

**On reliable and firm  
business grounds.**

**ABOUT THE GEN GROUP  
AND OUR RESULTS IN 2018**



# Long-term focus and prudent approaches to stable growth

These are the qualities of our operations that we will continue to pursue in future.



GEN Group ended the 2018 financial year successfully. It generated a turnover of nearly €2.4 billion, thus ranking 2nd among the largest and the most investment-intensive business groups in Slovenia. The Group's companies realised investments totalling €100 million. Among the most important ones were the successful overhaul of the Krško Nuclear Power Plant and the completion of gas turbine unit 6 at Brestanica.

## OPERATIONAL EFFICIENCY: production of 3,414GWh of electricity

We produced 3,414GWh of electricity and, hence, exceeded plans. With safe and stable operations, NEK generated 5,489GWh of electricity (half of which belongs to the Republic of Slovenia pursuant to the Interstate Treaty on the Krško Nuclear Power Plant, i.e. 2,745GWh). Hydroelectric power plants generated 653GWh of electricity with relatively favourable average annual hydrology characteristics. The Brestanica Thermal Power Plant (TEB) provided 24 reliable start-ups for the purposes of system balancing and rendered system services together with partners.

## CARBON EFFICIENCY: 99.6% from low-carbon nuclear and hydro power

As much as 99.6% of the total electricity produced by the companies included in the GEN Group comes from low-carbon sustainable and renewable sources – nuclear and hydro power. That is an energy mix that has proven to be the right combination in the development of future sustainable energy in Slovenia considering economic, environmental and climate, as well as social indicators.

## TRADING AND SALES: development of new business approaches and advanced services

In trading and sales, GEN-I company successfully adjusted to the dynamic market conditions and seized market opportunities. It developed new business approaches and services related to e-mobility and digitalisation, with a focus on HR development. It managed risks related to a decline in own electricity generation as a result of demanding hydrology conditions and the overhaul at the Krško NPP in a successful and economically efficient manner.

## INTENSE INVESTMENT ACTIVITY

We are aware that decarbonisation goals bring along major changes in energy use. These are headed towards the electrification of heating and cooling sectors and transport. Development and investments are, therefore, focused on available low-carbon electricity generation sources. Intense investment activity in hydro power is focused on continued activities for the construction of the Mokrice HPP and the further security upgrade at the Krško NPP. In trading and sales, focus is

placed on the development of new advanced services and tools for the efficient trading of electricity.

The central strategic development challenge of the GEN Group is the JEK 2 project, which is needed today due to its advantages that will make it easier to achieve reliable and competitive supply and climate goals. The Group is counting on wide international or regional cooperation on the relevant project, where Slovenia will further enhance its reputation in the EU as an energy-stable country.

## BUSINESS EXCELLENCE: revenues of €2.4 billion and a net profit of €40.7 million

GEN Group revenues reached €2.4 billion in 2018, with a net profit of €40.7 million, which is 38% more than planned. The parent company GEN energija exceeded plans by more than 25%, with company revenues reaching €200 million and net profit amounting to €24.5

million. Such results were achieved with the effective utilisation of synergies between production, trading and investment functions within the Group.

## CO-CREATING RESULTS WITH 1,344 EMPLOYEES

In 2018, GEN Group employed 1,344 people, 64% of whom had at least a post-secondary education. With our experience, expertise, affiliation and commitment, we made a key contribution to the attainment of business, operating and trading and sales results.

We will continue to ensure the reliable supply of low-carbon electricity to Slovenian citizens at a favourable price with a long-term perspective and prudent approaches.

**Martin Novšak**, General Director, GEN energija, d.o.o.

»If we are serious about energy and climate actions, we need JEK 2 today. The JEK 2 project is the central strategic development challenge for the Group, Slovenia and the wider region. Nuclear power is among the key components of the future energy mix. It is the cornerstone for the reliable and competitive supply of low-carbon electricity that is not significantly affected by natural conditions.«

# Presenting GEN Group

We are one of the largest and the most investment-intensive business groups in Slovenia.

