



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

**IN 2019**

(UNAUDITED RESULTS)

## Business results of the Intereuropa Group<sup>1</sup>

The year 2019 was characterised by the sale of a majority holding of the shares of Intereuropa, d. d., which was acquired by Pošta Slovenije on 13 November 2019. That package comprised 9,168,425 ordinary shares and 10,657,965 preference shares of Intereuropa, d. d. Intereuropa, d. d. thus gained a strategic owner whose capital strength will facilitate the continued development of the Intereuropa Group.

Based on unaudited figures, the Intereuropa Group generated sales revenue of EUR 160.4 million in 2019, similar to the level recorded in 2018, when sales revenue reached its highest level of the last six years. Operating cash flows (hereinafter: EBITDA) were up by 14% and totalled EUR 13.9 million. Deleveraging activities by the Intereuropa Group continued in 2019. The Group's net debt was down by EUR 6.7 million to stand at EUR 53.5 million at the end of 2019, resulting in an EBITDA ratio of 3.9.

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

in EUR thousand	2019	2018 (adjusted) <sup>2</sup>	2018	Index 19/18 (adjusted)
<b>Sales revenue</b>	<b>160,352</b>	<b>160,382</b>	<b>160,382</b>	<b>100</b>
Gains/losses from the derecognition of operating receivables	-45	-127	-127	-
Other operating revenues	2,597	2,032	2,032	128
Costs of goods, materials and services	116,144	117,332	117,332	99
Labour costs	28,926	28,851	28,851	100
Amortisation and depreciation	7,434	6,276	6,276	118
Losses due to the impairment of receivables	-460	523	523	-
Other operating expenses	3,704	3,441	2,885	108
<i>Revaluation operating expenses for intangible assets and property, plant and equipment</i>	<i>549</i>	<i>56</i>	<i>56</i>	<i>980</i>
<i>Other operating expenses</i>	<i>3,155</i>	<i>3,385</i>	<i>2,829</i>	<i>93</i>
<b>Operating profit (EBIT)</b>	<b>7,157</b>	<b>5,865</b>	<b>6,421</b>	<b>122</b>
Finance income	816	143	143	570
Finance costs	1,893	2,189	2,189	86
<b>Loss from financing activities</b>	<b>-1,077</b>	<b>-2,045</b>	<b>-2,045</b>	<b>-</b>
<b>Profit from ordinary operations</b>	<b>6,080</b>	<b>3,828</b>	<b>4,384</b>	<b>159</b>
Corporate income tax (including deferred taxes)	2,211	-281	-381	-

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

<sup>2</sup> The adjustment to the financial statements for 2018 was the result of fraud committed at a subsidiary. That incident is described in more detail on page 4.

<b>Net profit</b>	<b>3,869</b>	<b>4,109</b>	<b>4,765</b>	<b>94</b>
<b>in EUR thousand</b>	<b>2019</b>	<b>2018</b>	<b>2018</b>	<b>Index 19/18</b>
		<b>(adjusted)<sup>3</sup></b>		<b>(adjusted)</b>
<b>EBITDA<sup>4</sup></b>	<b>13,855</b>	<b>12,197</b>	<b>12,753</b>	<b>114</b>
Normalised EBITDA <sup>5</sup>	13,808	14,105	14,105	98
EBITDA margin (in %)	8.64	7.60	7.95	114
EBIT margin (in %)	4.46	3.66	4.00	122
Sales revenue per employee/month	10.338	10.393	10.393	99
Value added per employee/month	2.758	2.660	2.696	104
ROE	3.2	3.5	4.1	92

<b>in EUR thousand</b>	<b>31 December 2019</b>	<b>31 December 2018 (adjusted)</b>	<b>31 December 2018</b>	<b>Index 19/18 (adjusted)</b>
Assets	223,816	232,827	232,927	96
Equity	122,470	120,190	121,643	102
Net debt <sup>6</sup>	53,540	60,197	60,197	89
Investments in property, plant and equipment, and intangible assets	2,879	5,374	5,374	54
Number of employees <sup>7</sup>	1,293	1,286	1,286	101

Based on unaudited figures, the Intereuropa Group generated EUR 160.4 million in sales revenue in 2019, which was at the level recorded in 2018 when the Albanian subsidiary was included in consolidation. This was not the case in 2019. The most significant rise in sales revenue in 2019 relative to 2018 was recorded by the subsidiary in Croatia, which has been successfully restructuring its operations for three years. An increase in sales revenue was also recorded by the subsidiaries in Ukraine, Kosovo and Montenegro, while a drop was recorded by the subsidiaries in North Macedonia, Serbia and Bosnia and Herzegovina.

