



Roadshow Presentation Q1 2012 Results

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.”



Telekom Austria Group Offers a Sound Domestic Base and Eastern European Growth Potential

as of Full Year 2011



- > Mobile market share: 41.0%
- > Access lines: 2.3 mn



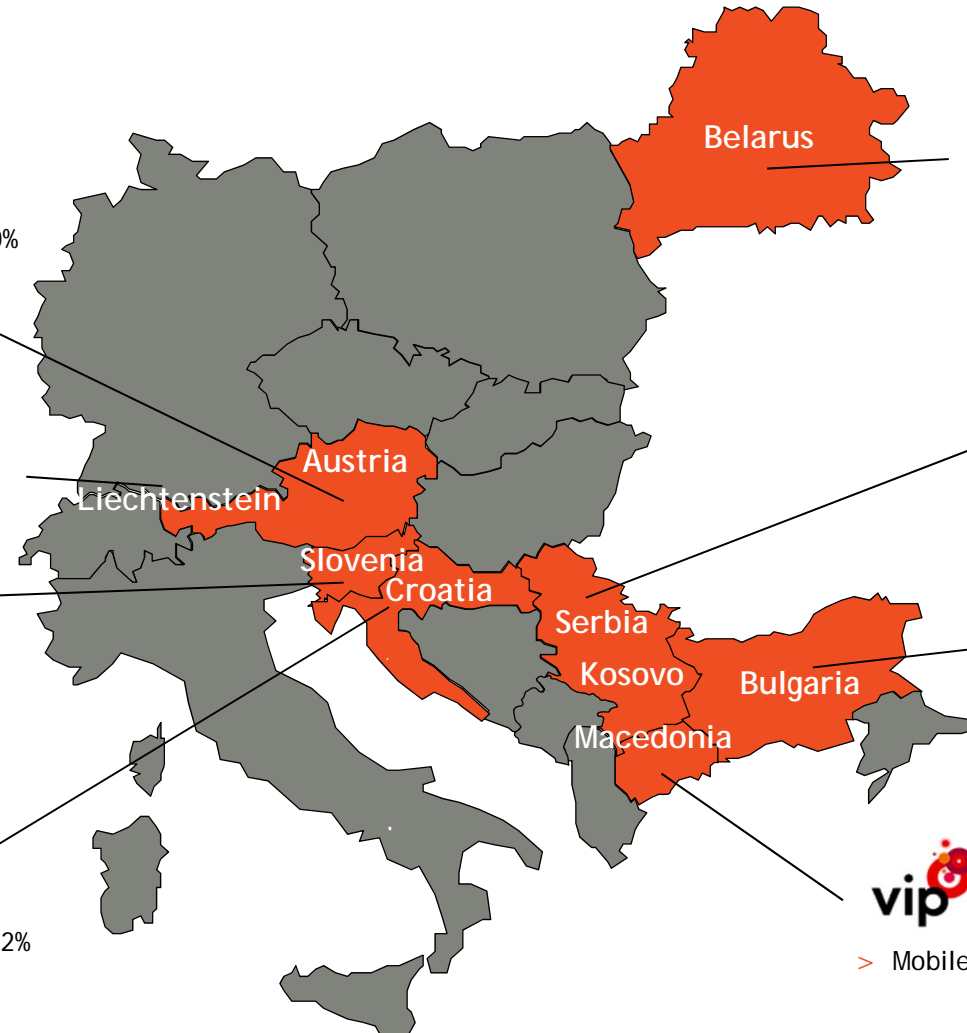
- > Mobile market share: 16.5%



- > Mobile market share: 29.7%



- > Mobile market share: 39.2%
- > Access lines: 143,700



- > Mobile market share: 41.1%



- > Mobile market share: 15.7%



- > Mobile market share: 48.6%
- > Access lines: 128,800



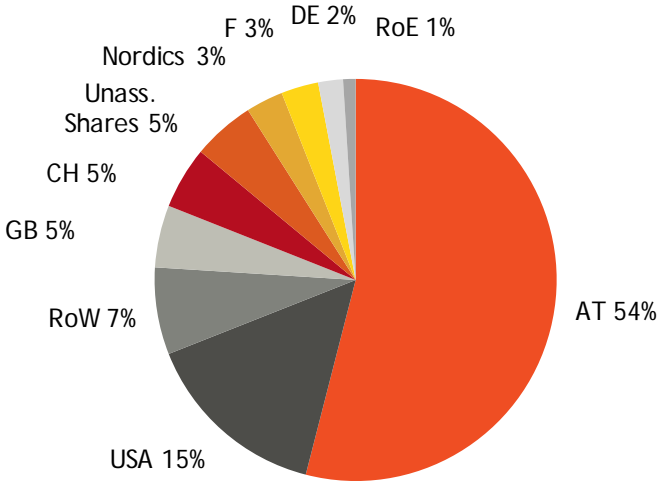
- > Mobile market share: 24.9%



Shareholder Structure and Share Price Performance of Telekom Austria Group

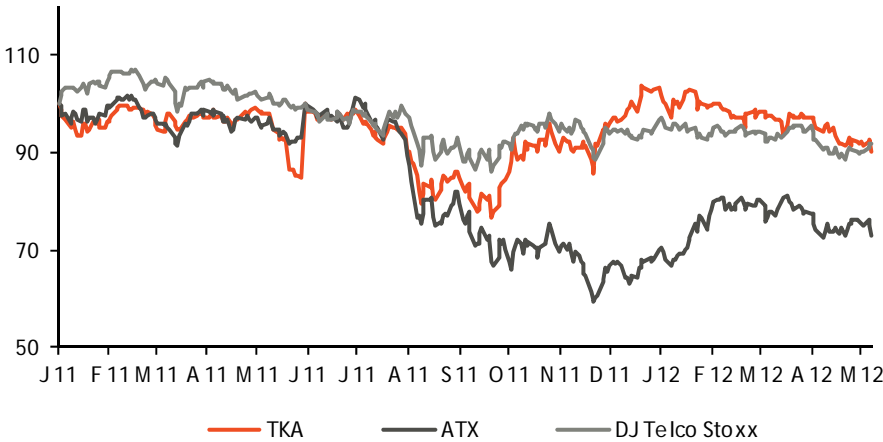
Shareholder Structure by Geography

% of shares outstanding, as of 31 December 2011

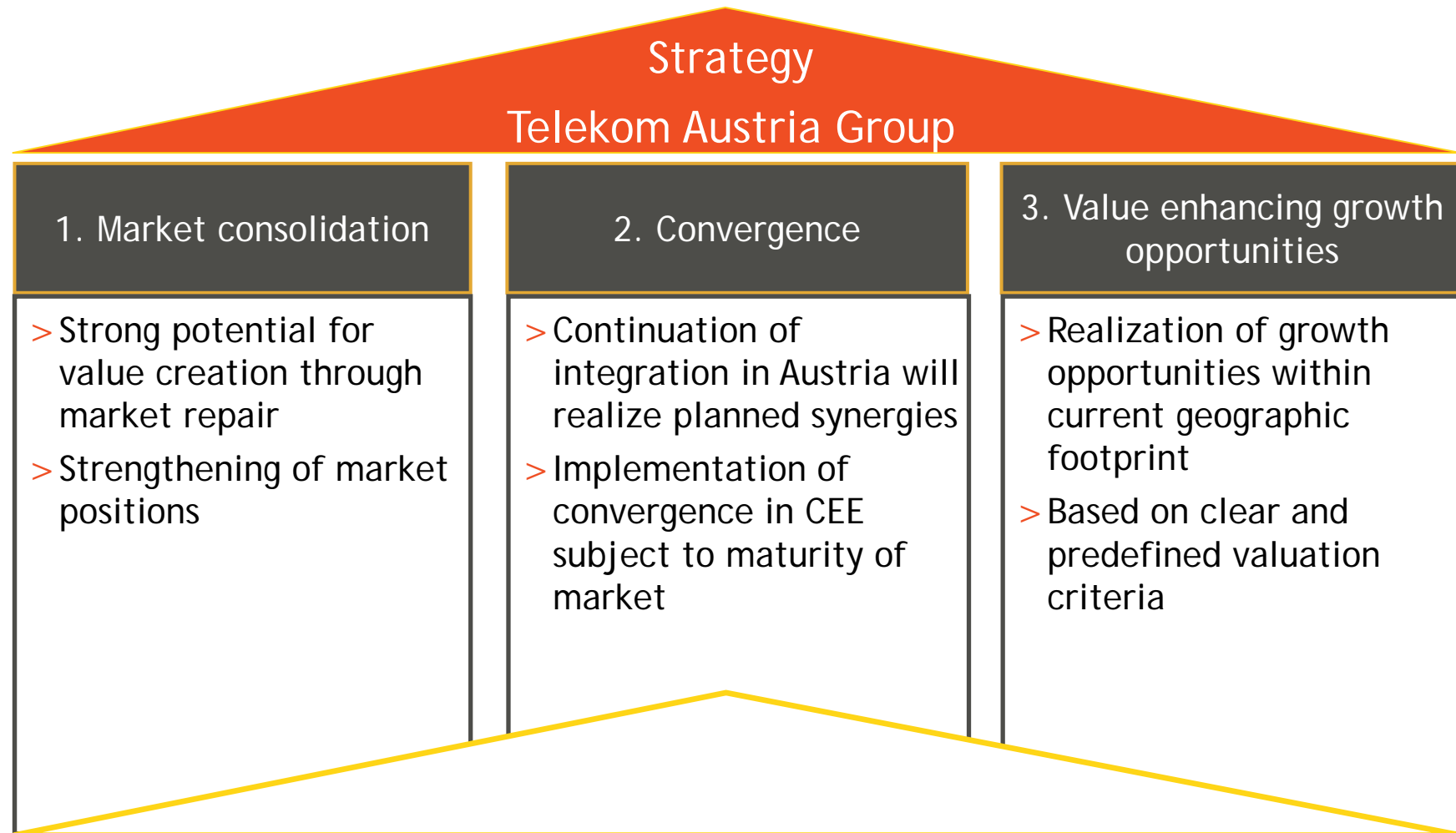


Share Price Performance

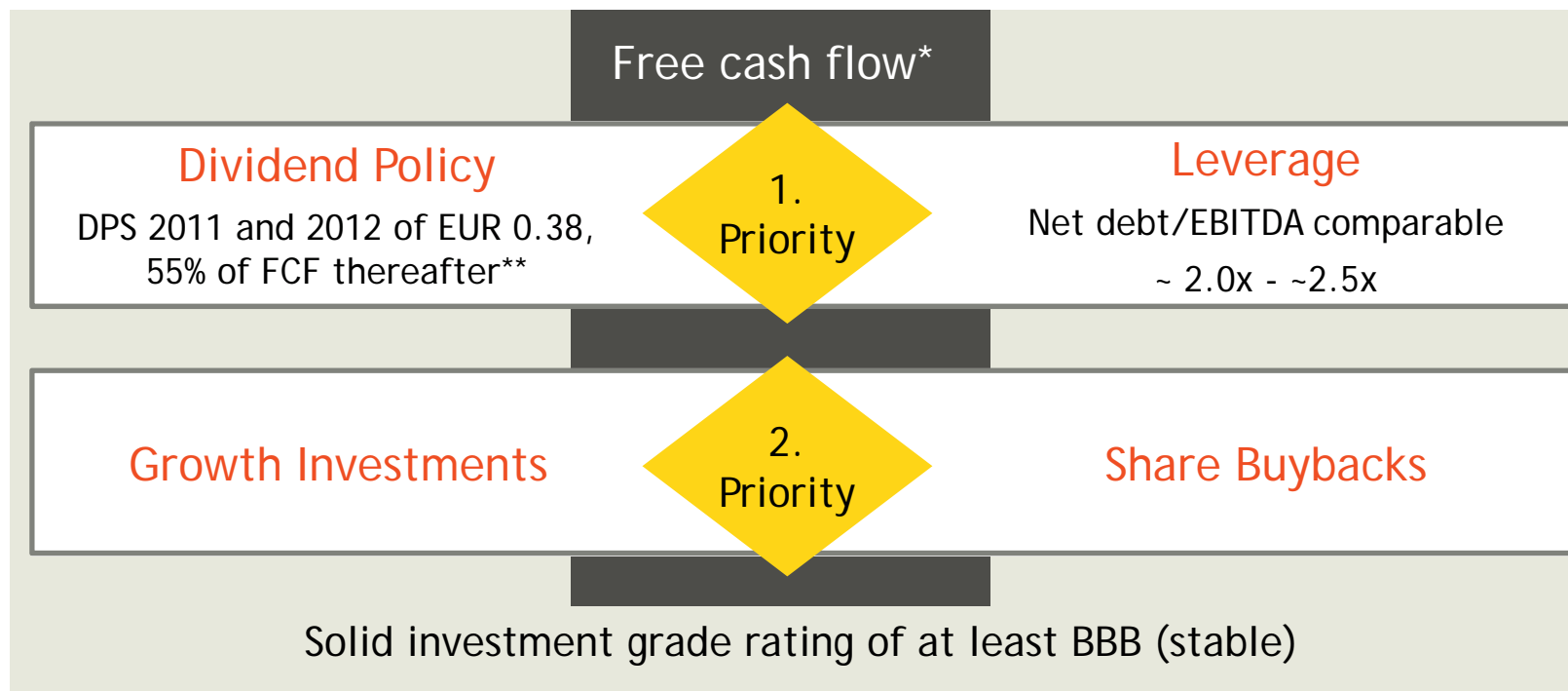
2011 - 2012 year to date



Operational Excellence and Three Strategic Pillars Meet Future Challenges



New Cash Use Policy Balances Value Creation with Increased Financial Flexibility



Returning cash to shareholders whilst allowing ample financial flexibility

* Free cash flow = Cash flow after interest rates, taxes, changes in working capital and capital expenditures in existing business

** To the extent that the dividend does not lead to a deterioration of Group equity

Agenda

- > Operational and Financial Highlights for the First Quarter 2012
 - > Key Financial Developments in the First Quarter 2012
 - > Focus Points
 - > Outlook for Full Year 2012
 - > Appendix
-



Operational and Financial Highlights for the First Quarter 2012

Challenging First Quarter Results in Reduced Revenues and EBITDA comparable

- > Intensified competition in Austria, Bulgaria and Croatia as well as macroeconomic headwinds in the CEE region drive first quarter 2012
- > Group revenues and Group EBITDA comparable declined by 5.6% and 8.9% respectively
