VALAMAR
All you can holiday

CAMPING ADRIATIC
by Valamar

Investors Day

Poreč, 27/6/2019

Topics

- Trends in Tourism in Croatia
- Valamar Riviera – Leader in Leisure Tourism
- 10 business events that marked the year 2018
- Investments as Growth Drivers
- Financial Indicators
- Valamar Riviera Share
- Awards
- Valamar's Strategy and Goals up to 2022
- Pinea Valamar Collection Resort 5*
- Q&A

Trends in Tourism in Croatia

Demand on the Mediterranean

Labor Market

Interest Rates

Tourism Land

Business Environment

Investments In Tourism

Tourism year 2019

Valamar Riviera Today

6,5
million
overnights*
>58.000
beds*

HRK 2,0 bn
operating revenues*

HRK 703 mn
adjusted EBITDA*

Top
CROATIAN SHARE
HRK 4,9 bn

QUALITY AND PRODUCTS
88% satisfaction
5 brands

EMPLOYEES
≈7.000
Best employer in tourism

7 DESTINATIONS
34 hotels and resorts
15 camping resorts

CSR

INVESTMENTS
HRK 5,8 bn

Leading investor

* Related to 2018 business year.


10 business events that marked the year
2018

1. Strong growth and creation of added value

DESTINATIONS
HRK 101 mn
Investments in destinations and CSR

GUESTS
HRK 704 mn
Investments in products

ADDED VALUE

SHAREHOLDERS
HRK 112 mn
Dividend payout

EMPLOYEES
HRK 614 mn
Investments in salaries

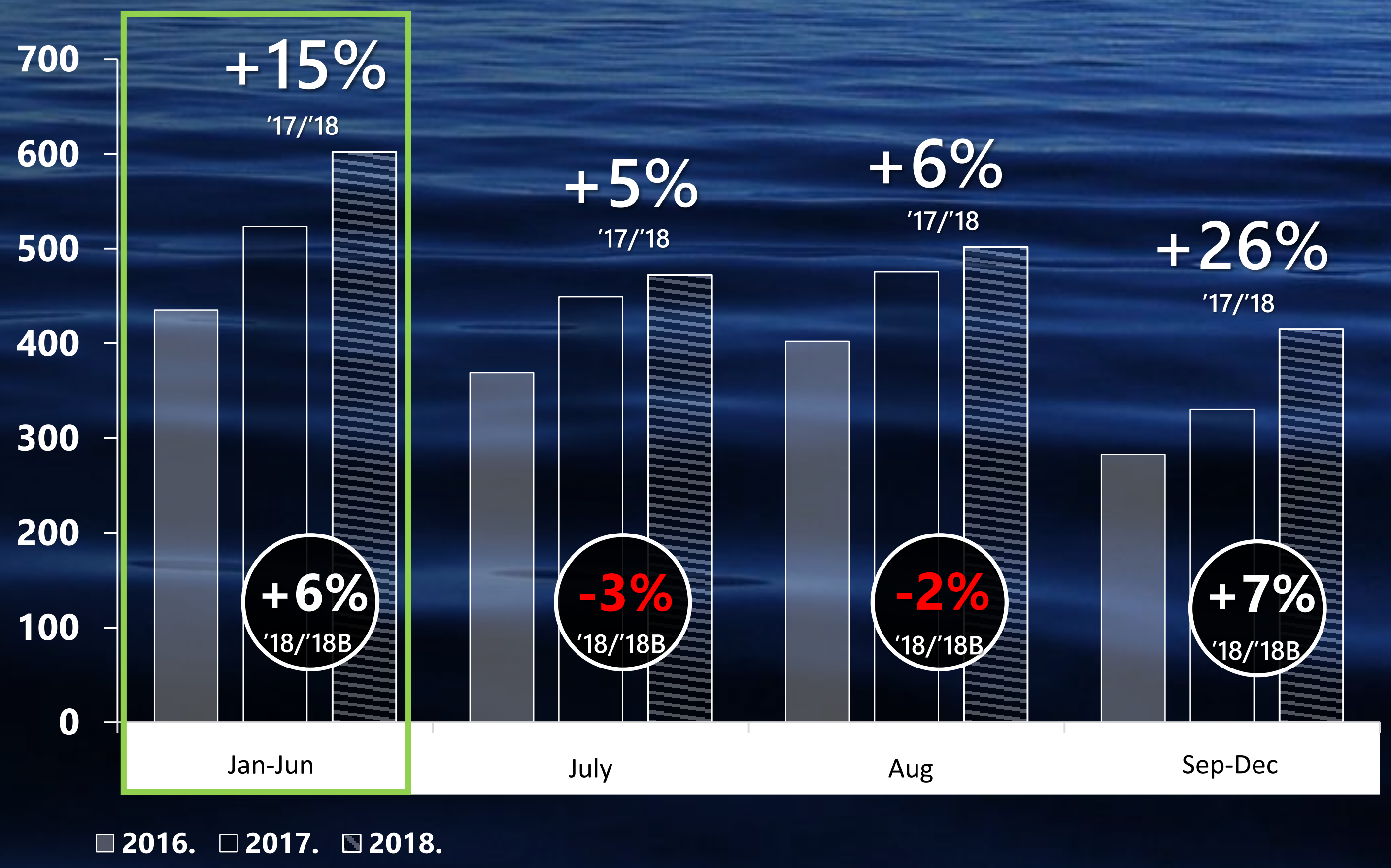
2. "Summer demand" slowdown and season prolongation

Sales revenues: **+206 mn**
Overnights growth: **+4,6%**
ADR growth: **+5,0%**

3rd consecutive year of remarkable growth in the first 6 months!

Full occupancy days
2016: 126 days
2017: 127 days
2018: 132 days

Operating revenues 2018 /2017 (+HRK 213 mn)



