

Telekom Austria Group

Results for the 4th quarter and full year of 2025

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Transcript

Speakers:

Alejandro Plater

Thomas Arnoldner

Sonja Wallner

Susanne Aglas-Reindl

Good morning, everybody. Thanks for joining our results call on the fourth quarter results and full year 2025. I'm here with our CEO, Alejandro Plater; our Deputy CEO, Thomas Arnoldner; and our CFO, Sonja Wallner. As usual, they will lead you through the presentation now, and we are happy to take your questions afterwards. Thank you.

Alejandro Plater

Thank you. Good morning, everyone, and thank you for joining our call. We would like to share a few highlights of our Q4 results and full year results, starting with the highlights of 2025.

As you can see, total revenues grew by 3%. Capex with a slight decline of 5.6% to almost EUR780 million, excluding spectrum. Keep in mind that we bought EUR100 million spectrum in Serbia in the month of December. EBITDA went up by 2% to EUR2.062 million, and our cash flow went also up close to 4% to close to EUR600 million in cash flow.

Some additional highlights. We are very happy with our customer development. We have achieved a record of 250,000 mobile core postpaid net adds during 2025, basically distributed in all markets with a strong performance in the CEE markets.

ICT, which is a focus area for us as we presented in several calls in the past, grew 20%. We have ambition to go a little bit faster than that, but I think it was very good performance. And we continue with our transformation in simplifying the way that we organize the company by the formation of competence delivery centers.

Now we have close to 2,500 people working already within that framework. For 2026, we expect growth to continue between 2% to 3% on total revenues. Capex, excluding spectrum, to remain flattish versus this year around 750 million, and we will be proposing to the AGM a dividend of EUR0.042 for the fiscal year 2025, which is an increase of 5%.

If I move a little bit on Q4, very similar numbers when you look at the overall result. However, there has been some one-off effects affecting EBITDA that I will briefly mention. The EBITDA that you see here is EBITDA adjusted by these two factors. So total revenues went up in the quarter 1.1%, service revenues close to 2%, and EBITDA 5.4%. There are two effects.

Effect number one is in 2024, we had a positive one-off in Belarus when we negotiated out the penalty that was imposed to us. So we took the provision in Q2 if I remember correctly, a negative impact, and then we reversed it in Q4.

So overall, 2024 versus '25 you see no impact, but quarter-over-quarter you see an impact. So that's number one. And number two, we took a provision for the service fee lawsuits that we have been dealing with. Sonja will tell you more about it.

What has happened as a highlight in the quarter? We launched 5G in Serbia. It's going really well. After acquiring the spectrum, EUR100 million was the cost, which was the minimum fee for the spectrum. A new entrant has announced that they bought spectrum in North Macedonia. Let's see if they finally launch or not. And we decided to do an investment expanding our presence with A1 Digital in Spain. So we did a small acquisition in Spain during the fourth quarter.

Moving to the next slide, you see our customer development that we are very happy to report. So following our strategy in Austria to focus on Internet@home, as you can see, all the declines in fixed broadband, here it is reported as the BBI, was fully compensated by cubes. We have the strategy to migrate areas where we have bad quality copper into cubes, and that is working very well. As you can see, we fully compensated the losses in BBI with cubes.

And in the international business, you see a very strong performance for both broadband Internet with 134,000 net adds, which is in total 73 when you deduct negative net adds on broadband in Austria, of course. And if you look at mobile postpaid, you see also very strong performance. Austria went up close to 20,000 net adds in mobile core postpaid in a very competitive market, so I think it's a great achievement from the Austrian team.

And the international business is still growing very solid with almost 240,000, and this is excluding our IoT A1 Digital business where I think we did 2.6 million IoT connections. But we don't report A1 Digital as postpaid because we want to differentiate between, you know, mobile tariffs and IoT to be more clear.

Having said this, I will hand over to Sonja who will drive us into more details on full year and Q4 results.

Sonja Wallner

Thank you, Alejandro. Welcome also from my side. Speaking a little bit to Q4 last year. As already mentioned by Alejandro, our total revenues grew at 1.1% in the last quarter, driven by intense large ICT deals, especially in Bulgaria in last year -- in 2024. And service revenues grew by nearly 2%, 1.7 in the last quarter, also driven by ICT deals in the last quarter and especially on customer gains in the Central-Eastern European region.

