

Telekom Austria Group Results for the First Nine Months 2004

November 19, 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

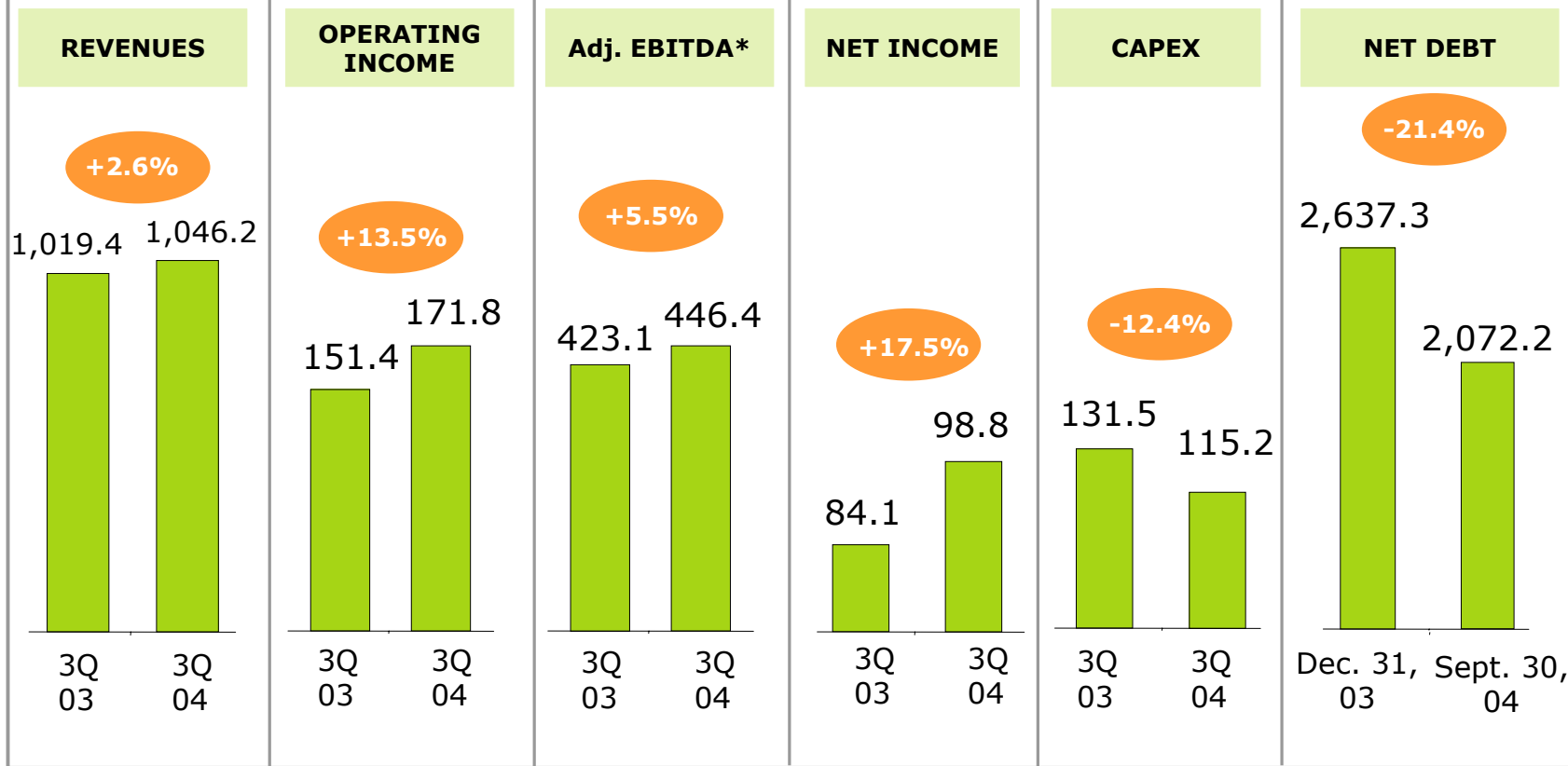
Telekom Austria - 3Q 04 Highlights

- Both business segments contribute to rising results
- Wireline business shows further slowing decline in voice revenues and strong wholesale revenues; further headcount reduction
- Wireless business benefits from subscriber growth as well as increasing customer and visitor roaming revenues
- Rising operating cash flow accelerates net debt decline to EUR 2.1billion; start of share buyback in August 2004
- Solid 3Q 04 improves full year outlook in spite of an expected weaker 4Q 04

Telekom Austria – 3Q 04 Results

Key Financial Indicators

(EUR million)



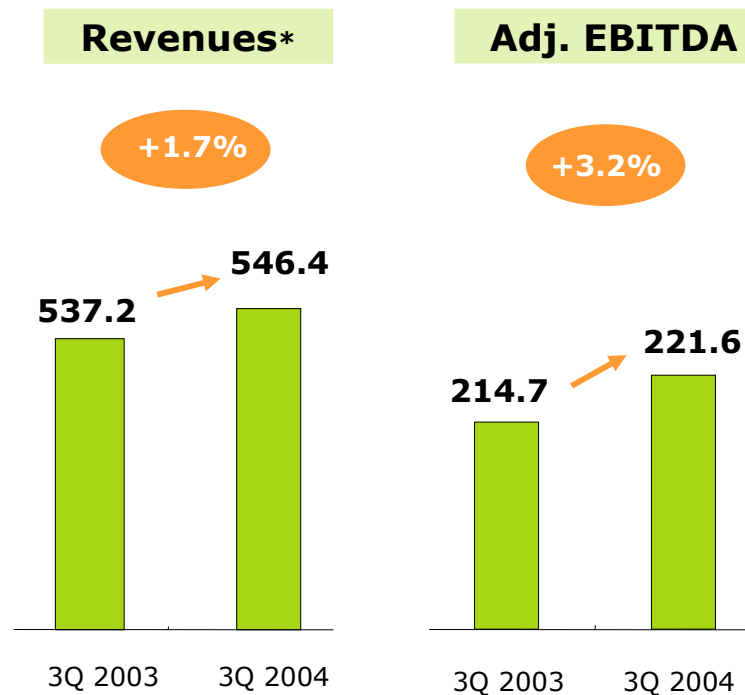
* Operating income before depreciation, amortization and impairment charges

Wireline

Wireline Results 3Q 04

3Q 2004 Results

(EUR million)



