

Results for the full year and fourth quarter 2017

13th February 2018, 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.'

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 reconciliation tables provided in the Earnings Release.

The background of the slide is a dark blue gradient with a complex network of glowing nodes and connecting lines. The nodes are in various colors including red, white, and blue, and the lines are thin and light blue. The overall effect is a digital or network-themed background.

Operational and financial highlights for the full year 2017

FY 2017 – Solid revenue growth due to improved operations; EBITDA increase on reported basis

Revenues (proforma*)	EUR	4,382.5 mn	3.0% y-o-y
EBITDA (proforma*)	EUR	1,397.3 mn	2.0% y-o-y
Net income (reported)	EUR	345.5 mn	-16.4% y-o-y
Capex (proforma*)	EUR	736.9 mn	-4.2% y-o-y



- Revenue increase driven by higher service revenues benefitting from solid fixed-line trends in all markets and by equipment revenue increase; mobile service revenues were lower due to roaming.
- EBITDA almost stable on adjusted** basis as solid revenue growth offsets OPEX increase driven by intensified sales activities, investments into A1 Digital, regulation-driven roaming costs and higher-than-usual non recurring items in Q4.
- Net income declines due to amortisation of brand values (EUR 123 mn in D&A) and a higher positive tax effect in 2016.

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

**Adjusted basis excluding one-off and FX effects as well as restructuring charges

- One-off effects: EUR +23.8 mn (2016: none) in revenues; EUR +23.8 mn (2016: EUR +21.4 mn) in EBITDA
- Restructuring charges: positive EUR 18.2 mn in FY 2017 versus negative EUR 7.2 mn in FY 2016
- FX effects: positive EUR 11.0 mn and EUR 3.3 mn in revenues and EBITDA respectively in FY 2017

Operational highlights 2017 & Outlook 2018

Operations in 2017

- Mobile customer base declines slightly due to a shift to postpaid offers which benefits service revenues
- Fixed-line profits from strong BB and TV trends while RGUs decline by 0.6% y-o-y due to fewer voice customers
- Revenues benefit from solid fixed-line trends and strong demand for smartphones; mobile service revenues improved excl. roaming
- ~EUR 20 mn neg. roaming impact on Group EBITDA
- Improved operations, lower CAPEX and interest paid lead to 65.8% FCF growth to EUR 384.7 mn
- M&A transactions strengthen fixed-line operations in Croatia and Belarus as well as the digital business
- Investments into A1 Digital (e.g. salesforce, office launch in Munich)

Outlook 2018*

Revenues: +1-2%

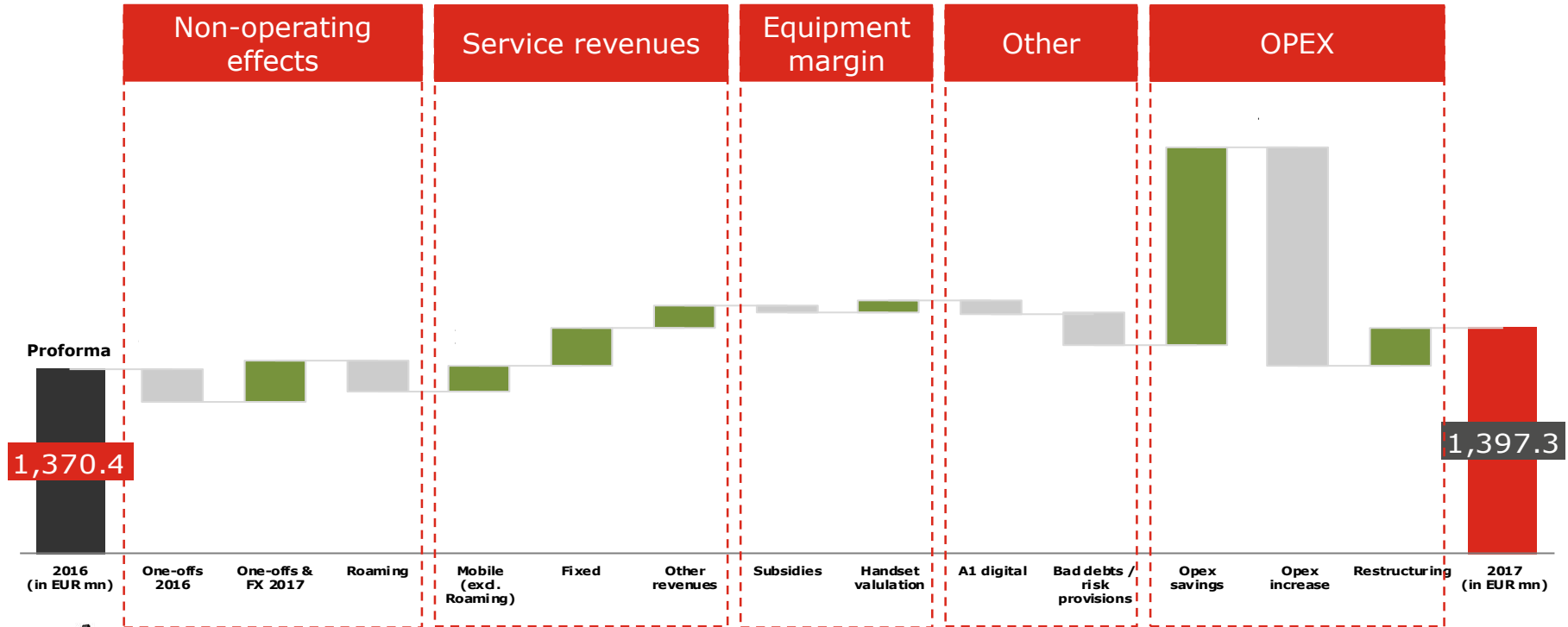
CAPEX: ~EUR 750 mn

Dividend: EUR 0.20 / share

- Strong competition in mobile markets expected to remain
- Fixed-line expected to be supportive across all convergent markets
- Stable macro development but FX (EUR/BYN) entails a risk
- Roaming effect expected to amount to 1.0-1.5% of Group EBITDA

* Outlook based on reported numbers

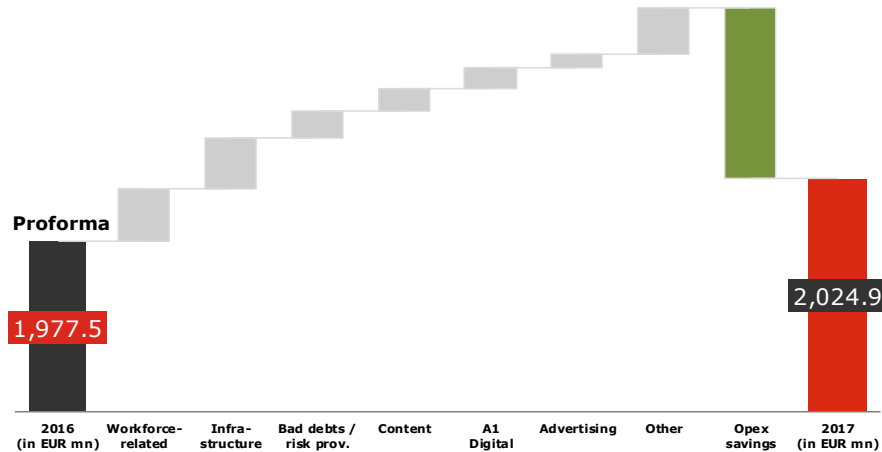
EBITDA: Higher service revenues and ongoing cost cutting efforts offset revenue related cost increases & roaming



Results for the full year and fourth quarter 2017

Ongoing benefits from cost savings initiatives in 2017; positive impact expected from simplification and digitalisation







Core OPEX development 2017



Savings initiatives 2018

- Ongoing lift-up of potential cost savings by 'Sourcing 4 Success' program

Examples:

-  Re-negotiation of contracts
-  Increasing energy efficiency
-  Insourcing
-  IT-system simplifications
-  Increase of e-bill ratio
-  Digitalisation of customer-related processes

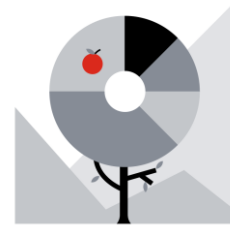
- Cost savings in 2018 expected at around 2017 level

Key financial developments for the fourth quarter 2017

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Q4 2017: Revenue growth but lower adjusted EBITDA due to higher investments into the market and non-recurring OPEX

Group (in EUR million)	Reported Q4 2017	Proforma Q4 2016	% change
Total revenues	1,130.0	1,110.8	1.7%
EBITDA	288.3	278.7	3.5%
CAPEX	238.5	226.1	5.5%



- Proforma Group revenues rose by 1.7% y-o-y and 2.1% y-o-y excluding one-off and FX effects* mainly due to higher equipment revenues; higher fixed-line service revenues offset decline in mobile service revenues driven by IC and roaming
- Proforma Group EBITDA grew by 3.5%. Excluding one-off and FX effects as well as restructuring charges* EBITDA decreased driven by higher OPEX (partly non-recurring)
- OPEX increase driven by investments into A1 Digital, roaming expenses, higher than usual investments to seize market opportunities in the Christmas season. In addition, there was an unusually high number of smaller non-recurring items such higher commissions, project-driven ramp-up costs, as well as bad debts and provisions for legal cases