The highest growth in sales revenue was recorded by the logistics solutions segment, while sales revenue was also up in the land transport segment. Revenues were down in the intercontinental transport segment.

<sup>3</sup> The adjustment to the financial statements for 2018 was the result of fraud committed at a subsidiary. That incident is described in more detail on page 4.

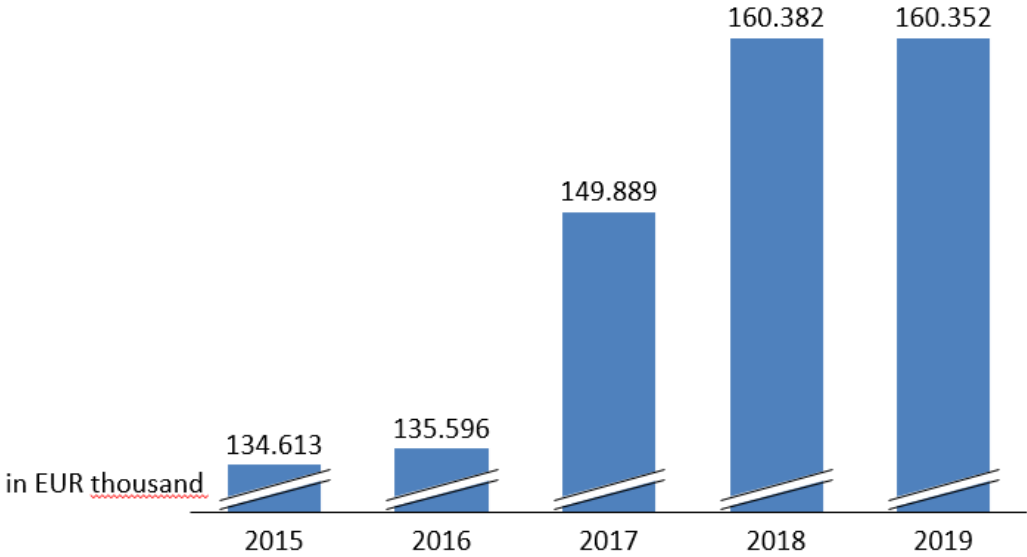
<sup>4</sup> EBITDA: operating profit + depreciation/amortisation + revaluation operating expenses for intangible assets and property, plant and equipment – revaluation operating revenues from the reversal of impairments of intangible assets and property, plant and equipment.

<sup>5</sup> Normalised EBITDA: excludes the effect of other operating revenues, expenses from the creation of provisions, expenses for the participation of employees and hired labour in profits, expenses associated with the effect of fraud at a subsidiary, revenues from the reversal of value adjustments as the result of the repayment of old operating receivables based on a court settlement, expenses from the correction of errors in previous years at group subsidiaries, and expenses from the exclusion of a subsidiary from consolidation in 2019. Taken into account in 2018 is the effect of the introduction of IFRS 16 in the amount of depreciation of right-of-use assets under lease in 2019.

<sup>6</sup> Net debt: financial liabilities – loans granted and deposits – cash

<sup>7</sup> No. of employees: calculated on full-time equivalent basis

Figure 1: Changes in the sales revenue of the Intereuropa Group between 2015 and 2019



The Group’s actual sales revenue was 5.5% below the planned level, most notably at the subsidiary in Serbia where in 2019 that company was still feeling the effects of the harmful conduct of the former executive staff in 2018.

In 2019, the Intereuropa Group successfully halted the trend of a declining average sales margin from previous years, and recorded an increase in the average sales margin in 2019 by 0.2 percentage points relative to 2018.

