

KONČAR Group

CEE Investment Opportunities

Ljubljana, 26 November 2024



KONČAR
Inspirani izazovima

1

Background

A large, blue, three-dimensional sign spelling 'KONČAR' is mounted on the side of a light-colored building. The sign is made of thick, blocky letters and casts a shadow on the wall behind it. The building has a modern, industrial look with a balcony visible above the sign.

KONČAR
Inspirani izazovima

A journey through history

1921
ELEKTRA Ltd.
for electrical and
mechanical
engineering
industry



1948

The first
generator for
HPP Maribor
Island produced,
Slovenia



1947

Series
production of
transformers
begins



1952

The first
deliveries of
electric motors
to Turkey pave
the way for
market
entry in foreign
markets



1961

Institute of
Electrical
Engineering
established with a
focus on scientific
research, product
development, and
technological
process innovation



1987

Commissioned
by HPP Haditha
in Iraq



1999

Medium voltage
blocks
12 kW for UAE



2005

TMK 2200 low-floor tram



1993

First
transformer
30 MVA



2003

Equipment for
TS Ernestinovo
and TS
Žerjavinec

2010

HPP Lešće – the
first hydropower
plant built in
independent
Croatia



2016

The first diesel-
electric train
developed and
manufactured by
KONČAR



2013

Transformer for HPP San
Lorenzo - weighing 140
tons - transported by the
largest plane in the
world



2020

SPP Vis,
currently
the largest
solar power
plant in
Croatia



2023

Contracted
production of 30
new low-cost
electric trams for
Zagreb and
Osijek



2022

The VEPA
project will be
contracted for
Croatian
waters, aimed
at improving
flood risk
management
in the
Republic of
Croatia.



vepar

2021

Contract for the
replacement of
primary
equipment at HPP
Senj



Company overview

1.



KONČAR GROUP *
16 companies and
1 associate company



TOTAL INCOME
EUR 925 million
(2023)



PEOPLE
5,391*



EXPORTS
65% of the total sales
revenue (2023)

*(as of 30 September 2024)

- Listed on **Zagreb Stock Exchange**
- Segment: Official Market
- Symbol: KOEI – R – A
- Type: Regular Stock
- Issue Date: 11/02/1999
- Market Capitalization: over EUR 1 billion



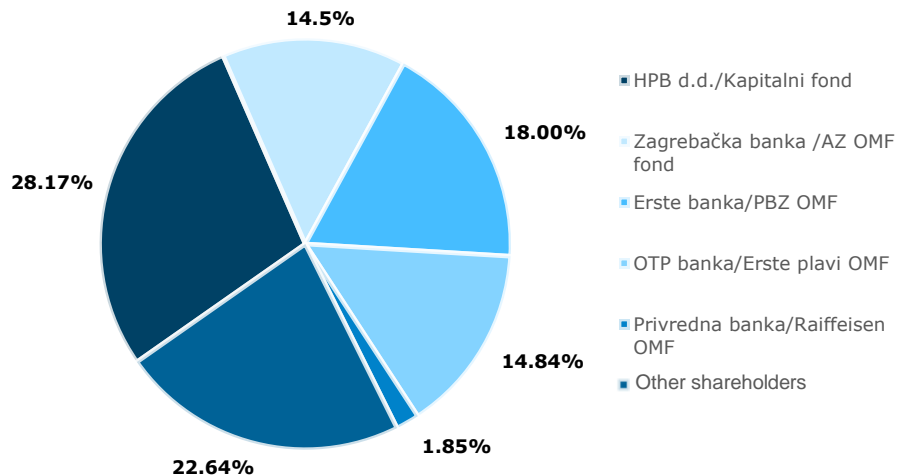
Included in indices:

- CROBEX
- CROBEXtr
- CROBEX10
- CROBEX10tr
- CROBEXplus
- CROBEXindustrija

Ownership structure and management

1.

Ownership structure



SUPERVISORY BOARD MEMBERS

Chairman: Joško Miliša

Deputy Chairman: Darko Horvatin

Members:

Igor Filipović

Zdravko Kačić

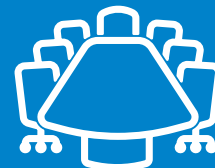
Maja Martinović

Zvonimir Savić

Lovro Jurišić

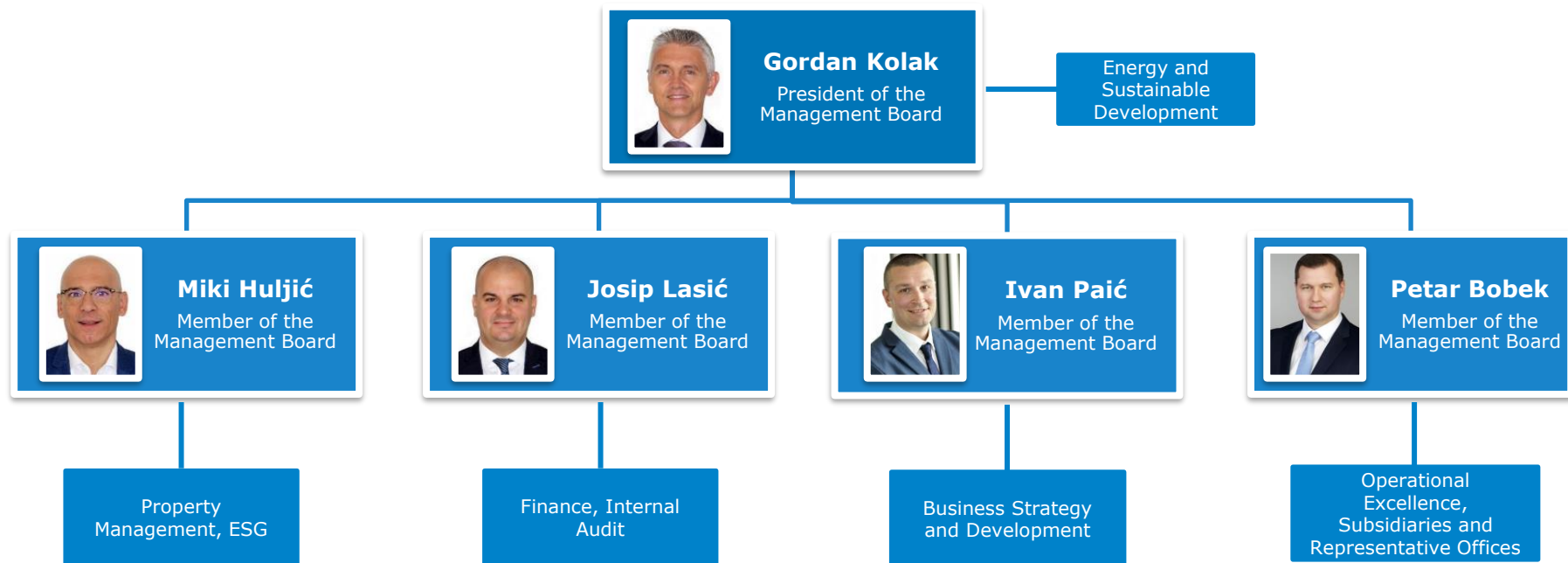
Danko Škare

Mario Radaković



Management Board

1.



Organisation

As of 30 September 2024

PARENT COMPANY

KONČAR – Electrical Industry Inc. for manufacturing and services

SUBSIDIARIES

KONČAR - Switchgear Ltd.

KONČAR – Digital Ltd.

KONČAR - Electronics and informatics Ltd.

KONČAR – Generator and Motors Ltd.

KONČAR - Electrical Engineering Institute Ltd.

KONČAR – Metal Structures Ltd.

