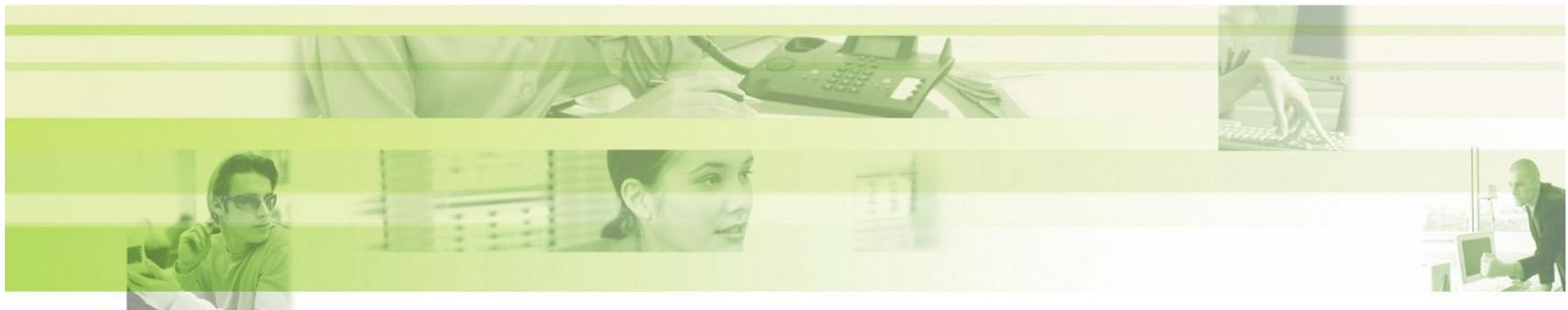


# Telekom Austria Group Results of the 1st Quarter 2002

May 28, 2002



# 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

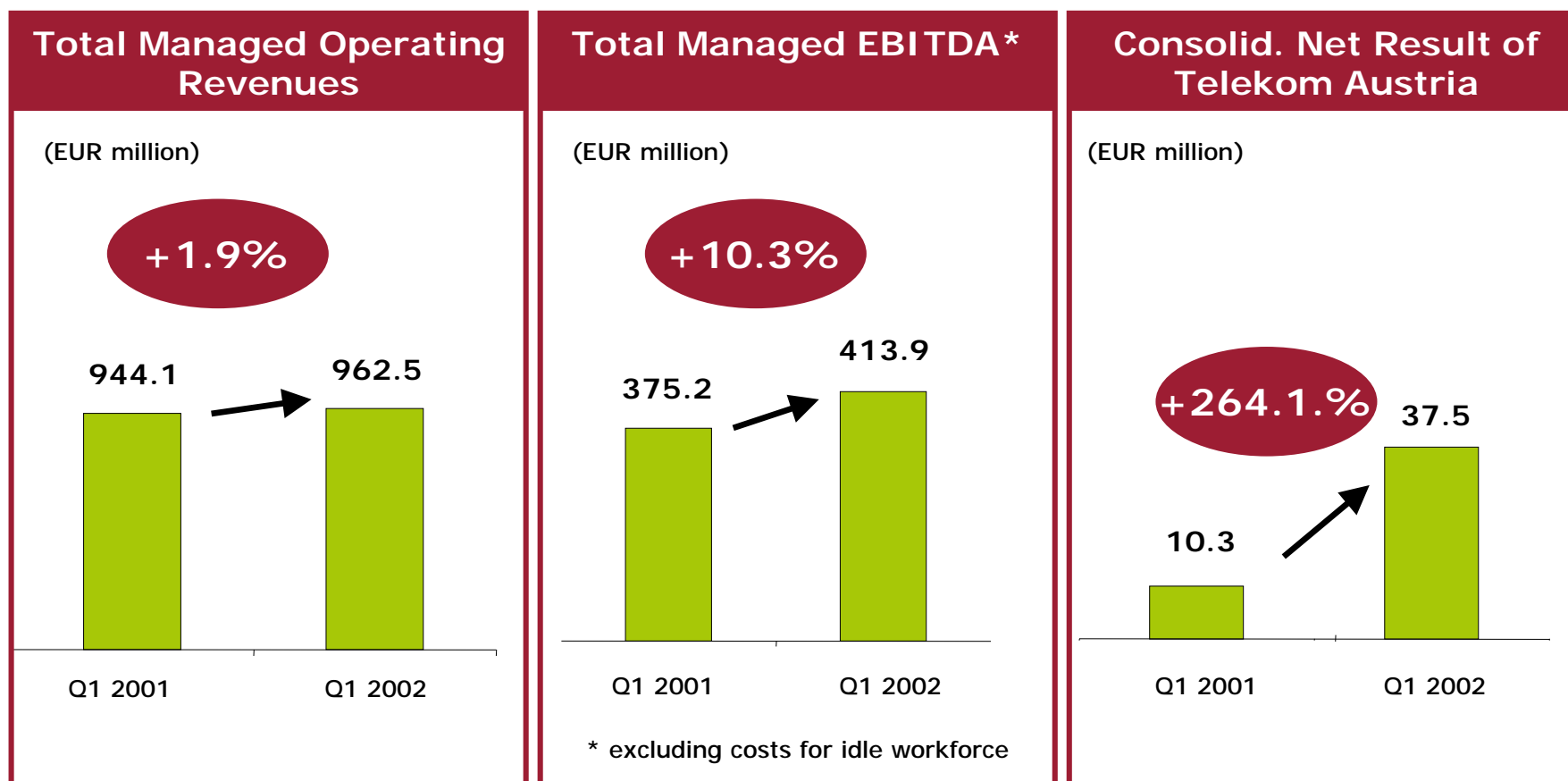
- Group overview
- Operational highlights
- Financial overview
- Outlook

# Group Overview

# Telekom Austria Group 1Q 2002

- | Improved profitability driven by all four business segments
- | Fixed line market share losses decline over the first three months of the year
- | Further increase in EBITDA margins
- | Mobile benefits from improved subscriber base in Austria and growth in Croatia
- | Lower capex and further reduction in net debt
- | Rising consolidated net profit

# Telekom Austria Group Results Q1 2002



# Operational Highlights

# Fixed Line

## Key Financials

(EUR million)	1Q 02	1Q 01	% change
Revenues	512.6	567.7	-9.7%
EBITDA*	211.2	210.2	0.5%
EBITDA margin	41.2%	37.0%	
EBIT*	14.8	9.9	49.5%
CAPEX	31.0	71.2	-56.5%
Costs for idle workforce	9.7	4.2	131.0%

## Key Achievements

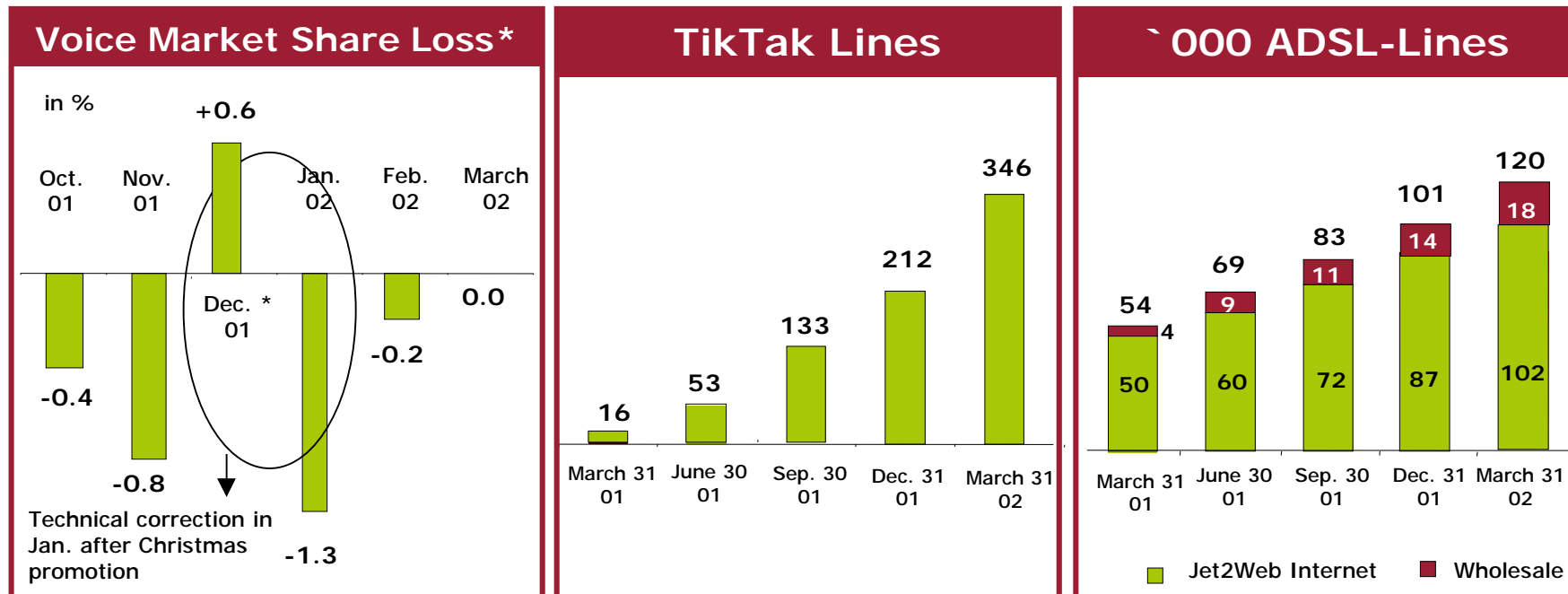
- Intensified promotion of tiktak tariff packages
- Seasonally lower Q1 after strong Q4
- Reduction of market share losses in February and March
- Headcount number falls in line with full year target
- EBITDA margin rises from 37.0% to 41.2%

