

Results for the Third Quarter and First Nine Months 2019

Vienna, October 15, 2019 – Today, A1 Telekom Austria Group (VSE: TKA, OTC US: TKAGY) announces its results for the third quarter and the first nine months of 2019, ending September 30, 2019.

Key performance indicators
Proforma view

in EUR million	Q3 2019 IFRS 16	Q3 2018 IFRS 16 based	% change	1-9 M 2019 IFRS 16	1-9 M 2018 IFRS 16 based	% change
Total revenues	1,152.7	1,114.8	3.4	3,364.8	3,282.2	2.5
Service revenues	974.7	936.4	4.1	2,842.7	2,751.2	3.3
Equipment revenues	157.6	155.1	1.6	451.0	460.5	-2.1
Other operating income	20.4	23.3	-12.4	71.1	70.5	0.8
EBITDA	439.0	429.6	2.2	1,205.2	1,214.9	-0.8
% of total revenues	38.1%	38.5%		35.8%	37.0%	
EBITDA excl. restructuring	460.0	437.7	5.1	1,268.2	1,223.1	3.7
% of total revenues	39.9%	39.3%		37.7%	37.3%	
EBIT	202.0	188.4	7.2	496.8	350.7	41.7
% of total revenues	17.5%	16.9%		14.8%	10.7%	
Net result	136.3	114.7	18.8	292.2	201.2	45.2
% of total revenues	11.8%	10.3%		8.7%	6.1%	
Wireless indicators	Q3 2019 IFRS 16	Q3 2018 IFRS 16 based	% change	1-9 M 2019 IFRS 16	1-9 M 2018 IFRS 16 based	% change
Wireless subscribers (thousands)	21,520.4	21,123.0	1.9	21,520.4	21,123.0	1.9
thereof postpaid	16,822.5	16,133.6	4.3	16,822.5	16,133.6	4.3
thereof prepaid	4,697.9	4,989.3	-5.8	4,697.9	4,989.3	-5.8
MoU (per Ø subscriber)	358.0	343.8	4.1	359.2	344.9	4.2
ARPU (in EUR)	8.5	8.3	2.7	8.2	8.1	1.1
Mobile churn (%)	1.6%	1.6%		1.6%	1.7%	
Wireline indicators	Q3 2019 IFRS 16	Q3 2018 IFRS 16 based	% change	1-9 M 2019 IFRS 16	1-9 M 2018 IFRS 16 based	% change
RGUs (thousands)	6,134.7	6,134.1	0.0	6,134.7	6,134.1	0.0

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.

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¹ Alternative performance measures are included in this report. For details please refer to the tables on page 13 onwards.

Q3 2019 Analysis

Group Summary

In Q3 2019, the positive trends of the last quarters continued, with stable or growing service revenues in all markets. Therefore, EBITDA excluding restructuring charges also continued to grow on a Group level. As in previous quarters, fixed-line revenues were especially driven by the solutions and connectivity business in Austria as well as TV content, and the growth in mobile business was dominated by mobile WiFi routers.

The presentation for the conference call and key figures of A1 Telekom Austria Group in Excel format ('Fact Sheet Q3 2019') are available on the website at www.a1.group.

- Group total revenues increased by 3.4%, driven by service revenue growth in almost all markets with Slovenia and North Macedonia being flat.
- Mobile service revenues rose in all markets except for Slovenia and were mainly driven by the ongoing strong demand for mobile WiFi routers.
- Fixed-line service revenues continued to perform well, with particularly strong growth in solutions and connectivity revenues in Austria and further strong performance in Bulgaria.
- Mobile contract subscribers rose by 4.3% year-on-year, with growth in all markets except for Bulgaria, which was impacted by the removal of inactive SIM cards in Q1 2019.
- Fixed-line RGUs remained stable, as broadband RGU growth in CEE and higher TV RGUs compensated for the decline of fixed-line voice in most markets and fewer low-bandwidth broadband RGUs in Austria.
- Group EBITDA excluding restructuring charges increased by 5.1% (reported: +2.2%), driven by higher service revenues.
 - In Austria, EBITDA excluding restructuring charges rose by 2.0% as higher service revenues and lower workforce costs more than outweighed higher cost of services and a lower equipment margin.
 - All international operations contributed to EBITDA growth.
 - Restructuring charges in Austria amounted to EUR 21.0 mn in Q3 2019 (Q3 2018: EUR 8.1 mn).
- Net result increased from EUR 114.7 mn in Q3 2018 to EUR 136.3 mn in Q3 2019, partly also a result of lower D&A as the comparison period was negatively impacted by the brand amortization.
- Free cash flow increased from EUR 120.4 mn in Q3 2018 to EUR 182.6 mn in the reporting period, mostly driven by lower working capital needs but also better operational performance.
- Guidance confirmed, with approximately 2% higher revenues and stable CAPEX at EUR 770 mn excl. leases, spectrum investments and acquisitions in 2019.

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

- In total revenues, there were no one-off effects in Q3 2019 and a total of positive EUR 1.5 mn in Q3 2018.
- In Croatia, there was a positive one-off effect of EUR 6.5 mn in Q3 2019 after a positive one-off effect of EUR 3.9 mn in Q3 2018, both in cost of service. These stemmed from reimbursements for frequency fee overpayments in connection with frequency fee cuts.
- Additionally, there were some minor one-off effects in Q3 2018. In total, positive one-off effects in Q3 2018 in EBITDA were EUR 5.4 mn.
- Positive FX effects amounted to EUR 4.9 mn in total revenues and EUR 2.1 mn in EBITDA in Q3 2019, stemming mostly from Belarus.

Mobile Subscribers and Fixed-line RGUs

Number of postpaid subscribers grew by 4.3% in Q3 2019, RGUs remained stable

In mobile communications, the number of subscribers of A1 Telekom Austria Group increased by 1.9% to 21.5 million in the quarter under review. In the Austrian market, the regulation for registering SIM cards had been effective as of January 1, 2019. Existing customers could register until September 1, 2019. This led to lower gross additions and subscriber numbers in the prepaid segment as well as some shift to low-value contract offers. A1 was able to register the vast majority of its active prepaid SIM cards.

The number of contract customers rose in almost all international markets while prepaid customer numbers continued to decline as most markets see an ongoing shift from prepaid to contract offers. Contract subscriber numbers in Bulgaria were impacted by the removal of inactive SIM cards in Q1 2019, without this effect, the contract base remained stable in Bulgaria. The number of A1 Digital M2M customers continued to rise. Demand for mobile WiFi routers remained strong in all markets where available.

