



# Roadshow Presentation

## Results for the first half and second quarter 2017

# 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 Telekom Austria Group nor any other person accepts any liability for any such forward-looking statements. 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 Telekom Austria Group.'

# Telekom Austria Group key facts

4.21 BN

Revenues as of year-end 2016

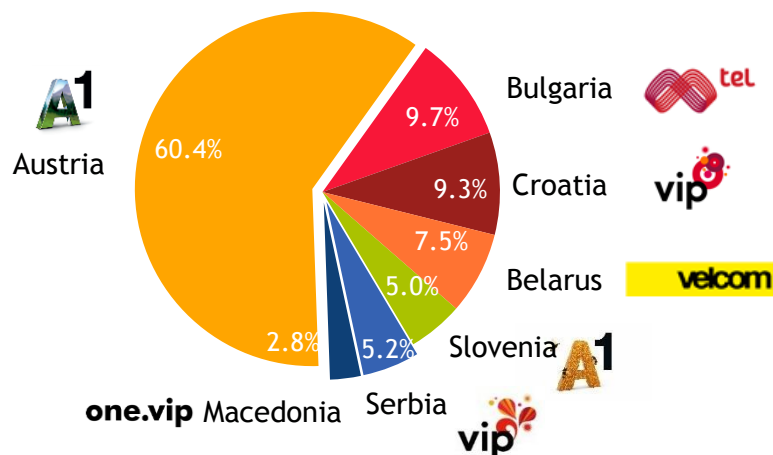
24M

Customers in seven countries

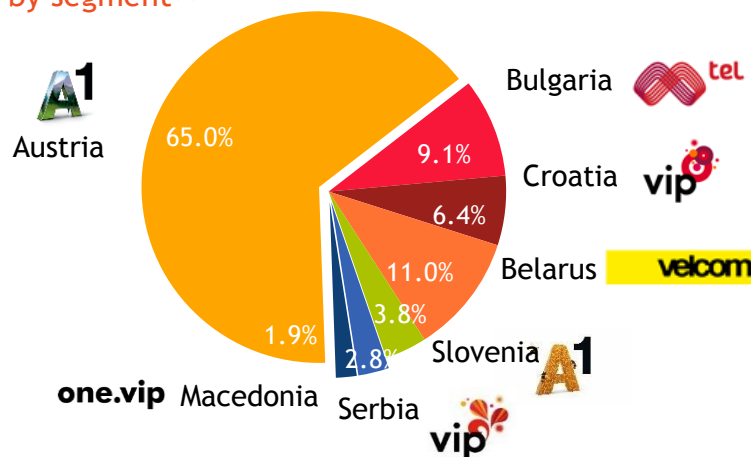
1.35 BN

EBITDA as of year-end 2016

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



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



Notes: (a) For Full Year 2016. Breakdown does not show corporate, others and eliminations.

# Key financial data

(in EUR million)	2016	2015	% change
Total Revenues	4,211.5	4,125.3	2.1%
of which generated abroad (in %)	39.6	38.1	-
EBITDA	1,354.3	1,368.7	-1.1%
of which generated abroad (in %)	34.9	37.0	-
EBITDA margin (in %)	32.2	33.2	-
Operating income	486.7	571.7	-14.9%
Net result	413.2	392.8	5.2%
Free cash flow	232.0	352.2	-34.1%
Net cash flow from operating activities	1,195.5	1,228.4	-2.7%
Capital expenditures	764.1	784.5	-2.6%
Net debt	2,339.4	2,483.0	-5.8%
Equity	2,770.7	2,426.0	14.2%
Equity ratio (in %)	34.9	29.2	-
Net debt to EBITDA	1.7x	1.8x	-
Return on Invested Capital - ROIC (in %)	9.9	9.7	-
Return on Equity - ROE (in %)	15.9	16.9	-

# The leading regional communications player providing convergent telecommunication services

as of 30 June 2017 (in '000)

## Austria\*

**Mobile market position #1**

**Mobile subscriber:**

> 5,364 (Q2 2016: 5,441)

**Fixed access lines:**

> 2,160 (Q2 2016: 2,216)



## Slovenia

**Mobile market position #2**

**Mobile subscriber:**

> 714 (Q2 2016: 715)

**Fixed access lines:**

> 71 (Q2 2016: 72)



## Belarus

**Mobile market position #2**

**Mobile subscriber:**

> 4,856 (Q2 2016: 4,901)

**Fixed access lines:**

> 179 (Q2 2016: n.a.)



## Croatia

**Mobile market position #2**

**Mobile subscriber:**

> 1,782 (Q2 2016: 1,739)

**Fixed access lines:**

> 305 (Q2 2016: 277)



## Bulgaria

**Mobile market position: #1**

**Mobile subscriber:**

> 4,101 (Q2 2016: 4,071)

**Fixed access lines:**

> 536 (Q2 2016: 545)



## Republic of Serbia

**Mobile market position #3**

**Mobile subscriber:**

> 2,159 (Q2 2016: 2,055)



## Republic of Macedonia

**Mobile market position #1**

**Mobile subscriber:**

> 1,088 (Q2 2016: 1,132)

**Fixed access lines:**

> 144 (Q2 2016: 141)



\* Machine-to-Machine (M2M) is no longer reported in the Austrian segment and is shown in 'Corporate & other, eliminations'. Comparative figures have been adjusted accordingly.

# Strategy overview

## Excel in the Core Business

- Improved sales execution with increased cross-/ upselling
- Continuous optimisation of customer service
- Infrastructure leadership

## Expansion of Products & Services

- Enlargement of IT solutions for corporate customers
- Wholesale services & international sales
- Product solutions for the entire household

## Growth via M&A

- Consolidation of existing markets
- Continuation of convergence strategy
- Expansion into new markets

Increase cost and investment efficiency

# Equity story

## ✓ Utilisation of solid position in Austria to benefit from rising demand for bandwidth and new technologies

Focus on high-value customers and convergence | Growth potential through increased cross- and upselling, e.g. via A1 hybrid modem | Growth in Internet of Things (IoT) and cloud-based ICT solutions for enterprises | Accelerated LTE and fibre rollout reinforces infrastructure leadership | Continuous efficiency improvement in terms of costs and investments

## ✓ Exploit growth potential in CEE

Anticipated growth on the back of medium-term economic recovery | Consistent implementation of convergence strategy | Utilisation of ongoing strong demand for fixed-line products | M&A strengthening existing markets: convergence in Belarus; growth of fixed-line business segment in Croatia | Efficiency improvement i. a. through regional clusters

## ✓ Strong balance sheet structure

Leverage ratio corresponds to rating targets and is confirmed by Moody's (Baa2) and Standard & Poor's (BBB) | Extensive financial flexibility for investments and M&A

## ✓ Sustainable dividend policy

Dividend level of EURc 20 with the potential to grow on a sustainable basis in line with the operational and financial performance

Growth + Improved efficiency

Appropriate level of dividend +  
Total shareholder return

# Cash-use policy: Strengthening of the financial position, fibre roll-out and growth projects

## Conservative financial strategy define investment framework

- > Ratings Baa2 from Moody's and BBB from Standard & Poor's strengthen financial flexibility
- > Sustainable dividend policy in line with operational and financial performance

### Fibre roll-out in Austria

- > Investments of EUR 400 mn in 2015-2018
- > Target: Bandwidths of 30 Mbps for over 70% of households

### Flexibility for M&A activities

1. Market consolidation
2. Convergence
3. Expansion of the existing footprint



# Telekom Austria share price performance

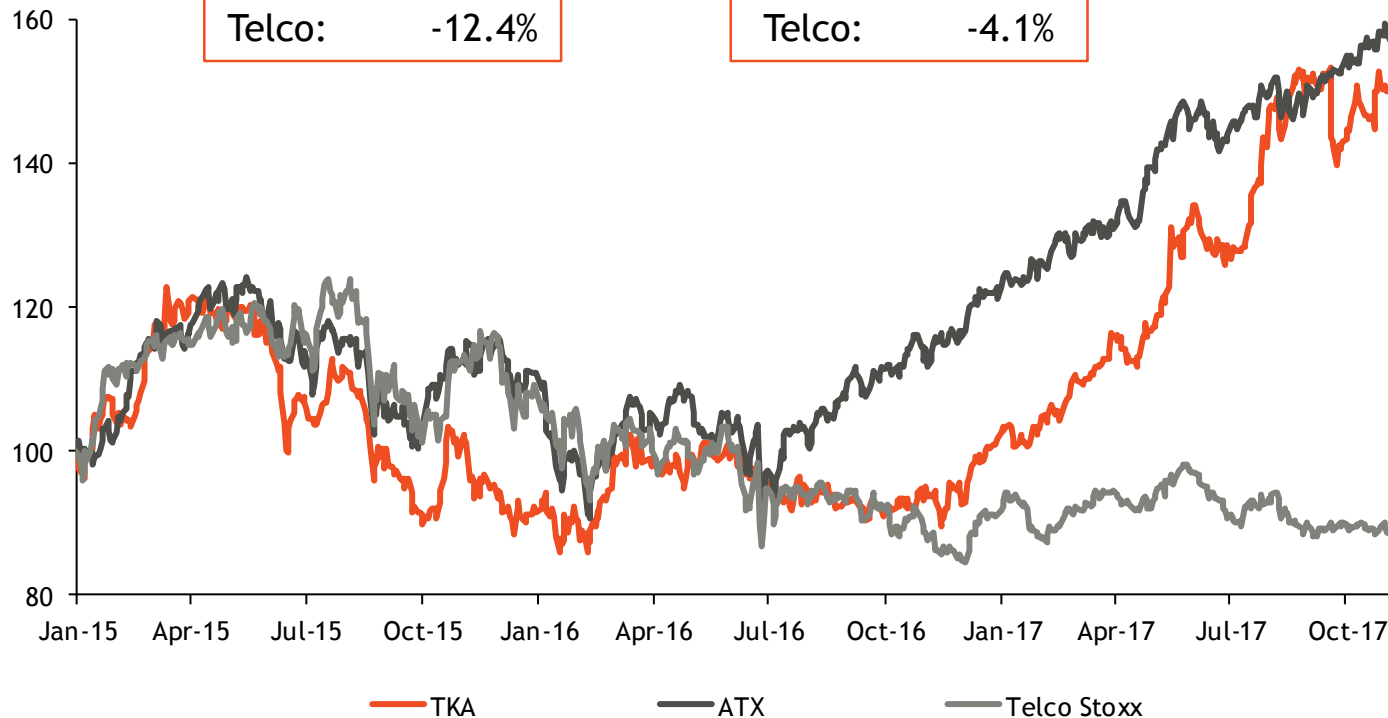
## Performance 2015 - now\*:

TKA:	+49.0%
ATX:	+58.0%
Telco:	-12.4%

## Performance YTD\*:

TKA:	+46.5%
ATX:	+30.3%
Telco:	-4.1%

Dividend for the financial year 2017\*\*: EURc 20



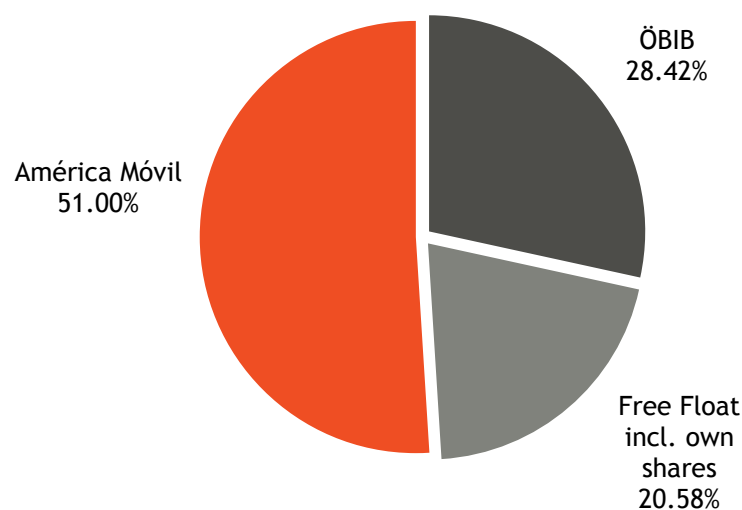
(indexed from 1 January 2015)

\* As of 08.11.2017

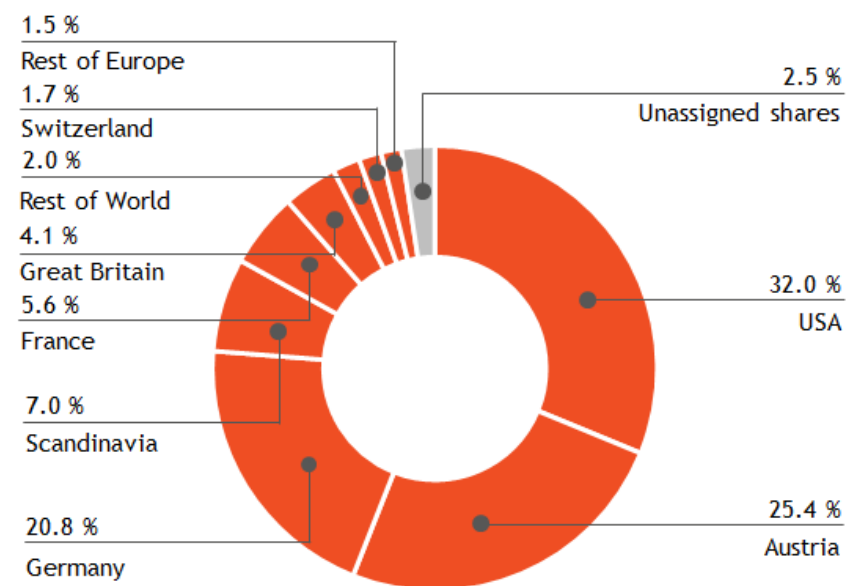
\*\* Intended proposal to the Annual General Meeting 2018

# Shareholder structure as of 31 December 2016

## Two strong core shareholders



## Freefloat by nationality



# Key financial developments for the first half and second quarter 2017

# Q2 2017: Higher service revenues translated into EBITDA growth

Group (in EUR million)	Reported Q2 2017	Proforma Q2 2016	% change
Total revenues	1,082.9	1,041.3	4.0%
EBITDA	359.3	333.3	7.8%
CAPEX	171.3	208.2	-17.7%

- > Group total revenues rose by 4.0% y-o-y on a proforma basis (+3.2% y-o-y excluding FX effects\*) due to the strong performance in Belarus and Austria as well as growth in Bulgaria, Croatia, Slovenia and Serbia
- > Revenue growth was mostly a consequence of improved service revenue trends, but also higher equipment revenues; negative roaming impact slightly lower than expected
- > Proforma Group EBITDA rose by 7.8% (excl. FX effects: +6.6%) as higher service revenues more than offset sales and service related costs
- > EBITDA was also supported by some project-driven revenues in Austria

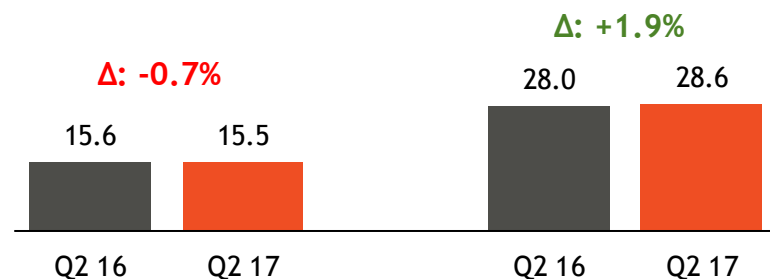
\*Adjusted values exclude one-off & FX effects

- There were no one-off effects included in the second quarter of 2016 and 2017.
- Positive FX effects in Q2 2017: EUR 8.9 mn and EUR 4.2 mn in revenues and EBITDA

# Austria: Solid revenue and EBITDA growth while competition remains fierce

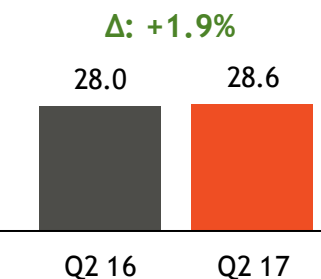
## ARPU

(in EUR)



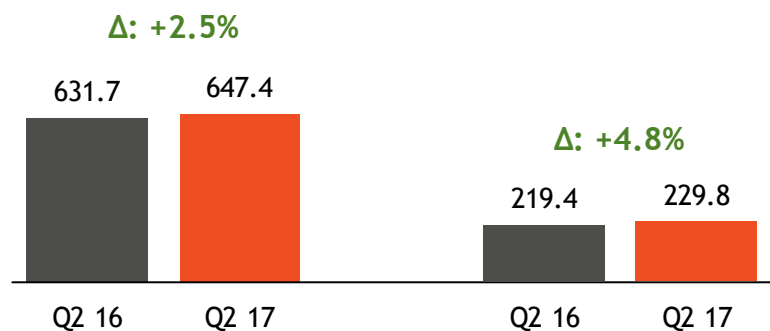
## ARPL

(in EUR)



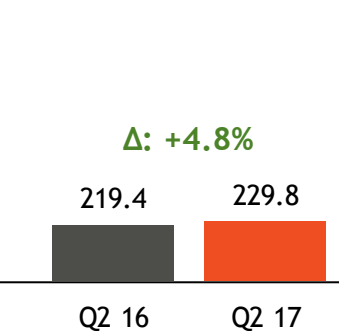
## Total revenues

(in EUR mn)



## EBITDA

(in EUR mn)



## Operational data

- > 1.4% decline in subscriber base, mainly driven by the decrease in prepaid customers
- > Excl. roaming, higher operative ARPU due to increased high-value and mobile broadband (MBB) revenues
- > Increase in ARPL as continuous good demand for higher bandwidth and TV products offsets voice decline
- > RGUs decrease by 2.2%, driven by voice

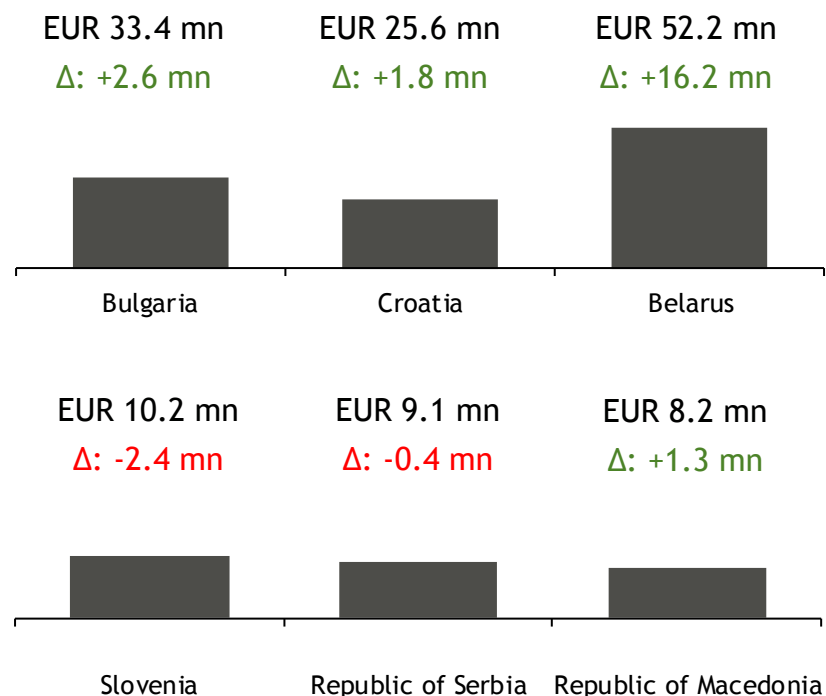
## Financial performance

- > Service revenues rose due to fixed-line and other revenues, offsetting lower wireless service revenues
- > OPEX increase driven by interconnection and service-related costs, partly compensated by lower commissions and subsidies as well as employee costs
- > EBITDA includes some project-driven revenue contributions which cannot be extrapolated for the rest of the year 2017

# CEE: Ongoing strong EBITDA performance in Belarus and growth in Bulgaria and Croatia and Macedonia

## EBITDA

(proforma, in EUR mn)



## Highlights CEE

### Bulgaria:

- > 3.4% growth in revenues benefits from higher equipment and ongoing improving trends in service revenues
- > EBITDA benefits from a reduction of subsidies in Q2 2017 and cost efficiencies

### Croatia:

- > Solid service revenue growth continues; lower equipment revenues due to greater share of handsets sold with high subsidies
- > Higher OPEX due to increases in network engineering costs and costs related to RGU growth as well as rising sales area costs

### Belarus:

- > Strong operational performance due to inflation-linked price increases and strong demand for data
- > Results benefit from positive FX impact

### Other segments:

- > MTR cuts in Rep. of Serbia and Rep. of Macedonia, higher costs in Rep. of Serbia due to repositioning, ongoing challenging market environment in Slovenia

# Higher free cash flow due to improved operations as well as less CAPEX paid and interest paid

(in EUR million)	Q2 2017	Q2 2016	% change	1-6 M 2017	1-6 M 2016	% change
Net cash flow from operating activities	314.2	255.1	23.2%	576.1	562.3	2.5%
Capital expenditures paid	-169.4	-171.7	-1.4%	-378.2	-416.9	-9.3%
Proceeds from sale of plant, property and equipment	1.6	7.4	-78.0%	10.1	12.1	-16.5%
Interest paid	-32.1	-32.4	-0.8%	-56.1	-105.9	-47.0%
<b>Free Cash Flow</b>	<b>114.4</b>	<b>58.5</b>	<b>95.6%</b>	<b>151.9</b>	<b>51.6</b>	<b>194.5%</b>

