



Financial Year 2007 Results

28 February 2008

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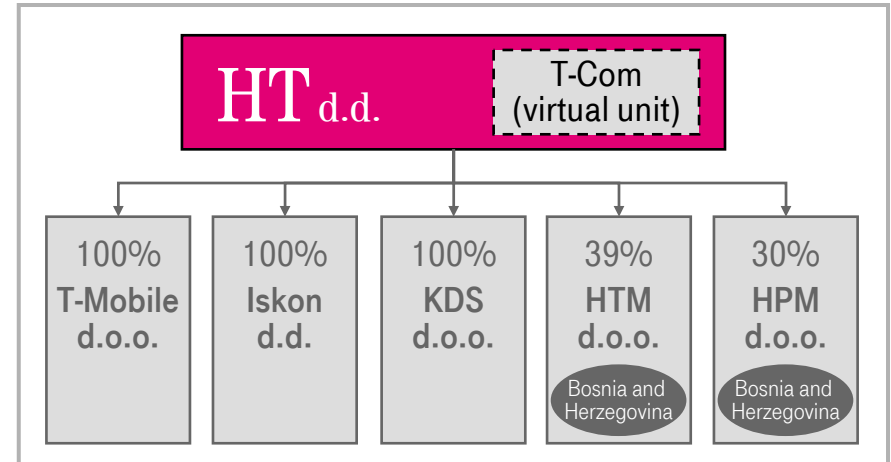
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Introduction of T-HT Group

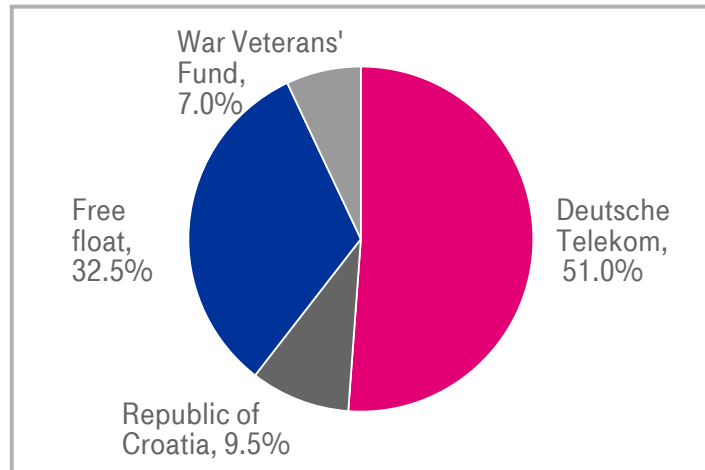
Highlights

- Full Telco services provider
- Market leader in all major segments
- Technological and quality leadership
- Strong competencies in IP Networks
- Full liberalization since 2005
- Company listed on LSE (GDRs) and ZSE (shares) since October 5th 2007

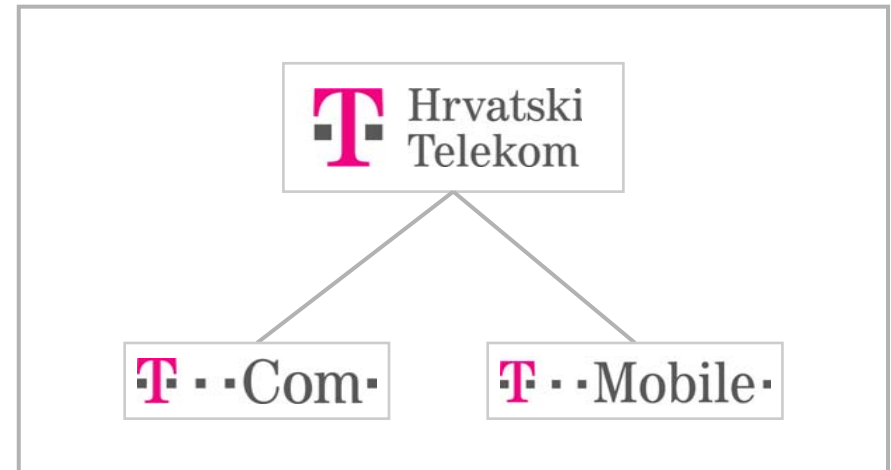
Organizational structure



T-HT Post IPO ownership structure



T Brand structure



Highlights

- IPO process successfully completed on 5 October 2007; Company listed on LSE (GDRs) and ZSE (shares)
- Revenues increased by 2.3 % over the same period last year
- Growth in mobile, Internet and wholesale services compensated for the expected decline in fixed line voice revenues
- Maintained position as market leader in all business segments
- Headcount optimization program ongoing
- Strong financial performance
- Proposed dividend of HRK 29.56 per share equates 100% payout ratio

