

Telekom Austria Group Results for the 2nd Quarter 2004

August 24, 2004

Cautionary Statement

This presentation contains certain forward-looking statements. Actual results may differ materially from those projected or implied in such forward-looking statements. Forward-looking information involves risks and uncertainties that could significantly affect expected results. These risks and uncertainties are discussed in Telekom Austria's SEC filings, including, but not limited to, Telekom Austria's Form 6-K containing the relevant press release and certain sections of the Company's Annual Report on Form 20-F.

Agenda

- Key Developments
- Operational Highlights
 - Wireline
 - Wireless
- Financial Overview
- Outlook

Key Developments

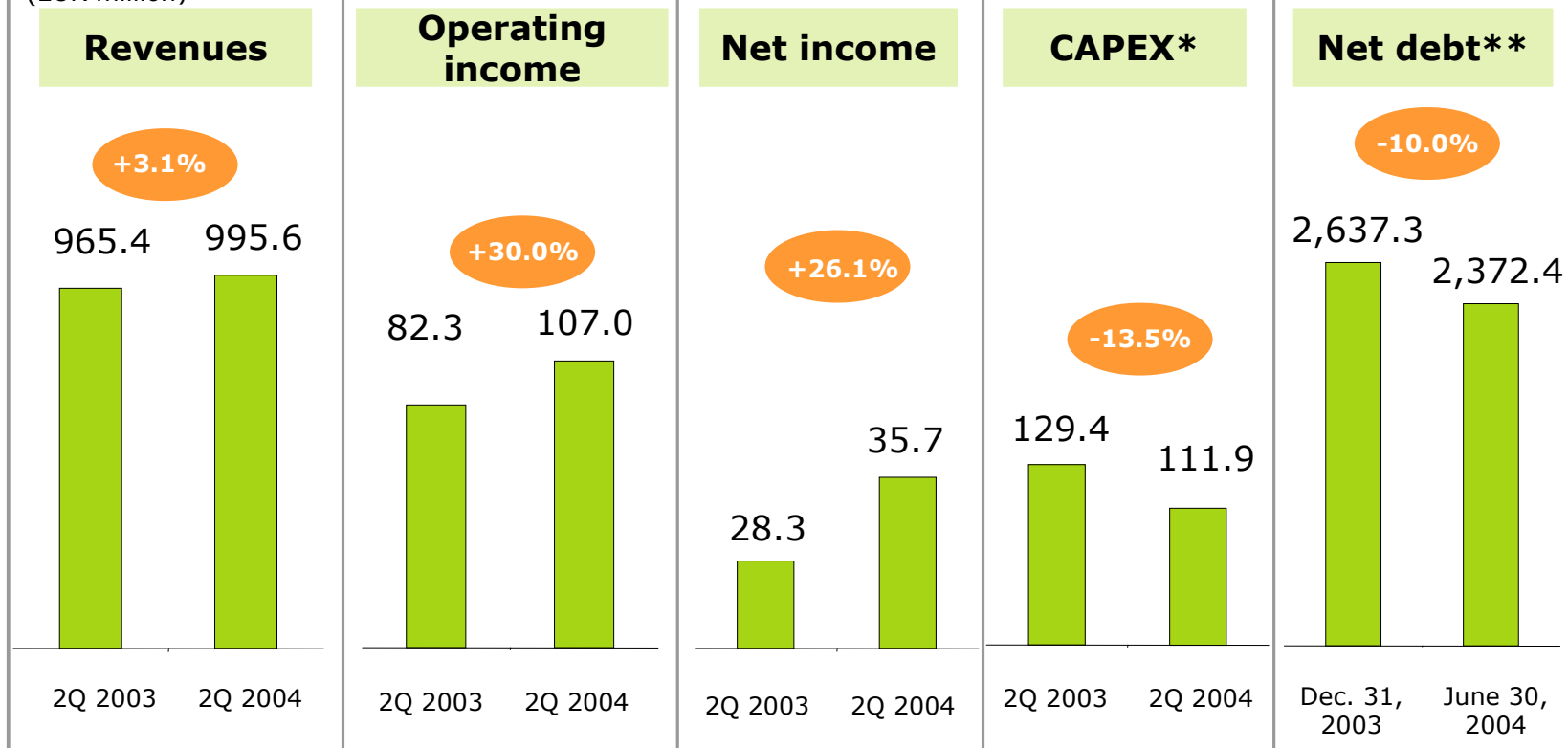
Telekom Austria - 2Q 04 Highlights

- Wireline business benefits from further stabilization of the voice business, broadband growth and a charge for universal service obligation to alternative operators
- Stable domestic wireless business after strong growth in 1Q 04; rising earnings both in Croatia and Slovenia
- Net profit rises by 26.1% in spite of a one-off tax charge due to the tax reform
- Net debt decline accelerates during 2Q 04 after first time dividend payment
- Solid basis for full year-outlook

Telekom Austria – 2Q 04 Results

Key Financial Indicators

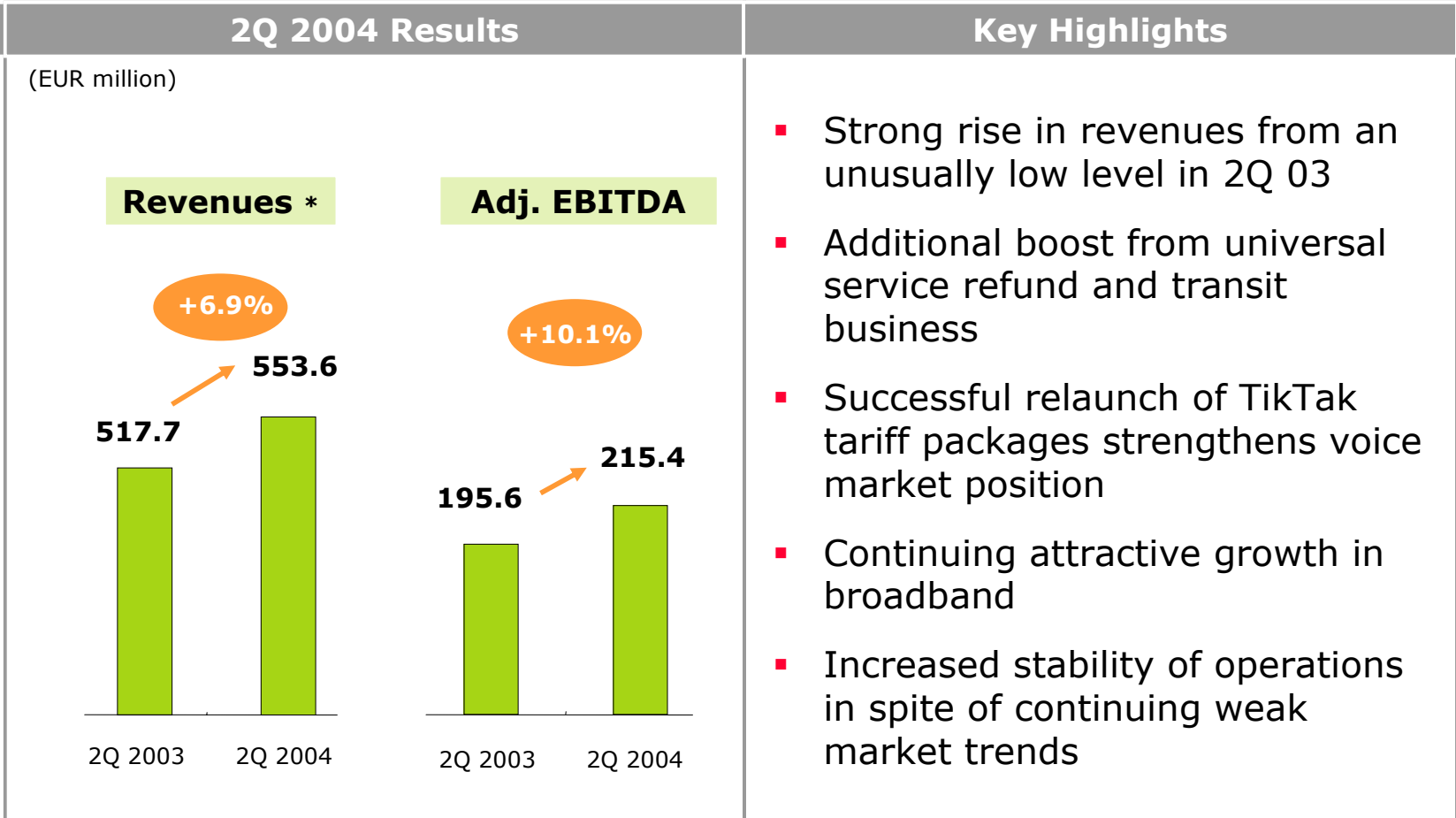
(EUR million)



