

# Hrvatski Telekom FY 2022 Results

23 February 2023



# DISCLAIMER

These materials and the oral presentation do not constitute or form part of any offer or invitation to sell or issue, or any solicitation of any offer to purchase or subscribe for, any securities of the Company nor should they or any part of them or the fact of their distribution form the basis of, or be relied on in connection with, any contract or investment decision in relation thereto. In particular, these materials and the oral presentation are not an offer of securities for sale in the United States. The Company's securities have not been, and will not be, registered under the US Securities Act of 1933, as amended

The third party information contained herein has been obtained from sources believed by the Company to be reliable. Whilst all reasonable care has been taken to ensure that the facts stated herein are complete and accurate and that opinions and expectations contained herein are fair and reasonable, no representation or warranty, expressed or implied, is made by the Group or its advisors, with respect to the completeness or accuracy of any information and opinions contained herein

These materials and the oral presentation contain certain forward-looking statements with respect to the financial condition, results of operations and business of the Group. These forward-looking statements represent the Company's expectations or beliefs concerning future events and involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those expressed or implied in such statements. Additional detailed information concerning important factors that could cause actual results to differ materially is available in the Group's Annual Report

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 9 July 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.

Based on the Merger Agreement concluded on 15 March 2022 between the company Croatian Telecom Inc. (hereinafter: HT Inc. or the acquiring company) and the company HT Produkcija LLC (hereinafter: HTP LLC or the merged company), and pursuant to the Assembly decision of the merged company on approval of the merger, on 1 June 2022 the merger has been entered into the Court Register of the Commercial Court in Zagreb. By entry of the merger into the Court Register, the merged company HTP LLC ceased to exist. The acquiring company, HT Inc., became the universal legal successor of the merged company, thus entering into all legal relationships of the merged company.

# FY 2022 HIGHLIGHTS



## BUSINESS DEVELOPMENT

- Strengthened network leadership, FTTH 100K HH rollout; recognized for the best fixed, mobile and fastest 5G network
- Secured broadcasting rights for HNL matches for the next four years
- Number 1 in customer experience on the market
- Record high employee engagement
- Progress with ESG agenda
- Term sheet for vPPA, securing long term sustainable energy supply

## FINANCIALS<sup>1</sup>

- Top-line growing on the back of strong mobile business
- Organic adjusted EBITDA AL is growing despite the persisting inflationary pressures
- Net profit increased by 10.5%

## CAPITAL ALLOCATION

- Returned 5.8%<sup>2</sup> of market cap to shareholders through a combination of dividend and share buyback in 2022
- Executed the highest SBB in corporate history in 2022
- Won “Share of the year” by the ZSE for the 3<sup>rd</sup> year in row and „Top Turnover Share”

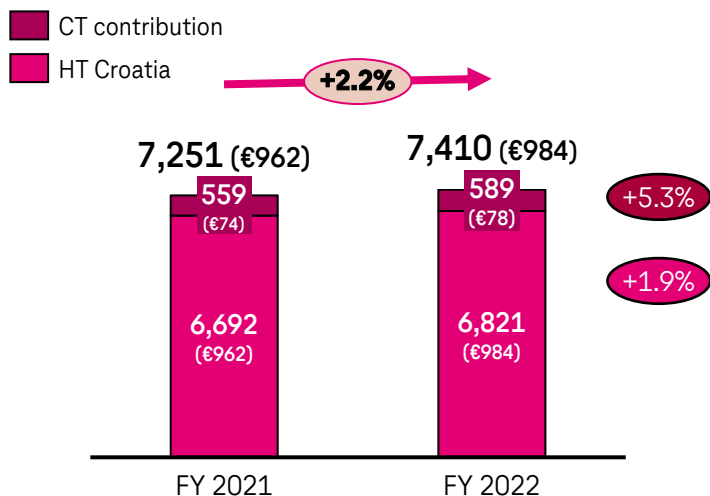
<sup>1</sup> Organic, adjusted for Optima contribution in H1 2021