Key Highlights

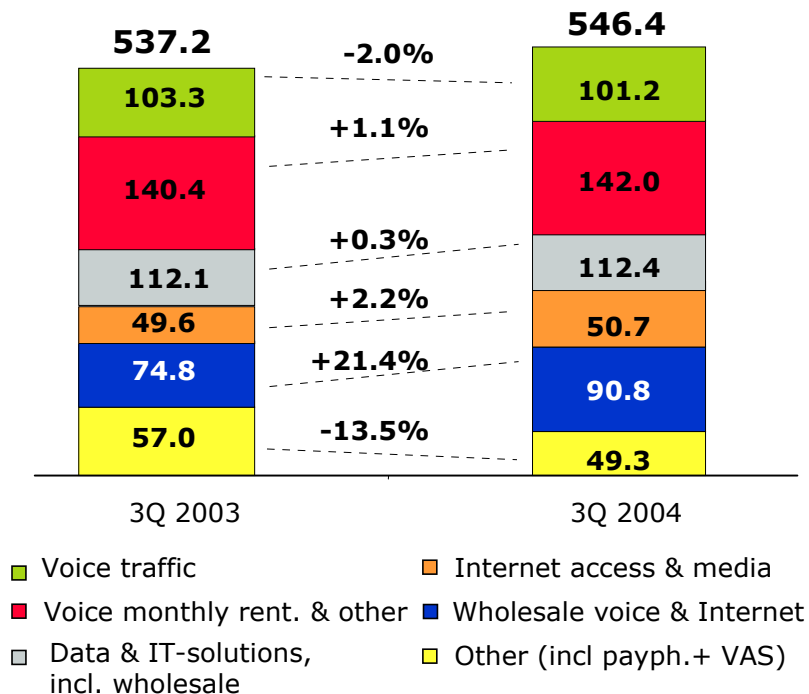
- Strong wholesale business drives further rise in wireline revenues
- Voice minutes decrease inflated by lower internal traffic and eliminated arbitrage opportunities following TikTak tariff relaunch
- Headcount fell by 474 during 3Q; profit margins will continue to benefit
- Seasonal decline of ADSL net adds, relaunch of product offering during recent weeks
- 3.3% interconnection rate cut in line with expectations

* 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)



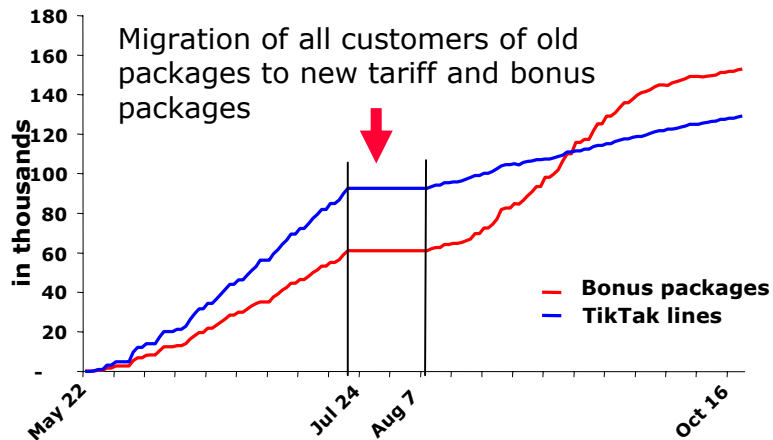
Key Highlights

- Year-on-year comparison still benefits from discontinuation of minimum tariff in Oct. 03
- TikTak tariff relaunch in May 04 slows decline in voice revenues
- Rise in wholesale revenues driven by
 - strong international business (appr. EUR 12 million transit and incoming mobile traffic)
 - transfer from Internet access revenues (appr. EUR 3 million)
 - and a further universal service charge (appr. EUR 1 million)

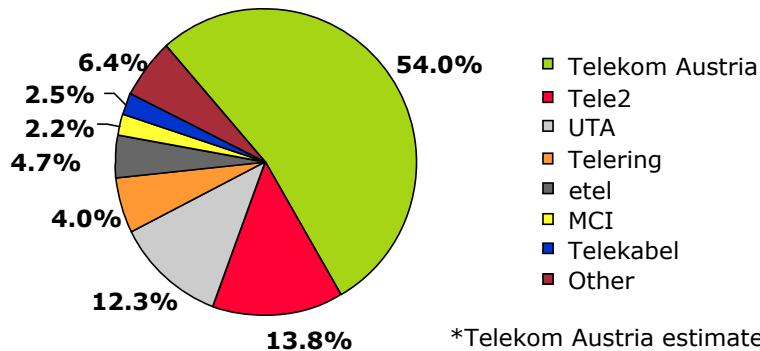
* For comparative purposes, prior periods were adjusted to reflect the change in the accounting for third party value added services.

New TikTak Packages Strengthen Position in Voice Market

New Bonus Packages & TikTak Lines



Voice Market Shares*



Key Developments

- Successful relaunch of new TikTak packages:
 - Over 152,000 bonus packages sold
 - Migration of all TikTak customers to new tariffs completed in Aug. 04
 - Positive impact on revenues and market share

- Acquisition of UTA by Tele2 might drive further market consolidation and due its strong position in the residential market the new entity might become subject to regulatory scrutiny

New ADSL Marketing Initiatives

Segmented Marketing Initiatives

Focused initiatives in Oct. 04 to strengthen broadband market position

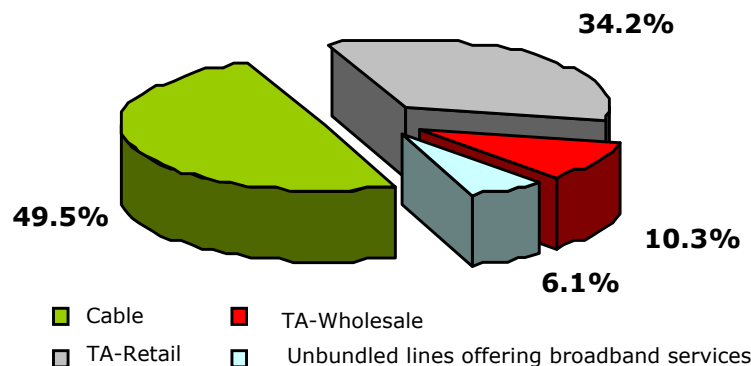
■ Residential:

- Attractive entry product at EUR 19.9 (incl. 20% VAT)
- Increasing download volume at stable prices for high-end products

■ Business:

- Increased bandwidth and download volume
- Free spam and virus filters

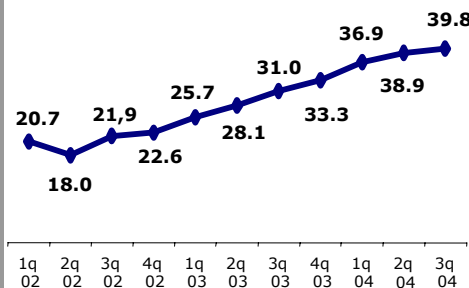
Broadband Market Share*



*Telekom Austria market research Sept. 04

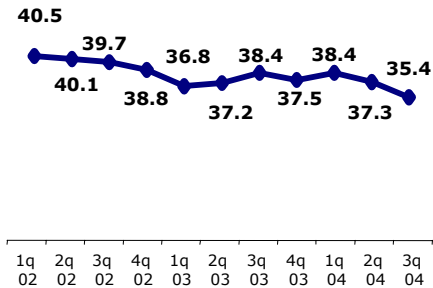
ADSL XDSL Revenues (incl. Wholesale)

(EUR million)



ADSL Residential ARPU

(in EUR)



