



**INVEST**  
**INCROATIA**



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IN CROATIA**

Agency for Investments  
and Competitiveness

# Investment possibilities



Thermal Power Plant Osijek



LNG Croatia project



Petrokemija Kutina

Industry sectors and subsectors for  
possible investments



New legal framework for exploitation  
and production of hydrocarbons





### Project overview

#### Project owner

- HEP Proizvodnja d.o.o. (part of HEP group)

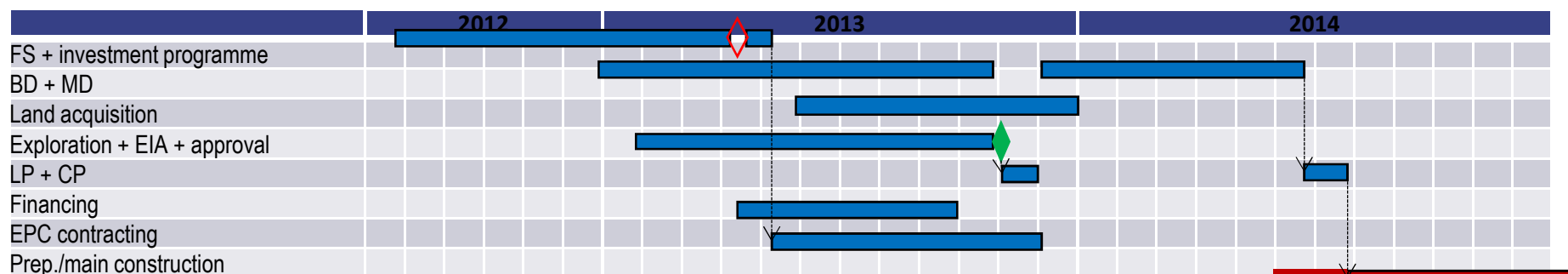
#### Key data

- Installed capacity
  - Electrical: 500 MW
  - Thermal: 160 MW
- Anticipated annual production 3.600 GWh
- Construction planned to start Q4/2014
- Commissioning planned for 02/2017

### Status and outlook

- **A tender prepared for consultant for EPC contracting (tender for consultants 11/12)**
- Combined-cycle cogeneration gas unit to replace old CCCGT
- In Slavonia missing approximately 400 MW of capacity.
- Documentation package (BD, FS, EIA) contracted with IGH + APA + EF Osijek. BD by 10/13, EIA by 10/13. By 04/13 tender for the EPC contractor
- FS until 05/13
- Purchase of land in progress
- Good infrastructure at the site, the possibility of cogeneration for district heating, and lack of capacity in Slavonia, considering the possibility to move this project in A-project list
- **Decision to be made on financing and the business model**

### Implementation plan



LP – Location permit; CP – construction permit; BD – basic design; MD – main design; FS – feasibility study

**Total investment: 450 mil. EUR**  
**Implementation schedule: ongoing preparations, commissioning by early 2017**

## LNG Croatia project (1/2)



### Project overview

#### Basic data

- Planned capacity: 4 – 6 bcm/year
- Supply ship size: 75.000 – 265.000 m<sup>3</sup> (Qmax LNG tankers)
- Expected **start of construction: 2014.**
- Total consumption of target markets:  
**140 bcm/year**

### Status and outlook

#### Project status

- Currently Ministry of Economy is negotiating gas sales agreements with big consumers in SEE countries

#### Business case

- Creation of a regional gas market (special focus on SEE countries)
- Diversification of supply routes and sources
- Increasing security of supply
- Provision of LNG terminal services (storage, gasification)

#### Next Step

- In 2014 Investors will be invited to equity/debt



**Total investment: 750 mil. EUR**  
**Tender for investors: expected Q4 / 2013**



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## LNG Croatia project (2/2)



### Development schedule

Document	Deadline
Framework solution	12/2012
Market analysis	12/2012
Feasibility study	08/2013
Business model	08/2013
Environmental impact study	07/2013
Conceptual design	08/2013

### Implementation plan

- Onshore terminal is planned and option of constructing an offshore terminal is being considered)

