Results for the 3rd Quarter and First Nine Months 2018

Key financial and operating highlights in the third quarter 2018

- Group revenue increase of 1.4% driven primarily by higher service revenues from both mobile and fixed-line but also increased equipment revenues.
- Service revenue growth in Austria, Bulgaria, Serbia and the Republic of Macedonia. Croatia was only down due to lower visitor roaming versus last year and Belarus due to FX effects.
- Group EBITDA increased slightly, by 0.3% excluding restructuring charges, as higher service revenues more than outweighed higher advertising and content costs as well as investments in A1 Digital.
  - Excl. restructuring, EBITDA rose by 3.9% in Austria, profiting above all from the higher service revenues and an improved equipment margin.
  - Solid trends also continued in Bulgaria and Croatia which, however, were impacted by one-offs and the above mentioned roaming effect.
  - Positive EBITDA contributions from the Republic of Serbia and the Republic of Macedonia.
- 1.3% mobile subscriber growth driven by postpaid; RGUs increased by 2.8%, driven by CEE markets.
- Excluding brand value amortisation in connection with the group-wide rebranding, the net result was flat year-on-year. (Reported: EUR 199.2 mn in 1-9 M 2018 versus EUR 357.1 mn in the comparison period).
- Free cash flow in 1-9 M 2018 was stable compared to the prior year as lower interest payments outweighed higher CAPEX paid while cash flow from operations was stable.
- Group outlook 2018 unchanged: total revenue growth of 1-2% (reported basis), CAPEX[1] of approx. EUR 750 mn.

Key performance indicators
Proforma view

in EUR million	Q3 2018 reported	Q3 2017 proforma	% change	1-9 M 2018 reported	1-9 M 2017 proforma	% change
Total revenues	1,126.2	1,111.1	1.4	3,301.3	3,258.7	1.3
Service revenues	973.5	958.2	1.6	2,854.6	2,840.8	0.5
Equipment revenues	129.4	123.5	4.7	376.3	342.9	9.7
Other operating income	23.3	29.3	-20.5	70.5	75.0	-6.0
EBITDA	389.8	410.0	-4.9	1,087.6	1,110.6	-2.1
% of total revenues	34.6%	36.9%		32.9%	34.1%	
EBITDA excl. restructuring	397.8	396.7	0.3	1,095.9	1,097.4	-0.1
% of total revenues	35.3%	35.7%		33.2%	33.7%	
EBIT	185.1	190.9	-3.0	332.4	464.6	-28.5
% of total revenues	16.4%	17.2%		10.1%	14.3%	

Wireless indicators	Q3 2018 reported	Q3 2017 proforma	% change	1-9 M 2018 reported	1-9 M 2017 proforma	% change
Wireless subscribers (thousands)	21,099.0	20,828.1	1.3	21,099.0	20,828.1	1.3
thereof postpaid	16,109.6	15,364.3	4.9	16,109.6	15,364.3	4.9
thereof prepaid	4,989.3	5,463.7	-8.7	4,989.3	5,463.7	-8.7
MoU (per Ø subscriber)*)	344.2	330.0	4.3	345.2	327.3	5.5
ARPU (in EUR)	8.9	8.9	-0.2	8.6	8.7	-0.3
Churn (%)	1.6%	2.0%		1.7%	2.0%	

Wireline indicators	Q3 2018 reported	Q3 2017 proforma	% change	1-9 M 2018 reported	1-9 M 2017 proforma	% change
RGUs (thousands)	6,182.0	6,014.9	2.8	6,182.0	6,014.9	2.8

If not stated otherwise, all financial figures are based on IAS 18; all comparisons are given year-on-year. EBITDA is defined as net income excluding financial result, income taxes, depreciation and amortisation and impairment charges. *) Minutes of Use no longer include M2M subscribers. Comparative figures have been adjusted accordingly.
Proforma figures include M&A transactions made between the start of the comparison period and the end of the reporting period.
[1] Does not include investment in spectrum and acquisitions.

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[1] Alternative performance measures are included in this report0 b

Vienna, 16 October 2018 – Today, A1 Telekom Austria Group (VSE: TKA, OTC US: TKAGY) announces its results for the third quarter and first nine months of 2018, ending 30 September 2018.

In Q3 2017, the difference between proforma and reported values are negligible on a Group level. Therefore, reported values are used in the description of the performance and in the tables if stated so.

The presentation for the conference call and key figures of A1 Telekom Austria Group in Excel format ('Fact Sheet Q3 2018') are available on the website at www.a1.group.

As of 1 January 2018, A1 Telekom Austria Group initially applied IFRS 15, electing the modified retrospective approach for the initial application in accordance with the transition guidance. Accordingly, the information presented for 2017 has not been restated – i.e. it is presented, as previously reported, under IAS 18 and related interpretations. The following presentation is based on IAS 18 (i.e. without adoption of IFRS 15). In the Selected Explanatory Notes to the Consolidated Interim Financial Statements, a reconciliation from IFRS 15 to IAS 18 is provided. The new revenue recognition accounting standard under IFRS 15 requires accounting for the lifecycle value of contracts by allocating the total revenues from a contract to the different deliverables of the contract based on their relative fair values.

Income Statement (reported, IAS 18)

in EUR million	Q3 2018 reported	Q3 2017 reported	% change	1-9 M 2018 reported	1-9 M 2017 reported	% change
Service revenues	973.5	957.8	1.6	2,854.6	2,835.1	0.7
Equipment revenues	129.4	123.5	4.7	376.3	342.9	9.7
Other operating income	23.3	29.3	-20.3	70.5	74.5	-5.4
Total revenues	**1,126.2**	**1,110.7**	**1.4**	**3,301.3**	**3,252.5**	**1.5**
Cost of service	-347.3	-344.8	-0.7	-1,031.0	-1,028.6	-0.2
Cost of equipment	-144.9	-143.7	-0.8	-429.6	-400.3	-7.3
Selling, general & administrative expenses	-241.3	-209.5	-15.2	-745.5	-708.2	-5.3
Other expenses	-2.9	-2.5	-14.6	-7.6	-6.3	-21.0
Total costs and expenses	**-736.4**	**-700.5**	**-5.1**	**-2,213.7**	**-2,143.5**	**-3.3**
EBITDA	**389.8**	**410.1**	**-5.0**	**1,087.6**	**1,109.0**	**-1.9**
% of total revenues	34.6%	36.9%		32.9%	34.1%	
EBITDA excl. restructuring	**397.8**	**396.9**	**0.2**	**1,095.9**	**1,095.8**	**0.0**
% of total revenues	35.3%	35.7%		33.2%	33.7%	
Depreciation and amortisation	-204.6	-219.1	6.6	-755.3	-645.0	-17.1
EBIT	**185.1**	**191.1**	**-3.1**	**332.4**	**464.0**	**-28.4**
% of total revenues	16.4%	17.2%		10.1%	14.3%	
Interest income	4.5	3.9	15.8	11.2	11.1	0.4
Interest expense	-21.7	-24.5	11.7	-65.3	-72.7	10.3
Other financial expense	-2.1	-2.1	-3.2	-6.7	-8.9	24.6
Foreign currency exchange differences	-4.8	-6.4	25.0	3.1	-2.2	n.m.
Equity interest in net income of affiliates	-0.2	0.1	n.m.	-0.3	-0.6	44.4
Earnings before income tax (EBT)	**160.9**	**162.1**	**-0.7**	**274.4**	**390.8**	**-29.8**
Income tax	-44.2	-14.0	-216.3	-75.2	-33.7	-123.2
Net result*)	**116.7**	**148.1**	**-21.2**	**199.2**	**357.1**	**-44.2**

*) Attributable to equity holders of the parent, non-controlling interests and hybrid capital owners

Q3 2018: Summary of Profit and Loss (proforma[2], IAS 18)

The following factors should be considered in the analysis of A1 Telekom Austria Group's operating results:

- Total negative FX effects amounting to EUR 2.9 mn for total revenues and EUR 1.0 mn for EBITDA in the third quarter of 2018, stemming solely from Belarus.
- The acquisitions of the fixed-line providers Garant (Gomel), consolidated as of 1 August 2017, and Vitebsk Garant, consolidated as of 1 May 2018, both in Belarus. As the financial impact of Vitebsk Garant on the Belarusian segment is marginal, no proforma view is provided of this acquisition.
- In Q3 2017, there were positive one-off effects of EUR 6.9 mn in revenues and positive EUR 6.3 mn in EBITDA, with the following main effect:
  - Other operating income in Bulgaria was positively affected by a EUR 5.8 mn one-off effect resulting from a legal settlement.
- In Q3 2018, there were positive one-off effects of positive EUR 1.5 mn in revenues and positive EUR 5.4 mn in EBITDA, with the following main effect:
  - A positive EUR 3.9 mn in Croatia in cost of service for the reimbursement from the Government for frequency fee overpayments in connection with a frequency fee cut in December 2017.
- Restructuring charges in Austria were EUR 8.1 mn due to civil servants accepting social plans, compared to a positive EUR 13.3 mn in the third quarter of 2017, stemming from a revaluation due to changed parameters.

The total mobile subscriber base of A1 Telekom Austria Group rose by 1.3% as the growth in M2M subscribers as well as growth in Croatia, Belarus and the Republic of Serbia was able to offset the declining subscriber numbers in the other segments. The number of postpaid subscribers increased by 4.9% in Q3 2018, reflecting the growth in M2M subscribers and ongoing high demand for mobile WiFi routers as well as the continuous shift from prepaid to postpaid offers. In Austria, the number of post-paid subscribers increased by 2.4% in the third quarter of 2018, driven by growth in high-value business and mobile WiFi routers.

The number of revenue generating units (RGUs) of the Group increased by 2.8%. RGU growth in Belarus, driven by the acquisition of Vitebsk Garant, as well as in the Republic of Macedonia, in Bulgaria and in Croatia, was partly offset by declines in Austria. RGUs in Austria declined by 1.8%, mainly driven by voice.

Group revenues increased by 1.4% year-on-year

Group total revenues increased by 1.4% despite a positive one-off effect of EUR 5.8 mn in the comparison period, as mentioned above. Excluding FX and one-off effects, total revenues grew by 2.1% driven by higher service revenues and equipment revenues. Total service revenues rose by 1.6% with growth in Austria, Bulgaria, the Republic of Serbia as well as the Republic of Macedonia and, excluding visitor roaming, also showed growth in Croatia. Croatian visitor roaming revenues decreased as inter-company/intra-operator-tariffs were cut and the comparison period benefitted from the extraordinarily high positive impact in vistor roaming.

Group total costs and expenses rose by 5.0% year-on-year to EUR 736.4 mn in the third quarter of 2018. Excluding restructuring charges and one-off effects, total costs and expenses increased by 2.6% mainly driven by higher advertising and content costs as well as investments in A1 Digital, while roaming and network maintenance expenses were lower.

0.3% higher Group EBITDA excluding restructuring

Group EBITDA declined by 4.9% year-on-year to EUR 389.8 mn in the third quarter of 2018 and increased slightly by 0.3% excluding restructuring charges. The combined effects of the one-offs and FX levelled out at Group level. Excluding FX and one-off effects as well as restructuring charges, on segment level, EBITDA

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

showed growth in Austria, the Republic of Serbia, Bulgaria and the Republic of Macedonia. Croatia also showed growth when adjusted for the one-off effect in Q3 2018 as well as the above mentioned impact of visitor roaming.

Major impact of brand value amortisation has already materialised

Depreciation and amortisation decreased by 6.6% to EUR 204.6 mn in the third quarter of 2018. The major impact of the brand value amortisation resulting from the group-wide rebranding announced in September 2017 has already materialised. In Q3 2018, the brand value amortisation resulting thereof amounted to EUR 14.9 mn stemming from Belarus, Croatia and the Republic of Macedonia. In Austria, D&A declined due to the end of depreciation of software investments and the YESSS! customer base in 2017.

Operating income declined by 3.0% to EUR 185.1 mn in Q3 2018. Income taxes rose from EUR 14.0 mn in Q3 2017 to EUR 44.2 mn in the reporting period mostly due to a higher taxable result in Austria. Altogether, the net result declined by 21.2% in Q3 2018 to EUR 116.7 mn.

Year-to-date Analysis (reported, IAS 18)

Balance Sheet

in EUR million	30 Sep 2018 reported	31 Dec 2017 reported	% change		30 Sep 2018 reported	31 Dec 2017 reported	% change
Cash and cash equivalents	49.7	202.4	-75.4	Short-term debt	288.9	0.6	n.m.
Accounts receivable	732.3	679.3	7.8	Accounts payable	790.9	784.2	0.9
Other current assets	285.9	257.1	11.2	Other current liabilities	465.6	458.9	1.5
Inventories	101.0	87.4	15.5	Current liabilities	1,545.4	1,243.7	24.3
Current assets	1,169.0	1,226.3	-4.7				
Property, plant & equipment	2,646.8	2,627.9	0.7	Long-term debt	2,536.3	2,533.6	0.1
Intangibles	1,788.0	2,075.9	-13.9	Other liabilities	847.3	923.6	-8.3
Goodwill	1,277.5	1,276.3	0.1	Non-current liabilities	3,383.6	3,457.2	-2.1
Investments in affiliates & long-term investments	45.5	46.9	-3.0				
Other non-current assets	362.2	385.0	-5.9	Stockholder's equity	2,360.1	2,937.4	-19.7
Non-current assets	6,120.0	6,412.0	-4.6				
Total assets	**7,289.0**	**7,638.3**	**-4.6**	**Total liabilities and equity**	**7,289.0**	**7,638.3**	**-4.6**

As of 30 September 2018, the balance sheet total declined compared to 31 December 2017. The decrease in current assets was driven by the decline in cash and cash equivalents, following the redemption of the EUR 600 mn hybrid bond at the first call date on 1 February 2018. Non-current assets decreased, primarily driven by the reduction in intangible assets resulting from the brand value amortisations in connection with the Group-wide rebranding and, to a lesser extent, from the amortisation of licences. The increase in current liabilities was above all attributable to the drawings of short-term credit facilities as part of the refinancing of the abovementioned hybrid bond.

The decrease in shareholders' equity was primarily driven by the redemption of the EUR 600 mn hybrid bond, which was classified as equity, and to a lesser extent by dividend payments. The equity ratio as of 30 September 2018 amounted to 32.4% after 38.5% as of 31 December 2017.

Net Debt

in EUR million	30 Sep 2018 reported	31 Dec 2017 reported	% change
Net debt	2,775.4	2,331.8	19.0
Net debt / EBITDA (12 months)	2.0x	1.7x	

The redemption of the hybrid bond resulted in an increase in net debt and a higher net debt to EBITDA ratio.

Cash Flow

in EUR million	1-9 M 2018 reported	1-9 M 2017 reported	% change
Net cash flow from operating activities	918.2	910.1	0.9
Net cash flow from investing activities	-550.0	-589.7	6.7
Net cash flow from financing activities	-519.7	-504.4	-3.1
Adjustment to cash flows due to exchange rate fluctuations	-1.1	-1.2	5.1
Net change in cash and cash equivalents	-152.6	-185.2	17.6

The changes in 'working capital and other financial positions' in the reporting period in the amount of EUR 181.0 mn (1-9 M 2017: EUR 190 mn) were driven by payments for restructuring and income taxes as well as increases in accounts receivables and instalment sales. Net cash flow from operating activities was stable year-on-year.

Cash flow from investing activities went down year-on-year as the comparison period was impacted by the cash outflow for the acquisition of Metronet. Regarding cash flow from financing activities, the comparison period was characterised by the principal payments on a EUR 500 mn bond, while the first nine months of 2018 were driven by the redemption of the EUR 600 mn hybrid bond on 1 February 2018. This cash outflow in 2018 was partly mitigated by drawings of short-term credit facilities.

Free cash flow was stable year-on-year due to lower interest payments outweighing higher CAPEX paid while cash flow from operations was stable. (Free cash flow is calculated as cash flow from operating activities less capital expenditures paid and interest paid plus proceeds from the sale of property, plant and equipment.)

Capital Expenditures

In the first nine months of 2018, capital expenditures were almost stable (+1.8% year-on-year) at EUR 507.3 mn. Tangible capital expenditures rose by 4.9% to EUR 416.2 mn, mainly driven by higher investments in the data center in Austria. The decrease in intangible capital expenditures of 10.4% to EUR 91.1 mn was driven by the capitalisation of a long-term IRU (Indefeasible Rights of Use) contract for fibre-optic lines in Slovenia in Q1 2017.

Personnel

End of period (full-time equivalent)	30 Sep 2018 reported	30 Sep 2017 reported	% change
Austria	8,128	8,278	-1.8
International operations	10,338	10,362	-0.2
Corporate & other	366	304	20.2
Total	18,832	18,944	-0.6

0.6% decline in FTEs

While the headcount in the Austrian segment was further reduced, the CEE segments were stable. The rise in corporate & other was entirely driven by A1 Digital.

