

# Results for the fourth quarter and full year 2019

February 11, 2020, Vienna



# Cautionary statement

'This presentation contains forward-looking statements. These forward-looking statements are usually accompanied by words such as 'believe', 'intend', 'anticipate', 'plan', 'expect' and similar expressions. Actual events may differ materially from those anticipated in these forward-looking statements as a result of a number of factors. Forward-looking statements involve inherent risks and uncertainties. A number of important factors could cause actual results or outcomes to differ materially from those expressed in any forward-looking statement. Neither A1 Telekom Austria Group nor any other person accepts any liability for any such forward-looking statements. A1 Telekom Austria Group will not update these forward-looking statements, whether due to changed factual circumstances, changes in assumptions or expectations. This presentation does not constitute a recommendation or invitation to purchase or sell securities of A1 Telekom Austria Group.'

All figures for 2019 are stated according to IFRS 16 (2018 IFRS 16 based) if not stated otherwise.

Alternative performance measures are used to describe the operational performance. Please therefore also refer to the financial information presented in the Consolidated Financial Statements, as well as the reconciliation tables provided in the Earnings Release.

# A1 Telekom Austria Group key facts

4.57 BN

Revenues as of year-end 2019

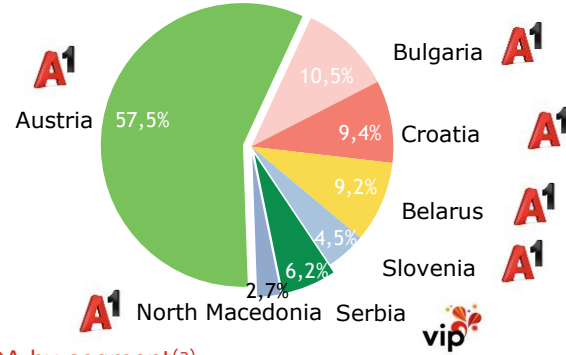
1.56 BN

EBITDA as of year-end 2019

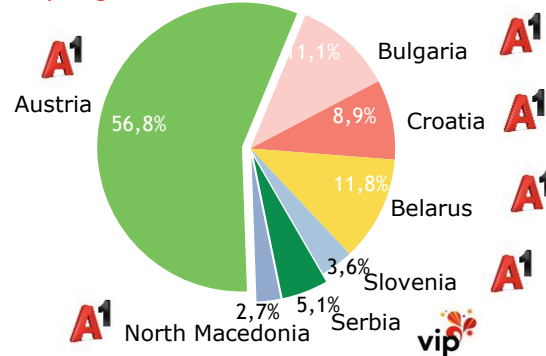
25 M

Customers in seven countries

Revenues by segment<sup>(a)</sup>



EBITDA by segment<sup>(a)</sup>



Notes: (a) For Full Year 2019. Breakdown does not show corporate, others and eliminations.

# The leading regional communications player providing convergent telecommunication services

as of December 31, 2019 (in '000)

## Austria

### Mobile market position #1

#### Mobile subscribers:

- 5,115 (Q4 2018: 5,364)

#### Fixed access lines:

- 1,967 (Q4 2018: 2,048)

**A1**

## Bulgaria

### Mobile market position: #1

#### Mobile subscribers:

- 3,824 (Q4 2018: 3,934)

#### Fixed access lines:

- 543 (Q4 2018: 536)

**A1**

## Croatia

### Mobile market position #2

#### Mobile subscribers:

- 1,848 (Q4 2018: 1,833)

#### Fixed access lines:

- 289 (Q4 2018: 297)

**A1**



## Belarus

### Mobile market position #2

#### Mobile subscribers:

- 4,890 (Q4 2018: 4,873)

#### Fixed access lines:

- 389 (Q4 2018: 452)

**A1**

## Slovenia

### Mobile market position #2

#### Mobile subscribers:

- 705 (Q4 2018: 697)

#### Fixed access lines:

- 82 (Q4 2018: 74)

**A1**

## Serbia

### Mobile market position #3

#### Mobile subscribers:

- 2,311 (Q4 2018: 2,195)

**vip**

## North Macedonia

### Mobile market position #1

#### Mobile subscribers:

- 1,091 (Q4 2018: 1,086)

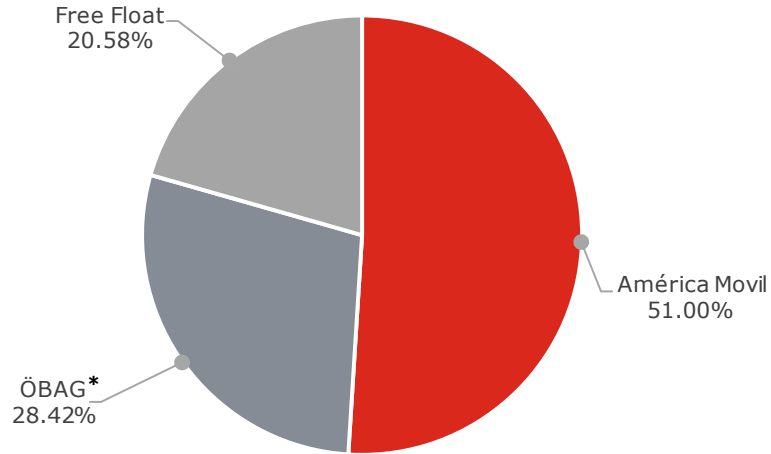
#### Fixed access lines:

- 154 (Q4 2018: 150)

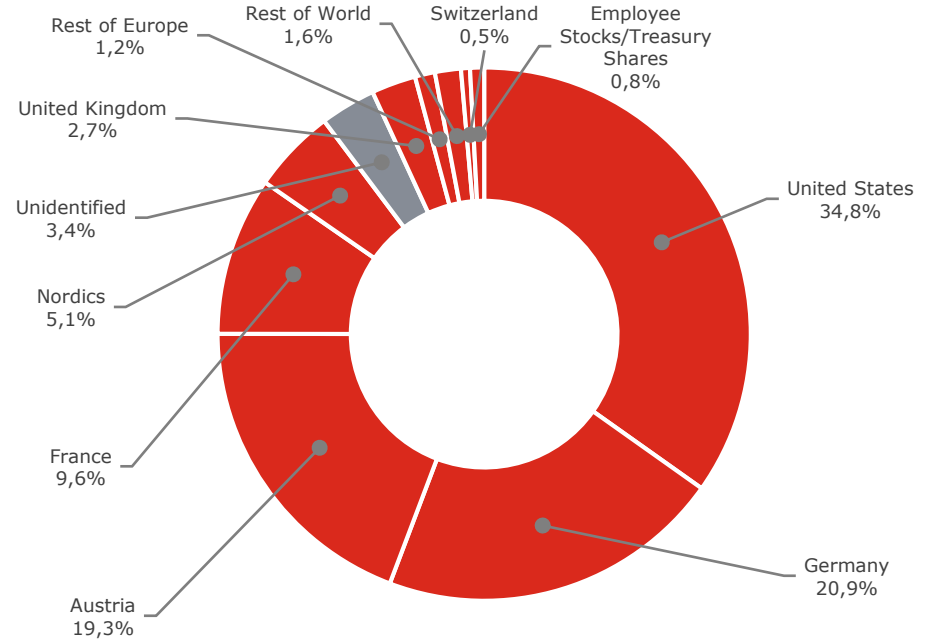
**A1**

# Shareholder structure as of December 31, 2019

## Two strong core shareholders



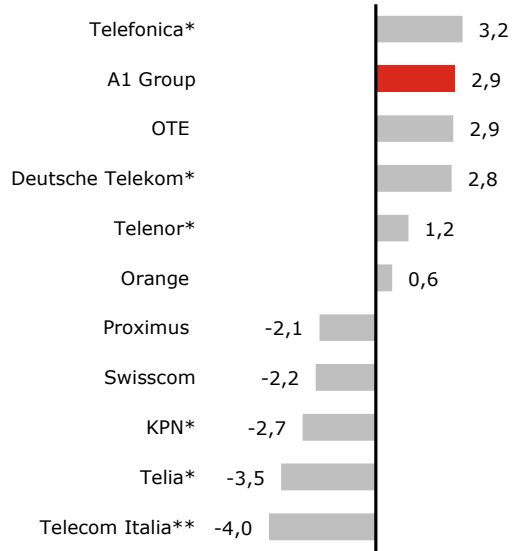
## Freefloat by nationality



# Peer Group Comparison shows strong growth path

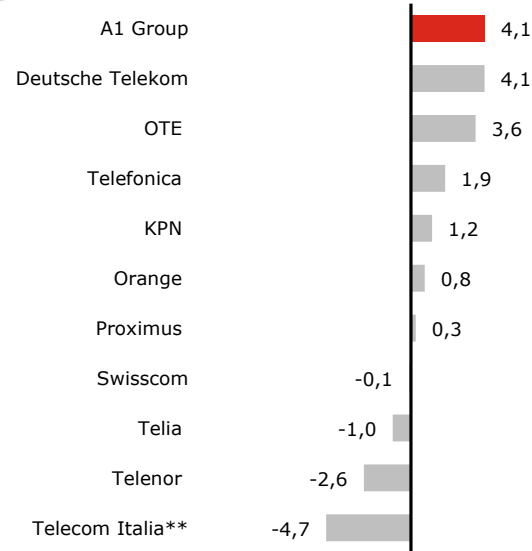
## Revenue growth

%, y-o-y 2019



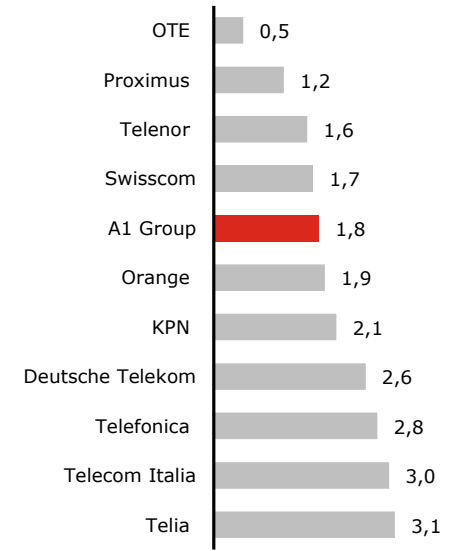
## Adjusted EBITDA-growth

%, y-o-y 2019



## Net Debt / EBITDA

(pre IFRS 16)  
2019YE \*\*\*



Source: companies' 2019 annual reports, unless otherwise stated

\* organic growth

\*\* YE estimate, Reuters

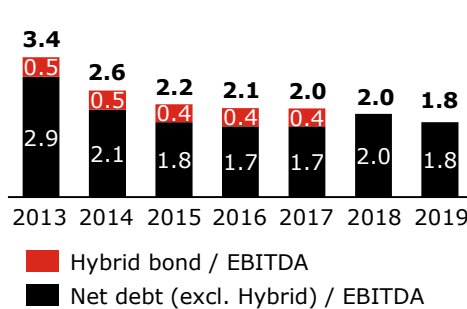
\*\*\* from Barclay's Global Telecoms Valuation report

