

EANS-Adhoc: Telekom Austria AG / Telekom Austria Group - Results for the first half of 2014 (Ad-hoc)

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Earnings

Dear Sir or Madam,

Today the Telekom Austria Group (VSE: TKA, OTC US: TKAGY) announces its results for the first half of 2014, ending 30 June 2014.

Highlights

- > Group revenues decline by 7.3% and EBITDA comparable declines by 7.2%, mainly driven by regulation, macro-economic effects in CEE as well as extraordinary effects of EUR 28.2 mn net in Austria
- > Clean*: Group revenues -4.1% and Group EBITDA comparable flat at -0.1%
- > Group EBITDA comparable margin remains flat at 31.9% and increases to 33.2% on a clean basis*
- > Austria benefits from successful strategy implementation: regulation and extraordinary effects account for most of revenue decline; cost cuts and subsidy reductions result in strong EBITDA comparable trends (-0.2% excluding extraordinary effects)
- > Bulgaria: Macro effects and fierce competition drive customer and revenue decline in fixed and mobile; EUR 400 mn impairment due to adjustment of WACC and medium-term expectations
- > Croatia: solid fixed-line performance cannot offset regulatory cuts and effects of mobile competition; spectrum fee introduced in June will burden EBITDA comparable as of H2 2014
- > Belarus and Additional Markets segment achieve revenue and EBITDA comparable growth
- > Spectrum prolongations and acquisitions in Bulgaria and Slovenia strengthen network
- > Next step in implementation of successful convergence strategy: Acquisition of cable operator blizoo in the Republic of Macedonia in June (closed in July)
- > Commitment to broadband funding announced by Austrian government as of 2016
- > Group outlook for FY 2014 refined: Revenues of approx. -3.5% (from approx. -3.0%), CAPEX** of EUR 650 - 700 mn (from approx. EUR 700 mn), intended dividend of EUR 0.05/share

in EUR million	Q2 2014	Q2 2013	%change	1-6M 2014	1-6M 2013	%change	
Revenues	963.0	1,043.2	-7.7%	1,939.0	2,092.3	-7.3%	
EBITDA comparable	299.4	330.3	-9.3%	619.4	667.2	-7.2%	
Operating income	-320.0	105.5	n.m.	-222.6	223.3	n.m.	
Net income	-358.6	52.5	n.m.	-317.8	108.0	n.m.	
Cash flow generated from operations	224.5	302.2	-25.7%	373.4	494.0	-24.4%	
Earnings per share (in EUR)	-0.82	0.10	n.m.	-0.75	0.21	n.m.	
Free cash flow per share (in EUR)	-0.01	0.29	n.m.	0.11	0.39	-71.9%	
Capital expenditures		229.5	176.4	30.1%	329.0	325.4	1.1%

in EUR million 30 June 2014 31 Dec 2013 %change

Net debt	3,688.1	3,695.8	-0.2%
Net debt / EBITDA comparable (12 months)	3.0	2.9	

All financial figures are based on IFRS; if not stated otherwise, all comparisons are given year-on-year. EBITDA comparable is defined as net income excluding financial result, income tax expense, depreciation and amortisation, restructuring and impairment charges.

* Excluding extraordinary effects in Austria and FX translation effects

** Does not include investment for spectrum and acquisitions

Further information about the results can be found here:

<http://www.telekomaustria.com/en/ir/interim-results>

The earnings release can be found here:

<http://cdn1.telekomaustria.com/final/en/media/pdf/results-qu2-2014.pdf>

Kind regards,
Telekom Austria Group Investor Relations

Disclaimer for forward-looking statements:

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