



**BUSINESS AND UNAUDITED FINANCIAL REVIEW
JANUARY – MARCH 2020**

**INVESTOR PRESENTATION
30 APRIL 2020**



LIFE IS FOR SHARING.

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These materials include non-IFRS measures, such as EBITDA. The Company believes that such measures serve as additional indicators of the Group's operating performance. However such measures are not replacements for measures defined by and required under IFRS. In addition, some key performance indicators utilised by the Company may be calculated differently by other companies operating in the sector. Therefore, the non-IFRS measures and key performance indicators used in these materials may not be directly comparable to those of the Group's competitors

RESPONSE TO COVID-19 OUTBREAK AND EARTHQUAKE IN ZAGREB

OUR PEOPLE & NEW OPERATING MODEL

- Crisis Team established on operational and MB level to monitor and coordinate handling of crisis situation caused by Covid-19 virus
- Appropriate safety measures introduced early on to secure health of employees and business continuity
- As of March 20st, all shops closed in line with Government directives (certain shops have been able to reopen this week)
- Damage on Draškovićeveva location caused by Zagreb earthquake recovered within 24 hours
- Financial help to employees after earthquake in Zagreb

OUR CUSTOMERS

- Give-aways to customers launched in the first days of the lock down in March:
 - Consumers – extra connectivity, MAXtv and EVOtv extra channels
 - Businesses – extra connectivity, safe connection and collaboration tools
 - Students – zero rate on „School of Life” schooling program and free educational tutorials on MAXtv
- Strong increase in data and voice traffic on our network in March

SUPPORT TO GOVERNMENT & SOCIETY

- Immediate support provided to Government to help get society, business and economy up and running in times of limitations on physical interaction
- Increased speed of Internet links for several hospitals across Croatia and for Carnet to support online schooling program
- Free calling numbers established for Corona Crisis Centre (113), Red Cross and other institutions providing help and support
- Donated HRK 4 million to ”Dr. Fran Mihaljević” Clinic for Infectious Diseases

BUSINESS HIGHLIGHTS

BUSINESS DEVELOPMENT

- Strong focus on the implementation of next generation fixed access network
- Continued reduction of customer complaints to our residential and business call centre agents
- Increased usage of One APP yoy penetration 18 p.p.



REGULATORY DEVELOPMENT

- Revised Margin Squeeze Methodology implementation has been postponed
- Impact of reduced WACC on our wholesale prices
- The deadline for switching to new DVB-T2/HEVC system which is used for digital terrestrial television has been postponed



FINANCIALS

- Top line quite resilient in Q1 2020 - down due to non-core revenues
- Excluding one-off Evo TV transaction in Q1 2019, EBITDA AL increased by 1%
- CAPEX/Sales ratio close to 24% sales
- 2020 outlook under-review



CAPITAL ALLOCATION

- Due to COVID-19 measures the General Assembly was cancelled
- In March 2020 the MB adopted amendments to the provisions of the Share Buyback Program
- In Q1 2020 HT bought back 208,508 own shares or 0.3% of total shares within the Share Buyback Programme

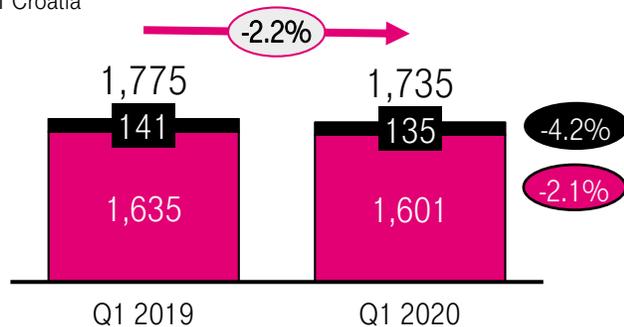


PROFITABILITY REMAINED STABLE

All in HRK million

REVENUE

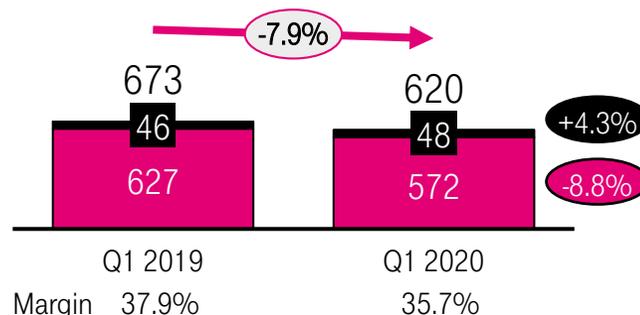
■ CT contribution
■ HT Croatia



- HT Croatia down mainly due to lower handset sales and Optima contribution
- CT growth in postpaid and TV was not able to offset decrease in fixed voice and mobile prepaid

