



PPD

**Prvo plinarsko društvo
d.o.o.**

Your natural energy



General information

- croatian company
- 100% private ownership
- on the market since 2001

Main lines of business

Retail and Wholesale Supplier/Seller

Our customers are business and household consumers in our own distribution area, industrial customers on remote distribution systems and the largest industrial customers connected directly to the Transmission System, as well as other Distribution System Suppliers.

Leader of Balance Group

Prvo plinarsko društvo is registered with the Croatian Energy Market Operator (HROTE) as leader of the balance group and it is fully licensed for natural gas import. We import gas on both Croatian interconnection pipelines (Rogatec and Drávaszerdahely).

Distribution System Operator

The company operates with its own distribution network system with pipelines of approx. 600 km in length across 9 Townships and City of Vukovar in eastern Croatia. We have signed distribution concession contracts for a period of 30 years. Network system itself is in top condition with approx. 0.7% operational losses.



Energia naturalis

Supply / Market

Supply / Public service

Wholesale

Trading

Energy trading

Distribution

Mission and vision

Prvo plinarsko društvo d.o.o. is influential subject on Croatian gas market and therefore we constantly striving to improve our business. In order to be as successful as possible we have opted for continuous implementation of the fundamental principles of our business:

- Customer satisfaction
- Compliance with strict professional norms and guidelines
- High level of business-approach professionalism
- Human resource and knowledge advancement
- Application of new technologies

Applying the technology, knowledge and business excellence as reliable and stabile energy partner, we are contributing to life quality improvement and to business results of our private and business partners.



Ownership structure

Company's owner is a private investment and holding company which operates on traditional and renewable energy markets as well as on technology markets. Prvo plinarsko društvo is a member of group of companies which operate on natural gas market, electricity and ICT markets offering comprehensive products through unique and recognized PPD brand. Accordingly, PPD can offer complete energy products to its partners.

Company history

2001

Prvo plinarsko društvo was founded in 2001 as a joint venture of domestic and foreign investors. Its primary goal at the beginning was development and expansion of distribution network in cooperation with local government's initiative in order to promote natural gas consumption. Concession contracts were signed with 9 townships and City of Vukovar in Eastern Croatia. Until 2006 Prvo plinarsko društvo has connected over 9000 customers to the grid

Ownership of the company was changed in 2003 when Hungarian Pécs-based company Dél-dunántúli Gázhálózati Zrt. (DDGÁZ) bought it. DDGÁZ has been already privatized by German company Ruhrgas, which was later transformed into E.ON, a Düsseldorf-based energy company with world-wide operations. Under new ownership Prvo plinarsko društvo continues to develop distribution system and increases its customer base.

2003

2007

In 2007 company's top management was changed. This change helped further development of the company in terms of business process optimization, HR management efficiency and clearer company's goals definition. Company invests into several large-scale projects which have significantly upgraded the company's operational as well as management performance.

Due to the fact that the company's owner was in the middle of large restructuring process, PPD was bought by a Croatian investment and holding company. After initial consolidation, the management adopted a new strategy: alongside continuous strengthening of company's position on its own distribution system and customer base expansion, preparations for liberalised and open natural gas market have begun.

2009

Today

Prvo plinarsko društvo is the largest natural gas importer in Croatia and supplies the largest buyers. This growth has happened thanks to PPD's partnership with E.ON and Russian Gazprom, which came back on Croatian market at the beginning of 2013 after three years of absence. Cooperation with strong international partners has brought secure and reliable delivery, increasing liquidity as well as diversification of supply routes.



Croatian gas market opening

From the legislative point of view, Croatian natural gas market has been liberalized since 2008 but it remains closed in next several years due to insufficiently prepared bylaw documents, regulated prices and the fact that one state-owned company was the only supplier of both, households and business customers. This ,de facto, monopoly vanished as soon as two key conditions were met: construction and commissioning of the second Croatian interconnection pipeline, towards Hungary (Drávaszerdahely) and supplemental development of legal and bylaw documents whereby some real-world application issues were removed.

In November 2011, Prvo plinarsko društvo makes first steps crucial for real market opening by signing a gas sale contract with Gradska plinara Zagreb - Opskrba, the supplier on distribution system in City of Zagreb and surrounding area. The delivery commenced on January 1st 2012 and GPZ-Opskrba remains our customer until today.

PPD was ready to open the market even earlier, in 2011, having completed all negotiations with a number of customers, but the Government Act on maximum gas price for industrial customers brought in August 2011 practically closed the market again. Despite these conditions, PPD signs the aforementioned gas sales contract and provides our customer a professional service with the most favourable price on the market at that time.

