Results for the First Quarter 2020

Vienna, April 28, 2020 – Today, A1 Telekom Austria Group (VSE: TKA, OTC US: TKAGY) announces its results for the first quarter of 2020, ending March 31, 2020.

Group Review

Key performance indicators

in EUR million	Q1 2020	Q1 2019	% change
Total revenues	1,126.0	1,089.5	3.4
Service revenues	949.8	924.4	2.7
thereof mobile service revenues	520.8	494.8	5.2
thereof fixed-line service revenues	429.0	429.6	-0.1
Equipment revenues	158.0	143.5	10.1
Other operating income	18.2	21.5	-15.5
EBITDA	380.6	374.1	1.7
% of total revenues	33.8%	34.3%	
EBITDA excl. restructuring	396.6	395.0	0.4
% of total revenues	35.2%	36.3%	
EBIT	147.3	140.2	5.1
% of total revenues	13.1%	12.9%	
Net result	89.3	85.9	3.9
% of total revenues	7.9%	7.9%	

Wireless indicators	Q1 2020	Q1 2019	% change
Wireless subscribers (thousands)	21,306.1	20,933.1	1.8
Postpaid	17,100.5	16,288.3	5.0
Prepaid	4,205.7	4,644.7	-9.5
MoU (per Ø subscriber)	397.0	353.8	12.2
ARPU (in EUR)	8.2	7.9	3.5
Mobile churn (%)	1.5%	1.8%	

Wireline indicators	Q1 2020	Q1 2019	% change
RGUs (thousands)	6,131.4	6,185.9	-0.9

All financial figures are in accordance with IFRS 15 and IFRS 16. 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

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

Group Summary Q1 2020

The presentation for the conference call and key figures of A1 Telekom Austria Group in Excel format ('Fact Sheet Q1 2020') are available on the website at www.a1.group.

For the most of Q1 2020, the underlying positive trends of the last quarters continued with both stable or growing service revenues and rising EBITDA in Belarus, Bulgaria, Croatia and Serbia.

As Covid-19 started to take effect on A1's business towards the end of Q1 2020, it had only a limited impact on reported financials. Apart from Belarus, all governments in A1's footprint have started with restrictions to public life. A1's networks have handled the increases in data and voice traffic without any congestions. A great share of our employees works from home now. While in Croatia and Slovenia all shops have been closed, most telecommunication shops have remained open in the A1 markets. Also call centers continued to operate in order to support all customer requests. Furthermore, country borders have, at least partially, been closed and subnational quarantine zones have come into effect. Additionally, A1 has provided the Austrian government with anonymized movement data to support measures taken to contain Covid-19.

- Group total revenues increased by 3.4 %, with growth in Bulgaria, Belarus and Serbia and stable total revenues in Austria.
  - Mobile service revenues rose in all markets except for Slovenia. Growth was mainly driven by the ongoing strong demand for mobile WiFi routers.
  - Fixed-line service revenues were stable, as growth in the international markets outweighed a decline in Austria.
- Mobile contract subscribers rose by 5.0 % year-on-year, with growing or stable numbers in all markets.
- Fixed-line RGUs decreased by 0.9 % year-on-year, as TV RGU growth mitigated the decline of fixed-line voice and fewer low-bandwidth broadband RGUs in Austria.
- Group EBITDA excluding restructuring charges increased slightly by 0.4 % (reported: +1.7 %), driven by higher service revenues outweighing higher bad debt expense following higher expected lifetime credit loss of accounts receivables.
- In Austria, EBITDA excluding restructuring charges declined by 3.1 %, mainly driven by roaming losses and lower retail fixed-line revenues following promotional discounts, while OPEX increased mainly due to higher bad debt allowance and costs related to the commercial 5G launch in January 2020.
  - EBITDA in the international markets grew by 6.5% driven by Bulgaria, Belarus, Croatia and Serbia.
- Net result grew by 3.9 % to EUR 89.3 mn in Q1 2020, as foreign currency exchange losses in Croatia and Belarus were partly mitigated by lower tax expenses due to the release of accruals regarding a decided tax case in Bulgaria.
- Free cash flow increased from EUR 34.4 mn in Q1 2019 to EUR 104.7 mn in the reporting period, mostly driven by lower working capital needs.
- Outlook 2020 suspended as it is still premature to give a precise estimation on the impact of the Covid-19 pandemic.

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

- Restructuring charges in Austria amounted to EUR 16.0 mn in Q1 2020 (Q1 2019: EUR 20.9 mn).
- There were no one-off effects in total revenues and EBITDA in Q1 2019 and Q1 2020.
- Negative FX effects amounted to EUR 2.1 mn in total revenues and EUR 0.9 mn in EBITDA in Q1 2020, stemming from Belarus and Croatia.
- A negative effect of EUR 3.9 mn in total revenues in Q1 2020, arose from the EU-International Call regulation.

Outlook suspended

Outlook suspended due to Covid-19; dividend proposal of EUR 0.23 per share

The Management of A1 Group decided to suspend the outlook for 2020 on total revenues and capital expenditures due to the Covid-19 pandemic as it is still premature to give a precise estimation on the impact of the Covid-19 pandemic, in particular concerning the full impact on the economy. We will provide a new outlook on total revenues and capex as soon as we have more visibility. The management board currently intends proposing a dividend per share of EUR 0.23 to the annual general meeting 2020, which has been postponed to September 24, 2020. Dividend payments follow our current dividend policy which is closely monitored and adapted if needed.

While the impact of Covid-19 was limited during the first quarter of 2020, the full effects will materialize in the remainder of the year. This will be especially driven by the impact of travel restrictions on roaming revenues, in particular effective in tourist destination countries (Austria, Croatia). The expected lifetime credit loss of accounts receivables was increased in Q1 2020 as a cautious step looking forward while the further development of bad debts is closely monitored. In addition, a possible depreciation of the Belarusian Rouble against the Euro above previously expected levels could have a negative impact in the financial year 2020.

