

**Telekom Austria**

# **Telekom Austria: Beating the Trend**

**Annual General Meeting, Vienna June 12, 2002**

# Disclaimer

This presentation contains certain forward-looking statements. Actual results may differ materially from those projected or implied in such forward-looking statements. Forward-looking information involves risks and uncertainties that could significantly affect expected results. These risks and uncertainties are discussed in Telekom Austria's SEC filings, including, but not limited to, Telekom Austria's Form 6-K containing these materials and certain sections of the Company's Annual Report on Form 20-F.

# Beating the Trend



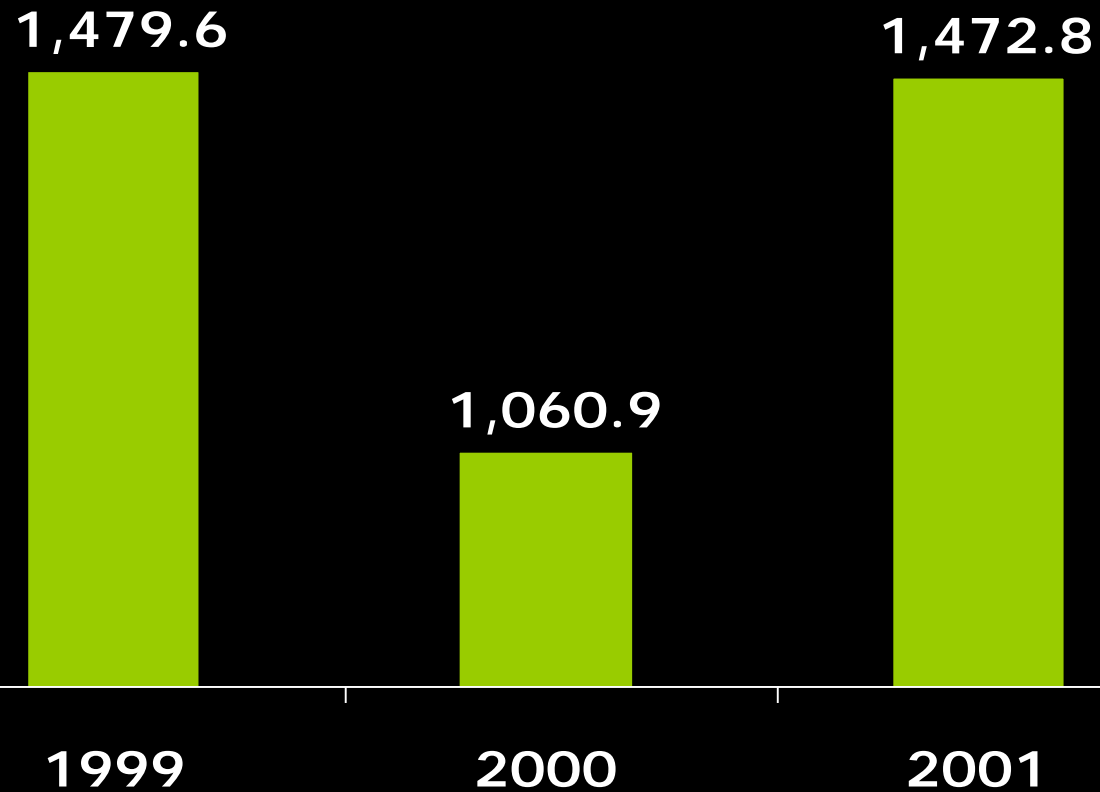
Source: DATASTREAM

3

**Telekom Austria**

# Turnaround

Total managed EBITDA of the Telekom Austria Group\*  
(EUR million)



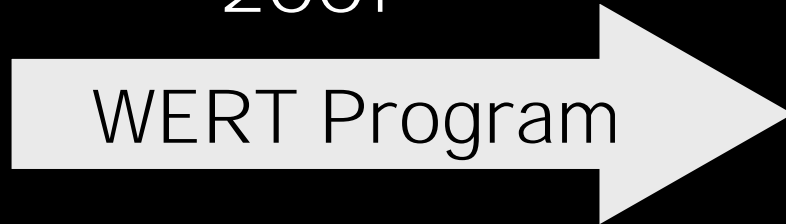
\* without costs for idle workforce

4

**Telekom Austria**

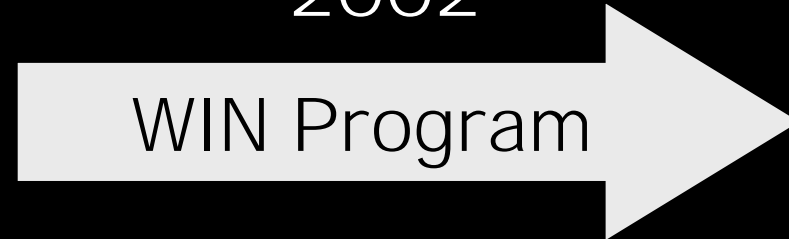
# Strategy Fixed Line

2001



- Cost Cutting
- Investments
- Indebtedness
- Corporate Culture

2002



- Wireline Organisation
- Market Offensive
- Process Orientation

# WERT Program 2001

- **Enhancement of Profitability**
  - Cost cutting : 13.3%
  - Personnel level : -2,700 till 01.01.2002
  - Slow down of market share losses
- **Focused Investment Program**
  - Improvement of purchasing conditions
  - Capex reduction: -27.1%
- **Net debt reduction: -14.2%**
- **Corporate Culture**
  - Performance-related remuneration
  - Professional Training

# WIN Program 2002

- Fixed-Line-Organization Wireline
  - Wholesale/Retail structure
  - Integration of subsidiaries
- Market Offensive
  - „Year of the Customer“
  - Market share stabilization / win-back
  - New marketing strategy / new logo
- Process Orientation
  - Customer process responsibility
  - Steering tools for operating units

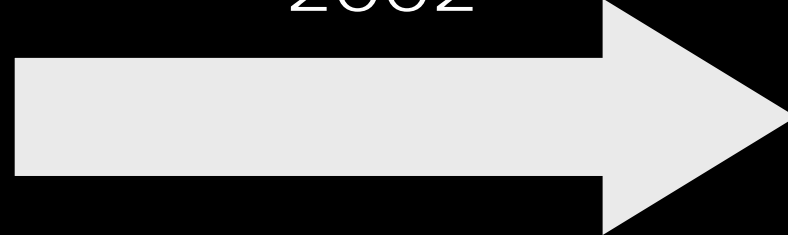
# Strategy Mobile Communications

2001



- Growth
- Market Leadership
- Si.mobil
- SMS

2002



- Focus on high-value Customers
- Mobile data
- Foreign subsidiaries

# Phasing Out of Regulation

- Competition works in Austria
- Promotion of innovation
- Competition Monitoring Body instead of regulation

# Buy-back 25% of Mobilkom Austria

- Telekom Austria acquires the 25% plus one share, which were held by TIM so far
- Acquisition price in cash: EUR 690million
- Financing in the short-term out of cash flow and existing credit lines
- Mobilkom Austria shareholders agreement and cooperation agreement with TIM terminated
- Appointment of Boris Nemsic as Management Board member of Telekom Austria

10

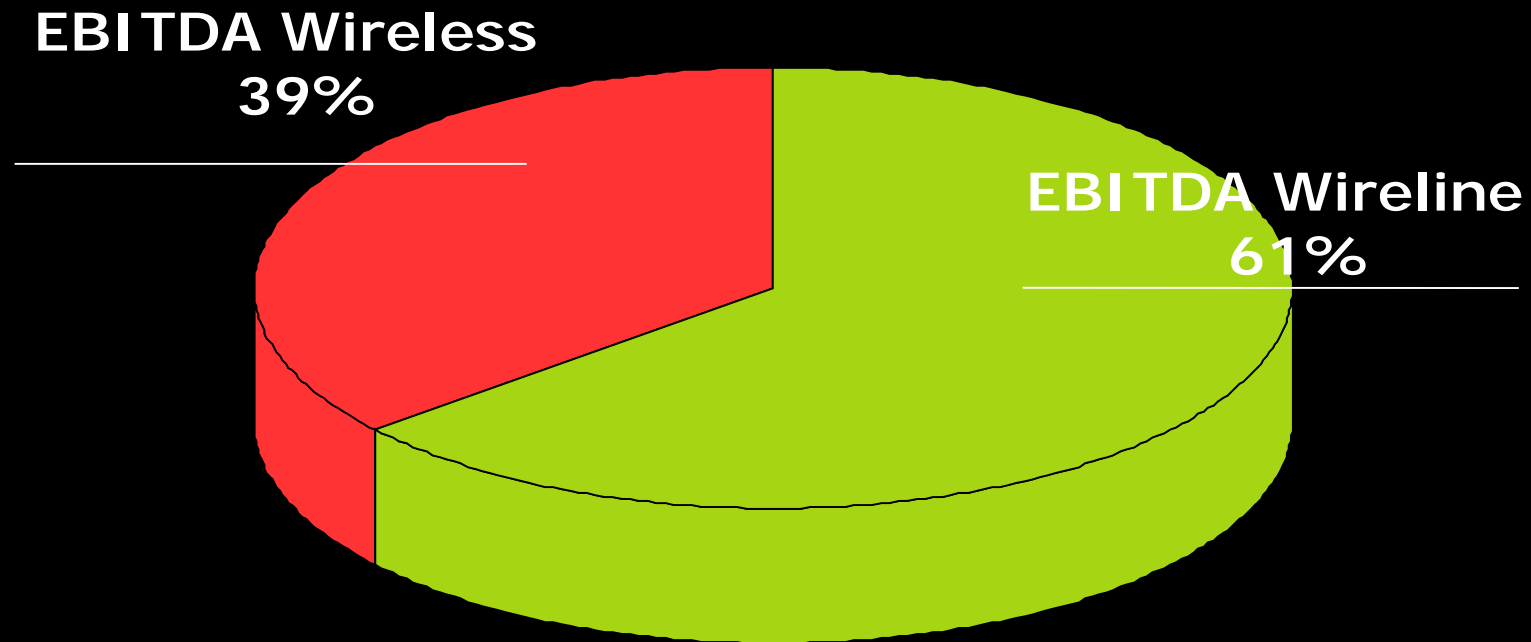
# Withdrawal of Telecom Italia

- Amendments to the TA Shareholders Agreement („SHA“)
  - Loss of certain shareholder rights
  - Termination of SHA by April 2003 the latest
- Agreement between ÖIAG and TI regarding possible share sales in the future
- Agreement between ÖIAG, TI and TA regarding the support in possible share sales

