

Stability and Growth

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Annual General Meeting Telekom Austria, Vienna. June 4, 2003

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.

We Kept to Our Commitment

è First positive net result since restructuring

§ Business Development

- ∨ Strengthened market position in all segments
- ∨ Stabilization of the fixed line business trend
- ∨ Profitable growth in all mobile activities

§ Financial Highlights

- ∨ Increase in revenues and EBITDA
- ∨ Net debt declines despite buy-back of mobilkom austria stake

§ Corporate Events

- ∨ Successful private placement of Telecom Italia shares
- ∨ Integration of all wireline business segments
- ∨ 100% ownership of mobile business

Success Despite Difficult Environment

è Marketing efforts have paid off

Success factors in the fixed line segment

- § Customer orientation and service leadership
- § Marketing of tailor-made tariffs
- § New focus on business customers
- § Expansion of broadband activities
- § Re-organization of wireline business
- § Increase in cost efficiency

Growth in a Highly Competitive Market

è A1 undisputed Number 1 in the mobile market

Success factors in mobile communications

- § Safeguard profitability by focusing on customer value
- § Creation of resources for future revenue generation
- § Growth from data services
- § Organization of excellence and focus on international cooperation
- § Selected value-enhancing expansion in south-eastern Europe

Corporate Governance Ensures Transparent Business Management

è Telekom Austria implements international standards

§ Sarbanes-Oxley Act

§ Corporate Governance Code in preparation

- Auditors under Supervisory Board's control
- Explicit confirmation of compliance with regulations
- Code of Ethics
- Report on internal auditing
- Limit general auditing beyond specific auditing assignment
- Auditors subject to rotation
- Reporting of off-balance sheet transactions

§ Waiver of 15% discount in case of mandatory take-over

Our Responsibility Within the Company

è Importance of corporate social responsibility increases

§ Sponsoring

- targeted promotion of arts and sports

§ Social Engagement

- unbureaucratic aid for flood victims

§ Basic values of our business policy

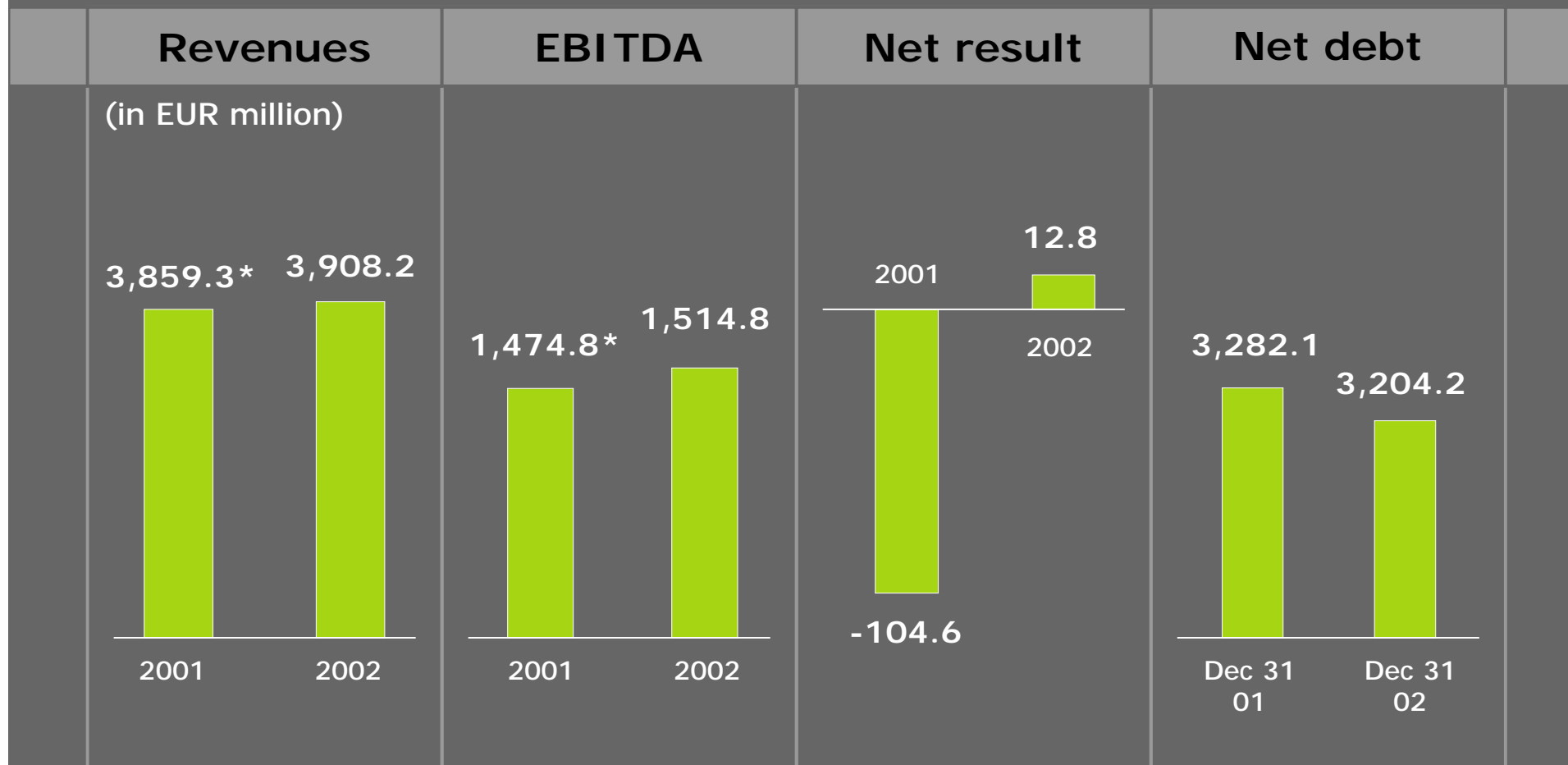
§ Sustainable investment product

Qualified and Motivated Employees Increase Profitability

è Successful implementation of modern personnel management

- § Efficient deployment of human resources
 - 11,359 full-time employees (-1,789 compared to the previous year) in the wireline segment
- § Successful Re-integration
- § Alternative pension program
- § Professional training and further education
- § Identification of high potential
- § Performance management

Group Full Year Results Reflect Operating Success

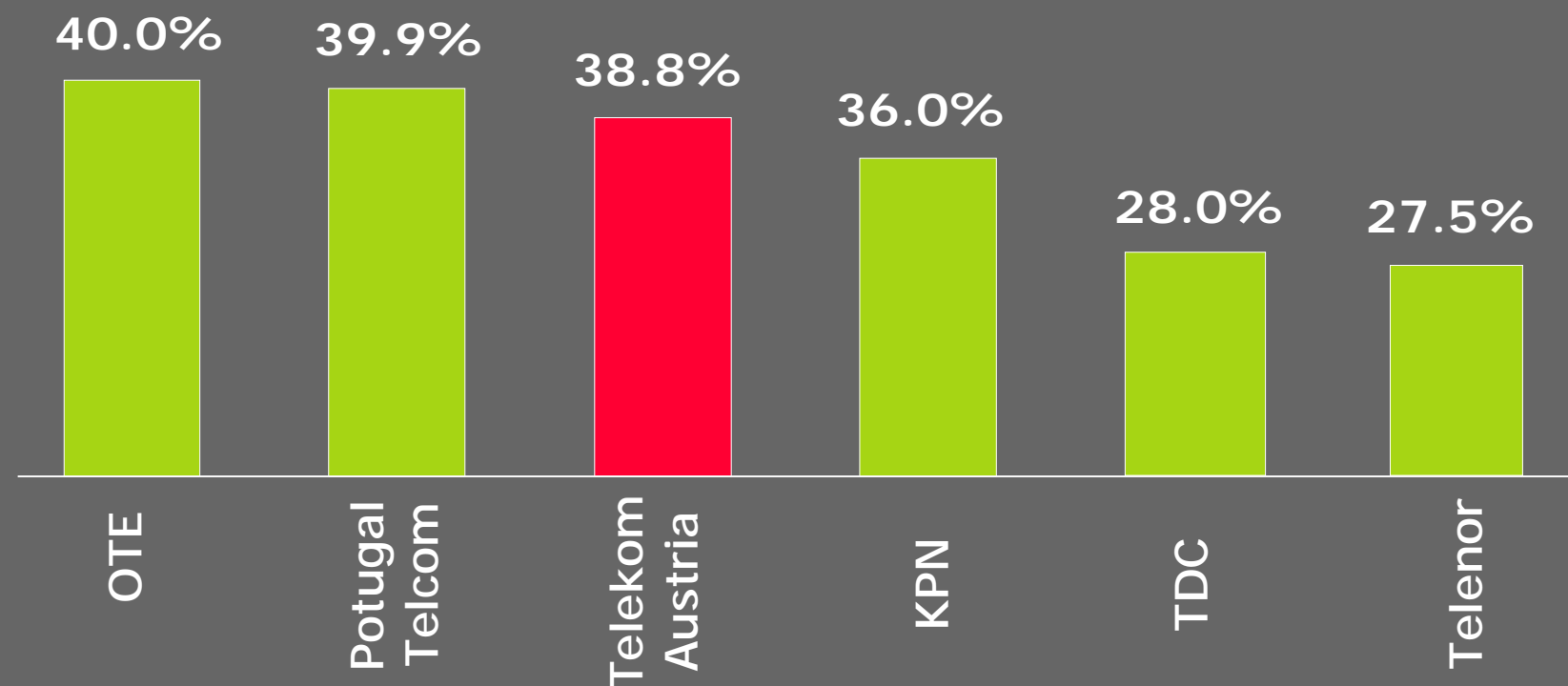


* 2001 figures adjusted for change in billing of interconnection revenues and costs

