

Results for the Fourth Quarter and Full Year 2018

Key financial and operating highlights

- Group revenue increase of 3.1% in Q4 2018 driven primarily by higher service revenues from both fixed-line and mobile but also increased equipment revenues.
- Service revenue growth in all segments except for Slovenia (in Belarus excl. FX effects).
- EBITDA excl. restructuring showed a strong increase of 8.3% in Q4 2018 as higher service revenues more than outweighed higher product-related costs.
 - Excl. restructuring, EBITDA rose by 8.6% in Austria, driven by strong service revenue growth, which was additionally supported by the completion of large corporate projects in solutions & connectivity in Q4 2018.
 - Solid trends in CEE continued, with especially strong contributions from Bulgaria and Republic of Serbia.
- Postpaid subscriber base increased by 4.1%, with growth in all markets; RGUs increased by 3.7%, driven by CEE markets.
- Net income decreased by 29.7% in the full-year 2018 to EUR 242.7 mn due to the amortization of brand values (EUR 197.9 mn in D&A in 2018; EUR 121.8 mn in 2017) and higher income taxes as prior-year was positively impacted by the recognition of deferred tax assets on tax losses carried forward.
- CAPEX increased in the full-year 2018 due to investments in Austria (fiber roll-out, datacenter) and investments in CEE in late 2018.
- Free cash flow in FY 2018 stable compared to the prior year as the higher cash flow from operations and lower interest payments outweighed higher CAPEX paid.
- Group outlook 2019: total revenue growth of approx. 2% (reported basis¹), CAPEX² of approx. EUR 770 mn.

Key performance indicators Proforma view

in EUR million	Q4 2018 reported	Q4 2017 proforma	% change	1-12 M 2018 reported	1-12 M 2017 proforma	% change
Total revenues	1,165.1	1,130.0	3.1	4,466.4	4,388.5	1.8
Service revenues	973.6	940.2	3.6	3,828.2	3,780.9	1.3
Equipment revenues	170.0	161.5	5.3	546.2	504.4	8.3
Other operating income	21.5	28.2	-24.0	91.9	103.2	-10.9
EBITDA	293.0	288.3	1.6	1,380.6	1,398.9	-1.3
% of total revenues	25.1%	25.5%		30.9%	31.9%	
EBITDA excl. restructuring	306.8	283.3	8.3	1,402.7	1,380.7	1.6
% of total revenues	26.3%	25.1%		31.4%	31.5%	
EBIT	91.7	-20.1	n.m.	424.1	444.5	-4.6
% of total revenues	7.9%	-1.8%		9.5%	10.1%	

Wireless indicators	Q4 2018 reported	Q4 2017 proforma	% change	1-12 M 2018 reported	1-12 M 2017 proforma	% change
Wireless subscribers (thousands)	20,999.6	20,657.7	1.7	20,999.6	20,657.7	1.7
thereof postpaid	16,215.7	15,580.7	4.1	16,215.7	15,580.7	4.1
thereof prepaid	4,783.8	5,077.1	-5.8	4,783.8	5,077.1	-5.8
MoU (per Ø subscriber)	357.5	341.6	4.6	348.3	330.9	5.3
ARPU (in EUR)	8.5	8.5	0.7	8.6	8.6	0.0
Churn (%)	2.0%	2.2%		1.7%	2.0%	

Wireline indicators	Q4 2018 reported	Q4 2017 proforma	% change	1-12 M 2018 reported	1-12 M 2017 proforma	% change
RGUs (thousands)	6,260.9	6,036.5	3.7	6,260.9	6,036.5	3.7

If not stated otherwise, all financial figures are based on IAS 18; all comparisons are given year-on-year. EBITDA is defined as net income excluding financial result, income taxes, depreciation and amortization and impairment charges.

Proforma figures include M&A transactions made between the start of the comparison period and the end of the reporting period.

¹ Based on IFRS 15. ² Pre IFRS 16 accounting. Does not include investment in spectrum and acquisitions.

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¹ This financial report of Telekom Austria Group contains quarterly results which have not been audited or reviewed by a certified public accountant. The full year 2018 results figures are audited. Figures have not yet been approved by the Supervisory Board. The annual financial report, which includes the audited single and consolidated financial statements as well as the management reports, will be released as required by April 30, 2019. Alternative performance measures are included in this report. For details, please refer to the reconciliation tables on page 22.

Vienna, February 12, 2019 – Today, A1 Telekom Austria Group (VSE: TKA, OTC US: TKAGY) announces its results for the fourth quarter and full year 2018, ending December 31, 2018.

As of January 1, 2018, A1 Telekom Austria Group initially applied IFRS 15, electing the modified retrospective approach for the initial application in accordance with the transition guidance. Accordingly, the information presented for 2017 has not been restated – i.e. it is presented, as previously reported, under IAS 18 and related interpretations in the Consolidated Financial Statements. The following presentation is based on IAS 18 (i.e. without adoption of IFRS 15). In the Notes to the Consolidated Financial Statements, a reconciliation from IFRS 15 to IAS 18 is provided. The new revenue recognition accounting standard under IFRS 15 requires accounting for the lifecycle value of contracts by allocating the total revenues from a contract to the different deliverables of the contract based on their relative fair values.

The presentation for the conference call and key figures of A1 Telekom Austria Group in Excel format ('Fact Sheet Q4 2018') are available on the website at www.a1.group.

Income Statement (reported, IAS 18)

in EUR million	Q4 2018 reported	Q4 2017 reported	% change	1-12 M 2018 reported	1-12 M 2017 reported	% change
Service revenues	973.6	940.2	3.6	3,828.2	3,775.3	1.4
Equipment revenues	170.0	161.5	5.3	546.2	504.4	8.3
Other operating income	21.5	28.2	-24.0	91.9	102.8	-10.5
Total revenues	1,165.1	1,130.0	3.1	4,466.4	4,382.5	1.9
Cost of service	-364.6	-365.6	0.3	-1,395.6	-1,394.2	-0.1
Cost of equipment	-197.4	-183.9	-7.3	-626.9	-584.2	-7.3
Selling, general & administrative expenses	-303.8	-286.7	-6.0	-1,049.3	-994.9	-5.5
Other expenses	-6.3	-5.5	-15.0	-13.9	-11.8	-18.2
Total costs and expenses	-872.1	-841.6	-3.6	-3,085.8	-2,985.1	-3.4
EBITDA	293.0	288.3	1.6	1,380.6	1,397.3	-1.2
% of total revenues	25.1%	25.5%		30.9%	31.9%	
EBITDA excl. restructuring	306.8	283.3	8.3	1,402.7	1,379.1	1.7
% of total revenues	26.3%	25.1%		31.4%	31.5%	
Depreciation and amortization	-201.2	-308.4	34.8	-956.5	-953.4	-0.3
EBIT	91.7	-20.1	n.m.	424.1	443.9	-4.5
% of total revenues	7.9%	-1.8%		9.5%	10.1%	
Interest income	4.3	3.2	35.9	15.5	14.3	8.3
Interest expense	-21.6	-22.5	4.2	-86.9	-95.3	8.8
Other financial expense	-8.1	-2.3	-244.4	-14.8	-11.2	-31.5
Foreign currency exchange differences	2.0	-0.4	n.m.	5.1	-2.6	n.m.
Equity interest in net income of affiliates	-0.5	-0.1	n.m.	-0.8	-0.7	-13.3
Earnings before income tax (EBT)	68.0	-42.3	n.m.	342.4	348.5	-1.8
Income tax	-24.5	30.7	n.m.	-99.7	-3.0	n.m.
Net result^{*)}	43.5	-11.6	n.m.	242.7	345.5	-29.7

*) Attributable to equity holders of the parent, non-controlling interests and hybrid capital owners

Q4 2018: Summary of Profit and Loss (reported², IAS 18)

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

- Restructuring charges in Austria amounted to EUR 13.9 mn due to civil servants accepting social plans, compared to a positive EUR 5.0 mn in the fourth quarter of 2017, stemming from a revaluation due to changed parameters.
- Negative FX effects were only minor, entirely stemming from Belarus, and amounted to EUR 1.2 mn for total revenues and EUR 0.4 mn for EBITDA in the fourth quarter of 2018.
- In Q4 2018 there were no relevant one-off effects.
- In Q4 2017 one-off effects were negligible in EBITDA (EUR -0.6 mn) as positive one-off effects in the amount of EUR 7.7 mn in revenues were levelled out by some negative one-off effects in costs and expenses, the latter partly due to changed methodologies for bad debt accounting in the CEE segments.

The total mobile subscriber base of A1 Telekom Austria Group rose by 1.7% as the growth in M2M subscribers as well as growth in Croatia, Austria, the Republic of Serbia and Belarus was able to offset the declining subscriber numbers in the other segments. The number of postpaid subscribers increased by 4.1% year-on-year in Q4 2018, reflecting the growth in M2M subscribers and ongoing high demand for mobile WiFi routers as well as the continuous shift from prepaid to postpaid offers. In Austria, the number of postpaid subscribers increased by 1.2% year-on-year in the fourth quarter of 2018, driven by growth in the high-value segment and mobile WiFi routers.

The number of revenue generating units (RGUs) of the Group increased by 3.7%. RGU growth in Belarus, driven by the acquisition of Vitebsk Garant as of May 1, 2018, as well as in the Republic of Macedonia, in Croatia and in Bulgaria, was partly offset by declines in Austria. RGUs in Austria declined by 1.9%, mainly driven by voice.

Group revenues increased by 3.1% year-on-year

Group total revenues increased by 3.1%. Excluding FX and one-off effects, total revenues grew by 3.9%, driven by higher service revenues and equipment revenues. Total service revenues rose by 3.6%, with growth in all segments except for Slovenia.

Group total costs and expenses rose by 3.6% year-on-year in the fourth quarter of 2018. Excluding restructuring charges, total costs and expenses increased by 1.5%, mainly driven by higher cost of equipment and product-related costs such as content and leased lines as well as advertising costs. These cost increases were mitigated by lower bad debt, as well as lower interconnection and roaming expenses.

8.3% higher Group EBITDA excluding restructuring

Group EBITDA increased by 1.6% year-on-year in the fourth quarter of 2018 and rose by 8.3% excluding restructuring charges as strong service revenue trends translated into EBITDA growth. Almost all segments contributed to this growth. One-off and FX effects at Group level were negligible.

