

### Telekom Austria Group Results for the First Nine Months 2003

November 19, 2003

### Cautionary Statement

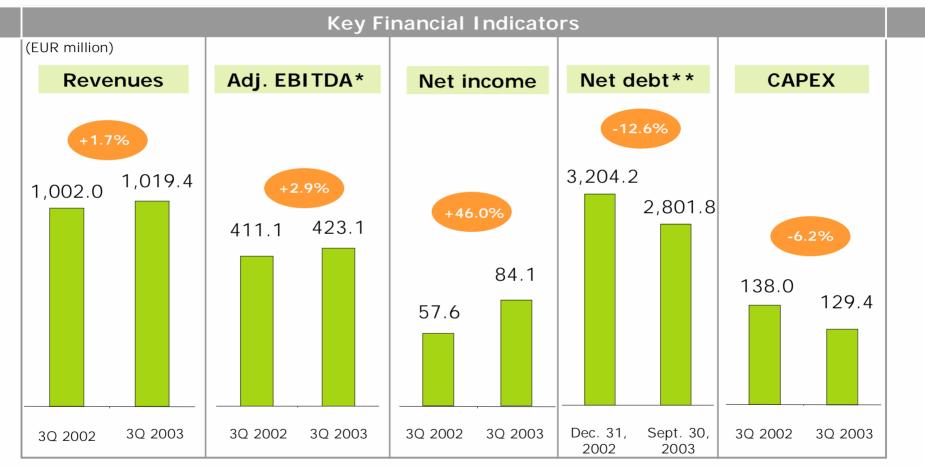
This presentation contains certain forward-looking statements. Actual results may differ materially from those projected or implied insuch forward-looking statements. Forward-looking information involves risks and uncertainties that could significantly affect expected results. These risks and uncertainties 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.

### Key Developments

### Telekom Austria - 3Q 03 Highlights

- Cost cuttings and efficiency gains keep wireline results on track
- Growth in wireless continues in spite of ongoing intense competition in the domestic market
- Net profit rises by 46% due to operating strength, lower minority interests and gain from sale of stake in directory business
- Further decline in net debt; net gearing falls to 105%
- Solid base in 3Q to achieve full-year expectations
- Corporate governance: an audit committee has been established in line with the Sarbanes-Oxley act

#### Telekom Austria – 3Q 03 Results



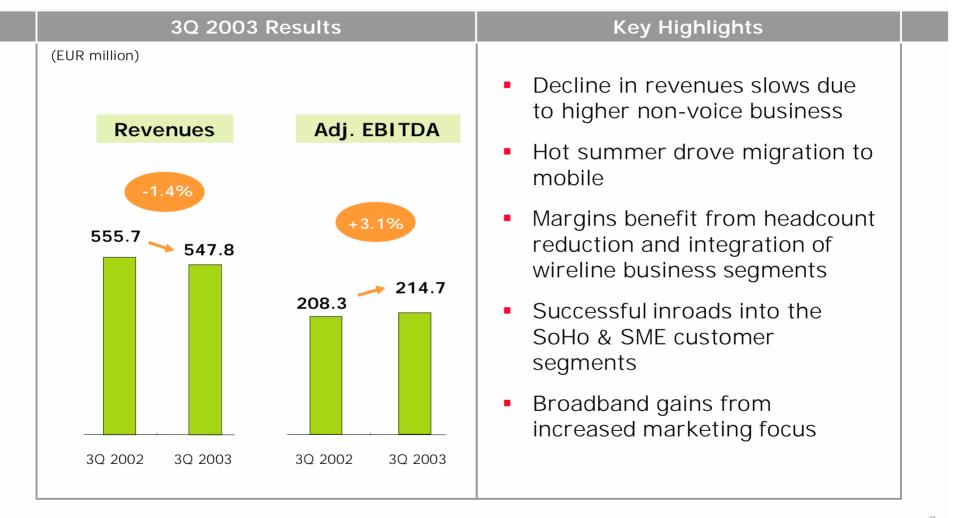
<sup>\*</sup> Adjusted EBITDA is defined as net income excluding interest, taxes, depreciation, amortization, impairment charges, dividend income, equity in earnings of affiliates, other non-operating income/expense, minority interests and the cumulative effect of changes in accounting principle. This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



