

Telekom Austria Group
Results for the 1st quarter of 2026
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Transcript

Speakers:

Alejandro Plater

Thomas Arnoldner

Sonja Wallner

Susanne Aglas-Reindl

Susanne Aglas-Reindl

Thank you and thanks everybody for joining our Q1 Results Call. I am here with our CEO, Alejandro Plater; our Deputy CEO, Thomas Arnoldner; and our CFO, Sonja Wallner. As usual, they will lead you through the presentation now and we are happy to start the Q&A session afterwards. Thank you.

Alejandro Plater

Thank you very much for joining our call and good morning to all of you. We will go through the results of the first quarter of 2026, starting with the highlights. As you see, our revenues grew almost 4% to EUR1.366 billion in the quarter.

Capex went down 26% versus previous year. That is primarily driven by a lower speed in capex allocation, so I think we will catch up the rest of the year with our capex. The beginning of the year was a little bit slow in some of the countries. That is why you see a lower capex.

EBITDA went up 4.6% to EUR500 million and we had a very good performance on cash flow going up 53.5% to EUR235 million driven partially due to a lower capex allocation, or slower capex allocation to be more precise, and also because of better operational performance.

We have been building a little bit of inventory in some products because of this memory issue that probably you have seen that some memory components have increased price dramatically, so we have built a little bit of inventory or we are planning to build a little bit of inventory to counter-attack that effect.

Our growth was mainly driven by our CEE or international operations where service revenue grew by 11.5%. I think this has been the best quarter in CEE for quite a while, I think if I remember from the top of my head, with double-digit growth and very good performance in all markets from Macedonia to Bulgaria. Everybody delivering very nice growth in EBITDA and in service revenues.

We have created an operation in Dubai. We see some opportunities in Dubai. We are planning to create some kind of logistics center for some components as well as expanding our international business. In terms of group impact, this is going to be minimal, so don't expect a huge operation coming from Dubai. It is more opportunistic in terms of volume.

We have also managed to prolong the spectrum in Austria, the 2.6 spectrum at a very reasonable price of EUR11 million and with this, we are finished with the spectrum this year if I remember correctly, so we have nothing more on

the pipeline, only the second payment in Serbia, the one that we won last year.

On the outlook, we are still committed to our revenue growth of 2% to 3% and also to our capex envelope of 750 million, excluding spectrum. If we move to customer development, which is the most important KPI for us to be honest, on the left side you see our postpaid subscriptions development.

Internet@Home postpaid subscription development, which includes the traditional broadband fixed Internet plus what we call the Cubes or fixed-mobile substitution solutions, which are very important and an engine of growth for us in our region. So you see in Austria, all the customers that we lost in broadband, 45,000, were fully compensated by moving customers to Cubes, 54,000 positive net adds in Cubes. This is something that we are doing proactively.

So when we have a customer with bad DSL and with no alternative infrastructure, we migrate them to Cubes to reduce churn and also to try to find uplifts in RPLs. On the international business, we managed to grow in both segments, so you see 131,000 net adds in broadband, which is in line with what we were planning, and 95,000 FMS or Cubes in the same quarter, so we see a good distribution between Cubes and fiber.

And this is interesting because when you look at our fiber networks in the international business, it is roughly 40% to 50% of home passes. In the rest of the country, we don't have fixed infrastructure, so we rely on Cubes and so on to address those markets pretty successfully, I would say.

On the mobile core postpaid, also we are having a very good performance in Austria. We are very proud of what the team is achieving there in terms of net adds in postpaid in a very competitive market. You will see, Thomas will share with us later a little bit the distribution of high-value and low-value of these customers.

So we have 47,000 positive net adds in Austria and 250,000 almost positive net adds in the international business. So very good development on customers. I will hand over to Sonja now to give us more color on the financial and numbers in the first quarter.

Sonja Wallner

Thank you, Alejandro. Hello also from my side. Now a little bit more details on the financial Q1 2026. As Alejandro mentioned already, we achieved 1.37 billion total revenues and you see the distribution that the growth of 3.9% on group level is heavily driven by our CEE markets and

unfortunately with still under pressure the total revenues and the service revenues in Austria.

But on one hand side, equipment revenue that is supported also our ICT growth is growing in Austria and also in the CEE countries as we see. On the service revenue, as already mentioned, the growth is coming from the mobile and the ICT business, you will see later on in a little bit more detail, and the countries supporting this growth in the CEE are on the first hand side Bulgaria, followed by Belarus and Serbia.

