

**INFORMATION REGARDING
THE BUSINESS RESULTS OF
THE INTEREUROPA GROUP
AND
INTEREUROPA D.D.**

IN 2018

Business results of the Intereuropa Group¹

The Intereuropa Group generated EUR 160.4 million in sales revenue in 2018, an increase of 7% relative to 2017 and the highest figure recorded in the last five years. Operating cash flows (hereinafter: EBITDA) were at the level recorded the previous year. The Group's debt was down by 10%, despite the fact that investments in property, plant and equipment and intangible assets in 2018 (in the amount of EUR 5.4 million) were the highest since the financial restructuring of the company began.

Table 1: Key unaudited data regarding the business results of the Intereuropa Group

in EUR thousand	2018	2017	Index 18/17
Sales revenue	160,382	149,889	107
Other operating revenue	2,032	2,596	78
Costs of goods, materials and services	117,332	107,293	109
Labour costs	28,851	27,173	106
<i>of which expenses for employee participation in profits</i>	1,060	94	1,125
Amortisation/depreciation	6,276	6,353	99
Other operating expenses	2,884	11,019	26
<i>Revaluation operating expenses for intangible assets and property, plant and equipment</i>	71	7,343	1
<i>Other operating expenses</i>	2,813	3,675	77
Operating profit (EBIT)	6,421	311	2,068
Finance income	143	362	40
Finance costs	2,187	2,711	81
Loss from financing activities	-2,044	-2,349	-
Profit from ordinary operations	4,385	-2,028	-
Corporate income tax (including deferred taxes)	-350	-49	-
Net profit or loss	4,735	-1,979	-
EBITDA	12,768	12,736	100
Adjusted EBITDA	12,587	12,328	102
EBITDA margin (in %)	7.96	8.50	94
EBIT margin (in %)	4.00	0.21	1,933
Sales revenue per employee/month	10.258	9.337	110
Value added per employee/month	2.662	2.486	107
ROE	3.91	-1.60	-

in EUR thousand	31 Dec 2018	31 Dec 2017	Index 18/17
Assets	237,130	233,759	101
Equity	125,700	121,136	104
Net debt	60,197	67,114	90
Investments in intangible assets and property, plant and equipment	5,374	2,690	200
No. of employees	1,303	1,338	97

EBITDA: operating profit + depreciation/amortisation + revaluation operating expenses for intangible assets and property, plant and equipment – revaluation operating revenues from the reversal of impairments of intangible assets and property, plant and equipment.

¹ Information regarding the business results of the Intereuropa Group was drawn up on the basis of unaudited data.

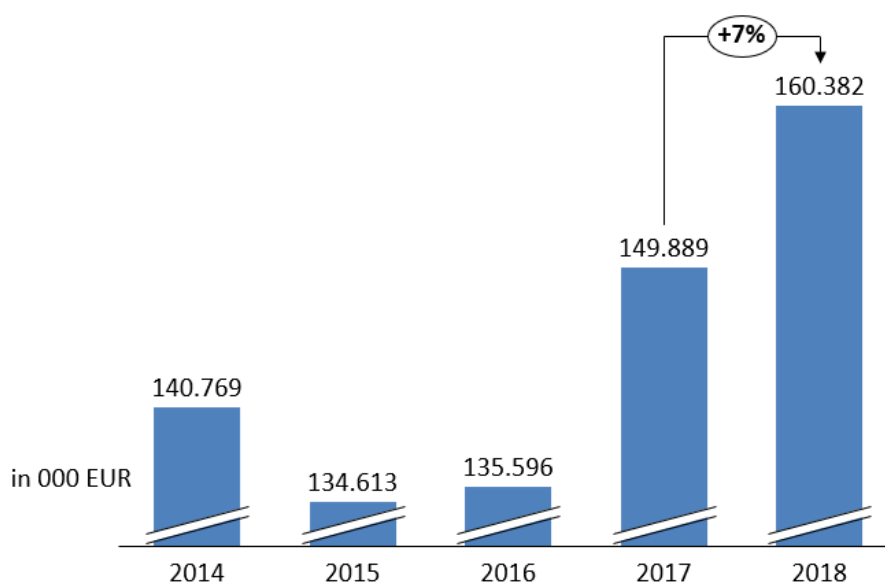
Adjusted EBITDA: excludes the effect of other operating revenues, expenses for creation of provisions, expenses for employee participation in profits and expenses associated with the correction of errors from previous years at subsidiaries.