- > Free cash flow HY1 2017 year-on-year development driven by
  - + Higher cash flow from operations due to better operational performance
  - + Lower interest paid due to the repayment of a EUR 750 mn bond in Q1 2016
  - + Lower capital expenditures paid due to high payments for previous periods in Q1 2016
  - Change in working capital needs partly due to different dynamics in receivables
  
- > Change in working capital needs of EUR 123.8 mn in HY1 2017 (HY1 2016: EUR 103.4 mn) driven by
  - > EUR 57.5 mn increase in accounts receivables (mainly due to a shift of billing and payment cycles)
  - > EUR 53.4 mn payments for restructuring
  - > EUR 14.1 mn prepaid expenses due to payments for site rentals and frequency fees

# Focus points



# Growing optimiser segment remains challenge to be tackled in the Austrian mobile market

## Top Segment

- > High quality customer service and products
- > Attractive packages incl. subsidised handsets and added-value (e.g. roaming)

> 30 EUR/month

**A1**

## Optimiser

- > Fitting customer needs with:
  - different service levels
  - target group-oriented products (e.g. high data allowances)
- > Local promotions

20-30 EUR/month

**A1**

10-20 EUR/month

**bob** **A1**

## Penny Saver

- > Simple tariffs with basic service
- > SIM-only propositions

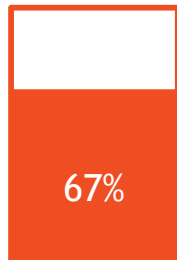
≤ 10 EUR/month

**yes**

# Austria: 2<sup>nd</sup> tranche of broadband subsidy programme launched

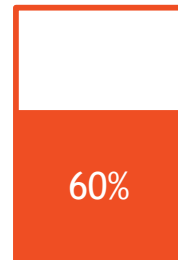
1<sup>st</sup> Tranche 2016 (Total: EUR 300 mn)

EUR 96 mn



Access

EUR 96 mn



Backhaul

■ Total subsidy per category  
■ TKA allocated volume

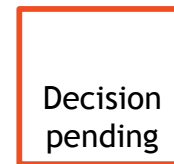
2<sup>nd</sup> Tranche 2017 (Total: EUR 200 mn)

EUR 78 mn



Access

EUR 59 mn



Backhaul

- > Subsidies for expansion/modernisation of existing networks for remote areas
- > Technology-neutral subsidies - available to all operators/technologies
- > Project time period: 3 years, for complex purposes 4 years
- > Subsidy quote: max. 50%
- > Subsidised costs: investment costs for passive infrastructure (e.g. optic fibre, ductwork) - first distribution of subsidy volume after 40% of project readiness (no subsidy recognition up to now)

# Measures taken to address current challenges in Slovenia and the Republic of Serbia

## Slovenia: Re-branding

### Challenges:

- > Fierce competition in mobile with high discounts on convergent products

### Measures taken:

- > Focus on bolstering the market position with convergent products
- > Utilise distinctive strengths of A1 brand
  - > Successful nationwide rebranding of all touchpoints
  - > 76% brand awareness (June 2017)



## Serbia: Re-positioning

### Challenges:

- > Mobile-only provider in a competitive environment with aggressive convergent offers

### Measures taken:

- > Re-position in the market as a challenger
- > New tariff scheme



Unlimited Minutes  
Unlimited SMS  
2 to 10 GB data included



# A1 digital embarks on selling cloud and IoT in TAG footprint and beyond



Enabling companies to  
translate digital potential into business results.

- > Offering IoT solutions (focus on construction, logistics and manufacturing industries) with major customer wins
- > Portfolio will be further increased
  - > More than 20 SaaS (Software as a service) products after successful onboarding of new vendors (launch during the next weeks)
  - > Extension of the “Marketplace” offer to Bulgaria, Croatia and Germany
- > A1 digital GmbH Deutschland opened office in Munich in July 2017
  - > Sales activities with direct sales, partners and digital marketing launched
- > A1 digital’s service approach
  - > Develop solutions based on deep customer insights
  - > Provide end-to-end support to the customers
  - > Differentiate by software, solutions, security and service proposition

# Outlook for the full year 2017

# Telekom Austria Group outlook for the full year 2017

	25 July 2017	Consensus 2017
Total revenues	approx. +1%	EUR 4,273 mn
CAPEX	approx. EUR 725 mn	EUR 749 mn
Proposed dividend	EUR 0.20 / share	-

- > Outlook based on reported figures and constant currencies except for Belarus (assumed devaluation of 0-5% period average)
- > CAPEX: does not include investments in spectrum or acquisitions
- > Dividend: intended proposal to the Annual General Meeting 2018 for the financial year 2017

# Appendix 1

# The leading regional communications player providing convergent telecommunication services

as of 30 June 2017 (in '000)

## Austria\*

**Mobile market position #1**

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> 71 (Q2 2016: 72)



## Belarus

**Mobile market position #2**

**Mobile subscriber:**

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## Croatia

**Mobile market position #2**

**Mobile subscriber:**

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**Fixed access lines:**

> 305 (Q2 2016: 277)



## Bulgaria

**Mobile market position: #1**

**Mobile subscriber:**

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> 536 (Q2 2016: 545)



## Republic of Serbia

**Mobile market position #3**

**Mobile subscriber:**

> 2,159 (Q2 2016: 2,055)



## Republic of Macedonia

**Mobile market position #1**

**Mobile subscriber:**

> 1,088 (Q2 2016: 1,132)

**Fixed access lines:**

> 144 (Q2 2016: 141)



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# Telekom Austria Group - Profit and Loss

(in EUR million)	Q2 2017	Q2 2016	% change
Service Revenues	966.4	929.2	4.0%
Equipment Revenues	116.6	101.5	14.9%
<b>Total Revenues</b>	<b>1,082.9</b>	<b>1,030.7</b>	<b>5.1%</b>
Cost of Service	-342.7	-333.2	-2.8%
Cost of Equipment	-128.9	-125.3	-2.9%
Selling, General & Administrative Expenses	-251.0	-245.4	-2.3%
Others	-1.0	2.5	n.m.
<b>Total Costs and Expenses</b>	<b>-723.6</b>	<b>-701.4</b>	<b>-3.2%</b>
<b>EBITDA</b>	<b>359.3</b>	<b>329.3</b>	<b>9.1%</b>
<i>% of Total Revenues</i>	<i>33.2%</i>	<i>31.9%</i>	
Depreciation and Amortisation	-212.8	-214.8	0.9%
Impairment and Reversal of Impairment	0.0	0.0	n.a.
<b>EBIT</b>	<b>146.5</b>	<b>114.5</b>	<b>27.9%</b>
<i>% of Total Revenues</i>	<i>13.5%</i>	<i>11.1%</i>	
<b>EBT (Earnings Before Income Taxes)</b>	<b>123.1</b>	<b>92.2</b>	<b>33.5%</b>
<b>Net Result</b>	<b>112.5</b>	<b>82.4</b>	<b>36.5%</b>

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

## Telekom Austria Group - Total Revenue Split

Total Revenues (in EUR million)	Q2 2017	Q2 2016	% change
Austria*	647.4	631.7	2.5%
Bulgaria	103.3	99.9	3.4%
Croatia	108.6	98.7	10.1%
Belarus	101.9	76.1	33.9%
Slovenia	53.5	52.3	2.5%
Republic of Serbia	54.2	52.7	2.8%
Republic of Macedonia	28.0	29.1	-3.8%
Corporate & other, eliminations*	-14.0	-9.8	-42.4%
<b>Total Revenues</b>	<b>1,082.9</b>	<b>1,030.7</b>	<b>5.1%</b>

## Telekom Austria Group - Costs and Expenses Split

Costs and Expenses (in EUR million)	Q2 2017	Q2 2016	% change
Austria*	417.6	412.4	1.3%
Bulgaria	69.9	69.2	1.1%
Croatia	83.1	77.9	6.6%
Belarus	49.6	41.1	20.7%
Slovenia	43.3	39.6	9.3%
Republic of Serbia	45.0	43.2	4.3%
Republic of Macedonia	19.7	22.2	-11.0%
Corporate & other, eliminations*	-4.8	-4.2	-14.3%
<b>Total Operating Expenses</b>	<b>723.6</b>	<b>701.4</b>	<b>3.2%</b>

\* Machine-to-Machine (M2M) is no longer reported in the Austrian segment and is shown in 'Corporate & other, eliminations'. Comparative figures have been adjusted accordingly.

# Telekom Austria Group - Headcount development

FTE (Average Period)	Q2 2017	Q2 2016	% change
Austria	8,285	8,468	-2.2%
International	10,059	8,971	12.1%
Corporate	256	216	18.5%
<b>Telekom Austria Group</b>	<b>18,600</b>	<b>17,655</b>	<b>5.4%</b>

FTE (End of Period)	Q2 2017	Q2 2016	% change
Austria	8,274	8,464	-2.2%
International	10,050	8,978	11.9%
Corporate	256	218	17.6%
<b>Telekom Austria Group</b>	<b>18,580</b>	<b>17,660</b>	<b>5.2%</b>

# Telekom Austria Group - Capital expenditure split

Capital Expenditures (in EUR million)	Q2 2017	Q2 2016	% change
Austria*	100.2	116.0	-13.6%
Bulgaria	25.2	22.0	14.6%
Croatia	20.2	16.0	26.7%
Belarus	10.3	28.6	-64.1%
Slovenia	4.6	7.5	-38.4%
Republic of Serbia	9.2	7.2	27.8%
Republic of Macedonia	4.0	11.6	-65.2%
Corporate & other, eliminations*	-2.5	-2.6	3.9%
<b>Total Capital Expenditures</b>	<b>171.3</b>	<b>206.3</b>	<b>-17.0%</b>
thereof Tangible	138.6	177.1	-21.7%
thereof Intangible	32.6	29.3	11.5%

\* Machine-to-Machine (M2M) is no longer reported in the Austrian segment and is shown in 'Corporate & other, eliminations'. Comparative figures have been adjusted accordingly.

