

américa  
móvil



---

MR. ALEJANDRO PLATER CEO TELEKOM AUSTRIA GROUP



# Cautionary statement

This presentation contains forward-looking statements. These forward-looking statements are usually accompanied by words such as 'believe', 'intend', 'anticipate', 'plan', 'expect' and similar expressions. Actual events may differ materially from those anticipated in these forward-looking statements as a result of a number of factors. Forward-looking statements involve inherent risks and uncertainties. A number of important factors could cause actual results or outcomes to differ materially from those expressed in any forward-looking statement. Neither Telekom Austria Group nor any other person accepts any liability for any such forward-looking statements. Telekom Austria Group will not update these forward-looking statements, whether due to changed factual circumstances, changes in assumptions or expectations. This presentation does not constitute a recommendation or invitation to purchase or sell securities of Telekom Austria Group.

# Telekom Austria Group - Key Facts

Employees as of  
year-end 2014

16,240

Customers in  
seven countries

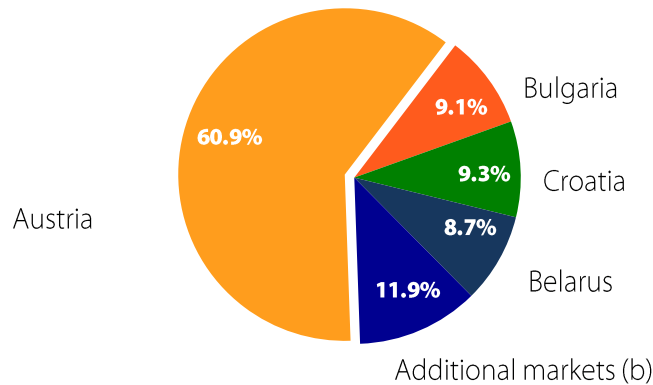
23M

Revenues as of  
year-end 2014

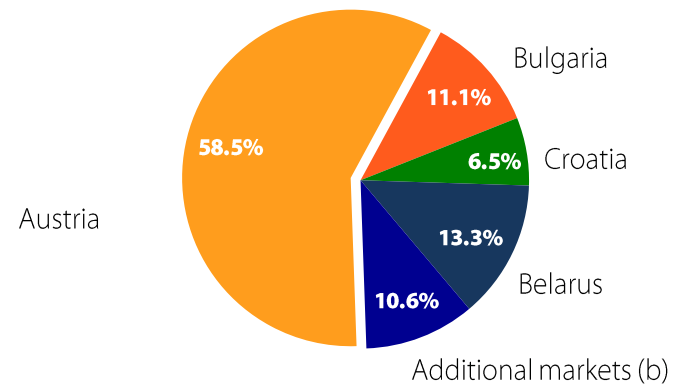
4.02BN

(4.09 BN\*)

REVENUE BY SEGMENT<sup>(A)</sup>



EBITDA COMPARABLE BY SEGMENT<sup>(A)</sup>



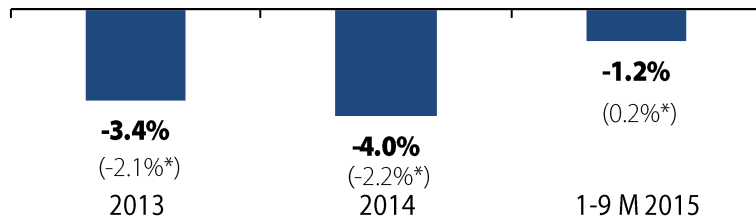
Notes: (a) For Full Year 2014. Breakdown does not show corporate, others and eliminations.  
(b) Includes Slovenia, Republic of Macedonia and Republic of Serbia.

