



ALWAYS ACTIVE



“ We, the people, are Interenergo. We believe that our good results can be ascribed to our business climate, which allows us to function in a very competitive and creative environment.

INTERENERGO

ACTIVE FOR 10 YEARS

This year marks the 10th anniversary of Interenergo's successful operations.

Ten years are not much in the energy sector, since we are well aware that energy investments are planned years, sometimes even decades ahead, and the payback periods are typically longer than in other industries. But this also makes it so much harder for new players to enter the market. Interenergo's presence in the market is steadily growing, which translates to stable growth in revenue and added value.



FASTER THAN CHANGE

We believe that changes in energy sector have become so common recently that there is simply no time to languish. We are not afraid to abandon a project if it is still early enough, even though we have invested in it and we are fond of it. At the same time, we are also not afraid to start new chapters and tackle new areas if we can firmly control the parameters relevant for us. We know that we can influence only our own operations and that only by doing so we can potentially change our environment. We do not avoid this responsibility, as we do not avoid the accompanying satisfaction when creating added value. We are not ashamed to admit this also makes Interenergo's staff satisfied.



We believe that anyone who thinks that the energy sector is driven primarily by capital, technology and raw power, is wrong. Rather, we prefer to say that:

we, the people, are Interenergo. We believe that our good results can be ascribed to our business climate, which allows us to function in a very competitive and creative environment.



As can be seen from the timeline on pages 4 and 5, our beginnings were in trading, but we soon upgraded our business model by constructing small power plants, particularly hydropower plants, all of them outside of Slovenia. Then we focused on solar energy, which finally allowed us to enter our home market, Slovenia. Here, we are now developing new business models of energy performance contracting.



INTERENERGO GROUP

Interenergo, energetski inženiring, d. o. o., is the international energy company headquartered in Ljubljana. Our main activities include electricity trading, construction and management of energy facilities using renewable sources, and improving energy performance of buildings and industrial facilities.

By developing a network of licensed subsidiaries, we trade on wholesale markets. In the last six years of trading on international power exchanges, our revenues grew almost sixfold.

We invest carefully, with an eye on long-term business. That is why we invest in the construction

and modernisation of electricity production facilities using renewable sources: water, sun, and wind. We use state-of-the-art technology to achieve efficiency and production safety.

We are entering energy-saving building renovation by efficiently planning modernisation, implementation, and management. We strive for savings to exceed the investment cost as soon as possible. As a company with strong financial background, we can take on the investment burden and the risks associated with the investment.

We are always active. We monitor market developments and respond quickly to them, while also identifying meaningful trends and including them in our future plans.

10 YEARS OF INTERENERGO GROUP

100 %
kelag

2010

Began production and made first revenue from the Poštica sHPP small hydropower plant (sHPP).

2011

The Interenergo Group exceeded EUR 200 million in revenue.

2009

100% acquired by KI-KELAG International GmbH.



EUR
200
million
revenue

2008

Entered the largest energy exchange.



2007

Officially renamed to Interenergo, d. d.

ie interEnergo
a kelag company



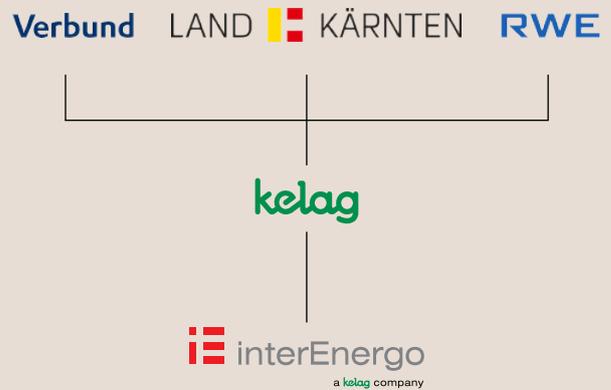
OWNERSHIP STRUCTURE

Strong fundamentals are important for long-term development of any company. Since 2009, the Interenergo Group has been part of the KELAG Group, which is considered one of the leading providers of renewable energy services in Central Europe, and represents the competence centre for hydro power plants in the RWE international group. The ownership group shares with us their experience and knowledge, which are the result of an almost century-old tradition. In this way, they give us the opportunity for long-term planning and activity development. However, as we draw from our owner's experience (and capital), Kelag increasingly recognises Interenergo as an independent competence centre, which develops

new opportunities and business models to be used by the whole Group.

