

# SLOVENIAN CAPITAL MARKET

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ILIRIKA BROKERAGE SERVICES



ILIRIKA



ILIRIKA

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**ILIRIKA  
COMPANY  
PRESENTATION**



# ILIRIKA BROKERAGE HOUSE PLC. HIGHLIGHT



- ILIRIKA is one of the most respectable and active brokerage houses in Slovenia, present on the market for almost 25 years.
- The company offers a comprehensive range of investment services in Slovenia and strives to supplement them with business and investment opportunities in domestic and foreign markets.
- With predominant market share ILIRIKA is the most active institutions in the area of M&A transactions in Slovenia and one of the leading advisors in Southeast Europe.
- ILIRIKA is well positioned also on the field of brokerage services; it is ranked as one of the TOP3 brokerage houses according to the volume on Ljubljana stock exchange.
- Asset management is another important pillar of the product portfolio of ILIRIKA where we offer individual approach at investing client's funds.
- ILIRIKA has also strong presence in Slovenia, Serbia and Macedonia through subsidiaries and related companies.



ILIRIKA

02



**SLOVENIAN  
CAPITAL  
MARKET**

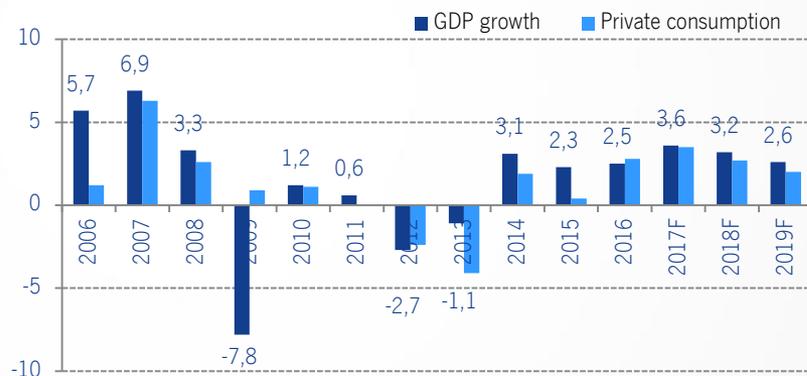


# SLOVENIAN CAPITAL MARKET MACRO



YoY (%)	2016	2017F	2018F	2019F
GDP growth	2,5	3,6	3,2	2,6
Private consumption	2,8	3,5	2,7	2,0
Government spending	2,6	1,0	0,9	0,6
Gross fixed capital formation	-3,1	7,0	7,0	6,0
Inflation	0,5	2,1	1,9	2,1
Unemployment (ILO)	8,0	7,0	6,4	6,0
Export	5,9	6	5,1	4,8
Import	6,2	6,5	5,6	5,1
Current acc. balance (% GDP)	6,8	4,6	4,4	4,4

Source: Institute of Macroeconomic Analysis and Development



YoY (%)	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Domestic consumption	4,7	9,0	3,1	-9,5	-0,8	-0,7	-5,7	-2,0	1,8	1,4	2,4
End consumption	1,7	5,2	3,0	1,3	0,8	-0,2	-2,4	-3,5	1,2	1,0	2,8
Private	1,2	6,3	2,6	0,9	1,1	0,0	-2,4	-4,1	1,9	0,4	2,8
NPISG	4,4	10,6	-7,6	-1,0	12,6	-2,9	-7,4	-0,7	6,3	3,4	2,8
State	3,1	1,9	4,9	2,4	-0,5	-0,7	-2,2	-2,1	-1,2	2,5	2,6
Gross investments	12,2	17,7	3,2	-32,2	-5,9	-2,2	-17,5	4,3	4,3	2,8	1,0
Tangible assets	10,2	12,0	7,0	-22,0	-13,3	-4,9	-8,8	3,2	1,4	1,0	-3,1
Export	14,1	13,6	4,2	-16,6	10,2	6,9	0,6	3,1	5,7	5,6	5,9
Goods	15,7	14,0	1,9	-17,0	12,0	8,0	0,4	3,3	6,3	5,3	5,7
Services	7,4	12,0	14,7	-14,8	3,4	2,5	1,5	1,9	3,4	6,5	6,8
Import	12,4	16,8	3,8	-18,8	6,8	5,0	-3,7	2,1	4,2	4,6	6,2
Goods	12,9	16,5	3,2	-19,8	7,6	6,0	-4,3	2,9	3,8	5,0	6,6
Services	9,1	18,5	8,1	-12,8	3,1	-0,4	0,2	-3,1	6,3	2,2	4,1
<b>GDP</b>	<b>5,7</b>	<b>6,9</b>	<b>3,3</b>	<b>-7,8</b>	<b>1,2</b>	<b>0,6</b>	<b>-2,7</b>	<b>-1,1</b>	<b>3,1</b>	<b>2,3</b>	<b>2,5</b>

