

Trading Statement for the Second Quarter and First Half 2019

Vienna, July 16, 2019 - Today, A1 Telekom Austria Group (VSE: TKA, OTC US: TKAGY) announces its highlights for the second quarter and the first half of 2019, ending June 30, 2019. The full earnings release including the results for the second quarter and the first half of 2019 will be published on July 23, 2019.

Key performance indicators
Proforma view

in EUR million	Q2 2019 IFRS 16	Q2 2018 IFRS 16 based	% change	1-6 M 2019 IFRS 16	1-6 M 2018 IFRS 16 based	% change
Total revenues	1,122.6	1,094.3	2.6	2,212.1	2,167.4	2.1
Service revenues	943.7	916.3	3.0	1,868.1	1,814.8	2.9
Equipment revenues	149.8	151.7	-1.3	293.3	305.5	-4.0
Other operating income	29.1	26.3	10.8	50.6	47.2	7.4
EBITDA	392.1	397.5	-1.4	766.2	785.3	-2.4
% of total revenues	34.9%	36.3%		34.6%	36.2%	
EBITDA excl. restructuring	413.2	397.6	3.9	808.2	785.4	2.9
% of total revenues	36.8%	36.3%		36.5%	36.2%	
EBIT	154.6	100.5	53.8	294.8	162.4	81.6
% of total revenues	13.8%	9.2%		13.3%	7.5%	
Net result	70.0	58.1	20.4	155.9	86.5	80.2
% of total revenues	6.2%	5.3%		7.0%	4.0%	

Wireless indicators	Q2 2019 IFRS 16	Q2 2018 IFRS 16 based	% change	1-6 M 2019 IFRS 16	1-6 M 2018 IFRS 16 based	% change
Wireless subscribers (thousands)	21,179.8	20,755.8	2.0	21,179.8	20,755.8	2.0
thereof postpaid	16,583.3	15,883.1	4.4	16,583.3	15,883.1	4.4
thereof prepaid	4,596.5	4,872.7	-5.7	4,596.5	4,872.7	-5.7
MoU (per Ø subscriber)	365.7	351.8	4.0	359.8	345.4	4.2
ARPU (in EUR)	8.2	8.1	0.5	8.0	8.0	0.3
Mobile churn (%)	1.5%	1.6%		1.6%	1.7%	

Wireline indicators	Q2 2019 IFRS 16	Q2 2018 IFRS 16 based	% change	1-6 M 2019 IFRS 16	1-6 M 2018 IFRS 16 based	% change
RGUs (thousands)	6,172.0	6,142.0	0.5	6,172.0	6,142.0	0.5

All financial figures are in accordance with IFRS 15. Figures for 2019 are in accordance with IFRS 16, figures for 2018 are based on IFRS 16 with sufficient accuracy ('IFRS 16 based'). All comparisons are given year-on-year. EBITDA is defined as net income excluding financial result, income taxes, depreciation and amortization and impairment charges.

Table of Contents

Q2 2019 Analysis ¹	3
Half-year Highlights	9
Outlook	10
Detailed Figures	11
Additional Information	20

¹ Alternative performance measures are included in this report. For details please refer to the tables on page 11 onwards.

Q2 2019 Analysis

Group Summary

In Q2 2019, solid trends continued, with growing service revenues in all markets. EBITDA excluding restructuring charges, one-off and FX effects continued to grow on a Group level. Fixed-line revenues were driven by the solutions and connectivity business as well as TV content, while mobile WiFi routers were the dominant factor in the mobile segment.

The presentation for the conference call and key figures of A1 Telekom Austria Group in Excel format ('Fact Sheet Q2 2019') are available on the website at www.a1.group.

- Group total revenues increased by 2.6%, driven by service revenue growth in all markets.
- Mobile service revenues rose or remained stable in all markets except for Slovenia and were mainly driven by the ongoing strong demand for mobile WiFi routers.
 - Austrian mobile service revenues were stable, driven by growth in mobile WiFi routers as well as increased revenues from high-value customers but were negatively impacted by the EU international calls regulation.
- Fixed-line service revenues were developing well, with particularly strong growth in solutions and connectivity revenues in Austria and a strong performance in Bulgaria.
- Mobile contract subscribers rose by 4.4% with growth in all markets except for Bulgaria which was impacted by the removal of inactive SIM-cards.
- Fixed-line RGUs increased by 0.5%, as broadband RGU growth in CEE and higher TV RGUs compensated for the decline of fixed voice.
- Group EBITDA excluding one-off and FX effects as well as restructuring charges increased by 2.7%, driven by higher service revenues.
 - In Austria EBITDA excluding restructuring charges and a positive one-off effect due to a real estate sale increased by 0.8% as higher service revenues and lower workforce costs were able to compensate for higher cost of services.
 - The increase in EBITDA in the international operations was particularly supported by Bulgaria, Croatia and Slovenia.
 - On a reported basis, EBITDA declined due to restructuring charges in Austria, which amounted to EUR 21.1 mn in Q2 2019 (Q2 2018: EUR 0.1 mn).
- Net result increased from EUR 58.1 mn in Q2 2018 to EUR 70.0 mn in Q2 2019. While the comparison period was negatively impacted by the brand amortization, in Q2 2019 a tax case in Bulgaria had a negative impact on net income.
- Free cash flow declined from EUR 123.0 mn in Q2 2018 to EUR 34.2 mn in the reporting period, driven by higher capex paid due to the acquired frequencies from the spectrum auction in Austria which took place in Q1 2019 (3.5 GHz; EUR 64.3 mn) and Belarus (2.1 GHz; EUR 9.5 mn). Additionally, free cash flow was negatively impacted in Q2 2019 by the payment of EUR 23.0 mn in connection with the abovementioned tax case in Bulgaria.
- Guidance confirmed, with approximately 2 % higher revenues and stable capex at EUR 770 mn excl. leases, spectrum investments and acquisitions in 2019.