Detailed analysis of quarterly and first nine months results (proforma, IAS 18)[3]

Segment Austria

Key performance indicators
Proforma view (= Reported view)
Financials

in EUR million	Q3 2018 reported	Q3 2017 proforma	% change	1-9 M 2018 reported	1-9 M 2017 proforma	% change
Total revenues	657.3	655.3	0.3	1,963.0	1,946.1	0.9
Service revenues	598.8	592.2	1.1	1,781.4	1,774.8	0.4
thereof mobile service revenues	258.3	255.6	1.1	765.8	758.1	1.0
thereof fixed-line service revenues	340.4	336.5	1.2	1,015.6	1,016.8	-0.1
Equipment revenues	45.8	49.2	-6.9	141.0	129.1	9.2
Other operating income	12.7	13.9	-8.6	40.6	42.1	-3.6
EBITDA	242.1	254.1	-4.7	705.5	712.2	-0.9
% of total revenues	36.8%	38.8%		35.9%	36.6%	
EBITDA excl. restructuring	250.1	240.8	3.9	713.7	698.9	2.1
% of total revenues	38.1%	36.7%		36.4%	35.9%	
EBIT	133.9	139.3	-3.9	380.1	356.8	6.5
% of total revenues	20.4%	21.3%		19.4%	18.3%	

Wireless indicators	Q3 2018 reported	Q3 2017 proforma	% change	1-9 M 2018 reported	1-9 M 2017 proforma	% change
Wireless subscribers (thousands)	5,304.2	5,357.3	-1.0	5,304.2	5,357.3	-1.0
thereof postpaid	3,812.1	3,721.6	2.4	3,812.1	3,721.6	2.4
thereof prepaid	1,492.0	1,635.8	-8.8	1,492.0	1,635.8	-8.8
MoU (per Ø subscriber)	262.7	250.8	4.7	266.9	253.0	5.5
ARPU (in EUR)	16.3	15.9	2.5	16.1	15.6	2.7
Churn (%)	1.6%	1.8%		1.6%	1.7%	

Wireline indicators	Q3 2018 reported	Q3 2017 proforma	% change	1-9 M 2018 reported	1-9 M 2017 proforma	% change
RGUs (thousands)	3,334.3	3,396.6	-1.8	3,334.3	3,396.6	-1.8

As there have been no M&A transactions in Austria between the beginning of the comparison period and the end of the period under review, the following analysis is based on reported figures.

In Q3 2018, the Austrian market saw the launch of new convergent propositions with discounts for existing mobile customers and fixed-line speeds starting at 10 Mbps. These new offerings have not yet impacted market dynamics, which so far broadly remained the same.

In the mobile market, A1 continues to follow its multi-brand strategy and high granularity in market segmentation. The launch of the A1 Xplore Music App in August 2018 is, besides other additional attractive services, a means of further differentiating A1 in the high-value segment. The youth segment, where competition continued to be intense, is addressed by attractive target group-oriented tariff plans. Subsidies per handset were lower compared to the previous year but at similar levels to those in the previous quarter. In addition, an indexation of 2.1% for existing customers in both the mobile residential high-value and the fixed-line business has been effective as of 1 April 2018.

[3] The following tables are presented on a proforma basis and include effects of M&A transactions executed between the start of the comparison period and the end of the reporting period. This affects the segments of Croatia and Belarus. The proforma view is equivalent to the reported view for the other segments. Average monthly revenue per fixed-line (ARPL) is available on a reported basis only. For the reconciliation tables, including reported and proforma values, as well as the difference thereof, see page 21.

Demand for broadband products with higher speeds and TV options continued to be strong. In this context, besides the classical fibre infrastructure, the hybrid modem as a combination of the fixed-line and mobile networks remains central to providing fixed-line products with higher bandwidths. In August 2018, a convenient cash-and-carry hybrid modem was launched. It can be used via the mobile network up to 30 days before the fixed-line access must be installed. Beyond that, the Austrian broadband market continued to be influenced by the ongoing high demand for mobile WiFi routers with unlimited data offerings. The entry level price for the bob and yesss! mobile WiFi router was increased by 2 Euro in August 2018.

In the third quarter of 2018, the total number of postpaid customers rose, mainly driven by the ongoing high demand for mobile WiFi routers and high-value tariffs, while the decline in the prepaid and no-frills segment led overall to a lower number of mobile communication subscribers in a year-on-year comparison. Net additions came in positive at 19,700, driven by both the postpaid and the prepaid business.

In the fixed-line business, total revenue generating units (RGUs) decreased in Q3 2018, mainly due to losses of voice RGUs. While demand for fibre upgrades remained continuously strong and TV RGUs also continued to exhibit solid growth, the number of fixed-line broadband RGUs declined slightly year-on-year. This was mainly due to substitution by mobile WiFi routers. Overall, this resulted in growth of 3.4% year-on-year in the Internet@Home subscriber numbers which includes pure fixed-line broadband RGUs, hybrid modems and mobile WiFi routers.

6.1% year-on-year TV RGU growth

Total revenues in the Austrian segment were almost stable (+0.3%) in the third quarter of 2018, with service revenue growth of 1.1% and a decline in equipment revenues of 6.9%. Total fixed-line service revenues grew as lower interconnection revenues due to lower transit volumes and prices were more than outweighed by higher revenues from solutions and connectivity and retail fixed-line service revenues. The latter profited partly from the price increase as of 1 August 2017 and the indexation measure as of 1 April 2018 as well as solid demand for higher bandwidth products and TV options, which also led to higher ARPL. Solutions and connectivity rose due to growing ICT services. Mobile service revenues rose due to increased revenues from high-value customers and mobile WiFi routers, which also drove ARPU higher. Furthermore, service revenues profited from the above mentioned price indexation.

Total costs and expenses were higher in the third quarter of 2018 compared to the same period last year due to restructuring charges. In Q3 2018, restructuring charges were negative at EUR 8.1 mn due to civil servants accepting social plans, compared to a positive EUR 13.3 mn in Q3 2017, stemming from a revaluation due to changed parameters. Excluding restructuring charges, total costs and expenses decreased as lower costs of equipment as well as lower interconnection and roaming expenses outweighed higher advertising costs and higher content costs. Costs of equipment were lower due to lower quantities and lower subsidies per handset, as well as increased marketing support from equipment sellers. Advertising costs rose due to more campaigns and the brand refreshment. Content costs rose driven by new TV and music products.

Excluding restructuring charges, EBITDA rose by 3.9% as the solid performance in service revenues was supported by an improved equipment margin.

EBITDA excluding restructuring charges rose by 3.9%

Segment Bulgaria

Key performance indicators
Proforma view (= Reported view)
Financials

in EUR million	Q3 2018 reported	Q3 2017 proforma	% change	1-9 M 2018 reported	1-9 M 2017 proforma	% change
Total revenues	112.5	112.3	0.2	330.0	319.1	3.4
Service revenues	96.6	93.4	3.4	277.8	269.2	3.2
thereof mobile service revenues	70.4	70.1	0.5	201.6	201.2	0.2
thereof fixed-line service revenues	26.2	23.4	12.0	76.2	68.0	12.0
Equipment revenues	14.4	11.6	24.0	46.6	40.1	16.2
Other operating income	1.6	7.2	-78.4	5.7	9.8	-42.1
EBITDA	40.0	42.8	-6.5	107.5	104.4	3.0
% of total revenues	35.5%	38.1%		32.6%	32.7%	
EBIT	14.9	0.0	n.m.	-108.2	2.2	n.m.
% of total revenues	13.3%	0.0%		-32.8%	0.7%	

Wireless indicators	Q3 2018 reported	Q3 2017 proforma	% change	1-9 M 2018 reported	1-9 M 2017 proforma	% change
Wireless subscribers (thousands)	4,024.1	4,055.8	-0.8	4,024.1	4,055.8	-0.8
thereof postpaid	3,510.8	3,484.3	0.8	3,510.8	3,484.3	0.8
thereof prepaid	513.3	571.5	-10.2	513.3	571.5	-10.2
MoU (per Ø subscriber) *)	318.1	302.3	5.2	319.9	303.0	5.6
ARPU (in EUR)	5.8	5.7	2.6	5.6	5.5	3.1
Churn (%)	1.4%	2.4%		1.4%	2.1%	

Wireline indicators	Q3 2018 reported	Q3 2017 proforma	% change	1-9 M 2018 reported	1-9 M 2017 proforma	% change
RGUs (thousands)	1,017.6	994.4	2.3	1,017.6	994.4	2.3

*) Minutes of Use no longer include M2M subscribers. Comparative figures have been adjusted accordingly.

As there have been no M&A transactions in Bulgaria between the beginning of the comparison period and the end of the period under review, the following analysis is based on reported figures.

In the Bulgarian market, the growth trends continued in Q3 2018 mainly based on the growth in the fixed-line business and improved subsidy levels. During May 2018, Mobiltel was successfully rebranded A1 Bulgaria.

The fixed-line business continued to be encouraging on the back of corporate solutions as well as successful up and cross selling for residential customers. Furthermore, the sports channel including exclusive TV content has become a major driver of RGU and ARPL trends. The mobile business segment improved further and grew in a year-on-year comparison while in the mobile residential segment active retention measures helped to reduce churn.

The mobile postpaid segment grew in Q3 2018, primarily driven by the higher number of business customers. Total mobile subscribers remained below the prior year's level due to the prepaid segment. Total fixed-line revenue generating units (RGUs) continued to increase as the positive trends in TV and broadband were able to offset the decline in fixed-line voice services.

Total revenues excluding one-off effect rose by 5.7% in Q3 2018

Total revenues were negatively impacted by a EUR 5.8 mn positive one-off effect in other operating income in Q3 2017 due to a legal settlement. Excluding this one-off effect, total revenues rose by 5.7% due to strong growth in equipment and fixed-line service revenues. Equipment revenues rose due to lower subsidies and ongoing demand for more expensive smart devices. The increase in fixed-line service revenues and in ARPL was driven by the above mentioned factors.

Total costs and expenses rose, driven by higher cost of equipment and increased content costs as well as higher interconnection costs due to growing outgoing traffic to other networks. The increase in cost of equipment was driven by more expensive handsets and higher ICT equipment costs, while content costs rose due to more TV RGUs, production costs for sports channels and repricing of some content providers. Furthermore, workforce costs increased due to higher wages in customer-facing units. These increases were mitigated by a decline in sales commissions, optimisation of network maintenance costs as well as lower roaming costs.

The ongoing strong fixed-line performance and a better equipment margin more than offset higher content and workforce costs, which led to a growth in EBITDA excluding one-off effects of 6.6% (reported: -6.5%).

EBITDA excluding one-off effects increased by 6.6% in Q3 2018

Segment Croatia

Key performance indicators
Proforma view
Financials

in EUR million	Q3 2018 reported	Q3 2017 proforma	% change	1-9 M 2018 reported	1-9 M 2017 proforma	% change
Total revenues	118.2	121.0	-2.4	331.3	330.4	0.3
Service revenues	105.1	108.3	-2.9	291.8	291.0	0.3
thereof mobile service revenues	73.9	76.9	-4.0	198.3	198.3	0.0
thereof fixed-line service revenues	31.2	31.3	-0.3	93.5	92.7	0.9
Equipment revenues	11.5	10.9	4.9	35.2	34.6	1.7
Other operating income	1.6	1.8	-13.1	4.4	4.8	-8.8
EBITDA	41.3	41.7	-0.9	95.0	89.5	6.1
% of total revenues	35.0%	34.5%		28.7%	27.1%	
EBIT	13.6	18.1	-25.3	9.0	22.4	-59.8
% of total revenues	11.5%	15.0%		2.7%	6.8%	

Wireless indicators	Q3 2018 reported	Q3 2017 proforma	% change	1-9 M 2018 reported	1-9 M 2017 proforma	% change
Wireless subscribers (thousands)	1,877.8	1,837.2	2.2	1,877.8	1,837.2	2.2
thereof postpaid	1,030.3	942.4	9.3	1,030.3	942.4	9.3
thereof prepaid	847.4	894.8	-5.3	847.4	894.8	-5.3
MoU (per Ø subscriber)*)	310.8	312.4	-0.5	317.7	311.8	1.9
ARPU (in EUR)	13.3	14.1	-5.6	12.3	12.6	-2.2
Churn (%)	2.0%	2.4%		2.0%	2.3%	

Wireline indicators	Q3 2018 reported	Q3 2017 proforma	% change	1-9 M 2018 reported	1-9 M 2017 proforma	% change
RGUs (thousands)	668.5	659.9	1.3	668.5	659.9	1.3

*) Minutes of Use no longer include M2M subscribers. Comparative figures have been adjusted accordingly.

As there have been no M&A transactions in Croatia between the beginning of the comparison period and the end of the period under review, the following analysis is based on reported figures.

In Q3 2018, competition in the Croatian market was focused on convergent solutions and highly discounted offers in order to attract and gain customers. Mobile WiFi routers continued to be a supportive factor in the mobile business. Over the last months, bundles and convergent products with content have become more important and in line with this trend, Vipnet launched a new sports TV package in June 2018. As of 1 October 2018, vipnet was successfully rebranded A1 Croatia.

With regard to regulation, frequency usage fees have been cut as of December 2017. In this connection, in Q3 2018 the Government also announced to reimburse of the overpayment for frequency fees paid until July 2018.

Mobile subscriber numbers grew, with gains in the contract subscriber base due to the strong growth of mobile WiFi routers as well as the general shift from prepaid to contract ongoing in the market. In the fixed-line business, revenue generating units (RGUs) were stable as a decrease in voice and the shift towards mobile WiFi routers were outweighed by the strong demand for TV solutions.

Service revenues decreased in Q3 2018

Reported revenues in the Croatian segment declined compared to last year. Operationally, that means excluding the impact from visitor roaming as described below, the revenue trends remained the same as in the last quarters. Revenues from visitor roaming declined as inter-company/intra-operator-tariffs were cut and the comparison period benefitted from the extraordinarily high visitor roaming level. Excluding visitor roaming, mobile service revenues grew driven by the demand for mobile WiFi routers. Equipment revenues rose due to higher quantities resulting from churn prevention activities. Fixed-line service revenues were stable as slight growth in TV RGUs almost outweighed the shift of fixed-line-broadband towards mobile WiFi routers.

In the third quarter of 2018, total costs and expenses excluding the positive one-off effect in cost of service from the above mentioned Government reimbursement rose as lower bad debt could not compensate for higher equipment costs as well as non-recurring rebranding and content set-up costs in Q3 2018. Equipment costs were driven by higher quantities and higher subsidies due to churn prevention activities.

Slight EBITDA growth excluding one-off effect and visitor roaming

EBITDA excluding the one-off effect and visitor roaming showed slight growth as higher service revenues outweighed the increase in total costs and expenses, but declined if only adjusted for the one-off effect.

Segment Belarus

Key performance indicators
Proforma view
Financials

in EUR million	Q3 2018 reported	Q3 2017 proforma	% change	1-9 M 2018 reported	1-9 M 2017 proforma	% change
Total revenues	103.8	100.3	3.5	289.7	298.3	-2.9
Service revenues	74.6	76.3	-2.2	215.0	235.1	-8.5
thereof mobile service revenues	63.9	68.1	-6.1	186.1	209.4	-11.1
thereof fixed-line service revenues	10.6	8.1	30.7	28.9	25.7	12.3
Equipment revenues	23.5	19.8	19.0	59.1	49.8	18.7
Other operating income	5.7	4.2	34.3	15.6	13.4	16.2
EBITDA	42.9	46.6	-7.9	127.2	145.3	-12.5
% of total revenues	41.4%	46.5%		43.9%	48.7%	
EBIT	23.4	34.3	-31.7	71.0	108.2	-34.3
% of total revenues	22.6%	34.2%		24.5%	36.3%	

Wireless indicators	Q3 2018 reported	Q3 2017 proforma	% change	1-9 M 2018 reported	1-9 M 2017 proforma	% change
Wireless subscribers (thousands)	4,903.0	4,862.5	0.8	4,903.0	4,862.5	0.8
thereof postpaid	4,040.7	3,943.2	2.5	4,040.7	3,943.2	2.5
thereof prepaid	862.3	919.2	-6.2	862.3	919.2	-6.2
MoU (per Ø subscriber) *)	461.0	445.9	3.4	453.5	434.4	4.4
ARPU (in EUR)	4.4	4.7	-6.5	4.3	4.8	-10.9
Churn (%)	1.6%	1.7%		1.5%	1.7%	

Wireline indicators	Q3 2018 reported	Q3 2017 proforma	% change	1-9 M 2018 reported	1-9 M 2017 proforma	% change
RGUs (thousands)	615.8	461.9	33.3	615.8	461.9	33.3

*) Minutes of Use no longer include M2M subscribers. Comparative figures have been adjusted accordingly.

The following analysis is based on proforma[4] figures if not stated otherwise.

Inflation rate of 5.6% year-on-year

In Belarus, the operational development of the last quarters mostly continued. Macroeconomic improvements persisted and GDP is expected to grow by 4.0% in 2018 (IMF estimate; 2017: +2.4%). Also, the FX devaluation came down to 4.1% in Q3 compared to 11.2% year-to-date. Furthermore, the government continued to be restrictive on price increases in order to stabilise inflation, which even became slightly negative in May and July. In September 2018, inflation was 5.6% year-on-year. In this context, for mobile subscribers inflation-linked price increases of 2.9% and 2.4% were implemented as of 1 April and 1 September 2018, respectively. Furthermore, velcom increased its fixed-line tariffs for existing customers by 9.0% in March 2018.

velcom strengthened its fixed-line business through the acquisitions of Garant (Gomel), consolidated as of 1 August 2017, and Vitebsk Garant, consolidated as of 1 May 2018. As the addition of Vitebsk Garant has only a minor financial impact, the company was not included in the proforma figures.

Despite its lack of a 4G license, velcom maintained its superior standard in terms of the coverage and quality of its mobile network. Competition in the mobile business remained intense with regard to tariffs based on unlimited data offers. These offers weighed on the sale of data packages. To counter these challenges and develop the subscriber base, velcom continued with the promotion of unlimited data and voice propositions with speed limits corresponding to the chosen tariff. The number of prepaid customers decreased due to database cleansing of inactive SIM cards. Revenue generating units in the fixed-line business grew, benefitting from the acquisition of the fixed-line provider Vitebsk Garant which had 137,300 RGUs.