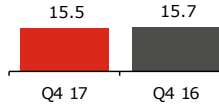
*Adjusted basis excluding one-off and FX effects as well as restructuring charges

- One-off effect: Positive EUR 3.8 mn in Q4 17 in Republic of Serbia in revenues and EBITDA
- Restructuring charges: positive EUR 5.0 mn in Q4 17 versus negative EUR 26.8 mn in Q4 16
- FX effects: Negative EUR 8.6 mn and EUR 4.7 mn in revenues and EBITDA respectively in Q4 17

Austria: Roaming losses and product-related costs led to lower adjusted EBITDA despite solid revenue growth

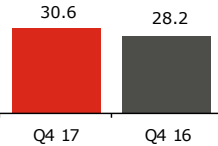
ARPU (in EUR)

Δ: -1.1%



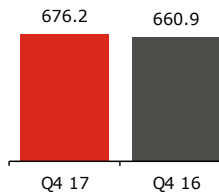
ARPL (in EUR)

Δ: +8.6%



Total revenues (in EUR mn)

Δ: +2.3%



EBITDA (in EUR mn)

Δ: +14.3%
Adjusted*: -3.2%



Operational data

- Subscriber base decline entirely driven by prepaid; postpaid grew due to high demand for mobile WiFi routers and high-value tariffs
- Slight increase in operative ARPU excl. roaming due to increased high-value share and higher MBB ARPU mainly driven by WiFi routers
- Higher ARPL due to strong demand for higher bandwidth and TV options as well as price increase
- RGUs decreased by 3.0% mainly due to voice RGUs

Financial performance

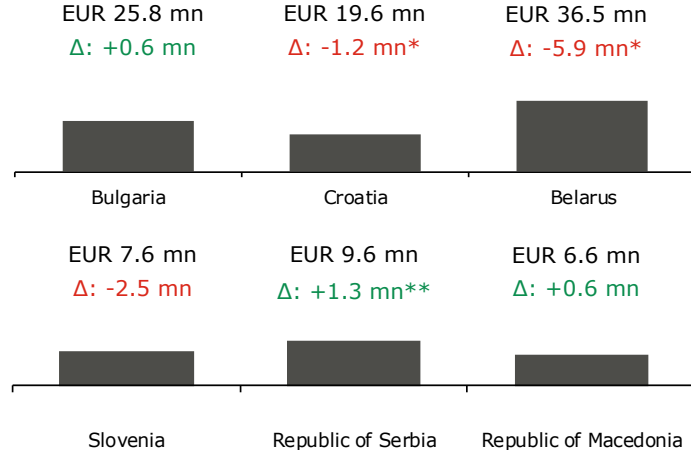
- Total revenues rose as higher equipment and fixed-line service revenues offset roaming- and prepaid-driven losses in wireless service revenues
- Operational costs were driven by higher equipment costs due to increased quantities, product-related costs* and bad debts
- Subsidies for acquisition/retention rose by 95.3%/13.4%
- Adjusted* EBITDA declined by 3.2%, driven by roaming, higher commissions in Christmas business and ramp-up costs for projects



Mixed Q4 results in CEE; increases in Serbia, Bulgaria and Macedonia; declines driven by OPEX increases

EBITDA

(proforma, in EUR mn)



* Proforma view including M&A impact in EBITDA in Q4 2016 of EUR 1.8 mn in Croatia and EUR 1.8 mn in Belarus

** EUR 3.8 mn positive effect in Q4 2017 in OOI in the Republic of Serbia

Highlights CEE

Bulgaria:

- 3.1% growth in total revenues due to higher fixed-line service and equipment revenues, outweighing increased sales force costs, bad debts, roaming and interconnection costs

Croatia:

- Lower revenues mainly driven by lower equipment revenues due to lower quantities and by lower other operating income
- Service revenues continued to rise slightly
- OPEX decline due to savings in cost of equipment, wholesale and content costs as well as advertising expenses but higher bad debts

Belarus:

- Higher costs due to inflation-linked salary increases and increase in costs for taxes and use of rights weighs on EBITDA
- Negative FX-impact: EUR -10.4 mn on revenues and EUR -4.9 mn on EBITDA

Other segments:

- Ongoing strong competition in Slovenia, roaming weighs on margin
- Improving service revenue trends throughout the year in Rep. of Serbia
- Cost efficiencies drove EBITDA increase in Rep. of Macedonia

FY 2017: Strong FCF generation driven by less CAPEX paid and interest paid; positive impact from operational performance

(in EUR million)	Q4 2017	Q4 2016	% change	FY 2017	FY 2016	% change
Net cash flow from operating activities	264.7	327.7	-19.2%	1,174.8	1,195.5	-1.7%
Capital expenditures paid	-184.3	-194.4	-5.2%	-705.4	-816.5	-13.6%
Proceeds from sale of plant, property and equipment	3.3	3.5	-5.5%	15.1	18.9	-20.1%
Interest paid	-35.2	-35.3	-0.2%	-99.8	-166.0	-39.9%
Free Cash Flow	48.6	101.5	-52.1%	384.7	232.0	65.8%


- FY 2017 free cash flow increased by 65.8% y-o-y, driven by
 - lower interest paid due to bond and loan repayments and the use of favourable refinancing
 - lower capital expenditures paid, partly due to high payments for previous periods in Q1 2016
 - net cash flow from operations decreases due to higher working capital needs despite better operational performance
- Changes in financial positions of EUR 204.4 mn (EUR 165.7 mn in FY 2016) stemming from
 - EUR 40.0 mn accounts receivable
 - EUR 28.1 mn installment sales
 - EUR 102.4 mn payments for restructuring
 - EUR 42.5 mn income taxes paid

Focus Points


A large, dense cluster of hanging light bulbs is the background for the lower half of the slide. The bulbs are of various sizes and are suspended by black cords. Some bulbs are illuminated, casting a warm, yellowish glow, while others are unlit and appear dark. The overall effect is a textured, bokeh-like background of light and shadow.

Austrian mobile: Shielding high-value with best network and free streaming while staying competitive in optimiser segment


High-value segment			
A1 Go! XL	A1 Go! L	A1 Go! M	A1 Go! S
60 GB	24 GB	16 GB	8 GB
300 Mbps	300 Mbps	150 Mbps	100 Mbps
EUR 77.90 / month	EUR 57.90 / month	EUR 47.90 / month	EUR 37.90 / month




Music & video streaming independent from data allowance






Superior network quality as a key differentiation factor





Price increase of EUR 1 for new customers as of 1 February 2018

Optimiser & youth segment	
	<p>Bob: subsidised hardware to compete in EUR 15-20 no frills segment</p>
	<p>Higher data allowance in youth tariffs as a Christmas promotion (+ Free Stream Music in Xcite L)</p>
<p>A1 Xcite S: 8 GB</p>	<p>20 GB*)</p>
<p>A1 Xcite L: 16 GB</p>	<p>30 GB*)</p>
<p>*) X-mas offer valid until 31 January 2018</p>	
	<p>Price increase of EUR 2 for new customers as of 1 February 2018</p>

Smart fibre rollout in Austria – coverage target adjusted with hybrid as complimentary product

Households passed

(coverage in %; fixed-line technologies)

	Year-end 2017			Target 2018	Target 2019
	Fixed-line technologies	Hybrid		Fixed-line technologies	Fixed-line technologies
40 Mbps product (new product logic)	~55%	>90%	New targets	>60%	>65%
30 Mbps product (old product logic)			Previous target	>70%	

- Nominal target reduction due to a change in the product logic
- Fixed-line roll-out is partly postponed vs. initial plan as
 - Hybrid modem as complementary technology boosts market potential: >90% coverage with 40 Mbps product available today due to combination of fixed-line mobile technologies
 - Broadband subsidy allocation is delayed by 1 year versus initial plan
- The target is to meet customer demand in the most CAPEX-efficient way; huge upselling potential as 85% of existing customers have <40 Mbps products

Digitalisation is core to A1 Telekom Austria Group's strategy

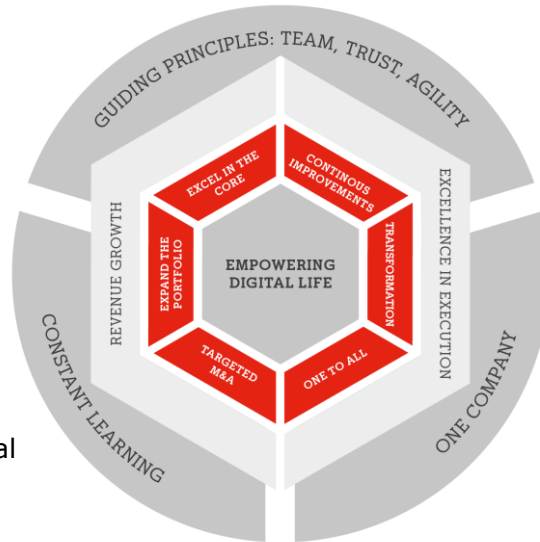


Digitalising B2B.

