

Telekom Slovenije Group

Slovenia and Croatia Investor Days

27th and 28th May 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



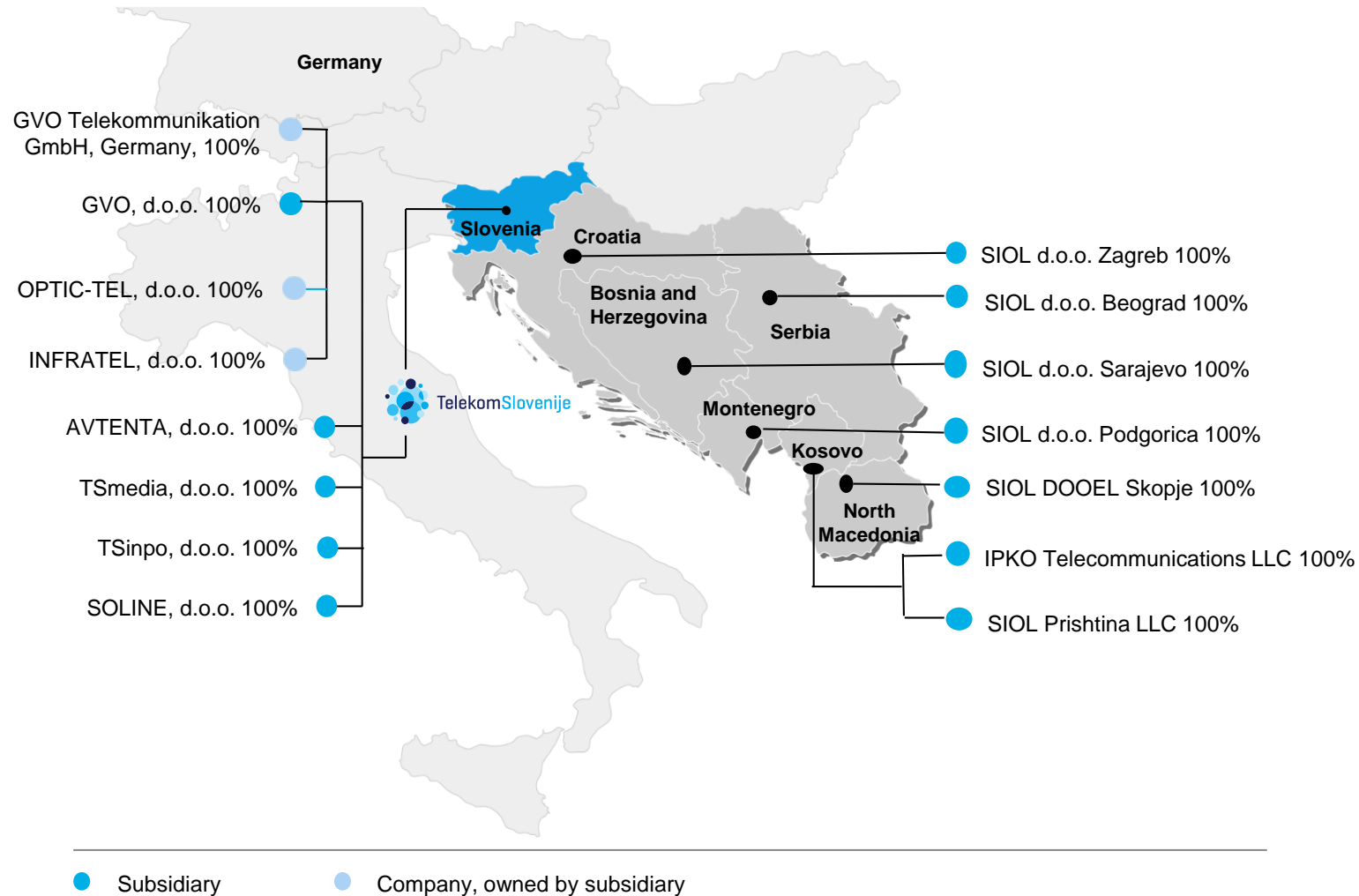
Construction and maintenance of telecommunications networks



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

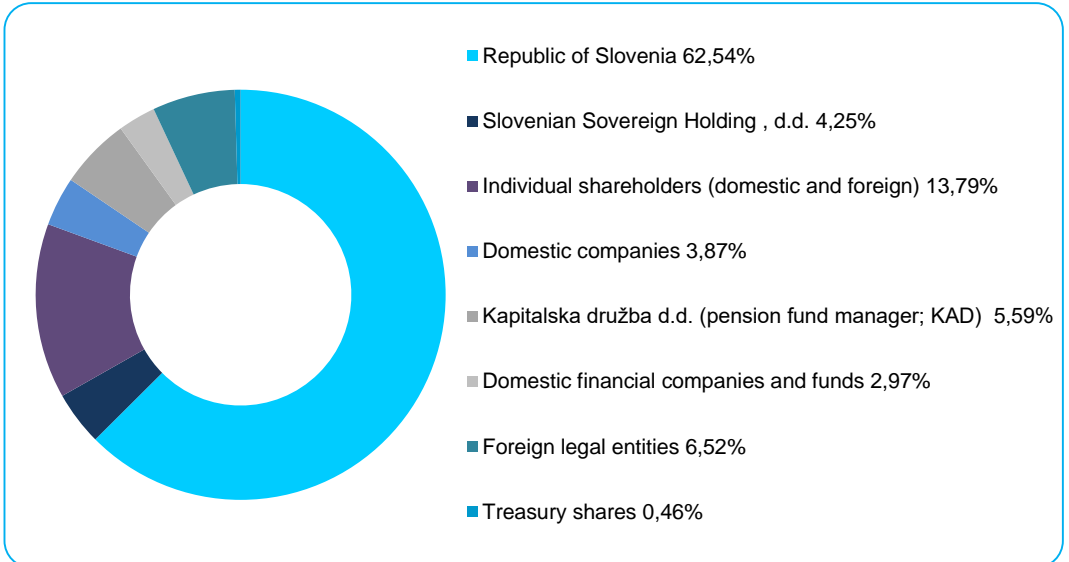
*Source: Research results on Monitoring of the Telekom Slovenije Brand Strength by Valicon, September 2020.