Belarusian Rouble depreciated by 11.2% year-to-date

Total revenues in the Belarusian segment increased by 3.5% year-on-year (reported: +4.0%). Excluding a positive one-off effect in other operating income of EUR 1.1 mn in Q3 2018 and the negative FX impact of EUR 4.1 mn, revenue growth amounted to 6.5% year-on-year (reported: +7.0%). This rise on a local currency basis was driven by higher equipment revenues, which rose due to more expensive handsets and higher quantities supported by an attractive smartphone portfolio, promotions and instalment sales. Service revenues also rose, as higher fixed-line service revenues outweighed lower mobile service revenues due to lower data monetisation.

Total costs and expenses rose on a local currency basis, driven by higher costs of equipment and other hard currency denominated costs as well as higher workforce costs. Equipment costs also rose due to more expensive handsets and higher quantities. Interconnection costs increased due to more outgoing traffic. Content and advertising costs were also higher. Additionally, workforce costs rose due to salary increases.

EBITDA excluding FX effects and the one-off effect decreased by 7.4% in Q3 2018, as higher costs could not be offset by the increase in equipment and fixed-line service revenues.

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

Segment Slovenia

Key performance indicators
Proforma view (= Reported view)
Financials

in EUR million	Q3 2018 reported	Q3 2017 proforma	% change	1-9 M 2018 reported	1-9 M 2017 proforma	% change
Total revenues	53.7	55.5	-3.3	157.7	162.0	-2.6
Service revenues	41.5	43.3	-4.3	120.9	127.4	-5.1
thereof mobile service revenues	32.6	34.3	-4.8	94.6	101.1	-6.4
thereof fixed-line service revenues	8.8	9.1	-2.4	26.3	26.3	-0.1
Equipment revenues	11.1	11.1	-0.5	33.4	31.4	6.4
Other operating income	1.1	1.1	5.0	3.4	3.2	8.1
EBITDA	10.2	10.7	-4.2	28.9	33.0	-12.3
% of total revenues	19.0%	19.2%		18.4%	20.4%	
EBIT	3.1	3.6	-13.0	7.4	10.4	-28.6
% of total revenues	5.8%	6.5%		4.7%	6.4%	

Wireless indicators	Q3 2018 reported	Q3 2017 proforma	% change	1-9 M 2018 reported	1-9 M 2017 proforma	% change
Wireless subscribers (thousands)	695.1	710.4	-2.1	695.1	710.4	-2.1
thereof postpaid	607.4	604.4	0.5	607.4	604.4	0.5
thereof prepaid	87.8	106.0	-17.2	87.8	106.0	-17.2
MoU (per Ø subscriber) *)	351.9	346.5	1.5	366.6	355.3	3.2
ARPU (in EUR)	15.7	16.0	-2.2	15.1	15.7	-4.2
Churn (%)	1.3%	1.7%		1.5%	1.7%	

Wireline indicators	Q3 2018 reported	Q3 2017 proforma	% change	1-9 M 2018 reported	1-9 M 2017 proforma	% change
RGUs (thousands)	178.1	179.8	-0.9	178.1	179.8	-0.9

*) Minutes of Use no longer include M2M subscribers. Comparative figures have been adjusted accordingly.

As there have been no M&A transactions in Slovenia between the beginning of the comparison period and the end of the period under review, the following analysis is based on reported figures.

Mobile competition remains fierce

In the third quarter of 2018, the Slovenian telecommunications market was still characterised by fierce competition in the mobile market, with a focus on convergent tariffs with high discounts and competitive mobile tariffs including high data allowances. To counter these challenges, A1 has implemented simplified price plans in the mobile segment and included certain services such as music and chat apps independent of data consumption. Beyond that, certain price increases were introduced in the mobile and the fixed-line business, partly also for existing customers. These price increases were also a consequence of higher content costs.

In the Slovenian segment, total revenues declined mostly due to lower mobile service revenues. Total costs and expenses decreased mainly due to lower roaming expenses while taxes and use of rights as well as sales area costs rose. Lower mobile service revenues were mitigated by decreased total costs and expenses which led to an EBITDA decline of 4.2%.

Segment Republic of Serbia

Key performance indicators
Proforma view (= Reported view)
Financials

in EUR million	Q3 2018 reported	Q3 2017 proforma	% change	1-9 M 2018 reported	1-9 M 2017 proforma	% change
Total revenues	66.1	59.4	11.2	182.2	164.6	10.7
Service revenues	44.1	39.1	12.6	123.1	107.0	15.1
thereof mobile service revenues	42.1	37.4	12.4	118.3	102.5	15.4
Equipment revenues	21.1	19.1	10.6	56.2	54.1	3.9
Other operating income	0.8	1.2	-26.3	2.9	3.5	-16.8
EBITDA	15.6	11.9	31.4	37.1	28.7	29.1
% of total revenues	23.6%	20.0%		20.3%	17.5%	
EBIT	4.9	0.6	n.m.	4.6	-4.7	n.m.
% of total revenues	7.4%	1.1%		2.5%	-2.9%	

Wireless indicators	Q3 2018 reported	Q3 2017 proforma	% change	1-9 M 2018 reported	1-9 M 2017 proforma	% change
Wireless subscribers (thousands)	2,205.1	2,194.1	0.5	2,205.1	2,194.1	0.5
thereof postpaid	1,453.0	1,323.5	9.8	1,453.0	1,323.5	9.8
thereof prepaid	752.0	870.6	-13.6	752.0	870.6	-13.6
MoU (per Ø subscriber) *)	324.0	284.1	14.0	321.5	279.4	15.0
ARPU (in EUR)	6.4	5.7	11.4	6.0	5.3	14.3
Churn (%)	3.1%	3.4%		3.2%	3.2%	

*) Minutes of Use no longer include M2M subscribers. Comparative figures have been adjusted accordingly.

As there have been no M&A transactions in the Republic of Serbia between the beginning of the comparison period and the end of the period under review, the following analysis is based on reported figures.

In the segment Republic of Serbia, vip mobile faces a highly competitive mobile market. Last year, the company successfully introduced flat tariffs. The resulting growth in contract subscribers continued. Trends were also supported by the high demand for mobile WiFi routers. Meanwhile, the competition also launched flat tariffs and one competitor introduced a premium price-plan with an unlimited data proposition in April 2018. Another factor in the competitive landscape is the shift towards more attractive handsets with higher subsidies. In January 2018, a mobile termination rate cut became effective.

The increase in total revenues in the Serbian segment resulted from higher mobile service revenues due to the growing share of mobile subscribers in the new tariff portfolio as well as growth in mobile WiFi routers.

Total revenues increased by 11.2%

Total costs and expenses rose, mainly driven by higher cost of equipment as well as higher taxes and use of rights and salesforce costs. The rise in the equipment costs was driven by higher quantities due to intense promotions as well as higher subsidies per device.

EBITDA rose by 31.4% year-on-year as the rise in service revenues more than offset both the lower equipment margin and higher salesforce costs as well as higher taxes and use of rights.

EBITDA rose by 31.4%

Segment Republic of Macedonia

Key performance indicators
Proforma view (= Reported view)
Financials

in EUR million	Q3 2018 reported	Q3 2017 proforma	% change	1-9 M 2018 reported	1-9 M 2017 proforma	% change
Total revenues	31.1	30.2	3.0	89.0	85.5	4.1
Service revenues	29.0	28.1	3.1	83.1	80.1	3.7
thereof mobile service revenues	22.2	21.6	2.9	63.6	60.8	4.7
thereof fixed-line service revenues	6.7	6.5	4.0	19.5	19.3	0.8
Equipment revenues	2.0	1.9	5.0	5.2	4.8	6.5
Other operating income	0.2	0.2	-32.0	0.8	0.5	46.9
EBITDA	10.4	9.3	11.8	28.1	23.5	19.7
% of total revenues	33.5%	30.9%		31.6%	27.5%	
EBIT	4.1	2.2	87.2	10.7	-3.2	n.m.
% of total revenues	13.1%	7.2%		12.1%	-3.7%	

Wireless indicators	Q3 2018 reported	Q3 2017 proforma	% change	1-9 M 2018 reported	1-9 M 2017 proforma	% change
Wireless subscribers (thousands)	1,090.2	1,112.0	-2.0	1,090.2	1,112.0	-2.0
thereof postpaid	655.7	646.2	1.5	655.7	646.2	1.5
thereof prepaid	434.5	465.8	-6.7	434.5	465.8	-6.7
MoU (per Ø subscriber)*)	426.6	432.5	-1.4	435.2	423.4	2.8
ARPU (in EUR)	6.8	6.5	5.0	6.6	6.1	7.9
Churn (%)	1.2%	1.6%		1.6%	1.9%	

Wireline indicators	Q3 2018 reported	Q3 2017 proforma	% change	1-9 M 2018 reported	1-9 M 2017 proforma	% change
RGUs (thousands)	367.8	322.4	14.1	367.8	322.4	14.1

*) Minutes of Use no longer include M2M subscribers. Comparative figures have been adjusted accordingly.

As there have been no M&A transactions in the Republic of Macedonia between the beginning of the comparison period and the end of the period under review, the following analysis is based on reported figures.

Customer retention and upselling of existing customers were the major focus for all market players in the Macedonian segment. In the mobile as well as the fixed-line markets, customers are leaning towards multiple-play offers rather than maintaining multiple single-play subscriptions. The competitive advantage of convergent operators, such as one.Vip, led to an increase in the number of revenue generating units (RGU) as well as mobile contract subscribers and a decrease in the number of mobile prepaid subscribers. As of the end of March 2018, one.Vip increased the data volume in its mobile tariffs to meet respective customer demands.

EBITDA growth of 7.8% in Q3 2018

Total revenue growth in the Macedonian segment was driven by higher mobile service revenues, which continued to be supported by upselling measures to higher tariffs. Although synergy effects from the merger into one.Vip have now tapered off, total costs and expenses declined slightly in a year-on-year comparison, mainly driven by lower bad debt. Altogether, this led to a growth of EBITDA, excluding one-off effects, of 7.8%.

Year-to-date: Summary of Profit and Loss

The following analysis is based on proforma[5] figures if not stated otherwise.

The following factors should be considered in the analysis of A1 Telekom Austria Group's operating results:

- Negative effects stemming from the abolition of retail roaming in the EU as of 15 June 2017 derive mostly from Austria, with further impacts in Slovenia, Croatia and Bulgaria.
- The acquisition of the fixed-line operator Metronet in Croatia, consolidated as of 1 February 2017.
- The acquisitions of the fixed-line providers Garant (Gomel), consolidated as of 1 August 2017, and Vitebsk Garant, consolidated as of 1 May 2018, both in Belarus. As the financial impact of Vitebsk Garant on the Belarusian segment is marginal, no proforma view is provided of this acquisition.
- Positive one-off effects of EUR 22.7 mn in revenues and EUR 21.9 mn in EBITDA in the first nine months of 2017 and positive of EUR 4.7 mn in revenues and EUR 9.1 mn in EBITDA in the first nine months of 2018, with the following main effects:
  - In Q1 2017, positive EUR 10.6 mn in fixed-line service revenues stemming from the reversal of an accrual for wholesale services and of EUR 3.6 mn in other operating income, stemming from the release of an asset retirement obligation, both in Austria.
  - In Q3 2017, other operating income in Bulgaria was positively affected by a EUR 5.8 mn one-off effect resulting from a legal settlement.
  - A positive EUR 3.9 mn in Croatia in cost of service for the reimbursement from the Government for frequency fee overpayments in connection with the frequency fee cut in December 2017.
- Total negative FX effects amounted to EUR 29.5 mn for total revenues and EUR 14.5 mn for EBITDA in the first nine months of 2018, stemming almost entirely from Belarus.
- Restructuring charges in Austria were EUR 8.2 mn due to more social plans, compared to a positive EUR 13.2 mn in the first nine months of 2017, stemming from a revaluation due to changed parameters.

Revenues

Group total revenues rose by 1.3% year-on-year

In the first nine months of 2018, A1 Telekom Austria Group saw an increase in revenues of 1.3% (reported: +1.5%). Excluding one-off and FX effects, total revenues rose by 2.8% (reported: +3.0%) with service revenue growth in all segments except Slovenia. Group service revenues increased by 0.9% (reported: +1.1%) without the one-off effect in Q1 2017 in Austria.

In the Austrian segment, total revenues increased by 0.9% year-on-year. Excluding one-off effects, total revenues rose by 1.7% and service revenues increased by 1.0%. Fixed-line service revenues rose on the back of price increases for existing customers as of 1 August 2017 as well as indexation measures as of 1 April 2018, which also affected mobile residential high-value customers. Solid demand for higher bandwidths and TV options also drove the fixed-line service revenue increase, while fixed-line interconnection revenues declined due to lower volumes and prices. In the mobile business, the negative effects of the stepwise abolition of retail roaming in the EU were outweighed by high demand for mobile WiFi routers and high-value tariffs as well as the above mentioned indexation measure. Equipment revenues increased due to higher quantities sold and an updated handset portfolio with a shift to higher-value devices.

In the Bulgarian segment, total revenues rose by 3.4%. Excluding one-off effects, total revenues increased by 4.9%. This was driven by the increase in fixed-line service revenues and equipment revenues. Fixed-line service revenues rose, supported by strong demand for the exclusive sports TV packages and higher

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

speeds as well as customised fixed-line corporate solutions. Equipment revenues grew due to lower subsidies per handset. Wireless service revenues remained stable as the increase in the business segment outweighed lower customer roaming due to the abolition of retail roaming.

In the Croatian segment, total revenues were stable year-on-year (+0.3%; reported: +1.0%) as lower revenues from visitor roaming and interconnection revenues were outweighed by the strong demand for mobile WiFi routers as well as growth in fixed-line service revenues and equipment revenues. Revenues from visitor roaming declined as inter-company/intra-operator-tariffs were cut and the comparison period benefitted from the extraordinarily high positive impact. Interconnection revenues were influenced by the termination rate cut in July 2017. Equipment revenues rose due to higher quantities resulting from churn prevention activities. Fixed-line service revenues grew due to higher solutions and connectivity revenues but were impacted by the shift towards mobile WiFi routers.

Total revenues in the Belarusian segment decreased by 2.9% year-on-year (reported: -1.6%) in Euro terms, while they rose by 9.3% year-on-year (reported: +10.8%) on a local currency basis excluding one-off effects. This increase was driven by higher equipment revenues due to a shift towards more expensive handsets and higher quantities. Also, the operational growth on the back of inflation-linked price increases in the mobile business as of April and September 2018 and a price increase of 9% in the fixed-line business as of March 2018, supported the revenue growth.

In Slovenia, total revenues decreased by 2.6% year-on-year, as the decrease in revenues from mobile services due to the enduring highly competitive environment more than offset increasing equipment revenues due to higher prices of handsets sold. Total revenues in the Republic of Serbia increased by 10.7% year-on-year as a result of higher monthly fees. Total revenues in the Republic of Macedonia rose by 4.1% year-on-year due to higher mobile service revenues resulting from higher monthly fees and upselling activities.

Total Costs and Expenses

Group total costs and expenses increased by 3.1% year-on-year (reported: +3.3%). In the first nine months of 2018, restructuring charges were a negative EUR 8.2 mn due to civil servants accepting social plans compared to positive EUR 13.2 mn in the comparison period stemming from a revaluation due to changed parameters. Excluding restructuring charges and the one-off effect in cost of service, total costs and expenses increased by 2.5% (reported: +2.6%). Investments in high-value customers led to a rise in costs of equipment, higher sales area costs and increased content costs. Advertising costs also rose. Furthermore, investments in A1 Digital, included in the position 'Corporate & other, eliminations', had a negative impact on Group total costs and expenses. Interconnection costs, network maintenance and bad debts were lower compared to the previous year.

EBITDA

Group EBITDA grew by 2.4% year-on-year; excl. FX-, one-off effects and restructuring

Group EBITDA decreased by 2.1% in the first nine months of 2018 (reported: -1.9%). Excluding one-off effects, FX effects and restructuring charges, EBITDA rose by 2.4% (reported: +2.6%), with growth in all segments except for Belarus and Slovenia. Investments in A1 Digital had a negative impact on Group EBITDA but were outweighed by the solid performance of the fixed-line business, growth in mobile service revenues and a better equipment margin.

In the Austrian segment, EBITDA declined by 0.9%. Excluding one-off effects as well as restructuring charges, EBITDA rose by 4.4% as strong fixed-line service revenues, solid growth in mobile service revenues and a better equipment margin outweighed cost increases. Total costs and expenses in the Austrian segment rose by 1.9% year-on-year and were impacted by the above mentioned restructuring charges. Excluding restructuring charges, total costs and expenses were stable (+0.2%). Cost of equipment as well as advertising and content costs rose. These increases were offset by lower interconnection and roaming expenses. Cost of equipment rose due to higher quantities and higher prices per handset.

In the Bulgarian segment, increasing total revenues were able to more than offset higher costs and expenses which resulted in an EBITDA increase of 3.0% (excluding one-off effects: +7.1%). The increase in total costs and expenses was driven by higher interconnection costs, cost of equipment and increased employee costs due to higher wages for customer facing personnel. Bad debt expenses also rose year-on-year due to lower collections. These cost increases were partially offset by decreases in network maintenance costs, commissions and administration costs.

In the Croatian segment, higher revenues and lower costs and expenses led to an EBITDA increase of 6.1% year-on-year(excluding one-off effect: +1.4%) despite lower visitor roaming revenues as described above . The slight decrease in costs and expenses excluding the above mentioned one-off effect was driven by lower bad debts and MTR-cut-driven lower interconnection costs. These decreases outweighed higher cost of equipment, administration costs and roaming expenses.

