MOODY'S
INVESTORS SERVICE

CREDIT OPINION
27 June 2018

Update

Rate this Research

RATINGS

Telekom Austria AG

Domicile	Vienna, Austria
Long Term Rating	Baa1
Type	LT Issuer Rating
Outlook	Stable

Please see the ratings section at the end of this report for more information. The ratings and outlook shown reflect information as of the publication date.

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Telekom Austria AG

Update following upgrade to Baa1 with a stable outlook

Summary

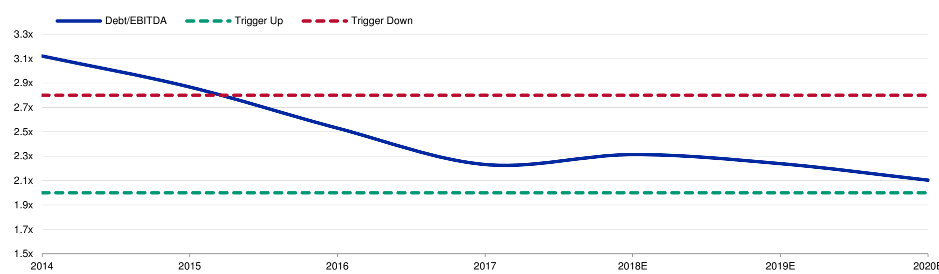
Telekom Austria AG's (Telekom Austria) Baa1 rating is supported by (1) the group's moderate scale; (2) its position as a strong integrated player in its highly competitive domestic telecommunications market; (3) its geographical diversification in a number of Eastern European countries, mitigated by the fact that these countries are exposed higher macroeconomic risk and foreign currency risk than its core domestic operations; (4) its strong cash flow generation and strong credit metrics; (5) the company's public commitment to a conservative financial strategy; and (6) the benefits resulting from America Movil, S.A.B. de C.V.'s (America Movil, A3 stable) shareholding in Telekom Austria.

Telekom Austria is a government-related issuer (GRI) and its Baa1 rating benefits from one notch of uplift as a result of (1) the group being 28.42% owned by the Government of Austria (Aa1 stable), (2) its moderate level of default dependence, and (3) our moderate support assumptions for the group. Telekom Austria's Baseline Credit Assessment (BCA), a measure of its standalone credit quality, is baa2.

Exhibit 1

Gross leverage is likely to stabilize at around 2.3x-2.2x in 2018-19

Reported gross debt and adjusted debt/EBITDA evolution



Sources: Moody's Financial Metrics™, Moody's Investors Service

Credit strengths

- Ongoing stabilization in operating performance
- Leading market position in Austria and a number of Central and Eastern European (CEE) countries, although in highly competitive environments
- Continued commitment to an investment-grade rating
- Support from the Government of Austria, which translates into a one notch uplift to the final rating
- Strong implicit support from America Movil

Credit challenges

- Regulatory and foreign-exchange risks in Eastern European countries
- A very competitive domestic market
- Highly capital-intensive investments as a result of acceleration in fiber rollout
- M&A risk

Rating outlook

The stable outlook reflects the expectation that the group will maintain its improved financial metrics and business positioning in Austria and its international footprint. As a result, Moody's expects Telekom Austria's leverage ratio, measured by adjusted gross debt/ EBITDA, to be sustained below 2.5x and retained cash flow/debt above 30%.

The stable outlook on the rating also reflects Moody's expectation that Telekom Austria will continue to improve its operating performance in a highly competitive market, in which it will continue to benefit from past investments to improve the quality of the network.

The stable outlook takes into account a degree of event risk, which is low, and mitigated by the lack of sizeable opportunities in the markets where Telekom Austria operates, and by the company's conservative financial policies.

Factors that could lead to an upgrade

We could consider upgrading Telekom Austria's rating if the group's debt protection ratios were to strengthen as a result of improvements in its operational cash flow, assuming no changes in the sovereign rating or levels of government support and default dependence. This improvement would be reflected by adjusted RCF/gross adjusted debt trending toward 35% and gross adjusted debt/EBITDA remaining lower than 2.0x on a sustained basis.