EBITDA AL¹

■ CT contribution
■ HT Croatia

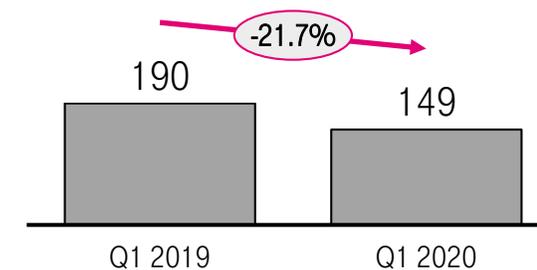


Margin 37.9% 35.7%

- EBITDA AL down mainly due to Evo TV transaction in Q1 2019, lower net revenue and higher IFRS 16 depreciation
- Excluding one-off Evo TV transaction in Q1 2019, EBITDA AL increased by 1%

NET PROFIT²

■ HT Group



- Net profit fell mainly due to EBITDA AL performance and higher exceptional items
- Higher exceptional items mainly resulting from personnel restructuring scope which in 2020 performed in March while in 2019 it was in July

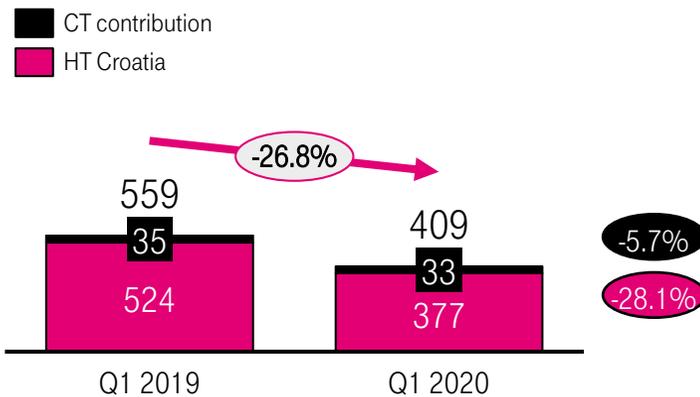
1. EBITDA before exceptional items after leases. Exceptional items mainly refer to restructuring redundancy costs.

2. Net profit after non controlling interests.

STRONG INVESTMENT IN NETWORK AND CUSTOMER EXPERIENCE CONTINUES

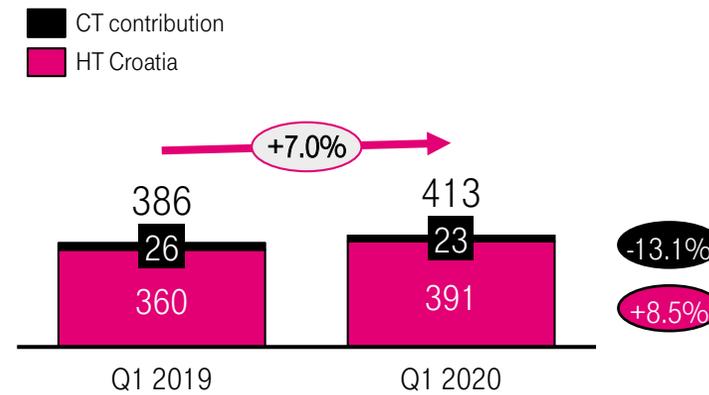
All in HRK million

NET CASH FLOW FROM OPERATIONS



- Cash flow from operating activities decreased mainly due to lower net profit and unfavourable working capital movement