	Jan - Dec 2006	Jan - Dec 2007	% Change
Revenues ⁽¹⁾ (in HRK million)	8,636	8,838	2.3%
Revenues ⁽²⁾ (in EUR million)	1,180	1,204	2.1%
EBITDA ⁽³⁾ (in HRK million)	4,060	4,050	-0.2%
EBITDA ⁽³⁾ (in EUR million)	555	552	-0.5%
Net profit (in HRK million)	2,214	2,471	11.6%
Net profit (in EUR million)	302	337	11.3%
Headcount (at 31 Dec)	7,498	6,724	-10.3%

⁽¹⁾ Excluding Other income

⁽²⁾ Kuna per Euro average rate Jan-Dec 2007: 7.34; Jan-Dec 2006: 7.32

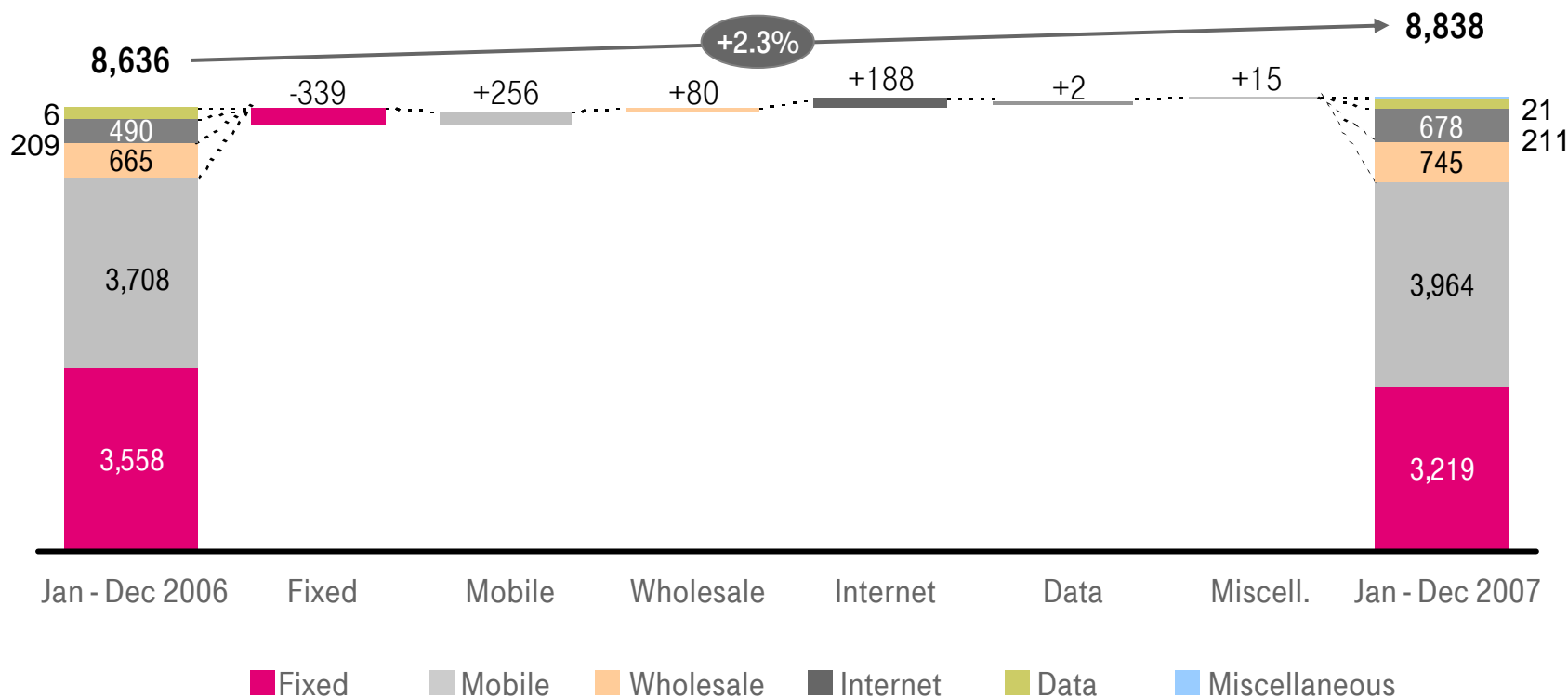
⁽³⁾ Before exceptional items

Revenue development

T-HT Group

- Growth in revenues from mobile telephony, Internet and wholesale services offset the expected decline in fixed telephony revenues to result in an overall increase in total consolidated revenues

Revenues (HRK million)



Note: Consolidated revenues (excluding Other income)