In the last years, A1 Telekom Austria Group focused on deleveraging which led to a resilient balance sheet structure with net debt (excl. leases) / EBITDA after leases at 1.7x as of March 31, 2020. A1 Telekom Austria Group can rely on undrawn committed credit lines of EUR 1.0 bn, resulting in a strong liquidity position, which was recently also underpinned by S&P Global's affirmation of the BBB+ credit rating (outlook stable). Additionally, A1 Group has a strong track record of continuous efficiency increases which will remain to be a strong focus.

Mobile Subscribers and Fixed-line RGUs

Number of postpaid subscribers grew by 5.0 % in Q1 2020

In mobile communications, the number of subscribers of A1 Telekom Austria Group increased by 1.8% to 21.3 million in the quarter under review. In the Austrian market, the regulation for registering SIM cards has been effective as of January 1, 2019. Existing customers could register until September 1, 2019. This led to considerably lower gross additions and subscriber numbers in the prepaid segment.

The number of contract customers rose or remained stable in all international markets driven by ongoing strong demand for mobile WiFi routers. The number of A1 Digital M2M customers further increased in Q1 2020 while prepaid customer numbers continued to decline as most markets see an ongoing shift from prepaid to contract offers.

The number of revenue-generating units (RGUs) in the Group's fixed-line business declined by 0.9% year-on-year. The decline in RGUs in Austria was driven primarily by voice and to some extent also by low-bandwidth broadband RGUs, while speed upgrades were particularly strong in Q1 2020. In the international markets, the number of RGUs rose due to TV and broadband RGUs. In North Macedonia, WiFi routers have been reported as mobile postpaid since Q2 2019 due to a new product logic and were formerly reported as fixed-line RGUs.

Comments on Operating Segments for Q1 2020 – Revenues and EBITDA

Austria

Key performance indicators Financials in EUR million	Q1 2020	Q1 2019	% change
Total revenues	647.5	646.8	0.1
Service revenues	577.5	577.2	0.1
thereof mobile service revenues	237.4	230.9	2.8
thereof fixed-line service revenues	340.1	346.3	-1.8
Equipment revenues	58.8	55.4	6.1
Other operating income	11.2	14.2	-20.9
EBITDA	223.4	226.0	-1.2
% of total revenues	34.5%	34.9%	
EBITDA excl. Restructuring	239.4	246.9	-3.1
% of total revenues	37.0%	38.2%	
EBIT	94.8	101.8	-6.9
% of total revenues	14.6%	15.7%	

Wireless indicators	Q1 2020	Q1 2019	% change
Wireless subscribers (thousands)	5,051.6	5,308.7	-4.8
thereof postpaid	3,903.8	3,830.9	1.9
thereof prepaid	1,147.8	1,477.8	-22.3
MoU (per Ø subscriber)	349.7	278.1	25.8
ARPU (in EUR)	15.6	14.4	8.1
Mobile churn (%)	1.6%	1.5%	

Wireline indicators	Q1 2020	Q1 2019	% change
RGUs (thousands)	3,219.3	3,303.3	-2.5

Also at the beginning of the year 2020 all Austrian mobile network operators continued with the offering of their convergent products. Compared to the previous quarter the pricing of competitors' tariff portfolios got slightly more aggressive in the internet@home business which comprises mobile WiFi routers, hybrid and pure fixed-line broadband solutions. In the mobile business, the focus was again on 5G unlimited data proposition in the premium segment.

Strong uptake of 5Giga tariffs

As of January 27, 2020, A1 launched its "5Giga" premium tariff portfolio for mobile and Internet@Home segments. 5GigaMobil tariffs offer a priority network proposition, unlimited data volumes, as well as the latest 5G devices. 5GigaNet tariffs feature a bandwidth guarantee of minimum 90% for FTTH products while 5GigaCube tariffs for mobile WiFi routers offer besides the priority network proposition increased speeds as well as premium hardware. The initial uptake for these 5Giga tariffs showed strong demand. Besides the 5GigaMobil tariffs, A1 offers attractive LTE mobile tariffs with increased data allowances. Furthermore, the activation fee and the annual service fee have been increased for new customers and tariff switches respectively.

The mobile low value and youth segment continued to be very competitive with aggressive offers which A1 continued to counter via special youth promotions and attractive offers with its no-frills brands. As SIM card registration has been effective as of January 1, 2019 for new customers and as of September 1, 2019 for existing customers, unregistered SIM cards will be cancelled by October 2020 at the latest. Prepaid revenues have only a minor impact on service revenues.

In the retail fixed-line business, A1 run a fixed-line broadband promotion from October 2019 to January 2020. The promotion offered attractive benefits to new and existing fixed-line broadband customers and aimed to attract new customers and to reduce churn. This resulted in stable net adds in Q4 2019 but, following a decline in gross adds due to the end of the promotion, seasonal effects and first negative Covid-19 impacts, net adds turned negative again with -7,900 in Q1 2020.

On March 2, 2020 A1 successfully launched its new TV platform A1 Xplore TV with 260 channels, 7 day replay, multiscreen experience, up to 500 hours recording and many integrated apps on TV, tablet, smartphone, laptop and chromecast.

In February 2019, prices for new customers in the high-value mobile and the youth segment were increased by 2 Euro and 1 Euro respectively. The activation fee and the annual service fee were also raised. As of April 1, 2019, an indexation of 2.0% has been effective for existing customers in both the mobile high-value (including mobile WiFi routers) and parts of the fixed-line business. In November 2019, prices for existing fixed-line voice customers were increased. As of April 1, 2020, an indexation of approx. 1.5% has been effective for existing customers in parts of the mobile high-value and fixed-line business.

