

Telekom Austria Group Results for the First Quarter 2009

Vienna, May 13, 2009

Cautionary Statement

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

Reporting Changes

Starting with 1Q 2009 foreign exchange gains and losses are reported as a part of the financial result instead of being split between other operating income and financial result. Comparative figures for 1Q 2008 and year-end 2008 were adjusted accordingly by a total FX gain of EUR 12.9 million and EUR 14.8 million respectively.

The revenue breakdown of the Fixed Net and Mobile Communication segments has been condensed beginning with 1Q 09 to reflect changes in the product portfolio. This adjustment affects the revenue split but has no further effects on total segment revenues.

For the Fixed Net segment previously reported revenues from 'Fixed Net Voice Traffic', 'Switched Voice Monthly' and 'Internet Access & Media' as well as some smaller reclassifications for 1Q 08 in the amount of EUR 5.1 million from 'Data & IT Solutions' and EUR 11.3 million from 'Other' revenues were condensed and included in 'Access, Voice & Broadband'. This revenue position equals average revenues per Fixed Net access line (ARPL) multiplied by the average number of access lines. Starting with 1Q 09 the category 'Other' revenues includes 'Payphones & Value Added Services' as well as 'Other' revenues.

In the Mobile Communication segment 'Traffic and Monthly Rental' revenues were condensed and included in 'Subscription and Traffic' revenues reflecting the trend towards flat rates or packages.

Agenda

- Key Developments
- Fixed Net
- Mobile Communication
- Financial Overview
- Outlook

Key Developments

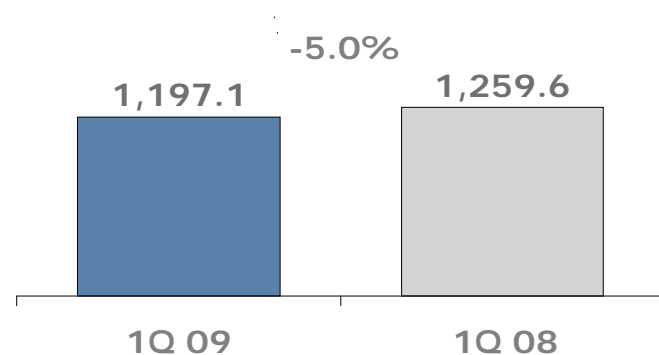
Successful Cost Reduction in Fixed Net; Weaker Contribution from Mobile Communication

- All Mobile Communication operations contribute to subscriber growth of 13.0% to 17.9 million customers
- Significant slowdown of Fixed Net access line loss continues
- Disposal of Fixed Net subsidiaries and lower wholesale and voice volumes lead to revenue decline of 5.0% to EUR 1,197.1 million
- EBITDA declines by 6.4% to EUR 454.8 million due to weaker contribution from Mobile Communication
- Successful cost reduction leads to slight EBITDA growth in the Fixed Net Segment

First Quarter 2009 EBITDA Reflects Weaker Mobile Communication Segment

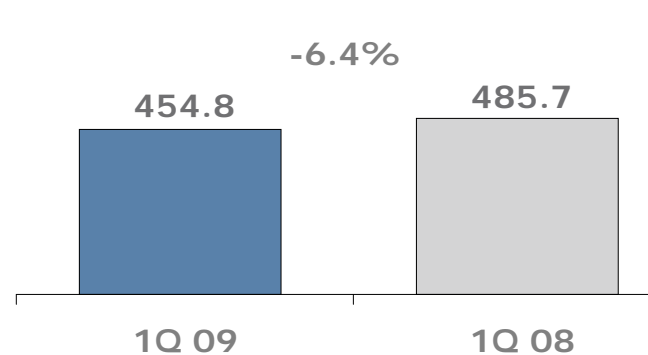
Revenues

(EUR million)



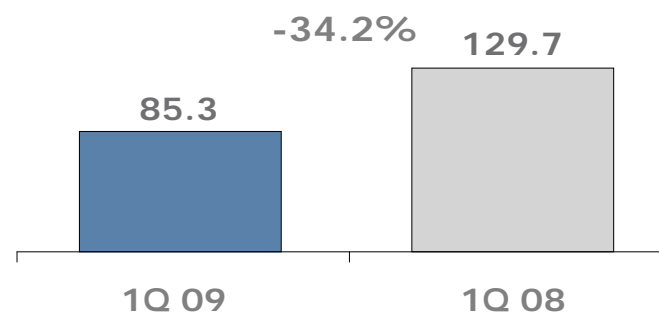
EBITDA

(EUR million)



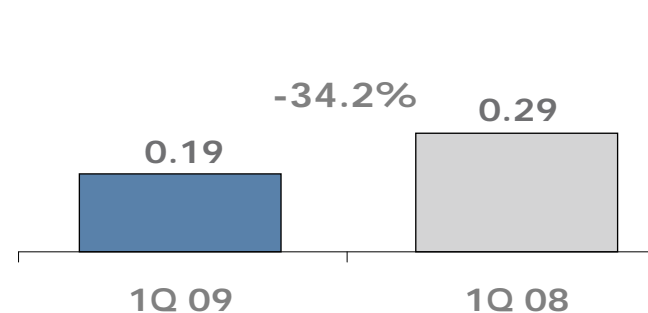
Net Income

(EUR million)



Earnings per Share

(EUR)



Hannes Ametsreiter Took Over as New CEO of Telekom Austria Group Starting With 2Q 09

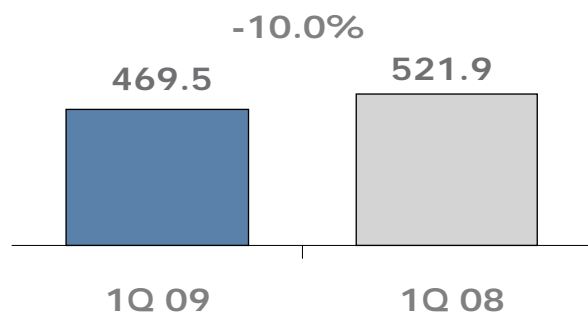
- New management team fully commits to strategy presented at the Capital Market Day in January 2009
- Focus for 2009 on operational excellence to tackle the crisis and exploit the potential of existing operations
- Current footprint provides scale and scope to generate value, no M&A opportunities pursued in 2009
- Investment into fibre infrastructure depends on regulatory framework, cost reductions and findings of ongoing trial projects
- Deliver superior customer experience, product innovation and stick to communicated dividend policy is a priority

Fixed Net

Slight EBITDA Growth Despite Lower Revenues Benefiting from Lower Costs

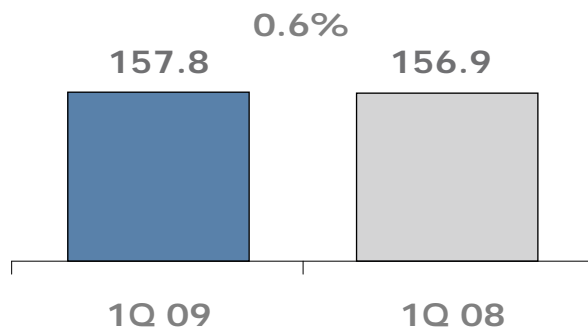
Revenues

(EUR million)



EBITDA

(EUR million)

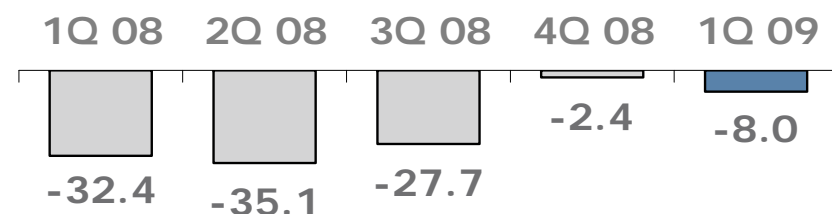


- Revenue decline reflects lower volume of minutes due to fixed-to-mobile substitution
- Disposal of subsidiaries in Poland, Slovakia and Czech Republic results into a revenue decline of EUR 10.4 mn
- EBITDA grows slightly due to cost reduction
- 15.0% lower operating costs driven by restructuring measures and rising efficiency

Slowdown of Access Line Loss Continues Despite Expiry of Promotions in Mid-January 09

Line Loss

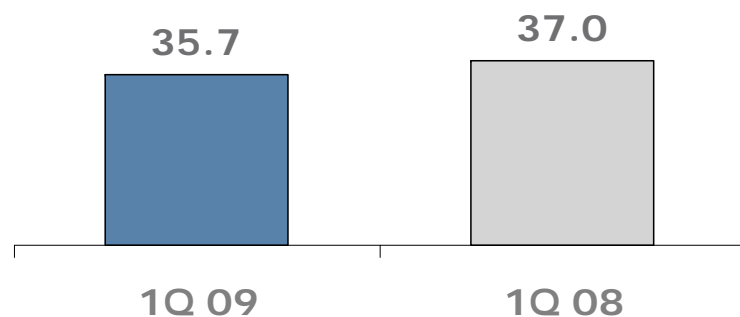
(in 000)



- Promotion of product bundles slows down line loss
- Line loss decreases from 32k in 1Q 08 to 8k in 1Q 09