- > Excluding hyperinflation accounting and FX translation effects, Group revenues increased by 3.0% and Group EBITDA comparable by 0.9%
- > Strict cost control results in Group OPEX savings of EUR 29.1 mn
- > New Ambition Program on track: approximately 87% of measures initiated - majority of financial impact expected in second half of 2012
- > Group guidance 2012 reiterated: revenues approx. EUR 4.4 bn, EBITDA comparable approx. EUR 1.5 bn, CAPEX approx. EUR 0.75 bn, Operating Free Cash Flow approx. EUR 0.75 bn and a dividend per share of EUR 0.38
- > Q1 2012 operating free cash flow of EUR 215.6 mn provides solid basis for full year target

* Excluding effects from hyperinflation accounting and foreign exchange translations



Key Financial Developments in the First Quarter 2012

On a Clean Basis* Revenues Increased by 3.0% and EBITDA Comparable by 0.9%

(in EUR million)	Q1 2012	Q1 2011	% change
Revenues	1,055.0	1,118.0	-5.6%
EBITDA comparable**	361.4	396.7	-8.9%
<i>EBITDA comparable margin**</i>	<i>34.3%</i>	<i>35.5%</i>	
Restructuring	-4.4	-184.1	n.m.
Impairment and reversal of impairment	0.0	0.0	n.a.
EBITDA (incl. Effects from Restructuring and Impairment tests)	357.0	212.7	67.9%
<i>EBITDA (incl. Effects from Restructuring and Impairment tests) margin</i>	<i>33.8%</i>	<i>19.0%</i>	
Depreciation & amortization	-245.0	-255.0	-3.9%
Operating income	112.0	-42.3	n.a.
Financial result	-51.4	-53.5	-3.8%
Income before income taxes	60.5	-95.8	n.a.
Income tax expense	-13.7	16.6	n.a.
Net income / Net loss	46.9	-79.2	n.a.

> Decline in Group revenues and EBITDA comparable driven by Austria, Bulgaria and Belarus despite growth in Croatia and Additional Markets

> EUR 96.5 mn negative effects from hyperinflation accounting in Belarus and FX translations on Group revenues

> EUR 29.1 mn cost savings dampen decline of Group EBITDA comparable

> Restructuring in Austria on track with charge of EUR 4.4 mn

> Group net income turns positive following lower restructuring costs

* Excluding effects from hyperinflation accounting and foreign exchange translations

