

Telekom Austria Group Results for the Third Quarter 2009

Vienna, November 12, 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.”

Agenda

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

Key Developments

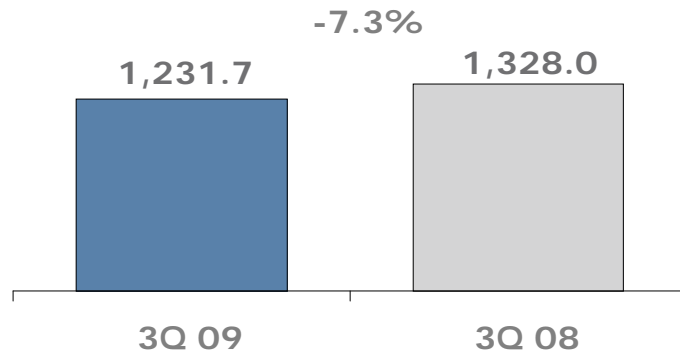
Telekom Austria Group – Third Quarter 2009

- Fixed Net operating trends improve further in 3Q 09 driven by a reduction in access lines of just 7,000 lines
- Mobile communication subscriber base grows by 1.5 mn to 18.5 mn customers
- Revenues decline by 7.3% to EUR 1.2 bn and EBITDA by 9.0% to EUR 489.8 mn mainly due to the combined impact from FX translation, reduced roaming revenues and lower termination rates
- Operating income and net income reflect EUR 352 mn of impairment charges for the operations in Belarus and in the Republic of Serbia
- Outlook for operating free cash flow of 1.1 bn for 2009 on actual currency basis and 75 cents DPS floor for 2009-2012 reiterated
- Management expects difficult environment to prevail also in 2010

Cost Reduction Mitigates Impact of Lower Revenues

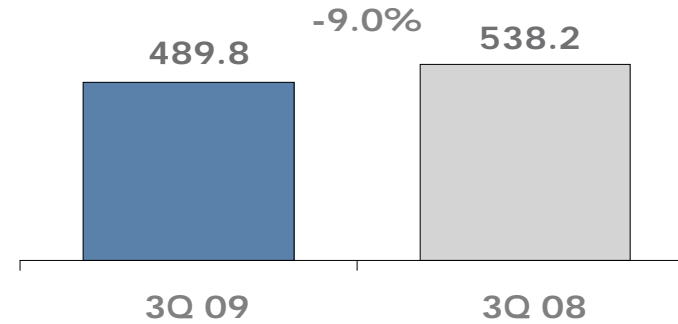
Revenues

(EUR million)



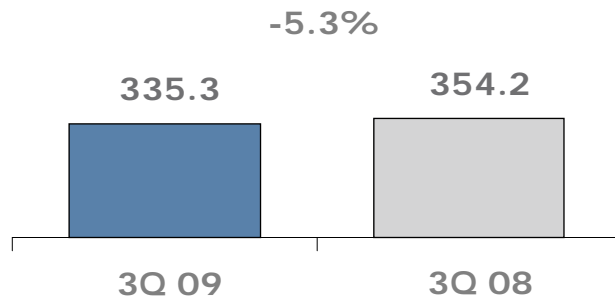
EBITDA

(EUR million)



Operating Free Cash Flow*

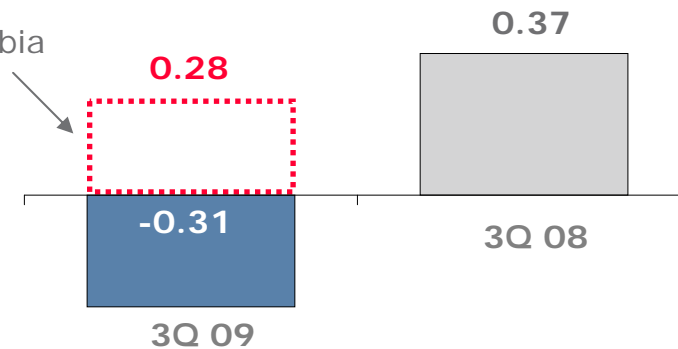
(EUR million)



Earnings per Share

(EUR)

Impairment charges for Belarus and Republic of Serbia



*Operating Free cash flow = EBITDA - Capex

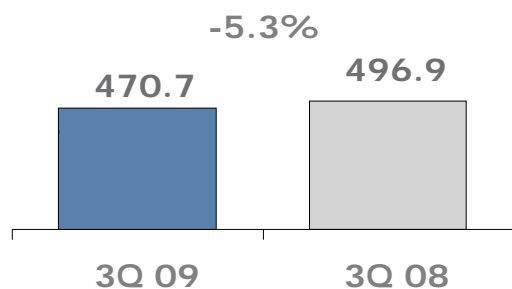
Results for the Third Quarter 2009

Fixed Net

Sequential Improvements of Fixed Net Revenue Trends

Revenues

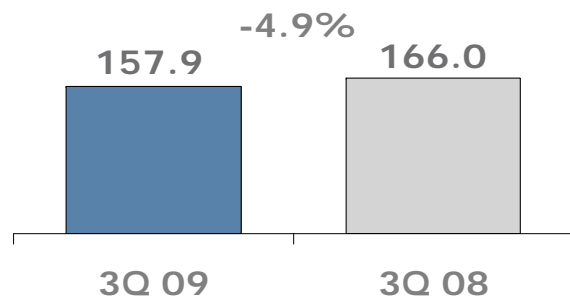
(EUR million)



- Revenues decline by 5.3% in 3Q 09 compared to a 12.5% decrease in 2Q 09
- Significant slowdown in line loss continues, ARPL dilution decelerates

EBITDA

(EUR million)

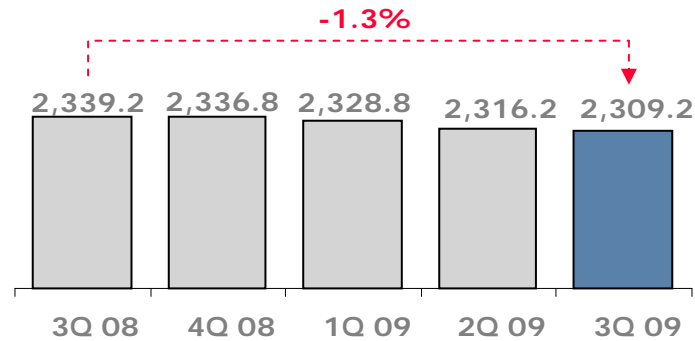


- All revenue lines reflect sequential trend improvement
- Cost cuts and one-off refund of EUR 10.2 mn stabilize margin at 33.5%

Access Line Base stabilizes as Line Loss is Cut by 75% to 7,000

Access Lines

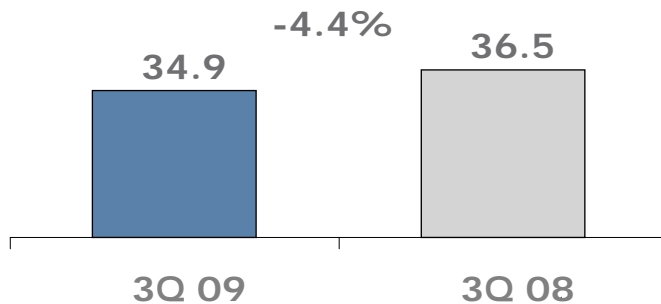
(in 000)



- Access line base stabilizes with a reduction of 1.3% year-on-year
- Access line loss cut by 75% to just 7,000 in 3Q 2009

