

# BUSINESS AND UNAUDITED FINANCIAL REVIEW JANUARY – JUNE 2021

INVESTOR PRESENTATION | 29 JULY 2021



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# H1 2021 HIGHLIGHTS



## **BUSINESS DEVELOPMENT**

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Strong commercial momentum continued in H1 2021

Investments in FTTH (+29% YOY) and 5G network (2 million population and 4x more cities covered) remain in focus

All-time high customer and employee satisfaction



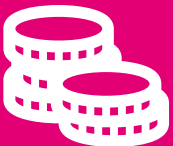
## **FINANCIALS**

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Net revenues up 3.4% on the back of strong growth of mobile and core fixed business

EBITDA AL up 3.2%, marking third consecutive quarter of growth

Net Profit improved on Q-on-Q level



## **CAPITAL ALLOCATION**

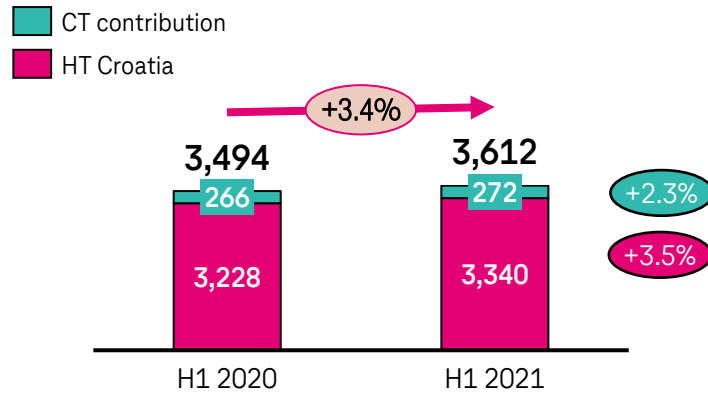
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Return of HRK 703.9 million to our shareholders through a combination dividend and SBB in H1 2021

Signing of an agreement to divest Optima Telekom for HRK 639 million (enterprise value), representing 5x 2020 EBITDA before one-off items after leases

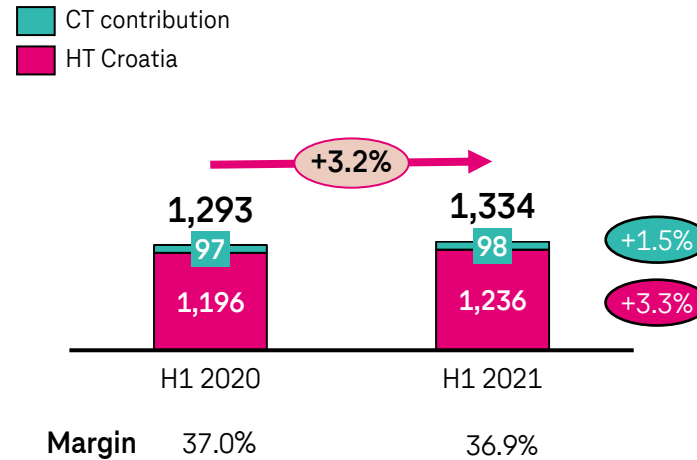
# FOLLOWING TURNAROUND IN Q4 2020, EBITDA GROWTH MOMENTUM CONTINUED IN H1 2021

## REVENUE (HRK m)



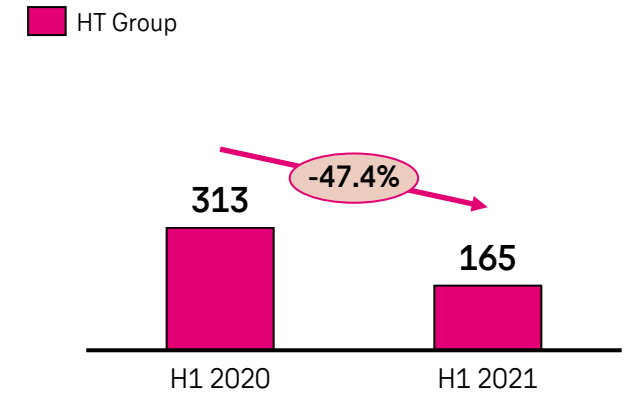
- Solid growth despite continued pandemic in the first half of the year.
- Revenue growth in HT Croatia by core fixed business, strong mobile postpaid and higher handset sales.
- CT growth driven by strong performance of System Solutions and mobile postpaid.