Major impact of brand value amortization has already materialized

Depreciation and amortization decreased by 34.8% to EUR 201.2 mn in the fourth quarter of 2018 as the comparison period was heavily impacted by EUR 103.5 mn of the brand value amortization resulting from the group-wide rebranding announced in September 2017. In Q4 2018, the brand value amortization amounted to EUR 9.3 mn in total, stemming from Belarus, Croatia and the Republic of Macedonia. In Austria, D&A declined due to the end of depreciation of software investments and the YESSS! customer base in 2017.

² As there have been no M&A transactions between the beginning of the comparison period and the end of the period under review, the analysis is based on reported figures.

Operating income increased from negative EUR 20.1 mn in Q4 2017 to positive EUR 91.7 mn in Q4 2018. Excluding the D&A for the rebranding, operating income increased by 21.1%.

The net result showed an increase in Q4 2018 to EUR 43.5 mn, following a net loss of EUR 11.6 mn in Q4 2017. Excluding the D&A for the rebranding, the net result decreased by 42.5%, entirely driven by the recognition of deferred tax assets on tax losses carried forward in the comparison period, which resulted in a tax benefit on deferred taxes.

Year-to-date Analysis 2018 (reported, IAS 18)

Balance Sheet

in EUR million	Dec 31, 2018 reported	Dec 31, 2017 reported	% change		Dec 31, 2018 reported	Dec 31, 2017 reported	% change
Cash and cash equivalents	63.6	202.4	-68.6	Short-term debt	245.3	0.6	n.m.
Accounts receivable	754.4	679.3	11.1	Accounts payable	937.9	784.2	19.6
Other current assets	300.3	257.1	16.8	Other current liabilities	441.7	458.9	-3.8
Inventories	117.2	87.4	34.0	Current liabilities	1,624.8	1,243.7	30.6
Current assets	1,235.5	1,226.3	0.8				
Property, plant & equipment	2,716.1	2,627.9	3.4	Long-term debt	2,536.8	2,533.6	0.1
Intangibles	1,782.7	2,075.9	-14.1	Other liabilities	820.9	923.6	-11.1
Goodwill	1,277.9	1,276.3	0.1	Non-current liabilities	3,357.7	3,457.2	-2.9
Investments in affiliates & long-term investments	44.7	46.9	-4.7				
Other non-current assets	331.6	385.0	-13.9	Stockholder's equity	2,406.0	2,937.4	-18.1
Non-current assets	6,153.0	6,412.0	-4.0				
				Total liabilities and equity			
Total assets	7,388.5	7,638.3	-3.3		7,388.5	7,638.3	-3.3

As of December 31, 2018, the balance sheet total declined by 3.3% compared to December 31, 2017. Current assets remained approximately the same, as the decrease in cash and cash equivalents due to the redemption of the EUR 600 mn hybrid bond on February 1, 2018 was offset by higher receivables and increased installment sales as well as a short-term increase in inventories. Non-current assets decreased, due primarily to the reduction in intangible assets, which was attributable to the brand value amortizations in connection with the group-wide rebranding and, to a lesser extent, the amortization of frequencies. The increase in current liabilities was attributable to the drawings of short-term credit facilities as part of the refinancing of the abovementioned hybrid bond and higher CAPEX, especially in Q4 2018.

The equity ratio as of December 31, 2018, amounted to 32.6% after 38.5% as of December 31, 2017. The decrease in shareholders' equity was driven primarily by the redemption of the EUR 600 mn hybrid bond, which was classified as equity.

Net Debt

in EUR million	Dec 31, 2018 reported	Dec 31, 2017 reported	% change
Net debt	2,718.4	2,331.8	16.6
Net debt / EBITDA (12 months)	2.0x	1.7x	

The redemption of the EUR 600 mn hybrid bond in February, 2018, which was classified as equity according to IFRS, resulted in an increase in net debt and a higher net debt to EBITDA ratio. Deleveraging continued in the reporting period.

Cash Flow

in EUR million	1-12 M 2018 reported	1-12 M 2017 reported	% change
Cash flow from operating activities	1,232.3	1,174.8	4.9
Cash flow from investing activities	-765.1	-770.4	0.7
Cash flow from financing activities	-605.0	-659.3	8.2
Adjustment to cash flows due to exchange rate fluctuations	-1.0	-0.2	n.m.
Net change in cash and cash equivalents	-138.8	-255.1	45.6

The changes in 'working capital and other financial positions' in the reporting period in the amount of EUR 180.8 mn (2017: EUR 204.4 mn) were driven by an increase in receivables, as well as payments of income taxes, an increase in installment sales and payments for restructuring, which were mitigated by an increase in liabilities. Cash flow from operating activities increased year-on-year.

Cash flow from investing activities remained stable year-on-year as the cash outflow from the acquisition of Metronet in the comparison period was offset by higher CAPEX paid in the reporting period. Regarding cash flow from financing activities, the comparison period was characterized by the principal payments on a EUR 500 mn bond and the tap-issuance of an existing bond in the amount of EUR 250 mn. There was also an outflow of funds totaling EUR 120 mn in the comparison year due to exercising the call option connected with the acquisition of the Telekom Slovenije Group's 45% stake in Macedonian company one.Vip DOOEL. The financial year 2018 was driven by the redemption of the EUR 600 mn hybrid bond on February 1, 2018. This cash outflow was partly mitigated by drawings of short-term credit facilities.

Free cash flow was stable year-on-year at EUR 384.2 mn (-0.1%). This was due to the higher cash flow from operating activities and lower interest payments, which offset the higher CAPEX paid. (Free cash flow is calculated as cash flow from operating activities less capital expenditures paid and interest paid, plus proceeds from the sale of property, plant and equipment.)

Capital Expenditures

In the 2018 year under review, capital expenditures increased by 4.6% to EUR 771.0 mn. Tangible capital expenditures rose by 5.3% to EUR 610.2 mn, mainly driven by higher investments in the fiber rollout and the data center in Austria. Intangible capital expenditures rose by 2.0% to EUR 160.7 mn, mainly driven by higher investments in Bulgaria due to the capitalization of an IRU (Indefeasible Rights of Use) contract for satellite transponders in Q4 2018 as well as higher investments in software and licenses in Austria. These increases were mitigated year-on-year by the capitalization of a long-term IRU contract for fiber-optic lines in Slovenia in Q1 2017.

Personnel

End of period (full-time equivalent)	Dec 31, 2018 reported	Dec 31, 2017 reported	% change
Austria	8,010	8,246	-2.9
International operations	10,319	10,366	-0.5
Corporate & other	376	345	8.9
Total	18,705	18,957	-1.3

The A1 Telekom Austria Group had 18,705 employees at the end of 2018 (2017:18,957). Headcount in the Austrian segment was reduced by 2.9% as part of the ongoing restructuring measures. Around 45% of existing employees in Austria have civil servant status (2017: 47%). The overall number of employees in the CEE segments declined slightly. The increase in 'Corporate & other' is attributable to the continued increase in the workforce of its affiliate A1 Digital, which was founded in the previous year.

1.3% decline in FTEs

Detailed analysis of quarterly and full year results (proforma, IAS 18)³

Segment Austria

Key performance indicators
Proforma view (= Reported view)
Financials

in EUR million	Q4 2018 reported	Q4 2017 proforma	% change	1-12 M 2018 reported	1-12 M 2017 proforma	% change
Total revenues	694.9	676.2	2.8	2,658.0	2,622.3	1.4
Service revenues	613.3	590.7	3.8	2,394.8	2,365.5	1.2
thereof mobile service revenues	256.6	248.1	3.4	1,022.4	1,006.2	1.6
thereof fixed-line service revenues	356.7	342.6	4.1	1,372.4	1,359.4	1.0
Equipment revenues	68.4	69.3	-1.4	209.4	198.5	5.5
Other operating income	13.2	16.2	-18.5	53.8	58.3	-7.7
EBITDA	200.2	202.1	-0.9	905.7	914.2	-0.9
% of total revenues	28.8%	29.9%		34.1%	34.9%	
EBITDA excl. restructuring	214.1	197.1	8.6	927.8	896.0	3.5
% of total revenues	30.8%	29.1%		34.9%	34.2%	
EBIT	93.8	85.3	10.0	473.9	442.1	7.2
% of total revenues	13.5%	12.6%		17.8%	16.9%	

Wireless indicators	Q4 2018 reported	Q4 2017 proforma	% change	1-12 M 2018 reported	1-12 M 2017 proforma	% change
Wireless subscribers (thousands)	5,363.7	5,335.2	0.5	5,363.7	5,335.2	0.5
thereof postpaid	3,825.1	3,779.4	1.2	3,825.1	3,779.4	1.2
thereof prepaid	1,538.6	1,555.8	-1.1	1,538.6	1,555.8	-1.1
MoU (per Ø subscriber)	279.1	266.1	4.9	269.9	256.3	5.3
ARPU (in EUR)	16.1	15.5	3.7	16.1	15.6	2.9
Churn (%)	1.5%	1.8%		1.6%	1.7%	

Wireline indicators	Q4 2018 reported	Q4 2017 proforma	% change	1-12 M 2018 reported	1-12 M 2017 proforma	% change
RGUs (thousands)	3,327.7	3,390.4	-1.9	3,327.7	3,390.4	-1.9

As there have been no M&A transactions in Austria between the beginning of the comparison period and the end of the period under review, the following analysis is based on reported figures.

In September 2018, the Austrian market saw the launch of new convergent propositions with discounts for existing mobile customers and fixed-line speeds starting at 10 Mbps. These new offerings have not yet impacted market dynamics, which have so far remained broadly the same. In the mobile market, A1 continues to follow its multi-brand strategy and high granularity in market segmentation. Features like the A1 Xplore Music App and 'zero-rated' services are means of differentiating A1 in the high-value segment. The youth segment, where competition continues to be intense, is addressed with attractive target-group-oriented tariff plans. In terms of regulation, official photo identification has to be shown when purchasing a SIM card since January 1, 2019. Existing anonymous SIM cards must be registered by September 1, 2019.

