Earnings Update: Q4 2022 and FY 2022

Highlights

- 2022 revenues: +5% passing the EUR 5 bn mark. Service revenues grew in all markets
- 2022 EBITDA: +8% despite rising core OPEX
- CAPEX increase driven mainly by intensified fiber and 5G rollout activities
- 2022 Free cash flow: +24% demonstrates strong operating performance and working capital management
- Dividend proposal of EUR 0.32/share; well covered by earnings and free cash flow
- Credit rating upgrade by S&P to A-; best S&P rating in Telekom Austria's corporate history
- Upgrade of ESG ratings: included in CDP's A list and Sustainalytics industry top rated list
- Deregulation of Austrian wholesale market

In this Earnings Update, rounding differences may occur in the summing of rounded amounts due to the use of automatic calculation tools.

Key financial data

in EUR million	Q4 2022	Q4 2021		2022	2021	
Total revenues	1,338	1,242	7.7%	5,005	4,748	5.4%
Service revenues	1,081	1,011	6.9%	4,164	3,957	5.2%
Equipment revenues	235	208	13.1%	752	709	6.0%
Other operating income	22	23	-4.3%	89	82	8.0%
Wireless revenues	792	737	7.4%	2,972	2,816	5.6%
Service revenues	603	560	7.7%	2,339	2,181	7.2%
Equipment revenues	189	177	6.4%	633	635	-0.2%
Wireline revenues	525	482	8.8%	1,944	1,850	5.1%
Service revenues	478	452	5.9%	1,825	1,775	2.8%
Equipment revenues	46	30	52.4%	119	75	59.4%
EBITDA	432	400	8.0%	1,838	1,706	7.7%
EBITDA margin	32.3%	32.2%	0.1pp	36.7%	35.9%	0.8pp
Depreciation and amortisation and impairments	247	241	2.4%	967	953	1.5%
EBIT	185	159	16.5%	871	753	15.6%
EBIT margin	13.8%	12.8%	1.0pp	17.4%	15.9%	1.5pp
Net result	132	40	227.4%	635	455	39.5%
Net margin	9.8%	3.2%	6.6pp	12.7%	9.6%	3.1pp
Capital expenditures	330	259	27.6%	944	891	5.9%
Tangible	259	188	38.2%	766	650	17.7%
Intangible	71	71	-0.5%	179	241	-25.8%
Free cash flow	101	22	n.m.	603	487	23.8%

	Dec 31, 2022	Dec 31, 2021
Net debt / EBITDA (12 M)	1.3x	1.7x
Net debt (excl. leases) / EBITDA after leases (12 M)	1.0x	1.3x

Customer indicators (thousand)	Dec 31, 2022	Dec 31, 2021	
Mobile subscribers	23,897	22,766	5.0%
Postpaid	20,076	18,890	6.3%
Prepaid	3,822	3,875	-1.4%
RGUs	6,204	6,077	2.1%

	Q4 2022	Q4 2021		2022	2021	
ARPU (in EUR)	8.4	8.2	2.7%	8.4	8.1	2.7%
Mobile churn	1.6%	1.6%	0.0pp	1.4%	1.3%	0.0pp

	Dec 31, 2022	Dec 31, 2021	
Employees (full-time equivalent)	17,906	17,856	0.3%

All comparisons are year-on-year.

Q4 2022 in a nutshell

The fourth quarter of the 2022 financial year was another good one. A1 Group continued to grow its revenues and exceeded the EUR 5 bn mark in financial year 2022.

In Q4 2022, A1 Group increased both service revenues (+6.9%) and equipment revenues (+13.1%). Equipment revenues grew strongly, especially in Austria and Bulgaria, while declining in Belarus and North Macedonia. Service revenues grew in all markets, with retail mobile revenues driving most of the growth. This was the result of continued strong demand for mobile core offerings and high-bandwidth products as well as successful up-selling efforts. Additionally, inflation-linked price increases supported revenue growth. The favorable exchange rate of the Belarusian ruble against the euro (BYN/EUR) accounted for approximately 1 percentage point of the total revenue increase.