<sup>\*\*</sup> See slide number 42

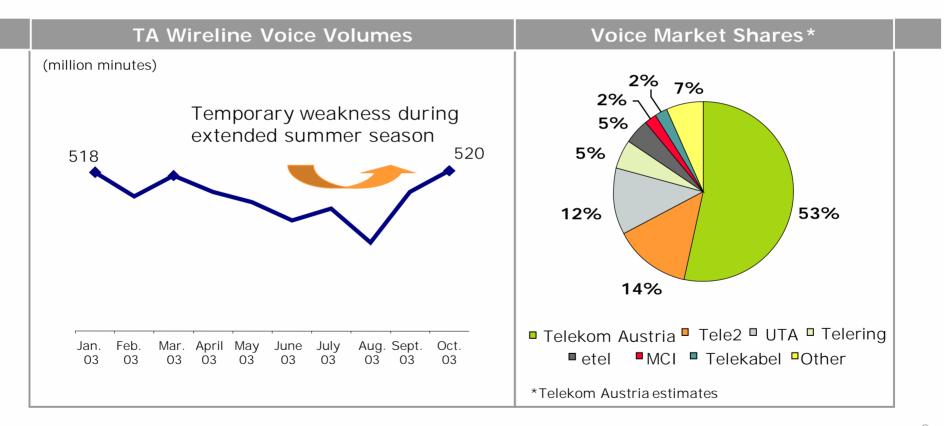
### Wireline

#### Wireline Results 3Q 03

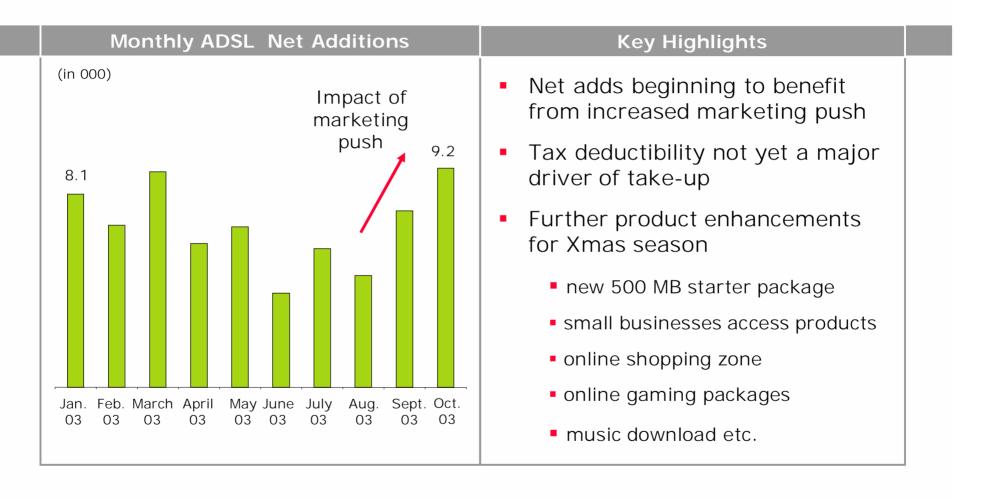


#### Wireline Volumes & Market Position

- Migration into mobile networks and decline in dialup minutes accelerates due to hot summer; volumes pick-up after summer weakness
- Stable market shares



## ADSL Net Adds Rise after a Traditionally Slower Summer



### Wireline Revenue Analysis

	Wirel	ine Revenu	e Split	Comment
(in mio)	555.7		547.8	<ul> <li>Base traffic revenues impacted by lower volumes and price declines</li> </ul>
	120.3 -9.1% 145.9 -3.8%		109.4	<ul> <li>"Monthly rental and others" decline due to reversal of accruals made for voice discounts in 3Q 02</li> </ul>
			140.4	<ul> <li>Data benefits from higher project</li> </ul>
	82.1	+5.5%	86.6	business
	47.5	+4.4%	49.6	<ul> <li>Internet access profits from higher</li> </ul>
	94.0	+6.7%	100.3	subscriber numbers and new
	65.9	-6.7%	61.5	products
	3Q 2002 ned Voice Base ed Voice Mon	e Traffic thly Rental and o	3Q 2003	<ul> <li>Wholesale revenues benefit from higher mobile voice volumes and increased marketing efforts</li> </ul>
■ Wholes		□ Internet Acc ta & Internet & VAS)	ess & Media	<ul> <li>Payphone revenues decline due to lower usage</li> </ul>

#### Communication Offensive in 2003

 Detailed knowledge of customers enabling further focus of markeling efforts on high value accounts

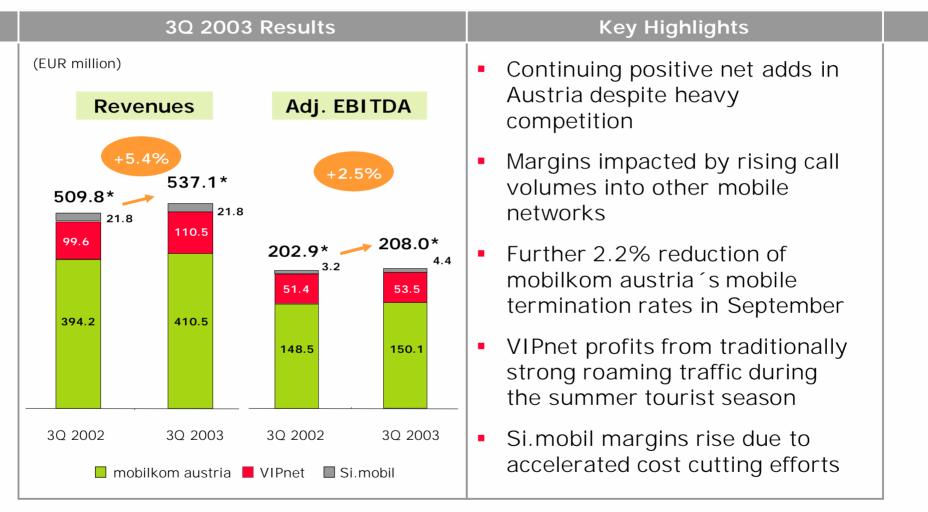
Private & Professional	Soho/Small & Medium	Larger Corporates
Low end ADSL offer with 500MB	<ul><li>Advertorial campaign for business access</li></ul>	<ul> <li>Distribution and marketing roadshows with special focus on:</li> </ul>
ISDN bundle	Advertorial &	'
- 4501	advertisement	Value added
<ul> <li>ADSL gaming bundles</li> </ul>	campaign for XDSL office/secure mail	services
(Microsoft, Playstation II)	omce/secure maii	■ IP telephony
Tiaystation 11)	Tourism offensive	in tolophony
<ul><li>Directory service</li></ul>	(TikTak Business,	<ul><li>IT solutions</li></ul>
campaign (create	Internet availability in	
awareness and	hotel rooms)	E-business
expand features)	PABX initiative	
	- FADA IIIIIative	

