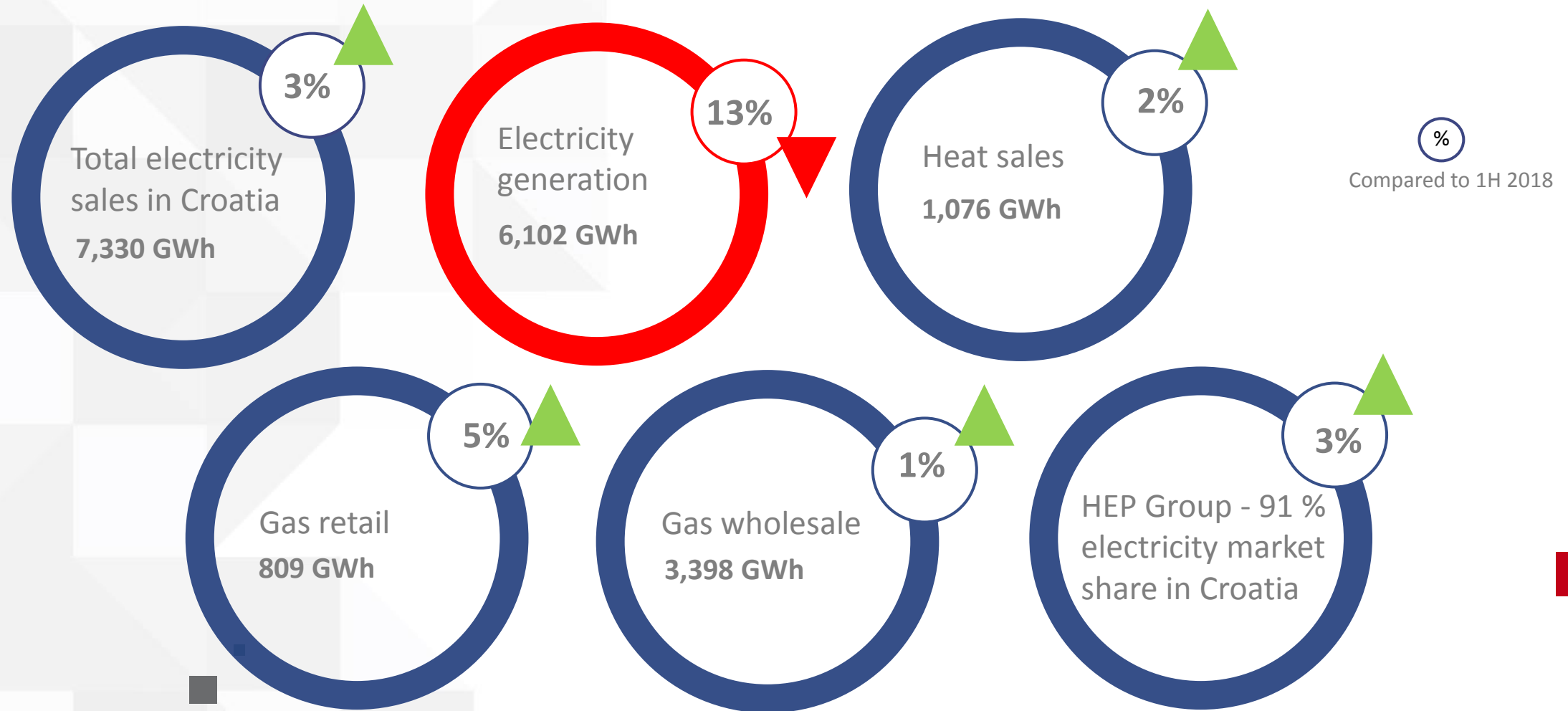
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## Safe Harbor Statement

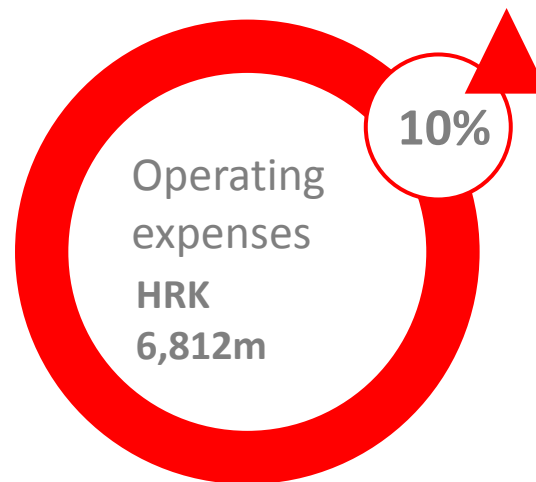
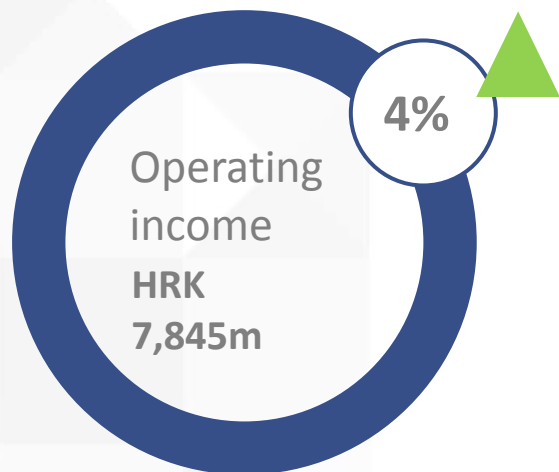
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# Key Facts

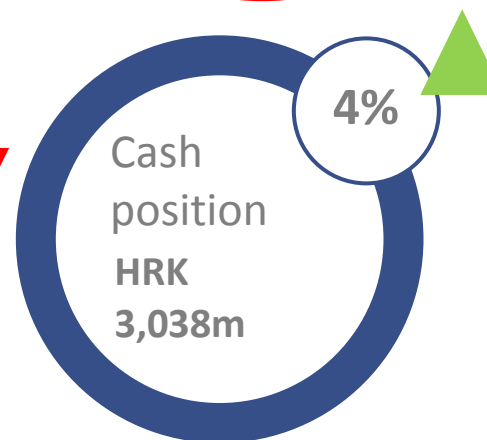
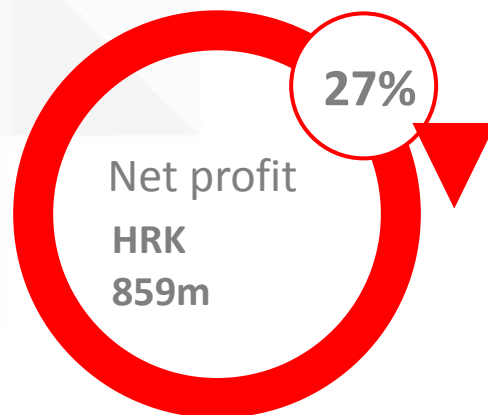
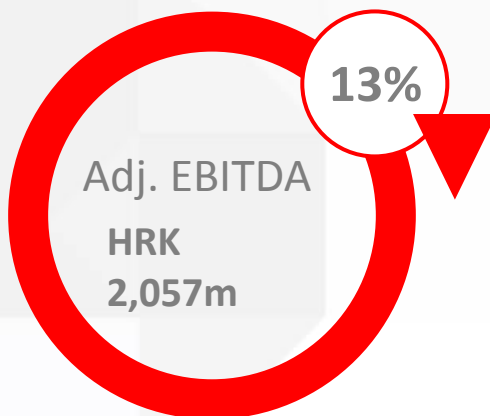