Key Highlights T-Com

- Fixed telephony declining, partly offset by growth in Wholesale services (CPS, ULL) and Internet services
- Strong growth of 37.7% in Internet services driven by IP/DSL services
- Data services increased by modest 1.0% as traditional services are replaced by lower cost IP based solutions

Key financials (HRK million)

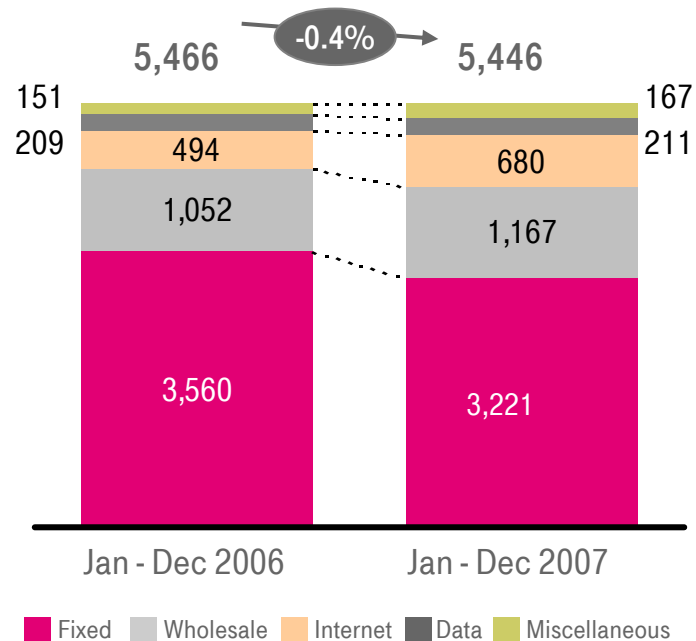
	HRK million		
	Jan - Dec 2006	Jan - Dec 2007	% Change
Revenues ⁽¹⁾⁽³⁾	5,466	5,446	-0.4%
EBITDA	2,369	2,164	-8.7%
EBITDA margin	43.3%	39.7%	-3.6 p.p.
EBITDA ⁽²⁾	2,388	2,259	-5.4%
EBITDA ⁽²⁾ margin	43.7%	41.5%	-2.2 p.p.
Capex	901	875	-2.9%
Capex / Revenue	16.5%	16.1%	-0.4 p.p.
Headcount (at 31 Dec)	6,446	5,650	-12.3%

⁽¹⁾ Excluding Other income

⁽²⁾ Before exceptional items

⁽³⁾ Unconsolidated figures

Revenues by business service³⁾ (HRK million)

