

## Austria

### A1 Telekom Austria



The clear trend toward convergent communication solutions and the integration of the underlying transmission systems on the Austrian telecommunication market has steadily gathered momentum in recent years. Against this backdrop, the Telekom Austria Group consolidated its position in the year 2010 by integrating its fixed line and mobile communication activities in Austria. At the same time, the integration provides the basis for leveraging internal synergies, reducing operating costs in the medium term, and pursuing a more efficient and customer-focused market approach. Within only a few months, the necessary preconditions were created for the merger of the fixed line and mobile communication companies to form A1 Telekom Austria AG. Critical processes and areas of responsibility were quickly harmonized or integrated and new organizational structures defined.

Business development in 2010 in Austria was characterized by a further increase in the number of mobile communication customers and a positive development in the number of fixed access lines.

#### Growth in Fixed Access Lines

A1 Telekom Austria offers both residential and business customers a comprehensive fixed line product portfolio that includes voice telephony, broadband and data TV (IP-TV) as well as other attractive ICT services and solutions.

Due to the continuing success of product bundles and a 13.5% increase in the number of broadband lines to approximately 1.2 million, fixed access lines rose by 0.1% to 2.3 million in 2010.

Fixed line voice minutes declined by 12.1% in 2010 to 2,972.7 million and average revenues per customer line (ARPL) by 2.2% to EUR 33.3. The company thus holds a 61.1% share of the voice telephony market and a 56.3% share of the fixed line broadband market.

#### Further Increase in the Mobile Subscriber Base

With customer growth of 5.6% to 5.1 million subscribers and a market share of 41.4% after 42.6% in the previous year, A1 Telekom Austria remains the uncontested leader on the Austrian mobile communication market. This trend was mainly driven by continued strong demand for mobile broadband (+29.4% to approximately 654,000 customers). In 2010, the mobile penetration rate rose from 135.7% to 146.7%, a figure that is well above the West European average. Due to continuing pressure on prices and the negative effects of regulation on roaming and termination charges, average revenues per user (ARPU) fell by 9.5% to EUR 22.0. The share of contract customers rose by 3.2 percentage points to 76.0% while the churn rate remained low at 14.1% after 14.6% in the previous year.

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