Average Revenues per Access Line

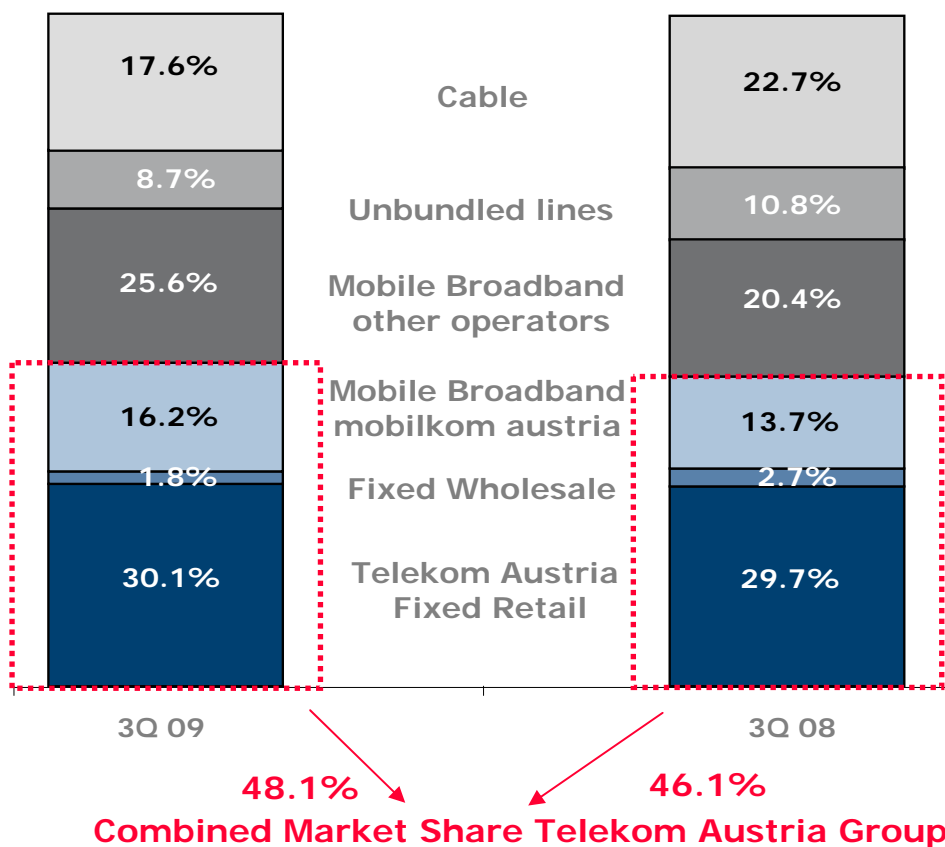
(in EUR)



- Sequential improvement of ARPL trend of -4.4% vs. -8.0% in 2Q 09
- Leakage of minutes to mobile is main driver of lower ARPL

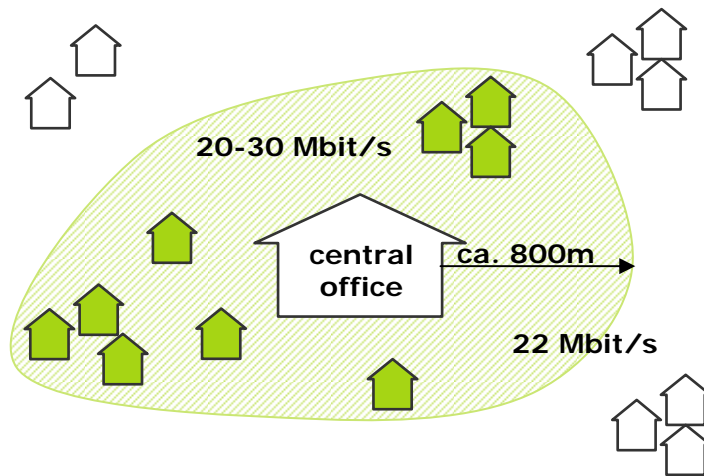
Fixed Net Retail Outgrows Broadband Market for the First Time Driven by Product Bundles

Broadband Market Shares



- Fixed Net retail broadband outgrows overall market which increases by 19.2%
- Number of Fixed Net retail broadband lines rises by 20.8%
- Fixed Net segment increases retail broadband market share to 30.1%
- Broadband net adds grow from 8,900 in 3Q 08 to 24,200 in 3Q 09

VDSL2 Rollout to Connect 365,000 Households in Rural Areas



- High speed internet access for rural areas at a low incremental investment
- 400 central offices upgraded to provide up to 30 MBit/s
- 365,000 households equivalent to about 10% coverage until Jan 2010
- GigaBooster 30 speed option marketed for EUR 14.90/month on top of Kombi Packages

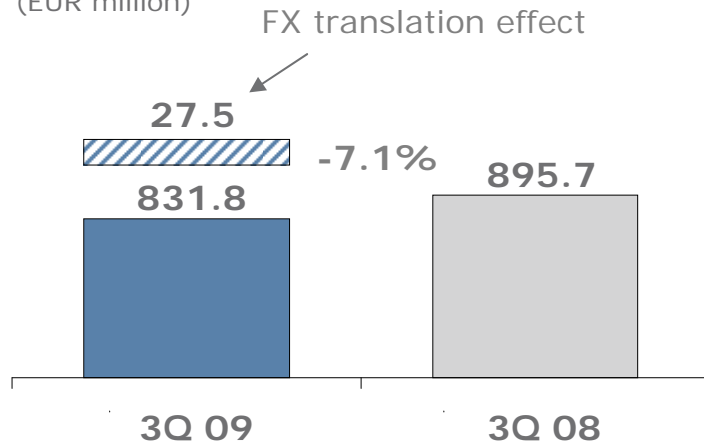


Mobile Communication

Mobile Communication Impacted by FX, Roaming, Interconnection and Lower Prices

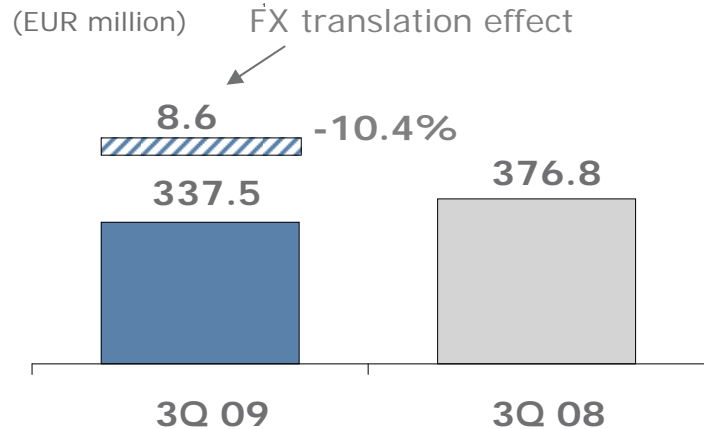
Revenues

(EUR million)



EBITDA

(EUR million)

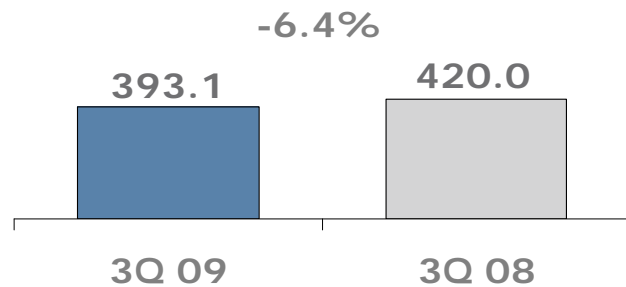


- Mobile Communication's subscriber base grows by 8.6% to 18.5mn subscribers
- Revenues and EBITDA excluding FX impact decline by 4.1% and 8.1% respectively
- Lower roaming tariffs impact revenues by 11.3 mn and EBITDA by 6.3 mn
- MTR cuts impact revenues by 16.2 mn and EBITDA by 4 mn

Cost Reductions at mobilkom austria Initiated to Mitigate Impact from Regulation

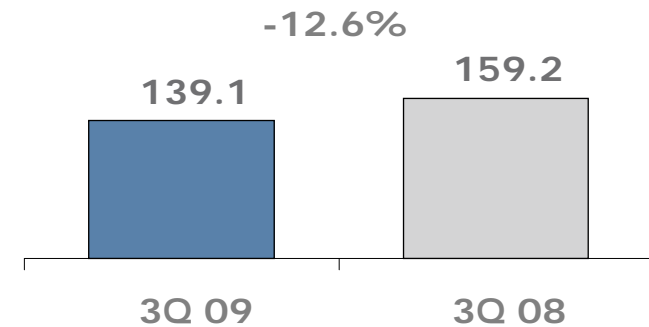
Revenues

(EUR million)



