

# Results for the first quarter 2019

April 29, 2019, Vienna



# Cautionary statement

'This presentation contains forward-looking statements. These forward-looking statements are usually accompanied by words such as 'believe', 'intend', 'anticipate', 'plan', 'expect' and similar expressions. Actual events may differ materially from those anticipated in these forward-looking statements as a result of a number of factors. Forward-looking statements involve inherent risks and uncertainties. A number of important factors could cause actual results or outcomes to differ materially from those expressed in any forward-looking statement. Neither 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 presentation does not constitute a recommendation or invitation to purchase or sell securities of A1 Telekom Austria Group.'

All figures for 2019 are stated according to IFRS 16 (2018 IFRS 16 based) if not stated otherwise. 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.

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 reconciliation tables provided in the Earnings Release.

A background graphic consisting of a network of white nodes connected by thin lines, with a color gradient from blue to red. The nodes are scattered across the frame, with some appearing more prominent than others.

# Operational and financial highlights for the first quarter

# Highlights Q1 2019



- Service revenue growth in all countries (+2.9% on Group level) and 1.9% higher EBITDA excl. restructuring, driven by a strong CEE contribution
- Ongoing shift from prepaid to contract together with M2M benefits the mobile contract customer base (+3.6%); migrations to higher tariffs and strong demand for WiFi router
- Healthy broadband trends in CEE and high demand for TV services led to an RGU growth of 3.5% y-o-y
- Steady demand for ICT solutions and complementary connectivity continues to benefit service revenues



- Austria: 3.5 Ghz spectrum auction closed in March, included in CAPEX in Q2 2019
- First preparations of commercial 5G launch in Austria in 2020
  - A1 Austria leverages best technology-mix, combining 4G/FTTx, enriched by 5G technologies in the future
- Belarus: Launch of A1 brand in Belarus successfully started
- Cooperation with beCloud enables 4G services to customers in Belarus

# Strong service revenue trends translated into EBITDA growth

Group (in EUR million)	IFRS 16 Q1 2019	IFRS 16 based Q1 2018	% change
Total revenues	1,089.5	1,073.1	1.5%
EBITDA	374.1	387.8	-3.5%
excl. restructuring*	395.0	387.8	1.9%
CAPEX	157.9	145.3	8.6%

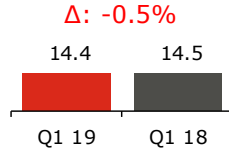


- Service revenue growth in all markets with growth mostly in the fixed-line but also in the mobile business; fixed-line growth drivers were solutions & connectivity in Austria as well as broadband and TV in CEE
- Increase in EBITDA excl. restructuring driven by the strong performance in CEE; also Austria showed a solid operational development in Q1 2019 but the comparison was affected by extraordinarily strong results last year
- CAPEX increase in Q1 2019 driven by the acquisition of frequencies in Croatia and higher investments in Austria due to fiber roll-out and IT customer projects

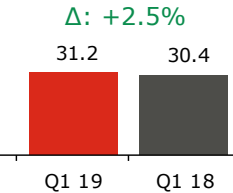
\* Restructuring charges: EUR 20.9 mn in Q1 2019 (Q1 2018: none)  
One-off and FX effects were negligible in Q1 2019 and the comparison period

# Austria: Ongoing sound operational trends; y-o-y impacted by positive effects in Q1 18 and lower equipment margin

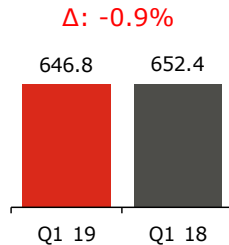
**ARPU**  
(in EUR)



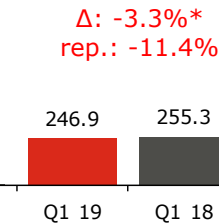
**ARPL**  
(in EUR)



**Total revenues**  
(in EUR mn)



**EBITDA excl. restructuring**  
(in EUR mn)



## Operational data

- Ongoing high demand for mobile WiFi routers and sound development in high-value tariffs both benefit postpaid subscriber base (+1.4%)
- ARPU decline entirely driven by lower visitor roaming due to reduced inter/intra-operator tariffs as well as lower interconnection revenues
- Higher ARPL due to strong demand for higher bandwidth and TV options as well as price indexation
- 2.2% RGU decrease mainly driven by voice; also low-bandwidth broadband RGUs declined year-on-year

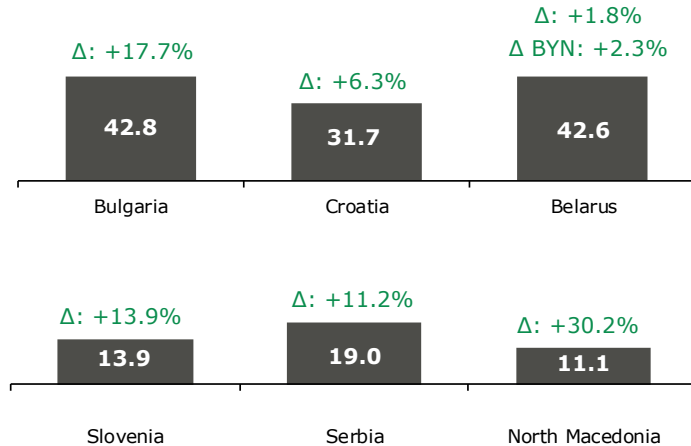
## Financial performance

- Decrease of total revenues entirely driven by lower equipment revenues due to lower volumes
- Service revenues continue to grow (+1.3%), driven by strong growth in solutions and connectivity
- EBITDA excl. restructuring decline driven by:
  - Worse equipment margin due to extraordinarily high promotional deals in Q1 2018;
  - higher workforce costs, impacted by positive effects in Q1 2018
- Restructuring charges in line with the communicated plan

# Service revenue and EBITDA growth in all CEE segments in Q1 2019

## EBITDA

(in EUR mn)



## Highlights CEE

### Bulgaria:

- Fixed-line service revenue growth driven by both business and residential segment as well as TV offers
- Mobile: Ongoing solid trends in both business and residential segment
- EBITDA benefited from a better equipment margin and lower advertising (rebranding costs in Q1 2018)

### Croatia:

- Service revenue growth driven by ongoing strong demand for mobile WiFi routers as well as broadband & TV
- The lower equipment margin due to promotions as well as higher content costs were offset by lower frequency usage fees

### Belarus:

- Service revenues back to growth, driven by both the fixed-line and the mobile segment
- New mobile tariff portfolio launched and monetization of unlimited options
- OPEX increase driven by higher workforce costs as well as corporate network and content costs

### Other segments:

- EBITDA in Slovenia profited from increased service revenues and a higher equipment margin due to positive deferrals
- Both Serbia and North Macedonia benefited from attractive tariff propositions and strong demand for WiFi router

# Lower free cash flow due to higher CAPEX paid and working capital needs

<i>(in EUR million)</i>	<b>Q1 2019</b>	<b>Q1 2018</b>	<b>% change</b>
Net 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%
<b>Free Cash Flow incl. lease payments</b>	<b>34.4</b>	<b>82.6</b>	<b>-58.3%</b>

- Free cash flow decreased year-on-year in Q1 2019, driven by ...
  - ... lower cash flow from operations due to seasonally high working capital needs
  - ... and higher CAPEX paid due to higher investments in Q1 2019 as well as higher payments from previous periods and outstanding cash-receipts from government grants for the subsidized fiber roll-out
- Working capital needs of EUR 53.0 mn (EUR 38.7 mn in Q1 2018), driven by
  - EUR 77.1 mn decrease in accounts payable
- Other financial positions of EUR -34.2 mn (EUR -27.7 mn in Q1 2018) stemming mainly from
  - EUR 25.0 mn payments for restructuring and
  - EUR 10.8 mn income taxes paid



# Focus Points

A large, dense array of hanging light bulbs is shown against a dark background. The bulbs are of various sizes and are arranged in a way that creates a sense of depth and texture. Some bulbs are illuminated, casting a warm, yellowish glow, while others are dark and unlit. The overall effect is a complex, multi-layered visual that suggests a multitude of points of focus or attention.