** Excluding effects from restructuring and impairment tests

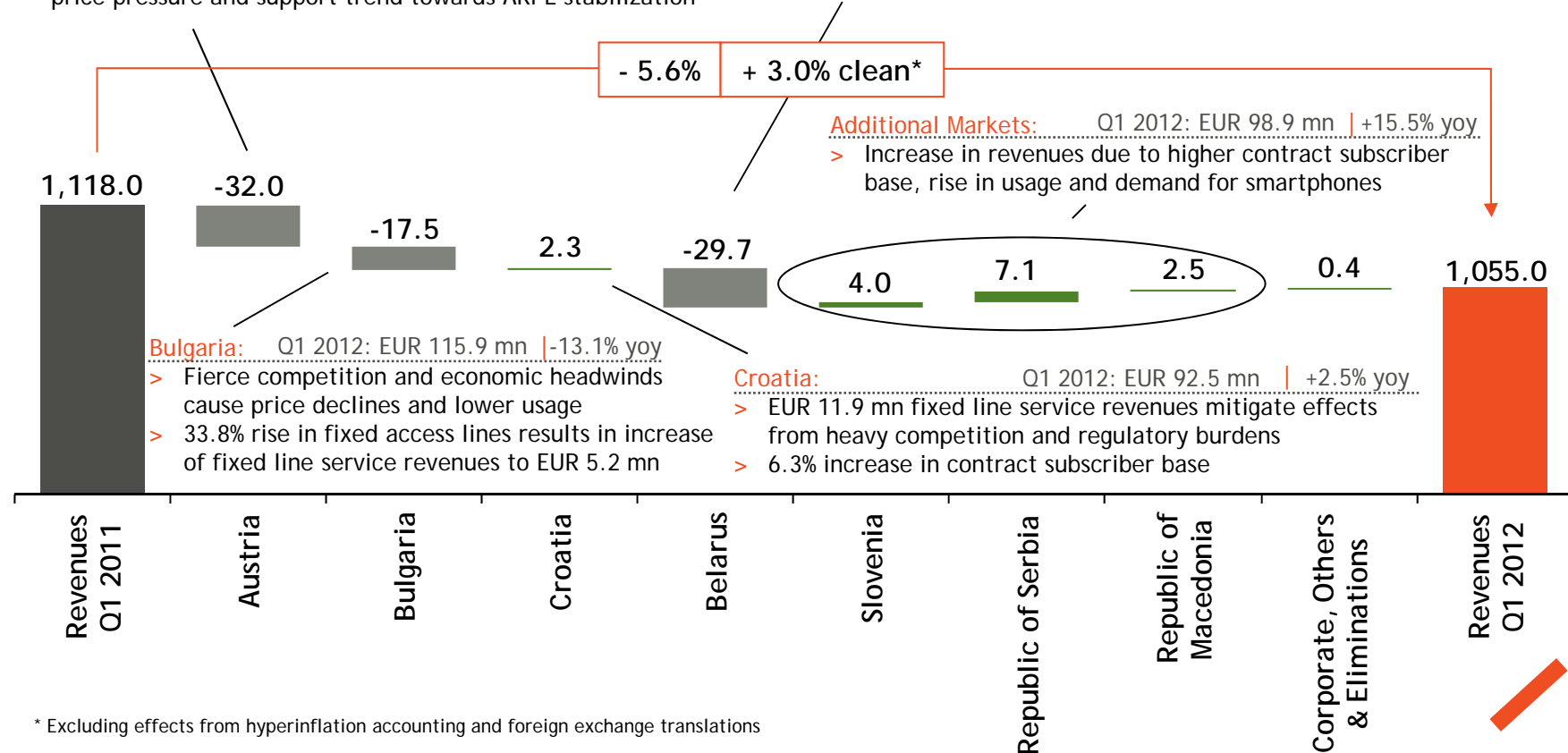
Intensified Competition, Macroeconomic Headwinds and Regulatory Cuts Drive Revenues

Austria Q1 2012: EUR 706.3 mn | -4.3% yoy

- > Further intensified competition and regulatory effects drive revenues
 - > 29.2% of revenue decline due to regulatory effects
- > Broadband services partly dampen loss of voice minutes and price pressure and support trend towards ARPL stabilization

Belarus: Q1 2012: EUR 60.2 mn | -33.1% yoy

- > EUR -93.2 mn net effect from hyperinflation accounting and foreign exchange translation
- > 70.6% revenue growth on a clean basis due to price increases, larger subscriber base and higher usage



Bulgaria: Q1 2012: EUR 115.9 mn | -13.1% yoy

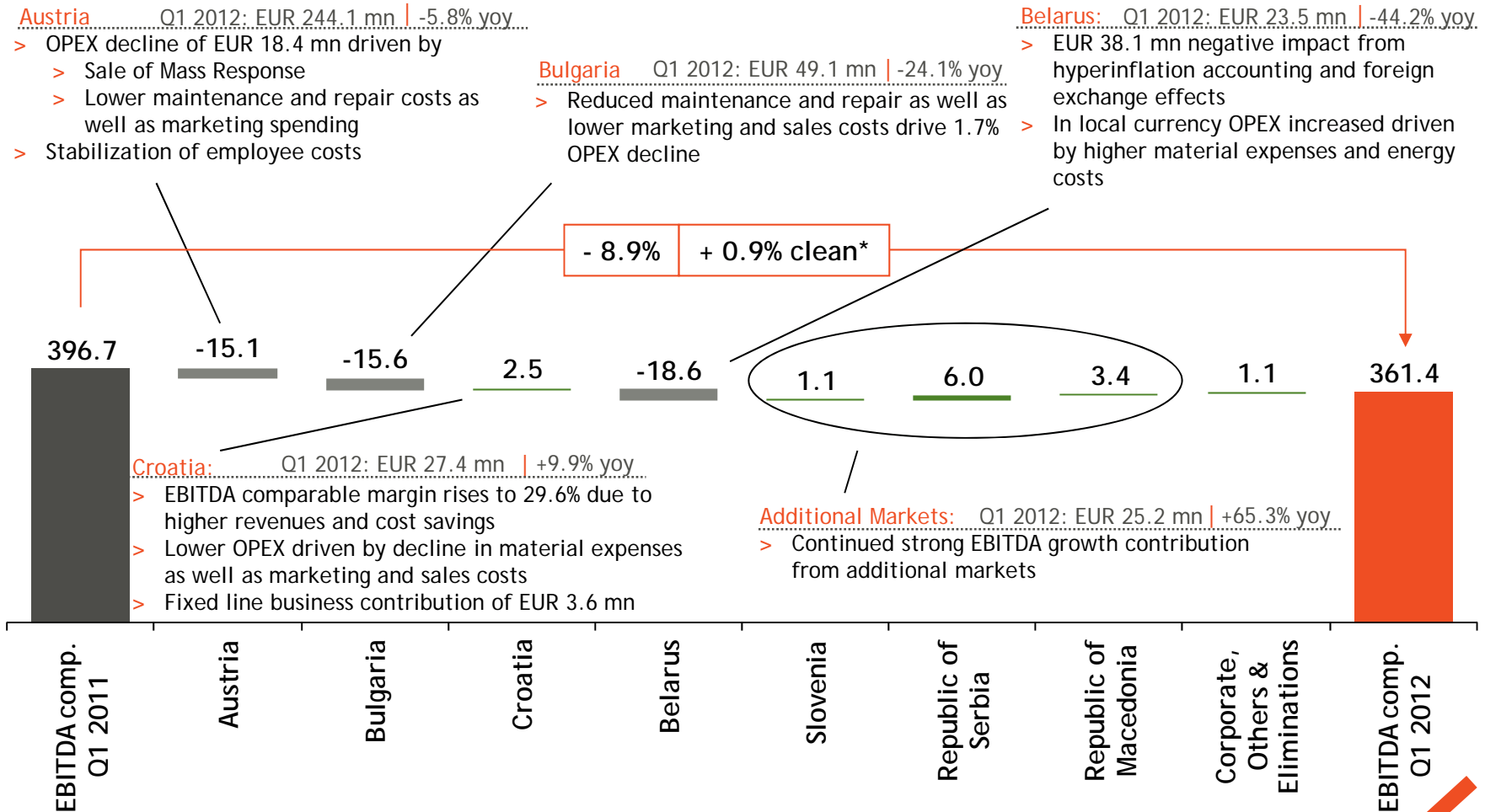
- > Fierce competition and economic headwinds cause price declines and lower usage
- > 33.8% rise in fixed access lines results in increase of fixed line service revenues to EUR 5.2 mn

Croatia: Q1 2012: EUR 92.5 mn | +2.5% yoy

- > EUR 11.9 mn fixed line service revenues mitigate effects from heavy competition and regulatory burdens
- > 6.3% increase in contract subscriber base

* Excluding effects from hyperinflation accounting and foreign exchange translations

EUR 29.1 mn OPEX Savings Dampen Impact of Revenue Decline on EBITDA Comparable



* Excluding effects from hyperinflation accounting and foreign exchange translations

Increase of Free Cash Flow Due to Lower Working Capital

(in EUR million)	Q1 2012	Q1 2011	% change
Gross cash flow	326.9	335.8	-2.6%
Change in working capital	-134.4	-185.2	-27.4%
Ordinary capital expenditures	-145.8	-120.4	21.1%
Proceeds from sale of equipment	1.4	1.3	4.6%
Free cash flow	48.1	31.5	52.7%
Free cash flow per share	0.11	0.07	52.7%

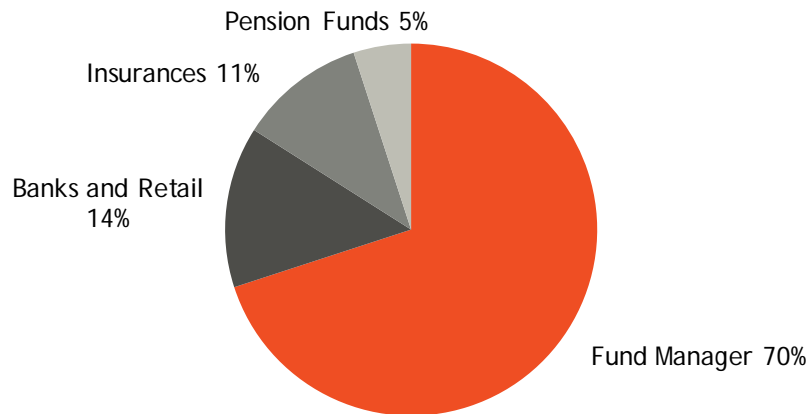
- > Lower operating results led to a decreasing gross cash flow
- > Decrease in working capital due to
 - > Lower levels of inventories in Austrian segment due to less amount of handsets
 - > Decline of accounts receivables mostly driven by domestic business
- > Higher CAPEX driven by Austria due to LTE and Giganet rollout as planned

