

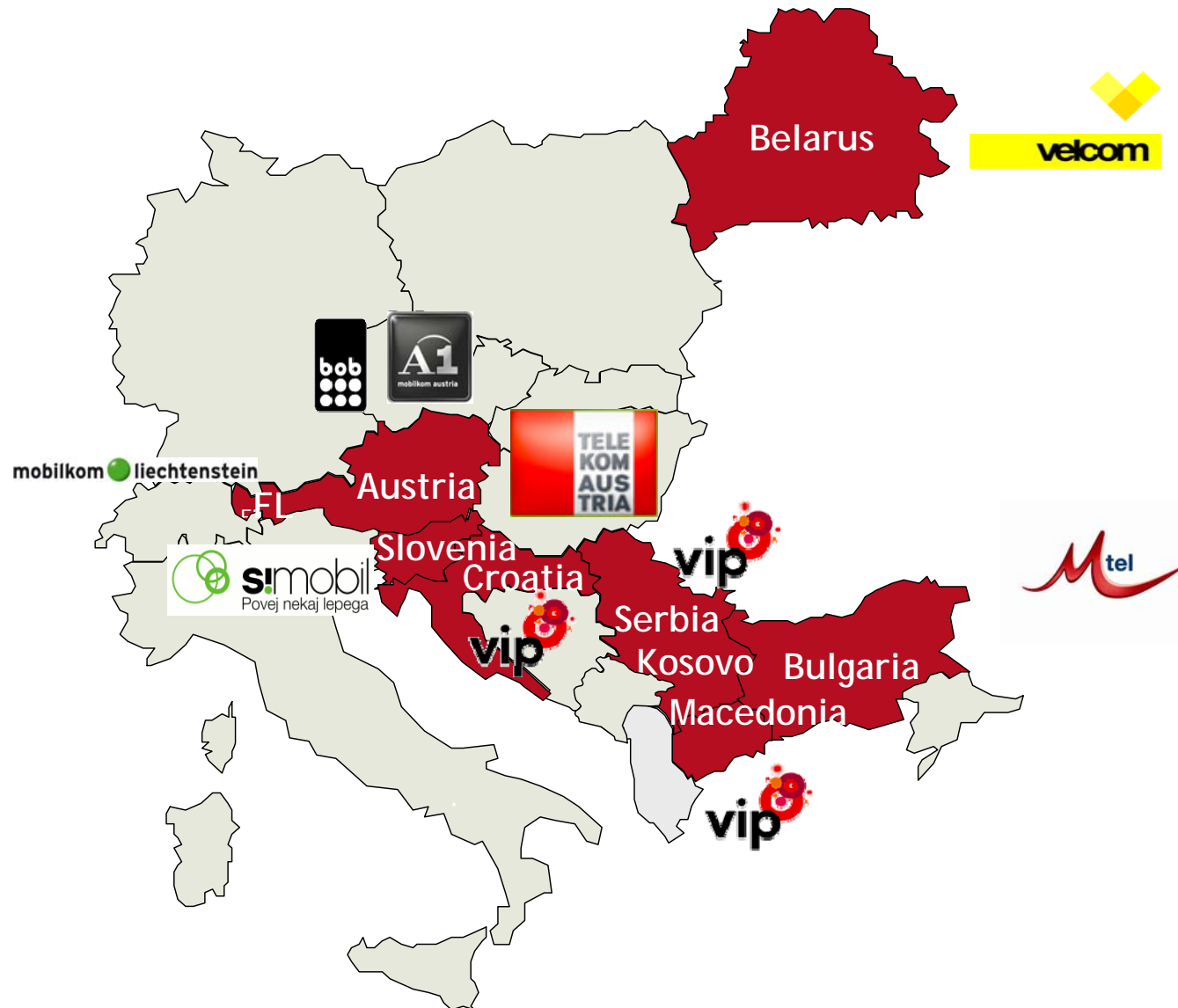
TELEKOM  
AUSTRIA  
GROUP

*Innovating  
with you*

# Overview of Telekom Austria Group



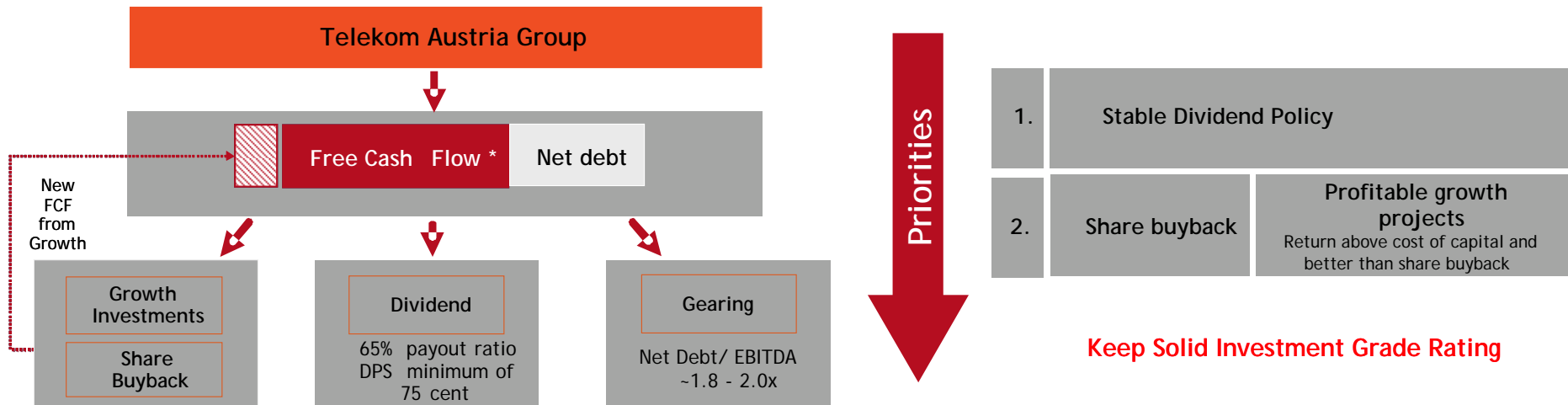
# Telekom Austria Group Offers a Sound Domestic Base and Eastern European Growth Potential



# Capital Allocation Focuses on Value Creation

## Capital Allocation Policy

## Priority on Stable Dividend



\*FCF = Cash Flow after interest, taxes, changes in working capital and capital in existing business

## Growth Projects

Assessment for strategic fit and profitability, benchmarked against share buyback