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.

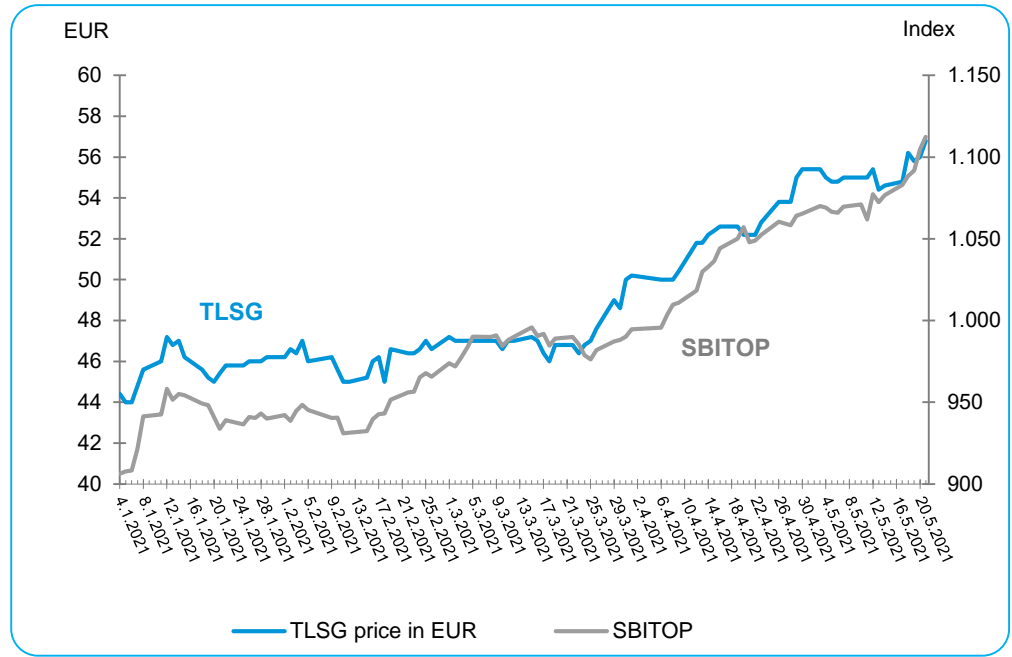
TLSG Share & Ownership



Trading Code		TLSG
Listing		Ljubljana Stock Exchange, prime market
Share capital (EUR) 31.3.2021		272,720,664.33
Number of shares		6,535,478
Treasury shares		30,000
Number of shareholders 31.3.2021		8,782

Shareholding on 31 March 2021

TLSG on Ljubljana Stock Exchange in 2021



Telecommunications Market

Slovenia and Kosovo



Key Macroeconomic Indicators in Slovenia

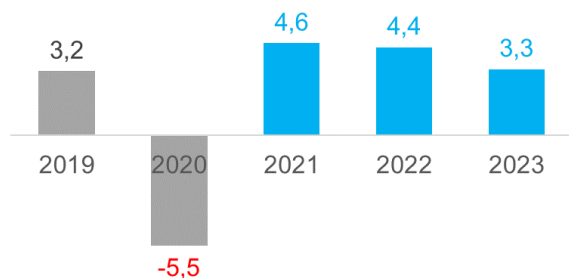
The COVID-19 pandemic, in combination with strict health and containment measures, markedly affected economic activity in 2020; its impact is also significant in the first quarter of 2021.

In the Spring Forecast, IMAD predict that GDP will grow by 4.6% this year and at a similar rate in 2022 (4.4%); in 2023, it will expand by 3.3%.

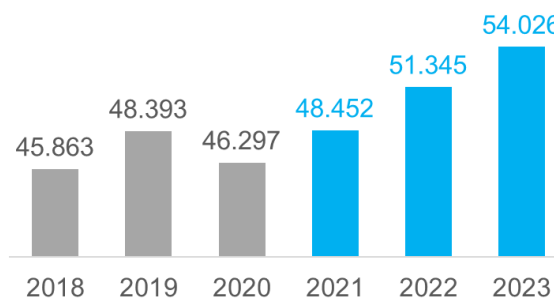
The greatest risk to the realisation of the forecast is still associated with the epidemiological situation in Slovenia and its most important trading partners; another important factor is a gradual and well-planned lifting of measures for mitigating the consequences of the epidemic.