\* excluding costs for idle workforce and for early retirement



# Market Share Losses Slow

- Intensified promotional activities drive TikTak lines and cut market share losses in February and March
- Zero voice market share loss in March
- Overall market share reduction to 55.1% impacted by switch from dial-up to ADSL
- ADSL: total figure rises to 119.900 even before launch of new 4GB product



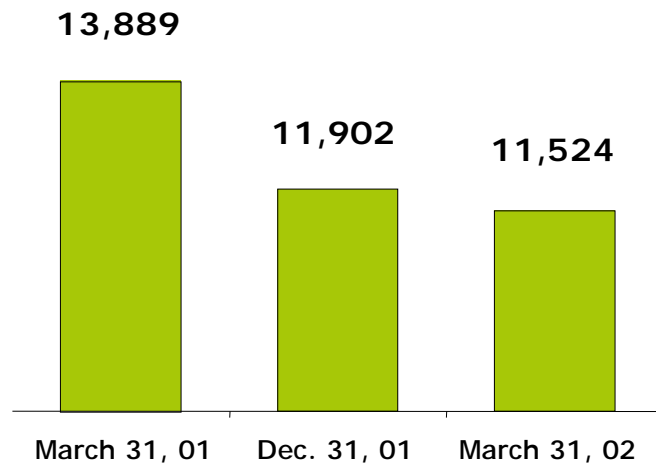
# Enhanced Marketing Initiatives in 2Q

- **Voice & online:**
  - Focus on churn prevention and win-back through door-to-door and outbound call activities
  - Change of price perception (new advertisement campaign starting end of 2Q)
  - Summer promotions of online products
- **VAS:** New sales force installed and product enhancements
- **Business solutions:**
  - Focus on SME win-back and key account retention
  - Enrichment of product portfolio (e.g. IP-VPN, IT solutions)
  - Intensification and re-launch of sales organisation
- **ADSL:**
  - Marketing of new 4GB-download product
  - Increase of coverage to 80% and enhanced selling in free capacity areas
  - Sales push and action plan

# Cost Cutting Drives Increasing Margins

- Strong achievements in 1Q 2002, ahead of full exploitation of wireline synergies
- Further headcount reduction by 378 in 1Q 01, full year target of up to 1,500
- EUR 56million of cost cutting in 1Q 2002 on a y-o-y comparison

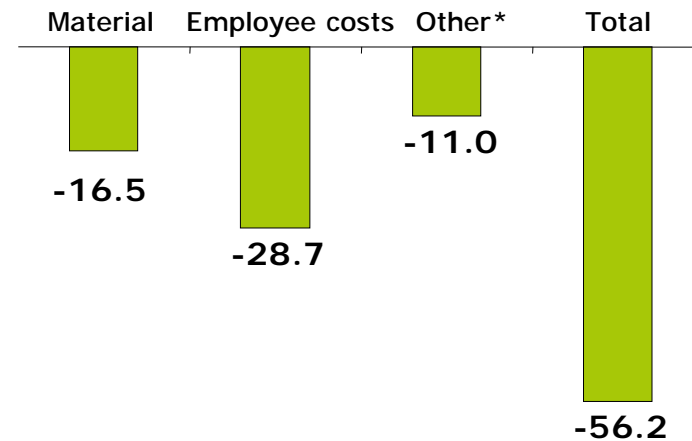
**No. of Fixed Line Employees\***



\*including idle workforce

**Cost Reduction in 1Q 02\***

(EUR million)



\* excluding depreciation and amortization

# Data Communications

## Key Financials

(EUR million)	1Q 02	1Q 01	% change
Operating revenues	77.3	73.6	5.0%
EBITDA	16.1	7.9	103.8%
EBITDA margin	20.8%	10.7%	
EBIT	7.8	0.0	n.m.
CAPEX	6.6	5.2	26.9%

## Key Achievements

- Solutions business share rises from 24.5% to 28%
- Integration with fixed line key accounts enables further synergies and enhancement of sales activities
- Doubling of absolute EBITDA and EBITDA margin compared to last year

# Internet

## Key Financials

(EUR million)	1Q 02	1Q 01	% change
Operating revenues	28.5	18.5	54.1%
EBITDA	-1.6	-2.2	27.3%
EBITDA margin	-5.6%	-11.9%	
EBIT	-3.8	-5.5	30.9%
CAPEX	2.9	1.7	70.6%

## Key Achievements

- Growth in dial-up and ADSL customers increases revenues by 54.1% compared to last year
- More than doubling of subscriber number in Austria in a y-o-y comparison, 24.5% rise in the Czech Republic
- Streamlining of operations fosters operating turn-around

# Mobile Communications (Wireless)

## Key Financials

(EUR million)	1Q 02	1Q 01	% change
Operating revenues	452.2	412.2	9.7%
EBITDA	188.2	159.3	18.1%
EBITDA margin	41.6%	38.6%	
EBIT	122.3	102.6	19.2%
CAPEX	40.5	48.3	-16.1%
Net income	110.8	-37.5	n.m.

## Key Achievements

- Over 4 million subscribers at March 31, 2002
- Austrian business profits from structurally better subscriber base; close-down of analogue network
- Further decline in acquisition costs
- Continuous subscriber growth drives profitability in Croatia
- Pursue of operational turn-around in Slovenia