As you see here, Austria came in also in the last quarter a little bit softer than the previous quarters, driven by, on one side, the equipment revenue that already started this acquisition time in 2024 and therefore, it was more or less an annualization of that effect.

But nevertheless, we showed an improved equipment margin due to lower subsidies than we had before. Service revenues decreased in mobile and in fixed in Austria, especially as the ARPU is heavily under pressure on the Austrian market at the moment.

Coming to the EBITDA, and as already Alejandro mentioned, you see a solid development on EBITDA on the clean effect excluding restructuring and the one-offs. And the effects coming out of 2024, in '25, '24 as already mentioned by releasing of a provision due to the penalty in Belarus, and in '25 especially driven by a provision for legal cases that we are facing in Austria this year.

But EBITDA nevertheless reached 500 million this year and grew 5.4% on a group level. And Austria for the first time after a couple of quarters grew, supported by heavy opex activities and transformation activities in Austria. And on the CEE market, international market, you see that it's nearly double-digit growth on the EBITDA side.

Coming to the next page, and here I want to touch again full year performance on total revenues. And you see the development that we have on the entire year, reaching 2%, nearly 2% increase to 4.588 billion in the entire year 2025. Service revenues increased in every market, except Austria last year.

And you see also that this year again, solution and connectivity heavily supported by ICT solution supported the growth the most, immediately followed by mobile core and fixed broadband and TV that saw a very strong growth coming from the CEE markets.

Those areas that were decreasing, you see fixed voice and interconnection, but at least the interconnection does not have an impact on the margin because the decrease is also shown in the cost. We see a growth in new services besides B2B, the ICT growth.

We see also a growth in the residential business that are close to our business, we call it adjacent products, that start to support our results. And these products that we are selling is insurance security, and streaming services on all markets on group level.

Coming on the next page to the EBITDA development again on the full year, and this time shown a little bit different because of the big one-offs that we show. And concentrating especially on the dark bars in the middle, we were able to increase our EBITDA by 3.4% to 2.175 billion on an adjusted clean level last year. And this is the operational growth for the full year.

Then, as said before, the growth was heavily driven by ICT business and in addition by intense activities on the opex side. Despite you see an increase in core opex, that are more or less product-related costs that are necessary for the new ICT business. On the second topic of restructuring, we show that total workforce costs remained nearly stable before restructuring, because of the significantly reduced numbers of FTEs in the course of our transformation activities that we are showing.

And in addition, I want to mention that all the countries saw an EBITDA growth except Austria. And the markets that are contributing the most are led by Belarus followed immediately afterwards with Bulgaria and Croatia that are the biggest contributor to that.

Coming to the next page with the free cash flow. You see that the free cash flow, as mentioned already before, reached in the full year nearly EUR600 million. That was a decrease in comparison to the prior year. And it was supported by better operational results, lower capex including frequencies, and many activities around working capital that were offsetting the investments that we did especially for the frequency in Serbia that were higher than in previous year and that also offset the higher leases paid.

In the working capital that we did are especially the improved development of the receivables and the payables that are overcompensating the investments that we are doing especially in Belarus and in Serbia with instalment sales for our customers.

Having said that, I want to hand over to Thomas to give you a highlight on focus topics.

Thomas Arnoldner

Thank you very much, Sonja. We want to provide you with a little bit more colour on two topics. Number one is what we call the B2B digital services business, which is ICT services for enterprise customers. As you probably remember, we have the ambition to increase our share of business in the unregulated area as a major source of growth. 25% of our business in 2030, and the B2B business plays a very important role in this.

We've shown in the past that our annual growth in that segment is roundabout 20% year-over-year. Also in 2025, this was the case. But what we want to show you is that the majority of this growth is coming from service revenues with a CAGR of 16%, but a higher proportion in service revenues from services like cloud services, IT services, and security services. You see the breakdown here on the left-hand side of the slide.