Good Position Compared to Peers

EBITDA Margin

(FY 2002 Figures)



Share Performance since IPO



Wireline

Fixed Line Market Leader

Fixed Line Market Share

55.3%



Market Share Win-Back for the First Time

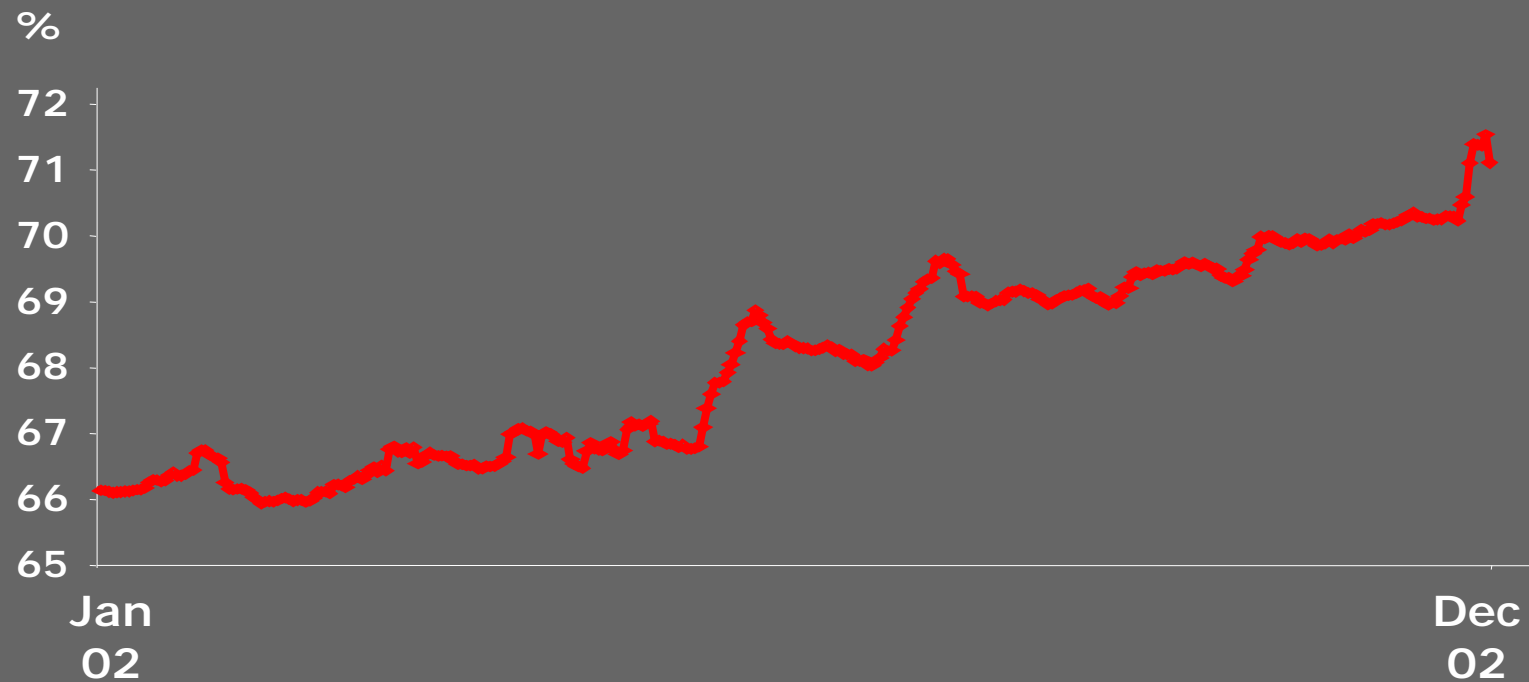
Voice Telephony: Market Share Losses and Gains

percentage points

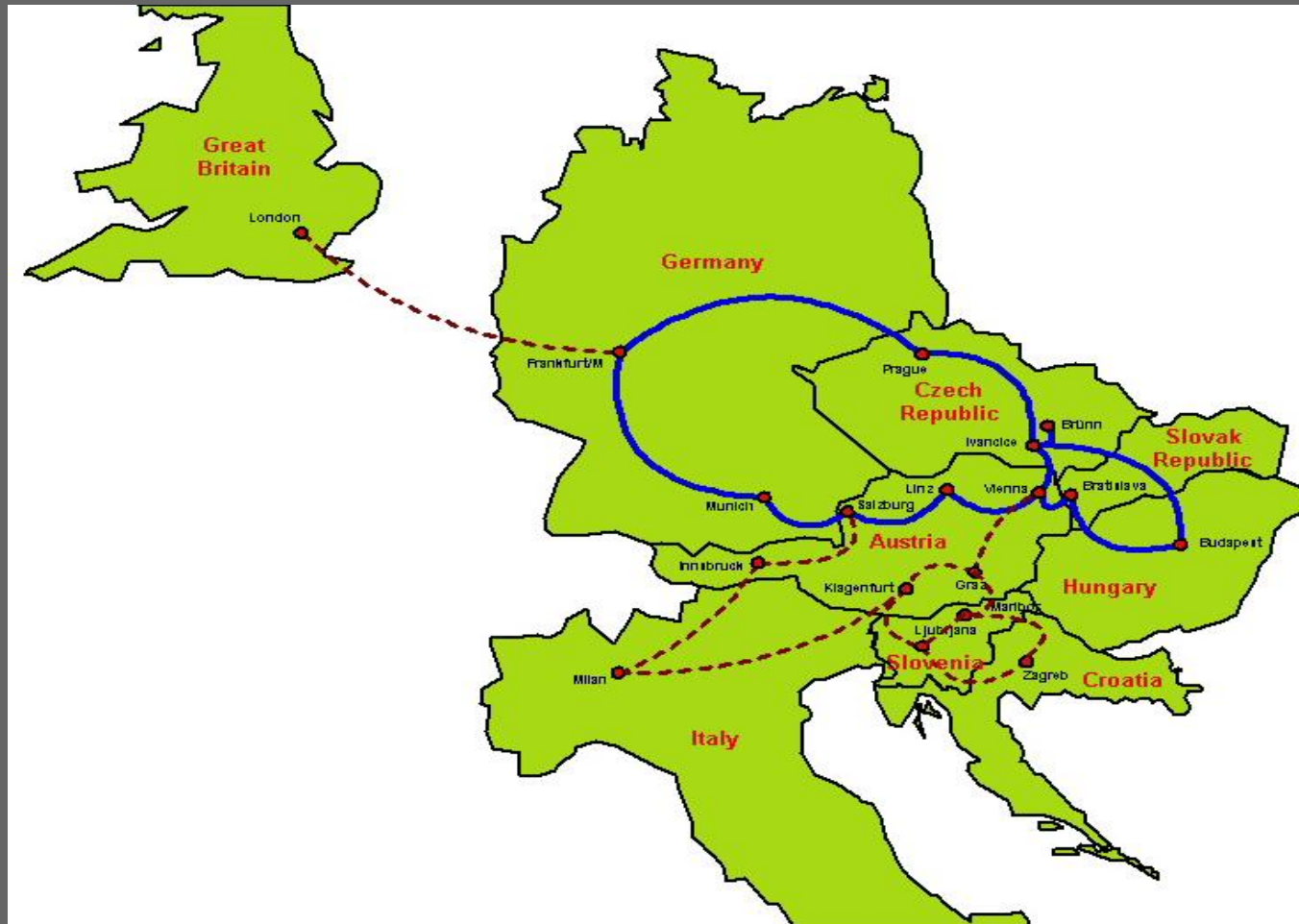


Stronger Market Position in Business Customer Segment

Business Voice Market Share



High-Performance International Backbone Network



Successful Marketing Efforts to Stabilize Market Shares



TELEKOM AUSTRIA

Ich will.

