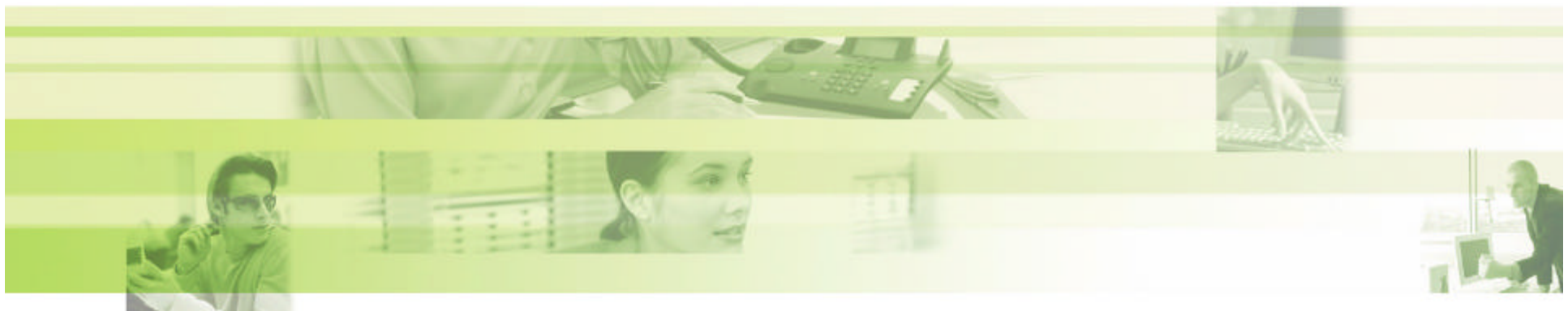


Telekom Austria Group Results for the First Half 2001

August 29, 2001



Disclaimer

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. Figures contained in this presentation are unaudited.

Agenda

- Group overview
- Operational highlights
- Financial review
- Outlook

Group Overview

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Highlights of the 1st Half 2001

- Fixed line cost cutting on track, personnel reduction ahead of target
- Introduction of second-based fixed-line tariffs
- Increasing mobile margins in Austria and Croatia, market entry in Slovenia
- Internet market share rises to 39% due to organic growth and acquisitions

Telekom Austria Group Figures

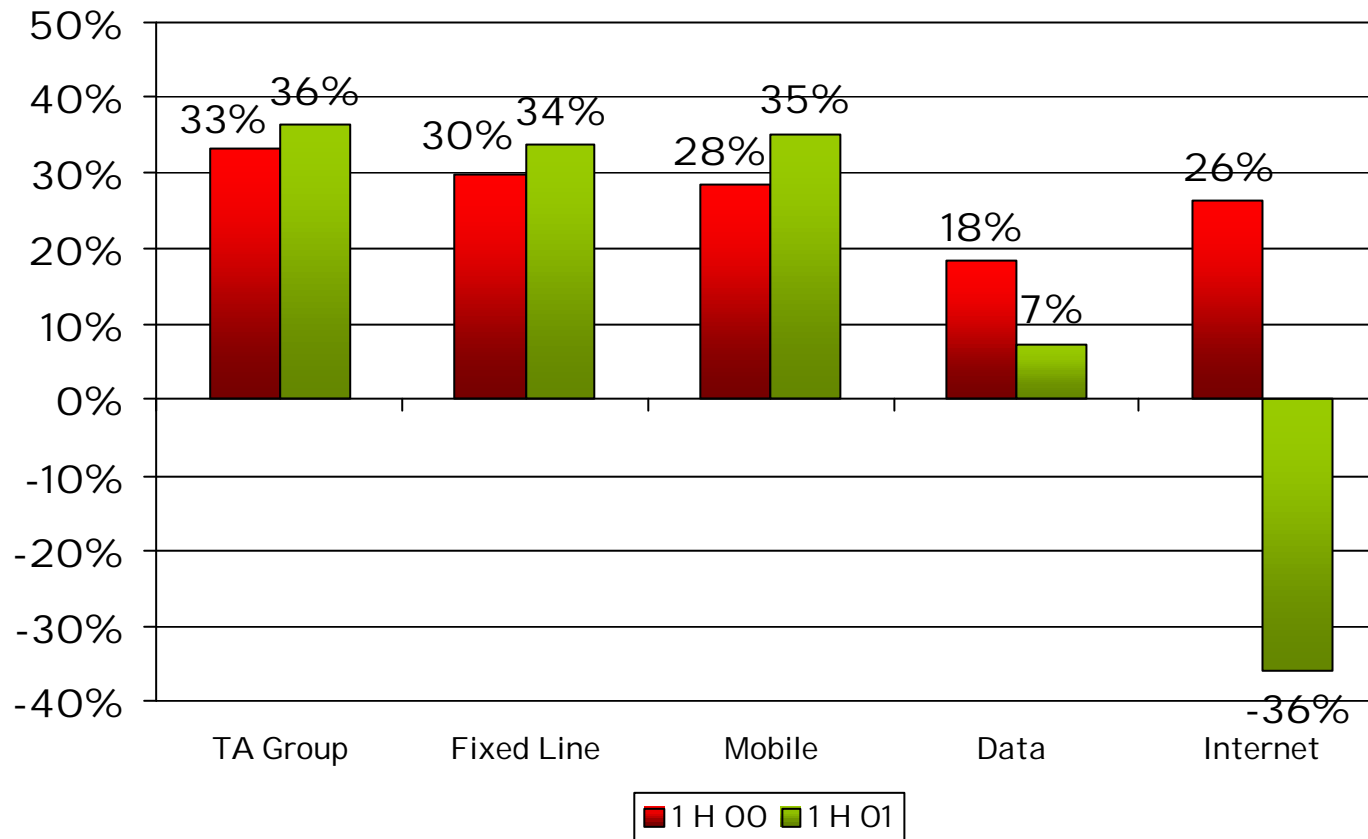
(EUR million)	2 Q 01	2 Q 00	% change	1 H 01	1 H 00	% change
Total managed operating revenues	967.9	977.1	-0.9%	1,935.3	1,923.0	0.6%
Total managed EBITDA*	330.0	290.2	13.7%	704.6	640.0	10.1%
Total managed EBIT*	31.9	12.9	147.3%	128.6	110.7	16.2%
Consolid. net loss of Telekom Austria, with Mobilkom at-equity	-45.8	-36.5	-25.5%	-35.5	-22.5	-57.8%
Capex	134.0	274.0	51.1%	297.4	470.0	36.7%
* excluding costs for idle workforce	14.4	0.0	n.m.	18.3	0.0	n.m.

EBITDA is defined as operating income excluding depreciation, amortization and costs for idle workforce. Costs for idle workforce include expenses for employees who have been released or transferred from the work force as well as all cash settlements for civil servants who have agree to leave with severance packages.

Note: All financial figures for first half 2000 are shown on a restated basis.

