



# Investor Presentation

October 2024

# 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.

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# 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 market positions, award winning network and top-rated brand A1
- Consistent, well-balanced growth: stability in Austria, growth in CEE
- A- rated by all three major credit rating agencies
- Sustainable dividend policy, well covered by robust FCF
- ESG top ratings

**5.3 bnEUR**  
Revenues

**7**  
Countries

**29 million**  
Customers

**18 k**  
Employees



# A1 at a glance

Former Austrian incumbent and a platform for growth in Eastern Europe

**5.3 bn**

Total revenues

**1.9 bn**

EBITDA

**37 %**

EBITDA margin

**25.2 mn**

Wireless subscribers

**6.3 mn**

Fixed RGUs

**36 EurC**

Dividend, ~10% CAGR in last 6 years

**#1**

Telecom  
Brand in  
Austria

**#3**

in brand value  
of Austrian  
brands

**0.4**

Net Debt/  
EBITDAaL  
ratio

**A-**

Credit rating

**A**

list  
CDP Rating

**Top 5%**

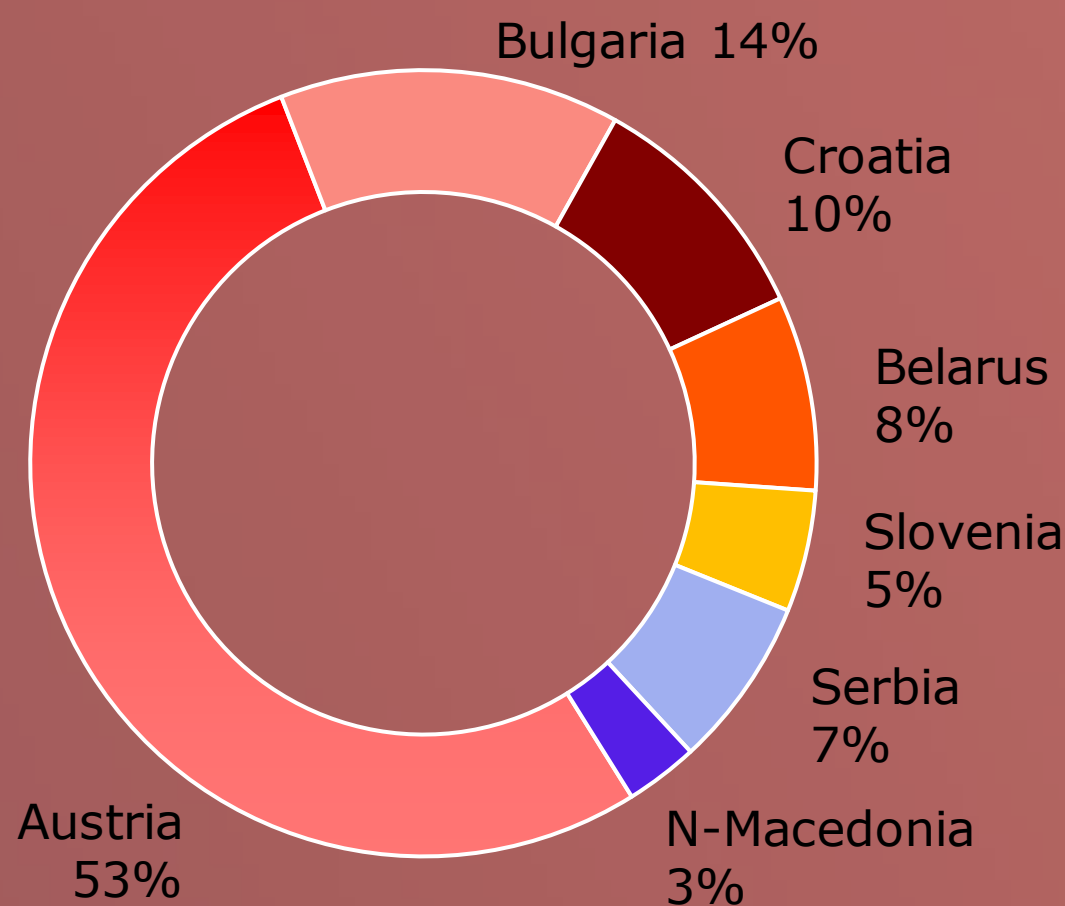
Ecovadis  
sustainability  
rating





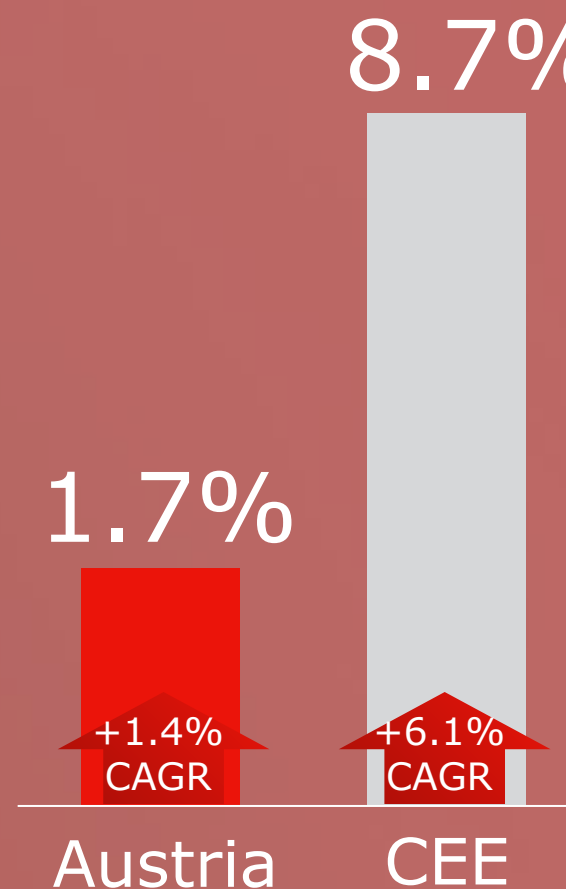
# Well-balanced performance across geographic footprint

## Revenue split (FY 2023)



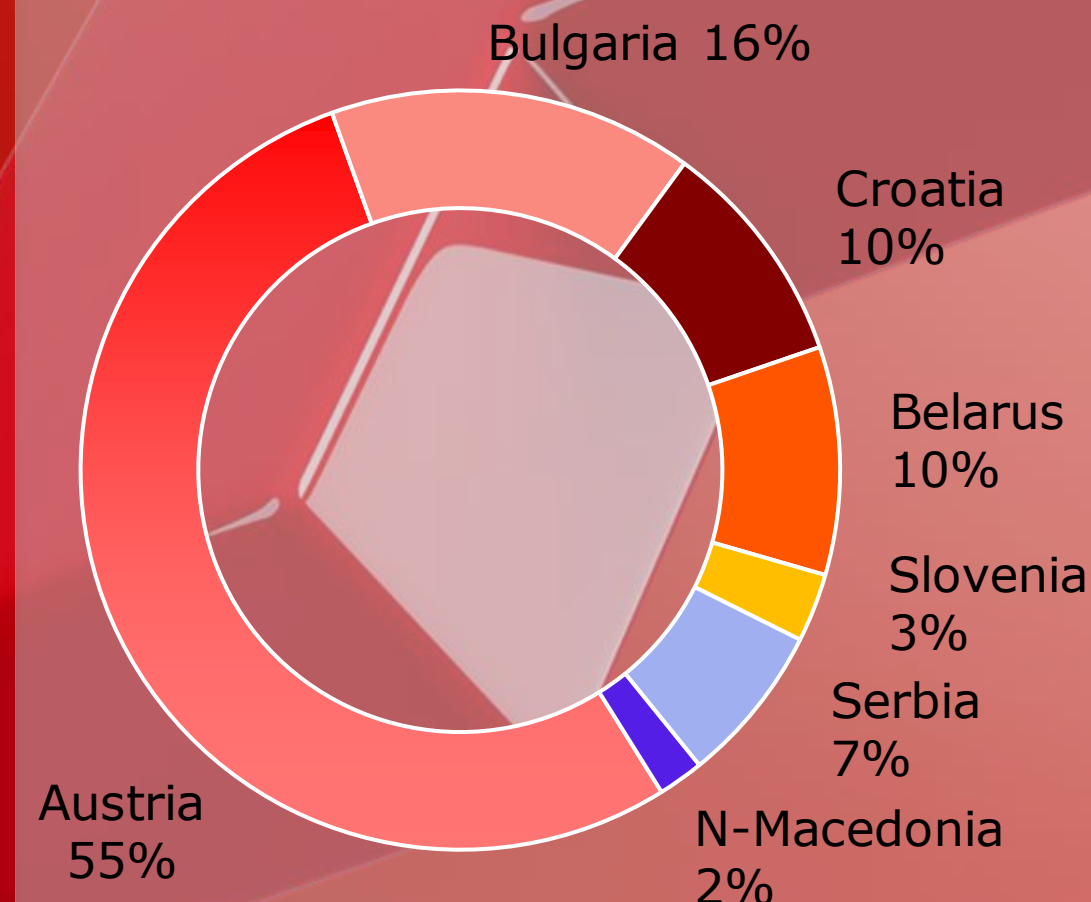
## Growth driver CEE

### YoY Growth rate 2023



CAGR 2019-2023

## EBITDA split (FY 2023)



Corporate & other, elimination adds up to -3%

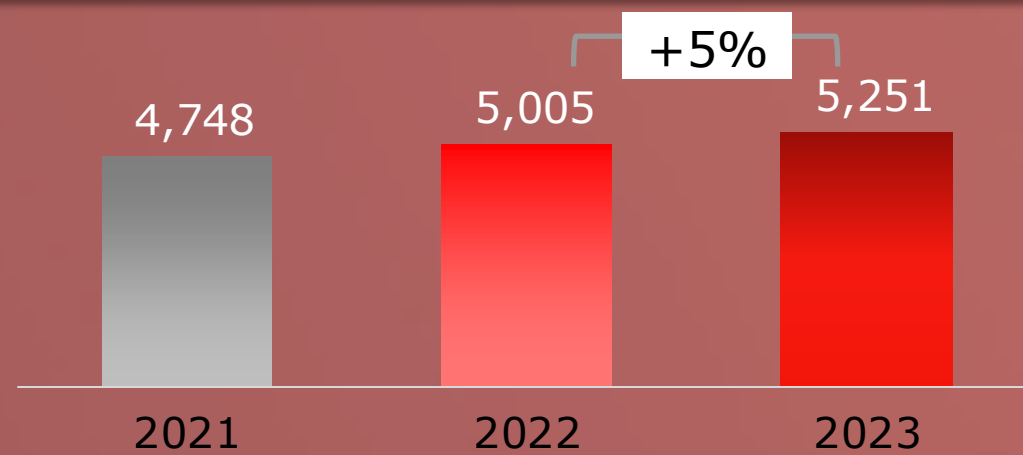
**Business in Austria brings stability to the A1 Group, international business growth.**