³ The following tables are presented on a proforma basis and include effects of M&A transactions executed between the start of the comparison period and the end of the reporting period. This affects the segments of Croatia and Belarus (only for full year). The proforma view is equivalent to the reported view for the other segments. Average monthly revenue per fixed-line (ARPL) is available on a reported basis only. For the reconciliation tables, including reported and proforma values, as well as the difference thereof, see page 22.

Demand for broadband products with higher speeds and TV options continued to be strong. In this context, besides the classical fiber infrastructure, the hybrid modem, as a combination of the fixed-line and mobile networks, remains central to providing fixed-line products with higher bandwidths. This offer has been enriched by a convenient cash-and-carry feature since August 2018. Beyond that, the Austrian broadband market continued to be influenced by ongoing high demand for mobile WiFi routers with unlimited data offerings.

An indexation of 2.1% for existing customers in both the mobile residential high-value and the fixed-line business has been effective as of April 1, 2018.

In the fourth quarter of 2018, the total number of postpaid customers rose, mainly driven by the ongoing high demand for mobile WiFi routers and high-value tariffs. This increase also compensated for prepaid losses, resulting in an overall increase in total mobile communication subscribers in a year-on-year comparison. Net additions came in positive at 59,500 in Q4 2018, driven by both the prepaid and postpaid segments, whereby the prepaid growth was impacted by the abovementioned compulsory registration of prepaid cards as of January 1, 2019.

In the fixed-line business, total revenue generating units (RGUs) decreased in Q4 2018, mainly due to declines in voice RGUs. While demand for fiber upgrades remained continuously strong and TV RGUs also continued to exhibit solid growth, the number of fixed-line broadband RGUs declined slightly year-on-year. This was mainly due to substitution by mobile WiFi routers. Overall, this resulted in growth of 3.0% year-on-year in Internet@Home subscriber numbers, which include pure fixed-line broadband RGUs, hybrid modem and mobile WiFi routers.

Total revenues in the Austrian segment increased by 2.8% in the fourth quarter of 2018, entirely driven by higher service revenues. Total fixed-line service revenues showed strong growth due to higher solutions and connectivity revenues. This business was supported by the completion of large corporate projects in Q4 2018. Retail fixed-line service revenues declined slightly as the solid demand for higher bandwidth products and TV options as well as price indexation measures, which also led to a higher ARPL, were not able to fully compensate for voice losses. Mobile service revenues showed positive momentum and rose due to increased revenues from high-value customers and mobile WiFi routers, which also drove ARPU higher. Furthermore, mobile service revenues profited from the abovementioned price indexation.

Service revenues increased by 3.8%

Total costs and expenses were higher in the fourth quarter of 2018 compared to the same period last year and were driven to a large extent by restructuring charges. In Q4 2018, restructuring charges were negative at EUR 13.9 mn, due to civil servants accepting social plans, compared to a positive EUR 5.0 mn in Q4 2017, stemming from a revaluation due to changed parameters. Excluding restructuring charges, total costs and expenses remained stable (+0.3%). Higher costs for leased lines and content, both driven by growing solutions & connectivity services, as well as higher advertising costs were outweighed by lower interconnection and roaming costs as well as lower network engineering costs.

Driven by Christmas promotions, subsidies per handset increased again in Q4 2018 compared to previous quarters and were also above the prior year's level due to a more expensive handset portfolio. Total subsidies increased slightly compared to the prior year due to fewer promotional deals with handset suppliers. Excluding this impact, subsidies decreased due to lower quantities.

Excluding restructuring charges, EBITDA rose by 8.6% (reported: -0.9%), mainly driven by strong service revenue growth, which was supported by the completion of large corporate projects in solutions & connectivity in Q4 2018.

EBITDA excluding restructuring charges rose by 8.6%

Segment Bulgaria

Key performance indicators
Proforma view (= Reported view)
Financials

in EUR million	Q4 2018 reported	Q4 2017 proforma	% change	1-12 M 2018 reported	1-12 M 2017 proforma	% change
Total revenues	116.2	112.1	3.6	446.2	431.2	3.5
Service revenues	94.2	89.8	4.9	372.0	359.0	3.6
thereof mobile service revenues	67.3	65.8	2.2	268.8	267.0	0.7
thereof fixed-line service revenues	26.9	24.0	12.4	103.1	92.0	12.1
Equipment revenues	20.0	19.3	3.6	66.5	59.4	12.1
Other operating income	2.0	3.1	-35.7	7.6	12.8	-40.5
EBITDA	30.5	25.8	18.2	138.0	130.1	6.1
% of total revenues	26.2%	23.0%		30.9%	30.2%	
EBIT	3.1	-87.8	n.m.	-105.1	-85.6	-22.8
% of total revenues	2.7%	-78.3%		-23.6%	-19.8%	

Wireless indicators	Q4 2018 reported	Q4 2017 proforma	% change	1-12 M 2018 reported	1-12 M 2017 proforma	% change
Wireless subscribers (thousands)	3,934.3	3,977.1	-1.1	3,934.3	3,977.1	-1.1
thereof postpaid	3,505.2	3,500.4	0.1	3,505.2	3,500.4	0.1
thereof prepaid	429.1	476.8	-10.0	429.1	476.8	-10.0
MoU (per Ø subscriber)	327.4	316.7	3.4	321.8	306.3	5.1
ARPU (in EUR)	5.6	5.5	3.1	5.6	5.5	3.1
Churn (%)	2.0%	2.3%		1.6%	2.2%	

Wireline indicators	Q4 2018 reported	Q4 2017 proforma	% change	1-12 M 2018 reported	1-12 M 2017 proforma	% change
RGUs (thousands)	1,029.0	1,005.0	2.4	1,029.0	1,005.0	2.4

As there have been no M&A transactions in Bulgaria between the beginning of the comparison period and the end of the period under review, the following analysis is based on reported figures.

In the Bulgarian market, the growth trends continued in Q4 2018 based on increases both in the fixed-line and the mobile segment. During the Christmas season attractive handset offers were introduced by competitors and A1 Bulgaria also increased slightly its subsidy level.

The fixed-line segment continued to post sound growth on the back of a continuous increase in the business segment as well as successful up- and cross-selling to residential customers. Furthermore, sports TV channels with exclusive content have become a driver of positive RGU and ARPL trends. The continued positive trends in the corporate segment combined with targeted pricing activities resulted in mobile business customer growth. Active retention measures in the mobile residential segment led to lower churn and helped to return the service revenues of this segment back to growth. Solutions & connectivity, mainly driven by IT services, also contributed to service revenue growth.

The mobile postpaid segment grew in Q4 2018, driven by the higher number of business customers. Total mobile subscribers remained below the prior year's level due to the prepaid segment. Total fixed-line revenue generating units (RGUs) continued to increase as the positive trends in TV and broadband were able to offset the decline in fixed-line voice services.

Service revenues rose by
4.9% in Q4 2018

Total revenues rose by 3.6%, mainly driven by strong growth in service revenues due to the abovementioned factors as well as by higher equipment revenues. The latter rose due to lower total subsidies as a result of lower quantities but also ongoing demand for more expensive smart devices.

Total costs and expenses declined, mainly driven by lower advertising cost and commissions as well as lower bad debt and roaming expenses, which were able to outweigh higher cost of equipment and increased content costs. The increase in cost of equipment was driven by a more expensive handset portfolio, while content costs rose due to more TV customers, production costs for sports channels and updated pricing terms of some content providers.

The ongoing strong fixed-line performance and the improving mobile trends together with the above mentioned positive cost development, which was particularly favourable in Q4 2018, led to a strong growth in EBITDA of 18.2%.

EBITDA increased by 18.2%
in Q4 2018

Segment Croatia

Key performance indicators
Proforma view
Financials

in EUR million	Q4 2018 reported	Q4 2017 proforma	% change	1-12 M 2018 reported	1-12 M 2017 proforma	% change
Total revenues	113.2	106.9	5.8	444.5	437.3	1.6
Service revenues	94.7	90.9	4.1	386.4	381.9	1.2
thereof mobile service revenues	63.4	60.5	4.9	261.7	258.8	1.1
thereof fixed-line service revenues	31.2	30.4	2.6	124.7	123.1	1.3
Equipment revenues	16.8	14.4	16.9	52.0	49.0	6.2
Other operating income	1.6	1.6	4.6	6.0	6.3	-5.5
EBITDA	19.1	19.6	-2.3	114.1	109.1	4.6
% of total revenues	16.9%	18.3%		25.7%	24.9%	
EBIT	-1.4	-9.4	85.3	7.6	13.0	-41.4
% of total revenues	-1.2%	-8.8%		1.7%	3.0%	

Wireless indicators	Q4 2018 reported	Q4 2017 proforma	% change	1-12 M 2018 reported	1-12 M 2017 proforma	% change
Wireless subscribers (thousands)	1,833.3	1,772.7	3.4	1,833.3	1,772.7	3.4
thereof postpaid	1,043.9	965.2	8.2	1,043.9	965.2	8.2
thereof prepaid	789.4	807.5	-2.2	789.4	807.5	-2.2
MoU (per Ø subscriber)	308.0	305.2	0.9	315.2	310.1	1.6
ARPU (in EUR)	11.4	11.2	1.7	12.0	12.2	-1.3
Churn (%)	3.2%	3.6%		2.3%	2.6%	

Wireline indicators	Q4 2018 reported	Q4 2017 proforma	% change	1-12 M 2018 reported	1-12 M 2017 proforma	% change
RGUs (thousands)	681.8	654.1	4.2	681.8	654.1	4.2

As there have been no M&A transactions in Croatia between the beginning of the comparison period and the end of the period under review, the following analysis is based on reported figures.

In Q4 2018, competition in the Croatian market continued to be focused on convergent solutions and highly discounted offers in order to attract customers. In this environment, A1 Croatia is increasingly focusing on customer retention as well as bundle offers and convergent products with content, thus the company launched a new sports TV package in June 2018. Mobile WiFi routers continued to be a supportive factor in the mobile business. In July 2018, there was a mobile termination rate cut. As of October 1, 2018, vipnet was successfully rebranded to A1 Hrvatska.

With regard to regulation, frequency usage fees have been cut, as of December 2017. In this connection, in Q3 2018 the Government also announced it would reimburse the excess frequency usage fees already paid. Additionally, as of November 2018, a further frequency usage fee cut is effective.

