

Hrvatski Telekom Q1 2022 Results

28 April 2022



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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

On July 9th 2021 HT and Zagrebačka banka signed sale and purchase agreement of 54.31% shares of Optima Telekom with Telemach Hrvatska, owned by United Group. Respectively, Optima Telekom is deconsolidated from financial reports as of July 2021. On 21 January 2022 HT and Zagrebačka banka signed the Share Transfer Agreement, whereby they transferred their shares in Optima Telekom to Telemach Hrvatska.

Q1 2022 HIGHLIGHTS

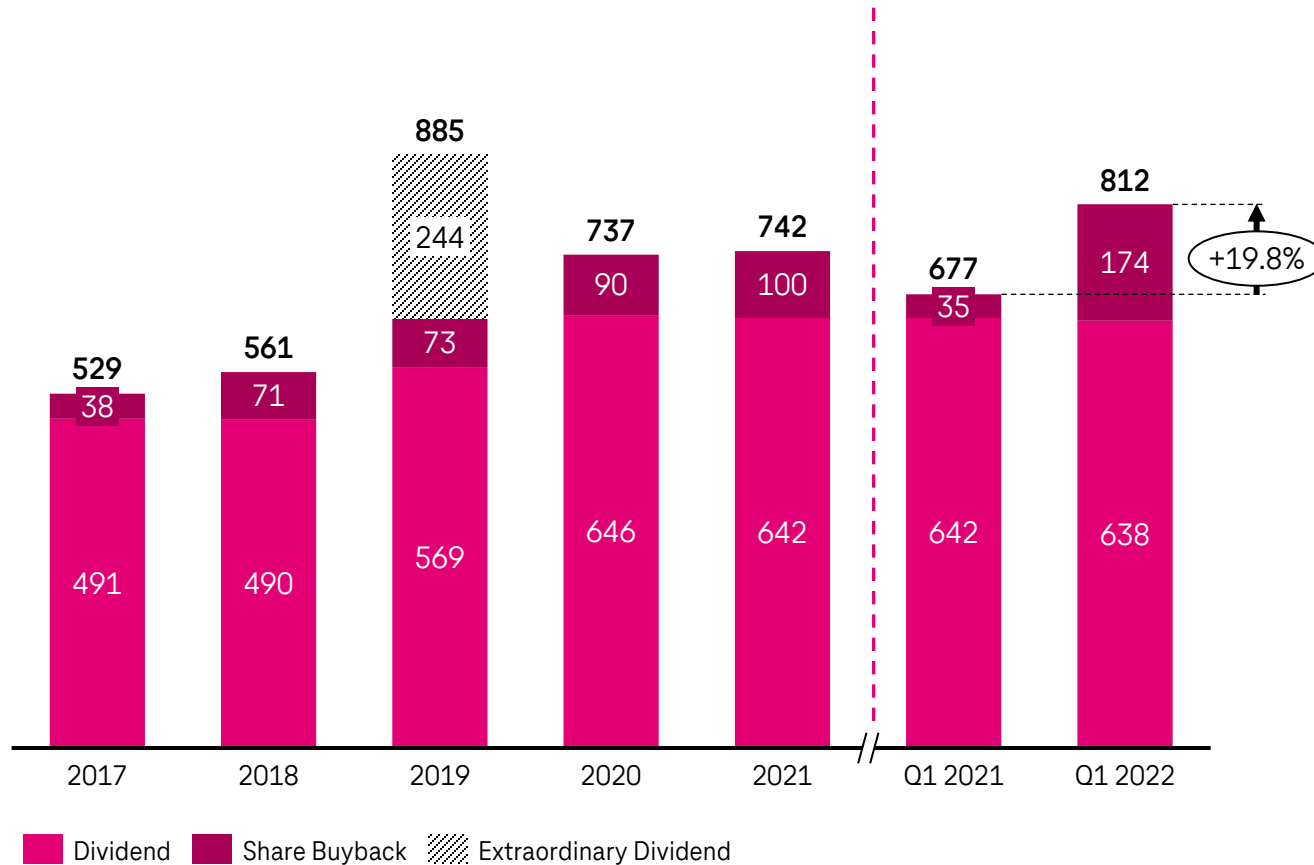


- ▶ Good commercial performance: growing in core telco services and increasing profitability.
- ▶ Organic adjusted EBITDA AL¹ grew 5.1% YoY, marking the sixth consecutive quarter of growth.
- ▶ Strengthened network leadership through continued investments in fiber and 5G.
- ▶ Record high customer experience.
- ▶ Won broadcasting rights for HNL matches for the next four years.
- ▶ Named one of the world's most ethical companies.

