



Robert Golob, PhD, President of the Management Board, GEN-I

Always First!

The second largest electricity provider in Slovenia swears by its philosophy of "being first". It does not take deals that are not safe and its key driver of growth is people, says the President of the Management Board of GEN -I, Robert Golob, PhD, who advocates only safe growth.

perspective, it is extremely important not to take deals that are unsafe. We decide whether to go ahead with a deal on the basis of numerous parameters, but the safety of a deal always comes before the profitability. We therefore only enter into deals that allow for maximum protection. On the one hand, this means continuously monitoring the "credit risk" or solvency of our partners and on the other, clear in-house control mechanisms in place for our traders to close these deals.

Do you also attribute your growth, essentially from establishment, to risk management?

Growth itself is not an issue and it is even relatively simple in the trade sector if, of course, you have the knowledge, it is more a question of how much capacity is allocated to growth. The key problem is how to ensure the growth is manageable, to enable 'safe' growth. We have always had a constructive, internal conflict in the company as to how to stop our traders from growing at the expense of business performance and exposure to risky operations. We maintain this balance between these two factors at all times.

So, to sum it up - or to add anything else - what are the key factors for growth?

Always people! People, who must be clearly aware of their duties and be sufficiently motivated- and in my opinion we have those people in our company - with the work organised to enable them to do their best. Above all, their tasks must be clearly delineated. We have to know who is responsible for growth and who has the right to restrict that responsibility should some action be too risky. Once the tasks are clearly delineated, we can move forward.

In 2006 the Slovenian Government decided that it was reasonable to increase competition in the electricity market. How did you respond to that initiative?

Promptly! Again we were the first to do so, forging a type of partnership with the State that has not been repeated. We readily grabbed the opportunity when the Government wanted to establish

a new competitor in the electricity market in Slovenia and we are now the second largest provider in Slovenia. I would go so far as to say that today we are the ones who dictate market development. All the others and I'm talking about national distributors, are basically just following in our footsteps. I believe that this Government decision was very useful for Slovenian customers in terms of market development.

What is your turnover in Slovenia and abroad? Could you comment on that?

In 2011 we generated EUR 1 billion in sales revenue at the group level, one-fifth in Slovenia and four-fifths in other countries. Compared with the previous year, we nearly doubled our profit, reaching EUR 14 million. The EUR 200 million that we generated in Slovenia accounts for about 25 percent of the Slovenian market and represents a reasonable market share for us, it also exceeds the production capacity available to our partner GEN Energija, so last year we had to - as we will also have to do this year - purchase or import into Slovenia some of the electricity needed to cover the consumption of our Slovenian customers. We must not forget that GEN-I is also responsible for backup energy if the Krško nuclear power plant breaks down. If we are therefore to provide the alternate energy during system failure within an hour, we must have an extremely developed sales network. We are not limited to classic supply and sales, we have business partners with whom we work in both areas. We can sell them electricity when they need it and we can buy it from them when they have surpluses.

How many customers have you acquired with your 'Poceni elektrika' brand amongst small businesses and households?

We were also very successful in that area in 2011. We had to make some investment, but we more than doubled the number of clients,

which at the end of 2011 numbers almost 40,000, exceeding our growth plans.

What, in your opinion, will determine Slovenia's energy future?

It depends on the timeframe we are looking at. Over the next 20 years it will remain more or less the same as today, which means that our energy dependence will continue to increase. We depend on imports of oil, petroleum products and natural gas and as for electricity, our energy future will depend on the ability of the politicians to come up with a clever compromise between nuclear energy and other energy sources. In the long term, it will make sense to significantly increase renewable sources, which are initially relatively expensive but almost free later on.

What advice would you give Slovenian entrepreneurs?

Carry out key business activities where you can be the best. Only if you are the best will you have more opportunities than others in a recession. That's exactly what GEN-I did and the crisis does not represent a challenge for us, but an opportunity. A large number of companies in Slovenia have exploited the crisis in this manner.

COMPANY NOTES



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Which markets do you operate in today?

GEN -I is now present in 17 markets stretching from Germany in the north to Turkey in the south, Romania in the east and Italy in the west.

Which of these markets are the most profitable for you?

It varies from year to year. We try to stay ahead of the competition in every market, attempt to be the first to recognise opportunities. So far, no market has ever been the most profitable in two consecutive years. I would venture to say that we have always been the first to make the most of market opportunities, which does not go unnoticed by the competition but of course, by then we have already moved to the next market...

Can you describe your business activities? How do you sell electricity?

We are basically involved in two core activities: trading, which is our key activity carried on in all markets; and sales. We are present in four markets in terms of sales to end customers: Slovenia - the most developed segment, Italy, Austria and Croatia. We have deliberately moved from the centre outward which has proved to be a smart decision, especially as it has put us back in first place. No other player in the region sells energy to end customers in more than one market, we are the only one. The situation is considerably more international with regard to trading, where revenue represents 80 percent of our turnover and where we have been present across the entire area of Central and South Eastern Europe for a long time. Add to this the countries to the south and east. Just last year we added Turkey after identifying a market opportunity there.

How do you manage risk?

Risk management is central to our success - the margins that can be realised in this business are much lower or very low, compared to turnover. This means that any deal, if mismanaged or lost completely, would destroy the margin from 50 additional deals. From this