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EBITDA - Margins by Segments

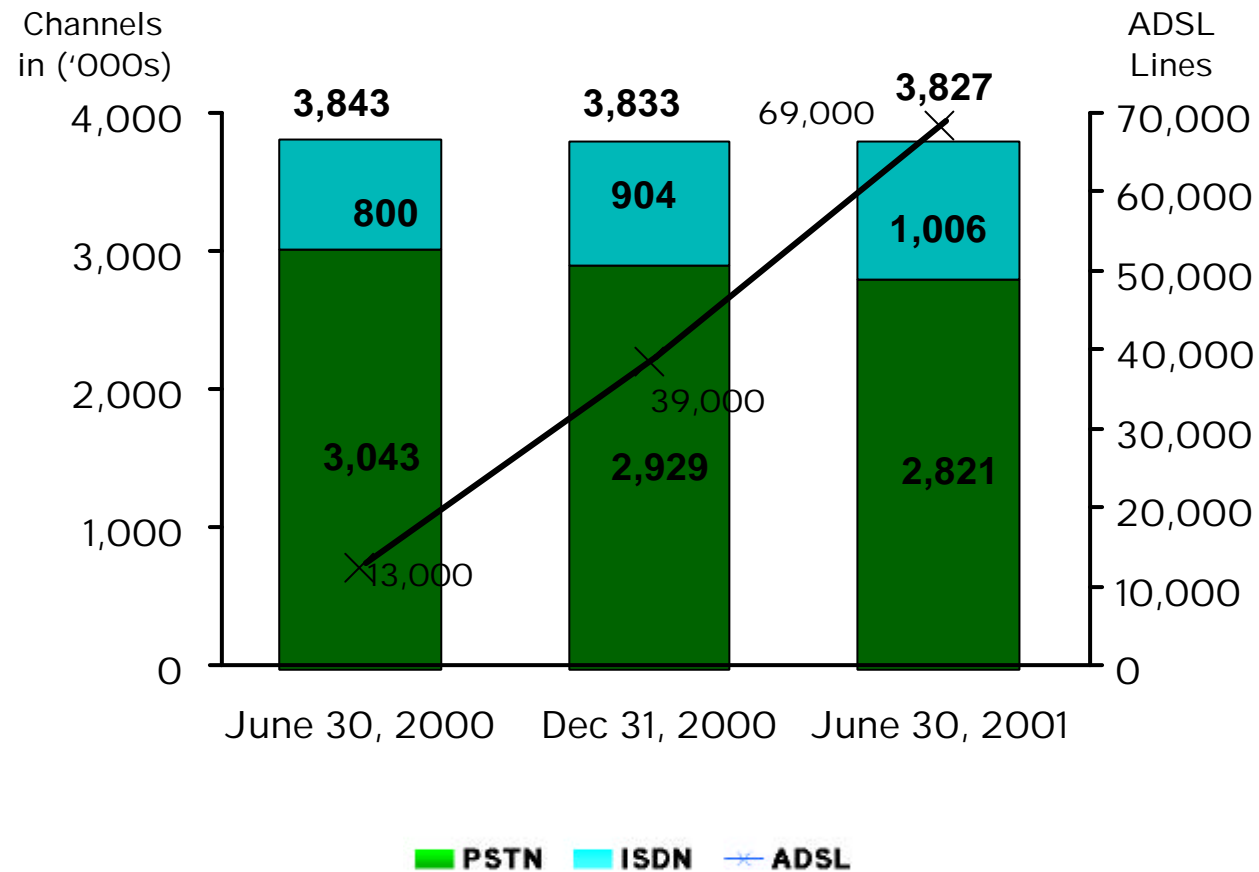


Operational Highlights by Business Segment

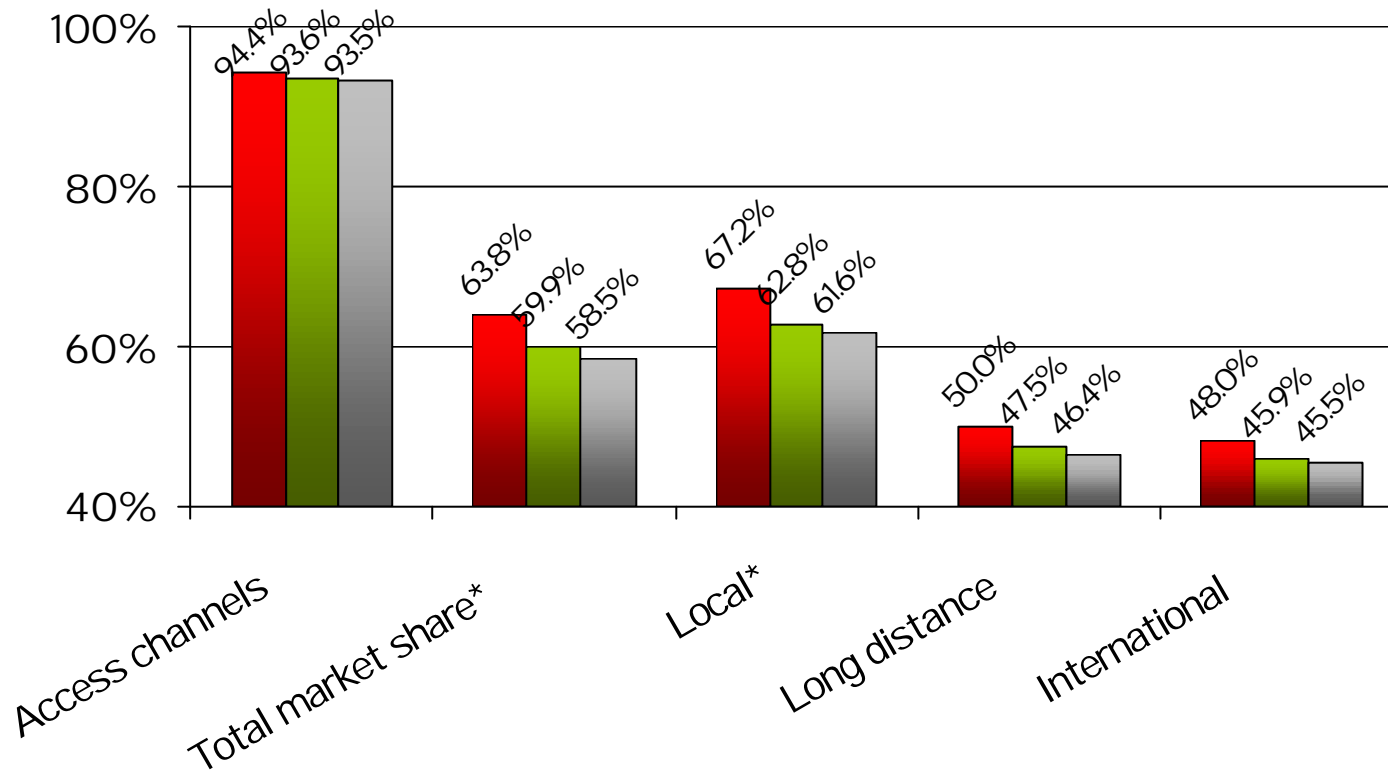
8



Fixed Line - Access Channels



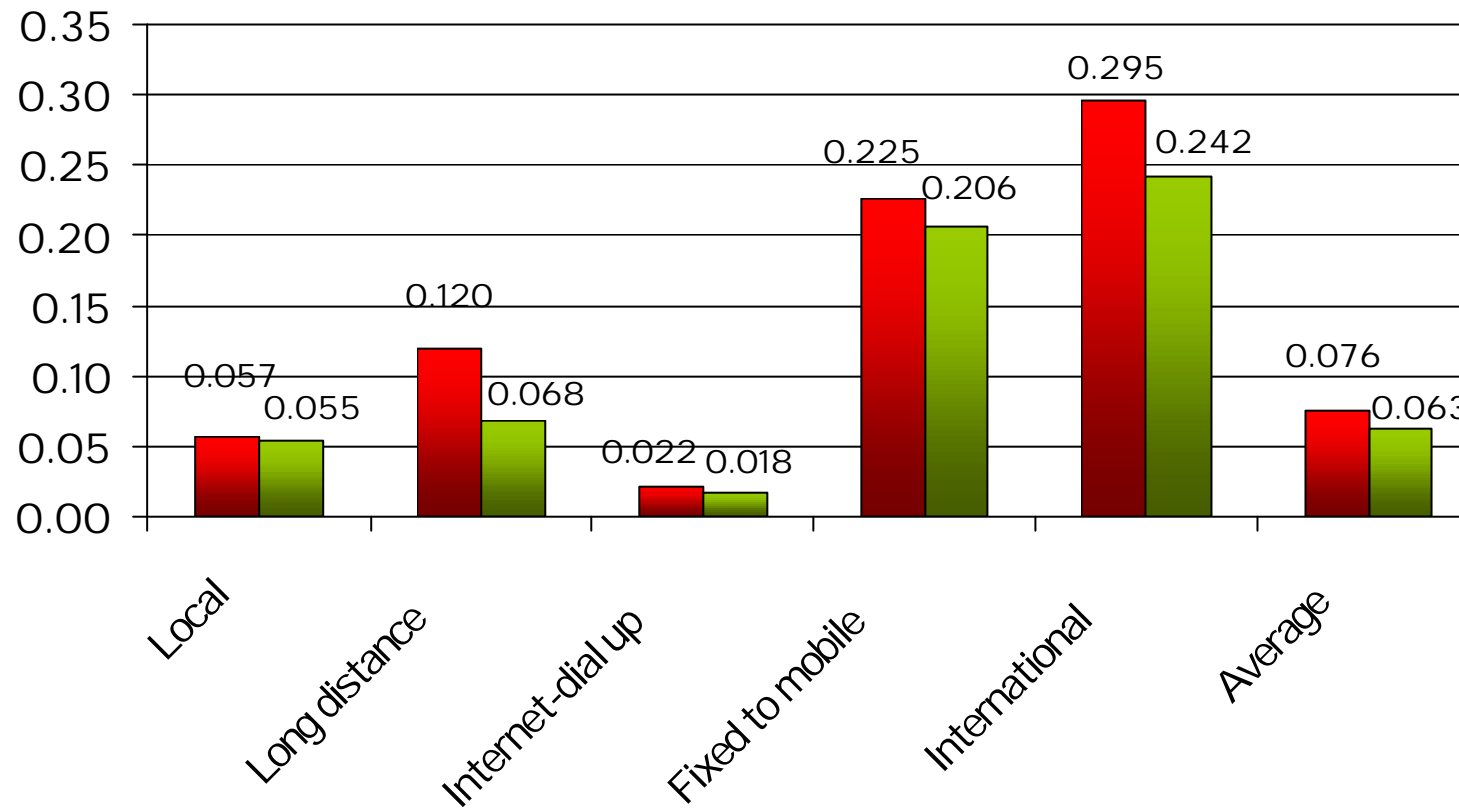
Fixed Line - Market Shares



*including internet dial-up traffic
