Results for the First Quarter 2019[1]

Vienna, April 29, 2019 – Today, A1 Telekom Austria Group (VSE: TKA, OTC US: TKAGY) announces its results for the first quarter of 2019, ending March 31, 2019.

Group Review

Key performance indicators

in EUR million	Q1 2019 IFRS 16	Q1 2018 IFRS 16 based	% change
Total revenues	1,089.5	1,073.1	1.5
Service revenues	924.4	898.5	2.9
thereof mobile service revenues	494.8	487.7	1.5
thereof fixed-line service revenues	429.6	410.9	4.6
Equipment revenues	143.5	153.7	-6.6
Other operating income	21.5	20.9	3.1
EBITDA	374.1	387.8	-3.5
% of total revenues	34.3%	36.1%	
EBITDA excl. restructuring	395.0	387.8	1.9
% of total revenues	36.3%	36.1%	
EBIT	140.2	61.8	126.8
% of total revenues	12.9%	5.8%	

Wireless indicators	Q1 2019 IFRS 16	Q1 2018 IFRS 16 based	% change
Wireless subscribers (thousands)	20,907.8	20,640.4	1.3
Postpaid	16,263.1	15,703.0	3.6
Prepaid	4,644.7	4,937.4	-5.9
MoU (per Ø subscriber)	354.4	339.3	4.5
ARPU (in EUR)	7.9	7.9	0.2
Churn (%)	1.8%	1.8%	

Wireline indicators	Q1 2019 IFRS 16	Q1 2018 IFRS 16 based	% change
RGUs (thousands)	6,248.3	6,034.7	3.5

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. For more details please refer to the section 'Changes in Accounting Policy'.

As of January 1, 2019, A1 Telekom Austria Group initially applied IFRS 16, electing the modified retrospective approach for the initial application in accordance with the transition guidance. Accordingly, the information presented for 2018 has not been restated but is presented based on IFRS 16 with sufficient accuracy. For details on this accounting change as well as additional financial and non-financial figures please refer to the section 'Detailed figures' and 'Change in Accounting Policy' as well as to the 'Analyst fact sheet'.

[1] According to updated ATX prime market rules, companies are no longer obliged to publish quarterly reports. A1 Telekom Austria Group continues to provide details of its quarterly performance. For further details, please refer also to the 'Analyst fact sheet' as well as the presentation on quarterly results (www.a1.group).

Table of Contents

Alternative performance measures are included in this report. For details, please refer to the section 'Detailed figures'.

Group Summary Q1 2019

In Q1 2019, results were solid, with stable or growing service revenues in all markets in both the fixed-line and the mobile business. On a Group level, EBITDA excluding restructuring charges was also higher. Fixed-line revenues profited especially from the solutions and connectivity business as well as TV content, while mobile WiFi routers were the dominant factor in the mobile business.

The presentation for the conference call and key figures of A1 Telekom Austria Group in Excel format ('Fact Sheet Q1 2019') are available on the website at www.a1.group.

- Group total revenues increased by 1.5%, with service revenue growth in all parts of the business.
- Fixed-line service revenues were higher in all markets, with particularly strong growth in solutions and connectivity revenues in Austria.
- Mobile service revenues rose with increases or stable developments in all markets, driven by the ongoing strong demand for mobile WiFi routers.
  - Austrian mobile service revenues were stable as retail mobile service revenue growth outweighed lower visitor roaming and interconnection revenues.
- Mobile contract subscribers rose by 3.6% with growth in all markets except for Bulgaria where the decline was due to a cleaning of inactive SIM-cards. Fixed-line RGUs increased by 3.5%, with broadband RGU growth in all convergent markets except for Austria and higher TV RGUs.
- Group EBITDA excluding restructuring charges increased by 1.9% driven by higher service revenues.
  - While Austria continued to show solid operational trends, EBITDA excluding restructuring declined due to a lower equipment margin and higher workforce costs. Both were particularly supportive in the comparison period.
  - On a reported basis, EBITDA declined due to restructuring charges in Austria, which amounted to EUR 20.9 mn in Q1 2019 (no restructuring charges in Q1 2018).
- Net result increased from EUR 28.4 mn in Q1 2018 to EUR 85.9 mn positively impacted by the brand amortization of last year.
- Free cash flow declined by 58.3% driven by higher capex paid and lower net cash flow from operating activities due to seasonally high needs for working capital.
- Capital expenditures rose by 8.6% to EUR 157.9 mn due to higher investments in the fiber roll-out and for IT customer projects in Austria. Additionally, 2.1 GHz spectrum was acquired in Croatia. Spectrum was also acquired in Austria (3.5 GHz) and in Belarus (2.1 GHz) but has not yet been included in capital expenditures as approvals were received in April.
- In March, velcom in Belarus entered into an agreement with beCloud relating to LTE capacities and officially launched its LTE services in Minsk and other relevant cities. In April, the launch of the 'A1' brand was successfully started.

The impact of non-operational items was negligible in Q1 2018 and Q1 2019:

- Total negative FX effects amounting to EUR 0.1 mn for total revenues and EUR 0.1mn for EBITDA in the first quarter of 2019.
- No one-off effects in Q1 2019 and only minor one-off effects in Q1 2018 (EUR 0.9 mn in revenues and EUR 0.8 mn in EBITDA).