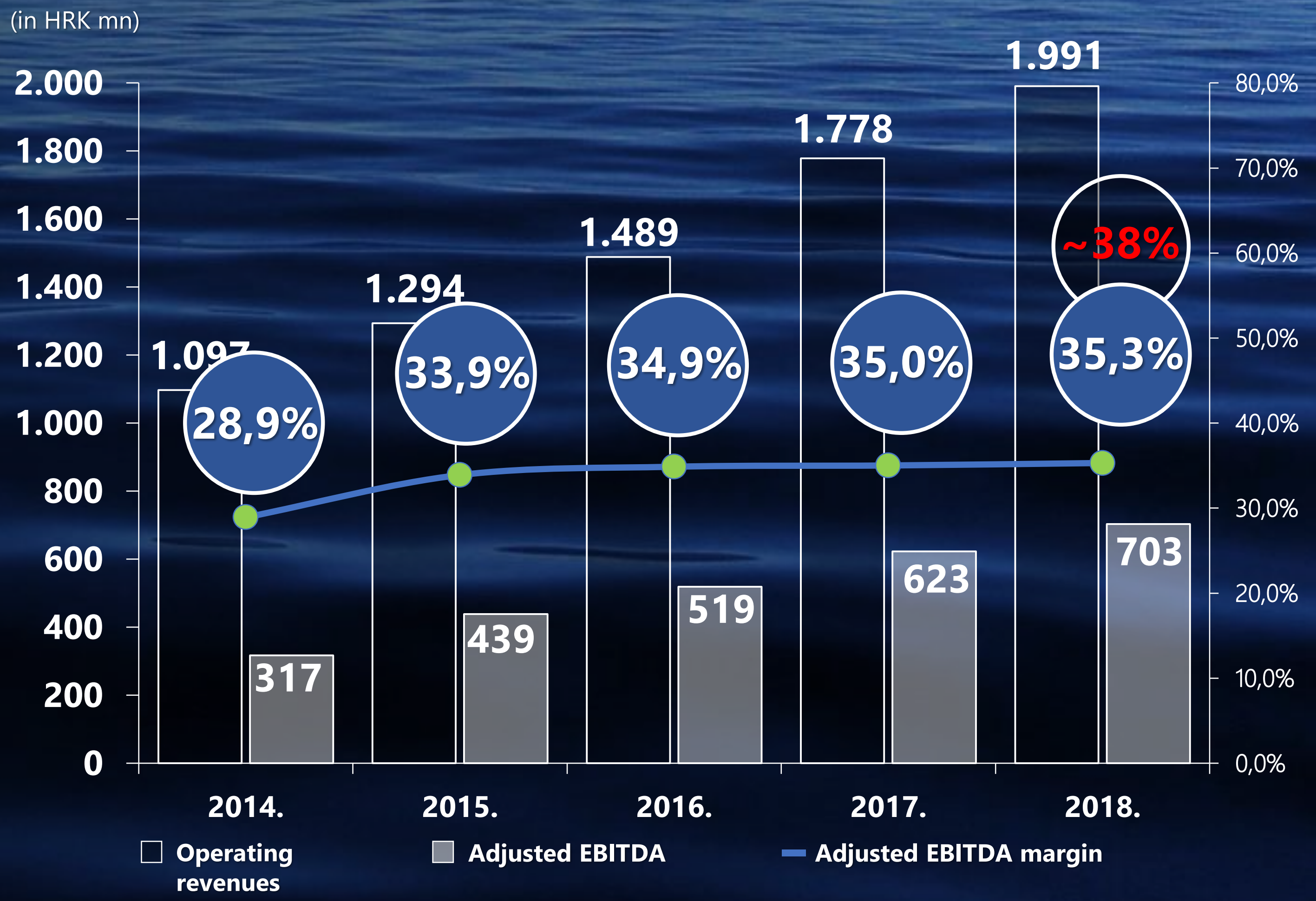
3. Increased operating efficiency and salaries

Double-digit growth in revenues and EBITDA

Operating efficiency growth balanced with increased salaries and share of salaries

Since 2015 the negative impact of the fiscal policy and macroeconomic environment estimated at HRK 80-90 mn, representing a 2,5-3 p.p. decrease in EBITDA margin

Revenues, EBITDA and EBITDA margin (HRK; %)



4. The most desirable employer in Croatian tourism

~7.000 employees in 2019

Research by Moj Posao website – TOP 20:
„Top Employer in Croatian Tourism"

Salaries volume increase: **12%**

Valamar guarantee (HRK 5.000 – 7.500 HRK), 13th salary & seasonal work award(HRK 1.200 / 2.000)

600 new jobs in 2018 &
400 new jobs in 2019

HRK 80 -100 mn invested in "Valamar House" (Staff Resorts)

5. Acquisition of Makarska

- Valamar expansion in Dalmatia
- Continued partnership with AZ Fund
- Management reorganization and corporate adjustments
- Start of a new investment cycle and development 2018/2019

6. Business Internationalization

Valamar's first cross-border expansion

Valamar synergies:
- Employment
- Loyal guests
- Sales
- Branding and Marketing
- Management & hotel operations

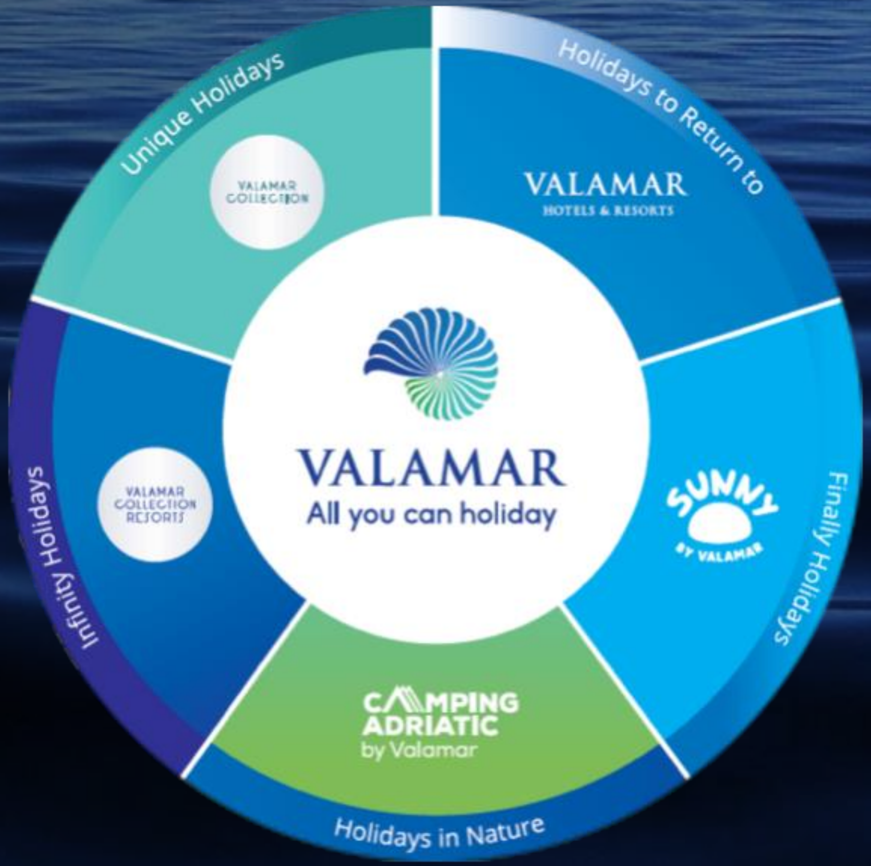
Opportunity for further business development in Austria