 Note: All figures as of end of period

■ FY 00 ■ 1 Q 01 ■ 1 H 01

Fixed Line - Tariffs

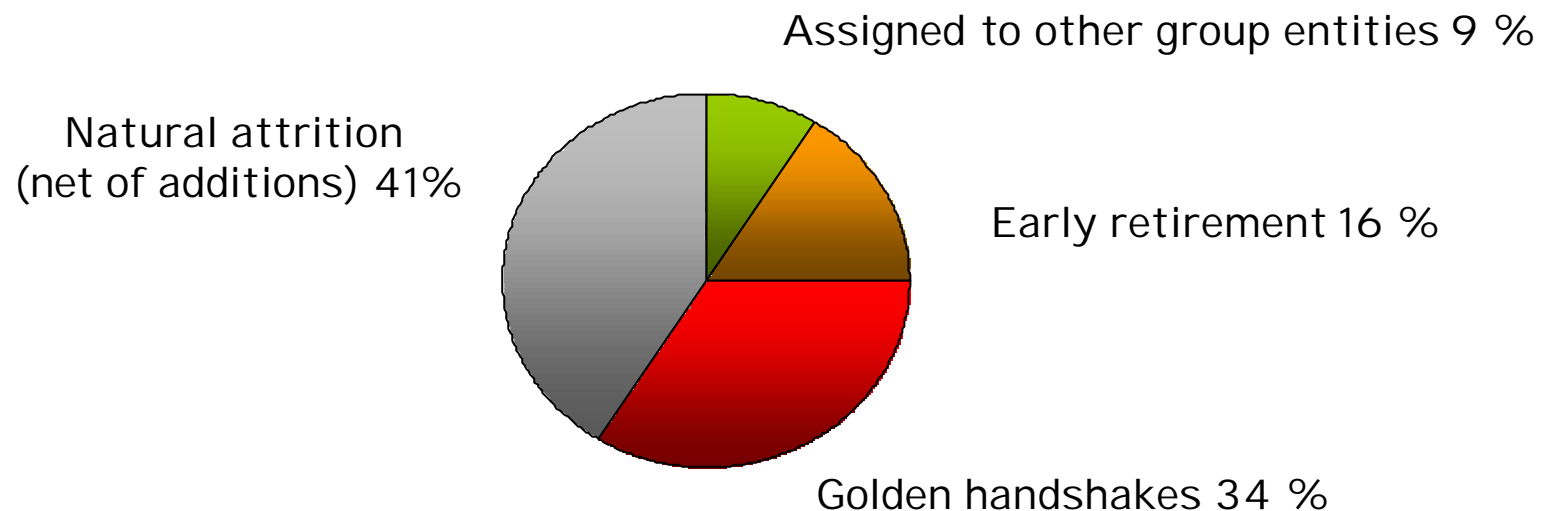


In EUR for one minute
All figures as per end of period

■ June 00 ■ June 01

Personnel Reduction on Track

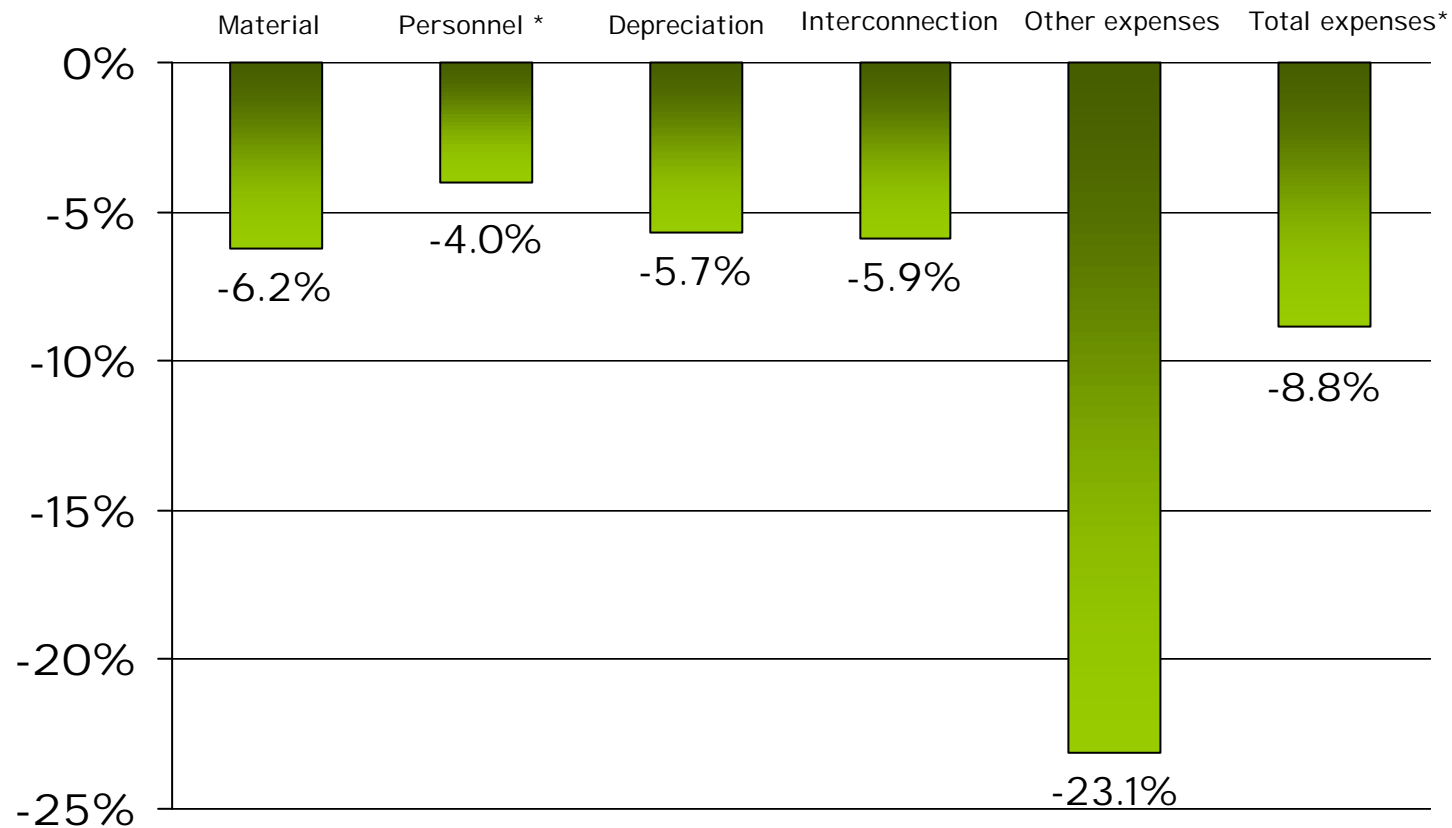
- Average fixed line employee numbers fall by 1,152 in the first half of the year, with the following reasons for leaving:



- Re-transfer of staff from Telekom Austria Personal Company (TAP) into operating activities scheduled for 2H 2001

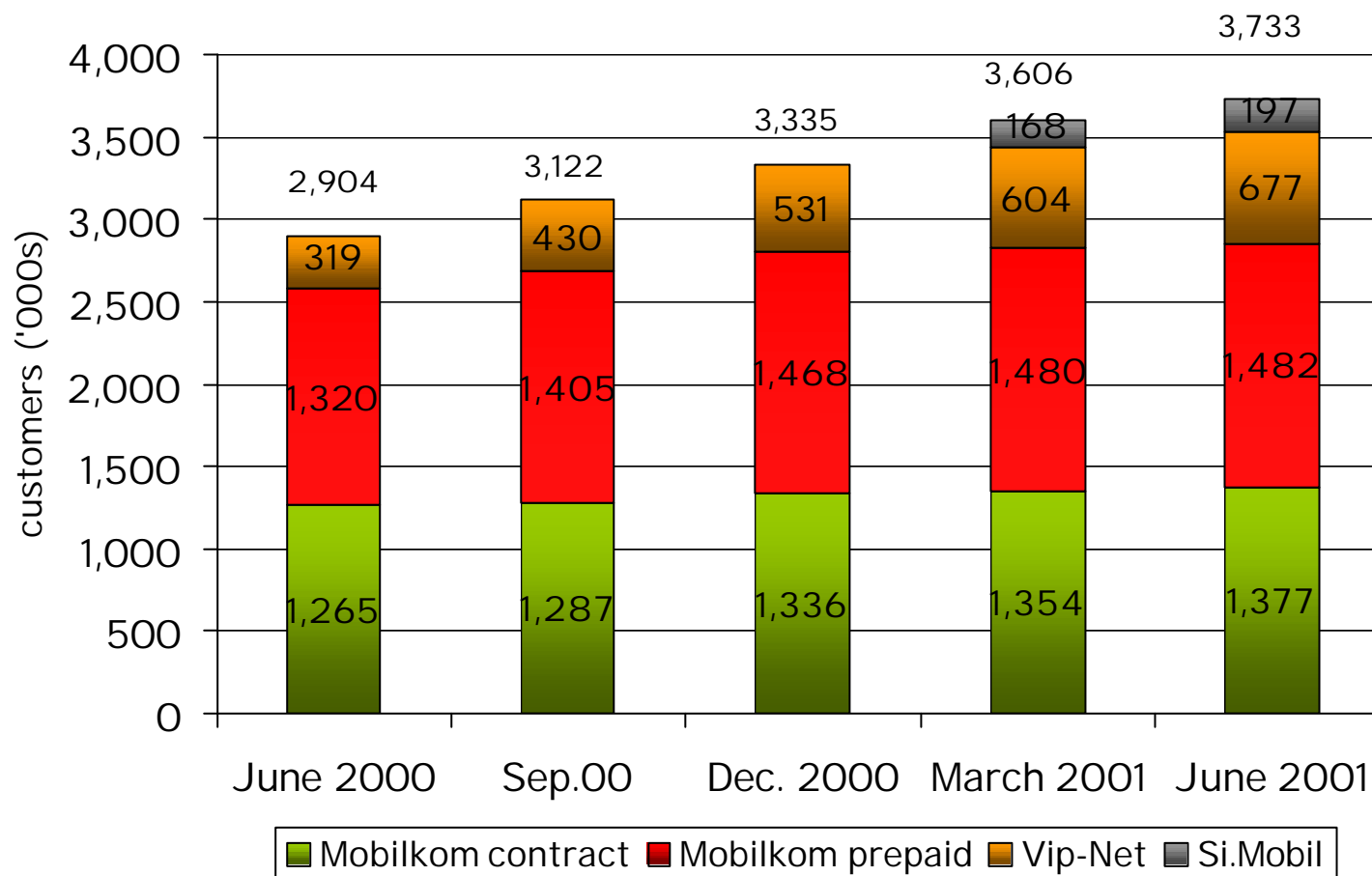
12

Fixed Line Cost Reductions in 1H 2001



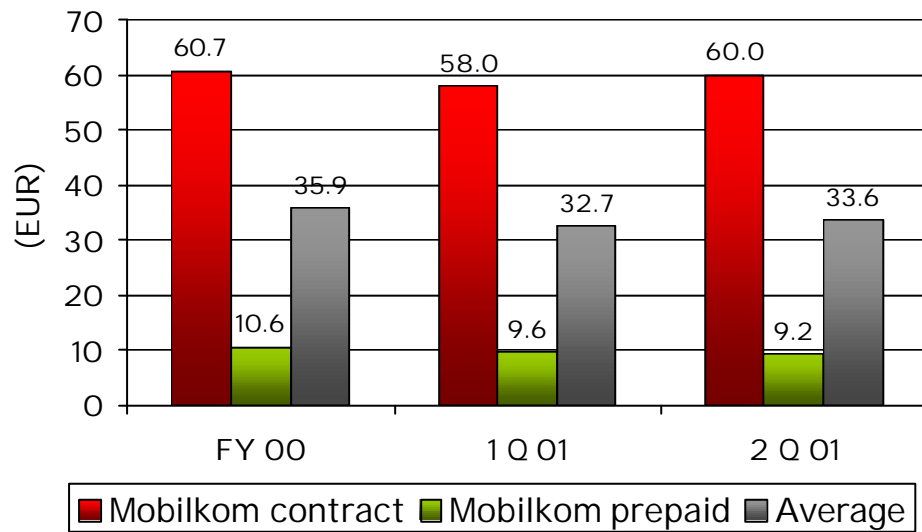
* Excluding costs for idle workforce and social plan costs