Outlook

Outlook unchanged

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. 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 three months, the devaluation was 0.5% (period average).

Mobile Subscribers and Fixed-line RGUs

Number of postpaid subscribers grew by 3.6% in Q1 2019, RGUs increased by 3.5%

In mobile communications, the number of A1 Telekom Austria Group subscribers increased by 1.3% to 20.9 million subscribers in the quarter under review. In the Austrian market, the regulation for registering SIM cards as of January 1, 2019 led to a strong decline in gross additions 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 see a shift from prepaid to contract offers. Contract subscribers in Bulgaria declined due to cleaning of inactive SIM cards. The number of A1 Digital M2M customers continued to rise sharply. 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 3.5% 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 all other convergent markets, mostly due to broadband and TV RGUs.

Comments on Operating Segments for Q1 2019 – Revenues and EBITDA

Austria

Key performance indicators
Financials

in EUR million	Q1 2019 IFRS 16	Q1 2018 IFRS 16 based	% change
Total revenues	646.8	652.4	-0.9
Service revenues	577.2	569.5	1.3
thereof mobile service revenues	230.9	231.2	-0.1
thereof fixed-line service revenues	346.3	338.4	2.3
Equipment revenues	55.4	69.7	-20.5
Other operating income	14.2	13.1	7.9
EBITDA	226.0	255.2	-11.4
% of total revenues	34.9%	39.1%	
EBITDA excl. restructuring	246.9	255.3	-3.3
% of total revenues	38.2%	39.1%	
EBIT	101.8	130.6	-22.1
% of total revenues	15.7%	20.0%	

Wireless indicators	Q1 2019 IFRS 16	Q1 2018 IFRS 16 based	% change
Wireless subscribers (thousands)	5,308.7	5,307.0	0.0
thereof postpaid	3,830.9	3,777.9	1.4
thereof prepaid	1,477.8	1,529.1	-3.4
MoU (per Ø subscriber)	278.1	267.5	3.9
ARPU (in EUR)	14.4	14.5	-0.5
Churn (%)	1.5%	1.7%	

Wireline indicators	Q1 2019 IFRS 16	Q1 2018 IFRS 16 based	% change
RGUs (thousands)	3,303.3	3,378.7	-2.2

While the market dynamics in Austria remained mostly unchanged, which is reflected in the continuing positive development of major operational KPIs, EBITDA development was affected by a number of non-operational effects (explained below). Subsidies per handset remained at a similar level compared to Q1 2018 but total subsidies declined due to lower quantities. The demand for mobile WiFi routers remained strong and price-insensitive, while in the fixed-line business all players aimed at up- and cross-selling of existing customers. 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% is effective for existing customers in both, the mobile high-value and parts of the fixed-line business.

Strong solutions and connectivity revenue growth in Austria in Q1 2019

Total revenues in the Austrian segment declined by 0.9% year-on-year in the first quarter of 2019, as 1.3% higher service revenues could not offset 20.5% lower equipment revenues. The latter declined due to lower quantities, for retention as well as for acquisition purposes, as the previous year was affected by longer Christmas promotions and the earlier Easter holidays in March.

Fixed-line service revenues grew as solutions and connectivity revenues rose due to the ongoing strong demand for ICT and cloud solutions, which outweighed lower retail fixed-line service revenues and lower interconnection revenues. Retail fixed-line service revenues decreased as losses in voice and a decline in the number of fixed-line broadband subscribers with lower bandwidths could not be fully offset by the rising demand for higher bandwidth products and TV options as well as the impact of last year's indexation measure of 2.1% for existing customers in the fixed-line and the mobile business. ARPL increased further due to successful upselling activities.

Internet@home subscriber numbers, which include pure fixed-line broadband RGUs, hybrid modems and mobile WiFi routers, grew by 2.5%. This was mainly driven by ongoing strong demand for mobile WiFi routers, which remained an important factor in the Austrian market.

Retail mobile service revenues were higher driven by growth in mobile WiFi routers as well as increased revenues from high-value customers and the above mentioned indexation measure. Visitor and customer roaming revenues were lower due to a cut in prices within the A1 Group and with other companies in Q3 2018, while interconnection revenues decreased due to lower volume of and lower prices for SMS. Overall, this led to stable mobile service revenues, while ARPU declined due to lower roaming and interconnection.

EBITDA excluding restructuring charges declined by 3.3% due to a lower equipment margin and increased workforce costs, which were both driven by positive effects in the comparison period. The equipment margin declined due to a particularly high amount of promotional deals and a high ICT equipment margin in Q1 2018 as well as the negative impact from deferrals (according to IFRS 15). Workforce costs were higher in Q1 2019 following the especially low workforce costs in Q1 2018, partly due to time-shifts and positive effects in non-wage labor costs.

Restructuring costs amounted to EUR 20.9 mn in Q1 2019 due to more social plans. There were no restructuring costs in the comparison period.