The following factors should be considered in the analysis of A1 Telekom Austria Group's quarterly operating results:

- Total one-off effects of positive EUR 8.2 mn in revenues and EUR 6.8 mn in EBITDA in Q2 2019, stemming mainly from a real estate sale in other operating income in Austria. There were minor positive one-off effects in Q2 2018 (EUR 2.4 mn in revenues and EUR 2.9 mn in EBITDA).
- FX effects were minor and amounted to positive EUR 1.8 mn in total revenues and positive EUR 0.8 mn in EBITDA in Q2 2019, stemming solely from Belarus.

Mobile Subscribers and Fixed-line RGUs

Number of postpaid subscribers grew by 4.4% in Q2 2019, RGUs increased by 0.5%

In mobile communications, the number of subscribers of the A1 Telekom Austria Group increased by 2.0% to 21.2 million in the quarter under review. In the Austrian market, the regulation for registering SIM cards as of January 1, 2019 led to a substantial decline in the prepaid segment and, additionally, to some shift towards low-value mobile contract offers. The number of contract customers rose in almost all international markets while prepaid customer numbers continued to decline as most markets continue to see a shift from prepaid to contract offers. Contract subscriber numbers in Bulgaria were impacted by the removal of inactive SIM cards in Q1 2019, without this effect the contract base remained stable in Bulgaria. The number of A1 Digital M2M customers continued to rise. Demand for mobile WiFi routers remained strong in all markets where available.

The number of revenue-generating units (RGUs) in the Group's fixed-line business increased by 0.5% year-on-year. The decline in RGUs in Austria, which was driven primarily by voice and to some extent also by low-bandwidth broadband RGUs, was more than offset by increases in CEE due to TV and broadband RGUs. In North Macedonia, WiFi routers have been reported in mobile postpaid since Q2 2019 due to a new product logic and were formerly reported in fixed-line RGUs.

Segment Austria

Key performance indicators

Financials

in EUR million	Q2 2019	Q2 2018	% change	1-6 M 2019	1-6 M 2018	% change
	IFRS 16	IFRS 16 based		IFRS 16	IFRS 16 based	
Total revenues	658.5	648.8	1.5	1,305.3	1,301.2	0.3
Service revenues	576.6	568.4	1.4	1,153.8	1,138.0	1.4
thereof mobile service revenues	229.9	230.6	-0.3	460.8	461.8	-0.2
thereof fixed-line service revenues	346.7	337.8	2.6	693.0	676.2	2.5
Equipment revenues	62.1	65.7	-5.4	117.6	135.4	-13.2
Other operating income	19.8	14.7	34.3	33.9	27.9	21.8
EBITDA	236.3	247.0	-4.3	462.3	502.2	-7.9
% of total revenues	35.9%	38.1%		35.4%	38.6%	
EBITDA excl. restructuring	257.4	247.1	4.1	504.3	502.4	0.4
% of total revenues	39.1%	38.1%		38.6%	38.6%	
EBIT	109.9	120.0	-8.4	211.7	250.6	-15.5
% of total revenues	16.7%	18.5%		16.2%	19.3%	

Wireless indicators	Q2 2019	Q2 2018	% change	1-6 M 2019	1-6 M 2018	% change
	IFRS 16	IFRS 16 based		IFRS 16	IFRS 16 based	
Wireless subscribers (thousands)	5,241.2	5,284.5	-0.8	5,241.2	5,284.5	-0.8
thereof postpaid	3,851.8	3,796.0	1.5	3,851.8	3,796.0	1.5
thereof prepaid	1,389.4	1,488.5	-6.7	1,389.4	1,488.5	-6.7
MoU (per Ø subscriber)	279.3	270.4	3.3	278.7	268.9	3.6
ARPU (in EUR)	14.5	14.5	0.1	14.5	14.5	-0.2
Mobile churn (%)	1.4%	1.5%		1.4%	1.6%	

Wireline indicators	Q2 2019	Q2 2018	% change	1-6 M 2019	1-6 M 2018	% change
	IFRS 16	IFRS 16 based		IFRS 16	IFRS 16 based	
RGUs (thousands)	3,283.7	3,362.7	-2.3	3,283.7	3,362.7	-2.3

In the Austrian market, competitor T-Mobile launched its new convergent brand "Magenta" in May 2019 and introduced some new mobile tariffs, including 5G-ready unlimited data propositions in the premium segment, as well as convergent offers and fixed-line promotions. Meanwhile, A1 Austria continues its successful high-value proposition in the mobile segment and provides regional broadband and TV promotions in major cities. Moreover, A1 launched its first premium 5G-ready tariffs with increased speed for mobile WiFi routers. In the low value segment, the competitive intensity remained high, with a new MVNO entering the market and promotional activities.

In Q2 2019, the demand for mobile WiFi routers remained strong. SIM card registration which has been effective as of January 1, 2019 led to lower gross additions and subscriber numbers in the prepaid segment as well as some shift to low-value contract offers. As of April 1, 2019 an indexation of 2.0% has been effective for existing customers in both the mobile high-value and parts of the fixed-line business.

Total revenues in the Austrian segment increased by 1.5% year-on-year in the second quarter of 2019, mainly driven by a higher other operating income due to the real estate sale. Excluding this one-off effect, total revenues remained stable (+0.2%) as higher service revenues were able to offset lower equipment revenues. The latter declined due to lower quantities for retention as well as for acquisition.

Retail mobile service revenues remained stable driven by growth in mobile WiFi routers as well as increased revenues from high-value customers but were negatively impacted by the EU international calls regulation which has been in place since May 15, 2019. Visitor and national roaming revenues were higher due to higher data usage, offsetting reduced intra-operator/inter-company tariffs, while interconnection revenues decreased due to a lower volume of and lower prices for SMS. ARPU remained stable as increases due to mobile WiFi routers outweighed losses in the low value segment following the prepaid registration.

Strong solutions and connectivity revenue growth in Austria in Q2 2019

Fixed-line service revenues grew on the back of higher solutions and connectivity revenues due to the ongoing strong demand for ICT solutions and complementary connectivity, which outweighed lower retail fixed-line service revenues. Retail fixed-line service revenues decreased by 1.3% as losses in voice and a decline in the number of low bandwidth broadband subscribers could not be fully offset by the rising demand for higher bandwidth products and TV options as well as the abovementioned indexation measure. ARPL increased further by 2.6% due to successful upselling activities and price indexation.