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

Segment Austria

Key performance indicators

Financials

in EUR million	Q3 2019	Q3 2018	% change	1-9 M 2019	1-9 M 2018	% change
	IFRS 16	IFRS 16 based		IFRS 16	IFRS 16 based	
Total revenues	657.7	652.5	0.8	1,963.0	1,953.7	0.5
Service revenues	584.6	575.6	1.6	1,738.3	1,713.6	1.4
thereof mobile service revenues	237.3	235.0	1.0	698.0	696.8	0.2
thereof fixed-line service revenues	347.3	340.6	2.0	1,040.3	1,016.8	2.3
Equipment revenues	61.9	64.1	-3.5	179.4	199.5	-10.1
Other operating income	11.2	12.7	-11.9	45.2	40.6	11.2
EBITDA	251.9	259.5	-2.9	714.2	761.7	-6.2
% of total revenues	38.3%	39.8%		36.4%	39.0%	
EBITDA excl. Restructuring	272.9	267.5	2.0	777.3	769.9	1.0
% of total revenues	41.5%	41.0%		39.6%	39.4%	
EBIT	126.1	134.1	-6.0	337.8	384.7	-12.2
% of total revenues	19.2%	20.5%		17.2%	19.7%	

Wireless indicators	Q3 2019	Q3 2018	% change	1-9 M 2019	1-9 M 2018	% change
	IFRS 16	IFRS 16 based		IFRS 16	IFRS 16 based	
Wireless subscribers (thousands)	5,200.5	5,304.2	-2.0	5,200.5	5,304.2	-2.0
thereof postpaid	3,884.9	3,812.1	1.9	3,884.9	3,812.1	1.9
thereof prepaid	1,315.6	1,492.0	-11.8	1,315.6	1,492.0	-11.8
MoU (per Ø subscriber)	276.2	262.7	5.2	277.9	266.9	4.1
ARPU (in EUR)	15.2	14.8	2.3	14.7	14.6	0.6
Mobile churn (%)	1.6%	1.6%		1.5%	1.6%	

Wireline indicators	Q3 2019	Q3 2018	% change	1-9 M 2019	1-9 M 2018	% change
	IFRS 16	IFRS 16 based		IFRS 16	IFRS 16 based	
RGUs (thousands)	3,260.3	3,334.3	-2.2	3,260.3	3,334.3	-2.2

In Austria, all mobile network operators are now able to offer convergent products. Following their launch in May 2019, Magenta continued with the marketing of new mobile tariffs, including 5G-ready unlimited data propositions in the premium segment, as well as convergent offers and fixed-line promotions. At the end of September 2019, Drei launched technology-agnostic internet tariffs for mobile WiFi routers, hybrid modems as well as fixed-line accesses, with a shift to higher speeds. This launch included 5G premium tariffs for mobile WiFi routers and a 5G option for smartphone tariffs.

While the dominant driver in the mobile segment as a whole continues to be high demand for mobile WiFi routers, competition in the mobile premium segment is characterized by high data volumes and subsidies. In this segment, A1 advanced with its successful high-value propositions. Also, A1 launched its first premium 5G-ready tariff with increased speed for mobile WiFi routers. In the mobile low value and youth segment, the competitive intensity remained high with some summer promotional activities. SIM card registration for new customers had been effective as of January 1, 2019. Existing customers could register until September 1, 2019. This led to lower gross additions and subscriber numbers in the prepaid segment as well as some shifting to low-value contract offers. A1 was able to register the vast majority of its active prepaid SIM cards.

In the retail fixed-line business, all operators focus on retaining and upselling customers as acquiring new customers has become a challenge. This is primarily due to the above mentioned popularity of mobile WiFi

routers. This trend led to overall lower gross additions in the retail fixed-line business. As of October 2019, A1 has started to offer targeted fixed-line broadband promotions to attract new customers.

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 was 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.

Total revenues in the Austrian segment increased by 0.8% year-on-year in the third quarter of 2019. This increase was driven by higher service revenues from solutions and connectivity as well as higher mobile service revenues which offset lower retail fixed-line and equipment revenues. The latter declined despite higher quantities due to higher subsidies per handset.

Retail mobile service revenues rose, driven by growth in mobile WiFi routers as well as increased revenues from high-value customers, but were again negatively impacted by the EU international calls regulation, which has been in place since May 15, 2019, as well as lower customer roaming revenues. Visitor and national roaming revenues were higher due to higher data usage, offsetting reduced tariffs within A1 and with other companies, while interconnection revenues decreased due to a lower volume of and lower prices for SMS. ARPU rose as increases due to mobile WiFi routers more than outweighed revenue losses due to the EU international call regulation.

Strong solutions and connectivity revenue growth in Austria continued in Q3 2019

Fixed-line service revenues continued to grow on the back of higher solutions and connectivity revenues due to strong demand for ICT solutions as well as complementary connectivity, which also outweighed lower retail fixed-line service revenues in Q3 2019. Retail fixed-line service revenues decreased by 2.7% as losses in voice and a decline in the number of low bandwidth broadband subscribers could not be offset by the rising demand for higher bandwidth products and TV options as well as the abovementioned indexation measure. ARPL increased further by 1.1% due to successful upselling activities and price indexation.

Internet@home subscriber numbers, which include pure fixed-line broadband RGUs, hybrid modems and mobile WiFi routers, grew by 1.5%. This was driven by ongoing strong demand for mobile WiFi routers.

EBITDA excluding restructuring charges rose by 2.0% driven by higher service revenues. Costs and expenses were stable as lower workforce costs more than offset a lower equipment margin and increased cost of services. Higher costs of service were driven by increased product-related costs to ensure growth in project-driven service revenues such as from the solutions and connectivity business. Higher structural costs for IT process automatization ensured an FTE decline which led to lower workforce costs. The equipment margin decreased due to higher subsidies and higher marketing support from equipment sellers in the comparison period as well as a lower ICT equipment margin.

Subsidies per handset were raised compared to Q3 2018. Together with higher quantities this led to higher total subsidies.

International operations

Key performance indicators

Financials

in EUR million	Q3 2019	Q3 2018	% change	1-9 M 2019	1-9 M 2018	% change
	IFRS 16	IFRS 16 based		IFRS 16	IFRS 16 based	
Total revenues	506.5	476.5	6.3	1,435.8	1,365.4	5.2
Service revenues	401.7	375.3	7.0	1,137.5	1,073.7	5.9
thereof mobile service revenues	310.4	290.1	7.0	867.6	826.0	5.0
thereof fixed-line service revenues	91.3	85.2	7.2	269.9	247.7	9.0
Equipment revenues	95.9	91.0	5.4	271.8	261.2	4.1
Other operating income	8.9	10.3	-13.0	26.5	30.5	-13.3
EBITDA	201.1	182.5	10.2	535.7	492.8	8.7
% of total revenues	39.7%	38.3%		37.3%	36.1%	
EBIT	90.6	66.9	35.4	205.5	6.8	n.m.
% of total revenues	17.9%	14.0%		14.3%	0.5%	