# Financials

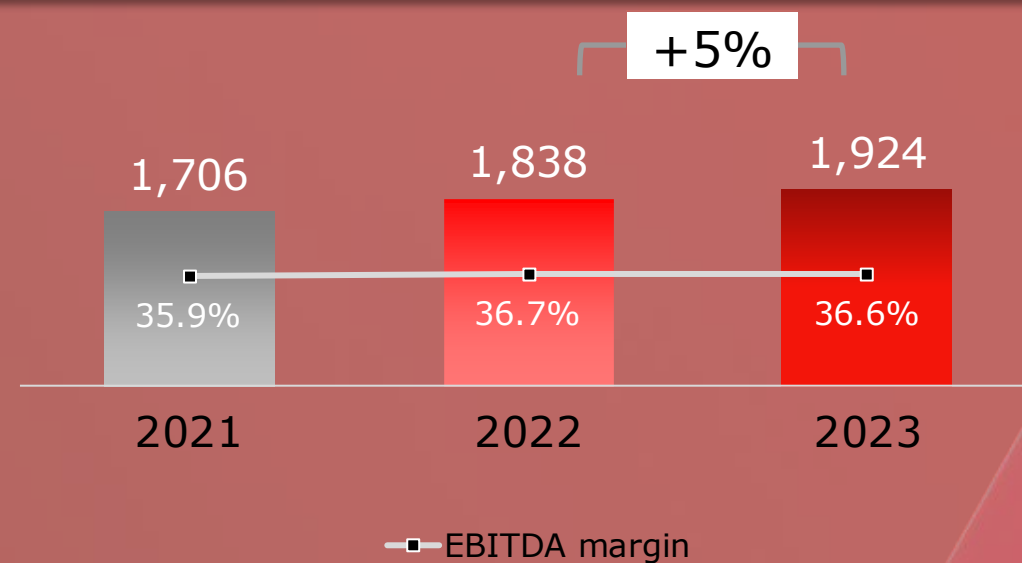
# Financial performance

(Unless otherwise stated, in € mn)

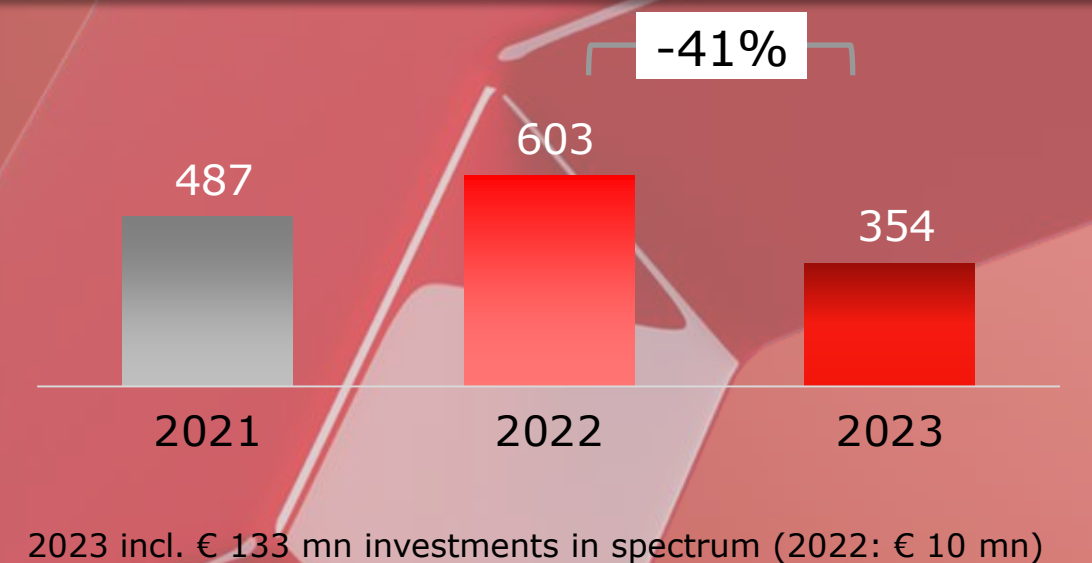
## Revenues



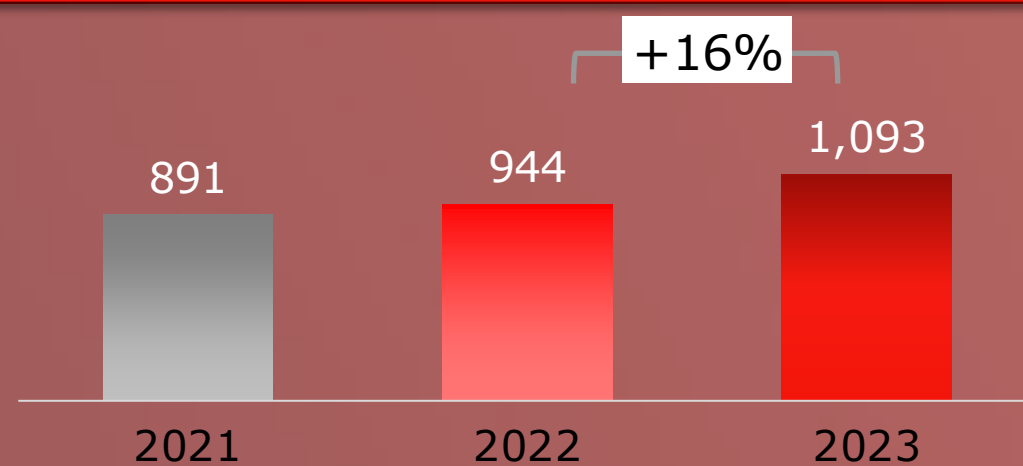
## EBITDA



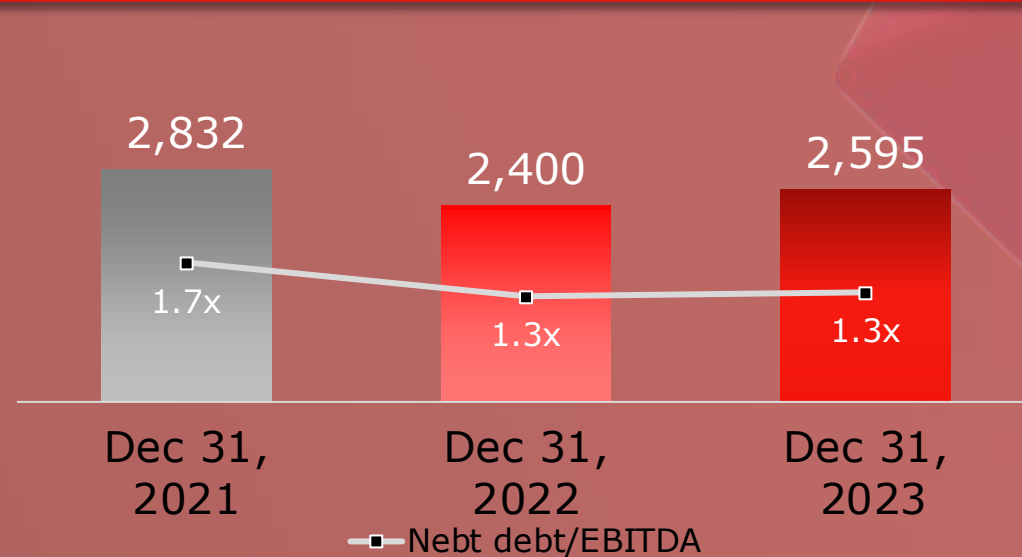
## Free cash flow



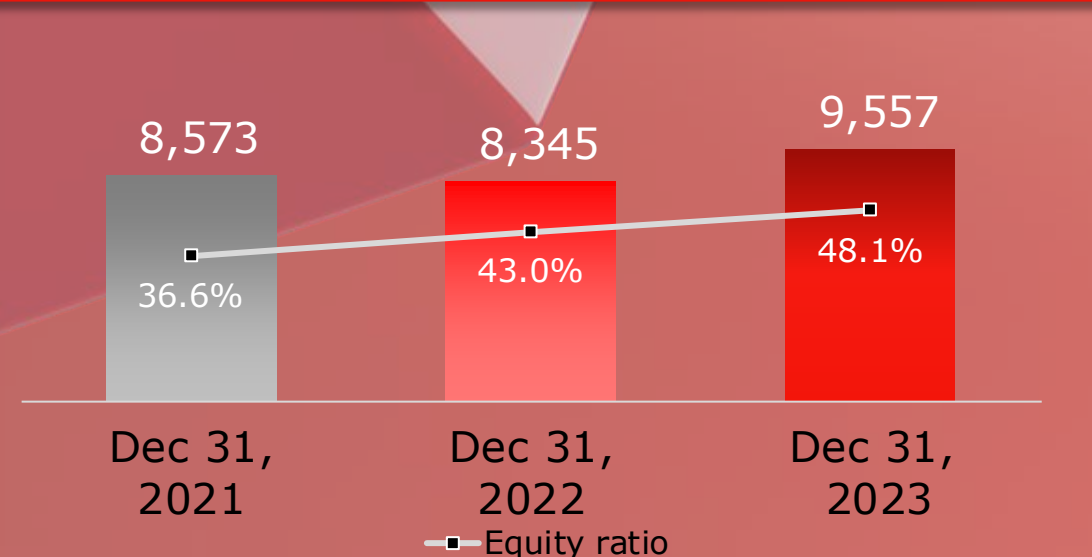
## CAPEX (incl frequencies)