Average Revenues per Access Line

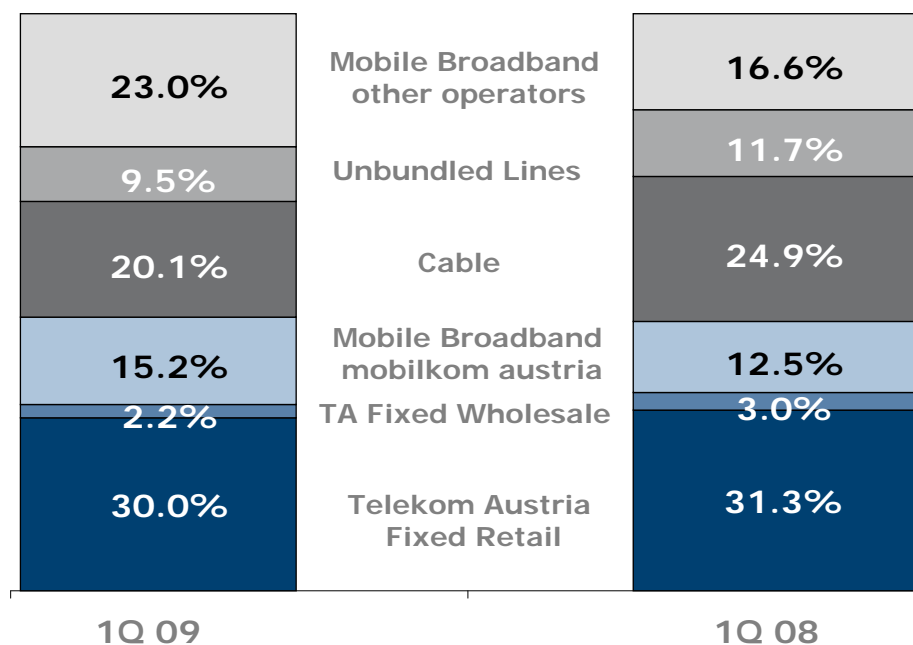
(in EUR)



- Line loss decreases by 75% despite promotions running for only 1/5 of the quarter
- ARPL decline by 3.5% primarily due to reduction of voice minutes

Telekom Austria Maintains Market Share in a Growing Broadband Market

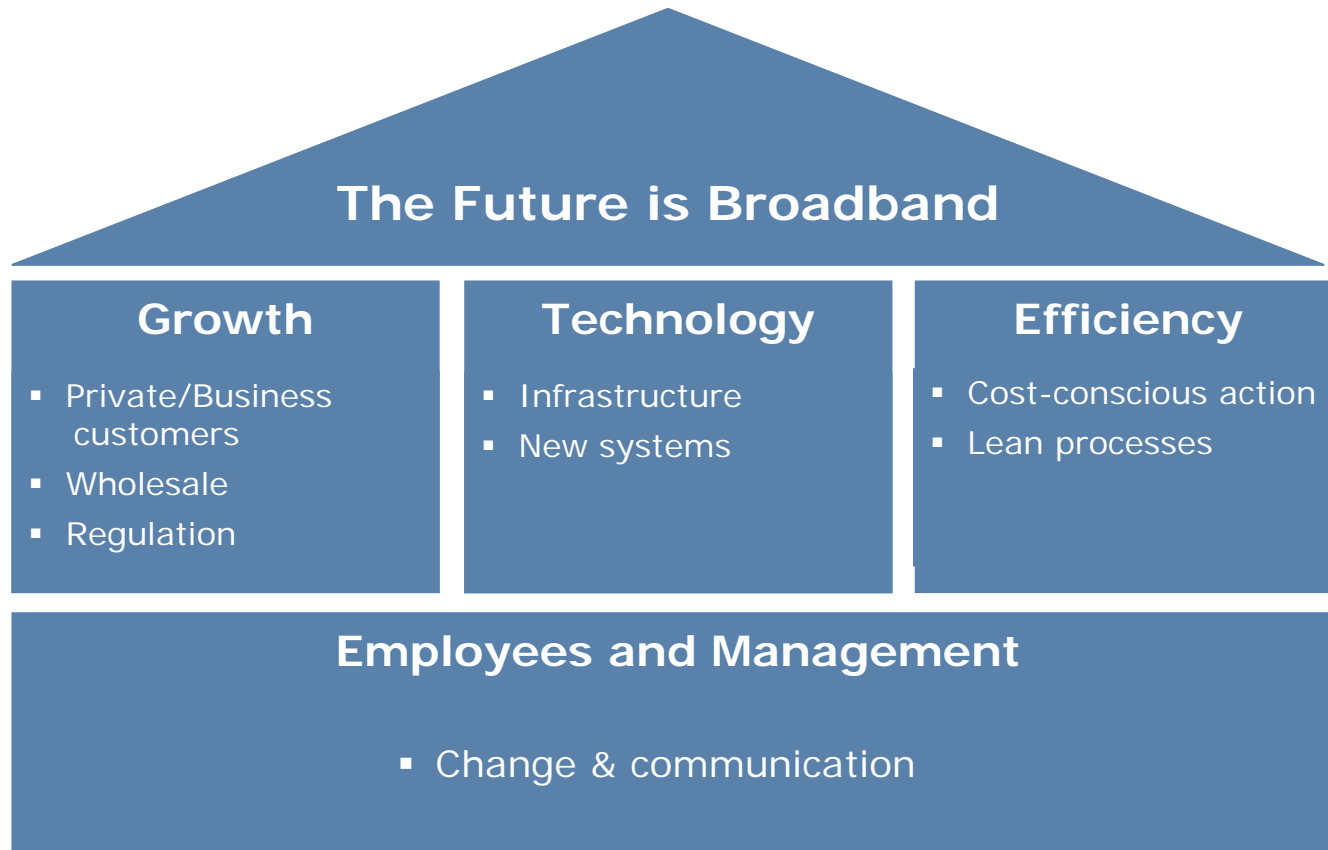
Broadband Market Shares



- Fixed Net retail broadband market share rises to 30.0% in 1Q 09 vs. 4Q 08
- Product bundles enable Fixed Net to participate in market growth
- Mobile broadband gains market share of alternative Fixed Net operators
- Penetration grows to 82.1% in 1Q 09 after 67.6% in 1Q 08