EUR 750 mn Eurobond Successfully Placed With a Coupon Below Group Average Cost of Debt

Terms and Conditions

Volume	EUR 750.0 mn
Coupon	4.000%
Announcement Date	26 March 2012
Maturity Date	4 April 2022
Tenure	10 years
Rating	Moody's: Baa1 (stable) S&P: BBB (stable)

Placement

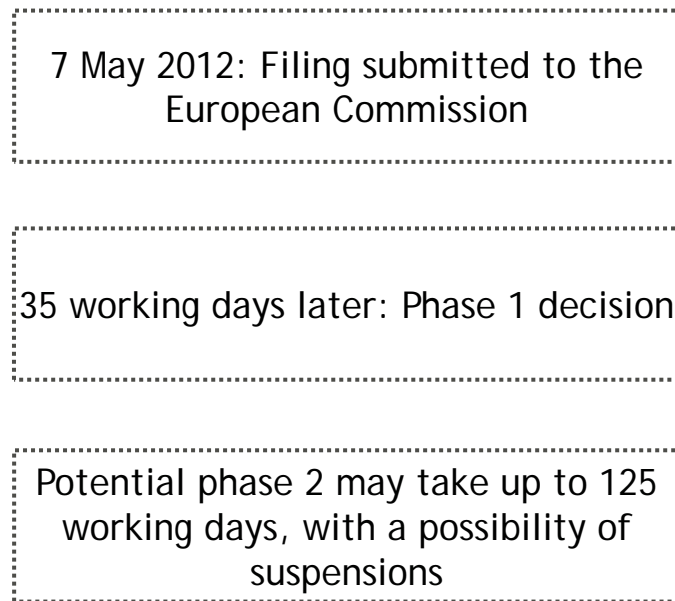


- > Favorable new issue conditions utilized
 - > 4.0% coupon below average cost of debt of approximately 4.4%
 - > Order book approximately two times oversubscribed
- > Maturity profile significantly extended
- > Broad diversification of investor base, both by region and investor type
- > Majority of 2012 funding requirements covered

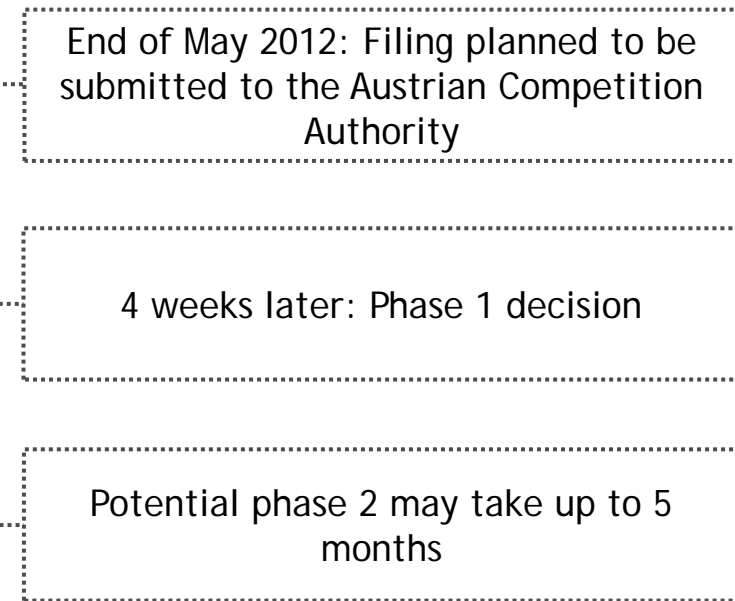
Focus Points

Acquisition of Orange Austria Assets - Approval Process on Track

Acquisition of Orange Austria by Hutchison 3G (H3G)



Acquisition of Orange Austria Assets by Telekom Austria from H3G



Spectrum Auction Postponed - New Date Unknown



Austrian Segment- Focus on Multiplay Customers and Convergence

Strategic Rationale

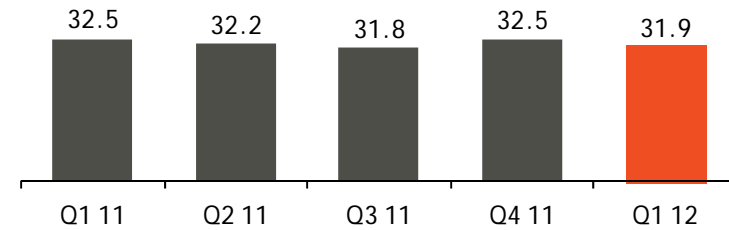
Five quarters of continued fixed access line growth provided clear signs of stabilization

Tariff adjustments in 2011 continued in Q1 2012

Focus on bundles, fixed broadband and IPTV

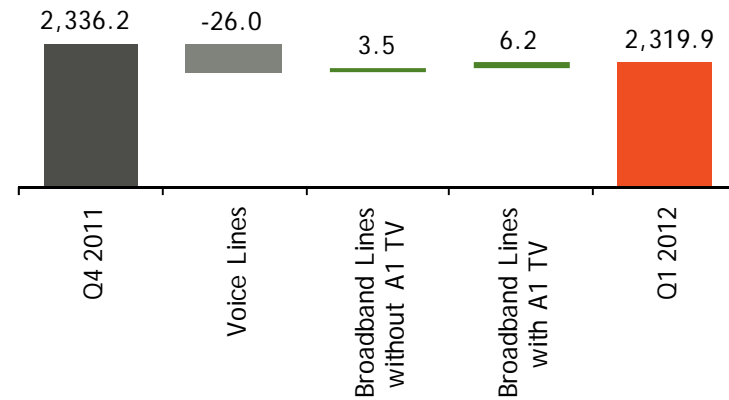
Development of ARPL

(in EUR)



Development of Access Lines

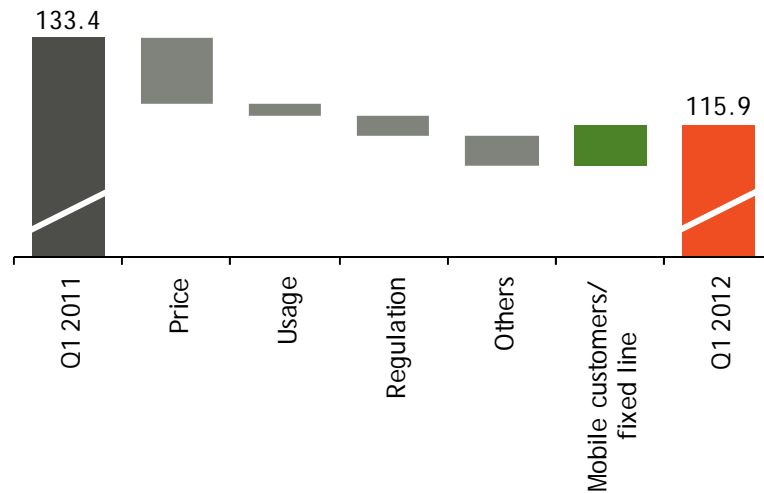
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Bulgarian Segment: Cost Savings Mitigate Effects of Fierce Competition and Macroeconomic Headwinds

Split of EUR 17.5 mn Revenue Decline Year-on-year

(in EUR mn)



Telekom Austria Group Response

Revenue Protection:

- > Multibrand strategy: focus on bob to protect price levels of main brand
- > Convergence and package tariffs: EUR 5.2 mn revenue contribution from fixed line services

Strict Cost Focus:

- > EUR 1.2 mn OPEX reduction despite fixed line acquisitions

New Ambition Program on Track - Approximately 87% of Measures Initiated

Austria:

- > Focus on value preservation despite price aggression
- > Increase Marketing Communication Efficiency
- > Focus on small and medium business customer retention

Bulgaria:

- > Target to reduce FTE by 250 to 300 in 2012
 - > 87 FTE addressed in Q1 2012
- > Customer Service Efficiency

Slovenia:

- > Launch of new broadband products
- > Optimized customer retention
- > Launch of cloud services



Republic of Macedonia:

- > Focus on high-value residential customers
- > New postpaid tariffs
- > Usage stimulation on existing base

Croatia:

- > Marketing efficiency
- > Sales efficiency & channel optimization

Republic of Serbia:

- > Increased focus on mobile broadband
- > Reduction of costs for leased lines and site rentals

New Ambition Program on Track to Reach Target of EUR 40 mn Operating Free Cash Flow Impact



Outlook

Telekom Austria Group Outlook for Full Year 2012* Confirmed

Telekom Austria Group - Full Year 2012

On a constant currency basis for all markets as well as before any effects of hyperinflation accounting for the Belarusian segment.

