

Results for the first quarter 2020

April 28, 2020, Vienna



Cautionary statement

'This presentation 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 presentation does not constitute a recommendation or invitation to purchase or sell securities of A1 Telekom Austria Group.'

All figures for 2020 are stated according to IFRS 16 if not stated otherwise.

Alternative performance measures are used to describe the operational performance. Please therefore also refer to the financial information presented in the Consolidated Financial Statements, as well as the reconciliation tables provided in the Earnings Release.

A1 Telekom Austria Group key facts

4.57BN

Revenues as of year-end 2019

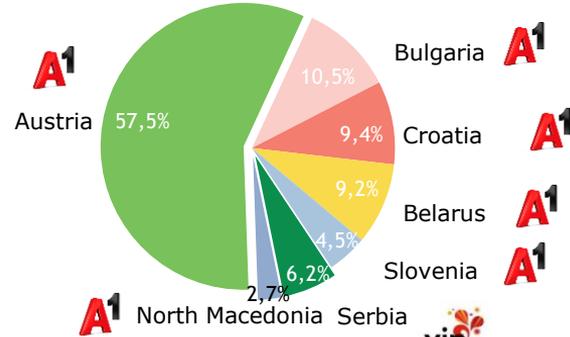
1.56BN

EBITDA as of year-end 2019

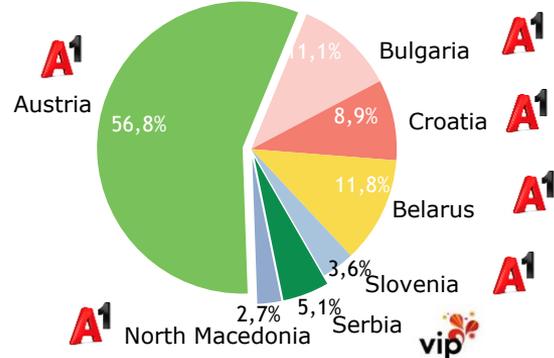
25M

Customers in seven countries

Revenues by segment^(a)



EBITDA by segment^(a)



Notes: (a) For Full Year 2019. Breakdown does not show corporate, others and eliminations.



The leading regional communications player providing convergent telecommunication services

as of March 31, 2020 (in '000)



Austria

Mobile market position #1

Mobile subscribers:

- 5,052 (Q1 2019: 5,309)

Fixed access lines:

- 1,946 (Q1 2019: 2,026)

A1

Bulgaria

Mobile market position: #1

Mobile subscribers:

- 3,822 (Q1 2019: 3,837)

Fixed access lines:

- 552 (Q1 2019: 539)

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Croatia

Mobile market position #2

Mobile subscribers:

- 1,872 (Q1 2019: 1,795)

Fixed access lines:

- 286 (Q1 2019: 299)

A1

Belarus

Mobile market position #2

Mobile subscribers:

- 4,872 (Q1 2019: 4,851)

Fixed access lines:

- 385 (Q1 2019: 432)

A1

Slovenia

Mobile market position #2

Mobile subscribers:

- 702 (Q1 2019: 698)

Fixed access lines:

- 85 (Q1 2019: 76)

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Serbia

Mobile market position #3

Mobile subscribers:

- 2,299 (Q1 2019: 2,222)

vip

North Macedonia

Mobile market position #1

Mobile subscribers:

- 1,084 (Q1 2019: 1,084)

