



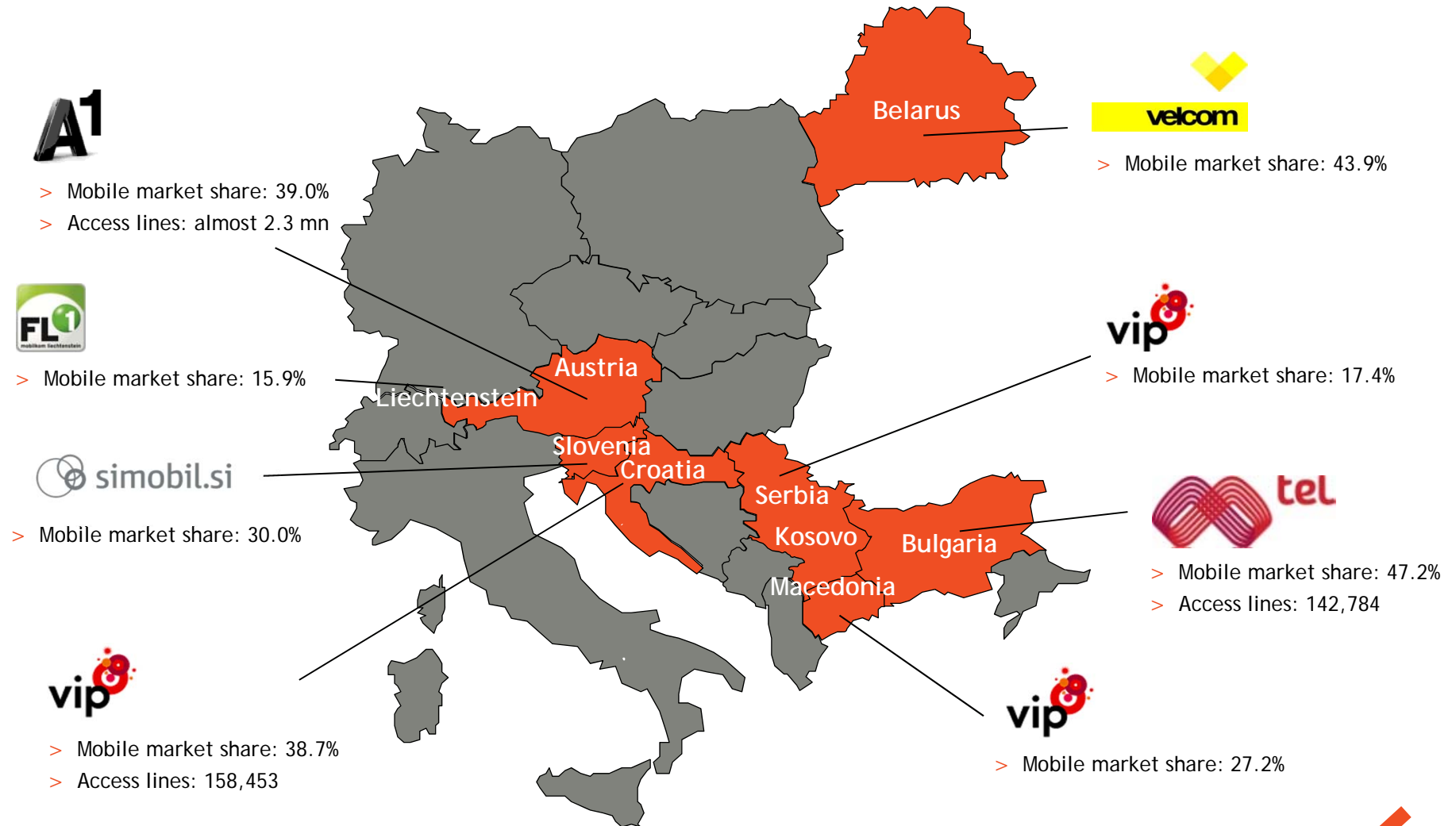
# Roadshow Presentation Q3 2012 Results

## Cautionary Statement

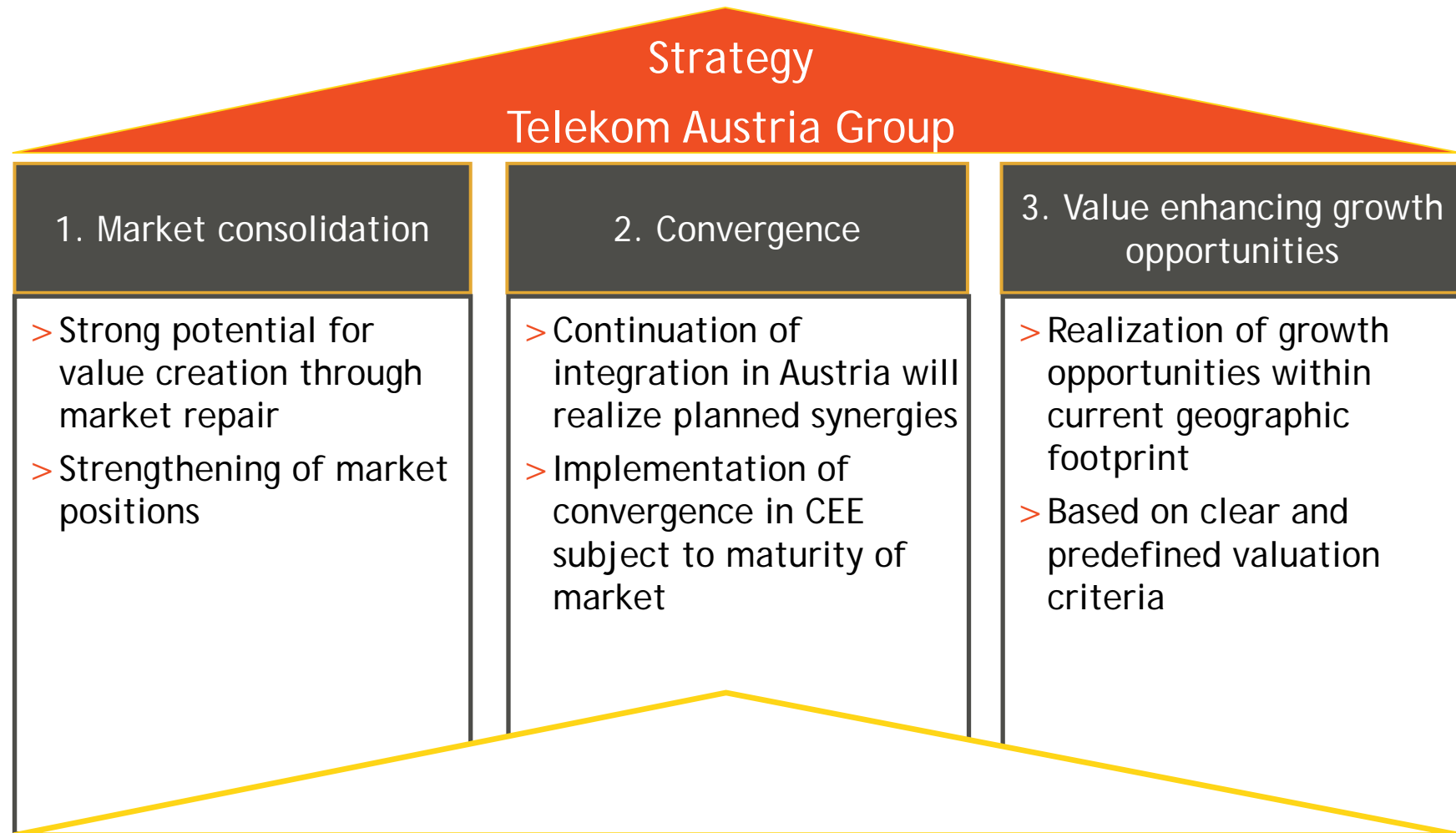
“This presentation contains certain forward-looking statements. Actual results may differ materially from those projected or implied in such forward-looking statements. Forward-looking information involves risks and uncertainties that could significantly affect expected results.”