# Adoption of IFRS 16 – Summary of main impacts

## Balance Sheet

- Lease contracts are capitalized resulting in RoU assets of EUR 1,011 mn and lease liabilities of EUR 1,003 mn
  - Mobile sites ~50% of total RoU assets; average term of 7 years

## Income Statement

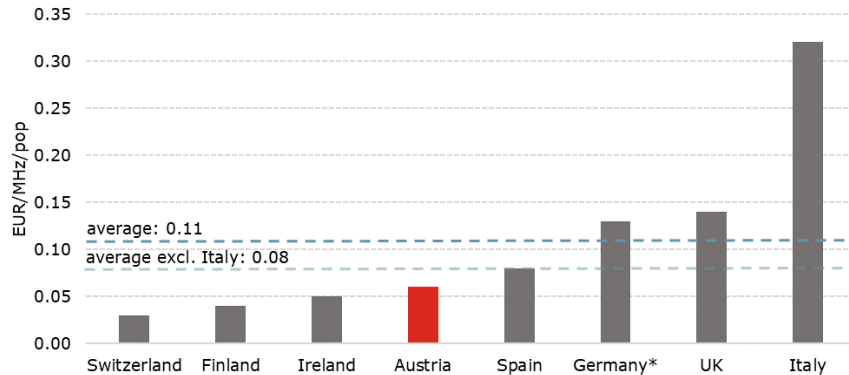
- Elimination of operating lease expense (OPEX) and booking as depreciation and interest expenses under IFRS 16
  - FY 2018 EBITDA increases by EUR 158 mn
  - FY 2018 EBIT increases by EUR 12 mn

## Net Debt

- Recognition of lease liability leads to higher net debt
- Net debt/EBITDA ratio increases by ~0.4 x

# Austria: 3.5 GHz result below European average; Network roll-out to be continued with CAPEX-efficient technology-mix

- A1 Group acquired 100-140 MHz (depending on the region) for a total amount of EUR 64.3 mn (in CAPEX in Q2 2019).
- The acquired frequencies (Band 42: 3.4-3.6 GHz) can be used from January 1, 2020 until December 31, 2039.
- Auction result (EUR 0.063/Mhz/pop) below European avg.



\*as of April 26, 2019

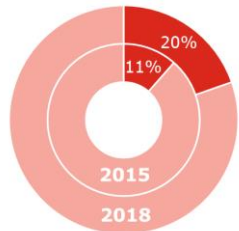
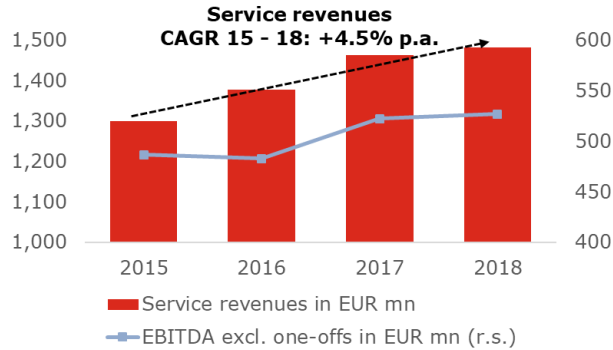
Results for the first quarter 2019



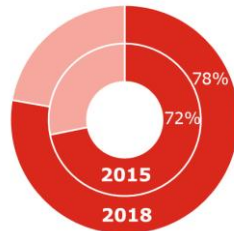
## TKA will continue to pursue CAPEX-efficient network roll-out

- A1 Austria leverages best technology-mix, combining 4G/FTTx, enriched by 5G technologies in the future
  - FTTB/FTTH in cities
  - 5G will be i.a. used to provide high-speed internet in rural areas in most efficient way
- Current expectation on 5G roll-out:
  - 5G investments (ex. spectrum) in 2019 already included in CAPEX guidance
  - Mid-term CAPEX envelope not expected to be disrupted by 5G

# Close coordination of segments and customization to local requirements allows profitable growth in CEE



■ Fixed-line service revenues  
 ■ Mobile service revenues



■ Mobile contract subscriber  
 ■ Mobile prepaid subscriber

- Rising contributions from all markets allows service revenue growth across CEE
- Strengthened fixed-line proposition through organic growth and bolt-on M&A
- Selective content investments benefits fixed-line RGUs and ARPL
- The growing mobile contract base enhances the customer value
- Highly flexible alignment of products and services with different market environments
- Successful rebranding strengthens the market presence

# Belarus: cooperation with monopolist enables 4G services to customers; 3G capacity extended, rebranding started

## LTE cooperation & additional 3G frequencies

- Acquisition of additional spectrum (5 Mhz) in 2.1 Ghz which will extend the 3G capacity countrywide (EUR 10 mn CAPEX in Q2 2019)
- velcom entered into an LTE cooperation with beCloud to offer 4G layer to its customers
  - Cash flow impact: mid-single digit EUR mn p.a., starting Q2 2019
  - LTE is provided in velcom strongholds only, adding capacity in a very targeted manner

## Rebranding

- Phased rebranding started on April 8, 2019
- Dual velcom/A1 brand will be used in the communication in the upcoming months
- Further step towards becoming the leading integrated telecommunications provider in Belarus
- Attractive promotions like an exclusive roaming offer within the networks of A1 Group





# Outlook for the full year 2019

# A1 Telekom Austria Group outlook for the full year 2019 unchanged

	April 29, 2019	Consensus 2019
Total revenues	~+2%	+1.6%
CAPEX	~ EUR 770 mn	EUR 768 mn*
Proposed dividend	EUR 0.21 / share	-

\*CAPEX consensus excl. spectrum

- Outlook based on reported figures; assumed devaluation of BYN vs. EUR of up to 5%
- CAPEX (before leases): does not include investments in spectrum or acquisitions
- Dividend: intended proposal to the Annual General Meeting 2020 for the financial year 2019

# Appendix 1

All figures are stated according to IFRS 16 on a reported basis



# The leading regional communications player providing convergent telecommunication services

as of March 31, 2019 (in '000)



## Austria

**Mobile market position #1**

**Mobile subscribers:**

- 5,309 (Q1 2018: 5,307)

**Fixed access lines:**

- 2,026 (Q1 2018: 2,103)

**A1**

## Bulgaria

**Mobile market position: #1**

**Mobile subscribers:**

- 3,837 (Q1 2019: 3,959)

**Fixed access lines:**

- 534 (Q1 2019: 529)

**A1**

## Croatia

**Mobile market position #2**

**Mobile subscribers:**

- 1,803 (Q1 2018: 1,755)

**Fixed access lines:**

- 299 (Q1 2018: 295)

**A1**

## Belarus

**Mobile market position #2**

**Mobile subscribers:**

- 4,851 (Q1 2018: 4,843)

**Fixed access lines:** **velcom**

- 432 (Q1 2018: 303)

**A1**

## Slovenia

**Mobile market position #2**

**Mobile subscribers:**

- 698 (Q1 2018: 698)

**Fixed access lines:**

- 76 (Q1 2018: 71)

**A1**

## Serbia

**Mobile market position #3**

**Mobile subscribers:**

- 2,222 (Q1 2018: 2,175)

**vip**

## North Macedonia

**Mobile market position #1**

**Mobile subscribers:**

- 1,051 (Q1 2018: 1,064)

**Fixed access lines:** **one.vip**

- 169 (Q1 2018: 152)

# A1 Telekom Austria Group – Profit and Loss

(in EUR million)	Q1 2019	Q1 2018	% change
Service Revenues	924.4	898.5	2.9%
Equipment Revenues	143.5	153.7	-6.6%
Other operating income	21.5	20.9	3.1%
<b>Total Revenues</b>	<b>1,089.5</b>	<b>1,073.1</b>	<b>1.5%</b>
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%
Others	-2.6	-2.6	3.2%
<b>Total Costs and Expenses</b>	<b>-715.4</b>	<b>-685.3</b>	<b>-4.4%</b>
<b>EBITDA</b>	<b>374.1</b>	<b>387.8</b>	<b>-3.5%</b>
<i>% of Total Revenues</i>	<i>34.3%</i>	<i>36.1%</i>	
Depreciation and Amortisation	-194.5	-289.8	32.9%
Impairment and Reversal of Impairment	0.0	0.0	n.a.
<b>EBIT</b>	<b>140.2</b>	<b>61.8</b>	<b>126.8%</b>
<i>% of Total Revenues</i>	<i>12.9%</i>	<i>5.8%</i>	
<b>EBT (Earnings Before Income Taxes)</b>	<b>112.9</b>	<b>39.0</b>	<b>189.2%</b>
<b>Net Result</b>	<b>85.9</b>	<b>28.4</b>	<b>202.7%</b>

