

ANNUAL REPORT



2014



VÝROČNÁ SPRÁVA 2014



ANNUAL REPORT 2014

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Statement by the Chairman of the Board of Directors



Dear Ladies and Gentlemen,

SPP has had another exceptionally dynamic year, rich in changes and events that compelled us to react. The reorganisation process of the SPP Group culminated in the middle of 2014, with the state becoming the sole shareholder of SPP. Concerns about an outage in supplies of gas to the European Union, as well as an actual drop in supplied gas volumes, verified our professionalism and ability to resolve even complex situations. SPP stood up well to these dynamic changes and defended its undisputed position as leader on the energies market throughout 2014, even in the face of exceptionally strong competition. Regarding the supply of natural gas, we retained our position as the key supplier, while in sales of electricity we made strong headway not just in the Households segment, but also in the Businesses and organisations segment. Customers appreciate our approach to the creation of products, the quality of our customer services, and the fairness and reliability of the company. SPP boasts more customers than all other energy companies on the market, with 1.3 million offtake points. This also represents a huge undertaking and responsibility for us.

Alongside sales of gas on the domestic market, SPP is successfully developing also its international activities. We operate in the Czech Republic, where we are now a key player on the market and have made it among the TOP 5 suppliers. We currently supply gas to customers from all segments. What's more, we are one of the most active

traders on the gas hub in Baumgarten, Austria, while being active also on other European hubs.

Last year, a key priority of the company management was the security of natural gas supplies. In terms of customer numbers and as supplier of last resort, SPP is the guarantor of secure and reliable supplies of natural gas for the whole of Slovakia. Even though since September we faced daily reductions in supplies, to half volumes in some periods, we coped with the situation professionally. We fulfilled the tasks thanks to strategic measures that we had adopted. Our strongest pillar of security lies in the underground storage facilities, to which we injected some 1.6 billion cubic metres of gas before the heating season, raising us well above the competition. This is several times more than what legislation requires. Additionally, we purchased gas on the international market and concluded a diversification contract on natural gas supplies from the west. I am confident that compared to January 2009, nowadays we are in a totally different and better situation also as the conditions for diversification of sources and routes changed greatly. Numerous technical measures were implemented so that gas could be used from the west. Reverse flows are now ready and can be in full operation within a few hours. We took many steps and are very well prepared. In fact, stress tests conducted at the initiative of the European Commission showed that we had adopted effective measures in respect of security of supply, also compared with other EU members.

Another important task for the management was to create the conditions for a favourable gas price. By streamlining on the side of expenses, in the purchase of natural gas and also in costs for the company's operation, we managed to generate savings. This paves the way for further improvement of the economic condition of SPP in future.

From our part, being the market leader represents a huge responsibility above all. Responsibility towards our customers, so that we can give them secure supplies of energies and also first class services. This means, however, a large responsibility for us also to society and the country, which we express through various philanthropic projects by way of Nadácia SPP and EkoFond.

Expectations are at their highest when you are market leader, and we also operate on a highly competitive market and are under the public microscope as a public company. That is why we have to set an example also on the market, and act exceptionally responsibly in all our activities and with the utmost professionalism. I would like to thank our customers, business partners and of course, all my colleagues for their trust and cooperation in the past year. I believe that despite the growing competition, SPP will continue to do well also in the periods ahead.

A handwritten signature in blue ink, appearing to read 'Štefan Šabík'.

Ing. Štefan Šabík

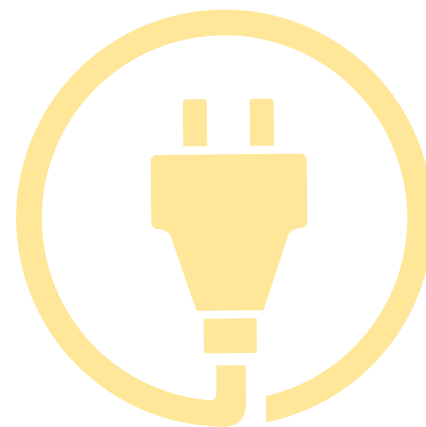
Chairman of the Board of Directors and General Director

Company Profile

Slovenský plynárenský priemysel, a.s. (SPP) is the most significant gas supplier in Slovakia, building directly on almost 160 years of tradition in the Slovak gas industry. Since 2012, the company has been operating successfully on the electricity market as well. This makes SPP the largest energy supplier on the Slovak market, where it supplies to all customer segments in all regions. SPP provides reliable, safe and competitive supplies of gas and electricity and related services both in Slovakia and on the international markets.

Change in SPP Shareholder Structure in 2014

Since 20th June 2014, the owner of 100% shares of the company is the Slovak Government, which exercises its shareholder rights through the Ministry of Economy of the Slovak Republic. The previous shareholders of SPP were the Slovak Republic, via the National Property Fund of the Slovak Republic (51%), and Energetický a průmyslový holding, a.s. (49%).



Company Vision

The vision of SPP is to be a strong, reliable and innovative partner in supplying energy and services.