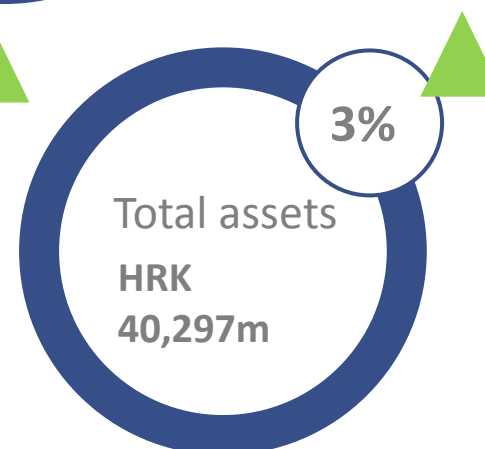
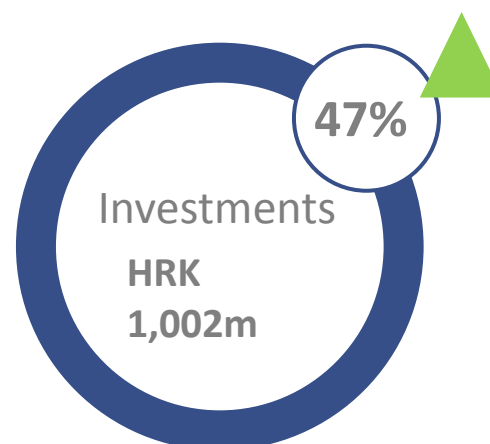
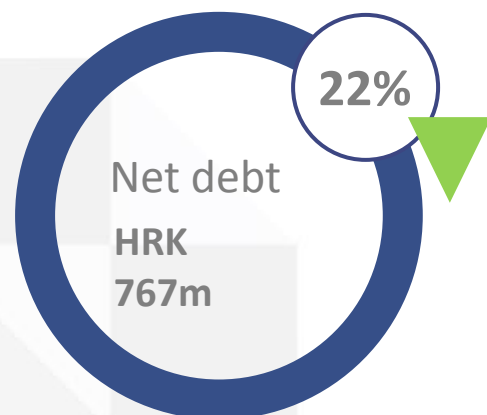
# Key Facts



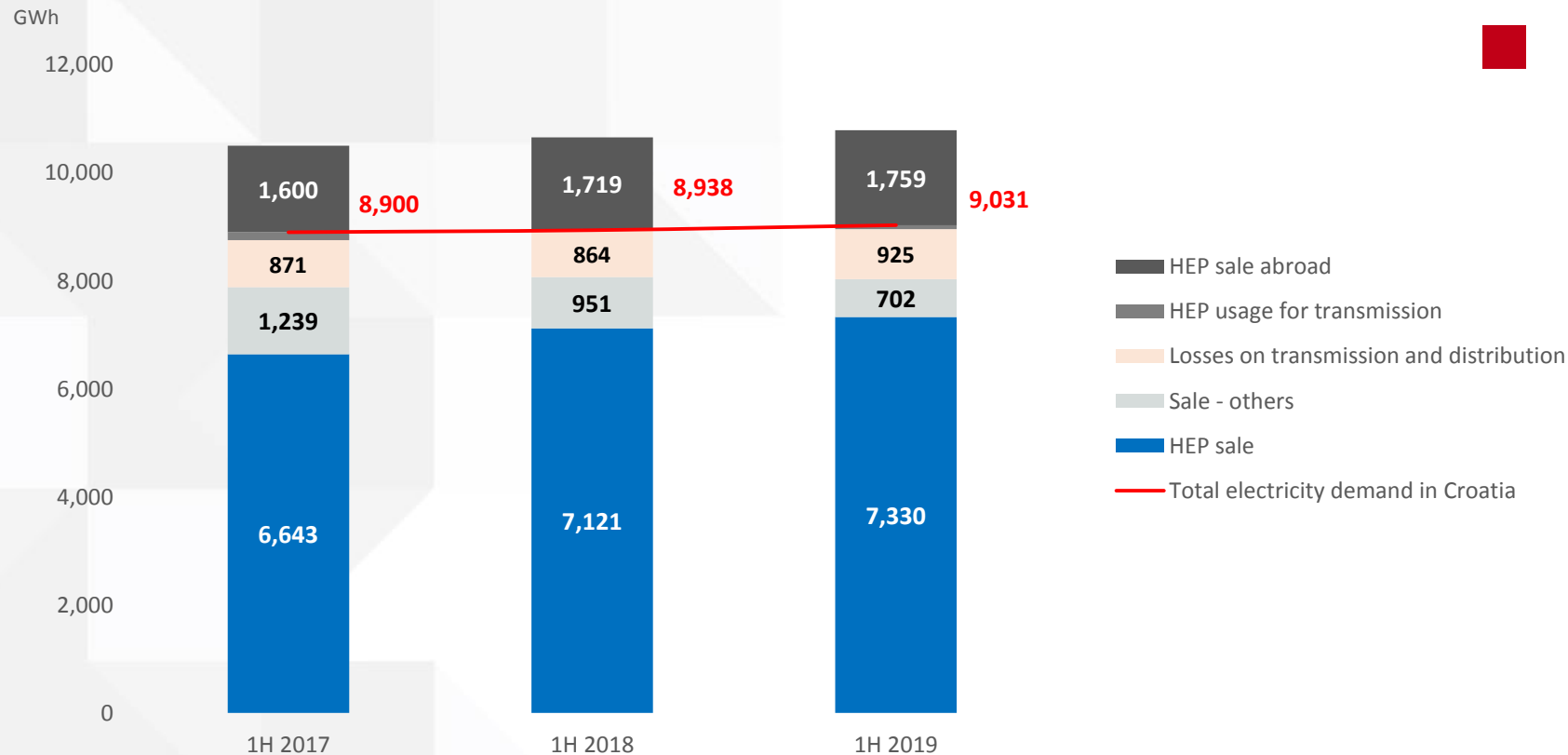
Number of employees  
1H 2019: 11,303



Compared to 1H 2018



# Electricity Market in Croatia<sup>1</sup>



Total sale by HEP Group suppliers increased by 3% compared to the same period 2018, of which an increase by 5% in the sale to commercial customers.