Austria still seeing a challenging market environment on the core and also on the new business. EBITDA, we achieved 500 million in the first quarter and we did not have any substantial non-operative one-timers and there you see our growth of 4.6% on group level also driven by the growth engine in the CEE countries and that could over-compensate the decline in Austria.

Now going to the next page on the service revenues. You see here that we were able to grow our service revenues by 3.2% and as also in the past quarters, you see the really good increase in solution connectivity where we report our ICT growing business there. The second most important pillar is the mobile core business that we were able to grow especially in the CEE countries by value-protecting measures and by cross and up-selling that we were able to do.

On the broadband and TV, we see a differentiated picture with still suffering in the Austrian market and really substantial growth in all our CEE countries driven by broadband and TV. One of our fading away core business is the fixed voice, this is still decreasing quarter-over-quarter, but hopefully reducing over time substantially. All in all you see reaching 1.13 billion service revenues in the quarter in the group level.

Next page we go a little bit deeper into the EBITDA. You see that we reached 500 million in the first quarter, growing 4.6% as said before. And you again see the growth in the mobile and in the other where you see solution connectivity and the ICT business. And a better performance on the equipment margin that is distributed evenly over all our business segments.

Going to the opex, we still focus a lot on our transformation initiative, on our cost optimizing initiative. And we can say that the increase in costs is primarily driven by the different segmentation of our revenues driven by the ICT, by licenses. And the other opex that we were able to reduce

substantially. And just to focus our structuring activities at total workforce costs in Austria declined by more than 4% in the last quarter.

Having said this, I will continue with the cash flow where you see that we showed a substantial growth of 82 million in the first quarter. It's very simple better operational result but driving the first step was taken as Alejandro pointed out before we were a little bit slower in deploying capex is the second driver. And something that in operational terms we were able to manage quite well the working capital. But we initiated to cover the chip crisis.

And the ICT equipment on stock, therefore the working capital showed more or less unchanged results. Having said that, I would hand over to Thomas for the focus topics.

Thomas Arnoldner

Thank you very much Sonja. As announced by Alejandro earlier, we want to give you a little bit more transparency on what is going in the Austrian market. Especially in the Austrian mobile market where you know, the competition is very intense. But we want to point attention to the fact that competition is most intense in what we call the low-value segment.

In the market as you are probably aware we have three operators with their own networks, but on top of that a very large number of MVNOs and resellers, more than 30 today. And with additional entrants in the low-value segment, a new MVNO driven down by the Austrian Post, which is a new low-value brand by Hutchison 3. In total these MVNOs and resellers represent today roughly 18% of the total subscribers in terms of service in Austria.

We think of the mobile core segment, so this is the voice segment excluding mobile broadband. And actually in terms of a high-value and a low-value segment. And what we want to your attention point your attention to is that the market split between the high-level segment and the low-value segment is remaining over time actually pretty stable.

The market is split in round about 58% in high-value, 42% in low-value and as you can see on the pie chart the high-value share in the market is actually slightly increasing over time. And for us the subscriber mix looks roughly similar with a slightly higher share in the high-value. But what is very important is that the value mix is very different because 80% of our service revenues in the mobile core market is coming from the high-value segment.

Whereas only the minority is coming from this highly competitive low-value segment. And we are actually even improving the mix over time. Our high-value subscriber base increased by round about 2% in the last two years. And at least according to our internal data we assume that our market share in this segment is roughly stable. And again this matters because the high-value market drives the majority of our service revenue. So protecting and growing this segment is our key focus area here.

Now if we move to the next page, something I think we can really be proud of, looking into the growth coming from our international markets. If we go back a little bit in history 10 years ago and more. Some of these markets were in really bad shape. Now if you look at them today and over the past year our international operations have really been the key growth engine for the group with an revenue CAGR of around 8% over the past years since 2021.

You see on the slide, and with an EBITDA CAGR of even more of 10%. And as a result now CEE represents more than half of the group revenues 52% to be exact at the moment which is an increase of 7 percentage points since 2021. And the reasons for this strong performance next to I think extremely competent management teams we have in these markets is, for sure the expansion of our technology platforms, especially the expansion of our fixed and fiber footprint, driven by some M&A activity primarily between 2015 and 2020.

But of course most of it continuous of our own fiber expansion as well as collaboration with existing players in these markets. And just to give you one data point here in Bulgaria our RGU fixed market share improved from 18% just 5 years ago to 27% in 2025. Another growth engine and this is supported by our fixed platform is the growth in ICT services.