And we see significant opportunities going forward to further scale up this business. Think about the SME segment. Europe is driven -- European economy is driven and dominated by SMEs, especially the Austrian market, and they have a comparably low level of digitalization. So this is where we see strong growth opportunity.

The other one where we focus on is creating scale and specialization. Alejandro mentioned in the very beginning that we're transforming also the way how we provide services in the B2B area. We launched the B2B delivery center in 2025 with the goal to centralize our expertise, to scale up the support and support of the growth in the digital ICT services both within our footprint but also outside of our footprint with a focus on portfolio in the security domain, in network and data center, in the modern workplace, and in cloud.

And in cloud, we especially see a big opportunity going forward addressing the need for digital sovereignty in Europe with our really extremely well-performing Exoscale native cloud products.

And finally, on this page, as Alejandro also mentioned in the very beginning, we're expanding our footprint also internationally with a small but important acquisition with A1 Digital in Spain. The other area where we would want to put a bit more light on is our performance in Austria.

You have seen the numbers and the challenges which we are facing, coming from difficult macroeconomic environment and high amount of regulation and lots of competition. But what we want to demonstrate you here is that underneath the mere numbers, there is a big transformation going on in Austria. We are reacting to the challenges in the market. On the one hand side, we continue our multi-technology strategy on the networks. We continued our fiber deployment. We are reaching now 987,000 homes passed in Austria compared to 919,000 in 2024.

We adapt our rollout according to the market conditions and the regulatory environment, and we will continue adapting it

if the environment changes. At the same time, we continue our 5G network, which at the moment cover 86% of the population, where our investments are now shifting from providing more coverage to providing more capacity in the network. And with those two pillars of our networks, we have the ability to provide our customers in a technology-agnostic way always providing the best option at their doorstep.

Even more important from my perspective, the commercial and operational priorities we set in 2025. We really here invested in the market in order to provide a good basis for getting back to growth in Austria. We were focusing on customer retention and growth with a clear focus on customer segmentation, focusing for example on the family segment or on younger customers. We invested using subsidies, we increased our spend in advertising and in churn prevention.

We invested in new distribution channels -- or in our distribution channels, we repositioned ES, and we drove regional sales campaigns, which allowed us as a result to post solid customer growth. As we showed earlier on the highlights, we gained 18,000 net adds in the mobile core postpaid segment only. And also in the fixed, where you should remember we are coming already from a very high market share, we have very encouraging signs. We have strong growth in the segment of above 300 megabit customers, mitigating a little bit the challenges which we have with the lower bandwidth.

And if you look at the combined segment of internet at home, we posted overall 4,000 net adds in 2025. And this amidst very tight cost control, as you could also see in the Q4 results, driven by the transformation, the introduction of the customer delivery centers, or 12% lower FTEs which we have in 2025 in the Austrian segment.

Now finally coming to the outlook, as it was already mentioned by Alejandro in the very beginning, we expect revenue growth of 2% to 3% in 2026. Capex excluding spectrum in the order of magnitude of EUR750 million. And we will propose to the AGM another increase in dividend, this time of EUR0.02, resulting in a dividend of EUR0.42, which will be proposed, which is in line with our existing dividend policy.

Too much for the presentation and I think we are happy to take your questions.

Operator

We will now begin the question-and-answer session. Anyone who wishes to ask a question may press star and one on their telephone. You will hear a tone to confirm that

you have entered the queue. If you wish to remove yourself from the question queue, you may press star and two. Anyone who has a question may press star and one at this time. Our first question comes from Ulrich Rathe with Bernstein. Please go ahead.

Ulrich Rathe

Yeah, thanks very much. I have two questions and a clarification please. The first question is what is the path to revenue stabilization in Austria? I'm talking about service revenue stabilization. Is there a timeline here envisaged or are you simply a victim of the competitive environment, so you are essentially dependent on externalities outside of your control? That would be the first question.

The second question is, in the fourth quarter you managed to produce underlying EBITDA growth in Austria on this very steep service revenue decline. Is this something you foresee to be able to do in 2026 as well or was this a bit of an unusual quarter where sort of several things came together and it worked or was it a bit of an indicator for what could happen in future?