Electricity costs eased slightly compared to the previous quarter. However, they were still 21% higher than in the fourth quarter of 2021.

A1 Group continued to invest in the rollout of broadband infrastructure (fiber and 5G). In Q4 2022, the total CAPEX amounted to EUR 330 mn. This was 47.6% higher than in the previous quarter and 27.6% higher than in Q4 2021. This reflects the accelerated fiber rollout in Austria.

In October, Standard & Poor's (S&P) upgraded A1 Group's credit rating to A-. This is the best S&P rating in the Group's history. The improved rating reflects the Group's strong operating performance and prudent financial policies.

In December, A1 Group was recognized by the global environmental non-profit Carbon Disclosure Project (CDP) for its leadership in corporate transparency and performance on climate change, securing a place on its annual "A List". A little earlier in the year, Sustainalytics improved A1 Group's score to 15.2 (low risk).

As the relevance of the U.S. American Depositary Receipts (ADR) program for Telekom Austria has decreased significantly over the years, the Management Board has decided to end the program as of March 31, 2023.

Mobile subscribers and fixed-line RGUs in FY 2022

In mobile communications, the number of subscribers rose by 5.0% to a total of 24 million at the end of 2022. Growth was largely driven by the strong increase in M2M business. Excluding M2M customers, the number of subscribers remained stable (-0.2%). Continued strong demand for mobile WiFi routers across the market footprint almost compensated for the slightly lower number of mobile customers in the Belarusian segment. The number of contract customers increased in Austria, Croatia, Serbia and North Macedonia, while remaining at the prior-year level or slightly below in other markets. A shift from prepaid to contract offerings continued in all the markets.

In the fixed-line business, the number of revenue generating units (RGUs) increased by 2.1% year-on-year. The growth in international operations, especially in Belarus and Bulgaria, more than compensated for the decline in Austria. The latter resulted from fewer basic broadband and fewer voice RGUs and could not be offset by the continued strong demand for advanced broadband products.

Internet@home
+5.4%

Internet@home customer base increased by 5.4% in the Group, driven by the increase in mobile WiFi routers and broadband RGUs.

Outlook for financial year 2023

Outlook 2023
Revenues +4%,
CAPEX excl.spectrum
~ EUR 950 mn

A1 Group expects to achieve **revenue growth of around 4%** in the 2023 financial year. The main growth drivers are price increases due to higher inflation, upselling in the retail business, and a strong development of the solutions and connectivity business. A further decline in voice business and international wholesale business in Austria as well as lower interconnection revenues due to regulatory cuts of termination rates will have a dampening effect on growth. Management also expects roaming revenues to grow at a significantly lower rate than in the strong financial year 2022. While the Belarusian ruble appreciated on average in 2022, supporting revenue growth, the currency is expected to depreciate against the euro in 2023.

At the same time, electricity costs are forecasted to increase strongly and management assumes that workforce costs will increase by around 5% at the Group level. To counter cost increases, A1 Group will implement efficiency projects and transformational initiatives.

Management expects **CAPEX** before investments in spectrum to **be around EUR 950 mn**. A1 Group will continue its commitment to fiber roll-out in Austria as well as to further expansion of its 5G networks both in Austria and internationally. In terms of spectrum, tenders are expected in Croatia (renewal of spectrum: 800 MHz, 900 MHz, 1.8 GHz, 2.1 GHz, and 2.6 GHz), Bulgaria (700 MHz, 800 MHz) and Serbia (700 MHz, 3.6 GHz). This list of tenders neither claims to be exhaustive nor does it allow any conclusions to be drawn regarding the actual implementation of these auctions or A1's intention to participate in the tenders listed. A1 Group does not comment on this matter.

The Management Board plans to propose a dividend of EUR 0.32 (2021: EUR 0.28) per share to the Annual General Meeting, subject to the approval of the Supervisory Board.

