

# HRVATSKI TELEKOM CAPITAL MARKETS DAY

11 NOVEMBER 2016



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# **CMD 2016 AGENDA**

## **GROUP BUSINESS DEVELOPMENT; FOCUS ON INNOVATION AND POTENTIAL IN B2B SEGMENT**

<b>11.00 - 11.20</b>	<b>Davor Tomašković, CEO</b> Strategic introduction
<b>11.20 - 11.40</b>	<b>Josef Thürriegl, CFO</b> Financials
<b>11.40 - 12.10</b>	<b>Saša Kramar, COO Business</b> Business development and innovations in B2B
<b>12.10 - 12.30</b>	<b>Nataša Rapaic, COO Residential</b> Business development
<b>12.30 - 12.40</b>	<b>Davor Tomašković, CEO</b> Wrap up and strategic direction
<b>12.40 - 13.00</b>	<b>Q&amp;A session</b>
<b>13.00 - 14.00</b>	<b>Informal lunch</b>

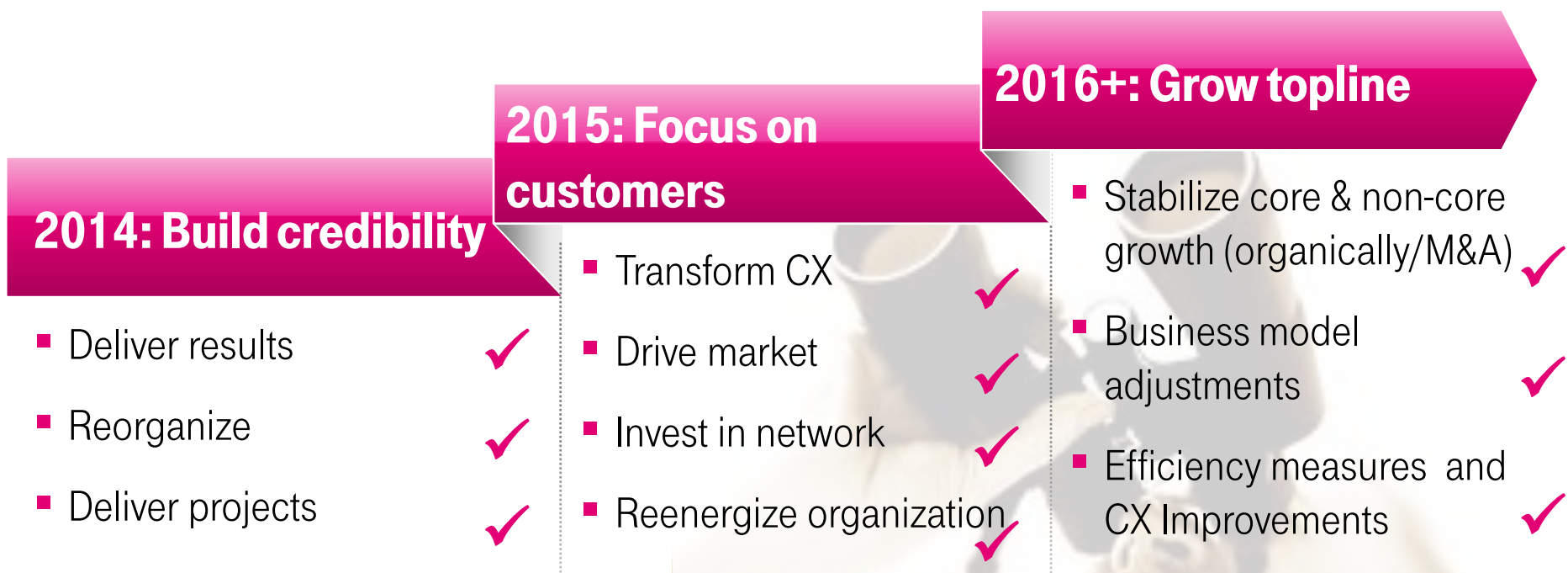
# HT CAPITAL MARKETS DAY

## STRATEGIC INTRODUCTION



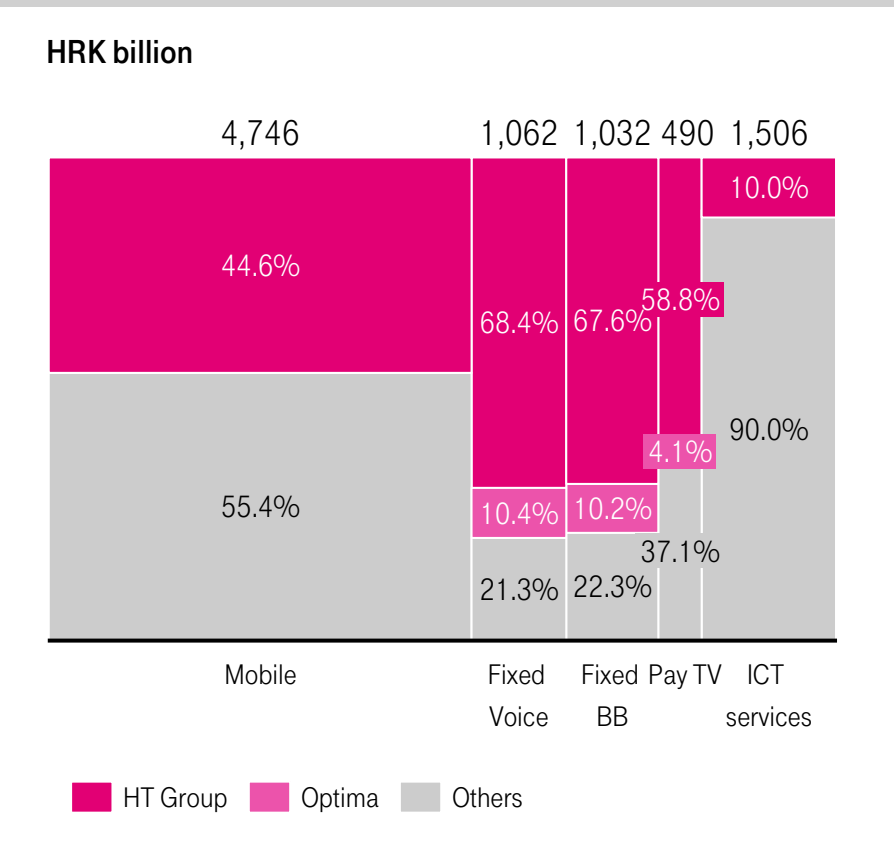
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# DELIVERY ON STRATEGIC PRIORITIES OUTLINED THREE YEARS AGO

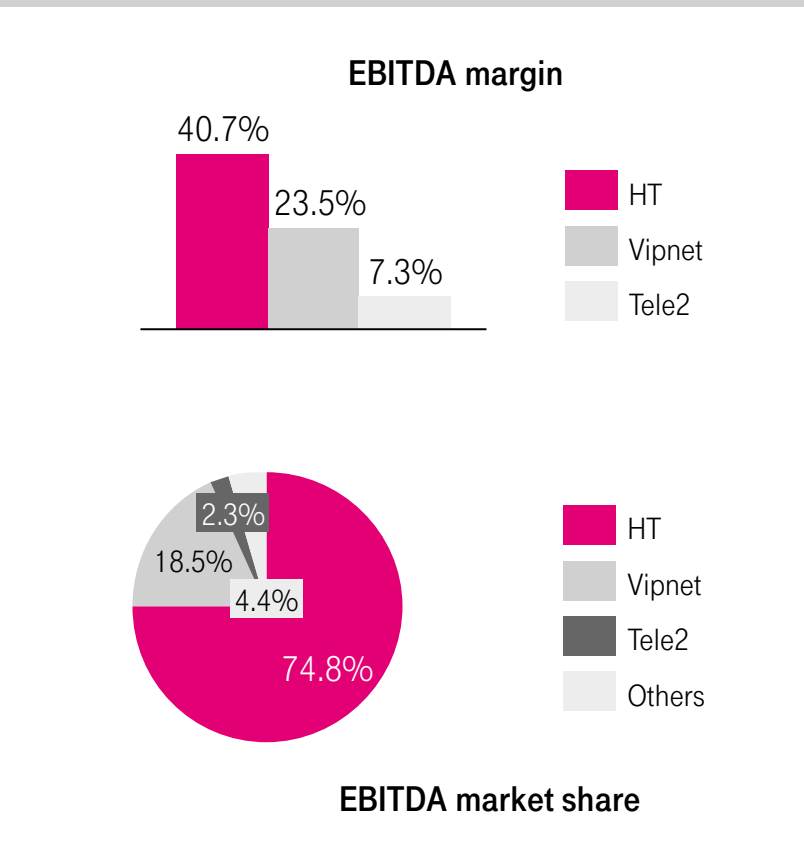


# WE CONTINUE TO SUCCESSFULLY MAINTAIN LEADING MARKET POSITION ACROSS ALL SEGMENTS

HT Telecom and ICT Revenue Market Share <sup>(1)</sup>



HT vs. competition: EBITDA comparison <sup>(1)</sup>



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(1) Sources : Official competitors reports, HAKOM, IDC Adriatic and HT Group estimations for Jan-Sep 2016.

# HT EMBRACES NEW NETWORK AND OPERATING MODEL BASED ON STATE-OF-THE-ART BROADBAND, CLOUD AND IT TECHNOLOGIES

## Broadband Network Strategy

Superior high speed country wide network

LTE  
FIBER  
VDSL /VECTORING  
HYBRID ACCESS



## Cloud Service Network

New innovative services with fast time to market

PAN-IP  
SDN Innovations  
NFV



## Converged IT

Converged fixed-mobile-cloud approach to end users

Portfolio&process optimization

BSS/OSS systems transformation



FOCUS AREAS: NETWORK QUALITY, PERFORMANCE AND TIME TO MARKET

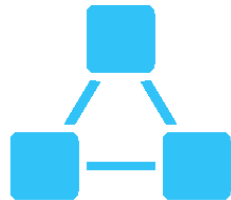


# HT PROVIDES MARKET LEADING BROADBAND EXPERIENCE ACROSS MOBILE AND FIXED NETWORKS

## Main drivers

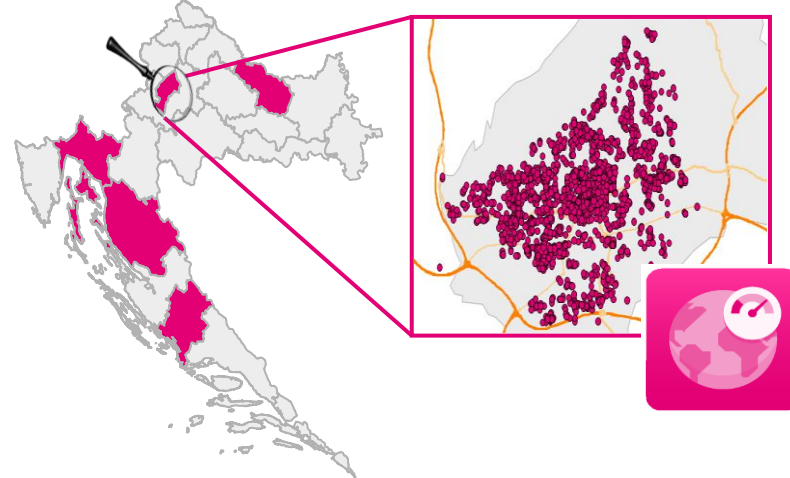


- Expanding Mobile and Fixed broadband coverage and Internet access speed
- Smart investment in **optimal technology mix**
- Application of **innovative technologies**:
  - **Fiber rollout** to futureproof technology
  - **Maximize copper network** speeds (G.Fast/VDSL Vectoring /Hybrid Access)
  - **Boost mobile broadband capacity and performance** with advanced 4G functionalities (MIMO&Carrier Aggregation)



