



# Investor Presentation

July 2024

| A<sup>1</sup> Group

# 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 or by >outlook<. 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 Telekom Austria AG nor the A1 Group nor any other person accepts any liability for any such forward-looking statements. A1 Group will not update these forward-looking statements, whether due to changed factual circumstances, changes in assumptions or expectations.

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. This presentation was created with care and all data has been checked conscientiously. Nevertheless, the possibility of layout and printing errors cannot be excluded. The use of automated calculation systems may give rise to rounding differences.

This presentation does not constitute a recommendation or invitation to purchase or sell securities of A1 Group. Telekom Austria AG is the mother company of the A1 Group.

# Promoting a more sustainable way of life through digitalization



- Leading telco across CEE
- System-critical infrastructure: fixed-line and mobile networks, data centers
- Leverage the potential provided by megatrend digitalization
- Strong growth performance, solid balance sheet structure
- Well-balanced performance: stability in Austria, growth in CEE
- Sustainable dividend policy, well covered by FCF
- A- rated by all three major credit rating agencies



Source Sustainalytics. Sustainalytics, a Morningstar company, is a leading independent ESG research, ratings and data firm, has recognized Telekom Austria as a Sustainalytics ESG Top Rated Company.

**5.3 billion**

Revenues FY 2023

**1.9 billion**

EBITDA FY 2023

**29 million**








Customers

**18 thousand**

Employees (FTEs)



# Regional coverage

	Inhabitants (million)	GDP/capita (in \$)	Mobile subscribers (million; market position)	RGUs (million; market position)
 Austria	9.0	67,900	5.2 #1	2.9 #1
 Bulgaria	6.5	33,800	3.8 #1	1.2 #2
 Croatia	3.9	40,200	2.0 #2	0.7 #2
 Belarus	9.2	22,600	4.9 #2	0.8 #2
 Serbia	6.7	23,900	2.4 #3	-
 Slovenia	2.1	48,300	0.7 #2	0.2 #4
 N-Macedonia	2.1	20,300	1.1 #1	0.4 #2

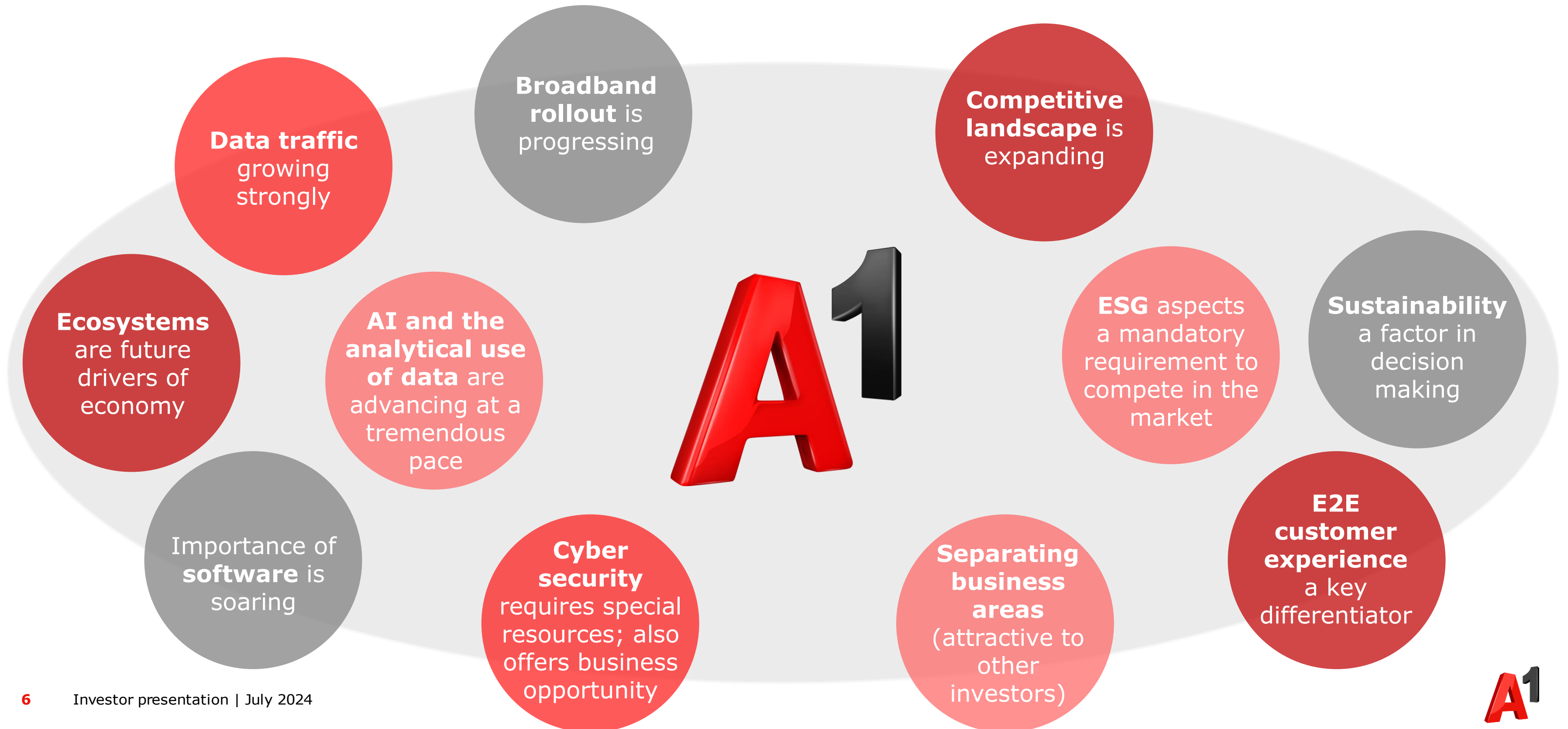
RGU = Revenue Generating Unit;

Source for inhabitants as well as GDP/capita (PPP, current international \$): <https://data.worldbank.org> (November 21, 2023); data for most recent year: 2022

# Strat tegy



# Trends that influence telcos and A1's strategy



# Key performance drivers



**Unified Brand**

**B2B Digital**

**Commercial excellence**

**One company**

**Upselling** the base  
**Best mobile network**  
**Internet@Home** (fiber + cubes)  
**Targeted M&A** to complement offering

**IT services**  
 e.g., applications, data centers, analytics  
**Security**  
 data/mobile/object security  
**Communication**  
 e.g., private branch exchange, healthcare  
**Integrated sector solutions**  
 e.g., smart metering, IoT

**One to all approach**  
 e.g., TV platform, IoT portfolio, data2impact  
**From silos into expertise hubs**  
 e.g., One Security, cloud  
**Standardized back-end for supporting systems** e.g., OneSAP, Workday



# Strategy follows the vision: Empowering digital life

## Evolve the core

- From network to connectivity plus
- From product driven to customer journey focused
- Operation to the cloud to simplify and modernize

**... to stay relevant for customers**



## Explore the new

- Scaling-up the portfolio
- Develop eco-systems and partnerships to enrich capabilities
- Expertise hubs to master execution