Revenues	approx. EUR 4.4 bn
EBITDA comparable	approx. EUR 1.5 bn
CAPEX	approx. EUR 0.75 bn
Operating Free Cash Flow**	approx. EUR 0.75 bn
Dividend	DPS of EUR 0.38 for 2012

* Effects of a potential acquisition of YESS!, base stations and spectrum are not included

** Operating Free Cash Flow = EBITDA comparable - CAPEX (excluding investments for licenses and spectrum acquisitions)

Appendix 1

Telekom Austria Group - Revenue Breakdown

Revenue Split - Segment Austria (in EUR million)	Q1 2012	Q1 2011	% change
Monthly fee and traffic	486.0	505.7	-3.9%
Data and ICT Solutions	52.6	49.3	6.6%
Wholesale (incl. Roaming)	46.1	51.5	-10.5%
Interconnection	93.3	87.5	6.6%
Equipment	25.8	31.2	-17.4%
Other revenues	2.6	13.2	-80.5%
Total revenues - Segment Austria	706.3	738.3	-4.3%




Revenue Split - International Operations (in EUR million)	Q1 2012	Q1 2011	% change
Monthly fee and traffic	277.9	299.8	-7.3%
Data and ICT Solutions	0.0	0.0	n.a.
Wholesale (incl. Roaming)	5.9	6.4	-7.7%
Interconnection	51.1	56.4	-9.5%
Equipment	27.7	31.0	-10.7%
Other revenues	3.4	3.7	-10.0%
Total revenues - int. Operations	365.9	397.4	-7.9%

Telekom Austria Group - Expense Breakdown

Operating Expense - Segment Austria (in EUR million)	Q1 2012	Q1 2011	% change
Material expense	64.1	65.6	-2.3%
Employee costs	172.6	171.9	0.4%
Interconnection	71.8	75.1	-4.4%
Maintenance and repairs	22.1	25.2	-12.3%
Services received	28.8	38.6	-25.5%
Other support services	37.7	32.6	15.7%
Other	85.3	91.8	-7.0%
Total OPEX - Segment Austria	482.5	500.8	-3.7%

Operating Expense - International Operations (in EUR million)	Q1 2012	Q1 2011	% change
Material expense	38.7	40.8	-5.1%
Employee costs	33.7	32.6	3.4%
Interconnection	48.0	50.2	-4.5%
Maintenance and repairs	13.8	13.6	1.5%
Services received	26.5	25.3	4.5%
Other support services	4.0	3.6	11.7%
Other	80.1	88.2	-9.2%
Total OPEX - int. Operations	244.9	254.4	-3.7%

Telekom Austria Group - Mobile Communication Subscriber Base

	Mobile Subscribers (in 000)	Q1 2012	Q1 2011	% change
	Austria	5,286	5,145	2.7%
	Market share	39.5%	41.0%	
	Bulgaria	5,486	5,277	4.0%
	Market share	48.4%	49.3%	
	Croatia	1,964	2,002	-1.9%
	Market share	39.0%	38.9%	
	Belarus	4,637	4,415	5.0%
	Market share	41.1%	41.1%	
	Slovenia	643	630	2.1%
	Market share	29.6%	29.6%	
	Republic of Serbia	1,672	1,428	17.1%
	Market share	16.1%	14.2%	
	Republic of Macedonia	581	491	18.5%
	Market share	26.1%	21.5%	
	Liechtenstein	6	7	-6.7%
	Market share	16.0%	20.5%	

Telekom Austria Group - Headcount Development

FTE (Average period)	Q1 2012	Q1 2011	% change
Austria	9,328	9,699	-3.8%
International	7,721	6,745	14.5%
Telekom Austria Group*	17,211	16,600	3.7%

FTE (End of period)	Q1 2012	Q1 2011	% change
Austria	9,335	9,649	-3.3%
International	7,660	7,351	4.2%
Telekom Austria Group*	17,153	17,162	-0.1%

*Including corporate segment



Telekom Austria Group - Capital Expenditures Split

Capital Expenditures (in EUR million)	Q1 2012	Q1 2011	% change
Segment Austria	93.7	78.4	19.5%
Segment Bulgaria	23.2	13.9	66.8%
Segment Croatia	13.3	8.6	54.1%
Segment Belarus	5.1	3.1	65.2%
Segment Additional Markets	10.7	16.4	-34.5%
<i>Slovenia</i>	1.3	1.0	38.1%
<i>Republic of Serbia</i>	7.8	14.0	-44.6%
<i>Republic of Macedonia</i>	1.6	1.4	19.4%
<i>Liechtenstein</i>	0.0	0.0	-92.7%
<i>Eliminations additional markets</i>	0.0	0.0	n.a.
Corporate, Others & Elimination	-0.2	0.0	n.a.
Total capital expenditures	145.8	120.4	21.1%
Thereof tangible	112.1	96.0	16.8%
Thereof intangible	33.7	24.4	38.1%

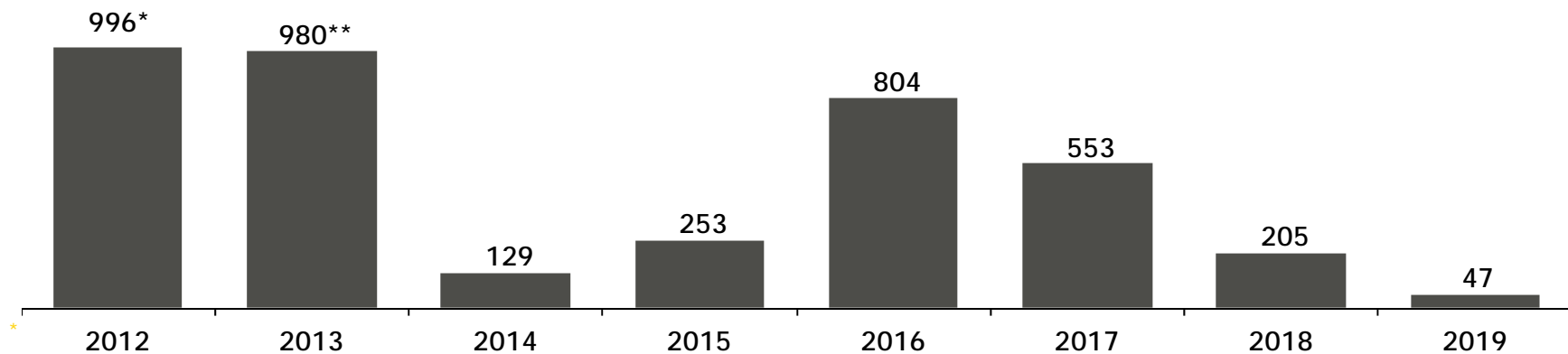
Telekom Austria Group - Net Debt

Net debt (in EUR million)	Mar. 31, 2012	Dec. 31, 2011	% change
Long-term debt	2,956.8	2,960.4	-0.1%
Short-term borrowings	1,011.6	1,052.4	-3.9%
Cash and cash equivalents, short-term and long term investments, finance lease receivables	-658.7	-657.7	0.2%
Derivate financial instruments for hedging purposes	27.6	25.2	9.7%
Net Debt of Telekom Austria Group	3,337.3	3,380.3	-1.3%
EBITDA comparable (last 12 months)	1,492.0	1,527.3	-2.3%
Net Debt/ EBITDA comparable (last 12 months)	2.2x	2.2x	n.a.

Telekom Austria Group - Debt Maturity Profile

Debt Maturity Profile

(in EUR million)



* Includes approx. EUR 31.7 mn related to velcom and EUR 5.9 mn to fixed line acquisitions in Bulgaria, which is reported in Other liabilities

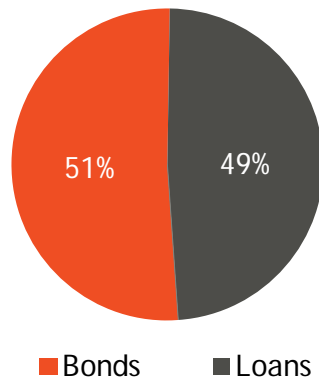
** Includes approx. EUR 24.4 mn related to velcom

- > EUR 3,968.4 mn of short- and long-term borrowings as of March 31, 2012
- > Average cost of debt of approximately 4.4%

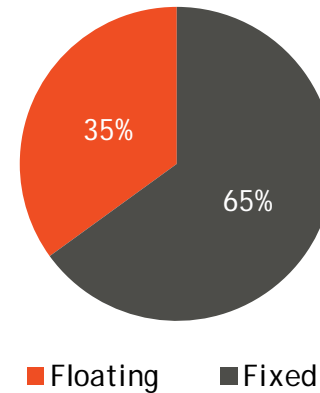


Telekom Austria Group - Debt Profile

Overview Debt Instruments



Fixed-Floating Mix



Lines of Credit

- > Undrawn committed lines of credit amounting to EUR 913.0 mn
- > Average term to maturity of approximately 1.4 years

Ratings

- > S&P: BBB (stable outlook)
- > Moody's: Baa1 (stable outlook)



Belarus: Impact of Hyperinflation Accounting and Foreign Exchange Translations in First Quarter 2012

Belarus Profit and Loss Statement for the First Quarter 2012

(in EUR million)	Excluding Hyperinflation and FX in Belarus	Hyperinflation and FX Effects in Belarus	Impairment	Reported
Revenues	153.4	-93.2	0.0	60.1
Other operating income	2.8	-1.7	0.0	1.1
Operating expenses	-94.6	56.8	0.0	-37.8
Impairment	0.0	0.0	0.0	0.0
Depreciation and amortization	-19.3	-2.5	0.0	-21.9
Financial result	1.3	1.2	0.0	2.5
Income taxes	-4.5	4.0	0.0	-0.5
Net income	39.1	-35.4	0.0	3.7