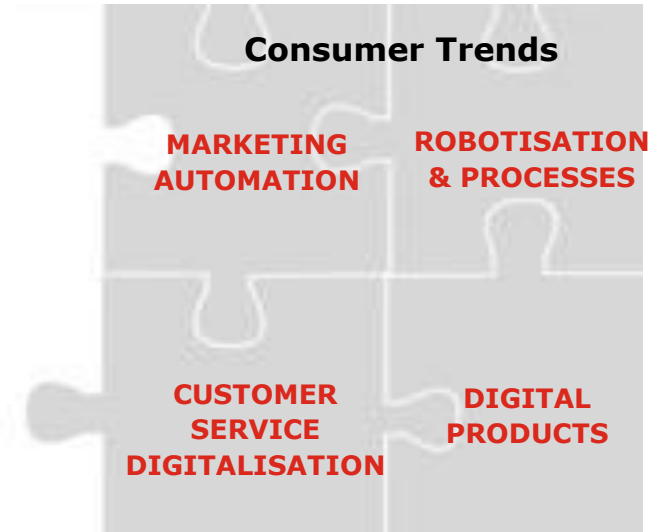


- Enabling companies to translate digital potential into business results
- From traditional legacy platforms to cloud services

Empowering Digital Life



Digitalising B2C.



Digitalising B2C: Medium- to long-term savings potential, new processes and products

Marketing automation



- Automation of customer journey
- Channel orchestration
- Lead nurturing
- Real-time data & analytics



Customer service digitalisation

**-20%
Interactions**

- Interaction steering to the most efficient channel
- Improving quality of self-service (via app)
- Monetising service interactions



Robotisation & processes



- Agile processes to adjust to specific situations
- Simpler processes
- Robots, artificial intelligence



Digital products



- Full digital ecosystem for our customers:
- OTT TV
 - eSports
 - Digital home
 - Internet security
 - Digital financial services
 - A1 music



Leading digital customer experience, data-driven decisions, simpler & automated processes

Customer satisfaction growth + OPEX savings

Digitalising B2B: First customer wins in Germany herald fertile ground for A1 Digital

Meeting customer demand	Focus industries and target groups	A1 Digital solutions
<ul style="list-style-type: none"> ▪ Focus on small and medium-sized businesses (SMBs) aiming at improving their businesses and diminish their concerns about digitalisation ▪ Solve before sell: Be a partner who really cares about SMBs individual success ▪ Service as a key differentiator for all products 	<p>Focus on the vertical industries:</p> <ul style="list-style-type: none"> ▪ Construction ▪ Manufacturing ▪ Logistics 	<p>Fleet management - Asset tracking solutions</p> <ul style="list-style-type: none"> ▪ Excellent customer feedback on maturity and competitiveness of products ▪ High 3-digit number of customer leads ▪ Proof of Concept installations with major customers
	<p>Cross industry</p> <ul style="list-style-type: none"> ▪ Business decision makers/ C-levels 	<p>Mobile enterprise</p> <ul style="list-style-type: none"> ▪ New product for mobilisation projects launched <ul style="list-style-type: none"> ▪ Easy-to-implement application which combines different software solutions ▪ Generates time and cost savings; increases convenience ▪ Good interest among top 500 companies in Germany
	<p>Software developing companies</p> <ul style="list-style-type: none"> ▪ Cloud native applications/ DevOps teams (combined IT development and operations) 	<p>Infrastructure as a Service (IaaS)</p> <ul style="list-style-type: none"> ▪ 3-digit number of leads ▪ Strong feedback on service vs. competition

Internet of Things (IoT) enables massive machine type communication for customer-centred applications

Fleet Management & Asset Tracking



Partners & References:
Rosenberger &
PORR, ISS, Bodner Bau

Managed Connectivity



Partners & References:
COMARCH &
SIX Payment Services,
Tractive

Corporate Car Sharing



Partners & References:
AMV, NTT Data &
A1

Enterprise Mobility



Partners & References:
Capriza &
A1

Smart Metering



Partners & References:
Kaifa, kamstrup &
Westallianz, Netz
Burgenland, Ybbs a.d. Donau

Connected Products



Partners & References:
Microtronics, Cumulocity &
VIKING (soon to be STIHL)

Fiscal Cash Register



Partners & References:
Ready2order, TOUSEI &
BALTHASAR, Gigbar,
Wrapstars

Upcoming products

- Enterprise Asset Management
- Electronic Document Exchange
- Machine Learning & Predictive Maintenance

Development of NB-IoT* network for future product solutions

Austria	<ul style="list-style-type: none"> ✓ First demo in 2016 ✓ 5G experience centre ▪ Customer trials in 2018
Bulgaria	<ul style="list-style-type: none"> ▪ Strategy evaluation phase ▪ Trials in reference system
Croatia	<ul style="list-style-type: none"> ✓ Testing in reference system ▪ Trials and end-to-end device testing
Belarus	<ul style="list-style-type: none"> ✓ End-to-end tests ✓ License acquired in Band 8 (900 MHz) ▪ Rollout finalisation and customer trials
Serbia & Slovenia	<ul style="list-style-type: none"> ✓ Demo in 2017 ▪ Trials in live network

Outlook for the full year 2018

The background of the slide is a dark blue and purple gradient. It features a complex network diagram with white nodes connected by thin blue lines. There are also several bright red and orange bokeh-like light spots scattered throughout the scene, creating a sense of depth and connectivity.

A1 Telekom Austria Group outlook for the full year 2018

	30 January 2018	Consensus 2018
Total revenues	+1-2%	EUR 4,401 mn
CAPEX	~ EUR 750 mn	EUR 742 mn
Proposed dividend	EUR 0.20 / share	-

- Outlook based on reported figures; assumed devaluation of BYN vs. EUR: ~10%
- CAPEX: does not include investments in spectrum or acquisitions
- Dividend: intended proposal to the Annual General Meeting 2019 for the financial year 2018

Appendix 1



The leading regional communications player providing convergent telecommunication services

as of 31 December 2017 (in '000)



Austria*

Mobile market position #1

Mobile subscriber:

- 5,335 (Q4 2016: 5,439)

Fixed access lines:

- 2,118 (Q4 2016: 2,203)



Bulgaria

Mobile market position: #1

Mobile subscriber:

- 3,977 (Q4 2016: 4,108)

Fixed access lines:

- 531 (Q4 2016: 543)



Croatia

Mobile market position #2

Mobile subscriber:

- 1,773 (Q4 2016: 1,720)

Fixed access lines:

- 297 (Q4 2016: 285)



Belarus

Mobile market position #2

Mobile subscriber:

- 4,864 (Q4 2016: 4,945)

Fixed access lines:

- 306 (Q4 2016: 179)



Slovenia

Mobile market position #2

Mobile subscriber:

- 703 (Q4 2016: 714)

Fixed access lines:

- 70 (Q4 2016: 70)



Republic of Serbia

Mobile market position #3

Mobile subscriber:

- 2,183 (Q4 2016: 2,145)



Republic of Macedonia

Mobile market position #2

Mobile subscriber:

- 1,072 (Q4 2016: 1.104)

Fixed access lines: one.vip

- 149 (Q4 2016: 142)



* Machine-to-Machine (M2M) is no longer reported in the Austrian segment and is shown in 'Corporate & other, eliminations'. Comparative figures have been adjusted accordingly.

A1 Telekom Austria Group – Profit and Loss

(in EUR million)	Q4 2017	Q4 2016	% change
Service Revenues	940.2	929.8	1.1%
Equipment Revenues	161.5	141.4	14.2%
Other operating income	28.2	27.1	4.4%
Total Revenues	1,130.0	1,098.2	2.9%
Cost of Service	-365.6	-358.3	-2.0%
Cost of Equipment	-183.9	-166.2	-10.6%
Selling, General & Administrative Expenses	-286.7	-296.4	3.3%
Others	-5.5	-2.1	-158.0%
Total Costs and Expenses	-841.6	-823.1	-2.3%
EBITDA	288.3	275.1	4.8%
<i>% of Total Revenues</i>	<i>25.5%</i>	<i>25.1%</i>	
Depreciation and Amortisation	-308.4	-220.6	-39.8%
Impairment and Reversal of Impairment	0.0	-2.3	n.a.
EBIT	-20.1	52.2	n.m.
<i>% of Total Revenues</i>	<i>-1.8%</i>	<i>4.8%</i>	
EBT (Earnings Before Income Taxes)	-42.3	16.5	n.m.
Net Result	-11.6	106.5	n.m.