<sup>2</sup> Based on the last price in 2022

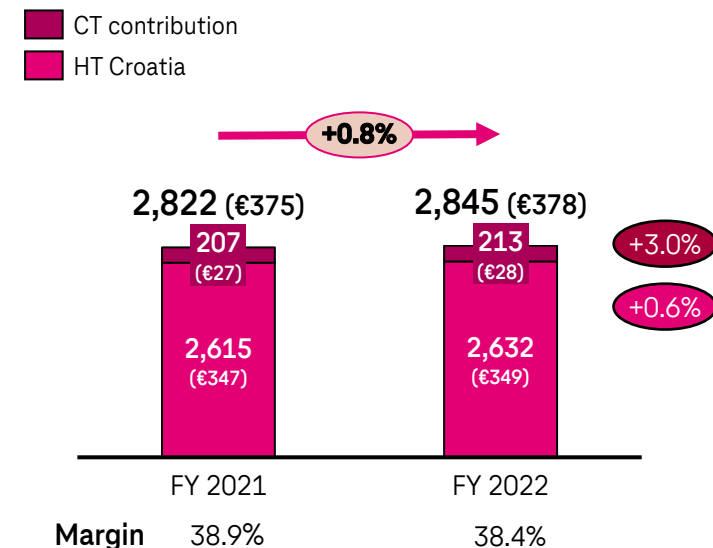
vPPA – Virtual Power Purchase Agreement

# SOLID FINANCIAL PERFORMANCE DESPITE CHALLENGING ENVIRONMENT

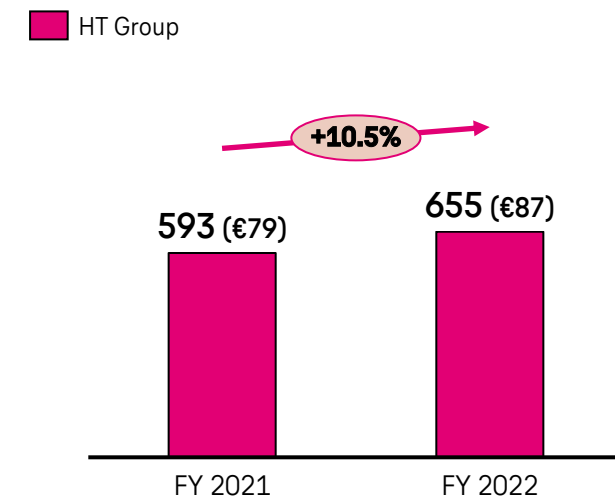
## REVENUE<sup>1</sup> in m HRK / (€)



## EBITDA AL<sup>2</sup> in m HRK / (€)



## NET PROFIT<sup>3</sup> in m HRK / (€)



- Continued growth momentum in our fixed and mobile services, both in Croatia and Montenegro.

- Organic adjusted EBITDA AL increased by 0.8%, supported by solid top line performance offsetting inflationary pressure mainly from energy.

- Net Profit growth supported by reduction in depreciation expenses, partially offset by higher taxation.

1. Adjusted for Optima contribution in H1 2021

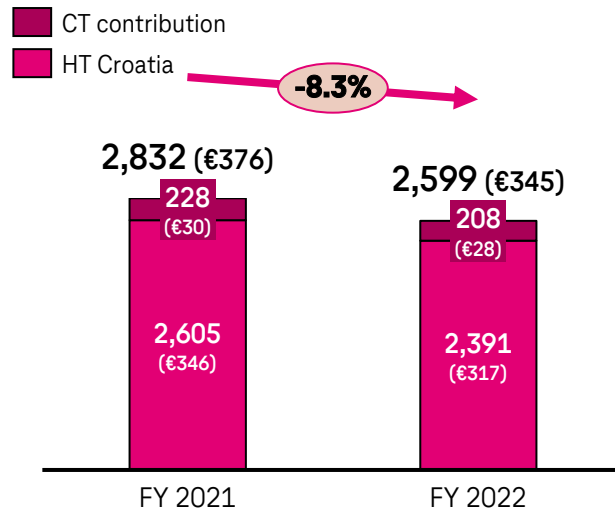
2. EBITDA after leases adjusted for exceptional items (mainly restructuring and redundancy costs) and Optima contribution in H1 2021

3. Net Profit after non-controlling interests, adjusted for Optima contribution in H1 2021.

\* For presentations purposes only, all figures denominated in HRK have been converted to € using conversion exchange rate of €1 = HRK 7.53450