* Capital expenditures for tangible assets **See slide number 42

Wireline

Wireline Results 2Q 04

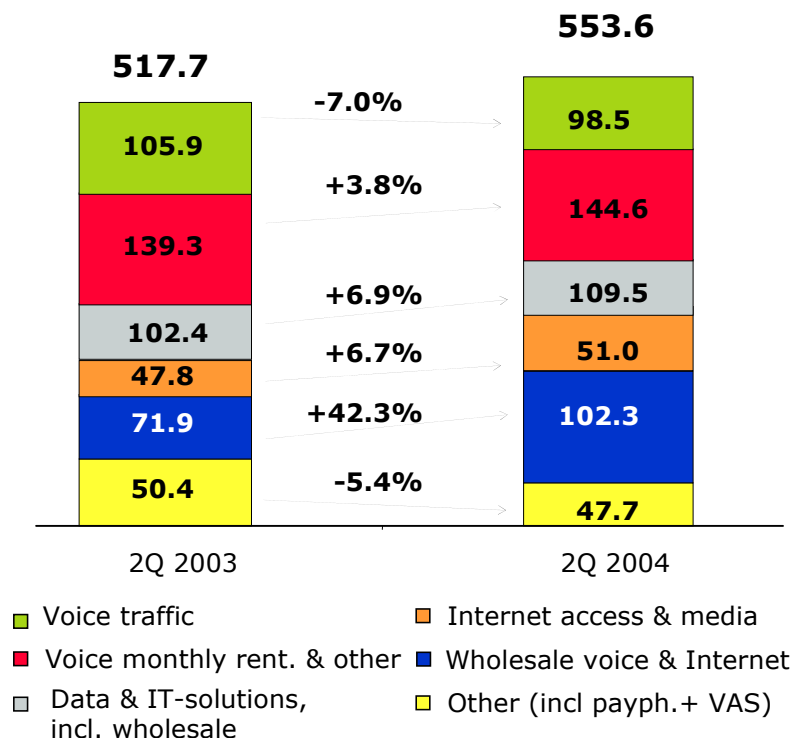


* For comparative purposes, prior periods were adjusted to reflect the change in the accounting for third party value added services.

Wireline Revenues

Wireline Revenue Split*

(EUR million)



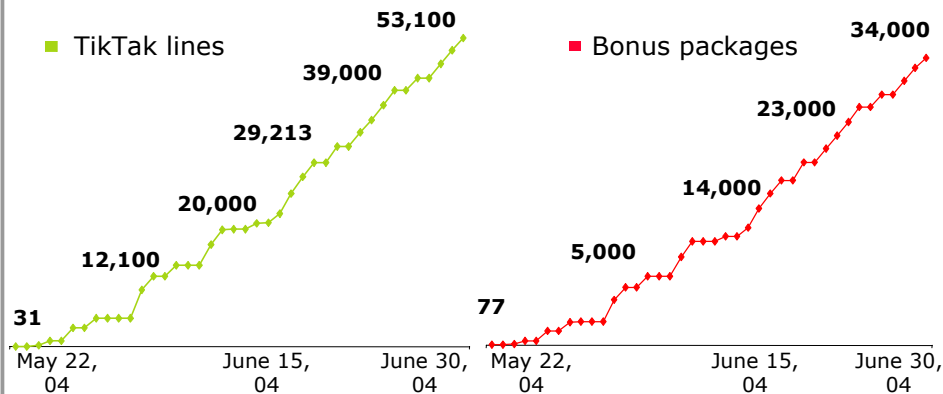
Key Highlights

- Discontinuation of minimum tariff since Oct. 03 and higher TikTak lines reduce traffic revenues but increase fixed fee revenues
- Data and IT business recovers from unusually low level last year
- Internet access benefits from ongoing rising ADSL net adds
- Wholesale revenues pushed by
 - charge for universal service obligation (EUR 13.0 million, fully reflected in wireline EBITDA)
 - transit traffic (EUR 14.1 million; EBITDA impact appr. EUR 1.7 million)

* For comparative purposes, prior periods were adjusted to reflect the change in the accounting for third party value added services.

New TikTak Tariffs Enhance Voice Market Position

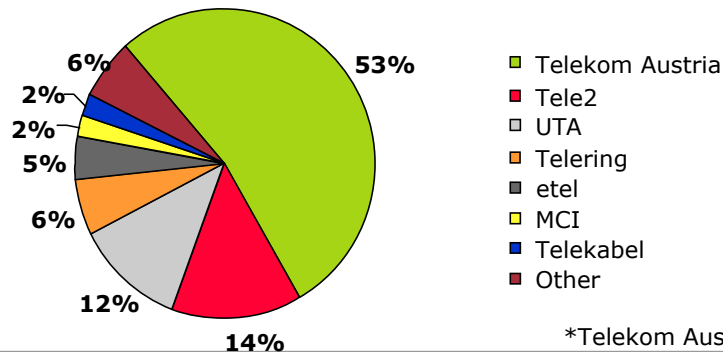
Take up of New TikTak Lines and Bonus Packages



Key Highlights

- Very satisfactory pick up of new TikTak tariff packages
- 6.5 bonus packages per 10 TikTak customers (planned 2.5)
- ARPU increase of up to 1 EURO per month per customer
- Uncordinated and poorly planned response by competitors
- Since July migration of all TikTak customers into the new plans