A1 Telekom Austria Group – Total revenues & costs and expenses per segment

A1 Telekom Austria Group - Total Revenue Split

Total Revenues (in EUR million)	Q4 2017	Q4 2016	% change
Austria*	676.2	660.9	2.3%
Bulgaria	112.1	108.7	3.1%
Croatia	106.9	103.2	3.6%
Belarus	95.9	90.6	5.8%
Slovenia	54.1	55.1	-1.8%
Republic of Serbia	66.2	60.0	10.3%
Republic of Macedonia	28.6	31.0	-7.9%
Corporate & other, eliminations*	-10.1	-11.4	11.1%
Total Revenues	1,130.0	1,098.2	2.9%

A1 Telekom Austria Group - Costs and Expenses Split

Costs and Expenses (in EUR million)	Q4 2017	Q4 2016	% change
Austria*	474.2	484.1	-2.1%
Bulgaria	86.3	83.5	3.3%
Croatia	87.3	84.2	3.7%
Belarus	59.4	50.0	18.8%
Slovenia	46.5	45.1	3.3%
Republic of Serbia	56.6	51.7	9.5%
Republic of Macedonia	22.0	25.1	-12.3%
Corporate & other, eliminations*	9.3	-0.7 n.m.	
Total Operating Expenses	841.6	823.1	2.3%

* Since Q1 2017 Machine-to-Machine (M2M) is no longer reported in the Austrian segment and is shown in 'Corporate & other, eliminations'. Comparative figures have been adjusted accordingly in Q1 2017.

Results for the full year and fourth quarter 2017

A1 Telekom Austria Group – Headcount development

FTE (Average Period)	Q4 2017	Q4 2016	% change
Austria	8,263	8,389	-1.5%
International	10,377	9,290	11.7%
Corporate	335	234	42.7%
A1 Telekom Austria Group	18,974	17,913	5.9%

FTE (End of Period)	Q4 2017	Q4 2016	% change
Austria	8,246	8,352	-1.3%
International	10,366	9,613	7.8%
Corporate	345	238	45.2%
A1 Telekom Austria Group	18,957	18,203	4.1%

A1 Telekom Austria Group – Capital expenditure split

Capital Expenditures (in EUR million)	Q4 2017	Q4 2016	% change
Austria*	131.3	132.1	-0.6%
Bulgaria	25.9	23.9	8.0%
Croatia	31.8	26.6	19.4%
Belarus	18.5	17.3	7.2%
Slovenia	11.6	9.4	23.9%
Republic of Serbia	11.8	8.3	42.9%
Republic of Macedonia	11.5	11.7	-1.5%
Corporate & other, eliminations*	-4.0	-2.6	-54.5%
Total Capital Expenditures	238.5	226.7	5.2%
thereof Tangible	182.5	179.7	1.6%
thereof Intangible	55.9	47.0	19.0%

* Machine-to-Machine (M2M) is no longer reported in the Austrian segment and is shown in 'Corporate & other, eliminations'. Comparative figures have been adjusted accordingly.

Results for the full year and fourth quarter 2017

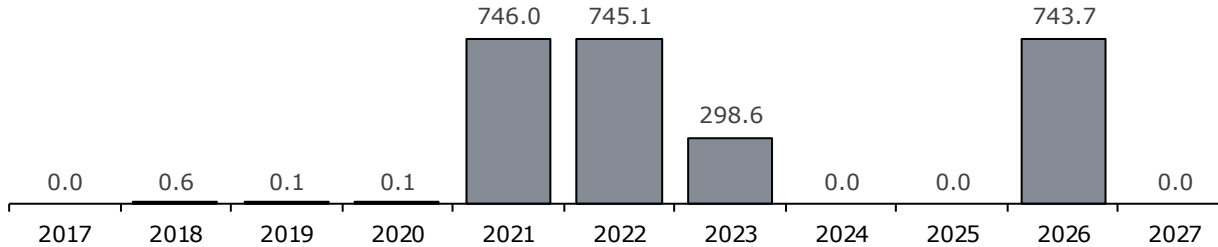
A1 Telekom Austria Group – Net debt

per 31 December 2017

Net Debt* (in EUR million)	31 December 2017	31 December 2016	% change
Long-term Debt	2,533.6	2,303.5	10.0%
Short-term Borrowings	0.6	500.1	-99.9%
Cash and Cash Equivalents and Short-term Investments	-202.4	-464.2	56.4%
Net Debt of A1 Telekom Austria Group	2,331.8	2,339.4	-0.3%

EUR 600 mn 5 years hybrid bond qualified as 100% equity under IFRS
 – called and redeemed at the first call date (1 February 2018)

A1 Telekom Austria Group – Debt maturity profile per 31 December 2017

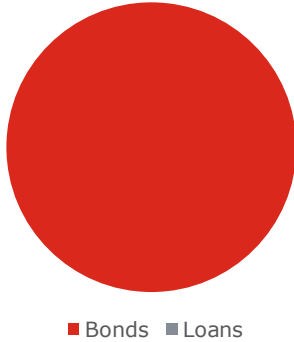


- EUR 2,534.2* mn short-and long-term borrowings as of 31 December 2017
- Average cost of debt of approximately 2.95%
- Cash and cash equivalents and short-term investments of EUR 202.4 mn
- Average term to maturity of 5.69 years

A1 Telekom Austria Group – Debt profile

per 31 December 2017

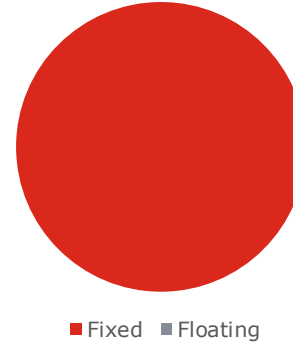
Overview debt instruments



Lines of credit

- Undrawn committed credit lines amounting to EUR 1,265 mn
- Average term to maturity of approx. 1.47 years

Fixed/floating mix



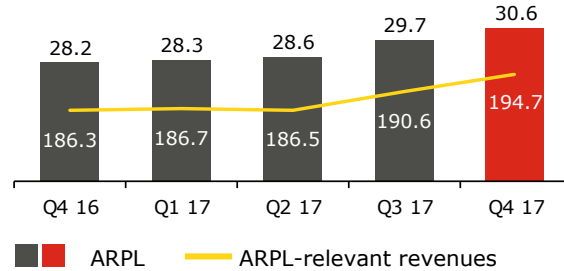
Ratings

- S&P: BBB (positive outlook)
- Moody's: Baa2 (positive outlook)

Segment Austria – Fixed-line key performance indicators

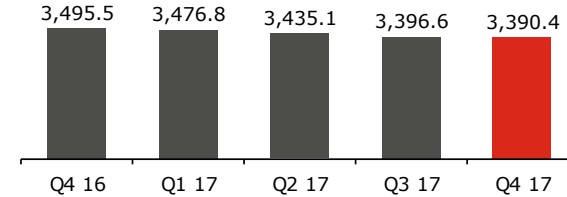
ARPL & ARPL-relevant revenues

(in EUR, in EUR million)



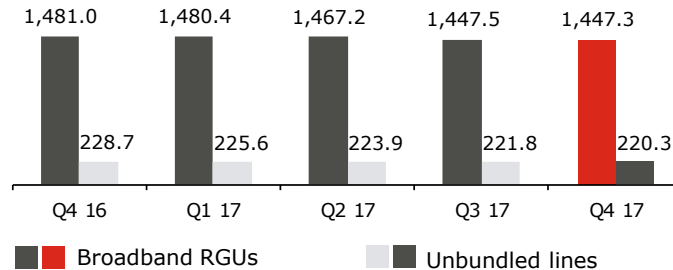
Total RGUs

(in '000)



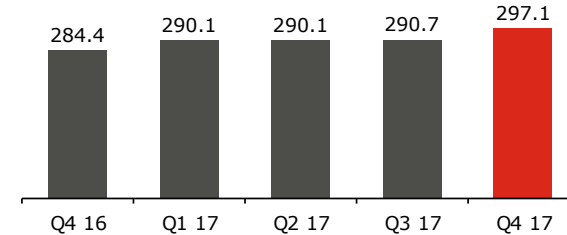
Broadband RGUs/unbundles lines

(in '000)



TV RGUs

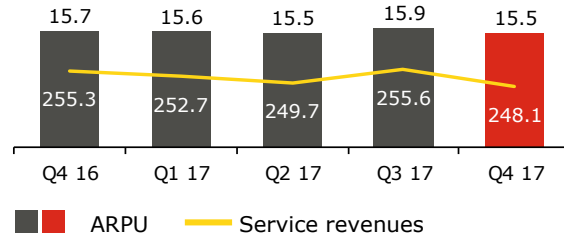
(in '000)



Segment Austria* – Mobile key performance indicators

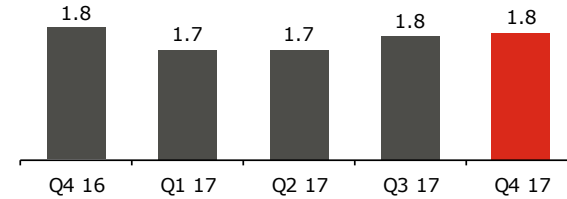
ARPU & Service revenues

(in EUR, in EUR million)



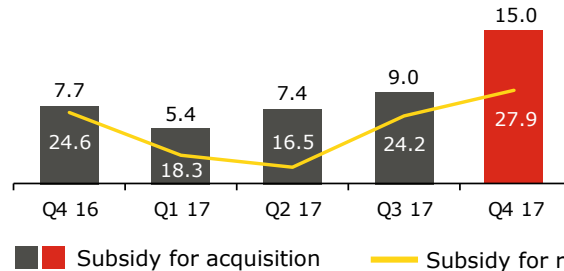
Churn rate

(in %)