Re-energization of the Fixed Net Segment to Tackle Future Challenges

Project Energy

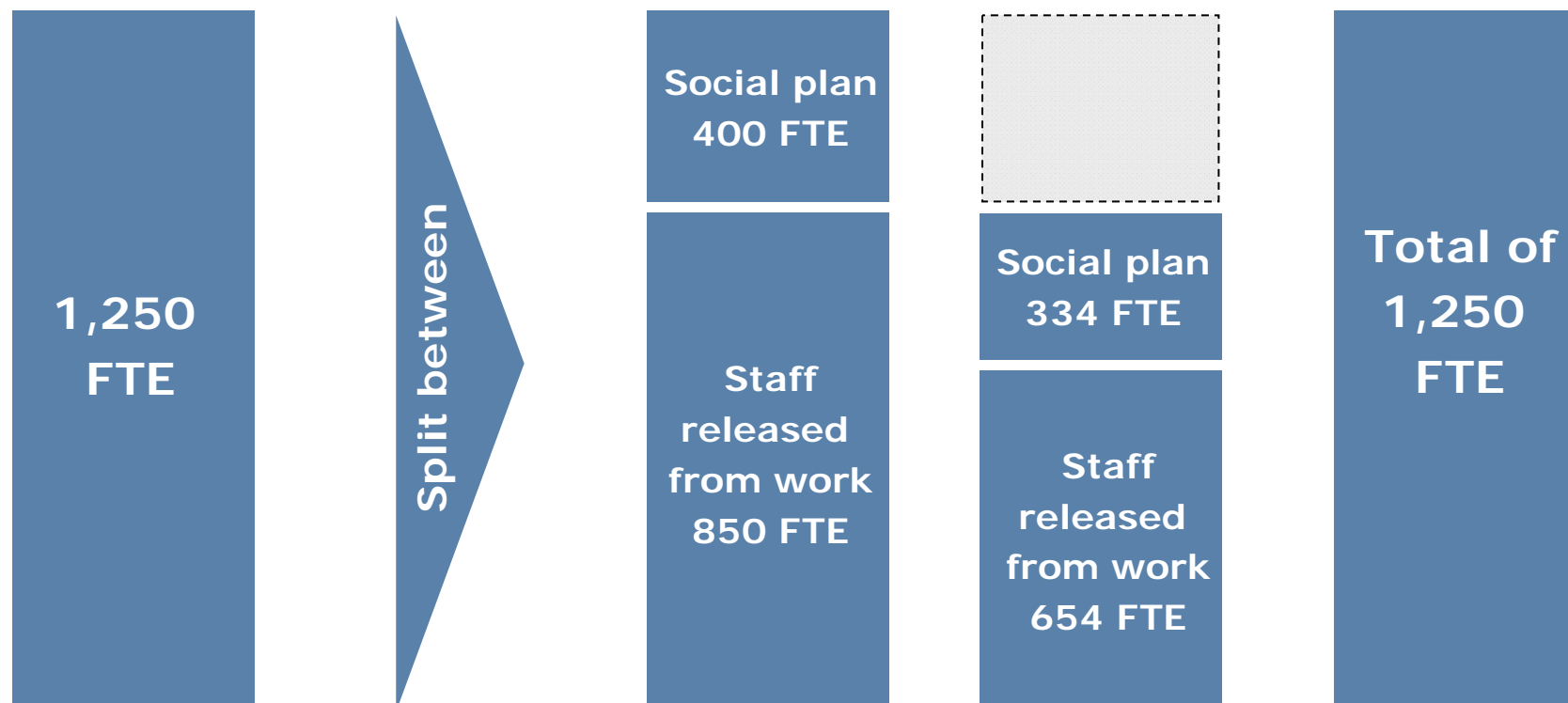


Personnel Restructuring Program Progressing According to Plan

Announced Nov. 08

Status as of
March 31, 2009

Target
Dec. 31, 2009

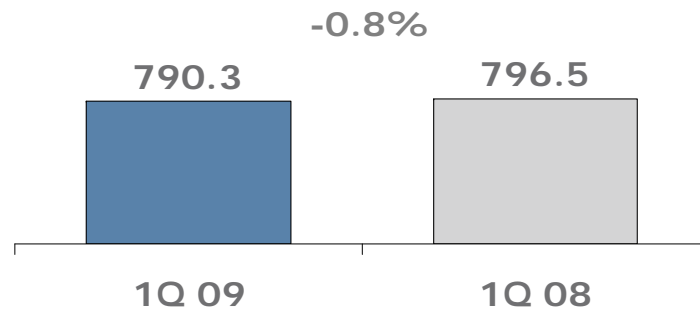


Mobile Communication

EBITDA Impacted by Lower Roaming Revenues and Lower International Contributions

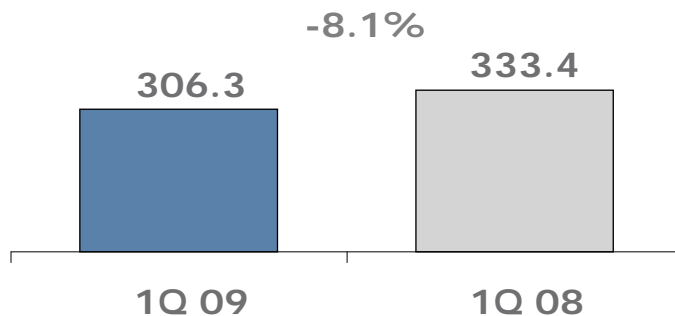
Revenues

(EUR million)



EBITDA

(EUR million)



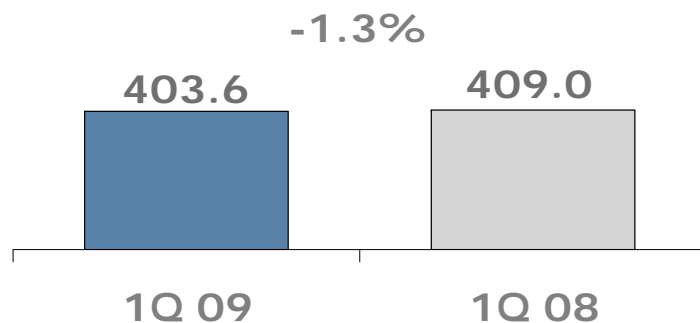
- Subscriber base in Mobile Communication grows by 13.0% to 17.9 million customers
- Foreign currency translation results in a decline in revenues of EUR 12.6 mn and in EBITDA of EUR 4.3 mn
- Competition and expiry of Croatian national roaming impact revenues and EBITDA

Results for the First Quarter 2009

mobilkom austria's Results Impacted by Lower Roaming Revenues & SAC to Stimulate Data Growth

Revenues

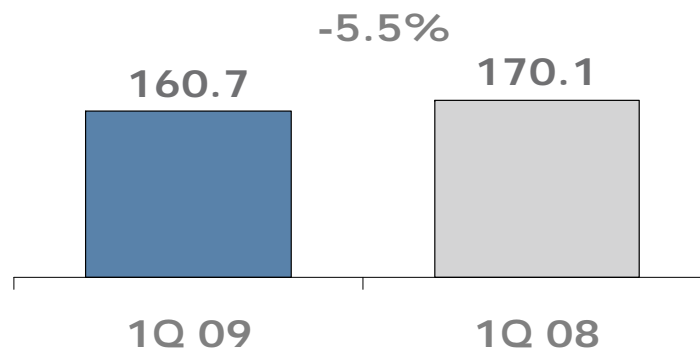
(EUR million)



- Customer base of mobilkom austria grows by 11.7% to 4.6 million subscribers
- Revenue decrease of 1.3% due to lower subscription and traffic as well as lower roaming revenues

EBITDA

(EUR million)

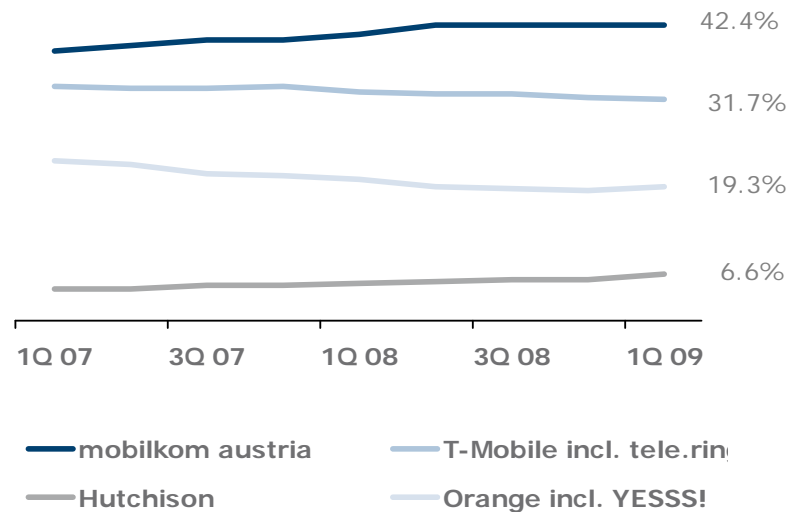


- EBITDA impacted by lower revenues and higher SACs to stimulate data growth
- Netbooks require higher subsidies, but support uptake of data tariffs

mobilkom austria Continues to Increase its Market Leadership

Market Shares

As of March 2009



- Market share grows from 41.2% in 1Q 08 to 42.4% in 1Q 09

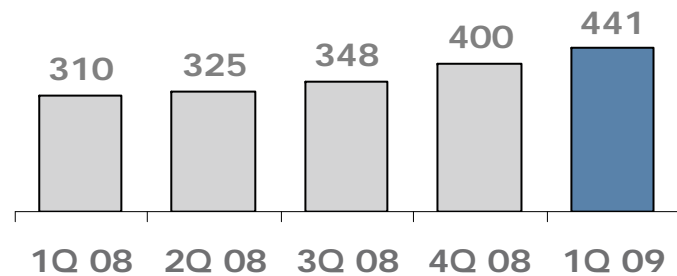
- Mobile broadband subscriber base grows by 42.3% to 441k customers

- Data share increases to 37.4% in 1Q 09 up from 33.9% in 4Q 08

- Almost half of net adds in 1Q took a data plan

Mobile Broadband Subscribers

(in 000)

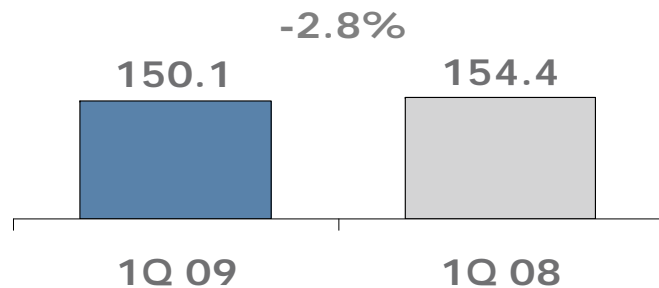


Results for the First Quarter 2009

Ongoing Strong Usage and Customer Growth in Bulgaria Despite Difficult Environment

Revenues

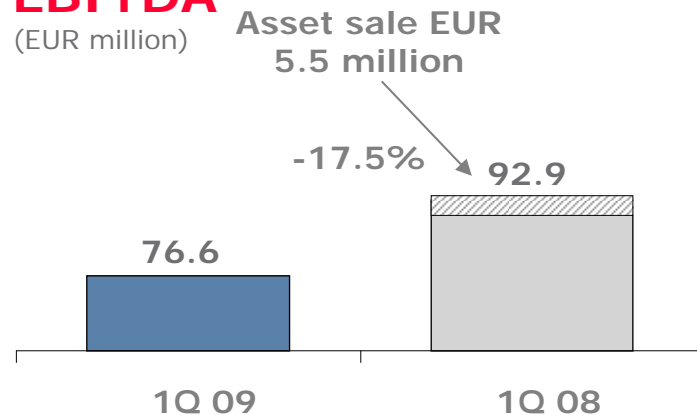
(EUR million)



