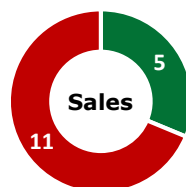


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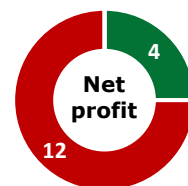
H1 2020



H1 of 2020 could be described as challenging for virtually all Croatian companies as the H1 results show full impact of lock-down imposed by the government due to the outbreak of the Covid-19 pandemic. As a result, the vast majority of Croatian companies observed both sales and net profit decreases, while roughly a third of the observed companies recorded a net loss. Tourism companies were quite affected by the halt in international and domestic travel, coupled with lockdowns of countries worldwide. Although Easter season revenues were lost in H1, these results are not indicative of their FY performance, as most of their revenues are derived in Q3. It is also important to note that most companies recorded unrealized FX losses as a result of the depreciation of HRK to EUR. Depreciation of currency was a market reaction to potential loss of summer season and inflow of foreign currency, but in the meantime the local currency depreciation trend subsided to a certain extent. On the flip side, TNG's lower exposure to spot market and the improved market situation led to the best H1 in the company's history.



■ Improvement
■ Decline
■ Flat
■ N/A











Company	Key figures	Commentary
AD Plastik	Sales: HRK 531m ↓ -23% EBITDA: HRK 75m ↓ -27% Net profit: HRK 17m ↓ -70%	<ul style="list-style-type: none"> Top line hurt by temporary closure of customers' factories due to COVID-19. EBITDA down due to lower revenues, but positive impact from sale of assets and HRK 30.1m incentives. Higher FX loss further deteriorates bottom line.
ADRIS grupa	Tot.revenue:HRK 2.3bn ↓ -17% Sales: HRK 1.91bn ↓ -22% Net profit: HRK -87m ↓ N/A	<ul style="list-style-type: none"> The decrease of the bottom line is a result of drop in revenues in hospitality where majority of business is focused. Insurance arm has posted strong results, which is proving merits of diversification in the current environment.
ARENA HOSPITALITY GROUP	Sales: HRK 78.0m ↓ -71% EBITDA: HRK -37.1m ↓ n.a. Net profit: HRK -125m ↓ -13x	<ul style="list-style-type: none"> Croatian revenue -80% YoY, Germ. and Hungary -60% Operating expenses decreased 50.6% so EBITDA down Financial expense up for HRK 15m due to FX loss from leasing liability in Hungary, other expenses up for HRK 37m due to investment expenses and legal settlement, so net profit down to HRK -125m
ATLANTIC GRUPA	Sales: HRK 2.5bn ↓ -4% EBITDA: HRK 324m ↓ -19% Net profit: HRK 147m ↓ -31%	<ul style="list-style-type: none"> In Q2 the top line experienced negative consequences due to pandemic prevention measures. If we exclude the effect of the divested business revenues, the organic decline in revenues would be only 0.9%. Net profit hurt further due to lower FX result.
ATP	Sales: HRK 113.6m ↓ -25% EBITDA: HRK 18.64m ↓ -70% Net profit: HRK -57m ↓ N/A	<ul style="list-style-type: none"> In H1, ATPL transported 2.77m of cargo (-19%) Average daily freight rate roughly USD 7,000 per day (c. -27%). Fleet utilization rate at 98.3% (-0.5 p.p.) OPEX up 7% to HRK 148.7m EBIT at HRK -23.5m vs HRK 21.2m in H1 2019
DALEKOVOD	Sales: HRK 589.2m ↑ +9% EBITDA: HRK 32.04m ↑ +243% Net profit: HRK 6m ↓ -81%	<ul style="list-style-type: none"> Strong performance in Energy sector (HRK 432m or +33%) Backlog currently at more than HRK 1.5bn Net profit down due to net fin. loss of HRK -9.6m vs HRK 39.2m in H1 2019, as a result of FX loss in H1 2020 and the sale of Dalekovod Professio in 2019
KRAS	Sales: HRK 427.3m ↓ -7% EBITDA: HRK 41.5m ↑ +6% Net profit: HRK 13.3m ↑ +23%	<ul style="list-style-type: none"> Foreign market accounted for 47% of total sales Operating revenue -2%; lower sales somewhat offset by collection of receivables from Saudi Arabia OPEX down by 2%, mostly due to lower employee costs (-28%) EBITDA margin at 9.2% (+0.7 p.p. YoY)
ERICSSON	Sales: HRK 966.3m ↑ +18% EBITDA: HRK 69.9m ↓ -39% Net profit: HRK 35m ↓ -51%	<ul style="list-style-type: none"> Sales up due to a solid performance on the domestic market (HRK 421.1m or +138% YoY) EBITDA down due to taking over the full responsibility for managed services for HT, transformation and restructuring costs, as well as the impact of COVID-19 CF from op. act. at HRK 157.6m vs HRK 32m H1 2019

