

CA Cheuvreux German Corporate Conference 2011

Frankfurt, January 18, 2011

Cautionary Statement

“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.”



Overview Telekom Austria Group

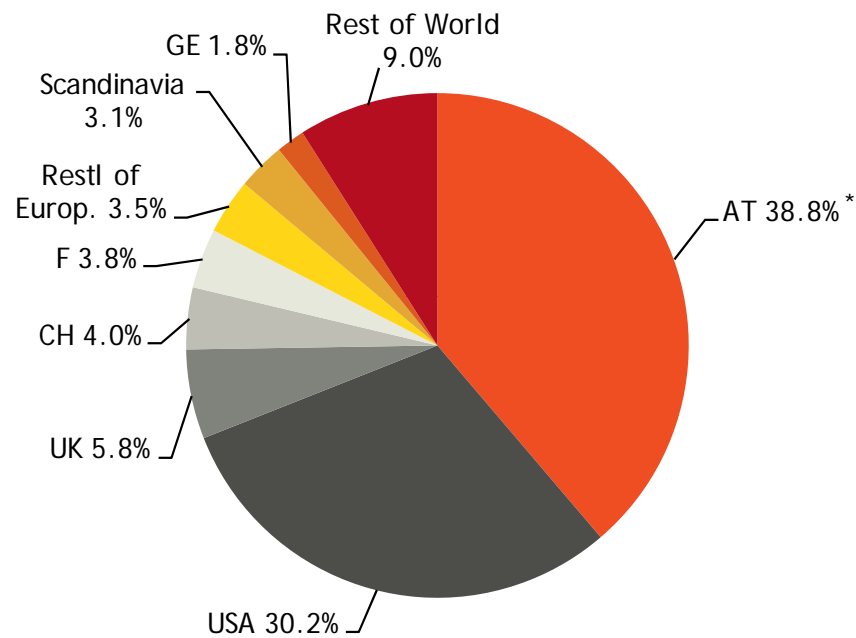
Telekom Austria Group Offers a Sound Domestic Base and Eastern European Growth Potential