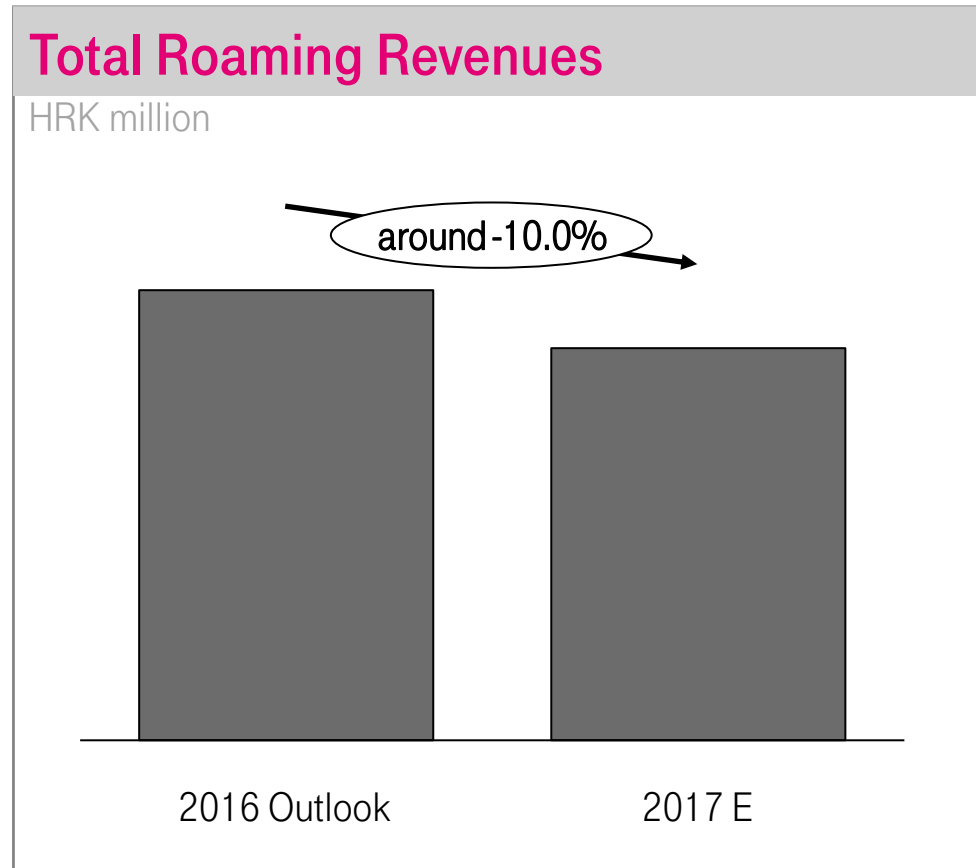
## Achievements

- **4G population coverage reached 98%** with introduction of **market-leading Internet access speed of 262.5 Mbps**
- **50+% of Customer Base** on fixed access speeds higher than 30 Mbps
- Internet access **speed increased 2-5x** for **180,000** fixed broadband customers



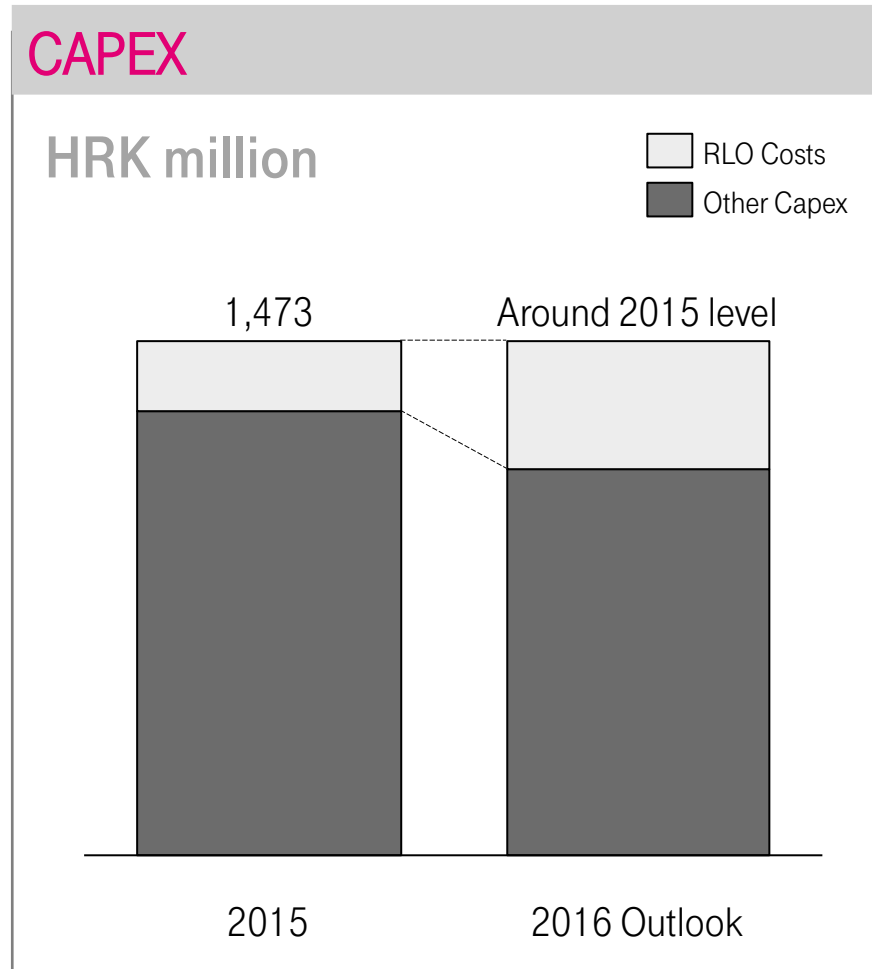


# PRICE ELASTICITY OF DEMAND AND OVERALL TRENDS IN DATA USAGE RESULT IN CURRENT AND EXPECTED ROAMING REVENUE RESILIENCE



- **Total Roaming Revenues** (wholesale and retail) in 2016 to contribute nearly 3% of revenue
  - Amount slightly up vs. 2015
  - Roaming revenues expected to bottom out in 2017 following expected new wholesale roaming caps and RLAH (Roam like at Home) mechanism as of July 2017; from 2017 onwards, slight growth in revenues expected

# IMPOSED REGULATORY COSTS EXPLODED IN 2016 TO NEARLY 25% OF TOTAL CAPEX; IMPACT HT'S OVERALL INVESTMENT POTENTIAL



- Most of RLO relate to **ECI (Electronic Communications Infrastructure) right of way / servitude costs**
- **HT requested to pay fees** disproportionate to the value of ECI and not supportive to private infrastructure investments
- Local authorities have seen opportunity **to compensate for lost revenues** from latest tax reform
- HT aims for **non-discriminatory treatment and reasonable and sustainable** level of imposed fees
- In parallel HT is in the process of **ECI documenting** (geodetic surveying, preparing elaborates...) and continues to obtain **building permits** for its network

# HT CAPITAL MARKETS DAY

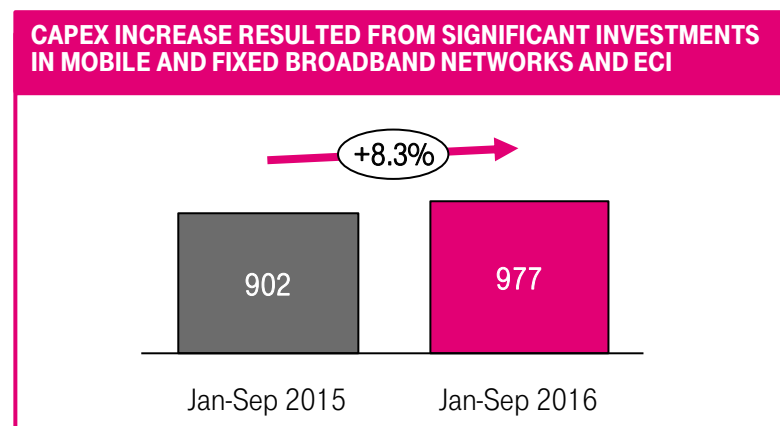
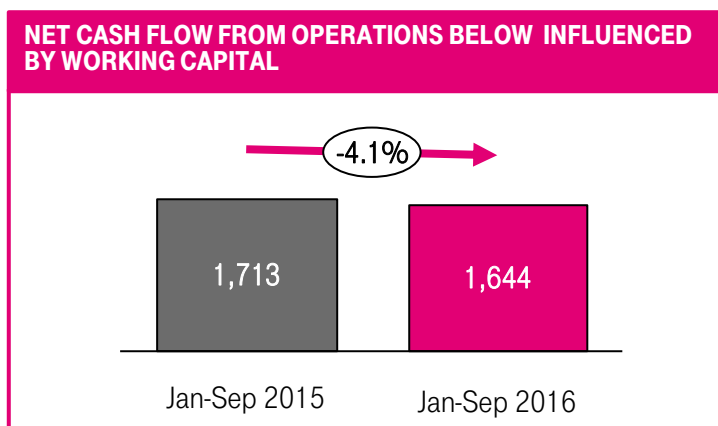
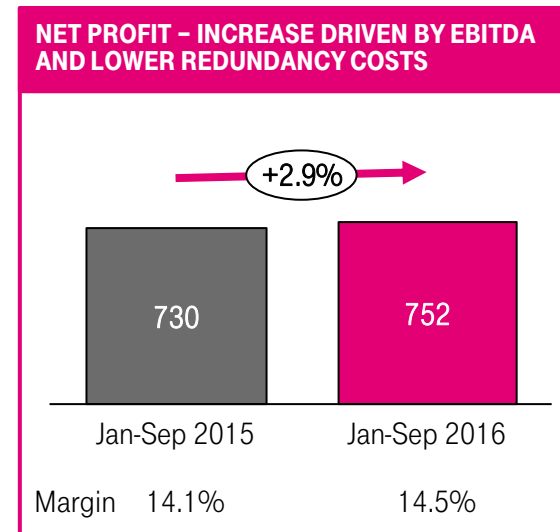
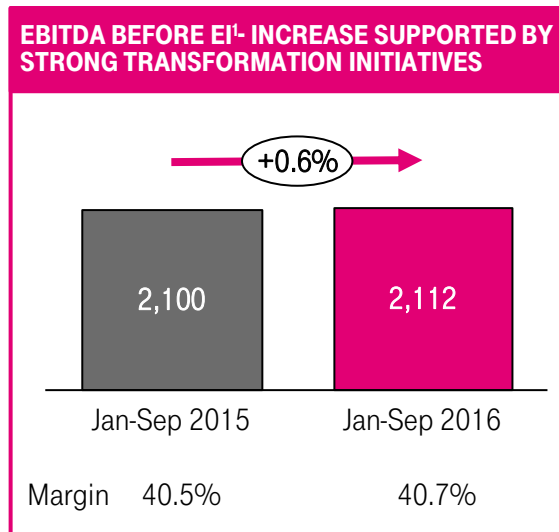
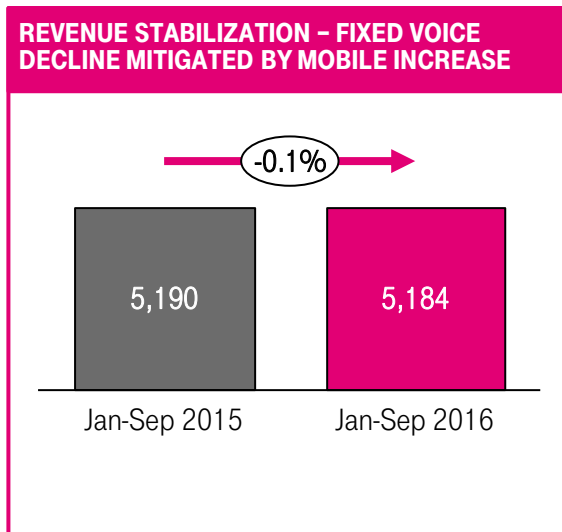
## FINANCIALS



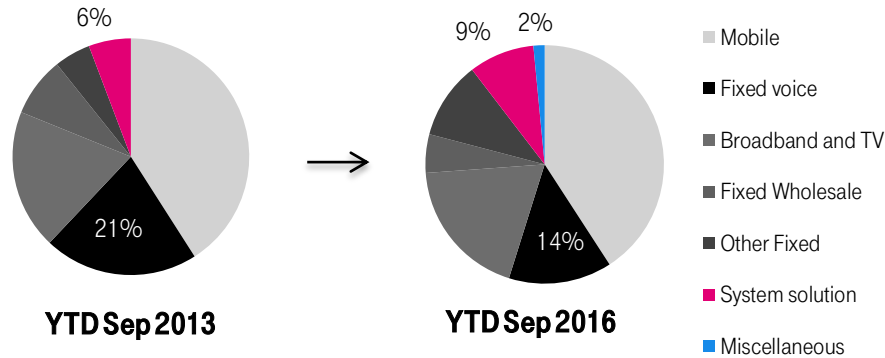
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# STABLE FINANCIAL PERFORMANCE WITH EBITDA MARGIN OF 40.7%