Wireless

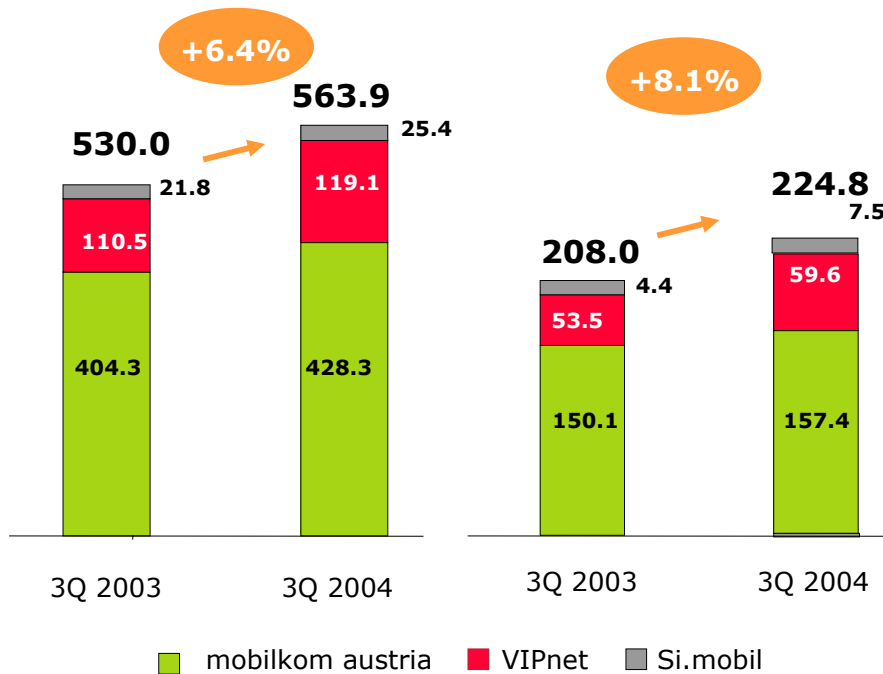
Wireless Results 3Q 04

3Q 2004 Results

(EUR million)

Revenues*

Adj. EBITDA



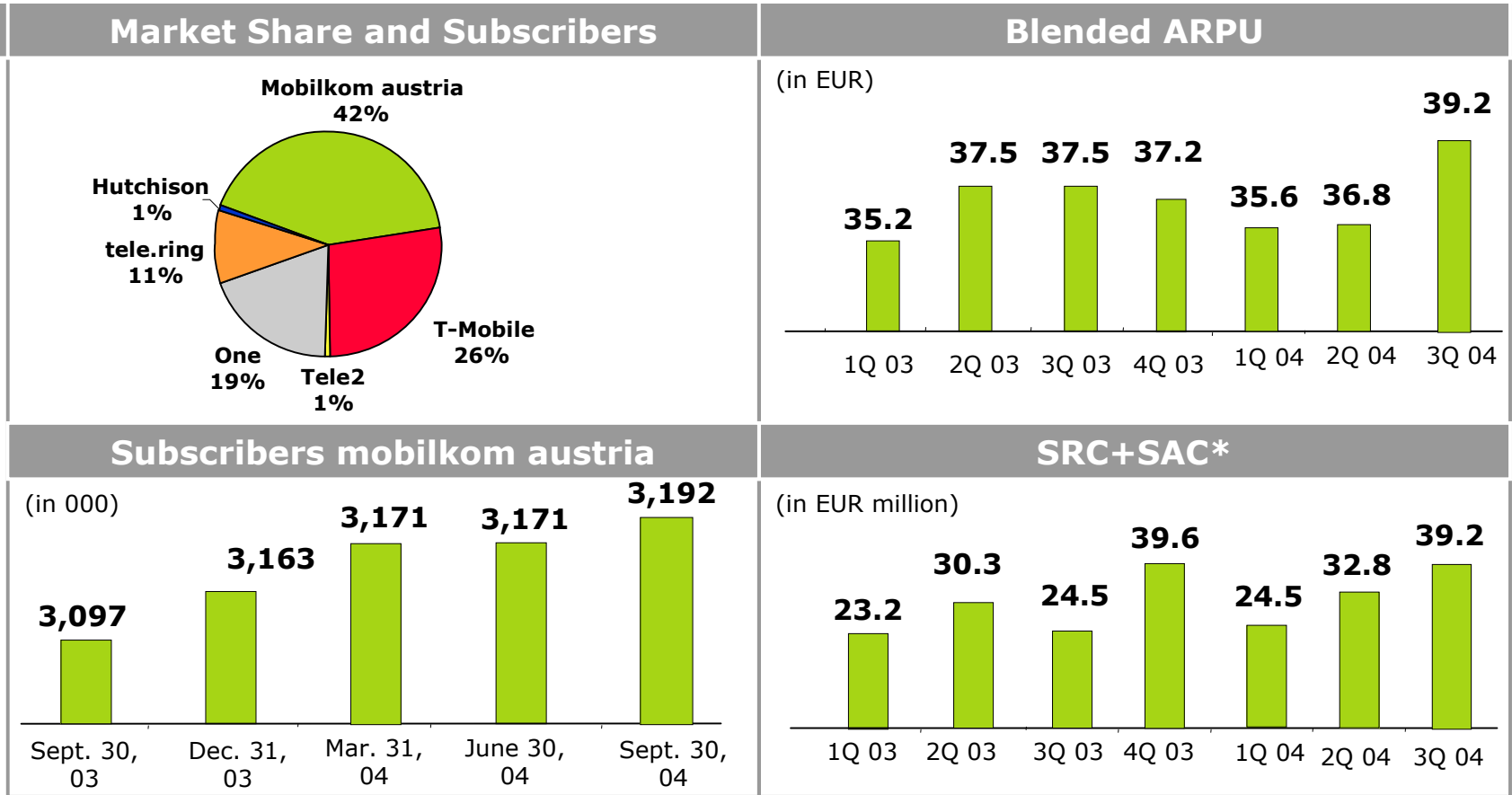
Key Highlights

- Attractive results in all mobile operations
- Domestic business benefits from higher subscriber number and strong customer roaming revenues
- Rising profitability in Croatia and Slovenia due to increasing visitor roaming revenues
- Attractive uptake of new Vodafone data products
- Introduction of mobile number portability in Austria on Oct. 16

* 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

- ARPU rises due to strong customer roaming during summer tourist season
- Advanced rise of SAC and SRC ahead of MNP introduction and due to higher subsidies; expected to level out during the rest of the year

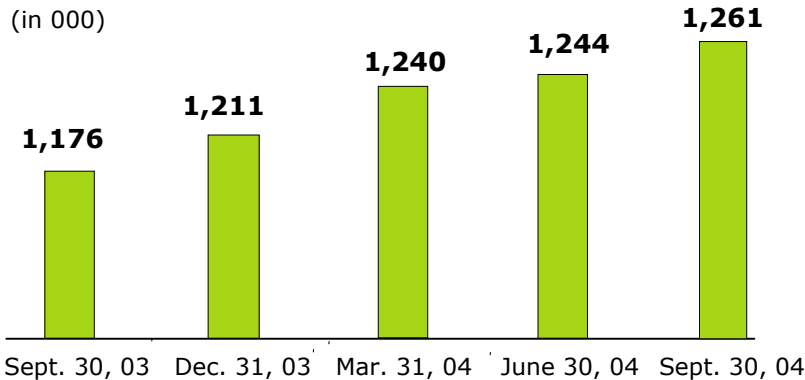


* 2003 figures adopted to new SAC definition since Jan. 1, 2004 to take account of handset devaluations.