# Telekom Austria Group - Net debt

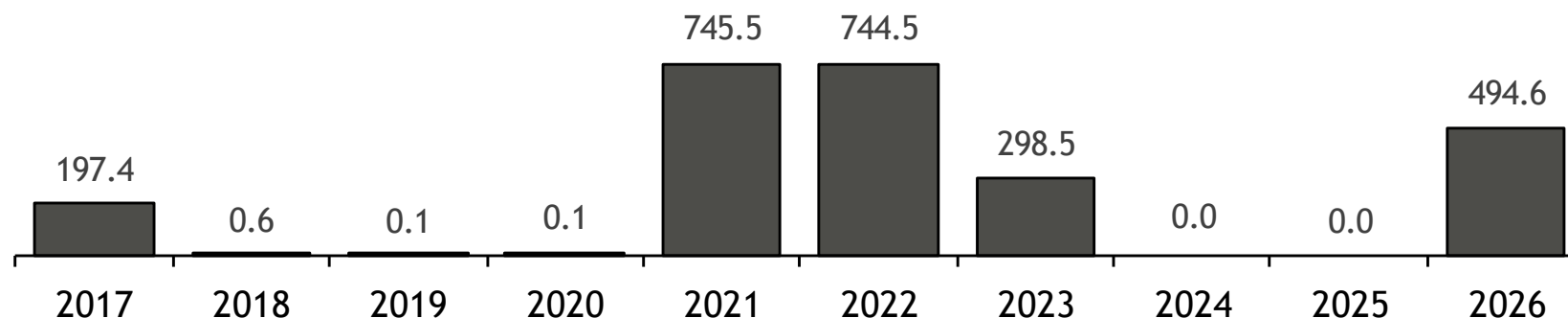
Net Debt* (in EUR million)	30 June 2017	31 December 2016	% change
Long-term Debt	2,283.4	2,303.5	-0.9%
Short-term Borrowings	197.9	500.1	-60.4%
Cash and Cash Equivalents and Short-term Investments	-53.7	-464.2	88.4%
<b>Net Debt of Telekom Austria Group</b>	<b>2,427.6</b>	<b>2,339.4</b>	<b>3.8%</b>

EUR 600 mn non-call (1 February 2018) 5 years hybrid bond qualified as 100% equity under IFRS

# Telekom Austria Group - Debt maturity profile

## Debt maturity profile\*

(in EUR million)

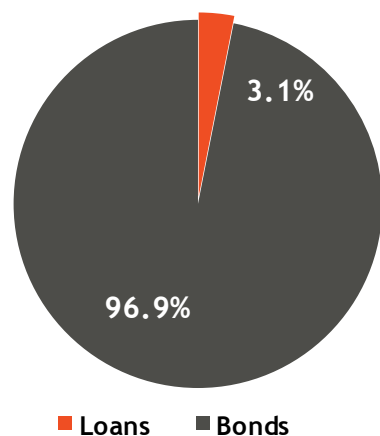


- > EUR 2,481.2 mn short-and long-term borrowings as of 30 June 2017
- > Average cost of debt of approximately 2.86%
- > Cash and cash equivalents and short-term investments of EUR 53.7 mn
- > Average term to maturity of 5.38 years

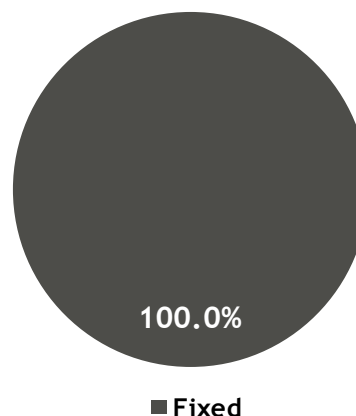
\* EUR 600 mn non-call 5 years hybrid bond qualified as 100% equity under IFRS

# Telekom Austria Group - Debt profile

## Overview debt instruments



## Fixed/floating mix



## Lines of credit

- > Undrawn committed credit lines amounting to EUR 1,265 mn
- > Average term to maturity of approx. 1.98 years

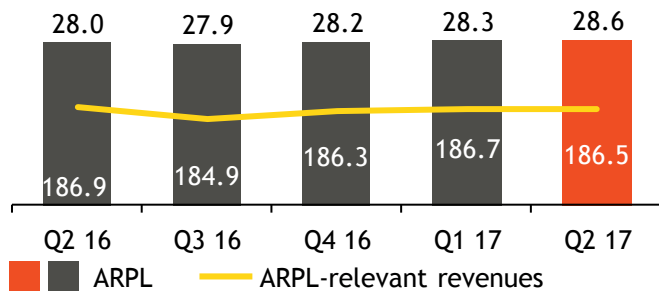
## Ratings

- > S&P: BBB (positive outlook)
- > Moody's: Baa2 (positive outlook)

# Segment Austria - Fixed-line key performance indicators

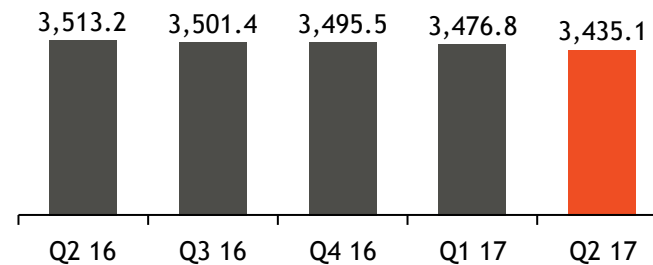
## ARPL & ARPL-relevant revenues

(in EUR, in EUR million)



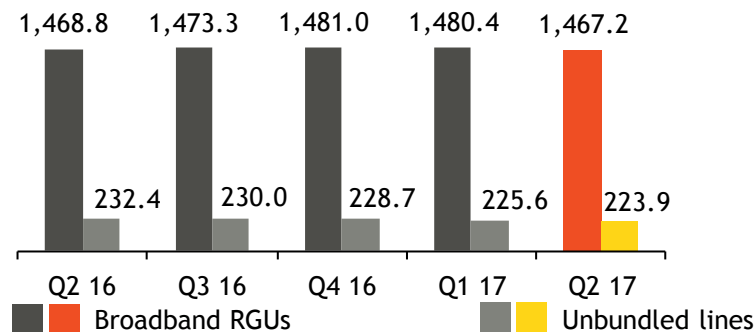
## Total RGUs

(in '000)



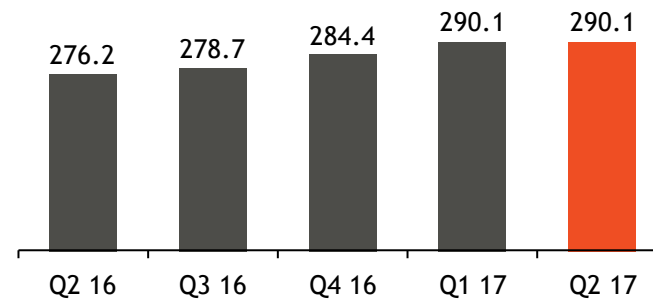
## Broadband RGUs/unbundles lines

(in '000)



## TV RGUs

(in '000)

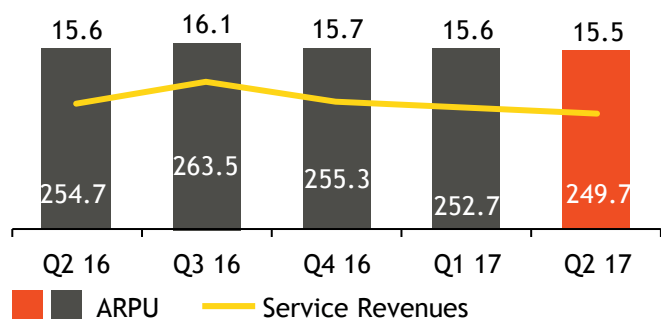




# Segment Austria\* - Mobile key performance indicators

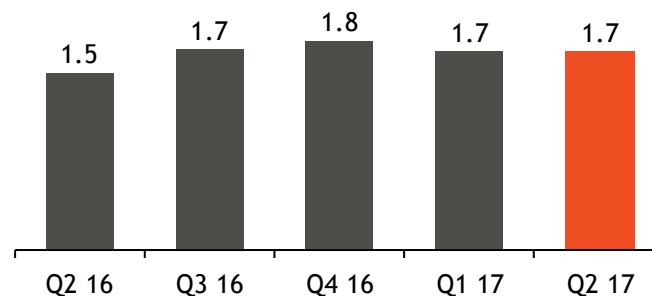
## ARPU & Wireless service revenues

(in EUR, in EUR million)



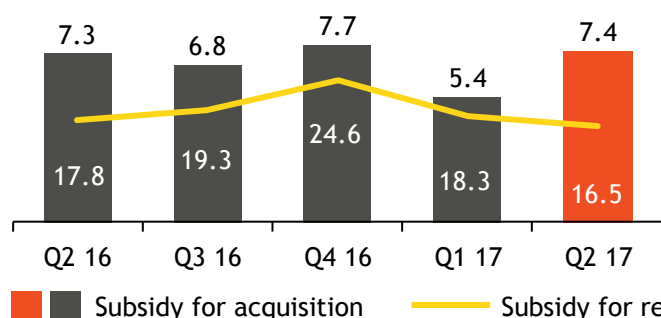
## Churn rate

(in %)



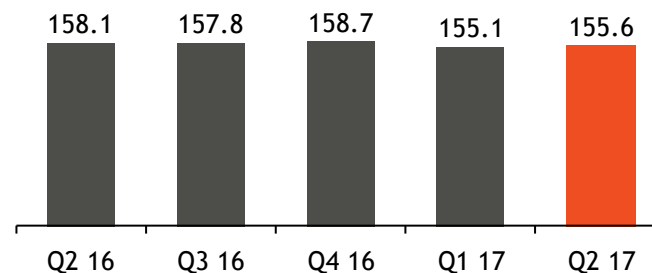
## Subsidies

(in EUR million)



## Mobile penetration

(in %)



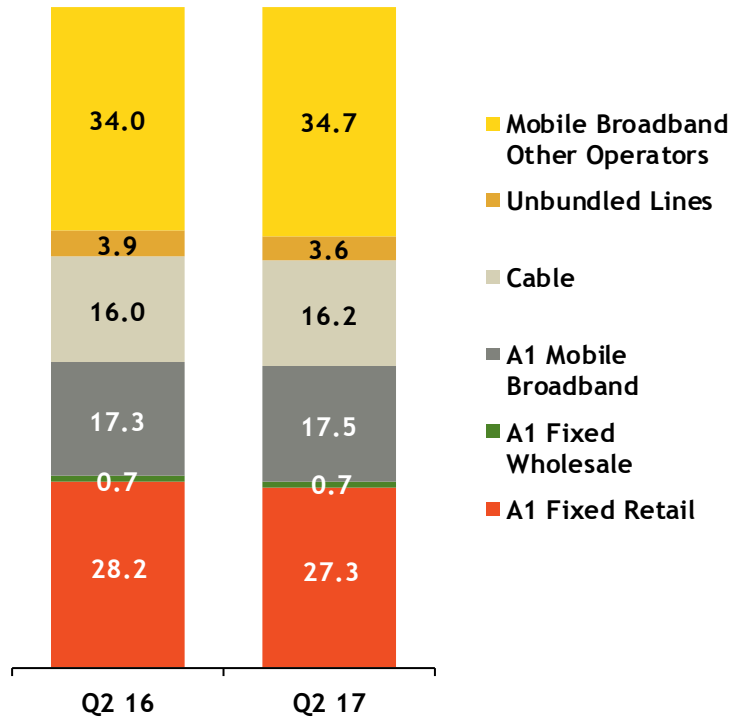
\* Machine-to-Machine (M2M) is no longer reported in the Austrian segment and is shown in 'Corporate & other, eliminations'. Comparative figures have been adjusted accordingly.  
Results for the first half and second quarter 2017