Group results (Q4 2022 and FY 2022)

In Q4, total revenues increased by 7.7%, driven by continued growth in service revenues in all markets. Equipment revenues also increased and were driven by higher equipment sales in Austria, Serbia and Bulgaria and despite declines in Belarus and North Macedonia. The consolidation of STEMO in Bulgaria also had a positive impact. Mobile service revenues increased by 7.7%, driven by a strong performance in the mobile core business and in the area of mobile WiFi routers, index-linked price increases, and improved roaming revenues. Fixed-line service revenues increased by 5.9% year-on-year, driven by the solution & connectivity business. Retail fixed-line business also improved, as a decline in Austria was compensated by a solid development in international markets. Total revenues were positively impacted in the amount of EUR 13.6 mn by a favorable BYN/EUR exchange rate.

In FY 2022, total revenues increased by 5.4% to EUR 5,005 million. The impact of the BYN/EUR exchange rate on total revenues was EUR 36 mn. Service revenues grew by 5.2% and equipment revenues by 6%.

In Q4, EBITDA increased by 8.0% to EUR 432 mn. Solid service revenue growth across the board was successfully translated and more than compensated for higher core OPEX. Restructuring charges in Austria amounted to EUR 23 mn (previous year: EUR 21 mn). The stronger Belarusian ruble had a positive impact of EUR 6 mn.

In FY 2022, EBITDA rose by 7.7% to EUR 1.838 mn as solid growth in service revenues in all markets more than compensated for rising core OPEX. The contribution from Austria, Belarus and Bulgaria was particularly strong, while growth was also recorded in the other markets except for Slovenia and North Macedonia. Restructuring charges amounted to EUR 73 mn (2021: EUR 84mn). Positive FX effects amounted to EUR 17 mn, entirely stemming from a favorable BYN/EUR exchange rate development.

In Q4, operating income (EBIT) increased by 16.5% to EUR 185 mn.

In FY 2022, the EBIT reached EUR 871 mn, an increase of 15.6%.

In Q4, the financial result amounted to EUR -16 mn (previous year: EUR -30 mn). This positive development was driven by the redemption of a EUR 750 mn 3.125%-bond in December 2021 and an EUR 750 mn 4.0%-bond in April 2022. In addition, lower net debt and a more short-term financing helped reduce net interest expense.

In FY 2022, the financial result improved for the above reasons to EUR -55 mn (previous year: EUR -101 mn).

In Q4, net result amounted to EUR 132 mn (Q4 2021: EUR 40 mn), due to better earnings before income tax and lower income tax expenses.

In FY 2022, the net result increased by 39.5% to EUR 635 mn.

In Q4 2022, capital expenditures (“CAPEX”) increased by 27.6% to EUR 330 mn. This development was mainly driven by the intensified fiber rollout in Austria and the continued deployment of the 5G mobile network in Austria, Slovenia, Bulgaria and North Macedonia.

In FY 2022, CAPEX increased by 5.9% to EUR 944 mn. Excluding investments in frequency spectrum of EUR 10 mn (previous year: EUR 65 mn), CAPEX increased by 13.2%.

In Q4, free cash flow increased strongly to EUR 101 mn (Q4 2021: 22mn). In addition to better operating performance, accounts payable rose above previous year’s level. These effects together more than outweighed higher CAPEX.

In FY 2022, free cash flow increased by 24%, as improved operational performance and positive development of working capital more than compensated for higher capital expenditures paid and higher income taxes paid.

in EUR million	2022	2021	
EBITDA	1,838	1,706	7.7%
Restructuring charges and cost of labor obligations	74	92	-19.5%
Lease paid (principal, interest and prepayments)	-182	-171	6.3%
Income taxes paid	-137	-106	28.7%
Net interest paid	-47	-78	-39.2%
Change working capital and other changes	91	31	191.4%
Capital expenditures	-944	-891	5.9%
Free Cash Flow (FCF) before social plans	**692**	**582**	**18.9%**
Social plans new funded*	-88	-94	-6.4%
FCF after social plans new	**603**	**487**	**23.8%**

* Cost for social plans granted in the respective period.

As of December 31, 2022, the balance sheet total was 2.7% below the level as of December 31, 2021. A main driver was the balance sheet-reducing effect from the use of cash and cash equivalents to repay a bond in April 2022. As a consequence, cash and cash equivalents decreased. Non-current assets increased, mainly on the back of higher property, plant and equipment following increased CAPEX. Right-of-use assets and frequency amortization mitigated that increase.

