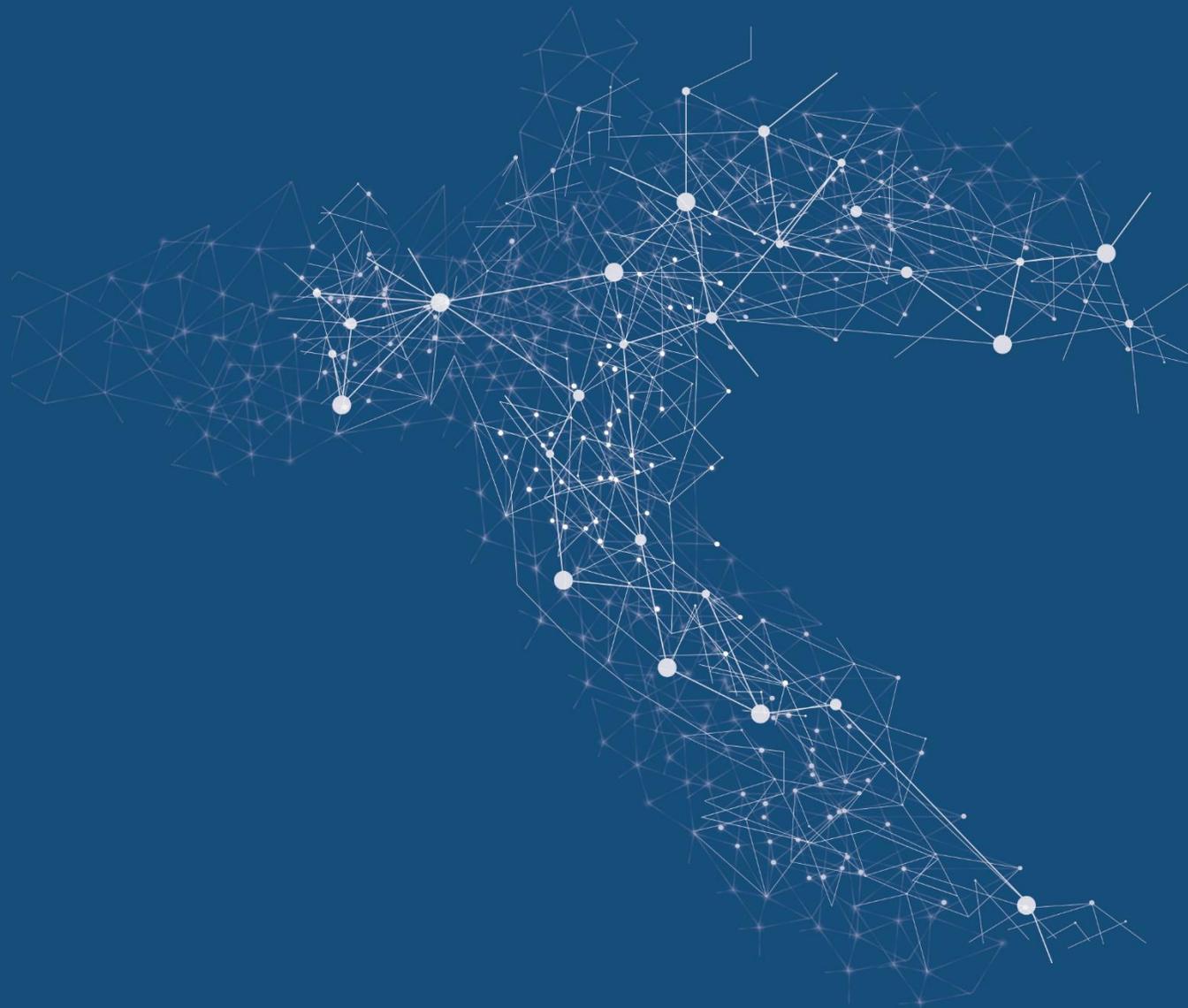




MINISTRY OF STATE ASSETS



ANNUAL REPORT 2018

FOR LEGAL ENTITIES OF SPECIAL INTEREST
FOR THE REPUBLIC OF CROATIA

Zagreb, October 2019.

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Foreword



Dear readers,

in 2018, significant changes occurred in the management of state assets and state-owned enterprises. These changes were initiated by the State Assets Management Act (Official Gazette no. 52/18) (hereinafter: the Act). In line with this Act, the Croatian Government passed the Decision on Tracking Business Plans and Reports of Companies and Legal Entities as State Assets, and our Ministry drew up the operational guidance. The guidance was devised based on good practice in the area of corporate governance as well as OECD recommendations and guidelines on corporate governance. Its aim is to advance and unify business planning and reporting by state-owned companies and legal entities, and in applying the guidance, conditions were established for the state to become an active and informed owner. For the first time, the obligation has been imposed to draw up medium-term plans for state-owned companies, and besides the tracking of key financial indicators (liquidity, activity, profitability, indebtedness, etc.), the novelty of monitoring key natural (sector) indicators for business results of companies was also introduced.

Our Ministry, together with the line ministries, is responsible for undertaking the role of an ownership entity for legal entities of special interest for the Republic of Croatia. Legal entities in 2018 generated a total revenue of HRK 50.2 billion, managed assets amounting to HRK 214.5 billion, employed over 46 thousand people, and as such, had a great impact on the Croatian economy, in achieving public goals, national budget revenues, employment, etc.

Given that it involves assets belonging to all citizens, our task is that companies do business in the most effective and transparent manner. Therefore, we have published this business report for the purpose of informing the public. The report presents fundamental business information on legal entities of special interest and where such entities manage their accounts according to the Accounting Act (33 legal entities).

When speaking about the profitability of special interest legal entities, and as is evident in the report, the net profit of the presented portfolio amounts to HRK 3.56 billion. When taking into account that the profit was achieving with HRK 214.5 billion of assets employed or HRK 145 billion of capital, the value of the return on assets (RoA) indicator is 1.7% and the

return on equity (RoE) indicator is equivalent to 2.5%. The value of these indicators shows low rates of return. However, a large contribution to low rates of return are so called road infrastructure enterprises due to their large share of assets and equity in the presented portfolio and that for such companies, profit is not the primary goal. For instance, the assets of three road infrastructure companies amount to 56% of the presented portfolio of 33 legal entities. Hence, consideration should be given to the fact that the portfolio is quite heterogeneous and that the companies are involved not only in economic activities but also activities for achieving various public policy goals for which profit is not the primary focus, and where various state regulators are the one that determine prices, which consequently affects revenue and profit.

The most reliable indicators for return of assets and return on equity can be determined when business activities in companies covered by the portfolio are segregated from activities directed towards public policy goals (which according to the OECD can be implemented in terms of accounting, functionality and corporation). This segregation is just one of the reforms which will have to be implemented in line with the accession to OECD.

The dividend policy which we maintain takes into consideration the public expectation that state-owned companies should contribute to national budget revenues, and weighs the needs of companies for reinvesting profit to modernise their business in order to provide the best quality service to citizens and other market stakeholders.

Furthermore, even though the Act stipulates that decisions on the selection of representatives to general meetings, members in supervisory boards and management boards of companies are made at the recommendation of line ministries, our Ministry has placed particular focus on improving the competencies of supervisory board members. To this end, a project financed from EU funds has been initiated, in terms of which anticipates organising training courses for members of supervisory and audit committees, and which will be based on familiarising participants with the best world practices applied to respective areas of operation in the Republic of Croatia.

Moreover, the Ministry will work on improving corporate governance in special interest legal entities, and present their work and results in a transparent manner.

Finally, I would like to extend my appreciation to all involved stakeholders in the corporate governance in special interest legal entities for the results that have achieved, and hope they make even greater strides in efficiency so as to provide optimal quality services to citizens and achieve the greatest possible return on equity.

Yours faithfully,

MINISTER
dr. sc. Mario Banožić



1. Introduction

The Ministry of State Assets, as the body to which ownership powers have been entrusted for legal entities of special interest for the Republic of Croatia, will continue working on improving corporate governance. Every country should act as an informative and active owner, using its available ownership rights. One of the fundamental ownership rights of a country is the right to establish a system for reporting and tracking the business operations of state-owned enterprises.

The vision of the Ministry of State Assets is systematic, transparent, optimal and long-term, sustainable management of assets owned by the Republic of Croatia, and based on the principles of accountability, publicity, economics and foreseeability, all of which is directed to achieving economic, infrastructural and other strategic development goals and the protection of national interests, for the purpose of preserving assets and its importance for the life and work of the existing and future generations.

2. Legal entities of special interest

Pursuant to Article 12, Paragraph 1 of the State Assets Management Act (Official Gazette, no. 52/18), the Croatian Government at its session held on 2 August 2018, adopted the Decision on Legal Entities of Special Interest for the Republic of Croatia (Official Gazette, no. 71/18) which defined 39 legal entities of special interest for the Republic of Croatia with a total nominal value of share capital to the amount of HRK 43 billion, and which comprises the following:

- 23 limited liability companies
- 10 joint-stock companies (of which five are listed on the Zagreb Stock Exchange), and
- 6 other legal entities

The following graph shows the trend in a reduction of the number of legal entities of special interest in the past period of six years.

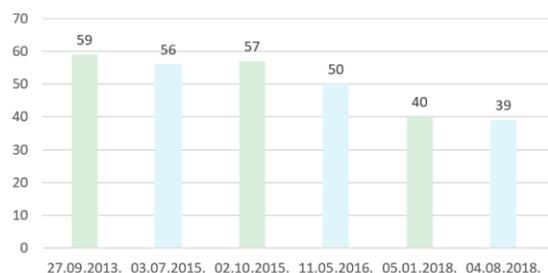


Chart 1. Number of legal entities of special interest from 2013 to 2019

Due to the inability to consolidate data from various types of reports, legal entities maintaining their accounts in accordance with budget, non-profit accounting or the application of the chart of accounts for credit institutions are not the subject of this report (State Agency for Deposit Insurance and Bank Resolution, Hrvatske vode (Croatian Waters), Centar za restrukturiranje i prodaju (Centre for Restructuring and Sale), Croatian Bank for Reconstruction and Development (HBOR) and Hrvatska poštanska banka d.d. (Croatian Postal Bank). Also, due to the unavailability of data, the business operations of the company Imunološki zavod d.d. (Institute of Immunology, Inc.) is not shown, hence the portfolio of companies and their businesses shown in the report represents 33 legal entities of special interest for the Republic of Croatia (without subsidiary companies).

3. Portfolio by type of business

Based on the presentation of types of businesses undertaken by legal entities of special interest, it becomes evident that a larger number of companies comes from the transport and communications industry, i.e., twenty-one companies in all. The exceptionally important energy sector comprises four legal entities, whereas the manufacturing, services and commercial trade industries include eight legal entities.

Table 1. Overview of legal entities of special interest

Company	Sectors
HRVATSKA ELEKTROPRIVREDA d.d.	Energy
HROTE d.o.o.	
INA - INDUSTRIJA NAFTE d.d.	
JADRANSKI NAFTAVOD d.d.	
AGENCIJA ALAN d.o.o.	Production, services and trade
AKD d.o.o.	
DRŽAVNE NEKRETNINE d.o.o.	
FINANCIJSKA AGENCIJA	
HP - HRVATSKA POŠTA d.d.	
HRVATSKA LUTRIJA d.o.o.	

HRVATSKE ŠUME d.o.o.	
NARODNE NOVINE d.d.	
APIS IT d.o.o.	
AUTOCESTA RIJEKA - ZAGREB d.d.	
CROATIA AIRLINES d.d.	
HKZP d.o.o.	
HRVATSKE AUTOCESTE d.o.o.	
HRVATSKE CESTE d.o.o.	
HŽ CARGO d.o.o.	
HŽ INFRASTRUKTURA d.o.o.	
HŽ PUTNIČKI PRIJEVOZ d.o.o.	
JADROLINIJA	Transport and communications
ODAŠILJAČI I VEZE d.o.o.	
PLOVPUT d.o.o.	
PCE d.o.o.	
ZRAČNA LUKA DUBROVNIK d.o.o.	
ZRAČNA LUKA OSIJEK d.o.o.	
ZRAČNA LUKA PULA d.o.o.	
ZRAČNA LUKA RIJEKA d.o.o.	
ZRAČNA LUKA SPLIT d.o.o.	
ZRAČNA LUKA ZADAR d.o.o.	
ZRAČNA LUKA ZAGREB d.o.o.	
ACI d.d.	

ODAŠILJAČI I VEZE d.o.o.	241.544.082
AGENCIJA ALAN d.o.o.	236.350.182
APIS IT d.o.o.	225.993.897
ACI d.d.	216.107.097
HRVATSKE CESTE d.o.o.	183.856.678
DRŽAVNE NEKRETNINE d.o.o.	88.150.790
ZRAČNA LUKA PULA d.o.o.	81.149.587
PLOVPUT d.o.o.	76.168.998
ZRAČNA LUKA ZADAR d.o.o.	72.935.714
ZRAČNA LUKA RIJEKA d.o.o.	28.447.206
ZRAČNA LUKA ZAGREB d.o.o.	23.302.925
HROTE d.o.o.	22.911.042
PCE d.o.o.	12.401.536
ZRAČNA LUKA OSIJEK d.o.o.	11.996.942
Total:	50.198.521.864

4. Revenue, expenditure and business results

Legal entities of special interest in the presented portfolio in 2018 achieved total revenue of HRK 50.2 billion. An overview of the entire revenue for the companies is given in Table 2.

Table 2. Total revenue

Company	HRK
INA - INDUSTRIJA NAFTE d.d.	21.924.434.628
HEP d.d.	9.413.863.610
HRVATSKE AUTOCESTE d.o.o.	2.422.050.219
HRVATSKE ŠUME d.o.o.	2.229.676.776
CROATIA AIRLINES d.d.	1.757.578.466
HP - HRVATSKA POŠTA d.d.	1.715.070.757
AUTOCESTA RIJEKA ZAGREB	1.247.717.949
HŽ INFRASTRUKTURA d.o.o.	1.223.069.487
JADROLINIJA	951.207.584
HŽ PUTNIČKI PRIJEVOZ d.o.o.	860.188.525
HKZP d.o.o.	849.137.102
FINA	812.644.701
JADRANSKI NAFTAVOVOD d.d.	781.857.011
HRVATSKA LUTRIJA d.o.o.	601.379.812
HŽ CARGO d.o.o.	516.713.902
ZRAČNA LUKA DUBROVNIK d.o.o.	421.181.789
ZRAČNA LUKA SPLIT d.o.o.	404.381.624
NARODNE NOVINE d.d.	290.412.320
AKD d.o.o.	254.638.926

The structure of revenue for the particular companies with respect to total revenue is shown in Graph 2. Of the total revenue, 62% is attributed to INA-Industrija nafte d.d. (state petroleum company) and Hrvatska elektroprivreda d.d. (national Croatian electricity utility company), whereas the total revenue of the last twenty companies comprises only 8% of revenue from the respective portfolio.

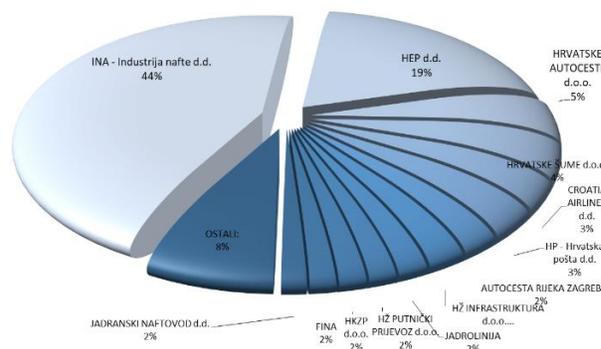


Chart 2. Revenue structure by company in 2018

Revenue by the portfolio increased with respect to 2017 by HRK 5.5 billion or 12%. Of this amount, 64% relates to an increase in revenue for the company INA – Industrija nafte d.d. Besides INA – Industrija nafte d.d., the largest absolute increase in revenue is attributed to the following companies: Hrvatska elektroprivreda d.d. (HRK 590 million), Hrvatske autoceste d.o.o. (Croatian Motorways) (498 mil. kn), Autocesta Rijeka – Zagreb d.d. (Rijeka-Zagreb Motor-Way Plc) (466 mil. kn), etc. In relative terms, the largest increase in revenue was achieved by the company Pomorski centar za elektroniku d.o.o. (PCE Marine Electronic Center – Split) (109%) followed by Zračna Luka Zagreb d.o.o. (Zagreb Airport

Ltd) (103%), Autocesta Rijeka – Zagreb d.d. (Rijeka-Zagreb Motorway) (60%), etc.

Table 3. Increase in revenue in 2018 compared to 2017

Company	Δ%
PCE d.o.o.	109%
ZRAČNA LUKA ZAGREB d.o.o.	103%
AUTOCESTA RIJEKA ZAGREB	60%
ZRAČNA LUKA RIJEKA d.o.o.	46%
HRVATSKE AUTOCESTE d.o.o.	26%
ZRAČNA LUKA PULA d.o.o.	20%
INA - INDUSTRIJA NAFTE d.d.	19%
ZRAČNA LUKA DUBROVNIK d.o.o.	18%
DRŽAVNE NEKRETNINE d.o.o.	16%
HRVATSKA LUTRIJA d.o.o.	14%
ODAŠILJAČI I VEZE d.o.o.	9%
ZRAČNA LUKA SPLIT d.o.o.	9%
HKZP d.o.o.	9%
APIS IT d.o.o.	8%
AKD d.o.o.	8%
HRVATSKE ŠUME d.o.o.	7%
ACI d.d.	7%
ZRAČNA LUKA ZADAR d.o.o.	7%
HEP d.d.	7%
HRVATSKE CESTE d.o.o.	6%
JADROLINIJA	3%
HP - HRVATSKA POŠTA d.d.	3%
HŽ PUTNIČKI PRIJEVOZ d.o.o.	3%
HŽ INFRASTRUKTURA d.o.o.	0%
JADRANSKI NAFTOVOD d.d.	0%

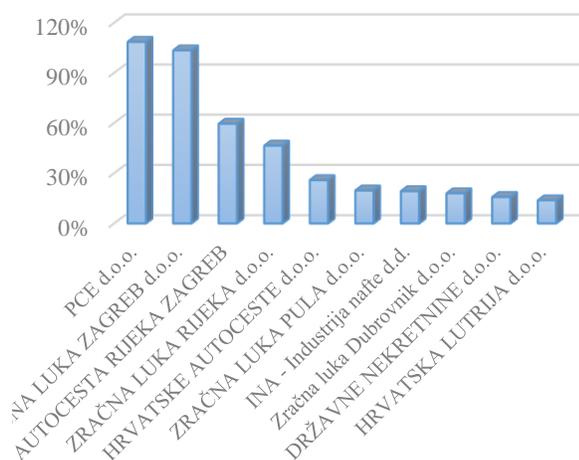


Chart 3. Increase in revenue compared to 2017

On the other hand, companies with the largest relative decrease in revenue were the Hrvatski operator tržišta energije d.o.o. (Croatian Energy Market Operator Ltd.),

Alan Agency, Croatia Airlines, etc., as show in the table below and associated graph.