EBITDA

(EUR million)

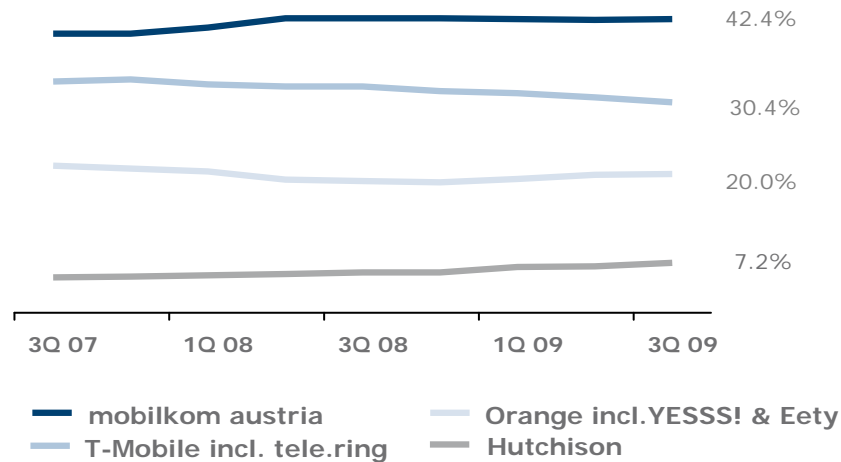


- mobilkom austria's customer base grows by 8.3% to 4.7 mn subscribers
- Fierce competition in the domestic mobile market remains
- Roaming regulation cuts prices by up to 14% and 30% decrease of termination rates
- Lower roaming and interconnection tariffs hit revenues by 12.3 mn
- EBITDA declines by 12.6% due to lower revenues

Mobilkom Austria Continues to Enhance Mobile Broadband Subscriber Base

Market Shares

As of Sep 2009



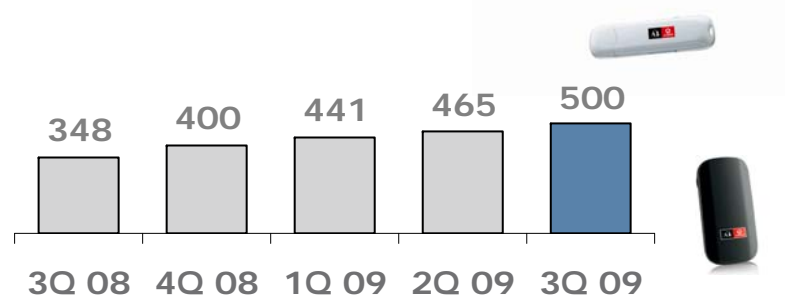
- Market share remains stable at 42.4% in 3Q 09

- Mobile broadband subscriber base increases by 43.9% in 3Q 09 compared to 3Q 08

- Data share reaches 36.7% in 3Q 09 up from 32.1% in 3Q 08

Mobile Broadband Subscribers

(in 000)



- Test winner for best network within the German speaking region from telco magazine Connect

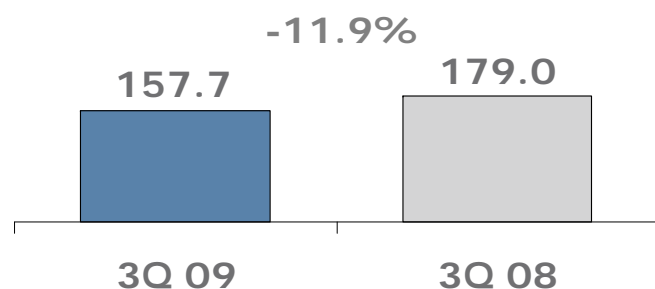


Results for the Third Quarter 2009

Bulgarian Operations Impacted by Combination of Price Competition and Economic Downturn

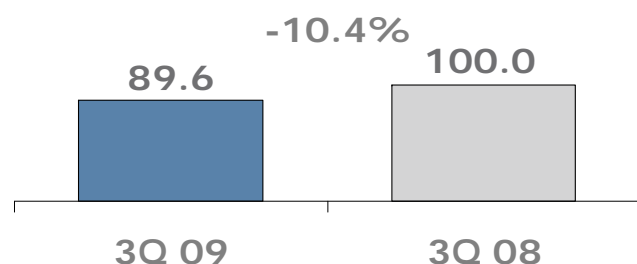
Revenues Mobiltel

(EUR million)



EBITDA Mobiltel

(EUR million)

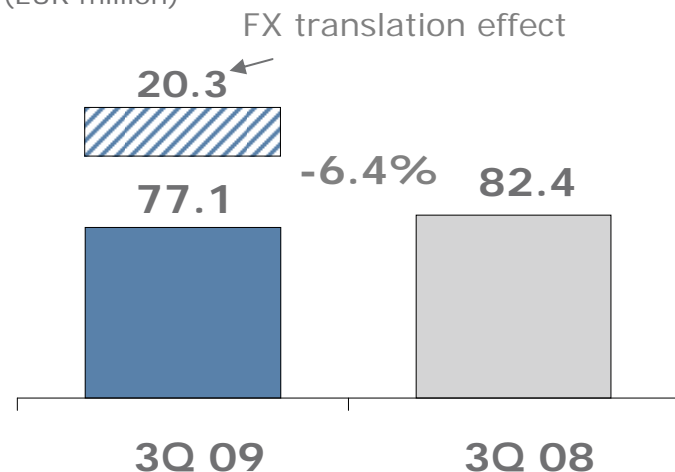


- Fierce competition, mobile termination rate cut by 28% and economic crisis impact revenues
- Usage growth of 5.9% partly compensates for lower prices
- EBITDA declines due to lower revenues
- Reduction in operating expenses by 12.0% protects profitability
- EBITDA margin hits 56.8%

Currency Devaluation in Belarus Consumes Strong Organic Growth of Velcom

Revenues Velcom

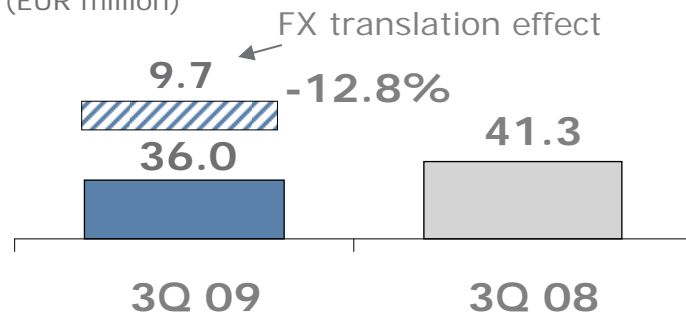
(EUR million)



- Subscriber base grows by 12.9% to 4.0 million at the end of 3Q 09
- Market share slightly lower at 43.5%
- Strong organic revenue growth of 18.2% and EBITDA growth of 10.6% before FX translation

EBITDA Velcom

(EUR million)

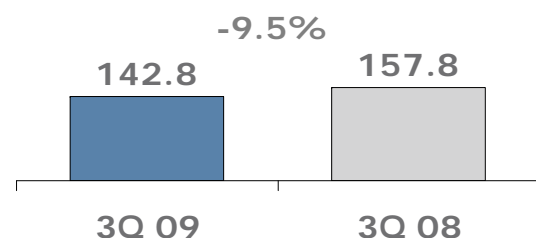


- Reported key financials impacted by a 31% devaluation of currency since the beginning of 2009

Strong Subscriber Growth in Croatia and Slovenia

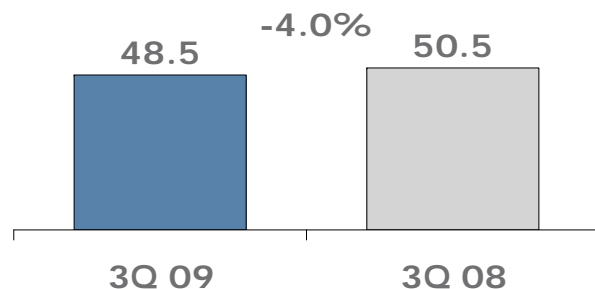
Revenues Vipnet

(EUR million)



