

Telekom Austria Group Outlook for Full Year 2012

The Telekom Austria Group continues being impacted by several negative external factors. Intensified competition in many of Telekom Austria Group's markets and the ongoing fixed-to-mobile substitution in Austria pose key challenges. Furthermore, regulatory burden such as lower roaming charges as well as cuts of national and international mobile termination rates will continue to impact the Telekom Austria Group in 2012.

The macroeconomic environment is anticipated to remain challenging in Telekom Austria Group's major markets in the CEE region in 2012. This will continue to impact customer demand and pricing levels. In addition a continuation of increased foreign exchange fluctuations is expected. Belarus, which was classified as a hyperinflation country in 2011, is anticipated to endure high inflation also in 2012.

To mitigate these challenges the management of Telekom Austria Group has introduced a program to intensify the focus on stabilization of the operating free cash flow*. Via clear focus on customer service as well as innovative and convergent products this program targets revenue generation, operating expense control and capital expenditure efficiency. Whereas most of the defined measures of the program for 2012 were implemented in the first quarter of 2012, its financial effects are expected to materialize predominantly as of the second half of 2012.

The unchanged outlook for the full year 2012 reflects the Group's confidence in its ability to mitigate these external challenges through clear customer focus, innovative and convergent products as well as strict cost management.

For the full year 2012 management expects Group revenues to amount to approximately EUR 4.4 billion. Group EBITDA comparable, which does not include effects from restructuring and impairment tests, is expected to amount to approximately EUR 1.5 billion. Capital expenditures of Telekom Austria Group are anticipated to amount to approximately EUR 0.75 billion and do not include any investments for licenses and spectrum acquisitions. Operating free cash flow* will remain a key priority for Telekom Austria Group's management and is expected to amount to approximately EUR 0.75 billion.

For 2012, the management intends to distribute a dividend of EUR 0.38 per share. As of 2013, the targeted payout ratio is defined as 55% of free cash flow** to the extent that the dividend does not lead to a deterioration of Group equity. Maintaining a stable investment grade rating of at least "BBB (stable outlook)" remains central to the Telekom Austria Group's financial profile.

A leverage corridor of 2.0x – 2.5x Net Debt/EBITDA comparable provides ample financial flexibility. Potential growth projects will be benchmarked to share buybacks based on the potential cash flow generation per share. Share buybacks will take place if leverage falls below 2.0x Net Debt/EBITDA comparable. A stable business and currency environment remains a prerequisite for share buybacks.

The outlook for the full year 2012 is given on a constant currency basis for all markets of the Telekom Austria Group and without any effects of hyperinflation accounting in the Belarusian segment.

Telekom Austria Group	Outlook 2012 as of 10 May 2012
Revenues	approximately EUR 4.4 bn
EBITDA comparable	approximately EUR 1.5 bn
Capital Expenditures	approximately EUR 0.75 bn
Operating Free Cash Flow*	approximately EUR 0.75 bn
Dividend	DPS of EUR 0.38 for 2012

* Operating Free cash flow = EBITDA comparable minus capital expenditures in existing business

** Free cash flow = Cash flow from operating activities minus capital expenditures in existing business

Please note that this text contains forward-looking statements. The website contains forward-looking statements that could result in risks and uncertainties. Forward-looking statements usually use expressions such as "believe", "is the aim", "assume", "plan", "expect" and similar wording. Due to a number of factors the actual events can deviate considerably from expected development. Forward-looking statements naturally contain risks and uncertainties. We would like to point out that due to a number of important factors the actual results can deviate considerably from the forward-looking statements.