## Share Buyback

Subject to stable business and currency conditions; not expected for 2010

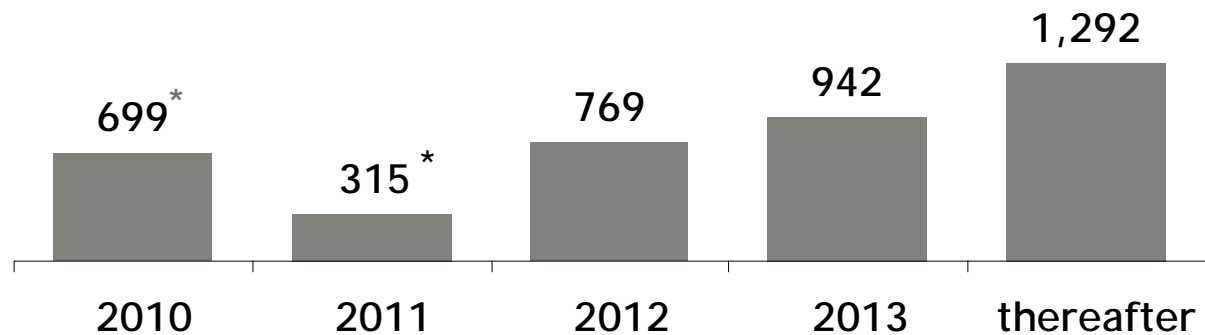
## Liquidity

Secured financing as precondition for acquisitions and share buyback

# Debt Maturity Profile

## Debt Maturity Profile

(EUR million)



### Ratings:

- > S&P: BBB (*stable outlook*)
- > Moody's: A3 (*stable outlook*)

## Lines of Credit

- > Undrawn committed lines of credit amounting to EUR 1.1 bn
- > Average term to maturity of approximately 3 years
- > Provided by 20 banks

