



Annual Report

2019



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Annual Report 2019





Dear Sir/Madam,

This is the 2019 Annual Report of Elektroprivreda Crne Gore A.D. Nikšić. As usual, in our capacity of responsible business people and having in mind that our Company has been extremely important for the Montenegrin society and our State for 110 years now, we feel the need to announce business results in an utterly transparent and impartial way, which results relate to the year that will be remembered as one of the most successful. We are satisfied because of our Company's net profit of €28.3 million generated within the year that was characterised by adverse hydrological conditions.

Those good results could not have been accomplished without an extraordinary contribution made by all our employees. It is their good and responsible attitude towards the Company and its business objectives, as well as timely and quality decisions made by the Company's managerial structures and management team which have had an essential impact onto such a good business result.

In addition to an extraordinary financial result, the year of 2019 will certainly be remembered as the year when we have started capital reconstruction of our large hydropower plants. We selected the bidder in the international tender procedure to execute the works on ecological reconstruction of the existing Unit of TPP 'Pljevlja'. Furthermore, we are intensively creating preconditions to implement the project on renewable energy sources, being well on our way to valorise the projects planned by the five-year investment plan in a successful and safe manner, the one that has started in 2018. We continue in the right direction, aimed at the final commencement of construction of new sources of electricity, and we are ready to invest even €700 million by the end of a decade we have just stepped into.

Our customers who settle their liabilities related to electricity consumption on a regular basis were offered many specials in 2019, i.e. discounts and prize contests. On the other side, customers who are in payment default were given an opportunity to settle their electricity-related liabilities under reasonable terms.

EPCG succeeded to complete another great work in 2019, i.e. we obtained ISO certifications for Integrated Management System, Environmental Protection and Occupational Health and Safety. This way we are conducting our mission at a steady pace.

And finally, I would like to emphasize that, by investing into the existing energy capacities as well as into construction of the new ones, we want to retain our leading position at our country's electricity market, thus ensuring active involvement and stable position at the regional energy market. In addition, we do not forget our employees' needs, which is why we really make a constant effort to develop our human resources and continuously create better conditions for our employees. This is the only way in which we can increase the level of corporate culture and generate results that are interesting not only for us employed in the national electric power company but also for our shareholders and our customers, i.e. for all citizens of Montenegro.

Igor Noveljić
Chief Executive Officer, EPCG

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1 The Company in general

Elektroprivreda Crne Gore A.D. – Nikšić (hereinafter referred to as EPCG or the Company) is a vertically integrated company, which core activity is electricity generation and supply in Montenegro. Apart from the mentioned, the Company deals with construction and maintenance of power facilities, electricity trading, designing and surveillance as well as other activities provided for in EPCG Articles of Association.



EPCG has been registered as:

- The business company with the Tax Administration - Central Registry of the Commercial Entities under No. 4-0000330/061,
- As the issuer of the securities with the Capital Market Commission,
- As a holder of two licences for energy activity with the Energy Regulatory Agency:
 - E-001 – for electricity generation and
 - E-021 – for electricity supply.

Corporate bodies



Shareholders'
Meeting



Board of
Directors



Chief Executive
Officer



Secretary of
the company

Generating capacity

The Company has total **877,38 MW** of gross installed capacity for electricity generation, whereof

342 MW

HPP Piva

307 MW

HPP Perućica

225 MW

TPP Pljevlja

3,38 MW

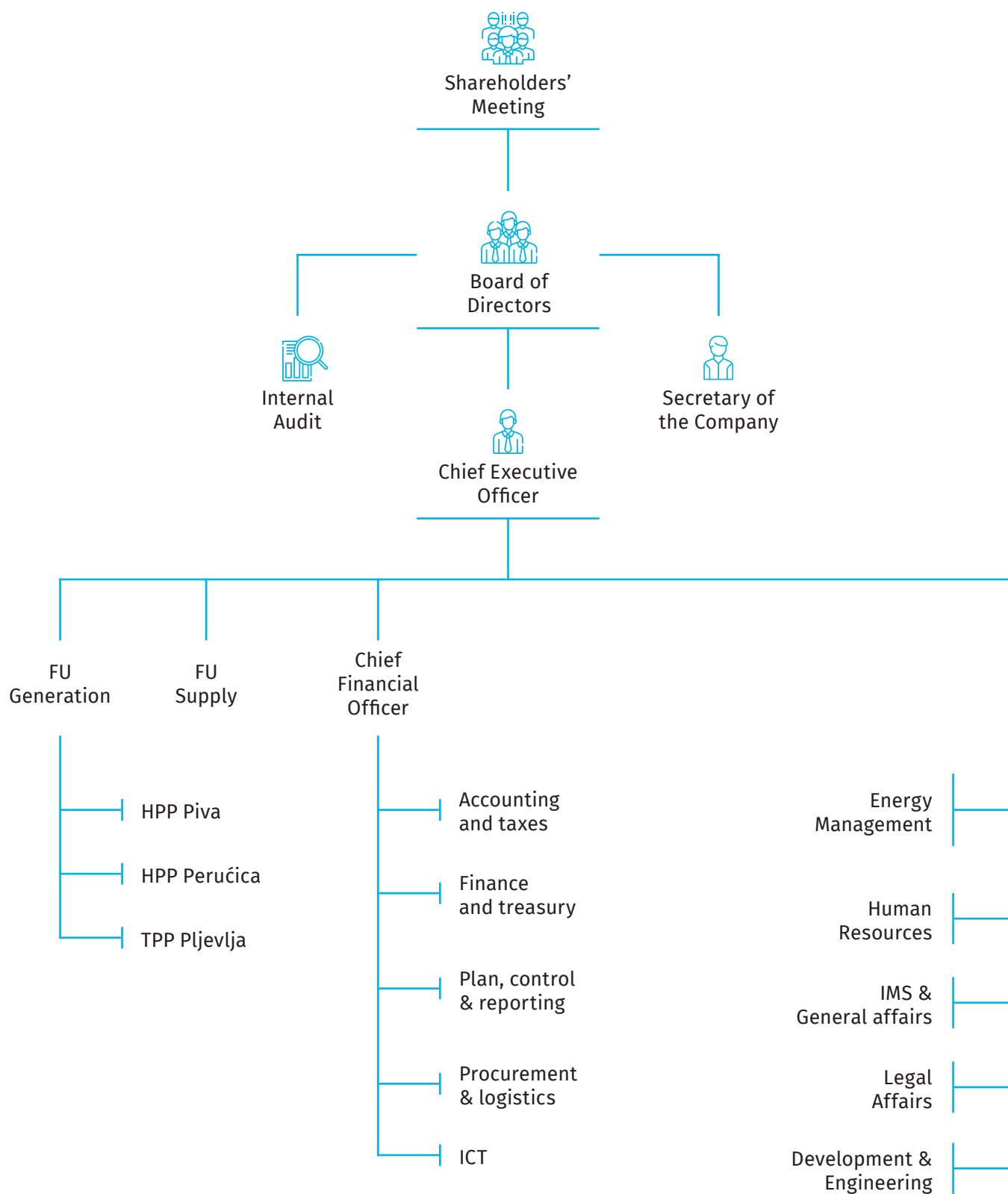
SHPPs*

*Rijeka Mušovića, Šavnik, Lijeva Rijeka, Podgor i Rijeka Crnojevića

Activities of EPCG are carried out in the manner which secures regular and qualitative electricity supply and meets requirements of the Montenegrin consumption, business profitability, management efficiency and establishment of good business relations with all the partners.

11 Organizational structure

Organizational structure of the Company consists of the Company's Corporate Bodies and organizational units (operational and functional units). Organizational scheme of EPCG, excluding the companies in majority ownership of EPCG (Crnogorski elektrodistributivni sistem d.o.o., Podgorica – 100%, Rudnik Uglja AD Pljevlja – 100%, EPCG d.o.o. Beograd – 100% and Zeta energy d.o.o. Danilovgrad – 51%) is given in the below text.



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Mision, Vision and General objectives

VISION

Leader in the economic development of Montenegro, competitiveness at the European market and active participation in new market challenges through investment in people, green energy, new technologies and capacities, maintenance and optimum use of resources.

MISSION

Reliable and quality generation, electricity supply and trading in addition to full compliance with requirements and needs of our customers and other interested parties, improvement of the environmental care and high degree of corporate responsibility. Improvement of business operations by compliance with and application of highest professional and ethical standards, responsible behaviour while performing activities in line with applicable regulations, compliance and provision of trust both in EPCG as well as in wider business environment.

GENERAL OBJECTIVES

- Safe and reliable supply of customers with electricity;
- Safe and efficient generation;
- Increase in business efficiency and effectiveness;
- Satisfied customer;
- Increase in energy efficiency throughout all generating segments;
- Efficient energy management – trading with electricity and resource management;
- Attractive employer to accumulate human potentials;
- Compliance with ecological standards;
- Compliance with safety standards and occupational safety and health;
- Presence at international markets

1.3 Corporate Management

International financial group defines, within the World Bank's Group, the corporate management as a relation between different interests holders compared to the control of companies. Primarily, corporate management deals with relations between company's owners – shareholders and those who manage the company's business operations – administration staff the shareholders entrusted with the company leading.