## Net debt

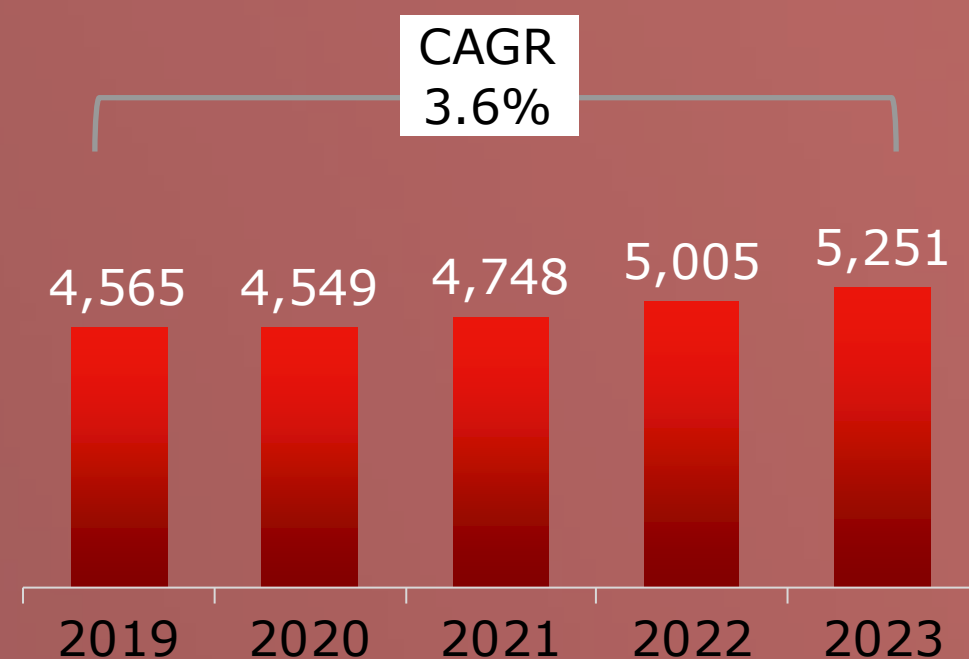


## Balance sheet & equity ratio



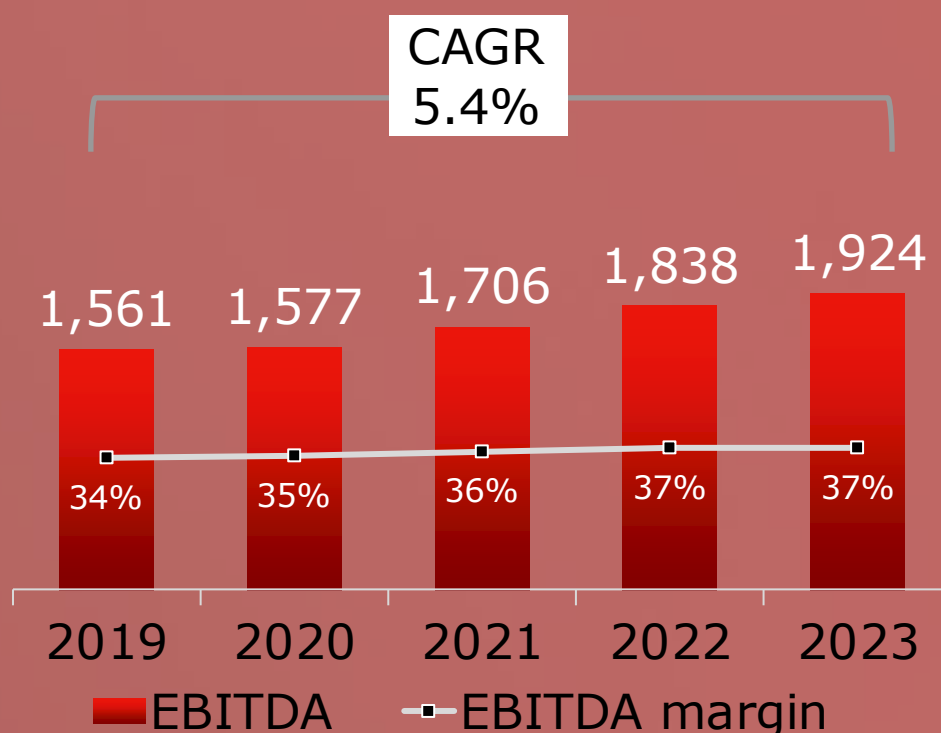
# Sustainable growth and strong free cash flow

## Revenues consistently growing



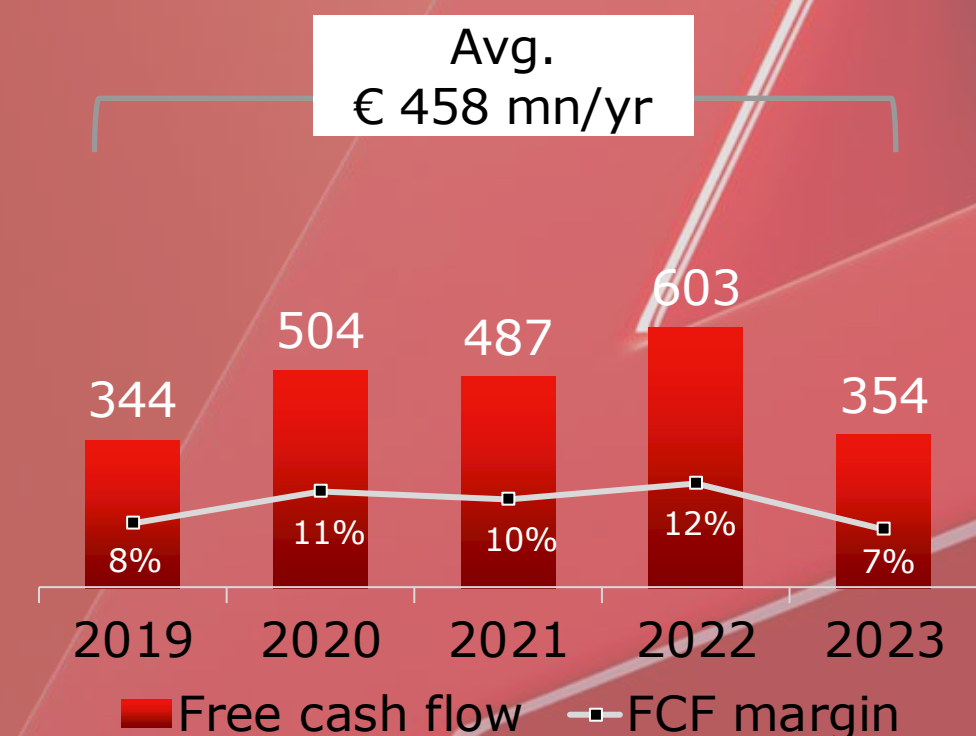
Steady top-line growth  
4.9% Y-o-Y growth in 2023

## EBITDA increased significantly



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

## Robust free cash flow



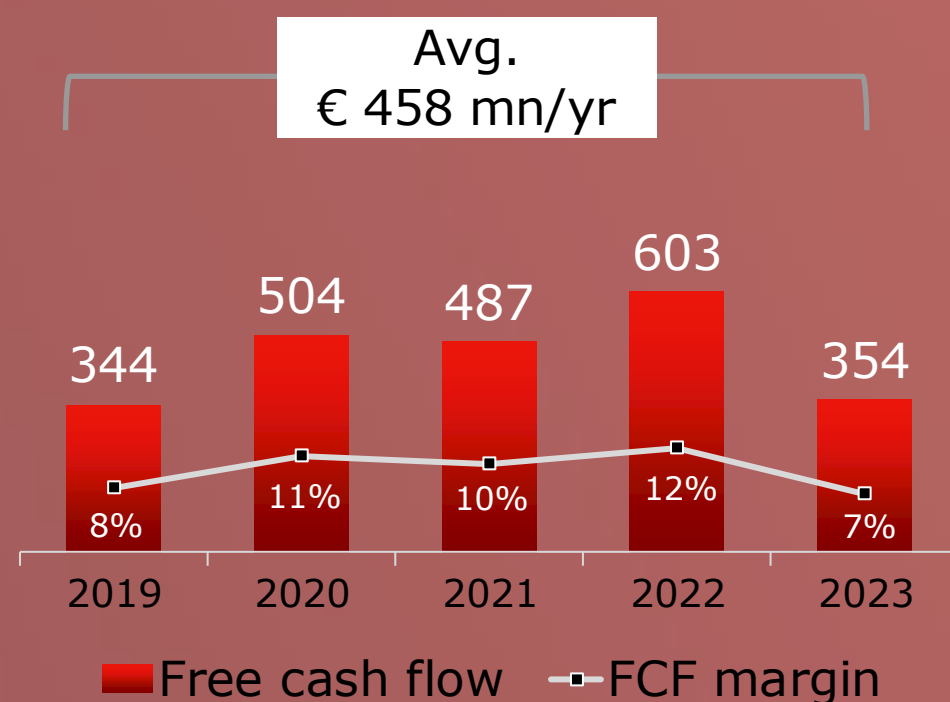
... leading to robust free cash flows.

2023 incl. € 133 mn investments in spectrum  
(2022: € 10 mn)



# A1 has decreased net debt significantly

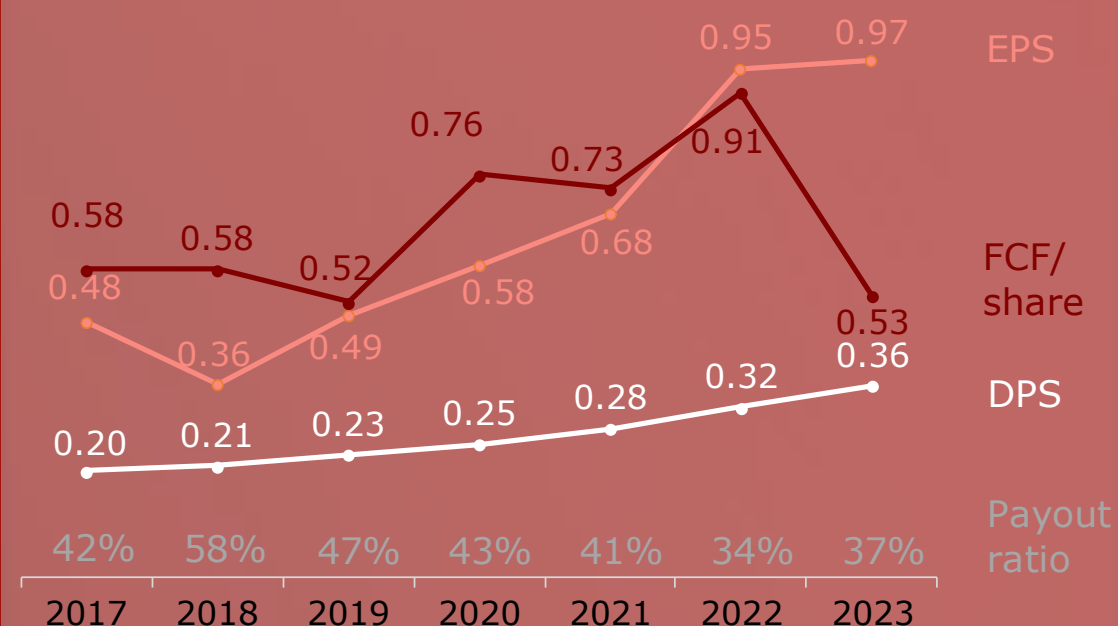
## Robust free cash flow



Focus on free cash flow...