**5,600–6,300 GWh**

Average yearly electricity production at our power plants

**99.6%**

of electricity produced comes from low-carbon nuclear and hydro power

**30%**

share of total electricity production in Slovenia

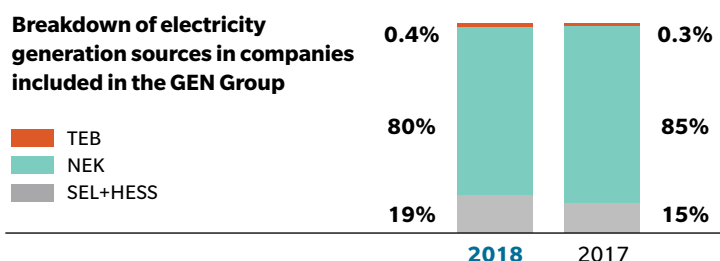
**22**

European markets where the Group is engaged in trading and sales activities

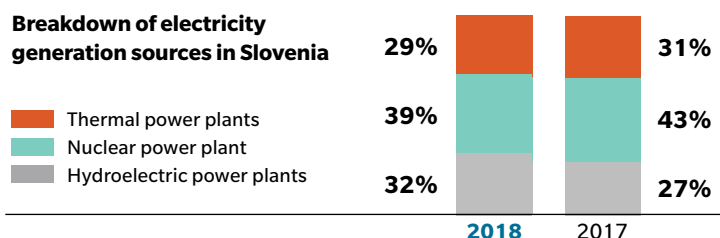
## OUR COMPREHENSIVE SUPPLY OF ELECTRICITY INCLUDES:

- **Production** from low-carbon sources: nuclear and hydro power;
- **Trading and sales** on the domestic and over 20 retail and wholesale markets throughout Europe;
- Capital flow that is directed into **development and investments**, primarily the continuous careful maintenance of existing and the responsible design and construction of new low-carbon production capacities for the supply of electricity to Slovenia.

Breakdown of electricity generation sources in companies included in the GEN Group



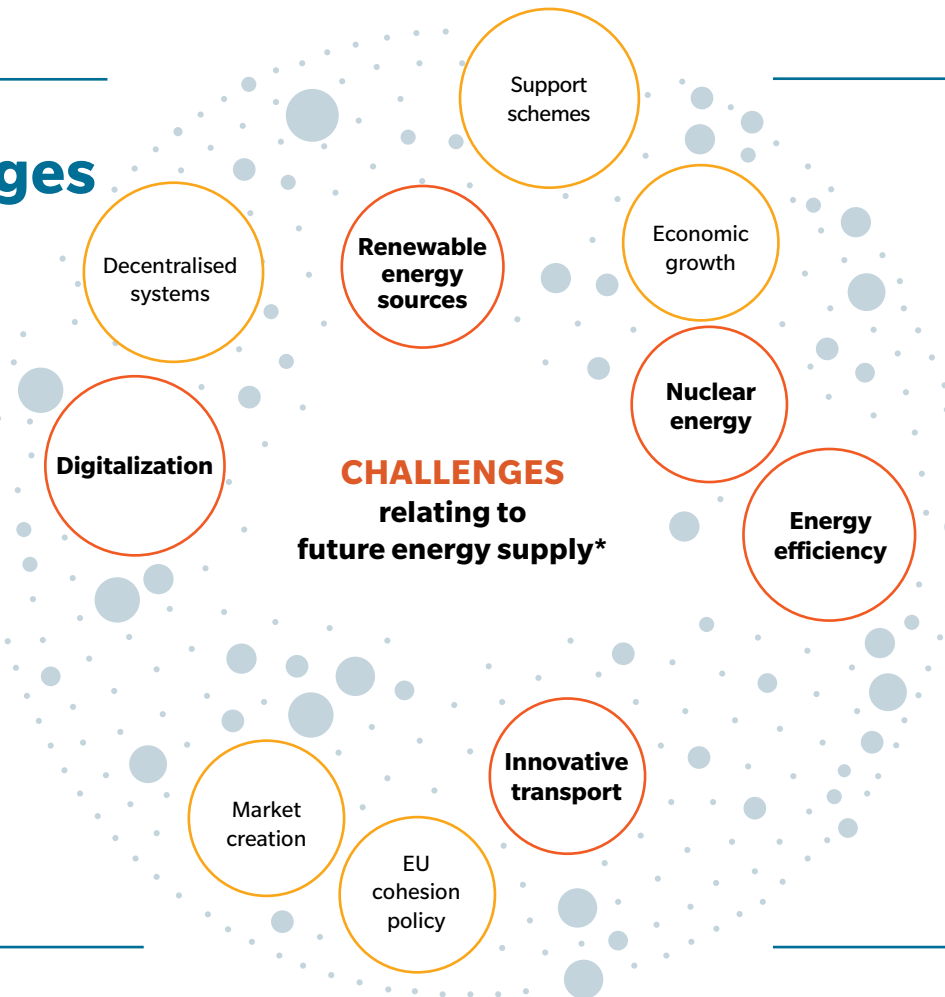
Breakdown of electricity generation sources in Slovenia