Customer

SPP focuses on building relations with customers based on their needs

Sales of commodities

SPP intends to be a leader among gas and electricity suppliers in Slovakia and a major player in other countries

Supplier of services

SPP aims to provide comprehensive and innovative energy-related services to all customers

Board of Directors

Ing. Štefan Šabík, Chairman of the Board of Directors since 20th June 2014

Pierre Poncik, M.Sc., Vice-Chairman of the Board of Directors since 30th September 2014 and Member of the Board of Directors since 20th June 2014

Members:

Ing. Milan Hargaš

Mgr. Ivana Zelizňáková, Member of the Board of Directors since 20th June 2014

Ing. Daniel Kvocera, Member of the Board of Directors since 30th September 2014

JUDr. Daniel Křetínský, Chairman of the Board of Directors until 4th June 2014

Mgr. Alexander Sako, Chairman of the Board of Directors between 5th June 2014 and 19th June 2014 and Vice-Chairman of the Board of Directors until 4th June 2014

Ing. Jan Špringl, Member of the Board of Directors until 4th June 2014

Mgr. Pavel Horský, Member of the Board of Directors until 4th June 2014

Mgr. Ing. Jiří Nováček, LL.M., Member of the Board of Directors until 4th June 2014

JUDr. Marián Valko, Member of the Board of Directors until 19th June 2014

Ing. Petr Ivánek, Member of the Board of Directors between 20th June 2014 and 29th September 2014



Supervisory Board

Ing. Michal Ďurkovič, Chairman of the Supervisory Board

Members:

Ing. arch. Tomáš Gál, PhD.

Prof. Ing. Juraj Janočko, CSc., Dr. Scient.

Ing. Valéria Janočková

MUDr. Martin Kováč

Ing. Peter Kováč

Ing. Robert Maguth

Viera Uhrová

Ing. Peter Vašík

Ing. Robert Zemánek

Ing. Dušan Žák

Ing. Peter Korbačka, Vice-Chairman of the Supervisory Board until 4th June 2014



Economic and Financial Performance

In 2014, SPP generated revenues from the sale of products and services worth EUR 1,544 million, which is EUR 317 million less than in the previous period. The revenues were mostly influenced by gas sales on the domestic market. The above-average temperatures in 2014 resulted in lower natural gas consumption. Another factor affecting sales was market liberalisation, associated with rising competition. In spite of this trend, SPP was able to maintain its position as a quality, key and reliable supplier of natural gas that guarantees smooth supplies to its customers, even in emergencies. In its position of supplier of last resort, SPP is a guarantor of the security of gas supply not only to its customers, but to the whole of Slovakia, and this mainly due to the largest volume of gas reserves in the underground storage facilities, which represent an important tool for maintaining the continuity of supply.

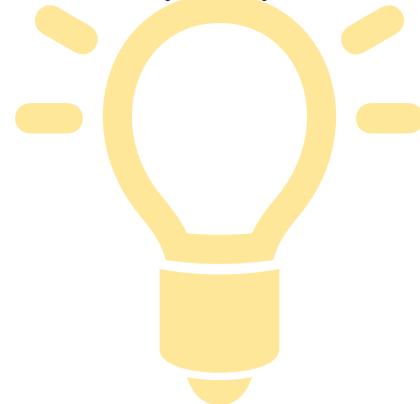
In 2014, SPP met the goal set for electricity supplies and enjoyed growing revenues in electricity sales. The aim of SPP is to maintain this growth trend in sales on the electricity market in the coming period.

Operating costs (net of income tax) recorded a year-on-year decrease by EUR 238 million. Key items comprised gas purchase costs. The lower gas purchase costs were associated mostly with lower gas sales and optimisation measures in operating costs.

Profit from financial operations before tax came to EUR 600 million in 2014. This mostly comprised dividends and profits from the sale of investments (sale of a 49% holding in SPP Infrastructure as part of the reorganisation of the SPP Group in 2014). Compared to the previous period, profit of SPP from financial operations rose by EUR 265 million.

As part of the reorganisation, on 4th June 2014 the company sold its nearly 49% equity holding, including managerial control, in SPP Infrastructure, a.s. to SGH and, at the same time, it acquired its own shares from SGH. The Government of the Slovak Republic thus became the 100% owner of SPP.

For the 2014 fiscal year, SPP posted a pre-tax profit of EUR 483 million, up EUR 186 million over the previous period. The total income tax liability came to EUR 194 million. Current tax represented EUR 198 million (nearly all consisting of a special levy) and the positive impact of the deferred tax for the current period came to EUR 4 million. Profit after tax was EUR 289 million, up EUR 21 million year-on-year.