Revenues Si.mobil

(EUR million)



Results for the Third Quarter 2009

Vipnet in Croatia

- Subscriber base grows by 9.9% to 2.6 mn customers
- EBITDA declines mainly due to 15% reduction of MTRs

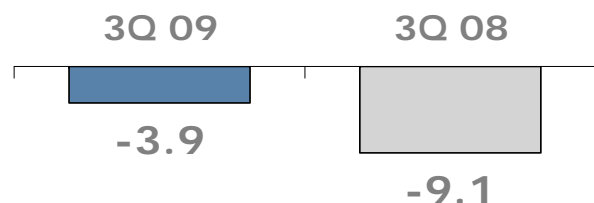
Si.mobil in Slovenia

- Subscriber base grows by 5.1% to 580,300 customers
- EBITDA declines following MTR symmetry introduced in April 2009

Greenfield Operations Remain on Path to Break Even as EBITDA Losses are Halved

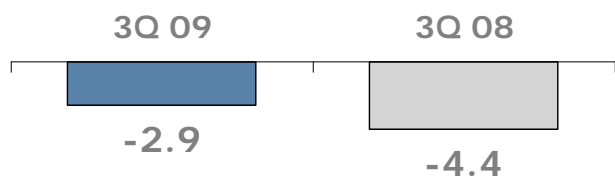
EBITDA Vip mobile

(EUR million)



EBITDA Vip operator

(EUR million)



Vip mobile in Serbia

- Subscriber base grows by 42.2% to 1.1 mn customers
- Market share grows to 11.5% up from 7.9% at the end of 3Q 08
- Improvement of EBITDA continues

Vip operator in Macedonia

- Subscriber base increases by 5.8% to 265,500 customers
- Market share of 12.9% compared to 11.5% at the end of 3Q 08
- EBITDA continues to improve

Financial Overview

Impairment Charges of EUR 352 mn Impact Results, EBITDA Margin Maintained at High Level

(EUR million)	3Q 09	3Q 08	% change	1-9M 09	1-9M 08	% change
Revenues	1,231.7	1,328.0	-7.3%	3,620.5	3,863.8	-6.3%
EBITDA	489.8	538.2	-9.0%	1,394.6	1,492.4	-6.6%
<i>EBITDA margin</i>	39.8%	40.5%		38.5%	38.6%	
Operating income	-126.4	260.0	n.a.	223.9	636.4	-64.8%
Financial result	-54.7	-49.2	11.2%	-187.3	-135.8	37.9%
Income before income taxes	-181.1	210.8	n.a.	36.6	500.6	-92.7%
Income tax expense	44.8	-47.9	n.a.	-5.3	-111.7	-95.3%
Net income	-136.3	162.9	n.a.	31.3	388.9	-92.0%

Reduction of Capital Expenditures to Support Free Cash Flow Continues

(EUR million)	3Q 09	3Q 08	% change	1-9M 09	1-9M 08	% change
Cash Flow from operations before working capital adjustments	443.0	478.3	-7.4%	1,215.8	1,305.1	-6.8%
Change in working capital	-75.0	-44.8	67.3%	-252.9	-199.4	26.8%
Ordinary capital expenditures	-154.5	-184.0	-16.0%	-419.8	-534.3	-21.4%
Free cash flow	213.5	249.5	-14.4%	543.1	571.4	-5.0%
Free cash flow per share	0.48	0.56	-14.3%	1.23	1.29	-4.7%

Capital Expenditure in Fixed Net Catch Up while Mobile Communication Requires less Capex

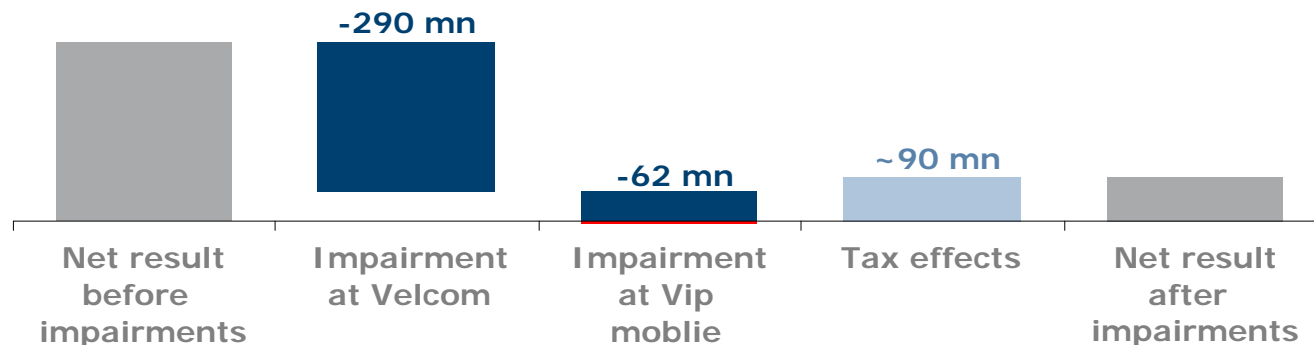
(EUR million)	3Q 09	3Q 08	% change	1-9M 09	1-9M 08	% change
Fixed Net	67.5	48.7	38.6%	156.9	181.2	-13.4%
Mobile Communication	87.0	135.3	-35.7%	262.9	353.1	-25.5%
Ordinary capital expenditures	154.5	184.0	-16.0%	419.8	534.3	-21.4%
Growth projects & acquisitions	0.0	5.4		13.8	14.7	-6.3%
Capex, growth projects & acquisitions	154.5	189.4	-18.4%	433.6	549.0	-21.0%
Other investing activities, net	-57.6	-3.5	n.a.	17.1	-17.1	n.a.
Cash acquired	0.0	-0.5	n.a.	1.1	-0.5	n.a.
Cash used in investing activities	96.9	185.4	-47.7%	449.6	531.4	-15.4%

Deleveraging Continues with Net Debt Decreasing by 5.3%

(EUR million)	Sep 30, 09	Dec 31, 08	% change
Long-term assets	6,515.2	7,452.0	-12.6%
Current assets	2,056.8	1,545.4	33.1%
Total assets	8,572.0	8,997.4	-4.7%
Current liabilities	2,144.1	2,220.5	-3.4%
Long-term liabilities	4,860.6	4,621.3	5.2%
Stockholders' equity	1,567.3	2,155.6	-27.3%
Liabilities and stockholders' equity	8,572.0	8,997.4	-4.7%
Net Debt	3,781.5	3,993.3	-5.3%
Net Debt/EBITDA (last 12 months)	3.2x	3.1x	n.a.
Net Debt/EBITDA (last 12 months) excluding restructuring program	2.1x	2.1x	n.a.

Impairment Charges Related to the Operations in Belarus and in the Republic of Serbia

- Impairment charges of EUR 352 mn impact operating income and net income
- Consequence of lower than expected growth, higher discount rates and weaker FX
- Impairments are cash flow neutral and provide tax shield
- Op. FCF 2009 and dividend distribution untouched



Outlook

Outlook Shifted from Constant to Actual Currency Basis, Op. FCF of EUR 1.1 bn reiterated

Telekom Austria Group 2009

Actual Currency Basis

As announced on August 19, 2009 on constant currency basis

Revenues	~ EUR 4.8 bn	slightly lower than EUR 5.1 bn
EBITDA	~ EUR 1.8 bn	~ EUR 1.9 bn
CAPEX	~ EUR 0.7 bn	~ EUR 0.8 bn
Op. FCF*	~ EUR 1.1 bn	~ EUR 1.1 bn
Dividend	DPS of 75 cents min	DPS of 75 cents min

*Operating Free Cash Flow = EBITDA - Capex

Appendix

Regulatory Issues – Key Aspects

Next Generation Networks: The European Commission has started the 2nd public consultation on the regulatory treatment of Next Generation Access in June 09. Previous guidelines of the Commission have partly contradicted the terms adopted by the European Parliament on the subject of investments. The Recommendation is still in the consultation period.

