



BUSINESS AND FINANCIAL OVERVIEW

JANUARY – SEPTEMBER 2020 (UNAUDITED)



Business Highlights 1

COVID-19 CRISIS

- operational and financial disruptor to the global economy
- substantial impact on tourism flows which started in March and affected business volumes in peak-season
- Valamar adopted a comprehensive set of measures and activities to positively overcome the crisis

PRODUCTS AND SERVICES MODIFICATION

- more space to guests by decreasing the max. occupancy by 20%
- promotional campaigns #stayinnature and “beachholidays”
- V Health & Safety program, “CleanSpace - 100% privacy”, online reception, Valfresco Direkt, and other digitization projects

RISK MANAGEMENT COMMITTEE

- successfully adjusted financial, business and contingency plans and activated escalation plans
- developed and activated comprehensive operational crisis management procedures to protect the health of guests and employees

EMPLOYMENT PROTECTION

- „Pause, Restart Program” was effectively launched with the aim of protecting all jobs
- payouts to all “paused” employees waiting for work in the amount of at least 60% of their regular salary, but not less than HRK 4.250 net, thus decreasing the otherwise fixed payroll costs

**VALAMAR HAS SUCCESSFULLY SECURED SUFFICIENT LIQUIDITY,
PROTECTED JOBS AND RESTARTED OPERATIONS
IN THE FIRST NINE MONTHS**

Business Highlights 2

STATE MEASURES

- grants for job preservation in COVID-19 affected sector (valid until year-end 2020)
- reduction and deferred payment of concession fees
- deferred payment of tourist board fees
- moratorium on bank loans

- secured liquidity to weather the crisis over the following period and continue the growth path in 2021
- introduced policies and mechanisms to defer payments
- deferred vast majority of credit liabilities for 2020 & H1 2021
- fortified additional liquidity through a EUR 66mn club loan

FINANCIAL STABILITY TO CONTINUE DEVELOPMENT

REVENUES AND BOOKINGS MANAGEMENT

- slower dynamics of booking entries mostly related to hotels and resorts, while camping resorts proved to be far more resilient
- direct channel most significant one
- no decrease of prices (comparable ADRs show increase of 8% and 6% in hotels&resorts and campings, respectively)

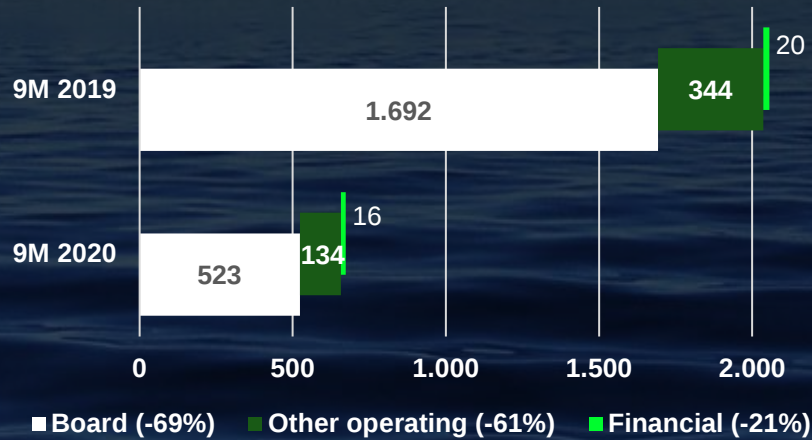
- planned 2020 investment cycle amounted to over HRK 800 million, but was reduced by HRK 125 million by the end of June
- the priority is maximizing FCF and reduce credit exposure in order to achieve the pre-crisis net debt / EBITDA ratio as soon as possible

INVESTMENTS MANAGEMENT

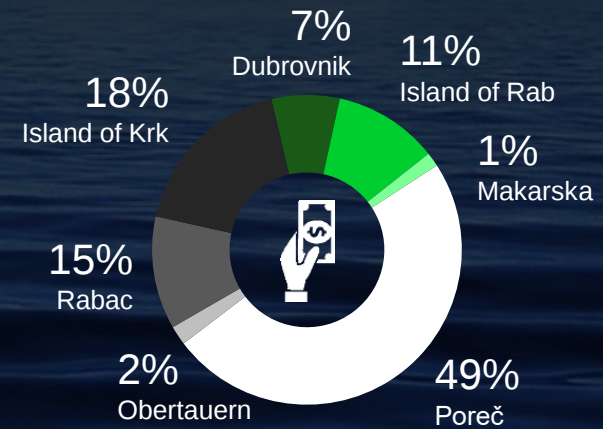
VALAMAR HAS ACTIVELY MANAGED THE CRISIS AND THE 2020 TOURIST SEASON, AND POSITIONED ITSELF WELL TO SUCCESSFULLY RESUME GROWTH AND DEVELOPMENT DURING 2021 AND 2022

