



**Press Conference**  
18<sup>th</sup> December, 2012



**KONČAR**

## 2012 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 183.8 million,
  - the profit tax in the amount of HRK 23.7 million,
  - the profit after tax in the amount of HRK 160.1 million,
  - the minority interest share in the amount of HRK 25.2 million and the share of the owner of the Parent Company in the profits of the Group in the amount of HRK 134.9 million.

The estimated result is at the level of 2012 Business Plan.

- **Total consolidated income** is estimated in the amount of HRK 2.9 billion making it 5 per cent higher than 2012 Business Plan and 4 per cent higher than 2011 Business Results.

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

- **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 2,995.6 billion that is by 5 per cent higher than the previous year Business Result and at the level of 2012 Business Plan. A significant amount of works and assets not included into the consolidated income has been invested among the companies within the Group to improve technical and technological level of the Group as a whole and it will be reflected in the increased total consolidated Business Result.
- **Consolidated income from the sales of products and services** for 2012 is estimated to the amount of HRK 2.5 billion that is at the level of 2011 Plan and 4 per cent higher than 2011 Business Result.
- The income from sales of products and services **on the domestic market** is estimated to the amount of HRK 1.2 billion (at the level of the Plan and 7 per cent higher than 2011 Business Result) while the export is estimated to the amount of HRK 1.3 billion (at the level of the 2011 Plan and Business Result).
- **Exports** HRK 1.3 billion - 52 per cent of the total sales:
  - Goods and services in the value of HRK 700 million have been exported into the European Union Members,
  - The most important markets – Germany, Sweden, Bosnia and Herzegovina, the Check Republic, Finland, Serbia, Turkey and Austria,
  - Exports are higher than imports (export import coverage ratio 1.9)

### **Contracted projects**

- Contracted projects at the end of the year are estimated in the amount of HRK 2.1 billion making them by 3 per cent lower than the contracted projects at the beginning of the year.

**Employees**

- The number of employees at the end of 2012 amounts to 3.872 employees (84 employees less than at the end of 2011).
- KONČAR grants scholarships to students of various faculties (Faculty of Electrical Engineering and Computing, Faculty of Mechanical Engineering and Shipbuilding and others).
- 988 employees have a university degree (engineers, economists, lawyers). Out of the total number of employees, 551 electrical and mechanical engineers work in the Group, as well as 24 Doctors and 66 Masters of Science. 51 university educated employee educate themselves through university doctoral studies.

**Restructuring**

- Restructuring programmes have been applied to companies having difficulties in business running.
- Starting from significantly complicated business conditions on the market and with the main aim to keep the existing employment level in Companies generating a loss KONČAR Managing Board and the Coordination of the Croatian Metal Workers Syndicate – Industrial Syndicate KONČAR signed Annex VI (in May 2012) and Annex VII (in November 2012) to the Collective Employment Agreement on rights and obligations of employers and employees.

**Investments**

Investments amount to the value of HRK 227.6 million, the majority of which into:

- Completing of the construction project of Pometeno Brdo Wind Mill having the power of 17.5 MW,
- Construction of a high voltage laboratory for testing and inspections of middle power transformers up to 100 MVA and 170 kV in Company KONČAR - Distributive and Special Transformers.

**Research and Development**

The most important R&D projects in 2012 are:

- Wind turbine 2.5 MW,
- Diesel Electrical Train main and auxiliary drive integrated converter with integrated function of diesel motor and electric traction control,
- Advance sensors for protection of winding and measuring of air gap in asynchronous and synchronous motors and generators,
- "Electric machines black box" detecting and recording harmful operating conditions enable machine predictive maintenance and early detecting of failures,
- Innovation of monitoring of electric power generation, transmission and distribution equipment based on in-house R&D of modular software and hardware platforms,
- R&D of a new version of KONČAR Hybrid Box with a diesel generator winning several prizes,
- High voltage instrument transformer having the voltage up to 362 kV and nominal power up to 100 kVA for power supply of auxiliary consumption in transformer substations without a possibility of connection to the low voltage grid.

