TELEKOM AUSTRIA GROUP

Results for the Full Year 2011

Highlights

> Impacts from hyperinflation and foreign exchange volatility overshadow successful measures to counter competitive pressure, regulation and macro-economic developments

> Convergence continues to drive access line growth in Austria and strengthens market positions of Bulgaria and Croatia following acquisitions

> Smartphones and mobile broadband drive ongoing mobile customer growth in most markets

> While reported Group revenues decline by 4.2%, clean figures show an increase by 0.5%

> Reported Group EBITDA comparable declines by 7.2% but remains almost stable in a clean comparison and benefits from Group cost savings of EUR 66.5 million

> Net result on Group level reflects impacts from restructuring charges and impairments due to hyperinflation accounting

> Group Guidance 2012: Revenues approx. EUR 4.4 bn, EBITDA comparable approx. EUR 1.5 bn, Capital expenditures of approx. EUR 0.75 bn and operating Free cash flow of approx. EUR 0.75 bn

> Dividend of EUR 0.38 for 2012

in Mio. EUR	Q4 2011	Q4 2010	% change	1-12 M 2011	1-12 M 2010	% change
Revenues	1,115.9	1,170.8	-4.7%	4,454.6	4,650.8	-4.2%
EBITDA comparable	336.9	353.4	-4.7%	1,527.3	1,645.9	-7.2%
Operating income	-216.4	-38.5	n.a.	-7.6	437.9	n.a..
Net income	-321.5	-61.3	n.a.	-252.8	195.2	n.a..
Earnings per share (in EUR)	-0.72	-0.14	n.a.	-0.57	0.44	n.a.
Free cash flow per share (in EUR)	0.22	0.10	123.3%	1.08	1.46	-25.7%
Capital Expenditures	284.1	320.2	-11.3%	739.0	763.6	-3.2%

in Mio. EUR	Dec. 31, 2011	Dec. 31, 2010	% change
Net debt	3,380.3	3,305.2	2.3%
Net Debt/EBITDA comparable (12 months) excluding restructuring program	2.2x	2.0x	

All financial figures are based on IFRS; if not stated otherwise, all comparisons are given year-on-year. EBITDA comparable is defined as net income excluding financial result, income tax expense, depreciation and amortization, restructuring and impairment charges.

Group Review

Vienna, 23 February 2012 – Today, the Telekom Austria Group (VSE: TKA, OTC US: TKAGY) announced its results for the full year and the fourth quarter 2011 ending 31 December 2011.

The use of automated calculation systems may give rise to rounding differences.

Following the classification of Belarus as a hyperinflationary economy, hyperinflation accounting according to IAS 29 is applied to the financial statements of the Belarusian segment for 2011. This effect is shown in the fourth quarter 2011. Impacts from the inflation of assets are shown as a net effect of the appreciation and the translation into Euro.

Summary

Year-to-Date Comparison:

As a result of severe macro-economic headwinds in most of its major markets, fierce competition and further regulatory cuts of roaming and interconnection tariffs Group revenues declined by 4.2% to EUR 4,454.6 million during 2011. Lower revenues from the Austrian, Bulgarian and Croatian segments were partly mitigated by the strong revenue growth from the Additional Markets segment. In Belarus, a solid operational performance could compensate to a certain degree the negative impact from a 63.2% devaluation of the Belarusian ruble and a challenging macro-economic environment. Moreover, the classification of Belarus as a hyperinflationary economy as a consequence of an inflation rate of 108% by year-end 2011 required the application of hyperinflation accounting for the Belarusian segment, which is fully reflected in the fourth quarter of 2011. The negative net effect of hyperinflation accounting and foreign exchange translations in the Belarusian segment on Group revenues amounted to EUR 213.6 million. Excluding the impacts from foreign exchange translations in all segments and hyperinflation accounting Group revenues increased by 0.5 % to EUR 4,674.6 million.

Group EBITDA comparable, which does not include effects from restructuring and impairment tests, declined by 7.2% to EUR 1,527.3 million during the full year 2011. In the Austrian and Croatian segments strict cost control partly mitigated pressure from declining revenues on EBITDA comparable. In the Bulgarian segment operating expenses increased mainly due to higher bad debt expenses. While the Belarusian segment continues to show a strong operating performance, EBITDA comparable declined due the effect of foreign currency translation, which exceeded the positive impact from hyperinflation accounting. In the Additional Markets segment revenue growth was driven by an increase of customers in all markets and allowed a substantial rise of EBITDA comparable. Excluding the impact from foreign exchange translations in all segments and hyperinflation accounting Group EBITDA comparable declined by 1.6 % to EUR 1,619.6 million.

In 2011 a restructuring charge of EUR 233.7 million for staff reductions was recorded in the Austrian segment. The Bulgarian segment includes an impairment for a brand name in the amount of EUR 19.3 million. Hyperinflation accounting resulted in an increase of the carrying amount of velcom and lead to an impairment charge for goodwill in the amount of EUR 279.0 million in the Belarusian segment. In the Additional Markets segment, a reversal for the impairment of the mobile license in the Republic of Serbia of EUR 49.4 million was recorded and is reported under the item “impairment and reversal of impairment”. With this the impairment of EUR 62.0 million in 2009 was fully reversed to the pre-impairment carrying amount less amortization.

Restructuring as well as impairment and reversal of impairment charges had a material impact on the operating results which declined to a negative amount of EUR 7.6 million. Hyperinflation accounting in the Belarusian segment led also to an increase in depreciation and amortization charges.

The presentation for the conference call and key figures of the Telekom Austria Group in Excel format (“Fact Sheet Q4 2011”) are available on our website at www.telekomaustria.com.

Results for the first quarter 2012 will be announced on 10 May, 2012.

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The financial result increased due to higher foreign exchanges losses following the Belarusian ruble devaluations. All together, net income turned from a net gain of EUR 195.2 million in 2010 to a net loss of EUR 252.8 million in 2011.

Capital expenditures declined by 3.2% to EUR 739.0 million as lower investments in the Austrian and Belarusian segments more than compensated for the rise in the other segments. In the Belarusian segment an amount of EUR 9.6 million is related to the inflation of assets.

Quarterly Comparison:
In the fourth quarter of 2011 Group revenues declined by 4.7% and amounted to EUR 1,115.9 million and included a negative net effect from hyperinflation accounting and foreign exchange translations of EUR 100.1 million in the Belarusian segment. Lower revenues in the Austrian and Bulgarian segments due to pricing pressure were partly offset by the continued strong revenue growth in the Additional Markets segment. In the Croatian segment revenues increased slightly due to the positive contribution from the fixed line business. A strong operational performance in the Belarusian segment, supported by subscriber growth translated into revenue growth of 56.2% in local currency and before hyperinflation accounting adjustments. Excluding the impacts of hyperinflation accounting and foreign currency translation in all segments Group revenues increased by 3.9% and amounted to EUR 1,216.0 million.

Negative EUR 38.9 million net effect from hyperinflation accounting and foreign exchange translations in Belarusian segment on Group EBITDA comparable

Group EBITDA comparable, which does not include effects from restructuring and impairment tests, amounted to EUR 336.9 million, whereof a negative net effect of EUR 38.9 million was related to hyperinflation accounting and foreign exchange translations in the Belarusian segment. The Austrian segment benefitted from further cost cuts and a positive net one-off effect in the amount of EUR 10.5 million, which allowed a growth in EBITDA comparable. In the Bulgarian segments lower revenues translated into a decline of EBITDA comparable while it increased in the Croatian segment due to the contribution of the recently acquired cable operator. In the Belarusian segment reported EBITDA comparable declined, but rose in local currency and before hyperinflation adjustments. The Additional Markets segment showed a further substantial rise in EBITDA comparable.

In the Austrian segment restructuring charges amounted to EUR 8.9 million in the fourth quarter 2011 compared to EUR 98.0 million in the previous year. The Bulgarian segment includes an impairment for a brand name in the amount of EUR 19.3 million. Due to the application of hyperinflation accounting in the Belarusian segment an increase for the carrying amount of velcom was recorded, which led to an impairment for goodwill in the amount of EUR 279.0 million. In the Additional Markets segment, a reversal of the impairment of the mobile license in the Republic of Serbia of EUR 49.4 million was recorded and is reported under the item "impairment and reversal of impairment".

Depreciation and amortization charges increased as a result of the inflation of assets in the Belarusian segment which contributed to the decline in operating results from a negative amount of EUR 38.5 million to a negative amount of EUR 216.4 million.

In the fourth quarter 2011 Group net loss amounted to EUR 321.5 million.

Group capital expenditures amounted to EUR 284.1 million and declined by 11.3 % compared to the fourth quarter of 2010 as a result of lower capital expenditures in the Austrian segment, due to lower investments in the "next generation network" and spectrum acquisitions in 2010. The impact from the inflation of assets in the Belarusian segment on capital expenditures amounted to EUR 9.6 million.

Market Environment

Telekom Austria Group operates in a highly competitive environment both in the fixed line and the mobile communication markets with negative pricing trends visible in all segments. Regulatory burdens, particularly on mobile termination and roaming tariffs, impact negatively domestic as well as international activities. A clear focus on value customer segments, innovative and customer oriented products in both the fixed line and the mobile business are essential for the success of Telekom Austria Group as well as the improvement of productivity and the continuous assessment of cost structures.

In Austria, the Telekom Austria Group offers a broad portfolio of fixed and mobile products as well as convergent bundles. Based on the ongoing demand for bundles, Telekom Austria Group continued its sustainable fixed access line growth in the fourth quarter of 2011. However, the loss of fixed line voice minutes, due to fixed-to-mobile substitution as much as the persistent pricing pressure with a focus on smartphones and mobile data tariffs remain key challenges in the Austrian communication markets.

In CEE, the macro-economic environment continues to affect operations negatively, particularly in Belarus, Croatia and Bulgaria. In Belarus, following the establishment of a floating exchange rate on 14 September 2011, liquidity returned to foreign exchange markets. This allowed Telekom Austria Group to repatriate pent-up cash. Moreover, with inflation reaching 108% by year end 2011, hyperinflation accounting was imposed for Belarus in the fourth quarter 2011. In Croatia a telecom sector specific tax levy remains in place. Whilst this tax was abolished in December 2011 it was reintroduced on 26 January 2012. Smartphones, mobile broadband and convergent product bundles are a key factor of the competitive environment in CEE.

Telekom Austria Group Outlook for Full Year 2012

Several negative external factors continue to shape the market environment of the Telekom Austria Group. The ongoing price pressure and the unabated fixed-to-mobile substitution in Telekom Austria Group's major markets pose key challenges. Furthermore, regulatory burden such as lower roaming charges as well as cuts of national and international mobile termination rates will continue to impact the Group in 2012.

Economic headwinds are anticipated to remain strong in Telekom Austria Group's major markets in the CEE region in 2012. This will continue to impact customer demand and pricing levels. In addition a continuation of increased foreign exchange fluctuations is expected. Belarus, which was classified as a hyperinflation country in 2011, is anticipated to endure high inflation also in 2012.

To mitigate these challenges the management of Telekom Austria Group has introduced a program to intensify the focus on stabilization of the operating free cash flow*. Via clear focus on customer service, innovative and convergent products this program targets revenue generation, operating expense control and capital expenditure efficiency.

For the full year 2012 management expects Group revenues to amount to approximately EUR 4.4 billion. Group EBITDA comparable, which does not include effects from impairment and restructuring tests, is expected to amount to approximately EUR 1.5 billion. Capital expenditures of Telekom Austria Group are anticipated to amount to approximately EUR 0.75 billion and do not include any investments for licenses and spectrum acquisitions. Operating free cash flow* will remain a key priority for Telekom Austria Group's management and is expected to amount to approximately EUR 0.75 billion.

