



Results for the Third Quarter and First Nine Months 2020

Vienna, October 20, 2020 - Today, A1 Telekom Austria Group (VSE: TKA, OTC US: TKAGY) announces its results for the third quarter and the first nine months of 2020, ending September 30, 2020.

Key performance indicators

in EUR million	Q3 2020	Q3 2019	% change	1-9 M 2020	1-9 M 2019	% change
Total revenues	1,142.1	1,152.7	-0.9	3,363.8	3,364.8	0.0
Service revenues	953.8	974.7	-2.1	2,843.1	2,842.7	0.0
thereof mobile service revenues	524.0	544.9	-3.8	1,554.3	1,554.9	0.0
thereof fixed-line service revenues	429.8	429.8	0.0	1,288.9	1,287.8	0.1
Equipment revenues	168.9	157.6	7.2	463.6	451.0	2.8
Other operating income	19.4	20.4	-5.0	57.0	71.1	-19.8
EBITDA before restructuring	462.5	460.0	0.5	1,274.3	1,268.2	0.5
% of total revenues	40.5%	39.9%		37.9%	37.7%	
EBITDA	441.6	439.0	0.6	1,212.3	1,205.2	0.6
% of total revenues	38.7%	38.1%		36.0%	35.8%	
EBIT	210.7	202.0	4.3	509.6	496.8	2.6
% of total revenues	18.4%	17.5%		15.2%	14.8%	
Net result	142.6	136.3	4.6	345.6	292.2	18.3
% of total revenues	12.5%	11.8%		10.3%	8.7%	
Wireless indicators	Q3 2020	Q3 2019	% change	1-9 M 2020	1-9 M 2019	% change
Wireless subscribers (thousands)	21,609.4	21,512.0	0.5	21,609.4	21,512.0	0.5
Postpaid	17,505.1	16,814.1	4.1	17,505.1	16,814.1	4.1
Prepaid	4,104.3	4,697.9	-12.6	4,104.3	4,697.9	-12.6
MoU (per Ø subscriber)	410.0	358.0	14.5	415.7	359.2	15.7
ARPU (in EUR)	8.1	8.5	-4.1	8.1	8.2	-0.9
Mobile churn (%)	1.2%	1.6%		1.4%	1.6%	
Wireline indicators	Q3 2020	Q3 2019	% change	1-9 M 2020	1-9 M 2019	% change
RGUs (thousands)	6,066.2	6,139.0	-1.2	6,066.2	6,139.0	-1.2

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¹ Alternative performance measures are included in this report. For details please refer to the tables on page 16 onwards.

Q3 2020 Analysis

Group Summary

Following reduced mobility and travel restrictions, roaming revenues were severely hit in Q3 2020 and the BYN devaluation of 22% (period average) had another major impact on financials. While these external effects weighed on results, large parts of our operations continued to prove resilient. Countermeasures taken by Management, such as operational efficiency and CAPEX cuts, provided another source of strength. While Covid-19 case numbers have risen in all our markets over the course of Q3 2020, from a public health perspective the situation looks less dim than at peak levels in the second quarter. Various government policy measures are in place and wearing masks as well as keeping distance have been established as a standard.

The presentation for the conference call and key figures of A1 Telekom Austria Group in Excel format ('Fact Sheet Q3 2020') are available on the website at www.a1.group.

- Group total revenues decreased by 0.9% due to roaming losses and negative FX effects partly outweighed by higher equipment revenues. Excluding FX effects, mainly stemming from Belarus, total revenues grew by 1.7%.
 - Mobile service revenues declined by 3.8% on a Group level, solely driven by the above-mentioned roaming losses and negative FX effects.
 - Fixed-line service revenues were stable (0.0%) as the growth in Bulgaria and Slovenia was able to compensate for the decline in Austria and other CEE markets.
 - Equipment revenues rose by 7.2%, mainly driven by Austria and Bulgaria.
- Mobile contract subscriber numbers rose by 4.1%, with growth in almost all markets.
- Fixed-line RGUs decreased by 1.2%, as the growth in high-bandwidth broadband and TV RGUs could not compensate for the decline in low-bandwidth broadband and fixed-line voice RGUs in Austria.
- Group EBITDA before restructuring increased by 0.5% as roaming and FX losses were outweighed by operational efficiency, especially related to the workforce, maintenance and advertising. Excluding FX and one-off effects as well as restructuring charges EBITDA rose by 4.3%.
 - In Austria, EBITDA before restructuring increased by 4.7%, as OPEX savings, especially in product-related costs, advertising costs, and a better equipment margin, were sufficient to more than offset roaming losses.
 - In the CEE markets, EBITDA excluding FX and one-off effects grew by 3.3% (reported: -5.3%) due to growth in Belarus, Bulgaria, and Slovenia.
- CAPEX fell by 32.6% due to acquired frequencies in the comparison period and reduced spending in the reporting period following the CAPEX cuts.
- In Q3 2020, free cash flow after social plans new declined by 2.2% to EUR 172.5 mn, as lower capital expenditures were offset by lower accounts payables in the reporting period.
- We are currently working on the development of alternatives that would allow us to reap more benefits from our tower assets through a targeted management focus on internal efficiencies and higher tenancy ratios.
- Outlook 2020 unchanged: ~-2% decline in total revenues, mainly driven by negative impacts from roaming and FX; CAPEX cuts of ~25% compared to the initial outlook (EUR 770 mn capital expenditures before spectrum and acquisitions) to ensure flexibility and to strengthen the free cash flow profile.

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

- Negative roaming impact on Group EBITDA of around 5% (Q2 2020: ~-5%) due to the sharp decline in roaming traffic following reduced mobility and travel restrictions.
- Restructuring charges in Austria amounted to EUR 20.9 mn in Q3 2020 (Q3 2019: EUR 21.0 mn).
- In Croatia, there were positive one-off effects of EUR 6.5 mn in Q3 2019 and of EUR 2.6 mn in Q3 2020 in costs of service, both stemming from the reimbursement of frequency fee overpayments in connection with frequency fee cuts.
- Negative FX effects amounted to EUR 30.0 mn in total revenues, EUR 21.6 mn in service revenues, and EUR 13.3 mn in EBITDA in Q3 2020, the vast majority stemming from Belarus and, to a lesser extent, Croatia.

Mobile Subscribers and Fixed-line RGUs

Number of postpaid subscribers grew by 4.1% in Q3 2020, RGUs decreased by 1.2%

In mobile communications, the number of subscribers of the A1 Telekom Austria Group rose by 0.5% to 21.6 million in the quarter under review.

The number of contract customers rose in almost all markets, driven by ongoing strong demand for mobile WiFi routers. The number of A1 Digital M2M customers further increased in Q3 2020 while prepaid customer numbers declined in all markets. In Austria, prepaid churn has stabilized as the SIM card registration for existing customers annualized as of September 1, 2020.

The number of revenue-generating units (RGUs) in the Group's fixed-line business declined by 1.2% year-on-year. The decline in RGUs in Austria was driven by voice and low-bandwidth broadband RGUs. In the CEE markets, the number of RGUs rose due to TV and broadband RGUs.

