



Roadshow Presentation

Q4 2014 Results




Cautionary statement

'This presentation contains forward-looking statements. These forward-looking statements are usually accompanied by words such as 'believe', 'intend', 'anticipate', 'plan', 'expect' and similar expressions. Actual events may differ materially from those anticipated in these forward-looking statements as a result of a number of factors. Forward-looking statements involve inherent risks and uncertainties. A number of important factors could cause actual results or outcomes to differ materially from those expressed in any forward-looking statement. Neither Telekom Austria nor any other person accepts any liability for any such forward-looking statements. Telekom Austria will not update these forward-looking statements, whether due to changed factual circumstances, changes in assumptions or expectations. This presentation does not constitute a recommendation or invitation to purchase or sell securities of Telekom Austria.'



The leading regional communications player providing convergent telecommunication services

as of 31 December 2014
(in '000, in %)

Austria 

Mobile:

- > Market share: 41.1% (Q4 2013: 42.6%)
- > Subscriber base: 5,424 (Q4 2013: 5,715)

Fixed Line:

- > Access Lines: 2,287 (Q4 2013: 2,284)

Croatia 

Mobile:

- > Market share: 36.0% (Q4 2013: 37.3%)
- > Subscriber base: 1,741 (Q4 2013: 1,843)

Fixed Line:

- > Access Lines: 220 (Q4 2013: 193)

Republic of Serbia 

Mobile:

- > Market share: 22.5% (Q4 2013: 21.1%)
- > Subscriber base: 2,160 (Q4 2013: 2,018)

Slovenia 

Mobile:

- > Market share: 29.2% (Q4 2013: 30.0%)
- > Subscriber base: 682 (Q4 2013: 679)



Belarus 

Mobile:

- > Market share: 42.4% (Q4 2013: 42.5%)
- > Subscriber base: 4,950 (Q4 2013: 4,947)

Bulgaria* 

Mobile:

- > Market share: 37.6% (Q4 2013: 39.0%)
- > Subscriber base: 4,221 (Q4 2013: 4,182)

Fixed Line:

- > Access Lines: 154 (Q4 2013: 160)

Republic of Macedonia 

Mobile:

- > Market share: 28.2% (Q4 2013: 28.0%)
- > Subscriber base: 622 (Q4 2013: 630)

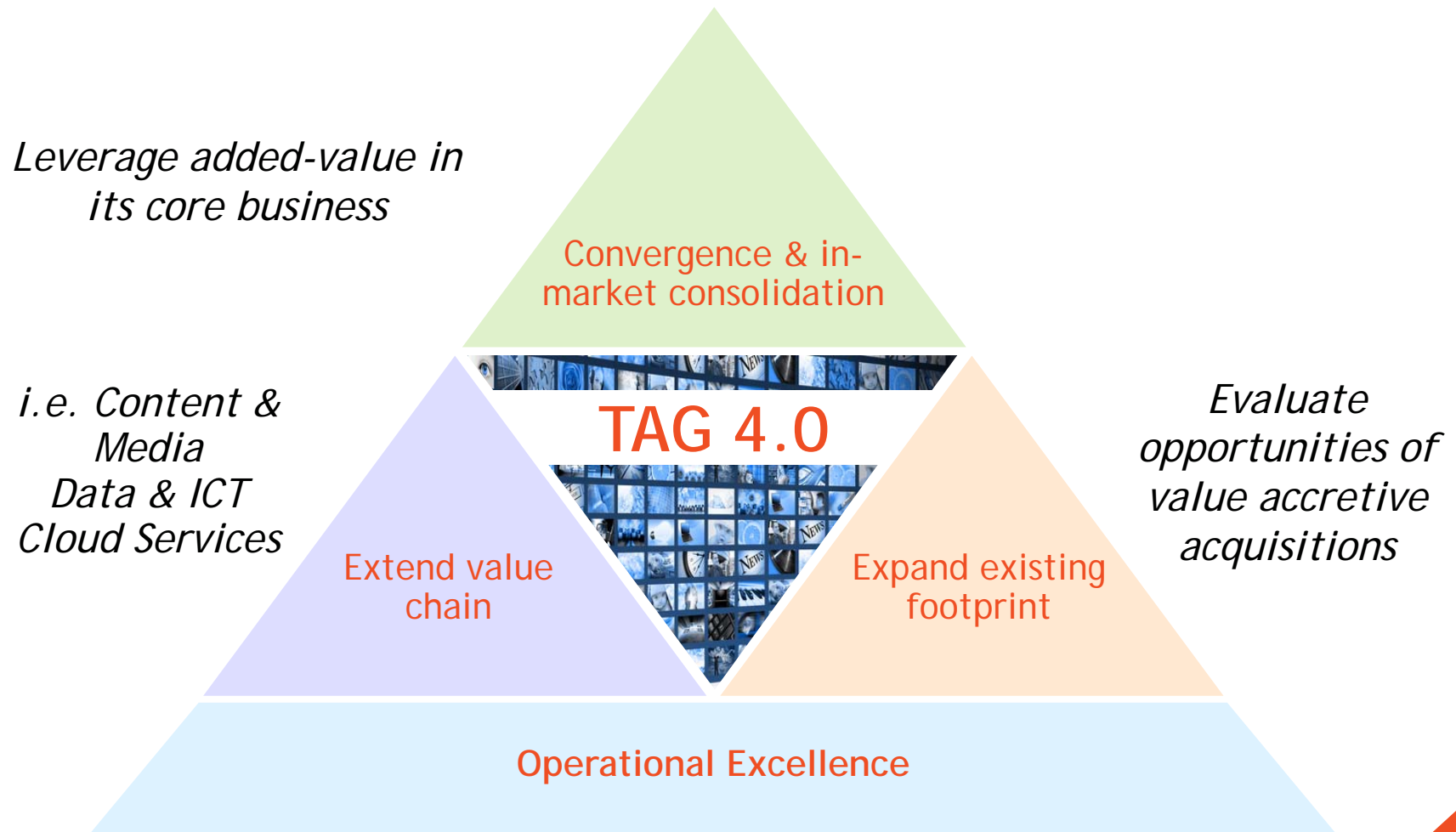
Fixed Line:

- > Access Lines: 62.6 (Q4 2013: 63.4)



* As of Q4 2013 the methodology for counting subscribers has been changed. Previous quarters of 2013 have been adjusted retrospectively.

Telekom Austria Group Strategy - Overview



Cash-use policy - Focus remains on maintaining Baa2/BBB ratings

Conservative financial strategy is the framework for investments

- > Ratings Baa2 from Moody's and BBB from Standard & Poor's strengthen financial flexibility

A

Fibre rollout in Austria

- > Investments of EUR 400 mn in 2015-2018
- > Target: Bandwidths of 30 Mbps for more than 70% of the population

B

Flexibility for M&A activity

- > In-market consolidation and convergence
- > Expansion of the existing footprint

Operational and financial highlights for the full year 2014

FY 2014: Group turnaround gains momentum and reflects effectiveness of strategic measures taken

- > Structural revenue improvements and stabilisation of EBITDA comparable underline success of turnaround strategy
 - > Sequential revenue improvements throughout 2014 result in EUR 4.0 bn Group revenues (-4.0% y-o-y)
 - > Stable Group EBITDA comparable and strong margin growth primarily due to Austria and Belarus
- > Group OPEX cut by EUR 163 mn (clean of EUR 30.1 mn one-off effects* in Austria in Q4 2014) mostly via significant subsidy reduction and lower termination rates in Austria
- > 1.4% EBITDA comparable growth in Austria due to lower costs and ARPU growth

* This effect was the result of a European Court of Justice decision from 11 November 2014, which ruled that the legal framework for the years of service and, consequently, the term to promotion for Austrian civil servants was not in line with Union law.



FY 2014: Group turnaround gains momentum and reflects effectiveness of strategic measures taken

- > Operating results in Belarus outpace FX deterioration in 2014, but approx. 25% devaluation in January 2015 already equivalent to full year business plan assumptions
- > Slowing revenue declines in Bulgaria; Croatia and Additional Markets impacted by regulation
- > Impairment in Bulgaria and higher restructuring costs in Austria result in net loss; retrospective impairment adjustment affects net results for 2013
- > Convergence strategy extended to Republic of Macedonia
- > Group outlook for FY 2015: Revenues approx. +2.0%, CAPEX* of EUR 700 - 750 mn, intended dividend of EUR 0.05/share**

* Does not include investments for spectrum and acquisitions

** Intended proposal for the AGM 2015

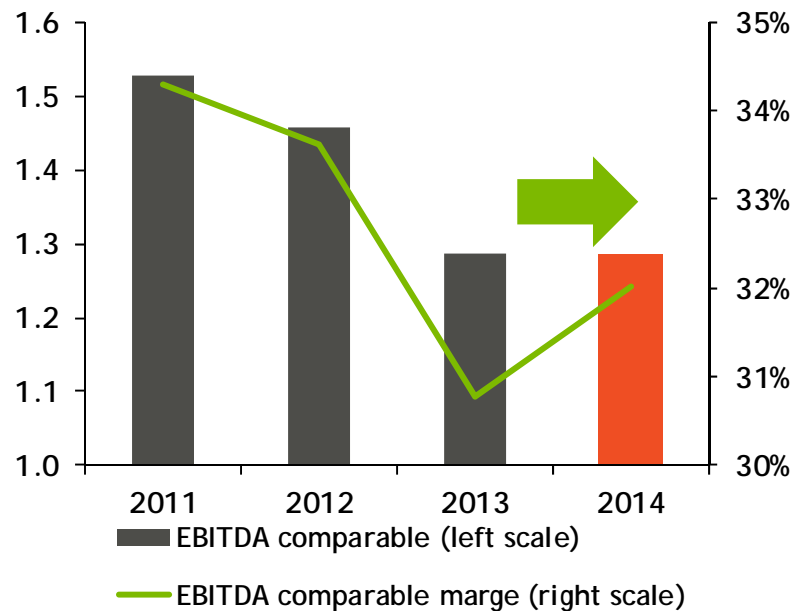


EBITDA comparable stabilisation and margin improvements due to cost cutting initiatives

Telekom Austria Group

EBITDA comp./EBITDA comp. margin

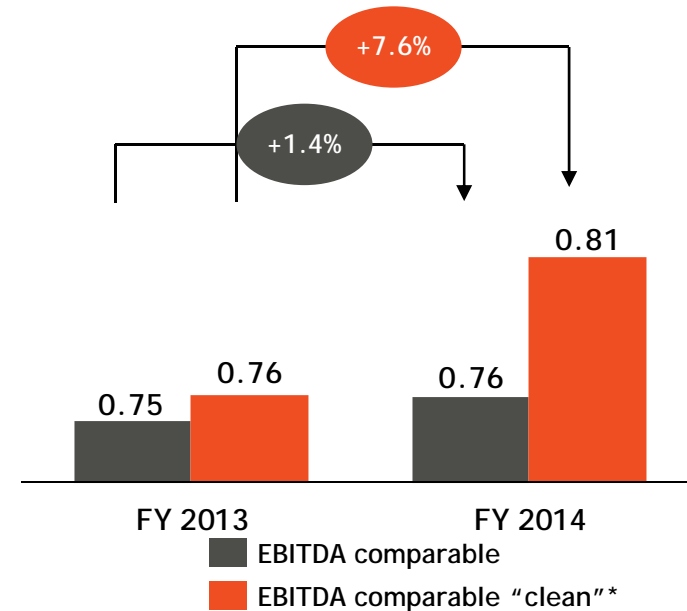
(in EUR billion; %)