Activity	Delivery	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	
Conceptual Solution	12/12	◆									
Market analysis	12/12	◆									
Feasibility study	08/13	◆									
Business model	08/13	◆									
Environmental impact study	07/13	◆									
Conceptual design	08/13	◆									
Location permit	09/13						◆				
Land and sea rights	10/13							◆			





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## Petrokemija Plc., Kutina Fertilizer Company



**Petrokemija Plc.** is the leader in fertilizer market in Croatia and a significant player in the regional market which exports products to most of the world. Total revenue in 2012 was over **500 million USD**. **Production capacity is 1,350,000 tone/year of final products, with potential to increase quantities. Production - semi final and final products: Ammonia (450,000 t/y), Nitric Acid (415,000 t/y), Sulphuric Acid, Urea (400,000 t/y), KAN/AN (350,000 t/y), NPK (600,000 t/y).**



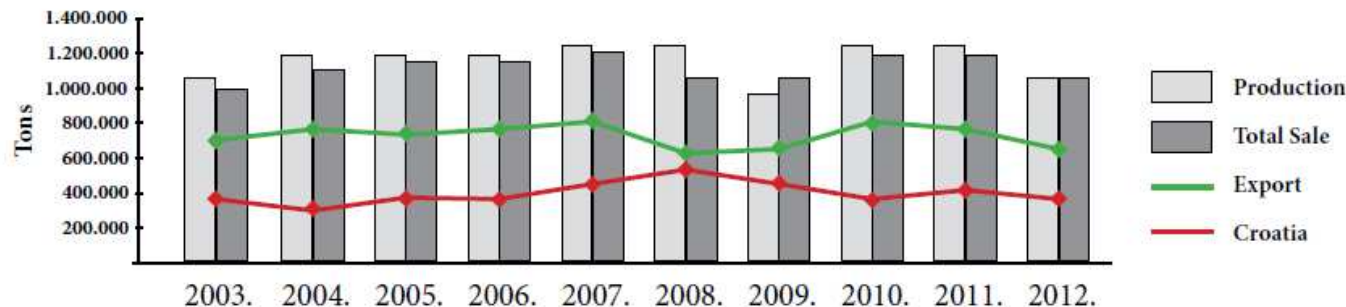
### TRANSACTION STRUCTURE

The main goal of the transaction is selection of a strategic partner who would participate in modernization of existing or construction of new capacities and improvement of commercial operations.

In order to prepare the Company for the transaction and to insure a competitive process, Petrokemija Plc. has initiated the selection of a financial advisor in September 2013. The Transaction currently envisages many options and shall be open to all strategic investors who are adequately positioned to further exploit growth potential of the Company. The process will include sale of the part of the existing shares of the Company and capital increase through issuing new

### SHORT MARKET ANALYSIS

The Croatian market and market of neighbouring countries are very important consumers of fertilizers. Large uncultivated land and low fertilization represent great potential to increase sales in the region. The emphasis in sale will continue to be on the domestic and neighbouring markets, where Petrokemija Plc. is traditionally present, but strong sales activity will be continued on the global market, too. Assessment of long-term business prospects in the following years is aggravated by fluctuation in global flows and unstable parity of energy, fertilizers and food prices in world markets. A key success factor is the correlation between the purchase gas price and sales prices of nitrogen fertilizers.





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**Industry sectors and subsectors for  
possible investments**



### **Production of finished metal products**

- experienced human resources capacity with need for further competencies development
- strong export orientation specially on EU market
- good technological capacity / high growth potential



### **Production of computers and electrical products**

- excellent availability of experienced and well educated human resources capacity
- production of communication equipment has strong export potential
- excellent technological capacity



### **Production of electrical equipment**

- excellent availability of experienced and well educated human resources capacity
- over 40% export orientation
- good technological capacity with need of continuous development





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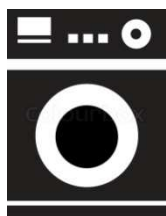
### **Production of furniture**

- availability of experienced and well educated human resources capacity
- 48% of Croatian territory consists of wood – strong competitive advantage
- 40% export orientation, but final product with low added value
- high growth potential with need to invest in design, marketing and technology



### **Chemical industry**

- availability of experienced and well educated human resources capacity
- over 40% export orientation
- good technological capacity / high growth potential



