

Austrian market leader & strong player in Central and Eastern Europe

Profile

Telekom Austria Group is Austria's leading provider of telecommunications services.

We are an integrated, convergent provider of intelligent information and communications services and are a leader in its geographic markets.

Telekom Austria Group is well positioned in Central and Eastern Europe with international mobile operations in Belarus (Velcom), Bulgaria (Mobiltel), Croatia (Vipnet), Liechtenstein (mobilkom liechtenstein), the Republic of Macedonia (Vip operator), the Republic of Serbia (Vip mobile) and Slovenia (Si.mobil).

In July 2010 Telekom Austria Group merged its Austrian mobile communications and fixed line divisions creating A1 Telekom Austria AG. The company is now in the position to offer convergent products for voice telephony, internet access, data and IT solutions, value added services, wholesale services, mobile business and payment solutions in Austria.

Fixed Net

The Fixed Net segment encompasses voice telephony, data, internet, security, multimedia and IPTV services. It serves retail, residential, business and SME customers as well as wholesale operators.

The Fixed Net segment is balancing fixed line voice revenue decline, broadband revenue wins and enhancing the attractiveness of its portfolio by embarking on new business areas. The company's strategy is clearly centered on broadband and on growth, technology and efficiency. Compared to other European operators the Fixed Net segment of the Telekom Austria Group has achieved considerable success in safeguarding fixed net access lines by introducing attractive product bundles and customer retention measures.

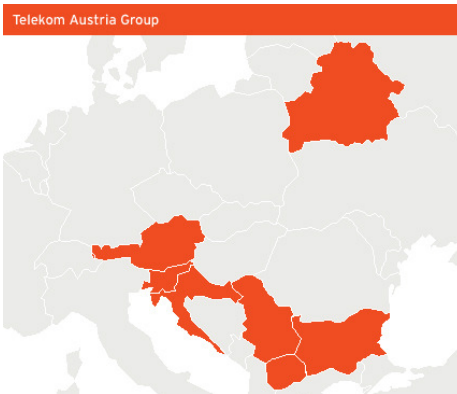
Telekom Austria Group is leading the industry's transition from legacy systems to Next Generation Networks integrating voice, video and data (ALL-IP Network) and has started glass fibre pilot projects. In order to increase the volume of voice and data traffic in East and South-Eastern Europe, the international multi-service network Telekom Austria JetStream was expanded in 2007 to include Bulgaria in addition to existing connections to Germany, the Czech Republic, Hungary, Italy, Slovakia, Romania and Croatia.

Mobile Communication

The Telekom Austria Group provides switched voice telephony in the mobile communications segment as well as VAS such as voicemail, information- and entertainment services on the mobile portal Vodafone live!, m-commerce, mobile Internet access, mobile office solutions, telematics and the use of up to three mobile phones under the same number, SMS and multimedia messaging services (MMS and video telephony) for private and business customers.

The success of the Mobile Communication segment is based on innovation and technology leadership: full coverage or 99% population coverage networks (GSM, GPRS, UMTS+EDGE, HSDPA, HSUPA and HSPA+) support leading-edge mobile voice, data and multimedia products and services. The segment shows a booming mobile data business, which ranks top in Europe. Telekom Austria Group has developed a diverse mobile communications footprint, entering different growth markets with long-term potential.

Telekom Austria Group is pioneering new technologies such as NFC (Near Field Communication), which facilitates short-range communication between electronic devices via a fast and easy wireless connection, and is still leading the way in m-commerce, enhancing customer convenience with services such as m-payment systems, m-parking and m-ticketing.



Timeline

- 1887: Post & Telegraphenverwaltung (PTV) founded under state-control
- 1996: Reorganisation of PTV into Post- und Telekom Austria AG (PTA); mobile business transferred to the wholly owned subsidiary, mobilkom austria
- 1998: Following the liberalisation of the telecommunications sector, PTA transformed into a private stock corporation
- 1999: Value enhancing expansion in the emerging markets of the CEE started through acquisition of a stake in Vipnet, one of the most successful European start-ups (now 100% subsidiary of the Group)
- 2000: IPO - 22.4% of share capital became free float, 47.8% held by ÖIAG (Republic of Austria) and 29.8% by Telecom Italia
- 2001: Acquisition of controlling stake in Si.mobil (Slovenia) - now wholly owned by the Group
- 2005: Acquisition of Mobiltel, Bulgaria's highly profitable, leading mobile operator
- 2006: Acquisition of the third mobile licence in the Republic of Serbia
- 2007: Delisting from the NY Stock Exchange. Acquisition of the third mobile licence in the Republic of Macedonia, the Austrian mobile operations of Tele2 and a 70% stake in Cypriot SB Telecom Limited in Belarus. Hans Tschuden appointed Group CFO.
- 2008: Hannes Ametsreiter appointed as new Board member of the Telekom Austria Group. Restructuring of Fixed Net operations
- 2009: Boris Nemsic steps down as CEO of the Group and Hannes Ametsreiter appointed Group CEO. Ametsreiter appointed Member of the Board of GSM Association (GSMA)
- 2010: Telekom Austria Group merges Austrian operations

Management Board



Hannes Ametsreiter, CEO



Hans Tschuden, CFO

Telekom Austria Group

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Recent News

October 10, 2010: Telekom Austria Group increases net income significantly and generates EBITDA increase of more than 20%

Commenting on the results Hannes Ametsreiter, CEO Telekom Austria Group, said, "I am satisfied with the development of our business over the first nine months of 2010. In line with expectations both revenues and results have held up well against a challenging economic and regulatory environment. Through our rapid implementation of the merger of mobilkom austria AG and Telekom Austria TA AG we are managing our business to meet these challenges head on and safeguard the Group's competitiveness in Austria for years to come."

