



**Listing of ordinary shares of Dalekovod Ltd.  
on the Official Market of the Zagreb Stock Exchange**

22.12.2009.



ZAGREBAČKA BURZA  
THE ZAGREB STOCK EXCHANGE



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# 60th ANNIVERSARY OF THE EXISTENCE OF DALEKOVOD



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# 1. DALEKOVOD GROUP

Parent  
company

**Dalekovod d.d.**

Manufacturing  
companies

**Dalekovod  
Cinčaonica d.o.o.**

**Dalekovod  
TKS a.d. Doboj**

**Cindal d.o.o.  
Doboj**

**Unidal d.o.o.  
Vinkovci**

**Dalekovod TIM  
d.o.o., Topusko**

**Dalekovod  
EMU d.o.o.**

Special-purpose  
companies

**Sportski grad  
TPN d.o.o.**

**ADRIAL d.o.o.**

**Dalekovod  
Ulaganja d.o.o.**

Project-focused  
companies

**Dalekovod  
Projekt d.o.o.**

**Dalekovod  
EKO d.o.o.**

International  
companies, rep  
representative  
offices

**Dalekovod  
Mostar d.o.o.**

**Dalekovod  
Ljubljana d.o.o.**

**DALCOM GmbH,  
Freilassing**

**Dalekovod  
Namibia**

**Dalekovod  
Polska S.A.**

**Albania**

**Montenegro**

**Macedonia**

**Kosovo**

**Ukraine**

**Iceland**

**Norway**

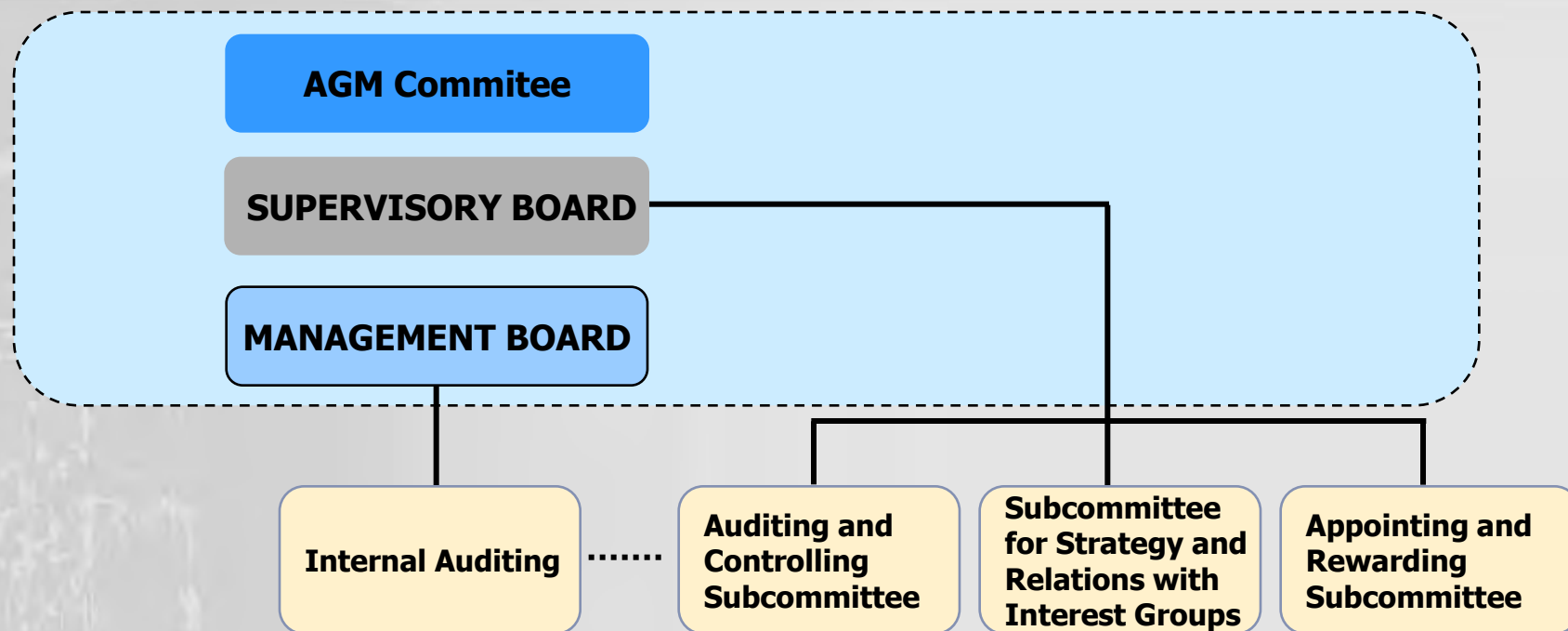
**Germany**

**Finland**

**Kazakhstan**



# DALEKOVOD Ltd



Management Board : Mr. Luka **Miličić**, President of Management Board,  
Mr. **Krešo Kraljević**, Deputy President of Management Board,  
Mr. Tomislav **Belamarić**, Member of Management Board

Supervisory Board : Mr. **Marijan Pavlović**, **Predsjednik NO** (7 members)

AGM: Mr. Marko Kozina, President of the AGM committee, PwC has been the auditor since 2000



# DALEKOVOD GROUP

Since its foundation in 1949, Dalekovod has developed into a modern company that offers services within the following scope of activities:

- Design
- Production
- Construction

Insisting on world-renowned quality and environment protection standards along with continuous development of new products and decrease of manufacturing costs, Dalekovod has established its basic goal - continuous improvement of customers' satisfaction.