\* Clean of FX translation and one-off effects

# Telekom Austria Group - Revenues and EBITDA

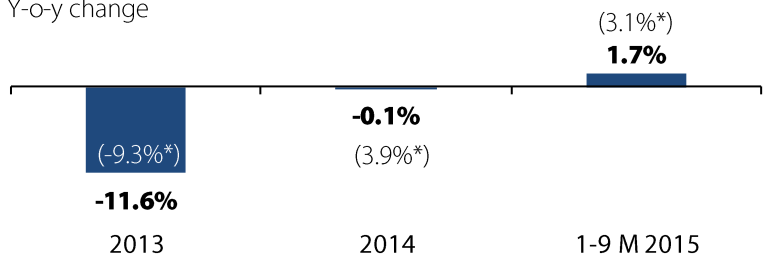
## REVENUES

Y-o-y change



## EBITDA COMPARABLE

Y-o-y change



## MAIN CHALLENGES

- Personnel costs driven by civil servants & protected workforce in Austria
- New EU roaming regulation

## OPPORTUNITIES

- Streamlining of local operations
- Leverage cross-/ upselling opportunities & convergence

\* Clean of FX translation and one-off effects

# Telekom Austria Group - Consolidated Financial Indicators

EUROS

2014

1-9 M 2015

|                          |                     |                     |
|--------------------------|---------------------|---------------------|
| Revenues                 | 4.02 Bn<br>4.09 BN* | 2.95 Bn<br>3.02 BN* |
| EBITDA                   | 1.29 Bn<br>1.34 BN* | 1.05 Bn<br>1.07 BN* |
| EBITDA Margin            | 32.0%               | 35.6%               |
| Operating Free Cash Flow | 0.16 Bn             | 0.37 Bn             |
| Capex                    | 0.76 Bn             | 0.45 Bn             |
| Net Debt**               | 2.69 Bn             | 2.57 Bn             |
| Credit Ratings           | Baa2 / BBB          | Baa2 / BBB          |

\* Clean of FX translation and one-off effects

\*\* €600 mn hybrid bond treated as equity under IFRS

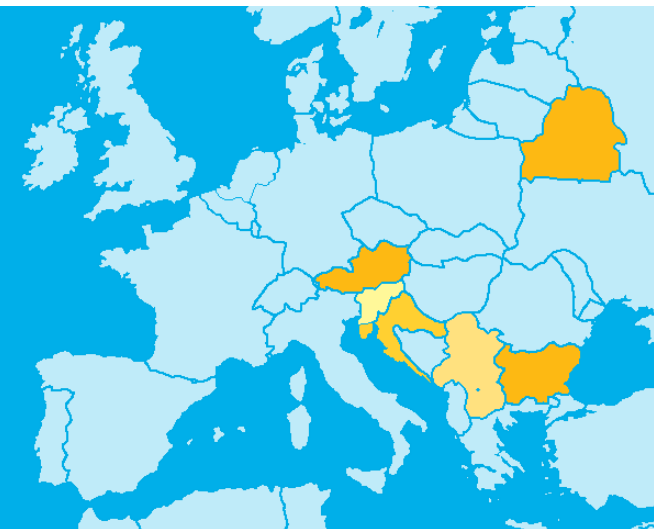
# Cash-use policy: Strengthening of the financial position, fibre roll-out and growth projects

## CONSERVATIVE FINANCIAL STRATEGY DEFINES INVESTMENT FRAMEWORK

Ratings Baa2 from Moody's and BBB from Standard & Poor's strengthen financial flexibility

- A** Fibre roll-out in Austria
  - Investments of EUR 400 mn in 2015-2018
  - Target: Bandwidths of 30 Mbps for over 70% of households
  
- B** Flexibility for M&A activities
  1. Market consolidation
  2. Convergence
  3. Expansion of the existing footprint

# The leading regional communications player providing convergent telecommunication services



## Austria

Mobile subscriber: 5,408 (Q3 2014: 5,448)  
Fixed access lines: 2,284 (Q3 2014: 2,276)

## Croatia

Mobile subscribers: 1,805 (Q3 2014: 1,823)  
Fixed access lines: 273 (Q3 2014: 212)

## Republic of Serbia

Mobile subscribers: 2,117 (Q3 2014: 2,064)

## Slovenia simobil.si

Mobile subscribers: 702 (Q3 2014: 683)  
Fixed access lines: 68 (Q3 2014: n.a.)

