TELEKOM AUSTRIA GROUP

Results for the Third Quarter 2011

Vienna, 14 November 2011

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.”

Agenda

> Operational and Financial Highlights of the Third Quarter 2011

> Key Financial Developments of the Third Quarter 2011

> Focus Points

> Outlook for Full Year 2011

> Appendix

Operational and Financial Highlights of the Third Quarter 2011

Strong Focus on Operational Performance Dampens Impact of External Challenges

> Demand for fixed broadband and product bundles drives fixed access line growth of 3,200 lines in Austria
> Mobile broadband, no-frills and smartphones drive subscriber growth in all operations
> Further convergence milestone: B.net cable acquisition in Croatia
> Revenue decline of 6.2% and 8.1% lower EBITDA comparable, mainly driven by competition in Austria and foreign exchange adjustment in Belarus
> Excluding FX translation effects slight rise in Group revenues and almost stable Group EBITDA comparable
> Subscriber growth and increased usage translate into strong revenue and EBITDA comparable growth in the Additional Markets segment
> Guidance 2011 reiterated: Group revenues approximately EUR 4.50 bn, Group EBITDA comparable up to EUR 1.55 bn
> Dividend floor of EUR 0.76 reiterated for the years 2011 and 2012

Key Financial Developments of the Third Quarter 2011

Stable Group EBITDA Margin Despite Competition, FX-Adjustments in Belarus and Regulation

(EUR million)	Q3 2011	Q3 2010	% change
Revenues	**1,111.4**	**1,185.4**	**-6.2%**
EBITDA comparable*	**412.9**	**449.1**	**-8.1%**
*EBITDA comparable margin**	*37.2%*	*37.9%*	
Restructuring	**-6.1**	-12.3	-50.4%
Impairment	0.0	0.0	n.a.
EBITDA (incl. Restructuring and Impairment charges)	**406.8**	**436.8**	**-6.9%**
EBITDA (incl. Restructuring and Impairment charges) margin	*36.6%*	*36.8%*	
Depreciation & amortization	-240.7	-260.8	-7.7%
Operating income	**166.1**	**176.0**	**-5.6%**
Financial result	-95.8	-55.4	72.9%
Income before income taxes	**70.3**	**120.6**	**-41.7%**
Income tax expense	57.6	-24.0	n.a.
Net income / Net loss	**127.9**	**96.5**	**32.5%**

* Excluding Restructuring and Impairment Charges

> Revenue decline of 6.2% and 8.1% lower EBITDA comparable, mainly driven by competition in Austria and Belarus foreign exchange devaluation

> 40% of Group revenue decline and 33% of Group EBITDA comparable decline due to regulatory burdens

> Like-for-like revenues up by 0.2% and EBITDA comparable down by just 0.3%

> Restructuring in Austria on track

> Lower D&A softens FX and restructuring impact on operating results

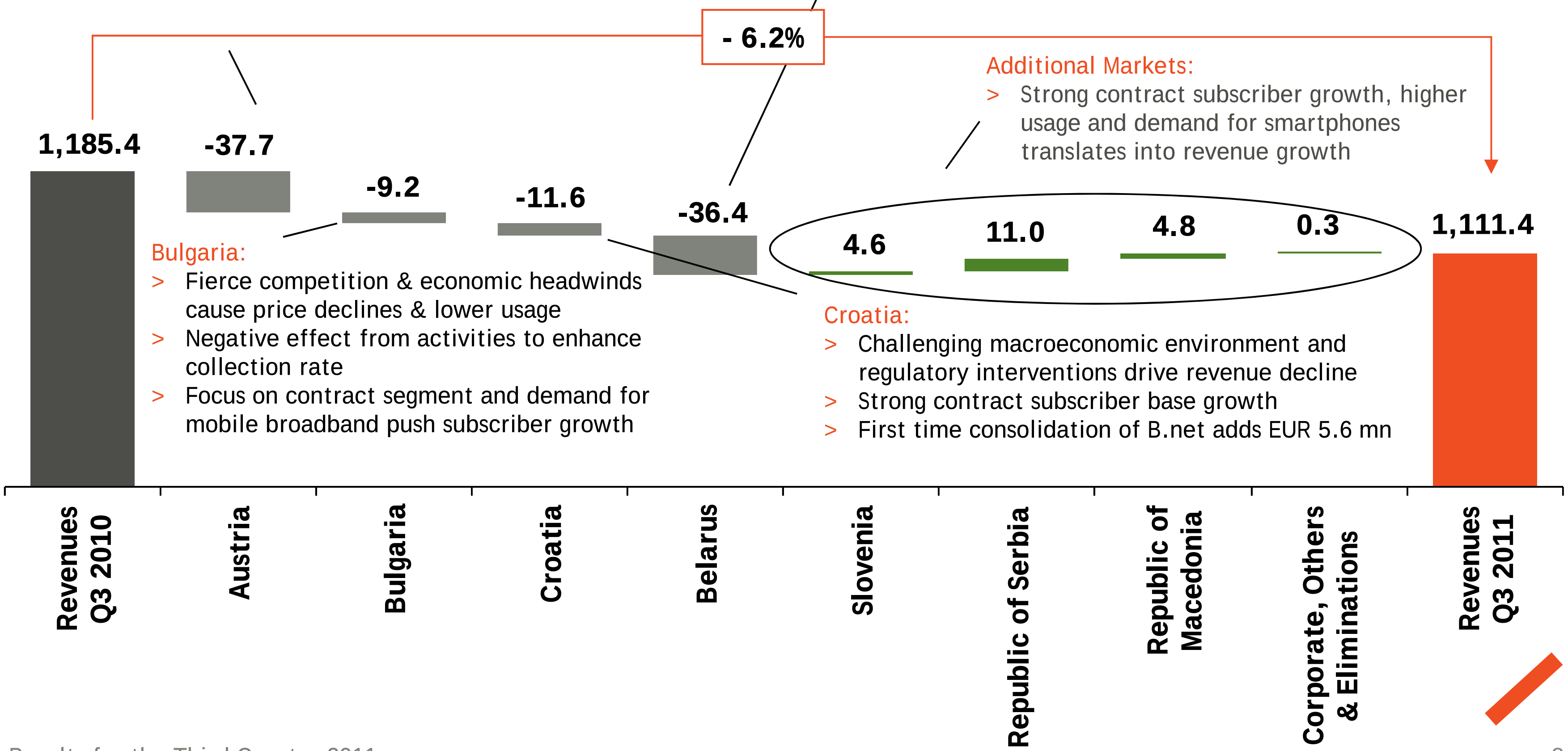
> Higher deferred taxes lead to income tax benefit

> Increased negative financial result due to FX loss

Lower Results from Austria and Belarus Partly Offset by Revenue Growth in Additional Markets

Austria:
> 40% of revenue decline due to roaming and MTR regulation
> Pricing pressure results in migration of existing customers to lower priced packages within main brand
> No frills drives subscriber growth
> More than 1.0 mn bundle customers

Belarus:
> Continued strong operational performance despite further FX devaluation (+40% revenue growth on constant currency basis)
> Subscriber growth driven by ongoing demand for mobile broadband
> Price increases and higher usage drives 23% ARPU growth on constant currency basis

