

Zagreb, 19 August 2014

## T-Hrvatski Telekom

### Hrvatski Telekom continues with transformation

- Within the scope of transformation worker surplus was established; the Company intends to terminate employment contracts for approximately 160 workers
- Departing workers will receive severance pay as defined by the Collective Agreement
- Possible surplus management by internal transfer to job positions where workers are needed

Within the scope of the transformation process initiated at the beginning of 2014, employee surplus was established at Hrvatski Telekom, therefore the Company intends to terminate employment contracts on business-related grounds for approximately 160 workers. Activities have been initiated in line with the Labor Act and the Collective Agreement and will be conducted in the course of September and October.

HT is conducting the company transformation in order to set up the basis for future growth and expansion of operations under conditions of long-term economic crisis and continued deterioration of the Croatian telecommunications market.

Therefore, in the course of 2014 many actions were taken to increase operational efficiency; for instance, to make the organization more agile and more efficient, the organizational structure was streamlined and managerial positions were cut by 31 per cent.

Headcount reduction is part of an indispensable process of business optimization aimed at maintaining the Company's operational efficiency and ensuring stability and future business even under adverse economic conditions.

HT is approaching the collective employee surplus management process with a high level of social sensitivity and responsibility. At the moment of leaving the Company, employees will receive severance pay in amounts set forth by provisions from the Collective Agreement, the calculation will be based on the number of years of uninterrupted service in the Company. At the beginning of July a new Collective Agreement was signed with the representative unions, ensuring a high level of rights for HT employees.

Workers designated as surplus will be offered the option to enter a selection process for job positions where employees are needed, which pertains primarily to the call centre.

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**About T-Hrvatski Telekom** (Reuters: THTC.L, HT.ZA; Bloomberg: THTC LI, HTRA CZ)

T-Hrvatski Telekom (T-HT) is the leading provider of telecommunication services in Croatia, serving 1.2 million fixed lines, 2.3 million mobile subscribers, and 680,000 broadband connections through its Residential and Business divisions.

Since its initial public offering in October 2007, T-HT shares have traded on the Zagreb Stock Exchange, with global depository receipts trading on the London Stock Exchange. CMobil B.V. (company 100% owned by Deutsche Telekom Europe Holding B.V. whose 100% owner is T-Mobile Global Holding Nr. 2 GmbH. T-Mobile Global Holding Nr. 2 GmbH is 100% owned by Deutsche Telekom AG) owns 51% of T-HT's shares, with the War Veterans' Fund owning 7%, and the Restructuring and Sale Center 3.5%. The remaining free float is in the hands of private and institutional investors.