

Vienna
29 May 2013

*Annual General
Meeting 2013*

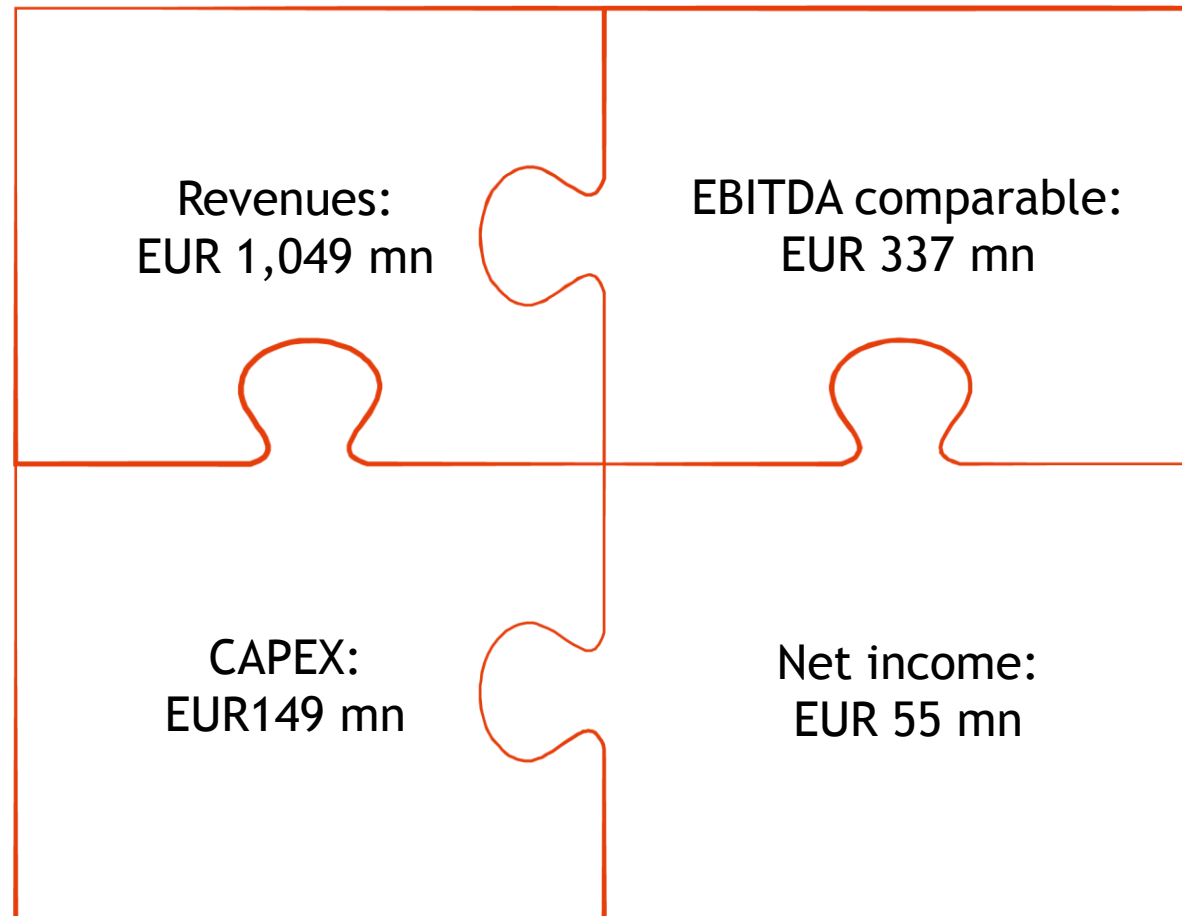
Agenda

- | | |
|----|---|
| 01 | Report on the fiscal year 2012 |
| 02 | Utilisation of net profit |
| 03 | Discharge of the members of the Management Board |
| 04 | Discharge of the members of the Supervisory Board |
| 05 | Compensation for the members of the Supervisory Board |

Agenda

- | | |
|----|---|
| 06 | Election of the auditors of the financial statements and of the consolidated financial statements for the fiscal year 2013 |
| 07 | Elections to the Supervisory Board |
| 08 | Management report on share buyback, number of treasury shares held and use of treasury shares |
| 09 | Prolongation of authorization of the Management Board to share buyback and the authorization of use in this regard, as well as with entitlement to exclude the general purchase opportunity |
| 10 | Resolution on the amendment of the Articles of Association for adaptation according to the Company Law Amendment Act 2011 (Gesellschaftsrechtsänderungsgesetz 2011) |

First Quarter 2013: A Good Start.



First Quarter 2013: A Good Start.

Mobile customers:
+5.8%



Access lines:
+0.5%



*Report on the
Financial Year 2012*

Overview

Overview **1**

Group Strategy **2**

Austria **3**

International
Segments **4**

Key Finance
Indicators **5**

Finance
Strategy **6**

Share Price Performance
& Shareholder Structure **7**

Outlook 2013 **8**

Compliance **9**



ROUGH
TIMES

A black and white photograph of a cracked, textured surface, possibly a rock or concrete, with the text "PRICE EROSION" overlaid in white serif font. The background shows a complex network of cracks and a rough, uneven texture, suggesting erosion or weathering. The text is centered horizontally and vertically.

PRICE EROSION

A black and white photograph of cracked, dry earth, symbolizing intense competition. The cracks are irregular and form a complex, interconnected pattern across the entire frame. The lighting creates shadows in the cracks, emphasizing their depth and texture. The overall tone is somber and stark.

HOT COMPETITION



REGULATORY LANDSLIDE



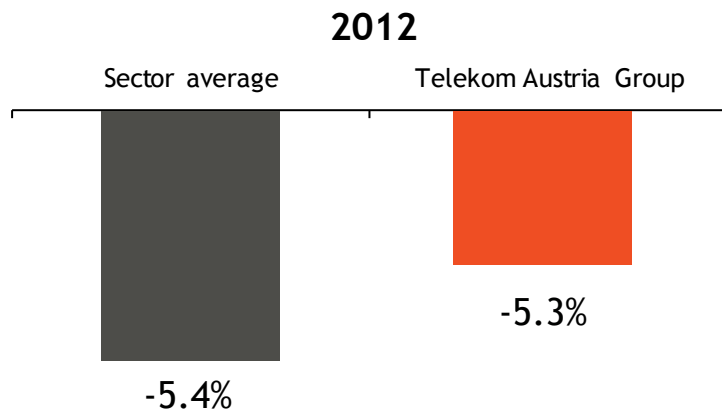
LOW
MACROECONOMIC
VISIBILITY



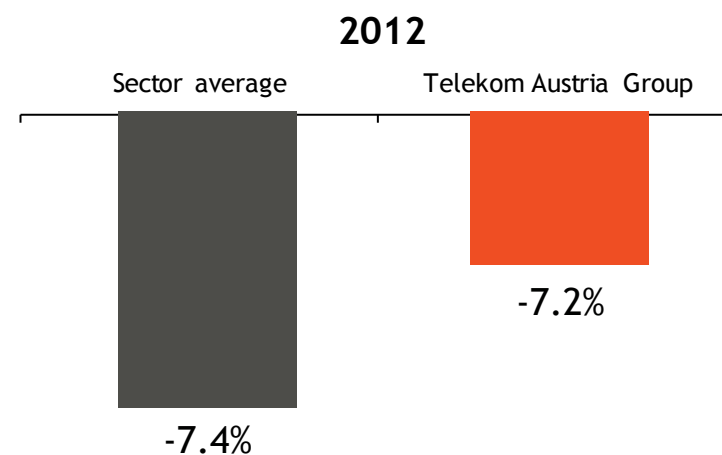
PRECARIOUS
CAPITAL MARKETS

Results of Domestic Business in Line with Sector Trends

Development of Revenues* (year-on-year change in %)



Development of EBITDA Comparable* (year-on-year change in %)



No comparable competitor posted an increase in results in its domestic market in 2012

Overview

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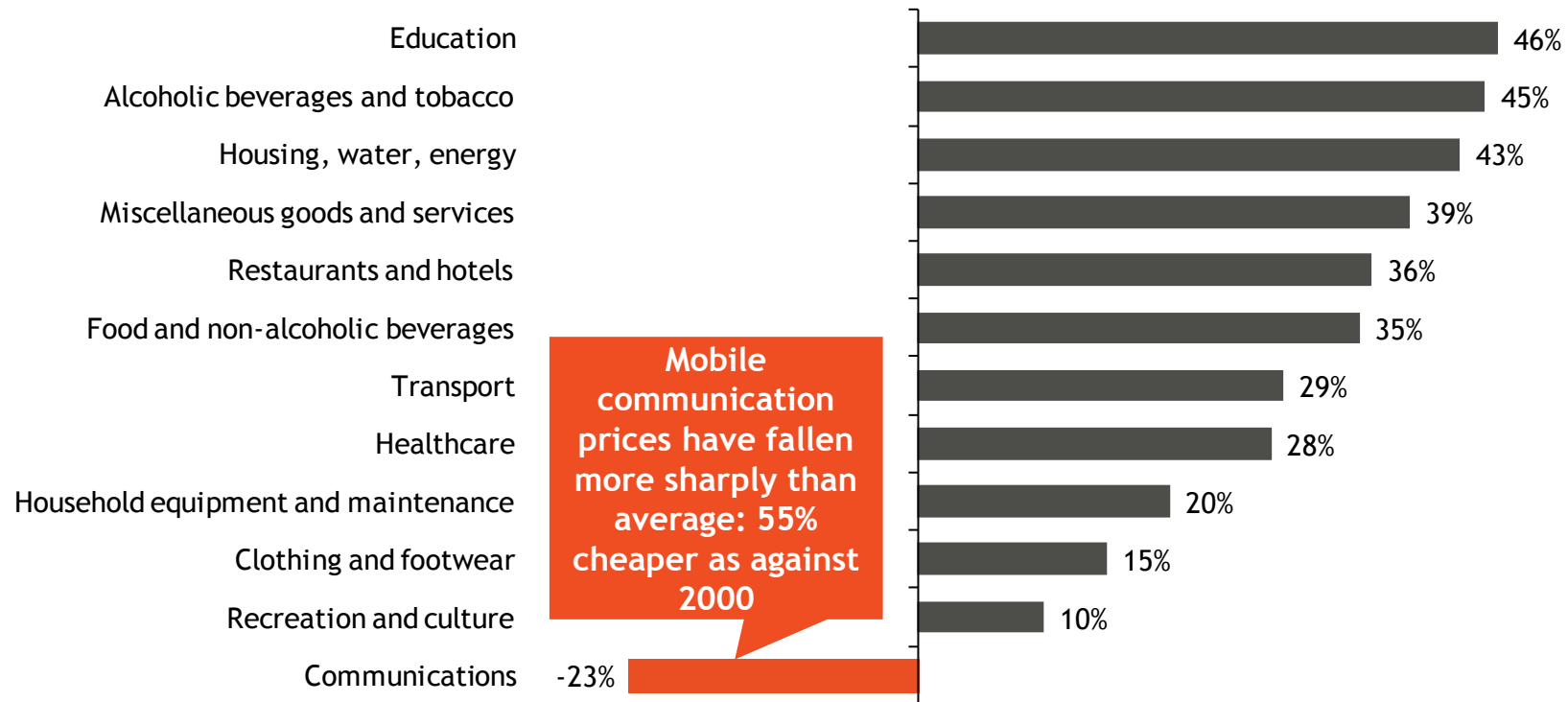
9

* Results from national business only

Telecommunications is the Only Basket of Goods that Has Declined in Value Since 2000

Basket of Goods Analysis Austria

(CPI change against 2000 - main categories, annual average)



Overview

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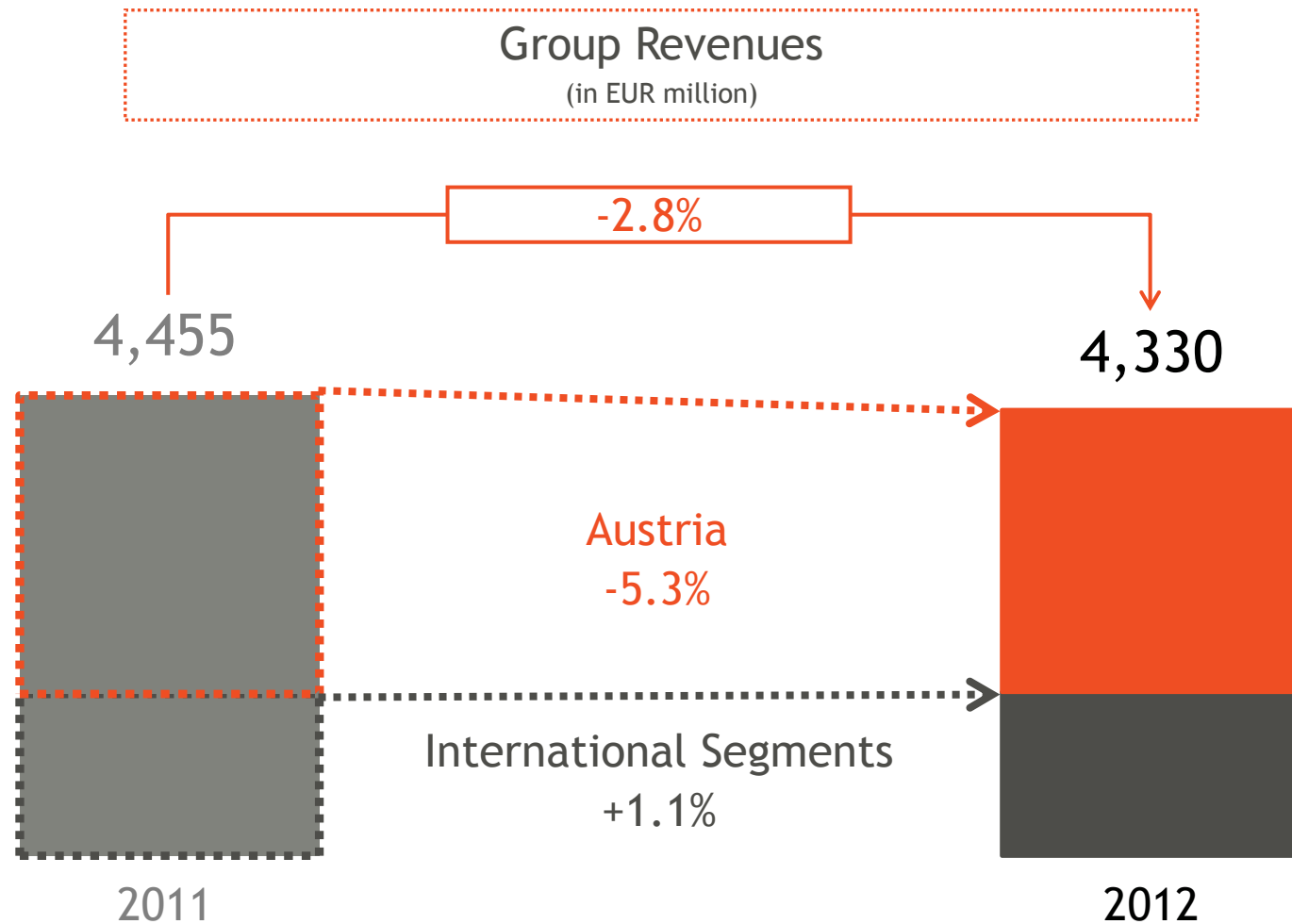
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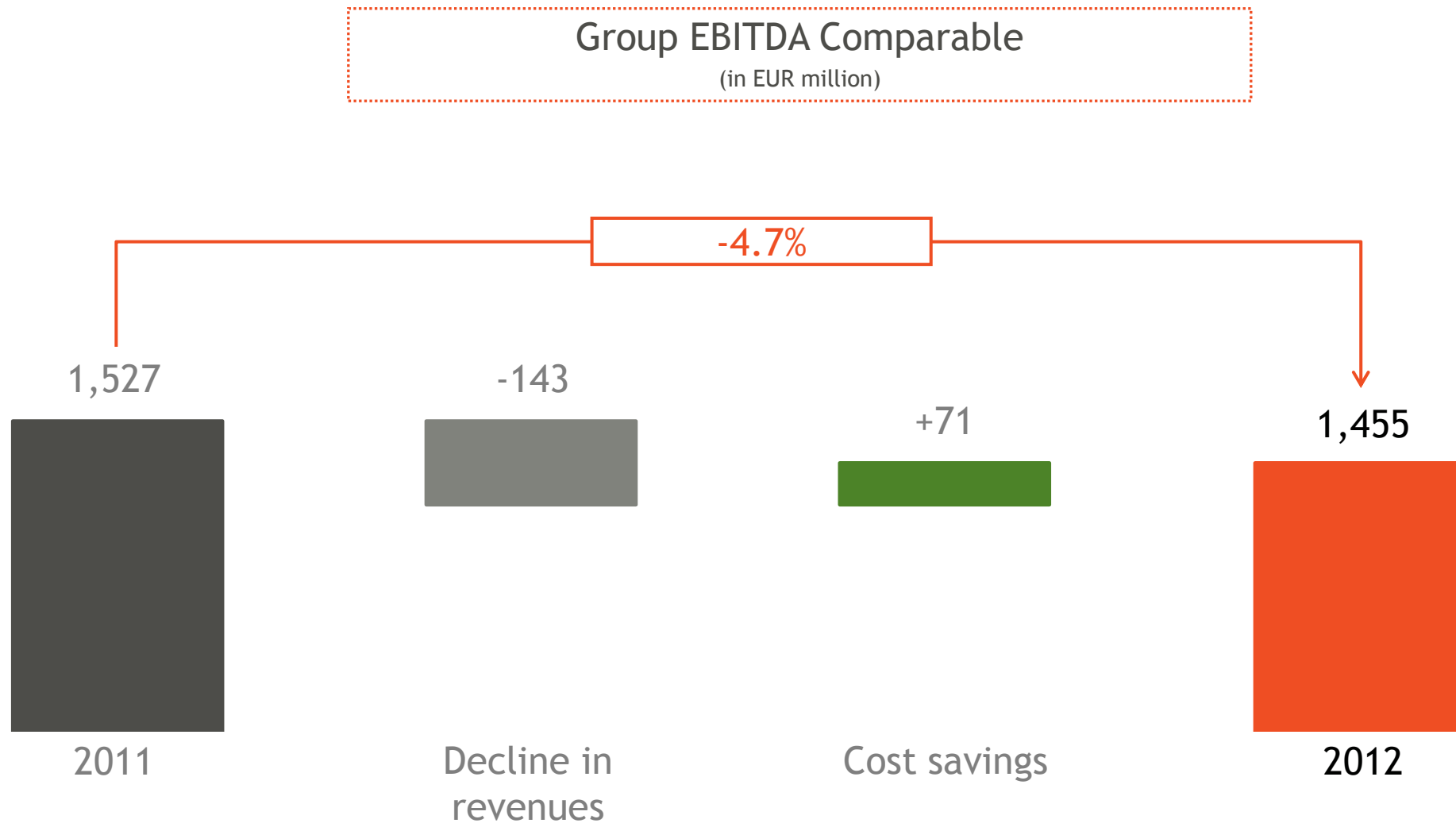
Decline in Revenues in Austria, International Segments Report Modest Growth



