

# IC Earnings Overview - Croatia

9M 2024



During 9M 2024, single to double-digit top-line growth was recorded by all but one of the observed companies. The food industry recorded growth on the base of price growth, supported by volume expansion. The tourism industry recorded higher levels of revenue despite stagnating overnight numbers. The banking sector is still benefiting from elevated interest rates, while telecoms maintain sustained growth, focused on profitability. Operating profitability did improve across the board as inflation has largely dissipated, energy costs are stable, and prices of raw materials, excl. exceptions such as cocoa and coffee have also been on a downward trend. Industrials show a mixed story, with Končar's record results, contrasted by the slow recovery of AD Plastik, and the declining top and bottom line of Ericsson NT. Span's profitability is under pressure with expansion effects yet to unfold. The bottom line has improved overall in 11 out of 14 companies, with Končar once again leading the way with triple-digit growth rates. No major changes are expected in the short and medium term, as the easing of interest rates is expected to continue. As such, revenue and profit growth should also continue and could be further positively supported by possible resolutions to the wars in Ukraine and the Middle East.



■ Improvement  
■ Decline



## Company

## Key figures

## Commentary



Sales: EUR 569m ↑ +8%  
EBITDA: EUR 98m ↑ +35%  
Net profit: EUR 60m ↑ +3%

- Food sales up 7.9% YoY, Pharma sales up 10.3%.
- Gross profit margin +4.1 p.p. YoY, due to higher sales, but G&A and S&D costs also grew, by 15.5% and 8.1% YoY, respectively.
- EBITDA margin +3.4 p.p. YoY to 13.9%, supported by sales growth, offset slightly by higher OPEX.
- Norm. net income +47%, excl. tax incentive in 2023.



Sales: EUR 813m ↑ +6%  
EBITDA: EUR 346m ↑ +5%  
Net profit: EUR 108m ↑ +10%

- Revenue higher due to prices & user growth.
- Mobile service revenue +8.6%, Mobile non-service +7.1%, Fixed service +6.7%, System solutions +5.9%, while Fixed non-service rev. down 17.9% YoY.
- Adj. EBITDA AL margin of 38.4%, -0.1 p.p. YoY.
- Net income margin of 13.1%, +0.6 p.p. YoY.



Sales: EUR 794m ↑ +3%  
EBITDA: EUR 193m ↑ +19%  
Net profit: EUR 119m ↑ +16%

- Tourism segment +5% YoY, units sold -3% YoY, due to renovations. EUR 100m of investments in 2024.
- Insurance rev. +12% YoY, Life +20%, Non-life +12%, net inv. income +11%, net income +43% YoY.
- Food rev. roughly the same, with declining profits.



Sales: EUR 735m ↑ +22%  
EBITDA: EUR 140m ↑ +118%  
Net profit: EUR 69m ↑ +123%

- Transformer segment noted sales increase of 39% YoY, while Digital solutions segment up 25% YoY.
- OPEX up 10% YoY, material costs mostly flat YoY.
- Norm. EBITDA margin further expanded to 18.7%, increasing by 9.4 p.p. due to strong top-line growth.
- Norm. EBIT up >2x, net margin of 9.4% (+4.3 p.p.).



Sales: EUR 798m ↑ +11%  
EBITDA: EUR 97m ↑ +33%  
Net profit: EUR 45m ↑ +22%

- Sales up due growth of SBU Coffee, Savoury Spreads and Beverages & higher principal brand sales (+9.2%)
- EBITDA margin up 2 p.p. to 12.2% supported by lower energy costs (-22% YoY), while material prices (+11%), especially cocoa and coffee grew faster than sales.

VALAMAR RIVIERA

Sales: EUR 392m ↑ +12%  
EBITDA: EUR 147m ↑ +5%  
Net profit: EUR 60m ↓ -8%

- Sales supported by strong demand for Premium, new investments and growth in the share of direct sales channels. ARR up 14% YoY to EUR 138.
- Occupancy up 2.6 p.p. to 46.6%, while EBITDA margin declined by 2.7 p.p. YoY, due to OPEX growth.
- Net income affected by extraordinary legal expenses.



Sales: EUR 168m ↓ -18%  
EBITDA: EUR 22m ↓ -25%  
Net profit: EUR 12m ↓ -42%

- Sales down due to the expiration of contract with HT on the domestic market. Excl. this, sales up 6% YoY.
- EBITDA margin down 1.1 p.p. YoY to 13.1%, with OPEX declining 17% YoY due to lower costs of materials and salaries. Net fin. result up 3x YoY.
- Net income margin of 7.1%, -2.8 p.p. YoY.