Segment Austria

EBITDA comparable

(in EUR billion)



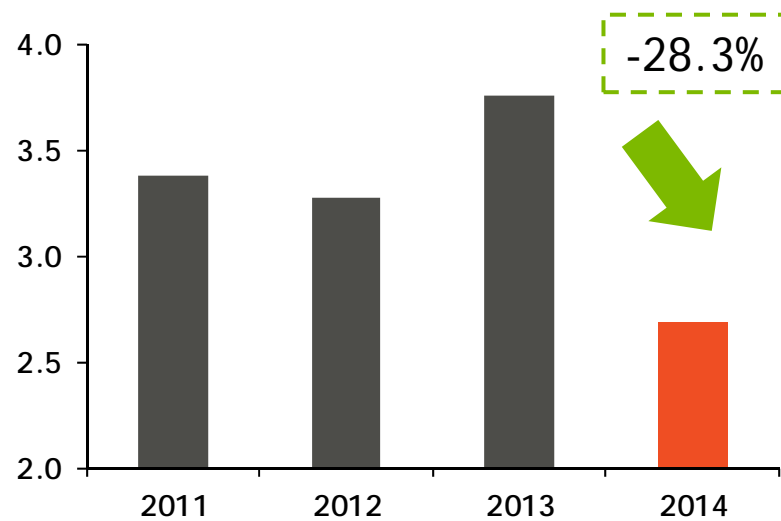
* Excluding one-offs in 2013 and 2014



Balance sheet strengthened following successful capital increase

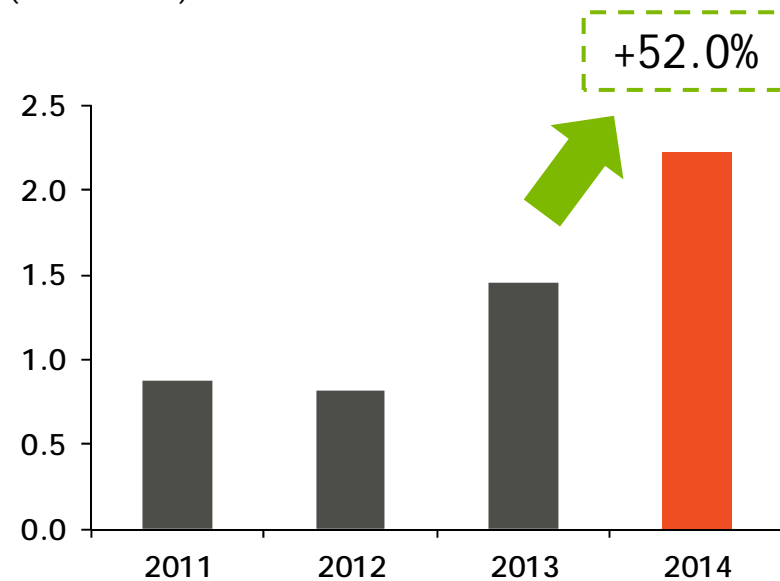
Net debt

(in EUR billion)



Equity

(in EUR billion)



Net debt/EBITDA in line with peer average European incuments 2014e of 2.1x

Key financial developments in the fourth quarter 2014

Q4 2014: Improved revenue trends, strong EBITDA comparable growth in Austria

(in EUR million)	Q4 2014	Q4 2013	% change
Revenues	1,030.3	1,055.7	-2.4%
EBITDA comparable*	252.1	262.3	-3.9%
<i>EBITDA comparable margin*</i>	<i>24.5%</i>	<i>24.8%</i>	
Restructuring	-77.5	-9.9	n.m.
Impairment	-5.1	-59.4	n.m.
Depreciation & amortisation	-209.3	-219.5	n.m.
Operating income	-39.8	-26.6	n.m.
Financial result	-43.9	-51.0	n.m.
Income before income taxes	-83.7	-77.5	n.m.
Income tax gain/expense	34.8	-29.6	n.m.
Net income / Net loss	-48.9	-107.1	n.m.

> Revenue decline slows to 2.4% driven by better trends in Austria while FX impacts revenues in Belarus

> Austria returns to EBITDA comparable growth; Group decline primarily due to Croatia

> OePR** audit results in retrospective adjustment of impairment for Bulgaria booked in Q2 2014: EUR 340.6 mn in 2014, EUR 59.4 mn in 2013

> Impairment of EUR 5.1 mn in Rep. of Macedonia due to a change in WACC

> Income tax gain of EUR 34.8 mn due to deferred tax gains

* Excluding effects from restructuring and impairment tests

** Österreichische Prüfstelle für Rechnungslegung ; Austrian Financial Reporting Enforcement Authority



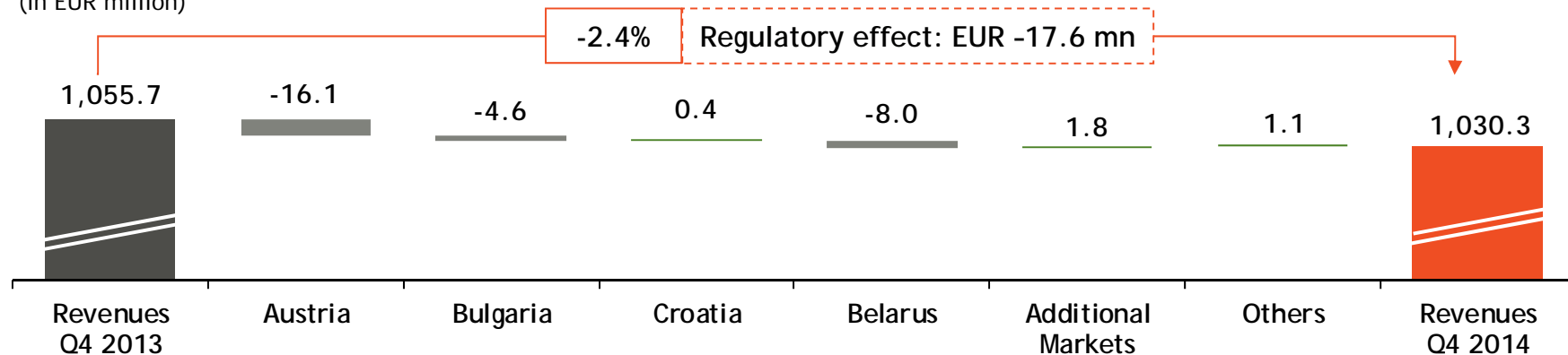
Restructuring in Austria: FTE reduction on track; interest rate and one-off effect increase charge

	EUR mn	Comments
FTE reduction	-45.9	Transfer to government: 21 FTEs; Social plans: 127 FTEs
Interest rate adjustment	-42.6	Lower interest rates require additional contribution to restructuring provision (NPV of future payments)
Provision for additional payments to civil servants	-15.0	One-off effect: EU ruling requires payments to civil servants (see one-off effect in employee expenses)
Servicekom contribution	+26.0	Staff released from work re-introduced to workforce; e.g. 219 FTEs temporarily assigned to work such as dismantling obsolete infrastructure, etc.
Total restructuring charge	-77.5	Reflected in P&L

Significant slowdown in revenue decline

Quarterly revenue development

(in EUR million)



Segment Austria

- > Revenue decline slows to 2.4% versus 7.6% in Q4 2013
- > ARPU grows by 5.2% to EUR 16.5 predominantly driven by a higher premium share in the subscriber base
- > Mobile net adds slows to -23,800 as lower churn mitigates lower gross adds
- > ARPL falls by 2.5% to EUR 30.5 due to the ongoing decline of voice revenues
- > 11,600 fixed-line net adds since Q3 driven by strong fixed-line broadband and IPTV sales

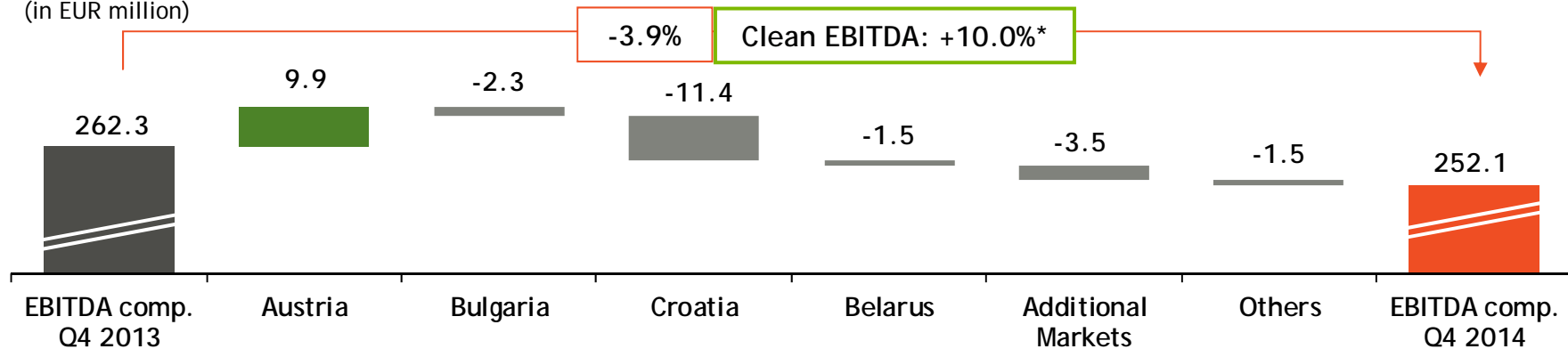
International Segments

- > Bulgaria: Lower monthly fee and traffic revenues due to price pressure in the business segment as well as the loss of mobile voice customers
- > Croatia: Lower interconnection and roaming revenues more than offset by higher equipment sales and mobile fixed fees
- > Belarus: Strong operational growth due to inflation-linked price increases and upselling effects from smartphone demand; decline due to negative FX effect of EUR 11.9 mn
- > Additional markets: Higher revenues in the Republic of Serbia and acquisition of blizoo Macedonia drive growth

EBITDA comparable growth in Austria offset by higher costs in Croatia

Quarterly EBITDA comparable development

(in EUR million)



Segment Austria

- > EBITDA comparable grows 6.9% y-o-y
- > Negative one-off effects: EUR 11.0 mn in Q4 2013 and EUR 30.1 mn in Q4 2014
- > 18.7% EBITDA comparable growth y-o-y excluding one-off effects
- > OPEX cut by 8.9% or EUR 47.7 mn (clean off one-off effects)
- > 30.5% lower material expenses driven by 76.9% cut in SACs and 36.9% cut in SRCs

International Segments

- > Bulgaria: 5.8% lower operating expenses almost offset decline in revenues; lower EBITDA comparable
- > Croatia: Operating expenses rise by 21.0% due to the higher frequency usage fees as well as higher costs for bad debts and personnel restructuring
- > Belarus: Operating expenses increase by 11.3% on a local currency basis driven by inflation-based salary and FTE growth as well as higher other operating costs
- > Additional markets: 2.6% higher operating expenses due to higher material expenses across segments

* Excluding FX effects and EUR 30.1 mn one-off effect in Austria

Positive free cash flow in 2014 due to lower CAPEX

(in EUR million)	Q4 2014	Q4 2013	% change	FY 2014	FY 2013	% change
Gross cash flow	273.8	227.7	20.2%	1,190.4	1,137.2	4.7%
Change in working capital	-46.4	34.3	n.m.	-289.0	-85.7	n.m.
Cashflow from operating activities	227.4	262.0	-13.2%	901.4	1,051.6	-14.3%
Ordinary capital expenditures	-284.9	-1,286.1	n.m.	-757.4	-1,779.1	n.m.
Proceeds from sale of equipment	3.4	3.7	-6.8%	12.1	10.8	12.7%
Free cash flow	-54.1	-1,020.4	n.m.	156.1	-716.7	n.m.