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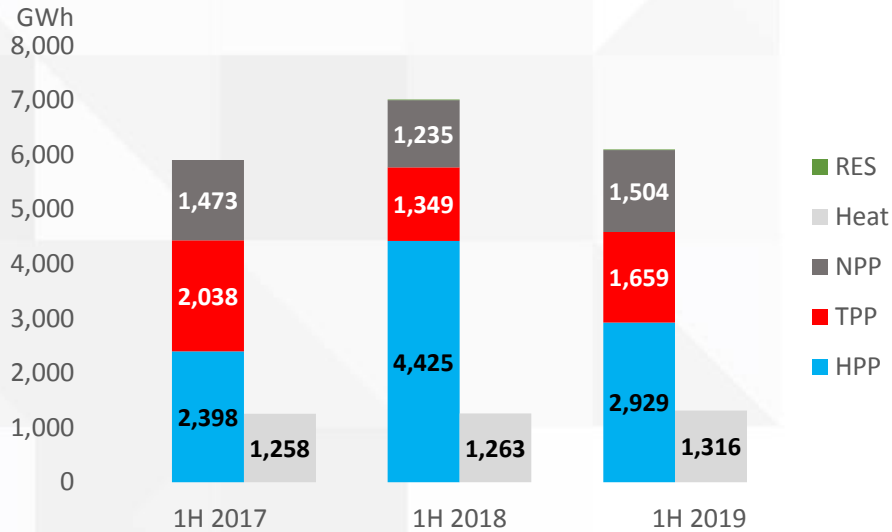
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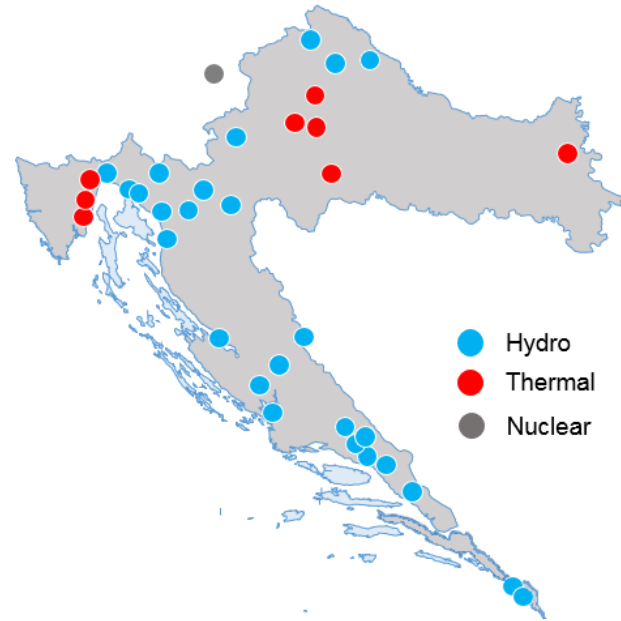
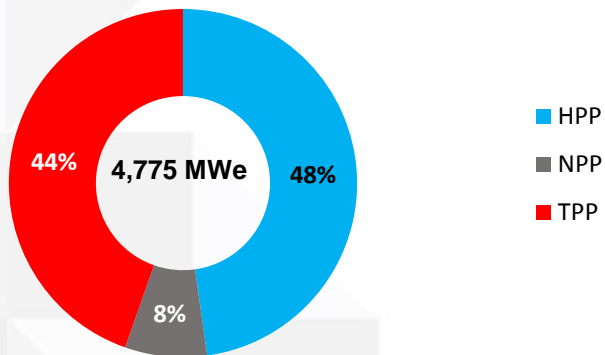
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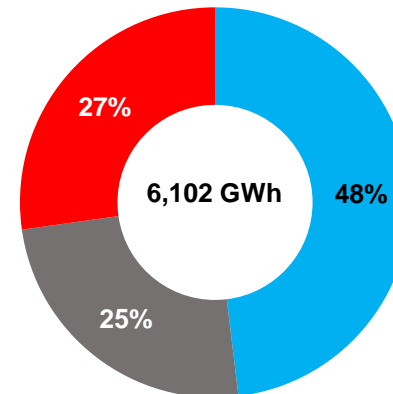
# Power Generation in 1H 2019



Electricity - installed capacity 1H 2019<sup>1</sup>



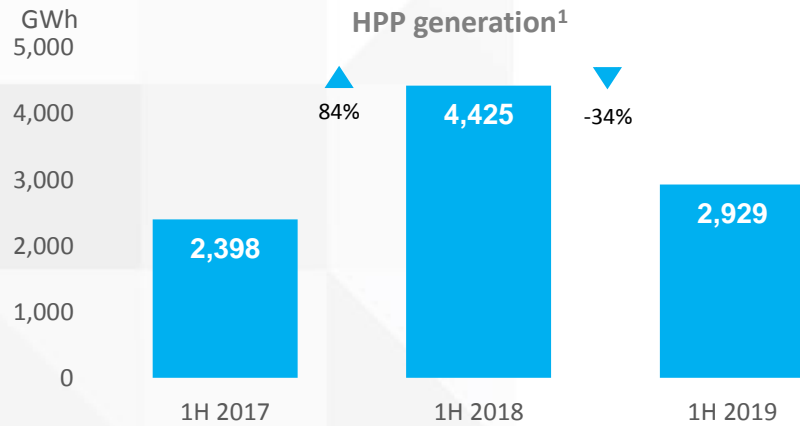
Electricity generation 1H 2019<sup>1</sup>