**... to discover new growth opportunities**

**Brand**

**ESG**

**Security**

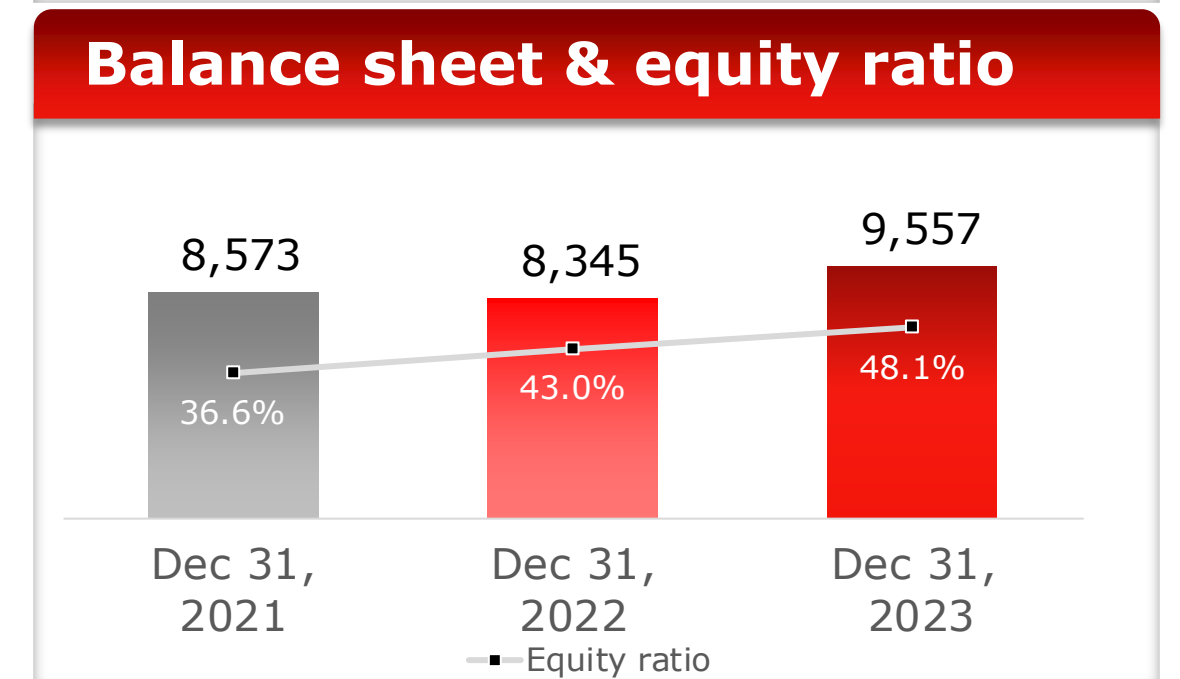
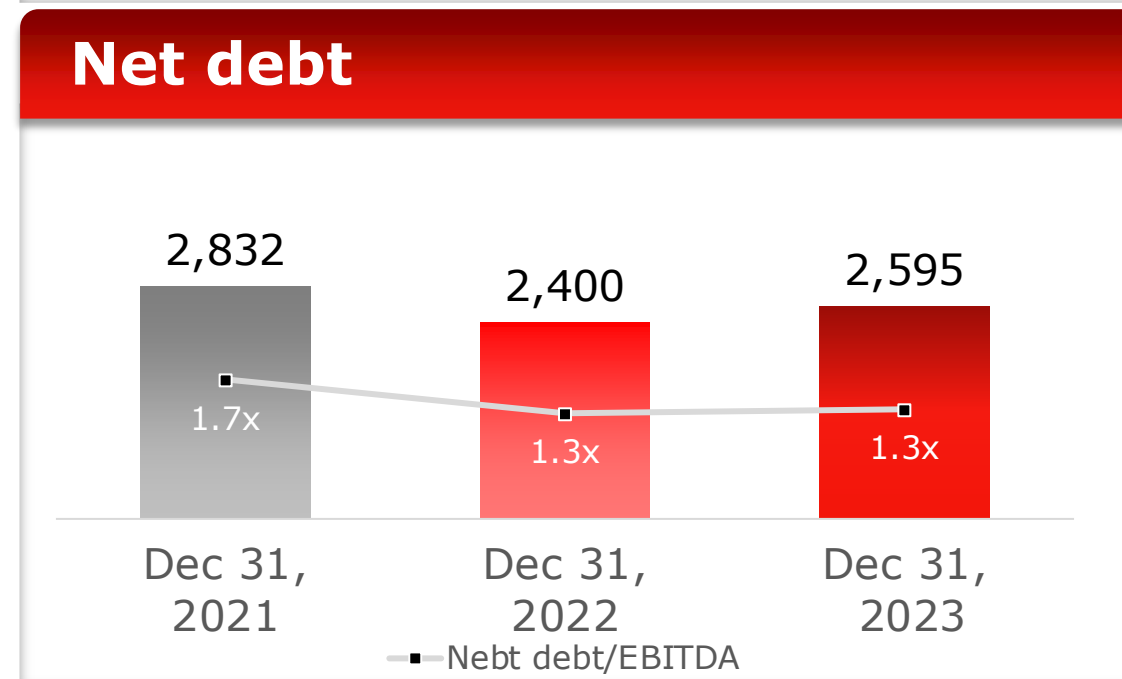
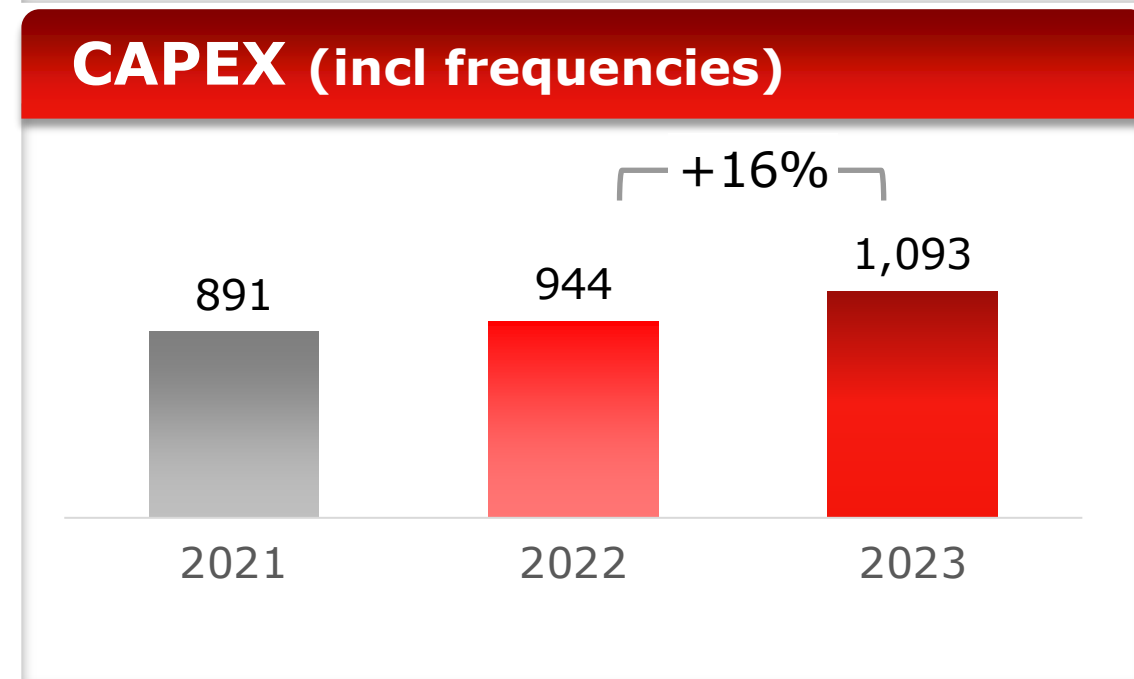
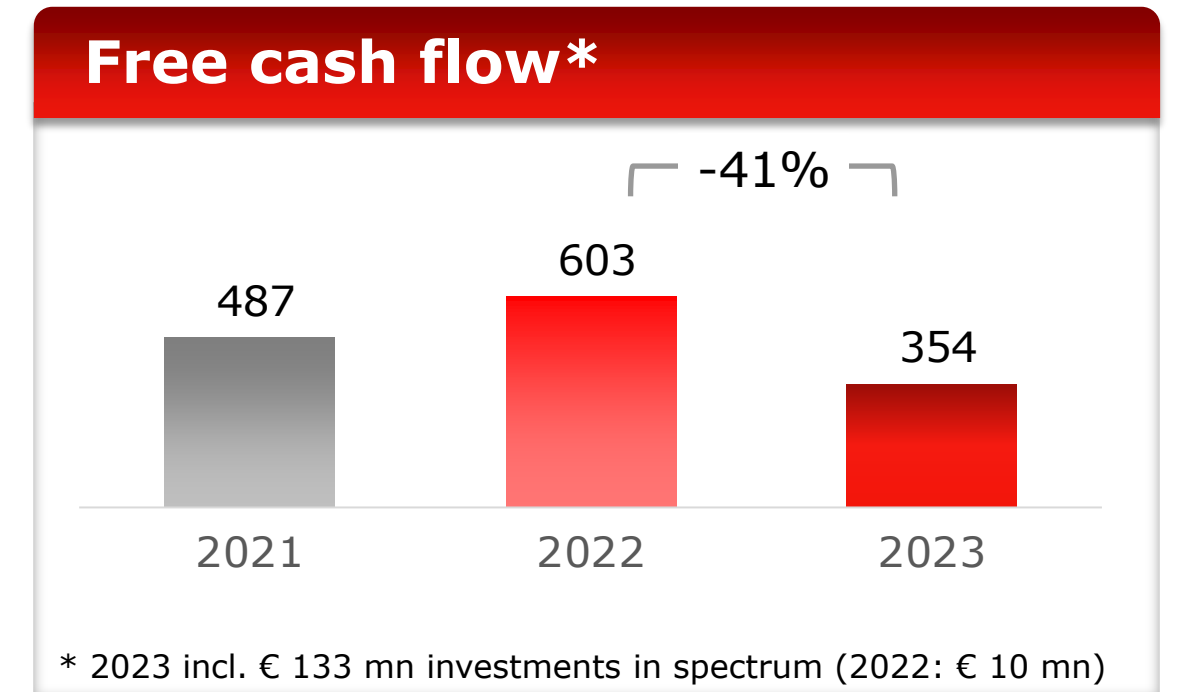
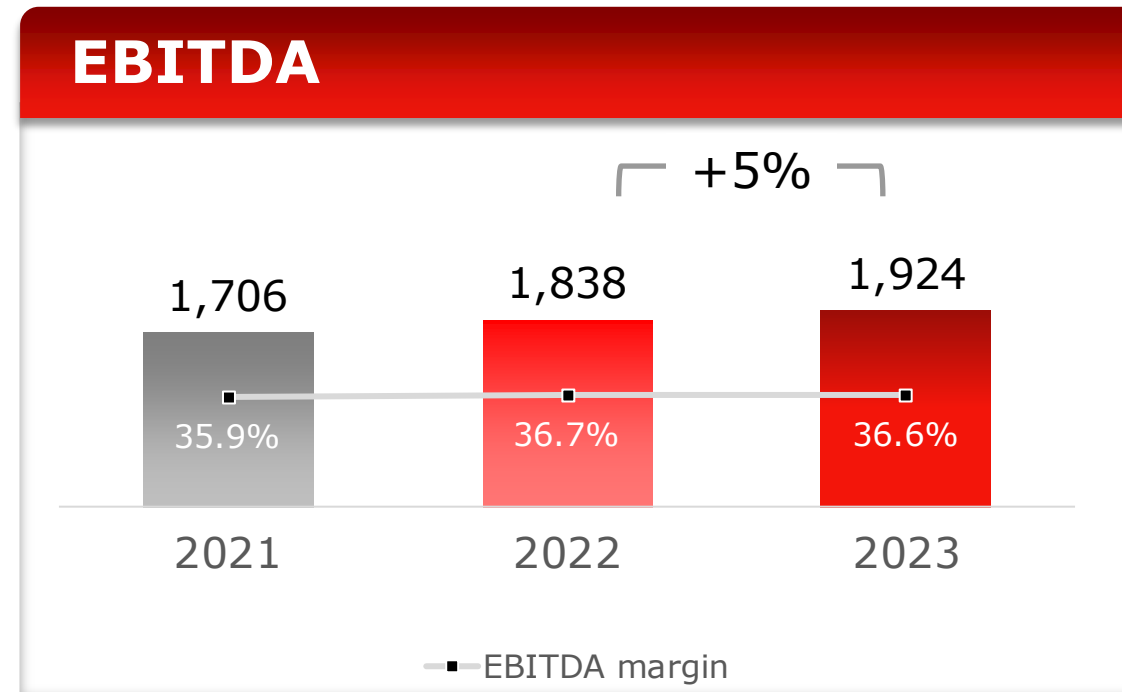
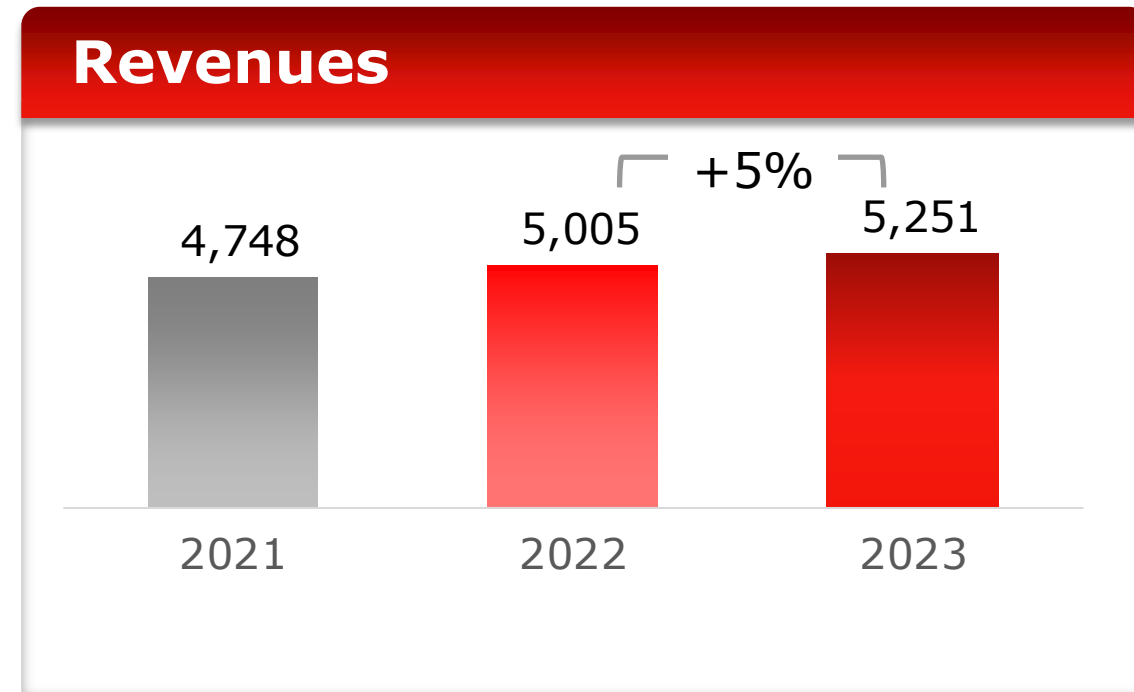