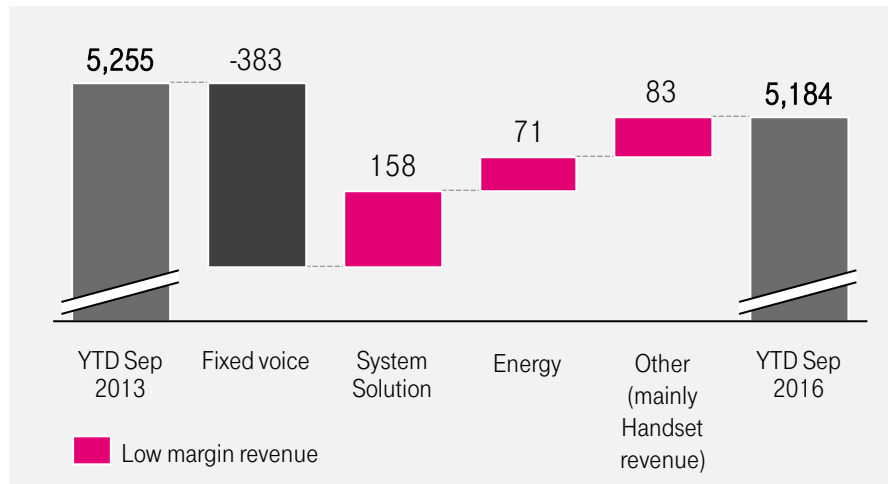
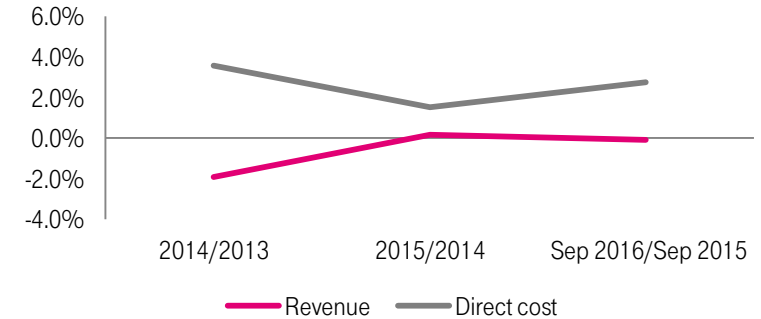
HRK million



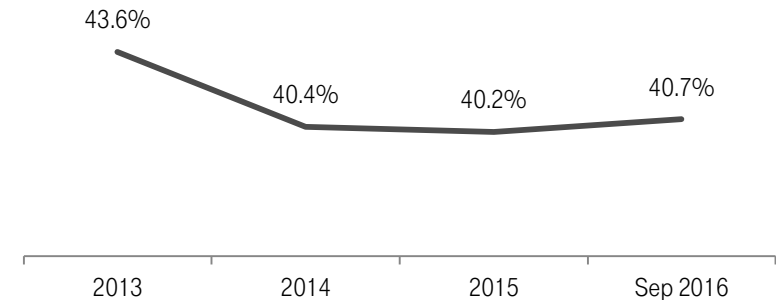
# HT SUCCESSFULLY KEEPS PROFITABILITY MARGIN STABLE IN SPITE OF CHANGE IN REVENUE STRUCTURE



YOY REVENUE AND DIRECT COST DEVELOPMENT



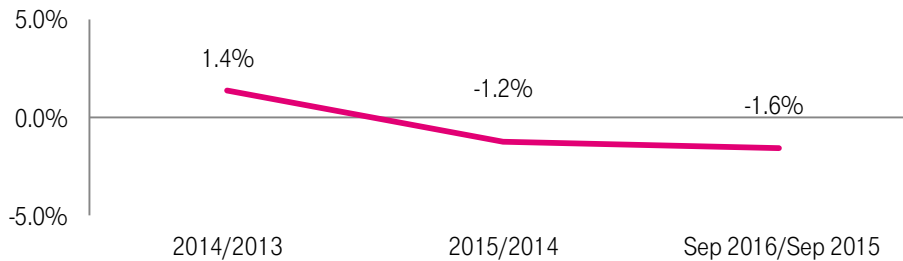
EBITDA MARGIN DEVELOPMENT



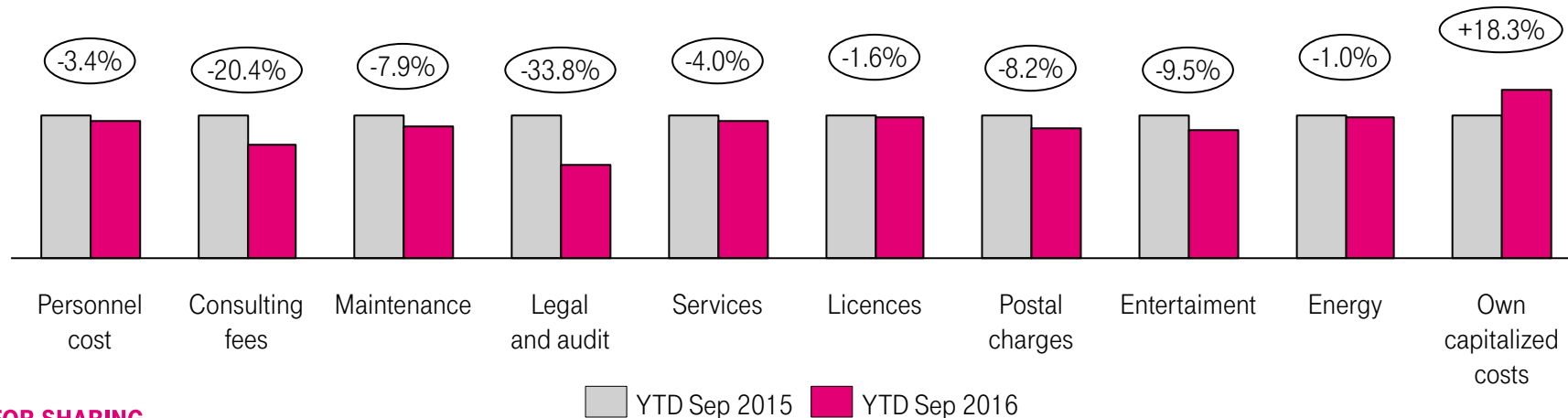
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# FURTHER CONTINUATION OF CONSCIOUS COST MANAGEMENT AND OPERATIONAL EFFICIENCY IS SUPPORTING THIS TREND

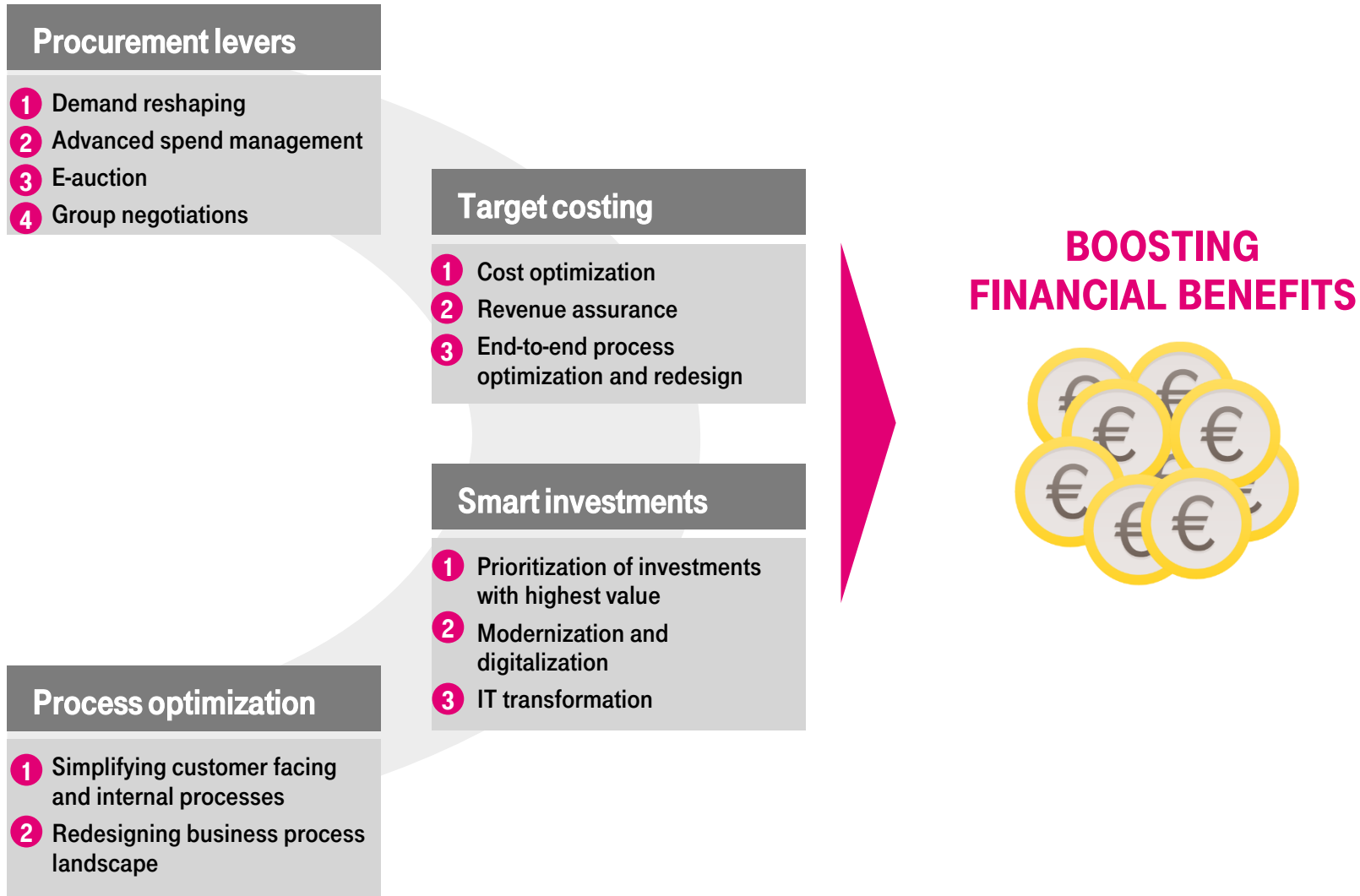
## INDIRECT COST DECLINING YOY...