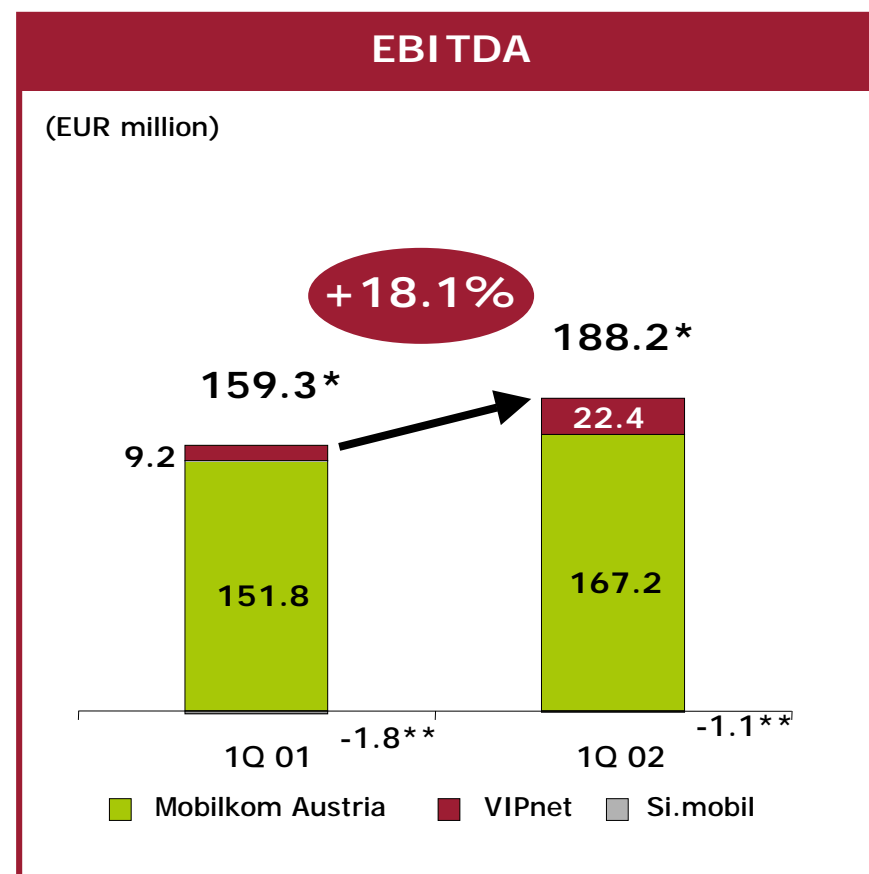
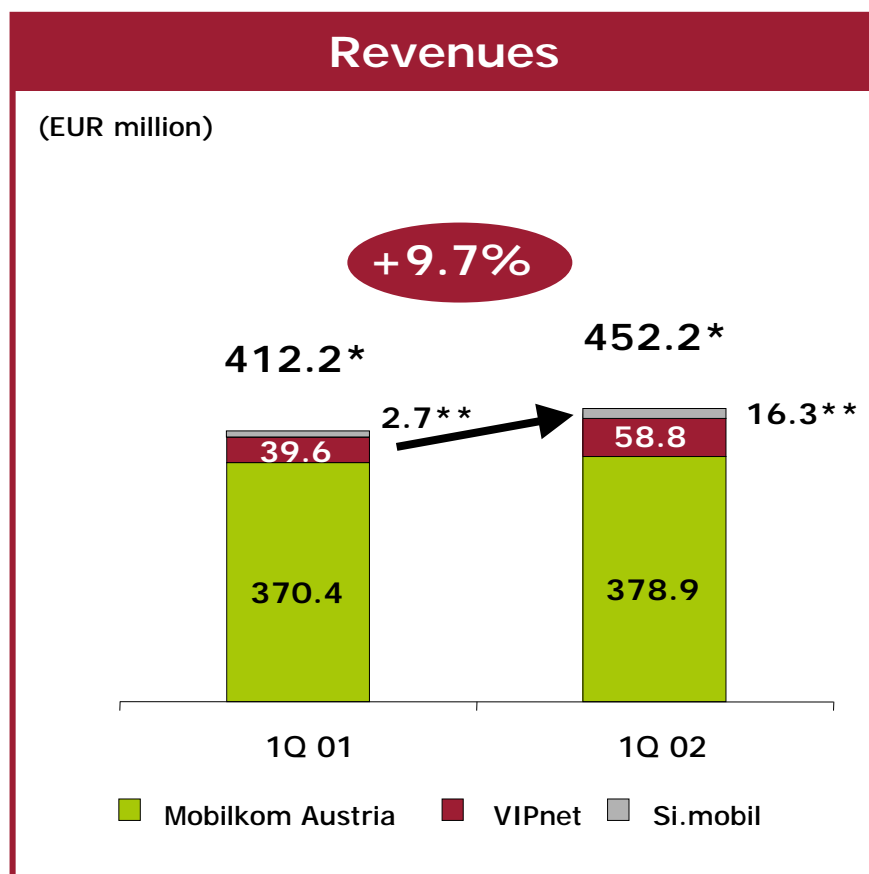
\* Net of eliminations

14

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

Telekom Austria Group

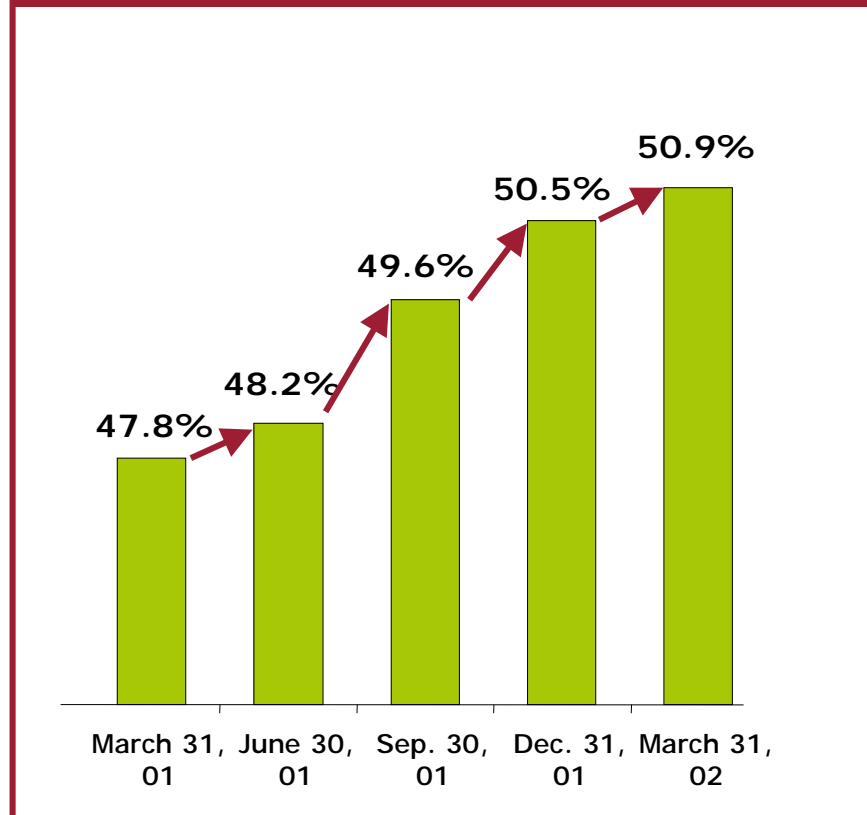
# Wireless - Geographic Breakdown



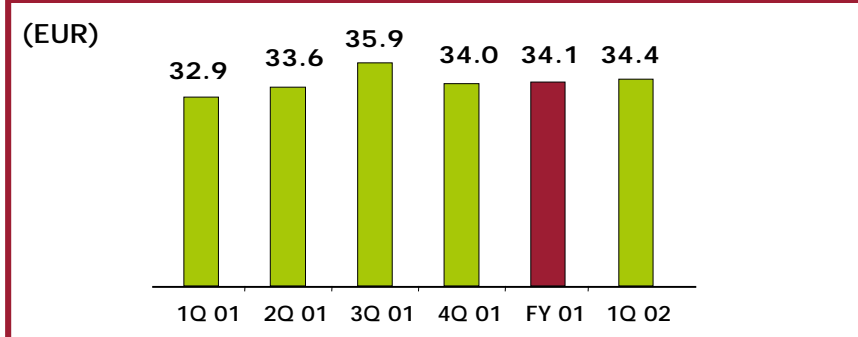
\* Total consolidated numbers; \*\* Si.mobil, acquired in Feb. 01 - only one month's results in 1Q 2001

