



**PRESS RELEASE**

Bucharest, May 9, 2019

**Telekom Romania reports performance indicators for Q1 2019**

***Telekom Romania group of companies***

- *Continued strong growth of 40.2% on the fixed-mobile integrated services segment. FMC customer base reached 771,000 in Q1 2019;*
- *Consolidated revenues of EUR 216.6 mln in Q1 2019;*
- *Adjusted EBITDA of EUR 26.2 mln in Q1 2019*

Telekom Romania group announces key performance indicators in the first quarter of 2019, ended March 31, 2019, as reported today by OTE Group.

Consolidated revenues of Telekom Romania group in Q1 2019 reached EUR 216.6 mln, down by 4.4% yoy.

Retail fixed services revenues amounted to EUR 57.8 mln, down 12.2%, mainly as a result of lower revenues from fixed voice services, reflecting an unfavorable decline in both voice ARPU (average revenue per user) and customer base. Voice users (including FMC) reached 2.1 million at the end of the first quarter of this year, up by 2% against Q1 2018, with the two opposing drivers being, the significant growth of the FMC customer base and the continued decline of the subscriber number in the traditional fixed voice services.

The TV customer segment registered a 3.7% decline in Q1 2019, to 1.41 million, mainly driven by the decline on old DTH technology. At the same time, the internet TV (IPTV) segment, recorded an 8.1% customer growth compared to the same quarter last year.

Telekom Romania continues to strengthen its customer base value and loyalty, through its fixed-mobile integrated offers. The number of customers increased by 40.2% in Q1 2019 against Q1 2018, reaching 771,000 at the end of March 2019, reflecting Telekom's positioning on the telco market, as provider of countrywide FMC services, with unique benefits. This result also shows that the company's offers for integrated services are appreciated by the Romanian consumers, who opt for complete fixed and mobile services for their households.

Telekom Romania Mobile's customer base totalled 4.65 million at the end of March 2019, down by 0.8% yoy, mainly due to the elimination of inactive customers. #NETLIBERARE campaign, targeting B2C customers, continues to contribute to its postpaid share via unprecedented benefits. Thus, of the total customer base, 34% were postpaid. The total number of business customers increased in Q1 2019 by 5.7% compared to Q1 2018, reflecting the high appeal of the company's offers for this segment, through #BUSINESSLIBER campaign, which eliminated, for the first time in the history of the Romanian communications market, the minimum contract term and the cancellation fee.

Mobile services revenues were down 6.6% to EUR 76.2 mln in Q1 2019. The decline is chiefly due to the impact of the transition to IT platforms accounted for in Q4 2018, which led to a number of disconnections in the latter part of the year. As a result, comps in the first half of 2019 were adversely high. With a more normalized subscriber-billing environment, Telekom Romania is expecting the stabilization of its mobile services revenues in the second half of the year.

Revenues from Wholesale Services increased primarily reflecting the increase in international transit traffic business.



EXPERIENȚE ÎMPREUNĂ.

Telekom Romania is continuing its digitalization journey reflected in the online mobile sales which more than tripled in Q1 2019, compared to Q1 2018 and in the usage of the mobile app MyAccount and the e-bill services, which doubled in the first quarter of 2019 against the same quarter of 2018.

Combined adjusted EBITDA before IFRS 16 (International Financial Reporting Standards) declined by 20.8% to EUR 26.2 mln, despite the positive impact generated by the termination of Telekom's 4G national roaming agreement, in December 2018, reflecting top line underperformance. At the same time, Telekom Romania is undertaking a series of cost containment initiatives that are expected to drive efficiency in H2 2019.

Telekom Romania's continuous efforts to improve its self-owned mobile network have led to an even further improvement of its network quality, which has been confirmed by the constantly increasing ratings in the rankings of the independent audit company P3. This trend is expected to continue.

"The results for the first quarter of 2019 show both the market trends and consumers' orientation towards the lowest priced offers, as well as the company's efforts to ensure a healthier customer base, by its decisive steps to clean up the inactive customer base and bad debt. The growth of fixed-mobile convergent offers, the increasing wholesales revenues, as well as the positive response to the business offers, prove that the commercial and operational transformation steps taken are the correct ones and that Romanian customers' confidence in our brand has constantly increased over the past few years. Additionally, we will continue to work on cost optimization to support our future investments and highly attractive customer offers. We can clearly see that these efforts are also appreciated by the Romanian market, as recent studies have shown that Telekom has improved in perception and is now clearly the second brand in consumers' preferences as integrated services provider, according to consumers' feedback when asked what operators they would choose for such services", concluded Nicolas Mahler, Chief Financial Officer, Telekom Romania.

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#### About Telekom Romania

Telekom Romania is a dynamic brand, offering fixed and mobile innovative communication services to a broad customer community, using approximately 10 million services.

Our solutions open a world of infinite opportunities to share the beauty of life together with our families, friends, partners, colleagues and citizens around us. Our mission is to enrich people's lives, by offering them fixed and mobile integrated services, latest technologies like 4G, optical fiber, as well as Internet TV which brings users a new entertainment experience, with access to exclusive and quality content, on all screens, and advanced interactive features. Telekom Romania is the trusted partner for companies, providing them with complete communications and IT&C solutions. Our network is bringing together people, machines and content, connecting them for a better, safer, simpler future.

Telekom Romania is present in the Romanian market since 2014, after the joint rebranding of Romtelecom and COSMOTE Romania.

Telekom is a brand pertaining to Deutsche Telekom, one of the world's leading integrated telecommunications companies.

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