Results for the Second Quarter and First Half 2020

Vienna, July 21, 2020 – Today, A1 Telekom Austria Group (VSE: TKA, OTC US: TKAGY) announces its half year report including the results for the second quarter and the first half of 2020, ending June 30, 2020 as well as the condensed consolidated financial statements.

Key performance indicators

in EUR million	Q2 2020	Q2 2019	% change	1-6 M 2020	1-6 M 2019	% change
Total revenues	1,095.7	1,122.6	-2.4	2,221.7	2,212.1	0.4
Service revenues	939.5	943.7	-0.4	1,889.3	1,868.1	1.1
thereof mobile service revenues	509.5	515.2	-1.1	1,030.3	1,010.1	2.0
thereof fixed-line service revenues	430.0	428.5	0.4	859.0	858.0	0.1
Equipment revenues	136.7	149.8	-8.7	294.8	293.3	0.5
Other operating income	19.5	29.1	-33.2	37.6	50.6	-25.7
EBITDA before restructuring	415.1	413.2	0.5	811.7	808.2	0.4
% of total revenues	37.9%	36.8%		36.5%	36.5%	
EBITDA	390.1	392.1	-0.5	770.7	766.2	0.6
% of total revenues	35.6%	34.9%		34.7%	34.6%	
EBIT	151.6	154.6	-1.9	299.0	294.8	1.4
% of total revenues	13.8%	13.8%		13.5%	13.3%	
Net result	113.8	70.0	62.7	203.1	155.9	30.3
% of total revenues	10.4%	6.2%		9.1%	7.0%	

Wireless indicators	Q2 2020	Q2 2019	% change	1-6 M 2020	1-6 M 2019	% change
Wireless subscribers (thousands)	21,207.5	21,171.5	0.2	21,207.5	21,171.5	0.2
Postpaid	17,194.7	16,575.0	3.7	17,194.7	16,575.0	3.7
Prepaid	4,012.9	4,596.5	-12.7	4,012.9	4,596.5	-12.7
MoU (per Ø subscriber)	440.3	365.7	20.4	418.5	359.8	16.3
ARPU (in EUR)	8.0	8.2	-1.8	8.1	8.0	0.8
Mobile churn (%)	1.4%	1.5%		1.4%	1.6%	

Wireline indicators	Q2 2020	Q2 2019	% change	1-6 M 2020	1-6 M 2019	% change
RGUs (thousands)	6,104.7	6,176.3	-1.2	6,104.7	6,176.3	-1.2

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[1] Alternative performance measures are included in this report. For details please refer to the tables on page 18 onwards.

Q2 2020 Analysis

Group Summary

While the COVID-19 outbreak had only limited impact on Q1 2020 results; in Q2 2020, the effects of the severe lockdown measures imposed by almost all governments in our footprint signaled the upcoming challenges for our business. At the same time, the financials of the second quarter of 2020 reflect a resilience in large parts of our operations and the positive effects of countermeasures taken by Management.

The presentation for the conference call and key figures of A1 Telekom Austria Group in Excel format ('Fact Sheet Q2 2020') are available on the website at www.a1.group.

Reduced mobility, the suspension of businesses and strict travel restrictions weighed on several aspects in Q2 2020, among which roaming traffic volumes, equipment sales, and FX movements were most adversely affected. Initially imposed restrictions on public life, shops, and border closures were gradually lifted as of May 2020 when most of the countries decided to cautiously abandon these measures and were set to reopen their economies. However, certain travel restrictions and local measures have been reimposed since June 2020 as a response to rising infections rates in some regions.

- Group total revenues decreased by 2.4%, due to lower equipment revenues and roaming losses as well as lower other operating income, following a real estate sale in Austria in the comparison period. Additionally, revenues were also impacted by negative FX effects stemming mainly from Belarus and, to a lesser extent, from Croatia. Excluding FX and one-off effects, total revenues remained stable (-0.2%).
  - Mobile service revenues declined by 1.1% on a Group level as growth in Austria, Bulgaria and Serbia was outweighed by roaming losses and negative FX effects
  - Fixed-line service revenues increased slightly, by 0.4%, as the growth in Bulgaria and Slovenia made up for the decline in Austria and other international markets
- Mobile contract subscribers rose by 3.7%, with growth in almost all markets
- Fixed-line RGUs decreased by 1.2%, as the growth in high-bandwidth broadband and TV RGUs could not compensate for the decline in low-bandwidth broadband and fixed voice RGUs in Austria
- Group EBITDA before restructuring charges increased by 0.5% (reported: -0.5%) as roaming losses were more than outweighed by cost savings. Excluding one-off and FX effects as well as restructuring charges, Group EBITDA increased by 3.9%.
  - In Austria, EBITDA before restructuring charges increased by 0.4% (reported: -1.3%) as mobile service revenues were able to grow despite the roaming losses, additionally supported by OPEX savings. Excluding a one-off effect in the comparison period, EBITDA before restructuring grew by 3.7%.
  - EBITDA from international operations declined by 0.9%, mainly due to negative FX effects in Belarus and roaming losses in Croatia, while the Bulgarian segment again showed strong growth
- Net result increased by 62.7% compared to the previous year, both periods being significantly impacted by decided tax cases in Bulgaria
- Q2 2020 showed a particularly strong free cash flow generation of EUR 158.8 mn (Q2 2019: EUR 34.2 mn), due to lower capital expenditures paid and better working capital trends in the reporting period, while Q2 2019 was impacted by paid frequencies for spectrum auctions.
- Outlook 2020: ~2% decline in total revenues, mainly driven by negative impacts from roaming and FX as well as lower equipment revenues; Capex cuts of ~25% compared to the initial outlook (EUR 770 mn capital expenditures before spectrum and acquisitions) to ensure flexibility and to strengthen the free cash flow profile

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

- Negative roaming impact on Group EBITDA of around 5% due to the sharp decline in roaming traffic in the course of imposed travel restrictions
- Restructuring charges in Austria amounted to EUR 25.0 mn in Q2 2020 (Q2 2019: EUR 21.1 mn)
- There were positive one-off effects in Q2 2019 of EUR 8.2 mn in total revenues and EUR 6.8 mn in EBITDA, stemming mainly from the sale of real estate included in other operating income in Austria
- Negative FX effects amounted to EUR 16.4 mn in total revenues, EUR 12.2 mn in service revenues and EUR 7.1 mn in EBITDA in Q2 2020, stemming mainly from Belarus and, to a lesser extent, from Croatia

Mobile Subscribers and Fixed-line RGUs

Number of postpaid subscribers grew by 3.7% in Q2 2020; RGUs decreased by 1.2%

In mobile communications, the number of subscribers of the A1 Telekom Austria Group remained stable (+0.2%) at 21.2 million in the quarter under review. In the Austrian market, the regulation for registering SIM cards has been effective as of January 1, 2019. Existing customers could register until September 1, 2019. This led again to considerably lower gross additions and subscriber numbers in the prepaid segment.

The number of contract customers rose in almost all markets, driven by ongoing strong demand for mobile WiFi routers. The number of A1 Digital M2M customers further increased in Q2 2020 while prepaid customer numbers continued to decline as most markets are seeing an ongoing shift from prepaid to contract offers.

The number of revenue-generating units (RGUs) in the Group's fixed-line business declined by 1.1% year-on-year. The decline in RGUs in Austria was driven by low-bandwidth broadband and voice RGUs, while speed upgrades were particularly strong also in Q2 2020. In the international markets, the number of RGUs rose due to TV and broadband RGUs.

Austria

Key performance indicators

Financials in EUR million	Q2 2020	Q2 2019	% change	1-6 M 2020	1-6 M 2019	% change
Total revenues	635.9	658.5	-3.4	1,283.4	1,305.3	-1.7
Service revenues	574.1	576.6	-0.4	1,151.6	1,153.8	-0.2
thereof mobile service revenues	232.4	229.9	1.1	469.8	460.8	2.0
thereof fixed-line service revenues	341.7	346.7	-1.4	681.8	693.0	-1.6
Equipment revenues	51.0	62.1	-18.0	109.8	117.6	-6.6
Other operating income	10.9	19.8	-45.0	22.1	33.9	-35.0
EBITDA before restructuring	258.3	257.4	0.4	497.7	504.3	-1.3
% of total revenues	40.6%	39.1%		38.8%	38.6%	
EBITDA	233.3	236.3	-1.3	456.7	462.3	-1.2
% of total revenues	36.7%	35.9%		35.6%	35.4%	
EBIT	100.8	109.9	-8.3	195.6	211.7	-7.6
% of total revenues	15.9%	16.7%		15.2%	16.2%	

Wireless indicators	Q2 2020	Q2 2019	% change	1-6 M 2020	1-6 M 2019	% change
Wireless subscribers (thousands)	5,003.7	5,241.2	-4.5	5,003.7	5,241.2	-4.5
thereof postpaid	3,915.2	3,851.8	1.6	3,915.2	3,851.8	1.6
thereof prepaid	1,088.6	1,389.4	-21.7	1,088.6	1,389.4	-21.7
MoU (per Ø subscriber)	383.7	279.3	37.3	366.6	278.7	31.5
ARPU (in EUR)	15.4	14.5	6.2	15.5	14.5	7.2
Mobile churn (%)	1.3%	1.4%		1.4%	1.4%	

Wireline indicators	Q2 2020	Q2 2019	% change	1-6 M 2020	1-6 M 2019	% change
RGUs (thousands)	3,193.7	3,283.7	-2.7	3,193.7	3,283.7	-2.7

In the second quarter of 2020, all Austrian network operators continued offering their convergent products. Competition in the Internet@home business, which comprises of mobile WiFi routers, hybrid, and pure fixed-line broadband solutions, remained intense in the second quarter of 2020, following new pricings of high-bandwidth products and bundles with security products.

To address these competition moves, A1 launched a new broadband promotion at the end of April 2020, offering attractive benefits to new and existing fixed-line broadband customers, such as a free tablet and no installation fee. As of June 29, 2020, this promotion has been amended to include some special regional offers and, above all, a premium WiFi mesh set which also provides better quality broadband Internet connections at the customer's premises. The promotion aimed to improve the downward trend of fixed-line orders, which were additionally discouraged by the lockdown measures imposed earlier in March 2020. This resulted in improving numbers of gross-adds in May and considerably higher sales volumes in June compared to the previous year, improving the negative trend in net-adds from the previous quarter.

In the mobile segment, demand peaked on the business side during the first few weeks of the lockdown, while the residential side showed some signs of slowing down. Yet, these trends reversed approaching the end of the quarter and market dynamics started to normalize.

Strong demand on the mobile business side during the first weeks of the lockdown

A1 launched its "5Giga" premium tariff portfolio in January 2020 for both the mobile and Internet@Home segments. 5GigaMobil tariffs offer a priority network proposition, unlimited data volumes, as well as the latest 5G devices. 5GigaNet tariffs feature a bandwidth guarantee of minimum 90% for FTTH products, while 5GigaCube tariffs for mobile WiFi routers offer, in addition to the priority network proposition, increased speeds as well as premium hardware. While the initial uptake for these 5Giga tariffs showed strong demand in the first quarter, the trend has weakened with the new environment caused by the COVID-19 outbreak. Besides the 5GigaMobil tariffs, A1 also offers attractive LTE mobile tariffs with increased data allowances.

Competition in the mobile low-value and youth segments intensified again in the second quarter, with aggressive offers including voice and hardware promotions, which A1 continued to counter via special youth promotions and attractive offers with its no-frills brands. As SIM card registration has been effective as of January 1, 2019 for new customers and as of September 1, 2019 for existing customers, unregistered SIM cards will be cancelled by October 2020 at the latest. Prepaid revenues have only a minor impact on service revenues.

