



**Comprehensive supply of electricity.
Looking for synergies and creating value.
We are growing.**

About the GEN Group and our results in 2017

Comprehensive supply of electricity.

We **generate** electricity from low-carbon sources: nuclear and hydro.

We **trade and sell** electricity in the home and foreign retail and wholesale markets.

We then channel the flow of capital into **development and investments**: thorough, ongoing maintenance of existing generation capacities and responsible planning and construction of new, low-carbon ones.

Looking for synergies and creating value.

We are fully aware of the interplay of the capitals we tap to create value for our key stakeholders.

We are growing.

We keep a close watch on and effectively **manage opportunities and risks**, both internal and external. By doing so, we **identify and help create new business and development opportunities** to promote the growth of the GEN Group in the domestic and international arena.



In the GEN Group, we look for synergies and help support the development of our activities to maximize the creation of value for our key stakeholders in the short, medium and long term.

For a competitive economy and for social well-being, we need a reliable supply of affordable energy

Energy supply has a crucial impact on our economic development, national security, quality of the environment and living, and social well-being in general. The GEN Group provides Slovenia's economy and entire society with a reliable and highly efficient generation of low-carbon electricity. Despite the electricity generation industry's current trends moving towards decentralized power generation, industries and other major consumers will continue to need robust power generation and a matching transmission network.

RELIABILITY AND OPERATIONAL EFFICIENCY

Our portfolio is oriented towards sustainability, we generated 3,519 GWh of electricity.

The GEN Group's portfolio of sources, which is based on nuclear and hydro energy, is focused on sustainability in economic, environmental and social respects: the nuclear power plant, with its reliable operation, plays an essential part in the energy mix, and the stable generation at Krško Nuclear Power Plant (NEK), where no maintenance outage was scheduled that year, made a vast contribution to the GEN Group's good results – despite a rather long dry period. In addition to NEK, Brestanica Thermal Power Plant (TEB) too, with its impeccable start-up track record, performed well and made significant contributions to ensuring stability of the national power grid in crucial moments, particularly in the face of the challenging conditions for electricity generation in early 2017. We successfully tackled the challenging conditions throughout the year, and the GEN Group power plants' overall electricity generation reached 3,519 GWh.

BUSINESS EXCELLENCE

We generated more than EUR 2 billion in turnover and integrated our trading processes.

Despite low electricity prices throughout 2017 and the situation further worsened by a period of persistent dry weather and poor hydrological conditions, with two short NEK outages also recorded, the GEN Group managed to minimize and overcome various risks thanks to good coordination, internal optimization processes and fruitful commercial activity. In terms of both revenue and profit, we exceeded our targets in 2017. The Group generated more than EUR 2.4 billion in turnover, which ranks us among the top three business groups in the country, and closed the year with a profit of EUR 29 million. The parent company generated more than EUR 170 million in turnover and EUR 19 million in net profit. On the electricity trading and sales side, the company GEN-I exceeded its targets by successfully incorporating the company Elektro energija into the GEN-I Group and seizing the market opportunities for trading in electricity and natural gas in the wholesale markets in the wider region.

STRONG FOCUS ON INVESTMENTS

We started up Brežice HPP, took over remote control of Krško HPP and built a new gas turbine unit at TEB.

We successfully completed a number of major investments: we started up the newly built Brežice Hydroelectric Power Plant (HPP) and took over remote control of Krško HPP, which is now operated from the GEN Group Control Centre. The new gas turbine unit at Brestanica Thermal Power Plant (TEB) was synchronized with the power grid for the first time and is set to begin its trial operation in 2018. NEK has undergone constructionally and technologically complex modifications in response to Brežice HPP, which is located downstream from it, and continued with its safety upgrade. The total value of investments made by all the GEN Group companies amounted to EUR 89 million in 2017.



“Thanks to our internal optimization processes and commercial activities, we reached or even exceeded our business targets, and this despite the tough situation in the market and poor hydrological conditions in 2017. The Group as a whole generated more than EUR 2 billion in turnover, which ranks us among the top three business groups in the country. Ahead of us are strategically important further investments in low-carbon nuclear and hydro energy, both in existing electricity generation facilities and in the construction of new production capacities for providing consumers with a reliable supply at affordable prices.”

