



▶2001

▶2002

▶2003

▶2004

▶2005

▶2006

▶2007

▶2008

Telekom Austria Group



jet2web

# Telekom Austria Group Results for the 1st Quarter 2001

May 30, 2001



# Disclaimer

This presentation contains certain forward-looking statements. Actual results may differ materially from those projected or implied in such forward-looking statements. Forward-looking information involves risks and uncertainties that could significantly affect expected results. These risks and uncertainties are discussed in Telekom Austria's SEC filings, including, but not limited to, Telekom Austria's Form 6-K containing the relevant press release and certain sections of the Company's Annual Report on Form 20-F. Figures contained in this presentation are unaudited.

# Agenda

- Group overview
- Operational highlights
- Financial review
- Outlook

# Group Overview

# Highlights of the First Quarter 2001

- Restructuring on track, costs savings and headcount reduction as planned
- New tariff initiatives to defend market share
- Mobile extends coverage to Slovenia
- Organic growth and acquisitions in Internet
- Datakom becomes the group's solution provider

# Telekom Austria Group Figures

| (EUR million)                           | 1Q 2001 | 1Q 2000 | % change |
|---|---------|---------|----------|
| Total managed operating revenues        | 967.4   | 945.9   | 2.3%     |
| Total managed EBITDA                    | 374.6   | 349.8   | 7.1%     |
| Total managed EBIT                      | 96.7    | 97.8    | -1.1%    |
| Consolid. net income of Telekom Austria | 10.3    | 14.0    | -26.4%   |

# Operational Highlights by Business Segment

# Fixed Line Services

## Results Show Cost Savings Effects

▶ 2001      ▶ 2002      ▶ 2003      ▶ 2004      ▶ 2005      ▶ 2006      ▶ 2007      ▶ 2008



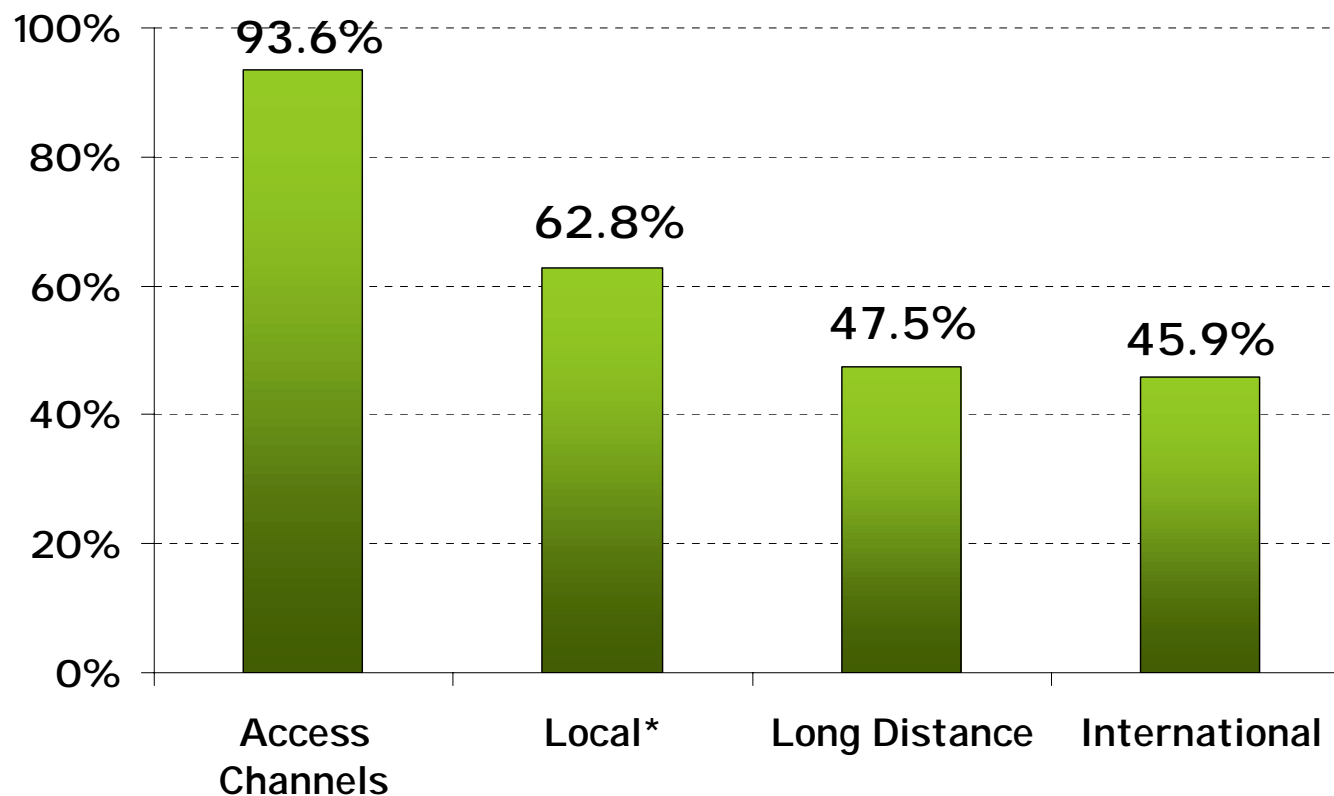
# Fixed Line - Access Channels

| (thousands)                  | Mar 31, 2001   | Dec 31, 2000   | Mar 31, 2000   |
|------------------------------|----------------|----------------|----------------|
| PSTN                         | 2,865.2        | 2,929.1        | 3,101.4        |
| ISDN                         | 370.8          | 339.9          | 288.7          |
| <b>Total access lines</b>    | <b>3,236.0</b> | <b>3,269.0</b> | <b>3,390.1</b> |
| of which ADSL lines          | 53.9           | 38.5           | 5.6            |
| <b>Total access channels</b> | <b>3,841.7</b> | <b>3,832.9</b> | <b>3,855.2</b> |

# Fixed Line - Minutes

| (in mill. minutes)       | 1Q 2001 | 1Q 2000 | % Change |
|--------------------------|---------|---------|----------|
| Local                    | 1,265   | 1,859   | -32.0%   |
| Long distance            | 222     | 290     | -23.4%   |
| Fixed-to-mobile          | 210     | 247     | -15.0%   |
| Internet dial-up         | 1,133   | 988     | 14.7%    |
| Other calls              | 1,005   | 635     | 58.3%    |
| Total fixed line minutes | 3,835   | 4,019   | -4.6%    |
| International traffic    | 116     | 144     | -19.4%   |
| Carrier services:        |         |         |          |
| Incoming international   | 249     | 371     | -32.9%   |
| Outgoing international   | 218     | 275     | -20.7%   |