Results for the fourth quarter and full year 2019

# 2013-2019: Balance sheet structure significantly improved

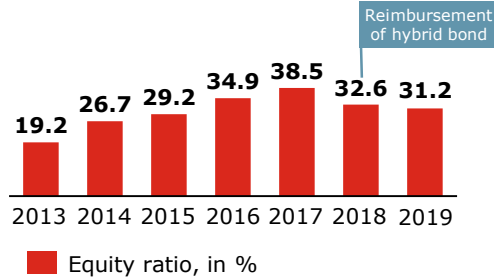
## Debt ratio sharply reduced

**Net Debt / EBITDA** (pre IFRS 16)



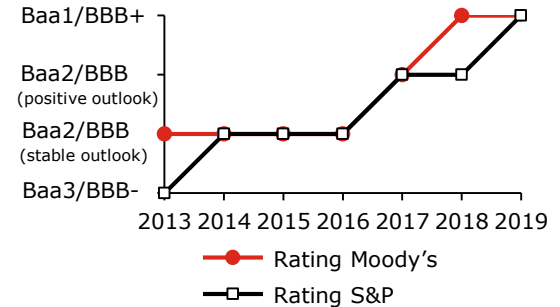
- Stable free cash flow of ~ EUR 380 mn per year supports deleveraging
- Repayment of EUR 600 mn hybrid bond 2018 underscores financial strength and reduces future interest payments

## Equity ratio significantly increased



- Continuous improvement of the equity ratio (2019 impacted by the adoption of IFRS 16 accounting)
- Hybrid bond classified as equity under IFRS, therefore repayment reduces equity ratio in 2018

## Rating improved



- Standard & Poor's: Rating upgrade from BBB to BBB+ (outlook: stable) on August 12, 2019
- Solid financing ratios and strong cash flow secure investment grade rating



The background of the slide is a dark blue field filled with a complex network of glowing nodes and connecting lines. The nodes are primarily white and blue, with some red nodes interspersed. The lines are thin and blue, creating a sense of a global or digital network. The overall effect is a high-tech, futuristic aesthetic.

# **Operational and financial highlights for the full year 2019**



# Highlights FY 2019



- Group total revenue growth of 2.9% and EBITDA excl. restructuring growth of 4.7% (reported: +0.8%) primarily driven by CEE
- Mobile contract customer base increase of 4.4% y-o-y with growth in all markets except for Bulgaria (inactive SIM cards cleaning)
- RGUs decrease of 1.0% y-o-y due to voice and lower bandwidth RGUs in Austria, partly mitigated by TV RGU growth in CEE
- Ongoing strong demand for ICT solutions and complementary connectivity continues to benefit fixed-line service revenues



- In January 2020, A1 has launched the 5G network, accompanied by a new attractive tariff portfolio in Austria
- Acquisition of LTE capacities from beCloud leading to 76% LTE population coverage in Belarus
- A1 brand rollout will be completed in 2020 with the introduction of 'A1' in Serbia

## FY 2019 – Service revenue growth translated into strong operational EBITDA increase

Group (in EUR million)	IFRS 16 2019	IFRS 16 based 2018	% change
Total revenues	4,565.2	4,435.4	2.9%
Service revenues	3,805.5	3,680.8	3.4%
EBITDA excl. restructuring*	1,644.7	1,571.0	4.7%
Net Result	327.4	243.7	34.4%
CAPEX	879.8	771.0	14.1%



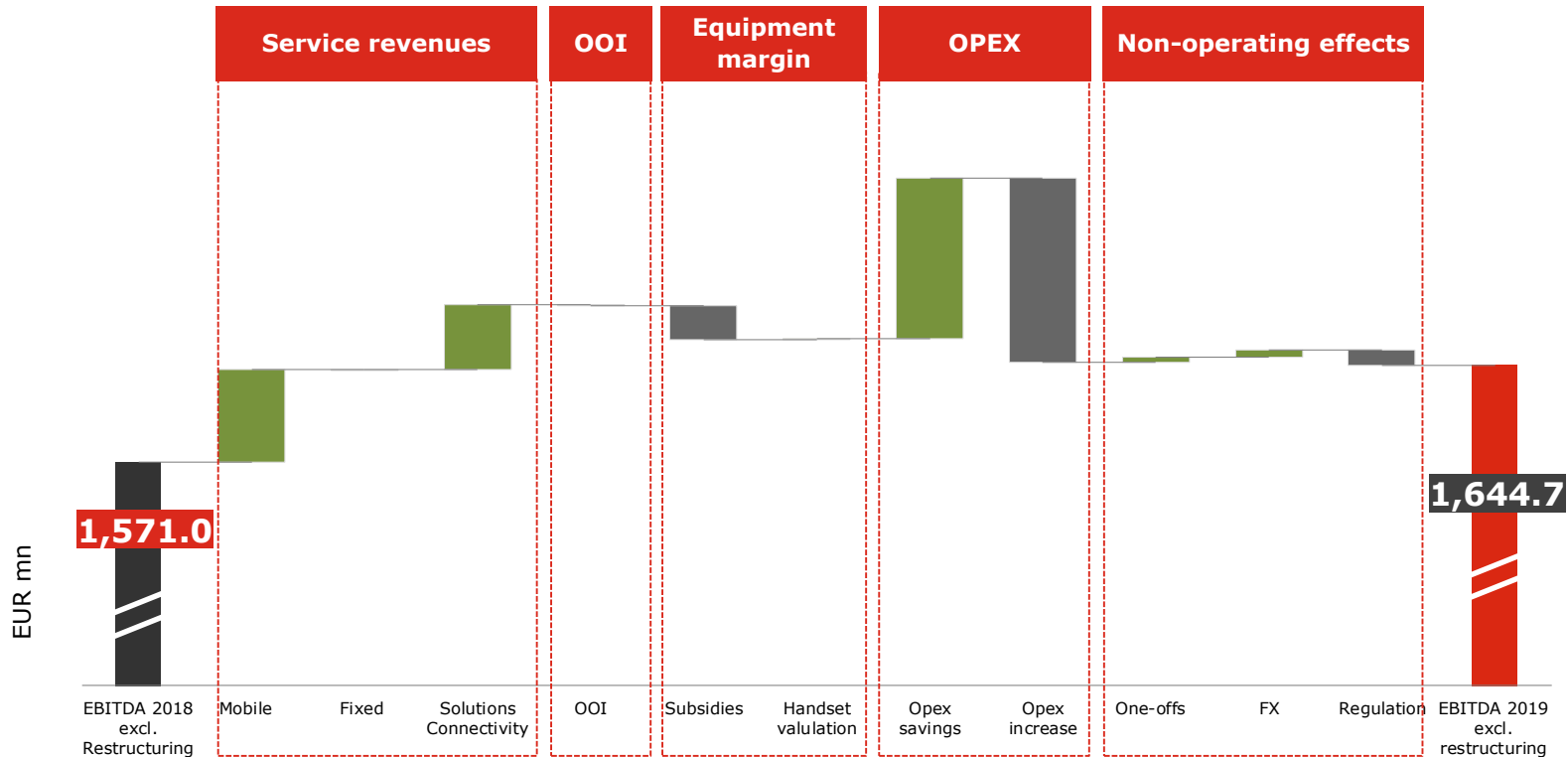
- Revenue increase of 2.9% with service revenue growth in all markets.
- EBITDA excl. restructuring rose by 4.7% driven by strong increase in CEE and solid growth in Austria.
- Positive FX effects of EUR 12.8 mn and EUR 5.6 mn in revenues and EBITDA respectively
- Net income rose due to lower amortization of brand values (EUR 23.7 mn in D&A in 2019; EUR 197.9 mn in 2018) outweighing higher income taxes of EUR 154.2 mn (2018: EUR 98.8 mn).
- Higher CAPEX due to spectrum acquisition in Austria (3,5 GHz; EUR 64.4 mn), Belarus (2,1 GHz; EUR 9.7 mn) and Croatia (2,1 GHz; EUR 7.2 mn) as well as acquisition of LTE capacities in Belarus.

- One-off effects: EUR +8.2 mn (2018: EUR +5.0 mn) in revenues; EUR +13.3 mn (2018: EUR +9.4 mn) in EBITDA
- Revenue effect from EU regulation on international calls: EUR -11.1 mn
- Restructuring charges: EUR 84.1 mn (2018: EUR 22.1 mn)

International operations contain a consolidation of the segments Bulgaria, Croatia, Belarus, Slovenia, Serbia and North Macedonia.

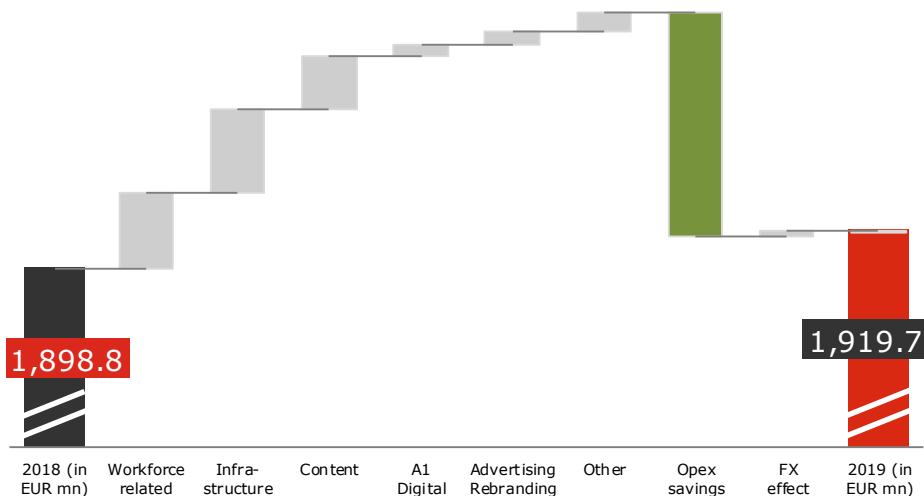
Results for the fourth quarter and full year 2019

# FY 2019 – EBITDA benefits from growth in mobile service revenues and solutions & connectivity with costs under control



# FY 2019: Ongoing cost efficiency initiatives mostly offset core opex\* increases

## Core OPEX\* development 2019



\* excl. interconnection, roaming, equipment and restructuring costs

## Savings initiatives 2020

- Successful 'Sourcing 4 Success' program will continue and targets especially:
  - Maintenance
  - Energy
  - Content
- Focus on demand reduction as well as process efficiency and process automation
- IT-systems consolidation and automation. Centralization of network operations.
- Drive transformation forward to:
  - Digital marketing and sales
  - Digital customer care
- 2% workforce cost reduction in Austria
- For 2020, a similar savings' level (OPEX and CAPEX) is targeted as reached in 2019.

The background of the slide is a dark blue field filled with a complex, glowing network of white and red nodes connected by thin lines, creating a sense of digital connectivity and data flow.