The main macroeconomic indicators in Slovenia

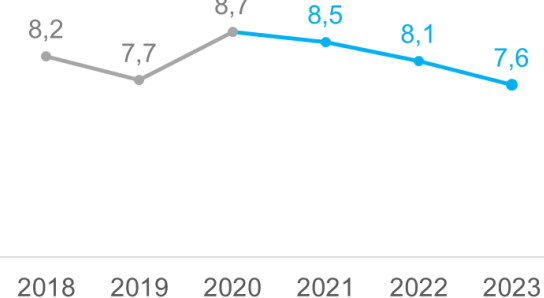
GDP, real growth in %



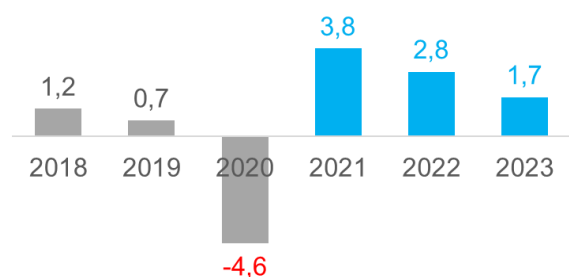
GDP in EUR million (current prices)



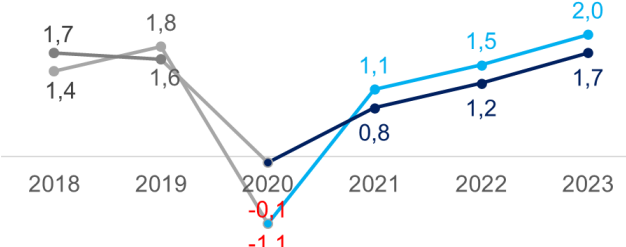
Registered unemployment level %



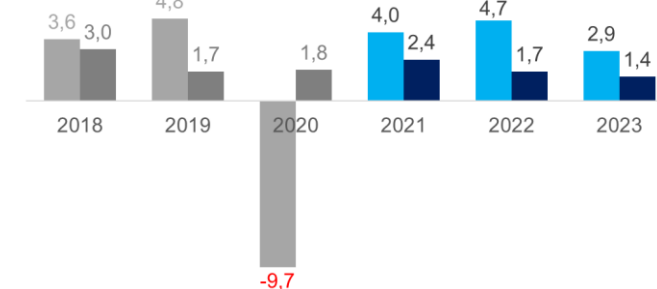
Labour productivity (GDP per employee)



— 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 4th quarter of 2020 the market share of IP connections was already 87.6%. The share of classical telephony connections continued to decline (12.4%).
- **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 4th quarter of 2020 Slovenia had 85 % fixed access penetration.
- **Fast internet** (at least 30 Mbps) is below the EU average (65 %, June 2020). In the 4th quarter of 2020 it reached **68 %**.
- **IPTV** represents 56.6 % (4th quarter 2020) of all TV connections in Slovenia and **continues to grow**, although more slowly.
- In the 4th quarter of 2020 Slovenia had **120.8 % penetration of active mobile telephony users**.
- **Mobile internet** represents a **fast growing segment** of the broadband market. With its 83,8 % penetration rate Slovenia's penetration rate is below the EU average, 103,8 % (June 2020), however it is on the increase (86,5 % in 4th quarter 2020).

Telecommunications services penetration rate in Slovenia in Q4 2020

Fixed telephony	84 %	households	↓
Fixed access	85 %	households	↑
Pay TV	82 %	households	↑
Mobile services*	121 %	population	↑
Mobile internet**	87 %	population	↑

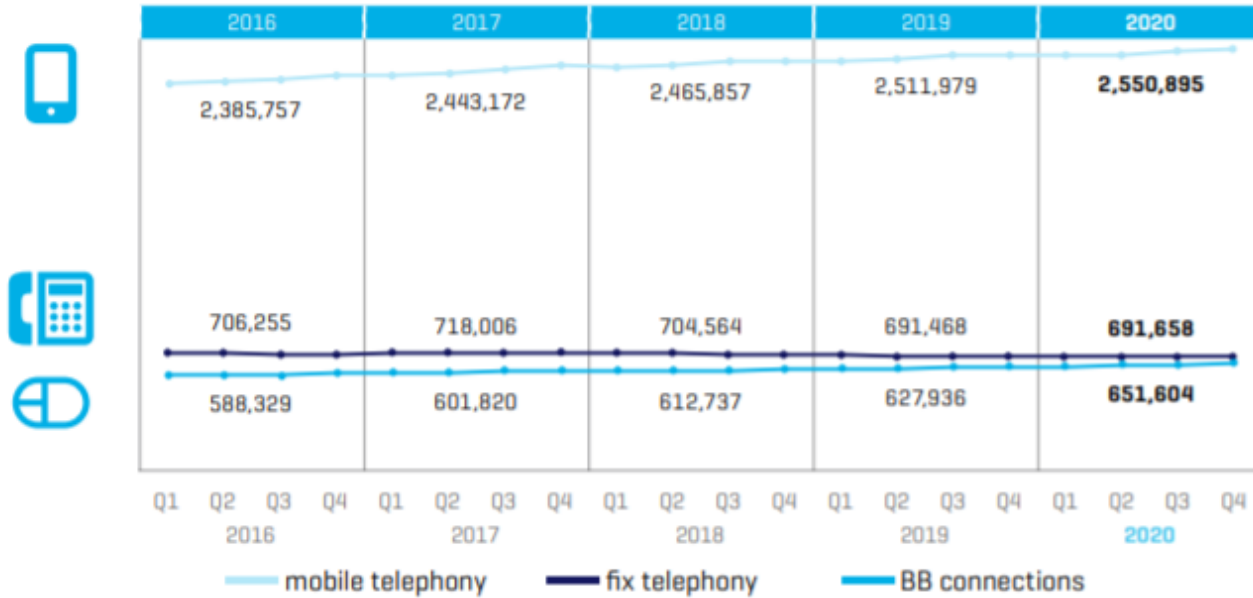
*Includes mobile voice and data connections (except M2M)

