

**Press Conference**  
16<sup>th</sup> December, 2013



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**KONČAR**

## 2013 Business Results

### ***Financial indicators:***

- It is estimated that the KONČAR Group is going to generate a **positive financial result** for 2013.
- The consolidated Group profit before tax is estimated to the amount of HRK 173.6 million.
- The profit tax is estimated to be HRK 17.1 million.
- **The profit after tax is estimated to HRK 156.5 million.**
- The minority interest share is estimated to HRK 26.1 million and the share of the owner of the Parent Company in the profits of the Group in the amount of HRK 130.4 million.
- The estimated result is higher by **11 per cent than the 2013 Plan.**

### ***Sales of products and services***

- **The consolidated income from sales of products and services** for 2013 is estimated to the amount of HRK 2.6 billion that is higher by **6 per cent than the 2012 Business Result.**
- The income from sales of products and services **on the domestic market** is estimated to the amount of HRK 1.3 billion (7 per cent higher than 2012 Business Results).
- **Exports** amounts to HRK 1.3 billion (5 per cent higher than the 2012 Business Results).
- **Exports make 50 per cent of the total sales:**
  - Goods and services in the value of HRK 700 million have been exported into European Union Member States.
  - The most important markets are Germany, Bosnia and Herzegovina, Sweden, Austria, Finland, Slovenia, Norway, the Netherlands, the Check Republic and Russia.
  - Exports are higher than imports (the export import coverage ratio is 2.3).

### ***Contracted projects***

- The contracting of new projects in 2013 is estimated in the value of HRK 2.7 billion.
- Contracted projects at the end of the year are estimated in the amount of **HRK 2.4 billion** making them by **8 per cent higher than at the beginning of the year.**

### ***Employees***

- The number of employees at the end of 2013 amounted to 3,787 employees (111 employees less than at the end of 2012; the majority of the decrease referred to the company KONČAR – Household Appliances).
- In 2013 KONČAR employed 170 persons one of whom is a science doctor, five are masters of science, three are expert specialists, 51 expert masters and 25 have a university degree education.
- KONČAR grants scholarships to students of various faculties (Faculty of Electrical

Engineering and Computing, Faculty of Mechanical Engineering and Shipbuilding and others).

- KONČAR employs 927 employees with a university degree out of which 716 have completed a university education, 151 are expert masters, 44 are expert specialists and 16 are university specialists. Out of the total number of university qualification employees, 421 have a degree in electrical engineering and 252 in mechanical engineering (without doctors and masters of science).
- In 2013 KONČAR employed 27 Doctors and 62 Masters of Science. At the moment 59 university educated employees educate themselves through university doctoral studies.

### **Restructuring**

Restructuring programmes have been applied to companies having difficulties in business running (Household Appliances, Catering Equipment).

### **Investments**

HRK 116 million has been invested in 2013. The majority part of investments has referred to new manufacturing plants and a high voltage laboratory in the Company KONČAR – Distributive and Special Transformers (D&ST) representing a step out in the area of manufacture of middle power transformers. Investments have also been applied to improvement of manufacturing and business running processes and facilities of several companies.

### **Research and Development**

The most important research and development projects in 2013 have been as follows:

- Circuit breaker 123 kV and continuance of development of the metal clad gas insulated switchgear 145 kV;
- Analysis of the system with changeable rotation speed in reversible hydro power plants started;
- Power voltage transformer was developed representing an innovative solution for auxiliary power supply and the supply of the secondary equipment;
- Several projects in the area of the Smart Grid – one project was applied into two Croatian transformer substations where the equipment was installed as well turning them into a testing polygon;
- An Electrical Machine Black Box was developed and won two prizes at ARCA 2013 Innovation Exhibition;
- A method for detection of the rotation machine winding damages (researched and developed in KONČAR) was implemented into three innovative products: expert monitoring system and asynchronous motor failure detection system (EMCM), an advanced sensor for winding failure detection (FDSS) and an instrument for detection of the excitation winding in hydro and turbo generators (HG/TG-WFD);
- A new photo voltage switch was developed adjusted to the needs of the market in the renewable energy sources segment.

## Some 2013 Achievements

### **CROATIA**

- Completion of the first phase of replacement and refurbishment of Zakučac HPP, the largest hydro power facility in Croatia with the installed power of 486 MW.
- Completion of the project or replacement of the electric traction system on the railway line Moravice – Rijeka – Šapjane and Škrijevo - Bakar).
- Completion of contracted works in Ozalj 1 HPP, one of the oldest hydro power plants in Croatia constructed in 1908 that supplies the lightening system of the town of Karlovac.
- Complete automation of the middle voltage grid project in Split Airport was completed and put into operation. The project was performed within the electric power grid supplying the airport.
- Works have been completed in Čaglin S/S, 35/20 kV that was put into operation; the reconstruction of Brod 1 S/S 35/10(20) was finished as well.
- A natural gas quantity control system has been delivered to and implemented into Zagreb Gas Supplier.
- Pleternica, a small hydro power plant was constructed near the town of Slavonska Požega.



### **INDIA**

- After successfully completed testing and trial operation, the commercial operation of Bhavani Kattalai Barrage 3 hydro power plant (equipment for Bhavani Kattalai Barrage 1 and 2 HPP was delivered earlier) started in Indian State of Tamil Nadu.