Factors that could lead to a downgrade

The rating could come under downward pressure if (1) Telekom Austria's underlying operating performance were to weaken as a result of more adverse macroeconomic, regulatory or competitive developments; (2) the group's liquidity profile were to deteriorate; or (3) the group were to make additional material debt-financed acquisitions or increase shareholder remuneration, such that its credit metrics were to deteriorate, as reflected by adjusted RCF/adjusted gross debt staying sustainably below 30% and adjusted gross debt/EBITDA staying sustainably above 2.8x.

In addition, we would most likely no longer apply the GRI methodology to Telekom Austria or incorporate uplift in its final rating if (1) the government were to reduce its stake in the group to below 20%, or (2) we were to lower our support assumptions for the group. While either one of these factors would likely result in a one-notch downgrade, there is no indication that either will occur.

Key indicators

Exhibit 2
Telekom Austria AG [1]

Telekom Austria AG								
USD Millions	Dec-13	Dec-14	Dec-15	Dec-16	Dec-17	LTM (Mar-18)	2018-proj	2019-proj
Revenue	5,556.4	5,338.5	4,463.6	4,564.0	4,835.5	5,026.9	5,079.2	5,173.7
Debt / EBITDA	3.5x	3.1x	2.9x	2.5x	2.2x	2.3x	2.3x	2.2x
RCF / Debt	24%	28%	26%	31%	32%	32%	32%	33%
(EBITDA - CAPEX) / Interest Expense	-2.3x	2.6x	3.2x	3.2x	5.6x	6.2x	5.2x	5.2x

[1] All ratios are based on 'Adjusted' financial data and incorporate Moody's Global Standard Adjustments for Non-Financial Corporations.
Source: Moody's Financial Metrics™

Profile

Headquartered in Vienna, Austria, Telekom Austria is the leading integrated telecommunications provider in the country, providing 2.1 million fixed access lines and almost 1.5 million broadband connections, and serving 5.3 million mobile customers (as of 30 March 2018). The group has a nationwide presence, delivering a full range of services and products, including telephony, data exchange, interactive content, TV, and information and communications technology solutions. The group has also expanded its mobile operations outside Austria, where its customer base accounts for more than 14.5 million subscribers (excluding machine-to-machine subscribers). Telekom Austria is one of the leading mobile operators in Bulgaria, through its subsidiary A1 Bulgaria EAD, Belarus (Velcom) and Croatia (Vipnet d.o.o.), and is also present in Slovenia (A1 Slovenija d.d.), Macedonia (One.Vip DOOEL), Serbia (Vip Mobile d.o.o) and Liechtenstein (Telecom Lichtenstein AG).

Telekom Austria's main shareholders are America Movil, with a 51% holding (fully consolidating Telekom Austria), and the Austrian government, with a 28.42% holding. In 2017, group revenue totaled €4.3 billion and EBITDA €1.4 billion.

Detailed credit considerations

Credit metrics have improved and will remain at the current strong levels absent sizeable debt-financed M&A

Since 2013, management has implemented a number of actions to enhance its financial flexibility, including (1) accelerated cost-cutting initiatives; (2) a moderate shareholder remuneration policy, updated in 2017 as a consequence of an improvement in operating performance (to €0.20 from €0.05 per share); and (3) capital structure strengthening through the issuance of hybrid bonds.

America Movil, as Telekom Austria's major shareholder with a 51% stake, was instrumental in this process. As part of the shareholder agreement, Telekom Austria successfully completed a capital increase in November 2014 that amounted to €1 billion. This improved Telekom Austria's capital structure and financial position, and provided additional financial flexibility for investments. In July 2016, America Movil agreed to reduce its stake in the group to 51% from 59.7% to increase the free float.

America Movil has also had a positive impact on Telekom Austria's overall strategic execution, broadly owing to (1) the possibility of the Austrian operator leveraging on using the size of its main shareholder to gain substantial purchasing power with vendors or to enhance relationships with financial institutions, (2) the shift from a marketing to a sales-oriented approach, and (3) the strong focus on the business and cost savings.