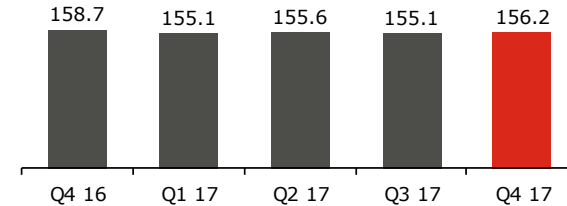
Subsidies

(in EUR million)



Mobile penetration

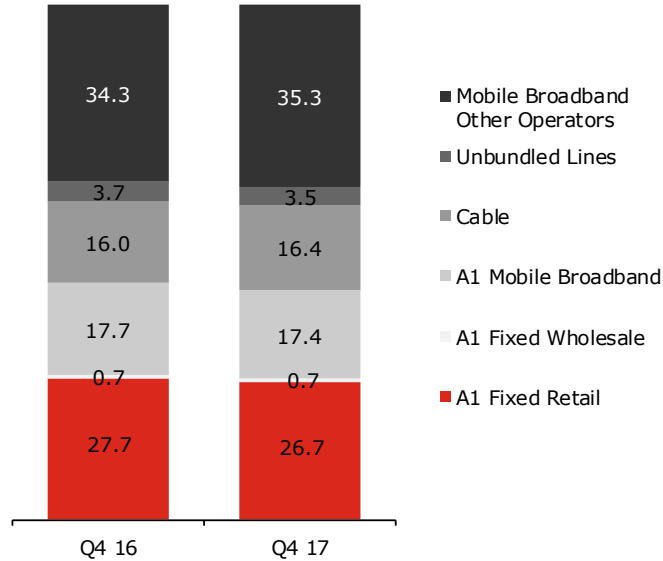
(in %)



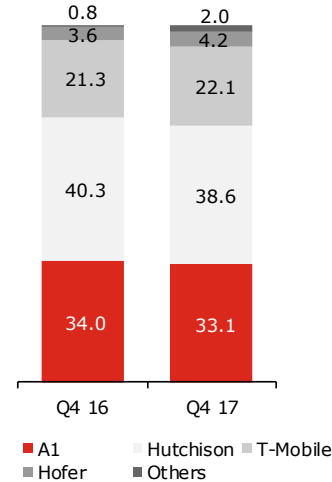
* Since Q1 2017, Machine-to-Machine (M2M) is no longer reported in the Austrian segment and is shown in 'Corporate & other, eliminations'. Comparative figures have been adjusted accordingly in Q1 2017.

Segment Austria – Broadband market split

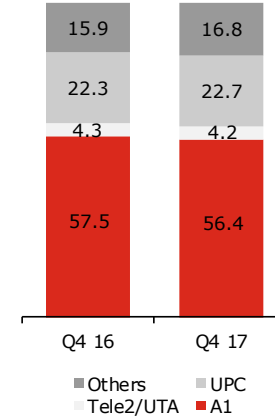
Market share total broadband
(in %)



Market share mobile broadband
(in %)

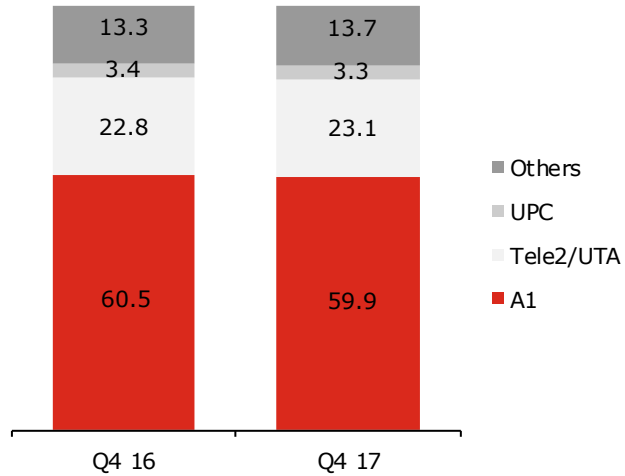


Market share fixed-line broadband
(in %)



Segment Austria – Voice market split

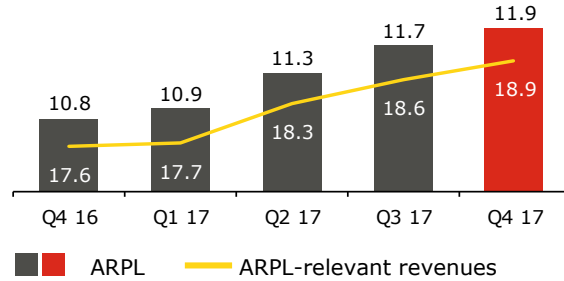
Market share voice RGUs (in %)



Segment Bulgaria – Fixed-line key performance indicators

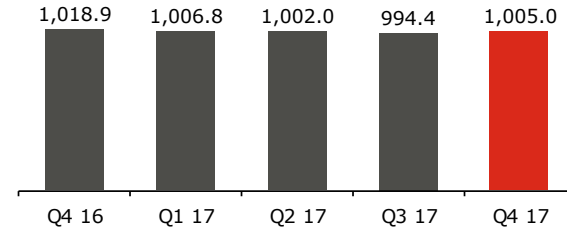
ARPL & ARPL-relevant revenues

(in EUR, in EUR million)



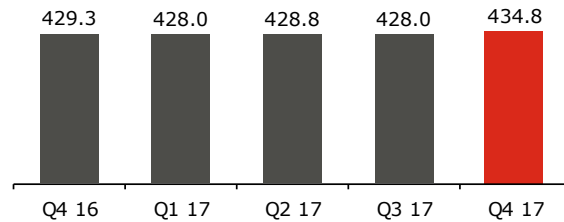
Total RGUs

(in '000)



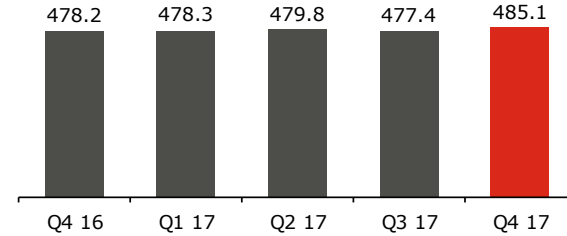
Fixed Broadband RGUs

(in '000)



TV RGUs

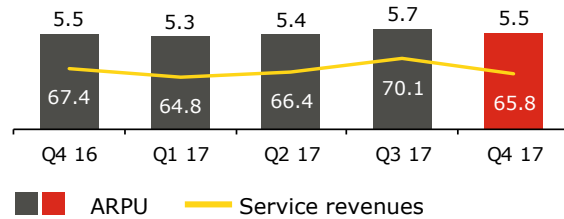
(in '000)



Segment Bulgaria – Mobile key performance indicators

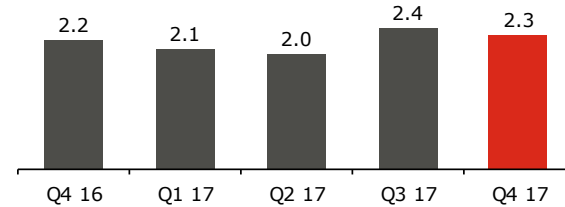
ARPU & Service revenues

(in EUR, in EUR million)



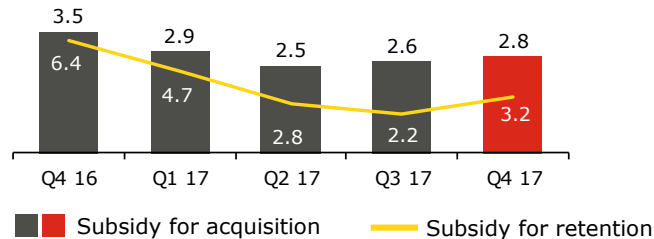
Churn rate

(in %)



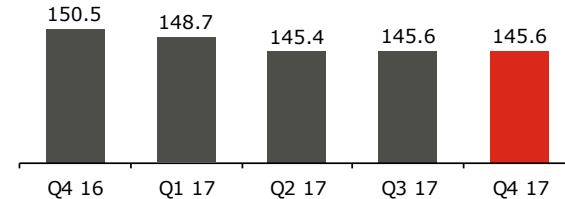
Subsidies

(in EUR million)



Mobile penetration

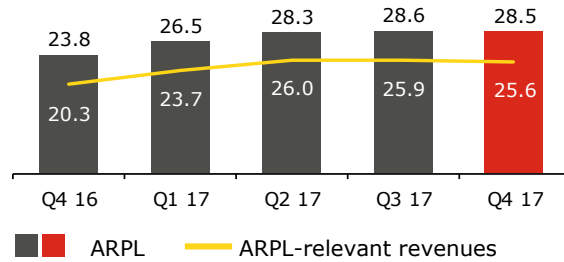
(in %)