<b>Sale revenue in 2009*</b>	<b>2.25 billion kn</b>
<b>Number of employees in the Group</b>	<b>2.200</b>
<b>Number of active markets</b>	<b>80</b>
<b>ROE*</b>	<b>15%</b>
<b>Revenue per employee*</b>	<b>1.02 million kn</b>

\* based on anticipated results for 2009



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## 2. VISION AND MISSION

VISION In 2000 to become a leading company in its branch of activity in the Southeast Europe!

In 2010 to become a leading company in its branch of activity in Europe!

MISSION of the company is to provide complete services to infrastructure sectors in the electric power industry, road and railway traffic, telecommunications, gas pipelines and construction industry.

### STRATEGY

- Generic strategies – differentiation by quality and dead-lines
- Associated diversification in niches of long-term profitable infrastructure industries
- Positioning in niches in numerous countries

In this way Dalekovod shall try to ensure revenue also in the period when the domestic market is in recession.



Mi smo PARTNER



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### 3. BASIC INFRASTRUCTURE PROGRAMS

- Power transmission and distribution systems of all voltage levels up to 750 kV
- Providing equipment for roads and motorways
- Electrification of railway lines
- Telecommunications
- Main gas pipelines
- Steel structures in the building construction



## 4. NEW PRODUCT LINES

- 2009 Landys+Gyr Electronic measurement systems
- 2010 Renewable power sources
- 2011 Steel lattice structures for garages and dry marinas



## 5. STRATEGIC INVESTMENTS

### \* Secured financing

	Ownership	mil EUR	2009	2010	2011
CINDAL – Galvanizing plant in Doboj, Bosnia and Hercegovina	100%	10	2	8*	
Wind Power Plant ZD6 (9.2 MW)	50%	7		7*	
Sky office	50%	45	5	20*	20*
TLM Pressed Products Works	33%	10	2	4	4
Modernization and allocation of production	100%	10	1	5	4
	<b>Total</b>	<b>82</b>	<b>10</b>	<b>44</b>	<b>28</b>
Employee structure optimization		10		5	5



## GALVANIZING PLANT CINDAL

**Project:** 13 m galvanizing plant, the largest (soon the only one) in Bosnia and Herzegovina, capacity 24,000 t/annually

**Location:** Doboј, Bosnia and Herzegovina, synergy with the existing works DTKS a.d.

**The most competitive price of a complete product in the Group**

**Investment:** 10 million Euros

**Payback period:** 5 years

**Depreciation period:** 20 years

**Ownership:** 100%



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# VELIKA POPINA WIND POWER PLANT

**Projekt:** Wind power plant ZD6 (9,2 MW)

**Location:** Velika Popina, Croatia

**Investment:** 14 mil EUR, SocGen loan, 70% investment secured

**Payback:** 7 years

**Depreciation period:** 20 years

**Ownership:** 50%

**Annual revenue:** cca.300.000 EUR/MW

**Goal:** to install minimum 60 MW until 2014 and to realize revenue of 18 million Euros annually



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## Potential of the location of Velika Gorica after relocation