KONČAR – Motors and Electrical Systems Ltd.

KONČAR - Renewable Energy Sources Ltd.

KONČAR – Transformers tanks Ltd.

KONČAR – Investments Ltd., Advanced energy solutions Ltd., Dalekovod jsc.

Telenerg – Engineering Co Ltd.

KONČAR - Electric Vehicles Inc.

KONČAR – Instrument Transformers Inc.

KONČAR - Distribution And Special Transformers Inc.

Energetski park Pometeno brdo Ltd.

INK PROJEKT Ltd.

ASSOCIATE COMPANY

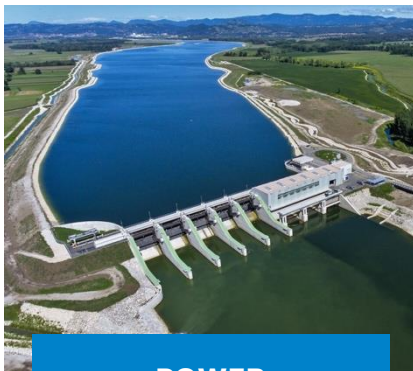
KONČAR - Power Transformers Ltd.

BRANCH OFFICES

1.

Business segments

1.



**POWER
GENERATION**



**POWER
TRANSMISSION AND
DISTRIBUTION**



**URBAN MOBILITY
AND
INFRASTRUCTURE**



**DIGITAL SOLUTIONS
AND PLATFORMS**

Power generation

- Hydropower plants
- Solar power plants
- Wind power plants
- Thermal power plants
- Equipment manufacturing
- Turnkey projects, maintenance, refurbishment, reconstruction and overhaul



1.

Power transmission and distribution

- Transformer substations
- Equipment manufacturing
- Customer-specific solutions
- Construction, reconstruction, refurbishment and retrofitting of transmission and distribution power facilities
- Turnkey projects, engineering, maintenance, training and 24/7 technical support



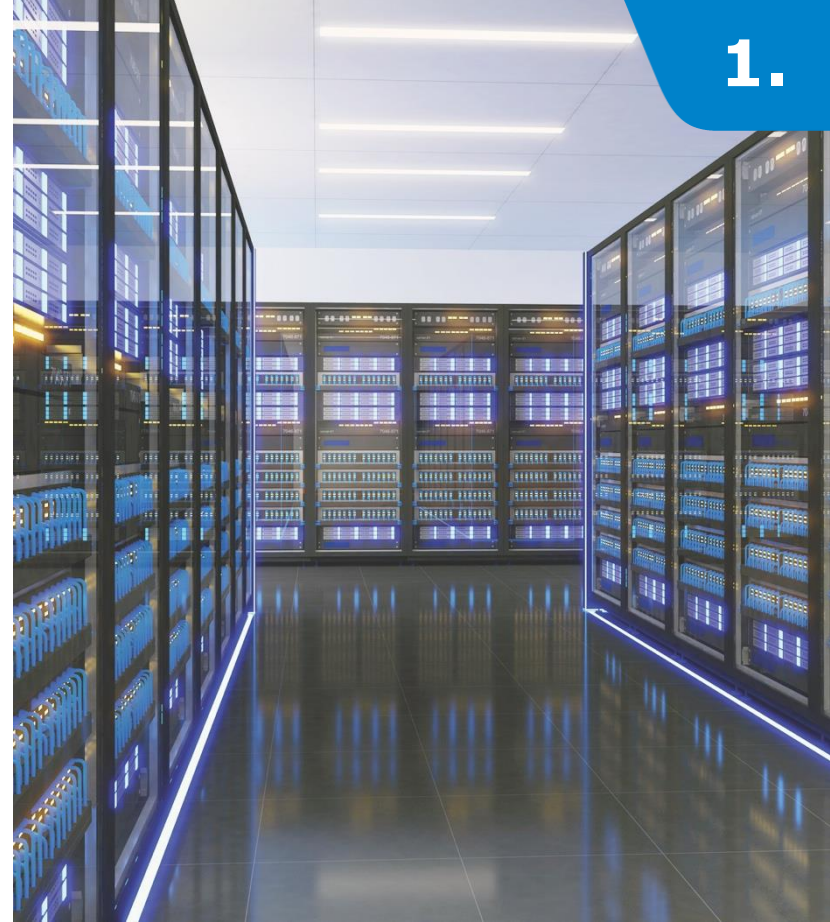
Urban mobility and infrastructure

- Low-floor electric and diesel-electric multiple units
- Low-floor trams
- Components and systems for rail vehicles
- Rail infrastructure engineering



Digital solutions and platforms

- Dispatching centres
- Monitoring and control for remote critical and urban infrastructure
- SCADA
- Communication systems and computer networks
- UPS devices and systems
- Smart city solutions



2

2023 results



KONČAR
Inspirani izazovima

Key performance indicators

Export +35%	Sales revenue +27%
Order intake +54%	Order intake -export +81%
Book-to-bill ratio 1.5	Backlog +41%

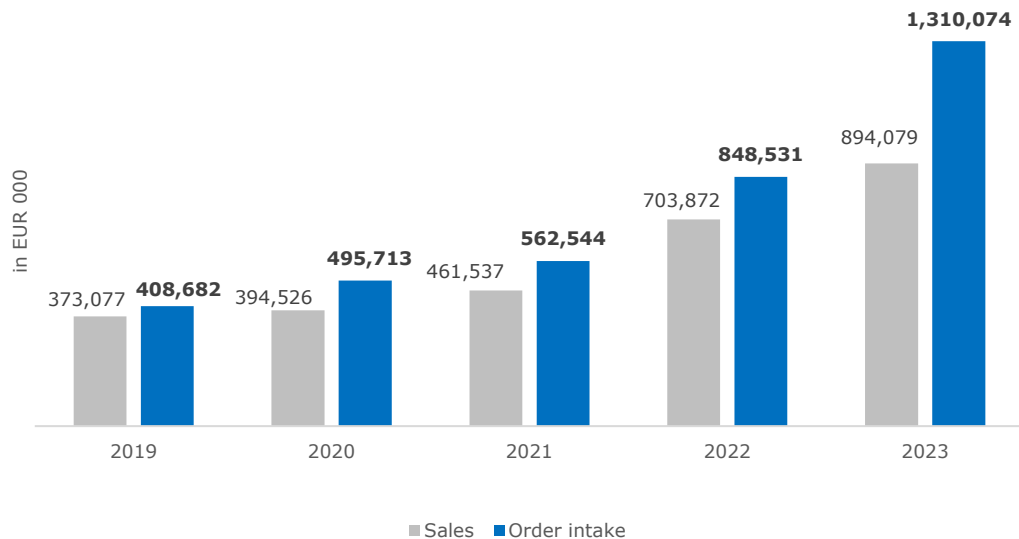
Compared to 2022; Backlog as at 31 December 2022

- Excellent order intake.
- **Backlog = EUR 1.42 billion**, out of which, for **2024 = EUR 956.8 million**, and after 2024 EUR 465.2 million.
- Growing share of export in revenue and order intake.

Key performance indicators 2023

2.