# Wireline Business

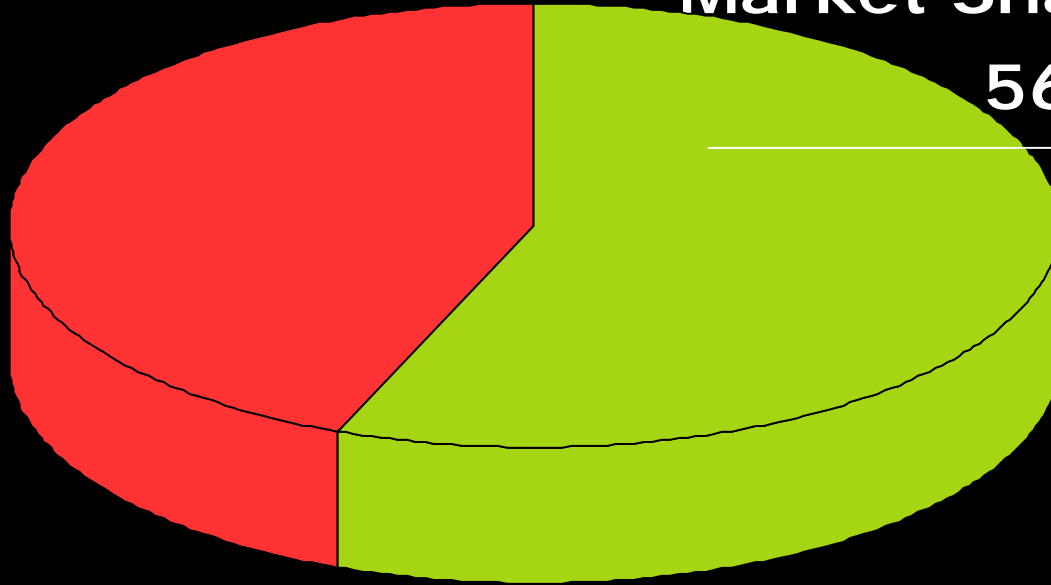
- Voice telephony
- Data communications
- Internet/Media
- Technology
- Organization

# Contribution of Wireline Business to Results



# Market Leader Voice & Internet Dial-up

Market Share Telekom Austria  
56.2% as of Dec 2001



approx. 18.7 billion minutes in 2001

# Reduction of Market Share Losses\*

(in %)

1 Q 01

2 Q 01

3 Q 01

4 Q 01



-3.9

-1.4

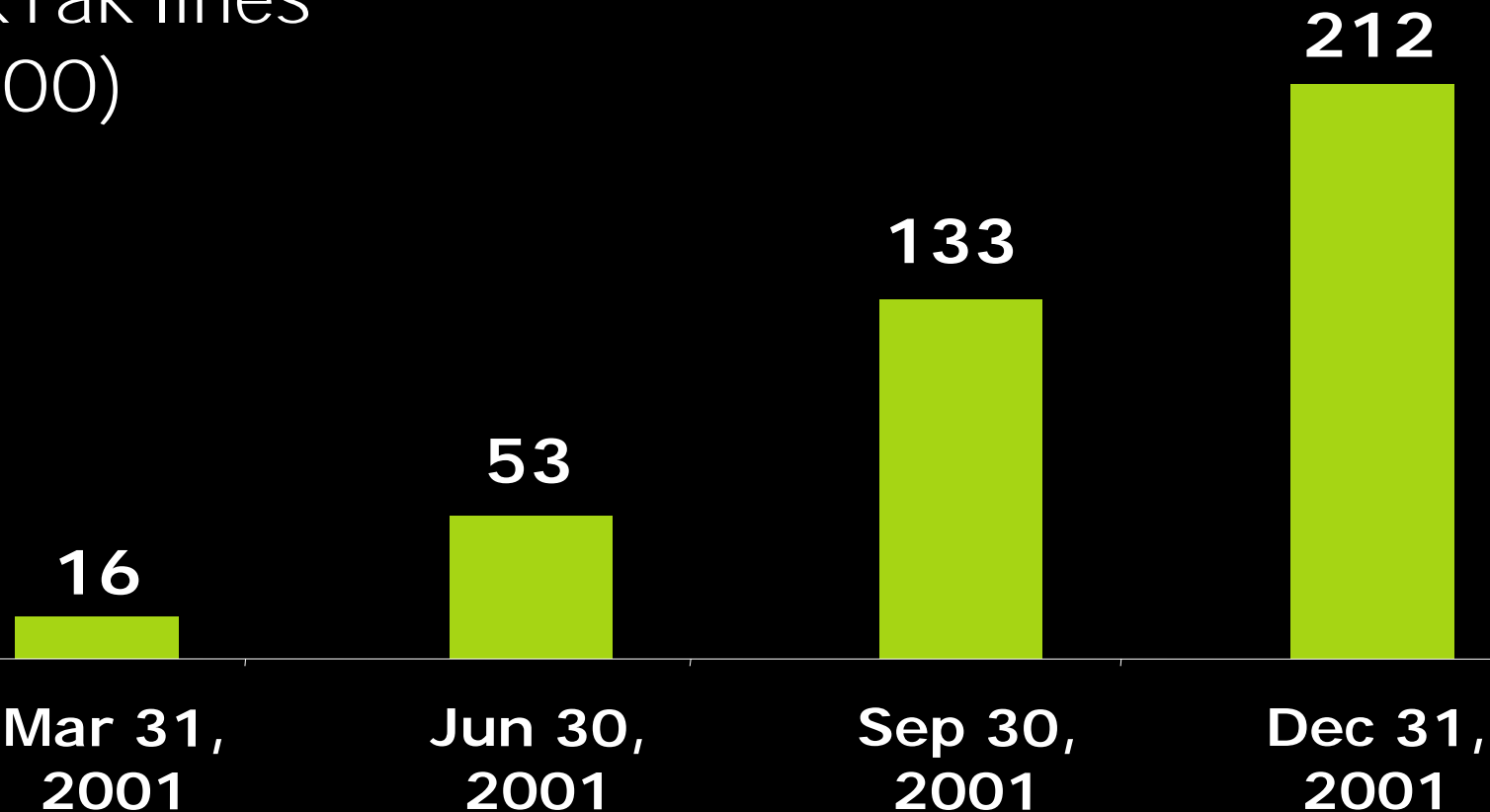
-1.2

-1.0

\* based on minutes

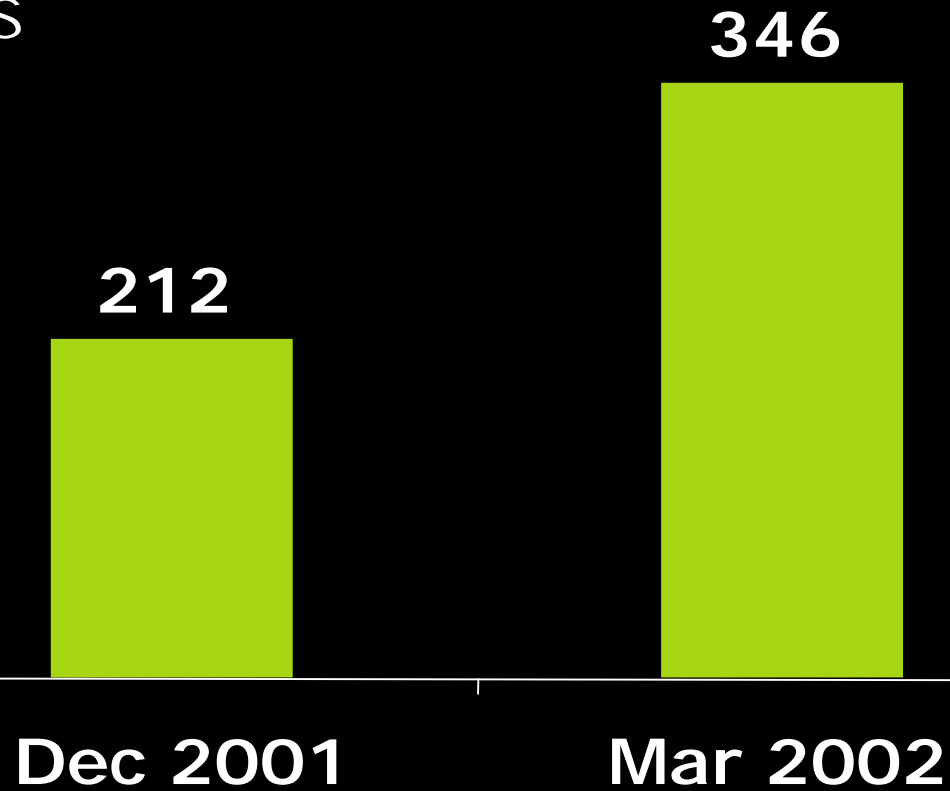
# Customers Switching to TikTak Tariffs

TikTak lines  
(‘000)

