

Telekom Slovenije Group

Slovenian and Croatian Investor Days

1st December 2021



Telekom Slovenije Group

- Telekom Slovenije connects users and simplifies their lives through a range of the most advanced ICT services and solutions. As the **leading Slovenian provider**, it continuously strives for the development and introduction of **new innovative technologies** with the aim of providing users a **superior network**, the **most advanced services** and an **excellent user experience**.
- It is recognised for connecting **new generations of mobile and fixed communications, system integration, cloud services, multimedia content and advanced ICT services**.
- Telekom Slovenije has the largest and, according to users, also the best network in Slovenia*.

BUSINESS ACTIVITIES OF THE TELEKOM SLOVENIJE GROUP COMPANIES



Fixed and mobile communications



Digital contents and services, multimedia services and digital advertising



System integration and cloud services



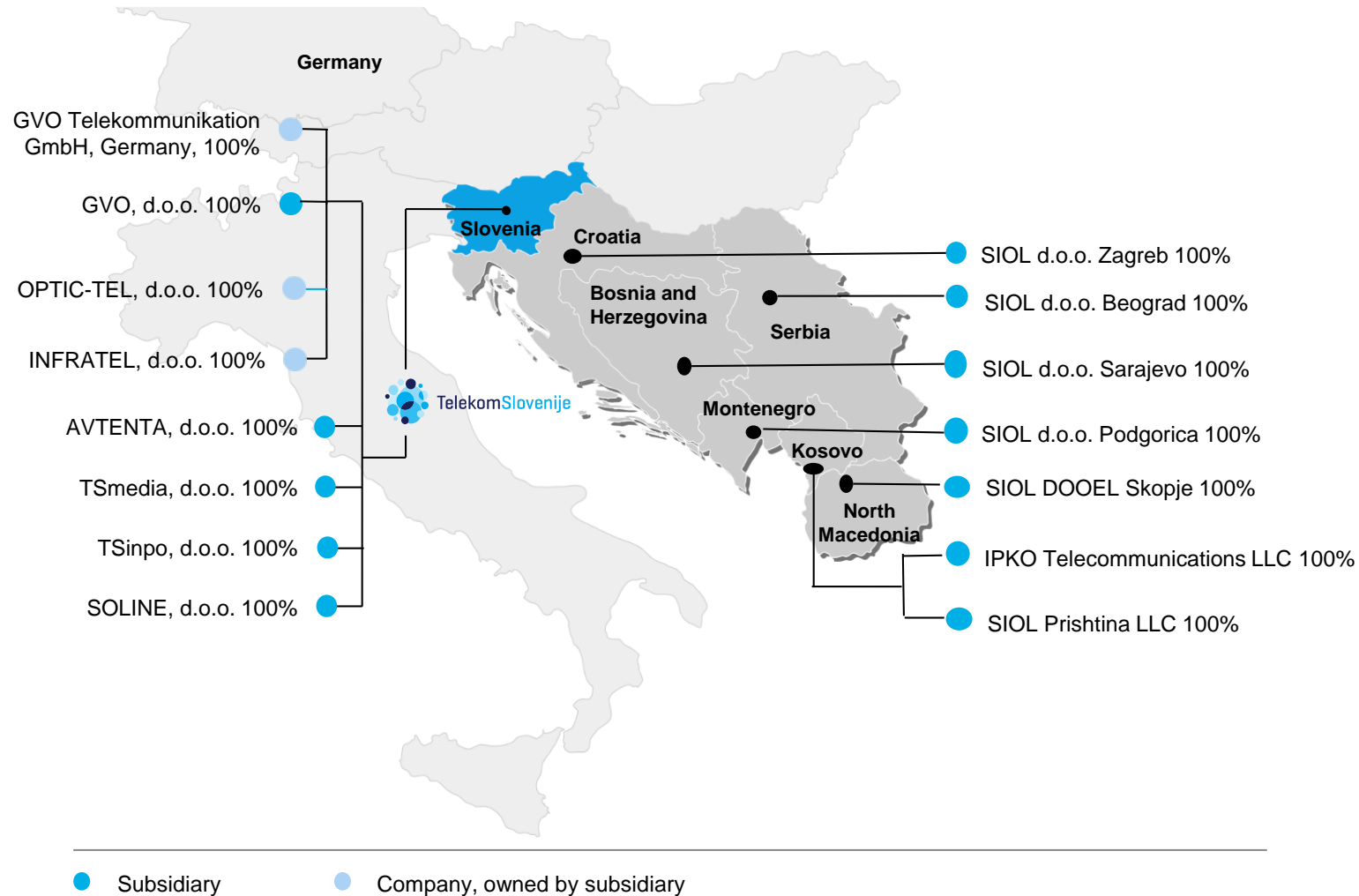
Construction and maintenance of telecommunications networks



Preservation of natural and cultural heritage at the area of Sečovlje Salina Nature Park.

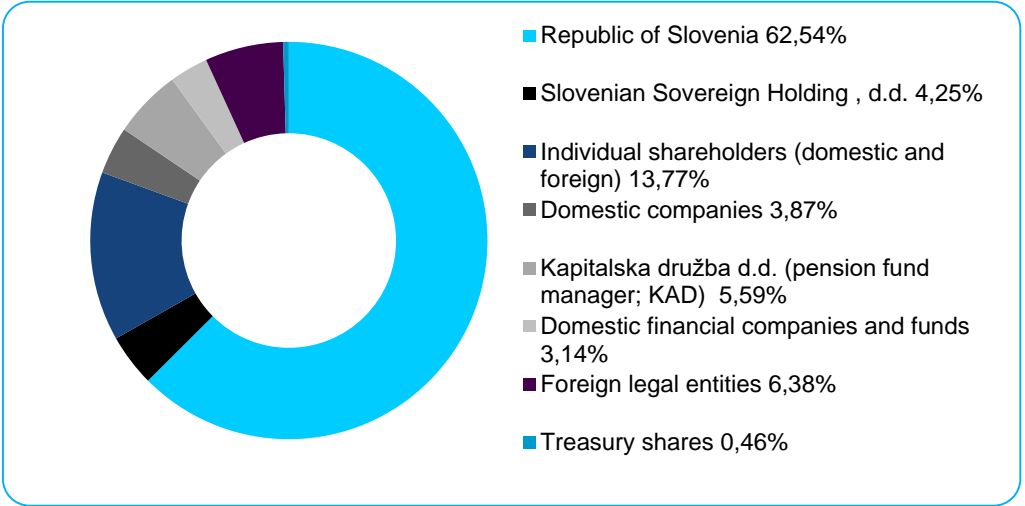
*Source: Research results on Monitoring of the Telekom Slovenije Brand Strength by Valicon, September 2021.