# Segment Austria - Broadband market split

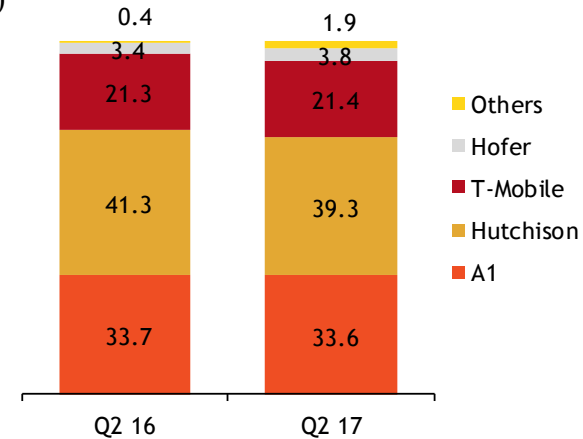
## Market share total broadband

(in %)



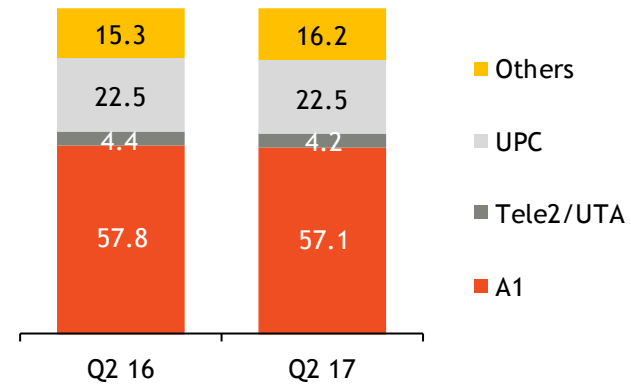
## Market share mobile broadband

(in %)



## Market share fixed-line broadband

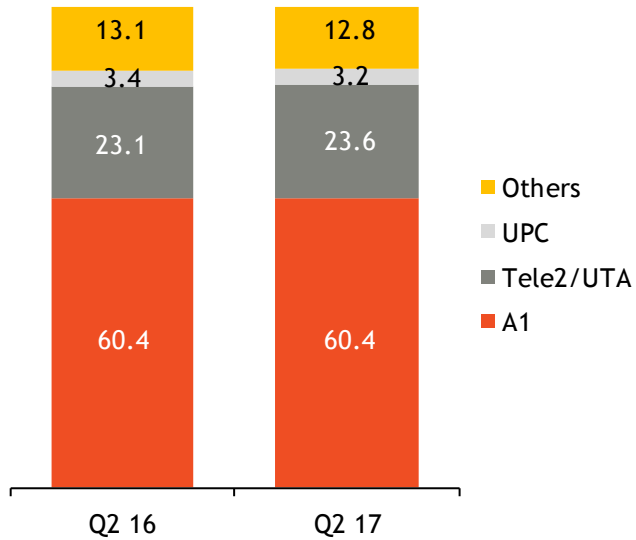
(in %)



# Segment Austria - Voice market split

## Market share voice RGUs

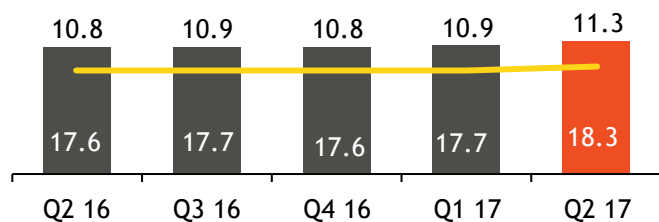
(in %)



# Segment Bulgaria - Fixed-line key performance indicators

## ARPL & ARPL-relevant revenues

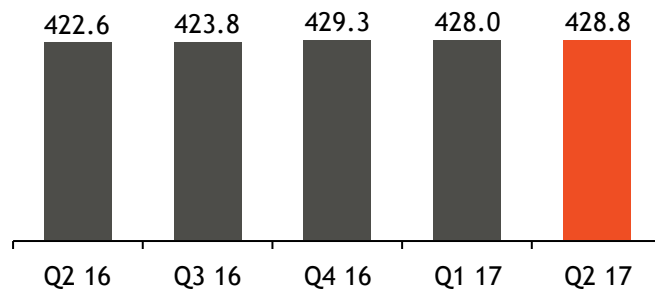
(in EUR, in EUR million)



■ ARPL    ■ ARPL-relevant revenues

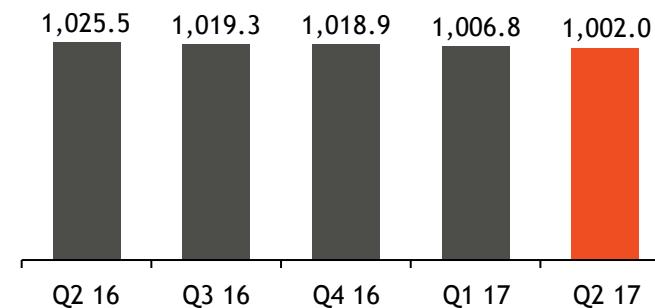
## Fixed broadband RGUs

(in '000)



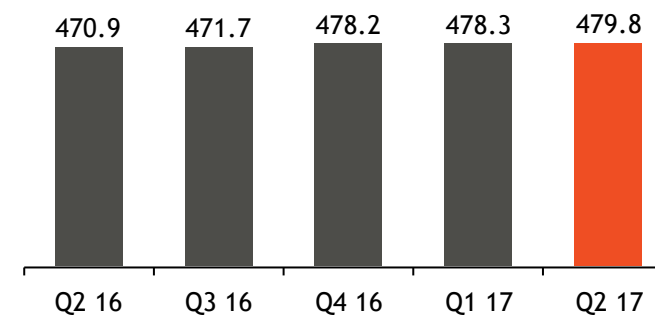
## Total RGUs

(in '000)



## TV RGUs

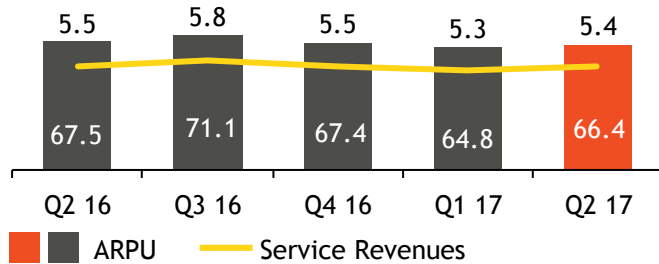
(in '000)



# Segment Bulgaria - Mobile key performance indicators

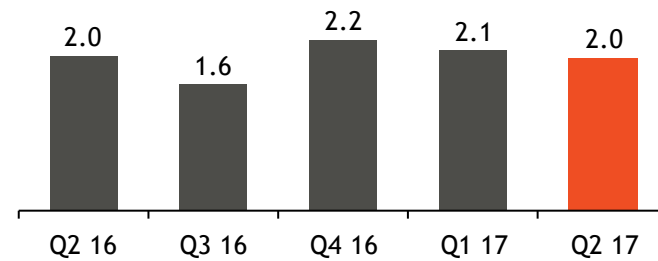
## ARPU & Wireless service revenues

(in EUR, in EUR million)



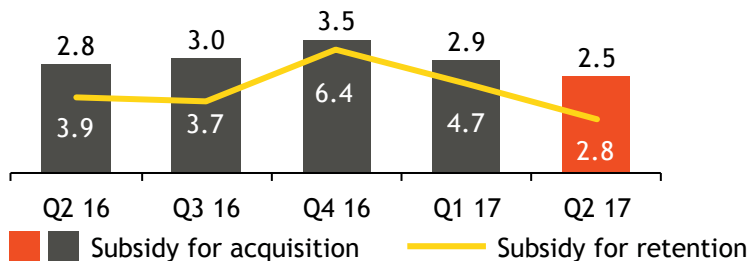
## Churn rate

(in %)



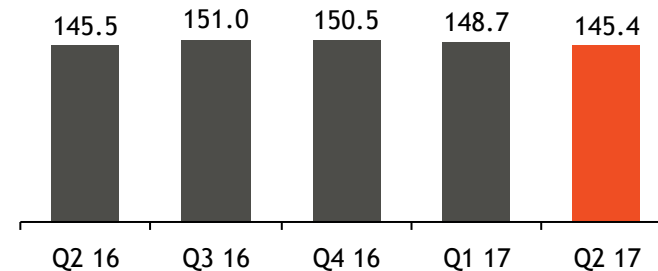
## Subsidies

(in EUR million)



## Mobile penetration

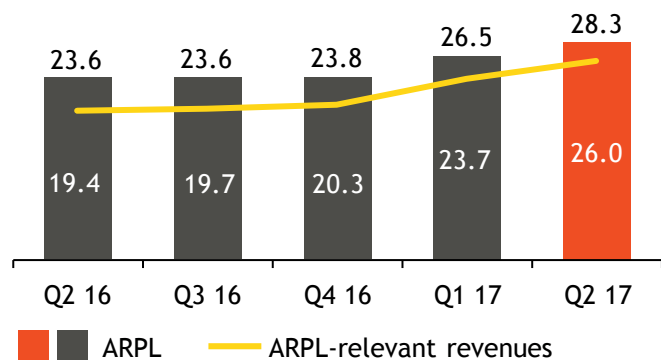
(in %)



# Segment Croatia - Fixed-line key performance indicators

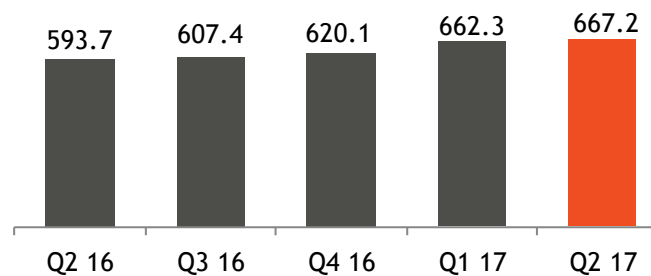
## ARPL & ARPL-relevant revenues

(in EUR, in EUR million)



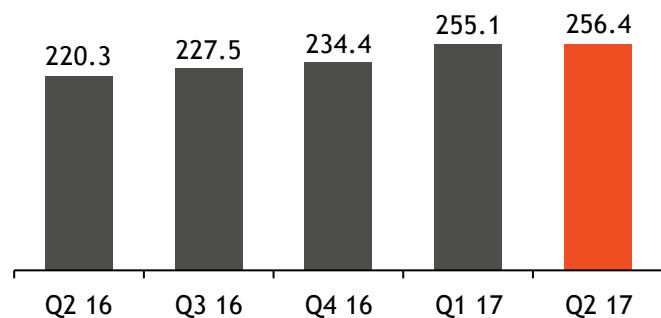
## Total RGUs

(in '000)