Overview

- 1
- 2
- 3
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- 7
- 8
- 9

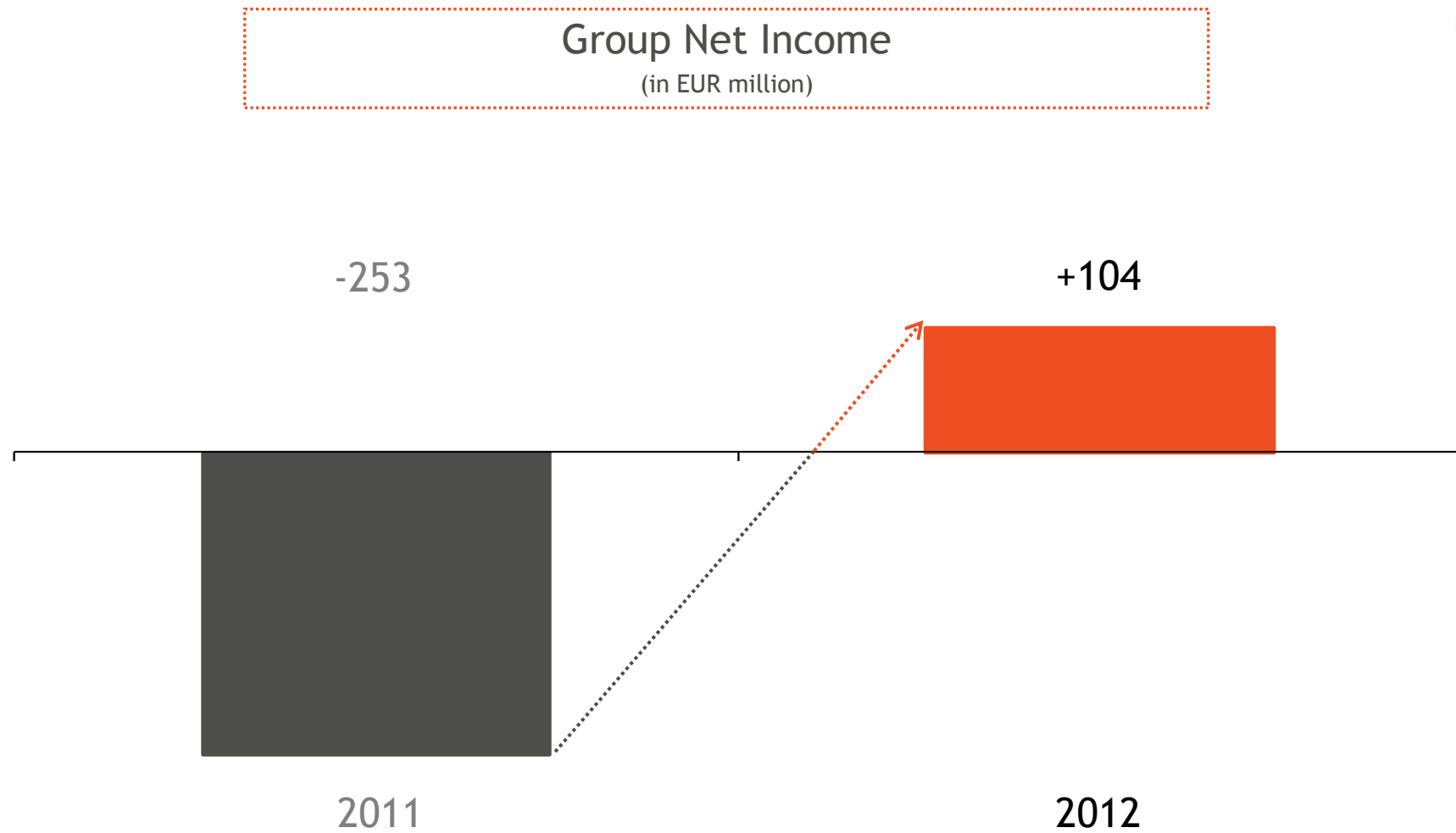
Cost Savings of EUR 71 Million Partly Dampen Decline in EBITDA Comparable



Overview



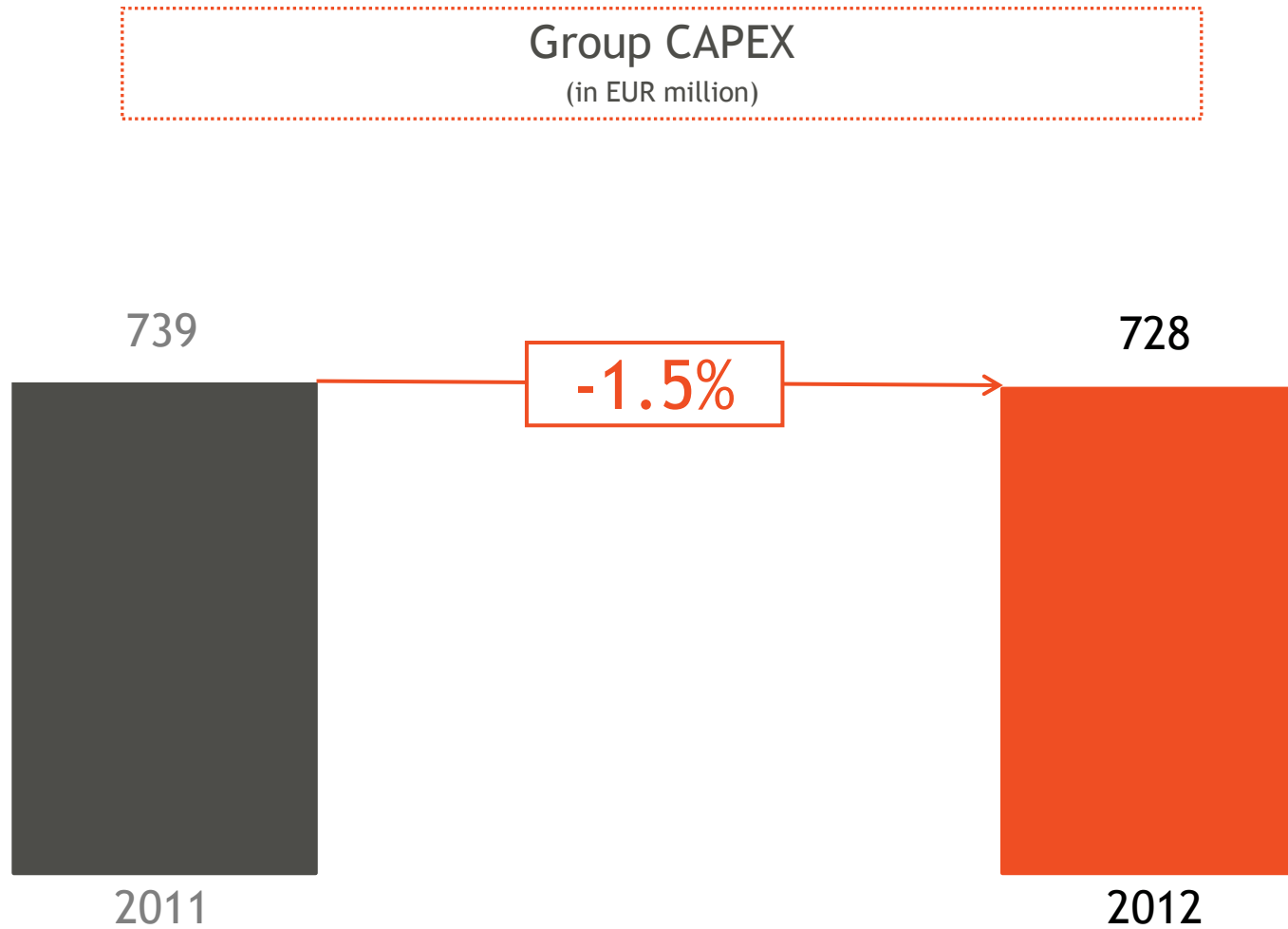
Solid Net Income in 2012



Overview



CAPEX Efficiency Protects Cash Flow



Overview



Mobile Customer Base Increases by 3.1%



4.8 mn
+3.9%



1.9 mn
-4.8%



5.4 mn
+2.1%



5.6 mn
+1.3%



3.2 mn
+10.7%

Overview



Access Lines Remain Stable at 2.6 Million



2.3 mn
-2.3%



156,400
+21.5%



163,000
+13.5%

Overview

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9

Telekom Austria Group: A Key Player for Austria

Employer



9,077 employees
in Austria

Infrastructure



EUR 448 million
Investments in
Austrian infrastructure

Stock



Top 5 in ATX

Suppliers



Purchasing volume in
Austria of EUR 865 million
to 3,250 Austrian suppliers

State



EUR 695 million taxes and dues inter alia
including payroll taxes and social security
contributions
VAT of EUR 617 million generated by A1
products

Overview

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Employees - The Company's Capital

Telekom Austria Group

- > 16,446 employees, thereof 7,205 outside of Austria
- > EUR 10 million for training

- > 1,850 participants in 112 courses

TELEKOM
AUSTRIA
GROUP *Business
School*

- > Survey for all employees
- > Numerous measures implemented at each subsidiary



A1

- > Successful apprenticeship training: 62 apprenticeships completed
- > 227 apprentices in technical and commercial professions



- > Employment and career optimisation
- > 308 transfers to government



Overview

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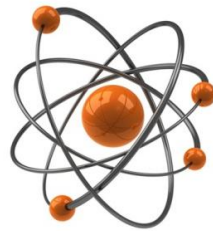
Group Strategy



Telekom Austria Group Strategy

01

*Optimization of
Core Business*



02

Convergence



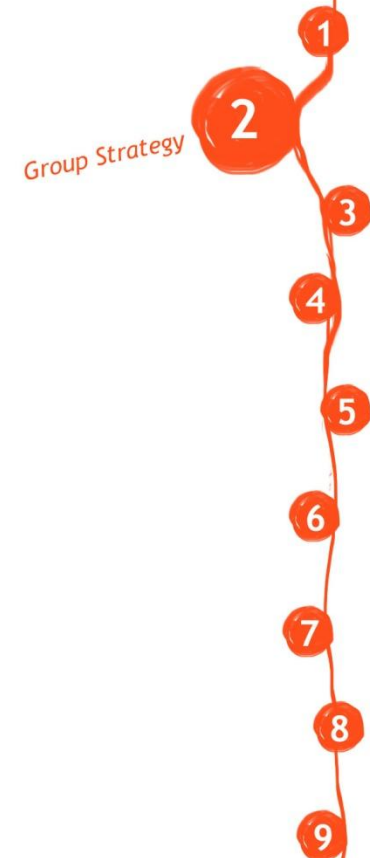
03

*Operational
Excellence*

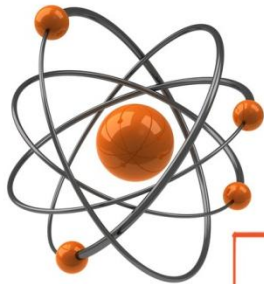


04

*Strategic
Opportunities*



01 Halt Revenue Erosion in Mature Mobile Markets



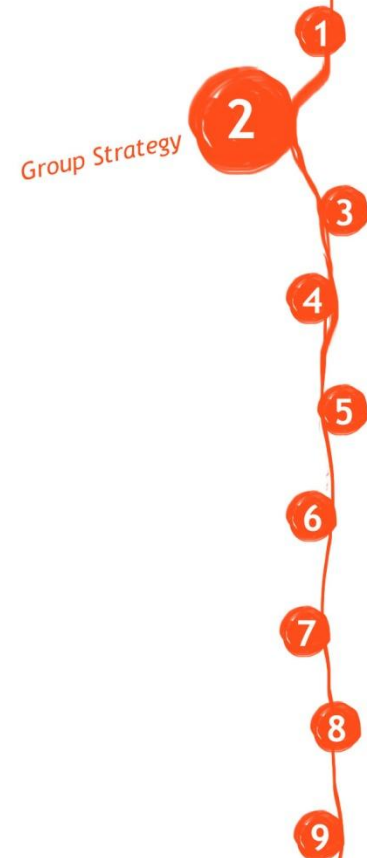
Subsidy policy review

Focus on revenue market share and profitability

Optimization of low-end segment

Protection of customer base

- ✓ Focus on high value customers
- ✓ Acquisition and retention measures



01 Continuing Growth in Mobile Only Markets

Focus on mobile-only strategy

Growth to achieve sustainable market positions

- ✓ Mobile data and smartphones
- ✓ Postpaid growth
- ✓ Optimisation of pricing policy

Exploiting synergies

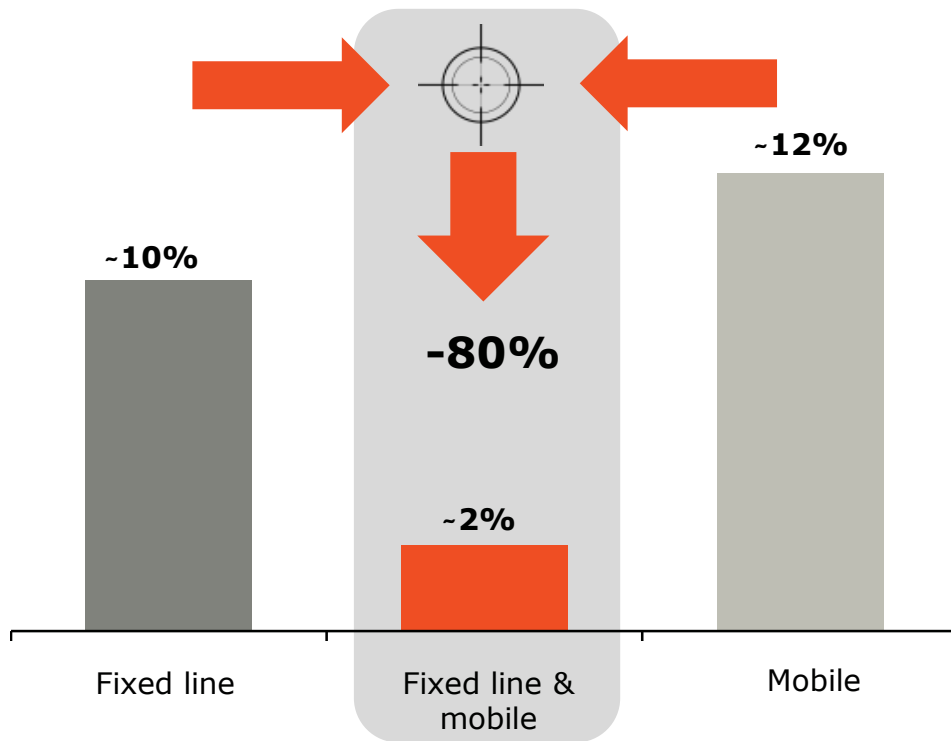
- ✓ Know-how transfer



02 Convergence Drives Demand and Reduces Churn

Single- vs. Multi-Play Churn

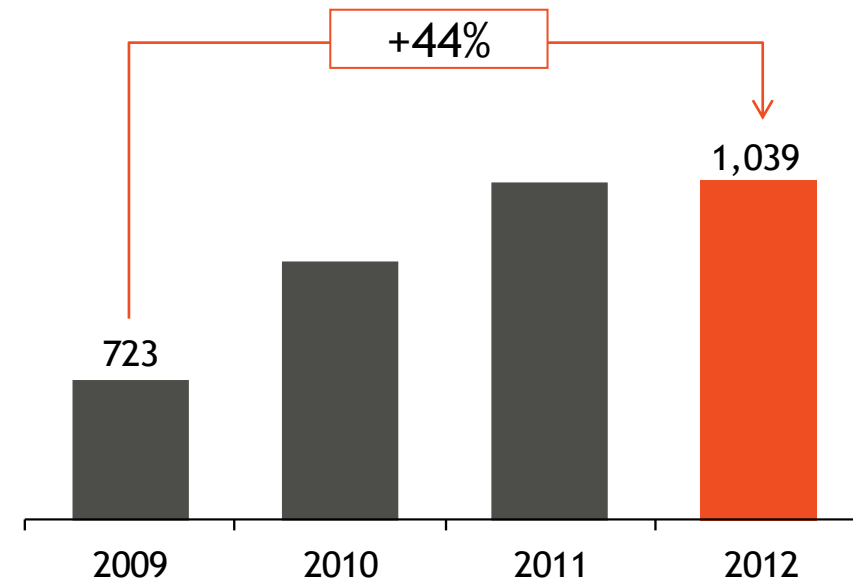
(in %)