Sales/order intake



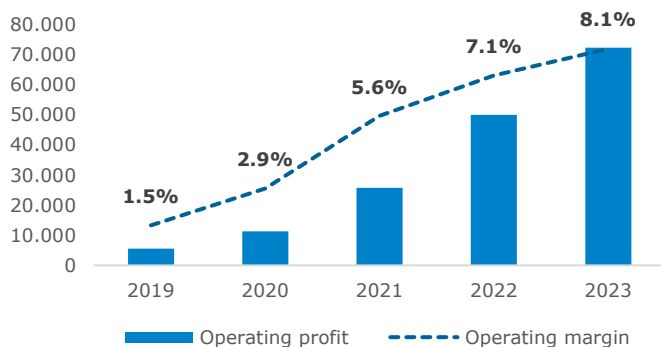
- The amount of sales revenue for the year 2023 for EUR 521.0 million or 2.4 times higher than the realization in 2019.
- The average annual growth rate of sales revenue in the period 2019 - 2023 is 24.4%.
- Exports increased by EUR 360.1 million or 2.6 times and the average annual growth rate is 27.5%.
- Exports increased in almost all markets.
- Order intake more than 3.2 times higher than in 2019, book to bill ratio ranges from 1.1 to 1.5 in 2023.
- Backlog at the end of 2023 amounted to EUR 1.42 billion and is almost EUR 1 billion more than at the end of 2019. The average annual growth rate is 32.4%.

Key performance indicators 2023

2.

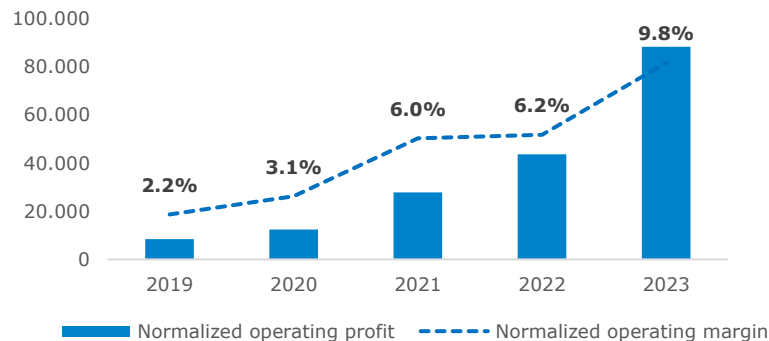
in EUR 000

Operating profit



- Compared to 2019, operating profit increased by EUR 66.7 million
- The average annual growth rate is 89.8%
- The operating margin in 2023 is 8.1% (in 2019 it was 1.5%)

Normalized operating profit*



- Compared to 2019, normalized operating profit increased by EUR 79.8 million
- The average annual growth rate is 80.3%
- The normalized operating margin in 2023 is 9.9% (in 2019 it was 2.2%)

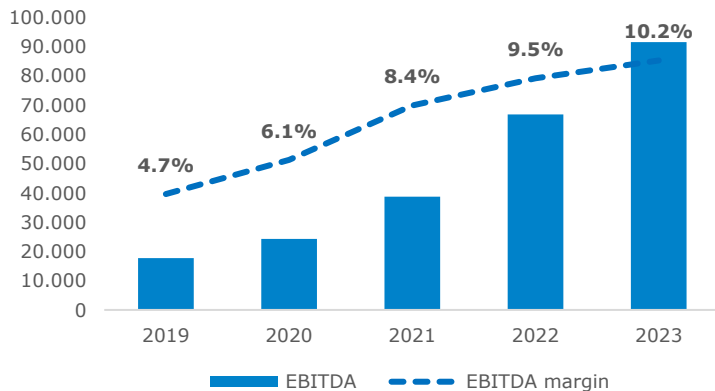
* Normalized operating profit: Operating profit less the net effect of provisions, asset sale income, loss compensation income, and increased by value adjustment of non-current and current assets.

Key performance indicators 2023

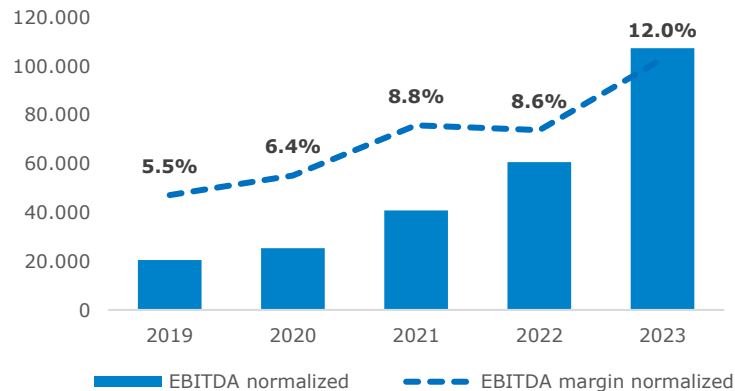
2.

in EUR 000

EBITDA



EBITDA normalized*



- EBITDA increased by EUR 73.7 million compared to 2019
- The average annual growth rate is 50.7%
- EBITDA margin is 10.2% (4.7% in 2019)

- Normalized EBITDA increased by EUR 86.8 million compared to 2019
- The average annual growth rate is 51.3%
- EBITDA margin normalized 12% (5.5% in 2019)

* EBITDA normalized: EBITDA less the net effect of provisions, asset sale income, loss compensation income, and increased by value adjustment of non-current and current assets.

3

QI-III 2024 Results

Key Highlights in QIII 2024

3.



- A contract has been signed with the Electricity Authority of Cyprus (EAC) for the reconstruction of power facilities in Cyprus. The contract, valued at EUR 13.7 million, includes the supply and installation of equipment for the 132kV substations at Ipsonas, Papacostas, and New Limassol Port. The Cypriot market is poised for substantial growth, with nearly all high-voltage power facilities expected to undergo refurbishment. With a long-standing presence in Cyprus through its medium and distribution transformers, KONČAR is strategically positioned to expand its portfolio, offering a wider range of energy solutions essential for the green energy transition.
- On 21 October 2024, KONČAR - Distribution And Special Transformers Inc. has signed a contract for the supply of medium energy transformer with the German energy supply company EAM Netz, and based in Kassel. The value of the contract is more than EUR 19 million, and the realization of individual deliveries is expected in the period from 2027 to 2029.
- Dalekovod jsc. was selected as the most favorable bidder according to the tender criteria for the construction of eastern part of new 420 kV transmission line on the Blåfalli – Gismarvik section, Norway. The realization of the project worth more than EUR 63 million includes building of a new 420 kV transmission line with a length of 59 kilometers, which is planned from 2024 to 2027.

Key Highlights in QIII 2024

Significant rolling stock orders and contracts for 2024



- Production has begun on a new generation of low-floor trams for the city of Zagreb, building upon the proven TMK2300 design. A standout innovation in this generation is the integration of onboard batteries, which will charge through regenerative braking. These batteries enable the tram to autonomously cover a designated distance in the event of a power outage. Furthermore, they supply part of the energy required for acceleration, easing the strain on the power grid and significantly enhancing overall energy efficiency.



- KONČAR – Electric Vehicles Inc. - has signed a contract with HŽ Passenger Transport Ltd. and GPP Ltd. for the procurement of 6 (six) dual-mode trains designated for long-distance transport (Croatian: EDMV DP). These state-of-the-art units are intended to replace the existing tilting trains that have been in operation on the route between Split and Zagreb since 2004. The contract is valued at EUR 57.3 million.
- On 3 September 2024, KONČAR – Electric Vehicles Inc. finalized a contract with Zagrebački električni tramvaj Ltd. (ZET) for the delivery of 20 trams, with a total contract value of EUR 39.9 million. The contract stipulates a delivery timeline of 36 months from the date of signing, with the trams being delivered to the customer in stages, in accordance with the agreed-upon schedule. This executed contract represents the ongoing successful partnership between KONČAR and ZET, which previously resulted in the delivery of 142 low-floor trams between 2005 and 2010. Moreover, in June 2023, a subsequent contract was secured for the delivery of 20 new trams, which is currently underway. Upon the successful completion of this contract, the total number of KONČAR-manufactured trams in operation in Zagreb will reach 182.

