

# 2020 ANNUAL GENERAL MEETING

Vienna, September 24, 2020

| A<sup>1</sup> Telekom Austria Group



# Virtual execution of the Annual General Meeting 2020

## Live broadcast

We offer you two alternative accesses to the Internet transmission with picture and sound in German and English language.

Link 1: <https://www.a1.group/en/ir/annual-general-meeting-2020>

Link 2: <https://s3-eu-west-1.amazonaws.com/streaming.bevideo.tv/live/A1-Telekom/A1-HV-liveEN.html>



# Virtual execution of the Annual General Meeting 2020

Questions please to: [fragen.telekom@hauptversammlung.at](mailto:fragen.telekom@hauptversammlung.at)

Question form available at:

<https://www.a1.group/en/ir/annual-general-meeting-2020>



# Virtual execution of the Annual General Meeting 2020

Voting, motions for resolutions and raising objections by special proxies:

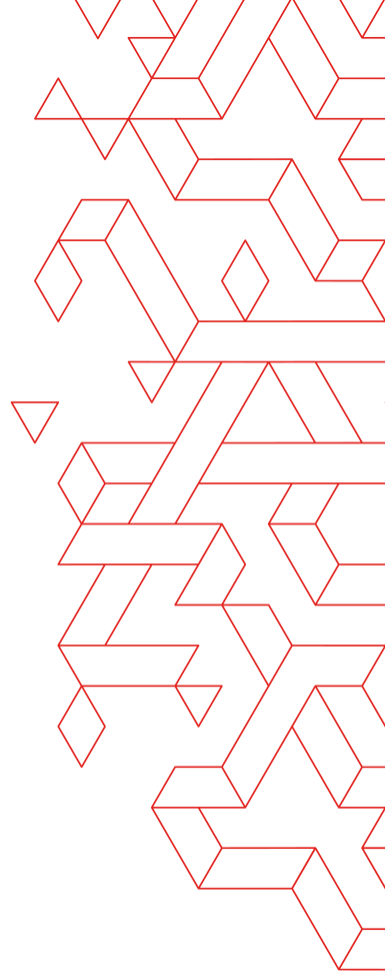
- Florian Beckermann [beckermann.telekom@hauptversammlung.at](mailto:beckermann.telekom@hauptversammlung.at)
- Christoph Moser [moser.telekom@hauptversammlung.at](mailto:moser.telekom@hauptversammlung.at)
- Thomas Niss [niss.telekom@hauptversammlung.at](mailto:niss.telekom@hauptversammlung.at)
- Sascha Schulz [schulz.telekom@hauptversammlung.at](mailto:schulz.telekom@hauptversammlung.at)

# Procedure of the virtual the AGM

- Determination of the invitation
- Resolution proposals, reports
- General debate
- Interruption for further questions/motions for resolutions
- Voting en bloc

# Agenda Item 1

## Report on the 2019 Fiscal Year



# Members of the Supervisory Board of Telekom Austria AG

## Shareholder representatives

Edith  
Hlawati  
*Chair*



Carlos Garcia  
Moreno  
Elizondo  
*Vice Chair*



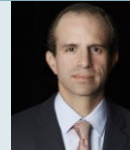
Thomas  
Schmid  
*(as of  
29.05.2019)*



Carlos  
M. Jarque



Alejandro  
Cantú Jiménez



Karin  
Exner-Wöhrer



Oscar von  
Hauske Solís



Daniela  
Lecuona Torres



Peter  
Kollmann



Peter Hagen



Bettina  
Glatz-  
Kremsner  
*(until  
29.05.2019)*



## Employee representatives

Walter Hotz



Werner Luksch



Alexander  
Sollak



Gottfried  
Kehrer



Renate Richter



# Supervisory Board and Committees 2019 - attendance

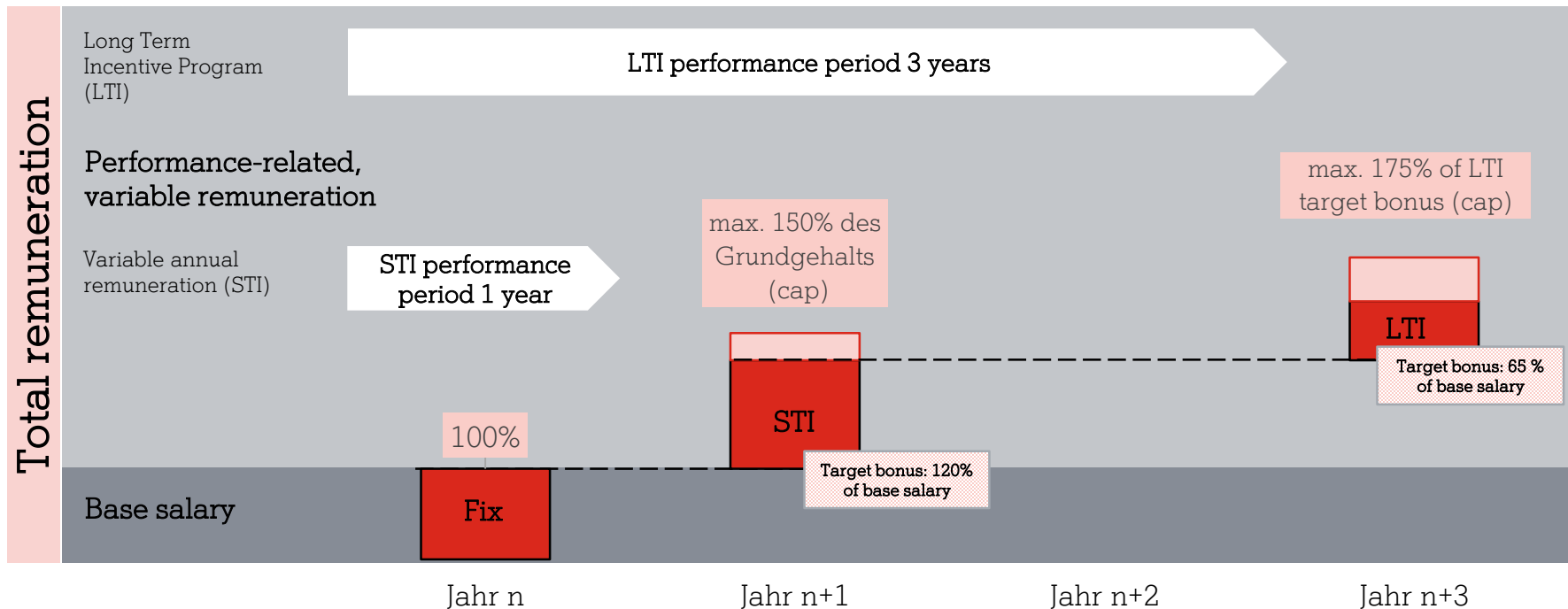
	Supervisory Board meetings	Compensation committee	Audit committee
Edith HLAWATI	7/7	2/2	
Carlos GARCIA MORENO ELIZONDO	6/7	2/2	4/5
Thomas SCHMID <sup>1</sup>	4/4		3/3
Carlos M. JARQUE	7/7		5/5
Alejandro CANTU JIMENEZ	5/7		
Karin EXNER-WÖHRER	7/7		
Oscar VON HAUSKE SOLIS	7/7	2/2	5/5
Daniela LECUONA TORRES	7/7		
Bettina GLATZ-KREMSNER <sup>2</sup>	2/3		1/2
Peter KOLLMANN	7/7		5/5
Peter HAGEN	7/7		5/5
Walter HOTZ	6/7		4/5
Werner LUKSCH	4/7		2/5
Alexander SOLLAK	7/7		4/5
Gottfried KEHRER	7/7		
Renate RICHTER	7/7		

<sup>1</sup> Thomas Schmid was elected to the Supervisory Board of Telekom Austria AG on May 29, 2019 and was thereafter attending all Supervisory Board and audit committee meetings.