Table 4. Decrease in revenue compared to 2017

Company	Δ%
HROTE d.o.o.	-61%
AGENCIJA ALAN d.o.o.	-15%
CROATIA AIRLINES d.d.	-4%
NARODNE NOVINE d.d.	-4%
ZRAČNA LUKA OSIJEK d.o.o.	-4%
HŽ CARGO d.o.o.	-3%
PLOVPUT d.o.o.	-2%
FINA	-1%

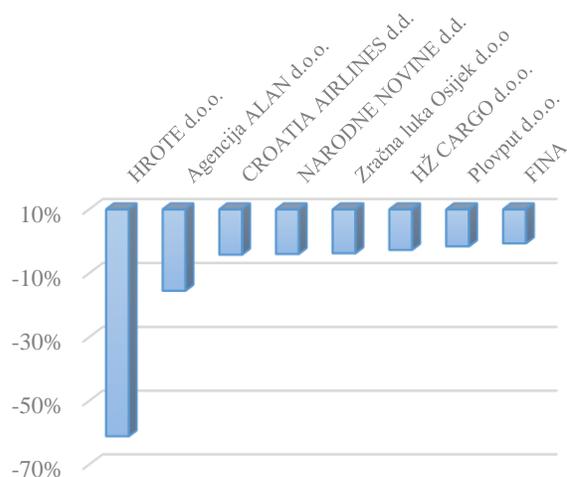


Chart 4. Decrease in revenue compared to 2017

An overview of total expenditure by legal entities indicates HRK 45.9 billion and is shown in Table 5.

Table 5. Total Expenditure in 2018

Company	HRK
INA - INDUSTRIJA NAFTE d.d.	20.267.228.114
HEP d.d.	9.014.815.403
HRVATSKE ŠUME d.o.o.	2.160.882.206
CROATIA AIRLINES d.d.	1.840.515.467
HRVATSKE AUTOCESTE d.o.o.	1.819.994.200
HP - HRVATSKA POŠTA d.d.	1.658.322.760
HŽ INFRASTRUKTURA d.o.o.	1.322.706.009
JADROLINIJA	870.128.763
HŽ PUTNIČKI PRIJEVOZ d.o.o.	857.379.631
HKZP d.o.o.	786.396.807
FINA	785.887.781
AUTOCESTA RIJEKA ZAGREB	607.507.813
HŽ CARGO d.o.o.	596.036.867
HRVATSKA LUTRIJA d.o.o.	537.339.466
JADRANSKI NAFTOVOD d.d.	411.212.067
ZRAČNA LUKA DUBROVNIK d.o.o.	330.994.793
NARODNE NOVINE d.d.	282.478.138
ZRAČNA LUKA SPLIT d.o.o.	250.766.543

APIS IT d.o.o.	217.086.538
AGENCIJA ALAN d.o.o.	201.906.800
ODAŠILJAČI I VEZE d.o.o.	187.309.058
HRVATSKE CESTE d.o.o.	183.856.678
AKD d.o.o.	178.581.456
ACI d.d.	177.650.042
PLOVPUT d.o.o.	75.625.456
ZRAČNA LUKA PULA d.o.o.	73.311.370
ZRAČNA LUKA ZADAR d.o.o.	64.067.911
DRŽAVNE NEKRETNINE d.o.o.	60.749.286
ZRAČNA LUKA RIJEKA d.o.o.	25.878.131
ZRAČNA LUKA ZAGREB d.o.o.	21.606.778
HROTE d.o.o.	20.114.540
ZRAČNA LUKA OSIJEK d.o.o.	14.499.853
PCE d.o.o.	14.112.606
Total:	45.916.949.331

To compare the increase/decrease in revenue from the increase/decrease in expenditure for 2018 compared to 2017, Table 6 provides a comparison for each particular company.

Table 6. Increase / decrease in revenue and expenses in 2018 vs. 2017

Company	↑ or ↓ revenue	↑ or ↓ expenses
PCE d.o.o.	109%	44%
ZRAČNA LUKA ZAGREB d.o.o.	103%	230%
AUTOCESTA RIJEKA ZAGREB	60%	0%
ZRAČNA LUKA RIJEKA d.o.o.	46%	50%
HRVATSKE AUTOCESTE d.o.o.	26%	4%
ZRAČNA LUKA PULA d.o.o.	20%	25%
INA - INDUSTRIJA NAFTE d.d.	19%	22%
ZRAČNA LUKA DUBROVNIK d.o.o.	18%	23%
DRŽAVNE NEKRETNINE d.o.o.	16%	9%
HRVATSKA LUTRIJA d.o.o.	14%	14%
ODAŠILJAČI I VEZE d.o.o.	9%	2%
ZRAČNA LUKA SPLIT d.o.o.	9%	11%
HKZP d.o.o.	9%	17%
APIS IT d.o.o.	8%	7%
AKD d.o.o.	8%	11%
HRVATSKE ŠUME d.o.o.	7%	12%
ACI d.d.	7%	1%
ZRAČNA LUKA ZADAR d.o.o.	7%	5%
HEP d.d.	7%	6%
HRVATSKE CESTE d.o.o.	6%	6%
JADROLINIJA	3%	-3%
HP - HRVATSKA POŠTA d.d.	3%	5%
HŽ PUTNIČKI PRIJEVOZ d.o.o.	3%	2%
HŽ INFRASTRUKTURA d.o.o.	0%	9%
JADRANSKI NAFTAOVOD d.d.	0%	-3%
FINA	-1%	-3%
PLOVPUT d.o.o.	-2%	-1%
HŽ CARGO d.o.o.	-3%	0%

ZRAČNA LUKA OSIJEK d.o.o.	-4%	14%
NARODNE NOVINE d.d.	-4%	-19%
CROATIA AIRLINES d.d.	-4%	1%
AGENCIJA ALAN d.o.o.	-15%	-21%
HROTE d.o.o.	-61%	-63%

Net profit in 2018 amounted to HRK 3.56 billion or 19% more than in the previous year. In all, 88% of the profit in the portfolio is attributed to only 5 companies (INA – Industrija nafte d.d., Autocesta Rijeka – Zagreb d.d., Hrvatske autoceste d.o.o., Hrvatska elektroprivreda d.d. and Jadranski naftovod d.d.). Data on the absolute amounts of net profit and a presentation of the relative proportion which each company has in the structure of profit from the presented portfolio is given in the table below and associated graph.

Table 7. Net profit / loss

Company	HRK
INA - INDUSTRIJA NAFTE d.d.	1.334.288.921
AUTOCESTA RIJEKA ZAGREB	640.210.136
HRVATSKE AUTOCESTE d.o.o.	492.585.779
HEP d.d.	353.976.075
JADRANSKI NAFTAOVOD d.d.	303.742.793
ZRAČNA LUKA SPLIT d.o.o.	125.335.587
ZRAČNA LUKA DUBROVNIK d.o.o.	74.435.156
JADROLINIJA	64.475.345
AKD d.o.o.	62.414.893
HKZP d.o.o.	52.702.277
HRVATSKA LUTRIJA d.o.o.	52.141.232
HRVATSKE ŠUME d.o.o.	51.882.299
ODAŠILJAČI I VEZE d.o.o.	44.294.068
HP - HRVATSKA POŠTA d.d.	39.350.589
ACI d.d.	30.957.251
AGENCIJA ALAN d.o.o.	28.136.831
DRŽAVNE NEKRETNINE d.o.o.	22.332.665
FINA	13.860.558
NARODNE NOVINE d.d.	7.859.022
APIS IT d.o.o.	7.403.374
ZRAČNA LUKA ZADAR d.o.o.	7.379.235
ZRAČNA LUKA PULA d.o.o.	6.110.916
HŽ PUTNIČKI PRIJEVOZ d.o.o.	2.808.894
ZRAČNA LUKA RIJEKA d.o.o.	2.435.142
HROTE d.o.o.	1.930.258
ZRAČNA LUKA ZAGREB d.o.o.	1.153.473
PLOVPUT d.o.o.	566.770
HRVATSKE CESTE d.o.o.	- 308.690
PCE d.o.o.	- 1.711.070
ZRAČNA LUKA OSIJEK d.o.o.	- 2.502.911
HŽ CARGO d.o.o.	- 79.322.965
CROATIA AIRLINES d.d.	- 82.937.001
HŽ INFRASTRUKTURA d.o.o.	- 99.636.522
Total:	3.558.350.380

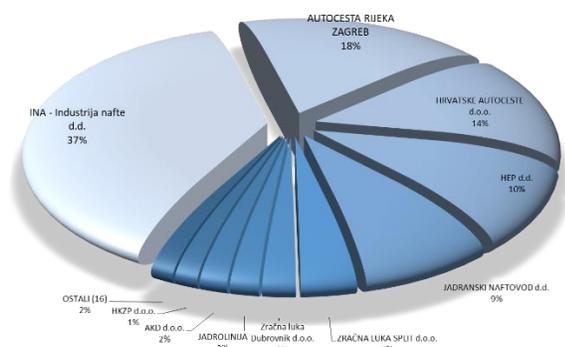


Chart 5. Proportion of profits of companies in the portfolio

The greatest profit was achieved by the companies INA – Industrija nafte d.d. (HRK 1.3 billion), Autocesta Rijeka – Zagreb d.d. (HRK 640 million), Hrvatske autoceste d.o.o. (HRK 493 million), Hrvatska elektroprivreda d.d. (HRK 354 million), Jadranski naftovod d.d. (Adriatic Petroleum Pipeline) (HRK 304 million) etc. Companies in 2018 which failed to achieve a profit were HŽ Infrastruktura d.o.o., Croatia Airlines d.d., HŽ Cargo d.o.o., Zračna luka Osijek d.o.o. (Osijek Airport) and Pomorski centar za elektroniku d.o.o.

Below is an overview of assets employed and equity under the management of legal entities from the portfolio. As is evident, the largest proportion of assets in the portfolio relates to assets belonging to the companies Hrvatske ceste d.o.o., Hrvatske autoceste d.o.o., Hrvatska elektroprivreda d.d., INA – Industrija nafte d.d. and HŽ Infrastruktura d.o.o., comprising in all 86%.

Table 8. Review of assets and equity (in million HRK)

Company	Assets	Equity
HRVATSKE CESTE d.o.o.	75.686	65.097
HRVATSKE AUTOCESTE d.o.o.	39.767	17.890
HEP d.d.	34.372	25.217
INA - INDUSTRIJA NAFTE d.d.	20.887	12.352
HŽ INFRASTRUKTURA d.o.o.	12.978	8.482
AUTOCESTA RIJEKA ZAGREB	4.452	-1.794
JADRANSKI NAFTOVOD d.d.	4.422	4.178
HRVATSKE ŠUME d.o.o.	2.477	1.582
HŽ PUTNIČKI PRIJEVOZ d.o.o.	2.026	774
ZRAČNA LUKA DUBROVNIK d.o.o.	1.982	930
FINA	1.759	1.459
HP - HRVATSKA POŠTA d.d.	1.678	968
JADROLINIJA	1.578	1.087
HŽ CARGO d.o.o.	1.453	618
HKZP d.o.o.	1.249	734

ZRAČNA LUKA SPLIT d.o.o.	1.248	963
HROTE d.o.o.	1.053	21
ZRAČNA LUKA ZAGREB d.o.o.	929	923
CROATIA AIRLINES d.d.	862	304
ACI d.d.	698	492
AKD d.o.o.	474	440
ODAŠILJAČI I VEZE d.o.o.	429	371
APIS IT d.o.o.	375	330
NARODNE NOVINE d.d.	340	292
HRVATSKA LUTRIJA d.o.o.	312	108
ZRAČNA LUKA PULA d.o.o.	203	156
ZRAČNA LUKA RIJEKA d.o.o.	180	135
AGENCIJA ALAN d.o.o.	167	100
PLOVPUT d.o.o.	165	134
ZRAČNA LUKA ZADAR d.o.o.	137	128
ZRAČNA LUKA OSIJEK d.o.o.	92	14
DRŽAVNE NEKRETNINE d.o.o.	77	62
PCE d.o.o.	25	22
Total:	214.534	144.569

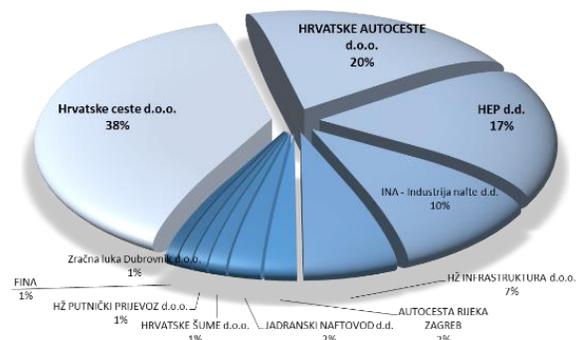


Chart 6. Portfolio assets by company

As has already been shown, net profit for the observed portfolio amounted to HRK 3.56 billion. When taking into account that the profit was achieving through assets employed valued at HRK 214.5 billion or HRK 145 billion of capital, we arrive at a return on assets (RoA) indicator equaling 1.7% or the return on equity (RoE) equivalent to 2.5%. In such terms, special emphasis should be given to the fact that the companies from the observed portfolio are involved in the economic businesses and also activities aimed at achieving public policy goals for which achieving profit is not the primary goal and for which different state regulators determine prices, which is also reflected in revenue and overall result.

An overview of indicators for return on assets and return on equity by company from the respective portfolio is shown in the following table.

Table 9. RoA and RoE indicators

Company	RoA	RoE
DRŽAVNE NEKRETNINE d.o.o.	29%	36%
AGENCIJA ALAN d.o.o.	17%	28%
HRVATSKA LUTRIJA d.o.o.	17%	48%
AUTOCESTA RIJEKA ZAGREB	14%	-36%
AKD d.o.o.	13%	14%
ODAŠILJAČI I VEZE d.o.o.	10%	12%
ZRAČNA LUKA SPLIT d.o.o.	10%	13%
JADRANSKI NAFTAVOVOD d.d.	7%	7%
INA - INDUSTRIJA NAFTE d.d.	6%	11%
ZRAČNA LUKA ZADAR d.o.o.	5%	6%
ACI d.d.	4%	6%
HKZP d.o.o.	4%	7%
JADROLINIJA	4%	6%
ZRAČNA LUKA DUBROVNIK d.o.o.	4%	8%
ZRAČNA LUKA PULA d.o.o.	3%	4%
HP - HRVATSKA POŠTA d.d.	2%	4%
NARODNE NOVINE d.d.	2%	3%
HRVATSKE ŠUME d.o.o.	2%	3%
APIS IT d.o.o.	2%	2%
ZRAČNA LUKA RIJEKA d.o.o.	1%	2%
HRVATSKE AUTOCESTE d.o.o.	1%	3%
HEP d.d.	1%	1%
FINA	1%	1%
PLOVPUT d.o.o.	0%	0%
HROTE d.o.o.	0%	9%
HŽ PUTNIČKI PRIJEVOZ d.o.o.	0%	0%
ZRAČNA LUKA ZAGREB d.o.o.	0%	0%
HRVATSKE CESTE d.o.o.	0%	0%
HŽ INFRASTRUKTURA d.o.o.	-1%	-1%
ZRAČNA LUKA OSIJEK d.o.o.	-3%	-18%
HŽ CARGO d.o.o.	-5%	-13%
PCE d.o.o.	-7%	-8%
CROATIA AIRLINES d.d.	-10%	-27%

The greatest return on assets was achieved by the companies: Državne nekretnine d.o.o., Agencija Alan d.o.o., Hrvatska lutrija d.o.o., etc., whereas the least return on assets was achieved by the companies Zračna luka Zagreb d.o.o., HŽ Putnički prijevoz d.o.o., Hrvatski operator tržišta energije d.o.o., etc.

The greatest return on equity was achieved by the companies Hrvatska lutrija d.o.o. (Croatian Lottery), Državne nekretnine d.o.o., Agencija Alan d.o.o. (Agency Alan), whereas the smallest return on equity was achieved by the companies Zračna luka Zagreb d.o.o., HŽ Putnički prijevoz d.o.o., (Croatian Railways

Passenger Transport), Plovput d.o.o. (Croatian Waterways), etc. Interpreting these indicators should consider the fact that certain types of businesses have by their very nature a low assets/equity requirement in their balance sheets (for instance, Državne nekretnine d.o.o., Agencija Alan d.o.o., and the like).

A few companies achieved a negative return on assets or return on equity, such as the companies Croatia Airlines d.d., HŽ Cargo d.o.o. (Croatian Railways Cargo), Zračna luka Osijek d.o.o., and others.

5. Number of employees

The number of employees by company is shown in the follow table. The greatest number of employees was in the companies Hrvatska pošta d.d. (Croatian Post) (9,977), Hrvatske šume d.o.o. (Croatian Forests) (8,063), HŽ Infrastruktura d.o.o. (Croatian Railways Infrastructure) (4,840), INA – Industrija nafte d.d. (4,203) etc.

Table 10. Number of employees

Company	Number of employees
HP - HRVATSKA POŠTA d.d.	9.977
HRVATSKE ŠUME d.o.o.	8.063
HŽ INFRASTRUKTURA d.o.o.	4.840
INA - INDUSTRIJA NAFTE d.d.	4.203
HRVATSKE AUTOCESTE d.o.o.	2.831
FINA	2.770
HŽ PUTNIČKI PRIJEVOZ d.o.o.	1.893
JADROLINIJA	1.732
HŽ CARGO d.o.o.	1.631
HRVATSKA LUTRIJA d.o.o.	1.356
CROATIA AIRLINES d.d.	981
HKZP d.o.o.	753
ZRAČNA LUKA DUBROVNIK d.o.o.	489
NARODNE NOVINE d.d.	474
HEP d.d.	473
HRVATSKE CESTE d.o.o.	456
APIS IT d.o.o.	429
ZRAČNA LUKA SPLIT d.o.o.	413
JADRANSKI NAFTAVOVOD d.d.	382
ACI d.d.	370
AKD d.o.o.	333
ODAŠILJAČI I VEZE d.o.o.	299
PLOVPUT d.o.o.	277
ZRAČNA LUKA ZADAR d.o.o.	167
ZRAČNA LUKA PULA d.o.o.	159
DRŽAVNE NEKRETNINE d.o.o.	92
ZRAČNA LUKA RIJEKA d.o.o.	68

ZRAČNA LUKA OSIJEK d.o.o.	65
HROTE d.o.o.	40
PCE d.o.o.	39
AUTOCESTA RIJEKA ZAGREB	38
AGENCIJA ALAN d.o.o.	20
ZRAČNA LUKA ZAGREB d.o.o.	6
Total:	46.119

The number of employees in the observed companies for 2018 increased by 2,630 compared to the previous year, which to a great extent resulted from the merger of the company HAC ONC d.o.o. with Hrvatske autoceste d.o.o. The increase or decrease in the number of employees by company is shown in the following table.

Table 11. Increase / decrease in number of employees

Company	Number of employees
HRVATSKE AUTOCESTE d.o.o.	2.064
HRVATSKE ŠUME d.o.o.	535
HP - HRVATSKA POŠTA d.d.	288
CROATIA AIRLINES d.d.	46
ZRAČNA LUKA DUBROVNIK d.o.o.	46
HRVATSKA LUTRIJA d.o.o.	42
JADROLINIJA	40
APIS IT d.o.o.	34
DRŽAVNE NEKRETNINE d.o.o.	23
HEP d.d.	22
HKZP d.o.o.	22
HŽ INFRASTRUKTURA d.o.o.	22
ZRAČNA LUKA RIJEKA d.o.o.	13
AKD d.o.o.	11
Zračna luka Osijek d.o.o.	9
ZRAČNA LUKA PULA d.o.o.	8
ZRAČNA LUKA SPLIT d.o.o.	8
ZRAČNA LUKA ZADAR d.o.o.	8
PLOVPUT d.o.o.	5
AGENCIJA ALAN d.o.o.	2
HROTE d.o.o.	2
ODAŠILJAČI I VEZE d.o.o.	2
HRVATSKE CESTE d.o.o.	2
AUTOCESTA RIJEKA ZAGREB	1
ZRAČNA LUKA ZAGREB d.o.o.	1
JADRANSKI NAFTAVOD d.d.	-1
PCE d.o.o.	-11
NARODNE NOVINE d.d.	-22
HŽ PUTNIČKI PRIJEVOZ d.o.o.	-44
HŽ CARGO d.o.o.	-102
INA - INDUSTRIJA NAFTE d.d.	-123
FINA	-323
Total:	2.630

The largest increase in the number of employees was noted to have taken place in the companies: Hrvatske autoceste d.o.o. (2,064, due to the merger of the company HAC ONC d.o.o.), Hrvatske šume d.o.o. (535) and Hrvatska pošta d.d. (288), whereas the largest decrease occurred in the companies: Financijska agencija (Financial Agency) (323), INA – Industrija nafte d.d. (123), etc.