Key Highlights in QIII 2024



- Joint Venture Agreement has been signed between KONČAR Inc. (KONČAR) and SIEMENS ENERGY HOLDING BV. The goal of this joint venture is to build a manufacturing facility and establish a company dedicated to producing transformer tanks at KONČAR's site in Sesevetski Kraljevec, with KONČAR holding a 60% majority stake and Siemens Energy holding 40%. The European Union's green transition has spurred a substantial rise in transformer demand, with transformer tanks being a vital component. This strategic alliance with our established partner aims to scale up KONČAR's production of transformer tanks, thereby setting the stage for substantial growth in our global market reach.



- On 1 July 2024, two subsidiaries KONČAR – Engineering Co Ltd. and KONČAR – Infrastructure and Services Ltd. were merged with the parent company KONČAR Inc.
- The Supervisory Board of KONČAR Inc. has formally endorsed KONČAR Group's new Business strategy for 2030, *People, technologies, investments – KONČAR 2030*, following a recommendation from the Management Board.
- At the end of September, at the world's largest transport fair of industry and technology, Innotrans Berlin, KONČAR presented its Measurement train and Battery Electric Multiple Unit (BEMU). KONČAR's BEMU was the only one of its kind at this year's fair, but among the first in Europe.

Key performance indicators QI-III 2024

EBITDA +117.9%	Net profit +141.4%
Sales revenue +22.2%	Export +32.3%
Book-to-bill ratio 1.7	Backlog +38.1%

Compared to QI – QIII 2023; Backlog as at 31 December 2023

- **New order intake** continues to grow at a faster pace than revenues.
- **Backlog** for 2024 amounts to EUR 439.9 million, with an additional EUR 1.52 billion in projects scheduled for future years.
- Share of **export in sales revenue** reached 72.7%.
- Share of **exports in new order intake** stands at 76.5%.
- Strong **growth in profit margins** reflects robust financial performance.

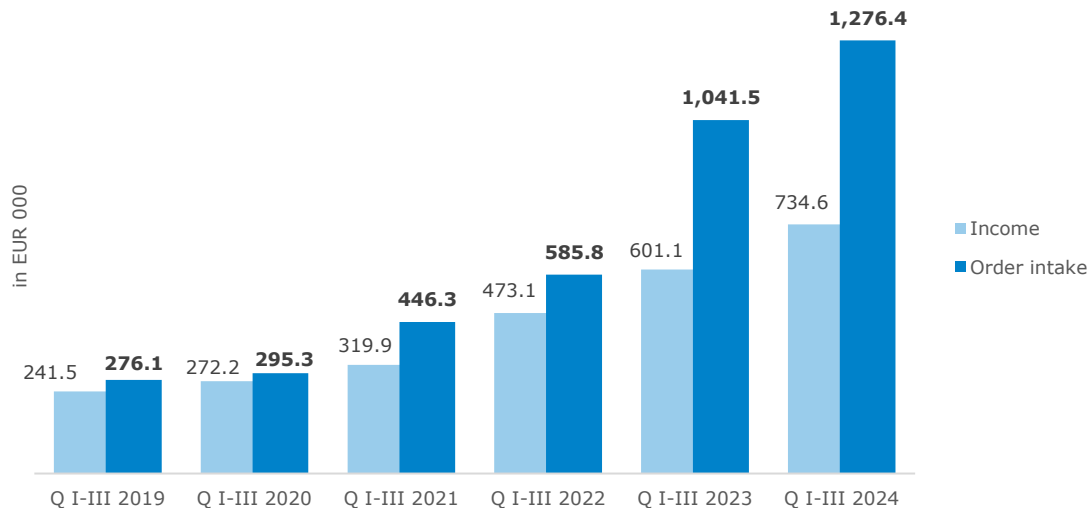
Key performance indicators QI-III 2024

<i>in EUR 000</i>	QI-III 2023	QI-III 2024	Δ	Index 2024/2023
Operating revenue	615,162	745,292	130,129	121.2
Sales revenue - total	601,084	734,573	133,489	122.2
Sales revenue - export	403,860	534,269	130,409	132.3
Operating expenses	565,144	622,497	57,353	110.1
Operating profit	50,019	122,795	72,776	245.5
Operating margin	8.3%	16.7%		
Normalized operating profit	42,122	120,384	78,262	285.8
Normalized operating margin	7.0%	16.4%		
Net profit	48,311	116,604	68,293	241.4
Normalized net profit	40,414	114,194	73,780	282.6
Normalized net margin	6.7%	15.5%		
Depreciation	14,010	16,747	2,737	119.5
EBITDA	64,029	139,542	75,513	217.9
EBITDA margin	10.7%	19.0%		
EBITDA normalized	56,133	137,131	80,999	244.3
EBITDA margin normalized	9.3%	18.7%		
Order intake	1,041,527	1,276,411	234,884	122.6
"Back log"²	1,422,538	1,964,376	541,838	138.1
Book-to-bill ratio	1.7	1.7		

- **Consolidated revenue generated from the sale of goods and services** increased by EUR 133.5 million or 22.2% y-o-y.
- **Export revenues** increased by EUR 130.4 million or 32.3% Y-O-Y.
- **Profit margins** significantly higher compared to the same period last year:
 - Operating margin 16.7% (for QI-III 2023 it was 8.3%)
 - Net margin (normalized) 15.5% (for QI-III 2023 it was 6.7%)
 - EBITDA margin 19.0% (for QI-III 2023 it was 10.7%)

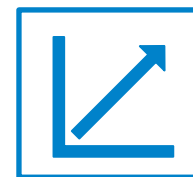
Increasing order intake

Order intake/income



Book-to-bill ratio

1.7

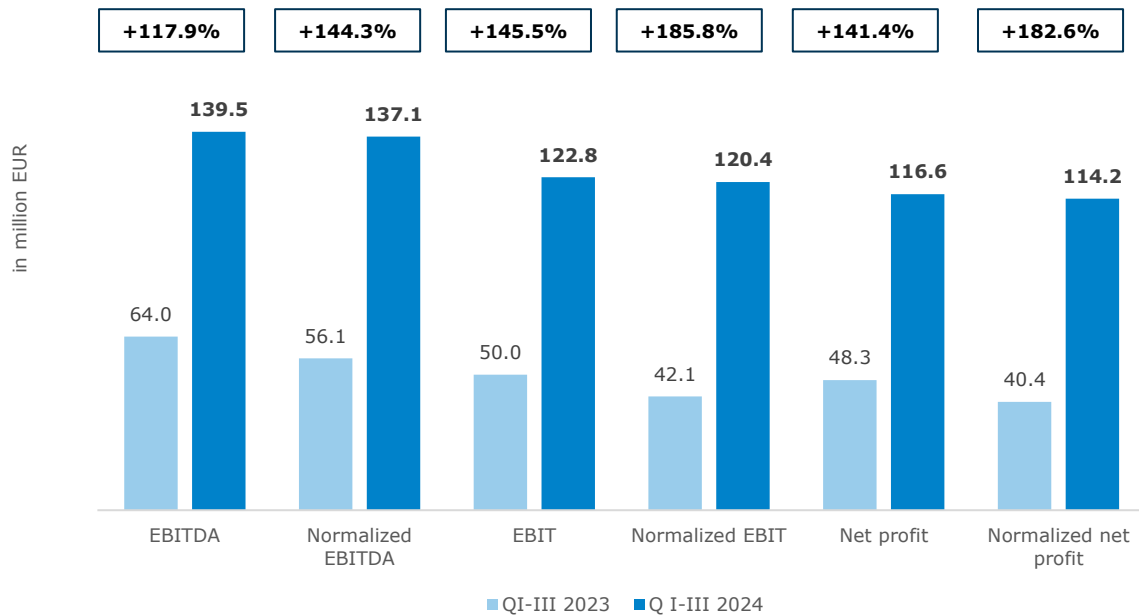


Order intake continues to surge

International markets dominated the order intake, significantly exceeding domestic contract volumes. Export contracts comprised EUR 976.9 million or 76.5% of the total new order intake.