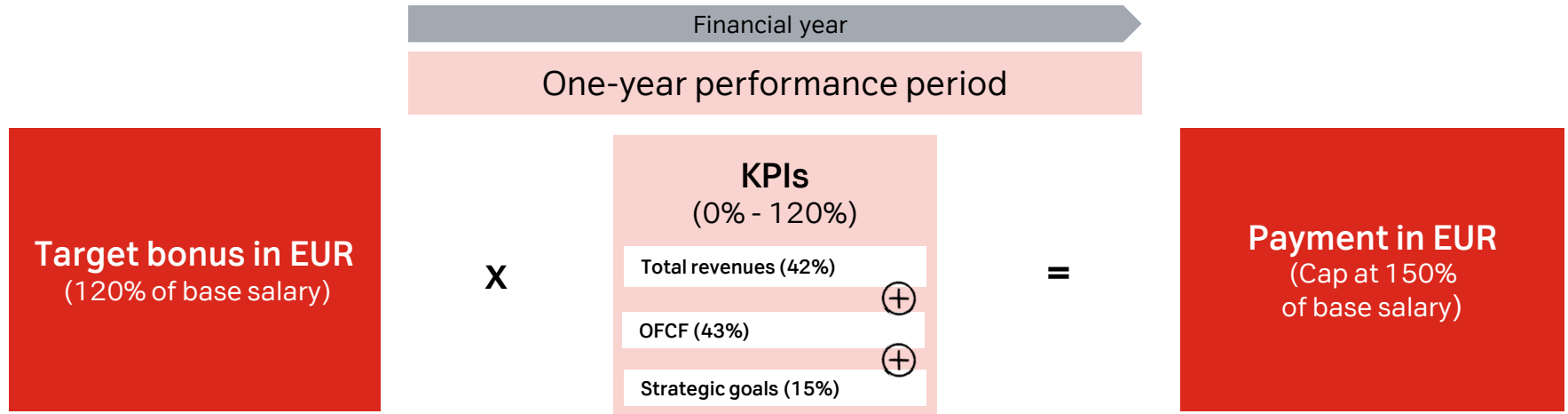
<sup>2</sup> Bettina Glatz-Kremsner has resigned from the Supervisory Board of Telekom Austria AG on May 29, 2019.



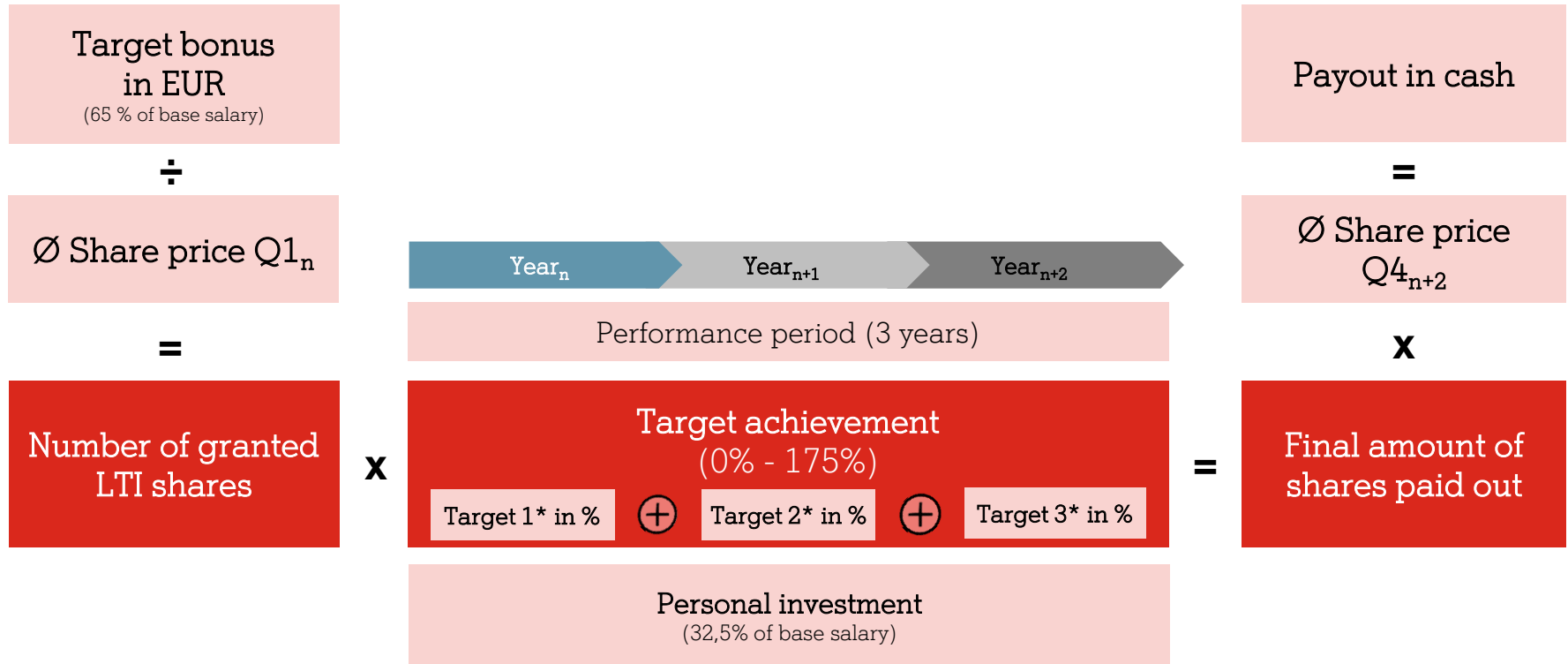
# Remuneration system for Management Board members 2019



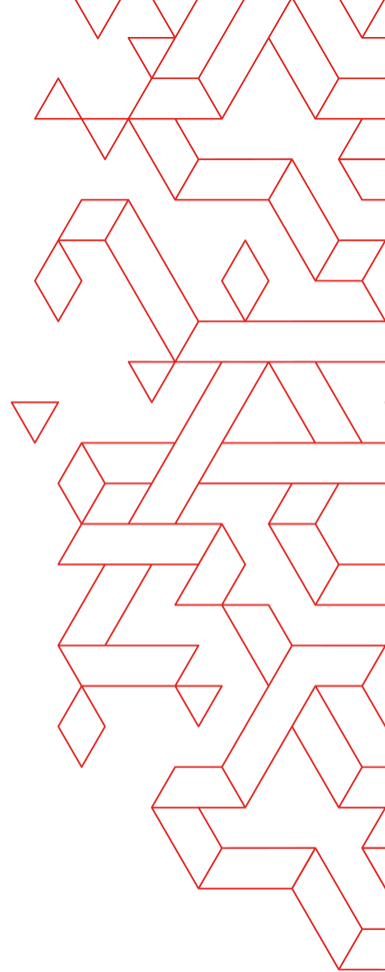
# Variable annual remuneration – STI 2019



# Long Term Incentive Program (2019)



# Report of the Management Board



# 2019 highlights



- **Strong operational performance** with growth in all markets
- **EBITDA growth** in all countries for the first time since 15 years



- **Rebranding** successfully continued with the implementation in Belarus and North Macedonia



- Successful participation in first **5G frequency auction** in Austria
- Intensive preparations for launch of the **A1 5Giganet** on 25.1.2020



- Ongoing strong demand for **ICT solutions** as well as **security products**



- Innovative TV streaming service **A1 Xplore TV** launched in Bulgaria (2019), Austria (2020) and Slovenia (2020)



# Key figures demonstrate strong performance in 2019

## Total revenues

+2.9%

## EBITDA

+0.8%

+4.7% before restructuring

## Free cash flow\*

EUR 415.8 mn (+8.2%)

