

VALAMAR RIVIERA Investors Day

Rab, 12 June 2018



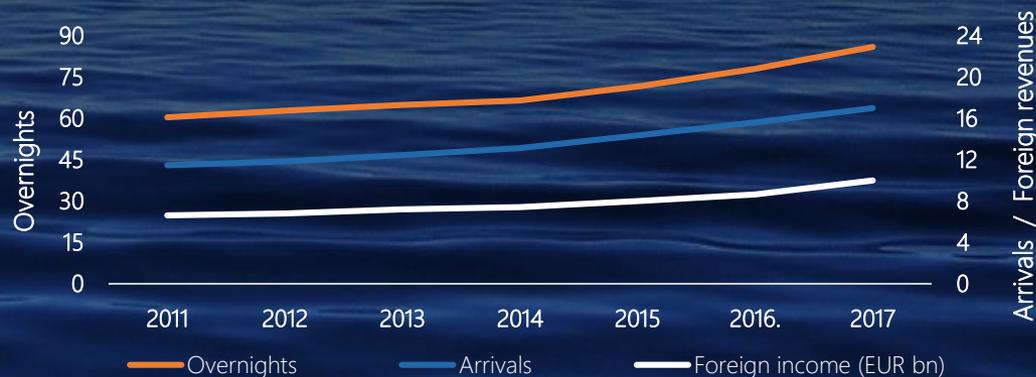
TOPICS

- Trends in Tourism in Croatia
- Valamar Riviera - Leader in Leisure Tourism
- 10 Key Strategic Events in 2017
- Investments as Growth Drivers
- Financial Indicators
- Valamar Riviera Share
- Awards
- 2017 Integrated Annual Report and CSR

TRENDS IN TOURISM IN CROATIA (1)

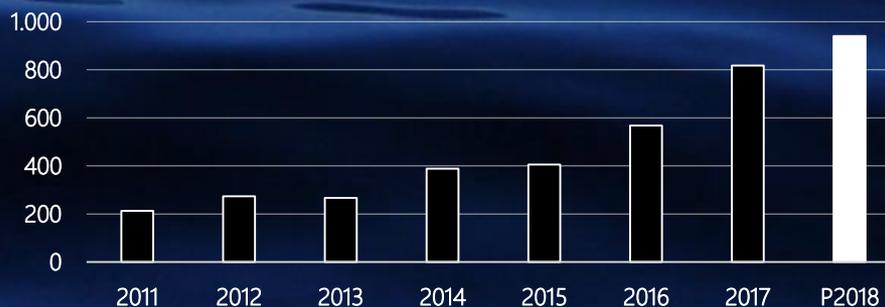
- Croatia reports record results in tourism:
 - over 100 million overnight stays
 - over 17 million arrivals
 - over EUR 10 billion revenues
 - physical and financial indicators grow at a faster pace than the Mediterranean
- Investments in Croatian tourism grow; however, this growth is still insufficient to realize the national strategy goals

Arrivals, overnights and foreign exchange revenues from Croatia's tourism (2011 – 2017)



Source: Central Bureau of Statistics, Croatian National Bank

Investments in tourism 2011 – P2018 (EUR million)



Source: Central Bureau of Statistics, data for 2018 are estimates by Ministry of Tourism based on investment survey

TRENDS IN TOURISM IN CROATIA (2)

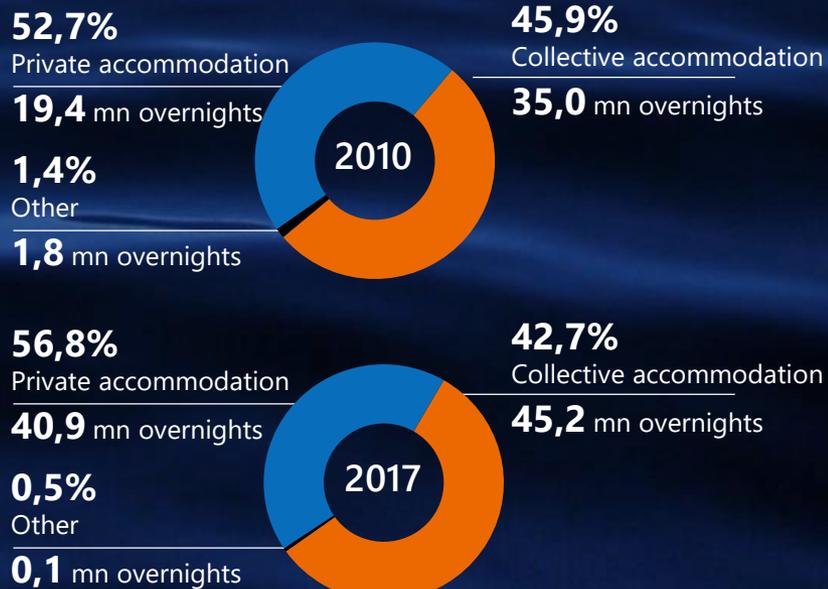
- High seasonality persists (86% of all the overnights is achieved in the main season)
- Structural problems in Croatian tourism continue to deepen - the share of private accommodation is growing, the share of collective accommodation (hotels, resorts and campsites) is declining
- Foreign exchange revenues per foreign tourist are decreasing due to increasing share and overnight stays in private accommodation, which generally carries a lower average daily price
- Taxes and non-tax charges are increasing (as opposed to what has been stated in Croatia's Strategy): VAT, property tax, tourist tax etc.
- Croatia has the worst tax framework for operations in tourism and hospitality in the Mediterranean
- Labor force is the greatest challenge for further development of Croatian tourism