# Fixed Line - Market Shares (March 31, 2001)



\*including internet dial-up traffic

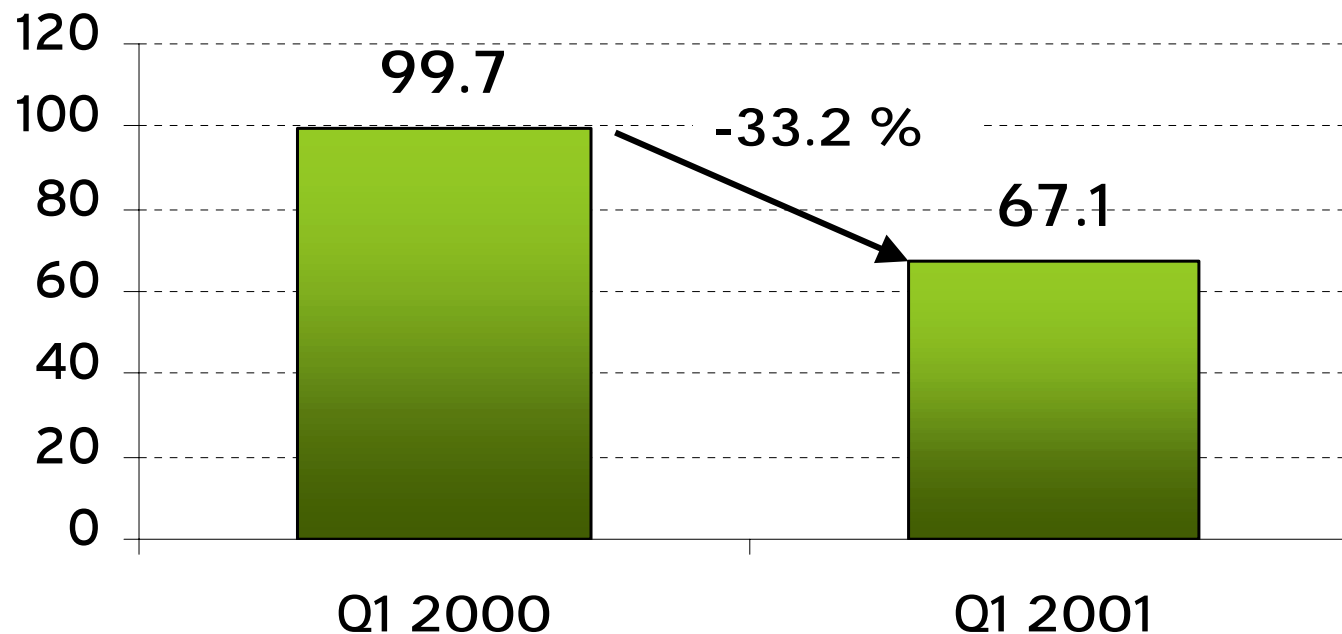
# Personnel Reduction on Track

- TAP organization has been put into practice
  - ◆ 1.700 people have been taken out of the workflow in Q1
    - 500 people left the company through early retirement, natural attrition and golden handshake)
    - 1.200 people transferred to the TAP Pool for further steps
  - ◆ Q1 2001 head count reduction ahead of schedule
- Organizing steps to reduce TAP-pool headcount
  - ◆ Organization and management of headcount reduction within TAP has been installed
  - ◆ First spin-off projects have been defined, consulting company to support the process
  - ◆ Workers foundation will assist outplacement of civil servants
  - ◆ First projects for outsourcing defined
- Over the next months operating personnel will be transferred back to the fixed line business

# Example for Cost Savings

Reduction in other expenses (mill. EUR):

(EUR mill.)

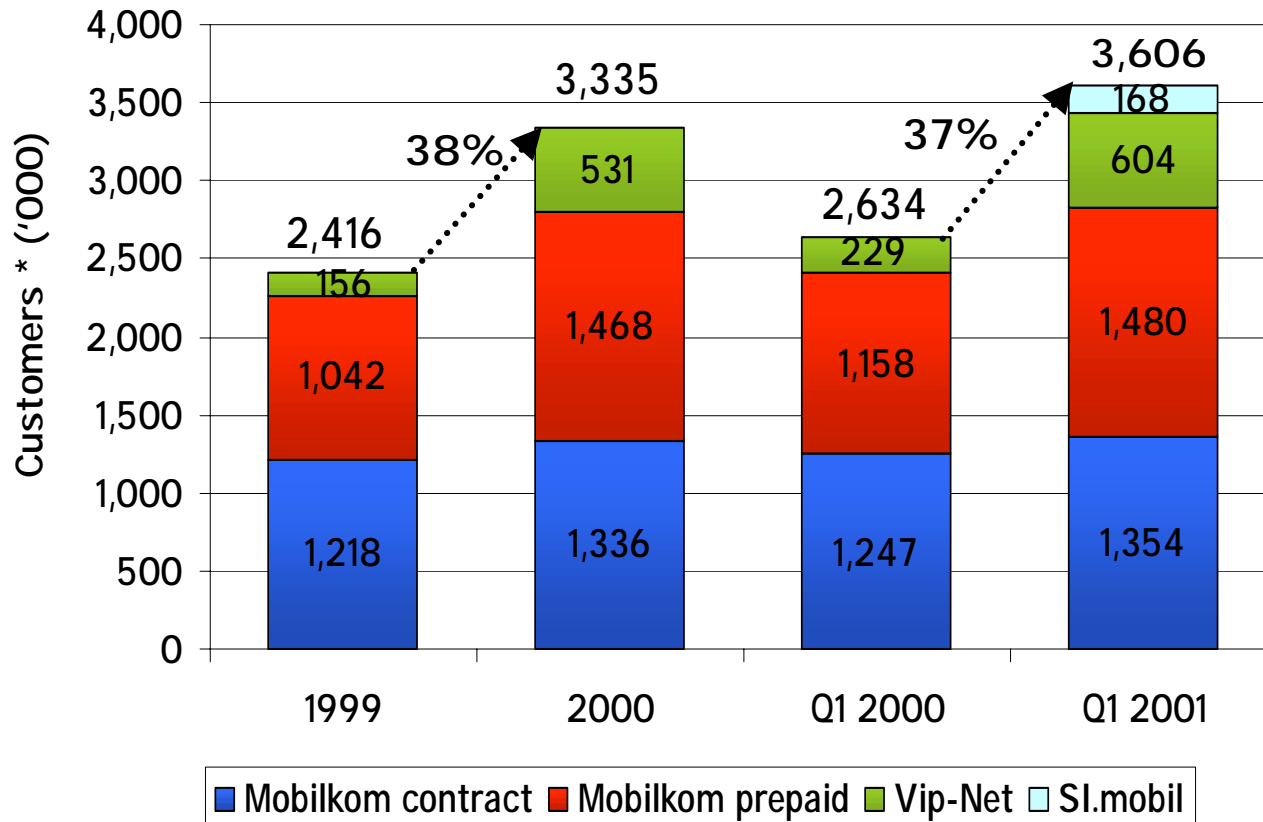


# Mobile Communications Services

3.6 million Customers,  
Market Leader in Austria and Croatia  
Market Entry in Slovenia