## Belarus

Mobile subscribers: 4,937 (Q3 2014: 4,949)

## Bulgaria

Mobile subscribers: 4,297 (Q3 2014: 4,137)  
Fixed access lines: 201 (Q3 2014: 151)

## Republic of Macedonia

Mobile subscribers: 624 (Q3 2014: 631)  
Fixed access lines: 86 (Q3 2014: 62)

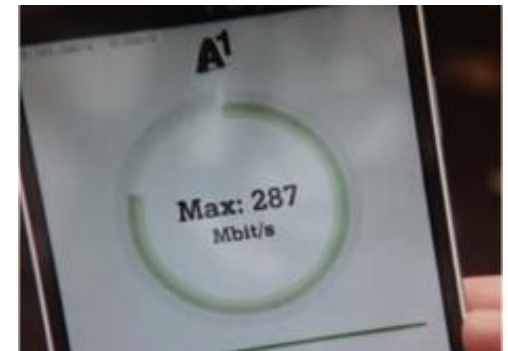
# Full 2G and 3G coverage in all markets, LTE roll-out ongoing

## Population coverage (%) by technology

| Technology | 2G   | 3G   | 4G  |
|------------|------|------|-----|
| Austria    | 100% | 93%  | 76% |
| Bulgaria   | 100% | 100% | 35% |
| Croatia    | 99%  | 98%  | 49% |
| Belarus    | 99%  | 94%  | 0%  |
| Slovenia   | 100% | 97%  | 86% |
| Serbia     | 98%  | 89%  | 19% |
| Macedonia  | 99%  | 98%  | 58% |

## LTE-A Carrier aggregation

Jointly with Ericsson, Telekom Austria Group has presented LTE Carrier Aggregation for the first time in the world based on two 20 MHz frequency blocks from the 800 and 2600 MHz frequency bands.