In the Belarusian segment, the lower revenues and higher costs and expenses resulted in an EBITDA decline of 12.5% (reported: -12.2%). Excluding the negative FX effects amounting to EUR 16.0 mn, EBITDA in Belarus declined by 3.0% (reported: -2.6%). Costs and expenses increased, which resulted mostly from equipment costs due to more expensive handsets and higher quantities as well as higher content costs and FX-denominated costs such as frequency usage fees.

In Slovenia, lower advertising, roaming costs and commissions were more than outweighed by a decline in total revenues which resulted in a significant EBITDA decrease of 12.3% year-on-year. In the Republic of Serbia, the higher mobile service revenues more than offset the lower equipment margin. This resulted in EBITDA growth of 29.1%. In the Republic of Macedonia, EBITDA increased by 19.7% as mobile service revenues grew while administration costs declined.

Operating Income

In the first nine months of 2018, depreciation and amortisation increased by 16.9% to EUR 755.3 mn (reported: + 17.1%) in comparison with the previous year. This increase was primarily due to the brand value amortisation in Bulgaria, which was fully amortised in Q2 2018, as well as, to a lesser degree, in Belarus, Croatia, and the Republic of Macedonia, in conjunction with the Group-wide rebranding. As a result, operating income declined by 28.5% to EUR 332.4 mn compared to the previous year (reported: -28.4%). Excluding brand value amortisation in the amount of EUR 188.5 mn (1-9 M 2017: EUR 19.4 mn), operating income increased by 7.6% (reported: +7.7%).

The following analysis is presented on a reported basis if not stated otherwise.

Consolidated Net Result

Stable net result excl. brand value amortisation

In the first nine months of 2018, A1 Telekom Austria Group recorded a financial result of negative EUR 58.0 mn, which means an improvement of 20.9% compared to the previous year. This was partly due to lower interest expenses on financial liabilities. The FX differences amounted to positive EUR 3.1 mn compared to negative EUR 2.2 mn in the first nine months of 2017. Higher tax expenses of EUR 75.2 mn were reported in the first nine months of 2018 (1-9 M 2017: EUR 33.7 mn), mainly due to higher taxable result in Austria. Overall, the A1 Telekom Austria Group reported a net result of EUR 199.2 mn in the first nine months of 2018 compared to EUR 357.1 mn in the first nine months of 2017. Excluding the brand value amortisation, the net result was stable.

A1 Telekom Austria Group outlook for the full year 2018 unchanged (IAS 18)

In the first nine months of 2018, A1 Telekom Austria Group continued to grow total revenues and EBITDA (excluding restructuring charges) by means of a clear focus on high-value customers and attractive fixed-line propositions. This was achieved despite the fact that most of the Group's mobile markets continued to be characterised by intense competition and regulatory burdens. The Belarusian Rouble mostly followed the movement of the Russian Rouble and depreciated by 11.2% year-on-year (period average). Higher service revenues and an improved equipment margin led to an EBITDA increase despite higher total costs and expenses. Results in the first half of 2018 were negatively impacted by the stepwise abolition of retail roaming in the EU. The second half of 2018 will no longer be affected by this regulation.

In 2017, the A1 Telekom Austria Group decided to harmonise its brands throughout the Group and to roll out the 'A1' brand in a gradual manner, depending on local circumstances. This triggered the amortisation of local brand values, which had reached a total of around EUR 350 mn by the end of 2016. The respective companies will amortise the brand values until the phase-out of the old brands. As of 30 September 2018, EUR 311.0 mn have already been amoritisised, thereof EUR 188.5 mn so far in 2018. The brand value amortisation negatively affects the net result.

For the full year 2018, most of the market dynamics mentioned above are expected to remain. Both in Austria and in the CEE markets, the competitive environment in mobile markets is anticipated to continue, while demand for fixed-line services is expected to remain a positive driver across most markets. In the CEE segments, operational results are expected to benefit increasingly from measures taken in the past as well as from the macroeconomic improvements, with GDP growth forecasted in all markets.

The negative roaming impact came in at the bottom end of the anticipated 1.0% to 1.5% of Group EBITDA for the full year 2018. Contrary to the supportive FX development in 2017, the operational performance in Belarus is expected to be negatively affected by a devaluation of the Belarusian Rouble.

In this business environment, the Management of A1 Telekom Austria Group remains committed to its growth strategy and is concentrating on the following focus areas: exceling in the core business, the expansion of products and services as well as value-accretive mergers and acquisitions. As in the previous year, results should gain support from ongoing efforts to continuously increase operating efficiency. For the year 2018, the Management of A1 Telekom Austria Group expects to achieve modest growth in total revenues on a reported basis.

A1 Telekom Austria Group remains committed to the LTE rollout across its markets as well as the accelerated fibre deployment in Austria. Capital expenditures before spectrum investments and acquisitions are expected to remain almost table in 2018 (EUR 750 mn).

Whilst the Management of A1 Telekom Austria Group acknowledges the limited predictability of the Belarusian Rouble, it expects the currency to devalue by approximately 10% versus the EUR (period average) in 2018. The Belarusian Rouble devalued 11.2% in the first nine months of the year.

Based on the improved operational and financial performance of the Group, a new expected dividend level was agreed upon by América Móvil and Österreichische Bundes- und Industriebeteiligungen GmbH (ÖBIB) in 2016. Starting with the financial year 2016, this dividend expectation entails the payment of EUR 0.20 per share to be maintained or increased on a sustainable basis in line with the operational and financial developments of the Group.

In order to ensure its financial flexibility, A1 Telekom Austria Group remains committed to maintaining its solid investment grade rating. In June 2018, Moody's upgraded the rating for A1 Telekom Austria Group to Baa1 while Standard & Poor's confirmed the BBB rating. With regard to frequencies, in Austria the NRA announced that an auction on the 3.4-3.8-GHz band will be held in February 2019.[6]

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[6] Please note that this a list of potential spectrum awards procedures. The Group is not permitted to comment on whether A1 Telekom Austria Group is planning and sees a need to participate and acquire spectrum in the abovementioned procedures.

Reconciliation tables and consolidated financial statements

Reconciliation tables –
IAS 18 and IFRS 15 reconciliation

As of 1 January 2018, A1 Telekom Austria Group initially applied IFRS 15, electing the modified retro-spective approach for the initial application in accordance with the transition guidance. Accordingly, the information presented for 2017 has not been restated - i.e. it is presented, as previously reported, under IAS 18 and related interpretations. The following tables provide a reconciliation from IFRS 15 to IAS 18. The new revenue recognition accounting standard under IFRS 15 requires accounting for the life cycle value of contracts by allocating the total revenues from a contract to the different deliverables of the contract based on their relative fair values.

Income statement: third quarter of 2018 (reported)

in EUR million	Q3 2018 IAS 18	Q3 2017 IAS 18	% change	Q3 2018 IFRS 15
Service revenues	973.5	957.8	1.6	936.4
Equipment revenues	129.4	123.5	4.7	155.1
Other operating income	23.3	29.3	-20.3	23.3
Total revenues	**1,126.2**	**1,110.7**	**1.4**	**1,114.8**
Cost of service	-347.3	-344.8	-0.7	-347.3
Cost of equipment	-144.9	-143.7	-0.8	-144.9
Selling, general & administrative expenses	-241.3	-209.5	-15.2	-229.9
Other expenses	-2.9	-2.5	-14.6	-2.9
Total costs and expenses	**-736.4**	**-700.5**	**-5.1**	**-725.0**
EBITDA	**389.8**	**410.1**	**-5.0**	**389.8**
% of total revenues	34.6%	36.9%		35.0%
Depreciation and amortisation	-204.6	-219.1	6.6	-204.6
EBIT	**185.1**	**191.1**	**-3.1**	**185.1**
% of total revenues	16.4%	17.2%		16.6%
Interest income	4.5	3.9	15.8	1.4
Interest expense	-21.7	-24.5	11.7	-21.7
Other financial expense	-2.1	-2.1	-3.2	-2.1
Foreign currency exchange differences	-4.8	-6.4	25.0	-4.8
Equity interest in net income of affiliates	-0.2	0.1	n.m.	-0.2
Earnings before income tax (EBT)	**160.9**	**162.1**	**-0.7**	**157.8**
Income tax	-44.2	-14.0	-216.3	-43.1
Net result[*)]	**116.7**	**148.1**	**-21.2**	**114.7**

*) Attributable to equity holders of the parent, non controlling interests and hybrid capital owners

Income statement: first nine months of 2018 (reported)

in EUR million	1-9 M 2018 IAS 18	1-9 M 2017 IAS 18	% change	1-9 M 2018 IFRS 15
Service revenues	2,854.6	2,835.1	0.7	2,751.2
Equipment revenues	376.3	342.9	9.7	460.5
Other operating income	70.5	74.5	-5.4	70.5
Total revenues	**3,301.3**	**3,252.5**	**1.5**	**3,282.2**
Cost of service	-1,031.0	-1,028.6	-0.2	-1,031.0
Cost of equipment	-429.6	-400.3	-7.3	-431.2
Selling, general & administrative expenses	-745.5	-708.2	-5.3	-715.2
Other expenses	-7.6	-6.3	-21.0	-7.6
Total costs and expenses	**-2,213.7**	**-2,143.5**	**-3.3**	**-2,185.0**
EBITDA	**1,087.6**	**1,109.0**	**-1.9**	**1,097.2**
% of total revenues	32.9%	34.1%		33.4%
Depreciation and amortisation	-755.3	-645.0	-17.1	-755.3
EBIT	**332.4**	**464.0**	**-28.4**	**341.9**
% of total revenues	10.1%	14.3%		10.4%
Interest income	11.2	11.1	0.4	4.0
Interest expense	-65.3	-72.7	10.3	-65.3
Other financial expense	-6.7	-8.9	24.6	-6.7
Foreign currency exchange differences	3.1	-2.2	n.m.	3.1
Equity interest in net income of affiliates	-0.3	-0.6	44.4	-0.3
Earnings before income tax (EBT)	**274.4**	**390.8**	**-29.8**	**276.7**
Income tax	-75.2	-33.7	-123.2	-75.6
Net result*)	**199.2**	**357.1**	**-44.2**	**201.2**

*) Attributable to equity holders of the parent, non controlling interests and hybrid capital owners

ARPU: third quarter of 2018 (reported)

in EUR	Q3 2018 IAS 18	Q3 2017 IAS 18	% change	Q3 2018 IFRS 15	Absolute change (IFRS15 - IAS18)
Austria	16.3	15.9	2.5	14.8	-1.5
Bulgaria	5.8	5.7	2.6	5.0	-0.8
Croatia	13.3	14.1	-5.6	12.1	-1.2
Belarus	4.4	4.7	-6.5	4.4	0.0
Slovenia	15.7	16.0	-2.2	15.1	-0.5
Republic of Serbia	6.4	5.7	11.4	7.2	0.8
Republic of Macedonia	6.8	6.5	5.0	5.8	-1.0
Group ARPU	8.9	8.9	-0.2	8.3	-0.6

ARPU: first nine months of 2018 (reported)

in EUR	1-9 M 2018 IAS 18	1-9 M 2017 IAS 18	% change	1-9 M 2018 IFRS 15	Absolute change (IFRS15 - IAS18)
Austria	16.1	15.6	2.7	14.6	-1.4
Bulgaria	5.6	5.5	3.1	5.1	-0.5
Croatia	12.3	12.6	-2.2	11.0	-1.2
Belarus	4.3	4.8	-10.9	4.3	0.0
Slovenia	15.1	15.7	-4.2	14.5	-0.6
Republic of Serbia	6.0	5.3	14.3	6.9	0.9
Republic of Macedonia	6.6	6.1	7.9	5.6	-1.0
Group ARPU	8.6	8.7	-0.3	8.1	-0.6

ARPL: third quarter of 2018 (reported)

in EUR	Q3 2018 IAS 18	Q3 2017 IAS 18	% change	Q3 2018 IFRS 15	Absolute change (IFRS15 - IAS18)
Austria	30.8	29.5	4.7	30.8	-0.1
Bulgaria	12.8	11.8	8.1	12.6	-0.2
Croatia	30.3	30.1	0.5	30.3	0.1
Belarus	5.5	6.9	-20.2	5.5	0.0
Slovenia	35.2	35.0	0.7	35.5	0.2
Republic of Serbia	n.a.	n.a.	n.a.	n.a.	n.a.
Republic of Macedonia	11.6	12.3	-5.6	11.3	-0.3

* ARPL in Belarus is affected by the acquisitions of the fixed-line providers Garant (Gomel), consolidated as of 1 August 2017, and Vitebsk Garant, consolidated as of 1 May 2018, which have a comparably low ARPL.

ARPL: first nine months of 2018 (reported)

in EUR	1-9 M 2018 IAS 18	1-9 M 2017 IAS 18	% change	1-9 M 2018 IFRS 15	Absolute change (IFRS15 - IAS18)
Austria	30.6	28.7	6.5	30.6	0.0
Bulgaria	12.5	11.4	9.9	12.4	-0.1
Croatia	30.3	29.2	4.0	30.2	-0.1
Belarus	5.6	8.0	-29.4	5.6	0.0
Slovenia	35.9	35.5	1.0	36.0	0.2
Republic of Serbia	n.a.	n.a.	n.a.	n.a.	n.a.
Republic of Macedonia	11.7	12.3	-5.4	11.3	-0.3

* ARPL in Belarus is affected by the acquisitions of the fixed-line providers Garant (Gomel), consolidated as of 1 August 2017, and Vitebsk Garant, consolidated as of 1 May 2018, which have a comparably low ARPL.

Information on alternative performance measures

The Consolidated Financial Statements are prepared according to applicable accounting standards. The presentation and analysis of financial information and key performance indicators may differ substantially from the financial information presented in the Consolidated Financial Statements. This is due to the fact that the presentation and analysis are partially based on proforma figures which include M&A transactions between the start of the comparison period and the end of the reporting period.

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 following reconciliation tables.

EBITDA per segment - adjusted for FX-, one-off effects and restructuring charges

in EUR million	Q3 2018 reported	Q3 2017 proforma	% change	1-9 M 2018 reported	1-9 M 2017 proforma	% change
Austria	250.1	239.8	4.3	713.7	683.8	4.4
Bulgaria	39.6	37.2	6.6	106.1	99.0	7.1
Croatia	37.3	41.7	-10.5	90.8	89.5	1.4
Belarus	43.2	46.6	-7.4	139.9	144.2	-3.0
Slovenia	10.2	10.7	-4.2	28.9	33.0	-12.3
Republic of Serbia	15.3	11.9	28.8	35.9	28.7	25.0
Republic of Macedonia	10.4	9.6	8.7	27.6	23.2	18.9
Corporate & other, eliminations	-12.8	-7.0	-83.3	-41.7	-26.0	-60.8
Total adjusted EBITDA	**393.4**	**390.4**	**0.7**	**1,101.2**	**1,075.5**	**2.4**

Group EBITDA - adjustments for FX-, one-off effects and restructuring charges

in EUR million	Q3 2018	Q3 2017	% change	1-9 M 2018	1-9 M 2017	% change
EBITDA (reported)	**389.8**	**410.1**	**-5.0**	**1,087.6**	**1,109.0**	**-1.9**
FX translation effect	1.0			14.5		
One-off effects	-5.4	-6.3		-9.1	-21.9	
Restructuring charges	8.1	-13.3		8.2	-13.2	
Adjusted EBITDA (reported)	**393.4**	**390.5**	**0.7**	**1,101.2**	**1,073.8**	**2.6**
M&A effect		-0.1			1.6	
Adjusted EBITDA (proforma)	**393.4**	**390.4**	**0.7**	**1,101.2**	**1,075.5**	**2.4**

Austria EBITDA - adjustments for one-off effects and restructuring charges

in EUR million	Q3 2018	Q3 2017	% change	1-9 M 2018	1-9 M 2017	% change
EBITDA (reported)	**242.1**	**254.1**	**-4.7**	**705.5**	**712.2**	**-0.9**
One-off effects		-1.0			-15.2	
Restructuring charges	8.1	-13.3		8.2	-13.2	
Adjusted EBITDA (reported)	**250.1**	**239.8**	**4.3**	**713.7**	**683.8**	**4.4**

ARPL (reported)

ARPL-relevant revenues are fixed retail revenues and fixed interconnection revenues. The ARPL is calculated by dividing ARPL-relevant revenues by average fixed access lines in a certain period. The difference to fixed-line service revenues are interconnection transit revenues, solutions & connectivity revenues and other revenues.

ARPL-relevant revenues (in EUR million)	Q3 2018 reported	Q3 2017 reported	% change	1-9 M 2018 reported	1-9 M 2017 proforma	% change
Austria	192.0	189.1	1.5	575.9	560.7	2.7
Bulgaria	20.4	18.8	8.3	59.8	54.9	8.9
Croatia	26.6	27.3	-2.5	80.3	79.2	1.4
Belarus	6.9	5.1	35.6	18.7	13.8	36.1
Slovenia	7.6	7.4	2.5	22.9	22.5	1.7
Republic of Serbia	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Republic of Macedonia	5.5	5.3	3.0	16.1	15.9	1.7

Access lines (in '000)	Q3 2018 reported	Q3 2017 reported	% change
Austria	2,063.1	2,128.7	-3.1
Bulgaria	531.4	528.3	0.6
Croatia	294.5	300.4	-2.0
Belarus	417.1	309.7	34.7
Slovenia	71.9	70.4	2.2
Republic of Serbia	n.a.	n.a.	n.a.
Republic of Macedonia	158.3	144.5	9.6

ARPU (proforma)

ARPU-relevant revenues are wireless service revenues, i.e. mobile retail revenues (incl. customer roaming) and mobile interconnection as well as visitor roaming and national roaming revenues. The ARPU is calculated based on ARPU-relevant revenues divided by the average subscribers in a certain period.

