

Telekom Austria Group Acquires 70% Stake in Belarusian Mobile Operator MDC for 5--en19x08E EBITDA (Ad hoc Release)

Telekom Austria Group has also agreed on a performance based deferred consideration. The amount of the deferred consideration, which is payable in the fourth quarter 2010, will be directly linked to the future financial performance of MDC and may increase the enterprise value to 6.5x10E EBITDA. In return, the Telekom Austria Group has full access to the free cash flow and dividend distributed.

“The acquisition of MDC is the consistent execution of our strategy for profitable growth in Eastern- and South-Eastern Europe, it offers us an entry to the attractive telecommunication market in Belarus while the terms of the transaction once again underline our disciplined approach to expansion. After the successful integration of the highly profitable Bulgarian market leader Mobiltel we once again engage in a similar transaction and increase our addressable market by approximately 30% to 44 million inhabitants in the countries Telekom Austria Group is present” says Boris Nemsic, CEO of Telekom Austria Group and CEO of mobilkom austria.

MDC, which markets its mobile communication services under the brand names “Velcom” for postpaid services and “Privet” for prepaid services, is the number 2 operator in Belarus with a market share of approximately 42% and more than 2.7 million customers in a market that reached a penetration of 66% as of June 30, 2007. For 2006, the company generated revenues of approximately EUR 263*** million and EBITDA of approximately EUR 159*** million. The net income for the period was approximately EUR 83*** million.

The acquisition of the 70% stake in SB Telecom Limited will be financed using existing credit facilities. “We have sufficient financial headroom to fund the transaction with existing credit lines and expect no negative influence on our current rating. As the strong free cash flow allows for rapid deleveraging we will resume our share buy back program once we have reached the level of 2.0x net debt/EBITDA”, states Hans Tschuden, CFO of Telekom Austria Group. The acquisition is accretive on earnings per share from 2008 on and will have no impact on Telekom Austria Group’s stated dividend policy of distributing 65% of net income.

Additional Information on Belarus and MDC**

Population: 9.7 million
 Biggest cities: Minsk (1.7 mn), Homel (0.5 mn)
 Urbanization level: 71%
 Area: 207,600 km²
 Exchange rate: 1 EUR = 2,972 BYR

Macroeconomic information	2006	2005	2004
GDP/capita in USD	3,802	3,097	2,355
GDP real growth	9.9 %	9.4 %	11.4 %
Unemployment rate	1.2 %	1.5 %	1.9 %
Corporate tax rate	24 %	24 %	24 %
Inflation	7.0 %	10.3 %	18.1 %
Operational Information on MDC	2006	2005	2004
Market Share	42.5 %	46.0 %	46.6 %

Mobile Subscribers (in 000)			
Postpaid	2,361.9	1,882.1	1,135.0
Prepaid	124.3	0.0	0.0
Total Subscribers	2,486.2	1,882.1	1,135.0
Financial Information on MDC***	2006	2005	2004
in Eur million			
Revenues	262.6	199.4	133.5
EBIDTA	158.8	117.2	76.4
EBIDTA Marge	60.5 %	58.8 %	57.2 %
Depreciation & Amortization	-45.0	-42.3	-36.0
Operating Income	113.8	74.9	40.5
Net Income	82.8	56.7	30.9
Capex	76.1	75.9	41.7
Capex/Sales	29.0 %	38.1 %	31.2 %

* The transaction is denominated in USD and MDC also reports in USD. USD have been converted into Euro using an exchange rate of 1:1.42, the prevalent exchange rate on October 1, 2007.

** Sources: Company data; financial figures according to IFRS provided by company; World Bank Group; IMF; EIU; FITA; <http://www.president.gov.by/en>; bfai

*** The transaction is denominated in USD and MDC also reports in USD. All historical USD amounts have been converted into Euro using the average exchange rates for 2004 of 1:1.25, for 2005 of 1:1.24 and for 2006 of 1:1.27.

Presentation

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Although Telekom Austria Group has conducted diligence customary in acquisitions in Central and Eastern Europe, based on the information to which Telekom Austria Group was given access during the acquisition process, Telekom Austria Group has not been involved in the management of MDC. As a result, Telekom Austria Group's assessment of the risks and opportunities presented by the acquisition, as well as the effects of the acquisition on Telekom Austria Group's financial results, may not be accurate and there may be risks of which Telekom Austria Group is not aware. The description of MDC and its financial data contained in this document is based solely upon the information provided to Telekom Austria Group during the acquisition process."

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