Shareholder Structure of Telekom Austria Group

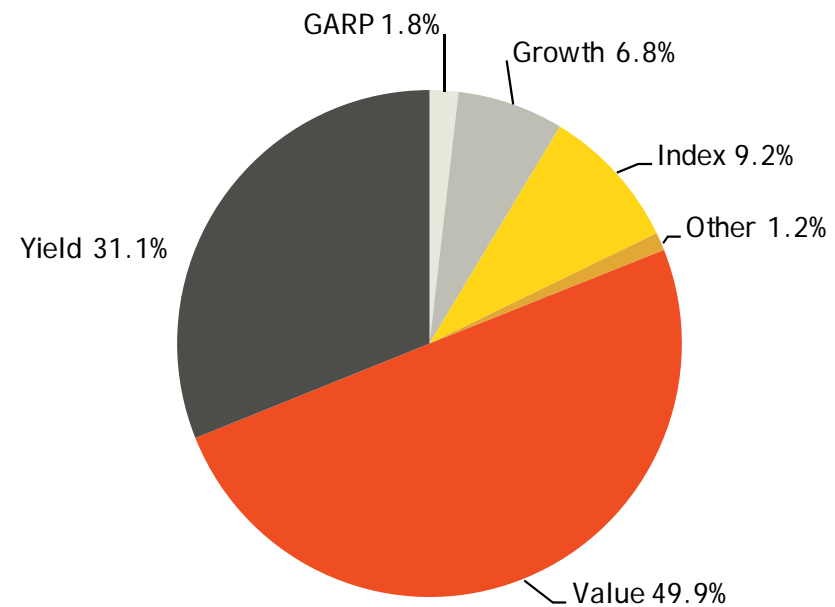
Shareholder Structure by Geography

as of 30 June 2010



Shareholder Structure by Type**

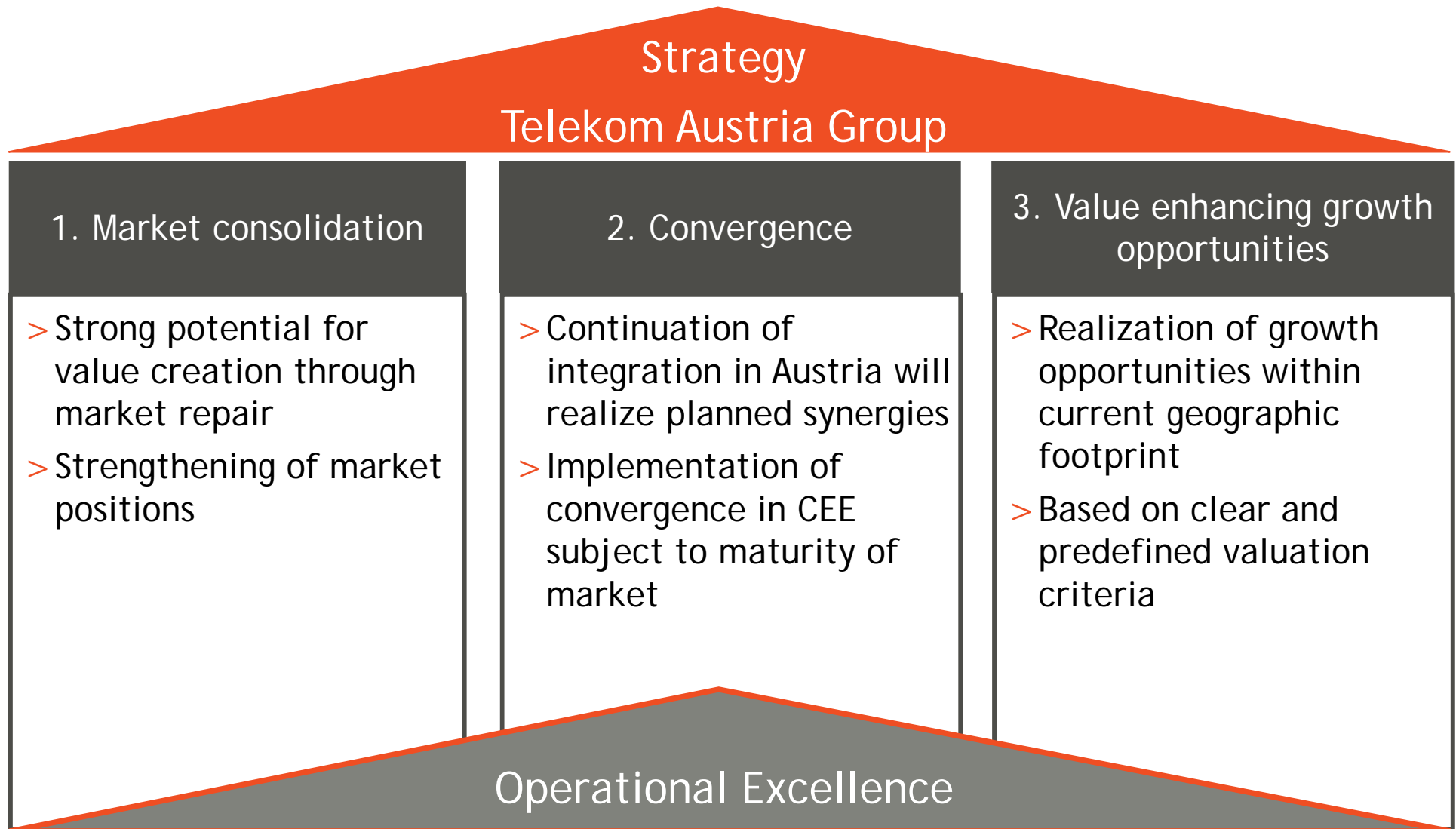
as of 30 June 2010



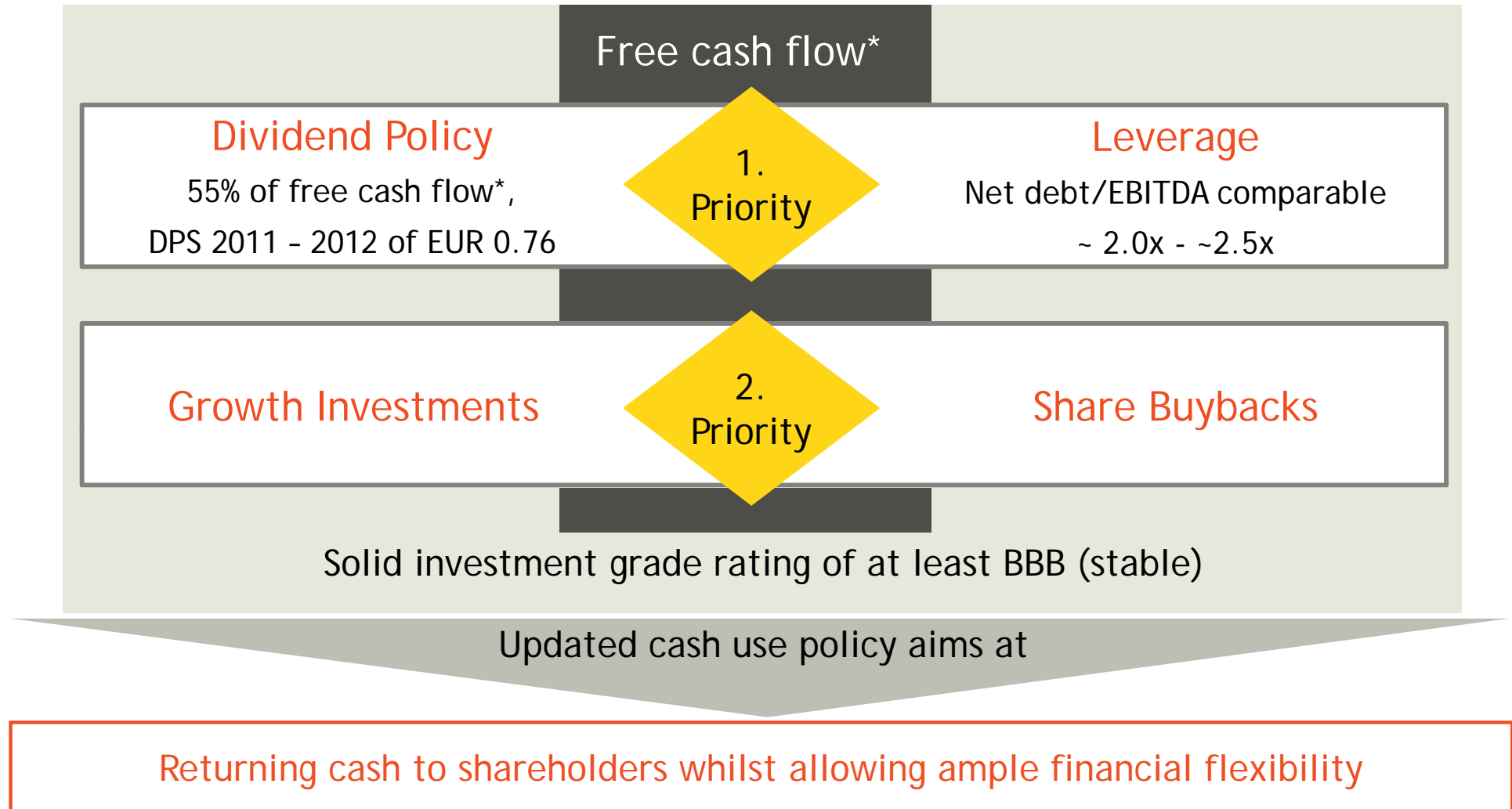
* Including 28.4% ÖIAG-share