October 11, 2010: Telekom Austria Group to Launch Windows Phone 7

The Telekom Austria Group today announced the launch of the first much-anticipated Windows Phone 7 handsets in all of its CEE operating markets - excluding Belarus - following Microsoft's debut of the phone today. Based on its strong and long-standing partnership with Microsoft, the Telekom Austria Group will be able to join the first round of Windows Phone 7 devices and debut the new Microsoft smart-phone operating system in 7 of its CEE operating markets ahead of the start of the holiday season.

October 5, 2010: Telekom Austria Group Launches Apple's iPhone in Austria, Croatia and Bulgaria

Telekom Austria Group will launch iPhone 4, the thinnest smartphone in the world Telekom Austria Group will launch iPhone 4, the thinnest smartphone in the world with the highest resolution display ever built into a phone, in Austria, Croatia and Bulgaria in the coming months.

October 4, 2010: Telekom Austria Group Finalizes Acquisition of Velcom as Agreed

The Telekom Austria Group today announced that it will acquire the remaining 30% of SB Telecom, the sole owner of Velcom, as agreed in the course of the agreements for the acquisition of the 70% stake in SB Telecom in October 2007. The put option related to these agreements was exercised on October 4, 2010. The total purchase price for the remaining 30% stake amounts to EUR 335.0 million, including interest. Settlement will take place within 10 business days.

September 28, 2010: Telekom Austria Group's Survey on Man-Machine Interaction (MMI) in Austria

The Telekom Austria Group today presented a survey on man-machine interaction (MMI) in Austria, which was conducted by the SORA research institute. The survey focused on the general attitude of Austrians toward machines and new technologies, on their importance and impact on both private and professional life as well as on the most likely technological developments over the next 50 years, with the areas of healthcare and education taking centre stage.

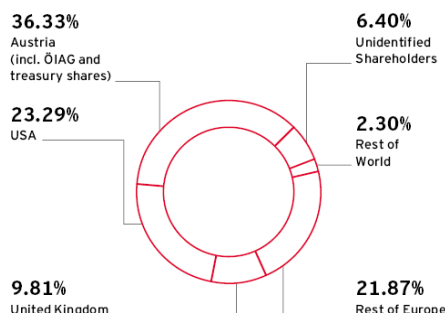
September 3, 2010: Telekom Austria Group: High-Speed Internet already available for 1.5mn Austrian households and commercial businesses as the GigaNet Rollout in Austria proceeds much faster than planned

The Telekom Austria Group today announced that the company's GigaNet rollout has exceeded the original target of 750,000 Austrian households and commercial businesses by the beginning of September. Instead it has reached the 1.5 million mark. This corresponds to 36% of Austrian households and commercial businesses.

Technology Highlights

- Launched first m-commerce application worldwide - July 1999
- First mobile operator worldwide to launch GPRS - August 2000
- First mobile provider worldwide to be awarded a bank licence - July 2002
- Launched Europe's first UMTS technical network - September 2002
- First European incumbent operator to launch a commercial UMTS network - April 2003
- Contributed to set up of first cross-operator m-payment platform worldwide - September 2006
- One of the first operators in Europe to launch HSDPA - January 2006
- First to demonstrate HSUPA live in Europe - November 2006
- First provider to introduce commercial NFC services globally - September 2007
- First cable TV provider in Austria to offer high-definition (HD) video-on-demand - May 2008
- First Austrian cable TV provider to launch a test interactive TV service - June 2008
- First operator in Central Europe to start a femto router pilot project - November 2008
- First pilot for end-to-end chip based NFC solution globally - January 2009
- First to commercially launch "HSPA+" in Europe - March 2009

Shareholder Structure as of Dec. 31, 2009



Comparison of Key Financial Figures TAG in the First 9 Months 2010 (EUR million)

	1-9 2010	1-9 2009	% change
Mobile Subscribers (mn.)	19,5	18,5	+ 5.4%
Total Access Lines (mn.)	2,3	2,3	- 0.3%
Personnel EOP (full-time equivalents)	16,559	16,802	- 1.4%
Revenues	3,480	3,621	- 3.9%
EBITDA comparable*)	1,293	1,395	- 7.3%
EBITDA**	1,266	1,042	+ 21.5%
EBIT	476	224	+ 112.8%
Net income	257	31	+ 718.6%
Capital expenditures	443	420	+ 5.6%
Free Cash Flow	591	543	+ 8.8%

*) excluding impairment and restructuring charges

**) including impairment and restructuring charges

Outlook 2010

	Outlook 2010* as of November 10	Outlook 2010* as of August 18
Telekom Austria Group		
Revenues	approx. EUR 4.7 bn	approx. EUR 4.7 bn
EBITDA	EUR 1.60 -- 1.65 bn	EUR 1.6 -- 1.65 bn
Capital expenditures	EUR 0.75 -- 0.80 bn	EUR 0.75 -- 8.0 bn
Operating Free Cash Flow	at least EUR 0.8 bn	at least EUR 0.8 bn
Dividend	65% of net income, DPS of 75 Cents minimum	65% of net income, DPS of 75 Cents minimum

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