# **Operational and financial highlights for the fourth quarter 2019**

# Solid trends of the last quarters continued in Q4 and resulted again in operational EBITDA growth in all markets

Group (in EUR million)	IFRS 16 Q4 2019	IFRS 16 based Q4 2018	% change
Total revenues	1,200.4	1,153.2	4.1%
Service revenues	962.7	929.6	3.6%
EBITDA excl. restructuring*	376.5	347.9	8.2%
CAPEX	279.7	263.7	6.1%



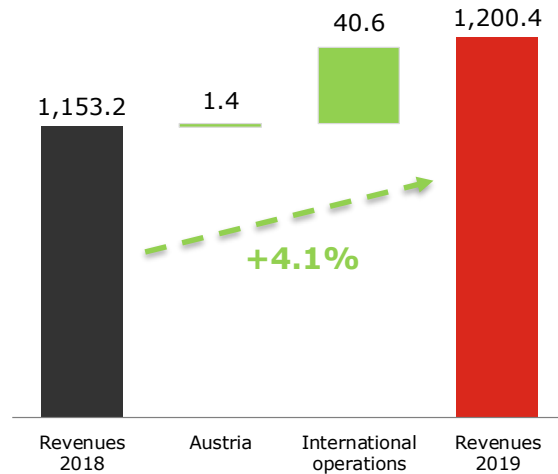
- Strong service revenues in Q4 2019 were especially driven by the mobile but also the fixed-line business
  - Mobile growth due to ongoing migrations to higher tariffs and strong demand for WiFi routers
  - Fixed-line driven by continuous strong demand for ICT solutions and complementary connectivity
- EBITDA growth in Q4 2019 was mostly driven by CEE markets (+18.2% year-on-year); Austria also rose slightly (+0.3% year-on-year excl. restructuring)
- Q4 2019 showed a strong FCF generation of EUR 89.4 mn (Q4 2018: EUR 58.0 mn), driven by higher cash flow from operating activities and lower capital expenditures paid

\* Restructuring charges: EUR 21.0 mn in Q4 2019 (Q4 2018: EUR 13.9 mn)  
 Revenue effect from EU regulation on international calls: EUR -4.2 mn  
 Positive FX effects of EUR 6.3 mn in revenues and EUR 2.7 mn in EBITDA

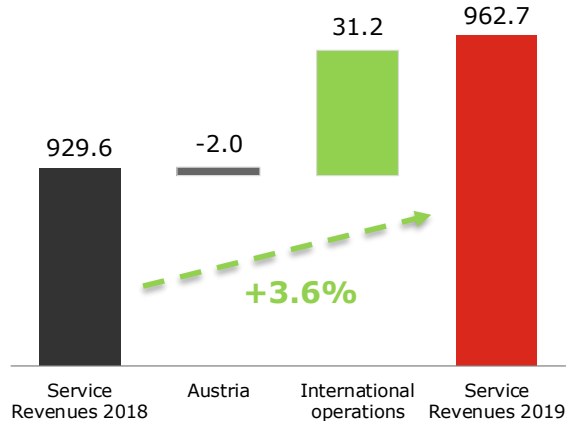


# Growth mostly driven by CEE markets in Q4 2019

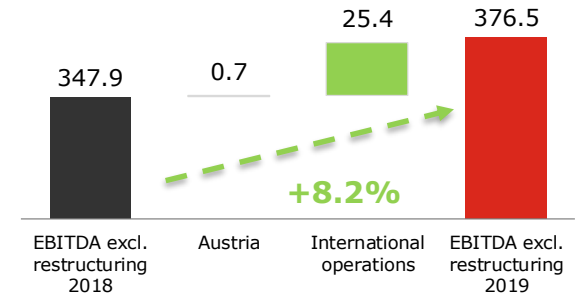
**Total revenues**  
(in EUR mn)



**Service Revenues**  
(in EUR mn)



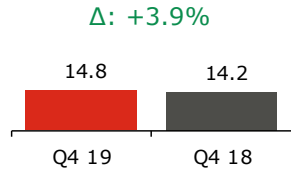
**EBITDA excl. restructuring**  
(in EUR mn)



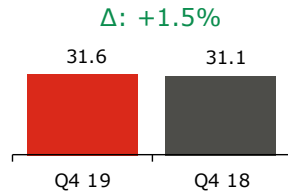
Deviation between A1 Group and the sum of Austria and international operations due to Corporate & Eliminations.

# Austria: Slightly higher operational EBITDA due to ongoing cost savings outweighing a lower equipment margin

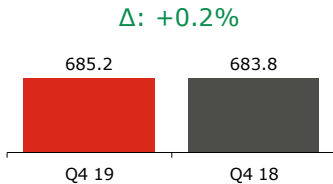
ARPU  
(in EUR)



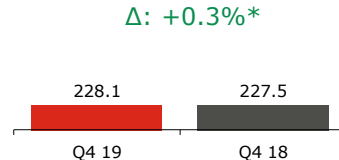
ARPL  
(in EUR)



Total revenues  
(in EUR mn)



EBITDA excl.  
restructuring  
(in EUR mn)



\* excl. restructuring charges of EUR 21.0 mn in Q4 2019 (Q4 2018: EUR 13.9 mn)

## Operational data

- +1.8% contract subscribers which continued to be driven by solid demand for mobile WiFi routers and high-value tariffs
- Higher ARPU as mobile WiFi routers and high-value customers outweighed declines due to international call regulation
- Strong demand for higher bandwidths as well as price indexation drove ARPL higher
- Stable broadband RGU net adds due to promotional activities for customer acquisition and retention

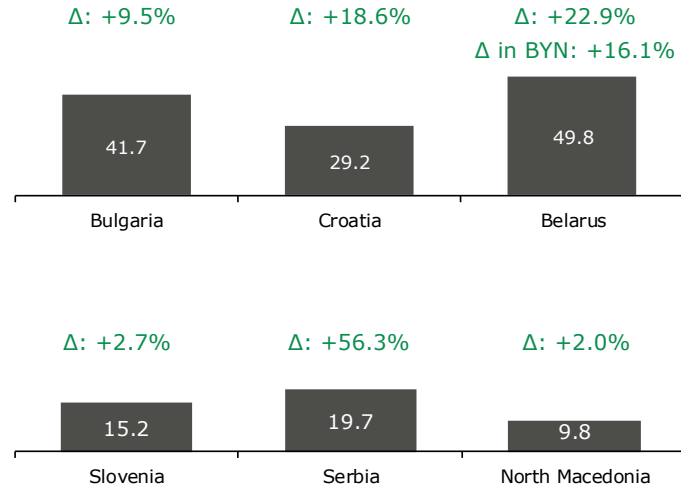
## Financial performance

- Mobile service revenues grew by 0.6%, driven by upselling in the high-value segment and growth in mobile WiFi routers as well as higher visitor and national roaming, despite international call regulation
- Fixed-line service revenues decline despite growth in solutions and connectivity business due to weaker retail revenues (fixed-line voice losses and voucher redemption)
- EBITDA excl. restructuring rose slightly by 0.3% as lower workforce and network maintenance costs offset a lower equipment margin (fixed-line broadband promotions, lower ICT equipment margin)

# CEE: Strong service revenue growth in mobile and fixed-line businesses led again to EBITDA growth in all CEE markets

## EBITDA

(in EUR mn; Q4 %-change vs. PY)



## Highlights CEE

### Bulgaria:

- Ongoing strong service revenue growth (+9.2%):
  - Fixed-line driven by strong performance in the business segment as well as successful up- and cross-selling in residential
  - Mobile trends in both business and residential continued to be positive

### Croatia:

- Mobile service revenues growth supported by mobile WiFi routers; fixed-line service revenues driven by TV RGU growth and price increase
- OPEX benefited from lower advertising cost and frequency fees

### Belarus:

- Mobile service revenues continued to rise: inflation-linked price increases, successful migration of grandfathered service plans and data monetization
- Higher OPEX driven by higher cost of services and workforce costs

### Other segments:

- Slovenia: EBITDA growth due to better equipment margin (lower quantities and subsidies per device), signs of stabilization in competition
- Serbia: Once again comprehensive benefits from attractive tariff propositions and strong demand for WiFi routers
- North Macedonia: Service revenues rose while costs remained stable

# FY 2019: Higher free cash flow excluding frequencies paid driven by better operational development

(in EUR million)

	Q4 2019	Q4 2018	% change	FY 2019	FY 2018	% change
Net cash flow from operating activities	361.3	349.4	3.4%	1,458.0	1,390.6	4.8%
Capital expenditures paid	-202.0	-212.9	-5.1%	-873.9	-771.5	13.3%
Lease principal paid	-32.9	-31.4	4.6%	-149.5	-144.1	3.7%
Proceeds from sale of plant, property and equipment	1.9	-2.5	n.m.	14.3	7.5	89.8%
Interest paid	-39.0	-44.5	-12.4%	-108.3	-98.4	10.1%
Free Cash Flow	89.4	58.0	54.0%	340.6	384.2	-11.3%
<b>Free Cash Flow (excl. Frequencies paid)</b>	<b>89.4</b>	<b>58.0</b>	<b>54.0%</b>	<b>415.8</b>	<b>384.2</b>	<b>8.2%</b>

- Free cash flow excl. frequencies paid rose by 8.2% year-on-year in FY 2019, ...
  - ... driven by a higher operating cashflow
  - ... outweighing payments of EUR 23.0 mn in connection with a tax case in Bulgaria in Q2 2019 (included in interest paid and income taxes paid).
- Payments for acquired frequencies in Austria and Belarus amounted to EUR 75 mn in FY 2019
- Working capital needs of EUR -8.7 mn (EUR -31.2 mn in FY 2018), mainly driven by
  - EUR -38.8 mn increase in accounts receivable
  - EUR +22.6 mn inventory reduction
- Other financial positions of EUR -167.3 mn (EUR -159.6 mn in FY 2018), stemming mainly from
  - EUR -102.5 mn payments for restructuring and employee benefit obligations
  - EUR -70.1 mn income taxes paid

# Focus Points



# A1 has launched the biggest 5G network in Austria; further 5G rollout together with ongoing fiber expansion to build 5Giganet

**A1 5Giganet:** Best combination of largest fiber network & fastest 5G technology

## 5G rollout

- Focus of rollout in rural and urban areas in 2020
- Currently 350 5G mobile sites in 129 municipalities
- Nation-wide 5G population coverage by YE 2023

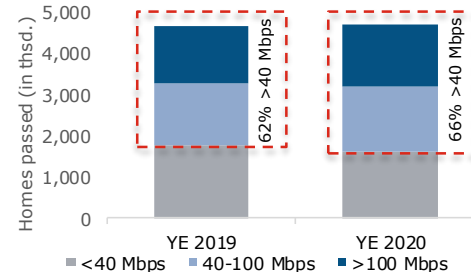
## 350 5G mobiles sites throughout Austria