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Operational Excellence and Three Strategic Pillars Meet Future Challenges



New Cash Use Policy Balances Value Creation with Increased Financial Flexibility



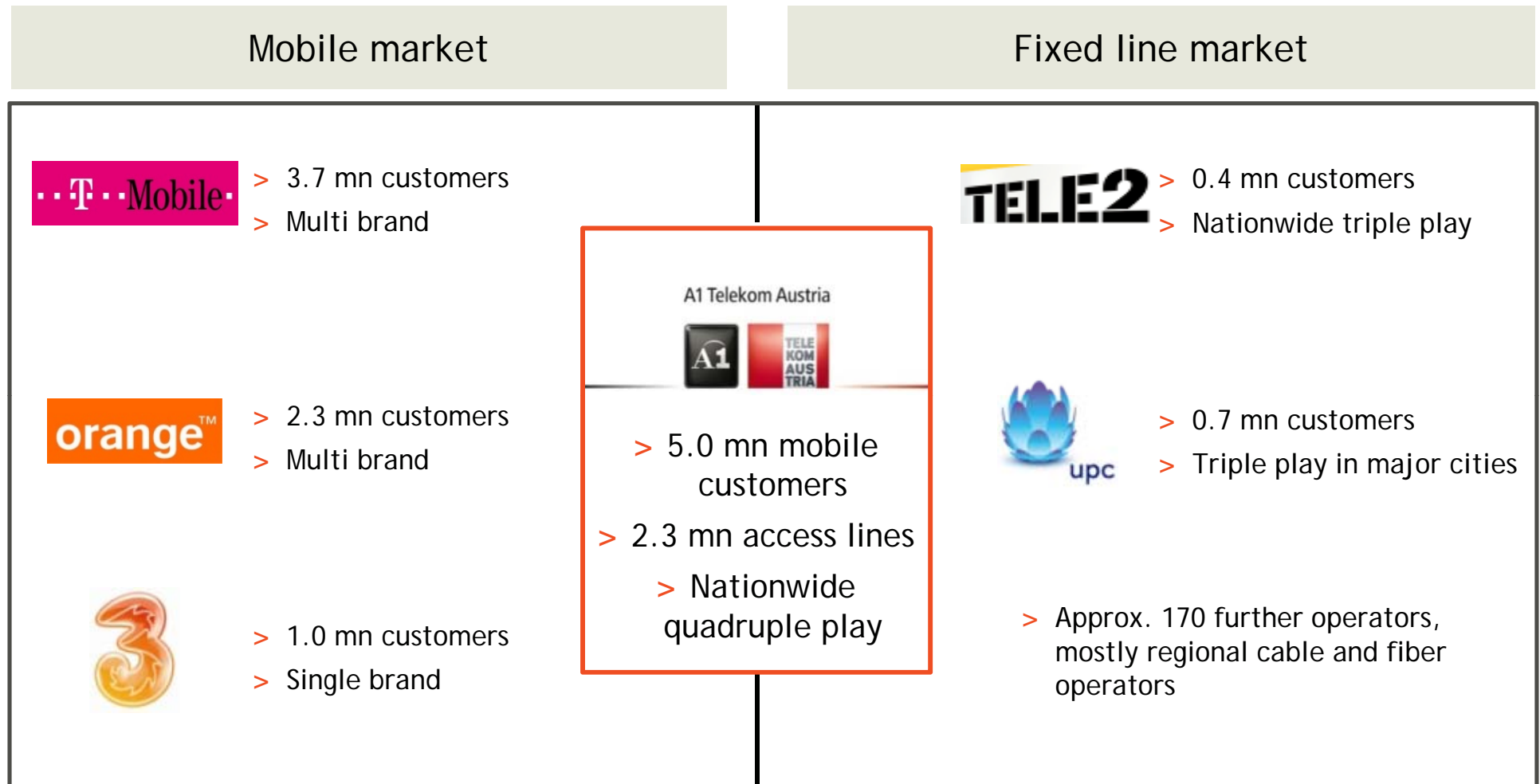
* Free cash flow = Cash flow after interest rates, taxes, changes in working capital and capital expenditures in existing business