Mobile subscriber numbers grew, with gains in the contract subscriber base due to the strong growth of mobile WiFi routers as well as the ongoing general shift in the market from prepaid to contract subscriptions. In the fixed-line business, revenue generating units (RGUs) increased, primarily driven by the strong demand for TV solutions.

Service revenues grew by 4.1%

Reported revenues in the Croatian segment showed strong growth of 5.8% in Q4 2018, driven by solid service revenue trends and higher equipment revenues. Mobile service revenues grew due to the ongoing strong demand for mobile WiFi routers and successful upselling measures. Fixed-line service revenues increased as higher solutions & connectivity revenues and growth in TV RGUs outweighed the effects of the shift of fixed-line-broadband towards mobile WiFi routers. Equipment revenues rose due to higher quantities resulting from promotions alongside the rebranding activities.

Rebranding and UEFA Champions League rights driving up costs in Q4 2018

In the fourth quarter of 2018, total costs and expenses rose as lower bad debt and the above mentioned reduction of frequency usage fees were unable to compensate for effects from rebranding activities, reflected in higher equipment costs, advertising and commissions. Additionally, Q4 2018 was also impacted by higher content costs in connection with the UEFA Champions League rights.

EBITDA decreased by 2.3% in Q4 2018 despite solid service revenue trends

Solid service revenue growth was not able to compensate for higher costs resulting from rebranding and for the UEFA Champions League rights in Q4 2018 as well as a lower equipment margin, leading to an EBITDA decline of 2.3%.

Segment Belarus

Key performance indicators

Proforma view

Financials

in EUR million	Q4 2018 reported	Q4 2017 proforma	% change	1-12 M 2018 reported	1-12 M 2017 proforma	% change
Total revenues	99.5	95.9	3.8	389.3	394.1	-1.2
Service revenues	71.9	72.1	-0.2	286.9	307.1	-6.6
thereof mobile service revenues	60.9	63.7	-4.4	247.0	273.1	-9.5
thereof fixed-line service revenues	11.0	8.4	31.5	39.9	34.0	17.3
Equipment revenues	25.1	21.7	15.7	84.3	71.5	17.8
Other operating income	2.5	2.1	18.0	18.1	15.5	16.5
EBITDA	36.6	36.5	0.4	163.8	181.8	-9.9
% of total revenues	36.8%	38.0%		42.1%	46.1%	
EBIT	16.6	14.9	11.6	87.6	123.0	-28.8
% of total revenues	16.7%	15.5%		22.5%	31.2%	

Wireless indicators	Q4 2018 reported	Q4 2017 proforma	% change	1-12 M 2018 reported	1-12 M 2017 proforma	% change
Wireless subscribers (thousands)	4,873.0	4,864.2	0.2	4,873.0	4,864.2	0.2
thereof postpaid	4,041.1	3,964.5	1.9	4,041.1	3,964.5	1.9
thereof prepaid	832.0	899.7	-7.5	832.0	899.7	-7.5
MoU (per Ø subscriber)	471.2	450.7	4.6	457.9	438.5	4.4
ARPU (in EUR)	4.2	4.4	-4.9	4.2	4.7	-9.5
Churn (%)	1.7%	1.7%		1.5%	1.7%	

Wireline indicators	Q4 2018 reported	Q4 2017 proforma	% change	1-12 M 2018 reported	1-12 M 2017 proforma	% change
RGUs (thousands)	657.3	463.4	41.8	657.3	463.4	41.8

As there have been no relevant M&A transactions in Belarus between the beginning of the comparison period and the end of the period under review, the following analysis is based on reported figures.

In Belarus, the operational development of recent quarters mostly continued. Macroeconomic improvements persisted and GDP is expected to have grown by 4.0% in 2018 (IMF estimate; 2017: +2.4%). Also, the FX devaluation declined further to 3.5% in Q4 compared to 9.3% year-to-date (period average). Furthermore, the government continued to be restrictive on price increases in order to stabilize inflation. In December 2018, inflation was 5.6% year-on-year. In this context, inflation-linked price increases for mobile subscribers of 2.9% and 2.4% were implemented as of April 1, and September 1, 2018, respectively. Furthermore, velcom increased its fixed-line tariffs for existing customers by 9.0% in March 2018 and by 5.0% in October 2018.

Inflation rate of 5.6%
year-on-year

Despite its lack of a 4G license, velcom maintained its superior standard in terms of the coverage and quality of its mobile network. Competition in the mobile business remained intense with regard to tariffs based on unlimited data offers. These offers weighed on the sale of data packages. To counter these challenges and develop the subscriber base, velcom continued with the promotion of unlimited data and voice propositions with speed limits corresponding to the chosen tariff. The number of prepaid customers decreased due to a shift towards contract offerings. Revenue generating units in the fixed-line business grew, benefitting from the acquisition of the fixed-line provider Vitebsk Garant (see summary for details) which had 137,300 RGUs.

Total revenues increased by 7.6% in local currency

Total revenues in the Belarusian segment increased by 3.8% year-on-year. Excluding the negative FX impact of EUR 3.5 mn, revenue growth amounted to 7.6% year-on-year. This rise on a local currency basis was primarily driven by higher equipment revenues, which rose due to more expensive handsets and higher quantities supported by an attractive smartphone portfolio, promotions and instalment sales. Service revenues also rose, as higher fixed-line service revenues stemming from price increases outweighed lower mobile service revenues due to lower data monetization.

Total costs and expenses rose on a local currency basis, driven by higher cost of equipment, increased interconnection expenses and content costs as well as higher workforce costs. Equipment costs rose due to more expensive handsets and higher quantities, while interconnection costs increased due to more outgoing traffic. Workforce costs were higher due to salary increases.

EBITDA excl. FX effects increased by 2.3%

EBITDA excluding FX effects increased by 2.3% in Q4 2018 (reported: +0.4%), as higher fixed-line service revenues and a better equipment margin were able to outweigh the abovementioned cost increases.

Segment Slovenia

Key performance indicators
Proforma view (= Reported view)
Financials

in EUR million	Q4 2018 reported	Q4 2017 proforma	% change	1-12 M 2018 reported	1-12 M 2017 proforma	% change
Total revenues	56.4	54.1	4.2	214.1	216.1	-0.9
Service revenues	40.1	40.5	-1.1	161.0	167.9	-4.1
thereof mobile service revenues	31.2	31.8	-1.8	125.8	132.9	-5.3
thereof fixed-line service revenues	8.8	8.7	1.5	35.1	35.0	0.3
Equipment revenues	14.0	12.5	12.2	47.4	43.8	8.0
Other operating income	2.3	1.1	102.5	5.7	4.3	32.9
EBITDA	9.2	7.6	21.1	38.1	40.6	-6.1
% of total revenues	16.2%	14.0%		17.8%	18.8%	
EBIT	1.4	0.0	n.m.	8.9	10.5	-15.2
% of total revenues	2.6%	0.1%		4.2%	4.8%	

Wireless indicators	Q4 2018 reported	Q4 2017 proforma	% change	1-12 M 2018 reported	1-12 M 2017 proforma	% change
Wireless subscribers (thousands)	697.1	703.3	-0.9	697.1	703.3	-0.9
thereof postpaid	611.7	605.8	1.0	611.7	605.8	1.0
thereof prepaid	85.4	97.5	-12.5	85.4	97.5	-12.5
MoU (per Ø subscriber)	373.3	371.8	0.4	368.3	359.4	2.5
ARPU (in EUR)	15.0	15.0	-0.2	15.1	15.6	-3.2
Churn (%)	1.3%	1.8%		1.4%	1.7%	

Wireline indicators	Q4 2018 reported	Q4 2017 proforma	% change	1-12 M 2018 reported	1-12 M 2017 proforma	% change
RGUs (thousands)	182.1	183.0	-0.5	182.1	183.0	-0.5

As there have been no M&A transactions in Slovenia between the beginning of the comparison period and the end of the period under review, the following analysis is based on reported figures.

Mobile competition remains fierce

In the fourth quarter of 2018, the Slovenian telecommunications market was still characterized by fierce competition in the mobile market, with a focus on convergent tariffs with high discounts and competitive mobile tariffs including high data allowances. To counter these challenges, A1 Slovenija implemented simplified price plans in the mobile segment during the year and included services such as music and chat

apps independent of data consumption. Beyond that, higher content costs were translated into an adjustment of prices, partly also for existing customers.

In the Slovenian segment, total revenues increased by 4.2%, driven by increased equipment revenues and higher other operating income. Equipment revenues rose due to higher quantities and more expensive handsets. The decline in total service revenues of the last quarters slowed down in Q4 2018, posting a decrease of 1.1%. Mobile service revenues continued to decrease while fixed-line service revenues increased.

Total costs and expenses increased, mainly due to higher cost of equipment which were mitigated by a decline in roaming expenses and lower bad debt as well as savings in network costs. Higher other operating income in Q4 2018 and cost savings were able to compensate for a lower equipment margin, which led to an EBITDA increase of 21.1%.

Segment Republic of Serbia

Key performance indicators
Proforma view (= Reported view)
Financials

in EUR million	Q4 2018 reported	Q4 2017 proforma	% change	1-12 M 2018 reported	1-12 M 2017 proforma	% change
Total revenues	67.0	66.2	1.2	249.2	230.8	8.0
Service revenues	43.3	38.9	11.3	166.4	145.8	14.1
thereof mobile service revenues	41.4	37.2	11.5	159.7	139.6	14.4
Equipment revenues	23.7	22.4	5.9	79.9	76.4	4.5
Other operating income	0.0	5.0	-99.2	3.0	8.5	-65.1
EBITDA	9.9	9.6	2.9	47.0	38.4	22.5
% of total revenues	14.8%	14.6%		18.9%	16.6%	
EBIT	-0.6	-2.0	72.1	4.1	-6.8	n.m.
% of total revenues	-0.9%	-3.1%		1.6%	-2.9%	

Wireless indicators	Q4 2018 reported	Q4 2017 proforma	% change	1-12 M 2018 reported	1-12 M 2017 proforma	% change
Wireless subscribers (thousands)	2,195.2	2,182.8	0.6	2,195.2	2,182.8	0.6
thereof postpaid	1,481.8	1,367.8	8.3	1,481.8	1,367.8	8.3
thereof prepaid	713.4	814.9	-12.5	713.4	814.9	-12.5
MoU (per Ø subscriber)	351.6	311.4	12.9	329.0	287.5	14.4
ARPU (in EUR)	6.3	5.7	10.8	6.1	5.4	13.4
Churn (%)	3.2%	3.4%		3.2%	3.2%	

As there have been no M&A transactions in the Republic of Serbia between the beginning of the comparison period and the end of the period under review, the following analysis is based on reported figures.