Corporate management rules in the Company are based on relevant legal frameworks, Company's Articles of Association and internal procedures.



1.3.1 Shareholder's Meeting

The Shareholders' Meeting is the highest body of the Company. Some of the exclusive rights of the Shareholders' Meeting, in accordance with the Articles of Association of EPCG, are: to enact the Articles of Association and its amendments, to elect and dismiss the members of the Board of Directors, to elect and dismiss the Auditor, to elect and dismiss the liquidator, to decide on the disposal of the Company's assets, the value of which exceeds 10% of the Company's basic capital, adopts annual financial statements and reports on the Company's business operations, as well as all other rights in accordance with the Statute of EPCG. The EPCG Articles of Association also defines the obligations of the Shareholder's Meeting, as well as all relevant actions under its jurisdiction.

In the year of 2019 two Shareholders' assembly meetings were held, the first one on the August 30, 2019 and the second one on the December 27, 2019.

At the XVII Regular Shareholder's meeting of the Company, held on August 30, 2019, the following decisions were made:

- on approval of the investment of joint construction of wind power plant Gvozd - Municipality of Niksic,
- approving the joint development agreement for the Gvozd WP project,
- determination of the consolidated text of the Articles of Association of Elektroprivreda Crne Gore AD Nikšić,
- on amendments to the Articles of Association of Elektroprivreda Crne Gore AD Nikšić,
- approving the purchase of own shares,
- the dismissal of members of the Board of Directors of Elektroprivreda Crne Gore AD Nikšić,
- the election of members of the Board of Directors of Elektroprivreda Crne Gore AD Nikšić,
- the election of the Auditor of Elektroprivreda Crne Gore AD Nikšić,
- the adoption of the financial statements of Elektroprivreda Crne Gore AD Nikšić for 2018,
- the adoption of the consolidated financial statements of Elektroprivreda Crne Gore AD Nikšić for 2018,
- the adoption of the business report of Elektroprivreda Crne Gore AD Nikšić for 2018,
- on the distribution of profit as at December 31, 2018,
- the cancellation of own shares and
- the reduction of share capital of Elektroprivreda Crne Gore AD Nikšić on the basis of cancellation of own shares.

At the XX Extraordinary Shareholders' meeting of the Company, held on December 27, 2019, the following decisions were made:

- payment of dividend of Elektroprivreda Crne Gore AD Nikšić for 2018,
- dismissal of members of the Board of Directors of Elektroprivreda Crne Gore AD Nikšić
- election of the members of the Board of Directors of Elektroprivreda Crne Gore AD Nikšić

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Board of Directors



The Board of Directors is the managing and leading authority of the Company whose decisions are implemented by the Chief Executive Officer, the Company Secretary and the Executive Managers. The Board of Directors is a collective body of seven members and is headed by the Chairman. Members are elected by the Shareholders' Meeting, and the tasks and duties of this body are defined by EPCG Articles of Association. During the 2019 year, the Board of Directors held thirteen meetings.

At the time of preparation of the Management Report, the Board of Directors is composed of the following members:



Samir Hodžić / Srđan Spaić / Nikola Vujović / Miloš Konatar
Prof. dr. Vladan Radulović / Đoko Krivokapić, chairman / Dr Ranko Milović

1.3.3 Audit Committee and Internal Audit Team

Audit Committee and the Internal Audit Team have been established for performing auditing activities in the Company.

In accordance with the authorizations provided by the Law on Accounting and Auditing, the Audit Committee monitors the process of financial reporting, internal control and legal and ethical management of the Company. At the time of preparing this Management Report, the members of the EPCG Audit Board are Milan Lakicevic, President, and Milijana Novovic Buric, Member.

The internal audit team, in accordance with the law, performs independent and objective activities aimed to improve the Company's operations through a systematic approach to assessing and improving the efficiency of the risk management process and corporate governance control. The structure and composition of the Internal Audit Team is determined by the Board of Directors.



1.4 Equity and ownership structure of the Company

769.927.930€

EPCG's registered
share capital

118.132.402

Total number
of shares

6,5175€

Nominal value
of shares

In the review below is given the registered ownership structure of capital with nominal and percentage data on equity participation in the EPCG:

STRUCTURE OF THE COMPANY'S SHARE CAPITAL AS AT 31.12.2019.				
Shareholders	Number of shares	Nominal value of share	Total share value (€)	Share in capital
State of Montenegro	104.736.921	6,5175	682.622.883	88,66%
Elektroprivreda Crne Gore A.D. Nikšić	11.813.238	6,5175	76.992.779	10,00%
Other legal entities	31.851	6,5175	207.589	0,03%
Individuals	1.412.584	6,5175	9.206.515	1,20%
Collective custody accounts	137.808	6,5175	898.164	0,12%
TOTAL	118.132.402		769.927.930	100,00%

Table No. 1: Capital Structure EPCG as at December 31, 2019

Company owns 11.813.238 own shares as at 31.12.2019. Namely, at the XVII regular Shareholder's Meeting of the Company, held on the August 30, 2019, it is made a decision about approving that Elektroprivreda Crne Gore AD Nikšić can buy 11.813.238 own shares from shareholders A2A S.p.A Brescia at a price of 4,4752828317 € per share.

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Important events in the Company

During the reporting period, ownership stake in the Company has changed. The regular XVII Shareholders' Assembly of the Company, held on August 30, 2019, decided to approve the purchase of 11.813.238 own shares by the shareholders of A2A S.p.A Brescia at the price of 4,4752828317 € per share. During 2019, the Government of Montenegro purchased the remaining shares from shareholders of A2A SpA Brescia as part of three tranches: the first tranche of 8.826.438 shares with a total value of 39.923.744 € in April, the second tranche of 3.202.845 shares with a total value of 14.333.637 € in November and the last, third tranche of 636.793 shares with a total value of 2.849.828 € in December.

At its XVII regular session, the Meeting of Shareholders adopted the Decision on the cancellation of 13.052.876 own shares with a nominal value of 6,5175 €, which were acquired on September 14, 2018 by purchase under Decision XVI of the regular Meeting of Shareholders of the Company no. 10-00-36657 dated August 23, 2018. Pursuant to the aforementioned decision, the Meeting of Shareholders at the same session adopted the Decision on Reduction of the Share Capital of Elektroprivreda Crne Gore AD Nikšić on the basis of the cancellation of its own shares. The share capital of the Company has been reduced from €855.285.366 to €769.927.930 otherwise decreased by €85.357.436.



Elektroprivreda Crne Gore signed the Contract worth €33 million with the German KfW Development Bank, aimed at implementing the second phase of the project of reconstruction and modernization of HPP 'Perućica'. The second phase of reconstruction and modernization of HPP 'Perućica' includes reconstruction and modernization of hydromechanical and electrical equipment of Units no. 5, no. 6 and no. 7, hydromechanical equipment of valve chambers, equipment for hydrologic and hydraulic measurement, installation of the Integral Information System at the plant's level, reconstruction and modernization of the system civil structures – rehabilitation and freeboard on the 'Opačica' Canal and reconstruction of the 'Moštanica' Canal.

Part of the funds amounting to cca €700K obtained under this KfW loan will be appropriated to develop project and tender documents for selection of the supplier of equipment and the Contractor for Unit no. 8 of 58.5 MW rate power. Installation of this Unit will increase the plant's installed capacity from 307 MW to 365.5 MW. This project has been estimated at cca €23 million.



On July 11, 2019, the EPCG published the tender documentation for the open procedure for the public procurement of works on the ecological reconstruction of the Pljevlja thermal power plant - Block I. Thus has started realization of the project worth 54.5 million EURO. The ecological reconstruction project involves the construction of a desulphurisation system, a denitrification system, an improvement of the operation of the electro-filter plant, as well as the construction of a wastewater treatment system, and, along with this project, the revitalization of the Maljevac landfill,

worth an additional EUR 20 million, will be undertaken. The EPCG Commission for the selection of the most favorable bid in the tender for the execution of works on ecological reconstruction has decided that the most favorable bid for this project is the consortium DEC INTERNATIONAL-BEMAX-BB SOLAR-PERMONTE. The project of ecological reconstruction of the existing block of TPP Pljevlja, should be completed by 2021 and will enable the continuation of the operation of the thermal power complex in Pljevlja (TPPP-CMP) for the next 20 to 30 years.



The Contract concluded with the Consortium 'SEVER-NIKCOM-KONČAR GIM' refers to the revitalization of six generators in HPP 'Perućica', which will significantly increase operational readiness, safety and reliability, and extend the life of our oldest large hydroelectric power plant which has been in operation since 1961.

The works worth about three million euros are carried out during the periods of planned shutdown of the hydroelectric power plant due to regular annual overhaul. The deadline for completion of this work is the end of 2021. So far, two generators have been revitalized under the Contract, while two more generators will be revitalized during this year.

