

SEAMLESS SUCCESS

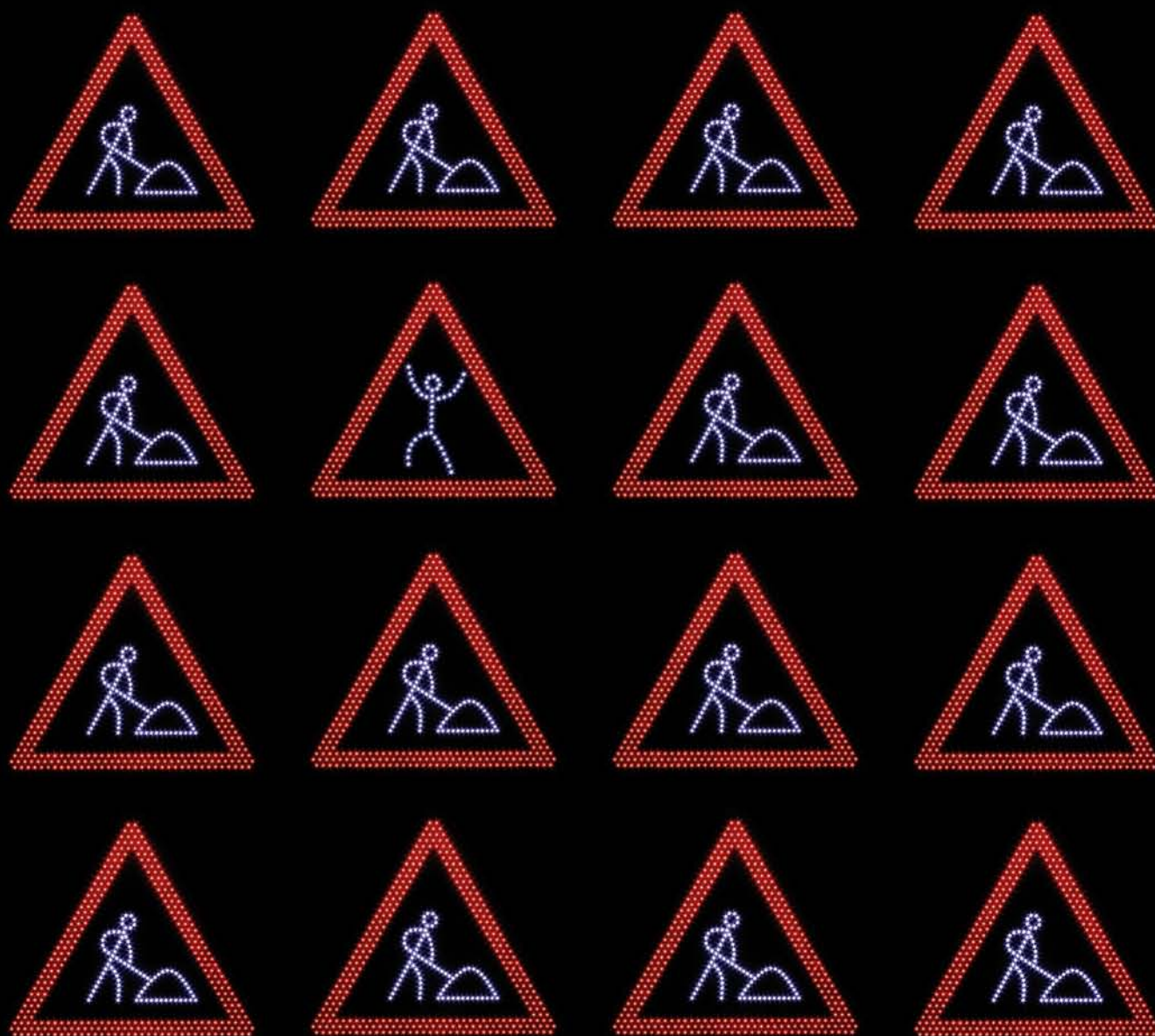


For over half a century, Zagreb-based Dalekovod d.d. has been one of the world's leading companies in the production of suspension and jointing materials. Industry Europe interviewed a senior management representative from Dalekovod d.d. in order to understand the products and strategies that have led to its impressive market position.

