

# Telekom Slovenije (TLSG SV)

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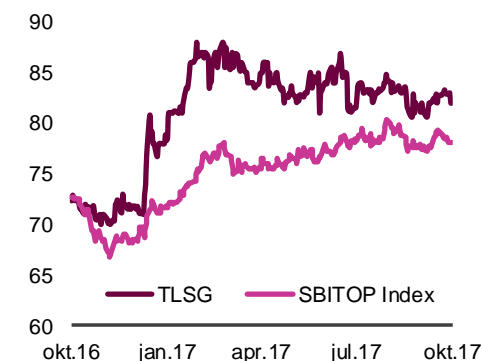
NEW  
INVESTMENT  
CULTURE
**12M Target price: 96 EUR Recommendation: BUY**

Previous target price: 96 EUR, BUY (17.8.2017)

## KEY MARKET DATA:

Stock data as of 26.10.2017 :		Price performance:		3M	12M
Market price (EUR)	82.0	Price change in %	0.6%	13.4%	
52 week range (EUR)	70.0 - 88.0	SBI 20 index change in %	-0.1%	7.4%	
Market Cap (EUR)	535.9	Relative to SBI 20 index in %	0.7%	5.5%	
		Valuation multiples:		TTM	Forward
Avg. daily trade vol., EUR(k)	84	EV/Sales	1.3	1.3	
Average daily % of stock traded	0.016%	EV/EBITDA	4.7	4.5	
No. of Shares in millions	6.5	EV/EBIT	28.0	22.0	
		P/E	11.0	12.9	
Dividend yield	6.1%	P/B	0.8	0.7	

## SHARE PRICE DYNAMIC:



## KEY COMPANY DATA & ESTIMATES:

million €	FY2015	FY2016	TTM	2017F	2018F
Sales	745.9	711.2	729.9	713.6	716.3
EBITDA	206.4	199.3	196.4	207.0	209.9
Margin	27.7%	28.0%	26.9%	29.0%	29.3%
EBIT	50.8	36.1	33.2	42.1	49.8
Net income	68.6	39.9	48.4	41.4	37.8
EPS	10.3	6.1	5.9	6.3	5.8
DPS	5.0	5.0		5.0	5.0
Financial debt	390.2	408.7	405.8	390.7	351.7
Cash	10.6	42.6	11.4	34.7	34.9
Net debt	375.3	365.4	394.4	313.8	314.3
Equity	701.7	706.4	700.0	718.4	601.4
Assets	1,321.6	1,367.4	1,340.4	1,345.7	1,183.0
ND/EBITDA	1.8	1.8	2.0	1.5	1.5
P/E	7.1	11.6	11.0	12.9	14.2
EV/EBITDA	4.1	4.2	4.7	4.5	4.4

\* 4.1x if LT and ST investments are included!

## KEY CURRENT DEVELOPMENT:

- There are still no news regarding Macedonian exit option. Please note that on 22<sup>nd</sup> October 2014 Telekom Slovenije signed „an agreement for the merger of operators ONE DOOEL Skopje, which is a part of the Telekom Slovenije Group, and VIP OPERATOR DOOEL Skopje, which is a part of the Telekom Austria Group, in the Macedonian market ... The agreement also includes call and put options for the exit of Telekom Slovenije from the joint venture within three years from closing of the merger“.
- Regarding this investment 2016 Annual report includes an item valued at EUR 118.9m. Consequently while this investment is already accounted for in the balance sheet and income statement, exercise of an option would result in actual cash inflow for Telekom Slovenije. And given the mentioned value, quite a material cash flow of roughly EUR 18.2 per share.
- Timing is the real question. Paragraph above was dated 22<sup>nd</sup> October 2014. On 30<sup>th</sup> December there was a market concentration registration and merger agreement signature. However regulators signed off the merger in July 2015.
- We therefore still believe Telekom Slovenije is fairly valued, however the investors are currently ignoring this pending cash flow ... therefore if, or better when, the option is exercised, we believe share price will also jump toward our target price. As for 9M17 results, its relatively unsurprising and light on new news. No change is consequently warranted.

