

Biograd na Moru, 05th April 2018

**Securities:** ILRA

**ISIN:** HRILRARA0009

**Quotation:** Zagreb Stock Exchange (Official Market)

### **Annual operating results for the year 2017**

*The best operating results have been achieved so far at the level of the tourism sector, thereby simultaneously successfully integrating the real-estate sector, i.e. the Commercial-shopping center City Galleria in the operational business*

The fiscal year 2017 is one of the most significant year for the Company taking into account that all forecasted business objectives have been achieved. The achieved and realized total operating results, both financially and physically, are best since the establishment of Ilirija. Total revenues were realized in the amount of HRK 150.5 million, which is an increase by 16.63% compared to those in the previous fiscal year, while the operating revenues amounted to HRK 149.5 million and are the result of the growth at the level of all tourism sectors of the Company especially the realization on the domestic market. In the segment of operating profitability, the increase was recorded in the key indicators of EBITDA (earnings before interest, taxes and amortization) was realized in the amount of HRK 50.1 million, with an increase by 11.30%. Profit generated in the amount of HRK 34.4 million compared to the previous fiscal year increased by 10.12%. Net profit was generated in the amount of HRK 27.8 million and decreased by 9.52% due to the fact that in 2016 the Company used the tax relief on the basis of reinvested profit and as a result of amendment of the Corporate Income Tax Act and the abolition of tax relief on the basis of reinvested profit resulting in the net profit generated for the year 2017. An additional negative impact on the tourism sector's profitability in 2017 was exerted by an increase in the value added tax (VAT) rate on hospitality services from 13% to 25%.

*The operating revenues have grown as a consequence of (I) investments made in raising the quality of offer, content and capacities of tourist portfolio, (II) price policy and market profiling on more lucrative markets, (III) increase in physical turnover, or arrivals and overnight stays, in the hotel and camping sector, (IV) increase in occupancy days, (V) marketing activities and acquisitions, (VI) significant growth in turnover or special events realized through the destination management company Ilirija Travel and (VII) as a result of the acquisition of the Commercial-shopping center City Galleria in Zadar.*

#### **Operating results – growth in physical results and further development of the destination management**

In the hotel and camping sector, a total of 421,857 overnight stays were realized, which is an increase by 8.30%, which means that the growth in tourist turnover in these sectors is at least the same or higher than the results of these

sectors at the national level. Overnight stays in the nautical sector are not the core business activity.

*In the hotel sector*, the growth in physical turnover was followed by the growth in operating revenues by 8% generated in the amount of HRK 51.6 million, followed by the increase in capacity occupancy by 9.2% based on 365 days and the increase in the revenue from the board services per accommodation unit by 7.08%. The average daily rate of the accommodation unit (ADR) was realized in the amount of HRK 603.69, the total revenue per accommodation unit (TRevPAR) amounted to HRK 115.8 thousand and the GOP per accommodation unit amounted to HRK 39.7 thousand, while the GOP margin amounts to 34.3%.

*In the nautical sector*, the operating revenues were generated in the amount of HRK 45 million and grew by 2.18% in spite of a slight reduction in physical turnover as a result of investment works in the segment of modernization of the marina, while retaining the marina capacities and prices at the level of the year 2016, which we find particularly successful taking the foregoing into account. The increase in operating revenues is primarily due to the increase in revenues from the contract-based berth with accessories, an increase by 4.58%, which is the result of an increased number of vessels in charter that are charged a higher compensation for the accommodation than the individually contracted vessels. Also, the operating revenue generated per berth amounted to HRK 55.9 thousand (an increase by 2.18%), GOP per berth amounted to HRK 31.7 thousand, while the GOP margin for the entire nautical sector amounts to 56.6%.

*Regarding the camping sector*, a significant growth in physical operating results was followed by the growth in financial results primarily in operating revenues in the amount of HRK 29,8 million, an increase by HRK 9.14% followed by the increase in capacity occupancy by 9.31% and the increase in the revenue from the accommodation per camp unit by 12.15% based on the annual occupancy rate. In the camping sector, the average daily rate of the camp unit (ADR) is HRK 213.31 (+ 2.61% compared to that in 2016), the total revenue per accommodation unit (TRevPAR) is HRK 26.4 thousand and the GOP per accommodation was realized in the amount of HRK 13.8 thousand, while the GOP margin was 52.2%.

A particularly significant growth was achieved in the *destination management company/DMC Ilirija Travel* in the number of events and persons with an increase by 26.55% or 40.85%, which contributed to the extension of the season, i.e. reduction of seasonality and a more significant generation of operating revenues in the pre- and post-season and accomplishment of one of the Company's fundamental objective, which is a year-round business operation.

*In the real estate sector*, operating revenues were generated in the amount of HRK 12.4 million, which were mostly realized by leasing the premises, calculating the lessees' shared expenses, leasing and using of the common premises of the Center by all lessees, charging the parking and leasing of advertising space with the average rental fee realized per square meter of the premises on an annual basis in the amount of HRK 828.26 or HRK 69.02 per month per square meter and realized GOP margin of the real estate sector of 51.1%.

### **Further market and corporate strengthening of the Company**

In 2017, the company continued its further market and corporate strengthening, i.e. its overall market and capital position by increasing its share capital and splitting of shares according to the Decision by the Shareholders' Assembly on splitting the shares from the month of November, where one ordinary share was divided into eight shares without a nominal value. Despite a lower share trade volume of the Company, the average price was realized in the amount of HRK 1,363.39 in the capital market in 2017, which compared to that in 2016 constitutes an increase in the average share price by 18.63%. The dividend was paid in the amount of HRK 6 million during the observed period, while the net earning per share is HRK 107.95.

ILIRIJA d.d.