# Financials

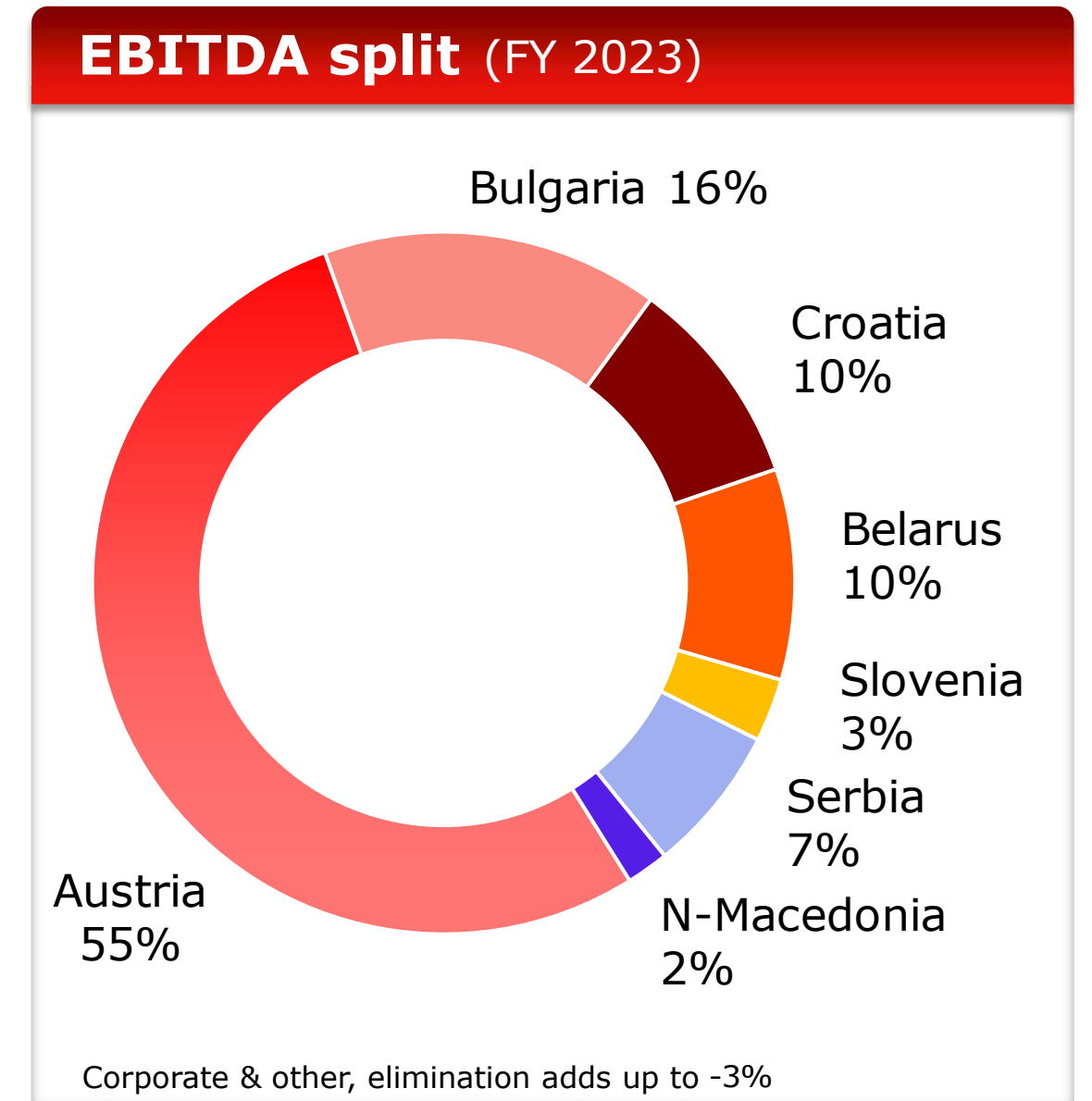
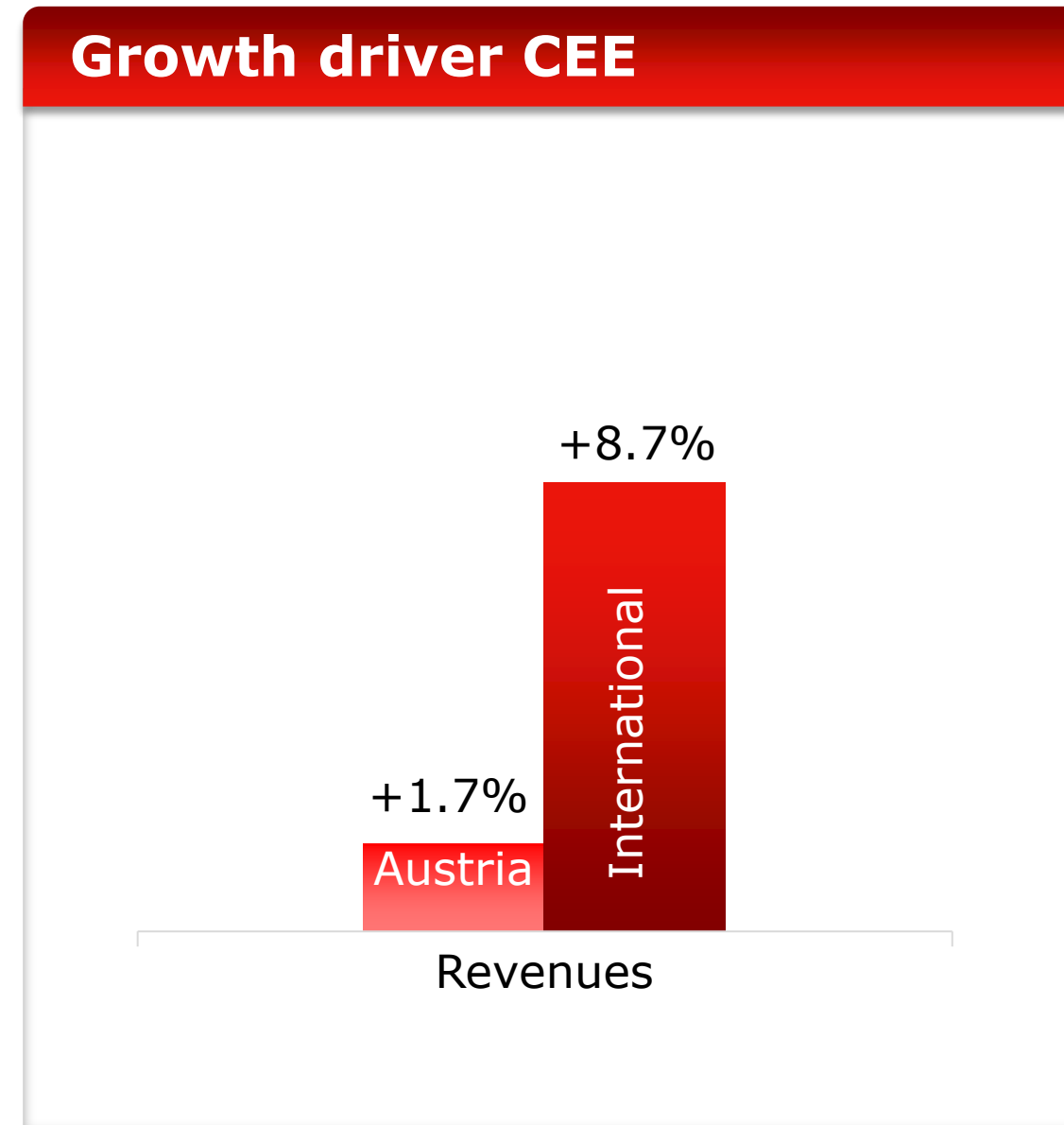
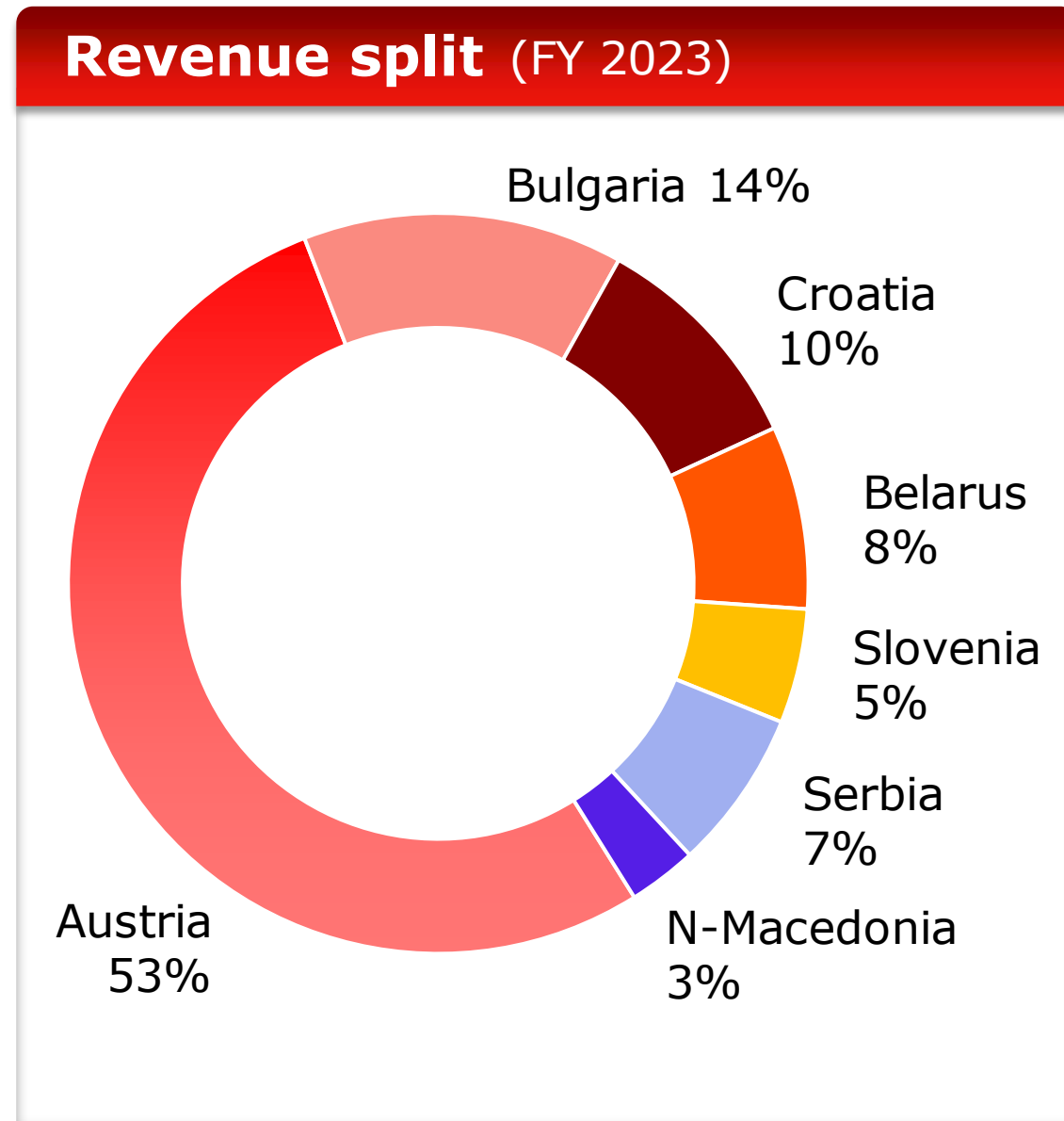


# Financial performance

(Unless otherwise stated, in € mn)



# Well-balanced performance across geographic footprint

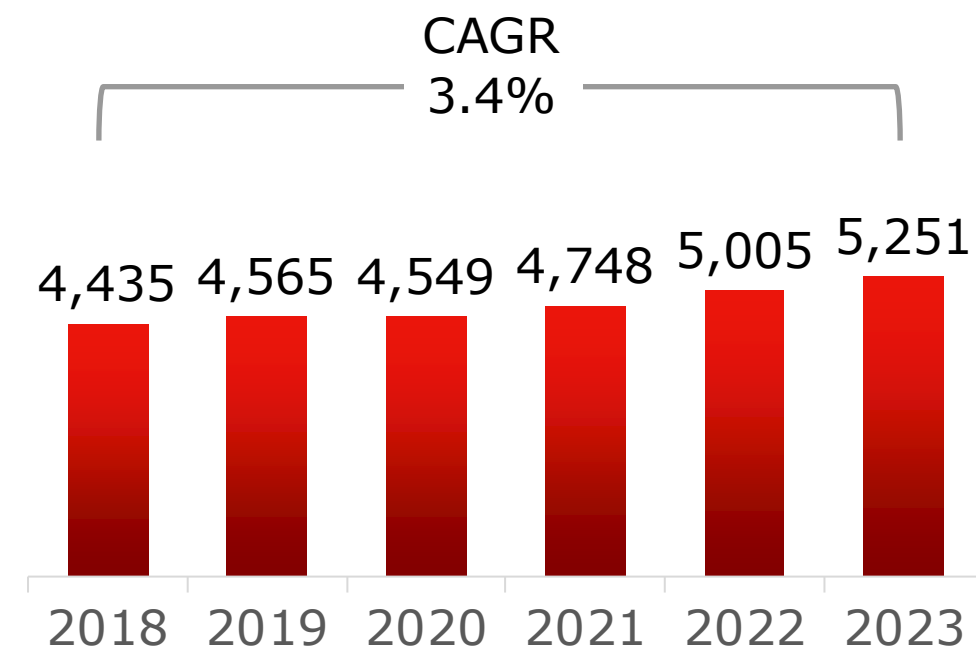


**Business in Austria brings stability to the A1 Group, international business growth.**

# Sustainable growth and strong free cash flow development

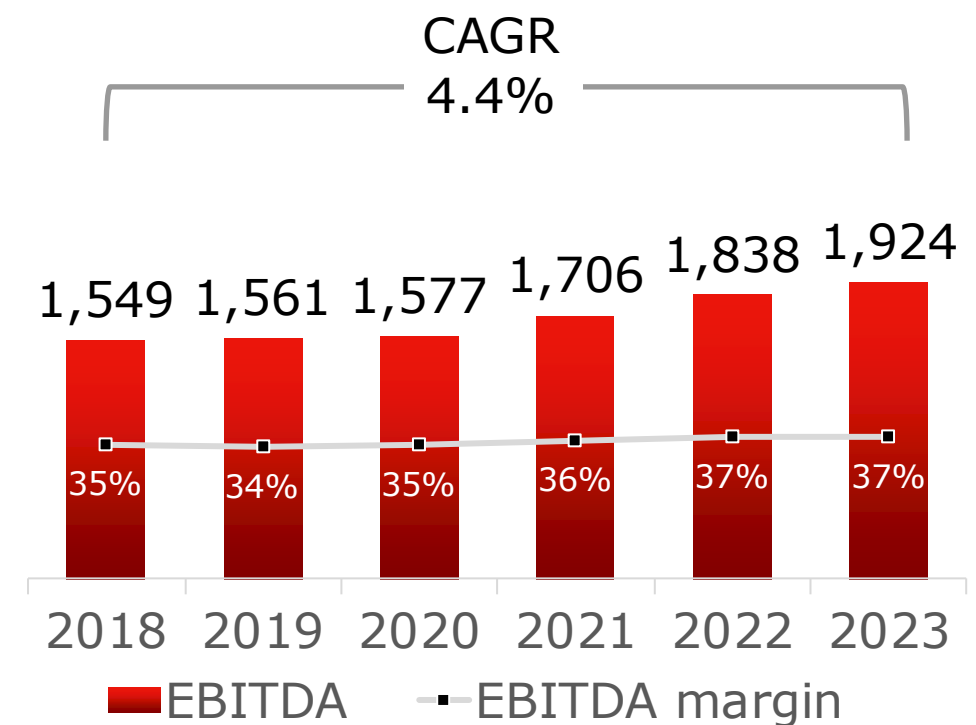
(Unless otherwise stated, in € mn)