International operations

Key performance indicators
Financials

in EUR million	Q1 2019 IFRS 16	Q1 2018 IFRS 16 based	% change
Total revenues	453.1	431.1	5.1
Service revenues	356.8	339.0	5.2
thereof mobile service revenues	267.5	259.5	3.1
thereof fixed-line service revenues	89.3	79.5	12.3
Equipment revenues	88.3	84.1	5.0
Other operating income	8.1	8.0	0.8
EBITDA	161.0	145.1	11.0
% of total revenues	35.5%	33.7%	
EBIT	51.9	-55.8	n.m.
% of total revenues	11.5%	-12.9%	

Wireless indicators	Q1 2019 IFRS 16	Q1 2018 IFRS 16 based	% change
Wireless subscribers (thousands)	14,462.3	14,493.7	-0.2
thereof postpaid	11,295.4	11,085.4	1.9
thereof prepaid	3,167.0	3,408.3	-7.1

Wireline indicators	Q1 2019 IFRS 16	Q1 2018 IFRS 16 based	% change
RGUs (thousands)	2,945.0	2,656.0	10.9

EBITDA in international operations rose by 11.0% with growth in all markets

The international operations showed an increase in revenues of 5.1%, driven by fixed-line and mobile service revenue growth. Service revenues grew in all segments, with Bulgaria and Belarus as the main positive contributors. EBITDA increased strongly by 11.0% particularly due to Bulgaria and North Macedonia, but the other segments also exhibited growth.

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 and more broadband RGUs. The mobile business further improved due to better trends in both the business and the residential segment driving revenues and ARPU higher. Subsidies remained mostly unchanged.

This resulted in 6.5% higher service revenues and allowed, despite lower equipment revenues, an increase in total revenues of 3.9%. Equipment revenues decreased due to lower quantities sold. Costs and expenses declined as lower cost of equipment, advertising costs, and bad debt more than outweighed the increase in workforce costs and content costs. In total, this led to EBITDA growth of 17.7%.

Croatia

In Croatia, the market continued to be shaped by convergent solutions with highly discounted offers. The mobile business was driven by the high demand for mobile WiFi routers and the ongoing shift from prepaid to postpaid subscribers. In the fixed-line business, the demand for TV content remained strong, driving ARPL and TV RGU numbers higher.

In total, revenues in the Croatian segment rose by 2.6% year-on-year mainly driven by higher service revenues. Fixed-line service revenues continued to grow, backed by the strong TV business supported by UEFA Champions League content. Mobile service revenues were also higher as a lower ARPU was more than outweighed by higher subscriber numbers driven by the demand for mobile WiFi routers and successful promotional activities. Costs and expenses were only slightly higher as higher market investments reflected in content costs, equipment costs and commissions were almost fully offset by lower frequency usage fees due to the cut as of November 2018 and lower bad debt. As a result, EBITDA increased by 6.3% year-on-year.

Belarus

The macroeconomic environment in Belarus further stabilized, with inflation at 5.8% in March and FX devaluation at 0.5% (period average) in Q1 2019, such that the latter had almost no impact on results. In mid-March, velcom entered into an agreement with beCloud over LTE capacities and officially launched its LTE services in Minsk and other relevant cities. This will allow velcom to remain competitive despite lacking its own 4G license. In the mobile market, tariff offers remained aggressive, but free-of-charge unlimited data offers as part of regular tariffs having been stopped. In April, the launch of the 'A1' brand was successfully started.

Total revenues in the Belarusian segment increased by 6.1%. This rise was driven by higher service revenues following an inflation-linked price increase of 2.9% for mobile subscribers as of September 1, 2018, which also led to higher ARPU. Fixed-line tariffs for existing customers were also increased in March and October 2018 by 9.0% and 5.0% respectively. Equipment revenues increased, driven by higher quantities and a higher margin on sold devices. Costs and expenses rose mainly due to higher workforce costs and higher costs of services, namely higher interconnection expenses, content costs and network costs. In total, EBITDA rose by 1.8%.

Other segments

In the Slovenian market, mobile competition remained intense with attractive offers including high data allowances. TV content is still important in the fixed-line business. Equipment revenues rose due to higher quantities following promotional activities. This led to positive deferrals in the reporting period. A1 Slovenija managed to gain fixed-line customers. Last year, a fixed-line promotion with lower monthly fees was discontinued. Together, this resulted in higher fixed-line service revenues. Mobile service revenues grew year-on-year following higher national roaming revenues. Costs and expenses rose mostly driven by higher content costs. EBITDA increased by 13.9% almost entirely due to the higher non-operative equipment margin following the recognition of revenues for higher quantities (according to IFRS 15).

In Serbia, the demand in the mobile business for unlimited voice and SMS tariffs with flat data allowances remained solid. EBITDA rose by 11.2% as the impact of higher mobile service revenues driven by the ongoing strong demand for the above mentioned mobile tariffs and for mobile WiFi routers, as well as a better equipment margin was partly offset by higher salesforce costs driven by higher bonuses and more employees.

In North Macedonia, customer retention and upselling of existing customers remained the focus for both mobile operators. In this environment, the segment reported higher service and equipment revenues. Costs and expenses were almost stable year-on-year as lower bad debt outweighed higher operation costs. In total, this led to EBITDA growth of 30.2%.