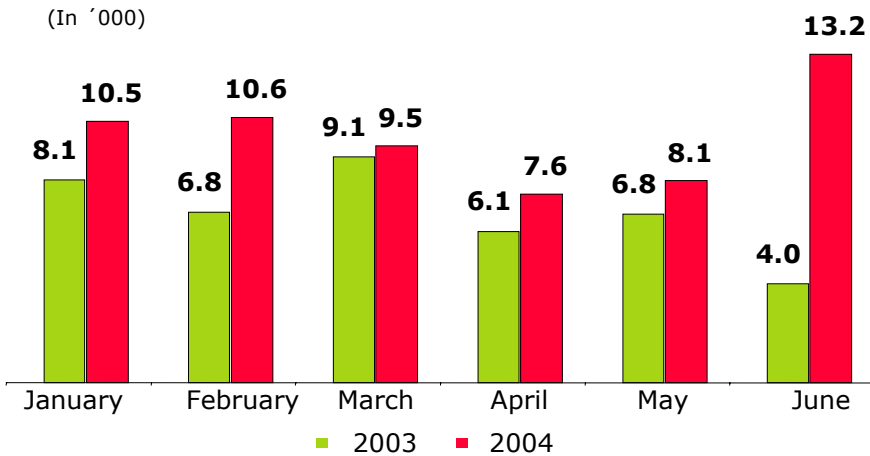
Voice Market Shares*



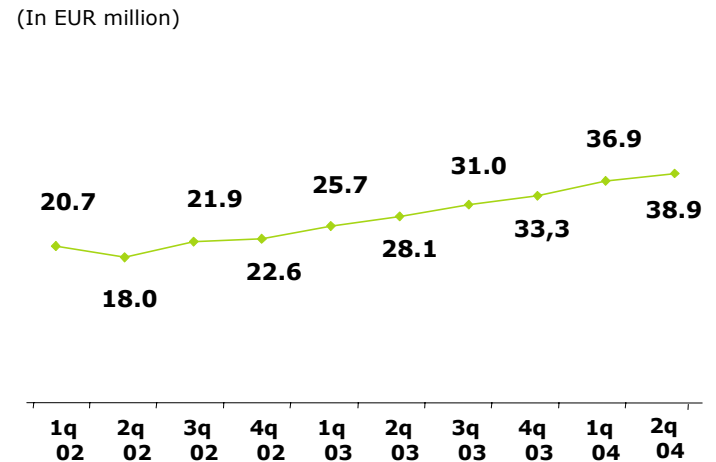
*Telekom Austria estimates

Strong ADSL Growth Continues

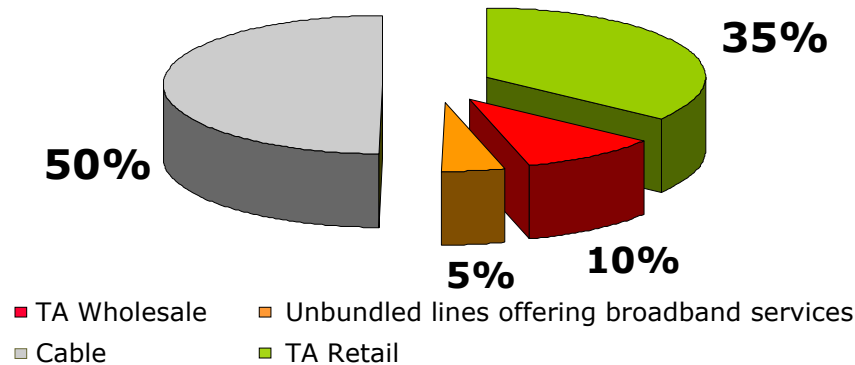
ADSL Net Adds



TA xDSL Revenues (incl Wholesale)

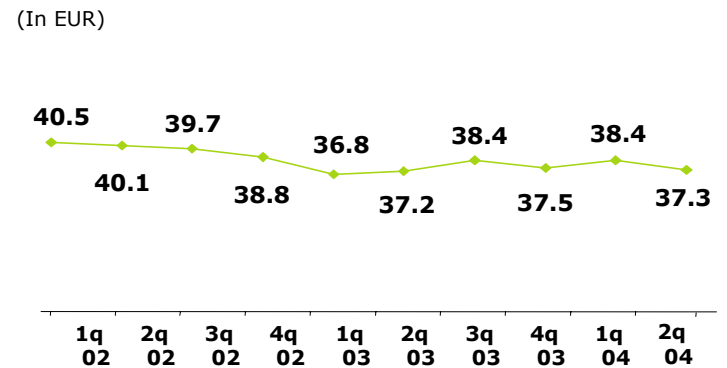


Broadband Market Share*



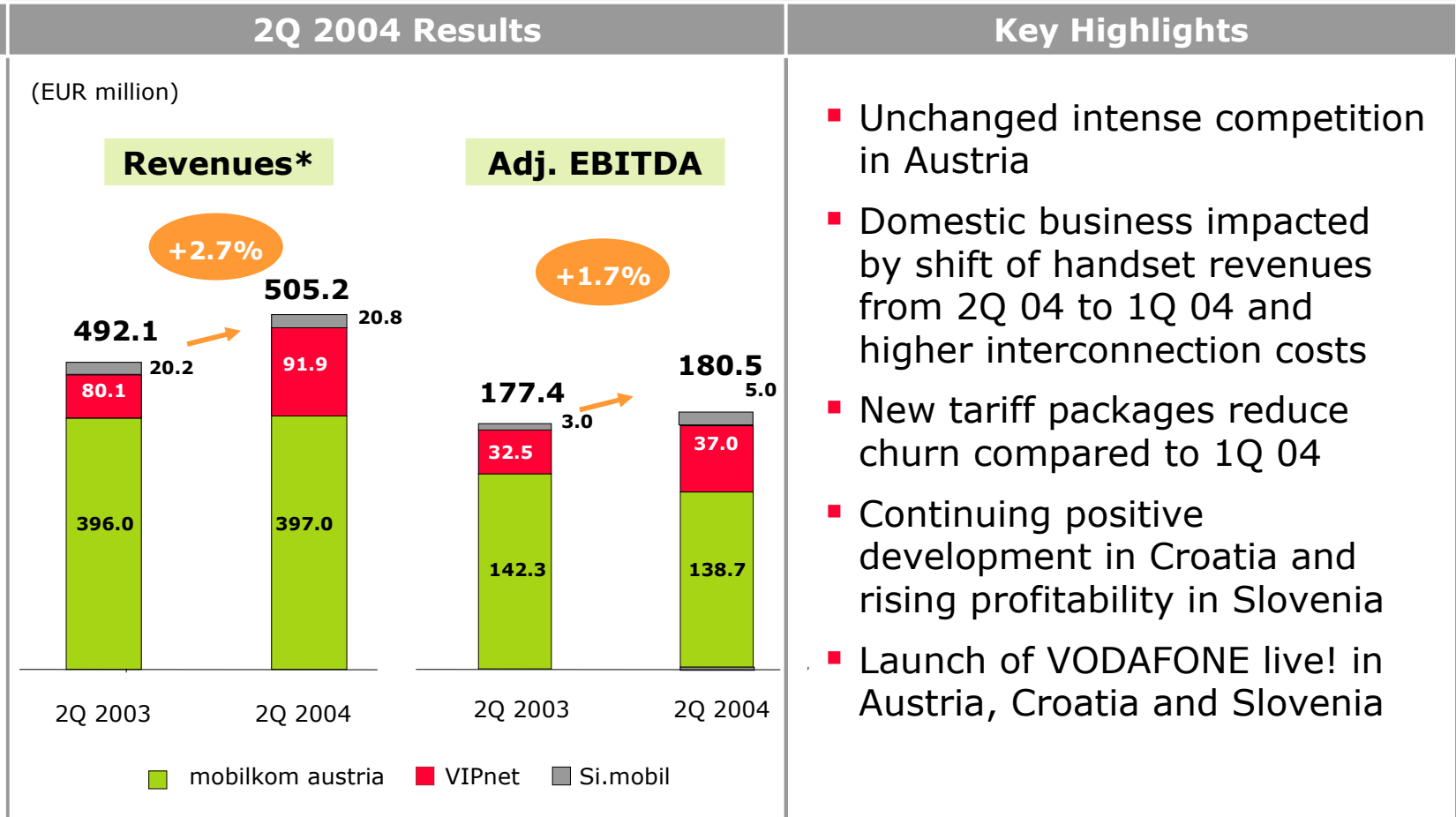
* Telekom Austria Market Research June 04

ADSL Residential ARPUs



Wireless

Wireless Results 2Q 04

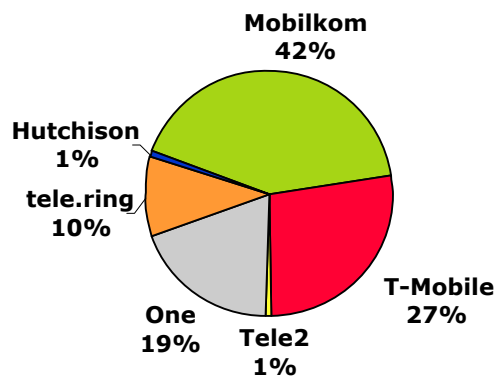


* For comparative purposes, prior periods were adjusted to reflect the change in the accounting for third party value added services.

Market and Subscribers in Austria

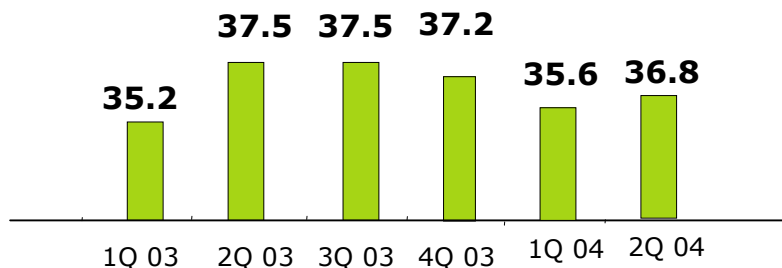
- Slight quarter on quarter increase in ARPU, reduction over 2Q 03 due to lower prices
- SAC and SRC rise due to increased competition

Market Share and Subscribers



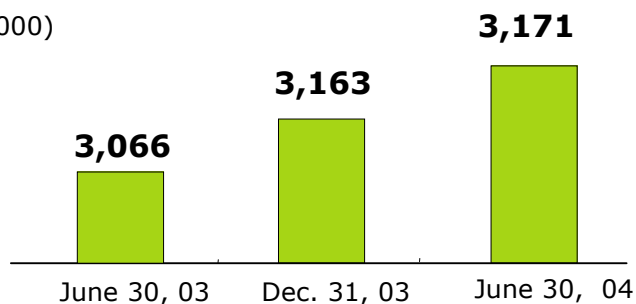
Blended ARPU

(in EUR)