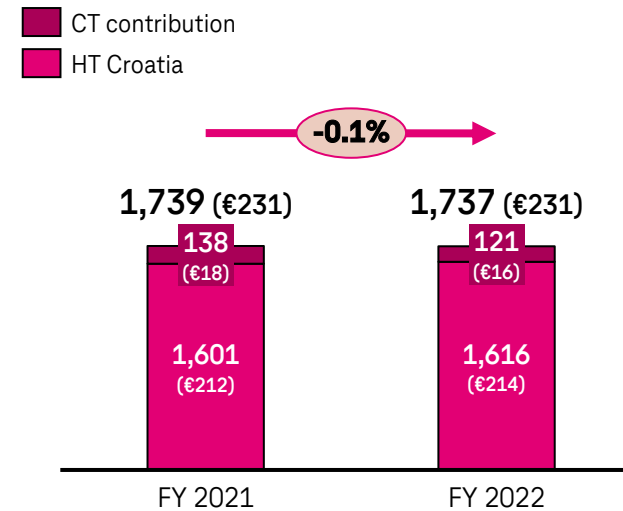
# DESPITE A DECREASE IN NET CASH FLOW FROM OPERATIONS, CAPEX AL REMAINED STABLE

NET CASH FLOW FROM OPERATIONS<sup>1</sup> in m HRK / (€)



- Organic cash flow from operating activities decreased mainly due to unfavorable working capital movements and seasonal effects.

CAPEX AL - BOOKED<sup>1 2</sup> in m HRK / (€)



- Stable CAPEX AL development as we accelerated our investment plans.

1. Adjusted for Optima contribution in H1 2021.

2. Excluding Spectrum

\* For presentations purposes only, all figures denominated in HRK have been converted to € using conversion exchange rate of €1 = HRK 7.53450

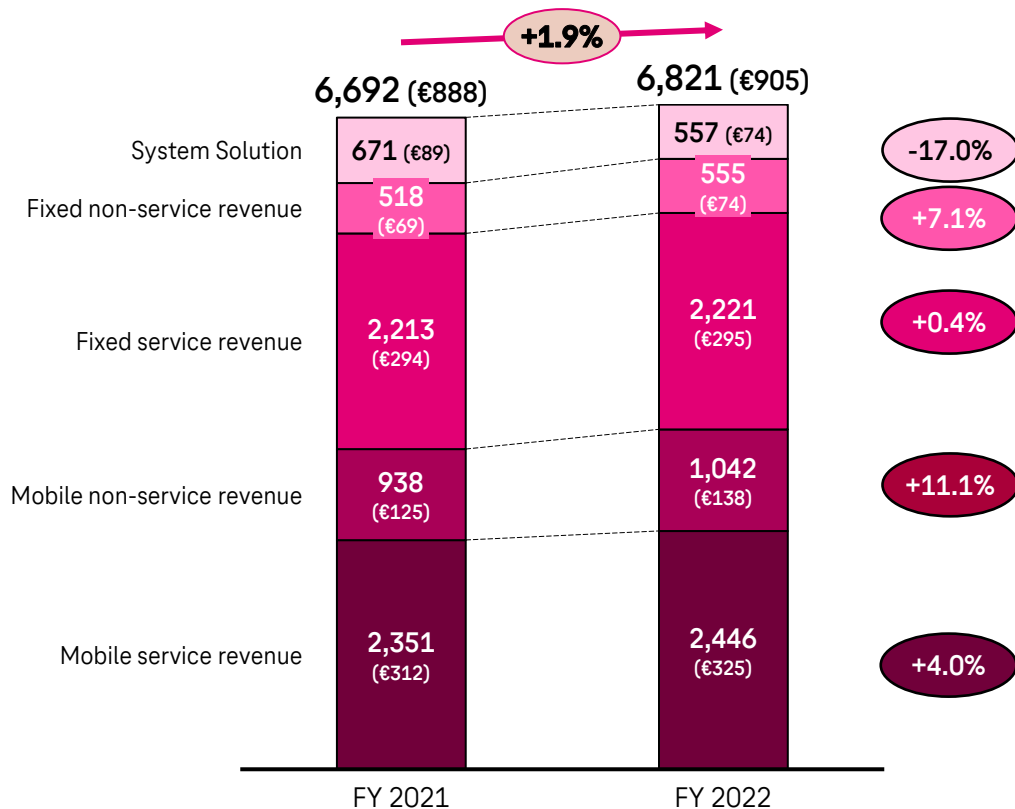
# REVENUES AND EBITDA AL SLIGHTLY AHEAD OF GUIDANCE

	OUTLOOK 2022 vs. 2021	2022 RESULTS
REVENUE	Stable level	+2.2%
EBITDA AL	Stable level	+0.8%
CAPEX AL <sup>2</sup>	Mid single-digit decrease	-0.1%
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