Current liabilities declined largely due to the redemption of the above-mentioned 4.0% bond. This bond was classified as a current financial liability as of December 31, 2021 as remaining term to maturity was less than one year. Accounts payable climbed mainly due to higher CAPEX in Austria. Income tax liabilities increased due to the full utilization of tax loss carryforwards in the Austrian tax group in 2021.

Non-current liabilities declined, driven by repayment of lease liabilities but also reduced asset retirement and employee benefits obligations, both of which were valued lower because of increased interest rates (i.e., discount rates).

Net debt/EBITDA decreased to 1.3x from 1.7x as of December 31, 2021. Net debt (excl. leases) declined by 16.8%. The ratio "net debt (excl. leases)/EBITDA after leases" decreased to 1.0x from 1.3x as of December 31, 2021.

in EUR million	Dec 31, 2022	Dec 31, 2021	
Long-term debt	1,047	1,046	0.1%
Lease liability long-term	522	606	-13.9%
Short-term debt	822	1,553	-47.1%
Lease liability short-term	159	161	-1.1%
Cash and cash equivalents	-150	-534	-72.0%
Net debt (incl. leases)	**2,400**	**2,832**	**-15.3%**
Net debt (incl. leases) / EBITDA (12 months)	1.3x	1.7x	
Net debt (excl. leases)	**1,719**	**2,065**	**-16.8%**
Net debt (excl. leases) / EBITDA after leases (12 months)	1.0x	1.3x	

Segment Performance in Q4 2022

Segment Austria

in EUR million	Q4 2022	Q4 2021		2022	2021	
Total revenues	710	682	4.2%	2,752	2,678	2.8%
Service revenues	615	596	3.2%	2,414	2,369	1.9%
Equipment revenues	82	71	15.0%	286	258	11.2%
Other operating income	13	14	-9.3%	52	51	2.2%
Wireless revenues	326	310	5.1%	1,248	1,198	4.2%
Service revenues	263	251	4.9%	1,032	980	5.3%
Equipment revenues	63	59	5.9%	217	218	-0.6%
Wireline revenues	372	358	3.9%	1,452	1,430	1.6%
Service revenues	352	346	1.9%	1,382	1,389	-0.5%
Equipment revenues	19	12	58.4%	70	40	74.9%
EBITDA before restructuring	268	255	5.1%	1,113	1,075	3.5%
EBITDA margin before restructuring	37.8%	37.4%	0.3pp	40.4%	40.2%	0.3pp
EBITDA	245	234	4.6%	1,040	991	4.9%
EBITDA margin	34.5%	34.3%	0.2pp	37.8%	37.0%	0.8pp
EBIT	112	95	18.5%	495	441	12.2%
EBIT margin	15.8%	13.9%	1.9pp	18.0%	16.5%	1.5pp
Customer indicators (thousand)				Dec 31, 2022	Dec 31, 2021	
Mobile subscribers				5,157	5,072	1.7%
RGUs				2,946	3,051	-3.4%
	Q4 2022	Q4 2021		2022	2021	
ARPU	17.0	16.5	3.0%	16.8	16.2	3.7%
Mobile churn	1.2%	1.0%	0.2pp	1.1%	1.3%	-0.2pp

Internet@home driven by mobile WIFI routers

In the last quarter of 2022, Austrian market dynamics intensified somewhat, with seasonal Christmas promotions appearing stronger compared to the same period last year. In the mobile business, demand was solid for high-value and SIM-only offers. 5G has become a standard attribute in all tariffs. A1 Austria launched a new mobile portfolio with attractive prices and low subsidy. This is the company's response to market developments and rising device costs and follows its strategy to further monetize the 5G network. The uptake of higher broadband internet tariffs continued in the retail fixed-line business. The solution & connectivity business showed again a solid traction. Following the deregulation of the broadband access market, A1 Austria also adjusted its internet@home portfolio. The company switched from a technology-agnostic to a fixed broadband focus in order to create strategic incentives for the uptake of high-speed fiber products.