Profitability trend

3.

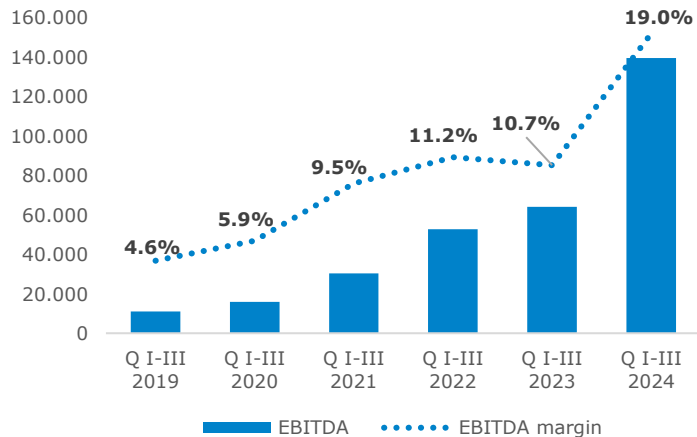


Compared to the same period last year, strong growth in all key business indicators

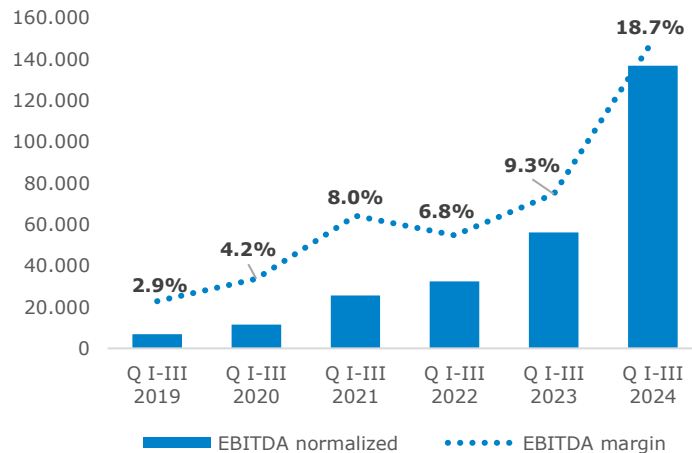
Strong sales growth reflected across financial indicators

in EUR 000

EBITDA



EBITDA normalized*

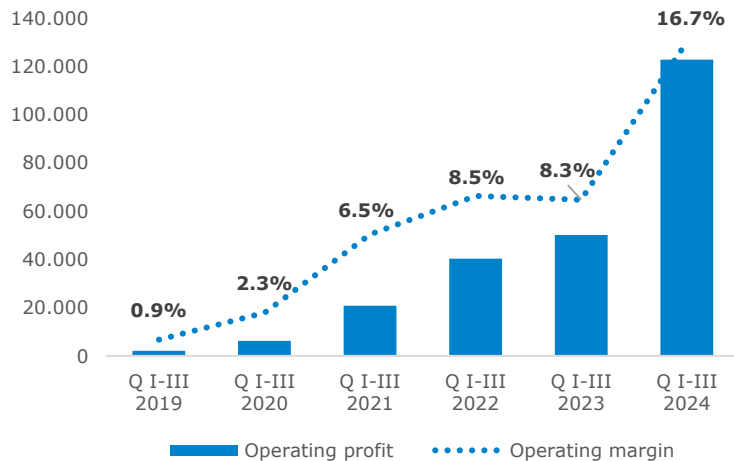


*EBITDA normalized: EBITDA less the net effect of provisions, asset sale income, loss compensation income, and increased by value adjustment of non-current and current assets.

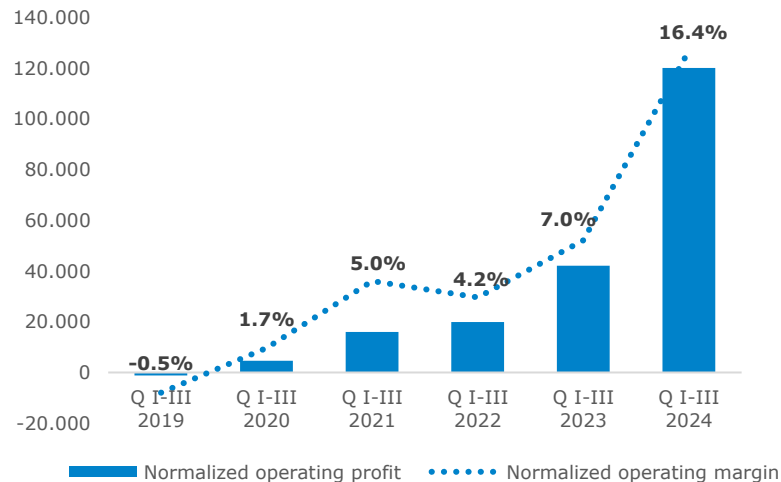
Strong sales growth reflected across financial indicators

in EUR 000

Operating profit



Normalized operating profit*



*Normalized operating profit: Operating profit less the net effect of provisions, asset sale income, loss compensation income, and increased by value adjustment of non-current and current assets.

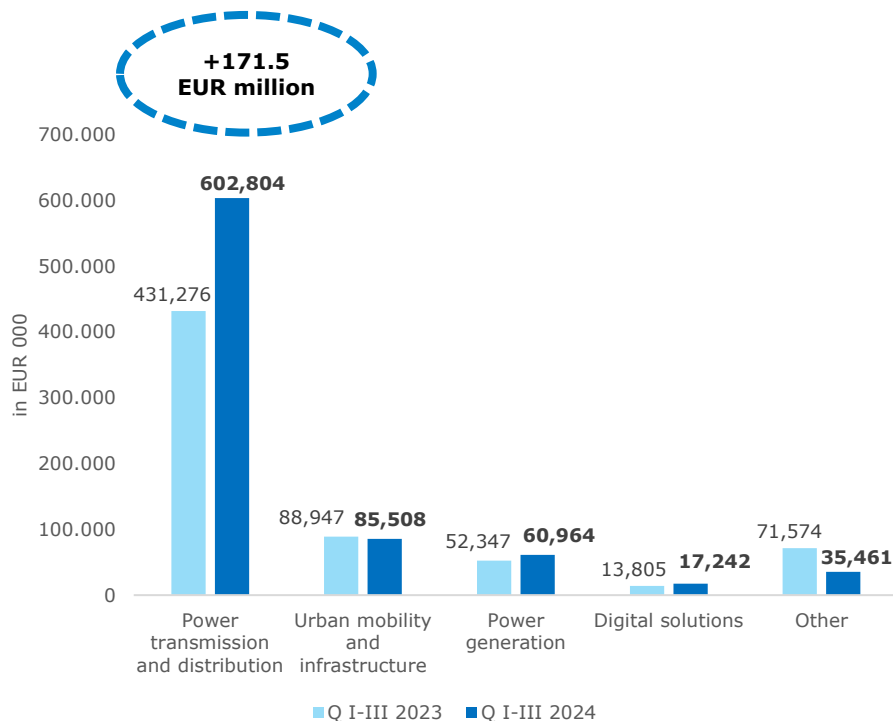
Financial position

3.