### Successful Wireline Marketing Steps

Starting Situation	Campaign	Success
<ul> <li>ADSL/AonSpeed</li> <li>500 MB "entry" product</li> <li>Additional "access" feature</li> </ul>	Print  Sicher Emaller William  Aon Speed  Ann Speed	<ul><li>+40-70% sales growth after only 8 weeks</li><li>No price erosion</li></ul>
<ul> <li>Directory service</li> <li>Increase familiarity</li> <li>Preparation of new services (e.g. SMS)</li> </ul>	Print Radio Outdoor	<ul><li>+14% call volume after one week</li></ul>
<ul> <li>Aon.tv</li> <li>EUR 1 "entry" product</li> <li>Increase subscriber figures</li> <li>Improve image</li> </ul>	■ Direct-mail	After only five days 725 new subscribers
<ul> <li>Key accounts</li> <li>Competition through alternative operators and unbundling</li> <li>Price erosion</li> </ul>	<ul> <li>Positioning of TA as solution provider</li> <li>Joint selling across various distribution channels</li> </ul>	<ul> <li>Several large win-backs in voice, data &amp; IT</li> </ul>

### Wireless

#### Wireless Results 3Q 03

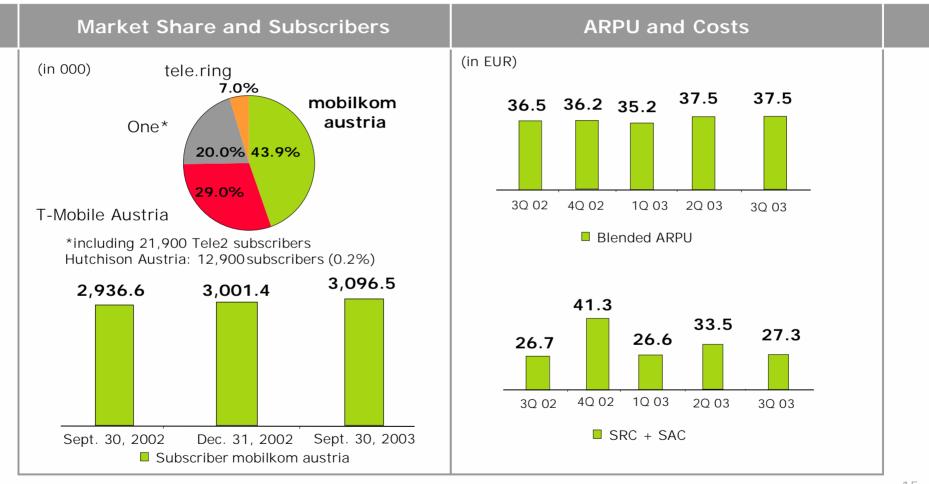




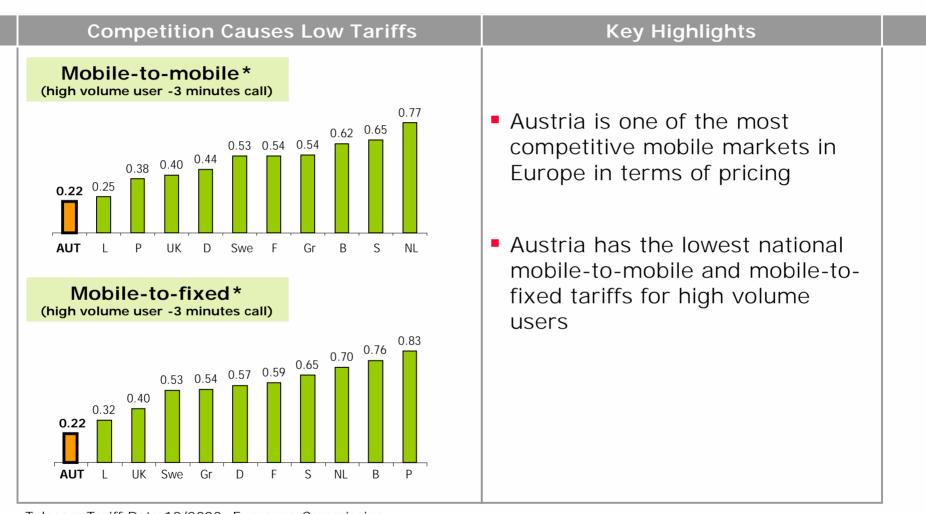


#### Market and Subscribers in Austria

- 30,200 net adds in 3Q 03; further rising contract share
- ARPU rises by 2.7% in line with MoU; increase of SAC stopped