▶2001      ▶2002      ▶2003      ▶2004      ▶2005      ▶2006      ▶2007      ▶2008

# Mobile - Customer Growth



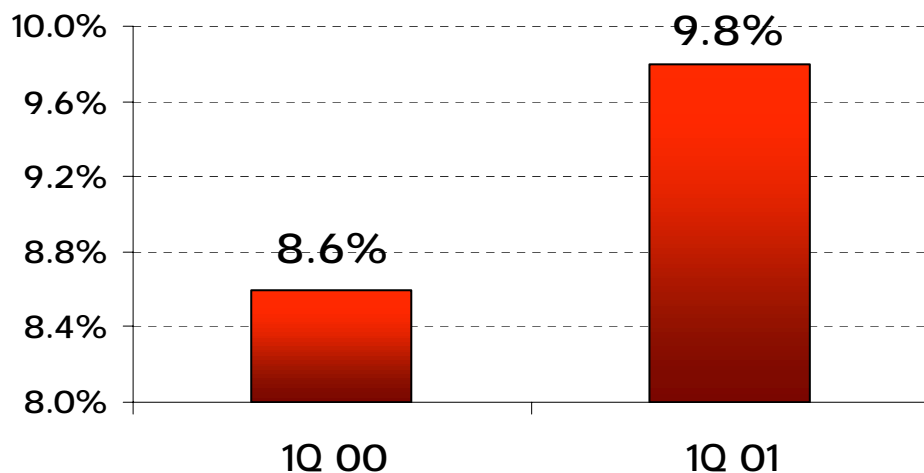
# Mobile - ARPU's

|          |          | Q1 2001 | Q1 2000 |
|----------|----------|---------|---------|
| Mobilkom | Postpaid | 58      | 59      |
|          | Prepaid  | 10      | 13      |
|          | Average  | 33      | 37      |
| <hr/>    |          |         |         |
| VIP-Net  | Average  | 21      | 32      |
| <hr/>    |          |         |         |

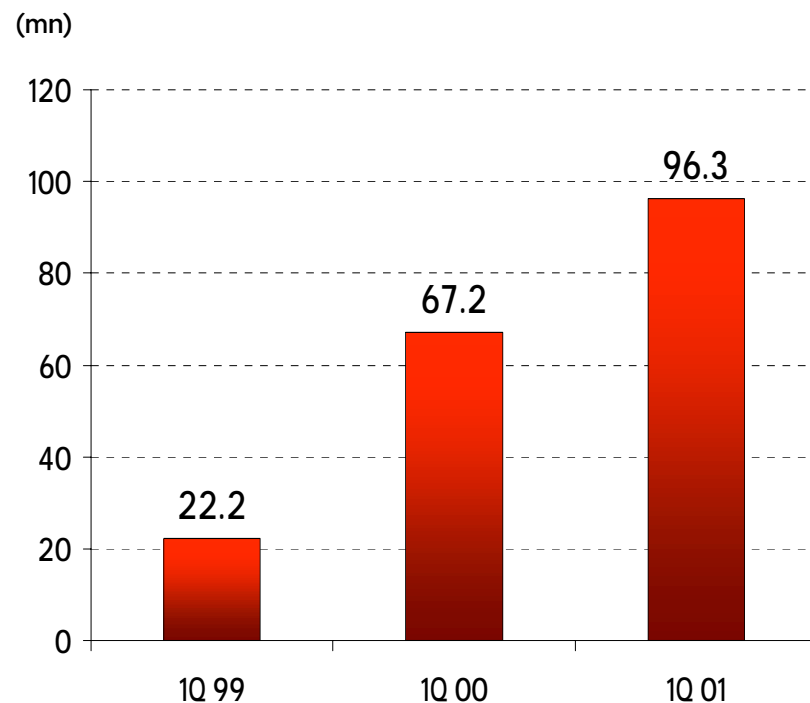


# Mobilkom - Advances into Mobile Data

Data revenues in % of airtime revenues



No. of SMS per quarter



# Mobilkom - A Leader in Mobile Data

- First nationwide and commercial GPRS network
- Time-based billing to minimize entry barriers for customers
- ARPU uplift from GPRS: 15.1 EUR
- GPRS as a first step for UMTS
  - ◆ Experience for content and transaction oriented data services
  - ◆ Parallel to UMTS to increase coverage for data services
  - ◆ Portability of services between UMTS and GPRS
- Other examples for mobile data applications:
  - ◆ mobilizer: mobile phone as organizer
  - ◆ mobilguide: nearest restaurant, shop etc.
  - ◆ m-commerce: last-minute travels, cinema, trains, flowers
  - ◆ mail order business via WAP