Lower churn

Product Bundles

(in 000)



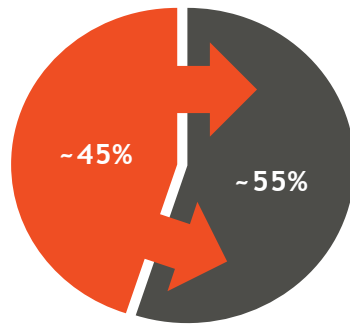
+44%

Group Strategy



02 Push Multi-Play for Added Value

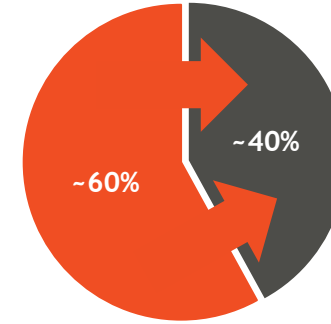
Bundles in % of Total Fixed Lines



Austria



Bulgaria

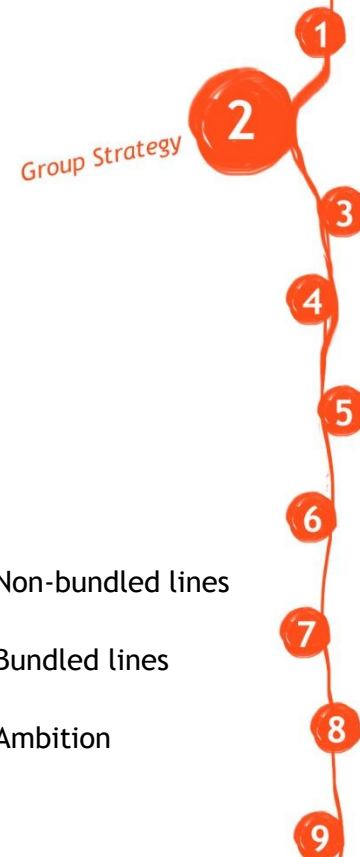


Croatia



- Non-bundled lines
- Bundled lines
- ↑ Ambition

Bundle penetration and demand are growing in all of Telekom Austria Group's convergent markets



03 High Cost Efficiency: EUR 100* mn Gross Cost Savings in 2012

Sales & Customer Service

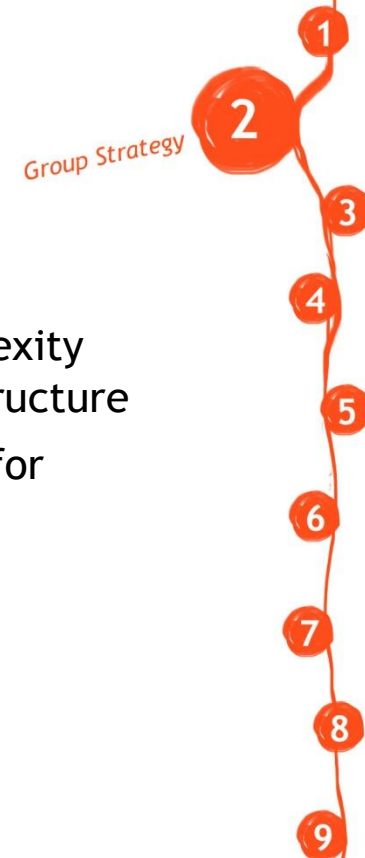
- ✓ Improve e-bill ratio to further decrease billing costs
- ✓ Increase rate of forum and crowd sourcing
- ✓ Review shop concept and savings on shop rental fees
- ✓ FTE and employee cost optimization

Administration

- ✓ Reduction of travel expenses
- ✓ Review of internal and external events

IT

- ✓ Reduction of complexity of product/tariff structure
- ✓ Reducing expenses for external IT support



04 Acquisition of YESSS!

YESSS!

✓ A1 total market share of 44%

Base stations

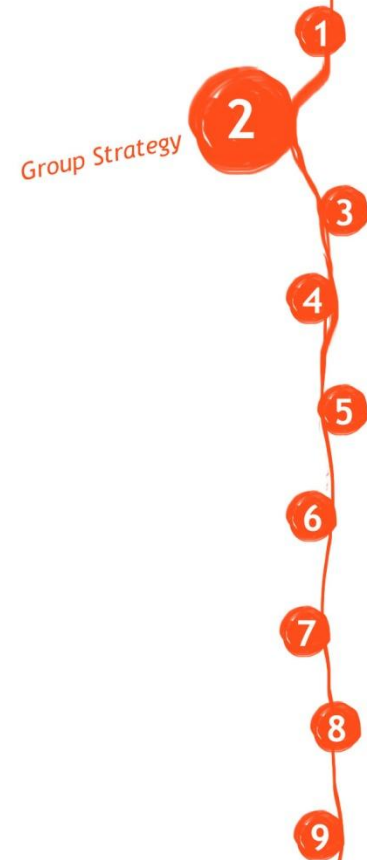
✓ Improvement in network coverage

Frequencies

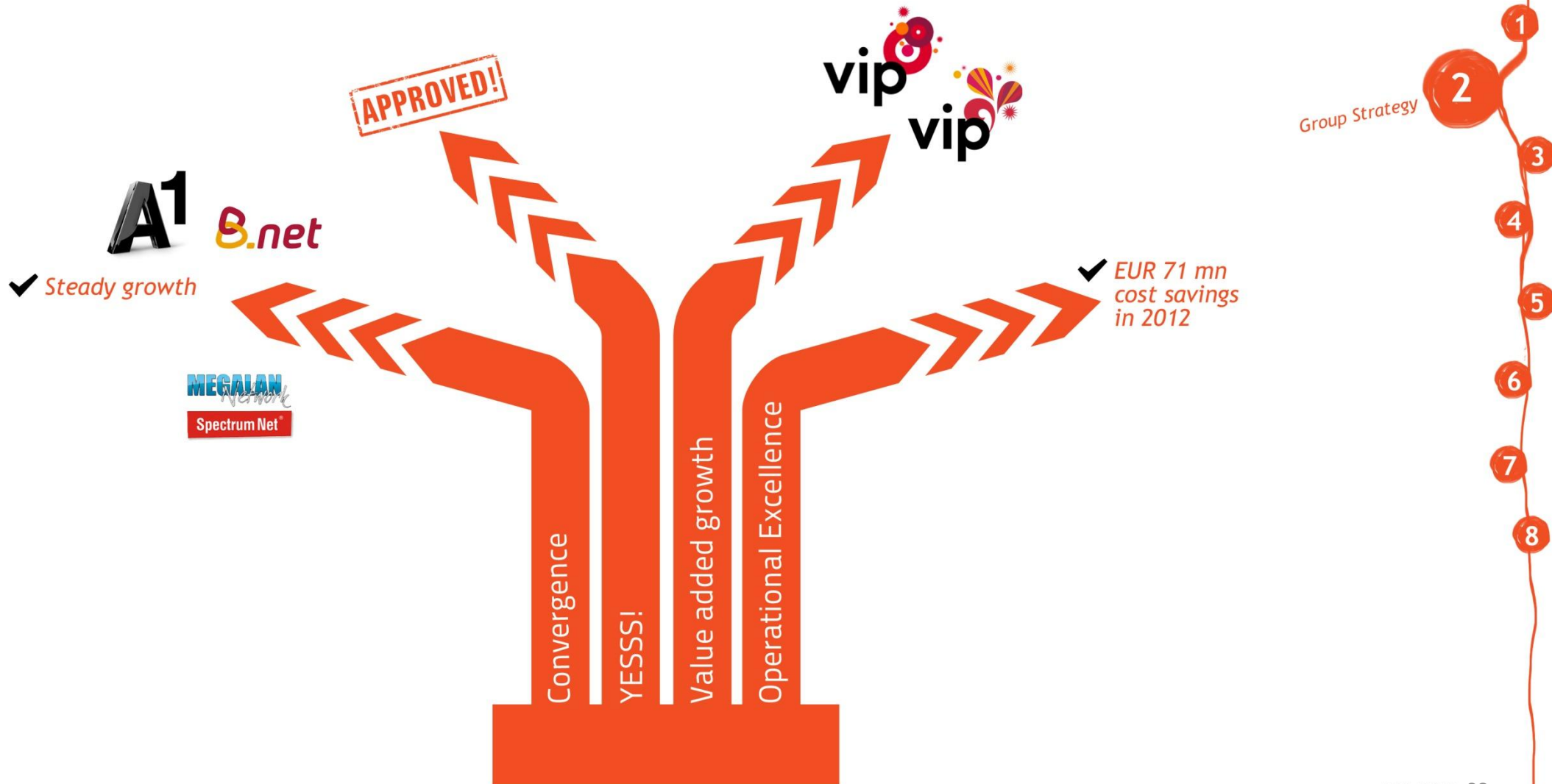
✓ Improvement in network quality

IP rights „One“

✓ Strong brand value



Successful Implementation of Telekom Austria Group's Strategy



Austria



Environment Remains Challenging



- ✓ Continued growth of the convergent customer base
- ✓ Cost savings and restructuring programmes



- ✓ Stabilisation of fixed line business



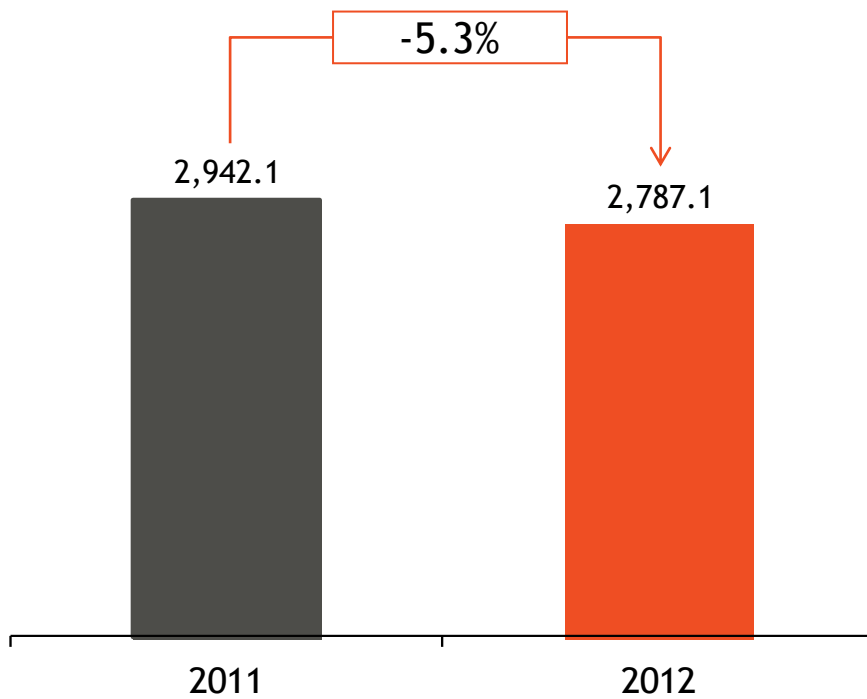
- ✓ Intense competition leads to pricing pressure and decline in revenues in mobile business
- ✓ 16% of decline in revenues due to regulation
- ✓ Rigid cost structure



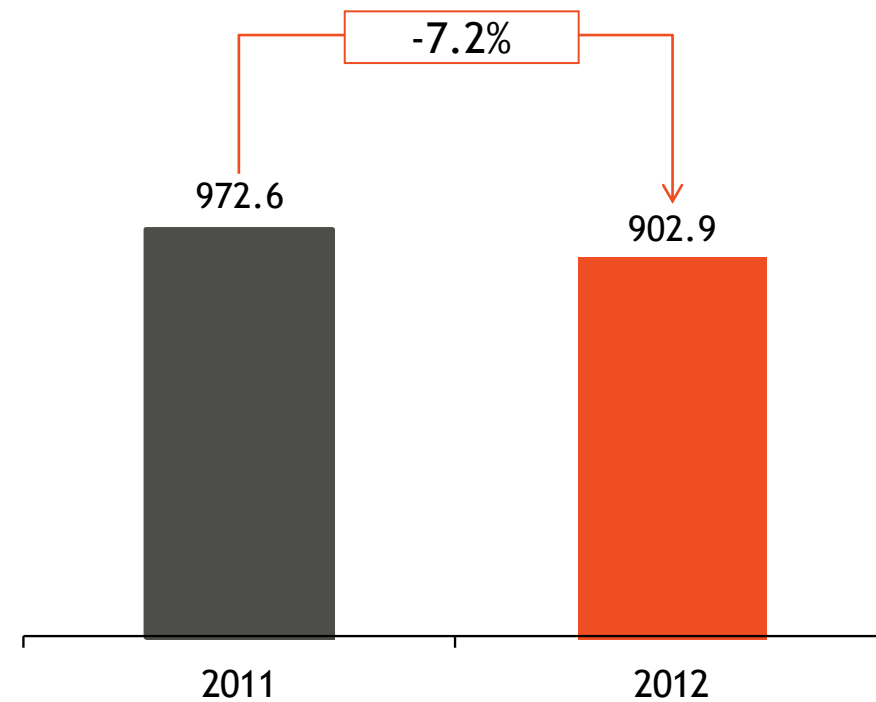
Intense Competition and Regulation Impact Results



Revenues
(in EUR million)



EBITDA Comparable
(in EUR million)

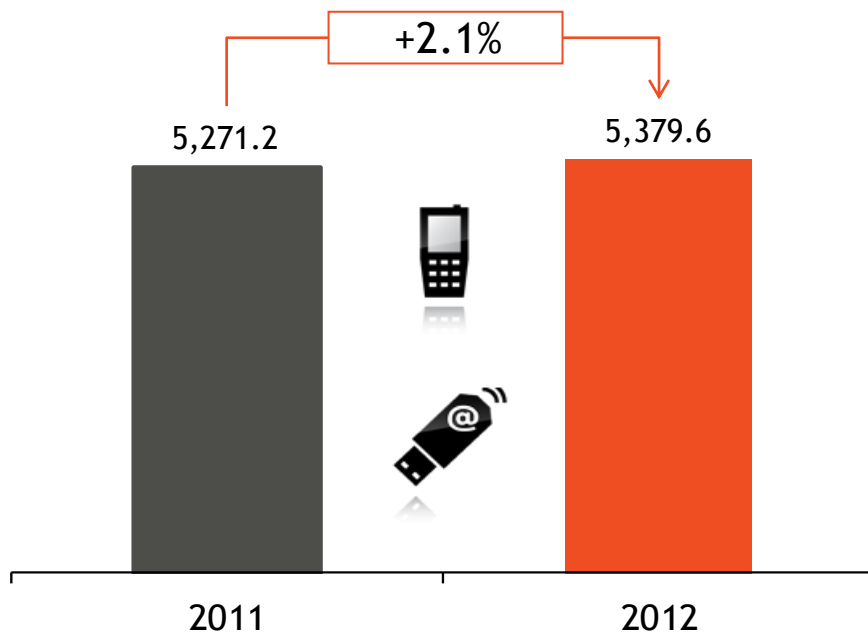


Increase in Mobile Customers and Stabilisation in Fixed Access Lines



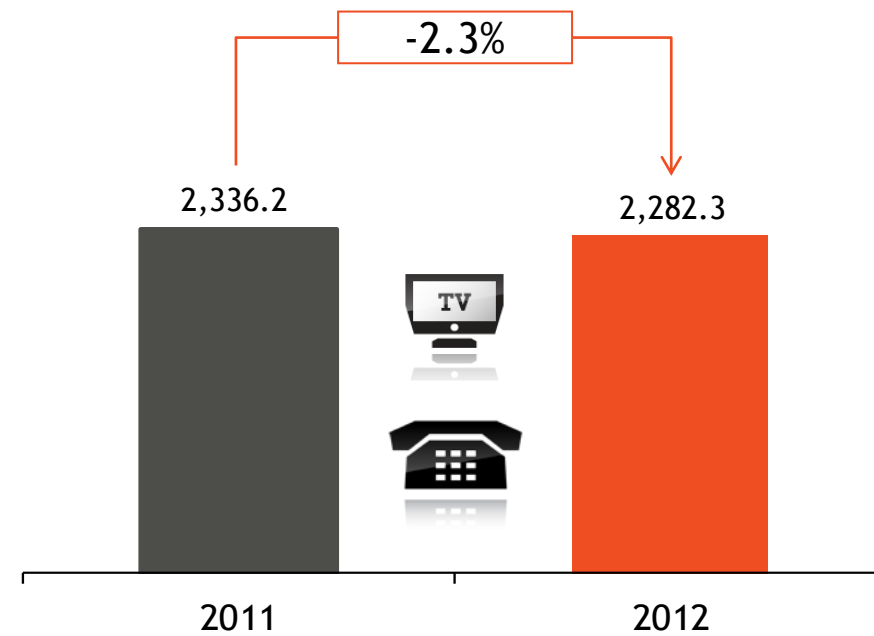
Mobile Customers

(in 000, in EUR)



Fixed Access Lines

(in 000, in EUR)



4,000 Employees Ensure Top-Quality A1 Service for our Customers



A1 shops

6 million customer visits per year



E-mail

500,000 e-mails processed per year



Service hotline*

10 million incoming calls per year



Field service*

1 million house visits

*1,165 service hotline employees (FTE)

*1,400 field service employees (FTE)



We are there for you
365 days a year.