# Mobilkom Austria - Profit Drivers

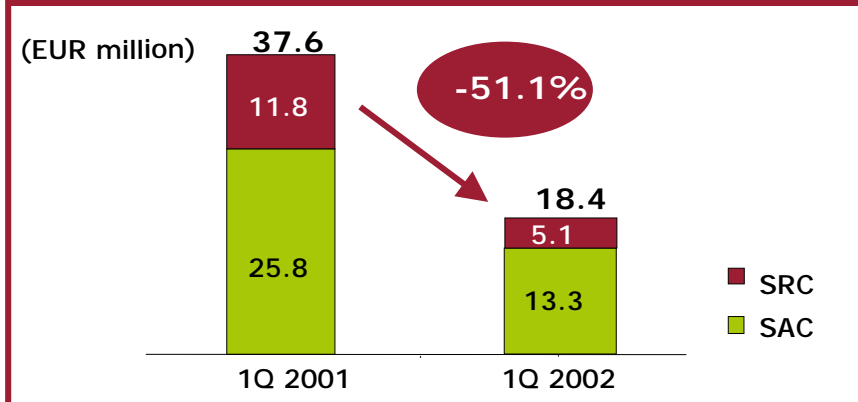
## Share of Contract Subscribers



## Average Monthly ARPU's

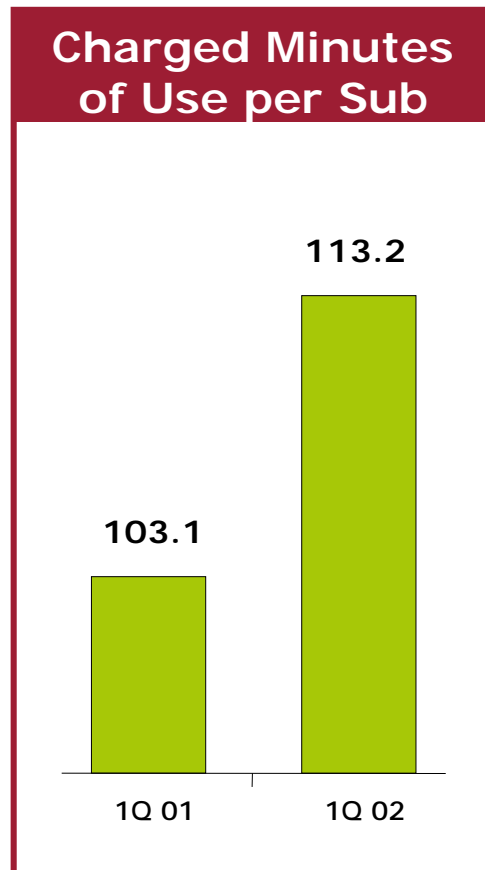
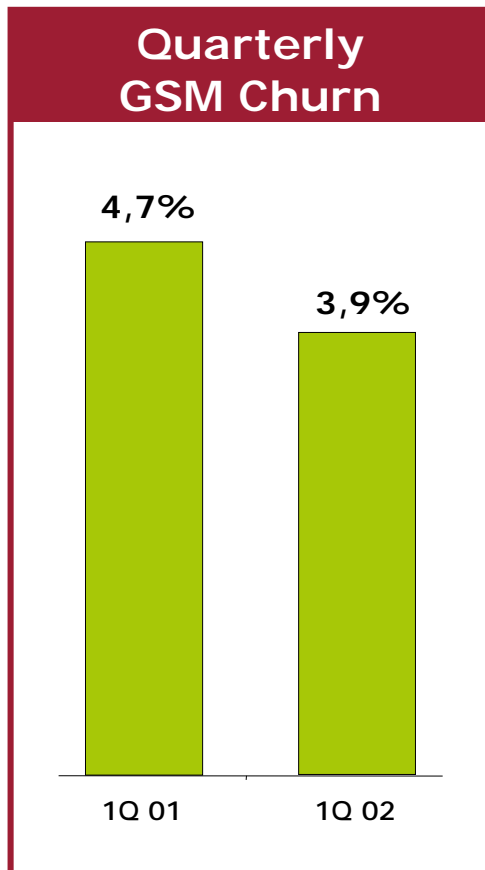


## SRC and SAC





# Mobilkom Austria - Churn Reduction

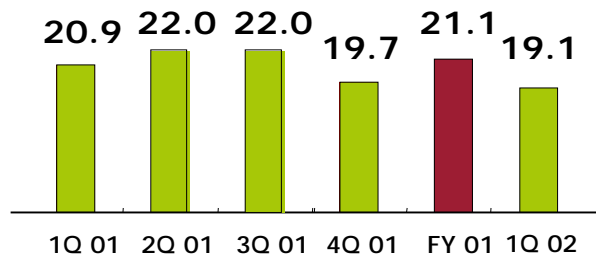


- Churn benefits from focused retention programs:
  - > 150.000 contract renewals with
    - A1 StartPlus („EUR 10 is enough“)
    - Christmas packages for top-customers
    - A1 next hardware replacement programme
- MOU reflect better quality of Mobilkom Austria's subscriber base

# VIPnet

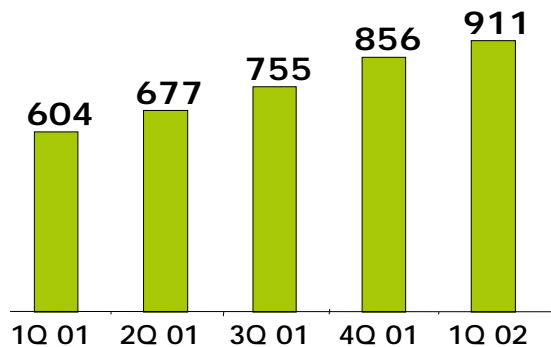
## Average Monthly ARPU's

(EUR)



## Subscribers

(,000)

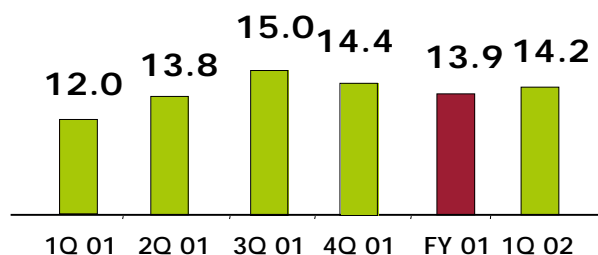


- Revenue growth in line with 50% higher subscriber figures
- EBITDA margin rises from 23% to 38%
- 47.6% market share
- Mobile penetration of 42.3% offers further potential
- ARPU level reflects lower GDP and prepaid dominated market

# Si.Mobil

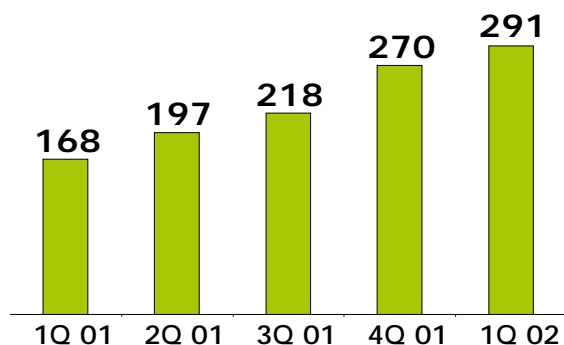
## Average Monthly ARPU's

(EUR)



## Subscribers

(,000)



- Acquired in Feb. 01, only one month in 1Q 01
- 74% rise in customer figure, more than doubling of contract share to 39% compared to March 31, 01
- Market share increases from 16.2% to 21.6%
- Mobile penetration: 67.6%