<i>in EUR 000</i>	QI - III 2023	QI - III 2024	Δ	Index 2024/2023
OPERATING INCOME	615,162	745,292	130,129	121.2
OPERATING EXPENSES	565,144	622,497	57,353	110.1
Material costs and change in value of inventories	410,298	430,864	20,566	105.0
Staff costs	107,508	131,234	23,726	122.1
Depreciation and amortization	14,010	16,747	2,736	119.5
Other costs	33,094	42,271	9,177	127.7
Impairment of non-current and current assets	233	1,382	1,148	591.7
Operating profit	50,019	122,795	72,776	245.5
SHARE IN PROFIT OF ASSOCIATED PARTIES	7,077	18,458	11,381	260.8
SHARE IN LOSS OF ASSOCIATED PARTIES	9	7	-2	79.2
Financial income	1,289	3,889	2,600	301.7
Financial costs	2,555	3,984	1,428	155.9
TOTAL INCOME	623,528	767,638	144,110	123.1
TOTAL EXPENSES	567,708	626,488	58,780	110.4
Profit before taxation	55,820	141,150	85,330	252.9
Income tax	7,509	24,546	17,036	326.9
PROFIT FOR THE PERIOD	48,311	116,604	68,294	241.4

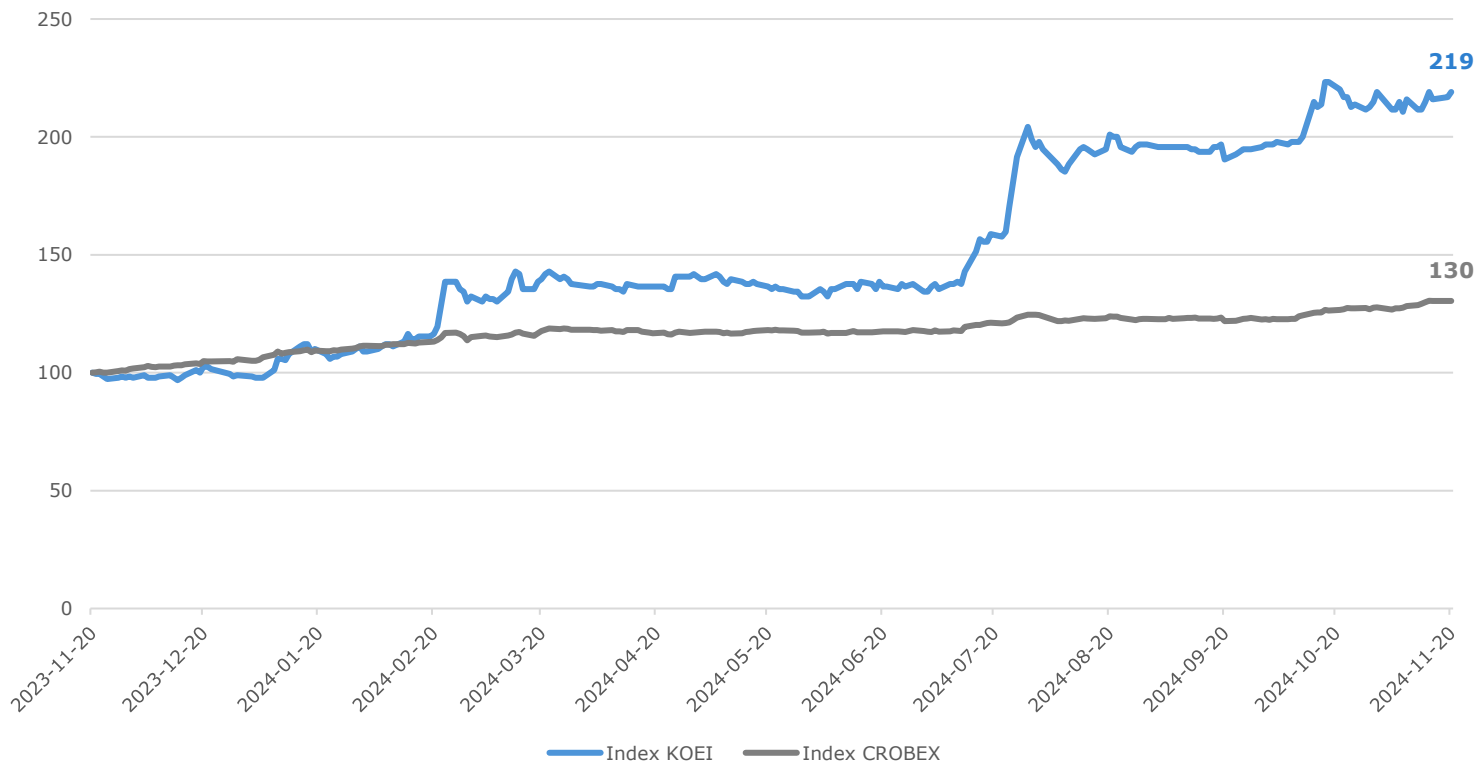
- **Operating income** increased by EUR 130.1 million or 21.2% y-o-y.
- **Operating expenses** increased by EUR 57.4 million or 10.1% y-o-y.
- **Material costs** increased by EUR 20.6 million or 5.0% y-o-y.
- **Staff costs** increased by EUR 23.7 million or 22.1% y-o-y → number of employees increased by 478 y-o-y.
- **Net profit** increased by EUR 68.3 million y-o-y.

Growth in the transmission and distribution business area



The most significant growth was seen in the **transmission and distribution of power**, with KONČAR – Distribution and Special Transformers, our flagship company, consistently excelling across all business segments.

Price performance: KOEI vs. CROBEX



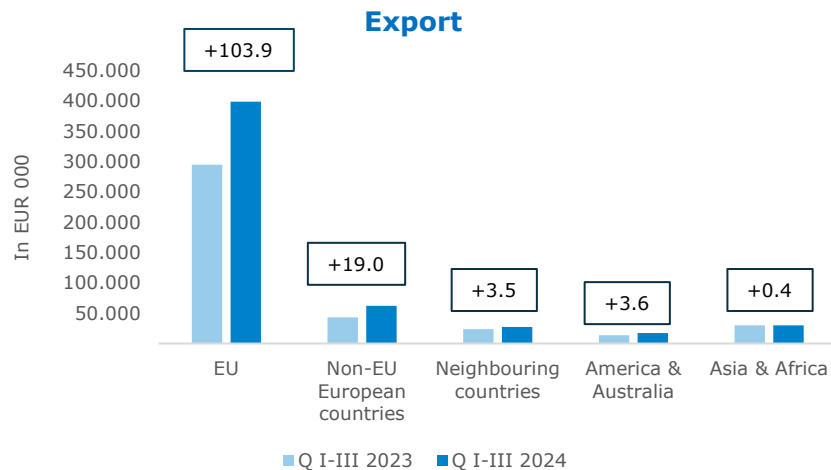
4

Markets

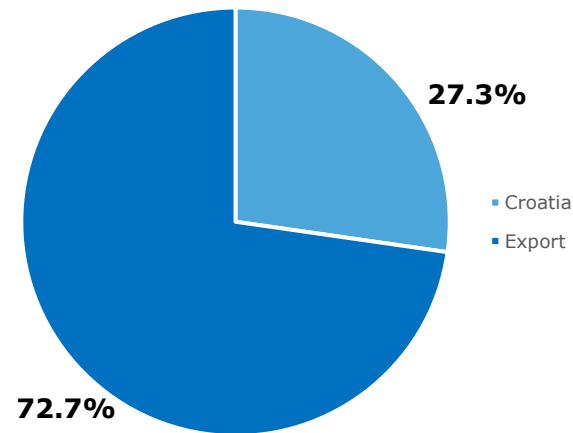


KONČAR
Inspirani izazovima

Growth of revenue generated from export across all markets



- Year-on-year increase of EUR 130.4 million
- Export growth across all markets
- Key export markets : Germany, Sweden, Austria, Norway
- Leading exporters : D&ST, KDD, Dalekovod, KMT, GIM, KMK
- EU markets 74.5% of total exports