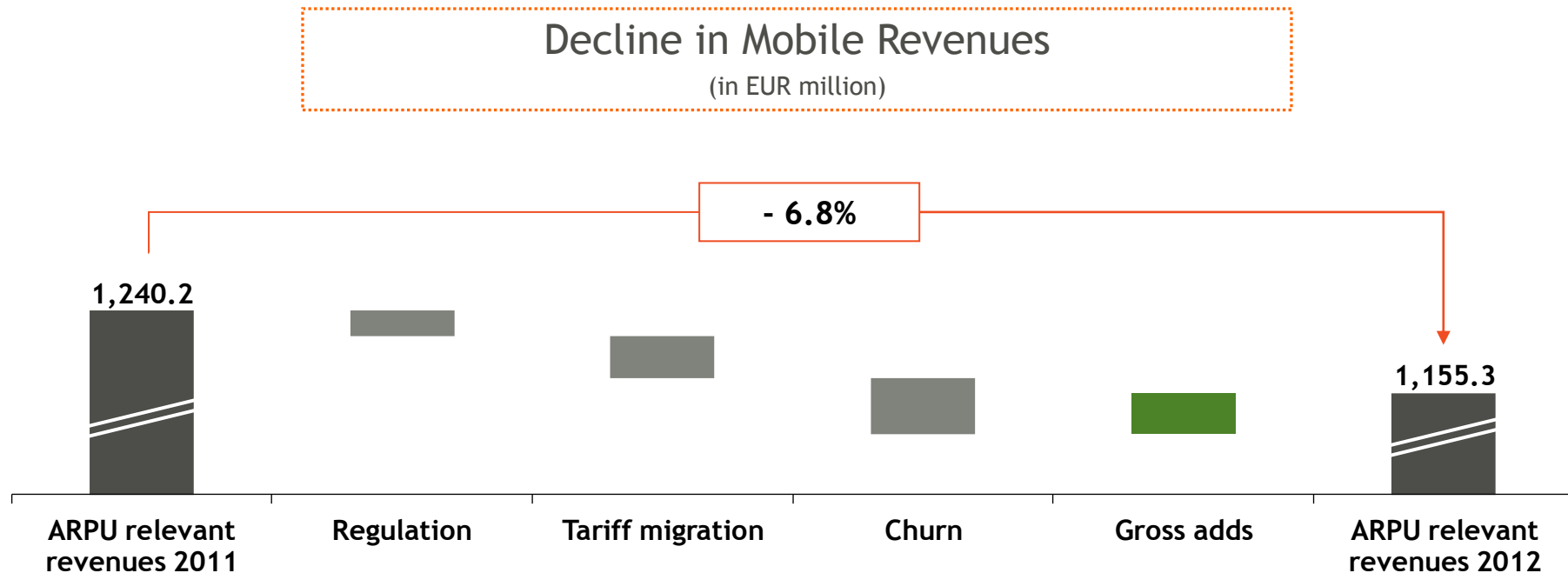


**MOBILE BUSINESS UNDER
PRESSURE**

**FIXED LINE BUSINESS
STABILISED**



Mobile: Price Erosion Leads to Decline in Revenues Due to Churn and Tariff Migration



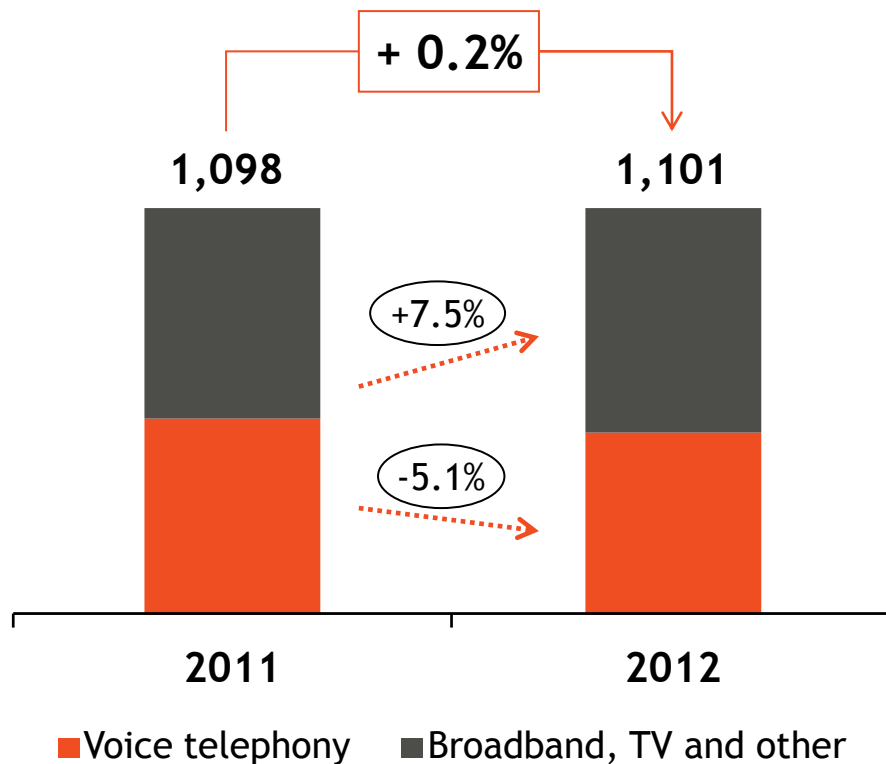
Challenges in Mobile Business:

- ✓ Regulatory cuts of roaming and interconnection rates
- ✓ Intense competition
- ✓ Tariff migration mainly at A1 brand

Revenue Growth in Fixed Line Business

Fixed Service Revenues

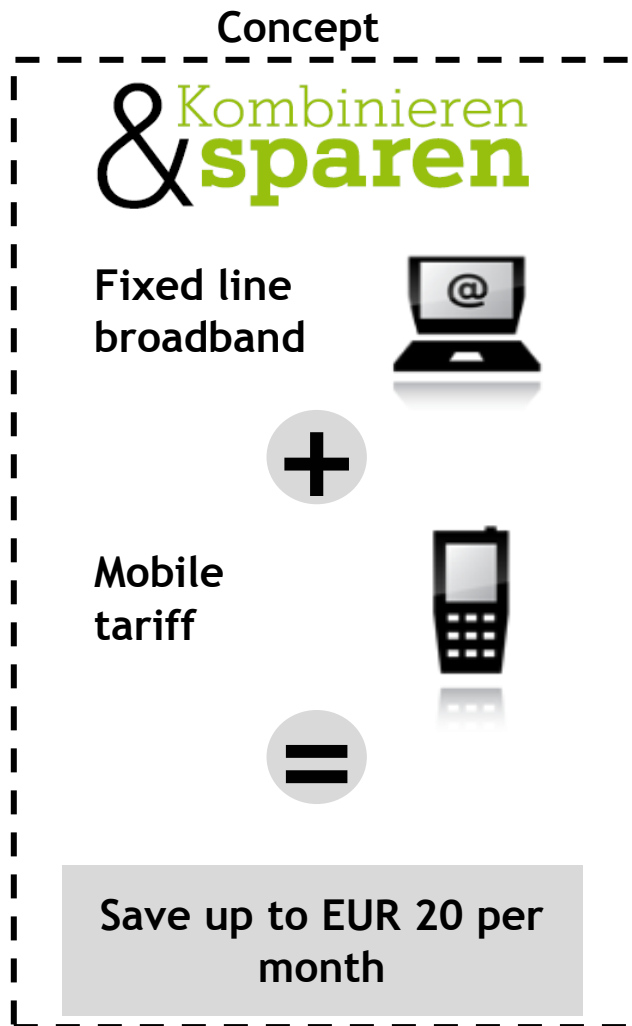
(in EUR million)



- ✓ Fixed line broadband, IP TV and business solutions drive stabilisation in revenues
- ✓ Migration of voice minutes from fixed line to mobile continues: down 10.1% in 2012



New Tariff Model Highlights Focus on Convergence: “Kombinieren & Sparen”

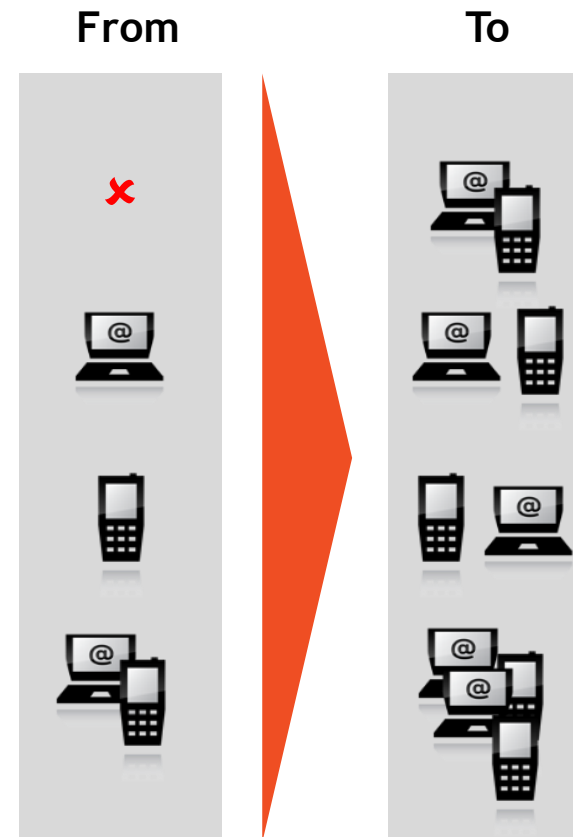


New customer

Fixed line only

Mobile only

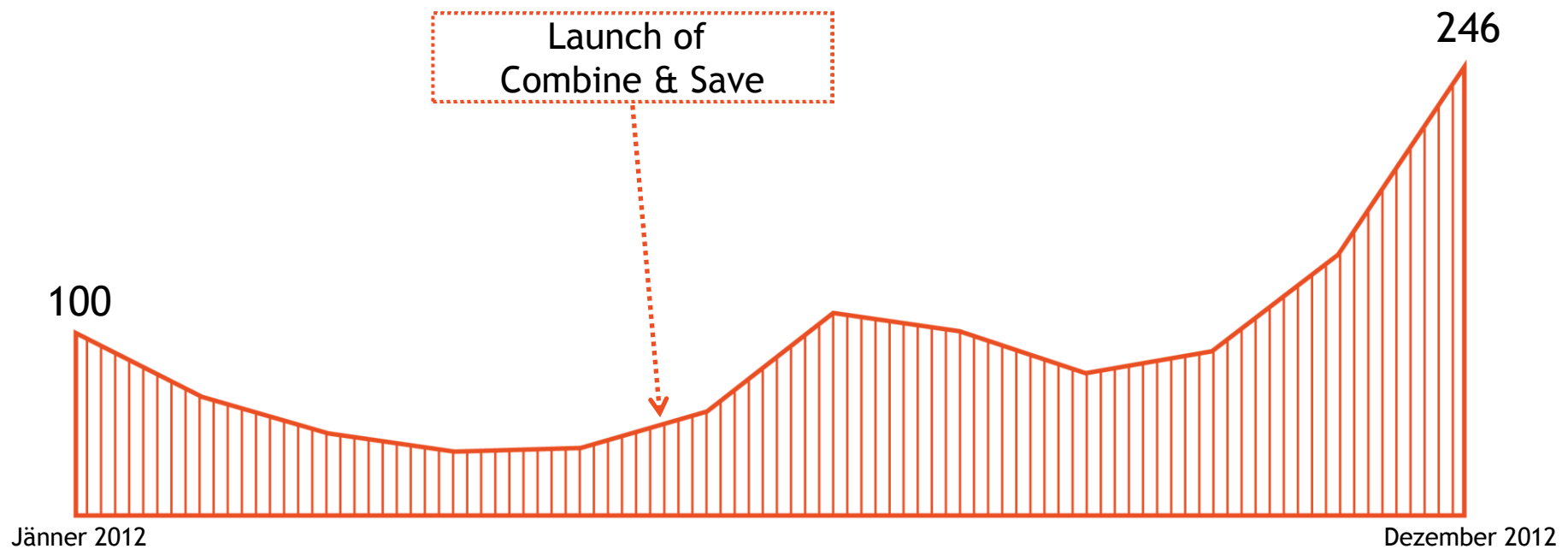
Convergent customer



Strong Customer Trends Since Start of “Kombinieren & Sparen”






Net Adds in Mobile Business in 2012

(indexed at 100)



New TV Platform Ensures Growth in TV Business



-  Outstanding user friendliness
-  More than 180 channels
-  Integrated recorder
-  2,000 movies and series in the A1 Videothek
-  Largest HD portfolio

218,800 customers in 2012: 10.2% growth



FOCUS ON NETWORK QUALITY

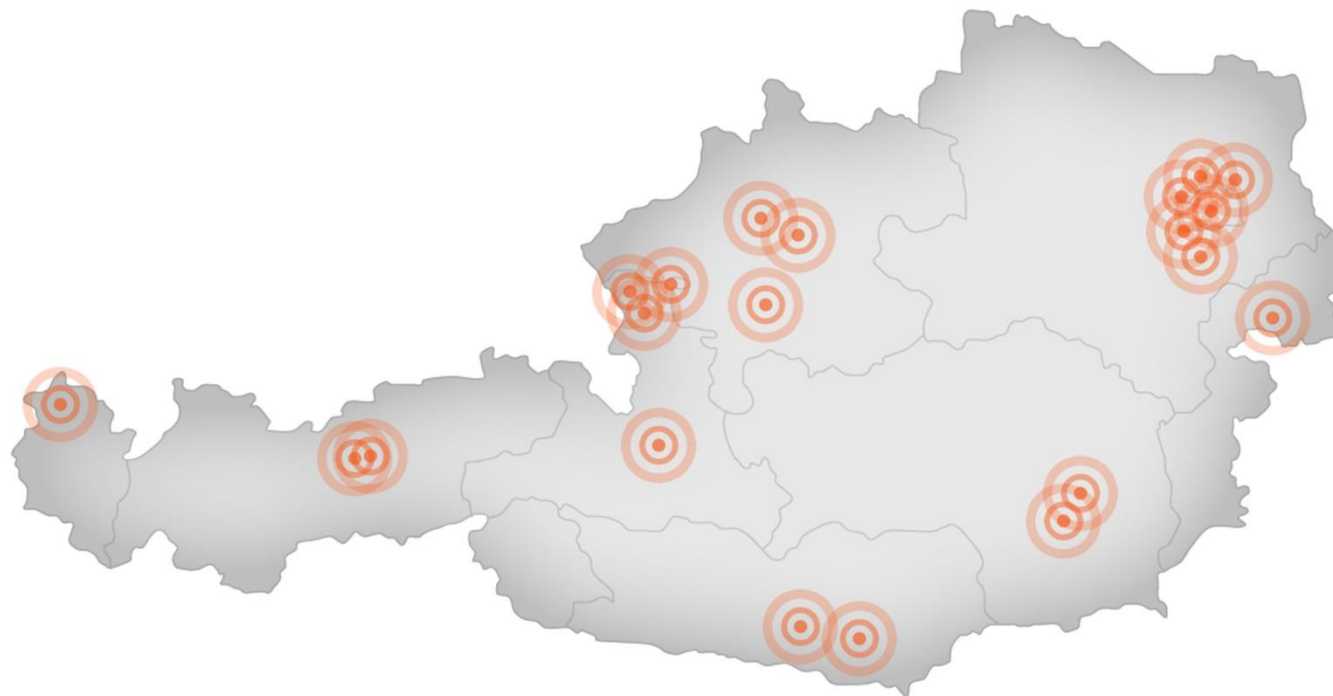
More Than 50% of Austrian Households Covered by Giga Network