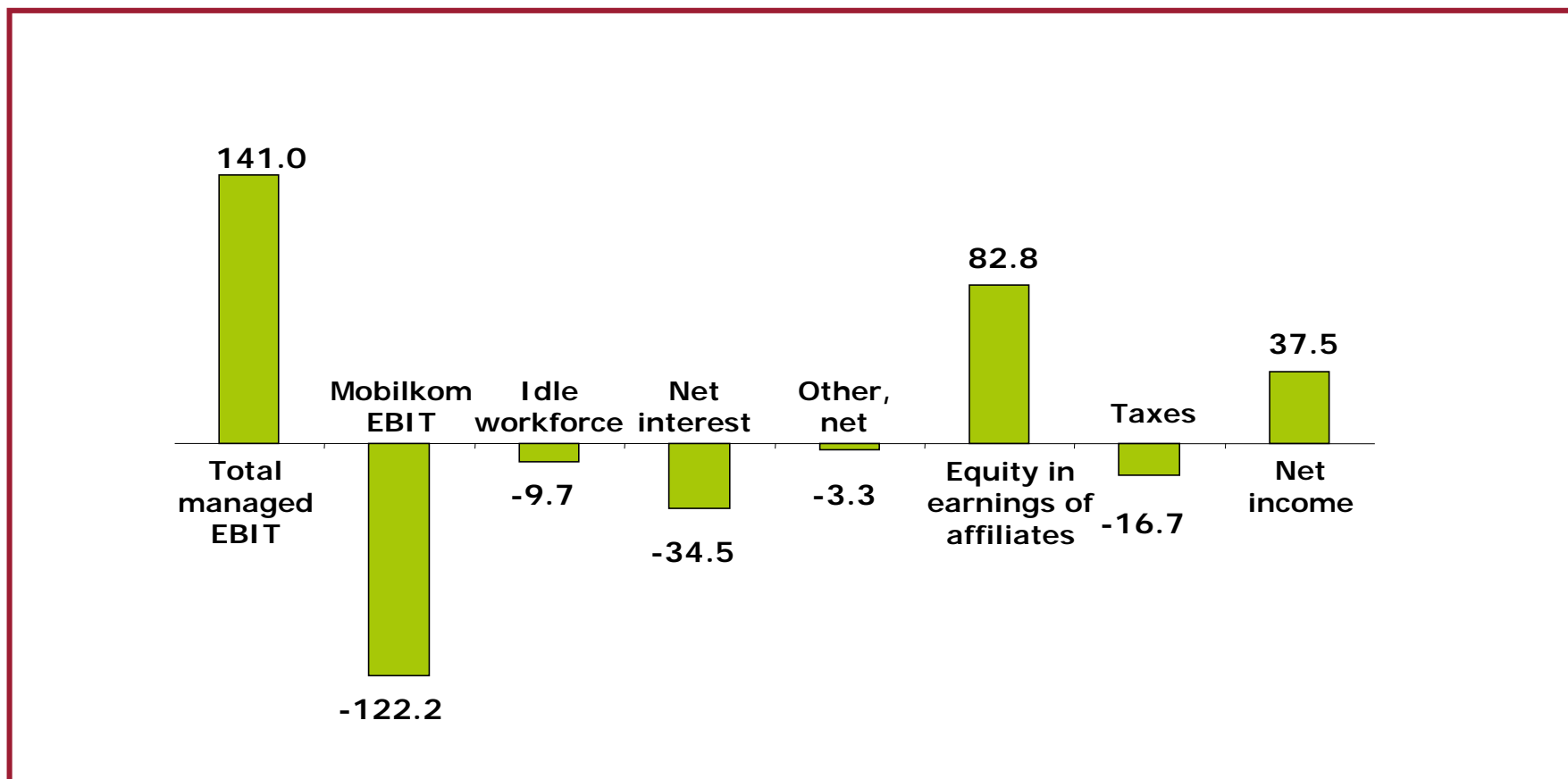
# Financial Overview

# Telekom Austria Group Figures

(EUR million)	1Q 02	1Q 01	% change
Total managed operating revenues	962.5	944.1	1.9%
Operat. results excl idle workforce costs:			
Total managed EBITDA	413.9	375.2	10.3%
Total managed EBIT	141.0	97.3	44.9%
Costs for idle workforce	9.7	4.2	131.0%
Consolid. net profit of Telekom Austria, with Mobilkom at-equity	37.5	10.3	264.1%
EPS	0.07	0.02	264.1%
Capex	81.0	126.4	-35.9%

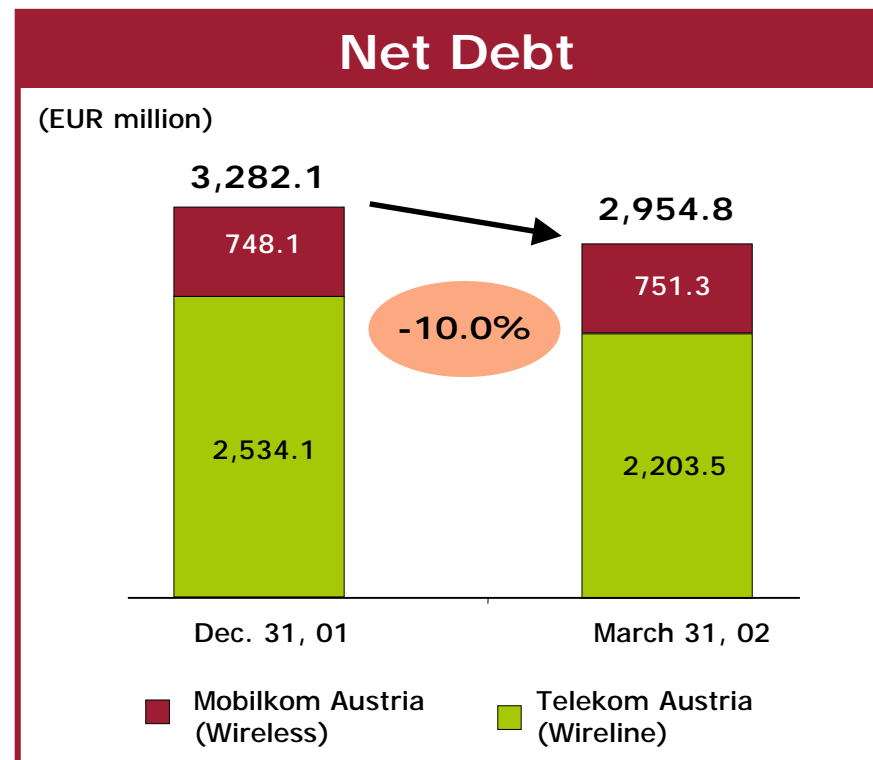
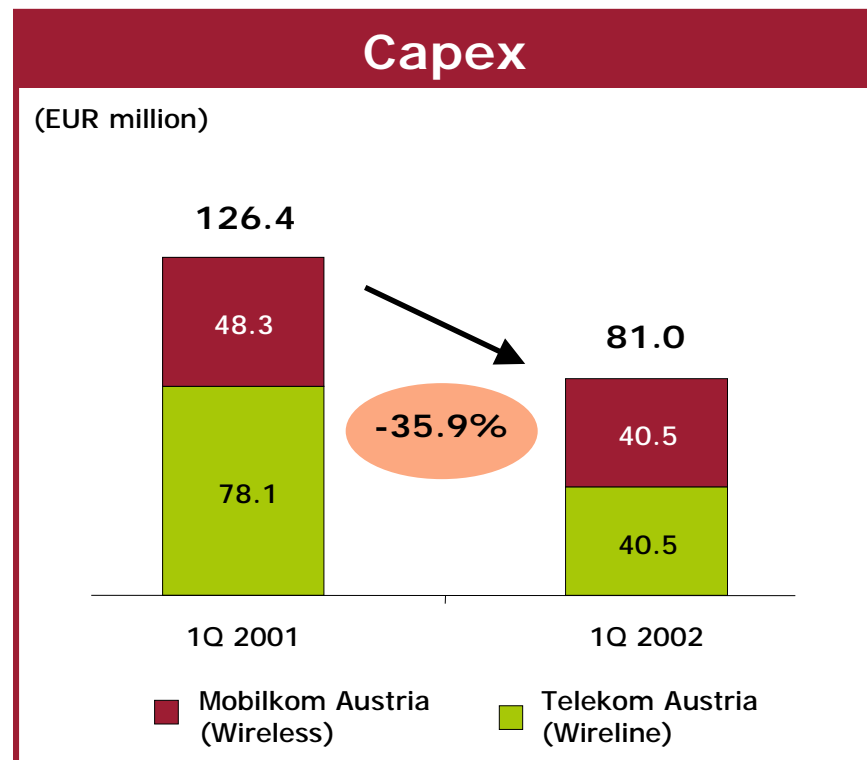
EBIT is defined as operating income plus costs for idle workforce, EBITDA as EBIT plus charges for depreciation and amortization.

# Net Profit of Telekom Austria AG



# Reduction of Capex and Net Debt

- Tight control and Wireline initiatives drive down capex in 1Q 02
- Net debt reduction includes EUR 248.9million of cash receipts from sale of trade receivables
- Debt equity: 116.2%; annualized net debt/EBITDA: 1.8



# Full Year Outlook

Fixed Line	Continuing efforts to reduce market share losses. Ongoing headcount reduction and other cost cutting efforts should outbalance lower revenues and increase efficiency
Data	Increasing share of high margin business and lower costs should allow an increase in profit margins
Internet	Efforts are intensified to offset slowing revenue growth rate and strengthen the operating turn-around of the business segment
Mobile	Increase in earnings primarily driven by foreign operations; negative impact from drop in termination rates from April 2002 and intensified competition in Austria
Group	Minimal increase in total managed EBITDA and a further improvement in net result