Austria

Key performance indicators

Financials

in EUR million	Q3 2020	Q3 2019	% change	1-9 M 2020	1-9 M 2019	% change
Total revenues	657.1	657.7	-0.1	1,940.5	1,963.0	-1.1
Service revenues	577.9	584.6	-1.1	1,729.5	1,738.3	-0.5
thereof mobile service revenues	236.0	237.3	-0.5	705.8	698.0	1.1
thereof fixed-line service revenues	341.9	347.3	-1.6	1,023.7	1,040.3	-1.6
Equipment revenues	66.1	61.9	6.8	175.9	179.4	-2.0
Other operating income	13.1	11.2	16.6	35.2	45.2	-22.1
EBITDA before restructuring	285.8	272.9	4.7	783.5	777.3	0.8
% of total revenues	43.5%	41.5%		40.4%	39.6%	
EBITDA	264.9	251.9	5.2	721.6	714.2	1.0
% of total revenues	40.3%	38.3%		37.2%	36.4%	
EBIT	135.2	126.1	7.3	330.8	337.8	-2.1
% of total revenues	20.6%	19.2%		17.0%	17.2%	

Wireless indicators	Q3 2020	Q3 2019	% change	1-9 M 2020	1-9 M 2019	% change
Wireless subscribers (thousands)	5,013.0	5,200.5	-3.6	5,013.0	5,200.5	-3.6
thereof postpaid	3,925.2	3,884.9	1.0	3,925.2	3,884.9	1.0
thereof prepaid	1,087.8	1,315.6	-17.3	1,087.8	1,315.6	-17.3
MoU (per Ø subscriber)	333.0	276.2	20.6	355.5	277.9	27.9
ARPU (in EUR)	15.7	15.2	3.7	15.6	14.7	6.0
Mobile churn (%)	1.2%	1.6%		1.4%	1.5%	

Wireline indicators	Q3 2020	Q3 2019	% change	1-9 M 2020	1-9 M 2019	% change
RGUs (thousands)	3,152.5	3,260.3	-3.3	3,152.5	3,260.3	-3.3

While the lockdown dominated market dynamics at the beginning of the second quarter 2020, they returned to a more normal level in Q3 2020, both in the mobile and the fixed-line businesses.

Return to more normal market dynamics

All Austrian network operators continued offering their convergent products and competition in the Internet@Home business, which comprises mobile WiFi routers, hybrid and pure fixed-line broadband solutions, remained intense. Promotions centered on TV bundle products and free devices. Mobile voice campaigns of market participants included months without a monthly fee and free devices. One competitor focused specifically on advertising its 5G network.

A1 continued its broadband promotion, offering attractive benefits to new and existing fixed-line broadband customers, such as no installation fees and a free tablet or a premium WiFi mesh which provides for better WiFi quality and WiFi coverage of the broadband Internet connection at the customer's premises. The promotion aimed to improve the downward trend of fixed-line orders and resulted in better numbers of gross adds since May 2020 and similar net adds (-5,500) in Q3 2020 compared to Q2.

In March 2020, A1 successfully launched its new TV platform A1 Xplore TV with over 260 channels, 7 days replay, integrated apps on the set-top box such as Amazon Prime Video and YouTube, up to 500 hours of recording and multiscreen experience on tablet, smartphone, laptop, and Chromecast. While the migration of existing customers to the new platform works well and provides additional support to ARPL due to the higher pricing of the new product, acquiring new customers continues to be a challenge.

In January 2020, A1 launched its "5Giga" premium tariff portfolio, for the 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. While the initial uptake of these 5Giga tariffs showed strong demand in the

first quarter, the trend has weakened since the Covid-19 outbreak. Besides the 5GigaMobil tariffs, A1 also offers attractive LTE mobile tariffs with increased data allowances.

Competition in mobile low-value and youth segments remained intense in Q3 2020, with aggressive offers including voice and hardware promotions, which A1 continued to counter via special youth promotions and attractive offers with its no-frills brands. As the SIM card registration of existing customers annualized as of September 1, 2020, prepaid net addition levels have stabilized.

In November 2019, prices for existing fixed-line voice customers were increased. As of April 1, 2020, an indexation of approximately 1.5% became effective for existing customers in parts of the mobile high-value and the fixed-line businesses. Furthermore, the activation fee and the annual service fee were increased for mobile customers and tariff switches in February 2020. In September 2020, prices for existing fixed-line voice customers were raised by EUR 2 and for selected SIM-only customers by EUR 1 to 3, depending on the relevant tariff.

Impact of Covid-19

As of September 4, 2020, the Austrian government introduced a traffic light system (green, yellow, orange and red) for targeted regional measures depending on the respective status of the Covid-19 pandemic. Currently, there are only a few red districts, but several districts and cities, including Vienna, with an orange light. In addition to the nationwide measures, provisions for orange areas include, for example, a mandatory registration in the food service industry as well as in social and health institutions and lower visitor limits at public events.

As of September 21, 2020, the nationwide measures became stricter with mandatory masks in shared facilities such as public transport, indoor events, shops, schools, etc. as well as maximum visitor numbers at events. While Covid-19 case numbers have reached the level of the first peak, hospitalization rates are considerably lower.

The Austrian government has advised against unnecessary travelling and has imposed travel restrictions as well as travel warnings for highly affected countries. Austrian citizens returning from these areas need to have a negative PCR test and/or undergo a 10-day-quarantine. On the other hand, several countries have imposed travel warnings on Austria. Roaming revenues in Q3 2020 were hit hard by the travel restrictions imposed and the resulting reduced travel activities.

Demand for mobile WiFi routers, especially in the business and low-value segments, remained high. In the residential mobile business, gross adds and churn levels continued to normalize.

In the fixed-line business, demand from business customers for VPN connections and bandwidth upgrades continued to be strong, while some ICT customer projects have been postponed. In the residential business, fixed-line orders improved compared to Q2 2020. Demand for bandwidth upgrades from existing customers remained high in Q3 2020. The fixed-line voice business, despite a long-term declining trend, were stable during the third quarter due to increased voice traffic and the above-mentioned price increases. Voice and data traffic in the mobile business came back to pre-Covid-19 levels.

Q3 2020 Results

Stable total revenues as roaming losses were offset

Total revenues in the Austrian segment were stable (-0.1%) in the third quarter of 2020, as it was possible to offset lower fixed-line service revenues and roaming losses by higher equipment revenues and higher other operating income. Total service revenues declined slightly, by 1.1%.

Mobile service revenues decreased slightly in the third quarter of 2020, as the ongoing strong demand for mobile WiFi routers and successful upselling activities in the high-value segment could not fully outweigh the losses in roaming revenues caused by less travelling during the Covid-19 crisis. ARPU increased by

3.7% due to the strong demand for mobile Wi-Fi routers and the higher share of contract customers following SIM card registration.

Equipment revenues grew due to some projects in the fixed-line business, while in the mobile business a lower subsidy level led to higher mobile equipment revenues despite lower volumes.

Fixed-line service revenues declined by 1.6% in Q3 2020, mainly driven by markedly lower interconnection revenues following lower international calls traffic volumes starting with the lockdown period as well as a less favorable destination mix. Retail fixed-line service revenues were higher (+0.4%). They were again positively affected by higher voice traffic and broadband upgrades, as well as by the above mentioned price increases. The rise came despite of losses due to lower installation fees collected because of the broadband promotion campaign mentioned above. Solutions and connectivity revenues were slightly lower year-on-year, as increased demand for IT and security services was outweighed by some major projects in the comparison period. ARPL increased by 4.4% due to successful upselling measures and the above-mentioned price increases.

Internet@home subscriber numbers, which include pure fixed-line broadband RGUs, hybrid modems, and mobile WiFi routers, grew by 1.9% year-on-year. This growth was once again driven by ongoing strong demand for both high and low value mobile WiFi routers.

Internet@home continued to grow at 1.9% year-on-year

The equipment margin improved due to the above-mentioned projects with business customers. Total subsidies decreased, in both retention and in acquisition, as subsidies per device as well as volumes went down compared to the previous year.

EBITDA before restructuring increased strongly by 4.7%, as operational efficiency, a better equipment margin, and higher other operating income were able to more than offset roaming losses. Costs and expenses were lower due to product-related costs, such as content and corporate networks, as well as Covid-19-related savings affecting sponsoring, travel and trainings. Through the stop of internal projects and lower maintenance measures, cost cuts also ensured long-term flexibility. Additionally, advertising costs were lower due to more campaigns in the previous year.