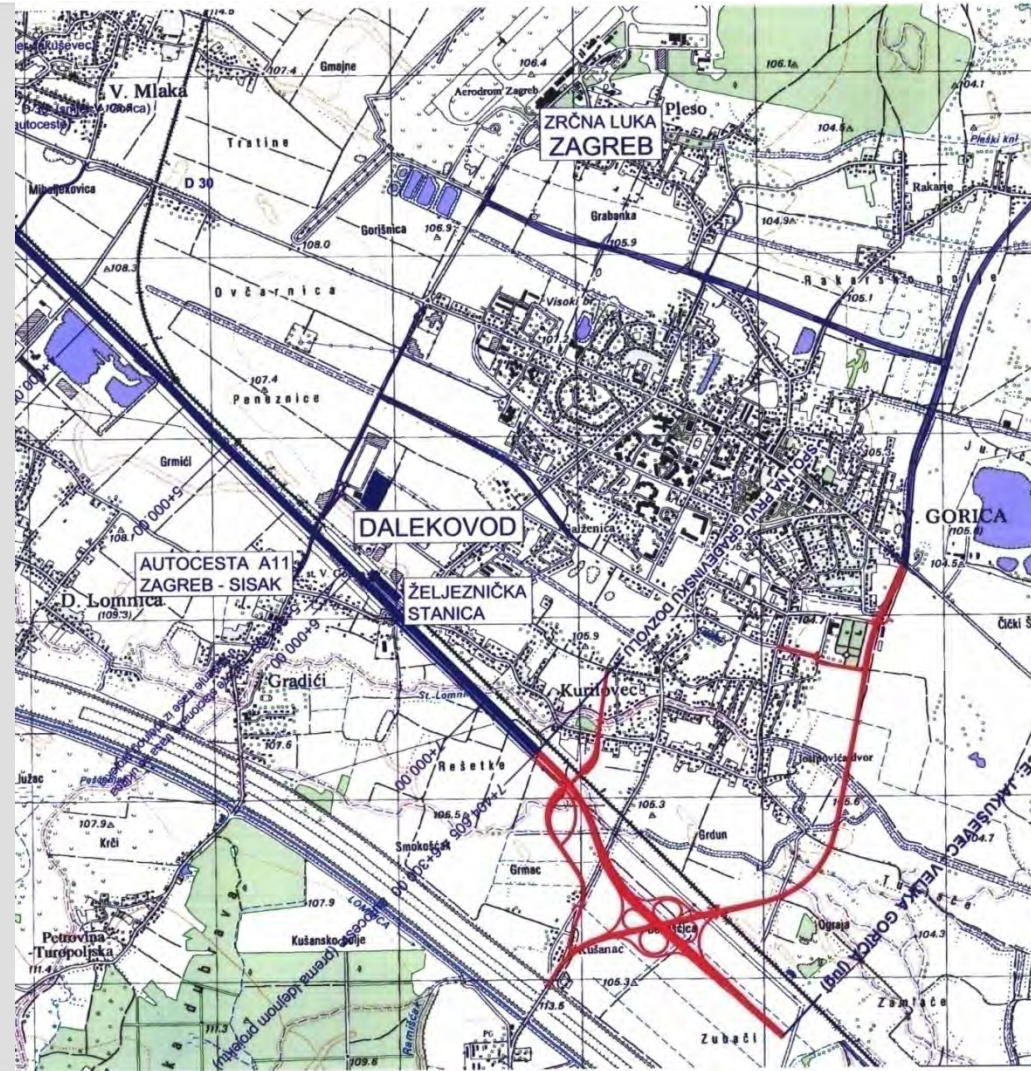
**Land:** cca 73.000 m<sup>2</sup>

**Halls:** cca 18.000 m<sup>2</sup>

**Business premises:** cca 3.500 m<sup>2</sup>

**Construction of industrial and trade facilities are permitted pursuant to the Urban Development Plan**

**Goal:** relocation of the production facilities to Dugo Selo and Topusko



# SKY OFFICE

**Project:** Business building of ca 70,000 m2

**Location:** Rudeš, Zagreb

**Investment:** 90 million euros

**Ownership:** 50%

## Rationale:

- Releasing the potentials of the location **Žitnjak**
- Engagement of its own production capacities
- References
- Commercial value of m2 in future



ZM Zagreb-Montaža Grupa

Sky Office - Zagreb

DALEKOVOD



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## 6. SWOT ANALYSIS

### STRENGTHS

- synergy of its own development, design production and erection – vertical integration
- opportunity to compete in the largest and most demanding Invitations to Bid worldwide with regard to references, quality, dead-lines and financing possibilities as well
- the company is well diversified and has a leading position in its market niches
- knowledge and experience of employees

### WEAKNESSES

- organization encumbered by fixed costs
- expensive approach to strategy raw materials and products
- high concentration of customers – 20% of customers make up 80% of revenue

### OPPORTUNITIES

- new investment cycles in power generation, road and railway infrastructure in European countries – new international contracts
- new product lines
- taking advantage of the crisis to increase market share in our international markets

### THREATS

- stoppage of infrastructural investments in the Croatia due to fiscal deficits
- lack of access to reasonably priced financing
- international competition that uses export incentives and competes in the Croatia
- **domestic “cheaper” competition** that does not pay levies to the authorities



## 7. GLOBAL CHALLENGES

We are one of the five world-renowned producers of high voltage suspension equipment that together hold 60% of the global market!

- Mosdorfer, Austria
- Sicamex group, France (Salvi)
- PLP, USA
- Dalekovod, Croatia
- EMI, India
- Tyco Group (multi-national)

Over 90% of the production of suspension and jointing equipment of Dalekovod has been exported to 80 countries worldwide.



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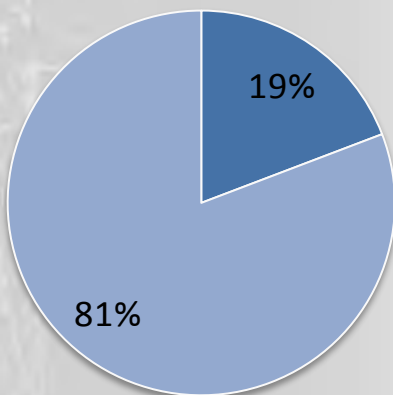


## 8. MARKETS

### Domestic market vs. International markets

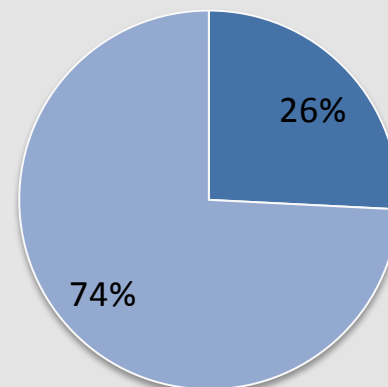
- growth of share of international sales revenues
- internationalization of operations – strategic focus of Dalekovod (50%:50% sales structure is a long-term goal)

Structure of sales revenue in 2001.