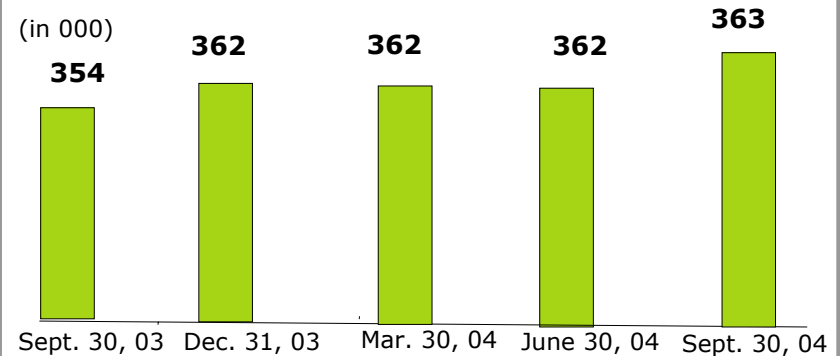
VIPnet & Si.mobil - 3Q 04 Results

- Growing revenues and profitability in both operations
- Due to different calculation method lower market share in Croatia; on a like-for-like basis increase from 46.2% to 48.1%
- UMTS license awarded in Croatia; postponed entry of new operator

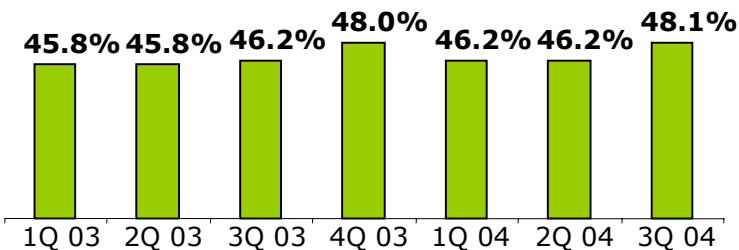
VIPnet - Subscriber Base



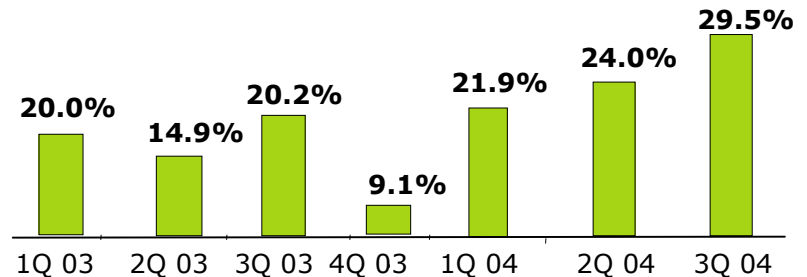
Si.mobil - Subscriber Base



Revised Market Shares*



Si.mobil - Adj. EBITDA Margin

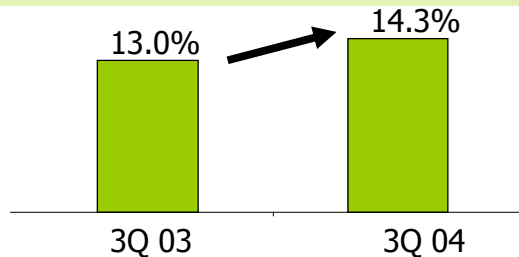


* During 3Q 04 VIPnet changed the calculation of its market share. While before, the subscriber figure for the competitor was based on in-house estimates, VIPnet now uses the number officially reported by the competitor.

Increasing Importance of Data Business

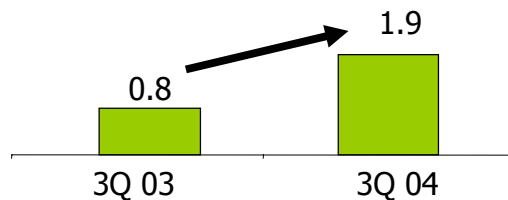
Mobile Data – Wireless Segment

Data in % of airtime revenues*



GPRS Volume increase in MByte

(in million)



Key Highlights

- Revenue and volume benefit from increase of new data products
- 45% of total handsets sold in 3Q in the wireless segment were Vodafone live! dual branded handsets, more than 100,000 customers used Vodafone live! Services in September
- Increasing number of cities use m-payment solutions for public transport and mobile parking
- October figures of mobilkom austria reflect increased acceptancy of data products:
 - 3G Connect cards: +250%
 - Blackberry: +82%

*Traffic related revenues

Financial Overview

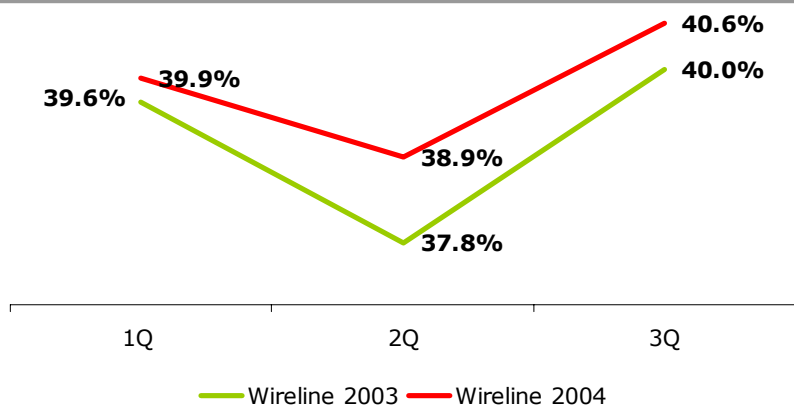
Telekom Austria 3Q 04 Results

(EUR million)	3Q 2004	3Q 2003	% Change
Revenues	1,046.2	1,019.4	+2.6%
<i>Revenues excluding third party value added services revenues*</i>	<i>1,046.2</i>	<i>1,004.1</i>	<i>+4.2%</i>
Adjusted EBITDA	446.4	423.1	+5.5%
Operating income	171.8	151.4	+13.5%
Net income	98.8	84.1	+17.5%
Capital expenditures	115.2	131.5	-12.4%
(EUR million)	Sep. 30 2004	Dec. 31 2003	% Change
Net debt (end of period)	2,072.2	2,637.3	-21.4%

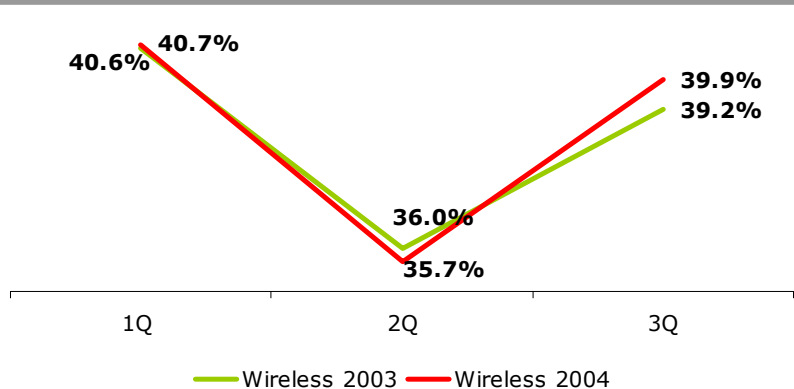
* For comparative purposes, prior periods were adjusted to reflect the change in the accounting for third party value added services.