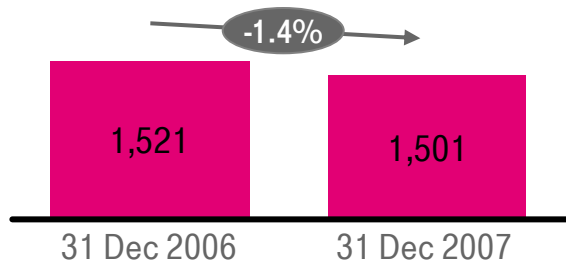


Fixed telephony

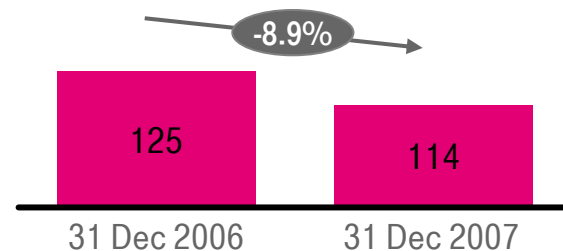
Traditional voice services in decline

- Successful marketing campaign (POTS for 1 HRK) resulting in slight decrease of POTS mainlines compared to same period in 2006
- Declining fixed voice ARPA due to decreased traffic
- More than 35.000 returned CPSs to T-Com

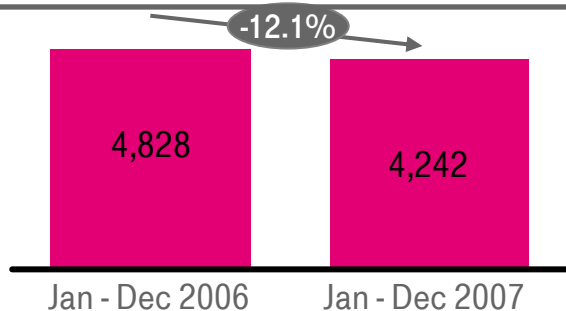
No. of POTS⁽¹⁾ Mainlines ('000)



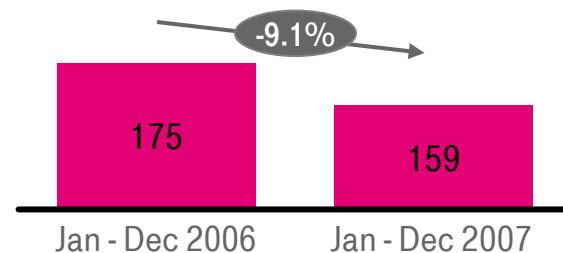
No. of ISDN Mainlines ('000)



Total Traffic in minutes (million)



ARPA⁽²⁾ (HRK)

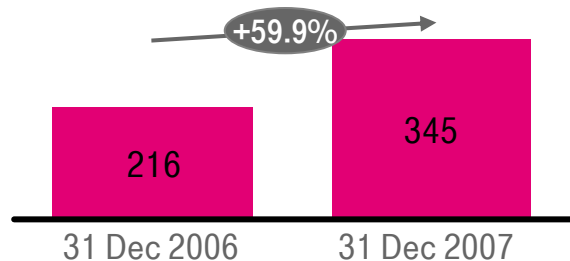


Note: ⁽¹⁾ FGSM included; Payphones not included
⁽²⁾ Voice revenue per voice access - monthly average for the year

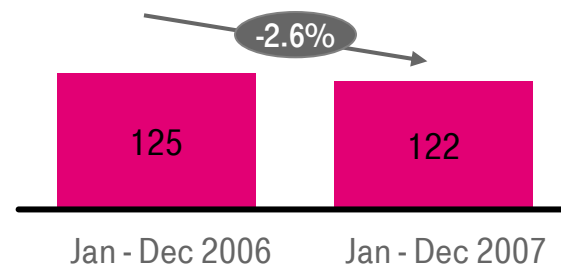
Internet services

- Strong growth of MAXdsl users; introduction of self-installation; supportive campaigns – Member Get Member, Speed upgrade, MAXdsl + Console.
- Shift from narrowband to broadband - lower number of active dial-up customers
- MAXtv: Promotion of actual content and features; increase in exclusive content

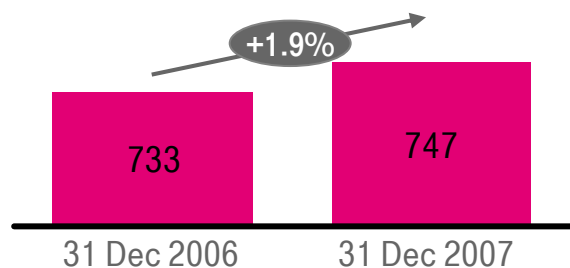
No. of ADSL mainlines ('000)