Wireless indicators	Q3 2019	Q3 2018	% change	1-9 M 2019	1-9 M 2018	% change
	IFRS 16	IFRS 16 based		IFRS 16	IFRS 16 based	
Wireless subscribers (thousands)	14,867.2	14,819.2	0.3	14,867.2	14,819.2	0.3
thereof postpaid	11,484.8	11,321.9	1.4	11,484.8	11,321.9	1.4
thereof prepaid	3,382.4	3,497.3	-3.3	3,382.4	3,497.3	-3.3

Wireline indicators	Q3 2019	Q3 2018	% change	1-9 M 2019	1-9 M 2018	% change
	IFRS 16	IFRS 16 based		IFRS 16	IFRS 16 based	
RGUs (thousands)	2,874.4	2,799.8	2.7	2,874.4	2,799.8	2.7

The international operations again showed growth in total revenues (+6.3%), driven by both mobile and fixed-line service revenue growth. Service revenues rose or were stable in all segments, with Bulgaria, Belarus and Serbia the main positive contributors. EBITDA increased by 10.2%, driven particularly by Bulgaria, Belarus and Serbia.

EBITDA growth in all CEE markets

Segment Bulgaria

On the Bulgarian market, dynamics remained strong. The fixed-line business is still driven by customized corporate solutions, upselling, and exclusive sports content, which again led to a higher ARPL as well as more broadband and TV RGUs. The market environment in the mobile segment, in both the business and residential segments, further stabilized and A1 was successful in upselling existing customers.

This drove mobile service revenues and ARPU. Subsidies for retention were higher in Q3, which led to more handsets sold. Altogether, this resulted in a strong increase in service revenues, both in the fixed-line and the mobile business, as well as higher equipment revenues. Overall, total revenues increased by 11.8%, leading to a strong EBITDA growth of 13.6%.

Segment Croatia

In Croatia, the competitive intensity of the mobile market remained high, with unlimited propositions in the premium segment. In the fixed-line market, highly discounted offers for convergent solutions faded out while the demand for TV content continued to be strong. In May 2019, Tele2 announced its intention to sell its Croatian business to United Group, a Balkan-based telecom services provider. The closing is subject to regulatory approval.

Total revenues in the Croatian segment increased slightly, by 0.4% year-on-year, driven by higher service revenues. Fixed-line service revenues grew, driven by higher retail fixed-line revenues. This was due to

broadband and TV RGU growth as well as a higher ARPL, which also rose due to a price increase in September 2019. Meanwhile growth in solutions and connectivity revenues remained strong. Mobile service revenues grew mainly due to higher visitor roaming following an increase in data traffic, while operational growth slowed.

Costs and expenses were stable excluding positive one-off effects in Q3 2018 and Q3 2019, both related to frequency fee reimbursements, as higher bad debt in Q3 2019 and increased content costs could be offset by lower frequency usage fees. As a result, EBITDA without the positive one-off effects increased by 1.9% year-on-year.

Segment Belarus

In Belarus, the macroeconomic environment remained stable, with inflation at 5.3% in September and a further increase in the FX appreciation to 4.0% (period average) in Q3 2019.

In the first half of 2019, telecom operators in Belarus started to focus more on retaining and upselling existing customers and since mid-March 2019, A1 Belarus has been offering 4G services in cooperation with beCloud. During the first nine months, 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. Additionally, A1 started with a voluntary migration of some grandfathered service plans to current tariffs plans with higher monthly fees. In August 2019, the launch of the 'A1' brand was successfully completed.

As of July 1, 2019, an inflation-linked price increase for mobile customers of 4.3% was implemented, following an increase of 2.4% as of September 1, 2018. Fixed-line tariffs for existing customers were increased by 6.0% in June 2019.

Total revenues in the Belarusian segment increased by 8.6% (+4.5% excluding FX effects). This rise was driven by higher service revenues following the charging of unlimited mobile data options since Q1 2019, upselling measures, and the above mentioned price increases. Fixed-line service revenues also showed strong growth. Additionally, there was a positive one-off effect of EUR 1.1 mn in other operating income in Q3 2018.

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

In total, EBITDA increased by 8.8% (+7.3% excluding FX and one-off effects), as higher service revenues were able to outweigh the above mentioned cost increases.

Other Segments

In Slovenia, competition in the mobile market remained intense with attractive offers including high data allowances but the first signs of stabilization have become visible. TV content still plays an important role in the fixed-line business. In April, A1 introduced attractive combine-and-save offers for convergent customers. Total revenues increased mostly due to higher equipment revenues, while fixed-line service revenues also grew. The latter rose due to more RGUs and the expiration of a fixed-line promotion with lower monthly fees at the end of 2018. Costs and expenses declined, due to lower administration costs and a wholesale agreement entered into in Q4 2018. This led to a shift of bitstream costs, included in cost of services in the comparison period, to D&A for rights of use in the reporting period, following the IFRS 16 accounting standard. Together with an improved equipment margin, partly due to lower subsidies per device, this led to an EBITDA increase of 4.8%, while operational trends, especially in the mobile business, remained challenging.

In Serbia, the mobile market was again shaped by the strong demand for unlimited voice and SMS tariffs with flat data allowances, while the popularity of mobile WiFi routers also continued. This led to higher monthly fees as well as a growing contract customer base. The resulting service revenue growth of 8.6% despite higher costs and expenses led to strong EBITDA growth of 16.2%.

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.

In North Macedonia, all market participants continued to focus on customer retention and upselling. The fixed-line provider Telekabel launched a mobile SIM-only proposition in Q1 2019. In September 2019, the 'A1' brand was also introduced in North Macedonia. WiFi routers, which were formerly reported as fixed-line RGUs, have been reported as mobile contract segment as of Q2 2019 due to a new product logic. An improved equipment margin was more than able to outweigh higher advertising costs from the rebranding, while service revenues remained stable. In total, this led to EBITDA growth of 4.6% year-on-year.

Year-to-date Analysis

Group Summary

- Group total revenues increased by 2.5%, driven by service revenue growth in all markets.
- Mobile service revenues rose or remained stable in all markets, mainly due to the ongoing strong demand for mobile WiFi routers.
- Fixed-line service revenues grew as Austria showed particularly strong growth in solutions and connectivity revenues while Bulgaria also performed well.
- Group EBITDA excluding one-off and FX effects as well as restructuring charges increased by 3.1%, driven by higher service revenues.
 - In Austria, EBITDA excluding restructuring and one-off effects was stable (-0.1%) as ongoing solid operational trends were offset by a lower equipment margin.
 - The increase in EBITDA in the international operations was particularly supported by Bulgaria and Serbia.
 - On a reported basis, EBITDA declined due to restructuring charges in Austria, which amounted to EUR 63.1 mn in the first nine months of 2019 (1-9M 2018: EUR 8.2 mn).
- Net result increased from EUR 201.2 mn in the first nine months of 2018 to EUR 292.2 mn in the first nine months of 2019. While the comparison period was negatively impacted by the brand amortization, in Q2 2019 a tax case in Bulgaria had a negative impact on net income.