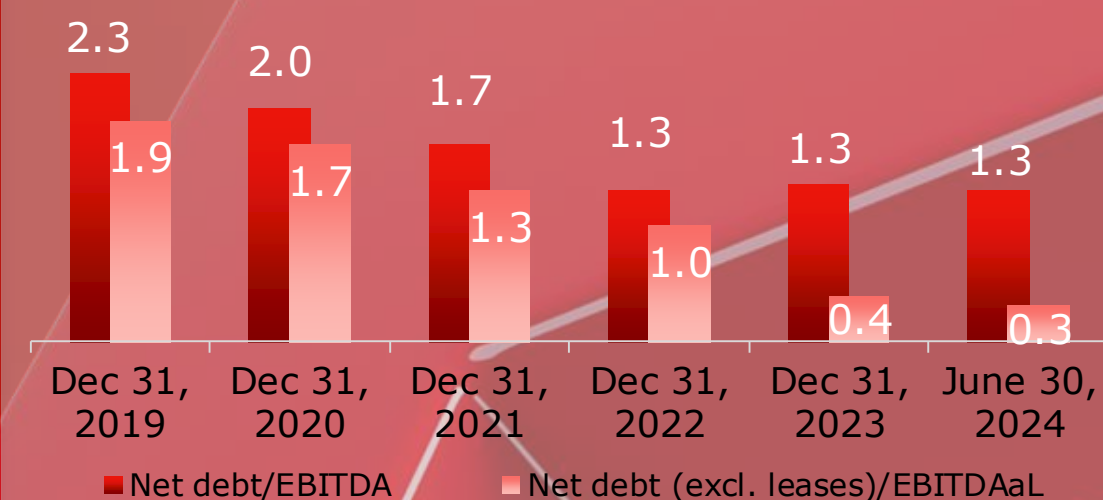
2023 incl. € 133 mn investments in spectrum  
(2022: € 10 mn)

## Sustainable dividend policy



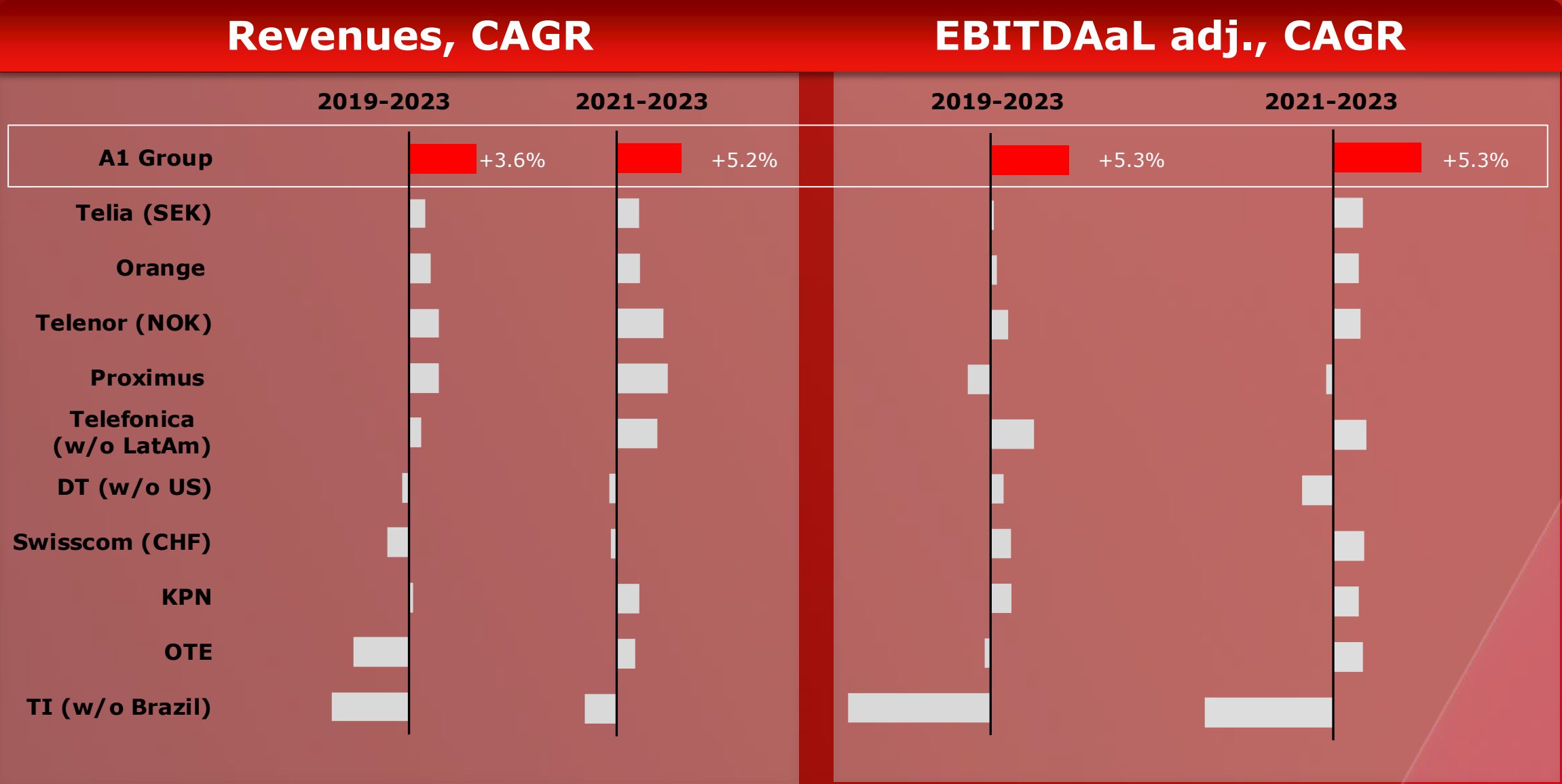
... in combination with a prudent but sustainable dividend policy ...