Internet@home subscriber numbers, which include pure fixed-line broadband RGUs, hybrid modems and mobile WiFi routers, grew by 2.0%. This was mainly driven by ongoing strong demand for mobile WiFi routers.

EBITDA excluding restructuring charges and the abovementioned one-off effect increased by 0.8%. Higher service revenues and lower workforce costs were able to offset increased cost of services, which were mainly driven by higher maintenance, content and corporate network costs. Workforce costs declined mainly due to a lower number of employees. The equipment margin remained almost stable.

Subsidies per handset were higher compared to Q2 2018 due to Easter promotions in the reporting period, following the later Easter date this year. This led to slightly higher total subsidies despite lower quantities.

International operations

Key performance indicators Financials

in EUR million	Q2 2019	Q2 2018	% change	1-6 M 2019	1-6 M 2018	% change
	IFRS 16	IFRS 16 based		IFRS 16	IFRS 16 based	
Total revenues	476.2	457.8	4.0	929.3	888.9	4.5
Service revenues	379.0	359.4	5.5	735.8	698.4	5.4
thereof mobile service revenues	289.7	276.4	4.8	557.2	535.9	4.0
thereof fixed-line service revenues	89.3	83.0	7.6	178.6	162.5	9.9
Equipment revenues	87.7	86.2	1.8	176.0	170.2	3.4
Other operating income	9.5	12.3	-22.9	17.5	20.3	-13.5
EBITDA	173.6	165.2	5.1	334.7	310.4	7.8
% of total revenues	36.5%	36.1%		36.0%	34.9%	
EBIT	63.1	-4.3	n.m.	115.0	-60.1	n.m.
% of total revenues	13.3%	-0.9%		12.4%	-6.8%	

Wireless indicators	Q2 2019	Q2 2018	% change	1-6 M 2019	1-6 M 2018	% change
	IFRS 16	IFRS 16 based		IFRS 16	IFRS 16 based	
Wireless subscribers (thousands)	14,611.6	14,586.3	0.2	14,611.6	14,586.3	0.2
thereof postpaid	11,404.5	11,202.1	1.8	11,404.5	11,202.1	1.8
thereof prepaid	3,207.1	3,384.2	-5.2	3,207.1	3,384.2	-5.2

Wireline indicators	Q2 2019	Q2 2018	% change	Q2 2019	Q2 2018	% change
	IFRS 16	IFRS 16 based		IFRS 16	IFRS 16 based	
RGUs (thousands)	2,888.2	2,779.4	3.9	2,888.2	2,779.4	3.9

The international operations showed an increase in total revenues of 4.0%, driven by mobile and fixed-line service revenue growth. Service revenues grew in all segments, with Bulgaria, Belarus and Serbia as the main positive contributors. EBITDA increased by 5.1%, driven particularly by Bulgaria, Croatia and Slovenia.

Service revenues showed growth in all CEE markets

Segment Bulgaria

Market dynamics in Bulgaria remained unchanged compared to previous quarters. The fixed-line business continued to be driven by customized corporate solutions, upselling and exclusive sports content, which led to a higher ARPL as well as more broadband and TV RGUs. The mobile business still showed strong trends in both the business and the residential segment driving revenues and ARPU higher. Subsidies remained mostly unchanged.

This resulted in a strong increase in service revenues while equipment revenues as well as other operating income declined. Overall, total revenues increased by 4.0%, leading to a strong EBITDA growth of 9.3%.

Segment Croatia

In Croatia, the market continued to be shaped by a competitive mobile market and convergent solutions with highly discounted offers. In April 2019, A1 Hrvatska launched an unlimited data option, additionally available against a surcharge for its high-value mobile tariffs, while Hrvatski Telekom also introduced an unlimited mobile proposition in the premium segment. In May 2019, Tele2 announced to sell its Croatian business to United Group, a Balkan based telecom services provider. The closing is subject to regulatory approval. In the fixed-line business, the demand for TV content remained strong.

Total revenues in the Croatian segment rose slightly by 0.3% year-on-year, driven by higher service revenues. Mobile service revenues grew due to higher subscriber numbers driven by the demand for mobile WiFi routers and successful promotional activities. Fixed-line service revenues showed a modest growth, driven by higher solutions & connectivity revenues due to a higher number of satellite RGUs, which were able to offset a slight decline in retail fixed-line revenues.

Costs and expenses decreased as higher market investments, reflected in content costs and commissions, as well as higher bad debt were more than offset by lower frequency usage fees following the cut as of November 2018. As a result, EBITDA increased by 7.2% year-on-year.

Segment Belarus

The macroeconomic environment in Belarus showed a stable development, with inflation at 5.7% in June and a slight FX appreciation of 1.7% (period average) in Q2 2019. While the mobile market remained competitive, velcom concluded its redesign and renewal of service plans in the second quarter, especially with the improvement of youth and business propositions. As a result, its new residential postpaid and prepaid portfolio gained traction. Since mid-March, velcom has been offering 4G services in cooperation with beCloud. In April, the launch of the 'A1' brand successfully started with the incorporation into a dual brand.

As of July 1, 2019, an inflation-linked price increase for mobile customers of 4.3% was implemented, while fixed-line tariffs for existing customers were increased by 6.0% in June 2019.

Total revenues in the Belarusian segment increased by 7.3% (+7.2% excluding FX effects and a one-off effect in other operating income in Q2 2018). This rise was mainly driven by higher service revenues following charging of unlimited mobile data options since Q1 2019, and an inflation-linked price increase of 2.4% for mobile subscribers as of September 1, 2018. Fixed-line service revenues also contributed to the growth. Equipment revenues increased driven by a higher value handset portfolio, resulting in an uplift of the absolute margin. Attractive instalment models supported the sales performance of higher value equipment.

Costs and expenses rose mainly due to higher cost of services, namely increased interconnection expenses, content costs and network costs, as well as higher workforce costs and higher bad debt.

