

Reasons to Invest

Strong market positions to leverage growth opportunities from digitalization

- ▶ Mostly #1 or #2 positions
- ▶ Strong and reliable business in Austria, growth markets in CEE
- ▶ Successful upselling and data growth monetization
- ▶ High demand for ICT solutions

Top-quartile operational revenue and EBITDA growth rates within the peer group

- ▶ Outstanding track record of operational efficiency
- ▶ 1.9% operational revenue and 2.4% EBITDA CAGR in 2016–2020
- ▶ EBITDA margin and FCF expansion

Fostering more sustainable ways of living via digitalization with distinct ESG targets

- ▶ Targeting net zero CO₂ emissions by 2030
- ▶ Driving digital education
- ▶ Promoting diversity

Profound balance between value and growth reflected in sustainable dividend policy

- ▶ Reliable minimum dividend of EUR 20 cents since 2016
- ▶ Sustainable growth closely related to FCF CAGR (EUR 23 cents for 2019, EUR 25 cents for 2020)
- ▶ Net debt/EBITDA (pre-IFRS 16) ambition level of 1.5x (1.7x as of YE 2020) and solid liquidity position secured

Strong market positions in its main markets provide a unique foundation for **long-term growth** by leveraging the potential provided by ongoing digitalization. A1 operates mostly as **number one or number two player** in **three-player markets**. As an incumbent operator in its **home market Austria** and with a strong footprint in **CEE**, A1 differentiates itself through **best-in-class customer service and well-recognized network quality**. This translates into a strong track record in terms of the **monetization of the constantly rising demand for data and**

bandwidth. Valuable add-on products as well as market-relevant and efficiently invested **content** constitute another source of growth. In the **business customer segment**, the Group benefits from **providing a combination of connectivity and industry-specific solutions**, including growth areas like IoT, cloud, and cyber security services. Furthermore, the Group aims to **leverage the potential of data analysis** while strictly following a **digital trust** approach, i. e. handling data in a trustworthy way.

A1 Telekom Austria Group has proven itself a **top-quartile performer** in the sector for several years when it comes to **operational revenue and EBITDA growth**.

Digital transformation, also pushed within the company, is key for further increasing operational efficiency, which provides another source of strength.

This supports the **long-term EBITDA margin expansion and free cash flow growth** in a sustainable way. The “Digital First” approach focuses on **ongoing simplification and automation** in order to safeguard a **lean and efficient organizational structure**, increased flexibility, and **faster rollout cycles**.

The A1 Telekom Austria Group **actively assumes responsibility for people, society, and the environment**. The Group **aims to reduce its CO₂ emissions to net zero by 2030**. Improving energy efficiency by 80% helps to mitigate the impact from the sharp increase in data consumption. Clear sustainability goals are also defined to promote diversity and by

maintaining a best practice compliance management system. Besides that, the **inclusion of ESG targets** as well as of **long-term targets like ROIC in management remuneration** ensures a disciplined approach towards growth and value creation. This emphasizes the importance of actively taking responsibility to safeguard a more sustainable life.

And it also provides for a long-term maximization of the total shareholder return. This results in a **dividend policy** which is **sustainable and strikes a balance between value and growth**: While the minimum dividend of EUR 20 cents set in 2016 secures a reliable pay-out, the close correlation with FCF CAGR provides opportunities for continuing growth (EUR 23 cents for FY 2019, EUR 25 cents for FY 2020). Overall, it aims at **long-term stability**, with the dividend being well covered by FCF—also after spectrum investments.

The Group follows a conservative leverage approach in a sector comparison with the **ambitious level of**

1.5x net debt / EBITDA (both pre leases). A1 Telekom Austria Group can rely on undrawn committed credit lines of EUR 1.1 bn, resulting in a strong liquidity position. Maintaining a solid investment grade rating of BBB (S & P) and Baa2 (Moody's), with current ratings of BBB+ / Baa1 provides a reliable framework for every investment decision. The **M & A strategy prioritizes bolt-on acquisitions** in the existing footprint and expansion of the portfolio in the field of digital services. The dividend policy together with the **strong balance sheet structure** provide a **disciplined long-term approach to make room for future growth opportunities**.