Um 2 Cent mit meinem BestFriend telefonieren.

 **TikTak Privat. Infos & Bestellung:**
0800 100 100, www.Aon.at

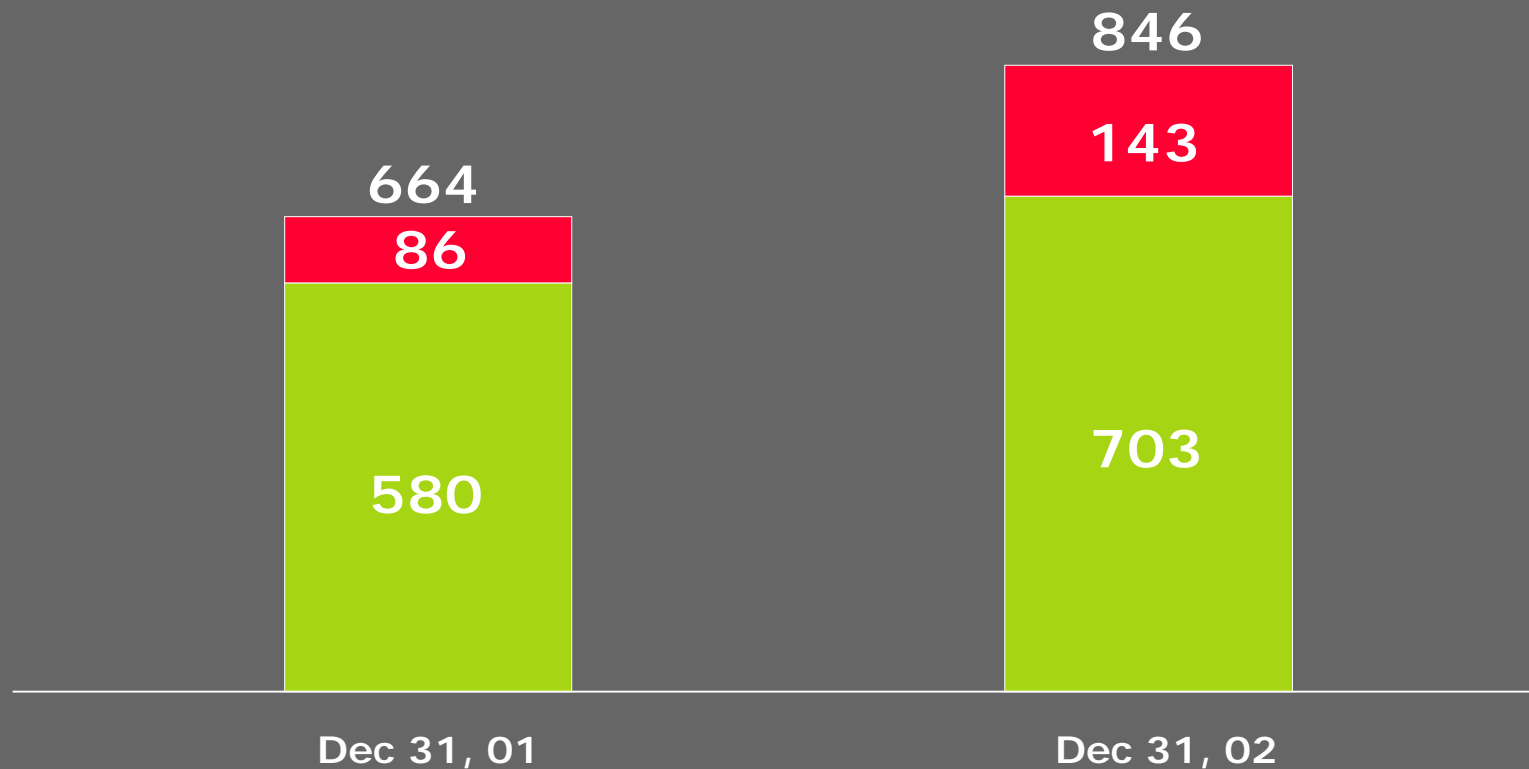
Eine Partie Schach kann ganz schön lange dauern. Doch mit Telekom Austria ist das gar kein Problem. Denn Sie telefonieren mit TikTak Privat um 2 Cent pro Minute zu Ihrem BestFriend. Rund um die Uhr im österreichischen Festnetz. 7 Tage die Woche, 365 Tage im Jahr. Oder einfach bis zum nächsten Schachmatt.

Costs bei 12 Monaten: Bindung und Einzahlungsbeitrag für die Nutzung der Zahlungsdienste einschließlich d. ZVZ von 2,17 € (einmalig), Monatsbeitrag Grundgebühr 0,17 € (einschl. € 15,98: ISDN-Basisanschluss) € 28,38. Vorbehalten Satz- und Druckfehler. Stand: April 2011.

Expansion of Internet Customer Base

Internet Customers in Austria

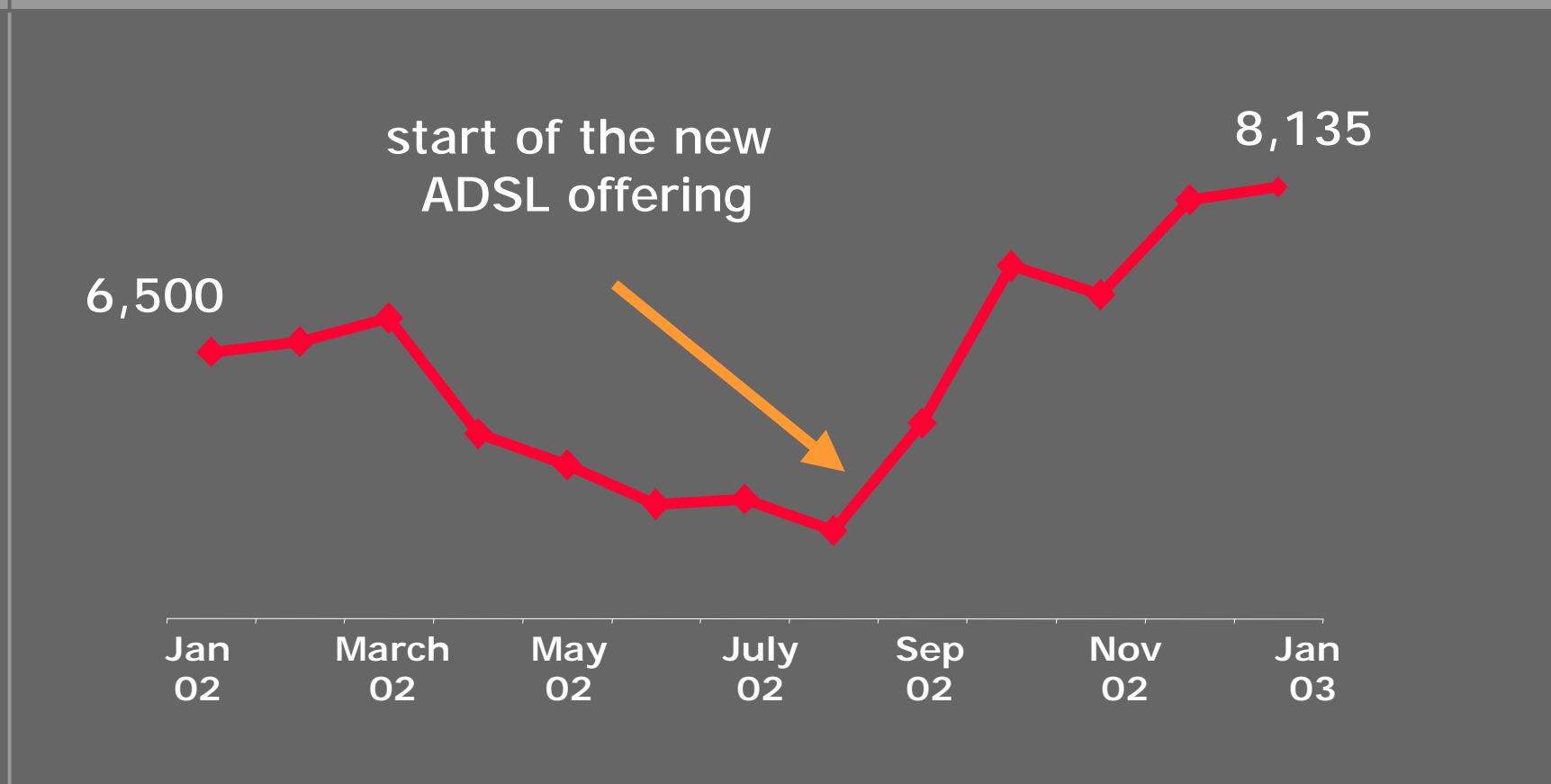
Customers ('000)