### **Production of machines and appliances**

- availability of experienced and well educated human resources capacity
- over 50% export orientation
- good technological capacity / high growth potential



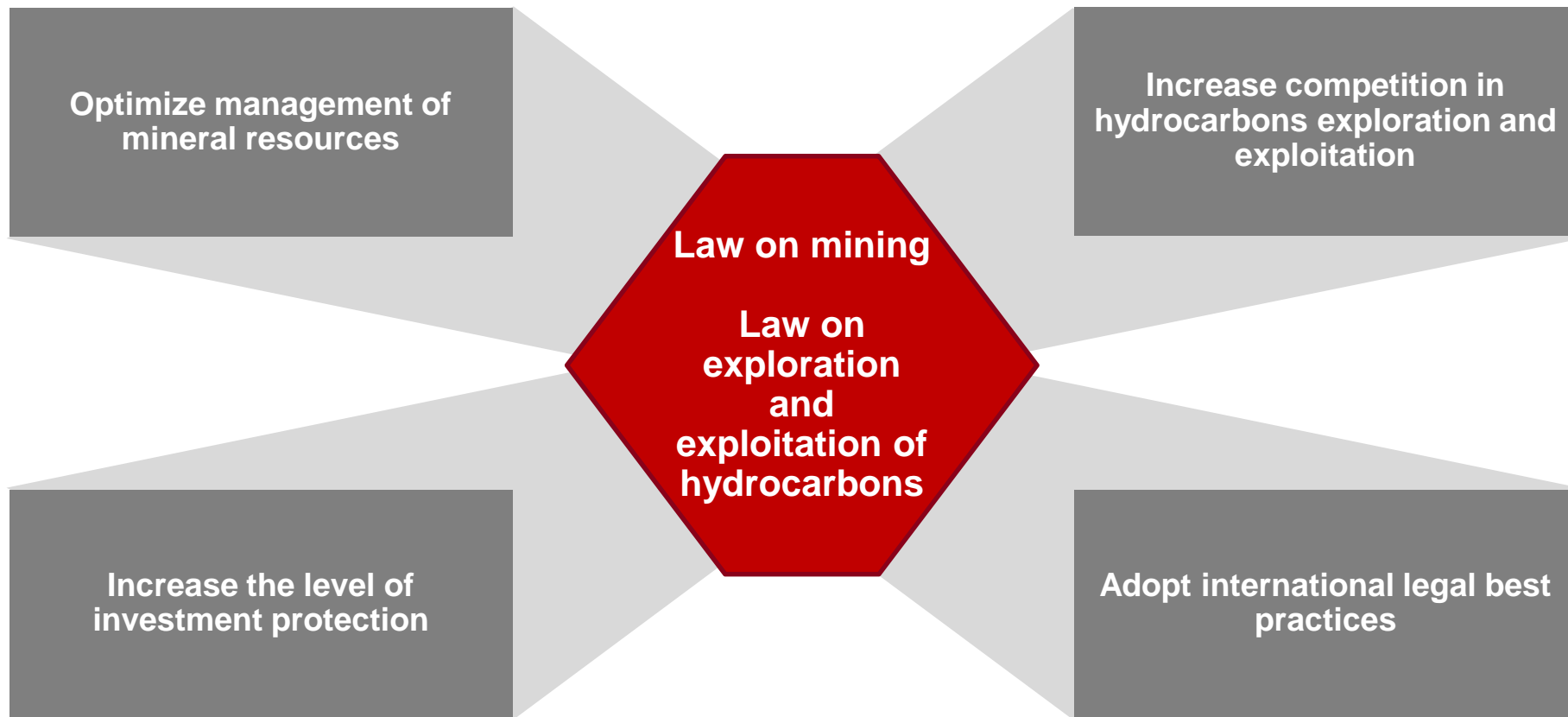




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**New legal framework for  
exploitation and  
production of hydrocarbons**



New legal framework is aligned with EU regulations and based on best practices from countries with extensive and successful experience with hydrocarbons exploration - Tunisia, Egypt, Libya, Syria, Albania, Russian Federation, Georgia, Kazakhstan, and Turkmenistan.



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**Thank you!**



**We are standing at your disposal for any additional questions:**

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