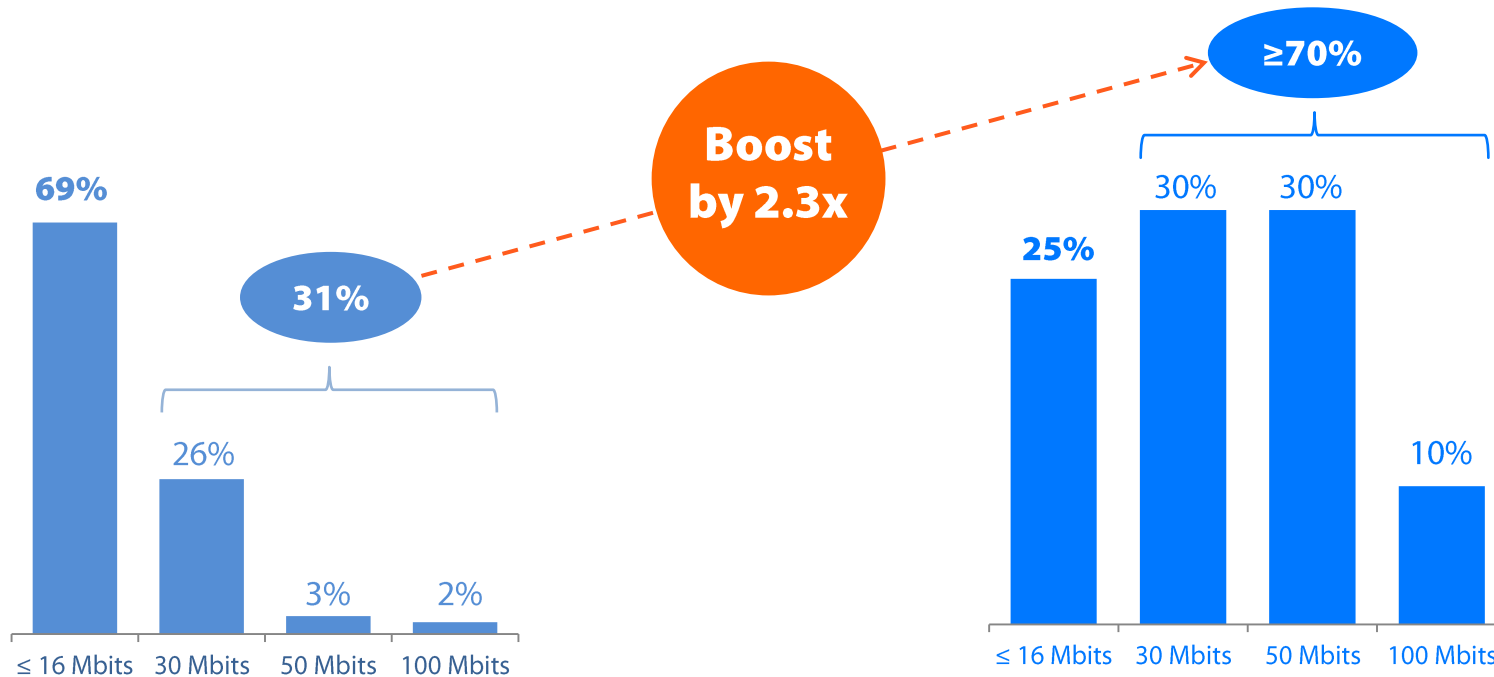




# Focus fibre roll-out in Austria – Boost $\geq 30$ Mbit/s coverage and upsell existing customers

HOUSEHOLD  
COVERAGE 2014

Target household coverage 2018



# Telekom Austria Group Strategy

## THREE FOCUS GROWTH AREAS

### Excellence in Core Business

- Enhance sales execution via improved cross-/ upselling (convergence)
- Improve customer service
- Infrastructure leadership

### Products & Services Expansion

- Enterprise into cloud
- Wholesale services & international sales
- Expand relevance for households

### Value Adding M&A

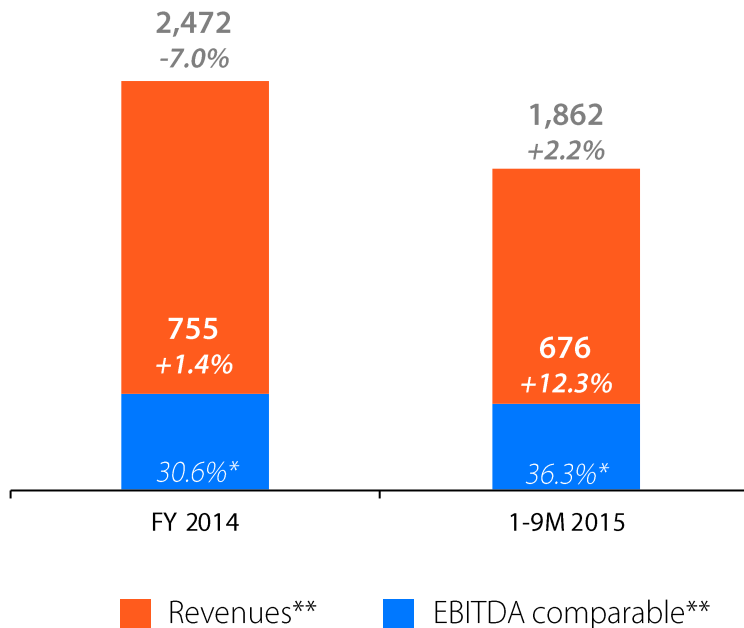
- Market consolidation
- Convergence
- New markets

Cost efficiency & Group synergies

# Austria – Challenges and Initiatives

## REVENUES AND EBITDA COMPARABLE

Millions of Euros, y-o-y %-change



\* EBITDA comparable margin

\*\* Clean revenues (excl. FX translation and one-off effects): EUR 2,500 mln in FY 2014 (-6.0% yoy); EUR 1,862 mln in 1-9 M 2015 (0.7/ yoy)

\*\* Clean EBITDA comp. (excl. FX translation and one-off effects): EUR 814 mln in FY 2014 (9.2% yoy); EUR 676 mln in 1-9 M 2015 (7.3% yoy)

### Challenges

- Mobile competition increasing (MVNOs)
- Continuous fixed voice decline
- ICT growth
- Cost structure affected by protected employees, including civil servants