		GROUP		COMPANY	
		2018	2017	2018	2017
<b>OUR RESULTS IN 2018</b>					
Revenue	in € thousand	2,376,085	2,410,343	203,837	175,309
EBIT	in € thousand	50,208	38,900	27,589	21,761
EBITDA	in € thousand	86,834	72,016	28,326	22,547
Net profit	in € thousand	40,661	29,424	24,505	19,539
Assets	in € thousand	1,157,012	1,111,036	561,879	531,991
Equity	in € thousand	818,695	784,880	466,408	447,904
Debt	in € thousand	166,710	161,081	13,075	31
Electricity generated	in GWh	3,699	3,740		
Electricity sold	in GWh	47,153	51,791	4,275	3,928

# Managing challenges relating to future energy supply


Identifying, monitoring and co-developing challenges relating to the supply of electricity. Creating business and development opportunities for the GEN Group, Slovenia and the wider region from risks and opportunities.




○ ACTION PRIORITIES ○ CRITICAL CHALLENGES

\* Selection of challenges stem from World Energy Council (WEC): World Energy Issues Monitor 2019 (findings for Slovenia)


## Capital and results in 2018

- 


**Infrastructural capital**

  - Nuclear power plant, hydroelectric power plants on Sava, gas power plant (system services) and dispersed renewable sources (solar power plants).
  - Advanced programme/IT-infrastructure for efficient marketing and selling of energy on domestic and foreign markets.
- 


**Natural capital**

  - Low-carbon sources of energy: especially nuclear and hydro power.
- 

**Financial capital**

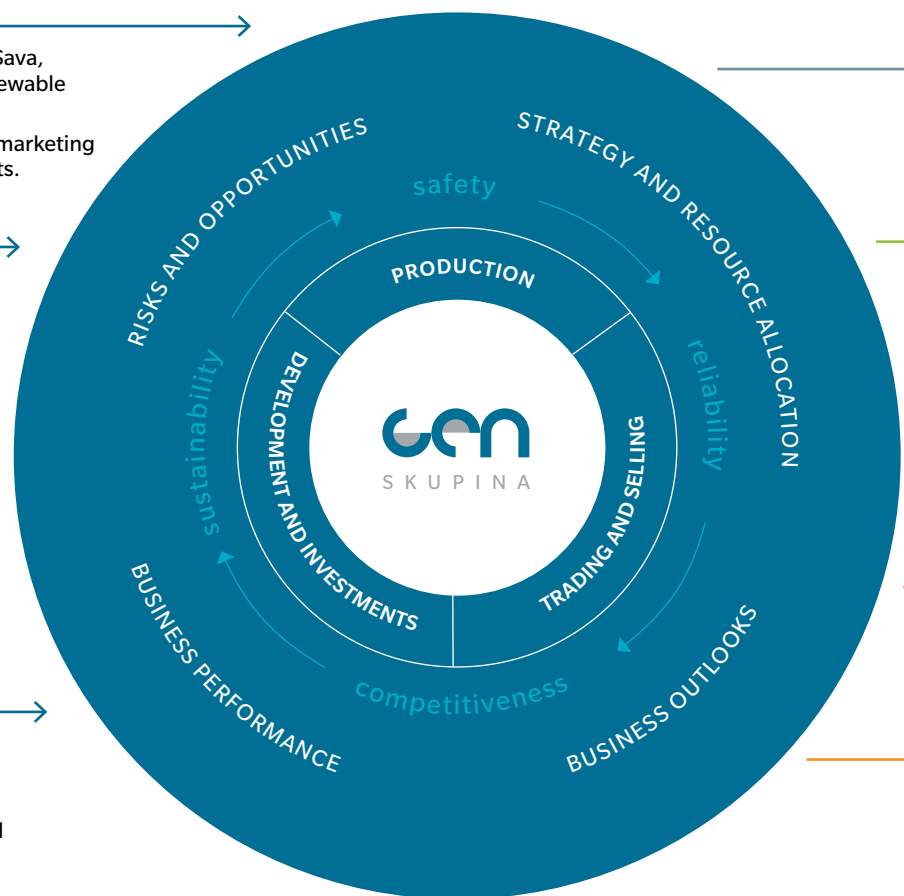
  - Financial resources (especially ownership and debt financing) for providing comprehensive energy supply services.
- 