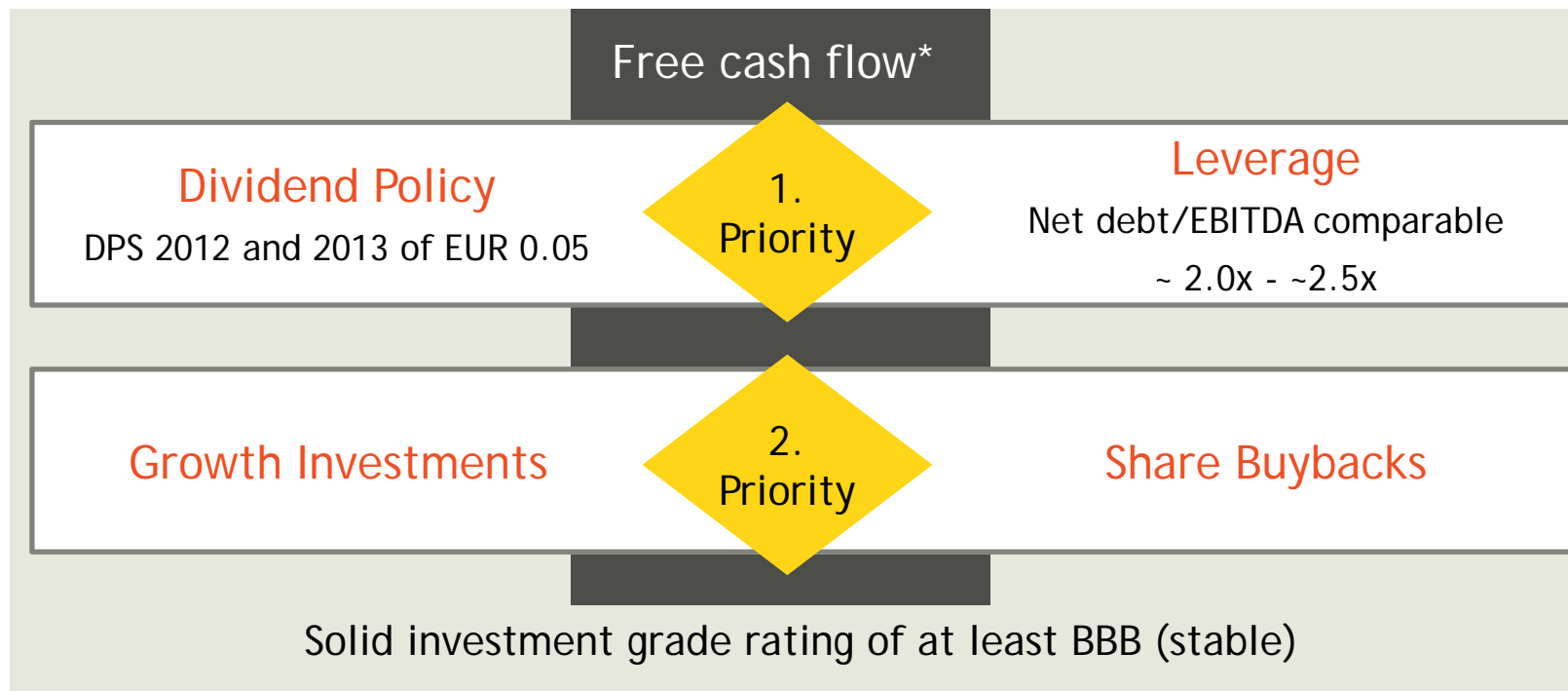
# Leading Operator in 8 Markets in Central and Eastern Europe



# Operational Excellence and Three Strategic Pillars Meet Future Challenges



# Cash Use Policy Balances Value Creation with Increased Financial Flexibility



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

# Agenda

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



# Operational and Financial Highlights for the Third Quarter 2012

# Fixed Line Performance and OPEX Savings Dampen Effects of Mobile Pricing and Regulatory Pressure

- > Strong fixed line performance dampens negative impact of mobile service revenue declines in Austria, Bulgaria and Croatia
  - > 1.3% ARPL growth in Austria
  - > Continued severe mobile pricing pressure
- > OPEX savings and top line growth in Belarus and Additional Markets limits Group EBITDA comparable decline to 0.6%
  - > EBITDA comparable growth in Croatia, Belarus and Additional Markets
  - > Operational performance offsets foreign exchange effects in Belarus
- > Group guidance 2012 reiterated: revenues of approximately EUR 4.2 bn, EBITDA comparable of EUR 1.40 bn to EUR 1.45 bn, CAPEX\*\* of EUR 0.70 bn to EUR 0.75 bn, Operating Free Cash Flow\* of EUR 0.70 bn - EUR 0.75 bn
- > Dividend per share\*\*\*: EUR 0.05 for 2012 and 2013

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

\*\* Does not include investments for licenses and spectrum and acquisitions

\*\*\* Intended dividend was cut from EUR 0.38 to EUR 0.05 on 24 September 2012 to protect rating and secure investments





# Key Financial Developments in the Third Quarter 2012

# EBITDA Comparable Almost Stable Due to Cost Savings and Growth in Belarus and Add. Markets

(in EUR million)	Q3 2012	Q3 2011	% change
Revenues	1,093.7	1,111.4	-1.6%
EBITDA comparable*	410.4	412.9	-0.6%
<i>EBITDA comparable margin*</i>	<i>37.5%</i>	<i>37.2%</i>	
Restructuring	-10.6	-6.1	72.5%
Impairment and reversal of impairment	0.0	0.0	n.a.
EBITDA (incl. Effects from Restructuring and Impairment tests)	399.8	406.8	-1.7%
<i>EBITDA (incl. Effects from Restructuring and Impairment tests) margin</i>	<i>36.6%</i>	<i>36.6%</i>	
Depreciation & amortization	-222.9	-240.7	-7.4%
Operating income	177.0	166.1	6.5%
Financial result	-54.1	-95.8	-43.5%
Income before income taxes	122.8	70.3	74.7%
Income tax expense	-23.7	57.6	n.a.
Net income / Net loss	99.2	127.9	-22.5%

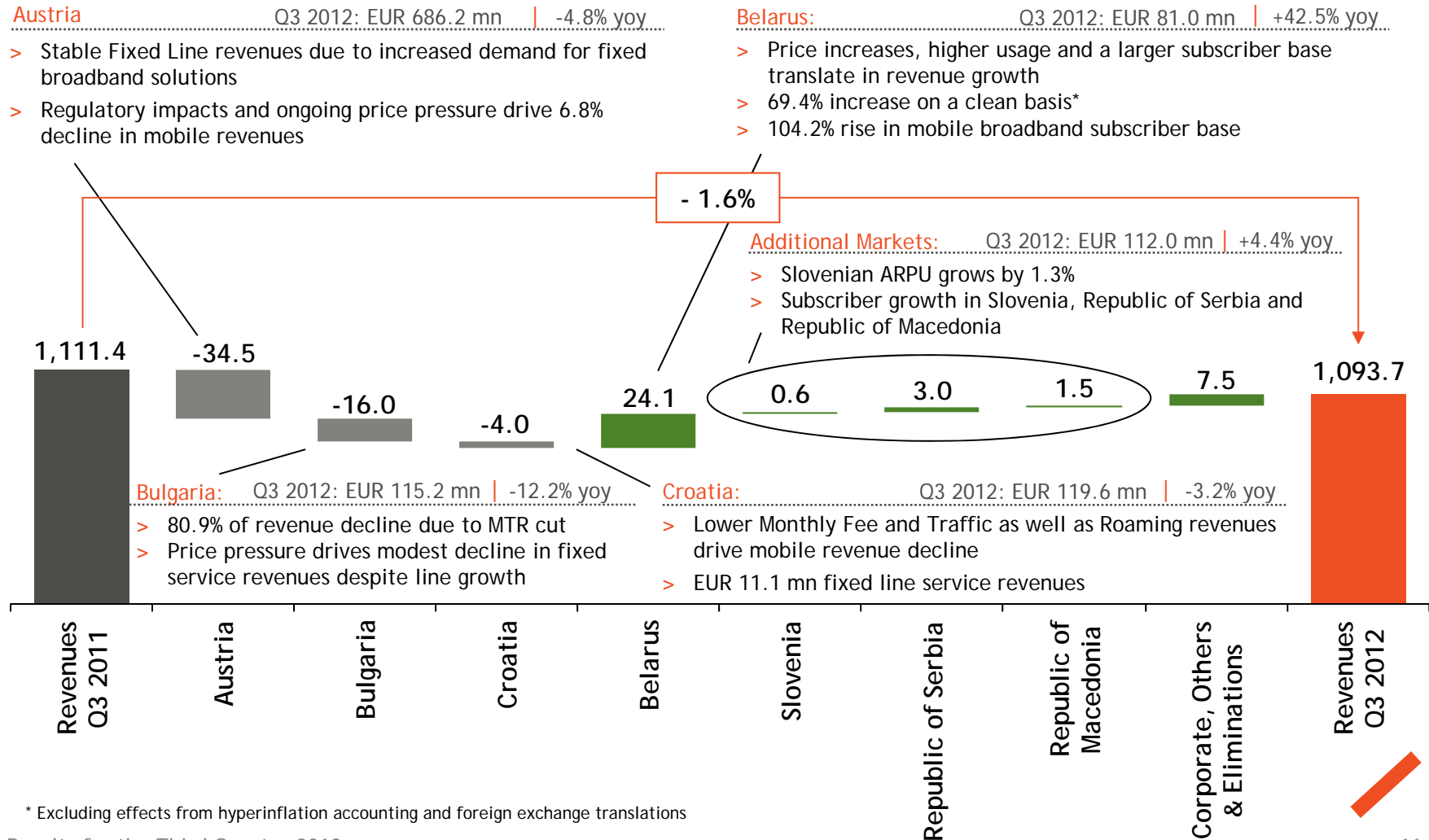
- > Revenue increases in Belarus and Additional Markets partly offset revenue decline in Austria, Bulgaria and Croatia
  - > EUR 28.2 mn regulatory impact on Group revenues
- > EUR 18.1 mn net Group OPEX savings allow a stable Group EBITDA comparable margin
- > Net income mainly driven by tax expense compared to tax benefit due to deferred taxes in Q3 2011