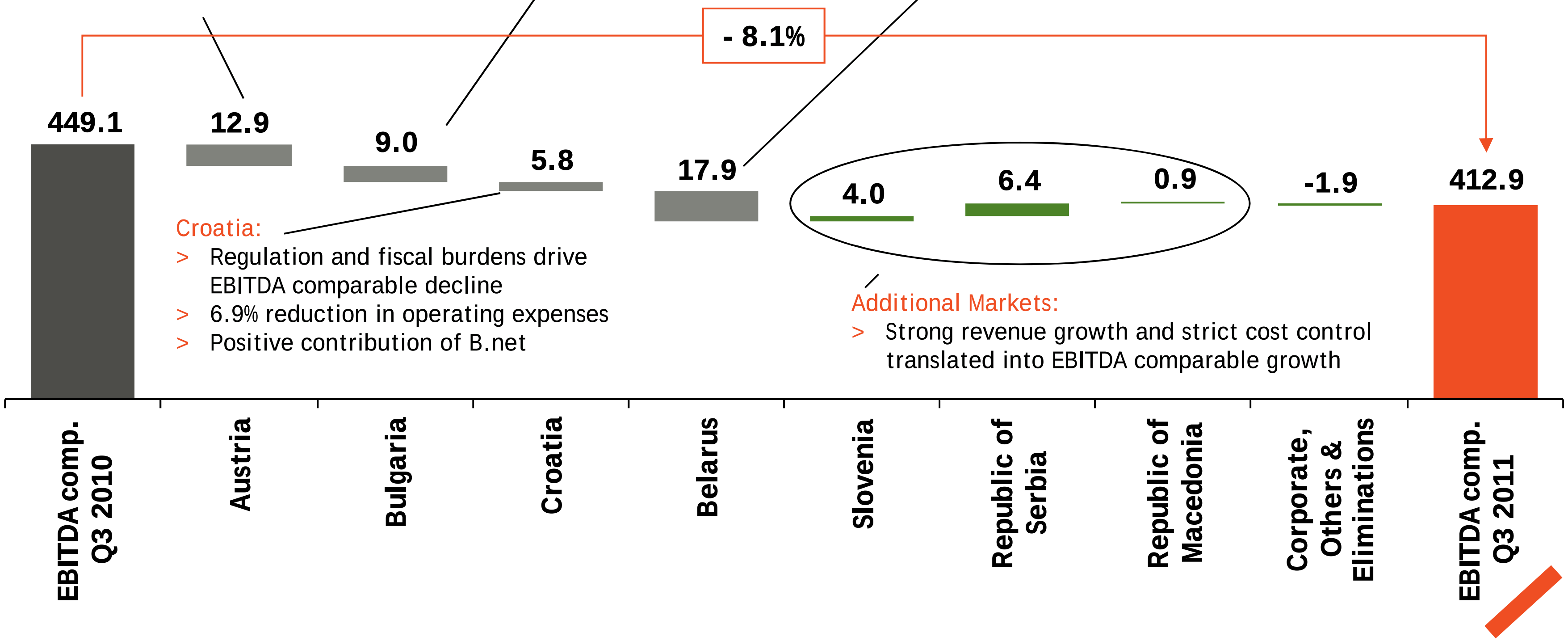


Ongoing Focus on Cost Control and Growth in Additional Markets Limits Negative FX-Impact

Austria:
- EBITDA comp. decline driven by regulatory burdens
- Cost savings lead to lower personnel costs and lower costs for maintenance and repair
- Higher material expenses due to ongoing strong demand for smartphones

Bulgaria:
- Strict focus on cost control absorbs fixed line costs
- Increase in OPEX mainly driven by bad debt provision

Belarus:
- EBITDA comparable impacted by negative EUR 33.2 mn FX effect; 36.1% increase on a like-for-like basis
- Continued de-dollarization of OPEX
- OPEX increase on like-for-like basis driven by revenue related items, such as material expenses



Croatia:
- Regulation and fiscal burdens drive EBITDA comparable decline
- 6.9% reduction in operating expenses
- Positive contribution of B.net

Additional Markets:
- Strong revenue growth and strict cost control translated into EBITDA comparable growth

Free Cash Flow Driven by FX- Adjustments and Higher CAPEX

(EUR million)	Q3 2011	Q3 2010	% change	1-9M 2011	1-9M 2010	% change
Cash Flow from operations before working capital adjustments	351.3	388.7	-9.6%	1,037.7	1,158.2	-10.4%
Change in working capital	20.3	-15.9	n.a.	-203.0	-123.8	64.0%
Ordinary capital expenditures	-177.8	-146.8	21.1%	-454.9	-443.3	2.6%
Proceeds from sale of equipment	1.2	0.5	138.9%	2.2	10.3	-79.1%
Free cash flow	**195.0**	**226.4**	**-13.9%**	**382.0**	**601.5**	**-36.5%**
Free cash flow per share	**0.44**	**0.51**	**-13.9%**	**0.86**	**1.36**	**-36.5%**

> Decline in cash flow from operations before working capital adjustments reflect impact of Belarus Ruble devaluation and lower results

> Higher payments of accounts payable due to higher CAPEX at year end 2010 drive increase in working capital in first nine months 2011, Q3 2011 reflects expected improvements

> Increase in CAPEX driven by Austrian segment due to network investments

Focus Points

Launch of No-Frills in 2 Markets Based on Group No-Frills Strategy

Telekom Austria Group No-Frills Strategy

Strategic Rational

- Market maturity & high penetration requires market segmentation via multi – brand approach
- No-frills brands shield against price aggression
  - Limit value erosion of existing customer base by avoiding re-pricing
  - Limit growth potential of the ‘price aggressor’

Risks

- Cannibalization of main brand
  - Insufficient brand differentiation
- Acceleration of price competition

Control mechanisms

- Clear differentiation between main & no-frills brands
- Distinctive distribution channels
- No ‘no-frills’ proposition for business segment

No-Frills Propositions Offer Additional Revenues & Shields Premium Brands against Price Attacks

Clear No-Frills Proposition Tailored to Specific Market Requirements

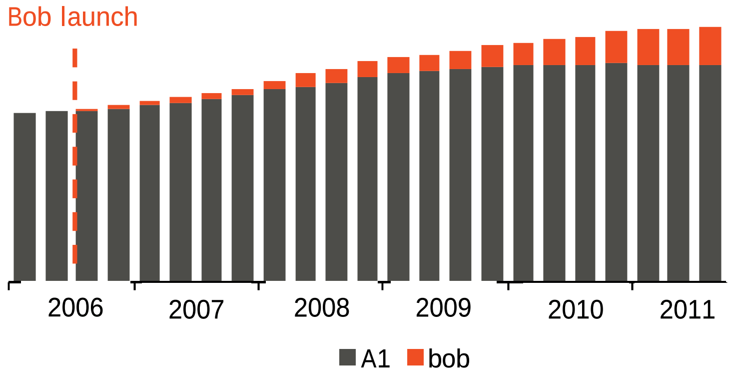
	No-Frills brand	Launch date	Subsidies for handsets	Add-on service charges	Contract - Type: Prepaid	Contract - Type: Postpaid	Distribution channels: Shops*	Distribution channels: Retailers	Distribution channels: Online
Croatia	tomato	06/2006	✗	✓	✓	✗	✗	✓	✓
Austria	bob	07/2006	✗	✓	✓	✓	✗	✓	✓
Bulgaria	bob	10/2011	✗	✓	✗	✓	✓*	✗	✓
Slovenia	bob	11/2011	✗	✓	✓	✓	✗	✓	✓