## EBITDA AL<sup>1</sup> (HRK m)



- Continued growth in EBITDA AL for the third consecutive quarter supported by positive commercial momentum.

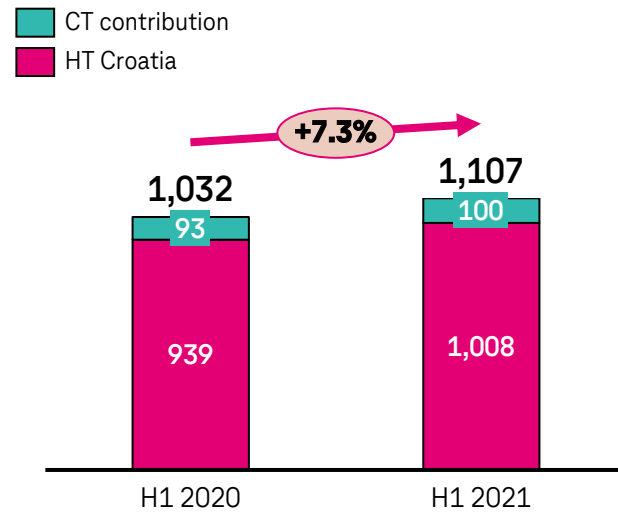
## NET PROFIT<sup>2</sup> (HRK m)



- Net Profit contracted, as improved EBITDA and lower taxation were insufficient to offset increase in depreciation, stemming from high investments in previous years.
- Net Profit significantly increased Q-on-Q as a result of slower growth in depreciation.

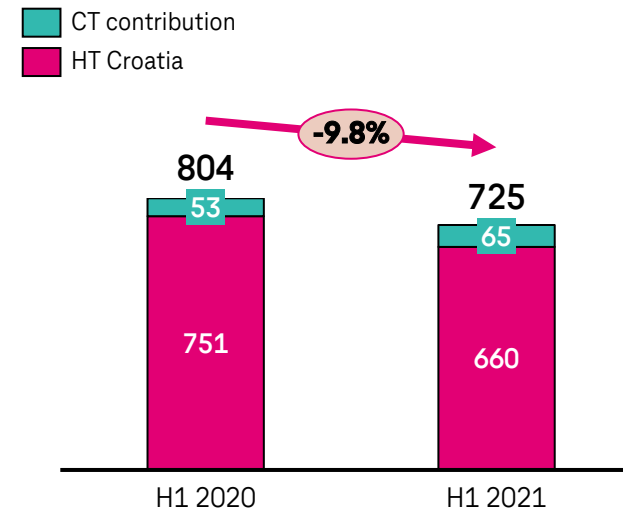
# STRONG NET CASH FLOW FROM OPERATIONS SUPPORTING CONTINUED HIGH INVESTMENT LEVEL

## NET CASH FLOW FROM OPERATIONS (HRK m)



- Cash flow from operating activities increased mainly due to favourable working capital development.