- Mobiltel's subscriber base grows by 4.4% to 5.3 million customers
- Price declines and weak economy impact revenue development

EBITDA

(EUR million)

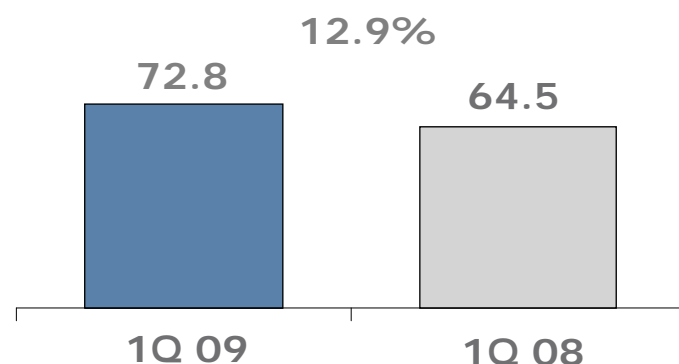


- Usage growth of 15.1% partly compensates for lower prices
- Clean EBITDA excluding asset sale in 1Q 08 declines by 12.4%

Double Digit Revenue & EBITDA Growth in Belarus Despite Currency Devaluation

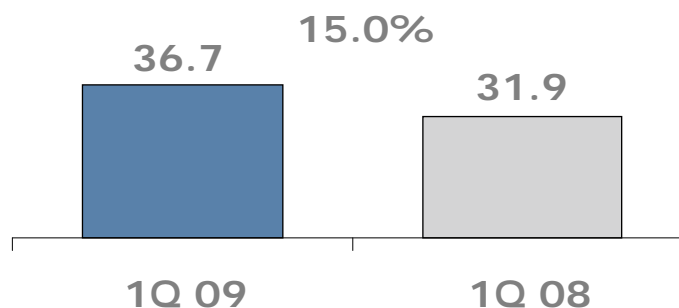
Revenues

(EUR million)



EBITDA

(EUR million)

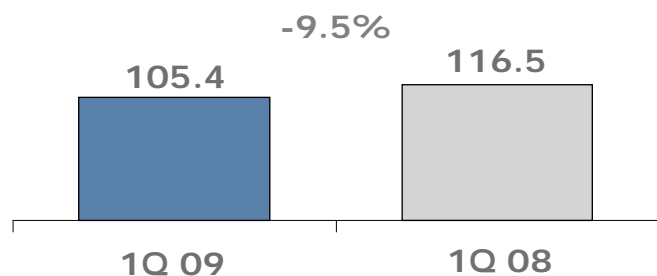


- Subscriber base grows by 16.6% to 3.8 million at end of 1Q 09
- Market share remains almost stable at 43.8%
- Revenues increase by 12.9% to EUR 72.8 million and EBITDA by 15.0% to EUR 36.7 million
- Organic growth based on constant currencies of 27.0% for revenues and 29.2% for EBITDA

Strong Subscriber Growth in Croatia and Slovenia, National Roaming Loss Drags on Vipnet

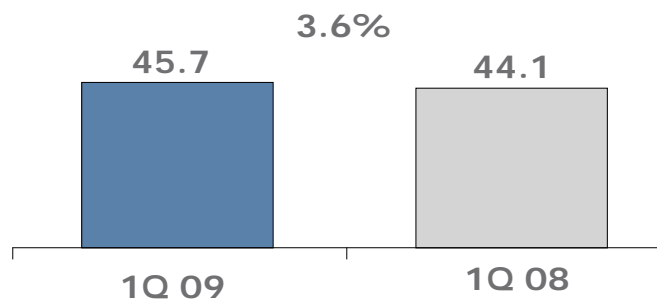
Revenues Vipnet

(EUR million)



Revenues Si.mobil

(EUR million)



Vipnet in Croatia

- Subscriber base grows by 14.0% to 2.5 mn customers
- EBITDA declines to EUR 32.6 million due to lower revenues impacted by the expiry of national roaming agreement

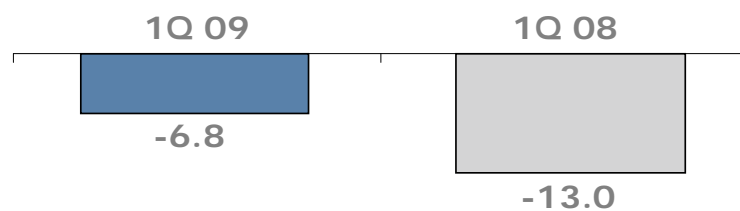
Si.mobil in Slovenia

- Subscriber base grows by 13.5% to 582,400 customers
- EBITDA declines to EUR 10.3 million due to higher material and marketing expenses

Start-up Operations Strengthen Market Position and Increase Contribution

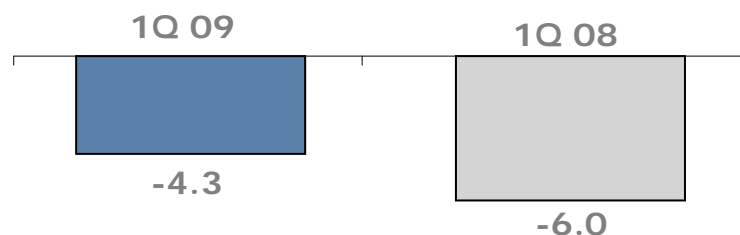
EBITDA Vip mobile

(EUR million)



EBITDA Vip operator

(EUR million)



Vip mobile in Serbia

- Subscriber base grows by 2/3 and reaches 1 million mark
- Market share of 10.2% compared to 6.7% at the end of 1Q 08

Vip operator in Macedonia

- Subscriber base increases by 30.4% to 213,000 customers
- Market share of 9.3% compared to 8.1% at the end of 1Q 08

Retroactive Reduction of Mobile Termination Rates Pose No Risk for 2009 EBITDA Guidance

(in cents)	<i>Final decision</i>		<i>Draft for new glide path</i>			
	Jul. 1, 08	Jan. 1, 09	Jul. 1, 09	Jan. 1, 10	Jul. 1, 10	Jan. 1, 11
mobilkom austria	5.72	4.50	3.88	3.26	2.63	2.01
T-Mobile	5.72	4.50	3.88	3.26	2.63	2.01
Orange	5.72	4.50	3.88	3.26	2.63	2.01
Hutchison	5.72	4.50	3.88	3.26	2.63	2.01

- Symmetry retroactively anticipated by six months
- Positive effect from earlier introduction of symmetry and negative impact from lower level starting with January 2009
- Lower revenues and proportionate reduction of cost expected
- No risk for 2009 EBITDA guidance

Financial Overview

Revenue Decline Driven by Fixed Net, Lower EBITDA due to Weaker Mobile Communication

(EUR million)	1Q 09	1Q 08	% change
Revenues	1,197.1	1,259.6	-5.0%
EBITDA	454.8	485.7	-6.4%
Operating income	180.1	202.3	-11.0%
Financial result	-70.6	-36.0	96.1%
Income before income taxes	109.5	166.3	-34.2%
Income tax expense	-24.2	-36.6	-33.9%
Net income	85.3	129.7	-34.2%

Reduction of Capital Expenditures to Protect Free Cash Flow Despite Expansion of Working Capital

(EUR million)	1Q 09	1Q 08	% change
Cash Flow from operations before working capital adjustments	381.9	420.4	-9.1%
Change in working capital	-134.2	-115.3	16.4%
Ordinary capital expenditures	-116.0	-159.6	-27.3%
Free cash flow	131.7	145.5	-9.5%

Capex Reduction to Protect Free Cash Flow and Proceeds from Bond Reinvested

(EUR million)	1Q 09	1Q 08	% change
Fixed Net	33.5	68.1	-50.8%
Mobile Communication	82.5	91.5	-9.8%
Ordinary capital expenditures	116.0	159.6	-27.3%
Growth projects & acquisitions	3.2	2.0	60.0%
Capex, growth projects & acquisitions	119.2	161.6	-26.2%
Other investing activities, net	89.8*	-6.6	n.a.
Cash used in investing activities	209.0	155.0	34.8%

* Investment of proceeds from bond issue

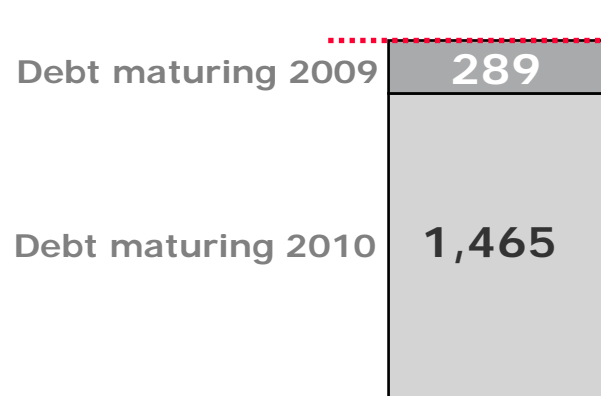
Current Assets Increase as Proceeds from Bond Issue are Reinvested