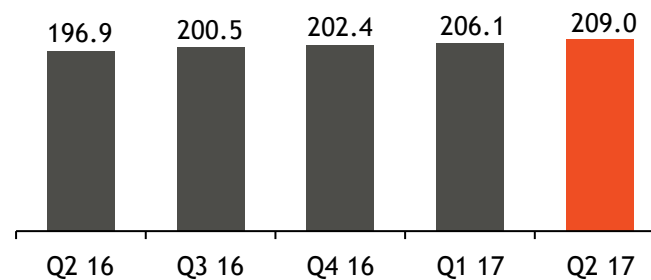
## Fixed broadband RGUs

(in '000)



## TV RGUs

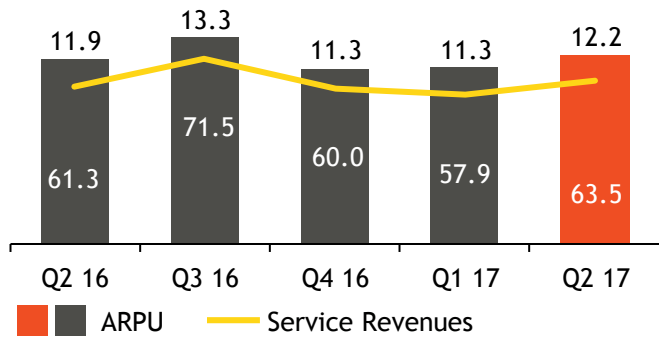
(in '000)



# Segment Croatia - Mobile key performance indicators

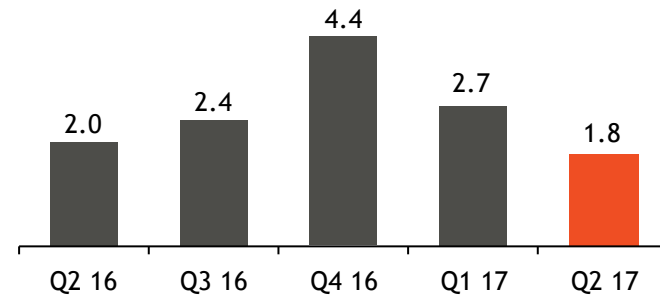
## ARPU & Wireless service revenues

(in EUR, in EUR million)



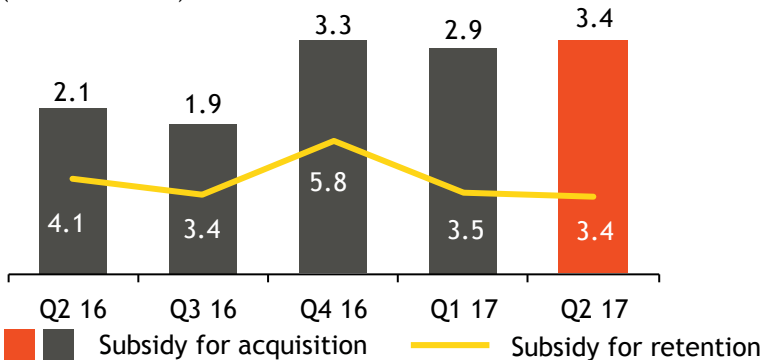
## Churn rate

(in %)



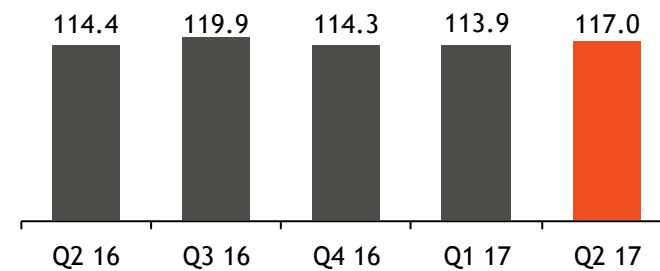
## Subsidies

(in EUR million)



## Mobile penetration

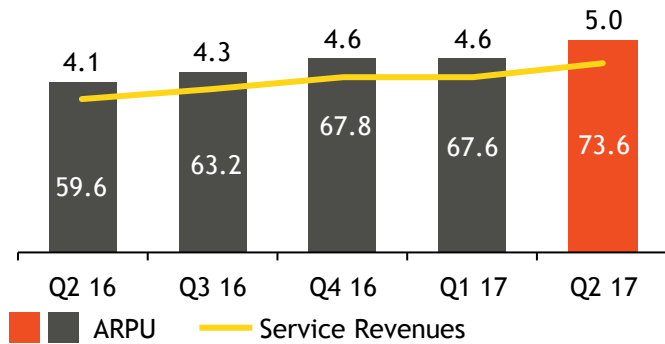
(in %)



# Segment Belarus - Mobile key performance indicators

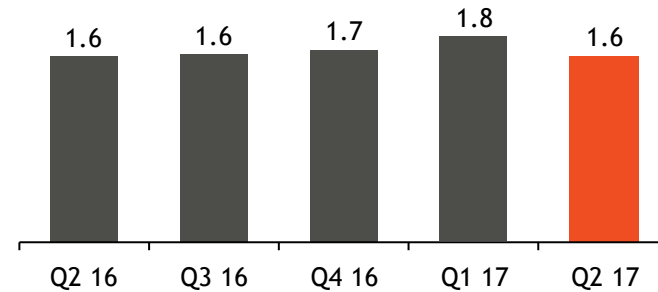
## ARPU & Wireless service revenues

(in EUR, in EUR million)



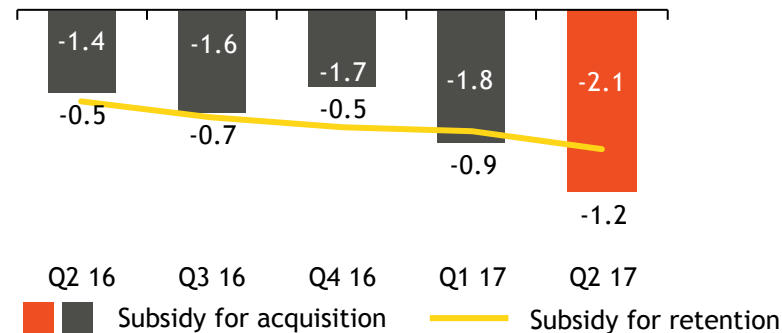
## Churn rate

(in %)



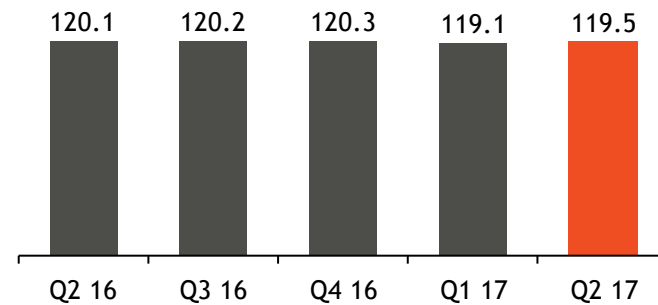
## Subsidies

(in EUR million)



## Mobile penetration

(in %)

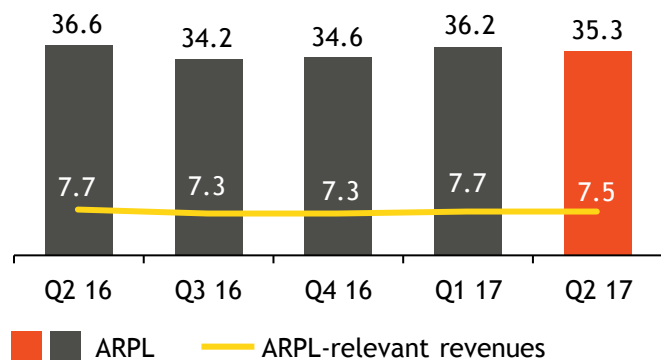




# Segment Slovenia - Fixed-line key performance indicators

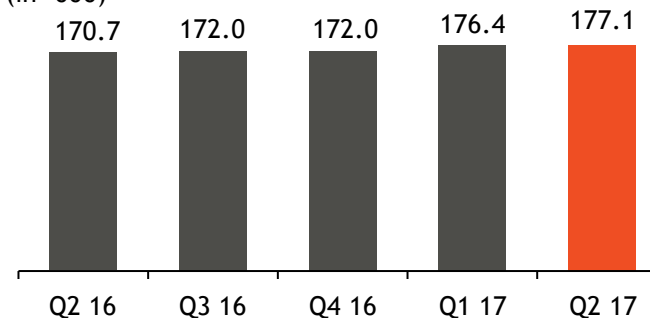
## ARPL & ARPL-relevant revenues

(in EUR, in EUR million)



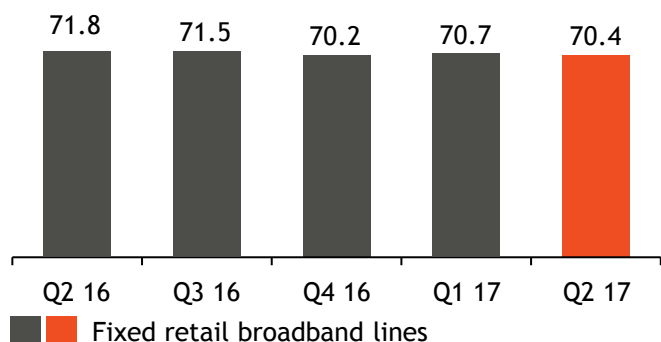
## Total RGUs

(in '000)



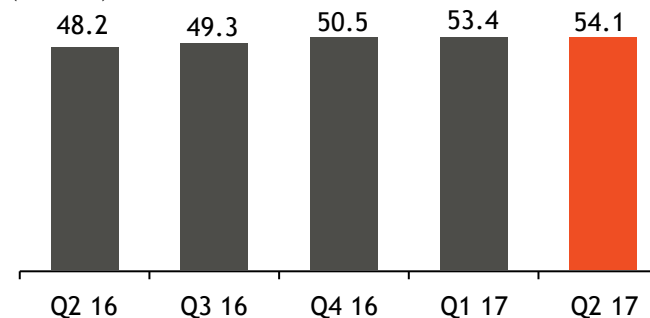
## Fixed broadband RGUs

(in '000)



## TV RGUs

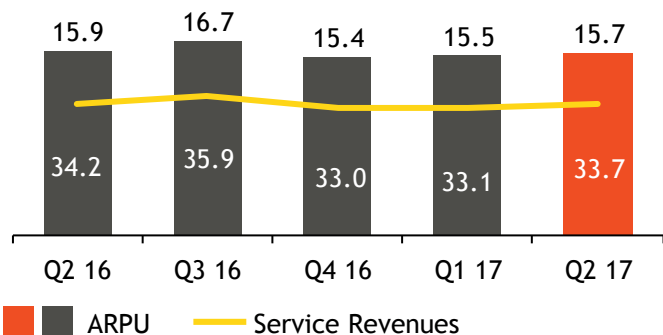
(in '000)



