



# TELEKOM SLOVENIJE, D.D.

www.telekom.si

Sector:  
Telecommunications

Ticker:  
TLSG SV

PRICE (10.04.2007)	EUR 380.84
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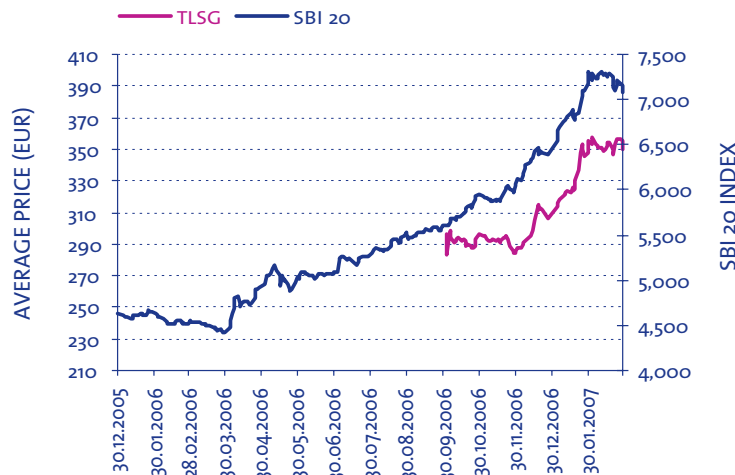
TLSG	
NO OF SHARES	6,535,478
MIN (52 WEEK)	EUR 283.49
MAX (52 WEEK)	EUR 396.98
MARKET CAP.	EUR 2,488.97 MN

BV (31.12.2006)	EUR 156.83
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RATIOS*	
P/E	25.79
P/B	2.53
EPS	EUR 15.47

\* values based on 2006 results and current prices

Telekom Slovenije is the leading Slovenian telecommunications operator. The company was established in 1995 when PTT Slovenije was divided into two sectors, post and telecom. Since then it was subsequently developing telecommunications services parallel with the world's development of telecommunications. In some areas Telekom Slovenije was even among worlds pioneers to present new services. Telekom Slovenije has dominant market shares in the area of telephony, mobile telephony and internet services.



## COMPANY PROFILE:

Telekom Slovenije was established in 1995 when PTT Slovenije (Post Telegraph and telephony of Slovenia) was divided into two parts, post and telecommunications. Telekom Slovenije has been developing telecommunications services. As it has been under ownership control of government of Slovenia the company finds it difficult to spread its services to neighbouring regions. The company focused to maintain predominant market share in Slovenia. Doing that it has been developing and providing services as soon as they were discovered. Already in 1995, Telekom Slovenije introduced ISDN Technology and by the end of the century it achieved 100% digitalized lines.

In 1996 the company introduced internet services under the name Siol, that was later developed into a subsidiary managing internet services including Television access.

Another subsidiary Mobitel is developing mobile telephony and was first in Slovenia to provide third generation mobile services - UMTS. In the past years it was Mobitel to provide most of the group's net profits. Mobitel is the largest Slovenian mobile telecommunications operator.

Telekom Slovenia holds five more subsidiaries:

- GVO, d.o.o. which carries out construction and maintenance of telecommunication cable network;
- Avtenta, d.o.o.: The company is the system integrator of business communications which develops and designs solutions, integrates and maintains teleinformation infrastructure for the companies in Slovenia.



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- Teledat, d.o.o.: The core activity of Teledat is to provide various information about subscribers of Telekom Slovenija d. d. and other carriers, as well as other information, by publishing the Telephone directory of Slovenia in printed, electronic and web editions.

As already mentioned the company has not been involved in any of the activities outside Slovenia until recently. In 2006 Telekom Slovenije acquired two companies On.net and Ipko Net.

On.net is second largest internet service provider in Macedonia, with its service portfolio comprising dial-up, ADSL broadband, and Wi-Fi wireless access to the internet. It is renowned for its planning of the largest Wi-Fi network establishment project in the world.

Ipko Net is the main internet services provider in Kosovo. Currently Ipko Net provides services such as internet access, data transport and/or inter-office telephony to more than 2,000 business clients, and it has over 1,000 internet users as well.

The future of Telekom Slovenije very much depends on its on going privatization process and possible strategic partner. Two main goals that are presented by the present management is to further develop its services and also to penetrate its activities into neighbouring regions.