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

- Total one-off effects of positive EUR 8.2 mn (1-9 M 2018: EUR 4.7 mn) in revenues and EUR 13.3 mn (1-9 M 2018: EUR 9.1 mn) in EBITDA in the first nine months of 2019 mostly stemming mostly from Croatia and Austria as explained below.
 - In Croatia, there was a positive one-off effect of EUR 6.5 mn in Q3 2019 after a positive one-off effect of EUR 3.9 mn in Q3 2018, both in cost of service. These stemmed from reimbursements for frequency fee overpayments in connection with a frequency fee cut.
 - In Austria, a positive EUR 8.2 mn one-off effect stemmed from a real estate sale in other operating income in Q2 2019.
- Positive FX effects amounted to EUR 6.5 mn in total revenues and EUR 2.9 mn in EBITDA in the first nine months of 2019, which mostly derived from Belarus.

Group profit and loss – below EBITDA

In the first nine months of 2019, **depreciation and amortization** (incl. rights of use) decreased by 18.0% to EUR 708.3 mn, driven by the brand name amortization in the comparison period.

Operating income rose by 41.7% to EUR 496.8 mn in the first nine months of 2019, positively impacted by the brand amortization of last year. Excluding the D&A of the rebranding, operating income decreased by 3.5% due to restructuring charges.

Net result of EUR 292.2 mn in the first nine months of 2019

Net result increased from EUR 201.2 mn in the first nine months of 2018 to EUR 292.2 mn in the reporting period, positively impacted by the brand amortization of last year. Apart from this, in Q2 2019 a tax case in Bulgaria had a negative impact on net income.

Cash flow

(in EUR million)	1-9 M 2019 IFRS 16	1-9 M 2018 IFRS 16 based	% change
Cash flow from operating activities	1096.7	1041.3	5.3
Capital expenditures paid	-671.9	-558.6	-20.3
Proceeds from sale of plant, property and equipment	12.4	10.0	23.6
Interest paid	-69.3	-53.9	-28.7
Lease principal paid	-116.6	-112.7	-3.5
Free cash flow	251.2	326.1	-23.0

Cash flow from operating activities rose due to an improved operating performance in the first nine months of 2019 as well as lower working capital needs. In the first nine months of 2019, the changes in 'working capital and other financial positions' ('Changes in financial positions') in the amount of EUR -167.5 mn (1-9M 2018: EUR -185.2 mn) were mainly driven by payments to suppliers and payments for restructuring as well as income tax payments which were impacted by a tax case in Bulgaria in Q2 2019.

Free cash flow declined from EUR 326.1 mn in the first nine months of 2018 to EUR 251.2 mn in the reporting period due to capital expenditures paid in the first nine months of 2019 which were mainly driven by acquired frequencies in Austria and Belarus.

Balance Sheet

As of September 30, 2019, the balance sheet total (including lease liabilities) was stable (-0.1%) compared to January 1, 2019, with only minor changes between the positions on the balance sheet.

The equity ratio as of September 30, 2019, amounted to 31.2%, 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	Sept 30, 2019 IFRS 16	Jan 1, 2019 IFRS 16 based	% change
Net debt (incl. leases)	3,550.8	3,720.8	-4.6
Net debt (incl. leases) / EBITDA (12 months)	2.3x	2.4x	

in EUR million	Sept. 30, 2019	Dec 31, 2018	% change
Net debt (excl. leases)	2,607.6	2,718.4	-4.1
Net debt (excl. leases) / EBITDA after leases (12 months)	1.9x	1.9x	

Net debt (incl. leases) decreased by 4.6%, mostly driven by lower short-term debt following the repayment of a bank loan. Net debt (incl. leases) / EBITDA (12 months) decreased slightly from 2.4x as of January 1, 2019 to 2.3x as of September 30, 2019.

CAPEX (excl. leases)

In the first nine months of 2019, capital expenditures increased by 18.3% to EUR 600.1 mn. Tangible capital expenditures rose by 3.4% to EUR 430.2 mn, mainly due to higher investments in Austria and Bulgaria. While Austrian tangible capital expenditures rose due to higher investments in the fiber roll-out, in Bulgaria they increased year-on-year due to higher mobile network investments.

Intangible capital expenditures rose from EUR 91.1 mn in the comparison period to EUR 169.9 mn in the first nine months of 2019 due to acquired frequencies in Austria (3.5 GHz; EUR 64.3 mn), Belarus (2.1 GHz; EUR 9.5 mn) and Croatia (2.1 GHz; EUR 7.2 mn). **Annex D**

Personnel

End of period (full-time equivalent)	Sept 30, 2019	Sept 30, 2018	% change
Austria	7,787	8,128	-4.2
International operations	10,282	10,338	-0.5
Corporate & other	386	366	5.4
Total	18,455	18,832	-2.0

Group headcount was again reduced year-on-year by 2.0%, driven by the Austrian segment due to the ongoing restructuring measures. The overall number of employees in the CEE segments also declined while the increase in 'Corporate & other' is attributable to the continued increase in the workforce of A1 Digital.

A1 Telekom Austria Group outlook for the full year 2019

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

Detailed Figures

Information on alternative performance measures

The Consolidated Financial Statements are prepared according to applicable accounting standards. Additionally, alternative performance measures are used to describe the operational performance. Therefore, please also refer to the financial information presented in the Consolidated Financial Statements as well as the following reconciliation tables.

Revenues

in EUR million	Q3 2019	Q3 2018	% change	1-9 M 2019	1-9 M 2018	% change
	IFRS 16	IFRS 16 based		IFRS 16	IFRS 16 based	
Austria	657.7	652.5	0.8	1,963.0	1,953.7	0.5
Bulgaria	122.0	109.2	11.8	348.5	327.1	6.5
Croatia	114.9	114.5	0.4	323.5	320.3	1.0
Belarus	113.2	104.3	8.6	312.1	290.7	7.4
Slovenia	52.5	52.3	0.5	155.2	151.8	2.2
Serbia	73.9	68.4	8.1	207.9	192.4	8.0
North Macedonia	31.8	30.2	5.3	91.5	87.8	4.1
Corporate & other, eliminations	-13.4	-16.5	n.m.	-36.9	-41.7	n.m.
Total revenues	1,152.7	1,114.8	3.4	3,364.8	3,282.2	2.5