The Intereuropa Group generated EBITDA of EUR 13.9 million in 2019, an increase of 14% relative to the previous year, but 2.6% lower than planned. The main factor in the increase in EBITDA in 2019 was the effect of the transition to the new IFRS 16, where the cost of depreciation of right-of-use assets under lease amounted to EUR 1.4 million in 2019. Also contributing positively were revenues from the reversal of adjustments to the value of receivables due to the recovery of operating receivables that were several years old and impaired in full in the past.

Having a negative effect on EBITDA were other operating expenses due to a case of fraud at the subsidiary in Croatia, where the embezzlement of funds was discovered at the end of October 2019. A forensic investigation was still ongoing at that subsidiary when the unaudited financial statements were compiled. For that reason, temporary estimates of the effects of fraud were recognised in other operating expenses in the amount of EUR 0.5 million in 2019. Because fraud was also committed in previous years, other operating expenses and deferred taxes in the income statement for 2018 were also adjusted for those effects in the amounts of EUR 0.6 million and EUR 0.1 million, respectively. Retained earnings from previous years were EUR 0.8 million lower as at 1 January 2018 as the result of the same effects.

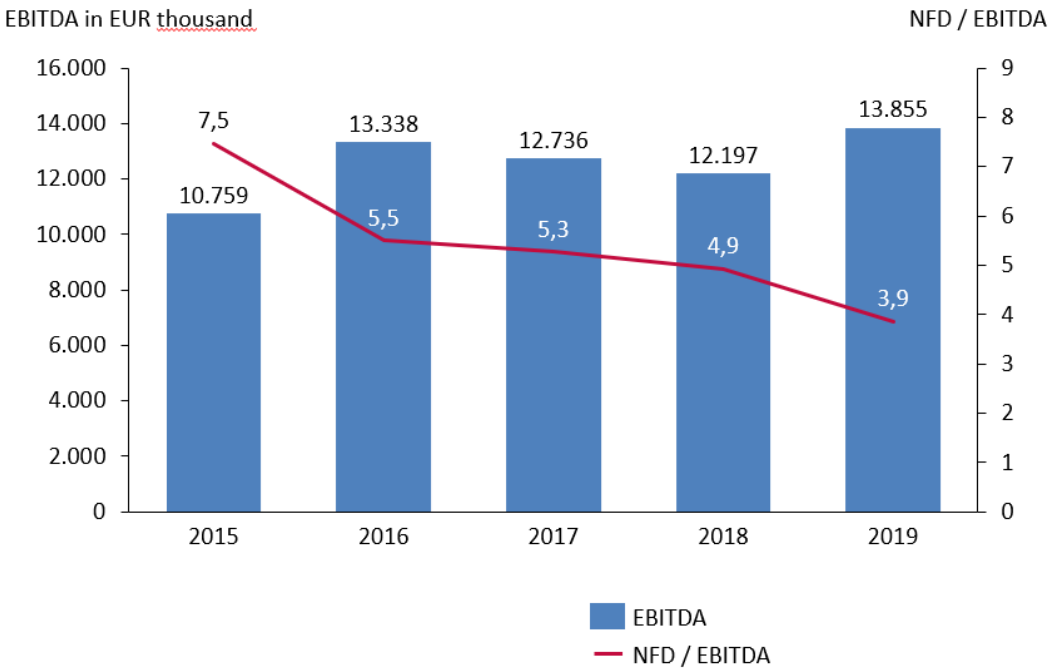
Normalised EBITDA amounted to EUR 13.8 million in 2019, a decrease of 2% relative to normalised EBITDA in 2018.

Labour costs and the costs of hired labour combined were at the same level recorded the previous year, as were average labour costs per employee.

The Intereuropa Group’s operating profit amounted to EUR 7.2 million in 2019, which was EUR 1.3 million or 22% higher than the previous year. In addition to the above-mentioned recovery of receivables from previous years and expenses as the result of fraud at a subsidiary, the revaluation of real estate in the amount of EUR 0.8 million also had a net positive effect on operating profit. Operating profit in 2019 was EUR 0.4 million or 6% lower than planned.

The Group’s net debt amounted to EUR 53.5 million at the end of 2019, a reduction of EUR 6.7 million during the year, which was seen in an improvement in the Group’s net debt / EBITDA ratio, which stood at 3.9 in 2019, a decrease of 21.7% relative to the previous year. Due to the reduction in debt, interest expenses were also lower by EUR 0.3 million or 13.2% in 2019.