In March 2020, A1 successfully launched its new TV platform A1 Xplore TV, with 260 channels, 7-day replay, multiscreen experience, up to 500 hours recording, and many integrated apps on TV, tablet, smartphone, laptop, and chromecast. While the migration of existing customers to the new platform started well and provided additional support to ARPL in Q2 2020 due to the higher pricing of the new product, acquiring new customers remains a challenge.

In November 2019, prices for existing fixed-line voice customers were increased. As of April 1, 2020, an indexation of approx. 1.5% has been effective for existing customers in parts of the mobile high-value and the fixed-line business. Furthermore, the activation fee and the annual service fee were increased for mobile customers and tariff switches respectively in February 2020.

Impact of COVID-19

The containment measures implemented by the Austrian government on March 16, 2020 have taken effect and the number of new infections in Austria was in continuous decline during the second quarter. At around mid-May 2020, the country started with a gradual and monitored re-opening. Schools, restaurants, and museums opened again on May 15, while accommodation facilities have been available again since May 29. Shops operated by telecommunications providers were allowed to stay open during the lockdown. At the beginning of July 2020, regional measures were reintroduced by some local governments as a response to some rises in the number of infections.

Mobile voice and data traffic started to normalize, but fixed-line volumes are still higher compared to pre-COVID-19 levels

The initial surge in mobile and fixed-line voice and data traffic following the announcement of containment measures started to decline only slowly towards the end of the second quarter and volumes in the fixed-line business are still higher compared to their pre-COVID-19 levels, while mobile voice and data traffic has normalized. TV usage and video-on-demand increased considerably during the lockdown but have since returned to normal. Despite these initial rapid consumption increases, network quality, also at peak hours, remained high.

Extraordinarily high demand for mobile WiFi routers and mobile devices for business customers since the end of the first quarter started to normalize in May and June 2020. In the residential mobile business, gross adds began to improve after April 2020, while the churn remained low. The share of online purchases initially increased from below 10% to approximately 20%, yet returned to close to its old level after the lifting of lockdown measures.

At the beginning of June, the Austrian government started to re-open its borders with most neighboring countries while, later in the month, travel restriction bans were also lifted for other selected EU countries. As of July 1, the government decided to shortlist several non-EU countries whose citizens may travel to Austria. Roaming revenues were hit considerably from March 2020 due to the premature stop of the winter tourist season and were additionally negatively affected by the travel restrictions imposed and border closures throughout the second quarter.

The fixed-line business continued to be shaped by strong demand from business customers for VPN connections and bandwidth upgrades, especially at the beginning of the second quarter. In the residential business, fixed-line orders initially declined due to lockdown measures, but the trend improved as a result of the abovementioned broadband promotion. Demand for bandwidth upgrades from existing customers remained high in the second quarter. The fixed-line voice business, even though undergoing a long-term declining trend, contributed positively during the second quarter due to increased voice traffic and the price increases in November 2019.

Q2 2020 results

Total revenues in the Austrian segment declined by 3.4% in the second quarter of 2020, driven by lower equipment revenues, roaming losses, as well as other operating income, which was higher in the comparison period, stemming from the sale of real estate. Service revenues declined only slightly, by 0.4%.

Mobile service revenues increased in the second quarter of 2020, as the strong demand for mobile WiFi routers and successful upselling activities in the high-value segment outweighed the losses in roaming revenues caused by deteriorating market dynamics amidst the COVID-19 crisis. ARPU increased due to the higher share of contract customers following SIM card registration. Additionally, the strong demand for mobile Wi-Fi routers and high value tariffs also drove ARPU.

Equipment revenues declined sharply due to a considerably lower number of devices sold during the containment period at the beginning of the second quarter.

Fixed-line service revenues declined by 1.4% in Q2 2020, entirely driven by markedly lower interconnection revenues as the volume of international call traffic decreased during the outbreak and due to a less favorable destination mix. Retail fixed-line service revenues remained stable (-0.2%) and were positively affected by higher voice traffic and broadband upgrades, as well as abovementioned price increases. This came in spite of losses due to customers' voucher redemption and lower installation fees collected, both consequences of the broadband promotion campaign mentioned above. Solutions and connectivity revenues grew in the second quarter, despite some negative pandemic effects, on the back of increased demand for data center, security, and workplace services. ARPL increased by 3.9% due to successful upselling measures and the price increases in November 2019.

Internet@home subscriber numbers, which include pure fixed-line broadband RGUs, hybrid modems, and mobile WiFi routers, grew by 1.5% year-on-year. This growth was once again driven by ongoing strong demand for both high and low-value mobile WiFi routers.

Internet@home continued to grow at 1.5% year-on-year

The equipment margin worsened in the second quarter due to fewer promotional deals as well as positive inventory value adjustments in the comparison period. Total subsidies decreased following the decline in equipment sales, attributable to the negative effect of the COVID-19 outbreak, while subsidies per device were also lower compared to previous year.

EBITDA before restructuring increased by 0.4% (reported: -1.3%), due to growing mobile service revenues despite the roaming losses as well as due to OPEX savings, especially in workforce costs and advertising expenses. While the former declined mainly due to lower travel and training expenses, the latter decreased mainly due to seasonal shifts in promotional activities. Additionally, EBITDA in the comparison period benefited from the abovementioned real estate sale. Excluding this one-off effect and restructuring charges, EBITDA showed growth of 3.7%.

International operations

Key performance indicators Financials in EUR million	Q2 2020	Q2 2019	% change	1-6 M 2020	1-6 M 2019	% change
Total revenues	465.9	476.2	-2.2	951.3	929.3	2.4
Service revenues	371.5	379.0	-2.0	750.6	735.8	2.0
thereof mobile service revenues	278.6	289.7	-3.8	563.6	557.2	1.2
thereof fixed-line service revenues	92.9	89.3	4.0	187.0	178.6	4.7
Equipment revenues	85.7	87.7	-2.3	184.6	176.0	4.9
Other operating income	8.7	9.5	-7.9	16.0	17.5	-8.6
EBITDA	172.0	173.6	-0.9	343.5	334.7	2.7
% of total revenues	36.9%	36.5%		36.1%	36.0%	
EBIT	67.6	63.1	7.2	136.0	115.0	18.2
% of total revenues	14.5%	13.3%		14.3%	12.4%	

Wireless indicators	Q2 2020	Q2 2019	% change	1-6 M 2020	1-6 M 2019	% change
Wireless subscribers (thousands)	14,517.5	14,603.3	-0.6	14,517.5	14,603.3	-0.6
thereof postpaid	11,593.2	11,396.2	1.7	11,593.2	11,396.2	1.7
thereof prepaid	2,924.3	3,207.1	-8.8	2,924.3	3,207.1	-8.8

Wireline indicators	Q2 2020	Q2 2019	% change	1-6 M 2020	1-6 M 2019	% change
RGUs (thousands)	2,911.0	2,892.6	0.6	2,911.0	2,892.6	0.6

Excluding FX effects, EBITDA increased by 3.2% in CEE markets

International operations showed a decline in total revenues of 2.2%, and in EBITDA of 0.9%, mainly driven by the Belarus and the Croatian segments, while the Bulgarian segment grew again. Excluding the negative FX effects, international operations grew by 1.3% and 3.2% in total revenues and EBITDA, respectively.

Bulgaria

Revenue growth remained solid in the Bulgarian market in Q2 2020, despite the negative pandemic effects. Service revenues grew on the back of the fixed-line business, which continued to be driven by customized corporate solutions, upselling in the broadband segment, as well as enriched TV content. This led to a higher ARPL as well as more TV and broadband RGUs. Mobile service revenues also increased due to effective upselling activities. However, this growth slowed somewhat due to declining roaming revenues.

General mobility restrictions with regards COVID-19 were lifted at the beginning of May 2020, while recommendations to reduce physical contacts and to enable home office for employees still remain. All schools and universities will be closed until September 2020. The border closure has been lifted with the exception of certain nationalities with a high risk of pandemic spread. At the beginning of July, a slowly rising trend of new daily infections was noticed in Bulgaria, which at the time did not however have an effect on business operations in the country.

In Q2 2020, total revenues increased by 5.3%, driven by higher service revenues (+6.0%) as well as slightly higher equipment revenues coming from ICT and business customers. Total costs and expenses rose due to higher content costs and higher administrative expenses, while the equipment margin deteriorated slightly. As a consequence, EBITDA increased by 6.7%.

Croatia

In Q2 2020, as self-isolation and physical distancing measures took effect, economic activity in Croatia showed the first signs of a recession. Being heavily dependent on tourism and Italy as the largest trading partner, the Croatian economy is one of the hardest-hit in the region.

Triggered by the COVID-19 crisis, all telecom operators started to offer additional benefits to their customers, such as free TV content and special promotions on the fixed-line side as well as unlimited data tariffs, hardware discounts, and free data packages on the mobile side.

In the fixed-line market, digital channel push and additional benefits for customers such as free TV content, hardware, and discount promotions were all reactions of A1 Croatia to COVID-19 challenges. In the mobile market, negative pandemic effects are being mitigated with free data options, hardware discounts, as well as high end tariffs with double data volumes in the prepaid segment.

Following the easing of lockdown measures, borders with neighboring and most EU countries have been reopened as of the beginning of June. The situation in the tourism sector improved slightly compared to April and May, with certain COVID-19 preventive measures still in place and obligatory tourist registration prior to entering the country. All shops and shopping malls have been reopened, while schools and universities are allowed to work at limited capacity.

As of mid-June, the number of COVID-19 cases started to rise again and are now exceeding the first wave's peak in March. The government is considering a re-introduction of restrictions on some borders and public meetings in the event of a further significant increase in COVID-19 cases, with the intention of avoiding a full lockdown. Earlier, the government had introduced measures to support businesses during the COVID-19 lockdown, including postponements of tax payment, working capital and liquidity loans, as well as minimal salary support to affected businesses.

The Croatian Kuna depreciated by 2.1% (period average) against the Euro in Q2 2020, which led to a negative FX impact of EUR 2.2 mn on total revenues and EUR 0.7 mn on EBITDA.

In Q2 2020, total revenues in the Croatian segment declined by 6.8% year-on-year, driven by lower service revenues and reduced equipment sales. A decline in service revenues was driven by lower roaming and interconnection revenues, as well as unfavorable FX impacts. Lower costs and expenses due to reduced sales and marketing expenses, as well as administration costs, could not compensate for the decline in service revenues, which drove EBITDA down by 3.2% compared to the previous year.

Belarus

In Q2 2020, economic activity in Belarus slowed down and businesses also suffered from the COVID-19 pandemic. The inflation rate stood at 5.2% in June 2020. The Belarusian Ruble depreciated against Euro in Q2 2020 by 12.2% compared to the same period last year (period average).

In the second quarter, market dynamics slowed down and, while operators continued to focus on retaining and upselling existing customers, acquiring new customers has become more difficult. A1 benefits from its ability to offer nationwide LTE coverage following the acquisition of LTE capacities in December 2019.

In contrast to the other A1 markets, the Belarusian government imposed no official restrictions in connection with the COVID-19 outbreak but people have been asked to minimize social contacts. From mid-April, the country's pandemic situation worsened and the number of officially reported new infections started to rise. However, this trend stabilized in June and the number of new COVID-19 cases started to decline towards the end of the second quarter. As of April 24, 2020, A1 Belarus closed some less frequented shops and has launched an online store in order to shift more sales to digital channels. At the beginning of July 2020, all A1's own points of sales been reopened and are functioning at full capacity.

On March 26, 2020, A1 Belarus successfully launched its attractive #stayonline initiative, with unlimited data and 30 free TV channels, films, and series as a means of upselling to existing mobile and fixed-line customers. This also continued in the second quarter of 2020 and played an important role in the acquisition of new customers.