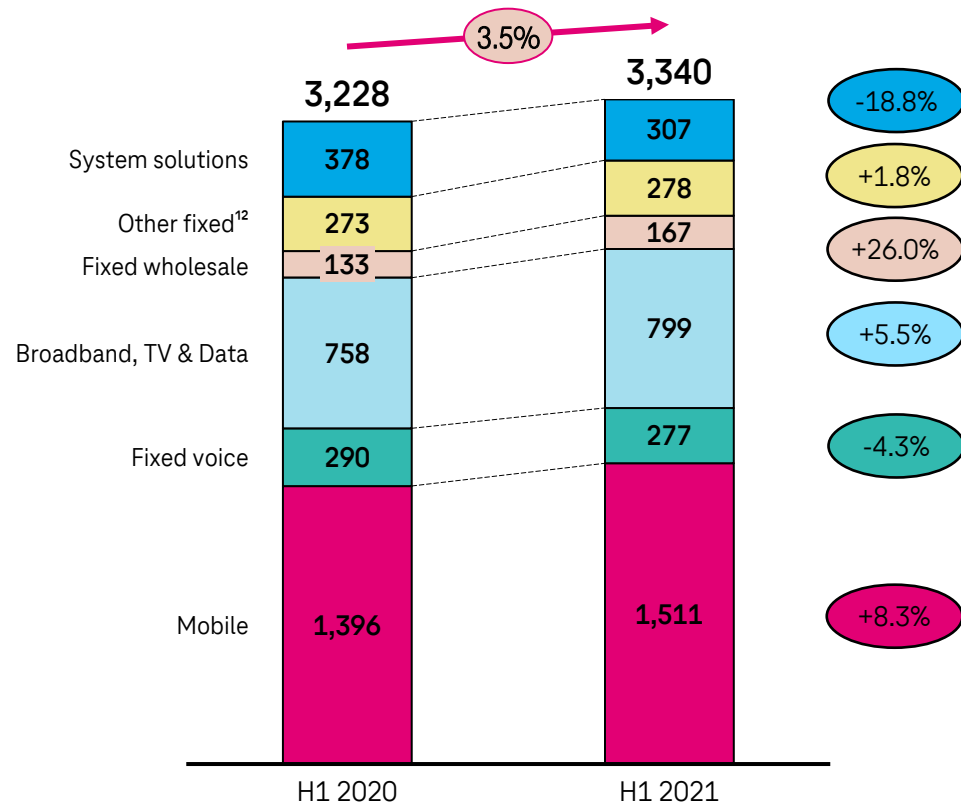
## CAPEX AL - BOOKED (HRK m)



- Lower CAPEX AL realization mainly reflects lower overall CAPEX plan for 2021.

# INCREASE IN REVENUE AS POSTPAID MOMENTUM CONTINUED WHILE CORE FIXED BUSINESS RETURNED TO GROWTH

## REVENUE BREAKDOWN (HRK m)



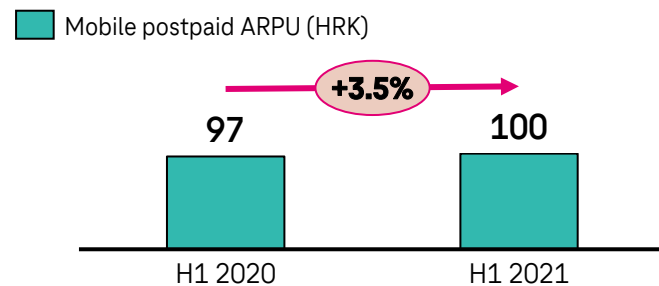
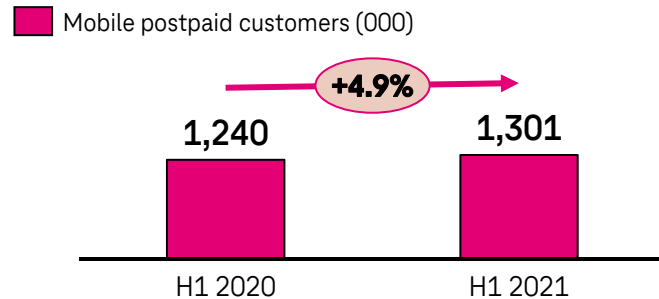
- **Mobile revenue** growth supported by solid commercial momentum, especially on the postpaid side and higher handset sales. Slightly lower prepaid offset by increased revenue from visitors.
- **Fixed voice revenue** contraction continued at a slower pace, following market trend of fixed to mobile and IP substitution.
- **Fixed BB, TV & Data** posted solid growth figures. BB customer base and ARPU continue to grow with increasing demand for FTTH, good momentum on TV, as well as higher demand for the premium data services.
- **Fixed wholesale revenue** increased as a result of higher transit traffic.
- **Other fixed revenue up** driven by online consumer and value added services.
- **System solutions revenue** was lower in absence of one-time deal in 2020 and different seasonality of customized solutions deals.