Group profit and loss – below EBITDA

Depreciation and amortization decreased by 32.9% to EUR 194.2 mn in the first quarter of 2019 due to the brand value amortization resulting from the group-wide rebranding (Q1 2018: EUR 101.1 mn; Q1 2019: EUR 8.4 mn). Excluding the D&A of the rebranding, D&A was stable.

Operating income rose by 126.8% to EUR 140.2 mn in Q1 2019. Excluding the D&A of the rebranding, operating income decreased by 8.8% due to restructuring charges.

Net result increased from EUR 28.4 mn in Q1 2018 to EUR 85.9 mn positively impacted by the brand amortization of last year.

Balance Sheet

As of January 1, 2019, lease liabilities in the amount of EUR 1,003.0 mn are included in the balance sheet. For details, please refer to 'Changes in Accounting Policies – IFRS 16' and table 'Condensed Consolidated Statements of Financial Position including IFRS 16 reconciliation'.

As of March 31, 2019, the balance sheet total (including lease liabilities) declined by 0.9% compared to January 1, 2019. Non-current assets decreased, due primarily to the reduction in intangible assets, which was attributable to the amortization of frequencies and brand names in connection with the group-wide rebranding as well as the depreciation of the rights of use assets. The decrease in current liabilities was mainly attributable to lower accounts payable and short-term debt. Non-current liabilities were lower, mainly due to payments for leases.

The equity ratio as of March 31, 2019, amounted to 30.5% after 29.1% as of January 1, 2019 (33.1% without lease liabilities as of December 31, 2018). The increase in shareholders' equity was driven by higher retained earnings due to net income generation.

Net Debt

in EUR million	Mar 31, 2019 IFRS 16	Jan 1, 2019 IFRS 16 based	% change
Net debt (incl. leases)	3,647.8	3,720.8	-2.0
Net debt (incl. leases) / EBITDA (12 months)	2.4x	2.4x	

in EUR million	Mar 31, 2019	Dec 31, 2018	% change
Net debt (excl. leases)	2,683.4	2,718.4	-1.3
Net debt (excl. leases) / EBITDA after leases (12 months)	2.0x	2.0x	

For details on the effect of the first time application of IFRS 16 see 'Changes in Accounting Policies - IFRS 16' and table 'Net debt and net debt/EBITDA IFRS 16 reconciliation'.

Net debt (incl. leases) decreased by 2.0% driven by lower short-term debt due to the redemption of a EUR 240 mn credit facility only partly refinanced by revolving credit facilities. Net debt (incl. leases)/EBITDA (12 months) was stable at 2.4x as of March 31, 2019.

Cash Flow

(in EUR million)	Q1 2019 IFRS 16	Q1 2018 IFRS 16 based	% change
Cash flow from operating activities	308.1	323.7	-4.8
Capital expenditures paid	-216.1	-187.7	-15.1
Lease principal paid	-53.8	-52.1	-3.4
Proceeds from sale of plant, property and equipment	1.7	2.5	-29.2
Interest paid	-5.5	-3.7	-46.4
Free cash flow	**34.4**	**82.6**	**-58.3**

Cash flow from operating activities declined entirely due to seasonally high needs for working capital while EBT adjusted for items not requiring the use of cash and other reconciliation was stable year-on-year.

In Q1 2019, the changes in 'working capital and other financial positions' ('Changes in financial positions') in the amount of EUR 87.1 mn (Q1 2018: EUR 66.4 mn) were driven by seasonally high payments to suppliers and payments for restructuring.

Capital expenditures paid rose year-on-year due to higher investments in Austria in the period under review and higher payments for capital expenditures from previous periods and outstanding cash-receipts from government grants for the subsidized fiber roll-out. In total, free cash flow declined by 58.3% year-on-year.

Capital Expenditures (excl. leases)

In Q1 2019, capital expenditures increased by 8.6% to EUR 157.9 mn. Tangible capital expenditures rose by 5.1% to EUR 124.0 mn, mainly driven by higher investments in the fiber rollout and for IT customer projects in Austria. Intangible capital expenditures rose by 23.8% to EUR 33.9 mn, mainly due to the acquisition of frequencies in the 2.1 GHz band in the amount of EUR 7.2 mn in Croatia. The acquisition of frequencies in the 3.5 GHz band in Austria as well as in the 2.1 GHz band in Belarus will be visible in Q2 2019.

Detailed Figures

Revenues

in EUR million	Q1 2019 IFRS 16	Q1 2018 IFRS 16 based	% change
Austria	646.8	652.4	-0.9
Bulgaria	111.1	107.0	3.9
Croatia	102.1	99.5	2.6
Belarus	93.8	88.4	6.1
Slovenia	51.2	48.8	4.8
Serbia	65.1	60.4	7.7
North Macedonia	30.4	28.0	8.3
Corporate & other, eliminations	-10.9	-11.5	5.3
Total revenues	1,089.5	1,073.1	1.5

EBITDA

in EUR million	Q1 2019 IFRS 16	Q1 2018 IFRS 16 based	% change
Austria	226.0	255.2	-11.4
Bulgaria	42.8	36.4	17.7
Croatia	31.7	29.8	6.3
Belarus	42.6	41.9	1.8
Slovenia	13.9	12.2	13.9
Serbia	19.0	17.1	11.2
North Macedonia	11.1	8.5	30.2
Corporate & other, eliminations	-13.0	-13.3	2.2
Total EBITDA	374.1	387.8	-3.5