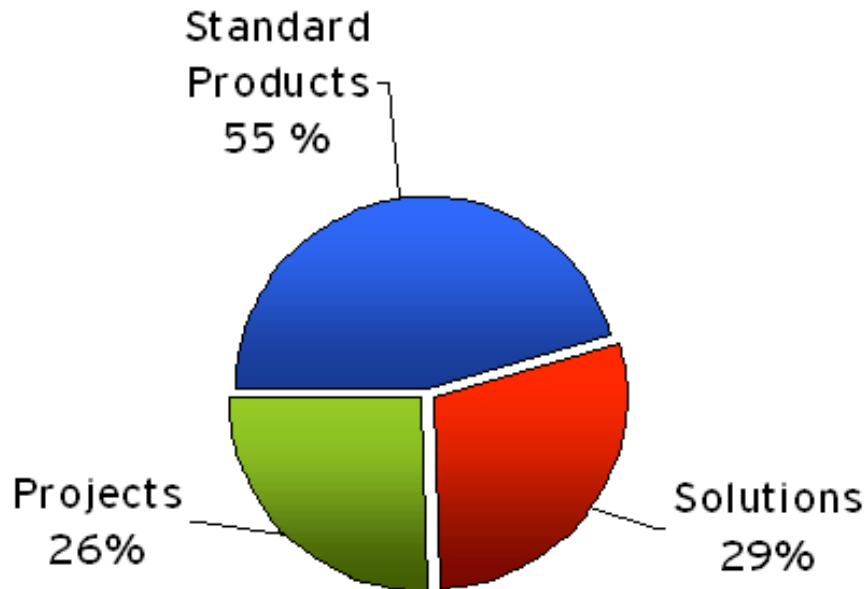
# Data Communications Services

**Austria's Leading Data  
Communications Provider**

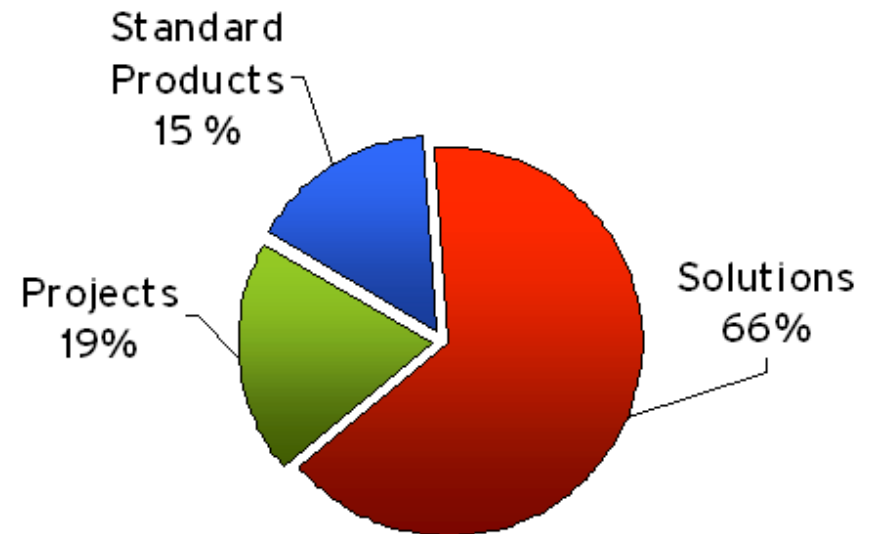
▶2001 ▶2002 ▶2003 ▶2004 ▶2005 ▶2006 ▶2007 ▶2008

# Solution Products as Key Revenue Driver

Expected Revenues 2001



Expected Revenues 2005



# Datakom - The Group's Solution Provider

Datakom is the solution provider & system integrator of the Telekom Austria Group and offers comprehensive, complex IT data and communications solutions from one source.

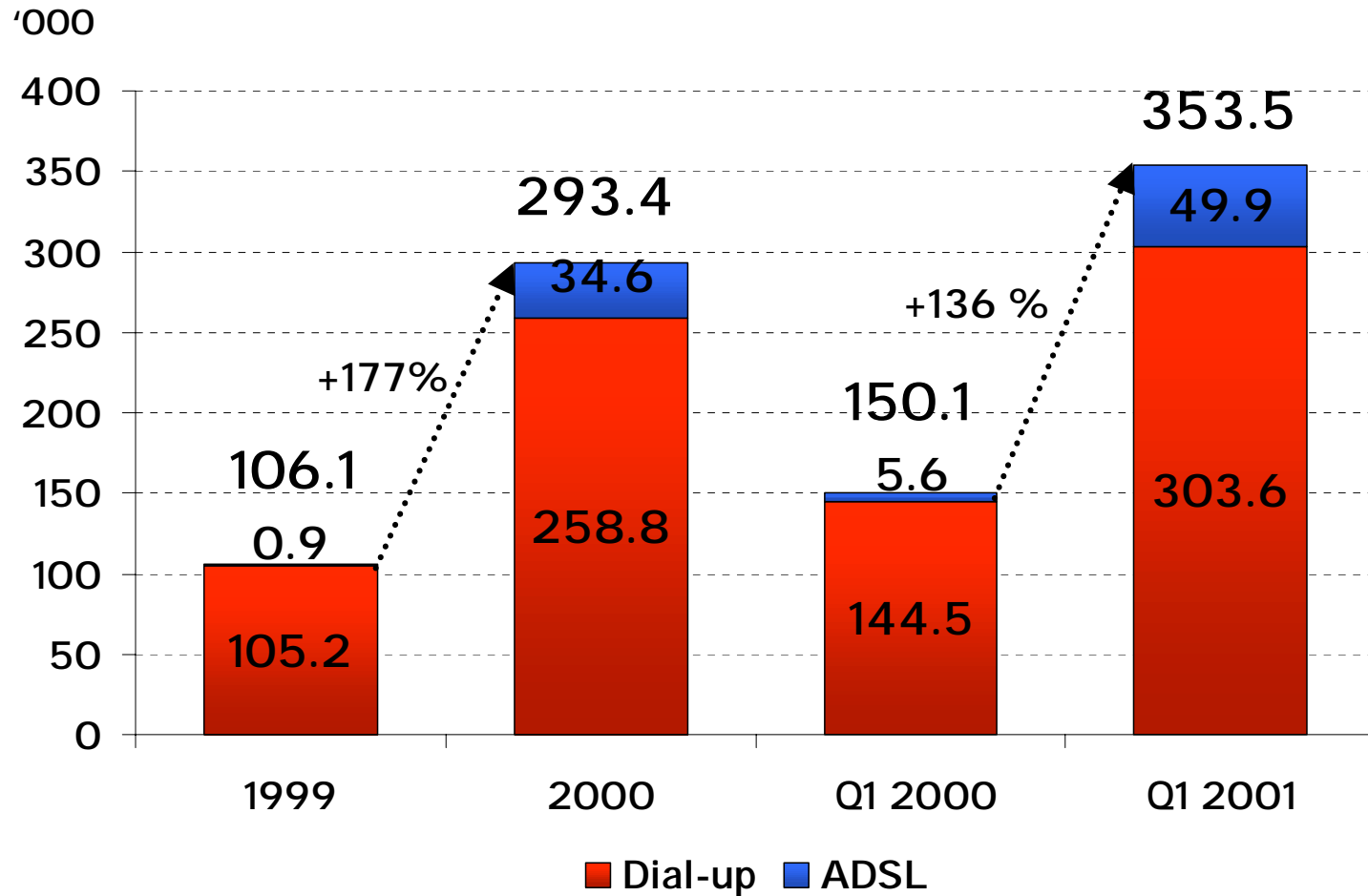
- Blanket-coverage (installation and service of hardware and software)
- Comprehensive offer (data services, data value-added services)
- Bundling of services by the Telekom Austria - Group (Telekom Austria, Mobilkom Austria, Datakom Austria and Jet2Web Internet)
- Product competence in specific market segments (health care)
- National and international solutions expertise (Datakom International)