In total, EBITDA declined by 1.9% as the year-on-year comparison was also affected by a positive one-off effect in other operating income in Q2 2018. EBITDA excluding one-off and FX effects remained stable in Q2 2019 (-0.2%), as higher service revenues were able to outweigh the abovementioned cost increases.

Other Segments

In the Slovenian market, mobile competition remained intense with attractive offers including high data allowances, while TV content still plays an important role in the fixed-line business. Total revenues increased, driven by higher equipment revenues and an increase in fixed-line service revenues. The latter rose due to higher subscriber numbers and the expiration of a fixed-line promotion with lower monthly fees at the end of 2018. Costs and expenses declined, mainly due to the VULA agreement entered in Q4 2018. This led to a shift of bitstream costs, included in cost of services in the comparison period, to D&A for rights of use in the reporting period, following the IFRS 16 accounting standard. Together with a better equipment margin, partly due to lower subsidies per device, this led to an EBITDA increase of 17.5%, while operational trends continued to be challenging.

In the Serbian mobile business, the demand for unlimited voice and SMS tariffs with flat data allowances remained solid while strong demand for mobile WiFi routers also continued. The ongoing service revenue growth of 9.3% was translated into an EBITDA growth of 4.1%. A sales push in Q2 2019 led to higher subsidies, resulting in a worse equipment margin, and an increase in salesforce costs while interconnection costs also increased.

With the introduction of a regional retail roaming agreement for the Western Balkan countries, roaming rates have been cut as of July 1, 2019 and are planned to be abolished entirely by July 1, 2021. This affects both Serbia and North Macedonia.

In North Macedonia, customer retention and upselling remained the focus for the existing market players. The fixed-line provider Telekabel launched a mobile SIM-only proposition in Q1 2019. Mobile WiFi routers, which were formerly reported in fixed-line RGUs, have been reported in mobile postpaid starting with Q2 2019 due to a new product logic. Although the segment reported higher service revenues, EBITDA declined by 5.8% year-on-year due to the release of a bad debt provision in Q2 2018.

Half-year Highlights

- Group total revenues increased by 2.1%, driven by service revenue growth in all markets.
- Mobile service revenues rose or remained stable in all markets, mainly due to the ongoing strong demand for mobile WiFi routers.
- Fixed-line service revenues were developing well, with particularly strong growth in solutions and connectivity revenues in Austria as well as a strong performance in Bulgaria.
- Group EBITDA excluding one-off and FX effects as well as restructuring charges increased by 2.4%, driven by higher service revenues.
 - While Austria continued to show solid operational trends, EBITDA excluding restructuring and one-off effects declined by 1.2%, mainly due to a lower equipment margin which was particularly supportive in Q1 2018.
 - The increase in EBITDA for the international operations was particularly supported by Bulgaria, Croatia and Slovenia.
 - On a reported basis, EBITDA declined due to restructuring charges in Austria, which amounted to EUR 42.0 mn in the first half of 2019 (1-6M 2018: EUR 0.2 mn).
- Net result increased from EUR 86.5 mn in the first half of 2018 to EUR 155.9 mn in the first half of 2019. While the comparison period was negatively impacted by the brand amortization, in Q2 2019 a tax case in Bulgaria had a negative impact on net income.

The following factors should be considered in the analysis of A1 Telekom Austria Group's half-year operating results:

- Total one-off effects of positive EUR 8.2 mn in revenues and EUR 6.8 mn in EBITDA in the first half of 2019, stemming mainly from a real estate sale in other operating income in Austria. Minor positive one-off effects in the first half of 2018 (EUR 3.3 mn in revenues and EUR 3.7 mn in EBITDA).
- Minor positive FX effects amounting to EUR 1.7 mn for total revenues and EUR 0.7 mn for EBITDA in the first half of 2019.

Group profit and loss – below EBITDA

In the first half of 2019, **depreciation and amortization** (incl. rights of use) decreased by 24.3% to EUR 471.3 mn, driven by the brand value amortization in the comparison period.

Operating income rose by 81.6% to EUR 294.8 mn in the first half of 2019, positively impacted by the brand amortization of last year. Excluding the D&A of the rebranding, operating income decreased by 7.3% due to restructuring charges.

Net result increased from EUR 86.5 mn in the first half of 2018 to EUR 155.9 mn in the reporting period, positively impacted by the brand amortization of last year. Apart from this, a tax case in Bulgaria had a negative impact on net income in Q2 2019.

Net result of EUR 155.9 mn in the first half of 2019

Cashflow

(in EUR million)	1-6 M 2019 IFRS 16	1-6 M 2018 IFRS 16 based	% change
Cash flow from operating activities	668.8	688.6	-2.9
Capital expenditures paid	-473.2	-366.4	-29.2
Proceeds from sale of plant, property and equipment	11.7	4.3	173.3
Interest paid	-53.7	-38.6	-39.1
Lease principal paid	-84.9	-82.2	-3.3
Free cash flow	68.7	205.7	-66.6

Cash flow from operating activities declined despite better operating performance in the first half of 2019 due to higher working capital needs and higher income taxes paid. In the first half of 2019, the changes in 'working capital and other financial positions' ('Changes in financial positions') in the amount of EUR 134.2 mn (1-6M 2018: EUR 100.6 mn) were mainly driven by payments to suppliers and payments for restructuring as well as income tax payments which were impacted by the abovementioned tax case in Bulgaria.

Capital expenditures paid in the first half of 2019 were mainly driven by acquired frequencies in Austria and Belarus. Proceeds from sale of plant, property and equipment benefited from the real estate sale in Austria, while interest paid were also impacted by the Bulgarian tax case. In total, this led to a decline of the free cash flow from EUR 205.7 mn in the first half of 2018 to EUR 68.7 mn in the reporting period.

Capex (excl. leases)

In the first half of 2019, capital expenditures increased by 32.3% to EUR 414.6 mn. Tangible capital expenditures rose by 6.1% to EUR 278.5 mn, mainly due to higher investments in Austria and Belarus. While Austrian tangible capital expenditures rose due to higher investments in the fiber roll-out, in Belarus they increased year-on-year due to time-shifts in mobile network investments.