And the clarification please: in the focus topics, you talked about the ICT revenue growth, which is very impressive. I was wondering whether you would be able to talk about the EBITDA margin on these types of revenues compared to the Telekom ones. Probably you're not going to give a number, but maybe you can talk about it indicatively? Thank you so much.

Alejandro Plater

Thank you for your questions. I will give you answer to question one and two and then Sonja you can take number three.

Sonja Wallner

Okay.

Alejandro Plater

Thank you. So on the revenue development, it's very difficult of course to answer that question. I can give you some information of what we see in the market. And this is all public information, so it's just simplifying your analysis. So we see like the MVNOs are plateauing in terms of share of gross adds. We saw that in Q4, that there is a shift from SIM-only to hardware tariffs.

We saw that in Q4 as well. So that we see, maybe you can think that usually markets in low value have a certain percentage of the whole market. It's 10%, 15%, 20%, depends how you look at it. In Q4, looks like there was like -- they reached some certain limit.

Then could be many reasons why that is happening and it's difficult for us to know. Sometimes depends on, for example, the deals between MVNOs and MNOs. Sometimes there

are volume commitments and when they reach these volume commitments, they are less aggressive in the market. Sometimes where they are not reaching these volume commitments, they are very aggressive in the market because they need to pay for the traffic anyway.

So I don't know if this is a change of trend or just a one-off in terms of MVNO performance. So we see some MVNOs be less present in the market in Q4. That's one thing. We see also a shift from SIM-only to more value propositions in Q4 as well. When you look at share of gross adds of high value over low value, if that's a trend or not, we don't know.

What we cannot say that there is a trend on the economy. I think the economy is still weak and will continue to be weak. So, we operate in this economy. So expecting us to deliver growth in a very weak economy, I think it's too ambitious. So I expect yes, Austria to be soft in 26. How soft? I cannot tell you.

On top of that, we have our own legacy business that is slowly declining, like fixed voice and that's a very A1 topic. As former incumbent, we have this business that technologically is dying slowly and we are doing things to prevent this, but this is going to continue. So I expect 26 to be a little bit better than 25, but still on the soft side.

Sonja Wallner

Okay. And I take over the third question. As we are growing in the ICT market, there are two strategies that are behind. One thing is that ICT business often comes together with hardware sales, as you know that hardware sales often shows a little bit lower margins than the traditional Telekom business, but the services that comes afterwards contribute well to that business.

And the second strategy is, especially in the areas where or the countries where we grow the best, is to enhance the market to show that we're able contributing to this new product field or development field and now getting a higher professionalization behind. As we started as part of our centralization strategy a business development center where we get higher professional -- higher professionalism and better shared teams all over the countries, therefore the margin there will also increase. But you're right, in general, ICT margins are a bit softer than those in the traditional Telekom market.

Alejandro Plater

Thank you, Sonja. On the cost thing, I think as you highlighted that Q4 you saw a good development on cost in Austria. I think this is to continue. Actually, I'm more optimistic on EBITDA development than on revenue development in Austria. I think the market's going to be still

challenging with a lot of competition. Again, weak economy is difficult. Regulation is not in favor of investment. I think regulation is in favor of lower prices.

I don't see that the regulator is changing their view on this. So weak economy with a regulator favoring lower prices more than investment, I don't think that we will see a lot of growth in Austria unfortunately. But on the cost front, we are doing so many things and so many things that we started a while ago that now we are seeing the fruits of all those activities.

So I'm more optimistic on EBITDA development in Austria than in revenue. However, in CEE, I'm very optimistic on revenue development because we are having a very solid platform. So you saw numbers. Now we are growing 8%, 9% in 25 and I think this -- I think will continue the performance on revenue in the international business.

Ulrich Rathe

Very helpful. Thank you for these detailed answers.

Operator

Our next question comes from Noura Vargenegy with Erste Group. Please go ahead.

Noura Vargenegy

Hi. Thank you for the presentation and congratulations on the solid result. Three questions from my side, please. Firstly, shall we expect the tariff indexation in 2026? Secondly, if you could explain us, please, what are the reasons for the relatively low capex guidance in 2026? And then my last question is also in relation to that: How do you think about capital allocation in the near future?