Foreign exchange revenues per foreign tourist (EUR)



Source: Horwat HTL

Accommodation categories in Croatia



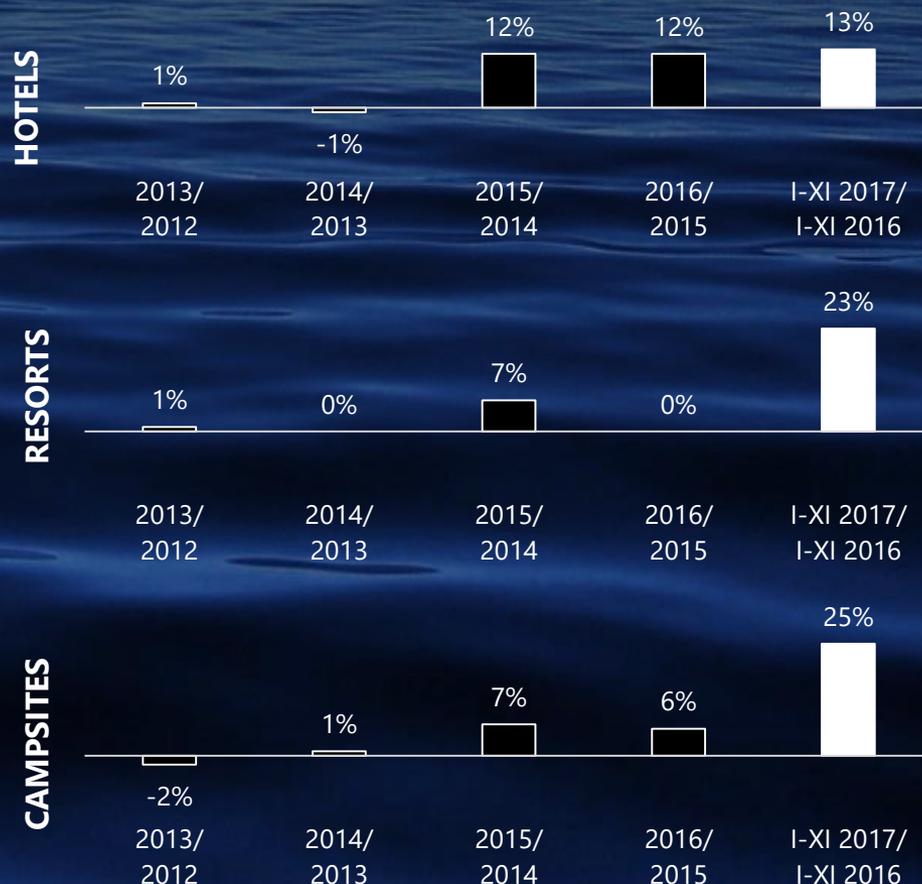
Source: Central Bureau of Statistics

VALAMAR RIVIERA

TRENDS IN TOURISM IN CROATIA (3)

- Historical opportunity to develop Croatian tourism and hospitality:
 - low interest rates and readily
 - available capital
 - increased demand for Croatian tourism
 - all airports report revenue growth, TO/TA are showing increasing interest
 - low share of quality tourism services and products
- Total income per available accommodation unit in hospitality is increasing (2017/2016):
 - hotels: +13%
 - resorts: +23%
 - campsites: +25%