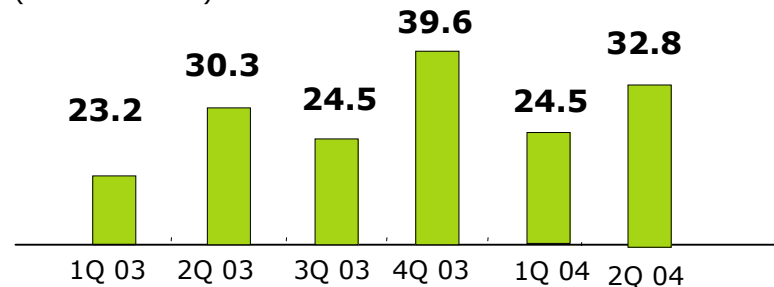
Subscribers mobilkom austria

(in 000)



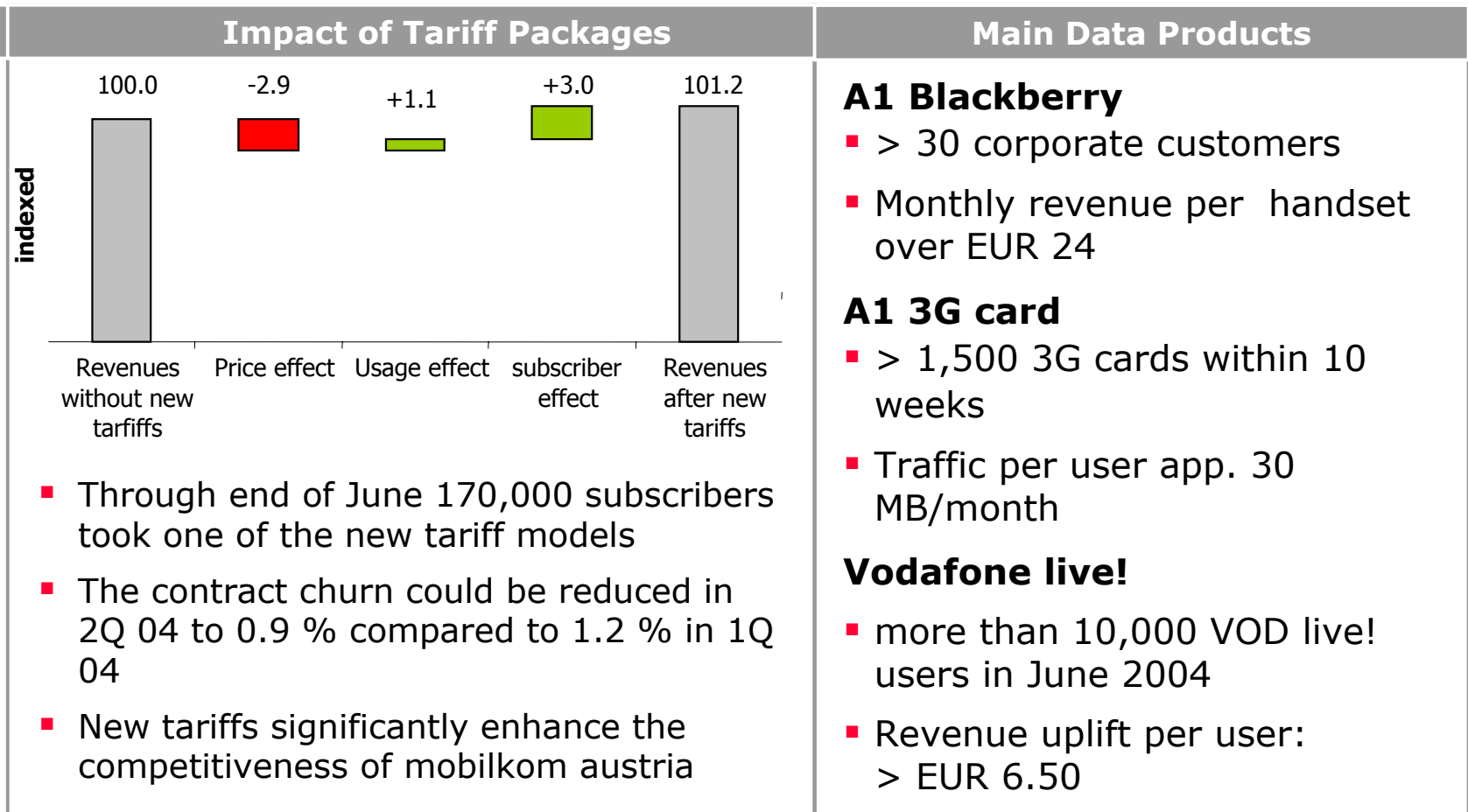
SRC+SAC*

(in EUR million)



* 2003 figures adopted to new SAC definition since Jan. 1, 2004 to take account of handset devaluations.

New Tariffs and Data Products



*based on current subscriber and usage figures, forecasted until YE 2004

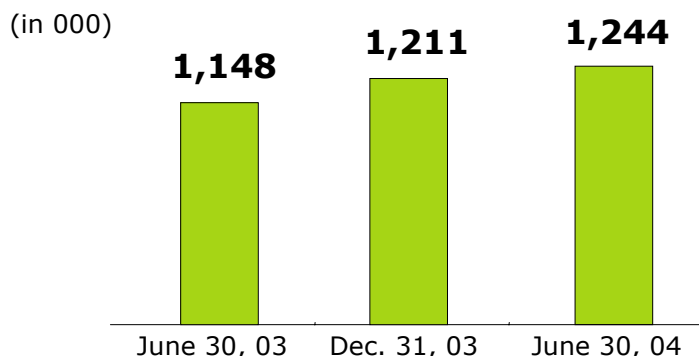
Enhanced Focus on Profitability

Topic	Measurement
Focusing on life cycle management	<ul style="list-style-type: none">▪ Optimizing resource allocation by introducing new products in accordance with platform and resource optimization▪ Increasing margin by eliminating weak and outdated products
Focused marketing approach	<ul style="list-style-type: none">▪ Simplification of product and handset portfolio▪ Implementation of a group wide technology and product & service roadmap in accordance with Vodafone▪ Intensifying partnerships, shifting from product development to product adaptation
System harmonization	<ul style="list-style-type: none">▪ Setting up a group wide product platform▪ Capacity sharing of existing systems within the group
Improving purchasing process	<ul style="list-style-type: none">▪ Using Vodafone purchasing power for new handsets▪ Group wide tendering process▪ Reorganizing the supply chain and improving supplier evaluation
Decreasing indirect costs	<ul style="list-style-type: none">▪ Minimizing overhead by process reengineering and organizational streamlining▪ Reducing consulting fees▪ Shifting resources from supporting units to core business units

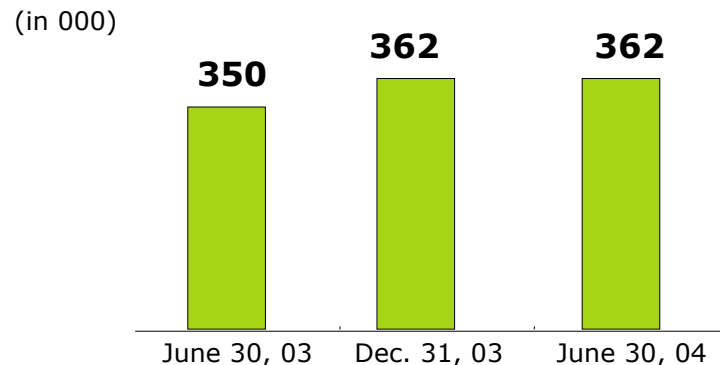
VIPnet & Si.mobil - 2Q 04 Results

- Continuing attractive growth in revenues and adjusted EBITDA for VIPnet; beauty contest for UMTS license and an additional GSM operator expected in 2H 04
- Si.mobil further enhances profitability; new management will focus an improvement of regulatory framework