# Internet

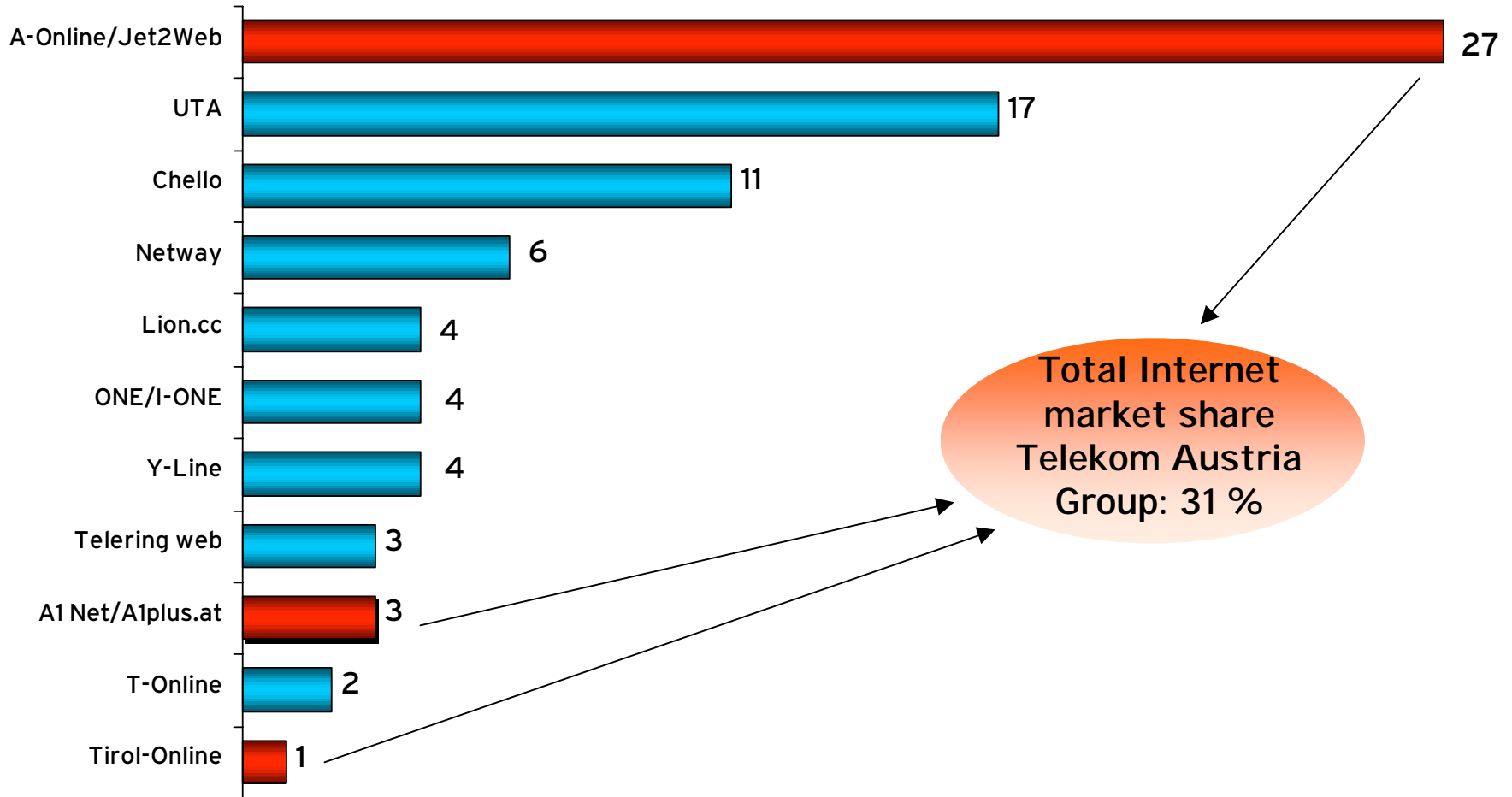
Organic Growth Brings  
Market Share to 31%

▶ 2001      ▶ 2002      ▶ 2003      ▶ 2004      ▶ 2005      ▶ 2006      ▶ 2007      ▶ 2008