DPS of EUR 0.38 in 2012

For 2012, the management intends to distribute a dividend of EUR 0.38 per share. As of 2013, the payout ratio remains at 55% of free cash flow** to the extent that the dividend does not lead to a deterioration of Group equity.

Maintaining a stable investment grade rating of at least BBB (stable outlook) remains central to the Telekom Austria Group's financial profile.

A leverage corridor of 2.0x – 2.5x Net Debt/EBITDA comparable provides ample flexibility. Potential growth projects will be benchmarked to share buybacks based on the potential cash flow generation per share. Share buybacks will take place if leverage falls below 2.0x Net Debt/EBITDA comparable. A stable business and currency environment remains a prerequisite for share buybacks.

The outlook for the full year 2012 is given on a constant currency basis for all markets of the Telekom Austria Group and without any effects of hyperinflation accounting in the Belarusian segment.

Telekom Austria Group	Outlook 2012 as of 23 February 2012
Revenues	approximately EUR 4.4 bn
EBITDA comparable	approximately EUR 1.5 bn
Capital Expenditures	approximately EUR 0.75 bn
Operating Free Cash Flow*	approximately EUR 0.75 bn
Dividend	DPS of EUR 0.38

* Operating Free cash flow = EBITDA comparable minus capital expenditures in existing business
** Free cash flow = Cash flow from operating activities minus capital expenditures in existing business

Year-to-Date Comparison
Revenues

Revenues

in EUR million	1-12 M 2011	1-12 M 2010	% change
Austria	2,942.1	3,064.2	–4.0%
Bulgaria	527.7	564.5	–6.5%
Croatia	420.7	451.9	–6.9%
Belarus	260.9	343.6	–24.1%
Additional Markets	396.4	321.1	23.5%
Corporate & Holding, Eliminations	–93.1	–94.4	–1.3%
Total	**4,454.6**	4,650.8	–4.2%

In the full year of 2011 Group revenues declined by 4.2% to EUR 4,454.6 million, as higher revenues from the Additional Markets segment partially compensated for lower contributions from the other segments. Following inflation reaching 108% in 2011 and a devaluation of 63.2% of the Belarusian ruble in 2011, Belarus was classified as a hyperinflationary economy in December 2011. Thus hyperinflation accounting has to be applied for the Belarusian segment in 2011 and is fully recognized in the fourth quarter 2011. Excluding the impact of foreign exchange translations in all segments and hyperinflation accounting Group revenues increased by 0.5 % to EUR 4,674.6 million in 2011.

Group revenues include a negative net effect of EUR 213.6 million from hyperinflation accounting and foreign exchange translations in Belarusian segment

In the Austrian segment revenues declined by 4.0% to EUR 2,942.1 million as lower pricing levels and regulatory burdens on mobile termination rates translated into a decline of Monthly Fee and Traffic revenues as well as Interconnection revenues. Despite a 3.3% rise in the mobile subscriber base, revenues were negatively impacted by regulation and the ongoing migration to package tariffs as a result of the fierce competitive environment. Furthermore, the ongoing loss of fixed voice minutes added to the decline, but was partly compensated by continued fixed access line growth following the strong demand for fixed broadband solutions. In 2010, Monthly Fee and Traffic revenues included a negative one-off effect of EUR 10.0 million, which was offset by a positive one-off effect in the same amount recorded in Wholesale (including roaming) revenues. In 2011 Wholesale (incl. roaming) revenues included a one-off in the amount of EUR 19.0 million. Lower tariffs led to a decline of interconnection revenues, which included a negative one-off effect of EUR 10.1 million in 2011. In the full year 2011 Equipment revenues increased as a result of the ongoing strong demand for smartphones and higher priced handsets.

In the Bulgarian segment revenues declined by 6.5% to EUR 527.7 million as a consequence of a laggard domestic economy and a fierce competitive environment, which translated into a decline in usage and lower prices and affected Monthly Fee and Traffic revenues negatively. Furthermore, revenues were negatively impacted by activities aimed to improve collection of outstanding receivables. Other operating income includes warranty payments, which partly compensate for the loss in revenues. Lower Interconnection revenues were caused by regulatory interventions. In the first quarter of 2011 two fiber glass operators were acquired, which have been consolidated in the Bulgarian segment since February 2011. For the full year 2011 total fixed line service revenues amounted to EUR 17.8 million.

In the Croatian segment severe economic headwinds, regulatory burdens as well as strong competition led to a revenue decline of 6.9% to EUR 420.7 million. Monthly Fee and Traffic revenues declined primarily as a result of lower prices. Declining termination rates translated into a reduction of Interconnection revenues. Lower roaming tariffs could not be offset by higher volumes and led to a decline of Wholesale (incl. roaming) revenues. Equipment revenues increased due to a higher number of smartphones sold. In the third quarter of 2011 the acquisition of the Croatia's largest cable operator B.net was finalized. B.net has been consolidated in the Croatian segment since August 2011. Fixed line service revenues amounted to EUR 19.5 million stemming predominantly from services such as fixed line broadband and IPTV services. Foreign exchange translations impacted revenues negatively by an amount of EUR 8.6 million.

In the Belarusian segment revenues declined by 24.1% to EUR 260.9 million in the full year 2011, whereof a negative net amount of EUR 213.6 million resulted from hyperinflation accounting and foreign exchange translations. In local currency and before adjustments for hyperinflation accounting, revenue grew by 38.1% as a result of higher subscriber numbers and strong demand for mobile broadband solutions. Furthermore, three price increases of in total 35.0% supported operating results.

In the Additional Markets segment revenue grew by almost a quarter to EUR 396.4 million. In Slovenia, revenue growth was driven by a rise in subscriber numbers, particularly in the postpaid segment, as well as by the strong demand for smartphones. Subscriber growth and an ongoing increase in usage were the primary drivers for revenue growth in the Republic of Serbia as well as in the Republic of Macedonia.

EBITDA

EBITDA comparable

in EUR million	1-12 M 2011	1-12 M 2010	% change
Austria	972.6	1,032.4	–5.8%
Bulgaria	261.9	298.6	–12.3%
Croatia	134.5	150.5	–10.6%
Belarus	106.6	155.6	–31.5%
Additional Markets	90.4	41.1	120.0%
Corporate & Holding, Eliminations	–38.6	–32.3	19.8%
Total	**1,527.3**	1,645.9	–7.2%

Group EBITDA comparable impacted negatively by EUR 90.0 million due to hyperinflation accounting and foreign exchange translations in the Belarusian segment

In 2011 Group EBITDA comparable declined by 7.2% to EUR 1,527.3 million with higher results from the Additional Markets segment and declines in the Austrian, Bulgarian, Croatian and Belarusian segments. Furthermore, a net amount of EUR 90.0 million from hyperinflation accounting and foreign exchange translations in the Belarusian segment negatively impacted Group EBITDA comparable in 2011. Excluding the impact of hyperinflation accounting and foreign exchange translations in all segments Group EBITDA comparable amounted to EUR 1,619.6 million.

In the Austrian segment a strict focus on cost control softened the impact of lower revenues on EBITDA comparable, which declined by 5.8% to EUR 972.6 million. Cost savings were primarily a result of a reduction in Personnel expenses and lower costs for Maintenance and repair. Lower costs of Services received were driven by reduced roaming costs. Furthermore, costs for Services received included a negative one-off effect of EUR 5.0 million. This one-off increased costs for Services received and is related to the one-off effect recorded in Wholesale (incl. roaming) revenues. Lower mobile termination rates led to a decline in Interconnection expenses, which in addition were reduced by a positive one-off effect of EUR 7.6 million. Material expenses increased due to a higher average price per handset sold. Despite a negative one-off effect in the amount of EUR 3.0 million, Other cost declined.

In the Bulgarian segment EBITDA comparable declined by 12.3% to EUR 261.9 million. A higher Other operating income due to the above mentioned extraordinary effect related to warranty issues could only partly compensate for the revenue decline. Whilst due to strict focus on cost control Mobiltel was able to overcompensate the high costs stemming from the acquisition of the fiber glass operators it could only partly compensate the increase in bad debt provisions. Operating expenses increased by EUR 13.3 million mainly due to higher Material and Personnel expenses as a result of the acquisition of the two fiber glass operators. Interconnection expenses declined as a result of regulatory cuts. Other expenses increased as lower marketing and sales costs were offset by a higher provision for bad debt. The fixed line business contributed EUR 6.2 million to EBITDA comparable in the full year 2011.

In 2011, EBITDA comparable in the Croatian segment declined by 10.6% to EUR 134.5 million. Strict cost savings bolstered the impact of declining revenues on EBITDA comparable, whilst employee expenses increased due to redundancy payments following headcount reductions as well as due to the consolidation of the cable operator B.net since August 2011. A decline in Interconnection expenses, due to regulatory cuts, and lower costs for Services received, due to lower costs for leased lines, as well as a decline in bad debt provisions were the major drivers for the decline of operating expenses. Cable operator B.net contributed with an amount of EUR 4.5 million to EBITDA comparable. In the Croatian segment a negative effect of EUR 2.8 million from foreign exchange translations was recorded in 2011.

In the Belarusian segment EBITDA comparable amounted to EUR 106.6 million, whereof a negative net amount of EUR 90.0 million resulted from hyperinflation accounting and foreign exchange translations. In local currency and before inflation accounting adjustments EBITDA comparable increased by 26.4%, on the back of strict focus on cost control and continued efforts to reduce foreign exchange denominated costs. In the full year 2011, operating expenses increased in local currency mainly driven by revenue related expenses such as Material and Interconnection expenses and roaming costs.

In the Additional Markets segment EBITDA comparable increased strongly by 120.0% to EUR 90.4 million. In Slovenia higher revenues translated into an increase in operating expenses, but allowed a rise in EBITDA comparable by 14.6% to EUR 51.7 million. Operating expenses were driven by higher Material expenses due to the strong demand for smartphones and a rise of Personnel expenses due to higher number of FTE. Interconnection expenses increased due to a rising transit business and higher volumes. Furthermore, higher bad debt provisions were recorded. In the Republic of Serbia and in the Republic of Macedonia higher revenues due to subscriber growth resulted into a rise of EBITDA comparable to EUR 31.5 million and to EUR 6.3 million respectively. A positive effect of EUR 0.5 million from foreign exchange translations was recorded in the Additional Markets segment in 2011.

EBITDA incl. effects from restructuring and impairment tests

in EUR million	1-12 M 2011	1-12 M 2010	% change
Austria	738.9	890.0	–17.0%
Bulgaria	242.6	298.6	–18.8%
Croatia	134.5	150.5	–10.6%
Belarus	–172.4	155.6	n.a.
Additional Markets	139.8	41.1	240.2%
Corporate & Holding, Eliminations	–38.6	–32.3	19.8%
Total	**1,044.7**	1,503.5	–30.5%

EUR 233.7 million restructuring charge in the full year 2011

Group EBITDA incl. effects from restructuring and impairment tests declined by 30.5% to EUR 1,044.7 million in the full year 2011. In the Austrian segment a restructuring charge for staff reduction of EUR 233.7 million was recorded compared to a restructuring charge of EUR 124.1 million in 2010. An amount of EUR 37.2 million was attributable to the transfer of 106 civil servants to the Austrian government and an amount of EUR 237.2 million to the acceptance of social plans by 685 full time employees. Via activities of servicekom a reduction of the restructuring charge by EUR 40.7 million was achieved at year end. In 2010, an impairment of A1 Telekom Austria's subsidiary Mass Response Service GmbH in the amount of EUR 18.3 million was recorded in the Austrian segment. Due to the application of hyperinflation accounting and the increase in the carrying amount of velcom led to an impairment for goodwill in the amount of EUR 279.0 million. The Bulgarian segment includes an impairment charge for a brand name in the amount of EUR 19.3 million. In the Additional Markets segment a reversal for the impairment of the mobile license in the Republic of Serbia of EUR 49.4 million is recorded under the item "impairment and reversal of impairment". With this the impairment of EUR 62.0 million in 2009 was fully reversed to the pre-impairment carrying amount less amortization.