Free Cashflow (reported)

(in EUR million)	1-9 M 2018 reported	1-9 M 2017 reported	% change
Net cash flow from operating activities	918.2	910.1	0.9
Capital expenditures paid	-558.6	-521.1	-7.2
Proceeds from sale of plant, property and equipment	10.0	11.8	-15.3
Interest paid	-43.5	-64.7	32.7
Free cash flow	**326.1**	336.1	**-3.0**

Belarus Key Financials in EUR and BYN (reported and proforma)

Due to the impact on the consolidated results of occasionally substantial fluctuations in the Belarusian Rouble, the performance of the Belarusian segment is also presented in local currency.

in EUR million	Q3 2018 reported	Q3 2017 reported	% change	1-9 M 2018 reported	1-9 M 2017 reported	% change
Total revenues	103.8	99.8	4.0	289.7	294.6	-1.6
Total costs and expenses	-60.8	-53.1	-14.6	-162.6	-149.8	-8.5
EBITDA	42.9	46.7	-8.1	127.2	144.8	-12.2

in BYN million	Q3 2018 reported	Q3 2017 reported	% change	1-9 M 2018 reported	1-9 M 2017 reported	% change
Total revenues	247.0	228.0	8.3	695.0	627.5	10.8
Total costs and expenses	-144.9	-120.7	-20.0	-389.9	-319.0	-22.2
EBITDA	102.1	107.2	-4.8	305.0	308.5	-1.1

in EUR million	Q3 2018 reported	Q3 2017 proforma	% change	1-9 M 2018 reported	1-9 M 2017 proforma	% change
Total revenues	103.8	100.3	3.5	289.7	298.3	-2.9
Total costs and expenses	-60.8	-53.7	-13.4	-162.6	-153.0	-6.2
EBITDA	42.9	46.6	-7.9	127.2	145.3	-12.5

in BYN million	Q3 2018 reported	Q3 2017 proforma	% change	1-9 M 2018 reported	1-9 M 2017 proforma	% change
Total revenues	247.0	229.2	7.8	695.0	635.5	9.3
Total costs and expenses	-144.9	-122.1	-18.6	-389.9	-325.9	-19.6
EBITDA	102.1	107.0	-4.6	305.0	309.6	-1.5

Proforma and reported results

The following section provides for the proforma values in the previous section the corresponding reported values as well as the differences between both. The differences stem from the M&A activities listed below.

- The acquisition of the fixed-line operator Metronet in Croatia, consolidated as of 1 February 2017.
- The acquisitions of the fixed-line providers Garant (Gomel), consolidated as of 1 August 2017, and Vitebsk Garant, consolidated as of 1 May 2018, both in Belarus. As the financial impact of Vitebsk Garant on the Belarusian segment is marginal, no proforma view is provided on this acquisition.

Group Overview: third quarter of 2018

Key performance indicators

in EUR million	Q3 2018 reported	Q3 2017 reported	% change	Q3 2017 proforma	% change proforma	Absolute change (proforma - reported)
Total revenues	1,126.2	1,110.7	1.4	1,111.1	1.4	0.4
Service revenues	973.5	957.8	1.6	958.2	1.6	0.4
thereof mobile service revenues	557.1	553.7	0.6	553.7	0.6	0.0
thereof fixed-line service revenues	416.4	404.2	3.0	404.5	2.9	0.4
Equipment revenues	129.4	123.5	4.7	123.5	4.7	0.0
Other operating income	23.3	29.3	-20.3	29.3	-20.5	0.1
EBITDA	389.8	410.1	-5.0	410.0	-4.9	-0.1
% of total revenues	34.6%	36.9%		36.9%		
EBIT	185.1	191.1	-3.1	190.9	-3.0	-0.2
% of total revenues	16.4%	17.2%		17.2%		

Wireline indicators	Q3 2018 reported	Q3 2017 reported	% change	Q3 2017 proforma	% change proforma	Absolute change (proforma - reported)
RGUs (thousands)	6,182.0	6,014.9	2.8	6,014.9	2.8	0.0

The reconciliation table does not show wireless indicators as the M&A transactions only comprise the fixed-line business.

Group Overview: nine months of 2018

Key performance indicators

in EUR million	1-9 M 2018 reported	1-9 M 2017 reported	% change	1-9 M 2017 proforma	% change proforma	Absolute change (proforma - reported)
Total revenues	3,301.3	3,252.5	1.5	3,258.7	1.3	6.2
Service revenues	2,854.6	2,835.1	0.7	2,840.8	0.5	5.7
thereof mobile service revenues	1,614.6	1,613.9	0.0	1,613.8	0.0	0.0
thereof fixed-line service revenues	1,240.0	1,221.2	1.5	1,226.9	1.1	5.7
Equipment revenues	376.3	342.9	9.7	342.9	9.7	0.0
Other operating income	70.5	74.5	-5.4	75.0	-6.0	0.5
EBITDA	1,087.6	1,109.0	-1.9	1,110.6	-2.1	1.6
% of total revenues	32.9%	34.1%		34.1%		
EBIT	332.4	464.0	-28.4	464.6	-28.5	0.6
% of total revenues	10.1%	14.3%		14.3%		

Depreciation and Amortisation

in EUR million	1-9 M 2018 reported	1-9 M 2017 reported	% change	1-9 M 2017 proforma	% change proforma	Absolute change (proforma - reported)
Austria	325.4	355.4	-8.4	355.4	-8.4	0.0
Bulgaria	215.8	102.2	111.2	102.2	111.2	0.0
Croatia	86.0	66.6	29.1	67.0	28.2	0.5
Belarus	56.2	36.6	53.4	37.2	51.1	0.6
Slovenia	21.5	22.6	-4.8	22.6	-4.8	0.0
Republic of Serbia	32.4	33.4	-3.0	33.4	-3.0	0.0
Republic of Macedonia	17.4	26.7	-34.8	26.7	-34.8	0.0
Corporate & other, eliminations	0.7	1.6	-57.1	1.6	-57.1	0.0
Total D&A	**755.3**	**645.0**	**17.1**	**646.0**	**16.9**	**1.0**

EBIT

in EUR million	1-9 M 2018 reported	1-9 M 2017 reported	% change	1-9 M 2017 proforma	% change proforma	Absolute change (proforma - reported)
Austria	380.1	356.8	6.5	356.8	6.5	0.0
Bulgaria	-108.2	2.2	n.m.	2.2	n.m.	0.0
Croatia	9.0	21.8	-58.7	22.4	-59.8	0.6
Belarus	71.0	108.2	-34.4	108.2	-34.3	0.0
Slovenia	7.4	10.4	-28.6	10.4	-28.6	0.0
Republic of Serbia	4.6	-4.7	n.m.	-4.7	n.m.	0.0
Republic of Macedonia	10.7	-3.2	n.m.	-3.2	n.m.	0.0
Corporate & other, eliminations	-42.4	-27.5	-54.0	-27.5	-54.0	0.0
Total EBIT	**332.4**	**464.0**	**-28.4**	**464.6**	**-28.5**	**0.6**

Capital Expenditures*)

in EUR million	1-9 M 2018 reported	1-9 M 2017 reported	% change	1-9 M 2017 proforma	% change proforma	Absolute change (proforma - reported)
Austria	334.3	304.2	9.9	304.2	9.9	0.0
Bulgaria	50.9	55.4	-8.2	55.4	-8.2	0.0
Croatia	56.1	53.0	5.9	53.4	5.1	0.4
Belarus	26.7	28.5	-6.3	29.3	-8.7	0.7
Slovenia	11.0	30.2	-63.5	30.2	-63.5	0.0
Republic of Serbia	18.0	23.3	-22.8	23.3	-22.8	0.0
Republic of Macedonia	9.4	9.8	-3.8	9.8	-3.8	0.0
Corporate & other, eliminations	0.8	-6.0	n.m.	-6.0	n.m.	0.0
Total capital expenditures	**507.3**	**498.4**	**1.8**	**499.5**	**1.5**	**1.2**

*) Additions to property, plant and equipment and intangible assets, excluding asset retirement obligations

Capital Expenditures – Tangible

in EUR million	1-9 M 2018 reported	1-9 M 2017 reported	% change
Austria	279.6	256.4	9.1
Bulgaria	33.8	38.4	-11.8
Croatia	50.6	46.9	8.0
Belarus	19.6	24.5	-19.8
Slovenia	8.7	9.7	-9.8
Republic of Serbia	14.8	18.4	-19.8
Republic of Macedonia	8.8	8.0	10.2
Corporate & other, eliminations	0.2	-5.5	n.m.
Total capital expenditures - tangible	**416.2**	396.8	**4.9**

Capital Expenditures – Intangible

in EUR million	1-9 M 2018 reported	1-9 M 2017 reported	% change
Austria	54.7	47.9	14.4
Bulgaria	17.0	17.0	0.0
Croatia	5.5	6.1	-10.1
Belarus	7.1	4.0	75.8
Slovenia	2.3	20.5	-88.7
Republic of Serbia	3.2	4.8	-34.1
Republic of Macedonia	0.6	1.8	-65.7
Corporate & other, eliminations	0.6	-0.5	n.m.
Total capital expenditures - intangible	**91.1**	101.6	**-10.4**

Segment Croatia – first nine months of 2018

Key performance indicators

in EUR million	1-9 M 2018 reported	1-9 M 2017 reported	% change	1-9 M 2017 proforma	% change proforma	Absolute change (proforma - reported)
Total revenues	331.3	328.0	1.0	330.4	0.3	2.4
Service revenues	291.8	288.8	1.0	291.0	0.3	2.2
thereof mobile service revenues	198.3	198.3	0.0	198.3	0.0	0.0
thereof fixed-line service revenues	93.5	90.4	3.4	92.7	0.9	2.3
Equipment revenues	35.2	34.6	1.7	34.6	1.7	0.0
Other operating income	4.4	4.7	-6.2	4.8	-8.8	0.1
EBITDA	95.0	88.4	7.4	89.5	6.1	1.1
% of total revenues	28.7%	27.0%		27.1%		
EBIT	9.0	21.8	-58.7	22.4	-59.8	0.6
% of total revenues	2.7%	6.7%		6.8%		

Wireline indicators	1-9 M 2018 reported	1-9 M 2017 reported	% change	1-9 M 2017 proforma	% change proforma	Absolute change (proforma - reported)
RGUs (thousands)	668.5	659.9	1.3	659.9	1.3	0.0

The reconciliation table does not show wireless indicators as the M&A transaction in the segment only comprises the fixed-line business.

Segment Belarus – third quarter of 2018

Key performance indicators

in EUR million	Q3 2018 reported	Q3 2017 reported	% change	Q3 2017 proforma	% change proforma	Absolute change (proforma - reported)
Total revenues	103.8	99.8	4.0	100.3	3.5	0.4
Service revenues	74.6	75.9	-1.7	76.3	-2.2	0.4
thereof mobile service revenues	63.9	68.1	-6.1	68.1	-6.1	0.0
thereof fixed-line service revenues	10.6	7.8	37.2	8.1	30.7	0.4
Equipment revenues	23.5	19.8	19.0	19.8	19.0	0.0
Other operating income	5.7	4.2	35.9	4.2	34.3	0.1
EBITDA	42.9	46.7	-8.1	46.6	-7.9	-0.1
% of total revenues	41.4%	46.8%		46.5%		
EBIT	23.4	34.5	-32.0	34.3	-31.7	-0.2
% of total revenues	22.6%	34.5%		34.2%		

Wireline indicators	Q3 2018 reported	Q3 2017 reported	% change	Q3 2017 proforma	% change proforma	Absolute change (proforma - reported)
RGUs (thousands)	615.8	461.9	33.3	461.9	33.3	0.0

The reconciliation table does not show wireless indicators as the M&A transaction in the segment only comprises the fixed-line business.

Segment Belarus – first nine months of 2018

Key performance indicators

in EUR million	1-9 M 2018 reported	1-9 M 2017 reported	% change	1-9 M 2017 proforma	% change proforma	Absolute change (proforma - reported)
Total revenues	289.7	294.6	-1.6	298.3	-2.9	3.8
Service revenues	215.0	231.7	-7.2	235.1	-8.5	3.4
thereof mobile service revenues	186.1	209.4	-11.1	209.4	-11.1	0.0
thereof fixed-line service revenues	28.9	22.3	29.7	25.7	12.3	3.4
Equipment revenues	59.1	49.8	18.7	49.8	18.7	0.0
Other operating income	15.6	13.1	19.2	13.4	16.2	0.3
EBITDA	127.2	144.8	-12.2	145.3	-12.5	0.5
% of total revenues	43.9%	49.2%		48.7%		
EBIT	71.0	108.2	-34.4	108.2	-34.3	0.0
% of total revenues	24.5%	36.7%		36.3%		

Additional Information

Risks and Uncertainties

A1 Telekom Austria Group faces various risks and uncertainties which could affect its results. For further details about these risks and uncertainties, please refer to the A1 Telekom Austria Group Annual Report 2017, pp. 72 ff.

Waiver of Review

This financial report of the A1 Telekom Austria Group contains results which have not been audited or reviewed by a certified public accountant.

Other

The use of automated calculation systems may give rise to rounding differences.

The reported results include depreciation and amortisation of fair value adjustments resulting from past business combinations and therefore may deviate from the result of the single financial statements.

n.m. – not meaningful, used for percentage changes >300% and others which are not meaningful.

n.a. – not applicable, e.g. for divisions by zero.

Disclaimer

Disclaimer for forward-looking statements: This document 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 report does not constitute a recommendation or invitation to purchase or sell securities of A1 Telekom Austria Group.

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Condensed Consolidated Interim Financial Statements A1 Telekom Austria Group

2018 is based on IFRS 15, 2017 without adoption of IFRS 15 (see “Changes in accounting policies”)

Condensed Consolidated Statements of Comprehensive Income

in EUR million, except per share information	Q3 2018 unaudited	Q3 2017 unaudited	1-9 M 2018 unaudited	1-9 M 2017 unaudited
Service Revenues (incl. other operating income)	959.7	987.1	2,821.7	2,909.6
Equipment revenues	155.1	123.5	460.5	342.9
Total revenues (incl. other operating income - OOI)	**1,114.8**	**1,110.7**	**3,282.2**	**3,252.5**
Cost of service	-347.3	-344.8	-1,031.0	-1,028.6
Cost of equipment	-144.9	-143.7	-431.2	-400.3
Selling, general & administrative expenses	-229.9	-209.5	-715.2	-708.2
Other expenses	-2.9	-2.5	-7.6	-6.3
Total cost and expenses	**-725.0**	**-700.5**	**-2,185.0**	**-2,143.5**
Earnings before interest, tax, depreciation and amortisation - EBITDA	**389.8**	**410.1**	**1,097.2**	**1,109.0**
Depreciation and amortisation	-204.6	-219.1	-755.3	-645.0
Operating income - EBIT	**185.1**	**191.1**	**341.9**	**464.0**
Interest income	1.4	3.9	4.0	11.1
Interest expense on financial liabilities	-21.7	-24.5	-65.3	-72.7
Interest on employee benefits and restructuring and other financial items, net	-2.1	-2.1	-6.7	-8.9
Foreign currency exchange differences, net	-4.8	-6.4	3.1	-2.2
Equity interest in net income of associated companies	-0.2	0.1	-0.3	-0.6
Financial result	**-27.4**	**-29.0**	**-65.2**	**-73.3**
Earnings before income tax - EBT	**157.8**	**162.1**	**276.7**	**390.8**
Income tax	-43.1	-14.0	-75.6	-33.7
Net result	**114.7**	**148.1**	**201.2**	**357.1**
Attributable to:				
Equity holders of the parent	114.5	141.6	198.6	337.8
Non-controlling interests	0.2	0.2	0.4	0.3
Hybrid capital owners	0.0	6.4	2.2	19.0
Basic and diluted earnings per share attributable to equity holders of the parent	**0.2**	**0.2**	**0.3**	**0.5**
Weighted-average number of ordinary shares outstanding	664,084,841	664,084,841	664,084,841	664,084,841
Other comprehensive income items:				
Items that may be reclassified to profit or loss:				
Effect of translation of foreign entities	-20.1	-13.4	-10.6	-29.2
Realised result on hedging activities, net of tax	1.1	1.1	3.3	3.3
Unrealised result on securities, net of tax	0.0	0.1	0.0	0.2
Items that will not be reclassified to profit or loss:				
Remeasurements of defined benefit obligations, net of tax	-1.0	-0.9	-2.9	-2.7
Total other comprehensive income (loss)	**-20.1**	**-13.1**	**-10.3**	**-28.4**
Total comprehensive income (loss)	**94.6**	**135.0**	**190.9**	**328.6**
Attributable to:				
Equity holders of the parent	94.4	128.4	188.3	309.4
Non-controlling interests	0.2	0.2	0.4	0.3
Hybrid capital owners	0.0	6.4	2.2	19.0