## Fiber rollout

- Leverage the best technology mix: 4G/5G-FTTx
- 92% of municipalities have fiber access point
- Ongoing focus on fiber city push and subsidized roll-out in rural areas in 2020
- 54,000 km fiber: twice as much as 5 years ago

## Fixed-line only coverage





# 5Giga portfolio in Austria: Best quality of service for mobile products and guaranteed bandwidth in fiber network



## A1 5GigaMobil & A1 5GigaCube

- **5Giga Priority**: 12 quality of service classes leading to strong differentiation
- Unlimited data volume for A1 5Giga tariffs
- Latest 5G smartphones + higher subsidy
- 5Giga call back service
- Launch promotion: No activation fee

### A1 5GigaMobil



**L € 99<sup>90</sup>** (300 Mbps, ∞)

**M € 84<sup>90</sup>** (150 Mbps, ∞)

**S € 74<sup>90</sup>** (100 Mbps, ∞)

### A1 Mobil

**L € 59<sup>90</sup>** (100 Mbps, 30 GB)

**M € 49<sup>90</sup>** (100 Mbps, 20 GB)

**S € 39<sup>90</sup>** (100 Mbps, 10 GB)

### A1 5GigaCube & A1 5GigaNet



**L € 109<sup>90</sup>** (500 Mbps, ∞)

**M € 69<sup>90</sup>** (300 Mbps, ∞)

**S € 59<sup>90</sup>** (150 Mbps, ∞)

### A1 Cube & A1 Internet

**XL € 59<sup>90</sup>** (300 Mbps, ∞)

**L € 49<sup>90</sup>** (150 Mbps, ∞)

**M € 39<sup>90</sup>** (80 Mbps, ∞)

**S € 33<sup>90</sup>** (40 Mbps, ∞)

**XS € 27<sup>90</sup>** (20 Mbps, ∞)

## A1 5GigaNet



- **5Giga Bandwidth guarantee**: >90% for FTTH
- Higher upload speed
- Premium modem for free
- 5Giga call back service
- Launch promotion: No activation fee

# Belarus: Increasing competitive edge after expanding LTE capacity and through targeted market activities

## Expanding LTE capacity

- LTE cooperation with beCloud started in Q1 2019
- Collaboration expanded with strategic agreement in December 2019
- Population coverage LTE 1800 already increased to 76%
- A1 now able to provide competitive LTE service in all relevant cities
- Population coverage to be expanded to 99% by 2023



## Data monetization and X-Mas marketing

- Promotion of 3-months free unlimited data add-ons resulted in up to 85% conversion to paid options
- New service plans: increased bundled voice/data and monthly fee
- Continued migrations to new service plans enabled A1 to effect price increase of unlimited data add-ons
- X-Mas marketing push including equipment (handsets, smart watches, accessories) and A1 Alpha smartphone with free unlimited data
- ARPU increase in Q4 2019: +11.5% yoy



# Outlook for the full year 2020

# A1 Telekom Austria Group outlook for the full year 2020

	February 11, 2020	Consensus 2020
Total revenues	+1-2%	+1.6%
CAPEX	~ EUR 770 mn	EUR 770 mn*
Proposed dividend	EUR 0.23 / share	-

\*CAPEX consensus excl. spectrum

- Outlook based on reported figures; assumed devaluation of 5% avg. BYN vs. EUR FX rate
- CAPEX: does not include investments in spectrum or acquisitions
- Dividend: intended proposal to the Annual General Meeting 2020 for the financial year 2019

# Appendix 1

All figures are stated according to IFRS 16 on a reported basis

# The leading regional communications player providing convergent telecommunication services

as of December 31, 2019 (in '000)



## Austria

### Mobile market position #1

#### Mobile subscribers:

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## Croatia

### Mobile market position #2

#### Mobile subscribers:

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## Belarus

### Mobile market position #2

#### Mobile subscribers:

- 4,890 (Q4 2018: 4,873)

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- 389 (Q4 2018: 452)



## Slovenia

### Mobile market position #2

#### Mobile subscribers:

- 705 (Q4 2018: 697)

#### Fixed access lines:

- 82 (Q4 2018: 74)



## Serbia

### Mobile market position #3

#### Mobile subscribers:

- 2,311 (Q4 2018: 2,195)



## North Macedonia

### Mobile market position #1

#### Mobile subscribers:

- 1,091 (Q4 2018: 1,086)

#### Fixed access lines:

- 154 (Q4 2018: 150)





# A1 Telekom Austria Group – Profit and Loss

<u>(in EUR million)</u>	<b>Q4 2019</b>	<b>Q4 2018</b>	<b>% change</b>
Service Revenues	962.7	929.6	3.6%
Equipment Revenues	212.9	202.1	5.3%
Other operating income	24.8	21.5	15.4%
<b>Total Revenues</b>	<b>1,200.4</b>	<b>1,153.2</b>	<b>4.1%</b>
Cost of Service	-336.3	-335.0	-0.4%
Cost of Equipment	-213.1	-196.8	-8.3%
Selling, General & Administrative Expenses	-284.0	-281.0	-1.1%
Others	-11.5	-6.3	-82.3%
<b>Total Costs and Expenses</b>	<b>-844.9</b>	<b>-819.1</b>	<b>-3.2%</b>
<b>EBITDA</b>	<b>355.5</b>	<b>334.1</b>	<b>6.4%</b>
<i>% of Total Revenues</i>	<i>29.6%</i>	<i>29.0%</i>	
Depreciation and Amortisation	-196.5	-201.2	2.4%
Depreciation RoU assets	-41.0	-37.6	-9.0%
Impairment and Reversal of Impairment	0.0	0.0	n.a.
<b>EBIT</b>	<b>118.0</b>	<b>95.2</b>	<b>23.9%</b>
<i>% of Total Revenues</i>	<i>9.8%</i>	<i>8.3%</i>	
<b>EBT (Earnings Before Income Taxes)</b>	<b>88.2</b>	<b>65.7</b>	<b>34.1%</b>
<b>Net Result</b>	<b>35.3</b>	<b>42.5</b>	<b>-17.0%</b>

# A1 Telekom Austria Group – Total revenues & costs and expenses per segment

## A1 Telekom Austria Group - Total Revenue Split

<b>Total Revenues (in EUR million)</b>	<b>Q4 2019</b>	<b>Q4 2018</b>	<b>% change</b>
Austria	685.2	683.8	0.2%
Bulgaria	137.7	118.0	16.7%
Croatia	109.3	109.6	-0.3%
Belarus	114.0	100.3	13.7%
Slovenia	54.2	56.3	-3.7%
Serbia	75.9	66.3	14.5%
North Macedonia	31.3	31.2	0.5%
Corporate & other, eliminations	-7.2	-12.2	41.0%
<b>Total Revenues</b>	<b>1,200.4</b>	<b>1,153.2</b>	<b>4.1%</b>

## A1 Telekom Austria Group - Costs and Expenses Split

<b>Costs and Expenses (in EUR million)</b>	<b>Q4 2019</b>	<b>Q4 2018</b>	<b>% change</b>
Austria	478.0	470.2	1.7%
Bulgaria	96.0	79.8	20.2%
Croatia	80.1	85.0	-5.8%
Belarus	64.2	59.7	7.5%
Slovenia	39.1	41.6	-6.0%
Serbia	56.2	53.7	4.7%
North Macedonia	21.5	21.5	-0.1%
Corporate & other, eliminations	9.8	7.5	30.7%
<b>Total Operating Expenses</b>	<b>844.9</b>	<b>819.1</b>	<b>3.2%</b>

# A1 Telekom Austria Group – workforce development

FTE (Average Period)	Q4 2019	Q4 2018	% change
Austria	7,695	8,062	-4.5%
International	10,345	10,329	0.2%
Corporate	374	375	-0.2%
<b>A1 Telekom Austria Group</b>	<b>18,414</b>	<b>18,765</b>	<b>-1.9%</b>

FTE (End of Period)	Q4 2019	Q4 2018	% change
Austria	7,625	8,010	-4.8%
International	10,347	10,319	0.3%
Corporate	372	376	-1.0%
<b>A1 Telekom Austria Group</b>	<b>18,344</b>	<b>18,705</b>	<b>-1.9%</b>

# A1 Telekom Austria Group – Capital expenditure split

Capital Expenditures (in EUR million)	Q4 2019	Q4 2018	% change
Austria	117.0	135.0	-13.3%
Bulgaria	31.4	35.6	-11.9%
Croatia	25.2	31.7	-20.3%
Belarus	69.5	23.0	202.8%
Slovenia	12.7	16.4	-22.5%
Serbia	15.8	16.1	-1.9%
North Macedonia	7.7	9.8	-21.5%
Corporate & other, eliminations	0.3	-3.9	n.m.
<b>Total Capital Expenditures</b>	<b>279.7</b>	<b>263.7</b>	<b>6.1%</b>
thereof Tangible	175.7	194.0	-9.4%
thereof Intangible	104.0	69.7	49.3%

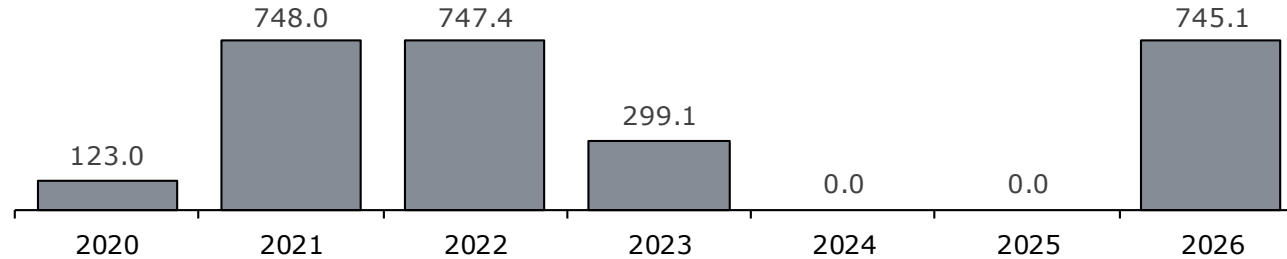
# A1 Telekom Austria Group – Net debt

## as of December 31, 2019

Net Debt (excl. Leases) (in EUR million)	31 December 2019	31 December 2018	% change
Long-term Debt	2,539.6	2,536.5	0.1%
Short-term Borrowings	123.0	245.3	-49.8%
Cash and Cash Equivalents and Short-term Investments	-140.3	-63.6	-120.5%
<b>Net Debt (excl. Leases) of A1 Telekom Austria Group</b>	<b>2,522.3</b>	<b>2,718.4</b>	<b>-7.2%</b>
<b>Leverage Ratio</b>	<b>1.8</b>	<b>2.0</b>	

Net Debt incl. Leases (in EUR million)	31 December 2019	1 January 2019	% change
Long-term Debt incl. Leases	3,327.8	3,395.8	-2.0%
Short-term Borrowings incl. Leases	275.6	388.6	-29.1%
Cash and Cash Equivalents and Short-term Investments	-140.3	-63.6	-120.5%
<b>Net Debt incl. Leases of A1 Telekom Austria Group</b>	<b>3,463.1</b>	<b>3,720.8</b>	<b>-6.9%</b>
<b>Leverage Ratio</b>	<b>2.2</b>	<b>2.4</b>	