Annual TrevPAR trends of Croatian accommodation industry



LEADER IN LEISURE TOURISM

>6.600 employees
serving
>1 million guests



>5 billion
market capitalization



33 hotels and resorts
15 camping resorts



6 destinations:
Poreč, Rabac, Krk Island,
Rab Island, Dubrovnik,
Makarska



≈5
billion
assets

2,9x
Net debt /
EBITDA





10 business events that
marked the year
2017

TOP 10 CROATIAN COMPANIES

1

...by growth in business and value

...by employment

...by investments

...by social responsibility

...by export

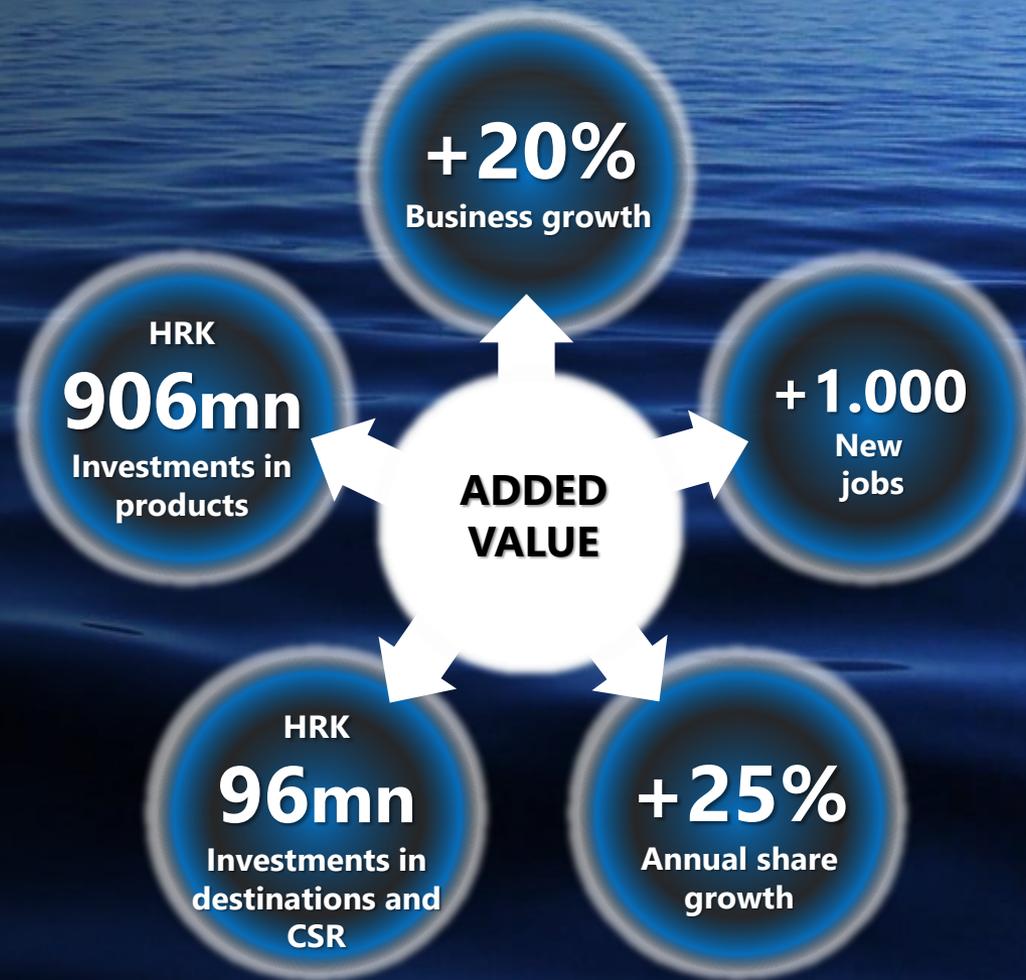
...by share

...by investor relations and financial management

FIFTEEN LARGEST CROATIAN COMPANIES BY MARKET CAPITALIZATION (in HRK billion)

1.	Ina	32,5
2.	Zagrebačka banka	16,9
3.	Privredna banka Zagreb	14,4
4.	Hrvatski telekom	13,5
5.	Adris grupa	7,7
6.	Valamar Riviera	5,4
7.	Janaf	5,2
8.	Plava laguna	3,8
9.	Maistra	3,1
10.	Atlantic grupa	2,9
11.	Arena Hospitality Group	2,3
12.	Croatia osiguranje	2,2
13.	Podravka	1,9
14.	Končar	1,8
15.	Ericsson Nikola Tesla	1,6

Source: ZSE, 31/12/2017



Continual employment growth:

- 2017: 1.000 new jobs
- 2018: 600 new jobs

We create opportunities for year-long work and employment (2017: 41%)

Continual improvement of salaries and work conditions

Training and Valamar Academy

Investment in future employees and promoting jobs in hospitality and tourism

Average employment



Employees as at 31.7.



RECORD SALES GROWTH AND REMARKABLE PRE-SEASON PERIOD

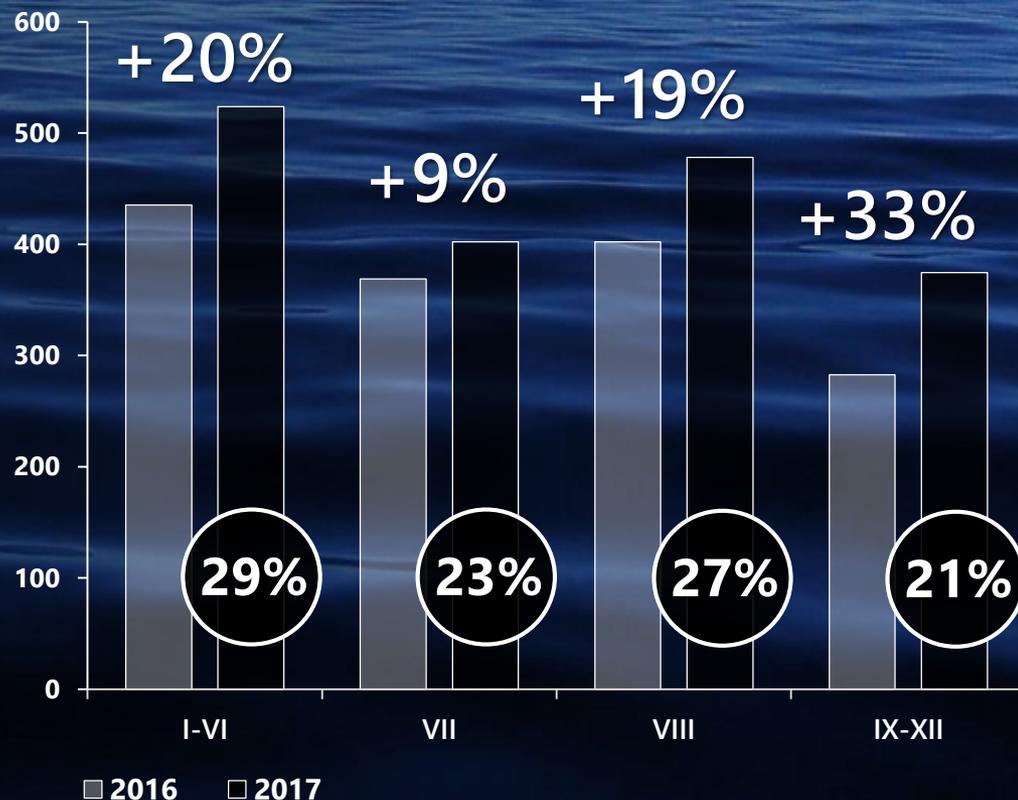
Overnights + 20% and ADR +6%

Remarkable growth achieved for the 2nd consecutive year in the first 6 months!