\* Excluding effects from restructuring and impairment tests

Results for the Third Quarter 2012

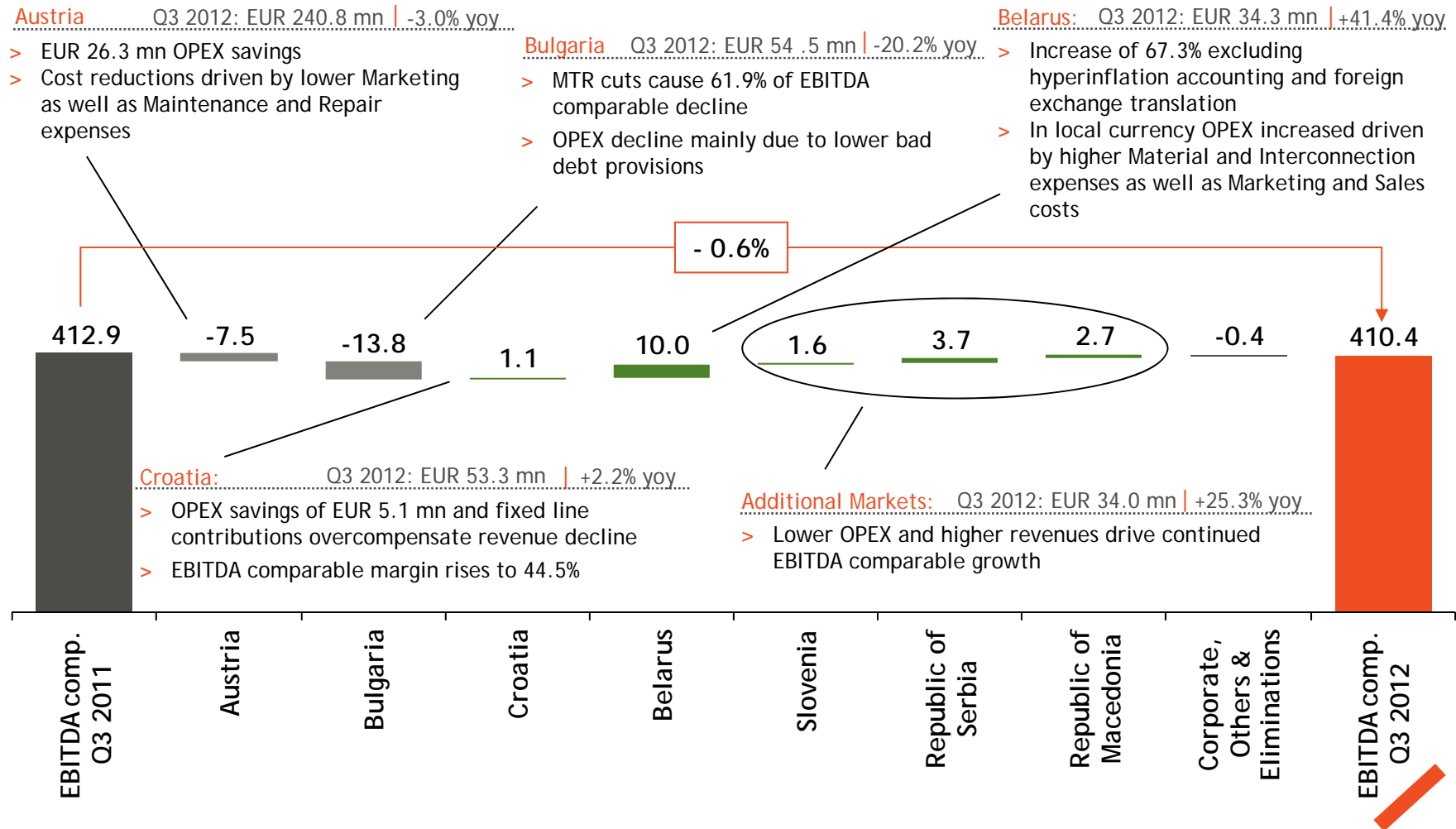


# Revenues - Belarus and Additional Markets Partly Offset Declines in Three Major Markets



\* Excluding effects from hyperinflation accounting and foreign exchange translations

# EBITDA Comparable: Growth in 5 Markets and Stable Group EBITDA Comparable Margin



# Working Capital Requirements and CAPEX Drive Free Cash Flow Decline

(in EUR million)	Q3 2012	Q3 2011	% change	1-9 M 2012	1-9 M 2011	% change
Gross cash flow	377.1	351.3	7.3%	1,008.1	1,037.7	-2.9%
Change in working capital	-55.0	20.3	n.a.	-210.7	-203.0	3.8%
Ordinary capital expenditures	-158.4	-177.8	-10.9%	-489.4	-454.9	7.6%
Proceeds from sale of equipment	1.0	1.2	-10.8%	3.2	2.2	45.9%
Free cash flow	164.7	195.0	-15.6%	311.1	382.0	-18.5%
Free cash flow per share	0.37	0.44	-15.6%	0.70	0.86	-18.5%

## Year-to-Date Analysis

- > Lower gross cash flow reflects operational performance
- > Higher levels of accounts receivables, rise in the usage of provisions as well as accrued liabilities and declines in inventories drive cash requirements for working capital
- > Higher CAPEX mainly due to integration of fixed line operator B.net in Croatia

# Focus Points

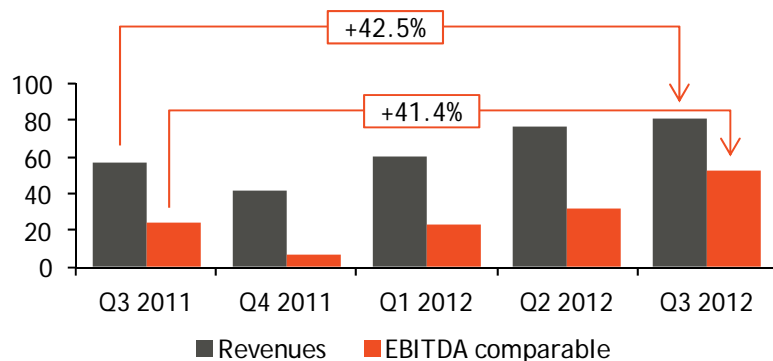
# Belarusian Segment - Price Increases Drive Turn-Around After FX Devaluations in 2011

## Key Developments

- > Belarusian Ruble comparatively stable (-0.6% 1-9M 2012) compared to -63.2% in 2011
- > Strong demand for mobile data and smartphones drives operating performance
- > Inflation allows for 4 price increases amounting to approx. 40.9% in total since October 2011

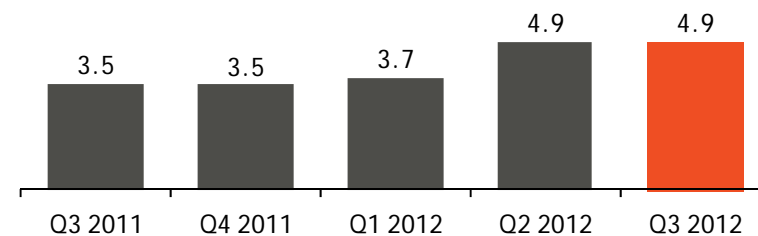
## Revenue and EBITDA Development

(in EUR mn)






## ARPU

(in EUR)



# Convergent Products Accelerate Stabilization of Fixed Service Revenues

	Mobile Service Revenue Q3 Growth Y-o-Y	Fixed Service Revenue Q3 Growth Y-o-Y	Major Drivers
<b>Austria</b> 	-6.8%	-0.4%	<ul style="list-style-type: none"> <li>&gt; Strong demand for fixed broadband solutions offsets loss of fixed voice minutes and drives fixed service revenue stabilization</li> <li>&gt; ARPL increase by 1.3% y-o-y</li> </ul>
<b>Bulgaria</b> 	-14.9%	-1.5%	<ul style="list-style-type: none"> <li>&gt; Almost stable fixed service revenues due to strong demand for fixed broadband solutions and convergent bundles</li> </ul>
<b>Croatia</b> 	-7.9%	+28.3%*	<ul style="list-style-type: none"> <li>&gt; Integration of cable operator B.net in August 2011</li> <li>&gt; Y-o-y ARPL increased to EUR 23.8 from EUR 21.5</li> </ul>

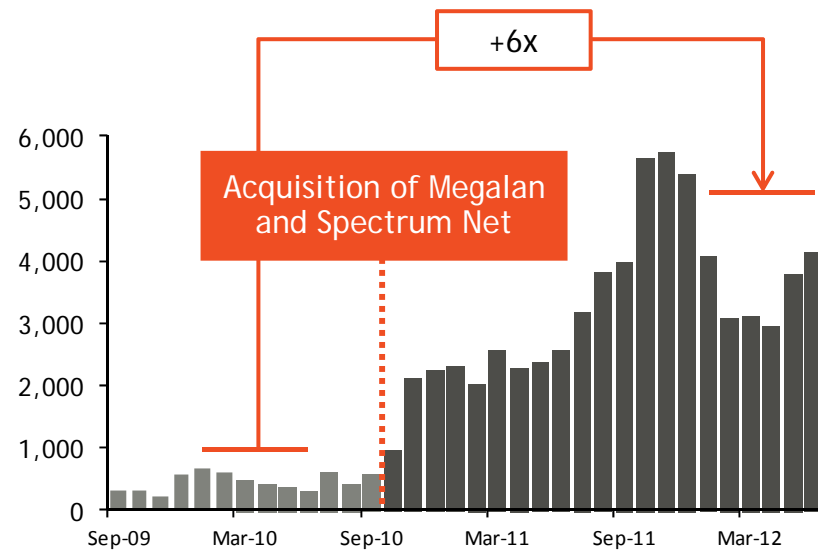
\* 91.4% y-o-y; 28.3% since B.net acquisition (08/09)