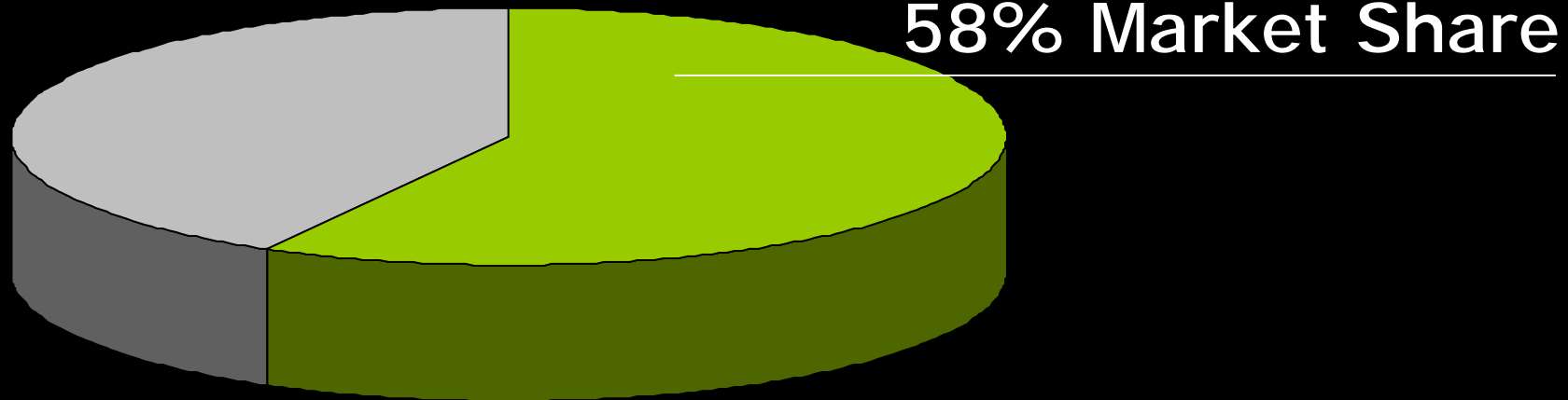


# Further Strengthening of Customer Base with TikTak Tariffs

TikTak lines  
(‘000)



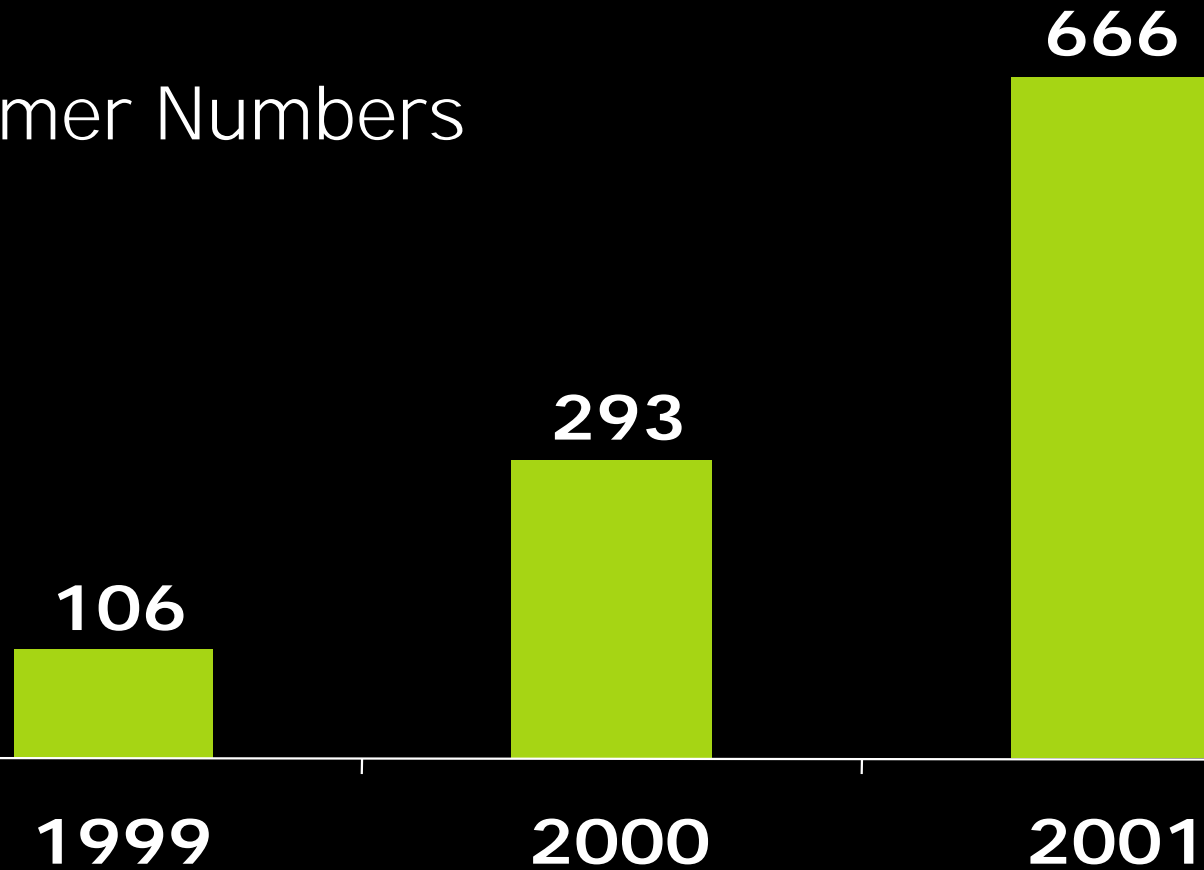
# Market Leader in Data Communications



90% of Top 100 corporates  
80% of Top 500 corporates

# Internet Growth

Customer Numbers  
(^000)



# New Internet Portal: www.aon.at

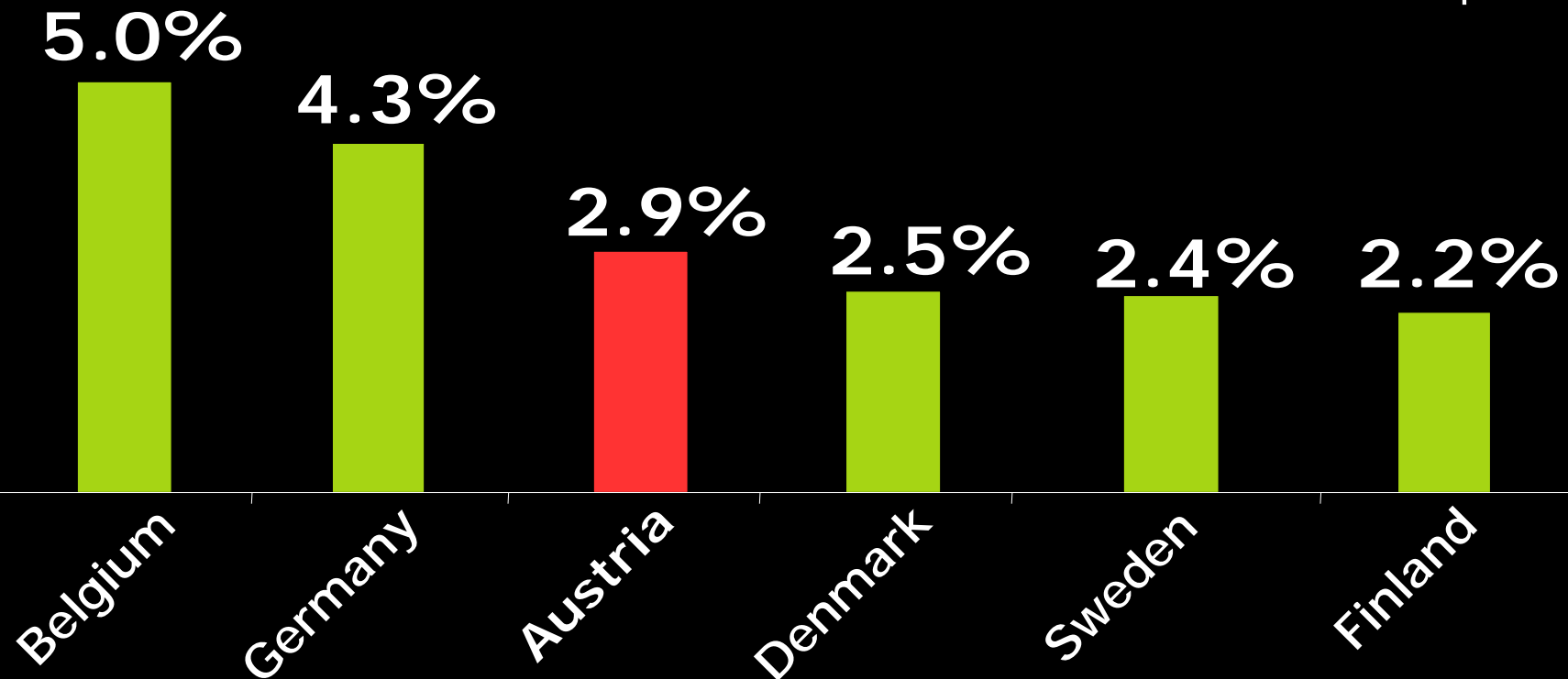
<b>Internet</b>	<b>Mobilkom</b>	<b>Home</b>	<b>Digital World</b>	<b>Politik&amp;Chronik</b>	<b>Reisen</b>	<b>Wirtschaft</b>	<b>Games&amp;more</b>	<b>Chat&amp;Foren</b>
Telekom	Datakom	Musik	Jobs&Karriere	Trends&Freizeit	Sport	Liebe&Erotik	Shoppingzone	