## Net result

EUR 327.4 mn

## Mobile postpaid

+4.4%

RGUs\*\* -1.0%

TV +1.8%

Broadband -0.7%



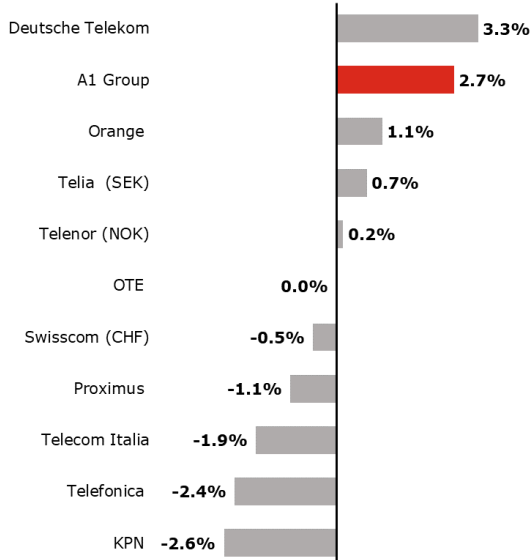
Key figures on reported basis

\* Excluding frequencies paid

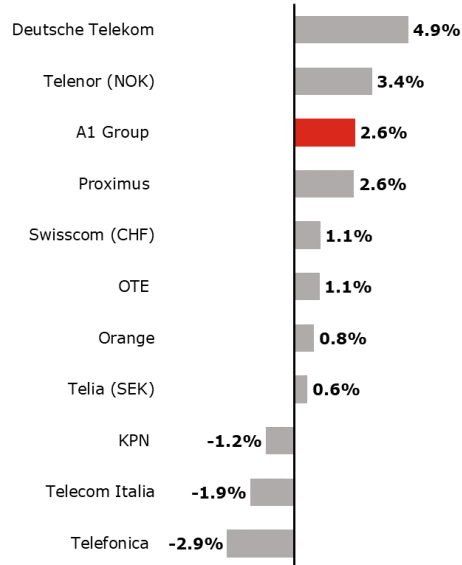
\*\* Revenue generating units

# A1 Peer Group comparison: Consequent implementation of strategy led back to growth path

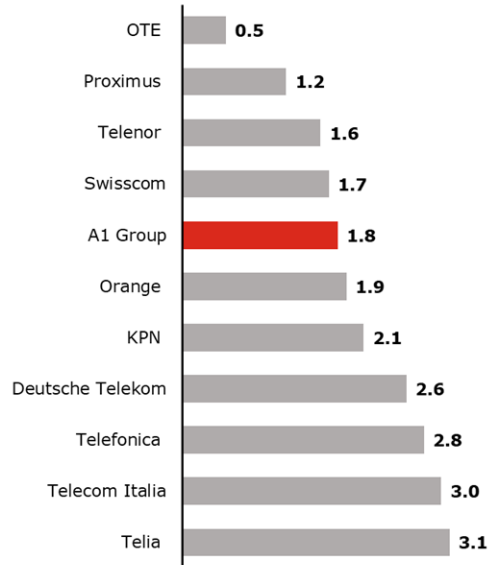
## Revenue growth CAGR, 2016-2019



## EBITDA adj. growth CAGR, 2016-2019



## Net debt/EBITDA\* 2019YE\*\*



# A1 Group – Significant economic impact in Austria

## Gross value added<sup>1)</sup>

- = **2.36** billion Euro
- = Each 143rd Euro generated
- = **55%** of total telco providers<sup>2)</sup>

## Total fiscal impact

- = Nearly **1 billion** Euro by taxes and fees per year

## Effect on employment<sup>1)</sup>

- ~ **19,000** jobs provided directly
- + **1,700** jobs by year indirectly through investments
- = **~21,000** jobs provided in total

## Infrastructure investments

- = **~ 450 mEUR** per year
- ... more than the remaining telco providers combined



**“Each million invested by A1 in Austria generates a gross value add of 500,000 Euro and 7 new jobs.”**

<sup>1)</sup> Total of ongoing operations

<sup>2)</sup> Austrian telecommunications core industry

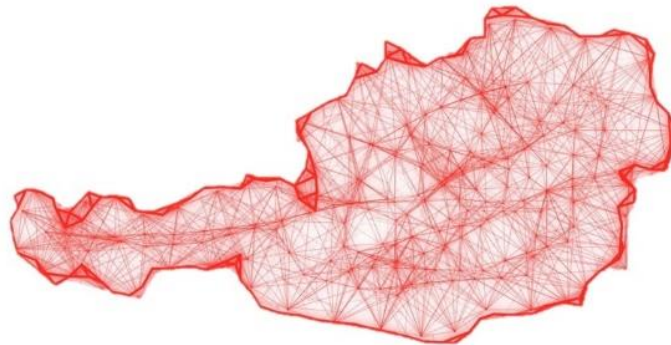
<sup>3)</sup> induced by investments

Source: Economica, 2019



# A1 5Giganet – Best combination of largest fiber network & fastest 5G technology

- Launch of 5G network in Austria in January 2020
- Currently >400 mobile 5G sites in 160 municipalities
- Nation-wide 5G population coverage by YE 2023
- Leverage the best technology mix: 4G/5G-FTTx
- 94% of municipalities have fiber access point
- ~60,000 km fiber: twice as much as 5 years ago



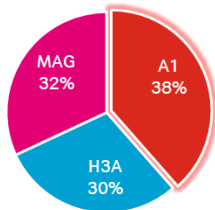
## 5G fact check

- 5G is a new transmission protocol; not a new technology
- The form and medium of transmission (radio) have already been in use for a long time and are very well-known
- The international limit values were re-evaluated and confirmed in 2018: In Austria, they include a 50-fold safety margin
- International measurement results show that exposure levels will hardly change with 5G

# Multiband auction in Austria: **Securing and expanding the excellent frequency spectrum**

- A1 Austria has acquired spectrum for EUR 65,6 mn in the multiband auction in September 2020
  - 30 MHz in the new 1500 MHz TDD band
  - Increase of the spectrum in the existing 2100 MHz FDD band from 20 to 25 MHz
- A1 makes an additional contribution to the further strengthening of rural areas with an expansion commitment for 349 strongly rural communities
- Term of usage rights: December 31, 2044

**Total spectrum share**  
from 1.1.2021



Frequency band from 2021	FDD (2x...)								TDD (1x...)			Total	
	700MHz	800MHz	900MHz	Share Sub Ghz	1800MHz	2100MHz	2600MHz	Share Total	1500MHz	2600MHz	3500MHz	Gesamt	Share
A1	--	20	15	37%	35	25	25	40%	30	25	115	410	38%
H3A	10	-	5	16%	20	20	25	27%	30	25	100	315	30%
Magenta	20	10	15	47%	20	15	20	33%	30		110	340	32%
<b>Total</b>	30	30	35	100%	75	60	70	100%	90	50	325	1065	100%
	Auction				Auction				Auction				

# COVID-19 – Focus on employee health and business continuity

## Network & organization

- Highest priority: health of our employees
- Guaranteed business continuity
- Networks managed the high voice and data traffic increases during the lockdown period very well
- Working supply chain was maintained without any major disruptions



## Supporting our stakeholders

- Supporting our customers during the difficult lockdown period; e.g. by
  - free collaboration tools for businesses (3 months)
  - free or discounted Apps for pupils
  - free additional TV channels (for 1 month)
  - “Internet for all” program available also online
- Collaboration with governments to keep population informed and to contain the spread of the virus; e.g.
  - support of the Covid-19 hotline 1450
  - providing anonymized movement data
  - network identification #stayathome



# COVID-19 – Negative short term impact, but long-term opportunities due to accelerated digitalization

## Business impacts

- Strong decline in roaming traffic (excepted negative revenue impact: ~2% in FY 2020)
- B2C: strong demand for mobile WiFi routers and speed upgrades during lockdown while handset sales plunged
- B2B: high demand for connectivity and home office solutions during lockdown; postponements of some customer projects
- Partially normalization of customer behavior after lockdown period