1. EBITDA after leases adjusted for exceptional items (mainly restructuring and redundancy costs) and Optima contribution in Q1 2021

THE HIGHEST EVER SBB IN Q1 2022

TOTAL PAYOUT ON YEARLY BASIS (2017-2021); CONFIRMED DIVIDEND AND BOUGHT SHARES QUARTERLY (HRK m)



DIVIDEND

HRK 638m dividend confirmed, representing a pay-out ratio of 95.8% and yield of 4.3%¹

SBB

HT returned HRK 174m through SBB in the reporting quarter (+392% YoY).

1. Based on the last price on 9 March 2022

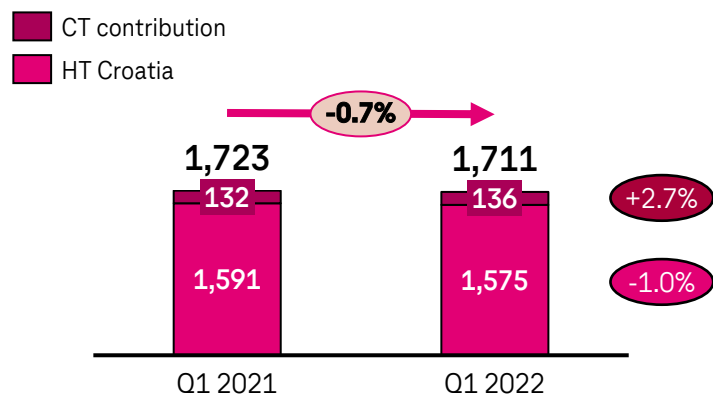


FINANCIALS

Q1 2022

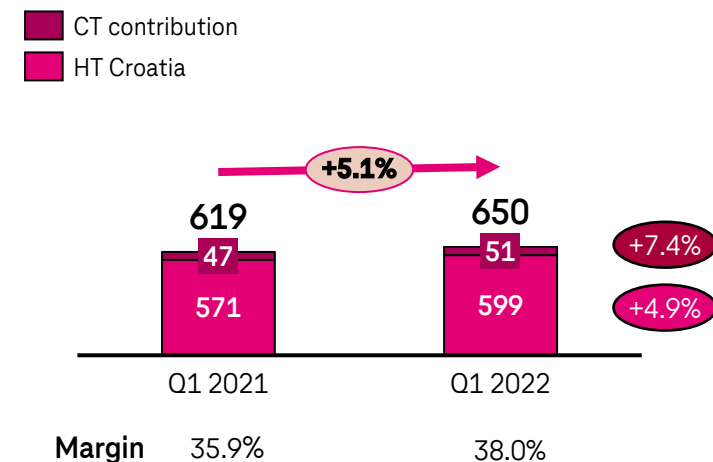
EBITDA AL GROWING FOR THE 6TH CONSECUTIVE QUARTER

REVENUE¹ (HRK m)



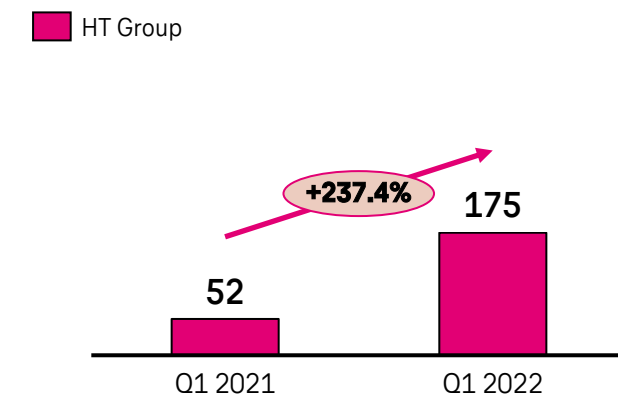
- HT Croatia growing core telco revenues, nearly offsetting contraction of System solutions, as we continue focusing on higher profitability projects.
- CT growth predominately driven by a strong Mobile revenue performance.