Operating Income

EBIT

in EUR million	1-12 M 2011	1-12 M 2010	% change
Austria	129.7	225.0	–42.3%
Bulgaria	42.3	124.1	–66.0%
Croatia	67.9	82.9	–18.0%
Belarus	–255.2	73.4	n.a.
Additional Markets	43.4	–36.1	n.a.
Corporate & Holding, Eliminations	–35.8	–31.3	14.2%
Total	**–7.6**	437.9	n.a.

In 2011 Group operating income declined from EUR 437.9 million in 2010 to an operating loss of EUR 7.6 million mainly as a result of the EUR 279.0 million impairment in the Belarusian segment as well as the restructuring charge in the Austrian segment. Depreciation and amortization charges increased primarily due to inflation of assets in the Belarusian segment.

Consolidated Net Income

In 2011 net interest expense increased by 3.0% at EUR 199.8 million compared to EUR 194.0 million in 2010. Foreign exchange differences increased to a loss of EUR 43.5 million in 2011 compared to a loss of EUR 1.7 million in 2010 due to the devaluation of the Belarusian ruble. In 2011, net monetary gain from hyperinflation accounting in the amount of EUR 30.4 million is included in foreign exchange differences.

Income before income taxes turned into a loss of EUR 254.5 million mainly due to the above mentioned restructuring and impairment charges. Expenses from income taxes turned from EUR 46.5 million in 2010 to an income tax benefit amounting to EUR 1.7 million in 2011 mainly as a result of write–downs of investments in affiliated companies in single financial statements.

Net income turned from a net gain EUR 195.2 million in 2010 to a net loss of EUR 252.8 million in 2011.

Balance Sheet and Net Debt

In 2011 total current assets increased by 21.8% to EUR 1,751.4 million primarily due to an increase in Cash and cash equivalents by 282.7% to EUR 460.0 million as a result of the operating cash flow generation. Goodwill declined by EUR 13.4% as a result of the impairment in Belarus.

Current liabilities increased by 28.1% to EUR 2,412.0 million mainly due to higher short-term borrowings due to reclassification of maturing long-term debt to short-term debt. Long term debt decreased by 4.6% to EUR 2,934.9 million mainly due to the before mentioned reclassification. Non-current provisions increased by 16.6% to EUR 888.2 million mainly due to the personnel restructuring program in Austria.

Stockholder's equity declined from EUR 1,476.9 million to EUR 883.1 million as of 31 December 2011 mainly due to a negative net income and the payment of dividends.

Net Debt

in EUR million	Dec. 31, 2011	Dec. 31, 2010	% change
Net Debt	3,380.3	3,305.2	2.3%
Net Debt/EBITDA comparable (12 months) excluding restructuring program	2.2x	2.0x	

As of 30 December 2011 Net Debt increased by 2.3% to EUR 3,380.3 million as a result of the issuance of bank debt. Net Debt to EBITDA comparable (last 12 months) increased from 2.0x on 31 December 2010 to 2.2x on 31 December 2011.

Cash Flow

Cash Flow

in EUR million	1-12 M 2011	1-12 M 2010	% change
Cash generated from operations	1,213.3	1,397.5	–13.2%
Cash used in investing activities	–854.8	–616.9	38.5%
Cash used in financing activities	–3.7	–1,388.4	–99.7%
Effect of exchange rate changes	1.3	–2.0	n.a.
Monetary loss on cash and cash equivalents	–16.4	0.0	n.a.
Net increase/decrease in cash and cash equivalents	339.8	–609.9	n.a.

In 2011 cash flow from operations declined by 13.2% to EUR 1,213.3 million compared to EUR 1,397.5 million in the same period of 2010 as a result of a net loss and higher cash outflows from working capital. In 2011 change in working capital was primarily driven by a decline of accounts payables due to a reduction in capital expenditures in end of the fourth quarter 2011.

Cash used in investing activities increased to EUR 854.8 million due to the acquisition of subsidiaries net of cash acquired of two glass fiber operators in Bulgaria of EUR 68.8 million, which was settled in January 2011 and of Croatia's largest cable operator B.net of EUR 66.9 million, which was settled in August 2011. Capital expenditures declined by 3.2% in 2011. Furthermore, net cash inflow of proceeds from sale of investments declined in 2011.

Cash outflow from financing activities amounted to EUR 3.7 million compared to EUR 1,388.4 million in 2010. The cash outflow in 2010 was a result of the repayment of a EUR 500 million Eurobond and other bank debt as well as the payment of a deferred consideration for the remaining 30.0% stake in velcom. Furthermore, in 2011 EUR 755.3 million loans were issued.

As a result of a hyperinflationary economy in the Belarusian segment the monetary loss on cash and cash equivalents amounted to EUR 16.4 million.

Capital Expenditures

Capital Expenditures

in EUR million	1-12 M 2011	1-12 M 2010	% change
Austria	485.1	515.8	–5.9%
Bulgaria	70.5	66.3	6.4%
Croatia	50.5	48.3	4.6%
Belarus	44.9	62.9	–28.5%
Additional Markets	87.9	70.3	25.0%
Corporate & Holding, Eliminations	0.0	0.0	n.a.
Total capital expenditures	**739.0**	763.6	–3.2%
Thereof tangible	592.8	573.0	3.5%
Thereof intangible	146.2	190.6	–23.3%

In the full year 2011 capital expenditures amounted to EUR 739.0 million, whereof an amount of EUR 9.6 million is related to the inflation of assets as a result of the application of hyperinflation accounting. Investments in the Belarusian segment were reduced to mitigate the impact of the devaluation of the Belarusian ruble and the challenging macro-economic environment.

EUR 9.6 million included in Group Capital expenditures due to inflation of assets

In the Austrian segment capital expenditures declined due to lower investments in the next generation network. In 2010 spectrum in the 2.6 GHz band for an amount of EUR 13.2 million was acquired. In the Bulgarian segment capital expenditures increased due to higher investments in the fixed and mobile infrastructure. In the Croatian segment the rise in investments was primarily driven by acquisition of the cable operator. In the Additional Markets segment capital expenditures increased due to higher infrastructure investments in the Republic of Serbia and in Slovenia.

Quarterly Analysis
Segment Austria

Note: Detailed data of the segments are shown in the appendix on page 21

Key Performance Indicators Austria

in EUR million	Q4 2011	Q4 2010	% change
Revenues	752.0	766.9	–1.9%
EBITDA comparable	226.5	219.1	3.4%
EBITDA incl. effects from restructuring and impairment tests	217.5	102.8	111.7%
EBIT	61.2	–68.3	n.a.
Fixed Line Market			
ARPL (in EUR)	32.5	34.0	–4.5%
Total Access Lines ('000)	2,336.2	2,315.0	0.9%
Fixed Broadband Lines ('000)	1,273.4	1,161.0	9.7%
Fixed Line Voice Minutes (in million)	640.5	730.6	–12.3%
Mobile Communication Market			
Mobile Subscribers ('000)	5,271.2	5,105.2	3.3%
Mobile Market Share	40.0%	41.4%	
Mobile Penetration	156.6%	146.7%	
Mobile Broadband Customers	744.9	653.7	13.9%
Average monthly revenue per User (in EUR)	19.2	21.6	–11.2%

Access line growth of 9,600 lines

In the fourth quarter of 2011 the Austrian market remained characterized by an intense competitive environment and the trend towards smartphones and convergent products. Fierce competition led to lower price levels and a continuation of fixed-to-mobile substitution, which resulted in a further loss of fixed voice minutes. Marketing activities focused on the value segment for smartphones and data tariffs while simultaneously reducing handset subsidies compared to the previous year. A strong demand for fixed broadband solutions and convergent offerings translated into fixed access line growth and boosted product bundle sales. Regulatory cuts of roaming and termination rates impacted results negatively.

A higher numbers of no-frills customers and mobile broadband subscriber growth backed the increase in the total mobile subscriber base by 3.3% to almost 5.3 million subscribers in the fourth quarter of 2011. Fixed access lines rose by 9,600 lines, driven by a 9.7% growth of fixed broadband lines. The total number of product bundles increased to more than 1.0 million bundles, while the A1TV subscriber base rose by 31.2% to more than 198,000 customers in the fourth quarter 2011.

In the Austrian segment total revenues declined by 1.9% to EUR 752.0 million. Monthly fee and Traffic revenues saw a reduction by 2.3% to EUR 502.7 million. In the fourth quarter of 2010 Monthly fee and Traffic revenues included a reclassification effect in the amount of EUR 10.3 million, which reduced other OPEX. On a clean basis Monthly fee and traffic revenues declined by 4.2%, which was primarily due to the migration of customers to bundle tariffs, lower roaming tariffs and a 12.3% decline of fixed voice minutes. Mobile service revenues fell by 7.8% primarily as a result of lower prices and the ongoing shift to bundle tariffs. Fixed line service revenues declined by 3.6% to EUR 226.8 million as a higher number of broadband and A1 TV subscribers could only partly compensate for the loss of fixed voice minutes.

Revenues from Data & ICT solutions declined by 9.1% to EUR 55.3 million in the fourth quarter of 2011 as a result of a reduced demand for data cash solutions. Wholesale (including roaming) revenues increased by 42.6% to EUR 60.7 million and include an one-off effect of EUR 19.0 million. On a clean basis Wholesale (including roaming) revenues declined by 2.0% to EUR 41.7 million as higher volumes could not compensate the regulatory cuts of roaming tariffs.

Interconnection revenues declined by 11.0% to EUR 85.2 million as an increase in transit revenues due to higher volumes could only partly mitigate the negative impact from regulation on national and international termination rates. Furthermore, Interconnection revenues include a negative one-off effect in the amount of EUR 1.8 million. In the fourth quarter of 2011 Equipment revenues increased by 14.4% to EUR 45.5 million as a result of a shift towards higher priced handsets which more than compensated for a decline in the number of handsets sold. Decline in other revenues was primarily driven by the sale of A1 Telekom Austria's subsidiary Mass Response Service GmbH in September 2011.

Other operating income declined by EUR 7.5 million to EUR 27.4 million due to lower own work capitalized in the fourth quarter of 2011.

Average revenue per fixed access line (ARPL) declined by 4.5% to EUR 32.5 due to the loss of fixed voice minutes. With respect to the mobile business, blended average revenue per user (ARPU) declined by 11.2% to EUR 19.2 primarily as a result of the migration of existing customers to bundle tariffs and a further decline in termination rates. Furthermore, the increasing number of no-frills customers and the ongoing pricing pressure added to the decline. Data ARPU declined to EUR 6.7 as a higher usage could not fully compensate for lower prices.