We see the net debt to EBITDA at low levels. Capex is also relatively low, as well as the dividend payout. Do you see perhaps some inorganic growth opportunities? Thank you.

Alejandro Plater

Well, indexation: yes, of course we are planning. I think it's somewhere in March, April. The percentage is defined by the regulator basically one way or the other. So it's, I don't know, 2, 3, 2.5, 3, we would see. So that we will do plus Austria and we also index other markets. Slovenia we index, Croatia we index, Bulgaria we could index, we haven't decided what to do. The only country where we are not allowed to index today is in Belarus and Macedonia, which is not allowed. The other countries is our choice basically to index.

Capex: yes, we slightly decrease capex. I think this trend to continue. Moving forward you see that 40%, 50% of our growth is coming from ICT. ICT is less capex driven than traditional networks. The quality of the networks are very good overall, of course, here and there we need to do some improvements.

We have a plan in two markets where we need to do a little bit improvements in the mobile network. And unless there is a change in the regulatory framework in fiber in Austria, we don't see that there is a huge opportunity for us to accelerate investment. So I mean, with the current regulation, I don't think that we will see an increase in fiber investment in Austria, even though we would like to do it if the environment changes. But as it looks today, this capex level is here to stay. On M&A, maybe Thomas you can mention, if you can mention?

Thomas Arnoldner

Well, if I can mention is the answer have not fundamentally changed. I think you're perfectly aware of our M&A strategy. We like to have that optionality. We see some opportunities arising. We're following closely the markets as well, both within our footprint but also outside the footprint. Having said this, as you've noticed, apart from a few smaller acquisitions, those opportunities have not materialized sometimes because we just don't agree on a fair valuation of those targets.

And as I think those who know us know, we prefer to be very diligent with our capital allocation, both on the capex the organic side, as well as on the inorganic side. So yes, we like to have that opportunity, but I cannot comment if there is anything imminent in terms of larger acquisitions.

Noura Vargenegy

I see. Thank you very much.

Operator

Our next question comes from Victoria Hyde with Barclays. Please go ahead.

Victoria Hyde

Good morning, Victoria Hyde from Barclays. Thank you for taking my question. I'll just have one. So you have a 750 million bond maturing at the end of the year. So I was wondering if you could comment on whether you intend to refinance this in the market. I guess like, given it's your only outstanding bond, I'm also wondering whether maintaining access to the debt capital market remains a strategic priority for you.

Sonja Wallner

Okay. Thanks for the question. We have the bond at the end of the year, yes, and the financing will be differentiated, but it's too early to say in concrete terms.

Victoria Hyde

Okay. Thank you.

Operator

Our next question comes from Rohit Modi with Citi. Please go ahead.

Rohit Modi

Hi, thank you for taking my questions. I have two, please. One is in Austria. And I understand you don't -- you're not giving ARPU numbers now, but if I look at your number of

subscribers and the service revenue decline, so ARPU is still declining. I'm just trying to understand a bit more in terms of your brand mix with A1, Yes, you know, how that has been positioned and where you're getting more traction, if any color around that you can give.

And second question is, again in Austria, you have seen a decent improvement in margins in the fourth quarter. I believe most of this is from the cost savings as mentioned in the release. I'm just trying to understand is this kind of sustainable margin increase that you see for next few quarters? And I totally understand you don't guide on margins, but directionally if you can if you can help guide us, you know, tell us where we should be looking at.

Alejandro Plater

Well, well, I can share some trends without concrete numbers because it's difficult, no? But of course you have a value proposition market and you have a high value proposition market in Austria. The high value is roughly in our calculations like 85% of the market, you know, in terms of revenues. So it's the vast majority of the market is high value still, even though in terms of SIM cards it's not 85% of the SIM cards, no? It's much, much less.

Then on the low value, you see the opposite effect. So we estimate that the low value market is around 15% to 18% of the total market, approximately. But in terms of SIM card, it's the vast majority, no? You have millions of SIM cards there. So yes is the proposition that we use to compete in the low value market plus MVNOs, because we have a lot of MVNOs in our network as well that they are like MTEL and some others that they are also competing in that market that today is pretty overcrowded.