EBITDA AL² (HRK m)



- Continued growth in EBITDA AL for the 6th consecutive quarter supported by positive commercial momentum and transformation measures.

NET PROFIT³ (HRK m)



- Net Profit increased 237.4% YoY, supported by higher EBITDA and lower depreciation.
- Depreciation stabilizing following peak in 2021.

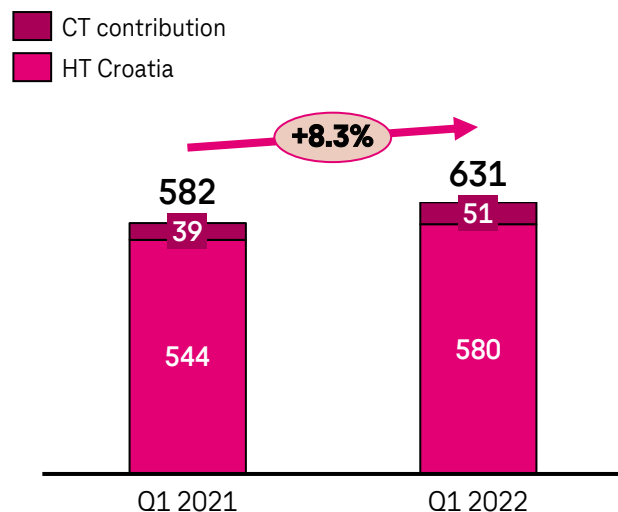
1. Adjusted for Optima contribution in Q1 2021.

2. EBITDA after leases adjusted for exceptional items (mainly restructuring and redundancy costs) and Optima contribution in Q1 2021

3. Net Profit after non-controlling interests, adjusted for Optima contribution in Q1 2021.

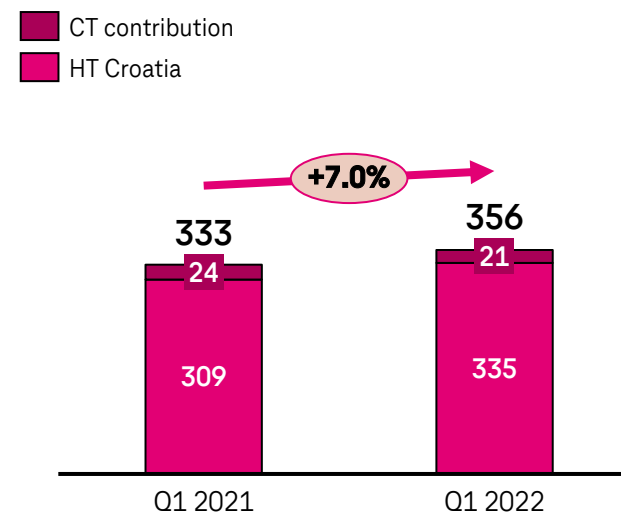
GROWING NET CASH FLOW FROM OPERATIONS SUPPORTING CONTINUED HIGH INVESTMENT LEVEL

NET CASH FLOW FROM OPERATIONS¹ (HRK m)



- Cash flow from operating activities increased due to favourable movements in other CF items partially offset by unfavourable working capital.

CAPEX AL - BOOKED^{1 2} (HRK m)

