

## **Romania: Electrica Furnisare 2015 plans for market share development**

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Considering the competitive market environment management of Electrica plans to focus on customer relationship and cost cutting measures in order to strengthen its market position.

Maintaining market share at a level greater than 21%, ensuring continued market leadership position are the main target of Electrica Furnisare management in 2015.

The profit in 2015 will remain significantly below that achieved in 2014 because of the segment of the regulated market, in 2014 company had a profit of 11MEUR higher than estimated for 2015. The reason: for 2014, the tariffs were increased by ANRE for the recovery of unrealized profit in 2013.

CPC segment in 2014 profit was higher than that estimated since 2012-2014 Electrica obtained a extraprofit, a sum that will be recovered in 2015.

Electrica representatives also estimated that the competitive market segment in 2015 will get a return lower than that achieved in 2014, although sales increased compared to 2014. The argument is that profit growth in 2014 was due to the decline of purchase price while maintaining steady sales price. In 2015, wholesale market prices have an upward trend, appreciating that there is no possibility to increase profit than by increasing the selling price, which is impossible under the conditions existing at this time of intense competition in the retail market for electricity.

The chances of increasing profit by increasing sales of energy are reduced under a trend of lowering electricity demand nationwide. Considering that in 2014 achieved profit from core activities was about 37MEUR and this year will get a profit from core activities of about 22MEUR less.

Electrica has proposed the achievement of strategic objectives to maintain the leadership position, turning his attention to customers, namely in customer technology implementation; rationalization and modernization of customer centers; increasing customer satisfaction; reducing operating expenses, reducing outstanding debts.

Since Electrica operates in a highly competitive market where the sold price of electricity, do not differ from one provider to another, competitive advantage can be achieved by controlling costs, additional services provided to customers, and loyalty actions with modern means of communication and payment systems. Therefore, the company has established a business strategy, which focuses on: reorganization of processes and reallocating resources; promoting modern management solutions to customers through the implementation of application performance information; cost optimization; develop new services and products;

increased competitiveness.

Estimates in 2015 are:

- segment revenue from electricity supply will increase by 1.3MEUR, or 0 14% compared to the period ended 31 December 2014;
- the estimated amount of electricity to be purchased in 2015 increased by 2.45% compared to 2014. The average purchase price estimated for 2015 is 36.60EUR / MWh, an increase compared to that achieved in 2014, which was 35.50EUR / MWh.

Growth is generated by the timing of the removal of tariffs and increased purchase price of contracts regulated by ANRE;

- operating profit will be reduced by 25.9MEUR or 51%, to 24.3MEUR compared from 50.3MEUR in 2014
- net profit is expected to be reduced by 24.6MEUR or 53%, to 21.4MEUR compared from 46MEUR from 2014. , transmits [Serbia-energy.eu](http://serbia-energy.eu)