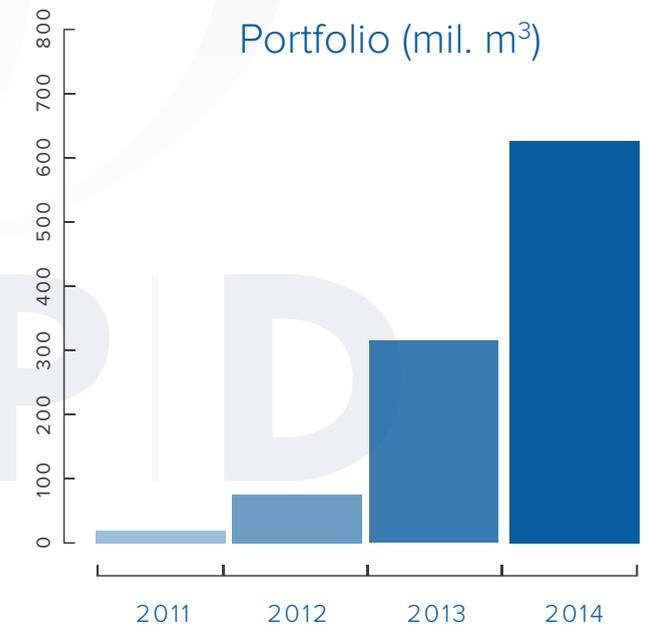
Market position

PPD continues with its market activities, not only as a competitive gas importer and seller, but as reliable energy partner to all market participants. We are dedicated to keep good and partnership relations with buyers, regulatory and operative institutions and even with the competition.

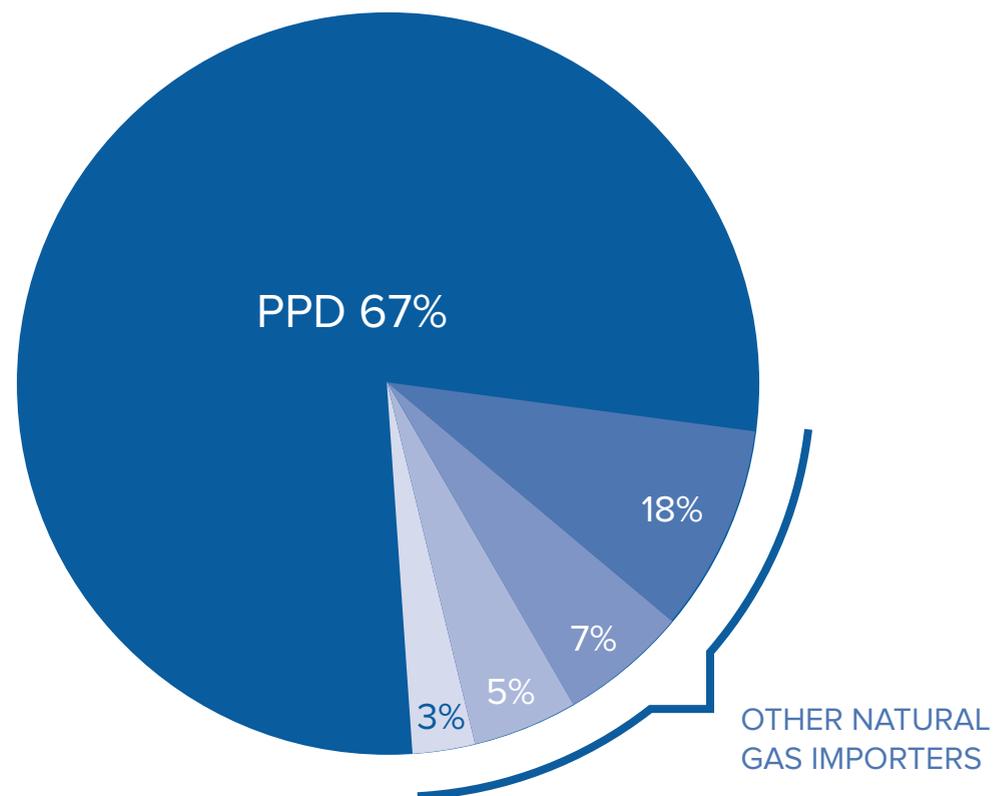
In the past years we have attended and held conferences, sessions and meetings visited by all key market players. We have strived to educate our potential customers and remove fear towards market opening which were present among the customers. Annual PPD Conference for customers and business partners has always been an opportunity for reunion of all market participants where they could hear valuable information and key topics regarding Croatian and regional natural gas market.