I think there are 42 MVNOs -- this if I remember correctly. The regulator is encouraging MVNOs and they like to have many in the market, you know. So that's the status, we need to deal with that, and that's the situation that we operate. However, the vast majority of the market, the bread and butter, is mobile post-paid high value, led customers with higher ARPU. What we saw in 2024 and 2025 is that in the high value market, you see a shift between hardware tariffs and SIM-only tariffs.

And that also affects ARPU, of course, as you can imagine. This trend was reversed a little bit in Q4. We saw an uptake of hardware tariffs versus SIM-only. We don't know if that's a change of trend or if it's only a Christmas effect. So that we will see during 2026. And the second question was?

Rohit Modi

Margin improvement in Austria?

Alejandro Plater

Well, margin, you know, I can talk about opex. We have a very solid plan how to reduce opex moving forward, but margins is something different because as Sonja said, ICT is growing a lot and ICT comes with a lower margin. So margin development, we don't expect such an improvement as in opex development. So we are focusing a lot in lowering opex. Not all of these will be translated one-to-one into margin development. Margin as a percentage of EBITDA, no?

Rohit Modi

Thank you.

Moderator

Our last question comes from John Karidis with Deutsche Bank. Please go ahead.

John Karidis

Thank you very much for allowing me to ask questions. Firstly, can I ask Sonja, how much of the group cash and cash equivalents at the end of the year was still in Belarus, please? Secondly, can I ask Alejandro, what is the latest update with regard to being able to start upstreaming some of that cash?

And then thirdly, if I could ask Alejandro again: it seems given that you have net leverage of nothing, why did you choose to increase the dividend only by EUR0.02 versus EUR0.04 last year? Thank you?

Sonja Wallner

Okay. In Belarus, we have approximately -- yeah, we have a very low three-digit number on cash trapped in Belarus.

John Karidis

And what percentage that is, please? Percentage of the overall number? I mean, two quarters ago, you gave a number which implied that about a quarter of the group cash and cash equivalents was in Belarus. What proportion is it now, please, Sonja?

Sonja Wallner

Maybe it helps you that we are quite fine with the work that we want to get our dividends out of Belarus starting with end of first quarter, beginning of second quarter, that we really start paying dividends again and it seems very promising that we achieve that.

John Karidis

Right. And in terms of the dividend and the leverage, please?

Alejandro Plater

Well, you know, when the shareholders did the capital increase like 11 years ago now, no? 2014. Of course, the rational thing to do was to stop paying dividend because didn't make any sense to do a capital increase and then distribute, no? Capital that you don't have actually, no? And since then we had two strategies: deleverage fast and start returning paying dividend slowly to be back in the benchmark, right?

Basically, no? To be like our peers, no? And now we feel more comfortable that we are reaching that level. So when you look at our dividend yield versus others, you know, we are getting closer. We were below before, you know, that's why we were like catching up faster, to be honest. Always based on is the performance of the company could afford it, and so far we could afford it. Now we see that we are reaching a limit where we feel more confident, you know, more in the benchmark, you know. Not top of class, but we are getting there.

So we slow down the increase. So we still are recommending to the supervisory Board and AGM an increase of 5%, which I think is pretty good. But since we are more close to the benchmark, we think that 5% is good enough. Capital allocation: you know, as Thomas said, we want to expand and we want to increase the footprint and we want to be ready when the opportunity comes, you know?

And we want to keep this flexibility. I know we have been saying this for a couple of years already, but the opportunities have not been there. Either opportunities that -- that were there like United Group that we were looking at, for example, didn't materialize. Basically, United Group sold only Serbia. The rest is, you know, still work in progress. And you have not seen any large transaction in our region.

So we look forward to have the opportunity and that's why we keep our flexibility. So far we have not had a concrete case that we could actually action upon as been a lot of very high price expectations, you know, 14x EBITDA, you know, prices that were totally crazy. And we are not going to validate valuations that we don't think that make sense.

So we want to keep this flexibility. And I know that we have been saying that for many years, but we still want to keep this flexibility when opportunity arises.