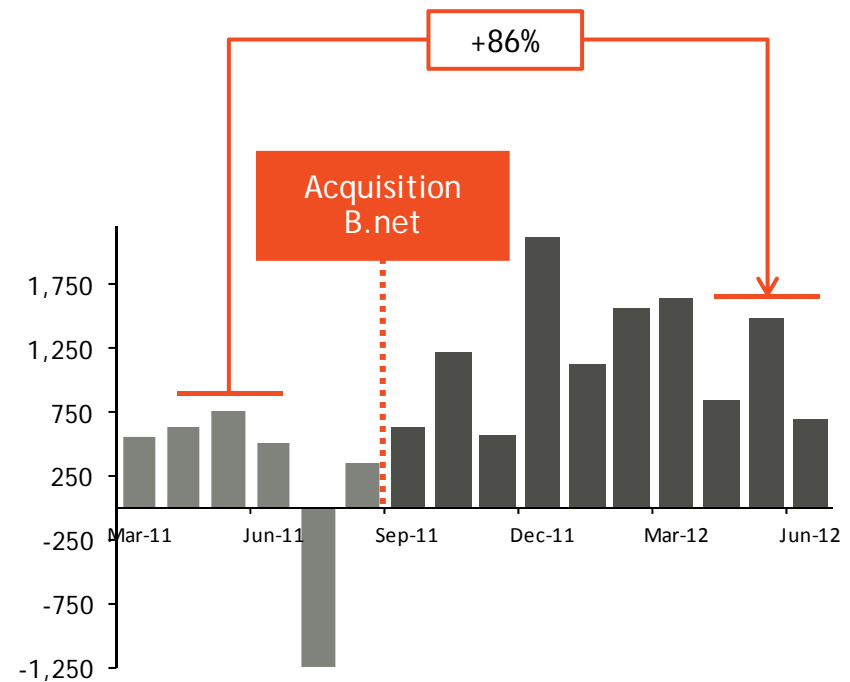


# Convergence - Strong Growth in Bundle Gross-Adds in Bulgaria and Croatia

Bulgaria - Bundle Products Gross-Adds

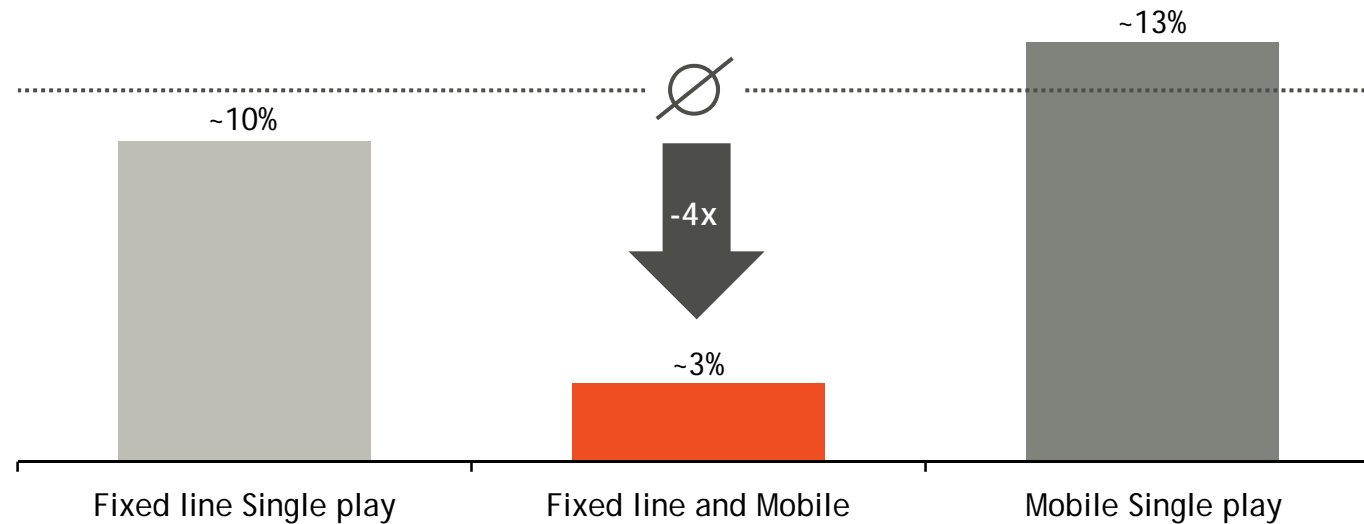


Croatia - Bundle Products Gross-Adds



# Convergence - In Austria Multi-Play Churn Approx. 4 Times Lower Than Single-Play Churn

Single vs. Multi-Play Churn

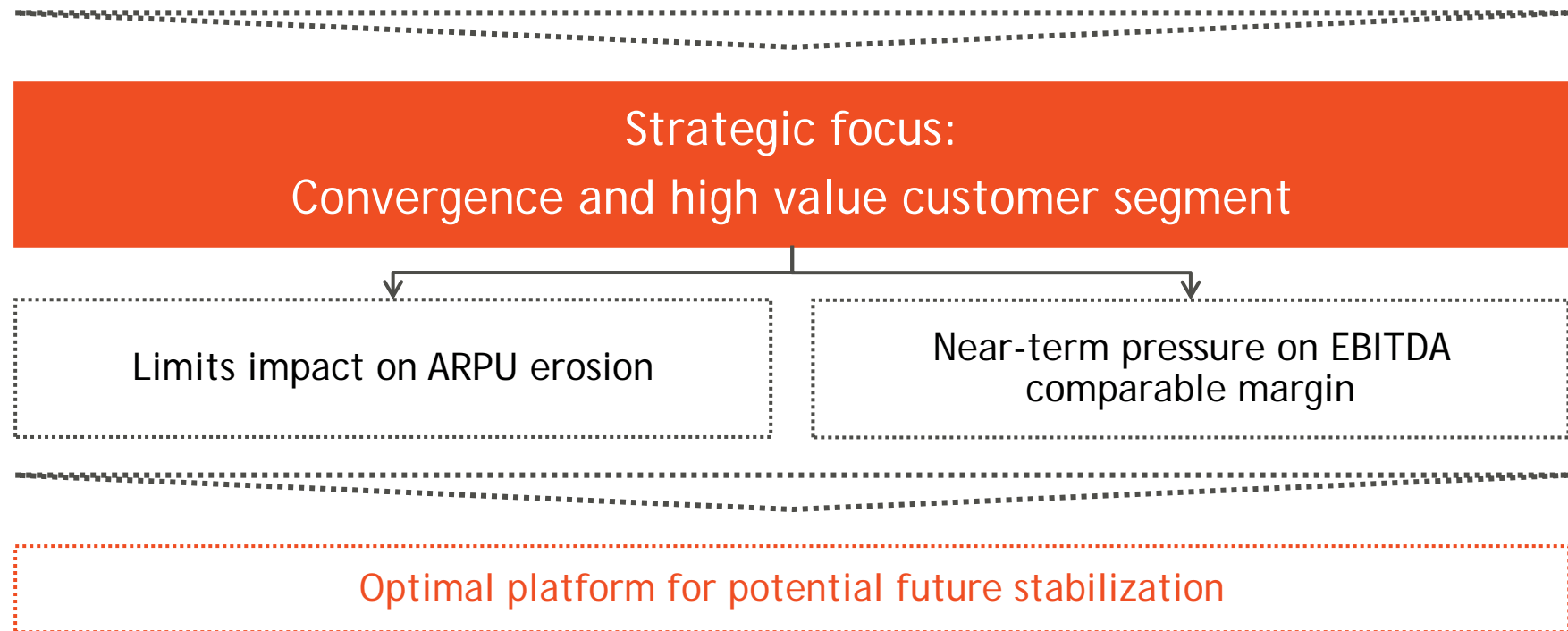


Approximately 63% of Austrian customers prefer "All out of one hand"\*

\* Austrian representative Survey of Austrian mobile phone users, 2011  
Results for the Third Quarter 2012

# Strategic Focus Austria 2013ff

> Price pressure and high subsidies in mobile market expected to continue



> Increased short-term margin pressure to enable mid-term stabilization



# Outlook

# Telekom Austria Group Outlook for Full Year 2012 Results Reiterated

## 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.

	As of 16 August 2012	As of 14 November 2012
Revenues	approx. EUR 4.2 bn	approx. EUR 4.2 bn
EBITDA comparable	EUR 1.40 bn - EUR 1.45 bn	EUR 1.40 bn - EUR 1.45 bn
CAPEX*	EUR 0.70 bn - EUR 0.75 bn	EUR 0.70 bn - EUR 0.75 bn
Operating Free Cash Flow**	EUR 0.70 bn - EUR 0.75 bn	EUR 0.70 bn - EUR 0.75 bn
Dividend***	DPS of EUR 0.38 for 2012	DPS of EUR 0.05 for 2012