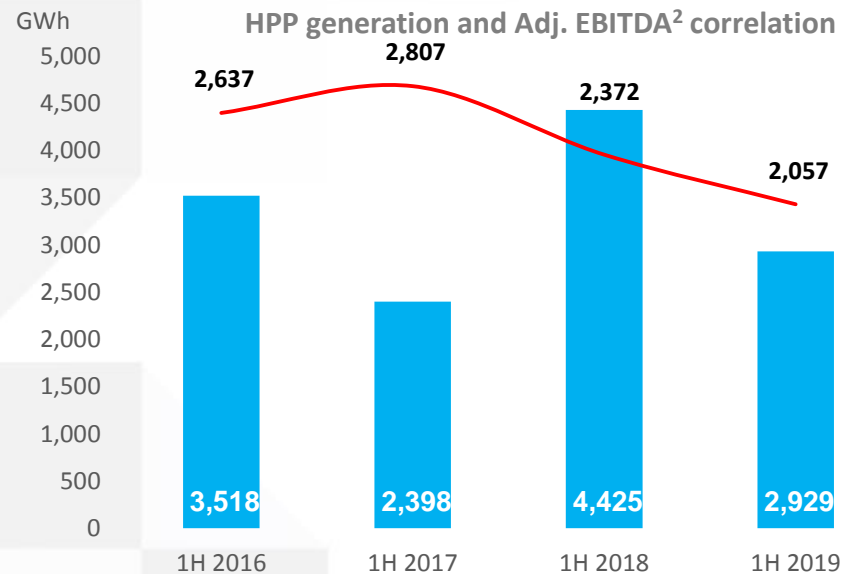
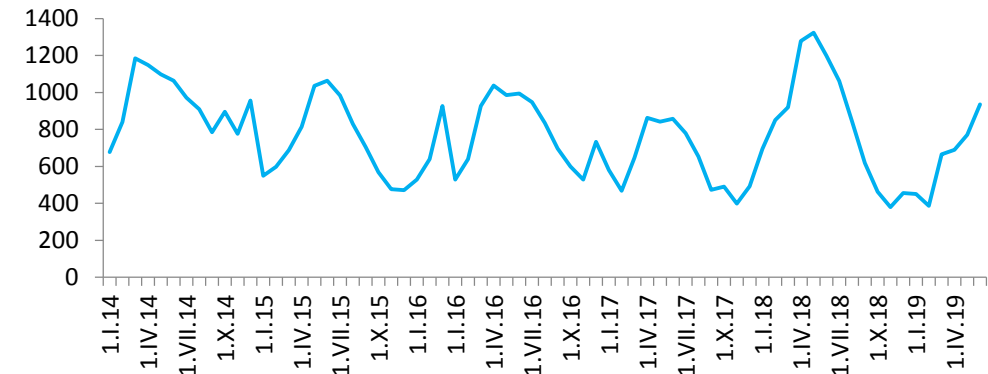
- Compared to the year before HPP generation was 34% lower
- TPP generated 23% more electricity while NPP generation was 18% higher compared to the same period last year
- Generation of heat energy was 4% higher



# Electricity Generation from HPP



**Accumulation levels, GWh<sup>1</sup>**  
(1.1.2014-01.07.2019)



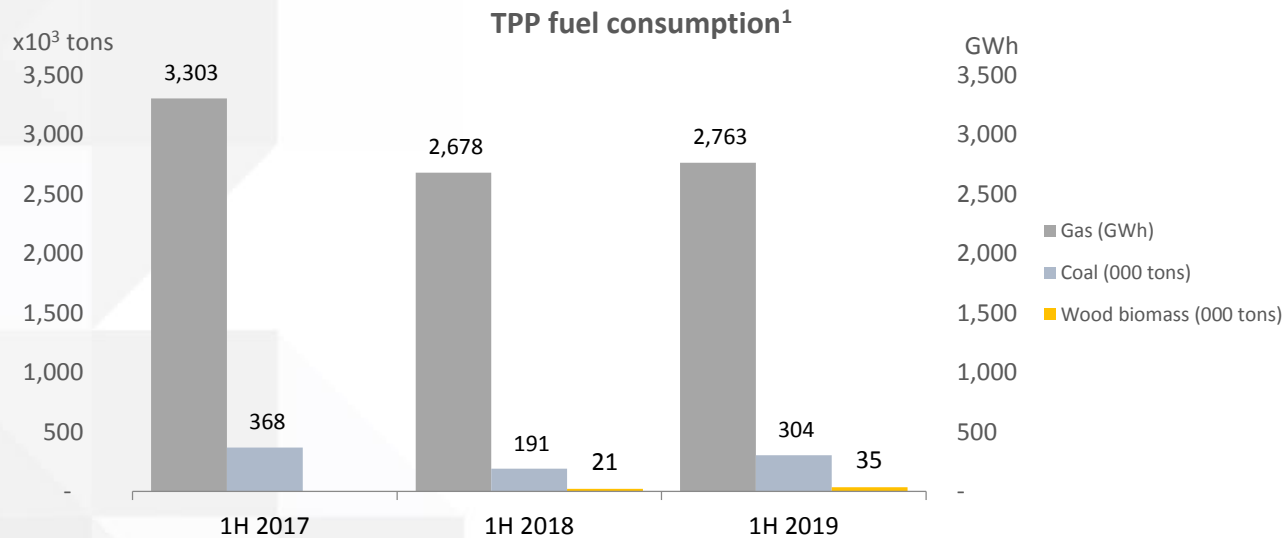
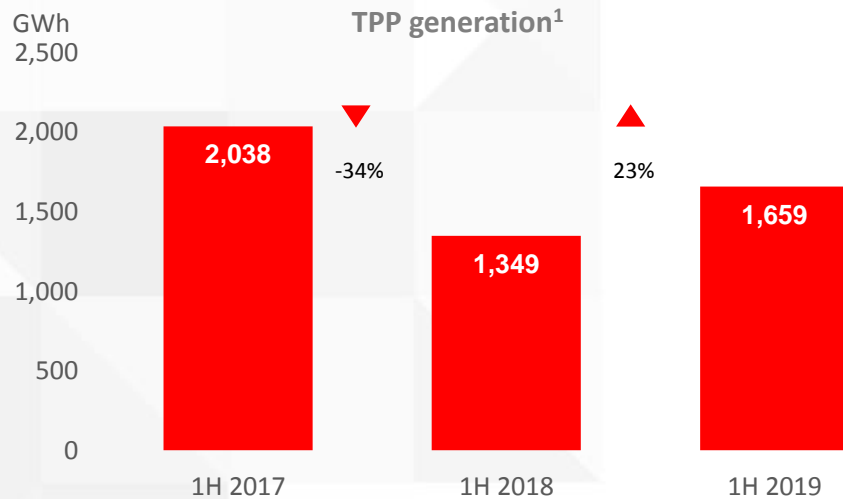
HRK m