■ International  
■ Domestic

Structure of sales revenue in 2008.



## FOREIGN MARKETS

Country	Project value (mil. EUR)	Description	Status
Norway	20	A portion of works on a 785 km long transmission line	Awaiting the decision
Sweden	2,5	Installation of phase conductors and laying of cables	Contracted
Greenland	6	A portion of works on a 48 km long transmission line	Awaiting the decision
Georgia	60	A portion of works on a 282 km long transmission line	Tender to be prepared
Kazakhstan	200	A portion of works on rehabilitation of transmission lines and substations	Tender to be prepared
Ukraine	6	A portion of works on a 488 km long transmission line	Awaiting the decision

**Sweden and Norway are planning to invest 2 billion euros in the power infrastructure in the following 5 years. We are expecting next year to conclude a contract on 60% of annual participation in the procurement of suspension and jointing equipment of Statnett (60 million euros in the next three-year period).**

**Opening of a branch office in Finland is anticipated.**



## FOREIGN MARKETS

Country	Project value (mill. EUR)	Description	Status
Slovenia	40	A portion of works on a 97 km long transmission line Beričevo-Krško	Tender to be prepared
Macedonia	60	Connecting the power plant to the transmission network	Contracted
Bosnia and Herzegovina	11	Rehabilitation of the distribution network	Contracted
Bosnia and Herzegovina	25	Rehabilitation of the distribution network	Tender to be prepared
Kosovo	10	Transmission lines and substation	In the bidding phase
Kosovo		TL Tirana-Priština (160 km)	Tender to be prepared



## DOMESTIC MARKET

Investor	Project value (mill. EUR)	Description	Status
PLINACRO	57	Main gas pipeline Bosiljevo-Benkovac	Works started
HEP	22	TV 400 kV Ernestinovo-Pečuh	Works in progress
HAC	10	Provision of equipment for the section Orehovica-Sv. Kuzam	Works in progress
PLINACRO	32	Main gas pipeline Benkovac-Dugopolje	Tender underway
HEP	22	S/S 220 kV Plat	Postponed
HEP	5	TL 110 kV Vinodol-Melina	Postponed
HAC	53	Provision of equipment for the section Ravča-Ploče	Postponed
HAC	22	Provision of equipment for the section Buševac-Lekenik	Postponed



## 9. SHAREHOLDERS

Dalekovod d.d. is entirely a privately-owned company. Today there are over 7,000 shareholders of Dalekovod. 85% of the company is owned by minor shareholders (mainly former and present employees) and none of them holds more than 1% of shares.

It should be mentioned that two ESOP programs (ESOP2000 and ESOP2001) have been implemented so far in Dalekovod d.d. and we are proud of the fact that over 60% of employees have participated in the above.



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## 10. SHARES OF DALEKOVOD ON THE ZAGREB STOCK EXCHANGE

Since 2001 the shares of Dalekovod d.d. have been listed on the Zagreb Stock Exchange



### Share information

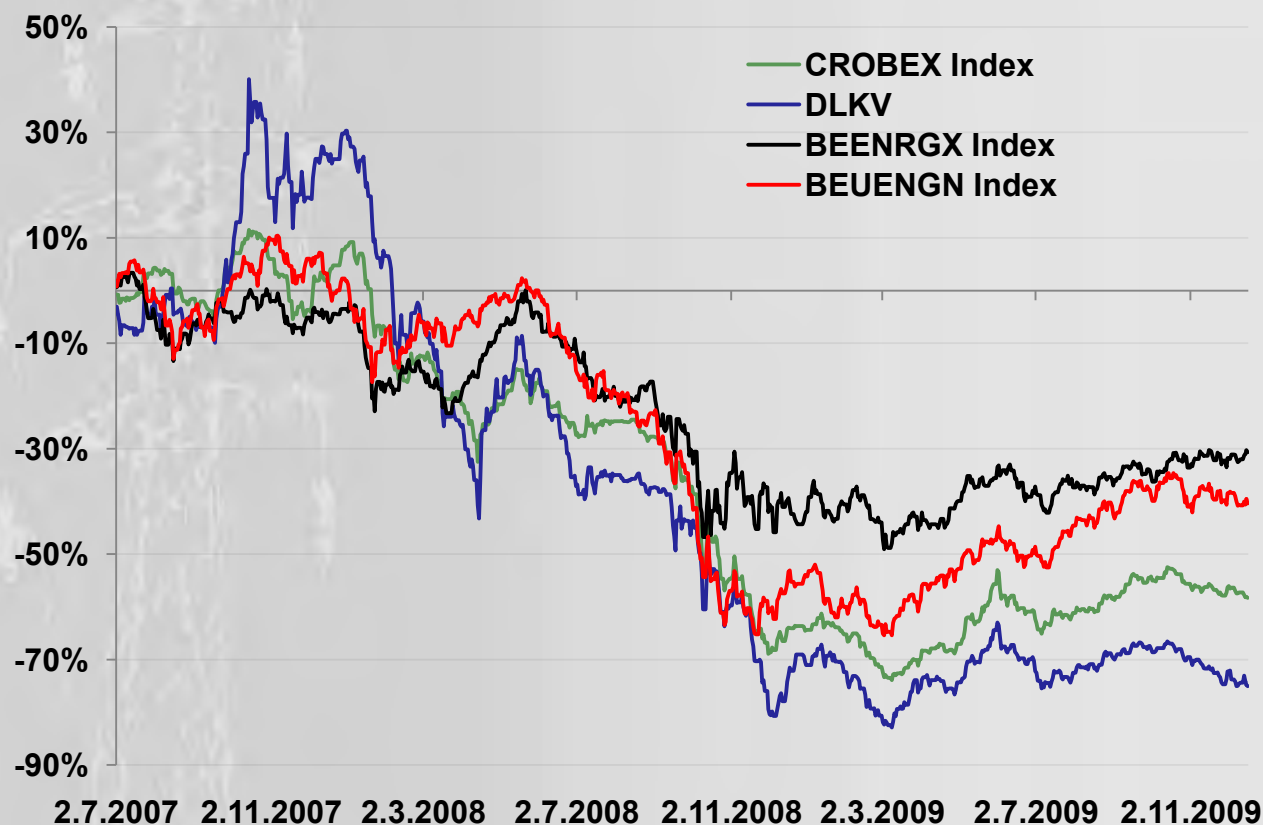
Market cap	739 mil kn
1Y high/low	474/230 kn
1Y average daily volume	2,05 mil kn
Free float	84,63%