Impact of Covid-19

The Austrian government started with constraints to the individual freedom of movement in public places on March 16, 2020 which was later followed by the closure of all restaurants, bars etc. and all non-essential shops. Shops of telecommunications providers have been allowed to stay open.

Market slowdown; peaks in data volume and voice traffic

As a consequence, market dynamics slowed down in the second half of March 2020, while mobile and fixed-line voice traffic on A1's networks increased sharply by 72 % and 30 % respectively compared to the first weeks of March. In the same time period data rose by 26 % and 39 % in the mobile and fixed-line network, respectively. Also, TV usage for video on demand and news shows rose considerably. Despite these rapid consumption increases, network quality, also at peak hours, remained high. In this environment, providers added free data or TV channels for existing customers.

The mobile business was characterized by extraordinarily high demand for mobile WiFi routers and higher demand for mobile devices, both especially of business customers. In the residential business, gross adds and churn of mobile tariffs were lower. The share of online purchases increased from below 10% to approx. 20%. Roaming revenues were hit considerably in March due to the premature stop of the winter tourist season.

The fixed-line business was shaped by strong demand of business customers for VPN connections and bandwidth upgrades. In the residential business, fixed-line orders declined in March, also impacting TV orders from new customers, which will have an impact on gross adds of the following months. Demand for bandwidth upgrades of existing customers went up strongly while TV upgrades remained on a good level.

As of April 14, 2020 smaller shops have been allowed to open again. Subject to no deterioration of Covid-19 case numbers, all other shops as well as hairdressers will also be allowed to open at the beginning of May. Schools, restaurants and hotels are expected to follow by midst-May. So far, no indication was given for the easing of travel restrictions.

Q1 2020 Results

Total revenues in the Austrian segment were stable (+0.1%) in the first quarter of 2020, as lower fixed-line service revenues and lower other operating income were offset by higher mobile service revenues and higher equipment revenues.

In line with the trend from previous quarters, retail mobile service revenues rose, driven by successful upselling activities in the high-value segment as well as growth in mobile WiFi routers but they were again negatively impacted by the EU international calls regulation which has been in place since May 15, 2019.

Visitor and national roaming revenues were stable as the decline in data usage in March was offset by increases in January and February, while customer roaming was lower. ARPU rose due to the strong demand for mobile WiFi routers offsetting lower customer roaming revenues and losses due to the EU international call regulation.

Equipment revenues rose due to strong demand for mobile devices in the business segment and higher usage of business loyalty programs.

Fixed-line service revenues declined in the first quarter of 2020, mainly driven by the lower retail fixed-line service revenues as well as solutions and connectivity. Retail fixed-line service revenues decreased by 1.4%, again attributable to losses in fixed-line voice as well as customers' voucher redemption and lower installation fees collected, both as consequences of the above mentioned broadband promotion campaign. But they were positively affected by higher voice traffic and broadband upgrades due to the impact of Covid-19 in the second half of March. Solutions and connectivity revenues decreased slightly mainly due to large customer projects in the previous year. ARPL increased by 2.7% due to successful upselling measures and price increases.

Internet@home subscriber numbers, which include pure fixed-line broadband RGUs, hybrid modems and mobile WiFi routers, grew by 1.3% year-on-year. This growth was once again driven by ongoing strong demand for mobile WiFi routers.

Internet@home continued to grow at 1.3% year-on-year

Other operating income declined year-on-year due a dissolution of an asset retirement obligation in the comparison period last year and repayments of premiums for research and education in the first quarter of 2020.

EBITDA excluding restructuring charges declined by 3.1 % due roaming losses and lower retail fixed-line revenues following promotional discounts while OPEX increased mainly due to higher bad debt and costs related to the commercial 5G launch in January 2020. Bad debt expense was higher following higher expected lifetime credit loss of accounts receivables. The equipment margin improved due to lower equipment devaluation and higher ICT equipment margin. Total subsidies were stable as lower quantities were offset by higher subsidies per device due to lower promotional deals compared to Q1 in the previous year.

International operations

Key performance indicators Financials in EUR million	Q1 2020	Q1 2019	% change
Total revenues	485.4	453.1	7.1
Service revenues	379.2	356.8	6.3
thereof mobile service revenues	285.0	267.5	6.6
thereof fixed-line service revenues	94.1	89.3	5.4
Equipment revenues	98.9	88.3	12.1
Other operating income	7.3	8.1	-9.5
EBITDA	171.5	161.0	6.5
% of total revenues	35.3%	35.5%	
EBIT	68.4	51.9	31.7
% of total revenues	14.1%	11.5%	

Wireless indicators	Q1 2020	Q1 2019	% change
Wireless subscribers (thousands)	14,650.1	14,487.6	1.1
thereof postpaid	11,592.2	11,320.6	2.4
thereof prepaid	3,057.9	3,167.0	-3.4

Wireline indicators	Q1 2020	Q1 2019	% change
RGUs (thousands)	2,912.2	2,882.6	1.0

EBITDA in international operations rose by 6.5 %

The international operations showed an increase in total revenues of 7.1 %, driven by mobile and fixed-line service revenue growth. Service revenues grew in most segments, with Bulgaria and Belarus as the main positive contributors. EBITDA increased strongly by 6.5 % due to Belarus, Bulgaria, Croatia and Serbia.

Bulgaria

On the Bulgarian market, growth trends continued in Q1 2020 which resulted in increases both in the mobile and the fixed-line business. The latter continued to be driven by customized corporate solutions, upselling, and exclusive sports content, which led again to a higher ARPL as well as more TV and broadband RGUs. The market environment in the mobile business remained stable and A1 was again successful with its upselling of existing customers via higher subsidies. This led to increased mobile service revenues and a higher ARPU.