1 Other non telco services.

2 Optima Telekom revenue included.

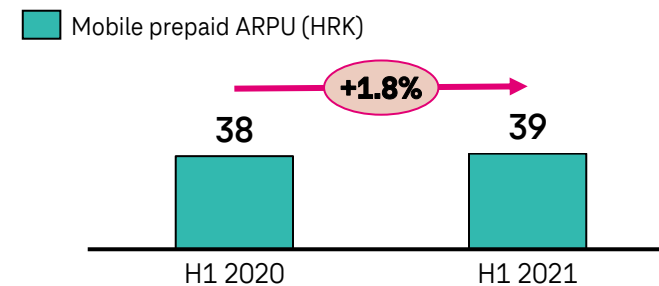
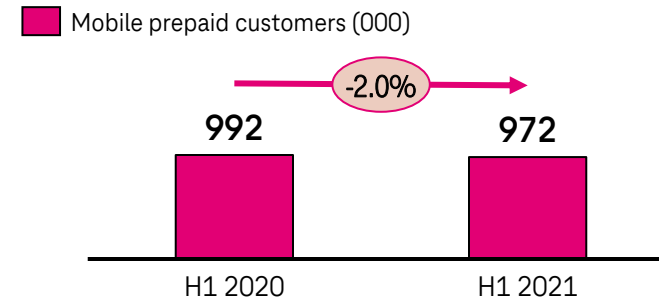
# CONTINUED GROWTH OF MOBILE POSTPAID ARPU AND CUSTOMER BASE IN H1 2021

## MOBILE POSTPAID



- Growth in postpaid customers supported by prepaid to postpaid migration.
- ARPU increase from customer migration to higher value tariffs.

## MOBILE PREPAID

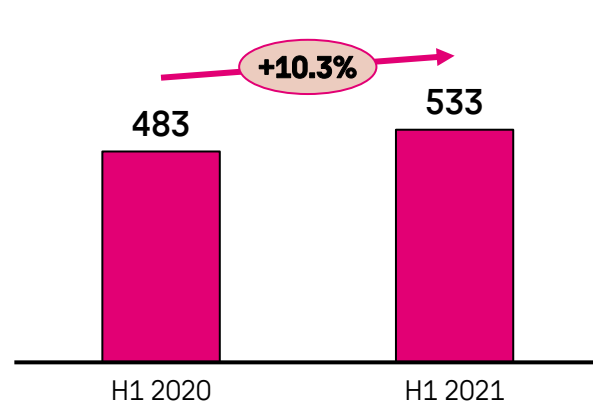


- Lower prepaid base mainly due to the migration from prepaid to postpaid.

# TV BASE AND FIXED BROADBAND CONTINUED TO GROW, WHILE RETAIL VOICE LINES CONTRACTION CONTINUES TO SLOW DOWN

## TV SERVICES

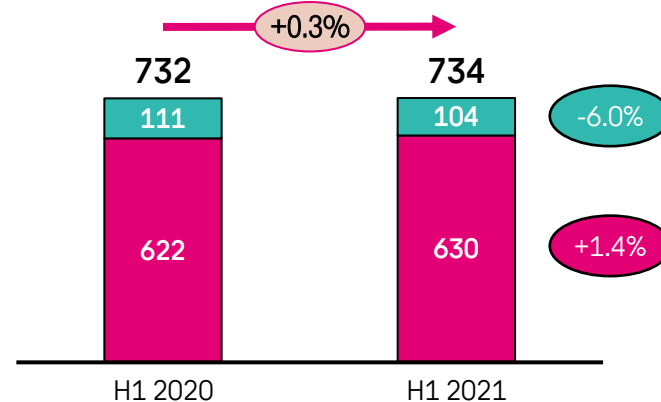
■ TV service subscribers (000)\*



- Increased TV customer base due to continuing good momentum in DVBT-2 switch in H1 2021.