Comparison of financial results (in EUR million)	Year ended 31 st December 2014	Year ended 31 st December 2013
Natural gas and electricity sales	1,524	1,779
Lease of gas assets and other	20	82
Capitalisation	–	1
Purchase of natural gas and change in inventories, purchase of electricity and consumption of material and energy	(1,455)	(1,739)
Depreciation and amortisation	(9)	(27)
Storage of natural gas and other services	(128)	(128)
Personnel costs	(32)	(36)
Adjustments for bad and doubtful receivables, obsolete and slow-moving inventories, net	(14)	(14)
Provisions and impairment losses, net	(21)	36
Other, net	(2)	8
Profit from financial investments	637	353
Cost of financing	(37)	(18)
Profit before tax	483	297
INCOME TAX	(194)	(29)
NET PROFIT FOR THE PERIOD	289	268

Capital Structure

Total assets of the company came to EUR 3,005 million as of the balance sheet date, down EUR 4,203 million over the previous period (index of 0.42). Non-current assets amounted to EUR 2,310 million. The decisive items in non-current assets were long-term financial investments, buildings, plants (including unfinished capital construction) and investments in real estate. A significant movement in balance sheet items was down to steps associated with the reorganisation of the SPP Group in 2014.

The share of **non-current assets** in total assets reached 76.9%. The entry Buildings, plants, machinery and equipment fell by EUR 15 million (index of 0.86) in net book value, compared with the balance as of 31st December 2013.

Capital expenditures amounted to EUR 1.71 million in 2014. These funds went mainly to technical, commercial and IT communication systems, Energocentre innovations and to the reconstruction of office buildings and facilities of SPP.

As of the balance sheet date, **current assets** consisted of receivables, inventories, cash and cash equivalents. The volume of current assets came to EUR 695 million, accounting for 23.1% of total assets.

Shareholders' equity amounted to EUR 2,445 million, representing 81.4% of company resources. In addition to the share capital, equity consisted of the statutory reserve fund, provision from hedging derivatives and retained earnings. Shareholders' equity fell by EUR 2,901 million year-on-year, mostly due to the impact of the reorganisation of the SPP Group.

Share capital of the company consisted of the capital registered in the Commercial Register, comprising EUR 885 million. It is made up of 26,666,536 ordinary shares with a par value of EUR 33.19.

The balance of the statutory reserve fund of the company was EUR 1,198 million as of 31st December 2014.

Total liabilities amounted to EUR 560 million, a decline by EUR 1,302 million compared with the initial balance, with this drop caused by the offset liability against the receivable from SPP Infrastructure and by reducing the liability from unpaid dividends for the 2012 period. Total liabilities comprised long-term liabilities of EUR 117 million and short-term liabilities of EUR 443 million.

Assets Structure Comparison (in EUR million)	2014	2013	2014	2013
Non-current assets	2,310	176	76.9%	2.4%
Current assets	695	1,560	23.1%	21.6%
Non-current assets held for sale or reorganisation and partial sale	–	5,472	–	76%

SPP Shareholder Structure as of 31 st December 2014	number of shares	%
Ministry of Economy of the Slovak Republic	26,666,536	100%

Comparison of Resources Structure (in EUR million)	2014	2013	2014	2013
Equity	2,445	5,346	81.4%	74.2%
Liabilities	560	1,863	18.6%	25.8%

Natural Gas and Electricity Trade

Equity Holdings

Subsidiaries, joint ventures and affiliated companies	
1. SPP Infrastructure, a.s., Bratislava	(SPP share 51%)
2. SPP CZ, a.s., Brno, Czech Republic	(SPP share 100%)
3. SPP CNG s.r.o., Bratislava	(SPP share 100%)
Other subsidiaries	
1. Nadácia SPP, Bratislava	(SPP share 100%)
2. EkoFond, n.f., Bratislava	(SPP share 100%)

The company operates an organisational unit in the Czech Republic.



Dynamic Developments on the Gas Market

In 2014, total natural gas consumption in Slovakia fell by about 14%. This drop follows the trend seen in the EU where consumption fell by about 10%. The main factors influencing consumption included foremost a milder winter, as well as a continuing decline in gas consumption and electricity production.

SPP Still a Leading Energy Supplier

The Slovak energy market is now fully liberalised in all customer segments. Strong competition continued to dominate the Slovak market in 2014, both in the corporate segment and in the still regulated Households segment. Despite the dynamic developments and changes on the market, in terms of the volume of concluded contracts SPP retained its position in 2014 as the key gas supplier on the Slovak market with a market share of 64%. The high degree of confidence in the SPP brand and the company's quality services were proven by the fact that 17,000 household customers switched back to SPP as their supplier in the past year.

Total gas sales of SPP in 2014 to end customers in Slovakia amounted to 28.8 TWh (2.7 billion m³).

The company was equally successful in selling electricity where in the short time since entering the market it has

become one of the major players with almost 80,000 concluded contracts. In 2014, SPP succeeded for the first time in compensating for the decline in the number of gas offtake points with new electricity offtake points. SPP thus confirmed its position as a multi-commodity supplier of energy with a total of 1.3 million contracted offtake points.

SPP – Guarantor of Reliable and Secure Gas Supplies for the whole of Slovakia

SPP guarantees secure and uninterrupted supplies to its customers under all circumstances. The company management has been preparing responsibly for a potential interruption of supplies since joining SPP in the summer of 2014, adopting measures to ensure the supply of gas to customers even in the event of emergencies.