Margin Comparison Reflects Strict Focus on Profitability

WIRELINE - Adj. EBITDA Margins



WIRELESS - Adj. EBITDA Margins



Highlights

- Continuous rising profitability in the wireline segment compared to last year
- Solid comparison in the wireless segment in spite of unusually intense competition in Austria
- Group headcount falls by 500 during 3Q 04
- Reduced personnel and administrative costs more than offset increasing interconnection and marketing costs

Strong Cash Flows Give Flexibility for Acquisitions and Payouts

Adj. EBITDA less Capex*	Net Debt	Highlights												
<p>(EUR million)</p> <table border="1"> <caption>Adj. EBITDA less Capex*</caption> <thead> <tr> <th>Period</th> <th>Value (EUR million)</th> </tr> </thead> <tbody> <tr> <td>3Q 2003</td> <td>291.6</td> </tr> <tr> <td>3Q 2004</td> <td>331.2</td> </tr> </tbody> </table>	Period	Value (EUR million)	3Q 2003	291.6	3Q 2004	331.2	<p>(EUR million)</p> <table border="1"> <caption>Net Debt</caption> <thead> <tr> <th>Period</th> <th>Value (EUR million)</th> </tr> </thead> <tbody> <tr> <td>Dec. 31, 03</td> <td>2,637.3</td> </tr> <tr> <td>Sept. 30, 04</td> <td>2,072.2</td> </tr> </tbody> </table>	Period	Value (EUR million)	Dec. 31, 03	2,637.3	Sept. 30, 04	2,072.2	<ul style="list-style-type: none"> ▪ Over 900 million of operating free cash flow during first nine months ▪ 76% debt/equity ratio gives enough flexibility for expansion ▪ EUR 34 million of buybacks since August 04; additional EUR 228 million of reserves available ▪ Cash allocation until 2007 allows growth and rising distribution <ul style="list-style-type: none"> ▪ ~ EUR 2 billion for acquisitions ▪ ~ EUR 1 billion for dividends & buybacks
Period	Value (EUR million)													
3Q 2003	291.6													
3Q 2004	331.2													
Period	Value (EUR million)													
Dec. 31, 03	2,637.3													
Sept. 30, 04	2,072.2													

* Capital expenditures for tangible and intangible assets

Outlook

Outlook for 2004 Improves in Both Business Segments

Wireline

- Fairly stable revenues and at least equal adjusted EBITDA (also due to one-off charge for universal service obligation)

Wireless

- Slight growth of domestic revenues and adjusted EBITDA
- Solid performance in Croatia and Slovenia

Group

- Revenues and adjusted EBITDA to rise by up to 2%
- Net profit expected to rise by up to 40%
- Excluding EUR 19 million of non cash-tax charge, dividend payout expected to rise above 50% of net profit

Outlook Includes Expected Y-o-Y Decline of 4Q Revenues


Wireline

- Substantial difference in voice due to last year's abolition of minimum tariff as of Oct. 03 and declining voice minutes
- Lower data & IT solutions revenues due to more linear business solution revenues and project delays
- Other revenues decline due to lower equipment sales and one-off items included in 4Q 03

Wireless

- No positive impact from rising customer and visitor roaming business as in 3Q 04
- Substantial decline of equipment revenues due to lower gross adds and higher subsidies
- Traffic and monthly revenues decrease due to lower prices

Acquisition Update

Expansion Map	Key Developments
 <p>The map displays the following countries and their status:</p> <ul style="list-style-type: none">Red (Active Focus): Austria, Slovenia, CroatiaGreen (Interest/Progress): Bosnia, Serbia, Montenegro, Bulgaria, Kosovo, MacedoniaGrey (Other): Czech Rep., Slovakia, Hungary, Romania, Albania	<ul style="list-style-type: none">▪ Continuing positive high-level talks in Bulgaria; strong competition; in case of a deal no closing before mid-next year▪ Slight progress in Bosnia-Herzegovina but outcome still uncertain▪ Still very unclear situation in Serbia▪ Expression of interest in the privatization of telecom operator in Montenegro