Leverage, measured by gross adjusted debt/EBITDA, declined steadily to 2.3x as of March 2018 from the peak of 3.5x in 2013. We expect leverage to remain broadly stable over the next 24 months, staying at around 2.3x and 2.2x in 2018 and 2019, respectively.

In February 2018, Telekom Austria called and redeemed a €600 million hybrid bond. The repayment was financed with cash, short-term bilateral revolving facilities and uncommitted credit lines.

Telekom Austria has strong credit metrics, which will likely remain at current levels absent sizeable debt-financed M&A.

The group is likely to focus its M&A activity on small acquisitions to strengthen its market position. Examples of small acquisitions include the past acquisitions of Metronet in Croatia, which enhanced its position in the country's business-to-business market, and the acquisition of Gomelsky OTTC Garant in Belarus, which contributed to improving the group's convergent position in the country.

The company has stated that any transaction will be funded within the tolerance levels of the investment-grade rating category. However, we do not expect any significant transaction to take place in the next 12-24 months.

Leading market position, although in a competitive environment

Telekom Austria holds a stable, leading position in the domestic mobile market, with a reported market share of 38.8% as of December 2017. As of March 2018, the group also reported a market share of 56.3% in fixed broadband.

After some early signs of market repair following the merger between Hutchison 3G (a subsidiary of CK Hutchison Holdings Limited (A2 stable) and Orange Austria in January 2013, renewed competitive pressures appeared in 2016, driven mainly by mobile virtual network operators (MVNOs) such as HoT, UPC Austria (a subsidiary of UPC Holding B.V. (Ba3 negative) and Mass Response, which launched aggressive offers in the no-frills segment. Telekom Austria mitigated price and revenue pressures by introducing cost-efficiency measures and protecting existing tariff structures.

In December 2017, T-Mobile Austria (a subsidiary of Deutsche Telekom AG) announced its intention to acquire UPC Austria for an enterprise value of €1.9 billion. Although there is still uncertainty around the potential market impact of this transaction, Deutsche Telekom AG (Baa2 negative) could become a fully convergent company in the Austrian market, potentially putting pressure on Telekom Austria's operational performance.

In 2016, the Austrian market experienced price declines owing to both the introduction of new tariffs and price reductions in existing tariffs for a number of operators, such as T-Mobile Austria and discount brand Tele.ring or Drei (a subsidiary of CK Hutchison Holdings Limited).

Thus, we expect both mobile and fixed-line markets to remain highly competitive in 2018. However, we note significant improvements in Austria after the price increases carried out by the three main operators in 2017. In the premium segment, operators are likely to focus on customer upselling strategies rather than on promotions to gain market share and the impact of MVNOs on the Austrian market since 2015 has been somewhat limited.

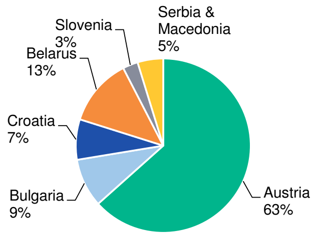
As of March 2018, Telekom Austria was also one of the leading mobile operators in Bulgaria (39.5% reported market share), Croatia (36.4%) and Belarus (42.3%). In 2017, the group showed strong performance in CEE markets, driven by high-single-digit revenue growth in percentage terms in Bulgaria and Croatia, along with a favorable foreign-exchange environment in Belarus. Nonetheless, fierce competition in Slovenia and Macedonia continues to impose challenges for Telekom Austria in the CEE region.

In our view, the positive aspects of Telekom Austria's diversification in a number of Eastern European countries are somewhat mitigated by the exposure to higher macroeconomic and foreign-currency risks. Moreover, as Exhibit 4 shows, the highly capital-intensive nature of these markets implies that cash flow generation (measured as EBITDA - capital spending) is substantially below that in the domestic market, where 69% of operating cash flow was generated in 2017. We expect this figure to fall below 60% by 2019-20 in light of the top-line growth potential of the international units.

Exhibit 3

Austria represented 63% of EBITDA...