Condensed Consolidated Statements of Financial Position

in EUR million	30 Sept. 2018 unaudited	1 January 2018 unaudited	31 Dec. 2017 audited
ASSETS			
Current assets			
Cash and cash equivalents	49.7	202.4	202.4
Accounts receivable: Subscribers, distributors and other, net	792.7	708.3	679.3
Receivables due from related parties	1.5	0.9	0.9
Inventories, net	114.4	102.4	87.4
Income tax receivable	4.9	2.8	2.8
Other current assets, net	115.8	98.3	253.4
Contract assets	136.5	145.6	0.0
Contract costs	39.2	42.3	0.0
Total current assets	1,254.8	1,303.1	1,226.3
Non-current assets			
Property, plant and equipment, net	2,646.8	2,627.9	2,627.9
Intangibles, net	1,788.0	2,075.9	2,075.9
Goodwill	1,277.5	1,276.3	1,276.3
Investments in associated companies	33.5	34.0	34.0
Long-term investments	11.9	13.4	12.9
Deferred income tax assets	278.3	325.4	327.1
Other non-current assets, net	20.7	10.1	57.9
Total non-current assets	6,056.8	6,363.0	6,412.0
TOTAL ASSETS	7,311.7	7,666.1	7,638.3
LIABILITIES AND STOCKHOLDERS' EQUITY			
Short-term debt and current portion of long-term debt	-288.9	-0.6	-0.6
Accounts payable	-790.9	-784.2	-784.2
Accrued liabilities and current provisions	-232.6	-246.2	-265.9
Income tax payable	-43.8	-35.9	-35.9
Payables due to related parties	-0.5	-0.6	-0.6
Contract liability	-170.6	-161.6	0.0
Deferred revenues	0.0	0.0	-156.6
Total current liabilities	-1,527.2	-1,229.1	-1,243.7
Non-current liabilities			
Long-term debt	-2,536.3	-2,533.6	-2,533.6
Deferred income tax liabilities	-31.1	-51.0	-41.6
Deferred revenues and other non-current liabilities	-23.5	-28.5	-38.3
Asset retirement obligation and restructuring	-583.4	-646.9	-646.9
Employee benefits	-205.6	-196.8	-196.8
Total non-current liabilities	-3,379.9	-3,456.8	-3,457.2
Stockholders' equity			
Capital stock	-1,449.3	-1,449.3	-1,449.3
Treasury shares	7.8	7.8	7.8
Additional paid-in capital	-1,100.1	-1,100.1	-1,100.1
Hybrid capital	0.0	-591.2	-591.2
Retained earnings	-561.0	-534.8	-491.9
Other comprehensive income (loss) items	700.5	690.2	690.1
Equity attributable to equity holders of the parent	-2,402.1	-2,977.5	-2,934.6
Non-controlling interest	-2.4	-2.7	-2.7
Total stockholders' equity	-2,404.6	-2,980.2	-2,937.4
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	-7,311.7	-7,666.1	-7,638.3

1 January 2018 includes quantitative effects of the initial application of IFRS 15 and IFRS 9 (see "Changes in accounting policies")
31 December 2017 without adoption of IFRS 15 and IFRS 9 (see "Changes in accounting policies")

Condensed Consolidated Statements of Cash Flows

in EUR million	Q3 2018 unaudited	Q3 2017 unaudited	1-9 M 2018 unaudited	1-9 M 2017 unaudited
Earnings before income tax - EBT	157.8	162.1	276.7	390.8
Items not requiring the use of cash and other reconciliation:				
Depreciation	125.6	131.5	373.6	397.8
Amortisation of intangible assets	79.1	87.5	381.7	247.2
Fair value measuremet investments	-0.2	0.0	-0.3	0.0
Equity interest in net income of associated companies	0.2	-0.1	0.3	0.6
Result on sale of investments	0.0	0.0	0.0	-0.1
Result on sale of property, plant and equipment	0.6	1.3	2.6	3.9
Net period cost of labor obligations and restructuring	10.7	-9.3	17.8	-1.5
Foreign currency exchange differences, net	4.8	6.4	-3.1	2.2
Interest income	-1.4	-3.9	-4.0	-11.1
Interest expense	22.2	25.1	67.1	76.1
Other adjustments	-1.8	-0.5	-3.7	-5.7
Changes in working capital and other financial positions:				
Accounts receivable from subscribers, distributors and other	-29.6	13.7	-85.0	-43.8
Prepaid expenses	15.8	6.8	-0.7	-7.3
Due from related parties	-0.4	-0.3	-0.6	-0.4
Inventories	-6.7	-0.4	-12.3	-8.9
Other assets	2.6	-17.6	-9.1	-9.3
Contract assets	6.8	0.0	9.3	0.0
Contract costs	1.2	0.0	3.1	0.0
Employee benefits and restructuring	-24.5	-25.4	-73.2	-78.8
Accounts payable and accrued liabilities	-9.9	-36.8	7.1	-26.2
Due to related parties	0.0	-1.8	-0.1	-5.9
Contract liability	-8.0	0.0	8.9	0.0
Deferred revenues	0.0	1.2	0.0	0.1
Interest received	1.4	3.9	4.0	11.1
Income taxes paid	-28.1	-9.6	-42.0	-20.7
Net cash flow from operating activities	**318.1**	**333.9**	**918.2**	**910.1**
Capital expenditures paid	-192.2	-142.9	-558.6	-521.1
Dividends received from associates	0.0	0.0	0.8	0.0
Proceeds from sale of plant, property and equipment	5.7	1.7	10.0	11.8
Proceeds from sale of investment	0.1	2.0	1.7	2.5
Acquisition of businesses, net of cash acquired	0.0	-16.2	-4.0	-86.7
Sale of shares of associated companies	0.0	3.9	0.1	3.9
Net cash flow from investing activities	**-186.4**	**-151.5**	**-550.0**	**-589.7**
Long-term debt obtained	0.0	248.8	0.0	248.8
Repayments of long-term debt	0.0	0.0	0.0	-522.0
Interest paid	-11.2	-8.6	-43.5	-64.7
Change in short-term debt	-132.7	-196.4	51.0	1.3
Dividends paid	0.0	0.0	-167.2	-166.7
Issuance of short-term debt	0.0	0.0	240.0	0.0
Redemption of hybrid bond	0.0	0.0	-600.0	0.0
Aquisition of non-controlling interest	0.0	0.0	0.0	-1.0
Net cash flow from financing activities	**-143.9**	**43.7**	**-519.7**	**-504.4**
Adjustment to cash flows due to exchange rate fluctuations, net	**-1.8**	**-0.3**	**-1.1**	**-1.2**
Net change in cash and cash equivalents	**-13.9**	**226.0**	**-152.6**	**-185.2**
Cash and cash equivalents beginning of period	63.7	46.3	202.4	457.5
Cash and cash equivalents end of period	49.7	272.3	49.7	272.3

Capital expenditures

in EUR million	Q3 2018 unaudited	Q3 2017 unaudited	% change	1-9 M 2018 unaudited	1-9 M 2017 unaudited	% change
Capital expenditures paid	**192.2**	**142.9**	**34.5%**	**558.6**	**521.1**	**7.2%**
Reconciliation of additions in accounts payable	10.2	4.2	n.a.	-32.9	-22.8	44.6%
Reconciliation of government grants	-8.6	0.0	n.a.	-18.4	0.0	n.a.
Total capital expenditures	**193.8**	**147.1**	**31.8%**	**507.3**	**498.4**	**1.8%**
Thereof tangible	153.7	119.7	28.4%	416.2	396.8	4.9%
Thereof intangible	40.1	27.4	46.6%	91.1	101.6	-10.4%

Total capital expenditures are defined as additions to intangibles and to property, plant and equipment ("tangibles"), excluding additions related to asset retirement obligation and including interest capitalised.
Reconciliation of additions in accounts payable include the adjustment of capital expenditures of current period not yet paid as well as capital expenditures of prior periods paid in the current period in accordance with IAS 7.43. The reconciliation of government grants contains grants not yet paid, which have already been deducted from capital expenditures.

Condensed Consolidated Statements of Changes in Stockholders' Equity

in EUR million (unaudited)	Capital stock	Treasury shares	Additional paid-in capital	Hybrid capital	Retained earnings	Other compre-hensive items	Total	Non-controlling interest	Total stockholders' equity
Balance at 31 December 2017	**1,449.3**	**-7.8**	**1,100.1**	**591.2**	**491.9**	**-690.1**	**2,934.6**	**2.7**	**2,937.4**
Impact of change in accounting policy	0.0	0.0	0.0	0.0	42.9	0.0	42.8	0.0	42.8
Balance at 1 January 2018	**1,449.3**	**-7.8**	**1,100.1**	**591.2**	**534.8**	**-690.2**	**2,977.5**	**2.7**	**2,980.2**
Net Result	0.0	0.0	0.0	0.0	200.8	0.0	200.8	0.4	201.2
Other comprehensive income (loss)	0.0	0.0	0.0	0.0	0.0	-10.3	-10.3	0.0	-10.3
Total comprehensive income (loss)	**0.0**	**0.0**	**0.0**	**0.0**	**200.8**	**-10.3**	**190.5**	**0.4**	**190.9**
Distribution of dividends	0.0	0.0	0.0	0.0	-165.8	0.0	-165.8	-0.6	-166.5
Redemption of hybrid capital	0.0	0.0	0.0	-591.2	-8.8	0.0	-600.0	0.0	-600.0
Acquisition of non-controlling interests	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-0.1	-0.1
Balance at 30 September 2018	**1,449.3**	**-7.8**	**1,100.1**	**0.0**	**561.0**	**-700.5**	**2,402.1**	**2.4**	**2,404.6**

in EUR million (unaudited)	Capital stock	Treasury shares	Additional paid-in capital	Hybrid capital	Retained earnings	Other compre-hensive items	Total	Non-controlling interest	Total stockholders' equity
Balance at 1 January 2017	**1,449.3**	**-7.8**	**1,100.1**	**591.2**	**306.3**	**-670.4**	**2,768.7**	**2.0**	**2,770.7**
Net Result	0.0	0.0	0.0	0.0	356.7	0.0	356.7	0.3	357.1
Other comprehensive income (loss)	0.0	0.0	0.0	0.0	0.0	-28.4	-28.4	0.0	-28.4
Total comprehensive income (loss)	**0.0**	**0.0**	**0.0**	**0.0**	**356.7**	**-28.4**	**328.3**	**0.3**	**328.6**
Distribution of dividends	0.0	0.0	0.0	0.0	-160.3	0.0	-160.3	-0.2	-160.4
Acquisition of non-controlling interests	0.0	0.0	0.0	0.0	-0.5	0.0	-0.5	0.2	-0.3
Balance at 30 September 2017	**1,449.3**	**-7.8**	**1,100.1**	**591.2**	**502.3**	**-698.9**	**2,936.3**	**2.3**	**2,938.6**

For further details on the hybrid bond redemption and coupon payment and the tax benefit relating to the amount of interest attributable to hybrid bond owners, which is recognised as distribution of dividends, see "Stockholders' Equity".
For details on the implementation of IFRS 15 and IFRS 9 see "Changes in accounting policies"

Net Debt

in EUR million	30 Sept. 2018 unaudited	31 Dec. 2017 audited
Long-term debt	2,536.3	2,533.6
Short-term debt and current portion of long-term debt	288.9	0.6
Cash and cash equivalents and short-term investments	-49.7	-202.4
Net debt	**2,775.4**	**2,331.8**
Net debt/EBITDA (last 12 months)	**2.0x**	**1.7x**

Condensed Operating Segments

1-9 M 2018									
in EUR million (unaudited) without adoption of IFRS 15	Austria	Bulgaria	Croatia	Belarus	Slovenia	Serbia	Mace-donia	Other*	Consoli-dated
External revenues	1,940.8	321.9	324.6	289.3	153.8	177.4	87.7	5.9	3,301.3
Intersegmental revenues	22.2	8.1	6.7	0.4	3.9	4.9	1.3	-47.6	0.0
Total revenues (incl. OOI)	**1,963.0**	**330.0**	**331.3**	**289.7**	**157.7**	**182.2**	**89.0**	**-41.7**	**3,301.3**
Segment expenses	-1,257.5	-222.5	-236.3	-162.6	-128.8	-145.2	-60.9	-0.1	-2,213.7
EBITDA	**705.5**	**107.5**	**95.0**	**127.2**	**28.9**	**37.1**	**28.1**	**-41.7**	**1,087.6**
Depreciation and amortisation	-325.4	-215.8	-86.0	-56.2	-21.5	-32.4	-17.4	-0.7	-755.3
Operating income - EBIT	**380.1**	**-108.2**	**9.0**	**71.0**	**7.4**	**4.6**	**10.7**	**-42.4**	**332.4**
Interest income	1.8	2.0	3.2	1.1	1.6	1.1	0.2	0.2	11.2
Interest expense	-17.4	-0.4	-5.6	-1.9	-0.4	-1.0	-1.0	-37.7	-65.3
Other financial result	-4.7	-0.3	3.5	-1.4	0.0	0.1	0.0	-0.7	-3.6
Equity interest in net income of associated companies	0.1	0.0	0.0	0.0	0.0	0.0	0.0	-0.4	-0.3
Earnings before income tax - EBT	**359.9**	**-106.8**	**10.0**	**68.8**	**8.7**	**4.9**	**10.0**	**-81.1**	**274.4**
Income taxes									-75.2
Net result									**199.2**
EBITDA margin	35.9%	32.6%	28.7%	43.9%	18.4%	20.3%	31.6%	n.a.	32.9%
Capital expenditures - intangible	54.7	17.0	5.5	7.1	2.3	3.2	0.6	0.6	91.1
Capital expenditures - tangible	279.6	33.8	50.6	19.6	8.7	14.8	8.8	0.2	416.2
Total capital expenditures	**334.3**	**50.9**	**56.1**	**26.7**	**11.0**	**18.0**	**9.4**	**0.8**	**507.3**

1-9 M 2017									
in EUR million (unaudited) without adoption of IFRS 15	Austria	Bulgaria	Croatia	Belarus	Slovenia	Serbia	Mace-donia	Other*	Consoli-dated
External revenues	1,924.4	312.5	317.2	293.0	158.5	159.7	84.1	3.2	3,252.5
Intersegmental revenues	21.6	6.6	10.8	1.6	3.5	4.9	1.4	-50.4	0.0
Total revenues (incl. OOI)	**1,946.1**	**319.1**	**328.0**	**294.6**	**162.0**	**164.6**	**85.5**	**-47.2**	**3,252.5**
Segment expenses	-1,233.9	-214.7	-239.6	-149.8	-129.0	-135.8	-62.0	21.2	-2,143.5
EBITDA	**712.2**	**104.4**	**88.4**	**144.8**	**33.0**	**28.7**	**23.5**	**-26.0**	**1,109.0**
Depreciation and amortisation	-355.4	-102.2	-66.6	-36.6	-22.6	-33.4	-26.7	-1.6	-645.0
Operating income - EBIT	**356.8**	**2.2**	**21.8**	**108.2**	**10.4**	**-4.7**	**-3.2**	**-27.5**	**464.0**
Interest income	1.6	2.4	4.1	0.4	1.7	0.7	0.2	0.0	11.1
Interest expense	-15.5	-0.5	-7.3	-2.3	-0.8	-1.3	-1.0	-44.0	-72.7
Other financial result	-7.0	-3.9	1.9	-4.9	0.0	2.6	0.6	-0.4	-11.1
Equity interest in net income of associated companies	-0.4	0.0	0.0	0.0	0.0	0.0	0.0	-0.2	-0.6
Earnings before income tax - EBT	**335.5**	**0.2**	**20.6**	**101.4**	**11.4**	**-2.7**	**-3.4**	**-72.1**	**390.8**
Income taxes									-33.7
Net result									**357.1**
EBITDA margin	36.6%	32.7%	27.0%	49.2%	20.4%	17.5%	27.5%	n.a.	34.1%
Capital expenditures - intangible	47.9	17.0	6.1	4.0	20.5	4.8	1.8	-0.5	101.6
Capital expenditures - tangible	256.4	38.4	46.9	24.5	9.7	18.4	8.0	-5.5	396.8
Total capital expenditures	**304.2**	**55.4**	**53.0**	**28.5**	**30.2**	**23.3**	**9.8**	**-6.0**	**498.4**