CAPEX AL

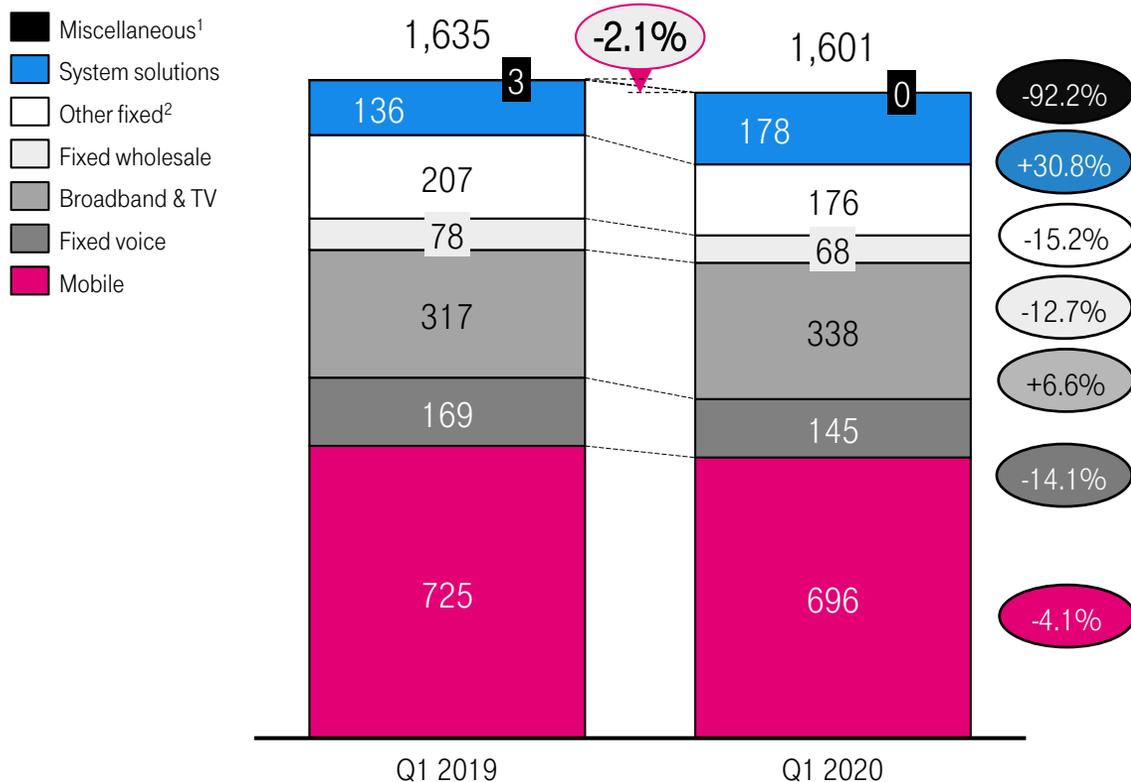


- Capex AL higher yoy driven by seasonality in content capitalization at HT Croatia
- Crnogorski Telekom capex lower on slowdown in investment in fixed access and LTE

MOBILE DOWN DUE TO LOWER HANDSET SALES WHILE BROADBAND AND SYSTEM SOLUTIONS SHOWED GOOD PERFORMANCE

All in HRK million

REVENUE BREAKDOWN



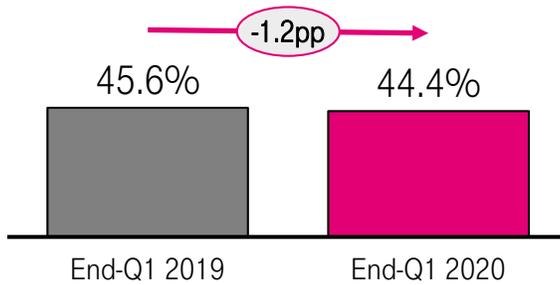
- **Mobile revenue** down, mainly driven by lower handset sales, partly compensated by strong postpaid
- **Fixed voice** down due to fall in mainlines, traffic and ARPU
- **Broadband and TV revenue** up; TV growth supported by higher Evo TV contribution (consolidation started in March 2019), as well as broadband growth resulting from higher customer base and higher ARPU
- **Fixed wholesale revenue** down as a result of lower WS regulated prices (WACC decrease), lower CB and lower transit traffic in Iskon
- **Other fixed revenue** down, mainly driven by lower Optima contribution resulting from cancelation of bilateral telco relationship (mostly EBITDA neutral)
- **System solutions revenue** driven by growth in area of customized ICT solutions & standard solution ICT portfolio
- **Miscellaneous revenue** down due to E-tours contribution in 2019

¹ Other non telco services.

² Optima Telekom revenue included.