Martin Novšak, General Director, GEN energija d.o.o.

IDENTIFYING OPPORTUNITIES FOR DEVELOPMENT

The demand for electricity is rising, and the need for a new nuclear power plant unit is increasingly more obvious.

The GEN Group recognizes the fact that the economy needs a reliable supply of electricity at competitive prices. Additional generation capacities would already be welcome today, since the demand for electricity has increased in recent years, driven primarily by growing economic activity and fast-tracked electrification of heating and transport. Last year, Slovenia imported around 20% of its total electricity consumption. There are signs of electricity shortage in the wider region as well, and the common European market is not functioning properly during times of shortage. So what we need is new, reliable and low-carbon electricity generation capacities. Nuclear energy coupled with renewable energy sources is an important part of the solution. The backbone of the economy will always need robust electricity generation and a matching transmission network to go with it.

EMPLOYEES – CORNERSTONE OF OPERATIONS

We use our knowledge, experience and dedication to fulfill our goals and shape the future.

With their knowledge, experience, expertise, commitment, dedication and drive to meet the set goals and build a bright future for the GEN Group, our employees have been and will continue to be the cornerstone of our operations. This way, we maintain our role as a reliable, stable and proactive player in providing a comprehensive supply of electricity, from production to trading and sales to development investments.



Martin Novšak, General Director, GEN energija d.o.o.



CAPITALS OF THE GEN GROUP

MORE THAN
EUR 2.4bn
IN TURNOVER

EUR 29.4m
IN NET PROFIT

EUR 88.7m
FOR RESEARCH AND DEVELOPMENT,
CAPITAL EXPENDITURES AND
INVESTMENTS

Nuclear and hydro energy are the cornerstones of the present and future supply of low-carbon electricity

In 2017, the generation facilities of the GEN Group companies generated a combined total of **3,519 GWh of electricity**, which is **8% more than in 2016**. Electricity generation was safe, reliable and friendly to the environment throughout the year, owing to our past track record of ongoing investments in knowledge and equipment. By effectively coordinating the generation outputs of all the Group's power plants, we successfully tackled this year's challenging hydrological conditions. As much as **99.7%** of the electricity we generate comes from **low-carbon sustainable and renewable energy sources: nuclear and hydro**.

With an impeccable start-up track record, TEB fulfilled its role in helping ensure power grid stability; its important role was particularly evident during the challenging conditions for the energy industry in early 2017.

In 2017, modifications to NEK were carried out in response to downstream Brežice HPP, which was a complex project both in building and technological terms, and the safety upgrade to NEK continued, the newly built Brežice HPP performed a test run in September, and TEB's new gas turbine unit was synchronized with the power grid for the first time in December.

We will continue with our strong investment activity in 2018.



"The prudence of our investments in technological upgrades is reflected by the fact that we consistently achieve excellent operating results and meet the highest standards in the nuclear industry, which has been confirmed by international missions. The most complex project during the 2018 scheduled maintenance outage is the construction of an auxiliary control room."

Stane Rožman, President of the Management Board, Nuklearna elektrarna Krško d.o.o.



"The construction of Brežice HPP went according to schedule and the financial plan. Ahead of us now is the construction of Mokrice HPP. With it, the GEN Group, working in partnership with HSE, will complete the chain of hydroelectric power plants on the lower course of the Sava River."

Bogdan Barbič, Director, Hidroelektrarne na Spodnji Savi, d.o.o.



"In 2018, we are going to allocate EUR 8.11 million worth of financial resources to investments and development of existing power generation facilities and identification of new opportunities for harnessing renewable energy sources for generating electricity."

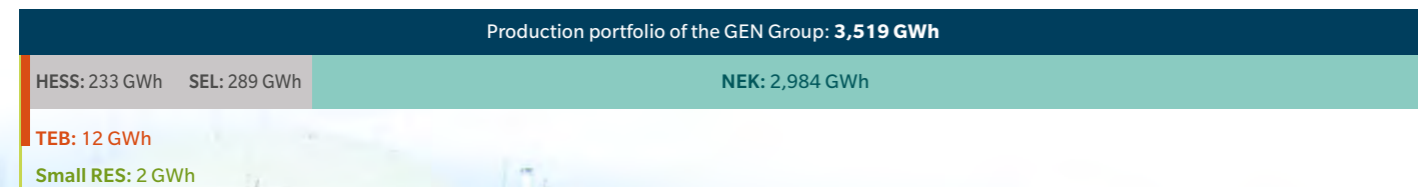
Drago Polak, Director, Savske elektrarne Ljubljana d.o.o.