Record share of exports

Export revenue

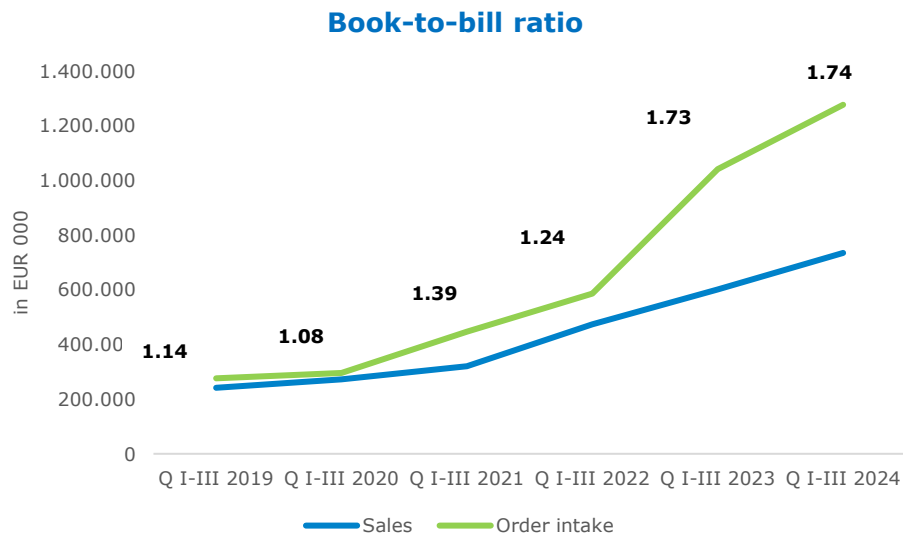
EU countries +35.3%	EUR million	% growth/decline
Germany	83.6	+11.1
Sweden	80.7	+22.5
Austria	45.8	+77.5
Non-EU countries +44.3%	EUR million	% growth/decline
Norway	27.4	+11.8
UK	18.2	+147.7
Iceland	7.6	+293.6
Neighbouring countries +14.9%	EUR million	% growth/decline
Bosnia and Herzegovina	14.8	+38.4
North Macedonia	10.9	+11.1
Serbia	0.86	-24.0
America and Australia +26.9%	EUR million	% growth/decline
SAD	10.1	+36.1
Australia	4.4	+136.6
Canada	1.1	-4.4
Asia and Africa +1.4%	EUR million	% growth/decline
U.A.E.	10.2	+170.8
Tanzania	6.8	+180.0
Iraq	5.7	+96.1



Share of export
in total sales
72.7%

Order intake trend

4.

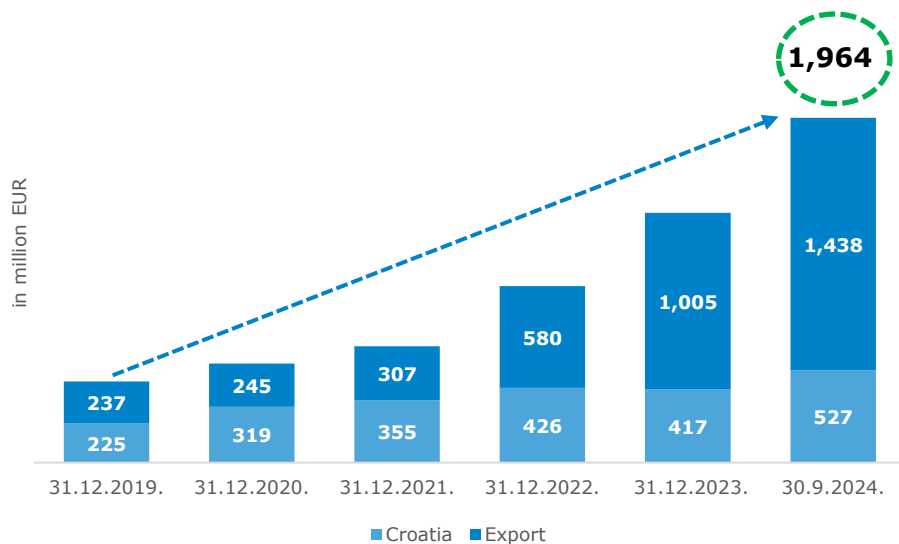


Several major projects, vital to multiple Group companies, were contracted in the QIII 2024.

Significant increases in order intake have been achieved by KONČAR – Distribution and Special Transformers Group, KONČAR Inc. and Dalekovod Group.

Backlog EUR 1.9 billion

4.

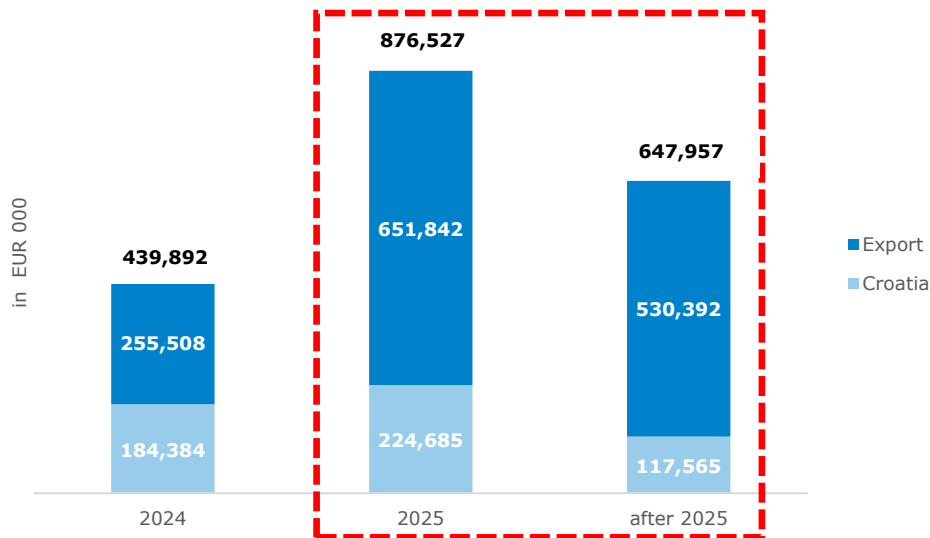


**Backlog rose by
EUR 542 million
compared to as at
2023 year-end**

The open liabilities reflect an order intake of EUR 1.5 billion for contracts scheduled for execution in 2025 and beyond.

Expected revenues generated from backlog

Sales expected to be generated out of the backlog



- **Backlog** at the end of the September is EUR 1.96 billion.
- In open liabilities, order intake to be realized in 2024 amounts to EUR 439.9 million.
- Annual sales revenue plan for 2024 is fully covered by contracts.
- Order intake scheduled for execution over the next years stands at EUR 1.52 billion.