## NUMBER OF BROADBAND SERVICES

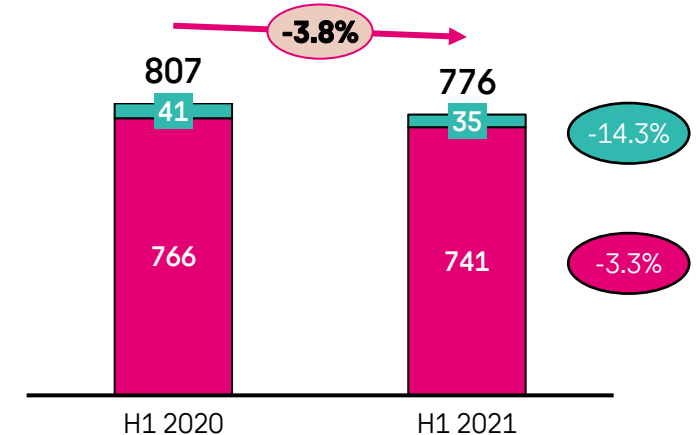
■ Wholesale  
■ Retail



- Higher broadband retail lines & ARPU due to improved quality of our BB infrastructure and strong investments in fiber technology.

## FIXED VOICE SERVICES

■ Wholesale  
■ Retail

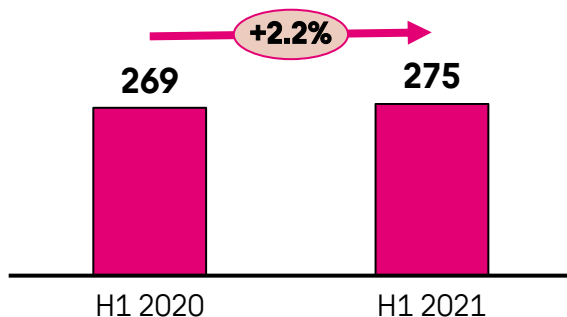


- Ongoing contraction of fixed lines due to market trend of fixed to mobile and IP substitution, but at a slower pace.



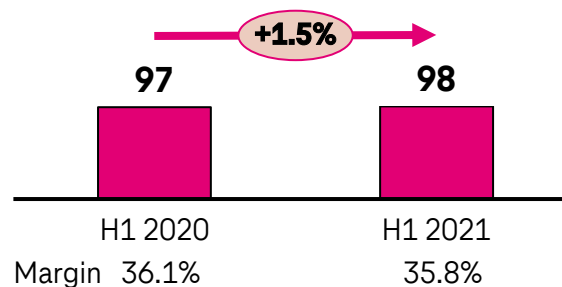
# CT REVENUE AND PROFITABILITY INCREASED DESPITE EXTENDED PANDEMIC

## REVENUE (HRK m)



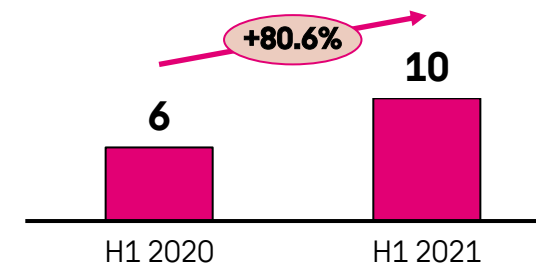
- Revenue increase driven by System solutions' one-time deals and mobile postpaid revenues, which compensated for lower voice and other fixed revenues.

## EBITDA AL<sup>1</sup> (HRK m)



- EBITDA positively impacted by mobile services development.

## NET PROFIT<sup>2</sup> (HRK m)



- Net Profit growth reflects a slight increase in EBITDA and lower depreciation.