DLKV-R-A is the fourth most liquid issue on the Zagreb Stock Exchange.



## 10. DALEKOVOD AND SECTOR INDICES

Correlation with relevant indices



### BEENRGX Indeks

(Bloomberg Europe Energy Index)

- Index of European companies from the power sector

### BEUENGN Indeks

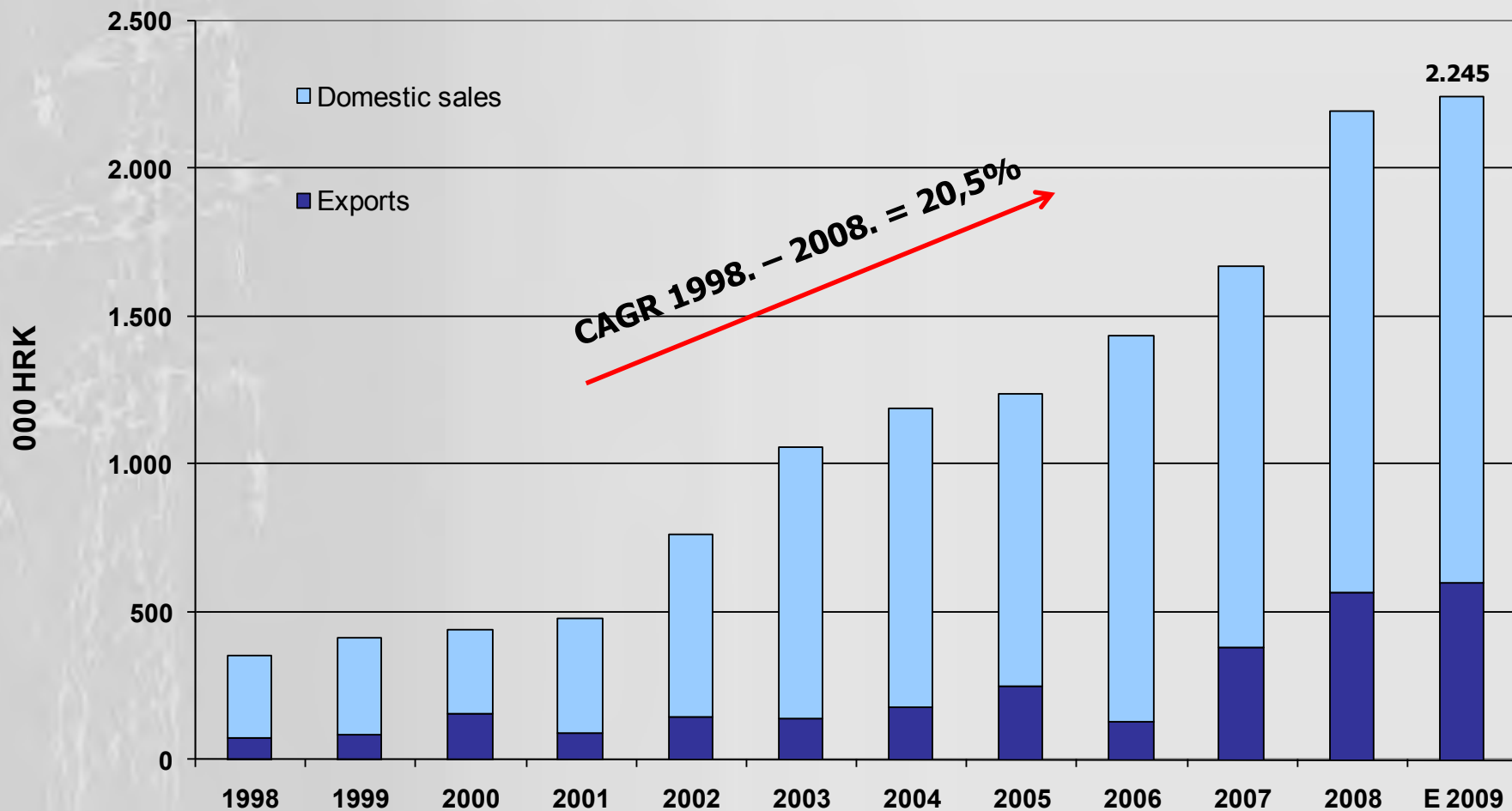
(Bloomberg EMEA construction & engineering indeks)