# REVENUES CONTINUED GROWTH ON THE BACK OF SOLID CORE PERFORMANCE

## REVENUE BREAKDOWN<sup>1</sup> in m HRK / (€)



- **Mobile service revenue** growth predominantly driven by ARPU increase supported by prepaid to postpaid migration, growth in customer base and higher visitors revenue.
- **Mobile non-service revenue** growth driven by promotional activities boosting handset sales.
- **Fixed service revenue** up, as BB, TV & professional data offset contraction in voice.
- **Fixed non-service revenue** as a result of higher transit traffic.
- **System Solution revenue** contracted mainly as a result of a greater focus on projects with higher profitability, while its EBITDA in absolute terms increased.

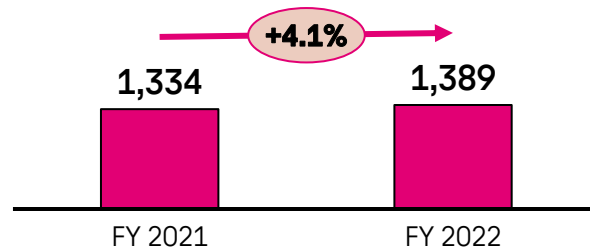
1. Adjusted for Optima contribution in H1 2021.

\* For presentations purposes only, all figures denominated in HRK have been converted to € using conversion exchange rate of €1 = HRK 7.53450

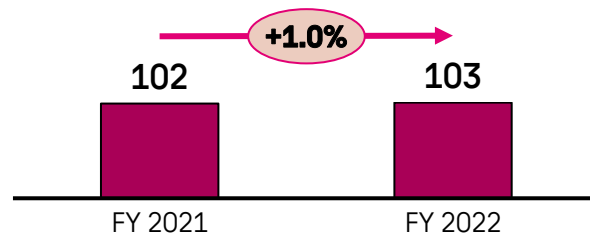
# CONTINUED POSTPAID GROWTH OF CUSTOMER BASE AND ARPU

## MOBILE POSTPAID

■ Mobile postpaid customers (000)



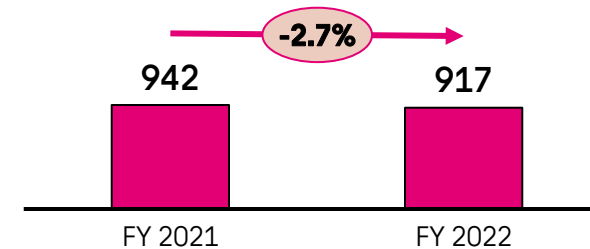
■ Mobile postpaid ARPU (HRK)



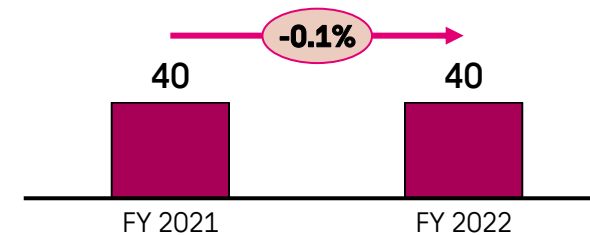
- Growth in postpaid customers supported by prepaid to postpaid migration.
- ARPU reflects an increase from customer migration to higher value tariffs.

## MOBILE PREPAID

■ Mobile prepaid customers (000)



■ Mobile prepaid ARPU (HRK)



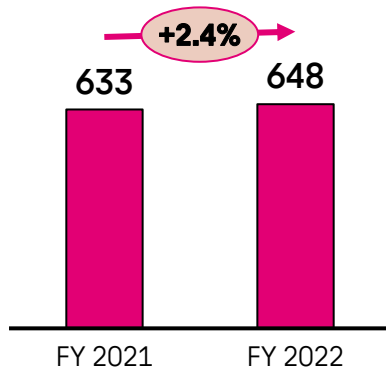
- Lower prepaid base due to migration from prepaid to postpaid.
- ARPU stable – new digital prepaid tariffs compensating for migration of high value prepaid customers to postpaid tariffs.