Financial Highlights 1

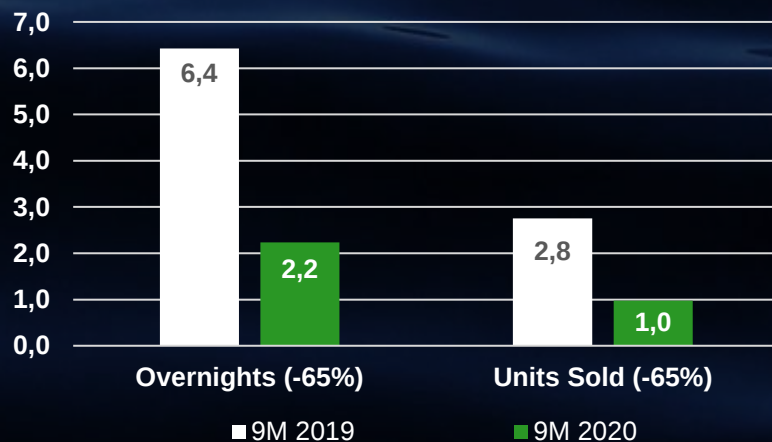
Revenues Structure (in HRK mn)



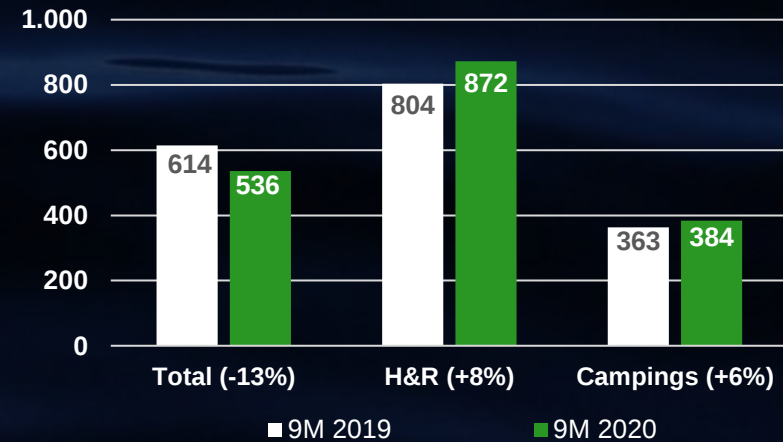
9M 2020 Board Revenue Structure per Location