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

Sources: AKOS, 2020 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, Q4 2020; March 2021.

Key indicators of the market



Source: Analysys Mason, Slovenia telecoms market report 2020, AKOS, SORS (Q4 2020).

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 TELEPHONY	PSTN, ISDN, VoIP	VoIP	VoIP	VoIP
FIXED INTERNET	ADSL, VDSL, FTTH	ADSL, VDSL, CABLE (via partner networks)	CABLE	FTTH, ADSL, VDSL (LLU)
PAY TV	IPTV, CABLE	IPTV	CABLE	IPTV
MOBILE SERVICE	✓	✓	✓	✓
COMPREHENSIVE IT SERVICES	✓	✓	✗	✗

Sources: Analysys Mason, Company websites, 2020

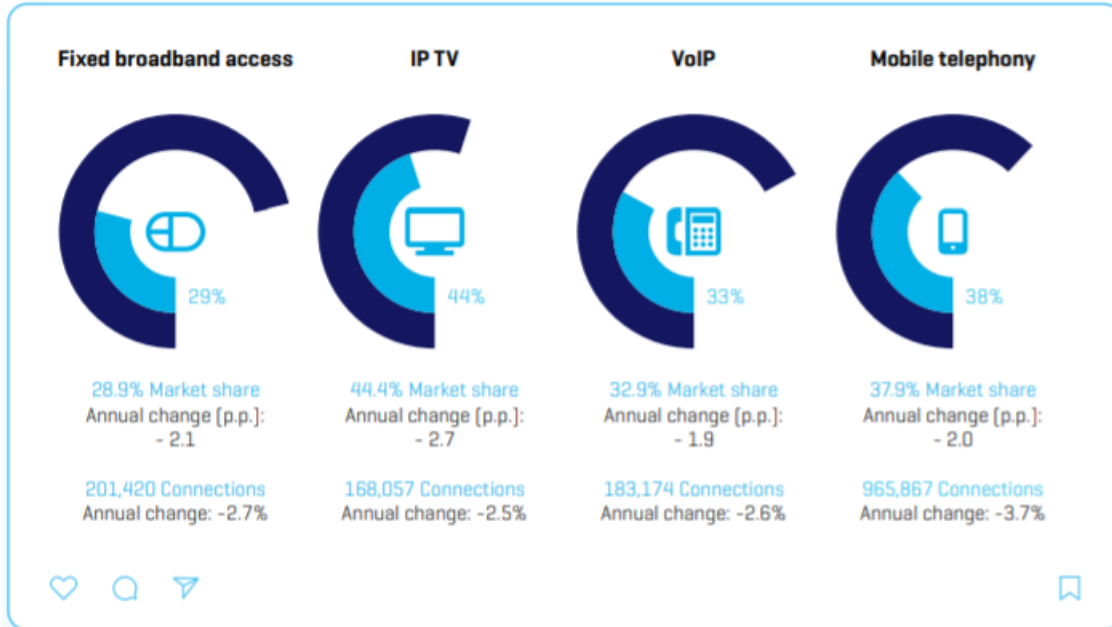
Market shares of leading operators in key segments in %

OPERATOR	TELEKOM SLOVENIJE	T-2	TELEMACH	A1 SLOVENIJA
FIXED BB ACCESS	29	21	31	14
IP TV	44	32	3	21
VoIP	33	21	34	9
MOBILE TELEPHONY	38	6	24	28
MOBILE INTERNET	33	6	27	29

Source: AKOS, Q4 2020

Market situation in Slovenia and Kosovo

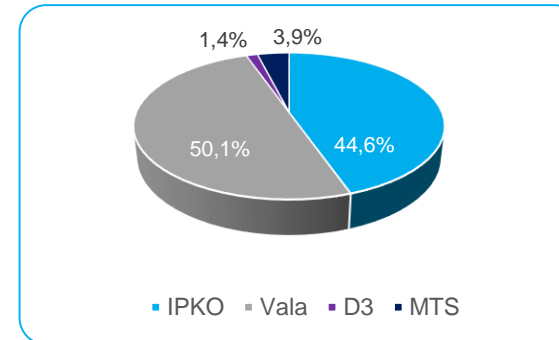
Market shares of Telekom Slovenije in key market segments (Q4 2020)