Total revenues in the Austria segment rose by 4.2% year-on-year, driven by both higher service revenues and higher equipment revenues. While service revenues grew on the back of solid performance of mobile business as well as solution & connectivity business. Equipment revenues went up due to the seasonal promotions as well as larger projects in the public sector.

Mobile service revenues increased due to the successful up-selling to high-value tariffs, continued demand for mobile WiFi routers as well as index-linked price increases from April 2022. In addition, roaming supported growth. ARPU also increased in the reporting period.

Fixed-line service revenues increased as the above-mentioned solid performance in the solution & connectivity business more than offset declines in retail. The latter was due to the decline in the number of voice RGUs and low-bandwidth RGUs. Up-selling activities to higher Internet speeds and inflation-related price increases could not offset this development. In addition, the comparison period benefited from the COVID-19 pandemic-driven higher voice traffic.

EBITDA before restructuring charges increased by 5.1% and EBITDA by 4.6%. Solid service revenue growth more than offset the negative equipment margin and slightly higher core OPEX. The latter was mainly due to higher network maintenance, electricity and product-related costs on the one hand and lower advertising and workforce costs on the other. The decrease in workforce costs was due to lower long-term restructuring provisions (interest rate driven) and the lower number of full-time equivalents (FTEs).

International segments

International segments comprise the segments Bulgaria, Belarus, Croatia, Serbia, Slovenia and North Macedonia.

in EUR million	Q4 2022	Q4 2021		2022	2021	
Total revenues	633	566	12.0%	2,286	2,102	8.8%
Service revenues	470	420	12.0%	1,778	1,616	10.0%
Equipment revenues	153	136	12.0%	465	451	3.1%
Other operating income	11	10	10.6%	43	35	23.9%
Wireless revenues	467	429	8.9%	1,732	1,627	6.5%
Service revenues	341	311	9.8%	1,315	1,210	8.7%
Equipment revenues	126	118	6.7%	417	417	0.0%
Wireline revenues	155	127	22.3%	511	440	16.1%
Service revenues	129	109	18.3%	463	406	14.1%
Equipment revenues	27	18	47.0%	48	34	40.7%
EBITDA	203	178	14.1%	849	763	11.3%
EBITDA margin	32.0%	31.4%	0.6pp	37.2%	36.3%	0.8pp
EBIT	90	78	15.5%	432	366	17.9%
EBIT margin	14.2%	13.7%	0.4pp	18.9%	17.4%	1.5pp

Customer indicators (thousand)	Dec 31, 2022	Dec 31, 2021	
Mobile subscribers	14,924	14,922	0.0%
RGUs	3,258	3,026	7.7%

EBITDA in international markets + 14.1%

In Q4 2022, all international segments recorded service revenue growth. Total EBITDA increased by 14.1% despite continued pressure from electricity and workforce costs. The operating result was supported by a positive development of the Belarusian ruble.

Bulgaria

In Bulgaria, the market environment remained largely unchanged compared to the previous quarters, with positive trends prevailing both in the mobile and fixed-line markets. Demand for 5G tariffs remained solid and was further boosted by seasonal promotions, while successful up-selling to high-speed internet and TV bundles drove developments in the retail fixed-line segment. Tailored business offers with a focus on ICT and security products resulted in a strong performance of the solution & connectivity business.

Total revenues increased by 22.9% reflecting the above mentioned trends and the successful execution of the convergence strategy. Service revenue growth was achieved in both mobile and fixed-line, while equipment revenues also increased. Costs and expenses increased, primarily due to higher workforce costs and higher product-related costs, while state compensation payments mitigated the impact of higher electricity prices. Despite higher core OPEX, service revenue growth and improved equipment margin enabled strong EBITDA growth of 26.8%. The consolidation of STEMO impacted total revenues and EBITDA by EUR 11.6 mn and EUR 1.4 mn, respectively.

Belarus

In Belarus, the competitive landscape was similar to previous quarters. Mobile network operators focused on retaining and up-selling existing customers, leveraging the continued demand for higher data allowances in the mobile business, while attractive convergent offers and enhanced promotions characterized the fixed-line business. At the same time, a certain shortage of high-end handsets weakened equipment sales.