# GROUP 2021 OUTLOOK<sup>1</sup> CONFIRMED


	2020 Results	Outlook 2021 vs. 2020
REVENUE	HRK 7,458 million	Mid single-digit decrease
EBITDA AL	HRK 2,738 million	Low single-digit increase
CAPEX AL	HRK 1,824 million	Around HRK 1.6 billion
REGIONAL EXPANSION	HT is monitoring and evaluating potential M&A opportunities	HT is monitoring and evaluating potential M&A opportunities

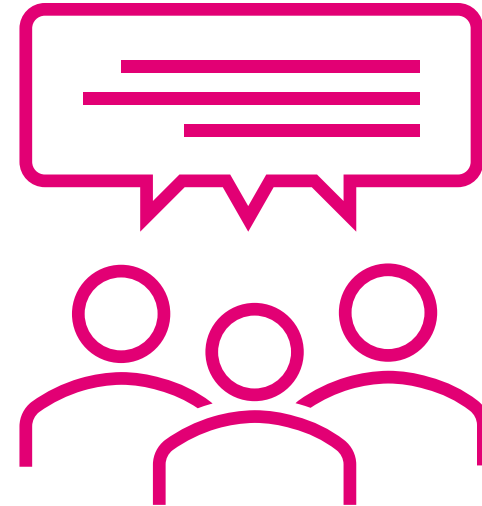


1. Including Optima Telekom until end-June 2021

# Q&A

To ask a question, please raise your hand   
(right-hand corner of your screen)

Once your question is answered,  
please lower your hand by clicking  again



# APPENDIX

UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

# CONSOLIDATED INCOME STATEMENT

in HRK million	H1 2020	H1 2021	% of change A21/A20	Q2 2020	Q2 2021	% of change A21/A20
Mobile revenue	1.540	1.661	7,8%	772	846	9,6%
Fixed revenue	1.566	1.628	3,9%	783	832	6,3%
System solutions	388	323	-16,6%	205	143	-30,0%
Miscellaneous	1	0	-9,2%	0	0	-16,9%
<b>Revenue</b>	<b>3.494</b>	<b>3.612</b>	<b>3,4%</b>	<b>1.759</b>	<b>1.822</b>	<b>3,5%</b>
Other operating income	48	50	3,9%	21	19	-7,0%
<b>Total operating revenue</b>	<b>3.542</b>	<b>3.662</b>	<b>3,4%</b>	<b>1.780</b>	<b>1.841</b>	<b>3,4%</b>
<b>Operating expenses</b>	<b>2.108</b>	<b>2.184</b>	<b>3,6%</b>	<b>1.015</b>	<b>1.064</b>	<b>4,9%</b>
Material expenses	1.016	1.096	7,8%	510	530	3,9%
Employee benefits expenses	602	592	-1,7%	276	283	2,4%
Other expenses	481	491	2,2%	225	252	12,2%
Work performed by the Group and capitalised	-35	-37	-6,3%	-18	-22	-19,6%
Write down of assets	44	42	-4,2%	22	20	-5,5%
<b>EBITDA</b>	<b>1.434</b>	<b>1.478</b>	<b>3,1%</b>	<b>765</b>	<b>777</b>	<b>1,5%</b>
Depreciation and amortization	1.013	1.238	22,2%	536	610	13,9%
<b>EBIT</b>	<b>421</b>	<b>240</b>	<b>-43,0%</b>	<b>230</b>	<b>166</b>	<b>-27,5%</b>
Financial income	44	24	-45,0%	2	11	360,2%
Income/loss from investment in joint ventures	-7	-5	20,3%	-3	-2	29,9%
Financial expenses	80	62	-22,2%	28	34	21,4%
<b>Profit before taxes</b>	<b>378</b>	<b>197</b>	<b>-48,0%</b>	<b>201</b>	<b>141</b>	<b>-29,6%</b>
Taxation	74	38	-47,9%	38	26	-33,0%
<b>Net profit</b>	<b>304</b>	<b>158</b>	<b>-48,0%</b>	<b>163</b>	<b>116</b>	<b>-28,8%</b>
Non controlling interests	-9	-7	25,7%	-2	1	146,2%
<b>Net profit after non controlling interests</b>	<b>313</b>	<b>165</b>	<b>-47,4%</b>	<b>164</b>	<b>115</b>	<b>-30,0%</b>
Exceptional items <sup>1)</sup>	62	51	-18,1%	10	10	-0,1%
<b>EBITDA before exceptional items</b>	<b>1.496</b>	<b>1.529</b>	<b>2,2%</b>	<b>775</b>	<b>787</b>	<b>1,5%</b>
<b>EBITDA before exceptional items after leases</b>	<b>1.293</b>	<b>1.334</b>	<b>3,2%</b>	<b>673</b>	<b>689</b>	<b>2,4%</b>