So we see continued growth actually along all the three segments, mobile, fixed-line in the ICT services, which allows us also to be in the market with strong convergent positioning. And in combination with our strict cost control you see this significant increase of EBITDA over the past years which also results in improved EBITDA margins over the years which have improved by round about 25 percentage points to now more than 38% in our international markets and we remain optimistic on these markets also in the future.

Part of that optimism is coming from the GDP growth expectations in the markets where the majority of the

market is above projected to grow above the Euro area, but also because of our own investments in the network, the further leveraging of the converged platform and the rising demand for data and ICT services in these markets as some of these markets are still catching up versus more mature markets.

And now last and finally very briefly to the outlook Alejandro also mentioned it on the first slide. We again confirm our guidance for 2026 with 2% to 3% growth in revenues and capex pre-spectrum of around EUR750 million. With that, thank you very much and handing back to Susanne and opening the floor for questions.

Susanne Aglas-Reindl

Thank you. Everybody, we are now open to take your questions.

Operator

We will now begin the question-and-answer session. Anyone who wishes to ask a question may press star and one on the telephone. You will hear a tone to confirm that you have entered the queue. If you wish to remove yourself from the question queue you may press star and two. Questioners on the phone are requested to disable the loudspeaker mode while asking a question. Anyone who has a question may press star and one at this time.

Our first question comes from John Karidis from Deutsche Bank. Please go ahead.

John Karidis

Thanks. I'll take them one at a time. Firstly, could you expand on the different reasons why revenue growth will decelerate from 4% in the first quarter to average 2% to 3% in the full year?

Alejandro Plater

Well, of course, we always discuss these things and you know we are happy to have a run rate that is a little bit ahead of what we expect for full year. Sometimes it is so difficult to plan these quarter by quarter that of course we are optimistic that we started the year very solid, but you have to keep in mind that ICT is growing very, very fast.

And ICT sometimes you have very good quarters, sometimes you have a little bit weaker quarters because it's not as recurring as the connectivity business. So maybe we manage to keep on winning contracts the rest of the year and we will have a positive surprise in terms of guidance, or the market will get a little bit tough in terms of ICT contracts.

Let me give you an example, we part of our ICT business is with governments, right? And in order to win these contracts, we need a government that is in place because

otherwise the governments are not issuing contracts and purchase orders, etc.

There is a lot of political volatility in Bulgaria, there was elections last year, they had I think nine elections in eight years or something like that, so it's very volatile and we were a little bit concerned when we did the guidance what would happen with our ICT business growth if there is not an operational government in Bulgaria and some of these projects are not being awarded.

So that's one reason why we were a little bit more careful when we put the guidance. Let's see what happens. Now the elections were last weekend. We are not very optimistic that there's going to be an ability to form a government, let's say too hard to say. The other thing that you need to consider is Belarus and currency, of course, which is also something that is very difficult to predict.

We had some estimations in terms of devaluation of the currency. So far we have not seen any big fluctuations in the currency, but you know it's very difficult for us to predict what is going to happen until the end of the year. Thirdly, we are very looking forward to the Austrian economy to recover a little bit.

We don't see that to be honest. Every month that passes we see more a weaker economy with a slightly higher inflation than a stronger economy with a lower inflation. So these are the three arguments that we are thinking that could be that we reach 3% growth and we cannot keep this run rate.

John Karidis

Thank you very much. And secondly, how much of group cash and equivalents remains in Belarus at the end of March 2026? And could you separately update us on efforts to start upstreaming cash from there?

Sonja Wallner

Let me take this question. We have approximately 20% of our reported cash in cash equivalents blocked in Belarus and as we are opening operations in Dubai that could be our support to get dividends flowing again.

Alejandro Plater

We expect to do the first dividend resolution very soon, that we can tell you.

John Karidis

Thank you very much.

Operator

The next question comes from Rohit Modi from Citi. Please go ahead.

Rohit Modi

Hi, thank you for taking my questions. I have a couple please. Firstly, just in general trying to understand the capacity situation in Austria given, you know, the relevance

and the traction you've been getting on the Net Cube products, FWA products versus fiber or broadband. How long do you think the capacity support could be there with the Net Cube and FWA and when you think it's going to be see more traction coming back to the fiber products?

Second question, if you can give us a bit of a clarity if you see any impact on the energy prices in in the medium term and do you have any kind of hedging place already in place?