**Most Important Achievements in 2012****CROATIA**

- Completion of Pometeno Brdo Wind Mill project near Split,
- Refurbishment of the A generator in Zakučac Hydro Power Plant,
- Entering into the Contract for reconstruction of HT (Croatian Telecom) existing facility in Zagreb and its equipping into a new data centre with HT - Hrvatski Telekom (Croatian Telecom),
- Refurbishment of generators A and B including an increase of power from 120 MVA to 140 MVA in Dubrovnik (Plat) Hydro Power Plant,
- Initiation of works on the Enhanced Oil Recovery (EOR) Project, one of the most important INA investment project in continental Croatia. (KONČAR – Power Plant and Electric Traction Engineering is the Leader of the Consortium for the project with the main aim to generate additional quantities of hydro-carbonate on exploitation fields Žutica and Ivanić. The Project has also the ecological dimension since significant quantities of CO<sub>2</sub> will be injected into the underground decreasing its emission into the air,
- A small Hydro Power Plant Pleternica has been put into operation,
- Projects of construction / extension / reconstruction / refurbishment of transformer substations Dugopolje, Funtana, Bjelovar I, Seline, Glina, Benkovac, Brod 1, Špišić Bukovica, Otok and Križevci have been completed,
- The first phase of electric traction system replacement has been finalised: three electric traction substations, five sectioning plants, remote control and Rijeka Remote Control Centre,
- Various equipment and systems for shipbuilding industry have been delivered,
- A redundant gas transport remote control and monitoring system has been installed (Backup SCADA) and Plinacro - KSCADA information systems have been integrated.

**EXPORTS****ALBANIA**

- Reconstruction of three transformer substations having the voltage level of 220/110/35 kV has been completed in Albania including reconstruction of the primary part of Tirana 1 S/S and Elbasan 1 S/S and a complete reconstruction of Fier S/S together with control and monitoring systems.

**AUSTRALIA**

- 378 high voltage instrument transformers have been delivered to Australia. (It is one of the most important markets for KONČAR – Instrument Transformers during last 10 years comprising the delivery of 3800 transformers).

**BOSNIA AND HERZEGOVINA**

- A small Hydro Power Plant Duščica has been put into operation,
- Equipment and plants for Rama HPP have been delivered.

**FINLAND**

- Generators have been delivered to Pyhakoski and Pahkakoski Finish Hydro Power Plants,
- A new contract has been concluded including refurbishment and an increase of power of a generator 34 MVA, the static excitation and other belonging equipment on the “turnkey” principle for Pamilo HPP.

**INDIA**

- Bhavani Kattalai 2 Hydro Power Plant has been put into commercial operation (KONČAR has delivered equipment and plants for Bhavani Kattalai 1 HPP as well, while final tests and inspections are in due course on Bhavani Kattalai 3 HPP),
- Compilation of the documentation for Koyna HPP is in due course.

**THE REPUBLIC OF SOUTH AFRICA**

- HVDC transformers (for DC transmission) have been delivered listing the Company KONČAR – Power Transformers among few HVDC transformer manufacturers (after last year delivery to New Zealand ),
- Instrument transformers 420 kV have been delivered.

**COSTA RIKA**

- Final tests and inspections of Toro 3 HPP.

**LIBERIA**

- Delivery of distributive transformers for WAPP Cross Border Electric Energy Project.

**MAURITIUS**

- Delivery of distributive and power transformers for Fort Victoria Thermal Power Station.

**NIGERIA**

- Delivery of instrument transformers for Obudu S/S in Nigeria,
- Refurbishment of a generator in Shirorro HPP,
- Delivery of distributive and power transformers.

**NETHERLANDS**

- Finalisation of construction of SMIT Transformatoren factory testing station power supply system.

**THE IVORY COAST**

- Delivery of power transformers for transformer substations of the Ivory Coast Power Authority.

**RUSSIA**

- Delivery of the last synchronous generators out of three, each one having the power of 7900 kVA, contracted within the frames of the Project of Construction of Nuclear Power Plant,
- Deliveries of combined instrument transformers for Severstal Steel Mill and current and voltage transformers for 10 transformer substations.

**SAUDI ARABIA**

- Delivery of high voltage equipment and transformers for extension of Tihama S/S.

**THE UNITED STATES OF AMERICA**

- Delivery of generators for Baker HPP,
- Delivery of special transformers for DDS Frame Project,
- Continuous deliveries of special rotary cam switches adjusted to American market requirements.

**SERBIA**

- Delivery of 132 instrument transformers,
- Delivery of distributive and power transformers,
- Delivery of household appliances.

**SWEDEN**

- Delivery of power transformers that, together with deliveries for Estonia, Lithuania and Finland, still makes the Northern Europe a significant market for transformers. Sweden is the most important market for power and distributive transformers this year (EURO 13 million).

**TURKEY**

- The first generator (out of two contracted with belonging excitation) for Aslançik HPP has been delivered,
- Delivery of static excitations for turbo generators for Afsin-Elbistan A TPP.