EBITDA after leases

in EUR million	Q1 2019 IFRS 16	Q1 2018 IFRS 16 based	% change
Austria	206.2	237.3	-13.1
Bulgaria	36.2	30.4	19.3
Croatia	27.8	26.0	6.9
Belarus	39.1	39.0	0.2
Slovenia	9.7	9.1	6.5
Serbia	15.0	13.3	12.9
North Macedonia	9.5	7.2	32.9
Corporate & other, eliminations	-13.0	-13.3	2.2
Total EBITDA after leases	330.5	348.9	-5.3

EBITDA - excluding FX-, one-off effects and restructuring charges

in EUR million	Q1 2019 IFRS 16	Q1 2018 IFRS 16 based	% change
Austria	246.9	255.3	-3.3
Bulgaria	42.8	36.0	19.0
Croatia	31.6	29.8	6.0
Belarus	42.8	41.4	3.4
Slovenia	13.9	12.2	13.9
Serbia	18.9	17.1	11.0
North Macedonia	11.1	8.5	30.2
Corporate & other, eliminations	-13.0	-13.3	2.2
Total EBITDA - excluding FX-, one-off effects and restructuring charges	395.1	387.0	2.1

Group EBITDA – excluding FX-, one-off effects and restructuring charges

in EUR million	Q1 2019 IFRS 16	Q1 2018 IFRS 16 based	% change
EBITDA	374.1	387.8	-3.5
FX translation effect	0.1		
One-off effects	0.0	-0.8	
Restructuring charges	20.9	0.0	
EBITDA - excluding FX-, one-off effects and restructuring charges	395.1	387.0	2.1

Austria EBITDA – excluding one-off effects and restructuring charges

in EUR million	Q1 2019 IFRS 16	Q1 2018 IFRS 16 based	% change
EBITDA	226.0	255.2	-11.4
One-off effects	0.0	0.0	
Restructuring charges	20.9	0.0	
EBITDA - excluding one-off effects and restructuring charges	246.9	255.3	-3.3

Group EBITDA after leases – excluding FX-, one-off effects and restructuring charges

in EUR million	Q1 2019 IFRS 16	Q1 2018 IFRS 16 based	% change
EBITDA after leases	330.5	348.9	-5.3
FX translation effect	0.1		
One-off effects	0.0	-0.8	
Restructuring charges	20.9	0.0	
EBITDA after leases - excl. FX-, one-off effects and restructuring charges	351.6	348.1	1.0

EBIT

in EUR million	Q1 2019 IFRS 16	Q1 2018 IFRS 16 based	% change
Austria	101.8	130.6	-22.1
Bulgaria	14.7	-79.0	n.m.
Croatia	6.4	-2.4	n.m.
Belarus	19.4	21.3	-9.0
Slovenia	3.3	2.2	47.3
Serbia	5.2	2.8	86.5
North Macedonia	2.6	-0.1	n.m.
Corporate & other, eliminations	-13.3	-13.6	2.8
Total EBIT	140.2	61.8	126.8

Capital Expenditures

in EUR million	Q1 2019 IFRS 16	Q1 2018 IFRS 16 based	% change
Austria	109.0	102.2	6.6
Bulgaria	10.1	11.1	-8.5
Croatia	24.7	13.8	79.7
Belarus	6.7	7.3	-8.9
Slovenia	2.2	3.1	-29.9
Serbia	2.7	5.6	-51.1
North Macedonia	1.5	2.4	-39.0
Corporate & other, eliminations	1.0	-0.2	n.m.
Total capital expenditures	157.9	145.3	8.6

Capital Expenditures – Tangible

in EUR million	Q1 2019	Q1 2018	% change
Austria	89.5	82.8	8.1
Bulgaria	7.4	7.7	-4.8
Croatia	15.8	13.2	19.7
Belarus	5.5	5.4	0.8
Slovenia	1.9	2.7	-29.0
Serbia	2.0	4.1	-50.7
North Macedonia	1.3	2.3	-44.0
Corporate & other, eliminations	0.6	-0.3	n.m.
Total capital expenditures - tangible	124.0	117.9	5.1

Capital Expenditures – Intangible

in EUR million	Q1 2019	Q1 2018	% change
Austria	19.4	19.4	0.0
Bulgaria	2.8	3.4	-17.0
Croatia	8.9	0.6	n.m.
Belarus	1.2	1.9	-36.6
Slovenia	0.2	0.4	-36.2
Serbia	0.7	1.5	-52.1
North Macedonia	0.2	0.1	73.1
Corporate & other, eliminations	0.4	0.1	276.5
Total capital expenditures - intangible	33.9	27.4	23.8