# Appendix

▶ 2001

▶ 2002

▶ 2003

▶ 2004

▶ 2005

▶ 2006

▶ 2007

▶ 2008

**Telekom Austria Group**

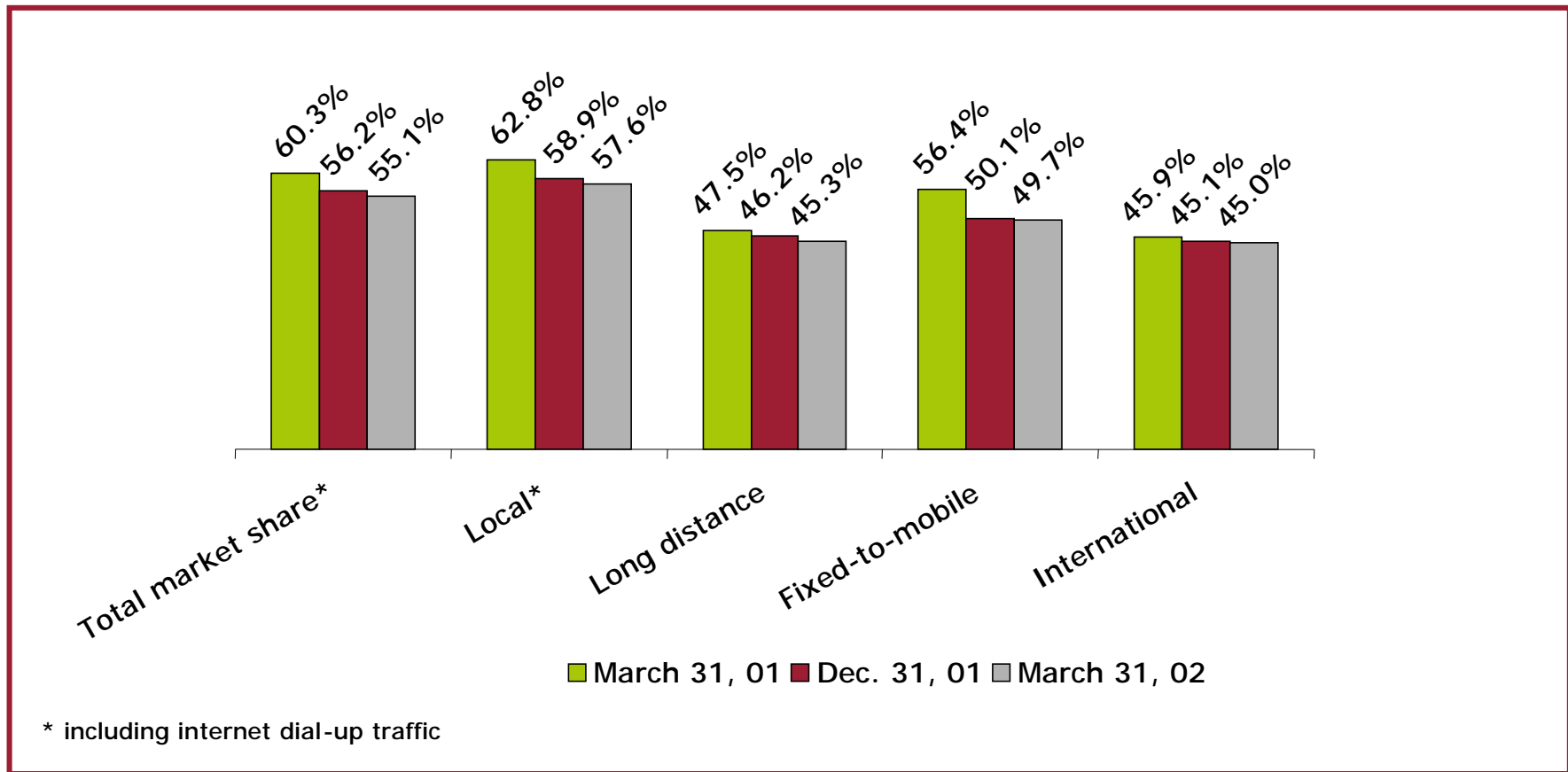
# Fixed Line - Access Channels

(in thousands)	Q1 2002	Q1 2001	% change
PSTN access lines	2,723.9	2,865.2	-4.9%
Basic ISDN access lines	412.7	362.4	13.9%
Multi ISDN access lines	8.2	8.4	-2.4%
<b>Total access lines</b>	<b>3,144.8</b>	<b>3,236.0</b>	<b>-2.8%</b>
of these ADSL access lines	119.9	53.9	122.4%
<b>Total access channels</b>	<b>3,795.3</b>	<b>3,842.0</b>	<b>-1.2%</b>

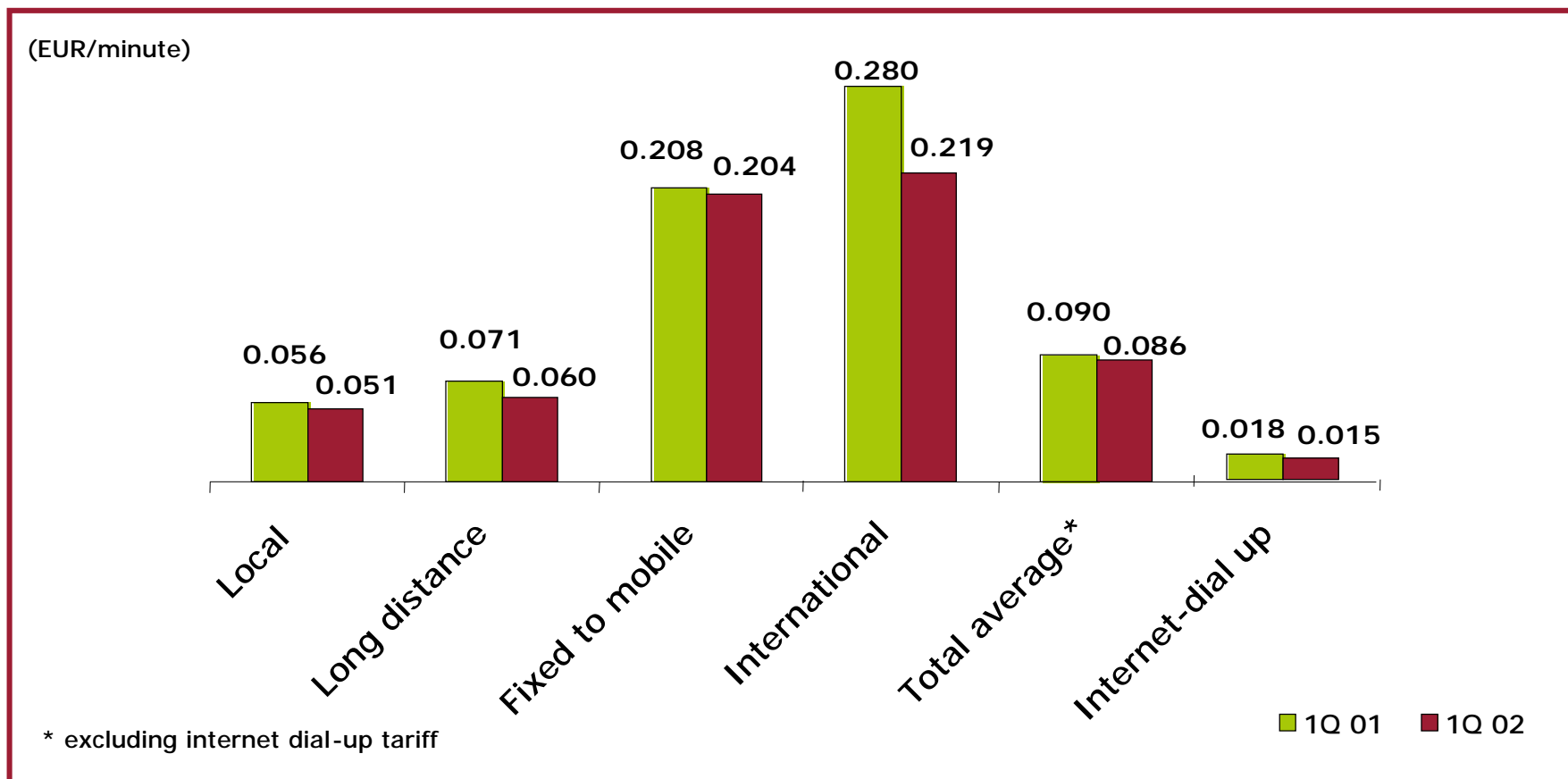
# Fixed Line - Minutes

(in millions of minutes)	Q1 2002	Q1 2001	% Change
Local	977	1,249	-21.8%
National long distance	201	219	-8.2%
Fixed-to-mobile	197	212	-7.1%
International	123	117	5.1%
Internet dial up	1,152	1,188	-3.0%
<b>Total fixed line minutes</b>	<b>2,650</b>	<b>2,985</b>	<b>-11.2%</b>
<b>Carrier services:</b>			
Incoming international	281	249	12.8%
Outgoing international	299	218	37.2%