## Net debt reduction



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

# Strong growth performance within peer group



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

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

+ Government/group support

\* Watch negativ

# Performance recap first nine months 2024

**3,937mEUR**  
**+1.4%**

Total revenues

**3,346mEUR**  
**+3.4%**

Service Revenues

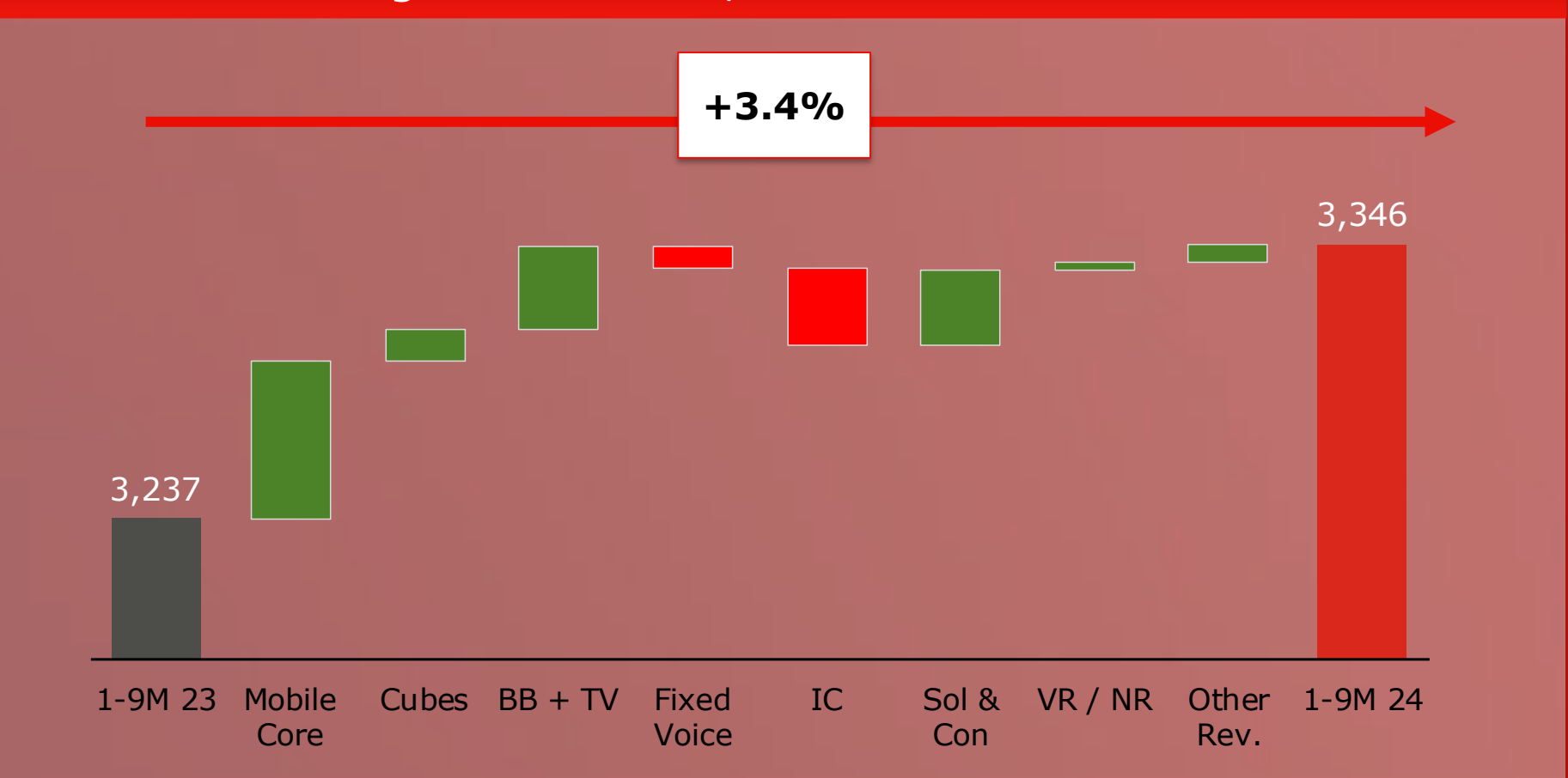
**1,506mEUR**  
**+4.4%**

EBITDA

**348mEUR**  
**+28.7%**

Free cash flow

Service revenue growth drivers, YTD



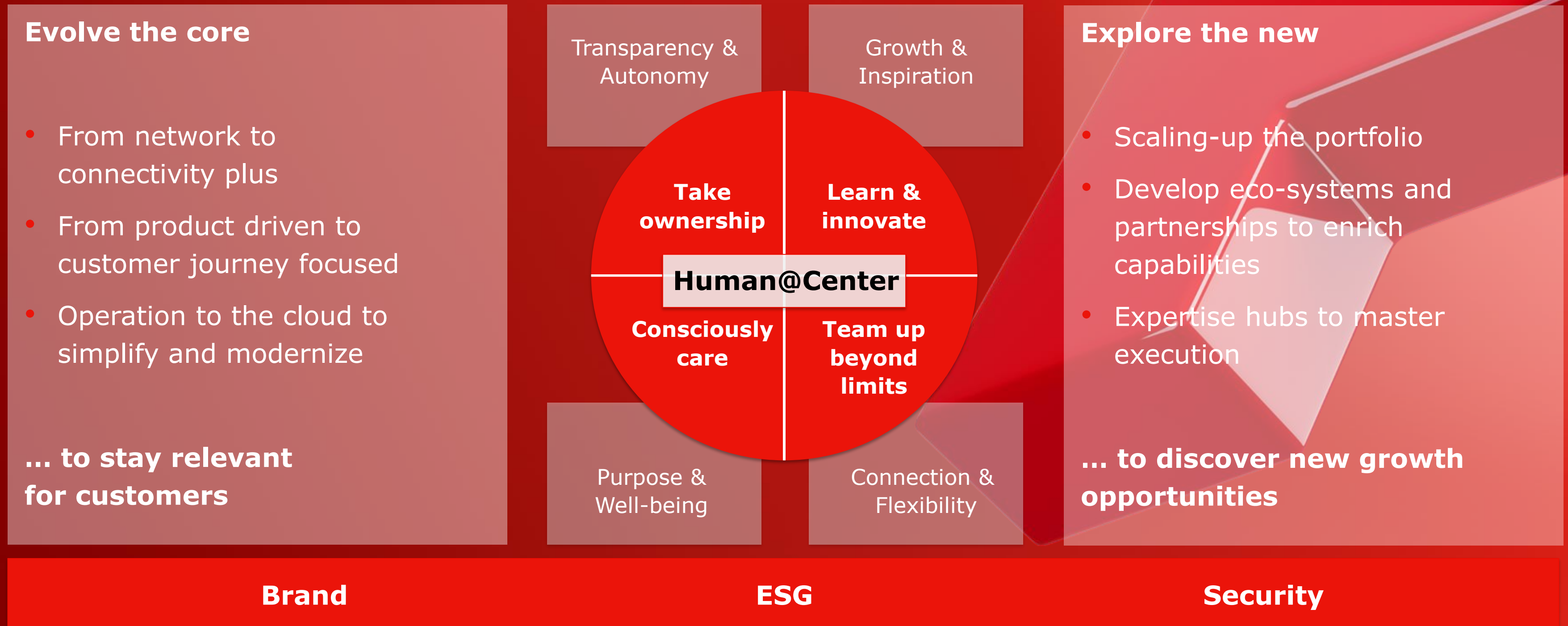
Total revenues growth – Group and International, YTD



# Strategy



# Strategy follows the vision: Empowering digital life



# 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

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

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

An iceberg graphic with a red, faceted surface. The top part is above the water line, and the bottom part is submerged. The entire slide has a red background with geometric shapes.

## 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
- Automation leading to efficiency gains in CDC

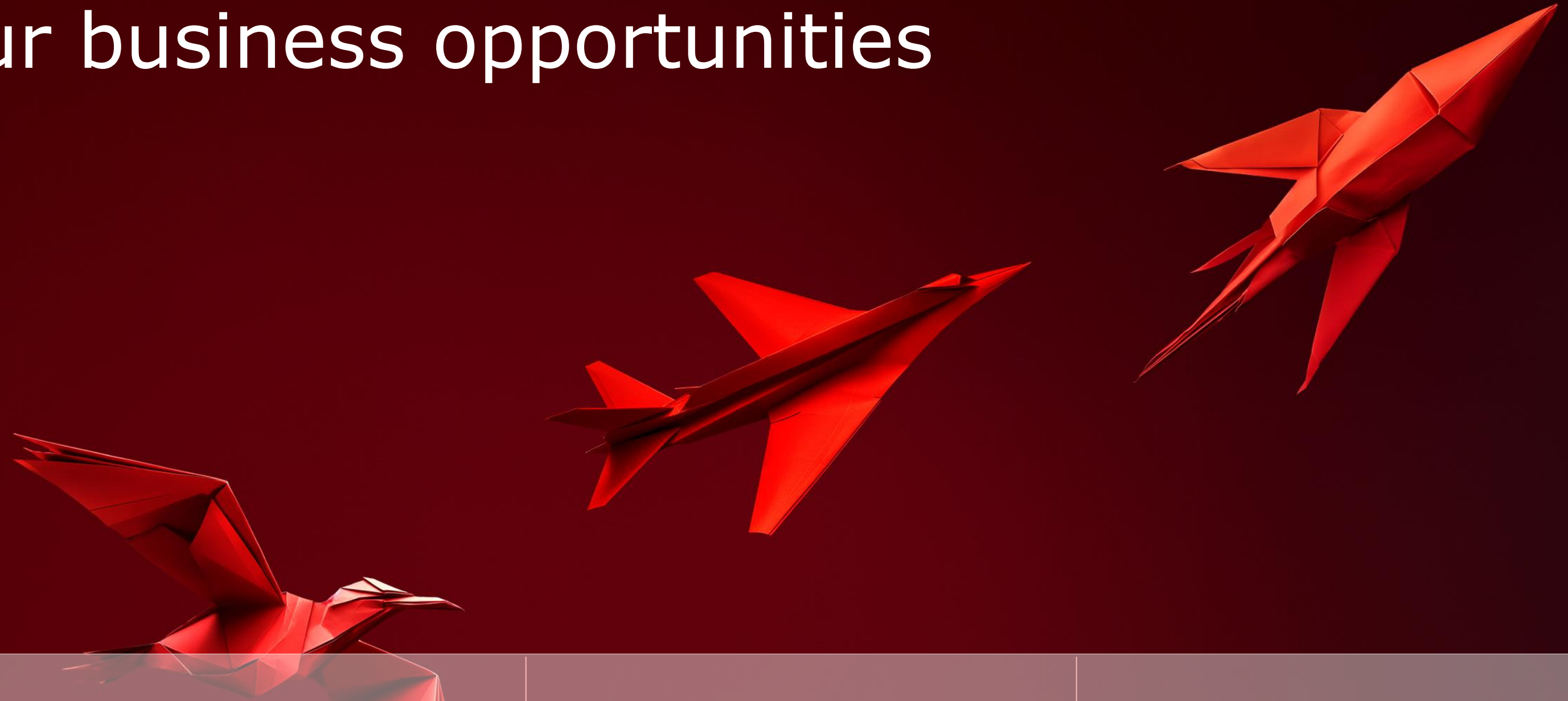
i.e.

- Network operations center reduction of tools & systems:

**>300 to <100**



# Unfolding our business opportunities for 2024



Evolve  
the **CORE**  
to **#1**

Extend  
**B2B**  
Digital Services  
(ICT)

Enable  
**SME**

Scale  
**Financial**  
Services



# Unfolding our business opportunities

Evolve  
the **CORE** to  
**#1**

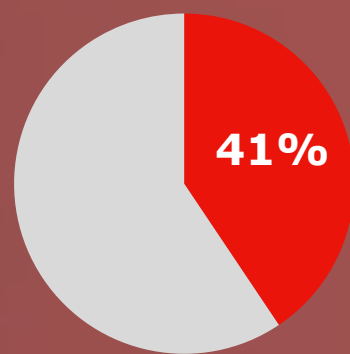
**From Product to  
Customer Journey  
@Scale**

**From Network to  
Connectivity  
Plus**

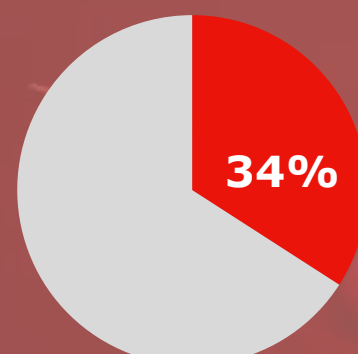
# Market Shares

 **Austria**  **Bulgaria**  **Croatia**  **Belarus**  **Serbia**  **Slovenia**  **N.-Macedonia**

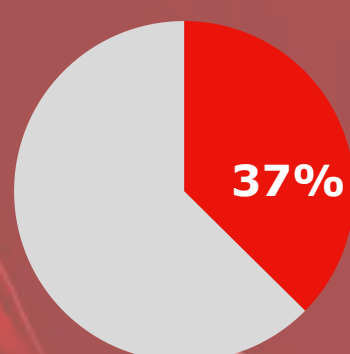
## Mobile



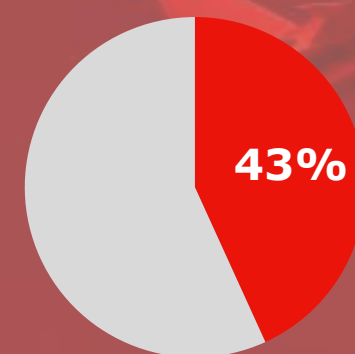
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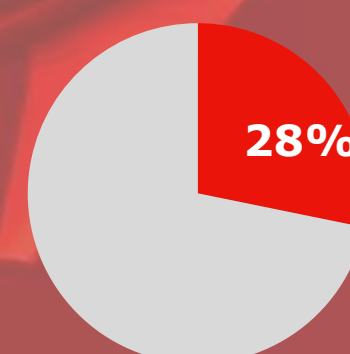
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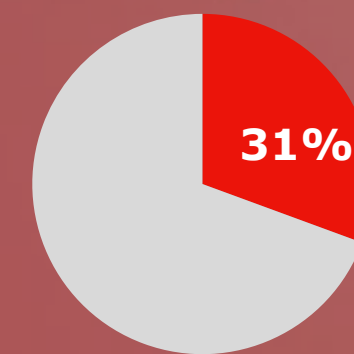
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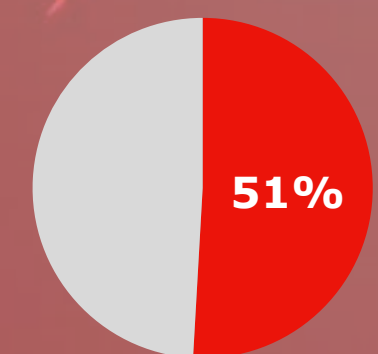
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#3/3