<p>Suche</p> <input type="text"/> <p>In Jet2Web.net! GO!</p> <p><b>Für unsere Kunden</b></p> <ul style="list-style-type: none"> <li>▶ <b>Webmail</b> Ihre E-Mail immer abrufbar</li> <li>▶ <b>Kundenbereich</b> Ihre Einstellungen von E-Mail bis Homepage</li> <li>▶ <b>Onlinestatistik</b> Ihr Daten- transfervolumen</li> </ul> <p><b>Unsere Produkte</b></p> <ul style="list-style-type: none"> <li>▶ <b>aonflash Umstieg</b></li> <li>▶ <b>aonspeed 4GB upgrade Paket</b></li> <li>▶ <b>Privat Internet</b></li> <li>▶ <b>Business Internet</b></li> </ul> <p><b>Services</b></p> <ul style="list-style-type: none"> <li>▶ <b>Firmen&amp;Grundbuch</b></li> <li>▶ <b>ETB-Telefonbuch</b></li> <li>▶ <b>TKA Aktie</b></li> <li>▶ <b>Währungsrechner</b></li> </ul>	<p><b>Aktuell</b> 06.06.2002</p> <div style="display: flex; justify-content: space-between;"> <div style="width: 30%;"> <p><b>Spiderman jetzt im Kino!</b></p> </div> <div style="width: 30%;"> <p><b>Klick und learn</b> Testen Sie ihr Englisch</p> </div> <div style="width: 30%;"> <p><b>mp3-Vergnügen!</b></p> </div> </div> <div style="display: flex; justify-content: space-between;"> <div style="width: 30%;"> <p><b>Download AREA</b> Gratis Downloads!</p> </div> <div style="width: 30%;"> <p><b>FIFA World Cup 2002</b></p> </div> </div> <p><b>Magazine</b></p> <div style="display: flex; justify-content: space-between;"> <div style="width: 30%;"> <p><b>BUSINESSWEB</b></p> <p>Im Test: Multimedia-Messaging am Handy</p> </div> <div style="width: 30%;"> <p><b>FunBox</b></p> <p>Gorax - Der 2. Teil ist heiss!</p> </div> <div style="width: 30%;"> <p><b>SPEED.at</b></p> <p>Phantom Planet: Power-Pop aus Kalifornien</p> </div> </div> <div style="background-color: #0056b3; color: white; padding: 10px; text-align: center;"> <p><b>Die besten eShops !</b></p> </div> <p><b>GORAX - Gewinnspiel</b></p> <p>▶ <b>Gewinne Handys mit Gorax - Teil 2!</b></p> <p>Endlich ist er da! Hilf</p> <p><b>Einkaufen</b></p>	<p><b>Community</b></p> <ul style="list-style-type: none"> <li>▶ Chat Login</li> <li>▶ Foren auswählen</li> <li>▶ Mitglied werden</li> <li>▶ Instant Messenger</li> <li>▶ love.at Partner suche</li> </ul> <p><b>Kommunikation</b></p> <ul style="list-style-type: none"> <li>▶ Freemail</li> <li>▶ SMS senden</li> <li>▶ Reminder</li> <li>▶ Voice-Memo</li> <li>▶ Mov-E-Card</li> <li>▶ Jet Magazine-Abo</li> </ul> <p><b>Partner</b></p> <div style="background-color: #008000; color: white; padding: 5px; text-align: center;"> <p><b>Der Klick zum Glück!</b></p> </div> <div style="border: 1px solid black; padding: 5px;"> <p><b>31300 Taxi Bestellung</b></p> </div> <p>Trend-Tipp der Woche</p>
--	---	--

# Broadband Access as Basis for Tomorrow's Internet Services

ADSL Penetration in Europe



# Multimedia Begins

The screenshot displays the SPEED.at website interface, which is a multimedia platform. At the top left, the logo for SPEED.at is visible, with the text 'PROBEBETRIEB' underneath. To the right of the logo is a navigation menu with links for 'Home', 'Search', 'Program', and 'jet2web.net'. Further right, there is a 'Jobfinder.at' advertisement with the text 'Täglich aktuelle Jobs!'. The top right corner features the 'Jet2web' logo and the 'ORF' logo.

The main content area is divided into several sections. On the left, there is a 'Channels' sidebar with icons and labels for 'DIGITAL TIMES', 'NEWS AUSTRIA', 'MUSIC + MOVIES', 'STARS + STYLE', 'LOVE + EROS', and 'HOT SPOTS'. Below this sidebar is a 'BUSINESS REPORTS' section with a bar chart icon and two sub-sections: 'IT-Facharbeiter' and 'Cannes'. The central part of the page features a large video player. The video is titled 'a-sign' and includes the text 'a-sign Strong + Herbert Tischler' and 'Digitale Signatur'. The video player has a progress bar and a 'loading video' indicator. To the right of the video player, there are two smaller video thumbnails: 'Online-Broking' and 'Die .Net Strategie'. Below these are two more thumbnails: 'Fonds-Kauf im Internet' and 'Bill Gates Masterplan'.

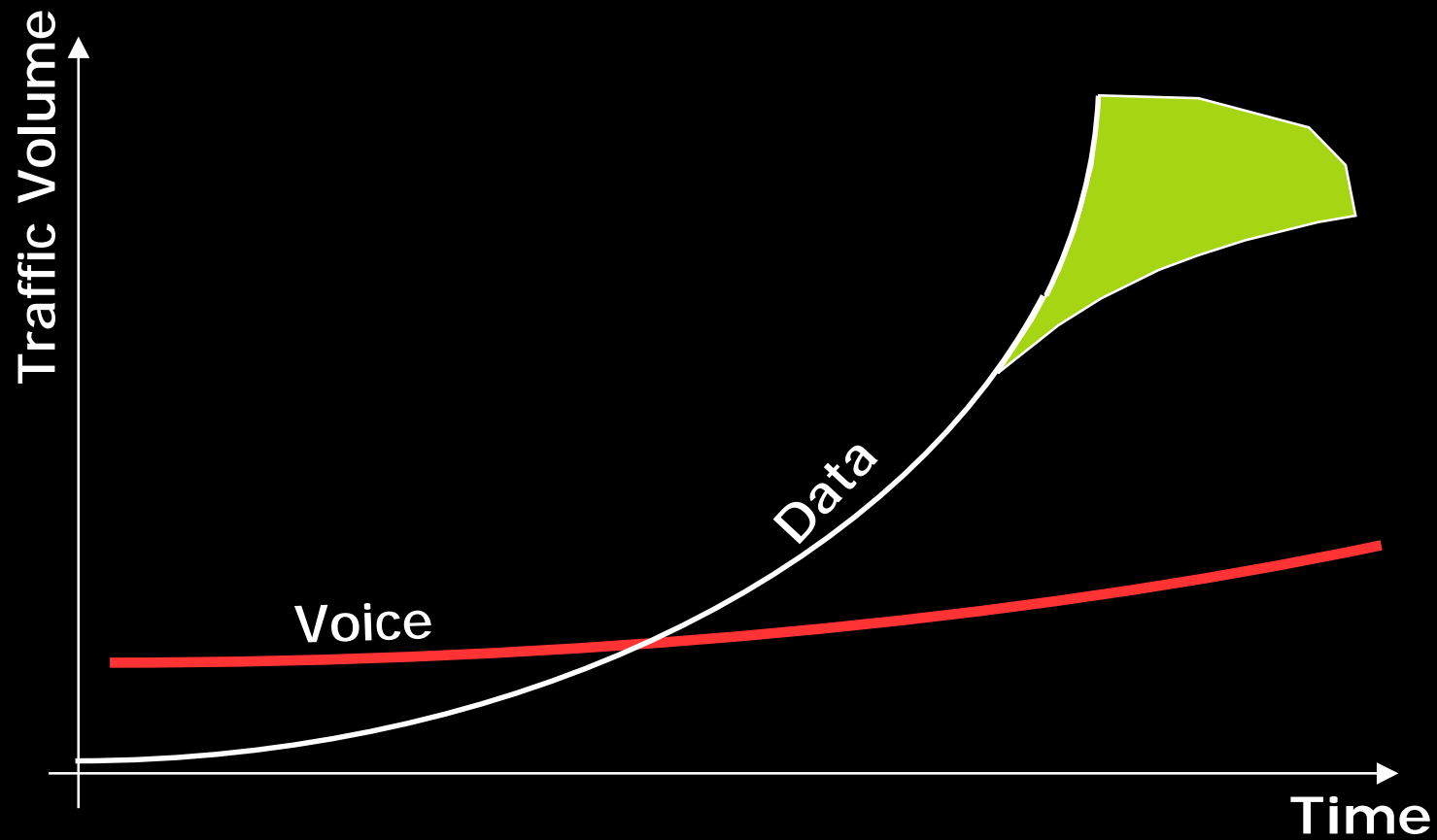
At the bottom of the page, there is a 'NEXT CLIP' section with a 'Title' field containing 'lade daten...' and a 'Movie' section with a progress bar and a '04:24' timestamp. Below this is a 'Channel' section with a bar chart icon and a 'Clipvoting' section with 'Tell a friend' and 'Comment' buttons. The bottom right corner of the page features the text 'Powered by: Interactive Video'.