# 9M17 Results

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million EUR	1Q16	2Q16	3Q16	9M16	1Q17	2Q17	3Q17	9M17	YoY
Sales	175.6	172.0	175.4	523.0	179.9	187.3	174.9	542.0	3.6%
Operating revenues	177.6	173.8	177.1	528.5	181.3	188.8	176.6	546.7	3.4%
COGS	15.4	13.9	15.3	44.6	14.3	16.0	17.2	47.5	6.6%
Cost of services	73.9	72.7	74.2	220.8	84.8	83.3	78.8	247.0	11.9%
Labour costs	27.6	27.7	27.7	83.1	27.0	27.8	27.9	82.7	-0.5%
EBITDA	52.5	52.6	52.6	157.6	50.8	56.0	47.4	154.2	-2.1%
Margin	29.9%	30.6%	30.0%	30.1%	28.2%	29.9%	27.1%	28.5%	-5.6%
EBIT	11.8	11.5	11.9	35.2	10.2	15.0	6.6	31.7	-9.9%
Net income	8.7	8.4	6.9	24.0	10.6	13.7	7.7	31.9	32.8%

- Total opex is up 4.4% YoY in 9M17 to EUR 514.9m. While labor costs are down YoY in 9M17, cost of services offsetted this and revenue growth – narrowing operating margins.
- In cost of services main contributors to growth were international billing services (EUR 72.6m +11% YoY), multimedia services (EUR 20.0m, +26%) and undisclosed other costs (EUR 42.7m, +49%). This was only slightly smoothen by lower network interconnection costs (EUR 26.9m, -3%) and maintenance of PPE costs (EUR 17.3m, -9%).
- From Q to Q perspective, margin is contracting as labor cost dynamic turned from slightly negative in 1Q to slightly positive. In addition decelerating growth of some services costs (like International billing in 3Q) have been offset by higher COGS dynamic (+13.1% YoY in 3Q).
- On the other hand net investment result is driving this years profit growth (to 25% YoY) as finance costs decreased by 55% YoY to only EUR 6.1m, while the Group also did not book EUR 4.3 of loss of associates and JV that was recorder in 9M16. Also, deferred taxes are still boosting bottom line with EBT being at EUR 28.8m. Its true this helped the Group even more in 9M16.
- **Given the 9M17 results, EBITDA guidance (206.8m) and net profit guidance (EUR 41.3m) look achievable. Our estimates, which are close to mentioned guidance, consequently also remain achievable. True, we and investors must be vary that margins recuperate in further quarters.**

million EUR	2016	3Q17	YoY
Financial debt	408.7	405.8	-0.7%
Cash	42.6	11.4	-73.2%
Net debt	366.2	394.4	7.7%
Investments	127.2	129.0	1.5%
Net debt 2	239.0	265.4	11.0%
Equity	706.4	700.0	-0.9%
Assets	1,367.4	1,340.4	-2.0%

- CAPEX stood at EUR 90.2m in 9M17, similar to levels in 9M16. In 2017 Telekom is modernizing and extending its broadband fiber optic network and the fourth generation mobile network.
- Group generated net cash from operating activities of EUR 99.1m in 9M17, down 40m.

- Revenue increase is mostly due to new services (IT), new electronic toll collection business stream (most of EUR 21.3m surcharge in other revenues) and due to wholesale market (+4.4% YoY). Note other segment revenues are now at EUR 35.8m (+55%).
- Ipko (Kosovo) revenues are also up by 1.7% YoY.
- However mobile segment continues to suffer as revenues are down 6.0% YoY to EUR 187.4m.
- Its also true that 3Q was slightly softer in terms of revenues from QoQ and YoY perspective.
- Broadband connections are at 368,842, up 7% from 2016 yearend (+4% on the domestic market), while fixed and mobile connections are at 2,187,114 up 3% from 2016 yearend (albeit down 4% in Slovenia). All in all operating data also implies strong pressure in mobile segment (where Telekom again revamped packages in September), while situation is far better for broadband and IP TV.
- Interestingly, Siol.net online media became most-read Slovenian online media in September.

# 9M17 Results - supplemental

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Revenues (in EURm)	1Q16	2Q16	3Q16	4Q16	1Q17	2Q17	3Q17	Q YoY	9M YoY
Telekom Slovenije	161.821	159.030	159.343	166.240	165.068	170.909	157.161	-1.4%	2.7%
Other companies in Slovenia	9.700	14.291	15.194	20.425	16.473	27.581	19.491	28.3%	62.2%
IPKO-Kosovo	16.654	17.325	19.956	16.159	16.388	18.223	20.250	1.5%	1.7%
Other SEE companies	4.961	5.683	5.667	5.372	5.035	5.362	5.231	-7.7%	-4.2%
<b>Total</b>	<b>193.136</b>	<b>196.329</b>	<b>200.160</b>	<b>208.196</b>	<b>202.964</b>	<b>222.075</b>	<b>202.133</b>	<b>1.0%</b>	<b>6.4%</b>