Unit revitalization includes dismantling and assembly works, measurement, control and testing to be performed on generators, rehabilitation works and services performed in hydroelectric power plant, production and repair of the generator's parts in the Contractor's factory and delivery and installation of the equipment.

Parallel with the realization of reconstruction and modernization of HPP 'Perućica', the replacement of transformers will take place, and part of the loan funds is intended for preparation of documentation for the new, eighth Unit, the value of that project being €23 million.



Given that EPCG's shareholders, at the Company's 17th regular Shareholders' Meeting, supported the Decision on investing in the construction of the wind farm 'Gvozđ' at the Krnovska plateau in Nikšić, the Contract on joint development of the project, worth €58 million, was signed with the Austrian company 'Ivicom Holding GmbH' on September 6, 2019.

The future wind farm will have capacity of 54.6 MW. The expected annual production is about 150 GWh. The beginning of construction has been announced for the spring of 2021. The works would last for 18 months, and the commissioning of the wind farm is planned for the fall of 2022.



The project on reclamation of 'Maljevac' ash and slag landfill, planned to be implemented in phases, is worth about €20 million. It is envisaged to be completed by 2023, by which time the project of ecological reconstruction of the thermal power plant 'Pljevlja' is expected to be finished.

The project has envisaged reclamation of the cassette two, relocation of 'Paleški' creek, construction of a pumping plant, and it is also planned to rehabilitate the landslide downstream of the dam. Reclamation of the cassettes one and three, which are significantly larger than the cassette two, will be financed from the EPCG budget. Reclamation of the landfill will result in a green zone where appropriate plants and trees will be planted, so that the Municipality of Pljevlja will receive another park space. 45 thousand of seedlings of maple, black pine and smoketree will be planted on more than 600 thousand m², according to the most modern professional standards, and the first part of the park will be completed in the summer of 2020. Cycling and trim tracks will also be built, and park furniture, benches for resting and other facilities that modern parks include will also be installed. Part of the project activities will be funded from the loan granted by the World Bank; completion of the project of ecological reconstruction of the thermal power plant will result in conditions which would ensure implementation of the so-called waste inertisation and beginning of the activities related to the final closure of the landfill.



EPCG A.D. Nikšić and the Consortium of renowned companies: 'Litostroj Power d.o.o. Končar - Generators i motori d.d.' and 'Elektroremont d.o.o. Subotica' - the first-ranked Contractor in the public procurement procedure, signed at the end of January 2019 the Contract on general overhaul of the Second Unit in HPP 'Piva'.

The value of the project is €1,767,404.00 excluding VAT, and it includes the major overhaul of the Unit, i.e. replacement of worn and non-functional Unit parts, which will significantly improve its performance, extend its service life and provide high degree of operational readiness and safety over a long period of time.

Unit no. 2 has been in operation since the beginning of HPP 'Piva' operation in 1976.



Representatives of SGS Company, one of the most prestigious world certification companies seated in Geneva, awarded Elektroprivreda Crne Gore mid-December of 2019 the Integrated Management Systems Certifications, following implementation of a certified verification by SGS team of certifiers, in compliance with very high requirements of SGS Global Procedures.

The following certifications were awarded to EPCG:
 ISO 9001 – Quality Management Systems;
 ISO 14001 – Environmental Management Systems;
 ISO 45001 – Occupational Health and Safety (OH&S) Management Systems.



EPCG was thereby classified among modern European companies engaged in electricity generation, trading and supply, which operate in compliance with international standards.



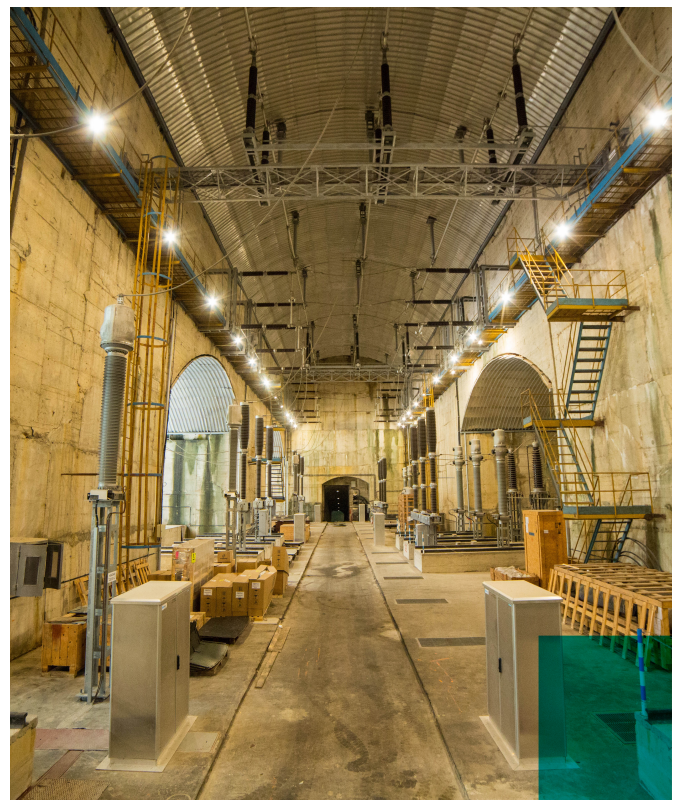
At the year end, Elektroprivreda Crne Gore and the Norwegian power company NTE commissioned the reconstructed and modernized SHPP 'Slap Zete'. Reconstruction and modernization of the two small hydroelectric power plants included in the joint 'Zeta Energy' Company has confirmed quality and mutually useful cooperation between the Montenegrin national electric power company and the Norwegian power company NTE, and it encompasses development, delivery, testing and assembly of electrical-mechanical and hydromechanical equipment as well as development of the supporting documents, i.e. Detailed-Executive Design and As-Built Design.

The project worth almost €7 million has envisaged the entire automation of plants, and the work has been performed within the planned dates by the Polish ZRE Company from Gdańsk, being the first-ranked bidder at the tender procedure carried out in 2017 that the Contract was signed with.

SHPP 'Slap Zete' of 1.2 MW was built in 1952.

2 Generation capacities and supply of electricity

Capacity of each power system is based on construction and generating index of generating facilities, which are expected to provide sufficient electricity quantities, which becomes more and more difficult task. Nowadays, when the need for energy sources is increasing, it is not necessary to prove that electricity generation is essential not only for power system stability but represents an indispensable prerequisite for commercial and economic growth.



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Generating capacities

The power of our energy system is based on the generating capacities of HPPs Piva and Perućica and TPP Pljevlja.



HPP „Perućica”

is the oldest big hydroelectric power plant in Montenegro, commenced in 1960. It has been named by natural spring Perućica originating in the near vicinity of the plant. It has been located at the territory of the Municipality of Nikšić, in the northern part of Bjelopavlići field, while the small hydro power plants were located at the territories of the Municipalities of Kolašin, Podgorica, Cetinje and Šavnik. Its gross installed capacity amounts to 307 MW. HPP Perućica generated 952 GWh in 2019, while the EPCG's small HPP during the same period generated 4 GWh.



HPP „Piva”

is a hydroelectric power plant with powerhouse at the toe of the dam, with one of the highest arch dams in the world. The Plant operates since 1976. Its basic activity is electricity generation in peak regime, given the possibility of fast starting-up and synchronizing to 220 kV OHL. It has been located in the massif at north-western part of Montenegro. Due to specific topography terrain features the whole powerhouse was built underground. Its gross installed capacity amounts to 342 MW. HPP Piva generated 665 GWh in 2019.

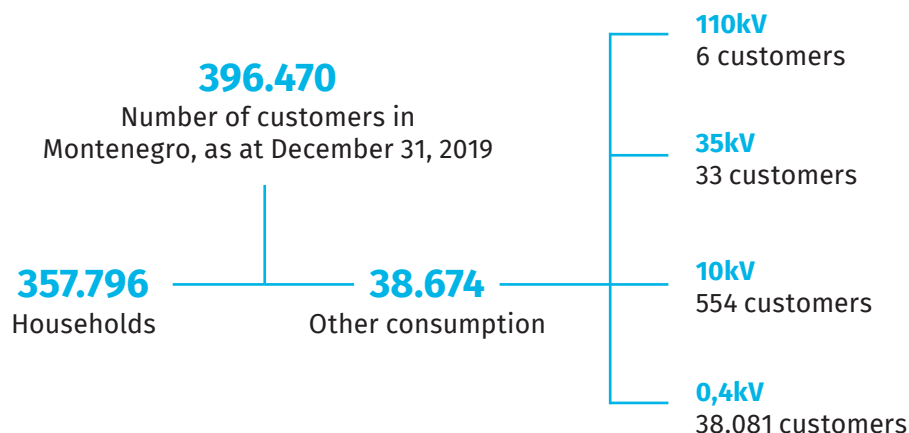


TPP „Pljevlja”

is the first condensation thermal power plant in Montenegro commenced in 1982. TPP is located at the 4th kilometre of Pljevlja – Đurđevića Tara – Žabljak road. TPP has been supplied by water, for cooling and other needs, from the reservoir Otilovići, located at Čehotina River and approximately 8 asphalted km away from the thermal power plant. The gross installed capacity of TPP Pljevlja amounts to 225 MW. TPP Pljevlja generated 1.390 GWh in 2019.