First Covid-19-related restrictions went into place with the closing of schools and universities from March 13, 2020, when state of emergency was declared. Most of the telecommunication shops have stayed open, operating under strict sanitary requirements and field force operations have continued without major deviations.

In Q1 2020, service revenues rose by 10.3 % and together with higher equipment revenues, this led to a 14.8% increase in total revenues. Costs and expenses rose due to higher cost of equipment and content costs. Equipment margin got worse due to the above mentioned higher subsidies for retention activities. In total, this led to EBITDA growth of 7.2 %.

Croatia

In Croatia, market participants continued to focus on convergence through attractive hardware bundle offers reducing pressure from pricing, discounts and promotions. In the fixed-line market, exclusive sports content remained important with A1 featuring UEFA Champions League football games. In the mobile market, demand for mobile WiFi routers and high-value tariffs were still high but at a decreasing growth rate while subsidies were lower in the SME segment and stopped for mobile WiFi routers. The regulator approved the acquisition of Tele2 by United Media, on January 30, 2020.

As of March 16, 2020 schools and universities have been closed due to Covid-19, followed shortly afterwards by all shops. In addition, restrictions on personal movements have been put in place. Private and business repayment relief has been put in place which allows for later payments. Government introduced measures to support businesses during the Covid-19 lockdown including postponements of payment for taxes and loans, working capital and liquidity loans as well as minimal salary support to affected businesses. The Croatian Kuna devalued by 0.9% (period average) against the Euro in Q1 2020, which led to negative FX impact of EUR 0.9 mn on total revenues and EUR 0.3 mn on EBITDA.

In Q1 2020, total revenues in the Croatian segment declined by 0.9% year-on-year driven by lower equipment sales while service revenues continued to grow by 3.3%. Fixed-line service revenues increased, due to higher solutions and connectivity revnues as well as the price increase of approx. 10% in September 2019, which led to higher ARPL. Mobile service revenues rose due to higher subscriber numbers driven by the demand for mobile WiFi routers while ARPU also increased. Equipment sales declined due to less quantities following lower subsidies. Costs and expenses were lower as higher bad debts and content costs were outweighed by lower equipment costs. As a result, EBITDA increased by 5.1% year-on-year.

Belarus

In Belarus, economic activity slowed down, while the inflation rate came in at 4.9% in March 2020. The Belarusian Ruble depreciated 1.4% (period average) against the Euro in Q1 2020. The depreciation was particularly strong in March 2020, which led to a period-end devaluation of 18.3% following the strong oil price decline.

Also at the beginning of the current year, telecom operators in Belarus continued to focus more on retaining and upselling of existing customers. A1 benefits from the ability to offer nationwide LTE coverage following the acquisition of LTE capacities in December 2019. In contrast to the other A1 markets, Belarus has so far faced no official restrictions in connection with Covid-19 imposed by the government but people have been asked to minimize social contacts. A1 Belarus closed some less frequented shops and has launched an online store as of April 24, 2020 in order to shift more sales to digital channels. As of March 26, 2020 A1 Belarus successfully launched its attractive #stayonline initiative with unlimited data at 512 kbps and 30 free TV channels, films and series for upselling existing mobile and fixed-line customers. Within the first 20 days, already 217,000 customers have activated the option.

Already in the second half of 2019, A1 Belarus redesigned its mobile portfolio to include more data-centric propositions and optional data add-ons for voice-only prepaid propositions as well as aiming to shift prepaid customers to contract offers. In Q1 2020, A1 continued with a voluntary migration of some grandfathered service plans to current tariffs plans with higher monthly fees.

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

Total revenues in the Belarusian segment increased by 16.8% (+18.5% excluding FX effects) due to higher equipment and service revenues. Equipment revenues increased, driven by FX-driven higher prices of sold devices and a better ICT equipment margin due to a large business project. Mobile and fixed-line service revenues grew following the above mentioned inflation-linked price increases, which also led to significantly higher ARPU. Costs and expenses rose mainly due to higher equipment costs as well as higher bad debts and higher roaming expenses. In total, EBITDA rose by 11.4% (+13.0% excluding FX effects).

Other segments

While also in Q1 2020, competition in the Slovenian mobile market remained intense with attractive offers including high data allowances, the signs of some stabilization in the market remained. TV content continued to play an important role in the fixed-line business. As a measure of churn prevention, A1 Slovenije launched the successful “Members get Members” promotion campaign in September 2019, offering discounts to customers who bring friends or family members as new customers. Covid-19 measures have become effective as of March 16, 2020. Schools, universities and all shops have been closed since then. Also isolation of some municipalities has been put in place. Total revenues declined by 5.0% in Q1 2020, driven by lower equipment and service revenues. Equipment revenues declined due to promotional activities in the comparison period. Service revenues were lower as higher fixed-line revenues only partly mitigated the decline in retail mobile revenues. Costs and expenses declined by 6.6% in Q1 2020, due to lower equipment costs as well as decreased workforce. Equipment costs declined as a result of lower quantities as well as a lower subisidy per device, which led to an improvement in the equipment margin. In total, EBITDA decreased slightly by 0.5%.

In Serbia, the mobile market started to show some maturity with subsidies going down. The redesign of the portfolio in February 2020 with a “more for more” concept with higher data allowances for tariffs including hardware led to a stronger differentiation against SIM only tariffs. Demand for unlimited voice and SMS tariffs with flat data allowances and the popularity of mobile WiFi routers remained high. Since March 15, 2020, Covid-19-related measures have been put in place which are particularly strict in Serbia with curfews as well as closed schools, universities, shops and transportation. Private and business repayment relief programs have been started for certain services with the postponement of social security and tax obligations as well as payments to employees for “forced vacation” amongst other measures. Total revenues grew by 5.4% driven by service revenue growth due to the growing contract customer base and higher ARPU. Together with flat costs, this resulted in EBITDA growth of 7.5 %.