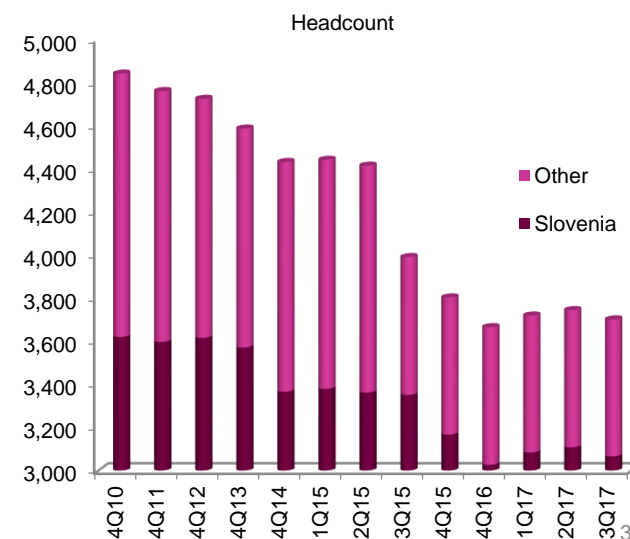
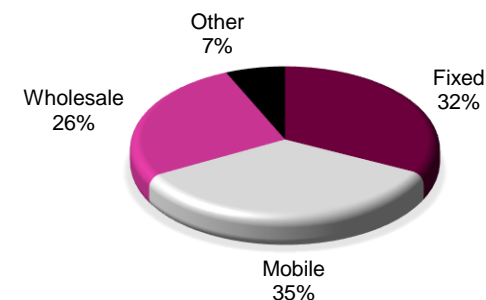
EBITDA (in EURm)	1Q16	2Q16	3Q16	4Q16	1Q17	2Q17	3Q17	Q YoY	9M YoY
Telekom Slovenije	45.936	45.134	42.495	33.725	45.424	47.398	37.932	-10.7%	-2.1%
Other companies in Slovenia	0.128	0.777	1.100	2.126	-1.599	1.050	1.164	5.8%	-69.3%
IPKO-Kosovo	5.215	5.387	8.179	4.189	5.374	6.514	8.034	-1.8%	6.1%
Other SEE companies	1.133	1.481	1.524	1.645	1.500	1.416	1.357	-11.0%	3.3%
<b>Total</b>	<b>52.412</b>	<b>52.779</b>	<b>53.298</b>	<b>41.685</b>	<b>50.699</b>	<b>56.378</b>	<b>48.487</b>	<b>-9.0%</b>	<b>-1.8%</b>

EBIT (in EURm)	1Q16	2Q16	3Q16	4Q16	1Q17	2Q17	3Q17	Q YoY	9M YoY
Telekom Slovenije	12.066	11.049	8.945	0.284	12.178	13.716	4.351	-51.4%	-5.7%
Other companies in Slovenia	-0.652	-0.043	0.230	1.229	-2.488	0.124	0.230	0.0%	
IPKO-Kosovo	-0.167	-0.274	2.528	-1.525	-0.371	0.769	2.357	-6.8%	32.0%
Other SEE companies	0.242	0.581	0.570	0.653	0.591	0.495	0.457	-19.8%	10.8%
<b>Total</b>	<b>11.489</b>	<b>11.313</b>	<b>12.273</b>	<b>0.641</b>	<b>9.910</b>	<b>15.104</b>	<b>7.395</b>	<b>-39.7%</b>	<b>-7.6%</b>

Net operating profit (in EURm)	1Q16	2Q16	3Q16	4Q16	1Q17	2Q17	3Q17	Q YoY	9M YoY
Telekom Slovenije	12.460	11.398	7.146	9.456	13.411	14.899	4.918	-31.2%	7.2%
Other companies in Slovenia	-0.732	-0.149	0.145	1.206	-2.601	-0.157	-0.14		
IPKO-Kosovo	-1.753	-1.847	0.928	-3.284	-1.819	-0.126	1.486		
Other SEE companies	0.115	0.437	0.435	0.474	0.457	0.393	0.369	-15.2%	23.5%
<b>Total</b>	<b>10.090</b>	<b>9.839</b>	<b>8.654</b>	<b>7.852</b>	<b>9.448</b>	<b>15.009</b>	<b>6.633</b>	<b>-23.4%</b>	<b>8.8%</b>