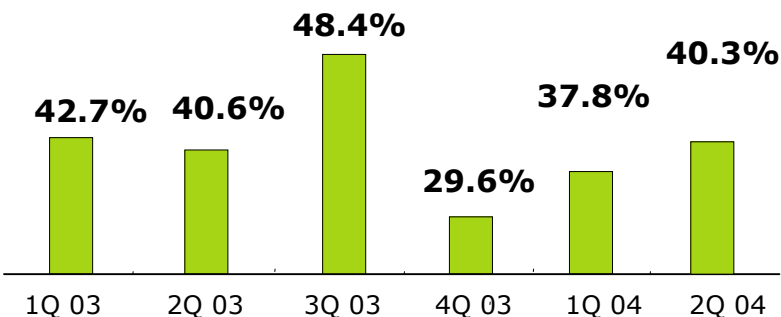
VIPnet - Subscriber Base



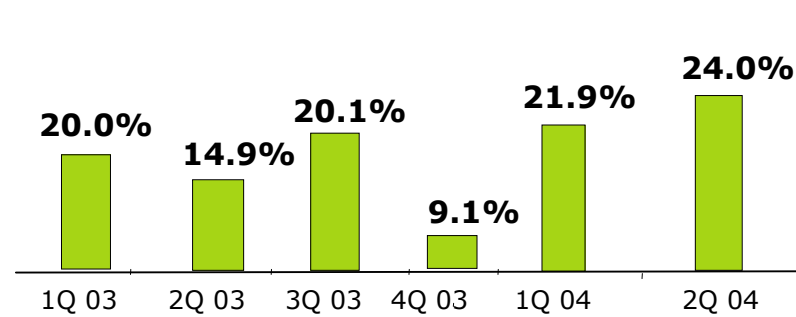
Si.mobil - Subscriber Base



VIPnet - Adj. EBITDA Margin



Si.mobil - Adj. EBITDA Margin



Financial Overview

Telekom Austria 2Q 04 Results

(EUR million)	2Q 2004	2Q 2003	% Change
Revenues	995.6	965.4	+3.1%
<i>Revenues excluding third party value added services revenues*</i>	995.6	950.8	+4.7%
Adjusted EBITDA	390.7	373.7	+4.5%
Operating income	107.0	82.3	+30.0%
Net income	35.7	28.3	+26.1%
Capital expenditures**	111.9	129.4	-13.5%
(EUR million)	June 30 2004	Dec. 31 2003	% Change
Net debt (end of period)	2,372.4	2,637.3	-10.0%

* For comparative purposes, prior periods were adjusted to reflect the change in the accounting for third party value added services. ** Capital expenditures for tangible assets

Telekom Austria 2Q 04 Results

(EUR million)	2Q 04	2Q 03	
Adjusted EBITDA	390.7	373.7	EUR 7.4 million positive group impact of universal service charge
Depreciation & amortization	-283.7	-291.4	
Operating income	107.0	82.3	Reduction due to lower charges in the wireline segment
Net interest expense	-31.0	-38.5	Almost 20% lower due to reduced net debt and lower interest
Equity & dividend Income	1.7	6.0	
Taxes	-41.9	-19.0	<ul style="list-style-type: none"> - Lower effective tax rate reflects full year expectation of 33% - EUR 18.8 million non-cash impact from tax reform; no impact on dividend
Minority interests	-0.1	-2.5	
Consolidated net income	35.7	28.3	

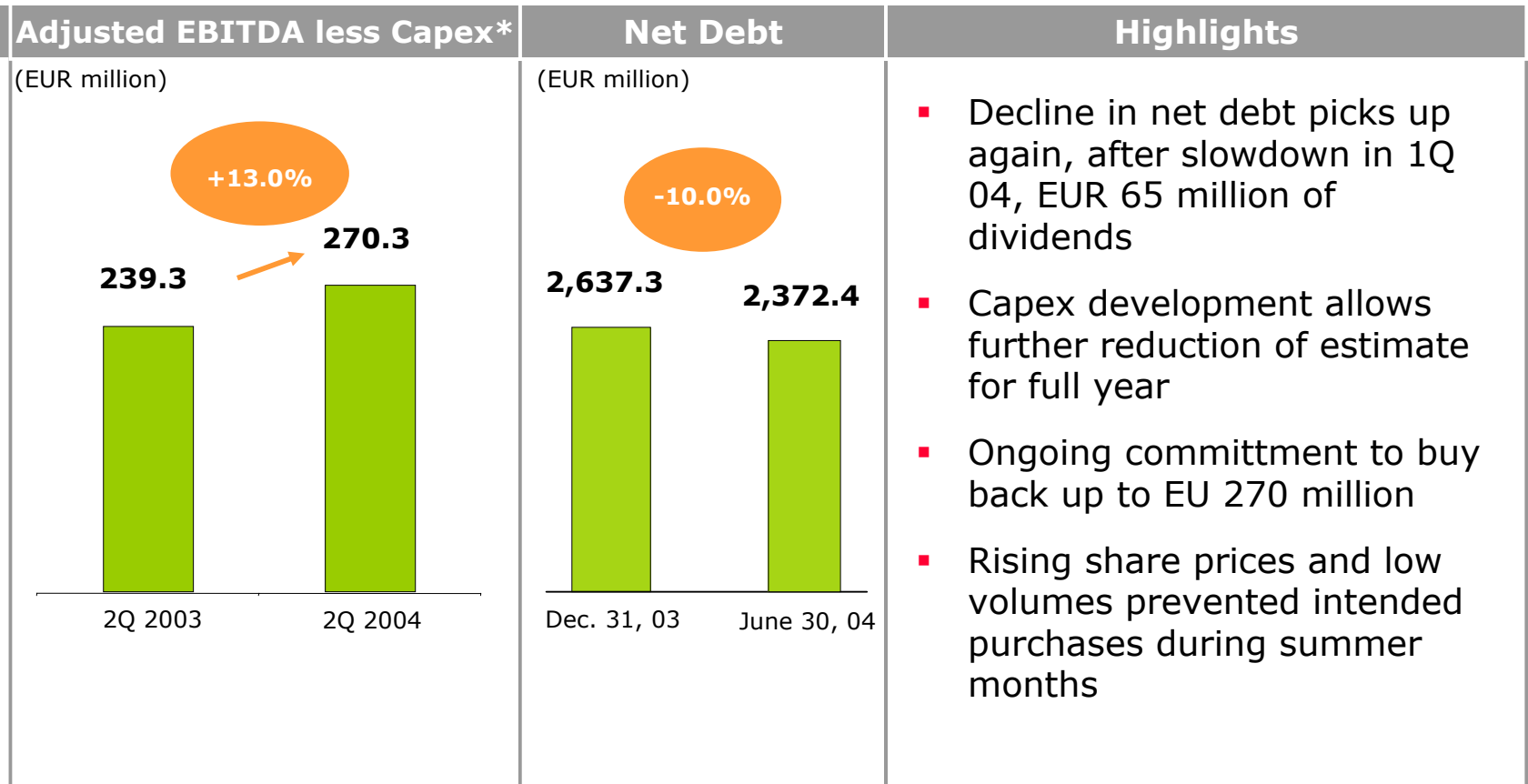
Impact of Charge for Universal Service Obligation

Highlights

- The wireline business of Telekom Austria is required to provide universal services at least until Dec. 31, 2004
- To recover costs incurred, an arrangement with the alternative service providers (including mobilkom austria) has been finalized during 2Q 04 to charge for universal services rendered
- Impact on wireline revenues in 2Q 04: EUR 13.0 million; EUR 5.6 million of costs for the wireless segments have been accounted for in the past and have been eliminated upon consolidation during 2Q 04;; remaining, much smaller amounts will be included in 2H 04 accounts
- Total impact:

(in EUR million)	up to June 30, 2004	2H 2004	Total
Wireline revenues	13.0	1.9	14.9
Wireless costs	-5.6	-0.8	-6.4
Group net impact	7.4	1.1	8.5

Rising Cash Flow Supporting Net Debt Reduction



* Capital expenditures for tangible and intangible assets

AGM Decisions Increase Financial Flexibility

Highlights

- Extension of share buyback authorization to the end of 2005; price range EUR 9 to EUR 18. Shares can be
 - cancelled
 - used for a stock option program
 - used for a convertible
 - used as acquisition currency
- Authorization to issue convertible bonds for up to 90 million shares