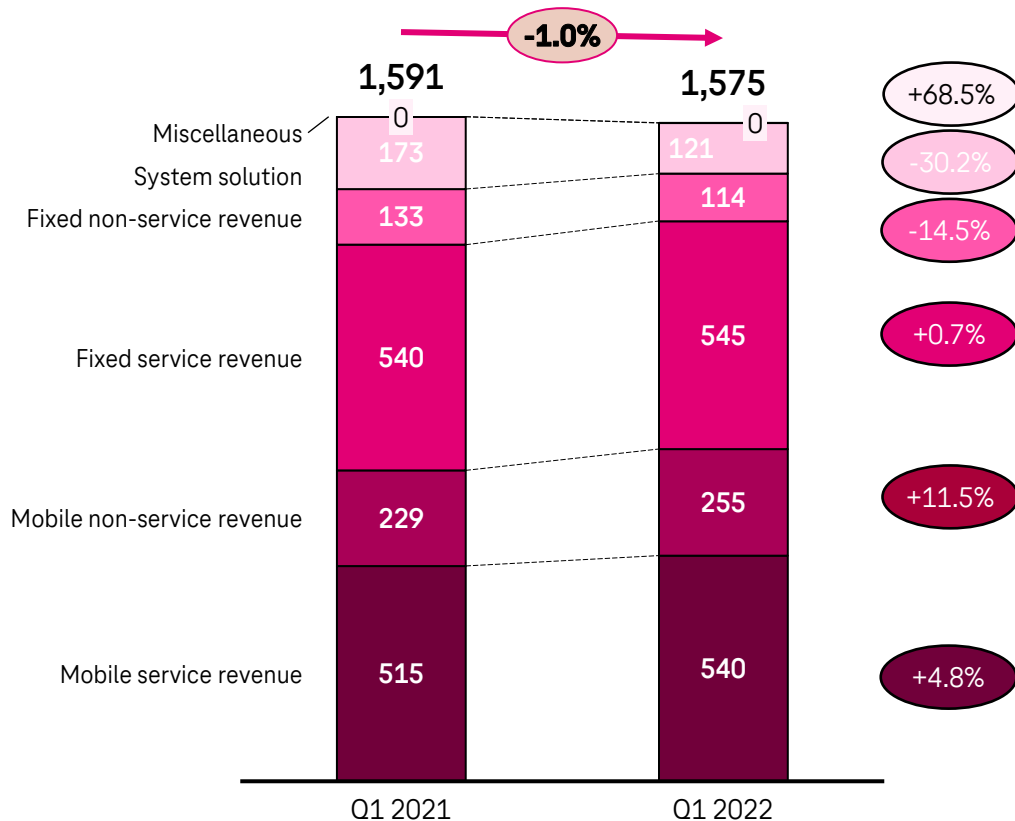


- Higher CAPEX AL mainly due to different seasonality of IT and network projects.
- CT contraction predominantly from lower volume of TV content capitalisation.

1. Adjusted for Optima contribution in Q1 2021.
2. Excluding Spectrum

SERVICE REVENUES GROWING WHILE WE CONTINUE SYSTEM SOLUTIONS TRANSFORMATION TOWARDS HIGHER PROFITABILITY

REVENUE BREAKDOWN¹ (HRK m)



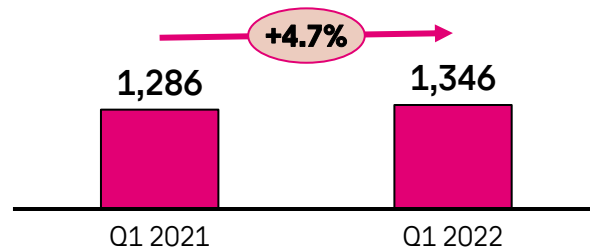
- **Mobile service revenue** growth supported by strong Postpaid, Visitors and roaming recovery, capitalizing on More-4-More portfolio and migration of prepaid to postpaid services.
- **Mobile non-service revenue** growth driven by higher Handset sales.
- **Fixed service revenue** growth supported by BB, TV and Data services, offsetting contraction in Voice which follow market trend of fixed to mobile and IP substitution
- **Fixed non-service revenue** down predominantly due to seasonally lower transit traffic
- **System solutions revenue** contracted due to a focus on projects with higher profitability , with EBITDA in absolute terms increased.