International operations

Key performance indicators

Financials

in EUR million	Q3 2020	Q3 2019	% change	1-9 M 2020	1-9 M 2019	% change
Total revenues	494.6	506.5	-2.3	1,445.9	1,435.8	0.7
Service revenues	383.8	401.7	-4.5	1,134.4	1,137.5	-0.3
thereof mobile service revenues	290.4	310.4	-6.5	854.0	867.6	-1.6
thereof fixed-line service revenues	93.4	91.3	2.3	280.4	269.9	3.9
Equipment revenues	102.6	95.9	7.0	287.2	271.8	5.7
Other operating income	8.3	8.9	-7.2	24.3	26.5	-8.2
EBITDA	190.4	201.1	-5.3	533.9	535.7	-0.3
% of total revenues	38.5%	39.7%		36.9%	37.3%	
EBIT	90.5	90.6	0.0	226.5	205.5	10.2
% of total revenues	18.3%	17.9%		15.7%	14.3%	

Wireless indicators	Q3 2020	Q3 2019	% change	1-9 M 2020	1-9 M 2019	% change
Wireless subscribers (thousands)	14,679.1	14,858.8	-1.2	14,679.1	14,858.8	-1.2
thereof postpaid	11,662.6	11,476.5	1.6	11,662.6	11,476.5	1.6
thereof prepaid	3,016.5	3,382.4	-10.8	3,016.5	3,382.4	-10.8

Wireline indicators	Q3 2020	Q3 2019	% change	1-9 M 2020	1-9 M 2019	% change
RGUs (thousands)	2,913.7	2,878.7	1.2	2,913.7	2,878.7	1.2

Excluding one-off and FX effects, EBITDA increased by 3.3% in CEE markets

In Q3 2020, international operations showed a decline in total revenues of 2.3% and, in EBITDA, of 5.3% mainly driven by Belarus and Croatia, while Bulgaria and Slovenia showed a higher EBITDA. Excluding one-off and FX effects, international operations grew by 3.6% and 3.3% in total revenues and EBITDA, respectively.

Bulgaria

In the Bulgarian market revenue growth continued on a solid level also in Q3 2020, despite the negative roaming effect because of Covid-19. Fixed-line service revenues were again driven by customized corporate solutions, upselling in the broadband segment, as well as enriched TV content. That led again to a higher ARPL as well as more TV and broadband RGUs. The solutions and connectivity business also gained traction due to the introduction of new products such as security cloud solutions. Mobile service revenues grew by 0.5% as effective upselling activities more than outweighed losses in the prepaid segment and declining roaming revenues.

Covid-19 case numbers in Bulgaria have been rising from low levels since mid-September 2020 while the situation in hospitals is under control. The Bulgarian government took several measures such as mandatory mask wearing in public indoor areas, promoting home office and participant restriction in bars and for events, aiming to limit disease spread. On September 15, schools opened demanding physical presence, while the situation is being constantly monitored.

EBITDA growth of 4.8% in Bulgaria

In Q3 2020, total revenues increased by 4.8%, driven by higher equipment revenues following sales of more expensive smart devices as well as higher fixed-line service revenues. Total costs and expenses rose due to higher content costs following increased unit costs of mobile handsets as well as higher license and software costs for the above-mentioned ICT solutions. The equipment margin remained stable as lower mobile subsidies year-on-year balanced the increase in equipment costs for ICT projects. Therefore, EBITDA increased by 4.8%.

Croatia

In Q3 2020, economic activity in Croatia improved compared to the previous quarter driven by lower Covid-19 case numbers. The Croatian government had decided to open borders of the country as of July, which resulted in better than initially estimated results in the tourist sector. However, as the number of Covid-19 cases started to grow rapidly in the middle of August, foreign governments announced travel warnings, which led to an earlier than expected end of the tourist season. Being heavily dependent on tourism, the Croatian economy is one of the countries hardest hit by Covid-19.

The number of Covid-19 cases has fluctuated since the end of September. Wearing protective masks is mandatory throughout the country in public transportation, medical facilities, shops, malls, salons, and businesses where face-to-face contact is required (e.g. banks and post offices). The number of people in social gatherings has been limited. Despite the currently worsening trend in the country, the situation is under control and the government changes response measures adequately. No lockdown measures are expected at this point. The medical system is prepared to respond to the situation and additional health facilities are prepared.

Competition in Croatia focused on convergent offers with high data allowances and TV content. In the mobile business, demand for mobile WiFi routers continued to be strong. During the summer, all operators launched special mobile data offers through self-care apps. On August 24, 2020, A1 launched a new portfolio for mobile and fixed-line customers with increased Internet speeds, a new TV proposition as well as new mobile tariffs with unlimited voice, SMS, and data. That portfolio was well received by customers.

The Croatian Kuna depreciated by 1.7% (period average) against the Euro in Q3 2020, which led to a negative FX impact of EUR 1.8 mn on total revenues and EUR 0.7 mn on EBITDA.

In Q3 2020, total revenues in the Croatian segment declined by 2.7% driven by roaming losses due to less travel. It was possible to compensate some of the decline by higher equipment revenues and the strong demand for mobile WiFi routers. The fixed-line business benefited from the price increase in September 2019. There were positive one-off effects of EUR 6.5 mn in Q3 2019 and of EUR 2.6 mn in Q3 2020, both stemming from the reimbursement of frequency fee overpayments in connection with frequency fee cuts. Costs and expenses excluding these one-off effects were lower year-on-year, as reduced sales and marketing expenses were more than able to compensate for higher bad debts. EBITDA excluding one-off and FX effects decreased by 1.5%.

1.5% lower EBITDA excluding one-off and FX effects in Croatia

Belarus

The situation in Belarus was shaped by political uncertainty.

Customers from all Internet providers in Belarus were affected by a service shutdown on August, 9-12. A1 Belarus as the first operator had publicly disclosed disruption of services due to the unavailability of respective service from state owned providers, which are the sole operators to maintain external gateway. During August and September all operators were ordered to reduce capacity of its mobile network in Minsk for limited time periods. A1 Belarus complied with the requirements of the governmental authorized bodies and transparently communicated all the cases as decisions of the Belarusian Government.

A1 refunded mobile customers for the limited Internet services proportional to monthly fees as well as free of charge SMS, voice and data-packages. Nevertheless, this situation resulted in an increased number of customer complaints and dissatisfaction with telecom operators.

Recently, operator's SMS broadcasting functionalities were used as a regular governmental channel to inform citizens on national security violations.

Decreasing confidence into the political and economic situation in Belarus gave rise to deposit withdrawals from the banking system and conversion into hard currency, which led to depreciation pressure on the Belarusian Ruble. In Q3, the local currency devaluated 17.9% vs. the US Dollar and 22.0% vs. the Euro compared to the same period last year (period average). However, no shortage of availability of hard currency for businesses took place in the market.

The National Bank pursues a strict monetary policy in order to keep inflation low (6.1% in September 2020), thus suspended short-term liquidity to the banking system from September onwards until January 2021. As a consequence, shortage of local currency in the market led to sharp increase of interest rates for short term lending, potentially further weighing on growth prospects of the economy. In September, S&P Global Ratings revised outlook on Belarus to negative and affirmed a "B" (Foreign Currency LT) credit rating.

In this market environment, dynamism continued to slow down and operators focused on retaining and upselling existing customers, as acquiring new customers has become more difficult.

The Belarusian government had imposed no official restrictions in connection with the Covid-19 outbreak but people were asked to minimize social contacts. During the summer, the number of officially reported new infections came down considerably but has started to rise again in recent weeks. Already in Q2 2020 A1 Belarus launched an online store in order to shift more sales to digital channels. After the closure of some less frequented shops until the beginning of July 2020, all of A1's own points-of-sale have been reopened and have been functioning at full capacity since.

As of March 26, 2020, A1 Belarus successfully launched its attractive #stayonline initiative with unlimited data and 30 free TV channels, films, and series to upsell existing mobile and fixed-line customers.

The mobile portfolio had been redesigned back in 2019 and now includes more data-centric propositions and optional data add-ons for voice-only prepaid propositions. It aims to shift prepaid customers to contract offers and has largely been successful. In Q2 2020, A1 launched a convergent service plan including mobile and fixed-line connectivity as well as TV services was accepted positively by the market and resulted in higher subscriber numbers as well as in a higher ARPL in Q3 2020. As of June 2020, fixed-line tariffs for existing customers were increased by 3.0%.