Mobile - Subscriber Numbers

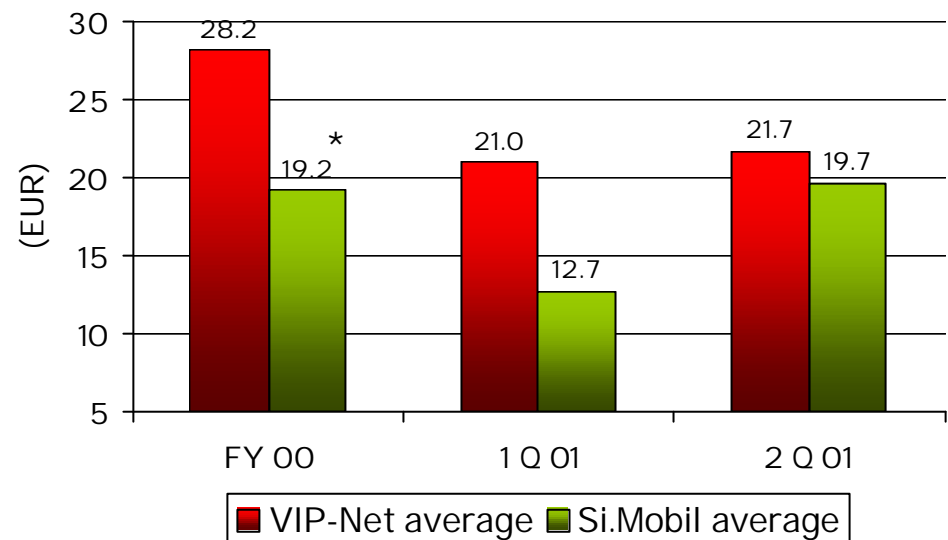


Mobile - ARPU's

Mobilkom Austria ARPU's



International ARPU's



* Si.Mobil was acquired during the 1 Q 01

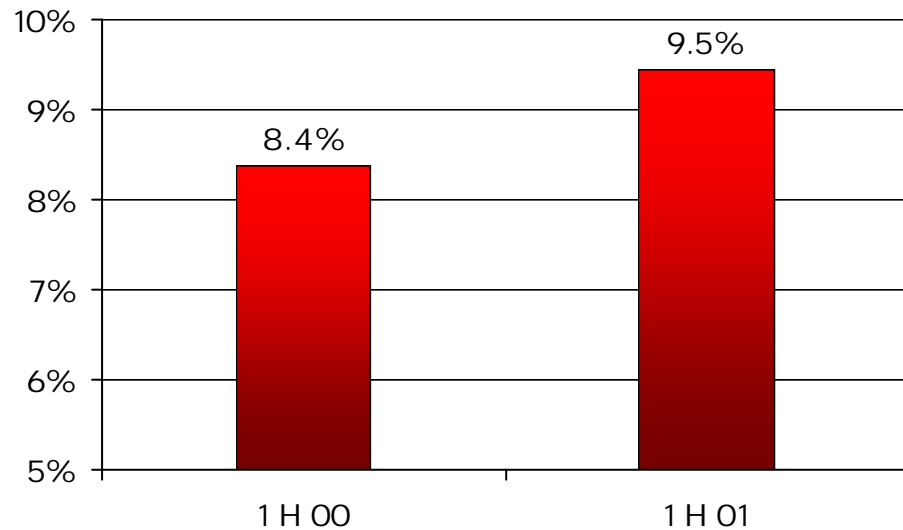
Mobile - Traffic Development in Austria

	1 H 00	2 H 00	1 H 01
Outgoing minutes (millions) *	1,553	1,636	1,776
Incoming minutes (millions) *	1,312	1,419	1,540
Average number of customers ('000s)	2,423	2,695	2,832
Minutes per customer per month - outgoing	107	101	105
- incoming	90	88	91

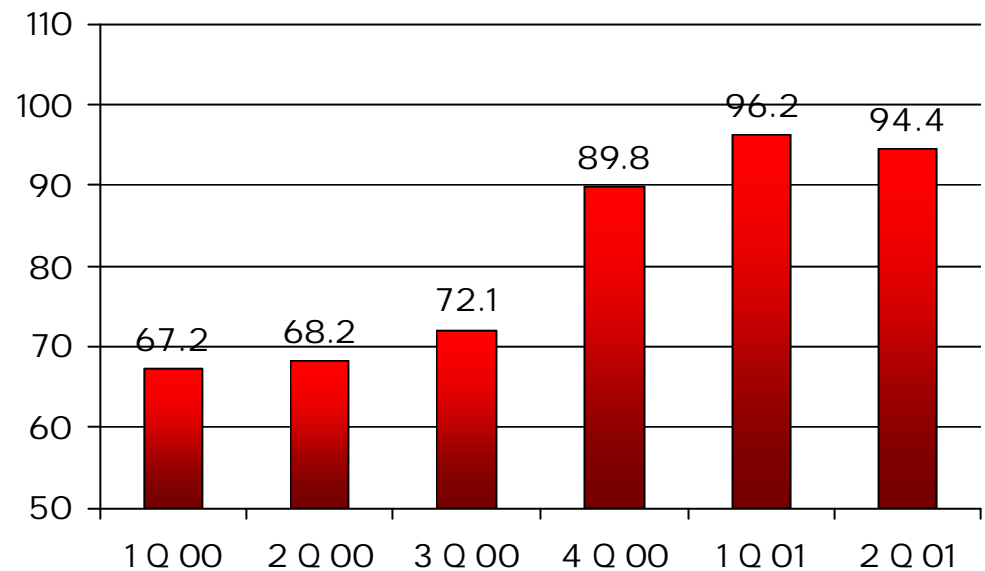
* Rated MOUs of Mobilkom customers

Mobilkom - Mobile Data

Data revenues in % of
airtime revenues



No. of SMS per quarter
(in million)