John Karidis

That's very kind. Thank you both very much.

Alejandro Plater

You're welcome.

Operator

We have another question that comes from Bojan Djurickovic with ODDO. Please go ahead.

Bojan Djurickovic

Good morning, thank you very much for taking my question. Actually, I have three. On the ICT and your growth ambitions into non-regulated business, I assume that Austria is probably less of part of that ambition given the macro environment and SME sensitivity to capex envelope growth?

The second question is on the regulatory environment. Can you list out two or three key events that would stipulate you to regulatory investment -- that would stipulate you to increase your investments? And number three is just a follow-up to M&A strategy and United Group mentioned by Alejandro, work in progress. Does it imply you're looking on some other operations from United Group? Thank you.

Alejandro Plater

Let me clarify. It's not that we are work in progress, it's that they are work in progress, because they did a formal project like starting last year, no? That they did a formal, with some banks. So, I was talking about their process, not our process. Regulatory, do you want to mention?

Thomas Arnoldner

Yeah, I mean, there is lots of topics, but you asked me just to pick out a few. Number one is of course, and I'm referring to the fixed part now. On the mobile side there are other things like market structure and MVNO, but referring to the fixed, one key lever for sure is bringing down roll-out cost. There is many topics associated with that, for example more co-operation -- amongst those who build, a better transparency on existing infrastructure, faster and more efficient permits, and so on and so forth.

Secondly is we still see, and you see those in our numbers, when we look at the Internet@home segment and the growth which is coming from cubes, the competition from mobile cubes versus the fixed infrastructure is still extremely high. And we think is therefore not justified that in some -- for some respects, mobile cubes are still preferred from a regulatory perspective towards fiber deployments. And that is especially the case when you think about promoting a guaranteed bandwidth where you have to guarantee bandwidth on the fixed network, but you don't have to guarantee with a cube.

And the third I would like to mention is broadband subsidies. We keep saying and keep saying that this is a real distraction in the market. It's channeling investments where they shouldn't be going. It's a driving up deployment cost.

And we prefer -- would prefer to have either no broadband subsidies at all going forward or at least a scheme which is more adapted to the real market and customer requirements and more focused on real demand in the market rather than, you know, just deploying a very limited number of households in very rural area at the very high cost per household.

Alejandro Plater

Yeah, let me complement on that. This is all public information, so it's easy to -- validate. The cost wholesale of a whole buy -- of all if we would buy open access network

infrastructures, or anybody in the market, would vary between EUR25 per month to EUR29, EUR30 depending on the speed that you buy.

The retail price of a cube is EUR29. So, retail price of a cube EUR29, a 5G cube I'm talking. If you go to the A1 page, you will see our tariffs, so telling you what is in our webpage. So, EUR29 for a 5G 300 Mbit cube connection.

Whole buy in this market is between EUR25 to EUR30. So of course, it's impossible to develop a fixed business in that environment because if you sell your fiber at market prices, you are making a loss, so and this is something that we are trying to explain to the regulator -- that this is basically blocking further investments in fiber because of course it's not profitable.

Payback time is infinitum. And this is because we have these very aggressive cube offers in the market, and we need to be competitive in that segment as well. So, On ICT, I see growth in Austria. On the contrary, I think the level of digitalization in Austria when you look at all the benchmark is still low.

So there is a huge opportunity when you look to cloudification our IT environments, when you see software as a service propositions, when you see IoT opportunities, when you see all these business communication solutions.

Still there is -- a big opportunity. Of course, our business is already relevant. It's not small it's 200 plus, already. So, the growth rates in percentage are more challenging, but the growth is still there. And I know that the team is investing a lot in competence, resources, sales resources, sales support to be very active in this segment.

Bojan Djurickovic

Operator

Susanne Aglas-Reindl

Alejandro Plater

Right. Thank you for clarification.

Ladies and gentlemen, this was our last question. I would like now to turn the conference back over to the management for any closing remarks.

Thank you very much. Thank you very much for the presentation and also for your question. Have a nice day. Thank you. Bye-bye.

Bye-bye. Thank you.