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Electricity supply



2021

The “Golden team” project

The Golden Team project started in August 2012, in order to increase the number of customers who regularly settle their obligations for consumed electricity. As a result of the project, the number of regular customers from the household categories is constantly increasing and on December 31, 2019 that number amounted to **204.817**, 9.966 more regarding the same period in the last year.

From the January 1, 2018 EPCG increased the percentage of discounts for members of the Golden Team to 13% on the price of active electricity, instead of the previous 10%. During the same period, discount of 3% on the price of active electricity for regular customers from the category of other distribution customers was introduced, except for small customers in accordance with Article 196 of the Energy Law. Within the project “Golden Team” during 2019, prize giveaway was realized named “The Golden Team, catch the beat”, with a prize pool totaling 74.671 €. All customers from the household category, who did not have any debts to the EPCG, as of January 31, 2019, had the right to participate in the prize competition, and in the following rounds all buyers from the “household” category who retained the status of “Golden Team” member.



PLAVI MODEL omogućava potrošnju 150 kWh električne energije u višoj (VT) i još toliko u nižoj tarifi (NT) po cijeni dva odsto nižoj od prethodne. Svaki potrošeni kilovat-sat preko navedene količine obračunavaće se po novoj cijeni. Članovi Zlatnog tima dodatno dobijaju 13 odsto popusta na aktivnu energiju tako da se račun dodatno umanjuje.

PLAVI MODEL

Ukupna potrošnja (kWh)	VT (kWh)	NT (kWh)	Obračun cjelokupnog računa (€)			
			Osnovni model	Plavi model	Crveni model	Zeleni model
200(kWh)	126	74	21,51	20,72	22,04	21,99
ZLATNI TIM	POPUST 13%		20,16	19,48	20,63	20,65
300(kWh)	150	150	29,90	28,81	31,94	30,62
ZLATNI TIM	POPUST 13%		28,04	27,10	29,82	28,77
400(kWh)	200	200	40,36	39,54	43,08	41,33
ZLATNI TIM	POPUST 13%		37,89	37,18	40,25	38,86
500(kWh)	250	250	50,83	50,27	54,23	52,04
ZLATNI TIM	POPUST 13%		47,74	47,25	50,69	48,95

Ilustracija potrošnje

CRVENI MODEL nudi istu, jedinstvenu cijenu energije 24 h, svakog dana u sedmici, bez podjele na višu i nižu tarifu. Ovaj model može biti interesantan kupcima koji dominantno električnu energiju troše u periodu više tarife tj. tokom dana. Članovi Zlatnog tima dodatno dobijaju 13 odsto popusta na aktivnu energiju.

CRVENI MODEL

Ukupna potrošnja (kWh)	VT (kWh)	NT (kWh)	Obračun cjelokupnog računa (€)			
			Osnovni model	Plavi model	Crveni model	Zeleni model
600(kWh)	432	168	66,03	65,97	65,92	67,48
ZLATNI TIM	POPUST 13%		61,78	61,72	61,68	63,23
600(kWh)	480	120	67,75	67,90	66,12	69,20
ZLATNI TIM	POPUST 13%		63,30	63,43	61,88	64,75
600(kWh)	540	60	69,91	70,41	66,37	71,36
ZLATNI TIM	POPUST 13%		65,20	65,65	62,13	66,66
600(kWh)	600	0	72,06	72,92	66,62	73,51
ZLATNI TIM	POPUST 13%		67,11	67,86	62,38	68,56

Ilustracija potrošnje

ZELENI MODEL podrazumijeva potrošnju energije isključivo iz obnovljivih, zelenih izvora energije po cijeni Osnovnog modela uz dodatnih 0,2 centa po kWh. Članovi Zlatnog tima dodatno dobijaju 13 odsto popusta na aktivnu energiju.

ZELENI MODEL

Ukupna potrošnja (kWh)	VT (kWh)	NT (kWh)	Obračun cjelokupnog računa (€)			
			Osnovni model	Plavi model	Crveni model	Zeleni model
300(kWh)	180	120	30,97	30,06	32,06	31,70
ZLATNI TIM	POPUST 13%		28,99	28,20	29,94	29,72
600(kWh)	360	240	63,45	63,26	65,62	64,90
ZLATNI TIM	POPUST 13%		59,49	59,33	61,38	60,94
900(kWh)	540	360	95,92	96,58	99,18	98,10
ZLATNI TIM	POPUST 13%		89,98	90,56	92,82	92,16
1200(kWh)	720	480	128,39	129,90	132,74	131,30
ZLATNI TIM	POPUST 13%		120,48	121,79	124,26	123,38

Ilustracija potrošnje

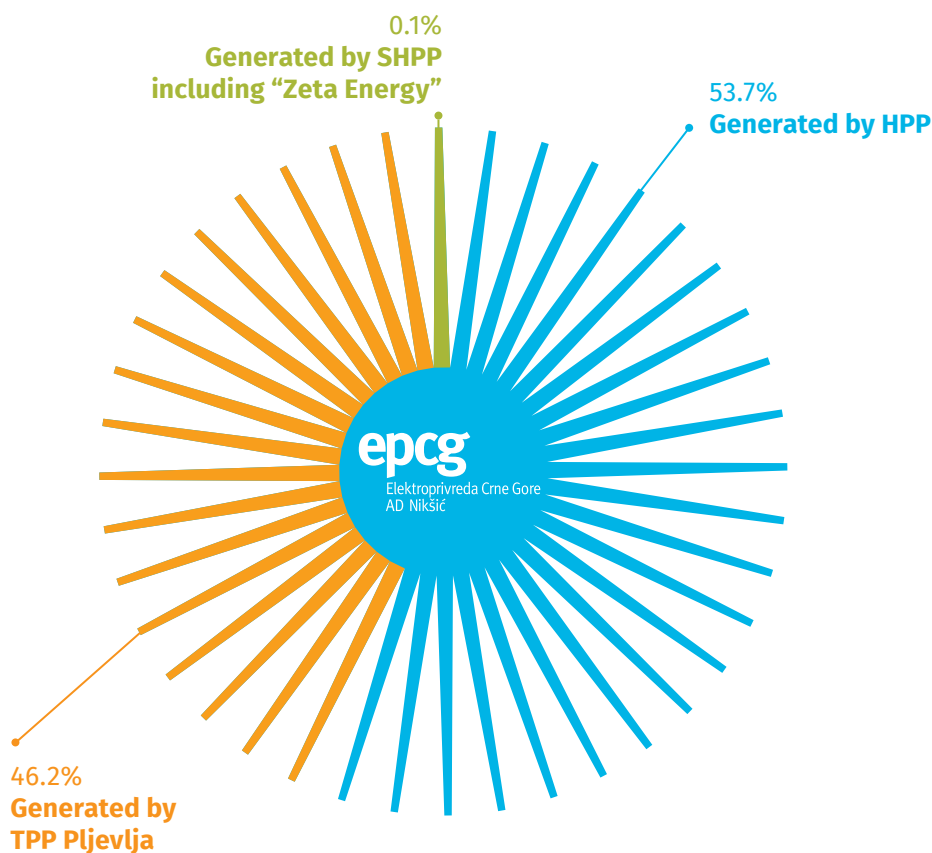
Pursuant to the initiative and decision enacted by Montenegro's Government on cancellation of OIE1 fee, EPCG, in its capacity of a supplier of end customers, has started applying tariff models since June 1 of 2019, in line with the Energy Law and the General Terms and Conditions of Electricity Supply.

EPCG's objective is to enhance and adjust its services to customers' needs; selection of one of the offered supply tariff models stimulates energy efficiency and reduces budget burden of customers, depending on the manner of consumption and affordability of tariff model. Once in a calendar year customers will be allowed to select the tariff model. Information about the tariff model that suits best customer's electricity consumption can be obtained at the counters of a local Supply Unit or via calling the Call Centre using the number 19100. Also, the calculator has already been installed at EPCG web portal, and households will soon receive the illustrative flyer containing all the relevant information about selection of the tariff model. As regards the customers who signed the contract on selection of the tariff model in April, implementation of such model has started on June 1.



Realisation of energy balance

Generation of electricity



951,97 GWh

Generated by HPP „Perućica“

+3,5% more than planned
-8,7% less than in 2018.

665,09 GWh

Generated by HPP „Piva“

-11,3% less than planned
-33,1% less than in 2018.

4,02 GWh.

Generated by SHPP owned by EPCG

Zeta Energy was under reconstruction, and in December, during the trial operation of the small hydro power plant "Slap Zete", it achieved a production of **0,16 GWh**.

1.390,12 GWh

Generated by TPP „Pljevlja“

+5,6% more than planned
-3,7% less than in 2018.