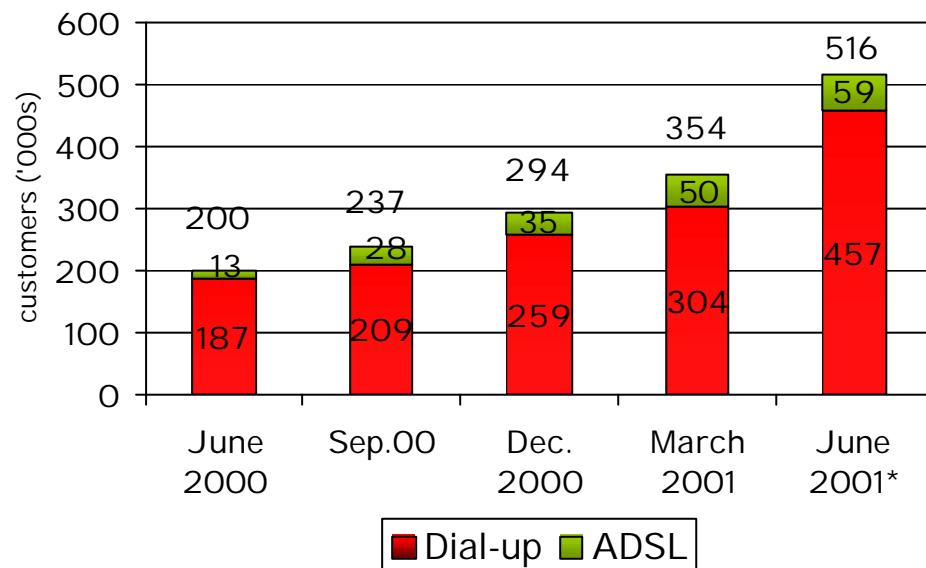


Data Communications

- Redesign towards the Group's solution provider into a higher margin business
- Complex IT data and communications solutions from one source
- Share of solution products rises from 29% in 2001 of revenues to 66% in 2005
- Profiting from a dominant market position in Austria: at present 55% market share in Austria

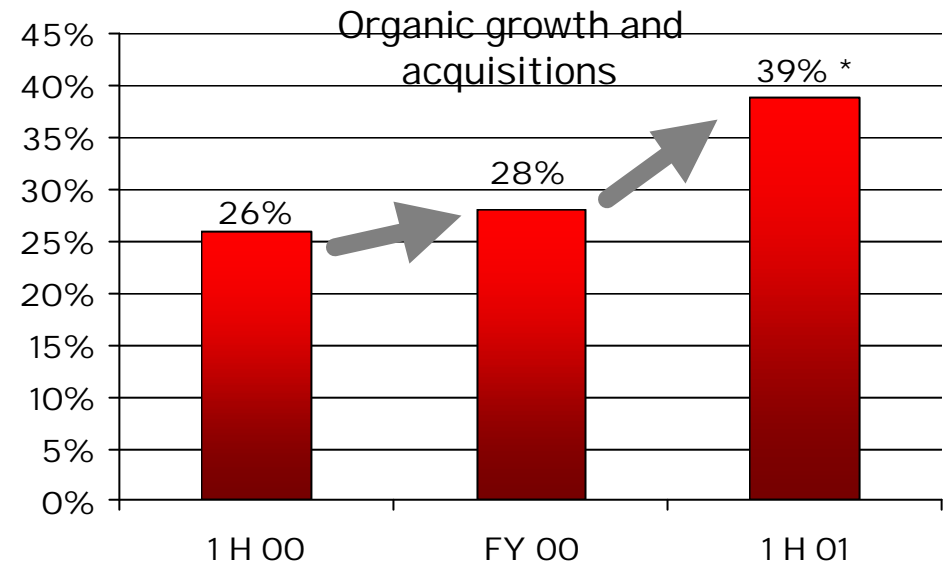
Internet in Austria

Internet Subscribers



*Including 90,000 subscribers acquired during 2 Q 01

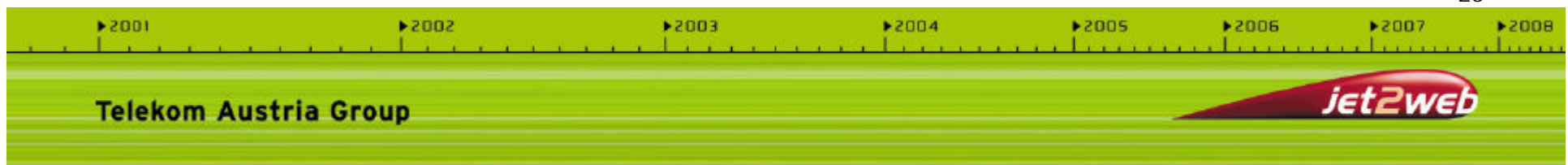
Residential Market Share



* Telekom Austria Group including mobile portal (2% market share)

Financial Overview by Business Segment

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Fixed Line - Key Financial Data

(EUR million)	2 Q 01	2 Q 00	% change	1 H 01	1 H 00	% change
Operating revenues	605.6	668.8	-9.4%	1,244.4	1,350.9	-7.9%
EBITDA*	207.9	191.7	8.5%	417.9	403.5	3.6%
EBIT*	-1.3	-36.1	-96.4%	8.3	-31.0	n.m.
* excluding costs for idle workforce	14.4	0.0	n.m.	18.3	0.0	n.m.

Idle Workforce

(EUR million)	FY 99	1 H 00	FY 00	1 H 01	FY 01E
Costs for idle workforce	-	-	5.2	18.3	70
Social plan costs	85.5	28.1	253.8	2.1	17

* Reported EBITDA excludes costs for idle workforce, social plan costs included in EBITDA

* Costs for idle workforce include expenses for employees who have been released or transferred from the work force as well as all cash settlements for civil servants who have agreed to leave with severance packages.

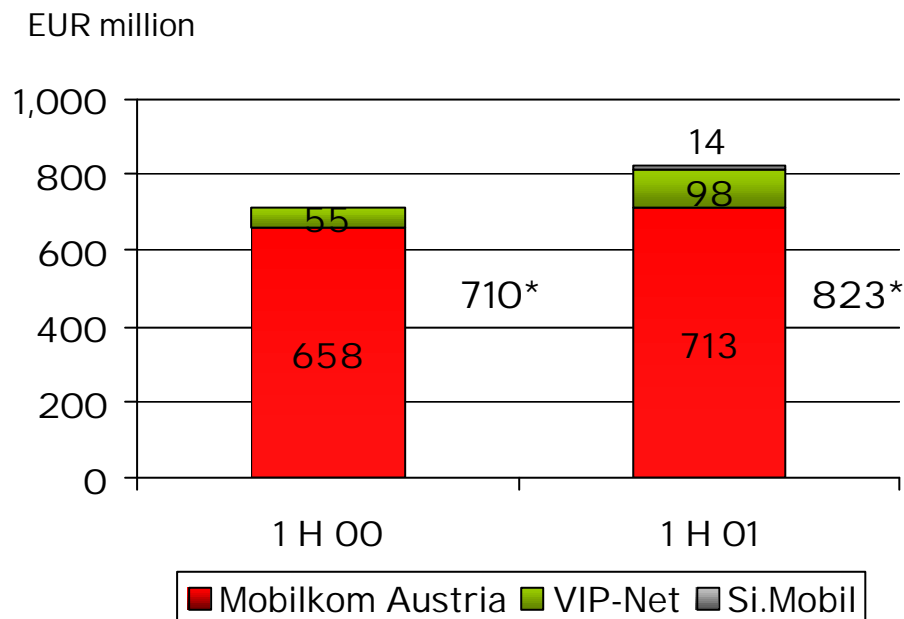
Mobile - Key Financial Data

(EUR million)	2 Q 01	2 Q 00	% change	1 H 01	1 H 00	% change
Operating revenues	410.6	371.4	10.6%	822.5	710.4	15.8%
EBITDA	130.6	81.8	59.7%	289.6	201.5	43.7%
EBIT	63.2	41.0	54.1%	165.5	122.5	35.1%
Net income*	54.8	26.4	107.6%	17.3	80.3	-78.5%