2017 EBITDA breakdown by geography

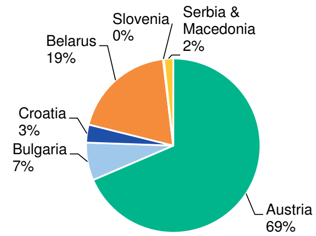


(1) Corporate, others and eliminations excluded from the calculation.
Source: Company data

Exhibit 4

...and 69% of operating free cash flow in 2017

2017 operating free cash flow breakdown by geography



(1) Corporate, others and eliminations excluded from the calculation.
(2) Operating free cash flow calculated as EBITDA - capital spending (inclusive of spectrum payments).
Source: Company data

High capital spending for investments in fiber and 4G leads to strategic advantage over competitors

The group's key areas of investment include the expansion of its LTE mobile network across its markets and the acceleration of the fiber rollout in Austria.

Since November 2014, the group has been developing LTE carrier aggregation (which can double the speed to 300 megabits per second [Mbps] from 150 Mbps) in selected urban areas. In 2016, the group also started trials on LTE triple carrier aggregation with data rates in excess of 500 Mbps. At present, the group is offering LTE services in Austria, Croatia, Slovenia, Serbia, Macedonia and Bulgaria.

Telekom Austria is also adapting its fixed network infrastructure to meet the growing demand for high-bandwidth broadband solutions. As of FY17, 85% of Telekom Austria's customers have access to products with bandwith lower than 40 Mbps, which implies a significant upselling potential as Telekom Austria targets to provide fixed-line technology bandwidths of 40 Mbps for over 60% of Austrian households by 2018. However, through the introduction of the hybrid modem — a technology that combines fixed-line and mobile networks to increase bandwidth — current household coverage for a 50 Mbps speed is already available to 90% of Telekom Austria customers. This technological development will be key in (1) meeting the increasing demand for high-bandwidth speeds through the current fixed and mobile networks, (2) maintaining a competitive edge with cable operators, and (3) upselling current ADSL products.

We expect Telekom Austria's capital spending (excluding spectrum) to remain high at 17%-19% over sales (€800 million-€825 million per year) over the next two years. Capex will be the principal use of its cash flow generation, given the expected moderate dividend policy and lack of sizeable M&A opportunities.

In addition, we expect additional cash outflows in 2019 and 2020 in relation to the future spectrum auction payments in Austria for the 3.4-3.8 gigahertz bands and for the 700 megahertz (MHz), 1,500 MHz and 2,100 MHz bands.

Solid operating performance, driven by international markets, despite modest improvements in the domestic market

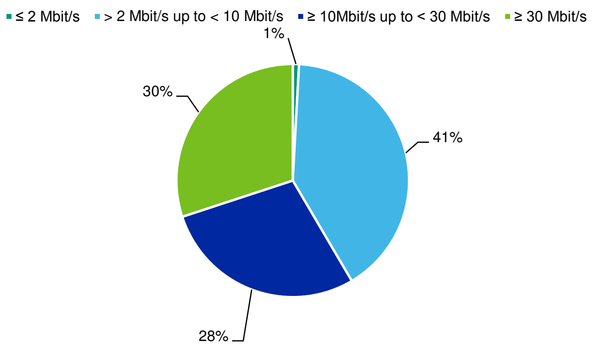
We expect the group's operating performance in the Austrian market to slightly improve over the next three years in light of lower competition in mobile, lower impact from roaming (1.0%-1.5% of EBITDA) and a positive evolution of the fixed broadband segment over the medium term. We expect these factors to offset continued fixed voice losses.

The acceleration in fiber rollout may support growth in the country as customers on low-priced data plans may revert to fixed broadband. In line with other European countries, the lack of high-speed fixed broadband infrastructure in Austria has been a key catalyst in the expansion of mobile broadband, which is cheaper and capable of delivering comparable speeds. As Exhibit 5 shows, as of December 2017, most fixed broadband connections (41%) had bandwidth of 2 Mbps-10 Mbps. Fiber rollout is also likely to boost the overall low degree of convergence in the country, with Telekom Austria expected to be the main beneficiary.