### **FINLAND**

- Works have been completed and the equipment delivered to Pahkakoski HPP finishing the cycle of refurbishment of hydro power plants on the Iijoka River. The Company KONČAR Generators and Motors contracted refurbishment generators in three hydro power plants during the time period from 2006 to 2013 out of four (Haapakoski HPP, Maalismaa HPP and Pahkakoski HPP).



### **KUWAIT**

- 549 distributive transformers, each one of the power of 50 kVA have been delivered within the project of development of a new distribution network in the Northern Kuwait.



That is the first project of the Distributive Transformers of such a size and such an importance for Kuwait.

## **BOSNIA ND HERZEGOVINA**

- Electric equipment for refurbishment of Rama Hydro Power Plant has been delivered.
- Projects in the area of the control and protection systems have been completed, in the first line regarding the construction of dispatching centres.

## **UNITED ARAB EMIRATES**

- A contract for delivery of 642 switching blocks for the projects of construction and extension of transformer substations has been signed.
- In 2013, KONČAR – Distributive and Special Transformers has been exported products in the value of HRK 20.7 million into the UAE.

## **PHILIPPINES**

- The commissioning of the fourth generator has been completed, the last one for Binga HPP. The value of the contract is higher than USD 13 million.
- A transformer having the power of 318 MVA and voltage of 240/16.5 kV has been delivered with a largest plain in the world (Antonov An-225) drawing a huge public interest.



## **NORWAY**

- Refurbishment and upgrading of two bulb type units have been contracted for Klosterfoss HPP. After refurbishment, new generating units will have the total installed power of 15.6 MVA.
- KONČAR – Generators and Motors has delivered the equipment for 11 small hydro power plants in the Norwegian market while the manufacture of the equipment for another four hydro power plants is in due course.
- A synchronous generator having the power of 4900 kVA has been delivered to Langdalselva Small Hydro Power Plant placed within the Polar Circle.
- 12 transformers having the total power of 429.5 MVA have been contracted for five regional distributions and for an industrial plant of the paper mill.

## **CANADA**

- 159 instrument current and voltage transformers have been delivered.

## **SWEDEN**

- 23 transformers with the total power of 634 MVA have been contracted.

## **ALBANIA**

- Reconstruction of switchgear within Vau I Dejes HPP, Koman HPP and Fierza HPP has been completed. The



value of the Contract is higher than EURO 9 million and the main task has been the separation of the transmission network owned by the Albanian Transmission System Operation (OST) from the generation of the electric power (KESH).

- A contract for extension of Zemblak S/S, 400/110/20 kV with the value of EURO 4.3 million has been signed.

## **COSTA RICA**

- Toro 3 Hydro Power Plant has been put into operation. The value of the Contract is EURO 8.3 million. That has been the third hydro power plant in Costa Rica for which KONČAR delivered equipment.

## **TURKEY**

- Six static excitation systems have been delivered to EÜAŞ Turkish Power Authority for Soma Thermal Power Plant.

## **MACEDONIA**

- SCADA control and protection systems have been reconstructed in 19 bays, each 110 kV, in Skopje 1 S/S, 220/110/35 kV.
- Construction of Ratevo Small Hydro Power Plant in the settlement of Berovo has been completed.

## **IRAQ**

- The first delivery of ATEX motors having the anti-explosion protection and the power range up to 75 kW for refineries.

## **Participation at Fairs and Conferences**

KONČAR has participated in 18 fairs and 20 expert conferences in 19 countries (Croatia, Austria, Bosnia and Herzegovina, Serbia, India, Germany, the United Arabian Emirates, Switzerland, Macedonia, Kenya, the Check Republic, Norway, Turkey, Montenegro, Slovenia, Sweden, Romania and Russia).

## **Awards and prizes in 2013.**

- KONČAR – Institute for Electrical Engineering has won the Charter of the Republic of Croatia for extraordinary contribution to the scientific, economic and social development of Croatia;
- KONČAR – Institute for Electrical Engineering has won the European Award for socially responsible business operation for Croatia in the category of small and middle companies for the successfully applied project Reaching Innovations Applying Science (PRIZNADI);
- KONČAR – Instrument Transformers has won “Golden Marten” medal;
- KONČAR – Generators and Motors has won “Golden Key” for the category of developing markets;

- Dr sc. Ante Elez from KONČAR – Institute for Electrical Engineering has won “Vera Johanides” medal from the Technical Science Academy intended for a young scientist reporting a special personal or expert development.

### 2014 Business Plan

- The Group **Consolidated Profit** before tax is planned in the amount of HRK 155.7 million, the profit after tax in the amount of HRK 137.5 million, the minority interest share in the amount of HRK 26.2 million and the share of the owner of the Parent Company in the profits of the Group in the amount of HRK 111.3 million.
- **Consolidated income from the sales of product and services** is planned in the amount of HRK 2,687.5 million (4 per cent higher than the estimated achievement for 2013).
- In 2014, an increase of the income from sales of goods and services on the domestic market is planned in the amount of **3 per cent** compared to 2012.
- The export is planned to be **higher by 6 per cent** compared to the estimation for 2013, i.e. by HRK 1,636.3 million.
- The planned investments for 2014 are intended for material assets in the amount of HRK 120 million, the majority into plants and equipment (HRK 97 million) and real estate (HRK 16 million). The KONČAR Group Companies plan to invest HRK 20 million into the research and development. The majority part of the investments (91 per cent) will be financed from in-house financial resources (approximately HRK 127 million).
- **The level of contracted projects** for the next year is satisfactory (HRK 2.4 billion).
- **Research and Development** based on in-house know-how and experience, life-long training and education of experts.