Overview National and International Operations

TELEKOM 
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A1 Telekom Austria

Full Integration Puts A1 Telekom Austria in a Unique Position in Austria



Strategic Challenges Going Forward

1. Integration

- > Swift and efficient execution
- > Positive cash flow effect of EUR 100 mn by 2014/2015
- > Revenue synergies, OPEX & CAPEX savings

2. Revenue stabilization

- > Leverage the potential of the integration
- > Smart innovation leader
- > Remain competitive in all segments

Strategic challenges

3. Cost stabilization

- > Alleviate revenue pressure on EBITDA
- > Address inflexible cost structure
- > Keep personnel costs stable




4. Network strategy

- > Cope with exponential data growth
- > Demand-driven fiber roll-out

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Mobitel - Bulgaria

Convergent Strategy Strengthens Mobitel in a Highly Competitive Market

	 Convergent player	 Mobile provider	 Convergent player
Strategy	Convergent player	Mobile provider	Convergent player
Ownership	Telekom Austria Group	OTE 70%/ Deutsche Telekom 30%	PineBridge Investments, PCCW Ltd
Mobile Market	Market leader	Challenger	Price leader
Business Customers	85% market share of top 200 companies, synergies with TAG & Vodafone	Getting stronger with T-Mobile	Up selling fixed line companies with mobile
Distribution*	PsP: 574 (213 Mobitel shops) PrP: 5,000	PsP: 451 PrP: 4,500	PsP: 247 PrP: 4,500
Subscribers	5.2 mn	3.9 mn	1.4 mn

* PsP: Point of sale post-paid, PrP: Point of sale pre-paid

Outlook and Long Term Trends

Trends

Macroeconomic environment

- > The government foresees fiscal deficit to be around 2.5% of GDP (BGN 1.96 bn) in 2011. The estimate is based on an optimistic forecast for GDP growth of 3.6% in 2011 and fiscal revenue improvement
- > Slow recovery of private consumption expected over the next couple of years

Telecom market development

- > Key market drivers:
 - > Convergent products
 - > Smartphones
 - > M2M
- > Ownership structures of Vivacom to be clarified and finalized

Regulatory interventions

- > Expecting further decrease in national and international interconnection fees

Mobilitel Strategy

- > Maintain stable market share and EBITDA margin
- > Focus on postpaid market and achieve ARPU uplift through broadband products, entertainment services, smart phones
- > Establish solid market presence and network coverage in the biggest cities
- > Position Mobilitel as a full telecom service provider through additional innovative and convergent products as well as superior customer service
- > Harmonize product and service portfolio as well as the network roll-out and technology of acquired companies

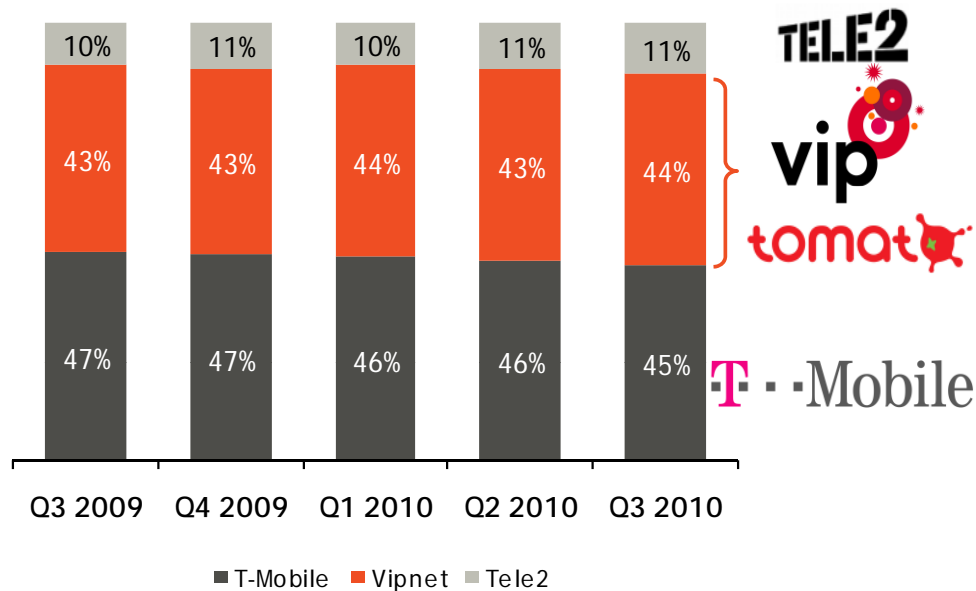
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Vipnet - Croatia