EBITDA comparable increased by 3.4% to EUR 226.5 million in the fourth quarter of 2011. This was primarily a result of cost savings of EUR 29.8 million and the above mentioned one-off effect recorded in Wholesale (incl. roaming) revenues. Total one-off effects had a positive net impact of EUR 10.5 million on EBITDA comparable. In the fourth quarter of 2011 cost savings were driven by lower Material expenses, a decline in Maintenance and Repair costs as well as lower Interconnection expenses and Other costs. Material expenses declined by 1.7% to EUR 81.7 million as a result of lower number of handsets sold. Personnel expenses declined modestly by 0.8% to EUR 165.8 million due to a lower headcount partly as a result of the restructuring program. In the fourth quarter of 2011 Interconnection expenses fell by 8.9% to EUR 80.6 million as further cuts in national and international termination rates overcompensated for the increase in volumes. In addition, Interconnection expenses were reduced by a positive one-off of EUR 1.3 million in the fourth quarter of 2011. Strict cost saving measures cut Maintenance and repair costs by 10.5%. Costs for Service received increased by 8.7% to EUR 31.3 million and include a negative one-off of EUR 5.0 million. In the fourth quarter of the previous year costs for Services received included a reclassification effect in the amount of EUR 9.7 million for energy costs, which reduced costs for Services received and increased other OPEX. On a clean basis costs for Services Received declined to EUR 26.3 million as a result of lower roaming tariffs and the sale of Mass Response Service GmbH. Cost for Other Support services increased by 7.8% to EUR 45.2 million to meet short term capacity spikes. Lower marketing and sales cost led to a 12.0% decline of Other costs to EUR 112.3 million despite a negative one-off effect in the amount of EUR 3.0 million in the fourth quarter of 2011.

Mobile subscriber acquisition costs (SAC) declined by 32.0% to EUR 11.9 million due to a stronger focus of marketing activities on special promotions and the premium segment in the fourth quarter of 2011. Mobile subscriber retention costs (SRC) decreased by 18.8% to EUR 22.4 million as a result of lower quantities sold. In the fourth quarter of 2010 both SAC and SRC were impacted by the introduction of the iPhone.

In the fourth quarter of 2011 restructuring charges amounted to EUR 8.9 million compared to EUR 98.0 million in the fourth quarter of 2010 as a result of a transfer of 26 civil servants to government agencies and 98 full-time employees having accepted social plans. For the transfer of civil servants to the government an amount of EUR 10.9 million was recorded, EUR 38.7 million is related to the acceptance of social plans. Furthermore, via activities of servicekom a reduction of the restructuring charge by EUR 40.7 million was achieved at year end. In 2010, an impairment of EUR 18.3 million related to A1 Telekom Austria's subsidiary Mass Response Service GmbH was recorded.

Operating income turned from a loss of EUR 68.3 million to a gain of EUR 61.2 million primarily as a result of a lower restructuring charge and lower depreciation and amortization mainly due to fully depreciated assets.

Segment Bulgaria*

Key Performance Indicators Bulgaria

in EUR million	Q4 2011	Q4 2010	% change
Revenues	132.6	146.9	–9.7%
EBITDA comparable	58.1	71.9	–19.2%
EBITDA incl. effects from restructuring and impairment tests	38.8	71.9	–46.0%
EBIT	–13.9	27.6	n.a.
Mobile Communication Market			
Mobile Subscribers ('000)	5,501.4	5,248.7	4.8%
Mobile Market Share	48.6%	49.6%	
Mobile Penetration	151.4%	140.8%	
Mobile Broadband Customers	192.0	126.2	52.1%
Average monthly revenue per User (in EUR)	7.0	8.7	–19.7%
Fixed Line Market			
ARPL (in EUR)	15.0	0.0	n.a.
Total Access Lines ('000)	128.8	0.0	n.a.
Fixed Broadband Lines ('000)	123.1	0.0	n.a.

* The reported result includes depreciation and amortization of fair value adjustments resulting from past business combinations and therefore may deviate from the result of the single financial statements.

52.1% increase of mobile broadband customers

In the fourth quarter of 2011 the Bulgarian market remained impacted by a weak domestic economy and a fierce competitive environment which led to a decline in pricing levels. To benefit from better market segmentation, Mobiltel successfully launched “bob”, the first no-frills brand in Bulgaria, in November 2011. In the fourth quarter of 2011 marketing activities focused on the launch of “bob” as well as the value customer segment which translated into a rise of contract share within the total subscriber base from 64.2% to 67.4% and a 4.8% increase of total mobile subscribers. Furthermore, strong demand for mobile broadband solutions led to a 52.1% rise in mobile broadband customers. The fixed line business exhibited continued growth due to the strong demand for fixed broadband solutions and convergent offerings.

In the fourth quarter of 2011 revenues in the Bulgarian segment declined by 9.7% to EUR 132.6 million primarily as a result of lower Monthly fee and Traffic revenues. This was due to fierce competition leading to lower prices and a decline in usage as a result of the challenging macro-economic environment. In addition, in the fourth quarter 2010 revenues were positively affected by the higher usage of customers following the delays in billing and collection. Regulatory cuts on roaming rates and lower volumes led to a decline in roaming revenues, which are included in Wholesale (incl. roaming) revenues. Interconnection revenues increased due to revenues generated through fixed line services. Equipment revenues increased due to the demand for smartphones. Revenues from fixed line solutions and services amounted to EUR 5.1 million in the fourth quarter of 2011.

With respect to the mobile business, average revenue per user (ARPU) fell by 19.7% to EUR 7.0 as a result of lower prices and lower volumes. Average revenues per fixed line (ARPL) amounted to EUR 15.0.

The strict focus on cost control allowed Mobiltel to overcompensate the costs related to the acquisition of the fixed line operators. Despite a decline of operating expenses by EUR 1.1 million, intensified revenue pressure translated into a reduction in EBITDA comparable by 19.2% to EUR 58.1 million. The cost reduction primarily stemmed from lower costs for Maintenance and Repair as well as lower Marketing and Sales costs which offset higher Material and Personnel expenses. Material expenses rose due to higher prices for handsets sold and Personnel expenses increased due to a higher number of FTEs as a result of the acquisition of the two glass fiber operators. The two glass fiber operators contributed with an amount of EUR 3.0 million to EBITDA comparable.

In the fourth quarter of 2011 an impairment charge in the amount of EUR 19.3 million for a brand name was recorded. Operating income turned from a positive amount of EUR 27.6 million to a negative amount of EUR 13.9 million.

Segment Croatia*

Key Performance Indicators Croatia

in EUR million	Q4 2011	Q4 2010	% change
Revenues	106.3	105.9	0.4%
EBITDA comparable	30.3	27.6	9.8%
EBITDA incl. effects from restructuring and impairment tests	30.3	27.6	9.8%
EBIT	13.1	10.5	24.7%
Mobile Subscribers ('000)	2,018.0	2,028.1	–0.5%
Mobile Market Share	39.2%	39.0%	
Mobile Penetration	119.9%	118.0%	
Mobile Broadband Customers	170.6	144.8	17.9%
Average monthly revenue per User (in EUR)	12.4	14.0	–11.4%
Fixed Line Market			
ARPL (in EUR)	27.2	0.0	n.a.
Total Access Lines ('000)	143.7	0.0	n.a.
Fixed Broadband Lines ('000)	68.6	0.0	n.a.

* 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. The reported result includes depreciation and amortization of fair value adjustments resulting from past business combinations and therefore may deviate from the result of the single financial statements. As of Q4 2011 calculation method of fixed access lines has been harmonized to Group standards and have been restated as of Q3 2011.

In the fourth quarter of 2011 the Croatian market remained impacted by persistent macro-economic headwinds, regulatory interventions. Furthermore, a highly competitive environment, which led to lower pricing levels, added pressure on the operational performance of Vipnet. Nevertheless, demand for convergent products remained strong which Vipnet addressed with its recently acquired cable operator B.net.

Mobile broadband customer growth of 17.9%

In the fourth quarter Vipnet focused its marketing activities on the value customer segment which resulted in a 8.5% rise in the contract subscriber base. Mobile subscribers declined by 0.5% to more than 2.0 million customers, primarily due to deactivation of inactive pre-paid customers. Ongoing strong demand for mobile broadband led to a 17.9% increase of the mobile broadband customer base.

Revenues increase in the fourth quarter 2011

Despite a challenging environment, revenues in the Croatian segment increased slightly to EUR 106.3 million. This was primarily a result of the EUR 10.0 million contribution from fixed line service revenues. Monthly Fee and Traffic revenues were negatively impacted by a decline in pricing levels which could not be compensated by contract subscriber growth and a higher usage. Roaming revenues increased due to a rise in volumes. Interconnection revenues declined due to further cuts in the mobile termination rates and a decline in usage.

In the mobile business, average revenue per user (ARPU) declined by 11.4% to EUR 12.4 as a result of lower prices as well as lower termination rates. Average revenue per fixed line (ARPL) amounted to EUR 27.2 in the fourth quarter of 2011.

EBITDA comparable rises by 9.8%

In the fourth quarter of 2011 EBITDA comparable increased by 9.8% as a consequence of stable revenues and cost savings in the amount of EUR 2.5 million. Cost savings were primarily driven by lower Material expenses, due to lower quantities sold, stable Interconnection expenses and lower bad debt as well as lower costs for roaming and leased lines. Cable operator B.net contributed with EUR 2.7 million to EBITDA comparable. Operating income increased by 24.7% to EUR 13.1 million.

Segment Belarus*

Key Performance Indicators Belarus

in EUR million	Q4 2011	Q4 2010	% change
Revenues	41.2	90.5	–54.5%
EBITDA comparable	6.9	36.4	–81.0%
EBITDA incl. effects from restructuring and impairment tests	–272.1	36.4	n.a.
EBIT	–312.9	14.5	n.a.
Mobile Subscribers ('000)	4,620.4	4,353.7	6.1%
Mobile Market Share	41.1%	41.9%	
Mobile Penetration	118.8%	109.6%	
Mobile Broadband Customers	453.1	143.5	215.6%
Average monthly revenue per User (in EUR)	3.5	6.2	–43.5%

* The reported result includes depreciation and amortization of fair value adjustments resulting from past business combinations and therefore may deviate from the result of the single financial statements.

With inflation reaching 108% by year end, Belarus was classified as a hyperinflationary economy in December 2011. This lead to the requirement to apply hyperinflation accounting as of the fourth quarter 2011. Starting with the fourth quarter 2011 financial figures were adjusted based on an inflation rate of 108% for 2011 and converted from the Belarusian ruble into Euro with the period end exchange rate of 10,800. The fourth quarter 2010 was not restated.

In the fourth quarter of 2011 the financial and macro-economic environment remained challenging in Belarus. Following the introduction of a free float on 14 September 2011, liquidity returned to foreign exchange markets. The repatriation of cash, which resumed in the third quarter of 2011, continued throughout the fourth quarter of 2011. On a yearly comparison the Belarusian ruble lost 63.2% as of the end of the fourth quarter of 2011.

Strict cost control continues

Despite this highly challenging environment, velcom continued its strong operational performance throughout the fourth quarter of 2011. Efforts continued to reduce costs and capital expenditures as well as to further optimize the tariff and handset portfolios. These efforts were supported by an additional price increase of 22.0% in the fourth quarter 2011 and allowed velcom to partly compensate for the negative impact of the economic environment and the currency devaluation.

The strong operational performance was underlined by a 215.6% rise in the mobile broadband subscriber base. Driven by velcom's focus on the contract segment, the total subscriber base increased by 6.1% to more than 4.6 million subscribers in the fourth quarter of 2011.

Revenue growth of 56.2% in local currency and before inflation adjustments

In the Belarusian segment revenues declined by 54.5% to EUR 41.2 million, whereof a negative amount of EUR 100.1 million was attributable to the net effect of hyperinflation accounting and foreign exchange translations. In local currency and before any adjustments for hyperinflation accounting, revenues increased by 56.2% as subscriber growth, a higher usage and higher prices translated into a rise of Monthly Fee and Traffic revenues. Equipment revenues increased due to the ongoing demand for smartphones and data devices. Furthermore, Interconnection revenues increased due to higher volumes.

Average revenue per user (ARPU) amounted to EUR 3.5. On a local currency basis and excluding effects from hyperinflation accounting ARPU increased by 38.2% due to higher voice and data usage.