Net debt: financial liabilities – loans granted and deposits – cash

No. of employees: calculated on full-time equivalent basis

Based on unaudited figures, the Intereuropa Group generated EUR 160.4 million in sales revenue in 2018, an increase of 7% on 2017 and 2% higher than planned.

Figure 1: Changes in the sales revenue of the Intereuropa Group between 2014 and 2018



Despite problems at the subsidiary in Serbia, the Group achieved 7% growth in sales in 2018, primarily as the result of intensive sales activities. The highest growth relative to the previous year was recorded by the parent company Intereuropa d.d. and the subsidiary in Croatia, which after years of stagnation and adaptations following the aforementioned country's entry to the European Union, successfully restructured its operations for the second year. The sharpest fall in sales was recorded by the subsidiary in Serbia due to the harmful conduct of the former executive staff.

Growth in sales was achieved in all three of the Group's business lines: land transport, logistics solutions and intercontinental transport.

The trend of a declining average sales margin continued in 2018, primarily as the result of higher costs of transport services and a change in the structure of sales on account of an increase in sales in the intercontinental transport segment.

The Intereuropa Group generated EBITDA of EUR 12.8 million in 2018, which was at the level recorded the previous financial year but 12% lower than planned. Having a significant effect on the EBITDA generated in 2018 were high employee participation in the profit of the parent company (disclosed in labour costs), expenses associated with the recognition of errors from previous years at subsidiaries and revenues from the reversal of provisions. Taking into account the aforementioned events, adjusted EBITDA amounted to EUR 12.6 million in 2018, an increase of 2% on the adjusted EBITDA generated the previous year.

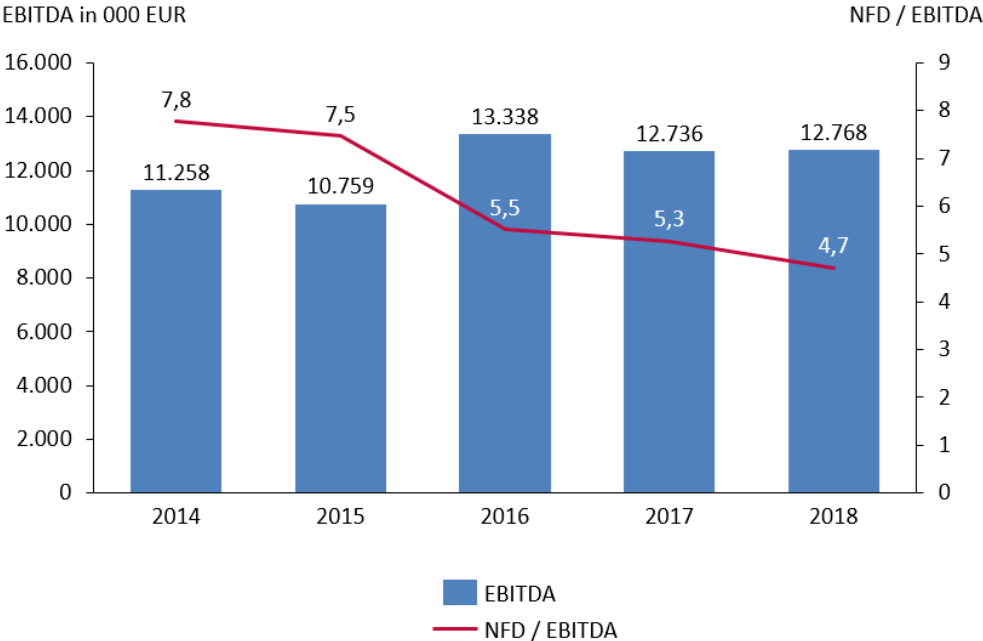
Labour costs and the costs of hired external labour were up by EUR 2.6 million or 8.6% relative to the previous year. Labour costs per employee were up by 9.0%, primarily as the result of