Great post-season results despite September slump

Share of direct sales grew from 39% in 2015 to 43% in 2017

Operating revenues 2017/2016 (HRK million)



Management
re-organization and
corporate harmonization

Results achieved in 2017
better than planned

Beginning of the new
2017/2018 investment
and development cycle

NEW in 2018– Valamar Collection Imperial Hotel 4*



IMPLEMENTATION OF SERVICE CONCEPTS

Service concepts have been implemented and tested

Product development and branding are based on service concepts

The image displays a collection of service concept logos organized into five main categories, each with a dark blue header:

- FAMILY:** SUPER MAFO, MAFO, TEEN LOUNGE
- PREMIUM SERVICES:** Vlevel, MAFO HOLIDAY, DESIGNED FOR ADULTS
- FUN & SPORT:** STAY FIT, VALAMAR BIKE, V SPORT POINT, VAL BEACHES
- EXPERIENCES:** PIAZZA, PERFECT EXPERIENCE Creator
- GOURMET:** DINE AROUND, MIRAMARE RESTAURANT, SPINNAKER RESTAURANT, LANGUSTO FINE DINING, BLACK & BLUE STEAKHOUSE, Rebelle, MOMENTI RESTAURANT, Jm MEDITERRANEAN RESTAURANT, HEAVEN 42, beat, Sundance, LA PENTOLA TRATTORIA E PIZZERIA, CRAFT alibon, giacchino PIZZA & PASTA, [mezzino], VALAMAR BAY GRILL, MARBLU BEACH RESTAURANT, BONETA, SPLASH POOL BAR BEACH BAR, OLIVA BEACH BISTRO GRILL, SAPPHIRE GIN BAR

Increased guest satisfaction particularly in the Premium segment

Increased marketing base and rate of returning guests

58% Unbelievable service level!

Total guest satisfaction score



Guests in the marketing database



Returning guest rate



"Unbelievable" service level

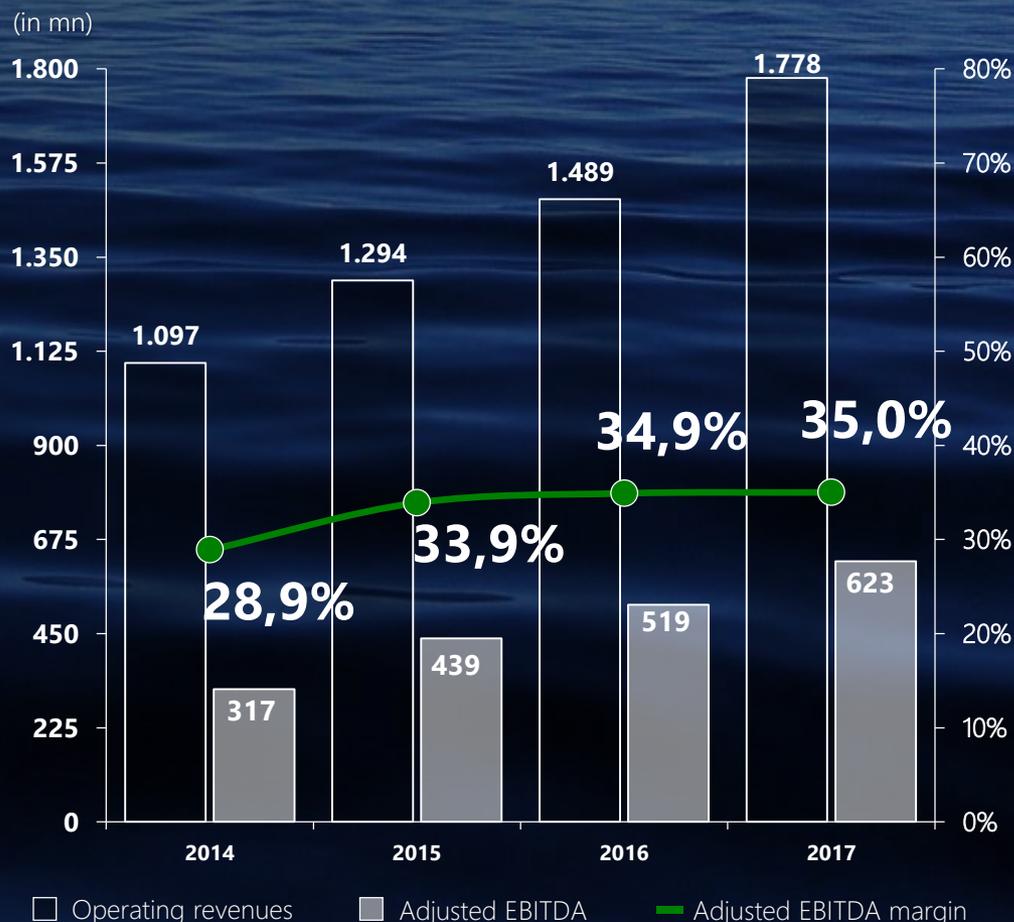


EBITDA margin grew by +6,1 p.p. in 3 years

Operating efficiency grew in spite of unfavorable foreign exchange rate and VAT increase

The costs of development & model of business growth do not affect positive EBITDA margin development

Revenues, EBITDA and EBITDA margin (HRK; %)