EBITDA comparable amounted to EUR 6.9 million in the fourth quarter of 2011, whereof a negative amount of EUR 38.9 million is related to hyperinflation accounting and foreign exchange translations. In local currency and before any hyperinflation accounting adjustments EBITDA comparable increased by 25.9% as a result of higher revenues and a strict focus on cost control. In local currency and before inflation adjustments, operating expenses increased primarily due to higher Material and Personnel expenses as well as maintenance and energy costs. Furthermore Interconnection expenses increased due to higher volumes.

Due to the application of hyperinflation accounting and the following increase in the carrying amount of velcom an impairment charge for goodwill in the amount of EUR 279.0 million was recorded in the Belarusian segment.

In the fourth quarter of 2011 operating income declined to a negative amount of EUR 312.9 million as a result of the above mentioned impairment charge and a higher depreciation and amortization charge due to the inflation of assets. The negative net impact of hyperinflation accounting and foreign exchange translations on EBIT in the Belarusian segment amounts to EUR 341.2 million.

Segment Additional Markets

Slovenia

Key Performance Indicators Slovenia

in EUR million	Q4 2011	Q4 2010	% change
Revenues	50.8	45.0	12.9%
EBITDA comparable	12.6	9.8	28.0%
EBITDA incl. restructuring and impairment test	12.6	9.8	28.0%
EBIT	7.3	4.3	69.7%
Mobile Subscribers ('000)	639.7	618.9	3.4%
Mobile Market Share	29.7%	29.2%	
Mobile Penetration	105.6%	102.7%	
Mobile Broadband Customers	15,935	14,559	9.5%
Average monthly revenue per User (in EUR)	21.4	20.4	4.8%

Si.mobil customer base grows by 3.4%

Despite a highly competitive environment, Si.mobil continued its successful marketing activities with a focus on the value customer segment via attractive smartphone offerings.

In the fourth quarter of 2011 Si.mobil's mobile subscriber base increased by 3.4% to almost 640.000 customer with a rise of Si.mobil's contract share from 71.2% to 74.5%, mobile broadband customers increased by 9.5%.

Revenues increased by 12.9% to EUR 50.8 million as the higher number of subscribers and the rise in contract share translated into higher Monthly Fee and Traffic revenues. Higher equipment revenues which rose due to a higher number of smartphones sold more than compensated for the decline in Interconnection revenues, caused by regulatory cuts.

Average revenue per user (ARPU) increased by 4.8% as growth in the contract subscriber base led to higher fixed fees and airtime revenues in the fourth quarter of 2011.

EBITDA comparable increased by 28.0% to EUR 12.6 million. The rise in operating expenses in the amount of EUR 3.1 million was primarily driven by higher material expenses, due to a higher number of smartphones sold and an increase in bad debt provisions. Interconnection expenses declined due to regulatory cuts in termination rates.

In the fourth quarter of 2011 operating income increased by EUR 3.0 million to EUR 7.3 million.

Republic of Serbia

Key Performance Indicators Republic of Serbia

in EUR million	Q4 2011	Q4 2010	% change
Revenues	38.9	28.0	38.9%
EBITDA comparable	9.9	3.8	159.2%
EBITDA incl. restructuring and impairment test	59.3	3.8	n.a.
EBIT	43.3	–10.1	n.a.
Mobile Subscribers ('000)	1,642.7	1,359.7	20.8%
Mobile Market Share	15.7%	13.7%	
Mobile Penetration	141.3%	134.1%	
Average monthly revenue per User (in EUR)	7.3	6.5	12.4%

In the fourth quarter of 2011 Vip mobile increased its mobile subscriber base by 20.8% to more than 1.6 million customers by focusing on contract share growth as well as on the mobile broadband segment.

Mobile subscriber base grows to more than 1.6 million customers

ARPU rises by 12.4%

Revenues continued to increase markedly by 38.9% to EUR 38.9 million and were primarily driven by higher Monthly Fee and Traffic revenues as well as Interconnection revenues due to the rise in the subscriber base and higher volumes. Foreign exchange translation positively impacted revenues by an amounted of EUR 1.6 million in the fourth quarter of 2011. Average revenue per user (ARPU) increased by 12.4% to EUR 7.3 as a result of contract subscriber growth and a higher usage.

Operating expenses increased by 20.4% to EUR 31.1 million due to higher Material and Interconnection expenses, as a result a of higher number of data devices sold and a higher subscriber base as well as higher volumes. In the fourth quarter of 2011 EBITDA comparable increased to EUR 9.9 million.

In the fourth quarter of 2011 a reversal for the impairment in the amount of EUR 49.4 million for the Serbian mobile license was recorded. With this the impairment of EUR 62.0 million in 2009 was fully reversed to the pre-impairment carrying amount less amortization.

Operating income turned from a negative amount of EUR 10.1 million to a positive amount of EUR 43.3 million in the fourth quarter of 2011.

Republic of Macedonia

Key Performance Indicators Republic of Macedonia

in EUR million	Q4 2011	Q4 2010	% change
Revenues	14.1	10.2	38.1%
EBITDA comparable	5.2	–2.2	n.a.
EBITDA incl. restructuring and impairment test	5.2	–2.2	n.a.
EBIT	–3.5	–4.7	–24.3%
Mobile Subscribers ('000)	566.6	442.2	28.1%
Mobile Market Share	24.9%	19.9%	
Mobile Penetration	111.0%	108.2%	
Average monthly revenue per User (in EUR)	7.4	6.9	6.7%

In the fourth quarter of 2011 Vip operator increased its mobile subscriber base by 28.1% to more than 566,000 subscribers. Vip operator reinforced its position as second largest operator on the market by increasing it's market share from 19.9% to 24.9%.

Vip operator's market share up to 24.9%

Revenues exhibited strong growth and increased by 38.1% to EUR 14.1 million. A higher mobile subscriber base and an increase in volumes translated into higher Monthly Fee and Traffic revenues as well as Interconnection revenues. Average revenue per user (ARPU) increased by 6.7% to EUR 7.4.

Strong EBITDA comparable growth in the fourth quarter 2011

EBITDA comparable grew to EUR 5.2 million in the fourth quarter of 2011 compared to a negative amount of EUR 2.2 million in the previous year. A 23.5% reduction in operating expenses was primarily driven by lower Material expenses, due to lower handsets sold and a decline in Other costs, due to a reversal of accrued expenses.

Operating loss improved to EUR 3.5 million in the fourth quarter of 2011.

Consolidated Net Income

In the fourth quarter of 2011 depreciation and amortization charges increased by 7.2% mainly as a result of the inflation of the Belarusian segment assets. Financial result declined by 2.1% to a negative amount of EUR 44.0 million. While net interest expenses increased by 10.3% to EUR 50.4 million, foreign exchange differences amounted to a gain of EUR 7.0 million in the fourth quarter of 2011. This was primarily a result of a gain on monetary items due to application of hyperinflation accounting in the Belarusian segment.

Income tax expense amounted to a tax benefit of EUR 22.1 million in the fourth quarter of 2010 and turned into an income tax of EUR 61.1 million in the fourth quarter of 2011. Consequently, net loss amounted to EUR 321.5 million in the fourth quarter of 2011 compared to a net loss of EUR 61.3 million in the previous year.

Cash Flow and Capital Expenditures

Cash Flow

in EUR million	Q4 2011	Q4 2010	% change
Cash flow from operations	378.6	363.1	4.3%
Cash flow from investing	–283.4	–391.9	–27.7%
Cash flow from financing	33.3	–678.2	n.a.
Effect of exchange rate changes	29.2	0.7	n.a.
Monetary loss on cash and cash equivalents	–16.4	0.0	n.a.
Net increase/decrease in cash and cash equivalents	**141.3**	–706.2	–120.0%

Cash flow from operations improves to EUR 378.6 million

In the fourth quarter of 2011 cash flow from operating activities amounted to EUR 378.6 million as a result of an increase in working capital. In 2011, change in working capital was primarily driven by an increase in accounts payable due to increased investments at the end of the fourth quarter as well as a decline of accounts receivables.

Cash outflow from investing activities declined to EUR 283.4million in the fourth quarter of 2011 mainly due to higher proceeds from the sale of investments due to termination of cross board lease agreements as well as a decline in capital expenditures. Furthermore, a higher increase in short term investments was recorded in the fourth quarter of 2011 than in the previous year.

Cash flow from financing activities turned from an outflow of EUR 678.2 million in the fourth quarter of 2010 to an inflow of EUR 33.3 million in the fourth quarter of 2011. This was primarily driven by the settlement of the deferred consideration for the remaining 30% stake of velcom in 2010.

In the fourth quarter 2011 a monetary loss on cash and cash equivalents of EUR 16.4 million was recorded due to the hyperinflation in Belarus.

Capital Expenditures

in EUR million	Q4 2011	Q4 2010	% change
Austria	166.5	225.4	–26.1%
Bulgaria	22.2	24.5	–9.6%
Croatia	24.7	11.1	122.6%
Belarus	30.6	32.1	–4.8%
Additional Markets	40.2	27.2	47.8%
Corporate & Other, Eliminations	0.0	0.0	n.a.
Total capital expenditures	**284.1**	**320.2**	**–11.3%**
Thereof tangible	224.5	233.2	–3.7%
Thereof intangible	59.6	87.1	–31.6%

Total capital expenditures declined by 11.3%

In the fourth quarter of 2011 capital expenditures declined by 11.3% to EUR 284.1 million. An amount of EUR 9.6 million is related to the effect of hyperinflation accounting in the Belarusian segment. Furthermore, strict focus on operating efficiency led to a reduction of capital expenditures in the Belarusian segment.

In the Austrian and in the Bulgarian segment capital expenditures declined due to lower fixed and mobile infrastructure investments in the fourth quarter of 2011. In the Croatian segment investments increased due to the acquisition of the cable operator B.net. Higher mobile infrastructure investments in the Republic of Serbia and in the Republic of Macedonia led to a rise of capital expenditures in the Additional Markets segment.

Additional Information

Personnel

Headcount up by 714 full-time employees due to acquisition of fixed line operators in Bulgaria and Croatia

The total number of employees of the Telekom Austria Group increased by 714 to 17,215 employees by the end of December 2011 compared to the same period of the previous year. The increase in the number of employees emerged from higher workforces in the Bulgarian and Croatian segments which in both countries were triggered by the acquisition of fixed line operators. The workforce in the Austrian segment decreased by 425 to 9,292 full-time equivalents by the end of December 2011.

Other and Subsequent Events

On 19 January 2012 the rating agency Moody's Investors Service downgraded the long-term rating of Telekom Austria AG from A3 to Baa1 (stable outlook). Telekom Austria AG's short-term issuer rating of P-2 was confirmed by Moody's Investors Service.

On 19 January 2012 RPR Privatstiftung, Vienna, reported that it directly and indirectly held 20.118% of the shares of Telekom Austria AG.

On 30 January, 2012 the Croatian government announced the reintroduction of the 6% tax on revenues from mobile network services as of January 26, 2012. The tax is expected to remain in force until Croatia joins the European Union.

On 3 February 2012 the company reached an agreement with Orange Austria Telecommunication GmbH to acquire assets comprising base stations, frequencies, the mobile operator YESSS! Telekommunikation GmbH and certain intangible property rights for a total amount of up to EUR 390.0 million. The transaction is contingent upon the approval of the regulator and competition authority.

Waiver of Review

This financial report of the Telekom Austria Group contains quarterly results which were not audited nor reviewed by a certified public accountant.