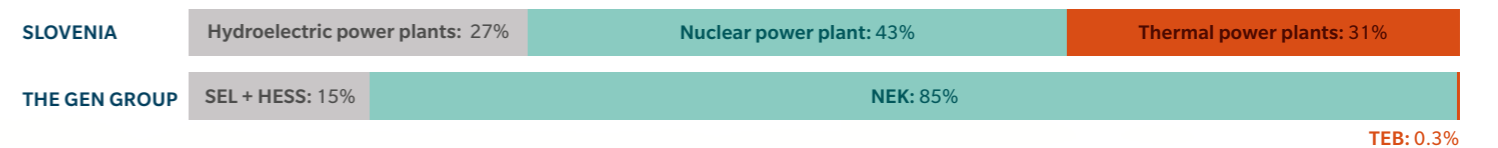
"Our new gas turbine unit was successfully synchronized with the power grid and driven by liquid fuel for the first time. A technical inspection and trial operation will follow in 2018. We have earmarked EUR 7.51 million for investments and development."

Tomislav Malgaj, Director, Termoelektrarna Brestanica d.o.o.

Production of electricity in the GEN Group companies, by source in 2017



Structure of electricity generation sources in 2017



99.7%
LOW-CARBON OPERATION BY THE GEN GROUP'S POWER GENERATION FACILITIES: AS MUCH AS 99.7% OF ALL ELECTRICITY COMES FROM LOW-CARBON NUCLEAR AND HYDRO ENERGY

100.4%
REALIZATION OF NEK'S PLAN FOR 2017

85%
SHARE OF NUCLEAR ENERGY IN THE TOTAL GENERATION OUTPUT OF THE GEN GROUP POWER PLANTS

3,519 GWh
OF ELECTRICITY GENERATED IN TOTAL IN 2017, OF WHICH:

- electricity generated by NEK (base load power on the daily demand curve): **5,967 GWh** (one-half belonging to Slovenia: 2,984 GWh)
- electricity generated by large hydroelectric power plants SEL and HESS (delivering electricity on the daily demand curve with the possibility of storing night-time energy for use during the day): **522 GWh**
- **ancillary services** (TEB put into operation for offsetting outages of large power generation units in the power grid): 12.1 GWh or net generation of 7.2 GWh, mostly for tertiary frequency control in the power grid (36 activations or 48 start-ups of individual gas turbine units)

Thanks to vertical integration – from electricity generation to electricity consumers, we are more effective in recognizing market opportunities

The GEN Group is a well-organized electricity trader, with cross-border wholesale trading infrastructure that gives us access to all pricing data and information needed to ensure optimal utilization of our production resources. In 2017, we continued with the vertical integration – from electricity generation to electricity consumers – and successfully incorporated the company Elektro energija into the GEN-I Group. This allowed us to seize the opportunities for trading in electricity and natural gas in wholesale markets in the wider region. In the future, we will continue to focus on these markets and will also seek to expand sales to the neighbouring countries.

The rightness of our decisions to invest generously in development and human resources in the area of energy trading and sales has manifested in outstanding business results, allowing GEN-I to again reinforce its reputation as one of the fastest-growing energy companies in Europe.



“We have had outstanding business results in 2017 and generated over EUR 2.3 billion in revenue, which is more than 50% above target. We have successfully launched the sale of solar panels for home-generated electricity.

The forward-looking approach, innovation and flexibility promoted by GEN-I are the right tool set for tackling the challenges brought by further advances in the energy markets.”

Robert Golob, PhD, President of the Management Board, GEN-I, d.o.o.