- Index of European companies from the engineering/construction sector



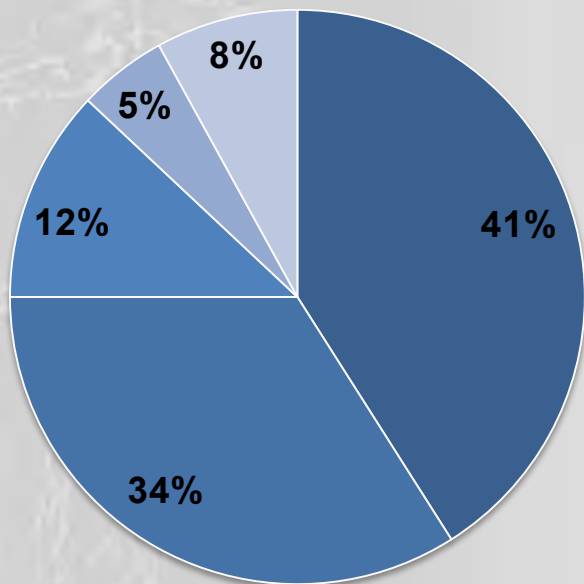
# 11. FINANCIAL RESULTS

## Sales revenue



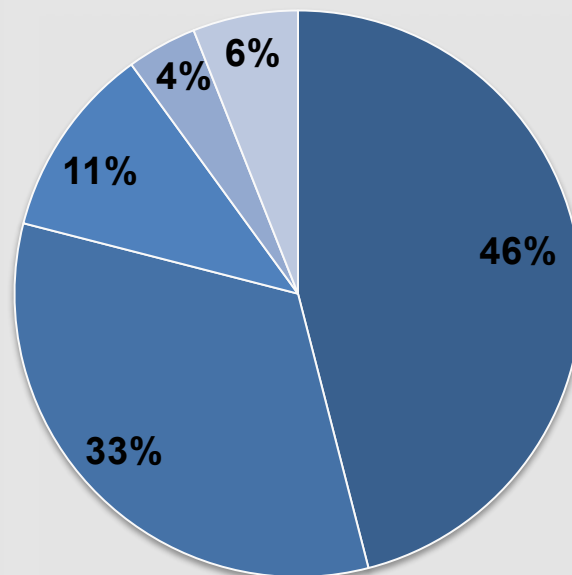
# REVENUE STRUCTURE

2008.



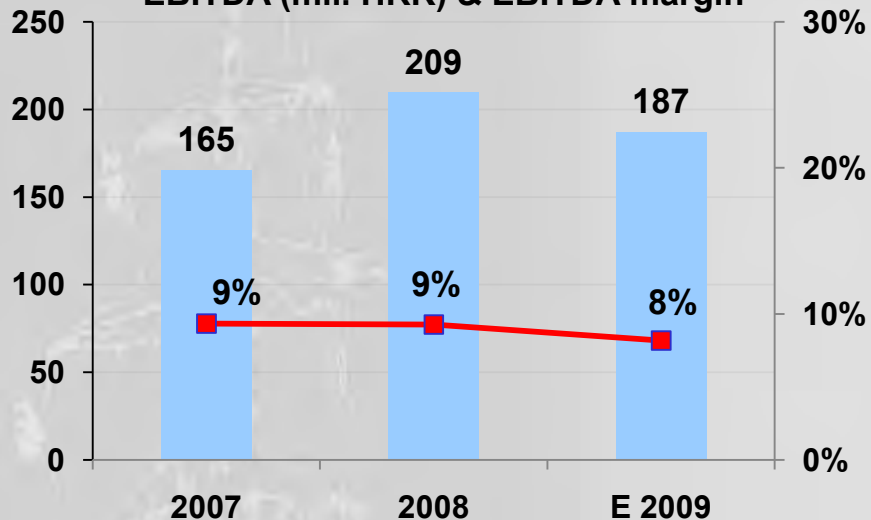
- Road traffic system program
- Electric power industry program
- Product placement program
- Railway program
- Halls program

2009.