Condensed Consolidated Financial Statements Telekom Austria Group

Condensed Consolidated Statements of Operations

in EUR million, except per share information	Q4 2011 unaudited	Q4 2010 unaudited	1-12 M 2011 audited	1-12 M 2010 audited
Operating revenues	1,115.9	1,170.8	4,454.6	4,650.8
Other operating income	26.5	34.6	100.4	89.2
Operating expenses				
Materials	−137.9	−133.4	−442.0	−403.6
Employee expenses, including benefits and taxes	−205.6	−205.3	−805.0	−806.8
Other operating expenses	−462.1	−513.2	−1,780.6	−1,883.7
EBITDA comparable	**336.9**	353.4	**1,527.3**	1,645.9
Restructuring	−8.9	−98.0	−233.7	−124.1
Impairment and reversal of impairment	−248.9	−18.3	−248.9	−18.3
EBITDA incl. effects from restructuring and impairment tests	**79.1**	237.0	**1,044.7**	1,503.5
Depreciation and amortization	−295.5	−275.6	−1,052.4	−1,065.6
Operating income (loss)	**−216.4**	−38.5	**−7.6**	437.9
Financial result				
Interest income	5.7	3.3	16.9	13.1
Interest expense	−56.1	−48.9	−216.8	−207.1
Foreign exchange differences	7.0	3.2	−43.5	−1.7
Other financial result	−0.7	0.1	−4.5	0.2
Equity in earnings of affiliates	0.2	−2.4	1.1	−0.8
Earnings before income taxes	**−260.4**	−83.4	**−254.5**	241.6
Income taxes	−61.1	22.1	1.7	−46.5
Net Result	**−321.5**	−61.3	**−252.8**	195.2
Attributable to:				
Owners of the parent	−320.7	−61.1	−252.0	195.4
Non-controlling interests	−0.8	−0.2	−0.8	−0.2
Basic and fully diluted earnings per share	**−0.72**	−0.14	**−0.57**	0.44
Weighted-average number of ordinary shares outstanding	**442,563,969**	442,563,969	**442,563,969**	442,563,969

Condensed Statement of Comprehensive Income

in EUR million	Q4 2011 unaudited	Q4 2010 unaudited	1-12 M 2011 audited	1-12 M 2010 audited
Net Result	**−321.5**	−61.3	**−252.8**	195.2
Unrealized result on securities available-for-sale	0.0	0.0	−0.6	0.4
Income tax (expense) benefit	0.0	0.0	0.2	−0.1
Realized result on securities available-for-sale	0.0	0.0	0.0	0.0
Income tax (expense) benefit	0.0	0.0	0.0	0.0
Unrealized result on hedging activities	−2.7	1.8	−27.4	8.3
Income tax (expense) benefit	0.7	−0.5	6.8	−0.8
Foreign currency translation adjustment	428.1	20.2	−5.1	−8.3
Income tax (expense) benefit	−6.3	0.0	0.0	0.0
Other comprehensive income (loss)	**419.7**	21.6	**−26.1**	−0.5
Total comprehensive income (loss)	**98.2**	−39.7	**−278.9**	194.7
Attributable to:				
Owners of the parent	99.0	−39.5	−278.1	194.9
Non-controlling interests	−0.8	−0.2	−0.8	−0.2

Condensed Consolidated Statements of Financial Position

in EUR million	Dec. 31, 2011 audited	Dec. 31, 2010 audited
ASSETS		
Current assets		
Cash and cash equivalents	460.0	120.2
Short-term investments	166.0	127.6
Accounts receivable - trade, net of allowances	708.3	772.2
Receivables due from related parties	0.1	0.1
Inventories	157.7	150.2
Prepaid expenses	130.3	128.4
Income tax receivable	40.6	40.7
Non-current assets held for sale	0.1	0.0
Other current assets	88.3	98.3
Total current assets	**1,751.4**	**1,437.7**
Non-current assets		
Investments in associates	3.7	4.3
Financial assets long-term	13.9	90.4
Goodwill	1,289.7	1,489.2
Other intangible assets, net	1,619.3	1,718.1
Property, plant and equipment, net	2,462.2	2,549.0
Other non-current assets	34.5	31.2
Deferred tax assets	273.9	235.8
Receivables due from related parties, finance	0.1	0.1
Total non-current assets	**5,697.4**	**6,118.1**
TOTAL ASSETS	**7,448.8**	**7,555.8**
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Short-term borrowings	–1,014.2	–506.7
Accounts payable - trade	–642.2	–678.7
Current provisions and accrued liabilities	–311.6	–258.0
Payables to related parties	–9.8	–13.1
Income tax payable	–41.3	–41.7
Other current liabilities	–226.5	–221.9
Deferred income	–166.5	–163.0
Total current liabilities	**–2,412.0**	**–1,883.0**
Non-current liabilities		
Long-term debt	–2,934.9	–3,077.2
Lease obligations and Cross Border Lease	–0.1	–13.9
Employee benefit obligation	–129.0	–131.6
Non-current provisions	–888.2	–761.8
Deferred tax liabilities	–127.3	–125.4
Other non-current liabilities and deferred income	–74.2	–86.1
Total non-current liabilities	**–4,153.7**	**–4,195.9**
Stockholders' equity		
Common stock	–966.2	–966.2
Treasury shares	8.2	8.2
Additional paid-in capital	–582.9	–582.9
Retained earnings	219.8	–346.3
Available-for-sale reserve	0.8	0.3
Hedging reserve	27.9	7.4
Translation adjustments	**410.2**	**405.1**
Equity attributable to equity holders of the parent	–882.2	–1,474.4
Non-controlling interests	**–0.9**	**–2.5**
Total stockholders' equity	**–883.1**	**–1,476.9**
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	**–7,448.8**	**–7,555.8**

Condensed Consolidated Statements of Cash Flows

in EUR million	Q4 2011 unaudited	Q4 2010 unaudited	1-12 M 2011 audited	1-12 M 2010 audited
Cash flow from operating activities				
Net Result	–321.5	–61.3	–252.8	195.2
Adjustments to reconcile net result to operating cash flow				
Depreciation, amortization, impairment and reversal of impairment	544.4	293.9	1,301.3	1,083.9
Employee benefit obligation - non-cash	1.3	3.0	7.6	13.6
Bad debt expenses	15.5	16.4	65.7	47.5
Change in deferred taxes	55.9	–38.2	–51.9	–27.1
Equity in earnings of affiliates - non-cash	0.8	2.4	0.6	0.8
Share-based compensation	1.5	0.2	1.7	0.7
Change in asset retirement obligation - non-cash	1.1	1.8	7.0	5.8
Provision for restructuring - non-cash	6.2	97.4	222.1	139.4
Result on sale of investments	3.6	–0.1	4.0	–0.1
Result on disposal / retirement of equipment	4.0	6.5	7.1	4.0
Gain on monetary items - non cash	–30.4	0.0	–30.4	0.0
Other	19.5	–1.6	57.6	14.9
Gross cash flow	**302.0**	320.4	**1,339.6**	1,478.6
Changes in assets and liabilities				
Accounts receivable - trade	21.2	–63.0	–13.9	–148.4
Receivables due from related parties	0.0	0.2	0.0	1.1
Inventories	–6.1	–18.7	–10.0	–22.7
Prepaid expenses and other assets	–6.3	–44.3	–1.7	–13.4
Accounts payable - trade	108.1	173.4	–23.9	151.7
Employee benefit obligation	–0.8	–0.9	–8.1	–5.6
Povisions and accrued liabilities	–0.9	–2.0	–53.6	–39.5
Other liabilities and deferred income	–43.2	–8.7	–11.9	–6.7
Payables due to related parties	4.7	6.7	–3.4	2.4
Changes in working capital	76.6	42.7	–126.4	–81.0
Cash flow from operating activities	**378.6**	363.1	**1,213.3**	1,397.5
Cash flow from investing activities				
Capital expenditures	–284.1	–320.2	–739.0	–763.6
Acquisitions of subsidiaries, net of cash acquired	0.0	0.0	–135.7	3.5
Sale of subsidiary, net of cash disposed	0.9	0.0	0.9	3.8
Proceeds from sale of property, plant, equipment and intangible assets	2.8	0.7	4.9	11.0
Purchase of investments	–109.4	–72.9	–111.3	–294.5
Proceeds from sale of investments	106.4	0.6	125.4	422.7
Cash flow from investing activities	**–283.4**	–391.9	**–854.8**	–616.9
Cash flow from financing activities				
Proceeds from issuance of long term debt	0.0	75.0	755.3	75.0
Principal payments on long-term debt	0.0	0.0	–224.1	–579.7
Changes in short-term borrowings	33.3	–132.0	–185.2	30.9
Dividends paid	0.0	0.0	–331.9	–331.9
Proceeds from derivative financial instruments	0.0	–38.4	0.0	0.0
Deferred consideration paid for business combinations	0.0	–582.7	–17.8	–582.7
Cash flow from financing activities	**33.3**	–678.2	**–3.7**	–1,388.4
Effect of exchange rate changes	**29.2**	0.7	**1.3**	–2.0
Monetary loss on cash and cash equivalents	**–16.4**	0.0	**–16.4**	0.0
Change in cash and cash equivalents	141.3	–706.2	339.8	–609.9
Cash and cash equivalents at beginning of period	318.7	826.4	120.2	730.1
Cash and cash equivalents at end of period	460.0	120.2	460.0	120.2

Condensed Consolidated Statements of Changes in Stockholders' Equity

in EUR million (audited)	Common stock	Treasury shares	Additional paid-in capital	Retained earnings	Market value reserves	Translation adjustment	Total	Non-controlling interest	Total stockholders' equity
Balance at January 1, 2011	**966.2**	**–8.2**	**582.9**	**346.3**	**–7.7**	**–405.1**	**1,474.4**	**2.5**	**1,476.9**
Net Result	0.0	0.0	0.0	–252.0	0.0	0.0	–252.0	–0.8	–252.8
Net unrealized result on securities	0.0	0.0	0.0	0.0	–0.5	0.0	–0.5	0.0	–0.5
Net unrealized result on heding activities	0.0	0.0	0.0	0.0	–20.5	0.0	–20.5	0.0	–20.5
Foreign currency translation adjustment	0.0	0.0	0.0	0.0	0.0	–5.1	–5.1	0.0	–5.1
Other comprehensive income (loss)	**0.0**	**0.0**	**0.0**	**0.0**	**–21.0**	**–5.1**	**–26.1**	**0.0**	**–26.1**
Total comprehensive income (loss)	**0.0**	**0.0**	**0.0**	**–252.0**	**–21.0**	**–5.1**	**–278.1**	**–0.8**	**–278.9**
Distribution of dividends	0.0	0.0	0.0	–331.9	0.0	0.0	–331.9	0.0	–331.9
Hyperinflation adjustment	0.0	0.0	0.0	17.8	0.0	0.0	17.8	0.0	17.8
Acquisition of non-controlling interests	0.0	0.0	0.0	0.0	0.0	0.0	0.0	–0.8	–0.8
Balance at Dec. 31, 2011	**966.2**	**–8.2**	**582.9**	**–219.8**	**–28.7**	**–410.2**	**882.2**	**0.9**	**883.1**

in EUR million (audited)	Common stock	Treasury shares	Additional paid-in capital	Retained earnings	Market value reserves	Translation adjustment	Total	Non-controlling interest	Total stockholders' equity
Balance at January 1, 2010	966.2	–8.2	582.9	482.9	–15.5	–396.9	1,611.4	2.7	1,614.1
Net Result	0.0	0.0	0.0	195.4	0.0	0.0	195.4	–0.2	195.2
Net unrealized result on securities	0.0	0.0	0.0	0.0	0.3	0.0	0.3	0.0	0.3
Net realized result on securities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net unrealized result on heding activities	0.0	0.0	0.0	0.0	7.5	0.0	7.5	0.0	7.5
Foreign currency translation adjustment	0.0	0.0	0.0	0.0	0.0	–8.3	–8.3	0.0	–8.3
Other comprehensive income (loss)	0.0	0.0	0.0	0.0	7.8	–8.3	–0.5	0.0	–0.5
Total comprehensive income (loss)	0.0	0.0	0.0	195.4	7.8	–8.3	194.9	–0.2	194.7
Distribution of dividends	0.0	0.0	0.0	–331.9	0.0	0.0	–331.9	0.0	–331.9
Balance at Dec. 31, 2010	966.2	–8.2	582.9	346.3	–7.7	–405.1	1,474.4	2.5	1,476.9