# A1 Telekom Austria Group – Total revenues & costs and expenses per segment

## A1 Telekom Austria Group - Total Revenue Split

Total Revenues (in EUR million)	Q1 2019	Q1 2018	% 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%
Republic of Serbia	65.1	60.4	7.7%
Republic of Macedonia	30.4	28.0	8.3%
Corporate & other, eliminations	-10.9	-11.5	5.3%
<b>Total Revenues</b>	<b>1,089.5</b>	<b>1,073.1</b>	<b>1.5%</b>

## A1 Telekom Austria Group - Costs and Expenses Split

Costs and Expenses (in EUR million)	Q1 2019	Q1 2018	% change
Austria	420.8	397.2	5.9%
Bulgaria	68.3	70.6	-3.3%
Croatia	70.3	69.7	1.0%
Belarus	51.2	46.5	9.9%
Slovenia	37.3	36.6	1.8%
Republic of Serbia	46.1	43.4	6.4%
Republic of Macedonia	19.3	19.5	-1.3%
Corporate & other, eliminations	2.1	1.7	18.6%
<b>Total Operating Expenses</b>	<b>715.4</b>	<b>685.3</b>	<b>4.4%</b>

# A1 Telekom Austria Group – Headcount development

FTE (Average Period)	Q1 2019	Q1 2018	% change
Austria	7,960	8,241	-3.4%
International	10,354	10,263	0.9%
Corporate	380	348	9.4%
<b>A1 Telekom Austria Group</b>	<b>18,695</b>	<b>18,852</b>	<b>-0.8%</b>

FTE (End of Period)	Q1 2019	Q1 2018	% change
Austria	7,961	8,239	-3.4%
International	10,371	10,252	1.2%
Corporate	389	349	11.4%
<b>A1 Telekom Austria Group</b>	<b>18,721</b>	<b>18,840</b>	<b>-0.6%</b>

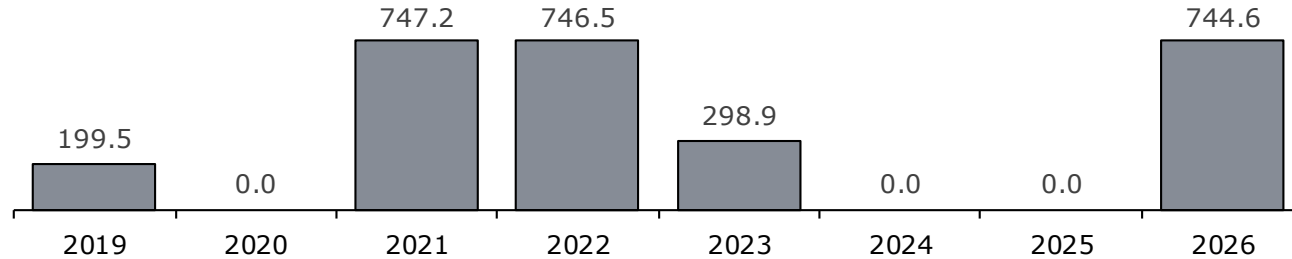
# A1 Telekom Austria Group – Capital expenditure split

Capital Expenditures (in EUR million)	Q1 2019	Q1 2018	% 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%
Republic of Serbia	2.7	5.6	-51.1%
Republic of Macedonia	1.5	2.4	-39.0%
Corporate & other, eliminations	1.0	-0.2	n.m.
<b>Total Capital Expenditures</b>	<b>157.9</b>	<b>145.3</b>	<b>8.6%</b>
thereof Tangible	124.0	117.9	5.1%
thereof Intangible	33.9	27.4	23.8%

# A1 Telekom Austria Group – Net debt per March 31, 2019

Net Debt pre IFRS 16 (in EUR million)	31 March 2019	31 December 2018	% change
Long-term Debt	2,537.2	2,536.8	0.0%
Short-term Borrowings	199.5	245.3	-18.7%
Cash and Cash Equivalents and Short-term Investments	-53.3	-63.6	16.2%
<b>Net Debt pre IFRS 16 of A1 Telekom Austria Group</b>	<b>2,683.4</b>	<b>2,718.4</b>	<b>-1.3%</b>
<b>Leverage Ratio</b>	<b>2.0</b>	<b>2.0</b>	
Net Debt incl. Leases (in EUR million)	31 March 2019	1 January 2019	% change
Long-term Debt incl. Leases	3,354.9	3,395.8	-1.2%
Short-term Borrowings incl. Leases	346.3	388.6	-10.9%
Cash and Cash Equivalents and Short-term Investments	-53.3	-63.6	16.2%
<b>Net Debt incl. Leases of A1 Telekom Austria Group</b>	<b>3,647.8</b>	<b>3,720.8</b>	<b>-2.0%</b>
<b>Leverage Ratio</b>	<b>2.4</b>	<b>2.4</b>	

# A1 Telekom Austria Group – Financial debt maturity profile as of March 31, 2019

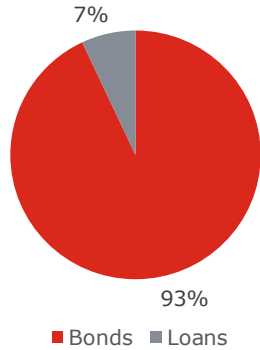


- EUR 2,736.7 mn short-and long-term borrowings as of 31 March 2019
- Average cost of debt of 2.73%
- Cash and cash equivalents and short-term investments of EUR 53.3 mn
- Average term to maturity of 4.12 years

# A1 Telekom Austria Group – Debt profile

as of March 31, 2019

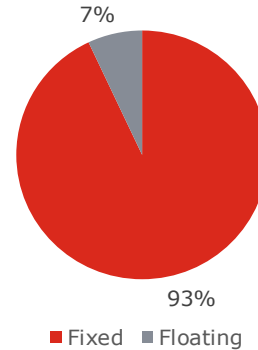
## Overview debt instruments



## Lines of credit

- Undrawn committed credit lines amounting to EUR 1,215 mn
- Average term to maturity of 0.63 years

## Fixed/floating mix



## Ratings

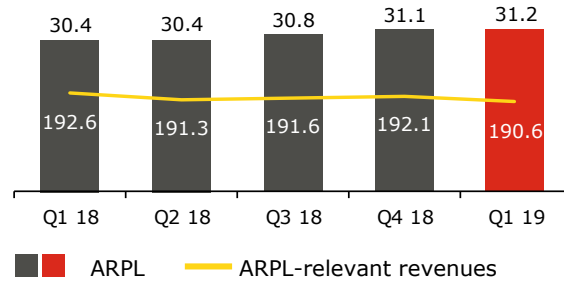
- S&P: BBB (positive outlook)
- Moody's: Baa1 (stable outlook)



# Segment Austria – Fixed-line key performance indicators

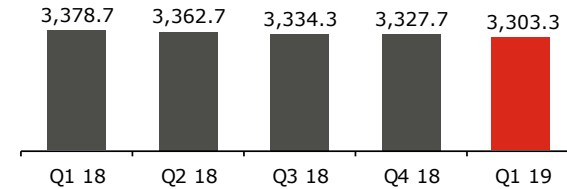
## ARPL & ARPL-relevant revenues

(in EUR, in EUR million)



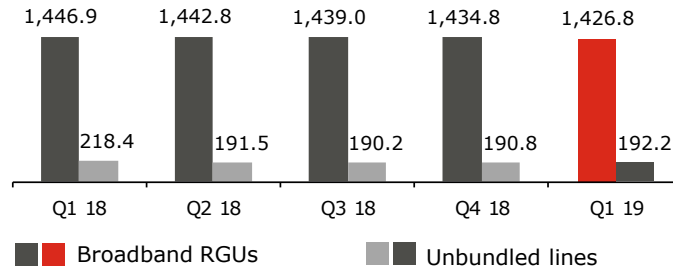
## Total RGUs

(in '000)