Short term

## Opportunities

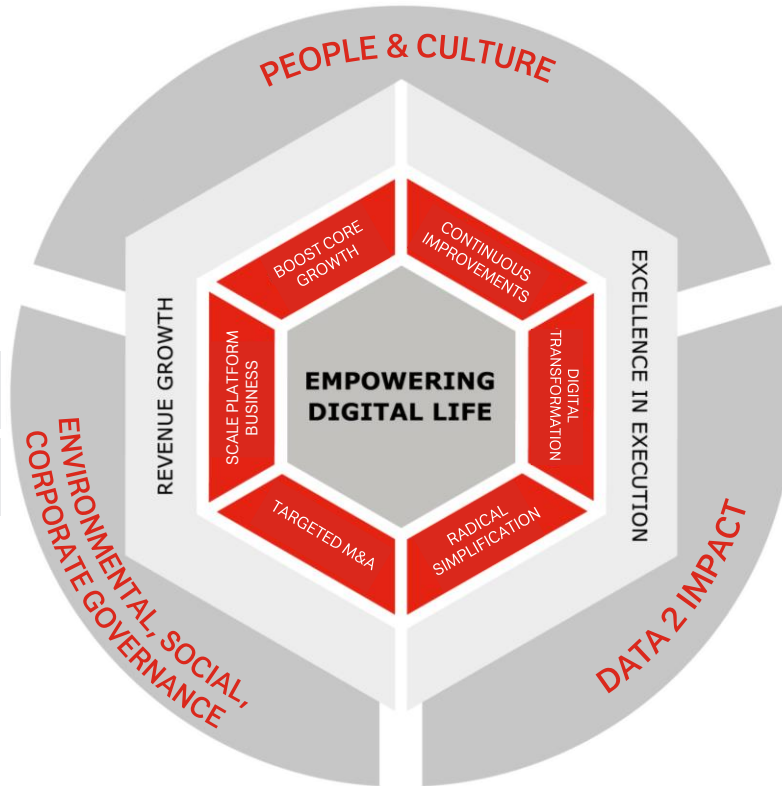
- Increasing demand for higher fixed-line bandwidth
- Boost in remote work and video-conferencing
- Move towards cloud services
- Growth of streaming traffic
- Increasing demand for cyber security solutions
- Higher penetration of e-commerce

Long term

# Strategy update – Further evolvement of our successful path

**Revenue Growth**

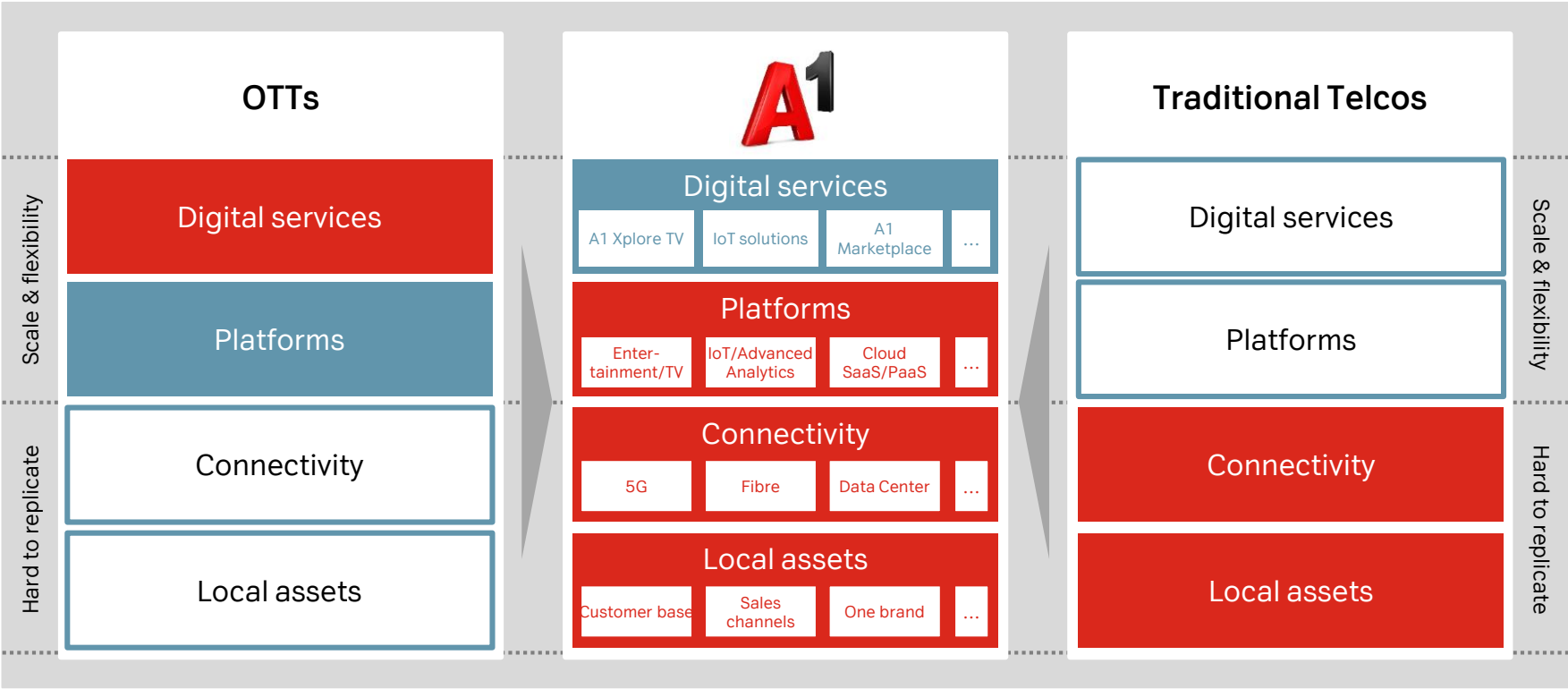
- Boost Core Growth**
  - Sweating the Assets
  - Increase Multiplay+
  - Data-driven Marketing & Sales
- Scale Platform Business**
  - Drive Industry 4.0 Portfolio (Cloud | IoT | Cyber Sec | ICT)
  - Develop Platforms 4 Digital Services
- Targeted M&A**
  - In-market consolidation
  - Expand portfolio/growth areas
  - Expand into new geographies



**Excellence in Execution**

- Continuous Improvement**
  - Optimizing external expenses
  - Partnering 4 operational efficiency
  - Develop new skills
- Digital Transformation**
  - Data-driven decision making
  - Digitalize Customer Experience
  - Enhance Digital Channels
- Radical Simplification**
  - Implementing new platform operating model
  - Simplify & Robotize Processes
  - Excelling in Partnering

# Platform business enables synergies and growth potential



# People & Culture – becoming a more adaptive organization

## Agility



- Breaking up silos
- Agile methods instead of waterfall models
- Next step:  
Further development of the agility concept



## Diversity & Inclusion



- Equal treatment
- Fair development opportunities
- Diversity as success factor
- Strengthened innovative power



## Learning



- Self-determined learning of the employees
- Digital and integrated learning formats
- Development of digital skills



## New ways of working



- COVID-19 shows: mobile working works
- “Flex Office”: mobile working + office days
- Sustainable reduction of business trips



# ESG – ambitious goals of the A1 Telekom Austria Group

## Environment



- **CO<sub>2</sub> emissions<sup>1)</sup> by 2030**  
Reach **net carbon neutrality** by 2030 by decreasing the own carbon footprint and gradually switching to energy from renewable sources.
- **Energy efficiency by 2030**  
**Increase energy efficiency by 80%** compared with 2019.
- **Circular economy by 2030**  
Promote the circular economy: recycling of around 50,000 old devices a year

## Society



- **Digital education by 2023**  
Address 100,000 people – especially children and young people – as part of the focus on digital education. Give people the confidence and skills to actively shape digital worlds.