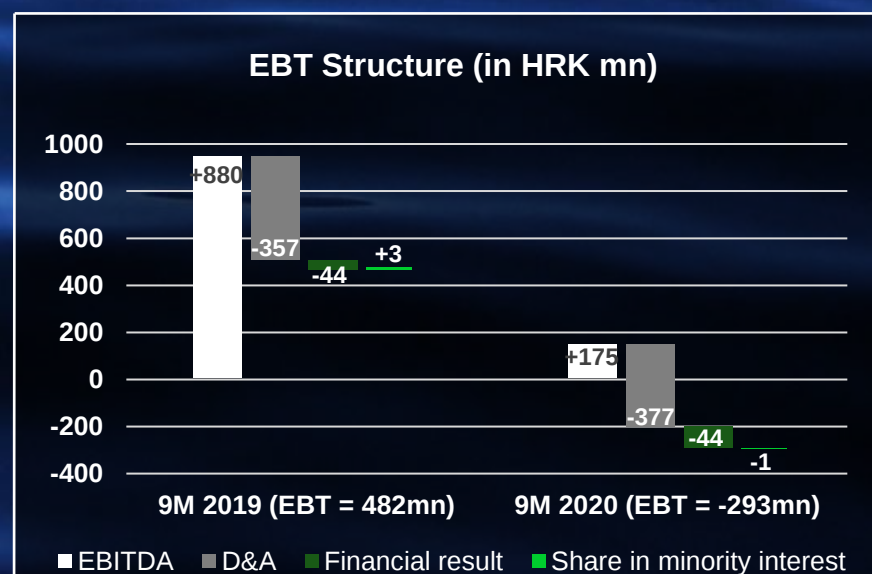
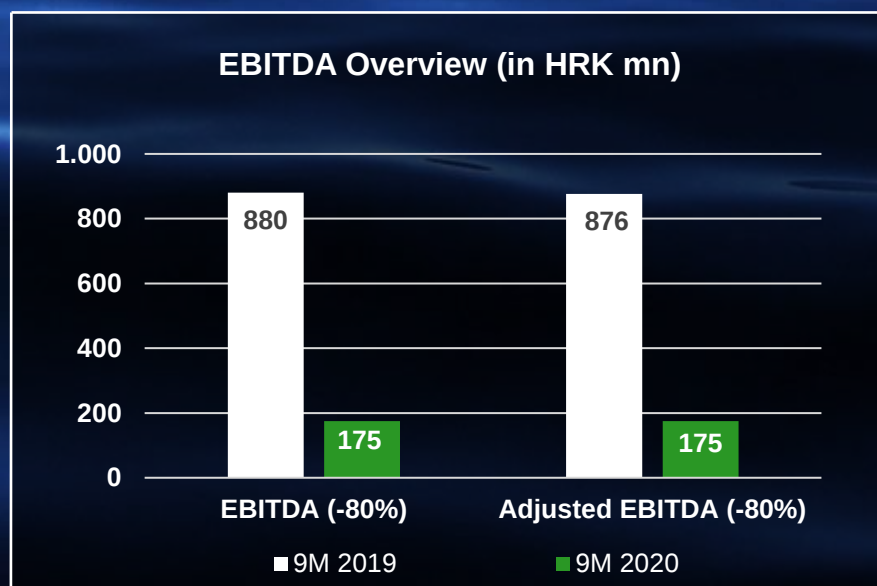
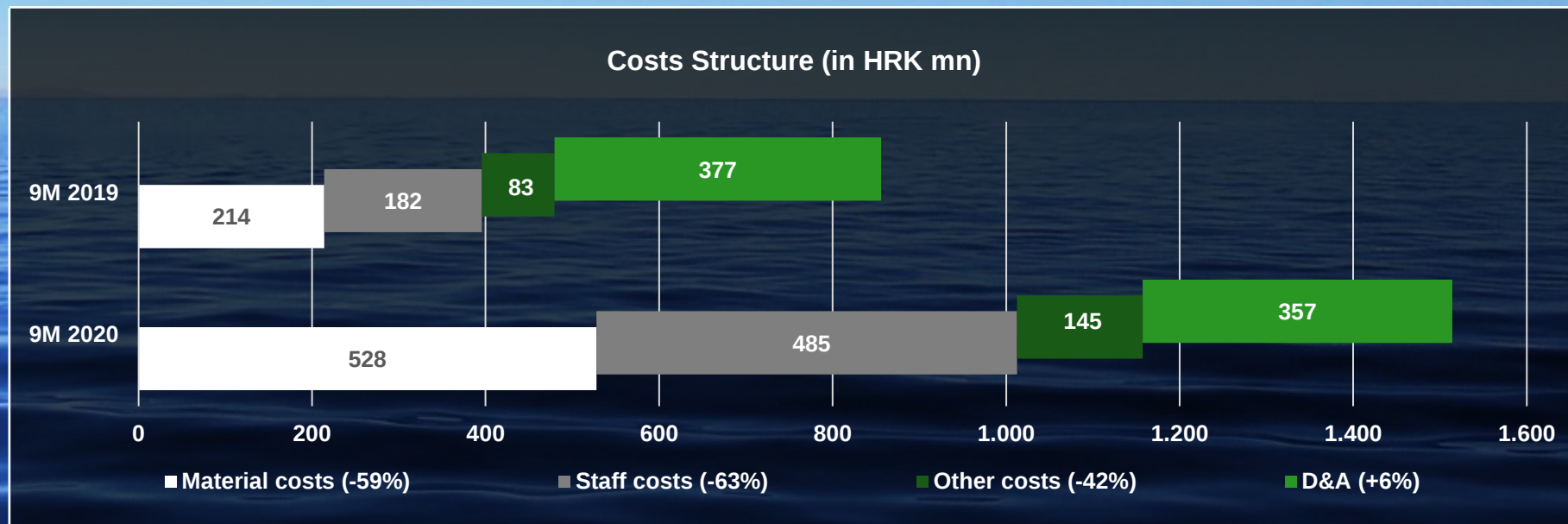
Overnights and Units Sold Overview (in mn)