# A1 Telekom Austria Group – Financial debt maturity profile as of December 31, 2019



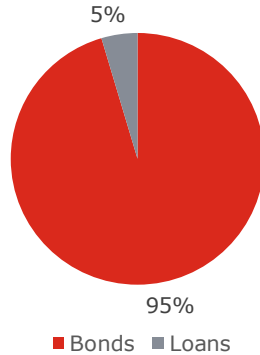
- EUR 2,662.6 mn short- and long-term borrowings as of December 31, 2019
- Average cost of debt of 2.8%
- Cash and cash equivalents and short-term investments of EUR 140.3 mn
- Average term to maturity of 3.52 years



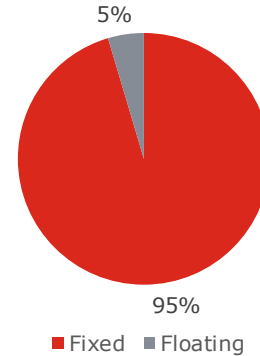
# A1 Telekom Austria Group – Debt profile

as of December 31, 2019

## Overview debt instruments



## Fixed/floating mix



## Lines of credit

- Undrawn committed credit lines amounting to EUR 1,165 mn
- Average term to maturity of 3.9 years\*

\*Increase due to entering into a EUR 1,000 mn credit facility with a term of 5 years in July 2019

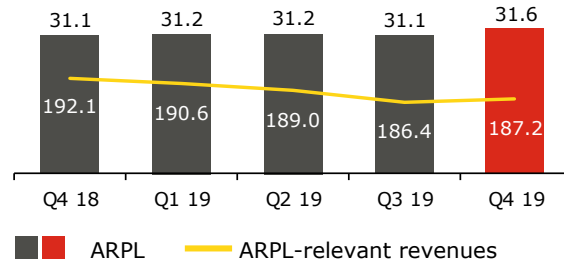
## Ratings

- S&P: BBB+ (stable outlook)
- Moody's: Baa1 (stable outlook)

# Segment Austria – Fixed-line key performance indicators

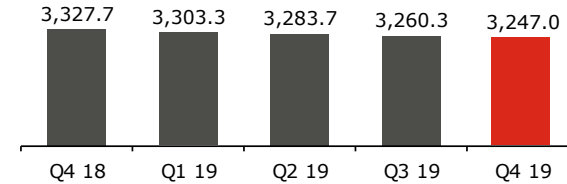
## ARPL & ARPL-relevant revenues

(in EUR, in EUR million)



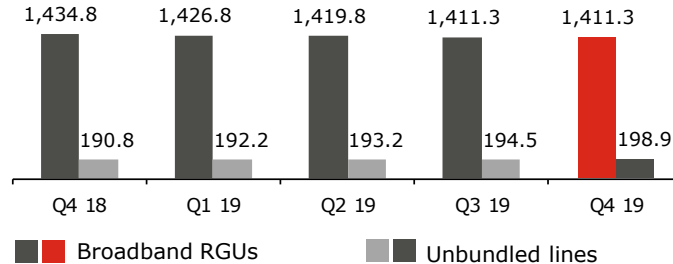
## Total RGUs

(in '000)



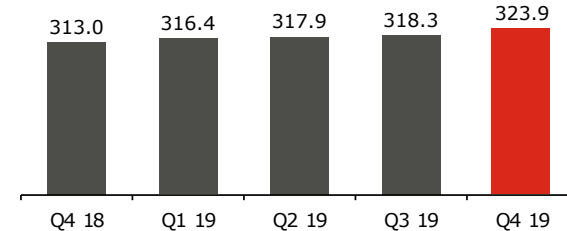
## Broadband RGUs/unbundled lines

(in '000)



## TV RGUs

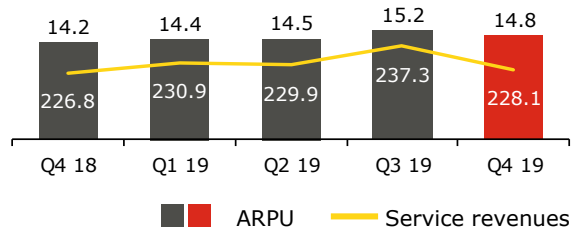
(in '000)



# Segment Austria – Mobile key performance indicators

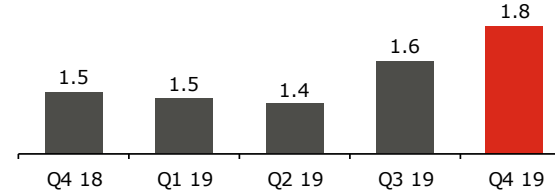
## ARPU & Service revenues

(in EUR, in EUR million)



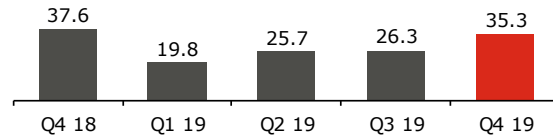
## Churn rate

(in %)



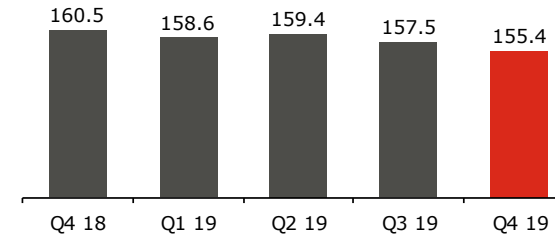
## Subsidies (incl. promotional deals)

(in EUR million)



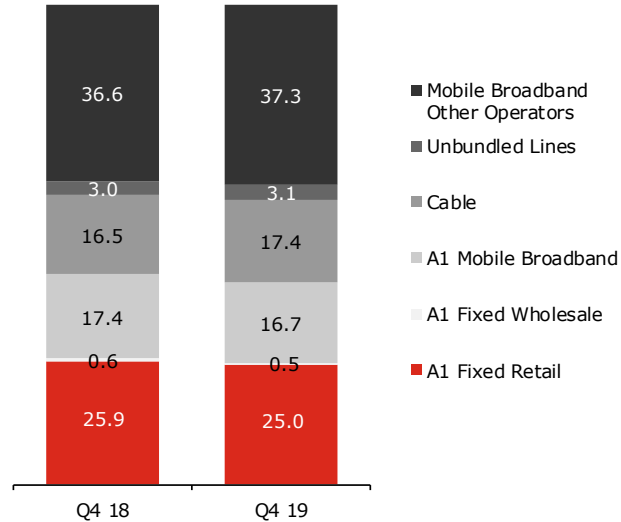
## Mobile penetration

(in %)

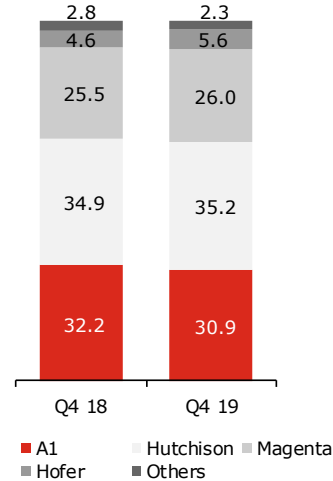


# Segment Austria – Broadband market split\*

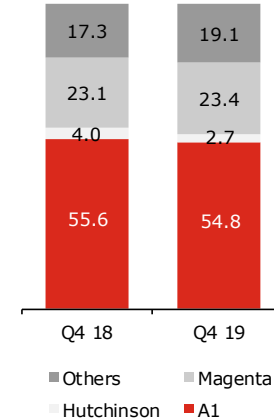
Market share total broadband  
(in %)



Market share mobile broadband  
(in %)



Market share fixed-line broadband  
(in %)

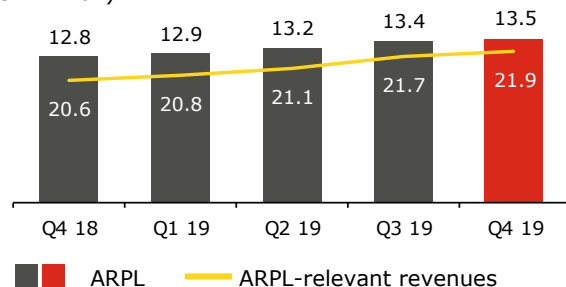


\* Market data are based on estimates due to lack of availability for subscriber figures of the total market at A1 Group's reporting date.

# Segment Bulgaria – Fixed-line key performance indicators

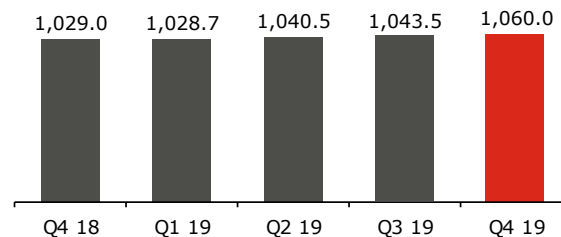
## ARPL & ARPL-relevant revenues

(in EUR, in EUR million)



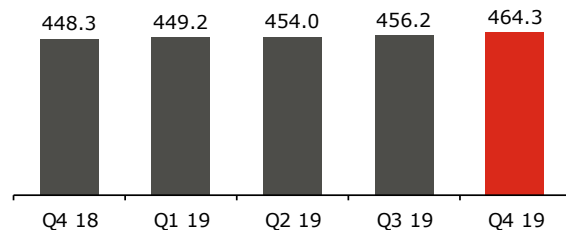
## Total RGUs

(in '000)



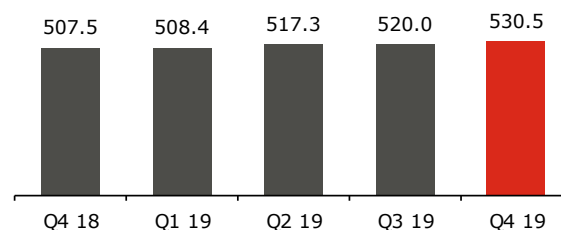
## Fixed Broadband RGUs

(in '000)



## TV RGUs

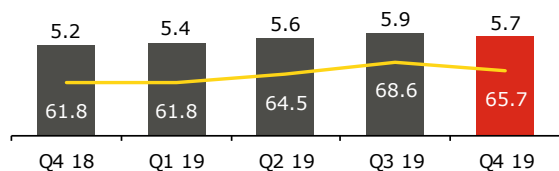
(in '000)



# Segment Bulgaria – Mobile key performance indicators

## ARPU & Service revenues

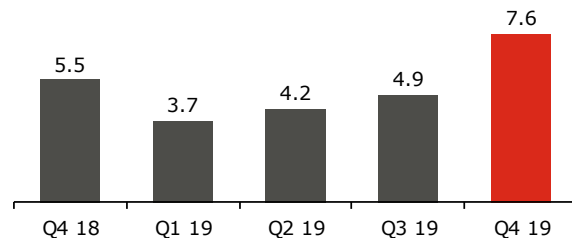
(in EUR, in EUR million)