Presence in the Region



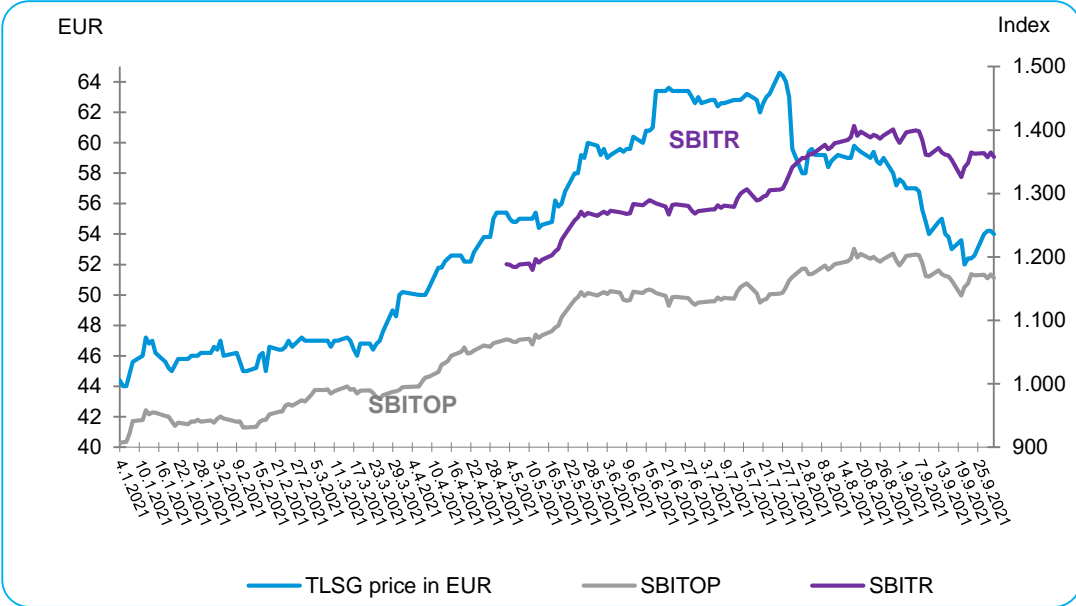
- Telekom Slovenije is a leading provider of the most advanced and comprehensive telecommunications services in Slovenia.
- Through its subsidiaries, the Telekom Slovenije Group is also present in Kosovo, Croatia, Bosnia and Herzegovina, Serbia, Montenegro and North Macedonia.
- Telekom Slovenije Group has the largest, fastest and most reliable telecommunications network in Slovenia, and manages one of the most complex backbone networks in South-Eastern Europe.
- Telekom Slovenije is the founder of the Heart Foundation, the aim of which is to help the children of employees who lost one of the parent.

TLSG Share & Ownership



Shareholding on 30 September 2021

TLSG on Ljubljana Stock Exchange in 2021



Trading Code		TLSG
Listing		Ljubljana Stock Exchange, prime market
Share capital (EUR) 30.9.2021		272,720,664.33
Number of shares		6,535,478
Treasury shares		30,000
Number of shareholders 30.9.2021		8,673

Telecommunications Market

Slovenia and Kosovo



Key Macroeconomic Indicators in Slovenia

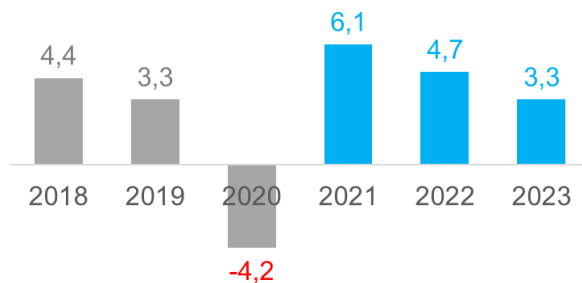
The COVID-19 pandemic, in combination with strict containment measures, affected economic activity in 2020. However, the measures to mitigate its negative impact on the population and the economy have prevented a sharper decline in activity and allowed for a faster recovery. Adaptation of measures to the epidemiological and economic situation remains an important component of supporting further recovery in 2021.

In the Autumn Forecast, IMAD predict that GDP will grow by 6.1% this year, slowing to 4.7% next year and to 3.3% in 2023.

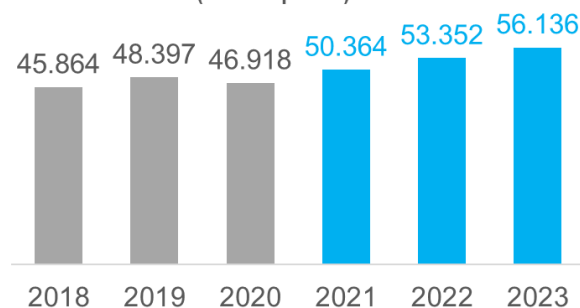
The greatest risk to the realisation of the forecast is still associated with the epidemiological situation in Slovenia and its main trading partners; another important factor is a well-planned adaptation of measures to mitigate the consequences of the epidemic to the epidemiological and economic situation.

The main macroeconomic indicators in Slovenia

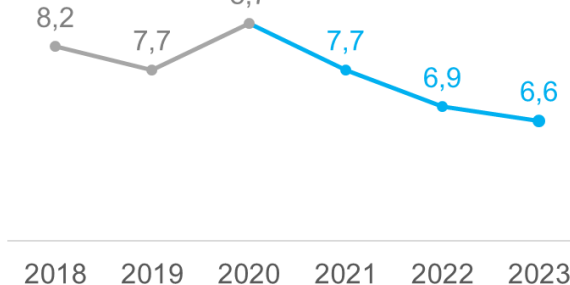
GDP, real growth in %



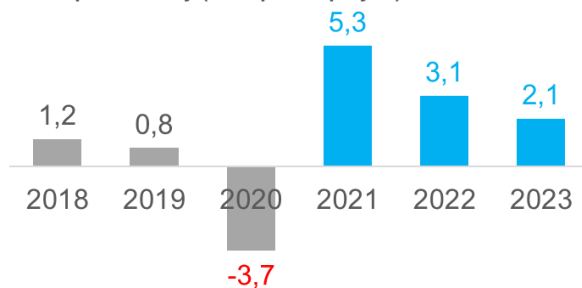
GDP in EUR million (current prices)