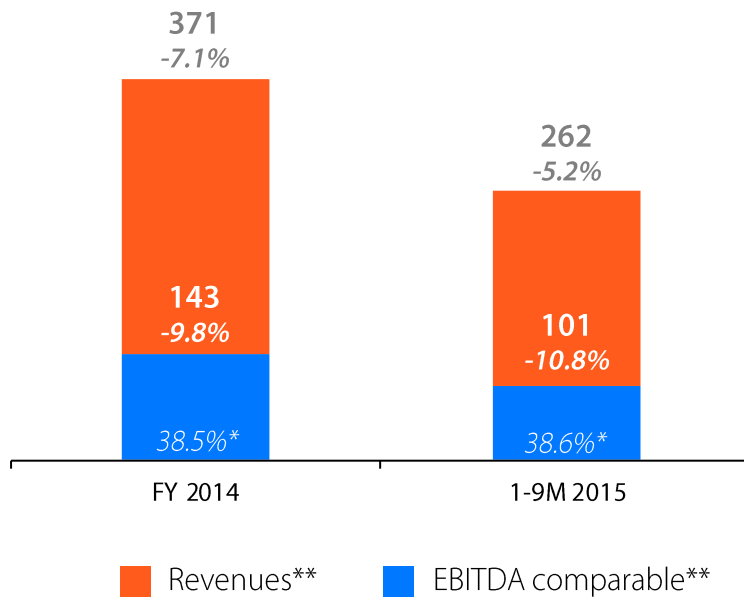
### Activities initiated

- Enhance stickiness in high value segment
- Stay competitive in no-frills segment
- Enhance cloud offering
- Balance out-/in-sourcing to address labour limitations
- Leverage on synergies within Group/AMX
- Upgrade fibre network
- Improve mobile in-building coverage

# Bulgaria - Challenges and Initiatives

## REVENUES AND EBITDA COMPARABLE

Millions of Euros, y-o-y %-change



### Challenges

- Shrinking revenue in a flat market
- Challenging business segment
- Capitalise on growth opportunities in fixed and convergence

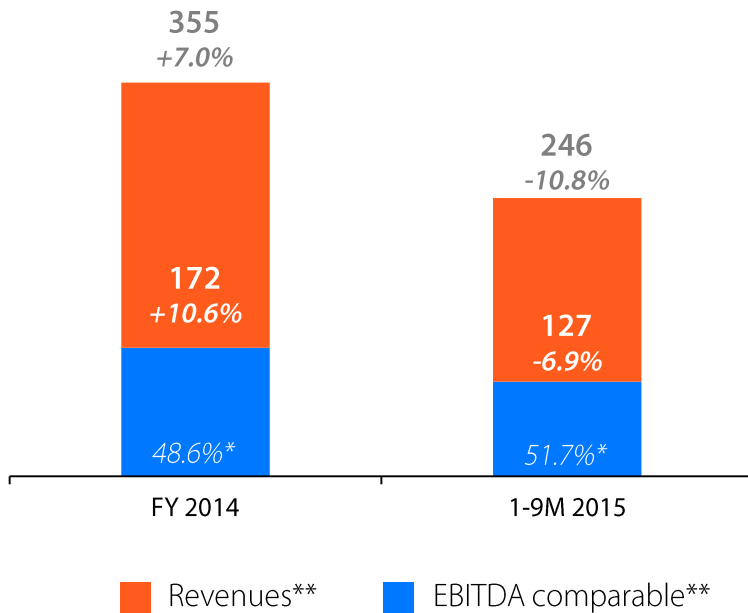
### Activities initiated

- New local management board
- Focus on sales; increase cross/up-selling
- Acquisition of cable operator Blizoo

# Belarus – Challenges and Initiatives

## REVENUES AND EBITDA COMPARABLE

Millions of Euros, y-o-y %-change



\* EBITDA comparable margin

### Challenges

- Accelerated devaluation (27.8% yoy),
- Reduced purchasing power (10-15%)