Figure 2: Changes in EBITDA and the net debt / EBITDA ratio of the Intereuropa Group between 2015 and 2019



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

The Intereuropa Group generated a net profit of EUR 3.9 million in 2019, a decrease of EUR 0.2 million relative to the previous year and EUR 1.8 million lower than planned. Higher expenses from deferred taxes had a significant impact on disclosed results.

The Group invested EUR 2.9 million in property, plant and equipment and intangible assets in 2019. Of that amount, EUR 0.7 million was invested in real estate and EUR 2.2 million in equipment and intangible assets.

## Business results of the parent company Intereuropa, d. d.<sup>8</sup>

Based on unaudited figures the parent company Intereuropa, d. d.<sup>9</sup> (also hereinafter: the company) generated EUR 111.8 million in sales revenue in 2019, which was equal to the level recorded in 2018 and 5% below planned revenue. Growth in sales was achieved in the land transport and logistics solutions segments, while sales in the intercontinental transport segment were down relative to the previous year. In 2019, the company successfully halted the trend of a declining sales margin from previous years, and recorded an increase in the sales margin by 0.2 percentage points relative to 2018.

The company generated EBITDA of EUR 9.3 million, a decrease of 2% relative to 2018 and 4% higher than planned. Having a significant impact on EBITDA in 2019 were the effects of the transition to the new IFRS 16 and revenues from the reversal of adjustments to operating receivables from previous years that were impaired in full in the past.

Normalised EBITDA amounted to EUR 9.3 million in 2019, a decrease of 3% relative to normalised EBITDA in 2018.

The company's operating profit amounted to EUR 5.0 million in 2019, which was 8% or EUR 0.4 million higher than planned, and 5% or EUR 0.3 million lower than the previous year.

The company further reduced its debt by EUR 9.4 million in 2019, which is reflected in part in lower interest expense.

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

in EUR thousand	2019	2018	Index 19/18
<b>Sales revenue</b>	<b>111,828</b>	<b>111,890</b>	<b>100</b>
Gains/losses from the derecognition of operating receivables	-44	-37	-
Other operating revenues	706	1,444	49
Costs of goods, materials and services	83,393	83,685	100
Labour costs	18,915	18,796	101
Amortisation and depreciation	4,427	4,071	109
Losses due to the impairment of receivables	-532	289	-
Other operating expenses	1,244	1,126	111
<i>Revaluation operating expenses for intangible assets and property, plant and equipment</i>	<i>52</i>	<i>44</i>	<i>120</i>
<i>Other operating expenses</i>	<i>1,192</i>	<i>1,082</i>	<i>110</i>
<b>Operating profit (EBIT)</b>	<b>5,043</b>	<b>5,332</b>	<b>95</b>
Finance income	2,317	1,050	221
Finance costs	2,252	2,073	109
<b>Gain or loss from financing activities</b>	<b>65</b>	<b>-1,024</b>	<b>-</b>

<sup>8</sup> Information regarding the business results of the parent company Intereuropa, d. d. was drawn up on the basis of unaudited data.

<sup>9</sup> The acquisition of a majority holding of the shares of the parent company Intereuropa, d. d. by Pošta Slovenije, d. o. o. was completed on 13 November 2019.

in EUR thousand	2019	2018	Index 19/18
<b>Profit from ordinary operations</b>	<b>5,108</b>	<b>4,308</b>	<b>119</b>
Corporate income tax (including deferred taxes)	1,715	164	1,046
<b>Net profit</b>	<b>3,393</b>	<b>4,144</b>	<b>82</b>
<b>EBITDA</b>	<b>9,271</b>	<b>9,446</b>	<b>98</b>
Normalised EBITDA	9,296	9,580	97
EBITDA margin (in %)	8.29	8.44	98
EBIT margin (in %)	4.51	4.77	95
Sales revenue per employee/month	16.013	16.466	97
Value added per employee/month	4.036	4.156	97
ROE	4.0	5.1	78

in EUR thousand	31 December 2019	31 December 2018	Index 19/18
Assets	177,072	185,114	96
Equity	87,554	85,006	103
Net debt	57,293	64,630	89
Investments in property, plant and equipment, and intangible assets	1,604	4,198	38
No. of employees	582	566	103