Already in the second half of 2019, A1 Belarus redesigned its mobile portfolio to include more data-centric propositions and optional data add-ons for voice-only prepaid propositions as well as aiming to shift prepaid customers to contract offers. In Q2 2020, A1 launched a convergent service plan including mobile and fixed-line connectivity, as well as TV services, which has been positively accepted by the market and resulted in higher subscriber numbers.

As of July 1, 2019, an inflation-linked price increase of 4.3% was implemented for mobile customers. Fixed-line tariffs for existing customers were increased by 6.0% in June 2019.

Due to negative FX effects of EUR 14.2 mn, total revenues declined in Euro terms, while they rose by 6.9% on a local currency basis. This growth was driven by higher service revenues as mobile service revenues grew despite the negative roaming effect due to the upselling measures and structural shifts in the new portfolio with higher monthly fees as well as due to the abovementioned price increase. Fixed-line service revenues also rose on the back of price increases. The equipment margin improved, driven by a better ICT equipment margin resulting from a large business project. Costs and expenses were lower on the local currency basis, mainly due to lower equipment costs but also due to lower advertising expenses. On a local currency basis, EBITDA increased by 7.9% compared to the same period last year. In Euro terms, EBITDA declined by 5.5%.

Other segments

In Q2 2020, competition in the Slovenian mobile market remained intense and all operators continued with their promotions. Although the market had become calmer in April due to the COVID-19 crisis, the activity gradually returned in May and June to its pre-COVID-19 levels. A1 Slovenia introduced its new Xplore TV platform on the market, together with new propositions such as higher speeds, satisfaction guarantee, no binding period as well as increased pricing. Most of the COVID-19 measures imposed around mid-March have now been lifted and the mobility of the population is returning to normal. Border closures remained in place only for certain countries with critical pandemic developments. Total revenues declined by 1.4% in Q2 2020, driven by lower service revenues, as higher fixed-line revenues only partly mitigated the decline in mobile service revenues. While the former increased due to successful customer acquisition and increasing the subscriber base, the latter declined due to lower roaming revenues as well as reduced inbound airtime and migration to bundle plans. Costs and expenses declined slightly in Q2 2020, mainly due to lower sales costs and lower administration expenses. Equipment costs increased, however, following higher subsidy levels after the lifting of COVID-19 restrictions which weighed on the equipment margin. In total, EBITDA decreased by 2.9%.

While the mobile market in Serbia started to show signs of maturity, with declining subsidies in the first quarter, after the COVID-19 lockdown in the second quarter competition has become more aggressive, involving the introduction of hardware promotions with discounts and higher subsidies. The redesign of the portfolio in February 2020, based on a "more for more" concept with higher data allowances for tariffs including hardware, led to a stronger differentiation against SIM-only tariffs which continued also in Q2 2020. Similarly, demand for unlimited voice and SMS tariffs with flat data allowances and the popularity of mobile WiFi routers have increased even more in the second quarter. During the COVID-19 outbreak, the competition offered free add-ons for social network apps as a part of an appeal to its users to stay at home. Vip mobile also provided free-of-charge services to access certain home-schooling materials. Strict lockdown measures, with curfews, closed public institutions and transportation as well as the repayment relief programs that had been in place from mid-March, were gradually lifted starting mid-May. At the beginning of July, a rising number of infections in the country led to several containment measures being reimposed by city governments.

Total revenues declined by 1.2% as the growth in service revenues was outweighed by the decline in equipment revenues following reduced equipment sales during the lockdown period. Costs and expenses also fell, mainly due to lower administration expenses as well as lower advertising and commission costs. The equipment margin worsened due to lower quantities sold and deferrals in connection with IFRS 15. Altogether, this led to an EBITDA increase of 1.2% year-on-year.

With the introduction of a regional retail roaming agreement for the Western Balkan countries, roaming rates have been cut as of July 1, 2019 and are planned to be abolished entirely by July 1, 2021. This affects both Serbia and North Macedonia.

In Q2 2020, mobile operators in North Macedonia focused on promotional activities through online sales channels following publicly restricted working hours and mainly addressed their prepaid and business segments with attractive data packages and office products, accompanied by higher subsidies. A1 used the opportunity to launch digital products like A1 Live shop and SMS bill. As of March 11, 2020, restrictions on public life were introduced, with closed schools and universities. Telecommunication shops were also partially closed. While the pandemic situation improved initially, it started to worsen again around the end of May. Thus, most of the measures which had been lifted at the end of May and beginning of June had to be re-introduced shortly afterwards, impacting the pace of market recovery.

Total revenues declined by 3.5%, driven by lower mobile service revenues which were partially mitigated by a slight increase in fixed-line service revenues. Mobile service revenues declined due to deteriorating trends in the business and prepaid segments. Costs and expenses were lower mainly due to a decrease in advertising expenses. A better equipment margin only partially compensated for the decline in service revenues, resulting in 6.0% lower EBITDA.

Half-year Highlights

- Group total revenues increased slightly, by 0.4%, driven by service revenue growth despite roaming losses, compensating for lower other operating income, which was impacted by a real estate sale in Austria in Q2 2019. Excluding FX and one-off effects, total revenues increased by 1.6%.
- Mobile service revenues rose by 2.0%, driven by Austria, Bulgaria, and Serbia, mainly due to the ongoing strong demand for mobile WiFi routers
- Fixed-line service revenues remained stable (+0.1%), as the growth in international markets compensated for the decline in Austria.
- Group EBITDA before restructuring charges increased by 0.4%, driven by higher service revenues. Excluding one-off and FX effects, EBITDA increased by 2.3%
  - In Austria, EBITDA before restructuring declined by 1.3%, negatively impacted by roaming losses. Excluding the one-off effect in the comparison period, Austrian EBITDA remained stable (+0.3%)
  - The increase in EBITDA from international operations of 2.7% was particularly supported by Bulgaria, Belarus, and Serbia
- Net result increased from EUR 155.9 mn in the first half of 2019 to EUR 203.1 mn in the first half of 2020

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

- Total one-off effects of positive EUR 8.2 mn in revenues and EUR 6.8 mn in EBITDA in the first half of 2019, stemming mainly from a real estate sale included in other operating income in Austria
- Negative FX effects amounted to EUR 18.5 mn in total revenues, EUR 13.9 mn in service revenues and EUR 8.0mn in EBITDA in the first half of 2020, stemming mainly from Belarus and, to a lesser extent, from Croatia

Segment Austria

Total revenues in the Austrian segment declined by 1.7% year-on-year in the first half of 2020, driven by lower equipment revenues and lower fixed-line service revenues in the second quarter, as well as lower other operating income, following a real estate sale in Austria in the comparison period.

Mobile service revenues increased, driven by growth in mobile WiFi routers as well as successful upselling activities in the high-value segment, but were negatively impacted due to the COVID-19 outbreak and resulting losses in roaming revenues.

Fixed-line service revenues declined due to lower interconnection and slightly lower retail fixed-line service revenues. The former decreased sharply following the outbreak due to declining traffic volumes in international calls and a less favorable destination mix. Retail fixed-line service revenues mainly declined due to customers' voucher redemption and lower installation fees collected, both consequences of the broadband promotion campaigns in the first half of the year. The equipment margin improved in the first half of the year mainly driven by better ICT equipment margin.

EBITDA excluding restructuring charges declined by 1.3% as roaming losses, lower retail fixed-line service revenues as well as a positive one-off effect in the comparison period were only partially mitigated by OPEX savings and higher mobile service revenues.

International operations

In the first half of 2020, international operations showed an increase in total revenues of 2.4%, driven by fixed-line and mobile service revenue growth. Service revenues grew despite the roaming losses and negative FX effects, with Bulgaria and Serbia as the main positive contributors. EBITDA increased by 2.7%, particularly driven by Bulgaria.

Segment Bulgaria

In the Bulgarian segment, total revenues increased by 9.9% in the first half of 2020, driven by the growth both in the fixed-line and the mobile segments. The fixed-line business was driven by strong demand for customized corporate solutions, broadband speed upgrades as well as enriched TV content. Mobile service revenues also grew due to successful upselling to existing customers via higher subsides but were negatively impacted by roaming losses following the pandemic containment measures.

Cost and expenses also increased, driven by higher cost of equipment in the first quarter due to strong demand for handsets while content costs also increased.. In total, this led to EBITDA growth of 6.9%.

Segment Croatia

In the Croatian segment, total revenues declined by 3.9% year-on-year, driven by roaming losses as well as lower equipment revenues following deteriorating market trends caused by the COVID-19 pandemic, especially in the second quarter of 2020.

The Croatian Kuna depreciated by 1.5% (period average) against the Euro in the first half of 2020, which led to a negative FX impact of EUR 3.1 mn on total revenues and EUR 1.0 mn on EBITDA.

Costs and expenses declined, driven mainly by lower equipment costs as well as lower commission, sales and advertising expenses. The decline in service revenues in the second quarter was outweighed by the cost savings, which led to an EBITDA increase of 0.8% year-on-year.

The regulator approved the acquisition of Tele2 by United Media on January 30, 2020.

Segment Belarus

In the Belarusian segment, total revenues increased by 4.5%. Excluding the negative FX effects, total revenues rose by 12.5% in the first half of 2020. This rise was mainly driven by higher equipment revenues from ICT business, while service revenues also grew in local currency terms. Mobile service revenues increased due to the upselling measures and structural shifts to the new portfolio with higher monthly fees as well as due to an inflation-linked price increase of 4.3% for mobile subscribers as of July 1, 2019. In the fixed-line business, price increases of 6% in June 2019 contributed to fixed-line service revenue growth.

The FX development had a negative impact of EUR 15.9 mn on revenues and EUR 7.1mn on EBITDA in the first half of 2020 as the Belarusian Ruble depreciated by 7.1% against the Euro (period average).

Costs and expenses rose mainly due to higher cost of equipment,higher workforce costs as well as increased bad debts. On a local currency basis, EBITDA increased by 10.3%. In Euro terms, EBITDA rose by 2.5% in the first half of 2020.

Other segments

In the Slovenian segment, total revenues declined by 3.2% as the growth in fixed-line service revenues only partially mitigated the decline in mobile service revenues and equipment revenues, especially in the second quarter. Fixed-line service revenues grew due to an increasing subscriber base, while mobile service revenues declined mainly due to lower roaming revenues. Costs and expenses improved as lower equipment costs owing to reduced equipment sales as well as lower workforce costs outweighed the increase in content costs. This together led to an EBITDA decline of 1.7%.

In Serbia, service revenues increased by 5.5% in the first half of 2020, driven by strong demand for new tariffs featuring higher data allowances, unlimited voice and SMS, as well as new hardware. In the second quarter, dynamism in the market deteriorated due to strict lockdown measures in the country, impacting negatively on roaming revenues and especially weighing on equipment sales. Equipment margins worsened, particularly in the second quarter, due to declining quantities and negative effects from IFRS 15 deferrals. Cost and expenses increased slightly which led to EBITDA increase of 4.2% year-on-year.

In North Macedonia, total revenues declined by 2.9%, driven by lower service revenues, lower equipment revenues as well as lower other operating income. A negative pandemic effect weighed both on roaming as well as equipment sales. Costs and expenses decreased due to lower advertising and commission expenses, while the equipment margin also improved slightly due to fewer subsidies provided in the second quarter. EBITDA declined in the first half of the year by 5.1%.

Group profit and loss – below EBITDA

In the first half of 2020, **depreciation and amortization** (incl. rights of use) remained stable (-0.1%) at EUR 471.7 mn.

Operating income increased by 1.4% from EUR 294.8 mn in the first half of 2019 to EUR 299.0 mn in the first half of 2020.

Net result increased by 30.3% in the first half of 2020

Net result increased by 30.3% from EUR 155.9 mn in the first half of 2019 to EUR 203.1 mn in the reporting period, significantly impacted by decided tax cases in Bulgaria.