The footer of the page contains a navigation menu with links for 'Impressum', 'AGB', 'Contact', 'Music off', and 'Help'. On the far right of the footer, there are links for 'speed access', 'speed letter', and 'speed community'.

22

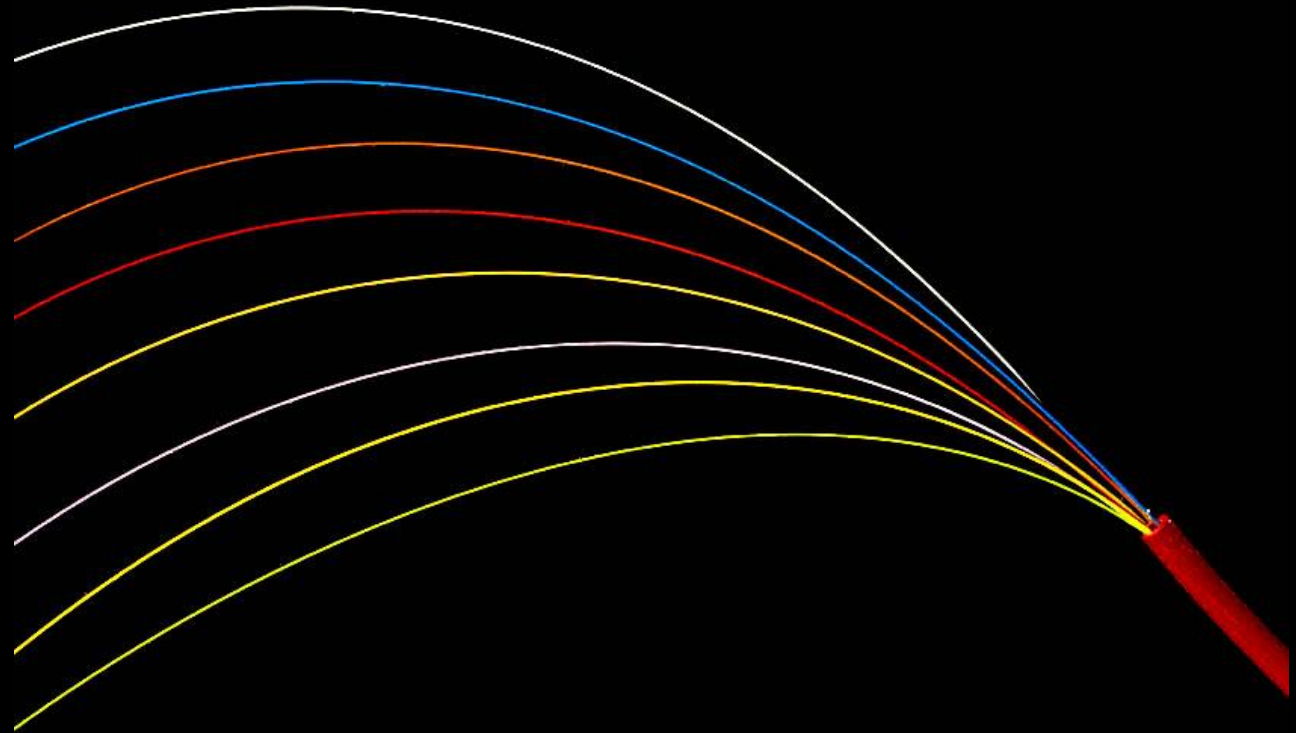
Telekom Austria

# Data Traffic Exceeds Voice Traffic

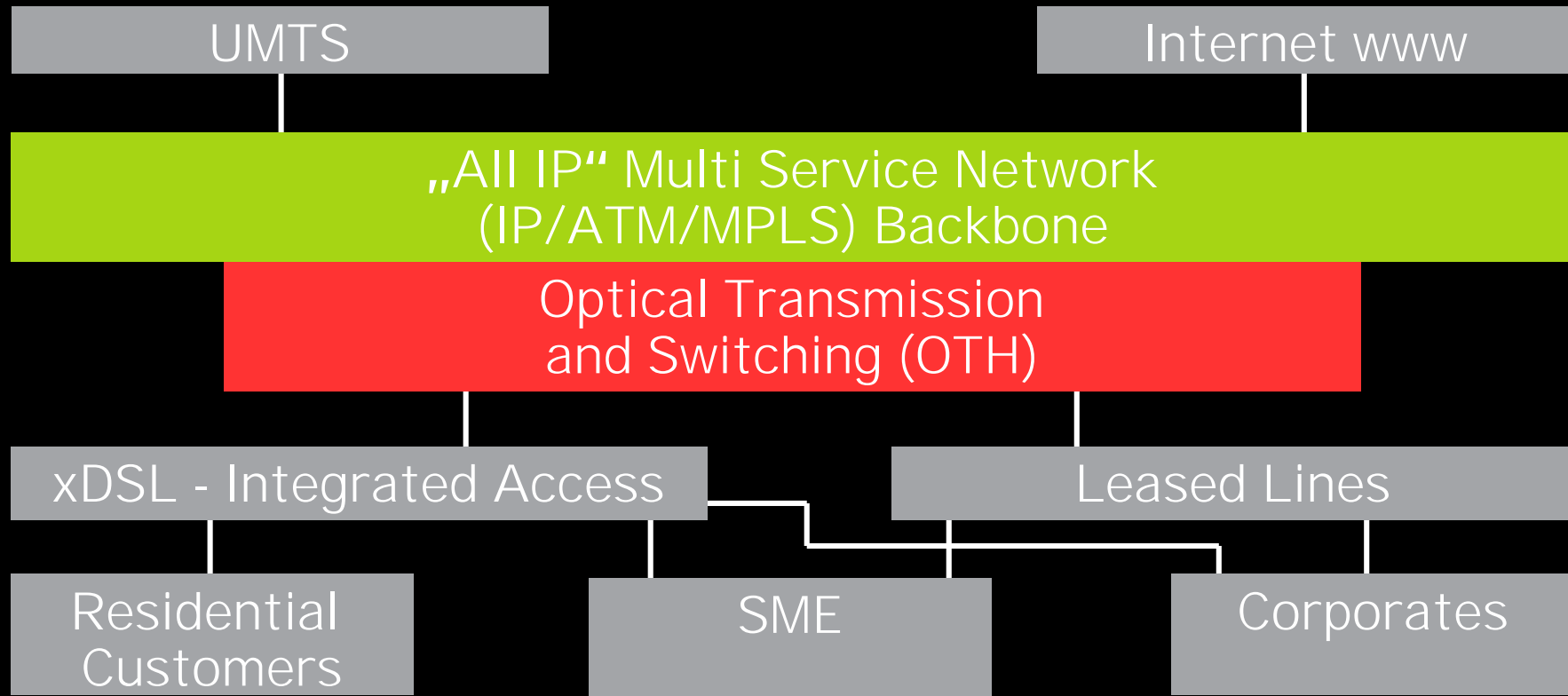


# First Gigabit Connections realized

- ACO Net
- ORF



# FUN Future Universal Network



# New Fixed Line Organization

Wholesale	Retail
Wholesale marketing & sales	Business Solutions
Strategic Portfolio & Technology Management	Residential/ SOHO
Network	Customer Care
	Media

# 2002: The Year of the Customer



**Ich will.**  
**Festnetz. .**  
**Daten. Internet.**

**Telekom Austria**

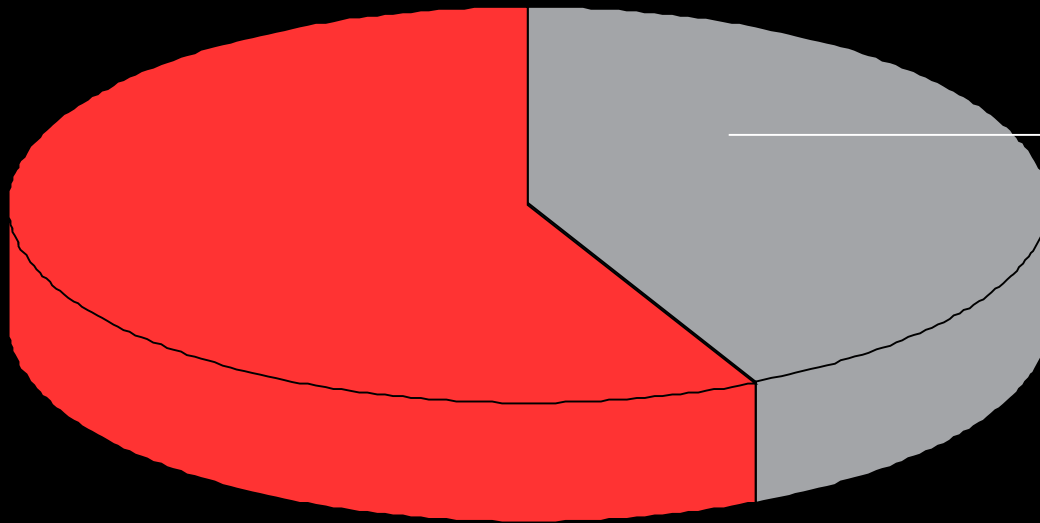
# Wireless Business

- Customer growth
- Technological edge
- Mobile data communications
- International activities

