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Hrvatski Telekom

Hrvatski Telekom has entered agreement to buy 76.53% stake in Crnogorski Telekom

Hrvatski Telekom, (Reuters: HT.ZA; Bloomberg: HTRA CZ), Croatia's leading telecommunications provider, announces that it has signed a Share Purchase Agreement with Magyar Telekom, Nyrt, based in Budapest, Hungary. Under the agreement, Hrvatski Telekom will acquire Magyar Telekom's 76.53 percent stake in Crnogorski Telekom A.D., based in Podgorica, Montenegro, at a purchase price of EUR 123.5 million (approximately HRK 936 million). The transaction is expected to be completed by the end of January 2017.

Crnogorski Telekom is the largest telecommunications company in Montenegro and provides a full range of fixed and mobile telecommunications services. In the first nine months of 2016, Crnogorski Telekom generated revenues of EUR 69.4 million. Earnings before interest, tax, depreciation and amortization (EBITDA), excluding exceptional items, amounted to EUR 24 million.

At the end of the third quarter of 2016, Crnogorski Telekom served 368,600 mobile customers, giving it a 32 percent market share in mobile telephony. Crnogorski Telekom is the market leader in the postpaid mobile segment, with 179,000 customers, or 40 percent of the postpaid customer base.

With 140,300 customers in fixed telephony, Crnogorski Telekom is also the clear market leader with a 93.6 percent share in the fixed market.

In the same period, Crnogorski Telekom had 73,100 broadband customers and 60,100 IPTV users. The optical network of Crnogorski Telekom is available in more than 53,000 households, representing 27 percent of the total number of households in Montenegro.

At the end of 2015 the company had 588 employees.

This transaction is part of Hrvatski Telekom's strategy of growth through expansion into regional markets. Creating considerable synergies, Hrvatski Telekom will, with this acquisition, provide additional value to its shareholders and customers.

Davor Tomašković, President of the Management Board of Hrvatski Telekom, stated: *"With the acquisition of Crnogorski Telekom, we expect substantial synergies between Hrvatski Telekom and Crnogorski Telekom, first of all through the transfer of knowledge and technology, as well the optimization of business processes and joint market presence.*

I am convinced that the strengths and experience of Hrvatski Telekom will significantly contribute to the further development and even greater success of Crnogorski Telekom. This is supported by the fact that in the last three years, despite an unfavourable market environment, Hrvatski Telekom's transformation initiatives have reversed the negative trends and stabilized all key financial indicators in its business."

The financial and management consolidation of Crnogorski Telekom is planned to commence after the transaction has closed. After the transaction has completed, Hrvatski Telekom, will own 76.53 percent



of shares in Crnogorski Telekom, while the remaining 23.47 percent of shares will continue to be owned by individuals and legal entities.

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About Hrvatski Telekom

Hrvatski Telekom (HT) is the leading provider of telecommunication services in Croatia, serving 1.0 million fixed lines, 2.3 million mobile subscribers and 740,000 broadband connections through its Residential and Business divisions