## Revenues consistently growing



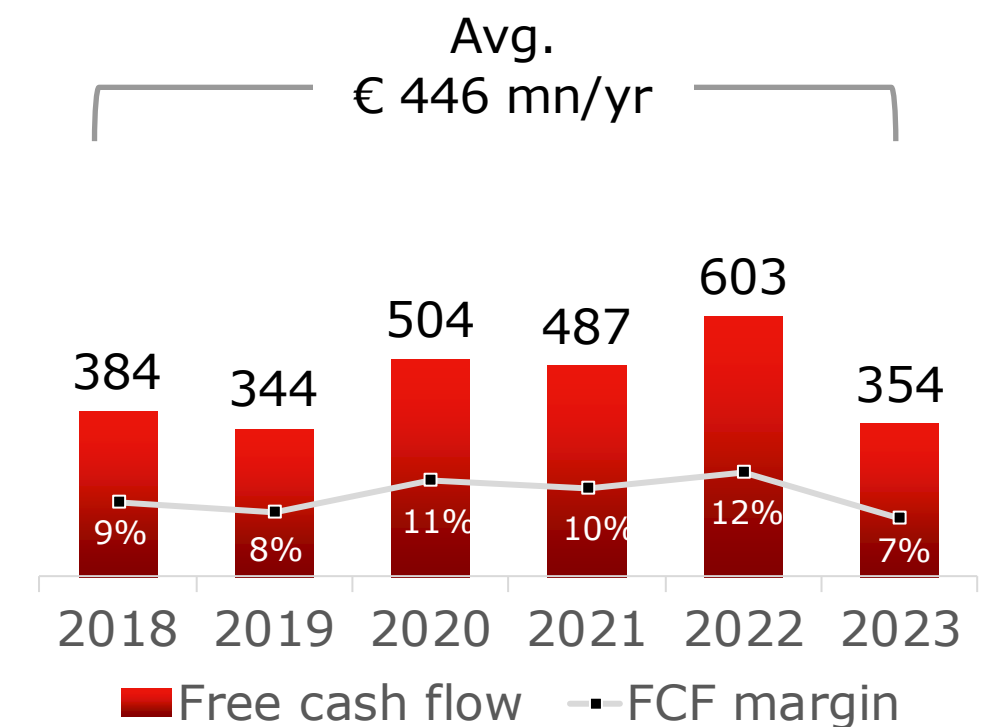
Steady top-line growth  
4.9% Y-o-Y growth in 2023

## EBITDA increased significantly



Revenue growth and careful cost management have driven consistent improvement in profitability...

## Robust free cash flow

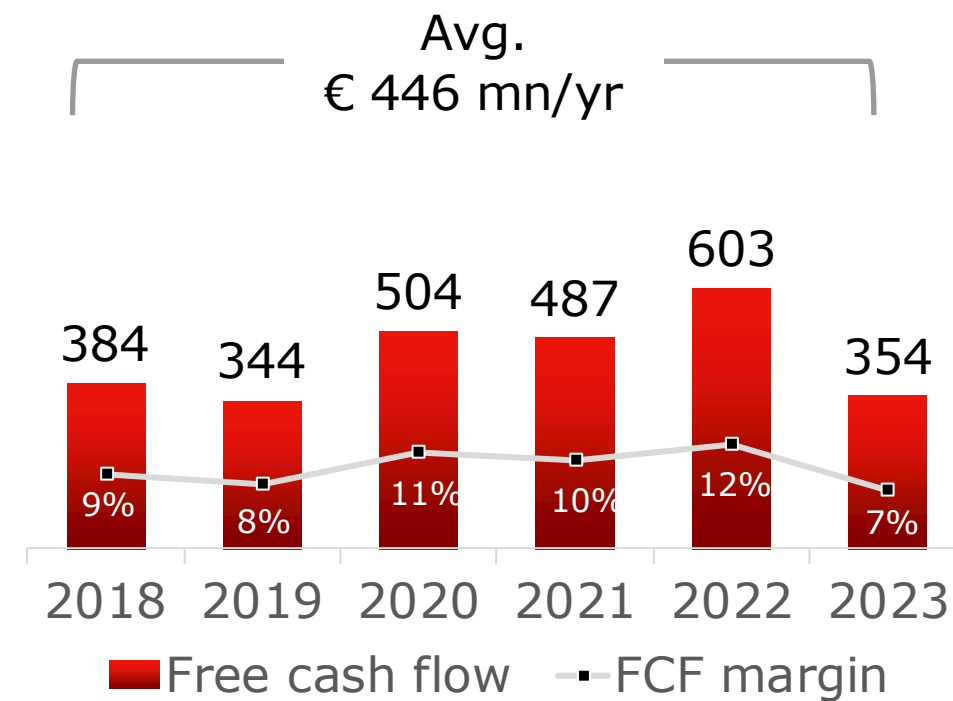


... leading to robust free cash flows

# A1 has decreased net debt significantly

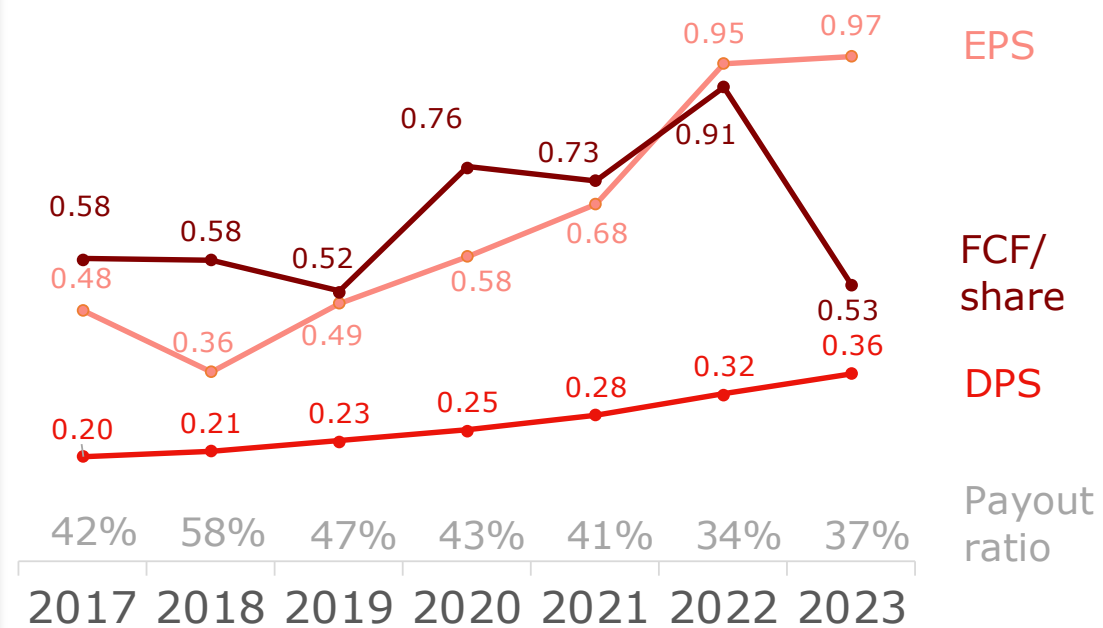
(Unless otherwise stated, in € mn)

## Robust free cash flow



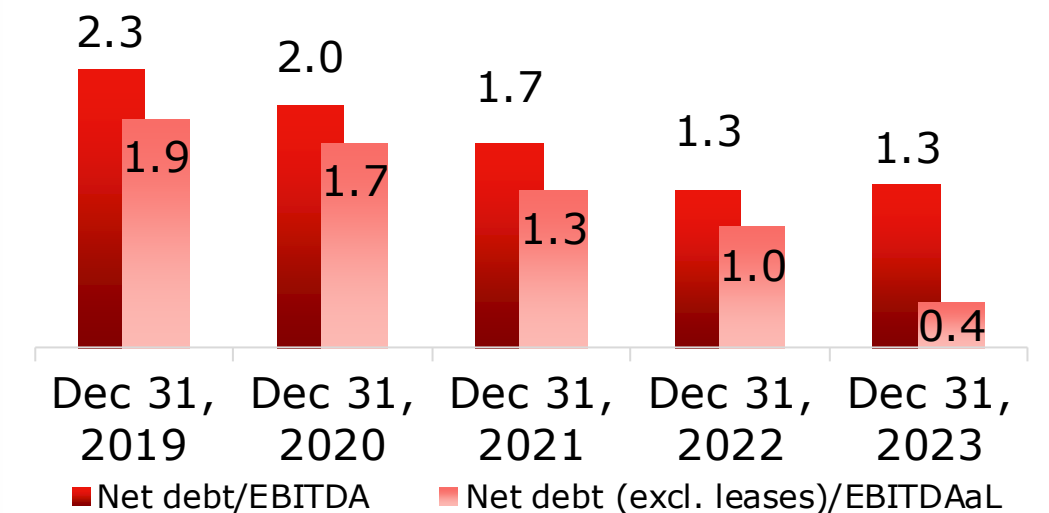
Focus on free cash flow...

## Sustainable dividend policy



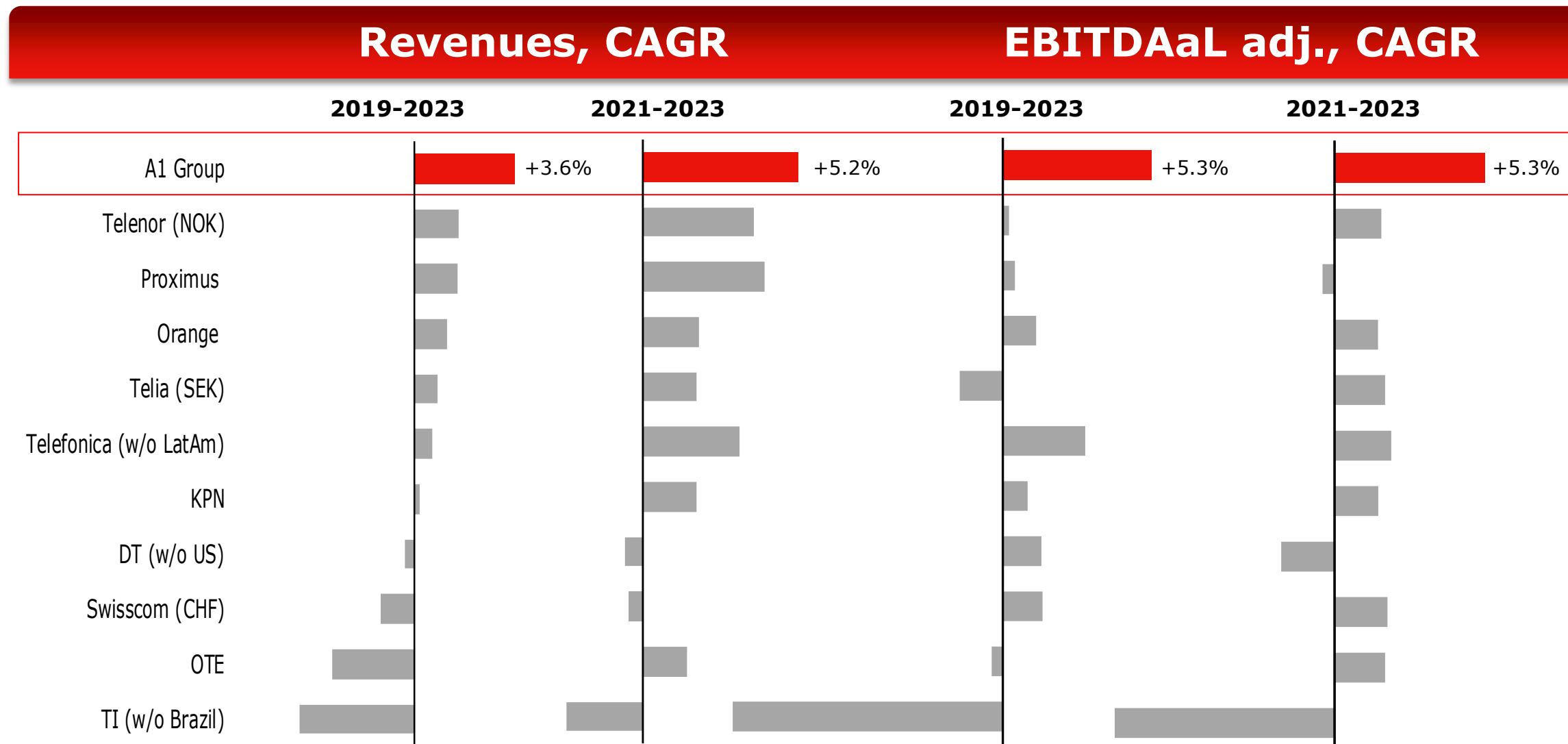
... in combination with a prudent but sustainable dividend policy ...