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, to a limited extent, both Serbia and North Macedonia.

Also in Q1 2020, all market participants in North Macedonia focused on customer retention and upselling. WiFi routers, which were formerly reported as fixed-line RGUs, have been reported as part of the mobile contract segment as of Q2 2019 due to a new product logic. As of March 11, 2020, restrictions on public life have been introduced with closed schools and universities. Also telecommunication shops have been partially closed. Total revenues declined by 2.4% due to lower other operating income and equipment revenues while service revenues grew. The latter was driven by the mobile segment. Costs and expenses were lower due to a decrease in commissions. In sum, this led to a 4.2% lower EBITDA.

Group profit and loss – below EBITDA

Depreciation and amortization (incl. rights of use) was stable (-0.2%) at EUR 233.3 mn in the first quarter of 2020. **Operating income** rose by 5.1% to EUR 147.3 mn in Q1 2020.

Net result grew by 3.9% to EUR 89.3 mn in Q1 2020, as foreign currency exchange losses in Croatia and Belarus were partly mitigated by lower tax expenses due to the release of accruals regarding a decided tax case in Bulgaria.

Balance Sheet

As of March 31, 2020, the balance sheet total decreased by 2.4% compared to December 31, 2019. Current assets declined driven by lower accounts receivables as well as cash and cash equivalents. Non-current assets went down driven by lower other intangible assets due to the amortization of licenses and lower right-of-use assets as well as property, plant and equipment.

While current liabilities declined due to repayments of commercial papers, non-current liabilities decreased due to lower lease liabilities. The equity ratio as of March 31, 2020 amounted to 32.2% compared to 31.2% as of December 31, 2019. The increase in shareholders' equity was driven by the net income of Q1 2020.

Net Debt

in EUR million	Mar 31, 2020	Dec 31, 2019	% change
Long-term debt	2,540.4	2,539.6	0.0
Lease liability long-term	749.2	788.2	-5.0
Short-term debt	0.0	123.0	n.a.
Lease liability short-term	148.9	152.6	-2.5
Cash and cash equivalents	-116.9	-140.3	n.m.
Net debt (incl. leases)	3,321.5	3,463.1	-4.1
Net debt (incl. leases) / EBITDA (12 months)	2.1x	2.2x	

in EUR million	Mar 31, 2020	Dec 31, 2019	% change
Net debt (excl. leases)	2,423.5	2,522.3	-3.9
Net debt (excl. leases) / EBITDA after leases (12 months)	1.7x	1.8x	

Net debt (excl. leases) decreased by 3.9 %, due to lower short-term debt following the repayment of commercial papers in the reporting period. The net debt (excl. leases) to EBITDA after leases ratio decreased for this reason and due to better operating results from 1.8x as of December 31, 2019 to 1.7x as of March 31, 2020.

Cash Flow

(in EUR million)	Q1 2020	Q1 2019	% change
Cash flow from operating activities	372.7	308.1	21.0
Capital expenditures paid	-205.2	-216.1	5.0
Proceeds from sale of plant, property and equipment	3.0	1.7	73.9
Interest paid	-9.7	-5.5	-77.3
Lease principal paid	-56.1	-53.8	-4.2
Free cash flow	**104.7**	**34.4**	**204.1**

Cash flow from operating activities increased mostly due to lower working capital needs. In the quarter under review, "Changes in financial positions and Other" in the amount of EUR –29.7 mn (Q1 2019: EUR –87.1 mn), were mainly driven by payments for restructuring while working capital development was sightly positive.

Free cash flow rose from EUR 34.4 mn as of March 31, 2019 to EUR 104.7 mn as of March 31, 2020, due to higher cash flow from operating activities and lower capital expenditures paid in the quarter under review.

Capital Expenditures

In Q1 2020, capital expenditures increased by 11.6 % year-on-year to EUR 176.2 mn mostly due to Austria.

Tangible capital expenditures rose by 17.8 % to EUR 146.1 mn mainly driven by the fibre and 5G rollout in Austria while Bulgaria was higher due to investments in the mobile network. Intangible capital expenditures decreased by 11.1 % to EUR 30.1 mn, which was attributable to the acquisition of frequencies in Croatia in the comparison period.

Detailed Figures

Revenues

in EUR million	Q1 2020	Q1 2019	% change
Austria	647.5	646.8	0.1
Bulgaria	127.6	111.1	14.8
Croatia	101.2	102.1	-0.9
Belarus	109.6	93.8	16.8
Slovenia	48.6	51.2	-5.0
Serbia	68.6	65.1	5.4
North Macedonia	29.6	30.4	-2.4
Corporate & other, eliminations	-6.7	-10.9	n.m.
Total revenues	1,126.0	1,089.5	3.4

Service Revenues

in EUR million	Q1 2020	Q1 2019	% change
Austria	577.5	577.2	0.1
Bulgaria	98.7	89.5	10.3
Croatia	88.3	85.5	3.3
Belarus	78.1	72.1	8.3
Slovenia	38.3	38.9	-1.7
Serbia	51.9	47.2	10.0
North Macedonia	24.2	24.0	1.1
Corporate & other, eliminations	-7.2	-9.3	n.m.
Total service revenues	949.8	924.4	2.7

Mobile Service Revenues

in EUR million	Q1 2020	Q1 2019	% change
Austria	237.4	230.9	2.8
Bulgaria	66.6	61.8	7.8
Croatia	56.2	53.8	4.5
Belarus	66.2	61.0	8.5
Slovenia	28.1	29.4	-4.5
Serbia	49.8	44.6	11.7
North Macedonia	18.5	17.2	7.7
Corporate & other, eliminations	-2.0	-3.8	n.m.
Total mobile service revenues	520.8	494.8	5.2

