

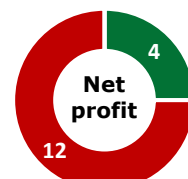
IC Earnings Overview - Croatia

9M 2020

9M 2020 results show the full impact of lock-down imposed by the government due to the outbreak of the Covid-19 pandemic coupled with the effect of the summer tourist season. Tourism companies seem to be the most affected as, in the first 9m, Croatia witnessed a 60.7% drop in arrivals and a 49.1% decrease in tourist nights. As a result, sales of the below mentioned Croatian tourist companies more than halved. Segment wise, Food companies showed strong resilience to the pandemic as evidenced in their 9M results (with the exception of HoReCa segment). Besides that, Insurance showed solid results, as GWP's non-life segment in Croatia grew by 4.7%, while life insurance was quite hit (-15% YoY) by maturing of policies, lower savings through life insurance and early termination of these policies. Also, HT showed a solid Q3 as they observed a 48% surge in System solutions revenue. It is also important to note that most companies recorded unrealized FX losses as a result of the depreciation of HRK to EUR.



■ Improvement
■ Decline
■ Flat
■ N/A



Company

Key figures









Commentary

	Sales: HRK 820m	↓ -23%	<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. • EBITDA in Q3 up 10% YoY.
	EBITDA: HRK 109m	↓ -19%	
	Net profit: HRK 24m	↓ -63%	
	Tot.revenue:HRK 3.9bn	↓ -19%	<ul style="list-style-type: none"> • Consolidated EBITDA of the tourism segment has amounted to HRK 169m and net profit to HRK -29m. • Insurance Arm has improved overall Adris's net profitability as CO net income was up 4.2% YoY amounting to HRK 292m. • Cromaris's revenues were HRK 236m, 7% up YoY.
	Sales: HRK 3.4bn	↓ -23%	
	Net profit: HRK 64m	↓ -88%	
	Sales: HRK 226m	↓ -67%	<ul style="list-style-type: none"> • Sales down 67%, as Croatia operations have supported top line resulting in softer drop vs H1 (-71%) • EBITDA margin down by 28p.p. to 8.1% as a direct result of the decrease in activity on all markets • Net loss decreased vs H1 (HRK -125m)
	EBITDA: HRK 18.6m	↓ -93%	
	Net profit: HRK -110m	↓ n.a.	
	Sales: HRK 3.9bn	↓ -3%	<ul style="list-style-type: none"> • If we exclude the effect of the divested business revenues, sales would be flat. • EBITDA in Q3 up 11% and if we exclude one-off effects, 9M EBITDA is up 2.4% YoY. • Normalized net profit posted an increase of 5.6% YoY.
	EBITDA: HRK 586m	↓ -8%	
	Net profit: HRK 309m	↓ -13%	
	Sales: HRK 216.2m	↓ -16%	<ul style="list-style-type: none"> • In 9M, ATPL transported 4.84m tons of cargo (-13.6%) • Average daily freight rate in 9M at c. USD 8,200 per day (c. -22% YoY). Fleet utilization rate at 97.57% • EBITDA margin at 25.83% (-16.7 p.p. YoY) • After two consecutive Q of losses, ATPL recorded a net profit of HRK 6m in Q3
	EBITDA: HRK 55.6m	↓ -49%	
	Net profit: HRK -51m	↓ N/A	
	Sales: HRK 929.8m	↑ +12%	<ul style="list-style-type: none"> • Rev: Energy Sector (+29%), Infrastructure (+2%), Production (-36.3%), Design (-15%) • EBITDA margin at 6.6% (up by 4.1 p.p.) • Net fin. res. at HRK -9.7m due to FX loss • Loss from discontinued op. (related to the sale of the galvanizing segment) amounted to HRK -51.3m
	EBITDA: HRK 62.1m	↑ +194%	
	Net profit: HRK -20m	↓ N/A	
	Sales: HRK 670.5m	↓ -4%	<ul style="list-style-type: none"> • 54% of sales generated on domestic market • Operating revenue +0.6%; lower sales offset by collection of receivables from Saudi Arabia • EBITDA up mostly on lower staff costs (-19% YoY)
	EBITDA: HRK 76.7m	↑ +32%	
	Net profit: HRK 26m	↑ +54%	
	Sales: HRK 1.44bn	↑ +15%	<ul style="list-style-type: none"> • Sales in dom. market doubled to HRK 664.6m due to higher service revenues for HT. • SG&A up 17.4% due to an increased engagement on presales activities related to 4G/5G radio access and core networks • CF from op. activities at HRK 232.9m (+171% YoY)
	EBITDA: HRK 118.6m	↓ -13%	
	Net profit: HRK 67m	↓ -17%	