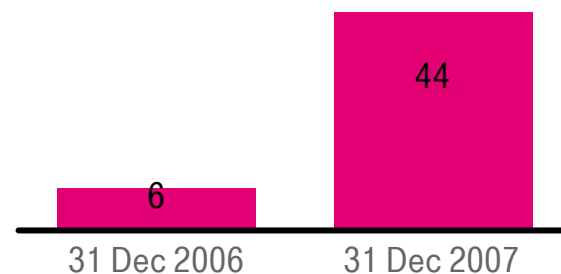
ADSL mainlines ARPA⁽²⁾ (HRK)



No. of dial-up users⁽¹⁾ ('000)



No. of MAXtv customers ('000)



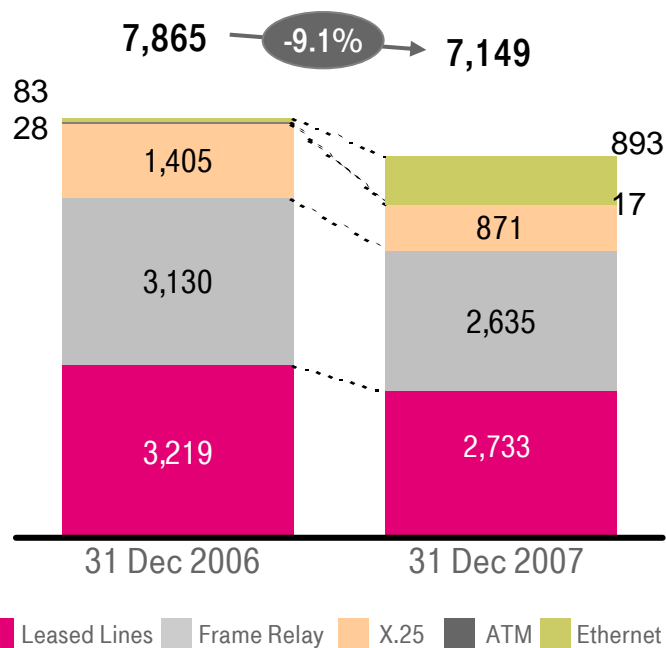
⁽¹⁾ Active and non active users

⁽²⁾ Monthly average for the year

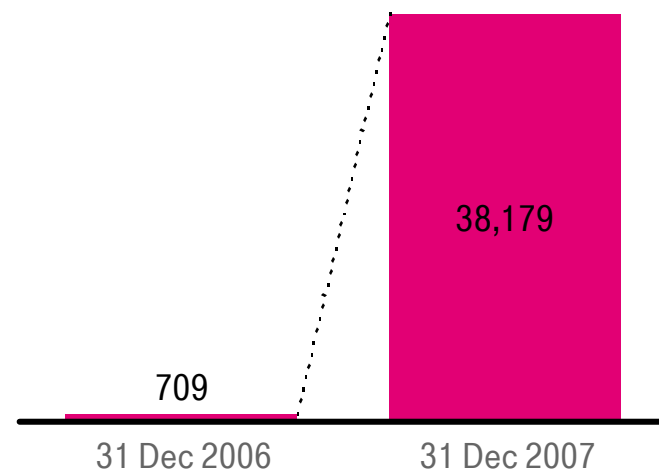
Data and Wholesale services

- Traditional data lines decreasing - customer migration towards new IP-based services
- Wholesale revenues increased by 10.9% to HRK 1,167 million
- Strong growth in number of ULL (38,179 ULL customers at the end of 2007)