1. Adjusted for Optima contribution in Q1 2021.

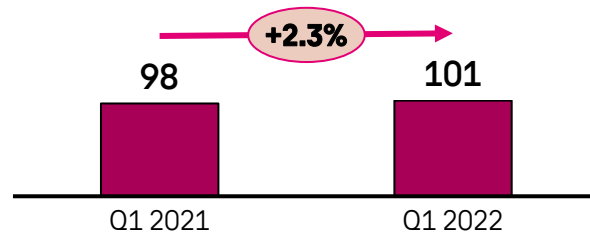
CONTINUED GROWTH OF POSTPAID MOBILE ARPU AND CUSTOMER BASE

MOBILE POSTPAID

■ Mobile postpaid customers (000)



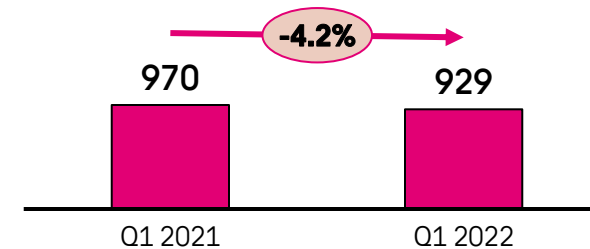
■ Mobile postpaid ARPU (HRK)



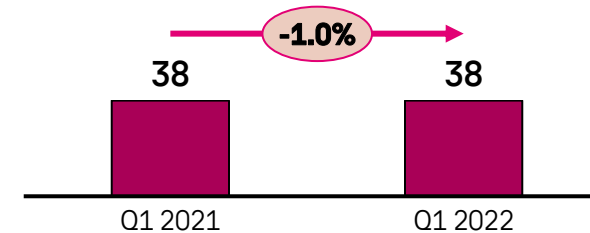
- Growth in postpaid customers supported by prepaid to postpaid migration and attractive More-4-More offers.
- ARPU increase from customer migration to higher value tariffs.

MOBILE PREPAID

■ Mobile prepaid customers (000)



■ Mobile prepaid ARPU (HRK)

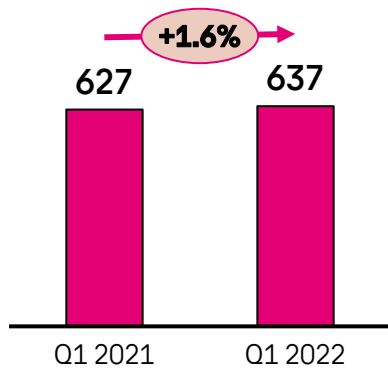


- Lower prepaid base mainly due to migration from prepaid to postpaid.

FIXED BROADBAND AND TV BASE CONTINUED TO GROW, AS RETAIL VOICE LINES AND WHOLESALE CONTRACTED

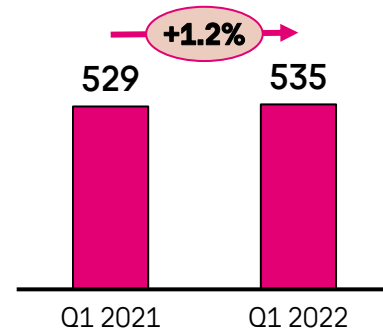
BROADBAND¹

■ Broadband access lines - retail (000)



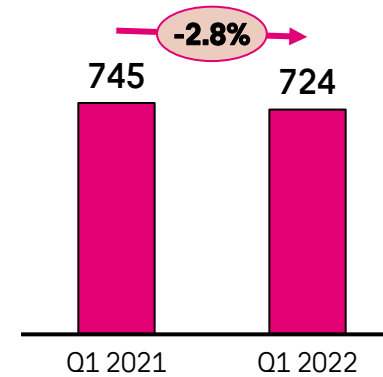
TV²

■ TV customers (000)



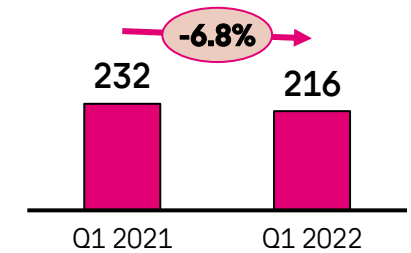
FIXED VOICE³

■ Fixed voice mainlines - retail (000)



WHOLESALE⁴

■ Wholesale customers (000)



- Higher broadband retail lines due to improved quality of our BB infrastructure and strong investments in fiber network.
- TV customer base growing capitalizing on the best sport content offer.
- Ongoing contraction of fixed voice lines, at a slower pace than in the previous year.
- Wholesale base lower as operators migrate to own infrastructure and decline of voice-only wholesale lines.