3.011,19 GWh

Total electricity generated in power plants of EPCG in 2019

255,6 GWh

Received from the privileged producers

423,76 GWh

The highest monthly generation was realized in **December**

80,7 GWh

The lowest monthly generation was realized in **April**

3.1.1 Reservoirs and inflows

At the beginning of the year, there were 125 GWh in the reservoirs of HPP “Perućica”, which is 17% less than the planned. Due to the extremely high rainfall in November, at the end of the year the reservoirs were full, at a maximum of 190 GWh. At the end of November and the beginning of December, Vrtac retention was also filled.

At HPP Piva, the accumulation position at the beginning of the year was 159 GWh, which was about 22% more than planned, and at the end of the year 254 GWh, or almost twice the planned amount. HPP Piva operated with average monthly elevations of 643.4 m a.s.l. in October (lowest), up to 673.9 m a.s.l. in June (highest), with an average annual elevation of 659.19 m a.s.l.. The average annual inflow was 59.4 m³/s, which is about 19% less than planned.

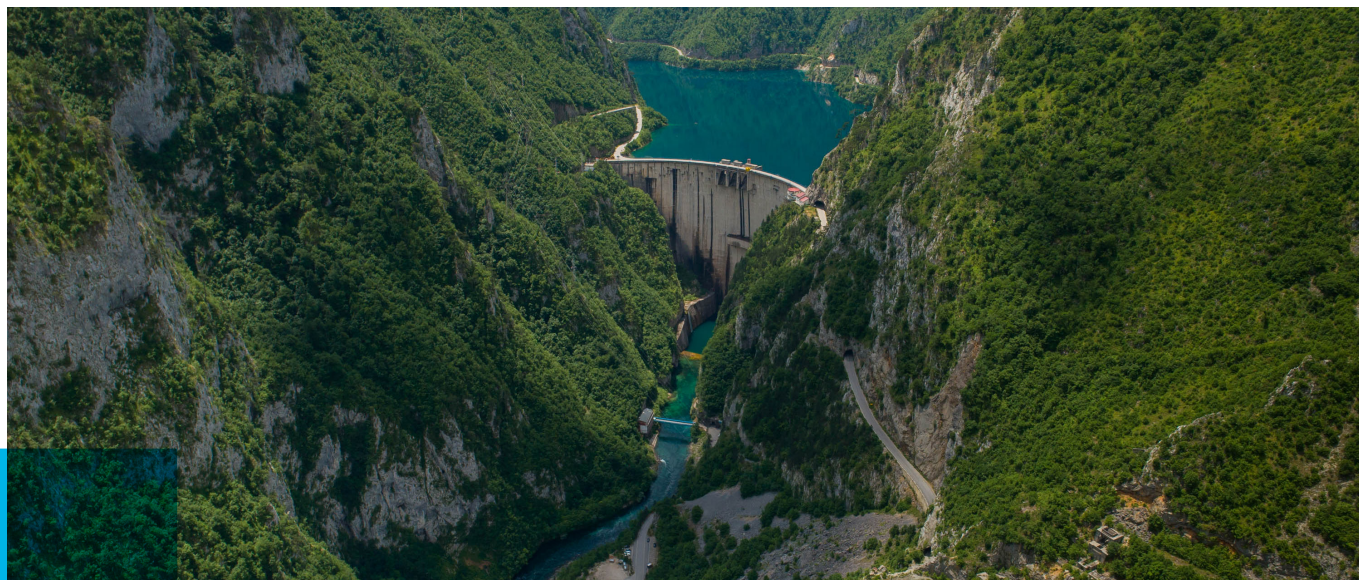


3.1.2 Operational readiness of the plants

Due to the planned overhaul and general stoppage of the plant's operation in 2019, HPP “Perućica” was out of operation in the period August 2 – August 29. Due to the shielding process, the aggregates were in a stagnation of about 10,2 hours, and due to breakdowns 236 hours, which had a slight impact on the reliability of the power plant. Due to extensive work on generators U3, U5 and U7, which lasted several months, the corresponding pipelines were also emptied, which made it impossible to use the generator U4 and U6 in one period.

In 2019, due to the annual overhaul, HPP Piva was in total suspension for 62 days - from September 10 to November 11, which is more than the planned time (according to the Balance Sheet) for 16 days. The overhaul of U2 generator began on April 15 and has not been completed by the end of 2019.

TPP Pljevlja was out of operation due to extension of the annual overhaul by 1.542 h, and 490 h due to outages and failures.



Individually, the power plants have achieved the following coefficients of availability and reliability:

HPP „Perućica”

80,4%

Availability coefficients

99,5%

Reliability coefficient

HPP „Piva”

65,3%

Availability coefficients

99,8%

Reliability coefficient

TPP „Pljevlja”

76%

Availability coefficients

93,2%

Reliability coefficient

Table no 2: Coefficients of availability and reliability of plants in 2019

Electricity consumption by EPCG customers

2.341,31 GWh

The overall 2019 electricity consumption by distribution customers

100% of the plan
102% of the 2018 consumption

Customers - 110kV

635 GWh

Customers - 35, 10 i 0.4 kV

2,341.3 GWh

CEDIS losses

363.08 GWh

CGES losses

129.8 GWh

The highest monthly delivery of EPCG to customers
352.6 GWh / AVGUST

The lowest monthly delivery of EPCG to customers
249.1 GWh / MAJ



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Tabular overview of actual values of EPCG electricity balance

Table no. 3: Overview of actual values of EPCG 2019 Electricity Balance

Realisation of electricity balance (GWh)	Actual 2019	Plan 2019	Actual / plan	Actual 2018	2019/ 2018
1. GENERATION	3.266,8	3.317,8	98%	3.677,5	89%
1.1. EPCG plants` generation	3.011,2	2.991	101%	3.484,2	86%
1.1.1. HPP`s generation	1.621,1	1.674	97%	2.040,5	79%
- HPP "Perućica"	952	920	103%	1.042,3	91%
- HPP "Piva"	665,1	750	89%	993,9	67%
- EPCG's sHPPS	4	4	100%	4,3	93%
1.1.2. TPP "Pljevlja" Generation	1.390,1	1.317	106%	1.443,7	96%
1.2. Buyout of generation	255,6	326,8	78%	193,3	132%
1.2.1. From sHPP "Zeta Energy"	0,2	10,6	2%	13	1%
1.2.2. Portion of feed-in renewable sources	253,6	316,2	80%	179,8	141%
1.2.3. From new sources at testing phase	1,9	0,0	-	0,5	413%
2. PROCUREMENT	1.195,5	397,5	301%	801,8	149%
2.1. Purchase on electricity market	1.139,5	389	293%	744,3	153%
2.2. ERS according to DPTS contract	6,5	8,5	76%	8,1	80%
2.3. CGES –tertiary and secondary regulation	30,1			42,4	71%
2.4. CGES – compensation programmes	12,5	0	0%	10,6	118%
2.5. CEDIS - imbalance	7	0		-3,6	-198%
3. AVAILABLE FOR SALE (1+2)	4.462,3	3.715,3	120%	4.479,3	100%
4. SALES	4.462,3	3.715,3	120%	4.479,3	100%
4.1. Sales on electricity market	880,8	669,9	131%	946,2	93%
4.2. ERS according to DPTS contract	7,2	8,5	84%	7,5	95%
4.3. CGES –tertiary and secondary regulation	33,8	0	0%	14,9	227%
4.4. CGES – compensation programmes	21,1	0	0%	20,6	103%
4.5. Uniprom	560,6	613,2	91%	604,4	93%
4.6. CEDIS – for losses*	363,1	0	0%	368	99%
4.7. CGES – for losses	129,8	0	0%	134,8	0%
4.8. Other	50,2	0		8,3	
4.8. Sales to Customers of FU Supply	2.415,7	2.423,7	100%	2.374,6	102%
4.8.1. Customers at 110 kV	74,4	83,1	89%	80,6	92%
- Steelworks	34,6	43,2	80%	38,6	90%
- Railway infrastructure	20,7	21,9	95%	19	109%
- TPP Pljevlja selfconsumption	9,2	8,5	108%	8,4	109%
- Other clients at 110	9,9	9,5	104%	14,6	68%
4.8.2. Customers at 35, 10 and 0,4 kV	2.341,3	2.340,6	100%	2.294	102%

*Delivery on schedule (basic contract)

4 Collection of accounts receivable for delivered electricity

The total of € 259.847.961,61 was collected out of the total sales invoiced by the supplier in 2019 and outstanding accounts receivable from previous years, 100,16% collection rate relative to the total gross sales in 2019. 3.781.700,50 € were collected from direct customers and 82,06% rate of collection, and 256.066.261,11 € from distribution customers and 100,49% rate of collection.