### Competitive Environment in Austria

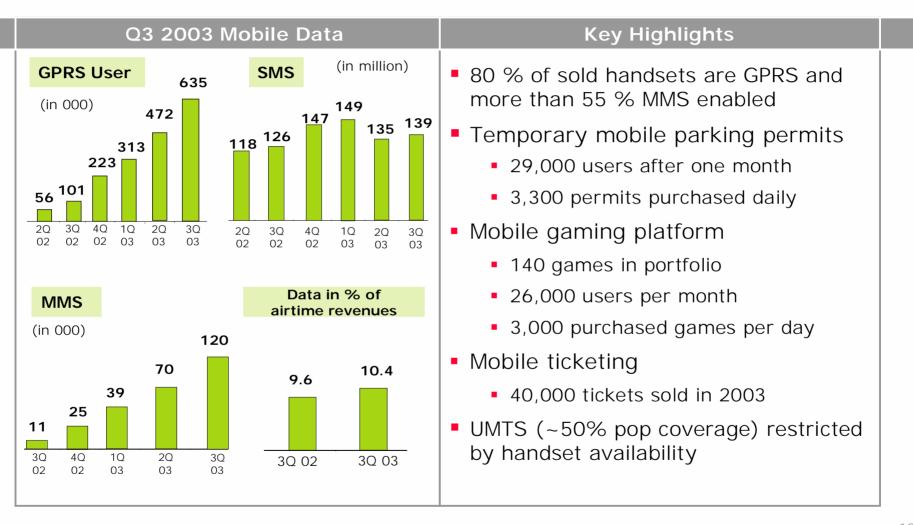




# Accelerating Efficiency to Counter Rising Competition

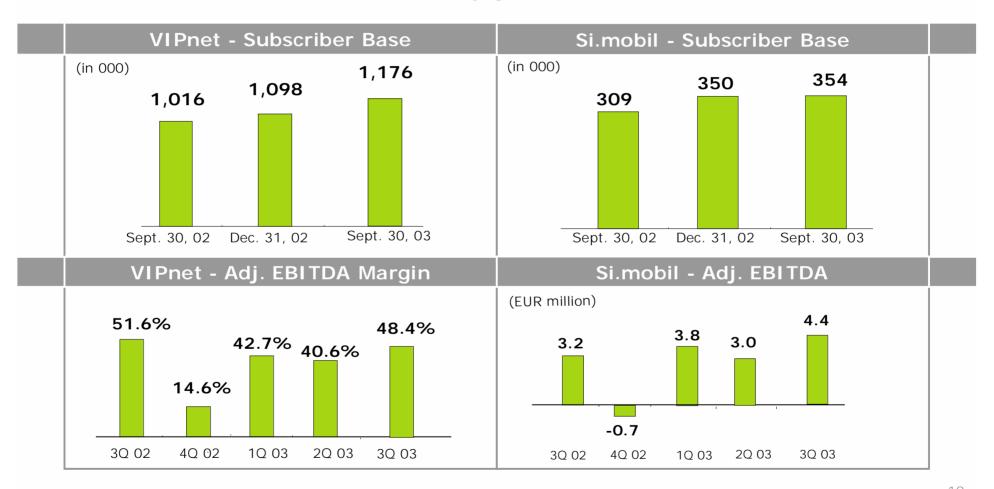
Employee & CAPEX Efficiency	Marketing Efficiency
<ul> <li>Tight headcount management</li> <li>&gt; Relocation into growth segments</li> </ul>	Streamlining of product portfolio
<ul> <li>Tight CAPEX management</li> <li>&gt; Adaptation of UMTS capex to</li> </ul>	<ul> <li>Optimization of customer retention tools</li> </ul>
revenues growth	<ul> <li>Efficient marketing spending</li> </ul>
Dragge Efficiency	Vadafana Caanaratian
Process Efficiency	Vodafone Cooperation
<ul> <li>Consolidation of IT systems</li> <li>&gt; Replacement of cost intensive systems</li> <li>&gt; IT consolidation within the group</li> </ul>	Vodafone Cooperation  Implementation of Vodafone work streams
<ul> <li>Consolidation of IT systems</li> <li>&gt; Replacement of cost intensive systems</li> </ul>	■ Implementation of Vodafone

### Expanding Portfolio of Data Products



#### VIPnet & Si.mobil - 3Q 03 Results

- VIPnet benefiting from subscriber growth and rising roaming revenues
- Si.mobil achieves further efficiency gains



### Financial Overview

#### Telekom Austria 3Q 03 Results

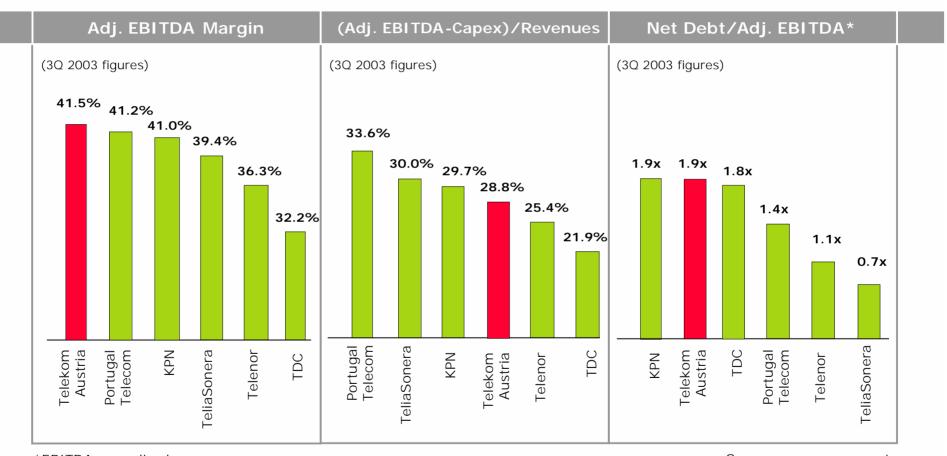
(EUR million)	3Q 2003	3Q 2002	% Change	
Revenues	1,019.4	1,002.0	1.7%	
Adjusted EBITDA	423.1	411.1	2.9%	
Margin	41.5%	41.0%		
Adjusted EBITDA excl. certain items*	437.2	404.8	8.0%	
Operating income	151.4	137.0	10.5%	
Net income	84.1	57.6	46.0%	
Earnings per share (in EUR)	0.17	0.11	46.0%	
Capex	129.4	138.0	-6.2%	
Adjusted EBITDA excl. certain items less capex	307.8	266.8	15.4%	
Net debt (end of period)	2,801.8	3,204.2**	-12.6%	

<sup>\*</sup> excluding changes in idle workforce costs, net loss from retirement of long-lived assets and reversals of voluntary retirement provisions \*\* end of December 2002