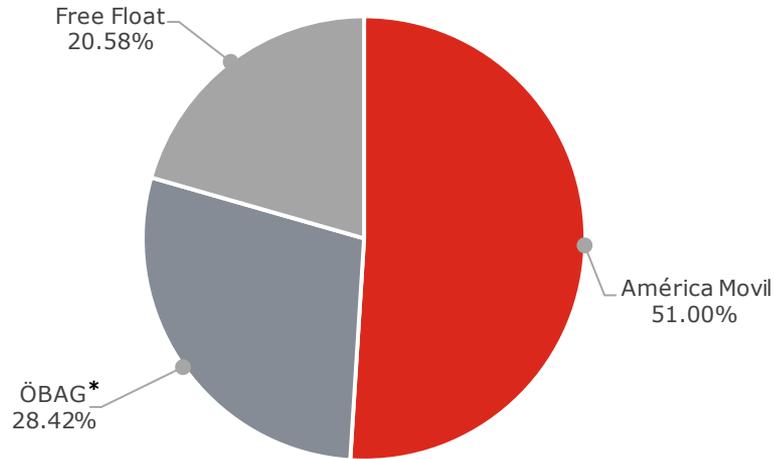
Fixed access lines:

- 154 (Q1 2019: 151)

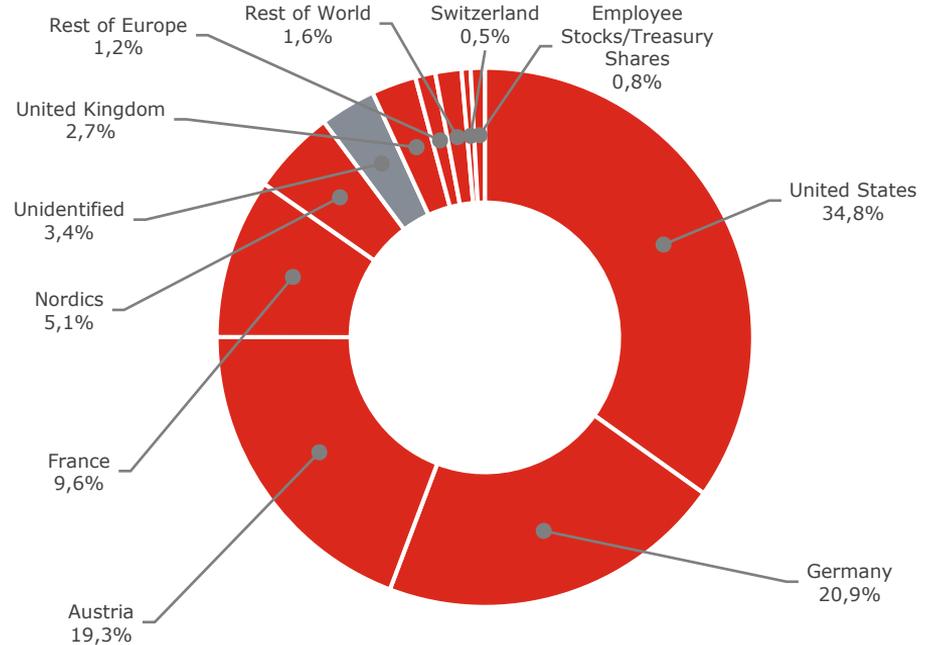
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Shareholder structure as of December 31, 2019

Two strong core shareholders



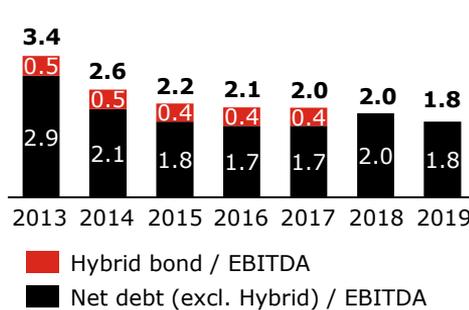
Freefloat by nationality



2013-2019: Balance sheet structure significantly improved

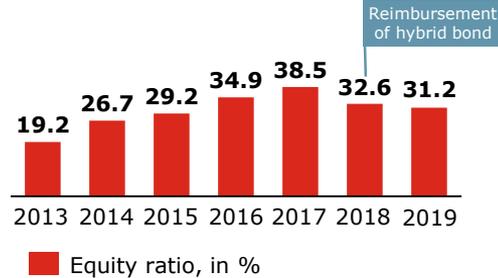
Debt ratio sharply reduced

Net Debt / EBITDA (pre IFRS 16)