# Segment Slovenia - Mobile key performance indicators

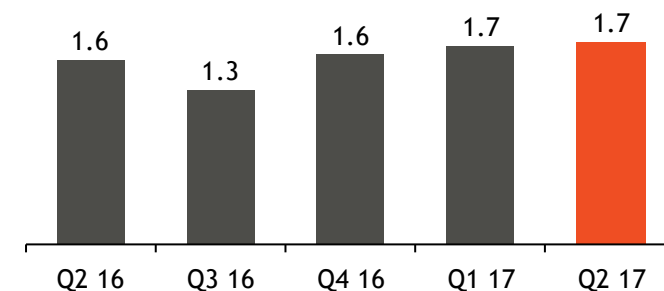
## ARPU & Wireless service revenues

(in EUR, in EUR million)



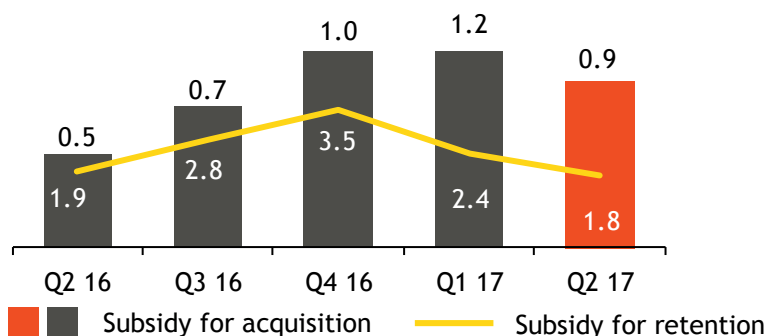
## Churn rate

(in %)



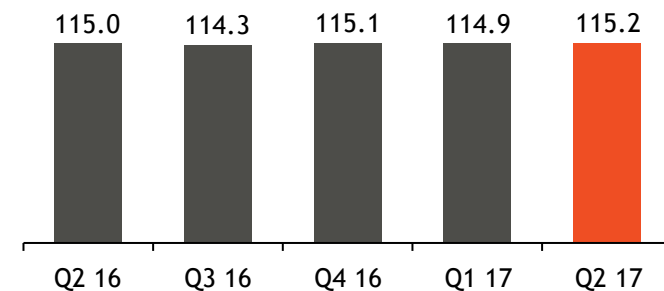
## Subsidies

(in EUR million)



## Mobile penetration

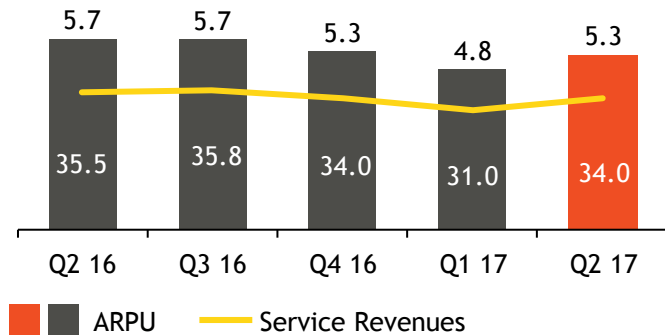
(in %)



# Segment Serbia - Mobile key performance indicators

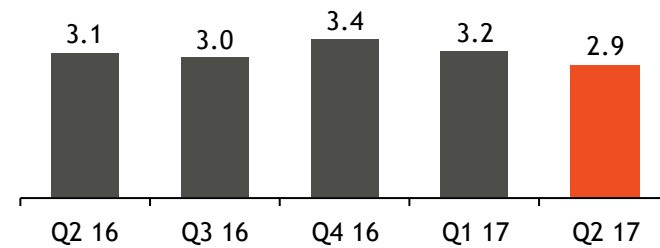
## ARPU & Wireless service revenues

(in EUR, in EUR million)



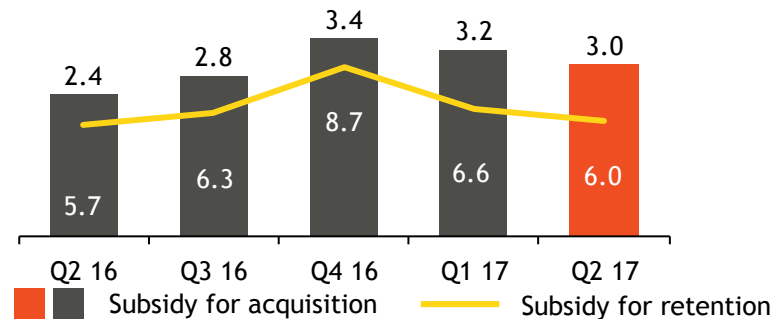
## Churn rate

(in %)



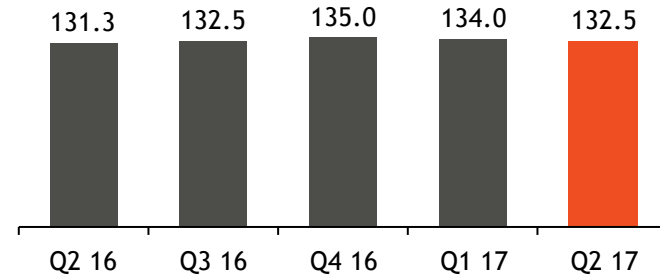
## Subsidies

(in EUR million)



## Mobile penetration

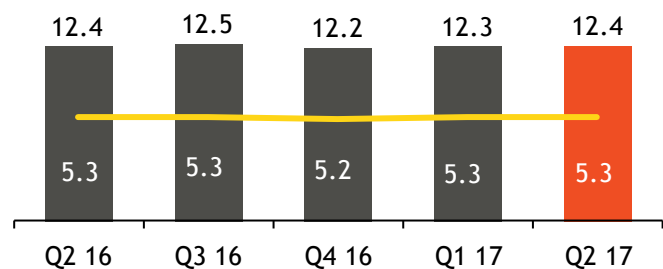
(in %)



# Segment Macedonia - Fixed-line key performance indicators

## ARPL & ARPL-relevant revenues

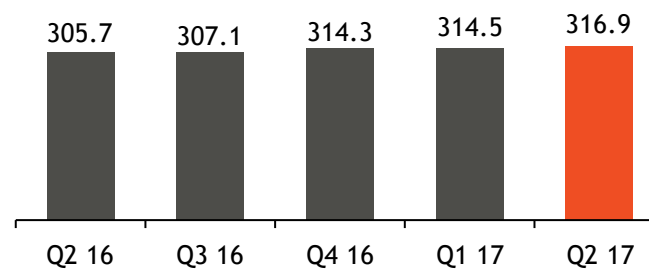
(in EUR, in EUR million)



■ ARPL    ■ ARPL-relevant revenues

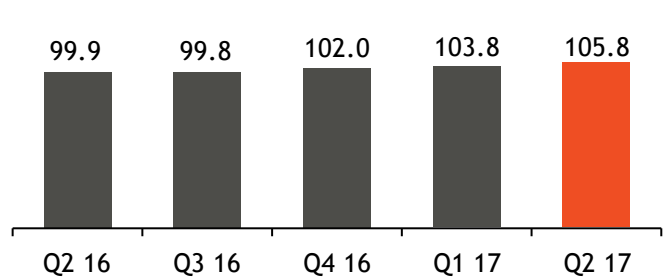
## Total RGUs

(in '000)



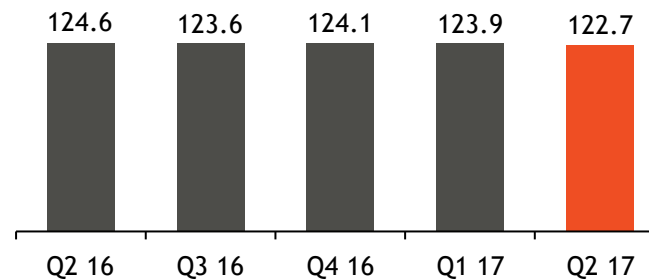
## Fixed broadband RGUs

(in '000)



## TV RGUs

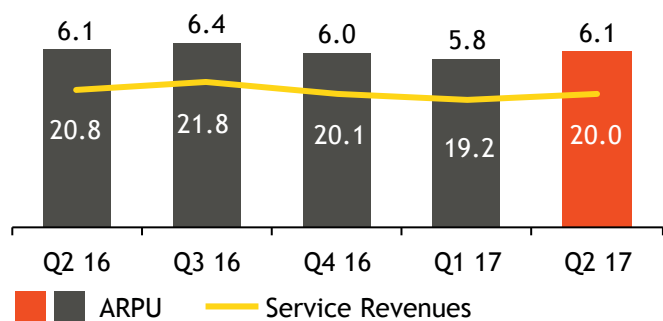
(in '000)



# Segment Macedonia - Mobile key performance indicators

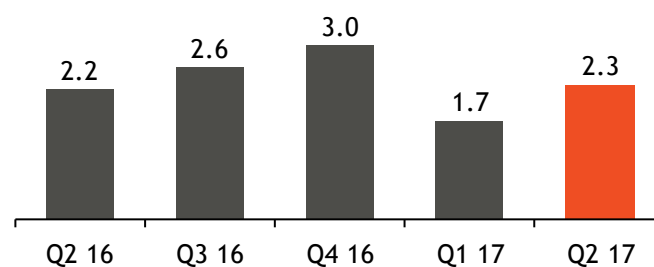
## ARPU & Wireless service revenues

(in EUR, in EUR million)



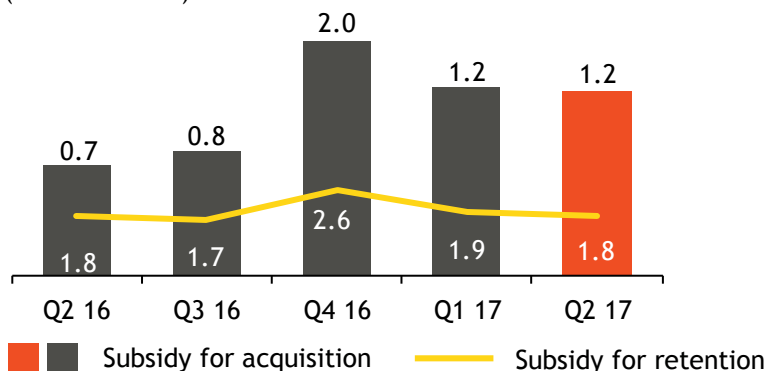
## Churn rate

(in %)



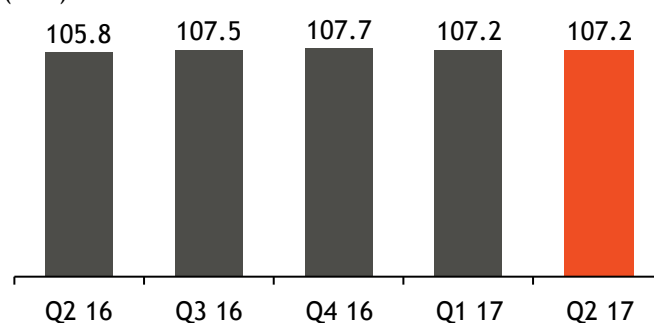
## Subsidies

(in EUR million)