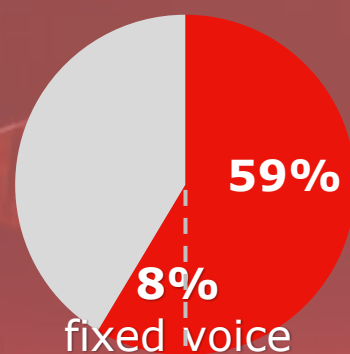


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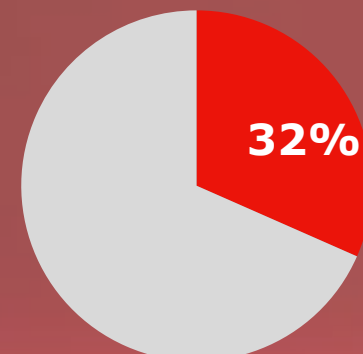
#1/2

## Fix

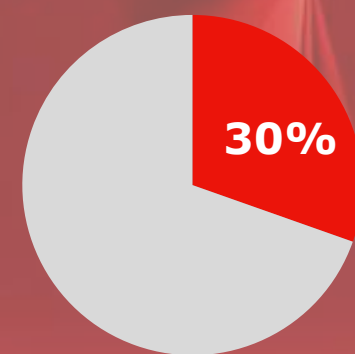


fixed voice

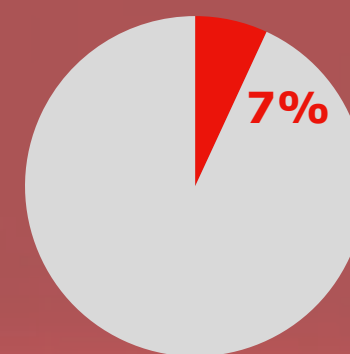
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#2/2

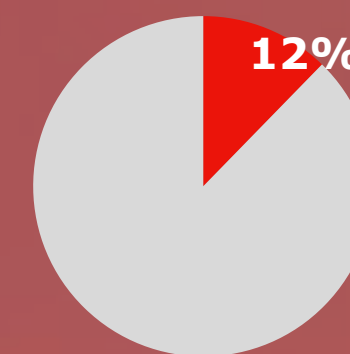


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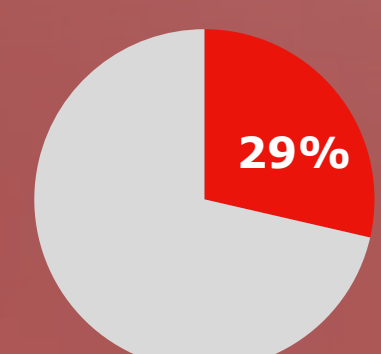


#2/2

Launch in  
2024



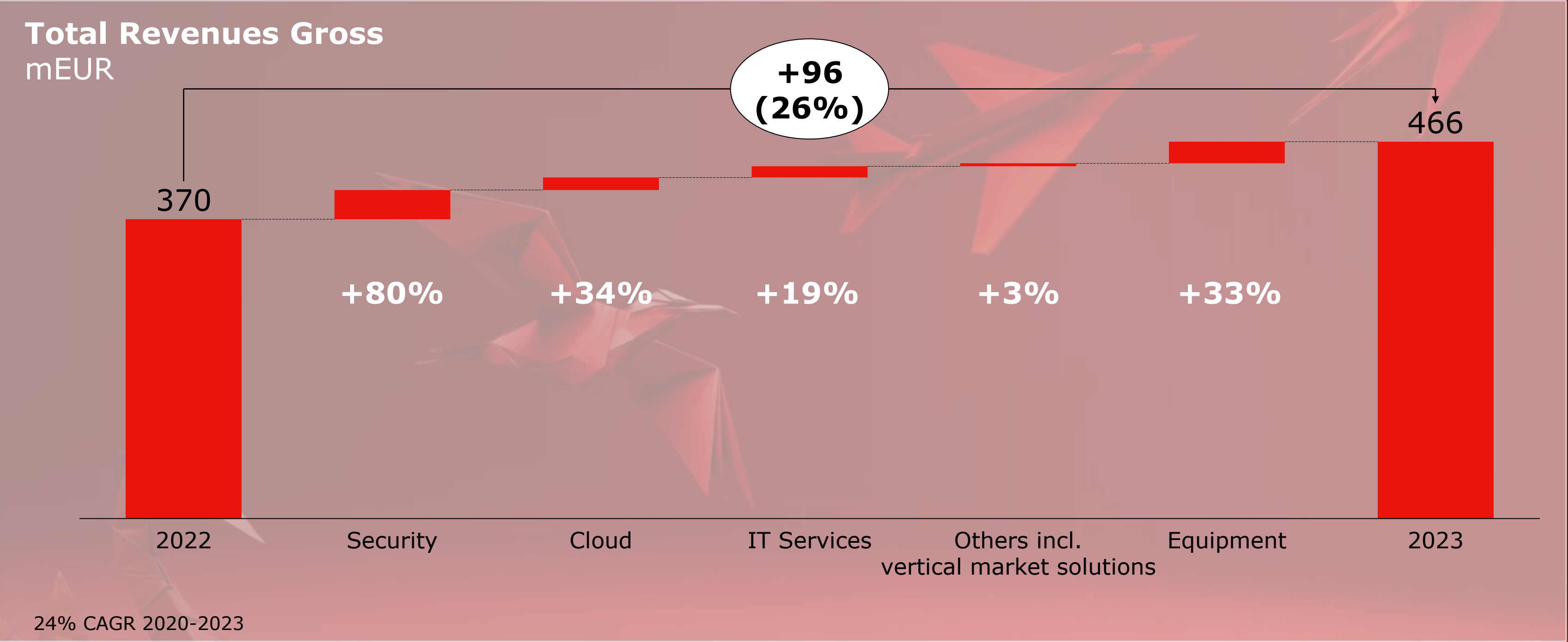
#3/4



#2/3

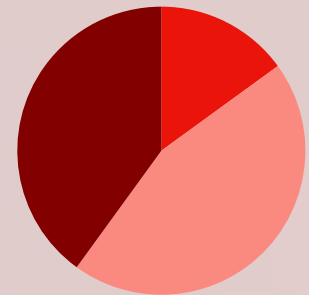
Mobile and fixed market positions both based on Service Revenues Market Shares per Q1 2024  
Slovenia: Telemach Slovenia signed agreement to acquire T2 in August 2024, approvals pending

