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euroadhoc/euro adhoc/Quarterly Report

EANS-News: Results for the 3rd Quarter and First Nine Months 2020

Quarterly Report

Vienna -

* Group total revenues decreased by 0.9% due to roaming losses and negative FX effects partly outweighed by higher equipment revenues. Excluding FX effects, mainly stemming from Belarus, total revenues grew by 1.7%.

  o Mobile service revenues declined by 3.8% on a Group level, solely driven by the above-mentioned roaming losses and negative FX effects.
  o Fixed-line service revenues were stable (0.0%) as the growth in Bulgaria and Slovenia was able to compensate for the decline in Austria and other CEE markets.
  o Equipment revenues rose by 7.2%, mainly driven by Austria and Bulgaria.

* Mobile contract subscriber numbers rose by 4.1%, 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-line voice RGUs in Austria.
* Group EBITDA before restructuring increased by 0.5% as roaming and FX losses were outweighed by operational efficiency, especially related to the workforce, maintenance and advertising. Excluding FX and one-off effects as well as restructuring charges EBITDA rose by 4.3%.

  o In Austria, EBITDA before restructuring increased by 4.7%, as OPEX savings, especially in product-related costs, advertising costs, and a better equipment margin, were sufficient to more than offset roaming losses.
  o In the CEE markets, EBITDA excluding FX and one-off effects grew by 3.3% (reported: -5.3%) due to growth in Belarus, Bulgaria, and Slovenia.

* CAPEX fell by 32.6% due to acquired frequencies in the comparison period and reduced spending in the reporting period following the CAPEX cuts.

  o In Q3 2020, free cash flow after social plans new declined by 2.2% to EUR 172.5 mn, as lower capital expenditures were offset by lower accounts payables in the reporting period.

* We are currently working on the development of alternatives that would allow us to reap more benefits from our tower assets through a targeted management focus on internal efficiencies and higher tenancy ratios.
* Outlook 2020 unchanged: ~-2% decline in total revenues, mainly driven by negative impacts from roaming and FX; 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.

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