7. Valamar – „All you can Holiday" branding

1. LEADER IN LEISURE TOURISM

2. CREATING PERFECT HOLIDAYS AND LASTING MEMORIES

3. V SERVICE CULTURE & ValamArtists



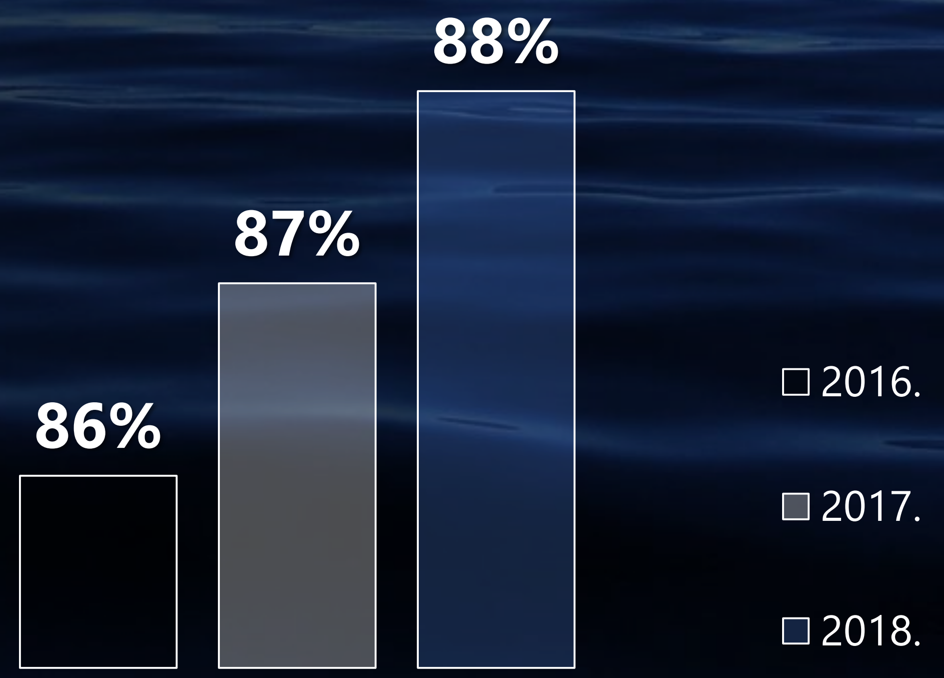
4. VALAMAR SIGNATURE PROGRAMS AND CONCEPTS

5. AUTHENTIC DESTINATION EXPERIENCE

6. FROM IDEA TO PERFECT HOLIDAY

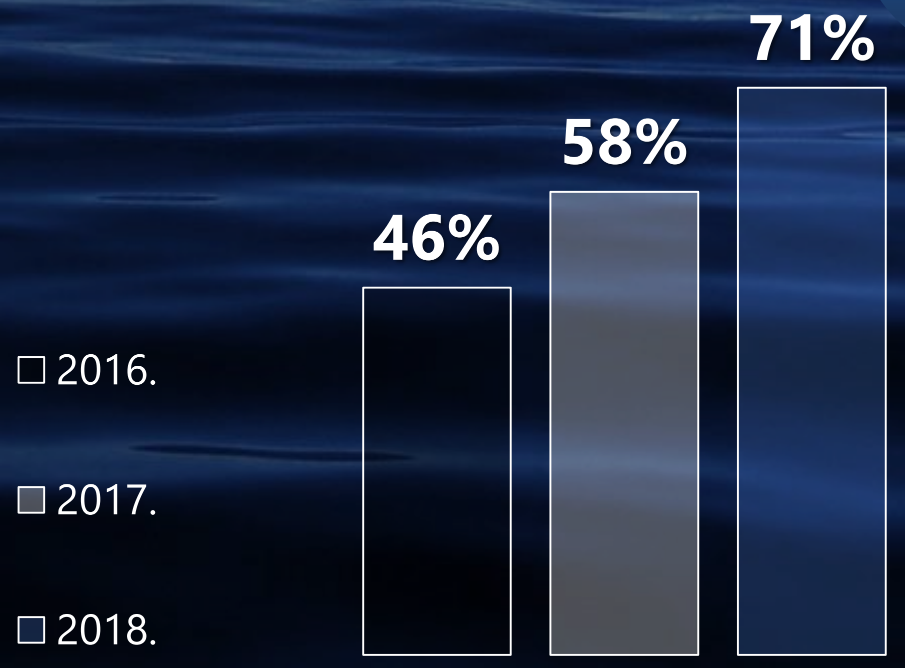
8. Quality increase and Uplifting Service

Overall guest satisfaction



"Unbelievable" service level

UP! Lifting



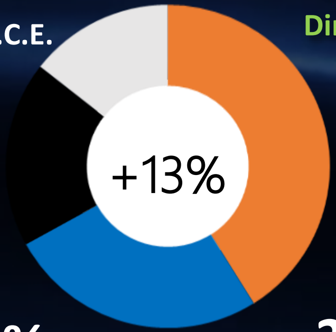
9. Growth in sales and direct sales

+HRK 181 mn sales growth (board revenues) 2018/2017

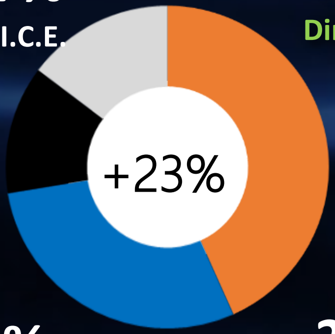
+ 12% 2018/2017
+ 23% 2017/2016
+ 13% 2016/2015