321.993.511€

The total operating revenues
from sale in 2019

259.424.722,47€

The total gross sales invoiced by the supplier
(VAT inclusive) for direct and distribution
customers in 2019

4.608.710,77€

Direct customers

254.816.011,70€

Distribution customers

5 Personnel policy

403

FU Generation

199

FU Supply

374

Head Office

976

Total number of
employees

Continuous investment into human resources development EPCG aims at ensuring readiness of employees to meet day-to-day operating challenges, at the same time giving their contribution to improve it.

In 2019, the Company paid particular attention to training and education of employees as well as to purchase of professional literature and payment of membership fees of employees within professional organizations.



6 Occupational health and safety and environmental protection

All the activities pertaining to occupational health and safety, protection and rescue and environmental protection are carried out depending on requirements arising from the Law on Occupational Health and Safety, Law on Rescue and Protection, Law on Environment, by-laws pertaining to this area and other relevant regulations in Montenegro and internal company acts regulating these areas.

6.1 Occupational health and safety

During 2019, the following was done in the area of development of regulations and systemic documents of the Company:

The drafting of the Act on the Risk Assessment for Jobs in EPCG's Head office and FU Supply has been completed. The act covers 426 jobs with 678 employees. Due to the amendments to the Rulebook on Job Classification of EPCG AD, the above data will eventually be significantly changed, which will be done through revision of the Act. Risk assessment acts, inter alia, most importantly identifying all hazards and harms present in the EPCG work environment, defining the levels of risk to the safety and health of employees at all workplaces in the EPCG from identified hazards and harms, and finally defining plans of measures to prevent, eliminate and reduce the level of risk to a minimum.



In the last quarter of 2019, activities were undertaken to revise (innovate) the following internal acts in the field of EPAW:

- Rules on Employee Protection at Work
- Instructions for safe operation in power facilities
- Norms of personal and collective occupational safety and health assets and equipment

As part of the implementation of the Integrated Management System (IMS) Implementation Project in EPCG in accordance with the standards ISO 9001, ISO 14001 and ISO 45001, EPAW experts and protection and rescue experts from all organizational parts were actively involved in the development of documented information (procedures) that describe the basic processes that take place in the EPAW and the area of protection and rescue in cases where protection and rescue is directly related to occupational health and safety. In the mentioned activities, the subject of elaboration was eight procedures, the production of which proceeded according to the projected dynamics and they were completed and entered into force in the first half of 2019.

Regarding the area of protection and rescue, we emphasize that in 2018, INZA - Institute for Risk Management and Scientific Research LLC Podgorica, in accordance with the Law on Protection and Rescue, developed 347 plans for protection and rescue for the needs of EPCG AD. In June 2019, the Emergency Directorate approved a total of 20 protection and rescue plans, which means that the EPCG is obliged to implement them. The 14 pro-

tection and rescue plans were not approved, as the approval is not in their jurisdiction but in the competence of other MIA or other state bodies.

During 2019, in accordance with the provisions of the normative acts (external and internal), employees were trained for safe work. Training and assessment of competencies were carried out by experts in the field of EPAW from the staff of EPCG, according to the 2012 Training Program, based on the Authorization granted to EPCG by the Ministry of Labor and Social Welfare of Montenegro, issued March 16, 2017. The total number of EPCG employees trained in safe work during 2019 is 288.

Health checks are organized in accordance with the Risk Assessment Act (for parts for which there is an Act, or for power plants), while for other organizational units, health checks are organized and conducted for employees assigned to workplaces with special working conditions in accordance with By systematizing jobs. Periodic health check-ups are organized once a year. Prior medical examinations as well as extraordinary specialist examinations are performed as needed.

The total number of EPCG employees who completed a health check during 2019

16 Previous check-up **440** Periodic check-up **10** Sanitary check-up

In the course of 2019, in accordance with the Law on Occupational Health and Safety, standards, technical regulations, instructions of the manufacturer, the provisions of the Ordinance on periodic examinations and examinations of means of work and internal acts of the Company, an examination of the means of work was carried out to determine whether they were applied to the necessary measures for safe and secure operation.

In February 2019, a test was conducted on winter working conditions for the OU Directorate and FU Supply.

During 2019, there were 14 occupational injuries in the EPCG.

6.2 Environmental protection

In order to protect the environment, EPCG has continuously invested into development and modernization of equipment so as to contribute to reduction in emission of damaging particles, adequate treatment of waste and waste water as well as to rehabilitation of soil.



During 2019, in the area of development of regulations and systemic acts of the Company, the following was done:

- Six environmental procedures have been developed and adopted during 2019,
- Waste management plan for the period 2019-2022,
- An annual environmental monitoring plan was developed,
- An action plan for the environmental protection program has been developed,
- An environmental monitoring report was prepared,
- A baseline study of the Pljevlja thermal power plant was made with a detailed study of the impact on the aquatic environment, the status of the river ecosystem, ambient air quality, emissions from stationary sources and the content of hazardous and harmful substances in the soil, characterization of waste and proposal of measures for each of the identified risks in for the purpose of correcting the condition and restoring it to its natural balance,
- An action plan based on the measures given in the base study of TPP Pljevlja was developed.

In the course of 2019, cooperation with state institutions continued through the provision of requested data. Also, from other activities that have been done, should be emphasized the participation in the development of the plan for the period 2020-2024, visiting plants in accordance with the Procedure for internal control and supervision in the field of environmental protection, it is done the transfer of waste from all parts of the Company, etc...

7 Risk management

The Company works continuously in order to make improvement in the area of risk management, so as to ensure additional guarantees to reach strategic and operating objectives via timely identification and prevention of risks, definition of effective measures and ensuring maximum efficiency in the area of risk management. It is underway, since March of 2018 implementation of the Project of Integrated Quality Management System (IMS), which will cover all strategic and operational risks within the company.

7.1 Objectives and methods in financial risk management

Business operations of the Company have been exposed to various financial risks such as: market risk (it includes currency risk, interest rate risk, cash flow risk and cost risk), liquidity risk, cash flow risk and cost risk. Risk management in the Company has been aimed at reducing to the minimum all the potential negative impacts onto financial operations of the Company, under circumstances of unforeseeable financial markets.



7.2

Information about exposure to cost risks, credit risks, liquidity risks and cash flow risks

The Company has been exposed to the risk of change of electricity cost both at the local and foreign market, i.e. exchange. Given that EPCG is active participant at the regional electricity market in its capacity of both the buyer and the seller, cost changes may significantly impact ongoing business operations. Portion of these risks is eliminated through conclusion of long-term agreements on electricity trading. New legal regulations imply that, since January 1, 2017, electricity cost for distribution customers is created based on the market cost taken from the referential market, at certain limitations. Taking into account the electricity price on the reference market which is higher compared to the one from the last year, at the moment there is no any risk of electricity price reduction for distribution customers in the year of 2020.

Given that certain loan arrangements of EPCG are related to variable interest rate and EURIBOR, there is a certain interest rate risk in terms of debt with banks and other financial institutions. The Company has performed analysis of the exposure to risk from change of interest rates on a dynamic basis taking into consideration alternative sources of financing and refinancing, primarily for long-term obligations, and it undertakes relevant measures in order to obtain loan from banks under favourable conditions. EPCG has not been exposed to interest rate risk in terms of placement of cash resources having in mind that contracts define fixed interest rates.

Credit risks occurs with cash and cash equivalents, deposits placed with banks and financial institutions, receivables from legal and physical entities, including outstanding receivables and obligations undertaken. In order to ensure collection of receivables, EPCG has continuously applied coercive measures of collection. Also, by organization of prize contests and stimulation of regular payers via discount policy the Company tries to impact improvement in collection of receivables by application of positive measures.

Careful liquidity risk management implies maintenance of sufficient cash amount and securities that are being traded, as well as adequate sources of financing through relevant amounts of loan obligations. Projection of total cash flows is done at the level of the Company which continuously follows liquidity so as to ensure sufficient cash for the needs of business operations.

7.3

Objectives and policies while managing financial risks, operating risks and uncertainties

Risk management is the responsibility of the Company's management. Work is ongoing on creating and improving a risk register, which will greatly help reduce business uncertainty.

8 Corporate philanthropy and sponsorship

As part of its public relations EPCG has been implementing sponsorships and donations (corporate philanthropy), in order to contribute to improvement of citizens' living quality, both at the national as well as at the local level. As far as activities implemented in this area are concerned, EPCG received the two renowned awards: special recognition within the award for philanthropy 'Iskra', aimed at acknowledging and public emphasis put on business entities and individuals who represent an example to others by their material and financial support, and who set standards that should be achieved when it comes to investment in general welfare as well as the award for corporate responsibility of the Chamber of Commerce of Montenegro. NGO 'Ozon' awarded EPCG with the 'Green star'.

8.1 Corporate philanthropy

Important donations were implemented during 2019, most important among them are the following:



Textbooks for pupils

EPCG, in cooperation with the Municipality of Pljevlja, donated the purchase of textbooks for students of the first grade of primary schools from the territory of the Municipality of Pljevlja. In the municipality of Pljevlja, 202 first graders were enrolled this year, and EPCG allocated € 7.000 for the purchase of textbooks.