EBITDA margin	1Q16	2Q16	3Q16	4Q16	1Q17	2Q17	3Q17
Telekom Slovenije	28.4%	28.4%	26.7%	20.3%	27.5%	27.7%	24.1%
Other companies in Slovenia	1.3%	5.4%	7.2%	10.4%	-9.7%	3.8%	6.0%
IPKO-Kosovo	31.3%	31.1%	41.0%	25.9%	32.8%	35.7%	39.7%
Other SEE companies	22.8%	26.1%	26.9%	30.6%	29.8%	26.4%	25.9%

- On the domestic market EBITDA margin is about 1.3 p.p. lower this year versus last year. Namely this year domestic core company generated EBITDA margin of 26.5%. Ipko on the other hand generated EBITDA margin of 36.3%, up by 1.5 p.p. versus 9M16. This slightly compensated domestic contraction.



# Investment Thesis

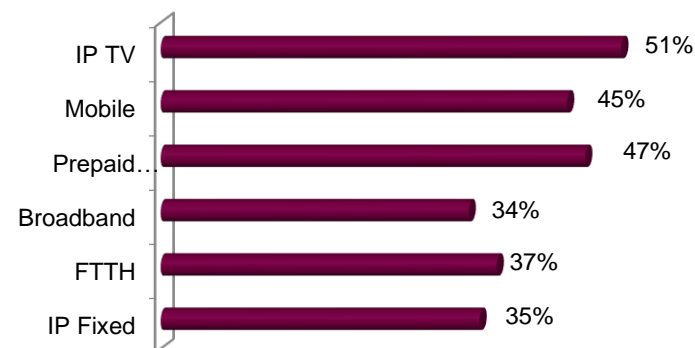
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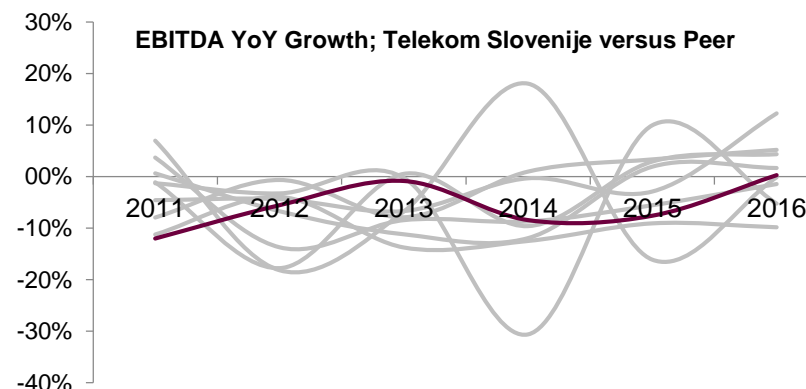
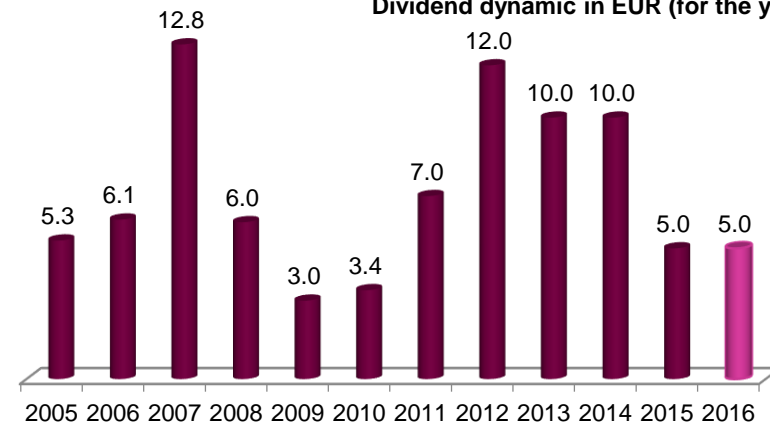
## POSITIVE:

- Telekom Slovenije is incumbent telecommunications operator with **leading market share in almost all categories and broad spectrum of services**. In all but FTTH connections Telekom Slovenije is the leading provider on the domestic Slovenian market.
- LTE/4G coverage of Slovenian population is at 98% with the Group preparing for SRVCC-VoLTE and VoWifi services; 4.5 G.
- Has a put option regarding Macedonian business exit (for roughly EUR 120m)** – this would significantly lower reported net debt. In addition consequently adjusted EV/EBITDA multiples are lower than reported headline multiples. Namely taking into consideration significant LT and ST investments (mostly tied to Macedonia), **EV/EBITDA contracts from 4.7x to mere 4.1x**. All in all incremental value is roughly EUR 18.2 per share, or 22% of current market price.
- Telekom Slovenije **is on track to deliver EBITDA 2017 guidance of 206.8m and profit guidance of EUR 41.3m**.
- With pay-out ratio close to 100% of profit and likely further delivery of EUR 40m of profit we see roughly EUR 5 per share dividend as **sustainable**. Given the current market price this implies a generous **6.1% gross dividend yield**. All in all Telekom Slovenije can be, if it continues to tackle pricing pressures with new services and cost optimization, **a stable dividend performer**.
- Reported net debt to EBITDA is at comfortable 2.0x**. S&P Global Ratings credit rating agency assigned a BB+ long-term corporate credit rating to Telekom Slovenije with stable outlook attached.
- While Telekom Slovenije past few years dynamic was unimpressive, it should be viewed from divestment and especially industry perspective. The graph of right clearly shows its EBITDA growth dynamic, anemic as it was, was still in-line with peer performance. It has however still room for cost optimization – as shown by margin discrepancy.
- Several projects to tackle situation are underway: insurance, financial services, safe house, e-health, big data monetization, all in one shop, electronic toll etc.

Dominant position - market shares:



Dividend dynamic in EUR (for the year)

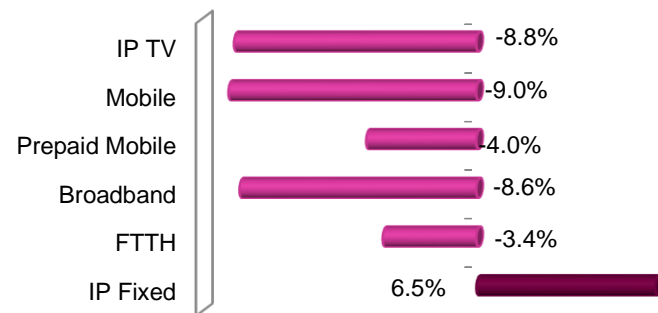


# Investment Thesis

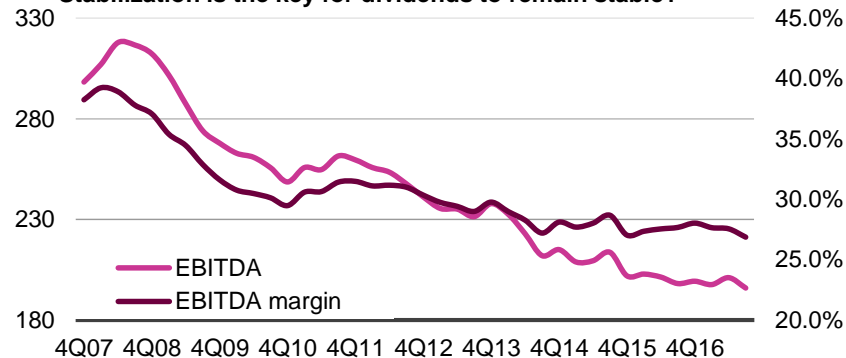
## NEGATIVE:

- **Typical incumbent risks: mature market, pricing and market share pressures** ... that can and need to be balanced by cost optimization and introduction of new services (IT, cross sell etc.). However execution risk always exists.
- **CAPEX demands are elevated** (EUR 147.7m in 2016), also due to FTTH investments. While the idea is that FTTH user will be more demanding in terms of additional services (like TV content), its always possible services like Netflix, HBO etc. will spoil the broth in the mid to long term.
- Lawsuits claims lowered from EUR 650m in 2012 to EUR 177m in 2017. While we don't expect majority of this to materialize, **its still an elevated level of lawsuits**. T2 claim and lawsuits is sticky, constantly being moved to first instance court. In addition trend turned **in August** when **Telekom Slovenije received a new lawsuit** (its subsidiary Blicnet d.o.o. Banja Luka) from Mtel a.d. whereby the plaintiff demands the payment of damages in the amount of KM 98.3m (**EUR 50.3m; would translate into EUR 7.7 per share**) due to alleged unfair competition etc. No further info is known.
- **Competitive landscape remains difficult**. Telemach (cable operator; through United Group) has started to attack the market from different sides. Namely they have bought Tušmobil (mobile operator) while also most viewed TV channels POP TV and Kanal A. At the same time they own sport content providers Sportklub. Its yet to be seen what their strategy will be, but surely this poses a risk. On the other hand T2, while constantly close to financial troubles, is putting a price pressure on FTTH and broadband segment while A1 is competing harshly in mobile segment. Hofer now also entered the mobile market (0.4% market share; 1.9% in prepaid).
- Telekom Slovenije owns 66% stake in Antenna TV SL d.o.o. (offering Planet TV program), however the company had a loss of EUR 13.1m in 2016, EUR 11.6m in 2015 and EUR 11.1m loss in 2014. This story is increasingly becoming sour and from bottom line perspective is far from negligible.