Dalekovod d.d. was established in Zagreb, Croatia back in 1949. The company has evolved into a modern organisation providing design, production and construction services. It excels in designing and constructing transmission lines and substations, and producing suspension, jointing materials, lighting poles and other metal structures. It became a joint-stock company in 1993, which, although a major transformation in the operation of the organisation, was a relatively painless development. Today, the majority of Dalekovod's shares (30 per cent) are owned by its employees. The next three key stakeholders are BMK I Partneri d.o.o., KLT Partneri d.o.o. and CTG d.o.o. Zagreb, with banks, financial institutions and other individuals making up the remaining shareholders.

Dalekovod is proud of its skilled employees and is particularly keen to illustrate the impressive levels of higher education and relevant vocational qualifications held by its workers. In fact, the 1556 employees are the owners of 1556 qualifications, with some holding business masters degrees alongside bachelor's degrees and other workers with construction or design qualifications. Of the 1565 employees, there are 361 in the management and administration division, 491 employed within the production division, 620 construction workers and the remaining 78 employees are based in the design department.

Dalekovod's excellent management and business strategy has resulted in strong financial results for 2006 and 2007. Our representative tells us, "Business results for the year 2006 are in compliance with our expectations and the trends of the past few years. We are achieving an upward trend that looks set to continue. The total revenue of HRK 1.8 billion achieved in 2006 was 18 per cent higher than in 2005, coupled with the total expenditure amounting to HRK 1.7 billion – which was 17 per cent higher than the previous year. This means that in 2006 we achieved a gross profit of HRK 97.7 million, an increase of six per cent from 2005. At the same time, the production of our own plant reached a record level of over 16,000 tonnes. So as you can see, we are able to predict a healthy financial future, with our figures for 2007 looking set to offer a year on year increase." >



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TEB Automatika d.o.o., a specialist in industrial control and automation, provides solutions for state-of-the-art SCADA (supervisory, control and data acquisition) and industrial networking systems in various industry areas:

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Products and services

The company's key product and service areas are metal structures, suspension and jointing equipment. The construction and consulting services make up the main areas of business. Dalekovod is committed to providing a 'turnkey' service, as its representative explains: "Our company set-up covers all areas of production, from design through to consultancy and support services. The 'turnkey' service we provide relates to the fact that we are able to manage the project from concept to completion, with full involvement in all areas of the project. We do not outsource or pass on any areas of the project, as we are keen to make sure that we



control all areas of the project for the overall benefit of our customers. We offer this service when projects require the provision of complete services ranging from design and construction to production services. This allows us to offer our clients the purchasing advantages that we are able to acquire and to create a cost-effective solution to a whole project requirement."

One project currently underway is the construction of a transmission line in Norway – the 420kV Skarehai (Evje) Liastolen line at a length of 105km. This project is worth €20 million, and the company has also won a contract for the delivery of equipment to this line. This project was awarded following a pre-qualification in 2005 for the contract award note for an international public bidding for construction work. The deadline for the delivery of equipment was in May 2007, and the project itself is expected to be completed by the end of 2008.

"The Skarahai (Evje) Liastolen transmission line is an exciting and challenging project as the line is being constructed across a range of difficult terrain. The hard conditions we have faced in this project include very low temperatures, inaccessible terrain and snow of up to three metres in depth. As a result of these difficult conditions, we have to employ a number of new and innovative techniques in order to complete the project on time, on budget and within the high levels of product and service

quality that is expected by clients of Dalekovod. We are using helicopters to access some areas of the project and our teams are being inventive regarding temperature restrictions. This project is the biggest construction undertaken by Dalekovod under such difficult conditions and we are proud that it is set to be successfully completed by the end of 2008."

In addition, Dalekovod has recently won a contract for the National Kazakhstan Electricity Grid Operating Company (KEGOC). This involves the design, construction and commissioning of the second line of the Kazakhstan north-south transmission line at a length of 390km.