# Mobilkom Austria Market Leader

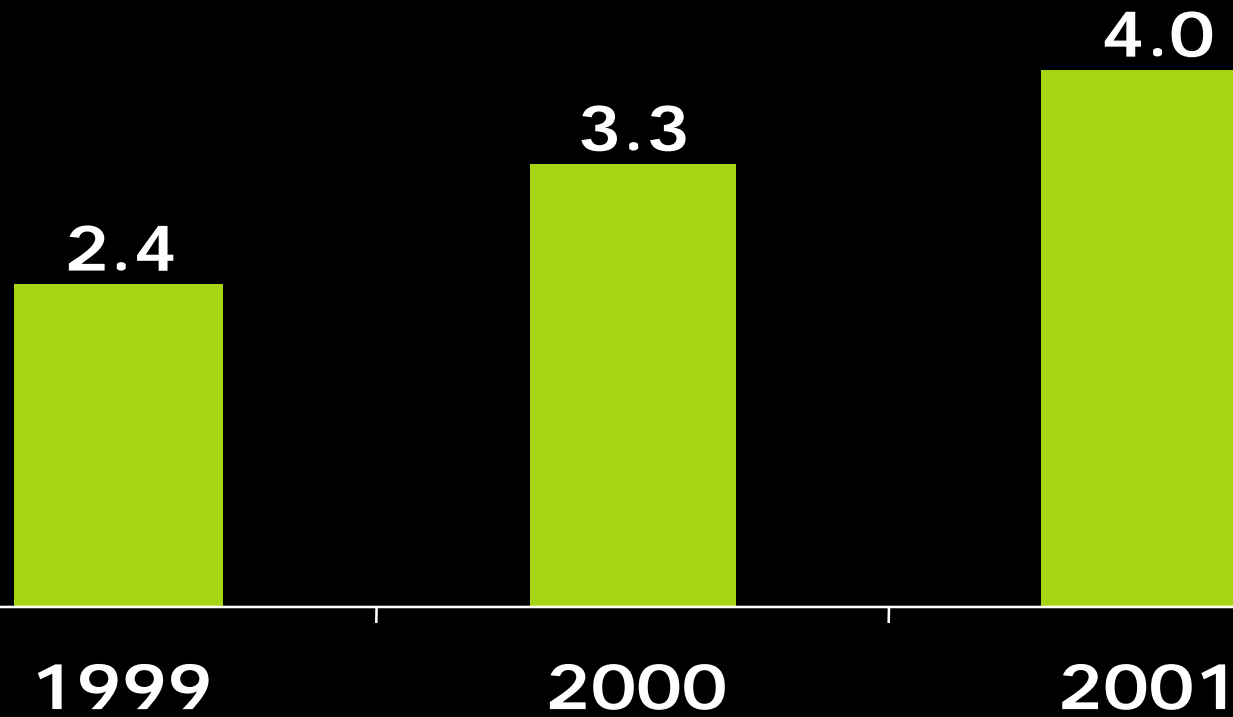
Market Share  
Mobilkom Austria

42.9%



# Growth in Mobile Communications

Million Customers



# Technology Edge

- Leader in
  - Prepaid
  - mobile Internet
  - mobile VPN
  - WAP
  - GPRS
  - MMS



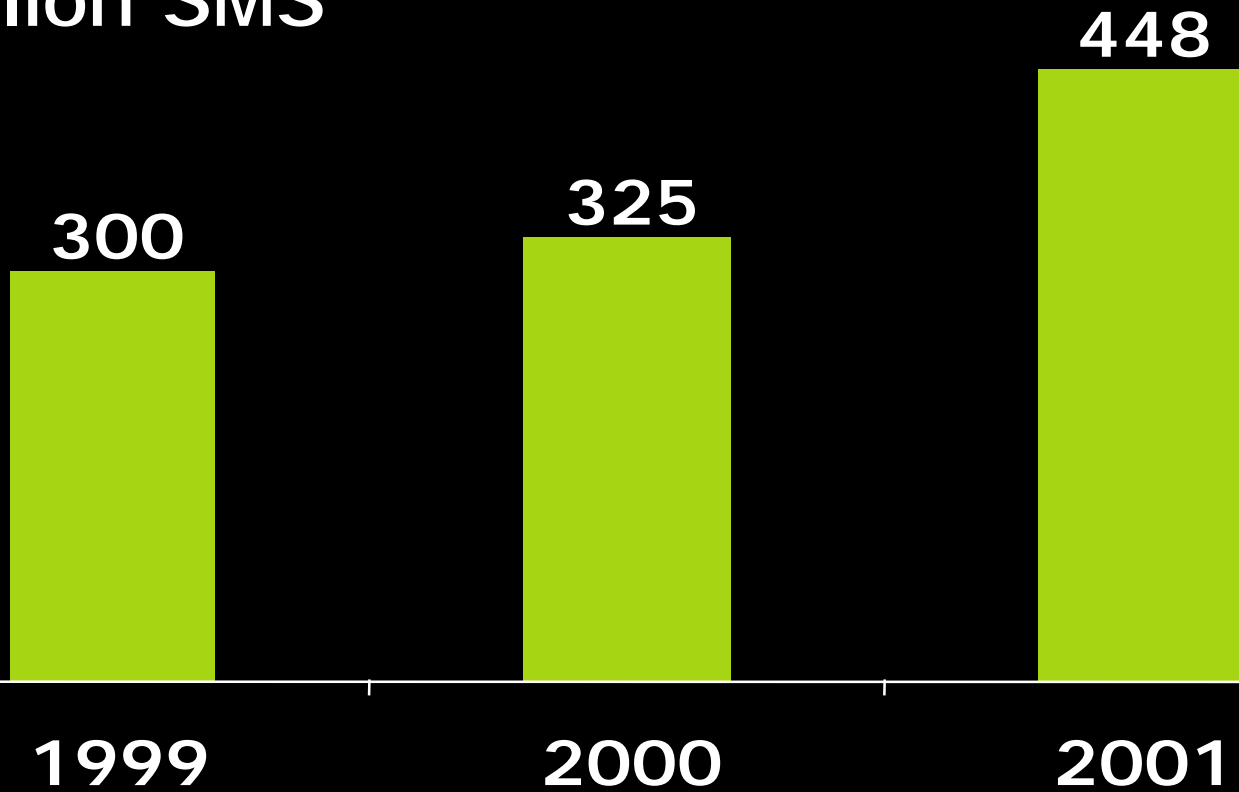
# Mobile Data Communications

- Mobile Commerce
  - railway tickets
  - cinema tickets
  - flower greetings
  - charity donationsvia SMS and WAP
- paybox austria
- A1 Bank