Interenergo is therefore part of one of the largest renewable electricity producers in Central Europe. In addition to business models, the Kelag Group also follows important future trends and adds solutions to its business model in the area of digitalisation, electromobility, and smart technologies. Sustainable development based on economic stability, security of supply, and environmental and social responsibility are at the core of Kelag's strategy.

Ownership structure



2017

Set up the third pillar of energy performance contracting (ESCO services), and specialised retail services.



2014

Began taking measurements for building the Medna sHPP, signed a concession contract for the construction of the Vrbnica sHPP, expanded the solar power plant portfolio.

2016

The Group exceeded 10 TWh of traded electricity and generated EUR 370 mil. in revenue.

2012

Invested in Novakovići sHPP with installed capacity of 4.9 MW, and established a portfolio of small photovoltaic power plants (sPVPP's) with Martex and Mura.

2013

Entered the Italian energy exchange (GME).

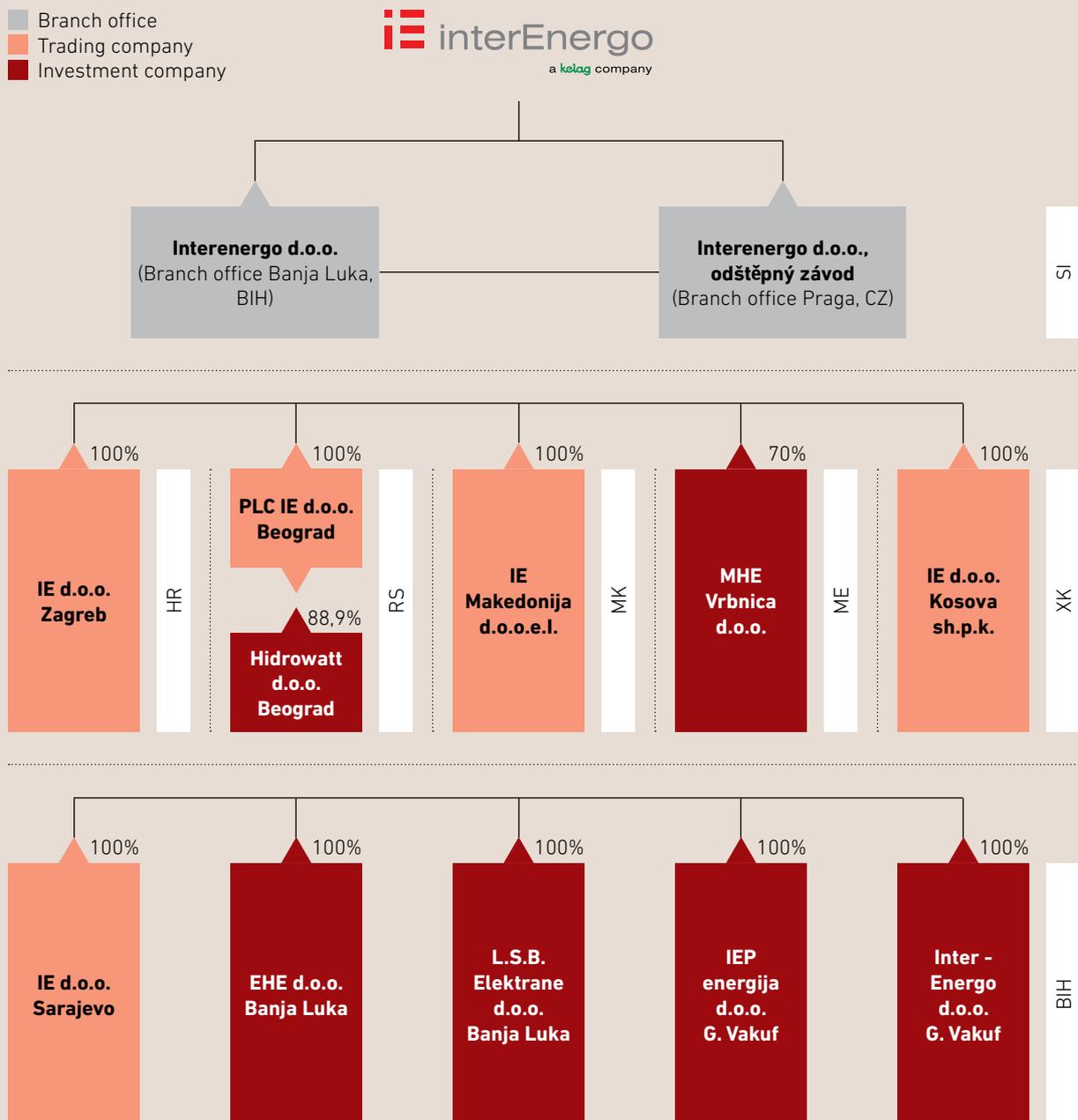


EUR
370
million
revenue



ORGANISATIONAL STRUCTURE

The Interenergo Group combines twelve companies based in Slovenia, Croatia, Bosnia and Herzegovina, Macedonia, Serbia, Montenegro, and Kosovo. Interenergo Zagreb d. o. o. is in the process of liquidation, and its activities have been transferred to the head office in Ljubljana. Almost all companies are 100% owned by Interenergo, energetski inženiring, d. o. o., with the exception of MHE Vrbnica d. o. o., where we hold a 70% stake, and Hidrowatt, d. o. o., Beograd, where we hold a 88.9% stake.



OUR DRIVING FORCE IS... BUSINESS EXCELLENCE

The Interenergo Group is strategically oriented towards both reliable electricity supply and production from renewable energy sources. The source of our business excellence is the timely identification of trends and their continued integration into the business model. Sustainable and long-term orientation of the Group is reflected in the fact that each business year exceeds the results of the previous one.

Business excellence is understood and developed in all key performance areas, mainly using the criterion of sustainability:

- ✔ In managing resources, excellence is reflected in the right balance of investment costs, achieved returns, and environmental responsibility.
- ✔ When developing new business models, we are particularly focused on sustainable results for our customers. What we bring to the market are solutions tailored to the objectives and capabilities of public and private companies, municipalities, and households.