(EUR million)	March 31, 09	Dec. 31, 08
Long-term assets	7,022.8	7,452.0
Current assets	2,065.0	1,545.4
Total assets	9,087.8	8,997.4
Current liabilities	2,132.8	2,220.5
Long-term liabilities	4,985.1	4,621.3
Stockholders' equity	1,969.9	2,155.6
Liabilities and stockholders' equity	9,087.8	8,997.4
Net Debt	3,877.8	3,993.3
Net Debt/EBITDA (last 12 months)	3.1x	3.1x
Net Debt/EBITDA (last 12 months) excluding restructuring program	2.1x	2.1x

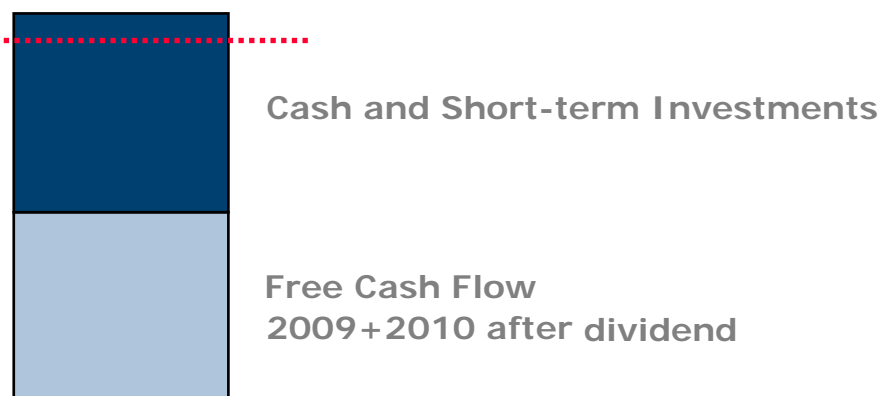
Free Cash Flow After Dividend and Cash Cover Refinancing in 2009 & 2010

Debt Maturing as of March 31, 2009

(in EUR million)



Sources of Cash as of March 31, 2009



Telekom Austria Withdraws Request for Extension of Authorization for Convertible Bond

- Existing authorization to issue convertible bonds has been in place for 5 years and expires in June 2009
- Request for extension was planned at upcoming AGM to maintain flexibility
- However funding for next years is in place and additional funding in form of a convertible bond is not required
- Based on feedback received concerning a potential dilution for existing shareholders, Telekom Austria will not seek an extension of the authorization in the upcoming AGM

Outlook

EBITDA, CAPEX & Operating Free Cash Flow Guidance Fully Reiterated

Telekom Austria Group 2009 on constant currencies basis

Revenues	slightly weaker than originally expected
EBITDA	~ EUR 1.9 bn
CAPEX	~ EUR 0.8 bn
Operating Free Cash Flow*	~ EUR 1.1 bn
Dividend	DPS of 75 cent minimum

- Weaker revenues due to lower wholesale business in Fixed Net, lower equipment and interconnection revenues in Mobile Communication
- Lower revenues are accompanied by a proportionate reduction of costs

* Operating Free Cash Flow = EBITDA - Capex

Appendix

Regulatory Issues – Key Aspects (1)

Mobile termination rates: The national regulatory authority has recently published a draft for a new gliding path which will bring down MTR to 2,01c/min by Jan. 1, 2011. The new gliding path is expected to start on July 1, 2009 with an initial value of 3,88c/min and foresees cuts in MTR of about 0,62c/min every six months. The final decision is expected for early June 2009.

Next Generation Networks: The Commission will launch a public consultation on the regulatory treatment of next generation access in mid-May. The Commission document is supposed to give guidance on the current regulatory framework. Previous guidelines of the Commission have partly contradicted the terms adopted by the European Parliament for the next legal framework on the subject of investments.

Review of the Regulatory Electronic Communication Framework: The legislative process of the new regulatory framework will be finalized at the Telecoms Council on June 11-12.

Unbundling of the Local Loop: In a decision as of end of March 2009 the National Regulatory Authority mandated Telekom Austria to retroactively lower its monthly ULL charges from EUR 9.33 to EUR 6.35 due to special “aonKombi” package offerings during promotion periods 4Q/08 and in 2Q/09.

Regulatory Issues – Key Aspects (2)

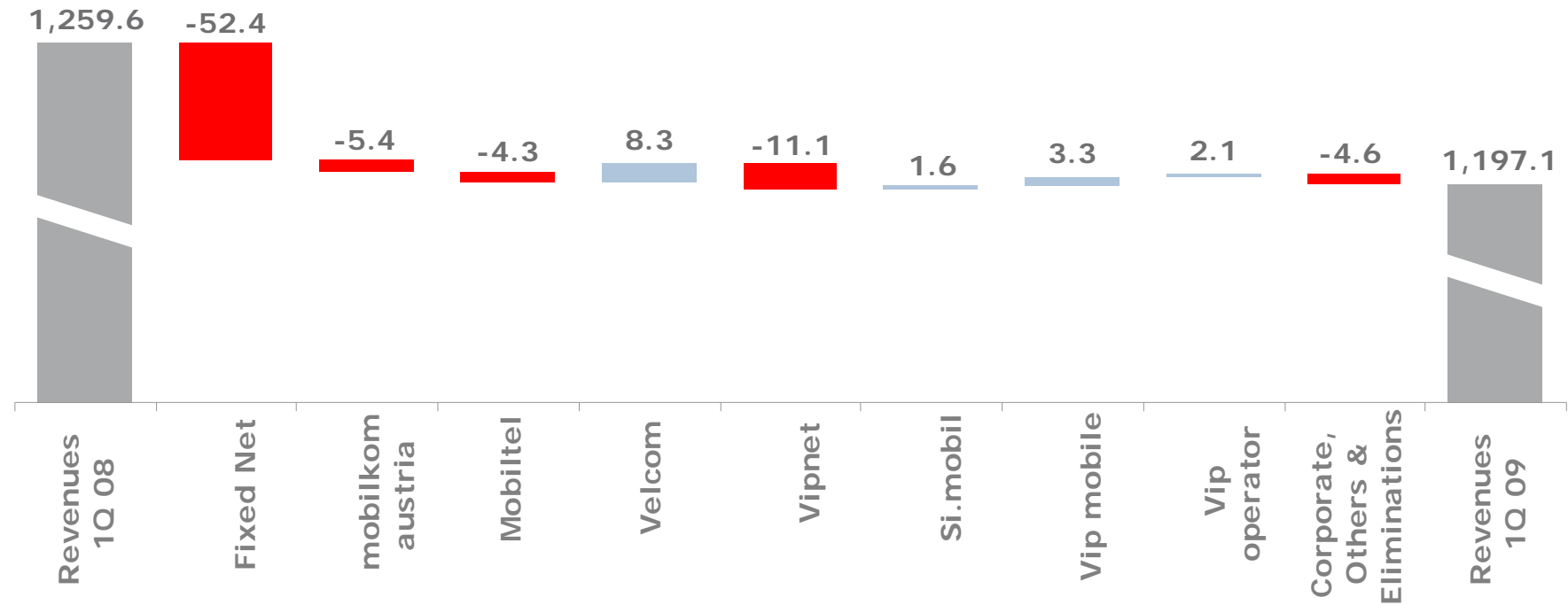
International roaming charges: Mid of April 09 the EU Parliament voted in favor of an extension of the existing roaming regulation, which will be most likely adapted by the EU Council in June 09 and enter into force on July 1, 2009. The proposed regulation includes:

- Extension of the voice roaming regulation at both wholesale and retail level expiring in July 2012.
- Per-second billing both at wholesale and retail level, except for an initial charging period of 30 seconds both at retail and wholesale level.
- Wholesale and retail price caps for SMS. Wholesale cap at 4 Cents, retail cap at 11 Cents.
- Introduction of transparency measures for data roaming: By March 1, 2010 customers should be allowed to specify a “cut-off limit” for their outstanding data roaming charges expressed either in volume or currency.
- Introduction of a wholesale gliding path for data roaming services of EUR 1 by July 1, 2009, EUR 0.8 by July 1, 2010 and EUR 0.5 by July 1, 2011.