\* Includes approx. EUR 565 mn in 2010 and EUR 90 mn in 2011 related to Velcom

# Key Financial Developments

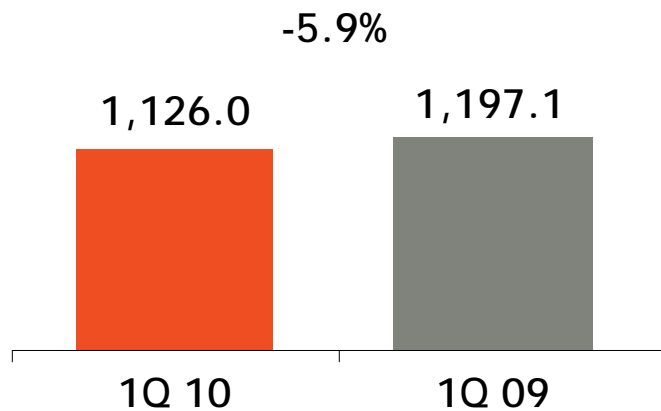
# Telekom Austria Group - First Quarter 2010

- > Fixed line subscriber base stabilized with line loss of only 0.8%
- > Mobile Communication subscriber base grows by 6.0% with contract subscriber growth across all operations
- > Revenue decline driven by lower contributions from Austria and Bulgaria
- > Cost reductions compensate 60.0% of the revenue decline and limit EBITDA decline to 6.4%
- > Net income increases as lower D&A and an improved financial result compensate for the impact of lower revenues
- > Outlook for 2010 and DPS-floor of EUR 0.75 for 2010 - 2012 reiterated

# Free Cash Flow Increases by 26%, Strong Cost Control Demonstrated

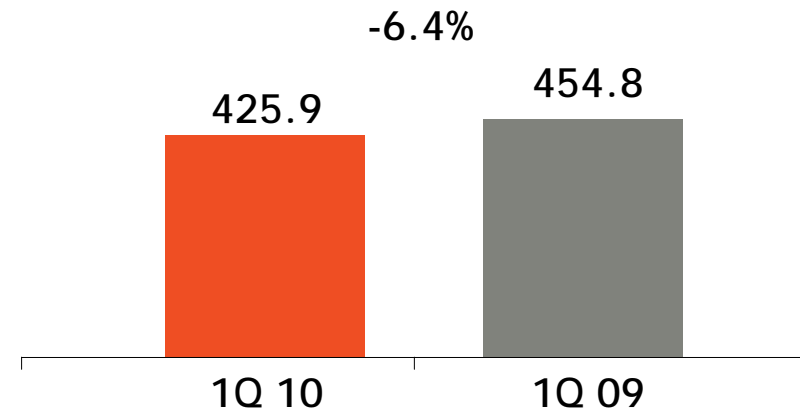
## Revenues

(EUR million)



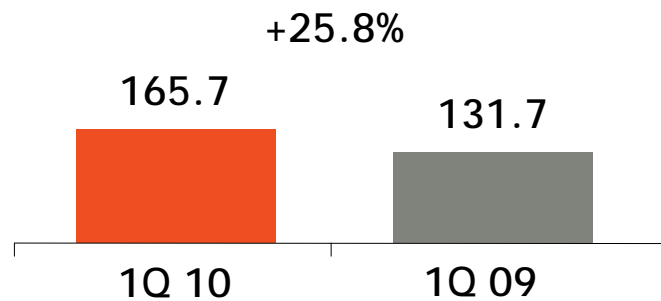
## EBITDA

(EUR million)



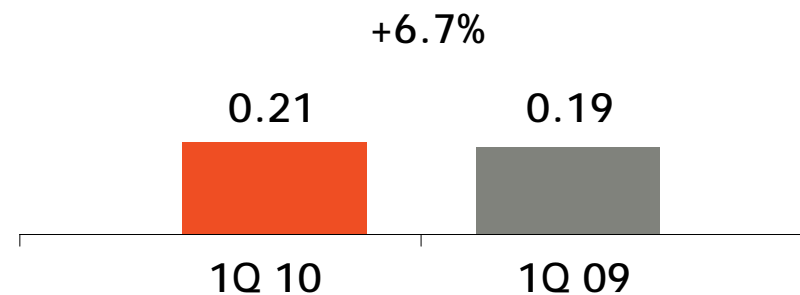
## Free Cash Flow

(EUR million)