- ✔ In developing employee competencies, we see excellence in promoting the development of individual potential and creating new opportunities for personal growth and development.
- ✔ Intellectual property is the key to long-term development of the Group in all areas, especially in trading. We are therefore constantly investing in information technology, ensuring that business processes within the group run smoothly.
- ✔ We are well aware that the production, distribution and, last but not least, consumption of electricity are basic social activities. Since we are a major player in the society, it is not enough to pursue our own gains; we also have to understand and take into account the interests of other stakeholders.

“ The source of our business excellence is the timely identification of trends and their continued integration into the business model.



“ “ We are transforming from an electric into an energy company.

“ “ The overall employment trends indicate the need for employees that are capable and motivated to solve complex problems using advanced solutions.

41
employees

5
different nationalities

OUR DRIVING FORCE IS... VISION

Electricity has a central role in all our activities. We believe that energy sector will grow increasingly decentralised and have environmentally responsible production and distribution. We believe that the pressure to reduce costs related to distribution and sales will increase. And we believe that the know-how of our top experts will provide the best solutions for our users and customers on a daily basis. Electricity is becoming a universal currency, but it is increasingly hard to obtain due to mounting pricing and environmental pressures. We like to be challenged.

We will increase the production of energy from renewable sources, trading in the markets of continental Europe, and provide advanced services and flexible energy supply in the region.

In this way, we will achieve operating profit (EBIT) totalling EUR 12 million by 2020.

OUR DRIVING FORCE IS... A NEW STRATEGY FOR THE COMPANY

The new strategy is still based on two key pillars of the Group, namely investment and trading, but adds a third – sales and services. This pillar focuses on energy performance contracting (ESCO services) and specialised retail services. The development, however, will not end here. We are in the middle of huge shifts in the energy sector, which we will not only swiftly follow, but also co-create.