6. Joint stock companies listed on the regulated capital market

The portfolio of legal entities of special interest for the Republic of Croatia contains shares from 5 companies listed on the regulated capital market at the Zagreb Stock Exchange as follows:

Adriatic Croatia International Club d.d. Rijeka, Croatia Airlines d.d. Zagreb, Hrvatska poštanska banka d.d. Zagreb, INA – Industrija nafte d.d. Zagreb and Jadranski naftovod d.d. Zagreb.

The graph below shows the trend for share prices in the mentioned companies on the regulated capital market during 2018, while noting that calculations took into consideration average share prices on a monthly basis:

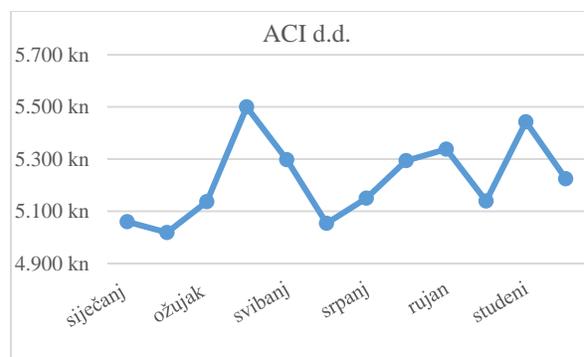


Chart 7. ACI d.d. - the average trading price of the stock in 2018

The achieved average traded price for shares designated as ACI during 2018 amounted to HRK 5,214.000. A total of 835 shares were traded, representing 0.75% of total issued shares, with a total turnover of HRK 4,353,500.00. The dividend paid out for the mentioned period was HRK 167.25 per share.

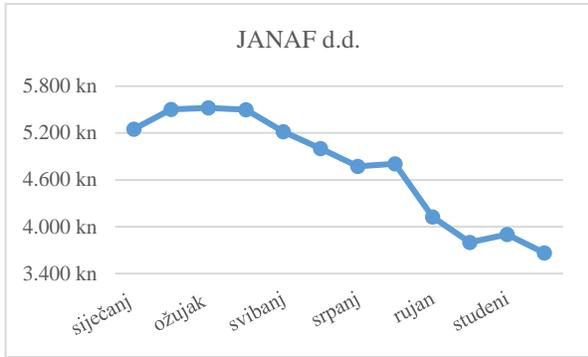


Chart 8. JANAF d.d. - the average trading price of the stock in 2018

The average achieved trading price for shares designated as JNAF during 2018 amounted to HRK 4,411.00. A total of 1,498 shares were traded, representing 0.15% of total issued shares, with a total turnover of HRK 6,607,650.00. The dividend paid out for the mentioned period was HRK 85.91 per share.

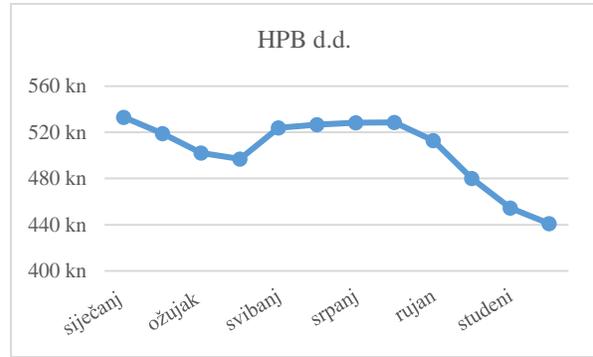


Chart 10. HPB d.d. - the average trading price of the stock in 2018

The average achieved trading price for shares designated as HPB during 2018 amounted to HRK 479.00. A total of 5,573 shares were traded, representing 0.28% of total issued shares, with a total turnover of HRK 2,024,625.00.

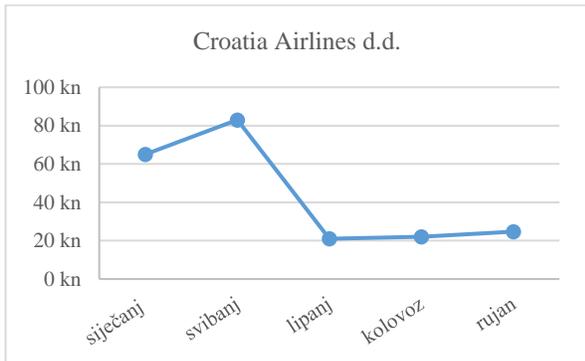


Chart 9. Croatia Airlines d.d. - the average trading price of the stock in 2018

The average achieved trading price for shares designated as CRAL during 2018 amounted to HRK 42.00. This share was rarely traded, with a total of 330 shares traded, representing 0.003% of total issued shares, and a total turnover of HRK 13,834.00.

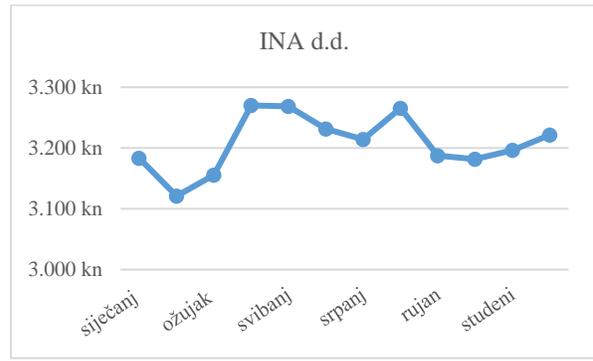


Chart 11. INA d.d. - the average trading price of the stock in 2018

The average achieved trading price for shares designated as INA during 2018 amounted to HRK 3,217.00. A total of 3,960 shares were traded, representing 0.04% of total issued shares, with a total turnover of HRK 12,739,520.00. The dividend paid out for the mentioned period was HRK 125.00 per share.



7. Portfolio overview - 33 legal entities

ACI d.d.

Address: Ulica Rudolfa Strohalo 2, Rijeka

<https://www.aci-marinas.com/>

Adriatic Croatia International Club d.d., is a unique chain of marinas on the Mediterranean which in its portfolio contains 22 marinas and anchorages, stretching from Umag to Dubrovnik. The company's core business is providing services for yearly, monthly and daily moorings in nautical tourism ports as well as other services such as lowering, lifting, towing and slipway of vessels, and the like.

PERFORMANCE IN 2018

ACI marinas in 2018 had 5,649 moorings at their disposal, i.e., 5,013 water moorings and 636 land moorings. The marinas operate in concession zones, for which the company pays a concession fee.

In 2018, the company was primarily orientated towards improving the quality of provided services through a series of investments and other activities with the aim of improving and advancing business processes, and at the end of 2018, the company received three ISO certificates for its quality, environmental and energy management system. In addition, implementation of its customer relationship management (CRM) system was commenced. In the same year, significant investment projects continued for reconstruction of the Rovinj ACI marina which was subsequently opened in April 2019 as a marina incorporating the highest standards and technological solutions (a 5 anchor category).

For the respective period, the company achieved a net profit of HRK 31 million, which was HRK 11 million more than profit achieved in the previous year, when net profit amounted to HRK 20 million. In 2018, total revenue was HRK 216 million, representing an increase of HRK 15 million or 7% compared to the previous year. In terms of the structure of total achieved revenue for 2018, revenue from moorings recorded a growth of HRK 12.5 million, revenue from leasing services increased by HRK 2.9 million, revenue from other services provided to boating enthusiasts grew by HRK 1.8 million, and revenue from other business earnings increased by HRK 3.7 million, whereas financial revenue decreased by HRK 5.9 million.



ADRIATIC
CROATIA
INTERNATIONAL
CLUB

Since 1983

Management Board: Kristijan Pavić (chairman), Juraj Bukša (member)

Supervisory Board: Dražen Ivanušec (head till 31.10.2018), Dobrica Rončević (deputy), Marijeta Hladilo (member), Tomislav Ninić (member), Edo Karuza (member)

Audit committee: Marijeta Hladilo (president), Davor Vašiček (member), Denis Buterin (member)

Government representative in the Gen. Assembly: Oleg Butković, Gari Cappelli

Auditor: BDO Croatia d.o.o.

State holding: 78,91%

BALANCE SHEET (HRK 000)	2017	2018
Long-term assets	446.567	521.566
Short-term assets	138.016	175.835
Other	331	748
Total Assets	584.914	698.150
Equity	473.344	492.150
Provisions	3.175	2.982
Long-term liabilities	21.040	107.558
Short-term liabilities	33.764	43.479
Other	53.591	51.981
Total Equity & Liabilities	584.914	698.150

INCOME STATEMENT (HRK 000)		
Operating revenues	190.095	210.913
Operating expenditures	165.254	172.166
Financial revenues	11.042	5.194
Financial expenditures	10.874	5.484
Total revenues	201.137	216.107
Total expenditures	176.128	177.650
Profit/Loss before tax	25.008	38.457
Corporate tax	4.758	7.500
Net profit/loss	20.251	30.957

KEY INDICATORS		
EBITDA (000 kn)	76.921	91.607
EBITDA margin	40,5%	43,4%
Net profit margin	10,1%	14,3%
ROA	3,5%	4,4%
ROE	4,3%	6,3%
Current ratio	4,1	4,0
Financial stability ratio	0,9	0,9
Debt ratio	19,1%	29,5%
Total asset turnover ratio	0,3	0,3
Number of employees	370	370

Agencija Alan d.o.o.

Address: Grškovićeve 15, Zagreb

<https://www.aalan.hr/>

The company Agency Alan d.o.o. was founded in 1993, and its core business is the importing and exporting of weapons and military equipment for the needs of the Armed Forces of the Republic of Croatia and Ministry of the Interior, including the sale of outdated weapons and military equipment, concluding contracts for the manufacturing of weapons and military equipment, as well as consultancy and agency in the manufacturing and sale of weapons and military equipment.

Representation and promotion of the Croatian defense industry for the purpose of increasing business and exports for this particular sector of the Croatian economy is one of the main goals and interests for the company Agencija Alan d.o.o.

PERFORMANCE IN 2018

The company exported goods to EU countries in 2018 to the value of HRK 216 million. In this period, imports of goods and services from the European Union for the needs of the Ministry of Defence and Armed Forces of the Republic of Croatia amounted to HRK 6 million, whereas imports for manufacturing purposes and needs of the local market totalled HRK 5 million. In addition, imports of goods and services for the needs of the Ministry of Defence and Armed Forces of the Republic of Croatia were valued at HRK 53 million.

The company Agencija Alan d.o.o. achieved a net profit in 2018 to the tune of HRK 28 million, which represents an increase of 55% compared to profit achieved in 2017, which was then HRK 18 million.

Specifically, in 2018, the company generated total revenue amounting to HRK 236 million, which is a decrease of 16% compared to 2017, when total revenue was HRK 280 million. Furthermore, in 2018, the company recorded a decrease in expenditure. Total expenditure amounted to HRK 202 million, which was 22% less than expenditure for 2017, then HRK 257 million. In the structure of expenditures, the greatest decrease was noted under 'other costs', tangible costs and financial expenditures for business operations.



Management Board: Ivica Nekić (chairman), Milan Knežević (member)

Supervisory Board: Krešimir Ćosić (head), Miljenko Filipović (member), Tanja Major (member)

Audit committee: Krešimir Ćosić (president), Miljenko Filipović (member), Tanja Major (member)

Government representative in the Gen. Assembly: Damir Krstičević (president), Darko Horvat (member), Zdravko Marić (member), Davor Božinović (member), Marija Pejčinović Burić (member)

Auditor: RSM Croatia d.o.o., Zagreb

State holding: 100%

BALANCE SHEET (HRK 000)	2017	2018
Long-term assets	6.718	7.451
Short-term assets	183.775	158.196
Other	3.723	921
Total Assets	194.216	166.569
Equity	89.842	99.568
Provisions	0	0
Long-term liabilities	0	0
Short-term liabilities	104.374	62.689
Other	0	4.312
Total Equity & Liabilities	194.216	166.569

INCOME STATEMENT (HRK 000)		
Operating revenues	255.455	232.857
Operating expenditures	220.642	197.259
Financial revenues	24.072	3.493
Financial expenditures	36.386	4.648
Total revenues	279.528	236.350
Total expenditures	257.028	201.907
Profit/Loss before tax	22.500	34.443
Corporate tax	4.089	6.307
Net profit/loss	18.411	28.137

KEY INDICATORS		
EBITDA (000 kn)	35.193	36.071
EBITDA margin	13,8%	15,5%
Net profit margin	6,6%	11,9%
ROA	9,5%	16,9%
ROE	20,5%	28,3%
Current ratio	1,8	2,5
Financial stability ratio	0,1	0,1
Debt ratio	53,7%	40,2%
Total asset turnover ratio	1,4	1,4
Number of employees	18	20

AKD d.o.o.

Address: Savska cesta 31, Zagreb

<https://www.akd.hr>

The company Agencija za komercijalnu djelatnost proizvodno, uslužno i trgovačko d.o.o. (AKD d.o.o.) was founded in 1991.

AKD is a company of special interest for the Republic of Croatia, and has been registered in the records of the competent ministry as a provider of certification services that provides services in issuing qualified certificates, and is also a legal entity authorised for performing activities in issuing qualified certificates to the citizens of the Republic of Croatia on electronic personal identity cards. AKD produces personal identity cards, passports, visas, driver prints and other protected prints, develops advanced IT solutions in the field of identification and security, as well as providing services to the banking sector.

PERFORMANCE IN 2018

The company AKD d.o.o. in 2018 achieved net profit at almost the same level as in the previous year, totalling HRK 62 million.

In 2018, the company generated total revenue amounting to HRK 255 million, representing an increase of 8% of the total revenue achieved in 2017, i.e., HRK 237 million. In the structure of total revenue, revenue from sales amounting to HRK 234 million increased by 7% compared to the same type of revenue generated in the previous year, which totalled HRK 219 million, whereas other operating revenues also recorded a significant increase.

Total expenditure for the company in 2018 amounted to HRK 179 million, which is 11% more than total expenditure in the previous year, when it was HRK 161 million. In the structure of company expenditure, tangible costs amounted to HRK 87 million, an increase of 5% compared to 2017, i.e., HRK 83 million, whereas personnel costs amounted to HRK 63 million, an increase of 13% compared to the previous year, when such costs totalled HRK 56 million.

**Management Board:** Jure Sertić (director)**Supervisory Board:** Zdravko Janić (head), Sanda Šimić Petrinjak (deputy), Duje Perdijić (member), Miljenko Radnić (member), Ante Gudelj (member)**Audit committee:** Andreja Benić (president), Zdravko Janić (member), Sanja Šimić Petrinjak (member)**Government representative in the Gen. Assembly:** Davor Božinović**Auditor:** GRANT THORTON Revizija d.o.o.**State holding:** 100%

BALANCE SHEET (HRK 000)	2017	2018
Long-term assets	99.287	132.245
Short-term assets	355.865	341.169
Other	1.219	971
Total Assets	456.371	474.385
Equity	415.745	440.247
Provisions	9.029	3.227
Long-term liabilities	0	0
Short-term liabilities	29.215	28.332
Other	2.382	2.579
Total Equity & Liabilities	456.371	474.385

INCOME STATEMENT (HRK 000)		
Operating revenues	231.324	250.779
Operating expenditures	160.883	178.012
Financial revenues	5.457	3.860
Financial expenditures	430	569
Total revenues	236.781	254.639
Total expenditures	161.313	178.581
Profit/Loss before tax	75.468	76.057
Corporate tax	13.298	13.643
Net profit/loss	62.170	62.415

KEY INDICATORS		
EBITDA (000 kn)	84.013	85.894
EBITDA margin	36,3%	34,3%
Net profit margin	26,3%	24,5%
ROA	13,6%	13,2%
ROE	15,0%	14,2%
Current ratio	12,2	12,0
Financial stability ratio	0,2	0,3
Debt ratio	8,9%	7,2%
Total asset turnover ratio	0,5	0,5
Number of employees	322	333

APIS IT d.o.o.

Address: Paljetkova ulica 18, Zagreb

<https://www.apis-it.hr>

Agencija za podršku informacijskim sustavima i informacijskim tehnologijama d.o.o. (APIS IT d.o.o.) for the past 55 years has been providing strategic, expert and implementation services to the public sector in Croatia in terms of planning, development, support and maintenance of business information systems based on the principles of a networked and user-orientated administration.

PERFORMANCE IN 2018

The company mostly works for the needs of administration bodies in the Republic of Croatia and the City of Zagreb, and their related business entities. In regard to total revenue in 2018, receivables from buyers belonging to the group of entities under the control of the Republic of Croatia accounted for 89% of such revenue. The average proportion of total revenue from companies in the buyer group of the Republic of Croatia for the period from 2013 to 2018 was 87%, whereas revenue from the City of Zagreb as a buyer group was 8%. The most important impact on the increase in total revenue amounting to HRK 14 million was an increase in other external costs (HRK 8.8 million) and an increase in costs of wages (HRK 6.8 million).

Investments in fixed assets in 2018 amounted to HRK 94 million. A process of technological restructuring and establishment of the new Disaster Recovery location was initiated. In addition, the process of investing in the company's building and energy infrastructure was also commenced in order to increase available capacities.

Given that the Croatian Government assigned the company the role of primary service provider at the Shared Service Centre, the expectation is that in the coming period, sales from that role will become one of the more significant channels of revenue generation for the company.

In 2018, total revenues increased by 8% compared to 2017, whereas expenditures grew by 7%. This trend for revenue and expenditure resulted in a net profit of HRK 7.4 million, and compared to 2017 net profit increased by 34%, i.e., by HRK 1.9 million.



Management Board: Saša Bilić (chairman), Vlado Rendulić (member) i Ivana Gudelj Tičak (member)

Supervisory Board: Slavica Pezer Blečić (head), Gordana Marić (member), Mirka Jozić, (member), Ana Stavljenić-Rukavina (member), Tatjana Gruber (member)

Audit committee: Mladen Štahn (president), Damir Paladin (deputy), Nikola Vlahović (member), Slavica Pezer Blečić (member), Mirka Jozić (member)

Government representative in the Gen. Assembly:
Zdravko Zrinušić

Auditor: Grant Thornton revizija d.o.o.

State holding: 51%

BALANCE SHEET (HRK 000)	2017	2018
Long-term assets	129.543	136.943
Short-term assets	229.943	238.505
Other	0	0
Total Assets	359.486	375.448
Equity	326.933	329.711
Provisions	9.286	8.894
Long-term liabilities	0	0
Short-term liabilities	23.266	36.843
Other	0	0
Total Equity & Liabilities	359.486	375.448

INCOME STATEMENT (HRK 000)		
Operating revenues	206.026	218.953
Operating expenditures	200.218	214.021
Financial revenues	3.283	7.041
Financial expenditures	2.458	3.066
Total revenues	209.309	225.994
Total expenditures	202.676	217.087
Profit/Loss before tax	6.634	8.907
Corporate tax	1.101	1.504
Net profit/loss	5.533	7.403

KEY INDICATORS		
EBITDA (000 kn)	40.218	40.351
EBITDA margin	19,5%	18,4%
Net profit margin	2,6%	3,3%
ROA	1,5%	2,0%
ROE	1,7%	2,2%
Current ratio	9,9	6,5
Financial stability ratio	0,4	0,4
Debt ratio	9,1%	12,2%
Total asset turnover ratio	0,6	0,6
Number of employees	395	429

Autocesta Rijeka - Zagreb d.d.