## Participation in Fairs and Conferences

KONČAR has participated in 20 fairs as an exhibitor (independently within the frames of the Croatian Chamber of Commerce or with a local partner). Studies have been presented at 11 expert conferences in 13 countries (Croatia, Bosnia and Herzegovina, Serbia, Germany, the Republic of South Africa, Spain, the UAE, Denmark, France, Russia, Norway, Poland, Azerbaijan).

## Awards and prizes in 2012

**The 7<sup>th</sup> Convention of Croatian Exporters has awarded the following prizes:**

- **The best large exporter** is the company KONČAR – Power Transformers,
- **The best medium exporter** is the company KONČAR – Instrument Transformers,
- **The biggest exporter to the market of the United Arab Emirates** is the company KONČAR - Distributive and Special Transformers.

## **KONČAR Hybrid Box**

- KONČAR – Institute for Electrical Engineering and Vipnet Has made an innovative product KONČAR Hybrid Box. It is a hybrid autonomous power supply system that integrates the power of wind, sun and hydrogen and provides for a continuous and undisturbed electric power supply to telecommunication operator base stations. KONČAR Hybrid Box has won **two world prizes**:
  - World Communication Award in the category “The Green Award“ as the best green product, and
  - Global Telecom Business Award in the category “Wireless Network Structure Innovation“.

## **ARCA**

- ARCA Prize and the Prize of the Interantional Federation of Innovators for the Best Inovation at the occasion of the 5<sup>th</sup> International Innovators' Day.
- “Method for Detection of asynchronous and synchronous motor winding failures” by Dr Sc Ante Elez and Dr Sc Stjepan Car rom the Institute for Electrical engineering
- ARCA Prize
- “One-track drive mechanism for two position switchgear” by Dr Sc Radovan Milošević, Marko Uremović i Tomsilav Čabraj and KONČAR – Medium Voltage Apparatuses
- Bronz medal
- “Wind turbine control system for the area of strong and turbulent winds” by Dr Sc Mate Jelavić, Dr Sc Siniša Marijan, Marijo Barišić, Dr Sc Zlatka Tečec Ribarić, Mario Bilić, Igor Hađin, M Sc Krešimir Ivanuš, Andrija Eršek, Boris Furčić and Josip Babić from the Institute for Electrical Engineering

**Award won at the Fair “Russian Electrical Grids” in Moscow**

- The High Power Voltage Instrument Transformer, type VPT and the Combined Transformer VAU has won the second place at the Fair Competition in the category of innovative solutions in the area of primary equipment in generation, transmission and distribution of power

**Medal of the order of Danica of Croatia with the decoration of Nikola Tesla**

- Prof Dr Sc Ivo Josipović, the President of the Republic of Croatia honoured **Prof Dr Sc Stjepan Car**, the president of the Managing Board of the Company KONČAR – Institute for Electrical Engineering with the Order of Danica of Croatia with the decoration of Nikola Tesla for extraordinary merits for innovation and promotion of technical culture in the country and abroad.



## 2013 Business Plan

- The Group **Consolidated Profit** before tax is planned in the amount of HRK 174.9 million, the profit tax in the amount of HRK 22.7 million, the profit after tax in the amount of HRK 152.2 million, the minority interest share in the amount of HRK 34.4 million and the share of the owner of the Parent Company in the profits of the Group in the amount of HRK 117.8 million.
- **Consolidated income from the sales of product and services** is planned in the amount of HRK 2.7 billion (11 per cent higher than the estimated achievement for 2012). On the domestic market the income from the sales is planned in the amount of HRK 1.4 billion, while HRK 1.3 billion is planned from the export.
- **An increase of the income from sales of goods and services on the domestic market is planned in the amount of 20 per cent compared to 2012 data** (an increase in the amount of approximately HRK 230 million). The domestic market share in the total income from sales of goods and services will grow to 52 per cent in 2013. A growth of projects to be contracted with INA, Croatian Waters, the number of invitations for bids issued by Croatian Power Authority (HEP) and announcement of investments to Croatian Railways (HŽ) present a realistic base for a significant increase of contracted projects in 2013.
- **Number of employees:** 3.816 employees
- **Investments in the amount of HRK 108.3 million** mainly into the means of production. The majority of planned investments (70 per cent) will be financed with in-house assets (approximately HRK 76 million).
- **Research and Development** based on in-house know-how and experience, life-long training and education of experts.