1. Includes ADSL, VDSL, FTTH and Naked DSL

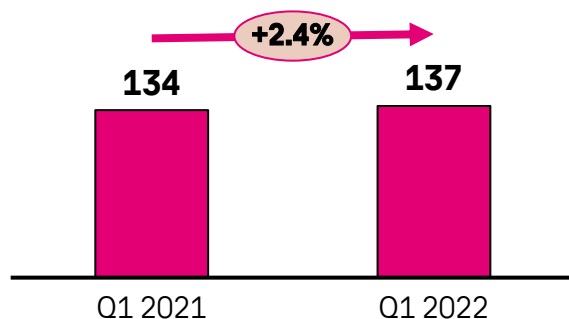
2. TV service subscribers are restated in Q2 2021. Numbers are retrospectively adjusted

3. Includes PSTN, FGSM, old PSTN Voice customers migrated to IP platform and Smart packages for business; payphones excluded

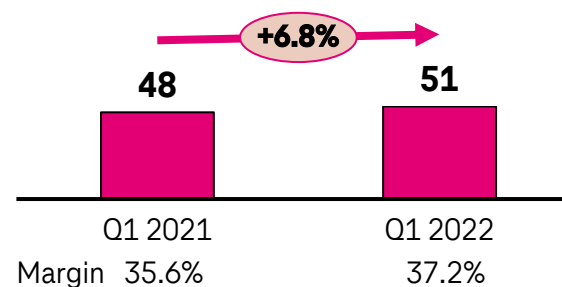
4. Includes Naked Bitstream, Bitstream, ULL, FA and WLR wholesale rental

CONTINUED GROWTH MOMENTUM AT CRNOGORSKI TELEKOM

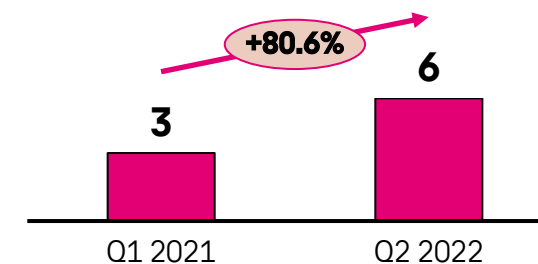
REVENUE (HRK m)



EBITDA AL¹ (HRK m)



NET PROFIT² (HRK m)



- Revenue increase driven by growth of Mobile revenues on the back of strong postpaid and handset, which compensated for contraction in Voice and System solutions revenues.

- EBITDA positively benefitted from mobile services development.
- EBITDA AL margin improved to 37.2%.

- Higher Net Profit is mainly driven by strong EBITDA development.

1. EBITDA after leases adjusted for exceptional items

2. Net profit after non controlling interests

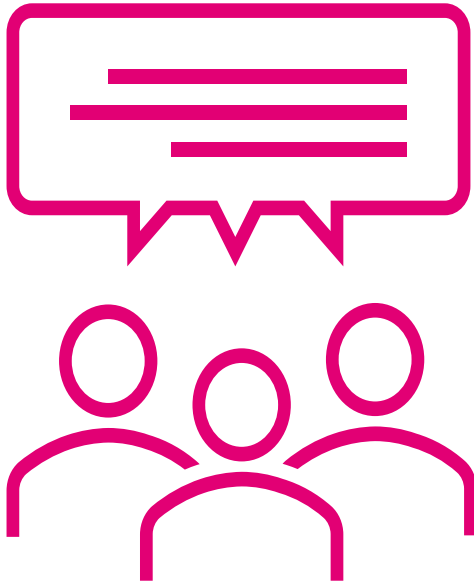
GROUP 2022 OUTLOOK

	2021 RESULTS ¹	OUTLOOK 2022 vs. 2021
REVENUE	HRK 7.3 billion	Stable level
EBITDA AL	HRK 2.8 billion	Mid single-digit increase
CAPEX AL ²	HRK 1.7 billion	Mid single-digit decrease
REGIONAL EXPANSION	HT is monitoring and evaluating potential M&A opportunities	HT is monitoring and evaluating potential M&A opportunities