SPP already carried out stress tests in the autumn, preparing itself for potential crisis scenarios during the 2014/2015 winter season. In getting prepared for any eventual disruption in supply, SPP took several steps to ensure the reliable supply of gas throughout the winter season, with an outlook of continuous supplies also throughout 2015. Even before the heating season, the company had accumulated significantly higher gas reserves than required by legislation for suppliers in Slovakia. Thanks to the maximum utilisation of SPP's capacity in underground storage facilities, the volume of stored gas at the end of October 2014 reached

1.6 billion m³, representing approximately 60% of the annual consumption of the company's customers. Furthermore, by well-considered purchases on the spot markets and by signing the new diversification contract for the supply of gas from the west, SPP confirmed its position as a guarantor of the highest security of gas supplies for the whole of Slovakia.

SPP Equally Successful Outside Slovakia

SPP has been operating on the Czech market through its subsidiary SPP CZ since the end of 2008. In that period, SPP CZ succeeded in acquiring the position of key supplier on the Czech market with the supplied volume reaching approximately 5.4 TWh (500 million m³) in 2014. SPP CZ supplies gas to customers in all segments, including gas traders, large industrial and heat plants, but also to the customers from the Small Businesses & Organisations and Households segments.

SPP is also one of the most active traders on the gas hub in Baumgarten, Austria, and is active on other European hubs as well. In addition to that, it keeps a constant eye on assessing business opportunities on neighbouring markets.

SPP Builds its Success on Customer Care

In terms of reliability, availability and premium standard of customer servicing (availability across Slovakia through

19 SPP Customer Centres, SPP Customer Hotline, SPP Business Hotline and the online portal My SPP), SPP has long maintained its position as leader.

In 2014, all customer service channels combined handled 1.017 million customer requests, which is 15,000 more than in 2013. At the same time, SPP has improved the overall service parameters, i.e. we cut the average customer waiting time to have their request handled compared to 2013. Next year, the company plans to continue expanding its services and raising their quality, while constantly improving its customer approach.

Households

In 2014, customers could choose from 4 tariff types based on their consumption volume – D1, D2, D3 or D4. Likewise, they could select a suitable frequency of payments.

The product – **Two Energies** – was successful with customers in the Households segment, combining gas and electricity under one roof. By selling affordable electricity together with gas, we succeeded in strengthening the loyalty of SPP customers in this segment

New SPP Services for Households and Small Businesses

In 2014, the new product of SPP included the assistance

services provided by SPP in the form of SPP **1-2-3 Package** or separately as **SPP Assistance Services**. Thanks to them, customers are able to solve any unexpected accidents at home, such as an accidentally locked out door or a washing machine spillage. The IT Assistant advises them with problems relating to computers or other technical devices. The SPP 1-2-3 Package also includes medical assistance providing 24/7 consultation with a doctor over the phone or preparation of a second opinion of a diagnosis.

In addition to complementary services for households, customers could also make use of the online portal **My SPP**, which can be used to modify their contractual information,

enter gas meter readings or make payments from the comfort of home. By registering at My SPP, they also receive access to the e-shop offering the current best prices on gas appliances on the internet. Customers also receive discounts through the SPP Advantages Programme, with savings up to 40% on selected goods and services of renowned brands or on reducing the energy or environmental footprint.

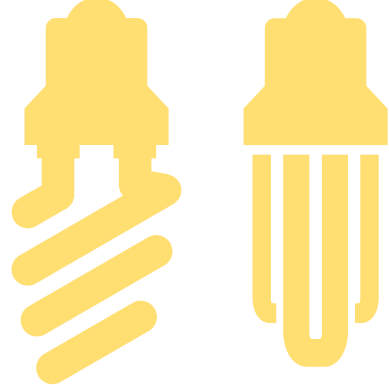
In addition, SPP continues to provide its customers with the SPP Preventive Inspections service, based on which they can order a post-warranty inspection of their appliances.

Large Businesses

SPP is successful at responding to market demands and at setting its offer in terms of prices and products so that the company stands up to the strong competition. In 2014, the company continued to offer competitive products to large businesses, while in some segments it boasted the best price offer on the market.

The fact that the company succeeded in winning back numerous big customers, such as Tepláreň Košice and Matador Automotive Vrábľa, is testimony to the quality of SPP's offer to commercial customers. It is just as important for SPP, however, to preserve the trust of its traditional customers, such as Slovnaft, U.S. Steel, Veolia Energia (formerly Dalkia), Slovenské magnezitové závody, Železiarne Podbrezová, Mondi SCP and KIA Motors Slovakia.





Small Businesses and Organisations

For customers from the Small Businesses and Organizations segment (so-called small consumers), SPP offers a wide range of price products, which represented one of the best offers on the market again in 2014. This applies especially to the product **SuperVýhodne bez obmedzenia** (Super Advantageously without Limitation), which brought up to 11% in savings to consumers compared to the list price. Alternatively, customers are able to fix their prices for a specified period of time, thanks to which they are able more accurately to budget their gas supply expenses for the whole period.