Traditional Data lines⁽¹⁾



Number of ULL



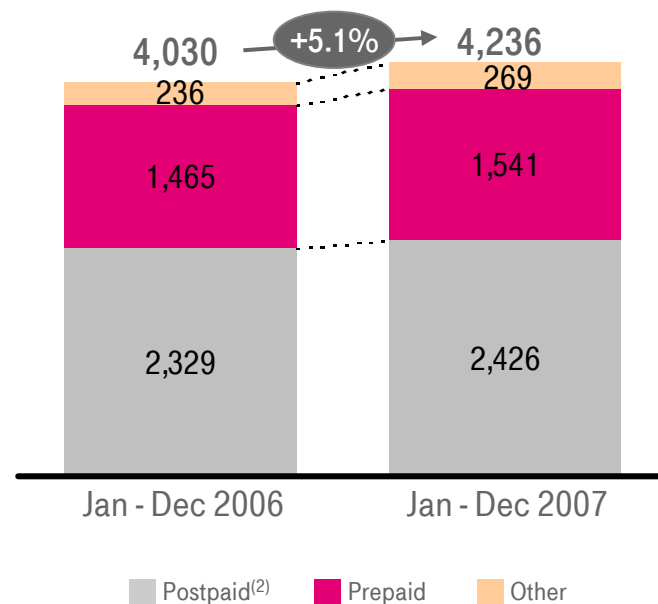
Key Highlights T-Mobile

- Strong growth in subscriber base enabled revenue growth
- EBITDA development reflecting revenue growth and cost control

Key financials (HRK million)⁽¹⁾

	HRK million		
	Jan - Dec 2006	Jan - Dec 2007	% Change
Revenues	4,030	4,236	5.1%
EBITDA	1,672	1,791	7.1%
EBITDA margin	41.5%	42.3%	0.8 p.p.
Capex	524	374	-28.7%
Capex / Revenue	13.0%	8.8%	-4.2 p.p.
Headcount (at 31 Dec)	1,052	1,074	2.1%

Revenues breakdown⁽¹⁾ (HRK million)



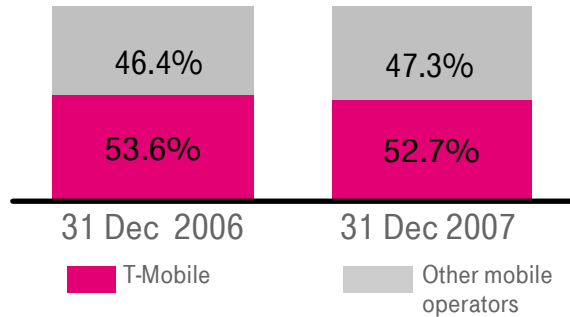
⁽¹⁾ Unconsolidated figures

⁽²⁾ Including visitors' revenue

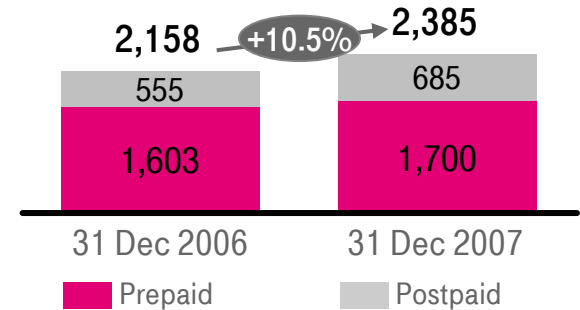
Mobile telephony

- T-Mobile is successfully maintaining its position as the market leader despite competition
- Increased share of Postpaid subscribers from 25.7% to 28.7%
- ARPU decrease as a result of increased penetration (multi SIM usage and low-end segments) managed through effective value-for-money positioning
- Growing minutes of usage (MoU) partially neutralized prices drop

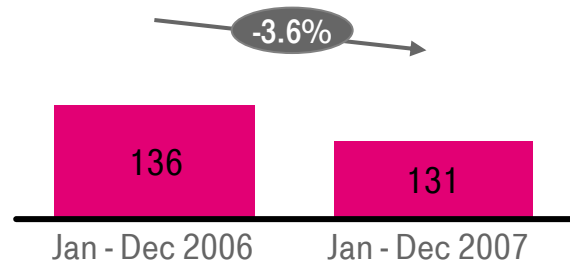
Market share by revenue (%)⁽¹⁾



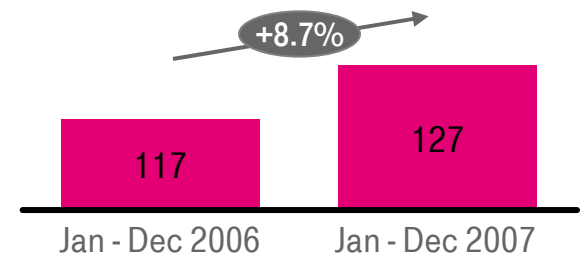
Number of T-Mobile Subscribers ('000)