\* Does not include investments for licenses and spectrum and acquisitions

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

\*\*\* Intended dividend was cut from EUR 0.38 to EUR 0.05 on 24 September 2012



# Appendix 1

# Telekom Austria Group - Revenue Breakdown

Revenue Split - Segment Austria (in EUR million)	Q3 2012	Q3 2011	% change
Monthly fee and traffic	480.9	507.4	-5.2%
Data and ICT Solutions	49.1	48.1	2.0%
Wholesale (incl. Roaming)	42.3	47.1	-10.2%
Interconnection	77.6	82.4	-5.8%
Equipment	31.0	25.3	22.2%
Other revenues	5.3	10.3	-48.2%
<b>Total revenues - Segment Austria</b>	<b>686.2</b>	<b>720.7</b>	<b>-4.8%</b>

Revenue Split - International Operations (in EUR million)	Q3 2012	Q3 2011	% change
Monthly fee and traffic	310.7	293.5	5.9%
Data and ICT Solutions	0.1	0.1	-26.9%
Wholesale (incl. Roaming)	21.3	24.7	-13.7%
Interconnection	55.3	67.0	-17.4%
Equipment	35.1	27.1	29.8%
Other revenues	3.5	3.9	-12.4%
<b>Total revenues - int. Operations</b>	<b>426.0</b>	<b>416.3</b>	<b>2.3%</b>









# Telekom Austria Group - Expense Breakdown

Operating Expense - Segment Austria (in EUR million)	Q3 2012	Q3 2011	% change
Material expense	64.3	62.5	2.9%
Employee costs	157.0	146.3	7.3%
Interconnection	70.3	80.3	-12.5%
Maintenance and repairs	28.1	31.2	-10.0%
Services received	34.8	38.1	-8.7%
Other support services	34.2	37.2	-8.1%
Other	80.5	99.8	-19.3%
<b>Total OPEX - Segment Austria</b>	<b>469.2</b>	<b>495.5</b>	<b>-5.3%</b>

Operating Expense - International Operations (in EUR million)	Q3 2012	Q3 2011	% change
Material expense	45.4	37.9	19.7%
Employee costs	31.7	27.5	15.2%
Interconnection	53.0	56.0	-5.3%
Maintenance and repairs	14.7	9.5	55.1%
Services received	28.2	26.5	6.4%
Other support services	3.9	3.5	11.5%
Other	78.2	92.4	-15.4%
<b>Total OPEX - int. Operations</b>	<b>255.1</b>	<b>253.3</b>	<b>0.7%</b>



# Telekom Austria Group - Mobile Communication Subscriber Base

	Mobile Subscribers (in 000)	Q3 2012	Q3 2011	% change
	Austria	5,312	5,212	1.9%
	Market share	39.0%	40.3%	
	Bulgaria	5,535	5,291	4.6%
	Market share	47.2%	48.4%	
	Croatia	2,055	2,137	-3.9%
	Market share	38.7%	39.2%	
	Belarus	4,750	4,533	4.8%
	Market share	43.9%	41.3%	
	Slovenia	653	631	3.6%
	Market share	30.0%	29.7%	
	Republic of Serbia	1,819	1,589	14.5%
	Market share	17.4%	15.3%	
	Republic of Macedonia	626	549	14.2%
	Market share	27.2%	24.6%	
	Liechtenstein	6	7	-6.6%
	Market share	15.9%	20.4%	



# Telekom Austria Group - Headcount Development

FTE (Average period)	Q3 2012	Q3 2011	% change
Austria	9,287	9,319	-0.3%
International	7,276	7,457	-2.4%
Telekom Austria Group*	16,724	16,937	-1.3%

FTE (End of period)	Q3 2012	Q3 2011	% change
Austria	9,287	9,282	0.1%
International	7,213	7,621	-5.4%
Telekom Austria Group*	16,666	17,063	-2.3%

\*Including corporate segment

# Telekom Austria Group - Capital Expenditures Split

Capital Expenditures (in EUR million)	Q3 2012	Q3 2011	% change
Segment Austria	106.6	125.6	-15.1%
Segment Bulgaria	9.6	17.7	-46.0%
Segment Croatia	10.7	8.4	27.3%
Segment Belarus	5.8	6.9	-16.5%
Segment Additional Markets	25.7	19.0	35.1%
<i>Slovenia</i>	3.5	6.2	-43.9%
<i>Republic of Serbia</i>	15.2	11.3	35.1%
<i>Republic of Macedonia</i>	7.0	1.3	n.m.
<i>Liechtenstein</i>	0.0	0.3	-92.2%
<i>Eliminations additional markets</i>	0.0	0.0	n.a.
Corporate, Others & Elimination	0.0	0.0	n.a.
<b>Total capital expenditures</b>	<b>158.4</b>	<b>177.8</b>	<b>-10.9%</b>
Thereof tangible	126.8	148.1	-14.4%
Thereof intangible	31.7	29.7	6.7%

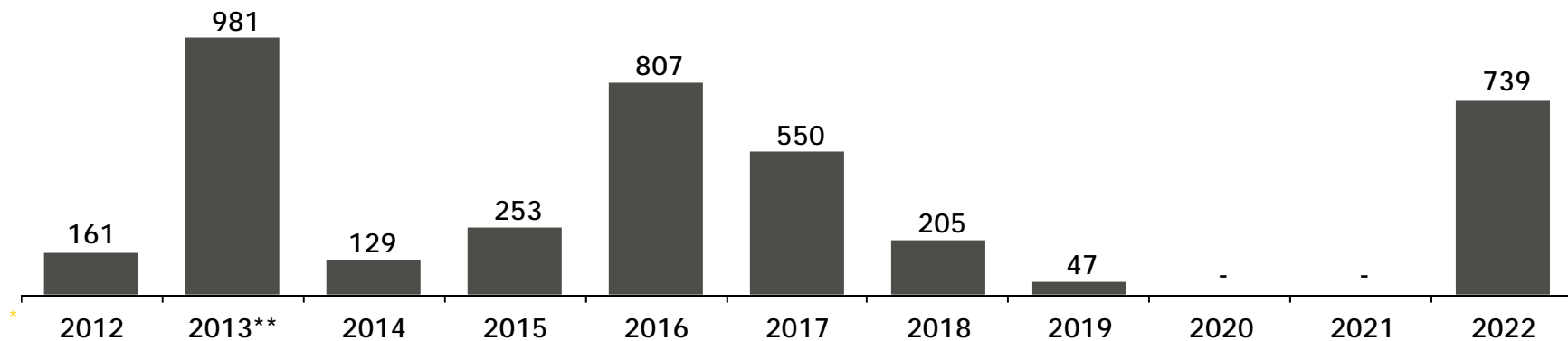
# Telekom Austria Group - Net Debt

Net debt (in EUR million)	Sep. 30, 2012	Dez. 31, 2011	% change
Long-term debt	2,906.7	2,960.4	-1.8%
Short-term borrowings	966.9	1,052.4	-8.1%
Cash and cash equivalents, short-term and long term investments, finance lease receivables	-658.7	-657.7	0.2%
<i>Cash and cash equivalents and short-term investments</i>	-634.1	-625.9	1.3%
<i>Long-term investments, finance lease receivables</i>	-24.6	-31.8	-22.4%
Derivate financial instruments for hedging purposes	46.6	25.2	85.1%
<b>Net Debt of Telekom Austria Group</b>	<b>3,261.5</b>	<b>3,380.3</b>	<b>-3.5%</b>

# Telekom Austria Group - Debt Maturity Profile

## Debt Maturity Profile\*

(in EUR million)



- > EUR 3,873.8 mn of short- and long-term borrowings as of 30 September 2012
- > Average cost of debt of approximately 4.3%
- > Cash and cash equivalents and short-term investments of EUR 634.1 mn

\* Including accrued interest

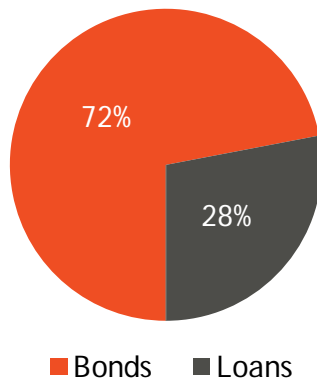
\*\* Includes approx. EUR 29.4 mn related to velcom, which is reported in Other liabilities

Results for the Third Quarter 2012

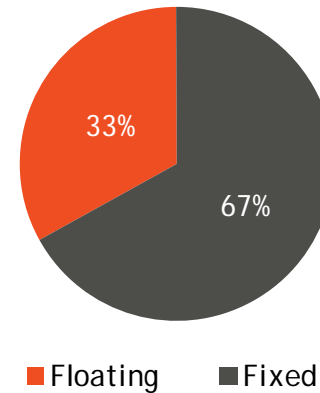


# Telekom Austria Group - Debt Profile

## Overview Debt Instruments



## Fixed-Floating Mix



## Lines of Credit

- > Undrawn committed lines of credit amounting to EUR 1,060.0 mn
- > Average term to maturity of approximately 4.1 years