Smart Execution of Dual - Brand Strategy Proves Successful in Economic Downturn

Market Share

(in %)



- > In Q3 2010 market penetration grew 2.8 pp and reached 140.6%
- > Vipnet holds 43.6% of market share and closes the gap to T-Mobile by 3.0 pp in 2010
- > Dual brand strategy proven to be best fit in the environment of economic downturn ensuring Vipnet's overall stable market share development
- > In highly competitive environment of 4 brands T-Mobile launches 5th brand "bonbon"

Future Trends and Vipnet's Strategy

Future Trends & Customer Demand

Cost awareness from customers

Highly competitive environment

Increase of data usage, smartphones

Fixed to mobile convergence

M2M services

Vipnet

Dual brand strategy - best fit to challenging economic environment

Strict cost management to maintain financial flexibility

Efficient and high quality network supporting high data transfer speeds and optimized for smartphone signalling






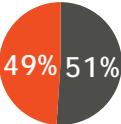
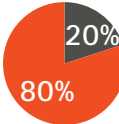

Convergent communication solutions for business customers via wholesale ADSL

Development of innovative services, deeper positioning along the value chain

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velcom - Belarus

Liberalized Mobile Market with Fixed Line State Monopoly

				
Ownership structure	 100%	 49% 51%	 80% 20%	 State
Segment	Mobile	Mobile	Mobile	Fixed line
Subscribers Q3 2010	4.2 mn	4.6 mn	1.2 mn	~ 4.0 mn*
Market share Q3 2010	42%	46%	12%	100%** - Voice 58% - Internet broadband
Employees Q3 2010	1,750	~1,800	500	25,000
Mobile revenue share Q3 2010	48%	47%	5%	