Review of the Regulatory Electronic Communication Framework: On November 5, 2009 the Council and the European Parliament reached political agreement on the remaining issues of the new regulatory framework. Publication of the final directives in the Official Journal is envisaged for Q1/2010. EU Member States will have 18 month to incorporate the new provisions into national legislation.

Fixed Net Termination Rates: In August 2009, the national regulatory authority mandated an increase of the mobile-to-fixed termination rates between Hutchison Austria and Telekom Austria. Following final approval of this decision, the local termination rates will be increased by 29% (local) and by 19% (regional), national termination rates will be reduced by 5%.

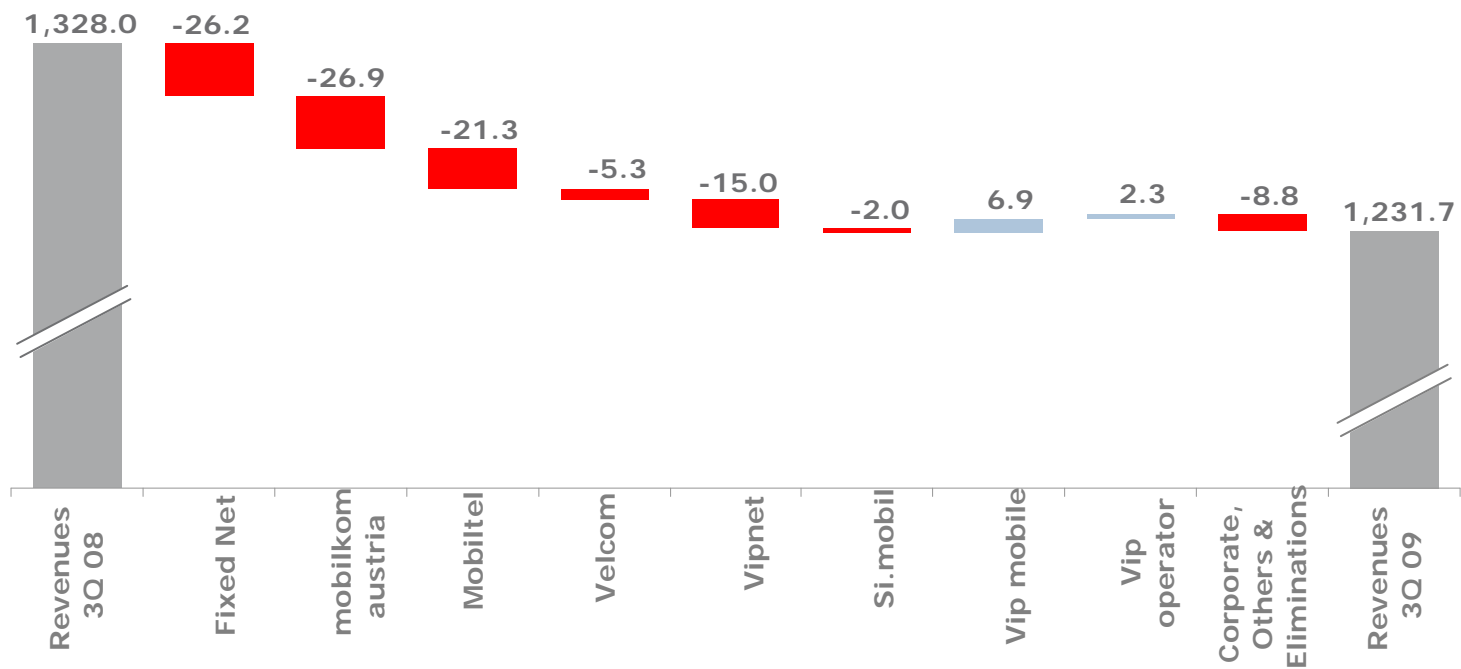
Market Analysis: The 3rd round of market analysis process in Austria is advancing with the national regulatory authority publishing its expertises on all relevant telecom markets in September 2009. The European Commission Concerning has voiced doubts on the new delineation of the wholesale broadband market and opened a 2nd phase of investigation.

Mobile termination rates: The national regulatory authority has published the final gliding path in mid June 09, which reduces MTR to 2.01c/min by June 1, 2011. The gliding path started on July 1, 2009 with an initial value of 4.00c/min and foresees cuts in MTR of about 0.50c/min every six months.

Development of Revenues 3Q 09 vs. 3Q 08

Revenues

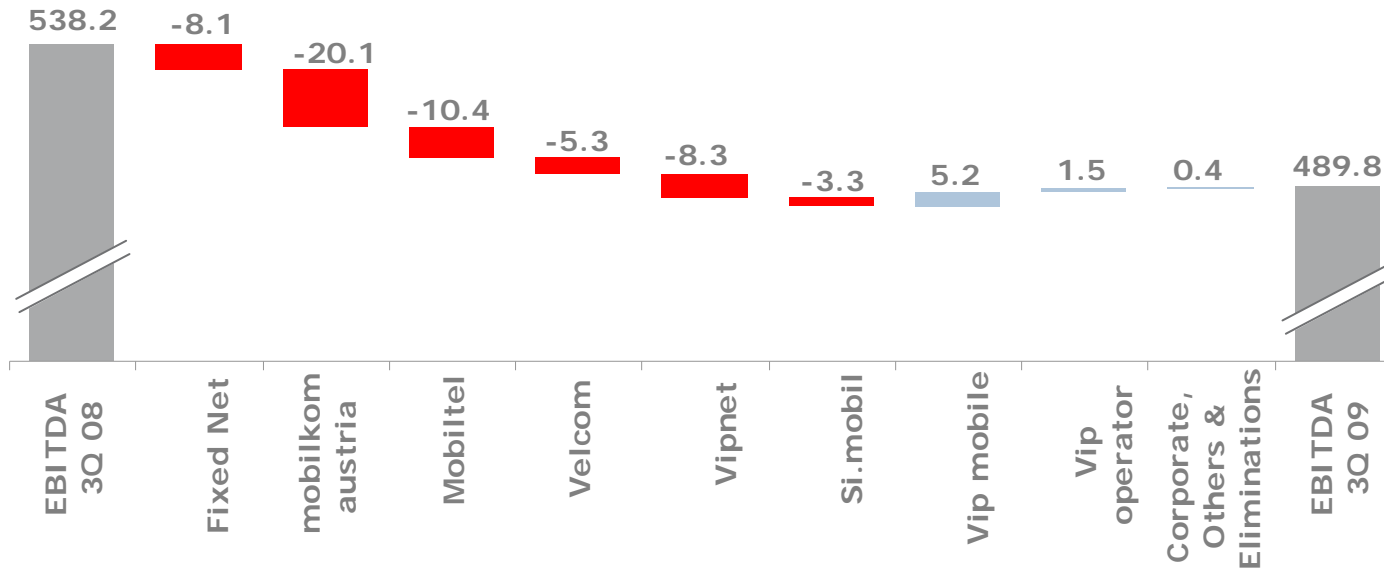
(EUR million)



Development of EBITDA 3Q 09 vs. 3Q 08

EBITDA

(EUR million)