Year-to-date analysis

- > Increase in gross cash flow reflects strong operational trends
- > Increase in working capital due to a rise in installment sales, the utilisation of restructuring provisions and a decline in liabilities
- > High CAPEX in 2013 driven by the acquisition of mobile frequencies and intellectual property rights, frequencies and collocation rights for base stations from Orange Austria as well as spectrum costs in Austria (EUR 1.03 bn), Croatia, Slovenia and the Republic of Macedonia (EUR 37.8 mn for international markets in total)
- > Increase in free cash flow to EUR 156.1 mn

* The reduction in accounts receivable visible in the balance sheet is primarily the result of the changes to revenue accounting estimates in Austria.

Results for the full year and fourth quarter 2014

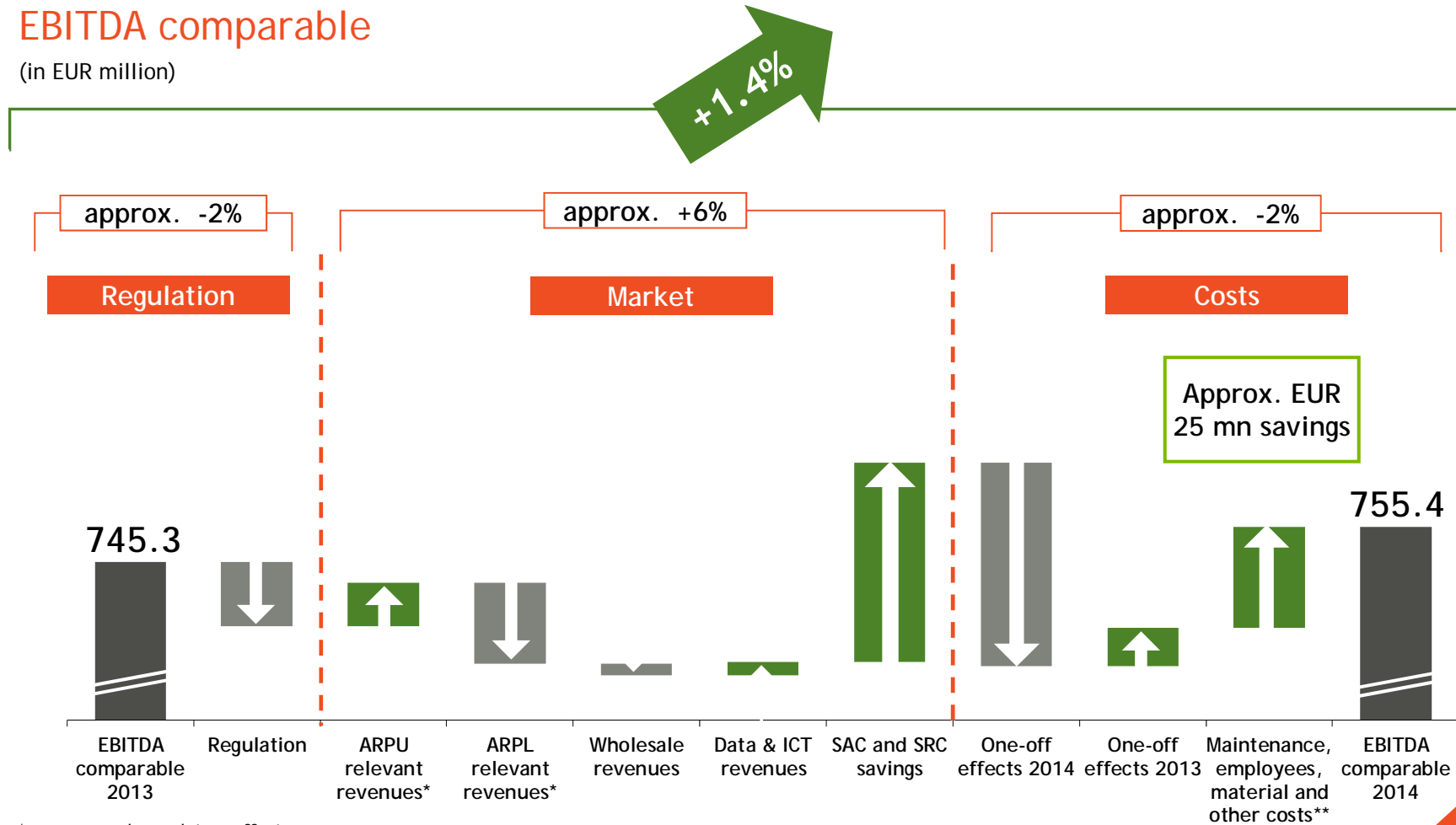


Focus points

Austria: SAC and SRC as well as structural cost offset negative one-off effects in 2014

EBITDA comparable

(in EUR million)



* excl. regulatory effects

** incl. other operating income, other revenues and minor positions

Results for the full year and fourth quarter 2014

Spillover of Russian devaluation weakens Belarus' real performance despite operational hedges

Devaluation	2014	2015ytd
EUR - BYR	9.0%	16.6%
EUR - RUB	35.5%	8.4%

	2014	2015e
BLR inflation	16.2%	20.0%*

- > Successful operational hedges against gradual FX deterioration
 - > Approx. 18% price increase in 2014 in line with inflation
 - > FX exposure of OPEX reduced to approx. 45%
 - > FX-indexed revenues increased to approx. 18%
 - > FX-denominated CAPEX maintained at approx. 80%

Response to 25% devaluation in Dec 2014 - Jan 2015:

- > Maintaining minimum BYR balance
 - > Immediate payment and pre-payment of FX-denominated BYR liabilities, e.g. frequency fees, taxes, rentals
 - > Immediate stop of handset installment offers. Reassessment of CAPEX plans
- > Sharing of BYR risk with suppliers to the extent possible
- > 11% price increase + volume stimulus in early December provides certain buffer for H1 2015
- > Supply of terminals and auxiliary infrastructure from Russia

FY EUR-BYR development uncertain:

- > BYR dynamics is highly correlated with RUB (> 50% of exports to Russia) and therefore driven by oil-price and geopolitical factors

* Governmental Target of 31.01.15 (supported by tight money-supply and harsh price-controls): 18%-20%

Update on Digital Single Market (DSM): Potential delays may push back further regulatory downside

Overview discussion points of Council of EU:

DSM topics currently on agenda

- > Net neutrality
- > Roam-like-at-home (new proposal vs. EU Parliament proposal)
 - > Basic allowance with domestic tariffs (scope undefined) plus wholesale caps

DSM topics currently dropped from agenda

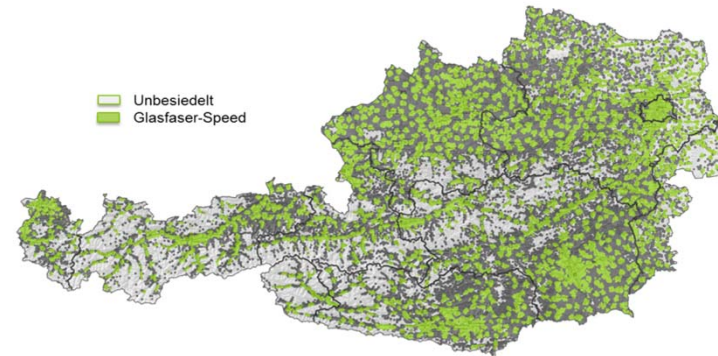
- > Intra-EU calls
- > Access enabling/spectrum rules
- > Single EU authorisation
- > End-user protection

- > Earliest possible date of final agreement: Winter 2015 - only realistic if in March 2015 compromise agreement in Council of EU is reached

Core business: Broadband rollout in Austria

✓ 2014 more than 70% households were reached with A1 Fiber Power 16!

> Goal 2015:
Increase the product coverage A1 Fibre Power 30 from 28% to more than 37% homes passed



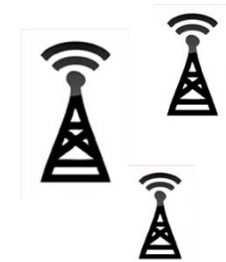
> Approx. EUR 400 mn from capital increase to be invested between 2015 - 2018
→ Precondition: Announced broadband subsidy

... and

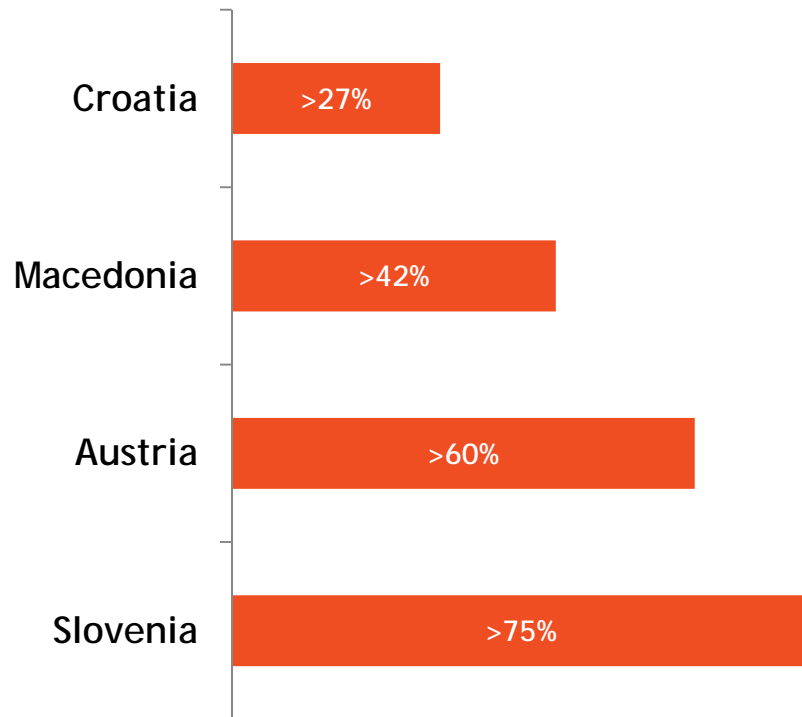
- > Cable consolidation in Macedonia
- > Cable rollout in Croatia & Bulgaria