Service Revenues

in EUR million	Q3 2019	Q3 2018	% change	1-9 M 2019	1-9 M 2018	% change
	IFRS 16	IFRS 16 based		IFRS 16	IFRS 16 based	
Austria	584.6	575.6	1.6	1,738.3	1,713.6	1.4
Bulgaria	98.8	88.6	11.5	281.7	259.5	8.5
Croatia	100.2	98.4	1.8	277.1	271.5	2.1
Belarus	85.0	74.6	14.0	236.2	215.0	9.9
Slovenia	40.4	40.4	0.0	118.8	117.2	1.3
Serbia	53.6	49.4	8.6	151.9	139.8	8.6
North Macedonia	25.4	25.5	-0.2	74.3	72.9	1.8
Corporate & other, eliminations	-13.3	-16.1	n.m.	-35.7	-38.5	n.m.
Total service revenues	974.7	936.4	4.1	2,842.7	2,751.2	3.3

Mobile Service Revenues

in EUR million	Q3 2019 IFRS 16	Q3 2018 IFRS 16 based	% change	1-9 M 2019 IFRS 16	1-9 M 2018 IFRS 16 based	% change
Austria	237.3	235.0	1.0	698.0	696.8	0.2
Bulgaria	68.6	62.8	9.2	194.8	184.0	5.9
Croatia	68.3	67.1	1.7	181.9	178.4	2.0
Belarus	72.5	63.9	13.3	201.1	186.1	8.0
Slovenia	31.2	31.5	-1.1	90.7	90.8	-0.1
Serbia	51.9	47.4	9.6	145.2	135.0	7.6
North Macedonia	19.6	18.9	3.8	56.2	53.9	4.3
Corporate & other, eliminations	-4.4	-6.4	n.m.	-13.2	-13.7	n.m.
Total mobile service revenues	544.9	520.2	4.7	1,554.9	1,511.4	2.9

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

Fixed-Line Service Revenues

in EUR million	Q3 2019 IFRS 16	Q3 2018 IFRS 16 based	% change	1-9 M 2019 IFRS 16	1-9 M 2018 IFRS 16 based	% change
Austria	347.3	340.6	2.0	1,040.3	1,016.8	2.3
Bulgaria	30.2	25.8	17.1	86.9	75.5	15.0
Croatia	31.9	31.3	1.8	95.2	93.2	2.2
Belarus	12.5	10.6	17.8	35.1	28.9	21.7
Slovenia	9.2	8.9	3.6	28.1	26.4	6.3
Serbia	1.7	2.0	-16.6	6.7	4.8	38.6
North Macedonia	5.8	6.6	-11.8	18.1	19.0	-5.0
Corporate & other, eliminations	-8.8	-9.7	n.m.	-22.5	-24.8	n.m.
Total fixed line service revenues	429.8	416.1	3.3	1,287.8	1,239.8	3.9

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

Other Operating Income

in EUR million	Q3 2019 IFRS 16	Q3 2018 IFRS 16 based	% change	1-9 M 2019 IFRS 16	1-9 M 2018 IFRS 16 based	% change
Austria	11.2	12.7	-11.9	45.2	40.6	11.2
Bulgaria	1.1	1.6	-28.4	4.0	5.7	-28.5
Croatia	1.5	1.6	-5.5	4.8	4.4	9.7
Belarus	4.4	5.7	-22.4	11.8	15.6	-24.5
Slovenia	0.9	1.1	-20.9	2.5	3.4	-26.7
Serbia	0.9	0.8	1.7	2.3	2.9	-22.1
North Macedonia	0.3	0.2	88.6	1.2	0.8	56.9
Corporate & other, eliminations	0.1	-0.4	n.m.	-0.7	-2.9	n.m.
Total other operating income	20.4	23.3	-12.4	71.1	70.5	0.8

EBITDA

in EUR million	Q3 2019 IFRS 16	Q3 2018 IFRS 16 based	% change	1-9 M 2019 IFRS 16	1-9 M 2018 IFRS 16 based	% change
Austria	251.9	259.5	-2.9	714.2	761.7	-6.2
Bulgaria	49.8	43.8	13.6	137.7	121.4	13.4
Croatia	49.3	45.8	7.7	115.9	108.2	7.1
Belarus	50.8	46.6	8.8	141.2	137.2	2.9
Slovenia	15.5	14.8	4.8	43.9	39.3	11.6
Serbia	24.4	20.9	16.2	63.8	57.6	10.6
North Macedonia	11.4	10.9	4.6	33.4	31.0	7.7
Corporate & other, eliminations	-14.0	-12.7	-9.6	-44.8	-41.6	-7.7
Total EBITDA	439.0	429.6	2.2	1,205.2	1,214.9	-0.8

EBITDA After Leases*

in EUR million	Q3 2019 IFRS 16	Q3 2018 IFRS 16 based	% change	1-9 M 2019 IFRS 16	1-9 M 2018 IFRS 16 based	% change
Austria	231.9	241.5	-4.0	654.5	707.8	-7.5
Bulgaria	43.1	37.8	14.0	117.7	103.5	13.8
Croatia	45.4	41.9	8.4	104.2	96.5	8.0
Belarus	46.8	43.5	7.6	129.8	128.2	1.3
Slovenia	11.1	11.1	0.2	30.9	29.6	4.4
Serbia	20.3	17.2	18.2	51.7	46.3	11.7
North Macedonia	9.8	9.6	1.6	28.6	27.0	5.8
Corporate & other, eliminations	-14.0	-12.8	-9.6	-44.9	-41.7	-7.7
Total EBITDA after leases	394.3	389.8	1.2	1,072.5	1,097.2	-2.3

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

Depreciation and Amortization

in EUR million	Q3 2019 IFRS 16	Q3 2018 IFRS 16 based	% change	1-9 M 2019 IFRS 16	1-9 M 2018 IFRS 16 based	% change
Austria	125.8	125.4	0.3	376.4	377.0	-0.2
Bulgaria	27.5	30.8	-10.9	84.2	233.1	-63.9
Croatia	26.1	31.1	-16.1	77.6	95.9	-19.0
Belarus	24.8	22.3	11.1	71.7	64.6	10.9
Slovenia	11.1	10.3	7.8	32.9	30.3	8.6
Serbia	13.9	13.8	0.5	41.4	41.7	-0.7
North Macedonia	7.3	7.5	-1.8	23.0	20.7	11.3
Corporate & other, eliminations	0.5	0.0	n.m.	1.1	0.8	39.1
Total D&A	237.0	241.2	-1.7	708.3	864.1	-18.0