Sales: EUR 124m ↑ +11%  
EBITDA: EUR 39m ↑ +15%  
Net profit: EUR 15m ↑ +6%

- Acc. rev. up 10% YoY, with growth across all regions. Croatia up 8% YoY, Germany 13%, CEE 36%. ADR up in Croatia, the same in Germany, down in CEE.
- Occupancy the same in Croatia, up in Germany & CEE
- EBITDA margin of 37.5%, up 0.7 p.p. YoY.
- Net income margin of 14.7%, down 0.7 p.p. YoY.

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Company	Key figures		Commentary
	Sales: EUR 108m	↑ +19%	<ul style="list-style-type: none"> <li>Sales up due to a gradual recovery in the supply of semiconductors, leading to an increase in car production, but real growth remains to be seen.</li> <li>EBITDA also grew on the back of top-line improvement due to recovery in supply of semiconductors.</li> <li>Net profit improvement driven by the stabilization within the industry. Net margin up 0.1 p.p. to 0.5%.</li> </ul>
	EBITDA: EUR 9m	↑ +29%	
	Net profit: EUR 1m	↑ +44%	
	Sales: EUR 230m	↑ +6%	<ul style="list-style-type: none"> <li>No. of units sold at 1.5m, 98% of 2023's.</li> <li>Avg. prices up 9%, leading to sales growth.</li> <li>OPEX is 4% higher YoY, while EBITDA margin increased by 0.7 p.p. to 43.1%.</li> <li>Net margin at 30.7%, up by 0.5 p.p. YoY.</li> </ul>
	EBITDA: EUR 99m	↑ +7%	
	Net profit: EUR 71m	↑ +7%	
	Sales: EUR 133m	↑ +8%	<ul style="list-style-type: none"> <li>Revenue up 8.7%, supported by volume sales of 27k tonnes, an increase of 0.5% YoY.</li> <li>Focus remains on internal resource optimization and cost rationalization</li> <li>EBITDA margin of 12.5%, +0.8 p.p. YoY.</li> <li>Net income margin of 5.4%, up 0.6 p.p. YoY.</li> </ul>
	EBITDA: EUR 15m	↑ +14%	
	Net profit: EUR 7m	↑ +22%	
	Sales: EUR 138m	↑ +31%	<ul style="list-style-type: none"> <li>Sales growth from SAM &amp; Licensing segment due to consolidation of Estonian GT Tarkvara, amplified by Ukraine „returning“ to P&amp;L from Q2 onwards.</li> <li>OPEX growth 30% YoY, material exp. up 38%, staff expenses 12% (more employees &amp; higher salaries).</li> <li>EBITDA margin of 5.6%, slightly up by 0.3 p.p. YoY.</li> </ul>
	EBITDA: EUR 8m	↑ +39%	
	Net profit: EUR 3m	↑ +16%	
	Op. rev: EUR 783m	↑ +10%	<ul style="list-style-type: none"> <li>NII up 8% YoY, supported by higher loans to customers (+7% to EUR 13.6bn), and loans to banks (+66% to EUR 3.6bn). NFCI also up 7% YoY.</li> <li>As a result, net banking income up 10% YoY. OPEX on the other hand, grew by 5%, due to wage inflation.</li> <li>Provisions for credit risk remain the same YoY.</li> </ul>
	EBITDA: N/A		
	Net profit: EUR 456m	↑ +13%	
	Op. rev: EUR 167m	↑ +11%	<ul style="list-style-type: none"> <li>NII up 14% YoY, mainly due to higher cash and cash balances held at CB (EUR 3.22bn, +69% YoY).</li> <li>Loans and advances to customers down by 1% (YoY) to EUR 2.9bn, while debt securities are up by 27% to EUR 1.03bn.</li> <li>NFCI +8%, op. income +11%, net income -10% YoY.</li> </ul>
	EBITDA: N/A		
	Net profit: EUR 61m	↓ -10%	

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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 2024 (30 June - 30 September 2024)

	Number	Share	Companies which InterCapital provided investment banking service within last 12 months
Strong Buy	4	28.6%	-
Buy	3	21.4%	HT CZ
Hold	2	14.3%	-
Sell	0	0.0%	-
Under Review	5	35.7%	-

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