# FIXED BROADBAND AND TV BASE CONTINUED TO GROW, AS RETAIL VOICE LINES AND WHOLESALE CUSTOMERS CONTRACTION CONTINUES

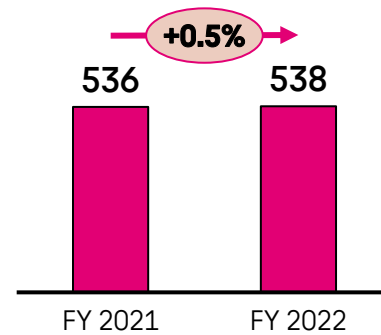
## BROADBAND<sup>1</sup>

■ Broadband access lines - retail (000)



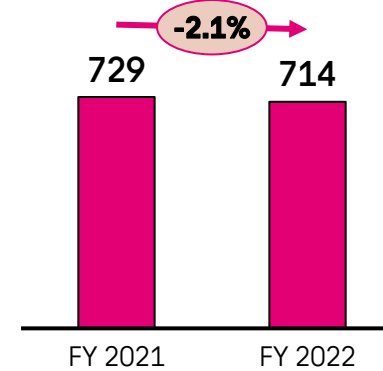
## TV<sup>2</sup>

■ TV customers (000)



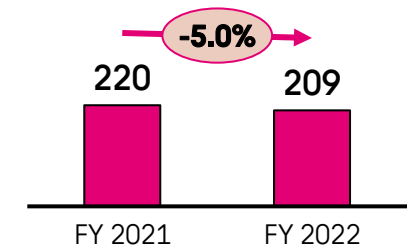
## FIXED VOICE<sup>3</sup>

■ Fixed voice mainlines - retail (000)



## WHOLESALE<sup>4</sup>

■ Wholesale customers (000)



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

1. Includes ADSL, VDSL, FTTH and Naked DSL

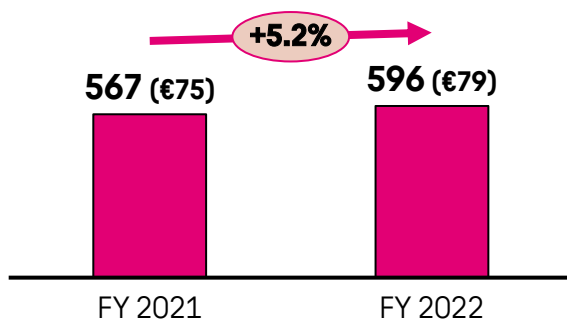
2. TV service subscribers are restated in Q2 2021. Numbers are retrospectively adjusted

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

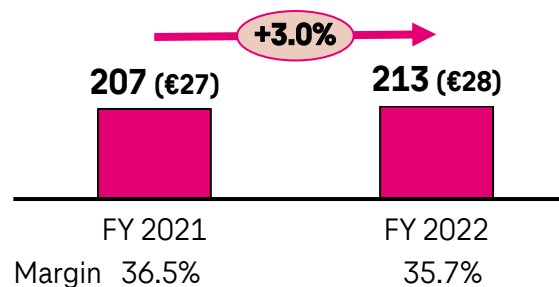
4. Includes Naked Bitstream, Bitstream, ULL, FA and WLR wholesale rental

# REVENUE AND EBITDA AL GROWTH ON THE BACK OF POSITIVE COMMERCIAL MOMENTUM

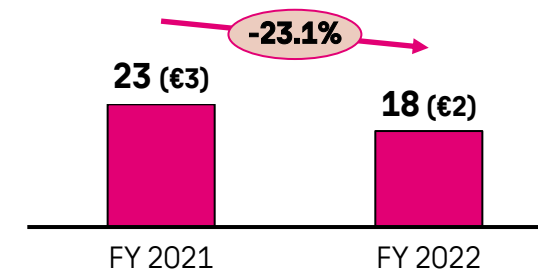
REVENUE in m HRK / (€)



EBITDA AL<sup>1</sup> in m HRK / (€)



NET PROFIT<sup>2</sup> in m HRK / (€)



- Growth mainly driven by increase in Mobile and Fixed revenues, which compensated for contraction in System Solution revenue.

- EBITDA AL growth reflects positive core services development.

- Lower Net Profit is mainly due to negative deferred tax impact and higher tax rate.