Sources: AKOS: eAnalitik portal, March 2021; internal Telekom Slovenije figures

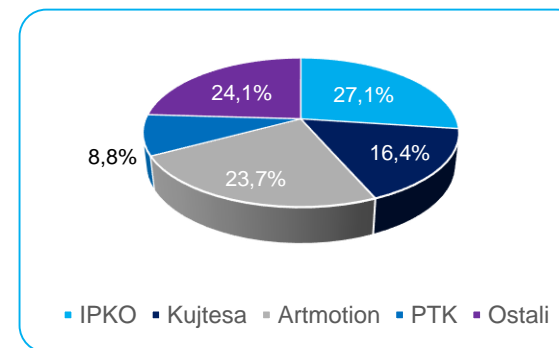
IPKO has been the strongest brand in Kosovo for several years in the fixed services segment and ranks second in the mobile segment. The company is known on the market as **innovative**, with the **fastest mobile internet**, the **best coverage** by the 3G/4G network, the **best mobile and fixed network**, and as a **leader in the segment of young people and technology enthusiasts**.

Kosovo - Mobile segment



- The household penetration rate of active mobile telephony users has reached 109.5%, which translates to 1,988,721 users (source: Kosovo RAEP regulatory authority).

Kosovo - Fixed broadband segment

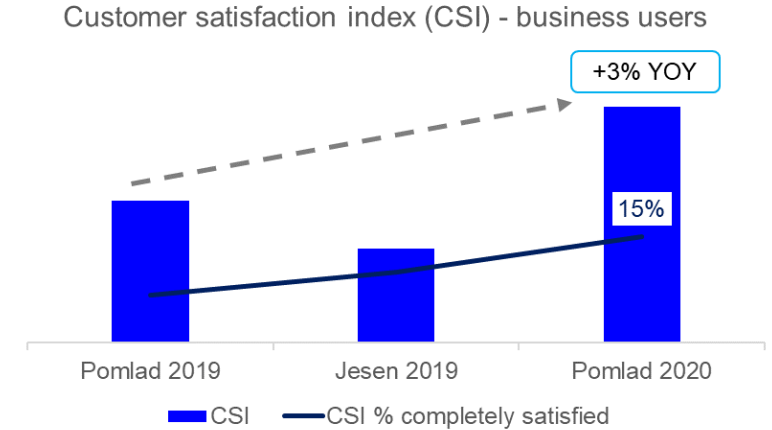
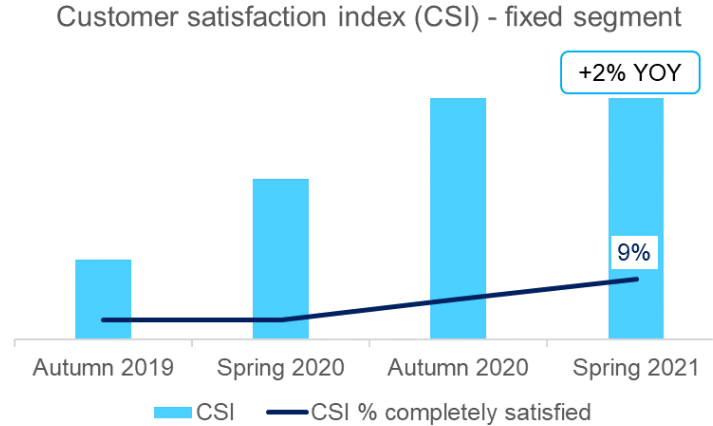
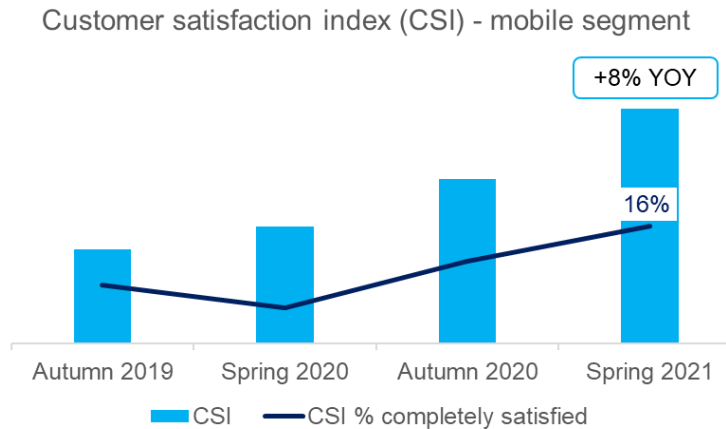


- According to the latest RAEP report, the fixed broadband connection penetration rate reached 129% in Kosovo in the fourth quarter of 2020, with 384 thousand household connections.

Source: ARKEP 4Q 2020; (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),
- commitment and competencies of employees (fixed),
- the quality of voice services and
- coverage and stability of the mobile network.

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 2020).