3,000  
2,500  
2,000  
1,500  
1,000  
500  
-

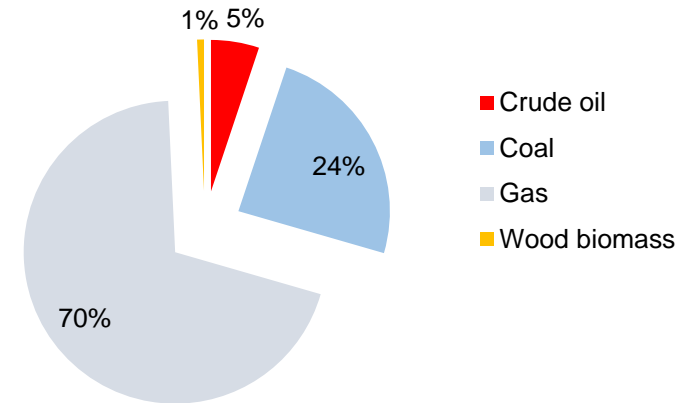
■ HPP Generation  
— Adj. EBITDA

- 26 HPP operated 2,281 MWe total installed capacity
- Not significant influence on EBITDA

# Electricity Generation from TPP



TPP by fuel type, installed capacity<sup>2</sup>

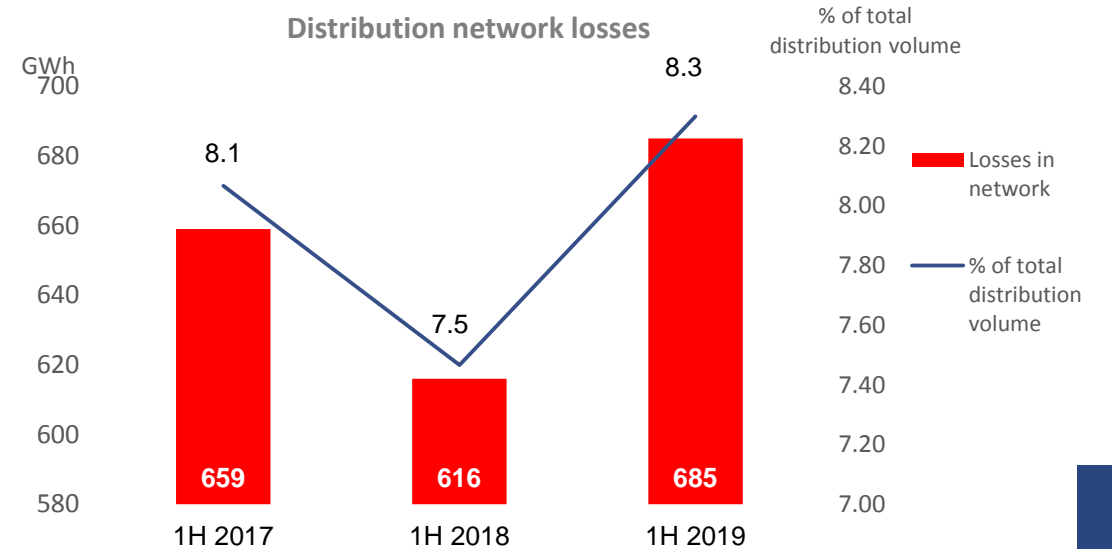
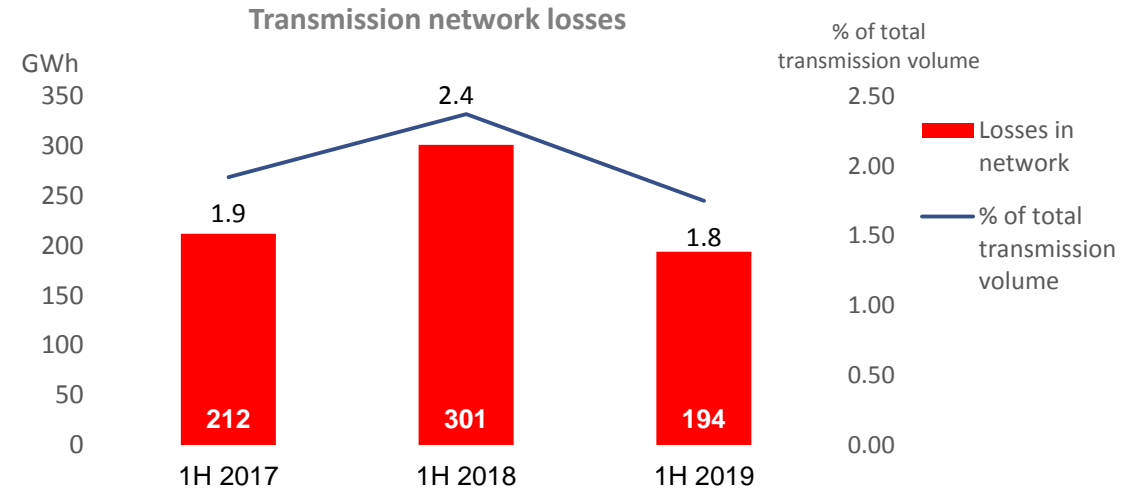
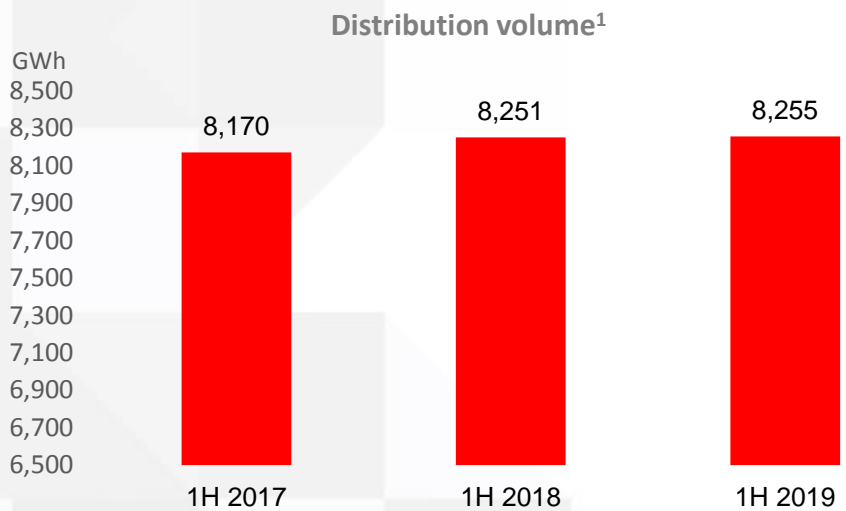
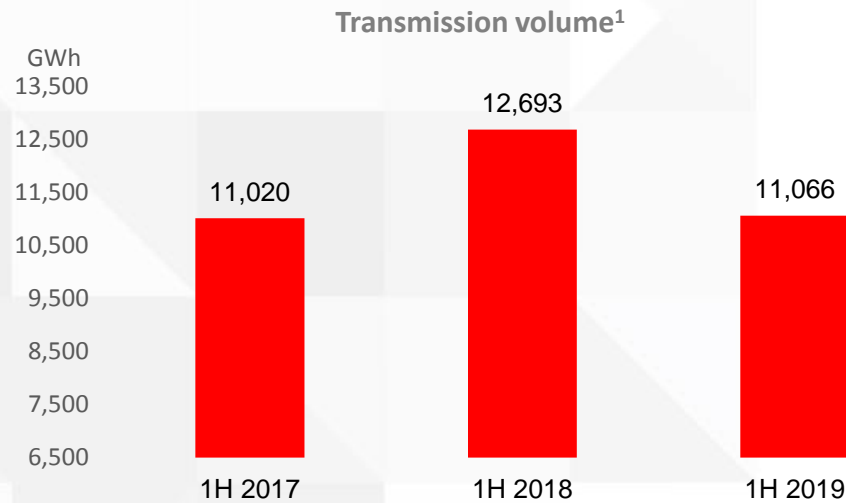