Segment Croatia – Fixed-line key performance indicators

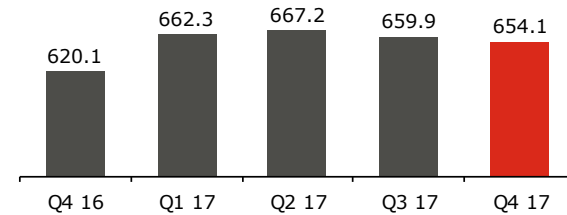
ARPL & ARPL-relevant revenues

(in EUR, in EUR million)



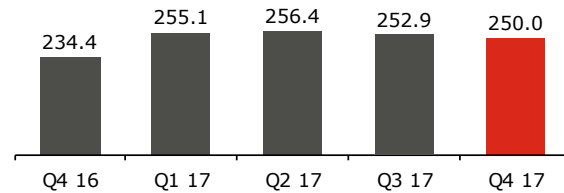
Total RGUs

(in '000)



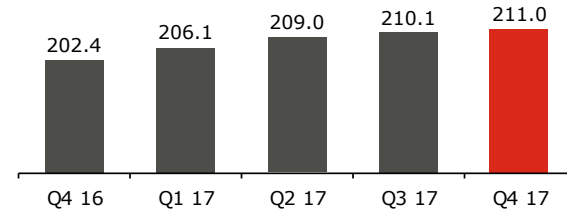
Fixed Broadband RGUs

(in '000)



TV RGUs

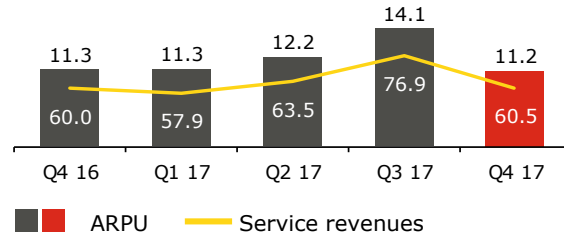
(in '000)



Segment Croatia – Mobile key performance indicators

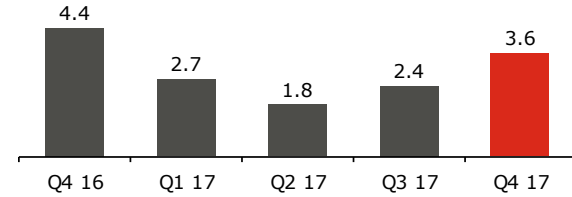
ARPU & Service revenues

(in EUR, in EUR million)



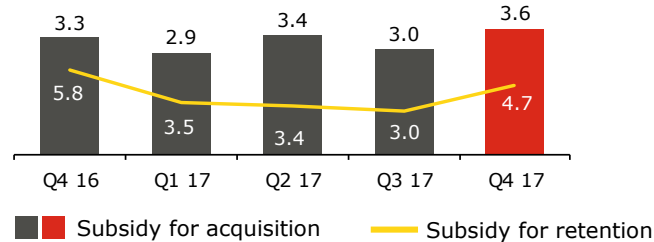
Churn rate

(in %)



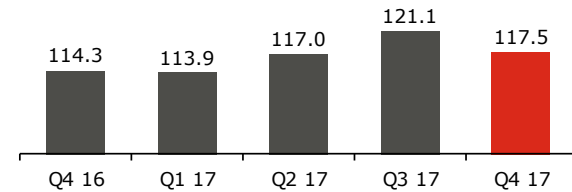
Subsidies

(in EUR million)



Mobile penetration

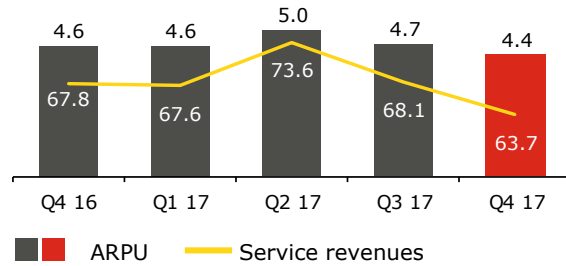
(in %)



Segment Belarus – Mobile key performance indicators

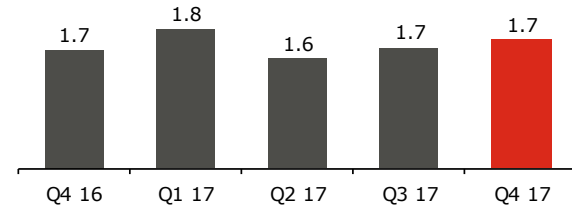
ARPU & Service revenues

(in EUR, in EUR million)



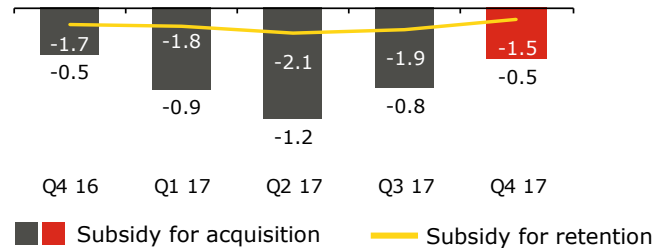
Churn rate

(in %)



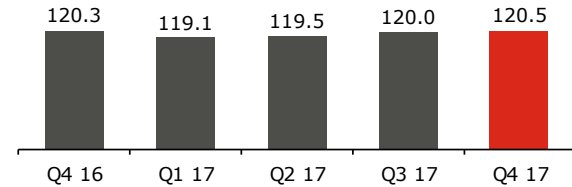
Subsidies

(in EUR million)



Mobile penetration

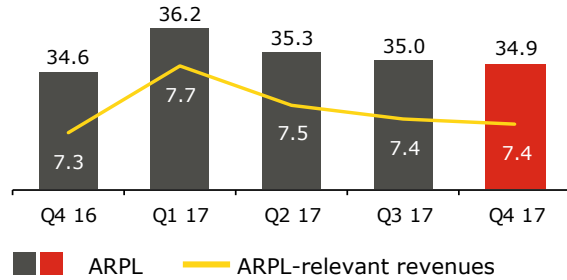
(in %)



Segment Slovenia – Fixed-line key performance indicators

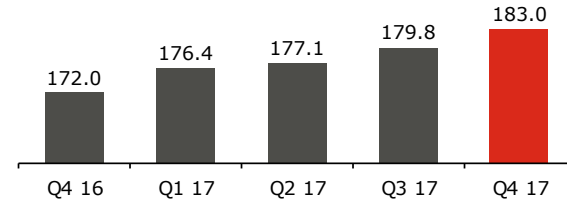
ARPL & ARPL-relevant revenues

(in EUR, in EUR million)



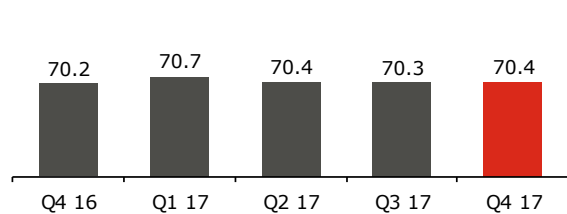
Total RGUs

(in '000)



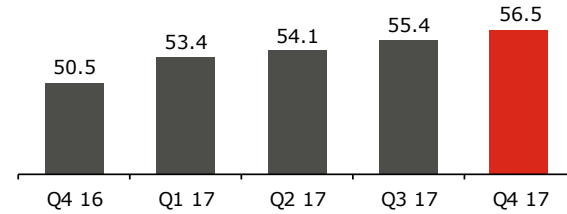
Fixed Broadband RGUs

(in '000)



TV RGUs

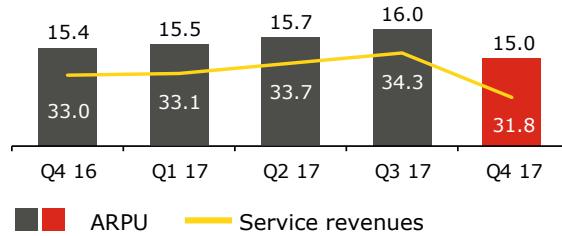
(in '000)



Segment Slovenia – Mobile key performance indicators

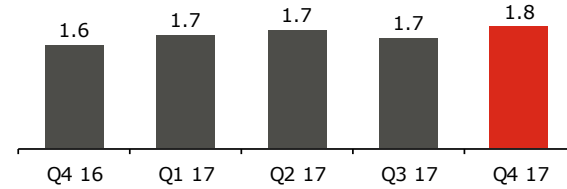
ARPU & Service revenues

(in EUR, in EUR million)



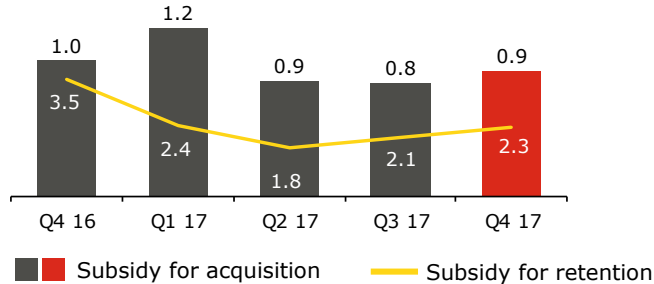
Churn rate

(in %)