1. Optima Telekom excluded from 2021 results

2. Excluding Spectrum

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



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APPENDIX

UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS



NEW REVENUE STRUCTURE

REVENUE CATEGORY	CONSISTS OF:
MOBILE SERVICE REVENUE	Prepaid, Postpaid, Visitors and Other
MOBILE NON-SERVICE REVENUE	Handset and Other
FIXED SERVICE REVENUE	Voice, Broadband, TV, Data and Other
FIXED NON-SERVICE REVENUE	Equipment, Wholesale and Other
SYSTEM SOLUTIONS	No change
MISCELLANEOUS	Revenue not included in categories above

KEY FINANCIAL DATA*

Key financial data - HT Group without Optima Telekom contribution in 2021 (HRK mil.)	2021	2022	% of change A22/A21
Organic Revenue	1.723	1.711	-0,7%
Organic Adjusted EBITDA AL ¹	619	650	5,1%
Organic net profit after non controlling interests	52	175	237,4%
Organic net operating cash flow	582	631	8,3%
Organic CAPEX AL	333	356	7,0%

¹ Mainly adjusted for restructuring redundancy costs, legal cases and Optima Telekom contribution in Q1 2021.

Key financial data - HT Croatia without Optima Telekom contribution in 2021 (HRK mil.)	2021	2022	% of change A22/A21
Organic revenue	1.591	1.575	-1,0%
Mobile service revenues	515	540	4,8%
Mobile non-service revenues	229	255	11,5%
Fixed service revenues	540	545	0,7%
Fixed non-service revenues	133	114	-14,5%
System solutions	173	121	-30,2%
Miscellaneous	0	0	68,5%
Organic Adjusted EBITDA AL ¹	571	599	4,9%
Organic net profit after non controlling interests	49	170	247,2%
Organic net operating cash flow	544	580	6,7%
Organic CAPEX AL	309	335	8,5%

¹ Mainly adjusted for restructuring redundancy costs, legal cases and Optima Telekom contribution in Q1 2021.

CONSOLIDATED INCOME STATEMENT*

in HRK million	Q1 2021	Q1 2022	% of change A22/A21
Mobile revenue	815	871	6.9%
Fixed revenue	795	712	-10.4%
System solutions	180	127	-29.5%
Miscellaneous revenue	0	0	68.5%
Revenue	1,790	1,711	-4.4%
Other operating income	31	24	-23.3%
Total operating revenue	1,821	1,734	-4.8%
Operating expenses	1,120	1,023	-8.7%
Material expenses	565	507	-10.4%
Employee benefits expenses	309	287	-7.2%
Other expenses	239	227	-5.1%
Work performed by the Group and capitalised	-16	-13	19.2%
Write down of assets	22	15	-33.1%
Depreciation and amortization	627	479	-23.6%
EBIT	74	233	215.0%
Financial income	13	10	-22.9%
Income/loss from investment in joint ventures	-3	-1	70.0%
Financial expenses	28	23	-19.6%
Profit before taxes	55	219	297.1%
Taxation	13	43	235.7%
Net profit	42	176	315.4%
Non controlling interests	7	-2	-120.1%
Net profit after non controlling interests	50	175	250.2%
Adjusted EBITDA AL ¹⁾	644	650	0.8%
Exceptional items ²⁾	41	23	-43.0%
EBITDA AL	603	627	3.8%