Address: Širolina ulica 4, Zagreb

<https://www.arz.hr>

The Croatian Government, in terms of restructuring the road network in the Republic of Croatia, passed in 1997 the Decision on Establishing the Rijeka-Zagreb Motorway Joint Stock Company, a company for the construction and management of roads.

The economic purpose of the company is the closing of financial arrangements, construction, management and maintenance of the Rijeka-Zagreb Motorway and its associated road facilities on road parcels for the purpose of gaining rights from the Concession Agreement.

PERFORMANCE IN 2018

The company completed its round of investments in motorway construction, hence the main focus of business is directed towards ensuring road safety, stability and durability of roads and road facilities as well as increasing user safety.

In 2018, maintenance and repair works were carried out on the motorway and associated facilities to the value of HRK 57 million, which is an increase of 59% compared to the previous year. Actual vehicle traffic in 2018 for the concession region along the Zagreb-Rijeka Motorway was 23.6 vehicles, and is the largest recorded number of vehicles since the founding of the company.

A 26% growth in traffic in the last five years has had an effect on revenue growth from motorway toll fees which has also seen a seasonal increase in prices. In 2018, activities in operational and financial restructuring continued, on account of which the Croatian Government gave approval to the company for a new loan valued at EUR 202 million for the purpose of improving solvency.

The company achieved profit in 2018 amounting to HRK 640 million, resulting from revenue from impaired concession assets to the tune of HRK 425 million, actual financial revenue stemming from positive exchange rate fluctuations, revenue growth from toll fees, decrease in interest-based financial expenditures and resulting from refinancing part of the loan obligation under more favourable terms.



AUTOCESTA RIJEKA-ZAGREB d.d.
DRUŠTVO ZA GRAĐENJE I GOSPODARENJE AUTOCESTOM

Management Board: Miro Škrgatić (chairman), Tomislav Tkalčić (member)

Supervisory Board: Josip Ostrogović (head), Marko Šoštarčić (deputy), Boško Jolić, (member)

Audit committee: Marko Šoštarčić (president), Lajoš Žager (member), Vedrana Wagner (member)

Government representative in the Gen. Assembly: Oleg Butković

Auditor: Audit d.o.o.

State holding: 100%

BALANCE SHEET (HRK 000)	2017	2018
Long-term assets	3.926.081	4.052.129
Short-term assets	437.222	399.843
Other	152	314
Total Assets	4.363.456	4.452.286
	-	-
Equity	2.433.677	1.793.994
Provisions	12.773	12.315
Long-term liabilities	5.899.075	5.614.525
Short-term liabilities	854.242	588.171
Other	31.042	31.269
Total Equity & Liabilities	4.363.456	4.452.286

INCOME STATEMENT (HRK 000)		
Operating revenues	727.066	1.173.005
Operating expenditures	514.942	545.818
Financial revenues	54.878	74.713
Financial expenditures	92.982	61.690
Total revenues	781.945	1.247.718
Total expenditures	607.924	607.508
Profit/Loss before tax	174.021	640.210
Corporate tax	0	0
Net profit/loss	174.021	640.210

KEY INDICATORS

EBITDA (000 kn)	494.158	907.722
EBITDA margin	68,0%	77,4%
Net profit margin	22,3%	51,3%
ROA	4,0%	14,4%
ROE	-7,2%	-35,7%
Current ratio	0,5	0,7
Financial stability ratio	1,1	1,1
Debt ratio	155,8%	140,3%
Total asset turnover ratio	0,2	0,3
Number of employees	37	38

Croatia Airlines d.d.

Address: Bani 76b, 10010, Buzin – Zagreb

www.croatiaairlines.com

The company Croatia Airlines d.d. was founded in 1989. The company's mission is to achieve profits by providing air transport services, ensuring optimal airlinks between the Republic of Croatia and the world, and contribute to developing tourism in the Republic of Croatia.

PERFORMANCE IN 2018

In 2018, the company flew a total of 2,168,863 passengers – a historical record for the company. Of that number, 76% relates to international traffic and 24% to domestic traffic. Given that the company's business has a seasonal character, the company suffered a loss in the first, second and fourth quarter, whereas the third quarter saw a significant profit.

The business result in 2018 was worse than in the previous year (a HRK 83 million loss as opposed to a HRK 7 million profit). However, the result in terms of actual business operations was better in 2018, because profit in 2017 was to a great extent extraordinary revenue from the sale of slots, and amounted to HRK 139 million.

The HRK 83 million loss occurred to a large extent due to an increase in the price of jet fuel. When the sale of slots is removed from operating revenue for the comparable period, the net loss for the current period is 37% less, i.e., HRK 48 million, while at the same time fuel costs increased by HRK 71 million as a consequence of an increase in oil prices.

The loss of HRK 83 million represents a negative net profit margin of -4.7%. The company experienced less solvency (current ratio was equivalent to 0.4 and negative net working capital amounted to HRK 250 million). Also, an unfavourable capital maturity structure was recorded, i.e., a significant part of the fixed assets is financed through short-term sources (financial stability ratio was 1.8). In terms of the company's indebtedness, the conclusion is that the company is financed 35% from its own sources and 65% from external sources.



CROATIA AIRLINES

Management Board: Jasmin Bajić (director)

Supervisory Board: Zlatko Mateša (head), Nataša Munitić (deputy), Zoran Barac (member), Vjekoslav Jelić (member)

Audit committee: Nataša Munitić, Jasnica Lozo

Government representative in the Gen. Assembly: Oleg Butković

Auditor: KPMG Croatia d.o.o.

State holding: 97,83%

BALANCE SHEET (HRK 000)	2017	2018
Long-term assets	616.832	660.283
Short-term assets	186.771	183.015
Other	33.898	18.836
Total Assets	837.502	862.134
Equity	386.691	304.118
Provisions	35.274	33.279
Long-term liabilities	16.575	56.680
Short-term liabilities	378.979	433.833
Other	19.983	34.223
Total Equity & Liabilities	837.502	862.134

INCOME STATEMENT (HRK 000)		
Operating revenues	1.767.477	1.701.343
Operating expenditures	1.745.269	1.777.846
Financial revenues	66.380	56.236
Financial expenditures	81.252	62.670
Total revenues	1.833.858	1.757.578
Total expenditures	1.826.521	1.840.515
Profit/Loss before tax	7.337	-82.937
Corporate tax	0	0
Net profit/loss	7.337	-82.937

KEY INDICATORS		
EBITDA (000 kn)	116.642	24.365
EBITDA margin	6,6%	1,4%
Net profit margin	0,4%	-4,7%
ROA	0,9%	-9,6%
ROE	1,9%	-27,3%
Current ratio	0,5	0,4
Financial stability ratio	1,5	1,8
Debt ratio	53,8%	64,7%
Total asset turnover ratio	2,2	2,0
Number of employees	935	981

Državne nekretnine d.o.o.

Address: Planinska ulica 1, Zagreb

<https://www.hr-nekretnine.hr>

The company manages and has at its disposal property in the ownership of the Republic of Croatia: apartments, commercial premises, residential premises including other properties and transferred so as to be managed. The company's business is the transparent, effective and professional management of properties, preserving their value, and protecting the interests of the Republic of Croatia.

PERFORMANCE IN 2018

The company operates positively with a tendency towards growth, resulting from an improved legislative framework, clearly defined goals and corporate policies directed towards efficient management, as well as the scope and terms under which properties are acquired.

The company manages approx. 6,000 properties across 142 locations in Croatia, of which a quarter are commercial premises. The majority of the portfolio relates to apartments (more than 4,000). In 2018, the company invested HRK 4.5 million into properties owned by the Republic of Croatia with the aim of extending their service life and significantly improving their condition.

In 2018, the company generated over HRK 88 million of revenue, which is 16% more than for the previous year. Revenue growth, among other factors, was the result of efficient management, putting the properties into use, regulating legal while tracking contractual relationships with clients, as well as improving the collection of payments. In 2018, the company's total expenditure increased by 9% compared to 2017, whereas net profit increased by HRK 5.9 million compared to 2017, amounting to HRK 22 million (an increase of 36%).

The company's business is characterised by a high level of solvency and low debt, whereas the value of return on assets and return on equity are exceptionally high despite the low value of equity or assets on the company's balance sheet.



Državne nekretnine

Management Board: Renata Sabo (director)

Supervisory Board: Hrvoje Čosić (head), Ivana Leko (member), Ilijana Krešić Rajič (member)

Audit committee: -

Government representative in the Gen. Assembly: Goran Marić

Auditor: BDO Croatia d.o.o.

State holding: 100%

BALANCE SHEET (HRK 000)	2017	2018
Long-term assets	5.037	9.072
Short-term assets	42.489	67.040
Other	860	920
Total Assets	48.386	77.032
Equity	39.859	62.191
Provisions	0	296
Long-term liabilities	0	0
Short-term liabilities	7.892	14.263
Other	635	281
Total Equity & Liabilities	48.386	77.032

INCOME STATEMENT (HRK 000)		
Operating revenues	71.343	83.510
Operating expenditures	55.859	60.728
Financial revenues	4.782	4.641
Financial expenditures	91	21
Total revenues	76.125	88.151
Total expenditures	55.949	60.749
Profit/Loss before tax	20.176	27.402
Corporate tax	3.763	5.069
Net profit/loss	16.413	22.333

KEY INDICATORS		
EBITDA (000 kn)	15.980	23.584
EBITDA margin	22,4%	28,2%
Net profit margin	21,6%	25,3%
ROA	33,9%	29,0%
ROE	41,2%	35,9%
Current ratio	5,4	4,7
Financial stability ratio	0,1	0,1
Debt ratio	17,6%	19,3%
Total asset turnover ratio	1,6	1,1
Number of employees	69	92

Financijska agencija

Address: Ulica grada Vukovara 70, Zagreb

www.fina.hr

Financijska agencija (FINA) is the leader Croatian provider of electronic financial services in the Republic of Croatia. National coverage, an information system that has been tried and tested on the most demanding tasks of national importance as well as the professionalism of its team of experts has enabled the preparation and implementation of various projects, from the simplest financial transactions to the most sophisticated tasks in commercial electronic operations. Even though in state ownership, FINA does business primarily in line with market principles. It successfully collaborates with banks, the Croatian National Bank, numerous business system and other entities in the business community.

PERFORMANCE IN 2018

FINA's most important particular business activity in 2018 was implementation of the new Act on Enforcement of Distraint on Monies. This legal solution meant that on 4 August 2018, FINA was able to deblock the blocked accounts of 50,695 citizens.

In 2018, FINA achieved a net profit of HRK 13.8 million, which was an increase in net profit of 194% compared to 2017 when net profit was HRK 4.7 million.

FINA in the reported year generated HRK 813 million of revenue, which is 1% less than for the previous year, and primarily results from a decrease in revenue due to terminating impairment of accounts receivable and revenue from default interest occurring in the previous year due to the collection certain receivables.

Expenditures for FINA in 2018 amounted to HRK 786 million, which is a decrease of 3% compared to the previous year and resulted from decreased personnel costs, and is attributed to the employee redundancy program for 350 workers as of 1 January for the reporting year.



Management Board: Dražen Čović, (chairman)

Supervisory Board: Ivana Radeljak Novaković, (head), Milan Kovač, (deputy), Davor Kalinić, (member), Davor Mikulić, (member), Dragica Vranješ, (member)

Audit committee: -

Government representative in the Gen. Assembly: -

Auditor: Deloitte d.o.o.

State holding: 100%

BALANCE SHEET (HRK 000)	2017	2018
Long-term assets	890.380	967.530
Short-term assets	797.902	781.445
Other	8.000	9.969
Total Assets	1.696.282	1.758.944
Equity	1.449.056	1.459.477
Provisions	73.338	114.400
Long-term liabilities	47.261	24.187
Short-term liabilities	96.046	118.583
Other	30.580	42.297
Total Equity & Liabilities	1.696.282	1.758.944

INCOME STATEMENT (HRK 000)		
Operating revenues	770.723	803.099
Operating expenditures	805.635	759.073
Financial revenues	47.024	9.546
Financial expenditures	3.811	26.815
Total revenues	817.747	812.645
Total expenditures	809.446	785.888
Profit/Loss before tax	8.301	26.757
Corporate tax	3.593	12.896
Net profit/loss	4.708	13.861

KEY INDICATORS		
EBITDA (000 kn)	54.797	133.372
EBITDA margin	7,1%	16,6%
Net profit margin	0,6%	1,7%
ROA	0,3%	0,8%
ROE	0,3%	0,9%
Current ratio	8,3	6,6
Financial stability ratio	0,6	0,7
Debt ratio	14,6%	17,0%
Total asset turnover ratio	0,5	0,5
Number of employees	3.093	2.770

Hrvatska elektroprivreda d.d.

Address: Ulica grada Vukovara 37, Zagreb

<https://www.hep.hr>

Hrvatska elektroprivreda d.d. (HEP d.d.) is the governing company, founder and sole owner of the HEP group of companies, uniting the management of dependent companies based on business involving the production and distribution of electricity, thermal energy and gas. The company owns all the assets which have been contractually transferred for the management of the subsidiary or daughter companies, and performs the function of corporate governance over the HEP group, ensuring conditions for the secure and reliable supply of electricity, thermal energy and natural gas to customers.

PERFORMANCE IN 2018

The company HEP d.d. in 2018 achieved a net profit of HRK 354 million, while in 2017 net profit amounted to HRK 364 million.

Operating revenue in 2018 amounted to HRK 8.7 billion, an increase of HRK 958 million (12%) compared to 2017, due to revenue generated from the sale of gas intended for supplying the market, with revenue amounting to HRK 658 million, and revenue growth from the sale of electricity.

Operating expenditures amounted to HRK 8.6 billion, an increase of HRK 978 million (13%) compared to the previous year. The increase in costs of procuring gas to supply the market and costs of procured values of sold gas in the gas wholesale business increased due to a 15% increase in the average purchase price of gas. Also, costs of procuring electricity from related companies increased due to greater production in hydropower stations.

In 2018, the credit rating agency Standard & Poor's upgraded its prognosis for the company, lifting HEP's credit rating from stable to positive.

In 2018, there were a total of HRK 84 million of investments in preparations for construction and actual construction of new power facilities, procurement of IT and computer equipment, upgrade and updates to system, application and computer infrastructure. HEP's investment works were 24% less than for the previous year.



Management Board: Frane Barbarić (chairman), Nikola Rukavina (member), Marko Ćosić (member), Petar Sprčić (member), Tomislav Šambić (member), Saša Dujmić (member)

Supervisory Board: Goran Granić (head), Lukša Lulić (member), Ivo Ivančić (member), Meri Uvodić (member), Jelena Zrinski Berger (member)

Audit committee: Goran Granić, Boris Cota, Boris Tušek

Government representative in the Gen. Assembly: Tomislav Ćorić

Auditor: BDO Croatia d.o.o.

State holding: 100%

BALANCE SHEET (HRK 000)	2017	2018
Long-term assets	27.848.712	27.846.775
Short-term assets	6.501.967	6.507.750
Other	17.128	17.395
Total Assets	34.367.807	34.371.920
Equity	25.149.873	25.217.255
Provisions	217.014	221.244
Long-term liabilities	5.154.937	4.889.044
Short-term liabilities	3.810.721	4.039.054
Other	35.262	5.323
Total Equity & Liabilities	34.367.807	34.371.920

INCOME STATEMENT (HRK 000)		
Operating revenues	7.733.579	8.691.327
Operating expenditures	7.597.473	8.575.543
Financial revenues	1.090.266	722.536
Financial expenditures	934.009	439.272
Total revenues	8.823.844	9.413.864
Total expenditures	8.531.482	9.014.815
Profit/Loss before tax	292.362	399.048
Corporate tax	-71.661	45.072
Net profit/loss	364.022	353.976

KEY INDICATORS		
EBITDA (000 kn)	185.218	177.569
EBITDA margin	2,4%	2,0%
Net profit margin	4,1%	3,8%
ROA	1,1%	1,0%
ROE	1,4%	1,4%
Current ratio	1,7	1,6
Financial stability ratio	0,9	0,9
Debt ratio	26,8%	26,6%
Total asset turnover ratio	0,3	0,3
Number of employees	451	473

HP - Hrvatska pošta d.d.

Address: Jurišićeva ul. 13, Zagreb

<https://www.posta.hr>



The company HP – Hrvatska pošta d.d. (Croatia Post) is the largest provider of postal services in the Republic of Croatia and the only provider of universal services as defined in the Postal Services Act. The wide range of services which the company provides to residential and commercial users is available on the entire territory of the Republic of Croatia. HP – Hrvatska pošta d.d. is also a company with the greatest share of the postal services market in the Republic of Croatia, covering more than 80% of the market.

PERFORMANCE IN 2018

Hrvatska pošta d.d. delivered more than 260 million postal service items in 2018 and increased its market share to 85% in the last quarter of 2018. In the growing segment of package services, the increase in the number of these services exceeded 20%, while at the same time, the market in that particular segment recorded a growth of 11%. The letter-post segment market decreased by 3.8%, whereas the company recorded a growth of approx. 1% in that very segment.

The most significant investment and strategic project with the goal of developing core business worth highlighting is the construction of the new sorting centre, which is also a big leap forward for HP – Hrvatska pošta d.d. in further developing its logistics capacities. The investment in constructing the facility in 2018 totalled HRK 114 million.

In 2018, the company achieved a net profit of HRK 39 million. Total generated revenue in 2018 compared to 2017 increased by HRK 52 million or 3.1%. Total expenditure for 2018 grew by HRK 82 million or 5.2% compared to 2017, where the largest increase is evident in costs of (raw) materials, other external costs, personnel costs, depreciation, provisions and other operating expenditures.

Hrvatska pošta d.d. approved a decision to sell its subsidiary company HEP Produkcija d.o.o., the provider of evotv (digital TV) services. In November 2018, the company Hrvatski Telekom d.d. signed a contract for the sale of the company HP Produkcija d.o.o.

Management Board: Ivan Čulo (chairman), Mate Mišetić (member), Hrvoje Parlov (member)

Supervisory Board: Ivančica Urh (head), Stanko Gačić (deputy), Ante Sučić (member), Milan Jukić (member), Željko Vidaković (member)

Audit committee: Ante Sučić (president), Željko Franić (member), Željka Perković Simeonov (member)

Government representative in the Gen. Assembly: Oleg Butković

Auditor: Audit d.o.o.

State holding: 100%

BALANCE SHEET (HRK 000)	2017	2018
Long-term assets	991.534	1.086.827
Short-term assets	478.052	500.864
Other	72.168	90.678
Total Assets	1.541.753	1.678.369
Equity	923.409	967.583
Provisions	40.573	44.674
Long-term liabilities	305.016	84.484
Short-term liabilities	214.265	506.249
Other	58.490	75.380
Total Equity & Liabilities	1.541.753	1.678.369

INCOME STATEMENT (HRK 000)		
Operating revenues	1.656.581	1.709.927
Operating expenditures	1.495.284	1.594.849
Financial revenues	6.412	5.143
Financial expenditures	81.199	63.474
Total revenues	1.662.993	1.715.071
Total expenditures	1.576.483	1.658.323
Profit/Loss before tax	86.510	56.748
Corporate tax	16.158	17.397
Net profit/loss	70.352	39.351

KEY INDICATORS		
EBITDA (000 kn)	233.719	198.492
EBITDA margin	14,1%	11,6%
Net profit margin	4,2%	2,3%
ROA	4,6%	2,3%
ROE	7,6%	4,1%
Current ratio	2,2	1,0
Financial stability ratio	0,8	1,0
Debt ratio	40,1%	42,3%
Total asset turnover ratio	1,1	1,0
Number of employees	9.689	9.977

Hrvatska kontrola zračne plovidbe d.o.o.