### Telekom Austria vs. European Peers

Telekom Austria continues to compare well with its peer group



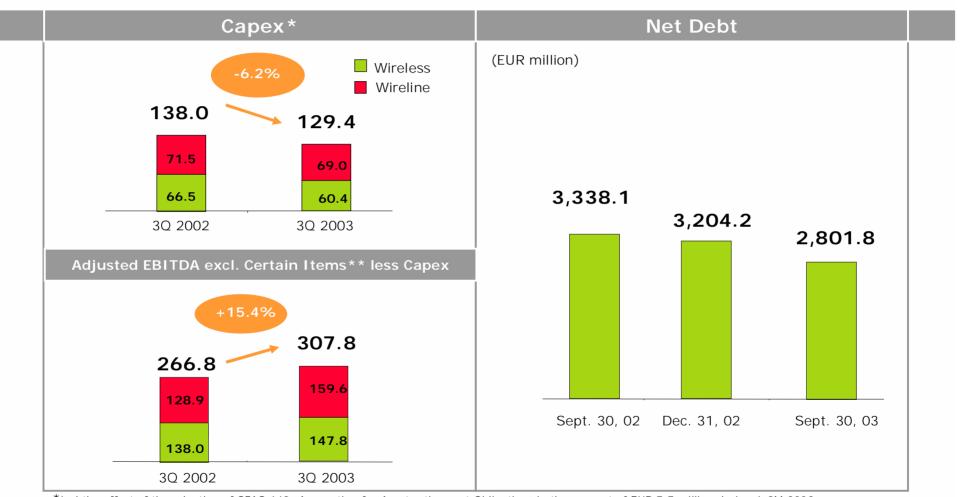
\*EBITDA annualized Source: company reports



### Telekom Austria 3Q 03 Results

(EUR million)	3Q 03	3Q 02	
Adjusted EBITDA	423.1	411.1	Decrease in wireline offset
Depreciation & amortization	-271.1	-274.1	increase in wireless business
Impairment charges	-0.6	-0.0	segment (UMTS license)
Operating income	151.4	137.0	
Non-operating expenses, net	2.5	2.9	Decrease reflects lower net debt
Net interest expense	-39.5	-46.3	Increase due to sale of stake in Herold Business Data
Equity & dividend income	18.4	1.0	Increase reflects expected
Taxes	-48.6	-29.8	full year effective tax rate
Minority interests	-0.1	-7.2	to 36.1%
			Reduction due to higher stake in VIPnet
Consolidated net income	84.1	57.6	Stake III virilet

### Rising Cash Flows Reduce Net Debt



<sup>\*</sup>incl the effect of the adoption of SFAS 143 "Accounting for Asset retirement Obligation" in the amount of EUR 7.7 million during 1-9M 2003.

<sup>\* \*</sup> adjusted EBITDA excluding changes in idle workforce costs, net loss from retirement of long-lived assets and reversals of voluntary retirement provisions



### Outlook

### Outlook for 2003

Wireline	<ul> <li>Reduction in revenues and EBITDA due to decreased market volumes and lower prices</li> </ul>
Wireless	<ul> <li>Increase in revenues and earnings, but at lower growth rates than in prior periods</li> </ul>
Group	<ul> <li>Substantially lower 4Q margins in both segments</li> <li>Stable Group revenues and adjusted EBITDA at least at last year's level</li> <li>Further net debt reduction</li> <li>Expected dividend payment for 2003 in 2004</li> </ul>

## Appendix

### Regulatory Issues

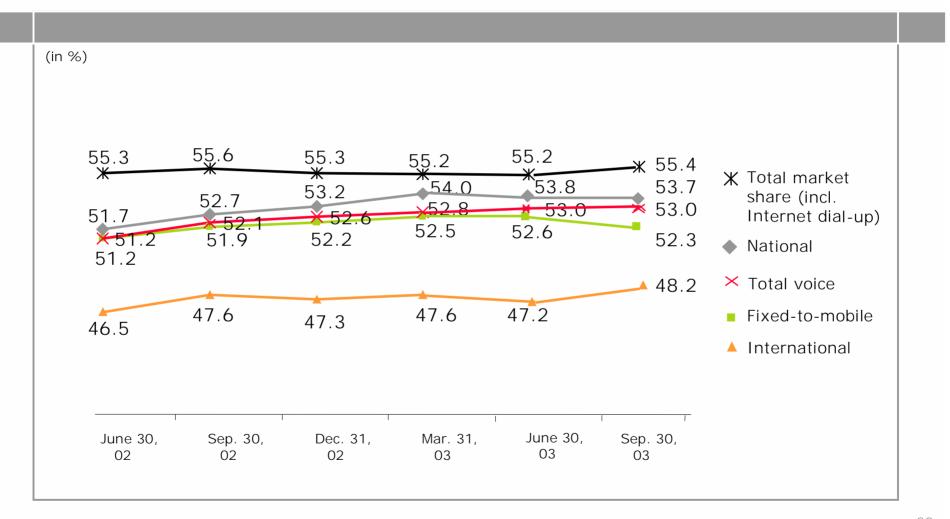
#### **Key Aspects**

- Markets for regulation have been defined; data is now collected in order to assign significant market power (SMP) status depending on effective competition
- Decision about new wireline interconnection rate in 1Q 2004
- Framework for mobile number portability (MNP) has been defined; detailed conditions still need to be stipulated
- Decision on wireline resale of access lines expected in 4Q 2003. Implementation in 2Q 2004 at the earliest

### Wireline - Access Lines

(in thousands)	Sept. 30, 2003	Sept. 30, 2002	% change	
PSTN access lines	2,583.1	2,684.6	-3.8%	
Basic ISDN access lines	443.0	424.8	4.3%	
Multi ISDN access lines	8.0	8.1	-1.5%	
Total access lines	3,034.1	3,117.6	-2.7%	
of these ADSL access lines	232.5	151.6	53.3%	
thereof wholesale lines	45.6	25.5	78.9%	
Total access channels	3,709.6	3,778.4	-1.8%	