Development of Revenues 1Q 09 vs. 1Q 08

Revenues

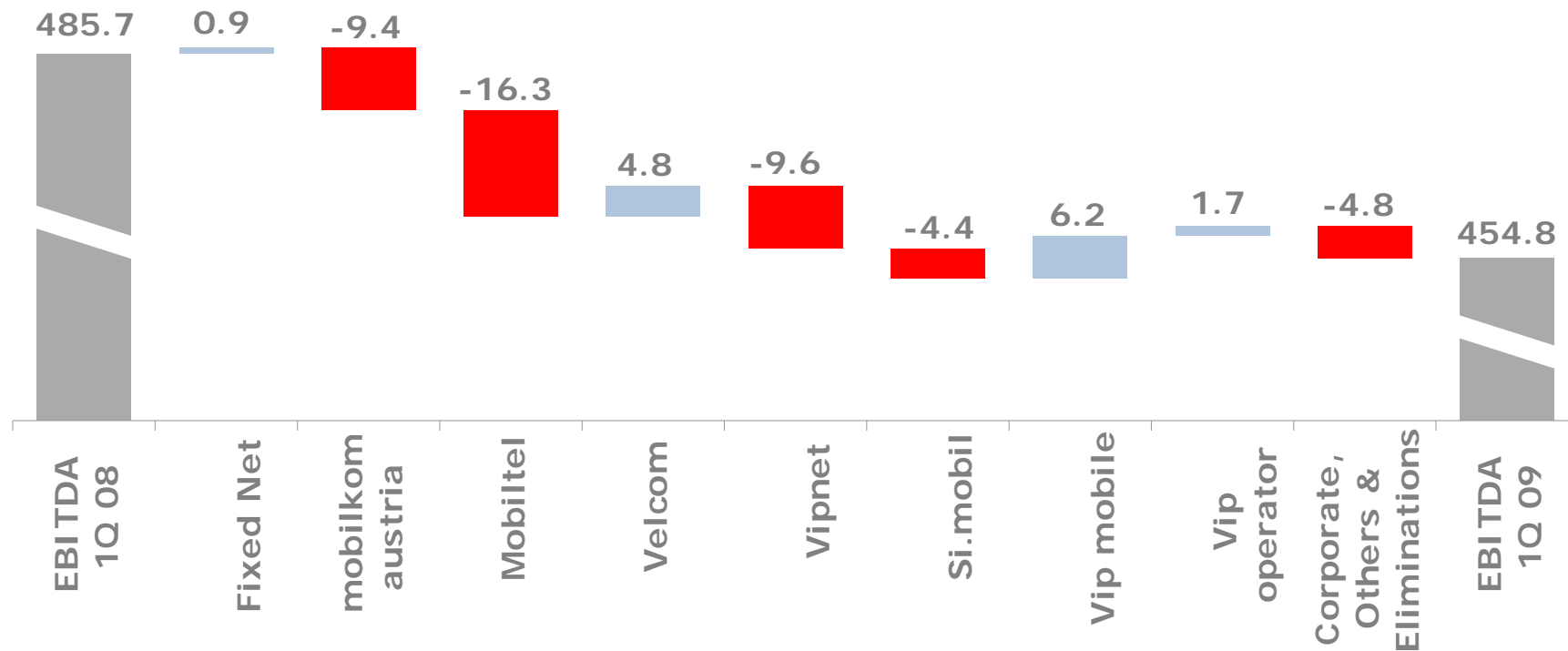
(EUR million)



Development of EBITDA 1Q 09 vs. 1Q 08

EBITDA

(EUR million)

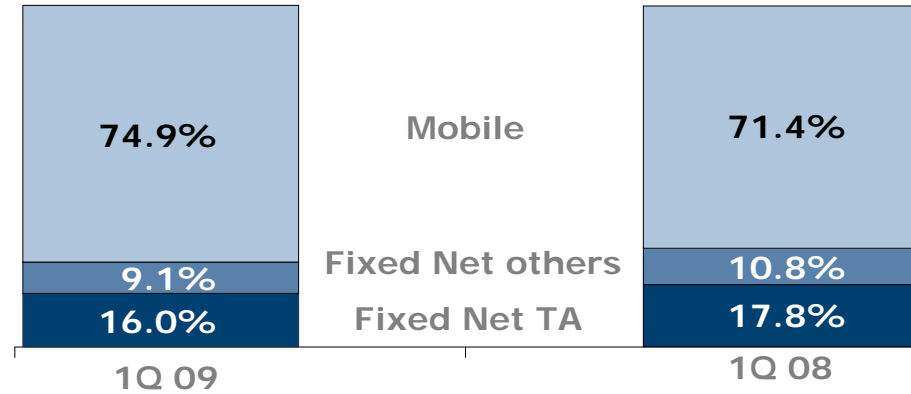


Fixed Net - Access Lines

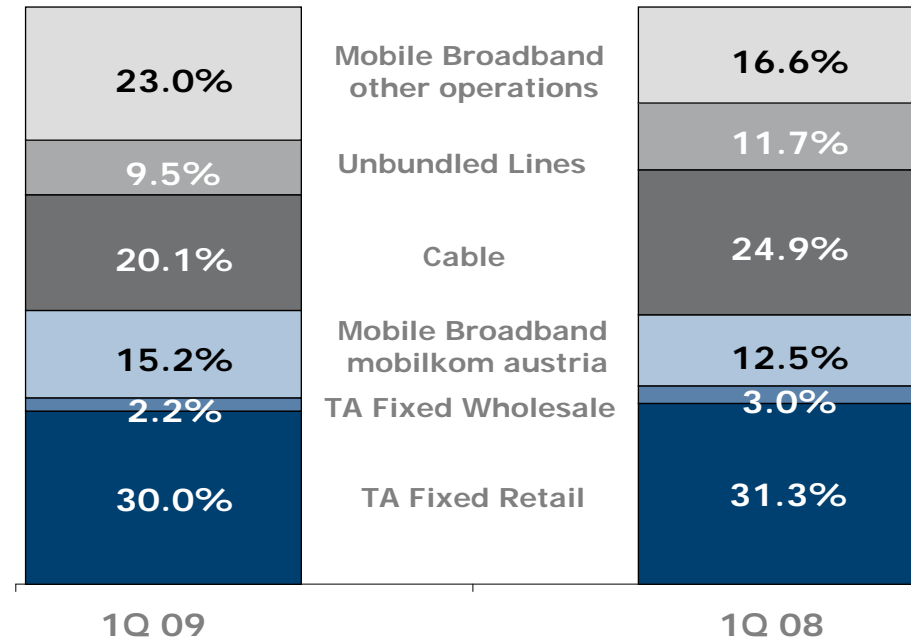
(in 000)	1Q 09	1Q 08	% change
Access lines (without broadband lines)	1,393.1	1,584.4	-12.1%
Fixed Net broadband retail lines	872.3	745.8	17.0%
Fixed Net broadband wholesale lines	63.4	71.8	-11.7%
Fixed Net broadband lines	935.7	817.6	14.4%
Total access lines	2,328.8	2,402.0	-3.0%
Lines unbundled	295.7	299.6	-1.3%
(in 000)	1Q 09	1Q 08	% change
Fixed Net broadband net adds	49.9	66.9	-25.4%
Broadband penetration	82.1%	67.6%	n.a.

Fixed Net – Voice & Broadband Market Shares

Market Share Voice Minutes



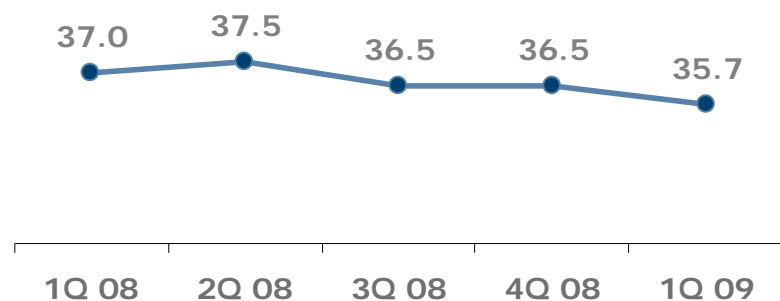
Market Share Broadband Lines



Fixed Net Key Performance Indicators

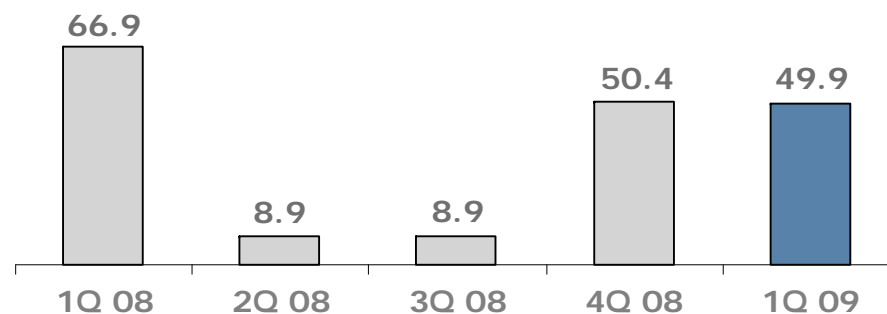
Average Revenues per Access Line

(in EUR)



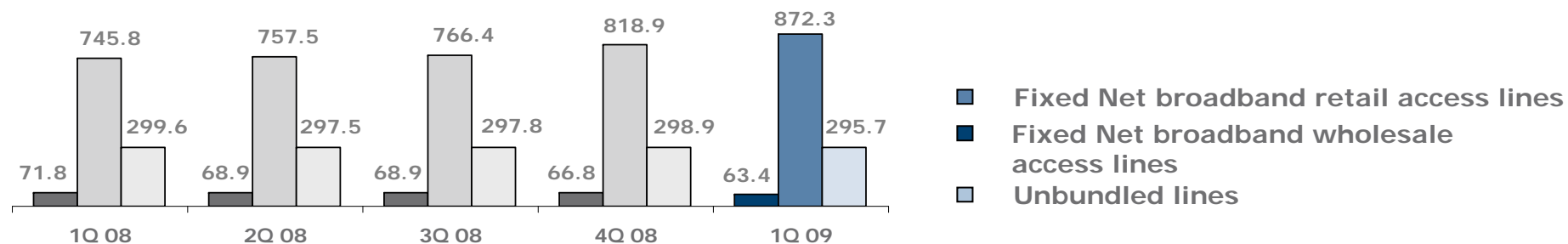
Fixed Net Broadband Net Adds incl. Wholesale