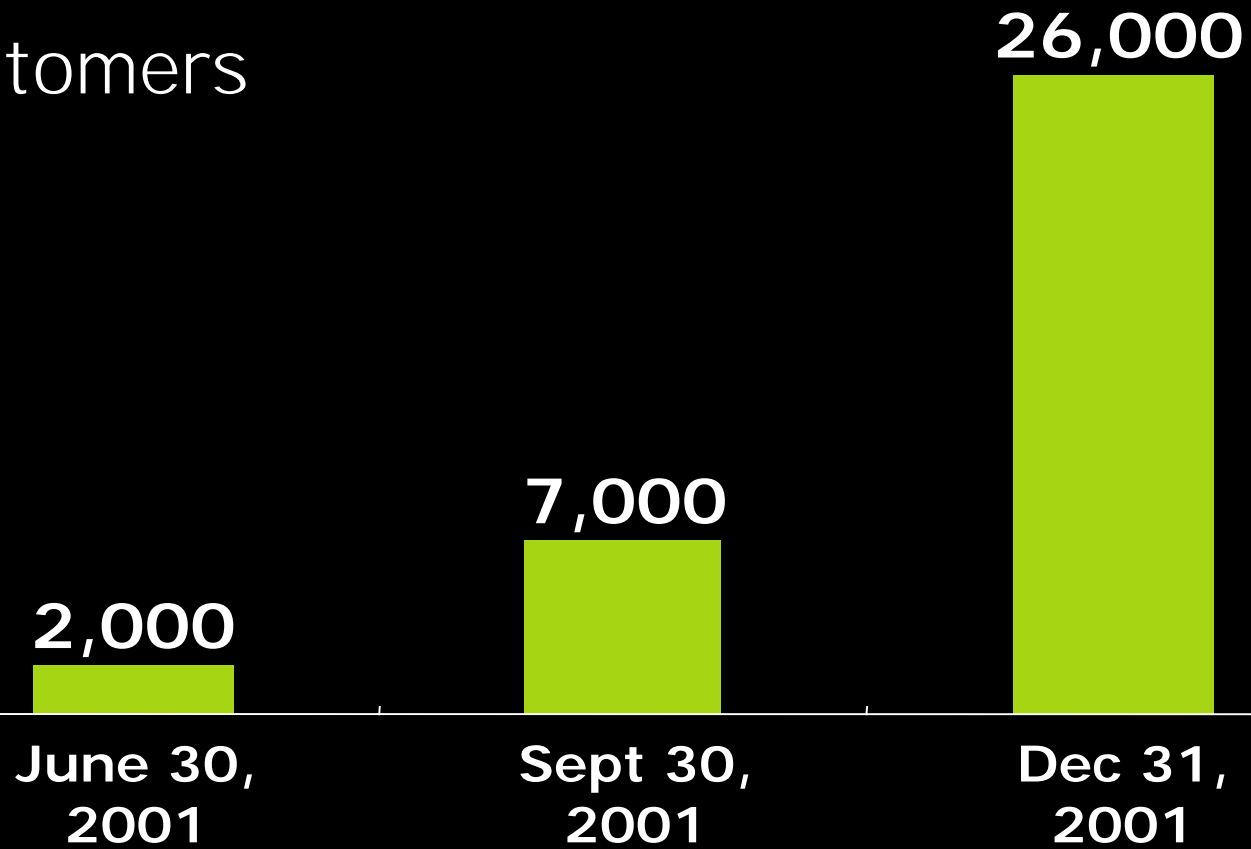
# Steady Increase in SMS Volume

Million SMS



# GPRS Customers

Customers

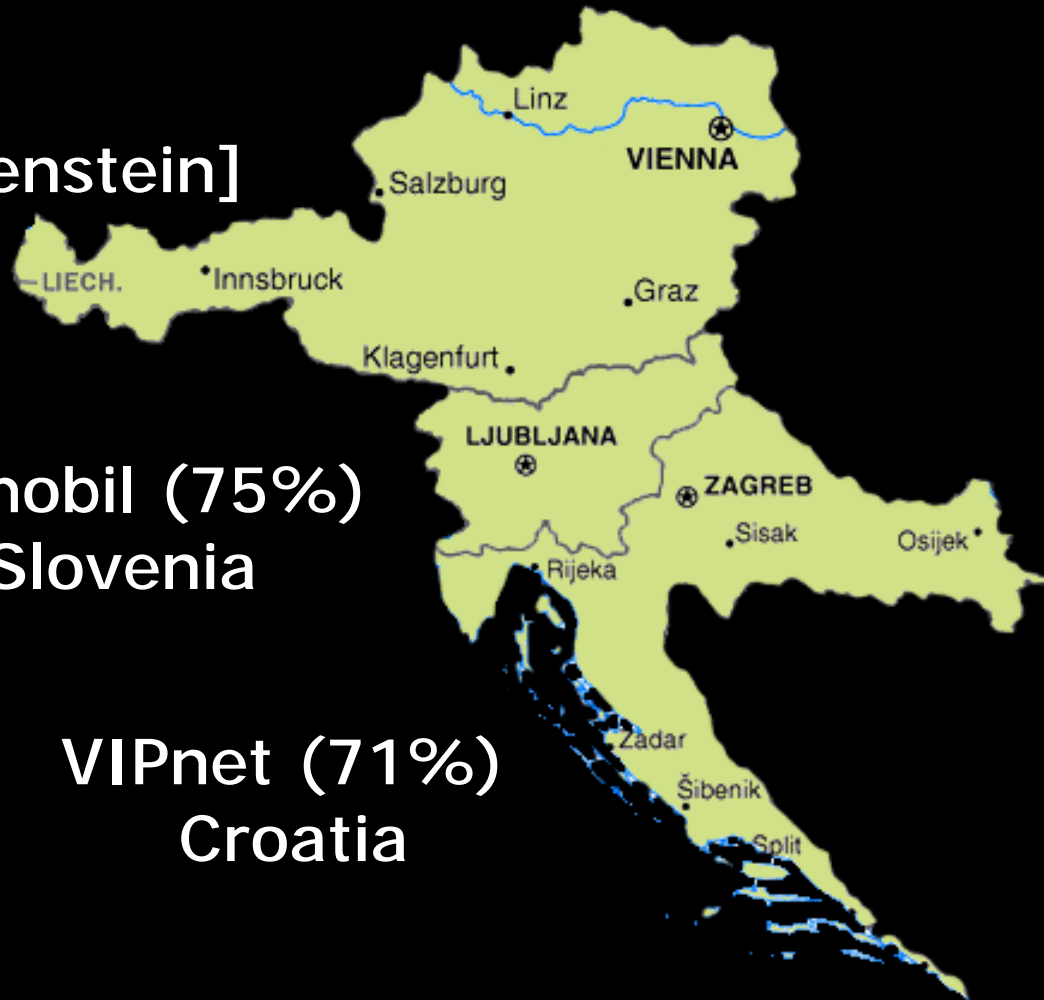


# International Mobile Operations

**mobilkom [Liechtenstein]  
(100%)**

**Si.mobil (75%)  
Slovenia**

**VIPnet (71%)  
Croatia**



# VIPnet: Profitability in Short Time

	2001	2000	%
Revenues EUR million	231.1	149.2	55.2%
EBITDA EUR million	79.2	32.3	145.2%
Customers	855,700	531,400	61.0%

# Si.mobil: Doubling of Customer Base

Si.mobil Customers  
(,000)

130

270

2000

2001

37

Telekom Austria

# Financials

38

**Telekom Austria**

# Telekom Austria Group Full Year Results 2001

(EUR million)	2000	2001	%
Total managed revenues	3,897.2	3,943.5	1.2%
Total managed EBITDA*	1,060.9	1,472.8	38.8%
Net result	(285.6)	(104.6)	63.4%
Capex	917.7	812.2	(11.5%)
Net Debt	3,420.3	3,282.1	(4.0%)

*Note: Total managed revenues, EBITDA, capex and net debt including 100% of Mobilkom Austria, net result with Mobilkom at-equity*

*\*without costs for idle workforce*

# Fixed Line

(EUR million)	2000	2001	%
Revenues	2,654.8	2,456.7	(7.5%)
EBITDA*	572.2	869.0	51.9%
EBITDA margin	21.6%	35.4%	
Capex	545.5	397.5	(27.1%)

*\*without costs for idle workforce*

# Fixed Line Headcount

15,529



14,375



11,903

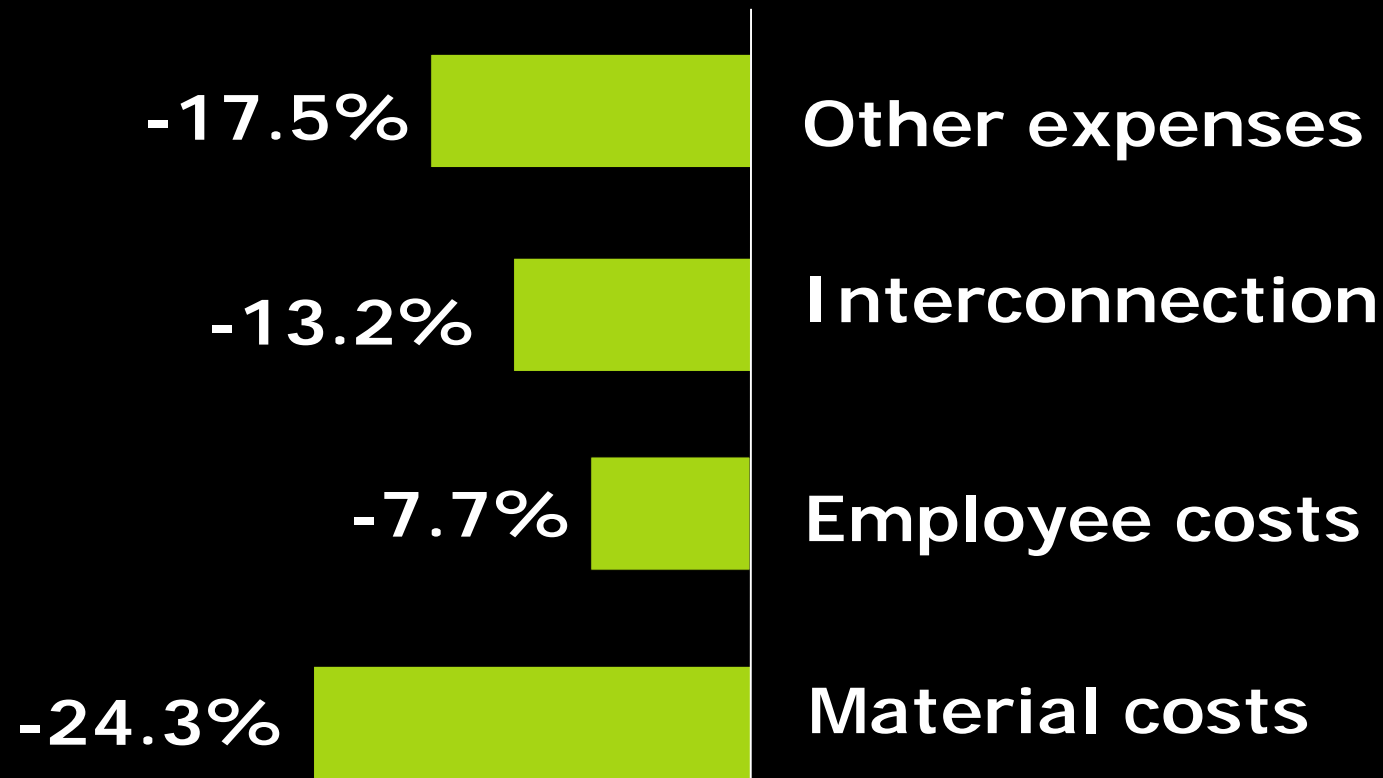


Dec 31,  
1999

Dec 31,  
2000

Dec 31,  
2001

# Cost Cutting\* : -13.3% (EUR 244million)



*\*without costs for idle workforce and early retirement programs and without amortisation and depreciation*