1. EBITDA after leases adjusted for exceptional items

2. Net profit after non controlling interests

\* For presentations purposes only, all figures denominated in HRK have been converted to € using conversion exchange rate of €1 = HRK 7.53450

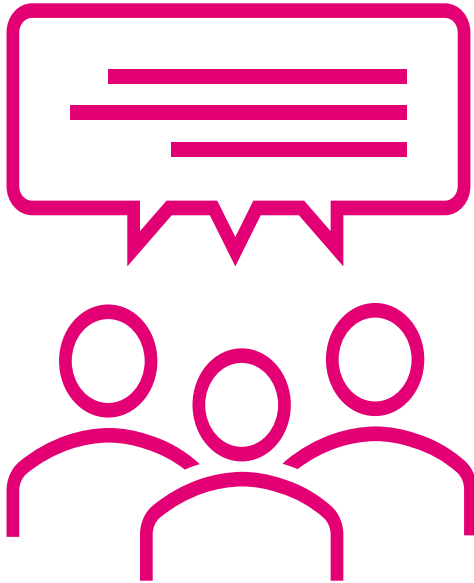
# GROUP 2023 OUTLOOK

	2022 RESULTS	OUTLOOK 2023 vs. 2022
REVENUE	€ 984 million	Low single-digit increase
EBITDA AL	€ 378 million	Low single-digit increase
CAPEX AL <sup>1</sup>	€ 231 million	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. Excluding Spectrum

\* For presentations purposes only, all figures denominated in HRK have been converted to € using conversion exchange rate of €1 = HRK 7.53450

# Q&A



To ask a question, please raise your hand 

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

# **APPENDIX**

UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS



# KEY FINANCIAL DATA\*

Key financial data - HT Group without Optima Telekom contribution in 2021. (HRK mil.)	2021	2022	% of change A22/A21	Q4 2021	Q4 2022	% of change A22/A21
Organic Revenue	7.251	7.410	2,2%	1.866	1.875	0,5%
Organic Adjusted EBITDA AL <sup>1</sup>	2.822	2.845	0,8%	691	692	0,1%
Organic net profit after non controlling interests	593	655	10,5%	155	130	-15,8%
Organic net operating cash flow	2.832	2.599	-8,3%	959	582	-39,3%
Organic CAPEX AL	1.739	1.737	-0,1%	579	630	8,8%

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

Key financial data - HT Croatia without Optima Telekom contribution in 2021. (HRK mil.)	2021	2022	% of change A22/A21	Q4 2021	Q4 2022	% of change A22/A21
Organic revenue	6.692	6.821	1,9%	1.729	1.729	0,0%
Mobile service revenues	2.351	2.446	4,0%	540	575	6,5%
Mobile non-service revenues	938	1.042	11,1%	277	288	4,3%
Fixed service revenues	2.213	2.221	0,4%	551	558	1,3%
Fixed non-service revenues	518	555	7,1%	120	162	34,5%
System solutions	671	557	-17,0%	242	146	-39,6%
Organic Adjusted EBITDA AL <sup>1</sup>	2.615	2.632	0,6%	647	646	-0,2%
Organic net profit after non controlling interests	591	657	11,2%	158	132	-16,9%
Organic net operating cash flow	2.605	2.391	-8,2%	902	535	-40,7%
Organic CAPEX AL	1.601	1.616	0,9%	535	575	7,5%

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

\*In Q4 2022 reports revenue from "Miscellaneous" is transferred to "Fixed non-service" category for 2021 and 2022