Blended ARPU (monthly average in HRK)



Average MOU (minutes/month)



(1) Source: Telekom Austria Annual report for 2006 and Quarterly reports for the first three quarters of 2007. VIPnet's Total revenues for Q4'07 internally estimated. VIPnet's National roaming revenues internally estimated. Tele2 Total revenues internally estimated. Market shares are based on unconsolidated revenues for T-Mobile (i.e. not net of T-Com revenues).

Group Financial Highlights

IFRS, Audited	HRK million		
	Jan - Dec 2006	Jan - Dec 2007	% Change
Revenues ⁽¹⁾	8,636	8,838	2.3%
EBITDA	4,041	3,955	-2.1%
EBITDA margin	46.8%	44.7%	-2.0 p.p.
EBITDA ⁽²⁾	4,060	4,050	-0.2%
EBITDA ⁽²⁾ margin	47.0%	45.8%	-1.2 p.p.
Net profit	2,214	2,471	11.6%
Net profit margin	25.6%	28.0%	2.3 p.p.
Capex	1,425	1,248	-12.4%
Capex / Revenue	16.5%	14.1%	-2.4 p.p.

⁽¹⁾ Excluding Other income

⁽²⁾ Before exceptional items

In the reporting period 2007 exceptional items amounted to HRK 95 million (HRK 79 million related to redundancy restructuring costs and HRK 16 million related to IPO process costs).

In the same period 2006 exceptional items amounted to HRK 19 million (HRK 11 million related to redundancy restructuring costs and HRK 8 million relating to warehouse closing project costs and waste management of inventory).

Outlook for 2008

Revenue

- Group revenue expected to remain stable at 2007 levels.
 - Decline in fixed-line revenue due to general trends and increased competition will be offset by continued growth of Internet and mobile revenue. Wholesale revenue expected to remain stable.
- Expected strong growth in broadband revenue will be driven by growth of our ADSL customer base to roughly 450,000 customers by end 2008. Strong growth in our MAXtv customer base is also expected to continue.
- Growth in mobile subscribers and data services is expected to result in a moderate mobile revenue growth in 2008. Market trend of faster SIM growth compared to revenue growth resulting in additional decrease of mobile ARPU.

CAPEX

- We are focused on the development of an access network as a part of our strategy to migrate to a single IP platform. Group CAPEX as a percentage of revenue is, therefore, expected to be slightly higher than 2007.

EBITDA

- Increasing subscriber acquisition and retention costs in both the fixed-line and mobile segments will keep pressure on the Group's EBITDA margin. Our Cost optimisation programme will continue to mitigate to some extent the decrease expected in EBITDA. Our Headcount optimisation programme will also continue, but not as extensively as in 2007.

Regional Expansion

- We intend to participate in the privatization process of HT Mostar, which is expected to start during 2008. Currently the Company holds a 39.1% stake in HT Mostar and is already represented on management bodies. We will continue to carefully monitor and evaluate all other expansion opportunities, focused on generating shareholder value.

Appendix

Consolidated Income Statement

in HRK million (IFRS; Audited)	Jan-Dec 2007	Jan-Dec 2006	% change 07/06
Mobile telephony	3,964	3,708	6.9%
Fixed telephony	3,219	3,558	-9.5%
Wholesale services	745	665	12.0%
Internet services ¹⁾	678	490	38.4%
Data services	211	209	1.0%
Miscellaneous	21	6	250.0%
Revenue	8,838	8,636	2.3%
Other income	253	203	24.6%
Operating cost	5,136	4,798	7.0%
Costs of merchandise, consumables and maintenance materials	867	735	18.0%
Costs of services	2,372	2,219	6.9%
Staff costs	1,278	1,243	2.8%
Work performed by the Group and capitalised	-143	-201	-28.9%
Write down of current assets	154	205	-24.9%
Other costs	608	597	1.8%
EBITDA²⁾	3,955	4,041	-2.1%
Depreciation and amortization	1,362	1,402	-2.9%
Impairment of non-current assets	74	68	8.8%
EBIT³⁾	2,519	2,571	-2.0%
Net financial income	312	215	45.1%
Income from investment in joint ventures	256	1	
Profit before taxes	3,087	2,787	10.8%
Taxation	616	573	7.5%
Net profit	2,471	2,214	11.6%
Exceptional items	95	19	400.0%
EBITDA before exceptional items	4,050	4,060	-0.2%