Accelerating LTE rollout across the Group



LTE population coverage YE 2014



LTE rollout strategy 2015

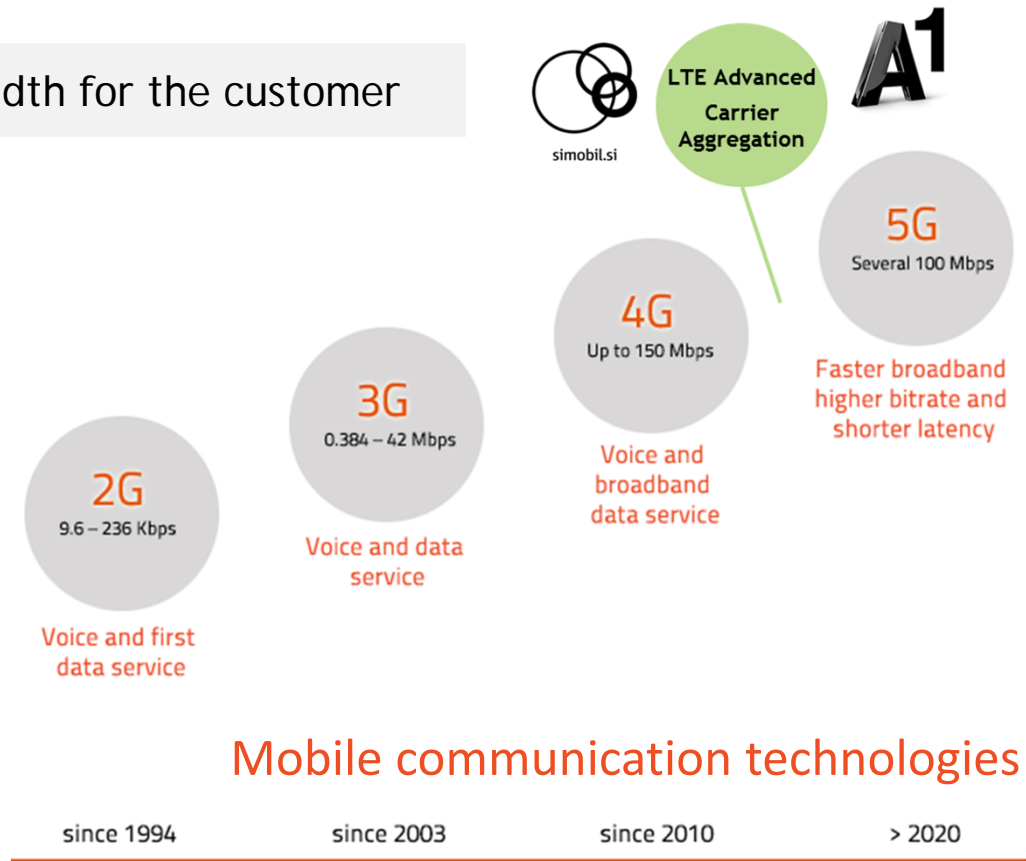
- > **A1 and Si.mobil** will offer LTE nearly nation-wide
- > **Vip operator** will reach more than half of the population with its LTE network
- > **Vipnet** will expand the LTE coverage for the biggest cities and the Croatian coastline
- > **Vip mobile** will start the LTE rollout after the frequency auction



A1 and Si.mobil started next stage of LTE network rollout with carrier aggregation

> Duplicates the available bandwidth for the customer

- ✓ Carrier aggregation based on existing LTE networks
- ✓ A1 has presented LTE carrier aggregation for the first time in the world based on two 20-MHz frequency blocks from the 800 and 2600-MHz frequency bands
- ✓ Si.mobil is going to selected locations across six cities in Slovenia with LTE carrier aggregation



Mobile communication technologies

Technology innovation: Network Function Virtualization (NFV) as paradigm shift

The network is on a journey to convergence



The networking declaration of independence...



Highlights 2014:

- ✓ Four NFV trials in four countries done
- ✓ The benefits of virtualization are proven



Outlook for the full year 2015

Telekom Austria Group outlook for the full year 2015

	10 February 2015	Consensus
Revenues	Approx. +2%	+0.8%
CAPEX*	EUR 700-750 mn	EUR 711 mn
Proposed dividend**	EUR 0.05	-

On a constant currency basis with the exception of Belarus; assumed BYR devaluation of 20%

* Does not include investments for spectrum and acquisitions


** Intended proposal for the AGM 2015



Appendix 1

The leading regional communications player providing convergent telecommunication services

as of 31 December 2014
(in '000, in %)

Austria 

Mobile:

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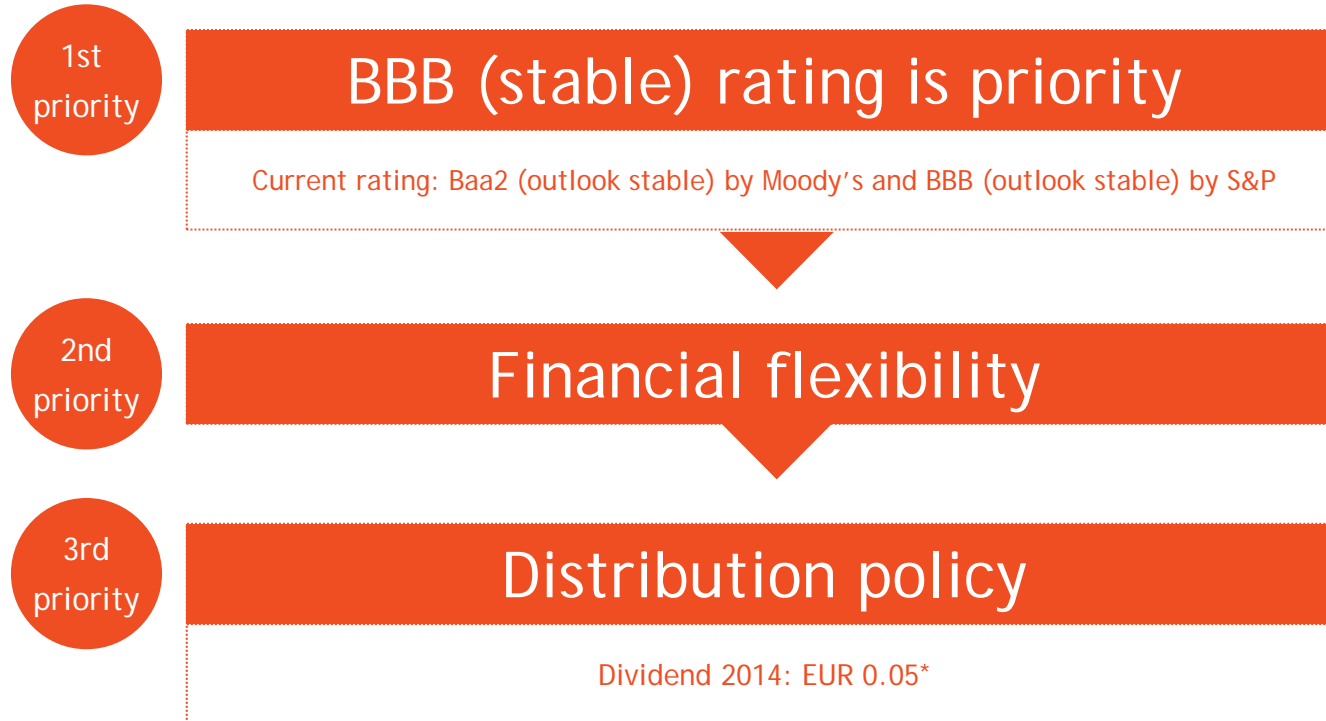
Fixed Line:

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* As of Q4 2013 the methodology for counting subscribers has been changed. Previous quarters of 2013 have been adjusted retrospectively.

Cash-use policy - Focus remains on deleveraging via cash flow



* Intended proposal to the Annual General Meeting 2015

Results for the full year and fourth quarter 2014



Telekom Austria Group - Revenue breakdown

Revenue Split - Segment Austria (in EUR million)	Q4 2014	Q4 2013	% change
Monthly fee and traffic	455.6	456.4	-0.2%
Data and ICT solutions	64.5	63.9	0.9%
Wholesale (incl. Roaming)	28.5	33.9	-15.8%
Interconnection	50.2	55.9	-10.1%
Equipment	45.6	50.6	-9.9%
Other revenues	5.7	5.6	2.0%
Total revenues - Segment Austria	650.2	666.3	-2.4%

Revenue Split - International Operations (in EUR million)	Q4 2014	Q4 2013	% change
Monthly fee and traffic	278.0	291.8	-4.7%
Data and ICT solutions	0.6	0.4	34.3%
Wholesale (incl. Roaming)	3.2	6.2	-48.1%
Interconnection	34.8	44.2	-21.3%
Equipment	67.9	52.4	29.7%
Other revenues	2.2	3.2	-32.9%
Total revenues - int. Operations	386.7	398.2	-2.9%

Telekom Austria Group - Expense breakdown

Operating Expense - Segment Austria (in EUR million)	Q4 2014	Q4 2013	% change
Material expense	74.5	107.2	-30.5%
Employee costs	206.2	180.0	14.5%
Interconnection	45.7	48.2	-5.2%
Maintenance and repairs	31.4	35.4	-11.1%
Services received	27.2	29.0	-6.1%
Other support services	39.1	39.1	-0.1%
Other	94.0	107.6	-12.6%
Total OPEX - Segment Austria	518.1	546.4	-5.2%

Operating Expense - International Operations (in EUR million)	Q4 2014	Q4 2013	% change
Material expense	81.4	64.5	26.3%
Employee costs	37.7	41.0	-8.1%
Interconnection	36.1	46.3	-22.2%
Maintenance and repairs	14.5	14.9	-2.5%
Services received	21.5	26.5	-18.7%
Other support services	5.9	6.8	-13.3%
Other	96.4	86.8	11.1%
Total OPEX - int. Operations	293.5	286.8	2.3%

Telekom Austria Group - Headcount development

FTE (Average period)	Q4 2014	Q4 2013	% change
Austria	8,735	9,019	-3.1%
International	7,412	7,022	5.6%
Telekom Austria Group*	16,325	16,203	0.8%

FTE (End of period)	Q4 2014	Q4 2013	% change
Austria	8,635	8,804	-1.9%
International	7,424	7,076	4.9%
Telekom Austria Group*	16,240	16,045	1.2%

* Including corporates.

Results for the full year and fourth quarter 2014

Telekom Austria Group - Capital expenditures split

Capital Expenditures (in EUR million)	Q4 2014	Q4 2013	% change
Segment Austria	166.3	1,177.9	-85.9%
Segment Bulgaria	43.6	26.0	67.9%
Segment Croatia	25.8	41.4	-37.7%
Segment Belarus	21.7	16.4	32.8%
Segment Additional Markets	27.5	24.5	12.3%
<i>Slovenia</i>	9.9	10.4	-4.8%
<i>Republic of Serbia</i>	12.3	11.1	10.2%
<i>Republic of Macedonia</i>	5.3	2.4	123.1%
<i>Liechtenstein</i>	0.0	0.4	n.m.
<i>Eliminations additional markets</i>	0.1	0.3	n.a.
Corporate, Others & Elimination	0.0	0.0	n.a.
Total capital expenditures	284.9	1,286.1	-77.8%
Thereof tangible	198.3	151.2	31.1%

Telekom Austria Group - Net debt

Net debt* (in EUR million)	31 December 2014	31 December 2013	% change
Long-term debt	3,385.0	3,737.7	-9.4%
Short-term borrowings**	340.8	232.2	46.8%
Cash and cash equivalents and short-term investments	-1,032.5	-211.2	n.m.
Net Debt** of Telekom Austria Group	2,693.3	3,758.7	-28.3%