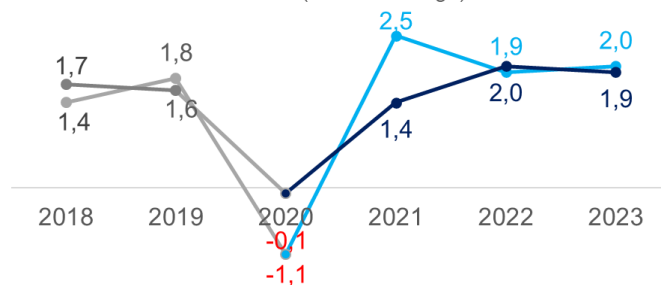
Registered unemployment level %



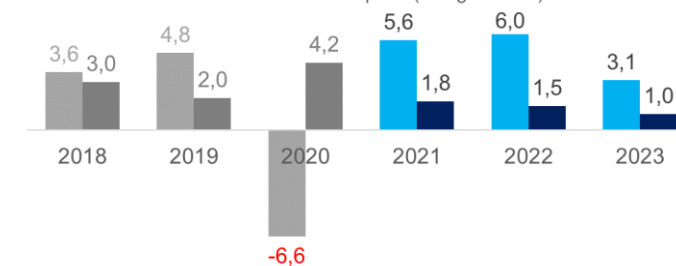
Labour productivity (GDP per employee)



Inflation (at the end of the year)
Inflation (annual average)



Private consumption (real growth %)
State consumption (real growth %)



Communications Market in Slovenia / 1

- The share of **IP telephony** is constantly **increasing**. At the end of the 2nd quarter of 2021 the market share of IP connections was already 88.6%. The share of classical telephony connections continued to decline (11.4%).
- **Fixed access penetration** in Slovenia is above the European average (EU 77 % of households; year 2020). The penetration rate will **continue to grow**. In the 2nd quarter of 2021 Slovenia had 85.8 % fixed access penetration.
- **Fast internet** (at least 30 Mbps) in the 2nd quarter of 2021 reached **73.9%** (67% in 2nd quarter 2020). The highest growth is recorded by high-speed internet at least 100 Mb/s.
- **IPTV** represents 57.2 % (2nd quarter 2021) of all TV connections in Slovenia and **continues to grow**, although more slowly.
- In the 2nd quarter of 2021 Slovenia had **121.8 % penetration of active mobile telephony users**.
- **Mobile internet** represents a **fast growing segment** of the broadband market. With its 88.7 % penetration rate (2nd quarter 2021) Slovenia's penetration rate is below the EU average, however it is on the increase.

Telecommunications services penetration rate in Slovenia in Q2 2021

Fixed telephony	83 %	households	↓
Fixed access	86 %	households	↑
Pay TV	82 %	households	↑
Mobile services*	122 %	population	↑
Mobile internet**	89 %	population	↑

*Includes mobile voice and data connections (except M2M)

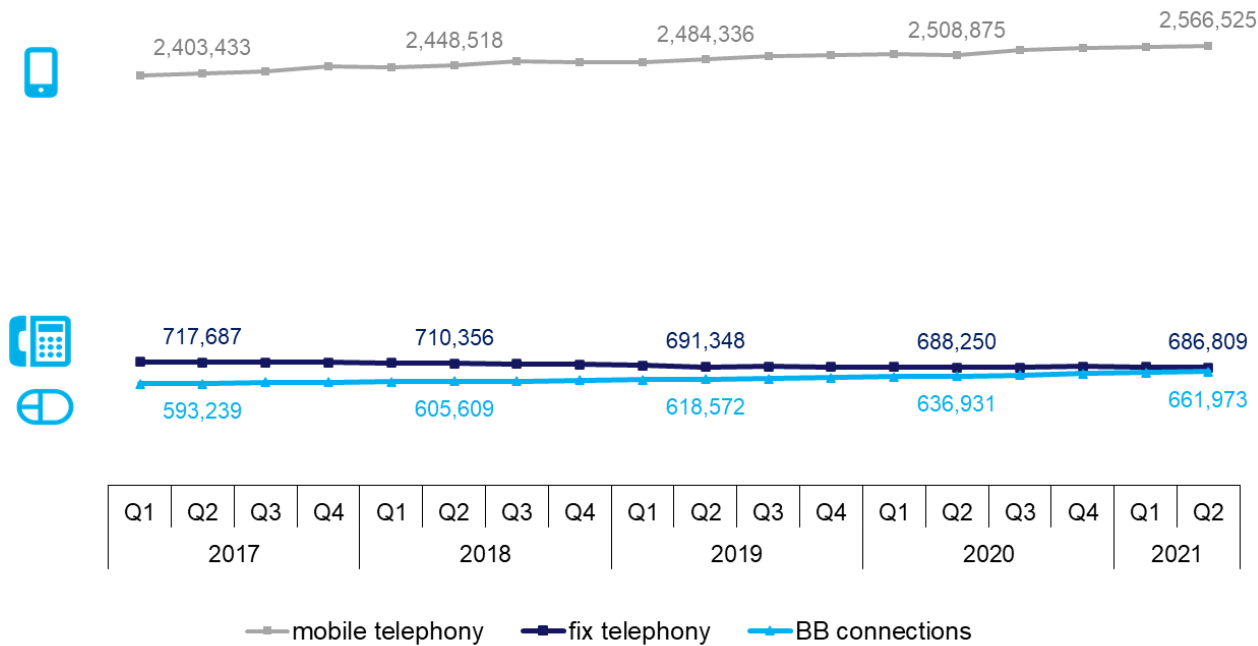
**Mobile Broadband penetration is defined as the number of active mobile broadband SIM cards per 100 people

(European Commission)