■ ARPU    ■ Service revenues

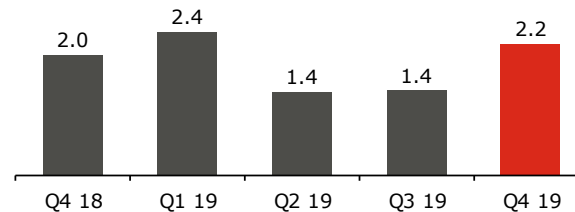
## Subsidies (incl. promotional deals)

(in EUR million)



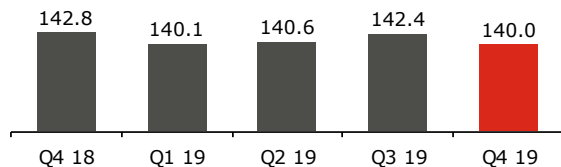
## Churn rate

(in %)



## Mobile penetration

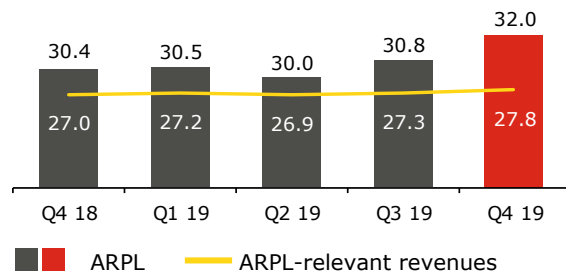
(in %)



# Segment Croatia – Fixed-line key performance indicators

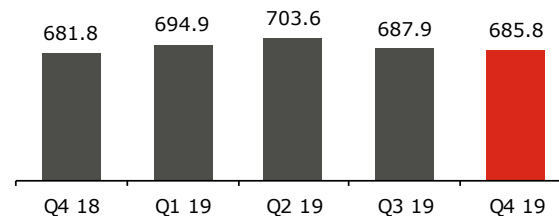
## ARPL & ARPL-relevant revenues\*

(in EUR, in EUR million)



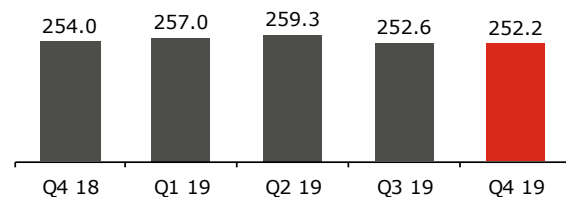
## Total RGUs

(in '000)



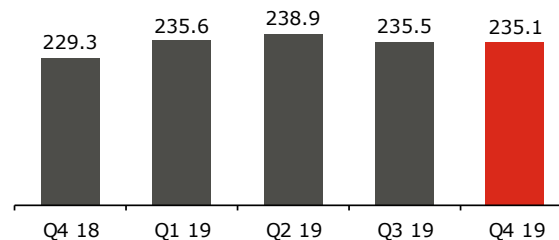
## Fixed Broadband RGUs

(in '000)



## TV RGUs

(in '000)

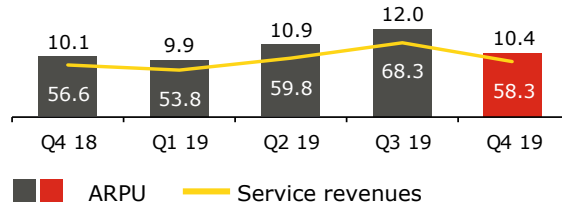


\*Minor shifts between quarters in 2018 values due to a slightly modified accrual method. Full year values were unaffected.

# Segment Croatia – Mobile key performance indicators

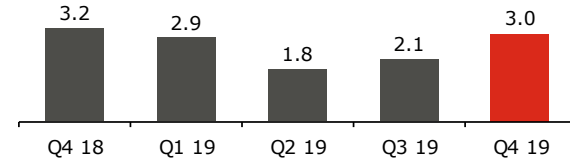
## ARPU & Service revenues

(in EUR, in EUR million)



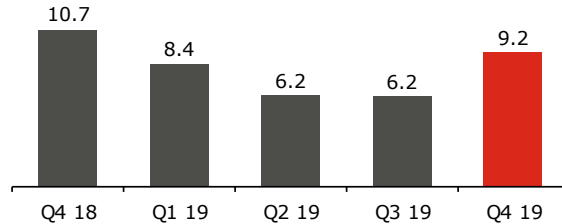
## Churn rate

(in %)



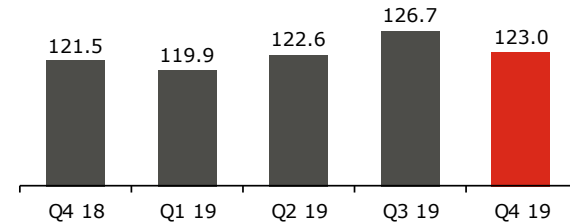
## Subsidies (incl. promotional deals)

(in EUR million)



## Mobile penetration

(in %)

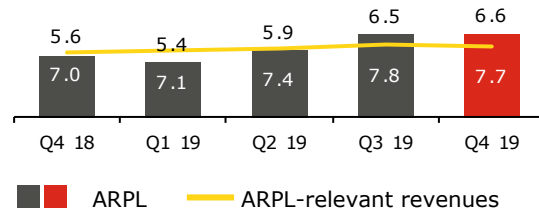




# Segment Belarus – Fixed-line key performance indicators

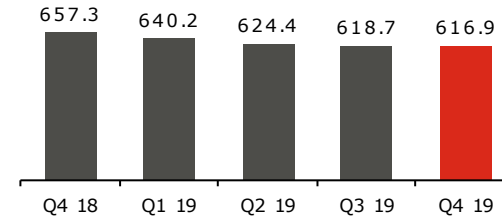
## ARPL & ARPL-relevant revenues

(in EUR, in EUR million)



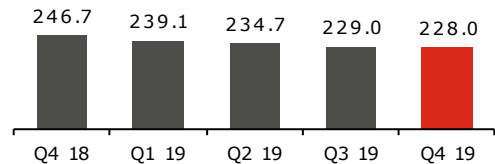
## Total RGUs

(in '000)



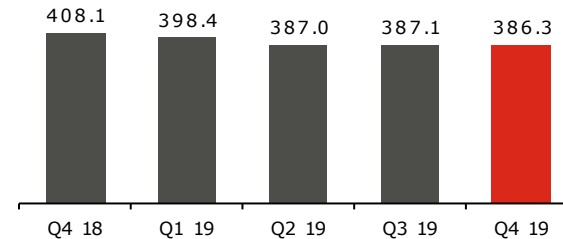
## Fixed Broadband RGUs

(in '000)



## TV RGUs

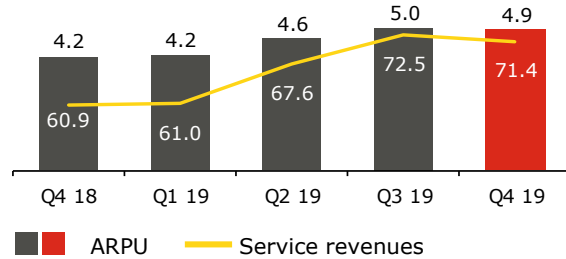
(in '000)



# Segment Belarus – Mobile key performance indicators

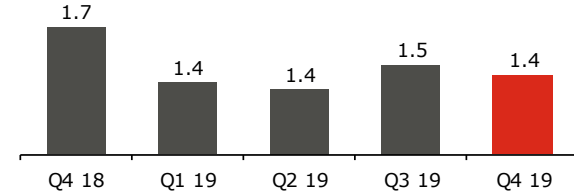
## ARPU & Service revenues

(in EUR, in EUR million)



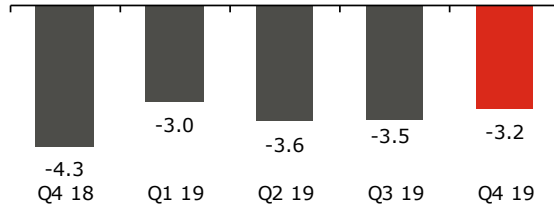
## Churn rate

(in %)



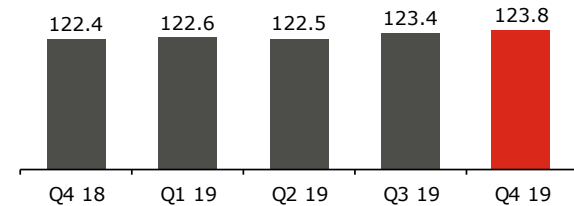
## Subsidies (incl. promotional deals)

(in EUR million)



## Mobile penetration

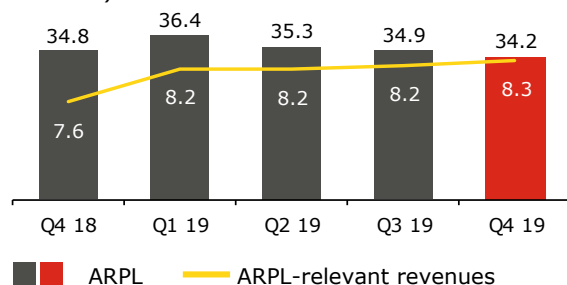
(in %)



# Segment Slovenia – Fixed-line key performance indicators

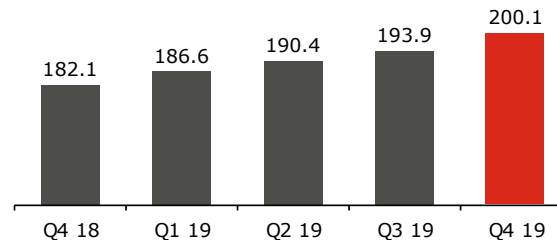
## ARPL & ARPL-relevant revenues

(in EUR, in EUR million)



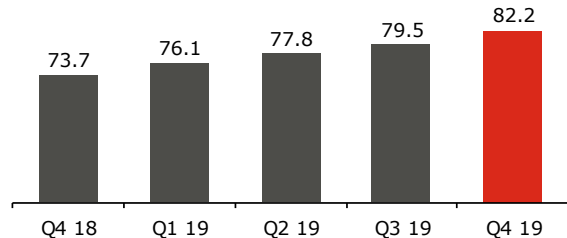
## Total RGUs

(in '000)



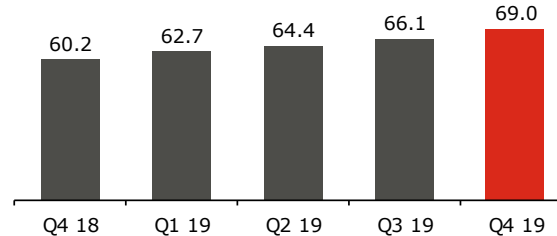
## Fixed Broadband RGUs

(in '000)