OUR DRIVING FORCE IS... OUR EMPLOYEES

Knowledge, skills, and competence are the qualities that distinguish our employees. They contribute to Interenergo's business excellence, which in turn offers them a working environment that encourages and rewards their great enthusiasm.

We also offer employees professional training relevant for the nature and location of their work, and we closely cooperate with the company owners to transfer their knowledge and experience to employees in the Interenergo Group, and vice versa.

The Group consists of professionally trained and highly motivated employees from different areas. Currently, the Group consists of 41 employees of at least five different nationalities.

Educational structure of the employees at Interenergo:

- ✓ 46% Post-secondary
- ✓ 42% Tertiary
- ✓ 12% Master's



OUR DRIVING FORCE IS... OUR VALUES



TARGETING



**TEAM
WORK**



RESPONSIBILITY



**GROWTH AND
DEVELOPMENT**

Same as other industries, the energy sector underwent the process of digitalisation and informatisation of operations. The overall employment trends indicate the need for:

- ✓ analysts that can provide timely and reliable information;
- ✓ IT-support to ensure reliable operation of the information system and business intelligence;
- ✓ project managers able to search the market for projects with added value for all stakeholders;
- ✓ risk managers able to identify and evaluate all the risks to which the business model of the Group is exposed.

“ We believe that our top experts have the knowledge that enables us to provide our users and customers with the best solutions each and every day. ”



“ The Group is fundamentally committed to producing and supplying energy from renewable energy sources. Already at the planning and later at the construction stage, we take into account the high environmental and technical standards, and legal regulations.

RESPONSIBILITY TO THE ENVIRONMENT AND THE SOCIETY... ARE THE CORE OF OUR DRIVING FORCE

Every company, especially one operating in the energy sector, should ask itself what it means to act responsibly towards the environment and the society. The answer is not to hide behind indulgences in the form of sponsorships provided by energy companies, even though sponsorships also reflect commitment and strategic orientation.

At Interenergo, this responsibility is always incorporated when planning anything new. It is easy to be environmentally responsible at the expense of added value. It is easy to be responsible to the customers (be low-priced) at the expense of employees. Without added value, there is no development, and without satisfied employees, there are no satisfied customers. There have been examples of reckless investments into environmentally friendly sources that ended with a financial collapse and adverse consequences for the environment and the society. Interenergo demonstrates responsibility towards all stakeholders with every new day and every step forward.

The Group is fundamentally committed to producing and supplying energy from renewable energy sources. Already at the planning and later at the construction stage, we take into account the high environmental and technical standards, and legal regulations. Above all, we know how to integrate these requirements into business models to ensure that these resources can sustain themselves from their own sales.

Since we play an important and successful role in the society, we invest in the development of the local communities in which we operate. We also like to be in company with the best, which is why we have been sponsoring Festival Ljubljana for several years now. The festival is a top provider of international cultural events, and has proven that high culture can also be available to the masses. This rings close to home even though we are an energy company.

ELECTRICITY TRADING

Interenergo currently operates on 10 international energy exchanges and across 16 countries. In 2016, we expanded our department for electricity trading, which contributed to further remarkable growth in this area. In 2016, the volume of electricity trading amounted to as much as 10.3 TWh, or EUR 366.6 million. Over the last five years, our trading volume increased for 6.5 TWh.

But we are not stopping here. This year, we are planning to enter one more power exchange and obtain a permit to operate in the Greek market. We are following our strategic objective of delving deeper into the energy market and expanding our activities to double the revenue and operating profit.



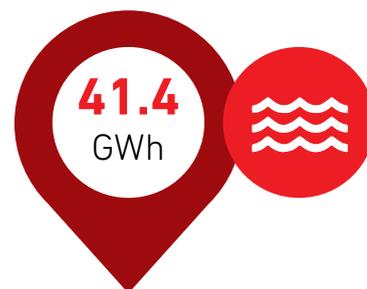
ELECTRICITY PRODUCTION FROM RENEWABLE SOURCES

Investments in electricity production from renewable energy sources are not only part of the current trends; rather, they are at the core of the Group's sustainable policy. All our facilities are equipped with state-of-the-art technology that provides efficient, reliable, and environmentally friendly electricity production, and are managed by professionally trained staff. In 2016, the Group produced 43.9 GWh of clean energy.