EBITDA growth of 11.2% in local currency in Belarus

Due to negative FX effects of EUR 28.3 mn, total revenues declined in Euro terms, while they rose sharply by 12.4% on a local currency basis mainly due to FX- and quantity-driven higher equipment revenues. Mobile service revenues grew by 3.4% as the upselling measures and structural shifts to the new portfolio with higher monthly fees were able to more than offset the negative roaming effect. Fixed-line service revenues also rose due to upselling customers to Internet and TV bundles as well as the above-mentioned price increase. The equipment margin remained stable as promotional deals offset promotion effects. Costs and expenses rose in local currency, mainly due to FX- and quantity-driven higher equipment costs outweighing lower advertising costs due to last year's rebranding, as well as reduced taxes and use of rights. On a local currency basis, EBITDA increased by 11.2% compared to the same period last year. In Euro terms, EBITDA declined by 13.6%.

Other Segments

Although the Slovenian market had become calmer at the beginning of the Covid-19 crisis, activity gradually returned to the intense level thereafter and all operators continued with their promotions. A1 Slovenia proceeded with the marketing of the recently introduced A1 Xplore TV platform, together with propositions such as higher speeds, satisfaction guarantee, no-binding as well as increased pricing. The number of Covid-19 infection cases has started to climb again since the beginning of September and the number of daily new cases as well as hospitalized patients have reached new highs. Consequently, the Government declared an epidemic on the entire territory of the Republic of Slovenia for 30 days. Total revenues rose slightly by 0.4% as higher fixed-line revenues due to strong solutions and connectivity revenues as well as

strong RGU growth could outweigh the roaming losses. Costs and expenses were cut significantly in Q3 2020, mainly due to lower advertising and sales costs. In total, EBITDA increased by 6.6%.

The mobile market in Serbia had started to show maturity signs in earlier quarters. After the Covid-19 lockdown, competition has again become more aggressive, reflected in the introduction of hardware promotions with discounts and higher subsidies. Vip mobile had redesigned its portfolio at the beginning of 2020 with a "more-for-more" concept. Higher data allowances including subsidized hardware exclusively for high-value tariffs resulted in 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 continued to be strong. After high infection levels during summer, the number of cases came down considerably, but measure have been tightened again due to increasing infection numbers since October. A mandatory registration for Serbian citizens coming back from risk countries has been introduced and masks are mandatory in closed spaces and transportation. Additionally, gatherings of more than 30 people are not allowed and gastronomy is closed from 23:00.

Total revenues were stable (-0.2%) as the decline in equipment revenues was outweighed by growth in service revenues (+2.7%). Equipment revenues declined due to fewer handsets sold. Service revenues grew due to strong demand for high-value tariffs despite roaming losses. Costs and expenses increased due to higher interconnection expenses and equipment costs, outweighing lower bad debts and advertising costs. EBITDA decreased by 6.4%, mainly due to a lower equipment margin, stemming an end-of-summer promotion leading to higher subsidies.

In Q3 2020, mobile operators in North Macedonia continued to emphasize online purchasing benefits for customers and integrated them into almost all their product novelties. A1 used the opportunity to launch digital products such as the A1 Live shop and SMS bill. Covid-19 infection cases have been at high levels since the beginning of June 2020 and the capacity in the health care system has reached a critical level. The new school year started, mainly online, on October 1, 2020.

Total revenues declined by 2.5%, driven by roaming losses and lower other operating income, while fixed-line service revenues remained stable. Costs and expenses were lower, mainly due to a decrease in advertising and administration expenses outweighing higher equipment costs. In total, this resulted in 3.8% lower EBITDA.

Year-to-date Highlights

- Group total revenues were stable (0.0%), as higher equipment revenues offset roaming losses and lower other operating income, which was impacted by a real estate sale in Austria in Q2 2019. Excluding FX and one-off effects, total revenues increased by 1.7%.
- Mobile service revenues remained stable as higher revenues in Austria, Bulgaria, and Serbia, mainly due to the ongoing strong demand for mobile WiFi routers, could offset the roaming losses.
- Fixed-line service revenues were also flat (+0.1%), as the growth in CEE markets compensated for the decline in Austria.
- Group EBITDA before restructuring charges increased by 0.5%, mainly driven by savings in workforce costs, advertising, and maintenance. Excluding one-off and FX effects as well as restructuring charges, EBITDA increased by 3.0%.
 - In Austria, EBITDA before restructuring rose by 0.8% due to operational efficiency, outweighing roaming losses. Excluding the one-off effect in the comparison period, Austrian EBITDA grew by 1.9%.
 - EBITDA from the CEE markets declined slightly, by 0.3%, as growth in Bulgaria, Croatia, and Slovenia was only partly able to offset roaming losses and negative FX impacts. Excluding one-off and FX effects, EBITDA grew by 4.6%.
- Net result increased from EUR 292.2 mn in the first nine months of 2019 to EUR 345.6 mn in the first nine months of 2020.

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

- Total one-off effects of positive EUR 8.2 mn in revenues as well as EUR 13.2 mn in EBITDA in the comparison period and EUR 2.6 mn in EBITDA in the first nine months of 2020, stemming mainly from Austria and Croatia as explained below.
 - In Austria, a positive EUR 8.2 mn one-off effect stemmed from a real estate sale in other operating income in Q2 2019.
 - In Croatia, there were positive one-off effects of EUR 6.5 mn in Q3 2019 and of EUR 2.6 mn in Q3 2020, both stemming from the reimbursement of frequency fee overpayments in connection with frequency fee cuts.
- Negative FX effects amounted to EUR 48.6 mn in total revenues, EUR 35.5 mn in service revenues, and EUR 21.2 mn in EBITDA in the first nine months of 2020, the vast majority stemming from Belarus and to a lesser extent, Croatia.

Group profit and loss – below EBITDA

In the first nine months of 2020, **depreciation and amortization** (incl. rights of use) declined by 0.8% to EUR 702.7 mn due to D&A of the brand amortization in 2019.

Operating income increased by 2.6% from EUR 496.8 mn in the first nine months of 2019 to EUR 509.6 mn in the first nine months of 2020.

Net result increased by 18.3% in the reporting period

Net result increased by 18.3% from EUR 292.2 mn in the first nine months of 2019 to EUR 345.6 mn in the reporting period, significantly impacted by final tax assessments in connection with a tax audit in Bulgaria.

Cash Flow

Starting with Q3 2020, we adopted a new presentation of free cash flow in order to reflect the operational development in a more transparent way. For new social plans (granted after 1.1.2019), we fund a cash deposit to cover the future obligations. The change of these deposits are shown as cash outflow in the new calculation of the free cash flow while previously effective payments for all social plans (existing and newly granted ones) were deducted. Free cash flow 2020 and 2019 are shown on a comparable basis. For reconciliation of free cash flow to previous format, which shows only minor differences, please see page 16.

(in EUR million)	1-9 M 2020	1-9 M 2019	% change
EBITDA	1,212.3	1,205.2	0.6
Restructuring charges and cost of labor obligations	68.3	67.9	0.6
Lease principal and interest paid	-136.2	-133.0	-2.4
Income taxes paid	-45.9	-50.8	9.6
Interest paid and received	-45.9	-52.8	13.1
Change working capital and other changes	-97.5	-114.7	15.0
CAPEX	-448.5	-600.1	25.3
Free Cash Flow (FCF) before social plans	506.6	321.7	57.5
Social plans new funded*	-77.4	-67.9	-13.9
FCF after social plans new	429.2	253.8	69.1

*Cost for social plans granted after 1.1.2019. Previously payments for old and new social plans were included in FCF. Comparative figures have been adjusted accordingly.

In the reporting period, 'Changes working capital and other changes' were mainly driven by a reduction in accounts payable, which were partially offset by a decrease of accounts receivables.