# Internet Subscribers in Austria

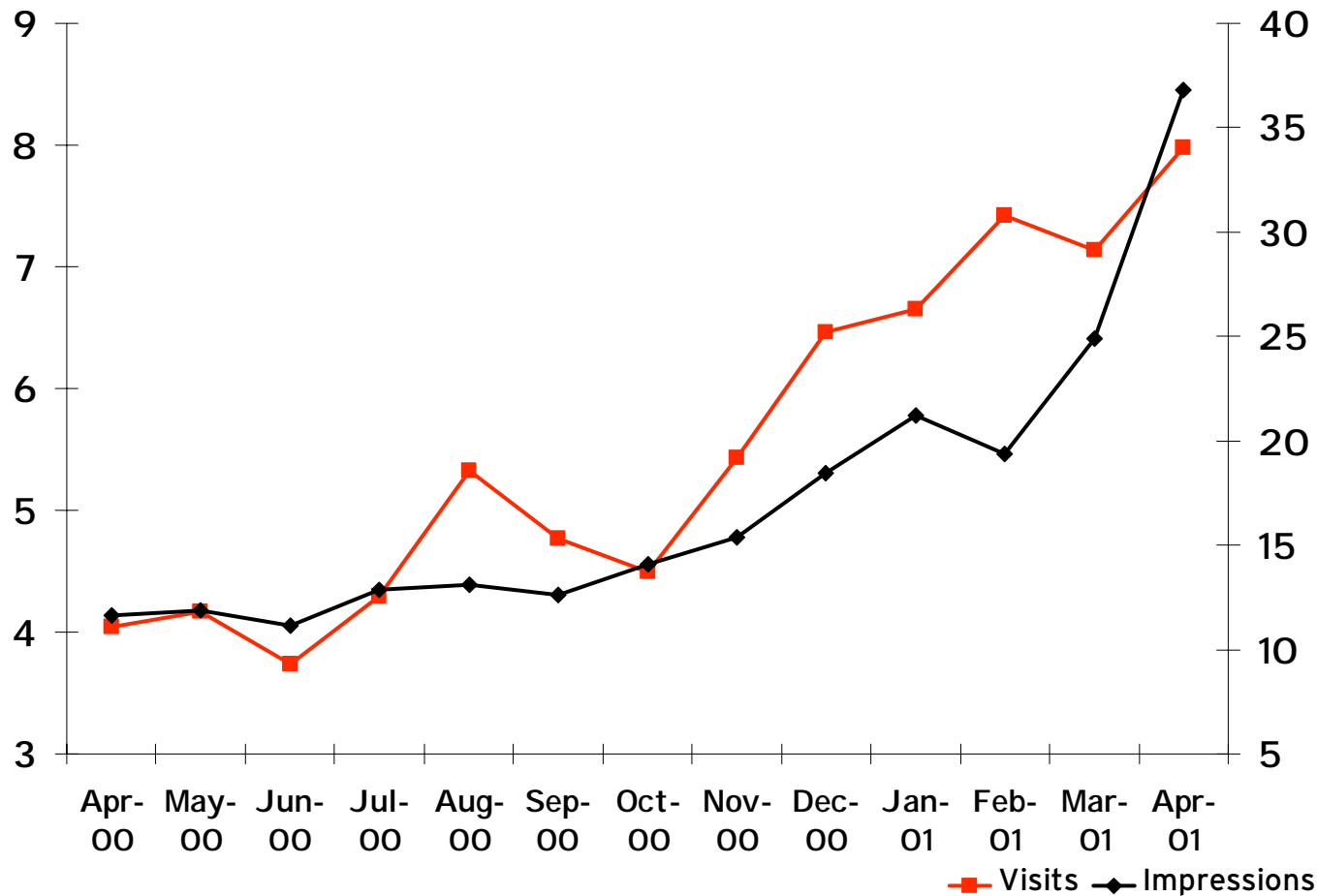


# Residential Market Share (1Q 2001)

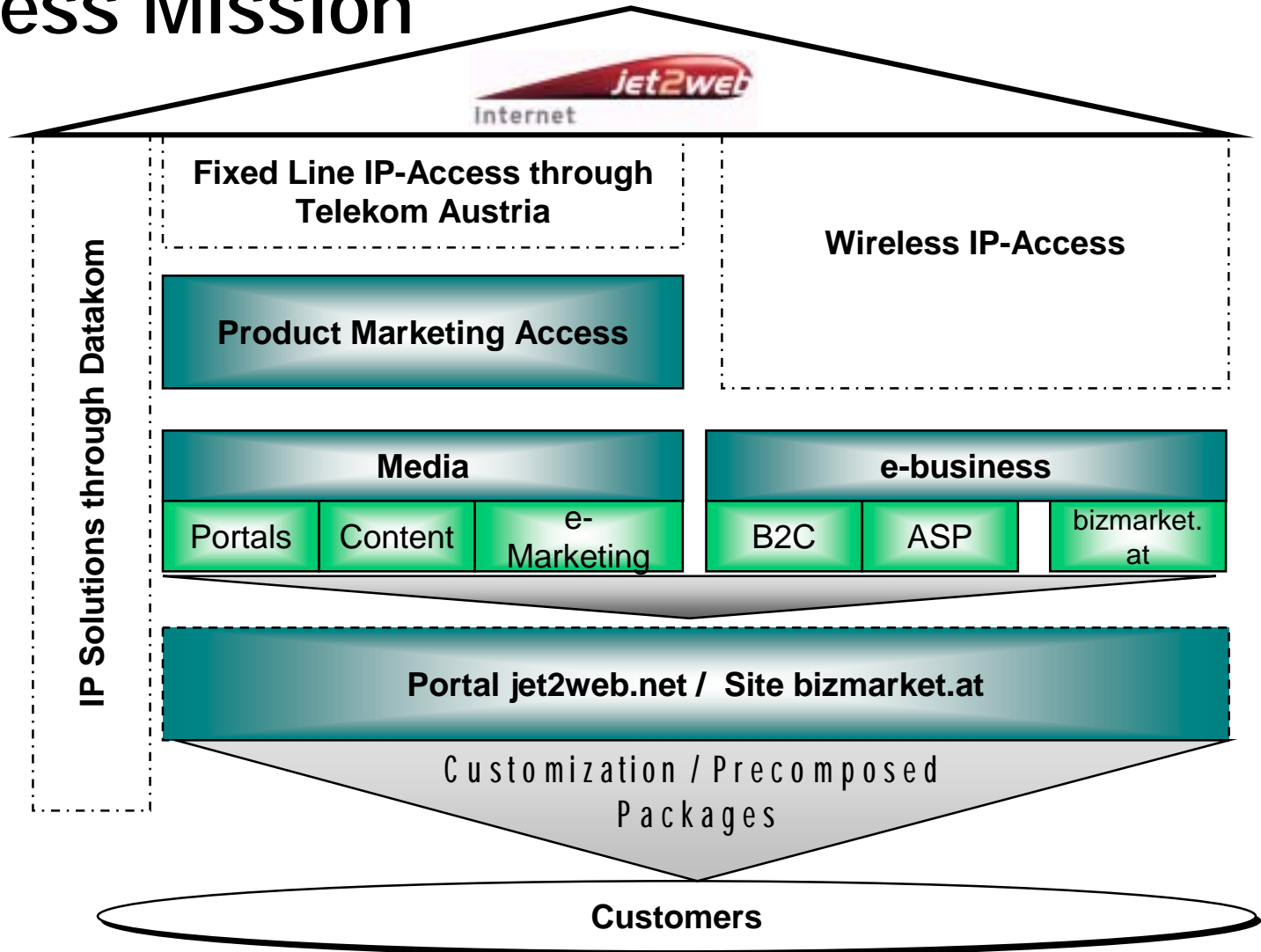




# Page Visits and Page Impressions (in mn)



# Business Mission



# Internet - Activities of the New Subsidiary

- **Media**      Launching the new [www.jet2web.net](http://www.jet2web.net) portal on 15th June with feature for Communications/Communities, Fun & Entertainment, Content & Information  
3 new magazines: Businessweb, Speed, Funbox
- **Access**      New broadband services (wireless ADSL) and products (communication access bundles)
- **E-business**      Launching the new b2b market-place [www.a-biz.at](http://www.a-biz.at) in June  
Cooperation with international enterprises

# Financial Overview

# Reporting Changes Starting with Q1 2001

- Internet is reported as special segment
- EBITDA and EBIT exclude personnel restructuring expenses
- EBITDA calculation is adapted to financial market practice

# Fixed Line - Key Financial Data

| (EUR million)      | 1Q 2001 | 1Q 2000 | % change |
|--------------------|---------|---------|----------|
| Operating revenues | 638.8   | 682.1   | -6.3%    |
| EBITDA             | 210.0   | 211.8   | -0.8%    |
| EBIT               | 9.6     | 5.0     | 92.0%    |