## Ratings

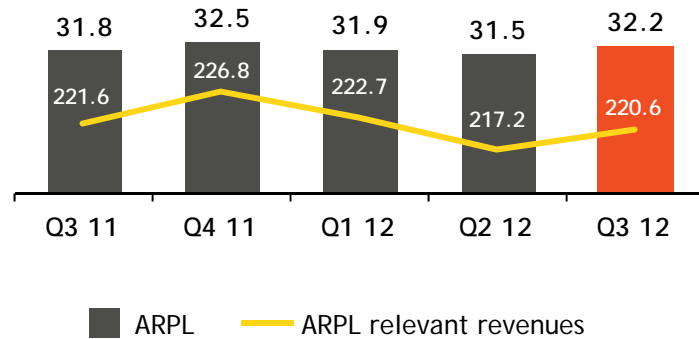
- > S&P: BBB (stable outlook)
- > Moody's: Baa1 (stable outlook)



# Segment Austria - Fixed Line Key Performance Indicators

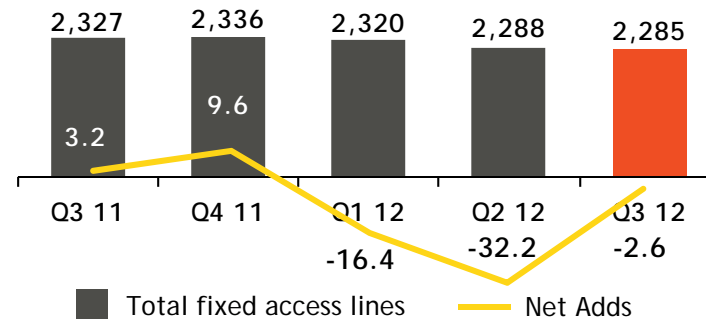
## ARPL & ARPL Relevant Revenues

(in EUR)



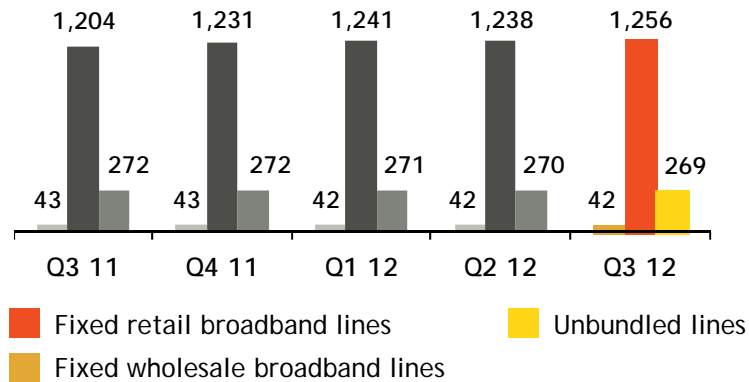
## Total Fixed Access Lines & Net Adds

(in 000)



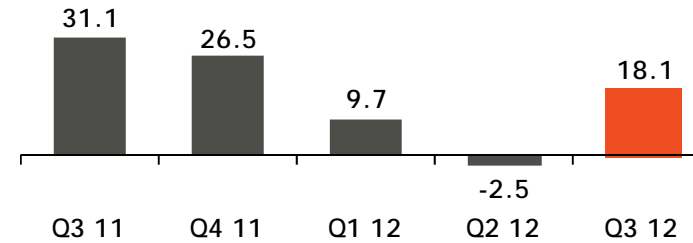
## Fixed Broadband Access Lines

(in 000)



## Fixed Broadband Net Adds incl. Wholesale

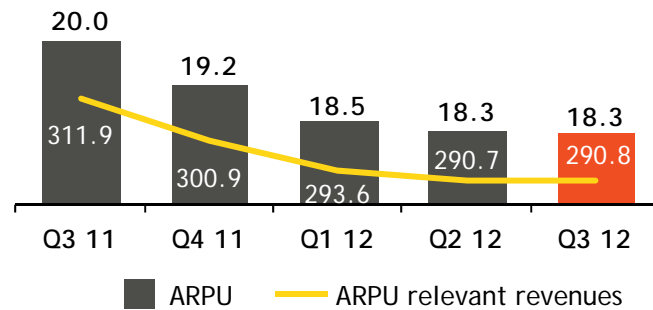
(in 000)



# Segment Austria - Mobile Key Performance Indicators

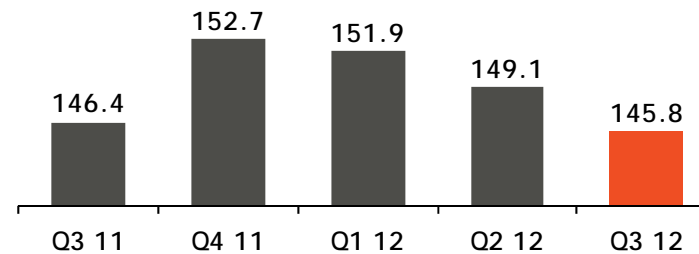
## ARPU & ARPU Relevant Revenues

(in EUR)



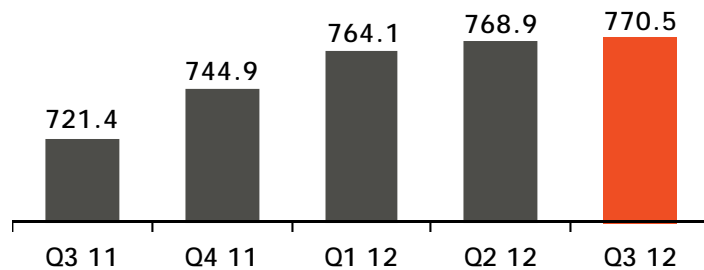
## MoU per Subscriber

(in min)



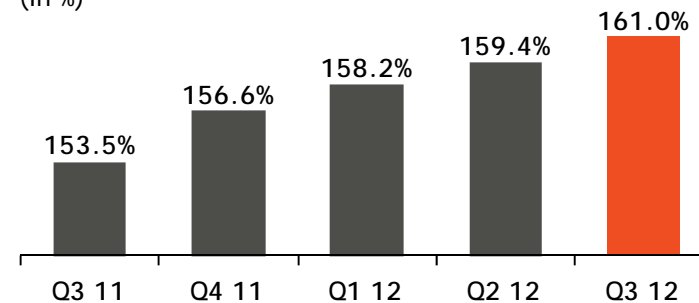
## Mobile Broadband Customers

(in 000)



## Mobile Penetration

(in %)

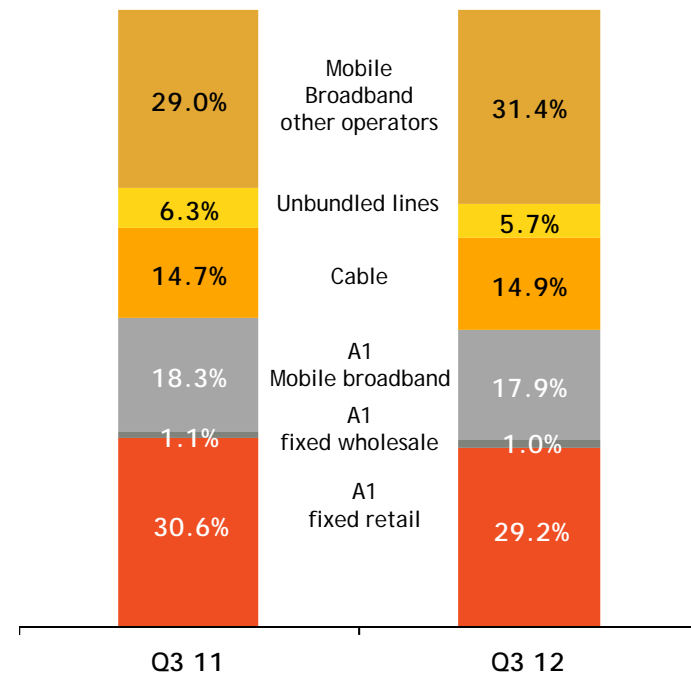




# Segment Austria - Broadband Market Split

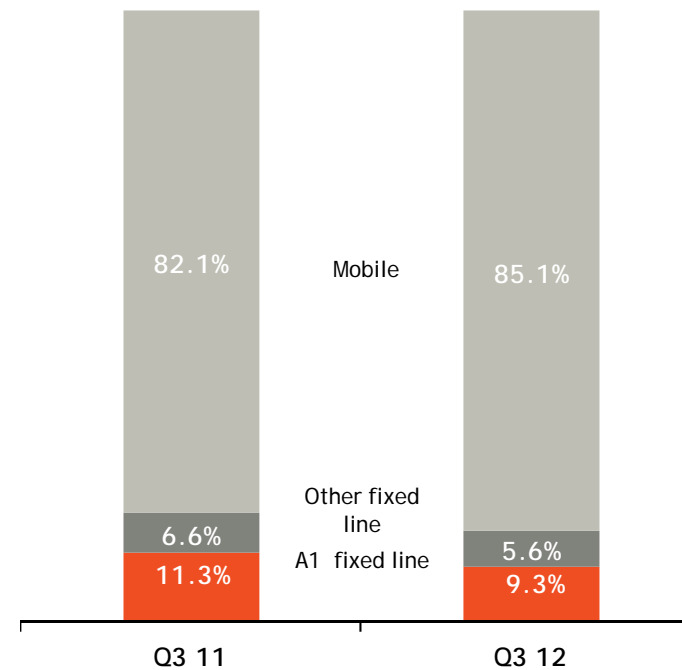
## Market Share Broadband Lines

(in %)