¹⁾ Iskon included in financial statements from 1 June 2006 mainly under this item (the minor part has been booked in the Wholesale services)

²⁾ EBITDA - Earnings before interest, taxes, depreciation and amortization. The Group believes that EBITDA is measure commonly used by analysts and investors in the industry in which it operates. EBITDA, as calculated by the Group, may not be comparable to similarly titled measures reported by other companies.

³⁾ EBIT - Earnings before interest and taxes but after exceptional items.

Consolidated Balance Sheet

in HRK million (IFRS; Audited)	At 31 December 2007	At 31 December 2006	% change 07/06
Intangible assets	1,005	1,126	-10.7%
Property, plant and equipment	6,153	6,244	-1.5%
Goodwill	77	78	-1.1%
Investments	393	113	247.8%
Other long term assets	113	123	-8.1%
Total non-current assets	7,741	7,684	0.7%
Inventories	230	175	31.4%
Trade and other receivables	1,266	1,135	11.5%
Prepayments and accrued income	62	49	26.5%
Available-for-sale investments	93	878	-89.4%
Cash equivalents and time deposits	5,900	5,537	6.6%
Total current assets	7,551	7,774	-2.9%
TOTAL ASSETS	15,292	15,458	-1.1%
Subscribed share capital	8,189	8,189	0.0%
Reserves	411	415	-1.0%
Retained earnings	3,975	4,127	-3.7%
Total issued capital and reserves	12,575	12,731	-1.2%
Provisions	90	97	-7.2%
Employee benefit obligations	201	199	1.0%
Deferred income and other non-current liabilities	163	176	-7.4%
Total non-current liabilities	454	472	-3.8%
Trade and other payables	1,513	1,383	9.4%
Provisions for redundancy	231	428	-46.1%
Accruals, deferred income and short term borrowings	519	444	16.9%
Total current liabilities	2,263	2,255	0.3%
Total liabilities	2,717	2,727	-0.4%
TOTAL EQUITY AND LIABILITIES	15,292	15,458	-1.1%

Consolidated Cash Flow Statement

in HRK million (IFRS; Audited)	Jan-Dec 2007	Jan-Dec 2006	% change 07/06
Net profit	2,471	2,214	11.6%
Depreciation and impairment loss of non-current assets	1,436	1,470	-2.3%
Income tax expense	616	573	7.5%
Decrease in inventories	-60	2	
(Increase) / Decrease in receivables and payables	-38	520	-107.3%
Decrease in provisions	-148	-160	-7.5%
Other transaction with impact on operating activities	-548	-199	175.4%
Taxes paid	-574	-545	5.3%
Net cash flows from operating activities	3,155	3,875	-18.6%
Net Purchase/Proceeds of non-current assets	-1,228	-1,413	-13.1%
Net Purchase/Proceeds of financial assets	2,506	-3,435	-173.0%
Interest received	309	161	91.9%
Dividend received	5	1	400.0%
Net cash flows from / (used in) investing activities	1,592	-4,686	-134.0%
Repayment of long-term borrowings and lease liability	-9	-12	-25.0%
Dividends paid	-2,617	-813	221.9%
Net cash flows used in financing activities	-2,626	-825	218.3%
Net decrease in cash and cash equivalents	2,121	-1,636	-229.7%
Effect of F/X rate changes on cash and cash equivalents	-8	1	
Cash and cash equivalents at 1 January	1,254	2,889	-56.6%
Net cash (outflow) / inflow	2,113	-1,635	-229.2%
Cash and cash equivalents at 31 December	3,367	1,254	168.5%

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Zagreb Stock Exchange Share trading symbol: HT-R-A