Horizont project defined and implemented measures that reduced costs and brought stability

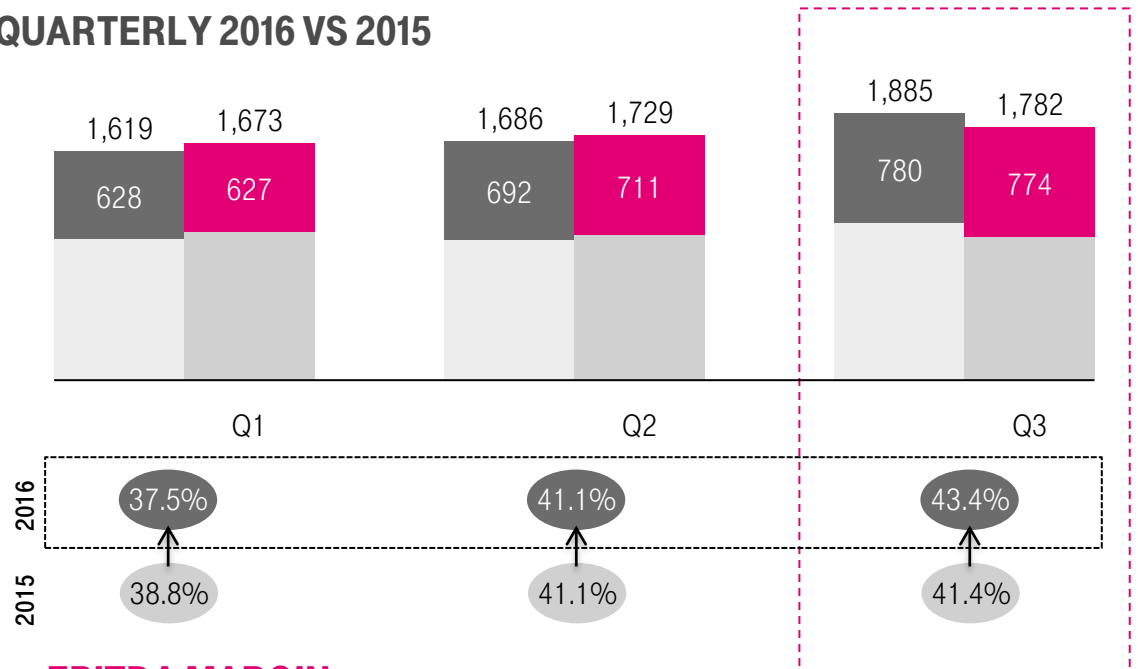


# MAIN LEVERS FOR INCREASING COST EFFICIENCY



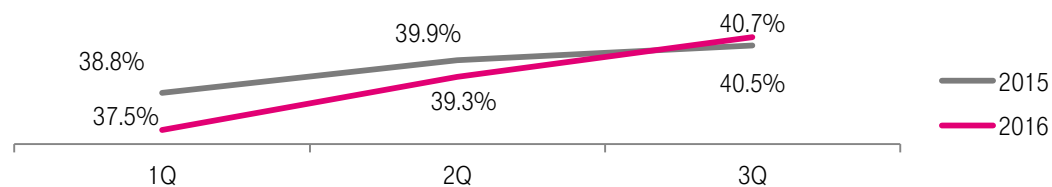
# HT IS ON PATH BACK TO GROWTH AND PROFITABILITY IN SPITE OF SEASONAL EFFECTS

## REVENUE AND EBITDA QUARTERLY 2016 VS 2015



- Q3 profitability increased as a result of:
  - Lower share of low margin business (ICT and handset sale)
  - Higher share of wholesale revenue (visitors)
- Q4 profitability expected around 40% due to:
  - Lack of seasonal visitor effect
  - Increased volume of low margin business
  - Contribution of transformation activities

## EBITDA MARGIN QUARTERLY YTD DEVELOPMENT



Revenue 2015  
 EBITDA 2015  
 Revenue 2016  
 EBITDA 2016



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# HT CAPITAL MARKETS DAY

## BUSINESS SEGMENT



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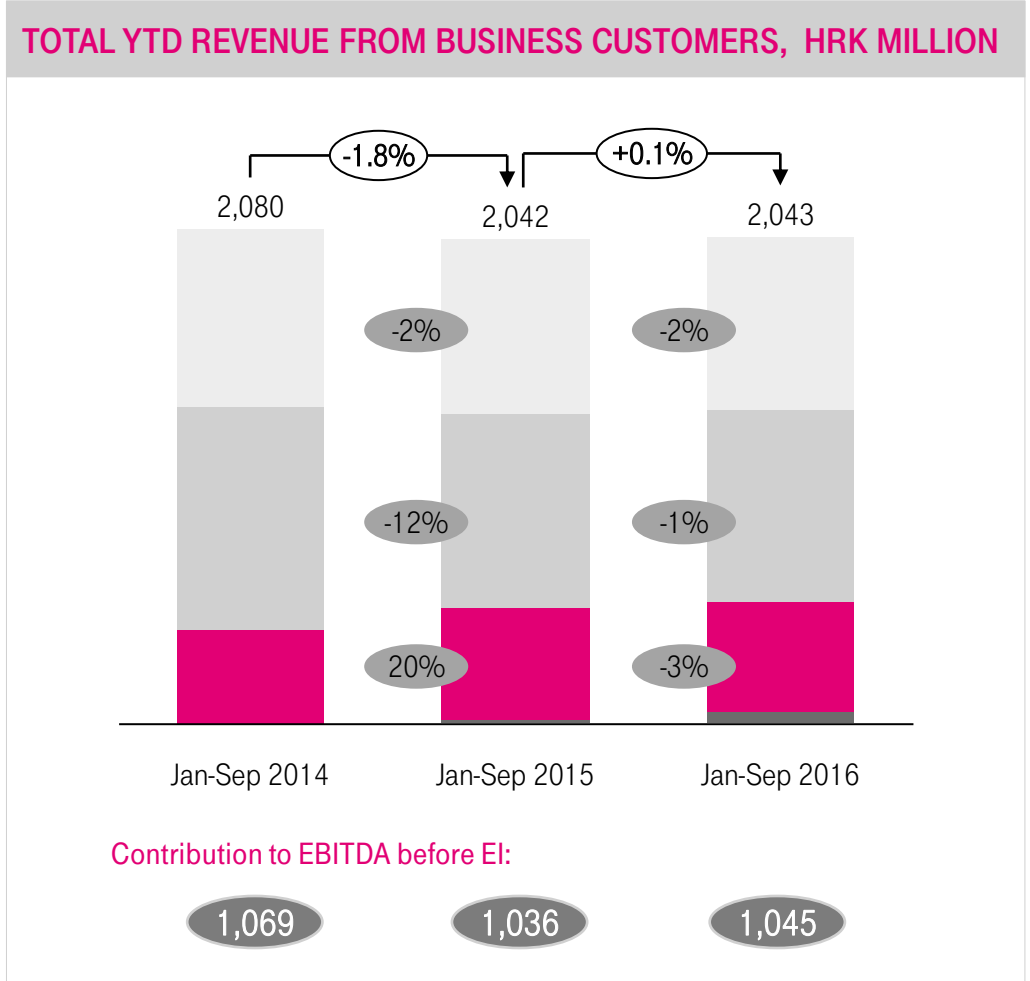
# HT GROUP IS THE LEADING TELCO/ICT PROVIDER IN THE B2B SEGMENT

- 1  
WE ARE SUCCESSFULLY MANAGING TELCO MARKET TRENDS BY STABILIZING **CORE BUSINESS** AND OPENING **NEW REVENUE STREAMS**
- 2  
WE ARE POSITIONED AS **INTEGRATED PROVIDER** WITH **PREMIUM SERVICE QUALITY**
- 3  
WE WILL KEEP MARKET **LEADER POSITION** BY BRINGING **INNOVATIONS** TO THE MARKET



# BUSINESS SEGMENT REVENUE IS FULLY STABILIZED

Mobile System solutions  
Fixed Miscellaneous

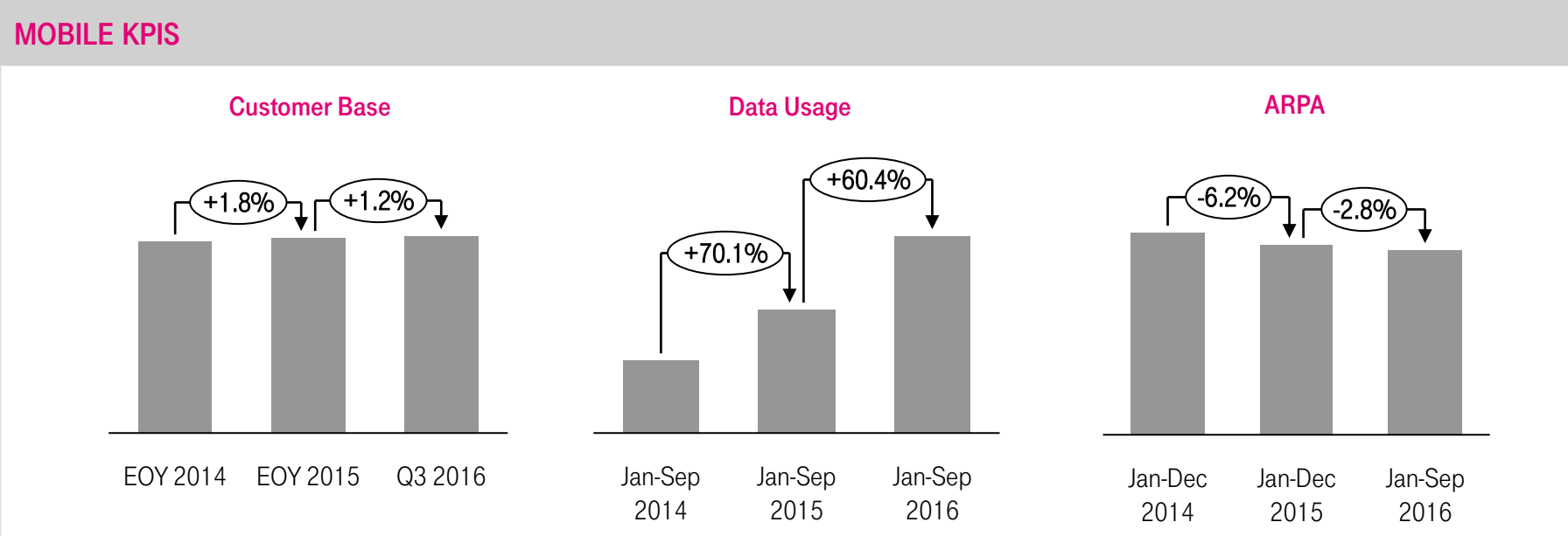


- Mobile revenue development driven by regulation in wholesale; retail part stable despite roaming regulation
- Fixed revenue shows significant slow down of decline in both retail and wholesale
- System solution revenue year to date Jan-Sep was driven by seasonality effects and deferral of public sector projects, YE outlook is broadly at 2015 level
- Growth in miscellaneous – energy business – over 200% (from 14 million to 50 million)
- Growth of EBITDA contribution due to successful management of costs



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# MOBILE BUSINESS STABILITY ACHIEVED THROUGH GROWTH OF CUSTOMER BASE AND VALUE MANAGEMENT

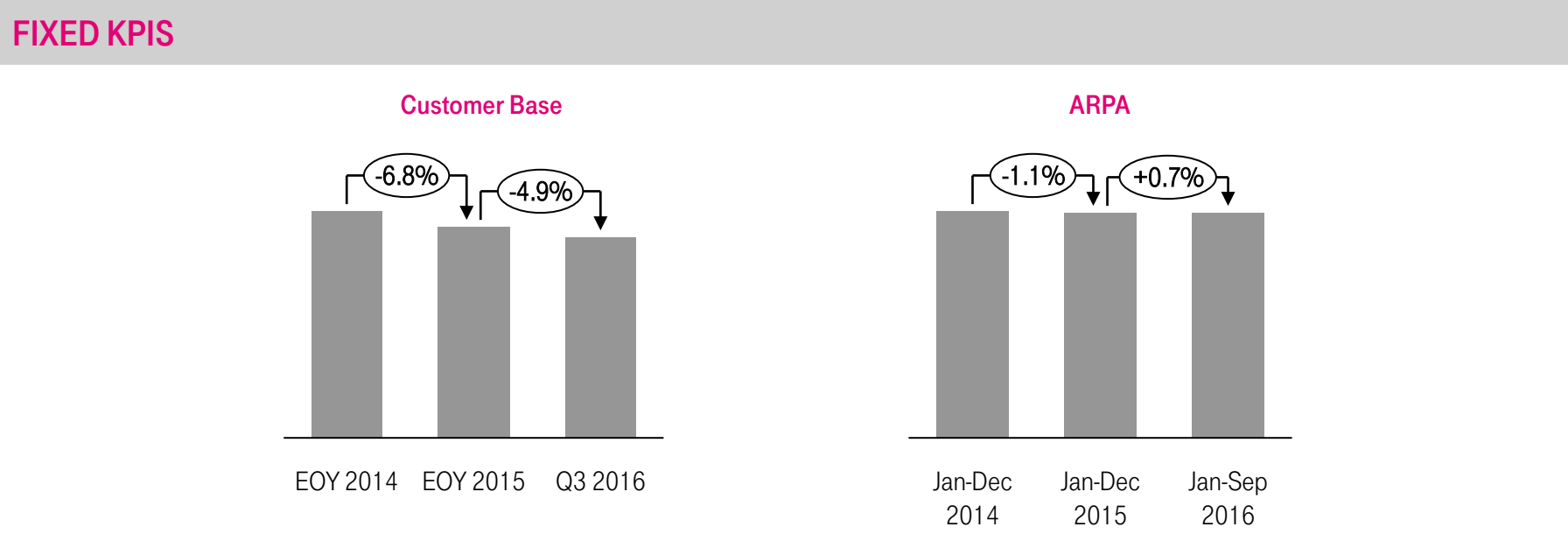


- Customer base in Mobile is constantly growing in both Postpaid and Prepaid (M2M)
- ARPU development is impacted by roaming regulation but we are slowing down decline by managing value of our customer base
- Mobile data usage is driven by growth of smartphone penetration and 4G coverage