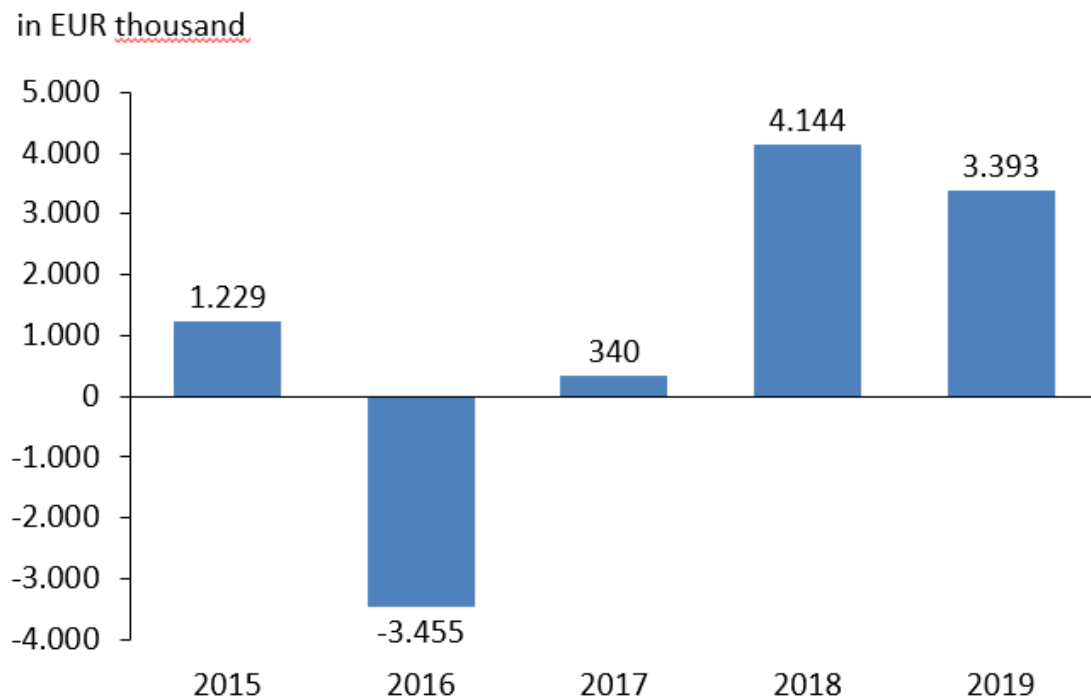
	2019	2018	Index 19/18
Earnings per share (in EUR)	0.12	0.15	80
Book value per share at the end of period (in EUR) <sup>10</sup>	3.19	3.09	103

In September 2019, the company began the process of refinancing loans that were governed by a refinancing agreement concluded in 2012. That process was successfully completed in January 2020 when the company concluded a long-term loan agreement in the amount of EUR 54,850,000 with a syndicate of banks, including Nova Ljubljanska banka, d. d. acting as the organiser and agent. Pošta Slovenije, d. o. o. contributed to that successful refinancing by issuing a guarantee covering 80% of the amount of that loan. Successful refinancing provides Intereuropa, d. d. and the Intereuropa Group with long-term financial stability, and also provides additional opportunities for development within the Pošta Slovenije Group.

The company generated a profit from ordinary operations of EUR 5.1 million in 2019, while net profit amounted to EUR 3.4 million, a decrease of 18% relative to the previous year.

<sup>10</sup> Book value per share = equity / (total number of ordinary and preference shares issued – number of treasury shares).

Figure 3: Changes in the net profit of the parent company Intereuropa, d. d. in the period 2015 to 2019



The parent company invested EUR 1.6 million in 2019. Of that amount, EUR 0.3 million was invested in real estate and EUR 1.3 million in equipment and intangible assets.

The book value of one share stood at EUR 3.19 at the end of 2019, an increase of 3.2% relative to the previous year, while net earnings per ordinary share amounted to EUR 0.12.

Intereuropa, d. d.

Management Board