Distribution channels

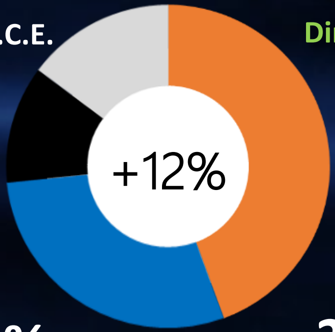
2016



2017

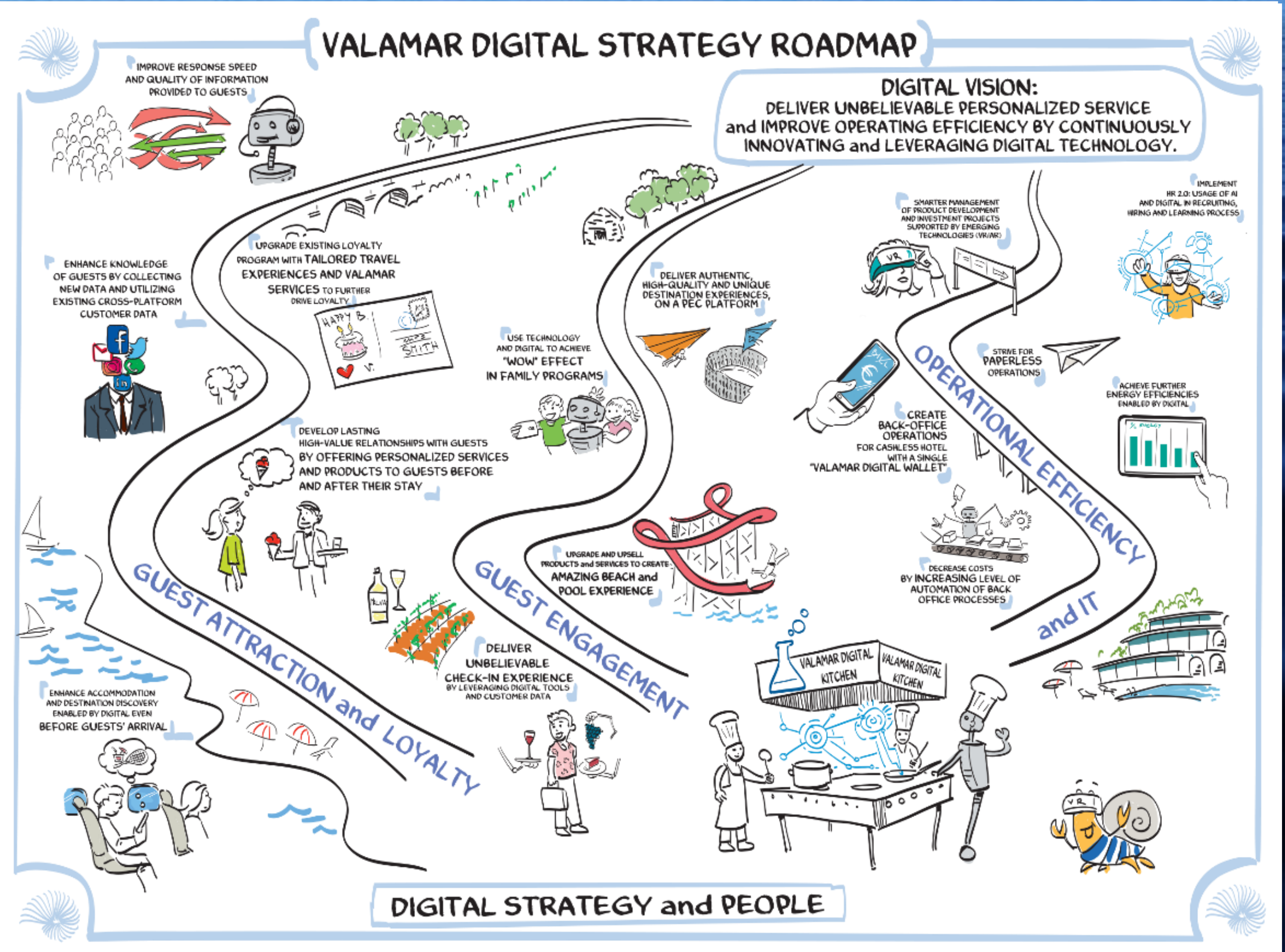


2018



10. Innovation and digitalization

- Attracting guests and their loyalty
- Guests engagement
- Business processes and IT
- Employees: organization and culture



CAPEX 2019

Total CAPEX 2019: HRK 793 mn

Istra Premium Camping Resort 5* (2nd phase)

HRK 212 mn

Valamar Collection Marea Suites 5*

HRK 140 mn

Lanterna Premium Camping Resort 4*

HRK 42 mn

Ježevac Premium Camping Resort 4*

HRK 24 mn

Valamar Carolina Hotel & Residence 4* (TUI Sensimar)

HRK 85 mn

Padova Premium Camping Resort 4* (2nd phase)

HRK 22 mn

Valamar Padova Hotel 4*

HRK 12 mn

Small projects

HRK 87 mn

Investment maintenance

HRK 80 mn

Beaches, destinations, digitalization, projects...

HRK 89 mn

Consolidated income account

(in HRK mn)	2017	2018	2018/2017	
Total revenues	1.842	2.048	+206	+11%
Sales revenues	1.755	1.961	+206	+12%
Operating costs	1.145	1.264	+119	+10%
EBITDA	606	694	+88	+15%
Adjusted EBITDA	623	703	+80	+13%
EBT	239	258	+19	+8%
Net profit	245	239	-6	-2%
Adjusted EBITDA margin	35,0%	35,3%		+30bb

+12%
Sales growth

HRK
+80 mn
adjusted EBITDA

+13%
adjusted EBITDA

Consolidated cash flow

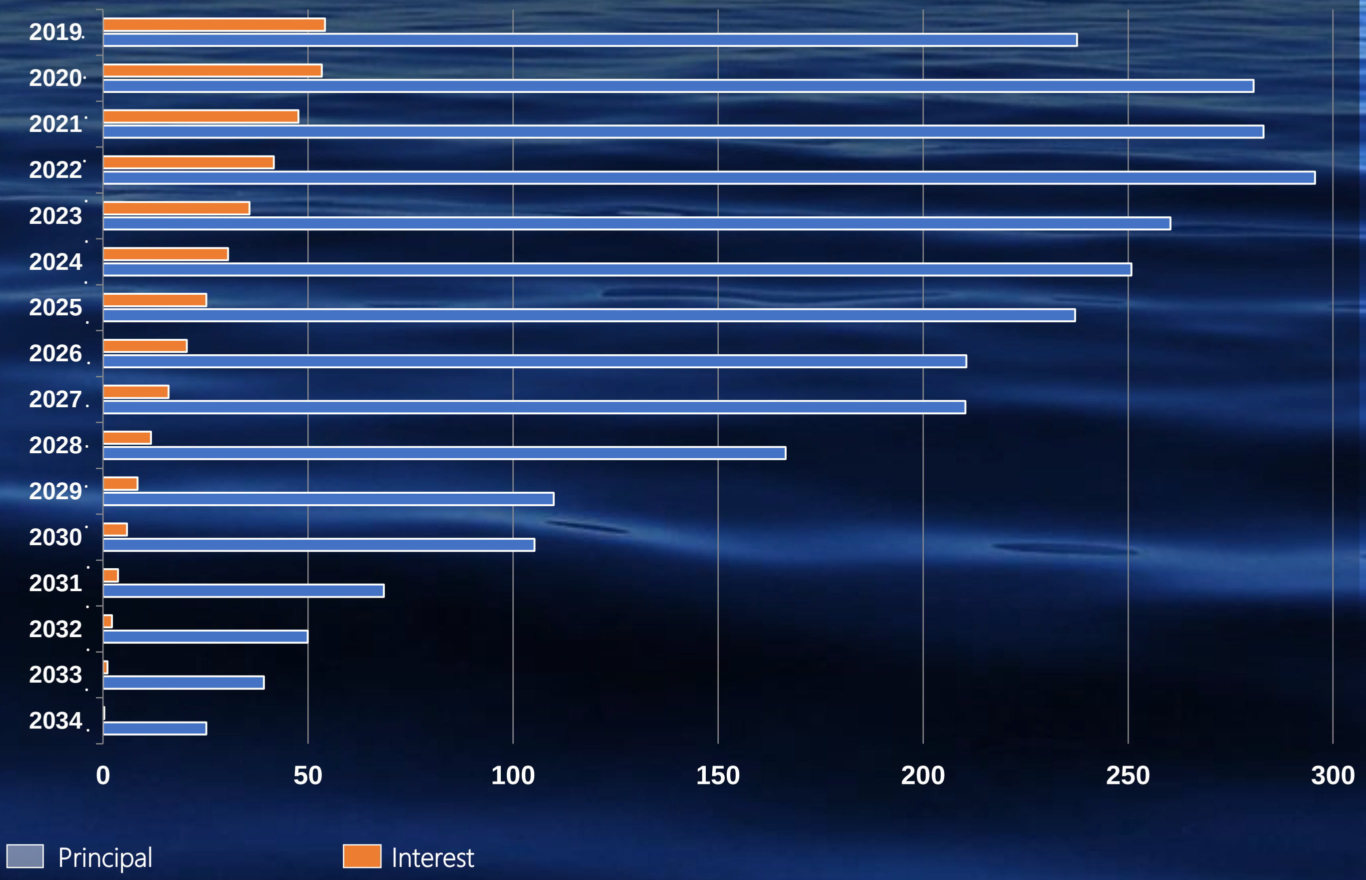
(in HRK mn)	2017	2018	2018/2017	
Net cash flow from operating activities:	**603**	**641**	**38**	**6%**
i) net profit	245	239	-6	-2%
ii) depreciation	346	411	65	19%
iii) working capital	4	-25	-29	-728%
iv) other	8	16	8	104%
Net cash flow from investment activities:	**-894**	**-894**	**0**	**0%**
i) investment in long term tangible and intangible assets	-895	-730	-165	-18%
ii) minority interest (Hoteli Makarska)	0	-170	-170	
iii) other	1	6	5	846%
Net cash flow from financial activities	**304**	**228**	**-76**	**-25%**
i) cash receipts from credit principals, loans and other borrowings	582	606	24	4%
ii) payments for the repayment of credit principals, loans and oth. borrowings	-180	-210	30	17%
iii) payments for dividends and disposal of treasury shares	-98	-163	65	66%
iv) other	0	-5	-5	
Cash and cash equivalents at the beginning of the period	**275**	**288**	**13**	**5%**
Cash and cash equivalents at the end of the period	**288**	**262**	**-26**	**-9%**

