

# New Horizon for a Rising Star



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Telefonija A.D has faced and rose above many complex challenges since it began operations in 1954. It has successfully pursued the latest global achievements in Telecommunications infrastructure, providing full package Internet services. It has also represented and provided maintenance support for a number of world-renowned manufacturers of telecommunication equipment, fiscal cash registers and other enterprises. In 2006 Telefonija showed dynamic growth in sales and profitability, with revenues increasing by 20% to RSD 1,146 million (USD 19 million).

For 50 years, Telefonija has provided telecommunication and information technology services in Serbia and Montenegro. Today, the company is also active in Bosnia and Herzegovina and next year plans to expand to Macedonia. Telefonija is a well renowned brand name not only in Serbia but also in the former Yugoslavia, explains CEO Branimir Boskovic. In 1996 Telefonija introduced the first ISP in Serbia with its subsidiary BeotelNet, an Internet service provider, creating Serbia's window to the Global Internet Network.

The company specializes in telecommunication infrastructure, offering business communications solutions, internet services, networking, VoIP, traffic management, retail and point of sales systems. It has four subsidiaries: BeotelNet and Telefonija Brcko, which operate in Bosnia and Herzegovina and are engaged in network design and installation, telecommunications systems, structured cabling and solutions; GasTel, a gas distributor, designed and installed by Telefonija; and NS Point, an internet service provider in Novi Sad. The mother company is a systems integrator with three divisions. The core division focuses on building and construction of telecommunications networks. "It is important to note that Telefonija has installed one-third of the telecommunications infrastructure in the former Yugoslavia," adds Boskovic.

Telefonija's major clients consist of such prominent companies as Telekom Srbija, the Power Utility of Serbia, MOD of Serbia, Mobile Telephony of Serbia, as well as government agencies in Montenegro. Telefonija takes pride in being awarded the international tender, and was invited by JP Elektroprivreda Srbije to procure SDH and FLEXIMUX equipment and network surveillance. The company plans to set up a strategic partnership or conduct an IPO of shares in BeotelNet and GasTel. It also plans new business strategies that range from installation, system integration, outsourcing of low level operations and traffic management system, to e-commerce and e-government solutions. The company's financial resources and core competency allowed it to enter the area of gas networks in 2006. To date, it has signed five contracts for the construction of gas networks. "We have really solid plans for the next few years in both telecommunications and energy. We aim to be not only a major player in Serbia but also within the region," explains Boskovic.

Telefonija has the ambitious but achievable goal to be one of the first companies in Serbia to be listed on a foreign stock exchange. Telefonija has taken significant steps to make the company attractive to foreign investors and has introduced corporate governance in collaboration with IFC (International Finance Corporation) and Socius. "We fulfill all conditions of the European Union for high standards and managing joint stock companies, meaning that we have something unique to show European investors," comments Boskovic.

As to the outlook of the market, Boskovic says: "The Serbian market has strong potential. Some very prominent companies that have invested in Serbia have been very successful." Following the deregulation of telecommunications, we envision that the efficiency of both the private and public sector will improve dramatically. Therefore, this market has immense potential for both Telefonija and foreign investors."

Looking to the future of energy and telecommunications in Serbia, Boskovic has great expectations. "Serbia is a delayed market and therefore the boom which happened in Croatia, Bulgaria and Romania will happen now in Serbia. We are in a unique position to experience significant growth. However, we need foreign investors to reach this potential," Boskovic notes.