In the segment Republic of Serbia, vip mobile faces a highly competitive mobile market. The growth in post-paid subscribers was still driven by flat tariffs which were introduced in 2017. Trends were also supported by the high demand for mobile WiFi routers. Another factor in the competitive landscape is the shift towards more attractive handsets with higher subsidies which also continued during the Christmas season. In January 2018, a mobile termination rate cut became effective.

The increase in total revenues in the Serbian segment resulted from higher mobile service revenues due to the above-mentioned growing share of mobile subscribers in the new tariff portfolio as well as growth in mobile WiFi routers. In the comparison period, other operating income was positively impacted by a one-off effect in the amount of EUR 3.8 mn, resulting from changed parameters in the calculation of asset retirement obligations. Excluding this one-off effect, total revenues grew by 7.2%.

Service revenues increased
by 11.3%

Total costs and expenses rose, mainly driven by higher cost of equipment which was mitigated by lower bad debt and decreasing interconnection costs due to the abovementioned MTR cut. The rise in equipment costs was driven by increased subsidies per device and higher quantities.

EBITDA rose by 21.0% excl. one-offs and FX effects

EBITDA in the Republic of Serbia increased by 2.9% year-on-year. Excluding one-off and FX effects, EBITDA rose by 21.0% year-on-year as higher service revenues more than offset the lower equipment margin.

Segment Republic of Macedonia

Key performance indicators
Proforma view (= Reported view)
Financials

in EUR million	Q4 2018 reported	Q4 2017 proforma	% change	1-12 M 2018 reported	1-12 M 2017 proforma	% change
Total revenues	30.2	28.6	5.6	119.2	114.0	4.5
Service revenues	27.5	26.5	3.5	110.5	106.6	3.7
thereof mobile service revenues	20.7	19.9	4.3	84.3	80.6	4.6
thereof fixed-line service revenues	6.7	6.7	1.2	26.2	26.0	0.9
Equipment revenues	2.1	1.8	12.4	7.2	6.7	8.1
Other operating income	0.6	0.2	246.3	1.4	0.7	97.8
EBITDA	7.2	6.6	10.4	35.4	30.1	17.7
% of total revenues	24.0%	23.0%		29.7%	26.4%	
EBIT	-1.4	-2.8	49.5	9.3	-6.0	n.m.
% of total revenues	-4.7%	-9.9%		7.8%	-5.2%	

Wireless indicators	Q4 2018 reported	Q4 2017 proforma	% change	1-12 M 2018 reported	1-12 M 2017 proforma	% change
Wireless subscribers (thousands)	1,056.5	1,072.3	-1.5	1,056.5	1,072.3	-1.5
thereof postpaid	660.5	647.4	2.0	660.5	647.4	2.0
thereof prepaid	396.0	424.9	-6.8	396.0	424.9	-6.8
MoU (per Ø subscriber)	447.6	437.0	2.4	438.3	426.8	2.7
ARPU (in EUR)	6.5	6.1	6.1	6.6	6.1	7.5
Churn (%)	2.6%	2.9%		1.8%	2.1%	

Wireline indicators	Q4 2018 reported	Q4 2017 proforma	% change	1-12 M 2018 reported	1-12 M 2017 proforma	% change
RGUs (thousands)	383.1	340.7	12.5	383.1	340.7	12.5

As there have been no M&A transactions in the Republic of Macedonia between the beginning of the comparison period and the end of the period under review, the following analysis is based on reported figures.

Customer retention and upselling of existing customers continued to be the focus areas for all market players in the Macedonian segment throughout the year 2018. The Christmas season was additionally characterized by data promotions in the mobile market. In the mobile as well as in the fixed-line market, customers continue to lean towards multiple-play offers rather than maintaining multiple single-play subscriptions. Overall, the number of revenue generating units (RGU) as well as mobile contract subscribers posted growth, while the number of mobile prepaid subscribers continued to decline.

EBITDA growth of 10.4% in Q4 2018

Total revenue growth of 5.6% in the Macedonian segment was driven by higher service revenues, which continued to be supported by upselling measures to higher tariffs and a strong demand for WiFi routers. Total costs and expenses increased in a year-on-year comparison as higher workforce costs and advertising expenses due to promotions were only partly offset by a decrease in network maintenance and administration costs. Altogether, this led to EBITDA growth of 10.4%.

Year-to-date: Summary of Profit and Loss (proforma⁴, IAS 18)

In 2018, A1 Telekom Austria Group again achieved growth in its revenues and its EBITDA adjusted for one-off and FX effects as well as restructuring charges. This was achieved thanks to a clear focus on high-value customers in the mobile business and an ongoing strong fixed-line business with increasing significance of TV content and a growing solutions & connectivity business. Demand for mobile WiFi routers also increased. In Austria, the competition launched convergent offerings in autumn 2018. In the mobile market, the dynamics in Austria and most CEE markets were relatively unchanged year-on-year. At the same time, the economic situation remained positive in all of the Group's countries. The Belarusian rouble depreciated by 9.3% against the euro (based on the period average). Ongoing cost efficiency increases enabled the translation of the solid revenue growth into solid growth of operational EBITDA.

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

- Negative effects stemming from the abolition of retail roaming in the EU as of June 15, 2017, deriving mostly from Austria, with further impacts in Slovenia, Croatia and Bulgaria.
- The acquisition of the fixed-line operator Metronet in Croatia, consolidated as of February 1, 2017.
- The acquisitions of the fixed-line providers Garant (Gomel), consolidated as of August 1, 2017, and Vitebsk Garant, consolidated as of May 1, 2018, both in Belarus. As the financial impact of Vitebsk Garant on the Belarusian segment is marginal, no proforma view is provided on this acquisition.
- Total one-off effects of positive EUR 30.4 mn in revenues and EUR 21.3 mn in EBITDA in 2017 and of positive EUR 5.0 mn in revenues and positive EUR 9.4 mn in EBITDA in 2018, with the following main effects:
 - In Austria in 2017, there were positive EUR 10.6 mn in fixed-line service revenues stemming from the reversal of an accrual for wholesale services and EUR 3.6 mn in other operating income, stemming from the release of an asset retirement obligation.
 - In Bulgaria, other operating income was positively affected in 2017 by a one-off effect of EUR 5.8 mn resulting from a legal settlement.
 - A positive one-off effect in the Republic of Serbia in the amount of EUR 3.8 mn in 2017 in other operating income, resulting from changed parameters in the calculation of asset retirement obligations.
 - In Croatia positive EUR 3.9 mn in 2018 in cost of service from the reimbursement of frequency usage fees by the government as a result of the reduction of frequency usage fees in December 2017.
- Total negative FX effects amounted to EUR 30.7 mn in total revenues and EUR 14.9 mn in EBITDA in 2018, stemming entirely from Belarus.
- Restructuring expenses in Austria of EUR 22.1 mn in 2018 compared to income of EUR 18.2 mn in 2017. The latter resulted from a revaluation due to changed parameters.

Revenues

In the 2018 financial year, A1 Telekom Austria Group saw an increase in revenues of 1.8% (reported: +1.9%). Adjusted for the one-off and FX effects described above, total revenues rose by 3.1% compared to the previous year. This operational revenue growth was driven by all markets apart from Slovenia. In total, Group service revenues increased by 1.3% and by 2.2% excluding the abovementioned one-off effects.

Group total revenues rose by 1.8% year-on-year

⁴ Proforma figures include effects of M&A transactions executed between the start of the comparison period and the end of the reporting period.

In the Austrian segment, total revenues increased by 1.4% year-on-year despite positive one-off effects in the previous year, as mentioned above. Excluding the one-off effects in 2017, total revenues rose by 2.1% and service revenues increased by 1.7%. Fixed-line service revenues increased on the back of the price increases and indexation measures mentioned above. Also, solid demand for higher bandwidths and TV options likewise drove the fixed-line service revenue increase, while fixed-line interconnection revenues declined due to lower volumes. Solutions and connectivity revenues increased, among others, due to the completion of several large projects. In the mobile business, the negative effects of the stepwise abolition of retail roaming in the EU were outweighed by high demand for mobile WiFi routers and high-value tariffs as well as the abovementioned indexation measure. Equipment revenues increased due to a higher-value handset portfolio.

In the Bulgarian segment, total revenues rose by 3.5% and by 4.8% excluding the abovementioned one-off effect in other operating income in 2017, driven by the increase in fixed-line service revenues and equipment revenues. Fixed-line service revenues rose, supported by strong demand for the exclusive sports content and higher speeds as well as by customized fixed-line corporate services. Equipment revenues grew due to lower subsidies per handset and higher-value devices. Mobile service revenues increased as the growth in the business segment more than outweighed the decline in the prepaid segment.

In the Croatian segment, total revenues increased by 1.6% year-on-year (reported: +2.2%), as the lower revenues from visitor roaming and lower interconnection revenues were compensated by the strong demand for mobile WiFi routers and higher equipment revenues. Revenues from visitor roaming declined due to prices within the A1 Group and with other companies being lowered and not compensated by higher data usage. Interconnection revenues fell due to the termination rate cut in July 2017. Equipment revenues rose as a result of higher quantities on the basis of measures to prevent customer churn. Fixed-line service revenues also increased as the effects of the shift toward mobile WiFi routers was more than offset by higher solutions and connectivity revenues.

Total revenues in the Belarusian segment decreased by 1.2% (reported: -0.3%). Excluding minor one-off effects in the reporting and comparison period, as well as a negative FX effect of EUR 40.0 mn in 2018, they rose by 8.4% year-on-year (reported: +9.5%). This increase in local currency resulted from higher equipment revenues due to more expensive devices and higher quantities, which were supported by an attractive smartphone portfolio, advertising campaigns and installment sales. Service revenues fell as the higher fixed-line service revenues did not compensate for the lower mobile service revenues as a result of lower data monetization.