EUR 600 mn non-call 5 years hybrid bond qualified as 100% equity under IFRS

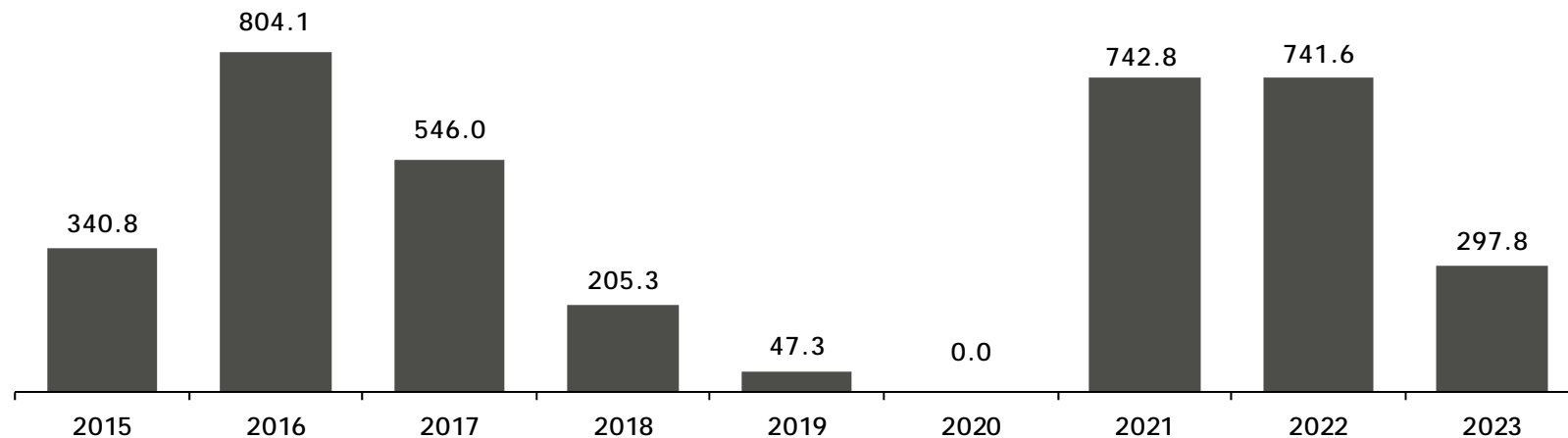
* As of 31 December 2014 long-term financial investments, instalment sales receivables and financial leasing are no longer included in the calculation of net debt; comparative figures have been restated accordingly

** The deferred consideration for the acquisition of SOBS paid in June 2014 is included in short-term borrowings as of 31 December 2013.

Telekom Austria Group - Debt maturity profile

Debt Maturity Profile (Including Accrued Interest)*

(in EUR million)



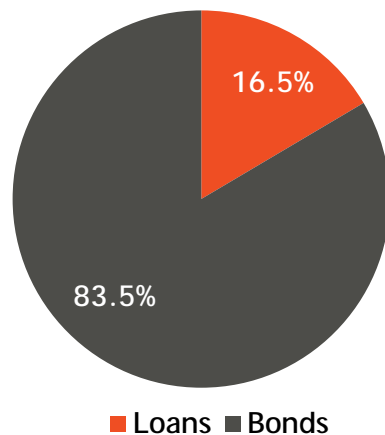
- > EUR 3,725.8 mn of short- and long-term borrowings as of 31 December 2014
- > Average cost of debt of approximately 4.28%
- > Cash and cash equivalents and short-term investments of EUR 1,032.5 mn
- > Average term to maturity of 4.5 years

* EUR 600 mn non-call 5 years hybrid bond qualified as 100% equity under IFRS

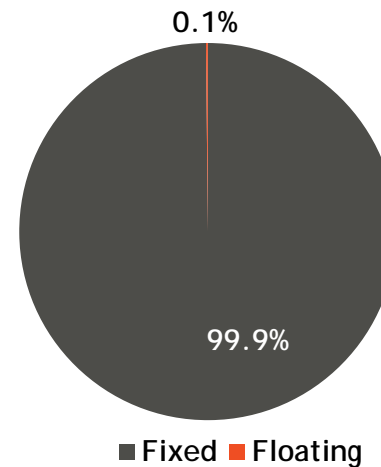


Telekom Austria Group - Debt profile

Overview debt instruments



Fixed-floating mix



Lines of credit

- > Undrawn committed credit lines amounting to EUR 1,000 mn
- > Average term to maturity of approx. 4.85 years

Ratings

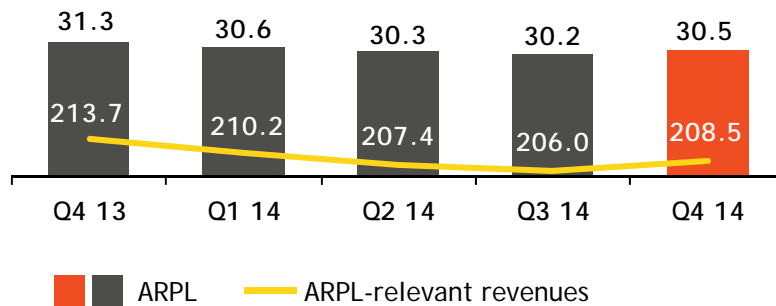
- > S&P: BBB (outlook stable)
- > Moody's: Baa2 (outlook stable)



Segment Austria - Fixed-line key performance indicators

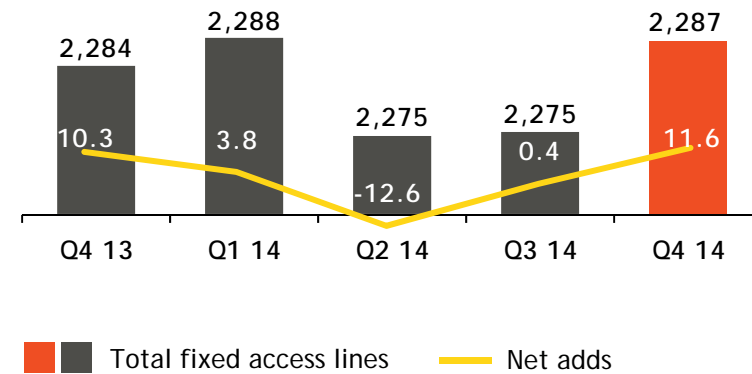
ARPL & ARPL-relevant revenues

(in EUR, in EUR million)



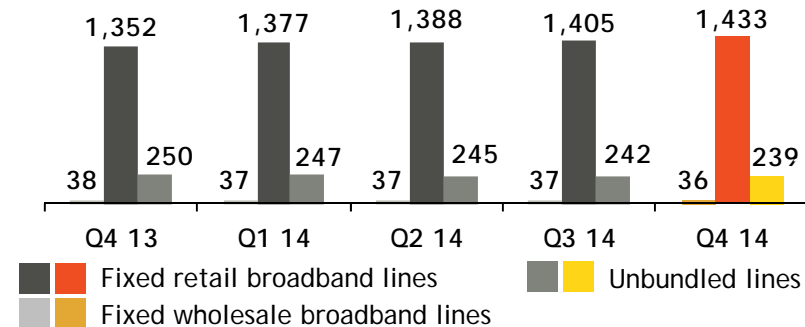
Total fixed access lines & net adds

(in '000)



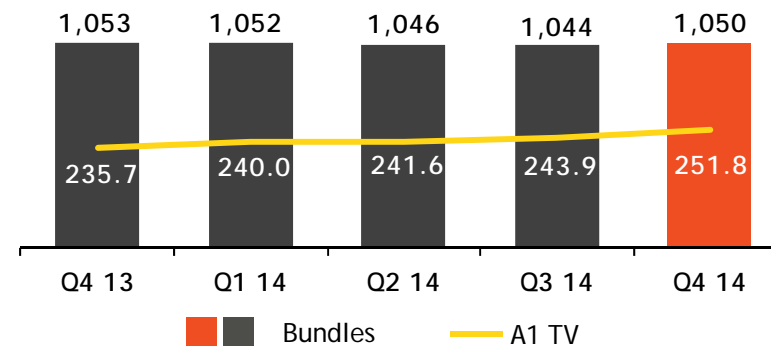
Fixed broadband access lines

(in '000)



Bundle subscriber growth

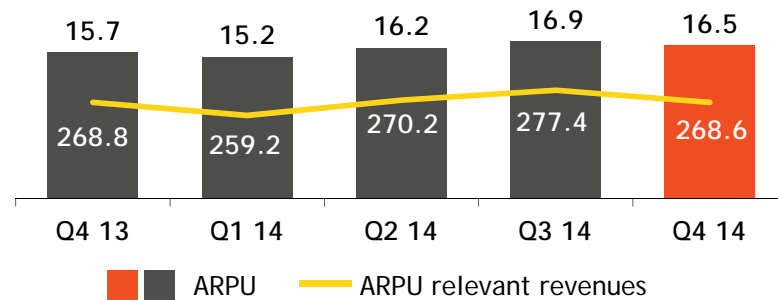
(in '000)



Segment Austria* - Mobile key performance indicators

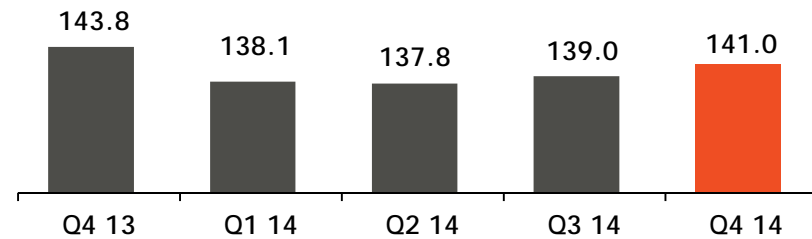
ARPU & ARPU-relevant revenues*

(in EUR)



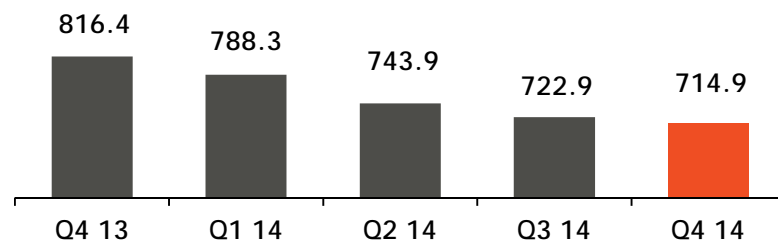
MoU per subscriber*

(in min)



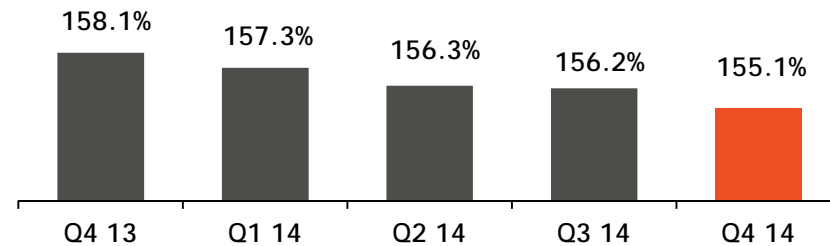
Mobile broadband customers*

(in '000)



Mobile penetration*

(in %)



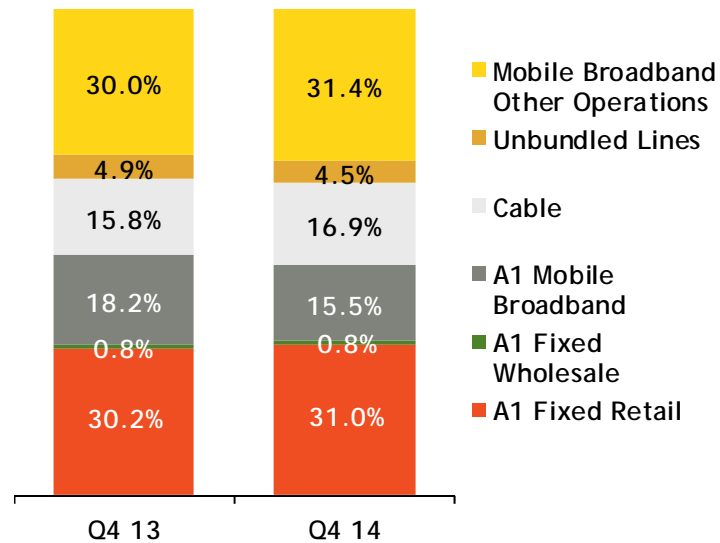
* As of Q2 2013 Telekom Austria Group's methodology for counting subscribers was changed in the Austrian Segment. Previous quarters of 2013 were adjusted retrospectively.