#### Fixed Line - Market Shares



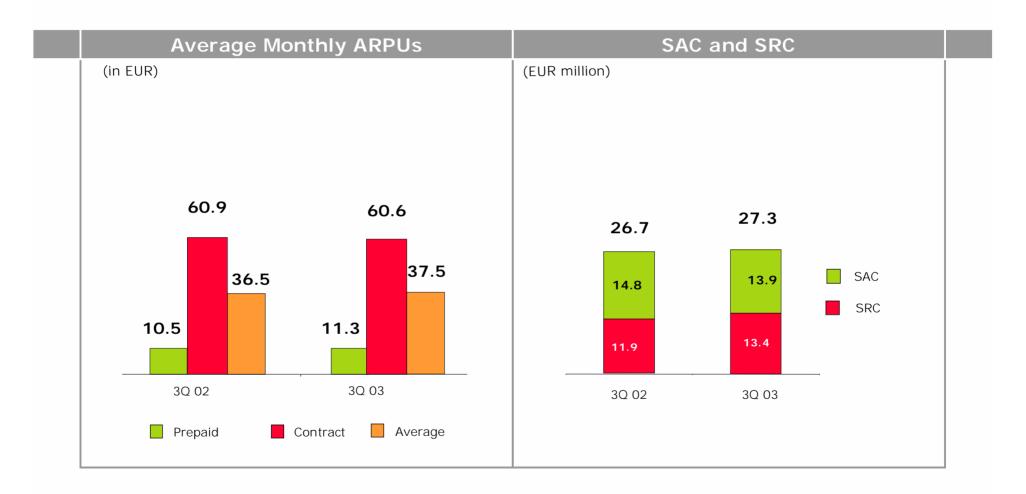
### Wireline - Minutes and average tariffs

(in millions of minutes)	3Q 2003	3Q 2002	% change	
National	1,066	1,120	-4.8%	
Fixed-to-mobile	213	213	0.0%	
International	119	117	1.7%	
Total voice minutes	1,398	1,450	-3.6%	
Internet dial up	892	1,004	-11.2%	
Total wireline minutes	2,290	2,454	-6.7%	
(EUR per minute)	3Q 2003	3Q 2002	% change	
(EUR per minute)  National	3Q 2003 0.043	3Q 2002 0.047	% change -8.5%	
National	0.043	0.047	-8.5%	
National Fixed-to-mobile	0.043 0.185	0.047 0.189	-8.5% -2.1%	

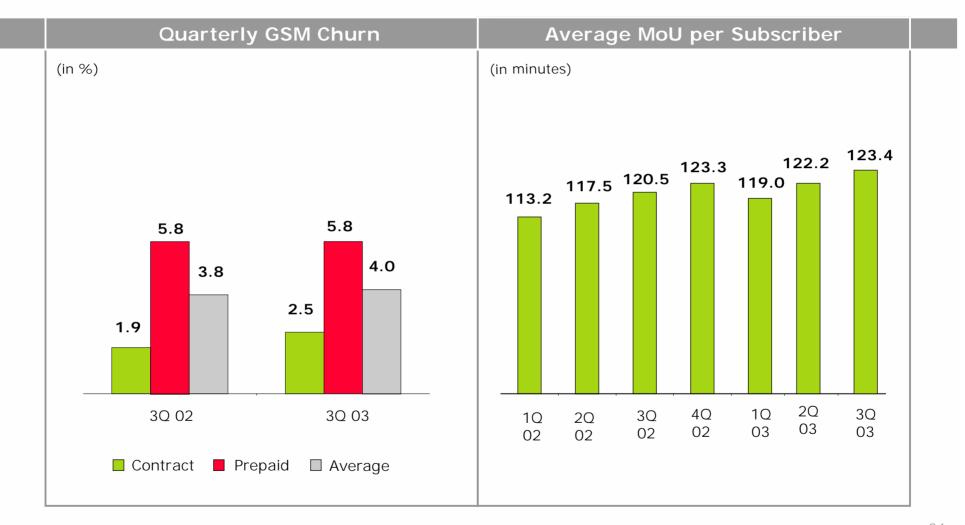
### Mobile Subscribers

Custo	omers ('000s)	Sept. 30, 2003	Sept. 30, 2002	% change	
Aust	ria				
Con	ntract	1,648.6	1,528.4	7.9%	
Pre	paid	1,447.9	1,408.2	2.8%	
Tota	l .	3,096.5	2,936.6	5.4%	
Croa	ıtia				
Con	ntract	186.0	151.8	22.5%	
Pre	paid	990.1	864.0	14.6%	
Tota	I	1,176.1	1,015.8	15.8%	
Slove	enia				
Con	ntract	158.6	135.0	17.5%	
Pre	paid	195.7	174.4	12.2%	
Tota	I	354.3	309.4	14.5%	
Liech	htenstein	2.3	1.8	24.9%	
Tota	I Group	4,629.2	4,263.6	8.6%	