EXCELLENCE in investment management and
EXCELLENCE in operating management

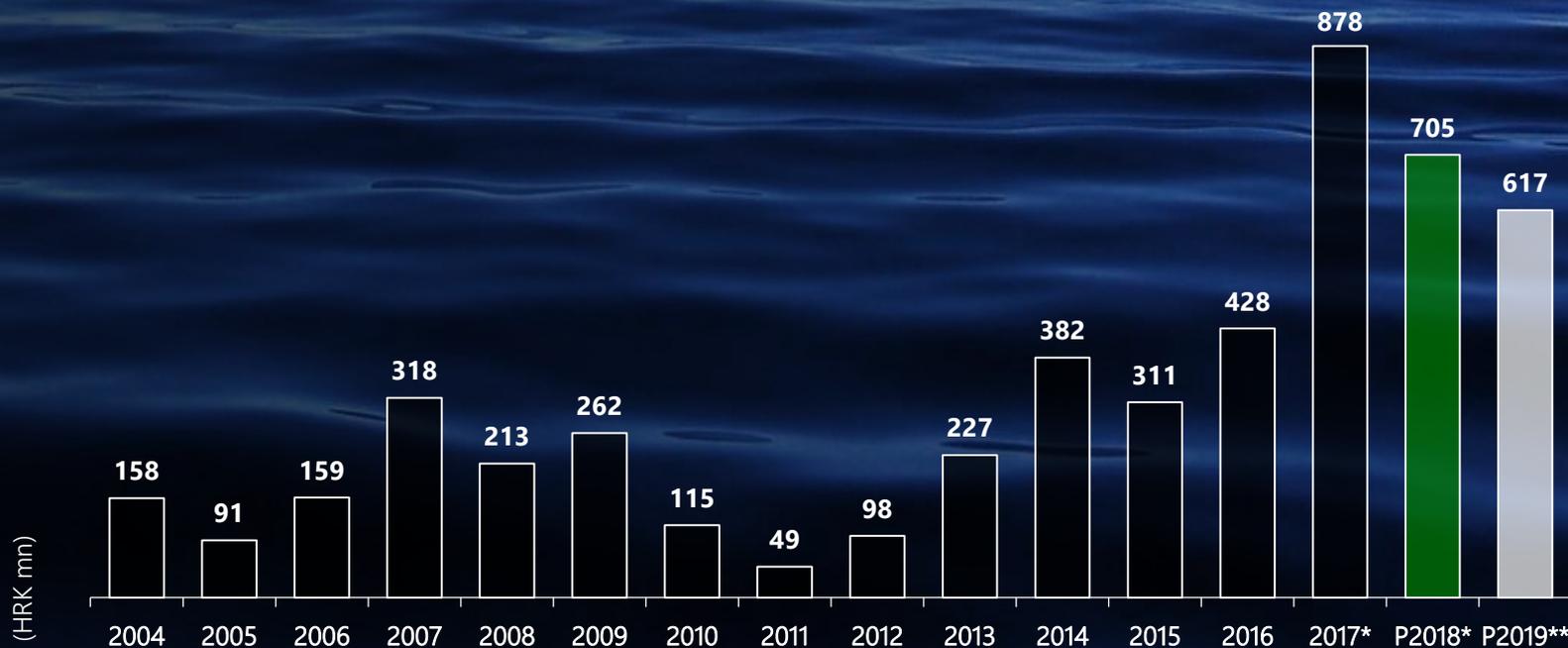
Rabac: largest construction site in
Croatian tourism:

- >15 hectares
- >1.100 construction workers and 150
engineers, architects and project leaders
- >130 construction companies, suppliers and
small businesses

Rabac was nominated as one of the top 3
leading holiday destinations in Croatia



LARGEST investment cycle in a single year: HRK 906 million
>HRK 4 billion capitalized investments in the period 2004 - P2018



* Includes capitalized investments of Imperial company.

** 2019 CAPEX plan refers exclusively to Valamar Riviera.; Imperial's CAPEX plan is under preparation.

CAPEX 2018: VALAMAR MARO SUITES 5*

Valamar Collection Girandella Resort 5*

(Maro Suites 5*)

CAPEX: **HRK 121 mn**

Capacity: **149 keys**

VALAMAR
COLLECTION
RESORTS

KindertHotels®

Total
Girandella
HRK 394 mn

CAPEX 2018: VALAMAR ARGOSY HOTEL 4*

Valamar Argosy Hotel 4*

(designed for adults)

CAPEX: **HRK 63 mn**

Capacity: **308 keys**

VALAMAR
HOTELS & RESORTS

DESIGNED FOR
ADULTS

Hotel
repositioning

CAPEX 2018: VALAMAR COLLECTION IMPERIAL HOTEL 4*

Valamar Collection Imperial Hotel 4*

(designed for adults)

CAPEX: HRK 27 mn

Capacity: 136 keys

VALAMAR
COLLECTION

DESIGNED FOR
ADULTS

Hotel
repositioning

CAPEX 2018: LANTERNA PREMIUM CAMPING RESORT 4*

Lanterna Premium Camping Resort 4*

CAPEX: HRK 86 mn

Capacity: 2.870 keys

**CAMPING
ADRIATIC** PREMIUM
RESORTS
by Valamar

Total
Camping
Lanterna
262 mn HRK
(2016 – 2018)

CAPEX 2018: ISTRA PERMIUM CAMPING RESORT (I. PHASE)

Istra Premium Camping Resort 5* (I. phase)

CAPEX: **HRK 60 mn**

Capacity: **1.007 keys**

**CAMPING
ADRIATIC** PREMIUM
by Valamar RESORTS

Total
Estimation
Camping Istra
HRK 379 mn
(2018 – 2020)