5

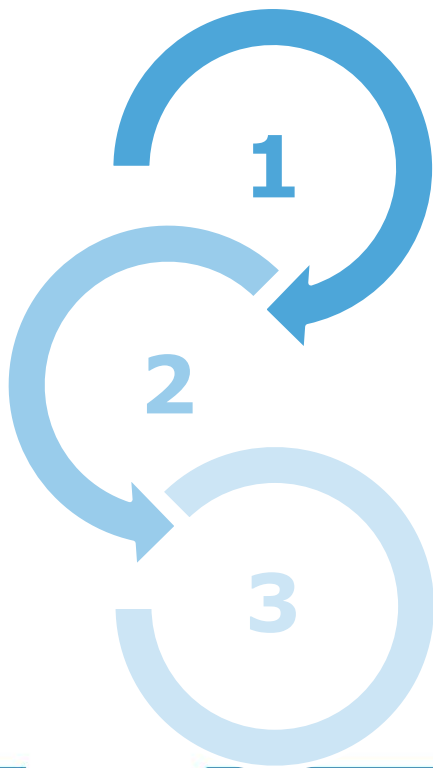
New strategy KONČAR 2030

A large, three-dimensional blue logo of the word "KONČAR" is mounted on the side of a modern, light-colored building. The letters are thick and blocky, casting shadows on the wall. The building has several windows visible on the upper floors.

KONČAR
Inspirani izazovima

People, technologies, investments - KONČAR 2030

3 key pillars



Strengthening Core Operations

- Scale up the manufacturing of transformers to meet growing demand
- Accelerate operations in renewable energy sources and energy storage solutions
- Advancing energy infrastructure

Advancing Energy Infrastructure

- Expanding transmission and distribution EPC services
- Ensuring long-term competitiveness of switchgear solutions
- Strengthening market presence in substation technologies
- Driving innovation in EV charging and port electrification
- Digitizing the entire portfolio

Agile Internal Ecosystem

- Operational agility
- Sales excellence
- Process digitalization
- M&A and strategic alliances
- Talent attraction and development
- Regional leadership in ESG practices

People, technologies, investments - KONČAR 2030

KPI

1

Achieve 15% of revenue from services

2

Grow export revenue to 85% of total income

3

Establish three regional hubs worldwide

4

Be the #1 choice in energy solutions in the CEE region

5

Digitalize 80% of the product portfolio

6

Outgrow the market in all product segments

7

Become Croatia's most desirable employer in the energy transition

8

Green transition:
Reduce Scope 1 and Scope 2 emissions by 45%

6

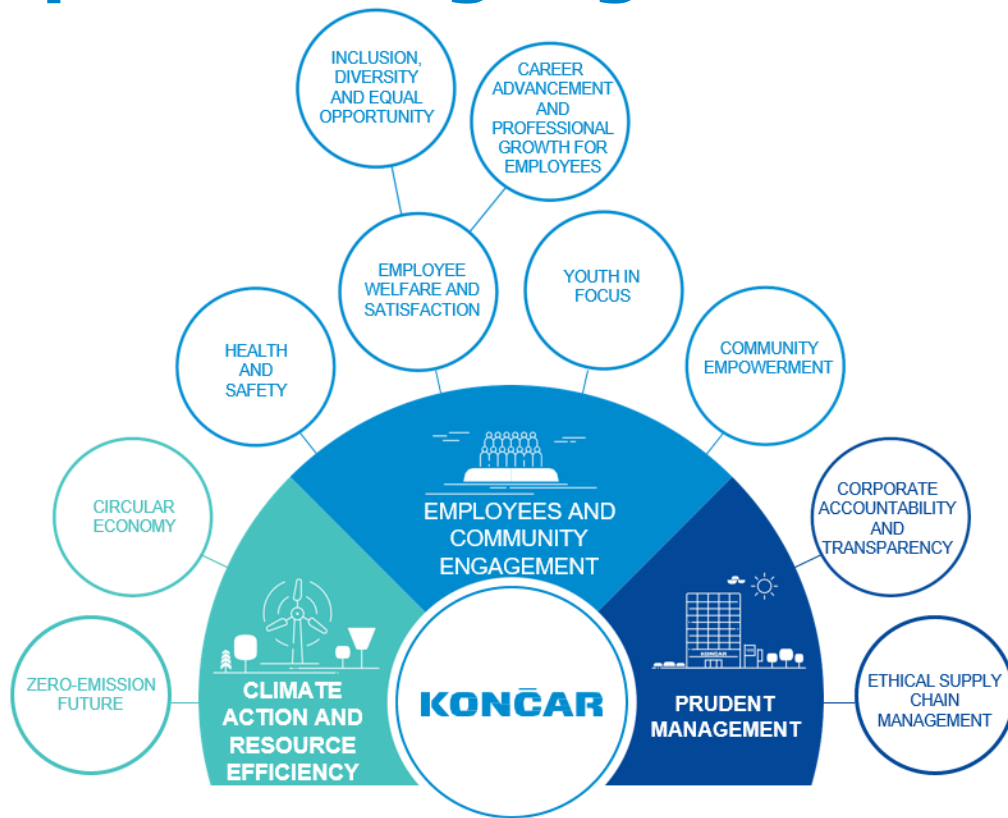
Sustainability Strategy 1.0.



KONČAR

KONČAR
Inspirani izazovima

Our principal strategic goals



Sustainability Goals to Achieve by 2026

CLIMATE ACTION AND RESOURCE EFFICIENCY

EMPLOYEES AND COMMUNITY ENGAGEMENT

PRUDENT MANAGEMENT

GOAL

1

ZERO-EMISSION FUTURE

REDUCTION OF SCOPE 1 AND 2 EMISSIONS by 2030, INITIATING NET-ZERO TRANSITION (45% compared to 2019 level)

GOAL

2

CIRCULAR ECONOMY

REDUCING WASTE AND PROMOTING RESOURCE EFFICIENCY (80% diversion rate of manufacturing waste from landfills by 2026)

GOAL

3

HEALTH AND SAFETY

IMPLEMENTING A SAFE AND HEALTHY WORKING ENVIRONMENT FOR ALL EMPLOYEES AND ASSOCIATES

GOAL

4

EMPLOYEE WELFARE AND SATISFACTION

PROMOTE INCLUSION, DIVERSITY AND EQUAL OPPORTUNITY

GOAL

5

FOSTERING CAREER ADVANCEMENT AND PROFESSIONAL GROWTH FOR EMPLOYEES

GOAL

6

YOUTH IN FOCUS

FOSTERING YOUTH ENGAGEMENT AND CULTIVATING KONČAR'S IMAGE AS A DESIRABLE EMPLOYER

GOAL

7

COMMUNITY EMPOWERMENT

CONSISTENTLY INVESTING IN THE DEVELOPMENT AND LIFE QUALITY OF LOCAL COMMUNITIES

GOAL

8

CORPORATE ACCOUNTABILITY AND TRANSPARENCY

COMMIT TO RESPONSIBLE AND ETHICAL MANAGEMENT AND INTEGRATE SUSTAINABILITY INTO BUSINESS OPERATIONS

GOAL

9

UPHOLDING ETHICAL STANDARDS IN THE VALUE CHAIN

SAFEGUARD ETHICAL INTEGRITY AND CONFORMITY TO KONČAR'S VALUES IN THE SUPPLY CHAIN

Green transition

We are committed to efficiently utilizing energy and renewable resources, designing and developing innovative green products, and championing the circular economy. Our focus extends to the entire lifecycle of our products. We are pioneering environmentally friendly solutions in power engineering rail vehicles (including advanced equipment and components for battery and hybrid trains), and cutting-edge digital technologies.



Power Generation

**Power Transmission and
Distribution**

**Urban mobility and
Infrastructure**

**Digital Solutions and
Platforms**

7

Predictions



KONČAR
Inspirani izazovima

Expectations until the end of the year

7.



- The backlog for the year 2024 gives us confidence to expect that the **business plan will be fulfilled** and in some segments even surpassed.
- **Sales revenues** are expected to **exceed EUR 1 billion**.
- During the middle of December, we expect the adoption of the **business plan for 2025**.
- Construction of **new production capacities** at several locations.

Thank you!

ir@koncar.hr

KONČAR
Inspirani izazovima