Satisfaction of business users

The proportion of completely satisfied business users continues to rise. Satisfaction was up relative to the previous measurement in all elements, most notably in reachability when help is required, responsiveness in terms of help and in the ratio of price to value. Key elements (with the highest level of customer satisfaction and the greatest importance of elements) include the reliability of the operator, and the quality and functioning of services.



Strategy

User is at the Core of Our Services

Mission, vision and values of the Telekom Slovenije Group

Vision

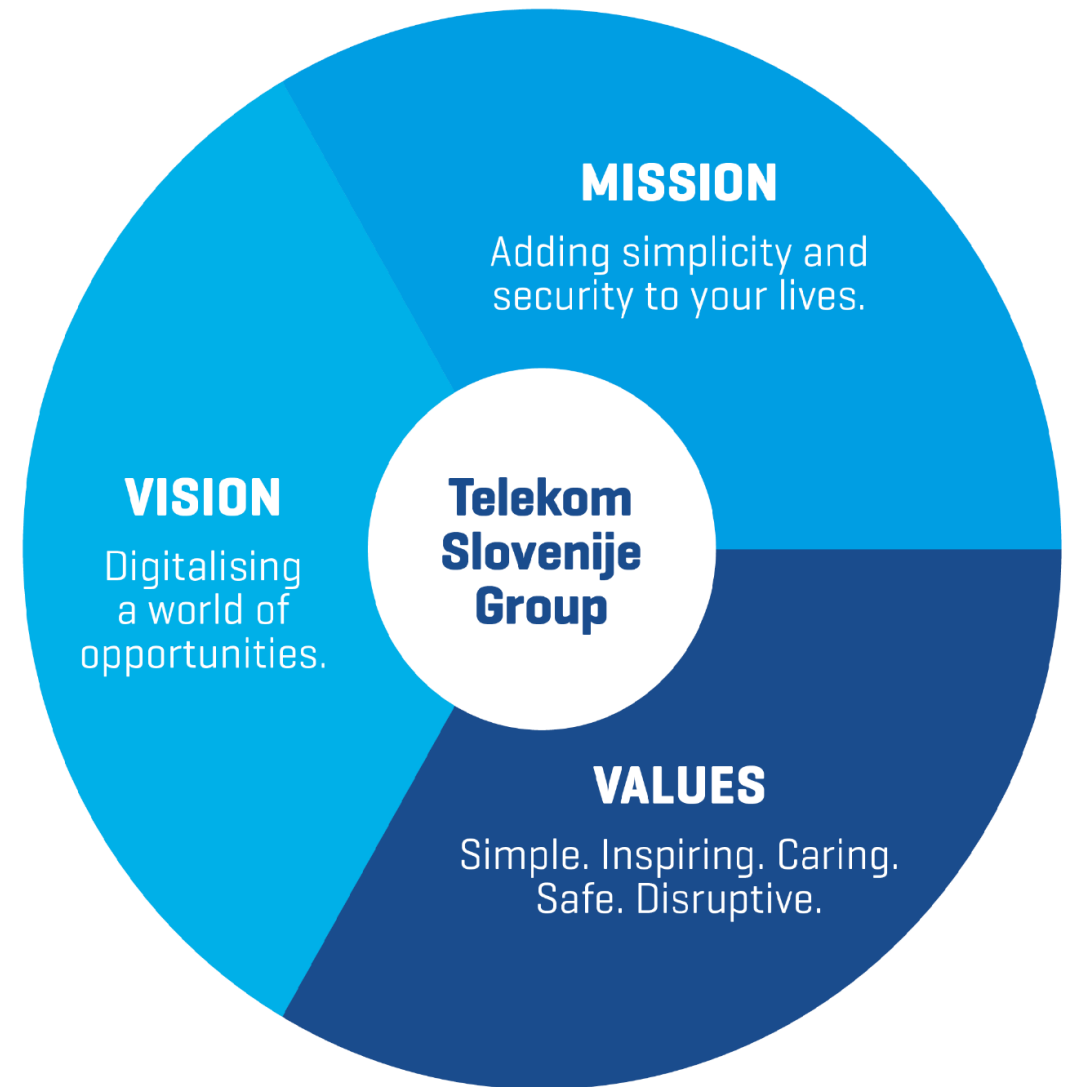
Digitalising a world of opportunities.

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.