Source: Statistical office RS

# SLOVENIAN CAPITAL MARKET LJUBLJANA STOCK EXCHANGE



## ➤ Slovene blue-chip index (SBI TOP) performance



## ➤ Turnover on LJSE



# SLOVENIAN CAPITAL MARKET LJUBLJANA STOCK EXCHANGE

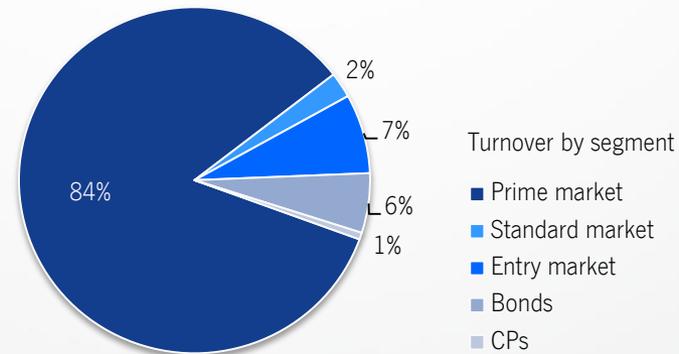


## ➤ Basic statistics about LJSE

	2016	1Q 2017
SBITOP value	717,59	774,70
Yearly change of SBI TOP	3,08%	7,96%
Turnover (in 000 EUR)	333.675	105.203
Average daily turnover (in 000 EUR)	1.329	1.728
Capitalisation of shares (in EUR 000)	4.999.845	5.280.848

## ➤ Market segmentation

- Shares - Prime Market
- Shares - Standard Market
- Shares - Entry Market
- Bonds
- Treasury Bills
- Commercial Papers



# SLOVENIAN CAPITAL MARKET LJUBLJANA STOCK EXCHANGE



➤ Market capitalisation and trading activity on LJSE by market segments and shares

Type of security	Number of Issuers 31.12.2016	Number of issues 31.12.2016	Market capitalisation (in mio EUR)	Turnover (in 000 EUR)	Number of trades
Shares	38	39	5.000	312.978	81.594
<i>Prime Market</i>	9	9	4.563	280.227	61.426
<i>Standard Market</i>	5	5	119	7.955	1.857
<i>Entry Market</i>	24	25	318	24.796	18.311
Bonds	16	37	21.117	18.575	3.584
Treasury Bills	1	11		0	0
Commercial Papers	3	4		2.121	13
<b>TOTAL</b>	<b>45</b>	<b>76</b>	<b>26.117</b>	<b>333.675</b>	<b>85.191</b>

Issuer	Market code	Price (31.12.2016)	Market capitalisation (in mio EUR)	Turnover (in 000 EUR)	Number of trades
KRKA	KRKG	52,90	1.735	109.144	15.164
PETROL	PETG	325,00	678	60.895	10.824
ZAVAROVALNICA TRIGLAV	ZVTG	23,20	527	28.826	15.303
GORENJE	GRVG	6,00	146	23.029	7.195
POZAVAROVALNICA SAVA	POSR	13,22	228	19.073	2.423
LUKA KOPER	LKPG	25,00	350	18.714	4.095
TELEKOM SLOVENIJE	TLSG	71,10	465	18.175	3.814
MERCATOR	MELR	68,00	414	1.589	1.056
INTEREUROPA	IEKG	1,18	20	783	1.552
CINKARNA	CICG	162,00	131	16.459	2.223

# SLOVENIAN CAPITAL MARKET

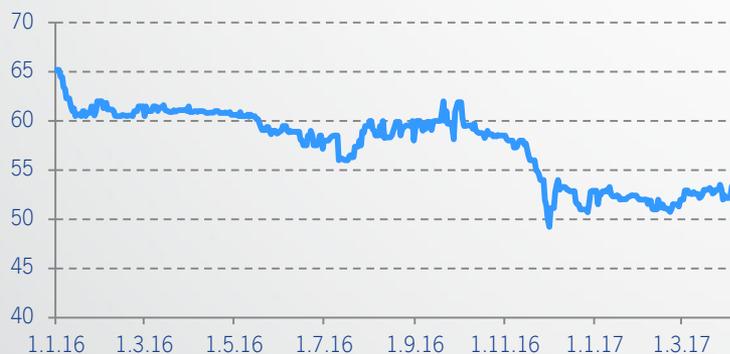
## KRKA D.D.