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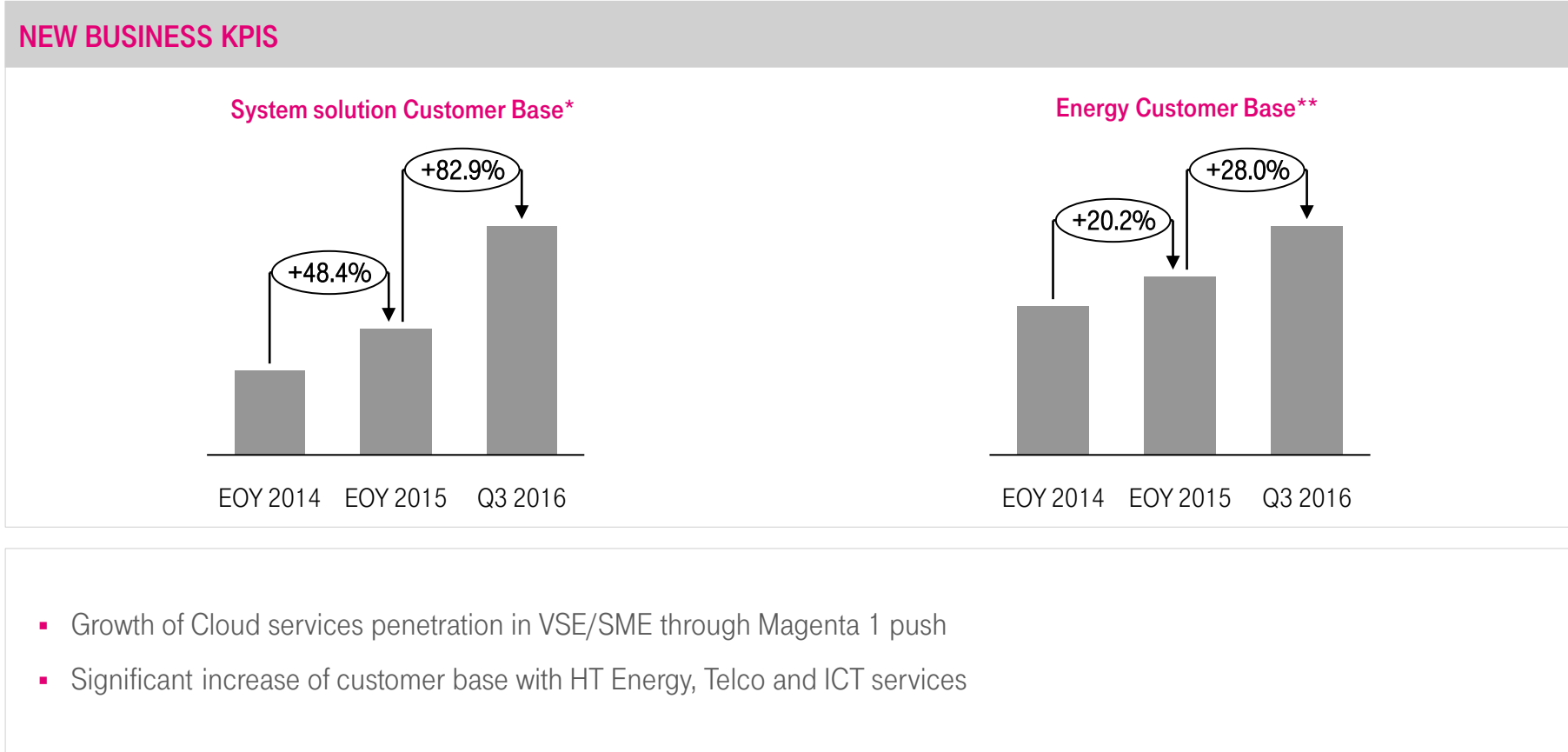
# FIXED BUSINESS SHOWS IMPROVEMENT IN ALL KPIS DRIVING SIGNIFICANT SLOW DOWN OF REVENUE DECLINE



- Customer base decline is slowing down with customer using more and more convergent offers – we expect this will be even more frequent with M1
- ARPU decline has been fully stabilized with migrating customers to bundles and non usage dependent portfolio



# NEW BUSINESS, SYSTEM SOLUTION & ENERGY, ARE SIGNIFICANTLY GROWING IN B2B



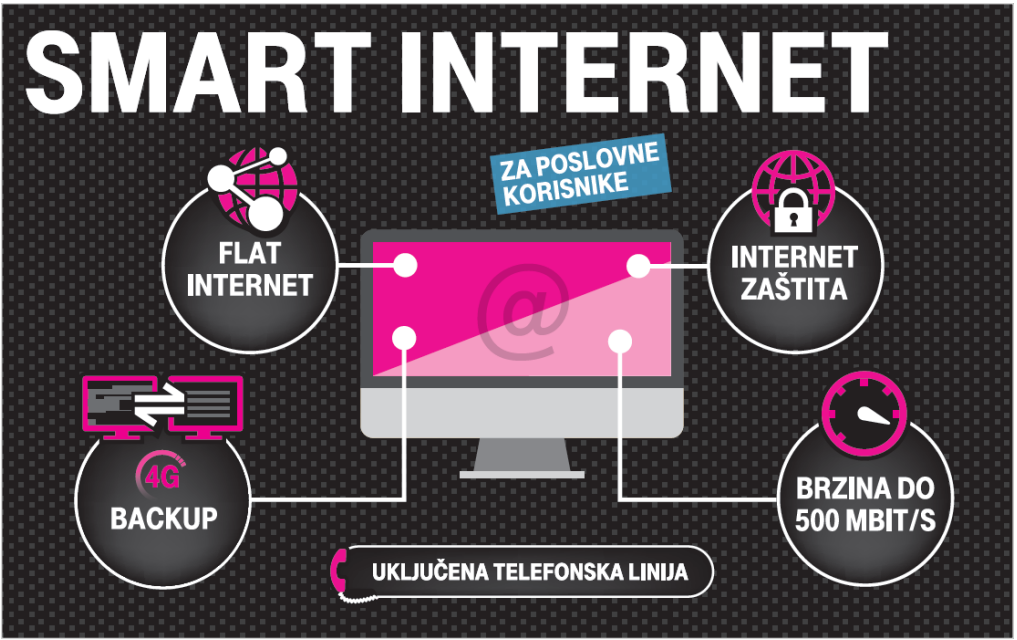
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\* Number of accounts (companies)  
\*\* Points of delivery

# WE ARE POSITIONED AS INTEGRATED PROVIDER WITH PREMIUM SERVICE QUALITY



# INNOVATION IS BACK IN FIXED WITH SMART PACKAGES



## INNOVATION COMPONENTS

- **4G Backup** ensures business continuity („always on”)
- **HT Business connect** brings mobility to the Fixed line („never miss a call”)
- **Internet security** protects customers’ Internet access from potential threats
- **Business flexibility**, our new platform enables firms to add more lines on a click as their operations grow over time



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# WE HAVE INCREASED OUR FOCUS ON CUSTOMER NEEDS WITH NAJBOLJE TARIFFS

ISPLATI SE  
**NAJ** BOLJA TARIFA  
BRŽA MREŽA  
VEĆA POKRIVENOST



**INNOVATION COMPONENTS**

- **Cloud storage** – Up to 1TB of Cloud Storage for B2B customers to store and share their documents and files
- **Lookout** – Mobile Security application for defending customers’ smartphone from all potential threat
- **4G on all tariffs** – best 4G network experience on all tariffs.
- **VAS services without fee** – additional service like Music and TV included in tariffs

				
Minimum obligation	Data centric	Voice centric	All-in	Premium
Mala (+) /Start (+)	Surfam (+)	Pričam (+)	Imam sve (+) /Traveler +	Premium (+) /Executive +



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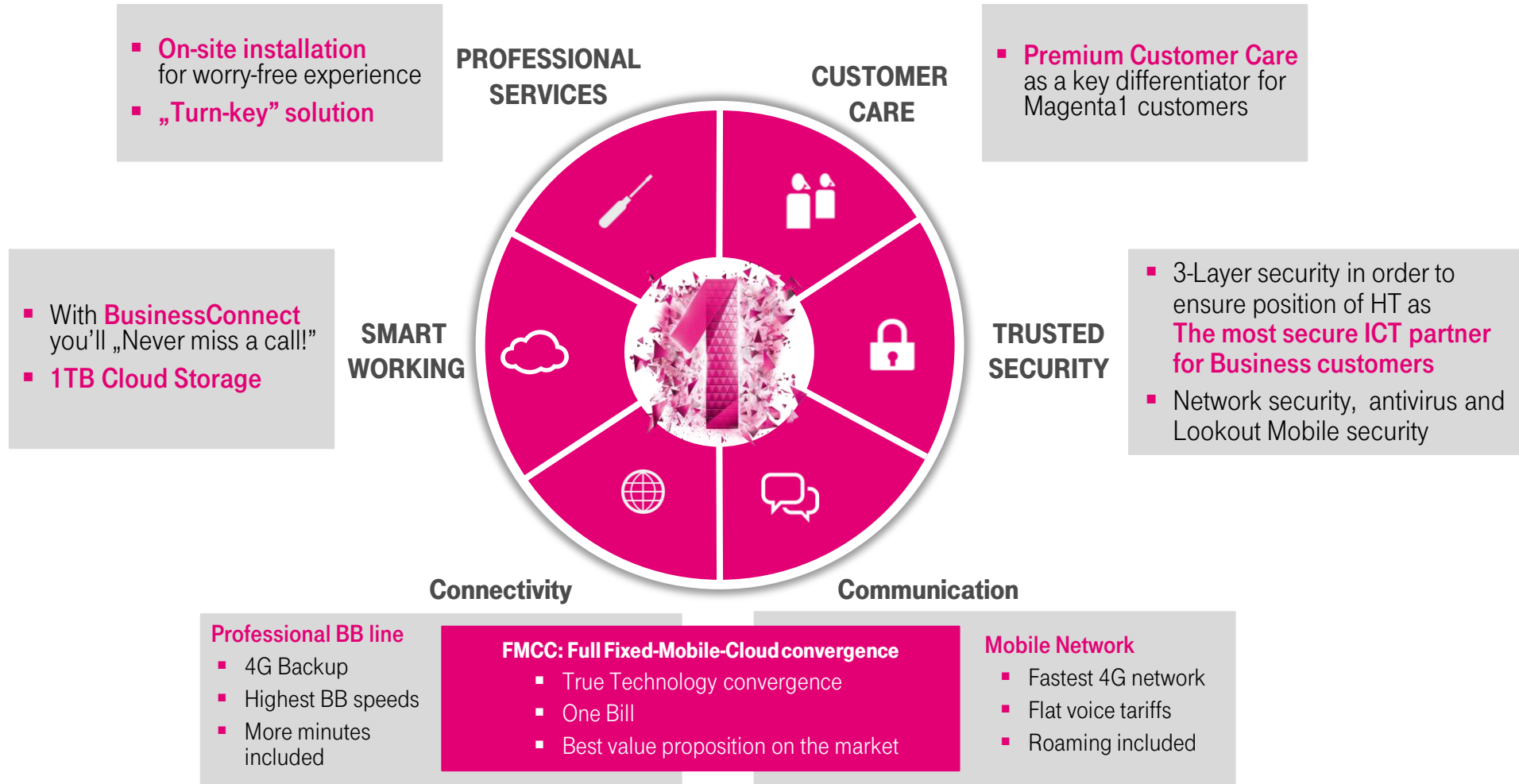
# CLOUD SERVICES DIFFERENTIATE US AS PREMIUM PROVIDER FOR BUSINESS CUSTOMERS IN CROATIA



- HT is telecom with **largest ICT portfolio** enabling unique positioning and premium pricing power in the market
- **Strong pipeline** of new unique services via DT group members (Silicon Valley, Tel Aviv hubs)
- **Unique skills and resources** in Croatia (HT & Combis experts, CAPEX capabilities and attractive customer base)

