

Austria

A1 Telekom Austria is market leader on the Austrian telecommunications market.

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Fixed net segment

Due to sustained migration to mobile communication, the Fixed Net segment has registered a decline in the number of fixed access lines over the past ten years from 3.3 million to 2.3 million at year-end 2009. While a decline of 4.0% was registered in 2008, this downward trend was reduced to 1.0% in the year under review. This positive development is attributable to the successful introduction of attractive product bundles, which combine fixed net and mobile telephony as well as fixed net and mobile Internet and television. This has also had a positive impact on the broadband business with the number of fixed net broadband access lines (including wholesale) rising by 15.5% to 1,022,600 in a year-on-year comparison.

The number of aonTV customers considerably increased in 2009 reaching a total of 101,300 subscribers. The program portfolio was expanded to more than 90 channels and features HDTV, video-on-demand and other IPTV functions, such as an integrated video library with more than 1,000 films and series, an electronic program guide and interactive information services.

The attractive product bundles aonKombi and aonSuperKombi continued to be successful in 2009. This year also saw the introduction of a new package, aonBreitbandDuo, combining a fixed net DSL access line with a mobile broadband connection.

With the introduction of the BusinessKombi package, the success of product bundles was also extended to the business segment.

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Mobile Communications Segment

The Austrian mobile communications market is marked by fierce competition. Its mobile penetration rate totals 135.7% and is well above the Western European average of 130.1%. Against this backdrop, the mobile communication segment of A1 Telekom Austria succeeded in growing its subscriber base by 7.5% to 4.8 million customers in 2009, defending its market leadership with a market share of 42.6%. The share of contract customers rose by 3.3 percentage points to 72.8%. With a 14.6% churn rate in 2009 compared to 14.2% in the previous year mobilkom austria was able to keep customer defection at a low level.

Price pressure in mobile voice telephony continued throughout 2009 and was also increasingly felt in the mobile broadband business. Despite the ongoing expansion of the product and service portfolio, which for instance saw the introduction of A1 Music along with attractive netbook offers in 2009, average revenues per user (ARPU) declined by 12.7% to EUR 24.7. However, this decline was also partly attributable to the increased offering of "sim-only" products with lower tariffs and limited features. This trend was fuelled by successful product bundles, which allowed to address new customer groups.

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