Customers of SPP from the small consumers category also greatly appreciate the electricity offer. This can be seen in the triple year-on-year growth in the volume of contracted electricity in 2014 in the Small and medium businesses segment, namely from 71 GWh to 208 GWh.

SPP takes care of its clients in the small consumers segment by a dedicated phone and e-mail service SPP Business Hotline, but also on a personal basis with the option of preferential handling at 19 SPP Customer Centres. Other complementary products and services available also to small consumers include SPP Alliance Partners, the My SPP online portal and also energy consulting provided by SPP technical specialists.

Cities and Municipalities

We offer comprehensive solutions to local governments in cities and municipalities for the supply of natural gas and electricity from a single supplier, energy consulting from SPP technical specialists and technical services and servicing through SPP Alliance Partners.

Customers from the Cities and Municipalities category are taken care of by our specialised sales managers. Where required, customers can also use other SPP service channels, such as SPP Business Hotline or preferential handling at the points of contact in four regions.

Prices and Regulation

In 2014, prices for the supply of natural gas to households in the agreed tariffs D1 – D3 continued to be subject to price regulation by the Regulatory Office for Network Industries. From 1st January 2014, the prices for customers in the Households segment decreased over 2013 by approximately 0.23% on average.

The supply of gas to small businesses was subject to price regulation in 2014 as well. In 2014, a small business was defined as an end gas customer of the Small Businesses and Organisations category with consumption not exceeding 100,000 kWh in 2012. Prices for the supply of gas to small

businesses, including the terms of their application, were set by the Regulatory Office for Network Industries.

In the past year, SPP operated as a last resort supplier in line with applicable legislation. In 2014, the supply in this mode continued to be subject to price regulation by the Regulatory Office for Network Industries.

Compressed Natural Gas (CNG) Sales

SPP CNG s.r.o., a 100% subsidiary of SPP, launched its business activities on 1st February 2014. The goal of detaching activities involving CNG sales and operation of CNG filling stations into a separate company was to take over the competences and full responsibility for the implemented processes.

CNG sales came to 4.9 million kg (7.0 million m³) in 2014.

CNG Filling Stations in Slovakia in 2014



Purchase and Storage of Natural Gas

In 2014, SPP purchased natural gas with the goal of supplying the domestic market mostly under the long-term contract with Gazprom export.

SPP has the necessary storage capacity to cover the needs of the domestic market ensured by the rental of underground storage facilities from NAFTA a.s. The reserves of natural gas kept in the storage facilities ensure the uninterrupted supply of gas to customers during the winter season and, at the same time, allow for balancing out deviations in gas supplies on the side of the foreign supplier.

Human Resources

The mission of human resources management in SPP is to put the kind of tools in place that boost motivation and use of the potential of all employees, and so contribute to achieving the vision, mission, and strategic goals of the company.

In the development, education, remuneration and motivation of employees, SPP focused during the year on strengthening the focus on the customer and on transforming the corporate culture towards that of a trading company. The third victory in a row for SPP in the **Company with the Most Efficient Human Capital Management** competition from among all utility companies in Slovakia, announced by PwC consulting company, served as a huge acknowledgement of these activities. The competition among companies in a similar line of business assessed the system of education and development, the structure and competitiveness of the remuneration system, the efficiency of recruitment and employee selection, absence and fluctuation rate, the efficiency of the organisational structure and work productivity.

Employee Relations

In the past year, SPP provided various benefits to employees under the current Collective Agreement.

SPP intends to continue using the system of employee benefits not only to keep the highest quality employees, but

also to motivate new, skilled job seekers.

Education

SPP considers the focused development of all employees a key priority. We therefore continued in 2014 with group, individual and also e-learning development activities, which help to meet the needs and strategic goals of the company.

Several training courses focused on the area of customer care and sales skills, especially with those employees who come into direct contact with clients. SPP also continued to develop the potential of employees included in the High Potentials programme, who in the past year attended a series of lectures and meetings with inspirational figures and were involved in internal projects.

SPP also creates space for students at secondary schools and universities who have the opportunity to do their practical training or internship in SPP, or to make use of the cooperation of company employees in preparing their bachelor or diploma theses.

In 2014, SPP continued the Graduate Development Programme, which aims to develop the potential of university graduates and allow them to acquire initial work experience in the form of rotation, projects, mentoring meetings and cooperation with SPP experts.

Employee Qualification Structure as of 31st December 2014

basic education	3	0.39%
complete secondary education with school-leaving exam	260	33.85%
secondary vocational education	25	3.26%
university degree	480	62.50%

Employee Age Structure as of 31st December 2014

younger than 30	85	11.07%
31 – 40	232	30.00%
41 – 50	269	35.02%
older than 50	182	23.70%

The average employee age as of 31st December 2014 was 42.3 years of age.