## Governance

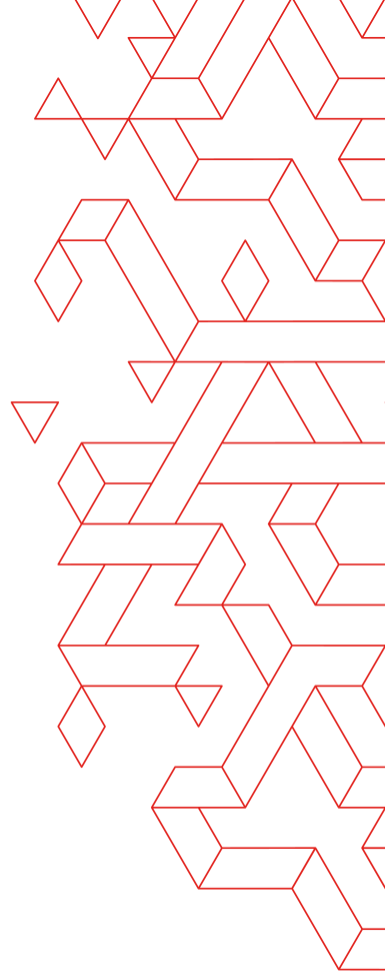


- **Diversity by 2023**  
Increase the proportion of women in management positions to 40% and raise and maintain the proportion of women at the company at 40%.
- **Compliance**  
Maintain a best-practice and externally certified compliance management system



# Group results 2019

**A1**



# Austria

Key financial figures in EUR mn	2019 IFRS 16	2018 IFRS 16 based	+/- %
Revenues	2,648.1	2,637.5	+0.4%
EBITDA	921.3	975.3	-5.5%
<i>EBITDA margin</i>	<i>34.8%</i>	<i>37.0%</i>	-
EBITDA before restructuring	1,005.4	997.4	+0.8%
<i>EBITDA margin before restructuring</i>	<i>38.0%</i>	<i>37.8%</i>	-

- 5.1 million mobile customers
- Contract customers +1.8%

- 3.2 million RGUs\*
- broadband -1.6%
- TV +3.5%

\* Revenue Generating Units

# International Operations

Key financial figures in EUR mn	2019 IFRS 16	2018 IFRS 16 based	+/- %
Revenues	1,957.5	1,846.6	+6.0%
EBITDA	701.1	632.8	+10.8%
<i>EBITDA margin</i>	<i>35.8%</i>	<i>34.3%</i>	-

- 14.7 million mobile customers
- Contract customers +1.6%

- 2.9 million RGUs\*
- Broadband +0,5%
- TV +1,4%

\* Revenue Generating Units

# A1 Group: Strong operational performance in 2019

Key financials in EUR mn	2019 IFRS 16	2018 IFRS 16 based	+/- %
Service revenues	3,805.5	3,680.8	+3.4%
Equipment revenues	663.9	662.6	+0.2%
<b>Total revenues</b>	<b>4,565.2</b>	<b>4,435.4</b>	<b>+2.9%</b>
Total costs and expenses	-3,004.5	-2,886.5	-4.1%
thereof restructuring	-84.1	-22.1	n.m.
<b>EBITDA</b>	<b>1,560.6</b>	<b>1,548.9</b>	<b>+0.8%</b>
D&A	-945.8	-1,102.9	+14.2%
<b>EBIT</b>	<b>614.8</b>	<b>446.0</b>	<b>+37.9%</b>
Financial result	-133.2	-103.5	-28.7%
Income tax	-154.2	-98.8	-56.0%
<b>Net result</b>	<b>327.4</b>	<b>243.7</b>	<b>+34.4%</b>
<b>Capital expenditures</b>	<b>879.8</b>	<b>771.0</b>	<b>+14.1%</b>

- Revenue increase of 2.9% with service revenue growth in all markets
- EBITDA before restructuring rose by 4.7% driven by strong increase in CEE and solid growth in Austria
- Net result rose due to lower amortization of brand values
- Higher CAPEX due to spectrum acquisition in Austria, Belarus and Croatia, as well as acquisition of LTE capacities in Belarus.

# Free Cash Flow development

(in EUR million)

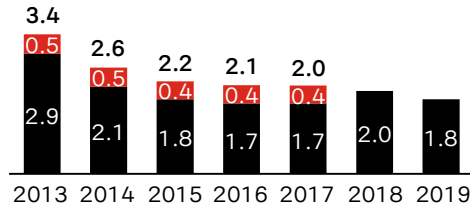
	2019	2018	Change in %
Net cash flow from operating activities	1,458.0	1,390.6	+4.8%
Capital expenditures paid	-873.9	-771.5	-13.3%
Lease principal paid	-149.5	-144.1	-3.7%
Proceeds from sale of plant, property and equipment	14.3	7.5	+89.8%
Interest paid	-108.3	-98.4	-10.1%
<b>Free cash flow</b>	<b>340.6</b>	<b>384.2</b>	<b>-11.3%</b>
<b>Free cash flow (excl. Frequencies paid)</b>	<b>415.8</b>	<b>384.2</b>	<b>+8.2%</b>

- Higher free cash flow excluding frequencies paid driven by better operational development

# Strong balance sheet is acknowledged by rating upgrades

## Debt ratio sharply reduced

Net Debt / EBITDA (pre IFRS 16)

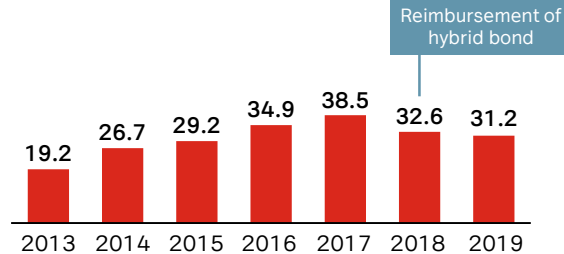


■ Hybrid bond / EBITDA  
■ Net debt (excl. Hybrid) / EBITDA

- Stable free cash flow of ~ EUR 400 mn\* per year supports deleveraging
- Further deleveraging ongoing; ambition level of 1.5 x net debt / EBITDA (pre IFRS 16)

\* excl. spectrum payments

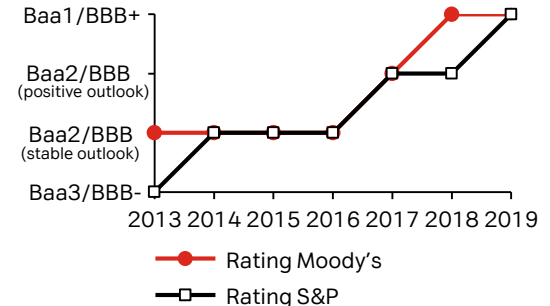
## Equity ratio significantly increased



■ Equity ratio, in %

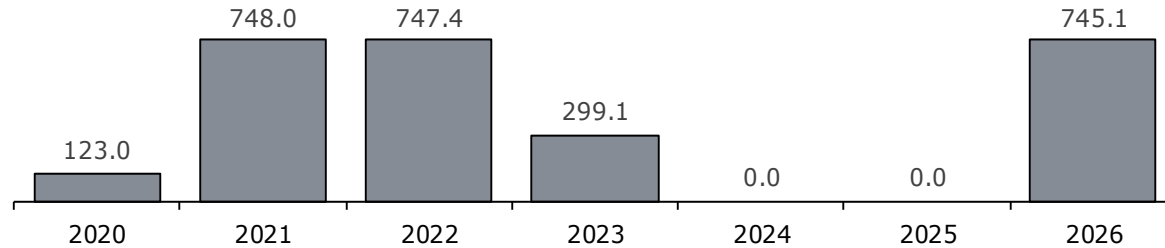
- Continuous improvement of the equity ratio (2019 impacted by the adoption of IFRS 16 accounting)
- Hybrid bond classified as equity under IFRS, therefore repayment reduces equity ratio in 2018

## Rating improved



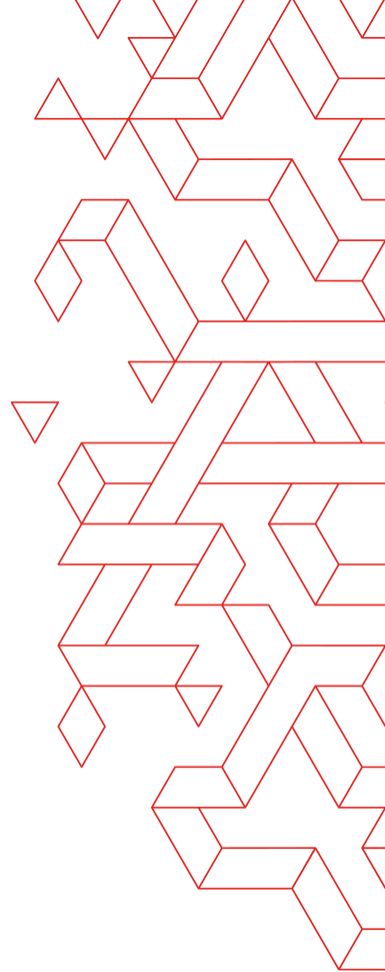
- Standard & Poor's: Rating upgrade from BBB to BBB+ (outlook: stable) on August 12, 2019
- Solid financing ratios and ensured liquidity: EUR 1.1 bn open credit line facilities, 1st bond repayment in Dec. 2021 (EUR 750 mn)