## Market Share Voice Minutes

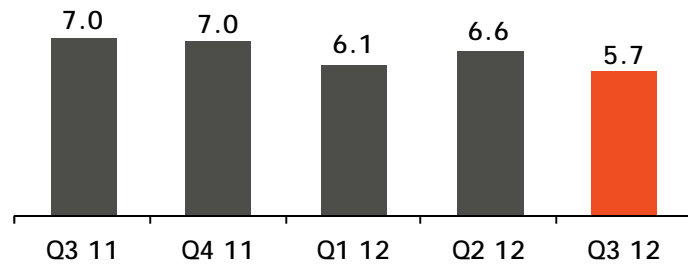
(in %)



# Segment Bulgaria - Mobile Key Performance Indicators

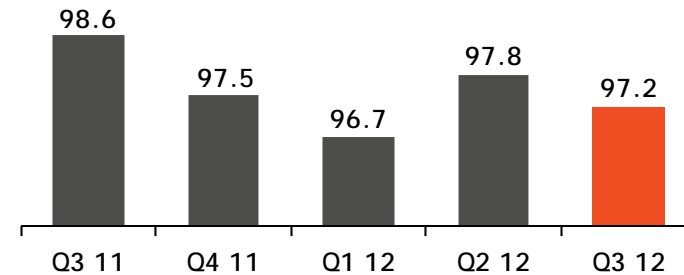
## ARPU

(in EUR)



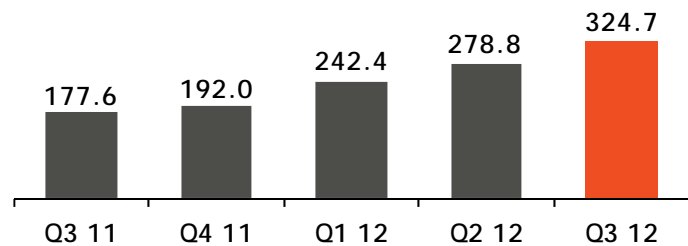
## MoU per Subscriber

(in min)



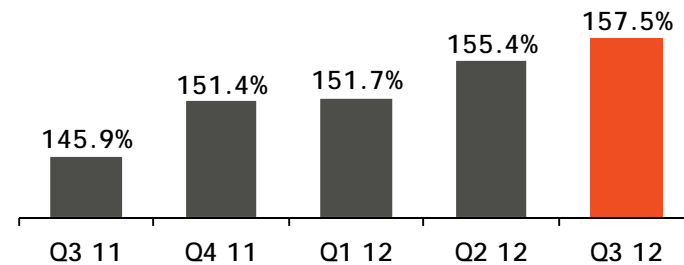
## Mobile Broadband Customers

(in 000)



## Mobile Penetration

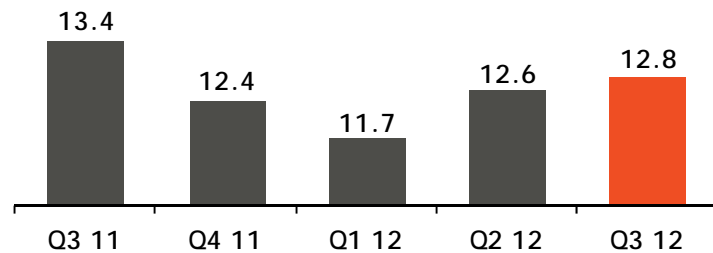
(in %)



# Segment Croatia - Mobile Key Performance Indicators

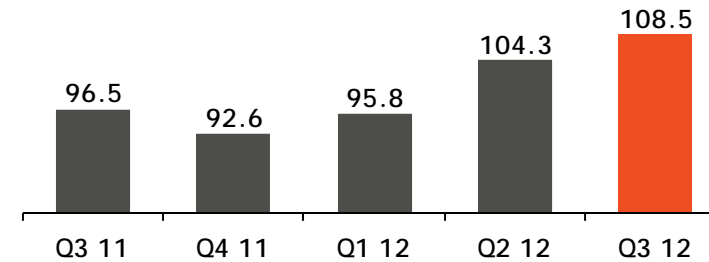
## ARPU\*

(in EUR)



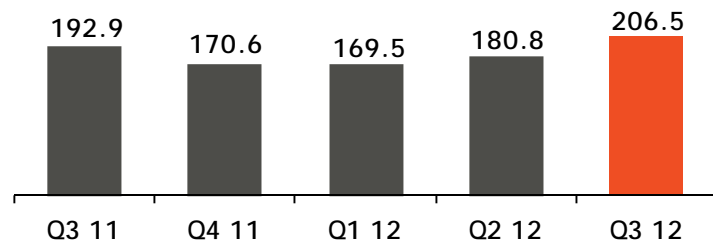
## MoU per Subscriber\*

(in min)



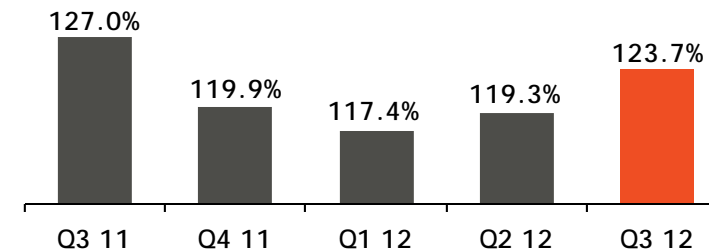
## Mobile Broadband Customers\*

(in 000)



## Mobile Penetration\*

(in %)



\* As of Q4 2011 calculation method of fixed access lines has been harmonized to Group standards and have been restated as of Q3 2011.

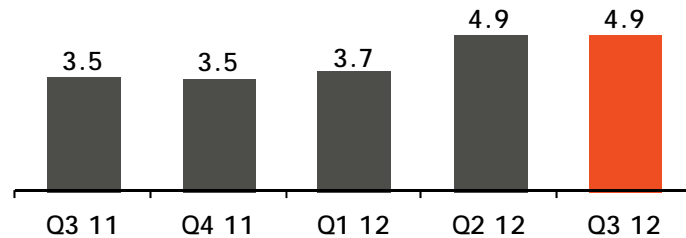
Results for the Third Quarter 2012



# Segment Belarus – Mobile Key Performance Indicators

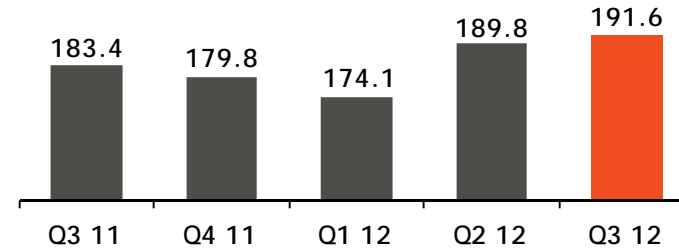
## ARPU

(in EUR)



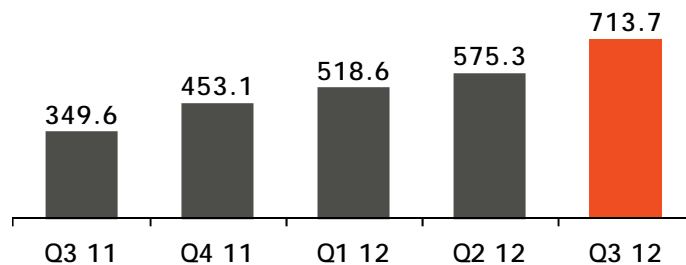
## MoU per Subscriber

(in min)



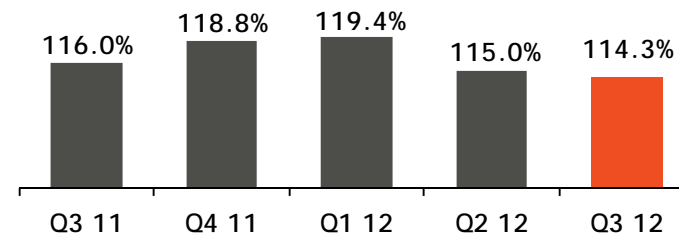
## Mobile Broadband Customers

(in 000)



## Mobile Penetration

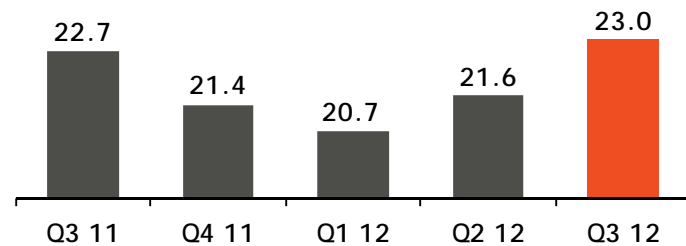
(in %)