Appendix

Regulatory Issues

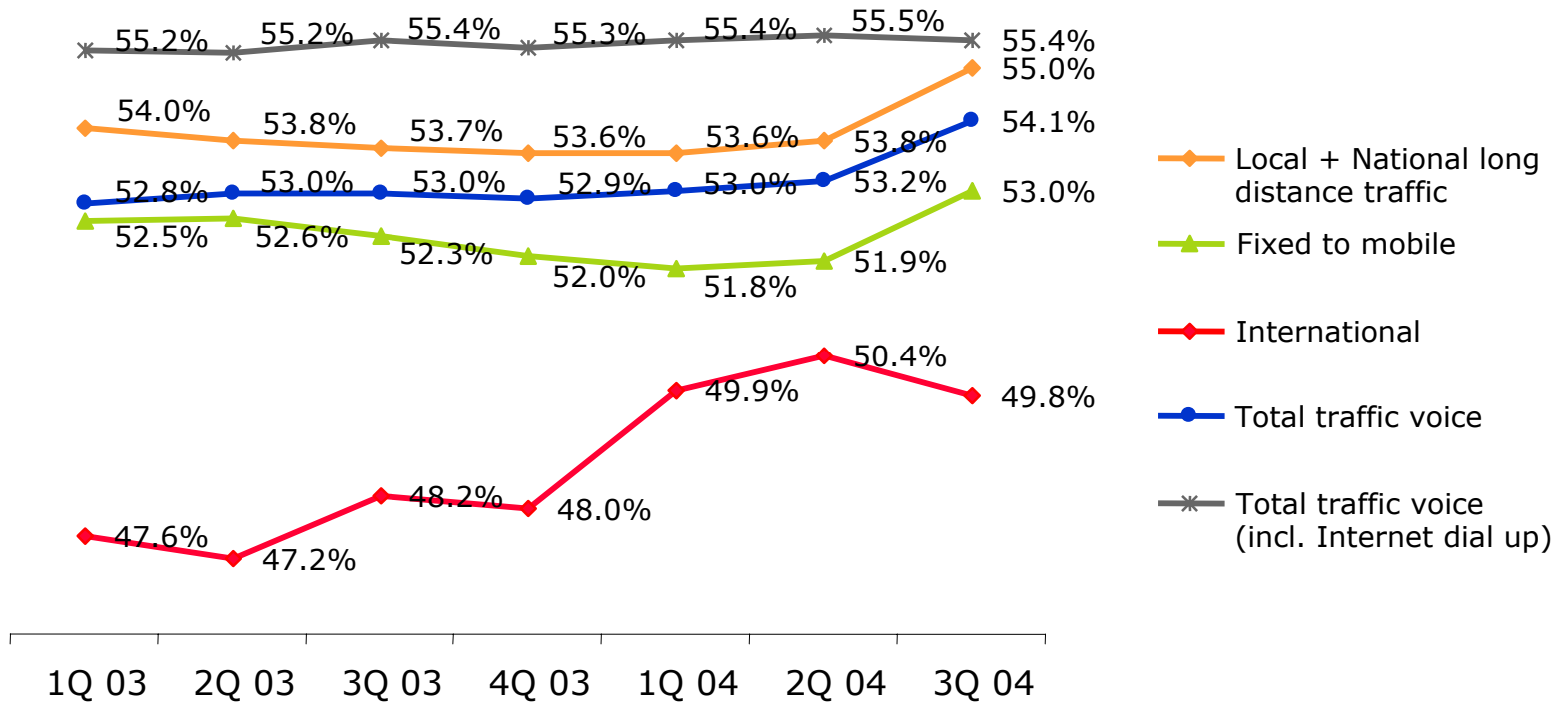
Key Aspects

- Wireline interconnection rate cut by 3.3% in line with expectations
- Introduction of mobile number portability as of October 16; ongoing controversy between operators over billable costs
- Tele2 started as virtual mobile operator
- After a -10% cut in 4/04, Telering reduced its mobile termination rate by another 10% in 10/04; further 10% decrease in 4/05
- Regulator urges mid-term unification of mobile termination rates between operators
- Ongoing definition and analysis of telecommunications markets for regulations; finalization expected in 4Q 04
- Resale of access line not expected until 2005

Wireline - Access Lines

(in thousands)	Sept. 30, 2004	Sept. 30, 2003	% change
PSTN access lines	2,478.1	2,583.1	-4.1%
Basic ISDN access lines	444.8	443.0	0.4%
Multi ISDN access lines	7.7	8.0	-4.0%
Total access lines in service	2,930.6	3,034.1	-3.4%
of these ADSL access lines	338.0	232.5	45.4%
thereof ADSL wholesale lines	77.9	45.6	70.7%
(in thousands)	Sept. 30, 2004	Sept. 30, 2003	% change
Total access channels in Service	3,599.5	3,709.6	-3.0%

Fixed Line - Market Shares



Wireline - Minutes and Average Tariffs

(in millions of minutes)	3Q 04	3Q 03	% change
National	977	1.066	-8,4%
Fixed-to-mobile	212	213	-0,3%
International	113	119	-4,7%
Total voice minutes	1.302	1.398	-6,8%
Internet dial up	734	892	-17,8%
Total wireline minutes	2.036	2.290	-11,1%
(Average tariffs in EUR per minute)	3Q 04	3Q 03	% change
National	0,041	0,043	-4,7%
Fixed-to-mobile	0,193	0,185	4,3%
International	0,186	0,199	-6,5%
Total voice average	0,079	0,079	0,0%
Internet dial up	0,017	0,017	0,0%

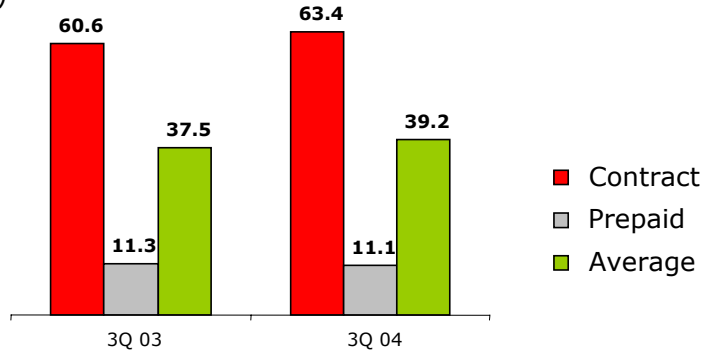
Mobile Subscribers

Customers ('000s)	Sept. 30, 2004	Sept. 30, 2003	% change
AUSTRIA			
Contract	1,718.2	1,648.6	4.2%
Prepaid	1,473.4	1,447.9	1.8%
Total	3,191.6	3,096.5	3.1%
CROATIA			
Contract	190.3	186.0	2.3%
Prepaid	1,071.1	990.1	8.2%
Total	1,261.4	1,176.1	7.3%
SLOVENIA			
Contract	151.6	158.6	-4.4%
Prepaid	211.4	195.7	8.0%
Total	363.0	354.3	2.5%
LIECHTENSTEIN			
Total	3.3	2.3	43.5%

mobikom austria – ARPU, Churn, MoU

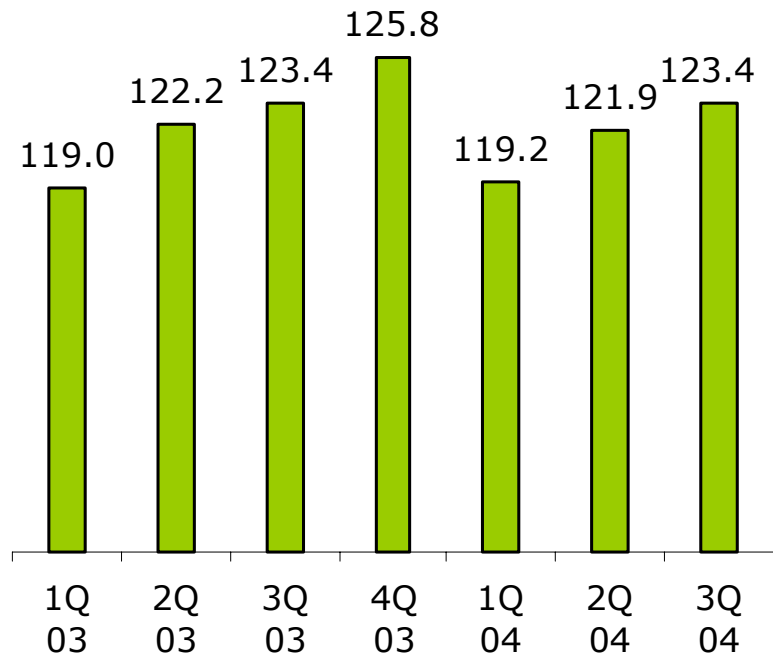
ARPU

(in EUR)

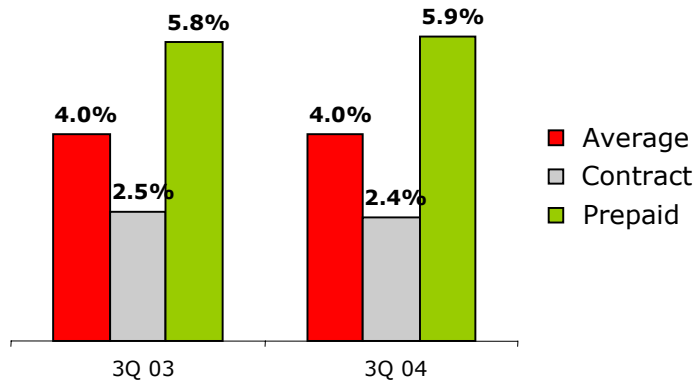


Average MoU per Subscriber

(in minutes)