# CONSOLIDATED INCOME STATEMENT\*

in HRK million	2021	2022	% of change A22/A21	Q4 2021	Q4 2022	% of change A22/A21
Mobile revenue	3.602	3.828	6,3%	895	949	6,0%
Fixed revenue	3.094	3.002	-3,0%	725	776	7,0%
System solutions	697	581	-16,7%	247	151	-38,9%
<b>Revenue</b>	<b>7.393</b>	<b>7.410</b>	<b>0,2%</b>	<b>1.867</b>	<b>1.875</b>	<b>0,4%</b>
Other operating income	94	107	13,8%	17	10	-42,2%
<b>Total operating revenue</b>	<b>7.487</b>	<b>7.517</b>	<b>0,4%</b>	<b>1.884</b>	<b>1.885</b>	<b>0,0%</b>
<b>Operating expenses</b>	<b>4.345</b>	<b>4.428</b>	<b>1,9%</b>	<b>1.162</b>	<b>1.169</b>	<b>0,6%</b>
Material expenses	2.233	2.330	4,3%	639	620	-2,9%
Employee benefits expenses	1.154	1.137	-1,5%	293	314	7,2%
Other expenses	968	967	-0,1%	237	242	2,1%
Work performed by the Group and capitalised	-79	-70	11,9%	-17	-25	-49,8%
Net impairment losses on trade receivables and contract assets	68	64	-6,1%	11	19	73,8%
Depreciation and amortization	2.329	2.143	-8,0%	511	493	-3,4%
<b>EBIT</b>	<b>813</b>	<b>946</b>	<b>16,4%</b>	<b>211</b>	<b>222</b>	<b>5,3%</b>
Financial income	32	29	-8,5%	3	7	181,5%
Income/loss from investment in joint ventures	0	0	11,5%	0	-1	-448,9%
Financial expenses	101	91	-9,7%	19	37	99,4%
<b>Profit before taxes</b>	<b>744</b>	<b>885</b>	<b>18,9%</b>	<b>195</b>	<b>192</b>	<b>-2,0%</b>
Taxation	129	224	73,6%	42	62	47,2%
<b>Net profit</b>	<b>614</b>	<b>660</b>	<b>7,4%</b>	<b>153</b>	<b>130</b>	<b>-15,4%</b>
Non controlling interests	0	-5	-1069,1%	1	0	-62,2%
<b>Net profit after non controlling interests</b>	<b>615</b>	<b>655</b>	<b>6,6%</b>	<b>155</b>	<b>130</b>	<b>-15,8%</b>
<b>Adjusted EBITDA AL <sup>1)</sup></b>	<b>2.883</b>	<b>2.845</b>	<b>-1,3%</b>	<b>691</b>	<b>692</b>	<b>0,1%</b>
Exceptional items <sup>2)</sup>	112	103	-7,9%	53	66	23,7%
<b>EBITDA AL</b>	<b>2.771</b>	<b>2.742</b>	<b>-1,0%</b>	<b>638</b>	<b>626</b>	<b>-1,8%</b>

<sup>1)</sup> Mainly adjusted for restructuring redundancy costs and legal cases

<sup>2)</sup> Mainly related to restructuring redundancy costs and legal cases

\*In Q4 2022 reports revenue from "Miscellaneous" is transferred to "Fixed revenue" category for 2021 and 2022

\*Reported view - including Optima Telekom contribution in H1 2021

# CONSOLIDATED BALANCE SHEET

in HRK million	At 31 Dec 2021	At 31 Dec 2022	% of change A22/A21
Intangible assets	1.897	1.936	2,0%
Property, plant and equipment	6.300	6.319	0,3%
Non-current financial assets	388	10	-97,5%
Receivables	293	263	-10,2%
Prepayments and accrued income		186	-
Lessee use rights to leased assets (IFRS 16)	644	555	-13,8%
Contract assets (IFRS 15)	52	54	4,2%
Contract costs (IFRS 15)	137	167	21,7%
Deferred tax asset	140	135	-3,9%
<b>Total non-current assets</b>	<b>9.852</b>	<b>9.625</b>	<b>-2,3%</b>
Inventories	190	263	38,4%
Assets held for sale	0	238	-
Receivables	1.496	1.506	0,7%
Current financial assets	239	102	-57,5%
Contract assets (IFRS 15)	234	219	-6,4%
Contract costs (IFRS 15)	73	76	4,1%
Cash and cash equivalents	2.871	2.814	-2,0%
Prepayments and accrued income	93	157	68,1%
<b>Total current assets</b>	<b>5.197</b>	<b>5.373</b>	<b>3,4%</b>
<b>TOTAL ASSETS</b>	<b>15.049</b>	<b>14.999</b>	<b>-0,3%</b>
Subscribed share capital	10.245	10.245	0,0%
Reserves	581	520	-10,4%
Revaluation reserves	0	0	54,9%
Treasury shares	-64	-6	90,5%
Retained earnings	1.101	900	-18,2%
Net profit for the period	615	655	6,6%
Non controlling interests	246	245	-0,2%
<b>Total issued capital and reserves</b>	<b>12.723</b>	<b>12.560</b>	<b>-1,3%</b>
Provisions	127	144	13,4%
Non-current liabilities	131	124	-5,0%
Lessee lease liabilities to third partie due > 1 year (IFRS 16)	446	378	-15,1%
Contract liabilities (IFRS 15)	0	0	-100,0%
Deferred tax liability	34	33	-1,6%
<b>Total non-current liabilities</b>	<b>738</b>	<b>680</b>	<b>-7,8%</b>
Current liabilities	1.304	1.493	14,5%
Contract liabilities (IFRS 15)	91	78	-14,3%
Lessee lease liabilities due <= 1 year (IFRS 16)	159	152	-4,7%
Accrued expenses and deferred income	9	9	2,2%
Provisions for redundancy	24	26	8,5%
<b>Total current liabilities</b>	<b>1.588</b>	<b>1.759</b>	<b>10,7%</b>
<b>Total liabilities</b>	<b>2.326</b>	<b>2.438</b>	<b>4,8%</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>15.049</b>	<b>14.999</b>	<b>-0,3%</b>