Industry	Pharma
Market code	KRKG
ISIN	SI0031102120
Issued shares	32.793.448
Market cap (mio EUR)	1738
Proposed dividend	2,75
Dividend yield	5,19%

Share price (5.4.2017)	53,00
YTD	0,19%
1Y	-13,11%

P/B	1,20
P/E	16,03
EV/EBITDA	7,40



- Krka is the leading pharmaceutical company in Slovenia and one of the largest pharmaceutical producers in Eastern and Central Europe, present in more than 70 markets.
- The volume of sales increased by 11% in 2016 compared to 2015, however sales revenues increased only for 1 %, amounted to 1,2b EUR in 2016.
- Reported net profit decreased to 108,5m EUR in 2016 versus 158m in 2015; the decrease was result of higher costs due to the more significant increase in production, major price erosions in most markets and the depreciation of certain Eastern and Central European currencies.
- The company has stable growth of dividend and solid dividend yield.

### Risks

- Margins remain under pressure, margins are decreasing with significant pace.
- Important exposure toward volatile Eastern European markets and currencies.

Item (000 EUR)	2014	2015	2016
Sales	1.191.614	1.164.607	1.174.424
EBITDA	374.535	306.742	228.238
EBIT	276.953	199.434	122.435
Net income	166.161	158.185	108.456
CAPEX	173.721	95.889	131.817
EBIT margin	23,2%	17,1%	10,4%
EBITDA margin	31,4%	26,3%	19,4%
ROE	12,3%	11,3%	7,5%
ROA	9,3%	8,7%	5,4%

# SLOVENIAN CAPITAL MARKET

## PETROL D.D.



Industry	Oil retailer
Market code	PETG
ISIN	SI0031102153
Issued shares	2.086.301
Market cap (mio EUR)	720
Proposed dividend	12,35
Dividend yield	3,58%
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Share price (5.4.2017)	345,00
YTD	6,15%
1Y	23,15%
<hr/>	
P/B	1,21
P/E	9,90
EV/EBITDA	7,65

- The Petrol Group is the main supplier of petroleum products in Slovenia and is becoming an important and visible player in a wider region. The company has a vast network of 487 service stations and is successfully offering merchandise sales through its retail network.
- In 2016 the Petrol Group generated sales revenue of EUR 3.9 billion, which was 1 percent more than in 2015. EBITDA increased to historical high to 143,8m EUR in 2016. Reported net profit increased third year in a row to 72,7m EUR in 2016, an increase by 11% versus 2015.
- Petrol estimates its group Sales revenue at 4.3b EUR and net profit at 96m EUR in 2020.
- The company has stable growth of dividend and solid dividend yield.
- The company can benefit due to further liberalisation of market

### Risks

- Transit sales risk; gasoline prices in Slovenia are higher than in Austria, Croatia and Hungary, while lower than in Italy.



Item (000 EUR)	2014	2015	2016
Sales	4.014.303	3.816.900	3.856.700
EBITDA	138.100	135.400	143.800
EBIT	95.852	90.511	99.559
Net income	60.725	65.300	72.700
CAPEX	58.500	69.500	61.300
EBIT margin	2,4%	2,4%	2,6%
EBITDA margin	3,4%	3,5%	3,7%
ROE	12,1%	11,9%	12,2%
ROA	3,9%	4,4%	4,8%

# SLOVENIAN CAPITAL MARKET

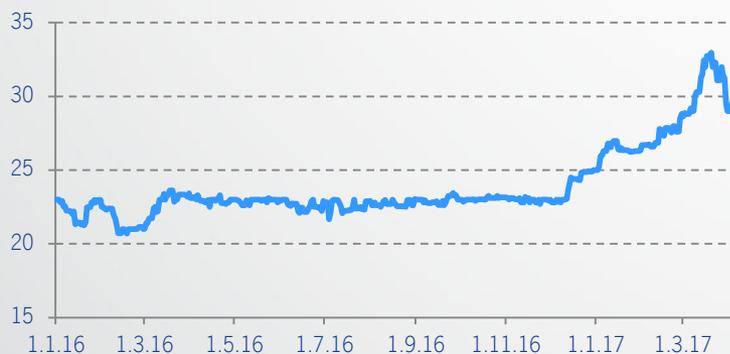
## LUKA KOPER D.D.