Women in SPP

As of 31st December 2014, SPP had a total of 768 employees (908 employees as of 31st December 2013). Of these, 473 were women, representing 61.6% of the total workforce.

Social Responsibility

A responsible approach to business and assisting those who are in need are at the core of SPP's corporate culture. SPP has been classed as one of the largest and most important philanthropists in Slovakia for many years. It achieves its mission to contribute to improving the environment in which the company operates also by way of Nadácia SPP (SPP Foundation) and EkoFond, non-investment fund.

SPPoločne Programme for a Nicer Slovakia

In 2014, SPP joined forces with Nadácia SPP in the third annual, regionally focused public benefit programme under the name SPPoločne (Together with SPP). The programme aim is to provide targeted assistance to specific communities in all regions of Slovakia. Thanks to a financial contribution, the general public is able to enhance their surroundings, revive the traditions in their region and so improve the quality of life in their town or village. They have the chance to contribute to a positive change in their region by deciding in a public vote on the most beneficial projects for the given region, in the two categories "SPPoločne for People" and "SPPoločne for Homeland".

In the past year, a contribution totalling EUR 200,000 was distributed to 37 projects, of which 30 projects received the most votes in a public vote and the other 7 were awarded bonus prizes by the panel of experts. More than 90,000 people took part in the public vote, sending in more than 190,000 votes. The vote and the implementation of supported projects is all done transparently. It

KEĎ SA DÁME DOKOPY,
DOKÁŽEME VEĽKÉ VECI!

URGENTNÉ

ZLEPŠÍME
SPPOLOČNE
SLOVENSKO

Pošlite nám svoj projekt a spolu zlepšime svet okolo nás

Máte aj tento rok nápad, ako vylepšiť miesto, kde žijete, a oživiť aktivity vo svojej komunite?
Minulý rok sme podporili až 48 vašich projektov. Pošlite nám svoj projekt od 24. 3. do 28. 4. 2014
a získajte naň podporu do 6 000 eur. Spojte svoju energiu pomáhať s tou našou.

Viac informácií na www.sppolocne.sk

SPP
Nadácia SPP

is possible to keep track of the progress on the website created specifically for this purpose – www.sppolocne.sk.

The SPPoločne programme has become very popular among the general public and the professional community throughout Slovakia, which is why we plan to announce the 4th year of the programme in 2015.

SPP – A Major Force behind Protecting our Cultural Heritage

The Let's Renovate Our House programme, which focuses on preserving national cultural sites throughout Slovakia, has been run by the Ministry of Culture of the Slovak Republic since 2004. Since its establishment, SPP and Nadácia SPP have jointly contributed to this programme with over EUR 15.9 million, making a total of 241 projects possible. Each year, the programme also features the announcement of **Cultural Heritage Site of the Year**, which comes with the Fénix Prize for the greatest contribution to the protection of Slovak heritage sites. In the 9th annual competition held in 2014, the title of Cultural Heritage Site of 2013 was awarded to four projects in the Renovation and Restoration of National Cultural Heritage Site category. The projects involved the comprehensive restoration of the interior of St. Francis Xavier Church in Trenčín, the renovation and restoration of public premises of the ground floor of the city hall in Kremnica, the renovation of the interior and restoration of the representation room in the

NAJSILNEJŠÍ HLAS
ROZHODNE!

ZLEPŠÍME
SPPOLOČNE
SLOVENSKO

Vyberte si aj tento rok projekt, ktorý najviac vylepší miesto, kde žijete, a dajte mu svoj hlas.
V minulých dvoch ročníkoch sme vďaka vašim hlasom podporili už viac ako 90 projektov.
Spojte svoju energiu pomáhať s tou našou.

Hlasujte od 19. 5. do 16. 6. 2014 na www.sppolocne.sk

SPP
Nadácia SPP

Manor House in Ploské, and the comprehensive restoration of the industrial site Piešťany Power Plant.

The 9th annual competition included a new element in the shape of the special **Prize of SPP Fans** on Facebook. Their vote decided that the first-ever prize – the Like statue, was awarded to the project for the comprehensive renovation and restoration of the Imre Madách Manor House in Dolná Strehová (Museum of Hungarian Culture in Slovakia).

Nadácia SPP Projects Bring Real Change

The purpose of Nadácia SPP, set up in 2002, is to support, develop and protect the spiritual, cultural and moral values of Slovakia. Nadácia SPP provides support wherever there are people interested in solving problems, developing new procedures and solutions, while being able to safeguard the long-term sustainability of these activities.

Openness, transparency and equality of opportunities are important to Nadácia SPP. It allocates funds through grants with strict and clearly defined conditions and a transparent evaluation process. It is also active in supporting the development of the civil society and cooperates with organisations that promote positive, long-term and innovative changes in the social field. Projects aimed at making life easier for people in difficult life situations receive a lot of attention as well.

ĎAKUJEME ZA KAŽDÝ
VÁŠ HLAS!

