

Dear Shareholders,

Makedonski Telekom is in the leading position in Macedonia! We remained at the top as a result of our potential and commitment to be leaders in terms of the provision of new and innovative solutions, but primarily as a result of the experience and the support we received from the Deutsche Telekom Group.

We had many challenges, but 2016 was a successful year for us, a year in which, with joint efforts, we made significant achievements. We showed excellent results in postpaid, prepaid, the TV segment and the ICT solutions.

We put a focus on the digital transformation in order to be a truly reliable partner in the new virtual and digital world at home, at work, anywhere and anytime. We worked on the promotion of the digital interaction with our customers, as well as the digitization of the company processes. In the year that passed we completed our capital information systems CRM and OSS, with the main goal of improving the services for our customers.

The optimization of the operations and the increase of the efficiency continuously remain to be our focus. In that context, we also performed organizational restructuring, such as the outsourcing of the management of the telecommunications systems and the network infrastructure, for which we chose Ericsson as our strategic partner.

In 2016 we recorded growth in almost all areas of our operation. We are proud that 31,000 families in Macedonia chose our unique Magenta 1 offer. We launched MaxtvGO as an innovative service to our customers. The number of households with access to FTTH also grew. We exceeded the forecasts and in only one year we passed 26,000 homes with fiber. So far we have a total of 147,000 homes passed with fiber, which represents one quarter of the homes in the Republic of Macedonia. The plan was very ambitious, but we succeeded primarily as a result of the professionalism, perseverance, hard work and excellent cooperation between the MKT team with the external associates.

Let's not forget the excellent results in the mobile segment as well. We ended 2016 with a share of 50.2% of the market. Even in conditions of tough competition, the customers know how to make the right choice and to choose the best from Telekom.

Makedonski Telekom is the most preferred brand by the customers. We once again have the best network in Macedonia. These recognitions from the customers are a confirmation that our commitment to continuously invest in new technologies and network infrastructure, thus promoting and improving the level of our services, is the right path we should keep in the future as well.

As a technology leader with a clear vision of the challenges, in 2016, Makedonski Telekom completed the implementation of a modern integrated system for automatic vehicle location and smart ticketing in the Skopje city transport. This system is just the beginning of the "smart cities" and smart living solutions. We are focused on projects that will help and bring about changes in the society, and for us as a company it will allow growth and development.

The year that passed was a successful year. After a several-year downturn, we stabilized the downward trend in the revenues and we fully achieved the set company goals.

In the upcoming period we will continue to compete in the market with quality: of the products, the network, the services and our treatment of the customers.

Andreas Maierhofer
Chief Executive Officer
of Makedonski Telekom



Zarko Lukovski
Chief Operating Officer
of Makedonski Telekom