CAPEX in the first nine months of 2020 showed a strong decline due to acquired frequencies in the comparison period and reduced spending in the reporting period following the CAPEX cuts.

Together with a better EBITDA, the free cash flow after social plans new increased strongly from EUR 253.8 mn in the first nine months of 2019 to EUR 429.2 mn in the reporting period.

+69.1% free cash flow after social plans new in 1-9 M 2020

Balance Sheet

As of September 30, 2020, the balance sheet total decreased by 1.6% compared to December 31, 2019, driven by the decline in non-current assets while current assets increased slightly. Total current assets increased due to the rise in short-term investments owing to new fixed-term deposits as well as higher cash and cash equivalents following the shift of dividend payments to Q4 2020. This increase was partially offset by the decline in accounts receivables.

Non-current assets declined, mainly due to the amortization of frequencies and right-of-use assets as well as due to lower additions in property, plant and equipment. The decrease in current liabilities was attributable to lower accounts payable and the redemption of multi-currency notes. Non-current liabilities also declined, mainly due to lower lease liabilities. The increase in shareholders' equity was driven by higher retained earnings due to net income generation. The equity ratio as of September 30, 2020 amounted to 34.9%, after 31.2% as of December 31, 2019.

Net Debt

in EUR million	Sept 30, 2020	Dec 31, 2019	% change
Long-term debt	2,541.9	2,539.6	0.1
Lease liability long-term	718.4	788.2	-8.9
Short-term debt	0.0	123.0	-100.0
Lease liability short-term	151.3	152.6	-0.9
Cash and cash equivalents*	-306.5	-50.2	n.m.
Net debt (incl. leases)	3,105.2	3,553.2	-12.6
Net debt (incl. leases) / EBITDA (12 months)	2.0x	2.3x	

in EUR million	Sept 30, 2020	Dec 31, 2019	% change
Net debt (excl. leases)	2,235.4	2,612.4	-14.4
Net debt (excl. leases) / EBITDA after leases (12 months)	1.6x	1.9x	

*Cash as of Dec 31, 2019 on a comparable basis (reduced for funding of social plans granted after 1.1.2019). As of Sept 30, 2020, funding is included in short-term investments, which are not included in net debt.

Net debt (incl. leases) declined by 12.6%, driven by the redemption of multi-currency-notes as well as higher cash and cash equivalents. Net debt (excl. leases) / EBITDA after leases (12 months) decreased from 1.9x as of December 31, 2019 to 1.6x as of September 30, 2020.

Capital Expenditures

In the first nine months of 2020, capital expenditures decreased by 25.3% to EUR 448.5 mn. Tangible capital expenditures declined by 13.9% to EUR 370.6 mn, mainly due to cuts and postponements in some investments in Austria as well as in the CEE markets.

Intangible capital expenditures declined from EUR 169.9 mn in the comparison period to EUR 78.0 mn in the first nine months of 2020 due to acquired frequencies in Q2 2019 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). The multiband auction in Austria ended in September with a result of EUR 65.6 mn for A1, securing and expanding the excellent frequency spectrum. As final granting of the spectrum by TKK (Telecom Control Commission) is expected to follow soon, we expect CAPEX in the amount of EUR 65.6 mn will be included in Q4 of this year.

A1 Telekom Austria Group outlook for the full year 2020 unchanged

This outlook is subject to no material deterioration of the pandemic, which would affect the economies in our footprint.

Results in the first nine months of 2020 were heavily impacted by reduced roaming revenues following the travel restrictions. International travelling is expected to stay restrained for the rest of the year following increasing Covid-19 case numbers and accompanied policy measures in all our markets. Therefore, we estimate a negative impact out of reduced roaming on full-year 2020 total revenues of about 2%.

Although bad debts have shown limited operational impact from bill collections so far, the general allowances were increased as a precautionary step already in Q1 2020.

In Belarus, the results were materially affected by the devaluation of the Belarusian Ruble in the first nine months of the year 2020. The Management of A1 Telekom Austria Group expects the currency to depreciate by more than 15% (period average) against the Euro in 2020, although it should be noted that the predictability of the Belarusian Ruble is generally limited.

Despite the challenges related to Covid-19, we saw overall a solid resilience in large parts of our business, which together with additional support from operational efficiency translated into operative EBITDA growth. The free cash flow benefited also from lower capital expenditures following restrained investment policies. A1 Telekom Austria Group will continue to have a strong focus on efficiency improvements to mitigate the expected negative impacts during the rest of the year.

As the situation presents itself at the moment, the Management of A1 Telekom Austria Group expects for the full year 2020 a moderate decrease in total revenues of approximately -2%. Capital expenditures before spectrum investments and acquisitions are intended to be cut by approximately 25% from the initial outlook of EUR 770 mn to ensure full flexibility and strengthen the free cash flow profile. As stated above, this outlook is subject to no material deterioration of the pandemic situation.

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 1.6x as of September 30, 2020. A1 Telekom Austria Group can rely on undrawn committed credit lines of EUR 1.1 bn, resulting in a strong liquidity position, which was also underpinned by S&P Global's affirmation of the BBB+ credit rating in April 2020 (outlook: stable).

Outlook 2020 unchanged:
~2% decline of total revenues; CAPEX cuts of approx. 25% vs. initial outlook (EUR 770 mn) to ensure flexibility and strengthen free cash flow

Detailed Figures

Reconciliation of Free Cash Flow

(in EUR million)	1-9 M 2020	1-9 M 2019	% change
FCF after social plans new	429.2	253.8	69.1
Social plans new funded*	77.4	67.9	
Total social plans paid*	-74.3	-70.4	
FCF - previously reported	432.3	251.3	72.0

*In the previous view all payments for all social plans (old = granted before 1.1.2019 + new = granted after 1.1.2019) have been deducted in FCF.

Revenues

in EUR million	Q3 2020	Q3 2019	% change	1-9 M 2020	1-9 M 2019	% change
Austria	657.1	657.7	-0.1	1,940.5	1,963.0	-1.1
Bulgaria	127.9	122.0	4.8	376.9	348.5	8.1
Croatia	111.8	114.9	-2.7	312.2	323.5	-3.5
Belarus	99.0	113.2	-12.6	306.9	312.1	-1.7
Slovenia	52.7	52.5	0.4	152.1	155.2	-2.0
Serbia	73.7	73.9	-0.2	210.4	207.9	1.2
North Macedonia	31.0	31.8	-2.5	88.9	91.5	-2.8
Corporate & other, eliminations	-11.1	-13.4	n.m.	-24.2	-36.9	n.m.
Total revenues	1,142.1	1,152.7	-0.9	3,363.8	3,364.8	0.0

Service Revenues

in EUR million	Q3 2020	Q3 2019	% change	1-9 M 2020	1-9 M 2019	% change
Austria	577.9	584.6	-1.1	1,729.5	1,738.3	-0.5
Bulgaria	101.8	98.8	3.0	299.5	281.7	6.3
Croatia	95.6	100.2	-4.5	270.0	277.1	-2.6
Belarus	68.9	85.0	-18.9	219.5	236.2	-7.1
Slovenia	39.0	40.4	-3.3	115.8	118.8	-2.5
Serbia	55.0	53.6	2.7	158.7	151.9	4.5
North Macedonia	24.8	25.4	-2.4	72.9	74.3	-1.9
Corporate & other, eliminations	-9.3	-13.3	n.m.	-22.8	-35.7	n.m.
Total service revenues	953.8	974.7	-2.1	2,843.1	2,842.7	0.0

Mobile Service Revenues

in EUR million	Q3 2020	Q3 2019	% change	1-9 M 2020	1-9 M 2019	% change
Austria	236.0	237.3	-0.5	705.8	698.0	1.1
Bulgaria	68.9	68.6	0.5	202.0	194.8	3.7
Croatia	64.1	68.3	-6.1	175.7	181.9	-3.4
Belarus	58.0	72.5	-19.9	185.5	201.1	-7.8
Slovenia	28.6	31.2	-8.3	84.9	90.7	-6.4
Serbia	53.1	51.9	2.2	152.4	145.2	4.9
North Macedonia	19.0	19.6	-3.2	55.6	56.2	-1.2
Corporate & other, eliminations	-3.7	-4.4	n.m.	-7.5	-13.2	n.m.
Total mobile service revenues	524.0	544.9	-3.8	1,554.3	1,554.9	0.0