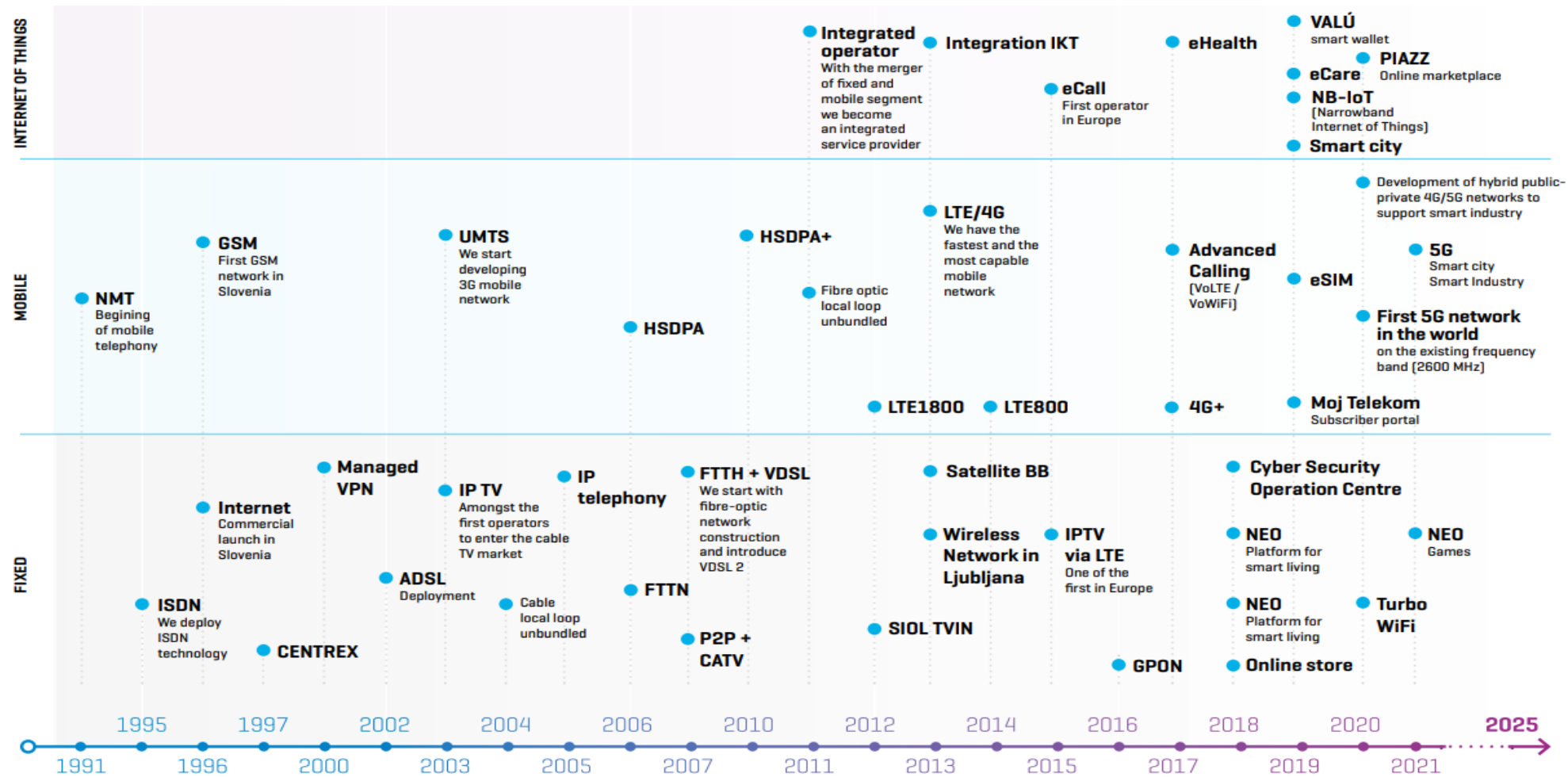


Responsibility to the environment and society

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 more than 32%.
- At the **public auction** for awarding radio frequencies Telekom Slovenije obtained all the needed and planned frequency spectrum, which will allow company to upgrade current national 5G network.





Operating highlights 1Q 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

- After setting up the first national 5G network in October 2020, Telekom Slovenije facilitated the first 5G mobile roaming in January. Subscribers to Telekom Slovenije's mobile services can thus roam in the 5G network of the 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, which provides subscribers the fastest mobile internet with speeds of up to 450/100 Mbit/s, **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 will allow 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.
- **Proposed dividend** for 2020: 4 EUR/per share.

Key operating indicators of Telekom Slovenije Group

EUR thousand / %	I - III 2021/ 31.3.2021	I - III 2020 / 31.12.2020	Index 21/20
Revenue	156,768	166,760	94
Other operating income	725	469	155
Operating revenue	157,493	167,229	94
EBITDA	55,707	57,391	97
EBITDA margin	35.5%	34.4%	103
EBIT	13,993	15,539	90
Return on sales: ROS (EBIT/ sales revenue)	8.9%	9.3%	96
Net profit from continuing operations	9,717	12,388	78
Loss from discontinued operations	0	-1,054	-
Net profit	9,717	11,334	86
Assets	1,251,921	1,227,839	102
Equity	600,407	590,484	102
Equity ratio	48.0%	48.1%	100
Net financial debt	379,431	378,377	100

Revenues by company, key market and segment

Operating revenue

EUR thousand	I - III 2021	I - III 2020	Index 21/20
Telekom Slovenije	142,529	153,112	93
Other companies in Slovenia	18,668	19,777	94
IPKO - Kosovo	15,160	13,851	109
Other companies abroad	978	993	98
Total - unconsolidated	177,335	187,733	94
Eliminations and adjustments	-19,842	-20,504	97
Telekom Slovenije Group	157,493	167,229	94

Operating revenues by type

In EUR thousand	I - III 2021	I - III 2020	Index 21/20
Mobile services on end-customer market	61,730	57,642	107
Fixed-line telephone services on end-customer market	51,961	61,505	84
Additional services	1,880	1,887	100
Wholesale market	35,782	38,934	92
Other revenue and merchandise	5,415	6,792	80
Total revenue	156,768	166,760	94
Other operating income	725	469	155
Total operating revenue	157,493	167,229	94

Revenues affected by COVID-19 pandemic:

- lower revenues from the roaming of users in the networks of foreign operators and roaming by foreign users in our mobile networks,
- lower revenues from international voice services.