Sources: AKOS, 2021 and European Commission, 2020

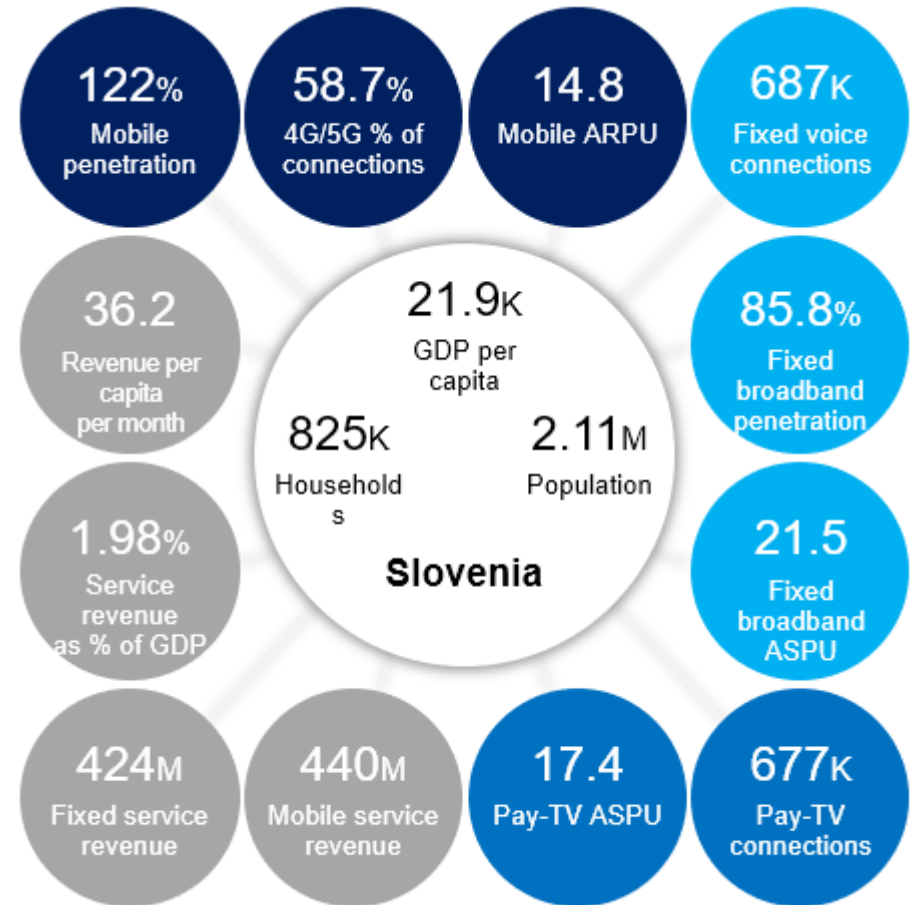
Communications Market in Slovenia / 2

Number of connections on the electronic communications market in Slovenia



Source: Statistical Office of the Republic of Slovenia, Electronic Communications, Q2 2021

Key indicators of the market



Source: Analysys Mason

Source: Analysys Mason, Slovenia telecoms market report 2021, AKOS, SORS (Q2 2021).

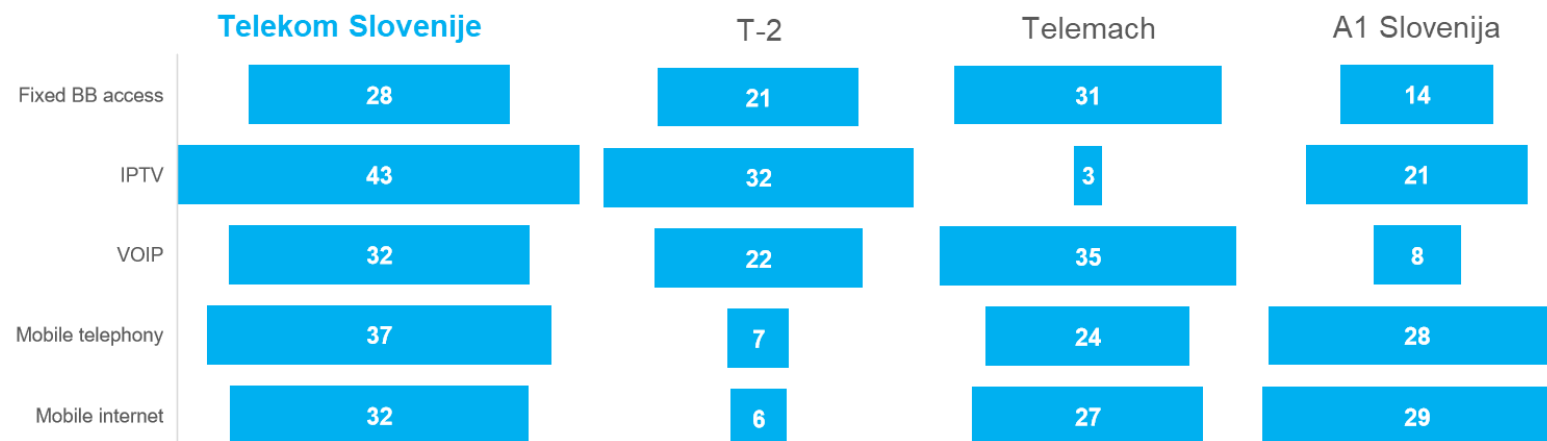
Operators and market shares in the Slovenian Communications Market

Leading operators on the Slovenian communications market

Operator	TELEKOM SLOVENIJE	A1 SLOVENIJA	TELEMACH	T-2
Fixed voice	PSTN, ISDN, VoIP	VoIP	VoIP	VoIP
Fixed broadband	ADSL, VDSL, FTTx	ADSL, VDSL, FTTx, cable	VDSL, cable, FTTx	VDSL, FTTx
Pay TV	IPTV, cable, OTT	IPTV, OTT	cable, DTH, IPTV, OTT	IPTV, OTT
Mobile	✓	✓	✓	✓
Comprehensive IT services	✓	✓	✗	✗

Sources: Analysys Mason, Company websites, 2021

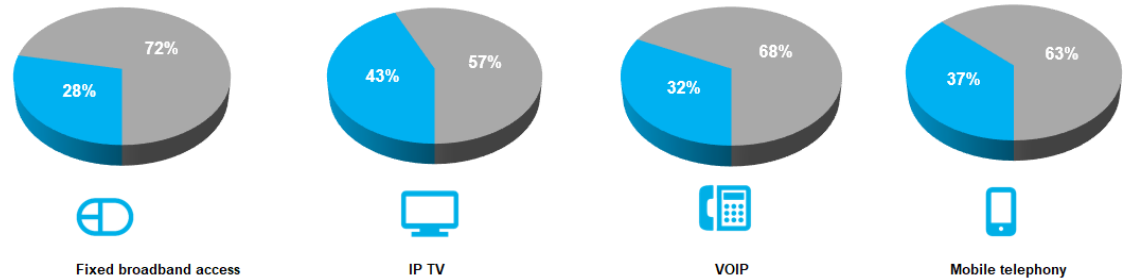
Market shares of leading operators in key segments in %



Source: AKOS, Q2 2021

Market situation in Slovenia and Kosovo

Market shares of Telekom Slovenije in key market segments (Q2 2021)

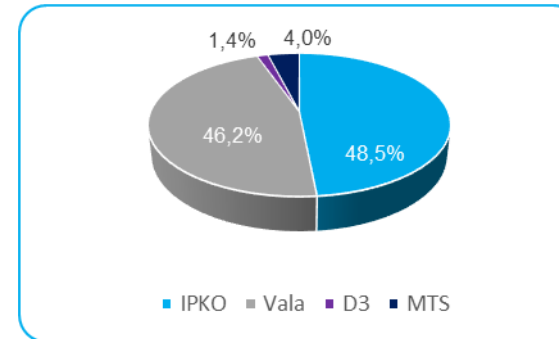


Market share	28.2%	43.3%	32.4%	37.2%
Annual change (p.p.)	-1.8%	-2.3%	-1.6%	-1.9%
Connections	199,613	166,560	181,464	955,323
Annual change	-2.0%	-2.0%	-2.0%	-2.7%