The unfavorable macroeconomic environment, fueled by geopolitical tensions in the region, weighed on inflation, which stood at 12.8% in December 2022. The Belarusian ruble appreciated by an average of 12% during the period, which had a positive impact on A1 Group's results. Towards the end of the reporting period, this currency lost ground against the euro, resulting in a depreciation of 1.1% at the end of the period. While imposed sanctions did not have a serious impact on the continuity of the business, regulatory measures introduced in May, such as an increased state-broadcast channel fee, an additional advertising tax and a reduced renewable energy sales multiplier, continued to have a negative impact on operating expenses and other operating income. A1 Belarus continued to work on restoring supplies in compliance with the current sanctions framework and the telecom exemption.

The operational performance of A1 Belarus remained solid. In Q4 2022, the company achieved a strong service revenue growth of 23.4% (10.8% in local currency), while equipment revenues declined due to the aforementioned limited availability of high-end handsets. Service revenue growth was largely driven by the mobile business, and also the fixed-line business contributed to this development. Operational performance was further supported by inflation-linked price increases on non-regulated tariffs. Total costs and expenses improved due to lower equipment costs, while core OPEX increased mainly due to higher personnel costs, higher capacity-driven corporate network costs and higher content costs. Higher revenues and lower total costs and expenses resulted in strong EBITDA growth of 27.0%. In local currency, EBITDA grew by 14.1%.

Due to the impact of the sometimes significant fluctuations of the Belarusian ruble on the consolidated results, the performance of the Belarusian segment is also presented in local currency.

in EUR million	Q4 2022	Q4 2021		2022	2021	
Total revenues	133	123	8.1%	461	420	9.8%
Total costs and expenses	-74	-76	-3.3%	-242	-239	1.2%
EBITDA	59	46	27.0%	219	181	21.2%

in BYN million	Q4 2022	Q4 2021		2022	2021	
Total revenues	342	353	-3.0%	1,276	1,261	1.2%
Total costs and expenses	-192	-221	-13.2%	-670	-718	-6.7%
EBITDA	150	132	14.1%	606	542	11.7%

Croatia

In Q4, network operators in Croatia intensified their seasonal promotion campaigns. In the mobile business, A1 Croatia tackled that with its redesigned mobile portfolio that featured 5G propositions in all postpaid tariffs. In the fixed-line business, demand was strong for advanced broadband and content-rich TV products, both of which drove new customer acquisition.

Total revenues increased by 5.7%, due to higher mobile and fixed-line subscriber numbers as well as higher equipment sales. Core OPEX also grew, driven by higher content and product-related costs. However, this effect was mitigated by lower advertising expenses and a higher comparative prior year figure due to a legal provision. EBITDA was flat (+0.1%) as total revenues grew just enough to cover elevated costs and expenses.

Slovenia

In the Slovenian market, the intensity of competition remained high in the last quarter of 2022 as well. In the mobile business, A1 continued to upsell customers to 5G tariffs. In the fixed-line business the positive trends of growing high-broadband RGUs continued. Total revenues increased by 11.5%, mainly driven by service revenue growth but also by higher equipment revenues. However, total costs and expenses increased due to higher electricity and workforce costs, while the equipment margin decreased. This was not offset by the growing service revenues, resulting in an 18.7% decline in EBITDA.

Serbia

In Serbia, the market environment was largely unchanged compared to the rest of the year. Positive trends continued and A1 Serbia was successful in monetizing customer demand for high-value tariffs and continued to offer a revamped portfolio with attractive hardware in its offers. As a result, total revenues increased by 10.7% year-on-year, driven by higher service revenues but also by higher equipment sales. While the equipment margin improved, core OPEX increased due to rising electricity costs and workforce costs. Solid service revenue growth combined with the improved equipment margin was more than enough to offset rising costs, resulting in EBITDA growth of 11.0%.

North Macedonia

In North Macedonia, positive market trends prevailed, resulting in growing service revenues, while equipment revenues declined slightly. Total revenues increased by 3.6% compared to the same period of the previous year. However, this could not fully compensate for rising electricity costs, higher advertising expenses and a lower equipment margin, resulting in an 8.9% decrease in EBITDA.