# Fixed Line - Market Shares



# Fixed Line - Average Tariffs



# Mobilkom's Subscribers

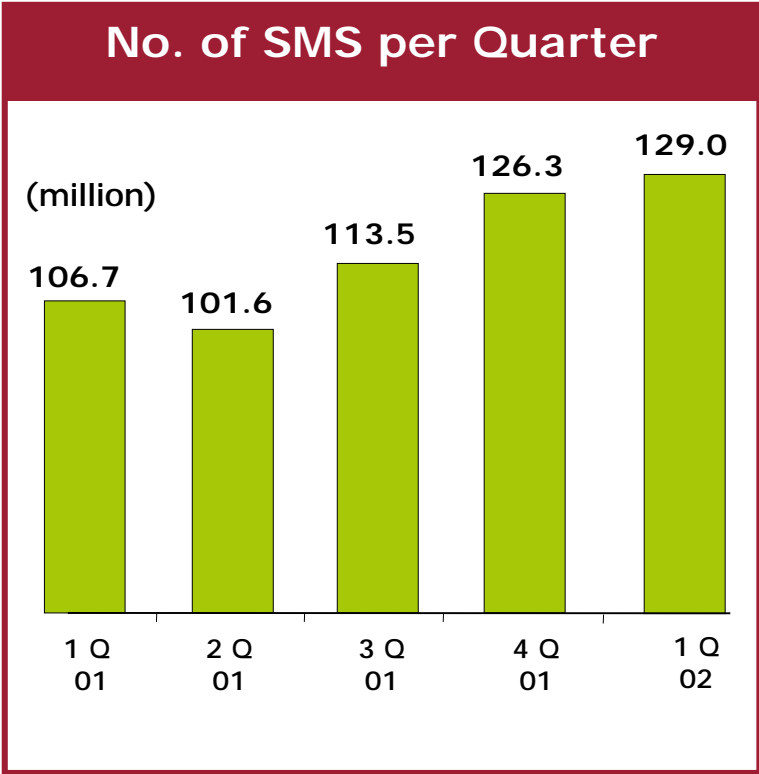
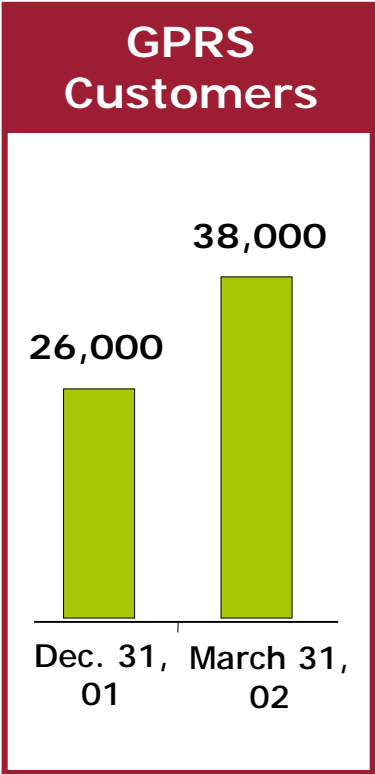
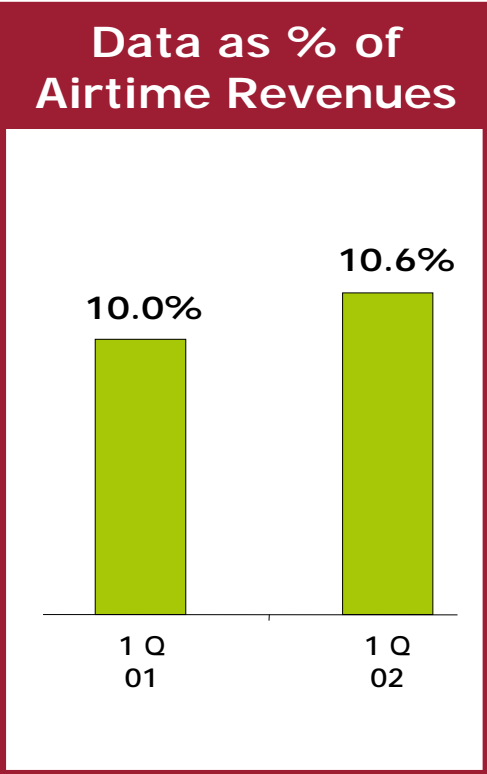
Customers ('000s)	March 31, 2002	March 31, 2001	% change
<b>Austria</b>			
Contract	1,445	1,354	6.7%
Prepaid	1,397	1,480	-5.6%
<b>Total</b>	<b>2,842</b>	<b>2,834</b>	<b>0.3%</b>
<b>Croatia</b>			
Contract	129	67	92.1%
Prepaid	782	537	45.7%
<b>Total</b>	<b>911</b>	<b>604</b>	<b>50.9%</b>
<b>Slovenia</b>			
Contract	114	31	267.7%
Prepaid	177	137	29.2%
<b>Total</b>	<b>291</b>	<b>168</b>	<b>73.2%</b>
Liechtenstein	2	-	-
<b>Total Group</b>	<b>4,046</b>	<b>3,606</b>	<b>12.2%</b>

# Mobilkom's Traffic Development

	1Q 2002	1Q 2001
Charged minutes (millions) *	971.2	872.1
Non charged minutes (millions) *	870.2	761.8
Average number of customers ('000s)	2,858.6	2,822.0
Minutes per customer per month - charged	113	103
non charged	102	90

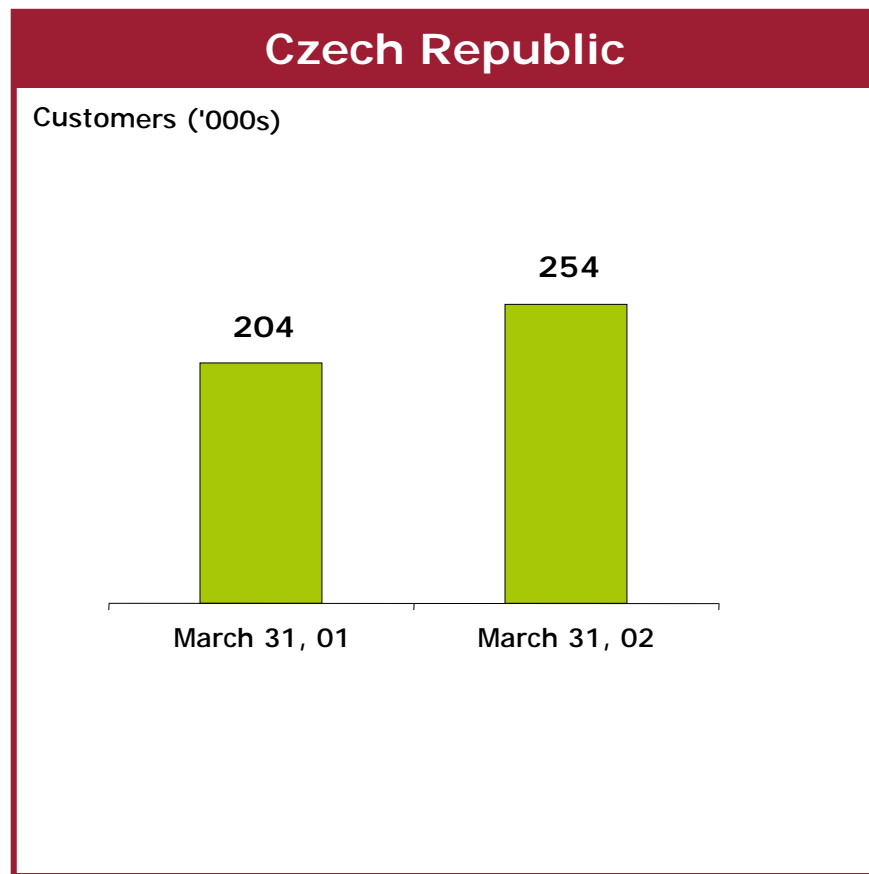
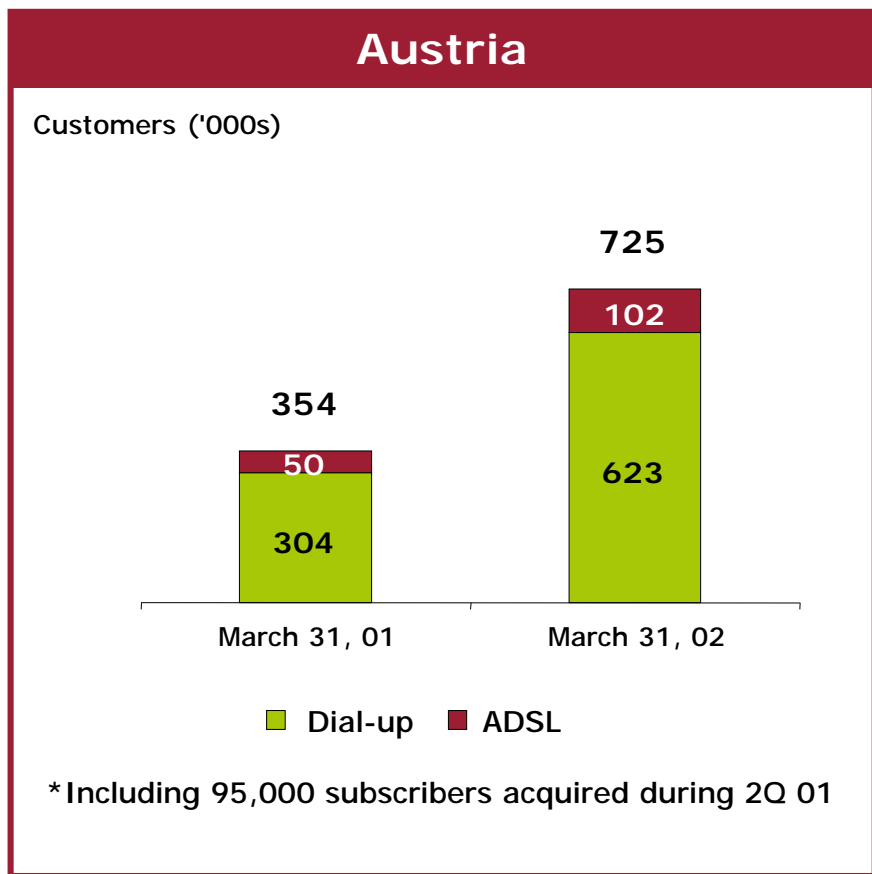
\* Rated MOUs of Mobilkom customers

