

Acquisition of Largest Cable Operator in Croatia

Vienna, 8 June 2011

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.”



Vipnet Acquires 100% of Cable Operator B.net at a Total Enterprise Value of EUR 93 mn

B.net

- > Largest Croatian cable operator, with a strong focus on Pay-TV
- > Offering fix voice, TV, and internet services
- > Focus on residential customers
- > Own network based on DOCSIS 3 technology covering 18% of total households in Croatia

Strategic Fit

- > Vipnet is second largest mobile operator in Croatia and market leader in mobile broadband
- > Data traffic has been doubling for the past years and is expected to continue to grow boosting demand for convergent offerings
- > Capitalization on the fixed broadband potential will secure future market position in a highly competitive and convergent market
- > Continuation of the Telekom Austria Group strategy to become a convergent player in Central and Eastern Europe

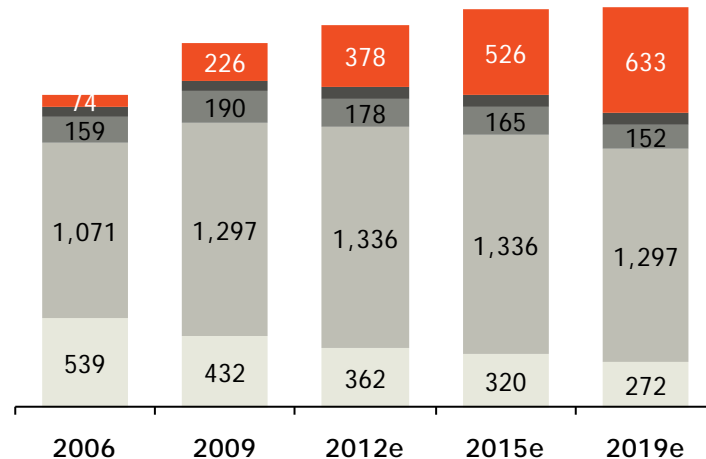
Valuation

- > Enterprise value of EUR 93 mn
- > Expected EBITDA 2012 multiple is estimated at 6.7x
- > Acquisition out of existing cash flow

Demand for Fixed Broadband Shapes Croatian Market Environment

Croatian Telecom Market - Revenue Development

(in EUR mn)



Fixed Broadband
(incl. Pay-TV, IPTV and Other Services)

Other
Wholesale

Mobile Communication
(incl Data and Broadband)

Fixed Line Voice

expected CAGR 09 - 19

10.8%

-2.2%

0.0%

-4.5%

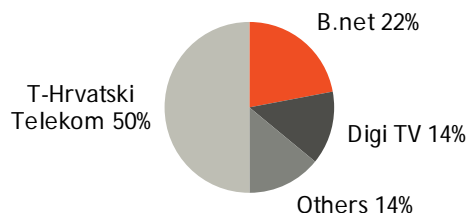
Source: Ovum, Infocom, T-Hrvatski Telekom, internal estimations

- > Exponential data growth and demand for Pay-TV are key drivers for convergent products
- > Fixed broadband market expected to grow at a CAGR of 10.8% by 2019, which is anticipated to lead to a fixed broadband penetration of 73% in 2019 compared to 54% in 2010
- > Strong growth of Pay-TV expected, due to weak free-TV offerings
 - > Pay-TV penetration rate in Croatia is one of the highest across Europe and expected to increase from 37% in 2010 to 60% in 2019

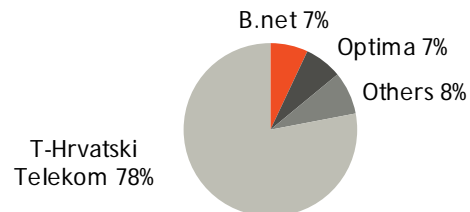
B.net has a 22% Pay-TV Market Share and Offers Highest Bandwidth in Croatia

Market Shares B.net

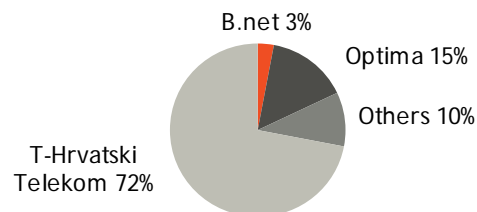
Pay-TV



Fixed Broadband



Fixed Line Voice



- > Footprint in seven cities in Croatia with a strong brand recognition in the market
- > 226,000 homes passed representing a coverage of 18% of households in Croatia, out of these 119,900 homes are connected
- > Own network infrastructure based on DOCSIS 3 offering broadband speeds of up to 32 Mbit/s with up to 400 Mbit/s being possible

Acquisition enables Vipnet to

- > Position itself as a convergent player in the Croatian market and align with Group strategy
- > Strengthen competitive position versus other convergent players
- > Offload wireless data traffic onto B.net's existing infrastructure
- > Capitalize on operational synergies and know-how transfer

Financial Information B.net

Key Data B.net

in EUR mn	2010*	2009*	2008*
Financials (Audited)			
Revenues	28.3	19.6	16.3
EBITDA	8.2	1.3	1.2
Net profit/ loss	1.9	-3.3	-2.2
CAPEX	10.3	11.6	10.3
ARPL (in EUR)	19.2	14.7	n/a

* B.net's fiscal year ends on 30 September