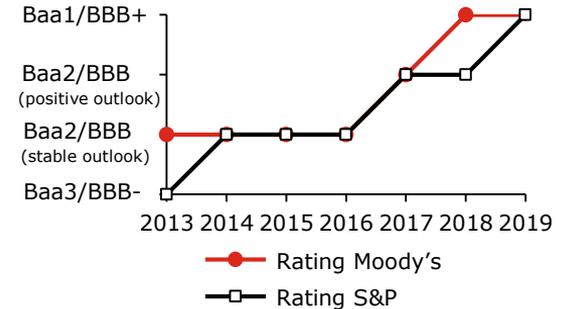
- Stable free cash flow of ~ EUR 380 mn per year supports deleveraging
- Repayment of EUR 600 mn hybrid bond 2018 underscores financial strength and reduces future interest payments

Equity ratio significantly increased



- Continuous improvement of the equity ratio (2019 impacted by the adoption of IFRS 16 accounting)
- Hybrid bond classified as equity under IFRS, therefore repayment reduces equity ratio in 2018

Rating improved



- Standard & Poor's: Rating upgrade from BBB to BBB+ (outlook: stable) on August 12, 2019
- Solid financing ratios and ensured liquidity: EUR 1bn open credit line facility, 1st bond repayment in Dec. 2021 (EUR 750 mn)

The background of the slide is a dark blue and purple gradient with a network of glowing nodes and lines in red, white, and blue, suggesting a digital or telecommunications theme.

Operational and financial highlights for the first quarter 2020

Highlights Q1 2020



- Group total revenue growth of 3.4% and EBITDA excl. restructuring growth of 0.4% (reported: +1.7%), both driven by CEE
- Mobile contract customer base increase of 5.0% y-o-y with growing or stable numbers in all markets
- RGU decrease of 0.9% y-o-y, TV RGU growth mitigated the decline in fixed-line voice and low-bandwidth broadband RGUs in Austria
- Limited Covid-19 impact on Q1 2020 figures: Roaming losses and bad debt provisions, which were increased due to macro economic outlook, affected EBITDA growth negatively



- Following the Covid-19 outbreak all governments in the footprint, except for Belarus, implemented restrictions on public life in mid-March
- Sufficient capacity in all our networks to cope with the increased traffic volumes
- Agility proved to be a key factor to sustain the organization and to keep providing our services

Positive trends of the last quarters continued in Q1 2020, while Covid-19 showed some first negative impacts

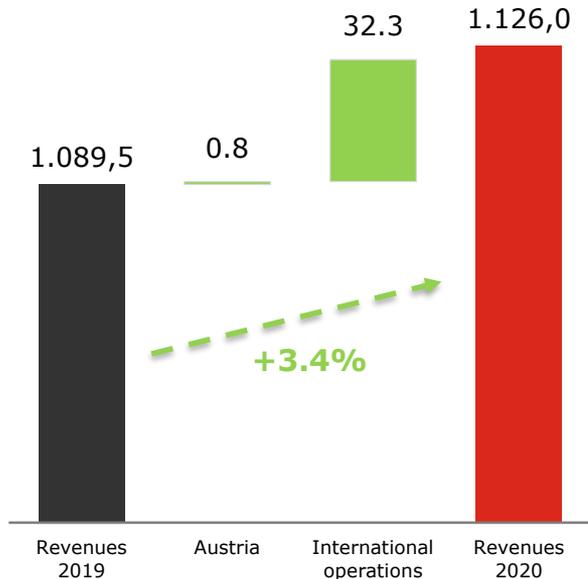
Group (in EUR million)	Q1 2020	Q1 2019	% change
Total revenues	1,126.0	1,089.5	3.4%
Service revenues	949.8	924.4	2.7%
EBITDA excl. restructuring*	396.6	395.0	0.4%
CAPEX	176.2	157.9	11.6%



