

The Strategic business plan of the Telekom Slovenije Group for the 2021–2025 period with the business plan for 2021 (abstract)

Ljubljana, 9 December 2020

Telekom Slovenije, d.d., (hereinafter: Telekom Slovenije) provides state-of-the-art ICT services and solutions to connect its users, ensuring their security and simplifying their lives. As the leading Slovenian provider of cutting-edge communication solutions, it is always focused on development, and the introduction of new technologies by providing its users with a state-of-the-art network, the latest services and an excellent user experience.

Through subsidiaries that operate as part of the Telekom Slovenije Group, its presence extends to Kosovo, Croatia, Bosnia and Herzegovina, Serbia, Montenegro and Northern Macedonia. Telekom Slovenije has the biggest, highest quality and most reliably telecommunications network in Slovenia and Telekom Slovenije Group operates a backbone network that extends across South-Eastern Europe.

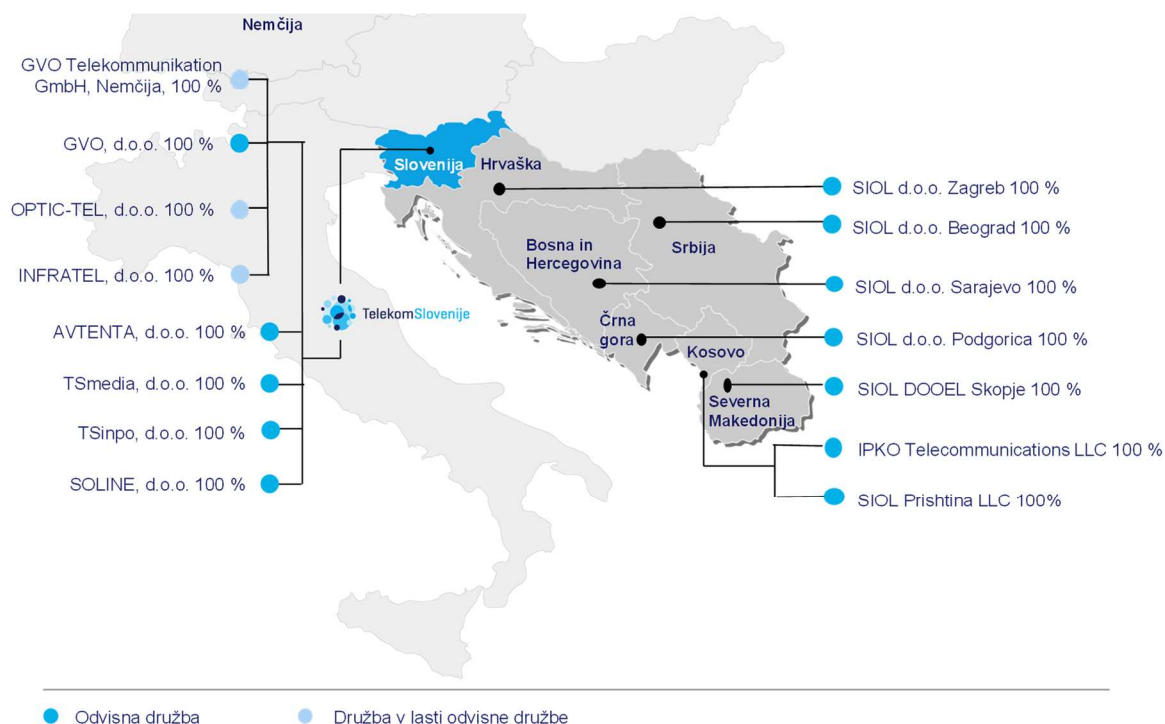
Activities of Telekom Slovenije Group include:

- fixed and mobile communications and ICT solutions
- digital and multimedia content and services
- system integration and cloud computing services
- development and implementation of enterprise content management solutions and tools for managing and monitoring operations
- construction and maintenance of telecommunications networks
- other services, including financial services, e-care, insurance, electricity, and
- conservation of natural and cultural heritage in the Sečovlje Salina Nature Park

Markets and organisation

Through corporate administration Telekom Slovenije manages the operations of subsidiaries by defining their strategic policies and operational objectives, and by monitoring the achievement of established objectives. The Telekom Slovenije Group's operational strategy also includes single corporate governance within the group, as this optimises the operations of companies, improves the flow of information and creates synergies at the group level.

State as at 30 November 2020



The Strategic business plan of the Telekom Slovenije Group for 2021–2025 with the Business plan for 2021

In 2020 Telekom Slovenije Group implemented its established strategy in accordance with adopted strategic policies. The group updates that strategy and drafts a business plan for the upcoming period every year. The Strategic business plan is the core corporate document in which the future development and strategic policies of the Telekom Slovenije Group are defined through its mission, vision, values, objectives and strategy. Those strategic policies pursue the objectives of the UN's declaration on sustainable development (The Sustainable Development Agenda for 2030). The document includes the future business strategy of the Telekom Slovenije Group, which comprises the parent company Telekom Slovenije and its subsidiaries in Slovenia and abroad.