## Earnings per Share

(EUR)



# Integration of Domestic Operations to Build a Convergent Player on Track

- > Telekom Austria announced its plan to merge its domestic Fixed Net and Mobile Communication operations in February 2010
- > Alignment of domestic operations to match future market requirements and build a convergent player
- > Swift appointment of first and second management levels finished by end of April 2010
- > Legal and organizational merger scheduled for summer 2010
- > Update on expected costs still excluded from 2010 outlook will be provided with H1 2010 results

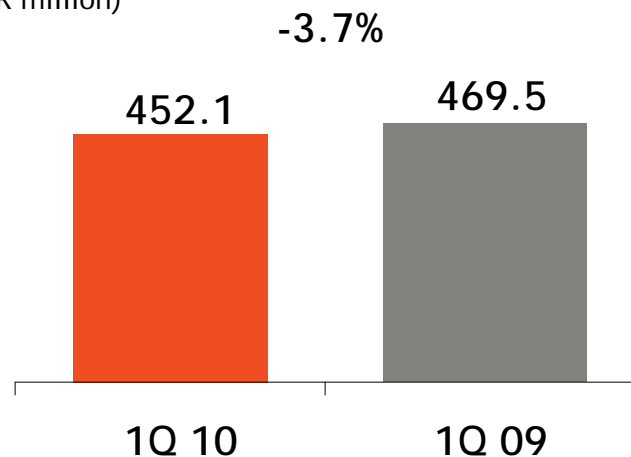
# Fixed Net



# Free Cash Flow Increases by 26%, Strong Cost Control Demonstrated

## Revenues

(EUR million)



> Revenue decline hits 4 quarter low (4Q 09: -7.0%, 3Q 09: -5.3%, 2Q 09: -12.5%)

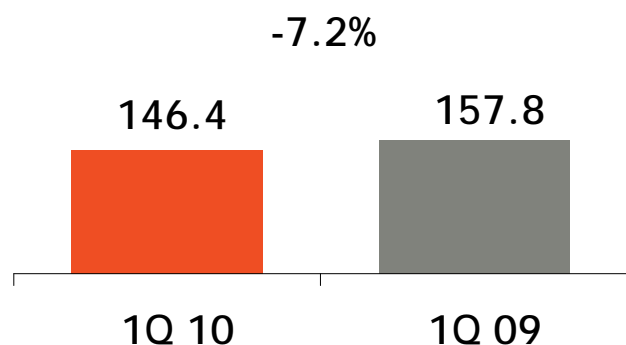
> Reduction of voice minutes is driving factor for revenue development

> Deceleration induced by growing share of product bundles customer

> Product bundles contribute to stabilization of subscriber base

## EBITDA

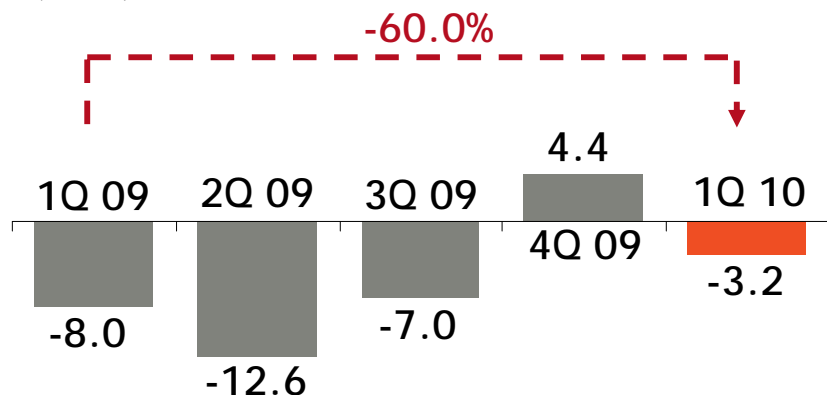
(EUR million)