# 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 of EUR 140.3 mn
- Average term to maturity of 3.52 years
- Undrawn committed credit lines of EUR 1.1 bn (as of June 30, 2020)

# Telekom Austria shares





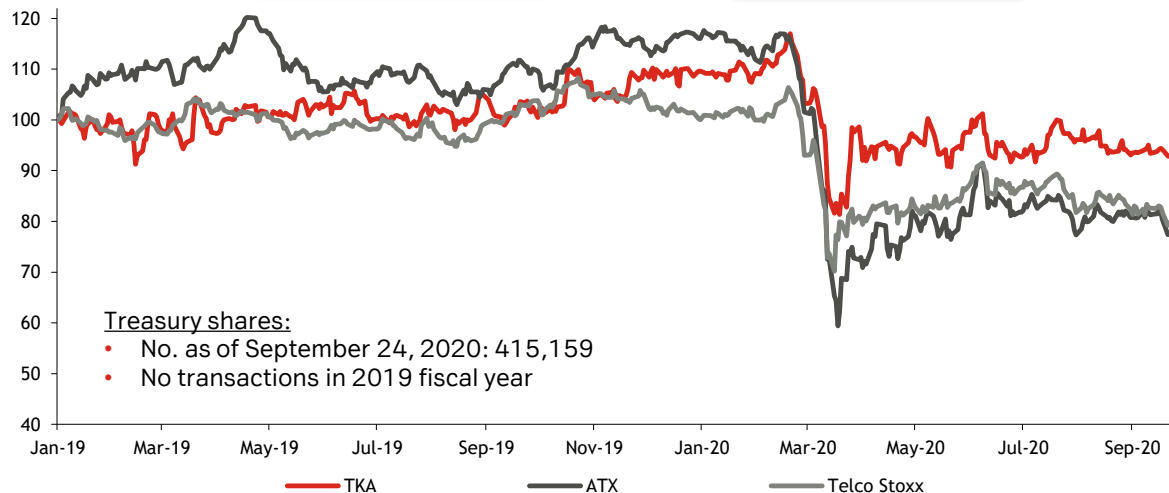
# Performance of Telekom Austria shares

Performance since 2019\*:

TKA: -7.2%  
ATX: -22.4%  
Telco: -20.1%

Performance YTD\*:

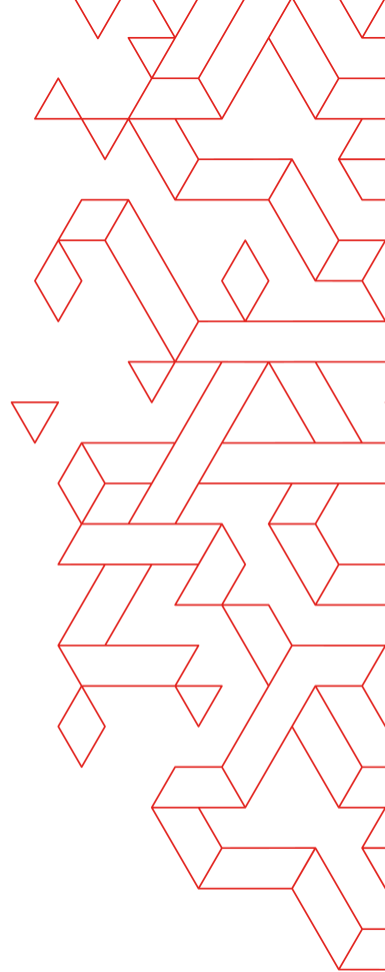
TKA: -15.4%  
ATX: -33.2%  
Telco: -20.5%



(indexed as of January 1, 2019)

\* as of September 22, 2020

# Outlook 2020



# Outlook exceeded once again in 2019 – focus 2020: mitigation of negative Covid-19 impacts and free cash flow

	2019		2020
	OUTLOOK	ACHIEVED	OUTLOOK
<b>Total Revenues</b>	~ +2 %	+2.9%	~ - 2 % (initial guidance: +1-2%)
<b>CAPEX (excl. spectrum)</b>	~ EUR 770 mn	EUR 798 mn	~ -25% (vs. initial outlook of ~ EUR 770 mn)

Outlook and results on reported basis

# A1 Group: Strong position to take advantage of the opportunities of accelerated digitization



A **business model** as the foundation for digitization, **solid balance sheet** structure and **strong liquidity position** as an excellent basis for future growth



Strong **market position** and **uniform brand presence** in our footprint



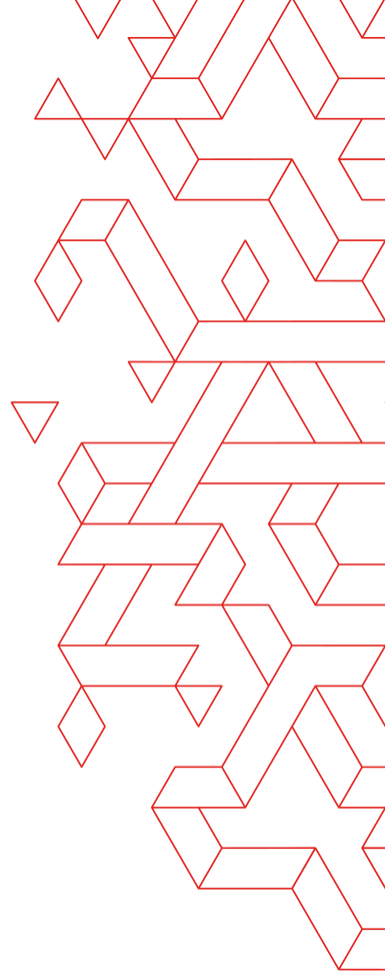
Profiting from market-relevant and efficiently invested **content** as well as from **enriching core portfolio** by valuable add-on products



Reliable and established partner for business customers in the areas of **ICT, IoT** and **Cyber Security**

# Agenda Item 2

## Appropriation of the net profit



# Appropriation of the net profit

The Management Board and the Supervisory Board propose to use the net profit of Telekom Austria AG generated in the 2019 fiscal year in the amount of EUR 327,442,000 as follows:

- Distribution of a dividend of EUR 0.23 per eligible no par value share
- The remainder is to be carried forward to new account

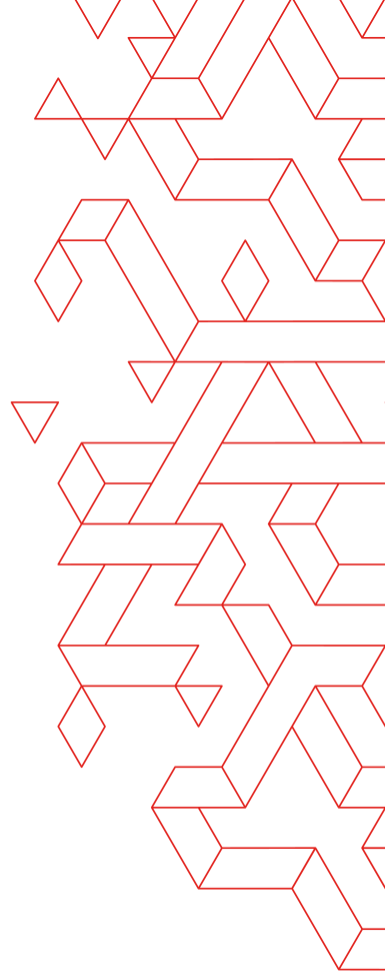
## Information

According to Austrian tax law, the dividend qualifies as a repayment of capital pursuant to Sec 4 para 12 Income Tax Act (EStG).