# MAGENTA ONE WAS BORN IN 2016

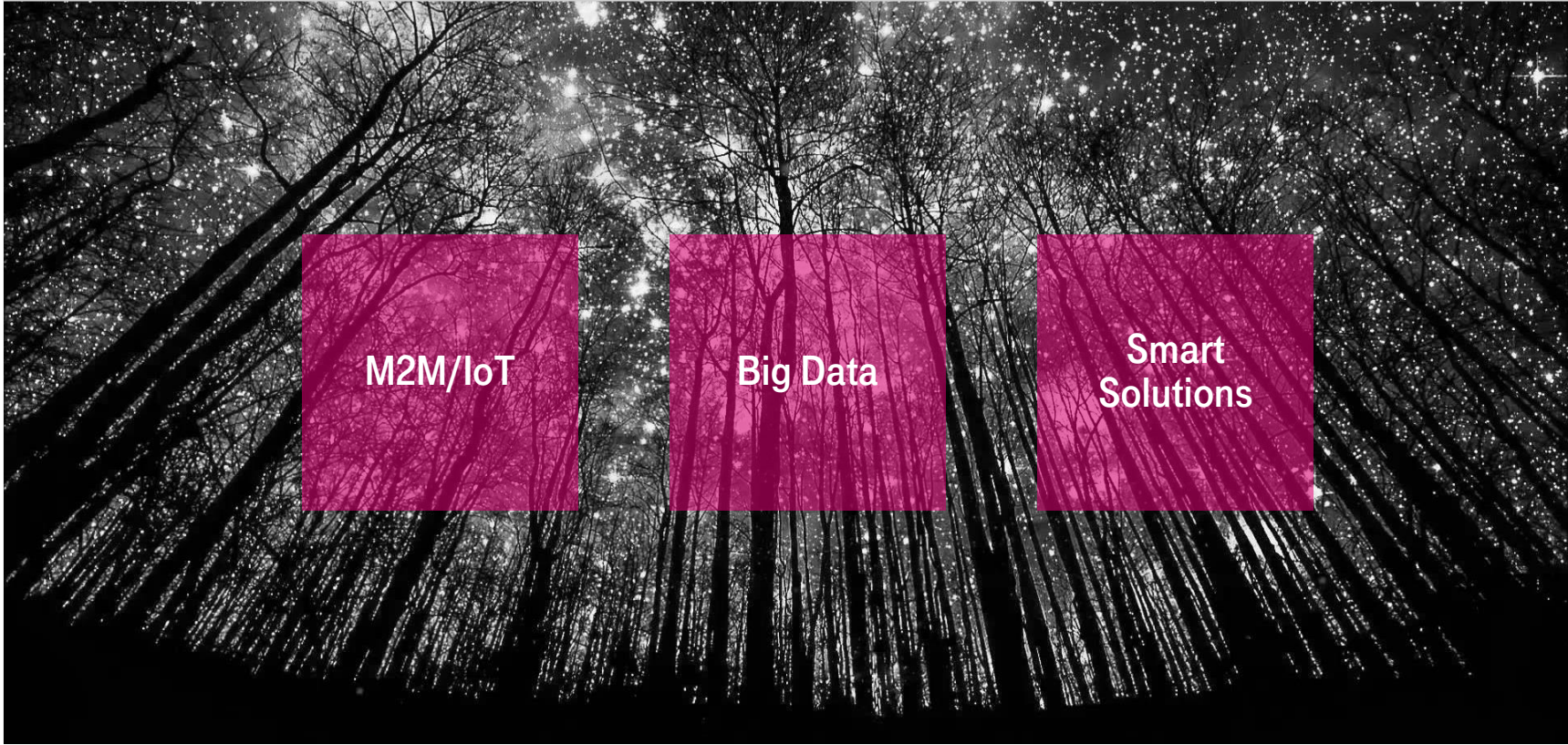
## UNIQUE CUSTOMER EXPERIENCE & UNIQUE OFFER



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# OUR INNOVATIVE SOLUTIONS WILL ENABLE US TO MAINTAIN MARKET LEADING POSITION

INNOVATION HAS BECOME OUR STRATEGIC FOCUS



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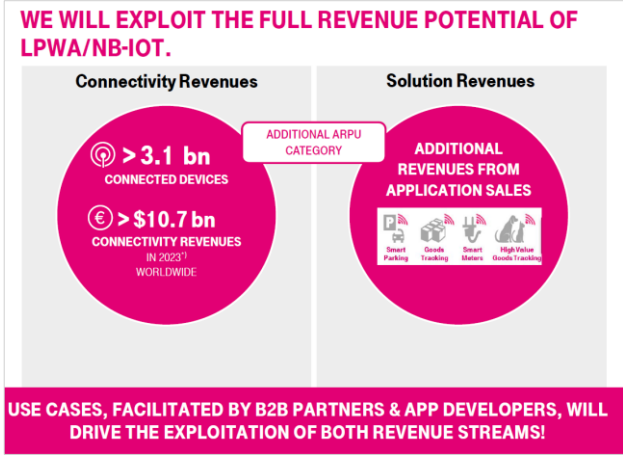


# IOT IS HT'S STRATEGIC FUTURE INVESTMENT AS A BLUE OCEAN DRIVER IN TELCO BUSINESS ENVIRONMENT

- Global IoT revenues to reach **EUR 772 billion by 2020** with dominance of fleet & freight management solutions
- HT's IoT/M2M **Vision foresees significant growth** by 2020
- IoT/M2M market in Croatia with promising growth and addressable potential (HT enters **new value chains** and revenue streams beyond Telco core business)

## TRENDS

- Narrow-Band IoT (NB-IoT) is a technology standardized by the 3GPP standards body
- Croatian Telekom is one of the first operators in Europe to pilot this technology



## GAME CHANGERS

- **NB-IoT - radio** technology specially designed for the Internet of Things (IoT)
- **M2M platform** (Connectivity management)
- **IoT platform**
- **Big Data platform**



# HT DEVELOPED STRONG **BIG DATA** COMPETENCIES ON INTERNAL AND EXTERNAL PROJECTS

- **Successful deployments** in Tourism, Smart City, Health, Geo marketing, Banking & internal recommendation engine
- Basis of solution is **internally developed TRUST center** for data anonymization (legal prerequisite)
- Big growth expected in following years with **variety of use cases**

**HUSKY**

- Combis solution based on open-source technologies
- Multipurpose platform can handle any type of data and perform calculations, enables customers to safely monetize a large amounts of data
- First Data – smart ATM positioning
- LTE network – smart positioning of LTE upgrade of base stations

**TV BEAT**

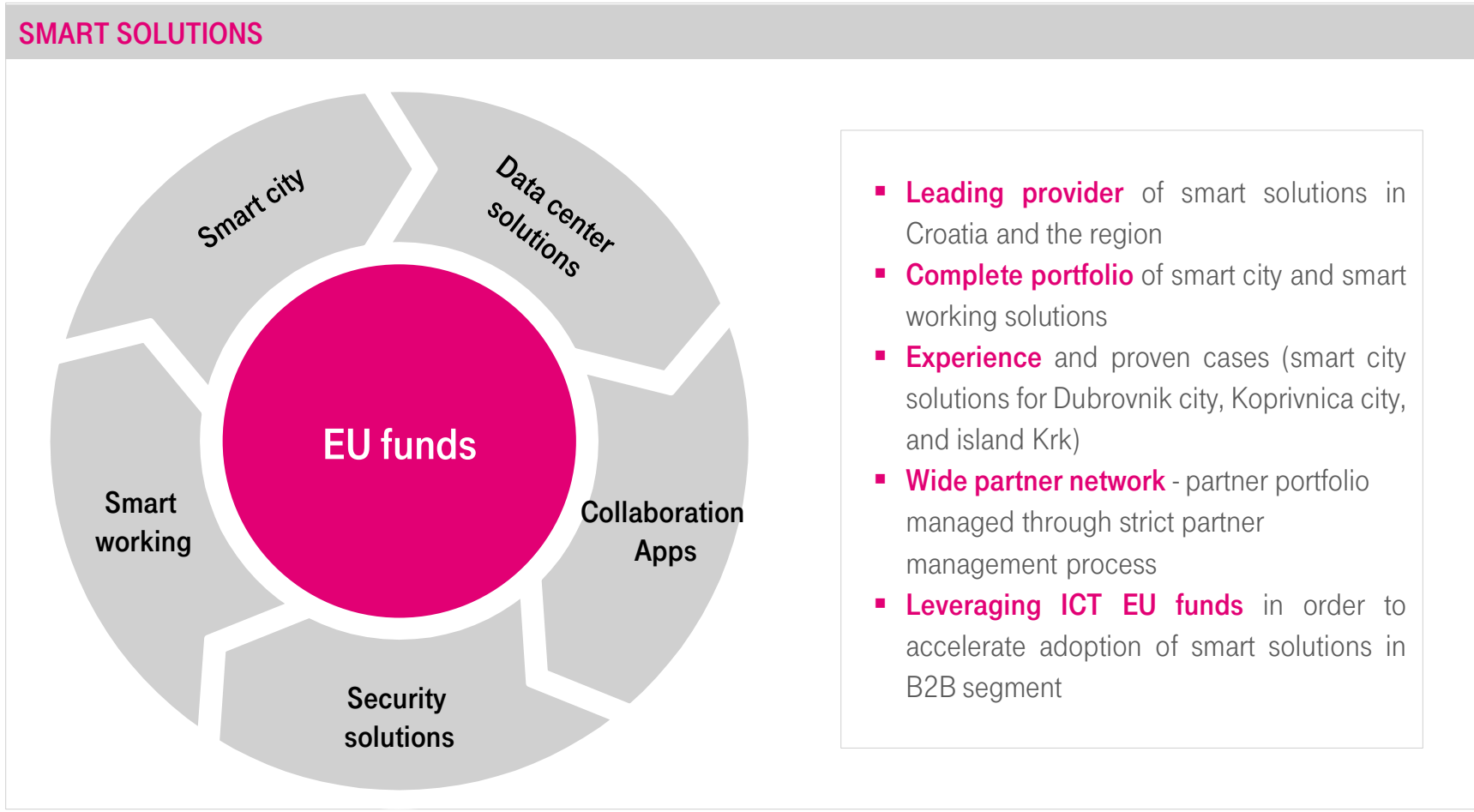
- TV analytics solution enables viewing behavior on any TV platform or any user device to be measured and monetized
- Data sales to advertisers and content providers
- High granularity data and analysis on the census level in a very easy readable visualization way on the web dashboard
- SaaS based, big data platform works across any pay TV platform, including cable, satellite, VOD and OTT, as well as IPTV

**KUPON 2 GO**

- B2B2C solution providing push notification or SMS notifications to potential customers of HT business users
- Providing discounts or vouchers to end users of HT business customers
- Unique service for geomarketing based on customer location and preferences



# HT IS PROVIDING COMPLETE PORTFOLIO OF SMART SOLUTIONS FOR B2B SEGMENT



- **Leading provider** of smart solutions in Croatia and the region
- **Complete portfolio** of smart city and smart working solutions
- **Experience** and proven cases (smart city solutions for Dubrovnik city, Koprivnica city, and island Krk)
- **Wide partner network** - partner portfolio managed through strict partner management process
- **Leveraging ICT EU funds** in order to accelerate adoption of smart solutions in B2B segment