Fixed-Line Service Revenues

in EUR million	Q3 2020	Q3 2019	% change	1-9 M 2020	1-9 M 2019	% change
Austria	341.9	347.3	-1.6	1,023.7	1,040.3	-1.6
Bulgaria	32.8	30.2	8.6	97.5	86.9	12.2
Croatia	31.5	31.9	-1.2	94.3	95.2	-0.9
Belarus	10.9	12.5	-13.1	34.0	35.1	-3.0
Slovenia	10.5	9.2	13.8	30.9	28.1	10.1
Serbia	1.9	1.7	16.6	6.3	6.7	-5.2
North Macedonia	5.8	5.8	0.1	17.3	18.1	-4.1
Corporate & other, eliminations	-5.5	-8.8	n.m.	-15.3	-22.5	n.m.
Total fixed line service revenues	429.8	429.8	0.0	1,288.9	1,287.8	0.1

Other Operating Income

in EUR million	Q3 2020	Q3 2019	% change	1-9 M 2020	1-9 M 2019	% change
Austria	13.1	11.2	16.6	35.2	45.2	-22.1
Bulgaria	1.1	1.1	-5.1	3.3	4.0	-18.5
Croatia	1.1	1.5	-27.3	3.4	4.8	-30.0
Belarus	4.1	4.4	-6.4	11.4	11.8	-3.3
Slovenia	1.1	0.9	23.6	2.8	2.5	12.2
Serbia	0.8	0.9	-3.4	2.5	2.3	8.8
North Macedonia	0.1	0.3	-62.3	0.4	1.2	-67.2
Corporate & other, eliminations	-2.0	0.1	n.m.	-1.9	-0.7	n.m.
Total other operating income	19.4	20.4	-5.0	57.0	71.1	-19.8

EBITDA

in EUR million	Q3 2020	Q3 2019	% change	1-9 M 2020	1-9 M 2019	% change
Austria	264.9	251.9	5.2	721.6	714.2	1.0
Bulgaria	52.1	49.8	4.8	146.1	137.7	6.1
Croatia	44.1	49.3	-10.6	111.2	115.9	-4.1
Belarus	43.9	50.8	-13.6	136.5	141.2	-3.3
Slovenia	16.5	15.5	6.6	44.4	43.9	1.2
Serbia	22.8	24.4	-6.4	63.9	63.8	0.2
North Macedonia	11.0	11.4	-3.8	31.8	33.4	-4.6
Corporate & other, eliminations	-13.6	-14.0	2.4	-43.2	-44.8	3.6
Total EBITDA	441.6	439.0	0.6	1,212.3	1,205.2	0.6

EBITDA After Leases*

in EUR million	Q3 2020	Q3 2019	% change	1-9 M 2020	1-9 M 2019	% change
Austria	244.9	231.9	5.6	661.3	654.5	1.1
Bulgaria	45.4	43.1	5.4	125.6	117.7	6.7
Croatia	40.3	45.4	-11.2	99.9	104.2	-4.1
Belarus	40.8	46.8	-12.8	126.3	129.8	-2.7
Slovenia	11.9	11.1	7.6	30.8	30.9	-0.1
Serbia	18.4	20.3	-9.3	51.1	51.7	-1.3
North Macedonia	9.4	9.8	-3.5	27.0	28.6	-5.7
Corporate & other, eliminations	-13.7	-14.0	2.0	-43.5	-44.9	3.2
Total EBITDA after leases	397.4	394.3	0.8	1,078.5	1,072.5	0.6

* 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 2020	Q3 2019	% change	1-9 M 2020	1-9 M 2019	% change
Austria	129.6	125.8	3.1	390.8	376.4	3.8
Bulgaria	29.4	27.5	6.9	88.3	84.2	4.9
Croatia	24.1	26.1	-7.8	74.8	77.6	-3.7
Belarus	14.9	24.8	-39.8	48.9	71.7	-31.8
Slovenia	10.9	11.1	-1.5	33.1	32.9	0.7
Serbia	13.6	13.9	-2.4	40.8	41.4	-1.4
North Macedonia	7.2	7.3	-2.4	22.1	23.0	-3.9
Corporate & other, eliminations	1.3	0.5	170.3	3.9	1.1	245.3
Total D&A	230.9	237.0	-2.6	702.7	708.3	-0.8

EBIT

in EUR million	Q3 2020	Q3 2019	% change	1-9 M 2020	1-9 M 2019	% change
Austria	135.2	126.1	7.3	330.8	337.8	-2.1
Bulgaria	22.8	22.3	2.1	57.8	53.5	8.1
Croatia	20.0	23.2	-13.8	36.4	38.3	-4.8
Belarus	28.9	25.9	11.5	87.6	69.5	26.0
Slovenia	5.6	4.4	27.0	11.3	10.9	2.9
Serbia	9.2	10.4	-11.8	23.0	22.4	3.1
North Macedonia	3.8	4.1	-6.2	9.7	10.4	-6.3
Corporate & other, eliminations	-14.9	-14.4	-3.2	-47.1	-45.9	-2.6
Total EBIT	210.7	202.0	4.3	509.6	496.8	2.6

Capital Expenditures

in EUR million	Q3 2020	Q3 2019	% change	1-9 M 2020	1-9 M 2019	% change
Austria	85.3	119.5	-28.6	311.5	409.8	-24.0
Bulgaria	10.4	20.7	-49.7	39.6	47.1	-16.0
Croatia	7.7	15.0	-48.9	35.4	61.4	-42.4
Belarus	4.9	8.4	-41.4	20.8	35.6	-41.5
Slovenia	4.2	5.7	-25.8	11.1	11.8	-5.9
Serbia	8.6	9.5	-9.5	18.8	19.9	-5.7
North Macedonia	2.8	6.1	-53.3	8.8	11.4	-22.9
Corporate & other, eliminations	1.0	0.6	74.9	2.6	2.9	-12.1
Total capital expenditures	125.0	185.5	-32.6	448.5	600.1	-25.3

Capital Expenditures - Tangible

in EUR million	Q3 2020	Q3 2019	% change	1-9 M 2020	1-9 M 2019	% change
Austria	71.3	101.8	-30.0	256.2	288.4	-11.2
Bulgaria	8.2	17.2	-52.6	32.6	38.2	-14.9
Croatia	5.6	12.2	-54.4	30.3	47.8	-36.6
Belarus	3.9	5.5	-28.2	15.9	20.6	-23.0
Slovenia	3.9	4.6	-15.3	9.8	9.8	-0.2
Serbia	8.2	4.8	69.9	17.9	13.4	33.9
North Macedonia	2.0	5.4	-62.7	7.3	10.4	-30.4
Corporate & other, eliminations	0.1	0.1	-30.8	0.7	1.5	-52.9
Total capital expenditures - tangible	103.2	151.7	-32.0	370.6	430.2	-13.9

Capital Expenditures - Intangible

in EUR million	Q3 2020	Q3 2019	% change	1-9 M 2020	1-9 M 2019	% change
Austria	14.0	17.6	-20.3	55.3	121.4	-54.5
Bulgaria	2.2	3.4	-35.2	7.1	8.9	-20.8
Croatia	2.1	2.8	-25.1	5.1	13.6	-62.7
Belarus	1.0	2.9	-65.9	5.0	15.0	-66.9
Slovenia	0.3	1.1	-71.6	1.3	1.9	-34.5
Serbia	0.4	4.7	-91.7	0.9	6.6	-86.2
North Macedonia	0.8	0.7	25.0	1.6	1.0	53.3
Corporate & other, eliminations	1.0	0.5	90.8	1.9	1.4	31.6
Total capital expenditures - intangible	21.9	33.7	-35.2	78.0	169.9	-54.1