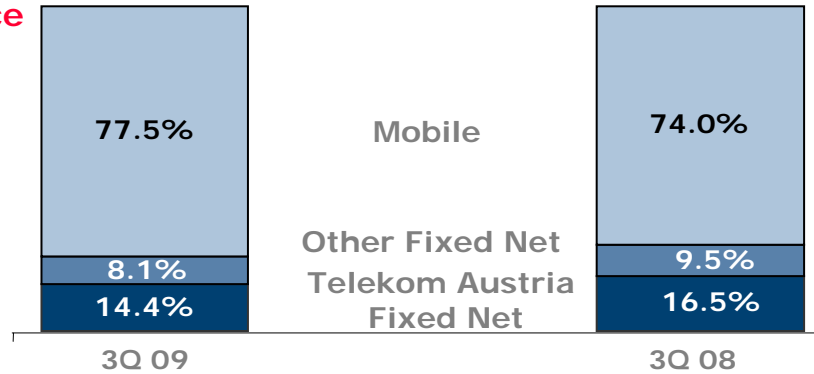


Fixed Net - Access Lines

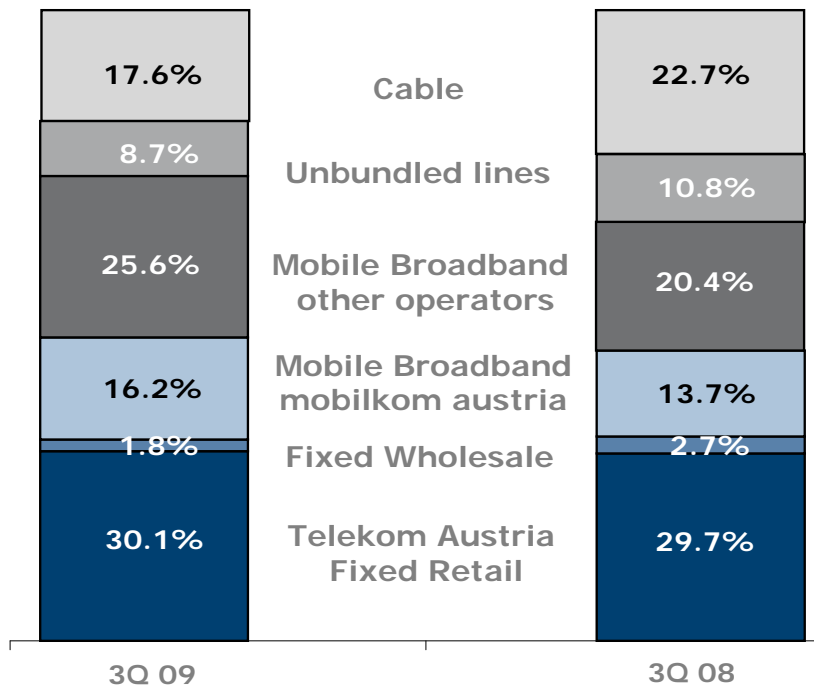
(in 000)	3Q 09	3Q 08	% change
Access lines (without broadband lines)	1,326.6	1,503.9	-11.8%
Fixed Net broadband retail lines	926.0	766.4	20.8%
Fixed Net broadband wholesale lines	56.6	68.9	-17.9%
Fixed Net broadband lines	982.6	835.3	17.6%
Total access lines	2,309.2	2,339.2	-1.3%
Lines unbundled	287.7	297.8	-3.4%
(in 000)	3Q 09	3Q 08	% change
Fixed Net broadband net adds	24.2	8.9	171.9%
Broadband penetration	86.8%	72.5%	n.a.

Fixed Net – Voice & Broadband Market Shares

Market Share Voice Minutes

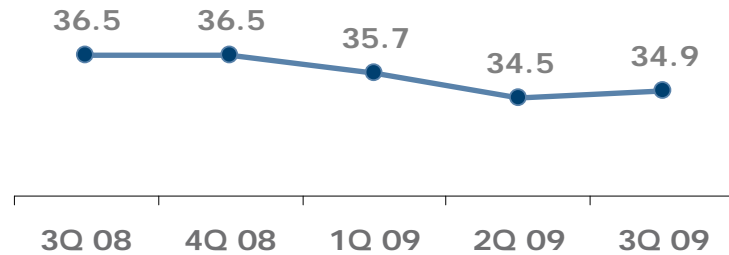


Market Share Broadband Lines

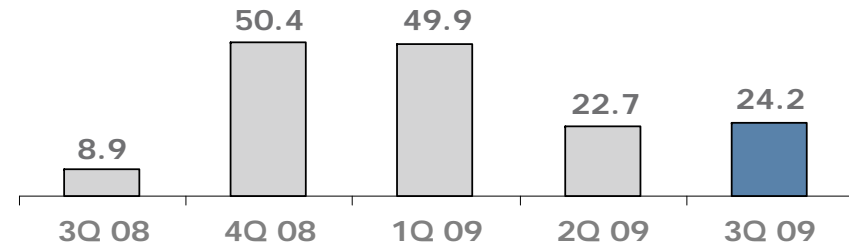


Fixed Net Key Performance Indicators

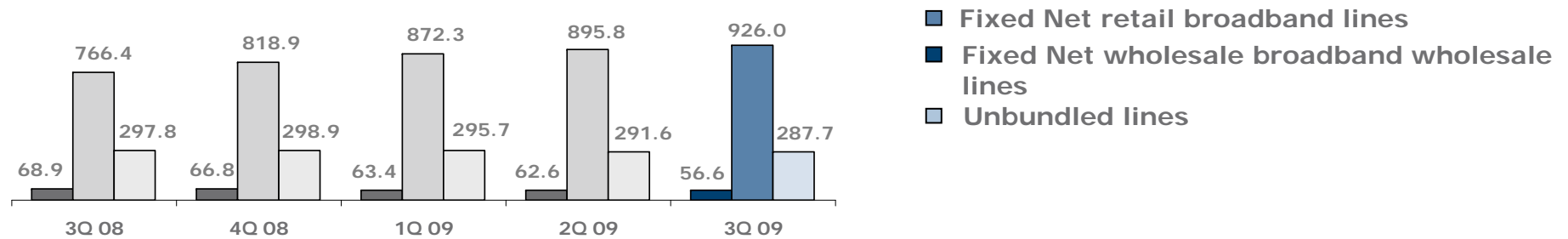
Average Revenues per Access Line
(in EUR)



Fixed Net Broadband Net Adds incl. Wholesale
(in 000)



Fixed Broadband Access Lines
(in 000)










Fixed Net - Minutes

(in million minutes)	3Q 09	3Q 08	% change
National	555	635	-12.7%
Fixed-to-mobile	167	180	-6.9%
International	85	100	-14.8%
Total voice minutes	807	914	-11.8%
Total Fixed Net minutes	839	987	-15.0%

(in million minutes)	3Q 09	3Q 08	% change
National wholesale	1,202	1,712	-29.8%
International wholesale	1,514	1,159	30.6%
Total wholesale minutes	2,716	2,872	-5.4%

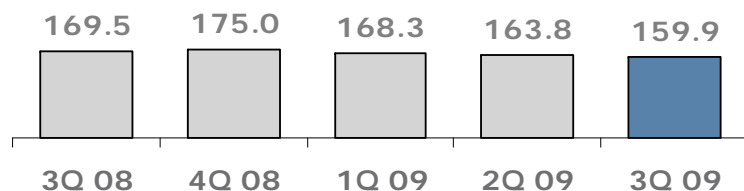
Mobile Subscribers

	(in 000)	3Q 09	3Q 08	% change
	Austria	4,719.4	4,355.8	8.3%
	Market share	42.4%	42.5%	
	Bulgaria	5,242.9	5,193.7	0.9%
	Market share	49.7%	49.9%	
	Belarus	3,981.3	3,525.0	12.9%
	Market share	43.5%	44.7%	
	Croatia	2,606.1	2,372.0	9.9%
	Market share	42.9%	42.3%	
	Slovenia	580.3	552.2	5.1%
	Market share	27.9%	27.5%	
	Republic of Serbia	1,070.1	752.6	42.2%
	Market share	11.5%	7.9%	
	Republic of Macedonia	265.5	250.9	5.8%
	Market share	12.9%	11.5%	
	Liechtenstein	6.2	5.6	10.7%
	Market share	20.0%	18.9%	
	Mobile Communication	18,471.8	17,007.8	8.6%

Operational Data – mobilkom austria

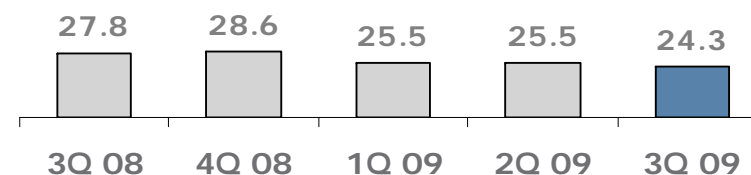
MoU per Subscriber

(in minutes)