- 7 TPP with total installed capacity of 2,130 MWe<sup>2</sup>
- 23% higher generation
- All cogeneration plants have obtained environmental permits

<sup>1</sup>HEP Group internal data

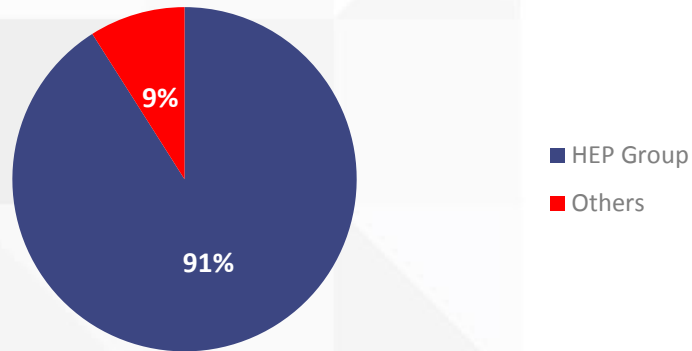
<sup>2</sup>Total installed capacity at 1H2019, HEP Group internal data

# Transmission & Distribution



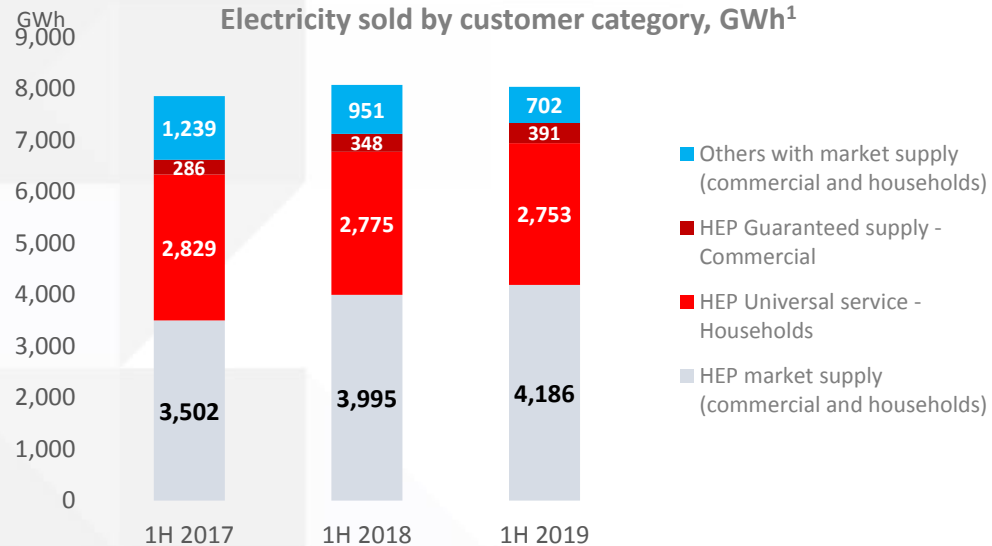
# Power Supply

Electricity consumption 1H 2019 per supplier<sup>1</sup>

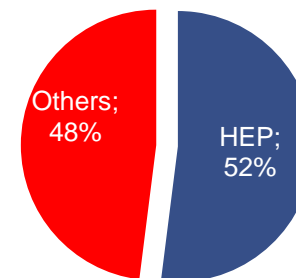


- HEP Group supplies **91%** of all electricity sold in Croatia
- HEP Elektra supplies customers under public service obligation (universal service and guaranteed supply) while HEP-Supply supplies all other customers that have opted for a market supplier
- HEP Supply is the largest non-tariff supplier among 16 others<sup>2</sup> in Croatia
- HEP Supply supplies c. 85% of commercial customers in the Croatian market<sup>2</sup>

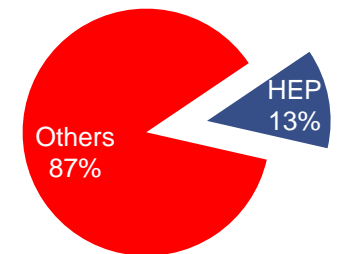
Electricity sold by customer category, GWh<sup>1</sup>



Gas Wholesale in Croatia<sup>1</sup>



Gas Retail in Croatia<sup>1</sup>



<sup>1</sup>HEP Group internal data

<sup>2</sup>electricity sold, as of 1H 2019, [www.hera.hr](http://www.hera.hr)