# Access Line Loss Cut by 60%, Product Bundles Instrumental to Stabilize Subscriber Base

## Line Development

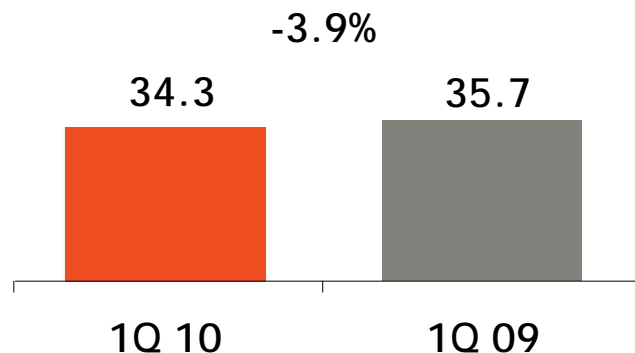
(in 000)



- > Access line loss cut by 60.0% year on year with only 3,200 lines lost
- > ARPL decline hits four quarter low with 3.9% (4Q 09: -4.9%, 3Q 09: -4.4%, 2Q 09: -8.0%)
- > One third of subscriber base has product bundles with contract binding periods
- > TV subscriber base grows to 110,200 customers and develops into retention instrument

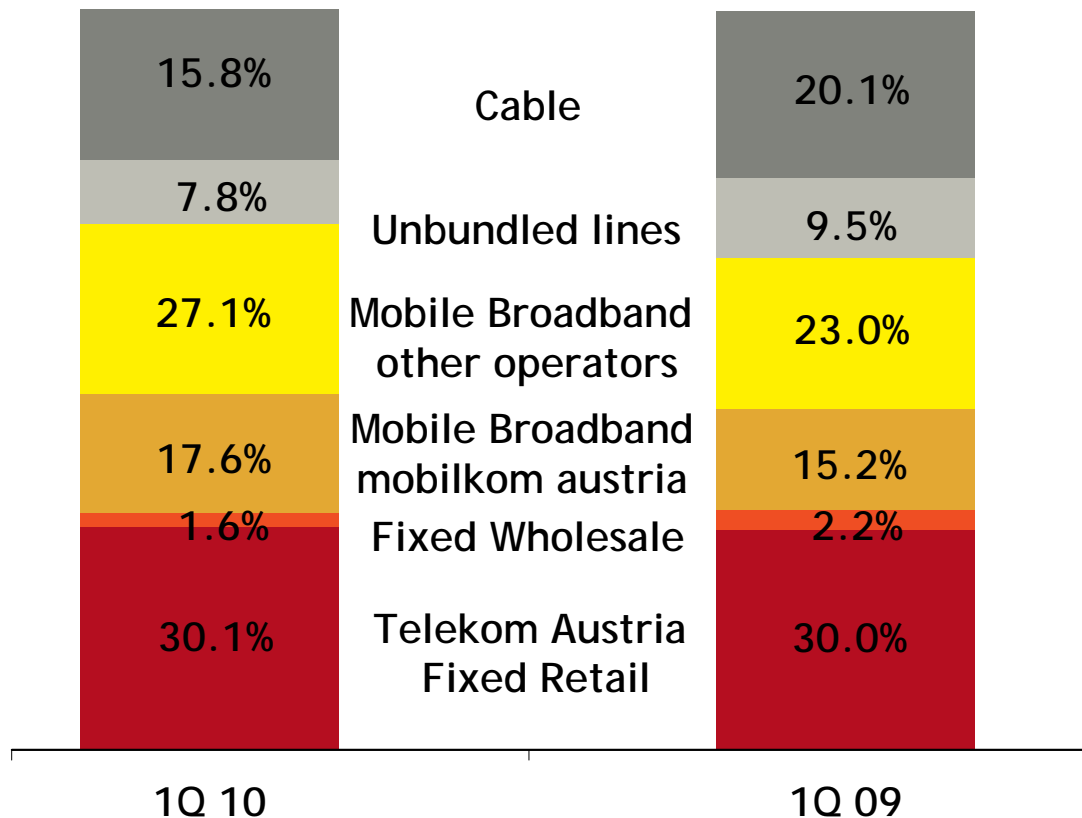
## Average Revenues per Access Line

(in EUR)



# Fixed Net Broadband Holds Strong in a Growing Broadband Market

## Broadband Market Shares



- > Fixed Net retail broadband defends market share of 30.1%
- > Number of Fixed Net retail broadband lines rises by 15.9% to 1.0 mn lines
- > Broadband penetration in Austria amounts to 94.2%
- > Telekom Austria's market share incl. mobile broadband expands to 49.3% from 47.4%