And lastly, just trying to understand your balance sheet situation. You are now on a net cash position after the leases. I mean how do you look at, do you see any kind of releveraging opportunities given the cost of debt that you have or you think there is a scope for change in your shareholder return policy? Thank you.

Alejandro Plater

So, we actually don't see any issues with the network capacity and FMS or Cubes in the coming years too to be honest. I don't want to give you a particularly number, but I don't see zero risk. You know we still have a lot of sites where we don't have C-band for example.

Now we are doing an accelerating C-band rollout in Austria because we see that demand for Cubes is very strong and we want to provide a very good quality of service. We still have a lot of 4G Cubes that we want to migrate to 5G Cubes in Austria that will help a lot to offload traffic in the 4G network which is more used today into a 5G network that is used very little to be honest.

And we still have a lot of sites to roll out in C-band which will add a lot of capacity to the network. So, I don't see that topic at all. I don't see traffic in Cubes growing a lot. The average consumption of a Cube in Austria is 250 Gigabits. This can go up easily, it is not a problem, so I don't see.

To be honest, if there is no change in the regulatory environment in Austria, I see that more Cubes in the market, less fiber, less DSL. So, we will probably accelerate the migration from low DSL to more Cubes. We don't see a case to invest in fiber in Austria unfortunately unless there are substantial changes in the regulatory framework.

Rollout of fiber is not a lot, the penetration of the networks is very bad and the cost to rollout is very high. So, unless regulators and stakeholders realize that there has to be substantial changes in the market in order to make a more pro-fiber investment market we see actually our direction moving even more into Cubes.

On the energy, yes, we are hedging. I don't want to share exactly how much we are hedging. The impact of these oil prices and energy prices in Q2 is minimal, to be honest. We are talking about single million euros because we had hedged already most of our consumption in Q2.

Q3 and Q4 we hedged less because we think that we would need to wait a little bit not to sign contracts today with high prices. We expect that electricity prices will normalize more at the end of the year, so we are less hedged at the end of the year. We are very much hedged in Q2 already. And the third question was?

Rohit Modi

Cash distribution?

Alejandro Plater

Yes, I think we stick with our policy. I mean we want to increase dividends following the performance of the company, so that's what we announced last time. We see that our dividend yields it's, you know, very competitive versus peers. So, before we were coming from behind so we had to do some catch up.

Now we feel more confident that our distribution is reasonable. We want to keep our financial flexibility if M&A opportunity arises. We need to be patient to find a good opportunity. You see that our performance in the East is I think it's spectacular, so of course if there are more opportunities that are at the price that we are willing to pay, we will try to do more, but we want to keep this financial flexibility, so I would not expect any big changes in our distribution policy.

Rohit Modi

Sorry just one follow up on the financial flexibility you mentioned and I remember there is a policy there was a strategy around M&A and expanding the footprint. Is that something that's still in place and you're still looking, so there's like you can use this flexibility for that?

Alejandro Plater

We are always looking for opportunities, but there has to be the right opportunity. Today we don't see any concrete case either because the investors that are willing to deinvest they have a price expectation that we are not willing to pay.

So, and when we look at cases in the past in the region, valuations were at a level that we are not willing to get engaged. So, we are we can be patient, we are not in a hurry to do an acquisition.

Rohit Modi

Thank you so much.

Operator

The next question comes from Ajay Soni from JPMorgan. Please go ahead.

Ajay Soni

Hi guys, thanks for taking my questions. I've got three. So, the first is around the service revenue decline within Austria so it's been 4% to 5% decline the last few quarters. And just looking at the slide you have on sorry the graph you have on Slide 6 where you do it for the group of service revenue.

I'm just wondering how would those segments look for Austria alone in terms of, you know, mobile core, cubes, fixed broadband and TV, you know, would those mostly be in decline, are there any other positive movers within that?

My second question is that if we look at your service revenue decline and you've obviously highlighted mobile as being an issue, your mobile business is probably in decline but you've talked about your mobile core base increasing, which would signal that ARPUs are declining quite materially.

Is this a fair assumption and then how would those ARPU trends look within the high-value segment versus the low-value segment that you guys have called out in this presentation?

And then the last one is just around the fixed market. So obviously you've called out the mobile market competitive environment, so how does the same how does the competitive environment look within the fixed market? Are you seeing similar pressures? Are you seeing prices going down? What can you tell us on subscriber trends? That'd be really helpful. Thank you.