EBIT

in EUR million	Q3 2019 IFRS 16	Q3 2018 IFRS 16 based	% change	1-9 M 2019 IFRS 16	1-9 M 2018 IFRS 16 based	% change
Austria	126.1	134.1	-6.0	337.8	384.7	-12.2
Bulgaria	22.3	13.0	71.7	53.5	-111.7	o.A.
Croatia	23.2	14.7	58.1	38.3	12.3	211.1
Belarus	25.9	24.3	6.7	69.5	72.6	-4.3
Slovenia	4.4	4.5	-2.0	10.9	9.0	21.8
Serbia	10.4	7.1	46.9	22.4	15.9	40.4
North Macedonia	4.1	3.5	18.2	10.4	10.3	0.4
Corporate & other, eliminations	-14.4	-12.7	-13.6	-45.9	-42.4	-8.3
Total EBIT	202.0	188.4	7.2	496.8	350.7	41.7

Capital Expenditures

in EUR million	Q3 2019 IFRS 16	Q3 2018 IFRS 16 based	% change	1-9 M 2019 IFRS 16	1-9 M 2018 IFRS 16 based	% change
Austria	119.5	119.4	0.0	409.8	334.3	22.6
Bulgaria	20.7	26.3	-21.3	47.1	50.9	-7.3
Croatia	15.0	19.8	-24.0	61.4	56.1	9.4
Belarus	8.4	15.0	-43.9	35.6	26.7	33.1
Slovenia	5.7	3.7	51.8	11.8	11.0	6.9
Serbia	9.5	6.8	39.6	19.9	18.0	11.0
North Macedonia	6.1	2.5	145.1	11.4	9.4	21.4
Corporate & other, eliminations	0.6	0.3	87.0	2.9	0.8	275.1
Total capital expenditures	185.5	193.8	-4.3	600.1	507.3	18.3

Capital Expenditures - Tangible

in EUR million	Q3 2019 IFRS 16	Q3 2018 IFRS 16 based	% change	1-9 M 2019 IFRS 16	1-9 M 2018 IFRS 16 based	% change
Austria	101.8	99.1	2.8	288.4	279.6	3.2
Bulgaria	17.2	14.8	16.8	38.2	33.8	13.0
Croatia	12.2	17.2	-28.8	47.8	50.6	-5.6
Belarus	5.5	11.1	-50.9	20.6	19.6	5.0
Slovenia	4.6	3.1	47.8	9.8	8.7	13.0
Serbia	4.8	5.8	-15.8	13.4	14.8	-9.7
North Macedonia	5.4	2.2	142.9	10.4	8.8	18.3
Corporate & other, eliminations	0.1	0.5	-84.1	1.5	0.2	n.m.
Total capital expenditures - tangible	151.7	153.7	-1.3	430.2	416.2	3.4

Capital Expenditures - Intangible

in EUR million	Q3 2019 IFRS 16	Q3 2018 IFRS 16 based	% change	1-9 M 2019 IFRS 16	1-9 M 2018 IFRS 16 based	% change
Austria	17.6	20.4	-13.6	121.4	54.7	121.8
Bulgaria	3.4	11.5	-70.1	8.9	17.0	-47.7
Croatia	2.8	2.6	7.6	13.6	5.5	148.2
Belarus	2.9	3.8	-23.6	15.0	7.1	111.1
Slovenia	1.1	0.6	71.8	1.9	2.3	-16.1
Serbia	4.7	1.1	n.m.	6.6	3.2	106.9
North Macedonia	0.7	0.2	164.9	1.0	0.6	66.0
Corporate & other, eliminations	0.5	-0.2	n.m.	1.4	0.6	139.1
Total capital expenditures - intangible	33.7	40.1	-16.0	169.9	91.1	86.6

Wireless Subscribers

in thousands	Q3 2019	Q3 2018	% change
Austria	5,200.5	5,304.2	-2.0
thereof postpaid	3,884.9	3,812.1	1.9
Bulgaria	3,922.8	4,024.1	-2.5
thereof postpaid	3,417.8	3,510.8	-2.6
Croatia	1,903.6	1,877.8	1.4
thereof postpaid	1,096.7	1,030.3	6.4
Belarus	4,876.7	4,903.0	-0.5
thereof postpaid	4,090.0	4,040.7	1.2
Slovenia	703.8	695.1	1.2
thereof postpaid	623.5	607.4	2.7
Serbia	2,335.2	2,205.1	5.9
thereof postpaid	1,548.1	1,453.0	6.5
North Macedonia	1,125.0	1,114.2	1.0
thereof postpaid	708.7	679.7	4.3
Total wireless subscribers	21,520.4	21,123.0	1.9
 thereof postpaid	16,822.5	16,133.6	4.3

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

RGUs

in thousands	Q3 2019	Q3 2018	% change
Austria	3,260.3	3,334.3	-2.2
thereof broadband	1,411.3	1,439.0	-1.9
thereof TV	318.3	308.3	3.2
Bulgaria	1,043.5	1,017.6	2.6
thereof broadband	456.2	442.2	3.2
thereof TV	520.0	499.7	4.1
Croatia	687.9	668.5	2.9
thereof broadband	252.6	250.5	0.8
thereof TV	235.5	223.4	5.4
Belarus	618.7	615.8	0.5
thereof broadband	229.0	245.9	-6.9
thereof TV	387.1	367.4	5.4
Slovenia	193.9	178.1	8.9
thereof broadband	79.5	71.9	10.6
thereof TV	66.1	58.1	13.8
North Macedonia	330.4	319.9	3.3
thereof broadband	103.2	101.5	1.7
thereof TV	131.5	126.4	4.0
Total RGUs	6,134.7	6,134.1	0.0
thereof broadband	2,531.8	2,550.9	-0.8
thereof TV	1,658.6	1,583.4	4.7

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

Mobile churn

in %	Q3 2019 IFRS 16	Q3 2018 IFRS 16 based	1-9 M 2019 IFRS 16	1-9 M 2018 IFRS 16 based
Austria	1.6%	1.6%	1.5%	1.6%
Bulgaria	1.4%	1.4%	1.7%	1.4%
Croatia	2.1%	2.0%	2.3%	2.0%
Belarus	1.5%	1.6%	1.4%	1.5%
Slovenia	1.2%	1.3%	1.2%	1.5%
Serbia	3.0%	3.1%	2.8%	3.2%
North Macedonia	1.3%	1.2%	1.4%	1.5%

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

in EUR million	Q3 2019	Q3 2018	% change	1-9 M 2019	1-9 M 2018	% change
	IFRS 16	IFRS 16 based		IFRS 16	IFRS 16 based	
Austria	272.9	267.5	2.0	769.1	769.9	-0.1
Bulgaria	49.8	43.5	14.5	137.7	119.9	14.8
Croatia	42.7	41.9	1.9	109.3	104.3	4.8
Belarus	48.8	45.5	7.3	138.6	134.0	3.5
Slovenia	15.5	14.8	4.8	44.9	39.3	14.1
Serbia	24.3	20.9	15.8	64.0	57.6	11.1
North Macedonia	11.4	10.9	4.6	33.4	30.5	9.4
Corporate & other, eliminations	-14.0	-12.8	n.m.	-44.8	-41.7	n.m.
Total adjusted EBITDA	451.4	432.3	4.4	1,252.1	1,214.0	3.1

