

Telekom Austria Group Results for the First Quarter 2006

May 17, 2006

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. 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 earnings release and certain sections of the Company's Annual Report on Form 20-F.

Although Telekom Austria has conducted diligence customary in acquisitions in Central and Eastern Europe, based on the information to which Telekom Austria was given access during the acquisition process, Telekom Austria has not been involved in the management of Mobiltel until July 12, 2005. Financial data prior to this period are given for comparative purposes only. Telekom Austria does not take responsibility for the correctness of these figures.”

Agenda

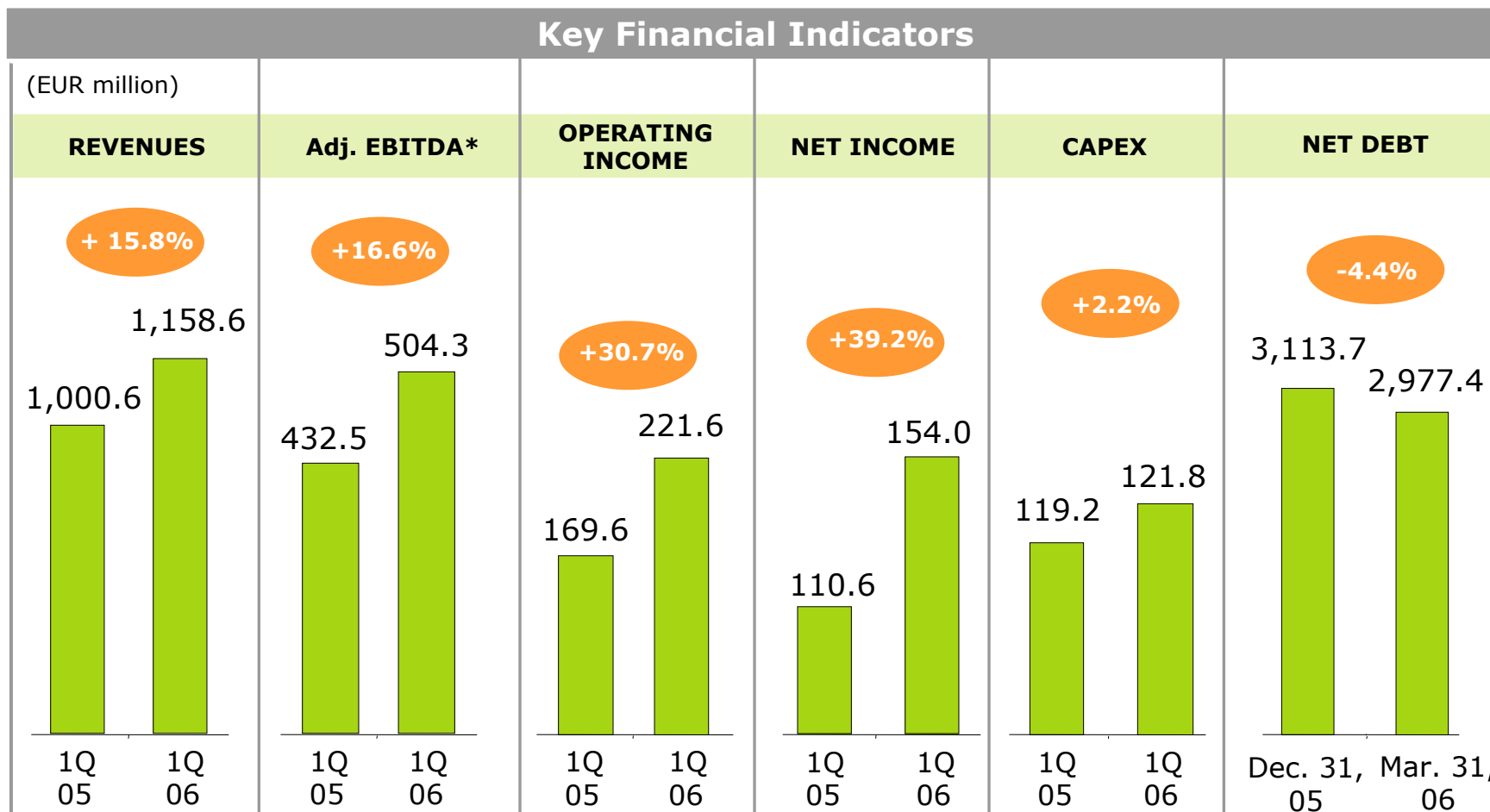
- Key Developments
- Wireline
- Wireless
- Financial Overview
- Outlook

Key Developments

Telekom Austria – Highlights 1Q 2006

- IFRS is the main reporting standard for Telekom Austria from 1Q 06 on
- Group revenues, adjusted EBITDA and operating income show strong growth driven by further contribution of Mobilitel
- Group net income increases by 39.2% to EUR 154.0 million, earnings per share rises by 45.5%
- Consolidated net debt declines by EUR 136.3 million to EUR 2,977.4 million
- EUR 58.7 million of share buybacks executed in 1Q 06
- Wireline segment shows top line growth due to contribution from Internet access and international wholesale
- Strong performance in the wireless segment, wireless EBITDA margin rises to 42.7%

Telekom Austria – 1Q 2006 Driven by Organic and Exogenous Growth



* Adjusted EBITDA is defined as net income excluding interest, income tax expense, depreciation and amortization, impairment charges, equity in earnings of affiliates, income/loss from investments and foreign exchange differences.