# Fixed Line - Revenue Breakdown

| (EUR million)                              | Q1 2001      | Q1 2000      | % change     |
|--|--------------|--------------|--------------|
| Traffic revenues                           | 163.6        | 236.0        | -30.7%       |
| Monthly rental                             | 157.6        | 168.4        | -6.4%        |
| Interconnection                            | 161.4        | 145.6        | 10.9%        |
| Leased lines                               | 69.3         | 63.0         | 10.0%        |
| Equipment                                  | 24.7         | 27.6         | -10.5%       |
| Other                                      | 62.2         | 41.5         | 49.9%        |
| <b>Total fixed line operating revenues</b> | <b>638.8</b> | <b>682.1</b> | <b>-6.3%</b> |

# Mobile - Key Financial Data

| (EUR million)      | 1Q 2001 | 1Q 2000 | % change |
|--------------------|---------|---------|----------|
| Operating revenues | 411.9   | 339.0   | 21.5%    |
| EBITDA             | 159.0   | 119.7   | 32.8%    |
| EBIT               | 102.3   | 81.5    | 25.5%    |
| Net income         | -37.5   | 53.9    | -169.6%  |



# Mobile - Revenue Breakdown

| (EUR million)                      | Q1 2001      | Q1 2000      | % change     |
|------------------------------------|--------------|--------------|--------------|
| Traffic revenues                   | 173.8        | 161.3        | 7.7%         |
| Monthly rental                     | 83.6         | 60.8         | 37.5%        |
| Equipment                          | 42.0         | 28.2         | 48.9%        |
| Roaming                            | 47.4         | 28.4         | 66.9%        |
| Interconnection                    | 65.0         | 55.6         | 16.9%        |
| Other                              | 4.0          | 6.6          | -39.4%       |
| Discounts                          | -3.9         | -1.9         | 105.3%       |
| <b>Total mobile communications</b> | <b>411.9</b> | <b>339.0</b> | <b>21.5%</b> |

# Data - Key Financial Data

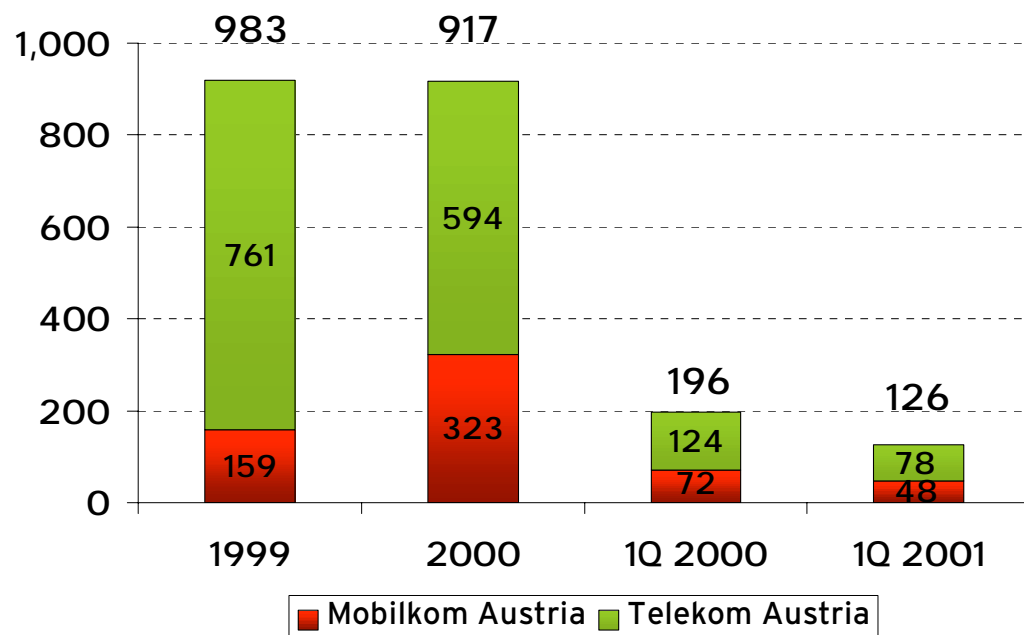
| (EUR million)      | 1Q 2001 | 1Q 2000 | % change |
|--------------------|---------|---------|----------|
| Operating revenues | 73.6    | 66.9    | 10.0%    |
| EBITDA             | 7.9     | 15.1    | -47.7%   |
| EBIT               | 0.0     | 8.2     | n.m.     |

# Internet - Key Financial Data

| (EUR million)      | 1Q 2001 | 1Q 2000 | % change |
|--------------------|---------|---------|----------|
| Operating revenues | 18.5    | 12.9    | 43.4%    |
| EBITDA             | -2.3    | 3.2     | n.m.     |
| EBIT               | -5.5    | 3.1     | n.m.     |

# Balance Sheet: Ongoing Capex Reductions

(EUR mill.)



- On track to achieve targeted capex reduction
- UMTS vendors selected (Ericsson/Nortel)
- Demand oriented build-out of UMTS-network
- Acquisition costs for Si.Mobil cause an increase in net debt for the group from 3,543 mn EUR to 3,690 mn at the end of Q1.

# Outlook 2001

# Outlook

## Fixed line

Costs savings deliver the basis for expected growth in earnings and margins; further tariff reductions to reduce market share losses

## Mobile

Market saturation in Austria and continuing strong growth in Croatia lead to slightly higher margins; slowing down earnings growth rates

## Data

Steady growth in revenues, but lower earnings due to higher transfer prices charged by the fixed line segment

## Internet

Repositioning continues with the transfer of business customers from the fixed line segment and the launch of the new portal in June. Strong investment to strengthen market position expected to lead to higher marketing costs

# Appendix

▶ 2001      ▶ 2002      ▶ 2003      ▶ 2004      ▶ 2005      ▶ 2006      ▶ 2007      ▶ 2008

# Telekom Austria Consolid. Income Statement

| (EUR million)  | 1Q 2001      | 1Q 2000      |
|--|--------------|--------------|
| <b>Operating revenues</b>  | <b>666.8</b> | <b>714.9</b> |
| Operating expenses   |              |              |
| Materials  | -32.2        | -24.4        |
| Employees costs, including benefits and taxes                        | -164.0       | -176.8       |
| Idle Workforce   | -3.9         | 0.0          |
| Depreciation and amortization  | -221.3       | -213.9       |
| Other operating expenses   | -254.9       | -283.6       |
| <b>Operating (loss) income</b>                                       | <b>-9.5</b>  | <b>16.2</b>  |
| Other income (expense)   |              |              |
| Interest income  | 19.5         | 19.3         |
| Interest expense   | -65.3        | -60.4        |
| Dividend income  | 0.9          | 0.3          |
| Other, net   | -3.9         | -15.3        |
| <b>Loss before income taxes and equity in earnings of affiliates</b> | <b>-58.3</b> | <b>-39.9</b> |
| Equity in earnings of affiliates                                     | 72.1         | 38.3         |
| Income tax expense (benefit)   | -3.5         | 15.6         |
| <b>Net income</b>  | <b>10.3</b>  | <b>14.0</b>  |