**Employees and intellectual capital**

  - Knowledge, skills and dedication of our employees for performing our primary activities.
- 

**Social capital**

  - Relations with external stakeholder for providing comprehensive energy supply services.
  - Increasing the understanding of the meaning of energy supply for everyday life and sustainable social prosperity.



**PRIORITY  
ACTIVITIES**  
of the GEN Group  
to face challenges  
efficiently

**Energy supply that ensures the prosperity of citizens and competitiveness of the economy**

With a robust production portfolio and a highly developed sales and trading infrastructure, we provide a reliable supply of low-carbon electricity at competitive prices. Thus, we contribute to the prosperity of society.

**We contribute to the competitiveness of the Slovenian industry on the domestic and international markets, as well as to the prosperity of Slovenian citizens.**

**Low-carbon energy and society**

With a clean, low-carbon production portfolio, based on nuclear and hydropower, we significantly contribute to the realisation of energy and climate goals in relation to the decarbonisation of energy and society. The production portfolio of our companies is environmentally acceptable and sustainable in terms of CO<sub>2</sub> emissions and significantly reduces the Slovenian national average of emissions from electricity production.

**Investments are generally channelled into hydro and nuclear power. Thus, we strengthen the outlined path toward decarbonisation.**

**Advanced energy services for flexible customers**

We are intensively developing a wide range of advanced solutions related to energy supply. Thus, we enable the increasingly flexible household, industrial, and service customers-manufacturers, as well energy communities, to realise green transformations. Services are based on advanced technologies, as well as on the convergence of energy, transport, and information-communication technologies.

**We are co-developing global trends in the fields of decarbonisation, decentralisation, and digitalisation**

**Expansion of nuclear production capacities**

The central strategic development challenge of the GEN Group is the JEK 2 project, which is needed today. JEK 2 will provide a higher social standard, jobs with high added value, and a reliable electricity supply, as well as reduce carbon dioxide emissions at national and wider regional levels.

**The GEN Group and the wider Slovenian energy industry are, according to expert justification, prepared for JEK 2. We only need political will and social acceptance.**

total production:

**3,414 GWh**  
of electricity

Hydroelectric power plant  
production:

**653 GWh**  
of electricity

an important role of TEB in ensuring the  
stability of the system

safe, reliable and environmentally friendly  
supply of electricity to customers

low-carbon energy source portfolio  
(nuclear and hydro power):

**99.6%**

KRŠKO NPP (nuclear power plant) production:

**5,489 GWh**  
(2,745 GWh for Slovenia)

investment into research and  
development, investment into  
long-term stability:

**EUR 99.8 million**

preparation of studies for the JEK 2  
project

increasing the understanding of the  
power and energy industry among key  
stakeholders

turnover:

**EUR 2.4 billion**

net profit:

**EUR 40.7 million**

realisation of the  
action plan to optimise  
operation

number of employees:

**1,344**

education of employees:

**64%**  
with at least higher education

advanced services for customers -  
realisation of green transformation



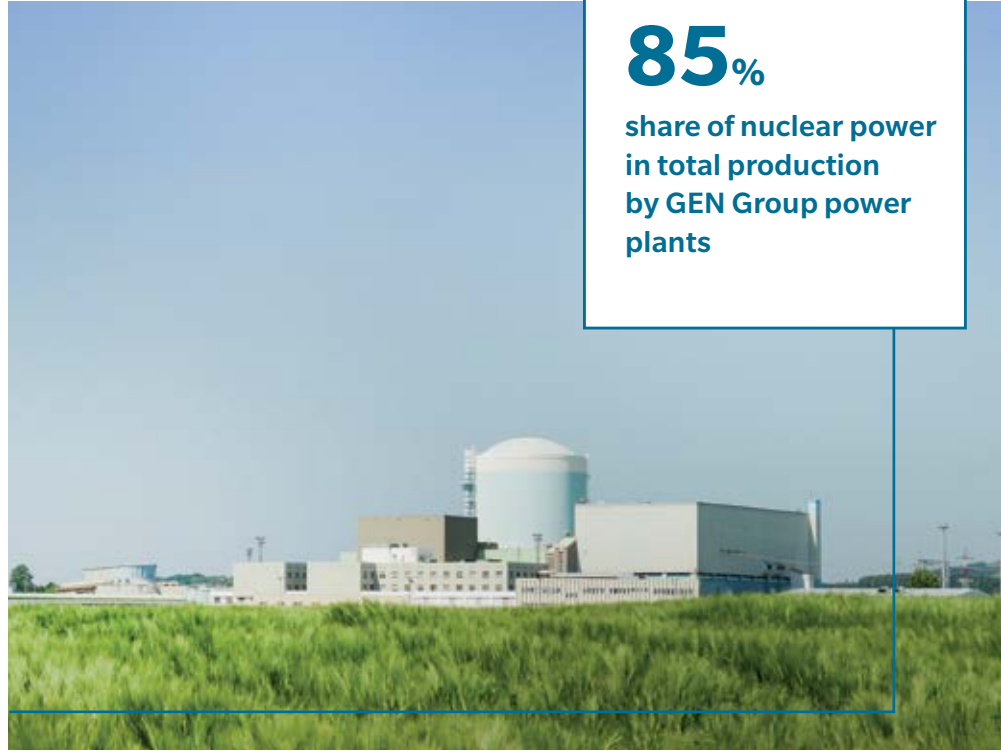
## Operating excellently and achieving top international standards

The Krško Nuclear Power Plant once again proved its high level of secure operations, and production and business excellence in 2018. We again surpassed our annual plan of electricity generation, thus confirming high reliability and predictability of the low-carbon electricity produced at the Nuclear Power Plant. We executed the shortest overhaul since the introduction of the 18-month cycle and demanding projects relating to extensive security upgrades.

We are proud that our work processes are internationally recognised as good practice. That is an acknowledgement of the effort put in and, at the same time, great responsibility to preserve such a good reputation also in the future.



**Stane Rožman,**  
President of the  
Management Board,  
Nuklearna elektrarna  
Krško, d.o.o.



# 85%

share of nuclear power  
in total production  
by GEN Group power  
plants



# 22

European markets  
where the Group is  
engaged in trading  
and sales activities

## Co-creating a green low-carbon energy revolution

Business results of the GEN-I Group have reached record-breaking levels for the second year in a row, thus setting new milestones. We generated revenues exceeding €2.3 billion, which is 35% more than the previous 4-year average.

We are well aware of the upcoming decade of a green energy revolution, which we do not only want to follow, but also co-create. This is why we develop areas of electromobility, offtake flexibility, efficient energy usage and digitalisation, as well as work on supporting the process of electrification.



# gen-i

**Robert Golob, PhD,**  
President of the  
Management Board,  
GEN-I, d.o.o.

## Wisely investing in the maintenance and construction of a chain of hydroelectric power plants

The prudence of past investments in equipment upgrades and maintenance resulted in 2018 in surpassed production plans at hydroelectric power plants on the Sava river. That drives us towards further investments that will provide new energy from renewable sources under competitive terms.



**Drago Polak,**  
Director,  
Savske elektrarne Ljubljana, d.o.o.

HESS ended the 2018 financial year within the scope of planned assets and with revenues amounting to €19 million, which is 28% more than in the previous year. Upon the acquisition of a final operating permit, Brežice HPP was put into regular operation and the company, for the first time, exceeded the annual production of 500GWh of electricity.