### PERFORMANCE:

In 2006 the net revenues of Telekom Group amounted to EUR 719.7 mn increasing 8% from the year before. The operating profit increased 15% to EUR 134 mn and the net profit in the amount of EUR 100.6 mn was 5% higher than in 2005. Net sales revenues of the parent company amounted to EUR 394 mn, an increase of 4%. The operating profit reached EUR 67.2 mn, which is 10% higher and the net profit amounted to EUR 96.5 mn, which is 90% higher than in 2005.

Because Telekom has been under ownership control of government of Slovenia the company has not been involved in any of the activities outside Slovenia until recently. In 2006 Telekom Slovenije acquired two companies On.net and Ipko Net. On.net is the second largest internet service provider in Macedonia and is renowned for its planning of the largest Wi-Fi network establishment project in the world. Ipko Net is the main internet service provider in Kosovo. Two main goals that are presented by the present management is to further develop its services and also to penetrate its activities into neighbouring regions.

The future of Telekom Slovenije very much depends on its on going privatization process and possible strategic partner. The Government adopted its Strategic Guidelines for the Sale of the State Interest in Telekom Slovenije, Plc, on 11<sup>th</sup> May 2006 and has already chosen an adviser for due diligence and sale activities.

**SHAREHOLDERS:**

On 10<sup>th</sup> April 2006, ten largest shareholders owned an 80.05% stake of the company:

SHAREHOLDER	NO OF SHARES	% STAKE	CUMULATIVE % STAKE
REPUBLIC of SLOVENIA	4,086,418	62.53	62.53
KAPITALSKA DRUŽBA, D.D.	365,175	5.59	68.11
SLOVENSKA ODŠKODNINSKA DRUŽBA, D.D.	277,839	4.25	72.37
NFD 1 DELNIŠKI INVESTICIJSKI SKLAD D.D.	121,287	1.89	74.22
KAPITALSKA DRUŽBA D.D. - PPS	115,558	1.77	75.99
AKTIVA NALOŽBE, D.D.	81,292	1.24	77.23
DELNIŠKI VZAJEMNI SKLAD TRIGLAV STEBER I	66,641	1.02	78.25
MAKSIMA HOLDING D.D.	51,201	0.78	79.04
POTEZA NALOŽBE	33,063	0.51	79.54
CONFINVEST AKTIENGESELLSCHAFT	32,987	0.50	80.05

It is expected that the ownership structure of the company will be changed significantly in the future, as the Government of the Republic of Slovenia adopted its Strategic Guidelines for the Sale of the State Interest in Telekom Slovenije, Plc, on 11<sup>th</sup> May 2006, where it specified the course of the transaction. The share of the direct ownership of the Republic of Slovenia (62.53%) will be subject to sale as well as the indirect state ownership through the "Slovenska odškodninska družba" and "Kapitalska družba" (11.61%), whereby the Republic of Slovenia will retain 25% plus one share of the issuer's capital. The state share will be sold to the following groups of investors:

- 10% of shares will be offered for sale to Slovene citizens. The first five per cent of shares will be offered to all citizens under the same conditions, the remaining five per cent offered only under the condition that the stock be kept for at least three years.
- 39% of shares will be offered for sale to a strategic investor. The strategic investor will acquire the state owned share in two stages. In the first stage 25 per cent of the company will be acquired. In the second stage the remaining share will be acquired (within three years following the first stage). The government will publish an international tender for the sale of the state share. In selecting the strategic investor, the Government is going to take into account of the price criterion as well as certain commitments with regard to managing the company.

FINANCIAL  
DATA

ooo EUR	GROUP			COMPANY		
	2006	2005	06/05	2006	2005	06/05
<b>INCOME STATEMENT</b>						
Net sales revenues	719,698	668,792	8%	393,623	378,646	4%
Operating profit	133,970	116,227	15%	67,164	61,319	10%
EBITDA	290,817	270,192	8%	144,916	142,000	2%
Profit before tax	131,703	117,175	12%	113,223	61,652	84%
Net profit	100,611	95,967	5%	96,527	50,680	90%
<b>BALANCE SHEET</b>						
Total assets	1,525,007	1,446,981	5%	1,153,672	1,073,887	7%
Total equity	1,024,939	952,843	8%	917,927	853,219	8%
Minority interest	3,530	416	749%	-	-	-



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