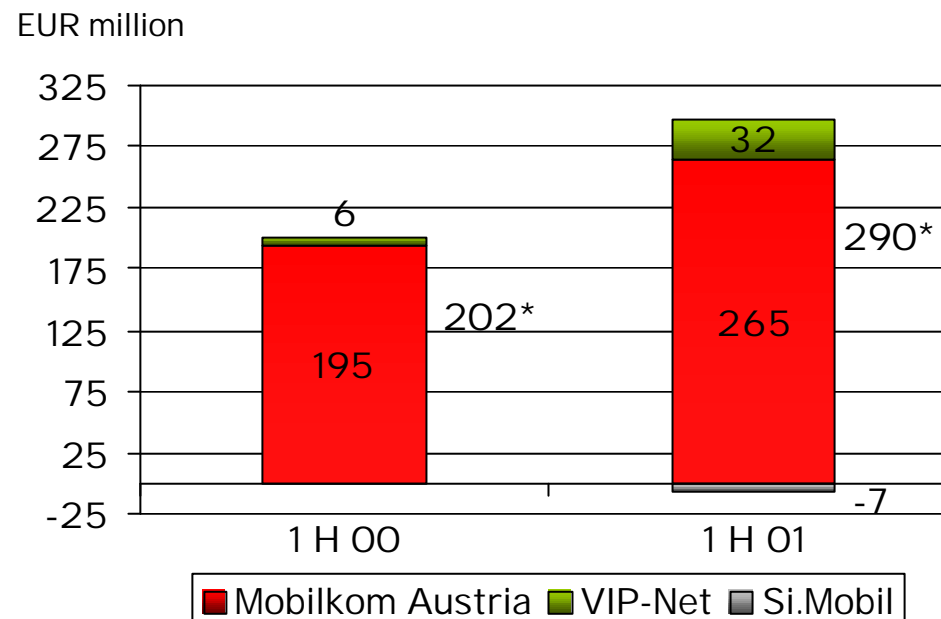
* Including the one-off tax effect (EUR 134.4million) resulting from the change of legal structure of Mobilkom Austria

Mobile - Geographic Breakdown

Revenues



EBITDA



* total consolidated numbers

Data - Key Financial Data

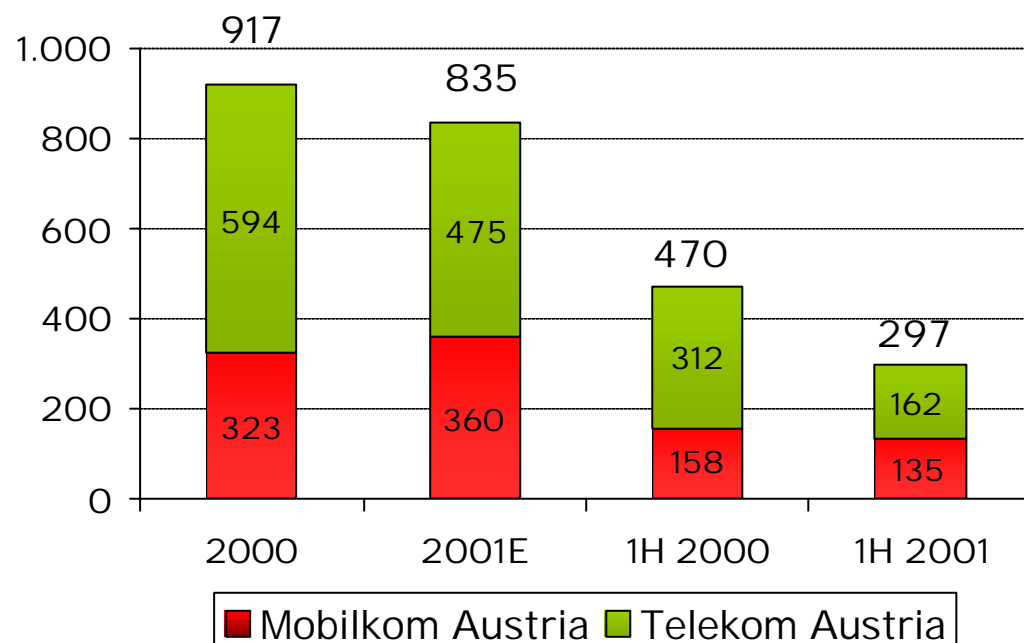
(EUR million)	2 Q 01	2 Q 00	% change	1 H 01	1 H 00	% change
Operating revenues	77.9	84.0	-7.3%	151.5	150.9	0.4%
EBITDA	3.3	12.6	-73.8%	11.2	27.7	-59.6%
EBIT	-4.4	4.1	n.m.	-4.4	12.2	n.m.

Internet - Key Financial Data

(EUR million)	2 Q 01	2 Q 00	% change	1 H 01	1 H 00	% change
Operating revenues	20.7	14.9	38.9%	39.2	27.8	41.0%
EBITDA	-11.8	4.1	n.m.	-14.1	7.3	n.m.
EBIT	-13.5	4.1	n.m.	-19.0	7.2	n.m.

Ongoing Capex Reductions

(EUR million)



- On course to achieve targeted capex reduction
- Fixed line focus on broadband access (over 44%)
- UMTS vendors selected (Ericsson/Nortel)
- Capex/revenue ratio: 15%

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Net Debt - Telekom Austria Group

(in EUR million)

Dec. 31, 00 Mar. 31, 01 Jun. 30, 01

Long-term debt	2,353.9	2,274.5	2,245.6
Short-term debt	946.0	1,166.4	1,105.5
- Cross border lease, included in s/t debt	-81.2	-84.5	-88.0
+ Capital lease obligations	6.2	6.0	6.7
- Intercompany loans for Mobilkom Austria	-199.7	-378.9	-472.9
Cash and cash equivalents and short-term investments	-23.7	-14.9	-22.3
Financial instruments, included in other assets	-47.6	-45.5	-50.6
Net debt Telekom Austria	<u>2,953.9</u>	<u>2,923.0</u>	<u>2,723.9</u>
Long-term debt	430.8	473.7	472.2
Short-term debt	91.2	269.4	321.2
- Cross border lease, included in s/t debt	-18.6	-19.6	-20.5
Cash and cash equivalents and short-term investments	-38.8	-65.3	-28.7
Net debt Mobilkom Austria	<u>464.6</u>	<u>658.2</u>	<u>744.2</u>
Net debt of Telekom Austria Group	<u><u>3,418.4</u></u>	<u><u>3,581.3</u></u>	<u><u>3,468.1</u></u>
Shareholders' equity	2,603.6	2,604.6	2,558.7
Net debt/equity	131.3%	137.5%	135.5%

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▶2001

▶2002

▶2003

▶2004

▶2005

▶2006

▶2007

▶2008

Telekom Austria Group

jet2web

Outlook

Outlook for 2001

- Fixed line** The further development of traffic revenues will be decisive for the achievement of the budgeted full-year revenues, the first results of the new tariff schemes give encouraging signals. Cost cutting is on track.
- Mobile** Lower subscriber acquisition costs and the focus on quality customers in Austria as well as a growing contribution from Croatia should enable a stable margin development in spite of the additional costs expected for relaunching the Slovenian business.
- Data** Stronger revenue growth in the second half of the year should allow the achievement of the full year target; margins will fall due to higher intercompany prices for fixed line services.
- Internet** Focus in the second half of the year will be the enlargement of the broadband product portfolio and b-2-b activities for small and medium enterprises. Investments into the new internet portal as well as enhanced marketing initiatives lead to a higher costs base.