Yet another major contract is for the construction of the Tirana-Podgorica 400kV overhead power line in Albania, for which Dalekovod had to compete with several major international companies. This demanding turnkey project will involve the construction of a double circuit 400kV overhead power line at a length of 76.14km and a single circuit 400kV overhead power line at a length of 80.80km. Besides the overhead power line, this project also includes the construction of a single 400kV feeder bay in the existing 400/210kV Elbasan 2 substation and two 400kV feeder bays in the 400/220kV Podgorica 2 substation. The contract was signed in July 2007 and the total duration of the project is estimated to be around 24 months. ▸

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Established in 1967, METAL PRODUCT Ltd., has been manufacturing electrical equipment, suspension and jointing equipment for low and middle voltage electric power supply systems, as well as cable connection equipment and custom-made metal constructions for 40 years.

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- cable equipment for 1 kV voltage power supply network in cooperation with TYCO-RAYCHEM company
- cable suspension and jointing equipment i.e. connectors and fittings for low-voltage insulated overhead lines
- cable suspension and jointing equipment i.e. connectors and fittings for low-voltage bare overhead lines
- cable suspension and jointing equipment for bare and half-insulated MV overhead electroenergetic networks
- insulator strings 24 kV
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Vamaco M.V. d.o.o., established in 1992 in Zagreb, Croatia, is company specialized in sales of steel products, primarily hot and cold rolled steel sheets, galvanized steel coils and plates, galvanized prepainted steel coils, steel beams, seamless and black steel pipes.

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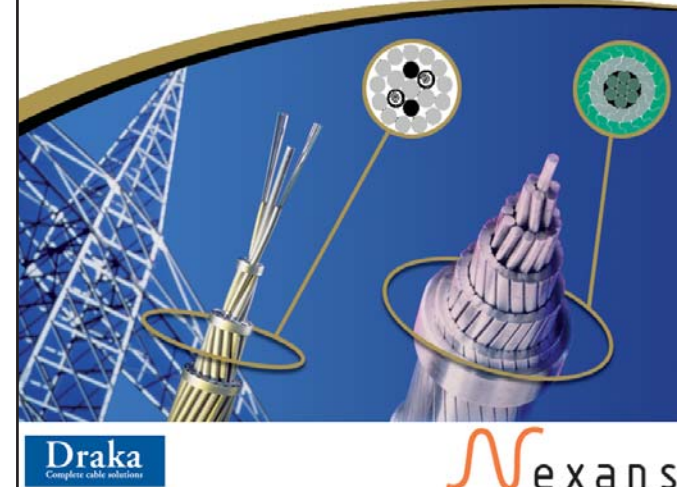
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PromelProjekt is the first and the largest engineering company in Croatia specialized in area of projecting and engineering regarding road traffic techniques, surveillance, facility equipment managing and controlling, traffic video control, traffic information technology and traffic management, ITS.

PromelProjekt has made technical documentation for a number of road traffic facilities, from highways to city streets, as well as projects with particular traffic, technical and information requirements of traffic management.

Round 80% of traffic-technical projects of highways in Croatia, as well as over 400 projects of road signaling and traffic lights crossroads, along with a number of traffic projects still not activated, entrance/exit control and surveillance have been made by our engineers, and we are the leading company in Croatia regarding number of projects we made, length in kilometers for traffic projects we made and we are the only engineering company which together with our partners created, formed and executed Traffic-information surveillance, control and traffic management systems (ITS) on highways and tunnels in Croatia through Traffic control and managements centres.

PromelProjekt currently employs twenty experts, seven of which are engineers and technical associates from area of construction, traffic, electronics and information technology and tree of them work on supporting technical tasks.

Creating solutions regarding specialized expert requirements are achieved through Commercial-technical contracts and expert agreements with specialized establishments and companies.

Development in traffic technique and traffic management application is assured through Commercial-technical contracts with global, European and Croatian scientific and expert establishments, consulting companies and manufacturers.

