

**BUSINESS RESULTS OF THE KONČAR GROUP FOR 2018****A 19% increase in profit**
An 18% increase in new business

Based on the audited financial data, companies of the KONČAR Group generated a total revenue in the amount of HRK 2,963 million. The Group achieved a net profit of HRK 128.7 million, which is 19% more than the previous year. The total value of new contracts amounted to HRK 3,026 million, which represents an 18% increase compared to 2017. All key indicators show a continuation of the Group's stable business performance.

Revenues from the sales of products and services amounted to HRK 2,703 million and were 4,3% lower than the previous year. The lower revenues are the result of a slower performance of several major contracts, a contract suspension at the request of the customer and delayed works on several projects, also at the customer's request. By taking appropriate actions and measures, and expanding its business activities to new markets, in 2018 the KONČAR Group generated a revenue of HRK 1,484 million from the sales of goods and services in international markets. The exports accounted for 55% of the Group's total revenue.

The Group has a stable balance sheet. Its total consolidated assets and funding sources as of 31 December 2018 amounted to HRK 3,727 million. In the structure of the funding sources, the subscribed capital, reserves, retained earnings, profits for the current year and the non-controlling (minority) interests amount to HRK 2,537 million, which is 53 million more compared to 31 December 2017, and which accounts for 67% of total funding sources.

Good business results were achieved as a result of the Group's own product and production development, as well as research projects, which represent a permanent determinant of KONČAR that will continue in the upcoming period through innovation and development that should result in new products and the expansion of business activities, especially on international markets.

KONČAR continues to work with scientific institutions through a series of joint projects. The KONČAR Group systematically encourages and supports a value system in which a culture of work, creation and excellence is becoming increasingly important in every company. At KONČAR, corporate social responsibility is an integral part of everyday work processes across all business segments, and it relies on human resources as the basis for company development. In this sense, it represents a platform for long-term competitiveness that requires a modern view of the company's role in the society and the acceptance of responsibility, which must be proportional to the power of the business entity.



KONČAR manufactures equipment which is installed in the environment and used in urban and regional transportation. Therefore, the responsibility for the product, its safety and quality represent an important element of the Group's business operations. The Group's compliance with the highest international standards is not only proven by certificates, but also by the satisfaction of our customers, as well as product and equipment users. Many of our companies have implemented management systems that comply with the requirements of the international standards for quality management (ISO 9001), environmental management (ISO 14001), occupational health and safety management (OHSAS 18001) and information security management (ISO 27001).

A solid number of contracts concluded by the end of 2018 and additional efforts made to find new markets are realistic indicators that the companies of the KONČAR Group will achieve their business plans for 2019 and continue their positive business trends.