## Net debt reduction



... enabled A1 to strongly deleverage. This provides financial flexibility for future growth opportunities.

# Strong growth performance within peer group in Europe



Standard & Poor's rating	
AA+	
AA	
AA-	
A+	
A	Swisscom* +
A-	A1 Group Telenor +
BBB+	Orange DT OTE Telia Proximus +
BBB	KPN
BBB-	Telefonica
BB+	
BB	Telecom Italia
BB-	
B+	
B	

As of July 23, 2024

- Stable outlook
- + Government/group support
- \* Watch negativ

Ranking by 2019-2023 revenue CAGR.  
 Revenues based on reported organic growth and EBITDAaL based on reported underlying growth; large non-European operations excluded.

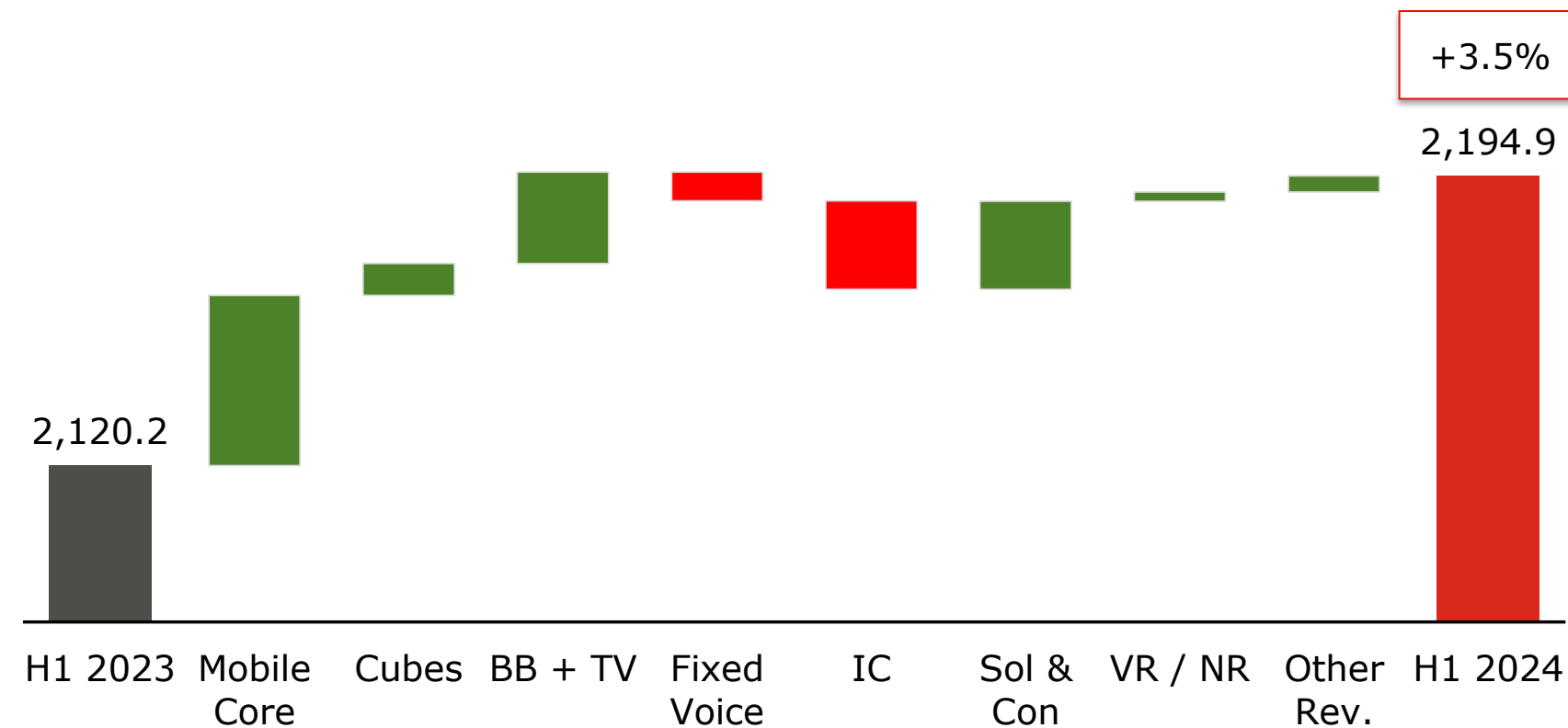


# Group revenues

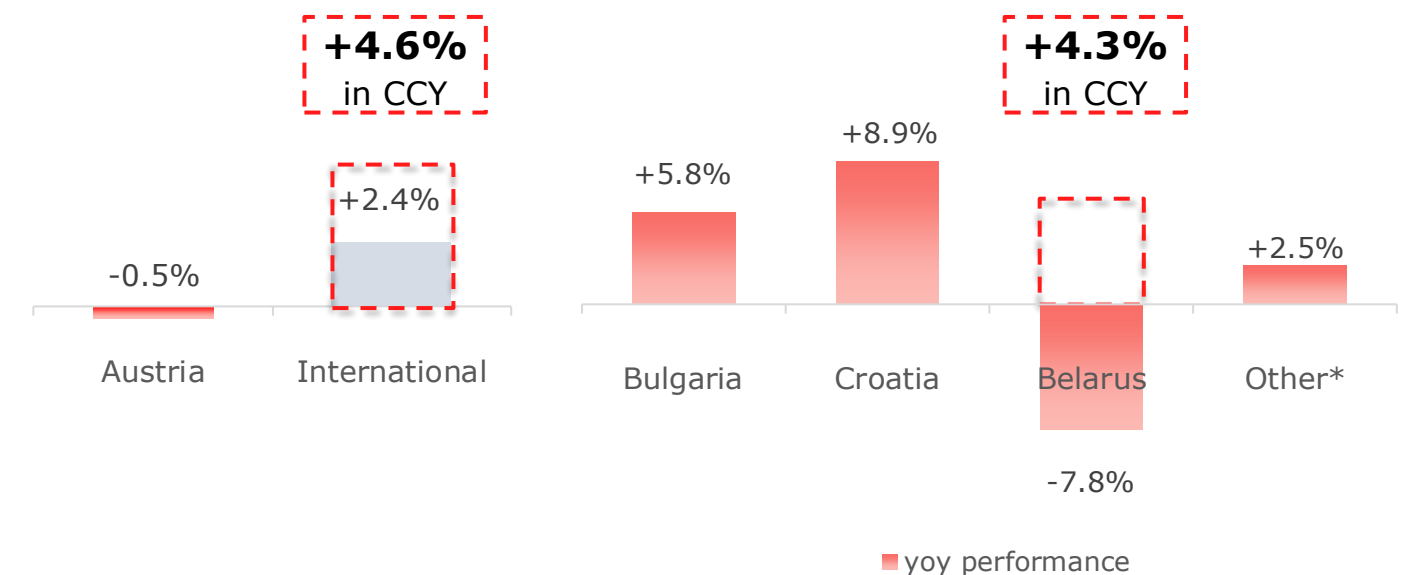
Unless otherwise stated, all amounts in EUR mn

	Q2 2024	Q2 2023		H1 2024	H1 2023	
Service revenues	1,124	1,082	+3.9%	2,195	2,120	+3.5%
Equipment revenues	168	194	-13.4%	344	389	-11.6%
Other operating income	24	23	+3.3%	44	47	-6.5%
<b>Total revenues</b>	<b>1,316</b>	<b>1,299</b>	<b>+1.3%</b>	<b>2,583</b>	<b>2,557</b>	<b>+1.0%</b>

## Service revenue growth drivers, YTD



## Total revenues growth – Group and International, YTD



\* Incl. corporate and eliminations

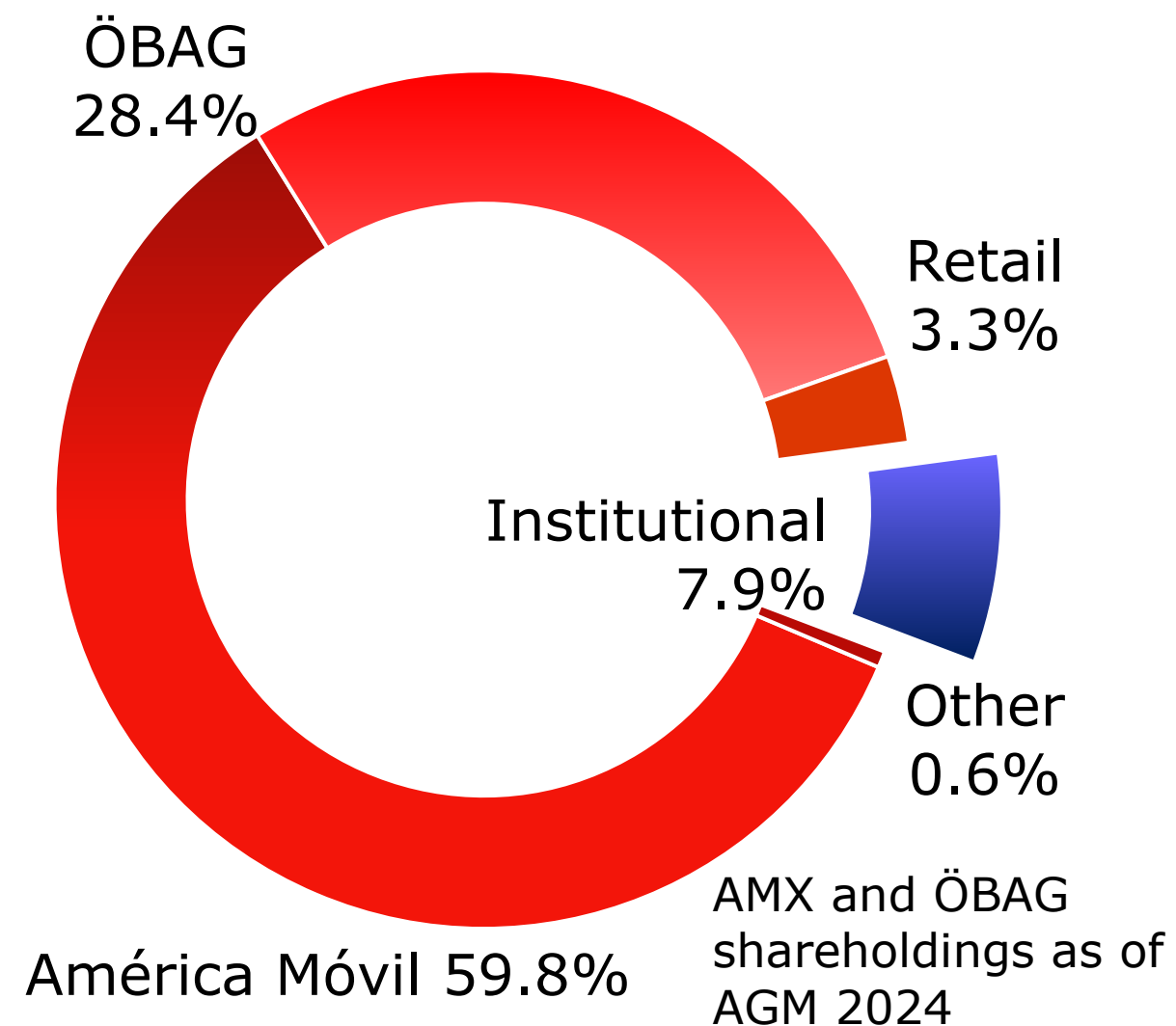
# The share





# Shareholder structure

## Two strong shareholders



### ÖBAG (Österreichische Beteiligungs AG)

- ÖBAG: independent holding company of state assets. Mission is to preserve and grow its investments for generations.
- Investment portfolio includes also: OMV, Verbund, Post, Casinos Austria, etc.