We are very proud of creating and accomplishing large systems such as:

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- TRAFFIC CONTROL AND MANAGEMENT - Intelligent Traffic Systems;

o ITS - RIJEKA-ZAGREB highway (180 km), 1996./2008.

o ITS - ZAGREB-GORICAN highway (90km) 1998./2000.

o ITS - ZAGREB-SPLIT "DALMATINA" highway (380km), 2003./2005.

o ITS - ZAGREB-MACELJ highway (80km), 2005./2007.

In the area of legal regulation PromelProjekt participates actively in creating Croatian laws and bylaws regarding traffic signalling and technique such as Rules, Directives and Directions.

PromelProjekt is a member of International Tunnel Association (ITA) and collaborates actively with global and European road federation through the ITS association.

In the world, as well as in our country comprehensive research and planning in traffic area is being conducted and we, as a company, do not stagnate in planning and creating Intelligent traffic systems which enables information transfer to drivers on time regarding conditions they are to meet, road traffic conditions, possible detours and many other activities in regards to future planning and environmental protection.

The scope is to achieve optimal use of road, decrease of traffic halt as well as environment pollution, safety and reliability in goods and passengers transport.

We hope we were able to present our expertise as well as activities which are conducted at our company.

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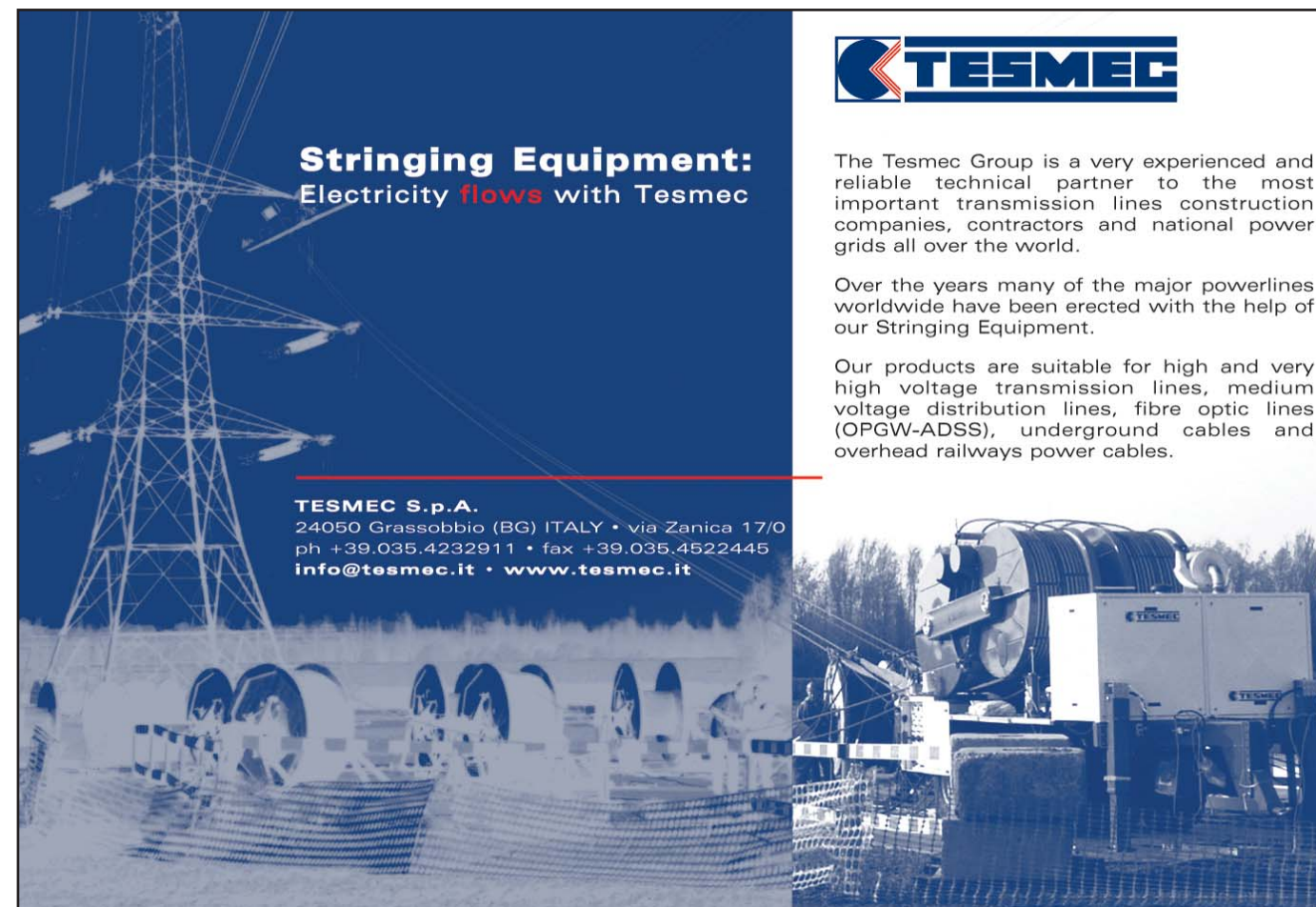
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The basic activity of Brodomerkur is trading of technical goods and rendering of services. It is especially well known and recognized for its service and supply of industries: shipbuilding, electric power, water, telecommunications, building and other industries, and of consumers as well.