Cash flow

(in EUR million)	1-6 M 2020	1-6 M 2019	% change
Cash flow from operating activities	758.9	668.8	13.5
Capital expenditures paid	-370.3	-473.2	21.7
Proceeds from sale of plant, property and equipment	5.3	11.7	-54.8
Interest paid	-44.5	-53.7	17.1
Lease principal paid	-85.8	-84.9	-1.1
Free cash flow	263.5	68.7	283.8

Cash flow from operating activities increased in the first half of 2020 due to lower working capital needs and lower income taxes paid. In the first half of 2020, 'Changes in financial positions and other' in the amount of EUR -55.2 mn (1-6M 2019: -135.9 mn) were mainly driven by lower trade receivables, accounts payable, and restructuring payments.

Capital expenditures paid in the first half of 2020 declined due to acquired frequencies in the comparison period and reduced spending in the reporting period following the postponement of some investments. Proceeds from the sale of plant, property and equipment came in lower in the first half of 2020 as the comparison period benefited from the sale of real estate in Austria, while interest paid was impacted by the Bulgarian tax cases. In total, free cash flow increased from EUR 68.7 mn in the first half of 2019 to EUR 263.5 mn in the reporting period.

Balance Sheet

As of June 30, 2020, the balance sheet total decreased by 1.8% compared to December 31, 2019, driven by the decline of non-current assets while current assets slightly increased. Total current assets increased as the rise in short-term investments owing to new fixed-term deposits was partially mitigated by the decline of accounts receivables and to a lesser extent lower inventories. Non-current assets declined mainly due to the amortization of frequencies as well as due to lower additions in property, plant and equipment. The decrease in current liabilities was attributable to the redemption of multi-currency notes and lower accounts payable. Non-current liabilities also declined mainly due to lower lease liabilities. The increase in shareholders' equity was driven by higher retained earnings due to net income generation. The equity ratio as of June 30, 2020 amounted to 33.7%, after 31.2% as of December 31, 2019.

Net Debt

in EUR million	Jun 30, 2020	Dec 31, 2019	% change
Long-term debt	2,541.1	2,539.6	0.1
Lease liability, long-term	745.4	788.2	-5.4
Short-term debt	0.0	123.0	-100.0
Lease liability, short-term	152.9	152.6	0.2
Cash and cash equivalents	-141.0	-140.3	-0.5
Net debt (incl. leases)	3,298.4	3,463.1	-4.8
Net debt (incl. leases) / EBITDA (12 months)	2.1x	2.2x	

in EUR million	Jun 30, 2020	Dec 31, 2019	% change
Net debt (excl. leases)	2,400.2	2,522.3	-4.8
Net debt (excl. leases) / EBITDA after leases (12 months)	1.7x	1.8x	

Net debt (incl. leases) declined by 4.8%, mainly driven by the redemption of multi-currency notes. Net debt (excl. leases) / EBITDA after leases (12 months) decreased from 1.8x as of December 31, 2019 to 1.7x as of June 30, 2020.

Capital expenditures

In the first half of 2020, capital expenditures decreased by 22.0% to EUR 323.5 mn. Tangible capital expenditures declined by 4.0% to EUR 267.4 mn, mainly due to postponements and cuts in some investments in Austria as well as in our international footprint.

Intangible capital expenditures declined from EUR 136.2 mn in the comparison period to EUR 56.1 mn in the first half of 2020 due to acquired frequencies in Q2 2019 in Austria (3.5 GHz; EUR 64.3 mn), Belarus (2.1 GHz; EUR 9.5 mn) and Croatia (2.1 GHz; EUR 7.2 mn).

Personnel

End of period (full-time equivalent)	Jun 30, 2020	Jun 30, 2019	% change
Austria	7,493	7,875	-4.8
International operations	10,276	10,278	0.0
Corporate & other	372	388	-3.9
Total	**18,141**	**18,541**	**-2.2**

Group headcount was reduced year-on-year by 2.2%, driven by the Austrian segment due to the ongoing restructuring measures. The overall number of employees in the CEE segments remained stable.

A1 Telekom Austria Group outlook for the full year 2020

New outlook 2020: ~2% decline in total revenues; CAPEX cuts of approx. 25% vs. initial outlook (EUR 770 mn) to ensure flexibility and strengthen free cash flow

As a consequence of the rising uncertainties following the outbreak of the COVID-19 pandemic, back in April 2020 A1 Telekom Austria Group suspended its initial outlook for 2020 of approximately 1 - 2% growth in total revenues and capital expenditures before spectrum and acquisitions of approximately EUR 770 mn. Due to the meanwhile better visibility of the impacts of the pandemic and of the countermeasures taken, the Management of A1 Telekom Austria Group has decided to present a new outlook for the financial year 2020. This outlook is however subject to no material worsening of the pandemic, which would affect the economies in our footprint.

Q2 2020 results were heavily impacted by reduced roaming revenues following travel restrictions. Although they have mostly been lifted within the EU in the meantime, international travel is still very restrained and this is expected to remain throughout the rest of the year. Therefore, we estimate a negative impact of reduced roaming on full-year 2020 total revenues of around 2%.

Equipment revenues declined sharply due to a considerably lower number of devices sold during the containment period at the beginning of Q2 2020. Although bad debts have shown limited operational impact from bill collections so far, the general allowances have been increased as a precautionary step.

In Belarus, the results were materially affected by the devaluation of the Belarusian Ruble in the first half of the year 2020. The Management of A1 Telekom Austria Group expects the currency to depreciate by around 15% (period average) against the Euro in 2020, although it should be noted that the predictability of the Belarusian Ruble is generally limited.

Despite these challenges, we saw overall solid resilience in large parts of our business in the second quarter of 2020 which, together with additional support from cost savings, translated into operative EBITDA growth. The free cash flow also benefited from lower capital expenditures following restrained investment policies. A1 Telekom Austria Group will continue to place a strong focus on efficiency improvements to mitigate the expected negative impacts during the rest of the year.

As the situation presents itself at the moment, the Management of A1 Telekom Austria Group expects a moderate decrease in total revenues of approximately 2% for the full year 2020. Capital expenditures before spectrum investments and acquisitions are intended to be cut by approximately 25% from the initial outlook of EUR 770 mn to ensure full flexibility and strengthen the free cash flow profile. As stated above, this outlook is subject to no material worsening of the pandemic situation.

The Management Board currently intends proposing a dividend per share of EUR 0.23 to the annual general meeting 2020, which will take place on September 24, 2020. Dividend payments follow our current dividend policy which is closely monitored and adapted if needed.

In recent years, A1 Telekom Austria Group focused on deleveraging, which led to a resilient balance sheet structure with net debt (excl. leases) / EBITDA after leases of 1.7x as of June 30, 2020. A1 Telekom Austria Group can rely on undrawn committed credit lines of EUR 1.1 bn, resulting in a strong liquidity position, which was also underpinned by S&P Global's affirmation of the BBB+ credit rating in April 2020 (outlook: stable).

Detailed Figures

Revenues

in EUR million	Q2 2020	Q2 2019	% change	1-6 M 2020	1-6 M 2019	% change
Austria	635.9	658.5	-3.4	1,283.4	1,305.3	-1.7
Bulgaria	121.5	115.4	5.3	249.0	226.5	9.9
Croatia	99.3	106.5	-6.8	200.4	208.6	-3.9
Belarus	98.3	105.2	-6.5	207.9	198.9	4.5
Slovenia	50.8	51.5	-1.4	99.4	102.6	-3.2
Serbia	68.1	68.9	-1.2	136.7	134.0	2.0
North Macedonia	28.3	29.3	-3.5	57.9	59.6	-2.9
Corporate & other, eliminations	-6.4	-12.6	n.m.	-13.1	-23.5	n.m.
Total revenues	1,095.7	1,122.6	-2.4	2,221.7	2,212.1	0.4

Service Revenues

in EUR million	Q2 2020	Q2 2019	% change	1-6 M 2020	1-6 M 2019	% change
Austria	574.1	576.6	-0.4	1,151.6	1,153.8	-0.2
Bulgaria	99.0	93.4	6.0	197.7	182.9	8.1
Croatia	86.1	91.5	-5.9	174.4	177.0	-1.5
Belarus	72.5	79.2	-8.4	150.6	151.2	-0.4
Slovenia	38.6	39.5	-2.5	76.8	78.4	-2.1
Serbia	51.7	51.1	1.2	103.7	98.3	5.5
North Macedonia	23.8	24.9	-4.2	48.1	48.9	-1.6
Corporate & other, eliminations	-6.3	-12.5	n.m.	-13.6	-22.4	n.m.
Total service revenues	939.5	943.7	-0.4	1,889.3	1,868.1	1.1

Mobile Service Revenues

in EUR million	Q2 2020	Q2 2019	% change	1-6 M 2020	1-6 M 2019	% change
Austria	232.4	229.9	1.1	469.8	460.8	2.0
Bulgaria	66.5	64.5	3.1	133.1	126.3	5.4
Croatia	55.3	59.8	-7.5	111.5	113.6	-1.9
Belarus	61.2	67.6	-9.4	127.5	128.7	-0.9
Slovenia	28.3	30.2	-6.2	56.4	59.6	-5.4
Serbia	49.5	48.7	1.6	99.3	93.3	6.4
North Macedonia	18.1	19.4	-7.0	36.6	36.6	-0.1
Corporate & other, eliminations	-1.7	-4.9	n.m.	-3.8	-8.7	n.m.
Total mobile service revenues	509.5	515.2	-1.1	1,030.3	1,010.1	2.0

Fixed-Line Service Revenues

in EUR million	Q2 2020	Q2 2019	% change	1-6 M 2020	1-6 M 2019	% change
Austria	341.7	346.7	-1.4	681.8	693.0	-1.6
Bulgaria	32.6	28.9	12.5	64.7	56.6	14.2
Croatia	30.7	31.6	-2.8	62.9	63.3	-0.7
Belarus	11.3	11.6	-2.1	23.1	22.6	2.5
Slovenia	10.3	9.4	9.4	20.4	18.9	8.3
Serbia	2.3	2.4	-6.1	4.4	5.0	-12.4
North Macedonia	5.8	5.5	5.5	11.5	12.3	-6.2
Corporate & other, eliminations	-4.6	-7.6	n.m.	-9.8	-13.7	n.m.
Total fixed line service revenues	430.0	428.5	0.4	859.0	858.0	0.1

Other Operating Income

in EUR million	Q2 2020	Q2 2019	% change	1-6 M 2020	1-6 M 2019	% change
Austria	10.9	19.8	-45.0	22.1	33.9	-35.0
Bulgaria	1.4	1.3	11.8	2.2	2.9	-23.6
Croatia	1.2	1.9	-36.6	2.3	3.3	-31.2
Belarus	4.4	4.8	-8.9	7.3	7.4	-1.5
Slovenia	0.8	0.8	3.1	1.7	1.6	5.8
Serbia	0.8	0.6	36.3	1.7	1.4	16.3
North Macedonia	0.2	0.2	1.0	0.3	0.9	-68.7
Corporate & other, eliminations	-0.1	-0.1	n.m.	0.1	-0.9	n.m.
Total other operating income	19.5	29.1	-33.2	37.6	50.6	-25.7

EBITDA

in EUR million	Q2 2020	Q2 2019	% change	1-6 M 2020	1-6 M 2019	% change
Austria	233.3	236.3	-1.3	456.7	462.3	-1.2
Bulgaria	48.1	45.1	6.7	94.0	87.9	6.9
Croatia	33.8	34.9	-3.2	67.1	66.6	0.8
Belarus	45.2	47.8	-5.5	92.6	90.4	2.5
Slovenia	14.1	14.5	-2.9	27.9	28.4	-1.7
Serbia	20.7	20.4	1.2	41.1	39.4	4.2
North Macedonia	10.2	10.9	-6.0	20.8	22.0	-5.1
Corporate & other, eliminations	-15.3	-17.8	14.4	-29.6	-30.8	4.1
Total EBITDA	390.1	392.1	-0.5	770.7	766.2	0.6