Fixed-Line Service Revenues

in EUR million	Q1 2020	Q1 2019	% change
Austria	340.1	346.3	-1.8
Bulgaria	32.1	27.7	15.9
Croatia	32.1	31.7	1.4
Belarus	11.8	11.0	7.4
Slovenia	10.2	9.5	7.1
Serbia	2.1	2.6	-18.2
North Macedonia	5.8	6.8	-15.6
Corporate & other, eliminations	-5.2	-6.1	n.m.
Total fixed line service revenues	429.0	429.6	-0.1

Other Operating Income

in EUR million	Q1 2020	Q1 2019	% change
Austria	11.2	14.2	-20.9
Bulgaria	0.8	1.6	-51.3
Croatia	1.1	1.4	-24.2
Belarus	2.9	2.6	12.3
Slovenia	0.9	0.9	8.3
Serbia	0.9	0.9	2.8
North Macedonia	0.1	0.8	-83.6
Corporate & other, eliminations	0.3	-0.8	n.m.
Total other operating income	18.2	21.5	-15.5

EBITDA

in EUR million	Q1 2020	Q1 2019	% change
Austria	223.4	226.0	-1.2
Bulgaria	45.9	42.8	7.2
Croatia	33.3	31.7	5.1
Belarus	47.5	42.6	11.4
Slovenia	13.8	13.9	-0.5
Serbia	20.4	19.0	7.5
North Macedonia	10.6	11.1	-4.2
Corporate & other, eliminations	-14.3	-13.0	-10.1
Total EBITDA	380.6	374.1	1.7

EBITDA after leases

in EUR million	Q1 2020	Q1 2019	% change
Austria	203.4	206.2	-1.4
Bulgaria	39.0	36.2	7.6
Croatia	29.6	27.8	6.6
Belarus	43.8	39.1	12.0
Slovenia	9.3	9.7	-3.3
Serbia	16.2	15.0	7.9
North Macedonia	9.0	9.5	-6.0
Corporate & other, eliminations	-14.4	-13.0	-10.6
Total EBITDA after leases	335.9	330.5	1.6

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

in EUR million	Q1 2020	Q1 2019	% change
Austria	239.4	246.9	-3.1
Bulgaria	45.9	42.8	7.2
Croatia	33.7	31.7	6.1
Belarus	48.1	42.6	13.0
Slovenia	13.8	13.9	-0.5
Serbia	20.3	19.0	6.9
North Macedonia	10.6	11.1	-4.1
Corporate & other, eliminations	-14.3	-13.0	n.m.
Total adjusted EBITDA	397.5	395.0	0.6

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

in EUR million	Q1 2020	Q1 2019	% change
EBITDA	380.6	374.1	1.7
FX translation effect	0.9		
One-off effects			
Restructuring charges	16.0	20.9	
EBITDA - excl. FX-, one off effects and restructuring charges	397.5	395.0	0.6

Austria EBITDA – excluding one-off effects and restructuring charges

in EUR million	Q1 2020	Q1 2019	% change
EBITDA	223.4	226.0	-1.2
One-off effects	0.0	0.0	
Restructuring charges	16.0	20.9	
EBITDA excl. one off effects and restructuring charges	239.4	246.9	-3.1

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

in EUR million	Q1 2020	Q1 2019	% change
EBITDA after leases	335.9	330.5	1.6
FX translation effect	0.9	0.0	
One-off effects	0.0	0.0	
Restructuring charges	16.0	20.9	
EBITDA after leases - excl. FX-, one-off effects and restructuring charges	352.7	351.5	0.4

EBIT

in EUR million	Q1 2020	Q1 2019	% change
Austria	94.8	101.8	-6.9
Bulgaria	16.6	14.7	12.7
Croatia	8.8	6.4	37.1
Belarus	29.9	19.4	53.9
Slovenia	2.9	3.3	-12.7
Serbia	6.9	5.2	31.9
North Macedonia	3.1	2.6	18.9
Corporate & other, eliminations	-15.6	-13.3	-17.8
Total EBIT	147.3	140.2	5.1

Capital Expenditures

in EUR million	Q1 2020	Q1 2019	% change
Austria	130.1	109.0	19.4
Bulgaria	14.3	10.1	41.1
Croatia	14.1	24.7	-42.9
Belarus	8.5	6.7	26.7
Slovenia	2.3	2.2	4.6
Serbia	2.6	2.7	-5.6
North Macedonia	3.5	1.5	143.4
Corporate & other, eliminations	0.8	1.0	-15.8
Total capital expenditures	176.2	157.9	11.6

Capital Expenditures – Tangible

in EUR million	Q1 2020	Q1 2019	% change
Austria	108.0	89.5	20.6
Bulgaria	11.8	7.4	60.2
Croatia	12.0	15.8	-24.1
Belarus	5.8	5.5	6.4
Slovenia	2.1	1.9	9.8
Serbia	2.8	2.0	37.2
North Macedonia	3.3	1.3	160.0
Corporate & other, eliminations	0.3	0.6	-44.0
Total capital expenditures - tangible	146.1	124.0	17.8

Capital Expenditures – Intangible

in EUR million	Q1 2020	Q1 2019	% change
Austria	22.1	19.4	13.8
Bulgaria	2.5	2.8	-9.3
Croatia	2.1	8.9	-76.0
Belarus	2.6	1.2	119.0
Slovenia	0.2	0.2	-36.5
Serbia	-0.2	0.7	n.m.
North Macedonia	0.2	0.2	22.9
Corporate & other, eliminations	0.5	0.4	28.4
Total capital expenditures - intangible	30.1	33.9	-11.1