Sources: AKOS: eAnalitik portal, 2Q2021; internal Telekom Slovenije figures

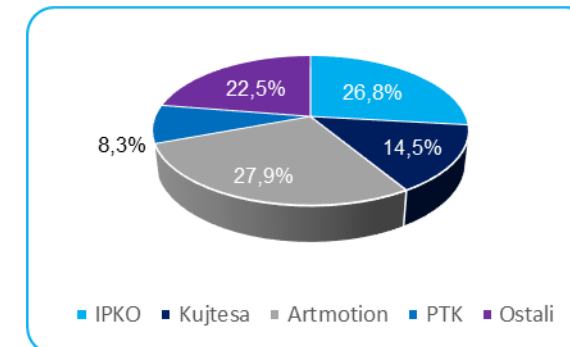
IPKO has been positioned as one of the **strongest brands** in Kosovo market, the leading operator in both mobile and fix segments for many years now. IPKO is above all perceived as a brand standing for **innovation**, with **fastest mobile internet**, best 3G/4G network coverage, **best network** in mobile and fixed, **best content**, the **most reliable and trustworthy**, and taking **best support of its customers**.

Kosovo - Mobile segment



- The household penetration rate of active mobile telephony users has reached 106.9%, which translates to 1,941,480 users (source: Kosovo RAEPC regulatory authority).

Kosovo - Fixed broadband segment

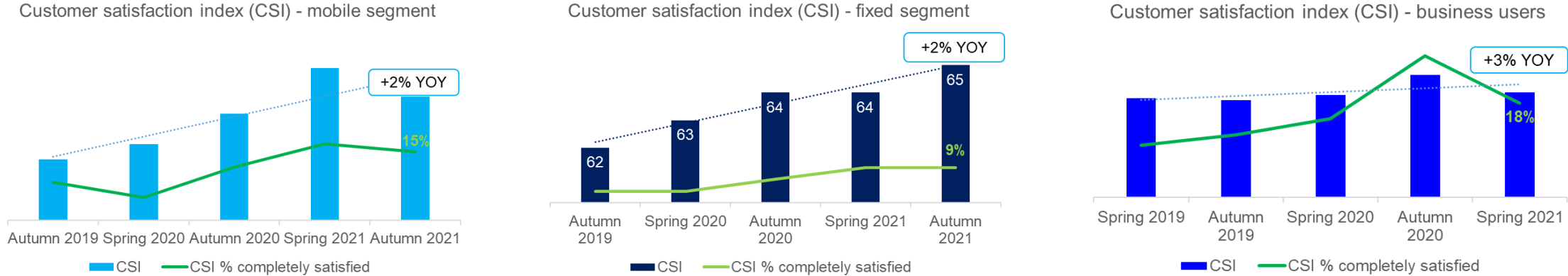


- According to the latest RAEPC report, the fixed broadband connection penetration rate reached 128.2% in Kosovo in the 2nd quarter of 2021, with 381 thousand household connections.

Source: ARKEP 2Q 2021; (by revenues per operator)

Customer satisfaction with Telekom Slovenije's services

Satisfaction index for Telekom Slovenije's users



The core of Telekom Slovenije's satisfaction and its advantages derive from:

- provider reliability (mobile and fixed),
- internet stability (mobile and fixed: network, internet, TV, mobile internet),
- customer service (problems and complications solving - fixed)

Importance of the stability and functioning of the network

According to consumers, **Telekom Slovenije** is the operator with the **best and fastest mobile and fixed network**. The best and fastest mobile network is one of the top five elements for Telekom Slovenije, while the proportions of other Slovenian operators are nearly one half lower. The best fixed network is one of the top three elements, while the fastest network falls somewhere in the middle, but still ranks better than the competition (source: Valicon, Monitoring of brand strength and image; September 2021).

Satisfaction of business users

In the satisfaction of Telekom Slovenije's business users, positive changes can be detected in several monitored KPIs: CSI, % completely satisfied users, more positive and fewer negative CIT events. Over time, Telekom Slovenije has managed to improve on the elements of customers support.

Business users expect from their provider:

- quality and functioning of services,
- reliability,
- responsiveness and
- good value for money

The first three expectations are also the advantages of Telekom Slovenije, while the price-value ratio (which is less important for SOHO / SME users of Telekom Slovenije compared to the competition) is one of the critical elements.