In the Slovenian segment, total revenues fell as a result of lower mobile service revenues due to ongoing strong competition, while equipment revenues increased as a result of more expensive devices and higher quantities. In Serbia, total revenues increased despite a positive one-off effect in 2017 due to higher mobile service revenues resulting from the increasing proportion of mobile subscribers in the new tariff portfolio and the growth in mobile WiFi routers. Total revenue growth in the Macedonian segment was driven mainly by higher mobile service revenues, which continued to be supported by upselling measures to higher tariffs.

Total Costs and Expenses

Group total costs and expenses increased by 3.2% year-on-year in the year under review (reported: +3.4%). Investments in high-value customers led again to a rise in cost of equipment and higher sales area costs. The cost of service were stable as higher content costs and costs for leased lines were compensated by lower interconnection and network maintenance costs. Advertising costs rose following the rebranding, while bad debt declined. Investments in A1 Digital also increased costs. Restructuring, originating entirely from the Austrian segment, resulted in expenses of EUR 22.1 mn in the year under review after income of EUR 18.2 mn in the previous year.

EBITDA

Group EBITDA decreased by 1.3% in the 2018 financial year (reported: -1.2%). Adjusted for the one-off and FX effects described above as well as restructuring charges, EBITDA increased by 3.6% (reported: +3.7%). All segments except from Slovenia and Belarus continued this growth, while investments in A1 Digital, included in the position 'Corporate & other, eliminations', had a negative impact on Group EBITDA. In total, the EBITDA margin decreased from 31.9% in the previous year to 30.9% in the year under review, heavily impacted by restructuring charges.

Group EBITDA grew by 3.6% year-on-year; excl. one-off effects, FX and restructuring

In the Austrian segment, EBITDA excluding one-off effects and restructuring expenses increased by 5.4% (reported: -0.9%) driven by higher service revenues, a better equipment margin and stable total costs and expenses. Costs and expenses in the Austrian segment rose by 2.6% year-on-year but were stable excluding restructuring expenses (+0.2%). Content and leased line costs rose, both driven by more solutions & connectivity projects. Advertising costs increased due to more campaigns and the brand refreshment compared to previous year. Costs of equipment were higher than in the previous year due to higher average handset costs resulting from a higher-value portfolio. Interconnection costs decreased due to lower volume, and roaming costs declined mainly due to lower inter-operator tariffs while higher own work capitalized due to the broadband rollout had a positive effect on the costs.

In the Bulgarian segment, rising total revenues more than offset higher costs and expenses, which led to EBITDA growth of 6.1% (excluding one-off effects: +8.6%). Costs and expenses rose, amongst others, due to higher cost of equipment as a result of the continuous demand for higher-value devices. Interconnection costs also rose due to higher outgoing traffic to other networks. Content costs rose, driven by more TV customers and sport content production. Personnel costs also rose due to increased salaries in customer-facing areas, while administration, commissions and network maintenance costs were lower.

In the Croatian segment, higher costs and expenses were more than offset by revenue growth, which even excluding the abovementioned one-off effect, led to a slight EBITDA increase of 0.4% (including one-off effect: +4.6%). The rise in total costs and expenses in the year under review was attributable to higher costs for equipment and content costs. Rebranding costs and commissions, as well as higher roaming costs, also contributed to the increase, while bad debt expenses and frequency usage costs decreased. The latter were also influenced by the abovementioned positive one-off effect.

In the Belarusian segment, excluding FX and one-off effects, EBITDA fell by 1.9% (reported: -1.6%), mainly as a result of the lower mobile service revenues which could not be offset by the higher fixed-line service revenues. Total costs and expenses rose on a local currency basis, driven by higher costs of equipment due to more expensive handsets and higher quantities, as well as other costs settled in hard currency and personnel costs. Content costs were also higher. Interconnection expenses increased due to the rise in outgoing traffic.

In Slovenia, lower mobile service revenues and higher costs and expenses resulted in an overall decline in EBITDA of 6.1%. In the Republic of Serbia, excluding one-off effects, EBITDA rose by 22.5% year-on-year, as the rise in mobile service revenues more than compensated for the lower equipment margins and the higher salesforce costs. In the Republic of Macedonia, higher mobile service revenues and a slight decrease in total costs and expenses led to EBITDA growth of 17.7%.

Operating Income

In the year under review, depreciation and amortization was stable at EUR 956.5 mn (+0.2%; reported: +0.3%) in comparison with the previous year. The brand value amortization in Bulgaria, Belarus, Croatia and the Republic of Macedonia in connection with the group-wide rebranding amounted to EUR 197.9 mn in the year under review (2017: EUR 121.8 mn). As a result, operating income declined by 4.6% to EUR 424.1 mn compared with the previous year (reported: -4.5%). Excluding D&A of the brand value amortizations, operating income increased by 9.8% (reported: +9.9%).

The following analysis is presented on a reported basis if not stated otherwise.

Consolidated Net Result

The A1 Telekom Austria Group recorded a financial result of negative EUR 81.7 mn in the year under review, which means an improvement of 14.4% compared to the previous year. This was due to the reduction in interest expense and FX differences. The lower interest expense resulted from a deferred consideration paid for business combinations in 2017. FX differences amounted to positive EUR 5.1 mn in the reporting year, compared to negative EUR 2.6 mn in 2017.

Lower net result year-on-year
driven by brand amortization
and higher effective tax rate

Tax expenses amounted to EUR 99.7 mn in the year under review. In the previous year, tax expenses amounted to EUR 3.0 mn due to the recognition of deferred tax assets on losses carried forward which have now been fully recognized. Overall, A1 Telekom Austria Group reported a 29.7% lower net result of EUR 242.7 mn in the 2018 reporting year.

A1 Telekom Austria Group outlook for the full year 2019

For the full year 2019, most of the market dynamics mentioned at the beginning of the year-to-date summary on page 17 are expected to remain. In Austria, the development with regard to the new convergent providers is yet to be seen, while the competitive environment in the mobile markets of CEE are expected to show similar trends as in 2018. However, demand for fixed-line services is expected to serve as a positive driver across all markets. As in 2018, TV content and solutions & connectivity will be an important element here.

In this business environment, the Management of A1 Telekom Austria Group remains committed to its growth strategy, which is focused on three strategic elements: Excelling in the core business, expanding the portfolio, and targeted M&A. As in previous years, results are expected to gain support from ongoing efforts to continuously increase operating efficiency.

For 2019, the Management of A1 Telekom Austria Group expects to achieve growth in total revenues on a reported basis.

The negative effect of the reduction of surcharges for international calls within the EU is anticipated to amount to approximately 1% of Group EBITDA.

The development in Belarus again is expected to be negatively affected by the devaluation of the Belarusian rouble in 2019. The Management of A1 Telekom Austria Group expects the currency to depreciate by 5-10% versus the euro (period average), whereby it should be noted that the predictability of the Belarusian rouble is generally limited.

The harmonization of the local brands under the 'A1' brand will be continued. The respective companies will amortize the brand values until the phase-out of the old brands. More than 90% of these amortizations have already materialized as of year-end 2018.

A1 Telekom Austria Group will remain committed to the fiber rollout in Austria and the evolution of its mobile infrastructure, especially with regard to the preparation of 5G, in its markets in 2019. Capital expenditures before spectrum investments and acquisitions are expected to remain approximately stable in 2019.

The frequency allocation of the 3.4 - 3.8 GHz band is imminent in Austria. The bidding documents were published in September 2018, while the auction itself will take place in the first quarter of 2019⁵.

Based on the improved operational and financial performance of the Group, a new expected dividend level was agreed upon by América Móvil and Österreichische Bundes- und Industriebeteiligungen GmbH (ÖBIB)⁶ in 2016. Starting with the financial year 2016, this dividend expectation entails the payment of EUR 0.20 per share to be maintained or increased on a sustainable basis in line with the operational and financial developments of the Group.

In this context, the Management Board plans to propose a dividend of EUR 0.21 per share to the Annual General Meetings 2019 and 2020 for the financial years 2018 and 2019.

In order to ensure its financial flexibility, A1 Telekom Austria Group remains committed to maintaining a solid investment grade rating of Baa2 from Moody's and BBB from Standard & Poor's (currently Baa1 from Moody's and BBB from Standard & Poor's).

⁵ Please note that this is a list of potential spectrum awards procedures. The Group is not permitted to comment on whether A1 Telekom Austria Group is planning and sees a need to participate and acquire spectrum in the abovementioned procedures.

⁶ ÖBIB will be transformed into a stock company due to the change of the 'ÖIAG Gesetz 2000' according to Sec 245ff AktG. The company will be transformed into Österreichische Beteiligungs AG (ÖBAG).

Reconciliation tables

IAS 18 and IFRS 15 reconciliation

As of January 1, 2018, A1 Telekom Austria Group initially applied IFRS 15, electing the modified retrospective approach for the initial application in accordance with the transition guidance. Accordingly, the information presented for 2017 has not been restated – i.e. it is presented, as previously reported, under IAS 18 and related interpretations. The following tables provide a reconciliation from IFRS 15 to IAS 18. The new revenue recognition accounting standard under IFRS 15 requires accounting for the life cycle value of contracts by allocating the total revenues from a contract to the different deliverables of the contract based on their relative fair values.