Wireless subscribers

in thousands	Q1 2020	Q1 2019	% change
Austria	5,051.6	5,308.7	-4.8
thereof postpaid	3,903.8	3,830.9	1.9
Bulgaria	3,821.9	3,837.2	-0.4
thereof postpaid	3,413.0	3,418.2	-0.2
Croatia	1,872.4	1,794.9	4.3
thereof postpaid	1,137.5	1,053.6	8.0
Belarus	4,871.6	4,851.0	0.4
thereof postpaid	4,108.2	4,041.0	1.7
Slovenia	701.8	698.2	0.5
thereof postpaid	625.7	615.1	1.7
Serbia	2,298.5	2,222.3	3.4
thereof postpaid	1,580.5	1,495.9	5.7
North Macedonia	1,084.0	1,084.0	0.0
thereof postpaid	727.2	696.7	4.4
Total wireless subscribers	21,306.1	20,933.1	1.8
thereof postpaid	17,100.5	16,288.3	5.0

RGUs

in thousands	Q1 2020	Q1 2019	% change
Austria	3,219.3	3,303.3	-2.5
thereof broadband	1,403.4	1,426.8	-1.6
thereof TV	323.8	316.4	2.3
Bulgaria	1,073.4	1,033.0	3.9
thereof broadband	469.4	449.2	4.5
thereof TV	536.5	508.4	5.5
Croatia	681.2	694.9	-2.0
thereof broadband	250.2	257.0	-2.6
thereof TV	234.7	235.6	-0.4
Belarus	617.4	640.2	-3.6
thereof broadband	229.3	239.1	-4.1
thereof TV	385.5	398.4	-3.2
Slovenia	205.8	186.6	10.3
thereof broadband	84.6	76.1	11.3
thereof TV	71.6	62.7	14.2
North Macedonia	334.3	327.9	2.0
thereof broadband	104.5	103.0	1.5
thereof TV	131.8	130.4	1.1
Total RGUs	**6,131.4**	**6,185.9**	**-0.9**
thereof broadband	**2,541.4**	**2,551.1**	**-0.4**
thereof TV	**1,683.8**	**1,652.0**	**1.9**

ARPU

in EUR	Q1 2020	Q1 2019	% change
Austria	15.6	14.4	8.1
Bulgaria	5.8	5.4	8.4
Croatia	10.1	10.0	0.9
Belarus	4.5	4.2	8.1
Slovenia	13.3	14.0	-5.3
Serbia	7.2	6.8	6.8
North Macedonia	5.7	5.3	7.5
Group ARPU	**8.2**	**7.9**	**3.5**

ARPL

in EUR	Q1 2020	Q1 2019	% change
Austria	32.0	31.2	2.7
Bulgaria	13.4	13.1	2.6
Croatia	31.6	30.4	4.0
Belarus	6.2	5.4	16.0
Slovenia	33.5	36.4	-7.8
Serbia	n.a.	n.a.	n.a.
North Macedonia	10.8	10.9	-1.0

Condensed Consolidated Statements of Comprehensive Income

in EUR million, except per share information	Q1 2020 unaudited	Q1 2019 unaudited	% change
Service revenues (incl. other operating income)	968.0	945.9	2.3
Equipment revenues	158.0	143.5	10.1
Total revenues (incl. other operating income)	**1,126.0**	**1,089.5**	**3.4**
Cost of service	- 326.8	- 316.2	3.4
Cost of equipment	- 154.3	- 142.8	8.1
Selling, general & administrative expenses	- 261.6	- 253.8	3.1
Other expenses	- 2.6	- 2.6	1.4
Total cost and expenses	**- 745.4**	**- 715.4**	**4.2**
Earnings before interest, tax, depreciation and amortization - EBITDA	**380.6**	**374.1**	**1.7**
Depreciation and amortization	- 192.6	- 194.5	- 1.0
Depreciation of right-of-use assets	- 40.7	- 39.3	3.5
Operating income - EBIT	**147.3**	**140.2**	**5.1**
Interest income	1.3	1.4	- 3.6
Interest expense	- 26.4	- 26.1	1.2
Interest on employee benefits and restructuring and other financial items, net	- 0.3	- 3.2	- 90.5
Foreign currency exchange differences, net	- 16.4	0.5	n.m.
Equity interest in net income of associated companies	0.0	0.1	- 100.0
Financial result	**- 41.8**	**- 27.3**	**53.0**
Earnings before income tax - EBT	**105.6**	**112.9**	**- 6.5**
Income tax	- 16.3	- 27.0	- 39.6
Net result	**89.3**	**85.9**	**3.9**
Attributable to:			
Equity holders of the parent	89.2	85.8	3.9
Non-controlling interests	0.1	0.1	- 25.8
Basic and diluted earnings per share attributable to equity holders of the parent in euro	**0.13**	**0.13**	**3.92**
Weighted-average number of ordinary shares outstanding	664,084,841	664,084,841	0
Other comprehensive income items:			
Items that may be reclassified to profit or loss:			
Effect of translation of foreign entities	- 62.0	9.9	n.m.
Realized result on hedging activities, net of tax	1.1	1.1	- 0.3
Items that will not be reclassified to profit or loss:			
Remeasurement of defined benefit obligations, net of tax	- 8.7	- 3.9	122.7
Total other comprehensive income (loss)	**- 69.6**	**7.1**	**n.m.**
Total comprehensive income (loss)	**19.6**	**93.1**	**- 78.9**
Attributable to:			
Equity holders of the parent	19.6	93.0	- 79.0
Non-controlling interests	0.1	0.1	- 28.3