Strategy

User is at the Core of Our Services

Vision

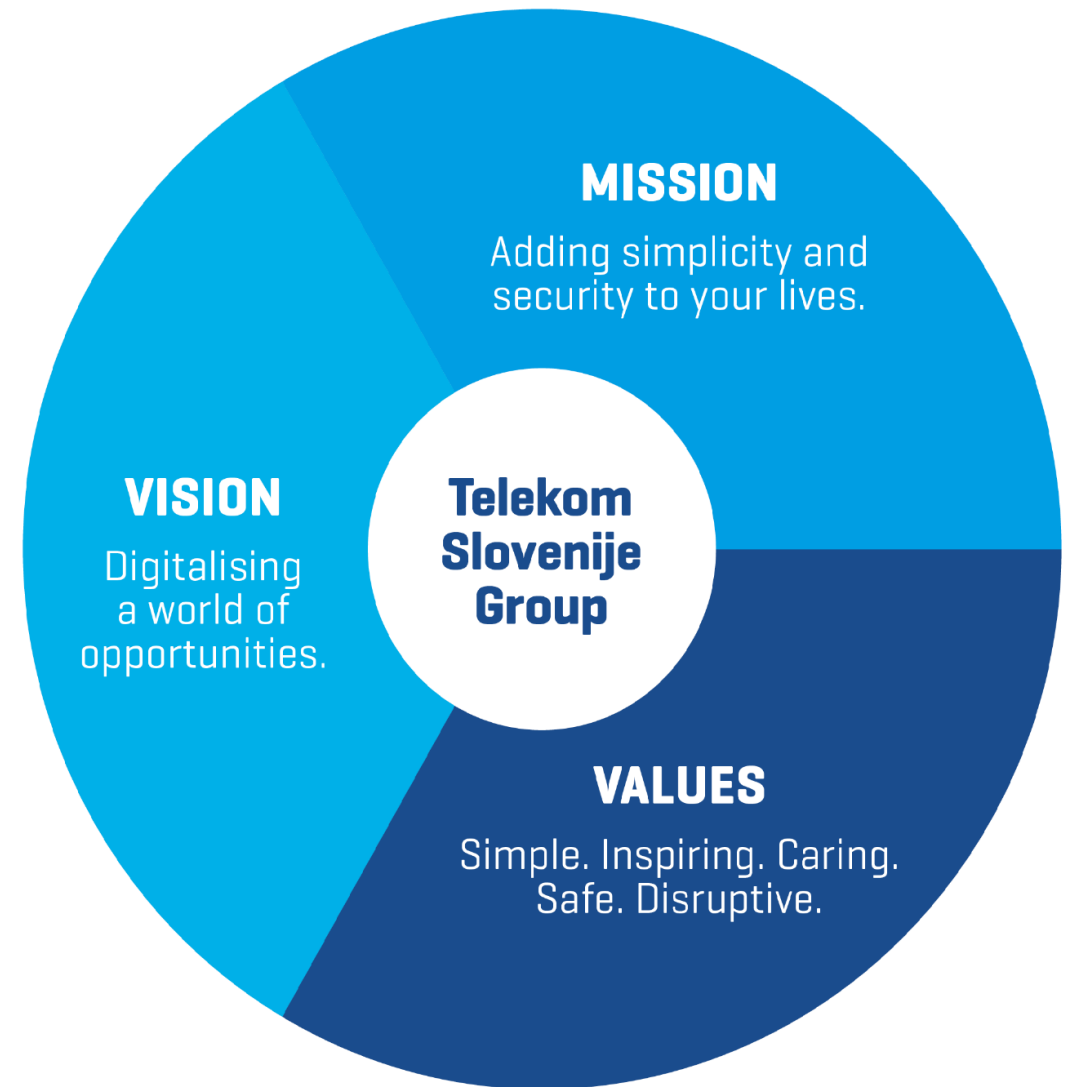
Digitalising a world of opportunities.

Mission

Adding simplicity and security to your lives.

Values

Simple. Inspiring. Caring. Secure. Disruptive.



Key strategic objectives



Leader in user experience

The leading user experience is based on the best, most reliable and largest network, while we create that user experience in accordance with the latest trends and changing user habits. Through a superior user experience, we achieve short-term business objectives and strengthen our long-term strategic position to remain the first choice of users. Crucial in that regard are digital excellence, ensuring security, contactless operations and the dynamic adaptation to the needs and habits of the users of communication services.



Digitalisation of operations

Accelerated digitalisation via the optimisation and automation of processes improves the efficiency of operations, and will thus remain an integral part of future business activities to ensure the competitiveness of the Telekom Slovenije Group.



Growth of ICT services

Growth in ICT services and solutions will be based on the existing superior LTE/4G network, and the opportunities offered by fifth generation (5G) mobile networks. 5G technology will facilitate the development of the smart industry and smart cities, as well as the introduction of virtual campus networks, which in turn will enable the continued digitalisation of various verticals, such as energy, transportation, logistics, industry, smart cities, healthcare, and protection and rescue (public safety). The Telekom Slovenije Group will ensure the digitalisation of society as a whole on that basis. Growth will be achieved through organic growth and the consolidation of the Slovenian ICT market.



Maintaining the level of revenues from the core activity in Slovenia

The basic telecommunications market is stagnating in Slovenia, while Telekom Slovenije is under additional pressure from regulatory bodies. We will preserve revenues through accelerated digitalisation and the development of digital services, the further development of the network, the development of services based on 5G technology, successful cooperation with regulators, and above all the best user experience.

Key strategic objectives



Consolidation in individual markets

The European telecommunications market is experiencing the intensive consolidation of the sector, the merging of operators and a changing portfolio of services on the one hand, and the entry of new competitors on the ICT market on the other hand, which will further impact the operations of operators. The consolidation activities of Telekom Slovenije will focus on acquiring new competences, and on entering new markets and new areas.



Optimal employee structure

The Telekom Slovenije Group will continue to ensure the optimal number of employees, taking into account the needs of work processes at individual companies. We are optimising the employee structure through the strategic planning of needs for staff, and the appropriate organisational structure and job classification. We build the employer brand through an effective remuneration system, and the development of knowledge and competences.



Financial stability

We are implementing activities that facilitate the effective management of liquidity and ensure a high level of financial stability. We ensure the optimal level of debt over the long term, maximizing the company's value.