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

in EUR million	Q3 2019	Q3 2018	% change	1-9 M 2019	1-9 M 2018	% change
	IFRS 16	IFRS 16 based		IFRS 16	IFRS 16 based	
EBITDA	439.0	429.6	2.2	1,205.2	1,214.9	-0.8
FX translation effect	-2.1			-2.9		
One-off effects	-6.5	-5.4		-13.3	-9.1	
Restructuring charges	21.0	8.1		63.1	8.2	
EBITDA - excl. FX-, one off effects and restructuring charges	451.4	432.3	4.4	1,252.1	1,214.0	3.1

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

in EUR million	Q3 2019	Q3 2018	% change	1-9 M 2019	1-9 M 2018	% change
	IFRS 16	IFRS 16 based		IFRS 16	IFRS 16 based	
EBITDA	251.9	259.5	-2.9	714.2	761.7	-6.2
One-off effects	0.0	0.0		-8.2	0.0	
Restructuring charges	21.0	8.1		63.1	8.2	
EBITDA excl. one off effects and restructuring charges	272.9	267.5	2.0	769.1	769.9	-0.1

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

in EUR million	Q3 2019	Q3 2018	% change	1-9 M 2019	1-9 M 2018	% change
	IFRS 16	IFRS 16 based		IFRS 16	IFRS 16 based	
EBITDA after leases	394.3	389.8	1.2	1,072.5	1,097.2	-2.3
FX translation effect	-2.1			-2.9		
One-off effects	-6.5	-5.4		-13.3	-9.1	
Restructuring charges	21.0	8.1		63.1	8.2	
EBITDA after leases - excl. FX-, one-off effects and restructuring charges	406.7	392.4	3.6	1,119.4	1,096.3	2.1

ARPU

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

in EUR	Q3 2019 IFRS 16	Q3 2018 IFRS 16 based	% change	1-9 M 2019 IFRS 16	1-9 M 2018 IFRS 16 based	% change
Austria	15.2	14.8	2.3	14.7	14.6	0.6
Bulgaria	5.9	5.2	12.5	5.6	5.1	9.3
Croatia	12.0	12.1	-0.2	11.0	11.0	-0.5
Belarus	5.0	4.4	13.5	4.6	4.3	8.0
Slovenia	14.9	15.1	-1.7	14.4	14.5	-0.3
Serbia	7.5	7.2	4.3	7.2	6.9	4.2
North Macedonia	5.9	5.7	3.3	5.7	5.5	3.8
Group ARPU	8.5	8.3	2.7	8.2	8.1	1.1

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

ARPL

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

in EUR	Q3 2019 IFRS 16	Q3 2018 IFRS 16 based	% change	1-9 M 2019 IFRS 16	1-9 M 2018 IFRS 16 based	% change
Austria	31.1	30.8	1.1	31.2	30.6	2.0
Bulgaria	13.4	12.6	6.9	13.2	12.4	6.3
Croatia	30.8	30.3	1.6	30.4	30.2	0.7
Belarus	6.5	5.5	19.1	5.9	5.6	4.8
Slovenia	34.9	35.5	-1.6	35.5	36.0	-1.5
Serbia	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
North Macedonia	10.7	10.9	-2.3	10.8	11.0	-2.2

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

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

ARPL-relevant revenues (in EUR million)	Q3 2019 IFRS 16	Q3 2018 IFRS 16 based	% change	1-9 M 2019 IFRS 16	1-9 M 2018 IFRS 16 based	% change
Austria	186.4	191.6	-2.7	566.0	575.7	-1.7
Bulgaria	21.7	20.1	8.1	63.6	59.2	7.4
Croatia	27.3	26.7	2.4	81.4	80.1	1.7
Belarus	7.8	6.9	13.4	22.4	18.7	19.4
Slovenia	8.2	7.6	7.9	24.6	23.0	6.6
Serbia	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
North Macedonia	4.9	4.8	2.0	14.7	14.4	2.6

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

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

Access lines (in '000)	Q3 2019	Q3 2018	% change
Austria	1,985.4	2,063.1	-3.8
Bulgaria	536.4	531.4	0.9
Croatia	290.1	294.5	-1.5
Belarus	395.1	417.1	-5.3
Slovenia	79.6	71.9	10.6
Serbia	n.a.	n.a.	n.a.
North Macedonia	152.7	146.9	4.0

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

Belarus Key Financials in EUR and BYN

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

in EUR million	Q3 2019	Q3 2018	% change	1-9 M 2019	1-9 M 2018	% change
	IFRS 16	IFRS 16 based		IFRS 16	IFRS 16 based	
Total revenues	113.2	104.3	8.6	312.1	290.7	7.4
Total costs and expenses	-62.5	-57.7	-8.3	-171.0	-153.4	-11.4
EBITDA	50.8	46.6	8.8	141.2	137.2	2.9

in BYN million	Q3 2019	Q3 2018	% change	1-9 M 2019	1-9 M 2018	% change
	IFRS 16	IFRS 16 based		IFRS 16	IFRS 16 based	
Total revenues	259.3	248.2	4.5	735.2	697.1	5.5
Total costs and expenses	-143.1	-137.3	-4.3	-402.6	-368.0	-9.4
EBITDA	116.2	110.9	4.8	332.5	329.1	1.0

Additional Information

Risks and Uncertainties

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

Waiver of Review

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

Other

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

The reported results include depreciation and 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

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Condensed Consolidated Statements of Comprehensive Income