# Mobilkom Austria - Mobile Data





# Internet Subscribers



# Headcount\* Development

(average of period)	1Q 2002	1Q 2001	Change
Fixed Line*	11,596	14,031	-2,435
Mobile	3,469	2,993	476
Data	874	946	-72
Internet	378	243	135
<b>Telekom Austria Group</b>	<b>16,317</b>	<b>18,213</b>	<b>-1,896</b>
*including idle workforce	914	299	615

(end of period)	1Q 2002	1Q 2001	Change
Fixed Line*	11,524	13,889	-2,365
Mobile	3,470	3,026	444
Data	868	941	-73
Internet	382	263	119
<b>Telekom Austria Group</b>	<b>16,244</b>	<b>18,119</b>	<b>-1,875</b>
*including idle workforce	866	555	311

\* = Full-time-equivalents

# Fixed Line - Revenue Breakdown

(EUR million)	1Q 02	1Q 01	% change
Traffic revenues	128.2	163.6	-21.7%
Monthly rental	154.9	157.6	-1.7%
Interconnection	95.1	90.3	5.3%
Leased lines	56.8	69.3	-18.0%
Equipment	19.7	24.7	-20.2%
Other	57.9	62.1	-6.7%
<b>Total fixed line operating revenues</b>	<b>512.5</b>	<b>567.6</b>	<b>-9.7%</b>

# Mobile - Revenue Breakdown

(EUR million)	1Q 02	1Q 01	% change
Traffic revenues	226.3	194.9	16.1%
Monthly rental	67.7	62.5	8.3%
Equipment	35.0	42.0	-16.7%
Roaming	45.4	47.4	-4.2%
Interconnection	68.0	65.0	4.6%
Other	9.8	4.3	127.9%
Discounts	0.1	-3.8	-
<b>Total mobile operating communications revenues</b>	<b>452.3</b>	<b>412.3</b>	<b>9.7%</b>

# Operating Revenues by Segment

(EUR million)	1Q 02	1Q 01	% change	1Q 01 unadjusted
Fixed line services	512.6	567.7	-9.7%	638.8
Data communications services	77.3	73.6	5.0%	73.6
Internet	28.5	18.5	54.1%	18.5
Intersegmental eliminations & other	-52.5	-64.1	18.1%	-64.1
<b>Consolidated operating revenues</b>	<b>565.9</b>	<b>595.7</b>	<b>-5.0%</b>	<b>666.7</b>
Mobile communications services	452.2	412.2	9.7%	411.9
Intersegmental eliminations	-55.6	-63.8	12.9%	-111.2
<b>Total managed operating revenues</b>	<b>962.5</b>	<b>944.1</b>	<b>1.9%</b>	<b>967.4</b>

# EBITDA by Segment - Excluding Idle Workforce Costs

(EUR million)	1Q 02	1Q 01	% change
Fixed line services	211.2	210.2	0.5%
Data communications services	16.1	7.9	103.8%
Internet	-1.6	-2.2	n.m.
Intersegmental eliminations & other	0.0	0.0	-
<b>Consolidated EBITDA</b>	<b>225.7</b>	<b>215.9</b>	<b>4.5%</b>
Mobile communications services	188.2	159.3	18.1%
Intersegmental eliminations & other	0.0	0.0	-
<b>Total managed EBITDA</b>	<b>413.9</b>	<b>375.2</b>	<b>10.3%</b>
<b>Consolidated EBITDA excluding idle workforce costs</b>	<b>225.7</b>	<b>215.9</b>	<b>4.5%</b>
Costs for idle workforce	-9.7	-4.2	131.0%
<b>Consolidated EBITDA</b>	<b>216.0</b>	<b>211.7</b>	<b>2.0%</b>

# EBIT by Segment - Excluding Idle Workforce Costs

(EUR million)	1Q 02	1Q 01	% change
Fixed line services	14.8	9.9	49.5%
Data communications services	7.8	0.0	n.m.
Internet	-3.8	-5.5	30.9%
Intersegmental eliminations & other	0.0	-9.7	n.m.
<b>Consolidated EBIT</b>	<b>18.8</b>	<b>-5.3</b>	<b>n.m.</b>
Mobile communications services	122.3	102.6	19.2%
Intersegmental eliminations & other	-0.1	0.0	n.m.
<b>Total managed EBIT</b>	<b>141.0</b>	<b>97.3</b>	<b>44.9%</b>
<b>Consolidated EBIT</b>	<b>18.8</b>	<b>-5.3</b>	<b>n.m.</b>
<b>excluding idle workforce costs</b>			
Costs for idle workforce	-9.7	-4.2	131.0%
<b>Consolidated EBIT</b>	<b>9.1</b>	<b>-9.5</b>	<b>n.m.</b>

# Capital Expenditures\*

(EUR million)	1Q 2002	1Q 2001	% change
Fixed Line	31.0	71.2	-56.5%
Data Communications	6.6	5.2	26.9%
Internet	2.9	1.7	70.6%
Mobile Communications	40.5	48.3	-16.1%
<b>Telekom Austria Group</b>	<b>81.0</b>	<b>126.4</b>	<b>-35.9%</b>

\* Additions to property, plant & equipment



# Net Debt - Telekom Austria Group

(in EUR million)	March 31, 02	Dec. 31, 01
Long-term debt	1,902.2	2,005.2
Short-term debt	759.9	978.1
- Cross border lease, included in s/t debt	-105.1	-87.5
+ Capital lease obligations	6.3	7.5
+ Related Parties	65.0	-
- Intercompany accounts with Mobilkom Austria	-344.6	-286.5
Cash and cash equivalents and short-term investments	-25.6	-34.9
Financial instruments, included in other assets	-54.5	-47.9
<b>Net debt Telekom Austria</b>	<b>2,203.5</b>	<b>2,534.0</b>
Long-term debt	700.6	668.0
Short-term debt	39.4	37.2
- Cross border lease, included in s/t debt	-23.9	-23.7
+ Capital lease obligations	6.3	7.0
Intercompany accounts with Telekom Austria	126.6	68.5
Cash and cash equivalents and short-term investments	-97.7	-8.9
<b>Net debt Mobilkom Austria</b>	<b>751.3</b>	<b>748.1</b>
<b>Net debt of Telekom Austria Group</b>	<b>2,954.8</b>	<b>3,282.1</b>
Shareholders' equity	2,542.6	2,500.4
<b>Net debt/equity</b>	<b>116.2%</b>	<b>131.3%</b>

41