NEW

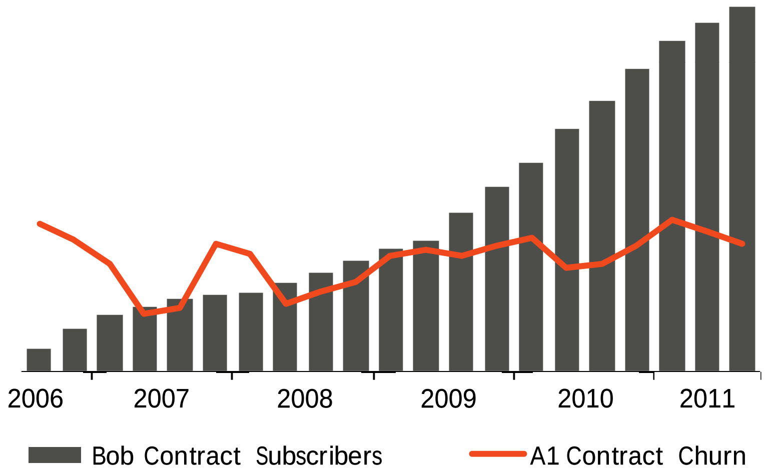
*Includes Shop in shop concepts

No-Frills Proposition in Austria Proofs Successfull

A1 and No-Frills Customer Base



A1 Churn vs. Bob Subscribers

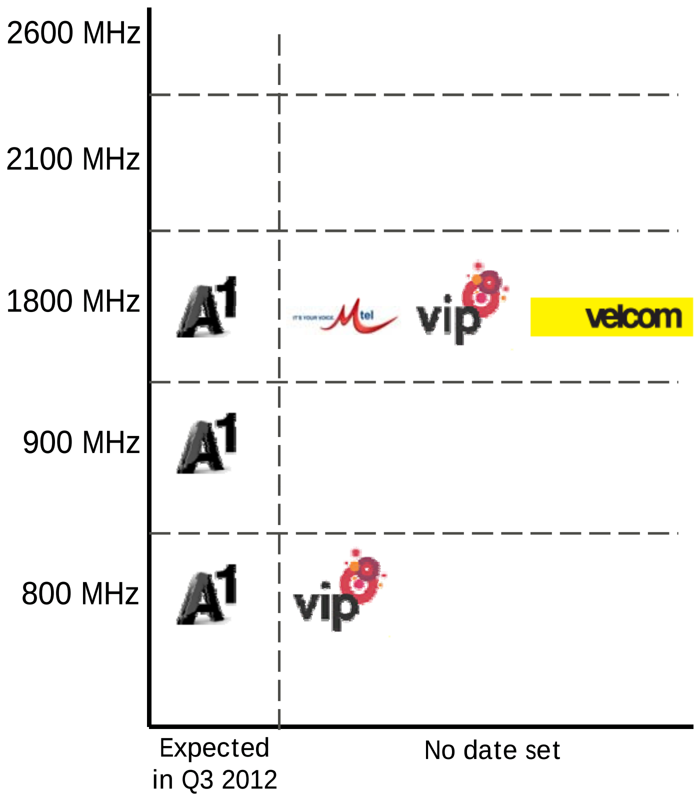


* Includes MVNOs and no-frills

- With penetration rate reaching approx. 154% total market growth predominantly based on no-frills segment
  - 12.0%* ytd no-frills growth vs. 4.4% in the total mobile market
- No-frills brand supports A1 strategy as the leading operator via multibrand-brand strategy
  - Allows differentiated targeting of price sensitive customer groups
  - Shields premium brand against price erosions
- Churn rate in premium segment approx. stable despite no-frills growth
- No signs of material cannibalization of premium segment from no-frills

Regulator Names 3Q 2012 for Combined Frequency Auction in Austria

Expected Auctions in 2012



Austria

Timing & Format

> Combinatorial clock auction for 800 MHz, 900 MHz, and 1800 MHz in Q3 2012

800 Digital Dividend

> Total of 75 MHz of 5 MHz blocks will be auctioned (60 MHz usable from technological point of view)

> Tender documents will provide clarity of conditions, such as roll-out requirements, minimum price in Q2 2012

900 & 1800 GSM - Spectrum

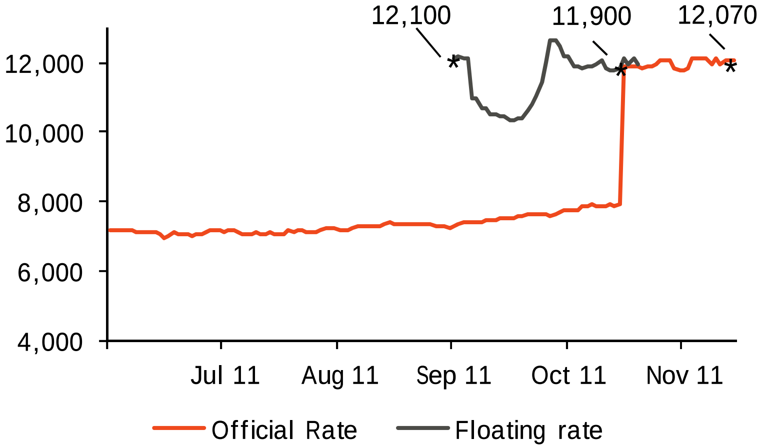
> Reauctioning of existing GSM frequences from 2015 to 2030

> Usable for all technologies (refarming)

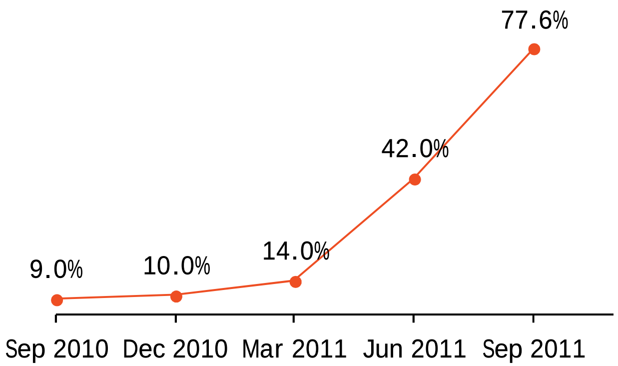
> Provides clarity and visibility for network planning for the next 20 years

Update on FX Environment and Macro-Economic Indicators in Belarus

FX-Rate Development*



Inflation Development YoY



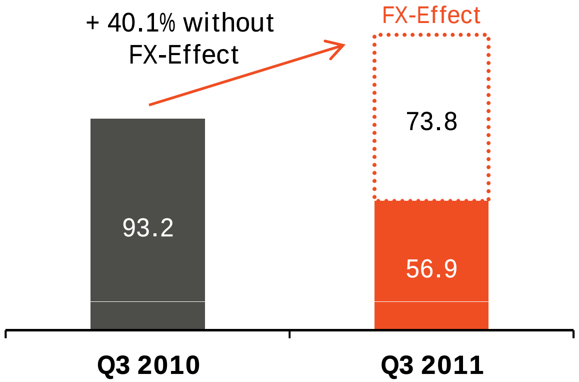
*Source: National bank of the Republic of Belarus