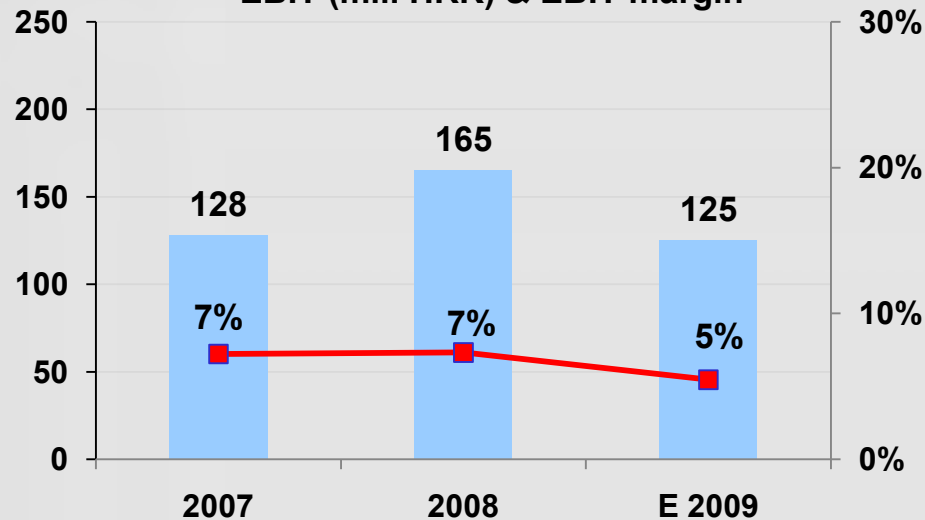


# PROFITABILITY

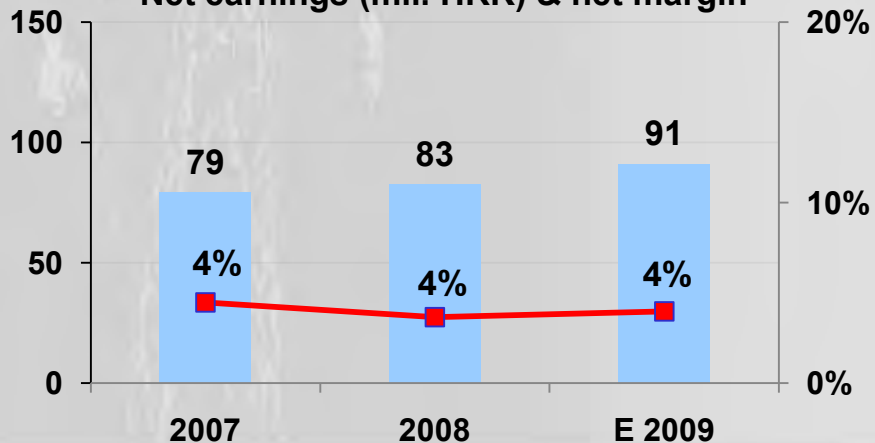
### EBITDA (mil. HRK) & EBITDA margin



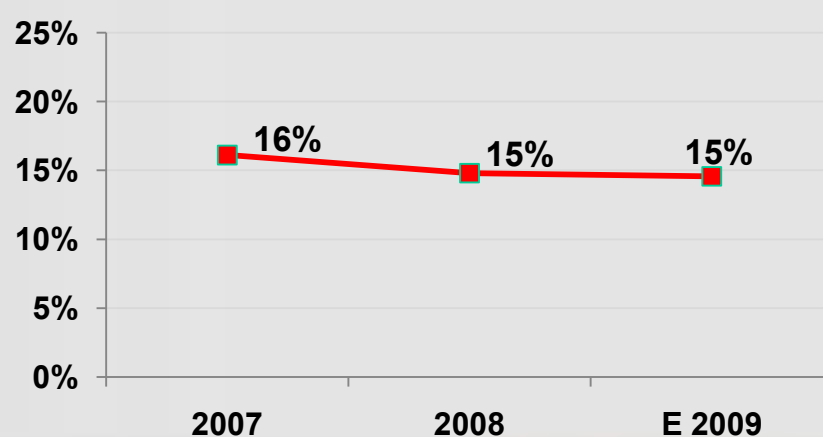
### EBIT (mil. HRK) & EBIT margin



### Net earnings (mil. HRK) & net margin



### ROE



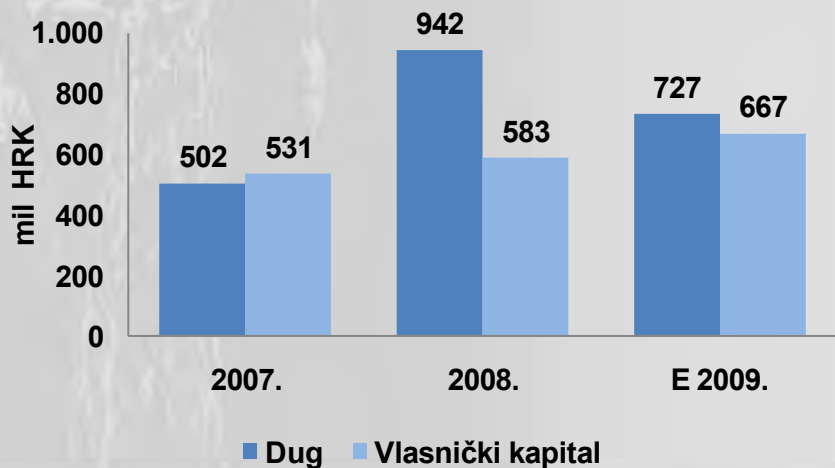
# INDEBTEDNESS

- 221 mill. HRK or 30% of total leverage of the company refers to project financing (as Sky Office, TLM etc.)
- Improvement of the coverage of interests is expected as soon as investments which are secured through project financing start drawing some benefit in form of money