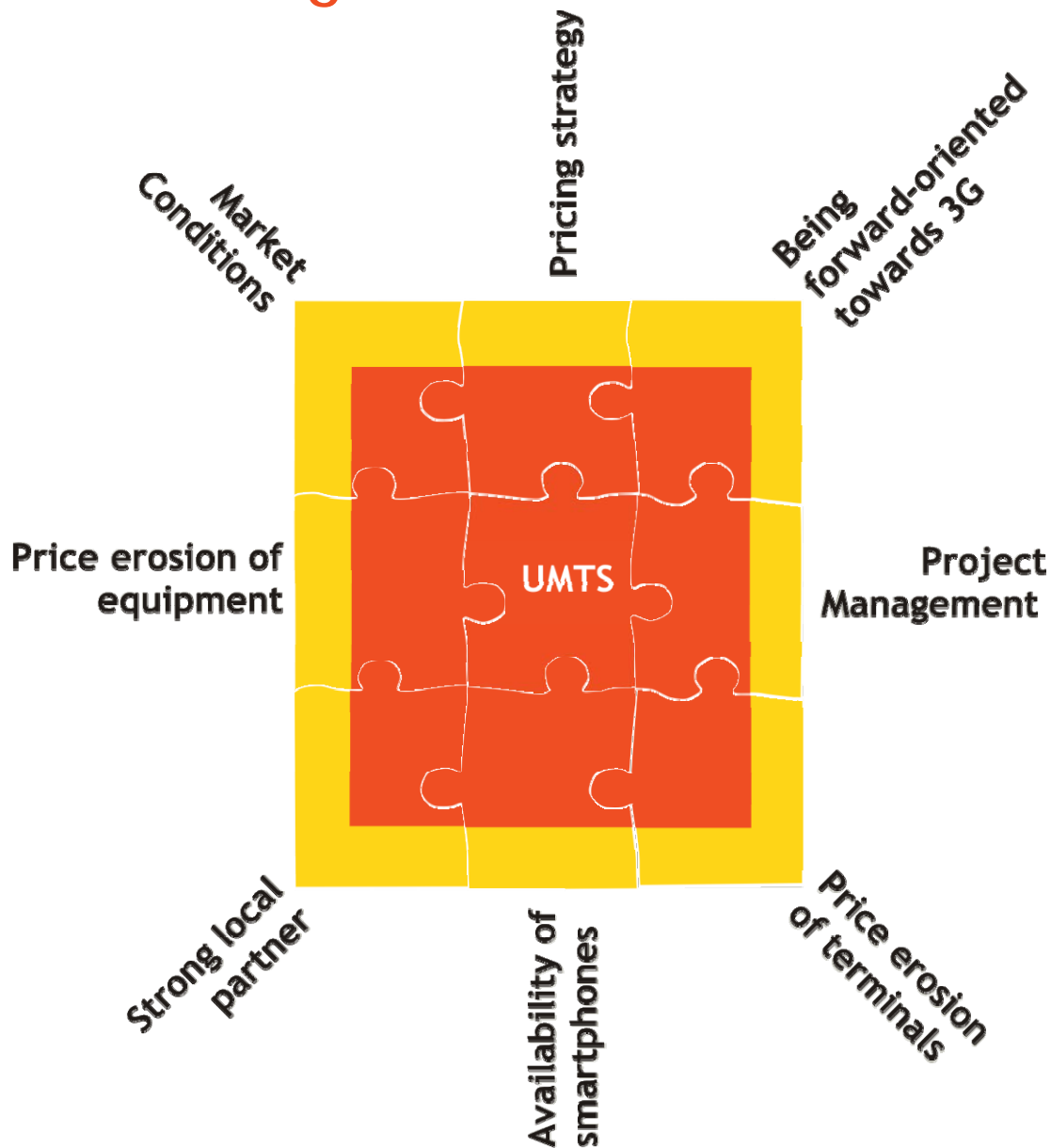
* Households

** Monopolist in fixed line voice business

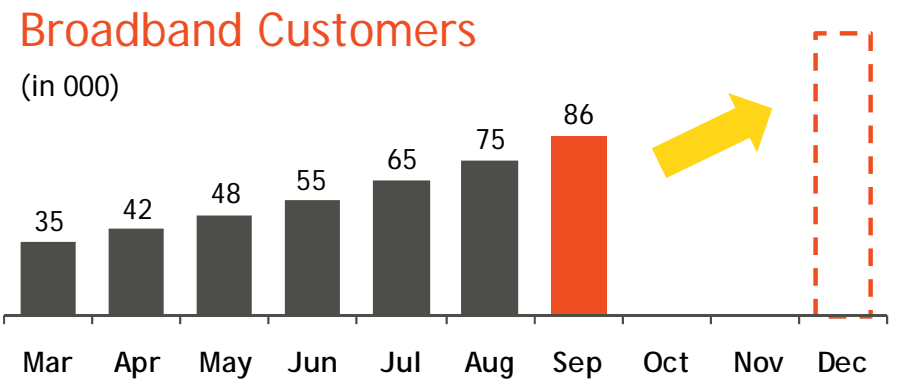
■ State

■ Private shareholders

velcom 3G Launch Within 8 Months Proved to be Among the Most Successful in Europe



- > Leading position in terms of population coverage to be achieved within Q4 2010, despite 5 months delay in obtaining the license
- > 718 NodeBs on air (end of November)
- > Total number of broadband customers expected to reach 135k by end of 2010
- > Intensified sharing for covering towns below 30k inhabitants is envisioned



Outlook

Outlook Full Year 2010

Including merger of domestic operations, based on a constant currency basis

Revenues	Approx. EUR 4.70 bn
EBITDA comparable*	EUR 1.60 - 1.65 bn
CAPEX	EUR 0.75 - 0.80 bn
Operating free cash flow**	At least EUR 0.8 bn
Dividend	65% of net income, DPS of 75 Eurocents minimum

* EBITDA excluding restructuring and impairment charges

** Operating free cash flow = EBITDA comparable - CAPEX

Outlook Full Year 2011- Strong Operational Performance Mitigates External Challenges

Based on a constant currency basis

Revenues	Up to EUR 4.60 bn
EBITDA comparable*	Up to EUR 1.60 bn
CAPEX	Up to EUR 0.80 bn**
Operating free cash flow***	Approx. EUR 0.8 bn
Dividend	55% of free cash flow, DPS of 76 Eurocents minimum 2011 - 2012

* EBITDA excluding restructuring and impairment charges

** Does not include investments for licence and spectrum acquisitions

*** Operating free cash flow = EBITDA comparable - CAPEX

Medium-Term Outlook 2012 - 2013

Based on a constant currency basis

Revenues	Approx. EUR 4.7 bn by 2013
EBITDA comparable* margin	Stable at approx. 34%
CAPEX** /Revenues	Up to 16% by 2013
Operating free cash flow***	Approx. EUR 0.80 bn per annum
Dividend	55% of free cash flow DPS of 76 Eurocents minimum 2011 - 2012