Most of our activities are now focused on the construction of the last hydroelectric power plants on the lower Sava, i.e. Mokrice HPP, while looking towards other renewable sources in addition to water.



**Bogdan Barbič,**  
Director,  
Hidroelektrarne na  
Spodnji Savi, d.o.o.

# 24

activations for the  
reliable provision of  
system services

## Enhancing the stability of the electricity system

The main achievements of the Brestanica Thermal Power Plant last year included the acquisition of an operating permit and, consequently, the completion of the construction of the new gas turbine unit PB 6. The key investment ahead of us is the construction of an additional gas turbine unit (PB 7). With the realised and new investments, we enhance reliability and availability, which are extremely important in system power plants.



**Tomislav Malgaj,**  
Director,  
Termoelektrarna  
Brestanica, d.o.o.

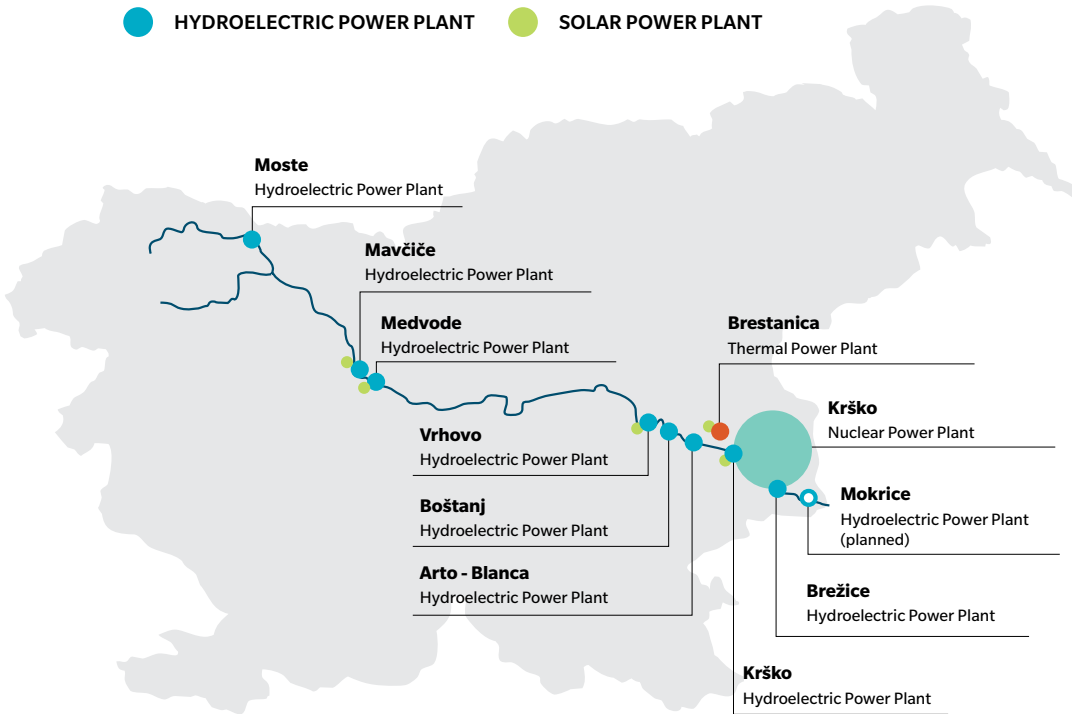
# 653 GWh

of electricity  
generated at large-  
scale hydroelectric  
power plants



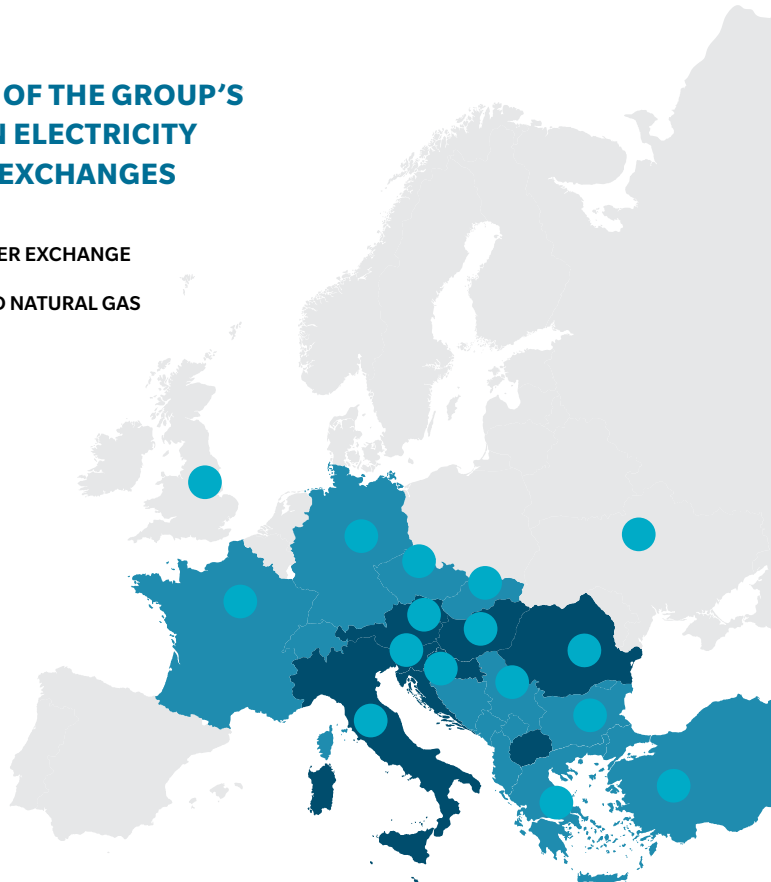
## OUR GENERATION UNITS – POWER PLANTS

- NUCLEAR POWER PLANT
- THERMAL POWER PLANT
- HYDROELECTRIC POWER PLANT
- SOLAR POWER PLANT



## THE PRESENCE OF THE GROUP'S COMPANIES ON ELECTRICITY MARKETS AND EXCHANGES

- EUROPEAN POWER EXCHANGE
- ELECTRICITY AND NATURAL GAS
- ELECTRICITY



## Companies making up the GEN Group, by activity

### PRODUCTION

**Nuklearna elektrarna Krško, d.o.o.**  
Electricity generation at a nuclear power plant  
[www.nek.si](http://www.nek.si)

**Savske elektrarne Ljubljana, d.o.o.**  
Electricity generation at hydroelectric power plants  