# Segment Additional Markets - Mobile Key Performance Indicators

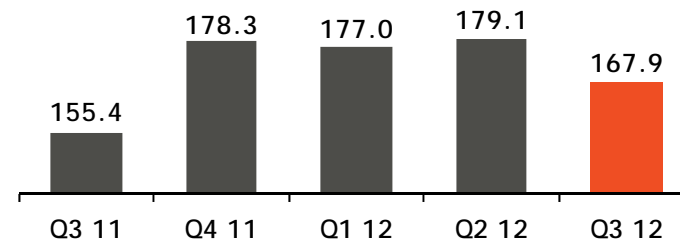
## Slovenia - ARPU

(in EUR)



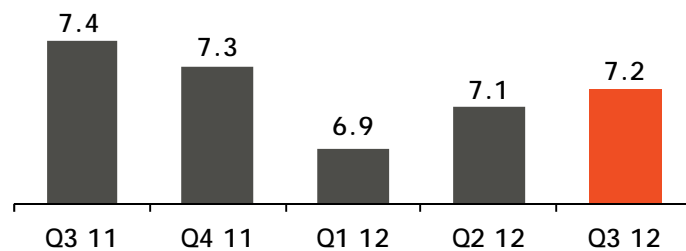
## Slovenia - MoU per Subscriber

(in min)



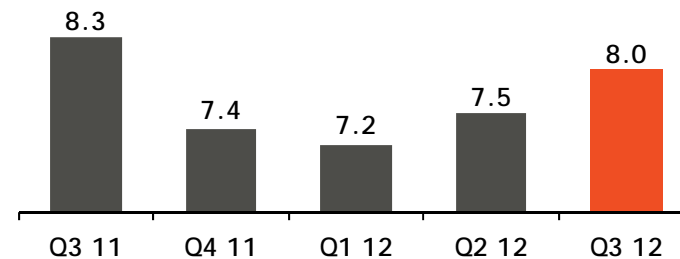
## Republic of Serbia - ARPU

(in EUR)



## Republic of Macedonia - ARPU

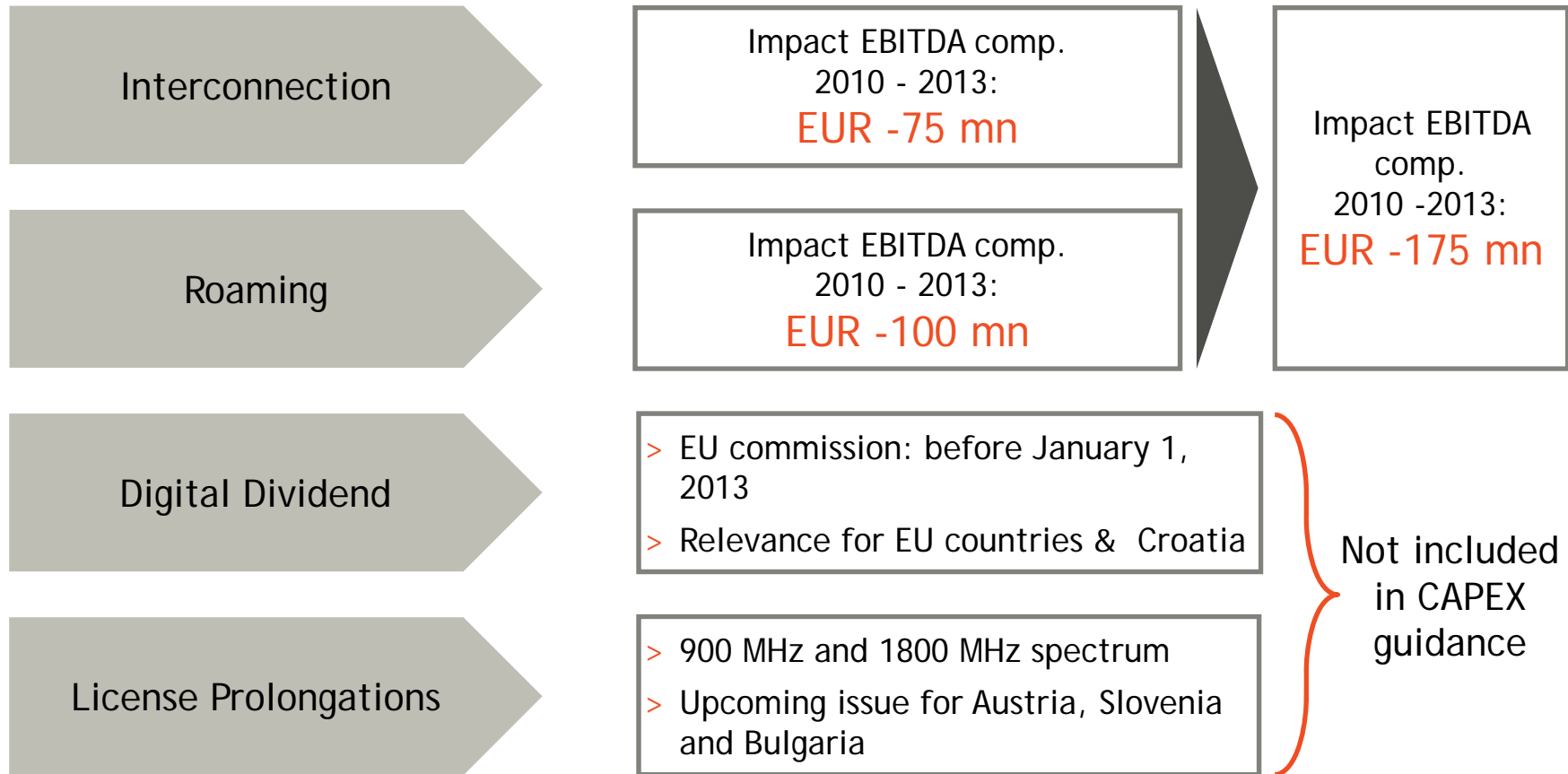
(in EUR)



# 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								2.70		2.30*
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	July 2012	July 2013	July 2014
<b>Voice</b>						
Wholesale	0.26	0.22	0.18	0.14	0.10	0.05
Retail active	0.43	0.39	0.35	0.29	0.24	0.19
Retail passive	0.19	0.15	0.11	0.08	0.07	0.05
<b>SMS</b>						
Wholesale	0.04	0.04	0.04	0.03	0.02	0.02
Retail	0.11	0.11	0.11	0.09	0.08	0.06
<b>Data</b>						
Wholesale	1.00	0.80	0.50	0.25	0.15	0.05
Retail	-	-	-	0.70	0.45	0.20

# Appendix 3 – Personnel Restructuring in Austria

# Overview - Restructuring Charges and Provision vs. FTE

## Overview Restructuring Charges

(in EUR million)

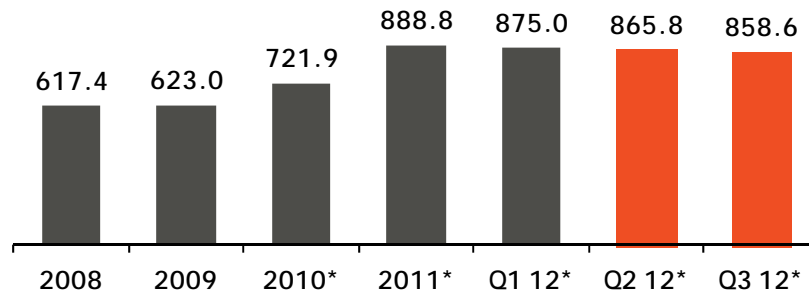
	2008	2009	2010	2011	Q1 12	Q2 12	Q3 12
FTE Effect	632.1	-10.0	76.9	233.7	4.4	6.6	10.6
Interest rate adjustments	0.0	27.5	47.2	0.0	0.0	0.0	0.0
<b>Total</b>	<b>632.1</b>	<b>17.5</b>	<b>124.1</b>	<b>233.7</b>	<b>4.4</b>	<b>6.6</b>	<b>10.6</b>

## FTEs Addressed

	2008	2009	2010	2011	Q1 12	Q2 12	Q3 12
Transfer to government	0	0	158	106	9	18	3
Social plans	256	451	28	685	0	0	17
Staff released from work	968	-194	27	0	0	0	0
<b>Total</b>	<b>1,224</b>	<b>257</b>	<b>213</b>	<b>791</b>	<b>9</b>	<b>18</b>	<b>20</b>

## Overview Restructuring Provision

(in EUR million)



\* Including liabilities for transfer of civil servants to government bodies

## Provisioned FTEs

	2008	2009	2010	2011	Q1 12	Q2 12	Q3 12
Transfer to government	0	0	158	264	273	291	294
Social plans	14	273	299	922	916	908	973
Staff released from work	968	789	763	649	644	634	563
<b>Total</b>	<b>982</b>	<b>1,062</b>	<b>1,220</b>	<b>1,835</b>	<b>1,833</b>	<b>1,833</b>	<b>1,830</b>

# Overview – Cash Flow Impact of Restructuring

## Overview Cash Flow Impact

(in EUR million)

	<u>Total cash flow impact</u>
2008	14.7
2009	62.0
2010	57.9
2011	89.0
Q1 2012	24.3
Q2 2012	21.5
Q3 2012	23.1

- > 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