2012

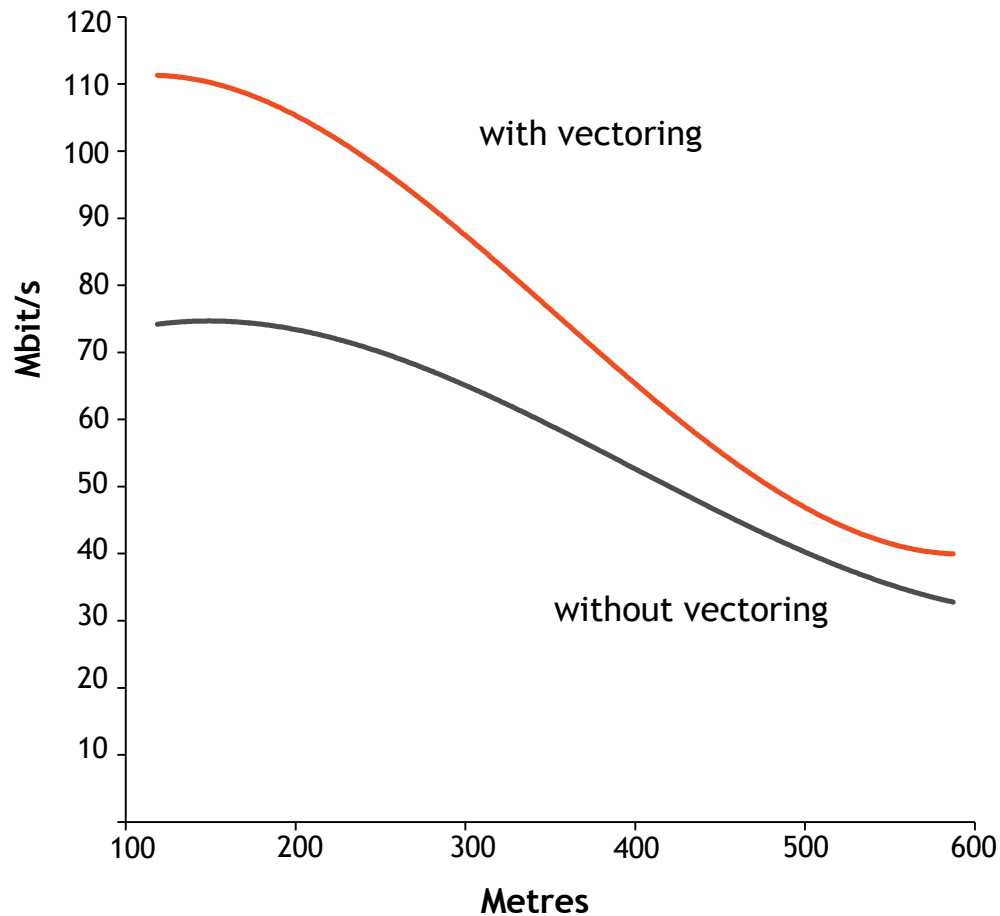
Plan 2016

2.35 mn households

2.55 mn households



Over 30% Increase in Speed via Vectoring

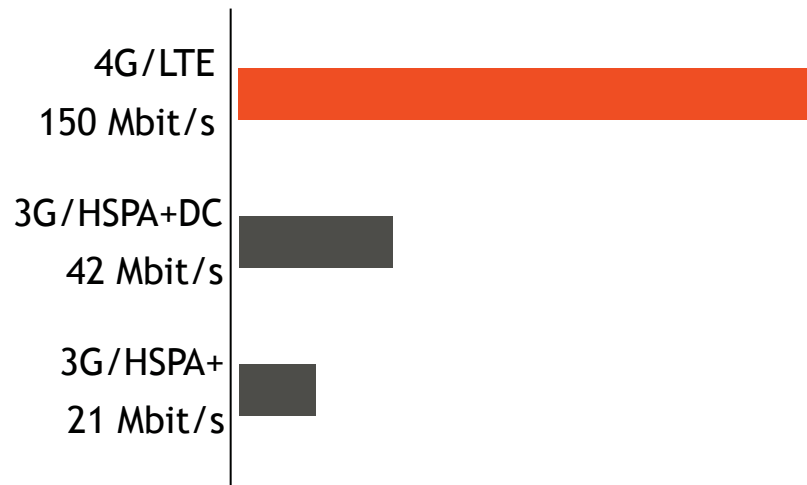


- ✓ CAPEX efficiency through optimisation of the copper network
- ✓ 34% increase in transmission rates
- ✓ Trial roll-out in Klosterneuburg completed
- ✓ World's first commercial provider



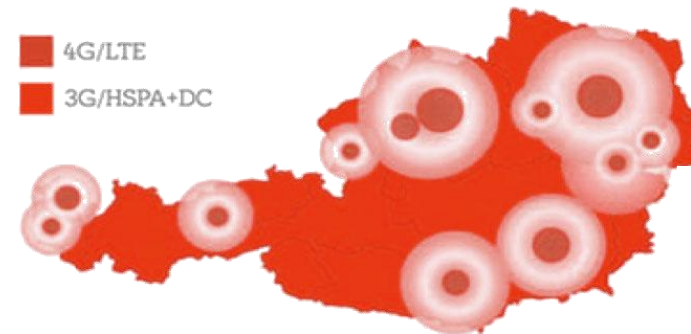
4G - The Future of Mobile Technology at A1

LTE - Speed Comparison



LTE Coverage

- ✓ Roughly 30% LTE coverage across Austria
- ✓ More than 80% coverage in densely populated areas



„connect“- readers again chose A1 as best mobile communications provider in Austria

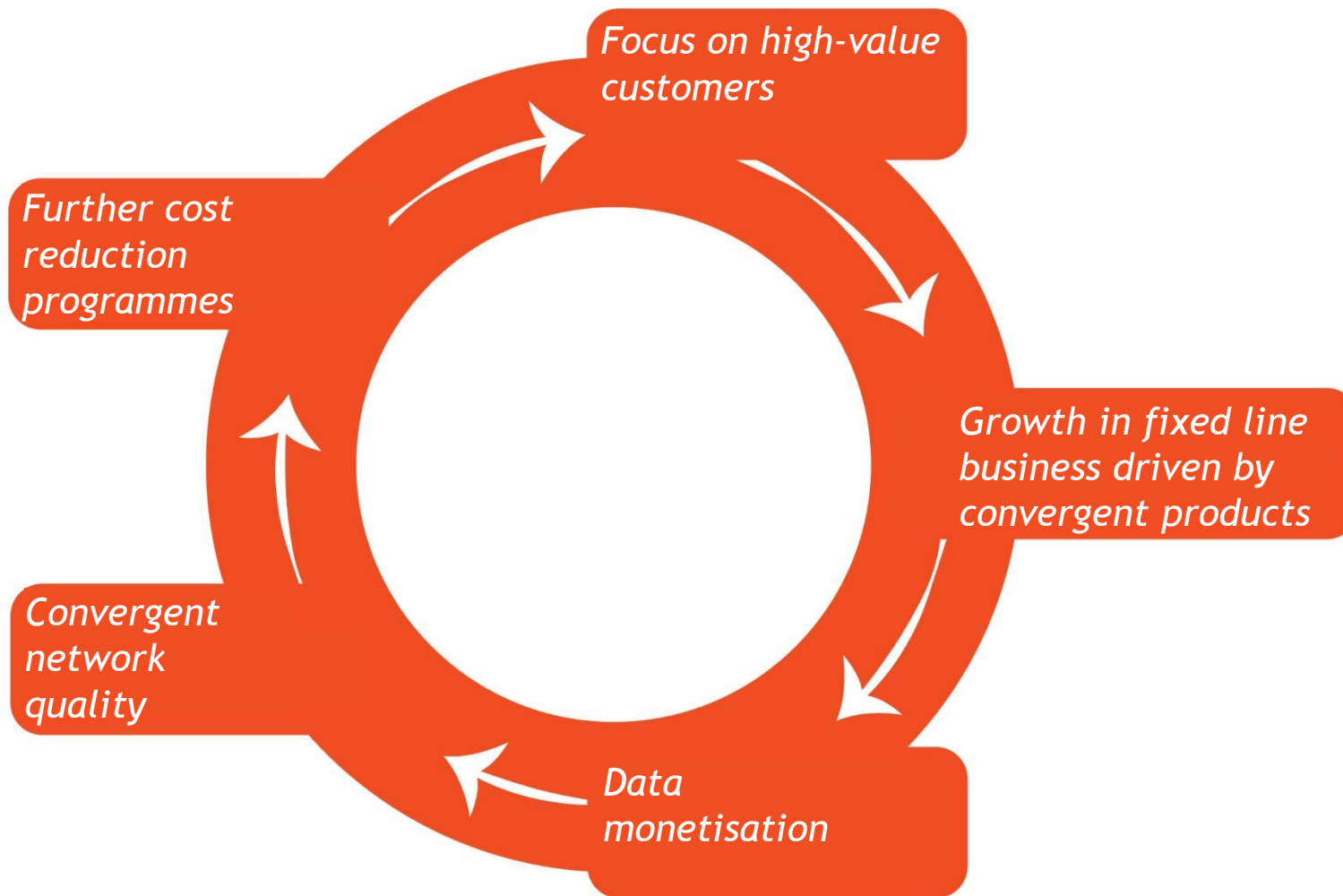




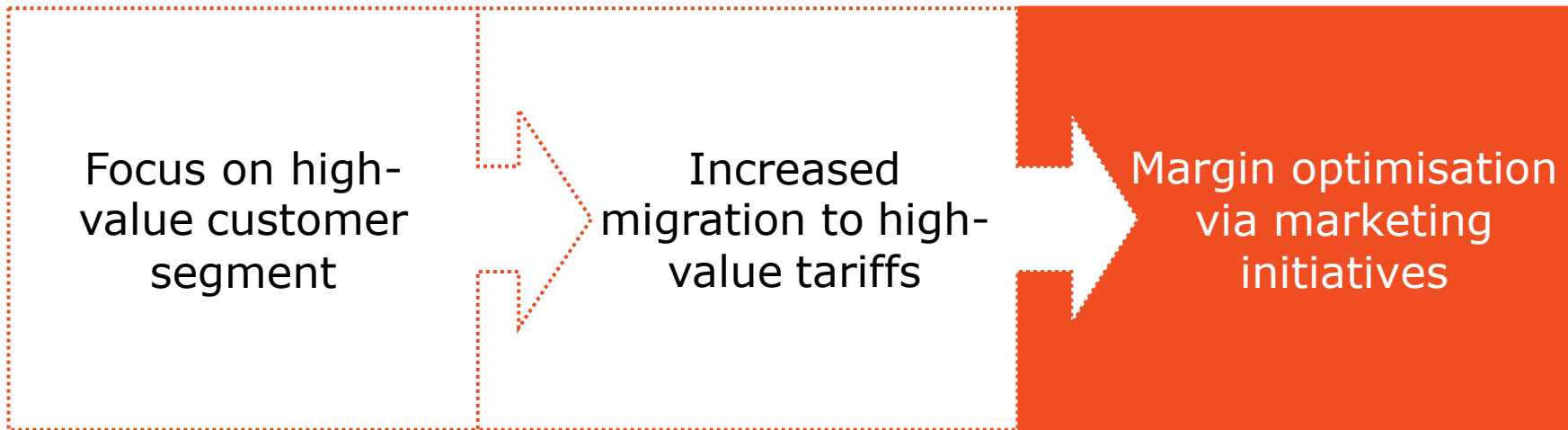
TURNAROUND STRATEGY



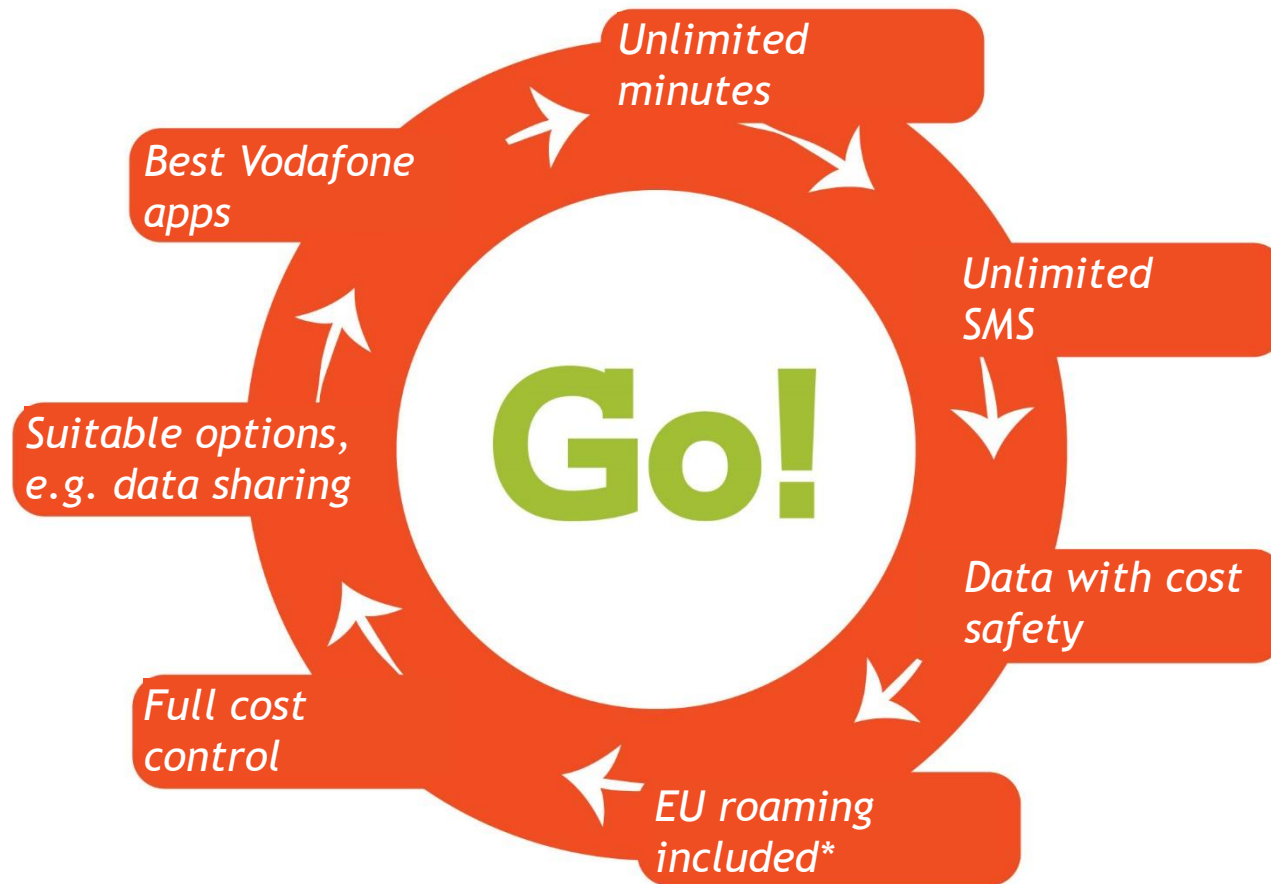
Goal: Stabilisation of Revenues



High-Value Customer Segment and Convergence at the Centre of Turnaround Strategy



New Smartphone Tariffs: A1 GO!



* Ab A1 GO! M



A1 Solutions for Austrian Corporates



- ✓ One-stop solutions
- ✓ Complexity outsourced
- ✓ Single point of contact with local service partner throughout Austria



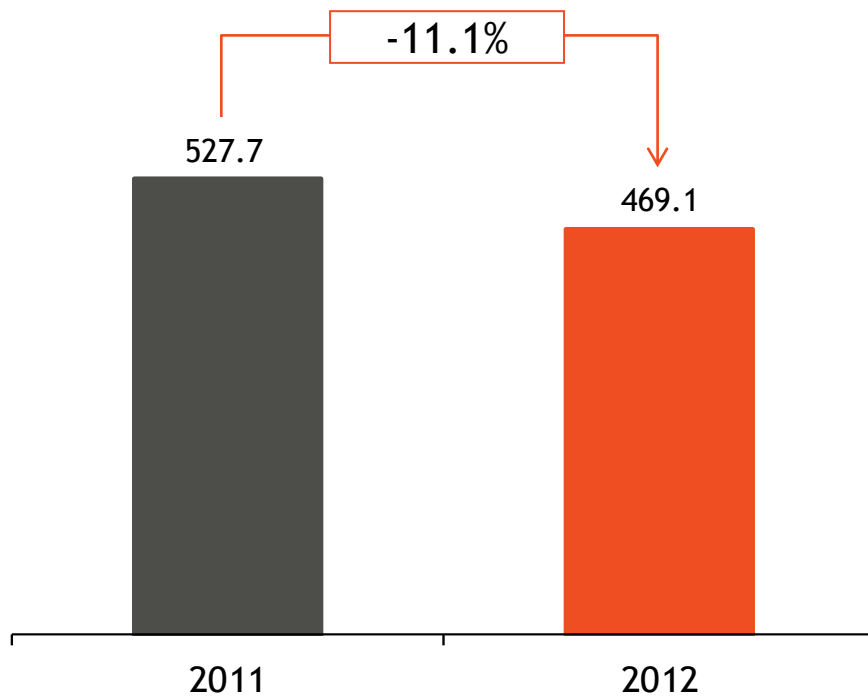
International Segments



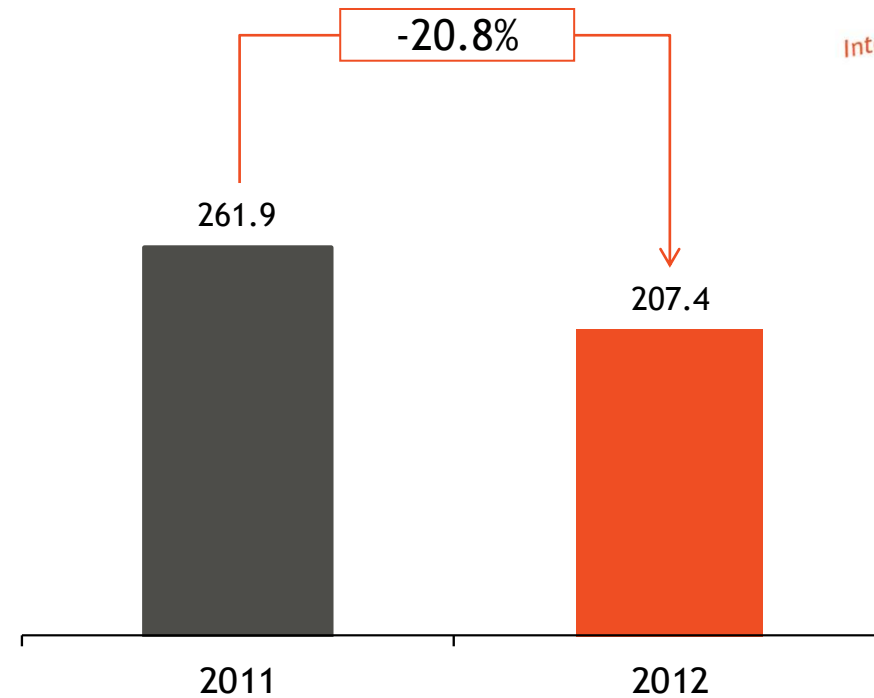
Bulgaria: Regulatory Cuts and Macro-Economic Headwinds



Revenues
(in EUR mn)



EBITDA Comparable
(in EUR mn)