- Ex-dividend day: September 30, 2020
- Dividend record date: October 1, 2020
- Distribution payment date: October 2, 2020

# Agenda Item 3

Discharge of the members  
of the Management Board



# Discharge of the members of the Management Board

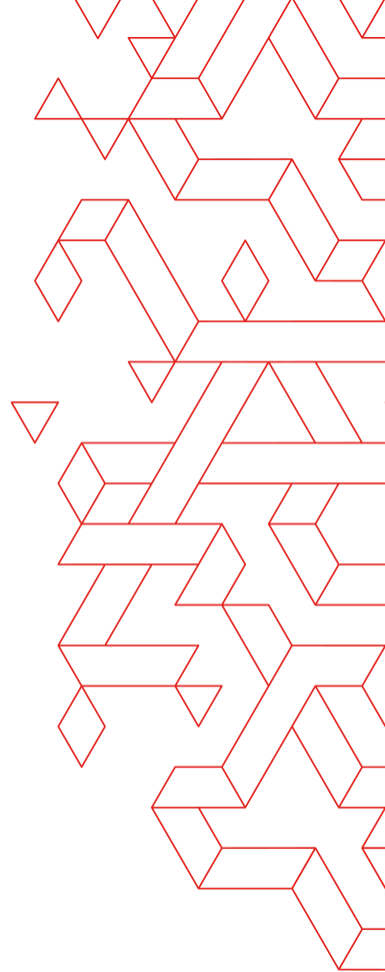
- Thomas Arnoldner
- Alejandro Douglass Plater
- Siegfried Mayrhofer

The Management Board and the Supervisory Board of Telekom Austria AG propose to grant discharge to the members of the Management Board for the fiscal year 2019.



# Agenda Item 4

Discharge of the members  
of the Supervisory Board



# Discharge of the members of the Supervisory Board

Shareholder representatives:

- Edith Hlawati, Carlos Jose Garcia Moreno Elizondo, Alejandro Cantú Jiménez, Karin Exner-Wöhrer, Peter Hagen, Carlos M. Jarque, Peter F. Kollmann, Daniela Lecuona Torras, Thomas Schmid, Oscar von Hauske Solis, Bettina Glatz-Kremsner

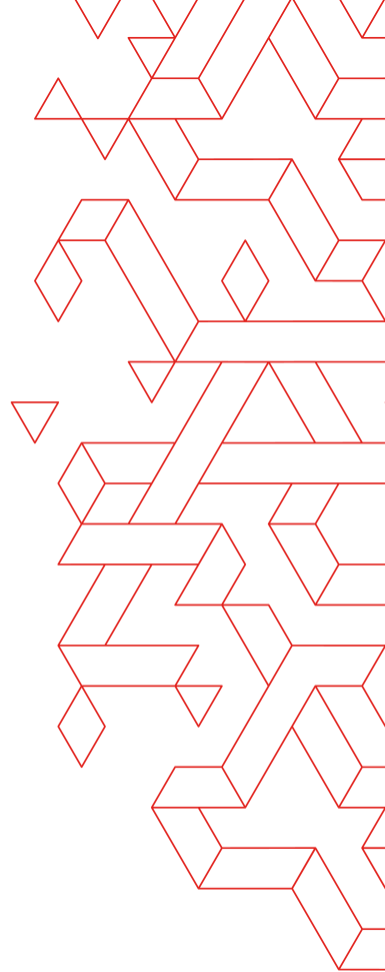
Employee representatives:

- Walter Hotz, Gottfried Kehrer, Werner Luksch, Renate Richter, Alexander Sollak

The Management Board and the Supervisory Board of Telekom Austria AG propose to grant discharge to the members of the Supervisory Board for the fiscal year 2019.

# Agenda Item 5

Compensation for the members  
of the Supervisory Board



# Compensation for the members of the Supervisory Board

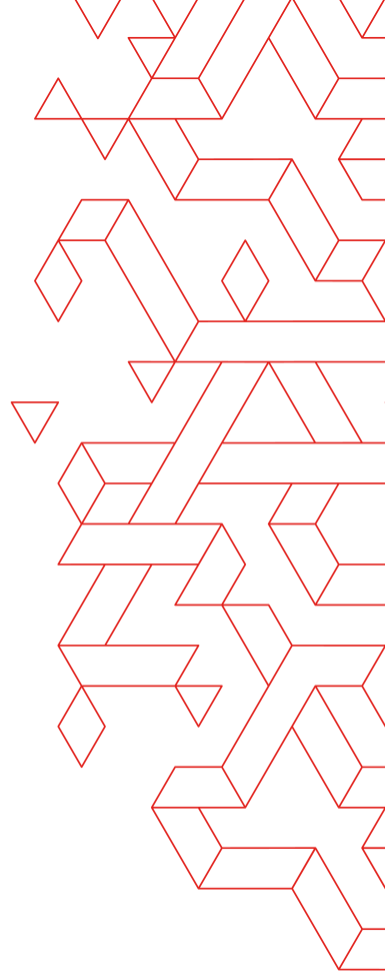
The Management Board and the Supervisory Board of Telekom Austria AG propose to determine the remuneration for the elected members of the Supervisory Board for the 2019 financial year as follows, unchanged from the previous year:

	2019
For the chair	EUR 40,000
For the deputy chair	EUR 30,000
For every further member of the Supervisory Board	EUR 20,000
For the chair of a committee	EUR 12,000
For every other committee member	EUR 10,000

For 2020, a fixed attendance fee of EUR 400 is to be granted for each member of the Supervisory Board for each of the meetings of the Supervisory Board or committee meetings which the member attends.

# Agenda Item 6

Elections to the Supervisory Board



# Karin Exner-Wöhrer

Proposal for the election of

Mrs. Karin Exner-Wöhrer,

born September 8, 1971

as of termination of this shareholder's meeting until the termination of such shareholder's meeting that resolves upon the discharge for the business year 2022, to the Supervisory Board of the Company.

Mrs. Exner-Wöhrer issued a statement according to Sec 87 Para 2 AktG as well as providing a curriculum vitae.

The documents have been made available on the website of Telekom Austria AG as of August 27, 2020.



# Alejandro Cantú Jiménez

Proposal for the election of

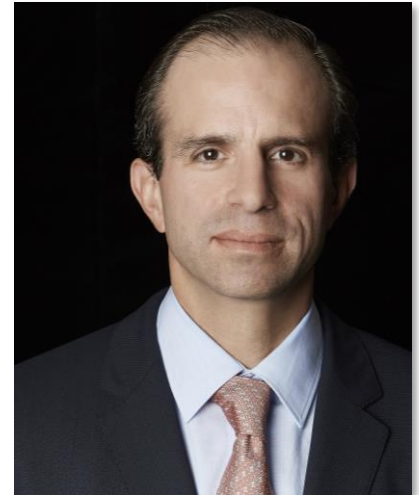
Mr. Alejandro Cantú Jiménez,

born April 26, 1972

as of termination of this shareholder's meeting until the termination of such shareholder's meeting that resolves upon the discharge for the business year 2022, to the Supervisory Board of the Company.

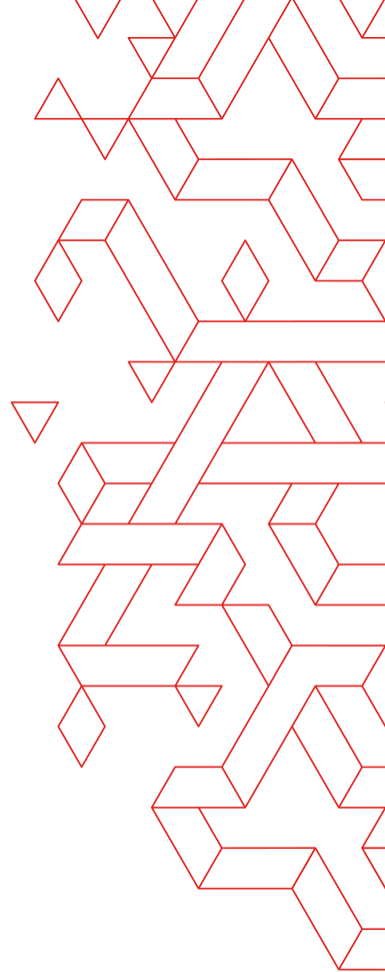
Mr. Cantú Jiménez issued a statement according to Sec 87 Para 2 AktG as well as providing a curriculum vitae.

The documents have been made available on the website of Telekom Austria AG as of August 27, 2020.