Wireless subscribers

in thousands	Q1 2019	Q1 2018	% change
Austria	5,308.7	5,307.0	0.0
thereof postpaid	3,830.9	3,777.9	1.4
Bulgaria	3,837.2	3,959.4	-3.1
thereof postpaid	3,418.2	3,506.3	-2.5
Croatia	1,803.0	1,755.2	2.7
thereof postpaid	1,061.7	978.5	8.5
Belarus	4,851.0	4,842.6	0.2
thereof postpaid	4,041.0	3,955.5	2.2
Slovenia	698.2	697.6	0.1
thereof postpaid	615.1	604.4	1.8
Serbia	2,222.3	2,174.9	2.2
thereof postpaid	1,495.9	1,392.1	7.5
North Macedonia	1,050.7	1,064.1	-1.3
thereof postpaid	663.4	648.7	2.3
Total wireless subscribers	20,907.8	20,640.4	1.3
thereof postpaid	16,263.1	15,703.0	3.6

RGUs

in thousands	Q1 2019	Q1 2018	% change
Austria	3,303.3	3,378.7	-2.2
thereof broadband	1,426.8	1,446.9	-1.4
thereof TV	316.4	302.0	4.8
Bulgaria	1,028.7	1,005.1	2.3
thereof broadband	449.2	435.6	3.1
thereof TV	508.4	488.1	4.2
Croatia	694.9	655.4	6.0
thereof broadband	257.0	249.2	3.1
thereof TV	235.6	213.9	10.2
Belarus	640.2	475.5	34.6
thereof broadband	239.1	213.9	11.8
thereof TV	398.4	258.9	53.9
Slovenia	186.6	171.4	8.9
thereof broadband	76.1	70.6	7.8
thereof TV	62.7	54.2	15.5
North Macedonia	394.6	348.6	13.2
thereof broadband	136.3	118.7	14.8
thereof TV	130.4	123.5	5.6
Total RGUs	**6,248.3**	**6,034.7**	**3.5**
thereof broadband	**2,584.5**	**2,534.9**	**2.0**
thereof TV	**1,652.0**	**1,440.6**	**14.7**

ARPU

in EUR	Q1 2019 IFRS 15	Q1 2018 IFRS 15	% change
Austria	14.4	14.5	-0.5
Bulgaria	5.4	5.0	7.0
Croatia	9.9	10.0	-0.9
Belarus	4.2	4.1	3.3
Slovenia	14.0	13.7	2.3
Serbia	6.8	6.5	3.8
North Macedonia	5.4	5.3	2.1
Group ARPU	7.9	7.9	0.2

ARPL

in EUR	Q1 2019 IFRS 15	Q1 2018 IFRS 15	% change
Austria	31.2	30.4	2.5
Bulgaria	12.9	12.2	6.5
Croatia	30.5	30.1	1.4
Belarus	5.4	5.9	-9.0
Slovenia	36.4	36.7	-0.8
Serbia	n.a.	n.a.	n.a.
North Macedonia	11.2	11.5	-2.3

Condensed Consolidated Statements of Comprehensive Income

in EUR million, except per share information	Q1 2019 IFRS 16 unaudited	Q1 2018 IFRS 16 based unaudited	% change
Service revenues (incl. other operating income)	945.9	919.4	2.9
Equipment revenues	143.5	153.7	-6.6
Total revenues (incl. other operating income)	**1,089.5**	**1,073.1**	**1.5**
Cost of service	-316.2	-312.7	1.1
Cost of equipment	-142.8	-140.4	1.7
Selling, general & administrative expenses	-253.8	-229.5	10.6
Other expenses	-2.6	-2.6	-3.2
Total cost and expenses	**-715.4**	**-685.3**	**4.4**
Earnings before interest, tax, depreciation and amortization - EBITDA	**374.1**	**387.8**	**-3.5**
Depreciation and amortization	-194.5	-289.8	-32.9
Depreciation of right-of-use assets	-39.3	-36.1	8.9
Operating income - EBIT	**140.2**	**61.8**	**126.8**
Interest income	1.4	1.2	16.6
Interest expense on financial liabilities	-21.8	-21.9	-0.1
Interest expense on lease liabilities	-4.3	-2.8	52.7
Interest on employee benefits and restructuring and other financial items, net	-3.2	-2.7	19.1
Foreign currency exchange differences, net	0.5	3.2	-83.8
Equity interest in net income of associated companies	0.1	0.1	-55.2
Financial result	**-27.3**	**-22.8**	**19.9**
Earnings before income tax - EBT	**112.9**	**39.0**	**189.2**
Income tax	-27.0	-10.7	153.3
Net result	**85.9**	**28.4**	**202.7**
Attributable to:			
Equity holders of the parent	85.8	26.1	228.7
Non-controlling interests	0.1	0.1	53.1
Hybrid capital owners	0.0	2.2	-100.0
Basic and diluted earnings per share attributable to equity holders of the parent in Euro	**0.13**	**0.04**	**228.7**
Weighted-average number of ordinary shares outstanding	664,084,841	664,084,841	
Other comprehensive income items:			
Items that may be reclassified to profit or loss:			
Effect of translation of foreign entities	9.9	-4.3	-329.8
Realized result on hedging activities, net of tax	1.1	1.1	0.0
Unrealized result on debt instruments at fair value, net of tax	0.0	0.0	-232.3
Items that will not be reclassified to profit or loss:			
Remeasurements of defined benefit obligations, net of tax	-3.9	-0.9	324.5
Total other comprehensive income (loss)	**7.1**	**-4.1**	**-272.8**
Total comprehensive income (loss)	**93.1**	**24.3**	**283.8**
Attributable to:			
Equity holders of the parent	93.0	22.0	323.1
Non-controlling interests	0.1	0.1	44.1
Hybrid capital owners	0.0	2.2	-100.0