EBITDA After Leases*

in EUR million	Q2 2020	Q2 2019	% change	1-6 M 2020	1-6 M 2019	% change
Austria	213.1	216.3	-1.5	416.4	422.5	-1.4
Bulgaria	41.2	38.4	7.3	80.2	74.7	7.5
Croatia	30.0	31.0	-3.4	59.6	58.8	1.3
Belarus	41.7	43.9	-5.1	85.4	83.0	3.0
Slovenia	9.6	10.1	-5.5	18.9	19.8	-4.4
Serbia	16.4	16.4	0.0	32.6	31.4	3.8
North Macedonia	8.6	9.3	-7.7	17.6	18.8	-6.8
Corporate & other, eliminations	-15.4	-17.9	14.1	-29.8	-30.9	3.7
Total EBITDA after leases	**345.2**	**347.7**	**-0.7**	**681.1**	**678.2**	**0.4**

* EBITDA after leases is defined as EBITDA plus depreciation of right-of-use assets and interest expense on lease liabilities

Depreciation and Amortization

in EUR million	Q2 2020	Q2 2019	% change	1-6 M 2020	1-6 M 2019	% change
Austria	132.5	126.4	4.9	261.1	250.6	4.2
Bulgaria	29.7	28.6	3.6	58.9	56.7	4.0
Croatia	26.1	26.2	-0.3	50.7	51.5	-1.6
Belarus	16.3	23.6	-30.9	33.9	46.8	-27.5
Slovenia	11.3	11.2	0.3	22.2	21.9	1.7
Serbia	13.8	13.8	-0.1	27.2	27.5	-0.9
North Macedonia	7.5	7.3	3.2	15.0	15.7	-4.6
Corporate & other, eliminations	1.3	0.4	241.3	2.6	0.7	298.1
Total D&A	**238.5**	**237.5**	**0.4**	**471.7**	**471.3**	**0.1**

EBIT

in EUR million	Q2 2020	Q2 2019	% change	1-6 M 2020	1-6 M 2019	% change
Austria	100.8	109.9	-8.3	195.6	211.7	-7.6
Bulgaria	18.4	16.4	12.1	35.0	31.2	12.4
Croatia	7.7	8.7	-12.0	16.5	15.1	8.8
Belarus	28.8	24.2	19.3	58.7	43.6	34.7
Slovenia	2.8	3.3	-13.9	5.7	6.5	-13.3
Serbia	6.9	6.7	3.9	13.8	11.9	16.2
North Macedonia	2.8	3.6	-24.3	5.9	6.3	-6.3
Corporate & other, eliminations	-16.6	-18.2	9.0	-32.2	-31.5	-2.3
Total EBIT	**151.6**	**154.6**	**-1.9**	**299.0**	**294.8**	**1.4**

Capital Expenditures

in EUR million	Q2 2020	Q2 2019	% change	1-6 M 2020	1-6 M 2019	% change
Austria	96.0	181.4	-47.1	226.1	290.4	-22.1
Bulgaria	14.9	16.3	-8.7	29.2	26.5	10.4
Croatia	13.6	21.6	-37.3	27.7	46.3	-40.3
Belarus	7.5	20.5	-63.7	15.9	27.2	-41.5
Slovenia	4.6	3.9	17.2	6.9	6.1	12.7
Serbia	7.6	7.7	-1.1	10.2	10.4	-2.3
North Macedonia	2.5	3.9	-37.4	6.0	5.4	11.4
Corporate & other, eliminations	0.7	1.4	-46.5	1.5	2.3	-33.9
Total capital expenditures	**147.3**	**256.8**	**-42.6**	**323.5**	**414.6**	**-22.0**

Capital Expenditures – Tangible

in EUR million	Q2 2020	Q2 2019	% change	1-6 M 2020	1-6 M 2019	% change
Austria	76.9	97.0	-20.7	184.9	186.6	-0.9
Bulgaria	12.6	13.6	-7.7	24.4	21.0	16.1
Croatia	12.7	19.8	-35.6	24.7	35.6	-30.5
Belarus	6.1	9.7	-36.6	12.0	15.2	-21.1
Slovenia	3.8	3.3	15.0	5.9	5.2	13.1
Serbia	6.9	6.5	6.0	9.6	8.5	13.4
North Macedonia	1.9	3.7	-48.5	5.2	5.0	4.6
Corporate & other, eliminations	0.3	0.8	-61.2	0.7	1.4	-54.1
Total capital expenditures - tangible	**121.3**	**154.5**	**-21.5**	**267.4**	**278.5**	**-4.0**

Capital Expenditures – Intangible

in EUR million	Q2 2020	Q2 2019	% change	1-6 M 2020	1-6 M 2019	% change
Austria	19.1	84.4	-77.3	41.2	103.8	-60.3
Bulgaria	2.3	2.7	-14.2	4.8	5.5	-11.7
Croatia	0.8	1.8	-56.1	3.0	10.8	-72.6
Belarus	1.3	10.8	-87.9	4.0	12.1	-67.1
Slovenia	0.8	0.6	28.4	1.0	0.9	10.3
Serbia	0.7	1.2	-40.6	0.5	1.9	-72.6
North Macedonia	0.5	0.2	173.7	0.8	0.4	102.7
Corporate & other, eliminations	0.4	0.5	-23.1	0.9	0.9	-1.7
Total capital expenditures - intangible	**26.0**	**102.3**	**-74.6**	**56.1**	**136.2**	**-58.8**

Wireless Subscribers

in thousands	Q2 2020	Q2 2019	% change
Austria	5,003.7	5,241.2	-4.5
thereof postpaid	3,915.2	3,851.8	1.6
Bulgaria	3,758.5	3,836.8	-2.0
thereof postpaid	3,379.2	3,408.1	-0.8
Croatia	1,871.9	1,843.9	1.5
thereof postpaid	1,144.7	1,073.6	6.6
Belarus	4,863.9	4,869.4	-0.1
thereof postpaid	4,122.0	4,069.1	1.3
Slovenia	699.4	697.0	0.3
thereof postpaid	627.8	616.8	1.8
Serbia	2,272.6	2,271.5	0.1
thereof postpaid	1,591.3	1,523.8	4.4
North Macedonia	1,051.1	1,084.7	-3.1
thereof postpaid	728.2	704.7	3.3
Total wireless subscribers	**21,207.5**	**21,171.5**	**0.2**
thereof postpaid	**17,194.7**	**16,575.0**	**3.7**

RGUs

in thousands	Q2 2020	Q2 2019	% change
Austria	3,193.7	3,283.7	–2.7
Bulgaria	1,074.9	1,044.9	2.9
Croatia	676.1	703.6	–3.9
Belarus	618.1	624.4	–1.0
Slovenia	208.4	190.4	9.4
North Macedonia	333.5	329.3	1.3
Total RGUs	6,104.7	6,176.3	–1.2

Mobile churn

in %	Q2 2020	Q2 2019	1-6 M 2020	1-6 M 2019
Austria	1.3%	1.4%	1.4%	1.4%
Bulgaria	1.5%	1.4%	1.4%	1.9%
Croatia	1.6%	1.8%	1.9%	2.3%
Belarus	1.2%	1.4%	1.2%	1.4%
Slovenia	1.1%	1.3%	1.1%	1.3%
Serbia	2.4%	2.7%	2.5%	2.7%
North Macedonia	1.9%	1.5%	1.7%	1.5%

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

in EUR million	Q2 2020	Q2 2019	% change	1-6 M 2020	1-6 M 2019	% change
Austria	258.3	249.2	3.7	497.7	496.1	0.3
Bulgaria	48.1	45.1	6.7	94.0	87.9	6.9
Croatia	34.5	34.9	-1.1	68.2	66.6	2.3
Belarus	51.6	47.8	7.9	99.7	90.4	10.3
Slovenia	14.1	15.5	-9.0	27.9	29.4	-5.0
Serbia	20.6	20.9	-1.1	40.9	39.8	2.7
North Macedonia	10.3	10.9	-5.7	20.9	22.0	-4.9
Corporate & other, eliminations	-15.3	-17.8	n.m.	-29.6	-30.8	n.m.
Total adjusted EBITDA	422.3	406.4	3.9	819.7	801.4	2.3

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

in EUR million	Q2 2020	Q2 2019	% change	1-6 M 2020	1-6 M 2019	% change
EBITDA	390.1	392.1	-0.5	770.7	766.2	0.6
FX translation effect	7.1			8.0		
One-off effects		-6.8			-6.8	
Restructuring charges	25.0	21.1		41.0	42.0	
EBITDA - excl. FX-, one off effects and restructuring charges	422.3	406.4	3.9	819.7	801.4	2.3

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

in EUR million	Q2 2020	Q2 2019	% change	1-6 M 2020	1-6 M 2019	% change
EBITDA	233.3	236.3	-1.3	456.7	462.3	-1.2
One-off effects		-8.2			-8.2	
Restructuring charges	25.0	21.1		41.0	42.0	
EBITDA excl. one off effects and restructuring charges	258.3	249.2	3.7	497.7	496.1	0.3

EBITDA after leases – adjusted for FX-, one-off effects and restructuring charges

in EUR million	Q2 2020	Q2 2019	% change	1-6 M 2020	1-6 M 2019	% change
EBITDA after leases	345.2	347.7	-0.7	681.1	678.2	0.4
FX translation effect	7.1			8.0		
One-off effects		-6.8			-6.8	
Restructuring charges	25.0	21.1		41.0	42.0	
EBITDA after leases - excl. FX-, one-off effects and restructuring charges	377.4	362.0	4.3	730.1	713.4	2.3

ARPU

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.

in EUR	Q2 2020	Q2 2019	% change	1-6 M 2020	1-6 M 2019	% change
Austria	15.4	14.5	6.2	15.5	14.5	7.2
Bulgaria	5.9	5.6	4.2	5.8	5.5	6.3
Croatia	9.9	11.0	-9.9	10.0	10.5	-4.8
Belarus	4.2	4.6	-9.6	4.4	4.4	-1.2
Slovenia	13.5	14.4	-6.5	13.4	14.2	-5.9
Serbia	7.3	7.2	0.6	7.2	7.0	3.6
North Macedonia	5.7	6.0	-5.3	5.7	5.6	0.7
Group ARPU	8.0	8.2	-1.8	8.1	8.0	0.8

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 represents interconnection transit revenues, solutions & connectivity revenues and other revenues.

in EUR	Q2 2020	Q2 2019	% change	1-6 M 2020	1-6 M 2019	% change
Austria	32.5	31.2	3.9	32.2	31.2	3.3
Bulgaria	13.4	13.3	1.1	13.4	13.2	1.8
Croatia	31.0	30.1	3.0	31.3	30.2	3.5
Belarus	5.9	5.9	0.4	6.1	5.6	8.0
Slovenia	33.2	35.3	-5.8	33.4	35.8	-6.8
Serbia	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
North Macedonia	10.8	10.8	-0.3	10.8	10.9	-0.6

ARPL-relevant revenues (in EUR million)	Q2 2020	Q2 2019	% change	1-6 M 2020	1-6 M 2019	% change
Austria	188.6	189.0	-0.2	376.6	379.6	-0.8
Bulgaria	22.2	21.5	3.2	44.3	42.6	4.0
Croatia	26.3	27.0	-2.4	53.6	54.1	-1.0
Belarus	6.8	7.4	-8.7	14.0	14.5	-3.8
Slovenia	8.5	8.2	3.9	16.9	16.3	3.4
Serbia	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
North Macedonia	5.0	4.9	1.1	10.0	9.9	1.2

Access lines (in '000)	Q2 2020	Q2 2019	% change
Austria	1,929.7	2,006.5	-3.8
Bulgaria	552.3	542.6	1.8
Croatia	281.8	298.1	-5.5
Belarus	380.9	405.3	-6.0
Slovenia	85.9	77.9	10.4
Serbia	n.a.	n.a.	n.a.
North Macedonia	153.5	152.2	0.9

Belarus Key Financials in EUR and BYN

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

in EUR million	Q2 2020	Q2 2019	% change	1-6 M 2020	1-6 M 2019	% change
Total revenues	98.3	105.2	-6.5	207.9	198.9	4.5
Total costs and expenses	-53.2	-57.4	7.3	-115.3	-108.5	-6.2
EBITDA	45.2	47.8	-5.5	92.6	90.4	2.5

in BYN million	Q2 2020	Q2 2019	% change	1-6 M 2020	1-6 M 2019	% change
Total revenues	264.5	247.4	6.9	535.1	475.8	12.5
Total costs and expenses	-143.3	-134.8	-6.3	-296.7	-259.5	-14.3
EBITDA	121.2	112.5	7.7	238.4	216.3	10.2

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 2019, pp. 74 ff.