Other side of the coin - market share loss from 1Q11:



Stabilization is the key for dividends to remain stable?



Market shares	TS	A1	Telemach	T2
Mobile	44.9%	29.7%	18.0%	4.3%
Prepaid	46.9%	20.6%	18.7%	
Broadband	34.0%	11.8%	21.2%	19.5%
FTTH	37.1%	9.0%	4.6%	43.6%
IPTV	50.9%	16.2%	0.3%	32.1%
Cable	1.9%		73.4%	

Slovenia: Cable TV (41%), IPTV (52%)

Content	Planet TV	POP TV*	Kanal A*

\* Possible regulatory decision pending.

# Relative comparison

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Company name	P/E			EV/EBITDA			EV/EBIT		
	TTM	2017F	2018F	TTM	2017F	2018F	TTM	2017F	2018F
Magyar Telekom	8.6	12.9	12.9	4.4	4.5	4.5	11.7	10.8	10.5
Proximus	16.9	15.2	15.1	6.6	6.1	6.0	14.1	12.7	12.3
Orange Polska	neg.	115.1	43.4	4.4	4.6	4.5	38.5	31.9	24.6
Telecom Italia	11.7	9.6	8.8	5.1	5.0	4.9	11.0	10.0	9.9
Telekom Austria	12.5	15.1	13.9	5.5	5.4	5.3	14.7	14.8	13.6
Orange	142.6	12.6	11.9	5.4	4.7	4.6	13.7	10.0	9.7
Hrvatski Telekom	15.4	12.6	12.5	3.8	3.6	3.6	8.8	8.1	7.8
TeliaSonera AB	24.9	12.5	11.7	7.8	9.0	8.9	12.9	15.2	14.6
Telekom Srpske	8.2	n.a.	n.a.	3.3	n.a.	n.a.	8.4	n.a.	n.a.
<b>Telekom Slovenije</b>	<b>11.0</b>	<b>12.9</b>	<b>14.2</b>	<b>4.7</b>	<b>4.5</b>	<b>4.4</b>	<b>28.0</b>	<b>22.0</b>	<b>18.6</b>
Median	13.9	12.7	12.7	5.1	4.9	4.7	12.9	11.8	11.4

Company name	EBITDA margin TTM	EBIT margin (%)	Profit margin (%)	ROE TTM	ROA TTM	Assets turnover	Div. yield (%)	Assets/Equity	Net debt to EBITDA
Magyar Telekom	31.3%	11.8%	9.6%	10.6%	5.2%	0.54	0.00	2.05	1.81
Proximus	29.0%	13.5%	9.1%	19.3%	6.4%	0.70	2.59	3.03	1.01
Orange Polska	26.3%	3.0%	-15.2%	-17.4%	-7.8%	0.51	0.00	2.24	2.27
Telecom Italia	42.6%	19.8%	7.0%	6.4%	2.0%	0.29	0.00	3.23	3.32
Telekom Austria	32.0%	11.9%	10.7%	18.3%	6.0%	0.56	2.49	3.30	1.64
Orange	27.3%	10.7%	1.1%	0.8%	0.5%	0.44	4.79	3.11	2.19
Hrvatski Telekom	39.5%	17.0%	12.8%	7.9%	6.3%	0.49	3.44	1.26	-1.20
TeliaSonera AB	36.9%	22.5%	6.3%	7.4%	2.1%	0.33	5.30	2.80	2.40
Telekom Srpske	37.9%	15.0%	14.5%	9.8%	7.6%	0.52	7.18	1.29	0.20
<b>Telekom Slovenije</b>	<b>26.9%</b>	<b>4.5%</b>	<b>6.6%</b>	<b>6.9%</b>	<b>3.6%</b>	<b>0.54</b>	<b>6.10</b>	<b>1.91</b>	<b>2.01</b>
Median	32.0%	13.5%	9.1%	7.9%	5.2%	0.51	2.59	2.80	1.81