<sup>1)</sup> Mainly related to restructuring redundancy costs and legal cases

# CONSOLIDATED BALANCE SHEET

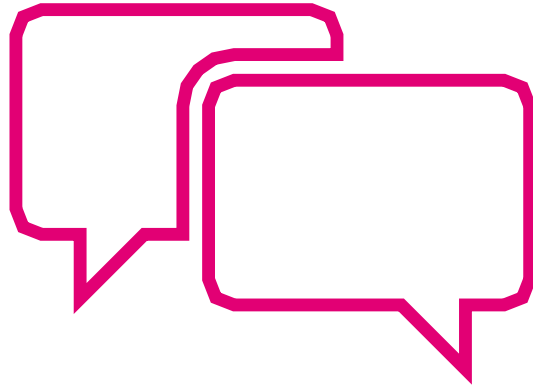
in HRK million	At 31 Dec 2020	At 30 Jun 2021	% of change A21/A20
Intangible assets	2.178	1.930	-11,4%
Property, plant and equipment	6.516	6.419	-1,5%
Non-current financial assets	387	381	-1,4%
Receivables	331	321	-3,2%
Lessee use rights to leased assets (IFRS 16)	691	677	-2,1%
Contract assets (IFRS 15)	62	56	-10,0%
Contract costs (IFRS 15)	116	131	13,3%
Deferred tax asset	134	131	-1,9%
<b>Total non-current assets</b>	<b>10.415</b>	<b>10.045</b>	<b>-3,5%</b>
Inventories	151	173	14,6%
Assets held for sale	2	2	-0,6%
Receivables	1.574	1.589	1,0%
Current financial assets	1	41	5347,7%
Contract assets (IFRS 15)	212	218	3,2%
Contract costs (IFRS 15)	77	80	3,8%
Cash and cash equivalents	3.003	2.566	-14,6%
Prepayments and accrued income	108	84	-22,5%
<b>Total current assets</b>	<b>5.129</b>	<b>4.754</b>	<b>-7,3%</b>
<b>TOTAL ASSETS</b>	<b>15.544</b>	<b>14.800</b>	<b>-4,8%</b>

in HRK million	At 31 Dec 2020	At 30 Jun 2021	% of change A21/A20
Subscribed share capital	10.245	10.245	0,0%
Reserves	604	670	11,1%
Revaluation reserves	2	0	-106,1%
Treasury shares	-90	-154	-70,4%
Retained earnings	1.246	1.126	-9,6%
Net profit for the period	588	165	-72,0%
Non controlling interests	313	300	-4,2%
<b>Total issued capital and reserves</b>	<b>12.907</b>	<b>12.352</b>	<b>-4,3%</b>
Provisions	82	90	9,4%
Non-current liabilities	210	191	-9,0%
Lessee lease liabilities to third partie due > 1 year (IFRS 16)	484	473	-2,2%
Contract liabilities (IFRS 15)	0	0	33,3%
Deferred tax liability	48	45	-6,6%
<b>Total non-current liabilities</b>	<b>825</b>	<b>800</b>	<b>-3,1%</b>
Current liabilities	1.562	1.419	-9,1%
Contract liabilities (IFRS 15)	74	79	6,5%
Lessee lease liabilities due <= 1 year (IFRS 16)	147	148	0,8%
Deferred income	4	3	-29,3%
Provisions for redundancy	26	0	-100,2%
<b>Total current liabilities</b>	<b>1.812</b>	<b>1.648</b>	<b>-9,1%</b>
<b>Total liabilities</b>	<b>2.637</b>	<b>2.448</b>	<b>-7,2%</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>15.544</b>	<b>14.800</b>	<b>-4,8%</b>