	Dec. 31, 2011	Sept. 30, 2011	Dec. 31, 2010
Number of shares of common stock	443,000,000	44,300,000	443,000,000
Number of treasury shares	436,031	436,031	436,031
Average purchase price of treasury shares	18.80	18.80	18.80

Condensed Operating Segments

in EUR million (audited)	Austria	Bulgaria	Croatia	Belarus	Additional Markets	Corporate & Other	Elimina-tions	Consoli-dated
	1-12 M 2011							
External revenues	2,919.4	500.0	403.0	260.8	371.4	0.0	0.0	4,454.6
Intersegmental revenues	22.6	27.7	17.7	0.1	25.0	0.0	–93.1	0.0
Total revenues	**2,942.1**	**527.7**	**420.7**	**260.9**	**396.4**	**0.0**	**–93.1**	**4,454.6**
Other operating income	95.8	19.1	2.8	5.3	6.2	20.8	–49.5	100.4
Segment expenses	–2,065.3	–284.9	–289.0	–159.5	–312.2	–59.2	142.4	–3,027.7
EBITDA comparable	**972.6**	**261.9**	**134.5**	**106.6**	**90.4**	**–38.4**	**–0.3**	**1,527.3**
Restructuring	–233.7	0.0	0.0	0.0	0.0	0.0	0.0	–233.7
Impairment and reversal of impairment	0.0	–19.3	0.0	–279.0	49.4	0.0	0.0	–248.9
EBITDA incl. effects from restructuring and impairment tests	**738.9**	**242.6**	**134.5**	**–172.4**	**139.8**	**–38.4**	**–0.3**	**1,044.7**
Depreciation and amortization	–609.2	–200.3	–66.6	–82.8	–96.4	0.0	2.9	–1,052.4
Operating income (loss)	**129.7**	**42.3**	**67.9**	**–255.2**	**43.4**	**–38.4**	**2.6**	**–7.6**
Interest income	10.7	2.5	1.2	4.1	2.0	30.7	–34.2	16.9
Interest expense	–57.1	–7.5	–4.1	–3.0	–1.0	–178.8	34.7	–216.8
Equity in earnings of affiliates	1.1	0.0	0.0	0.0	0.0	0.0	0.0	1.1
Other financial result	–5.2	0.0	–1.9	–7.9	0.1	481.7	–514.8	–48.1
Earnings before income taxes	**79.2**	**37.2**	**63.2**	**–262.0**	**44.5**	**295.2**	**–511.8**	**–254.5**
Income taxes								1.7
Net income (loss)								**–252.8**
Segment assets	4,308.4	1,513.9	516.8	560.1	834.1	7,693.4	–7,977.8	7,448.8
Segment liabilities	–2,737.5	–270.6	–264.8	–88.9	–165.5	–5,147.8	2,109.4	–6,565.7
Capital expenditures - intangible	101.7	19.7	5.0	3.3	16.4	0.0	0.0	146.2
Capital expenditures - tangible	383.4	50.8	45.5	41.6	71.5	0.0	0.0	592.8
Total capital expenditures	**485.1**	**70.5**	**50.5**	**44.9**	**87.9**	**0.0**	**0.0**	**739.0**

in EUR million (audited)	Austria	Bulgaria	Croatia	Belarus	Additional Markets	Corporate & Other	Elimina-tions	Consoli-dated
	1-12 M 2010							
External revenues	3,037.0	534.6	432.1	343.5	303.8	0.0	0.0	4,650.8
Intersegmental revenues	27.2	29.9	19.9	0.1	17.3	0.0	–94.4	0.0
Total revenues	3,064.2	564.5	451.9	343.6	321.1	0.0	–94.4	**4,650.8**
Other operating income	105.8	5.7	2.1	5.3	4.8	34.9	–69.5	89.2
Segment expenses	–2,137.6	–271.6	–303.6	–193.3	–284.8	–51.9	148.6	–3,094.1
EBITDA comparable	1,032.4	298.6	150.5	155.6	41.1	–17.0	–15.2	**1,645.9**
Restructuring	–124.1	0.0	0.0	0.0	0.0	0.0	0.0	–124.1
Impairment and reversal of impairment	–18.3	0.0	0.0	0.0	0.0	0.0	0.0	–18.3
EBITDA incl. effects from restructuring and impairment tests	890.0	298.6	150.5	155.6	41.1	–17.0	–15.2	**1,503.5**
Depreciation and amortization	–665.0	–174.5	–67.6	–82.2	–77.2	0.0	0.9	–1,065.6
Operating income (loss)	225.0	124.1	82.9	73.4	–36.1	–17.0	–14.3	**437.9**
Interest income	9.3	1.6	0.8	0.9	1.2	31.3	–32.1	13.1
Interest expense	–64.1	–0.4	–0.7	–0.9	–0.8	–172.3	32.1	–207.1
Equity in earnings of affiliates	–0.8	0.0	0.0	0.0	0.0	0.0	0.0	–0.8
Other financial result	107.5	0.0	1.2	0.2	–1.9	979.7	–1,088.1	–1.5
Earnings before income taxes	276.8	125.3	84.2	73.6	–37.5	821.7	–1,102.4	**241.6**
Income taxes								–46.5
Net income (loss)								**195.2**
Segment assets	4,376.2	1,576.9	486.0	881.2	728.8	7,105.6	–7,599.0	7,555.8
Segment liabilities	–2,653.9	–110.3	–146.8	–107.3	–130.5	–4,494.3	1,564.2	–6,078.9
Capital expenditures - intangible	133.3	24.1	6.9	8.8	17.4	0.0	0.0	190.6
Capital expenditures - tangible	382.4	42.2	41.4	54.1	52.9	0.0	0.0	573.0
Total capital expenditures	515.8	66.3	48.3	62.9	70.3	0.0	0.0	**763.6**

Results by Segments

in EUR million	Q4 2011 unaudited	Q4 2010 unaudited	% change	1-12 M 2011 audited	1-12 M 2010 audited	% change
Revenues						
Austria	752.0	766.9	–1.9%	2,942.1	3,064.2	–4.0%
Bulgaria	132.6	146.9	–9.7%	527.7	564.5	–6.5%
Croatia	106.3	105.9	0.4%	420.7	451.9	–6.9%
Belarus	41.2	90.5	–54.5%	260.9	343.6	–24.1%
Additional markets	105.5	85.0	24.1%	396.4	321.1	23.5%
Corporate, Other & Eliminations	–21.6	–24.4	–11.3%	–93.1	–94.4	–1.3%
Revenues	**1,115.9**	1,170.8	**–4.7%**	**4,454.6**	4,650.8	**–4.2%**
EBITDA comparable						
Austria	226.5	219.1	3.4%	972.6	1,032.4	–5.8%
Bulgaria	58.1	71.9	–19.2%	261.9	298.6	–12.3%
Croatia	30.3	27.6	9.8%	134.5	150.5	–10.6%
Belarus	6.9	36.4	–81.0%	106.6	155.6	–31.5%
Additional markets	27.3	11.6	135.9%	90.4	41.1	120.0%
Corporate, Other & Eliminations	–12.2	–13.2	–7.6%	–38.6	–32.3	19.8%
EBITDA comparable	**336.9**	353.4	**–4.7%**	**1,527.3**	1,645.9	**–7.2%**
EBITDA incl. effects from restructuring and impairment tests						
Austria	217.5	102.8	111.7%	738.9	890.0	–17.0%
Bulgaria	38.8	71.9	–46.0%	242.6	298.6	–18.8%
Croatia	30.3	27.6	9.8%	134.5	150.5	–10.6%
Belarus	–272.1	36.4	n.a.	–172.4	155.6	n.a.
Additional markets	76.6	11.6	n.a.	139.8	41.1	240.2%
Corporate, Other & Eliminations	–12.2	–13.2	–7.6%	–38.6	–32.3	19.8%
EBITDA incl. effects from restructuring and impairment tests	**79.1**	237.0	**–66.7%**	**1,044.7**	1,503.5	**–30.5%**
Operating income (loss)						
Austria	61.2	–68.3	–189.7%	129.7	225.0	–42.3%
Bulgaria	–13.9	27.6	n.a.	42.3	124.1	–66.0%
Croatia	13.1	10.5	24.7%	67.9	82.9	–18.0%
Belarus	–312.9	14.5	n.a.	–255.2	73.4	n.a.
Additional markets	47.5	–10.0	n.a.	43.4	–36.1	n.a.
Corporate, Other & Eliminations	–11.5	–12.9	–11.0%	–35.8	–31.3	14.2%
Operating income (loss)	**–216.4**	–38.5	**n.a.**	**–7.6**	437.9	**n.a.**

Capital Expenditures

in EUR million	Q4 2011 unaudited	Q4 2010 unaudited	% change	1-12 M 2011 audited	1-12 M 2010 audited	% change
Austria	166.5	225.4	–26.1%	485.1	515.8	–5.9%
Bulgaria	22.2	24.5	–9.6%	70.5	66.3	6.4%
Croatia	24.7	11.1	122.6%	50.5	48.3	4.6%
Belarus	30.6	32.1	–4.8%	44.9	62.9	–28.5%
Additional markets	40.2	27.2	47.8%	87.9	70.3	25.0%
Total capital expenditures	**284.1**	320.2	**–11.3%**	**739.0**	763.6	**–3.2%**
Thereof tangible	224.5	233.2	–3.7%	592.8	573.0	3.5%
Thereof intangible	59.6	87.1	–31.6%	146.2	190.6	–23.3%

Net Debt

in EUR million	Dec. 31, 2011 audited	Dec. 31, 2010 audited
Long-term debt	2,960.4	3,146.4
Short-term borrowings	1,052.4	522.6
Cash and cash equivalents, short-term and long-term investments, finance lease receivables	–657.7	–355.0
Derivative financial instruments for hedging purposes	25.2	–8.9
Net debt*	**3,380.3**	3,305.2
Net debt/EBITDA comparable (last 12 months)	**2.2x**	2.0x

* Finance lease obligations are included in long-term debt and short-term borrowings. The remaining performance based considerations related to the acquisition of SBT and Megalan/Spectrumnet are included in short-term borrowings and long-term debt. As of December 31, 2010 cross border lease is included in long-term debt and short-term borrowings and deposits for cross border lease are included in short-term and long-term investments.