- Liquidity has been reestablished in Belarus FX market based on free float on 14 September 2011
  - Average trading volume of approximately EUR 46.6 mn per day
- Single FX session launched on October 20th unifying official and floating FX rate
- An amount of EUR 36.0 mn has been repatriated year to date
- Continued increase in inflation due to devaluation
  - 100% inflation expected by the end of 2011
  - No decision of hyperinflation accounting yet
    - Expected for 22 November 2011

Strong Focus on Operational Performance to Mitigate FX-Impact

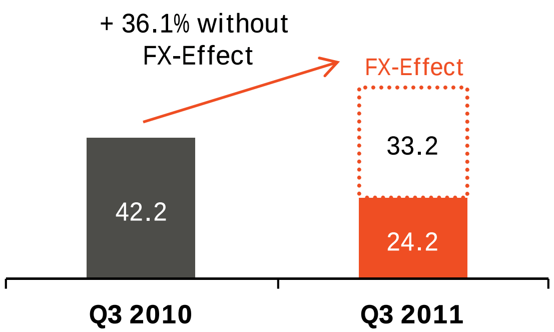
Revenues

(in EUR million)



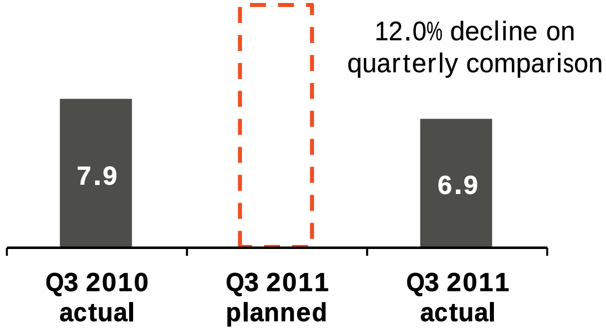
EBITDA comparable

(in EUR million)



CAPEX

(in EUR million)



- Price increases of 10% in June 2011 and 7% in October 2011 on average
- No material impact on usage
- Strict cost control minimizes devaluation induced OPEX growth below inflation
  - Successful introduction of a value segment
  - Margin benefits from handset sales driven by high level tariff plans for smartphones
- CAPEX reductions to operational minimum to protect free cash flow

Outlook

Outlook for Full Year 2011 Confirmed Despite Further Devaluation in Belarus

Telekom Austria Group – Full Year 2011

On a constant currency basis for all markets as well as before any effects of potential inflation accounting for the Belarusian segment in the fourth quarter of 2011.

	As of 17 August, 2011	As of 14 November, 2011
Revenues	approx. EUR 4.50 bn	approx. EUR 4.50 bn
EBITDA comparable	up to EUR 1.55 bn	up to EUR 1.55 bn
CAPEX	EUR 0.75 bn – EUR 0.80 bn	EUR 0.75 bn – EUR 0.80 bn
Operating Free Cash Flow*	up to EUR 0.80 bn	up to EUR 0.80 bn
Dividend	55% of free cash flow, DPS of EUR 0.76 minimum for 2011 and 2012	55% of free cash flow, DPS of EUR 0.76 minimum for 2011 and 2012

*Operating Free Cash Flow = EBITDA comparable - CAPEX

Appendix 1

Telekom Austria Group – Revenue Breakdown

Revenue Split - Segment Austria (EUR million)	Q3 2011	Q3 2010	% change
Monthly fee and traffic	507.4	532.9	-4.8%
Data and ICT Solutions	48.1	53.9	-10.8%
Wholesale (incl. Roaming)	47.1	44.3	6.3%
Interconnection	82.4	92.5	-10.9%
Equipment	25.3	24.1	4.9%
Other revenues	10.3	10.7	-3.4%
Total revenues - Segment Austria	**720.7**	**758.3**	**-5.0%**

Revenue Split - International Operations (EUR million)	Q3 2011	Q3 2010	% change
Monthly fee and traffic	293.5	319.0	-8.0%
Data and ICT Solutions	0.1	0.0	n.a.
Wholesale (incl. Roaming)	24.7	31.1	-20.6%
Interconnection	67.0	69.5	-3.6%
Equipment	27.1	28.1	-3.8%
Other revenues	3.9	3.9	1.1%
Total revenues - int. Operations	**416.3**	**451.7**	**-7.8%**

Telekom Austria Group – Expense Breakdown

Operating Expense - Segment Austria (EUR million)	Q3 2011	Q3 2010	% change
Material expense	62.5	59.1	5.7%
Employee costs	146.3	157.1	-6.8%
Interconnection	80.3	87.6	-8.3%
Maintenance and repairs	31.2	34.5	-9.6%
Services received	38.1	46.6	-18.2%
Other support services	37.2	27.1	37.3%
Other	99.8	103.4	-3.5%
Total OPEX - Segment Austria	**495.5**	**515.3**	**-3.9%**

Operating Expense - International Operations (EUR million)	Q3 2011	Q3 2010	% change
Material expense	37.9	38.6	-1.9%
Employee costs	27.5	30.1	-8.6%
Interconnection	56.0	58.5	-4.3%
Maintenance and repairs	9.5	13.6	-30.0%
Services received	26.5	27.3	-3.0%
Other support services	3.5	3.2	7.2%
Other	92.4	90.8	1.8%
Total OPEX - int. Operations	**253.3**	**262.1**	**-3.4%**

Telekom Austria Group - Mobile Communication Subscriber Base

Mobile Subscribers (in 000)	Q3 2011	Q3 2010	% change
Austria	**5,212**	**5,018**	**3.9%**
Market share	40.3%	41.5%	
Bulgaria	**5,291**	**5,236**	**1.1%**
Market share	48.4%	50.0%	
Croatia*	**2,173**	**2,139**	**1.6%**
Market share*	39.6%	40.0%	
Belarus	**4,533**	**4,225**	**7.3%**
Market share	41.3%	42.0%	
Slovenia	**631**	**605**	**4.2%**
Market share	29.7%	28.8%	
Republic of Serbia	**1,589**	**1,281**	**24.1%**
Market share	15.3%	13.0%	
Republic of Macedonia	**549**	**388**	**41.3%**
Market share	24.6%	19.0%	
Liechtenstein	**7**	**6**	**4.0%**
Market share	20.4%	20.1%	

*Adjusted mobile subscriber number starting from Q1 2010 due to new calculation method

Telekom Austria Group – Headcount Development

FTE (Average period)	Q3 2011	Q3 2010	% change
Austria	9,319	9,967	-6.5%
International	7,457	6,526	14.3%
Telekom Austria Group*	16,937	16,571	2.2%

FTE (End of period)	Q3 2011	Q3 2010	% change
Austria	9,282	9,834	-5.6%
International	7,621	6,582	15.8%
Telekom Austria Group*	17,063	16,559	3.0%

*Including corporate segment

Telekom Austria Group – Capital Expenditures Split

Capital Expenditures (EUR million)	Q3 2011	Q3 2010	% change
Segment Austria	125.6	101.2	24.1%
Segment Bulgaria	17.7	15.6	13.8%
Segment Croatia	8.4	4.7	77.6%
Segment Belarus	6.9	7.9	-12.0%
Segment Additional Markets	19.0	17.5	8.9%
Slovenia	*6.2*	*2.2*	174.5%
Republic of Serbia	*11.3*	*13.4*	-16.3%
Republic of Macedonia	*1.3*	*1.7*	-24.0%
Liechtenstein	*0.3*	*0.1*	301.2%
Eliminations additional markets	*0.0*	*0.0*	n.a.
Corporate, Others & Elimination	0.0	0.0	n.a.
Total capital expenditures	**177.8**	**146.8**	**21.1%**
Thereof tangible	148.1	113.2	30.8%
Thereof intangible	29.7	33.6	-11.7%