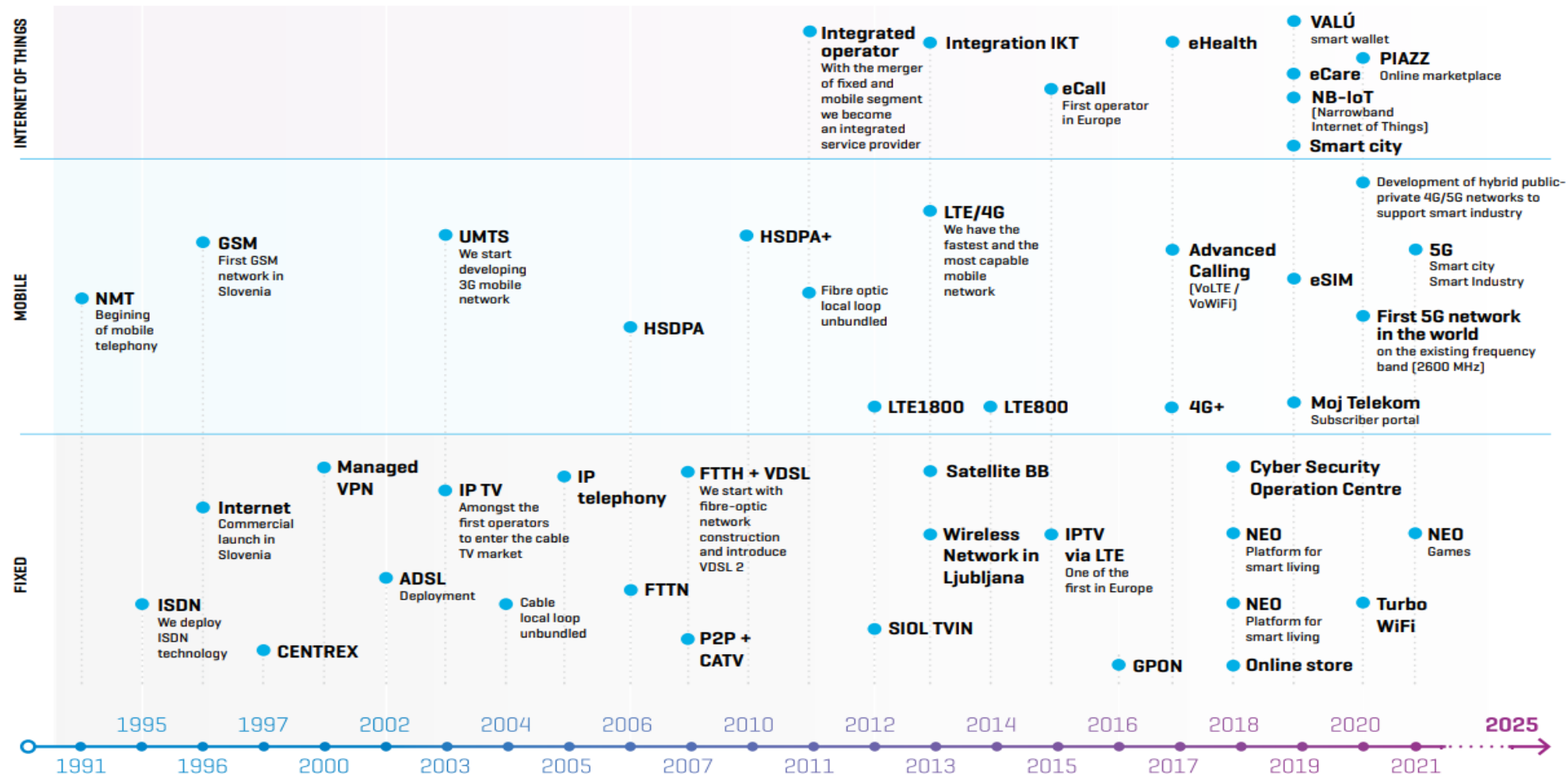


Responsibility to the environment and society

We actively identify opportunities where we can contribute to the development of the social and economic environment in which we operate through our expertise, and financial and other resources. The principles of sustainable development are built into our operations, products, services and content, while we also responsibly manage the economic, social and environmental impacts of our operations..

**TELEKOM SLOVENIJE
HAS ALWAYS
MOVED FRONTIERS...**

As the leading Operator in Slovenia and one of the most advanced operators in the world



Slovenia's first 5G Network

- 5G is an important foundation of the modern digital society, which Telekom Slovenije is actively helping to establish.
- Telekom was the **first in Slovenia** to **launch 5G** in October 2020 by upgrading the existing LTE/4G network, utilising frequencies it already uses.
- Population coverage is already close to 34 %.
- At the **public auction** for awarding radio frequencies Telekom Slovenije (completed in April 2021) obtained all the needed and planned frequency spectrum, which allows us to constantly upgrade national 5G network.





Operating highlights 1-9 2021

Key objectives of the Telekom Slovenije Group for 2021

- Operating revenues EUR 653.0 million
- EBITDA EUR 210.6 million
- Net operating profit EUR 30.8 million
- Investments EUR 203.7 million

Despite the challenges in connection with the COVID-19 pandemic, the Telekom Slovenije Group is financially stable. In that context and given conditions on the market, it is adapting its business activities to the changing circumstances and closely monitoring and assessing risks in connection with supply chains, credit risk, the functioning of systems and the profitability of individual services, while adopting the appropriate measures

Highlights 2021 / 1

- After setting up the first national 5G network in October 2020, Telekom Slovenije facilitated also the first 5G mobile roaming in January 2021 (Austrian operator Hutchison Drei Austria).
- In February Telekom Slovenije facilitated **cloud gaming via the NEO platform**, which has brought an entirely new experience to Slovenian homes in terms of managing TV content through voice control functionality.
- The Slovenian Consumers' Association named the Naj 5G mobile package, **the best package** in the category of subscriber and prepaid packages with unlimited calls and messaging.
- **Successfully completed auction** for awarding radio frequencies – Telekom Slovenije obtained frequency spectrum that allows company to continue providing cutting-edge services and solutions with the best user experience and to upgrade current national 5G network.
- OpenSignal, an independent global standard for measuring the quality of mobile networks and which measures network quality on the basis of a transparent methodology and actual user experience, has for the first-time published results for Slovenia. The results confirmed that **Telekom Slovenije`s network is the best in Slovenia** in all seven categories: video experience, playing games, use of voice applications, speed from user, speed to user, 4G accessibility and 4G coverage.
- The NEO platform, which was among the first platforms in the world to launch a solution that allows TV viewers to navigate their content using voice instead of a traditional remote control (and also smart home devices), counts **more than 100,000 users**.
- Telekom Slovenije has established a comprehensive range of **smart city solutions** that can contribute to ensuring sustainable living and improve the quality of life of people living in cities or communities. It allows cities or communities to monitor their emissions and water loss, improve energy efficiency, provide smart parking, and traffic management, smart lighting, and many other improvements. Telekom Slovenije is also establishing free public WiFi networks in the scope of the WiFi4EU project across a growing number of towns and cities in Slovenia.

Highlights 2021 / 2

- Long term syndicated loan agreement EUR 130 mio signed with syndicate of domestic banks.
- In the Trusted Brand independent survey, which is conducted by the Mediana Institute for Market and Media Research, survey respondents recognised Telekom Slovenije as the most trustworthy brand, both for mobile and internet services.
- At the 33rd General Meeting of Shareholders, shareholders supported the proposal for dividend of EUR 4.50 per share (mio 29,3 EUR).
- The General Meeting of Shareholders authorised Telekom Slovenije's Management Board to purchase and dispose of treasury shares, whereby total treasury shares, together with the shares the Company already holds, may not exceed 5% of share capital or 326,773 shares. This authorisation is valid for 12 months from the day the relevant resolution is adopted.
- Telekom Slovenije is the only telecommunications operator participating in the European 5G-IANA (Intelligent Automotive Network Applications) project. Sixteen partners from eight European countries are developing an open platform that will facilitate the more rapid introduction of comprehensive technology services for the automotive industry, mobility and the road infrastructure in the future.
- Record volume of data traffic was recorded during the Olympic Games.
- New mobile offer for young users „SUPR package“ was offered.
- Once again, OpenSignal, which represents an independent global standard for measuring the quality of mobile networks published, that Telekom Slovenije has the best mobile network in Slovenia, as it was the best in all seven categories.