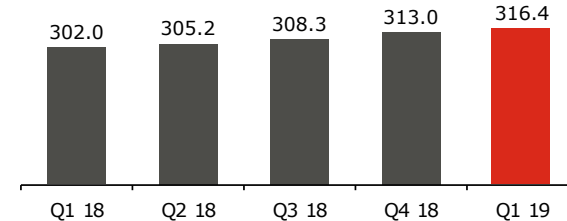
## Broadband RGUs/unbundled lines

(in '000)



## TV RGUs

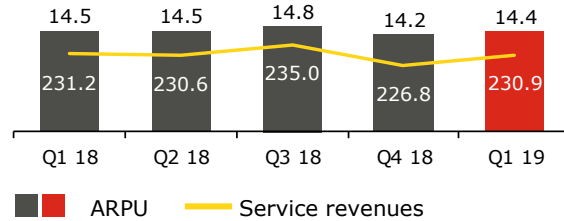
(in '000)



# Segment Austria – Mobile key performance indicators

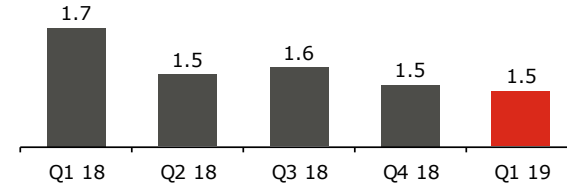
## ARPU & Service revenues

(in EUR, in EUR million)



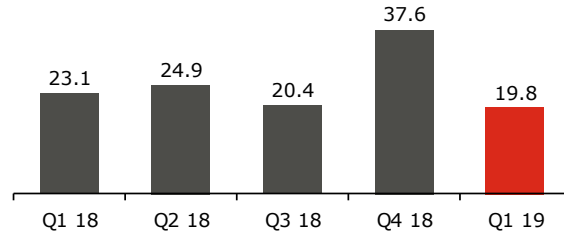
## Churn rate

(in %)



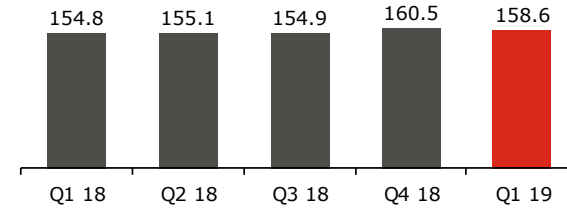
## Subsidies (incl. promotional deals)

(in EUR million)



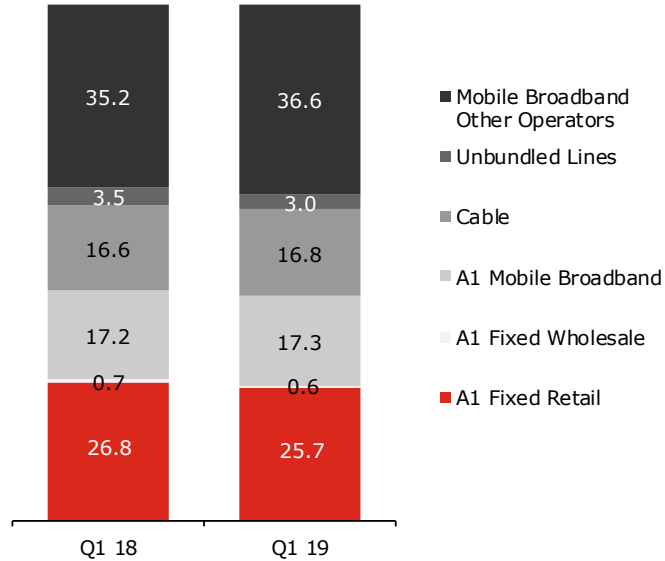
## Mobile penetration

(in %)

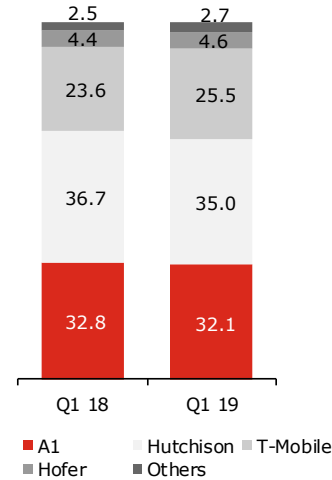


# Segment Austria – Broadband market split\*

Market share total broadband  
(in %)



Market share mobile broadband  
(in %)



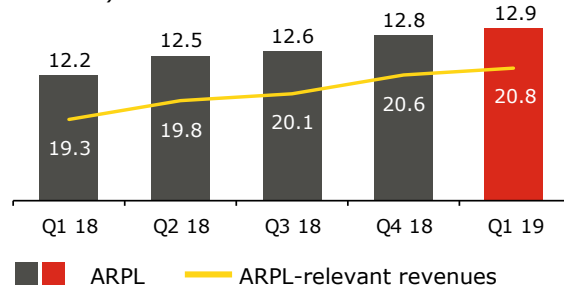
Market share fixed-line broadband  
(in %)



# Segment Bulgaria – Fixed-line key performance indicators

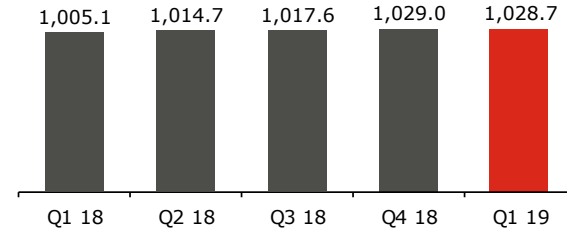
## ARPL & ARPL-relevant revenues

(in EUR, in EUR million)



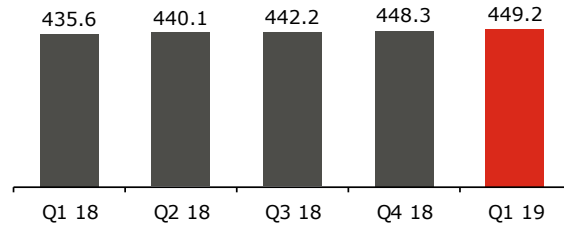
## Total RGUs

(in '000)



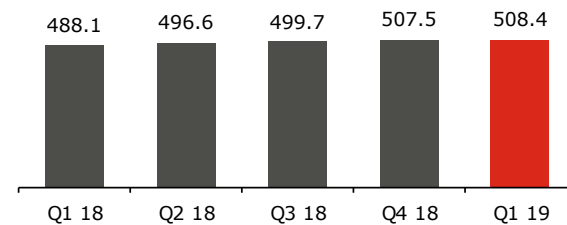
## Fixed Broadband RGUs

(in '000)



## TV RGUs

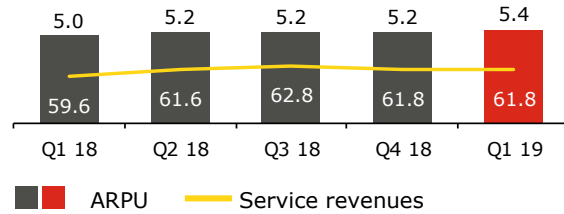
(in '000)



# Segment Bulgaria – Mobile key performance indicators

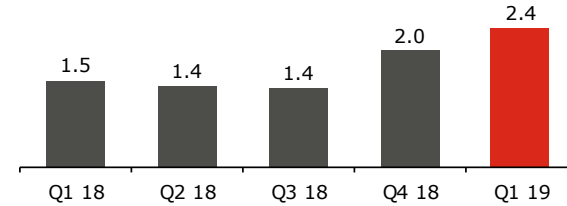
## ARPU & Service revenues

(in EUR, in EUR million)



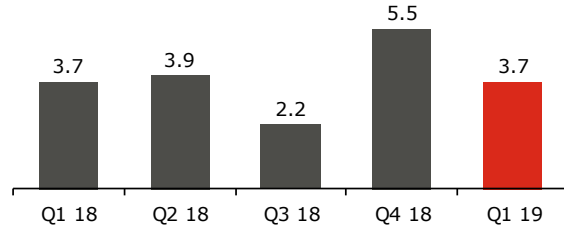
## Churn rate

(in %)