# Telekom Austria Consolid. Balance Sheet

| (EUR million)                              | Mar. 31, 2001 | Mar. 31, 2000 |
|--|---------------|---------------|
| Current assets                             | 1,179.4       | 991.2         |
| Fixed assets and investments               | 5,579.7       | 5,912.8       |
| Other assets                               | 1,317.5       | 1,231.9       |
| Total assets                               | 8,076.6       | 8,135.9       |
| Current liabilities                        | 1,902.6       | 1,872.7       |
| Long term debt                             | 2,274.5       | 2,353.9       |
| Lease and employee benefit obligations     | 1,226.8       | 1,247.5       |
| Deferred income taxes and other            | 71.2          | 58.3          |
| Shareholders' equity                       | 2,601.5       | 2,603.6       |
| Total liabilities and shareholders' equity | 8,076.6       | 8,135.9       |

# Telekom Austria Consolid. Cash Flows

| (EUR million)  | 1Q 2001 | 1Q 2000 |
|--|---------|---------|
| Cash generated from operations                       | 109.3   | 382.4   |
| Cash used in investing activities                    | -75.8   | -300.2  |
| Cash from (used in) financing activities             | -42.4   | -129.7  |
| Effect of exchange rate changes                      | 0.0     | 0.0     |
| Net increase (decrease) in cash and cash equivalents | -8.9    | -47.5   |

# Mobilkom Consolid. Income Statement

| (EUR million)  | 1Q 2001 | 1Q 2000 |
|--|---------|---------|
| <b>Operating revenues</b>                                | 411.9   | 339.0   |
| Operating expenses                                       |         |         |
| Materials  | -57.7   | -51.2   |
| Employee costs, including benefits and taxes             | -30.3   | -22.1   |
| Depreciation and amortization                            | -56.6   | -38.2   |
| Other operating expenses                                 | -164.9  | -146.0  |
| <b>Operating income</b>                                  | 102.3   | 81.5    |
| Other income (expense)                                   |         |         |
| Interest income  | 4.9     | 4.5     |
| Interest expense   | -10.9   | -7.5    |
| Write offs of investments                                | -0.5    | 0.0     |
| Other, net   | -1.5    | 0.6     |
| <b>Income before income taxes and minority interests</b> | 94.4    | 79.1    |
| Income tax expense                                       | -133.8  | -25.2   |
| Minority Interests                                       | 1.9     | 0.0     |
| <b>Net Income (Loss)</b>                                 | -37.5   | 53.9    |

# Mobilkom Consolid. Balance Sheet

| (EUR million)                                     | 1Q 2001       | 1Q 2000       |
|---|---------------|---------------|
| Current Assets                                    | 441.9         | 401.2         |
| Fixed Assets and Investments                      | 1377.5        | 1336.5        |
| Other Assets                                      | 241.8         | 226.3         |
| <b>Total Assets</b>                               | <b>2061.2</b> | <b>1964.0</b> |
| Current Liabilities                               | 768.6         | 482.3         |
| Long Term Debt                                    | 473.7         | 430.8         |
| Lease Obligations                                 | 231.0         | 215.0         |
| Other Liabilities                                 | 33.0          | 34.6          |
| Shareholders' Equity                              | 554.8         | 801.4         |
| <b>Total Liabilities and Shareholders' Equity</b> | <b>2061.2</b> | <b>1964.0</b> |

# Mobilkom Consolid. Cash Flows

| (EUR million)  | 1Q 2001 | 1Q 2000 |
|--|---------|---------|
| Cash generated from operations                       | 63.4    | 43.9    |
| Cash used in investing activities                    | -193.2  | -75.7   |
| Cash from (used in) financing activities             | 154.6   | -36.2   |
| Effect of exchange rate changes                      | 1.9     | 0.4     |
| Net increase (decrease) in cash and cash equivalents | 26.7    | -67.7   |

# Operating Revenues by Segment

| (EUR million)                           | 1Q 2001      | 1Q 2000      | % change     |
|---|--------------|--------------|--------------|
| Fixed line services                     | 638.8        | 682.1        | -6.3%        |
| Data communications services            | 73.6         | 66.9         | 10.0%        |
| Internet                                | 18.5         | 12.9         | 43.4%        |
| Intersegmental eliminations             | -64.2        | -47.0        | -36.6%       |
| <b>Consolidated operating revenues</b>  | <b>666.7</b> | <b>714.9</b> | <b>-6.7%</b> |
| Mobile communications services          | 411.9        | 339.0        | 21.5%        |
| Intersegmental eliminations             | -111.2       | -108.0       | -3.0%        |
| <b>Total managed operating revenues</b> | <b>967.4</b> | <b>945.9</b> | <b>2.3%</b>  |

# EBITDA by Segment

| (EUR million)                  | 1Q 2001      | 1Q 2000      | % change     |
|--------------------------------|--------------|--------------|--------------|
| Fixed line services            | 210.0        | 211.8        | -0.8%        |
| Data communications services   | 7.9          | 15.1         | -47.7%       |
| Internet                       | -2.3         | 3.2          | n.m.         |
| Intersegmental eliminations    | 0.0          | 0.0          | -            |
| <b>Consolidated EBITDA</b>     | <b>215.6</b> | <b>230.1</b> | <b>-6.3%</b> |
| Mobile communications services | 159.0        | 119.7        | 32.8%        |
| Intersegmental eliminations    | 0.0          | 0.0          | -            |
| <b>Total managed EBITDA</b>    | <b>374.6</b> | <b>349.8</b> | <b>7.1%</b>  |

# EBIT by Segment

| (EUR million)                  | 1Q 2001     | 1Q 2000     | % change     |
|--------------------------------|-------------|-------------|--------------|
| Fixed line services            | 9.6         | 5.0         | 92.0%        |
| Data communications services   | 0.0         | 8.2         | n.m.         |
| Internet                       | -5.5        | 3.1         | n.m.         |
| Intersegmental eliminations    | -9.7        | 0.0         | n.m.         |
| <b>Consolidated EBIT</b>       | <b>-5.6</b> | <b>16.3</b> | <b>n.m.</b>  |
| Mobile communications services | 102.3       | 81.5        | 25.5%        |
| Intersegmental eliminations    | 0.0         | 0.0         | n.m.         |
| <b>Total managed EBIT</b>      | <b>96.7</b> | <b>97.8</b> | <b>-1.1%</b> |