ADR Overview (in HRK)

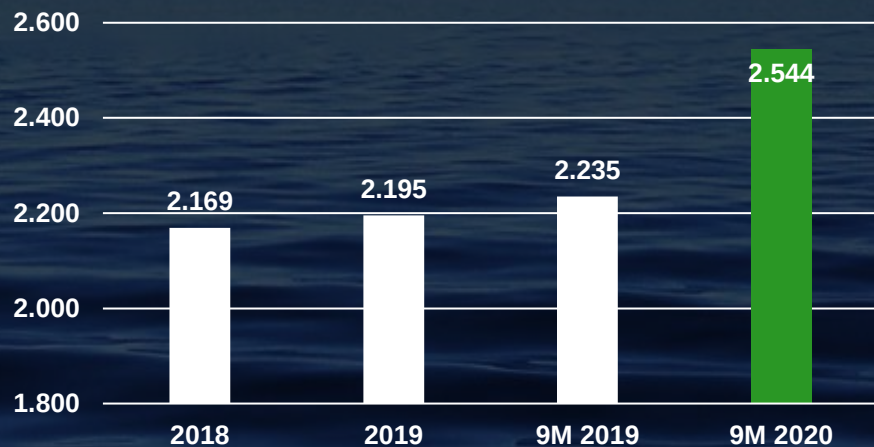


Financial Highlights 2

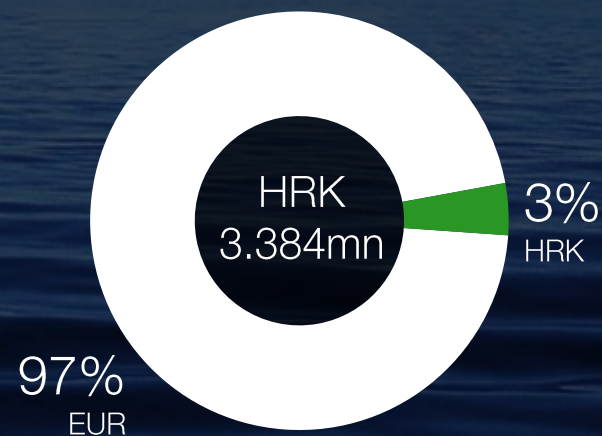


Financial Highlights 3

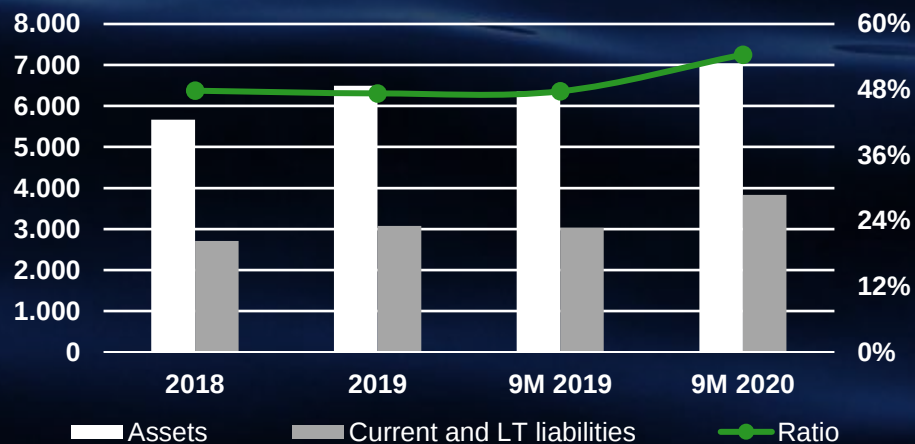
Net Debt (in HRK mn)



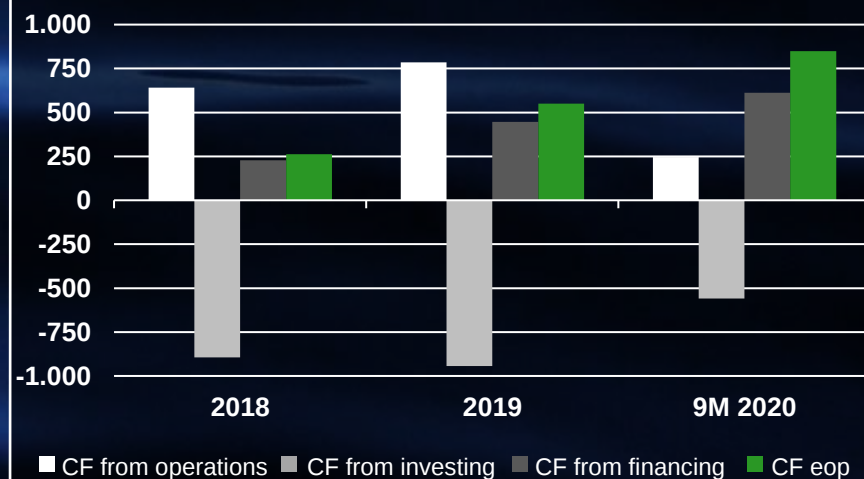
Gross Long-Term Debt (30/9/2020)