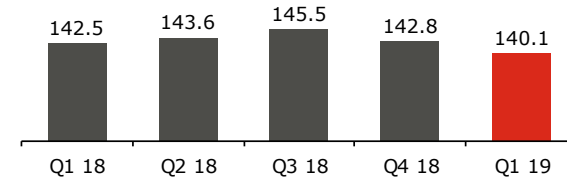
## Subsidies (incl. promotional deals)

(in EUR million)



## Mobile penetration

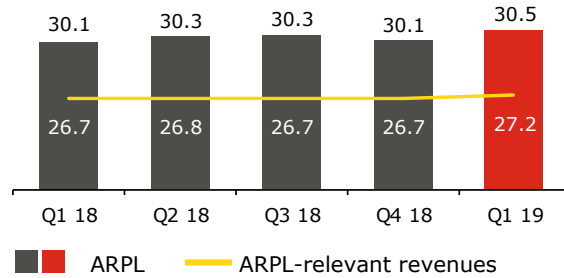
(in %)



# Segment Croatia – Fixed-line key performance indicators

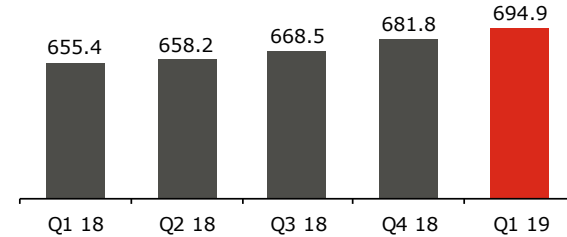
## ARPL & ARPL-relevant revenues

(in EUR, in EUR million)



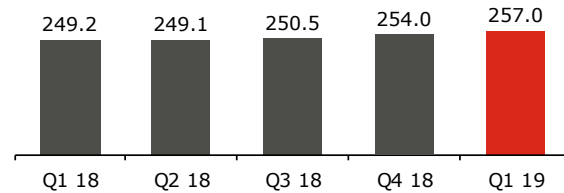
## Total RGUs

(in '000)



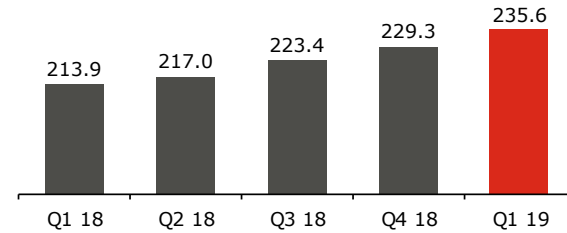
## Fixed Broadband RGUs

(in '000)



## TV RGUs

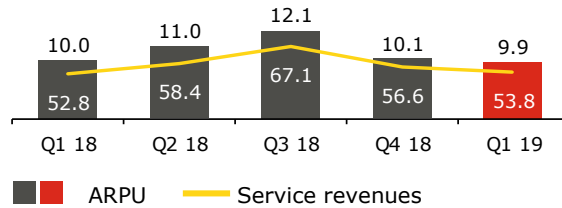
(in '000)



# Segment Croatia – Mobile key performance indicators

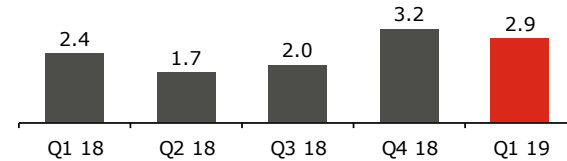
## ARPU & Service revenues

(in EUR, in EUR million)



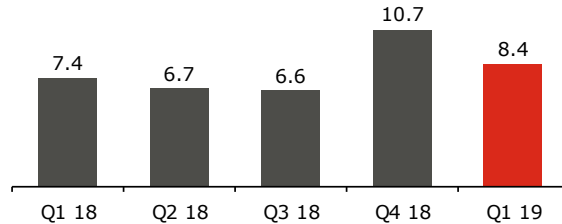
## Churn rate

(in %)



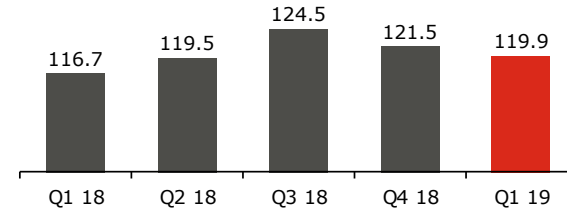
## Subsidies (incl. promotional deals)

(in EUR million)



## Mobile penetration

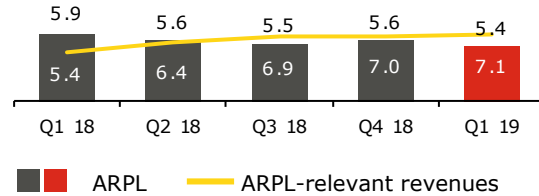
(in %)



# Segment Belarus – Fixed-line key performance indicators

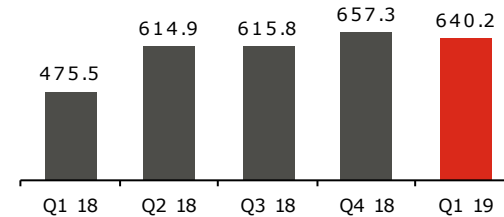
## ARPL & ARPL-relevant revenues\*

(in EUR, in EUR million)



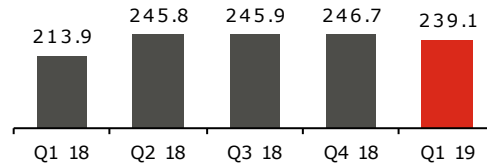
## Total RGUs\*

(in '000)



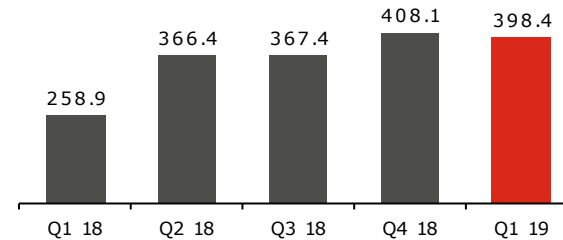
## Fixed Broadband RGUs\*

(in '000)



## TV RGUs\*

(in '000)



\*Reported RGUs and ARPL in Belarus are affected by the acquisition of the fixed-line provider Vitebsk Garant, consolidated as of May 1, 2018.

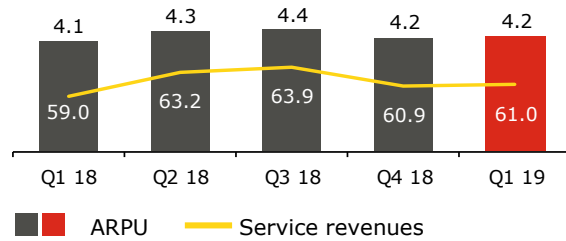




# Segment Belarus – Mobile key performance indicators

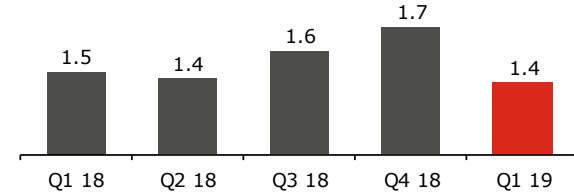
## ARPU & Service revenues

(in EUR, in EUR million)



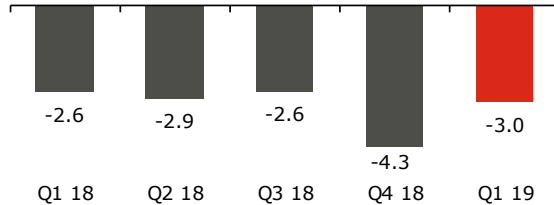
## Churn rate

(in %)