Current market position

At the end of 2012 PPD's market share in total natural gas import was 16, 68% and we increased our sales/ supply portfolio from 80 mcm in 2012 to almost 260 mcm in 2013. In 2014 Prvo plinarsko društvo will supply Croatian market with 600 mcm of natural gas which represents approximately 25% of market share. Accordingly, Prvo plinarsko društvo is the largest importer of natural gas in Republic of Croatia and one of the fastest growing companies in Croatia.



Import share



Our current market position is the result of a numerous strategic decisions in past years. The three-year preparation period prior to our market appearance enabled us to be among the first ones who booked the capacity on the new Croatian-Hungarian interconnection pipeline. Also, our strategic partnership with strong international brands such as [E.ON](#) and [Gazprom](#) enabled us to successfully complete negotiations and sign contracts with the largest buyers in the market such as [GPZ-Opkrba](#) and [HEP-Plin Osijek](#), the two largest distribution system suppliers and [Petrokemija Kutina](#) and [HEP Proizvodnja](#), two largest market buyers with combined consumption of approx. 40% of total market consumption.



Our advantages

Know-how

Knowledge and experience gained in the process of preparation for the market opening gave us the key advantage which we continuously improve.

Structure

The company is structured in a way which enables a sustainable growth. A relatively small footprint results in optimal operational costs and allows fast vertical transfer of information which enables a quick response on significant market events.

Partnership

The key of our business is partnership with our upstream suppliers such as Gazprom, E.ON and other large energy companies; regulatory and operative institutions with whom we work together on further market development; buyers and other market participants with whom we want to develop stable and long-term relationships on mutual satisfaction and benefit. Our mission is commitment to customer support in their efforts to achieve growth and business success.

Portfolio

The strength of our market appearance also lies in our current portfolio which contains the largest of buyers in Croatia. We are very pleased to say that our buyers have measurable benefits from our cooperation and they have recognized the quality of our offerings.

Security

We care for business strategy in order to recognize and utilize good business opportunities, but at the same time we are dedicated to responsible business approach and radical risk analysis. Accordingly, we are cooperating with the largest banking and other financial institutions in order to protect business stability which guarantees the security and quality of service to our customers.

Supplier of the largest buyers

The key premises of liberalization and market opening are the support to industry growth by enabling gas procurement to our buyers to market oriented prices which mostly results in the lowest prices for the largest buyers. However, the gas price (commodity price) is just one of the factors incorporated in whole product offered to our buyers. Supply safety, contract terms, insurance and payment conditions, contract flexibility are furthermore much more important components that can make harder the evaluation of energy product.

One of our key activities is building stable, long term partnership relations with our buyers to whom we help to recognize these important facts. Through these activities we are educating market participants while offering them the possibility of identification of potential dangerous and harmful products and offers. Our products are designed in a way that offer the benefits to large buyers such as industrial consumers and suppliers on distribution.



Donations and sponsorships

Prvo plinarsko društvo has adopted and implemented a policy of corporate social responsibility. Accepting the fact that every economy entity is connected with the community in which it operates, PPD intends to engage itself regionally in order to make contribution to better life quality. Through donation and charity activities, such as “The heart of warm home”, we are trying to help those who need help the most.

The project made great contribution to plinification of this part of Croatia. Our help is primary directed to the children and youth, particularly to those with special needs. PPD made partnership with institutions and organizations that care for them such as Centre for Education “Ivan Štark”, Dokkica – children’s creative house in Osijek, Association of parents with disabled children “Vukovarski leptirići”... With these donations we invest in quality childhood and children growth.

Prvo plinarsko društvo supports Hockey Club Medveščak recognizing the quality, sports value, grit and positive atmosphere of the Club.

In March 2014 Prvo plinarsko društvo and The Bears started a great humanitarian action in order to collect money for Association of children with disabilities “Vukovarski leptirići” for purchase of low-frequency laser which enables quickly and efficiently transition of impulses through the brain and thus improves the communication between the brain and body. Children from association drew 10 drawings with topics such as Medveščak, Vukovar, love and family. The drawings were published on Medveščak’s Facebook and Twitter profiles. All Medveščak’s fans, but also all other people, could press “like” on the drawings. For every “like” PPD donated HRK 5 to “Vukovarski leptirići”. In three days from the beginning of the action 10 000 “likes” were collected- therefore, PPD decided to “double” the donation amount. Total PPD’s donation to “Vukovarski leptirići” was HRK 100 000.



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