Intangible capital expenditures rose from EUR 50.9 mn in the comparison period to EUR 136.2 mn in the first half of 2019, due to acquired frequencies in Austria (3.5 GHz; EUR 64.3 mn), Belarus (2.1 GHz; EUR 9.5 mn) and Croatia (2.1 GHz; EUR 7.2 mn).

A1 Telekom Austria Group outlook for the full year 2019

Outlook confirmed

The Management of A1 Group confirms the outlook with revenue growth of approximately 2% and stable capital expenditures (excl. leases) before spectrum investments and acquisitions of approximately EUR 770 mn as well as a EUR 0.21 dividend per share for the financial year 2019 as a proposal for the Annual General Meeting 2020. With regards to costs, A1 Group is determined to continuously increase efficiency, which should enable the translation of revenue growth into operational EBITDA growth (i.e. excluding restructuring charges, one-off and FX effects). The Belarusian Rouble is expected to devalue by up to 5% (period average) in 2019. In the first six months, the Belarusian Rouble appreciated by 0.7% against the Euro (period average).

Detailed Figures

Information on alternative performance measures

The Consolidated Financial Statements are prepared according to applicable accounting standards. Additionally, 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 following reconciliation tables.

Revenues

in EUR million	Q2 2019	Q2 2018	% change	1-6 M 2019	1-6 M 2018	% change
	IFRS 16	IFRS 16 based		IFRS 16	IFRS 16 based	
Austria	658.5	648.8	1.5	1,305.3	1,301.2	0.3
Bulgaria	115.4	111.0	4.0	226.5	218.0	3.9
Croatia	106.5	106.2	0.3	208.6	205.8	1.4
Belarus	105.2	98.0	7.3	198.9	186.4	6.7
Slovenia	51.5	50.8	1.4	102.6	99.6	3.1
Serbia	68.9	63.7	8.2	134.0	124.1	8.0
North Macedonia	29.3	29.6	-1.0	59.6	57.6	3.5
Corporate & other, eliminations	-12.6	-13.7	n.m.	-23.5	-25.2	n.m.
Total revenues	1,122.6	1,094.3	2.6	2,212.1	2,167.4	2.1

Service Revenues

in EUR million	Q2 2019	Q2 2018	% change	1-6 M 2019	1-6 M 2018	% change
	IFRS 16	IFRS 16 based		IFRS 16	IFRS 16 based	
Austria	576.6	568.4	1.4	1,153.8	1,138.0	1.4
Bulgaria	93.4	86.9	7.5	182.9	170.9	7.0
Croatia	91.5	89.7	1.9	177.0	173.1	2.2
Belarus	79.2	72.8	8.7	151.2	140.4	7.7
Slovenia	39.5	39.3	0.6	78.4	76.9	2.0
Serbia	51.1	46.8	9.3	98.3	90.5	8.7
North Macedonia	24.9	24.4	2.2	48.9	47.5	2.9
Corporate & other, eliminations	-12.5	-12.0	n.m.	-22.4	-22.4	n.m.
Total service revenues	943.7	916.3	3.0	1,868.1	1,814.8	2.9

Mobile Service Revenues

in EUR million	Q2 2019 IFRS 16	Q2 2018 IFRS 16 based	% change	1-6 M 2019 IFRS 16	1-6 M 2018 IFRS 16 based	% change
Austria	229.9	230.6	-0.3	460.8	461.8	-0.2
Bulgaria	64.5	61.6	4.6	126.3	121.2	4.2
Croatia	59.8	58.4	2.5	113.6	111.2	2.1
Belarus	67.6	63.2	7.1	128.7	122.2	5.3
Slovenia	30.2	30.5	-1.2	59.6	59.3	0.4
Serbia	48.7	45.1	7.9	93.3	87.7	6.4
North Macedonia	19.4	18.0	7.7	36.6	35.0	4.5
Corporate & other, eliminations	-4.9	-4.0	n.m.	-8.7	-7.2	n.m.
Total mobile service revenues	515.2	503.5	2.3	1,010.1	991.2	1.9

*In North Macedonia, service revenues from WiFi routers, which were formerly reported in fixed-line service revenues, are reported in mobile service revenues since Q2 2019.

Fixed-Line Service Revenues

in EUR million	Q2 2019 IFRS 16	Q2 2018 IFRS 16 based	% change	1-6 M 2019 IFRS 16	1-6 M 2018 IFRS 16 based	% change
Austria	346.7	337.8	2.6	693.0	676.2	2.5
Bulgaria	28.9	25.3	14.4	56.6	49.7	13.9
Croatia	31.6	31.3	1.0	63.3	61.9	2.4
Belarus	11.6	9.7	19.4	22.6	18.2	24.0
Slovenia	9.4	8.8	6.8	18.9	17.5	7.7
Serbia	2.4	1.7	46.0	5.0	2.8	77.8
North Macedonia	5.5	6.3	-13.7	12.3	12.5	-1.5
Corporate & other, eliminations	-7.6	-8.1	n.m.	-13.7	-15.1	n.m.
Total fixed line service revenues	428.5	412.8	3.8	858.0	823.6	4.2

*In North Macedonia, service revenues from WiFi routers, which were formerly reported in fixed-line service revenues, are reported in mobile service revenues since Q2 2019.