Address: Rudolfa Fizira 2, Velika Gorica

www.crocontrol.hr

Hrvatska kontrola zračne plovidbe d.o.o. (Croatian Air Navigation Services Limited) is a company owned by the Republic of Croatia, and is responsible for providing air traffic control services to civilian and military users of Croatia's airspace and the airspace assigned to its control. The company's mission is the provision of safe, quality services in air traffic control.

PERFORMANCE IN 2018

In 2018, funding amounting to HRK 111 million from proprietary sources was invested into the development and modernisation of the company's technical and technological platform, representing an increase of 32% compared to 2017, the year in which HRK 84 million was invested. In 2018, the company continued to successfully withdraw money from projects co-financed by EU funds, whereby HRK 3.8 million was granted from these same sources. The mentioned funds along with the company's funds were used for financing essential and complex investment projects.

In 2018, net profit was HRK 53 million, which due to SES reservations is a decrease of 42% compared to 2017, when net profit amounted to HRK 91 million.

Total revenue in 2018 amounted to HRK 849 million, an increase of 8.5% compared to the previous year. Total expenditures were HRK 786 million, which is 17% more than in the previous year.

A significant cause of an increase in total expenditure for 2018 were other operating expenditures with an increase of 136% or HRK 95 million, due to the fact that the provisions were made in accordance with SES regulations to the tune of HRK 77 million. These provisions in line with Regulation (EU) 391/2013 represent the amount which the company will in the future reimburse users of air traffic control services for already provided services, by correcting unit prices for services within the charged zones to which the respective regulatory provisions relate.



Management Board: Vlado Bagarić (director)

Supervisory Board: Dinko Staničić (head), Ksenija Bertić (deputy), Marko Neveščanin (member), Ivan Selak (member)

Audit committee: Dinko Staničić (president), Marijana Blažinčić (member)

Government representative in the Gen. Assembly: Oleg Butković, Zdravko Marić, Damir Krstičević

Auditor: Audit d.o.o.

State holding: 100%

BALANCE SHEET (HRK 000)	2017	2018
Long-term assets	482.648	514.631
Short-term assets	656.567	729.429
Other	5.582	4.821
Total Assets	1.144.796	1.248.881
Equity	681.700	734.402
Provisions	93.105	162.274
Long-term liabilities	190.833	151.249
Short-term liabilities	122.420	147.550
Other	56.739	53.406
Total Equity & Liabilities	1.144.796	1.248.881

INCOME STATEMENT (HRK 000)		
Operating revenues	777.922	844.700
Operating expenditures	665.702	775.918
Financial revenues	4.578	4.438
Financial expenditures	6.303	10.479
Total revenues	782.500	849.137
Total expenditures	672.005	786.397
Profit/Loss before tax	110.495	62.740
Corporate tax	19.177	10.038
Net profit/loss	91.318	52.702

KEY INDICATORS		
EBITDA (000 kn)	219.494	171.229
EBITDA margin	28,2%	20,3%
Net profit margin	11,7%	6,2%
ROA	8,0%	4,2%
ROE	13,4%	7,2%
Current ratio	5,4	4,9
Financial stability ratio	0,6	0,6
Debt ratio	40,5%	41,2%
Total asset turnover ratio	0,7	0,7
Number of employees	731	753

Hrvatska Lutrija d.o.o.

Address: Ulica grada Vukovara 72, Zagreb

<https://www.lutrija.hr>

Hrvatska lutrija d.o.o. (Croatia Lottery) is a company that organises games of chance and gambling. It has a market presence with a rich assortment of games: various lotteries, betting games, slot machines and casinos.

PERFORMANCE IN 2018

In 2018, the company achieved a profit of HRK 52.14 million, which is an increase of 15% compared to 2017. The better business result was affected to a large extent by increased efforts in sales and marketing activities as well as expansion of the distribution network.

Total generated revenue in 2018 recorded a growth of 14% compared to 2017. The double-digit growth is also evident in lotteries and betting games. The growth in lottery games is mostly attributed to the Eurojackpot lottery, scratch cards, and a new game called Keno brzih 35 was also introduced. A significant growth of 13% in betting was a direct consequence of the World Soccer Championship, and also ongoing bonusing. In 2018, two new slot machine clubs were opened, one in Vinkovci and the other in Zlatar Bistrica.

Operating costs followed revenue growth, which in 2018 amounted to HRK 537 million and experienced a growth of 14%. An increase in certain cost categories is directly related to growth in turnover: costs of marketing, operating lease costs, commissions for services relating to the sale of games of chance by partners under a cooperation agreement, and concession fees to the state.

Through its business, Hrvatska lutrija d.o.o. generates significant money which is then paid into the state budget for the needs of financing humanitarian, sporting, cultural and similar organisations, and for this purpose, in line with Article 8 of the Games of Chance Act, generated HRK 92.9 million, which is an increase of 13.6% compared to the year earlier. The contribution to the State Budget for 2018 amounted to a total of HRK 310.15 million, which is an increase of 16.9% compared to 2017.



Management Board: Mario Musa (chairman), Eugen Sunara (member), Ignacije Čutura (member)

Supervisory Board: Hrvoje Šimović (head), Ivana Ravlić Ivanović (member), Jasminka Lojen (member)

Audit committee: Boris Tušek (president), Marko Primorac (member), Dinko Pavuna (member)

Government representative in the Gen. Assembly: Zdravko Marić (president), Nina Obuljen Koržinek (member), Blaženka Divjak (member)

Auditor: Grant Thornton revizija d.o.o.

State holding: 100%

BALANCE SHEET (HRK 000)	2017	2018
Long-term assets	114.456	112.055
Short-term assets	202.950	181.713
Other	20.318	17.916
Total Assets	337.724	311.685
Equity	97.371	107.784
Provisions	56.461	55.660
Long-term liabilities	314	246
Short-term liabilities	173.670	135.038
Other	9.907	12.956
Total Equity & Liabilities	337.724	311.685

INCOME STATEMENT (HRK 000)		
Operating revenues	524.837	597.253
Operating expenditures	469.294	536.143
Financial revenues	3.430	4.127
Financial expenditures	1.650	1.197
Total revenues	528.267	601.380
Total expenditures	470.944	537.339
Profit/Loss before tax	57.323	64.040
Corporate tax	11.923	11.899
Net profit/loss	45.400	52.141

KEY INDICATORS		
EBITDA (000 kn)	81.148	87.924
EBITDA margin	15,5%	14,7%
Net profit margin	8,6%	8,7%
ROA	13,4%	16,7%
ROE	46,6%	48,4%
Current ratio	1,2	1,3
Financial stability ratio	1,2	1,0
Debt ratio	71,2%	65,4%
Total asset turnover ratio	1,6	1,9
Number of employees	1.314	1.356

Hrvatske autoceste d.o.o.

Address: Širolina ulica 4, Zagreb

<http://nac.hr/hr>

The company's core business is the managing of motorways, their construction, reconstruction and maintenance. The company manages a network of 919 km of motorways, and also provides maintenance and toll fee collection services on an area given into concession to Autocesta Rijeka-Zagreb d.d. covering a length of 187 km.

PERFORMANCE IN 2018

In 2018, the company underwent business and financial restructuring as part of the project titled "Modernization and Restructuring of the Road Sector (MARS)". The aim of the project was to improve the structure of financing and reduce the level of annual loan repayments. Also, a reorganisation process was commenced in terms of reducing the number of employees with the aim of having 2.04 employees per kilometre of motorway by 2021 (it currently stands at 2.48 workers), which would mean 500 workers less. Refinancing loans amounting to EUR 1.14 billion resulted in the early repayment of the then 17 existing loans, and a saving on financing costs of EUR 26 million annually was achieved. Otherwise, indebtedness at the end of year amounted to HRK 21 billion, which is 5% less than the previous year.

Business indicators show poor liquidity (cash ratio is 0.2 and the negative working capital amounts to HRK 3.4 billion). Generated revenue in 2018 was significantly greater compared to the previous year, i.e., by HRK 500 million, which relates to revenue from the company Autocesta Rijeka-Zagreb d.d. amounting to HRK 156 million (revenue on this basis did not exist previously because HAC ONC d.o.o. merged at the end of 2017 with its parent company while continuing to perform services for the company Autocesta Rijeka-Zagreb d.d.), revenue from termination of provisions amounting to HRK 170 million, revenue from increased turnover, etc.

Achieved profit amounted to HRK 493 million (in 2017 it was HRK 140 million), and pursuant to Article 94, Paragraph 4 of the Roads Act, the profit is not paid out but instead is used to increase the value of public capital.



Management Board: Boris Huzjan (chairman), Stjepan Baranašić (member)

Supervisory Board: Branimir Jerneić (head), Nino Vela (deputy), Darko Kasap (member), Ladislav Turčinović (member), Anđelko Kasunić (member)

Audit committee: Nataša Munitić (president), Ladislav Turčinović (deputy), Darko Kasap (member), Rudi Grubišić (member)

Government representative in the Gen. Assembly: Oleg Butković

Auditor: BDO Croatia d.o.o.

State holding: 100%

BALANCE SHEET (HRK 000)	2017	2018
Long-term assets	40.932.907	38.890.056
Short-term assets	628.470	780.272
Other	107.108	96.202
Total Assets	41.668.485	39.766.530
Equity	18.667.155	17.889.937
Provisions	194.198	50.719
Long-term liabilities	19.533.693	17.217.434
Short-term liabilities	2.944.555	4.196.378
Other	328.884	412.063
Total Equity & Liabilities	41.668.485	39.766.530

INCOME STATEMENT (HRK 000)		
Operating revenues	1.918.361	2.418.262
Operating expenditures	1.748.129	1.814.926
Financial revenues	5.854	3.788
Financial expenditures	5.550	5.069
Total revenues	1.924.215	2.422.050
Total expenditures	1.753.679	1.819.994
Profit/Loss before tax	170.536	602.056
Corporate tax	30.869	109.470
Net profit/loss	139.667	492.586

KEY INDICATORS		
EBITDA (000 kn)	1.218.322	1.557.392
EBITDA margin	63,5%	64,4%
Net profit margin	7,3%	20,3%
ROA	0,3%	1,2%
ROE	0,7%	2,8%
Current ratio	0,2	0,2
Financial stability ratio	1,1	1,1
Debt ratio	55,2%	55,0%
Total asset turnover ratio	0,0	0,1
Number of employees	767	2.831

Hrvatske ceste d.o.o.

Address: Vončinina ul. 3, Zagreb

<https://hrvatske-ceste.hr>

The company was founded with the aim of investing in road infrastructure in order to ensure safe transport, improve quality of life in the community and economic prosperity. It began operating on 11 April 2001 as one of the two legal successors of the Croatian company Hrvatska uprava za ceste. Hrvatske ceste d.o.o. is the competent entity for the management, construction, reconstruction and maintenance of the state roads network covering a total length of 7,176 km.

PERFORMANCE IN 2018

Most of the works on constructing state roads in 2018 took place on 5 capital projects: continued construction of the mainland –Čiovo island bridge (HRK 145 million), Popovec - Marija Bistrica - Zlatar Bistrica - Zabok (HRK 60 million), Bjelovar eastern bypass (HRK 40 million), the D55 Vinkovci eastern bypass (HRK 39 million), road link to southern Dalmatia, and the mainland – Pelješac peninsula bridge along with access roads and the Ston bypass (HRK 25 million).

In 2018, financial restructuring was continued, but under more favourable conditions, meaning the reprogramming of eight loans at commercial banks totalling HRK 3.5 billion. Also, operational restructuring of the company also continued by replacing the existing business information system (SAP), introducing the BIM (Building Information Modelling) methodology in design activities, introducing a (paperless) document management system, etc.

Despite the financial restructuring in 2018, the maturity structure of debts improved, i.e., liquidity was significantly improved (cash ratio increased from 0.3 to 0.8). Due to a capital approach, the company achieved neither any profit or loss, but business success is measured by execution of programs and the financial plan.



Management Board: Josip Škorić (chairman), Alen Leverić (member), Nikša Konjevod (member), Senko Bošnjak (member)

Supervisory Board: Bariša Kusić (head), Ante Parat (deputy), Božo Markić (member), Aleksandra Licul Ivančir (member)

Audit committee: Boris Tušek (president), Drago Jakovčević (deputy), Bariša Kusić (member)

Government representative in the Gen. Assembly: Oleg Butković

Auditor: BDO Croatia d.o.o.

State holding: 100%

BALANCE SHEET (HRK 000)	2017	2018
Long-term assets	73.300.324	75.022.578
Short-term assets	281.365	565.425
Other	82.018	98.341
Total Assets	73.663.707	75.686.343
Equity	63.437.466	65.096.969
Provisions	169.348	160.902
Long-term liabilities	8.834.098	9.006.025
Short-term liabilities	903.015	733.647
Other	319.781	688.801
Total Equity & Liabilities	73.663.707	75.686.343

INCOME STATEMENT (HRK 000)		
Operating revenues	172.196	183.651
Operating expenditures	171.412	180.731
Financial revenues	1.044	206
Financial expenditures	1.828	3.126
Total revenues	173.239	183.857
Total expenditures	173.239	183.857
Profit/Loss before tax	0	0
Corporate tax	474	309
Net profit/loss	-474	-309

KEY INDICATORS		
EBITDA (000 kn)	20.398	24.024
EBITDA margin	11,8%	13,1%
Net profit margin	-0,3%	-0,2%
ROA	0,0%	0,0%
ROE	0,0%	0,0%
Current ratio	0,3	0,8
Financial stability ratio	1,0	1,0
Debt ratio	13,9%	14,0%
Total asset turnover ratio	0,0	0,0
Number of employees	454	456

Hrvatske šume d.o.o.

Address: Ulica kneza Branimira 1, Zagreb

<https://www.hrsume.hr/>

The company's core business is the management of forests and forest lands owned by the Republic of Croatia as a good of general interest, utilisation of forests, forest lands and plantations. The mission adopted by the company is sustainable and integral management of national forests across the entire territory of the Republic of Croatia in an ecologically sensitive, economically efficient and socially responsible manner towards society as a whole and the company's employees.

PERFORMANCE IN 2018

Hrvatske šume d.o.o. gains rights to funds from fees for general forest functions based on the current Forests Act and Ordinance on the Procedure for Gaining Rights to Funds from Fees for Utilisation of General Forest Functions for undertaken works in forests.

A total of HRK 464 million was invested into the nurturing of forests, HRK 100 million into fire protection measures, and a cycle of investments into new technologies for obtaining wood was initiated. The value of investment projects in 2018 amounted to HRK 218 million, representing an increase of HRK 31 million. In 2018, the largest EU environmental protection project called Naturavita began, where the project authority is Hrvatske šume d.o.o. The total value of the project is HRK 377 million, of which 85% comprises grants from the Cohesion Fund.

In 2018, the company achieved a net profit of HRK 52 million, which is a decrease of 54% compared to 2017, when net profit was HRK 114 million. Furthermore, in 2018 total revenue generated was HRK 2.23 billion compared to the same period in 2017, which is an increase of 7%.

Total expenditure amounted to HRK 2.16 billion, which is an increase of 12% compared to 2017, when it amounted to HRK 1.93 billion. The increase in total expenditure in 2018 was largely due to the increase in tangible costs (raw materials and external services), as well as personnel costs (signed a new Collective Labour Agreement) to the total value of HRK 226 million.



Management Board: Krunoslav Jakupčić, (chairman), Ante Sabljčić, (member), Igor Fazekaš (member)

Supervisory Board: Davor Filipović (head), Krunoslav Zmaić (deputy), Mladen Mikolčević (member), Milan Devčić (member), Željka Šikić (member)

Audit committee: Edita Bukovac (president), Davor Filipović (member), Kristina Šulj (member)

Government representative in the Gen. Assembly:

Tomislav Tolušić

Auditor: Audit d.o.o.

State holding: 100%

BALANCE SHEET (HRK 000)	2017	2018
Long-term assets	1.572.740	1.635.420
Short-term assets	852.790	837.026
Other	4.725	4.326
Total Assets	2.430.255	2.476.772
Equity	1.603.191	1.582.021
Provisions	255.644	279.642
Long-term liabilities	189.026	154.323
Short-term liabilities	335.112	398.731
Other	47.282	62.056
Total Equity & Liabilities	2.430.255	2.476.772

INCOME STATEMENT (HRK 000)		
Operating revenues	2.059.478	2.207.205
Operating expenditures	1.925.942	2.154.983
Financial revenues	14.755	22.472
Financial expenditures	5.683	5.899
Total revenues	2.074.232	2.229.677
Total expenditures	1.931.624	2.160.882
Profit/Loss before tax	142.608	68.795
Corporate tax	28.857	16.912
Net profit/loss	113.752	51.882

KEY INDICATORS		
EBITDA (000 kn)	231.946	162.078
EBITDA margin	11,3%	7,3%
Net profit margin	5,5%	2,3%
ROA	4,7%	2,1%
ROE	7,1%	3,3%
Current ratio	2,5	2,1
Financial stability ratio	0,9	0,9
Debt ratio	34,0%	36,1%
Total asset turnover ratio	0,9	0,9
Number of employees	7.528	8.063

HROTE d.o.o.

Address: Ulica Grada Vukovara 284, Zagreb

www.hrote.hr

The company Hrvatski operator tržišta energije d.o.o. (Croatian Energy Market Operator Ltd.) was founded for providing the public service of organising the electricity market in accordance with the provisions of energy provisions, specifically the Energy Act and the Electricity Market Act. The company plans to produce and trade electricity from renewable sources, organise the electricity market and gas market as a public service, run the incentive scheme for the production of electricity from renewable energy sources and highly efficient co-generation, and also run the Register of Guarantees of the Origin of Electricity.

PERFORMANCE IN 2018

The company generated 98% of its revenue from rights and obligations as defined in the above mentioned legal acts as well as fees, the amounts of which are defined in the stipulated Decisions of the Croatian Government. Due to the specific nature of its business, most of the company's investments totalling HRK 1.1 billion are concentrated in regular business operations, of which 82% was spent on licences and digitalisation, as well as GDPR licences in 2018.

In 2018, total generated revenue amounted to HRK 23 million, which is a decrease of 61% compared to 2017, when total revenue amounted to HRK 59 million. In 2018, total generated expenditure amounted to HRK 20 million, a decrease of 63% compared to 2017, when expenditure amounted to HRK 54 million.

The reason for the significant decrease in revenue and expenditure in 2018 was the fact that recorded total revenue and total expenditure also included operating revenue and expenditure stemming from intermediation services. The company achieved these results in line with the Rules on Organisation of the Gas Market when billing for deviation from nominations, billing values of total deviation, energy balancing, and billing other deviations of the balance group after trading on the gas market. In that regard, revenue was in line with expenditure. Based on the new Gas Market Act, the company no longer records the stated billing through revenue and expenditure, but on balance sheet payables and receivables.