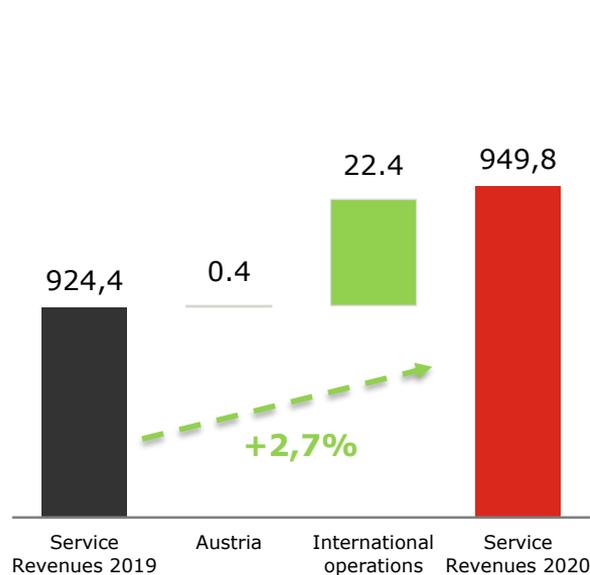
- Group total revenues increased by 3.4%, with growth in CEE and stable total revenues in Austria
- Covid-19 already negatively impacted roaming revenues, especially in Austria
- Decision to increase the general allowance for undue amounts as a cautious step looking forward, driving bad debts
- EBITDA growth in Q1 2020 was driven by CEE markets (+6.5% year-on-year)
 - In Austria EBITDA excl. restructuring charges declined by 3.1%, mainly driven by roaming reduction and lower retail fixed-line revenues following promotional discounts, while OPEX increased mainly due to higher bad debt allowance and costs related to the commercial 5G launch in January 2020
- Q1 2020 showed a strong free cash flow generation of EUR 104.7 mn (Q1 2019: EUR 34.4 mn), mainly driven by lower working capital needs

Growth entirely driven by CEE markets in Q1 2020

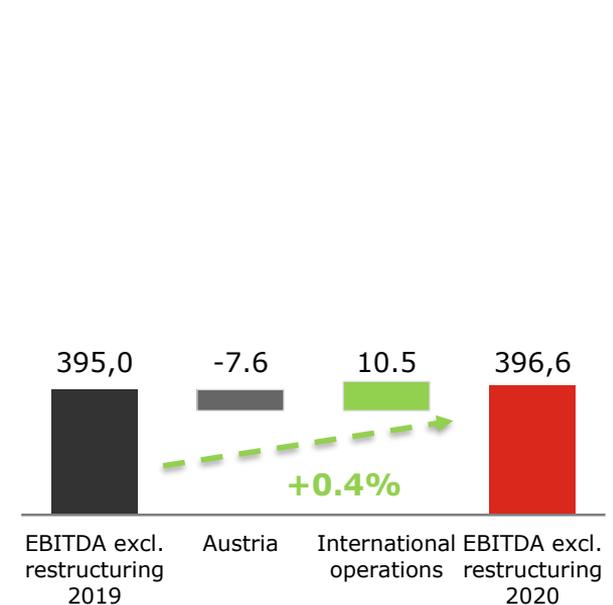
Total revenues
(in EUR mn)



Service Revenues
(in EUR mn)



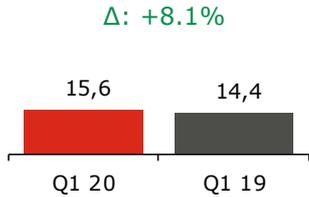
EBITDA excl. restructuring
(in EUR mn)



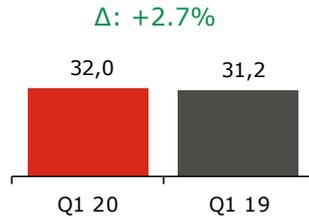
Deviation between A1 Group and the sum of Austria and international operations due to Corporate & Eliminations.