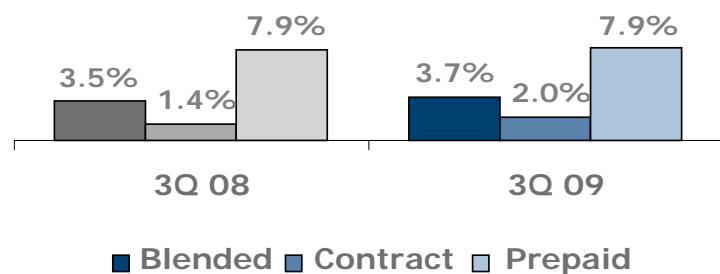


ARPU

(in EUR)

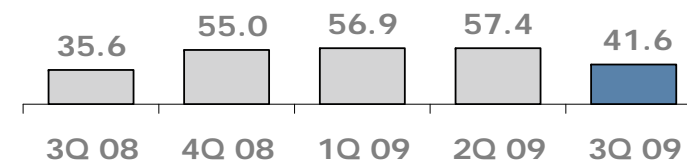


Quarterly Churn



SAC per Gross Add

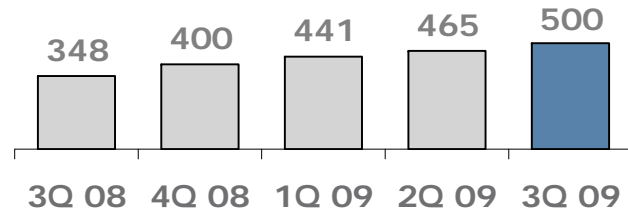
(in EUR)



Mobile Data - mobilkom austria

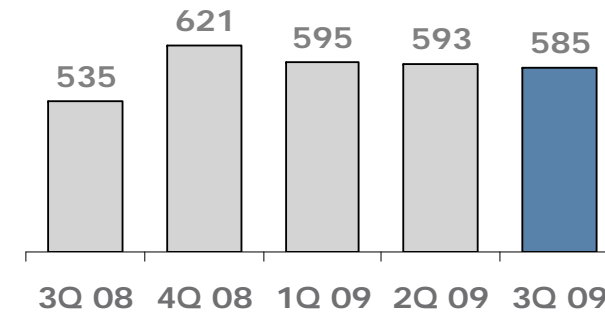
Mobile Broadband Customers

(in 000)



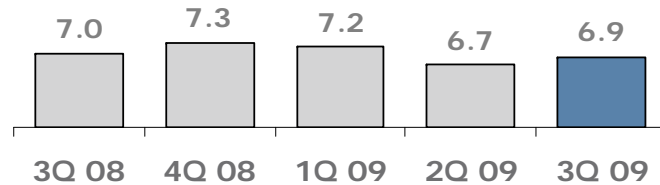
Number of SMS

(in million)

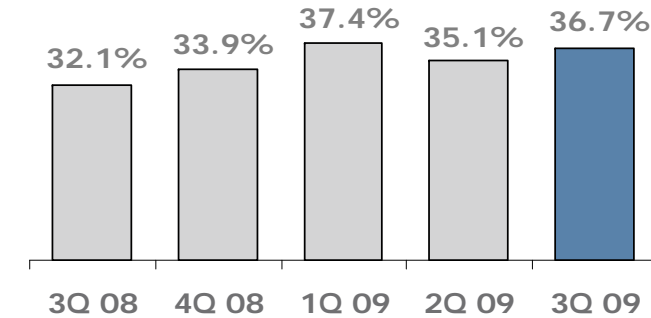


Data ARPU

(in EUR)



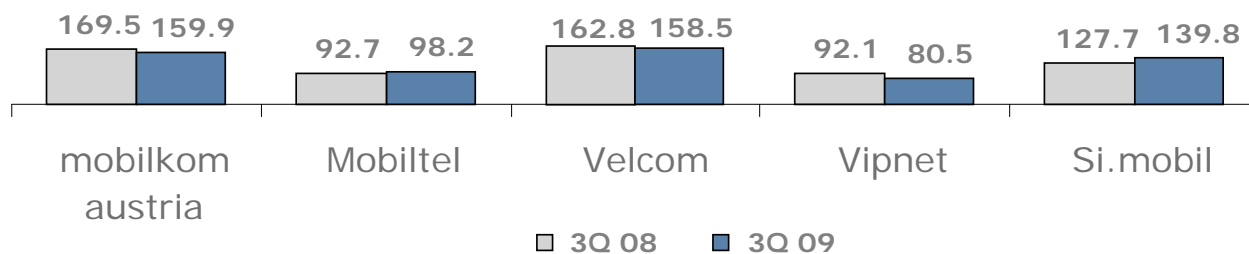
Data in % of Revenues



ARPU & MoU per Subscriber for Selected Mobile Communication Operations

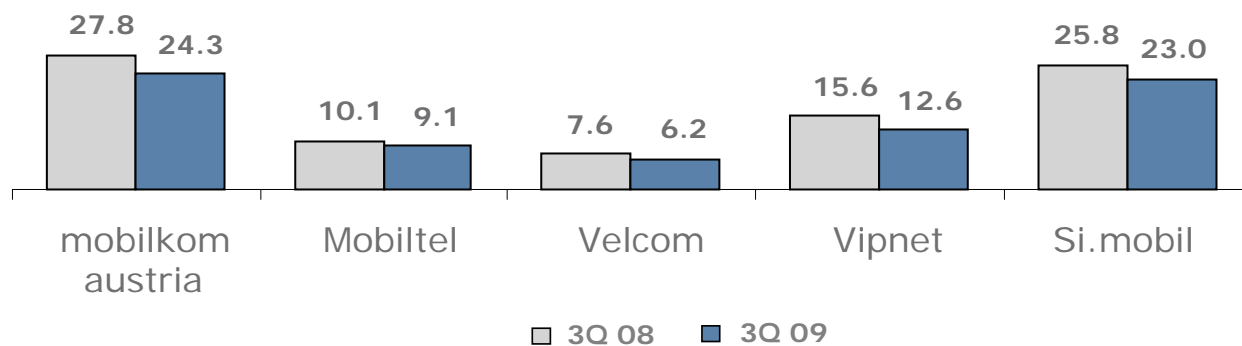
MoU per Subscriber

(in minutes)



ARPU

(in EUR)



Headcount* Development

(Average period)	3Q 09	3Q 08	change
Fixed Net	8,146	9,371	-1,225
Mobile Communciation	8,660	8,311	349
Telekom Austria Group	16,807	17,682	-875
(End of period)	3Q 09	3Q 08	change
Fixed Net	8,129	9,337	-1,208
Mobile Communciation	8,673	8,368	305
Telekom Austria Group	16,802	17,705	-903

* Full-time-equivalents, Fixed Net net of idle workforce

Revenues by Segment

(EUR million)	3Q 09	3Q 08	% change	1-9 M 09	1-9M 08	% change
Fixed Net revenues	470.7	496.9	-5.3%	1,397.1	1,540.7	-9.3%
Mobile Communication revenues	831.8	895.7	-7.1%	2,422.7	2,506.5	-3.3%
Corporate, Other & Eliminations	-70.8	-64.6	9.6%	-199.3	-183.4	8.7%
Revenues Telekom Austria Group	1,231.7	1,328.0	-7.3%	3,620.5	3,863.8	-6.3%

EBITDA and Operating Income by Segment

(EUR million)	3Q 09	3Q 08	% change	1-9 M 09	1-9M 08	% change
Fixed Net EBITDA	157.9	166.0	-4.9%	457.7	478.4	-4.3%
Mobile Communciation EBITDA	337.5	376.8	-10.4%	957.5	1,029.6	-7.0%
Corporate, Other & Eliminations	-5.6	-4.6	21.7%	-20.6	-15.6	32.1%
EBITDA Telekom Austria Group	489.8	538.2	-9.0%	1,394.6	1,492.4	-6.6%