**Management Board:** Boris Abramović (director)**Supervisory Board:** Pavao Pavlič (member)**Audit committee:** -**Government representative in the Gen. Assembly:**

Domagoj Validžić

Auditor: Vedanta Audit d.o.o**State holding:** 100%

BALANCE SHEET (HRK 000)	2017	2018
Long-term assets	4.679	4.292
Short-term assets	867.078	1.048.403
Other	150	260
Total Assets	871.907	1.052.954
Equity	20.565	20.566
Provisions	406	445
Long-term liabilities	47.655	34.581
Short-term liabilities	802.933	996.947
Other	348	416
Total Equity & Liabilities	871.907	1.052.954

INCOME STATEMENT (HRK 000)		
Operating revenues	58.802	22.890
Operating expenditures	52.236	18.053
Financial revenues	78	21
Financial expenditures	73	16
Total revenues	58.879	22.911
Total expenditures	54.492	20.115
Profit/Loss before tax	4.387	2.797
Corporate tax	1.171	866
Net profit/loss	3.216	1.930

KEY INDICATORS		
EBITDA (000 kn)	7.903	6.301
EBITDA margin	13,4%	27,5%
Net profit margin	5,5%	8,4%
ROA	0,4%	0,2%
ROE	15,6%	9,4%
Current ratio	1,1	1,1
Financial stability ratio	0,1	0,1
Debt ratio	97,6%	98,0%
Total asset turnover ratio	0,1	0,0
Number of employees	38	40

HŽ Cargo d.o.o.

Address: Heinzelova 51, Zagreb

<http://www.hzcargo.hr/>

The company HŽ Cargo d.o.o. is the national operator of railway freight transport and provides freight transport services in national and international railway transport, as well as a train towing service. The company is currently implementing its 2016-2020 Restructuring Plan with the aim of establishing a profitable and competitive business model.

PERFORMANCE IN 2018

Increasing competition on the railway transport market in the Republic of Croatia in 2018 brought about a 10% increase in the total quantity of transported goods. This increase in competition had a twofold negative effect on the company's business: a fall in the average price for transport and a decrease in the company's market share. The company HŽ Cargo in 2018 transported 7 million tons of goods, which is a fall of 20% while achieving 1.8 billion NTKM, i.e., a decrease of 10% compared to 2017.

In September 2018, the subsidiary company AGIT was merged with its parent company HŽ Cargo d.o.o. The merger meant that HŽ Cargo was able to begin providing a complete transport service without an intermediary, which was reflected on its revenue from the transporting of goods which in September 2018 began to grow monthly at an average rate of 24% compared to the same month the previous year.

During 2018, negotiations for the purpose of regulating unresolved relationships between the companies HŽ Cargo d.o.o. and HŽ Infrastructure d.o.o. continued and to large extent placed a burden regular business operations.

In 2018, investments totalled HRK 63 million and were mostly financed by loans from the World Bank. The largest proportion of investments was directed to the modernisation of the wagon fleet and locomotives.

Total revenue was less by HRK 14 million or 2.7% compared to 2017. Besides total revenue, total expenditures also decreased, by HRK 2.6 million or 0.4%. Net loss in 2018 amounted to HRK 79 million, which is an increase of HRK 12 million or 17% compared to the loss in 2017.



Management Board: Gordan Žurga (director)

Supervisory Board: Damir Sesvečan (head), Nikša Antica (deputy), Diana Lukšić (member), Želimir Halić (member)

Audit committee: Ivan Pelivanski, Diana Lukšić, Branka Horvat

Government representative in the Gen. Assembly: Oleg Butković

Auditor: Audit d.o.o.

State holding: 100%

BALANCE SHEET (HRK 000)	2017	2018
Long-term assets	1.251.257	1.210.422
Short-term assets	225.059	230.409
Other	10.197	12.023
Total Assets	1.486.513	1.452.854
Equity	719.883	618.173
Provisions	68.159	58.145
Long-term liabilities	370.958	381.506
Short-term liabilities	314.021	365.983
Other	13.493	29.047
Total Equity & Liabilities	1.486.513	1.452.854

INCOME STATEMENT (HRK 000)		
Operating revenues	529.477	511.196
Operating expenditures	579.712	582.075
Financial revenues	1.458	5.518
Financial expenditures	18.901	13.962
Total revenues	530.935	516.714
Total expenditures	598.613	596.037
Profit/Loss before tax	-67.678	-79.323
Corporate tax	0	0
Net profit/loss	-67.678	-79.323

KEY INDICATORS		
EBITDA (000 kn)	27.578	13.752
EBITDA margin	5,2%	2,7%
Net profit margin	-12,7%	-15,4%
ROA	-4,6%	-5,5%
ROE	-9,4%	-12,8%
Current ratio	0,7	0,6
Financial stability ratio	1,1	1,2
Debt ratio	51,6%	57,5%
Total asset turnover ratio	0,4	0,4
Number of employees	1.733	1.631

HŽ infrastruktura d.o.o.

Address: Mihanovićevea 12, Zagreb

<http://www.hzinfra.hr/>

HŽ infrastruktura is a company for managing railway infrastructure on the territory of the Republic of Croatia. It is involved in organising and regulating railway transport, ensuring access and the use of the railway infrastructure for all railway transporters who fulfil conditions as stipulated in the Railways Act.

PERFORMANCE IN 2018

The 2018 financial year was marked, above all else, by intensive work on preparing and realising large infrastructural projects, as well as business activities relating to maintenance and safe management of the railway infrastructure.

Revenue from the state budget represents the main business revenue (74.1%) and total revenue (73.5), which in 2018 amounted to HRK 899 million, or HRK 59 million less than in 2017.

In 2018, a public tender valued at HRK 4.6 billion was issued, of which HRK 630 million relates to regular business, HRK 3.8 billion to investment projects for railway infrastructure and which in turn are mostly financed by EU funds.

In the 2018 financial year, the company HŽ Infrastruktura d.o.o. recorded a loss from its business amounting to HRK 100 million. The loss is the result of implemented value adjustments of short-term receivables from related companies totalling HRK 113 million. Of that amount, HRK 94.21 million is directly attributable to HŽ Cargo. The company in 2018 undertook a series of actions with the aim of collecting receivables for the purpose of signing an agreement which would defined the closing of debts.

Given that value adjustment had a significant effect on the financial result, it is important to point out that of the total operating expenditure, 19% or HRK 244 million relates to the costs of amortisation, value adjustment of current assets and costs of provisions, while 81% relates to operating costs stemming from regular business.



Management Board: Ivan Kršić (chairman), Darko Barišić (member), Marko Zdravko Žubrinić (member), Nikola Ljuban (member), Krunoslav Papić (member)

Supervisory Board: Ivan Miloš (head), Tomislav Jukić (member), Slavko Proleta (member)

Audit committee: Joško Kovač (president), Ivana Varga (member), Rudi Grubišić (member)

Government representative in the Gen. Assembly: Oleg Butković

Auditor: BDO Croatia d.o.o.

State holding: 100%

BALANCE SHEET (HRK 000)	2017	2018
Long-term assets	11.723.316	12.102.326
Short-term assets	1.041.904	864.832
Other	10.444	10.971
Total Assets	12.775.664	12.978.129
Equity	8.703.231	8.482.420
Provisions	139.344	192.920
Long-term liabilities	722.799	794.497
Short-term liabilities	1.299.767	1.562.241
Other	1.910.524	1.946.051
Total Equity & Liabilities	12.775.664	12.978.129

INCOME STATEMENT (HRK 000)		
Operating revenues	1.214.399	1.212.806
Operating expenditures	1.206.275	1.306.999
Financial revenues	5.429	10.264
Financial expenditures	10.589	15.707
Total revenues	1.219.828	1.223.069
Total expenditures	1.216.864	1.322.706
Profit/Loss before tax	2.964	-99.637
Corporate tax	0	0
Net profit/loss	2.964	-99.637

KEY INDICATORS

EBITDA (000 kn)	50.216	-58.062
EBITDA margin	4,1%	-4,8%
Net profit margin	0,2%	-8,1%
ROA	0,0%	-0,8%
ROE	0,0%	-1,2%
Current ratio	0,8	0,6
Financial stability ratio	1,2	1,3
Debt ratio	31,9%	34,6%
Total asset turnover ratio	0,1	0,1
Number of employees	4.818	4.840

HŽ putnički prijevoz d.o.o.

Address: Strojarska cesta 11, Zagreb

<http://www.hzpp.hr/>

The business of HŽ Putnički prijevoz involves providing public transport of passengers in national and international railway transport as well as the railway linking of city centres and local areas in the Republic of Croatia to metropolitan and other city centres in Europe, and also large-scale transport of passengers within larger cities and suburban areas.

PERFORMANCE IN 2018

In 2018, a total of 20 million passengers travelled by rail, which is 2.2% more than in same period of the previous year. Local and remote transport accounted for 11.28 million passengers, which is an increase of 1.3% compared to 2017 when 11.13 passengers travelled by rail. A total of 8.7 million passengers travelled in city-suburban railway transport, i.e., 3.4% more compared to 2017 when 8.4 million passengers travelled by rail.

In 2018, total investments amounted to HRK 94 million. Investments in transport capacities totalled HRK 85 million, of which HRK 26 million relates to investments in passenger wagons, and HRK 59 million in locomotives and trains. Investments were financed using the company's own funds, which also includes a loan from the World Bank (IBRD), and funds from the state budget amounting to HRK 6 million.

At the end of 2018, an Agreement on Public Services for services of general economic interest in public railway transport in the Republic of Croatia for the period from 2019 to 2028 was signed, thereby ensuring continuity in the provision of railway transport services.

The company had a profit of HRK 2.8 million in 2018, which is an increase of HRK 2.5 million compared to 2017. Total revenue in 2018 amounted to HRK 860 million, an increase of 2.7% compared to 2017. The main reason for total revenue growth is a 3.1% increase in transport revenue. Total expenditure in 2018 amounted to HRK 857 million, which is a 2.4% increase compared to 2017 when it amounted to HRK 837 million.



Management Board: Željko Ukić (chairman), Mladen Lugarić (member), Damir Rubčić (member)

Supervisory Board: Irena Gerovac Zrnić (head), Gordan Hanžek (deputy), Tomislav Družak (member), Zdeslav Milas (member)

Audit committee: Marijan Drempećić (member), Gordana Miljković (member)

Government representative in the Gen. Assembly: Oleg Butković

Auditor: Audit d.o.o.

State holding: 100%

BALANCE SHEET (HRK 000)	2017	2018
Long-term assets	1.914.524	1.893.011
Short-term assets	140.511	129.846
Other	3.534	3.534
Total Assets	2.058.569	2.026.391
Equity	770.801	773.609
Provisions	82.808	90.323
Long-term liabilities	388.817	425.913
Short-term liabilities	187.952	175.720
Other	628.191	560.826
Total Equity & Liabilities	2.058.569	2.026.391

INCOME STATEMENT (HRK 000)		
Operating revenues	825.527	850.723
Operating expenditures	811.707	842.774
Financial revenues	12.158	9.465
Financial expenditures	25.719	14.605
Total revenues	837.685	860.189
Total expenditures	837.427	857.380
Profit/Loss before tax	258	2.809
Corporate tax	0	0
Net profit/loss	258	2.809

KEY INDICATORS		
EBITDA (000 kn)	149.073	143.071
EBITDA margin	18,1%	16,8%
Net profit margin	0,0%	0,3%
ROA	0,0%	0,1%
ROE	0,0%	0,4%
Current ratio	0,7	0,7
Financial stability ratio	1,7	1,6
Debt ratio	62,6%	61,8%
Total asset turnover ratio	0,4	0,4
Number of employees	1.937	1.893

INA – Industrija nafte d.d.

Address: Avenija V. Holjevca 10, Zagreb

<https://www.ina.hr/>



INA-Industrija nafte d.d. is a medium-large European petroleum company with a leading role in the oil business in Croatia, and a regional role in exploration and production of oil and gas, oil refining and the distribution of petroleum and petroleum derivatives. It was founded on 1 January 1964 with the merger of Naflaplin (a company involved in exploration and production of oil and gas) and the oil refineries in Rijeka and Sisak. The largest shareholders in the oil company are MOL and the Republic of Croatia, whereas a smaller proportion of the shares are owned by private and institutional investors. Since 1 December 2006, INA's shares have been listed on the Zagreb Stock Exchange.

PERFORMANCE IN 2018

In the area of exploration and production of oil and gas, besides Croatia, INA also does business in Angola and Egypt. It has two refineries – the Rijeka Oil Refinery and Sisak Oil Refinery, and manages a regional network of more than 500 retail locations throughout Croatia and in neighbouring countries.

In 2018, INA d.d. concluded the purchase of Eni's share in Croatian coastal exploitation areas in the northern Adriatic region, thereby becoming the sole owner. This transaction is INA's largest acquisition in the last few years, enabling it to increase its reserves and production of natural gas, thereby opening the possibility of further exploitation of the Adriatic fields.

The company increased revenue significantly in 2018, i.e., by HRK 3.5 billion or 19% as a result of growth in all of its businesses, especially due to higher hydrocarbon prices and increased sales. However, it achieved somewhat less profit than in the previous year (by HRK 90 million). Profitability measured by the EBITDA margin decreased from 19 to 14%, and liquidity also decreased (the cash ratio decreased from 1.2 to 1). Furthermore, the net working capital also decreased significantly, from HRK 755 million to HRK 145 million. This was due mainly to increased liabilities towards suppliers on account of the already mentioned acquisition. Moreover, indebtedness also increased slightly (debt ratio in 2018 was 41% compared to 38% the year earlier).

Management Board: Sándor Fasimon (chairman), Niko Dalić (member), Ivan Krešić (member), Davor Mayer (member), Zsolt Pethő (member), Ákos Székely (member)

Supervisory Board: Damir Vandelić (head), József Molnár (deputy), Luka Burilović (member), Szabolcs I. Ferencz (member), Ferenc Horváth (member), Damir Mikuljan (member), József Simola (member), László Uzsoki (member), Jasna Pipunić (member)

Audit committee: Judit Szilágyi (president), József Simola (member), Damir Vandelić, (member)

Gov. representative in the Gen. Assembly: Tomislav Čorić

Auditor: Ernst & Young d.o.o.

State holding: 44,84%

BALANCE SHEET (HRK 000)	2017	2018
Long-term assets	14.847.319	16.190.042
Short-term assets	4.314.023	4.662.544
Other	52.992	34.099
Total Assets	19.214.334	20.886.685
Equity	11.880.735	12.351.891
Provisions	3.496.481	3.863.135
Long-term liabilities	173.100	44.339
Short-term liabilities	3.558.996	4.517.643
Other	105.022	109.678
Total Equity & Liabilities	19.214.334	20.886.685

INCOME STATEMENT (HRK 000)		
Operating revenues	18.001.054	21.419.336
Operating expenditures	16.301.351	20.065.805
Financial revenues	383.503	505.099
Financial expenditures	310.523	201.423
Total revenues	18.384.557	21.924.435
Total expenditures	16.611.874	20.267.228
Profit/Loss before tax	1.772.683	1.657.207
Corporate tax	347.988	322.918
Net profit/loss	1.424.695	1.334.289

KEY INDICATORS		
EBITDA (000 kn)	3.432.406	2.932.631
EBITDA margin	19,1%	13,7%
Net profit margin	7,7%	6,1%
ROA	7,4%	6,4%
ROE	12,0%	10,8%
Current ratio	1,2	1,0
Financial stability ratio	1,2	1,3
Debt ratio	38,2%	40,9%
Total asset turnover ratio	1,0	1,0
Number of employees	4.326	4.203

Jadrolinija

Address: Riva 16, Rijeka

<https://www.jadrolinija.hr>

Jadrolinija is a company with a century old tradition in the liner maritime transport of passengers and freight. It was founded on 20 January 1947 in Rijeka, and is the successor of various associations of small coastal shippers from back in 1872.

PERFORMANCE IN 2018

Managing fleets, allocating larger capacity ships to more frequent lines and introducing the quick new Jelena ship to the fleet in the fourth quarter, are some of activities that have marked business operations in the company in 2018. Jadrolinija has a total of 41 shipping lines, of which 35 are state lines, 4 international and two quick season shipping lines. The entire maritime traffic is supported by a fleet of 50 ships (51 since the fourth quarter).

The key projects in the 2018 investment cycle include projects for the renewal and modernisation of the fleet. The ship named Jelena and valued at HRK 69 million was procured, with investments in the existing fleet amounting to HRK 12.3 million.

In 2018, natural indicators were achieved across all lines with a total growth of 1.2% in terms of the number of transported passengers, and 4.4% in the number of transported vehicles. All of this generated a turnover of 12,352,399 passengers and 3,138,029 vehicles.

In 2018, the company achieved total revenue of HRK 951 million, representing an increase of 3.2% compared to 2017. Total expenditure in 2018 amounted to HRK 870 million and was 3.2% less compared to 2017. Net profit for the company was HRK 64 million.

In terms of revenue from transport services, the most significant growth of 36% was achieved on the quick seasonal shipping lines which to a great extent is due to a greater number of trips and negligible price rises. In terms of expenditure, a significant financial increase of 29% was attributed to machine fuel, and most due to an increase in fuel prices.



Management Board: David Sopta (chairman), Vjekoslav Dorić (member), Goran Frković (member)

Supervisory Board: Damir Zec (head), Mile Perić (member), Mirta Lozančić (member), Nediljko Bulić (member)

Audit committee: Mirta Lozančić, Damir Zec, Mile Perić

Government representative in the Gen. Assembly: Oleg Butković, Zdravko Marić, Gari Cappelli

Auditor: Iris nova d.o.o.

State holding: 100%

BALANCE SHEET (HRK 000)	2017	2018
Long-term assets	1.390.349	1.375.990
Short-term assets	160.207	188.273
Other	2.045	13.403
Total Assets	1.552.600	1.577.666
Equity	1.019.129	1.087.095
Provisions	112.234	115.380
Long-term liabilities	271.178	240.798
Short-term liabilities	109.008	94.841
Other	41.052	39.553
Total Equity & Liabilities	1.552.600	1.577.666

INCOME STATEMENT (HRK 000)		
Operating revenues	910.195	945.842
Operating expenditures	876.211	861.727
Financial revenues	11.527	5.365
Financial expenditures	22.775	8.402
Total revenues	921.722	951.208
Total expenditures	898.986	870.129
Profit/Loss before tax	22.736	81.079
Corporate tax	807	16.603
Net profit/loss	21.929	64.475

KEY INDICATORS		
EBITDA (000 kn)	120.985	188.047
EBITDA margin	13,3%	19,9%
Net profit margin	2,4%	6,8%
ROA	1,4%	4,1%
ROE	2,2%	5,9%
Current ratio	1,5	2,0
Financial stability ratio	1,1	1,0
Debt ratio	34,4%	31,1%
Total asset turnover ratio	0,6	0,6
Number of employees	1.692	1.732

Jadranski naftovod d.d.

Address: Miramarska cesta 24, Zagreb

<https://janaf.hr/>

The company Jadranski naftovod d.d. (JANAF) manages petroleum storage systems (constructed in the period from 1974-79) as a modern, effective and economical system for transporting and storing crude oil and petroleum derivatives.

The company's mission is continual improvements in safe and efficient transport of crude oil as well as storage of crude oil and petroleum derivatives using the highest world technological standards, along with care for the preservation and protection of the environment, safety and development of human resources.

PERFORMANCE IN 2018

Total capacities at JANAF for storage of petroleum are 1.94 million m³, and 222,000 m³ for petroleum derivatives. In 2018, the construction of three tanks were completed at the Omišalj Terminal for storing petroleum with a total capacity of 240,000 m³ as well as tanks for storing petroleum derivatives with a capacity of 20,000 m³ (investment totalled HRK 244 million). In addition, systems for fire detection, fire protection and business IT systems were also modernised, thus raising the safety level in supplying petroleum, environmental protection, the safety of people and equipment.