All companies from the above branches are Brodomerkur's long-time business partners.

As regards its structural organization, it is divided into the wholesale (accounts for 72% of its total revenues), retail trade and engineering services. It is specialized vertically and according to the group of goods into 10 profit centres. It does business with 10 thousand suppliers and buyers.

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Investing in quality

In order to compete on such competitive international stages, Dalekovod invests heavily in its research and development capabilities. It has its own R&D department that is committed to gaining information and techniques to help keep the company in the excellent global market position it has earned over the past half a century. A recent product development in which the R&D department played a key role was the large-scale steel structure projects it created that complied with the EURO code. The representative explains, "With this project, we provided the development of suspension and jolting equipment. Here, we took care of the vibration damping in such a way that we have developed our own software regarding the protection against vibration. Our teams devised this truly innovative functionality. We also provide services depending on the sort, type and location of the installation."

The levels of quality attained by Dalekovod can be illustrated by the importance it places on the environmental management and quality assurance awards gained by the company in recent years. It holds the internationally respected ISO 9001 award, which was gained following proof that it adheres to a range of operational standards, including 'defining the processes that are required for the quality management system and their applications in the organisation', 'ensuring availability of the required resources and

information that are necessary for providing support at implementation and supervision', and for the 'continuous improvement of customer satisfaction'.

Dalekovod also holds the ISO 14001 certification for environmentally responsible management. This includes requirements relating to the reduction of emissions into the air, soil and water and to ensure that internal and external processes are regulated in the exploitation of natural resources, recycling and waste disposal. Our representative tells us, "There is a large amount of planning, paperwork and action required to gain these awards and, as such, we are proud that holding these accreditations is a mark of confidence to our customers for guarantees of our products, services and intentions. We aim for the continuous improvement of our output in all areas."

Developing new business

The sales and marketing teams at Dalekovod often attend international trade fairs as a strategic approach to gaining new business, keeping ahead of industry trends and introducing innovations to the market. The company is scheduled to participate in a number of fairs in 2007, including the Watex in Dubai, the Tahoma fair in Macedonia, a number of Croatian fairs such as Cigre, Croatian Roads 2007 and the Autumn Trade Fair. It will also be attending the Serbian Technology Fair this year. Our representative

says, "We are expecting to offer a good illustration of our company at these fairs – we find that they give us the opportunity to spend time with customers and potential customers while seeing what our competitors are doing. We are able to make new business contacts, instigate meetings with potential investors and bring our new products to the world stage."

The next five years look set to bring continued success to Dalekovod, as its recent acquisitions – a plant in Doboj and the TIM Expanded Metal Plant Topusko – will be joined by expansion into new territories, including Bosnia Herzegovina and Algeria. The mission of the company for the near future is to become one of the leading companies in its location and business field with a strong, secure headquarters in the Croatian region. □