### América Móvil

- Leading telco in Latin America
- Total revenues € 50 bn
- 310 million mobile customers
- 74 million RGUs
- Listed at the Mexican Stock Exchange and NYSE

# Syndicate agreement between América Móvil and ÖBAG

On February 6, 2023, both parties agreed on a new syndicate agreement with a term of 10 years. The publicly known cornerstones of this agreement are the following:

## General

- Headquarters to remain in Austria
- Commitment to the listing at the Vienna Stock Exchange
- Free float of at least 10%
- Continued investment program (2022-2031) of € 1 bn for the broadband roll-out in Austria, in particular fiber

## Management Board

- Currently 2 members (maximum 3 members)
- CEO nominated by América Móvil
- Deputy CEO nominated by ÖBAG
- Potential third member nominated by América Móvil

## Supervisory Board (members elected by shareholders)

- ÖBAG:
  - 2 members
  - Right to nominate the Chairperson
- América Móvil: 8 members

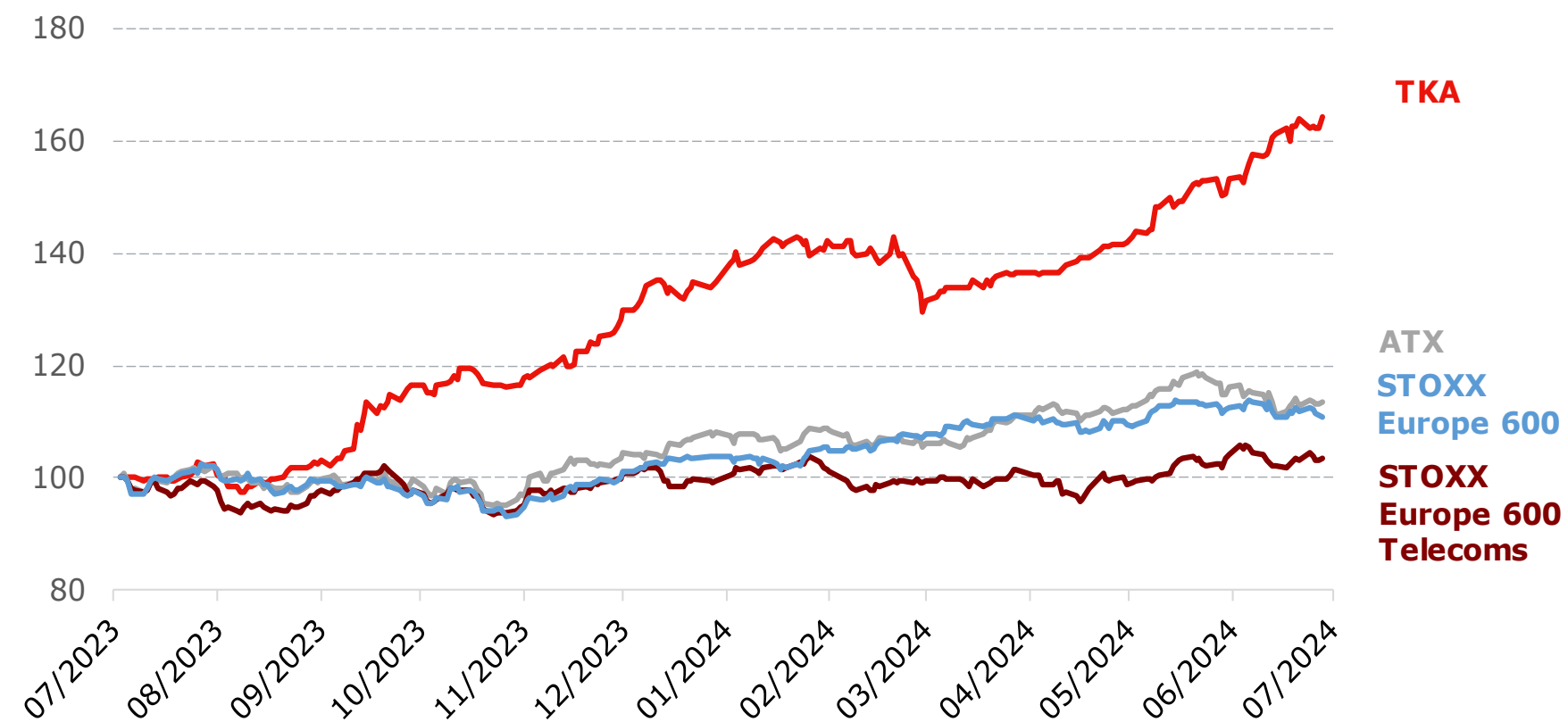
# Share price

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- Shares outstanding: 664,084,841
- Listing: Vienna Stock Exchange



Institution	Rating	Price (€)
AlphaValue/Baader Europe	Buy	8.55
Bank Pekao	Buy	8.60
Barclays	Hold	8.00
Bernstein	Buy	10.00
Citigroup	Hold	7.00
Erste Group Bank	Hold	8.70
HSBC	Hold	8.00
JP Morgan	Hold	9.30
Kepler Cheuvreux	Buy	8.50
RBI	Buy	9.40
Consensus price target		<b>8.61</b>

As of July 22, 2024

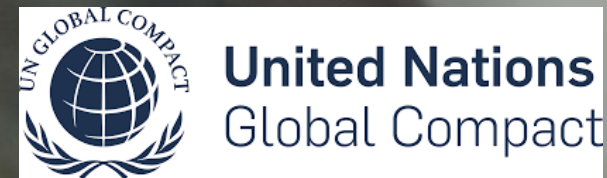
# Sustainability



Source Sustainalytics. Sustainalytics, a Morningstar company, is a leading independent ESG research, ratings and data firm, has recognized Telekom Austria as a Sustainalytics ESG Top Rated Company.



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# New ESG Strategy: raised ambition & extended scope of topics

E	<b>CO2 emissions</b>  <b>Net-Zero goal by 2030</b> Scope 1&2: -90% Scope 3: -60% reduction (BY 2019)   <b>KPI:</b> % of t CO2e reduced	<b>Energy efficiency</b>  <b>80% goal</b> Increase energy efficiency to 80% by 2030 (BY 2019)   <b>KPI:</b> % change of MWh per transported TB data	<b>Recycle / Refurbish</b>  <b>20% goal</b> Increase percentage of recycled and refurbished devices to 20% of the total amount of devices & equipment distributed by 2025   <b>KPI:</b> (Nr. of Recycled + refurbished devices and equipment 2025) / (Nr. of sold dev. & equip. 2025)	<b>Waste reduction</b>  <b>Zero-waste to landfill goal</b> Obtain carbon trust "Zero waste to landfill" certificate by 2030  No waste to landfill by 2030 except: *Unavoidable waste *Remains of waste treatment such as ash	<b>Product reuse</b>  <b>Foster reuse projects</b> Continue the implementation of reuse lighthouse projects in each OpCo and participate in half-yearly best-practice sharing to foster cross-OpCo implementation of projects.
	HIGHER AMBITION			NEW	
S	<b>Dig. Education</b>  <b>500k people goal</b> 500k people participated overall by 2030 (BY 2021) in digital education initiatives   <b>KPI:</b> Nr. of people reached	<b>Div., Equity, Incl.</b>  <b>40% female share goal</b> 40% female leaders as well as an overall female employee share by 2025   <b>KPI:</b> % of female employees amongst overall workforce	<b>Volunteering</b>  <b>Expansion of options</b> In the course of 2024, there is at least one quarterly volunteering opportunity for our employees available.	<b>Gender pay gap</b>  <b>Closure of gender pay gap goal</b> We are committed to equal pay for equal work. We focus on identifying and – if needed – mitigating pay inconsistencies/inequalities.   <b>KPI:</b> % of pay gap	<b>Employee learning</b>  <b>40h learning goal</b> Increase employee learning hours to reach an average of 40h per employee by 2030   <b>KPI:</b> Nr. of hours spent in training / upskilling
	HIGHER AMBITION			NEW	
G	<b>Compliance mgmt. system</b>  <b>Audit goal</b> Maintain a best-practice and externally certified compliance management system	<b>Board incentives</b>  <b>Incentivization goal</b> Keep incentivized ESG goals within board remuneration plan in all years till 2030	<b>Supplier policy</b>  <b>Advanced supplier-engagem.</b> Mandatory submission of data on ESG performance indicators for vendors & enforce high supplier standards along the value-chain   <b>KPI:</b> Nr. of validated audits		
	HIGHER AMBITION			NEW	

# Out look



# Guidance 2024

Total revenues

+3-4%

CAPEX (excl. spectrum)

Around € 800 million

- **Revenues:** 3-4 % growth expected to be mainly driven by service revenues, both in CEE and Austria: Value-securing measures, upselling in the retail business, and a strong development of the solutions business, overcompensating voice and IC decline; BYN expected to depreciate versus EUR in FY 2024.
- **CAPEX:** excl. spectrum at **around EUR 800 million**
  - A1 Group remains committed to fiber-rollout program in Austria at an unchanged pace
  - Revaluation of non-business-critical projects both in Austria and CEE
- **Dividend:** **EUR 0.36 dividend per share for FY 2023** (2022: EUR 0.32) proposal to the Annual General Meeting on June 27, 2024.

# A1 ambitions 2024-2026

## Revenues

3-4% increase p.a.

Based on current inflation and exchange rate expectations

## EBITDA

4-5% increase p.a.

Based on current inflation and exchange rate expectations

## CAPEX

€ 2.8 bn plus frequencies

## Dividend baseline

€ 0.32 per share

Based on the Group's operational and financial development, the dividend level will be maintained or increased.



# Investment Case Telekom Austria

## **Leading telco across CEE**

- Among top 2 mobile operators in 6 out of 7 core markets
- 29 million customers in Europe
- >80% of Group EBITDA in investment-grade rated countries

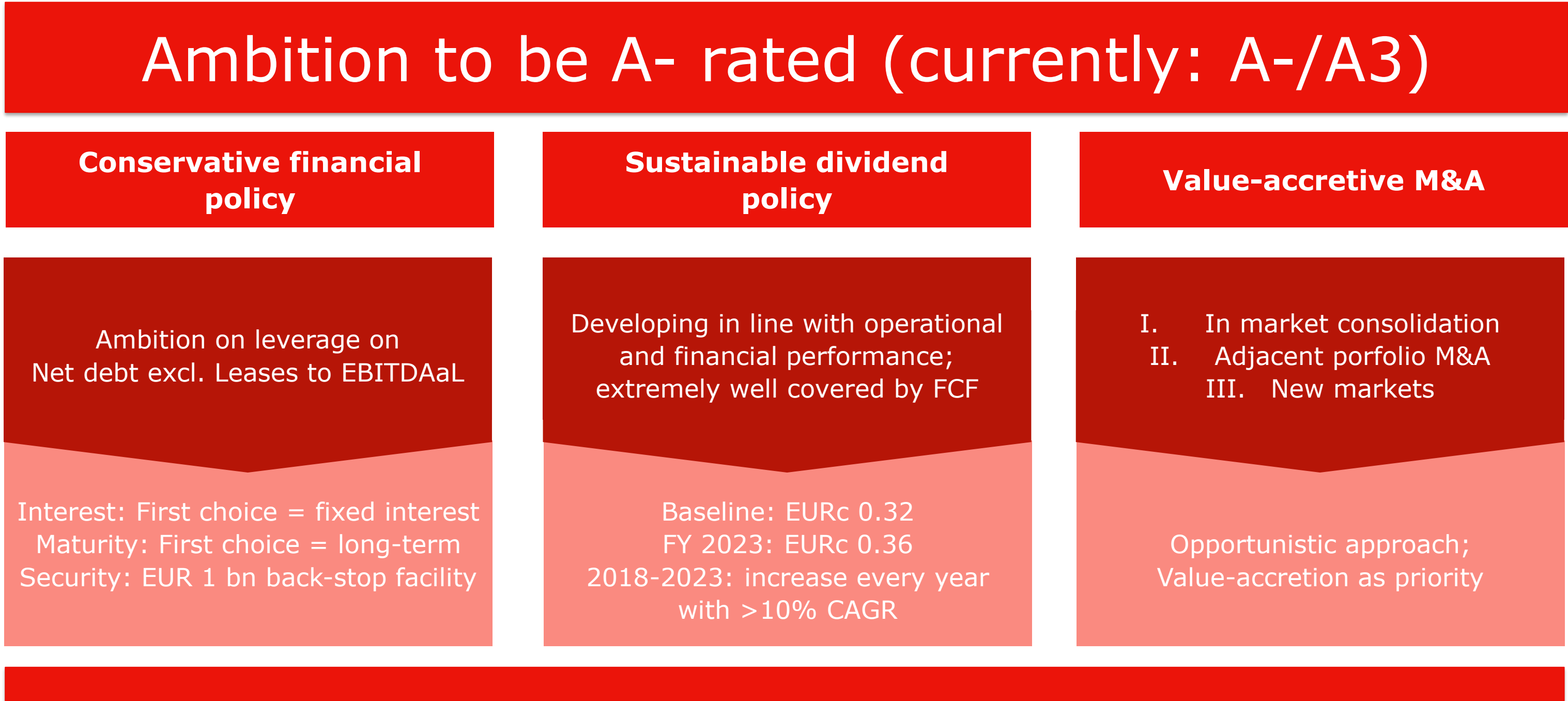
## **Top performing incumbent telco in Europe**