## Mobile penetration

(in %)



# Appendix 2 – Regulatory topics

# Glide Path of Mobile Termination Rates

	Jan 2015	Jul 2015	Jan 2016	Jul 2016	Jan 2017	Jul 2017
Austria (EUR)	0.008049	0.008049	0.008049	0.008049	0.008049	No future glide path set
Bulgaria (BGN)	0.019	0.019	0.019	0.019	0.014	0.014
Croatia (HRK)	0.063*	0.063*	0.063*	0.063*	0.063*	0.047*
Belarus (BYN)	180/90**	MTS 250/125 BeST 180/90**	MTS 250/125 BeST 180/90**	MTS 250/125 BeST 180/90**	MTS 250/125 BeST 180/90**	No data
Slovenia (EUR)	0.0114	0.0114	0.0114	0.0114	0.0114	0.0114
Serbia (RSD)	3.43	3.43	3.43	2.75	2.07	2.07
Macedonia (MKD)	0.90	0.90	0.90	0.90	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: 1,73kn/min -> 2,00kn/min in Apr 2016

\*\* Belarus values: peak times/off-peak times - the medium weighted MTR value amounts to BYN 0.022, 150 per minute

# Upcoming spectrum tenders/prolongations/ assignments\*

	Expected	Comments
Austria	2018 (3400-3800 MHz) 2019 (700, 2100 MHz)	-
Bulgaria	2017 (800 MHz) 2017 (1800 MHz) 2018 (2600 MHz) 2019 (2100 MHz)	CRC initiated a public consultation procedure on the available spectrum in 1800 MHz.
Croatia	2020 (700 MHz)	-
Belarus	2017 (2100 MHz)	-
Slovenia	2017 (3500 MHz) 2017 (10-12 GHz)	3500 MHz: 20 MHz only on a regional basis.
Republic of Serbia	None	-
Republic of Macedonia	2017 (900, 1800 MHz) 2018 (2100 MHz)	NRA announced that tender for 2X10MHz on 900 MHz band and 2X10MHz on 1800 MHz band will be published in 2017, but procedure has not yet started. Prolongation of the licence of 2X10 MHz on 2100 MHz band is expected on 11.02.2018

\* 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)	Before	July 2012	July 2013	July 2014	30 April 2016	15 June 2017
Data (per MB)	none	70	45	20	domestic tariff + 5*	domestic tariff
Voice-calls made (per minute)	35	29	24	19	domestic tariff + 5*	domestic tariff
Voice-calls received (per minute)	11	8	7	5	weighted average MTR	0
SMS (per SMS)	11	9	8	6	domestic tariff + 2*	domestic tariff
WHOLESALE (in EURc)	Before	July 2012	July 2013	July 2014	30 April 2016	15 June 2017
Data (per MB)	50	25	15	5	5	0.77
Voice (per minute)	18	14	10	5	5	3.2
SMS (per SMS)	4	3	2	2	2	1

\* 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.

# Appendix 3 – Personnel restructuring in Austria

# Overview - Restructuring charges and provision vs. FTE

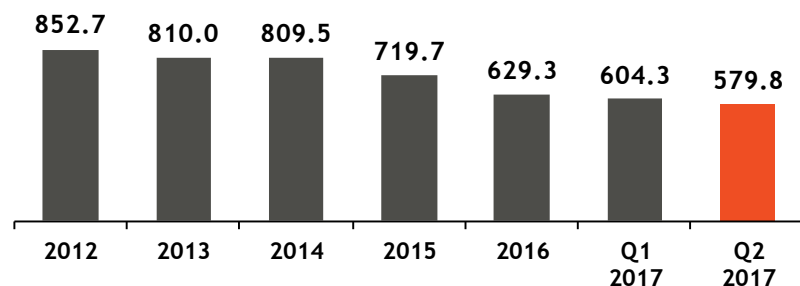
## Overview restructuring charges

(in EUR million)

	2012	2013	2014	2015	2016	Q1 17	Q2 17
FTE reduction	49.9	149.0	86.4*	69.5**	95.0	1.4	1.7
Servicekom contribution	-76.7	-103.8	-39.4	-72.0	-96.9	-1.5	-1.5
Interest rate adjustments	61.4	0.0	42.6	2.9	9.2	0.0	0.0
<b>Total</b>	<b>34.7</b>	<b>45.2</b>	<b>89.6</b>	<b>0.4</b>	<b>7.2</b>	<b>-0.1</b>	<b>0.2</b>

## Overview restructuring provision\*\*\*

(in EUR million)



## FTEs addressed

	2012	2013	2014	2015	2016	Q1 17	Q2 17
Transfer to government	44	22	52	49	6	2	2
Social plans	94	409	199	270	269	5	4
Staff released from work	0	0	0	0	0	0	0
<b>Total</b>	<b>138</b>	<b>431</b>	<b>251</b>	<b>319</b>	<b>275</b>	<b>7</b>	<b>6</b>

## Provisioned FTEs

	2012	2013	2014	2015	2016	Q1 17	Q2 17
Transfer to government	308	330	242	205	193	197	194
Social plans	1,030	1,315	1,460	1,661	1,821	1,795	1,757
Staff released from work	510	410	350	253	200	190	189
<b>Total</b>	<b>1,848</b>	<b>2,055</b>	<b>2,052</b>	<b>2,119</b>	<b>2,214</b>	<b>2,182</b>	<b>2,140</b>

\* Including EUR 15.0 mn due to the judgment of the European Court of Justice from 11 November 2014 regarding the remuneration and legal rights of civil servants ('Vorrückungstichtag')

\*\* Restructuring expenses include a positive one-off effect in the amount of EUR 21.6 mn in Q4 2015 stemming from a settlement.

\*\*\* Including liabilities for transfer of civil servants to government bodies since 2010

# Overview - Cash flow impact of restructuring

## Overview cash flow impact

(in EUR million)

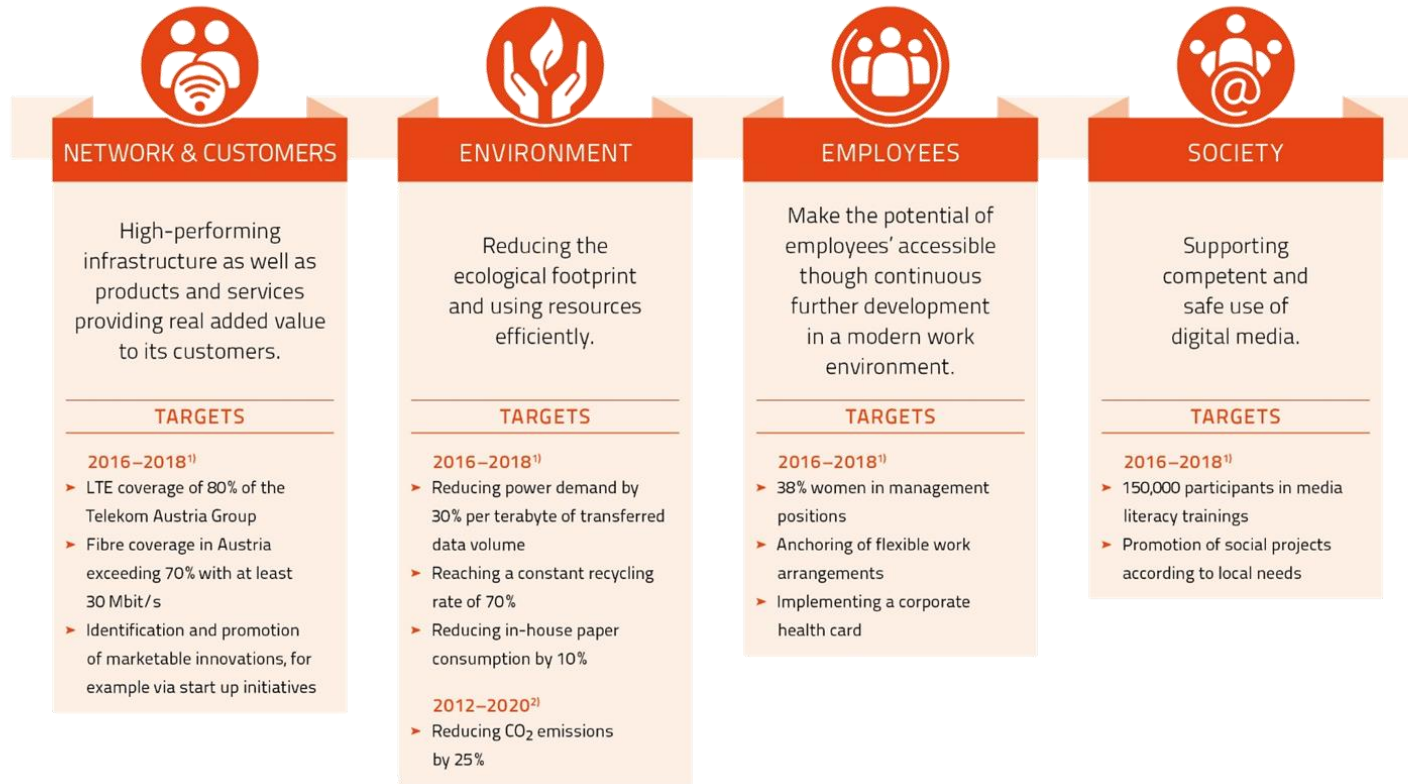
### Total cash flow impact

2012	104.0
2013	108.0
2014	107.1
2015	101.9
2016	105.5
Q1 2017	26.1
Q2 2017	25.9

- > Total cash flow impact comprises old and new programmes
- > Cash flow impact for Q2 2017 of EUR 25.9 mn
- > Expected cash flow impact for 2017 of approximately EUR 100 mn

# Appendix 4 – Corporate sustainability

# Alignment with core business and materiality analysis define sustainability strategy



Reporting follows the Global Reporting Initiative Standard.



ISO 14001, ISO 50001, ISO 27001



1) Baseline for targets is 2015. 2) Baseline for target is 2012.

# Key figures - Corporate Sustainability

## Selected Group-wide KPIs

<b>Network &amp; Customers</b>	<b>2016</b>
Number of customers (in thou.)	24.129
<b>Environment</b>	<b>2016</b>
Total CO <sub>2</sub> emissions (Scope 1+2 market-based in tonnes)	205.457
Energy efficiency index (in Mwh/terabyte)	0.3
Paper consumption (in tonnes)	1,694,041
Collected old mobile phones (in pcs)	213.803
E-billing share (in %)	64
<b>Employees</b>	<b>2016</b>
Share of female employees (in %)	39
Share of female executives (in %)	36
<b>Society</b>	<b>2016</b>
Participants in trainings on media literacy	25.499
Local educational projects	over 30

## Ratings



> Classification: B-



> Classification: B-



## Indices



FTSE4Good

## Memberships