expenses for employee participation in the profit of the parent company in the amount of EUR 1.1 million.

The Intereuropa Group’s operating profit amounted to EUR 6.4 million in 2018, which was EUR 6.1 million higher than the previous year but EUR 1.0 million lower than planned.

The Group continued to reduce its debt in 2018, despite a high level of investments in property, plant and equipment and intangible assets. Its net debt amounted to EUR 60.2 million at the end of 2018, a reduction of EUR 6.9 million during the year, which was seen in an improvement in the Group’s net debt / EBITDA ratio. The latter stood at 4.7 in 2018, a decrease of 10.5% on the previous year. Due to the reduction in debt, interest expenses were also lower by EUR 0.2 million or 7.3% in 2018.

Figure 2: Changes in EBITDA and the net debt / EBITDA ratio of the Intereuropa Group between 2014 and 2018



NFD / EBITDA: net debt at the end of the year / EBITDA for the year

The Intereuropa Group generated a net profit of EUR 4.7 million in 2018, an increase of EUR 6.7 million on the previous year and EUR 0.2 million more than planned.

The Group invested EUR 5.4 million in property, plant and equipment and intangible assets in 2018. Of that amount, EUR 2.8 million was invested in real estate and EUR 2.5 million in equipment and intangible assets. The most important investments were the modernisation and expansion of warehousing capacities in Celje, the development and upgrading of information technology, and investment maintenance at the warehouses in Maribor and Zagreb.

Business results of the parent company Intereuropa d.d. ²

The parent company Intereuropa d.d. (also hereinafter: the company) generated EUR 111.9 million in sales revenue in 2018, an increase of 8% on 2017 and 2% above planned revenue. Growth in sales was achieved in all three business lines: land transport, logistics solutions and intercontinental transport. Similar to 2017, the sales margin was down slightly again in 2018, primarily due to a change in the structure of sales as the result of higher growth in intercontinental transport, rising purchase prices of transport services and pressure from customers to reduce selling prices.

The company generated EBITDA of EUR 9.4 million, an increase of 11% on 2017 and 7% higher than planned. EBITDA adjusted for one-off events amounted to EUR 9.1 million in 2018, an increase of 1% relative to adjusted EBITDA in 2017.

The company's operating profit amounted to EUR 5.3 million in 2018, which was 92% or EUR 2.5 million higher than the previous year, and 16% or EUR 0.7 million higher than planned. Adjustments to the value of real estate in the amount of EUR 1.7 million had a significant effect on operating profit in 2017.

Despite a high level of investments, the company further reduced its debt in 2018, which is reflected in part in lower interest expense.

At 1 March 2019 the company and all creditor banks concluded an annex to the financial restructuring agreement that regulates financial liabilities to those banks. The aforementioned annex extends the validity of the agreement until the end of January 2020. This will allow the company to refinance its financial liabilities following the completion of the sale of a majority holding of its shares.