The Strategic business plan, the business plan for the upcoming year, and the projections by the year 2025 were formulated on the basis of data and forecasts available by November 2020, taking into account the regulatory environment and forecast macroeconomic trends for the region in which the Telekom Slovenije Group operates. Taken into account during preparations were analyses of the operations and market shares of comparable European operators, analyses of the competition, development expectations and trends in the telecommunications sector, as well as a SWOT analysis for Telekom Slovenije Group companies.

Competition and the business environment

The markets in which Telekom Slovenije Group operates are characterised by a high level of competition, as users can choose services from various operators. Users demand high quality for low prices, while at the same time, markets are becoming increasingly saturated, and the ability to attract new users is constantly diminishing.

Continued decline in revenue from basic telecommunication services is generally expected in the Slovenian telecommunications market (including system integration and cloud services), which is developed and already in the phase of saturation. Telekom Slovenije has maintained a high market share in all segments in which it operates. Alternative operators have been growing their market shares primarily through aggressive pricing policies that Telekom Slovenije cannot follow also due to the limitations imposed by the regulatory body.

Telekom Slovenije provides the latest services tailored to the needs of users (an excellent user experience, the best sales and after-sales care for users, the most advanced and reliable network, convergent plans, additional services beyond the core telecommunications activities, and a comprehensive range of ICT solutions and information and cyber security services). Investments in the expansion and upgrade of technologies, continued digitalisation and process optimisation, along with employee empowerment are required to adapt dynamically to the needs of users.

The highest quality of services is and will remain Telekom Slovenije Group's competitive advantage in the future, and future development will continue to be based on the high standards of social responsibility and sustainable development.

Mission, vision and values of the Telekom Slovenije Group

Vision

Digitalising a world of opportunities.

Mission

Simplifying lives. Protecting your world.

Values

Simple. Inspiring. Caring. Safe. Breakthrough.



Telekom Slovenije Group's strategic goals



Leader in user experience

The leading user experience is based on the best, most reliable and biggest network, and is created by adhering to the latest trends and changing user habits. The excellent user experience allows us to achieve short-term business objectives and strengthen our long-term strategic position – to remain the users' first choice. The key factors in this are digital excellence, providing security, contactless operations and dynamically adapting to the needs and habits of users of communication services.



Digitalisation of operations

Accelerated digitalisation through process optimization and automation improves efficiency of operations, and will continue to be an integral part of business activities for ensuring the competitiveness of Telekom Slovenije Group.



Growth of ICT services

Growth of ICT services and solutions is based on our existing state-of-the-art LTE/4G network and the opportunities ushered in by 5G, the fifth generation of mobile networks. 5G will also support the development of smart industry and smart cities, as well as the introduction of virtual dedicated networks, which will support continued digitalisation of various business verticals, such as energy supply, transportation, logistics, manufacturing, smart cities, healthcare, protection and rescue (public safety). This will also form the foundation on which Telekom Slovenije Group will build the digitalisation of the society. We will achieve expansion through organic growth and the consolidation of the Slovenian ICT market.



Retaining revenue levels from core activity in Slovenia

The core telecommunications activities market is stagnating in Slovenia, and Telekom Slovenije is under additional pressure from regulatory bodies. We plan to retain our revenue through accelerated digitalisation and the development of digital services, continued network development and the development of services based on 5G technologies, successful cooperation with regulators, and especially by providing the best user experience.



Consolidation in individual markets

On the one hand, the European telecommunications market is seeing intense consolidation of the industry and mergers of operators, with a change in the portfolio of services, while new competition is entering the ICT services market, which will additionally affect the operators' business models. The consolidation activities of Telekom Slovenije will be focused on obtaining new competencies, and entering new markets and areas.



Optimum employee structure

Telekom Slovenije Group has the optimal number of employees to continue addressing the needs of the work processes of individual Group companies. The employee structure is optimised through strategic planning for human resource needs and appropriate organisation and systematisation of all job positions. Our effective bonus system supports and encourages the development of knowledge and competencies, allowing us to continue building on our employer brand.



Financial stability

We are implementing activities that ensure effective management of liquidity and a high level of financial stability. We are ensuring the optimum level of debt for the long term, maximizing the company's value.



Environmental and social responsibility

We actively identify opportunities where we can contribute to the development of the social and economic environment in which we operate, providing our expertise, financial and other resources. The principles of sustainable development are built into our operations, products, services and content, while we also responsibly manage the economic, social and environmental impacts of our operations.

Key objectives of the Telekom Slovenije Group for 2021

Operating revenues	EUR 653.0 million
EBITDA	EUR 210.6 million
Net operating profit	EUR 30.8 million
Investments	EUR 203.7 million