Other Operating Income

in EUR million	Q2 2019 IFRS 16	Q2 2018 IFRS 16 based	% change	1-6 M 2019 IFRS 16	1-6 M 2018 IFRS 16 based	% change
Austria	19.8	14.7	34.3	33.9	27.9	21.8
Bulgaria	1.3	2.5	-49.0	2.9	4.1	-28.5
Croatia	1.9	1.4	35.7	3.3	2.8	18.2
Belarus	4.8	6.6	-26.9	7.4	9.9	-25.7
Slovenia	0.8	1.2	-34.4	1.6	2.3	-29.6
Serbia	0.6	1.0	-44.1	1.4	2.1	-31.8
North Macedonia	0.2	0.4	-64.2	0.9	0.6	48.8
Corporate & other, eliminations	-0.1	-1.5	n.m.	-0.9	-2.5	n.m.
Total other operating income	29.1	26.3	10.8	50.6	47.2	7.4

EBITDA

in EUR million	Q2 2019 IFRS 16	Q2 2018 IFRS 16 based	% change	1-6 M 2019 IFRS 16	1-6 M 2018 IFRS 16 based	% change
Austria	236.3	247.0	-4.3	462.3	502.2	-7.9
Bulgaria	45.1	41.2	9.3	87.9	77.6	13.3
Croatia	34.9	32.6	7.2	66.6	62.4	6.8
Belarus	47.8	48.7	-1.9	90.4	90.6	-0.2
Slovenia	14.5	12.3	17.5	28.4	24.5	15.7
Serbia	20.4	19.6	4.1	39.4	36.7	7.4
North Macedonia	10.9	11.6	-5.8	22.0	20.1	9.4
Corporate & other, eliminations	-17.8	-15.6	n.m.	-30.8	-28.8	n.m.
Total EBITDA	392.1	397.5	-1.4	766.2	785.3	-2.4

EBITDA After Leases*

in EUR million	Q2 2019 IFRS 16	Q2 2018 IFRS 16 based	% change	1-6 M 2019 IFRS 16	1-6 M 2018 IFRS 16 based	% change
Austria	216.3	229.0	-5.5	422.5	466.3	-9.4
Bulgaria	38.4	35.3	8.9	74.7	65.7	13.7
Croatia	31.0	28.7	8.3	58.8	54.7	7.6
Belarus	43.9	45.6	-3.8	83.0	84.6	-2.0
Slovenia	10.1	9.4	7.5	19.8	18.5	7.0
Serbia	16.4	15.9	3.6	31.4	29.2	7.9
North Macedonia	9.3	10.3	-9.3	18.8	17.4	8.1
Corporate & other, eliminations	-17.9	-15.6	n.m.	-30.9	-28.9	n.m.
Total EBITDA after leases	347.7	358.6	-3.0	678.2	707.5	-4.1

* EBITDA after leases is defined as EBITDA plus depreciation of right-of-use assets and interest expense on lease liabilities

Depreciation and Amortisation

in EUR million	Q2 2019 IFRS 16	Q2 2018 IFRS 16 based	% change	1-6 M 2019 IFRS 16	1-6 M 2018 IFRS 16 based	% change
Austria	126.4	127.0	-0.5	250.6	251.6	-0.4
Bulgaria	28.6	87.0	-67.1	56.7	202.3	-72.0
Croatia	26.2	32.5	-19.5	51.5	64.8	-20.5
Belarus	23.6	21.7	8.9	46.8	42.2	10.9
Slovenia	11.2	10.1	11.6	21.9	20.0	9.1
Serbia	13.8	13.6	1.0	27.5	27.9	-1.4
North Macedonia	7.3	4.6	58.1	15.7	13.2	18.7
Corporate & other, eliminations	0.4	0.5	-19.3	0.7	0.8	-22.0
Total D&A	237.5	296.9	-20.0	471.3	622.9	-24.3

EBIT

in EUR million	Q2 2019 IFRS 16	Q2 2018 IFRS 16 based	% change	1-6 M 2019 IFRS 16	1-6 M 2018 IFRS 16 based	% change
Austria	109.9	120.0	-8.4	211.7	250.6	-15.5
Bulgaria	16.4	-45.8	n.m.	31.2	-124.7	n.m.
Croatia	8.7	0.0	n.m.	15.1	-2.3	n.m.
Belarus	24.2	27.0	-10.6	43.6	48.3	-9.9
Slovenia	3.3	2.3	44.0	6.5	4.5	45.6
Serbia	6.7	6.0	11.2	11.9	8.8	35.2
North Macedonia	3.6	7.0	-47.8	6.3	6.8	-8.6
Corporate & other, eliminations	-18.2	-16.1	-13.4	-31.5	-29.7	-6.0
Total EBIT	154.6	100.5	53.8	294.8	162.4	81.6

Capital Expenditures

in EUR million	Q2 2019 IFRS 16	Q2 2018 IFRS 16 based	% change	1-6 M 2019 IFRS 16	1-6 M 2018 IFRS 16 based	% change
Austria	181.4	112.7	61.0	290.4	214.9	35.1
Bulgaria	16.3	13.5	20.9	26.5	24.6	7.7
Croatia	21.6	22.6	-4.2	46.3	36.3	27.5
Belarus	20.5	4.4	n.m.	27.2	11.8	131.2
Slovenia	3.9	4.2	-6.0	6.1	7.3	-16.2
Serbia	7.7	5.5	38.5	10.4	11.1	-6.6
North Macedonia	3.9	4.6	-14.2	5.4	7.0	-22.7
Corporate & other, eliminations	1.4	0.7	101.1	2.3	0.5	n.m.
Total capital expenditures	256.8	168.1	52.7	414.6	313.4	32.3

Capital Expenditures - Tangible

in EUR million	Q2 2019 IFRS 16	Q2 2018 IFRS 16 based	% change	1-6 M 2019 IFRS 16	1-6 M 2018 IFRS 16 based	% change
Austria	97.0	97.7	-0.7	186.6	180.5	3.3
Bulgaria	13.6	11.3	20.3	21.0	19.1	10.1
Croatia	19.8	20.3	-2.5	35.6	33.5	6.2
Belarus	9.7	3.1	214.4	15.2	8.5	78.2
Slovenia	3.3	2.8	15.1	5.2	5.6	-6.5
Serbia	6.5	4.9	31.3	8.5	9.0	-5.8
North Macedonia	3.7	4.3	-13.4	5.0	6.6	-24.0
Corporate & other, eliminations	0.8	0.0	n.m.	1.4	-0.3	n.m.
Total capital expenditures - tangible	154.5	144.6	6.9	278.5	262.5	6.1