Austria: Lower fixed-line and roaming revenues; higher bad debt and costs related to commercial 5G launch weighed on EBITDA

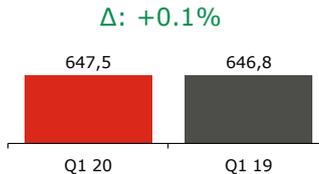
ARPU
(in EUR)



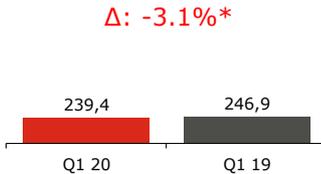
ARPL
(in EUR)



Total revenues
(in EUR mn)



EBITDA excl.
restructuring
(in EUR mn)



Operational data

- +1.9% contract subscribers which continued to be driven by ongoing strong demand for mobile WiFi routers and high-value tariffs
- Strong demand from business side for home office solutions, bandwidth upgrades and mobile handsets following the Covid-19 outbreak
- ARPU contains a positive impact from SIM-card registration; apart from this mobile WiFi routers outweighed lower customer roaming revenues and losses due to EU international call regulation
- Increased demand for higher bandwidths as well as price increases (voice only) drove ARPL higher
- Decline in RGUs driven primarily by voice and lower gross adds due to limited fieldforce activities following lockdown measures

Financial performance

- Mobile service revenues grew by 2.8%, driven by upselling in the high-value segment and strong growth in mobile WiFi routers despite lower customer roaming revenues and negative effects from EU call regulation
- Fixed-line service revenues declined mainly driven by ongoing losses in voice as well as due to promotional incentives of the broadband push
- EBITDA excl. restructuring declined by 3.1% due to lower fixed-line revenues and roaming losses, while OPEX increased mainly due to higher bad debt and costs related to the commercial 5G launch in January 2020

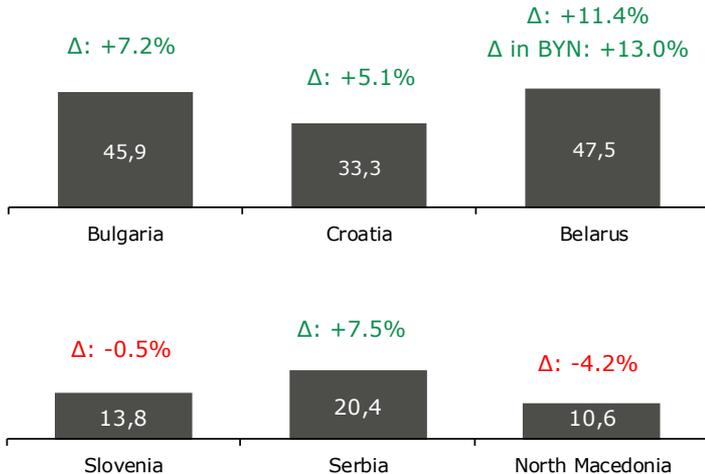
* excl. restructuring charges of EUR 16.0 mn in Q1 2020 (Q1 2019: EUR 20.9 mn)



CEE: Service revenue growth continued in most of the markets and overall led to strong EBITDA growth

EBITDA

(in EUR mn; Q1 %-change vs. PY)



Highlights CEE

Bulgaria:

- Ongoing strong service revenue growth (+10.3%):
 - Fixed-line continued to be driven by customized corporate solutions, upselling and exclusive sports content
 - Mobile trends remained positive following successful upselling of existing customers via higher subsidies

Croatia:

- Mobile service revenue growth supported by WiFi routers; fixed-line service revenues driven by solutions & connectivity and price increase
- OPEX benefited from lower equipment cost, while bad debt allowance and content costs were higher

Belarus:

- Mobile service revenues grew: inflation-linked price increases, successful migration of grandfathered service plans with higher monthly fees
- OPEX higher due to increased equipment, bad debt allowance and roaming expenses

Other segments:

- Slovenia: slight decrease of EBITDA; higher fixed-line revenues and better equipment margin partially mitigated lower mobile service revenues
- Serbia: 'more-for more' concept introduced with higher data allowances for tariffs with hardware; service revenue and EBITDA growth continued
- North Macedonia: service revenues grew while lower other operating income weighed on EBITDA

Q1 2020: Free cash flow increased, mainly driven by lower working capital

(in EUR million)

	Q1 2020	Q1 2019	% change
Net cash flow from operating activities	372.7	308.1	21.0%
Capital expenditures paid	-205.2	-216.1	-5.0%
Lease principal paid	-56.1	-53.8	4.2%
Proceeds from sale of plant, property and equipment	3.0	1.7	n.m.
Interest paid	-9.7	-5.5	77.3%
Free Cash Flow	104.7	34.4	204.1%

- Free cash flow EUR 70.3 mn higher in Q1 2020 vs. prior year, driven by
 - ... higher operating cashflow following lower working capital needs
 - ... lower capital expenditures paid
- Changes in financial positions: EUR +11.6 mn (EUR -53.0 mn in Q1 2019), mainly driven by:
 - EUR +25.6 mn decrease in accounts receivables
 - EUR -31.9 mn decrease in accounts payable and accrued liabilities
- Other: EUR -41.3 mn (EUR -34.2 mn in Q1 2019), stemming mainly from:
 - EUR -29.2 mn payments for restructuring and employee benefit obligations
 - EUR -13.4 mn income taxes paid

Focus Points

A dense cluster of hanging light bulbs, some glowing and some dark, against a dark background. The bulbs are of various sizes and are arranged in a way that creates a sense of depth and focus. The glowing bulbs are scattered throughout the scene, with some in the foreground and some in the background. The dark bulbs are also scattered, creating a contrast with the glowing ones. The overall effect is a warm, inviting atmosphere.

New platform A1 Xplore TV with enhanced features launched in Austria in Q1 2020

	S EUR 7,90/ Month	M EUR 11,90/ Month	L EUR 29,90/ Month
Channels	60	140	180
Replay	Restart	7 days	7 days
Recording	10h, 10 days	100h, 3 m.	500h, 24 m.
Video library	7.500 movies and series		
Platforms	iOS, Android, Chromecast		
Integrated Apps			



- Strong initial take up rates
- Increased TV usage and VoD* amidst Covid 19
- Successful upselling in the base

*Video on Demand

Most comprehensive TV product on the market

- ◆ 260 channels
- ◆ 7 days replay enabled channels
- ◆ Up to 500h recording
- ◆ High number of integrated apps

The **new platform** comes with a **stronger proposition** and **higher pricing point** compared to the old A1 TV product.

Offered both as **Home Box** and **Streaming** option, with newly designed hardware and an intuitive interface.



Immediate effects of Covid-19 lockdown measures on A1 Group



Network

Stable



with initial traffic increase*

- Voice **up** 60%
- Data **up** 40%

* average in Austria

Capable of providing additional capacities in all our markets

Slow decrease in traffic volumes after initial surge at the start of lockdowns

Collaboration with governments to keep population informed and to contain the spread of the virus



Demand

Strong



business, WiFi routers, broadband speed upgrades

Weak



BB gross adds, smartphones

Fixed-line:

- Broadband: increase in speed upgrades but less gross adds
- High demand for connectivity (e.g. CAN*, VPNs**)

Mobile:

- High demand for WiFi routers, especially from SME
- Strong demand for employee handsets (feature phones)
- Weak smartphone demand
- Less roaming usage



Supply chain

Stable



We were able to maintain a working supply chain without major disruptions.