Wireless Subscribers

in thousands	Q3 2020	Q3 2019	% change
Austria	5,013.0	5,200.5	-3.6
thereof postpaid	3,925.2	3,884.9	1.0
Bulgaria	3,767.0	3,922.8	-4.0
thereof postpaid	3,356.3	3,417.8	-1.8
Croatia	1,924.7	1,895.2	1.6
thereof postpaid	1,156.0	1,088.3	6.2
Belarus	4,882.0	4,876.7	0.1
thereof postpaid	4,166.6	4,090.0	1.9
Slovenia	702.9	703.8	-0.1
thereof postpaid	633.3	623.5	1.6
Serbia	2,330.3	2,335.2	-0.2
thereof postpaid	1,616.9	1,548.1	4.4
North Macedonia	1,072.1	1,125.0	-4.7
thereof postpaid	733.4	708.7	3.5
Total wireless subscribers	21,609.4	21,512.0	0.5
thereof postpaid	17,505.1	16,814.1	4.1

RGUs

in thousands	Q3 2020	Q3 2019	% change
Austria	3,152.5	3,260.3	-3.3
Bulgaria	1,077.5	1,047.9	2.8
Croatia	674.8	687.9	-1.9
Belarus	613.6	618.7	-0.8
Slovenia	213.6	193.9	10.1
North Macedonia	334.2	330.4	1.1
Total RGUs	6,066.2	6,139.0	-1.2

Mobile churn

in %	Q3 2020	Q3 2019	1-9 M 2020	1-9 M 2019
Austria	1.2%	1.6%	1.4%	1.5%
Bulgaria	1.1%	1.4%	1.3%	1.7%
Croatia	1.5%	2.1%	1.7%	2.3%
Belarus	1.2%	1.5%	1.2%	1.4%
Slovenia	1.1%	1.2%	1.1%	1.2%
Serbia	1.9%	3.0%	2.3%	2.8%
North Macedonia	0.8%	1.3%	1.4%	1.4%

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

in EUR million	Q3 2020	Q3 2019	% change	1-9 M 2020	1-9 M 2019	% change
Austria	285.8	272.9	4.7	783.5	769.1	1.9
Bulgaria	52.1	49.8	4.8	146.1	137.7	6.1
Croatia	42.1	42.8	-1.6	110.3	109.4	0.8
Belarus	56.4	50.8	11.2	156.1	141.2	10.6
Slovenia	16.5	15.5	6.6	44.4	44.9	-1.0
Serbia	22.8	24.4	-6.6	63.7	64.2	-0.8
North Macedonia	11.0	11.4	-3.4	31.9	33.4	-4.4
Corporate & other, eliminations	-13.6	-14.0	n.m.	-43.2	-44.8	n.m.
Total adjusted EBITDA	473.1	453.5	4.3	1,292.9	1,254.9	3.0

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

in EUR million	Q3 2020	Q3 2019	% change	1-9 M 2020	1-9 M 2019	% change
EBITDA	441.6	439.0	0.6	1,212.3	1,205.2	0.6
FX translation effect	13.3			21.2		
One-off effects	-2.6	-6.5		-2.6	-13.3	
Restructuring charges	20.9	21.0		61.9	63.1	
EBITDA - excl. FX-, one off effects and restructuring charges	473.1	453.5	4.3	1,292.9	1,254.9	3.0

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

in EUR million	Q3 2020	Q3 2019	% change	1-9 M 2020	1-9 M 2019	% change
EBITDA	264.9	251.9	5.2	721.6	714.2	1.0
One-off effects					-8.2	
Restructuring charges	20.9	21.0		61.9	63.1	
EBITDA excl. one off effects and restructuring charges	285.8	272.9	4.7	783.5	769.1	1.9

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

in EUR million	Q3 2020	Q3 2019	% change	1-9 M 2020	1-9 M 2019	% change
EBITDA after leases	397.4	394.3	0.8	1,078.5	1,072.5	0.6
FX translation effect	13.3			21.2		
One-off effects	-2.6	-6.5		-2.6	-13.3	
Restructuring charges	20.9	21.0		61.9	63.1	
EBITDA after leases - excl. FX-, one-off effects and restructuring charges	428.9	408.8	4.9	1,159.0	1,122.3	3.3

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 2020	Q3 2019	% change	1-9 M 2020	1-9 M 2019	% change
Austria	15.7	15.2	3.7	15.6	14.7	6.0
Bulgaria	6.1	5.9	4.1	5.9	5.6	5.5
Croatia	11.2	12.1	-7.3	10.4	11.0	-5.8
Belarus	4.0	5.0	-19.9	4.2	4.6	-7.9
Slovenia	13.6	14.9	-8.6	13.4	14.4	-6.8
Serbia	7.7	7.5	2.4	7.4	7.2	3.1
North Macedonia	6.0	5.9	1.1	5.8	5.7	0.8
Group ARPU	8.1	8.5	-4.1	8.1	8.2	-0.9

ARPL (reported)

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

in EUR	Q3 2020	Q3 2019	% change	1-9 M 2020	1-9 M 2019	% change
Austria	32.5	31.1	4.4	32.3	31.2	3.7
Bulgaria	13.7	13.5	1.5	13.5	13.3	1.7
Croatia	31.7	30.8	3.0	31.5	30.4	3.4
Belarus	5.5	6.5	-16.1	5.9	5.9	-0.6
Slovenia	31.9	34.9	-8.7	32.9	35.5	-7.4
Serbia	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
North Macedonia	10.9	10.7	1.8	10.8	10.8	0.2

ARPL-relevant revenues (in EUR million)	Q3 2020	Q3 2019	% change	1-9 M 2020	1-9 M 2019	% change
Austria	187.0	186.4	0.3	563.6	566.0	-0.4
Bulgaria	22.7	22.0	3.2	67.0	64.6	3.7
Croatia	26.8	27.3	-1.8	80.4	81.4	-1.3
Belarus	6.2	7.8	-20.4	20.2	22.4	-9.6
Slovenia	8.3	8.2	1.0	25.2	24.6	2.6
Serbia	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
North Macedonia	5.0	4.9	2.5	15.0	14.7	1.6

Access lines (in '000)	Q3 2020	Q3 2019	% change
Austria	1,905.4	1,985.4	-4.0
Bulgaria	550.0	540.7	1.7
Croatia	280.8	290.1	-3.2
Belarus	378.1	395.1	-4.3
Slovenia	88.8	79.6	11.6
Serbia	n.a.	n.a.	n.a.
North Macedonia	153.6	152.7	0.6

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 2020	Q3 2019	% change	1-9 M 2020	1-9 M 2019	% change
Total revenues	99.0	113.2	-12.6	306.9	312.1	-1.7
Total costs and expenses	-55.1	-62.5	11.8	-170.4	-171.0	0.4
EBITDA	43.9	50.8	-13.6	136.5	141.2	-3.3

in BYN million	Q3 2020	Q3 2019	% change	1-9 M 2020	1-9 M 2019	% change
Total revenues	291.4	259.3	12.4	826.5	735.2	12.4
Total costs and expenses	-162.2	-143.1	-13.3	-458.9	-402.6	-14.0
EBITDA	129.2	116.2	11.2	367.6	332.5	10.6

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 2019, pp. 74 ff.

Waiver of Review

This financial report of the A1 Telekom Austria Group contains quarterly and year-to-date 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.