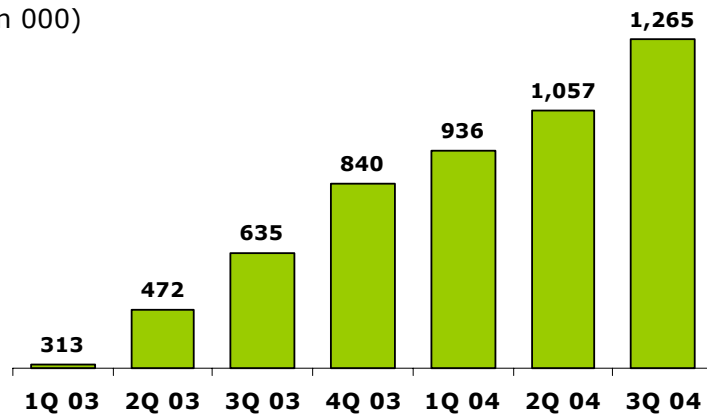
Quarterly Churn



mobilkom austria - Mobile Data

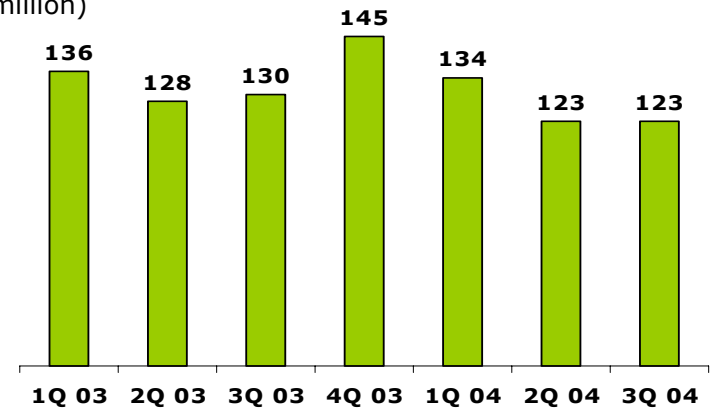
GPRS Customers

(in 000)



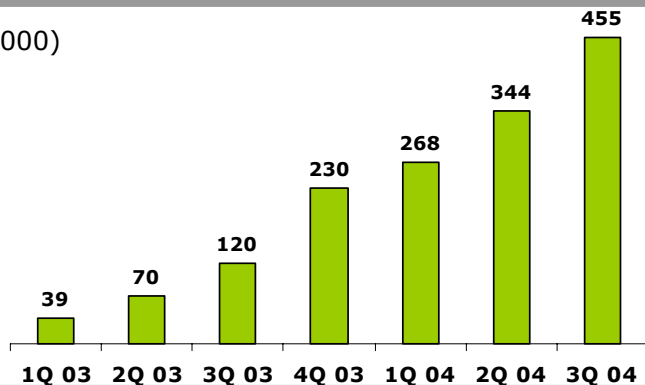
Number of SMS

(in million)



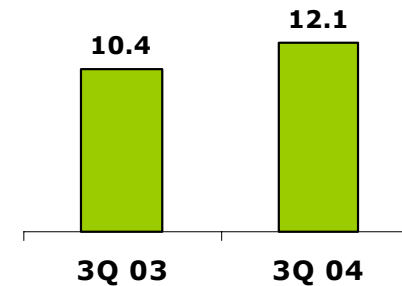
MMS Users

(in 000)



Data in % of Revenues

(in %)



Headcount* Development

(average of period)	3Q 04	3Q 03	Change
Wireline	9,864	11,008	-1,144
Wireless	3,622	3,651	-29
Telekom Austria Group	13,486	14,659	-1,173

(end of period)	Sept. 30, 2004	Sept. 30, 2003	Change
Wireline	9,676	10,970	-1,294
Wireless	3,632	3,655	-23
Telekom Austria Group	13,308	14,625	-1,317

* = Full-time-equivalents

Wireline - Revenue Breakdown

(EUR million)	3Q 04	3Q 03	% Change	1-9M 04	1-9M 03	% Change
Switched voice base traffic	101.2	103.3	-2.0%	304.2	324.0	-6.1%
Switched voice monthly & other voice revenues	142.0	140.4	1.1%	431.0	417.6	3.2%
Payphones & VAS	14.3	16.1	-11.2%	39.6	45.3	-12.6%
Data & IT solutions, incl. Wholesale	112.4	112.1	0.3%	329.0	327.1	0.6%
Internet access & media	50.7	49.6	2.2%	152.9	145.8	4.9%
Wholesale voice & Internet	90.8	74.8	21.4%	275.6	227.2	21.3%
Other	35.0	40.9	-14.4%	102.9	112.1	-8.2%
Total wireline revenues excluding third party value added services revenues*	546.4	537.2	1.7%	1,635.2	1,599.1	2.3%
VAS adjustment		10.6			32.7	
Total wireline revenues	546.4	547.8	-0.3%	1,635.2	1,631.8	0.2%

* 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)	3Q 04	3Q 03	% Change	1-9M 04	1-9M 03	% Change
Traffic revenues	304.2	285.5	6.5%	854.1	800.0	6.8%
Monthly rental	76.8	74.9	2.6%	225.3	222.1	1.5%
Equipment	34.3	41.5	-17.3%	108.8	114.5	-5.0%
Roaming	60.6	53.6	13.1%	142.5	126.3	12.8%
Interconnection	84.5	80.0	5.6%	245.7	223.2	10.1%
Other	7.9	-1.1		16.5	13.9	18.8%
Discounts	-4.4	-4.4	0.5%	-9.7	-10.0	-2.8%
Total wireless revenues excluding third party value added services revenues*	563.9	530.0	6.4%	1,583.2	1,490.0	6.3%
VAS adjustment		7.1			20.3	
Total wireless revenues	563.9	537.1	5.0%	1,583.2	1,510.3	4.8%

* 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)	3Q 04	3Q 03	% Change	1-9M 04	1-9M 03	% Change
Wireline	546.4	547.8	-0.3%	1,635.2	1,631.8	0.2%
Wireless	563.9	537.1	5.0%	1,583.2	1,510.3	4.8%
Other & eliminations	-64.1	-65.5	-2.1%	-187.2	-190.8	-1.9%
Total revenues	1,046.2	1,019.4	2.6%	3,031.2	2,951.3	2.7%
Third party value added services revenues recorded prior to October 1, 2003	3Q 04	3Q 03		1-9M 04	1-9M 03	
Wireline		-10.6			-32.7	
Wireless		-7.1			-20.3	
Other & eliminations		2.4			7.1	
Total revenues		-15.3			-45.9	
Revenues excluding third party value added services revenues	3Q 04	3Q 03	% Change	1-9M 04	1-9M 03	% Change
Wireline	546.4	537.2	1.7%	1,635.2	1,599.1	2.3%
Wireless	563.9	530.0	6.4%	1,583.2	1,490.0	6.3%
Other & eliminations	-64.1	-63.1	1.6%	-187.2	-183.7	1.9%
Total revenues excluding third party value added services revenues	1,046.2	1,004.1	4.2%	3,031.2	2,905.4	4.3%