Consolidated assets

(in HRK mn)	2017	2018		2018/2017	
Non-current assets	4.632	5.311	↗	+679	+15%
Current assets	344	333	↘	-11	-3%
Prepayments and accrued income	20	25	↗	+5	+24%
Assets	4.997	5.669	↗	+672	+13%
Capital and reserves	2.516	2.759	↗	+243	+10%
Provisions	58	77	↗	+19	+32%
Non-current liabilities	1.916	2.284	↗	+368	+19%
Current liabilities	403	426	↗	+23	+6%
Accrued expenses and deferred income	104	123	↗	+19	+19%
Liabilities	4.997	5.669	↗	+672	+13%

Debt as at 31/3/2019 (1)

Principal and interest repayment projection (in HRK mn)



HRK **177 mn** Average annual principal repayment projection

HRK **22 mn** Average annual interest repayment projection

HRK **2,1%** Average debt cost before taxes

≈5,7y Average debt duration

43% Debt / assets

2,4 bn HRK net debt

2,5 bn HRK gross debt

Debt as at 31/3/2019 (2)

Consolidated indicators 2018

43%
Debt / Assets

9,6x
EV / EBITDA

5,7
EBIT / paid interest

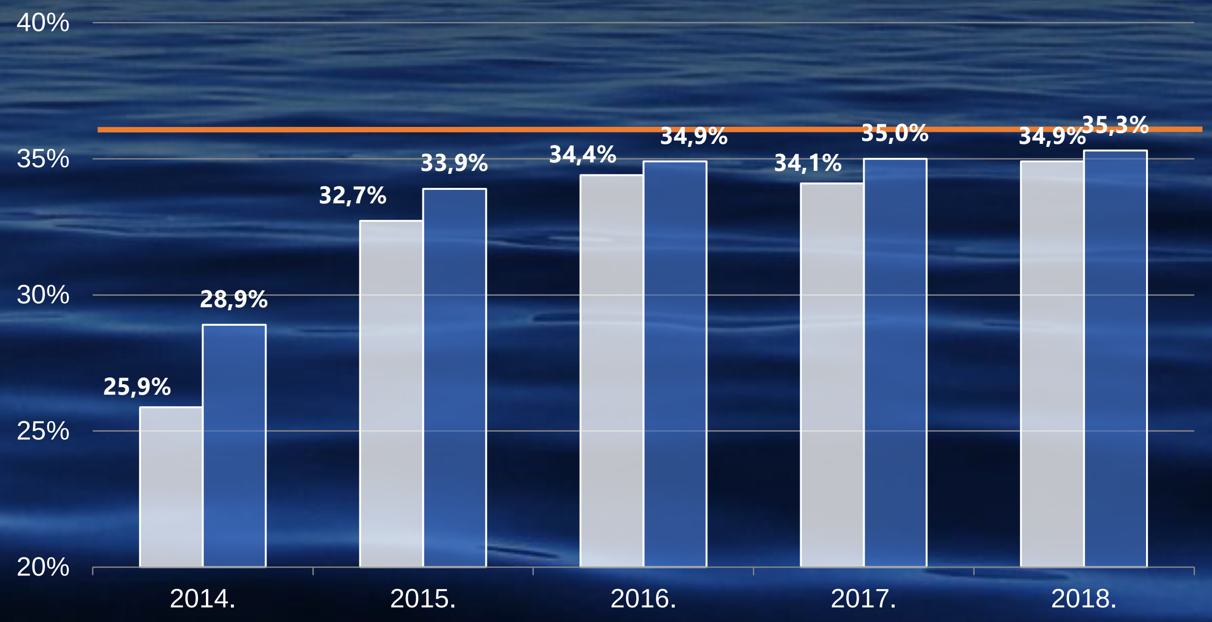
2,7
DSCR

3,1
Net debt / EBITDA

55%
Debt / mcap

EBITDA margin and investments

EBITDA margin



EBITDA margin

Adjusted EBITDA margin

Weighted average EBITDA margin in 2018 of a comparable hospitality group: 35,6%

Investments and amortization (HRK; 2004 – E2019)