Income statement: Fourth Quarter of 2018 (reported)

in EUR million	Q4 2018 IAS 18	Q4 2017 IAS 18	% change	Q4 2018 IFRS 15
Service revenues	973.6	940.2	3.6	929.6
Equipment revenues	170.0	161.5	5.3	202.1
Other operating income	21.5	28.2	-24.0	21.5
Total revenues	1,165.1	1,130.0	3.1	1,153.2
Cost of service	-364.6	-365.6	0.3	-364.6
Cost of equipment	-197.4	-183.9	-7.3	-196.8
Selling, general & administrative expenses	-303.8	-286.7	-6.0	-291.9
Other expenses	-6.3	-5.5	-15.0	-6.3
Total costs and expenses	-872.1	-841.6	-3.6	-859.5
EBITDA	293.0	288.3	1.6	293.7
% of total revenues	25.1%	25.5%		25.5%
Depreciation and amortization	-201.2	-308.4	34.8	-201.2
EBIT	91.7	-20.1	n.m.	92.4
% of total revenues	7.9%	-1.8%		8.0%
Interest income	4.3	3.2	35.9	1.4
Interest expense	-21.6	-22.5	4.2	-21.6
Other financial expense	-8.1	-2.3	-244.4	-8.1
Foreign currency exchange differences	2.0	-0.4	n.m.	2.0
Equity interest in net income of affiliates	-0.5	-0.1	n.m.	-0.5
Earnings before income tax (EBT)	68.0	-42.3	n.m.	65.7
Income tax	-24.5	30.7	n.m.	-23.2
Net result^{*)}	43.5	-11.6	n.m.	42.5

*) Attributable to equity holders of the parent, non-controlling interests and hybrid capital owners

Income statement: Full Year 2018 (reported)

in EUR million	1-12 M 2018 IAS 18	1-12 M 2017 IAS 18	% change	1-12 M 2018 IFRS 15
Service revenues	3,828.2	3,775.3	1.4	3,680.8
Equipment revenues	546.2	504.4	8.3	662.6
Other operating income	91.9	102.8	-10.5	91.9
Total revenues	4,466.4	4,382.5	1.9	4,435.4
Cost of service	-1,395.6	-1,394.2	-0.1	-1,395.6
Cost of equipment	-626.9	-584.2	-7.3	-627.9
Selling, general & administrative expenses	-1,049.3	-994.9	-5.5	-1,007.0
Other expenses	-13.9	-11.8	-18.2	-13.9
Total costs and expenses	-3,085.8	-2,985.1	-3.4	-3,044.5
EBITDA	1,380.6	1,397.3	-1.2	1,390.9
% of total revenues	30.9%	31.9%		31.4%
Depreciation and amortization	-956.5	-953.4	-0.3	-956.5
EBIT	424.1	443.9	-4.5	434.4
% of total revenues	9.5%	10.1%		9.8%
Interest income	15.5	14.3	8.3	5.4
Interest expense	-86.9	-95.3	8.8	-86.9
Other financial expense	-14.8	-11.2	-31.5	-14.8
Foreign currency exchange differences	5.1	-2.6	n.m.	5.1
Equity interest in net income of affiliates	-0.8	-0.7	-13.3	-0.8
Earnings before income tax (EBT)	342.4	348.5	-1.8	342.5
Income tax	-99.7	-3.0	n.m.	-98.8
Net result^{*)}	242.7	345.5	-29.7	243.7

*) Attributable to equity holders of the parent, non-controlling interests and hybrid capital owners

ARPU: Fourth Quarter of 2018 (reported)

in EUR	Q4 2018 IAS 18	Q4 2017 IAS 18	% change	Q4 2018 IFRS 15	Absolute change (IFRS15 - IAS18)
Austria	16.1	15.5	3.7	14.2	-1.9
Bulgaria	5.6	5.5	3.1	5.2	-0.5
Croatia	11.4	11.2	1.7	10.1	-1.2
Belarus	4.2	4.4	-4.9	4.2	0.0
Slovenia	15.0	15.0	-0.2	14.4	-0.5
Republic of Serbia	6.3	5.7	10.8	6.5	0.3
Republic of Macedonia	6.5	6.1	6.1	5.4	-1.1
Group ARPU	8.5	8.5	0.7	7.8	-0.7

ARPU: Full Year 2018 (reported)

in EUR	1-12 M 2018 IAS 18	1-12 M 2017 IAS 18	% change	1-12 M 2018 IFRS 15	Absolute change (IFRS15 - IAS18)
Austria	16.1	15.6	2.9	14.5	-1.6
Bulgaria	5.6	5.5	3.1	5.2	-0.5
Croatia	12.0	12.2	-1.3	10.8	-1.2
Belarus	4.2	4.7	-9.5	4.2	0.0
Slovenia	15.1	15.6	-3.2	14.5	-0.6
Republic of Serbia	6.1	5.4	13.4	6.8	0.7
Republic of Macedonia	6.6	6.1	7.5	5.6	-1.0
Group ARPU	8.6	8.6	0.0	8.0	-0.6

ARPL: Fourth Quarter of 2018 (reported)

in EUR	Q4 2018 IAS 18	Q4 2017 IAS 18	% change	Q4 2018 IFRS 15	Absolute change (IFRS15 - IAS18)
Austria	31.1	30.5	2.1	31.1	0.0
Bulgaria	12.8	12.1	6.1	12.8	0.0
Croatia	29.9	29.9	-0.2	30.2	0.4
Belarus	5.6	5.9	-5.4	5.6	0.0
Slovenia	35.4	34.9	1.4	34.8	-0.5
Republic of Serbia	n.a.	n.a.	n.a.	n.a.	n.a.
Republic of Macedonia	11.4	12.1	-5.4	11.4	0.0

* ARPL in Belarus is affected by the acquisitions of the fixed-line providers Garant (Gomel), consolidated as of August 1, 2017, and Vitebsk Garant, consolidated as of May 1, 2018, which have a comparably low ARPL.

ARPL: Full Year 2018 (reported)

in EUR	1-12 M 2018 IAS 18	1-12 M 2017 IAS 18	% change	1-12 M 2018 IFRS 15	Absolute change (IFRS15 - IAS18)
Austria	30.7	29.1	5.3	30.7	0.0
Bulgaria	12.6	11.6	8.9	12.5	-0.1
Croatia	30.2	29.3	2.9	30.2	0.0
Belarus	5.6	7.3	-22.6	5.6	0.0
Slovenia	35.7	35.4	1.1	35.7	0.0
Republic of Serbia	n.a.	n.a.	n.a.	n.a.	n.a.
Republic of Macedonia	11.6	12.3	-5.4	11.4	-0.2

* ARPL in Belarus is affected by the acquisitions of the fixed-line providers Garant (Gomel), consolidated as of August 1, 2017, and Vitebsk Garant, consolidated as of May 1, 2018, which have a comparably low ARPL.

Information on alternative performance measures

The Consolidated Financial Statements are prepared according to applicable accounting standards. The presentation and analysis of financial information and key performance indicators may differ substantially from the financial information presented in the Consolidated Financial Statements. This is due to the fact that the presentation and analysis are partially based on proforma figures which include M&A transactions between the start of the comparison period and the end of the reporting period.

To reflect the performance on an operational basis, the proforma figures present comparison figures for previous periods as if M&A transactions executed between the start of the comparison period and the end of the reporting period had already been fully consolidated in the relevant months of the comparison period. Alternative performance measures are used to describe the operational performance. Please therefore also refer to the financial information presented in the Consolidated Financial Statements, which do not contain proforma figures, as well as the following reconciliation tables.

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

in EUR million	Q4 2018 reported	Q4 2017 proforma	% change	1-12 M 2018 reported	1-12 M 2017 proforma	% change
Austria	214.1	196.8	8.8	927.8	880.5	5.4
Bulgaria	30.2	26.5	14.3	136.3	125.5	8.6
Croatia	18.8	19.6	-4.3	109.5	109.1	0.4
Belarus	37.4	36.5	2.5	177.4	180.7	-1.9
Slovenia	9.2	8.5	8.2	38.1	41.5	-8.1
Republic of Serbia	9.9	8.2	21.0	45.8	36.9	24.1
Republic of Macedonia	7.2	7.3	-1.0	34.8	30.5	14.1
Corporate & other, eliminations	-19.8	-19.4	-2.2	-61.5	-45.3	-35.8
Total adjusted EBITDA	307.0	283.9	8.1	1,408.2	1,359.4	3.6

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

in EUR million	Q4 2018	Q4 2017	% change	1-12 M 2018	1-12 M 2017	% change
EBITDA (reported)	293.0	288.3	1.6	1,380.6	1,397.3	-1.2
FX translation effect	0.4			14.9		
One-off effects	-0.2	0.6		-9.4	-21.3	
Restructuring charges	13.9	-5.0		22.1	-18.2	
Adjusted EBITDA (reported)	307.0	283.9	8.1	1,408.2	1,357.8	3.7
M&A effect					1.6	
Adjusted EBITDA (proforma)	307.0	283.9	8.1	1,408.2	1,359.4	3.6

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

in EUR million	Q4 2018	Q4 2017	% change	1-12 M 2018	1-12 M 2017	% change
EBITDA (reported)	200.2	202.1	-0.9	905.7	914.2	-0.9
One-off effects		-0.3			-15.5	
Restructuring charges	13.9	-5.0		22.1	-18.2	
Adjusted EBITDA (reported)	214.1	196.8	8.8	927.8	880.5	5.4

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.

ARPL-relevant revenues (in EUR million)	Q4 2018 reported	Q4 2017 reported	% change	1-12 M 2018 reported	1-12 M 2017 proforma	% change
Austria	191.8	194.0	-1.1	767.8	754.7	1.7
Bulgaria	20.6	19.3	6.9	80.4	74.2	8.4
Croatia	26.5	26.8	-1.2	106.8	106.0	0.7
Belarus	7.0	5.5	28.5	25.8	19.3	33.9
Slovenia	7.7	7.4	5.0	30.7	29.9	2.5
Republic of Serbia	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Republic of Macedonia	5.5	5.3	3.8	21.6	21.2	2.3

Access lines (in '000)	Q4 2018 reported	Q4 2017 reported	% change
Austria	2,048.3	2,117.5	-3.3
Bulgaria	536.0	531.2	0.9
Croatia	296.9	296.6	0.1
Belarus	451.8	306.4	47.5
Slovenia	73.8	70.5	4.8
Republic of Serbia	n.a.	n.a.	n.a.
Republic of Macedonia	164.4	149.3	10.1

ARPU (proforma)

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.