Waiver of Review

This financial report of the A1 Telekom Austria Group contains quarterly and half-year 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 amortization 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.

Contacts

Investor Relations
Martin Stenitzer
Head of Investor Relations
Tel.: +43 (0) 50 664 23066
Email: martin.stenitzer@a1.group

Corporate Communications
Michael Höfler
Director Group Communication
Tel.: +43 (0) 50 664 30362
Email: michael.hoefler@A1.group

Condensed Consolidated Interim Financial Statements A1 Telekom Austria Group

Condensed Consolidated Statement of Comprehensive Income

in EUR million, except per share information	Q2 2020 unaudited	Q2 2019 unaudited	1-6 M 2020 unaudited	1-6 M 2019 unaudited
Service revenues (incl. other operating income)	958.9	972.8	1,926.9	1,918.7
Equipment revenues	136.7	149.8	294.8	293.3
Total revenues (incl. other operating income)	**1,095.7**	**1,122.6**	**2,221.7**	**2,212.1**
Cost of service	-322.0	-325.2	-648.8	-641.4
Cost of equipment	-134.5	-143.8	-288.9	-286.6
Selling, general & administrative expenses	-246.8	-259.1	-508.4	-512.9
Other expenses	-2.3	-2.4	-4.9	-5.0
Total cost and expenses	**-705.6**	**-730.5**	**-1,451.0**	**-1,445.9**
Earnings before interest, tax, depreciation and amortization - EBITDA	**390.1**	**392.1**	**770.7**	**766.2**
Depreciation and amortization	-197.4	-197.7	-390.0	-392.2
Depreciation of right-of-use assets	-41.1	-39.8	-81.8	-79.1
Operating income - EBIT	**151.6**	**154.6**	**299.0**	**294.8**
Interest income	0.7	1.3	2.0	2.7
Interest expense	-26.0	-26.3	-52.4	-52.4
Interest on employee benefits and restructuring and other financial items, net	5.6	-23.7	5.3	-26.9
Foreign currency exchange differences, net	4.8	2.7	-11.6	3.3
Equity interest in net income of associated companies	-11.4	-0.2	-11.4	-0.2
Financial result	**-26.3**	**-46.2**	**-68.1**	**-73.5**
Earnings before income tax - EBT	**125.3**	**108.4**	**230.8**	**221.3**
Income tax	-11.5	-38.4	-27.8	-65.4
Net result	**113.8**	**70.0**	**203.1**	**155.9**
Attributable to:				
Equity holders of the parent	113.7	69.8	202.9	155.7
Non-controlling interests	0.1	0.1	0.1	0.2
Earnings per share attributable to equity holders of the parent in euro*	**0.17**	**0.11**	**0.31**	**0.23**
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	17.3	9.9	-44.7	19.9
Realized result on hedging activities, net of tax	1.1	1.1	2.2	2.2
Items that will not be reclassified to profit or loss:				
Remeasurement of defined benefit obligations, net of tax	12.0	-4.1	3.3	-8.0
Total other comprehensive income (loss)	**30.4**	**6.9**	**-39.2**	**14.0**
Total comprehensive income (loss)	**144.3**	**76.8**	**163.9**	**169.9**
Attributable to:				
Equity holders of the parent	144.2	76.7	163.7	169.7
Non-controlling interests	0.1	0.1	0.1	0.2

* basic and diluted

Condensed Consolidated Statement of Financial Position

in EUR million	June 30, 2020 unaudited	Dec. 31, 2019 audited
ASSETS		
Current assets		
Cash and cash equivalents	141.0	140.3
Short-term investments	137.4	0.0
Accounts receivable: Subscribers, distributors and other, net	800.9	873.0
Receivables due from related parties	0.6	0.9
Inventories, net	94.3	109.3
Income tax receivable	1.9	0.5
Other current assets, net	153.5	148.5
Contract assets	101.8	124.2
	1,431.4	**1,396.8**
Assets held for sale	22.1	33.5
Total current assets	**1,453.4**	**1,430.3**
Non-current assets		
Property, plant and equipment, net	2,810.3	2,840.3
Right-of-use assets, net	907.1	942.0
Intangibles, net	1,699.8	1,784.2
Goodwill	1,275.6	1,278.8
Long-term investments	12.6	14.3
Deferred income tax assets	148.1	168.9
Other non-current assets, net	25.7	27.2
Total non-current assets	**6,879.2**	**7,055.7**
TOTAL ASSETS	**8,332.6**	**8,486.0**
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Short-term debt	0.0	-123.0
Lease liability short-term	-152.9	-152.6
Accounts payable	-791.7	-909.5
Accrued liabilities and current provisions	-229.5	-239.4
Income tax payable	-31.5	-38.8
Payables due to related parties	-0.2	-0.6
Contract liabilities	-187.4	-174.0
Total current liabilities	**-1,393.3**	**-1,637.8**
Non-current liabilities		
Long-term debt	-2,541.1	-2,539.6
Lease liability long-term	-745.4	-788.2
Deferred income tax liabilities	-4.6	-6.7
Other non-current liabilities	-51.8	-65.7
Asset retirement obligation and restructuring	-569.5	-582.0
Employee benefits	-217.7	-220.1
Total non-current liabilities	**-4,130.2**	**-4,202.3**
Stockholders' equity		
Capital stock	-1,449.3	-1,449.3
Treasury shares	7.8	7.8
Additional paid-in capital	-1,100.1	-1,100.1
Retained earnings	-994.1	-791.2
Other comprehensive income (loss) items	728.5	689.3
Equity attributable to equity holders of the parent	**-2,807.3**	**-2,643.6**
Non-controlling interests	-1.9	-2.4
Total stockholders' equity	**-2,809.2**	**-2,645.9**
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	**-8,332.6**	**-8,486.0**

Condensed Consolidated Statement of Cash Flows

in EUR million	Q2 2020 unaudited	Q2 2019 unaudited	1-6 M 2020 unaudited	1-6 M 2019 unaudited
Earnings before income tax - EBT	125.3	108.4	230.8	221.3
Non-cash and other reconciliation items:				
Depreciation	133.1	126.8	260.9	250.6
Amortization of intangible assets	64.2	70.9	129.0	141.6
Depreciation of right-of-use assets	41.1	39.8	81.8	79.1
Equity interest in net income of associated companies	11.4	0.2	11.4	0.2
Result on sale / measurement of investments	-0.6	-0.7	0.4	-1.3
Result on sale of property, plant and equipment	0.3	-7.1	1.5	-6.5
Net period cost of labor obligations and restructuring	26.6	26.6	46.3	51.2
Foreign currency exchange differences, net	-4.8	-2.7	11.6	-3.3
Interest income	-0.7	-1.3	-2.0	-2.7
Interest expense	19.5	49.1	44.1	77.3
Other adjustments	-3.8	-0.5	-1.7	-2.8
Changes in financial positions:				
Accounts receivable: Subscribers, distributors and other, net	27.4	-26.8	52.9	-30.4
Prepaid expenses	2.6	6.8	3.9	9.9
Due from related parties	-0.5	-0.3	0.3	-0.4
Inventories	18.4	8.8	13.0	15.6
Other assets	0.7	0.9	0.7	-5.4
Contract assets	12.0	7.4	22.2	14.6
Accounts payable and accrued liabilities	-57.2	-2.6	-89.1	-79.7
Due to related parties	0.5	0.3	-0.4	0.4
Contract liabilities	1.9	-0.1	13.8	16.7
Other:				
Employee benefits and restructuring paid	-26.5	-26.1	-55.7	-50.9
Interest received	0.7	1.3	2.0	2.7
Income taxes paid	-5.5	-18.2	-18.9	-29.0
Net cash flow from operating activities	**386.3**	**360.7**	**758.9**	**668.8**
Capital expenditures paid	-165.1	-257.1	-370.3	-473.2
Proceeds from sale of plant, property and equipment	2.2	9.9	5.3	11.7
Purchase of investments	-137.4	0.0	-137.5	-0.2
Proceeds from sale of investments	0.1	0.1	0.1	0.1
Sale of shares of associated companies	0.0	0.1	0.0	0.1
Net cash flow from investing activities	**-300.1**	**-246.9**	**-502.4**	**-461.5**
Interest paid	-34.8	-48.2	-44.5	-53.7
Change in short-term debt	0.8	98.5	-121.4	293.8
Repayments of short-term debt	0.0	0.0	0.0	-240.0
Dividends paid	0.0	-139.5	-0.6	-139.9
Acquisition of non-controlling interests	0.0	0.0	0.0	-0.1
Deferred consideration paid for business combinations	0.0	-3.5	0.0	-3.5
Lease principal paid	-29.8	-31.0	-85.8	-84.9
Net cash flow from financing activities	**-63.8**	**-123.7**	**-252.4**	**-228.4**
Adjustment to cash flows due to exchange rate fluctuations, net	**1.7**	**0.8**	**-3.4**	**1.5**
Net change in cash and cash equivalents	**24.1**	**-9.2**	**0.7**	**-19.5**
Cash and cash equivalents beginning of period	116.9	53.3	140.3	63.6
Cash and cash equivalents end of period	141.0	44.1	141.0	44.1

Capital Expenditures

in EUR million	Q2 2020 unaudited	Q2 2019 unaudited	change	1-6 M 2020 unaudited	1-6 M 2019 unaudited	% change
Capital expenditures paid	**165.1**	**257.1**	**-35.8%**	**370.3**	**473.2**	**-21.7%**
Reconciliation of additions in accounts payable	-13.1	7.5	-274.0%	-32.9	-43.5	-24.3%
Reconciliation of government grants	-3.1	-5.9	-46.6%	-9.6	-12.6	-24.2%
Reconciliation of right-of-use assets paid	-1.6	-2.0	-18.9%	-4.4	-2.5	73.9%
Total capital expenditures	**147.3**	**256.8**	**-42.6%**	**323.5**	**414.6**	**-22.0%**
Thereof tangible	121.3	154.5	-21.5%	267.4	278.5	-4.0%
Thereof intangible	26.0	102.3	-74.6%	56.1	136.2	-58.8%

For the decrease in capital expenditures related to intangible assets, see "Intangible Assets".
Capital expenditures include additions to intangible and tangible assets including interest capitalized, but do neither include additions related to asset retirement obligations nor additions to right-of-use assets according to IFRS 16.
In accordance with IAS 7.43, the reconciliation of additions to accounts payable includes the adjustment of capital expenditures of the current period not yet paid as well as capital expenditures of prior periods paid in the current period. The reconciliation of government grants contains grants not yet paid, which have already been deducted from capital expenditures as well as grants of prior periods paid in the current period. The reconciliation of right-of-use assets paid contains prepayments and other direct costs, which are paid before the commencement date of the lease and are reported in the cash flow from investing activities.