Average investments **324 mn**

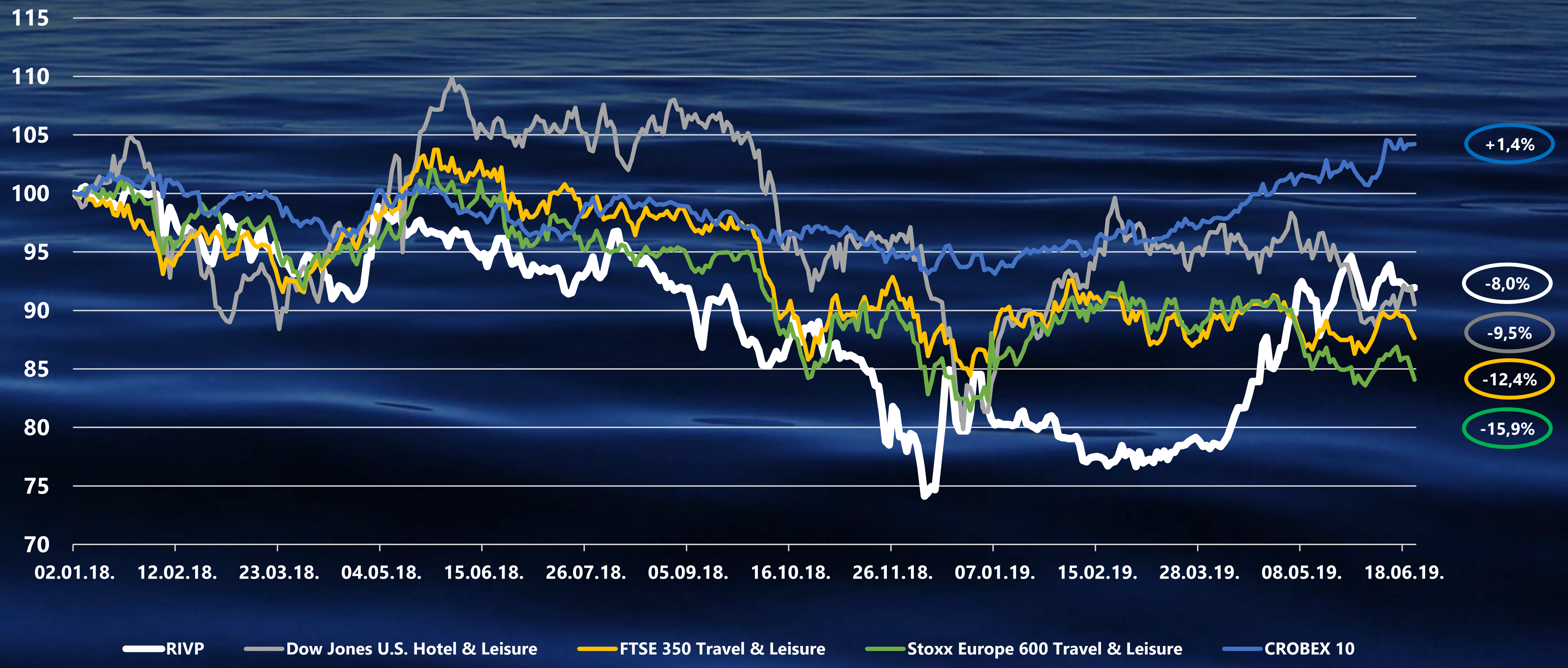
Total investments **5,2 bn**

Average amortization **221 mn**

Total amortization **3,5 bn**

RIVP performance

Performance of RIVP and domestic and foreign indices during 2018 and 2019



Dividend and share buy-back (SBB)

	2014	2015	2016	2017	2018	until 27/6/2019
Dividend	HRK 63 mn dividend	+10% HRK 69 mn dividend	+7% HRK 74 mn dividend	+34% HRK 99 mn dividend	+12% HRK 112 mn dividend	+9% HRK 121 mn dividend
SBB	HRK 8 mn SBB	+162% HRK 3 mn SBB	+13% HRK 37 mn SBB	0 mn SBB	HRK 52 mn SBB	HRK 18 mn SBB

Dividend Yield

Awards and recognitions in 2018

Golden Key
Valamar Riviera d.d.

Share of the Year by public vote
Valamar Riviera d.d.

Top Turnover Share
Valamar Riviera d.d.

HACCP & ISO certificates

Employer Partner Certificate
Valamar Riviera d.d.

Best campsite:
Lanterna Premium Camping Resort, Krk Premium Camping Resort, Solaris Camping Resort

Leading European Campsites:
Lanterna Premium Camping Resort, Krk Premium Camping Resort,

M.E.P and Ministry of Economy

Affirmation of social values and fruitful business collaboration
Valamar Riviera d.d.

Leading Croatian Business Hotel
Valamar Lacroma Dubrovnik

Gault&Millau 2018.
Restaurants Spinnaker & Miramare

Best Campsite:
Lanterna Premium Camping Resort

Leading Croatian Hotel
Valamar Collection Dubrovnik President

Golden Goat
Terra Magica Adventure Mini Golf

Luxury Hotel Group

Valamar All you can holiday

Best Croatian Luxury Island Resort
Valamar Isabella island Resort

Leading Croatian Boutique Hotel
Valamar Riviera Hotel

Leading Croatian Resort
Valamar Collection Girandella Resort

Best Croatian Luxury Resort
Valamar Dubrovnik President

Kult Plave kamenice
Six most important national f&b festivals
Istra & Craft Beer Festival

Investment estimation for the year 2020

Investment Estimation for Valamar Riviera in the year 2020:
HRK 599 mn*

Istra Premium Camping Resort 5* (3rd phase)

Pinea Valamar Collection Resort 5* (1st phase)

Lanterna Premium Camping Resort 4*

Valamar Tamaris Resort 4*

- Valamar House (Dubrovnik)
- Central kitchen (Istra)
- Energy efficiency projects
- Business digitalization
- Other

* The investment plan is for Valamar Riviera only. Imperial Riviera's investment plan is currently being prepared.

Valamar's Strategy and Goals up to 2022

VALAMAR FORMULA

INVESTMENT IN EMPLOYEES AND QUALITY + INVESTMENT IN PRODUCTS + SUSTAINABLE AND SOCIALLY RESPONSIBLE INVESTMENTS IN DESTINATIONS = DOUBLE-DIGIT GROWTH OF COMPANY'S BUSINESS AND VALUE