# Mobile Communication

(EUR million)	2000	2001	%
Revenues	1,501.0	1,713.2	14.1%
EBITDA	436.5	571.3	30.9%
EBITDA Margin	29.1%	33.4%	
Capex	323.1	363.2	12.4%
Net Debt	466.4	748.0	60.4%

# Data Communications

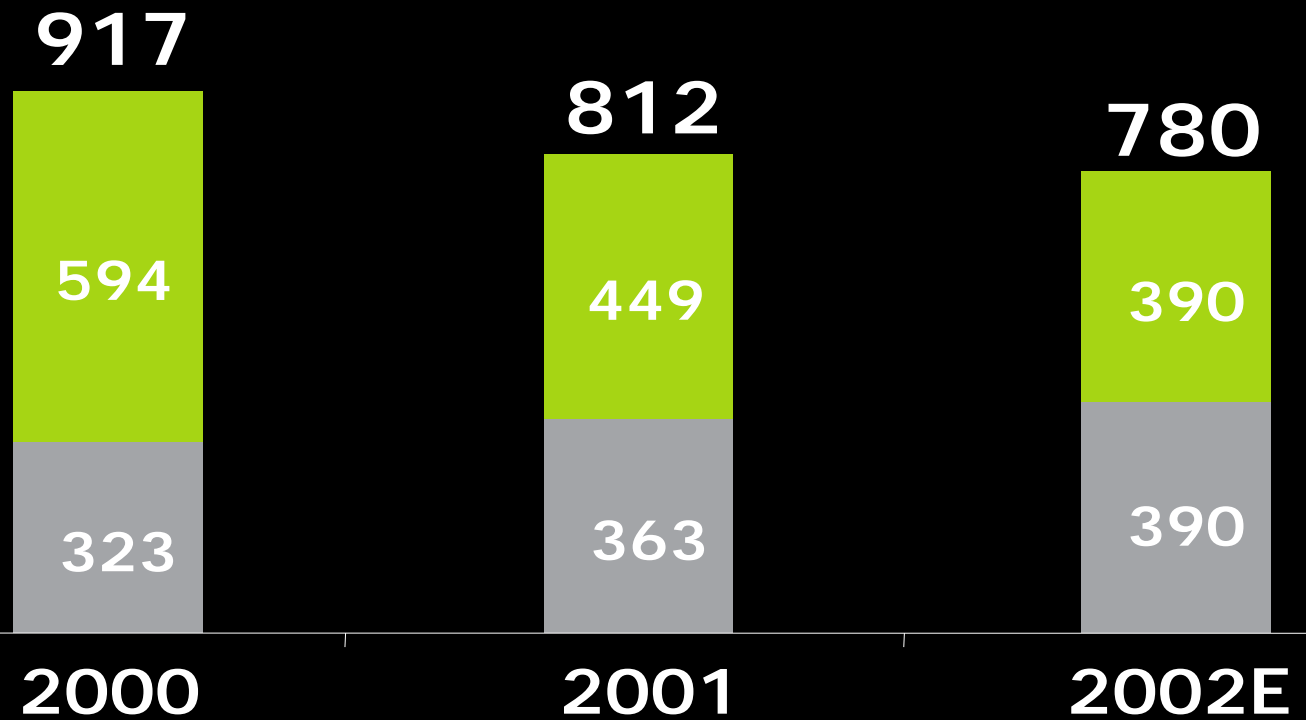
(EUR million)	2000	2001	%
Revenues	312.8	330.2	5.6%
EBITDA	57.4	54.7	(4.7%)
EBITDA margin	18.4%	16.6%	(8.9%)
Capex	34.6	31.5	(9.0%)

# Internet

(EUR million)	2000	2001	%
Revenues	61.1	99.5	62.8%
EBITDA	(5.4)	(20.1)	-
EBITDA margin	(8.8%)	(20.2%)	
Capex	14.6	20.0	37.0%

# Capex

(EUR million)

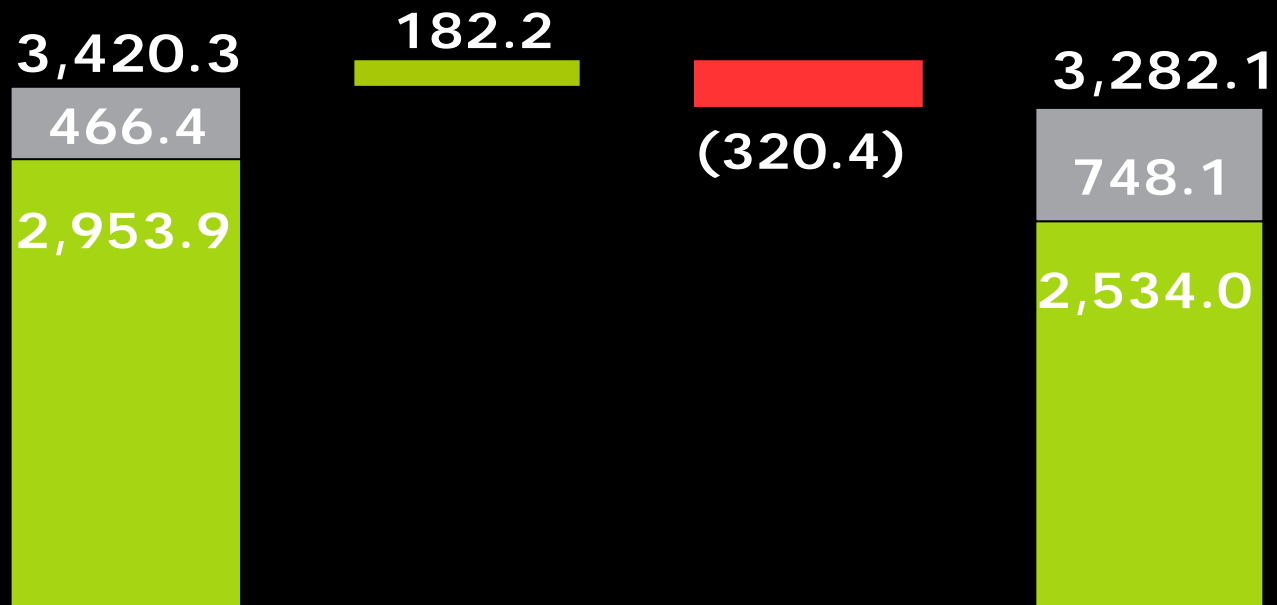


■ Mobilkom Austria

■ Telekom Austria

# Net Debt

(EUR million)



Dec. 31, 2000      Si.Mobil acquisition, GSM licenses      Free Cash Flow      Dec. 31, 2001

■ Mobilkom Austria      ■ Telekom Austria

# Telekom Austria AG Balance Sheet

<b>ASSETS (EUR million)</b>	<b>31.12.2001</b>	<b>31.12.2000</b>
Current assets	847.7	918.0
Property, plant and equipment and intangible assets	4,672.4	5,299.8
Other assets	2,207.2	1,844.9
<b>Total Assets</b>	<b>7,727.3</b>	<b>8,062.7</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY (EUR million)</b>	<b>31.12.2001</b>	<b>31.12.2000</b>
Current liabilities	1,680.1	1,799.4
Long-term debt	2,005.2	2,353.9
Other liabilities & accruals	1,541.6	1,305.8
Stockholders' equity	2,500.4	2,603.6
<b>Total Liabilities and Stockholders's Equity</b>	<b>7,727.3</b>	<b>8,062.7</b>

48

**Telekom Austria**

# Telekom Austria AG - Consolidated Statement of Operations

(EUR million)	2000	2001	%
Revenues	2,814.4	2,659.7	-5.5%
EBITDA*	624.3	903.7	44.8%
Operating loss	(299.2)	(195.4)	34.7%
Net result	(285.6)	(104.6)	63.4%

*\*without costs for idle workforce*

# Telekom Austria Group Results of the 1st Quarter 2002

(EUR million)	1 Q 02	1 Q 01	%
Total managed Revenues	962.5	944.1	1.9%
Total managed EBITDA*	413.9	375.2	10.3%
Net result	37.5	10.3	264.1%
Capex	81.0	126.4	(35.9%)
	Mar 31, 02	Dec 31, 01	%
Net Debt	2,954.8	3,282.1	(10.0%)

*Note: Total managed revenues, EBITDA, capex and net debt including 100% of Mobilkom Austria, net result with Mobilkom Austria at-equity*

*\* without costs for idle workforce*

# Outlook 2002

Fixed Line	<ul style="list-style-type: none"><li>• Safeguard market share</li><li>• Headcount reduction</li></ul>
Data	<ul style="list-style-type: none"><li>• One Stop Business Solutions</li></ul>
Internet	<ul style="list-style-type: none"><li>• ADSL, Portal &amp; Content</li></ul>
Mobile	<ul style="list-style-type: none"><li>• Focus on Quality Customers</li><li>• Growth of international business</li></ul>
Group	<ul style="list-style-type: none"><li>• EBITDA slight increase</li><li>• Improvement net result</li></ul>

---

**Telekom Austria**

**Thank you for your attention!**