	Q3 2019	Q3 2018	1-9 M 2019	1-9 M 2018
in EUR million, except per share information	IFRS 16 unaudited	IFRS 16 based unaudited	IFRS 16 unaudited	IFRS 16 based unaudited
Service revenues (incl. other operating income)	995.1	959.7	2,913.8	2,821.7
Equipment revenues	157.6	155.1	451.0	460.5
Total revenues (incl. other operating income)	1,152.7	1,114.8	3,364.8	3,282.2
Cost of service	-324.8	-318.0	-966.2	-945.2
Cost of equipment	-154.1	-144.9	-440.7	-431.2
Selling, general & administrative expenses	-232.7	-219.4	-745.6	-683.3
Other expenses	-2.1	-2.9	-7.1	-7.6
Total cost and expenses	-713.7	-685.2	-2,159.6	-2,067.4
Earnings before interest, tax, depreciation and amortization - EBITDA	439.0	429.6	1,205.2	1,214.9
Depreciation and amortization	-196.7	-204.6	-588.9	-755.3
Depreciation of right-of-use assets	-40.3	-36.6	-119.4	-108.8
Operating income - EBIT	202.0	188.4	496.8	350.7
Interest income	1.3	1.4	4.0	4.0
Interest expense	-25.9	-24.9	-78.3	-74.1
Interest on employee benefits and restructuring and other financial items, net	-6.3	-2.1	-33.2	-6.7
Foreign currency exchange differences, net	1.2	-4.8	4.5	3.1
Equity interest in net income of associated companies	-0.1	-0.2	-0.3	-0.3
Financial result	-29.8	-30.6	-103.4	-74.0
Earnings before income tax - EBT	172.2	157.8	393.5	276.7
Income tax	-35.9	-43.1	-101.3	-75.6
Net result	136.3	114.7	292.2	201.2
Attributable to:				
Equity holders of the parent	136.1	114.5	291.8	198.6
Non-controlling interests	0.2	0.2	0.4	0.4
Hybrid capital owners	0.0	0.0	0.0	2.3
Earnings per share attributable to equity holders of the parent in Euro*	0.20	0.17	0.44	0.30
Weighted-average number of ordinary shares outstanding	664,084,841	664,084,841	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	-20.1	29.8	-10.6
Realized result on hedging activities, net of tax	1.1	1.1	3.3	3.3
Unrealized result on debt instruments at fair value, net of tax	0.0	0.0	0.0	0.0
Items that will not be reclassified to profit or loss:				
Remeasurement of defined benefit obligations, net of tax	-11.5	-1.0	-19.5	-2.9
Total other comprehensive income (loss)	-0.5	-20.1	13.6	-10.3
Total comprehensive income (loss)	135.8	94.6	305.7	190.9
Attributable to:				
Equity holders of the parent	135.6	94.4	305.3	188.3
Non-controlling interests	0.2	0.2	0.4	0.4
Hybrid capital owners	0.0	0.0	0.0	2.3

Condensed Consolidated Statements of Financial Position

in EUR million	Sept.30, 2019	Jan. 1, 2019
	IFRS 16 unaudited	IFRS 16 unaudited
Cash and cash equivalents	51.1	63.6
Accounts receivable: Subscribers, distributors and other	875.0	830.4
Inventories	102.6	131.2
Other current assets	306.0	290.9
Current assets	1,334.8	1,316.0
Property, plant and equipment, net	2,818.3	2,716.1
Right-of-use assets, net	952.1	1,010.7
Intangibles, net	1,748.9	1,782.7
Goodwill	1,279.9	1,277.9
Investments in affiliates & long-term investments	12.8	44.7
Other non-current assets	235.1	262.4
Non-current assets	7,047.2	7,094.5
TOTAL ASSETS	8,382.0	8,410.5
Short-term debt and current portion of long-term debt	-120.0	-245.0
Lease liabilities short-term	-150.4	-143.6
Accounts payable	-849.8	-937.9
Other current liabilities	-445.1	-421.3
Current liabilities	-1,565.3	-1,747.8
Long-term debt	-2,538.8	-2,536.4
Lease liabilities long-term	-792.7	-859.4
Other liabilities	-869.9	-817.2
Non-current liabilities	-4,201.4	-4,213.0
Stockholders' equity	-2,615.3	-2,449.6
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	-8,382.0	-8,410.5

Condensed Consolidated Statements of Cash Flows

	Q3 2019	Q3 2018	1-9 M 2019	1-9 M 2018
in EUR million	IFRS 16 unaudited	IFRS 16 based unaudited	IFRS 16 unaudited	IFRS 16 based unaudited
Earnings before income tax - EBT	172.2	157.8	393.5	276.7
Items not requiring the use of cash and other reconciliation:				
Depreciation	129.2	125.6	379.8	373.6
Amortization of intangible assets	67.5	79.1	209.1	381.7
Depreciation of right-of-use assets	40.3	36.6	119.4	108.8
Equity interest in net income of associated companies	0.1	0.2	0.3	0.3
Result measurement/sale of investments	-0.5	-0.2	-1.7	-0.2
Result on sale of property, plant and equipment	0.9	0.6	-5.6	2.6
Net period cost of labor obligations and restructuring	27.8	10.7	77.3	17.8
Foreign currency exchange differences, net	-1.2	4.8	-4.5	-3.1
Interest income	-1.3	-1.4	-4.0	-4.0
Interest expense	26.9	25.5	104.2	75.9
Other adjustments	-0.6	-1.8	-3.4	-3.7
Changes in financial positions:				
Accounts receivable: Subscribers, distributors and other	-4.9	-29.6	-35.4	-85.0
Prepaid expenses	4.7	11.2	14.6	5.3
Due from related parties	0.6	-0.4	0.2	-0.6
Inventories	14.3	-6.7	29.9	-12.3
Other assets	-11.5	3.2	-16.9	-6.7
Contract assets	5.2	6.8	19.8	9.3
Employee benefits and restructuring	-25.2	-24.5	-74.5	-73.2
Accounts payable and accrued liabilities	-3.2	-9.9	-82.7	7.1
Contract liabilities	7.1	-8.0	23.8	8.9
Interest received and income taxes paid:				
Interest received	1.3	1.4	4.0	4.0
Income taxes paid	-21.8	-28.1	-50.8	-42.0
Net cash flow from operating activities	427.9	352.7	1,096.7	1,041.3
Capital expenditures paid	-198.7	-192.2	-671.9	-558.6
Dividends received from associates	0.0	0.0	0.0	0.8
Proceeds from sale of plant, property and equipment	0.7	5.7	12.4	10.0
Purchase of investments	-0.1	0.0	-0.3	0.0
Proceeds from sale of investment	0.6	0.1	0.7	1.7
Acquisition of businesses, net of cash acquired	-1.0	0.0	-1.0	-4.0
Sale of shares of associated companies	0.0	0.0	0.1	0.1
Net cash flow from investing activities	-198.5	-186.4	-659.9	-550.0
Interest paid	-15.6	-15.3	-69.3	-53.9
Change in short-term debt	-176.4	-132.7	117.4	51.0
Repayments of short-term debt	0.0	0.0	-240.0	0.0
Dividends paid	0.0	0.0	-139.9	-167.2
Issuance of short-term debt	0.0	0.0	0.0	240.0
Redemption of hybrid bond	0.0	0.0	0.0	-600.0
Acquisition of non-controlling interests	0.0	0.0	-0.1	0.0
Deferred consideration paid for business combinations	0.0	0.0	-3.5	0.0
Lease principal paid	-31.7	-30.5	-116.6	-112.7
Net cash flow from financing activities	-223.8	-178.5	-452.1	-642.8
Adjustment to cash flows due to exchange rate fluctuations, net	1.3	-1.8	2.9	-1.1
Net change in cash and cash equivalents	7.0	-13.9	-12.5	-152.6
Cash and cash equivalents beginning of period	44.1	63.7	63.6	202.4
Cash and cash equivalents end of period	51.1	49.7	51.1	49.7