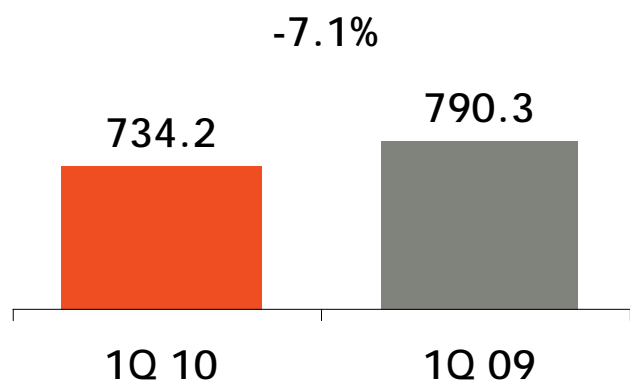
# Mobile Communication



# Higher Profitability on Lower Revenues, Cost Control Mitigate Impact of Lower Prices

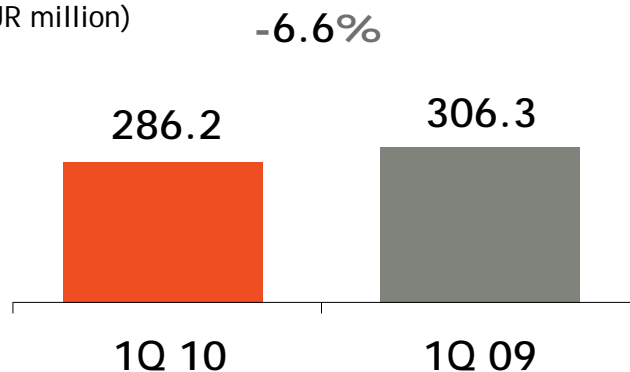
## Revenues

(EUR million)



## EBITDA

(EUR million)

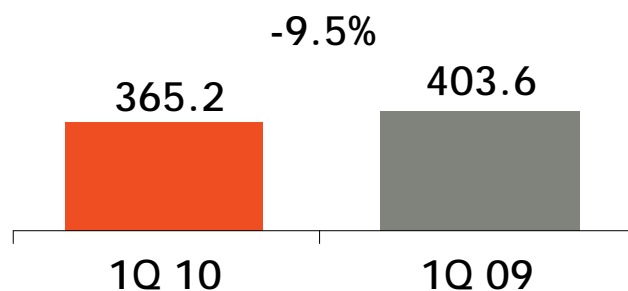


- > Mobile Communication's customer base grows by 6.0% to 19.0 mn subscribers
- > Rising or stable market position in almost all mobile operations
- > Lower prices and regulation of roaming and mobile termination are the main driver for revenue decline
- > Cost cuts bolster EBITDA margin at 39.0% and demonstrate cost control

# Strong Cost Control Compensates for Lower Prices and Interconnection Rates in Austria

## Revenues

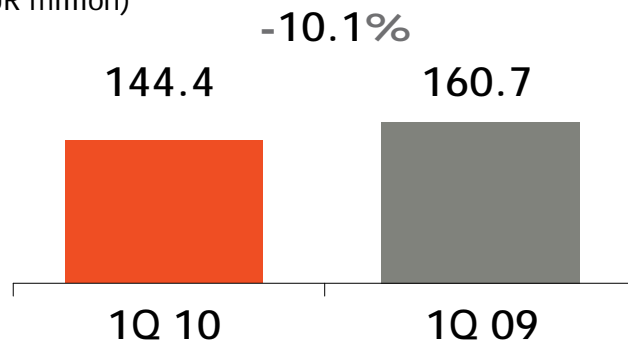
(EUR million)



- > mobilkom austria's customer base grows by 6.8% to 4.9 mn subscribers
- > Lower prices and regulation are major drivers for 9.5% decrease in revenues
- > SAC cut in half reflecting higher no-frills share
- > Cost reductions compensate two third of revenue decline and mitigate impact on EBITDA