# Extend B2B Digital Services (ICT)



# B2B Digital Services Acceleration

**Accelerate growth in  
Large Business**



**15% standardized**  
45% modularized  
40% customized & outsourced

**Replicate expertise to  
Small/Med Business (SME)**

**~99%**  
Enterprises

**58%**  
Level of digitalisation\*

Increase in  
cyber attacks

**SME products and services**  
for A1 footprint + DACH region



# 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.

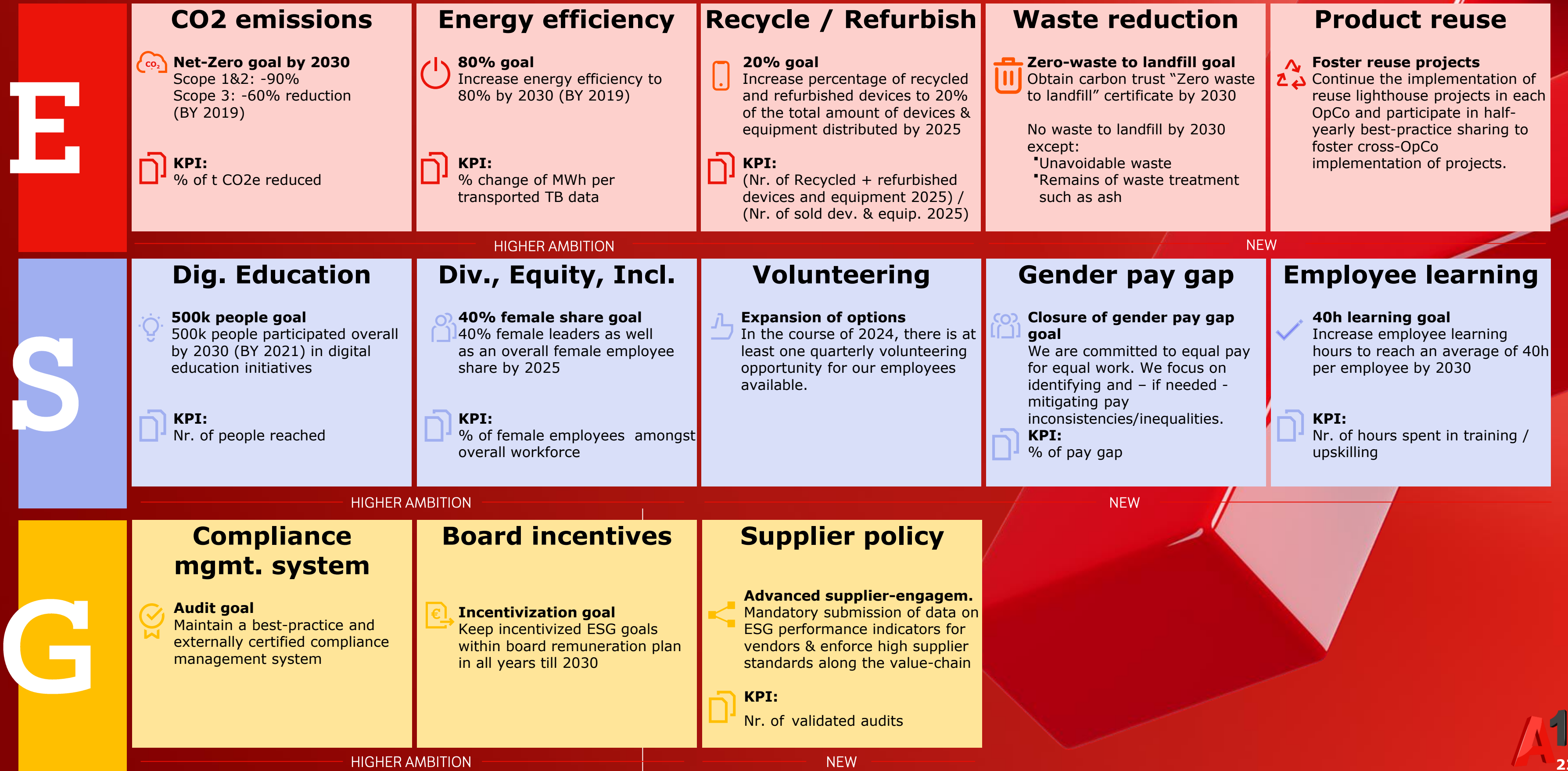


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A1

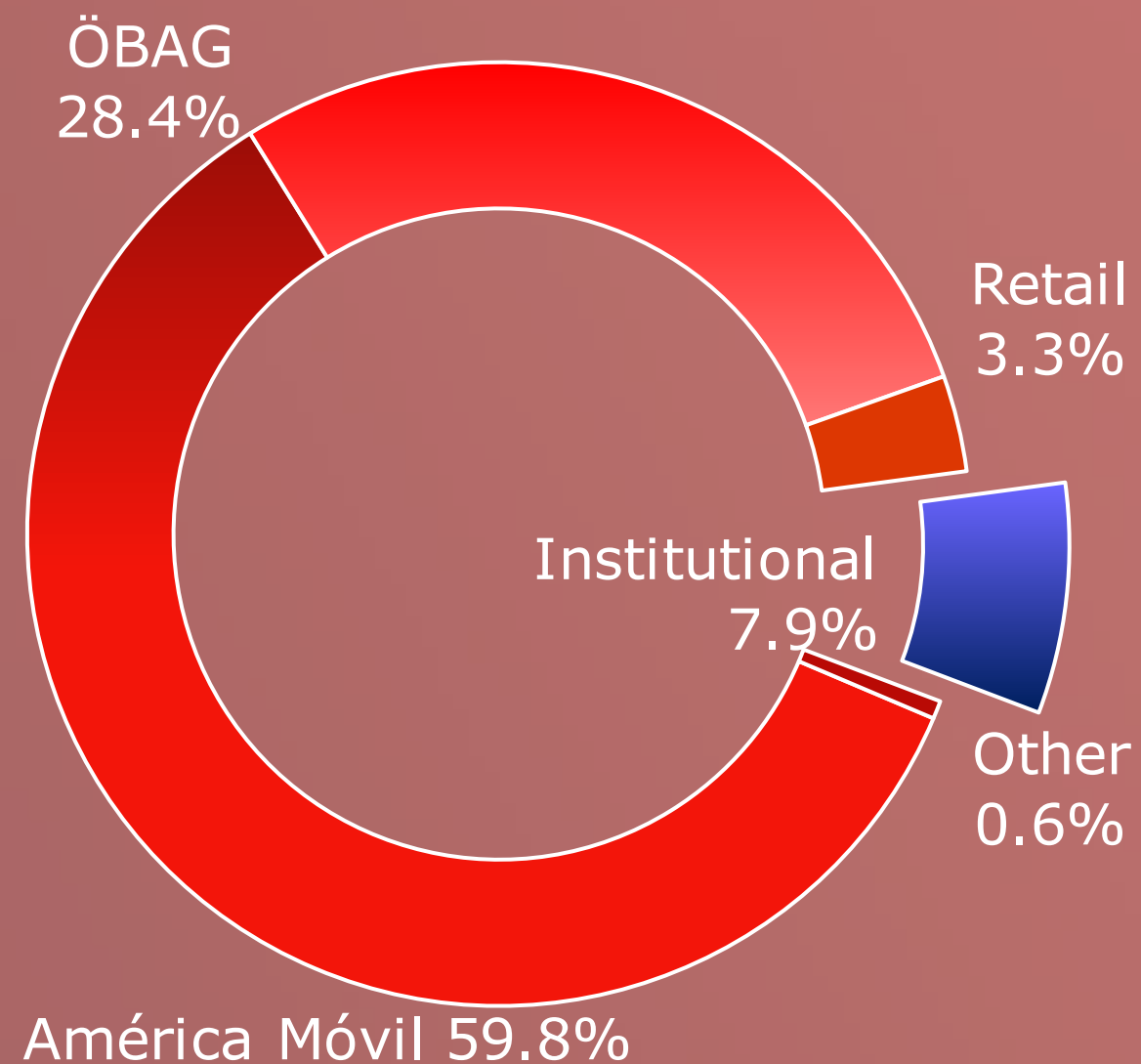
# New ESG Strategy: raised ambition & extended scope of topics



# The share

# Shareholder structure

## Two strong shareholders



AMX and ÖBAG shareholdings as of AGM 2024

### 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

AT0000720008

Tela.VI

TKA AV

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



Institution	Rating	Price (€)
AlphaValue/Baader Europe	Buy	8.55
Bank Pekao	Hold	9.70
Barclays	Hold	8.00
Bernstein	Buy	10.00
Citigroup	Hold	7.00
Erste Group Bank	Hold	9.45
HSBC	Hold	8.00
JP Morgan	Hold	9.00
Kepler Cheuvreux	Buy	8.50
RBI	Hold	9.40
Consensus price target		8.76

As of October 17, 2024

# Outlook



**Guidance 2024 &  
Ambitions 2024-26**





# Guidance 2024

## Revenues

3-4% increase p.a.

## CAPEX ex. spectrum

Around € 800 million

Outlook based on current inflation and  
exchange rate expectations





## A1 ambitions 2024-2026

### Revenues

3-4% increase p.a.

### EBITDA

4-5% increase p.a.

### 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.

€ 0.32 in FY 2022  
€ 0.36 in FY 2023

+13%  
yoy

Outlook based on current inflation and exchange rate expectations, targets as of CMD 09/2023

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

Ambition to be A- rated (currently: A-/A3)

## Conservative financial policy

Ambition on leverage on  
Net debt excl. Leases to EBITDAaL

Interest: First choice = fixed interest  
Maturity: First choice = long-term  
Security: EUR 1 bn back-stop facility

## Sustainable dividend policy

Developing in line with operational  
and financial performance;  
extremely well covered by FCF

Baseline: EURc 0.32  
FY 2023: EURc 0.36  
2018-2023: increase every year  
with >10% CAGR

## Value-accretive M&A

- I. In market consolidation
- II. Adjacent portfolio M&A
- III. New markets

Opportunistic approach;  
Value-accretion as priority

# 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

# 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 September 30, 2024

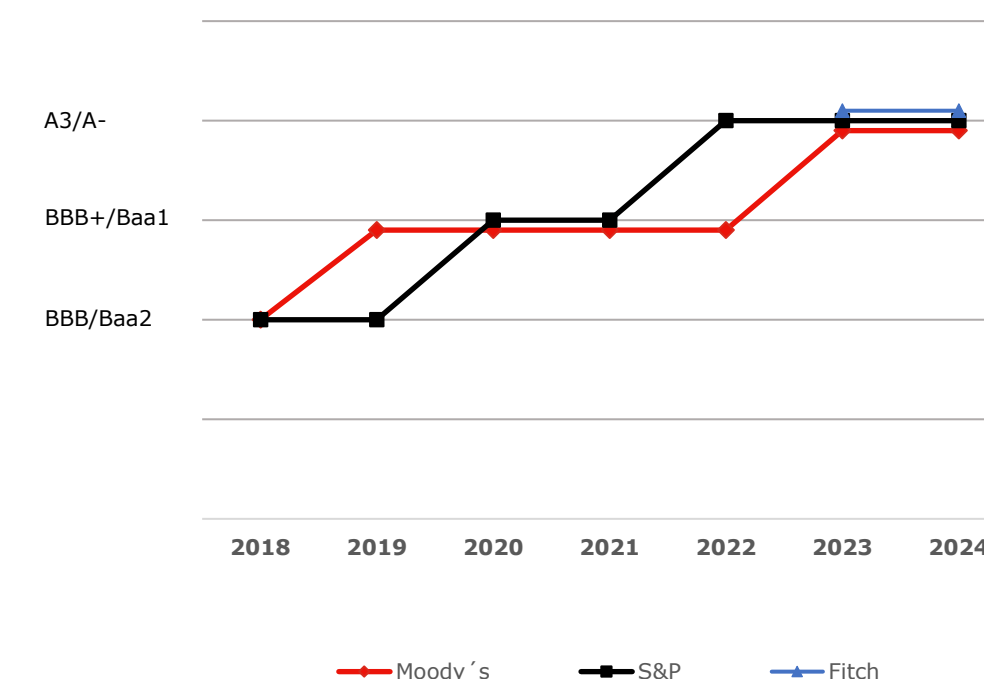
### Overview (September 30, 2024)

- Total financial debt: EUR 780 mn
- Average cost of debt: 1.59%
- Cash & cash equivalents: EUR 219 mn
- Avg. term to maturity: 2.10 years