Segment Austria - Broadband market split

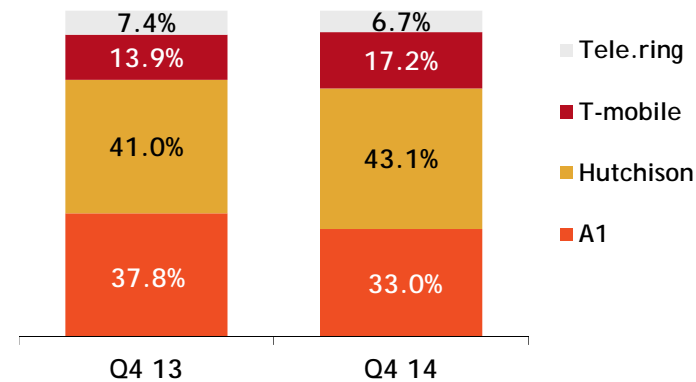
Market share total broadband*

(in %)



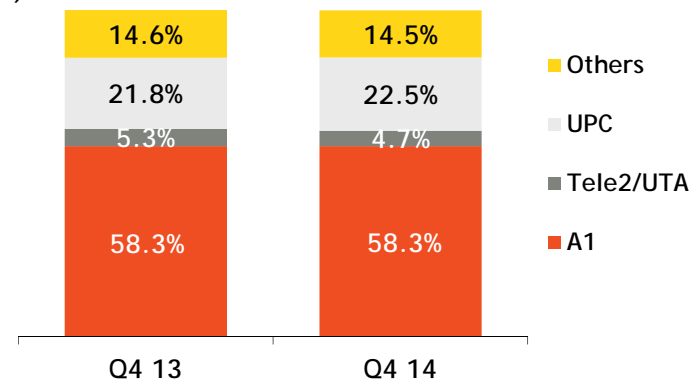
Market share mobile broadband*

(in %)



Market share fixed-line broadband

(in %)



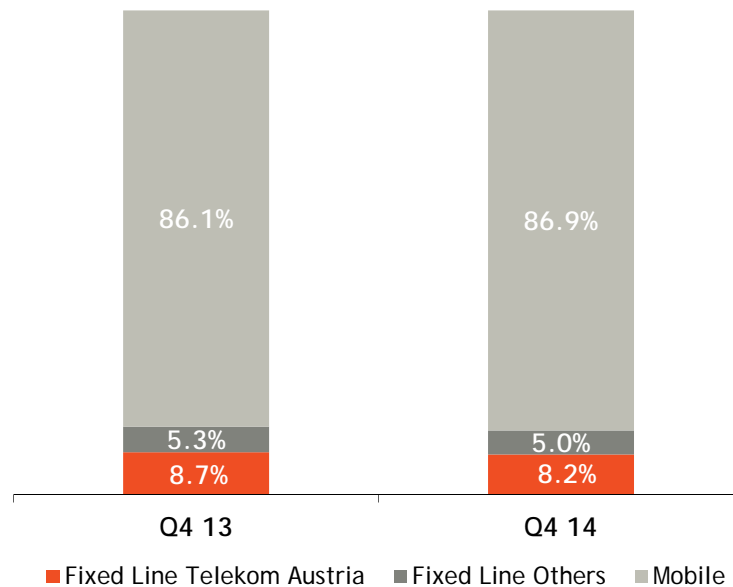
* As of Q2 2013 Telekom Austria Group's methodology for counting subscribers was changed in the Austrian Segment. Previous quarters of 2013 were adjusted retrospectively.



Segment Austria - Voice market split

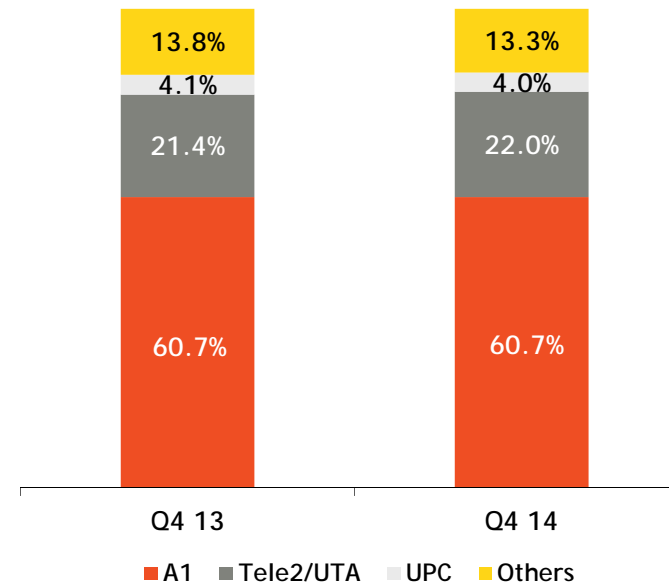
Market share total minutes

(in %)



Market share fixed-line minutes

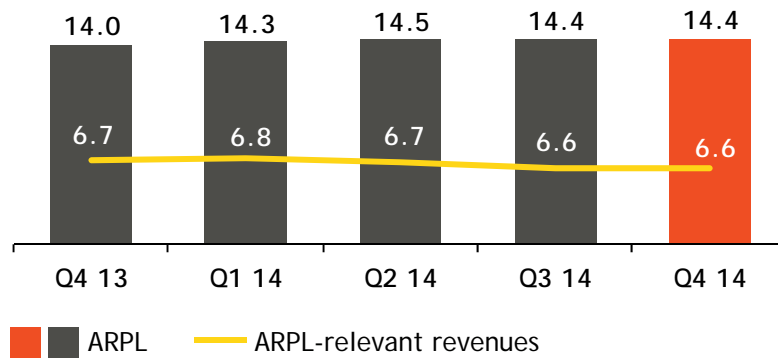
(in %)



Segment Bulgaria* - Fixed-line key performance indicators

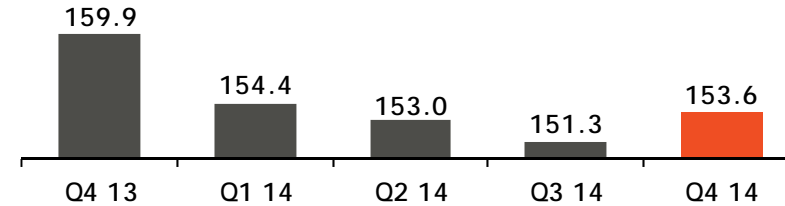
ARPL & ARPL-relevant revenues

(in EUR, in EUR million)



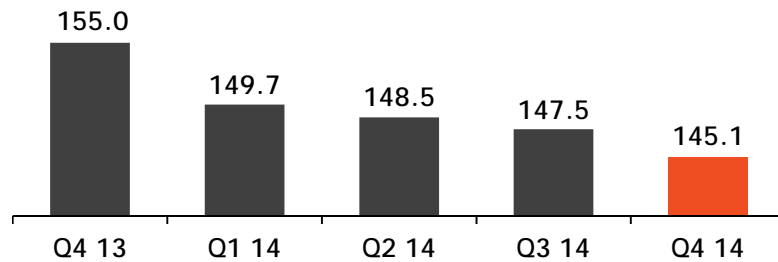
Total fixed access lines

(in '000)



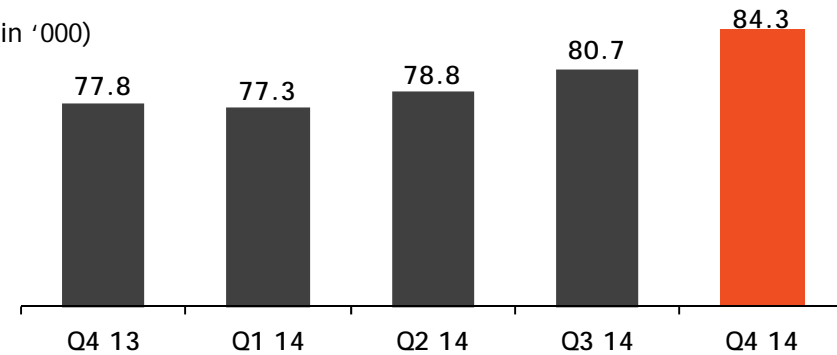
Fixed broadband retail access lines

(in '000)



TV subscribers

(in '000)



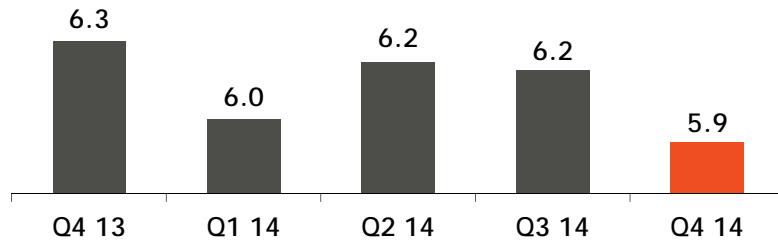
* As of Q4 2013 the methodology for counting subscribers was changed in Bulgaria. Previous quarters of 2013 were adjusted retrospectively.
Results for the full year and fourth quarter 2014



Segment Bulgaria* - Mobile key performance indicators

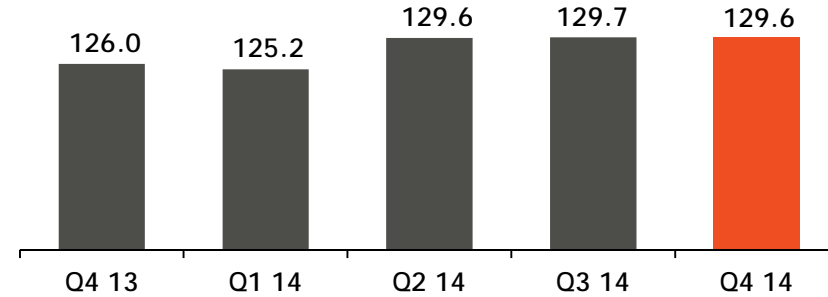
ARPU

(in EUR)



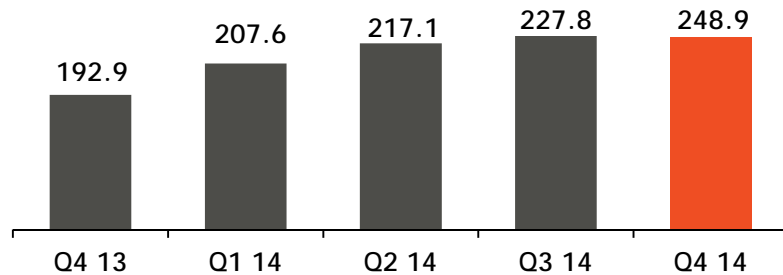
MoU per subscriber

(in min)