Medical devices purchase

EPCG supported the socially responsible initiative of the Chamber of Commerce of Montenegro and, with 20.000 €, participated, together with other Chamber of Commerce partners, in a project to raise funds for the purchase of medical devices at the Clinical Center in Podgorica.



City Hall renovation

EPCG donated 17.000 € for the renovation of the City Hall in Niksic, where the children's library started operating.

EPCG, CGES, RUP & KBC signed a 300.000€ agreement

EPCG, Montenegrin Power Distribution System, the Coal Mine Pljevlja and the Clinical Center of Montenegro have signed a four-year Project Financing Agreement at the largest Montenegrin health institution with the worth of 300.000 €.

Donation to PHI Dom zdravlja Nikšić

To the Public Health Center Niksic there has been donated 19.500 € for medical devices.



Scholarships for the ETF students

On the occasion of the 58th anniversary of the founding of the Faculty of Electrical Engineering, EPCG awarded three scholarships in the amount of 500 Euros to students who, after completing their basic studies, had the highest marks average, and also financed the tuition of masters studies by one of the associates in the teaching of the Faculty of Electrical Engineering, as well as tuition for one each masters students who have achieved the best grade point average during elementary and specialist studies, and who have completed master's degrees in the 2019/2020 academic year.

Donation to PHI Special Hospital for Pulmonary diseases "Dr Jovan Bulajić"

PHI Special Hospital for Pulmonary Diseases "Dr Jovan Bulajic" there has been donated 12.000 € for the purchase of 25 air conditioners

Voluntary Blood Donors Club

Traditionally, EPCG is a sponsor of EPCG Voluntary Blood Donors Club, one of the best and most active clubs in Montenegro.



Basketball camp for the abandoned children of Children's Home in Bijela

EPCG has traditionally enabled twelve children of the Abandoned Children's Home in Bijela to participate in a basketball camp in Kolasin, organized by our celebrated basketball players Savo Đikanovic and Vlado Šćepanovic.

Donation to PHI Dom zdravlja Pljevlja

To the Public Health Center Pljevljathere has been donated 21.400 € for the purchase of an ultrasound machine.

18.000€ to GH Bijelo Polje

PHI General hospital Bijelo Polje there has been donated 18.000 € to purchase rotary tissue processor



EPCG donated vehicles

In 2019, EPCG donated vehicles to "Rade Perovic" Elementary School in Velimlje, a Renault Master bus to "POLET – Stars" Football Club in Niksic and a Opel Astra car to the Blood Transfusion Unit in Niksic. IT equipment was donated by EPCG to "Ratko Žarić" Primary School, "Luka Simonović" Primary School and "Dobrislav Đedo Perunović" Primary School.



Taking part in TV show DNEVNICA

Also, through smaller funds and projects in 2019, our company participated in many activities and supported projects such as DNEVNICA -TV Vijesti program (1.000 € for the purchase of food for seven most vulnerable families from Podgorica), the reconstruction of the courtyard of "Njegoš" Primary School in Cetinje, "Vladimir Knezevic Volodja" Cultural Artistic Association from Pljevlja, NGO Greens of Montenegro, NGO Association of Young People with Disabilities, Foundation for the Construction of Monuments of Princess Jelena, Red Cross of Montenegro and many others.

Through effective PR and marketing tools, sponsorships in the fields of sports, culture and film, as well as socially responsible activities, we contribute significantly to the strengthening of the image of our company.

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Sponsorships

During the year of 2019, EPCG sponsored many sports and cultural events. According to our intention to focus on national sports associations, the two strategic sponsorships were established, Water Polo and Swimming Association of Montenegro and Basketball Association of Montenegro, and support was given to the Volleyball Federation of Montenegro as well as the Handball Federation of Montenegro. EPCG is also the sponsor of the Student Sports Union of Montenegro as the main institution of student sport in the country. Also, in order to contribute to development of sport at the local level, EPCG sponsored basketball and football club Sutjeska as well as to the chess club Elektroprivreda, Handball Club Lovcen, Lovcen Athletic Club, sport fishing club, sports alpine club MAK.

In the culture field, we supported two important music festivals in Nikšić – Lake Fest and Bedem Fest, as well as music festivals Southern Soul in Ulcinj and City Groove in Podgorica, and the green Party Bus Festival held in Niksic, Podgorica and Pluzine. We also provided support to the unique International festival of puppetry in Podgorica as well as the Alternative Theater Festival, and also the Capital's cultural and artistic programs.



9 Capital investments

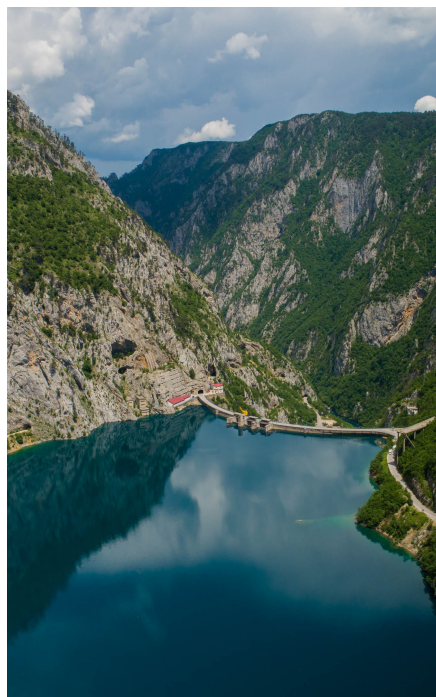
In 2019, the total capital investment into EPCG amounted to 9,349,721.20 €. Most of the investments were related to modernization and new projects in the amount of 4,785,410.31 €, while 3,431,113.43 € was spent on FU Production projects.

Below is the tabular review of capital investment of EPCG per Company Units.

OVERVIEW OF CAPITAL INVESTMENTS INTO EPCG (€)			
Part of EPCG	2019	2018	Δ (2019-2018)
DEVELOPMENT & ENGINEERING	4.785.410,31	11.767.572,07	(6.982.161,76)
HPP Perućica	1.670.745,20	415.566,55	1.255.178,65
HPP Piva	866.437,77	786.301,90	80.135,87
TPP Pljevlja	893.798,46	668.192,77	225.605,69
Directorate FU Generation	132	2.925,40	(2.793,40)
FU Generation	3.431.113,43	1.872.986,62	1.558.126,81
FU Supply	507.512,33	313.608,12	193.904,21
Head Office	625.685,13	367.019,16	258.665,97
TOTAL	9.349.721,20	14.321.185,97	(4.971.464,77)

Table no. 6: Overview of capital investments into EPCG (€)

Most important investment in 2019 that have been implemented entirely or partly:



Reconstruction and modernization of HPP "Piva" - Phase II



Modernization of HPP "Perucica" - Phase II



Continued use and phase reclamation of the "Maljevac" landfill

10 Financial reports and analysis of balance sheet and income statement

323.604.742€

The overall 2019 operating income in 2019.
(+19.748.828€ more than in 2018.)

28.348.159€

The actual 2019 net result of the Company in 2019
(44.076.758€ Realised in 2018)

Realized profit in 2019 was lower than the previous year primarily due to lower production of hydroelectric power plants due to unfavorable hydrology compared to 2018, which resulted in higher costs of electricity imports.

Income Statement

Table no. 7: Income statement for 2019

EPCG INCOME STATEMENT FOR 2019		
	2019.	2018.
I OPERATING INCOME	323.604.742	303.855.914
1. Revenues from sales	321.993.511	302.672.463
2. Income from the use of own products, services and goods	-	-
3. Increase in inventory value of work in progress and finished products	-	-
4. Smanjenje vrijednosti zaliha učinaka	-	-
5. Ostali poslovni prihodi	1.611.231	1.183.451
II OPERATING EXPENSES	301.447.807	272.813.315
1. Cost of goods sold	89.507.312	58.182.826
2. Cost of material	43.212.322	41.709.681
3. Wages, salaries and other employee benefits expenses	20.788.042	20.833.751
4. Cost of depreciation, amortization and provisions	21.738.302	30.091.999
5. Ostali poslovni rashodi	126.201.829	121.995.058
A. OPERATING RESULT	22.156.935	31.042.599
I FINANCIAL REVENUES	6.236.839	5.607.642
II FINANCIAL EXPENSES	1.480.555	1.683.834
B. FINANCIAL RESULT	4.756.284	3.923.808
I OTHER REVENUES	7.420.920	16.849.739
II OTHER EXPENSES	3.574.312	7.239.228
C. RESULT FROM OTHER ACTIVITIES	3.846.608	9.610.511
D. RESULT FROM OPERATING ACTIVITIES BEFORE TAX	30.759.827	44.576.918
E. NET PROFIT / LOSS OF DISCONTINUED BUSINESS OPERATIONS	-	-
F. RESULT BEFORE TAX	30.759.827	44.576.918
H. INCOME TAX EXPENSE	2.411.668	500.160
1. Current income tax expense	3.516.795	3.724.738
2. Deferred tax income/expense	(1.105.127)	(3.224.578)
I. NET RESULT	28.348.159	44.076.758
J. EARNINGS PER SHARE	0,2400	(0,3359)
1. Basic earnings per share	0,2400	(0,3359)
NUMBER OF SHARES	118.132.402	131.229.055