(EUR million)	3Q 09	3Q 08	% change	1-9 M 09	1-9M 08	% change
Fixed Net operating income	52.7	47.4	11.2%	121.1	100.4	20.6%
Mobile Communication operating income	-173.6	217.1	n.a.	122.9	551.3	-77.7%
Corporate, Other & Eliminations	-5.5	-4.5	22.2%	-20.1	-15.3	31.4%
Operating income Telekom Austria Group	-126.4	260.0	n.a.	223.9	636.4	-64.8%

Fixed Net – Revenue Breakdown

(EUR million)	3Q 09	3Q 08	% change	1-9 M 09	1-9M 08	% change
Access, Voice and Broadband	241.3	265.3	-9.0%	731.7	819.4	-10.7%
Data & ICT-Solutions	97.8	105.1	-6.9%	292.0	324.2	-9.9%
Wholesale Voice & Internet	91.7	100.3	-8.6%	268.3	314.9	-14.8%
Others	39.8	26.2	51.9%	105.0	82.2	27.7%
Fixed Net revenues	470.7	496.9	-5.3%	1,397.1	1,540.7	-9.3%

Fixed Net – Expense Breakdown

(EUR million)	3Q 09	3Q 08	% change	1-9 M 09	1-9M 08	% change
Material expense	21.5	20.1	7.0%	51.6	67.3	-23.3%
Employee costs	116.6	125.9	-7.4%	380.4	416.4	-8.6%
Depreciation, amortization and impairment charges	105.3	118.6	-11.2%	336.6	378.0	-11.0%
Interconnection	79.5	84.1	-5.5%	222.5	260.0	-14.4%
Maintenance and repairs	25.0	28.4	-12.0%	69.5	79.1	-12.1%
Services received	27.9	20.7	34.8%	79.7	61.9	28.8%
Other support services	21.2	22.8	-7.0%	60.0	78.7	-23.8%
Other	46.9	40.6	15.5%	130.0	141.4	-8.1%
Fixed Net expenses	443.9	461.2	-3.8%	1,330.3	1,482.8	-10.3%

Mobile Communication - Revenue Breakdown

(EUR million)	3Q 09	3Q 08	% change	1-9 M 09	1-9M 08	% change
Subscription and Traffic	601.5	628.1	-4.2%	1,752.2	1,788.4	-2.0%
Equipment	59.5	70.4	-15.5%	167.8	185.6	-9.6%
Roaming	51.2	62.5	-18.1%	113.7	152.5	-25.4%
Interconnection	114.1	130.3	-12.4%	366.0	367.5	-0.4%
Other	15.1	15.1	0.0%	52.0	43.6	19.3%
Discounts	-9.6	-10.7	-10.3%	-29.0	-31.1	-6.8%
Mobile Communication revenues	831.8	895.7	-7.1%	2,422.7	2,506.5	-3.3%

Mobile Communication – Expense Breakdown

(EUR million)	3Q 09	3Q 08	% change	1-9 M 09	1-9M 08	% change
Material expense	86.8	89.3	-2.8%	253.6	244.1	3.9%
Employee costs	66.8	66.2	0.9%	208.4	192.8	8.1%
Depreciation, amortization and impairment charges	511.1	159.7	220.0%	834.6	478.3	74.5%
Interconnection	93.4	105.6	-11.6%	294.7	301.9	-2.4%
Repairs	22.1	22.6	-2.2%	64.6	59.1	9.3%
Services received	73.8	80.4	-8.2%	213.0	226.7	-6.0%
Other support services	9.8	8.7	12.6%	27.4	26.8	2.2%
Other	148.3	153.0	-3.1%	427.9	456.2	-6.2%
Mobile Communication expenses	1,012.1	685.5	47.6%	2,324.2	1,985.9	17.0%

Capital Expenditures by Segment

(EUR million)	3Q 09	3Q 08	% change	1-9 M 09	1-9M 08	% change
Fixed Net	67.5	48.7	38.6%	156.9	181.2	-13.4%
Mobile Communication	87.0	135.3	-35.7%	262.9	353.1	-25.5%
Total Capex Telekom Austria Group	154.5	184.0	-16.0%	419.8	534.3	-21.4%
Thereof tangible	111.2	141.1	-21.2%	309.2	415.7	-25.6%
Thereof intangible	43.3	42.9	0.9%	110.6	118.6	-6.7%

(EUR million)	3Q 09	3Q 08	% change	1-9 M 09	1-9M 08	% change
Mobile Communication Total Capex						
mobilkom austria	34.7	31.0	11.9%	82.4	104.5	-21.1%
Mobiltel	11.7	38.6	-69.7%	59.7	85.5	-30.2%
Velcom	9.4	13.6	-30.9%	20.2	25.7	-21.4%
Vipnet	9.9	14.9	-33.6%	43.4	50.1	-13.4%
Si.mobil	3.1	4.5	-31.1%	7.6	11.1	-31.5%
Vip mobile	15.8	34.3	-53.9%	46.4	74.4	-37.6%
Vip operator	2.3	3.1	-25.8%	4.0	8.6	-53.5%

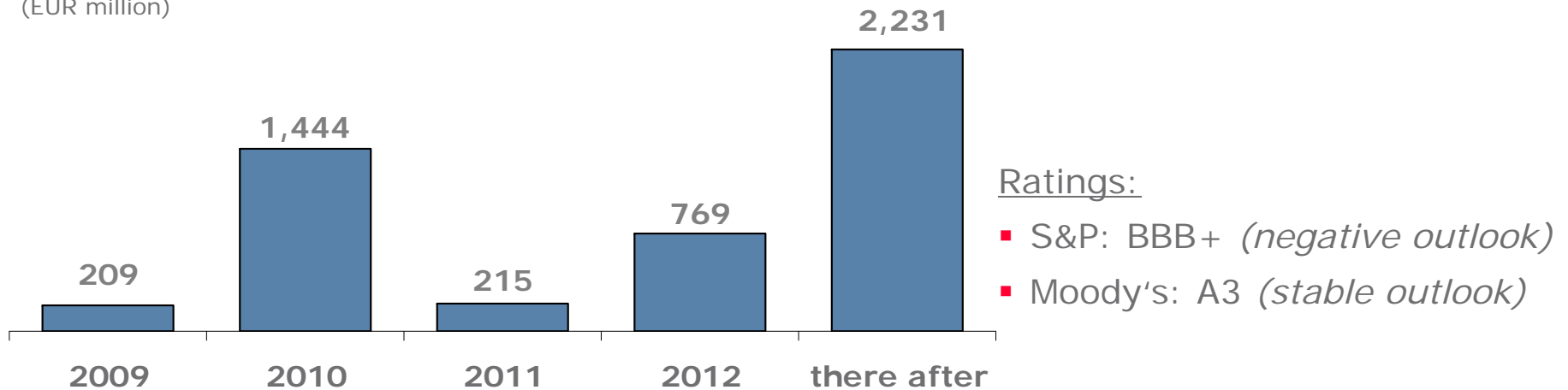
Net Debt - Telekom Austria Group

(EUR million)	Sep 30, 2009	Dec 31, 2009	% change
Long-term debt	3,868.3	3,599.5	7.5%
Short-term debt	1,019.4	961.5	6.0%
Cash and cash equivalents, short-term and long term investments, financing with related parties	-1,096.2	-513.1	113.6%
Derivate financial instruments for hedging purposes	-10.0	-54.6	-81.7%
Net Debt of Telekom Austria Group	3,781.5	3,993.3	-5.3%
Net Debt/ EBITDA (last 12 months)	3.2x	3.1x	n.a.
EBITDA (last 12 months)	1,183.0	1,280.8	-7.6%
Net Debt/ EBITDA (last 12 months) excluding restructuring measures	2.1x	2.1x	n.a.

EUR 750 mn Bond Issued in 1Q 09 Supports Refinancing Beyond 2010

Debt Maturity Profile

(EUR million)



Lines of Credit

- Undrawn committed lines of credit amounting to EUR 1.3 bn
- Average life of 3 years
- Provided by 20 Banks