Additional information

Risks and uncertainties

A1 Group faces various risks and uncertainties that could affect its results. For further details about these risks and uncertainties, please refer to the latest A1 Group Annual Financial Report.

Waiver of review

This report contains audited results for FY 2022 that have been audited but not yet approved by the Supervisory Board.

Other

FX – foreign exchange rate

n.m. – not meaningful, used for percentage changes >300% and others that are not meaningful.

n.a. – not applicable, e.g., for divisions by zero.

Condensed Consolidated Financial Statements

Condensed Consolidated Statement of Comprehensive Income

in EUR million, except per share information	Q4 2022	Q4 2021	2022 audited	2021 audited
Service revenues	1,081	1,011	4,164	3,957
Equipment revenues	235	208	752	709
Other operating income	22	23	89	82
Total revenues (incl. other operating income)	**1,338**	**1,242**	**5,005**	**4,748**
Cost of service	-371	-355	-1,414	-1,343
Cost of equipment	-234	-203	-731	-698
Selling, general & administrative expenses	-295	-278	-1,011	-988
Other expenses	-6	-6	-12	-13
Total cost and expenses	**-906**	**-842**	**-3,167**	**-3,042**
Earnings before interest, tax, depreciation and amortization (EBITDA)	**432**	**400**	**1,838**	**1,706**
Depreciation and amortization	-201	-200	-795	-789
Depreciation of right-of-use assets	-42	-41	-168	-163
Impairment	-4	0	-4	0
Operating income (EBIT)	**185**	**159**	**871**	**753**
Interest income	4	2	11	5
Interest expense	-15	-26	-60	-101
Interest on employee benefits and restructuring and other financial items, net	0	-5	-5	-8
Foreign currency exchange differences, net	-4	0	1	3
Equity interest in net income of associated companies	-1	0	-2	0
Financial result	-16	-30	-55	-101
Earnings before income tax (EBT)	**169**	**129**	**816**	**653**
Income tax	-37	-88	-181	-198
Net result	**132**	**40**	**635**	**455**
Attributable to Equity holders of the parent	132	40	634	454
Attributable to Non-controlling interests	0	0	1	1
Earnings per share attributable to equity holders of the parent in euro*	0.20	0.06	0.95	0.68
Other comprehensive income items (OCI)				
Effect of translation of foreign entities	-54	3	-4	24
Realized result on hedging activities, net of tax	1	1	4	4
Unrealized result on debt instruments at fair value, net of tax	0	0	-2	0
Items that may be reclassified to profit or loss	-52	4	-2	28
Remeasurement of defined benefit obligations, net of tax	-6	6	31	5
Items that will not be reclassified to profit or loss:	**- 6**	**6**	**31**	**5**
Total other comprehensive income (loss)	**- 58**	**10**	**29**	**33**
Total comprehensive income (loss)	74	50	664	488
Attributable to Equity holders of the parent	73	50	663	488
Attributable to Non-controlling interests	0	0	1	1

*basic=diluted; weighted-average number of ordinary shares outstanding: 664,084,841 (in each period)