Outlook

Outlook for 2004

Wireline	<ul style="list-style-type: none">▪ Revenue decline continues to slow down▪ At least stable adjusted EBITDA
Wireless	<ul style="list-style-type: none">▪ Stable domestic business and rising contributions from international activities▪ Further but lower growth in revenues and adjusted EBITDA
Group	<ul style="list-style-type: none">▪ Revenues expected to increase up to 1%▪ Adjusted EBITDA expected to rise by 1 to 2%▪ Net profit expected to rise by around 25%

Appendix

Regulatory Issues

Key Aspects

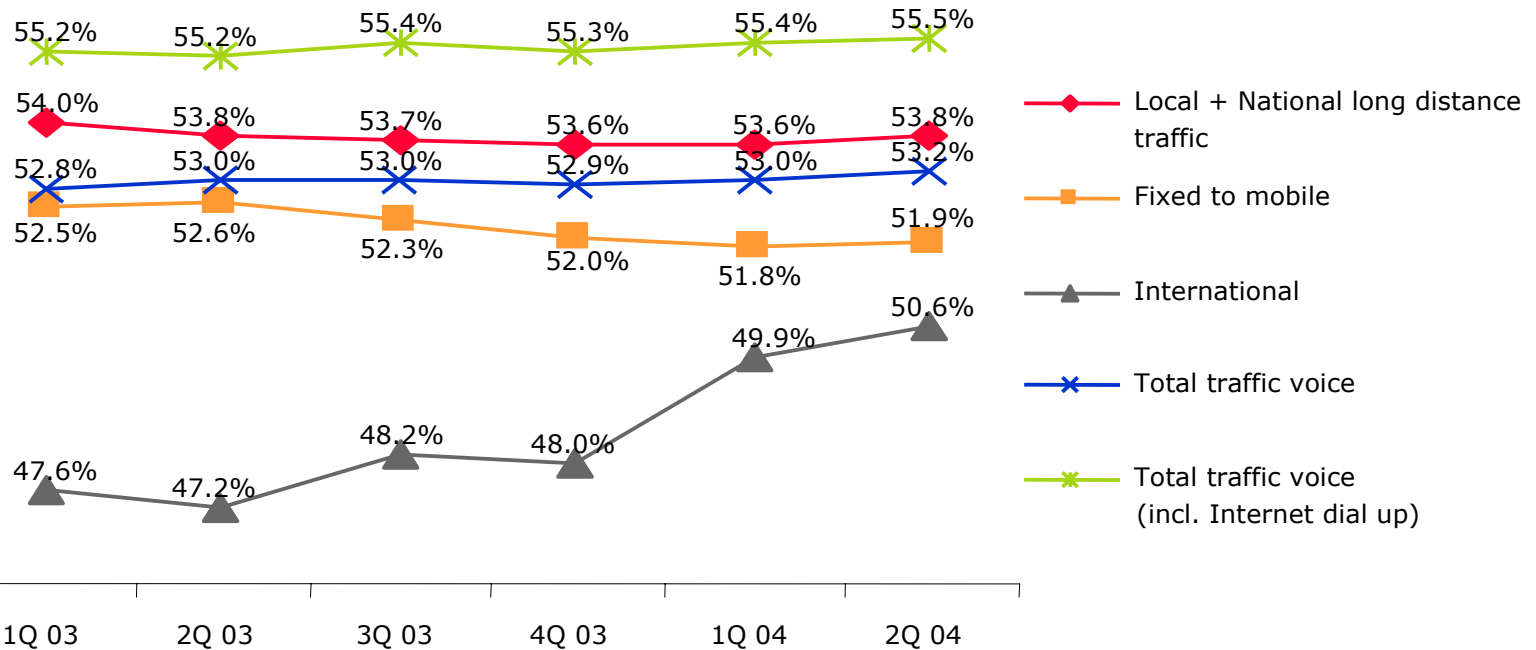
- Ongoing definition and analysis of telecommunications markets for regulations; finalization expected in 2H 04
- Decision about new wireline interconnection rate in 2H 2004
- Resale of access line not expected until 2005
- Conditions of mobile number portability (MNP) have been set by regulatory decision in Aug. 04; MNP to be introduced by mid October 2004
- tele.ring has started cutting its mobile termination rate; 30% reduction through 4/2005 compared to 1Q 04 reduces asymmetry of interconnection rates between operators

Wireline - Access Lines

(in thousands)	June 30, 2004	June 30, 2003	% change
PSTN access lines	2,505.5	2,608.7	-4.0%
Basic ISDN access lines	447.1	442.3	1.1%
Multi ISDN access lines	7.8	8.0	-2.6%
Total access lines	2,960.3	3,059.0	-3.2%
of these ADSL access lines	320.7	214.9	49.2%
thereof wholesale lines	71.3	40.6	75.5%
(in thousands)	June 30, 2004	June 30, 2003	% change
Total access channels	3,633.3	3,733.3	-2.7%

Fixed Line - Market Shares

(in %)



Wireline - Minutes and Average Tariffs

(in millions of minutes)	2Q 2004	2Q 2003	% change
National	1,025	1,086	-5.6%
Fixed-to-mobile	214	215	-0.3%
International	118	118	-0.0%
Total voice minutes	1,357	1,419	-4.4%
Internet dial up	862	975	-11.5%
Total wireline minutes	2,219	2,394	-7.3%
(EUR per minute)	2Q 2004	2Q 2003	% change
National	0.039	0.043	-9.3%
Fixed-to-mobile	0.185	0.185	0.0%
International	0.186	0.200	-7.0%
Total voice average	0.075	0.078	-3.8%
Internet dial up	0.018	0.016	+12.5%

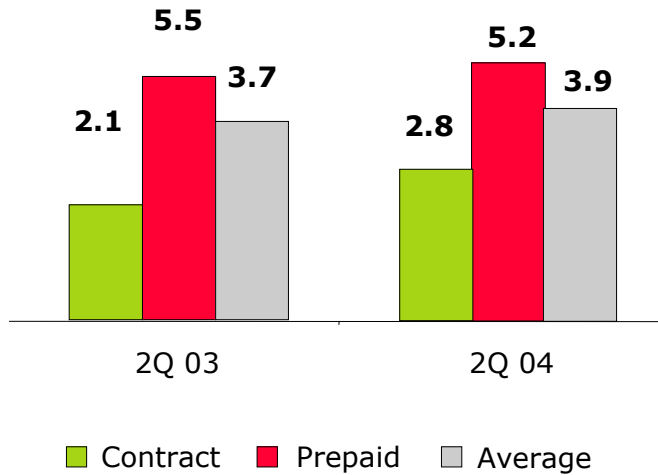
Mobile Subscribers

Customers ('000s)	June 30, 2004	June 30, 2003	% change
Austria			
Contract	1,693.3	1,629.6	3.9%
Prepaid	1,477.9	1,436.7	2.9%
Total	3,171.2	3,066.3	3.4%
Croatia			
Contract	188.0	182.1	3.2%
Prepaid	1,056.1	965.8	9.3%
Total	1,244.1	1,147.9	8.4%
Slovenia			
Contract	148.7	161.0	-7.6%
Prepaid	213.0	189.1	12.6%
Total	361.7	350.1	3.3%
Liechtenstein	2.9	2.2	31.8%
Total Group	4,779.9	4,566.4	4.7%

mobilkom austria - Churn, MoU

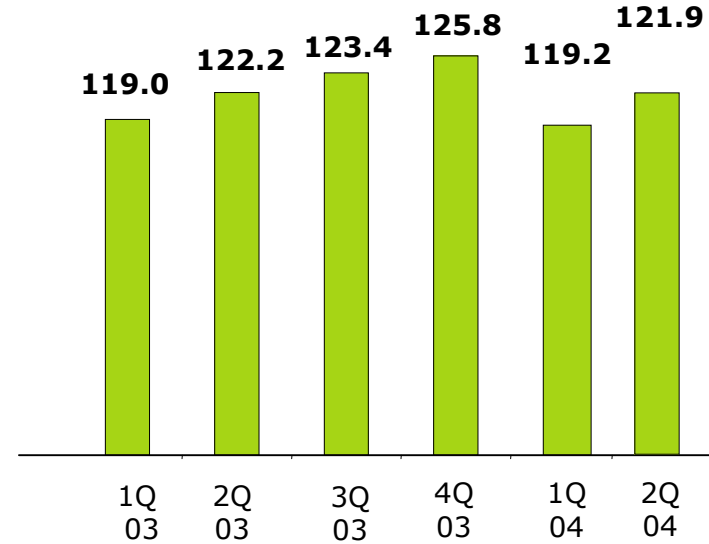
Quarterly GSM Churn

(in %)