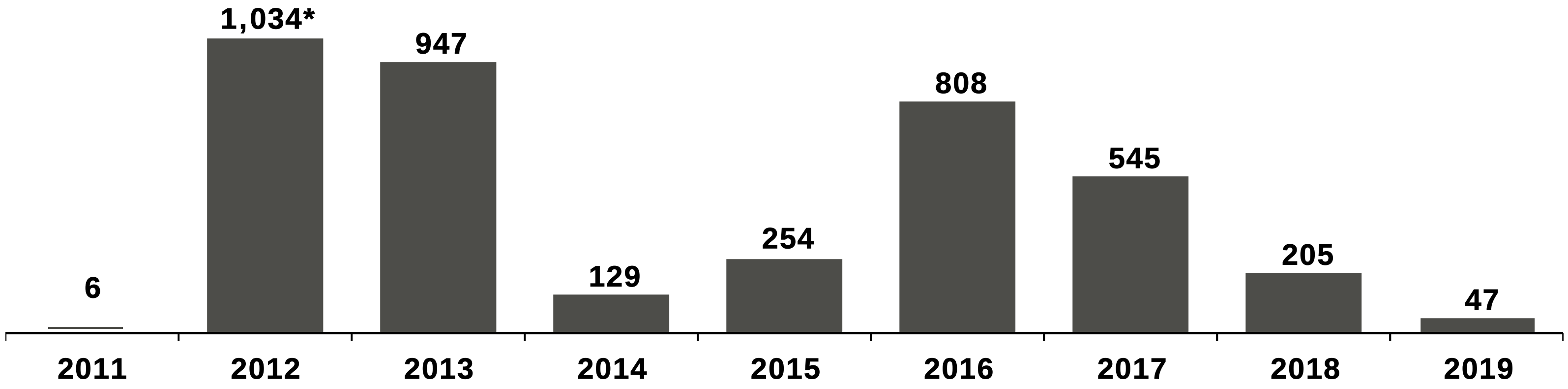
Telekom Austria Group – Net Debt

Net debt (EUR million)	Sept. 30, 2011	Dec. 31, 2010	% change
Long-term debt	3,029.5	3,146.4	-3.7%
Short-term borrowings	947.3	522.6	81.2%
Cash and cash equivalents, short-term and long term investments, finance lease receivables	-509.0	-355.0	43.4%
Derivate financial instruments for hedging purposes	20.8	-8.9	-334.6%
Net Debt of Telekom Austria Group	**3,488.6**	**3,305.2**	**5.5%**
EBITDA comparable (last 12 months)	1,543.8	1,645.9	-6.2%
Net Debt/ EBITDA comparable (last 12 months)	**2.3x**	**2.0x**	**n.a.**

Telekom Austria Group – Debt Maturity Profile

Debt Maturity Profile

(EUR million)

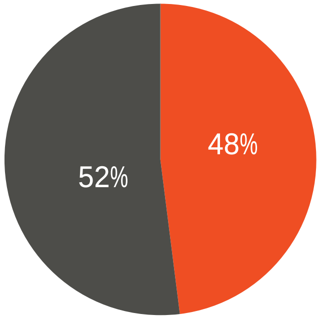


*Includes approx. EUR 55.2 mn in 2012 related to velcom and EUR 5.5 mn to fixed line acquisitions in Bulgaria, which is reported in Other liabilities

- EUR 3,915.9 mn of short- and long-term borrowings as of September 30, 2011
- Average cost of debt of approximately 4.5%

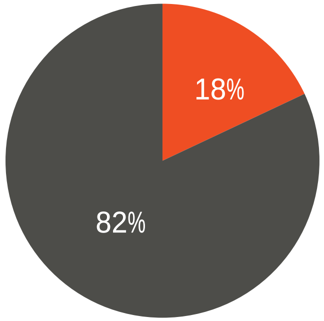
Telekom Austria Group – Debt Profile

Overview Debt Instruments*



Bonds Loans

Fixed-Floating Mix



Floating Fixed

Lines of Credit

- > Undrawn committed lines of credit amounting to EUR 1.0 bn
- > Average term to maturity of approximately 1.8 years

Ratings

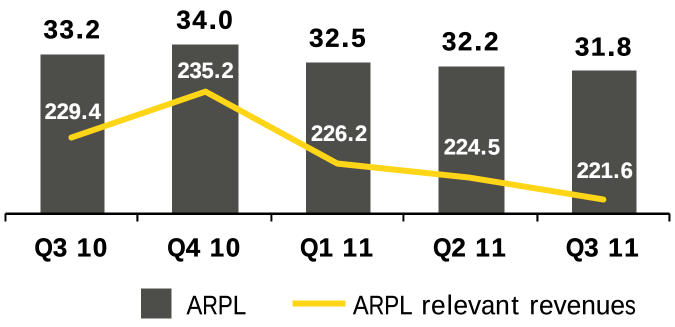
- > S&P: BBB (stable outlook)
- > Moody's: A3 (negative outlook)*

* Based on face values
** Currently on review for possible downgrade

Segment Austria - Fixed Line Key Performance Indicators

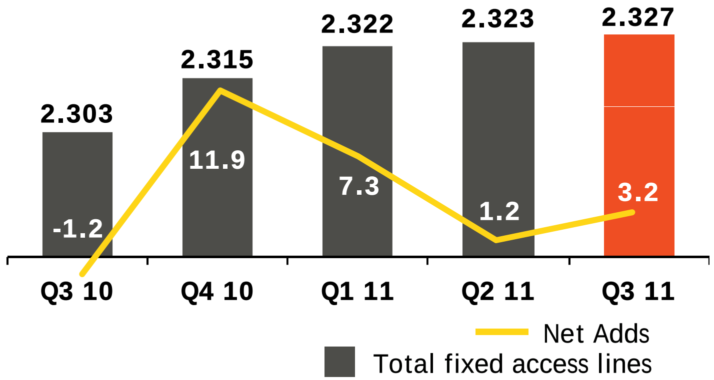
ARPL & ARPL Relevant Revenues

(in EUR)



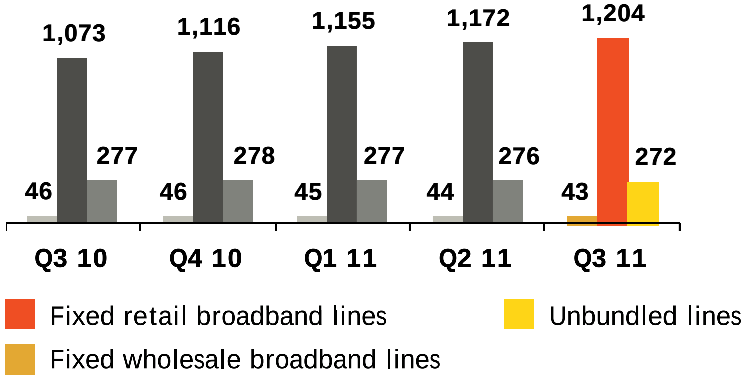
Total Fixed Access Lines & Net Adds

(in 000)