Ability to manage the supply chain in a proper way with only limited Covid-19 impact

Only temporary shortages for certain devices and supplies

Opportunities may arise for better contract terms with suppliers



Organization

Stable



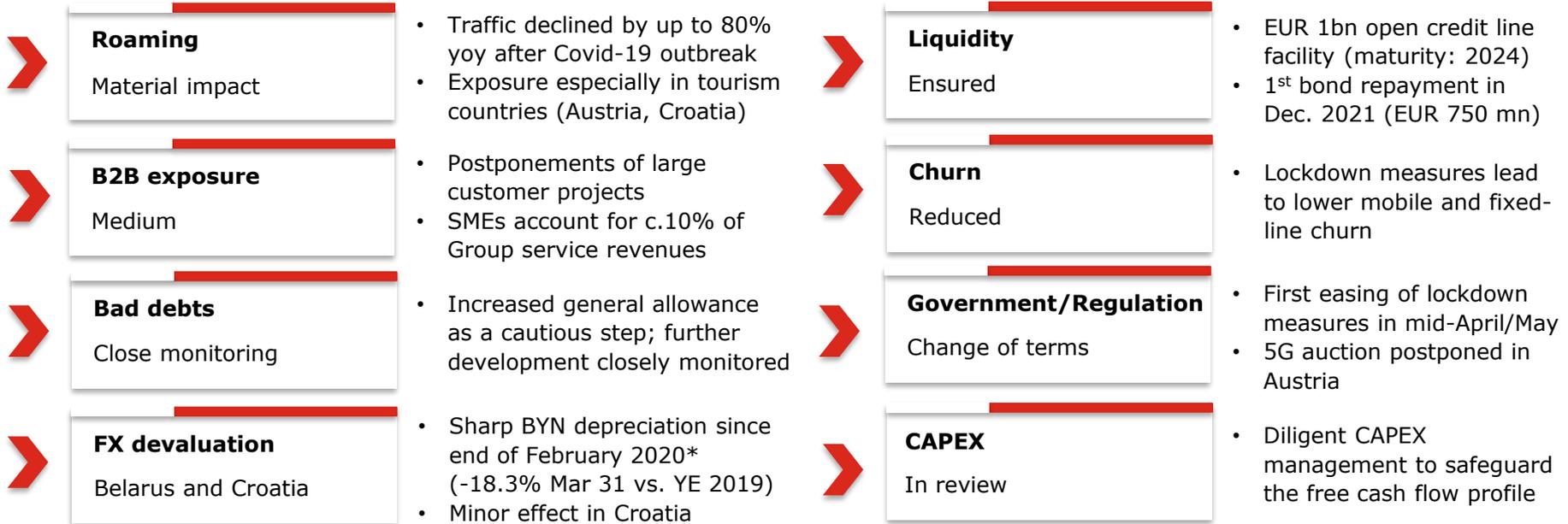
Highest priority is health
No major impacts on operations

c.80% of employees work from home. Field force operative where possible

24/7 on-line services, "A1 Chat" as well as "A1 Live Shop" ensured full support to our customers

60-90% of shops remained open (except for Croatia and Slovenia)

Mid-term impacts of Covid-19 on key financials and KPIs



Focus on operational efficiency remains key in this environment with measures on-track



Outlook for the full year 2020

A1 Telekom Austria Group suspends outlook 2020 due to limited visibility of Covid-19 impacts on full year results

- As it is still premature to give a precise estimation on the impact of the Covid-19 crisis, in particular concerning the full impact on the economy, we are suspending our outlook.
 - Update on 2020 revenues and CAPEX will follow as soon as we have more visibility.

Total revenues

suspended

- Previously: +1-2%; based on reported figures; assumed devaluation of 5% avg. BYN vs. EUR FX rate

- Travel restrictions result in a drag on roaming revenues, especially in tourist destination countries (Austria, Croatia).
- Strong devaluation of the BYN since end of February 2020

CAPEX

suspended

- Previously: ~ EUR 770 mn; does not include investments in spectrum or acquisitions

- CAPEX envelope 2020 is in review. A diligent CAPEX management will aim at securing the free cash flow profile.

Proposed dividend

EUR 0.23 / share

- Dividend proposal for the financial year 2019

- Dividend payments follow our current dividend policy which is closely monitored and adapted if needed.
- AGM 2020 (initially planned for May 27, 2020) has been postponed to September 24, 2020.