

CROATIAN FINANCIAL SERVICES
SUPERVISORY AGENCY
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Zagreb, 15th December, 2015

Končar – Electrical Industry Inc - Supervisory Board Meeting

The Supervisory Board considered the estimation of business operations of the KONČAR Group in 2015 in accordance with the Agenda of its Meeting held on 15th December, 2015.

It is estimated that the Končar Group Companies are going to achieve the consolidated incomes from sales of products and services for the time period January to December, 2015, in the amount of HRK 3,048 million making them higher by HRK 15.1 compared to the achievement for the same time period in 2014.

It is estimated that incomes from sales of products and services achieved on the domestic market are going to amount to HRK 1,736.4 million making them 28.5 per cent higher than the achievement for 2014. Incomes from sales of products and services on foreign markets are estimated to HRK 1,311.6 million making them one per cent higher than the achievement of the same time period of the last year. Incomes from sales of products and services abroad make 43 per cent of the total achieved unconsolidated incomes from sales of products and services.

The consolidated profit before tax of the KONČAR Group for 2015 is estimated to the amount of about HRK 150 million and it is at the level of 2015 Plan.

During 2015 Business Year, KONČAR Group Companies plan to contract new projects in the amount of HRK 2,929.7 million. Out of the total amount of the contracted projects, HRK 1,540.1 million (53 per cent) refers to contract in foreign markets. Contracted projects (open liabilities) as of the end of December, 2015 are estimated to be HRK 3,599.3 million.

Pursuant the adopted 2016 Plan, KONČAR Group Companies plant to generate incomes from sales of products and services in the amount of HRK 3,121.8 million making them by HRK 73.8 million or 2.4 per cent higher than the estimated 2015 results. It is estimated that incomes from sales of goods and services in the domestic market are going to be achieved in the amount of HRK 1.628 million making them by 6.2 lower than the estimated achievement in 2015. Incomes from sales of goods and services in export are planned in the amount of HRK 1,493.8 million or 13.9 per cent higher than the estimated achievement for 2015. The share of export in the total incomes increases by five per cent compared to the estimated 2015 results. The largest part of products and services is planned to be exported to Germany (HRK 166.5 million), Sweden (HRK 154.7 million), Slovenia (HRK 105.3 million) and Bosnia and Herzegovina (HRK 98.7 million).

New projects are planned to be contracted in 2016 in the amount of HRK 3 billion. Out of the total amount of contracted projects, HRK 1.5 goes to projects in foreign markets.

The planned consolidated profit before tax for 2016 is planned in the amount of HRK 178 million or 19 per cent higher compared to the estimated profit before tax for 2015.

The investment into tangible assets in 2016 is planned in the amount of HRK 126.3 million. The majority of the planned amount of investments is going to be invested into the means of production in the amount of HRK 76.2 million or 61 per cent of the total amount of investments. The majority part of the planned investments (82 per cent) is planned to be financed from the in-house asset sources.

The consolidated assets and asset sources for 2016 are planned in the amount of HRK 3,741.9 million meaning an increase compared to the estimated level on 31st December, 2015 in the amount of HRK 141 million or 3.9 per cent.

The planned amount of short term assets (with time limits) amounts to HRK 2,190 million, and of short term liabilities HRK 835 million (with time limits) resulting in the short term assets 2.6 times higher than the short term liabilities. A favourable term structure of the asset sources is planned as well as a favourable ratio of short term assets and short term liabilities. The consolidated balance sheet structure indicates a good financial stability of the KONČAR Group.

Končar Electrical Industry Inc. Managing Board