¹⁾ Mainly adjusted for restructuring redundancy costs and legal cases

²⁾ Mainly related to restructuring redundancy costs and legal cases

*Reported view - including Optima Telekom contribution in Q1 2021

CONSOLIDATED BALANCE SHEET*

in HRK million	At 31 Dec 2021	At 31 Mar 2022	% of change A22/A21
Intangible assets	1,897	1,901	0.2%
Property, plant and equipment	6,300	6,196	-1.6%
Non-current financial assets	388	388	0.0%
Receivables	293	277	-5.7%
Lessee use rights to leased assets (IFRS 16)	644	602	-6.6%
Contract assets (IFRS 15)	52	39	-25.4%
Contract costs (IFRS 15)	137	152	10.3%
Deferred tax asset	140	144	2.7%
Total non-current assets	9,852	9,698	-1.6%
Inventories	190	220	16.0%
Assets held for sale	0	78	
Receivables	1,496	1,391	-7.0%
Current financial assets	239	77	-67.9%
Contract assets (IFRS 15)	234	246	5.3%
Contract costs (IFRS 15)	73	65	-11.6%
Cash and cash equivalents	2,871	3,132	9.1%
Prepayments and accrued income	93	112	19.6%
Total current assets	5,197	5,321	2.4%
TOTAL ASSETS	15,049	15,018	-0.2%

in HRK million	At 31 Dec 2021	At 31 Mar 2022	% of change A22/A21
Subscribed share capital	10,245	10,245	0.0%
Reserves	581	590	1.6%
Revaluation reserves	0	0	0.0%
Treasury shares	-64	-238	-270.6%
Retained earnings	1,101	1,716	55.9%
Net profit for the period	615	175	-71.6%
Non controlling interests	246	247	0.6%
Total issued capital and reserves	12,723	12,735	0.1%
Provisions	127	136	6.9%
Non-current liabilities	131	187	42.6%
Lessee lease liabilities to third partie due > 1 year (IFRS 16)	446	432	-3.1%
Contract liabilities (IFRS 15)	0	0	0.0%
Deferred tax liability	34	33	-2.9%
Total non-current liabilities	738	787	6.7%
Current liabilities	1,304	1,246	-4.5%
Contract liabilities (IFRS 15)	91	80	-12.3%
Lessee lease liabilities due <= 1 year (IFRS 16)	159	151	-5.4%
Accrued expenses and deferred income	9	9	0.7%
Provisions for redundancy	24	11	-53.8%
Total current liabilities	1,588	1,497	-5.8%
Total liabilities	2,326	2,284	-1.8%
TOTAL EQUITY AND LIABILITIES	15,049	15,018	-0.2%

* Reported view - including Optima Telekom contribution in Q1 2021

CONSOLIDATED CASH FLOW STATEMENT*

in HRK million	Q1 2021	Q1 2022	% of change A22/A21
Profit before tax	55	219	297.1%
Depreciation and amortization	627	479	-23.6%
Increase / decrease of current liabilities	-103	-60	42.2%
Increase / decrease of current receivables	110	37	-66.3%
Increase / decrease of inventories	-12	-30	-143.9%
Other cash flow increases / decreases	-66	-14	78.5%
Net cash inflow/outflow from operating activities	611	631	3.3%
Proceeds from sale of non-current assets	1	6	442.1%
Proceeds from sale of non-current financial assets	8	0	-96.7%
Interest received	1	4	207.0%
Dividend received	0	0	-
Other cash inflows from investing activities	0	201	-
Total increase of cash flow from investing activities	10	211	1946.3%
Purchase of non-current assets	-187	-225	-20.1%
Purchase of non-current financial assets	0	0	0.0%
Other cash outflows from investing activities	-38	-39	-2.9%
Total decrease of cash flow from investing activities	-225	-264	-17.2%
Net cash inflow/outflow from investing activities	-214	-52	75.6%
Total increase of cash flow from financing activities			
Repayment of loans and bonds	-7	0	100.0%
Dividends paid	0	0	-2.3%
Repayment of lease	-77	-73	4.9%
Other cash outflows from financing activities	-119	-249	-109.8%
Total decrease in cash flow from financing activities	-203	-322	-58.8%
Net cash inflow/outflow from financing activities	-203	-322	-58.8%
Exchange gains/losses on cash and cash equivalents	5	4	-1.7%
Cash and cash equivalents at the beginning of period	3,003	2,871	-4.4%
Net cash (outflow) / inflow	198	261	31.8%
Cash and cash equivalents at the end of period	3,201	3,132	-2.2%

* Reported view - including Optima Telekom contribution in Q1 2021

INVESTOR RELATIONS CONTACTS

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