

Croatia: HEP recorded lower profit in H1 2018

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Date : October 21, 2018

According to the financial reports for the first half of 2018, Croatian state-owned power utility HEP recorded consolidated net profit in the amount of 157.8 million euros on the group level, which is by 24.5 million euros less compared to the same period last year.

Total electricity demand in Croatia increased by 2.4 % compared to demand in the same period the year before amounting to 8,072 GWh. A slightly lower demand (0.7%) was recorded by household customers, while it increased by 4.5 % in the commercial category.

Total sales by HEP Group suppliers increased by 478 GWh (7.2 %) compared to the same period 2017, of which an increase by 511 GWh (13.7 %) in the sale to commercial customers and a decrease of sale by 33 GWh (1.2 %) to household customers was recorded.

The first half 2018 was characterized by favorable hydrology which facilitated significant hydro generation of electricity accounting for 44 % in the structure of electricity sources. Hydro generation amounted to 4,420 GWh, an increase by 2,022 GWh compared to the first half 2017.

In light of favorable hydrology, electricity procurement from market sellers decreased by 551 GWh (15.2 %) as did thermal production by 689 GWh (33.8 %), which resulted in reduced operating costs. A total of 3,071 GWh was procured offsystem, of which 1,226 GWh for the repurchase of electricity from renewable sources and cogeneration in the system of incentives, and 1,845 GWh for import and procurement from traders and producers in Croatia. Production by thermal power plants amounted to 1,349 GWh of electricity. Nuclear power plant Krsko supplied 1,235 GWh accounting for 12.3 % of HEP Group's available electricity. The wholesale price of electricity and the price of natural gas increased compared to first half 2017 while the price of coal decreased.

Operating income of 1.02 billion euros decreased compared to the same period the year before by 37 million euros (3.5 %). Income from the sale of electricity increased by 16.6 million euros as the result of increased demand as well as of HEP's increased share in the sale to commercial category, and the rise of the average selling price for commercial customers supplied by HEP Opskrba. Income from the sale of gas increased by 38.5 million euros as the result of income from the sale of gas to Petrokemija. and the trade at power exchanges, which did not exist in the same period the year before. Income from the sale of heat decreased by 1.8 million euros due to decreased demand in winter months.

In the first half 2018, operating expenses of 833 million euros were recorded which was an increase by 26.3 million euros (3.3 %). In light of favorable hydrology and lower prices of coal, the cost of electricity and heat production decreased by 46.7 million euros compared to the same period the year before. The cost of electricity procurement was reduced by 3.9 million euros as the result of less procured volume of electricity on the market.

Investments in the amount of 80.4 million euros were made including replacements, reconstructions, revitalizations of existing energy facilities, construction and construction preparation of new energy facilities and consumer connections.