International Segments

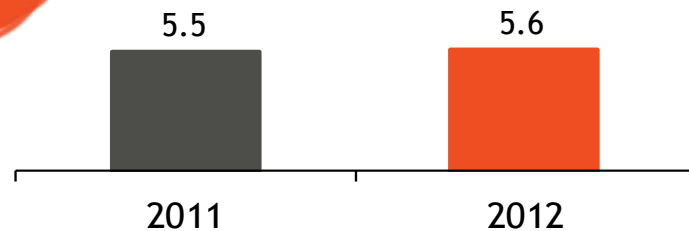


Bulgaria: Mobile and Fixed Line Customer Growth

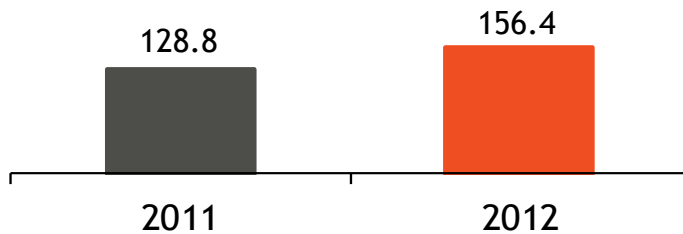


Nr. 1
on the market

Mobile Customers
(in mn)



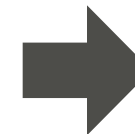
Fixed Access Lines
(in 000)



✓ Fixed access line growth driven by convergence



✓ EUR 16 mn cost savings limit pressure on EBITDA



- ✓ Termination rate cuts of up to 70.6%
- ✓ Weak economy
- ✓ Aggressive price cuts



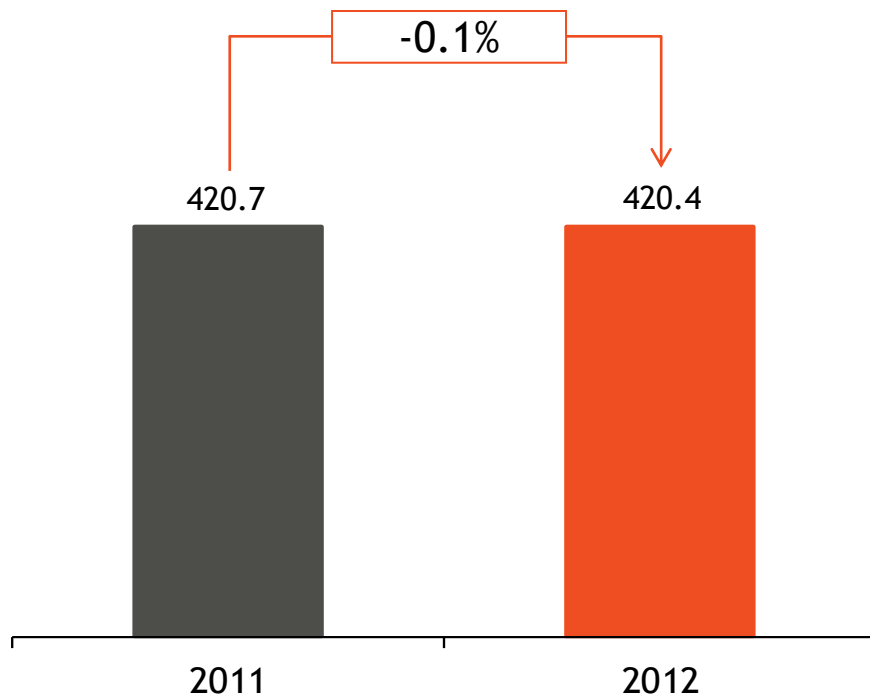
International Segments



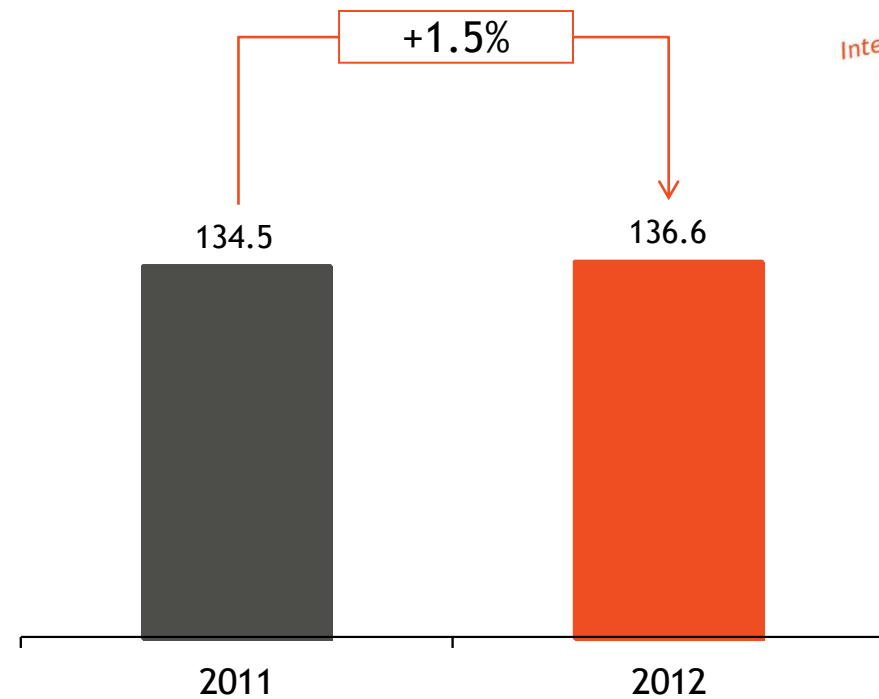
Croatia: Convergence Allows Business Stabilisation



Revenues
(in EUR mn)



EBITDA Comparable
(in EUR mn)



International Segments

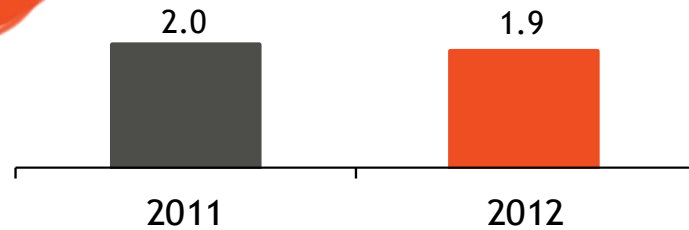


Croatia: Revenue Growth in Fixed Line Business Compensates Decline in Mobile

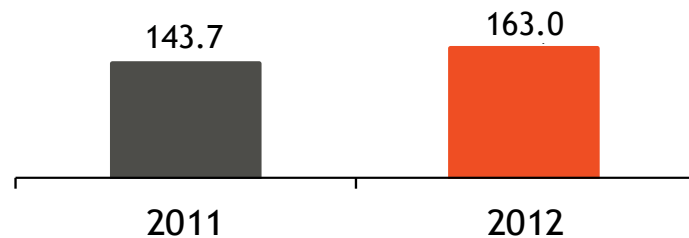


Nr.2
on the market

Mobile Customers
(in mn)



Fixed Access Lines
(in 000)



- ✓ Growth of convergent products
- ✓ Increase in contract share



- ✓ Mobile price pressure
- ✓ Shrinking economy

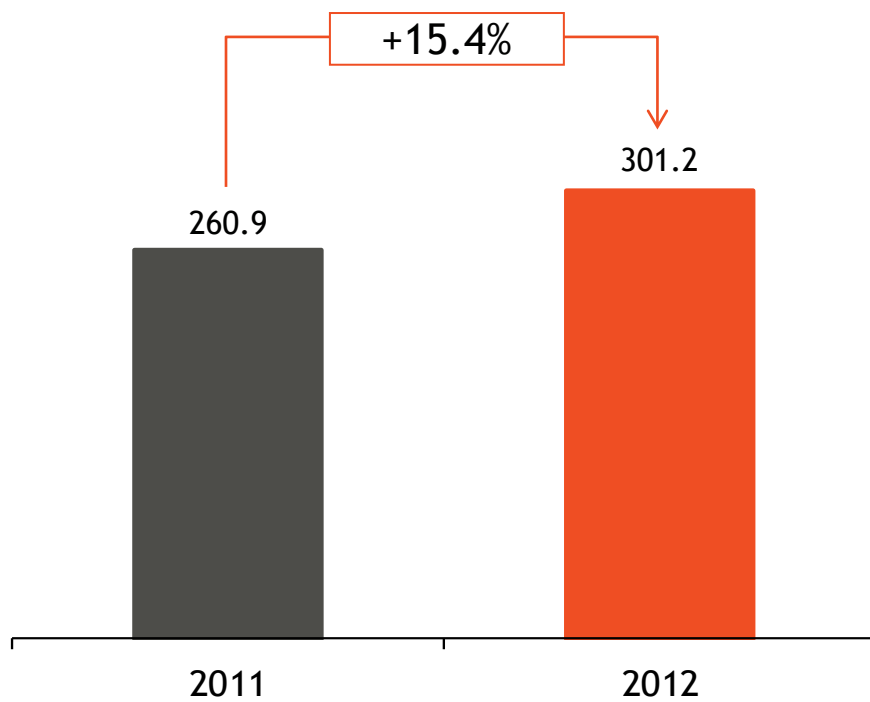


International Segments

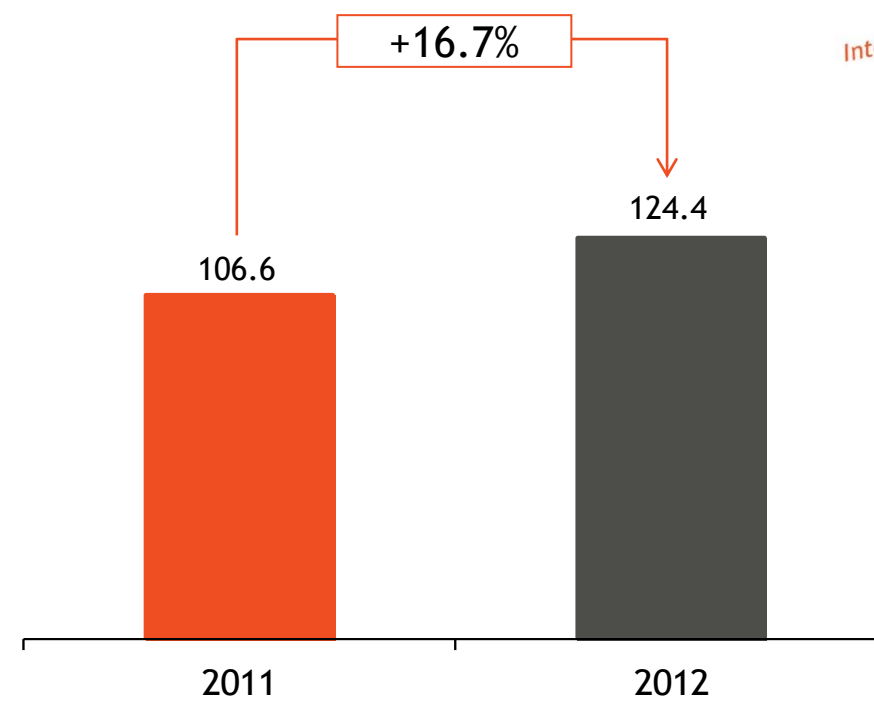


Belarus: Solid Revenue and EBITDA Growth

Revenues
(in EUR mn)



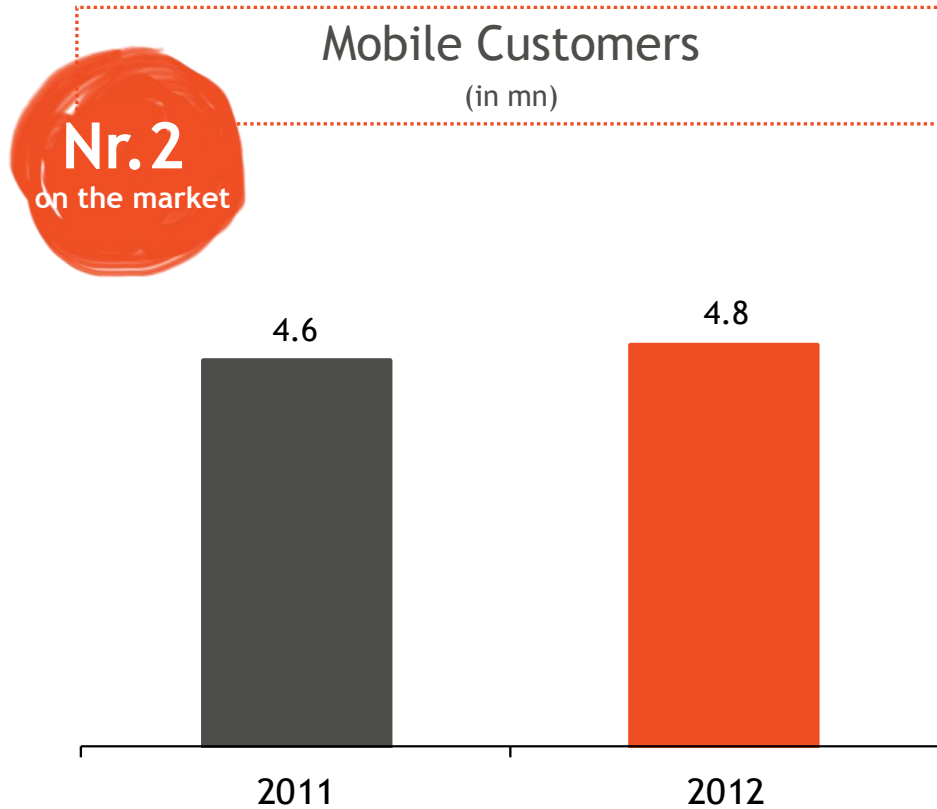
EBITDA Comparable
(in EUR mn)



International Segments



Belarus: 3.9% Growth of Customer Base



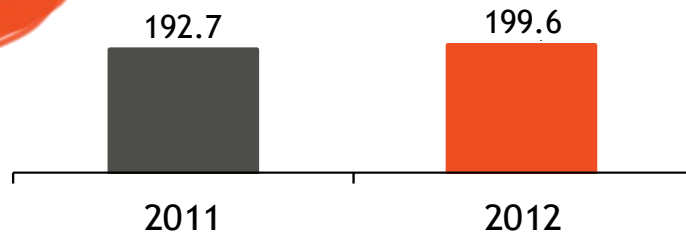
- ✓ 63,2% devaluation in 2011 overcompensated
- ✓ Balanced price increases have no impact on usage
- ✓ Strong demand for mobile data solutions
- ✓ Optimised business model to mitigate currency risks



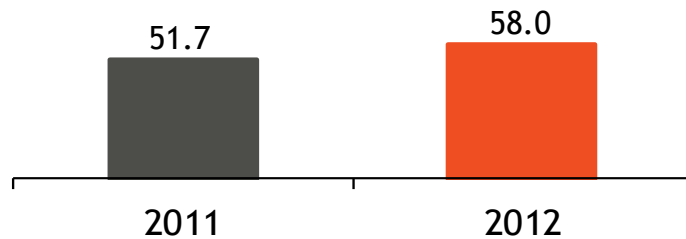
Slovenia: Strong Market Position Leads to Continued Growth

Nr. 2
on the market

Revenues
(in EUR mn)



EBITDA Comparable
(in EUR mn)



- ✓ Growing customer base and focus on high-value customer segment
- ✓ EBITDA Margin increased to 29.1%



- ✓ Ongoing recession



International Segments

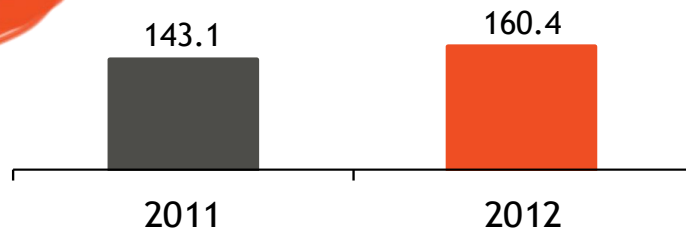


Republic of Serbia: Growing Revenues and EBITDA Despite Currency Devaluations

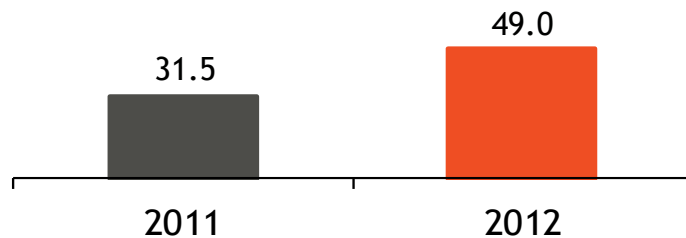


Nr.3
on the market

Revenues
(in EUR mn)



EBITDA Comparable
(in EUR mn)



- ✓ Market share increased to 17.6%
- ✓ EBITDA margin increased to 30.6%
- ✓ Strong growth in business segment



- ✓ 8.0% devaluations of the Serbian Dinar



International Segments

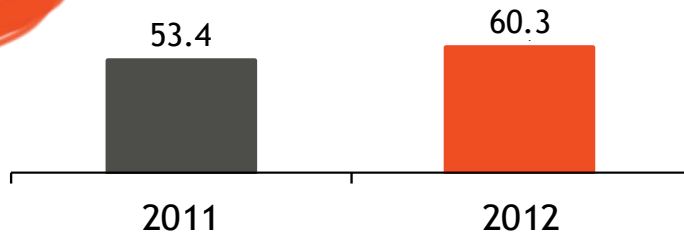


Republic of Macedonia: Transition from Growth to Value

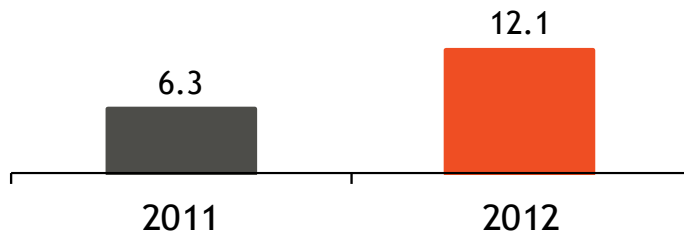


Nr. 2
on the market

Revenues
(in EUR mn)