Key operating indicators of Telekom Slovenije Group

EUR thousand / %	I – IX 2021 / 30 Sep 2021	I - IX 2020 / 31 Dec 2020	Index 21/20
Revenue	486,758	479,646	101
Other operating income	2,969	6,014	49
Total operating revenue	489,727	485,660	101
EBITDA	173,973	165,543	105
EBITDA margin	35.7%	34.5%	104
EBIT	47,456	40,172	118
Return on sales: ROS (EBIT/ sales revenue)	9.7%	8.4%	116
Net profit from continuing operations	35,944	36,661	98
Loss from discontinued operations	0	-9,219	-
Net profit	35,944	27,442	131
Assets	1,252,862	1,227,839	102
Equity	597,583	590,484	101
Equity ratio	47.7%	48.1%	99
Net financial debt	422,929	378,377	112

Revenues by company, key market and segment

Operating revenues

EUR thousand	I – IX 2021	I – IX 2020	Index 21/20
Telekom Slovenije	436,581	444,105	98
Other companies in Slovenia	57,833	61,803	94
IPKO – Kosovo	53,825	41,255	130
Other companies abroad	2,933	2,940	100
Total – unconsolidated	551,172	550,102	100
Eliminations and adjustments	-61,445	-64,442	-
Telekom Slovenije Group	489,727	485,660	101

Sales revenues totalled EUR 486.8 million, an increase of 1% relative to the first nine months of 2020.

Impacts on revenues:

- higher revenues in the mobile segment, primarily on account of sale of mobile merchandise;
- lower sales of IT licences, which on the other hand, result in lower costs;
- optimisation of subscribers who have an increasing number of services included in their monthly subscription fee;
- decline in revenues from traditional telephony;
- higher revenues on the wholesale market due to higher revenues from international voice services;
- higher revenues at Ipko.

Operating revenues by type

In EUR thousand	I – IX 2021	I – IX 2020	Index 21/20
Mobile services on end-customer market	187,655	176,761	106
Fixed-line telephone services on end-customer market	157,662	170,423	93
Additional services	5,223	5,406	97
Wholesale market	115,929	108,052	107
Other revenue and merchandise	20,289	19,004	107
Total revenue	486,758	479,646	101
Other operating income	2,969	6,014	49
Total operating revenue	489,727	485,660	101

EBITDA and investments by company and key market

EBITDA

EUR thousand	I – IX 2021	I – IX 2020	Index 21/20
Telekom Slovenije	139,898	139,767	100
Other companies in Slovenia	6,287	5,995	105
IPKO – Kosovo	30,305	20,931	145
Other companies abroad	2,083	1,960	106
Total – unconsolidated	178,573	168,652	106
Eliminations and adjustments	-4,600	-3,109	-
Telekom Slovenije Group	173,973	165,543	105



- Taking into account one-off effects in 2020, EBITDA was 9 % higher in 2021 relative to the same period last year.
- EBITDA margin = 35.7%

Investments

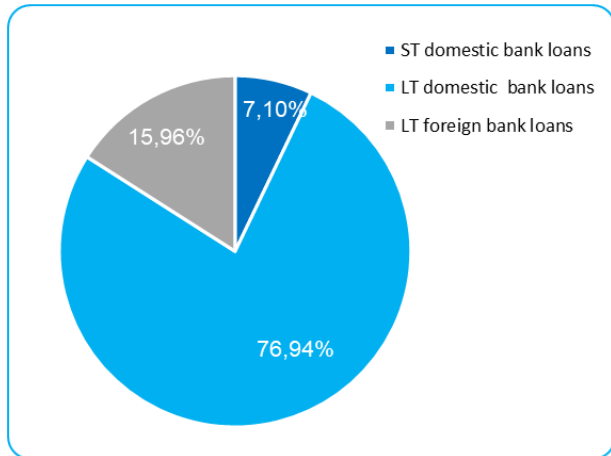
EUR thousand	I - IX 2021	I - IX 2020	Index 21/20
Telekom Slovenije	147,457	127,404	116
Other companies in Slovenia	3,219	2,129	151
IPKO – Kosovo	6,005	4,375	137
Other companies abroad	1,522	275	553
Eliminations and adjustments	-1,083	-5,033	-
Telekom Slovenije Group	157,120	129,150	122

* excluding Planet TV and IPKO

Maintaining Financial stability

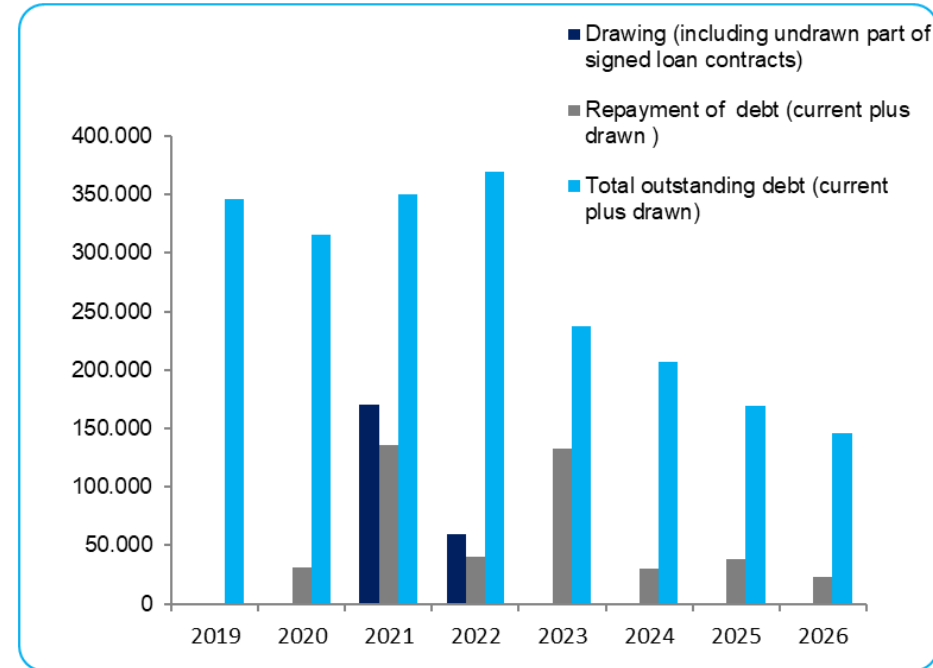
- Regular debt repayment
- Net financial debt to EBITDA LTM: 1.94 (30.9.2021)

Funding sources (without leasing):



- Undrawn short term committed credit lines amounting of EUR 100 million (end of September 2021).
- Centralized planning and monitoring of cash flows.
- Uniform financial policy to provide consistency of financial performance of all group companies.
- Financing within the group and the use of "cash pooling,,.

Repayment schedule of long-term debt (current plus undrawn part) for the next 5 years



- EUR 130 million long term facility signed in June 2021 mainly for the refinancing of the EUR 100 mio bond issue; currently undrawn EUR 30 million.
- Undrawn EUR 60 million in 2020 signed EIB facility (total EUR 100 million).

LET'S STAY #CONNECTED

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