CAPITALS OF THE GEN GROUP

51.8 TWh

TRADING IN 51.8 TWh OF ELECTRICITY

+19.2%

TRADING IN 19.2% HIGHER AMOUNTS OF ELECTRICITY THAN IN 2016

SUCCESSFUL INCORPORATION OF THE COMPANY ELEKTRO ENERGIJA INTO THE GEN-I GROUP

MAJOR BUYERS' AND SELLERS' MARKETS:
CENTRAL, SOUTHEAST AND WESTERN EUROPE



Creating value for stakeholders in the short, medium and long term

Synergies between power generation, trading and sales, and development and investments are a shared responsibility of the managements of the GEN Group companies and their 988 employees, who possess extensive knowledge, skills and commitment to fulfilling our common vision of building a safe, reliable, sustainable and competitive energy future for Slovenia.

Our successes are based on the GEN Group's big-picture thinking and sustainable operations, development and training of employees and improving the perception of topics associated with energy and the energy industry among the key stakeholders.



Our strategic development projects include the JEK 2 project, which is long overdue. This project relevantly addresses all three principal focuses of the EU and Slovenia's energy policies: climate sustainability, reliability and competitiveness of the energy supply. The energy industry is ready for the JEK 2 project, what we need now is political will and social acceptability. For this project, we are counting on wider international or regional cooperation, with which Slovenia – as a stable country in energy security terms – will be able to strengthen its reputation in the EU.



CAPITALS OF THE GEN GROUP

EUR 88.73 million

WORTH OF INVESTMENTS IN 2017, OF WHICH:

- NEK: EUR 52.02m (among the key investments: technological upgrade of Krško Nuclear Power Plant)
- HESS: EUR 10.74m (mainly Brežice HPP and Mokrice HPP)
- SEL: EUR 1.42m (among the central investments: reconditioning of Goričane SHP)
- TEB: EUR 22.08m (central investment in the construction of a new gas turbine unit)
- GEN-I: EUR 1.12m (including investments in IT)
- GEN: EUR 1.12m (JEK 2 project included)

988 employees,

OF WHICH MORE THAN 66% WITH AT LEAST HIGHER EDUCATION QUALIFICATIONS

PROFESSIONAL EDUCATION AND TRAINING FOR EXECUTIVE AND MANAGEMENT LEVELS AND KEY EMPLOYEES ACROSS ALL THE AREAS OF OPERATIONS

PROMOTING KNOWLEDGE AND RAISING AWARENESS OF ENERGY AND ENERGY GENERATION, IN 2017 PRIMARILY THROUGH:

- guided tours and workshops at The World of Energy
- youth projects
- the eSvet web portal
- guided tours of NEK
- guided tours of hydroelectric power plants and excursions

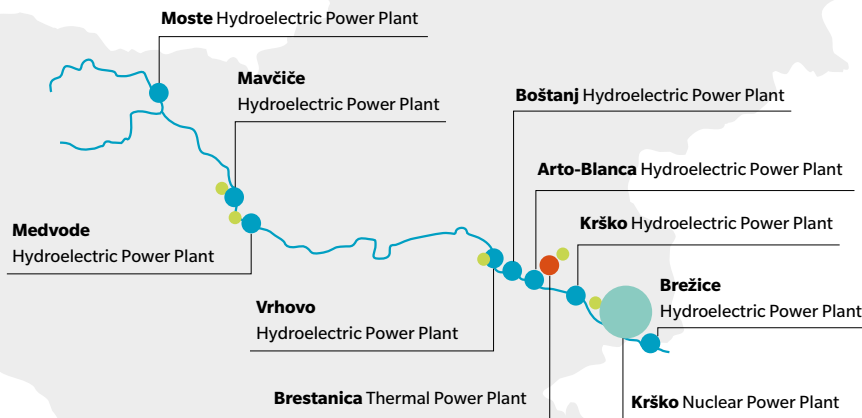
Our results in 2017

KEY FIGURES		COMPANY		GROUP	
		2017	2016	2017	2016
Revenue	EUR thousand	175,309	168,822	2,410,912	377,425
EBIT	EUR thousand	21,761	18,415	38,900	16,668
EBITDA	EUR thousand	22,547	19,337	72,016	49,118
Net profit	EUR thousand	19,539	17,875	29,424	31,888
Assets	EUR thousand	531,991	513,173	1,111,036	1,070,785
Equity	EUR thousand	447,904	430,382	784,880	755,519
Debt	EUR thousand	31	31	161,081	139,493
Capital expenditures	EUR thousand	1,190	13,255	62,720	119,334
Electricity generated	GWh			3,740	3,456
Electricity sold	GWh	3,928	3,645	51,791	43,443
Number of employees at year-end		58	55	988	922

As to the GEN Group's business results, it should be noted that the subsidiary GEN-I, due to its ownership consolidation, has only been included in consolidated financial statements of the GEN Group since December 2016, which is particularly notable in the consolidated profit and loss account.