Exhibit 5

Most of Austrian fixed broadband connections have bandwidths below 30 Mbps

Fixed broadband breakdown by bandwidth as of December 2017

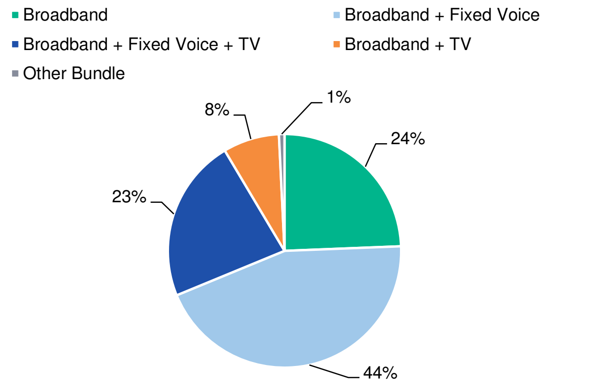


Source: Rundfunk Und Telekom Regulierungs

Exhibit 6

Telekom Austria is likely to be the main beneficiary of the potential increase in convergence in the Austrian market

Consumer broadband connections by bundle category as of December 2017



Source: Rundfunk Und Telekom Regulierungs

Despite the expected slight revenue growth in the Austrian market, we expect the group's international operations to be its growth driver. In 2018, we expect Belarus to deliver lower revenue growth owing to the less favorable foreign-exchange environment. Croatia is likely to perform strongly owing to Telekom Austria's convergent offering, and the performance of the Bulgarian unit, meanwhile, is likely to continue to stabilize despite the drag coming from roaming.

At the group level, we expect revenue to grow annually between 1% and 2% over the next three years, with growth in the international units compensating for slower growth in the domestic market. EBITDA is likely to remain flat in 2018, with improvements to be seen in 2019, driven by acquisitions and efficiencies arising from cost cutting. Low-single-digit growth in percentage terms in EBITDA is likely in 2019 owing to the positive evolution of the international units and marginal growth in Austria as the roaming effect starts to phase out.

Liquidity analysis

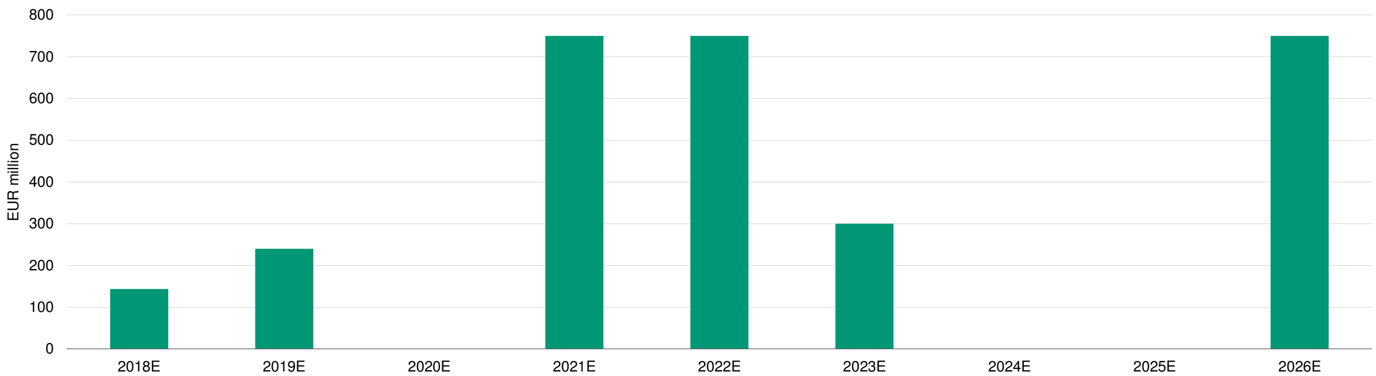
As of March 2018, Telekom Austria had around €56.8 million of cash and cash equivalents. In addition, the group had €1 billion of committed syndicated credit lines maturing in November 2019 (which we expect to be renewed shortly) and €555 million of bilateral credit facilities. As of March 2018, the company had drawn €240 million. These facilities are not subject to material adverse change clauses or financial covenants.

Telekom Austria's liquidity profile is sufficient to cover its upcoming debt maturities, as well as other cash demands. In this regard, we expect free cash flow generation (after capital spending and dividends, and before spectrum payments) to be within €140 million-€160 million over the next 12-24 months. The group's average cost of debt is approximately 2.54%, with an average term to maturity of 4.77 years as of the end of March 2018.