ZLEPŠIME
SPPOLOČNE
SLOVENSKO

Úspešne sme spojili vašu energiu pomáhať s tou našou.
Vaše hlasy rozhodli a SPPoločne sme vybrali ďalších 37 skvelých projektov,
ktoré vylepšia miesta, kde žijete, a oživia aktivity vo vašich komunitách.
Realizáciu týchto projektov sledujte na www.sppolocne.sk

SPP

Nadácia SPP has long been providing support in the following areas:

- development and support of education,
- development and protection of cultural values,
- support for disadvantaged population groups,
- health protection,
- support for charitable and philanthropic activities,
- communal and regional development.

In 2014, Nadácia SPP supported a total of 237 projects with funding worth around EUR 2.1 million. 61 contributions were awarded to partnership projects in 2014 with a value exceeding EUR 890,000. In respect of grant programmes, Nadácia SPP supported a total of 176 applications in 2014, with a combined total over EUR 1.1 million.

In addition to other activities, SPP Foundation is a long-term partner of the festival of visual art and culture – BLAF (Bratislava Art Festival), Good Music Young Talents Stage competition of Nadácia SPP at Bratislava Jazz Days, GUnaGU theatre, Slovak Paralympics athletes in cooperation with the Slovak Paralympic Committee and Blue Angel – the crisis intervention team that

provides psychosocial support to people affected by a traumatic event. Among the most important activities of Nadácia SPP are the SPPoločne and Let's Renovate Our House programmes, but also the One Step Ahead programme, which aims to contribute to improving the quality of care for people with disabilities.

EkoFond Actively Working to Improve Energy Efficiency

In SPP, we promote the principles of rational use of energy resources through the non-investment fund EkoFond. Since its creation in 2008, the fund has provided over EUR 10.6 million in support to implement various projects in energy savings and improving the quality of the environment.

In 2014, EkoFond mostly concentrated on the gradual completion of already opened projects. That was why the fund did not support any new projects or make any call for the submission of projects. EkoFond is an active participant in the process involving the transposition of new EU legislation to national legislation in the field of energy efficiency, which began in 2013 and continued also last year.

Programmes and Grants

Even shortly after being created, EkoFond formed its own specific know-how in the field of grant programmes aimed

at improving energy efficiency.

To date, it has conducted projects under five grant programmes:

- **Programme 01 Cogeneration and trigeneration based on natural gas**
- **Programme 02 Improvement of energy efficiency of buildings**
- **Programme 03 Support for installation of gas heat pumps**
- **Programme 04 Research, development and introduction of new progressive technologies based on natural gas**
- **Programme 05 Support for the development of CNG (compressed natural gas) use as an alternative motor fuel in Slovak transport**

Since its creation, the fund's grant schemes have supported a total of 212 projects with an aggregate of more than EUR 6.6 million. The majority of projects (132 in total) were supported under the Improvement of Energy Efficiency of Buildings programme. Thanks to the support from EkoFond, real savings already achieved to date by completed projects (92)



amount to 7,023,327 kWh (25.28 TJ). In the course of 2014 – after completion of approved projects – the total energy savings increased by an additional 3,974,888 kWh (14.31 TJ). The supported projects directly or indirectly affected more than 180,000 people.

Our Own Projects

Since 2008, EkoFond has been running its own project "EkoFond for Schools", a major part of which includes activities aimed at students of secondary vocational schools with technical specialisation. As part of these activities and in cooperation with a number of secondary vocational schools, in 2009 we began preparing the 4-year degree course with school-leaving exam – **Energy Equipment of Buildings Technician**. The course should equip graduates not only with high quality theoretical knowledge and practical skills related to the different types of electrical engineering and basic construction activities, but also with the ability to provide adequate energy consulting services.

International Projects

REFUGE project (Renewable Energy for Future Generations)

– prepared by EkoFond under the Lifelong Education Programme, Leonardo da Vinci Subprogramme – Transfer of Innovations. The project was successfully completed and the project outcomes are used in practice. These outcomes include, in particular, a handbook with a list of jobs in the field of energy production, distribution and utilisation, together with employee profiles for these jobs in Slovakia and in the Czech Republic. The project outcomes also include the curriculum for training the educational and career advisers and teachers at secondary vocational schools in the field of renewable energy and jobs in this field, as well as textbooks on renewable energy sources for the new degree course Energy Equipment of Buildings Technician.

As one of the partners, EkoFond participated in the preparation of the national project under the Intelligent Energy Europe programme – **BUILD UP Skills Slovakia (BUSSK)**, which was ended in 2014. The aim of the project was to create a "roadmap" for the vocational training of workers in the construction industry up to 2020 in the area of energy efficiency of buildings and renewable energy sources.



Independent Auditor's Report

Environmental Protection

Environmental protection and fulfilment of the principles of sustainable development forms part of all SPP's activities.

When it comes to improving the quality of the environment, SPP focuses chiefly on the rational use of natural resources and on reducing the volume of pollutants in the environment. As a result of SPP's activities, the operation of small and medium sources of air pollution released approximately 0.4 tons of solid pollutants in 2014; 0.05 tons of sulphur oxides; 6.9 tons of nitrogen oxides; 2.8 tons of carbon monoxide and 1.3 tons of total carbon emissions.