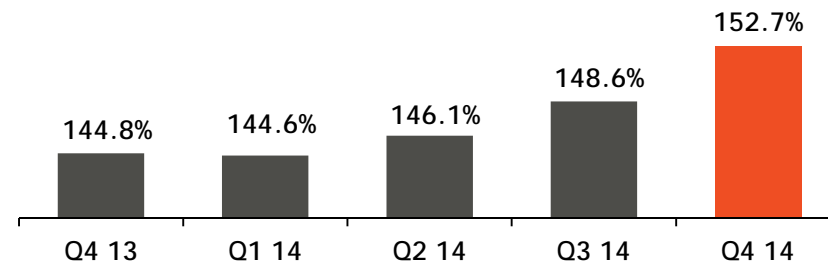
Mobile broadband customers

(in '000)



Mobile penetration

(in %)



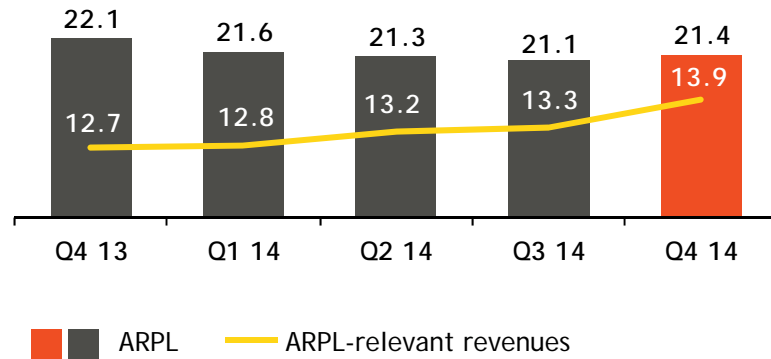
* As of Q4 2013 the methodology for counting subscribers was changed in Bulgaria. Previous quarters of 2012 and 2013 were adjusted retrospectively.
Results for the full year and fourth quarter 2014



Segment Croatia - Fixed-line key performance indicators

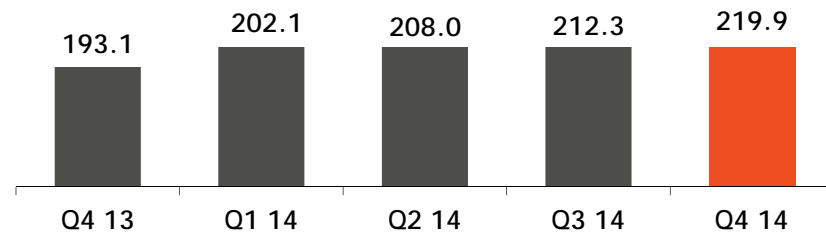
ARPL & ARPL-relevant revenues

(in EUR, in EUR million)



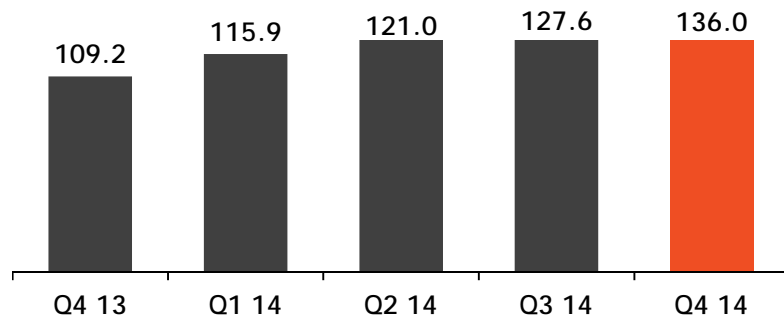
Total fixed access lines

(in '000)



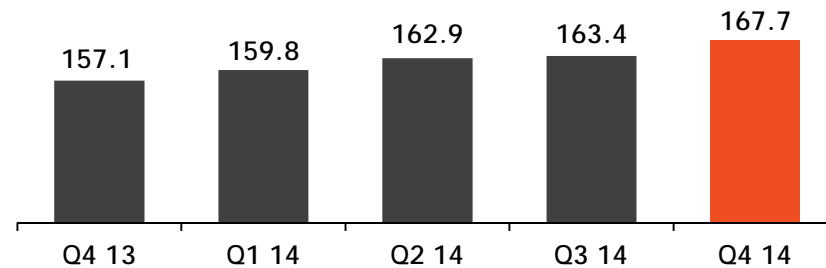
Fixed broadband retail access lines

(in '000)



TV subscribers

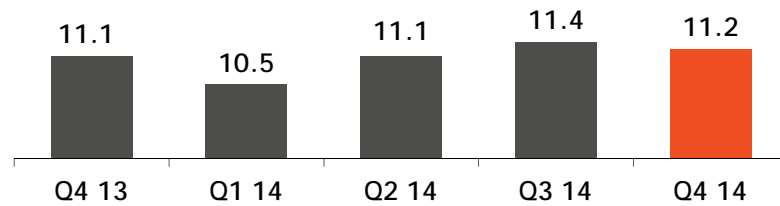
(in '000)



Segment Croatia - Mobile key performance indicators

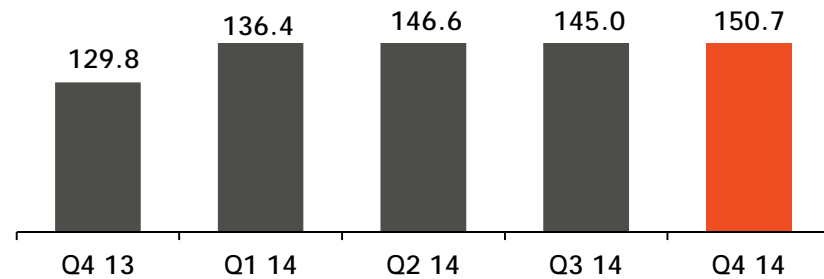
ARPU

(in EUR)



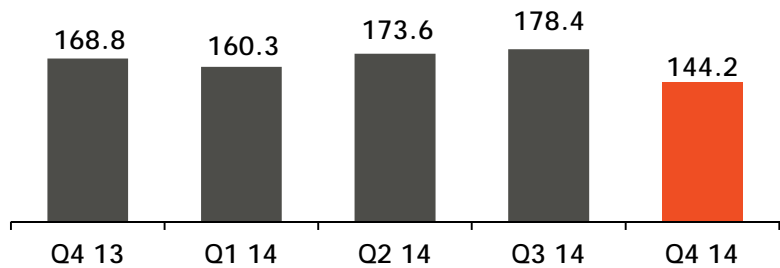
MoU per subscriber

(in min)



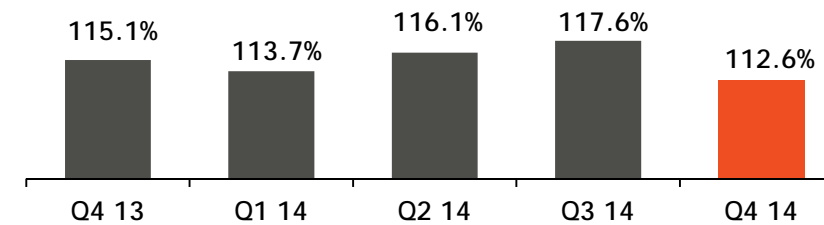
Mobile broadband customers

(in '000)



Mobile penetration

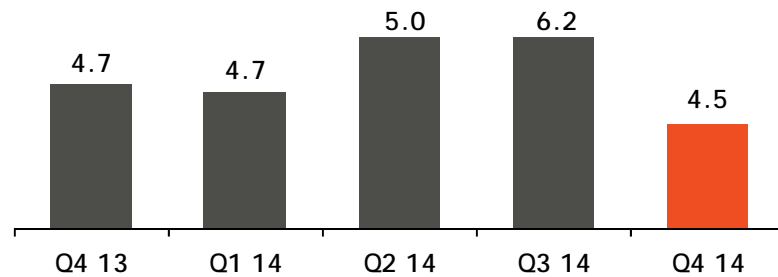
(in %)



Segment Belarus – Mobile key performance indicators

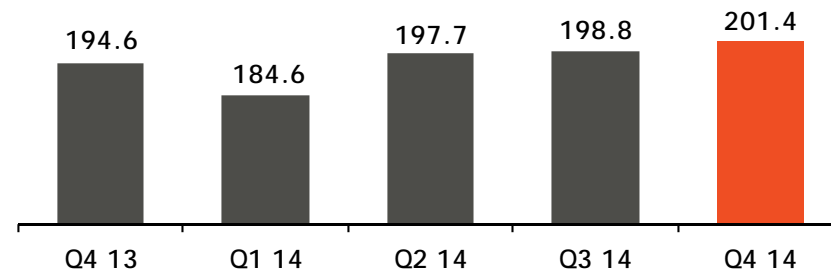
ARPU

(in EUR)



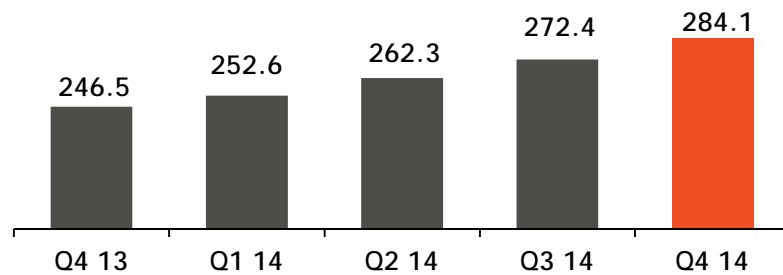
MoU per subscriber

(in min)



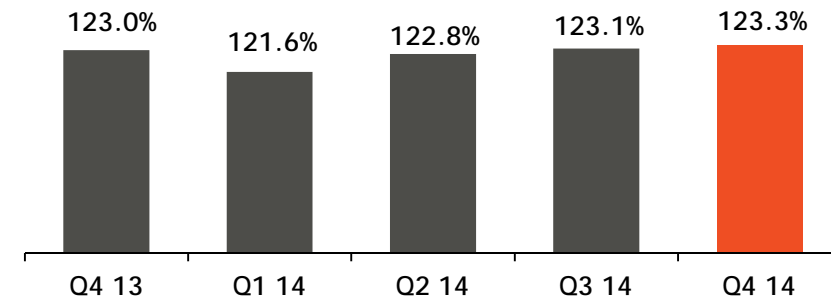
Mobile broadband customers

(in '000)



Mobile penetration

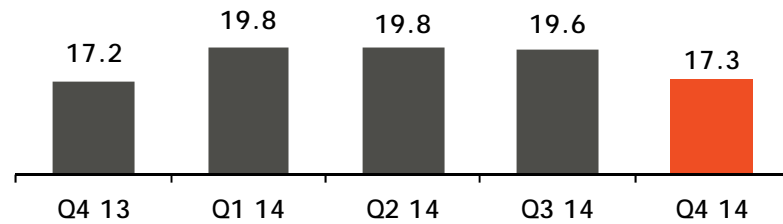
(in %)



Segment Additional Markets - Mobile key performance indicators

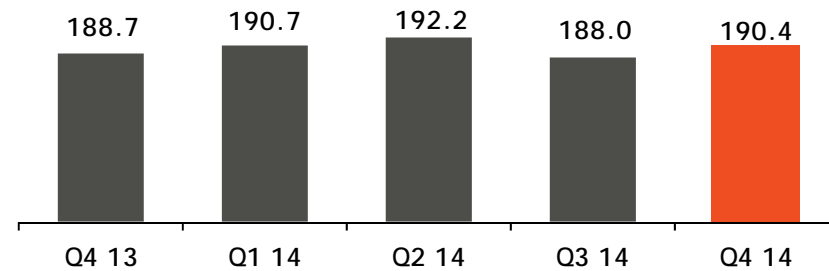
Slovenia - ARPU

(in EUR)