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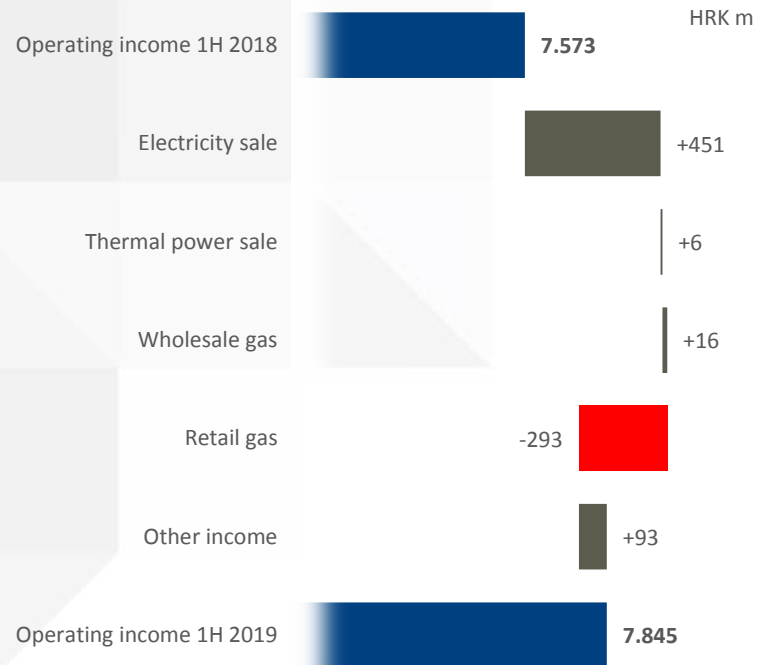
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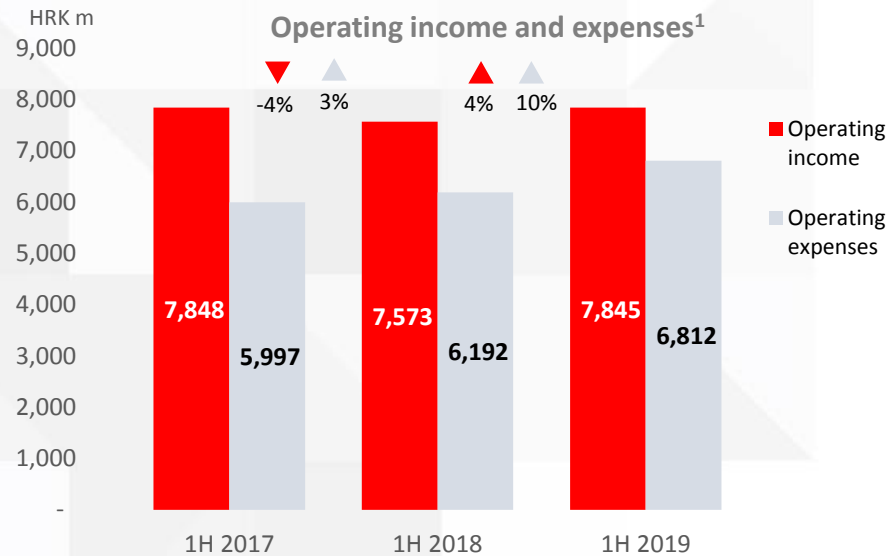


# Development of Operating Income<sup>1</sup>

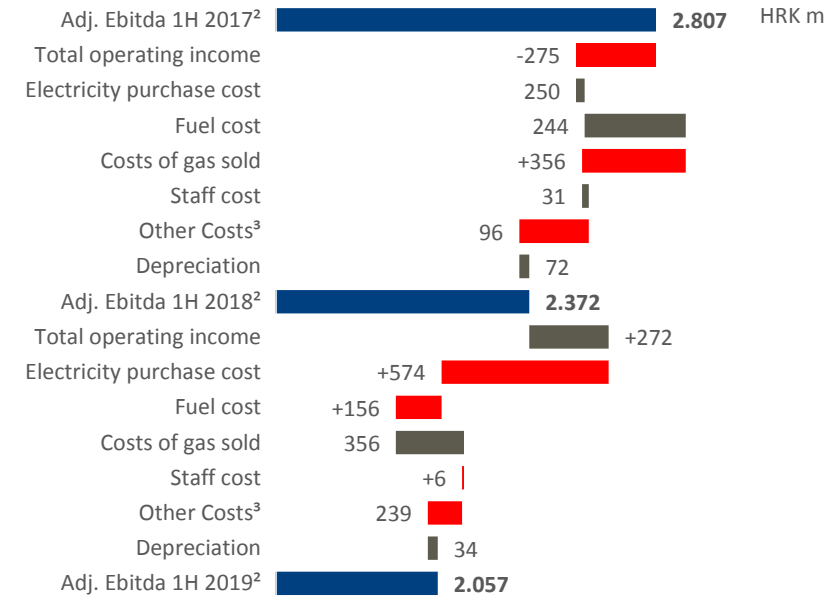
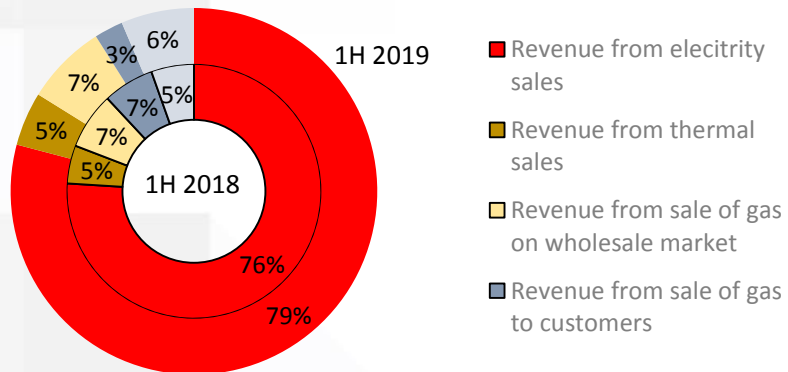


- Revenue from electricity sale increased by HRK **451,1m (7%)**, which is a result of an increase in:
  - 4.8% increased share in the sale to commercial customers
  - 1.2% increased sale outside Croatia
- 1.6% higher** thermal power sales revenue due to **1.8%** higher sale
- Sale of gas on wholesale market increased **2.8%** mainly due to higher price of gas that is applied from 1<sup>st</sup> of April 2019.
- Sale of gas on retail market is lower **147%** - mainly due to cessation of supply to the specific customer
- Other operating income increased by **18%**