■ Internet Dial-up ■ ADSL access

Exploitation of Growth Opportunities with Broadband Connections

Monthly ADSL Net Adds



Continuation of Broadband Offensive

Project: Internet is ripe



Project: Grafenwörth



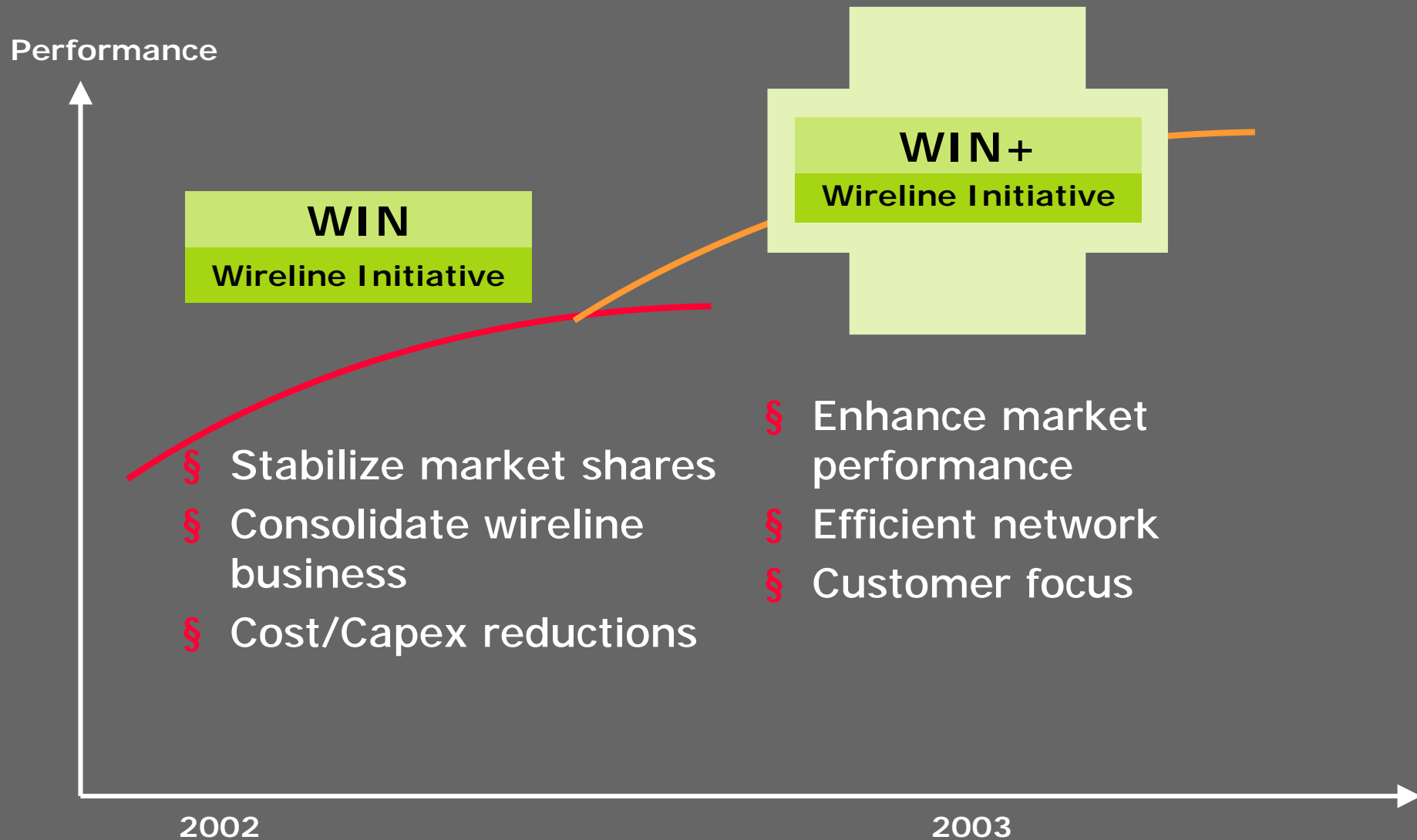
Project: Aon.tv



Project: ADSL Relaunch

**Increased Bandwidth: 768/128kbit/s
AonSpeed Free Time**

Further Performance Enhancement



Wireless

Market Leader in Mobile Communications

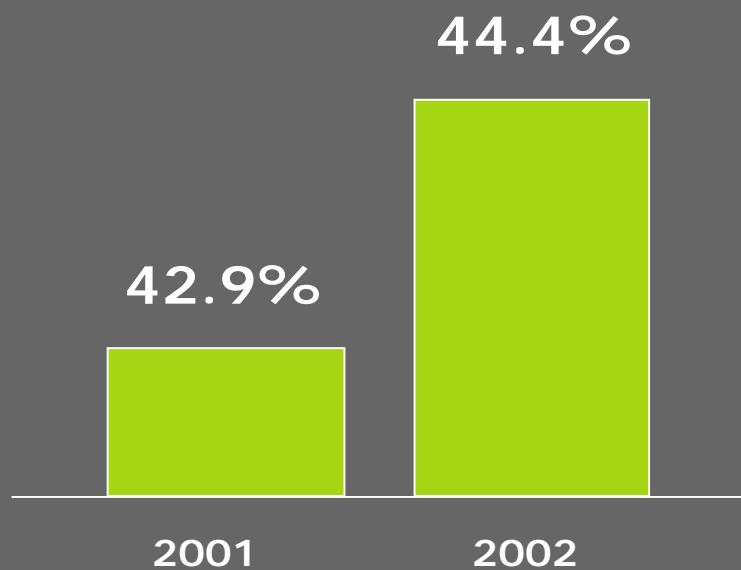
Mobile Market Share in Austria

44.4%



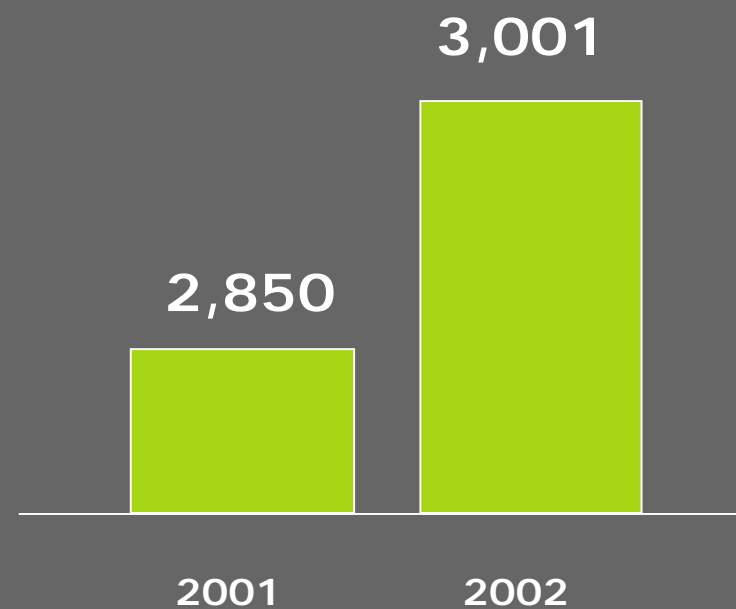
Growth in Market Share for mobilkom austria