When it comes to production, the objectives of the Group are straightforward. Total production in 2017 is estimated at 55 GWh, while in 2018, we expect to produce 177 GWh of electricity. We are therefore following our strategic objective, which is to exceed 200 GWh by 2020.

Hydropower plants

In 2016, our hydropower plants produced 41.4 GWh of electricity. In 2017, Medna sHPP is planned to begin operation. Currently, it is in the final construction stages, and the electricity production is estimated at 24.7 GWh. Four more hydropower plants are being added to the current portfolio – they are still in the process of ownership transfer to the Group. In 2016, these hydropower plants combined produced a total of 85.9 GWh of electricity. Hydropower will continue to be a driving force of the group's production capabilities.



Solar power plants

In 2016, our solar power plants produced 2.5 GWh of electricity. The Group's portfolio of solar power plants is also growing. In 2016, we purchased sPVPP Jeruzalem Ormož, thus increasing the production by an additional 440 MWh per year. In the future, we plan to develop and make new investments in solar power plants.



PRESENCE ON INTERNATIONAL POWER EXCHANGES

EPEX Spot	German power exchange
OTE	Czech power exchange
OKTE	Slovak power exchange
HUPX	Hungarian power exchange
OPCOM	Romanian power exchange
BSP Southpool	Slovenian power exchange
CROPEX	Croatian power exchange
SEEPEX	Serbian power exchange
GME	Italian power exchange
IBEX	Bulgarian power exchange

HYDROPOWER PLANTS

Total installed capacity of the Group's hydro power plants is 57 MW.

1	sHPP	Novakovići	4.9 MW
2	sHPP	Jelići	1.5 MW
3	sHPP	Ružnovac	0.8 MW
4	sHPP	Derala	0.3 MW
5	sHPP	Duboki potok	0.8 MW
6	sHPP	Sastavci	0.7 MW
7	sHPP	Poštica	0.7 MW
8	sHPP	Zapeće	4.1 MW
9	sHPP	Medna	4.9 MW ¹
10	sHPP	Vrbnica	6.8 MW ¹
11	sHPP	Lumbardhi	8.2 MW ²
12	sHPP	Belaje	7.2 MW ²
13	sHPP	Decan	9.9 MW ²
14	sHPP	Lumbardhi II	6.2 MW ^{1,2}

SOLAR POWER PLANTS

Total installed capacity of the Group's solar power plants is 2.8 MW.