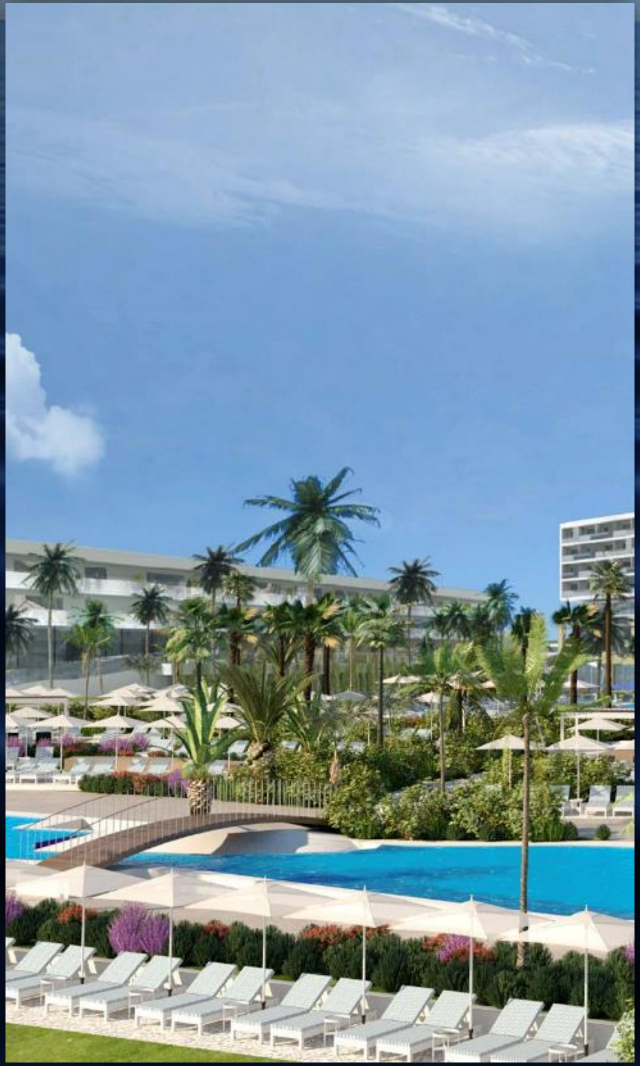

VALAMAR
COLLECTION
RESORTS
★★★★★
PINEA
Resort

Luxury beachfront resort for family, couples and luxury holidays

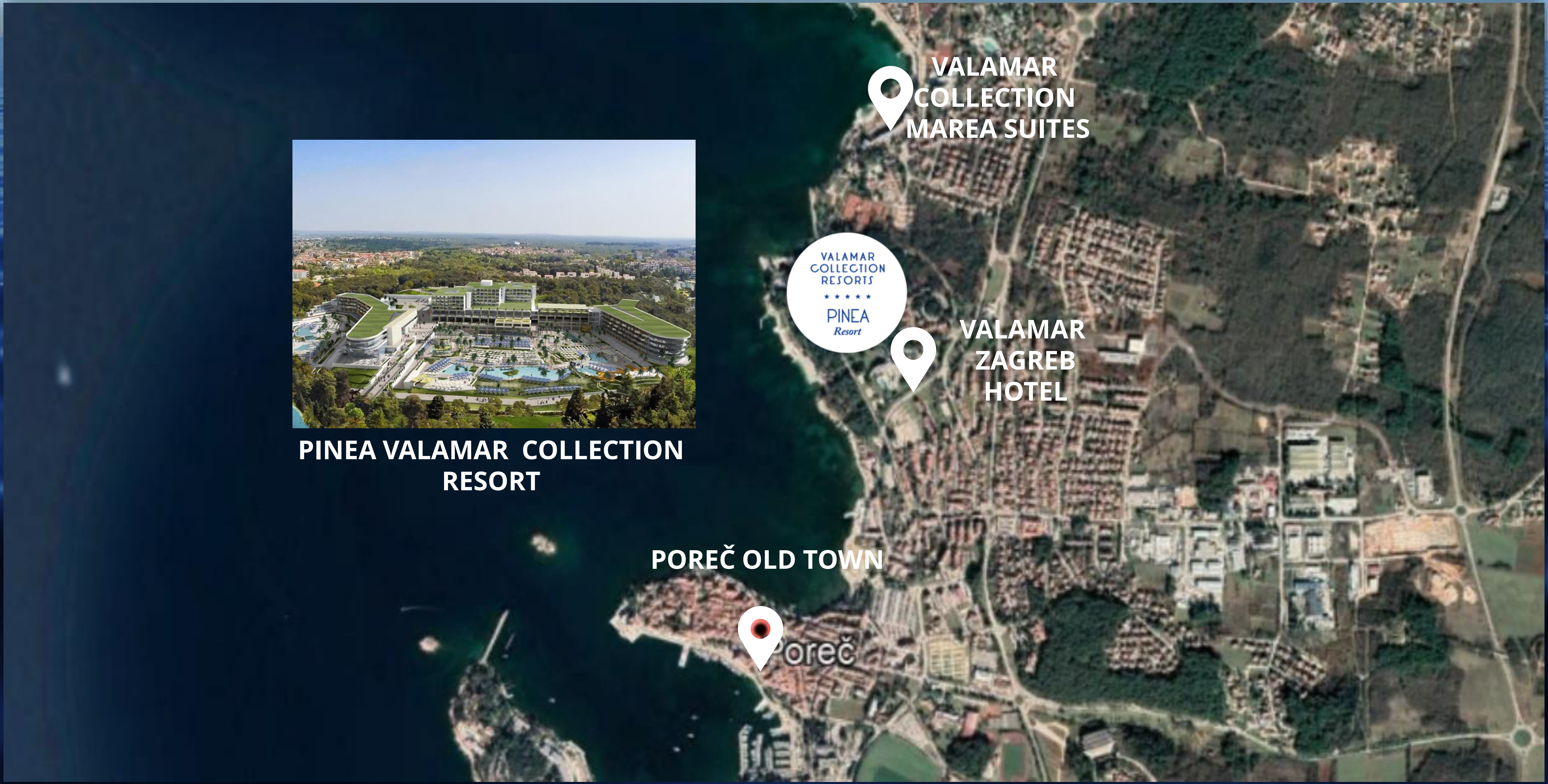
Product overview

Pinea Valamar Collection Resort will boast a premium beachfront location perfect for couples, families and bleisure travelers who like luxury holidays.

- Works will commence in **September 2019** and the project area will be **90 ha**
- The planned opening date is **June 2021**
- The investment in hotel accommodation with accompanying amenities will amount to around **HRK 790 mn**
- **Premium beachfront resor**t with full range of accommodation options
- Extraordinary beach experience on 20.000 m2 with **Sundance Beach Club**
- 2.200 m2 of **outdoor and indoor pools**
- Wide choice of **restaurants, bars and beach club** with **dine around service**
- **Maro Holiday** – signature family facilities and programmes
- **Extensive active leisure and sport facilities** for all ages
- **Balance Mediterranean Spa by Valamar**
- **V Level** – exclusive privileges and personalized service
- **Leading Croatian M.I.C.E. centre** with the capacity of up to 1.200 delegates



Resort location



Accommodation

Pinea Valamar Collection Resort will offer a **wide and varied choice of accommodation**, but all rooms and suites will come well-appointed, with balcony or terrace and a beautiful views of the coastline, the picturesque old town or the park.

- Total resorts capacity - **514 accommodation units**
- **Pinea Hotel** - 208 Junior suites with balcony, 8 V Level Rooftop junior suites, 1 Rooftop V Level suite & 1 Presidential V Level suite
- **Pinea Family Suites** - 146 Superior family suites, 29 Junior family suites, 8 Premium family suites
- **Pinea V Level Miramare** - 65 Luxury junior suites, 33 Superior suites, 11 Superior swim-up suites, 4 Premium panoramic suites

Restaurants and bars

Guests will have a choice of numerous restaurants, various bars, beach club and dine around service.