## EBITDA

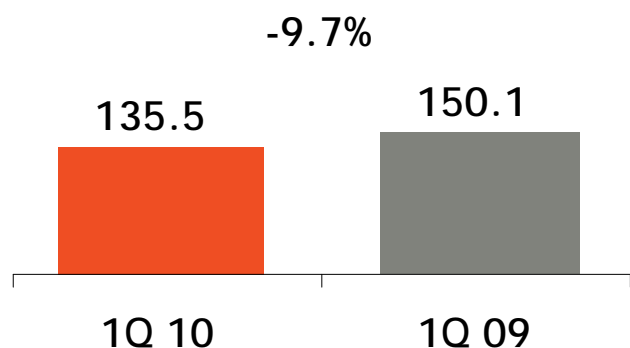
(EUR million)



# Higher Profitability as Cost Cuts Soften Impact From Lower Termination Rates and Prices

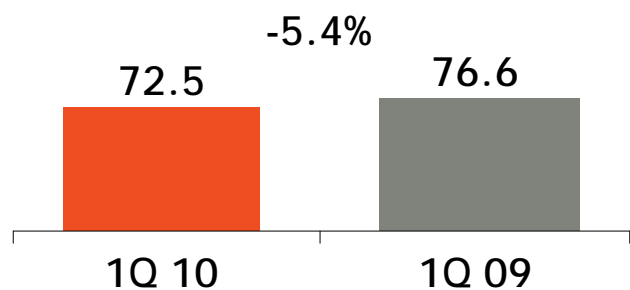
## Revenues Mobiltel

(EUR million)



## EBITDA Mobiltel

(EUR million)

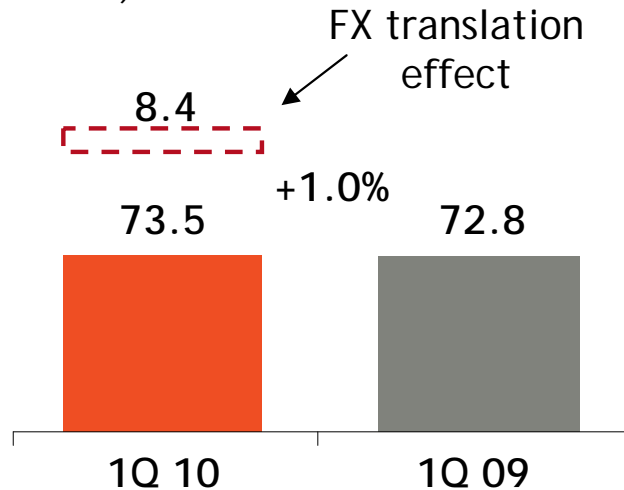


- > Steep reduction of termination rates and lower prices are main driver for lower revenues
- > Stable customer base of 5.3 mn, market share at 50.1%
- > Mobile broadband customer base grows by 130.6%, data accounts for approximately 18% of revenues
- > Higher profitability driven by cost cuts as margin reaches 53.5%

# Revenue Growth Almost Entirely Offset by FX-Effects in Belarus

## Revenues Velcom

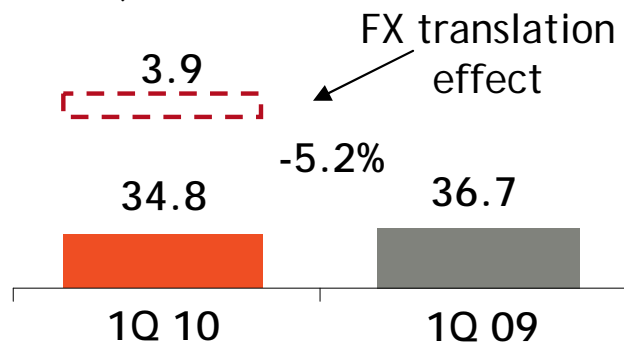
(EUR million)



- > Subscriber base grows by 9.4% to 4.1 million at the end of 1Q 10
- > Mobile penetration up to 105.3% from 88.8%
- > On a local currency basis revenues grow by 12.5%, EBITDA increased by 5.5%

## EBITDA Velcom

(EUR million)