MARKET AND TECHNOLOGY LEADERSHIP MAINTAINED

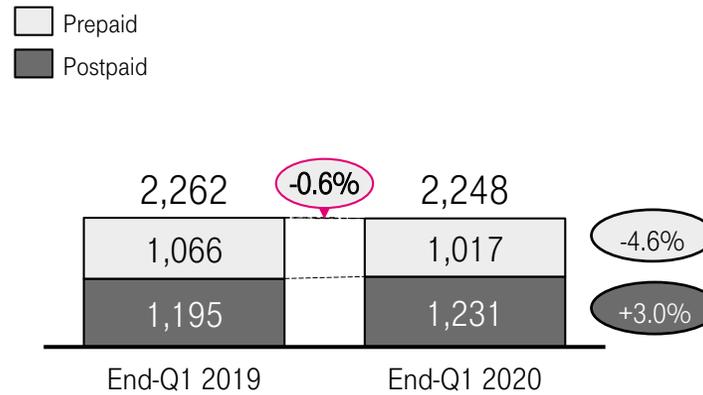
HT MARKET SHARE BY SUBSCRIBERS¹



- Stable mobile customer base and SIMs market share

Thousands

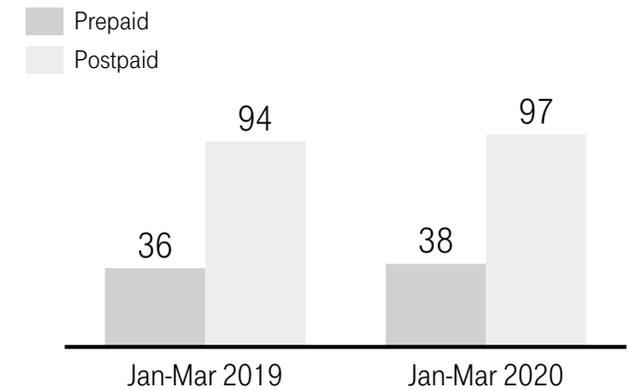
NUMBER OF SUBSCRIBERS



- Increase in postpaid customers driven by attractive offers on tariffs and handsets and marketing campaigns in Bonbon branded services

HRK/month

ARPU



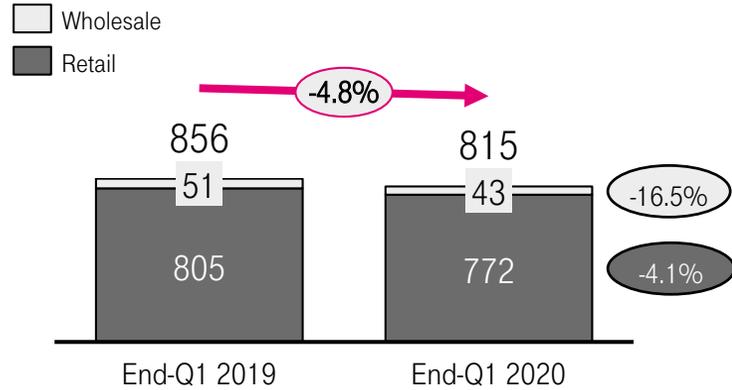
- HT smartphone customers at 70% (Jan-Mar 2019: 67%) driving mobile data ARPU growth

1. Based on the total number of SIMs, which includes handset SIMs, M2M, mobile broadband and other SIMs which may be used to create a service that traditionally has been considered as „fixed service”

CONTINUED GROWTH IN RETAIL BROADBAND LINES

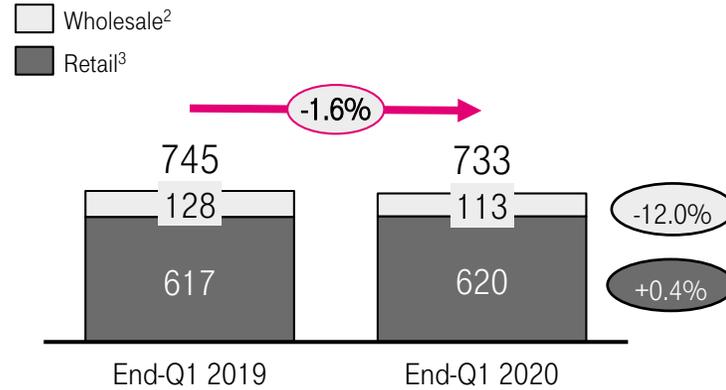
Thousands

NUMBER OF FIXED LINES¹



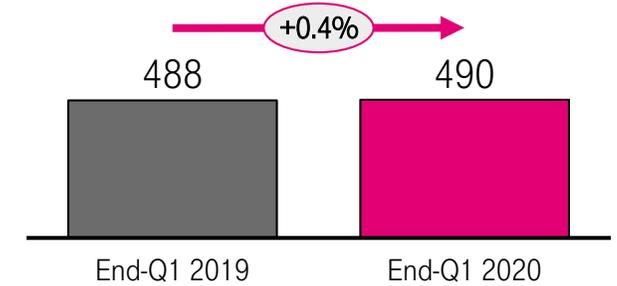
- Ongoing contraction of fixed main lines, but at a lower pace than previous year