*Other includes: Corporate, Other & Eliminations

in EUR million (unaudited) without adoption of IFRS 15	Austria	Bulgaria	Croatia	Belarus	Slovenia	Serbia	Mace-donia	Other*	Q3 2018 Consoli-dated
External revenues	648.4	109.9	114.5	103.7	52.1	64.2	30.9	2.5	1,126.2
Intersegmental revenues	9.0	2.6	3.7	0.1	1.6	1.9	0.2	-19.0	0.0
Total revenues (incl. OOI)	**657.3**	**112.5**	**118.2**	**103.8**	**53.7**	**66.1**	**31.1**	**-16.5**	**1,126.2**
Segment expenses	-415.3	-72.6	-76.8	-60.8	-43.5	-50.5	-20.7	3.7	-736.4
EBITDA	**242.1**	**40.0**	**41.3**	**42.9**	**10.2**	**15.6**	**10.4**	**-12.8**	**389.8**
Depreciation and amortisation	-108.2	-25.0	-27.8	-19.5	-7.1	-10.7	-6.4	0.1	-204.6
Operating income - EBIT	**133.9**	**14.9**	**13.6**	**23.4**	**3.1**	**4.9**	**4.1**	**-12.7**	**185.1**
Interest income	1.0	0.6	1.3	0.6	0.5	0.4	0.1	0.1	4.5
Interest expense	-5.6	-0.1	-1.5	-0.6	-0.1	-0.2	-0.3	-13.2	-21.7
Other financial result	-1.7	-0.1	-2.4	-1.8	0.0	-0.2	0.0	-0.7	-6.9
Equity interest in net income of associated companies	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-0.2	-0.2
Earnings before income tax - EBT	**127.6**	**15.3**	**10.9**	**21.6**	**3.5**	**4.9**	**3.8**	**-26.8**	**160.9**
Income taxes									-44.2
Net result									**116.7**
EBITDA margin	36.8%	35.5%	35.0%	41.4%	19.0%	23.6%	33.5%	n.a.	34.6%
Capital expenditures - intangible	20.4	11.5	2.6	3.8	0.6	1.1	0.2	-0.2	40.1
Capital expenditures - tangible	99.1	14.8	17.2	11.1	3.1	5.8	2.2	0.5	153.7
Total capital expenditures	**119.4**	**26.3**	**19.8**	**15.0**	**3.7**	**6.8**	**2.5**	**0.3**	**193.8**

in EUR million (unaudited) without adoption of IFRS 15	Austria	Bulgaria	Croatia	Belarus	Slovenia	Serbia	Mace-donia	Other*	Q3 2017 Consoli-dated
External revenues	644.9	109.4	113.8	99.8	53.9	57.8	29.6	1.4	1,110.7
Intersegmental revenues	10.4	2.9	7.2	0.0	1.6	1.6	0.7	-24.3	0.0
Total revenues (incl. OOI)	**655.3**	**112.3**	**121.0**	**99.8**	**55.5**	**59.4**	**30.2**	**-22.9**	**1,110.7**
Segment expenses	-401.3	-69.5	-79.3	-53.1	-44.9	-47.5	-20.9	16.0	-700.5
EBITDA	**254.1**	**42.8**	**41.7**	**46.7**	**10.7**	**11.9**	**9.3**	**-7.0**	**410.1**
Depreciation and amortisation	-114.8	-42.7	-23.6	-12.2	-7.1	-11.2	-7.2	-0.2	-219.1
Operating income - EBIT	**139.3**	**0.0**	**18.1**	**34.5**	**3.6**	**0.6**	**2.2**	**-7.2**	**191.1**
Interest income	0.6	0.8	1.5	0.1	0.6	0.3	0.1	0.0	3.9
Interest expense	-5.1	-0.1	-2.4	-0.8	-0.3	-0.5	-0.4	-15.0	-24.5
Other financial result	-2.8	0.0	-4.2	-2.1	0.0	0.9	0.2	-0.4	-8.4
Equity interest in net income of associated companies	0.3	0.0	0.0	0.0	0.0	0.0	0.0	-0.2	0.1
Earnings before income tax - EBT	**132.2**	**0.7**	**13.0**	**31.7**	**3.9**	**1.4**	**2.0**	**-22.8**	**162.1**
Income taxes									-14.0
Net result									**148.1**
EBITDA margin	38.8%	38.1%	34.5%	46.8%	19.2%	20.0%	30.9%	n.a.	36.9%
Capital expenditures - intangible	15.1	3.9	2.4	1.9	1.1	1.1	0.9	0.9	27.4
Capital expenditures - tangible	70.5	11.6	13.3	12.3	2.7	6.4	3.3	-0.5	119.7
Total capital expenditures	**85.5**	**15.5**	**15.8**	**14.2**	**3.9**	**7.6**	**4.2**	**0.4**	**147.1**

*Other includes: Corporate ,Other & Eliminations

Selected Explanatory Notes to the Consolidated Interim Financial Statements

Basis of Presentation

The consolidated interim financial statements, in the opinion of Management, include all adjustments necessary for a fair presentation and are not audited or reviewed and should be read in connection with the audited A1 Telekom Austria Group's annual consolidated financial statements according to IFRS for the year ended 31 December 2017. The consolidated results for the interim periods are not necessarily indicative of results for the full year.

No major related party transactions, commitments and guarantees have occurred since 31 December 2017.

The preparation of the interim financial statements in conformity with IAS 34 Interim Financial Reporting requires making estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from these estimates.

Compared to other economic sectors, the telecommunications industry is in general less cyclical. Within the telecommunication sector, the seasonality of the A1 Telekom Austria Group's segments shows the same pattern as other European incumbents, having lower margins in the year-end quarter due to Christmas promotions, equipment provided to customers and increases in sales commissions.

Changes in accounting policies

A1 Telekom Austria Group has applied the same accounting policies and methods of computation in the interim financial statements as in the annual financial statements as of and for the year ended 31 December 2017, except the following standards which are effective from 1 January 2018:

IFRS 15	Revenue from Contracts with Customers
IFRS 9	Financial Instruments
IFRS 15	Revenue from Contracts with Customers - Clarifications
IFRS 2	Classification and Measurement of Share-based Payment Transactions (Amendments to IFRS 2)
All IFRSs	Annual Improvements 2014 – 2016
IFRIC 22	Foreign Currency Transactions and Advance Consideration
IAS 40	Transfers of Investment Property (Amendments to IAS 40)

The following standards have an impact on the condensed consolidated interim financial statements:

Impact of IFRS 15

In May 2014, the IASB issued the new standard IFRS 15 "Revenue from Contracts with Customers". The new standard for revenue recognition aims at standardising the multitude of regulations previously included in various standards. The amount of revenue recognised and its timing is determined based on a five-step model. The type of transaction or the sector of the entity is not relevant. IFRS 15 contains additional qualitative and quantitative disclosure obligations. These are aimed at enabling users of the financial statements to understand the nature, amount, timing and the uncertainties of revenue and the resulting cash flows arising from contracts with customers. In April 2016, the IASB issued clarifications to IFRS 15 relating to identifying performance obligations, principal versus agent considerations, as well as licensing. As the standard itself, the European Union has endorsed these clarifications.

Impact as of 1 January 2018

As of 1 January 2018, A1 Telekom Austria Group initially applied IFRS 15, electing the modified retrospective approach for the initial application in accordance with the transition guidance. Accordingly, the information presented for 2017 has not been restated – i.e. it is presented, as previously reported, under IAS 18 and related interpretations.

The following table presents the quantitative effects of the initial application of IFRS 15 on the Consolidated Statements of Financial Position as of 1 January 2018 including detailed explanations (see columns a) to f)):

in EUR million at 1 January 2018 (unaudited)	Total	a)	b)	c)	d)	e)	f)
Accounts receivable: Subscribers, distributors and other, net	29.0	155.9	-17.5	0.0	0.0	-109.3	0.0
Inventories, net	15.0	0.0	15.0	0.0	0.0	0.0	0.0
Contract assets	145.6	0.0	0.0	0.0	0.0	145.6	0.0
Contract costs	42.3	0.0	0.0	0.0	42.3	0.0	0.0
Prepaid expenses	-35.6	0.0	-35.6	0.0	0.0	0.0	0.0
Other current assets	-17.6	0.0	0.0	0.0	0.0	-17.6	0.0
Current and non-current instalment sales	-149.8	-149.8	0.0	0.0	0.0	0.0	0.0
Contract liability	-161.6	0.0	0.0	-150.4	0.0	-11.2	0.0
Accrued liabilities	19.7	0.0	0.0	18.5	0.0	1.2	0.0
Current and non-current deferred revenues	166.4	0.0	0.0	132.0	0.0	34.4	0.0
Deferred income tax	-11.1	0.0	0.0	0.0	0.0	0.0	-11.1
Stockholders' equity	-42.4	-6.1	38.2	0.0	-42.3	-43.2	11.1

For further details on respective items of financial position see also audited A1 Telekom Austria Group's annual consolidated financial statements for the year ended 31 December 2017 and statement of financial positon as of 1 January 2018.

a) According to IAS 18, instalment sales receivables were recognised at the present value of the instalments. Based on the current status, financing components are considered insignificant according to IFRS 15 on an individual contract level. Thus instalment sales receivables are not discounted anymore as long as the discounting effect continues to be insignificant. Instalment sales receivables discounted at 31 December 2017 were remeasured at their nominal value at 1 January 2018 and the relating accretion effect was recognised directly in equity.

   Starting 2018, this leads to an improvement in EBITDA, as instalment sales revenues that were recognised previously at the present value with the interest component reported in the financial result are now recognised at their full amount in revenues (see table "condensed consolidated statements of comprehensive income" in "impact on the period reported"). In addition, starting 2018, the total amount of instalment sales receivables is reported in accounts receivable: subscribers, distributors and other, net.

b) According to IAS 18, dealers reselling mobile devices acquired from A1 Telekom Austria Group to end customers were considered principals. Due to the regulations of IFRS 15, hardware sales to dealers are no longer recognised as revenue as the dealers are now considered to be agents. Revenue is recognised only once the mobile devices are sold to end customers. The effect from the derecognition of accounts receivable and revenue relating to mobile devices in dealers' stock at 31 December 2017 as well as the effect of the recognition of these mobile devices in inventory at 1 January 2018 is reported directly in equity.

   According to IAS 18, subsidies to dealers were recognised in prepaid expenses at the date of sale of mobile devices and expensed over the minimum contractual term. According to IFRS 15, these subsidies are treated as a reduction in revenue. Thus the prepaid expenses are derecognised and the effect at 1 January 2018 is recognised directly in equity.

   Starting 2018, the classification of dealers as agents leads to a later recognition of equipment revenues effected via dealers. At the same time, the fact that subsidies are recognised as a reduction in revenue in 2018 leads to a shift from expenses to equipment revenues (see table "impact on condensed consolidated statements of comprehensive income").

c) Provisions for customer rebates and deferred income are qualified as contract liabilities according to IFRS 15 and are reclassified accordingly.

d) According to IAS 18, discounts and provisions granted to third parties and to employees were fully expensed. If these discounts and provisions are incremental costs of obtaining a customer contract, they are recognised as deferrals (contracts costs) according to IFRS 15 and are expensed according to the expected duration of the underlying contract. The effect from the initial recognition of contract costs at 1 January 2018 is reported directly in equity.

Starting 2018, this results in a later recognition of expense, yet it has no significant impact on EBITDA (see table "impact on condensed consolidated statements of comprehensive income").

e) A1 Telekom Austria Group previously allocated the majority of transaction prices of multiple-element arrangements to goods and services based on a determination of a separable value to the customer for each deliverable on a standalone basis. IFRS 15 requires the identification of separate performance obligations in multiple-elements arrangements based on certain criteria as well as the allocation of transaction prices to the performance obligations in proportion to the stand-alone selling prices of the underlying goods and services.

   The application of the criteria for identifying performance obligations according to IFRS 15 resulted in a re-evaluation of performance obligations for fixed-line services. For mobile communication services, the allocation according to IFRS 15 results in a higher transaction price for mobile equipment and a lower transaction price for mobile services. The adjusted allocation of the transaction price has also insignificant effects on the amount of deferrals for customer loyalty programmes. The effect of the re-evaluation of performance obligations for fixed-line services as well as the effect of the allocation of the transaction price for multiple-elements arrangements for mobile services and on deferrals for customer loyalty programmes in accordance with IFRS 15 are recognised directly in equity at 1 January 2018.

   Certain major business customers are granted, in addition to standardised multiple-element subsidies, further volume discounts on hardware and partly on services during the term of the service contract. According to IFRS 15, these are included in the multiple-element calculation as well.

   For the majority of the contracts, A1 Telekom Austria Group applies the practical expedient according to IFRS 15 to pool similar contracts into portfolios, based on contract characteristics and duration. Only a small number of complex contracts with major clients is calculated on individual contract basis.

   Starting 2018, the change in the allocation of transaction prices leads to a shift from service revenues to equipment revenues; the relating effect on EBITDA is not significant. For fixed-line telephone services, the application of the criteria of IFRS 15 for identifying performance obligations results in a later revenue recognition in 2018, which is not significant (see table "impact on condensed consolidated statements of comprehensive income").

f) The effects on equity of the changes described above are only temporary shifts of results. Thus deferred taxes were recognised for the effects relating to the initial application of IFRS 15.

Impact on the period reported

The following tables summarise the impacts of adopting IFRS 15 on the Condensed Consolidated Financial Statements (items without any adjustments are summarised in "other"):

Impact on Condensed Consolidated Statements of Comprehensive Income

in EUR million, except per share information	1-9 M 2018 as reported IFRS 15	Adjustments	1-9 M 2018 without adoption of IFRS 15
Service Revenues (incl. other operating income)	2,821.7	103.4	2,925.1
Equipment revenues	460.5	-84.2	376.3
Total revenues (incl. other operating income - OOI)	**3,282.2**	**19.1**	**3,301.3**
Cost of service	-1,031.0	0.0	-1,031.0
Cost of equipment	-431.2	1.6	-429.6
Selling, general & administrative expenses	-715.2	-30.3	-745.5
Other expenses	-7.6	0.0	-7.6
Total cost and expenses	**-2,185.0**	**-28.7**	**-2,213.7**
Earnings before interest, tax, depreciation and amortisation - EBITDA	**1,097.2**	**-9.6**	**1,087.6**
Interest income	4.0	7.2	11.2
Other	-824.4	0.0	-824.4
Earnings before income tax - EBT	**276.7**	**-2.4**	**274.4**
Income tax	-75.6	0.4	-75.2
Net result	**201.2**	**-2.0**	**199.2**

Impact on Condensed Consolidated Statements of Financial Position

in EUR million	30 Sept. 2018 as reported IFRS 15	Adjustments	30 Sept. 2018 without adoption of IFRS 15
Accounts receivable: Subscribers, distributors and other, net	792.7	-60.4	732.3
Inventories, net	114.4	-13.4	101.0
Other current assets, net	115.8	163.6	279.5
Contract assets	136.5	-136.5	0.0
Contract costs	39.2	-39.2	0.0
Other	51.3	0.0	51.3
Total current assets	**1,254.8**	**-85.8**	**1,169.0**
Deferred income tax assets	278.3	6.1	284.3
Other non-current assets, net	20.7	57.1	77.9
Other	5,757.8	0.0	5,757.8
Total non-current assets	**6,056.8**	**63.2**	**6,120.0**
TOTAL ASSETS	7,311.7	-22.7	7,289.0
Accrued liabilities and current provisions	-232.6	-19.8	-252.4
Contract liability	-170.6	170.6	0.0
Deferred revenues	0.0	-168.9	-168.9
Other	-1,124.1	0.0	-1,124.1
Total current liabilities	**-1,527.2**	**-18.1**	**-1,545.4**
Deferred income tax liabilities	-31.1	5.5	-25.6
Deferred revenues and other non-current liabilities	-23.5	-9.1	-32.7
Other	-3,325.2	0.0	-3,325.2
Total non-current liabilities	**-3,379.9**	**-3.7**	**-3,383.6**
Retained earnings	-561.0	44.5	-516.5
Other	-2,541.6	0.0	-2,541.6
Total stockholders' equity	**-2,404.6**	**44.5**	**-2,360.1**
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	-7,311.7	22.7	-7,289.0

Impact on Condensed Consolidated Statements of Cash Flows

in EUR million	1-9 M 2018 as reported IFRS 15	Adjustments	1-9 M 2018 without adoption of IFRS 15
Earnings before income tax - EBT	276.7	-2.4	274.4
Items not requiring the use of cash and other reconciliation:			
Interest income	-4.0	-7.2	-11.2
Other	836.0	0.0	836.0
Changes in working capital and other financial positions:			
Accounts receivable from subscribers, distributors and other	-85.0	32.7	-52.3
Prepaid expenses	-0.7	5.0	4.3
Inventories	-12.3	-1.6	-13.9
Other assets	-9.1	-24.2	-33.3
Contract assets	9.3	-9.3	0.0
Contract costs	3.1	-3.1	0.0
Accounts payable and accrued liabilities	7.1	0.1	7.2
Contract liability	8.9	-8.9	0.0
Deferred revenues	0.0	11.7	11.7
Interest received	4.0	7.2	11.2
Other	-115.9	0.0	-115.9
Net cash flow from operating activities	918.2	0.0	918.2

The adoption of IFRS 15 does not have an effect on cash flows from investing and financing activities.

Impact of IFRS 9

In July 2014 the IASB issued IFRS 9 “Financial Instruments”, effective for periods beginning on or after 1 January 2018 and replacing IAS 39 “Financial Instruments”. IFRS 9 introduces changes regarding the classification and measurement and the impairment of financial assets and hedge accounting.

A1 Telekom Austria Group initially applied IFRS 9 at 1 January 2018, electing the modified retrospective approach for initial application in accordance with the transition guidance. The initial application of IFRS 9 in A1 Telekom Austria Group has effects on the classification and measurement of financial assets which are not significant overall. The business model of A1 Telekom Austria Group is ‘hold to collect’ and ‘hold to collect and sell’, respectively, and no derivative financial instruments are held. The contractual cash flows of non-derivative financial instruments mainly consist of principal and interest. A1 Telekom Austria Group elected to measure all equity instruments held as of 31 December 2017 at fair value through profit and loss. Financial investments carried at cost are now recognised at their fair value, which lead to an increase in equity of EUR 0.5 million at 1 January 2018.

The following table provides the effects on the classification and the carrying amounts of financial assets, which existed under IAS 39, in EUR million:

Item	Classification IAS 39	Classification IFRS 9	Carrying amount 31. Dec. 2017 IAS 39	Carrying amount 1. Jan. 2018 IFRS 9
Cash and cash equivalents	Cash and cash equivalents	Financial assets at amortised cost	202.4	202.4
Accounts receivable: Subscribers, distributors and other, net	Loans and receivables	Financial assets at amortised cost	679.3	679.3
Receivables due from related parties	Loans and receivables	Financial assets at amortised cost	0.9	0.9
Other current financial assets	Loans and receivables	Financial assets at amortised cost	111.6	111.6
Other non-current financial assets	Loans and receivables	Financial assets at amortised cost	49.4	49.4
Long-term investments			12.9	13.4
thereof:				
Quoted bonds	Available-for-sale investments	Debt instruments at fair value through other comprehensive income - mandatory	3.6	3.6
Quoted equity instruments	Available-for-sale investments	Equity instruments at fair value through profit and loss - designated	1.8	1.8
Other long-term investments	Available-for-sale investments	Debt instruments at fair value through profit and loss - mandatory	5.4	5.4
Fixed deposits	Available-for-sale investments	Financial assets at amortised cost	0.6	0.6
Unquoted equity instruments	Carried at cost	Equity instruments at fair value through profit and loss - designated	1.5	2.0

The loss allowance of accounts receivable trade is measured in accordance with the simplified approach of IFRS 9 at an amount equal to lifetime expected losses. Due to the good credit quality of the customers, the current measurement of accounts receivable according to the method of incurred loss only differs insignificantly from the required method of lifetime-expected credit losses, thus the adoption of IFRS 9 does not have a significant impact on the Consolidated Financial Statements. The application of lifetime-expected credit loss on contractual assets according to IFRS 15 lead to a reduction in equity of EUR 2.3 million at 1 January 2018 (this effect is included in column (e) in the table presenting the quantitative effects of the initial application of IFRS 15 under "Impact as of 1 January 2018").