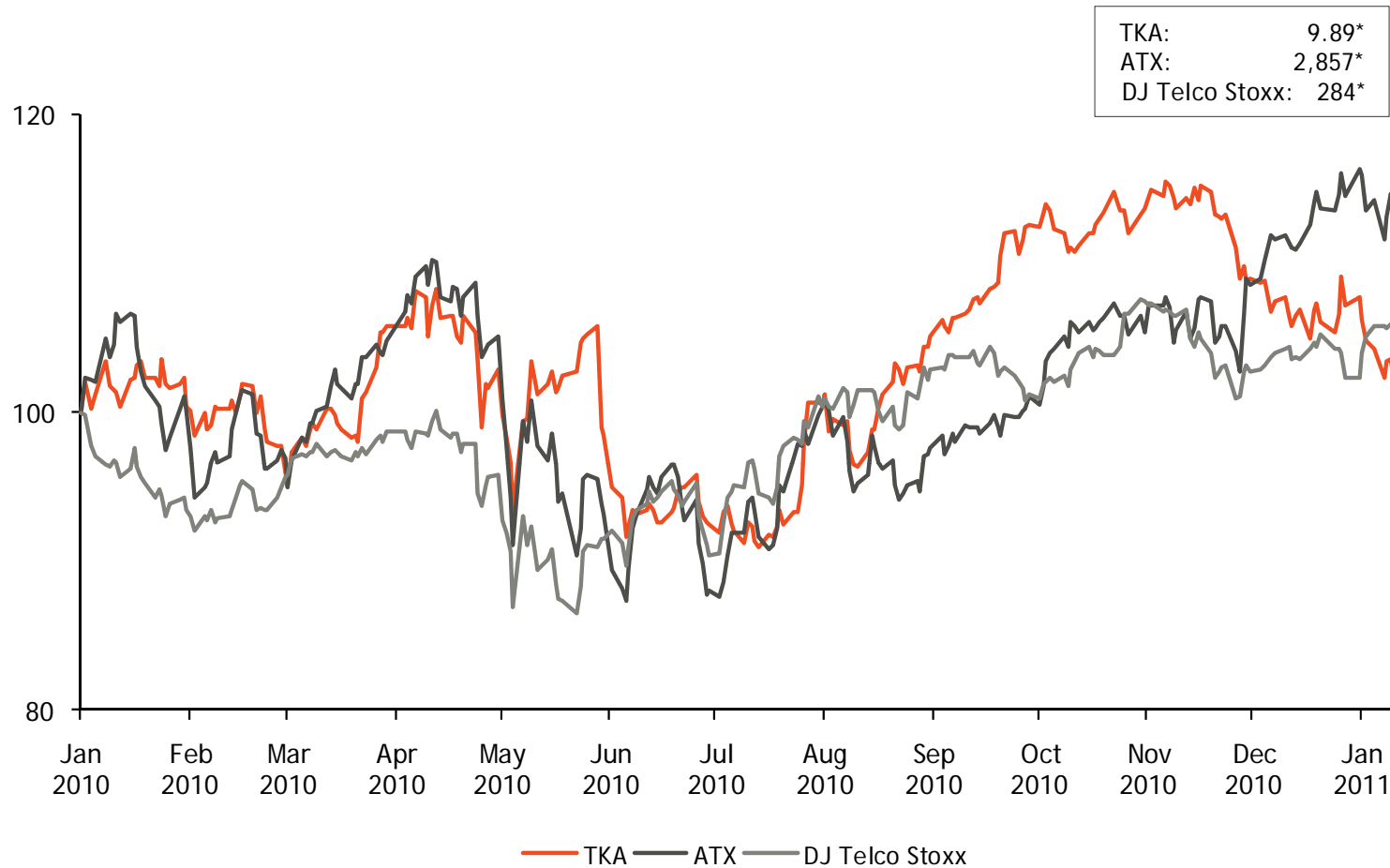
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Current Share Price Development