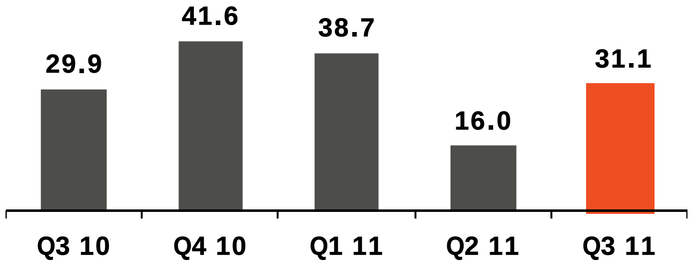
Fixed Broadband Access Lines

(in 000)



Fixed Broadband Net Adds incl. Wholesale

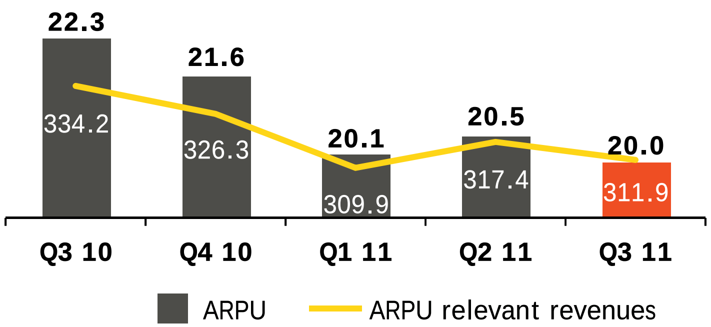
(in 000)



Segment Austria – Mobile Key Performance Indicators

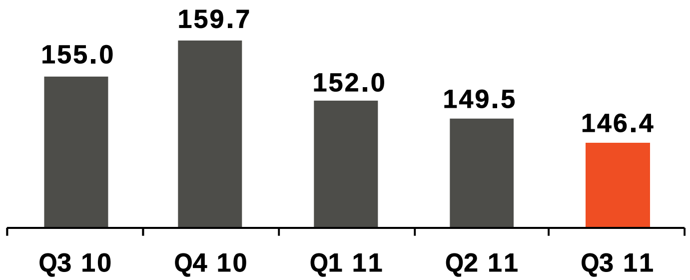
ARPU & ARPU Relevant Revenues

(in EUR)



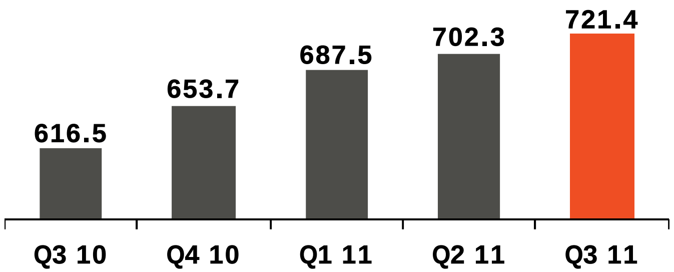
MoU per Subscriber

(in min)



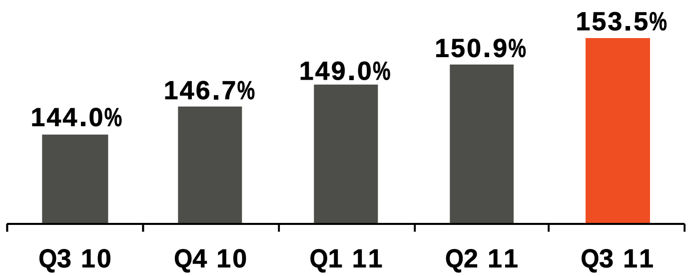
Mobile Broadband Customers

(in 000)



Mobile Penetration

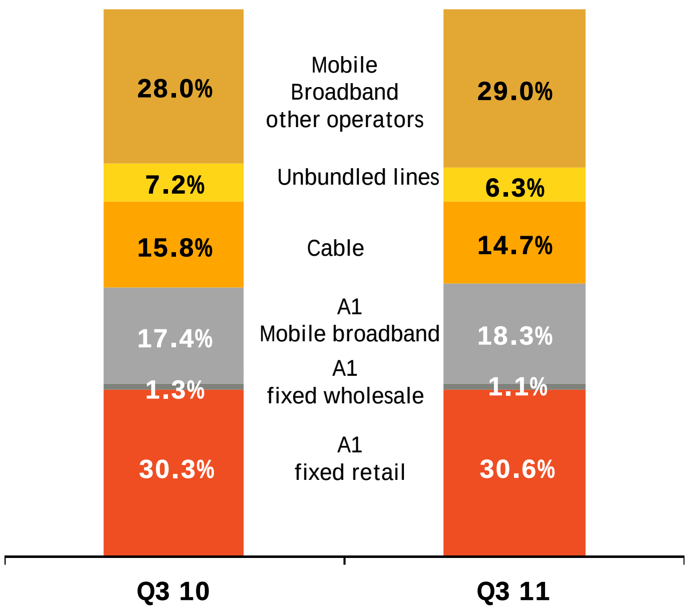
(in %)



Segment Austria – Broadband Market Split

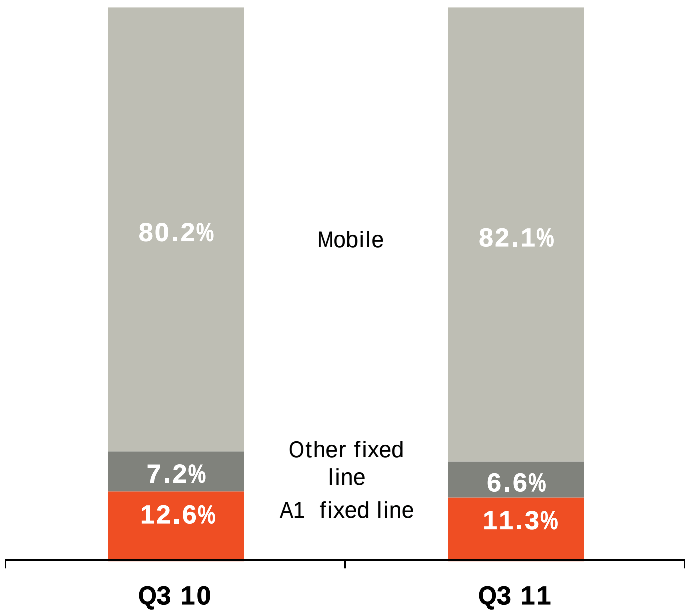
Market Share Broadband Lines

(in %)



Market Share Voice Minutes

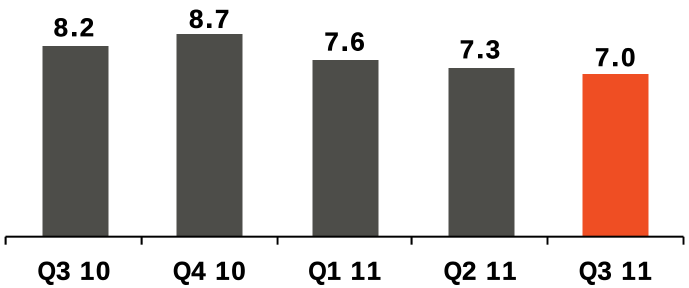
(in %)