[www.sel.si](http://www.sel.si)

**Termoelektrarna Brestanica, d.o.o.**  
Electricity generation at a thermal power plant, a standby energy source for the power grid  
[www.teb.si](http://www.teb.si)

**Hidroelektrarne na Spodnji Savi, d.o.o.**  
Electricity generation at hydroelectric power plants  
[www.he-ss.si](http://www.he-ss.si)

**Srednjesavske elektrarne, d.o.o.**  
Electricity generation at hydroelectric power plants

### TRADING AND SALES

**GEN-I, d.o.o.**  
Electricity trading, sales and purchasing  
[www.gen-i.si](http://www.gen-i.si)

**ELEKTRO ENERGIJA, d.o.o.**  
Sales of electricity and natural gas to consumers and purchasing of electricity  
[www.elektro-energija.si](http://www.elektro-energija.si)

### DEVELOPMENT, RESEARCH, SERVICES, AND OTHER

**ZEL-EN, razvojni center energetike, d.o.o.**  
Research and development for the energy industry  
[www.zel-en.si](http://www.zel-en.si)

**GEN-EL, d.o.o.**  
Investment management



GEN energija d.o.o., Vrbina 17, 8270 Krško | telephone: 07 49 10 112 | fax: 07 49 01 118 | [info@gen-energija.si](mailto:info@gen-energija.si) | [www.gen-energija.si](http://www.gen-energija.si) | Annual Report of the company and GEN Group is available at: [letnoporocilo.gen-energija.si](http://letnoporocilo.gen-energija.si)

Published by: GEN energija d.o.o., Vrbina 17, 8270 Krško, Slovenia | Conceptual design and texts: GEN energija d.o.o. and Consensus d.o.o. | Design: KOFEIN DIZAJN | Photography: Damjan Žibert, Bošjan Colarič, Jaka Babnik, GEN photo archive | Circulation: 500 | Krško, June 2019