NUMBER OF BROADBAND ACCESS LINES



- Growth in retail BB base, offset by wholesale base losses as a result of migration to competitive infrastructure including FMS
- Broadband retail ARPU higher due to focus on less aggressive offers in the market

NUMBER OF TV CUSTOMERS



- Growth in TV customers due to rise in overall customer base, but TV ARPU down by 2.5%

1 Includes PSTN, FGSM and old PSTN voice customers migrated to IP platform and Smart packages for business; payphones excluded

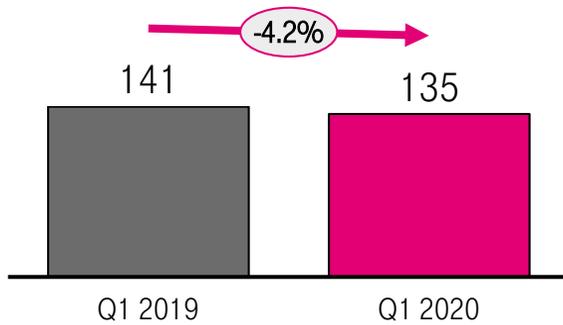
2 Includes Naked Bitstream + Bitstream

3 Includes ADSL, VDSL, FTTH, FTTB, FTTC

REVENUE DECREASES BUT PROFITABILITY REMAINS STABLE

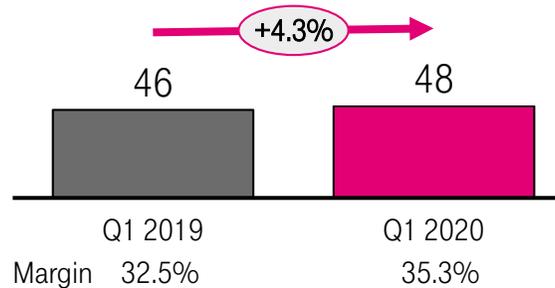
All in HRK million

REVENUE



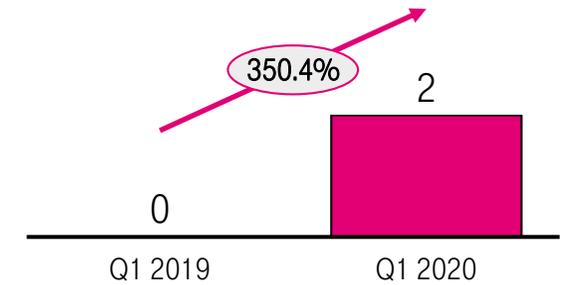
- Revenues decreased due to lower fixed voice and system solution revenue, while higher mobile revenue partly offset decrease
- Mobile revenue increase driven by postpaid resulting from customer growth of 4.5%

EBITDA AL¹



- EBITDA AL increase is influenced by lower operating expenses (before exceptional items), which offset lower net revenue
- EBITDA AL margin increased by 280 bp to 35.3%

NET PROFIT²



- Increase in net profit driven by higher EBITDA and positive effect of net financial result

1. EBITDA before exceptional items after leases

2. Net profit after non controlling interests

APPENDIX

UNAUDITED FINANCIAL STATEMENTS



HT GROUP CONSOLIDATED INCOME STATEMENT

in HRK million	Q1 2019	Q1 2020	% of change A20/A19
Mobile revenue	797	769	-3.5%
Fixed revenue	830	783	-5.7%
System solutions	144	183	26.6%
Miscellaneous	3	0	-92.2%
Revenue	1,775	1,735	-2.2%
Other operating income	80	28	-65.5%
Total operating revenue	1,855	1,762	-5.0%
Operating expenses	1,102	1,094	-0.7%
Material expenses	544	506	-7.1%
Employee benefits expenses	278	326	17.3%
Other expenses	277	256	-7.6%
Work performed by the Group and capitalised	-23	-17	-27.7%
Write down of assets	25	22	-11.9%
EBITDA	753	669	-11.2%
Depreciation and amortization	497	477	-4.1%
EBIT	256	192	-25.1%
Financial income	7	41	491.7%
Income/loss from investment in joint ventures	-2	-4	68.5%
Financial expenses	30	52	71.2%
Profit before taxes	230	177	-23.1%
Taxation	45	35	-21.0%
Net profit	186	142	-23.6%
Non controlling interests	-5	-7	54.8%
Net profit after non controlling interests	190	149	-21.7%
Exceptional items ¹⁾	7	52	607.5%
EBITDA before exceptional items	760	721	-5.2%
EBITDA before exceptional items after leases	673	620	-7.9%