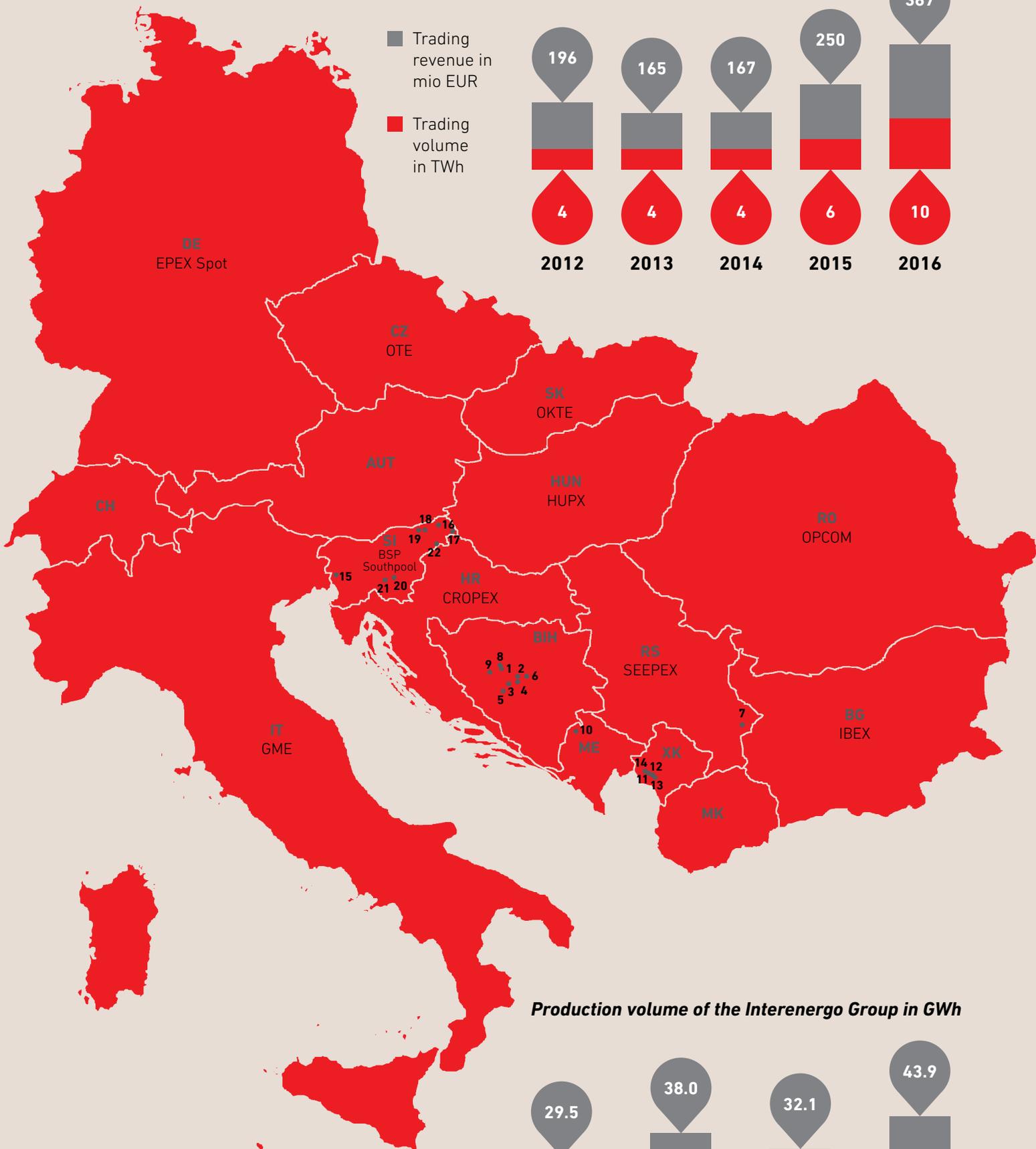
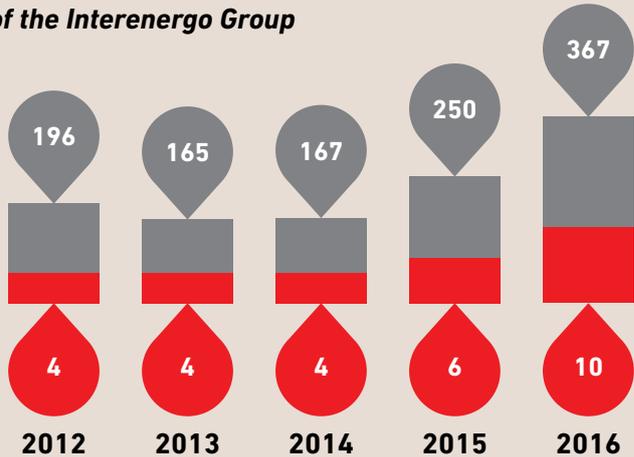
15	sPVPP	Martex	0.60 MW
16	sPVPP	Mura	1.30 MW
17	sPVPP	DOŠ1	0.18 MW
18	sPVPP	Pack Service	0.05 MW
19	sPVPP	Hiko Trade	0.12 MW
20	sPVPP	SEP Eko Dar	0.05 MW
21	sPVPP	Grading Kurent	0.10 MW
22	sPVPP	Jeruzalem Ormož	0.46 MW

¹ under construction

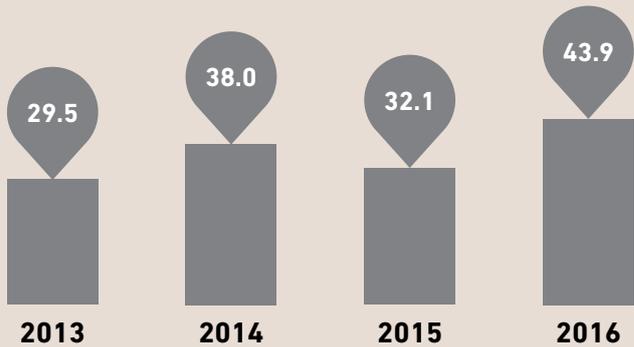
² in the process of transferring ownership to the Group