# Agenda Item 7

Election of the auditors of the financial statements  
and of the consolidated financial statements



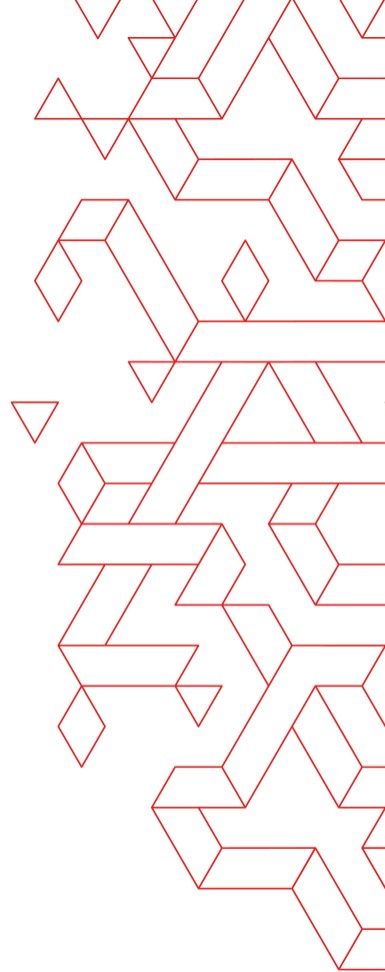


# Election of the auditors of the financial statements and of the consolidated financial statements

The Supervisory Board of Telekom Austria AG proposes to elect Ernst & Young Wirtschaftsprüfungsgesellschaft m.b.H , Vienna, as auditor and Group auditor for the 2020 fiscal year.

# Agenda Item 8

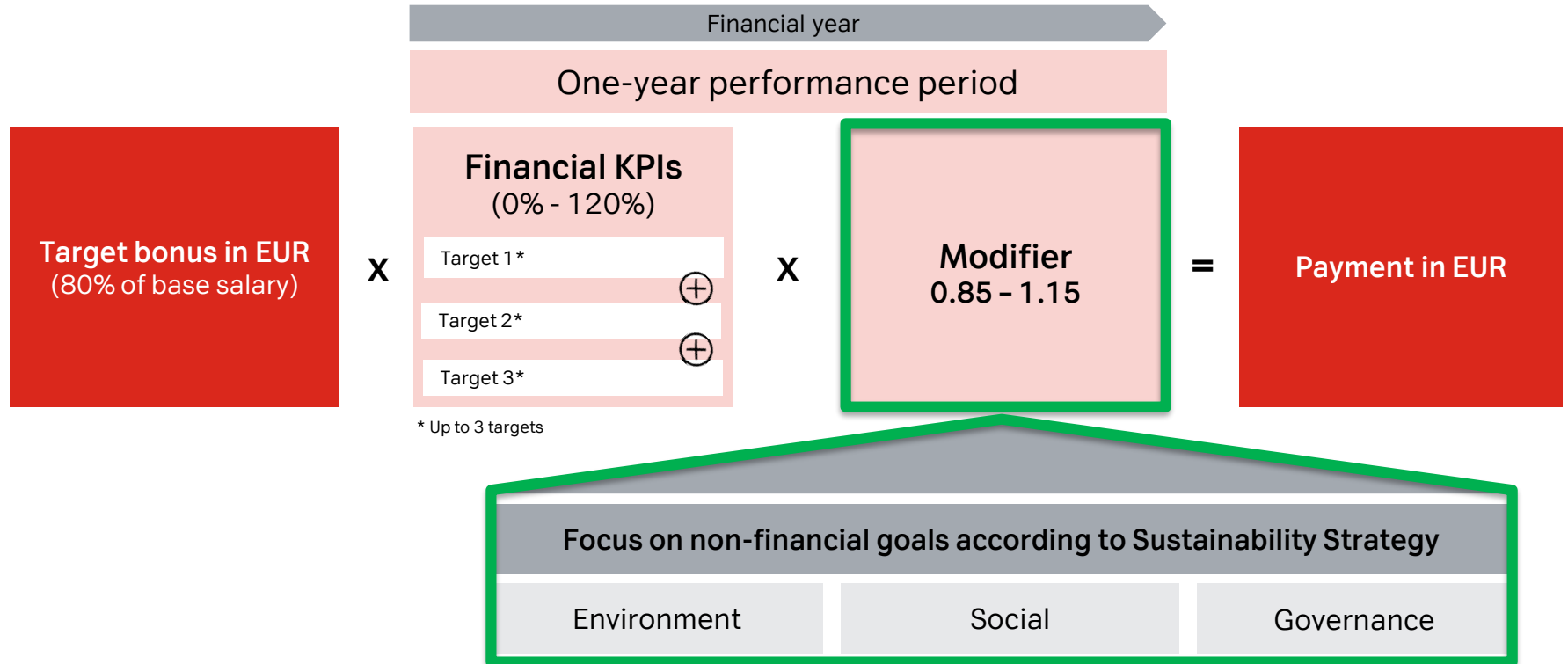
## Resolution on the Remuneration Policy



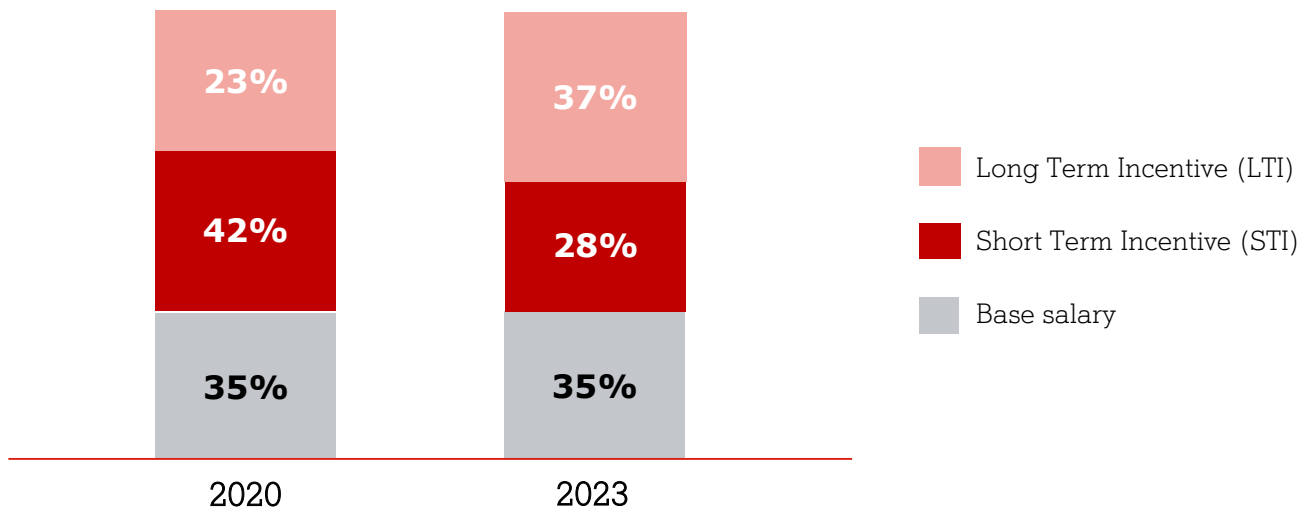
# Resolution on the Remuneration Policy

The Supervisory Board submits the remuneration policy for the Management Board and the Supervisory Board to the Annual General Meeting for approval.

# Variable annual remuneration – STI Target structure 2023



# Relation of remuneration elements at 100% target achievement



# Long Term Incentive Program 2023

Target bonus in EUR

- Currently 65 % of base salary
- Target structure 2023: 105% of base salary

÷

Ø Share price Q1<sub>n</sub>

=

Number of granted LTI shares

x

Target achievement

(0% - 175%)

Target 1\* in %

+

Target 2\* in %

+

Target 3\* in %

Personal investment

- Currently 32,5 % of base salary
- Target structure 2023: 30% of base salary

=

Payout in cash

(Cap 175% of LTI target bonus)

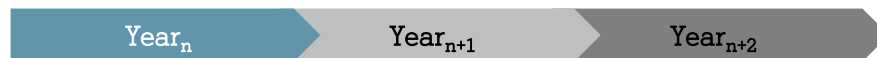
=

Ø Share price

Q4<sub>n+2</sub>

x

Final amount of shares paid out



Performance period (3 years)

**Many thanks  
for attending!**

<https://www.a1.group/>