CAPEX 2018: JEŽEVAC PREMIUM CAMPING RESORT 4*

Ježevac Premium Camping Resort 4*

CAPEX: HRK 26 mn

Capacity: 683 keys

**CAMPING
ADRIATIC** PREMIUM
RESORTS
by Valamar

Total
Camping Ježevac
HRK 54 mn
(2016 – 2018)

CAPEX 2018: ACCOMMODATION FOR EMPLOYEES

Staff Residence (Krk, Poreč, Rabac)

CAPEX: **HRK 49 mn**



KUĆA VALAMAR
STAFF RESIDENCE

Total
Staff Residence
HRK 60 mn
(2016 – 2018)

2019 CAPEX ESTIMATION

2019 Valamar Riviera Company CAPEX Estimation:
HRK 617 mn*



* 2019 CAPEX plan refers exclusively to Valamar Riviera.; Imperial's CAPEX plan is under preparation.

INCOME STATEMENT

(HRK million)	2016	2017		2017/2016	
Total revenues	1.579	1.842	↑	263	17%
Sales revenues	1.455	1.755	↑	300	21%
Operating costs	950	1.145	↑	195	21%
EBITDA	513	606	↑	93	18%
Adjusted EBITDA	519	623	↑	104	20%
EBT	272	239	↓	-33	-12%
Net profit	342	245	↓	-97	-28%
Adjusted EBITDA margin	34,9%	35,0%	↑		10bp

+21%

Sales growth
(+11% w/o
Imperial)

HRK

+104mil

Adjusted EBITDA
(+HRK 41mn w/o
Imperial)

+20%

Adjusted EBITDA
(+8% w/o
Imperial)

ASSETS

(HRK million)	2016	2017		2017/2016	
Non-current assets	4.105	4.632	↗	527	13%
Current assets	337	344	↗	7	2%
Prepayments and accrued income	23	20	↘	-3	-13%
Assets	4.465	4.997	↗	532	12%
Capital and reserves	2.374	2.516	↗	142	6%
Provisions	50	58	↗	8	17%
Non-current liabilities	1.556	1.916	↗	360	23%
Current liabilities	394	403	↗	9	2%
Accrued expenses and deferred income	92	104	↗	12	13%
Liabilities	4.465	4.997	↗	532	12%



INDEBTEDNESS ON 31/3/2018 (1)

Loan principal and interest repayment forecast (HRK million)



HRK
148 mn

Average forecast
annual principal
repayment

HRK
22 mn

Average forecast
annual interest
repayment

HRK
2,3%

Average debt cost
before tax

≈5,8 yrs

Average debt
duration

HRK
1,97 bn

Net debt

INDEBTEDNESS ON 31/3/2018 (2)



2017 CONSOLIDATED INDICATORS

41%

Debt / assets

11,9x

EV / EBITDA

6,0

EBIT / paid
interest

2,8

DSCR

2,9

Net debt /
EBITDA

38%

Debt / mcap

EBITDA MARGIN AND INVESTMENTS

EBITDA margin (%)



EBITDA margin

Adjusted EBITDA margin

EBITDA margin weighted average in 2017 of comparable hospitality group: 36,4%

Investments and amortization (HRK; 2004 – P2018)

Average investments

282 mn

Total investments

4,4 bn

Average depreciation

201 mn

Total depreciation

3,0 bn

RIVP SHARE PERFORMANCE

Average RIVP price (HRK)



*CROBEX, CROBEX10, CROBEXtulist indexed according to the average RIVP share price as at 2/1/2017

RIVP SHARE PERFORMANCE

Average RIVP price (HRK)

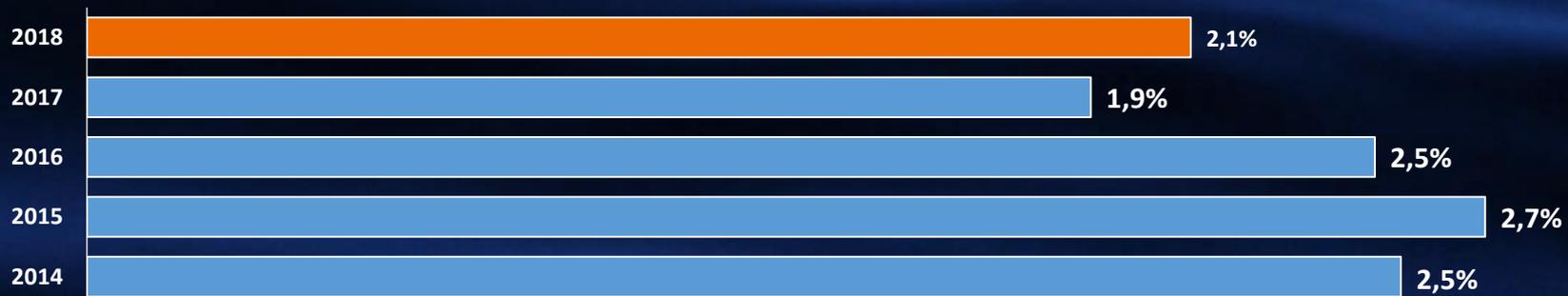


*CROBEX, CROBEX10, CROBEXtulist indexed according to the average RIVP share price as at 8/6/2017

DIVIDEND AND SHARE BUY-BACK (SBB)



Dividend yield



AWARDS AND RECOGNITIONS IN 2017



Golden kuna

Best large enterprise in Istria and nomination for the best one in Croatia



ZAGREBAČKA BURZA
THE ZAGREB STOCK EXCHANGE

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



ZAGREBAČKA BURZA
THE ZAGREB STOCK EXCHANGE

Top Turnover Share
Valamar Riviera d.d.