Condensed Consolidated Statements of Cash Flows

in EUR million	Q1 2019 IFRS 16 unaudited	Q1 2018 IFRS 16 based unaudited	% change
Earnings before income tax - EBT	112.9	39.0	189.2
Items not requiring the use of cash and other reconciliation:			
Depreciation	123.8	126.2	-1.9
Amortization of intangible assets	70.8	163.6	-56.8
Depreciation of right-of-use assets	39.3	36.1	8.9
Result from measurement of investments	-0.6	0.1	n.m.
Equity interest in net income of associated companies	-0.1	-0.1	55.2
Result on sale of property, plant and equipment	0.6	1.4	-58.7
Net period cost of labor obligations and restructuring	24.6	3.3	n.m.
Foreign currency exchange differences, net	-0.5	-3.2	83.8
Interest income	-1.4	-1.2	-16.6
Interest expense	28.2	25.3	11.5
Other adjustments	-2.3	-0.5	n.m.
Changes in financial positions:			
Accounts receivable: Subscribers, distributors and other, net	-3.6	-20.1	81.8
Prepaid expenses	3.1	-4.4	n.m.
Due from related parties	0.0	-0.1	40.1
Inventories	6.8	-14.6	n.m.
Other assets	-6.3	0.2	n.m.
Contract assets	7.3	-1.5	n.m.
Employee benefits and restructuring	-24.8	-24.8	0.0
Accounts payable and accrued liabilities	-77.1	-6.8	n.m.
Due to related parties	0.1	-0.1	n.m.
Contract liabilities	16.8	8.6	95.9
Interest received and income taxes paid:			
Interest received	1.4	1.2	17.5
Income taxes paid	-10.8	-4.1	-161.8
Net cash flow from operating activities	308.1	323.7	-4.8
Capital expenditures paid	-216.1	-187.7	-15.1
Dividends received from associates	0.0	0.7	n.a.
Proceeds from sale of plant, property and equipment	1.7	2.5	-29.2
Purchase of investments	-0.2	0.0	n.a.
Proceeds from sale of investment	0.0	1.1	-99.9
Sale of shares of associated companies	0.0	0.1	n.a.
Net cash flow from investing activities	-214.5	-183.4	-17.0
Interest paid	-5.5	-3.7	-46.4
Change in short-term debt	195.3	164.1	19.0
Repayments of short-term debt	-240.0	0.0	n.a.
Dividends paid	-0.5	-34.4	98.6
Issuance of short-term debt	0.0	240.0	n.a.
Redemption of hybrid bond	0.0	-600.0	n.a.
Acquisition of non-controlling interest	-0.1	0.0	n.a.
Lease principal paid	-53.8	-52.1	-3.4
Net cash flow from financing activities	-104.6	-286.0	63.4
Adjustment to cash flows due to exchange rate fluctuations, net	0.8	0.2	n.m.
Net change in cash and cash equivalents	-10.3	-145.5	92.9
Cash and cash equivalents beginning of period	63.6	202.4	-68.6
Cash and cash equivalents end of period	53.3	56.8	-6.1

Condensed Consolidated Statements of Financial Position - including IFRS 16 reconciliation

in EUR million	March 31, 2019 IFRS 16 unaudited	Jan. 1, 2019 IFRS 16 unaudited	Adjust-ments	Dec. 31, 2018 IAS 17 audited	Jan.1- March 31 % change
Cash and cash equivalents	53.3	63.6		63.6	-16.2
Accounts receivable: Subscribers, distributors and other, net	836.9	830.4		830.4	0.8
Inventories	124.8	131.2		131.2	-4.8
Other current assets	288.0	290.9	-7.4	298.2	-1.0
Current assets	**1,303.1**	**1,316.0**	**-7.4**	**1,323.4**	**-1.0**
Property, plant and equipment, net	2,717.7	2,716.1		2,716.1	0.1
Right-of-use assets, net	987.3	1,010.7	1,010.7	0.0	-2.3
Intangibles, net	1,749.8	1,782.7		1,782.7	-1.8
Goodwill	1,278.1	1,277.9		1,277.9	0.0
Investments in affiliates & long-term investments	45.7	44.7		44.7	2.3
Other non-current assets	254.7	262.4	-0.9	263.3	-2.9
Non-current assets	**7,033.2**	**7,094.5**	**1,009.8**	**6,084.7**	**-0.9**
TOTAL ASSETS	**8,336.3**	**8,410.5**	**1,002.4**	**7,408.1**	**-0.9**
Short-term debt and current portion of long-term debt	-199.5	-245.0	0.3	-245.3	-18.6
Lease liabilities short-term	-146.8	-143.6	-143.6	0.0	2.2
Accounts payable	-838.3	-937.9		-937.9	-10.6
Other current liabilities	-431.7	-421.3	0.2	-421.5	2.5
Current liabilities	**-1,616.3**	**-1,747.8**	**-143.2**	**-1,604.7**	**-7.5**
Long-term debt	-2,537.2	-2,536.4	0.4	-2,536.8	0.0
Lease liabilities long-term	-817.7	-859.4	-859.4	0.0	-4.9
Other liabilities	-823.0	-817.2	-0.1	-817.2	0.7
Non-current liabilities	**-4,177.9**	**-4,213.0**	**-859.1**	**-3,354.0**	**-0.8**
Stockholders' equity	**-2,542.1**	**-2,449.6**	**-0.2**	**-2,449.4**	**3.8**
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	**-8,336.3**	**-8,410.5**	**-1,002.4**	**-7,408.1**	**-0.9**

For details on “Adjustments” see Changes in Accounting Policies - IFRS 16
The implementation of IFRS 16 had not been fully completed at the date of publication. The impact of the adoption of IFRS 16 is unaudited and may be subject to change until the publication of Financial Statements 2019.