In Q1 2018, the group repaid a €600 million hybrid bond, reducing the cash balance. Upcoming debt maturities include two €750 million bonds maturing in December 2021 and April 2022.

Exhibit 7

Next bond maturity will take place in December 2021
Telekom Austria's debt maturity profile as of March 2018



Source: Company data

Rating methodology and scorecard factors

Rating methodology grid

The Baa2 outcome from the Telecommunications Service Providers methodology grid is in line with the underlying BCA (baa2) of Telekom Austria. The final rating of Baa1 benefits from one notch of uplift owing to government support.

We expect Telekom Austria's credit metrics to improve slightly over 2018-19. Over the same period, we expect revenue to grow 1.4%-2.0% per year, owing to growth coming from CEE countries and slightly improved performance in Austria. We expect adjusted RCF/debt to be in the 32%-33% range and (EBITDA - capital spending)/gross interest expense to be around 5.2x, benefiting from (1) lower interest expense from 2017 onwards, and (2) improved cash flow generation. In terms of leverage, Debt/EBITDA is likely to stabilize at around 2.2x.

Exhibit 8
Methodology grid

Methodology: Telecommunications Service Providers published on 31 Mar 2018	Current LTM (Mar-18)		Moody's Forward View Next 12-18 months (as of Jun-18)	
Factor 1: SCALE (12%)	**Measure**	**Score**	**Measure**	**Score**
a) Revenue (USD Billion)	$5.03	Ba	$5.1-$5.2	Ba
Factor 2: BUSINESS PROFILE (28%)				
a) Business Model, Competitive Environment and Technical Positioning	A	A	A	A
b) Regulatory Environment	Ba	Ba	Ba	Ba
c) Market Share	Baa	Baa	Baa	Baa
Factor 3: PROFITABILITY AND EFFICIENCY (10%)				
a) Revenue Trend and Margin Sustainability	Baa	Baa	Baa	Baa
Factor 4: LEVERAGE AND COVERAGE (35%)				
a) Debt / EBITDA	2.29x	Baa	2.2x-2.3x	Baa
b) RCF / Debt	31.75%	Baa	32%-32.6%	Baa
c) (EBITDA - CAPEX) / Interest Expense	6.19x	A	5.2x	A
Factor 5: FINANCIAL POLICY (15%)				
a) Financial Policy	Baa	Baa	Baa	Baa
Rating:				
a) Indicated Rating from Grid		Baa2		Baa2
b) Actual Rating Assigned				Baa1
Government-Related Issuer	**Factor**			
a) Baseline Credit Assessment	baa2			
b) Government Local Currency Rating	Aa1			
c) Default Dependence	Moderate			
d) Support	Moderate			
e) Final Rating Outcome	Baa1			

[1] All ratios are based on 'Adjusted' financial data and incorporate Moody's Global Standard Adjustments for Non-Financial Corporations.
[2] This represents Moody's forward view; not the view of the issuer; and unless noted in the text, does not incorporate significant acquisitions and divestitures.
Sources: Moody's Financial Metrics™, Moody's Investors Service

Government-related issuer (GRI) considerations

Given Telekom Austria is 28.42% owned by the Austrian government, the group is considered a GRI under our methodology. Therefore, we consider the following inputs:

(1) A BCA of baa2, reflecting Telekom Austria's underlying credit strength

(2) The local-currency rating of Austria

(3) The moderate default dependence, reflecting the financial and operational links between the group and the Austrian economy

(4) We have factored into Telekom Austria's rating a moderate level of government support based on the following considerations: (1) there is no explicit expression of support by the government (that is, the government does not guarantee the debt of the GRI); (2) the government's 28.42% ownership of Telekom Austria and its willingness to behave as a rational shareholder might suggest that the government would be unlikely to be the sole provider of support — instead, it would only consider providing support jointly with other shareholders in the form of a capital increase; (3) there are European Union policy barriers to the provision of direct financial support and the government is likely to obey these rules; (4) we consider the Austrian government's historical approach to be moderately

interventionist; the government reviews and supervises Telekom Austria's business and funding plans, which we consider positive relative to support assumptions, and appoints a number of board members; (5) in our view, it is unlikely that the Austrian government's reputation would be damaged in the event of a default by Telekom Austria; and (6) given its large workforce, the group's level of economic and social importance to Austria appears to be high, despite its strategic importance having diminished over recent years owing to the increasing presence of viable, privately owned competitors with a significant market share.