ZAGREBAČKA BURZA
THE ZAGREB STOCK EXCHANGE

Best Investor Relations
Valamar Riviera d.d.



Days of Croatian Tourism
7 prestigious awards



Euromoney Real Estate
Leading Developer in Tourism



Best Campsite:
Camping Resort Lanterna,
Camping Resort Krk



Leading Campings of Europe
Camping Resort Lanterna,
Camping Resort Krk



Leading Croatian Business Hotel
Valamar Lacroma Dubrovnik



Businessperson of the Year
Željko Kukurin,
CEO at Valamar Riviera d.d..



Pride of Croatia
Charity program



GLOW
Corporate Social Responsibility and
Sustainability



Leading Croatian Hotel
Valamar Lacroma Dubrovnik



Golden Goat
Željko Kukurin,
CEO at Valamar Riviera d.d.



Luxury Collection Group 2017,
Luxury Management Group 2017,
Luxury Brand 2017
Valamar Hotels & Resorts



Best Croatian Luxury Island Resort
Valamar Isabella island Resort



Leading Croatian Boutique Hotel
Valamar Riviera Hotel



Leading Croatian Resort
Valamar Girandella Resort



Best Croatian Luxury Resort
Valamar Dubrovnik President



Best Croatian Luxury Romantic Hotel
Valamar Dubrovnik President



VALAMAR
All you can holiday



2017

**INTEGRATED ANNUAL REPORT AND
CORPORATE SOCIAL RESPONSIBILITY**

MICRO FACTS ABOUT VALAMAR RIVIERA (1)

68%

presence of
Croatian products
in the F&B
segment

> 500

children
educationally visited
Valamar in 2017
(Small tourism)

> 300

children have
spent their summer
holidays in 2017
(1.000 days on
Adriatic sea)

HRK

> 20 mn

investments in
promenades, biking
trails and
beaches

HRK

> 19 mn

investments in
children's playgrounds
and sports grounds
in 2017

5.040 m²

photovoltaic cells and

98

electric vehicles

MICRO FACTS ABOUT VALAMAR RIVIERA (2)

4.774

employees
participated
in award
programs

68%

of local employees

311

new scholarships
in 2017

374.858

phone and email
inquiries

7,8mn

web site
visits

36 km

of shoreline

MICRO FACTS ABOUT VALAMAR RIVIERA (3)

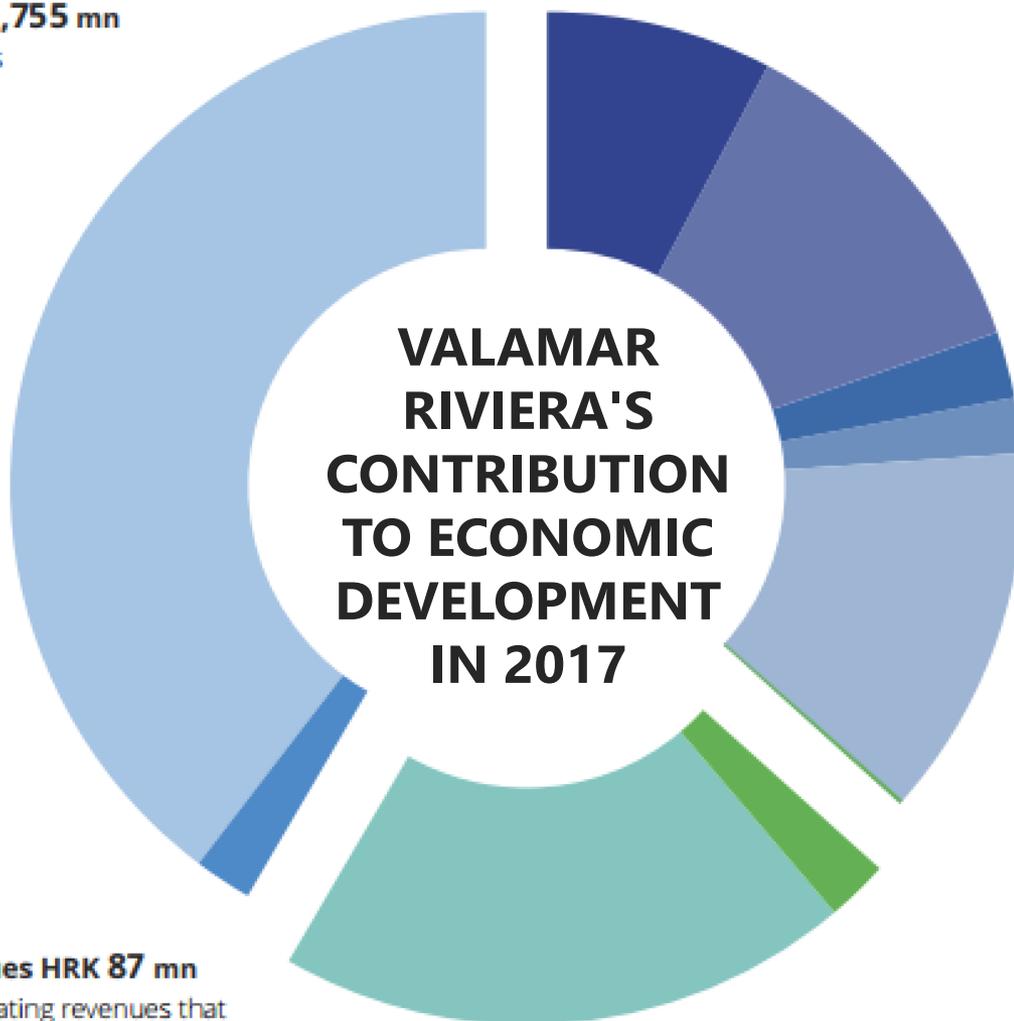
DIRECT ECONOMIC VALUE GENERATED

■ **Guests HRK 1,755 mn**

net sales revenues

■ **Other revenues HRK 87 mn**

financial and operating revenues that also include insurance revenues, interest revenues, foreign exchange gains, revenues from shares and stakes sold etc.