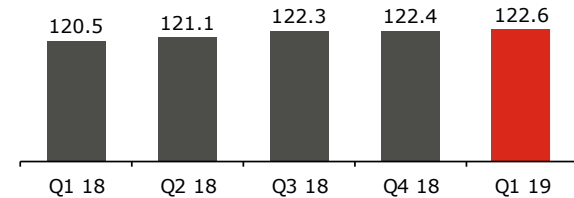
## Subsidies (incl. promotional deals)

(in EUR million)



## Mobile penetration

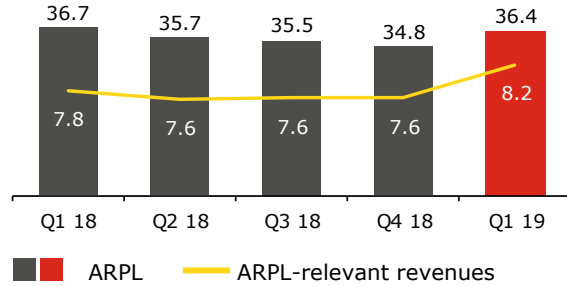
(in %)



# Segment Slovenia – Fixed-line key performance indicators

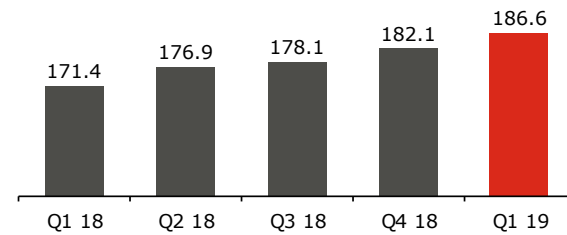
## ARPL & ARPL-relevant revenues

(in EUR, in EUR million)



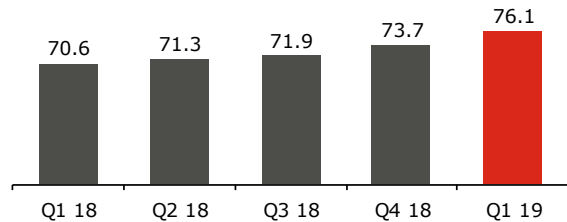
## Total RGUs

(in '000)



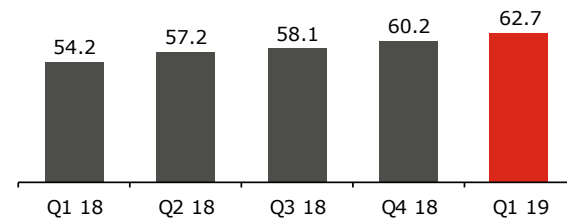
## Fixed Broadband RGUs

(in '000)



## TV RGUs

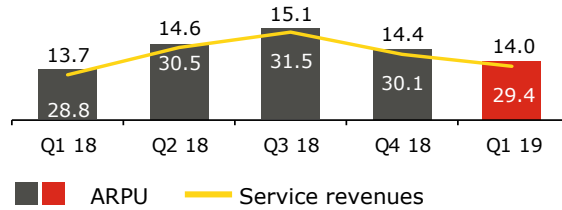
(in '000)



# Segment Slovenia – Mobile key performance indicators

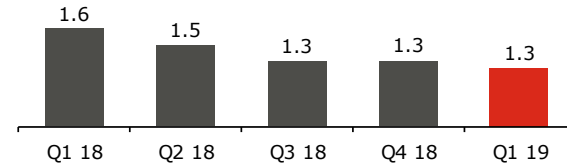
## ARPU & Service revenues

(in EUR, in EUR million)



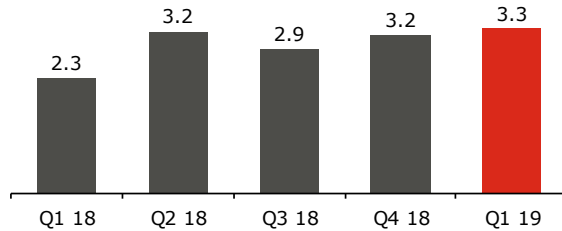
## Churn rate

(in %)



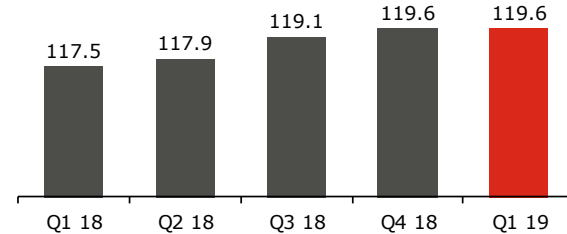
## Subsidies

(in EUR million)



## Mobile penetration

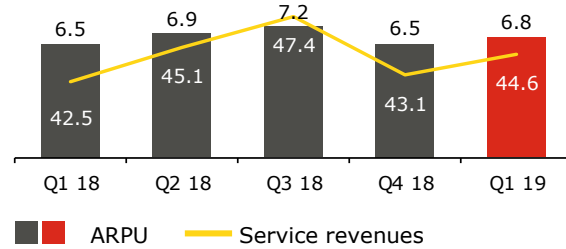
(in %)



# Segment Serbia – Mobile key performance indicators

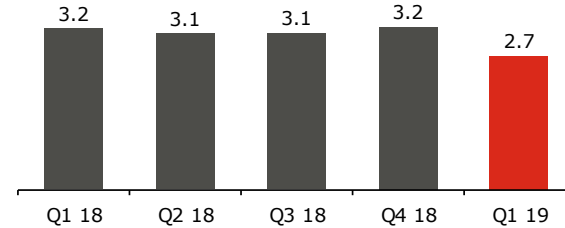
## ARPU & Service revenues

(in EUR, in EUR million)



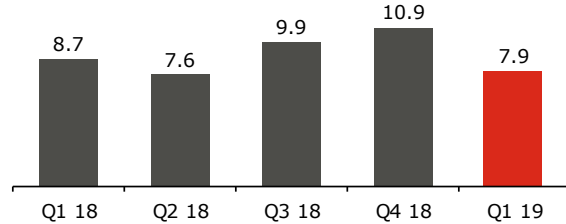
## Churn rate

(in %)



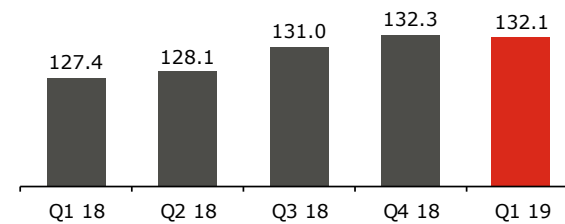
## Subsidies (incl. promotional deals)

(in EUR million)



## Mobile penetration

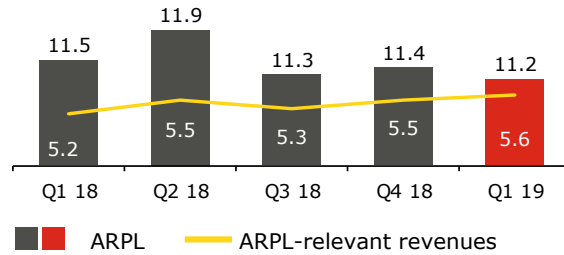
(in %)



# Segment North Macedonia – Fixed-line key performance indicators

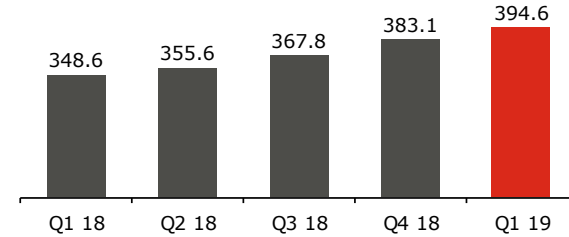
## ARPL & ARPL-relevant revenues

(in EUR, in EUR million)



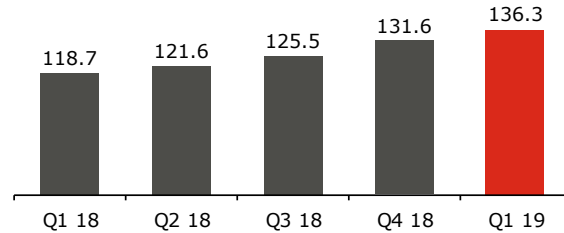
## Total RGUs

(in '000)