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Company	Key figures	Commentary
	Sales: HRK 5.5bn ↓ -4% EBITDA: HRK 2.3bn ↓ -3% Net profit: HRK 559m ↓ -17%	<ul style="list-style-type: none"> Mobile revenue (-6.7%) and Fixed revenue (-5.5%) segments decrease was partially offset by 18.3% growth of System solutions segment (+HRK 103m). Mainly due to lower operating profit and higher depreciation, net income decreased 17.5% YoY to HRK 559m (improvement vs H1 decrease of 29%).
	Sales: HRK 2.051bn ↑ +13% EBITDA: HRK 120.2m ↑ +44% Net profit: HRK 25m ↑ +6x	<ul style="list-style-type: none"> Sales on the Croatian market up 2.9%; on foreign market up 19%. Segment wise, transformers (Končar D&ST) were the driver of sales growth HRK 2.225bn of new transactions contracted in 9M Lower performance of KPT (JV with Siemens) led to 45.7% decrease in share in profit from undertakings linked by virtue of participating interests to HRK 7.4m
	Sales: HRK 482m ↓ -59% EBITDA: HRK 182m ↓ -67% Net profit: HRK -30m ↓ n.a.	<ul style="list-style-type: none"> Top line at 41% of 9M 2019 as its premium hotels in Istria and camps emerged as haven during pandemic. Operating expenses down 44% due to cost rationalisation and state support, so EBITDA margin down only 9pp Bottom line -30m (vs. HRK 370m)
	Sales: HRK 335m ↓ -16% EBITDA: HRK 107m ↓ -3% Net profit: HRK -3m ↓ N/A	<ul style="list-style-type: none"> Sales down due to a 62.1% YoY decrease in interconnection operations. EBITDA before one time items after lease down -0.3%. Net loss due to lower revenue CAPEX amounted to 64.7m.
	Sales: HRK 3.3bn ↑ +3% EBITDA: HRK 435m ↑ +5% Net profit: HRK 216m ↑ +9%	<ul style="list-style-type: none"> Food grew by 2.7%, while Pharma was up 3.0% EBITDA up due to higher sales and savings realised, primarily on marketing expenses (-14.9% YoY). Net financial loss widened by 35.5%, amounting to HRK -12.5m.
	Sales: HRK 634m ↓ -69% EBITDA: HRK 175m ↓ -80% Net profit: HRK -194m ↓ n.a.	<ul style="list-style-type: none"> Top line down due to lock-down and early ending of summer season resulting from travel warnings. State support HRK 97m so opex down 59%. EBITDA margin down 16pp Net income AM -194m includes HRK 81m of deferred tax income for investments.
	Sales: HRK 3.531bn ↓ -13% EBITDA: N/A Net profit: HRK 1.1bn ↓ -30%	<ul style="list-style-type: none"> NII down 11.1% due to a downward pressure on NIM NFCI down 9% to HRK 962.1m; income from trading and other income down by 34.9% to HRK 252m OPEX down 3%, while CIR at a relatively low 47.37%. Value adj. and prov. for losses at HRK 546m due to higher credit risk (+HRK 197m QoQ)
	Sales: HRK 186m ↓ -8% EBITDA: 86m ↑ +8% Net profit: HRK 31m ↑ +76%	<ul style="list-style-type: none"> Sales down due to docking of three tankers and less presence of TNG's fleet at the spot market. EBITDA up as commissions and voyage costs are down. NAV per share amounted to USD 8.99 (cca HRK 58.3), 22.8% above share price.

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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.

Q3 2020 (30 June - 30 September 2020)

	Number	Share	Companies which InterCapital Securities Ltd. provided investment banking service within last 12 months
Strong Buy	2	16,7%	-
Buy	3	25,0%	HT-R-A
Hold	2	16,7%	-
Sell	0	0,0%	-
Under Review	5	41,7%	-

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