Increase in Market Share



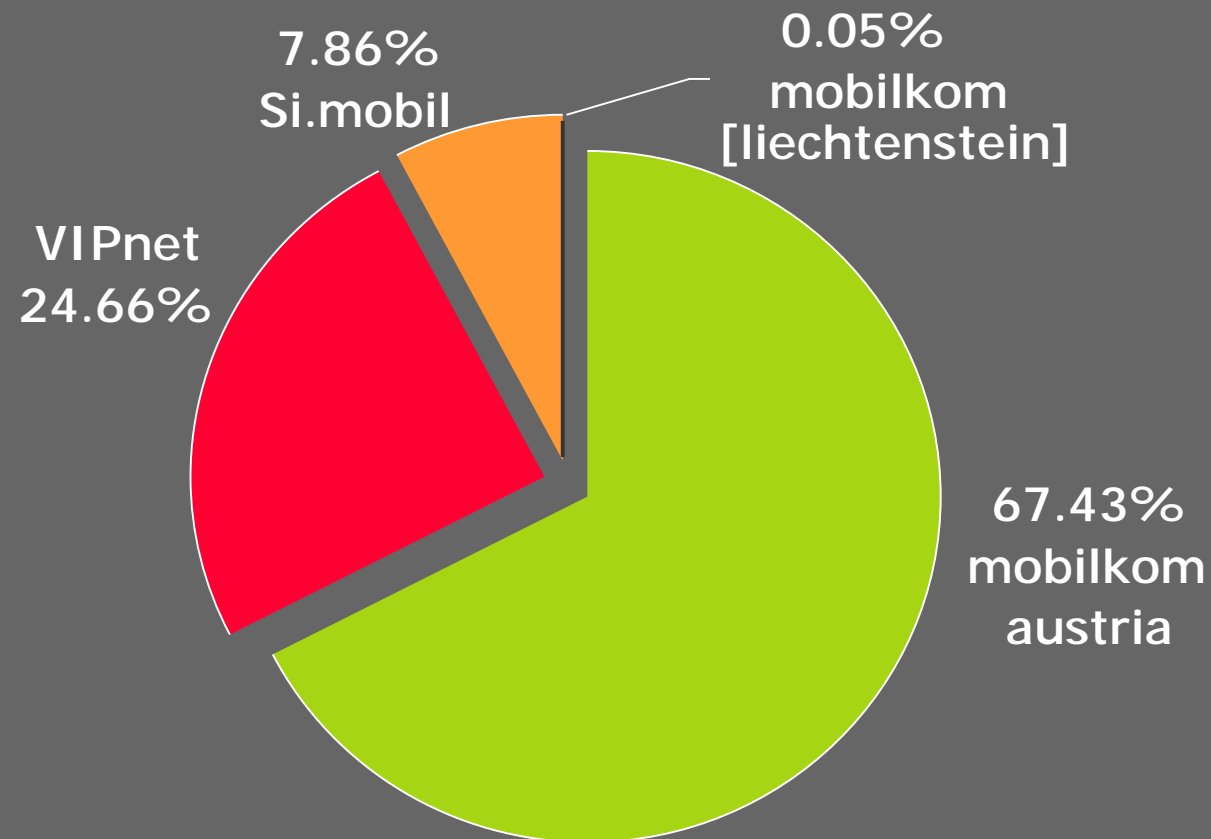
Increase in Customer Figures

(in millions)



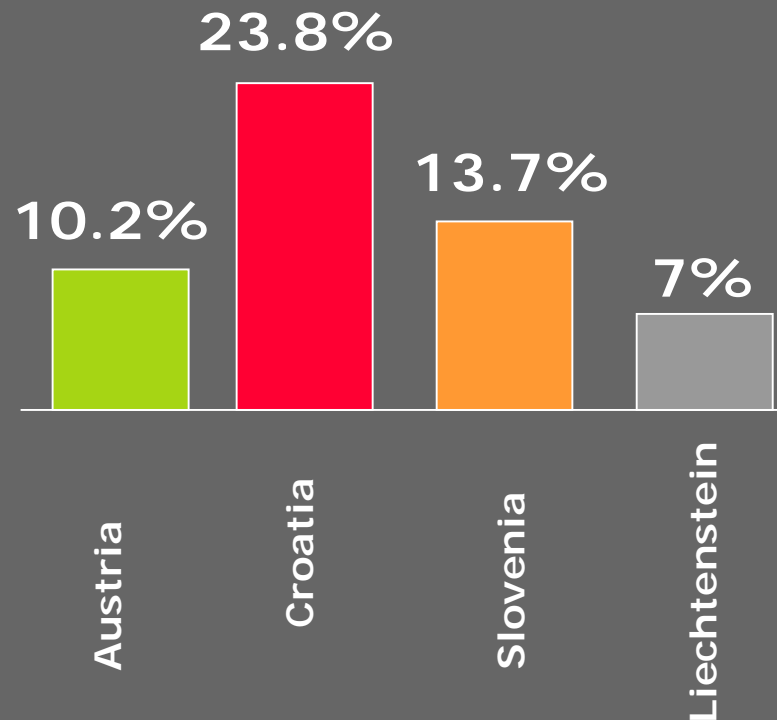
Growing Importance of International Business Activities

Customers

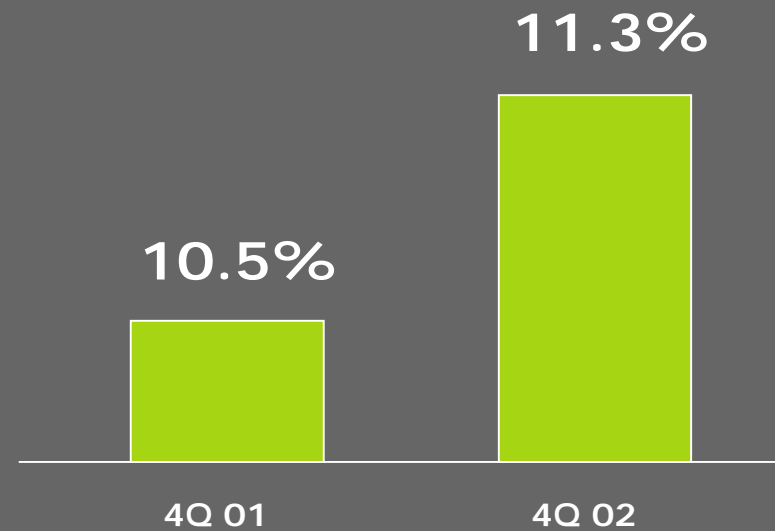


Exploit Growth Opportunities Through Mobile Data Communications

data in % of air time revenues*



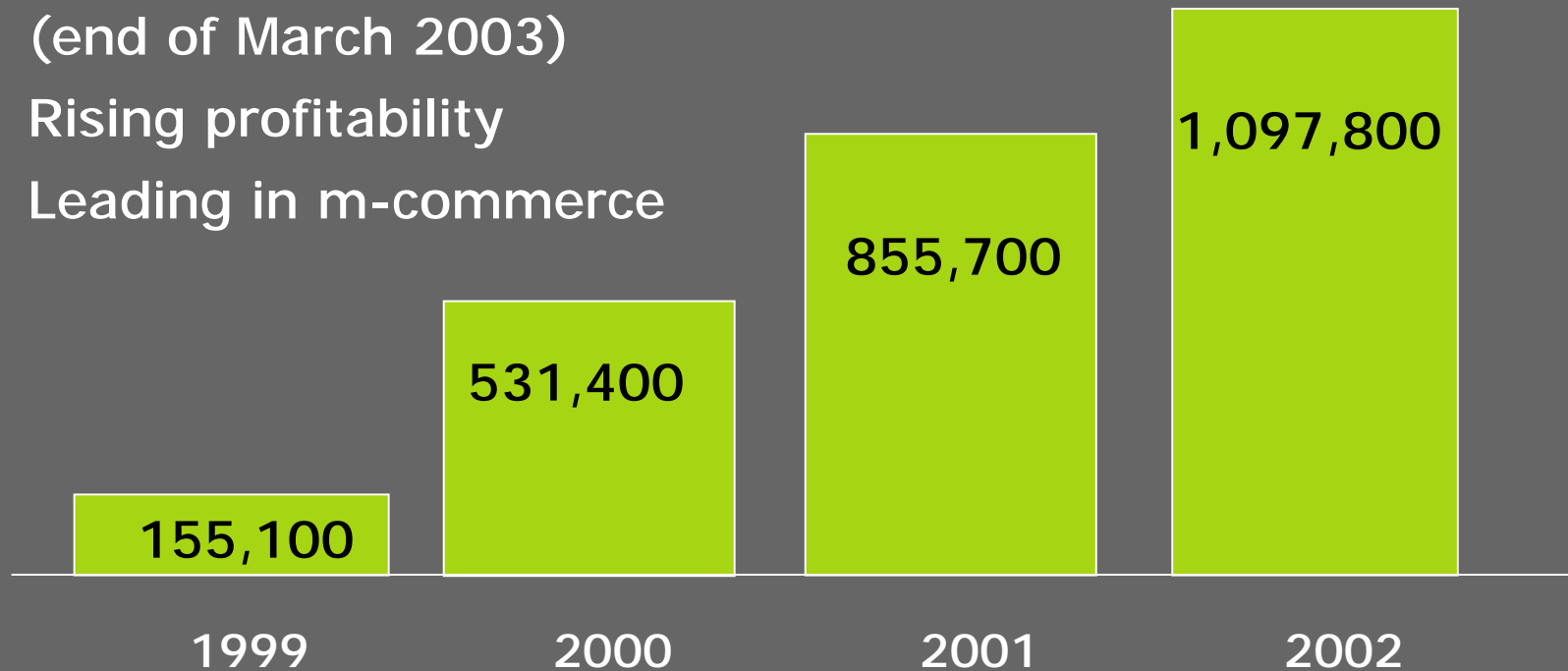
data in % of airtime revenues mobilkom austria