Balance Sheet

Assets overview

Table no. 8: Balance Sheet as of December 31, 2019 – assets overview

BALANCE SHEET AS OF DECEMBER 31, 2019 - ASSETS OVERVIEW		
	31.12.2019.	31.12.2018.
A. SUBSCRIBED CAPITAL, UNPAID	3.287	3.287
B. NON-CURRENT ASSETS	941.918.250	984.814.914
I GOODWILL	-	-
II INTANGIBLES	746.281	1.128.379
III PROPERTY, PLANT, EQUIPMENT AND NATURAL ASSETS	574.703.135	586.816.242
1. Property, plant, equipment	574.703.135	586.816.242
2. Investment property	-	-
3. Natural assets	-	-
IV LONG-TERM FINANCIAL INVESTMENTS	366.468.834	396.870.293
1. Investments in capital	326.262.941	324.001.864
2. Investments in capital valued by investments method	-	-
3. Other long-term financial investments	40.205.893	72.868.429
C. DEFERRED TAX ASSETS	89.908	174.202
D. NON-CURRENT ASSETS INTENDED FOR SALE AND ASSETS FROM DISCONTINUED OPERATIONS	1.097.424	1.489.225
E. CURRENT ASSETS	126.128.189	146.614.557
I INVENTORIES	6.218.888	6.580.614
II SHORT-TERM RECEIVABLES, INVESTMENTS AND CASH	119.909.301	140.033.943
1. Receivables	86.009.546	78.118.867
2. Receivables from overpaid income tax	-	-
3. Short-term financial investments	26.232.034	45.036.284
4. Cash and cash equivalents	4.497.961	15.157.618
5. VAT and accruals	3.169.760	1.721.174
F. TOTAL ASSETS	1.069.237.058	1.133.096.185

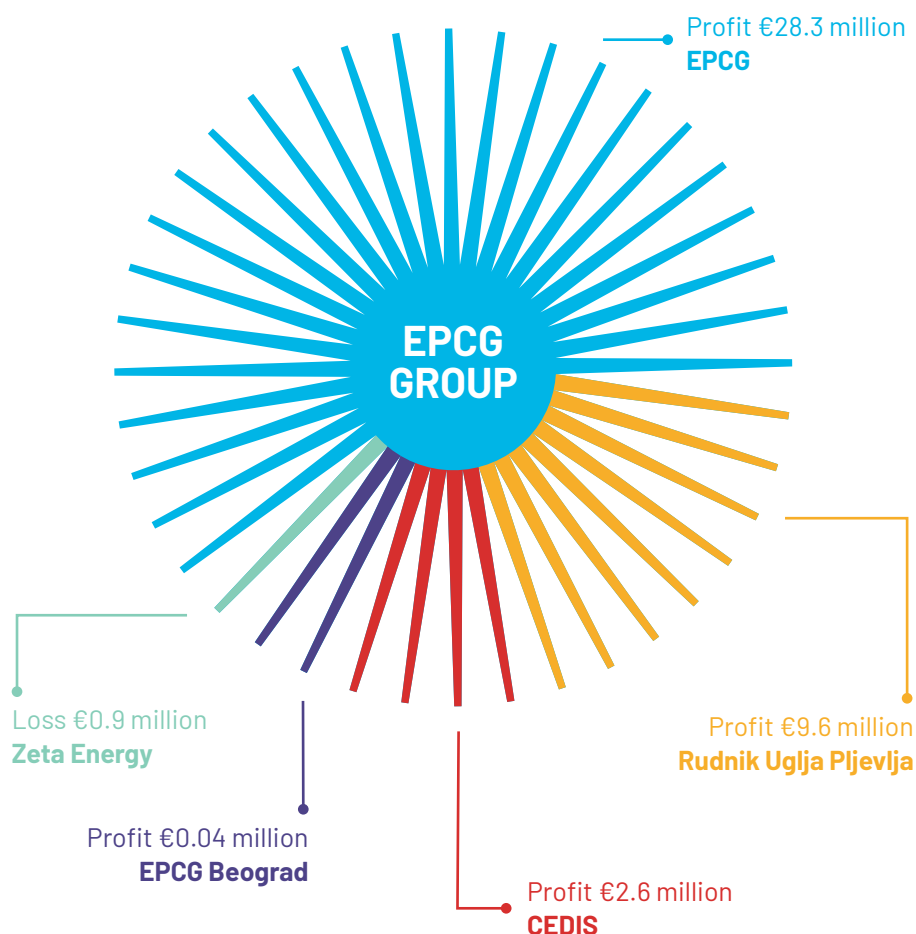
Liabilities overview

Table no. 9: Balance sheet as of December 31, 2019 – liabilities overview

BALANCE SHEET AS OF DECEMBER 31, 2019 - LIABILITIES OVERVIEW		
	31.12.2019.	31.12.2018.
A. CAPITAL	912.407.843	975.233.951
I BASIC CAPITAL	769.927.930	855.285.366
II SUBSCRIBED CAPITAL, UNPAID	-	-
III RESERVES	57.447.624	33.308.005
IV POSITIVE EFFECTS OF RESTATEMENT OF CAPITAL AND UNREALIZED PROFITS FROM FINANCIAL RESOURCES	120.849.110	123.404.761
V NEGATIVE EFFECTS OF RESTATEMENTS OF CAPITAL AND UNREALIZED LOSSES FROM FINANCIAL RESOURCES AVAILABLE FOR SALE	(8.826)	(8.826)
VI RETAINED PROFIT	41.184.784	48.602.081
VII LOSS	-	-
VIII OWN SHARES PURCHASED	(76.992.779)	(85.357.436)
B. LONG-TERM PROVISIONS AND LIABILITIES	61.920.307	73.559.706
I LONG-TERM PROVISIONS	26.736.337	28.027.576
II LONG-TERM LIABILITIES	35.183.970	45.532.131
1. Long-term loans	35.183.970	45.532.131
2. Other long-term liabilities	-	-
C. DEFERRED TAX LIABILITIES	32.034.475	33.223.896
D. SHORT-TERM PROVISIONS AND LIABILITIES	62.874.433	51.078.631
I SHORT-TERM LIABILITIES	62.874.433	51.078.631
1. Short-term financial liabilities	10.463.839	13.089.268
2. Liabilities from both assets held for sale and discontinued operations	-	-
3. Liabilities from business operations	40.655.176	25.913.969
4. Other short-term liabilities and PAI	10.043.342	10.518.549
5. Liabilities for VAT and other public revenues	1.295.281	477.039
6. Liabilities for income tax	416.795	1.079.806
II SHORT-TERM PROVISIONS	-	-
F. TOTAL LIABILITIES	1.069.237.058	1.133.096.185

Last year will be remembered as one of more successful business years for energy undertakings operating within the so-called EPCG Group: EPCG, CEDIS (Montenegrin Electricity Distribution System), RUP (Pljevlja Coal Mine), Zeta Energy and EPCG Beograd. Profit made by these companies, as well as good dynamics of implementing investment plans refers to realistically expect stable and reliable operation of the Montenegrin energy system in years to come. This has also been guaranteed by development strategies, ambitiously set by all the undertakings operating in the energy sector, fundamentally aimed at providing necessary conditions to continue safe supplying of electricity customers in our country at all voltage levels.

€38.9 million net profit by the EPCG Group



11 Awards

Extraordinary production and financial results of Elektroprivreda Crna Gora in 2019 have been also recognized by the “100 najvećih u Crnoj Gori” project. In 2019, in the category of big companies, we are the highest ranked company leading by revenues and net profit which once again confirms that by responsible and economically sustainable business operating we are contributing to the development of the industry and Montenegrin society in a wholesome and transparent manner.



12 Further Development

EPCG Investment Plan for 2020 amounts to
51 million euros

and it is primarily consisted of the projects implemented by FU Generation and the Directorate for Development and Engineering.

The primary goals that the Company will base on in the coming period are
**the Ecological Reconstruction of TPP Pljevlja - Block I
and the continuation of the reconstruction and
modernization of the existing power plants
(HPP "Piva" and HPP "Perucica")**

which will extend their working life and considering investment opportunities into new sources of energy, all with the aim of ensuring the energy stability of Montenegro.

In 2020, it is planned to start the implementation of the construction projects of
SPP Briska Gora and Gvozd Wind Power Plant

which will complete EPCG electricity generation portfolio and contribute to a significant increase in renewable energy production.

Also

**a phase reclamation of the "Maljevac" landfill for the
needs of TPP "Pljevlja" is planned**

which would contribute to the continued use of the landfill in accordance with legal regulations and industry standards.

Within HPP "Piva"

a major overhaul of U2 and U3 generators is planned

after a successful overhaul of U1 units. They will enable reliable production of electricity at HPP "Piva" in the coming years.





Good energy