# CONSOLIDATED CASH FLOW STATEMENT\*

in HRK million	2021	2022	% of change A22/A21	Q4 2021	Q4 2022	% of change A22/A21
Profit before tax	744	885	18,9%	195	192	-2,0%
Depreciation and amortization	2.329	2.143	-8,0%	511	493	-3,4%
Increase / decrease of current liabilities	-158	68	142,8%	76	53	-29,7%
Increase / decrease of current receivables	122	-280	-329,1%	151	-102	-167,6%
Increase / decrease of inventories	-40	-73	-81,5%	21	1	-96,2%
Other cash flow increases / decreases	-136	-143	-5,6%	5	-55	-1246,5%
<b>Net cash inflow/outflow from operating activities</b>	<b>2.862</b>	<b>2.599</b>	<b>-9,2%</b>	<b>959</b>	<b>582</b>	<b>-39,3%</b>
Proceeds from sale of non-current assets	17	126	632,1%	-4	4	204,7%
Proceeds from sale of non-current financial assets	14	1	-93,2%	2	0	-88,8%
Interest received	5	10	87,0%	0	3	7633,4%
Dividend received	0	0	-	0	0	-
Other cash inflows from investing activities	0	201	-	0	0	-
<b>Total increase of cash flow from investing activities</b>	<b>36</b>	<b>338</b>	<b>839,0%</b>	<b>-2</b>	<b>7</b>	<b>472,6%</b>
Purchase of non-current assets	-1.543	-1.467	4,9%	-654	-638	2,4%
Purchase of non-current financial assets	0	0	-	0	0	-
Other cash outflows from investing activities	-40	-65	-60,5%	0	-28	-
<b>Total decrease of cash flow from investing activities</b>	<b>-1.583</b>	<b>-1.533</b>	<b>3,2%</b>	<b>-654</b>	<b>-666</b>	<b>-1,9%</b>
<b>Net cash inflow/outflow from investing activities</b>	<b>-1.547</b>	<b>-1.195</b>	<b>22,8%</b>	<b>-656</b>	<b>-659</b>	<b>-0,5%</b>
<b>Total increase of cash flow from financing activities</b>						
Repayment of loans and bonds	-18	0	100,0%	0	0	-
Dividends paid	-645	-636	1,4%	0	0	-142,9%
Repayment of lease	-350	-317	9,4%	-92	-91	1,6%
Other cash outflows from financing activities	-426	-509	-19,3%	-94	-41	56,9%
<b>Total decrease in cash flow from financing activities</b>	<b>-1.440</b>	<b>-1.462</b>	<b>-1,5%</b>	<b>-186</b>	<b>-132</b>	<b>29,4%</b>
<b>Net cash inflow/outflow from financing activities</b>	<b>-1.440</b>	<b>-1.462</b>	<b>-1,5%</b>	<b>-186</b>	<b>-132</b>	<b>29,4%</b>
<b>Exchange gains/losses on cash and cash equivalents</b>	<b>-6</b>	<b>1</b>	<b>108,9%</b>	<b>0</b>	<b>-2</b>	<b>-724,5%</b>
Cash and cash equivalents at the beginning of period	3.003	2.871	-4,4%	0	0	-
Net cash (outflow) / inflow	-132	-58	56,2%	116	-211	-281,5%
<b>Cash and cash equivalents at the end of period</b>	<b>2.871</b>	<b>2.814</b>	<b>-2,0%</b>	<b>116</b>	<b>-211</b>	<b>-281,5%</b>

\* Reported view - including Optima Telekom contribution in H1 2021

# INVESTOR RELATIONS CONTACTS

Tomislav Bajić, CFA  
Head of IR

ZSE Share trading symbol: HT

Reuters: HT.ZA

Bloomberg: HT CZ



## IR Phone

---

+ 385 1 4911 114

## IR E-mail

---

ir@t.ht.hr

## IR Webpage

---

[www.t.ht.hr/en/investor-relations](http://www.t.ht.hr/en/investor-relations)

## Corporate Contact

---

Hrvatski Telekom d.d  
Radnička cesta 21  
10000 Zagreb