(in 000)



Fixed Broadband Access Lines

(in 000)











Fixed Net - Minutes

(in million minutes)	1Q 09	1Q 08	% change
National	644	732	-12.0%
Fixed-to-mobile	176	189	-7.0%
International	93	106	-12.8%
Total voice minutes	913	1,028	-11.2%
Total Fixed Net minutes	970	1,147	-15.4%

(in million minutes)	1Q 09	1Q 08	% change
National wholesale	1,699	2,893	-41.3%
International wholesale	1,058	1,044	1.4%
Total wholesale minutes	2,758	2,937	-6.1%

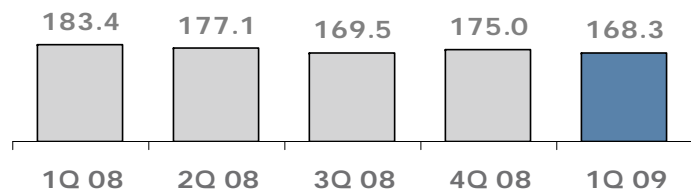
Mobile Subscribers

	(in 000)	1Q 09	1Q 08	% change
	Austria	4,581.7	4,100.9	11.7%
	Market share	42.4%	41.2%	
	Bulgaria	5,279.1	5,058.5	4.4%
	Market share	50.0%	51.0%	
	Belarus	3,762.9	3,227.1	16.6%
	Market share	43.8%	43.9%	
	Croatia	2,503.3	2,196.2	14.0%
	Market share	41.4%	42.6%	
	Slovenia	582.4	513.1	13.5%
	Market share	28.0%	27.1%	
	Republic of Serbia	1,001.7	601.7	66.5%
	Market share	10.2%	6.7%	
	Republic of Macedonia	213.0	163.3	30.4%
	Market share	9.3%	8.1%	
	Liechtenstein	6.0	5.4	11.1%
	Market share	19.7%	18.3%	
	Mobile Communication	17,930.1	15,866.2	13.0%

Operational Data – mobilkom austria

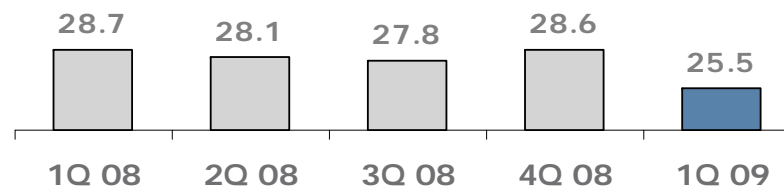
MoU per Subscriber

(in minutes)

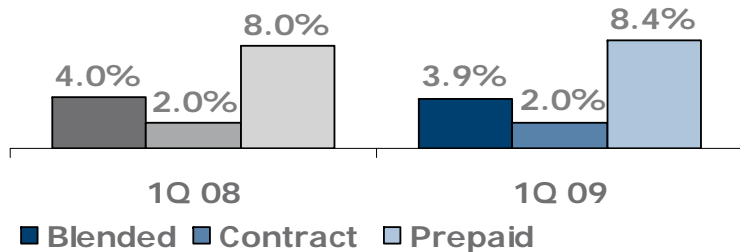


ARPU

(in EUR)

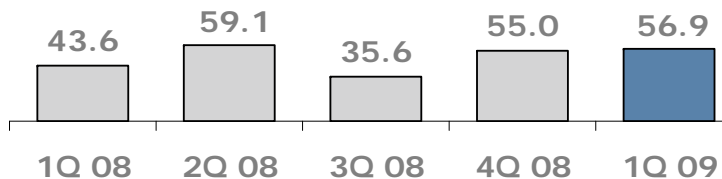


Quarterly Churn



SAC per Gross Add

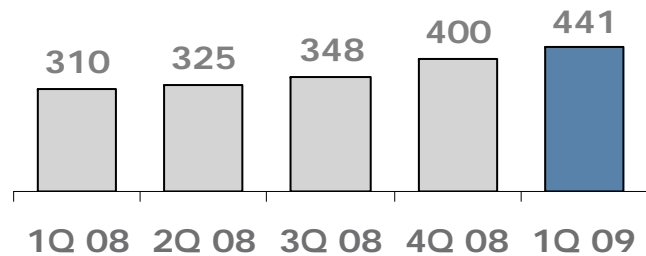
(in EUR)



Mobile Data - mobilkom austria

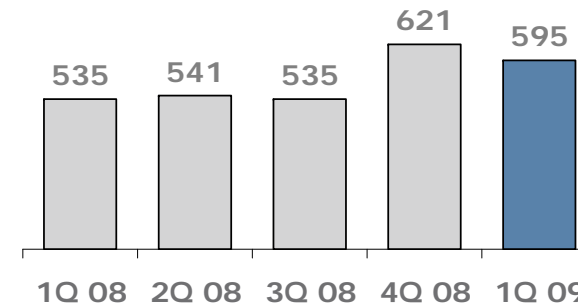
Mobile Broadband Customers

(in 000)



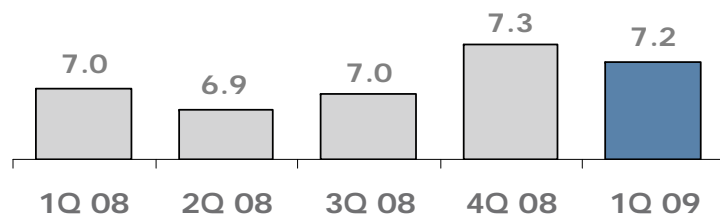
Number of SMS

(in million)

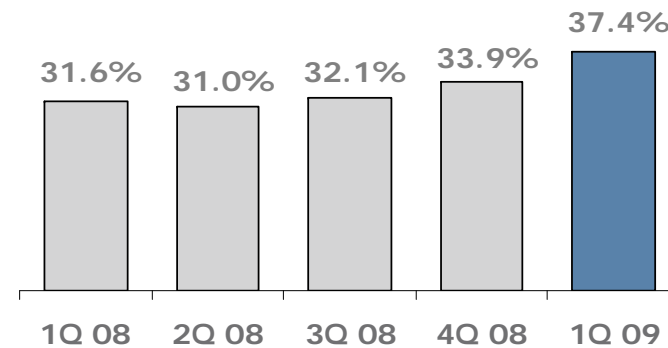


Data ARPU

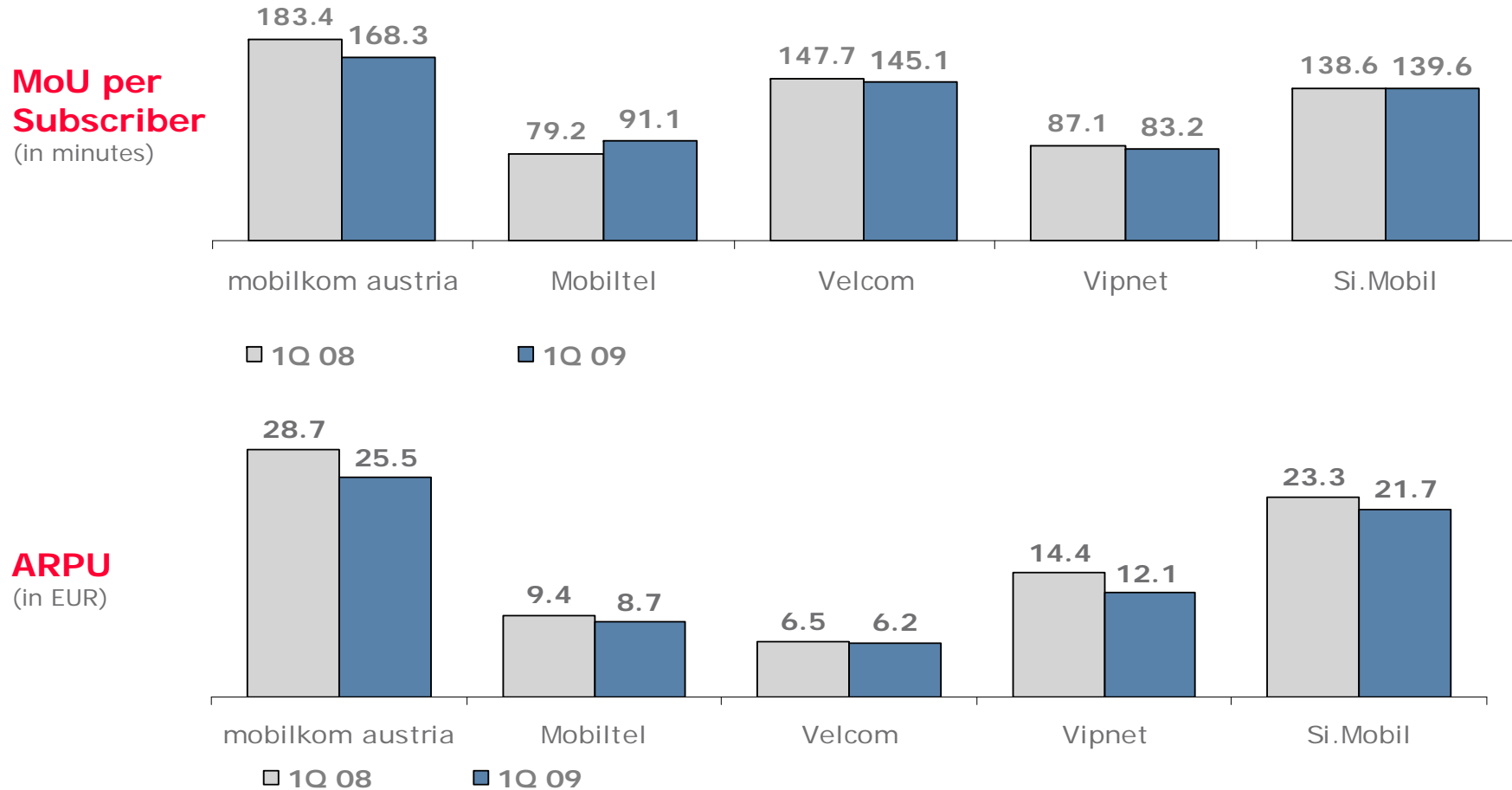
(in EUR)