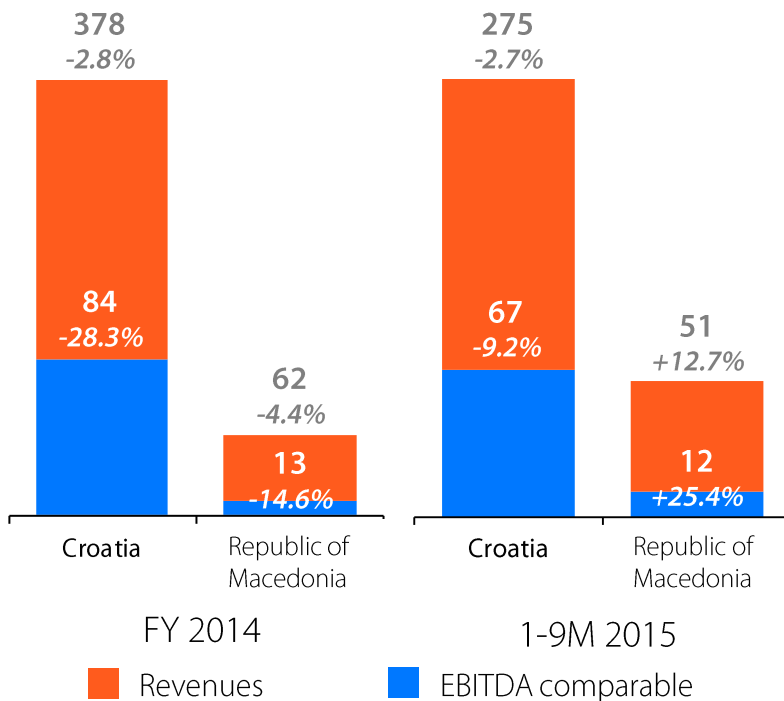
### Activities initiated

- Smartphone push and focus on data monetization
- Proof of concept for fixed B2C services

# Croatia and Republic of Macedonia – Challenges and Initiatives

## REVENUES AND EBITDA COMPARABLE

Millions of Euros, y-o-y %-change



### Challenges

- EU roaming regulation
- Tripled annual spectrum fee
- RAN roll-out
- Organic fixed growth & fierce mobile competition
- Multiple integrations (Blizoo, One)

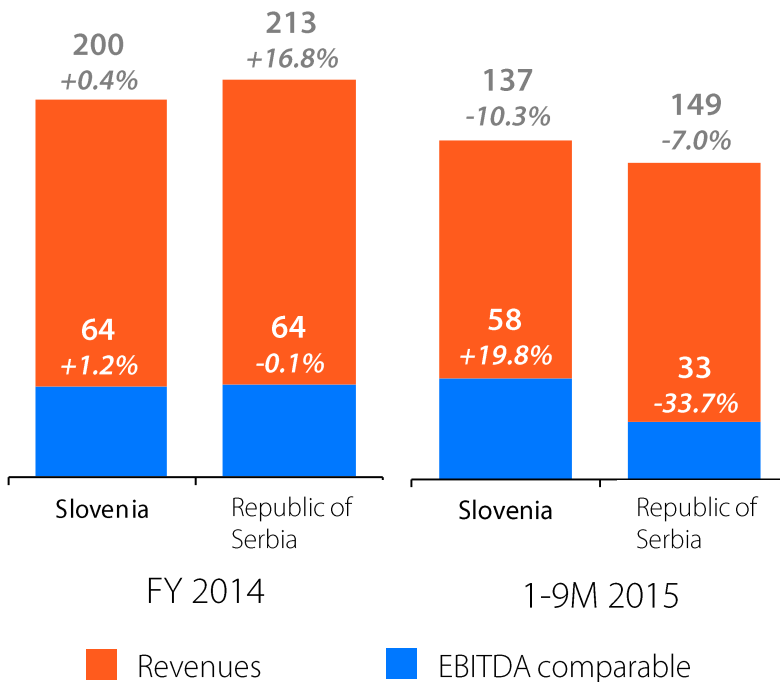
### Activities initiated

- Acquisition of Amis
- Cluster Croatia – Macedonia
- Convergent propositions and channel roll-out
- Consolidation of mobile and fixed line markets

# Slovenia and Republic of Serbia – Challenges and Initiatives

## REVENUES AND EBITDA COMPARABLE

Millions of Euros, y-o-y %-change



### Challenges

- Si.mobil shrinking faster than market, promotions in Q4 2014
- Still limited own fixed line infrastructure in Slovenia
- Residential decline & business segment performance

### Activities initiated

- New tariff portfolio shows improvements (Slovenia)
- Acquisition of Amis (Slovenia)
- New Residential portfolio and SME offers (Serbia)
- Cluster Serbia - Slovenia