Assets and Liabilities Ratio (in HRK mn)



Cash Flow Overview (in HRK mn)



Financial Highlights 4

2020 initially planned investments worth HRK 826mn were decreased by HRK 125mn

From Mar 23 to May 6 temporary stoppage of construction works; all investment works were finished on time

Reprogrammed CAPEX modality and extent to fully prepare the 2020 tourist season

2021 CAPEX shrinking as the priority is to maximize free cash flow in order to decrease the leverage ratio to pre-crisis levels

Valamar Riviera

- Valamar Collection Pinea Resort 5* (I phase) •
- Valamar Parentino Hotel 4* •
- Istra Premium Camping Resort 5* (III phase) •
- Lanterna Premium Camping Resort 4* •
- Other smart projects •

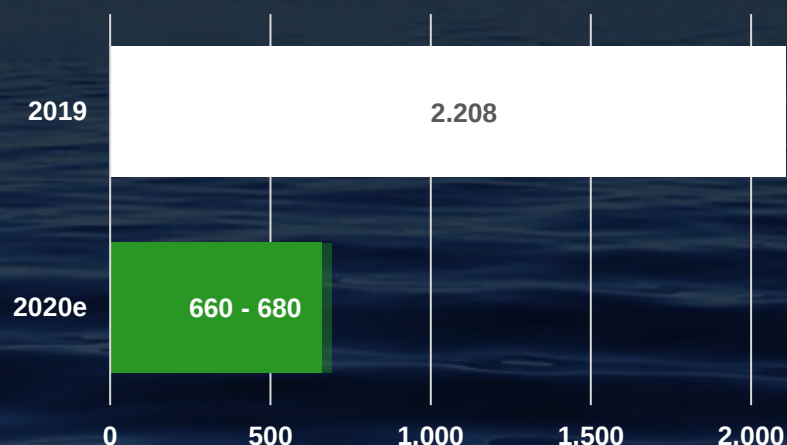


Imperial Riviera

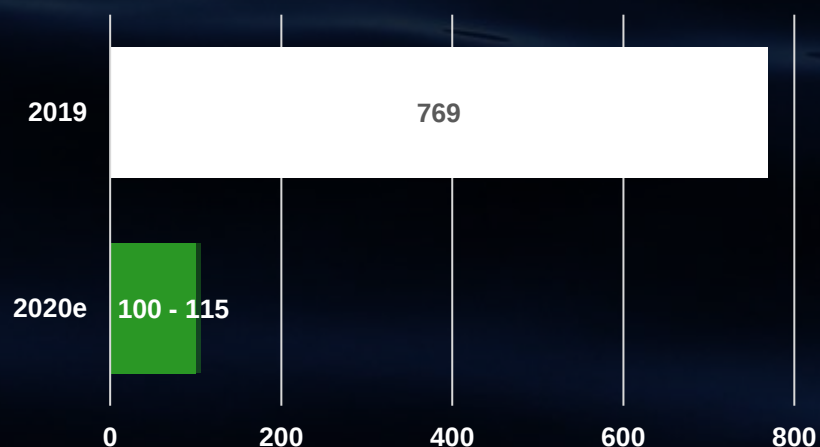
- Valamar Meteor Hotel 4*
- Padova Premium Camping Resort 4*
- Other smart projects

Outlook

2020e Operating Revenues (in HRK mn)



2020e Unadjusted EBITDA (in HRK mn)



Future focus: maintain an adequate level of liquidity, preserve jobs, adjust the business model to the crisis and prepare projects for new growth and development when the conditions are met

Valamar expects the tourism sector to be affected by the crisis in 2021, while business normalization is expected in 2022 and 2023

Croatia has the unique opportunity to establish itself as the most desirable destination in the Mediterranean and achieve strong growth and guest returns in 2021

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