Segment Bulgaria – Mobile Key Performance Indicators

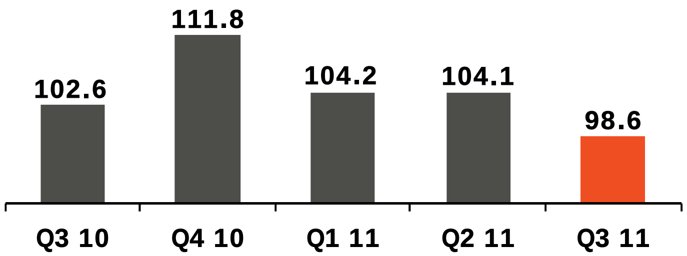
ARPU

(in EUR)



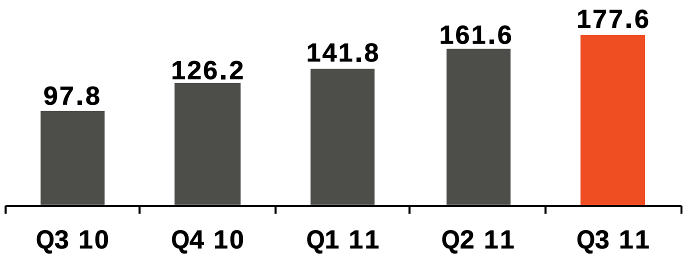
MoU per Subscriber

(in min)



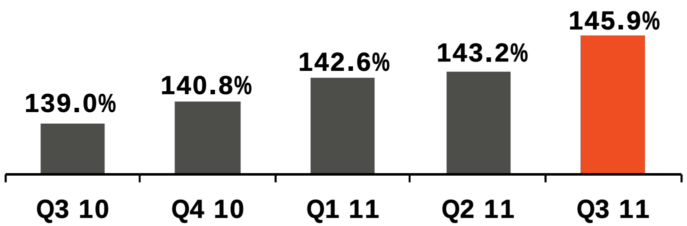
Mobile Broadband Customers

(in 000)



Mobile Penetration

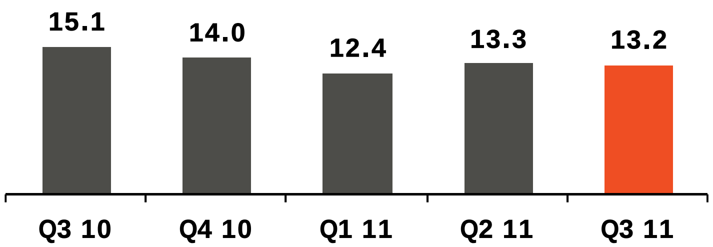
(in %)



Segment Croatia – Mobile Key Performance Indicators

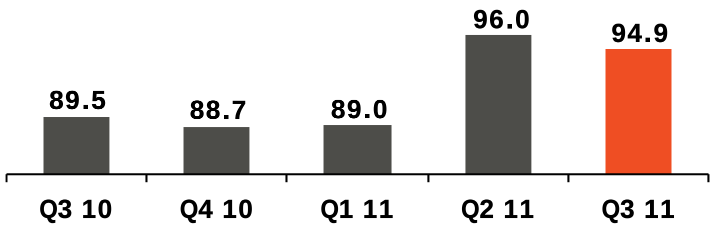
ARPU*

(in EUR)



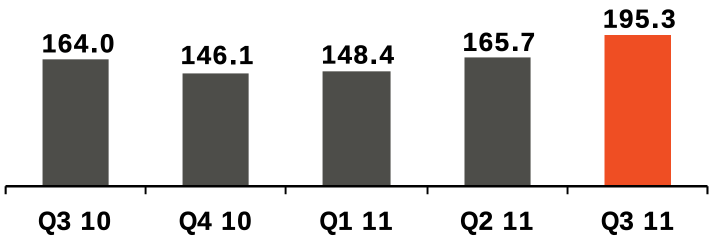
MoU per Subscriber*

(in min)



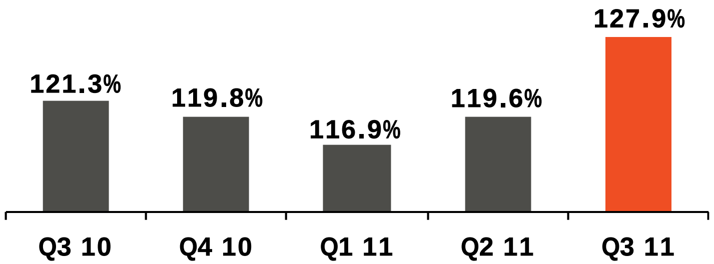
Mobile Broadband Customers*

(in 000)



Mobile Penetration*

(in %)

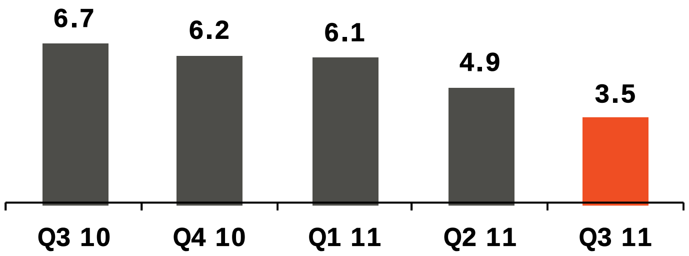


* Due to a new definition on prepaid subscribers, the counting method of active prepaid SIM cards was changed from a 15-month rolling average to a 90 day active methodology. Following this implementation historic KPI's have been restated as of Q1 2010.

Segment Belarus – Mobile Key Performance Indicators

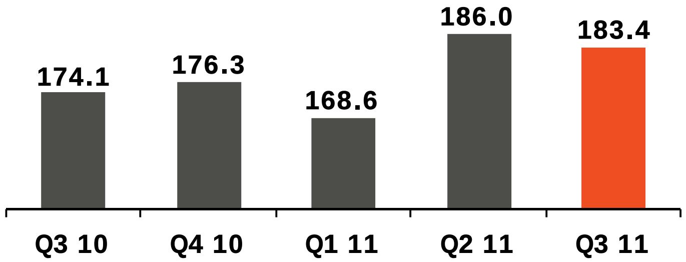
ARPU

(in EUR)



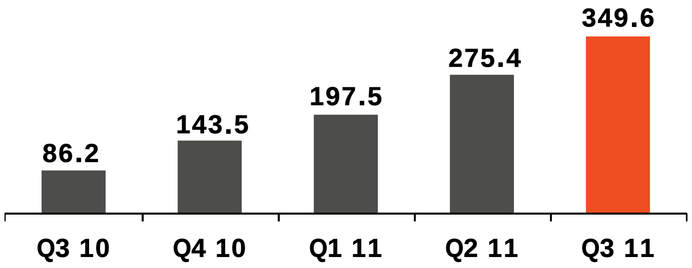
MoU per Subscriber

(in min)



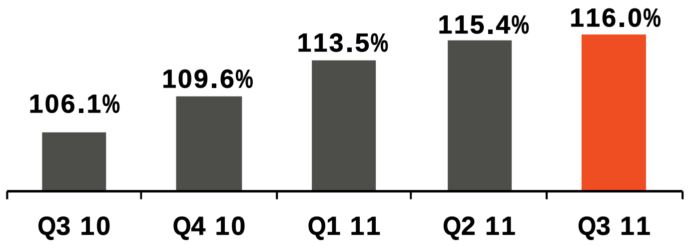
Mobile Broadband Customers

(in 000)