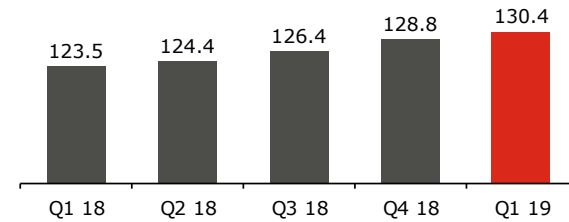
## Fixed Broadband RGUs

(in '000)



## TV RGUs

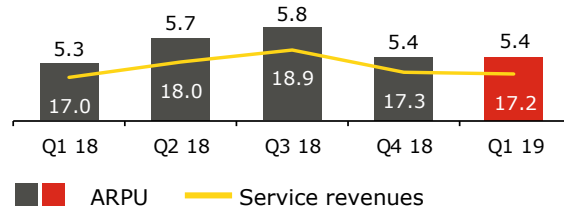
(in '000)



# Segment North Macedonia – Mobile key performance indicators

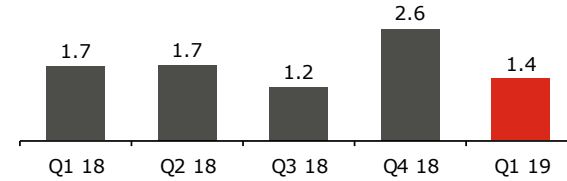
## ARPU & Service revenues

(in EUR, in EUR million)



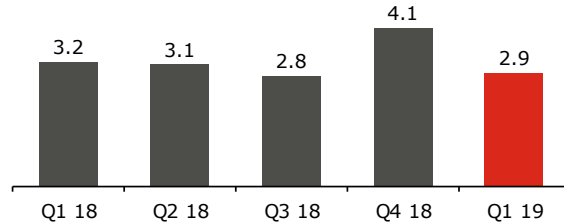
## Churn rate

(in %)



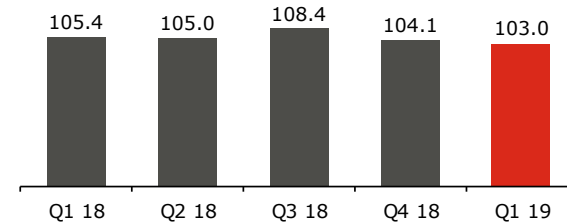
## Subsidies (incl. promotional deals)

(in EUR million)




## Mobile penetration

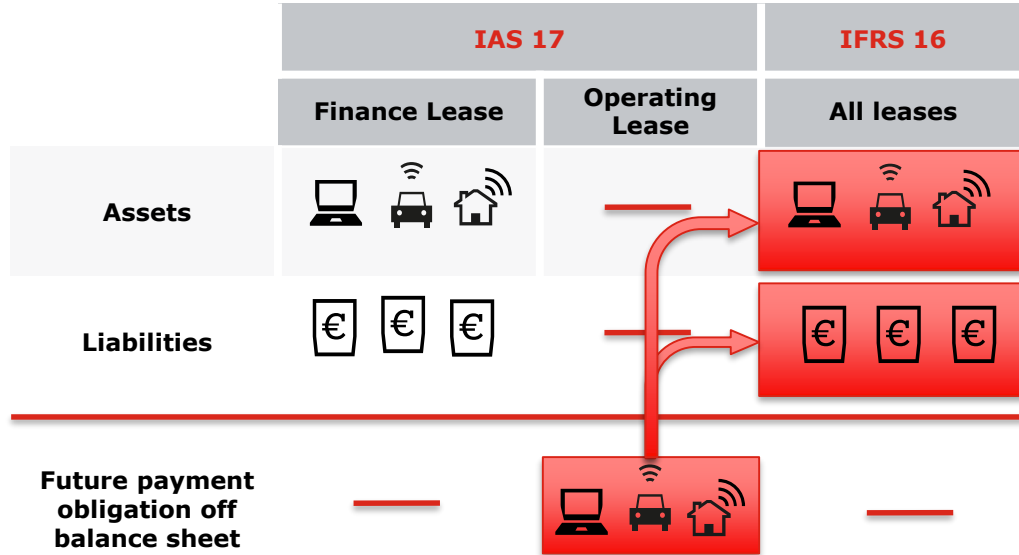
(in %)



# Appendix 2 – Adoption of IFRS 16



# Adoption of IFRS 16 – impact on the balance sheet



- Discounted future payments of all lease contracts are capitalized resulting in RoU assets of EUR 1,011 mn and lease liabilities of EUR 1,003 mn
- Optional exceptions for low value, short term leases



# Adoption of IFRS 16 – impact on the income statement

	IAS 17		IFRS 16
	Finance Lease	Operating Lease	All Leases
Revenues	—	—	—
OPEX	—	Lease Expenses	↓ ↓
EBITDA			↑ ↑
D&A	Depreciation/ Amortization	—	Depreciation
EBIT			↑
Interest	Accrued Interest		Accrued Interest
EBT			↔


- Elimination of operating lease expense (OPEX) and booking as depreciation and interest expenses under IFRS 16
- IFRS 16 impact on earnings ratios FY 2018:
  - EBITDA increases by EUR 158 mn
  - EBIT increases by EUR 12 mn
  - EBT kept unchanged over the fiscal year

# Adoption of IFRS 16 – impact on net debt

in EUR mn	Dec 31, 2018 pre IFRS 16	Mar 31, 2019 pre IFRS 16	Dec 31, 2018 IFRS 16 based	Mar 31, 2019 IFRS 16
Gross debt	2,782.0	2,736.7	3,784.4	3,701.1
- Cash & cash equivalents	-63.6	-53.3	-63.6	-53.3
Net debt	2,718.4	2,683.4	3,720.8	3,647.8
EBITDA (LTM)	1,390.9	1,372.5	1,548.9	1,535.2
<b>Net debt / EBITDA ratio</b>	<b>2.0 x</b>	<b>2.0 x</b>	<b>2.4 x</b>	<b>2.4 x</b>

- Significant increase in financial liabilities due to the recognition of leases leads to higher net debt
- IFRS 16 adoption leads to increase of net debt / EBITDA ratio of ~0.4 x

# Appendix 3 – Regulatory topics

An abstract graphic of a network or molecular structure. It features a complex web of interconnected nodes and lines. The nodes are represented by small spheres in various colors, including red, blue, white, and orange. The lines connecting them are thin and semi-transparent, creating a sense of depth and connectivity. The background is a dark, gradient blue, which makes the glowing nodes and lines stand out prominently.

# Glide Path of Mobile Termination Rates

No further reductions expected in 2019

	Jul 2015	Jan 2016	Jul 2016	Jan 2017	Jul 2017	Jan 2018
Austria (EUR)	0.008049	0.008049	0.008049	0.008049	0.008049	0.008049
Bulgaria (BGN)	0.019	0.019	0.019	0.014	0.014	0.014
Croatia (HRK)*	0.063	0.063	0.063	0.063	0.047	0.047
Belarus (BYN)**	MTS 0.025/0.0125 BeST 0.018/0.009	MTS 0.025/0.0125 BeST 0.018/0.009	MTS 0.025/0.0125 BeST 0.018/0.009	MTS 0.025/0.0125 BeST 0.018/0.009	MTS 0.025/0.0125 BeST 0.018/0.009	MTS 0.025/0.0125 BeST 0.018/0.009
Slovenia (EUR)	0.0114	0.0114	0.0114	0.0114	0.0114	0.0114
Serbia (RSD)	3.43	3.43	2.75	2.07	2.07	1.43
North Macedonia (MKD)***	0.90	0.90	0.90	0.63	0.63	0.63

\* National and International EU/EEA MTRs stated as regulated. International MTRs differ between EU/EEA and non-EU/EEA originating country.