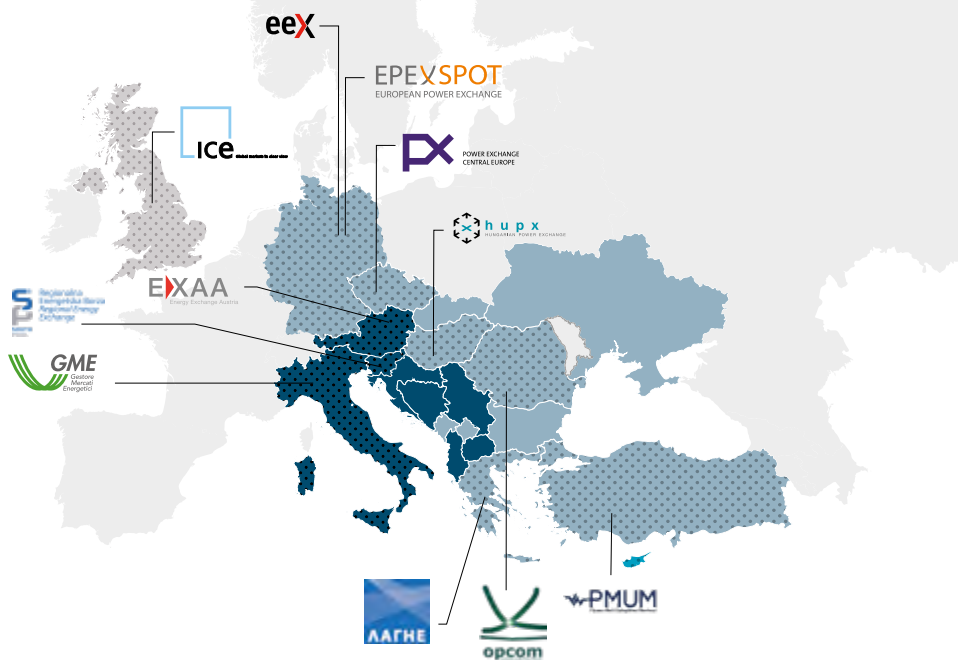
The GEN Group's electricity generation units

- Nuclear power plant
- Hydroelectric power plant
- Thermal power plant
- Solar power plant



Geographic presence of the GEN Group companies in the electricity markets and on power exchanges

- Presence in retail and wholesale electricity markets
- Presence in wholesale electricity markets
- Presence on the power exchange



Companies making up the GEN Group, by activity

PRODUCTION

Nuklearna elektrarna Krško d.o.o.
Electricity generation at a nuclear power plant
www.nek.si

Savske elektrarne Ljubljana d.o.o.
Electricity generation at hydroelectric power plants
www.sel.si

Termoelektrarna Brestanica d.o.o.
Electricity generation at a thermal power plant, a standby energy source for the power grid
www.teb.si

Hydroelektrarne na Spodnji Savi, d.o.o.
Electricity generation at hydroelectric power plants
www.he-ss.si

Srednjesavske elektrarne d.o.o.
Electricity generation at hydroelectric power plants

TRADING AND SALES

GEN-I, d.o.o.
Electricity trading, sales and purchasing
www.gen-i.si

ELEKTRO ENERGIJA d.o.o.
Sales of electricity and natural gas to consumers and purchasing of electricity
www.elektro-energija.si

DEVELOPMENT, RESEARCH, SERVICES, AND OTHER

ZEL-EN, razvojni center energetike d.o.o.
Research and development for the energy industry
www.zel-en.si

GEN-EL, d.o.o.
Investment management



The full Annual Report is available online at:
<http://letnoporocilo.gen-energija.si/#?lang=en//>



GEN energija d.o.o., Urbina 17, 8270 Krško, Slovenia
Telephone: +386 7 49 10 112 | Fax: +386 7 49 01 118
info@gen-energija.si | www.gen-energija.si