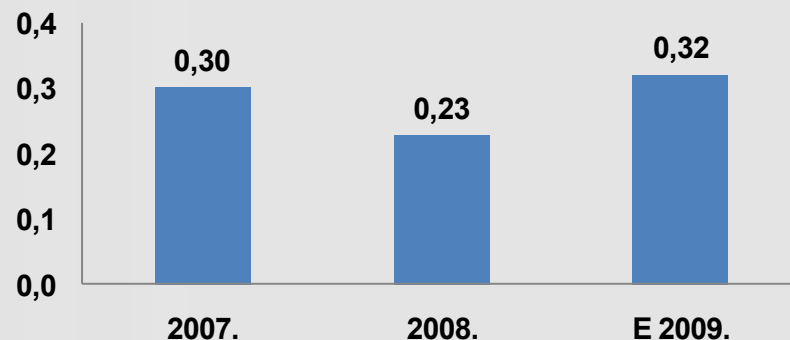
## Leverage & fixed-charge coverage

	31.12.2009
Net debt / equity	90%
Net debt / EBITDA	3,2
EBITDA / Net interest expense	5,4

## Financial debt vs. owners' equity

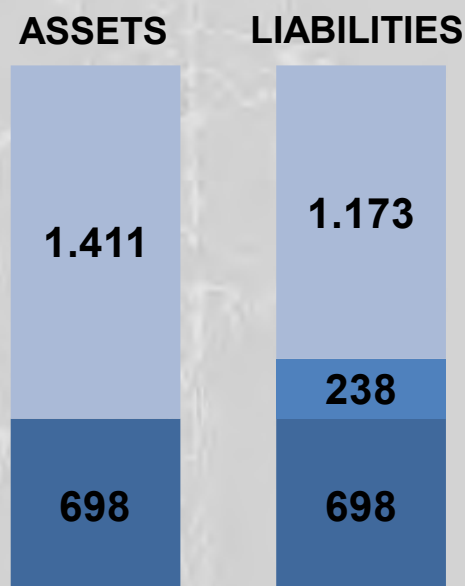


## Share of owners' equity in total liabilities



# LIQUIDITY AND WORKING CAPITAL

## Anticipated structure of balance sheet as of 31 Dec 2009 (mil. HRK)



■ Long-term

■ Net Operating Working Capital (NOWC)

■ Short-term

- Collection of outstanding debts in 2009 is similar to that in 2007 and is on average 137 days, while the period in which debts are due towards the suppliers has decreased from 144 to 84.
- By the end of 2009 Dalekovod shall have at its disposal 238 mil. HRK net operating capital (NOK), which is 17% of short-term assets that shall make the company resilient to risks of default payment or unforeseen accumulation of stocks.
- It is our long-term plan to increase this portion to 30% in order to decrease even more the liquidity risks that are present due to specific quality of our business operations (long-term projects, long payment deadlines, business depending on biddings).
- Therefore, we are planning in future to replace a portion of short-term credit liabilities with another form of long-term financing sources.



## 12. OUTLOOK FOR 2010

- Revenue decrease by 33% is expected in the year 2010, in other words to the amount of 1.5 billion HRK
- Growth of EBITDA margin to the level over 10% is anticipated.
- Restructuring of revenue realized abroad and in Croatia from the ratio 26%:74% in 2008 to the ratio of 65%:35%
- Focus on Scandinavia, countries of the region, Kazakhstan, Ukraine and Georgia
- Restructuring of the debt
- Decrease of fixed costs of business operations



## OUTLOOK FOR FOR THE MEDIUM-TERM PERIOD

- Due to the decreased basis in 2010 and anticipated way out of the crisis we are expecting our company's business operations to continue to increase at attractive double digit rates.
- The main agents of growth in the above period are increased investments in the power infrastructure in the Republic of Croatia and abroad (especially Scandinavia).
- There is enough space left for further improvements of margins through optimization of costs: closure of some segments of production facilities, relocation of one segment of production facilities to countries with cheaper labor force, improvement of control functions within the company.
- Taking into account the above facts we believe that EBITDA margin of 11-12% in the medium period can be realized, which is a pre-requisite for retaining a strong ROC.
- In the forthcoming period Dalekovod shall not pay out more than 25% of realized profit through dividends.



## 13. REASONS FOR LISTING OF SHARES ON THE OFFICIAL MARKET

- The DLKV-R-A share has been listed on the Zagreb Stock Exchange since March 2001.
- Dalekovod has been applying high reporting standards in compliance with the Corporate Management Code, which are higher than the requirements of the issuers listed on the Regular Market of the Zagreb Stock Exchange.
- By listing on the Official Market of the Zagreb Stock Exchange we intend to increase the base of potential investors and prepare the investors' public to possible new forms of long-term financing through an issue of securities.
- Possible new financing sources shall be used for financing developmental projects.
- The final goal is listing of shares on the **Prime Market**.



THANK YOU FOR YOUR ATTENTION!



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