# HT CAPITAL MARKETS DAY

## RESIDENTIAL SEGMENT



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# HT MAINTAINS ITS LEADING POSITION ON THE RESIDENTIAL MARKET

1

WE SUCCESSFULLY STRENGTHENED OUR MARKET LEADING POSITION AND STABILIZED OUR REVENUE

2

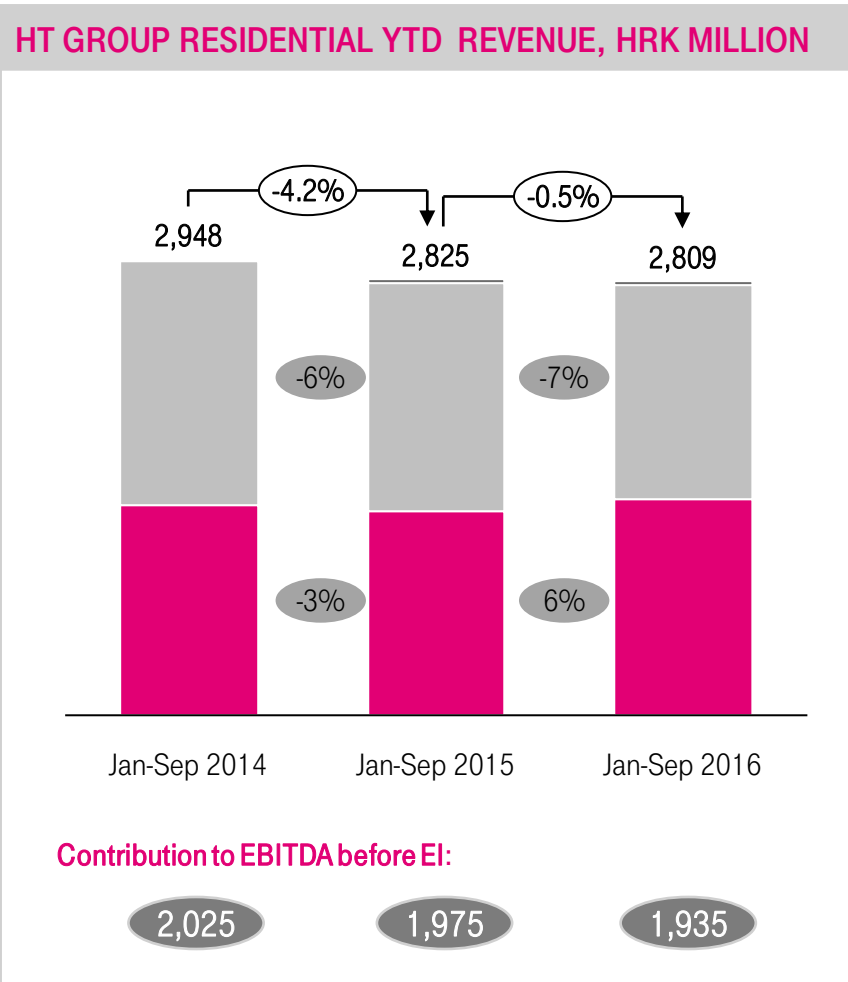
WE BASED OUR POSITION OF LEADING INTEGRATED PROVIDER ON OUR KEY DIFFERENTIATORS

3

TO PROTECT OUR REVENUE WE CONTINUE TO BUILD A SEGMENT PORTFOLIO BASED ON MARKET TRENDS AND CUSTOMERS' NEEDS



# WE STABILIZED REVENUES DUE TO OVERPERFORMANCE OF MOBILE BUSINESS



- Mobile Revenue growth resulted mainly from **higher postpaid and handset revenue** while prepaid revenue slightly decreased in line with market trend
- Fixed Revenue decrease driven mostly by **lower fixed voice revenue** as a result of continuous fixed mainlines decline due to **ongoing fixed to mobile substitution trend**
- **TV revenue continued to grow**
- Growth in miscellaneous – energy business

■ Mobile  
■ Fixed  
■ Miscellaneous



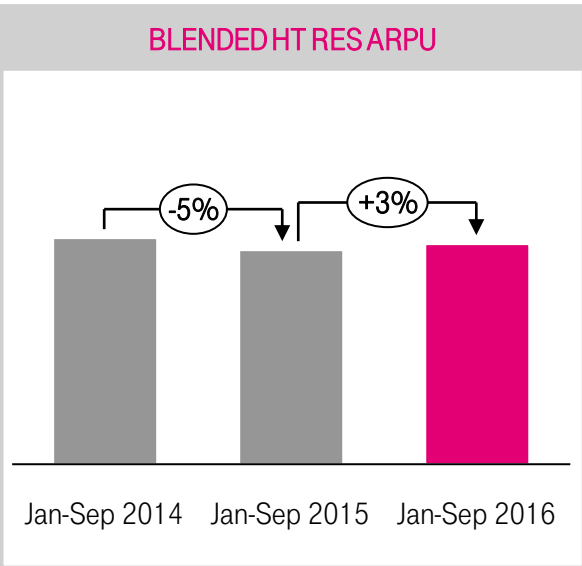
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# GROWTH OF MOBILE BUSINESS ACHIEVED THROUGH VALUE MANAGEMENT AND GREAT MULTIBRAND PERFORMANCE

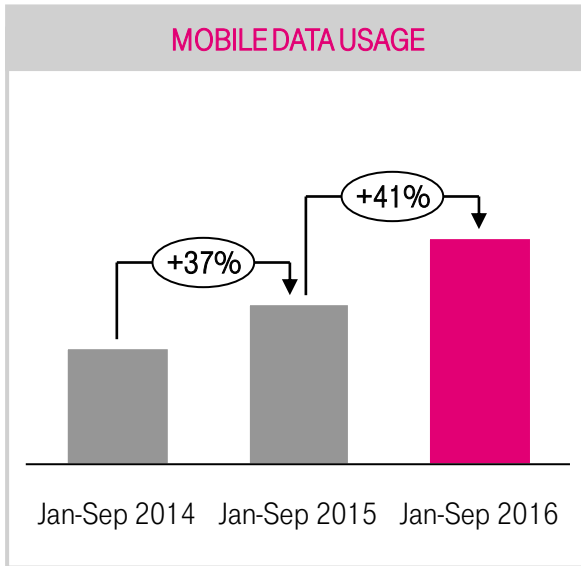
Securing value of mobile market...



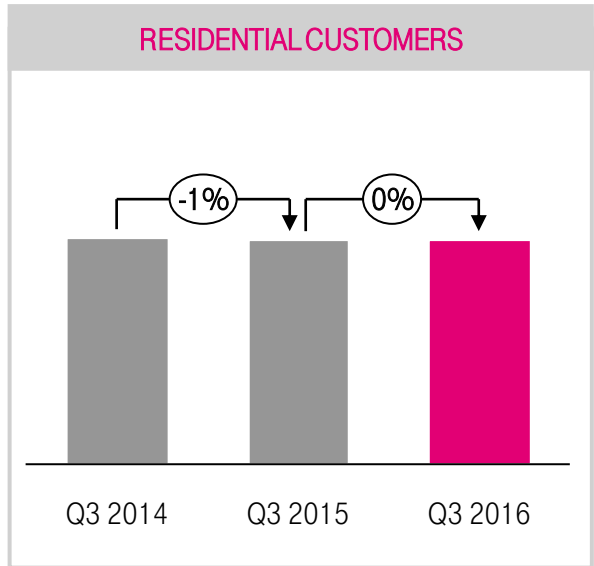
... with continuous growth of Data as key for success



- Improved tariff mix resulted with yoy ARPU increase in POP
- Reversed ARPU trend in PRP



- Positive mobile data revenue as both number of subscribers and usage increased
- Mobile customer base increased in postpaid (2.5% yoy) while we managed to slow down the decline in prepaid segment (-1% '16 vs '15; -3% '15 vs '14)
- Successful bonbon campaigns resulting with great overall performance (share of bonbon customers in total base 19%)

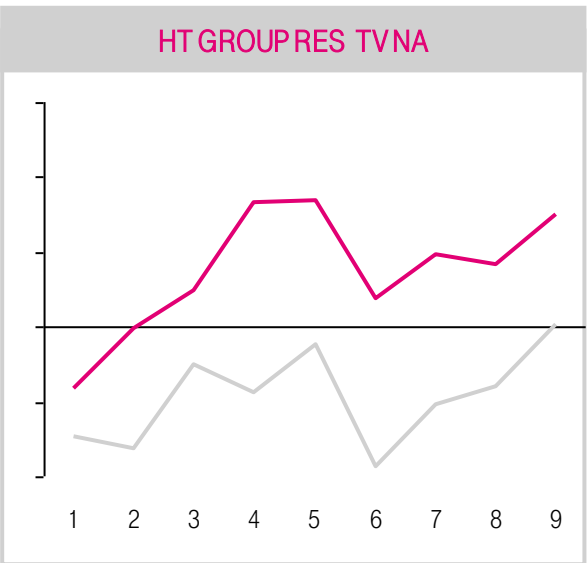
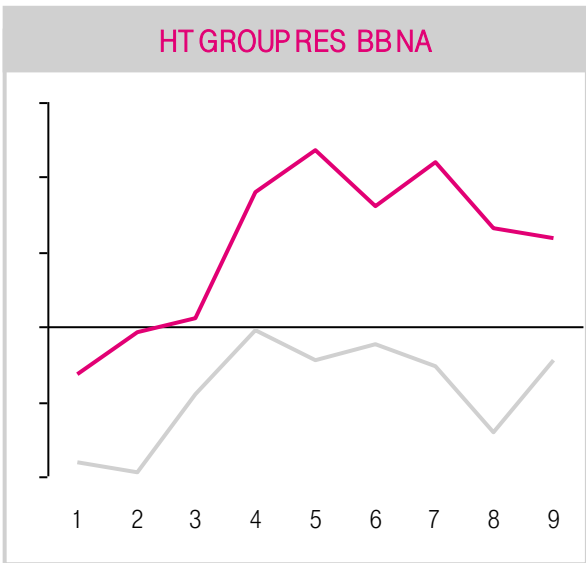
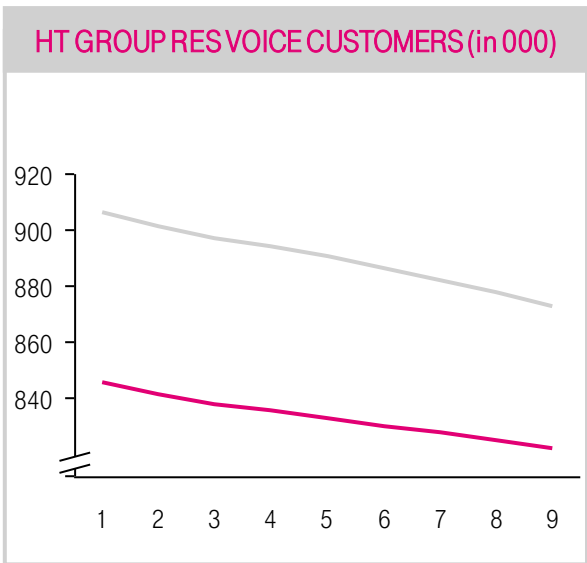


# IN FIXED BUSINESS WE ARE MAINTAINING MARKET LEADERSHIP IN ALL AREAS

— 2016 — 2015

Despite strong fixed voice decline...