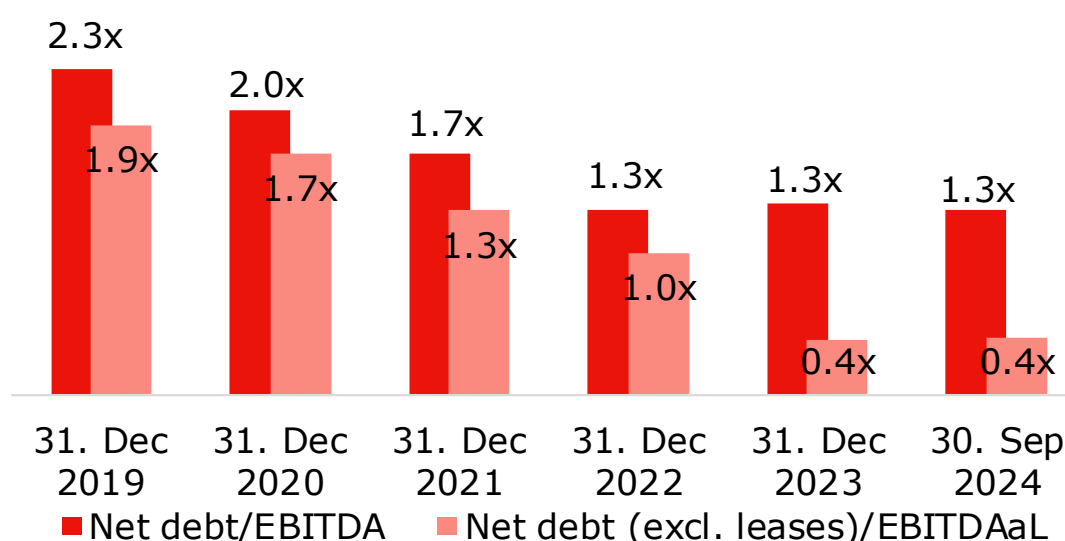
### Lines of credit (September 30, 2024)

- Total committed lines: EUR 1,315 mn
  - Average term to maturity: 1.52 years
- Undrawn committed credit lines: EUR 1,285 mn

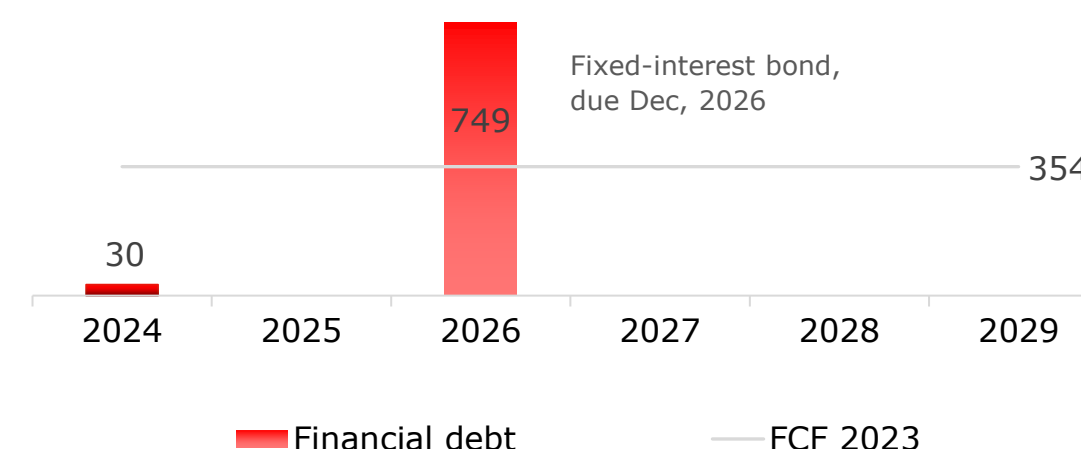
### Credit ratings



### Net debt/EBITDA



### Debt maturity profile (September 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

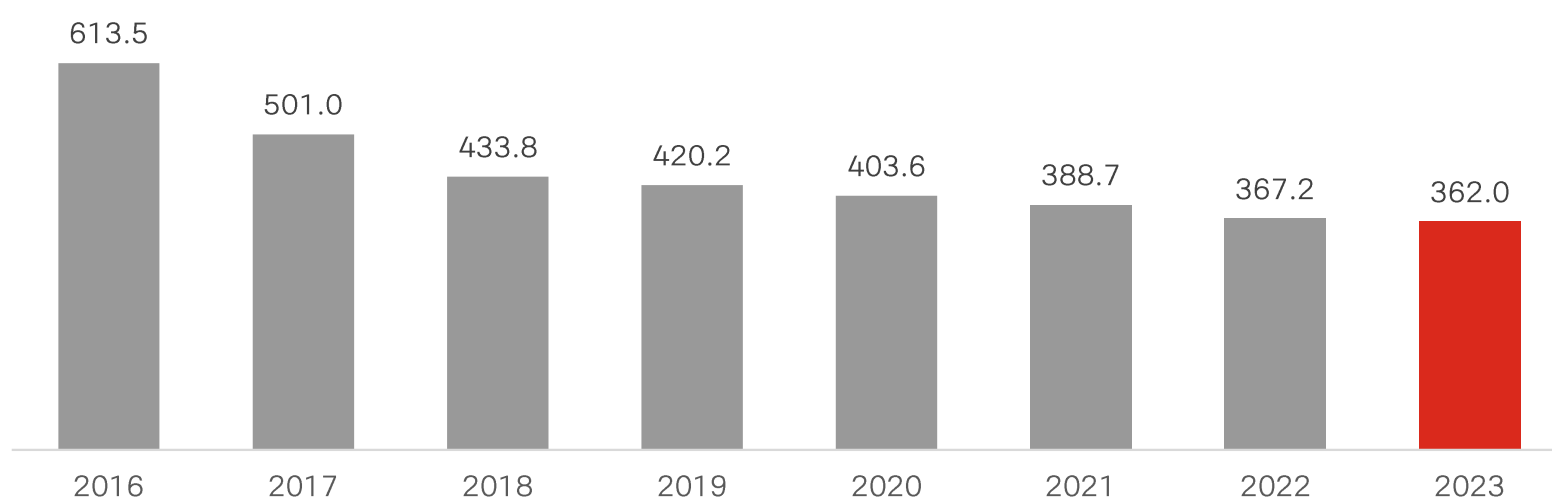
## Overview restructuring charges (in EUR mn)

	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

## Q3 2024 below EBITDA

Unless otherwise stated, all amounts in EUR mn

	Q3 2024	Q3 2023	Δ	Q1-Q3 2024	Q1-Q3 2023	Δ
<b>Revenues</b>	<b>1,354</b>	<b>1,326</b>	<b>+2.1%</b>	<b>3,937</b>	<b>3,882</b>	<b>+1.4%</b>
OPEX	(806)	(805)	+0.2%	(2,431)	(2,440)	-0.4%
<b>EBITDA</b>	<b>548</b>	<b>521</b>	<b>+5.1%</b>	<b>1,506</b>	<b>1,443</b>	<b>+4.4%</b>
Margin	40.4%	39.3%	+1.1pp	38.3%	37.2%	+1.1pp
Restructuring	22	15	42.6%	61	53	14.0%
FX effects	2	-	n.m.	11	-	n.m.
one-off effects	- 1	7	n.m.	20	7	n.m.
<b>EBITDA underlying</b>	<b>570</b>	<b>543</b>	<b>4.9%</b>	<b>1,597</b>	<b>1,503</b>	<b>6.3%</b>
Margin	42.1%	41.0%	+1.1pp	40.6%	38.7%	+1.9pp
<b>EBITDAaL</b>	<b>442</b>	<b>466</b>	<b>-5.1%</b>	<b>1,195</b>	<b>1,290</b>	<b>-7.4%</b>
Margin	32.6%	35.1%	-2.5pp	30.4%	33.2%	-2.8pp
<b>EBIT</b>	<b>255</b>	<b>274</b>	<b>-7.2%</b>	<b>650</b>	<b>710</b>	<b>-8.4%</b>
EBIT margin	18.8%	20.7%	-1.9pp	16.5%	18.3%	-1.7pp
Financial result	(25)	(17)	45.7%	(75)	(65)	14.2%
Income taxes	(51)	(57)	-10.4%	(134)	(144)	-6.6%
<b>Net result</b>	<b>178</b>	<b>200</b>	<b>-10.8%</b>	<b>441</b>	<b>501</b>	<b>-11.8%</b>
Net margin	13.1%	15.0%	-1.9pp	11.2%	12.9%	-1.7pp

- One offs and restructuring almost level out.
- **EBIT** declined due to EUR 46.1 mn higher D&A:
  - mainly due to rights of use assets after tower spin-off
  - on proforma basis, D&A increased by EUR 20.6 mn
- **Higher negative financial result almost offset by lower income taxes**
- **Net result** lower due to higher D&A:
  - 1-9M reported: -11.8%
  - 1-9M proforma\*: -1.3%

\*Proforma= as if tower business has already been spun-off in comparison period



# Free cash flow

Unless otherwise stated, all amounts in EUR mn	Q3 2024	Q3 2023	Δ	Q1-Q3 2024	Q1-Q3 2023	Δ
EBITDA	548	521	5.1%	1,506	1,443	4.4%
Restructuring charges, cost of labor obligations	24	13	85.1%	65	53	21.3%
Lease paid (principal, interest, prepayments)	(96)	(48)	97.8%	(289)	(156)	84.7%
Income taxes paid	(72)	(93)	-22.2%	(126)	(141)	-10.6%
Net interest paid	2	(13)	n.m.	9	(21)	n.m.
Change working capital and other changes	(44)	0	n.m.	(107)	(25)	n.m.
CAPEX	(168)	(217)	-22.5%	(648)	(822)	-21.2%
<b>FCF before soc. plans</b>	<b>194</b>	<b>164</b>	<b>18.1%</b>	<b>411</b>	<b>330</b>	<b>24.3%</b>
Social plans new funded	(20)	(17)	21.7%	(63)	(60)	4.3%
<b>Free cash flow</b>	<b>173</b>	<b>147</b>	<b>17.6%</b>	<b>348</b>	<b>270</b>	<b>28.7%</b>
<i>FCF/revenues</i>	<i>12.8%</i>	<i>11.1%</i>	<i>+1.7pp</i>	<i>8.8%</i>	<i>7.0%</i>	<i>+1.9pp</i>

## Free Cash Flow in Q1-Q3 2024 higher due to

- higher operational result
- lower CAPEX
- lower interest paid
- lower income tax paid
- compensating higher lease payments following the tower spin-off

## Working capital changes driven by negative impact in accounts payables:

- broadband subsidy received in 2023
- lower investments in 2024 (CAPEX paid from previous year but lower CAPEX additions this year)



# Contacts

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