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H1 2020



Company	Key figures	Commentary
	Sales: HRK 3.5bn ↓ -5% EBITDA: HRK 1.4bn ↓ -6% Net profit: HRK 313m ↓ -29%	<ul style="list-style-type: none"> Mobile revenue down 6.1% due to pandemic measures that have resulted in lower handset revenue HRK -72m and visitors revenue HRK -29m. Fixed revenue -6.3%, while System solutions up 3.2% or HRK 12m. EBITDA adj. down due to lower revenue. Depreciation up 9% due to higher capex(10%) so net income down.
	Sales: HRK 1.341bn ↑ +11% EBITDA: HRK 83.7m ↑ +29% Net profit: HRK 16m ↑ +180%	<ul style="list-style-type: none"> Sales in the foreign market up by 12.8% (accounts for 72% of total sales) Sales to HEP amounted to HRK 169.9m Backlog as of H1 2020 at HRK 3.5bn Bottom line further boosted by a solid net financial result (HRK 10.7m) due to FX gains
	Sales: HRK 83.58m ↓ -79% EBITDA: HRK -25.4m ↓ N/A Net profit: HRK -168m ↓ -27x	<ul style="list-style-type: none"> The effect of lockdown felt through the P&L OPEX down 34% due to cost rationalisation measures and received state support for pandemic measure in the amount of HRK 18.8m EBITDA at HRK -25.4m (vs. H1 2019 of HRK +107m)
	Sales: HRK 223.7m ↓ -16% EBITDA: HRK 72.8m ↓ -2% Net profit: HRK -1.7m ↓ N/A	<ul style="list-style-type: none"> Revenue down due to a decrease in revenue from interconnection business activities of 64.9% OPEX down 14% to HRK 211.8m EBITDA before one time items after lease up by 0.7% Net loss due to higher net fin. result, higher D&A CAPEX amounted to HRK 51.5m
	Sales: HRK 2.2bn ↑ +5% EBITDA: HRK 320m ↑ +11% Net profit: HRK 166m ↑ +16%	<ul style="list-style-type: none"> Food grew by 4.2%, while Pharma was up 7.7% EBITDA up due to higher sales and savings realised, primarily on marketing expenses (-13.1% YoY). Net financial loss widened by 61.5%, amounting to HRK -15.1m.
	Sales: HRK 109.2m ↓ -84% EBITDA: HRK -107m ↓ N/A Net profit: HRK -299m ↓ -86%	<ul style="list-style-type: none"> Operating revenue in H1 decreased 81.6% YoY, as decrease in Q1 was limited to -10.2% while in Q2 it was -87.4%. Negative EBITDA is a result of disruptions in tourism flows and closure of tourism properties caused by the COVID-19 pandemic.
	Sales: HRK 2.381bn ↓ -13% EBITDA: N/A Net profit: HRK 774m ↓ -39%	<ul style="list-style-type: none"> NII down 12% due to existing pressure on NIM; NFCI down -6.4% Net gains from trading and other income down 31.6% due to lower gains from trading Value adjustments and provisions higher by HRK 266m due to higher credit risk as a result of Covid-19
	Sales: HRK 137.1m ↑ +1% EBITDA: 70.9m ↑ +50% Net profit: HRK 32m ↑ +408%	<ul style="list-style-type: none"> Avg. daily TCE of the fleet in H1 at USD 16,427 (+19%) Daily vessel OPEX at USD 6,580 (-1%) Fleet utilization at 99.7% Sharp decrease in commissions and voyage associated costs of -65% due to less exposure in the spot market Best H1 performance in company's history

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Strong buy - equities with expected absolute revenue of more than 20% in the monitored time period

Buy - equities with expected absolute return of 10%-20% in the monitored time period

Hold - equities with expected absolute return of -10% to 10% in the monitored time period

Sell - equities with expected absolute return below -10% in the monitored time period

Under review - an issuer might be placed Under Review due to new information which is not included in the analysis.

Up to August 14, 2014 the Hold recommendation was used for equities with an expected return of 0% to 10%, while the Sell recommendation was used for equities with an expected negative absolute return. Criteria for other recommendation remained unchanged.

Q2 2020 (31 March - 30 June 2020)

	Number	Share	Companies which InterCapital Securities Ltd. provided investment banking service within last 12 months
Strong Buy	1	5,9%	-
Buy	5	29,4%	HT-R-A
Hold	1	5,9%	-
Sell	0	0,0%	-
Under Review	10	58,8%	-

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