Other impacts on revenues:

- 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,
- lower revenues from international voice services,
- higher revenues at Ipko,
- higher revenues from mobile merchandise at Telekom Slovenije.

EBITDA and investments by company and key market

EBITDA

EUR thousand	I - III 2021	I - III 2020	Index 21/20
Telekom Slovenije	46,465	49,043	95
Other companies in Slovenia	1,876	1,211	155
IPKO - Kosovo	8,363	6,745	124
Other companies abroad	643	698	92
Total - unconsolidated	57,347	57,697	99
Eliminations and adjustments	-1,640	-306	-
Telekom Slovenije Group	55,707	57,391	97



- taking into account one-off effects in 2020, EBITDA was 3% higher in 2021 relative to the same period last year.
- EBITDA margin = 35.5%

Investments

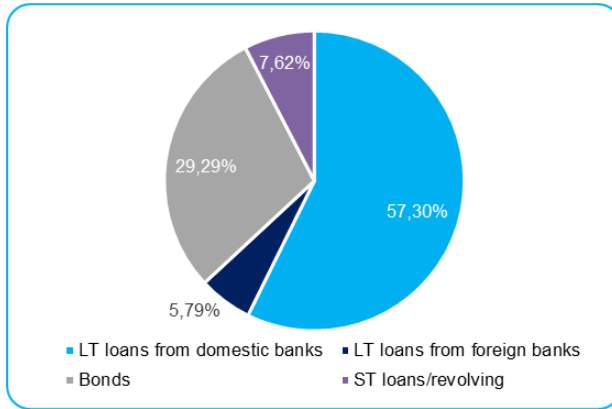
EUR thousand	I - III 2021	I - III 2020	Index 21/20
Telekom Slovenije	39,962	43,349	92
Other companies in Slovenia	361	780	46
IPKO - Kosovo	2,119	1,221	174
Other companies abroad	698	84	831
Eliminations and adjustments	18	-949	-
Telekom Slovenije Group	43,158	44,485	97

* excluding Planet TV and IPKO

Maintaining Financial stability

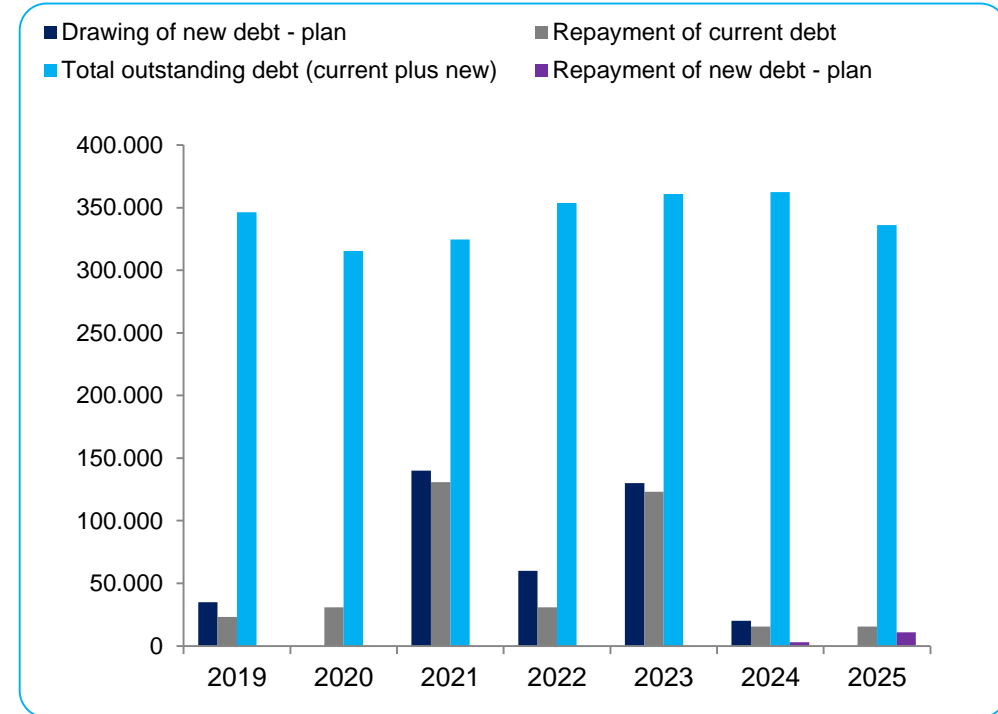
- Regular debt repayment
- Net financial debt to EBITDA LTM: 1.8 (31.3.2021)

Diversified funding sources (excluding leasing):



- Undrawn short term committed credit lines amounting of EUR 100 million (end of March 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 and new)



- EUR 100 million long term facility for expansion of optical network was concluded In December 2020; first drawing planned in 2021
- EUR 130 million long term facility , mainly for the refinancing of the EUR 100 mio bond issue, expected to be concluded at the end of May 2021

LET'S STAY #CONNECTED

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