Belarus Balance Sheet as of 31.03.2012

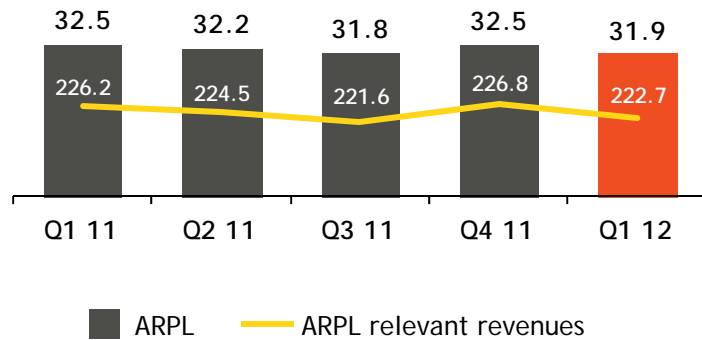
(in EUR million)	Excluding Hyperinflation	Hyperinflation	Impairment*	Reported
Goodwill	97.5	181.5	-279.0	0.0
Current and other non-current assets	255.5	321.5	0.0	577.0
Current and non-current liabilities	-84.4	-57.9	0.0	-142.3
Stockholders' Equity	268.6	445.0	-279.0	434.7

* Cumulated hyperinflation effects as of first application of IAS 29 in fourth quarter 2011

Segment Austria - Fixed Line Key Performance Indicators

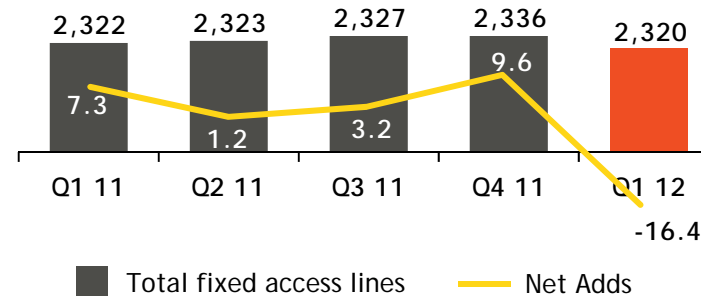
ARPL & ARPL Relevant Revenues

(in EUR)



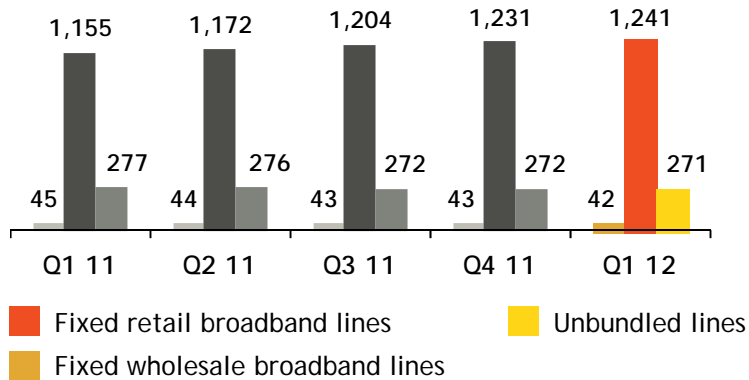
Total Fixed Access Lines & Net Adds

(in 000)



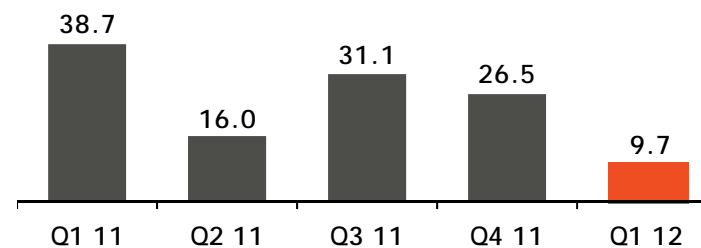
Fixed Broadband Access Lines

(in 000)



Fixed Broadband Net Adds incl. Wholesale

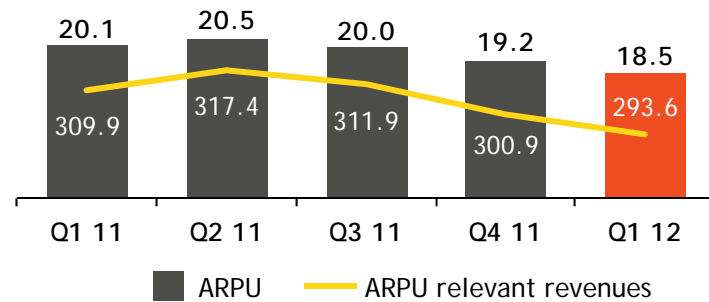
(in 000)



Segment Austria - Mobile Key Performance Indicators

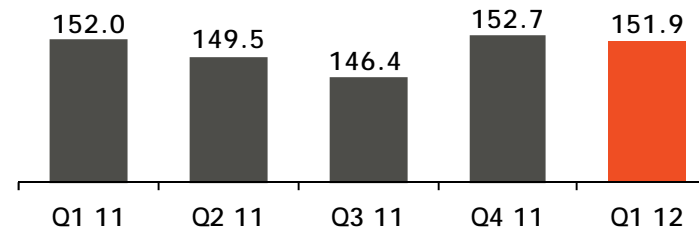
ARPU & ARPU Relevant Revenues

(in EUR)



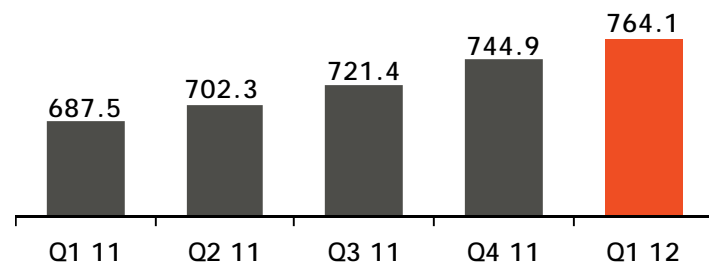
MoU per Subscriber

(in min)



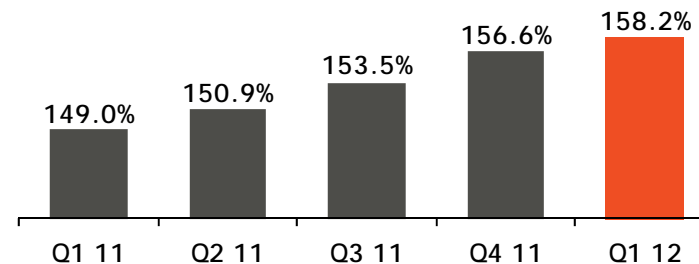
Mobile Broadband Customers

(in 000)



Mobile Penetration

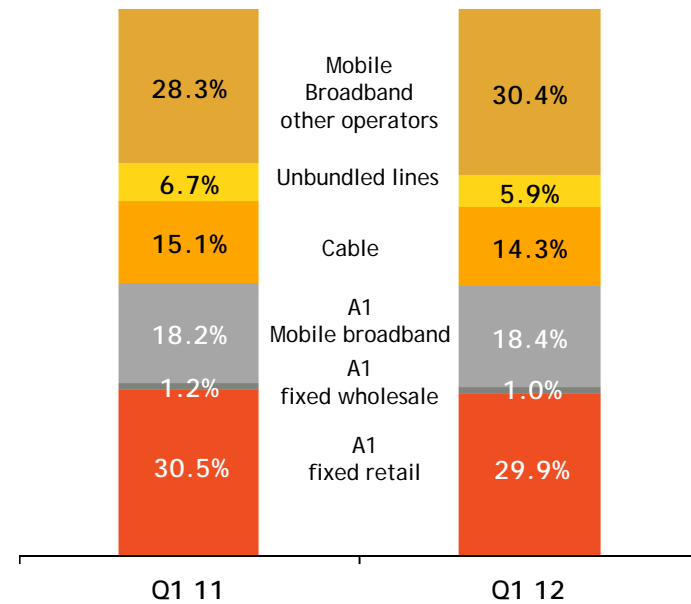
(in %)



Segment Austria - Broadband Market Split

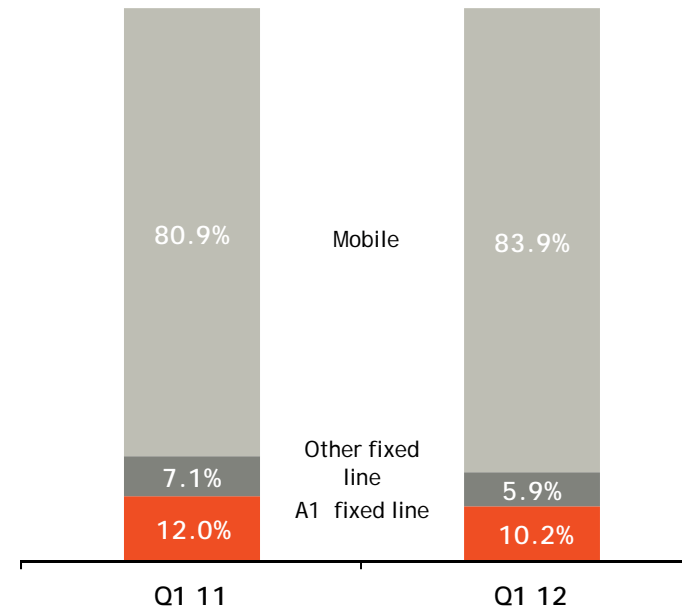
Market Share Broadband Lines

(in %)