Average MoU per Subscriber

(in minutes)

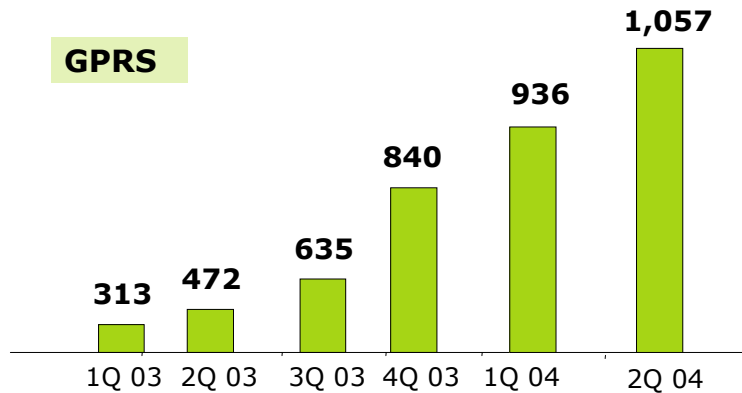


mobilkom austria - Mobile Data

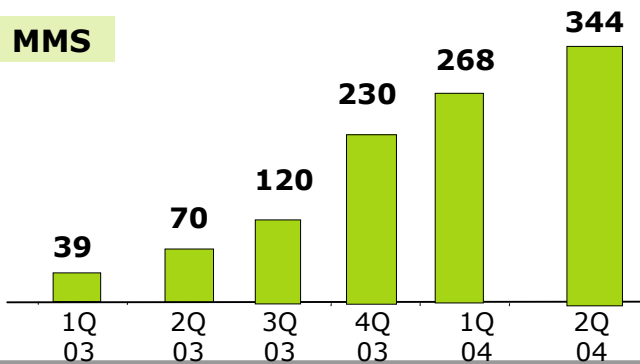
GPRS Customers and MMS Users

(in 000)

GPRS



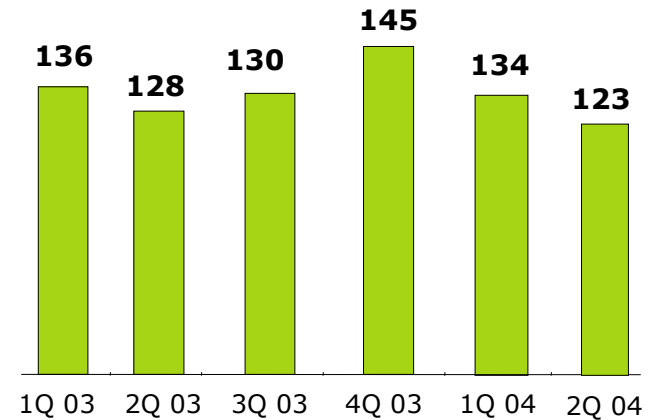
MMS



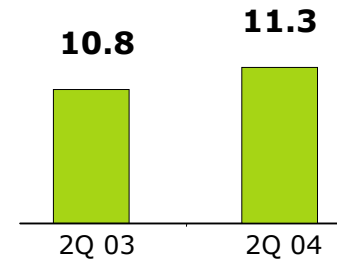
No. SMS and Data in % of Revenues

SMS

(million)



Data in % of airtime revenues



Headcount* Development

(average of period)	2Q 2004	2Q 2003	Change
Wireline	10,221	11,198	-977
Wireless	3,666	3,612	54
Telekom Austria Group	13,887	14,810	-923

(end of period)	June 30, 2004	June 30, 2003	Change
Wireline	10,150	11,075	-925
Wireless	3,658	3,643	15
Telekom Austria Group	13,808	14,718	-910

* = Full-time-equivalents

Wireline - Revenue Breakdown

(EUR million)	2Q 2004	2Q 2003	% Change	1H 2004	1H 2003	% Change
Switched voice base traffic	98.5	105.9	-7.0%	203.0	220.7	-8.0%
Switched voice monthly & other voice revenues	144.6	139.3	3.8%	289.0	277.2	4.3%
Payphones & VAS	12.3	14.6	-15.8%	25.3	29.2	-13.4%
Data & IT-solutions	109.5	102.4	6.9%	216.6	215.0	0.7%
Internet access & media	51.0	47.8	6.7%	102.2	96.2	6.2%
Wholesale voice & Internet	102.3	71.9	42.3%	184.8	152.4	21.3%
Other	35.4	35.8	-1.1%	67.9	71.2	-4.6%
Total wireline revenues excluding third party value added services revenues*	553.6	517.7	6.9%	1,088.8	1,061.9	2.5%
VAS adjustment		10.6			22.1	
Total wireline revenues	553.6	528.3	4.8%	1,088.8	1,084.0	0.4%

* For comparative purposes, prior periods were adjusted to reflect the change in the accounting for third party value added services

Wireline - Expense Breakdown

(EUR million)	1H 2004	1H 2003	% Change
Material expense	34.0	27.8	22.3%
Employee costs	249.5	267.7	-6.8%
Depreciation and amortization	387.5	417.0	-7.1%
Interconnection	161.4	143.4	12.6%
Maintenance and repairs	52.8	52.2	1.1%
Services received	17.1	12.0	42.7%
Other	145.2	147.7	-1.7%
Total wireline expenses excluding third party value added services expenses*	1,047.5	1,067.8	-1.9%
VAS adjustment		22.1	
Total wireline expenses	1,047.5	1,089.9	-3.9%

* For comparative purposes, prior periods were adjusted to reflect the change in the accounting for third party value added services

Wireless - Revenue Breakdown

(EUR million)	2Q 2004	2Q 2003	% Change	1H 2004	1H 2003	% Change
Traffic revenues	285.4	271.7	5.0%	549.9	514.5	6.9%
Monthly rental	74.0	73.7	0.4%	148.5	147.2	0.9%
Equipment	33.0	39.7	-16.9%	74.5	73.0	2.1%
Roaming	34.3	31.9	7.5%	81.9	72.7	12.7%
Interconnection	81.2	73.2	10.9%	161.2	143.2	12.6%
Other	2.9	6.1	-52.5%	8.6	15.0	-42.7%
Discounts	-5.6	-4.2	33.3%	-5.3	-5.6	-5.4%
Total wireless revenues excluding third party value added services revenues*	505.2	492.1	2.7%	1,019.3	960.0	6.2%
VAS adjustment		6.4			13.2	
Total wireless revenues	505.2	498.5	1.3%	1,019.3	973.2	4.7%

* For comparative purposes, prior periods were adjusted to reflect the change in the accounting for third party value added services

Wireless - Expense Breakdown

(EUR million)	1H 2004	1H 2003	% Change
Material expense	112.6	108.6	3.7%
Employee costs	88.5	80.2	10.3%
Depreciation and amortization	177.1	158.6	11.7%
Interconnection	113.0	92.9	21.6%
Repairs	30.3	28.3	7.1%
Services received	129.0	118.9	8.5%
Other	156.4	163.9	-4.6%
Total wireless expenses excluding third party value added services expenses*	806.9	751.4	7.4%
VAS adjustment		13.2	
Total wireless expenses	806.9	764.6	5.5%

* For comparative purposes, prior periods were adjusted to reflect the change in the accounting for third party value added services