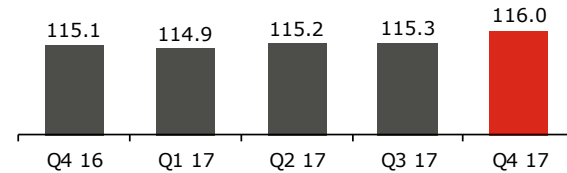
Subsidies

(in EUR million)



Mobile penetration

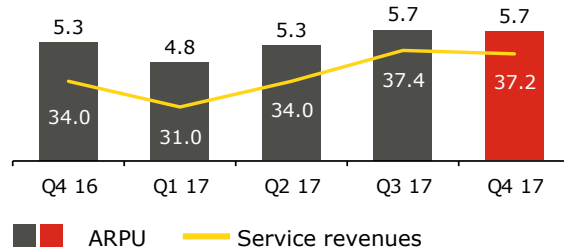
(in %)



Segment Serbia – Mobile key performance indicators

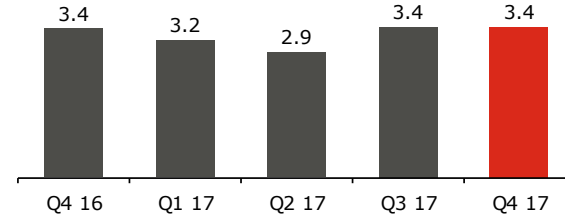
ARPU & Service revenues

(in EUR, in EUR million)



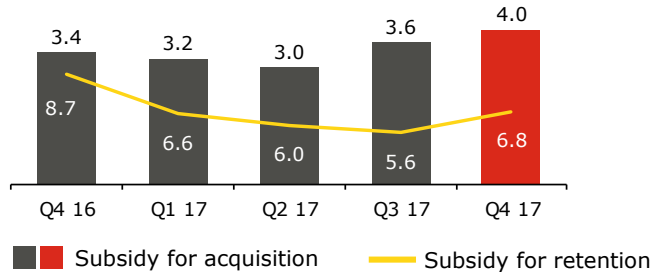
Churn rate

(in %)



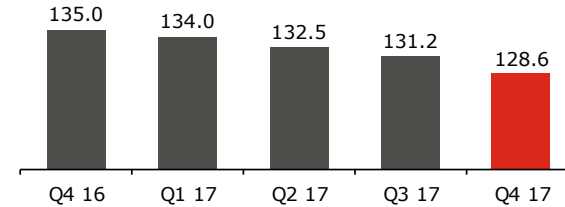
Subsidies

(in EUR million)



Mobile penetration

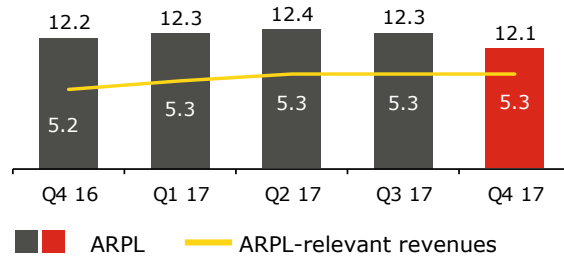
(in %)



Segment Macedonia – Fixed-line key performance indicators

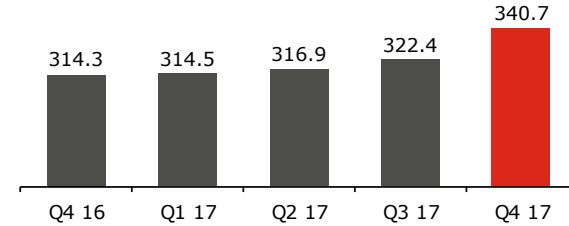
ARPL & ARPL-relevant revenues

(in EUR, in EUR million)



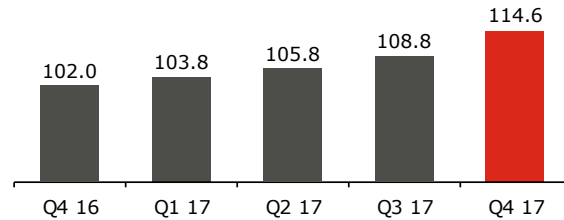
Total RGUs

(in '000)



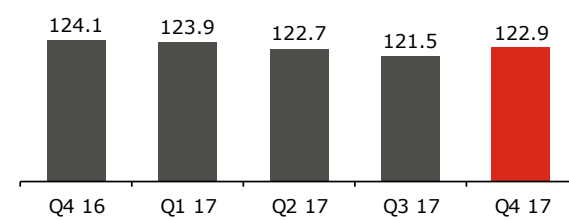
Fixed Broadband RGUs

(in '000)



TV RGUs

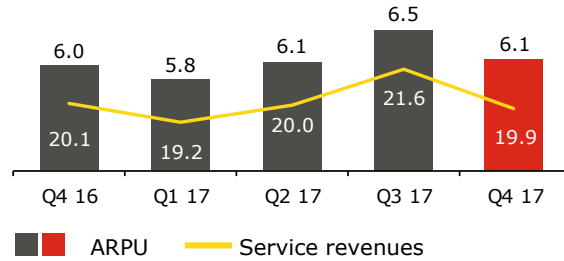
(in '000)



Segment Macedonia – Mobile key performance indicators

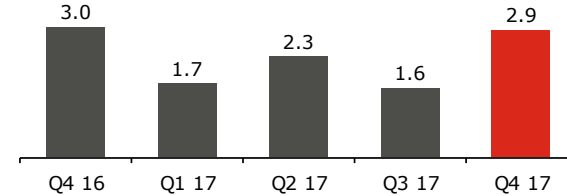
ARPU & Service revenues

(in EUR, in EUR million)



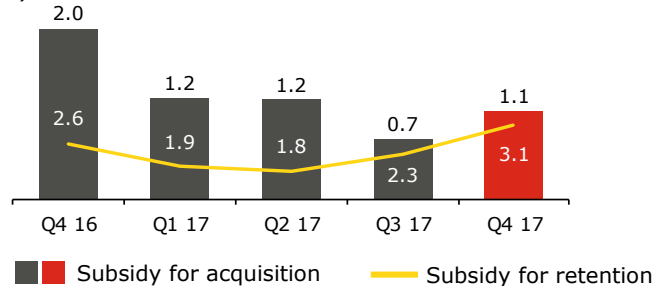
Churn rate

(in %)



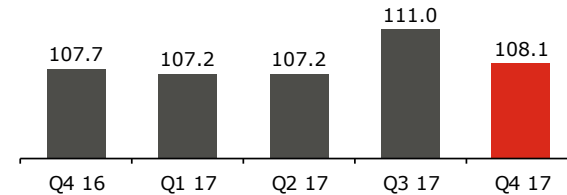
Subsidies

(in EUR million)



Mobile penetration

(in %)



Appendix 2 – Regulatory topics

The background of the slide is a dark blue gradient with a complex network diagram. The diagram consists of numerous white and blue nodes connected by thin lines, creating a web-like structure. There are also several bright red and orange bokeh-like light spots scattered throughout the background, adding a sense of depth and activity.

Glide Path of Mobile Termination Rates

	Jul 2015	Jan 2016	Jul 2016	Jan 2017	Jul 2017	Jan 2018
Austria (EUR)	0.008049	0.008049	0.008049	0.008049	0.008049	0.008049
Bulgaria (BGN)	0.019	0.019	0.019	0.014	0.014	0.014
Croatia (HRK)*	0.063	0.063	0.063	0.063	0.047	0.047
Belarus (BYN)**	MTS 0.025/0.0125 BeST 0.018/0.009	MTS 0.025/0.0125 BeST 0.018/0.009	MTS 0.025/0.0125 BeST 0.018/0.009	MTS 0.025/0.0125 BeST 0.018/0.009	MTS 0.025/0.0125 BeST 0.018/0.009	MTS 0.025/0.0125 BeST 0.018/0.009
Slovenia (EUR)	0.0114	0.0114	0.0114	0.0114	0.0114	0.0114
Serbia (RSD)	3.43	3.43	2.75	2.07	2.07	1.43
Macedonia (MKD)	0.90	0.90	0.90	0.63	0.63	0.63

* National and International EU/EEA MTRs stated as regulated. International MTRs differ between EU/EEA and non-EU/EEA originating country.

Non-EU/EEA MTR for Croatia: HRK 1.73/min -> HRK 2.00/min in Apr 2016

** Belarus values: prime time/downtime. MTS: Mobile TeleSystems; BeST: Belarus Telecommunications Network



Upcoming spectrum tenders/prolongations/ assignments*

	Expected	Comments
Austria	2018 (3400-3800 MHz) 2019 (700, 1500, 2100 MHz) 2020 (1500, 2300 MHz)	Beginning of 3400–3800 Mhz auction is not expected before Q2 2018.
Bulgaria	2018-2019 (800, 1800, 2100 MHz) 2020 (2600, 3400-3800 MHz)	An agreement between mobile operators, NRA and ministry of defense will be signed in order to start test in 800 MHz.
Croatia	2018 (2100 MHz) 2019 (3500 MHz, 26 GHz) 2020 (700 MHz)	-
Belarus	2018 (2100 MHz) 2019 (700 MHz)	-
Slovenia	2018 (700, 1400, 2300, 3500 MHz) 2019 (700, 1500, 2300, 3500 MHz) 2021 (2100 MHz)	700 MHz: Subject to international coordination of clearing that band. 3500 MHz: 20 MHz only on a regional basis.
Republic of Serbia	2020 (700, 2600, 3500 MHz)	-
Republic of Macedonia	2018 (2100 MHz) 2020 (700 MHz) 2022 (1800 MHz) 2023 (900 MHz)	Prolongation of the one.Vip licence of 2X10 MHz on 2100 MHz band for next 10 years is approved by NRA.