Table 2: Key unaudited data regarding the business results of Intereuropa d.d.

in EUR thousand	2018	2017	Index 18/17
Sales revenue	111,890	103,976	108
Other operating revenue	1,444	526	275
Costs of goods, materials and services	83,686	76,529	109
Labour costs	18,796	17,459	108
<i>of which expenses for employee participation in profits</i>	<i>1,046</i>	<i>90</i>	<i>1,160</i>
Amortisation/depreciation	4,070	4,040	101
Other operating expenses	1,125	3,680	31
<i>Revaluation operating expenses for intangible assets and property, plant and equipment</i>	<i>44</i>	<i>1,707</i>	<i>3</i>
<i>Other operating expenses</i>	<i>1,082</i>	<i>1,973</i>	<i>55</i>
Operating profit (EBIT)	5,332	2,783	192
Finance income	1,050	862	122
Finance costs	2,074	3,459	60
Loss from financing activities	-1,024	-2,597	-
Profit from ordinary operations	4,308	186	2,314

² Information regarding the business results of the parent company Intereuropa d.d. was drawn up on the basis of unaudited data.

Corporate income tax (including deferred taxes)	164	-154	-
Net profit or loss	4,144	340	1,219
EBITDA	9,446	8,531	111
Adjusted EBITDA	9,062	8,973	101
EBITDA margin (in %)	8.44	8.20	103
EBIT margin (in %)	4.77	2.68	178
Sales revenue per employee/month	16.466	15.025	110
Value added per employee/month	4.156	3.755	111
ROE	4.88	0.40	1,232

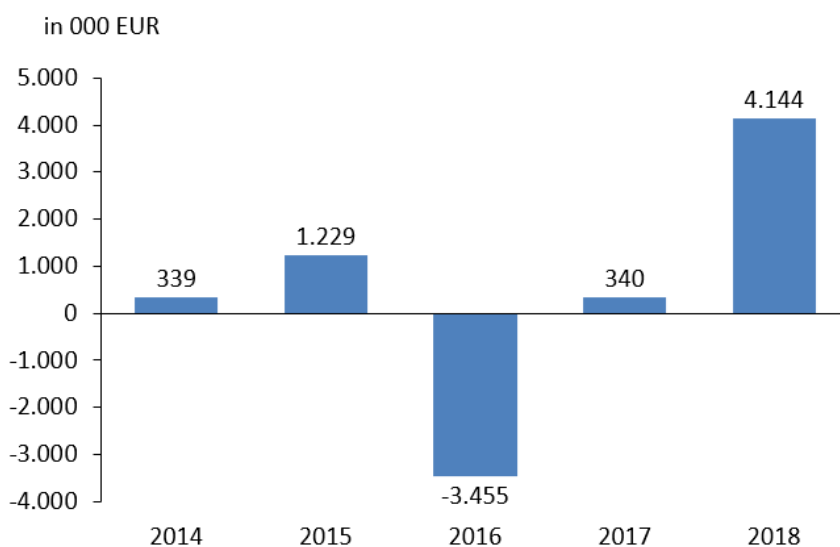
in EUR thousand	31 Dec 2018	31 Dec 2017	Index 18/17
Assets	189,201	184,366	103
Equity	89,094	84,884	105
Net debt	64,631	69,670	93
Investments in intangible assets and property, plant and equipment	4,198	1,578	266
No. of employees	566	577	98

	2018	2017	Index 18/17
Earnings per share (in EUR)	0.15	0.01	1,500
Book value per share at the end of period (in EUR)	3.24	3.09	105

Book value per share = equity / (total number of ordinary and preference shares issued – number of treasury shares).

The company generated a profit from ordinary operations of EUR 4.3 million in 2018. Net profit amounted to EUR 4.1 million following the calculation of current and deferred taxes.

Figure 3: Changes in the operating profit of the parent company Intereuropa d.d. in the period 2014 to 2018



The parent company invested EUR 4.2 million in 2018. Of that amount, EUR 2.5 million was invested in real estate and EUR 1.7 million in equipment and intangible assets. The most important investment was the modernisation and expansion of warehousing capacities in Celje.

The book value of one share stood at EUR 3.24 at the end of 2018, which was 4.9% higher than the previous year, while earnings per ordinary share amounted to EUR 0.15.

Intereuropa d.d.

Management Board