* Full-Year figures 2002

VIPnet: Exceeded the One-Million-Customer Mark

- § Market leader with 50.3% market share (end of March 2003)
- § Rising profitability
- § Leading in m-commerce



VIPnet: Profitable Results Within Short Time

EBITDA Development

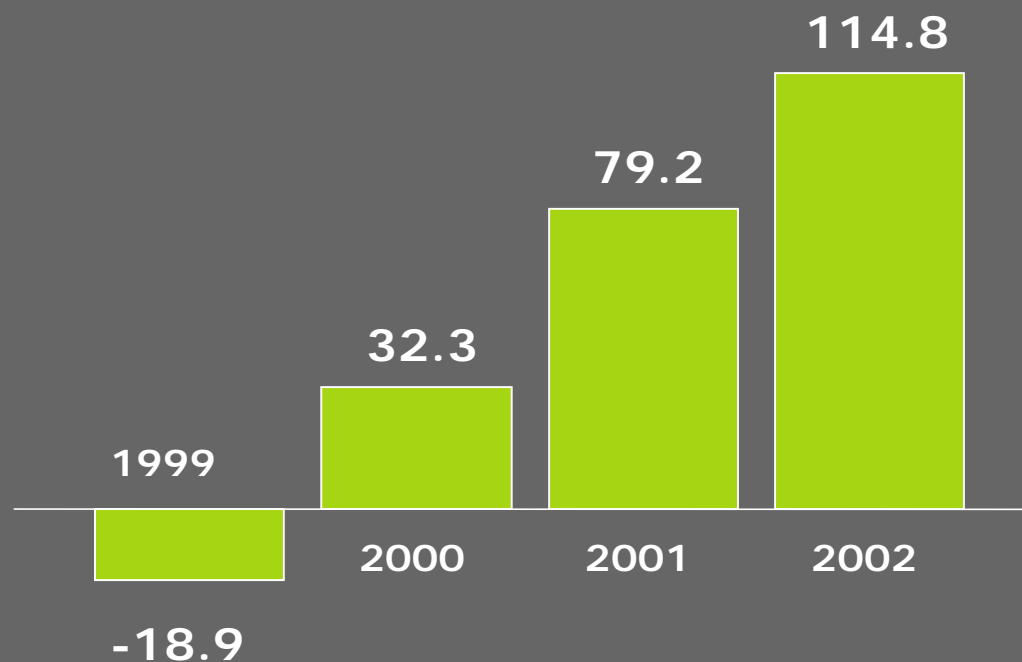
in EUR million

Revenues 2002:

EUR 303.5mn

EBITDA 2002:

EUR 114.8mn



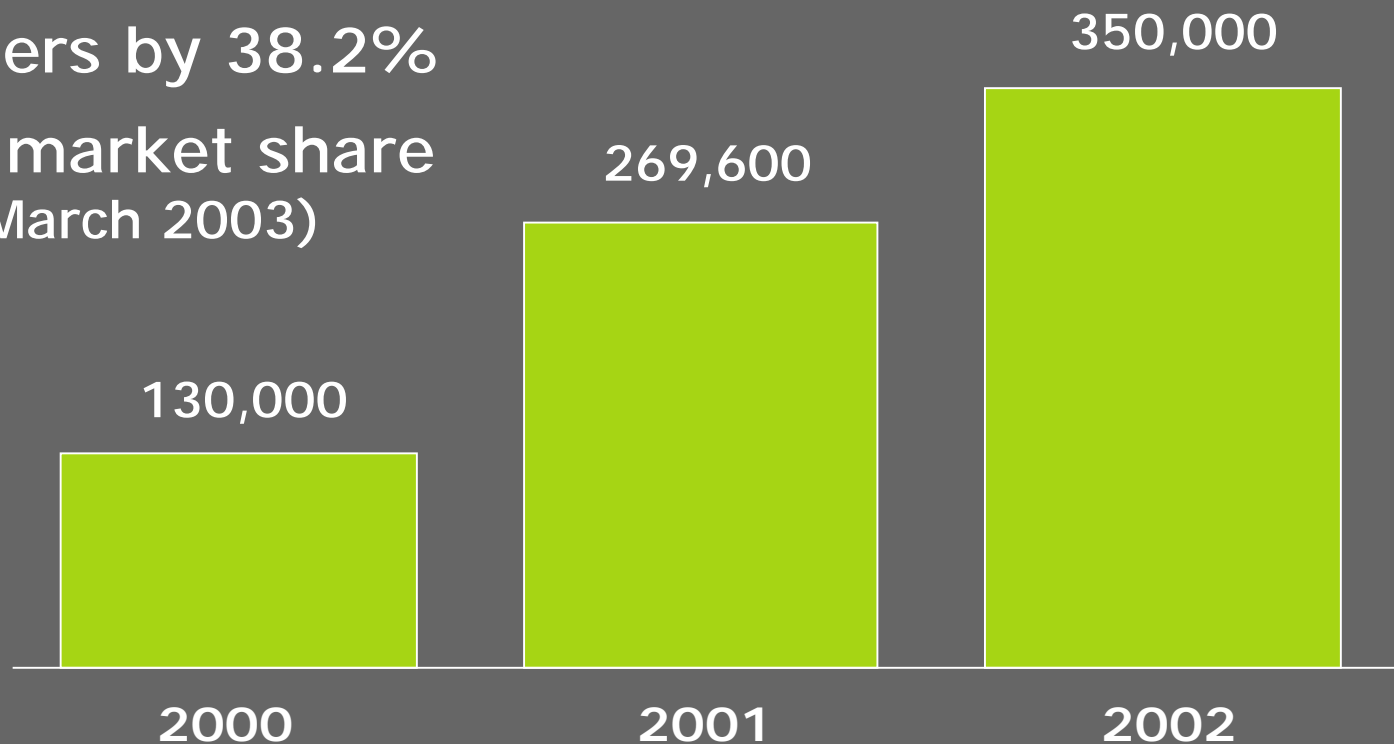


VIPnet: Leading in m-commerce

- § Mobile payment of flowers, theater and cinema tickets, parking tickets
- § "Open interfaces"
- § Lottery games
- § Wireless broadband access via W-LAN: first in Croatia – additional roll-out in hotels, vip-cafes and marinas
- § music.vip.hr – first music portal

Si.mobil: Rise in Subscriber Numbers by 1/3

- § 350,000 customers
- § Increase in business customers by 38.2%
- § 23.1% market share (end of March 2003)



Si.mobil: Positive Financial Development

in EUR million	2002	2001
Revenues	79.2	48.1
EBITDA	1.9	-15.6
EBIT	-12.4	-23.1

Partnership Agreement with Vodafone Strengthens International Business

§ Agreement includes following activities for the markets in Austria, Croatia and Slovenia:

- ∨ Roaming
- ∨ Development of products and services
- ∨ Global account management
- ∨ Purchase of handsets and software



§ Status of cooperation

- ∨ Numerous working teams have been set up
- ∨ Product roadmaps have been harmonized
- ∨ Vodafone/mobikom austria communications campaign have started
- ∨ First joint global account offers
- ∨ Launch of Eurocall, virtual home environment, assisted roaming and GPRS roaming