# Historic Financial Data

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in EURm	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Assets	1,471.6	1,740.5	1,739.8	1,925.5	1,658.2	1,575.3	1,521.0	1,391.9	1,343.0	1,321.6	1,367.4
Non-current assets	1,195.5	1,454.3	1,478.5	1,657.8	1,374.5	1,260.3	1,150.3	1,099.2	1,009.3	992.7	975.8
Current assets	276.1	286.2	261.3	267.7	283.8	315.0	370.7	292.7	333.7	328.9	391.6
Short term investment	51.4	28.4	21.1	0.6	13.4	21.6	61.8	10.6	1.3	103.4	119.7
Cash	68.1	60.6	18.8	21.2	46.7	61.3	44.1	59.2	23.9	10.6	42.6
Equity	989.3	1,062.7	1,014.4	1,001.6	807.8	815.3	786.0	758.6	695.0	701.7	705.9
Equity of non-controlling interests	0.0	0.1	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-0.6
Provisions	24.1	28.5	30.6	30.5	37.8	45.6	45.7	40.4	78.3	44.0	38.6
Non-current liabilities	228.6	329.4	306.4	586.6	453.1	446.5	409.6	381.9	353.3	10.2	112.9
Non-current financial liabilities	219.4	322.4	305.0	581.0	443.4	436.4	407.8	376.7	345.4	7.0	100.0
Current liabilities	186.3	279.5	336.1	251.3	295.8	207.8	237.1	161.1	144.1	513.9	449.4
Current financial liabilities	70.0	125.6	178.8	95.1	142.5	52.1	44.1	34.9	23.9	383.9	308.7
<b>in EURm</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
Sales revenues	745.1	780.1	842.4	847.5	839.3	815.1	786.1	779.4	756.5	728.3	701.7
Total Revenues	748.6	789.6	856.6	859.7	850.1	829.5	800.1	804.3	769.0	745.9	711.2
Cost of goods, materials and services	320.0	332.0	376.0	408.1	397.1	390.9	393.0	405.0	413.0	396.2	378.4
Labour costs	122.7	126.7	144.6	152.9	162.5	150.2	153.5	142.4	138.9	130.2	116.1
D&A plus impairments	150.6	161.8	183.8	197.7	214.5	192.4	177.0	168.3	158.6	155.6	163.1
Other operating expenses	13.4	32.7	23.8	30.9	254.5	32.8	12.4	17.0	47.0	13.2	17.5
EBITDA	292.6	298.2	312.2	267.8	36.0	255.6	241.2	239.9	170.1	206.4	199.3
Operating income	142.0	136.4	128.5	70.2	-178.5	63.3	64.2	71.5	11.4	50.8	36.1
Financial Income	7.4	7.7	7.6	5.9	4.3	10.1	8.0	5.0	17.1	39.2	23.6
Financial expenses	9.9	17.4	21.2	32.8	28.2	24.5	24.7	22.7	20.5	18.8	19.4
Interest cost	10.6	16.6	27.5	7.4	22.5	22.6	18.2	17.6	18.5	16.4	17.6
EBT	139.4	126.8	114.9	43.3	-202.4	48.8	47.5	48.9	2.6	65.0	33.9
Total taxes	36.0	38.4	28.9	13.8	7.9	14.8	2.9	-2.2	1.1	-3.6	-6.1
Net profit / loss	103.4	88.4	86.0	29.5	-210.3	34.0	44.6	51.1	1.5	68.6	39.9
Attributable to equity holders of the parent	103.4	88.4	85.8	29.5	-210.3	34.0	44.6	51.1	1.5	68.6	39.9
CAPEX	-157.9	-300.0	-234.5	-184.8	-113.6	-95.6	-128.1	-113.5	-176.6	-119.9	-147.7
<b>in EURm</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
Gross margin	57.1%	57.4%	55.4%	51.8%	52.7%	52.0%	50.0%	48.0%	45.4%	45.6%	46.1%
EBITDA margin	39.3%	38.2%	37.1%	31.6%	4.3%	31.4%	30.7%	30.8%	22.5%	28.3%	28.4%
EBIT margin	19.1%	17.5%	15.3%	8.3%	-21.3%	7.8%	8.2%	9.2%	1.5%	7.0%	5.1%
Net margin	13.9%	11.3%	10.2%	3.5%	-25.1%	4.2%	5.7%	6.6%	0.2%	9.4%	5.7%
Assets Turnover	0.51	0.45	0.48	0.44	0.51	0.52	0.52	0.56	0.56	0.55	0.51
ROA	7.0%	5.1%	4.9%	1.5%	-12.7%	2.2%	2.9%	3.7%	0.1%	5.2%	2.9%
Assets to Equity	1.49	1.64	1.72	1.92	2.05	1.93	1.94	1.83	1.93	1.88	1.94
ROE	10.5%	8.3%	8.5%	2.9%	-26.0%	4.2%	5.7%	6.7%	0.2%	9.8%	5.7%
Net debt / EBITDA	0.8	1.3	1.5	2.4	15.0	1.7	1.7	1.5	2.0	1.8	1.8
Debt to Assets	19.7%	25.7%	27.8%	35.1%	35.3%	31.0%	29.7%	29.6%	27.5%	29.6%	29.9%
Debt to Equity	0.29	0.42	0.48	0.68	0.73	0.60	0.57	0.54	0.53	0.56	0.58
TIE ratio	13.3	8.2	4.7	9.5	-7.9	2.8	3.5	4.1	0.6	3.1	2.0
NWC / Assets	2.6%	2.4%	3.4%	3.8%	3.9%	4.4%	1.1%	3.8%	4.5%	3.6%	2.5%
Days inventory outstanding	25.3	27.7	27.6	22.4	19.3	21.3	20.8	21.5	26.4	25.0	22.7
Days receivable outstanding	65.1	79.4	81.4	88.1	85.5	90.6	87.2	72.9	72.8	75.7	78.4
Days payable outstanding	132.6	169.2	152.7	139.7	140.9	145.4	179.3	113.8	106.3	119.7	135.7
EBITDA - CAPEX	134.7	-1.8	77.7	83.1	-77.6	160.1	113.1	126.4	-6.5	86.5	51.5