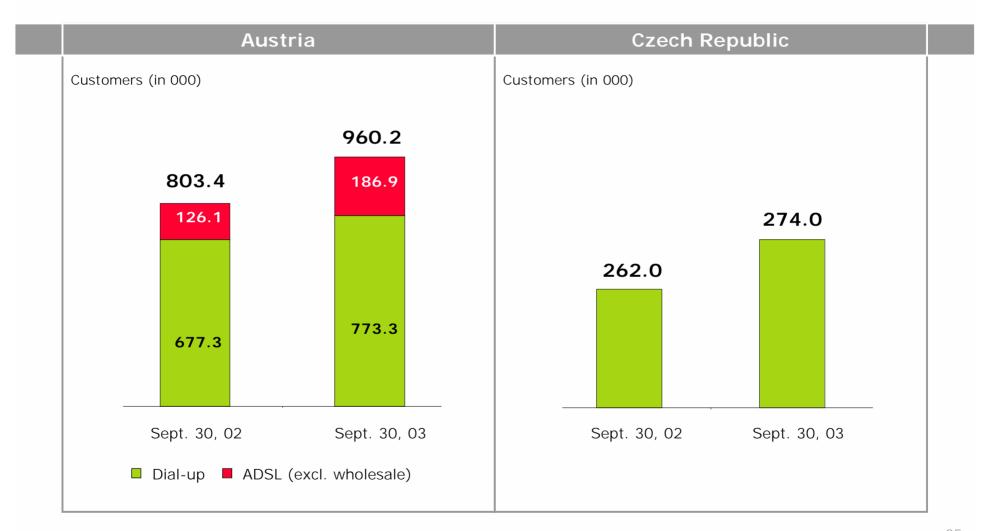
#### mobilkom austria - ARPU and Costs



#### mobilkom austria - Churn, MoU



#### Internet Subscribers



### Headcount\* Development

(average of period)	1-9M 2003	1-9M 2002	Change	
Wireline Wireless Telekom Austria Group	11,135 3,625 <b>14,760</b>	12,406 3,512 <b>15,918</b>	-1,271 113 <b>-1,158</b>	
(end of period)	Sept. 30, 03	Sept. 30, 02	Change	
Wireline Wireless Telekom Austria Group	10,970 3,655 <b>14,625</b>	11,704 3,576 <b>15,280</b>	-734 79 <b>-655</b>	

<sup>\* =</sup> Full-time-equivalents

### Wireline - Revenue Breakdown

(EUR million)	3Q 2003	3Q 2002	% Change	1-9M 2003	1-9M 2002	% Change
Switched voice base traffic	109.4	120.3	-9.1%	342.5	372.7	-8.1%
Switched voice monthly & other voice revenues	140.4	145.9	-3.8%	417.6	415.1	0.6%
Payphones & VAS	19.2	22.9	-16.2%	55.0	62.1	-11.4%
Data & IT-solutions	86.6	82.1	5.5%	249.2	246.4	1.1%
Internet access & media	49.6	47.5	4.4%	145.8	140.3	3.9%
Wholesale voice & Internet	74.8	71.1	5.2%	227.2	228.9	-0.7%
Wholesale data	25.5	22.9	11.4%	77.9	70.3	10.8%
Other	42.3	43.0	-1.6%	116.6	127.6	-8.6%
Total wireline operating revenues	547.8	555.7	-1.4%	1,631.8	1,663.4	-1.9%

### Wireless - Revenue Breakdown

(EUR million)	3Q 2003	3Q 2002	% Change	1-9M 2003	1-9M 2002	% Change
Traffic revenues	291.8	262.8	11.0%	818.5	737.7	11.0%
Monthly rental	74.9	72.6	3.2%	222.1	208.8	6.3%
Equipment	41.5	46.6	-10.9%	114.5	117.9	-2.9%
Roaming	53.6	53.6	0.0%	126.3	128.5	-1.7%
Interconnection	80.8	71.3	13.4%	225.0	205.7	9.4%
Other	-1.1	6.2	-	13.9	24.8	-44.0%
Discounts	-4.4	-3.2	-35.5%	-10.0	-6.6	-50.4%
Total wireless operating revenues	537.1	509.8	5.4%	1,510.3	1,416.8	6.6%

### Operating Revenues by Segment

(EUR million)	3Q 2003	3Q 2002	% Change	
Wireline	547.8	555.7	-1.4%	
Wireless	537.1	509.8	5.4%	
Other & eliminations	-65.5	-63.5	-3.1%	
Total operating revenues	1,019.4	1,002.0	1.7%	

### Adjusted EBITDA\* by Segment

(EUR million)	3Q 2003	3Q 2002	% Change	
Wireline	214.7	208.3	3.1%	
Wireless	208.0	202.9	2.5%	
Other & eliminations	0.4	-0.1	-	
Total adjusted EBITDA*	423.1	411.1	2.9%	

<sup>\*</sup> 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.



### Operating Income by Segment

(EUR million)	3Q 2003	3Q 2002	% Change	
Wireline	21.9	8.1	170.4%	
Wireless	129.0	128.9	0.1%	
Other & eliminations	0.5	0.0	-	
Total operating income	151.4	137.0	10.5%	

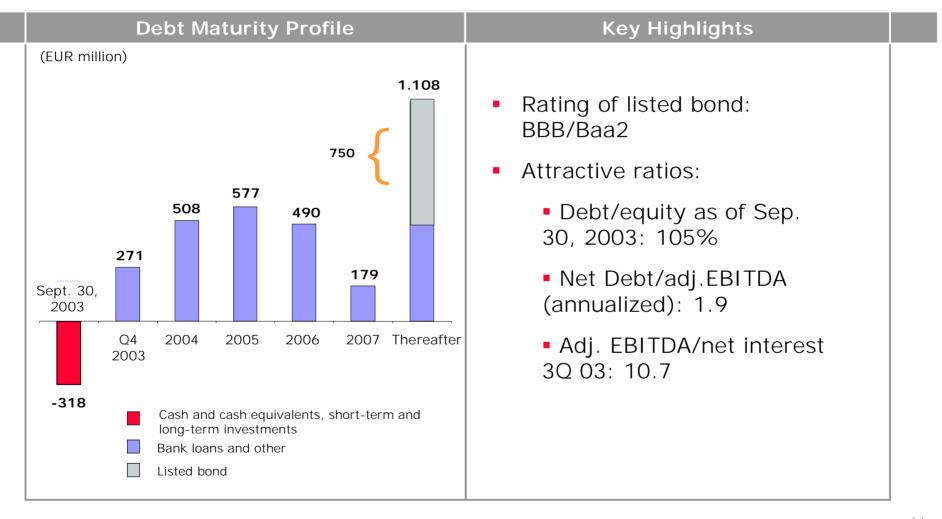
### Capital Expenditures

(EUR million)	3Q 03	3Q 02	% change	
Wireline	69.0	71.5	-3.4%	
Wireless	60.4	66.5	-9.2%	
Telekom Austria Group	129.4	138.0	-6.2%	
mobilkom austria	49.0	46.2	6.0%	
VIPnet	8.9	13.6	-34.7%	
Si.mobil	2.3	6.7	-65.8%	