As A1 Telekom Austria Group only invests short-term with counterparties with investment grade rating, the requirement of IFRS 9 to recognise expected credit losses has only an insignificant impact on the Consolidated Financial Statements for all other financial assets.

The new requirements of IFRS 9 regarding hedge accounting do not have an effect on the Consolidated Financial Statements of A1 Telekom Austria Group, as no derivatives are held.

2018 financial figures are based on IFRS 15 and IFRS 9 whereas comparison figures 2017 are presented without adaption of IFRS 15 and IFRS 9.

Status of IFRS 16

IFRS 16, becoming effective as of 1 January 2019, introduces fundamental changes for accounting of lease contracts that affect the lessees' recognition of leases in the financial statements. Generally, all leases have to be recognised based on the "right of use"- approach. For lessors, the accounting implications based from IAS 17 on operating and finance leases remain unchanged with the introduction of IFRS 16. A1 Telekom Austria Group plans to apply the modified retrospective approach for the initial application of IFRS 16.

The application of IFRS 16 will affect net assets, financial position and results of all operations of A1 Telekom Austria Group:

Whereas under IAS 17 recurring payments for rented assets from operating leases have been recognised in rental and lease expenses and the future payment obligation for operating leases had to be disclosed in the Notes to the Financial Statements, under IFRS 16 the majority of the rights and obligations from lease contracts will have to be recognised as rights of use assets and lease obligations.

At the initial application, A1 Telekom Austria Group expects a significant increase of the balance sheet total due to the increase in lease obligations and a respective increase in rights of use assets. In the Statement of Comprehensive Income there will be a shift from rental and lease expenses, which are reported in EBITDA, to amortisation and interest expense, which are reported outside EBITDA.

The overall impact of the implementation of IFRS 16 is currently analysed in a group-wide project. A high volume of transactions are impacted by IFRS 16 and material judgements are required in identifying and accounting for leases. The most significant judgement is expected to be the determination of the lease term, as the lease term under IFRS 16 also includes options, when it is reasonably certain, that the option to extend the lease will be exercised or not will be used. Hence the quantitative effects from the implementation of IFRS 16 cannot be reliably estimated at the current stage of the project. In the course of the project, a software allowing for IT-based mass data processing is introduced and workflow processes are adapted.

Operating Segments

Unchanged to in previous years A1 Telekom Austria Group's chief operating decision maker focuses on capital expenditures (CAPEX), revenues and EBITDA of each of its seven operating segments without adoption of IFRS 15, i.e. according to IAS 18.

The following tables provide a reconciliation of the total reportable segments' revenues and result ("without adoption of IFRS 15") to A1 Telekom Austria Group's total consolidated revenues and result ("as reported IFRS 15"):

in EUR million (unaudited)	1-9 M 2018 without adoption of IFRS 15	Adjustments	1-9 M 2018 as reported IFRS 15
External revenues	3,301.3	-19.1	3,282.2
Intersegmental revenues	0.0	0.0	0.0
Total revenues (incl. OOI)	**3,301.3**	**-19.1**	**3,282.2**
Segment expenses	-2,213.7	28.7	-2,185.0
EBITDA	**1,087.6**	**9.6**	**1,097.2**
Depreciation and amortisation	-755.3	0.0	-755.3
Operating income - EBIT	**332.4**	**9.6**	**341.9**
Interest income	11.2	-7.2	4.0
Interest expense	-65.3	0.0	-65.3
Other financial result	-3.6	0.0	-3.6
Equity interest in net income of associated companies	-0.3	0.0	-0.3
Earnings before income tax - EBT	**274.4**	**2.4**	**276.7**

in EUR million (unaudited)	Q3 2018 without adoption of IFRS 15	Adjustments	Q3 2018 as reported IFRS 15
External revenues	1,126.2	-11.4	1,114.8
Intersegmental revenues	0.0	0.0	0.0
Total revenues (incl. OOI)	**1,126.2**	**-11.4**	**1,114.8**
Segment expenses	-736.4	11.4	-725.0
EBITDA	**389.8**	**0.0**	**389.8**
Depreciation and amortisation	-204.6	0.0	-204.6
Operating income - EBIT	**185.1**	**0.0**	**185.1**
Interest income	4.5	-3.1	1.4
Interest expense	-21.7	0.0	-21.7
Other financial result	-6.9	0.0	-6.9
Equity interest in net income of associated companies	-0.2	0.0	-0.2
Earnings before income tax - EBT	**160.9**	**-3.1**	**157.8**

Revenues

The following table shows disaggregated revenues from external customers for each product line by segment:

in EUR million (unaudited) as reported IFRS 15	Austria	Bulgaria	Croatia	Belarus	Slovenia	Serbia	Macedonia	Other*	Consolidated
					1-9 M 2018				
Mobile service revenues	696.8	184.0	178.4	186.1	90.8	135.0	53.9	-13.7	1,511.4
Fixed-line service revenues	1,016.8	75.5	93.2	28.9	26.4	4.8	19.0	-24.8	1,239.8
Service revenues	**1,713.6**	**259.5**	**271.5**	**215.0**	**117.2**	**139.8**	**72.9**	**-38.5**	**2,751.2**
Mobile equipment revenues	176.1	59.6	42.8	59.8	31.0	49.7	13.8	0.1	432.8
Fixed-line equipment revenues	23.4	2.4	1.6	0.2	0.2	0.0	0.3	-0.4	27.8
Equipment revenues	**199.5**	**62.0**	**44.4**	**60.0**	**31.2**	**49.7**	**14.1**	**-0.3**	**460.5**
Other operating income	**40.6**	**5.7**	**4.4**	**15.6**	**3.4**	**2.9**	**0.8**	**-2.9**	**70.5**
Total revenues (incl. OOI)	**1,953.7**	**327.1**	**320.3**	**290.7**	**151.8**	**192.4**	**87.8**	**-41.7**	**3,282.2**

in EUR million (unaudited) without adoption of IFRS 15	Austria	Bulgaria	Croatia	Belarus	Slovenia	Serbia	Macedonia	Other*	Consolidated
					1-9 M 2017				
Mobile service revenues	758.1	201.2	198.3	209.4	101.1	102.5	60.8	-17.5	1,613.9
Fixed-line service revenues	1,016.8	68.0	90.4	22.3	26.3	4.5	19.3	-26.4	1,221.2
Service revenues	**1,774.8**	**269.2**	**288.8**	**231.7**	**127.4**	**107.0**	**80.1**	**-43.9**	**2,835.1**
Mobile equipment revenues	104.0	39.0	34.1	49.8	31.1	54.1	4.7	-0.8	315.8
Fixed-line equipment revenues	25.1	1.2	0.5	0.0	0.3	0.0	0.2	-0.1	27.1
Equipment revenues	**129.1**	**40.1**	**34.6**	**49.8**	**31.4**	**54.1**	**4.8**	**-1.0**	**342.9**
Other operating income	**42.1**	**9.8**	**4.7**	**13.1**	**3.2**	**3.5**	**0.5**	**-2.3**	**74.5**
Total revenues (incl. OOI)	**1,946.1**	**319.1**	**328.0**	**294.6**	**162.0**	**164.6**	**85.5**	**-47.2**	**3,252.5**

*Other includes: Corporate, Other & Eliminations

The shift from service to equipment revenues is mainly due to the implementation of IFRS 15.

Cost and Expenses

The cost of equipment corresponds to material expense. Employee expenses and the net amount of write-down (negative sign) of inventories are shown in the following table:

in EUR million	1-9 M 2018	1-9 M 2017
Write-down/ reversals of write-down of inventories	-1.5	-1.7
Employee expenses, including benefits and taxes	-620.7	-588.3

Inventories are measured at the lower of cost or net realisable value. Net realisable value of merchandise is the estimated selling price in the ordinary course of business less the estimated selling expense.

Non-Current and current assets

The decrease in intangibles is mainly a result of the amortisation of brand names as a result of the roll-out of the brand A1 on a group-wide basis as well the amortisation of licences.

Non-Current and Current Liabilities

As of 30 September 2018 credit lines in the amount of EUR 288.5 million were drawn to refinance the redemption of the hybrid bond (see Stockholders' equity).

In 2010, A1 Telekom Austria Group has introduced a Long Term Incentive Programme (LTI). On 1 September 2018, the eights tranche (LTI 2018) was granted. The performance period is 1 January 2018 to 31 December 2020. Return on Invested Capital (ROIC) and A1 Telekom Austria Group Revenue Market Share (weighted with 50% each) were defined as key performance indicators. Participants of LTI 2018 are only the Members of the Management Board of A1 Telekom Austria Group, Thomas Arnoldner, Alejandro Plater and Siegfried Mayrhofer. As of reporting date a liability for LTI 2018 measured at fair value for the portion of expected future expense, which has already vested, in the amount of EUR 0.2 million is recognised.

Provisions and Accrued Liabilities

The provision for restructuring (employees who will no longer provide services) and social plans and for civil servants who voluntarily changed to the Austrian government to take on administrative tasks is shown in the following table:

in EUR million	30 Sept. 2018 unaudited	31 Dec. 2017 audited
Restructuring and social plans	427.3	482.9
Civil servants changed to the government	14.4	18.1
Total restructuring	**441.7**	**501.0**

The reduction of restructuring in the first nine months of 2018 is mainly due to the usage of the provision.

Income Taxes

	1-9 M 2018	1-9 M 2017
Effective tax rate	27.3%	8.6%

in EUR million	30 Sept. 2018	31 Dec. 2017
Net deferred taxes	247.2	285.5

The increase in effective tax rate is due to the contribution of negative earnings before taxes of some segments with low statutory tax rates as income tax expense decreases only to a smaller extent. Negative earnings before taxes are mainly a consequence of brand amortisation.

Stockholders' Equity

On 1 February 2018 the hybrid bond amounting to EUR 600.0 million was redeemed at its nominal value according to Section 5 (3) of the terms and conditions of the bond resulting in a reduction of stockholders' equity in the amount of EUR 600.0 million. The hybrid bond was classified as stockholders' equity according to IFRS. Accordingly, the related discount cost in the amount of EUR 11.8 million was recorded net of tax benefit of EUR 2.9 million in stockholders' equity, which lead to an increase in stockholders' equity ("hybrid capital") in the amount of EUR 591.2 million at the time of issuance in 2013.

On 1 February 2018 and 2017 the annual coupon of 5.625% of the hybrid bond in the amount of EUR 33.8 million was paid. The coupon payment, as well as the related tax benefit of the interest in the amount of EUR 0.7 million and EUR 6.3 million, which is recognised in profit or loss under local GAAP, is recognised as distribution of dividend in equity. The net result attributable to hybrid capital holders is presented in the allocation of the net result in the condensed consolidated statements of comprehensive income and equals the recognised interest for the first nine months 2018 and 2017 according to local GAAP amounting to EUR 2.9 million and EUR 25.2 million, net of the related tax benefit of EUR 0.7 million and EUR 6.3 million, which is recognised in stockholders' equity according to IAS 12.

In June 2018 and 2017, the A1 Telekom Austria Group paid dividend to its shareholders in the amount of EUR 132.8 million.

Other comprehensive income (loss) items in the Condensed Consolidated Statements of Changes in Stockholders' Equity include the remeasurement of defined benefit obligations, remeasurement of investments at fair value through other comprehensive income, the hedging reserve and the translation reserve.

Financial Instruments

The following table shows the carrying amounts and the fair values of financial instruments per class of financial assets:

in EUR million	30 Sept. 2018 Carrying amount unaudited	Fair value unaudited	31 Dec. 2017 Carrying amount audited	Fair value audited
Cash and cash equivalents	49.7	49.7	202.4	202.4
Accounts receivable: Subscribers, distributors and other, net	792.7	792.7	679.3	679.3
Receivables due from related parties	1.5	1.5	0.9	0.9
Other current financial assets	8.2	8.2	111.6	111.6
Other non-current financial assets	13.5	13.5	49.4	49.4
Investments at amortised cost	0.1	0.1	0.0	0.0
Contract assets	154.9	154.9	0.0	0.0
Financial assets at amortised cost	**1,020.7**	**1,020.7**	**1,043.6**	**1,043.6**
Equity instruments at fair value through profit and loss - designated	4.0	4.0	0.0	0.0
Debt instruments at fair value through profit and loss - mandatory	5.0	5.0	0.0	0.0
Debt instruments at fair value through other comprehensive income - mandatory	2.8	2.8	0.0	0.0
Investments at fair value	**11.8**	**11.8**	**0.0**	**0.0**
Available-for-sale investments	**0.0**	**0.0**	**11.3**	**11.3**

At 31 December 2017 other current and non-current financial assets comprised instalment sales receivables which are included in accounts receivables starting 2018 (see changes in accounting policies - impact of IFRS 15).
At 31 December 2017 financial assets at amortised cost were categorised into cash and cash equivalents and loans and receivables. For details on the classification of financial assets and investments in the course of the implementation of IFRS 9 see changes in accounting policies – impact of IFRS 9.

The carrying amounts of cash and cash equivalents, accounts receivable, other financial assets, contract assets and investments at amortised cost approximate their fair values, therefore no further information on the classification in the fair value hierarchy is provided.

Investments at fair value mainly include quoted bonds, quoted shares and investment funds and are thus classified as Level 1 of the fair value hierarchy.

The following table shows the carrying amounts and the fair values of financial instruments per class of financial liabilities:

in EUR million	30 Sept. 2018 Carrying amount unaudited	Fair value unaudited	31 Dec. 2017 Carrying amount audited	Fair value audited
Liabilities to financial institutions	288.5	288.4	0.0	0.0
Bonds	2,535.6	2,757.2	2,533.3	2,818.4
Other current financial liabilities	30.7	30.7	51.3	51.3
Lease obligations	1.0	1.0	0.9	0.9
Other non-current liabilities	18.8	18.8	19.9	19.9
Accounts payable - trade	574.8	574.8	592.0	592.0
Payables due to related parties	0.5	0.5	0.6	0.6
Accrued interest	45.7	45.7	30.0	30.0
Contract liability	18.2	18.2	0.0	0.0
Financial liabilities at amortised cost	**3,513.9**	**3,735.4**	**3,228.0**	**3,513.2**

At 31 December 2017 other current financial liabilities comprised provisions for customer rebates which are qualified as contract liabilities according to IFRS 15 starting 2018 (see changes in accounting policies - impact of IFRS 15).

The carrying amounts of accounts payable, contract liabilities and other liabilities approximate their fair values, therefore no further information on the classification in the fair value hierarchy is provided.

The fair values of liabilities to financial institutions are measured at the present values of the cash flows associated with the debt and are thus classified as Level 2 of the fair value hierarchy.

The fair values of the quoted bonds (EMTN bonds and Eurobonds) equal the face value multiplied by the price quotations at the reporting date and are thus classified as Level 1 of the fair value hierarchy.

Business Combinations

On 24 April 2018 A1 Telekom Austria Group acquired 97.07% of Vitebskiy oblastnoy technotorgovyi tsentr Garant ("Garant") via its Belarusian subsidiary velcom. Garant is a broadband-, cable- and IP-TV-operator in Belarus providing services mainly for residential customers in both, Vitebsk and other small cities in the region. The fair values of the assets acquired and liabilities assumed at the acquisition date were determined based on the preliminary allocation of consideration transferred and are reported in the segment Belarus:

Acquisition of Garant in EUR millions (unaudited)	Fair values on acquisition
Property, plant and equipment	3.6
Intangible assets	1.0
Other assets and receivables	0.4
Cash and cash equivalents	0.1
Deferred income tax liabilities	-0.4
Accounts payable - trade and other liabilities	-0.9
Net identifiable assets and liabilities	**3.9**
Goodwill on acquisition	0.2
Total purchase consideration	**4.1**
Purchase price not yet paid	0.0
Cash acquired	-0.1
Net cash outflow	**3.9**

The final allocation of consideration transferred will be determined once all necessary information regarding identifiable assets is available (IFRS 3.45). As velcom has the right to acquire the remaining shares, no non-controlling interest was recognised and the total purchase consideration already includes the fair value of the outstanding shares. As of 30 September 2018 velcom holds 99.1% of Garant's shares. Since the acquisition date, Garant has contributed revenues of EUR 1.4 million and a net loss of EUR 0.3 million. Since the effect of the acquired entity on the Consolidated Financial Statements of A1Telekom Austria Group is not considered significant, no pro-forma information is presented.

On 21 June 2018 A1 Telekom Austria Group acquired the non-controlling interest of 49.0% of City TV OOD million in Bulgaria with a book value of EUR 0.1 for a consideration of EUR 0.1 million.

Subsequent and Other Events

On 19 April 2018 Thomas Arnoldner was nominated as new Chief Executive Officer (CEO) of Telekom Austria AG by the two main shareholders, América Móvil and Österreichische Bundes- und Industriebeteiligungen GmbH (ÖBIB). The appointment of Thomas Arnoldner was resolved by the Supervisory Board. He took office on 1 September 2018. The Board of Directors of Telekom Austria AG again consist of three members: Thomas Arnoldner (CEO), Alejandro Plater (COO) and Siegfried Mayrhofer (CFO).

On 26 June 2018 Moody's has upgraded the current investment grade rating of A1 Telekom Austria Group from Baa2 to Baa1.