- Strong growth rates, high profitability, robust FCF
- Low financial leverage
- Sustainable dividend development with constant increase
- A- rated by all three major credit rating agencies

## **Modern and lean corporate structure**

- Well-balanced performance: stability in Austria, growth in CEE
- Core shareholders: AMX (one of the largest telcos) + ÖBAG (Austrian state)
- Top ESG Ratings: Sustainalytics' 2024 ESG Top-Rated Industry list and CDP's A list in 2024

# Capital allocation follows conservative financial policy for long-term value creation within rating framework



# Appendix



# Management Board



**Alejandro Plater** (\*1967, Argentina)

- Board member since August 2015
  - 2015-2018 as CEO, 2018-2023 as COO
- Before A1, senior roles at Ericsson
- Studied Economics at University of Buenos Aires, post-graduate studies at Columbia and Wharton as well as London Business School



**Thomas Arnoldner** (\*1977, Austria)

- Board member since September 2018
  - 2018-2023 as CEO
- Before A1, board functions at Alcatel-Lucent Austria, T-Systems Austria
- Studied Business Management at Vienna University of Economics & Business and at the Stockholm School of Economics

# Conservative financial policy and investment-grade ratings

## As of June 30, 2024

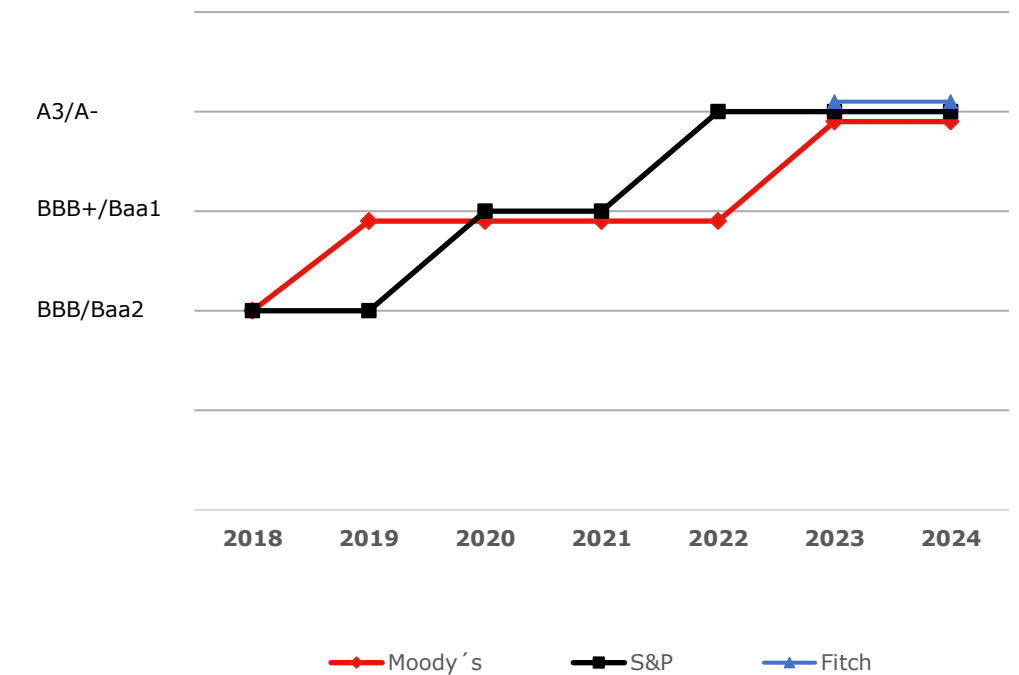
### Overview (June 30, 2024)

- Total financial debt: EUR 748 mn
- Average cost of debt: 1.50%
- Cash & cash equivalents: EUR 271 mn
- Avg. term to maturity: 2.44 years

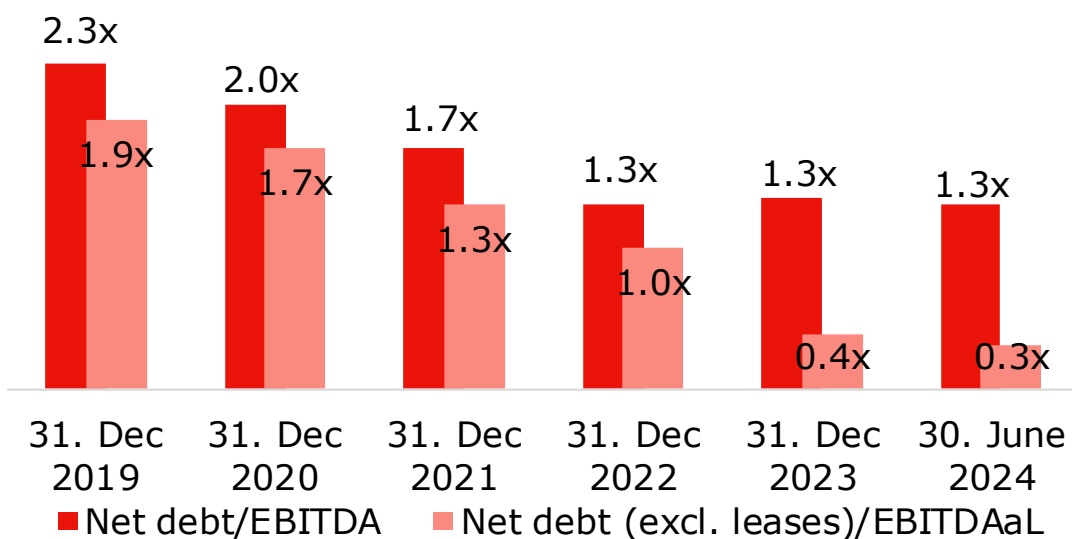
### Lines of credit (June 30, 2024)

- Total committed lines: EUR 1,315 mn
  - Average term to maturity: 1.76 years
- Undrawn committed credit lines: EUR 1,315 mn

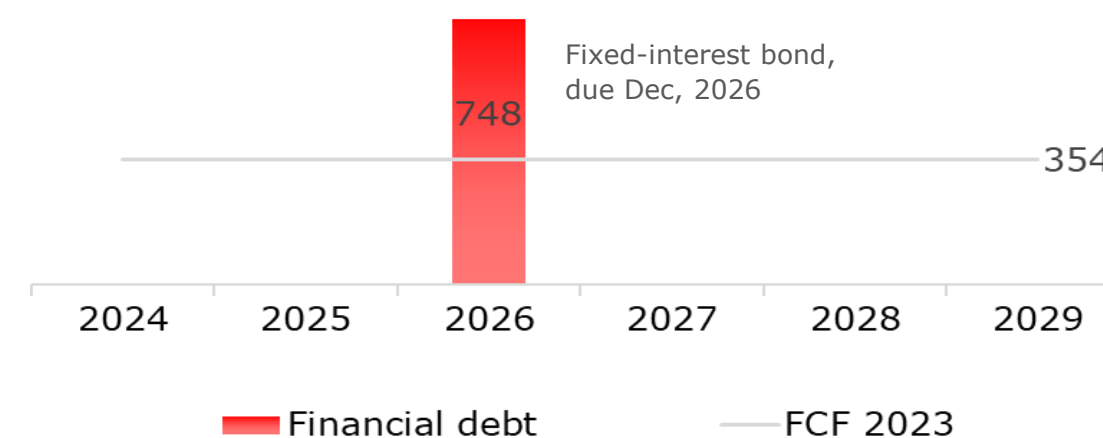
### Credit ratings



### Net debt/EBITDA



### Debt maturity profile (June 30, 2024)



- Fitch assigned A- in June 2023 (initial rating, best European telco)
- S&P confirmed A- in 5/2024
- Moody's assigned A3 in 12/2023

# Overview: Restructuring charges and provision vs. FTE

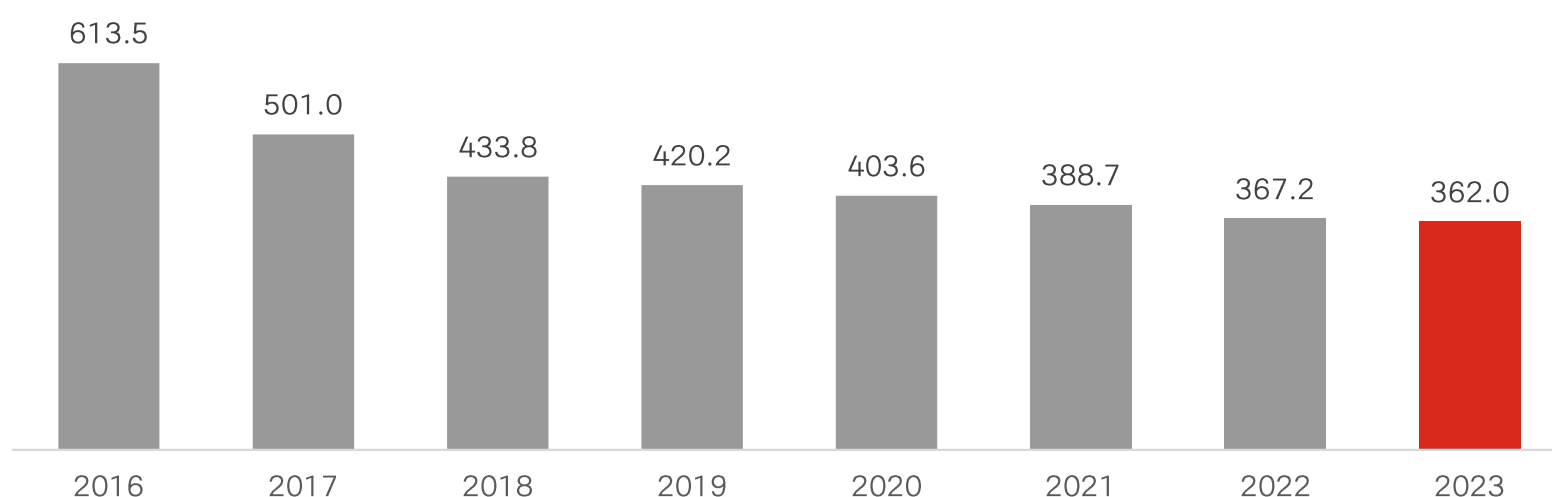
## Overview restructuring charges (in EUR mn)

	2016	2017	2018	2019	2020	2021	2022	2023
FTE reduction	95.0	9.1	70.1	100.2	91.3	95.1	100.7	72.4
Servicekom contribution	-96.9	-27.3	-47.1	-19.4	-9.8	-10.9	-16.0	7.2
Staff released from work	0.0	0.0	0.0	0.0	0.0	0.0	6.9	0.2
Interest rate adjustments	9.2	0.0	-0.9	3.2	3.1	0.0	-18.4	5.7
<b>Total</b>	<b>7.2</b>	<b>-18.2</b>	<b>22.1</b>	<b>84.1</b>	<b>84.5</b>	<b>84.2</b>	<b>73.2</b>	<b>85.5</b>

## FTE addressed

	2016	2017	2018	2019	2020	2021	2022	2023
Transfer to government	6	3	0	0	0	0	0	0
Social plans	269	31	241	387	375	354	366	235
Staff released from work	0	0	0	0	0	0	0	1
<b>Total</b>	<b>275</b>	<b>34</b>	<b>241</b>	<b>387</b>	<b>375</b>	<b>354</b>	<b>366</b>	<b>236</b>