Condensed Consolidated Statement of Financial Position

in EUR million	Dec 31, 2022 audited	Dec 31, 2021, audited
ASSETS		
Cash and cash equivalents	150	534
Short-term investments	61	87
Accounts receivable: Subscribers, distributors and other, net	840	782
Receivables due from related parties	1	4
Inventories, net	105	93
Income tax receivable	2	2
Other current assets, net	183	179
Contract assets	97	104
Current assets	**1,439**	**1,786**
Property, plant and equipment, net	3,054	2,876
Right-of-use assets, net	678	762
Intangibles, net	1,608	1,670
Goodwill	1,300	1,286
Investments in associated companies	0	0
Long-term investments	206	142
Deferred income tax assets	42	28
Other non-current assets, net	19	24
Non-current assets	**6,906**	**6,787**
TOTAL ASSETS	**8,345**	**8,573**
LIABILITIES		
Short-term debt	822	1,553
Lease liabilities short-term	159	161
Accounts payable	864	737
Accrued liabilities and current provisions	264	253
Income tax payable	81	30
Payables due to related parties	1	1
Contract liabilities	220	206
Current liabilities	**2,411**	**2,940**
Long-term debt	1,047	1,046
Lease liabilities long-term	522	606
Deferred income tax liabilities	44	25
Other non-current liabilities	39	43
Asset retirement obligation and restructuring	518	574
Employee benefits	172	223
Non-current liabilities	**2,342**	**2,517**
STOCKHOLDERS' EQUITY		
Capital stock	1,449	1,449
Treasury shares	-8	-8
Additional paid-in capital	1,100	1,100
Retained earnings	1,763	1,315
Other comprehensive income (loss) items	-714	-744
Equity attributable to equity holders of the parent	3,590	3,113
Non-controlling interests	2	2
TOTAL STOCKHOLDERS' EQUITY	**3,593**	**3,115**
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	**8,345**	**8,573**

Condensed Consolidated Statement of Cash Flows

in EUR million	Q4 2022	Q4 2021	2022 audited	2021 audited
Earnings before income tax	169	129	816	653
Depreciation	135	135	539	533
Amortization of intangible assets	66	65	255	257
Depreciation of right-of-use assets	42	41	168	163
Impairment/Reversal of impairment PPE	4	0	4	0
Equity interest in net income of associated companies	1	0	2	0
Result on sale/measurement of investments	0	1	3	0
Result on sale of property, plant and equipment	2	4	5	7
Net period cost of labor obligations and restructuring	28	25	77	95
Foreign currency exchange differences, net	4	0	-1	-3
Interest income	-4	-2	-11	-5
Interest expense	14	30	59	105
Other adjustments	-2	0	-4	-5
Non-cash and other reconciliation items	292	298	1,097	1,148
Accounts receivable: Subscribers, distributors and other, net	-19	21	-58	3
Prepaid expenses	3	-10	-4	-8
Due from related parties	1	0	3	4
Inventories	23	11	-10	-1
Other assets	-5	-1	-9	-3
Contract assets	-8	-5	6	3
Accounts payable and accrued liabilities	58	-25	98	-20
Due to related parties	0	0	0	0
Contract liabilities	-6	-5	13	17
Working capital changes	46	-15	39	-5
Employee benefits and restructuring paid	-31	-31	-109	-110
Interest received	5	3	12	6
Income taxes paid	-50	-39	-137	-106
Net cash flow from operating activities	431	346	1,718	1,586
Capital expenditures paid	-284	-245	-896	-853
Proceeds from sale of plant, property and equipment	2	2	5	4
Purchase of investments	-34	-222	-173	-427
Proceeds from sale of investments	30	204	128	374
Acquisition of businesses, net of cash acquired	0	0	-15	0
Investments in associated companies	0	0	-2	0
Net cash flow from investing activities	- 286	- 261	- 953	- 902
Long-term debt obtained	300	0	300	0
Repayments of long-term debt	0	-750	-750	-750
Interest paid	-16	-42	-72	-96
Repayments of short-term debt	-806	0	-1,808	0
Dividends paid	387	807	1,527	807
Issuance of short-term debt	0	0	-187	-167
Acquisition of non-controlling interests	0	0	0	0
Deferred consideration paid for business combinations	0	0	-1	0
Lease principal paid	-35	-33	-159	-155
Net cash flow from financing activities	- 169	- 21	- 1,149	- 361
Cash and cash equivalents beginning of period	172	471	534	211
Net change in cash and cash equivalents	-23	63	-385	324
Adjustment to cash flows due to exchange rate fluctuations, net	1	-1	0	1
Cash and cash equivalents end of period	150	534	150	534

Financial calendar

April 25, 2023: Results Q1 2023

May 28, 2023: Record date: Annual General Meeting

June 7, 2023: Annual General Meeting

June 12, 2023: Dividend ex-date

June 13, 2023: Record date: Dividend

June 15, 2023: Dividend payment date

July 11, 2023: Results Q2 and H1 2023

October 17, 2023: Results Q3 and Q1-Q3 2023

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Disclaimer

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