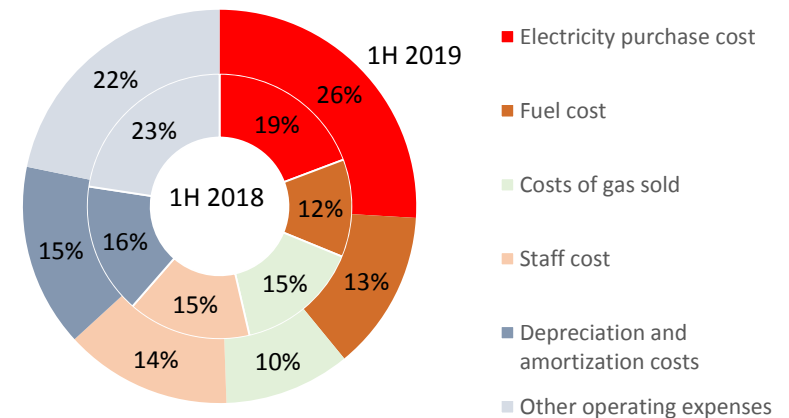
# Financial Performance 1H 2019



**Total operating income split H1 2019 vs H1 2018<sup>1</sup>**



**Total operating expenses split 1H 2019 vs 1H 2018<sup>1</sup>**

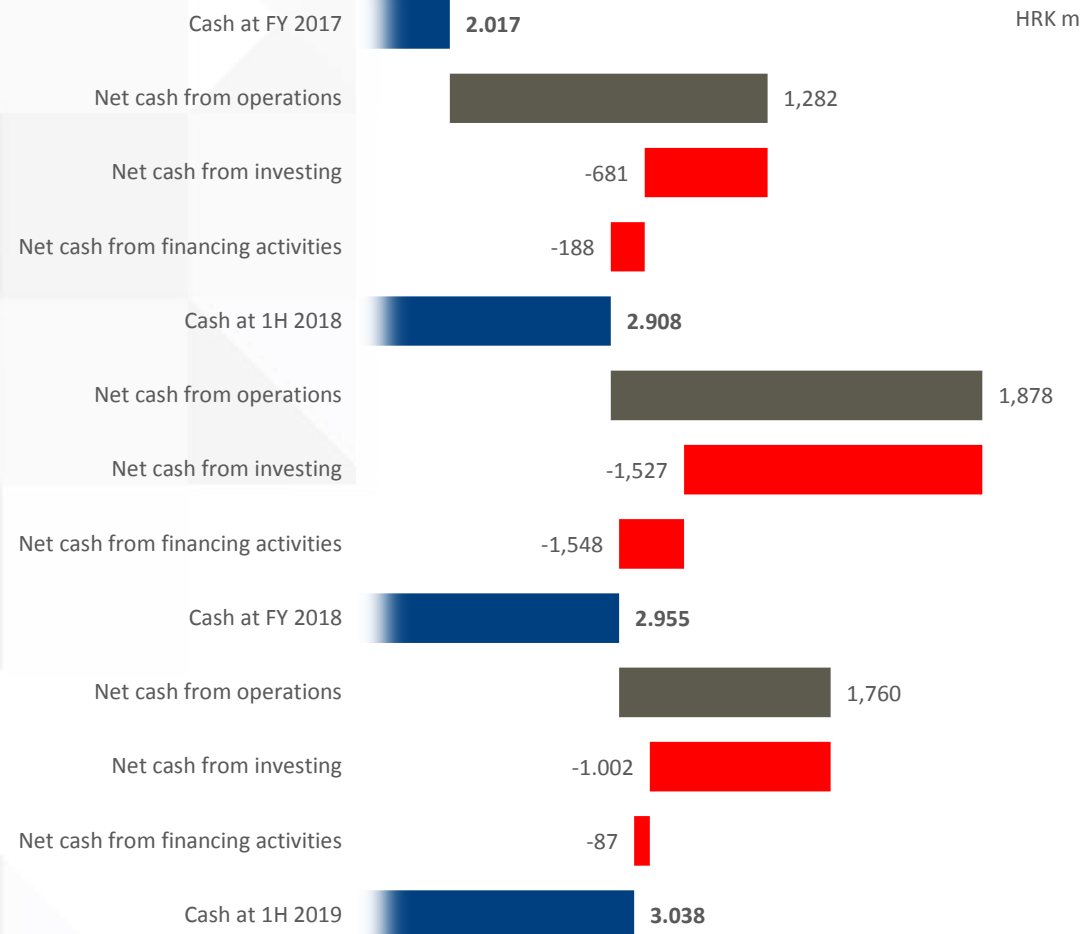


<sup>1</sup> Unaudited Financial Statements for 1H 2019, available at [www.hep.hr](http://www.hep.hr)

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

<sup>3</sup> Includes depreciation and amortization

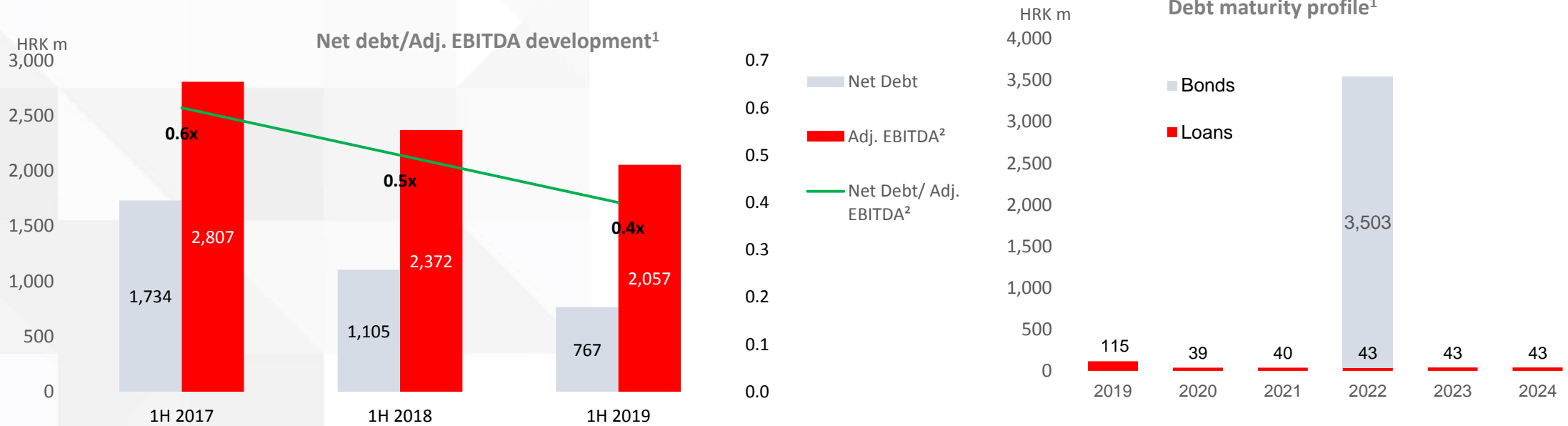
# Cash flow<sup>1</sup>



- Strong liquidity position
- Additional liquidity HRK 1 billion under short term financing sources with local banks
- Continuous capital expenditures
  - Wind farm Korlat
  - Solar power plant Cres
  - Modernization and revitalization of distribution and district heating network
  - Smart meters



# HEP Group Debt



Credit Rating Agency	Issue date	Rating
Standard & Poor's	26 March 2019	BB+/Stable – SACP bb
Moody's	30 April 2019	Ba2/Positive outlook

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# Q&A



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