

Austrian market leader & strong player in Eastern and South-Eastern Europe

Profile

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

Telekom Austria Group offers a wide range of products that cover the whole value chain from fixed net to mobile communication. An innovative telco provider with a customer-oriented approach, Telekom Austria Group is committed to R&D, pioneering services and products, even in a difficult economic climate.

Telekom Austria Group is well positioned in East and South-Eastern Europe with international 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).



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. New product bundles offer fixed net and mobile telephony, broadband internet, TV and mobile broadband and have reported quarterly access line net additions of 4,400 at the end of 2009 compared to a line loss of 2,400 at the end of 2008. Telekom Austria TA AG's IPTV service aonTV offers over 90 TV channels, a video-on-demand, HD TV and over 300 national and international radio stations as well as the innovative MediaBox which interconnects the TV set, mobile phone and PC. 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 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. Despite fierce competition and a saturated market, mobilkom austria recorded the highest growth in market share in the history of the company in 2009, increasing its market share from 42.5% at the end of 2008 to 42.6% at the end of 2009. Moreover, 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: Plans to merge Telekom Austria Group's Austrian operations announced

Management Board



Hannes Ametsreiter, CEO



Hans Tschuden, CFO

Telekom Austria Group

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Recent News

February 23, 2010: Telekom Austria Group: Strict Cost Management Softens the Impact of the Tough Economic Environment on Full-Year 2009 Results
Telekom Austria Group today announced its results for the full year 2009 and the fourth quarter ending December 31, 2009.

February 23, 2010: Telekom Austria Group Decides to Merge its Austrian Operations
Telekom Austria Group announced the merger of its two domestic subsidiaries mobilkom austria AG and Telekom Austria TA AG. In today's meeting, the Supervisory Board of Telekom Austria AG approved the Management Board's proposals to merge the fixed and mobile operations in Austria.

February 13, 2010: Telekom Austria Group: Spring 'BusinessKombi' Promotion for Business Customers with a Free Laptop or Smart Phone

The Telekom Austria Group today announced that its Fixed Net subsidiary, Telekom Austria TA AG, has launched a spring promotional offer for business customers combining "BusinessKombi" – the company's business package for high-speed Internet, fixed net and mobile telephony – with a free laptop, the HP ProBook 4515s, or a free smart phone, the Sony Ericsson SatioTM, at a monthly rate starting from EUR 39.

February 2, 2010: Telekom Austria Obtains an UMTS (3G) License in Belarus

The Telekom Austria Group today has announced that its Belarusian mobile subsidiary Velcom was granted a countrywide UMTS license for a purchasing price of EUR 9.5 million. The respective spectrum has been already allocated by year end 2009. The UMTS license will be valid until August 24, 2017.

January 20, 2009: aonTV Reaches 100,000-Subscriber Mark

The Telekom Austria Group today announced that aonTV, the IPTV service of its Fixed Net subsidiary, Telekom Austria TA AG, has reached the 100,000 subscriber mark. Telekom Austria's aonTV features over 70 basic and 20 premium TV channels, an integrated video-on-demand library with over 300 movies, HD TV content, free-of-charge weather forecasts and traffic reports as well as the Austrian news channel "Zeit im Bild", which can be retrieved anytime shortly after it has been on air.

January 20, 2010: Telekom Austria Group's Christmas Business Shows Strong Results with Fixed Net Access Line Growth in 4Q 2009

The Telekom Austria Group today announced its latest access line figures for the Fixed Net segment and subscriber and market figures for Mobile Communication as of year-end 2009. For the first time in more than ten years, the Fixed Net segment reported quarterly access line net additions in the fourth quarter of 2009 due to a continuing strong uptake of product bundles.

December 09, 2009: Telekom Austria Group Announces Expectations for 2010 and Reiterates 75 Cents DPS Floor for 2009-2012

Following today's approval of the budget by the Supervisory Board, the Telekom Austria Group announced its expectations for the financial year 2010. The forecast is based on the assumption of constant currencies.

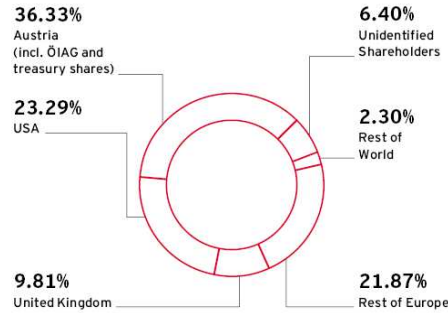
November 26, 2009: Telekom Austria Reaches Agreement for Voluntary Transfer of up to 500 Civil Servants to the Police Force

The Telekom Austria Group today signed an agreement with the Austrian government for the voluntary transfer of up to 500 civil servants of its Fixed Net division, who cannot be laid off due to their civil servant status but have to be made redundant due to changes in technology, to the Austrian police force. The agreement is effective immediately.

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



Telekom Austria Group Financial Figures FY 2009

in EUR million	4Q 09	4Q 08	% change	FY 2009	FY 2008	% change
Revenues	1,181.5	1,306.5	-9.6%	4,802.0	5,170.3	-7.1%
EBITDA	399.4	-211.6	n.a.	1,794.0	1,280.8	40.1%
Operating income	120.0	-515.7	n.a.	343.9	120.7	184.9%
Net income	63.6	-437.7	n.a.	94.9	-48.8	n.a.
Earnings per share (in EUR)	0.14	-0.99	n.a.	0.22	-0.11	n.a.
Free cash flow per share (in EUR)	0.30	0.42	-29.2%	1.52	1.71	-10.9%
Capital expenditures	291.6	273.3	6.7%	711.4	807.6	-11.9%

in EUR million	Dec. 31, 09	Dec. 31, 08	% change
Net debt	3,614.8	3,993.3	-9.5%
Net debt/EBITDA (12 months) excluding restructuring program in 2008	2.0x	2.1x	

Outlook 2010

	Outlook 2010 as of Feb 24, 2010*
Telekom Austria Group	on constant currency basis
Revenues	~ EUR 4.7 bn
EBITDA	~ EUR 1.6 bn
Capital expenditures	up to EUR 800 mn
Operating Free Cash Flow	~ EUR 800 mn
Dividend	65% of net income, DPS of 75 cents minimum

* excluding the impact of the merger of domestic operations

Telekom Austria Group

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