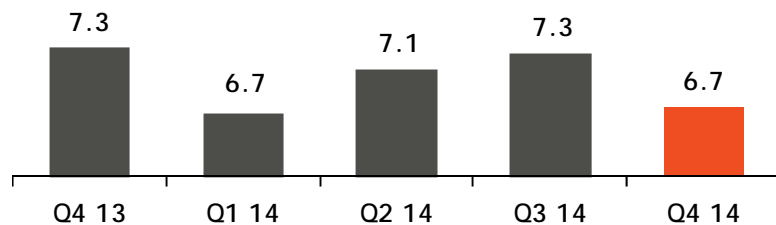
Slovenia - MoU per subscriber

(in min)



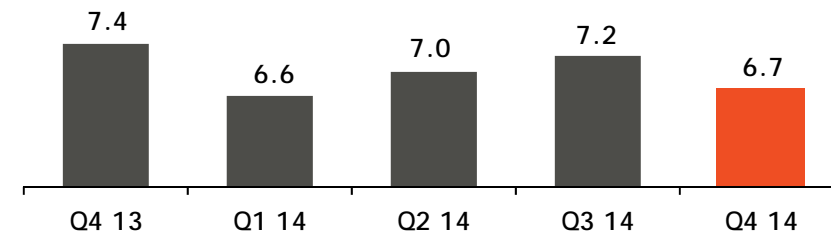
Republic of Serbia - ARPU

(in EUR)



Republic of Macedonia - ARPU

(in EUR)



Appendix 2 – Regulatory topics

Glide Path of Mobile Termination Rates

EU Pressure on National Regulatory Authorities to Further Decrease Rates

	Jul 2013	Nov 2013	Jan 2014	Jul 2014	Sep 2014	Jan 2015	Jul 2015
Austria (EUR)	0.0201	0.008049	0.008049	0.008049	0.008049	0.008049	0.008049
Bulgaria (BGN)	0.023	0.023	0.02	0.02	0.02	0.019	0.019
Croatia (HRK)	0.1933*	0.1933*	0.1281*	0.1281*	0.1281*	0.063*	0.063*
Belarus (BYR)	180/90**	180/90**	180/90**	180/90**	180/90**	180/90**	180/90**
Slovenia (EUR)	0.0324	0.0324	0.0324	0.0324	0.0114	0.0114	0.0114
Serbia (RSD)	4.8	4.8	3.95	3.95	3.95	3.43	3.43
Macedonia (MKD)	4.0	1.20	1.20	1.20	0.90	0.90	0.90

* National MTRs stated. International MTRs differ

** Belarus values: peak times/off-peak times - the medium weighted MTR value amounts to BYR 150 per minute

EU Roaming Price Regulation

RETAIL (in EURc)	Before	July 2012	July 2013	July 2014
Data (per MB)	none	70	45	20
Voice-calls made (per minute)	35	29	24	19
Voice-calls received (per minute)	11	8	7	5
SMS (per SMS)	11	9	8	6

WHOLESALE (in EURc)	Before	July 2012	July 2013	July 2014
Data (per MB)	50	25	15	5
Voice (per minute)	18	14	10	5
SMS (per SMS)	4	3	2	2



Upcoming spectrum tenders/prolongations/assignments

	planned/expected	Comments
Austria	2019 (2100 MHz)	-
Bulgaria	2015 (1800 MHz)	2600-MHz band free from 1 Sept 2015; allocation procedure currently undecided
Croatia	2015 (1800 MHz) 2016-2017 (2100 MHz) 2017-2018 (2600 MHz)	2100 MHz: dependant on LTE rollout dynamics and traffic development (on request of at least one operator) 2600 MHz: dependant on traffic development
Belarus	2015 (2100 MHz)	2100 MHz: 4th block countrywide LTE license only awarded to B-cloud, allocation to other operators not expected before 2016.
Slovenia	2015 or 2016	NRA announced preparation of a new tender for public spectrum auction of "leftovers" 700 MHz, 1400 MHz, 1800 MHz, 2100MHz, 2300 MHz, 3500 MHz and 3700 MHz.
Republic of Serbia	2015 (1800 MHz) 2015 (800 MHz & 900 MHz)	1800 MHz: Auction for non-allocated spectrum expected to start in Q1/15 and end in May 2015 800/900 MHz: Auction expected for 2 nd half of 2015
Republic of Macedonia	2016-2017 (900 MHz & 1800 MHz)	900 MHz (2x10) & 1800 MHz (2x10): Prolongations (Vip operator licenses in these spectrum valid until 22.03.2017)

Appendix 3 – Personnel restructuring in Austria

Quarterly overview - Restructuring charges and provision vs. FTE

Overview restructuring charges

(in EUR million)

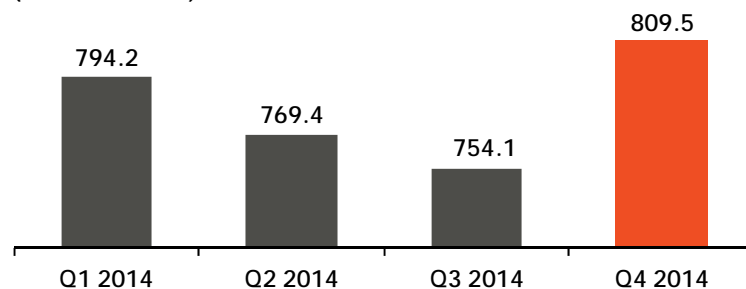
	Q1	Q2	Q3	Q4
FTE reduction	8.8	10.4	6.3	60.9*
Servicekom contribution	-1.2	-11.3	-0.9	-26.0
Interest rate adjustments	0.0	0.0	0.0	42.6
Total	7.7	-0.9	5.4	77.5

FTEs addressed

	Q1	Q2	Q3	Q4
Transfer to government	11	11	9	21
Social plans	13	29	30	127
Staff released from work	0	0	0	0
Total	24	40	39	148

Overview restructuring provision**

(in EUR million)



Provisioned FTEs

	Q1	Q2	Q3	Q4
Transfer to government	341	216	221	242
Social plans	1,320	1,357	1,358	1,460
Staff released from work	405	366	359	350
Total	2,066	1,939	1,938	2,052

* Including EUR 15.0 mn due to the judgment of the European Court of Justice from November 11, 2014 regarding the remuneration and legal rights of civil servants ("Vorrückungstichtag")

** Including liabilities for transfer of civil servants to government bodies since 2010

Full year overview - Restructuring charges and provision vs. FTE

Overview restructuring charges

(in EUR million)

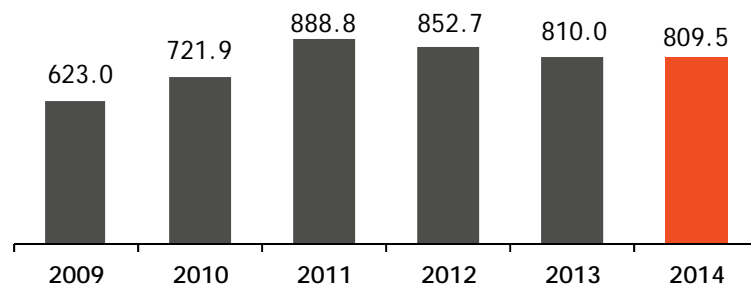
	2009	2010	2011	2012	2013	2014
FTE reduction	-10.0	76.9	274.3	49.9	149.0	86.4*
Servicekom contribution	0.0	0.0	-40.6	-76.7	-103.8	-39.4
Interest rate adjustments	27.5	47.2	0.0	61.4	0.0	42.6
Total	17.5	124.1	233.7	34.7	45.2	89.6

FTEs addressed

	2009	2010	2011	2012	2013	2014
Transfer to government	0	158	106	44	22	52
Social plans	451	28	685	94	409	199
Staff released from work	-194	27	0	0	0	0
Total	257	213	791	138	431	251

Overview restructuring provision**

(in EUR million)



Provisioned FTEs

	2009	2010	2011	2012	2013	2014
Transfer to government	0	158	264	308	330	242
Social plans	273	299	922	1,030	1,315	1,460
Staff released from work	789	763	649	510	410	350
Total	1,062	1,220	1,835	1,848	2,055	2,052

* Including EUR 15.0 mn due to the judgment of the European Court of Justice from November 11, 2014 regarding the remuneration and legal rights of civil servants ("Vorrückungstichtag")

** Including liabilities for transfer of civil servants to government bodies since 2010

Overview – Cash flow impact of restructuring

Overview cash flow impact*

(in EUR million)

	Total cash-flow impact
2009	62.0
2010	57.9
2011	93.4
2012	104.0
2013	108.0
<i>Q1 2014</i>	<i>28.4</i>
<i>Q2 2014</i>	<i>28.3</i>
<i>Q3 2014</i>	<i>25.0</i>
<i>Q4 2014</i>	<i>25.5</i>
FY 2014	107.2

- > Total cash flow impact comprises old and new programmes
- > Cash flow impact for Q4 2014 of EUR 25.5 mn
- > Total cash flow impact for 2014 of EUR 107.2 mn

* Historical numbers have been restated since 2011 to fully reflect all payments from the transfer of civil servants to government bodies.

Results for the full year and fourth quarter 2014



Appendix 4 – Corporate sustainability

Alignment with core business and materiality analysis define sustainability strategy

Products Providing Responsible Products



Develop Products in a Future-Oriented and Responsible Way

- Powerful Network Infrastructure
- Highest Data Protection and Safety Standards
- Products with Added Value

Environment Living Green



Manage Resources in an Efficient and Sustainable Way

- Energy-Efficient Infrastructures
- Increased Use of Renewable Energy
- Active Climate Protection Through CO₂ Reduction



Employees Empowering People



Systematically Promote Employees' Skills and Utilising Them

- Sound Education and Trainings
- Promotion of Internal Career Paths
- Increase the Proportion of Female Employees – Including Management Posts

Society Creating Equal Opportunities



Creating Equal Opportunities in the Digital Society

- Focused Trainings on Media Literacy
- Increase the Safe Use of Digital Media
- Social Cooperations Based on Local Needs

22 Firm and Measurable Targets



Reporting Follows the Global Reporting Initiative Guidelines



ISO 14001
ISO 50001
ISO 27001



Key figures

Selected Group-wide KPIs

Products: Providing Responsible Products		2013
Customer contacts in customer service ('000)		40.640
Employees in customer service (in FTE)		3.627
Environment: Living Green*		2013
Total CO ₂ Emissions (Scope 1+2 in tonnes)		222.722
Energy efficiency index (in Mwh/terabyte)		1,1
Paper consumption (in tonnes)		1.777
Collected old mobile phones (in pcs)		107.353
E-billing share (in %)		64
Employees: Empowering People		2013
Share of femal employees (in %)		37
Share of femal executives (in %)		31
Internally hired positions		631
Society: Creating Equal Opportunities		2013
Participants in trainings on media literacy**		24.483
Local educational projects		over 30

* Mobilkom liechtenstein is not included due to size of the operating company

** Since beginning of the initiative

Results for the full year and fourth quarter 2014

Ratings



› Classification: B
(93 points out of 100)



› Classification: C+



Indices



Memberships