EBITDA Comparable
(in EUR mn)



- ✓ 27.3% market share - Nr. 2 position strengthened
- ✓ 91.7% EBITDA growth
- ✓ Roll-out of state-of-the-art 3G network



> Approx. 5% decline of telecommunication market



International Segments



Key Finance Indicators



Solid Net Profit Despite “Rough Times”

in EUR million	2012	2011	% change
Group revenues	4,329.7	4,454.6	-2.8%
Adjusted EBITDA	1,455.4	1,527.3	-4.7%
EBITDA incl. effects from restructuring and impairment tests	1,420.8	1,044.7	36.0%
Net profit	103.8	-252.8	n/a

- ✓ Decline in revenues driven by the Austria and Bulgaria segments
- ✓ EUR 71 million cost savings mitigate impact of the revenue decline on EBITDA
- ✓ Net profit due to lower restructuring costs in Austria and cost savings of EUR 71 million

Capital expenditure	728.2	739.0	-1.5%
Employees (end of reporting period)	16,446	17,217	-4.5%

Key Finance Indicators 2012

Full Year 2012 Results in Line with Expectations

	Outlook 2012	Reported 2012
Revenues	approx. EUR 4.2 bn	EUR 4.33 bn
EBITDA Comparable	EUR 1.40 bn - EUR 1.45 bn	EUR 1.46 bn
CAPEX	EUR 0.70 bn - EUR 0.75 bn*	Reported: EUR 0.73 bn Excl. spectrum: EUR 0.69 bn
Operating Free Cash Flow**	EUR 0.70 bn - EUR 0.75 bn	EUR 0.73 bn

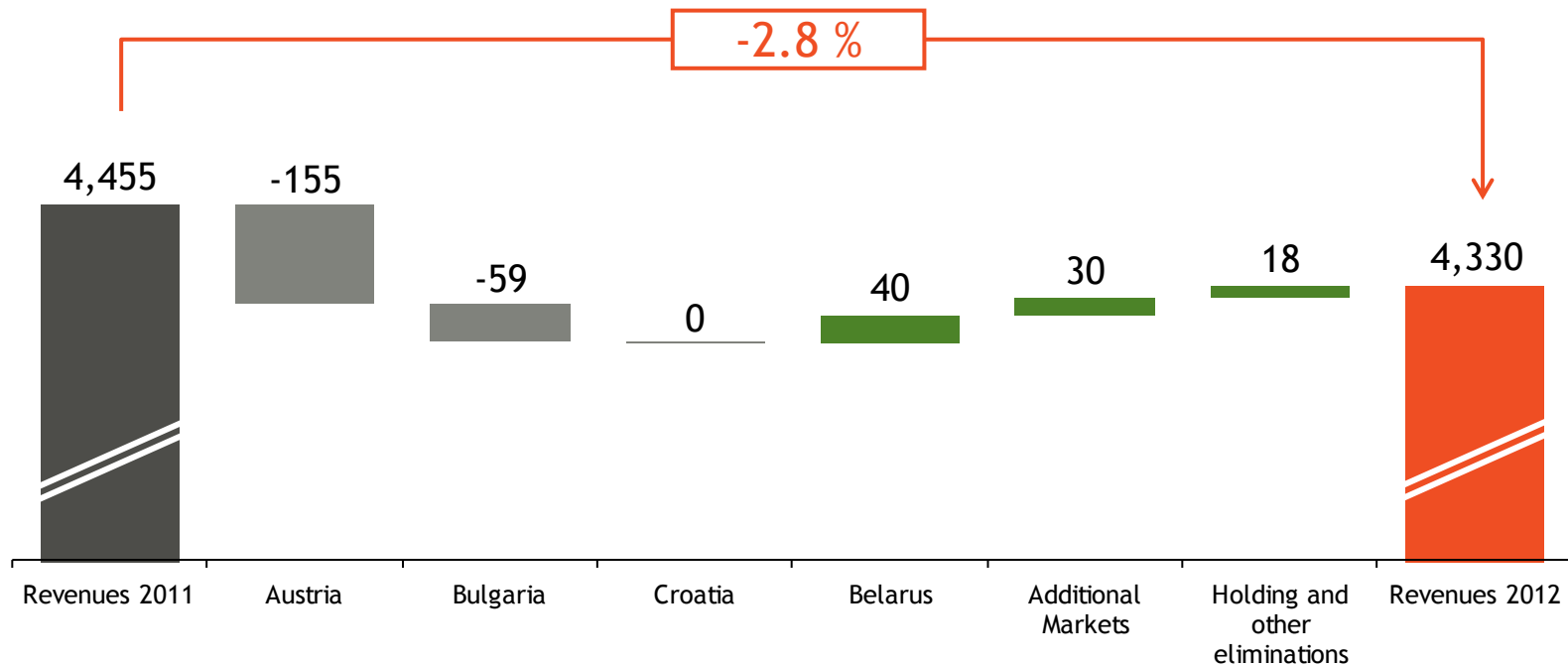
Key Finance Indicators 2012



* Does not include any investments for licenses and spectrum nor acquisitions.

** Operating Free cash flow = EBITDA comparable minus capital expenditures (excluding investments for licenses and spectrum auctions)

Competition, Regulation and Macro-Economic Trends Drive Revenue Decline

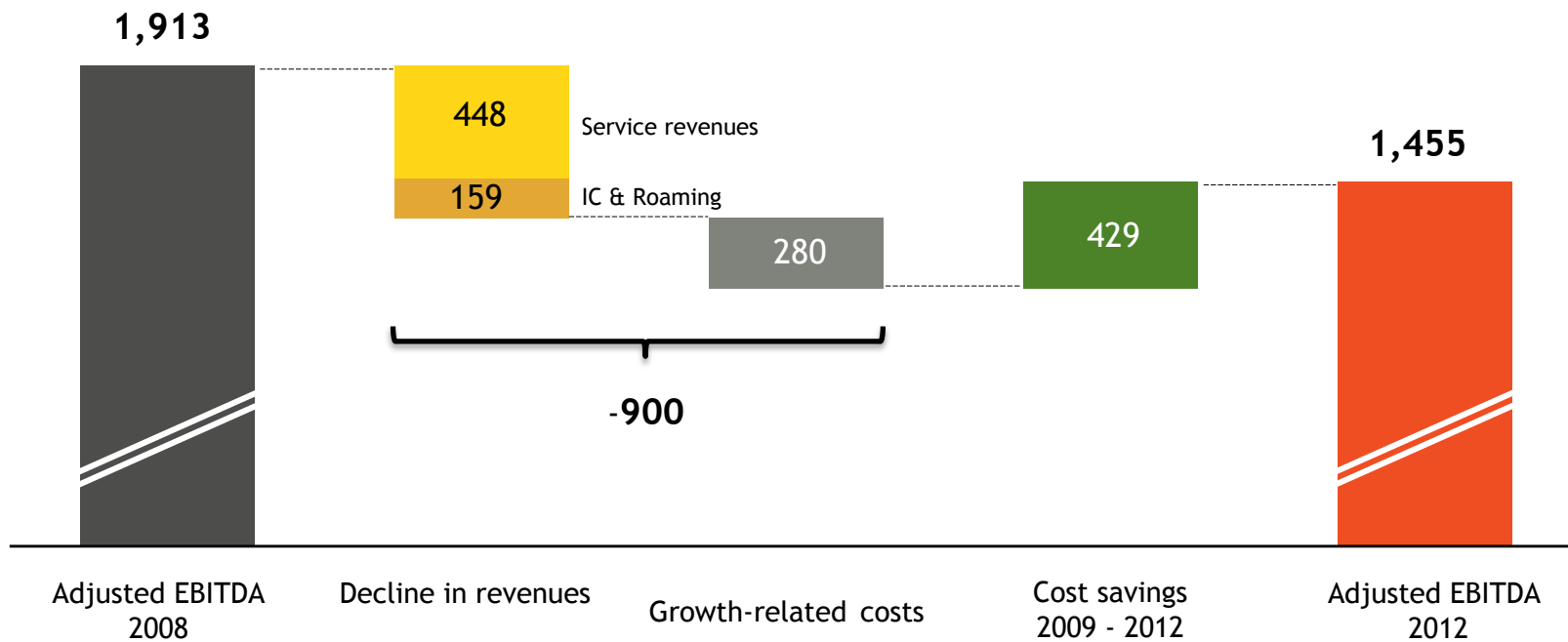


Key Finance Indicators 2012

- ✓ Intense competition in the Austrian, Bulgarian and Croatian segments
- ✓ Significant regulatory pressure
- ✓ Difficult macroeconomic environment in CEE
- ✓ Additional Markets segment driven by substantial increase in customers

High Cost Efficiency: Cost Savings of Over EUR 420 Million Since 2008

Group EBITDA Comparable 2008 - 2012
(in EUR million)

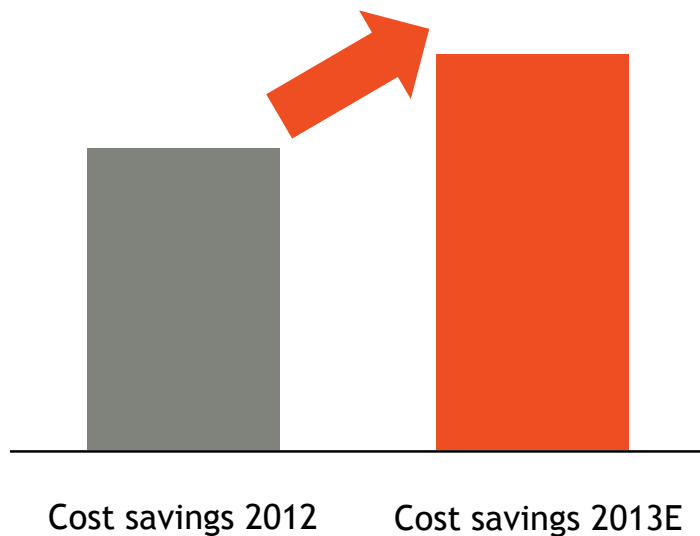


↓
2012:
approx.
EUR 100 million

Key Finance Indicators 2012



2012: Gross Cost Savings of EUR 100 Million



2012

- ✓ Cost savings of approximately EUR 100 million (net effect of EUR 71 million)

2013

- ✓ Further cost savings of at least EUR 100 million

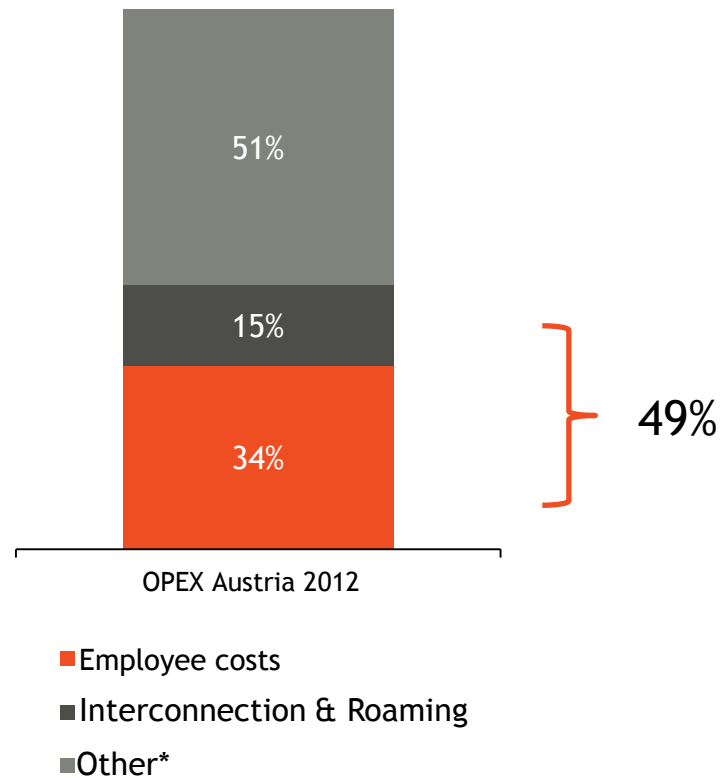
Key Finance Indicators 2012



* Net cost savings of EUR 71 million

Rigid Cost Structure Burdens Austrian Segment

OPEX Split (in %)



- ✓ 65% of Group costs are incurred in Austria
- ✓ Approx. half of the costs in Austria are inflexible
- ✓ Approx. 70% of employees have restrictive employment contracts

Key Finance Indicators 2012

* Including costs for: material expenses, maintenance, services received, marketing & sales

Key Balance Sheet Figures

(in EUR million)	2012	2011	% change
Current assets	1,809	1,751	+3%
Fixed assets	5,442	5,697	-4%
Total assets	7,252	7,449	-3%
Current liabilities	2,322	2,412	-4%
Non-current liabilities	4,093	4,154	-1%
Stockholders' equity	836	883	-5%
Net debt	3,249	3,380	-4%
Net debt/adjusted EBITDA	2.2x	2.2x	-

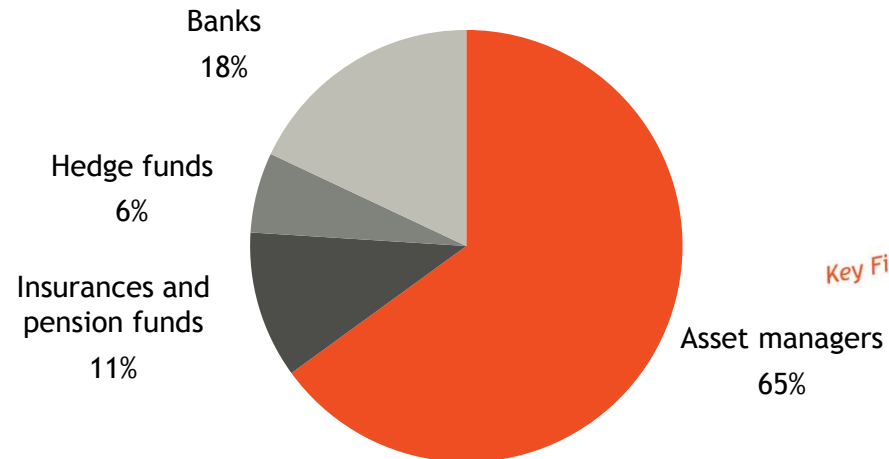
Key Finance Indicators 2012

EUR 600 Million Hybrid Bond Strengthens Capital Structure and Secures Ratings

Terms and Conditions

Volume	EUR 600 m
Maturity date	perpetual
1st call date	1 February 2018
Coupon until 1st call date	5.625%
Equity treatment	100% under IFRS

Placement

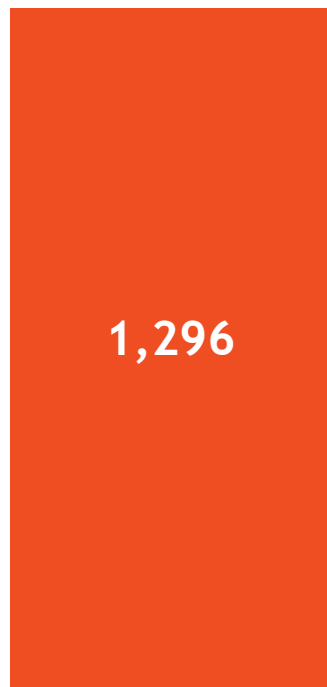


- ✓ Refinancing needs for 2013 covered (except potential frequency auctions)
- ✓ Favourable issue conditions utilised
- ✓ Strong demand results in order book of approximately EUR 4.0 bn
- ✓ Protection of solid investment grade rating

Key Finance Indicators 2012

Strong Cash Flow as Basis for Investments and Dividend

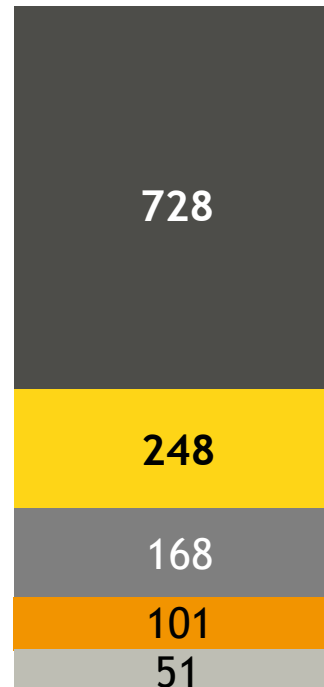
Cash Flow from Operations 2012



(in EUR mn)



Utilisation



(in EUR mn)