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Condensed Consolidated Statement of Comprehensive Income

in EUR million, except per share information	Q3 2020 unaudited	Q3 2019 unaudited	1-9 M 2020 unaudited	1-9 M 2019 unaudited
Service revenues (incl. other operating income)	973.2	995.1	2,900.2	2,913.8
Equipment revenues	168.9	157.6	463.6	451.0
Total revenues (incl. other operating income)	1,142.1	1,152.7	3,363.8	3,364.8
Cost of service	-316.6	-324.8	-965.4	-966.2
Cost of equipment	-165.6	-154.1	-454.4	-440.7
Selling, general & administrative expenses	-216.3	-232.7	-724.7	-745.6
Other expenses	-2.0	-2.1	-6.9	-7.1
Total cost and expenses	-700.5	-713.7	-2,151.5	-2,159.6
Earnings before interest, tax, depreciation and amortization - EBITDA	441.6	439.0	1,212.3	1,205.2
Depreciation and amortization	-190.3	-196.7	-580.3	-588.9
Depreciation of right-of-use assets	-40.6	-40.3	-122.4	-119.4
Operating income - EBIT	210.7	202.0	509.6	496.8
Interest income	0.8	1.3	2.8	4.0
Interest expense	-25.8	-25.9	-78.3	-78.3
Interest on employee benefits and restructuring and other financial items, net	-1.7	-6.3	3.6	-33.2
Foreign currency exchange differences, net	-6.7	1.2	-18.3	4.5
Equity interest in net income of associated companies	-0.2	-0.1	-11.6	-0.3
Financial result	-33.6	-29.8	-101.7	-103.4
Earnings before income tax - EBT	177.1	172.2	407.9	393.5
Income tax	-34.5	-35.9	-62.3	-101.3
Net result	142.6	136.3	345.6	292.2
Attributable to:				
Equity holders of the parent	142.4	136.1	345.4	291.8
Non-controlling interests	0.1	0.2	0.3	0.4
Earnings per share attributable to equity holders of the parent in euro*	0.21	0.20	0.52	0.44
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	-32.2	9.9	-76.9	29.8
Realized result on hedging activities, net of tax	1.1	1.1	3.3	3.3
Items that will not be reclassified to profit or loss:				
Remeasurement of defined benefit obligations, net of tax	-8.5	-11.5	-5.1	-19.5
Total other comprehensive income (loss)	-39.5	-0.5	-78.8	13.6
Total comprehensive income (loss)	103.0	135.8	266.9	305.7
Attributable to:				
Equity holders of the parent	102.9	135.6	266.6	305.3
Non-controlling interests	0.1	0.2	0.3	0.4

* basic and diluted

Condensed Consolidated Statement of Financial Position

in EUR million	Sept. 30, 2020 unaudited	Dec. 31, 2019 audited
ASSETS		
Current assets		
Cash and cash equivalents	306.5	140.3
Short-term investments	152.2	0.0
Accounts receivable: Subscribers, distributors and other, net	799.8	873.0
Receivables due from related parties	0.0	0.9
Inventories, net	92.5	109.3
Income tax receivable	3.3	0.5
Other current assets, net	153.4	148.5
Contract assets	99.7	124.2
	1,607.3	1,396.8
Assets held for sale	0.0	33.5
Total current assets	1,607.3	1,430.3
Non-current assets		
Property, plant and equipment, net	2,766.5	2,840.3
Right-of-use assets, net	871.0	942.0
Intangibles, net	1,651.1	1,784.2
Goodwill	1,284.2	1,278.8
Long-term investments	11.0	14.3
Deferred income tax assets	134.3	168.9
Other non-current assets, net	25.8	27.2
Total non-current assets	6,743.8	7,055.7
TOTAL ASSETS	8,351.1	8,486.0
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Short-term debt	0.0	-123.0
Lease liability short-term	-151.3	-152.6
Accounts payable	-721.1	-909.5
Accrued liabilities and current provisions	-232.9	-239.4
Income tax payable	-25.0	-38.8
Payables due to related parties	0.2	-0.6
Contract liabilities	-195.1	-174.0
Total current liabilities	-1,325.3	-1,637.8
Non-current liabilities		
Long-term debt	-2,541.9	-2,539.6
Lease liability long-term	-718.4	-788.2
Deferred income tax liabilities	-3.9	-6.7
Other non-current liabilities	-52.4	-65.7
Asset retirement obligation and restructuring	-566.7	-582.0
Employee benefits	-230.2	-220.1
Total non-current liabilities	-4,113.6	-4,202.3
Stockholders' equity		
Capital stock	-1,449.3	-1,449.3
Treasury shares	7.8	7.8
Additional paid-in capital	-1,100.1	-1,100.1
Retained earnings	-1,136.5	-791.2
Other comprehensive income (loss) items	768.0	689.3
Equity attributable to equity holders of the parent	-2,910.2	-2,643.6
Non-controlling interests	-2.0	-2.4
Total stockholders' equity	-2,912.2	-2,645.9
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	-8,351.1	-8,486.0

Condensed Consolidated Statement of Cash Flows

in EUR million	Q3 2020 unaudited	Q3 2019 unaudited	1-9 M 2020 unaudited	1-9 M 2019 unaudited
Earnings before income tax - EBT	177.1	172.2	407.9	393.5
Non-cash and other reconciliation items:				
Depreciation	126.7	129.2	387.6	379.8
Amortization of intangible assets	63.6	67.5	192.6	209.1
Depreciation of right-of-use assets	40.6	40.3	122.4	119.4
Equity interest in net income of associated companies	0.2	0.1	11.6	0.3
Result on sale / measurement of investments	0.2	-0.5	0.6	-1.7
Result on sale of property, plant and equipment	1.2	0.9	2.7	-5.6
Net period cost of labor obligations and restructuring	25.7	29.7	72.0	80.9
Foreign currency exchange differences, net	6.7	-1.2	18.3	-4.5
Interest income	-0.8	-1.3	-2.8	-4.0
Interest expense	26.5	26.9	70.6	104.2
Other adjustments	-0.5	-0.6	-2.2	-3.4
Changes in financial positions:				
Accounts receivable: Subscribers, distributors and other, net	-12.5	-4.9	40.4	-35.4
Prepaid expenses	1.5	4.7	5.4	14.6
Due from related parties	0.6	0.6	0.9	0.2
Inventories	0.4	14.3	13.4	29.9
Other assets	1.1	-11.5	1.8	-16.9
Contract assets	2.1	5.2	24.3	19.8
Accounts payable and accrued liabilities	-49.0	-1.8	-138.1	-81.6
Due to related parties	-0.4	0.0	-0.8	0.4
Contract liabilities	8.0	7.1	21.8	23.8
Other:				
Employee benefits and restructuring paid	-28.5	-28.5	-84.1	-79.4
Interest received	0.8	1.3	2.8	4.0
Income taxes paid	-27.0	-21.8	-45.9	-50.8
Net cash flow from operating activities	364.4	427.9	1,123.3	1,096.7
Capital expenditures paid	-146.9	-198.7	-517.2	-671.9
Proceeds from sale of plant, property and equipment	0.6	0.7	5.9	12.4
Purchase of investments	-14.9	-0.1	-152.4	-0.3
Proceeds from sale of investments	0.3	0.6	0.4	0.7
Acquisition of businesses, net of cash acquired	-5.0	-1.0	-5.0	-1.0
Sale of shares of associated companies	19.5	0.0	19.5	0.1
Net cash flow from investing activities	-146.4	-198.5	-648.8	-659.9
Interest paid	-16.0	-15.6	-60.5	-69.3
Change in short-term debt	0.8	-176.4	-120.6	117.4
Repayments of short-term debt	0.0	0.0	0.0	-240.0
Dividends paid	0.0	0.0	-0.6	-139.9
Acquisition of non-controlling interests	0.0	0.0	0.0	-0.1
Deferred consideration paid for business combinations	0.0	0.0	0.0	-3.5
Lease principal paid	-33.4	-31.7	-119.2	-116.6
Net cash flow from financing activities	-48.6	-223.8	-300.9	-452.1
Adjustment to cash flows due to exchange rate fluctuations, net	-3.9	1.3	-7.3	2.9
Net change in cash and cash equivalents	165.5	7.0	166.2	-12.5
Cash and cash equivalents beginning of period	141.0	44.1	140.3	63.6
Cash and cash equivalents end of period	306.5	51.1	306.5	51.1