Net debt and net debt/EBITDA - IFRS 16 reconciliation

	Jan. 1, 2019		Dec. 31, 2018
in EUR million	IFRS 16 unaudited	Adjustments	IAS 17 audited
Long-term debt	3,395.8	859.0	2,536.8
Short-term debt and current portion of long-term debt	388.6	143.4	245.3
Cash and cash equivalents and short-term investments	-63.6		-63.6
Net debt	**3,720.8**	**1,002.4**	**2,718.4**
EBITDA IFRS 16 based/IAS 17	1,548.9	158.0	1,390.9
Net debt /EBITDA (last 12 months)	2.4		2.0

in EUR million - full year 2018	IFRS 16 based unaudited	Adjustments	IAS 17 audited
Total revenues (incl. other operating income)	4,435.4	0.0	4,435.4
Total cost and expenses	-2,886.5	158.0	-3,044.5
EBITDA	**1,548.9**	**158.0**	**1,390.9**
Depreciation and amortization	-1,102.9	-146.4	-956.5
Operating income - EBIT	**446.0**	**11.6**	**434.4**
Financial result	-103.5	-11.6	-91.9
Earnings before income tax - EBT	**342.5**	**0.0**	**342.5**

For details on 'Adjustments' see Changes in Accounting Policies - IFRS 16

The implementation of IFRS 16 had not been fully completed at the date of publication. The impact of the adoption of IFRS 16 is unaudited and may be subject to change until the publication of Financial Statements 2019.

Changes in Accounting Policies - IFRS 16

As of January 1, 2019, A1 Telekom Austria Group initially applied IFRS 16 ("Leases"), which replaces the former leasing standard IAS 17 as well as its respective interpretations. A1 Telekom Austria Group elected the modified retrospective approach for the initial application in accordance with the transition guidance. Accordingly, the information presented for 2018 has not been restated but comparative figures for 2018 are presented based on IFRS 16 with sufficient accuracy ('IFRS 16 based'). The implementation of IFRS 16 had not been fully completed at the date of publication. The impact of the adoption of IFRS 16 is unaudited and may be subject to change until the publication of Financial Statements 2019.

In profit and loss, this resulted in a shift from rental and lease expenses, which had been reported in EBITDA, to depreciation and interest expense.In Cash flow, payments for operating leasing contracts were included in the cash flow from operating activities in 2018. Starting 2019, these payments are reported in the cash flow from financing activities, broken down into redemption of lease liability and interest payment.

The tables "Condensed Consolidated Statements of Financial Position including IFRS 16 reconciliation" and "Net debt and net debt/EBITDA - IFRS 16 reconciliation " summarize the impact of the initial application of IFRS 16 on the balance sheet and net debt at January 1, 2019 and on the Earnings before interest, tax, depreciation and amortization - EBITDA for the full year 2018. In the balance sheet rights of use to leased assets are now recognized ("Right-of-use assets") in the amount of the future discounted payment obligations ("Lease liabilities"). The difference in other assets in balance sheet relates to prepaid expenses for lease-contracts which were reclassified to lease liabilities. Finance lease according to IAS 17 was presented within short- and long-term debt in 2018 and was reclassified to lease liabilities as of January 1, 2019. The increase in total assets and total liabilities reduced the equity ratio from 33% to 29%.

The recognition exemptions for low-value assets and short-term leases were only applied to certain rights of use that are immaterial for business operations. The recognition exemptions were not applied to base stations, technical sites and facilities as well as buildings and vehicles. For all contracts already classified as operating leasing, the right-of-use assets recognized are based on the future payment obligations discounted at the incremental borrowing rate of A1 Telekom Austria Group, taking into account the country and currency risk for each operation accordingly, plus existing prepayments and other direct deferred costs. A1 Telekom Austria Group elected to apply the practical expedient according to IFRS 16.C3, not to reassess whether a contract is, or contains, a lease at the date of initial application. For lease contracts with an indefinite term, the term of the contract is estimated to be seven years, the period A1 Telekom Austria Group is able to assess with reasonable certainty.

Additional Information

Risks and Uncertainties

The 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 A1 Telekom Austria Group contains quarterly 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 amortization 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
Susanne Aglas-Reindl
Head of Investor Relations
Tel.: +43 (0) 50 664 39420
Email: susanne.reindl@ a1.group

Corporate Communications
Livia Dandrea-Böhm
Head of External Communications
Tel.: +43 (0) 50 664 31452
Email: livia.dandrea-boehm@a1.at