ECONOMIC VALUE DISTRIBUTED

■ **Employees HRK 340 mn**

all net receipts by employees including salaries, rewards, incentive payments and other increments

■ **Suppliers HRK 534 mn**

costs paid to suppliers, including food and beverage, energy sources, communication, transport, promotion, maintenance, intellectual services and other

■ **Shareholders HRK 99 mn**

dividends paid to shareholders

■ **Banks and creditors HRK 85 mn**

interest and other costs related to financing

■ **Public administration HRK 564 mn**

VAT and other taxes, contributions on salaries, other payments to the public administration and institutions, corporate income tax excluded

■ **Community HRK 1 mn**

donations and philanthropy

INVESTMENTS

■ **9 CSR umbrella programs HRK 96 mn**

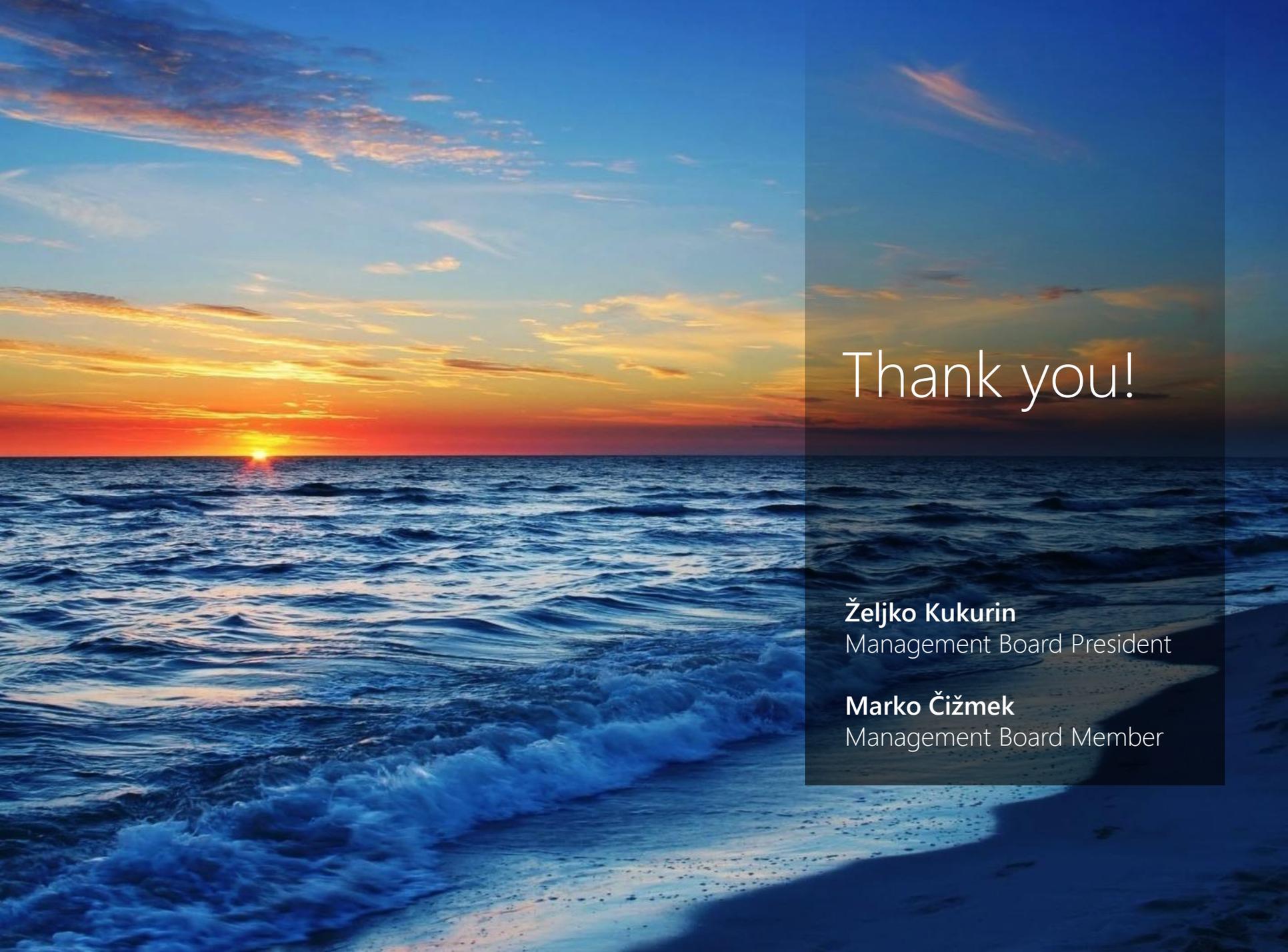
total investments and projects included in the 9 CSR programs

■ **Portfolio investments HRK 866 mn**

capital investments in hospitality assets, equipment and services

Q&A





Thank you!

Željko Kukurin
Management Board President

Marko Čižmek
Management Board Member