In 2018, the value of invoiced investments amounted to HRK 457 million, while investments in progress amount to HRK 964 million. Moreover, in the respective period, a total of 8.8 million tons of oil was transported, the most in the last 27 years.

Total revenue amounted to HRK 782 million and was similar to the previous year, whereas total expenditure amounted to HRK 411 million and decreased by 3.5% compared to the previous year. All of this had a positive effect on business results which in 2018 were 4% greater with respect to the previous year and amounted to a record HRK 304 million.



Management Board: Dragan Kovačević (chairman), Jakša Marasović (member), Bruno Šarić (member)

Supervisory Board: Biljana Bukić (head), Žarko Stilin (deputy), Nina Ban Glasnović (member), Igor Blažinović (member)

Audit committee: Biljana Bukić (president), Žarko Stilin (member), Nina Ban Glasnović (member)

Government representative in the Gen. Assembly: Goran Marić

Auditor: UHY Rudan d.o.o.

State holding: 78,51%

BALANCE SHEET (HRK 000)	2017	2018
Long-term assets	3.352.157	3.728.086
Short-term assets	753.069	692.864
Other	1.939	1.363
Total Assets	4.107.164	4.422.313
Equity	3.874.279	4.178.021
Provisions	27.807	14.784
Long-term liabilities	80.098	82.646
Short-term liabilities	120.847	143.946
Other	4.134	2.915
Total Equity & Liabilities	4.107.164	4.422.313

INCOME STATEMENT (HRK 000)		
Operating revenues	755.331	751.896
Operating expenditures	391.340	405.584
Financial revenues	25.449	29.961
Financial expenditures	34.770	5.628
Total revenues	780.780	781.857
Total expenditures	426.110	411.212
Profit/Loss before tax	354.670	370.645
Corporate tax	63.930	66.902
Net profit/loss	290.740	303.743

KEY INDICATORS		
EBITDA (000 kn)	533.073	480.935
EBITDA margin	70,6%	64,0%
Net profit margin	37,2%	38,8%
ROA	7,1%	6,9%
ROE	7,5%	7,3%
Current ratio	6,2	4,8
Financial stability ratio	0,8	0,9
Debt ratio	5,7%	5,5%
Total asset turnover ratio	0,2	0,2
Number of employees	383	382

Narodne Novine d.d.

Address: Savski Gaj XIII. put 6, Zagreb

<https://www.nn.hr/>

Narodne novine d.d. (Official Gazette) is a company with 184 years of tradition, and has existed independently since 1950. The company's core business is the publishing and printing of the official herald of the Republic of Croatia, official prints and other types of print as well as the selling of school and office accessories. The company's business activities take place through three core businesses: publishing, printing and sales which represent an integrated unit.

PERFORMANCE IN 2018

Besides the official gazette which is prepared, edited and published in print and electronic form, the company also runs the e-Oglasnik (Electronic Public Procurement Classifieds) for issuing public tenders on behalf of the Republic of Croatia, and is a leader on the Croatian market for office and school accessories with its own retail and wholesale network. The assortment of products covers approx. 30,000 articles, of which 10% are proprietary products produced in the company's printing business.

Due to the continual fall (since 2014) in revenue from the publishing business as well as increasing competition in the sales business, the company will direct its special attention to developing the digital business in the coming period.

In 2018, activities were undertaken with the aim of reducing business losses (rationalisation of costs in all business segments, alienation of assets not providing a business function, repayment of loans, closing unprofitable retail locations, incentivising measures for company employee redundancies).

In 2018, the company achieved net profit from its business amounting to HRK 7.9 million, whereas in 2017 the company suffered a loss of HRK 46 million. A significantly better business result to a large extent was due to the sale of assets not providing any business function and the collection of impaired receivables, but also value adjustments which significantly and negatively affected business results for 2017. Revenue from the publishing business increased 10% with respect to the period from the previous year, whereas revenue from the publishing business was 8% less. In 2018, investments amounted to HRK 5.7 million.



Management Board: Zlatko Hodak (chairman), Mato Regvar (member), Robert Hirc (member)

Supervisory Board: Robert Blažinović (head), Vladislav Veselica (deputy), Kristina Šulj (member), Marino Bulat (member), Magda Ivančić (member)

Audit committee: Damir Novački (president), Kristina Šulj (member), Katarina Posilović (member)

Government representative in the Gen. Assembly: Darko Horvat

Auditor: AUDIT d.o.o.

State holding: : 100%

BALANCE SHEET (HRK 000)	2017	2018
Long-term assets	228.703	196.737
Short-term assets	127.452	143.030
Other	1.267	435
Total Assets	357.422	340.202
Equity	283.729	291.569
Provisions	4.333	6.820
Long-term liabilities	20.994	838
Short-term liabilities	44.696	34.975
Other	3.669	6.000
Total Equity & Liabilities	357.422	340.202

INCOME STATEMENT (HRK 000)		
Operating revenues	300.472	288.886
Operating expenditures	346.657	282.117
Financial revenues	1.862	1.527
Financial expenditures	1.664	361
Total revenues	302.334	290.412
Total expenditures	348.322	282.478
Profit/Loss before tax	-45.988	7.934
Corporate tax	63	75
Net profit/loss	-46.051	7.859

KEY INDICATORS		
EBITDA (000 kn)	- 27.069	22.250
EBITDA margin	-9,0%	7,7%
Net profit margin	-15,2%	2,7%
ROA	-12,9%	2,3%
ROE	-16,2%	2,7%
Current ratio	2,9	4,1
Financial stability ratio	0,8	0,7
Debt ratio	20,6%	14,3%
Total asset turnover ratio	0,8	0,9
Number of employees	496	474

Odašiljači i veze d.o.o.

Address: Ulica grada Vukovara 269/d, Zagreb

<https://www.oiv.hr/>

Odašiljači i veze d.o.o. (Transmitters and Communications Ltd., relay and transmission of radio and television programs on behalf of others) is a company that has been doing business with more than 90 years of tradition and experience, providing services for terrestrial and satellite transmission of radio and television programs, constructing and leasing out electronic communications networks, lines and infrastructure. The company's business activities take place to a significant extent on a liberalised telecommunications market, with intensifying competition, meaning that the company's services and activities are adapted to the high requirements of the market.

PERFORMANCE IN 2018

In the past ten years, the company has significantly invested its own funds to constructing a network of digital terrestrial television. In 2018, the infrastructural investments worth pointing out are the commenced construction a new modern facility for the provision of electronic communications services on the island of Ugljan, a new transmitter facility Krk-Kras 2, replacement of antenna columns at the Cavtat and Koromačno locations. A new building in the centre of Osijek was purchased, which after its reconstruction will become the regional headquarters of OIV d.o.o. for the Slavonia and Baranja region.

In the respective period, most of the business activities were directed to the development of new services and introduction of new technologies with the aim of ensuring a stable business, and increasing revenue from its core business, which in turn led to a net profit of HRK 44 million, which is an increase of 42% compared to 2017 when net profit was HRK 31 million.

Total revenue amounted to HRK 242 million, an increase of 9% compared to the previous year, and which is due to new business activities, increasing the scope of existing services and improved collection of written-off receivables. Most of the increased revenue was achieved on account of increasing revenue from the provision of services for transmission and broadcasting of radio and television programs and revenue from leasing out the electronic communications network, lines and infrastructure.



Management Board: Mate Botica (director)

Supervisory Board: Ante Grbac (head), Ante Plazonić (deputy), Marinko Jurčević (member), Marijan Pavić (member), Ivan Damjanović (member)

Audit committee: Marinko Jurčević (president), Ante Grbac (deputy), Eva Majstorović (member)

Government representative in the Gen. Assembly: Oleg Butković

Auditor: BDO Croatia d.o.o.

State holding: 100%

BALANCE SHEET (HRK 000)	2017	2018
Long-term assets	280.358	278.139
Short-term assets	89.342	140.939
Other	10.308	9.930
Total Assets	380.008	429.008
Equity	326.605	370.744
Provisions	5.277	4.999
Long-term liabilities	3.445	3.313
Short-term liabilities	24.556	30.460
Other	20.124	19.491
Total Equity & Liabilities	380.008	429.008

INCOME STATEMENT (HRK 000)		
Operating revenues	219.734	240.161
Operating expenditures	181.079	186.472
Financial revenues	1.809	1.383
Financial expenditures	1.668	837
Total revenues	221.543	241.544
Total expenditures	182.748	187.309
Profit/Loss before tax	38.795	54.235
Corporate tax	7.546	9.941
Net profit/loss	31.249	44.294

KEY INDICATORS		
EBITDA (000 kn)	83.679	96.622
EBITDA margin	38,1%	40,2%
Net profit margin	14,1%	18,3%
ROA	8,2%	10,3%
ROE	9,6%	11,9%
Current ratio	3,6	4,6
Financial stability ratio	0,8	0,7
Debt ratio	14,1%	13,6%
Total asset turnover ratio	0,6	0,6
Number of employees	297	299

Plovput d.o.o.

Address: Obala Lazareta 1, 21000 Split

www.plovput.hr

The 1997 Plovput Split Act stipulated that the company became the legal successor of the company Plovput p.o. Split, and transformed it into a limited liability company. The company's core business is of special interest and is performed in the form of public powers for the development and maintenance of maritime waterways, construction, construction and maintenance of facilities for safe navigation and maintenance of the radio services for the foreshore radio stations, monitoring frequencies for accidents and safety on maritime waterways to protect human lives and property at sea.

PERFORMANCE IN 2018

With the aim of ensuring safe navigation, there were 1,168 safe navigation facilities operating on maritime routes of inland waterways and the territorial sea of the Republic of Croatia, of which 760 are owned by the company and 408 owned by third parties. In 2018, there were no maritime accidents or endangerment to human life caused by non-functioning maritime signalisation or maritime radio service facilities.

The world market for maritime transport has a dominant impact on the company's business given that 99% of the traffic in gross tonnage comprises international shippers, on account of which it becomes evident that exchange rate fluctuations in the euro have a significant impact on the company's business given that the fee for using maritime safety facilities for international shippers is charged and collected in the euro currency.

A net profit of HRK 567 thousand was achieved, which is an increase of 1.6% compared to 2017. Total revenue amounted to HRK 76 million, which is 1.6% less, whereas total expenditure amounted to HRK 75.6 million, which is 1.2% less compared to the previous year. The most significant revenue achieved by the company was due to fees for use of safe navigation facilities for domestic and foreign maritime vessels and which is charged in line with the Ordinance on Fees for Use of Safe Navigation Facilities and the Ordinance on Amendments to the Ordinance on Fees for Use of Safe Navigation Facilities. In the structure of total revenue, these accounted for 86%.



Management Board: Mate Perišić

Supervisory Board: Ante Bašić (head), Suzana Audić Vuletić (deputy), Ivica Grga (member), Ante Čorić (member)

Audit committee: Hrvoje Budimir (president), Ante Mrčela (member), Ante Bašić (member)

Government representative in the Gen. Assembly: Oleg Butković

Auditor: Bašrevizor d.o.o.

State holding: 100%

BALANCE SHEET (HRK 000)	2017	2018
Long-term assets	136.702	137.816
Short-term assets	40.260	27.365
Other	481	307
Total Assets	177.443	165.488
Equity	140.078	134.168
Provisions	1.081	750
Long-term liabilities	18.361	3.270
Short-term liabilities	9.393	10.307
Other	8.530	16.993
Total Equity & Liabilities	177.443	165.488

INCOME STATEMENT (HRK 000)		
Operating revenues	76.992	75.877
Operating expenditures	75.012	74.889
Financial revenues	372	292
Financial expenditures	1.519	737
Total revenues	77.363	76.169
Total expenditures	76.532	75.625
Profit/Loss before tax	831	544
Corporate tax	273	-23
Net profit/loss	558	567

KEY INDICATORS		
EBITDA (000 kn)	11.722	10.400
EBITDA margin	15,2%	13,7%
Net profit margin	0,7%	0,7%
ROA	0,3%	0,3%
ROE	0,4%	0,4%
Current ratio	4,3	2,7
Financial stability ratio	0,9	1,0
Debt ratio	21,1%	18,9%
Total asset turnover ratio	0,4	0,5
Number of employees	272	277

Pomorski centar za elektroniku d.o.o.

Address: Zrinsko-Frankopanska 209, 21000 Split

www.pce.hr

The company Pomorski centar za elektroniku d.o.o. (Maritime Centre for Electronics) was founded in 1992, with the basic task of performing technical maintenance and development of highly sophisticated electronic devices and systems for use by the Croatian army and civilian market.

The company also performs maintenance and development of maritime waterways, the erection of safe navigation facilities on maritime waterways in internal maritime waters and the territorial sea of the Republic Croatia as well as ensuring their proper functioning.

PERFORMANCE IN 2018

Continual business cooperation with the Croatian Ministry of Defence, as the largest user of its services, is the basis of the company's business. Key services which the company offers are maintenance of military electronic devices and systems belonging to the Croatian Navy, maintenance of radar installations and support to the end user as well as technical maintenance services.

The largest impact on the company's business in 2018 were: completion of works and delivery of the littoral patrol boat to the Croatian Navy, revenue from development projects and increased realisation of annual maintenance contracts for the Croatian Ministry of Defence. This has brought about an increase in revenue and positive trend in business.

The company finished 2018 with a loss of HRK 1.7 million, which is a loss 56% less compared to 2017. The total generated revenue as HRK 12 million and represents a significant increase of 108% compared to 2017. In the same reporting period, the company's expenditure increased by 44% and amounted to HRK 14 million.

The increase in revenue in 2018 was achieved based on the contracted construction of the first boat in a series of littoral patrol boats based on the current contract with the Croatian Ministry of Defence, and the company's own development projects.



Management Board: Branko Lubina (director)

Supervisory Board: Zdenko Simičić (head), Tanja Major (deputy), Sani Ljubunčić (member)

Audit committee: -

Government representative in the Gen. Assembly: Damir Krstičević, Darko Horvat

Auditor: Maran d.o.o

State holding: 100%

BALANCE SHEET (HRK 000)	2017	2018
Long-term assets	15.890	15.473
Short-term assets	12.819	9.757
Other	4	50
Total Assets	28.714	25.280
Equity	24.094	22.383
Provisions	0	0
Long-term liabilities	0	0
Short-term liabilities	4.620	2.898
Other	0	0
Total Equity & Liabilities	28.714	25.280

INCOME STATEMENT (HRK 000)		
Operating revenues	5.828	12.371
Operating expenditures	9.646	14.004
Financial revenues	117	31
Financial expenditures	185	109
Total revenues	5.946	12.402
Total expenditures	9.830	14.113
Profit/Loss before tax	-3.885	-1.711
Corporate tax	0	0
Net profit/loss	-3.885	-1.711

KEY INDICATORS		
EBITDA (000 kn)	- 3.090	- 919
EBITDA margin	-53,0%	-7,4%
Net profit margin	-65,3%	-13,8%
ROA	-13,5%	-6,8%
ROE	-16,1%	-7,6%
Current ratio	2,8	3,4
Financial stability ratio	0,7	0,7
Debt ratio	16,1%	11,5%
Total asset turnover ratio	0,2	0,5
Number of employees	50	39

Zračna luka Dubrovnik d.o.o.

Address: Dobrota 24, Čilipi (Općina Konavle)

www.airport-dubrovnik.hr

The company Zračna luka Dubrovnik d.o.o. (Dubrovnik Airport) has been doing business in Čilipi since 1960 and is registered for providing services in air traffic. The company's mission is to ensure safe and regular transport of people and goods in air travel and become a leading airport in the region.

PERFORMANCE IN 2018

The positive business trend continued in 2018 by achieving a record number of passengers passing through the airport during the last eight consecutive years. In 2018, a total of 2,539,412 passengers passed through the airport, which is an increase of 9.3% compared to 2017.

The main medium-term strategic goal of the company is successful implementation of the project called Development of Dubrovnik Airport, which began in 2011, and is valued at EUR 225 million or HRK 1.7 billion (the project is co-financed through EU fund grants amounting to EUR 158 million). In 2018, a total of HRK 340 million was invested for the requirements of the project, and the plan is to finish the entire project by the end of 2019.

Total company revenue in 2018 increased by 18% to HRK 421 million compared to the previous year, when revenue was HRK 357 million. The increase in revenue for Dubrovnik Airport is the direct consequence of an increase in the number of passengers which also had an expected positive effect on other segments of the company's business.

Total expenditure increased in 2018 to HRK 331 million, which is an increase of 23% compared to 2017, when total expenditure was HRK 269 million. An increase in expenditure mostly relates to an increase in depreciation costs caused by activation of newly-purchased assets in terms of the strategic project Development of Dubrovnik Airport.

The achieved net profit amounting to HRK 74 million is 3% greater compared to 2017, when profit totalled HRK 72 million.



Management Board: Frano Luetić (member)

Supervisory Board: Mario Curić (head), Ivica Martić (deputy), Luka Klaić (member), Ivo Miletić (member), Vilma Kosović (member), Ivana Šušnjić (member), Irena Gerovac Zrnić (member)

Audit committee: Mato Begović (president), Mario Curić (member), Ivica Martić (member)

Government representative in the Gen. Assembly: Oleg Butković

Auditor: BDO Croatia d.o.o.

State holding: 55%

BALANCE SHEET (HRK 000)	2017	2018
Long-term assets	1.377.514	1.621.158
Short-term assets	331.271	360.818
Other	215	13
Total Assets	1.709.000	1.981.989
Equity	857.391	929.830
Provisions	12.354	14.462
Long-term liabilities	267.736	242.328
Short-term liabilities	79.517	187.871
Other	492.002	607.498
Total Equity & Liabilities	1.709.000	1.981.989

INCOME STATEMENT (HRK 000)		
Operating revenues	349.662	412.835
Operating expenditures	260.502	320.883
Financial revenues	7.232	8.347
Financial expenditures	8.576	10.112
Total revenues	356.894	421.182
Total expenditures	269.078	330.995
Profit/Loss before tax	87.816	90.187
Corporate tax	15.542	15.752
Net profit/loss	72.275	74.435

KEY INDICATORS		
EBITDA (000 kn)	172.067	216.389
EBITDA margin	49,2%	52,4%
Net profit margin	20,3%	17,7%
ROA	4,2%	3,8%
ROE	8,4%	8,0%
Current ratio	4,2	1,9
Financial stability ratio	1,2	1,4
Debt ratio	49,8%	53,1%
Total asset turnover ratio	0,2	0,2
Number of employees	443	489

Zračna luka Osijek d.o.o.

Address: Vukovarska ulica 67, 31207 Klisa

www.osijek-airport.hr

The company Zračna luka Osijek d.o.o. (Osijek Airport) was founded in 1978 as a regional airport in the Republic of Croatia for the purpose of providing services in air transport, handling of planes, as well as arrivals and departures of passengers and goods. The aim of its business is to establish regular and charter lines in domestic and international transport.

PERFORMANCE IN 2018

A total of 67,235 passengers passed through Osijek Airport in 2018, which is an increase of 55% compared to the same period in 2017 when a total of 43,373 passengers passed through the airport. In 2018, the number of aircraft operations was 2,642, and compared with 2017 when 2,540 aircraft operations took place, this represents an increase of 4%.

In addition to its own maintenance resources, the company also utilises available resources from the Ministry of Sea, Transport and Infrastructure in line with the Plan for Procurement of Protection and Safety Equipment and Construction of Infrastructure at Osijek Airport which in 2018 amounted to HRK 2.3 million.