Industry	Port & logistics
Market code	LKPG
ISIN	SI0031101346
Issued shares	14.000.000
Market cap (mio EUR)	409
Proposed dividend	0,96
Dividend yield	3,29%

Share price (5.4.2017)	29,20
YTD	16,00%
1Y	26,96%

P/B	1,23
P/E	9,21
EV/EBITDA	6,77



- Luka Koper d.d. provides seaport and logistic system services in Slovenia and internationally in port of Koper. The port has strategic position in the Northern Adriatic that helped the company to become the most important container handling port in this region.
- The port managed by Luka Koper represents a strong link in the logistics chain between Central Europe, Eastern Europe, the Mediterranean, the Middle East and the Far East.
- The performance of the company in 2016 was very good. Luka Koper achieved the highest maritime throughput of 22 million tonnes in history, 6% percent above 2015 level. Luka Koper generated total sales of EUR 200m, which was 8 percent more than in 2015. Reported net profit increased to 44m EUR in 2016, an increase of 37% versus 2015, net profit was 17% ahead on the planned figures.

#### Risk:

- Railway is Luka Koper's main logistic bottleneck; new law on second railway predicts important role of Luka Koper at financing that could have an important negative influence on profitability.

Item (000 EUR)	2014	2015	2016
Sales	163.595	184.273	199.544
EBITDA	60.793	69.935	75.794
EBIT	33.381	42.421	49.352
Net income	29.098	32.415	44.376
CAPEX	30.000	37.400	61.800
EBIT margin	20,4%	23,0%	24,7%
EBITDA margin	37,2%	38,0%	38,0%
ROE	10,2%	10,6%	13,4%
ROA	6,4%	7,0%	9,1%

# SLOVENIAN CAPITAL MARKET

## TRIGLAV INSURANCE COMPANY D.D.



Industry	Insurance
Market code	ZVTG
ISIN	SI0021111651
Issued shares	22.735.148
Market cap (mio EUR)	600
Proposed dividend	2,5
Dividend yield	9,47%
Share price (5.4.2017)	26,40
YTD	13,79%
1Y	-2,22%
P/B	0,81
P/E	7,29
P/GWP	0,64

- The Triglav Group is the leading insurance/financial group in Slovenia and in the Adria region and one of the leading groups in South-East Europe.
- Triglav Group reported a total of EUR 936m in Gross written premiums, overachieving the initial plan of 900m EUR. Premium growth was observed in all six countries in which the Group operates.
- Reported net profit decreased to 82,3m EUR in 2016 versus 88.9m EUR in 2015.
- Solid performance recorded by the non-life and health insurance segments is reflected in the 92.9% combined ratio of the Triglav Group (planned at around 95%).
- The company paid out very high dividend for 2015, this year's proposal shows the same direction.
- S&P Global Ratings and A.M. Best, upgraded the Group's already high ratings from "A-" to "A" in 2016. Both ratings have a stable medium-term outlook.

### Risks

- Low interest rate environment could affect currently high return on equity.



Item (000 EUR)	2014	2015	2016
GWP	888.247	919.116	936.004
Net premium	819.864	839.167	849.594
Net claims	594.727	570.102	577.102
Net income	85.682	88.861	82.332
ROE	12,5%	12,6%	11,1%
ROA	2,6%	2,5%	2,3%

# SLOVENIAN CAPITAL MARKET SETTING UP THE ACCOUNT SETTLEMENT



- Signing a brokerage agreement with ILIRIKA
  - AML identification process of the client considering type of the client
  - ILIRIKA opens an account with central depository (alternatives corporate account / fiduciary account)
  - Signing an inter-broker agreement
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- Slovenia was integrated into TARGET2-Securities and thereby also enabled integration of central depository members into T2S.
  - The settlement cycle is T+2

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ILIRIKA



# QUESTIONS

*By far the largest regional market share in successfully executed domestic and international M&A (buy side) transactions.*

TRUSTED BY THE BEST



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