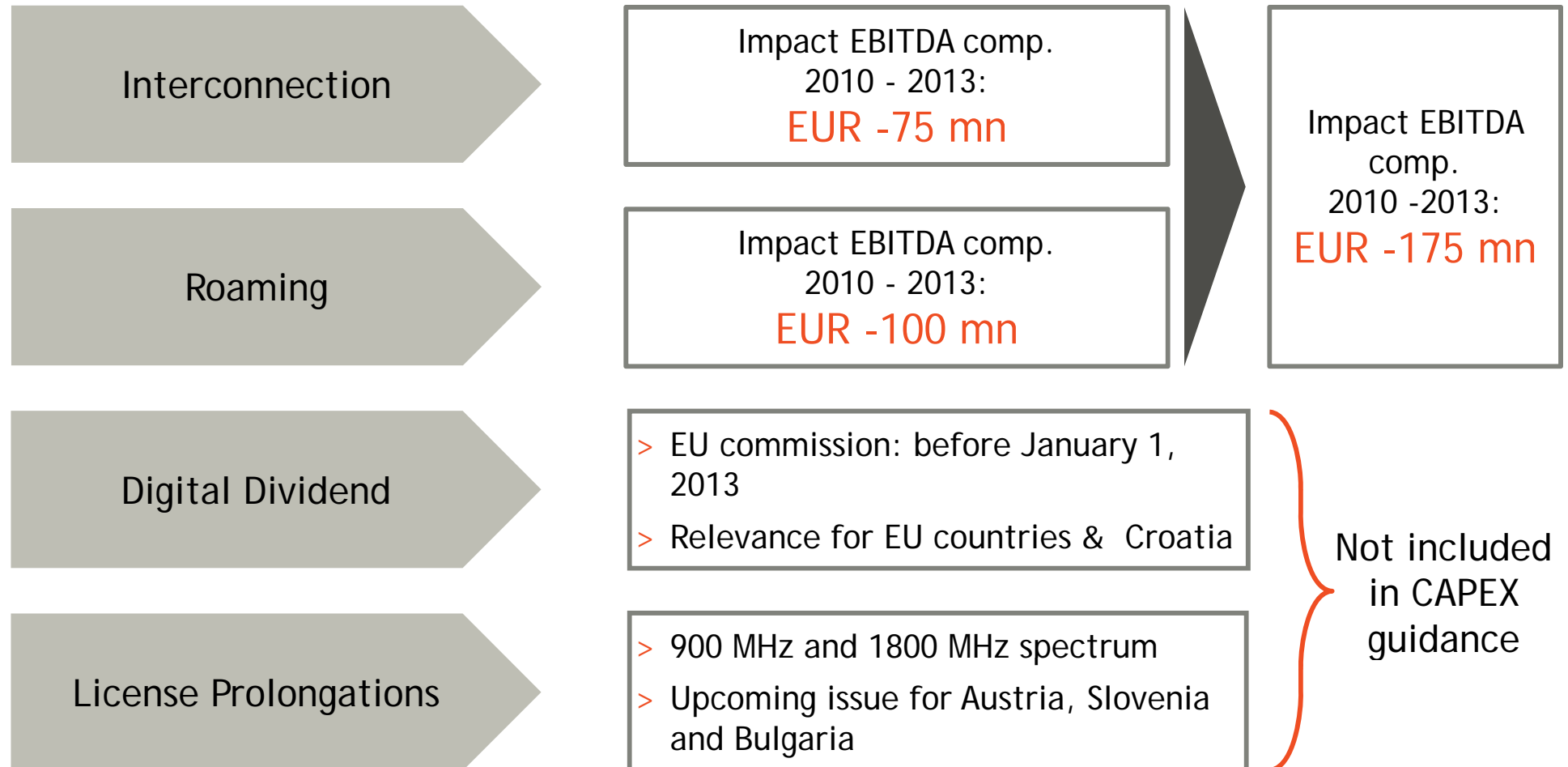
* As of January 14, 2011



Appendix

Negative Impact of Approx. EUR 175 mn on EBITDA Comparable Expected until 2013

Key Points



Glide Path of Mobile Termination Rates

<i>in Eurocents</i>	July 2009	January 2010	July 2010	August 2010	January 2011	June 2011	July 2011	August 2011	January 2012	July 2012	August 2012
Austria	4.00	3.50	3.01		2.51	2.01	market analysis during 2011				
Bulgaria	11.76	10.48	6.65 (until next price cap)		market analysis expected in 1Q 2011-> decision expected in spring						
Croatia	9.10	7.60	7.60		benchmarked to EU average, no defined time periode						
Slovenia	5.23	4.95	4.66		4.38	4.38	4.09		3.81	3.52	
Macedonia	9.50	9.50		8.80				7.50			6.00
Serbia	5.15	4.82	4.68 (until next price cap)		not clear when next regulatory decision will take place						



Digital Dividend and 900/1800 MHz Spectrum - Update on Telekom Austria Group's Markets

Company	Spectrum Usage Rights		Digital Dividend		
	Expiry date:		Analogue TV	Award	Comments
	900MHz	1800MHz	Switch-off	planned	
A1TA	Dec 2015	Dec 2019	2010	Q1 2012	4 player market - DD interesting for all of them; No decision yet on combination of DD and 900MHz allocation
Mobiltel	Aug 2014	Aug 2014	2015	open	Analogue switch-off delayed; DD also used for military purposes; Allocation delay beyond 2015 not likely
Si.mobil	Oct 2013	Jan 2016	Dec 2010	open	Re-farming formally finalized; No confirmed dates for the license prolongation available
Velcom	Aug 2017	Aug 2017	2015	open	Acceleration of DD is supported by Government but no plan/strategy developed yet.
Vip Mobile	Dec 2016	Dec 2016	Apr 2012	open	Decision on allocation of DD to be adopted; timeline for award to be defined
Vipnet	Oct 2024	n.a.	YE 2010	2012 earliest	900 MHz license prolongation and re-farming finalized; no details on DD allocation yet available
Vip Operator	Mar 2018	Mar 2018	Jun 2012	open	Timeline for award to be defined; no details on DD allocation yet available

Costs for spectrum allocation/auction not included in regular CAPEX planning