## Overview restructuring provision\* (in EUR mn)



## Provisioned FTEs

	2016	2017	2018	2019	2020	2021	2022	2023
Transfer to government	193	176	159	128	113	107	105	97
Social plans	1,821	1,707	1,748	1,805	1,827	1,812	1,826	1,698
Staff released from work	200	172	116	81	62	44	7	5
<b>Total</b>	<b>2,214</b>	<b>2,055</b>	<b>2,023</b>	<b>2,014</b>	<b>2,002</b>	<b>1,963</b>	<b>1,938</b>	<b>1,800</b>

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

# P&L

Unless otherwise stated, all amounts in EUR mn

	Q2 2024	Q2 2023		H1 2024	H1 2023	
<b>Revenues</b>	<b>1,316</b>	<b>1,299</b>	<b>+1.3%</b>	<b>2,583</b>	<b>2,557</b>	<b>+1.0%</b>
OPEX	(812)	(813)	-0.2%	(1,624)	(1,635)	-0.6%
Restructuring	(18)	(17)	+6.9%	(39)	(38)	2.6%
<b>EBITDA</b>	<b>504</b>	<b>486</b>	<b>+3.8%</b>	<b>959</b>	<b>922</b>	<b>+4.0%</b>
EBITDA margin	38.3%	37.4%	+0.9pp	37.1%	36.1%	+1.0pp
before restructuring	522	503	+3.9%	998	960	+3.9%
Margin	39.7%	38.7%	+1.0pp	38.6%	37.5%	+1.1pp
FX effects	1	-	n.m.	9	-	n.m.
one-off effects	21	-	n.m.	21	-	n.m.
EBITDA underlying	544	503	8.3%	1,028	960	7.1%
Margin	41.1%	38.7%	+2.4pp	39.4%	37.5%	+1.8pp
after leases	400	436	-8.3%	753	825	-8.7%
Margin	30.4%	33.6%	-3.2pp	29.1%	32.3%	-3.1pp
<b>EBIT</b>	<b>218</b>	<b>241</b>	<b>-9.3%</b>	<b>396</b>	<b>436</b>	<b>-9.1%</b>
EBIT margin	16.6%	18.5%	-1.9pp	15.3%	17.0%	-1.7pp
<b>Financial result</b>	<b>(23)</b>	<b>(27)</b>	<b>-12.9%</b>	<b>(49)</b>	<b>(48)</b>	<b>2.9%</b>
Income taxes	(49)	(48)	1.8%	(83)	(86)	-4.0%
<b>Net result</b>	<b>146</b>	<b>166</b>	<b>-11.9%</b>	<b>263</b>	<b>301</b>	<b>-12.5%</b>
Net margin	11.1%	12.8%	-1.7pp	10.2%	11.8%	-1.6pp

## Q2 2024 - below EBITDA

### EBIT declined due to D&A:

- EUR 43.8 mn higher D&A, mainly due to rights of use assets after tower spin-off
- D&A on a proforma basis increased by EUR 17 mn

**Financial result:** lower interest on financial liabilities offset higher interest expenses for the tower leases

**Net result** lower, on pro forma\* basis above previous year Q2 and H1 by 8.0% and 9.1% respectively

Pro-forma= as if tower business has already been spun-off in comparison period

# Free cash flow

Unless otherwise stated, all amounts in EUR mn

	Q2 2024	Q2 2023		H1 2024	H1 2023	
EBITDA	504	486	3.8%	959	922	4.0%
Restructuring charges, cost of labor obligations	19	18	5.2%	41	41	1.4%
Lease paid (principal, interest, prepayments)	(96)	(42)	127.6%	(193)	(108)	78.9%
Income taxes paid	(31)	(31)	-0.2%	(54)	(48)	11.6%
Net interest paid	4	(7)	n.m.	7	(9)	n.m.
Change working capital and other changes	(11)	(15)	-25.4%	(63)	(26)	143.8%
CAPEX	(247)	(359)	-31.2%	(480)	(606)	-20.8%
<b>FCF before soc. plans</b>	<b>142</b>	<b>50</b>	<b>183.0%</b>	<b>217</b>	<b>166</b>	<b>30.5%</b>
Social plans new funded	(19)	(20)	-4.3%	(42)	(43)	-2.4%
<b>Free cash flow</b>	<b>123</b>	<b>30</b>	<b>309.4%</b>	<b>175</b>	<b>123</b>	<b>42.1%</b>
<i>FCF/revenues</i>	<i>9.3%</i>	<i>2.3%</i>	<i>+7.0pp</i>	<i>6.8%</i>	<i>4.8%</i>	<i>+2.0pp</i>

## Free Cash Flow in H1 2024 higher due to

- substantially lower CAPEX due to savings and lower spectrum payments:  
EUR 38.7 mn in H1 2024 vs EUR 110 mn in H1 2023
- better operational result
- higher lease paid
- unfavorable changes in working capital

## Working capital changes:

- Negative impact from accounts payable (broadband subsidy received in 2023) but
- lower inventories and accounts receivables



# Accelerating internal transformation with a Competence Delivery Center (CDC)

- Repurposing costs (indirect to direct) to exploit opportunities & invest in the market
- One CDC with different delivery centers (DCs), from 7 local to 1 international team



## Short-term

- Efficiency gains and employee cost reduction
- Insourcing and external workforce reduction

i.e.

- Employee cost reduction:  
**~25%** of addressed scope till YE 2026

## Mid- to long-term

- Synergies through process and tool harmonisation and automation leading to efficiency gains in CDC

i.e.

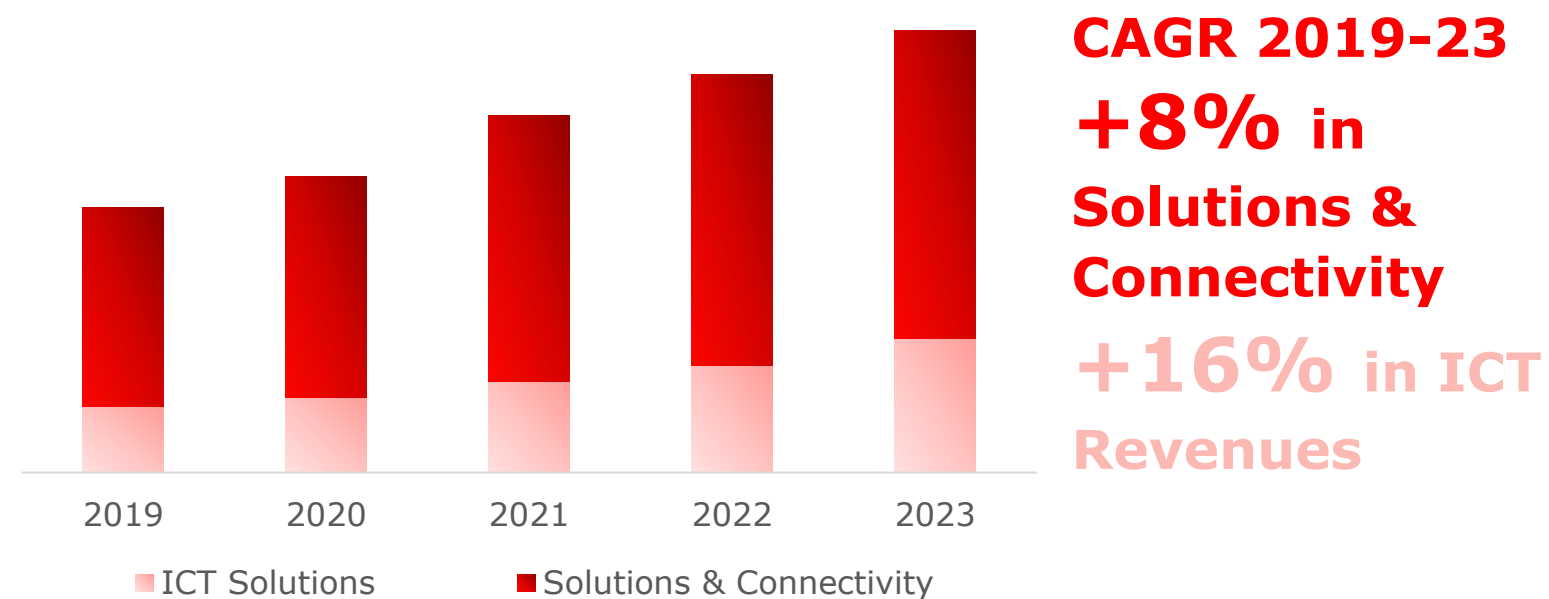
- Network operations center reduction of tools & systems:

**>300 to <100**

# ICT solutions as key growth driver for the future

## ICT business in the group

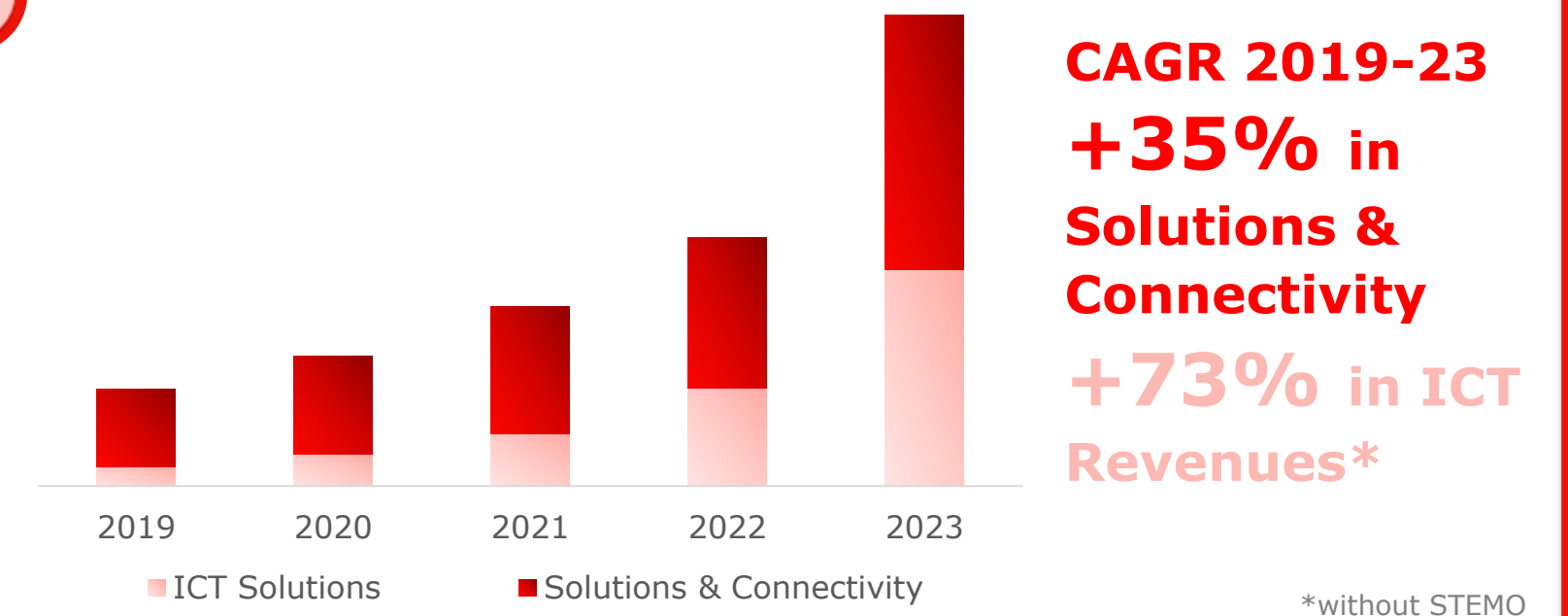
- **A1 offers a versatile ICT portfolio** including cloud-, security-, datacentre-, communication-, network-, IoT & Analytics-, and IT-infrastructure services
- **ICT solutions** (+26% yoy in 2023) as an above average growth driver within the **solution & connectivity segment** (+10% yoy in 2023)



## Best practice example: ICT in Bulgaria



- **ICT solutions in Bulgaria** with above average growth rates as key growth driver in the **solution & connectivity segment**, mainly due to a variety of larger ICT deals in the past year and the acquisition of STEM0 in 2022



**Next steps for further growth potential:** replicate success story of Bulgaria in other markets and transfer the successful strategy of the large enterprise segment to the SME segment

**A1**

**Thank  
you**