Mobile Penetration

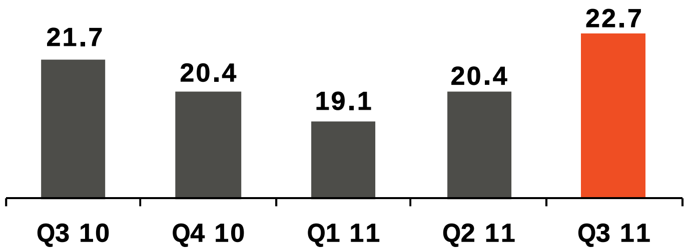
(in %)



Segment Additional Markets – Mobile Key Performance Indicators

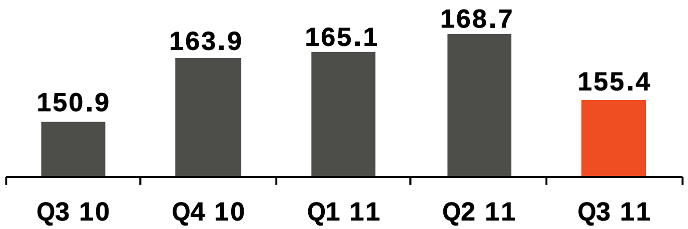
Slovenia - ARPU

(in EUR)



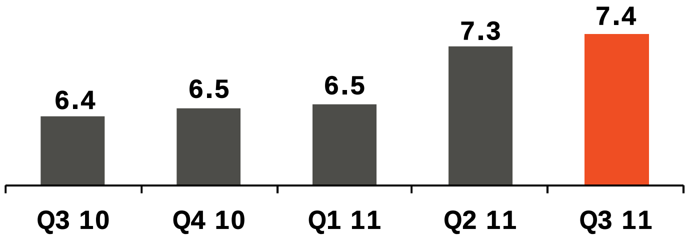
Slovenia - MoU per Subcriber

(in min)



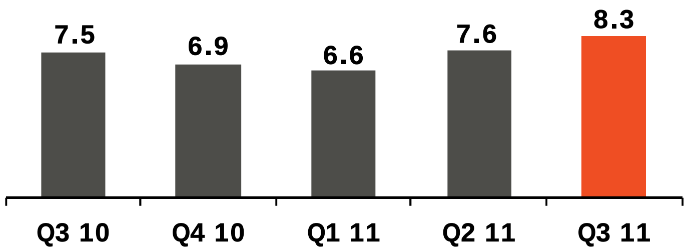
Serbia - ARPU

(in EUR)



Macedonia - ARPU

(in EUR)



Appendix 2 –
Regulatory Topics

Negative Impact of Approx. EUR 175 mn on EBITDA Comparable Expected until 2013*

Key Points

Interconnection	Impact EBITDA comp. 2010 - 2013: EUR -75 mn	Impact EBITDA comp. 2010 -2013: EUR -175 mn
Roaming	Impact EBITDA comp. 2010 - 2013: EUR -100 mn	
Digital Dividend	> EU commission: before January 1, 2013 > Relevance for EU countries & Croatia	Not included in CAPEX guidance
License Prolongations	> 900 MHz and 1800 MHz spectrum > Upcoming issue for Austria, Slovenia and Bulgaria	

*as of December 2010

Glide Path of Mobile Termination Rates

In EUR cents	July 2009	January 2010	July 2010	August 2010	January 2011	June 2011	July 2011	August 2011	January 2012	July 2012	August 2012	January 2013
Austria	4.00	3.50	3.01		2.51	2.01	market analysis during 2011					
Bulgaria	11.76	10.48	6.65 (until next price cap)		market analysis started in Q1 2011-> decision expected in December 2011							
Croatia	9.10	7.60	7.60		5.30							
Slovenia	5.23	4.95	4.66		4.38	4.38	4.09		3.81	3.52		
Macedonia	9.50	9.50		8.80				7.50			6.00	6.00
Serbia	5.15	4.82	4.68 (until next price cap)		not clear when next regulatory decision will take place							

Proposed Glide Path for Bulgaria

(in EUR cents)

Bulgaria									3.32	2.81		2.35

EU-Roaming Glide Path

	July 2009	July 2010	July 2011
Voice			
Wholesale	0.26	0.22	0.18
Retail active	0.43	0.39	0.35
Retail passive	0.19	0.15	0.11
SMS			
Wholesale	0.04	0.04	0.04
Retail	0.11	0.11	0.11
Data			
Wholesale	1.00	0.80	0.50

Appendix 3 –
Personnel Restructuring in Austria

Overview – Restructuring Charges and Provision vs. FTE

Overview Restructuring Charges

(in EUR million)

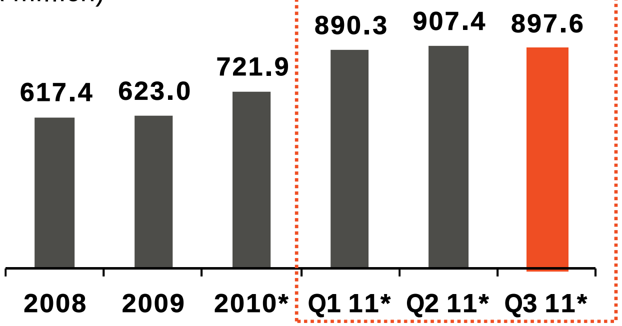
	2008	2009	2010	Q1 2011	Q2 2011	Q3 2011
FTE Effect	632.1	-10.0	76.9	184.1	34.6	6.1
Interest rate adjustments	0.0	27.5	47.2	0.0	0.0	0.0
Total	**632.1**	**17.5**	**124.1**	**184.1**	**34.6**	6.1

FTEs Addressed

	2008	2009	2010	Q1 2011	Q2 2011	Q3 2011
Transfer to government	0	0	158	24	46	10
Social plans	256	451	28	514	63	10
Staff released from work	968	-194	27	0	0	0
Total	**1,224**	**257**	**213**	**538**	**109**	**20**

Overview Restructuring Provision

(in EUR million)



Provisioned FTEs

	2008	2009	2010	Q1 2011	Q2 2011	Q3 2011
Transfer to government	0	0	158	182	228	238
Social plans	14	273	299	781	820	826
Staff released from work	968	789	763	724	694	671
Total	**982**	**1,062**	**1,220**	**1,687**	**1,742**	**1,735**

*Including liabilities for transfer of civil servants to government bodies

Overview – Cash Flow Impact of Restructuring

Overview Cash Flow Impact

(in EUR million)

	Total cash flow impact
2008	14.7
2009	62.0
2010	57.9
Q1 2011	21.5
Q2 2011	22.9
Q3 2011	21.8

- > Total cash flow impact comprises old as well as new programs
- > Total expected cash flow impact for 2011 of EUR 90 - 100 mn

Restructuring – Explanatory Information

- The following factors have to be taken in account when comparing "FTEs Addressed" to "Provisioned FTEs":
  - FTEs of social plans may include receivers of one-time payments such as golden handshakes and can fluctuate due to retirement
  - Number of staff released from work may fluctuate due to permanent reactivation, acceptance of social plans, transfer to government or retirement

- In 2009, the following effects were noticeable:
  - "FTE Effect" of EUR -10.0 mn as income from a reduction of staff released from work outweighed expense for number of new social plans
  - This was overcompensated by interest rate adjustments and resulted in a total restructuring charge of EUR 17.5 mn
  - Social plans included a significant number of FTEs accepting one-time payments

- Previously communicated FTE numbers for 2008 and 2009 were adapted to a unified accounting view