- **Momenti Restaurant** - premium restaurant for V Level
- **Blu Restaurant** - show-cooking buffet restaurant
- **4 Terre Restaurant** - with kids' corner and mini buffet
- **Miramare Restaurant** - fine dining a la carte restaurant
- **Sundance Beach Club** - beach-chic vibe that blends culinary pleasures with the beach fun
- **Mezzino Restaurant** - fresh and informal dining experience
- **Trattoria La Pentola** - attractive trattoria style ambience
- Various bars with different theme and styles: **Vero bar, Splash pool bar, Family Lobby bar, Vetri bar and Splash beach bar**

Beaches and Sundance Beach Club

At Pinea Valamar Collection Resort the guests will enjoy in clear Adriatic sea with it's scenic strips of sand, white rocks, pebbles, fragrant shades of pine forest and relaxing grassy lawns.

- **20.000 m2 of beach area**
- **Theme beaches** for all holiday types with Val V Level Sandy Beach, Val Parentino Family Beach, Active Beach
- **Sundance Beach Club** will be the resort's beachfront fun & leisure centrepoint with all day entertainment program and DJs, a remarkable selection of cocktails, a la carte restaurant and two outdoor pools
- **Maro Park** theme edutainment park with Istrian Fantasy forest, zip line, Parenzana train ride, theme playgrounds & trampolines
- **Aquapark**
- Wide offer of **water sport activities** like SUP, windsurf, kayak, pedal boats, sail boats, parasailing and much more...

Pools

At Pinea Valamar Collection Resort numerous pools provide a playful range of attractions with heaps of water thrills or relaxing poolside lounge havens.

- **2.200 m2 of total pool area** with 11 indoor and outdoor pools
- Large **5 lane indoor swimming pool** designed for sport & recreational swimmers
- **Activity pool** with slides, water massage, waterfalls and infinity edge
- **Kids and baby pools** with attractions
- Exclusive area with **V level pools**
- Sundance beach club **Adults Only pool**
- **Tidal pool**

Maro family programme

Pinea Valamar Collection Resort will have the recipe for a family holiday with all the right ingredients for all ages and travel styles.

- Fully equipped children's playrooms based on the **Super Maro programme** for different age groups
- **Teen Hangout** – specially designed area for teenagers
- **Entertainment facilities** for the entire family - cinema, theatre, family playroom, soft play room, playgrounds, outdoor fitness facilities for all ages, family pools and beaches
- Entertainment programmes for children every evening: **Maro Disco, Maro Party, Maro Garden,** etc.
- **Maro park** - Fun Educational Park on 4,800 m2 with train ride (Parenzana), Istrian fantasy park, Legend of villas, Mini area for small children
- **Maro Concierge Pinea**

Activ leisure & sport

At Pinea Valamar Collection Resort, workout, fun and sport options will be aplenty.

- **Fitness centre**
- **Stay Fit** signature programme with aqua, outdoor, fitness, spiritual workout and sport tournaments
- **Bike centre** with excursions, bike shop, bike school, bike rental, pump track for training, kids bike track
- **V Sport point** on the beach
- **Terra Magica** adventure mini golf
- **Pinea tennis centre** with 15 tennis courts
- **Beach volleyball** courts
- **Water sports**: jet ski safari, paddle boats, boat rental

Wellness

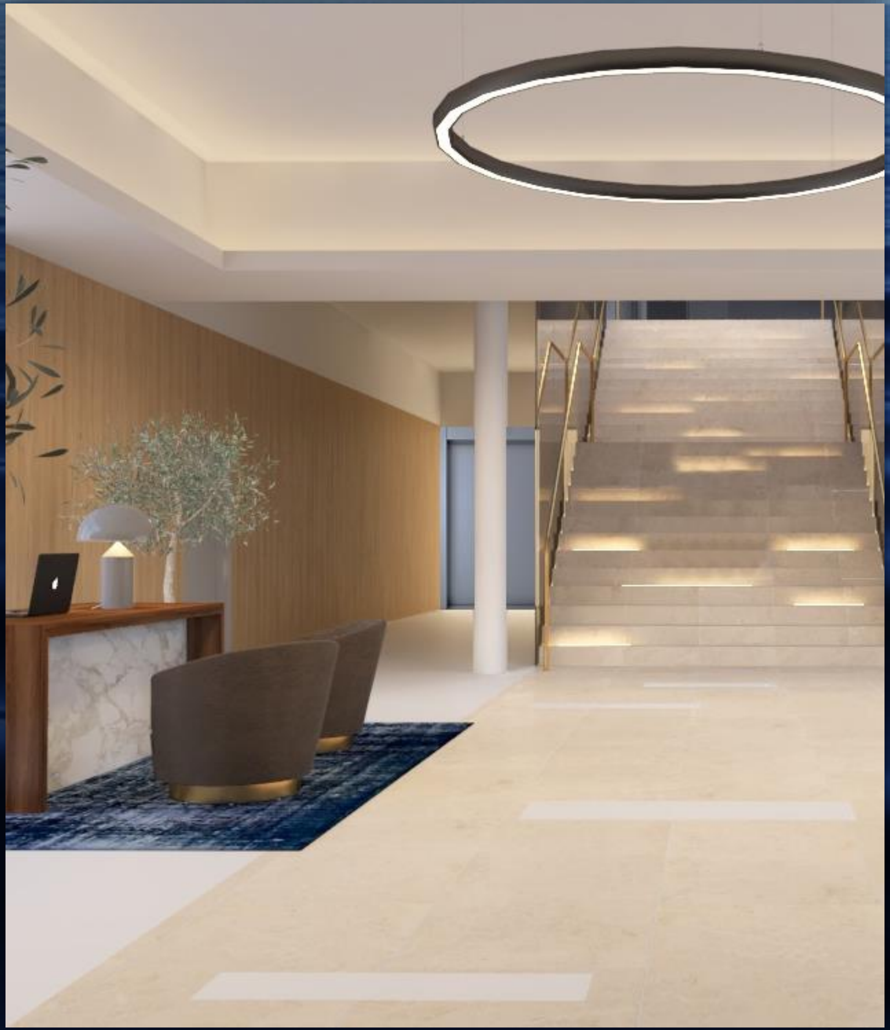
Balance Mediterranean Spa by Valamar will offer a unique signature spa experience with authentic cosmetics & treatments based on local ingredients and lifestyle.

- Saunas and bio family sauna
- Massage rooms with signature Balance treatments
- Beauty treatments with premium cosmetics
- Outdoor massage zone
- Relax zone with fireplace
- Mediterranean garden relax zone

Leading Croatian M.I.C.E. centre

Special attention will be devoted to the construction of the leading Croatian M.I.C.E. center, Pinea Valamar Collection Resort.

- Interchangeable meeting rooms for **up to 1.200 delegates**
- 2.300 max capacity for events
- Premium meeting facilities with natural light
- Full event organisation support



Presentation video

LUXURY BEACHFRONT RESORT FOR FAMILY, COUPLE AND LUXURY HOLIDAYS

Q&A

Internet link for Q&A app: https://www.menti.com (new event number: 85 59 44)

Thank you!

Željko Kukurin
Management Board President

Marko Čižmek
Management Board Member

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