# CONSOLIDATED CASH FLOW STATEMENT

in HRK million	H1 2020	H1 2021	% of change A21/A20	Q2 2020	Q2 2021	% of change A21/A20
Profit before tax	378	197	-48,0%	201	141	-29,6%
Depreciation and amortization	1.013	1.238	22,2%	536	610	13,9%
Increase / decrease of current liabilities	-257	-279	-8,5%	-108	-176	-63,2%
Increase / decrease of current receivables	4	71	1846,7%	-4	-39	-927,3%
Increase / decrease of inventories	-2	-22	-934,3%	34	-10	-128,3%
Other cash flow increases / decreases	-103	-97	6,1%	-37	-31	16,8%
<b>Net cash inflow/outflow from operating activities</b>	<b>1.032</b>	<b>1.107</b>	<b>7,3%</b>	<b>623</b>	<b>497</b>	<b>-20,2%</b>
Proceeds from sale of non-current assets	86	6	-93,5%	3	4	58,9%
Proceeds from sale of non-current financial assets	1	1	4,3%	0	-7	-2787,5%
Interest received	5	2	-61,8%	1	1	-49,4%
Dividend received	0	0	-	0	0	-
Other cash inflows from investing activities	956	0	-100,0%	956	0	-100,0%
<b>Total increase of cash flow from investing activities</b>	<b>1.048</b>	<b>8</b>	<b>-99,2%</b>	<b>961</b>	<b>-2</b>	<b>-100,2%</b>
Purchase of non-current assets	-688	-430	37,4%	-318	-244	23,4%
Purchase of non-current financial assets	0	0	-	0	0	-
Other cash outflows from investing activities	0	-42	-	1	-5	-922,0%
<b>Total decrease of cash flow from investing activities</b>	<b>-688</b>	<b>-473</b>	<b>31,3%</b>	<b>-317</b>	<b>-248</b>	<b>21,8%</b>
<b>Net cash inflow/outflow from investing activities</b>	<b>361</b>	<b>-465</b>	<b>-228,9%</b>	<b>643</b>	<b>-250</b>	<b>-138,9%</b>
<b>Total increase of cash flow from financing activities</b>						
Repayment of loans and bonds	-58	-18	68,3%	-10	-11	-8,5%
Dividends paid	0	-643	-544623,6%	0	-643	-2206630,8%
Repayment of lease	-192	-172	10,1%	-94	-96	-2,1%
Other cash outflows from financing activities	-232	-246	-6,3%	-111	-128	-15,1%
<b>Total decrease in cash flow from financing activities</b>	<b>-482</b>	<b>-1.080</b>	<b>-124,2%</b>	<b>-215</b>	<b>-877</b>	<b>-308,8%</b>
<b>Net cash inflow/outflow from financing activities</b>	<b>-482</b>	<b>-1.080</b>	<b>-124,2%</b>	<b>-215</b>	<b>-877</b>	<b>-308,8%</b>
<b>Exchange gains/losses on cash and cash equivalents</b>	<b>-4</b>	<b>0</b>	<b>110,1%</b>	<b>-11</b>	<b>-4</b>	<b>61,8%</b>
Cash and cash equivalents at the beginning of period	2.762	3.003	8,7%	0	0	-
Net cash (outflow) / inflow	907	-437	-148,2%	1.041	-635	-161,0%
<b>Cash and cash equivalents at the end of period</b>	<b>3.669</b>	<b>2.566</b>	<b>-30,1%</b>	<b>1.041</b>	<b>-635</b>	<b>-161,0%</b>

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Reuters: HT.ZA

Bloomberg: HT CZ