By strictly adhering to the waste prevention strategy and by increasing the share of recovered waste, SPP's waste management produced a waste recovery rate of 89%, representing an increase of 26% over 2013. Recycling recovers raw materials such as paper, cardboard, plastic materials (including plastic packaging), glass, metal waste, electronic waste, decommissioned parts of electrical equipment, as well as gearbox oils and lubricants.

Occupational Health and Safety

In the field of occupational health and safety, SPP is successfully maintaining the kind of working conditions that maximise the prevention of possible injury or the negative impact of harmful factors in the working environment on the human body. Along with company-wide communication and raising the awareness and motivation of employees, activities in this area enabled us to maintain favourable development in the accident rate, where in the course of 2014 SPP did not register any work-related accident, occupational disease, or any occupational disease risk.



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SUPPLEMENT TO THE AUDITOR'S REPORT on the Consistency of the Annual Report with the Separate Financial Statements Pursuant to Act No. 540/2007 Coll., Article 23 (5)

To the Shareholder and Board of Directors of Slovenský plynárenský priemysel, a.s.:

I. We have audited the financial statements of Slovenský plynárenský priemysel, a.s. (the "Company") as at 31 December 2014 presented in attachment to the annual report. We issued an Auditor's Report on these financial statements dated 11 March 2015 in the wording as follows:

INDEPENDENT AUDITOR'S REPORT

To the Shareholder and Board of Directors of Slovenský plynárenský priemysel, a.s.:

We have audited the accompanying financial statements of Slovenský plynárenský priemysel, a.s. (the "Company"), which comprise the balance sheet as at 31 December 2014, and the income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Statutory Body's Responsibility for the Financial Statements

The Company's statutory body is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards as adopted by the EU, and for such internal control as the statutory body determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the statutory body, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Slovenský plynárenský priemysel, a.s. as at 31 December 2014, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.

Emphasis of Matter

We draw attention to Note 1.3 to the financial statements, which describes effects of the reorganisation and modification of the ownership structure in the SPP Group.

Our opinion is not modified in respect of this matter.

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II. We have also audited the consistency of the Annual Report with the aforementioned financial statements. The accuracy of the Annual Report's presentation is the responsibility of the Company's statutory body. Our responsibility is to issue an opinion on the consistency of the Annual Report with the financial statements based on our audit.

We conducted our audit in accordance with International Standards on Auditing. Those standards require that the Auditor plan and perform the audit to obtain reasonable assurance that the information disclosed in the Annual Report and presented in the financial statements is consistent, in all material respects, with the relevant financial statements. We assessed the consistency of the information presented in the Annual Report with the information presented in the financial statements as at 31 December 2014. We have not audited any data or information other than the financial information obtained from the financial statements and accounting ledgers. We believe that the performed audit provides a reasonable basis for our audit opinion.

In our opinion, the financial information presented in the Annual Report is consistent, in all material respects, with the aforementioned financial statements as of 31 December 2014.

Bratislava, 11 March 2015



Deloitte Audit s.r.o.
Licence SKAu No. 014



Ing. Wolda Kidan Grant, FCCA
Responsible Auditor
Licence SKAu No. 921

Contacts

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SPP Customer Hotline

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Fax: +421 2 5869 9000
E-mail: zakaznickalinka@spp.sk
For calls from abroad or from the networks of alternative operators: +421 2 5869 9090

Small Businesses & Organisations:

SPP Business Hotline

Phone: 0850 111 565 (weekdays from 7 a.m. to 8 p.m.)
E-mail: biznislinka@spp.sk
Fax: +421 2 5869 9010
For calls from abroad or from the networks of alternative operators: +421 2 5869 9092

Slovak Gas Museum

The museum has been mapping the past and present of the Slovak gas industry for 19 years, and houses more than four hundred exhibits.

Seat:

Slovenský plynárenský priemysel, a.s.
Mlynské nivy 44/c
825 11 Bratislava 26
Slovak Republic
Phone: +421 2 6262 4164 (weekdays from 10 a.m. to 2 p.m.)
E-mail: muzeum@spp.sk

Entry to the museum is free of charge. Visits must be arranged at least three days in advance.

SPP Gallery

The SPP Gallery has been providing presentation space for leading Slovak and renowned international artists for 15 years, in the visual arts, sculpture, glass, ceramics and textiles. Since its opening in 2000, more than 100 exhibitions have taken place in it.

Seat:

Slovenský plynárenský priemysel, a.s.
Mlynské nivy 44/c
825 11 Bratislava 26
Slovak Republic
Phone: +421 2 6262 4169 (weekdays from 11 a.m. to 6 p.m.)
E-mail: galeria@spp.sk

Entry to the gallery is free of charge.

SPP Spokesperson

Michal Holeš
Phone: +421 917 716 077
E-mail: press@spp.sk

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