Personnel

	End of period			Average of period		
Personnel (full-time equivalent)	Dec. 31, 2011	Dec. 31, 2010	change	Q4 2011	Q4 2010	change
Austria	9,292	9,717	–4.4%	9,281	9,808	–5.4%
International Operations	7,761	6,634	17.0%	7,693	6,611	16.4%
Total	**17,217**	**16,501**	**4.3%**	**17,134**	**16,566**	**3.4%**

Key Data Segment Austria

Financials - Segment Austria

in EUR million	Q4 2011 unaudited	Q4 2010 unaudited	% change	1-12 M 2011 unaudited	1-12 M 2010 unaudited	% change
Revenues	752.0	766.9	–1.9%	2,942.1	3,064.2	–4.0%
EBITDA comparable	226.5	219.1	3.4%	972.6	1,032.4	–5.8%
EBITDA incl. effects from restructuring and impairment tests	217.5	102.8	111.7%	738.9	890.0	–17.0%
EBIT	61.2	–68.3	–189.7%	129.7	225.0	–42.3%

Revenue detail - Austria	Q4 2011 unaudited	Q4 2010 unaudited	% change	1-12 M 2011 unaudited	1-12 M 2010 unaudited	% change
Monthly Fee and Traffic	502.7	514.6	–2.3%	2,027.4	2,085.7	–2.8%
Data & ICT Solutions	55.3	60.9	–9.1%	202.3	215.8	–6.3%
Wholesale (incl. Roaming)	60.7	42.6	42.6%	203.6	200.4	1.6%
Interconnection	85.2	95.8	–11.0%	341.7	397.6	–14.1%
Equipment	45.5	39.7	14.4%	126.1	107.2	17.7%
Other Operating Income	2.5	13.4	–81.4%	41.0	57.4	–28.6%
Total revenues Austria	**752.0**	766.9	**–1.9%**	**2,942.1**	3,064.2	**–4.0%**

Key Data Segment Austria

Key Data Fixed Line - Austria	Q4 2011 unaudited	Q4 2010 unaudited	% change	1-12 M 2011 audited	1-12 M 2010 audited	% change
Average revenues per access line (in EUR)	32.5	34.0	–4.5%	32.2	33.3	–3.3%
Fixed service revenues (in EUR mn)	226.8	235.2	–3.6%	899.1	923.1	–2.6%
Fixed Line Voice Minutes (in million)	640.5	730.6	–12.3%	2,612.2	2,972.7	–12.1%

Lines (in '000)	Q4 2011 unaudited	Q4 2010 unaudited	% change
Access lines (without broadband lines)	1,062.9	1,153.9	–7.9%
Fixed broadband retail lines	1,230.5	1,115.5	10.3%
Fixed broadband wholesale lines	42.9	45.5	–5.8%
Fixed broadband lines	1,273.4	1,161.0	9.7%
Total access lines	2,336.2	2,315.0	0.9%
Lines unbundled	271.5	278.1	–2.4%

Austrian Telecommunications Market

Broadband Market Shares	Q4 2011 unaudited	Q4 2010 unaudited	% change
A1 Telekom Austria Fixed Line Retail	30.4%	30.4%	
A1 Telekom Austria Fixed Line Wholesale	1.1%	1.2%	
Mobile broadband A1 Telekom Austria	18.4%	17.8%	
Mobile broadband other operators	29.5%	28.2%	
Cable	14.5%	15.4%	
Unbundled lines	6.1%	7.0%	
Broadband penetration - Total market	111.7%	102.9%	

Voice Market Shares	Q4 2011 unaudited	Q4 2010 unaudited	% change
Fixed Line A1 Telekom Austria	10.6%	12.3%	
Fixed Line Others	6.4%	7.3%	
Mobile	83.0%	80.4%	

Key Data Mobile Communication	Q4 2011 unaudited	Q4 2010 unaudited	% change
Mobile Communication Customers ('000)	5,271.2	5,105.2	3.3%
Contract share	77.6%	76.0%	
Mobile Broadband Customers	744,941	653,748	13.9%
Mobile Market Share	40.0%	41.4%	
Mobile Penetration	156.6%	146.7%	

	Q4 2011 unaudited	Q4 2010 unaudited	% change	1-12 M 2011 audited	1-12 M 2010 audited	% change
Average monthly revenue per User (in EUR)	19.2	21.6	–11.2%	20.0	22.0	–9.3%
Mobile service revenues (in EUR mn)	300.9	326.3	–7.8%	1,240.2	1,311.1	–5.4%
thereof interconnection share	9.6%	10.5%		9.1%	10.6%	
Data as percentage of traffic-related revenues	47.3%	44.6%		45.9%	42.1%	
Subscriber acquisition cost (SAC)	11.9	17.5	–32.0%	49.3	46.3	6.4%
Subscriber retention cost (SRC)	22.4	27.6	–18.8%	82.6	84.2	–1.9%
Churn (3 Months)	3.6%	3.6%		14.7%	14.1%	

Key Data Segment Bulgaria*

Bulgaria

in EUR million	Q4 2011 unaudited	Q4 2010 unaudited	% change	1-12 M 2011 audited	1-12 M 2010 audited	% change
Revenues	132.6	146.9	–9.7%	527.7	564.5	–6.5%
EBITDA comparable	58.1	71.9	–19.2%	261.9	298.6	–12.3%
EBITDA incl. effects from restructuring and impairment tests	38.8	71.9	–46.0%	242.6	298.6	–18.8%
EBIT	–13.9	27.6	n.a.	42.3	124.1	–66.0%

Mobile Communication Market	Q4 2011 unaudited	Q4 2010 unaudited	% change
Mobile Subscribers ('000)	5,501.4	5,248.7	4.8%
Mobile Market Share	48.6%	49.6%	
Mobile Penetration	151.4%	140.8%	
Mobile Broadband Customers	192,012	126,217	52.1%
Average monthly revenue per User (in EUR)	7.0	8.7	–19.7%
Data as percentage of traffic-related revenues	24.1%	21.9%	

Fixed Line Market	Q4 2011 unaudited	Q4 2010 unaudited	% change
ARPL (in EUR)	15.0	0.0	n.a.
Total Access Lines ('000)	128.8	0.0	n.a.
Fixed Broadband Lines ('000)	123.1	0.0	n.a.

* The reported result includes depreciation and amortization of fair value adjustments resulting from past business combinations and therefore may deviate from the result of the single financial statements.

Key Data Segment Croatia*

Croatia

in EUR million	Q4 2011 unaudited	Q4 2010 unaudited	% change	1-12 M 2011 audited	1-12 M 2010 audited	% change
Revenues	106.3	105.9	0.4%	420.7	451.9	–6.9%
EBITDA comparable	30.3	27.6	9.8%	134.5	150.5	–10.6%
EBITDA incl. effects from restructuring and impairment tests	30.3	27.6	9.8%	134.5	150.5	–10.6%
EBIT	13.1	10.5	24.7%	67.9	82.9	–18.0%
Average monthly revenue per User (in EUR)	12.4	14.0	–11.4%	12.9	14.5	–10.9%
Data as percentage of traffic-related revenues	27.8%	27.2%		26.9%	27.0%	

Mobile Communication Market	Q4 2011 unaudited	Q4 2010 unaudited	% change
Mobile Communication Subscribers ('000)	2,018.0	2,028.1	–0.5%
Contract share	37.8%	34.6%	
Mobile Market Share	39.2%	39.0%	
Mobile Penetration	119.9%	118.0%	
Mobile Broadband Customers	170,617	144,753	17.9%

Fixed Line Market	Q4 2011 unaudited	Q4 2010 unaudited	% change
ARPL (in EUR)	27.2	0.0	n.a.
Total Access Lines ('000)	143.7	0.0	n.a.
Fixed Broadband Lines ('000)	68.6	0.0	n.a.

* The reported result of 2011 includes depreciation and amortization of fair value adjustments resulting from past business combinations and therefore may deviate from the result of the single financial statements. 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. As of Q4 2011 calculation method of fixed access lines has been harmonized to Group standards and have been restated as of Q3 2011.

Key Data Segment Belarus*

Belarus

in EUR million	Q4 2011 unaudited	Q4 2010 unaudited	% change	1-12 M 2011 audited	1-12 M 2010 audited	% change
Revenues	41.2	90.5	–54.5%	260.9	343.6	–24.1%
EBITDA comparable	6.9	36.4	–81.0%	106.6	155.6	–31.5%
EBITDA incl. effects from restructuring and impairment tests	–272.1	36.4	n.a.	–172.4	155.6	n.a.
EBIT	–312.9	14.5	n.a.	–255.2	73.4	n.a.
Average monthly revenue per User (in EUR)	3.5	6.2	–43.5%	4.2	6.2	–31.8%

	Q4 2011 unaudited	Q4 2010 unaudited	% change
Mobile Communication Subscribers ('000)	4,620.4	4,353.7	6.1%
Contract Share	79.7%	78.2%	
Market Share	41.1%	41.9%	
Market Penetration	118.8%	109.6%	
Mobile broadband subscribers	453,054	143,532	215.6%

* The reported result includes depreciation and amortization of fair value adjustments resulting from past business combinations and therefore may deviate from the result of the single financial statements.

Key Data Segment Additional Markets

Slovenia

in EUR million	Q4 2011 unaudited	Q4 2010 unaudited	% change	1-12 M 2011 audited	1-12 M 2010 audited	% change
Revenues	50.8	45.0	12.9%	192.7	174.0	10.7%
EBITDA comparable	12.6	9.8	28.0%	51.7	45.1	14.6%
EBITDA incl. effects from restructuring and impairment tests	12.6	9.8	28.0%	51.7	45.1	14.6%
EBIT	7.3	4.3	69.7%	30.2	24.0	26.2%
Average monthly revenue per User (in EUR)	21.4	20.4	4.8%	20.9	20.5	2.0%
Data as percentage of traffic-related revenues	42.2%	27.8%		36.2%	26.7%	

	Q4 2011 unaudited	Q4 2010 unaudited	% change
Mobile Communication Subscribers ('000)	639.7	618.9	3.4%
Contract Share	74.5%	71.2%	
Market Share	29.7%	29.2%	
Market Penetration	105.6%	102.7%	
Mobile broadband subscribers	15,935	14,559	9.5%

Key Data Segment Additional Markets

Republic of Serbia

in EUR million	Q4 2011 unaudited	Q4 2010 unaudited	% change	1-12 M 2011 audited	1-12 M 2010 audited	% change
Revenues	38.9	28.0	38.9%	143.1	104.7	36.7%
EBITDA comparable	9.9	3.8	159.2%	31.5	0.0	n.a.
EBITDA incl. effects from restructuring and impairment tests	59.3	3.8	n.a.	80.9	0.0	n.a.
EBIT	43.3	–10.1	n.a.	21.1	–47.1	–144.7%
Average monthly revenue per User (in EUR)	7.3	6.5	12.4%	7.2	6.2	15.5%

	Q4 2011 unaudited	Q4 2010 unaudited	% change
Mobile Communication Subscribers ('000)	1,642.7	1,359.7	20.8%
Market Share	15.7%	13.7%	
Market Penetration	141.3%	134.1%	

Republic of Macedonia

in EUR million	Q4 2011 unaudited	Q4 2010 unaudited	% change	1-12 M 2011 audited	1-12 M 2010 audited	% change
Revenues	14.1	10.2	38.1%	53.4	35.8	49.3%
EBITDA comparable	5.2	–2.2	n.a.	6.3	–5.2	n.a.
EBITDA incl. effects from restructuring and impairment tests	5.2	–2.2	n.a.	6.3	–5.2	n.a.
EBIT	–3.5	–4.7	–24.3%	–10.3	–14.3	–28.0%
Average monthly revenue per User (in EUR)	7.4	6.9	6.7%	7.5	6.8	10.0%

	Q4 2011 unaudited	Q4 2010 unaudited	% change
Mobile Communication Subscribers ('000)	566.6	442.2	28.1%
Market Share	24.9%	19.9%	
Market Penetration	111.0%	108.2%	

Liechtenstein

in EUR million	Q4 2011 unaudited	Q4 2010 unaudited	% change	1-12 M 2011 audited	1-12 M 2010 audited	% change
Revenues	1.8	1.9	–2.5%	7.6	7.0	8.9%
EBITDA comparable	0.3	0.1	279.6%	1.9	1.3	47.0%
EBITDA incl. effects from restructuring and impairment tests	0.3	0.1	279.6%	1.9	1.3	47.0%
EBIT	0.1	–0.1	n.a.	1.0	0.5	108.0%

	Q4 2011 unaudited	Q4 2010 unaudited	% change
Mobile Communication Subscribers ('000)	6.2	6.4	–3.5%