Condensed Consolidated Statement of Financial Position

in EUR million	March 31, 2020 unaudited	Dec. 31, 2019 audited	% change
ASSETS			
Current assets			
Cash and cash equivalents	116.9	140.3	- 16.7%
Accounts receivable: Subscribers, distributors and other, net	820.9	873.0	- 6.0%
Receivables due from related parties	0.2	0.9	- 83.7%
Inventories, net	111.9	109.3	2.3%
Income tax receivable	1.9	0.5	285.1%
Other current assets, net	152.5	148.5	2.7%
Contract assets	113.7	124.2	- 8.4%
Assets held for sale	33.5	33.5	0.0%
Total current assets	1,351.4	1,430.3	- 5.5%
Non-current assets			
Property, plant and equipment, net	2,814.6	2,840.3	- 0.9%
Right-of-use assets, net	913.6	942.0	- 3.0%
Intangibles, net	1,732.4	1,784.2	- 2.9%
Goodwill	1,274.0	1,278.8	- 0.4%
Long-term investments	12.2	14.3	- 14.9%
Deferred income tax assets	161.6	168.9	- 4.3%
Other non-current assets, net	26.3	27.2	- 3.3%
Total non-current assets	6,934.7	7,055.7	- 1.7%
TOTAL ASSETS	8,286.1	8,486.0	- 2.4%
LIABILITIES AND STOCKHOLDERS' EQUITY			
Current liabilities			
Short-term debt	0.0	- 123.0	- 100.0%
Lease liability short-term	- 148.9	- 152.6	- 2.5%
Accounts payable	- 868.6	- 909.5	- 4.5%
Accrued liabilities and current provisions	- 230.7	- 239.4	- 3.6%
Income tax payable	- 34.8	- 38.8	- 10.3%
Payables due to related parties	0.3	- 0.6	- 141.9%
Contract liabilities	- 185.3	- 174.0	6.5%
Total current liabilities	- 1,468.0	- 1,637.8	- 10.4%
Non-current liabilities			
Long-term debt	- 2,540.4	- 2,539.6	0.0%
Lease liability long-term	- 749.2	- 788.2	- 5.0%
Deferred income tax liabilities	- 4.5	- 6.7	- 32.6%
Other non-current liabilities	- 49.3	- 65.7	- 25.0%
Asset retirement obligation and restructuring	- 576.2	- 582.0	- 1.0%
Employee benefits	- 233.7	- 220.1	6.2%
Total non-current liabilities	- 4,153.2	- 4,202.3	- 1.2%
Stockholders' equity			
Capital stock	- 1,449.3	- 1,449.3	0.0%
Treasury shares	7.8	7.8	0.0%
Additional paid-in capital	- 1,100.1	- 1,100.1	0.0%
Retained earnings	- 880.4	- 791.2	11.3%
Other comprehensive income (loss) items	758.9	689.3	10.1%
Equity attributable to equity holders of the parent	- 2,663.1	- 2,643.6	0.7%
Non-controlling interests	- 1.8	- 2.4	- 23.9%
Total stockholders' equity	- 2,664.9	- 2,645.9	0.7%
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	- 8,286.1	- 8,486.0	- 2.4%

Condensed Consolidated Statement of Cash Flows

in EUR million	Q1 2020 unaudited	Q1 2019 unaudited	% change
Earnings before income tax - EBT	105.6	112.9	- 6.5
Non-cash and other reconciliation items:			
Depreciation	127.8	123.8	3.2
Amortization of intangible assets	64.8	70.8	- 8.4
Depreciation of right-of-use assets	40.7	39.3	3.5
Equity interest in net income of associated companies	0.0	- 0.1	- 100.0
Result on sale / measurement of investments	1.0	- 0.6	- 261.8
Result on sale of property, plant and equipment	1.1	0.6	97.0
Net period cost of labor obligations and restructuring	19.7	24.6	- 19.9
Foreign currency exchange differences, net	16.4	- 0.5	n.m.
Interest income	- 1.3	- 1.4	- 3.6
Interest expense	24.6	28.2	- 12.9
Other adjustments	2.1	- 2.3	- 190.4
Changes in financial positions:			
Accounts receivable: Subscribers, distributors and other, net	25.6	- 3.6	n.m.
Prepaid expenses	1.3	3.1	- 58.6
Due from related parties	0.8	0.0	n.m.
Inventories	- 5.4	6.8	- 179.1
Other assets	0.0	- 6.3	- 100.3
Contract assets	10.1	7.3	39.6
Accounts payable and accrued liabilities	- 31.9	- 77.1	- 58.6
Due to related parties	- 0.9	0.1	n.m.
Contract liabilities	11.9	16.8	- 29.2
Other:			
Employee benefits and restructuring paid	- 29.2	- 24.8	17.8
Interest received	1.3	1.4	- 3.6
Income taxes paid	- 13.4	- 10.8	24.7
Net cash flow from operating activities	372.7	308.1	21.0
Capital expenditures paid	- 205.2	- 216.1	- 5.0
Proceeds from sale of plant, property and equipment	3.0	1.7	73.9
Purchase of investments	- 0.2	- 0.2	- 6.5
Net cash flow from investing activities	- 202.3	- 214.5	- 5.7
Interest paid	- 9.7	- 5.5	77.3
Change in short-term debt	- 122.2	195.3	- 162.6
Repayments of short-term debt	0.0	- 240.0	- 100.0
Dividends paid	- 0.6	- 0.5	30.0
Acquisition of non-controlling interests	0.0	- 0.1	- 100.0
Lease principal paid	- 56.1	- 53.8	4.2
Net cash flow from financing activities	- 188.6	- 104.6	80.3
Adjustment to cash flows due to exchange rate fluctuations, net	- 5.1	0.8	n.m.
Net change in cash and cash equivalents	- 23.4	- 10.3	127.7
Cash and cash equivalents beginning of period	140.3	63.6	120.5
Cash and cash equivalents end of period	116.9	53.3	119.1

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
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 31452
Email: livia.dandrea-boehm@a1.at