Trading volume of the Interenergo Group

- Trading revenue in mio EUR
- Trading volume in TWh

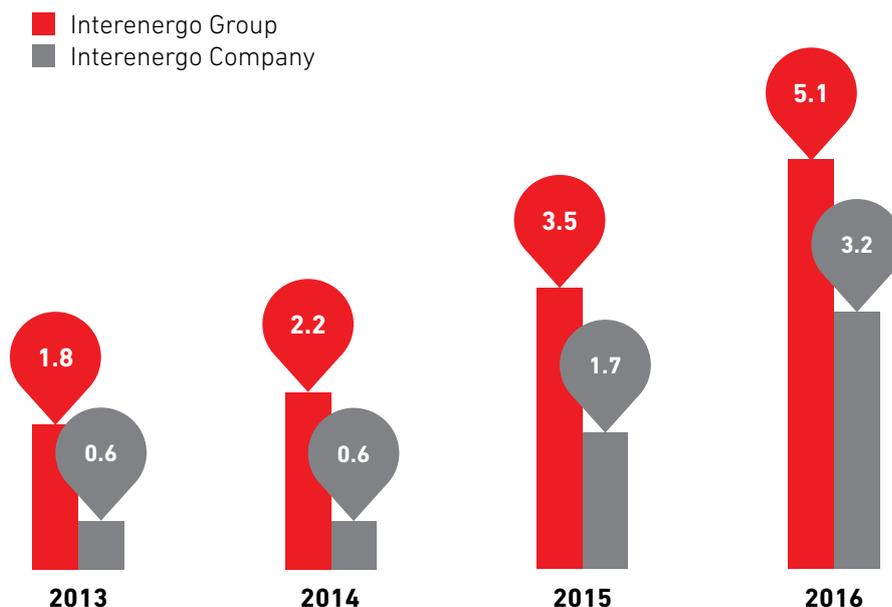


Production volume of the Interenergo Group in GWh



“ In the field of energy contracting, we are currently collecting and assessing potential projects. We expect this pillar to start generating revenue by 2018.

EBITDA in EUR mil. for the Group and the Interenergo company



SALES AND SERVICES

In 2017, we added the third pillar of development to the Interenergo Group – sales and services. With this, we are expanding our business activities to energy performance contracting (ESCO services) and specialised retail services. These services do not only provide additional revenue for the Group, but also follow the requirements dictated by the market. By using contracting models, we create customer-tailored solutions leading to a reduction in total energy costs.

In the field of energy contracting, we are currently collecting and assessing potential projects. We expect this pillar to start generating revenue by 2018.



“ When it comes to production, the objectives of the Group are straightforward. Total production in 2017 is estimated at 55 GWh, while in 2018, we expect to produce 177 GWh of electricity. We are therefore following our strategic objective, which is to exceed 200 GWh by 2020.



Interenergo, d. o. o.

Tivolska cesta 48
1000 Ljubljana
SI - Slovenia

T.: +386 (0)1 6203 700

F.: +386 (0)1 6203 701

E-mail: info@interenergo.si

www.interenergo.com

Interenergo d.o.o. (SI)

Interenergo d.o.o. (HR)

Interenergo Makedonija d.o.o.e.l. Skopje (MK)

PLC Interenergo d.o.o. Beograd (RS)

Interenergo d.o.o. Sarajevo (BIH)

EHE d.o.o. Banja Luka (BIH)

L.S.B. Elektrane d.o.o. Banja Luka (BIH)

Inter-EnergO d.o.o. Gornji Vakuf-Uskoplje (BIH)

IEP energija d.o.o. Gornji Vakuf-Uskoplje (BIH)

Hidrowatt d.o.o. Beograd (RS)

MHE Vrbnica (ME)

Interenergo d.o.o. - Kosova SH.P.K. (XK)