... we achieved turnaround in Broadband and TV net adds



- **Customer base decline** driven by market trend of fixed to mobile and IP substitution, regulation and enforced competition
- Lower usage and promotions on flat packages drive **ARPU down**

- HT managed to **change the trend of BB and TV net adds**
- **Broadband customers higher 2.2% yoy**
- **Back to growth in TV** – 2.6% higher customer base yoy
- BB ARPU decrease due to stronger competition and aggressive offers in the market
- TV ARPU increase coming from exclusive TV content: TV additional packages and VAS



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# LEADERSHIP POSITION BASED ON OUR MAIN DIFFERENTIATORS

## **MAGENTA1**

UNIQUE CONCEPT  
OF PREMIUM  
CUSTOMER  
EXPERIENCE


TECHNOLOGY  
LEADERSHIP

BEST  
CONTENT



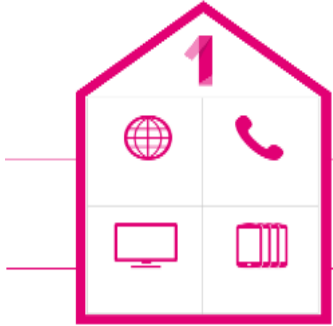
# AS AN INTEGRATED TELECOM PROVIDER WE INTRODUCED AN UNIQUE CONCEPT OF PREMIUM CUSTOMER EXPERIENCE AND BENEFITS

**MAGENTA 1**



**UNIQUE PROPOSITION ON THE MARKET DESIGNED FOR BOTH NEW AND EXISTING CUSTOMERS**

- **Unique proposition** ➔ Customized offer for each and every customer
- **Exceptional network experience** ➔ Maximum speed of fixed and mobile Internet for no extra charge
- **Maximized customer experience** ➔ Special care for M1 customers
- **Flexibility of contract** ➔ Different names and contract tied to one household
- **Up to 25% of household value increase in M1**



**FASTER Internet @HOME (>40Mbps)**

**FIXED VOICE:** Xnet FLAT (incl. 500 EU min) @HOME

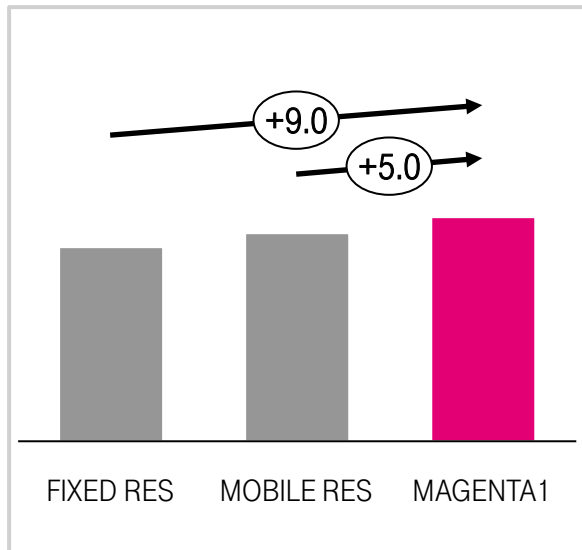
**MOBILE:** Higher 4G speed & Free on net calls



# WE IMPROVED PERCEPTION OF KEY DRIVERS IN MAGENTA1 COMPARED TO OVERALL HT FIXED AND MOBILE CUSTOMERS

PERCEPTION

KEY PERCEPTION DRIVERS INFLUENCED BY MAGENTA1




- Value for money
- Network fixed
- Feeling in good hands
- Rewarding loyal customers
- Call centre
- Website

- Since Magenta1 was introduced in Q2 2016 HT perception of T brand is improving slightly
- Bonbon with best customers' perception on the market among all mobile brands

# WE ARE POSITIONED AS A TECHNOLOGY LEADER ON THE MARKET

## ULTRA

- **100 Mbit/s** - highest speed in the market on fiber infrastructure
- By end of 2016 213k households with FTTH/B




- 148% increase of Ultra customers from the beginning of the year
- Reaching utilization of 14% in one year

## MOBILE SPEED

- The fastest mobile Internet of **262.5 Mbit/s** in selected areas
- By end of 2016, 97% POP coverage expansion
- 4G speed included for free for most of our postpaid and prepaid customers


## MIGRATION

**HT INCREASED FIXED INTERNET SPEED 2-5X FOR MORE THAN 180K CUSTOMERS**



**ADSL**

<4 Mbit/s (Standard)  
<10 Mbit/s (Business)  
20+ Mbit/s



**VDSL**

>20 Mbit/s  
Max avail. speed

EOY 2016: More than 200k customers (50%) with speed higher than 20 Mbit/s



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# WE ARE USING EXCLUSIVE CONTENT AS A KEY DIFFERENTIATOR IN FMC, FIXED AND MOBILE PROPOSITIONS

## EXCLUSIVE AND PREMIUM CONTENT

### Very strong exclusive content in sports

- National football league - HNL
- UEFA Championship league
- Many regional and national leagues (basketball, handball, water-polo)



### Exclusive content in movies/series

- Pickbox – a Netflix for Balkan region



## NEW INNOVATIVE FORMATS

- Leading the move to the mobile 'On Demand' viewing with StreamOn service in mobile

# STREAMON

- Started to **utilize content as a key differentiator** not only in fixed but also in mobile propositions

# WE WILL CONTINUE TO BUILD A PORTFOLIO BASED ON MARKET TRENDS AND CUSTOMERS' NEEDS WITH FOCUS ON:

**RETENTION & VALUE MANAGEMENT**

CONTINUE BRINGING MORE VALUE TO OUR CUSTOMERS THROUGH M1

**BROADBAND AND TV GROWTH**

INTRODUCE & EXPLORE NEW TV EXPERIENCE AND IoT

**ONLINE & OMNI CHANNEL**

SPECIAL FOCUS ON eTRANSFORMATION



# HT CAPITAL MARKETS DAY

## WRAP-UP & STRATEGIC DIRECTIONS



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# HT'S 2020 AMBITIONS BUILT ON FOUR STRATEGIC PILLARS

## Premium for Reason

- Superior network speed, coverage and quality
- Premium positioning, innovative and convergent products and services
- Best in class customer experience

## Return to Growth

- Redefined and stable core telco business
- Developed non-core digital businesses
- Established regional footprint

## Financial Supremacy by Design

- Lean cost structure
- Smart investing
- Exploited domestic & regional synergies

## Fit for the Best

- Most attractive STEM employer in the Region
- Agile and performance based organization
- Transparent and open culture

**LEADER IN REGIONAL TELCO AND DIGITAL MARKET**



# HT CAPITAL MARKETS DAY

## Q&A SESSION



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# HRVATSKI TELEKOM CAPITAL MARKETS DAY

11 NOVEMBER 2016



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# APPENDIX



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# GROUP 2016 OUTLOOK

	2015 Results	Outlook 2016 vs 2015
Revenue	HRK 6,919 milion	Around 2015 level
EBITDA before exceptional items	Margin of 40.2%	Margin of around 40%
CAPEX	HRK 1,473 million	Around 2015 level
Regional expansion	HT is monitoring and evaluating potential M&A opportunities	HT is monitoring and evaluating potential M&A opportunities





# CONSOLIDATED INCOME STATEMENT

in HRK million	Jan-Sep 2015	Jan-Sep 2016	% of change 16/15
Mobile revenue	2,049	2,117	3.3%
Fixed revenue	2,624	2,527	-3.7%
System solutions	474	461	-2.8%
Miscellaneous	42	78	85.8%
<b>Revenue</b>	<b>5,190</b>	<b>5,184</b>	<b>-0.1%</b>
Other operating income	63	93	48.0%
<b>Total operating revenue</b>	<b>5,252</b>	<b>5,277</b>	<b>0.5%</b>
<b>Operating expenses</b>	<b>3,240</b>	<b>3,227</b>	<b>-0.4%</b>
Material expenses	1,462	1,508	3.1%
Employee benefits expenses	774	725	-6.3%
Other expenses <sup>1)</sup>	1,001	1,028	2.7%
Work performed by the Group and capitalised	-54	-64	-18.3%
Write down of assets	57	29	-49.1%
<b>EBITDA</b>	<b>2,012</b>	<b>2,050</b>	<b>1.9%</b>
Depreciation and amortization <sup>1)</sup>	1,089	1,038	-4.7%
<b>EBIT</b>	<b>923</b>	<b>1,012</b>	<b>9.6%</b>
Financial income	41	35	-15.0%
Income/loss from investment in joint ventures	11	4	-65.6%
Financial expenses <sup>1)</sup>	81	123	50.9%
<b>Profit before taxes</b>	<b>894</b>	<b>928</b>	<b>3.8%</b>
Taxation	177	184	4.0%
<b>Net profit</b>	<b>717</b>	<b>744</b>	<b>3.7%</b>
Non controlling interests	-13	-8	40.7%
<b>Net profit after non controlling interests</b>	<b>730</b>	<b>752</b>	<b>2.9%</b>
Exceptional items <sup>2)</sup>	87	62	-28.9%
<b>EBITDA before exceptional items</b>	<b>2,100</b>	<b>2,112</b>	<b>0.6%</b>

1) Other expenses, Depreciation and amortization, as well as Financial expenses are restated for 3Q 2015 due to voluntary change of accounting policy related to Electronic Communication Infrastructure (ECI) costs

2) Related to redundancy restructuring costs



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# CONSOLIDATED BALANCE SHEET

in HRK million	At 31 Dec 2015	At 30 Sept 2016	% of change 16/15
Intangible assets	1,651	1,614	-2.2%
Property, plant and equipment	5,616	5,573	-0.8%
Non-current financial assets	1,033	1,090	5.5%
Receivables	98	105	7.5%
Deferred tax asset	46	54	16.8%
<b>Total non-current assets</b>	<b>8,444</b>	<b>8,436</b>	<b>-0.1%</b>
Inventories	104	120	15.1%
Receivables	1,215	1,272	4.7%
Current financial assets	869	949	9.1%
Cash and cash equivalents	3,175	3,072	-3.2%
Prepayments and accrued income	272	162	-40.4%
<b>Total current assets</b>	<b>5,636</b>	<b>5,575</b>	<b>-1.1%</b>
<b>TOTAL ASSETS</b>	<b>14,079</b>	<b>14,011</b>	<b>-0.5%</b>
Subscribed share capital	9,823	9,823	0.0%
Reserves	445	492	10.6%
Revaluation reserves	4	41	
Retained earnings	268	655	143.9%
Net profit for the period	925	752	-18.7%
Non controlling interests	177	161	-9.1%
<b>Total issued capital and reserves</b>	<b>11,641</b>	<b>11,923</b>	<b>2.4%</b>
Provisions	68	60	-12.1%
Non-current liabilities	443	477	7.6%
Deferred tax liability	45	41	-9.1%
<b>Total non-current liabilities</b>	<b>556</b>	<b>577</b>	<b>3.8%</b>
Current liabilities	1,775	1,417	-20.2%
Deferred income	103	92	-10.2%
Provisions for redundancy	4	1	-86.2%
<b>Total current liabilities</b>	<b>1,882</b>	<b>1,510</b>	<b>-19.8%</b>
<b>Total liabilities</b>	<b>2,438</b>	<b>2,087</b>	<b>-14.4%</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>14,079</b>	<b>14,011</b>	<b>-0.5%</b>



# CONSOLIDATED CASH FLOW STATEMENT

in HRK million	Jan-Sep 2015	Jan-Sep 2016	% of change 16/15
Profit before tax	894	928	3.8%
Depreciation and amortization	1,089	1,038	-4.7%
Increase / decrease of current liabilities	-99	-141	-43.1%
Increase / decrease of current receivables	71	52	-27.0%
Increase / decrease of inventories	-8	-16	-87.9%
Other cash flow increases / decreases	-234	-217	7.1%
<b>Net cash inflow/outflow from operating activities</b>	<b>1,713</b>	<b>1,644</b>	<b>-4.1%</b>
Proceeds from sale of non-current assets	9	46	
Proceeds from sale of non-current financial assets	1	1	-5.1%
Interest received	15	13	-17.5%
Dividend received	0	3	.
Other cash inflows from investing activities	1,872	1,121	-40.1%
<b>Total increase of cash flow from investing activities</b>	<b>1,898</b>	<b>1,185</b>	<b>-37.6%</b>
Purchase of non-current assets	-833	-957	-14.9%
Purchase of non-current financial assets	-305	-75	75.6%
Other cash outflows from investing activities	-1,193	-1,156	3.2%
<b>Total decrease of cash flow from investing activities</b>	<b>-2,331</b>	<b>-2,187</b>	<b>6.2%</b>
<b>Net cash inflow/outflow from investing activities</b>	<b>-433</b>	<b>-1,003</b>	<b>-131.4%</b>
<b>Total increase of cash flow from financing activities</b>	<b>0</b>	<b>0</b>	<b>.</b>
Repayment of loans and bonds	-15	-14	3.7%
Dividends paid	-573	-491	14.3%
Repayment of finance lease	-3	-7	-104.6%
Other cash outflows from financing activities	-174	-219	-25.9%
<b>Total decrease in cash flow from financing activities</b>	<b>-765</b>	<b>-731</b>	<b>4.4%</b>
<b>Net cash inflow/outflow from financing activities</b>	<b>-765</b>	<b>-731</b>	<b>4.4%</b>
<b>Exchange gains/losses on cash and cash equivalents</b>	<b>8</b>	<b>-13</b>	
Cash and cash equivalents at the beginning of period	2,192	3,175	44.8%
Net cash (outflow) / inflow	523	-103	-119.6%
<b>Cash and cash equivalents at the end of period</b>	<b>2,715</b>	<b>3,072</b>	<b>13.2%</b>



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Note: 3Q 2015 Cash flow restated, changes were made on Net cash inflow/ outflow from operating activities and Net cash inflow/ outflow from financing activities due to voluntary change of accounting policy related to Electronic Communication Infrastructure (ECI) costs at 2015 year end

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