* Please note that this is a list of expected spectrum awards procedures. Whether Telekom Austria Group is planning and sees a need to participate and acquire spectrum in the above-mentioned procedures the Group is not permitted to comment on.

EU roaming price regulation

RETAIL (in EURc)	July 2014	30 April 2016	15 June 2017		
Data (per MB)	20	domestic tariff + 5*	domestic tariff		
Voice-calls made (per minute)	19	domestic tariff + 5*	domestic tariff		
Voice-calls received (per minute)	5	weighted average MTR	0		
SMS (per SMS)	6	domestic tariff + 2*	domestic tariff		
WHOLESALE (in EURc)	July 2014	30 April 2016	15 June 2017	1 January 2018	1 January 2019
Data (per MB)	5	5	0.77	0.6	0.45
Voice (per minute)	5	5	3.2	3.2	3.2
SMS (per SMS)	2	2	1	1	1

* Sum of the domestic retail price and any surcharge applied for regulated roaming calls made, regulated roaming SMS messages sent or regulated data roaming services shall not exceed EUR 0.19 per minute, EUR 0.06 per SMS message and EUR 0.20 per megabyte used. Any surcharge applied for calls received shall not exceed the weighted average of maximum mobile termination rates across the Union.

Appendix 3 – Personnel restructuring in Austria

The background of the slide is a dark blue and purple gradient with a complex network diagram. The diagram consists of numerous white and blue nodes connected by thin lines, creating a web-like structure. There are also several bright red and orange bokeh-like light spots scattered throughout the background.

Quartely Overview – Restructuring charges and provision vs. FTE

Overview restructuring charges

(in EUR million)

	Q1	Q2	Q3	Q4
FTE reduction	1.4	1.7	5.3	0.7
Servicekom contribution	-1.5	-1.5	-18.6	-5.7
Interest rate adjustments	0.0	0.0	0.0	0.0
Total	-0.1	0.2	-13.3*	-5.0*

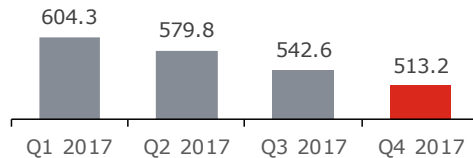


FTEs addressed

	Q1	Q2	Q3	Q4
Transfer to government	2	2	0	-1
Social plans	5	4	16	6
Staff released from work	0	0	0	0
Total	7	6	16	5

Overview restructuring provision**

(in EUR million)



Provisioned FTEs

	Q1	Q2	Q3	Q4
Transfer to government	197	194	187	176
Social plans	1,795	1,757	1,741	1,707
Staff released from work	190	189	172	172
Total	2,182	2,140	2,100	2,055

* Including positive effects from revaluation of the restructuring provision due to changed underlying parameters

** Including liabilities for transfer of civil servants to government bodies since 2010

Full Year Overview – Restructuring charges and provision vs. FTE

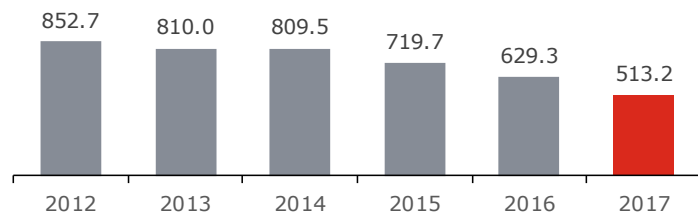
Overview restructuring charges

(in EUR million)

	2012	2013	2014	2015	2016	2017
FTE reduction	49.9	149.0	86.4*	69,5**	95.0	9.1
Servicekom contribution	-76.7	-103.8	-39.4	-72.0	-96,9***	-27.3
Interest rate adjustments	61.4	0.0	42.6	2.9	9.2	0.0
Total	34.7	45.2	89.6	0.4	7.2	-18.2

Overview restructuring provision****

(in EUR million)



FTEs addressed

	2012	2013	2014	2015	2016	2017
Transfer to government	44	22	52	49	6	3
Social plans	94	409	199	270	269	31
Staff released from work	0	0	0	0	0	0
Total	138	431	251	319	275	34

Provisioned FTEs

	2012	2013	2014	2015	2016	2017
Transfer to government	308	330	242	205	193	176
Social plans	1,030	1,315	1,460	1,661	1,821	1,707
Staff released from work	510	410	350	253	200	172
Total	1,848	2,055	2,052	2,119	2,214	2,055

* Including EUR 15.0 mn due to the judgment of the European Court of Justice from 11 November 2014 regarding the remuneration and legal rights of civil servants ('Vorrückungsstichtag')

** Restructuring expenses include a positive one-off effect in the amount of EUR 21.6 mn in Q4 2015 stemming from a settlement.

*** EUR -30.7 mn in restructuring charges in total in Q3 (EUR -29.0 mn) and Q4 2016 (EUR -1.7 mn) stemming from a revaluation of the restructuring provision due to changed underlying parameters

**** Including liabilities for transfer of civil servants to government bodies since 2010

Overview – Cash flow impact of restructuring

Overview cash flow impact

(in EUR million)

Total cash flow impact

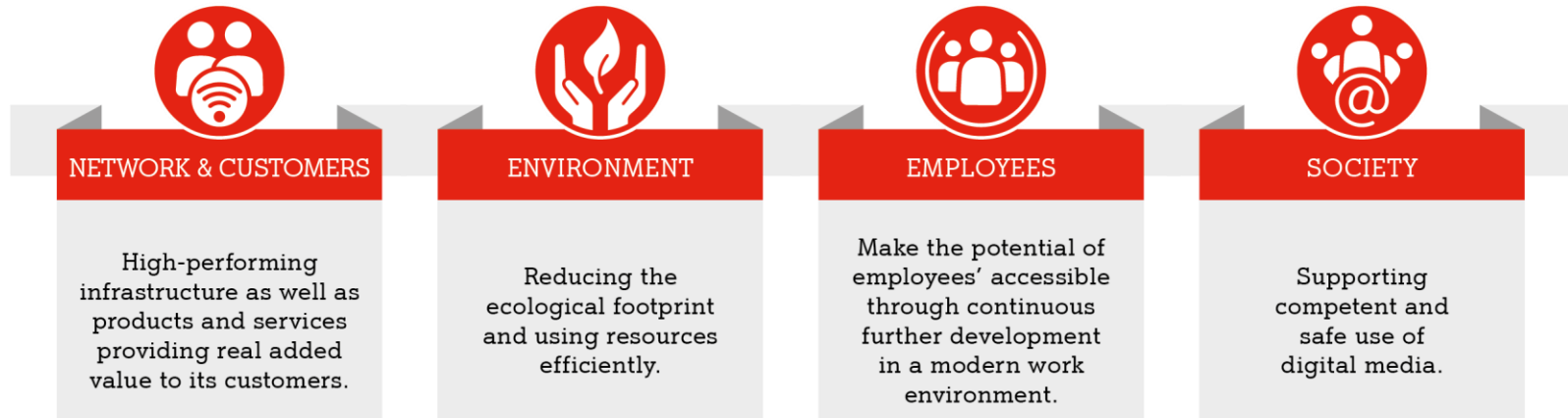
2012	104.0
2013	108.0
2014	107.1
2015	101.9
2016	105.5
Q1 2017	26.1
Q2 2017	25.9
Q3 2017	24.8
Q4 2017	25.6
FY 2017	102.4

- Total cash flow impact comprises old and new programmes
- Cash flow impact for Q4 2017 of EUR 25.6 mn
- Total cash flow impact for 2017 of EUR 102.4 mn
- Expected cash flow impact for 2018 of approximately EUR 100 mn

The background of the slide is a dark blue and purple gradient with a complex network of glowing nodes and connecting lines. The nodes are small circles in white, blue, and red, and the lines are thin and light blue. The overall effect is a digital or molecular network structure.

Appendix 4 – Corporate sustainability

Alignment with core business and materiality analysis define sustainability strategy



Key figures – Corporate Sustainability

Selected group-wide KPIs

Environment	2017
Total CO ₂ emissions (Scope 1+2 market-based in tonnes)	216,887
Energy efficiency index (in Mwh/terabyte)	0,2
Paper consumption (in tonnes)	1,694,041
Collected old mobile phones (in pcs)	73,860
E-billing share (in %)	72
Employees	2017
Share of female employees (in %)	38
Share of female executives (in %)	36
Society	2017
Participations in trainings on media literacy	28,817
Local projects	over 30

Ratings



› Classification: B-



› Classification: B-



Indices



FTSE4Good

Memberships

