



Press Conference
15/12/2011

KONČAR

2011 Business Results

Financial indicators:

- It is estimated that the KONČAR Group is going to generate a positive financial result for 2011. The consolidated Group profit before tax is estimated to the amount of HRK 200.5 million, the profit tax in the amount of HRK 20.2 million, the profit after tax in the amount of HRK 180.3 million, the minority interest share in the amount of HRK 27 million and the share of the owner of the Parent Company in the profits of the Group in the amount of HRK 153.3 million. The estimated result is at the level of 2010 achievement and somewhat higher than planned. The total consolidated gross profit is estimated in the amount of HRK 2.7 billion making 2 per cent increase compared to 2011 Plan.
- Nonconsolidated income from the sales of products and services (including the income from the sales of products and services among companies within the Group) is estimated to the amount of HRK 2.8 billion that is by 3 per cent higher than planned and 1 per cent higher than 2010 achievement.
- Consolidated income from the sales of product and services for 2011 is estimated in the amount of HRK 2.3 billion (3 per cent lower than planned and 5 per cent lower than for the previous year). On the domestic market the income from the sales is estimated in the amount of HRK 1 billion (8 per cent lower than in 2010), while the income from exports is estimated in the amount of HRK 1.3 billion (at the level of 2010)

Sales of products and services:

- The largest share (84 per cent) in the sales of the Group will be achieved by the companies belonging to the business area Energy and Transport
- Exports HRK 1.3 billion– 56 per cent of the total sales
- Most important markets – Germany, Bosnia and Herzegovina, Sweden, Nigeria, Albania, Cyprus, Finland, Austria, Slovenia, Costa Rica
- Exports are higher than imports (export import coverage ratio 2.1)

Contracted projects:

- Contracted projects at the end of the year are estimated in the amount of HRK 2.2 billion that is by 6 per cent higher than the contracted projects at the beginning of the year

Employees:

- The number of employees at the end of 2011 is at the level of 2010 and amounts to 3954 employees (16 employees more than at the end of 2010)
- KONČAR Managing Board and the Coordination of the Croatian Metal Workers Syndicate - IS KONČAR signed Annex V to the Collective Employment Agreement in November. Annex V is based on the analysis of business operations, contracted projects and application of anti-recession measures in KONČAR Group Companies starting from the situation in the economy and 2012 Business Plan.

Investments:

- Investments amount to HRK 241 million into:
 - Pometeno brdo Wind Farm
 - R&D of high voltage circuit breakers
 - Construction of a high voltage laboratory for testing and inspections of middle power transformers up to 100 MVA and 170 kV in Company KONČAR – D&ST
 - Equipping of Hall “A” for integration and testing of the wind turbine gondola
 - A new switchgear at the settlement of Sesevetski Kraljevec, including pay-off of connecting power
 - Replacement of equipment on existing transformer substations at the settlement of Sesevetski Kraljevec

Fairs and conferences:

- KONČAR has taken part in 10 fairs (9 abroad) and 13 expert and professional gatherings and conferences (9 abroad)

Most Important Achievements in 2011

Facilities and complex products:

- 5 new wind turbines was installed at Pometeno brdo
- Low floor EMUs (for regional, urban and suburban transport) for HŽ (Croatian Railways) put into operation
- KONČAR – Institute for Electrical Engineering Inc developed a hybrid autonomous power supply system from renewable energy sources for VIPnet
- Temporary commissioning of Lešće HPP by HEP – Proizvodnja (Croatian Power Authority – Generation)
- Finished reconstruction of the Croatian Railways (HŽ) Remote Control Centre for monitoring of 75 facilities in the Western Croatia
- Finalisation of testing of communication among facilities within the electric power network and Mostar Dispatching Centre; the fifth dispatching centre in Bosnia and Herzegovina has been put into operation this year

The most important equipment deliveries:

- Company KONČAR – Generators and motors Inc. contracted delivery of equipment and performance of works for Pyhakoski, Myllikoski, Lieksankoski, Pankakoski, Pahkakoski and Kissakoski HPPs, a part of equipment for the stated hydro power plants has been delivered in December
- Equipment for several transformer substations in Albania has been delivered
- The first generator, out of two contracted, has been delivered to Toro 3 HPP in Costa Rica
- Company KONČAR – Distributive and Special Transformers Inc. delivered its products to some 40 countries, in the first line to Sweden, Nigeria, Germany, Cyprus and Finland, and one of the most important contracts has been signed with Cyprus Power Authority for the next 3 years
- Company KONČAR – Instrument Transformers Inc. delivered 59 transformers, 800 kV, for Unnao transformer substation in India, 229 instrument transformers for Serbia and first transformers for Belorussia and the Republic of South Africa – exports count more than 30 different countries
- Company KONČAR – Power Transformers Inc. widened its production programme with a new generation of HVDC transformers (transformers for transmission of direct current for large distances) for New Zealand



The most important new contracts:

- A Consortium headed by KONČAR – Power Plant and Electric Traction Engineering Inc. signed a contract with the Power Authority of the Croatian Society of Herceg Bosna for refurbishment of generators, turbines and on-line monitoring at Rama Hydro Power Plant

KONČAR Power Plant and Electric Traction Engineering Inc. signed a contract for delivery of equipment for Koyna HPP in India

Anniversaries, awards and prizes in 2011

- KONČAR celebrated its 90 Anniversary
- KONČAR – Institute for Electrical Engineering celebrated its 50 years of operation
- At the 6th Convention of the Croatian Exporters, KONČAR – Distributive and Special Transformers Inc. was announced as the best exporter, while KONČAR – Power Transformers Inc. was announced the largest exporter to the market of Great Britain
- Končar - Institute for Electrical Engineering Inc. was awarded ARCA prize for autonomous power supply system; this innovation was also awarded with a Grand Prix by the Russian Society for International, Scientific and Technological Cooperation and the Award for High Scientific and Technological Innovation by the Romanian Ministry of Science
- Company KONČAR – Energy and Maintenance won the 3rd Award in the category of the Most Successful Entrepreneur regarding the business activity of electric power, gas and steam supply at FINA Forum



2012 Business Plan

- The Group consolidated profit before tax is planned in the amount of HRK 183.9 million, the profit tax in the amount of HRK 18.9 million, the profit after tax in the amount of HRK 165 million, the minority interest share in the amount of HRK 31.1 million and the share of the owner of the Parent Company in the profits of the Group in the amount of HRK 133.9 million
- Nonconsolidated income from the sales of products and services (including the income from the sales of products and services among companies within the Group) is planned to the amount of HRK 3 billion or 7 per cent higher than generated in 2011.
- Consolidated income from the sales of product and services is planned estimated in the amount of HRK 2.5 billion (6 per cent higher than the estimated achievement for 2011). On the domestic market the income from the sales is planned in the amount of HRK 1.2 billion, while HRK 1.3 billion is planned from the export; the planned share of export in the total income from sales of products and services amounts to 52 per cent.
- In the next year we plan to contract new projects in the amount of HRK 2.9 billion out of which HRK 1.2 billion is planned for the domestic market and HRK 1.7 billion for the export. The contracted projects at the end of 2012 are planned in the amount of HRK 2.7 billion representing 21 per cent more than the contracted projects at the end of this year.
- The KONČAR Group plans the achievement of the net profit in 2012 in the amount of HRK 134 million
- The planned number of employees in 2012 is 3975 employees (the increase of 1 per cent compared to 2011)
- The investment of HRK 238 million is planned for 2012; the majority is planned to be further invested into the project of Pometeno brdo Wind Farm and investment into the company KONČAR – Distributive and Special Transformers Inc. for construction of a high voltage laboratory for testing and inspection of middle power transformers up to 100 MVA and 170 kV, development of metal clad gas insulated SF₆ switchgear and circuit breaker and into the Company KONČAR – High Voltage Switchgears Inc. In-house financial sources and business bank loans will be used for financing of the stated investments (in the ratio 50:50).
- KONČAR has a relatively favourable level of contracted projects for the next year, extension of export markets and development based on in-house know-how and experience.