Free Cashflow (reported)

(in EUR million)	1-12 M 2018 reported	1-12 M 2017 reported	% change
Net cash flow from operating activities	1,232.3	1,174.8	4.9
Capital expenditures paid	-771.5	-705.4	-9.4
Proceeds from sale of plant, property and equipment	7.5	15.1	-50.3
Interest paid	-84.2	-99.8	15.6
Free cash flow	384.2	384.7	-0.1

Belarus Key Financials in EUR and BYN (reported and proforma)

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

in EUR million	Q4 2018 reported	Q4 2017 reported	% change	1-12 M 2018 reported	1-12 M 2017 reported	% change
Total revenues	99.5	95.9	3.8	389.3	390.5	-0.3
Total costs and expenses	-62.9	-59.4	-5.9	-225.5	-209.2	-7.8
EBITDA	36.6	36.5	0.4	163.8	181.3	-9.6

in BYN million	Q4 2018 reported	Q4 2017 reported	% change	1-12 M 2018 reported	1-12 M 2017 reported	% change
Total revenues	241.4	224.3	7.6	936.4	851.8	9.9
Total costs and expenses	-152.5	-137.3	-11.0	-542.4	-456.4	-18.8
EBITDA	89.0	87.0	2.3	394.0	395.5	-0.4

in EUR million	Q4 2018 reported	Q4 2017 proforma	% change	1-12 M 2018 reported	1-12 M 2017 proforma	% change
Total revenues	99.5	95.8	3.9	389.3	394.1	-1.2
Total costs and expenses	-62.9	-59.3	-6.0	-225.5	-212.4	-6.2
EBITDA	36.6	36.5	0.4	163.8	181.8	-9.9

in BYN million	Q4 2018 reported	Q4 2017 proforma	% change	1-12 M 2018 reported	1-12 M 2017 proforma	% change
Total revenues	241.4	224.3	7.6	936.4	859.9	8.9
Total costs and expenses	-152.5	-137.3	-11.0	-542.4	-463.3	-17.1
EBITDA	89.0	87.0	2.3	394.0	396.6	-0.7

Proforma and reported results

The following section provides for the proforma values in the previous section the corresponding reported values as well as the differences between both. The differences stem from the M&A activities listed below.

- The acquisition of the fixed-line operator Metronet in Croatia, consolidated as of February 1, 2017.
- The acquisitions of the fixed-line providers Garant (Gomel), consolidated as of August 1, 2017, and Vitebsk Garant, consolidated as of May 1, 2018, both in Belarus. As the financial impact of Vitebsk Garant on the Belarusian segment is marginal, no proforma view is provided on this acquisition.

Group Overview: Full Year 2018

Key performance indicators

in EUR million	1-12 M 2018 reported	1-12 M 2017 reported	% change	1-12 M 2017 proforma	% change proforma	Absolute change (proforma - reported)
Total revenues	4,466.4	4,382.5	1.9	4,388.5	1.8	6.1
Service revenues	3,828.2	3,775.3	1.4	3,780.9	1.3	5.6
thereof mobile service revenues	2,151.7	2,139.0	0.6	2,139.0	0.6	0.0
thereof fixed-line service revenues	1,676.5	1,636.3	2.5	1,641.9	2.1	5.6
Equipment revenues	546.2	504.4	8.3	504.4	8.3	0.0
Other operating income	91.9	102.8	-10.5	103.2	-10.9	0.5
EBITDA	1,380.6	1,397.3	-1.2	1,398.9	-1.3	1.6
% of total revenues	30.9%	31.9%		31.9%		
EBIT	424.1	443.9	-4.5	444.5	-4.6	0.6
% of total revenues	9.5%	10.1%		10.1%		

Wireline indicators	Q4 2018 reported	Q4 2017 reported	% change	Q4 2017 proforma	% change proforma	Absolute change (proforma - reported)
RGUs (thousands)	6,260.9	6,036.5	3.7	6,036.5	3.7	0.0

The reconciliation table does not show wireless indicators as the M&A transactions only comprise the fixed-line business.

Depreciation and Amortization

in EUR million	1-12 M 2018 reported	1-12 M 2017 reported	% change	1-12 M 2017 proforma	% change proforma	Absolute change (proforma - reported)
Austria	431.8	472.2	-8.6	472.2	-8.6	0.0
Bulgaria	243.1	215.7	12.7	215.7	12.7	0.0
Croatia	106.5	95.6	11.4	96.0	10.9	0.5
Belarus	76.2	58.2	30.9	58.8	29.6	0.5
Slovenia	29.2	30.1	-2.9	30.1	-2.9	0.0
Republic of Serbia	42.9	45.1	-4.9	45.1	-4.9	0.0
Republic of Macedonia	26.0	36.0	-27.7	36.0	-27.7	0.0
Corporate & other, eliminations	0.8	0.5	55.4	0.5	55.4	0.0
Total D&A	956.5	953.4	0.3	954.4	0.2	1.0

EBIT

in EUR million	1-12 M 2018 reported	1-12 M 2017 reported	% change	1-12 M 2017 proforma	% change proforma	Absolute change (proforma - reported)
Austria	473.9	442.1	7.2	442.1	7.2	0.0
Bulgaria	-105.1	-85.6	-22.8	-85.6	-22.8	0.0
Croatia	7.6	12.4	-38.6	13.0	-41.4	0.6
Belarus	87.6	123.1	-28.8	123.0	-28.8	0.0
Slovenia	8.9	10.5	-15.2	10.5	-15.2	0.0
Republic of Serbia	4.1	-6.8	n.m.	-6.8	n.m.	0.0
Republic of Macedonia	9.3	-6.0	n.m.	-6.0	n.m.	0.0
Corporate & other, eliminations	-62.3	-45.8	-36.0	-45.8	-36.0	0.0
Total EBIT	424.1	443.9	-4.5	444.5	-4.6	0.6

Capital Expenditures*)

in EUR million	1-12 M 2018 reported	1-12 M 2017 reported	% change	1-12 M 2017 proforma	% change proforma	Absolute change (proforma - reported)
Austria	469.3	435.5	7.8	435.5	7.8	0.0
Bulgaria	86.5	81.3	6.5	81.3	6.5	0.0
Croatia	87.8	84.7	3.6	85.2	3.1	0.4
Belarus	49.7	47.1	5.6	47.8	4.0	0.7
Slovenia	27.5	41.8	-34.3	41.8	-34.3	0.0
Republic of Serbia	34.1	35.1	-2.9	35.1	-2.9	0.0
Republic of Macedonia	19.2	21.3	-9.9	21.3	-9.9	0.0
Corporate & other, eliminations	-3.1	-10.0	68.5	-10.0	68.5	0.0
Total capital expenditures	771.0	736.9	4.6	738.0	4.5	1.1

*) Additions to property, plant and equipment and intangible assets, excluding asset retirement obligations

Capital Expenditures - Tangible

in EUR million	1-12 M 2018 reported	1-12 M 2017 reported	% change
Austria	389.5	361.2	7.8
Bulgaria	52.4	53.8	-2.6
Croatia	70.7	69.3	2.0
Belarus	36.7	37.9	-3.4
Slovenia	17.9	19.3	-6.9
Republic of Serbia	25.3	26.0	-2.6
Republic of Macedonia	17.0	17.9	-4.9
Corporate & other, eliminations	0.8	-6.0	n.m.
Total capital expenditures - tangible	610.2	579.3	5.3

Capital Expenditures - Intangible

in EUR million	1-12 M 2018 reported	1-12 M 2017 reported	% change
Austria	79.9	74.3	7.4
Bulgaria	34.1	27.5	24.3
Croatia	17.1	15.4	10.7
Belarus	13.0	9.1	42.8
Slovenia	9.5	22.5	-57.7
Republic of Serbia	8.8	9.1	-3.6
Republic of Macedonia	2.2	3.5	-35.9
Corporate & other, eliminations	-3.9	-3.9	-0.6
Total capital expenditures - intangible	160.7	157.6	2.0

Segment Croatia - Full Year 2018

Key performance indicators

in EUR million	1-12 M 2018 reported	1-12 M 2017 reported	% change	1-12 M 2017 proforma	% change proforma	Absolute change (proforma - reported)
Total revenues	444.5	434.9	2.2	437.3	1.6	2.4
Service revenues	386.4	379.7	1.8	381.9	1.2	2.2
thereof mobile service revenues	261.7	258.8	1.1	258.8	1.1	0.0
thereof fixed-line service revenues	124.7	120.9	3.2	123.1	1.3	2.3
Equipment revenues	52.0	49.0	6.1	49.0	6.2	0.0
Other operating income	6.0	6.2	-3.4	6.3	-5.5	0.1
EBITDA	114.1	108.0	5.7	109.1	4.6	1.1
% of total revenues	25.7%	24.8%		24.9%		
EBIT	7.6	12.4	-38.6	13.0	-41.4	0.6
% of total revenues	1.7%	2.9%		3.0%		

Wireline indicators	1-12 M 2018 reported	1-12 M 2017 reported	% change	1-12 M 2017 proforma	% change proforma	Absolute change (proforma - reported)
RGUs (thousands)	681.8	654.1	4.2	654.1	4.2	0.0

The reconciliation table does not show wireless indicators as the M&A transaction in the segment only comprises the fixed-line business.

Segment Belarus – Full Year 2018

Key performance indicators

in EUR million	1-12 M 2018 reported	1-12 M 2017 reported	% change	1-12 M 2017 proforma	% change proforma	Absolute change (proforma - reported)
Total revenues	389.3	390.5	-0.3	394.1	-1.2	3.7
Service revenues	286.9	303.7	-5.5	307.1	-6.6	3.4
thereof mobile service revenues	247.0	273.1	-9.5	273.1	-9.5	0.0
thereof fixed-line service revenues	39.9	30.6	30.2	34.0	17.3	3.4
Equipment revenues	84.3	71.5	17.8	71.5	17.8	0.0
Other operating income	18.1	15.2	19.0	15.5	16.5	0.3
EBITDA	163.8	181.3	-9.6	181.8	-9.9	0.5
% of total revenues	42.1%	46.4%		46.1%		
EBIT	87.6	123.1	-28.8	123.0	-28.8	0.0
% of total revenues	22.5%	31.5%		31.2%		

Wireline indicators	Q4 2018 reported	Q4 2017 reported	% change	Q4 2017 proforma	% change proforma	Absolute change (proforma - reported)
RGUs (thousands)	657.3	463.4	41.8	463.4	41.8	0.0

The reconciliation table does not show wireless indicators as the M&A transaction in the segment only comprises the fixed-line business.

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 2017, pp. 72 ff.

Waiver of Review

This financial report of A1 Telekom Austria Group contains 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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