Ratings

Exhibit 9

Category	Moody's Rating
TELEKOM AUSTRIA AG	
Outlook	Stable
Issuer Rating	Baa1
Senior Unsecured MTN -Dom Curr	(P)Baa1
ST Issuer Rating	P-2
Other Short Term -Dom Curr	(P)P-2
TELEKOM FINANZMANAGEMENT GMBH	
Outlook	Stable
Bkd Senior Unsecured -Dom Curr	Baa1
Bkd Other Short Term -Dom Curr	(P)P-2

Source: Moody's Investors Service

Appendix

Exhibit 10

Peer comparison table

	Telekom Austria AG (P)Baa1 Stable			Deutsche Telekom AG Baa1 Negative			Swisscom AG A2 Stable			Elisa Corporation Baa2 Stable			Telia Company AB Baa1 Stable		
(in USD millions)	FYE Dec-16	FYE Dec-17	LTM Mar-18	FYE Dec-16	FYE Dec-17	LTM Mar-18	FYE Dec-16	FYE Dec-17	LTM Mar-18	FYE Dec-16	FYE Dec-17	LTM Mar-18	FYE Dec-16	FYE Dec-17	LTM Mar-18
Revenues	$4,564	$4,836	$5,027	$80,877	$84,680	$86,845	$11,821	$11,850	$12,073	$1,810	$2,020	$2,131	$9,846	$9,362	$9,656
EBITDA	$1,683	$1,748	$1,817	$26,156	$28,770	$31,118	$4,485	$4,445	$4,497	$688	$749	$786	$3,235	$3,128	$3,250
Total Debt	$4,058	$4,145	$4,379	$87,238	$92,646	$93,885	$11,110	$10,700	$11,048	$1,458	$1,581	$1,652	$12,640	$11,280	$11,184
Cash & Cash Equivalents	$490	$243	$70	$8,163	$3,967	$4,450	$324	$539	$855	$47	$53	$156	$3,140	$4,213	$3,687
EBITDA Margin	36.9%	36.1%	36.1%	32.3%	34.0%	35.8%	37.9%	37.5%	37.2%	38.0%	37.1%	36.9%	32.9%	33.4%	33.7%
(EBITDA-CAPEX) / Interest Expense	3.2x	5.6x	6.2x	2.7x	3.1x	3.7x	6.7x	7.7x	8.0x	12.4x	12.7x	12.7x	2.8x	2.5x	2.7x
Debt / EBITDA	2.5x	2.2x	2.3x	3.5x	3.0x	2.9x	2.6x	2.4x	2.4x	2.2x	2.0x	2.0x	4.2x	3.5x	3.5x
FCF / Debt	3.8%	5.9%	7.1%	3.6%	4.6%	4.8%	1.4%	5.4%	4.6%	4.0%	0.5%	-0.6%	-6.5%	-2.1%	-1.7%
RCF / Debt	30.9%	32.3%	31.7%	22.8%	27.4%	27.4%	24.7%	27.7%	27.3%	22.3%	25.2%	24.5%	10.6%	21.9%	21.5%

All figures and ratios calculated using Moody's estimates and standard adjustments.
Source: Moody's Financial Metrics™

Exhibit 11

Operating lease represents around 14% of Moody's-adjusted debt

Telekom Austria's Moody's-adjusted debt breakdown

(in EUR Thousands)	FYE Dec-13	FYE Dec-14	FYE Dec-15	FYE Dec-16	FYE Dec-17	LTM Ending Mar-18
As Reported Debt	**3,874,267**	**3,632,338**	**3,394,562**	**2,803,561**	**2,534,173**	**2,938,400**
Pensions	101,006	130,584	127,372	141,028	136,117	136,117
Operating Leases	482,436	498,861	509,229	495,954	486,078	486,078
Hybrid Securities	295,593	295,593	295,593	295,593	295,593	0
Non-Standard Adjustments	0	0	100,149	111,667	19	19
Moody's-Adjusted Debt	**4,753,302**	**4,557,376**	**4,426,905**	**3,847,803**	**3,451,980**	**3,560,614**