Alejandro Plater

Well, I mean there is a lot to say in those three questions in one, no, but you know what we can share is what we think of how do we see the market. So, we are very dominant in the B2B segment, so we have high market share in in B2B segment.

And of course, with a very weak economy, and I think we have been facing a very weak economy now this will be the fourth year with almost no growth in GDP. Of course, you see companies that are looking at their cost and they're trying to adjust their cost. And our strategy is not to lose customers in the corporate segment and this adjustment is has different views.

One is some corporates just trying to lower the cost and doing RFP and that the usual battle. The second one is some corporates cancelling SIM cards because they have less employees, so that we see also in the B2B segment.

And there are other things that they are optimizing roaming charges, all those kinds of things, SIM cards that maybe

there were in corporations but they were not allocated to employees that now they're fine-tuning all of benefits that they were giving to employees after COVID when they moved to work from home and they were giving certain benefits and now companies are removing all these benefits. So, this we see in the corporate segment.

And I think unless the economy recovers, we will continue to see that. We have a clear strategy we don't lose customers. I think we -- in order to stay relevant for customers we need to also be flexible commercially while companies goes through these downturns. So that's what we're focusing a lot.

We have seen a little bit less aggressiveness from competitors lately in RFPs and all those things. Let's see if this stays. Then you have the mobile market residential segment and then you have the two big blocks. So one is the high-value segment where Thomas show you that in terms of customers, gross adds, the pay-per-view measure it's very stable in quantities. And for us it's the core business because it's 80% of our business is coming from revenues is coming from this.

What I see is Hutchison less present in this segment, which is going to the third part of your question. I think they probably this is my reading, they are struggling to catch up with Magenta and with A1 in terms of subsidy levels, distribution networks and advertisement, these three components where we invest a lot.

We have opened 13 new shops in the last couple of months. So we are still investing a lot in these three areas to protect the value of the high-value segment, better distribution, brand value, advertisement and subsidies. I don't think that that Hutchison maybe they cannot follow the other two players in those three areas because they have been losing market share in all segments.

I think because of that they try to reposition a more clear low-value proposition. That's why they launched Hörbi, I think to be more present in that segment trying to protect whatever is left of high-value in Hutchison because there is a lot of movement in low-value, which takes me to the third part of your question, which is the low-value segment.

We see a lot of players in the low-value. I think there is a lot of cannibalization between the low-value. We don't see a lot of contamination on high-value yet, but we need to be very alerted that this has to remain like this. So now Hörbi was out for a couple of weeks, now is out, then it was

Yess, so it's like they're taking turns to be in the market somehow.

My only concern is that if this value proposition starts to contaminate the B2B segment. That's my concern, because people that are working in procurement in the B2B segment or customers they go through Vienna and they see the ads of these low-value players and then they go back and check how much they charge or they pay us. So that's a risk that that we see.

Fixed, I mean we have something that is unique to us that Sonja mentioned, which is the decline of fixed voice, and this is almost unique to A1, nobody else have a significant fixed voice revenues and this will continue. I mean we have done a lot of commercial tactics to try to slow down the decline, but this will continue the decline, it's decline in subscriptions, it's decline in minutes of use.

The other fixed, I think you cannot look at fixed broadband without considering Cubes. We estimate that 38% of households in Austria are connected with Cubes. That doesn't exist anywhere in the world as far as I know, and that is deteriorating a lot the value of the fiber proposition. So we are not being successful in charging a premium for fiber nor our competitors.

So I think the mobile network slash the Cubes are destroying a lot of value in the fiber business, that's true. That's why we're very careful with the rollout of fiber. And I think with that I cover almost everything that you asked I think into one...

Ajay Soni

Great. Thank you. Thank you very much. Can I just ask you so directly on the high-value segment of mobile? How are your ARPU trends within that high-value segment only within Austria?

Alejandro Plater

ARPU in high-value is going down in line with service revenues more or less.

Ajay Soni

Okay. Thank you very much.

Operator

The next question comes from Nora Varga-Nagy from Erste Group. Please go ahead.

Nora Varga-Nagy

Hi, thank you very much for the presentation. Three questions from my side, please. Firstly on operative ARPU, we saw a slight increase year-over-year in Q1 after previous quarters' negative development. Is this a change in trend and can we expect to have improving ARPU going forward?

Secondly, only a short question about the expected spectrum allocation in Slovenia this year, if this is still in your plan? And then thirdly on the restructuring charges which were flat year-over-year in Q1 and shall we expect these charges to remain high in the coming quarters as well? Thank you.