Operating Revenues by Segment

Revenues (EUR million)	2Q 2004	2Q 2003	% Change	1H 2004	1H 2003	% Change
Wireline	553.6	528.3	4.8%	1,088.8	1,084.0	0.4%
Wireless	505.2	498.5	1.3%	1,019.3	973.2	4.7%
Other & eliminations	-63.2	-61.4	2.9%	-123.1	-125.3	-1.8%
Total revenues	995.6	965.4	3.1%	1,985.0	1,931.9	2.7%
Third party value added services revenues recorded prior to October 1, 2003	2Q 2004	2Q 2003		1H 2004	1H 2003	
Wireline		-10.6			-22.1	
Wireless		-6.4			-13.2	
Other & eliminations		2.4			4.7	
Total managed revenues		-14.6			-30.6	
Revenues excluding third party value added services revenues	2Q 2004	2Q 2003	% Change	1H 2004	1H 2003	% Change
Wireline	553.6	517.7	6.9%	1,088.8	1,061.9	2.5%
Wireless	505.2	492.1	2.7%	1,019.3	960.0	6.2%
Other & eliminations	-63.2	-59.0	7.1%	-123.1	-120.6	2.1%
Total revenues excluding third party value added services revenues	995.6	950.8	4.7%	1,985.0	1,901.3	4.4%

Adjusted EBITDA and Operating Income by Segment

(EUR million)	2Q 2004	2Q 2003	% Change	1H 2004	1H 2003	% Change
Wireline	215.4	195.6	10.1%	428.8	411.1	4.3%
Wireless	180.5	177.4	1.7%	389.5	367.2	6.1%
Other & eliminations	-5.2	0.7	-	-10.9	1.3	-
Adjusted EBITDA*	390.7	373.7	4.5%	807.4	779.6	3.6%

(EUR million)	2Q 2004	2Q 2003	% Change	1H 2004	1H 2003	% Change
Wireline	20.1	-16.1	-	41.3	-5.9	-
Wireless	92.0	97.7	-5.8%	212.4	208.6	1.8%
Other & eliminations	-5.1	0.7	-	-10.7	1.5	-
Consolidated operating income	107.0	82.3	30.6%	243.0	204.2	19.0%

* Adjusted EBITDA is defined as net income excluding interest, taxes, depreciation, amortization, impairment charges, dividend income, equity in earnings of affiliates, other non-operating income/expense, minority interests and the cumulative effect of changes in accounting principle.

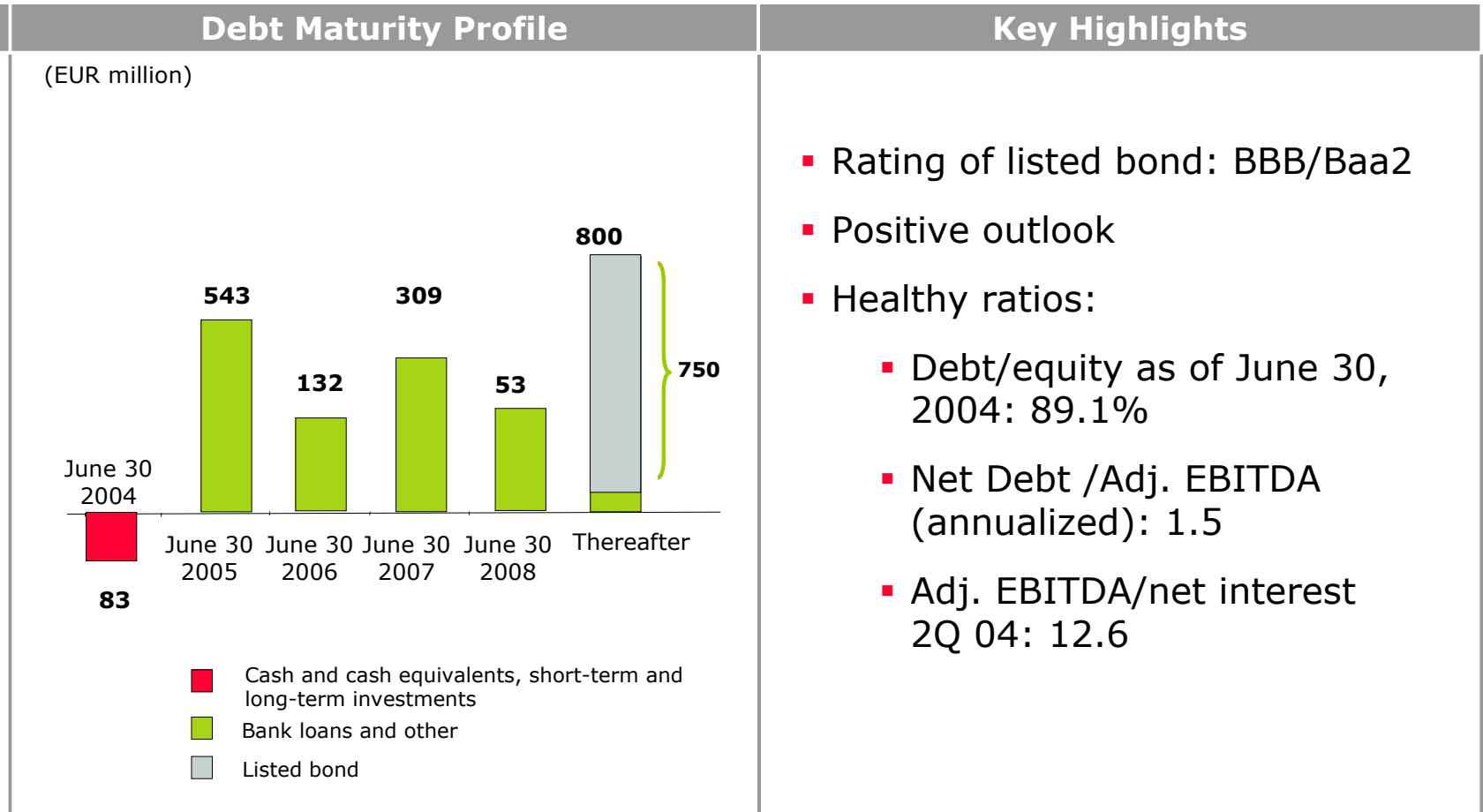
Capital Expenditures by Segment

(EUR million)	2Q 2004	2Q 2003	% Change	1H 2004	1H 2003	% Change
Wireline tangible	63.8	68.6	-7.0%	107.5	114.6	-6.2%
Wireless tangible	48.1	60.8	-20.9%	74.4	87.7	-15.2%
Tangible (total)	111.9	129.4	-13.5%	181.9	202.3	-10.1%
Intangible	8.5	5.0	70.0%	9.5	7.3	30.1%
Telekom Austria Group	120.4	134.4	-10.4%	191.4	209.6	-8.7%
(EUR million)	2Q 2004	2Q 2003	% Change	1H 2004	1H 2003	% Change
Wireless tangible:						
mobilkom austria	18.7	34.2	-45.3%	35.8	51.1	-29.9%
VIPnet	27.6	25.7	7.4%	36.1	34.2	5.6%
Si.mobil	1.7	0.8	112.5%	2.3	2.3	-

Net Debt - Telekom Austria Group

(EUR million)	June 30, 04	Dec. 31, 03
Long-term debt	1,837.0	2,342.3
Short-term debt	741.8	631.3
- Short-term portion of capital and cross border lease	-104.2	-95.5
+ Capital lease obligations (short-term and long-term)	1.3	2.1
Cash and cash equivalents, short-term and long-term investments	-83.3	-226.4
Financial instruments, included in other assets	-20.2	-16.5
Net debt of Telekom Austria Group	2,372.4	2,637.3
Shareholders' equity	2,663.8	2,639.4
Net debt/equity	89.1%	99.9%

Telekom Austria Debt Maturity Profile



Reconciliation from EBITDA to Consolidated Net Income

(EUR million)	2Q 04	2Q 03
Adjusted EBITDA (excluding impairment charges; total managed for 2002)	390.7	373.7
Impairment Charges	0.0	0.0
Adjusted EBITDA consolidated (including impairment charges)	390.7	373.7
Depreciation and amortization	-283.7	-291.4
Interest income	18.6	18.9
Interest expense	-49.6	-57.4
Equity in earnings of affiliates - other	0.1	1.0
Other	1.6	5.0
Income before taxes, minority interests and cumulative effect of change in accounting principle	77.7	49.8
Income tax expense	-41.9	-19.0
Minority interests	-0.1	-2.5
Cumulative effect of change in accounting principle, net of tax	0.0	0.0
Net income	35.7	28.3