Source: Moody's Financial Metrics™

Exhibit 12

Historical EBITDA adjustment breakdown

Telekom Austria's Moody's-adjusted EBITDA breakdown

(in EUR Thousands)	FYE Dec-13	FYE Dec-14	FYE Dec-15	FYE Dec-16	FYE Dec-17	LTM Ending Mar-18
As Reported EBITDA	**1,227,392.0**	**1,190,873.0**	**1,380,367.0**	**1,361,820.0**	**1,391,967.0**	**1,398,067.0**
Pensions	-5,230.0	-4,864.0	-5,736.0	-5,209.0	-5,230.0	-5,230.0
Operating Leases	160,812.0	166,287.0	169,743.0	165,318.0	162,026.0	162,026.0
Capitalized Development Costs	-98,719.0	0.0	0.0	0.0	0.0	0.0
Interest Expense – Discounting	0.0	0.0	0.0	0.0	-4,720.0	-4,720.0
Unusual	21,658.0	19,028.0	0.0	-3,931.0	-32.0	-32.0
Non-Standard Adjustments	43,488.0	88,897.0	-240.0	2,767.0	2,674.4	2,474.4
Moody's-Adjusted EBITDA	**1,349,401.0**	**1,460,221.0**	**1,544,134.0**	**1,520,765.0**	**1,546,685.4**	**1,552,585.4**

Source: Moody's Financial Metrics™

Exhibit 13

Telekom Austria

Select historical Moody's-adjusted financial data

EUR (millions)	2013	2014	2015	2016	2017	LTM
INCOME STATEMENT						
Revenue	4,183.95	4,017.96	4,020.28	4,124.83	4,279.73	4,296.43
EBITDA	1,349.40	1,460.22	1,544.13	1,520.76	1,546.69	1,552.59
EBIT	495.93	458.03	597.68	509.81	571.81	602.11
BALANCE SHEET						
Cash & Cash Equivalents	203.07	1,019.12	911.54	464.19	202.39	56.80
Total Debt	4,753.30	4,557.38	4,426.91	3,847.80	3,451.98	3,560.61
CASH FLOW						
Capex = Capital Expenditures	1,821.35	895.39	869.53	962.15	844.24	823.04
Dividends	10.61	43.31	54.46	54.59	154.23	154.73
Retained Cash Flow	1,157.33	1,272.40	1,143.49	1,189.35	1,113.73	1,130.43
RCF / Debt	24.35%	27.92%	25.83%	30.91%	32.26%	31.75%
Free Cash Flow (FCF)	-749.67	88.02	275.08	147.04	202.66	253.96
FCF / Debt	-15.77%	1.93%	6.21%	3.82%	5.87%	7.13%
PROFITABILITY						
% Change in Sales (YoY)	-3.37%	-3.97%	0.06%	2.60%	3.76%	3.03%
EBIT Margin %	11.85%	11.40%	14.87%	12.36%	13.36%	14.01%
EBITDA Margin %	32.25%	36.34%	38.41%	36.87%	36.14%	36.14%
INTEREST COVERAGE						
EBIT / Interest Expense	2.39x	2.14x	2.83x	2.96x	4.57x	5.11x
EBITDA / Interest Expense	6.50x	6.81x	7.31x	8.84x	12.35x	13.17x
(EBITDA - CAPEX) / Interest Expense	-2.28x	2.63x	3.19x	3.25x	5.61x	6.19x
LEVERAGE						
Debt / EBITDA	3.52x	3.12x	2.87x	2.53x	2.23x	2.29x
Debt / (EBITDA - CAPEX)	-10.07x	8.07x	6.56x	6.89x	4.91x	4.88x
Avg.Assets / Avg.Equity	10.15x	5.91x	4.37x	3.75x	3.24x	3.26x

Source: Moody's Financial Metrics™

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