# Company & ALTA Description

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## COMPANY DESCRIPTION:

- Leading incumbent telecommunications provider in Slovenia that offers domestic and international fixed telephony, mobile telephony, VoIP, IPTV and broadband internet services.
- It also operates in other SEE countries. For now it also owns 45% stake in Macedonian joint venture with Telekom Austria.
- 26% revenues are generated in Wholesale, 32% in fixed services and 35% in mobile services (9M17 data).
- 213,150 broadband connections in Slovenia, 26,742 in BiH and 128,950 in Kosovo; 1,061,529 mobile connections in Slovenia, 774,467 in Kosovo and 2,366 in BiH.

## OWNERSHIP STRUCTURE:

Republic of Slovenia	62.5%
KAD d.d.	5.6%
SDH d.d.	4.3%
Perspektiva FT	1.2%
Kritni sklad PPS	0.9%

Source: KDD

## RESEARCH REPORT:

### Prepared by:

Sašo Stanovnik  
Head of Research

Completion date and time:

26.10.2017 21:30

First release:

26.10.2017 21:35

Market data capture date:

26.10.2017 8:30

## CONTACTS:

ALTA Invest, investicijske storitve, d.d.  
Železna cesta 18, 1000 Ljubljana, Slovenia  
phone: + 386 1 32 00 300  
e-mail: invest@alta.si  
http://www.alta.si

### Head of Research:

Sašo Stanovnik  
saso.stanovnik@alta.si  
+386 (1) 32 00 310

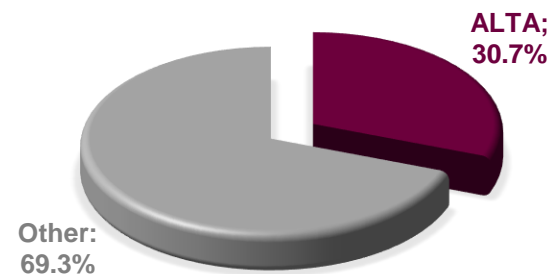
### Institutional Trading:

Darko Jurčević  
darko.jurcevic@alta.si  
+386 (1) 32 00 395

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- ✓ Our trading advantage is our execution of large trading blocks with low impact on the market.
- ✓ 38,300 brokerage clients with EUR 3.3 bn of assets.
- ✓ European Banking award: Best Broker & Best Asset Manager in 2015 and 2016.

### TTM market share:





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	Number	Share	Share of issuers, for which ALTA Invest, investicijske storitve, d.d., has provided investment services regarding financial instruments in last 12 months
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