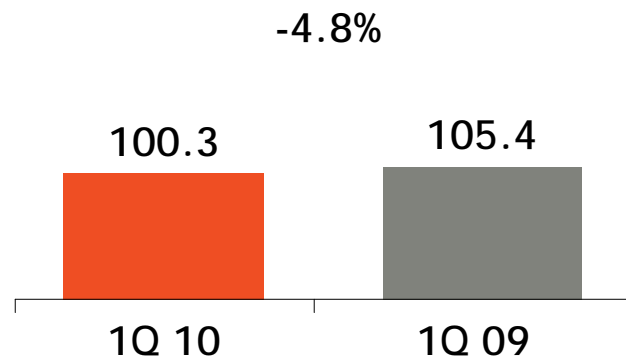


- > Currency stable during the last quarter

# Cost Reduction in Croatia Despite Mobile Tax, Double Digit EBITDA Growth in Slovenia

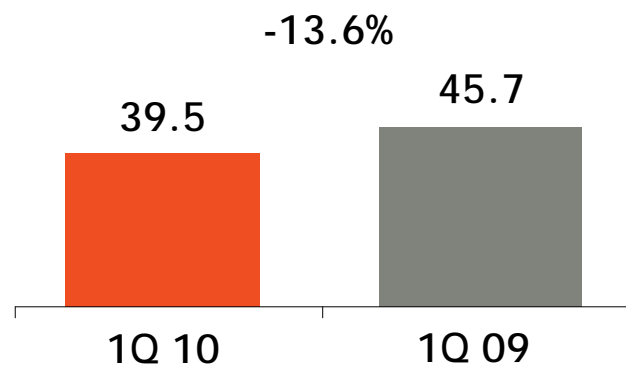
## Revenues Vipnet

(EUR million)



## Revenues Si.mobil

(EUR million)



## Vipnet in Croatia

- > Subscriber base grows by 5.2% to 2.6 mn customers
- > EBITDA impacted by 28.0% cut of MTRs since January 09 and a 6% mobile tax

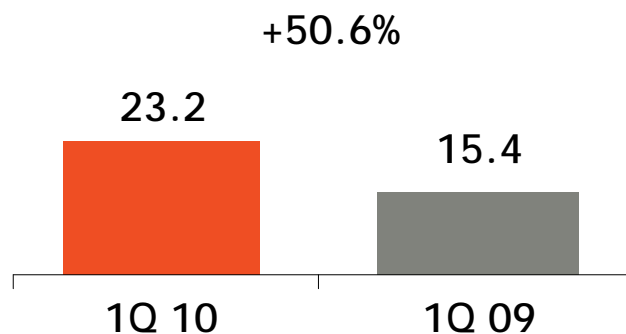
## Si.mobil in Slovenia

- > Subscriber base grows by 1.5% to 591,300 customers
- > EBITDA increases by 11.7%, driven by an approximately 24% reduction of costs

# Customer Growth Drives EBITDA of Greenfield Operations

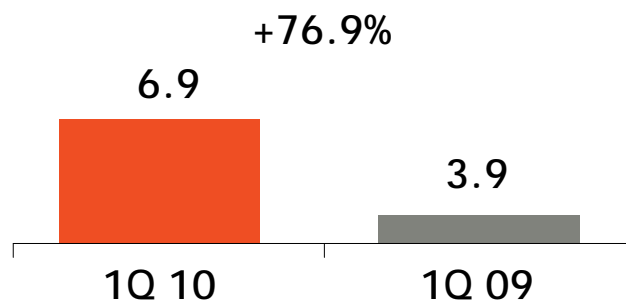
## Revenues Vip mobile

(EUR million)



## Revenues Vip operator

(EUR million)



## Vip mobile in Serbia

- > Subscriber base grows by 16.2% to 1.2 mn customers
- > Market share grows to 12.2% up from 10.2%
- > Improvement of EBITDA continues

## Vip operator in Macedonia

- > Subscriber base grows by 56.5% to 333,300 customers
- > Market share rises to 16.4% from 9.3%
- > EBITDA continues to improve as customer base enlarges

# Outlook



# Outlook 2010 Fully Reiterated, DPS Floor Maintained

## Telekom Austria Group 2010 on a Constant Currency Basis\*

Revenues	~ EUR 4.7 bn
EBITDA	~ EUR 1.6 bn
CAPEX	~ EUR 0.8 bn
Operating Free Cash Flow**	~ EUR 0.8 bn
Dividend	DPS of 75 cents minimum

\*Excluding Impact from Merger of Domestic Operations

\*\*Operating Free Cash Flow = EBITDA - Capex



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