Condensed Consolidated Statement of Changes in Stockholders' Equity

in EUR million (unaudited)	Capital stock	Treasury shares	Additional paid-in capital	Retained earnings	Other compre-hensive items	Total	Non-controlling interests	Total stockholders' equity
At January 1, 2020	**1,449.3**	**-7.8**	**1,100.1**	**791.2**	**-689.3**	**2,643.6**	**2.4**	**2,645.9**
Net Result	0.0	0.0	0.0	202.9	0.0	202.9	0.1	203.1
Other comprehensive income (loss)	0.0	0.0	0.0	0.0	-39.2	-39.2	0.0	-39.2
Total comprehensive income (loss)	0.0	0.0	0.0	202.9	-39.2	163.7	0.1	163.9
Distribution of dividends	0.0	0.0	0.0	0.0	0.0	0.0	-0.6	-0.6
Acquisition of non-controlling interests	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
At June 30, 2020	**1,449.3**	**-7.8**	**1,100.1**	**994.1**	**-728.5**	**2,807.3**	**1.9**	**2,809.2**

in EUR million (unaudited)	Capital stock	Treasury shares	Additional paid-in capital	Retained earnings	Other compre-hensive items	Total	Non-controlling interests	Total stockholders' equity
At December 31, 2018	**1,449.3**	**-7.8**	**1,100.1**	**603.5**	**-698.3**	**2,446.8**	**2.7**	**2,449.4**
Impact of change in accounting policy	0.0	0.0	0.0	0.2	0.0	0.2	0.0	0.2
At January 1, 2019	**1,449.3**	**-7.8**	**1,100.1**	**603.6**	**-698.3**	**2,447.0**	**2.7**	**2,449.6**
Net Result	0.0	0.0	0.0	155.7	0.0	155.7	0.2	155.9
Other comprehensive income (loss)	0.0	0.0	0.0	0.0	14.0	14.0	0.0	14.0
Total comprehensive income (loss)	**0.0**	**0.0**	**0.0**	**155.7**	**14.0**	**169.7**	**0.2**	**169.9**
Distribution of dividends	0.0	0.0	0.0	-139.5	0.0	-139.5	-0.5	-139.9
Acquisition of non-controlling interests	0.0	0.0	0.0	0.0	0.0	0.0	-0.2	-0.1
At June 30, 2019	**1,449.3**	**-7.8**	**1,100.1**	**619.9**	**-684.2**	**2,477.3**	**2.2**	**2,479.5**

At June 30, 2020 and 2019, EUR 2.4 million and EUR 2.0 million of the translation reserve relate to the investment in Telecom Liechtenstein (see "Assets Held for Sale") .
For details on the initial application of IFRS 16 at January 1, 2019 , see the Note (3) "Basis of Presentation" to the Consolidated Financial Statements as of December 31, 2019.

Net Debt

in EUR million	June 30, 2020 unaudited	Dec. 31, 2019 audited
Net debt (excl. leases)		
Long-term debt	2,541.1	2,539.6
Short-term debt	0.0	123.0
Cash and cash equivalents	-141.0	-140.3
Net debt (excl. leases)	**2,400.2**	**2,522.3**
Net debt/EBITDA after leases (last 12 months)	**1.7x**	**1.8x**
EBITDA after leases (last 12 months)	1,385.6	1,382.8
Net debt (incl. leases)		
Long-term debt (incl. lease liability)	3,286.6	3,327.8
Short-term debt (incl. lease liability)	152.9	275.6
Cash and cash equivalents	-141.0	-140.3
Net debt (incl. leases)	**3,298.4**	**3,463.1**
Net debt/EBITDA (last 12 months)	**2.1x**	**2.2x**
EBITDA (last 12 months)	1,565.2	1,560.6

EBITDA after leases is defined as EBITDA plus depreciation of right-of-use assets and interest expense on lease liabilities .

Condensed Operating Segments

	1-6 M 2020								
in EUR million (unaudited)	Austria	Bulgaria	Croatia	Belarus	Slovenia	Serbia	North Macedonia	Other*	Consolidated
External revenues	1,275.2	246.1	198.2	207.9	98.0	135.2	57.4	3.6	2,221.7
Intersegmental revenues	8.3	2.9	2.2	0.0	1.3	1.5	0.5	-16.7	0.0
Total revenues (incl. OOI)	**1,283.4**	**249.0**	**200.4**	**207.9**	**99.4**	**136.7**	**57.9**	**-13.1**	**2,221.7**
Segment expenses	-826.7	-155.0	-133.3	-115.3	-71.5	-95.6	-37.1	-16.5	-1,451.0
EBITDA	**456.7**	**94.0**	**67.1**	**92.6**	**27.9**	**41.1**	**20.8**	**-29.6**	**770.7**
Depreciation and amortization	-261.1	-58.9	-50.7	-33.9	-22.2	-27.2	-15.0	-2.6	-471.7
Operating income - EBIT	**195.6**	**35.0**	**16.5**	**58.7**	**5.7**	**13.8**	**5.9**	**-32.2**	**299.0**
Interest income	0.9	0.0	0.5	0.2	0.1	0.1	0.1	0.1	2.0
Interest expense	-13.5	-1.5	-3.3	-3.9	-0.7	-1.5	-0.7	-27.3	-52.4
Other financial result	-3.0	9.3	-6.3	-5.4	0.0	0.0	-0.1	-0.9	-6.3
Equity interest in net income of associated companies	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-11.4	-11.4
Earnings before income tax - EBT	**180.0**	**42.8**	**7.4**	**49.5**	**5.1**	**12.4**	**5.1**	**-71.7**	**230.8**
Income taxes									-27.8
Net result									**203.1**
EBITDA margin	35.6%	37.7%	33.5%	44.6%	28.1%	30.0%	36.0%	n.a.	34.7%
Capital expenditures - intangible	41.2	4.8	3.0	4.0	1.0	0.5	0.8	0.9	56.1
Capital expenditures - tangible	184.9	24.4	24.7	12.0	5.9	9.6	5.2	0.7	267.4
Total capital expenditures	**226.1**	**29.2**	**27.7**	**15.9**	**6.9**	**10.2**	**6.0**	**1.5**	**323.5**

	1-6 M 2019								
in EUR million (unaudited)	Austria	Bulgaria	Croatia	Belarus	Slovenia	Serbia	North Macedonia	Other*	Consolidated
External revenues	1,293.7	221.9	205.0	199.0	100.7	128.9	59.1	3.7	2,212.1
Intersegmental revenues	11.5	4.6	3.6	-0.1	1.9	5.2	0.6	-27.2	0.0
Total revenues (incl. OOI)	**1,305.3**	**226.5**	**208.6**	**198.9**	**102.6**	**134.0**	**59.6**	**-23.5**	**2,212.1**
Segment expenses	-843.0	-138.6	-142.0	-108.5	-74.2	-94.6	-37.7	-7.3	-1,445.9
EBITDA	**462.3**	**87.9**	**66.6**	**90.4**	**28.4**	**39.4**	**22.0**	**-30.8**	**766.2**
Depreciation and amortization	-250.6	-56.7	-51.5	-46.8	-21.9	-27.5	-15.7	-0.7	-471.3
Operating income - EBIT	**211.7**	**31.2**	**15.1**	**43.6**	**6.5**	**11.9**	**6.3**	**-31.5**	**294.8**
Interest income	0.8	0.0	1.3	0.1	0.2	0.1	0.1	0.0	2.7
Interest expense	-13.8	-1.8	-3.8	-2.6	-0.9	-1.8	-1.2	-26.5	-52.4
Other financial result	-3.1	-22.2	-0.3	2.7	0.0	0.3	0.0	-0.9	-23.7
Equity interest in net income of associated companies	0.1	0.0	0.0	0.0	0.0	0.0	0.0	-0.3	-0.2
Earnings before income tax - EBT	**195.7**	**7.2**	**12.3**	**43.8**	**5.8**	**10.5**	**5.2**	**-59.2**	**221.3**
Income taxes									-65.4
Net result									**155.9**
EBITDA margin	35.4%	38.8%	31.9%	45.4%	27.7%	29.4%	36.8%	n.a.	34.6%
Capital expenditures - intangible	103.8	5.5	10.8	12.1	0.9	1.9	0.4	0.9	136.2
Capital expenditures - tangible	186.6	21.0	35.6	15.2	5.2	8.5	5.0	1.4	278.5
Total capital expenditures	**290.4**	**26.5**	**46.3**	**27.2**	**6.1**	**10.4**	**5.4**	**2.3**	**414.6**

*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 of the financial position and performance 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 December 31, 2019. The consolidated results for the interim periods are not necessarily indicative of results for the full year.

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. The significant judgements and the key sources of estimation uncertainty are the same as those described in the latest annual financial statements except for changes related to the outbreak of the coronavirus 2019 ("Covid-19") pandemic which are described in "Impacts of Covid-19". 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 December 31, 2019, except the following standards which are effective from January 1, 2020:

IFRS 3	Amendments: Definition of a Business
IAS 1 and 8	Amendments: Definition of Material
Framework	Amendments: References to the Conceptual Framework
IFRS 9, IAS 39 and IFRS 7	Amendments: Interest Rate Benchmark Reform

The amendments do not have a material impact on the condensed consolidated interim financial statements.

Impacts of Covid-19

The outbreak of the Covid-19 pandemic triggered a global economic crisis. During the lockdown period, which exceeded one month in most of the markets that A1 Telekom Austria Group operates in, the telecommunications industry provided essential communication services. Thus its business was impacted to a relatively lower extent.

Revenues and Total Cost and Expenses

Revenues remained stable with the following exceptions: There was a general decrease in roaming due to travel restrictions imposed by the governments which reduced both roaming revenues and expenses. During the lockdown period equipment sales declined as shops were partly closed. By the end of the second quarter equipment revenue reached last year's level again. Certain large customer projects were postponed. By combining the effects of decreased expenses related to Covid-19, such as reduction of commissions, advertisement, travelling and training, as well as prudent spending A1 Telekom Austria Group was able to increase its operating income (EBIT) for the first half 2020 with regard to last year's comparison period.

Bad Debt

As a result of a higher expected credit risk due to Covid-19, A1 Telekom Austria Group increased the general allowance for accounts receivable not yet due from subscribers and has augmented its close monitoring of the development of credit risk. The effect of the change in valuation allowance of EUR 5.2 million for the first half 2020 was recognized in bad debt expense in selling, general & administrative expenses.

Relief and Support Measures

In the period reported, A1 Telekom Austria Group received government assistance in the amount of EUR 0.9 million related mainly to reliefs of certain social security contributions in Slovenia.

In Austria, a new law to strengthen the economy is expected for the second half of the year 2020.

Impairment Test

Due to the outbreak of the Covid-19 pandemic, A1 Telekom Austria Group assessed if there was an indication that assets might be impaired. The analysis of external sources, such as the market capitalization, market rates of return on investments, the market development and the legal environment showed temporary adverse effects and are expected to be rather balanced in the long run. Even though Covid-19 caused an economic downturn, the telecommunications industry is expected to be quite resilient as many countries intend to focus their investments on digitalization due to the lockdown experience. The analyses of internal sources indicate that the economic performance expected, net future cash flows and business models are expected to be stable due to the crises-proof demand for reliable connectivity. Based on these assumptions and updated weighted average costs of capital (WACCs) the values in use of the cash-generating units exceed the carrying values, therefore there is no need for an impairment.