Market Share Voice Minutes

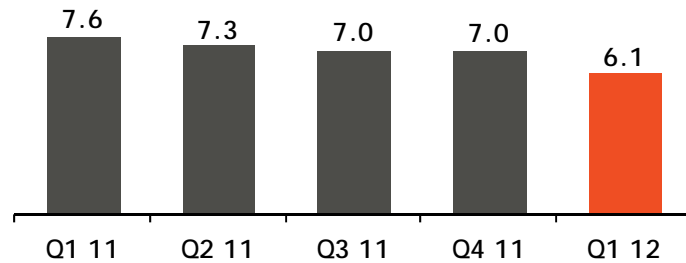
(in %)



Segment Bulgaria - Mobile Key Performance Indicators

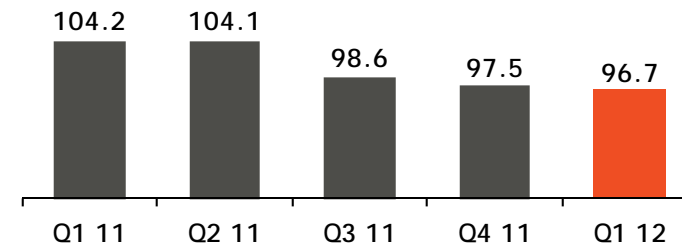
ARPU

(in EUR)



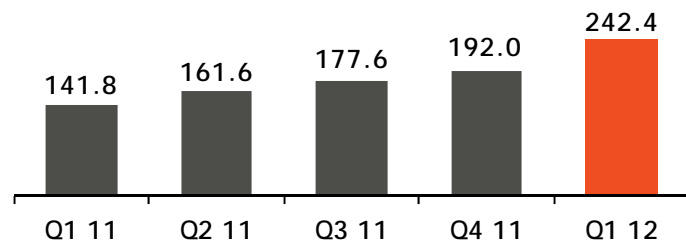
MoU per Subscriber

(in min)



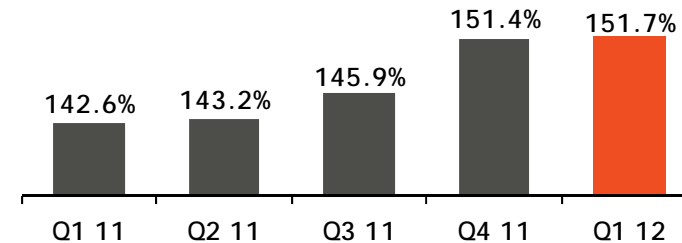
Mobile Broadband Customers

(in 000)



Mobile Penetration

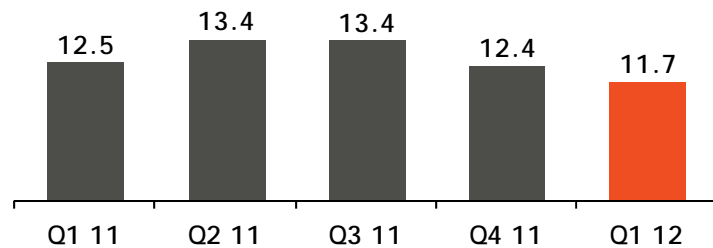
(in %)



Segment Croatia - Mobile Key Performance Indicators

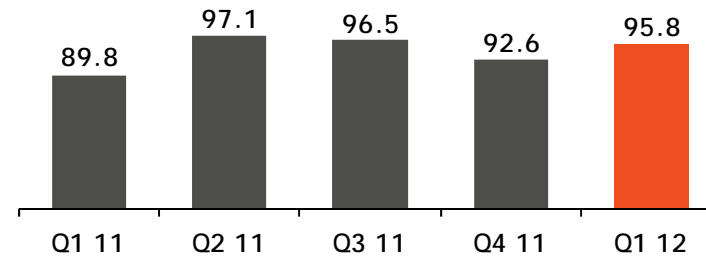
ARPU*

(in EUR)



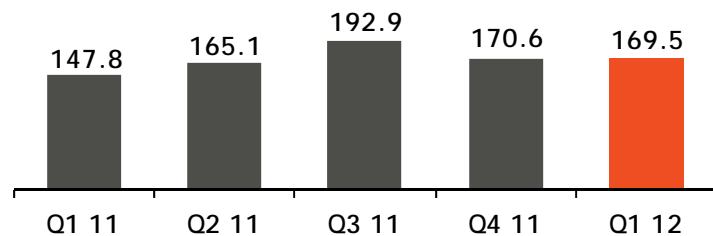
MoU per Subscriber*

(in min)



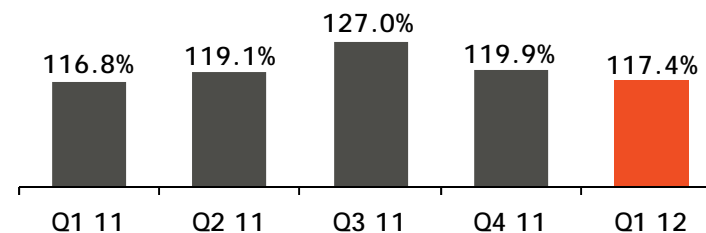
Mobile Broadband Customers*

(in 000)



Mobile Penetration*

(in %)



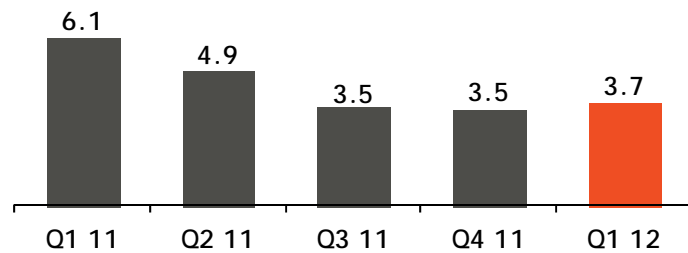
* Due to a new definition on prepaid subscribers, the counting method of active prepaid SIM cards was changed from a 15-month rolling average to a 90 day active methodology. Following this implementation historic KPI's have been restated as of Q1 2010. As of Q4 2011 calculation method of fixed access lines has been harmonized to Group standards and have been restated as of Q3 2011.



Segment Belarus - Mobile Key Performance Indicators

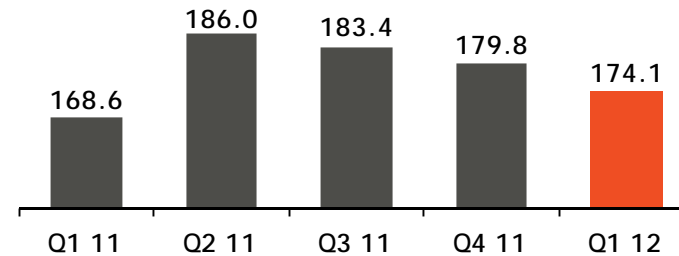
ARPU

(in EUR)



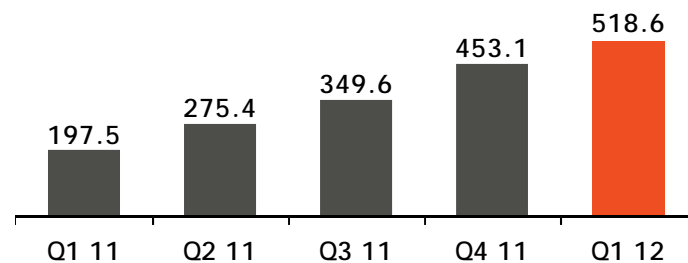
MoU per Subscriber

(in min)



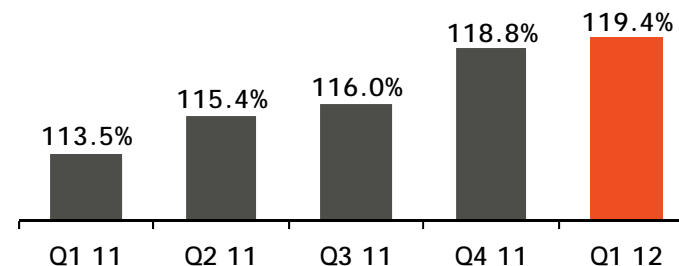
Mobile Broadband Customers

(in 000)



Mobile Penetration

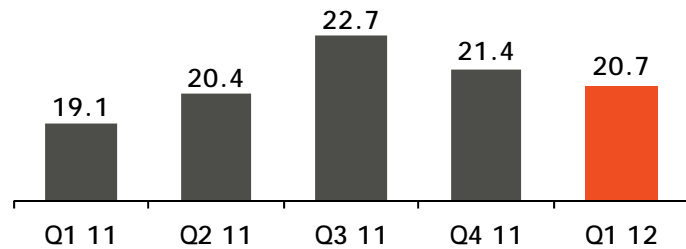
(in %)



Segment Additional Markets - Mobile Key Performance Indicators

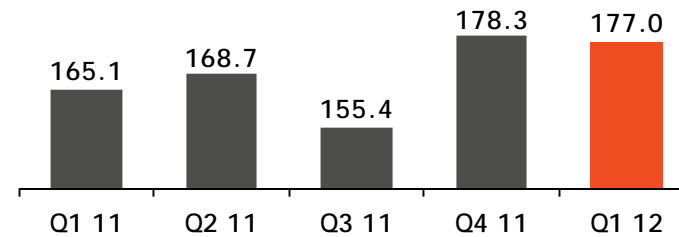
Slovenia - ARPU

(in EUR)