Financial Overview

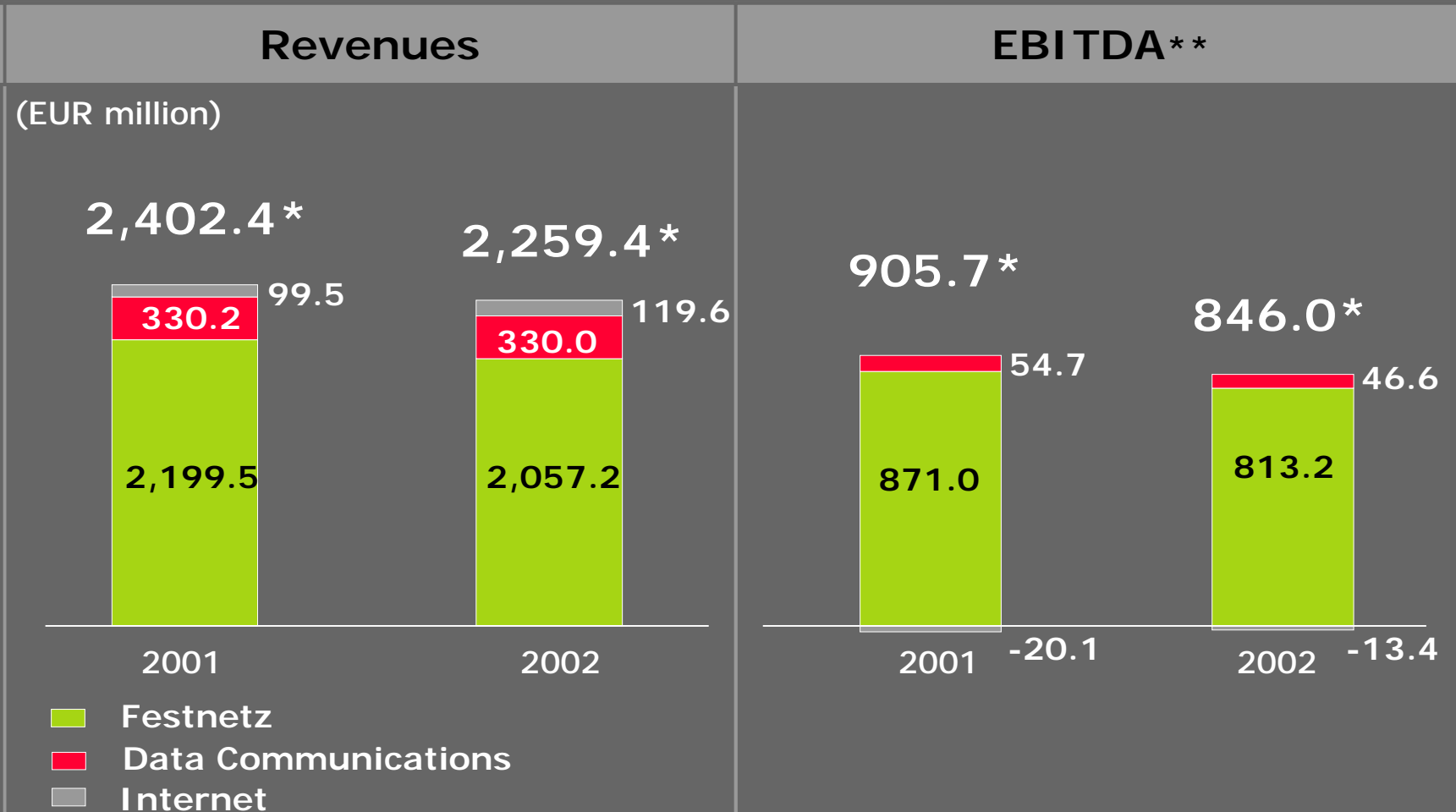
Telekom Austria Group Financial Results

	(EUR million)	2001	2002	%
Revenues*		3,859.3	3,908.2	1.3%
EBITDA*		1,474.8	1,514.8	2.7%
EBITDA margin		38.2%	38.8%	
EBIT*		158.0	323.5	104.7%
Consol. net result		-104.6	12.8	-
Capex*		812.2	662.4	-18.4%
Net debt (at year-end)		3,282.1	3,204.2	-2.4%

* total managed figures

EBITDA and EBIT are reported excluding costs for idle workforce and net loss from retirement of long-lived assets

Continued Stabilization of Financial Figures in the Wireline Segments



* excluding business within the Group

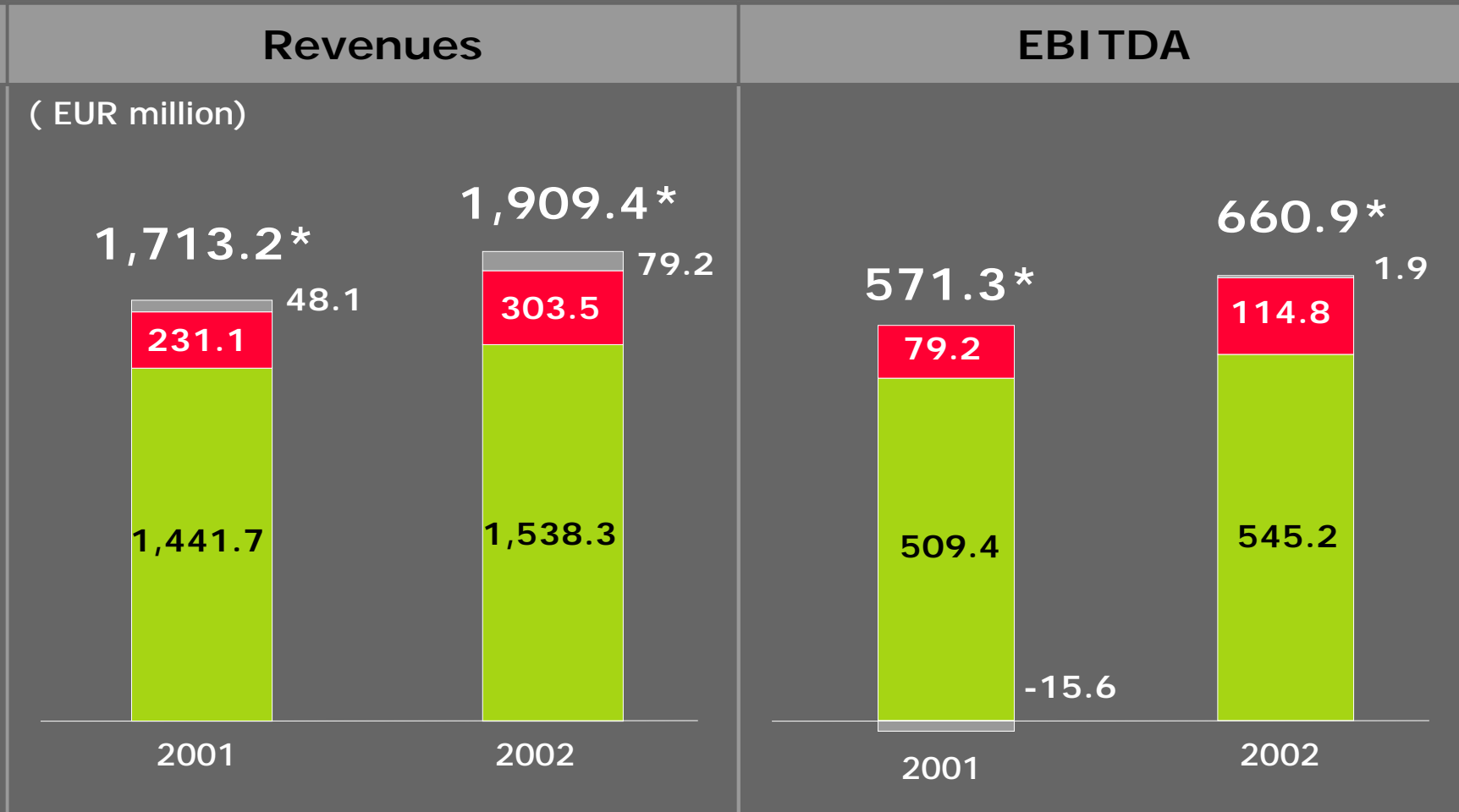
** excluding costs for idle workforce and net loss from retirement of long-lived assets