Adjusted EBITDA and Operating Income by Segment

(EUR million)	3Q 04	3Q 03	% Change	1-9M 04	1-9M 03	% Change
Wireline	221.6	214.7	3.2%	650.4	625.8	3.9%
Wireless	224.8	208.0	8.1%	614.3	575.2	6.8%
Intersegmental eliminations & other	0.0	0.4		-10.9	1.7	
Total adjusted EBITDA*	446.4	423.1	5.5%	1,253.8	1,202.7	4.2%

(EUR million)	3Q 04	3Q 03	% Change	1-9M 04	1-9M 03	% Change
Wireline	38.8	21.9	77.2%	80.1	16.0	400.6%
Wireless	132.9	129.0	3.0%	345.3	337.6	2.3%
Intersegmental eliminations & other	0.1	0.5		-10.6	2.0	
Total operating Income	171.8	151.4	13.5%	414.8	355.6	16.6%

* 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

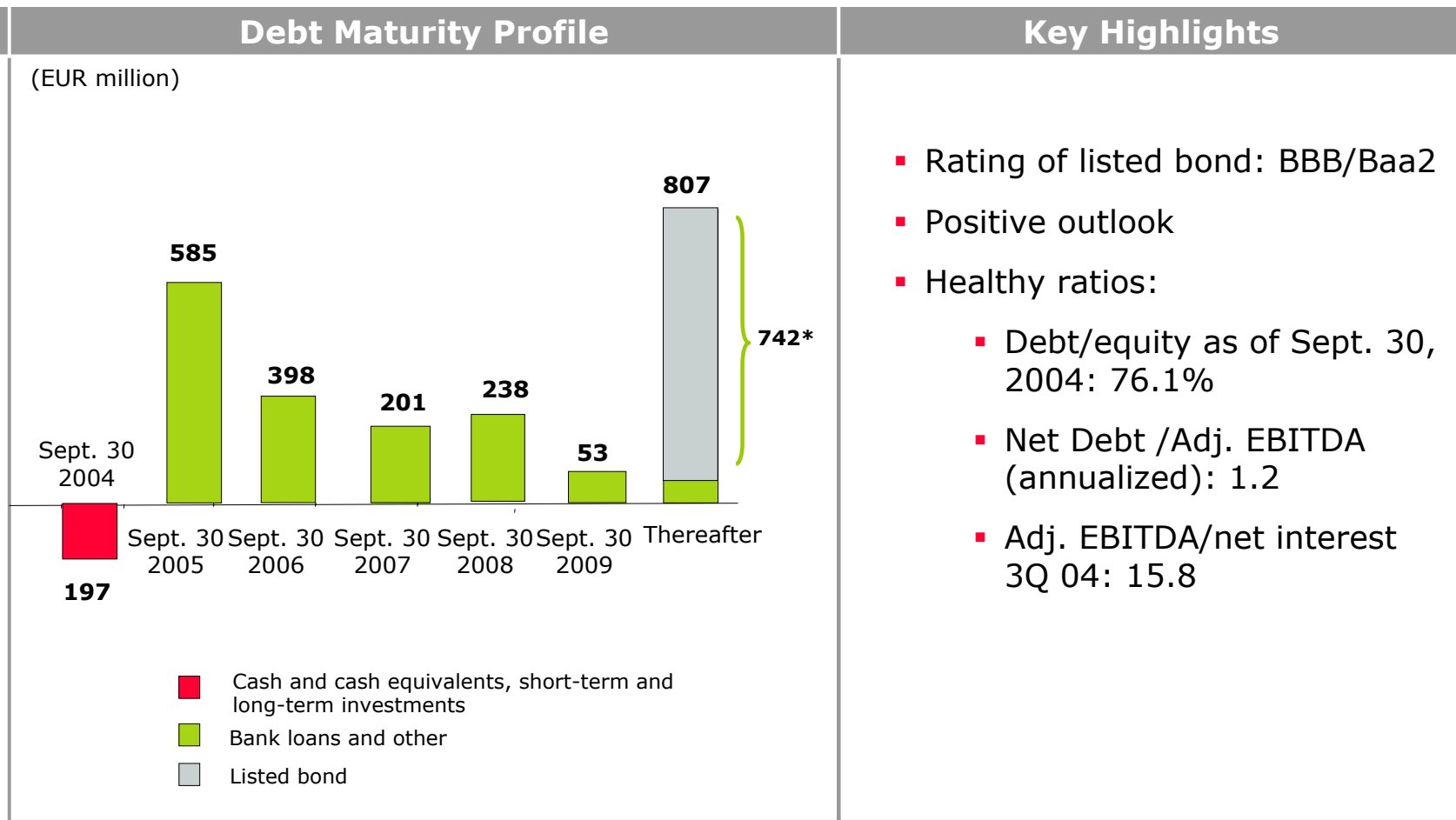
(EUR million)	3Q 04	3Q 03	% Change	1-9M 04	1-9M 03	% Change
Wireline tangible	69.4	69.0	0.6%	176.9	183.6	-3.6%
Wireless tangible	45.3	60.3	-24.8%	119.7	148.0	-19.1%
Tangible	114.7	129.3	-11.3%	296.6	331.6	-10.6%
Intangible	0.5	2.2	-77.3%	10.0	9.5	5.3%
Total	115.2	131.5	-12.4%	306.6	341.1	-10.1%

(EUR million)	3Q 04	3Q 03	% Change	1-9M 04	1-9M 03	% Change
Wireless tangible						
mobilkom austria	31.1	49.0	-36.5%	66.9	100.1	-33.2%
VIPnet	11.2	8.9	25.8%	47.3	43.1	9.7%
Si.mobil	3.0	2.3	30.4%	5.3	4.6	15.2%

Net Debt - Telekom Austria Group

(EUR million)	Sept. 30, 2004	Dec. 31, 03
Long-term debt	1,697.4	2,342.3
Short-term debt	694.0	631.3
- Short-term portion of capital and cross border lease	-106.2	-95.5
+ Capital lease obligations	1.0	2.1
Cash and cash equivalents, short-term and long-term investments	-197.4	-226.4
Financial instruments, included in other assets and other current assets	-16.6	-16.5
Net debt of Telekom Austria Group	2,072.2	2,637.3
Shareholders' equity	2,722.0	2,639.4
Net debt/Equity	76.1%	99.9%

Telekom Austria Debt Maturity Profile



*Listed bond at amortized cost

Reconciliation from EBITDA to Consolidated Net Income

(EUR million)	3Q 04	3Q 03
Adjusted EBITDA (excluding impairment charges)	446.4	423.1
Impairment charges	-0.9	-0.6
Adjusted EBITDA (including impairment charges)	445.5	422.5
Depreciation and amortization	-273.7	-271.1
Interest income	18.1	19.5
Interest expense	-46.4	-59.0
Equity in earnings of affiliates	0.0	18.2
Other income (expense), net	4.6	2.7
Income before taxes, minority interests and cumulative effect of change in accounting principle; Net of tax	148.1	132.8
Income tax expense	-49.0	-48.6
Minority interests	-0.3	-0.1
Cumulative effect of change in accounting principle, net of tax	0.0	0.0
Net income	98.8	84.1