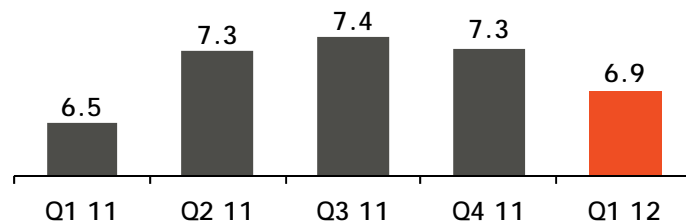
Slovenia - MoU per Subscriber

(in min)



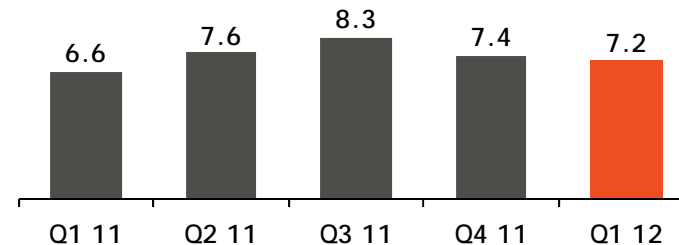
Serbia - ARPU

(in EUR)



Macedonia - ARPU

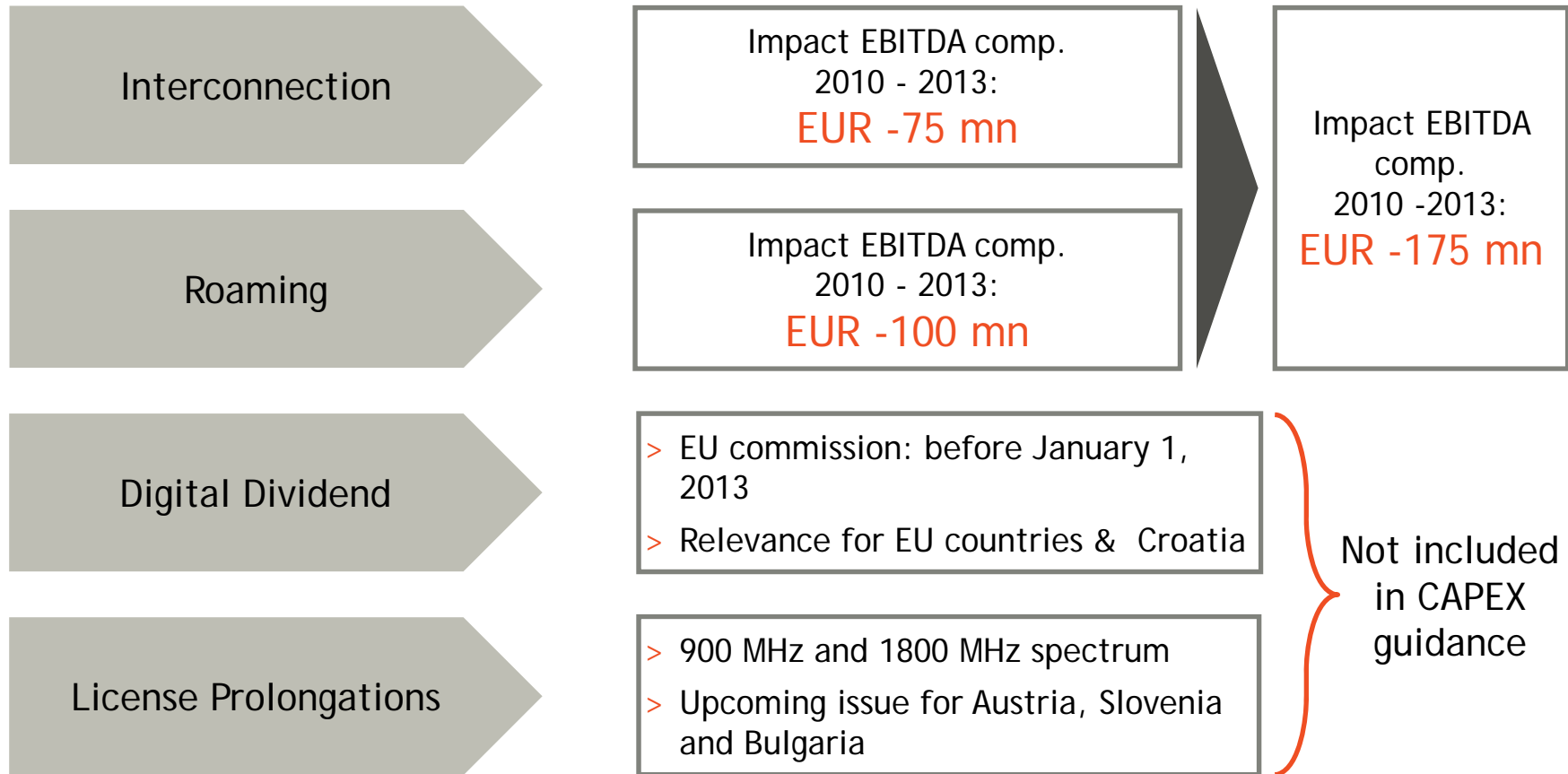
(in EUR)



Appendix 2 – Regulatory Topics

Negative Impact of Approx. EUR 175 mn on EBITDA Comparable Expected until 2013*

Key Points



*as of December 2010

Glide Path of Mobile Termination Rates

	July 2009	January 2010	July 2010	August 2010	January 2011	June 2011	July 2011	August 2011	January 2012	April 2012	July 2012	August 2012	January 2013
Austria	4.00	3.50	3.01		2.51	2.01	market analysis during 2012						
Bulgaria	11.76	10.48	6.65								2,7*		2,3*
Croatia	9.10	7.60	7.60		5.30				4.00				
Slovenia	5.23	4.95	4.66		4.38	4.38	4.09		3.81		3.52		3.24
Macedonia	9.50	9.50		8.80				7.50				6.00	
Serbia	5.15	4.82	4.68 (until next price cap)		not clear when next regulatory decision will take place								

*According to CRC's glide path proposal which is currently pending the notification to the European Commission (numbers are given for peak hours)

EU-Roaming Glide Path

	July 2009	July 2010	July 2011
Voice			
Wholesale	0.26	0.22	0.18
Retail active	0.43	0.39	0.35
Retail passive	0.19	0.15	0.11
SMS			
Wholesale	0.04	0.04	0.04
Retail	0.11	0.11	0.11
Data			
Wholesale	1.00	0.80	0.50

Appendix 3 – Personnel Restructuring in Austria

Overview - Restructuring Charges and Provision vs. FTE

Overview Restructuring Charges

(in EUR million)

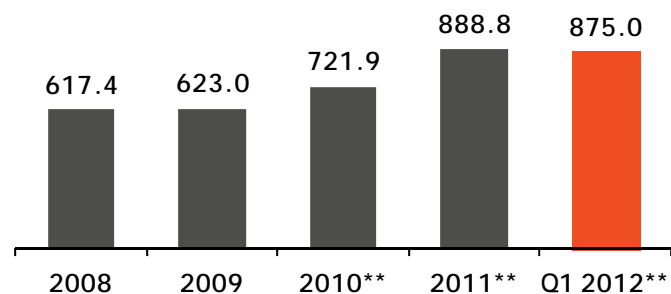
	2008	2009	2010	2011	Q1 2012
FTE Effect	632.1	-10.0	76.9	233.7	4.4
Interest rate adjustments	0.0	27.5	47.2	0.0	0.0
Total	632.1	17.5	124.1	233.7	4.4

FTEs Addressed

	2008	2009	2010	2011	Q2 2012
Transfer to government	0	0	158	106	9
Social plans	256	451	28	685	0
Staff released from work	968	-194	27	0	0
Total	1,224	257	213	791	9

Overview Restructuring Provision

(in EUR million)



Provisioned FTEs

	2008	2009	2010	2011	Q1 2012
Transfer to government	0	0	158	264	273
Social plans	14	273	299	922	916
Staff released from work	968	789	763	649	644
Total	982	1,062	1,220	1,835	1,833

* Including liabilities for transfer of civil servants to government bodies

Overview - Cash Flow Impact of Restructuring

Overview Cash Flow Impact

(in EUR million)

	Total cash flow impact
2008	14.7
2009	62.0
2010	57.9
2011	89.0
Q1 2012	24.3

- > Total cash flow impact comprises old as well as new programs
- > Total expected cash flow impact for 2012 of approximately EUR 100 mn



Restructuring - Explanatory Information

- > The following factors have to be taken in account when comparing “FTEs Addressed” to “Provisioned FTEs”:
 - > FTEs of social plans may include receivers of one-time payments such as golden handshakes and can fluctuate due to retirement
 - > Number of staff released from work may fluctuate due to permanent reactivation, acceptance of social plans, transfer to government or retirement
- > In 2009, the following effects were noticeable:
 - > “FTE Effect” of EUR -10.0 mn as income from a reduction of staff released from work outweighed expense for number of new social plans
 - > This was overcompensated by interest rate adjustments and resulted in a total restructuring charge of EUR 17.5 mn
 - > Social plans included a significant number of FTEs accepting one-time payments
- > Previously communicated FTE numbers for 2008 and 2009 were adapted to a unified accounting view