Additional Cost Reduction in the Fixed Lined Segment



* All pre- EBITDA costs excluding personnel and interconnection costs

Result Improvement in All Segments of Mobile Communications



* consolidated financial figures

■ mobilkom austria
 ■ VIPnet
 ■ Si.mobil

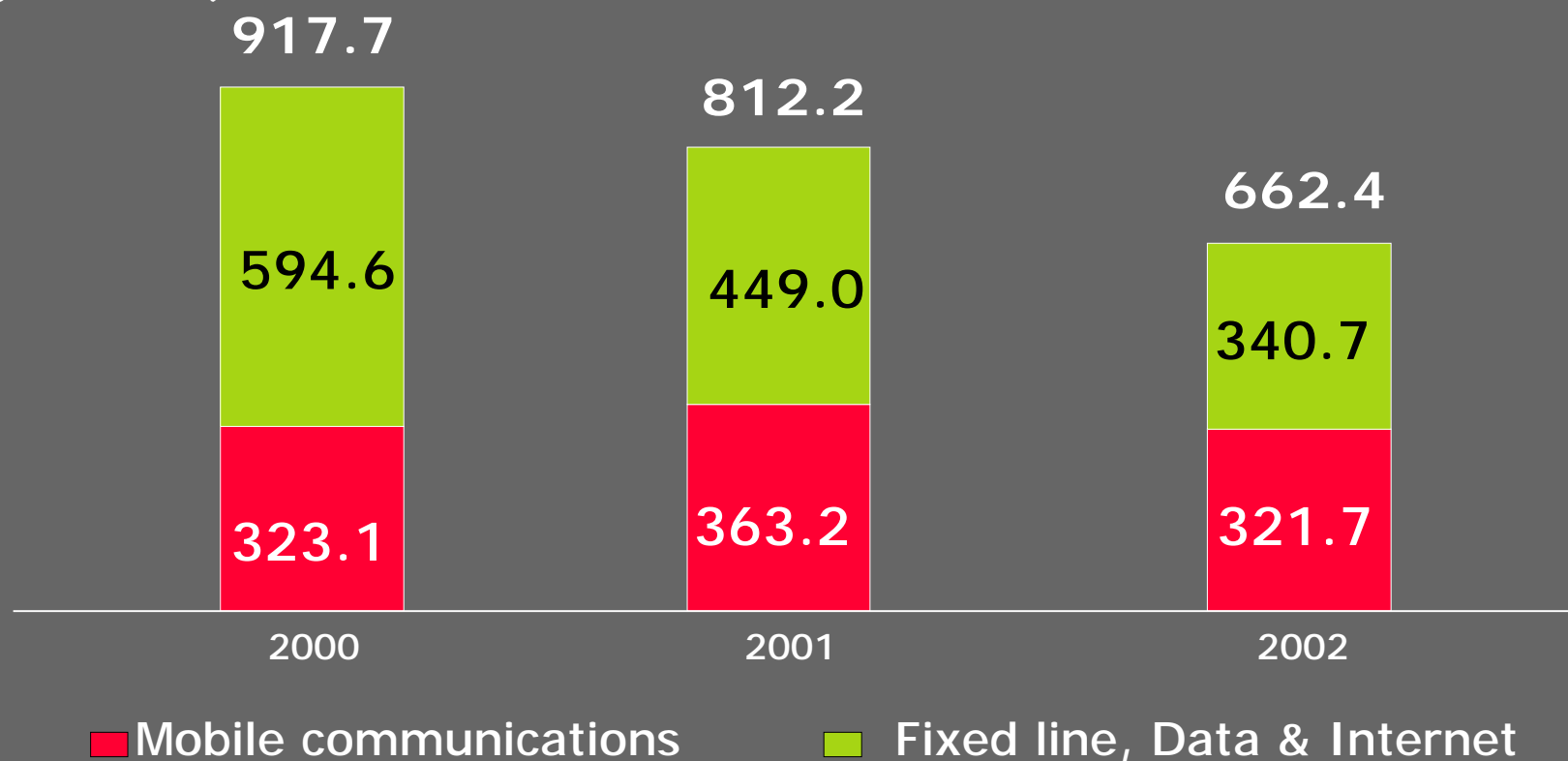
EBIT by Business Segment

	(EUR million)	2002	2001	%
Fixed line		-21.4	35.0	-
Data communications		10.5	19.3	-45.6
Internet		-65.7	-150.0	56.2
Mobile communications		392.1	303.5	29.2
Intersegmental eliminations & others		7.9	-49.8	-
Total managed EBIT*		323.5	158.0	104.7

* excluding costs for idle workforce and net loss from retirement of long-lived assets

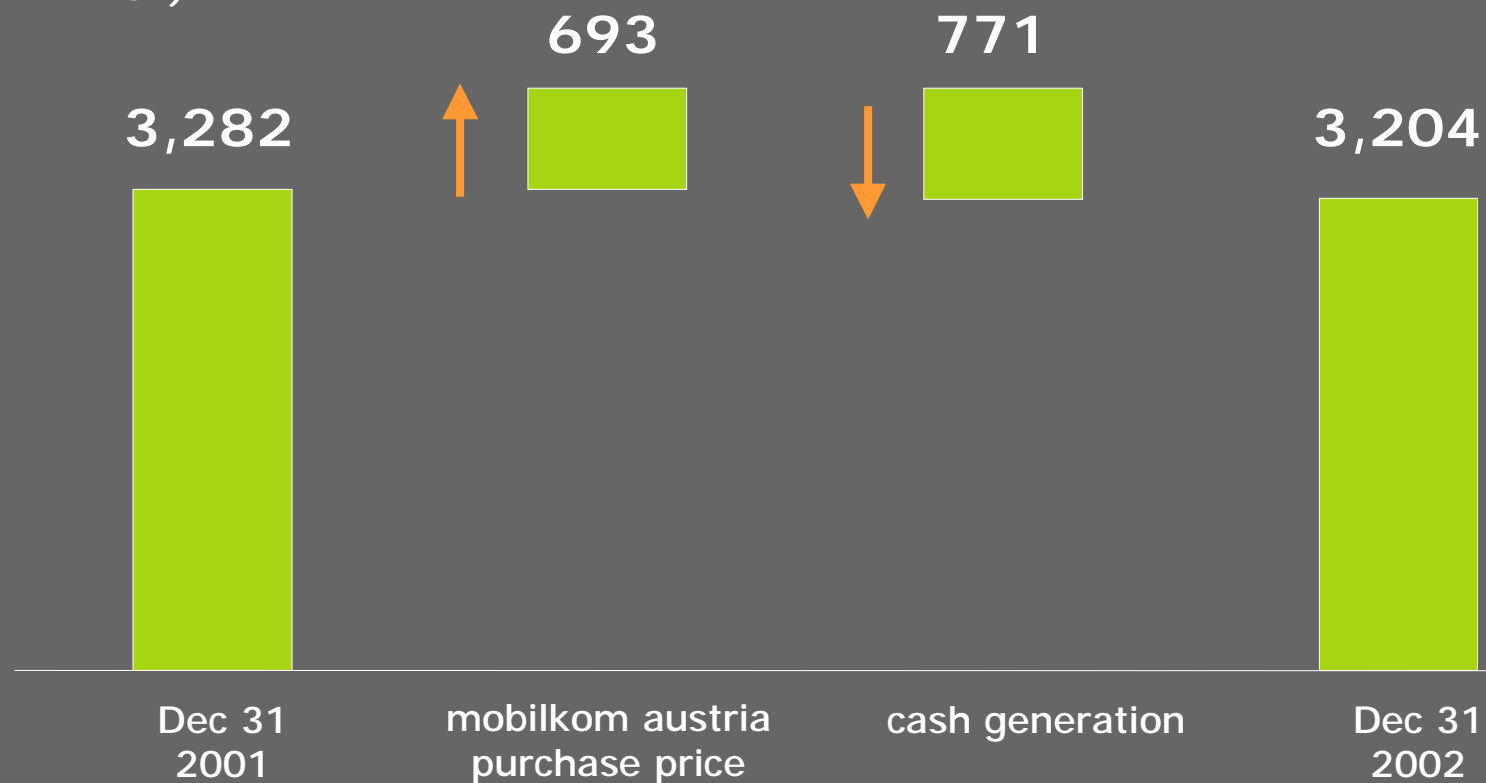
Further Reduction and Refocusing of Capital Expenditures

(EUR million)



Reduction of Net Debt

(EUR million)



Results of the Telekom Austria Group

1st Quarter 2003

(EUR million)	1Q 2003	1Q 2002	%
Revenues	966.5	962.5	0.4%
EBITDA *	405.9	399.8	1.5%
EBITDA Margin	42.0%	41.5%	
EBIT	121.9	126.9	-3.9%
Net profit	43.1	37.5	14.9%
Earning per share (in EUR)	0.09	0.07	14.9%
Capex **	72.9	81.0	-10.0%
EBITDA less Capex	333.0	318.8	4.3%
Net debt (end of period)	3,162.1	3,204.4	-1.3%

* excluding impairment charges

** less cumulative effect of change in accounting principles amounting to EU R 7.4 million in 2003

Outlook

2003 Outlook

Wireline	<ul style="list-style-type: none">§ Further stabilization of revenues§ EBITDA lower due to higher interconnection costs and planned pension reform§ Further cost-cutting measures
Wireless	<ul style="list-style-type: none">§ Additional competitors expected in both Austria and Croatia§ Growth primarily through foreign subsidiaries§ Further increase in revenues and earnings but at lower rates
Group	<ul style="list-style-type: none">§ Stable development in Group revenues and EBITDA§ Expected dividend payment for 2003 in 2004§ Continued focus on maximizing cash flow and reduction of net debt

Thank you for your attention.