Non-EU/EEA MTR for Croatia: HRK 1.73/min -> HRK 2.00/min in Apr 2016

\*\* Belarus values: prime time/downtime. MTS: Mobile TeleSystems; BeST: Belarus Telecommunications Network

\*\*\* NRA Regulated asymmetric MTR for FULL MVNO (Lycamobile) from 01.05.2018 to 30.04.2019 at level of 1.5 MKD



# Upcoming spectrum tenders/prolongations/ assignments\*

	Expected	Comments
Austria	2020 (700, 1500, 2100 MHz) 2020 (2300 MHz)	700/1500/2100 MHz auction planned for Q1/2020
Bulgaria	2019 (800, 1800, 2100 MHz) 2020 (2600, 3400-3800 MHz)	
Croatia	2019 (2600 MHz) 2021 (700 MHz)	
Belarus	2020 (3500 MHz) 2021 (700 MHz)	
Slovenia	2019 (700 MHz) Late 2019/early 2020 (1400, 2100, 2300, 3400-3800 MHz)	
Serbia	2020 (700, 2600, 3500 MHz)	
North Macedonia	Late 2019/early 2020 (700 MHz) Late 2019/early 2020 (3500 MHz)	

\* Please note that this a list of expected spectrum awards procedures. Whether Telekom Austria Group is planning and sees a need to participate and acquire spectrum in the above-mentioned procedures the Group is not permitted to comment on.

# EU roaming price regulation

RETAIL (in EURc)	July 2014	April 30, 2016	June 15, 2017		
Data (per MB)	20	domestic tariff + 5*	domestic tariff		
Voice-calls made (per minute)	19	domestic tariff + 5*	domestic tariff		
Voice-calls received (per minute)	5	weighted average MTR	0		
SMS (per SMS)	6	domestic tariff + 2*	domestic tariff		
WHOLESALE (in EURc)	July 2014	April 30, 2016	June 15, 2017	January 1, 2018	January 1, 2019
Data (per MB)	5	5	0.77	0.6	0.45
Voice (per minute)	5	5	3.2	3.2	3.2
SMS (per SMS)	2	2	1	1	1

\* Sum of the domestic retail price and any surcharge applied for regulated roaming calls made, regulated roaming SMS messages sent or regulated data roaming services shall not exceed EUR 0.19 per minute, EUR 0.06 per SMS message and EUR 0.20 per megabyte used. Any surcharge applied for calls received shall not exceed the weighted average of maximum mobile termination rates across the Union.

The background of the slide is a dark blue field filled with a complex network of glowing nodes and connecting lines. The nodes are small spheres in white, red, and blue, and the lines are thin and translucent, creating a sense of depth and connectivity.

# Appendix 4 – Personnel restructuring in Austria

# Full Year Overview – Restructuring charges and provision vs. FTE

## Overview restructuring charges

(in EUR million)

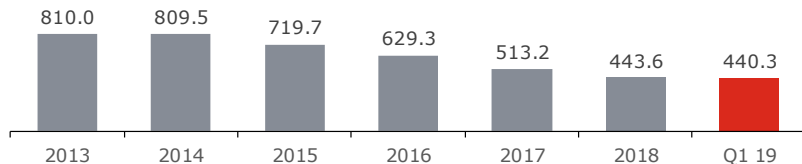
	2013	2014	2015	2016	2017	2018	Q1 19
FTE reduction	149.0	86.4*	69.5**	95.0	9.1	70.1	19.6
Servicekom contribution	-103.8	-39.4	-72.0	-96.9***	-27.3	-47.1	0.5
Interest rate adjustments	0.0	42.6	2.9	9.2	0.0	-0.9	0.9
<b>Total</b>	<b>45.2</b>	<b>89.6</b>	<b>0.4</b>	<b>7.2</b>	<b>-18.2</b>	<b>22.1</b>	<b>20.9</b>

## FTEs addressed

	2013	2014	2015	2016	2017	2018	Q1 19
Transfer to government	22	52	49	6	3	0	0
Social plans	409	199	270	269	31	241	66
Staff released from work	0	0	0	0	0	0	0
<b>Total</b>	<b>431</b>	<b>251</b>	<b>319</b>	<b>275</b>	<b>34</b>	<b>241</b>	<b>66</b>

## Overview restructuring provision\*\*\*\*

(in EUR million)



## Provisioned FTEs

	2013	2014	2015	2016	2017	2018	Q1 19
Transfer to government	330	242	205	193	176	159	152
Social plans	1,315	1,460	1,661	1,821	1,707	1,748	1,745
Staff released from work	410	350	253	200	172	116	112
<b>Total</b>	<b>2,055</b>	<b>2,052</b>	<b>2,119</b>	<b>2,214</b>	<b>2,055</b>	<b>2,023</b>	<b>2,009</b>

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

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

\*\*\* EUR -30.7 mn in restructuring charges in total in Q3 (EUR -29.0 mn) and Q4 2016 (EUR -1.7 mn) stemming from a revaluation of the restructuring provision due to changed underlying parameters

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



# Overview – Cash flow impact of restructuring

## Restructuring cash flow impact

### Cash flow impact (in EUR million)

2013	108.0
2014	107.1
2015	101.9
2016	105.5
2017	102.4
2018	95.6

**Q1 2019 25.0**

- Total CF impact comprises old and new programs
- Expected CF impact for 2019 of ~ EUR 95 mn

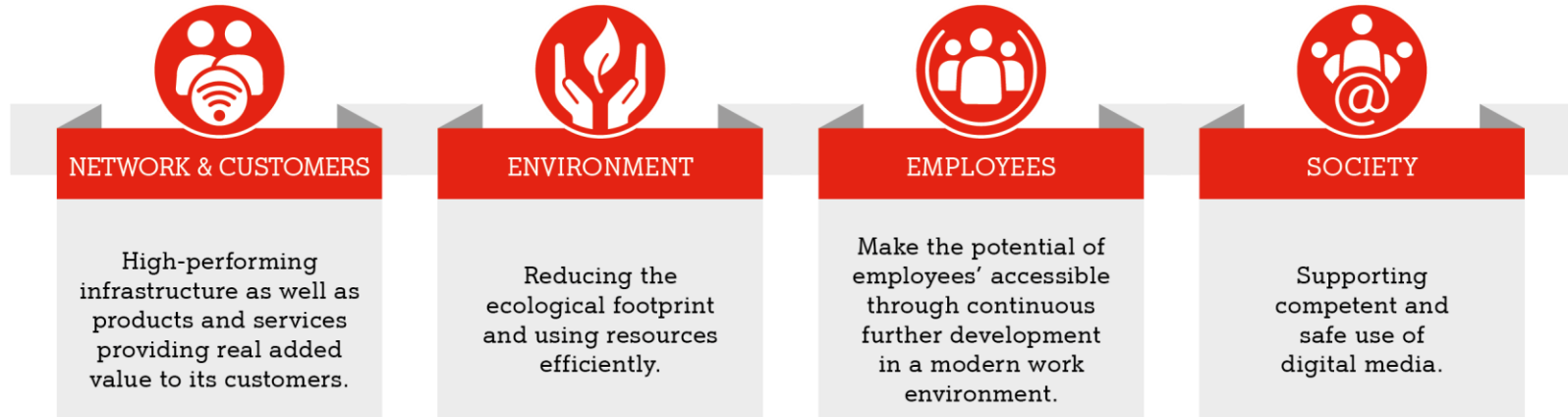
## Restructuring outlook 2019f

- Restructuring charges of ~EUR 80 mn p.a. expected for the next few years addressing civil servants
- Target: decrease workforce costs by ~2% net in Austria

The background of the slide is a dark blue field filled with a complex network of glowing nodes and connecting lines. The nodes are primarily white and light blue, with some red and orange nodes scattered throughout. The lines connecting them are thin and light blue, creating a sense of a dynamic, interconnected system.

# Appendix 5 – Corporate sustainability

# Alignment with core business and materiality analysis define sustainability strategy



# Key figures – Corporate Sustainability

## Selected group-wide KPIs

<b>Environment</b>	<b>2018</b>
Total CO <sub>2</sub> emissions (Scope 1+2 market-based in tonnes)	244,313
Energy efficiency index (in Mwh/terabyte)	0.18
Paper consumption (in kg)	1,301,796
Collected old mobile phones (in pcs)	80,386

<b>Employees</b>	<b>2018</b>
Share of female employees (in %)	40
Share of female executives (in %)	35

<b>Society</b>	<b>2018</b>
Participations in trainings on media literacy	30,084

## Ratings



Classification: B



Classification: B-



## Indices



FTSE4Good

## Memberships