Revenues

The following table shows disaggregated revenues per product line and segment:

	1-6 M 2020								
in EUR million (unaudited)	Austria	Bulgaria	Croatia	Belarus	Slovenia	Serbia	North Macedonia	Other*	Consolidated
Mobile service revenues	469.8	133.1	111.5	127.5	56.4	99.3	36.6	-3.8	1,030.3
Fixed-line service revenues	681.8	64.7	62.9	23.1	20.4	4.4	11.5	-9.8	859.0
Service revenues	**1,151.6**	**197.7**	**174.4**	**150.6**	**76.8**	**103.7**	**48.1**	**-13.6**	**1,889.3**
Mobile equipment revenues	95.4	47.2	22.9	38.5	19.6	31.4	9.2	0.0	264.2
Fixed-line equipment revenues	14.4	1.9	0.8	11.5	1.3	0.0	0.3	0.4	30.5
Equipment revenues	**109.8**	**49.0**	**23.8**	**50.0**	**20.9**	**31.4**	**9.6**	**0.3**	**294.8**
Other operating income	**22.1**	**2.2**	**2.3**	**7.3**	**1.7**	**1.7**	**0.3**	**0.1**	**37.6**
Total revenues (incl. OOI)	**1,283.4**	**249.0**	**200.4**	**207.9**	**99.4**	**136.7**	**57.9**	**-13.1**	**2,221.7**

	1-6 M 2019								
in EUR million (unaudited)	Austria	Bulgaria	Croatia	Belarus	Slovenia	Serbia	North Macedonia	Other*	Consolidated
Mobile service revenues	460.8	126.3	113.6	128.7	59.6	93.3	36.6	-8.7	1,010.1
Fixed-line service revenues	693.0	56.6	63.3	22.6	18.9	5.0	12.3	-13.7	858.0
Service revenues	**1,153.8**	**182.9**	**177.0**	**151.2**	**78.4**	**98.3**	**48.9**	**-22.4**	**1,868.1**
Mobile equipment revenues	100.6	39.0	27.4	40.2	22.5	34.3	9.6	0.0	273.6
Fixed-line equipment revenues	16.9	1.7	0.9	0.1	0.1	0.0	0.3	-0.3	19.7
Equipment revenues	**117.6**	**40.7**	**28.3**	**40.3**	**22.6**	**34.3**	**9.9**	**-0.3**	**293.3**
Other operating income	**33.9**	**2.9**	**3.3**	**7.4**	**1.6**	**1.4**	**0.9**	**-0.9**	**50.6**
Total revenues (incl. OOI)	**1,305.3**	**226.5**	**208.6**	**198.9**	**102.6**	**134.0**	**59.6**	**-23.5**	**2,212.1**

*Other includes: Corporate, Other & Eliminations

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	1-6 M 2020	1-6 M 2019
Write-down/ reversals of write-down of inventories	-1.4	-0.1
Employee expenses, including benefits and taxes	-467.1	-474.3

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

Investments

The following table provides the classification of long- and short-term investments:

in EUR million	June 30, 2020 unaudited	Dec. 31, 2019 audited
Equity instruments at fair value through profit or loss - mandatory	5.4	6.8
Debt instruments at fair value through other comprehensive income - mandatory	2.5	2.6
Debt instruments at fair value through profit or loss - mandatory	1.4	1.7
Investments at amortized cost	140.6	3.3
Investments	**150.0**	**14.3**

The increase in investments at amortized cost is due to new fixed-term deposits which are recognized in short-term investments.

Assets Held for Sale

In June 2020, an agreement on the final sales price of A1 Telekom Austria Group's stake of 24.9% in Telecom Liechtenstein was reached. At December 31, 2019, this investment in associates, accounted for according to the equity method for the last time, was reported in assets held for sale in the segment Corporate & Other. At June 30, 2020, the asset held for sale was measured at fair value and the resulting loss of EUR 11.4 million was recognized in equity interest in net income of associated companies. The final sale took place on July 21, 2020.

Intangible Assets

In the first half of 2019, A1 Telekom Austria Group acquired a 3.5 GHz band spectrum in Austria for EUR 64.3 million, which was used for the new 5G network and capacity expansions of the existing mobile network. Furthermore, spectrum was acquired in Belarus for EUR 9.5 million (2.1 GHz band) and in Croatia for EUR 7.2 million (2.1 GHz band).

Debt

In June 2020, A1 Telekom Austria Group entered into a bilateral credit facility with a total volume of EUR 100 million and a term until June 2021, which was not utilized at June 30, 2020.

In the first half 2020, the multi-currency notes in the amount of EUR 123.0 million were redeemed.

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 disclosed in the following table:

in EUR million	June 30, 2020 unaudited	Dec. 31, 2019 audited
Restructuring and social plans	400.0	410.4
Civil servants transferred to the government	8.6	9.7
Total restructuring	**408.6**	**420.0**

In the first half of 2020, the reduction of the provision for restructuring due to usage and the effect of changes in estimates for discount rates was mainly offset by additions due to new social plans. The following table sets forth the discount rates applied at June 30, 2020:

Discount rate	June 30, 2020	Dec. 31, 2019
Restructuring		
Employees permanently leaving the service process	1.00%	0.75%
Social plans	1.00%	0.50%
Civil servants transferred to the government	1.00%	0.75%
Employee benefit obligations		
Service awards	1.00%	0.75%
Severance	1.50%	1.25%
Pensions	1.25%	1.00%

The change in discount rates led to a decrease in the provisions for severance and pensions of EUR 5.3 million, which was recognized in other comprehensive income, and to a decrease in the provision for service awards of EUR 0.8 million, which was recognized in employee expenses.

In the first half of 2020, the parameters used for calculating the asset retirement obligation were adjusted to current market expectations in each operative segment and are summarized in the following table:

	June 30, 2020	Dec. 31, 2019
Discount rate	0.5% - 8.5%	0.5%-8.5%
Inflation rate	1.5% - 4.5%	1.5%-4.5%

The parameters changed in the different segments within the unchanged ranges indicated above resulting in a decrease in the provision in the amount of EUR 4.1 million. Thereof EUR 2.8 million led to a decrease of the underlying assets and EUR 1.3 million were recognized in other operating income as the related assets are already fully depreciated.

Income Taxes

	1-6 M 2020	1-6 M 2019
Effective income tax rate	12.0%	29.6%

in EUR million	June 30, 2020	Dec. 31, 2019
Net deferred taxes	143.5	162.3

The decrease in the effective income tax rate is essentially due to the below mentioned effects following the Supreme Court decisions after a tax audit in Bulgaria.

In 2018, A1 Bulgaria received the tax assessments for a tax audit covering the years 2010 to 2012, which did not accept brand name and customer base to be tax deductible and imposed related interest on taxes. An appeal was filed against these tax assessments as the Supreme Court decided in favor of A1 Bulgaria regarding the amortization of customer base for the years 2007 to 2009. However, in April 2019, the Supreme Court decided for the year 2010 that the amortization of both brand name and customer base was not tax deductible. In February 2020, the Supreme Court decided conclusively for the year 2012 that the amortization of the customer base was tax deductible. In June 2020, the Supreme Court decided for the year 2011 that the amortization of both brand name and customer base was tax deductible. Thus the accrual for tax and interest related to the customer base for the years 2011 and 2012 and to the brand name for the year 2011 was released. The amount of EUR 15.4 million related to the tax benefit for prior periods was recognized in income taxes and the amount of EUR 9.4 million related to the reversal of accrued interest was recognized in interest expense.

Stockholders' Equity

In June 2019, A1 Telekom Austria Group paid dividends to its shareholders in the amount of EUR 139.5 million (0.21 euro per share). For safety reasons related to the Covid-19 pandemic, the Annual General Meeting 2020 was postponed to September 24, 2020. The Management Board plans to propose to the shareholders to distribute a dividend of euro 0.23 per share.

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 tables show the classification as well as the carrying amounts and fair values of financial assets and financial liabilities (debt) including information on their hierarchy level. Fair values are not disclosed in case the carrying amount is a reasonable approximation of the fair value:

	June 30, 2020		Dec. 31, 2019	
in EUR million	Carrying amount unaudited	Fair value unaudited	Carrying amount audited	Fair value audited
Cash and cash equivalents	141.0	n.a.*	140.3	n.a.*
Accounts receivable: Subscribers, distributors and other	800.9	n.a.*	873.0	n.a.*
Receivables due from related parties	0.6	n.a.*	0.9	n.a.*
Other current financial assets	5.3	n.a.*	5.6	n.a.*
Other non-current financial assets	17.4	n.a.*	18.1	n.a.*
Investments at amortized cost	140.6	n.a.*	3.3	n.a.*
Financial assets at amortized cost	**1,105.9**	**n.a.***	**1,041.2**	**n.a.***
Equity instruments at fair value through profit or loss - mandatory	5.4	5.4	6.8	6.8
Debt instruments at fair value through other comprehensive income - mandatory	2.5	2.5	2.6	2.6
Debt instruments at fair value through profit or loss - mandatory	1.4	1.4	1.7	1.7
Investments at fair value	**9.4**	**9.4**	**11.0**	**11.0**

* Not applicable as the practical expedient of IFRS 7.29 (a) was applied.

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

in EUR million	June 30, 2020 Carrying amount unaudited	Fair value unaudited	Dec. 31, 2019 Carrying amount audited	Fair value audited
Bonds	2,541.1	2,720.6	2,539.6	2,748.8
Multi-currency notes	0.0	0.0	123.0	123.0
Accounts payable - trade	572.2	n.a.*	707.0	n.a.*
Accrued interest	37.3	n.a.*	41.3	n.a.*
Payables due to related parties	0.2	n.a.*	0.6	n.a.*
Other current financial liabilities	28.2	n.a.*	37.1	n.a.*
Other non-current financial liabilities	48.8	50.1	62.5	62.5
Financial liabilities at amortized cost	3,227.9	n.a.*	3,511.0	n.a.*
Lease liability	898.3	n.a.*	940.8	n.a.*

* Not applicable as the practical expedients of IFRS 7.29 (a) respectively IFRS 7.29 (d) for lease obligations were applied.

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.

The fair values of the multi-currency notes are measured at the present values of the cash flows associated with the debt, based on the applicable yield curve and credit spread curve for specific currencies, and are thus classified as Level 2 of the fair value hierarchy.

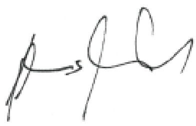
The fair values of the other non-current financial liabilities are measured at the present values of the cash flows, discounted based on current interest rates, and are thus classified as Level 2 of the fair value hierarchy.

Subsequent Events

On July 9, 2020, A1 Telekom Austria Group acquired 100% in STUDIO PROTEUS, d.o.o., Postojna ("Studio Proteus") via its Slovenian subsidiary A1 Slovenija. Studio Proteus, a provider of telecommunication services and cable TV in Slovenia, will be reported in the segment Slovenia.

On July 17, 2020, A1 Telekom Austria Group acquired an additional stake of 31% in Invenium Data Insights GmbH, Graz ("Invenium") and now holds in total 51% in Invenium, which provides movement analyses based on big data and will be reported in the segment Austria. The agreement also includes a put-option of the minority shareholders for the remaining 49%, exercisable for the first time on September 1, 2023, with a variable price depending on certain performance indicators of the company.

Vienna, July 21, 2020
The Management Board



CEO Thomas Arnoldner

COO Alejandro Plater

CFO Siegfried Mayrhofer

Statement of All Legal Representatives

Declaration of the Management Board according to §125 Para 1 Stock Exchange Act

We confirm to the best of our knowledge that the condensed interim financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the group as required by the International Financial Reporting Standards (IFRS) and that the group management report gives a true and fair view of important events that have occurred during the first six months of the financial year and their impact on the condensed interim financial statements and of the principal risks and uncertainties for the remaining six months of the financial year and of the major related party transactions to be disclosed.

Vienna, July 21, 2020
The Management Board

CEO Thomas Arnoldner

COO Alejandro Plater

CFO Siegfried Mayrhofer