Capital Expenditures - Intangible

in EUR million	Q2 2019 IFRS 16	Q2 2018 IFRS 16 based	% change	1-6 M 2019 IFRS 16	1-6 M 2018 IFRS 16 based	% change
Austria	84.4	14.9	n.m.	103.8	34.4	202.2
Bulgaria	2.7	2.2	24.2	5.5	5.5	-0.9
Croatia	1.8	2.3	-19.2	10.8	2.9	277.0
Belarus	10.8	1.4	n.m.	12.1	3.3	269.3
Slovenia	0.6	1.3	-51.7	0.9	1.7	-48.2
Serbia	1.2	0.6	98.3	1.9	2.1	-10.1
North Macedonia	0.2	0.3	-26.9	0.4	0.4	0.4
Corporate & other, eliminations	0.5	0.7	-20.0	0.9	0.8	19.0
Total capital expenditures - intangible	102.3	23.5	n.m.	136.2	50.9	167.4

Wireless Subscribers

in thousands	Q2 2019	Q2 2018	% change
Austria	5,241.2	5,284.5	-0.8
thereof postpaid	3,851.8	3,796.0	1.5
Bulgaria	3,836.8	3,973.5	-3.4
thereof postpaid	3,408.1	3,517.9	-3.1
Croatia	1,852.2	1,801.0	2.8
thereof postpaid	1,081.9	1,001.5	8.0
Belarus	4,869.4	4,861.5	0.2
thereof postpaid	4,069.1	3,985.0	2.1
Slovenia	697.0	694.4	0.4
thereof postpaid	616.8	606.4	1.7
Serbia	2,271.5	2,173.1	4.5
thereof postpaid	1,523.8	1,416.3	7.6
North Macedonia*	1,084.7	1,082.8	0.2
thereof postpaid	704.7	674.9	4.4
Total wireless subscribers	21,179.8	20,755.8	2.0
 thereof postpaid	16,583.3	15,883.1	4.4

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

RGUs

in thousands	Q2 2019	Q2 2018	% change
Austria	3,283.7	3,362.7	-2.3
thereof broadband	1,419.8	1,442.8	-1.6
thereof TV	317.9	305.2	4.2
Bulgaria	1,040.5	1,014.7	2.5
thereof broadband	454.0	440.1	3.2
thereof TV	517.3	496.6	4.2
Croatia	703.6	658.2	6.9
thereof broadband	259.3	249.1	4.1
thereof TV	238.9	217.0	10.1
Belarus	624.4	614.9	1.5
thereof broadband	234.7	245.8	-4.5
thereof TV	387.0	366.4	5.6
Slovenia	190.4	176.9	7.6
thereof broadband	77.8	71.3	9.2
thereof TV	64.4	57.2	12.5
North Macedonia*	329.3	314.6	4.7
thereof broadband	103.0	101.1	1.9
thereof TV	131.2	124.4	5.5
Total RGUs	6,172.0	6,142.0	0.5
thereof broadband	2,548.5	2,550.1	-0.1
thereof TV	1,656.7	1,566.8	5.7

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

Mobile churn

in %	Q2 2019	Q2 2018	% change	1-6 M 2019	1-6 M 2018	% change
	IFRS 16	IFRS 16 based		IFRS 16	IFRS 16 based	
Austria	1.4%	1.5%	-6.6	1.4%	1.6%	-11.9
Bulgaria	1.4%	1.4%	-0.1	1.9%	1.4%	31.0
Croatia	1.8%	1.7%	4.8	2.3%	2.0%	14.5
Belarus	1.4%	1.4%	-4.5	1.4%	1.4%	-4.4
Slovenia	1.3%	1.5%	-13.3	1.3%	1.5%	-16.7
Serbia	2.7%	3.1%	-13.5	2.7%	3.2%	-15.3
North Macedonia	1.5%	1.7%	-10.2	1.5%	1.7%	-14.5

EBITDA after leases – adjusted for FX-, one-off effects and restructuring charges

in EUR million	Q2 2019 IFRS 16	Q2 2018 IFRS 16 based	% change	1-6 M 2019 IFRS 16	1-6 M 2018 IFRS 16 based	% change
EBITDA after leases	347.7	358.6	-3.0	678.2	707.5	-4.1
FX translation effect	-0.8			-0.7		
One-off effects	-6.8	-2.9		-6.8	-3.8	
Restructuring charges	21.1	0.1		42.0	0.2	
EBITDA after leases - excl. FX-, one-off effects and restructuring charges	361.1	355.8	1.5	712.7	703.9	1.3

EBITDA per segment - adjusted for FX-, one-off effects and restructuring charges

in EUR million	Q2 2019 IFRS 16	Q2 2018 IFRS 16 based	% change	1-6 M 2019 IFRS 16	1-6 M 2018 IFRS 16 based	% change
Austria	249.2	247.1	0.8	496.1	502.4	-1.2
Bulgaria	45.1	40.5	11.3	87.9	76.5	14.9
Croatia	35.0	32.6	7.4	66.6	62.4	6.8
Belarus	46.9	47.0	-0.2	89.7	88.4	1.5
Slovenia	15.5	12.3	25.5	29.4	24.5	19.7
Serbia	20.8	19.6	6.1	39.8	36.7	8.3
North Macedonia	10.9	11.1	-1.7	22.0	19.6	12.1
Corporate & other, eliminations	-17.8	-15.6	n.m.	-30.8	-28.9	n.m.
Total adjusted EBITDA	405.5	394.7	2.7	800.7	781.7	2.4

Group EBITDA - adjustments for FX-, one-off effects and restructuring charges

in EUR million	Q2 2019 IFRS 16	Q2 2018 IFRS 16 based	% change	1-6 M 2019 IFRS 16	1-6 M 2018 IFRS 16 based	% change
EBITDA	392.1	397.5	-1.4	766.2	785.3	-2.4
FX translation effect	-0.8			-0.7		
One-off effects	-6.8	-2.9		-6.8	-3.8	
Restructuring charges	21.1	0.1		42.0	0.2	
EBITDA - excl. FX-, one off effects and restructuring charges	405.5	394.7	2.7	800.7	781.7	2.4