In 2018, the company made a loss of HRK 2.5 million, which is HRK 2.2 million more than the loss in 2017 which amounted to HRK 267 thousand. The increase in losses was caused by a fall in total revenue and an increase in total expenditure.

Total revenue in 2018 was HRK 12 million, which is a decrease of 4% compared to 2017, when revenue amounted to HRK 12.46 million, which to a great extent was caused by a 10% reduction of other revenue.

Total expenditure in 2018 amounted to HRK 14.5 million, an increase of 14% compared to 2017 when it amounted to HRK 12.7 million. The increase in total expenditure was caused mostly due to higher personnel costs, tangible and other costs.



Management Board: Davor Forgić (director)

Supervisory Board: Dinko Staničić (head), Silvestar Vargek (deputy), Ivica Bilac (member), Ivan Begović (member), Tatjana Grganović (member)

Audit committee: -

Government representative in the Gen. Assembly: Oleg Butković

Auditor: Auditorus d.o.o. Osijek

State holding: 55%

BALANCE SHEET (HRK 000)	2017	2018
Long-term assets	89.808	90.267
Short-term assets	786	1.589
Other	174	204
Total Assets	90.768	92.061
Equity	16.491	13.988
Provisions	55	55
Long-term liabilities	3.378	2.383
Short-term liabilities	12.761	16.802
Other	58.082	58.833
Total Equity & Liabilities	90.768	92.061

INCOME STATEMENT (HRK 000)		
Operating revenues	12.455	11.986
Operating expenditures	12.178	13.866
Financial revenues	6	11
Financial expenditures	549	634
Total revenues	12.460	11.997
Total expenditures	12.727	14.500
Profit/Loss before tax	-267	-2.503
Corporate tax	0	0
Net profit/loss	-267	-2.503

KEY INDICATORS		
EBITDA (000 kn)	2.009	- 166
EBITDA margin	16,1%	-1,4%
Net profit margin	-2,1%	-20,9%
ROA	-0,3%	-2,7%
ROE	-1,6%	-17,9%
Current ratio	0,1	0,1
Financial stability ratio	4,5	5,5
Debt ratio	81,8%	84,8%
Total asset turnover ratio	0,1	0,1
Number of employees	56	65

Zračna luka Pula d.o.o.

Address: Ližnjan, Valtursko polje 210

www.airport-pula.hr

Zračna luka Pula (Pula Airport) was opened in 1967. The company operates based on the vision of being a competitive international airport with regular and charter transport throughout the entire year, the 'main entrance' to the Istrian region and an active stakeholder in sustainable development and creating prosperity for Istria. The goal is to provide all services in a safe and quality manner during the arrival and departure of passengers, handling of airplanes, cargo and goods, in domestic and international air transport.

PERFORMANCE IN 2018

A total of 718,186 passengers passed through Pula Airport in 2018, which is an increase of 21% compared to the same period in 2017 when a total of 595,812 passengers passed through the airport. In 2018, the number of aircraft operations was 10,074 and compared with 2017 when 9,288 aircraft operations took place, and this represents an increase of 4%.

Over the past few years, besides the overall profile of guests, where the number of passengers from Europe (especially Great Britain) increased dramatically, the overall profile of airline companies also changed. Former charter companies were replaced by low-budget companies and companies who fly regular routes.

Zračna luka Pula (Pula Airport) in 2018 invested a total of HRK 8.6 million into fixed tangible and intangible assets, which is part of the Pula Airport Master Development Plan for the Period 2014-2039. The first phase of the plan covering the period 2015-2020 is financed from the airport's own funds.

Total revenue in 2018 amounted to HRK 81 million, which is an increase of 20% compared to 2017. An increase in business operations led to an increase in overall expenditure in 2018 by 25% and amounted to HRK 73 million. An increase in total expenditure to a large extent was due to an increase in tangible costs, personnel costs and provisions. The company achieved a positive business result and had a net profit of HRK 6.1 million which is 15% less compared to 2017 when profit amounted to HRK 7.2 million.



Management Board: Svemir Radmilo (member)

Supervisory Board: Valerio Drandić (head), Vildana Megla (deputy), Mladen Stepanić (member), Ivan Glušac (member), Boris Bulatović (member), Elizabeta Berbakov (member), Marino Golob (member)

Audit committee: Robert Zenzerović (president), Mladen Stepanić (member), Boris Bulatović (member)

Government representative in the Gen. Assembly: Oleg Butković

Auditor: BDO Croatia d.o.o.

State holding: 55%

BALANCE SHEET (HRK 000)	2017	2018
Long-term assets	150.317	152.092
Short-term assets	42.380	50.756
Other	66	97
Total Assets	192.763	202.945
Equity	154.551	156.347
Provisions	0	4.610
Long-term liabilities	5.560	3.960
Short-term liabilities	7.285	13.116
Other	25.368	24.912
Total Equity & Liabilities	192.763	202.945

INCOME STATEMENT (HRK 000)		
Operating revenues	66.964	80.623
Operating expenditures	57.768	72.306
Financial revenues	832	526
Financial expenditures	1.016	1.006
Total revenues	67.796	81.150
Total expenditures	58.784	73.311
Profit/Loss before tax	9.012	7.838
Corporate tax	1.822	1.727
Net profit/loss	7.190	6.111

KEY INDICATORS		
EBITDA (000 kn)	16.430	15.418
EBITDA margin	24,5%	19,1%
Net profit margin	10,6%	7,5%
ROA	3,7%	3,0%
ROE	4,7%	3,9%
Current ratio	5,8	3,9
Financial stability ratio	0,9	0,9
Debt ratio	19,8%	23,0%
Total asset turnover ratio	0,4	0,4
Number of employees	151	159

Zračna luka Rijeka d.o.o.

Address: Hamec 1, 51513 Omišalj

www.rijeka-airport.hr

Zračna luka Rijeka d.o.o. (Rijeka Airport) is a company that provides services in air transport, aircraft handling, passenger arrivals and departures, baggage and post. Though the company is focused on increasing the number of passengers, the importance of cargo transport continues to grow. The aim of the company is to establish regular and charter routes in domestic and international transport throughout the entire year.

PERFORMANCE IN 2018

A total of 183,606 passengers passed through Rijeka Airport in 2018, which is an increase of 29% compared to the same period in 2017 when a total of 142,111 passengers passed through the airport. In 2018, the number of aircraft operations was 5,460 and compared with 2017 when 4,937 aircraft operations took place, and this represents an increase of 11%.

In 2017, and especially in 2018, Rijeka Airport achieved very significant cargo turnover which, to a great extent, led to an increase in revenue. Of the total generated revenue in 2018, 33% is attributed to revenue generated from cargo transport.

In 2018, total investments by the company amounted to HRK 13 million, of which 51% was financed from its own resources.

The company had a positive business result and net profit of HRK 2.4 million, which is 14% more with respect to the business result in 2017. Total revenue in 2018 amounted to HRK 28 million which is an increase of 46% compared to 2017. The increase in business activities also led to an increase in overall expenditure in 2018 by 50% and amounted to HRK 26 million.



Management Board: Tomislav Palalić (director)

Supervisory Board: Ivo Zrilić (head), Darinka Brusić (deputy), Nataša Zrilić (member), Aldo Simper (member), Mario Jelčić (member), Branko Fibinger (member)

Audit committee: Nataša Zrilić (president), Mario Jelčić (deputy), Darinka Brusić (member), Fanita Barčot Nikolac (member)

Government representative in the Gen. Assembly: Oleg Butković

Auditor: iAudit d.o.o.

State holding: 55%

BALANCE SHEET (HRK 000)	2017	2018
Long-term assets	163.469	174.740
Short-term assets	3.558	4.018
Other	137	1.319
Total Assets	167.163	180.078
Equity	132.157	134.592
Provisions	539	541
Long-term liabilities	1.903	902
Short-term liabilities	6.507	13.031
Other	26.058	31.013
Total Equity & Liabilities	167.163	180.078

INCOME STATEMENT (HRK 000)		
Operating revenues	19.348	28.411
Operating expenditures	16.844	25.572
Financial revenues	73	37
Financial expenditures	444	306
Total revenues	19.421	28.447
Total expenditures	17.288	25.878
Profit/Loss before tax	2.133	2.569
Corporate tax	0	134
Net profit/loss	2.133	2.435

KEY INDICATORS		
EBITDA (000 kn)	4.679	4.978
EBITDA margin	24,2%	17,5%
Net profit margin	11,0%	8,6%
ROA	1,3%	1,4%
ROE	1,6%	1,8%
Current ratio	0,5	0,3
Financial stability ratio	1,2	1,3
Debt ratio	20,9%	25,3%
Total asset turnover ratio	0,1	0,2
Number of employees	55	68

Zračna luka Split d.o.o.

Address: Kaštel Štafilić (Grad Kaštela), Cesta dr.
Franje Tuđmana 1270

www.split-airport.hr

Zračna luka Split (Split Airport) opened in 1966 and is the second busiest airport in Croatia. The company was founded and registered for providing services in air transport and is endeavouring to become the most successful airport in this part of Europe. It intends to ensure that its services are of the highest quality to the satisfaction of passengers and airline companies, and also intends to prove its success through efficient operations.

PERFORMANCE IN 2018

A total of 3,124,067 passengers passed through Split Airport in 2018, which is an increase of 11% compared to the same period in 2017 when a total of 2,818,176 passengers passed through the airport. In 2018, the number of aircraft operations was 14,210 and compared with 2017 when 13,304 aircraft operations took place, and this represents an increase of 7%.

Most passenger traffic at Split Airport takes place in the period from May to October. However, in 2018, for the first time, passenger traffic increased in March (57%). Over 70% of total annual passenger traffic at Split Airport takes place in four summer months (June – September), which makes organising business processes a difficult task, especially in terms of allocating human and material resources.

In 2018, investments by the company amounted to HRK 296 million, of which 25% was financed from its own funds, whereas the remaining 75% was a loan from the Croatian Bank for Reconstruction and Development (HBOR). In the structure of investments, the greatest percentage of resources was directed to the reconstruction and expansion of the passenger terminal into which HRK 259 million was invested.

Net profit amounted to HRK 125 million, which is 6% more than in the previous year. Total revenue in 2018 amounted to HRK 404 million, which is 9% more than in the previous year, and total expenditure amounted to HRK 251 million which is 11% more compared to the previous year.



Management Board: Lukša Novak (member)

Supervisory Board: Mihovil Biočić (head), Mirjana Čagalj (deputy), Marko Parčina (member), Vlade Matijašević (member), Miro Maretić (member), Slaven Jažo (member), Zoran Maršić (member)

Audit committee: Edita Dadić (president), Mihovil Biočić (member), Mirjana Čagalj (member)

Government representative in the Gen. Assembly: Oleg Butković

Auditor: BAŠREVIZOR d.o.o.

State holding: 55%

BALANCE SHEET (HRK 000)	2017	2018
Long-term assets	574.584	829.654
Short-term assets	327.592	418.312
Other	5	167
Total Assets	902.181	1.248.133
Equity	838.799	963.453
Provisions	7.912	9.647
Long-term liabilities	0	221.894
Short-term liabilities	44.112	42.168
Other	11.359	10.971
Total Equity & Liabilities	902.181	1.248.133

INCOME STATEMENT (HRK 000)		
Operating revenues	365.759	402.313
Operating expenditures	222.112	246.564
Financial revenues	5.156	2.069
Financial expenditures	4.320	4.202
Total revenues	370.915	404.382
Total expenditures	226.432	250.767
Profit/Loss before tax	144.483	153.615
Corporate tax	26.574	28.279
Net profit/loss	117.909	125.336

KEY INDICATORS		
EBITDA (000 kn)	158.816	171.760
EBITDA margin	43,4%	42,7%
Net profit margin	31,8%	31,0%
ROA	13,1%	10,0%
ROE	14,1%	13,0%
Current ratio	7,4	9,9
Financial stability ratio	0,7	0,7
Debt ratio	7,0%	22,8%
Total asset turnover ratio	0,4	0,3
Number of employees	405	413

Zračna luka Zadar d.o.o.

Address: Zemunik Donji, Ulica I br. 2/A

www.zadar-airport.hr

Zračna luka Zadar (Zadar Airport) was founded in 1968. The company's core business is the provision of services relating to air transport, aircraft handling as well as passenger arrivals and departures. The company is engaged in actively promoting its presence on the international market and is making positive steps in its business, i.e., increasing the physical scope of airplane and passenger turnover, as well as revenue and the undertaking of its business operations.

PERFORMANCE IN 2018

A total of 604,039 passengers passed through Zadar Airport in 2018, which is an increase of 2.4% compared to the same period in 2017 when a total of 589,971 passengers passed through the airport. In 2018, the number of flight operations was 4,781 and compared to 2017 when 4,664 flight operations took place, and this represents an increase of 2.5%. The main characteristic of passenger travel in 2018, as was the case in 2017, is that in winter months passenger travel decreases, whereas in summer it increases which is solely due to tourism.

In 2018, the company continued with investment development projects in infrastructure and equipment, in order to raise the quality of provided services to an optimal level and satisfy all stipulated safety standards. Total investments amounted to HRK 5.1 million, where HRK 3.1 million came from its own funds and HRK 2 million were state budget funds. The greatest proportion of funds in 2018 were invested into the reconstruction and upgrading of the main apron and totalling HRK 2.3 million.

The company in 2018 generated total revenue amounting to HRK 73 million, which is an increase of 7% compared to 2017. Total revenue in 2018 was HRK 64 million, an increase of 5% compared to 2017.

All of this had a positive effect on the company's final business result, which in 2018 was HRK 7.4 million, an increase of 37% compared to the previous year, when net profit was HRK 5.4 million.



Management Board: Josip Klišmanić (member)

Supervisory Board: Željko Ivković (head), Nada Brekalo (deputy), Mario Pešut (member), Jure Buljat (member), Darko Marković (member)

Audit committee: Nada Brekalo (president), Tamara Perić (deputy), Željko Ivković (member)

Government representative in the Gen. Assembly: Oleg Butković

Auditor: Audit d.o.o.

State holding: 55%

BALANCE SHEET (HRK 000)	2017	2018
Long-term assets	79.446	76.449
Short-term assets	50.748	60.664
Other	174	179
Total Assets	130.368	137.292
Equity	123.630	127.775
Provisions	2.900	2.211
Long-term liabilities	0	0
Short-term liabilities	3.817	6.121
Other	21	1.186
Total Equity & Liabilities	130.368	137.292

INCOME STATEMENT (HRK 000)		
Operating revenues	67.489	72.481
Operating expenditures	60.788	62.543
Financial revenues	540	455
Financial expenditures	434	1.525
Total revenues	68.029	72.936
Total expenditures	61.222	64.068
Profit/Loss before tax	6.806	8.868
Corporate tax	1.417	1.489
Net profit/loss	5.390	7.379

KEY INDICATORS

EBITDA (000 kn)	12.998	15.949
EBITDA margin	19,3%	22,0%
Net profit margin	7,9%	10,1%
ROA	4,1%	5,4%
ROE	4,4%	5,8%
Current ratio	13,3	9,9
Financial stability ratio	0,6	0,6
Debt ratio	5,2%	6,9%
Total asset turnover ratio	0,5	0,5
Number of employees	159	167

Zračna luka Zagreb d.o.o.

Address: Velika Gorica, Ulica Rudolfa Fizira 1

www.zagreb-airport.hr

The company's core business is the provision of expert and technical assistance to the Croatian Government as the concession provider for supervision of implementation of the Concession Agreement Relating to Construction and Operation of Zagreb Airport. Moreover, in the event of possible termination or expiration of the Concession Agreement, and due to the strategic importance of Zagreb Airport (which is managed by MZLZ - Zagreb Airport Operator Ltd.), the company must be ready at every moment to continue providing airport services.

PERFORMANCE IN 2018

The primary purpose of the company's existence and operation is to protect the interests of the Republic of Croatia as the concession provider, as well as interests of other stakeholders in the company.

In 2018, generated revenue increased by 104% and reached HRK 23 million. The largest proportion of revenue is attributed to 'development costs' which is based on preparing the Concession Agreement, and which the company incurred in the phase of preparing the acquisition by the Concessionaire. The stated expenditures amounted to two million euros, and this amount is now claimed by the company from unit-holders.

Total expenditure in 2018 amounted to HRK 22 million, which is an increase of 230% compared to 2017. This type of expenditure is primarily related to the hiring of a financial advisor (HRK 4.5 million) for the purpose of refinancing the loan held by the Concessionaire based on the Concession Agreement, and which resulted in revenue amounting to HRK 50 million in favour of the Republic of Croatia, as well as costs of provisions (HRK 3.6 million), costs of court disputes from earlier periods (HRK 2.9 million) and costs of other external services.

The company in 2018 achieved a net profit of HRK 1.2 million which is a decrease of 73% compared to 2017 when net profit amounted to HRK 4.2 million.



Management Board: Ranko Ilić (director)

Supervisory Board: -

Audit committee: -

Government representative in the Gen. Assembly: Oleg Butković

Auditor: BDO Croatia d.o.o.

State holding: 55%

BALANCE SHEET (HRK 000)	2017	2018
Long-term assets	1.036.178	843.635
Short-term assets	81.909	70.478
Other	1.067	14.831
Total Assets	1.119.153	928.944
Equity	922.038	923.215
Provisions	0	3.556
Long-term liabilities	195.844	0
Short-term liabilities	1.118	2.087
Other	153	86
Total Equity & Liabilities	1.119.153	928.944

INCOME STATEMENT (HRK 000)		
Operating revenues	10.540	23.091
Operating expenditures	5.628	17.827
Financial revenues	912	212
Financial expenditures	923	3.779
Total revenues	11.452	23.303
Total expenditures	6.551	21.607
Profit/Loss before tax	4.901	1.696
Corporate tax	680	543
Net profit/loss	4.221	1.153

KEY INDICATORS		
EBITDA (000 kn)	5.471	5.795
EBITDA margin	51,9%	25,1%
Net profit margin	36,9%	4,9%
ROA	0,4%	0,1%
ROE	0,5%	0,1%
Current ratio	73,3	33,8
Financial stability ratio	0,9	0,9
Debt ratio	17,6%	0,6%
Total asset turnover ratio	0,0	0,0
Number of employees	5	6

8. Sources

The sources used to create the report are:

- <http://rgfi.fina.hr>
 - <https://sudreg.pravosudje.hr>
 - <https://infobiz.fina.hr>
 - official websites of legal entities of special interest
 - business information submitted for the purpose of publishing an annual report
- the information in the report is on 31.12.2018. except where otherwise noted

9. Performance indicators

The table below shows the unified methodology used to calculate individual business key indicator in this report ¹.

Table 12. Key indicators calculation formulas

Key indicators	Calculation formulas
EBITDA	Operating revenue – Operating expenditures + Depreciation
EBITDA margin	(Operating revenue – operating expenditures + Depreciation) / Operating revenue
Net profit margin	Net profit / total revenue
RoA	Net profit / total assets
RoE	Net profit / Equity
Current ratio	Short-term assets / short-term liabilities
Financial stability ratio	Long term assets / (Equity + Long-term liabilities)
Debt ratio	(Provisions + Long term liabilities + Short term liabilities + Other) / total Assets
Total asset turnover ratio	Total revenue / Total Assets
Number of employees	Average number of employees on the dates: 1.1., 31.3., 30.6., 30.9. and 31.12.

¹ The values of individual business indicators should not be viewed separately from additional analyzes, and may be specific to the particular industries in which legal entities operate. In order to fully understand the business results, it is recommended to look at the annual reports in their entirety.

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