Data in % of Revenues



ARPU & MoU per Subscriber for Selected Mobile Communication Operations



Headcount* Development

(Average period)	1Q 09	1Q 08	change
Fixed Net**	8,333	9,553	-1,220
Mobile Communciation	8,490	8,094	396
Telekom Austria Group	16,823	17,647	-824
(End of period)	1Q 09	1Q 08	change
Fixed Net**	8,265	9,532	-1,267
Mobile Communciation	8,524	8,142	382
Telekom Austria Group	16,789	17,674	-885

*Full-time-equivalents

**FTE net of idle workforce

Revenues by Segment

(EUR million)	1Q 09	1Q 08	% change
Fixed Net revenues	469.5	521.9	-10.0%
Mobile Communication revenues	790.3	796.5	-0.8%
Corporate, Other & Eliminations	-62.7	-58.8	6.6%
Revenues Telekom Austria Group	1,197.1	1,259.6	-5.0%

EBITDA and Operating Income by Segment

(EUR million)	1Q 09	1Q 08	% change
Fixed Net EBITDA	157.8	156.9	0.6%
Mobile Communciation EBITDA	306.3	333.4	-8.1%
Corporate, Other & Eliminations	-9.3	-4.6	102.2%
EBITDA Telekom Austria Group	454.8	485.7	-6.4%

(EUR million)	1Q 09	1Q 08	% change
Fixed Net operating income	45.0	29.9	50.5%
Mobile Communication operating income	144.1	176.9	-18.5%
Corporate, Other & Eliminations	-9.0	-4.5	100.0%
Operating income Telekom Austria Group	180.1	202.3	-11.0%

Fixed Net - Revenue Breakdown

(EUR million)	1Q 09	1Q 08	% change
Access, Voice and Broadband	249.9	277.8	-10.0%
Data & ICT-Solutions	97.5	103.3	-5.6%
Wholesale Voice & Internet	90.0	110.8	-18.7%
Others	32.0	30.0	6.7%
Fixed Net revenues	469.5	521.9	-10.0%

Fixed Net – Expense Breakdown

(EUR million)	1Q 09	1Q 08	% change
Material expense	16.0	24.0	-33.3%
Employee costs	133.5	144.5	-7.6%
Depreciation, amortization and impairment charges	112.7	127.0	-11.3%
Interconnection	70.4	86.4	-18.5%
Maintenance and repairs	21.0	25.3	-17.0%
Services received	23.0	20.7	11.1%
Other support services	20.1	29.4	-31.6%
Other	38.5	49.0	-21.4%
Fixed Net expenses	435.2	506.3	-14.0%

Mobile Communication - Revenue Breakdown

(EUR million)	1Q 09	1Q 08	% change
Subscription and Traffic	563.9	562.8	0.2%
Equipment	57.3	61.1	-6.2%
Roaming	34.0	50.4	-32.5%
Interconnection	126.1	114.9	9.7%
Other	17.9	17.3	3.5%
Discounts	-8.9	-10.0	-11.0%
Mobile Communication revenues	790.3	796.5	-0.8%

Mobile Communication – Expense Breakdown

(EUR million)	1Q 09	1Q 08	% change
Material expense	86.7	80.4	7.8%
Employee costs	71.3	59.8	19.2%
Depreciation, amortization and impairment charges	162.1	156.5	3.6%
Interconnection	100.7	94.5	6.6%
Repairs	20.2	18.0	12.2%
Services received	66.5	69.5	-4.3%
Other support services	8.9	8.4	6.0%
Other	138.1	144.8	-4.6%
Mobile Communication expenses	654.5	631.9	3.6%

Capital Expenditures by Segment

(EUR million)	1Q 09	1Q 08	% change
Fixed Net	33.5	68.1	-50.8%
Mobile Communication	82.5	91.5	-9.8%
Others and Eliminations	0.0	0.0	n.a.
Total Capex Telekom Austria Group	116.0	159.6	-27.3%
Thereof tangible	81.0	122.2	-33.7%
Thereof intangible	35.0	37.4	-6.4%

(EUR million)	1Q 09	1Q 08	% change
Mobile Communication Total Capex			
mobikom austria	20.6	34.2	-39.8%
Mobiltel	30.9	18.5	67.0%
Velcom	6.1	4.4	38.6%
Vipnet	8.1	15.6	-48.1%
Si.mobil	1.9	2.7	-29.6%
Vip mobile	15.6	14.5	7.6%
Vip operator	0.3	1.8	-83.3%

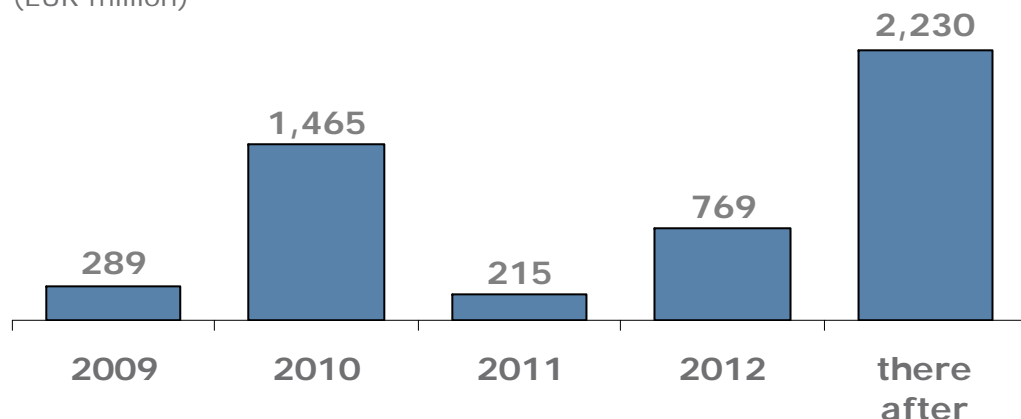
Net Debt - Telekom Austria Group

(EUR million)	Mar 31, 2009	Dec 31, 2008	% change
Long-term debt	4,000.2	3,599.5	11.1%
Short-term debt	989.3	961.5	2.9%
Cash and cash equivalents, short-term and long term investments, financing with related parties	-1,051.8	-513.1	105.0%
Derivate financial instruments for hedging purposes	-59.9	-54.6	9.7%
Net Debt of Telekom Austria Group	3,877.8	3,993.3	-2.9%
Net Debt/ EBITDA (last 12 months)	3.1x	3.1x	n.a.
EBITDA (last 12 months)	1,249.9	1,834.1	-31.9%
Net Debt/ EBITDA (last 12 months) excluding restructuring measures	2.1x	2.1x	n.a.

EUR 750 mn Bond Supports Refinancing Beyond 2010

Debt Maturity Profile

(EUR million)



Ratings:

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

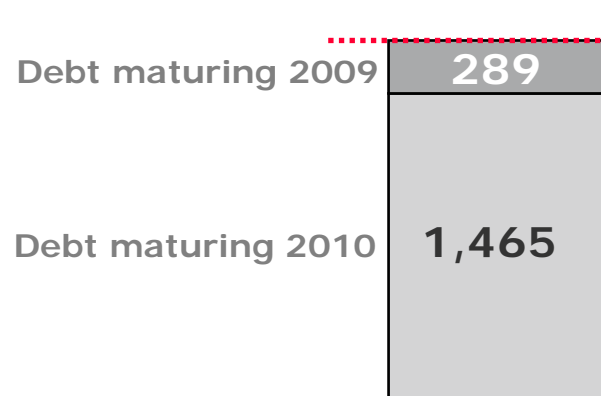
Lines of Credit

- Undrawn committed lines of credit amounting to EUR 1.2 bn
- Average life of 3.5 years
- Provided by 20 Banks

Free Cash Flow After Dividend and Cash Cover Refinancing in 2009 & 2010

Debt Maturing as of March 31, 2009

(in EUR million)



Sources of Cash as of March 31, 2009