### Net Debt - Telekom Austria Group

(EUR million)	Sept. 30, 03	Dec. 31, 02
Long-term debt	2,409.2	2,079.9
Short-term debt	825.9	1,309.9
- Short-term portion of capital and cross border lease	-96.5	-107.9
+ Capital lease obligations (short-term and long-term)	2.8	7.3
+ Payables to related parties	0.5	0.4
+ Receiveables from related parties	0.0	-0.1
Cash and cash equivalents, short-term and long-term investments	-317.9	-46.6
Financial instruments, included in other assets	-22.2	-38.7
Net debt of Telekom Austria Group	2,801.8	3,204.2
Shareholders' equity	2,660.5	2,509.5
Net debt/equity	105.3%	127.7%

#### Telekom Austria Debt Maturity Profile



### Adjustments during 3Q 03

EBITDA excluding adjustments	3Q 2003	3Q 2002	% Change
Adjusted wireline EBITDA	214.7	208.3	3.1%
Idle workforce	6.8	3.0	
Net loss of retirement of long-lived assets	9.8	0.7	
Voluntary retirement provision	-2.7	-11.6	
Adjusted wireline EBITDA excl. certain items	228.6	200.4	14.1%
Adjusted wireless EBITDA	208.0	202.9	2.5%
Net loss of retirement of long-lived assets	0.2	1.6	
Adjusted wireless EBITDA excl certain items	208.2	204.5	1.8%
Adjusted Group EBITDA	423.1	411.1	2.9%
Idle workforce costs	6.8	3.0	
Net loss of retirement of long-lived assets	10.0	2.3	
Voluntary retirement provision	-2.7	-11.6	
Adjusted Group EBITDA excl certain items	437.2	404.8	8.0%

## Reconciliation from (total managed) EBITDA to consolidated cash flow

(EUR million)	3Q 03	3Q 02
Adjusted EBITDA (total managed for 1-9M 2002)	423.1	411.1
Wireless adjusted EBITDA 3Q 2002	0.0	0.0
Impairment charges for 2003	-0.6	0.0
Intersegmental eliminations for 2002	0.0	0.0
Adjusted EBITDA consolidated (including impairment charges)	422.5	411.1
Impairment charges	0.6	0.0
Other income net	2.6	3.0
Net interest	-39.5	-46.2
Income from investments	18.4	1.0
Income taxes	-48.7	-29.7
Effect of change in accounting principles	0.0	0.0
Minority interest	0.0	-7.5
Employee benefit obligation - non cash	-11.2	-14.8
Allowance for doubtful accounts	3.5	13.4
change in deferred taxes	33.6	30.6
Dividends from affiliates, greater than (less than) equity in income	0.1	-1.7
Asset retirement obligation - accretion expenses	0.3	0.0
Gain on settlement of ARO	0.0	0.0
Cash from settlement of ARO	-0.5	0.0
Cumulative effect of changes in accounting principle	0.0	0.0
Loss on sales of investments and disposal of equipment	-7.9	4.7
Changes in assets and liabilities, net of effect of business acquired	-103.6	-131.9
Cash generated from operations on consolidated basis	270.2	232.0

## Reconciliation of Total Managed to U.S. GAAP Consolidated Statements of Operations

	Total managed		Recond	iliation	
September 30, 2003 and September 30, 2002 (in EUR millions)	results in 2003 equals consolidated results	Total managed results	Elimination of the results of mobilkom austria	Other Eliminations *	Consolidated results
	2003	2002	2002		2002
Total managed operating revenues	2,951.3	2,899.8	-906.9	116.8	2,109.7
Total managed operating expenses					
Materials	-198.4	-200.1	103.7	-6.2	-102.6
Employee costs, including benefits and taxes	-505.9	-504.3	77.3	0.0	-427.0
Depreciation and amortization incl. impairment charges	-847.1	-825.4	133.2	-0.1	-692.3
Other operating expenses	-1,044.3	-1,015.8	376.8	-110.3	-749.2
TOTAL MANAGED OPERATING INCOME	355.6	354.2	-215.9	0.2	138.5
Total managed other income (expense)					
Interest income	58.7	72.7	-10.9	5.8	67.6
Interest expense	-178.7	-202.5	26.8	-5.8	-181.5
Dividend income	0.3	0.0	0.0	0.0	0.0
Equity in earnings of affiliates	18.9	1.1	0.6	142.7	144.4
Other, net	3.5	3.3	1.1	0.1	4.5
INCOME BEFORE INCOME TAXES AND MINORITY INTERESTS	258.3	228.8	-198.3	143.0	173.5
Income tax expense	-93.2	-57.0	2.7	0.0	-54.3
Minority interests	-3.4	-59.8	5.1	47.5	-7.2
INCOME BEFORE CUMMULATIVE EFFECT OF CHANGES IN ACCOUNTING PRINCIPLE	161.7	112.0	-190.5	190.5	112.0
Cumulative effect of change in accounting principle, net of tax	-6.3	0.0	0.0	0.0	0.0
NET INCOME	155.4	112.0	-190.5	190.5	112.0

<sup>\*</sup> Eliminations required to consolidate mobilkom austria and recognize equity in earnings of mobilkom austria for the period from January 1, 2002 to June 30, 2002.