Investments

Working Capital

Dividend 2011

Net reduction of financial liabilities

Other

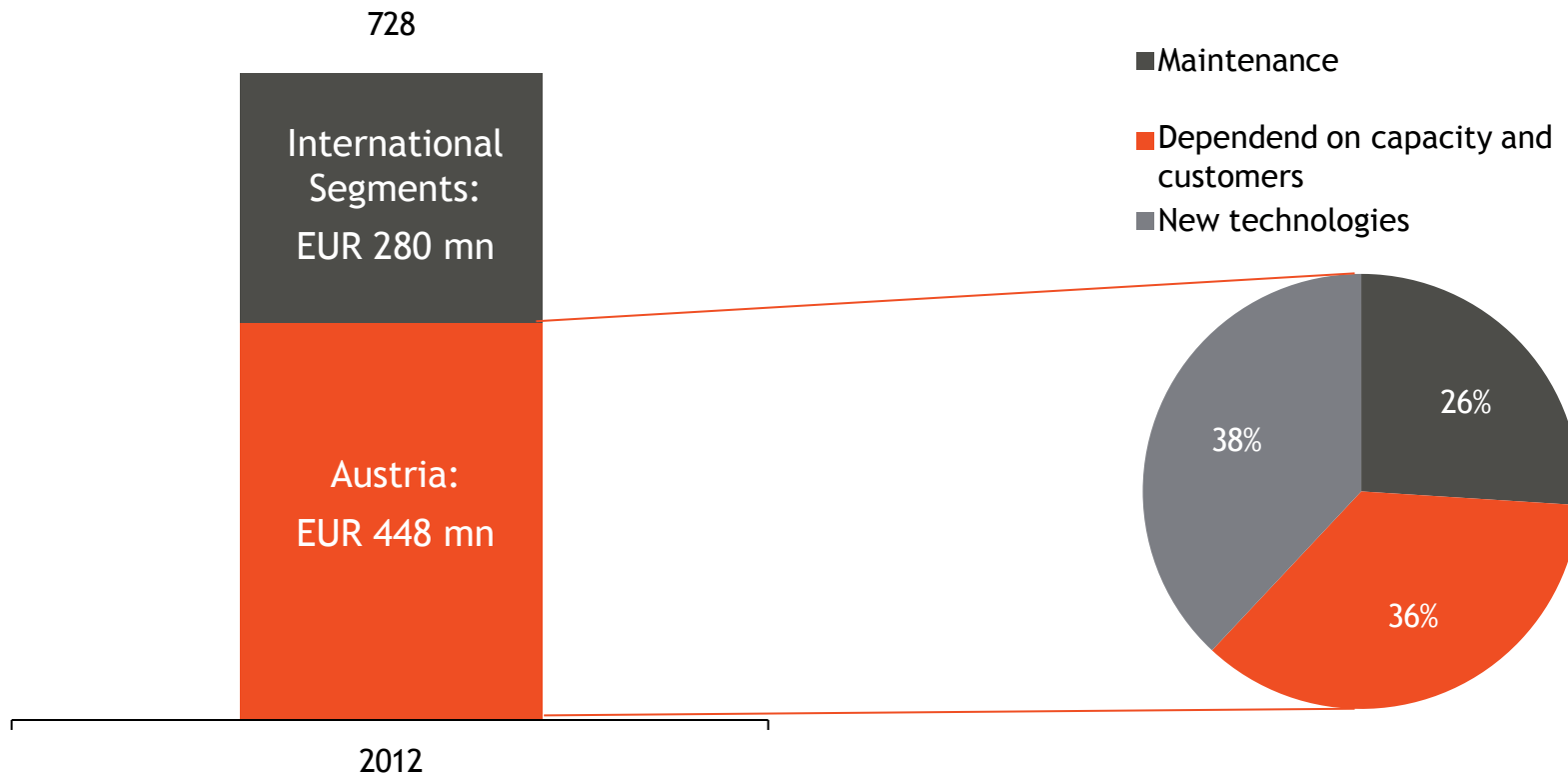
Key Finance Indicators 2012



Solid Capital Expenditures Ensure Quality Leadership

Group CAPEX
(in EUR million)

CAPEX in Austria
(in %, 2012)



Key Finance Indicators 2012

Finance Strategy

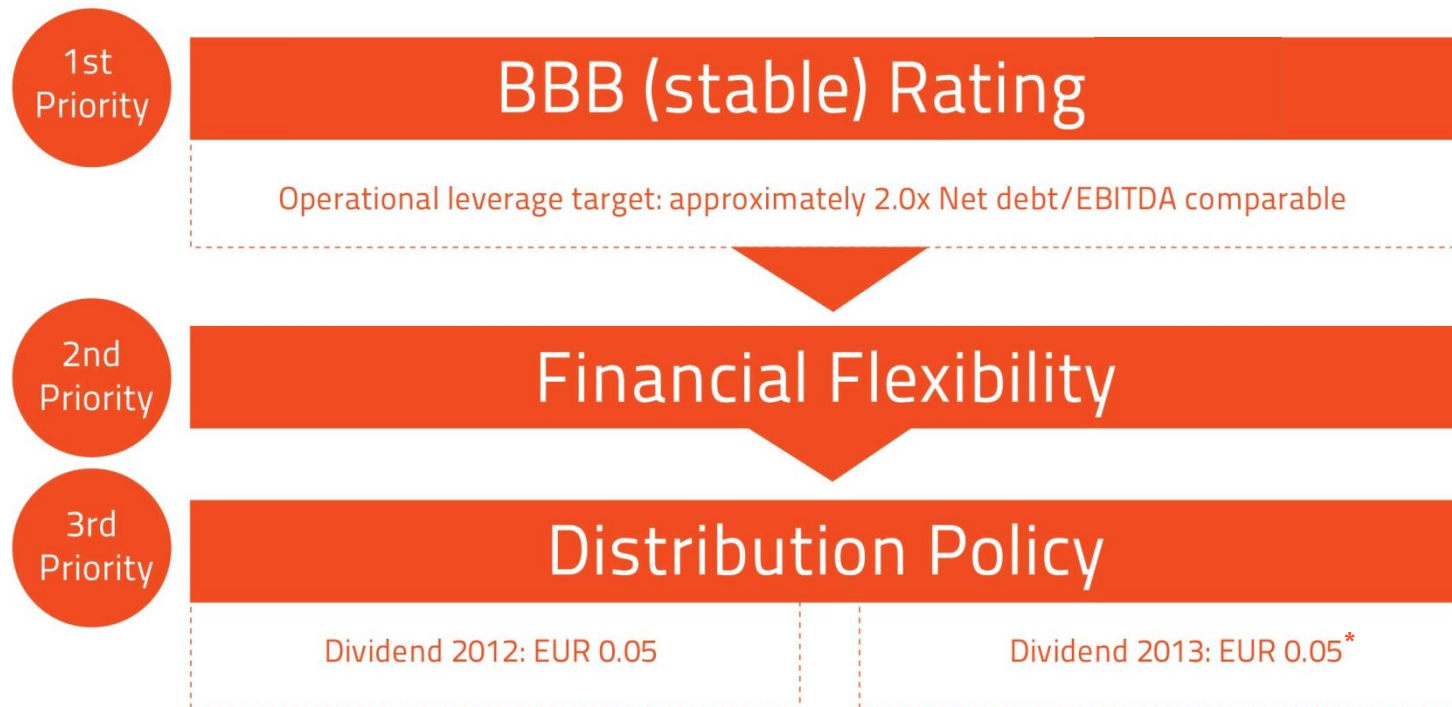


Conservative Financial Profile Remains Highest Priority



Finance Strategy

Cash Use Policy



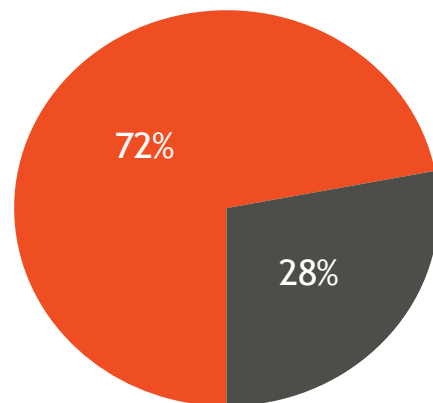
* Intended proposal at the Annual General Meeting 2014

Finance Strategy

Liability Structure Supports Conservative Financial Policy

Overview of Financing Instruments

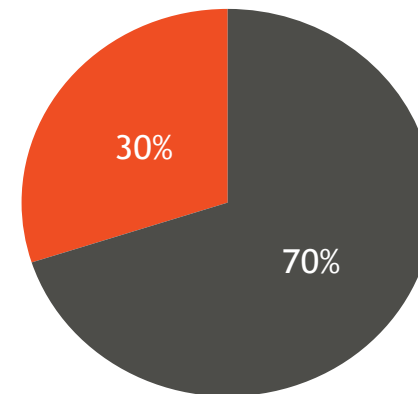
(in %, as at 31 December 2012)



■ Bonds ■ Loans

Fixed-Floating Mix

(in %, as at 31 December 2012)



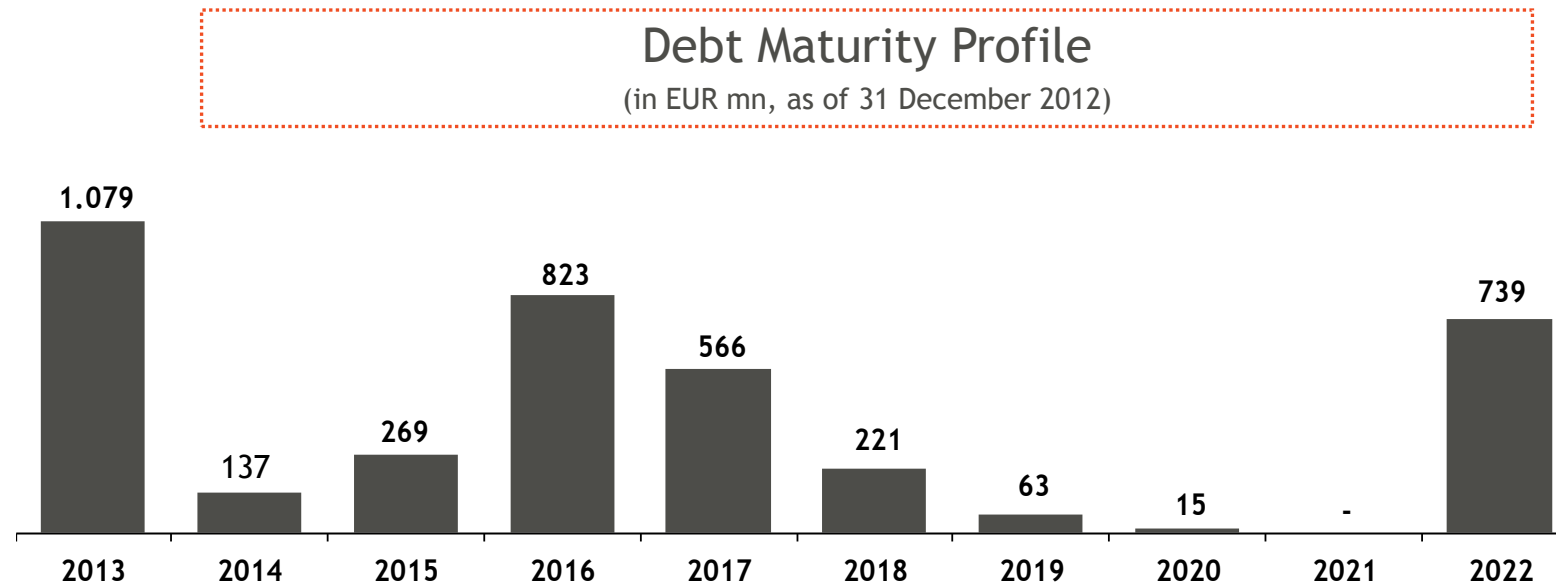
■ Floating ■ Fixed

Strategy for use of financing instruments

- ✓ Diversification of the investor base
- ✓ Capitalising on attractive financing conditions on capital markets

Finance Strategy

Debt Maturity Profile as of 31 December 2012 - 2013 Refinancing Needs Already Covered



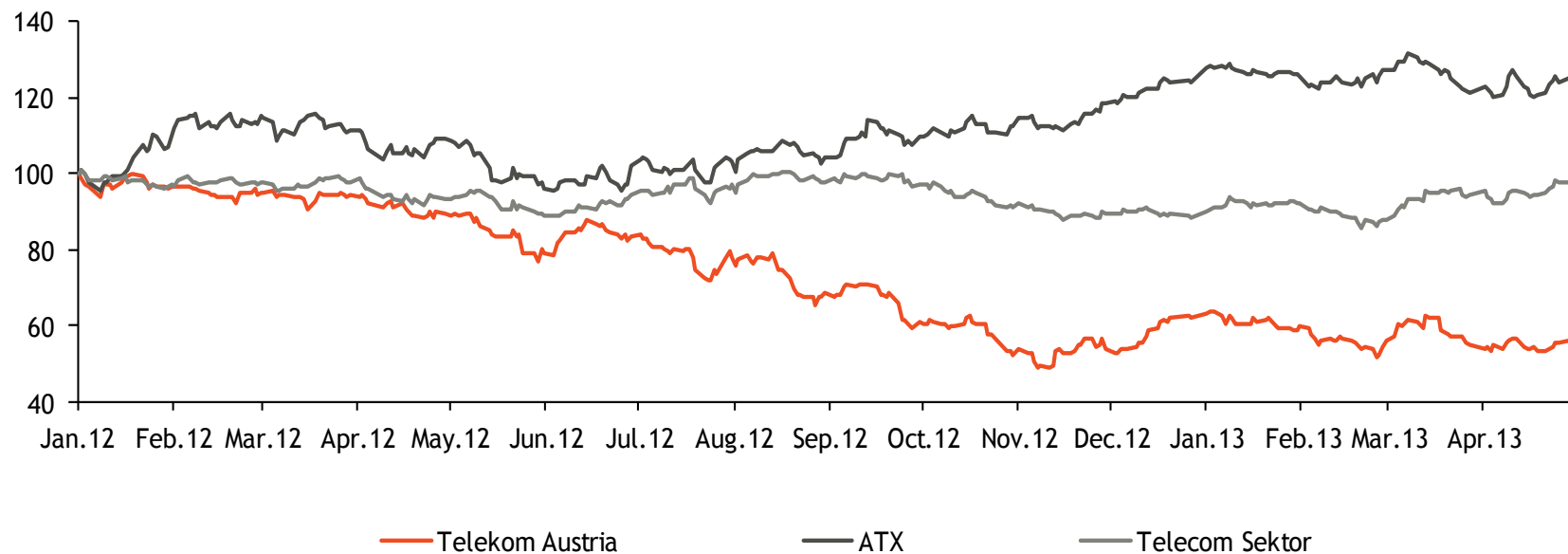
- ✓ EUR 3,911 mn of short- and long-term borrowings as of 31 December 2012 with Cash and cash equivalents and short-term investments amounting to EUR 686 mn
- ✓ Average cost of debt of approximately 4.2%
- ✓ Average term to maturity of approximately 3.8 years
- ✓ Strong ratings: S&P: BBB (stable), Moody's: Baa1 (negative)

Share Price Performance & Shareholder Structure



Volatile Market Environment Influences Performance of Telekom Austria Share in 2012

Relative Share Price Performance
(in %)

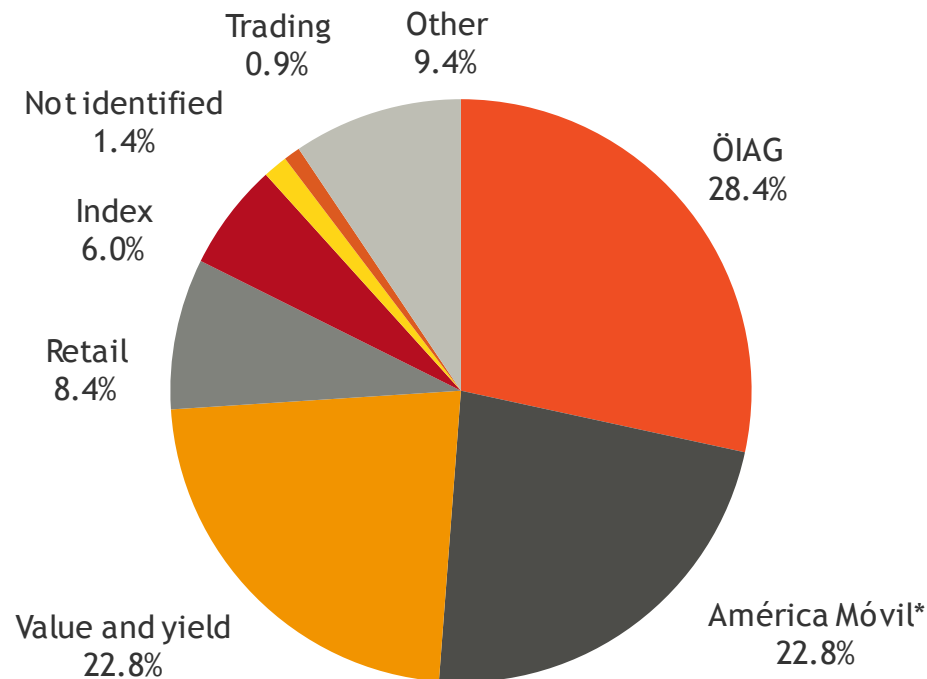


Share Price Performance
& Shareholder Structure

- ✓ Share price performance reflects operational challenges
- ✓ Stabilisation since Q4 2012 reflects opportunities on the Austrian market
- ✓ Telecoms sector in general is suffering from regulatory cuts and competitive pressure

Shareholder Structure with Long-Term Focus and Two Solid Key Shareholders

Shareholder Structure by Investment Style
(in % of shares outstanding)



Share Price Performance
& Shareholder Structure

* According to official threshold notification as of 15 June 2012.
23.7% according to the published results of América Móvil for Q4 2012

Outlook 2013



Outlook 2013

Telekom Austria Group - Outlook for 2013

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

Revenues	Approx. EUR 4.1 bn
CAPEX	Approx. EUR 700 mn
Dividend	EUR 0.05 for 2012 and 2013

* Does not include investments for licenses and spectrum and acquisitions

** Operating free cash flow = EBITDA comparable minus capital expenditures (excluding investments for licenses and spectrum auctions)

Compliance



Status

All elements of a modern compliance management system have been implemented, e.g.:



Code of Conduct



Behavioural Standards



Trainings



*Internal consulting
hotline*



Whistle blowing



Compliance

Outlook

- ✓ An audit firm (PWC) is currently reviewing the effectiveness of the compliance management system in Austria and the status of implementation in its six major subsidiaries
- ✓ The aim is to successfully obtain certification before the end of the year 2013





*Annual General
Meeting 2013*



Thank you for your
participation!