## TV RGUs

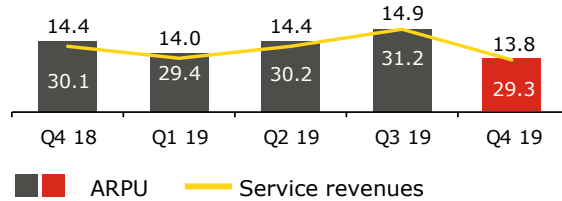
(in '000)



# Segment Slovenia – Mobile key performance indicators

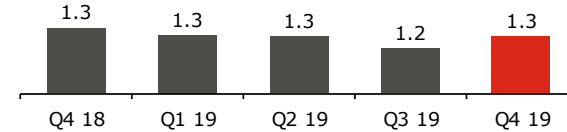
## ARPU & Service revenues

(in EUR, in EUR million)



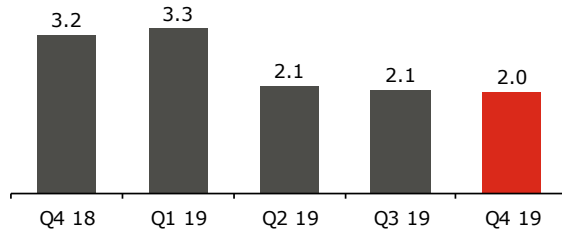
## Churn rate

(in %)



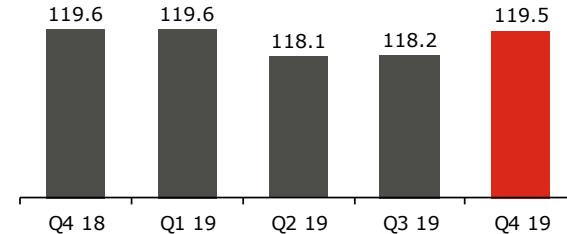
## Subsidies

(in EUR million)



## Mobile penetration

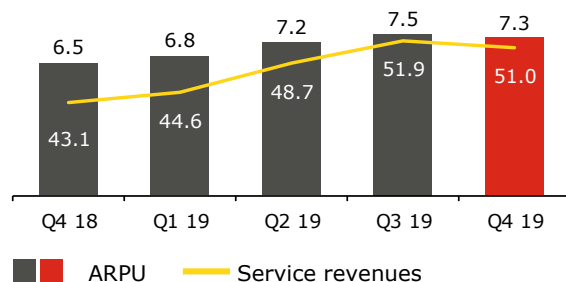
(in %)



# Segment Serbia – Mobile key performance indicators

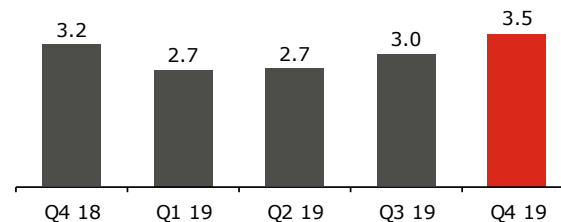
## ARPU & Service revenues

(in EUR, in EUR million)



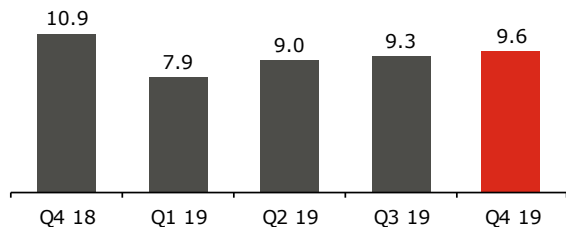
## Churn rate

(in %)



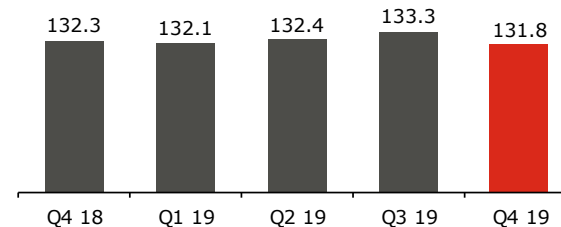
## Subsidies (incl. promotional deals)

(in EUR million)



## Mobile penetration

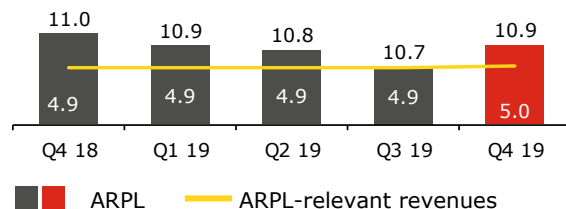
(in %)



# Segment North Macedonia – Fixed-line key performance indicators

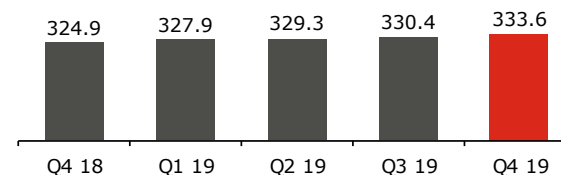
## ARPL & ARPL-relevant revenues\*

(in EUR, in EUR million)



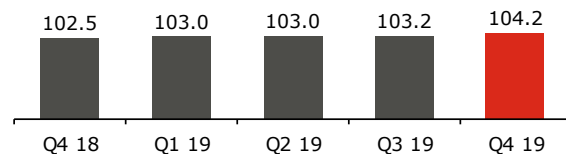
## Total RGUs\*

(in '000)



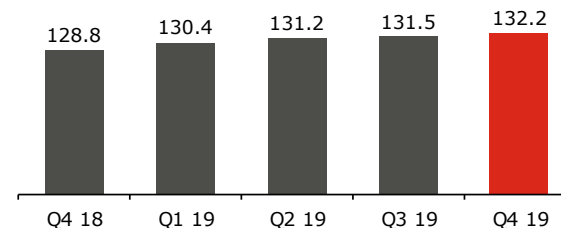
## Fixed Broadband RGUs\*

(in '000)



## TV RGUs

(in '000)

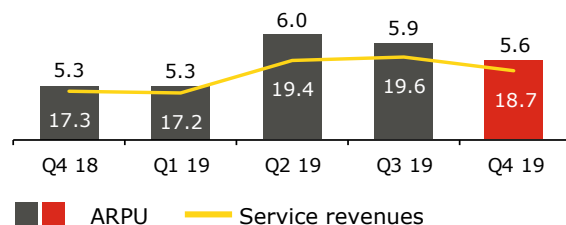


\*In North Macedonia, WiFi routers, which were formerly reported in fixed-line RGUs, are reported in mobile postpaid since Q2 2019. The numbers of the comparison period have been adapted.

# Segment North Macedonia – Mobile key performance indicators

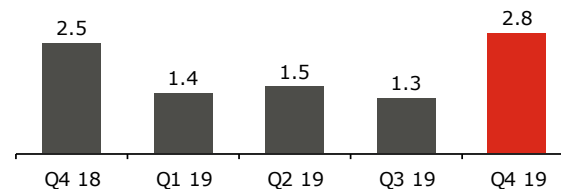
## ARPU & Service revenues\*

(in EUR, in EUR million)



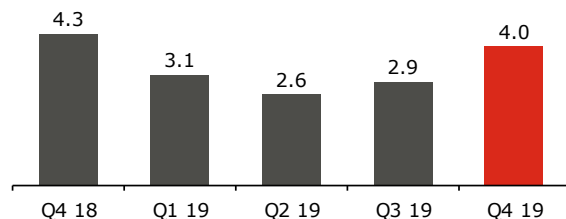
## Churn rate\*

(in %)



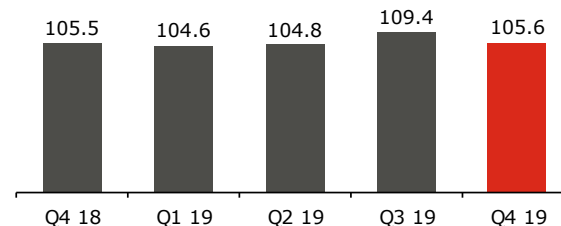
## Subsidies (incl. promotional deals)\*

(in EUR million)




## Mobile penetration\*

(in %)



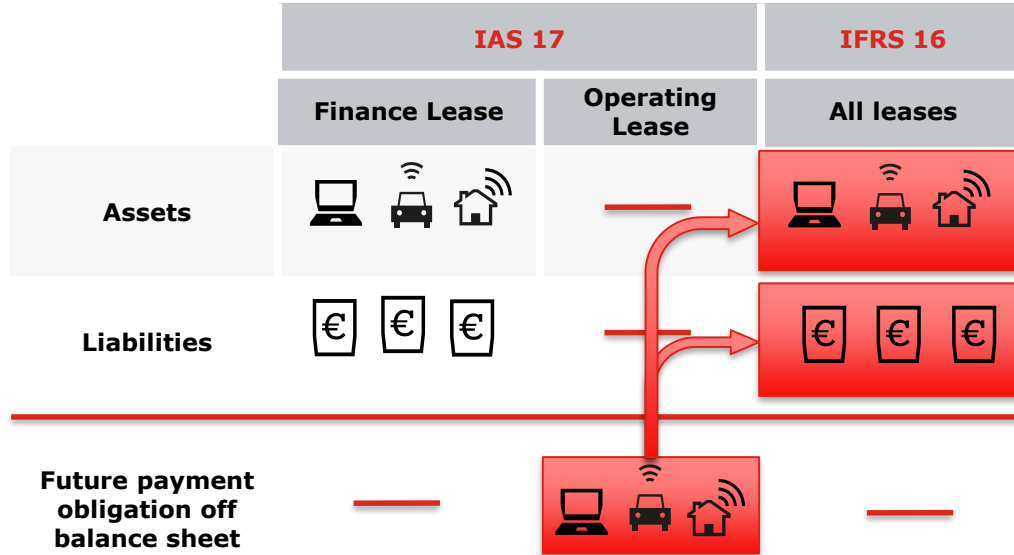
\*In North Macedonia, WiFi routers, which were formerly reported in fixed-line RGUs, are reported in mobile postpaid since Q2 2019. The numbers of the comparison period have been adapted.

The background of the slide is a dark blue field filled with a complex network of glowing nodes and connecting lines. The nodes are primarily white and blue, with some red nodes scattered throughout. The lines are thin and blue, creating a web-like structure. There are also large, out-of-focus red and blue bokeh lights in the background, adding depth and a sense of motion.