Execution Steps of Three-Part Strategy



Change corporate culture

- ✓ Profit accountability
- ✓ Align management and shareholders objectives



Improve profitability significantly

- ✓ Reduce fixed line headcount
- ✓ Reduce/refocus capex
- ✓ Reduce operating expenditures



Enhance customer focus

- ➔ Focus on customer needs through split into retail and wholesale business units

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▶2001

▶2002

▶2003

▶2004

▶2005

▶2006

▶2007

▶2008

Telekom Austria Group

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Competitive Advantages of a Focused Strategy

● Retail

- Focus through customer relationship
- Service innovation based on wholesale services
- Total telecom solutions: bundling the full range of telecom solutions

● Wholesale

- Broadband: using the competitive advantages of Telekom Austria
- Interconnection: protect the regulated prices
- Full geographical coverage as a key differentiator
- Network utilization and economies of scale: basic services at lowest costs

→ Continue the transformation of the fixed line business

Appendix

▶2001

▶2002

▶2003

▶2004

▶2005

▶2006

▶2007

▶2008

Telekom Austria Group

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Restatements to 1H 2000 figures

	1H 2000		Change	Comment	Amount
	as per prospectus	restated			
Telekom Austria Group					
Revenues	1,915.9	1,923.0	7.1		7.1
EBITDA	608.4	640.4	32.0		32.0
Telekom Austria, consolidated					
Revenues	1,416.7	1,420.9	4.2	Reclassification from non-operating income to operating income	4.2
EBITDA	403.6	438.6	35.0	Changed definition of EBITDA Reclassification from non-operating to operating income/expense	21.3 13.7
Mobilkom Austria, consolidated					
Revenues	707.5	710.4	2.9	Reclassification from non-operating income to operating income	2.9
EBITDA	204.8	201.5	-3.3	Changed definition of EBITDA Reclassification from non-operating to operating income/expense	-10.3 7.0

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Cash Flows - Telekom Austria Group

	Telekom Austria AG			Mobilkom Austria AG		
(EUR million)	1H 01	1H 00	%	1H 01	1H 00	%
Cash flow from operating activities	390.9	714.9	-45.3%	258.0	174.2	48.2%
Cash used in investing activities	-162.3	-503.5	-67.8%	-318.3	-175.5	81.4%
Cash from (used in) financing activities	-230.2	-415.6	-44.6%	53.2	-58.1	-191.6%
Effect of exchange rate changes	0.0	0.0	n.m.	-3.3	-0.5	507.0%
Net increase (decrease) in cash and cash equivalents	-1.6	-204.2	-99.2%	-10.3	-60.0	-82.8%

Fixed Line - Revenue Breakdown

(EUR million)	1 H 01	1 H 00	% change
Traffic revenues	316.3	457.2	-30.8%
Monthly rental	317.5	327.5	-3.1%
Interconnection	318.1	308.0	3.3%
Leased lines	128.2	112.8	13.7%
Equipment	46.9	55.7	-15.8%
Other	117.4	89.6	31.0%
Total fixed line operating revenues	1,244.4	1,350.8	-7.9%

Fixed Line - Expense Breakdown

(EUR million)	1 H 01	1 H 00	% change
Material expense	43.7	46.6	-6.2%
Employee costs	297.0	316.2	-6.1%
Depreciation and amortization	409.6	434.4	-5.7%
Interconnection	299.0	317.7	-5.9%
Repairs	49.0	50.4	-2.8%
Services received	8.8	15.7	-43.9%
Other	147.3	200.7	-26.6%
Total fixed line operating expenses	1,254.4	1,381.7	-9.2%

Mobile - Revenue Breakdown

(EUR million)	1 H 01	1 H 00	% change
Traffic revenues	413.7	338.0	22.4%
Monthly rental	123.7	121.8	1.6%
Equipment	75.9	80.2	-5.4%
Roaming	76.2	53.8	41.6%
Interconnection	132.5	104.8	26.4%
Other	11.8	16.1	-26.7%
Discounts	-11.3	-4.3	162.8%
Total mobile communications	822.5	710.4	15.8%

Mobile - Expense Breakdown

(EUR million)	1 H 01	1 H 00	% change
Material expense	109.3	150.5	-27.4%
Employee costs	61.0	46.0	32.6%
Depreciation and amortization	124.0	79.0	57.0%
Interconnection	69.9	73.8	-5.3%
Repairs	16.6	12.3	35.0%
Services received	107.8	82.7	30.4%
Other	168.4	143.6	17.3%
Total mobile communications operating expenses	657.0	587.9	11.8%

Operating Revenues by Segment

(EUR million)	2 Q 01	2 Q 00	% change	1 H 01	1 H 00	% change
Fixed line services	605.6	668.8	-9.4%	1,244.4	1,350.9	-7.9%
Data communications services	77.9	84.0	-7.3%	151.5	150.9	0.4%
Internet	20.7	14.9	38.9%	39.2	27.8	41.0%
Intersegmental eliminations	-41.4	-61.7	32.9%	-105.5	-108.7	2.9%
Consolidated operating revenues	662.8	706.0	-6.1%	1,329.6	1,420.9	-6.4%
Mobile communications services	410.6	371.4	10.6%	822.5	710.4	15.8%
Intersegmental eliminations	-105.5	-100.3	-5.2%	-216.8	-208.3	-4.1%
Total managed operating revenues	967.9	977.1	-0.9%	1,935.3	1,923.0	0.6%

EBITDA by Segment

(EUR million)	2 Q 01	2 Q 00	% change	1 H 01	1 H 00	% change
Fixed line services	207.9	191.7	8.5%	417.9	403.5	3.6%
Data communications services	3.3	12.6	-73.8%	11.2	27.7	-59.6%
Internet	-11.8	4.1	n.m.	-14.1	7.3	n.m.
Intersegmental eliminations	0.0	0.0	-	0.0	0.0	-
Consolidated EBITDA	199.4	208.4	-4.3%	415.0	438.5	-5.4%
Mobile communications services	130.6	81.8	59.7%	289.6	201.5	43.7%
Intersegmental eliminations	0.0	0.0	-	0.0	0.0	-
Total managed EBITDA	330.0	290.2	13.7%	704.6	640.0	10.1%

EBIT by Segment

(EUR million)	2 Q 01	2 Q 00	% change	1 H 01	1 H 00	% change
Fixed line services	-1.3	-36.1	-96.4%	8.3	-31.0	n.m.
Data communications services	-4.4	4.1	n.m.	-4.4	12.2	n.m.
Internet	-13.5	4.1	n.m.	-19.0	7.2	n.m.
Intersegmental eliminations	-12.1	-0.2	n.m.	-21.8	-0.2	n.m.
Consolidated EBIT	-31.3	-28.1	11.4%	-36.9	-11.8	212.7%
Mobile communications services	63.2	41.0	54.1%	165.5	122.5	35.1%
Intersegmental eliminations	0.0	0.0	n.m.	0.0	0.0	n.m.
Total managed EBIT	31.9	12.9	147.3%	128.6	110.7	16.2%