Austria EBITDA - adjustments for one-off effects and restructuring charges

in EUR million	Q2 2019 IFRS 16	Q2 2018 IFRS 16 based	% change	1-6 M 2019 IFRS 16	1-6 M 2018 IFRS 16 based	% change
EBITDA	236.3	247.0	-4.3	462.3	502.2	-7.9
One-off effects	-8.2	0.0		-8.2	0.0	
Restructuring charges	21.1	0.1		42.0	0.2	
EBITDA excl. one off effects and restructuring charges	249.2	247.1	0.8	496.1	502.4	-1.2

ARPU

ARPU-relevant revenues are wireless service revenues, i.e. mobile retail revenues (incl. customer roaming) and mobile interconnection as well as visitor roaming and national roaming revenues. The ARPU is calculated based on ARPU-relevant revenues divided by the average subscribers in a certain period.

in EUR	Q2 2019 IFRS 16	Q2 2018 IFRS 16 based	% change	1-6 M 2019 IFRS 16	1-6 M 2018 IFRS 16 based	% change
Austria	14.5	14.5	0.1	14.5	14.5	-0.2
Bulgaria	5.6	5.2	8.2	5.5	5.1	7.6
Croatia	10.9	11.0	-0.5	10.4	10.5	-0.7
Belarus	4.6	4.3	6.8	4.4	4.2	5.1
Slovenia	14.4	14.6	-1.4	14.2	14.2	0.4
Serbia	7.2	6.9	4.4	7.0	6.7	4.1
North Macedonia*	6.0	5.6	7.5	5.6	5.4	4.1
Group ARPU	8.2	8.1	0.5	8.0	8.0	0.3

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

ARPL (reported)

ARPL-relevant revenues are fixed retail revenues and fixed interconnection revenues. The ARPL is calculated by dividing ARPL-relevant revenues by average fixed access lines in a certain period. The difference to fixed-line service revenues represents interconnection transit revenues, solutions & connectivity revenues and other revenues.

in EUR	Q2 2019 IFRS 16	Q2 2018 IFRS 16 based	% change	1-6 M 2019 IFRS 16	1-6 M 2018 IFRS 16 based	% change
Austria*	31.2	30.4	2.6	31.2	30.4	2.5
Bulgaria	13.2	12.5	5.3	13.0	12.3	5.9
Croatia	30.0	30.3	-0.9	30.3	30.2	0.2
Belarus	5.9	5.6	5.0	5.6	5.7	-2.0
Slovenia*	35.3	36.0	-2.0	35.8	36.3	-1.4
Serbia	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
North Macedonia**	10.8	11.0	-0.9	10.9	11.1	-2.1

* Figures for the comparison period were restated due to minor reclassifications in Austria and Slovenia.

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

ARPL-relevant revenues (in EUR million)	Q2 2019 IFRS 16	Q2 2018 IFRS 16 based	% change	1-6 M 2019 IFRS 16	1-6 M 2018 IFRS 16 based	% change
Austria*	189.0	191.5	-1.3	379.6	384.1	-1.2
Bulgaria	21.1	19.8	6.5	41.9	39.2	7.0
Croatia	26.9	26.8	0.5	54.1	53.4	1.4
Belarus	7.4	6.4	15.2	14.5	11.8	22.8
Slovenia*	8.2	7.7	6.4	16.3	15.4	6.0
Serbia	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
North Macedonia**	4.9	4.7	4.4	9.9	9.6	2.9

* Figures for the comparison period were restated due to minor reclassifications in Austria and Slovenia.

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

Access lines (in '000)	Q2 2019	Q2 2018	% change
Austria	2,006.5	2,085.7	-3.8
Bulgaria	538.2	532.0	1.2
Croatia	298.1	293.8	1.5
Belarus	405.3	423.5	-4.3
Slovenia	77.9	71.3	9.2
Serbia	n.a.	n.a.	n.a.
North Macedonia*	152.2	144.8	5.1

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

Belarus Key Financials in EUR and BYN

Due to the impact on the consolidated results of occasionally substantial fluctuations in the Belarusian Rouble, the performance of the Belarusian segment is also presented in local currency.

in EUR million	Q2 2019	Q2 2018	% change	1-6 M 2019	1-6 M 2018	% change
	IFRS 16	IFRS 16 based		IFRS 16	IFRS 16 based	
Total revenues	105.2	98.0	7.3	198.9	186.4	6.7
Total costs and expenses	-57.4	-49.2	-16.5	-108.5	-95.8	-13.3
EBITDA	47.8	48.7	-1.9	90.4	90.6	-0.2

in BYN million	Q2 2019	Q2 2018	% change	1-6 M 2019	1-6 M 2018	% change
	IFRS 16	IFRS 16 based		IFRS 16	IFRS 16 based	
Total revenues	247.4	234.6	5.4	475.8	448.9	6.0
Total costs and expenses	-134.8	-117.9	-14.4	-259.5	-230.7	-12.5
EBITDA	112.5	116.7	-3.6	216.3	218.2	-0.9

Additional Information

Risks and Uncertainties

A1 Telekom Austria Group faces various risks and uncertainties which could affect its results. For further details about these risks and uncertainties, please refer to the A1 Telekom Austria Group Annual Report 2018, pp. 78 ff.

Waiver of Review

This financial report of the A1 Telekom Austria Group contains quarterly and half-year results which have not been audited or reviewed by a certified public accountant.

Other

The use of automated calculation systems may give rise to rounding differences.

The reported results include depreciation and amortisation of fair value adjustments resulting from past business combinations and therefore may deviate from the result of the single financial statements.

n.m. - not meaningful, used for percentage changes >300% and others which are not meaningful.

n.a. - not applicable, e.g. for divisions by zero.

Disclaimer

Disclaimer for forward-looking statements: This document 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 report does not constitute a recommendation or invitation to purchase or sell securities of A1 Telekom Austria Group.

Contacts

Investor Relations
Martin Stenitzer
Head of Investor Relations
Tel.: +43 (0) 50 664 23066
Email: martin.stenitzer@a1.group

Corporate Communications
Livia Dandrea-Böhm
Head of External Communications
Tel.: +43 (0) 50 664 31 452
Email: livia.dandrea-boehm@a1.at