# **Appendix 2 – Adoption of IFRS 16**



# Adoption of IFRS 16 – impact on the balance sheet



- Discounted future payments of all lease contracts are capitalized resulting in RoU assets of EUR 1,011 mn and lease liabilities of EUR 1,003 mn
- Optional exceptions for low value, short term leases

# Adoption of IFRS 16 – impact on the income statement


	IAS 17		IFRS 16
	Finance Lease	Operating Lease	All Leases
Revenues	—	—	—
OPEX	—	Lease Expenses	↓ ↓
EBITDA			↑ ↑
D&A	Depreciation/ Amortization	—	Depreciation
EBIT			↑
Interest	Accrued Interest		Accrued Interest
EBT			↔

- Elimination of operating lease expense (OPEX) and booking as depreciation and interest expenses under IFRS 16
- IFRS 16 impact on earnings ratios FY 2018:
  - EBITDA increases by EUR 158 mn
  - EBIT increases by EUR 12 mn
  - EBT kept unchanged over the fiscal year

# Adoption of IFRS 16 – impact on net debt

in EUR mn	Dec 31, 2018 pre IFRS 16	Dec 31, 2019 pre IFRS 16	Dec 31, 2018 IFRS 16 based	Dec 31, 2019 IFRS 16
Gross debt	2,782.0	2,662.6	3,784.4	3,603.4
- Cash & cash equivalents	-63.6	-140.3	-63.6	-140.3
Net debt	2,718.4	2,522.3	3,720.8	3,463.1
EBITDA (LTM)	1,390.9	1,382.8	1,548.9	1,560.6
<b>Net debt / EBITDA ratio</b>	<b>2.0 x</b>	<b>1.8 x</b>	<b>2.4 x</b>	<b>2.2 x</b>

- Significant increase in financial liabilities due to the recognition of leases leads to higher net debt
- IFRS 16 adoption leads to increase of net debt / EBITDA ratio of ~0.4 x



# Appendix 3 – Regulatory topics

# Glide Path of Mobile Termination Rates

No further reductions expected in 2019

	Jul 2015	Jan 2016	Jul 2016	Jan 2017	Jul 2017	Jan 2018	Mar**** 2019
Austria (EUR)	0.008049	0.008049	0.008049	0.008049	0.008049	0.008049	0.008049
Bulgaria (BGN)	0.019	0.019	0.019	0.014	0.014	0.014	0.014
Croatia (HRK)*	0.063	0.063	0.063	0.063	0.047	0.047	0.047
Belarus (BYN)**	MTS 0.025/0.0125 BeST 0.018/0.009	MTS 0.025/0.0125 BeST 0.018/0.009	MTS 0.025/0.0125 BeST 0.018/0.009	MTS 0.025/0.0125 BeST 0.018/0.009	MTS 0.025/0.0125 BeST 0.018/0.009	MTS 0.025/0.0125 BeST 0.018/0.009	MTS 0.025/0.0125 BeST 0.018/0.009
Slovenia (EUR)	0.0114	0.0114	0.0114	0.0114	0.0114	0.0114	0.00882
Serbia (RSD)	3.43	3.43	2.75	2.07	2.07	1.43	1.43
North Macedonia (MKD)***	0.90	0.90	0.90	0.63	0.63	0.63	0.63

\* National and International EU/EEA MTRs stated as regulated. International MTRs differ between EU/EEA and non-EU/EEA originating country.

Non-EU/EEA MTR for Croatia: HRK 1.73/min -> HRK 2.00/min in Apr 2016

\*\* Belarus values: prime time/downtime. MTS: Mobile TeleSystems; BeST: Belarus Telecommunications Network

\*\*\* NRA Regulated asymmetric MTR for FULL MVNO (Lycamobile) from 01.05.2018 to 30.04.2019 at level of 1.5 MKD

\*\*\*\* Decision by Slovenian NRA expected in March.

Results for the fourth quarter and full year 2019

# Upcoming spectrum tenders/prolongations/assignments\*

	Expected	Comments
Austria	2020 (700, 1500, 2100 MHz) 2020 (2300 MHz)	700/1500/2100 MHz auction planned for spring 2020
Bulgaria	2020 (2100, 2600, 3400-3800 MHz) 2021 (800 MHz)	
Croatia	2020 (700, 3500 MHz)	
Belarus	2020 (3500 MHz) 2021/22 (700 MHz)	
Slovenia	2020 (700, 1400, 2100, 2300, 3400-3800 MHz)	
Serbia	2020 (700, 2600, 3500 MHz)	
North Macedonia	Late 2019/early 2020 (3500 MHz) 2020 (700 MHz)	

\* Please note that this is a list of expected spectrum awards procedures. Whether Telekom Austria Group is planning and sees a need to participate and acquire spectrum in the above-mentioned procedures the Group is not permitted to comment on.

# EU roaming price regulation

RETAIL (in EURc)	July 2014	April 30, 2016	June 15, 2017					
Data (per MB)	20	domestic tariff + 5*	domestic tariff					
Voice-calls made (per minute)	19	domestic tariff + 5*	domestic tariff					
Voice-calls received (per minute)	5	weighted average MTR	0					
SMS (per SMS)	6	domestic tariff + 2*	domestic tariff					
WHOLESALE (in EURc)	July 2014	April 30, 2016	June 15, 2017	January 1, 2018	January 1, 2019	January 1, 2020	January 1, 2021	January 1, 2022
Data (per MB)	5	5	0.77	0.6	0.45	0.35	0.30	0.25
Voice (per minute)	5	5	3.2	3.2	3.2	3.2	tbd	tbd
SMS (per SMS)	2	2	1	1	1	1	tbd	tbd

\* Sum of the domestic retail price and any surcharge applied for regulated roaming calls made, regulated roaming SMS messages sent or regulated data roaming services shall not exceed EUR 0.19 per minute, EUR 0.06 per SMS message and EUR 0.20 per megabyte used. Any surcharge applied for calls received shall not exceed the weighted average of maximum mobile termination rates across the Union.

The background of the slide is a dark blue field. On the right side, there is a complex network of white and blue nodes connected by thin lines, resembling a molecular or digital structure. Scattered across the background are numerous out-of-focus red and pink circular lights, creating a bokeh effect.

# **Appendix 4 – Personnel restructuring in Austria**



# Quarterly Overview – Restructuring charges and provision vs. FTE

## Overview restructuring charges

(in EUR million)

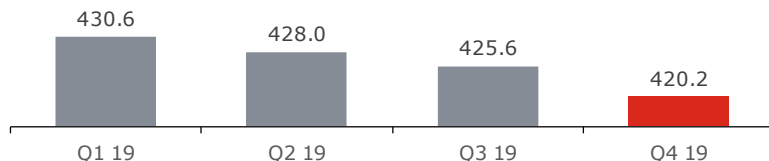
	Q1 19	Q2 19	Q3 19	Q4 19
FTE reduction	19.6	21.0	29.2	30.2
Servicekom contribution	0.5	-3.0	-10.8	-6.1
Interest rate adjustments	0.9	2.9	2.6	-3.1
<b>Total</b>	<b>20.9</b>	<b>21.1</b>	<b>21.0</b>	<b>21.0</b>

## FTEs addressed

	Q1 19	Q2 19	Q3 19	Q4 19
Transfer to government	0	0	0	0
Social plans	66	76	98	147
Staff released from work	0	0	0	0
<b>Total</b>	<b>66</b>	<b>76</b>	<b>98</b>	<b>147</b>

## Overview restructuring provision\*

(in EUR million)



## Provisioned FTEs

	Q1 19	Q2 19	Q3 19	Q4 19
Transfer to government	152	141	135	128
Social plans	1,745	1,740	1,776	1,805
Staff released from work	112	109	89	81
<b>Total</b>	<b>2,009</b>	<b>1,990</b>	<b>2,000</b>	<b>2,014</b>

\* Including liabilities for transfer of civil servants to government bodies since 2010. For further details please refer to note (23) of the consolidated financial statements.

# Full Year Overview – Restructuring charges and provision vs. FTE

## Overview restructuring charges

(in EUR million)

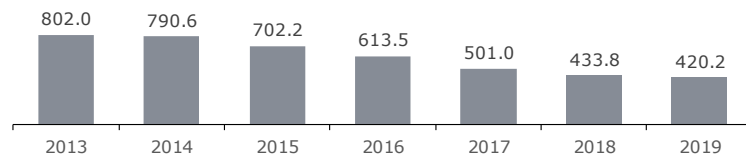
	2013	2014	2015	2016	2017	2018	2019
FTE reduction	149.0	86.4	69.5	95.0	9.1	70.1	100.2
Servicekom contribution	-103.8	-39.4	-72.0	-96.9	-27.3	-47.1	-19.4
Interest rate adjustments	0.0	42.6	2.9	9.2	0.0	-0.9	3.2
<b>Total</b>	<b>45.2</b>	<b>89.6</b>	<b>0.4</b>	<b>7.2</b>	<b>-18.2</b>	<b>22.1</b>	<b>84.1</b>

## FTEs addressed

	2013	2014	2015	2016	2017	2018	2019
Transfer to government	22	52	49	6	3	0	0
Social plans	409	199	270	269	31	241	387
Staff released from work	0	0	0	0	0	0	0
<b>Total</b>	<b>431</b>	<b>251</b>	<b>319</b>	<b>275</b>	<b>34</b>	<b>241</b>	<b>387</b>

## Overview restructuring provision\*

(in EUR million)



## Provisioned FTEs

	2013	2014	2015	2016	2017	2018	2019
Transfer to government	330	242	205	193	176	159	128
Social plans	1,315	1,460	1,661	1,821	1,707	1,748	1,805
Staff released from work	410	350	253	200	172	116	81
<b>Total</b>	<b>2,055</b>	<b>2,052</b>	<b>2,119</b>	<b>2,214</b>	<b>2,055</b>	<b>2,023</b>	<b>2,014</b>

\* Including liabilities for transfer of civil servants to government bodies since 2010. For further details please refer to note (23) of the consolidated financial statements.

# Overview – Cash flow impact of restructuring

## Restructuring cash flow impact

### Cash flow impact

(in EUR million)

2013	108.0
2014	107.1
2015	101.9
2016	105.5
2017	102.4
2018	95.6
Q1 2019	25.0
Q2 2019	24.6
Q3 2019	25.8
Q4 2019	27.8

- Total CF impact comprises old and new programs
- Expected CF impact for 2020 of ~ EUR 100 mn

## Restructuring outlook 2020f

- Restructuring charges of ~EUR 80 mn p.a. expected for the next few years addressing civil servants
- Target: decrease workforce costs by ~2% net in Austria

The background of the slide is a dark blue gradient. Overlaid on this is a complex, abstract network of glowing nodes and connecting lines. The nodes are primarily white and blue, with some red nodes scattered throughout. The lines are thin and blue, creating a web-like structure that suggests a global network or data flow. The overall effect is high-tech and modern.

# **Appendix 5 – Corporate sustainability**

# Key figures – Corporate Sustainability

## Selected group-wide KPIs

<b>Environment</b>	<b>2019</b>
Total CO <sub>2</sub> emissions (Scope 1+2 market-based in tonnes)	215.981
Energy efficiency index (in Mwh/terabyte)	0,17
Paper consumption (in kg)	1.273.562
Collected old mobile phones (in pcs)	64.504
<hr/>	
<b>Employees</b>	<b>2019</b>
Share of female employees (in %)	39
Share of female executives (in %)	35
<hr/>	
<b>Society</b>	<b>2019</b>
Participations in trainings on media literacy	35.326

## Ratings



## Indices



## Memberships