¹⁾ Mainly related to restructuring redundancy costs and legal cases

HT GROUP CONSOLIDATED BALANCE SHEET

in HRK million	At 31 Dec 2019	At 31 Mar 2020	% of change A20/A19
Intangible assets	2,335	2,393	2.5%
Property, plant and equipment	6,390	6,401	0.2%
Non-current financial assets	388	384	-1.1%
Receivables	347	323	-6.9%
Lessee use rights to leased assets (IFRS 16)	709	718	1.2%
Contract assets (IFRS 15)	51	51	-0.2%
Contract costs (IFRS 15)	98	102	4.6%
Deferred tax asset	129	137	6.4%
Total non-current assets	10,447	10,509	0.6%
Inventories	158	193	21.8%
Assets held for sale	68	0	-100.0%
Receivables	1,520	1,531	0.7%
Current financial assets	928	950	2.4%
Contract assets (IFRS 15)	231	221	-4.2%
Contract costs (IFRS 15)	71	70	-1.7%
Cash and cash equivalents	2,762	2,628	-4.8%
Prepayments and accrued income	142	136	-4.0%
Total current assets	5,880	5,729	-2.6%
TOTAL ASSETS	16,327	16,239	-0.5%

in HRK million	At 31 Dec 2019	At 31 Mar 2020	% of change A20/A19
Subscribed share capital	10,245	10,245	0.0%
Reserves	565	565	0.0%
Revaluation reserves	-10	5	144.6%
Treasury shares	-73	-108	-49.0%
Retained earnings	1,260	2,006	59.2%
Net profit for the period	740	149	-79.8%
Non controlling interests	328	326	-0.6%
Total issued capital and reserves	13,054	13,187	1.0%
Provisions	86	81	-5.0%
Non-current liabilities	246	248	1.0%
Lessee lease liabilities to third party due > 1 year (IFRS 16)	465	499	7.3%
Contract liabilities (IFRS 15)	0	0	-28.3%
Deferred tax liability	42	50	18.7%
Total non-current liabilities	839	879	4.8%
Current liabilities	2,161	1,891	-12.5%
Contract liabilities (IFRS 15)	85	67	-21.5%
Lessee lease liabilities due <= 1 year (IFRS 16)	183	161	-12.5%
Deferred income	5	5	-6.4%
Provisions for redundancy	0	49	-
Total current liabilities	2,434	2,173	-10.8%
Total liabilities	3,273	3,052	-6.8%
TOTAL EQUITY AND LIABILITIES	16,327	16,239	-0.5%

HT GROUP CONSOLIDATED CASH FLOW STATEMENT

in HRK million	Q1 2019	Q1 2020	% of change A20/A19
Profit before tax	230	177	-23.1%
Depreciation and amortization	497	477	-4.1%
Increase / decrease of current liabilities	-149	-149	-0.6%
Increase / decrease of current receivables	114	7	-93.5%
Increase / decrease of inventories	-12	-37	-215.3%
Other cash flow increases / decreases	-122	-66	46.1%
Net cash inflow/outflow from operating activities	559	409	-26.8%
Proceeds from sale of non-current assets	1	83	-
Proceeds from sale of non-current financial assets	0	0	-17.7%
Interest received	4	4	-7.0%
Dividend received	0	0	-
Other cash inflows from investing activities	0	0	-
Total increase of cash flow from investing activities	6	88	-
Purchase of non-current assets	-280	-370	-32.1%
Purchase of non-current financial assets	-30	0	100.0%
Other cash outflows from investing activities	0	-1	-14.8%
Total decrease of cash flow from investing activities	-310	-370	-19.4%
Net cash inflow/outflow from investing activities	-304	-283	7.1%
Total increase of cash flow from financing activities			
Repayment of loans and bonds	-23	-48	-109.8%
Dividends paid	-1	0	89.6%
Repayment of lease	-56	-98	-75.5%
Other cash outflows from financing activities	-121	-121	0.2%
Total decrease in cash flow from financing activities	-201	-267	-33.0%
Net cash inflow/outflow from financing activities	-201	-267	-33.0%
Exchange gains/losses on cash and cash equivalents	3	7	141.6%
Cash and cash equivalents at the beginning of period	3,137	2,762	-11.9%
Net cash (outflow) / inflow	57	-134	-336.2%
Cash and cash equivalents at the end of period	3,193	2,628	-17.7%

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Bloomberg: HT CZ