Alejandro Plater

I'll take the first one then you take the second and third. So on the ARPU growth, I mean in Austria of course there is no ARPU growth, evidently. In the rest of the market yes, you see mostly ARPU growth and these are driving partially by indexation. So we have done indexation plus price increases in Slovenia and Croatia. Those are the two countries where we can do indexation plus price increases.

In some other countries we have been more careful for competitive reasons to do price increases, especially or indexation I would say, especially Bulgaria because I think the guys the team is doing very well in upselling the base and that is reflecting in ARPU growth, so we don't need to do so much indexation or price increases.

In Macedonia we cannot do indexation because of regulatory constraints, but we are working a lot with how we set up the portfolio to show ARPU increases. So basically in the Eastern European countries we see ARPU increases all over the place, combination of indexation, commercial strategies and some price increases and in Austria we see a decline. You want to take the Slovenia one?

Thomas Arnoldner

Can you repeat the question on Slovenia because we are not sure we did not hear it well.

Alejandro Plater

Yes, I think you mentioned that you think that we are going to have some spectrum auction in Slovenia which we don't expect to have any spectrum auction in Slovenia if that's the question.

Nora Varga-Nagy

Exactly, because in the Q4 call if I remember correctly you mentioned Austria and Slovenia as the countries for expected spectrum allocations this year?

Thomas Arnoldner

Yeah, we have no updated information on this at the moment we don't expect something, but we will keep you posted.

Nora Varga-Nagy

Okay, thank you.

Sonja Wallner

Then I take over the third question with restructuring charges. As especially in Austria, but in the entire group we still have to transform our operations and with the high salaries in Austria we keep on restructuring because of

transformation also on AI, but also on our structure that we presented in one of our last calls, this competency centers where we have cross OpCo teams supporting all of our operations.

Nora Varga-Nagy

Okay. Thank you very much.

Operator

As a reminder, if you wish to register for a question, please press star followed by one. The next question comes from Bojan Djurickovic from ODDO BHF. Please go ahead.

Bojan Djurickovic

Thank you. Just two from my side. On restructuring, can you give us a number of employees that have been in the restructuring program in 2025? So by how many FTEs did you reduce your workforce and what's the plan for the years going forward?

Would you stay at that number or can you give us like a two to three years picture and direction? And the second question is on the new entity in the Middle East. What's the idea for the entity to be operationally doing? You mentioned the hub for the equipment and international wholesale business. Could you clarify a bit what you're planning to do there? Thank you.

Alejandro Plater

Yes, of course. On the headcount roughly during 2025 we reduced between 700 to 800 in between internal and external workforce and this is the run rate that probably the company will keep the coming next three years. However, I have to say, you know as the more we experiment with AI, especially in the call centers, maybe there is an acceleration of transforming call centers more AI driven because the POCs and the things that we are doing they show very promising and you have to keep in mind that we have a lot of people in call centers and this is not included in these 700 to 800 that we are working on.

So that that what we see. On Dubai basically we have two business that we are starting in Dubai. One we want to create in Dubai a logistic hub for many countries in terms of managing inventory. I think it's we are still have a lot of efficiencies to gain on how we work with inventories for CPEs. Keep in mind that every country is buying their own CPEs, every country is having inventories of CPEs which has a lot of working capital tied to that.

There is a lot of obsolescence on these CPEs if you don't use them fast because the technology evolution of CPEs and the price erosion of CPEs, if you take put aside this memory issue that we have now, the price erosion is very quick. It's 20% to 25% per year, so if you build too much inventory you're actually being very inefficient.

So we're thinking about creating some hub to manage this. And secondly, the international business the team they see a lot of opportunities in our international business which is primarily carrier-to-carrier or carrier to alternative carriers as we call it today, to see a lot of business with them.

And there is Dubai is like a bridge between Africa and Europe, so there is a lot of trading that is happening in Dubai. So we will have a team of international business people doing these deals connecting primarily Africa and Frankfurt if you think in a long way and there are many opportunities and we want to do this from Dubai.

Bojan Djurickovic

Thank you.

Operator

Ladies and gentlemen, that was the last question. I would now like to turn the conference back over to Susanne Aglas-Reindl for any closing remarks.

Susanne Aglas-Reindl

Thank you everybody for joining the call today, also thank you for the presentation and also all of your questions. Have a good day. Goodbye, everybody.

Alejandro Plater

Thank you. Bye.