Wireline

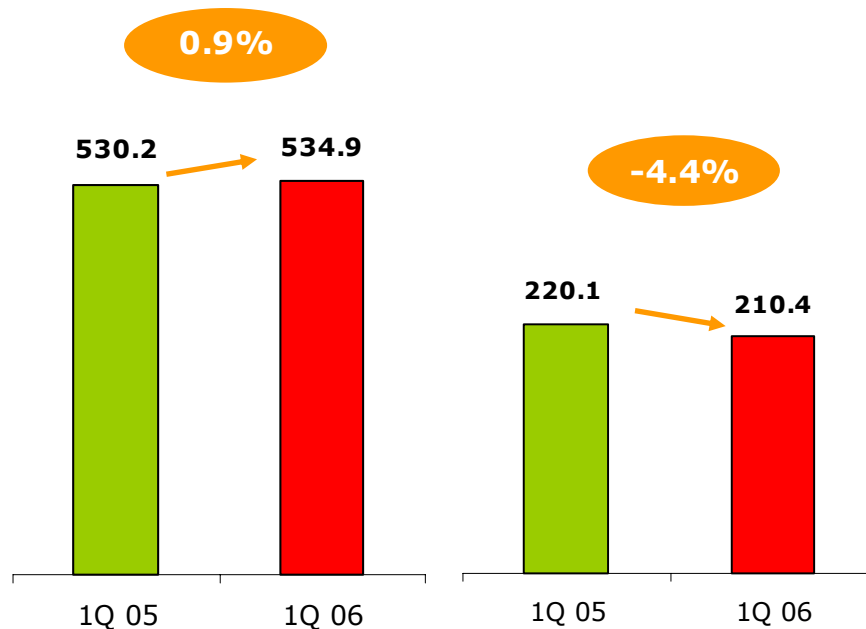
Revenues Increase Driven by Strong Broadband & International Wholesale

1Q 2006 Results

(EUR million)

Revenues

Adj. EBITDA

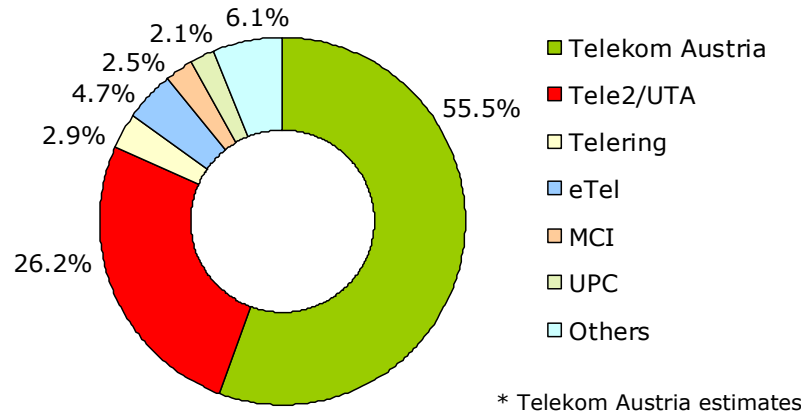


Key Highlights

- Revenues from Internet access & media increase by 16%
- International transit leads to higher wholesale revenues by 4.6%
- Lower revenues primarily from switched voice monthly rental & others due to reduction of access lines in 1Q 06
- Increase of other Opex, material expenses & interconnection result in decline of adjusted EBITDA
- Excluding losses from the retirement of long lived assets EBITDA declines by 2.2%
- Decline in total access lines by 3.7% due to fixed-to-mobile migration and to a lesser extent from an increase of unbundled lines

Increase in Voice Market Share, Higher Tariffs due to Shift in Call Mix & Bonus Packages

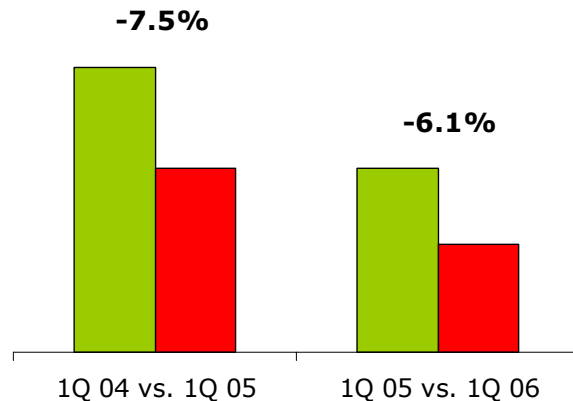
Voice Market Shares*



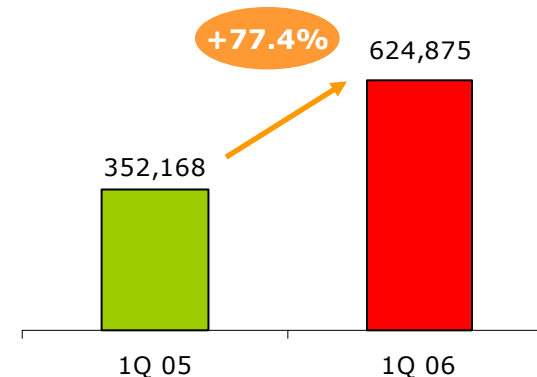
Highlights

- Slight increase of market share as market shrinkage outruns decline of Telekom Austria's MoU of 6.1%
- Increase of bonus packages by 77.4% help to transfer variable revenues into monthly fees
- Fixed-to-mobile substitution continues to be main driver of decline of voice MoU

Slowing Decline of Voice MoUs

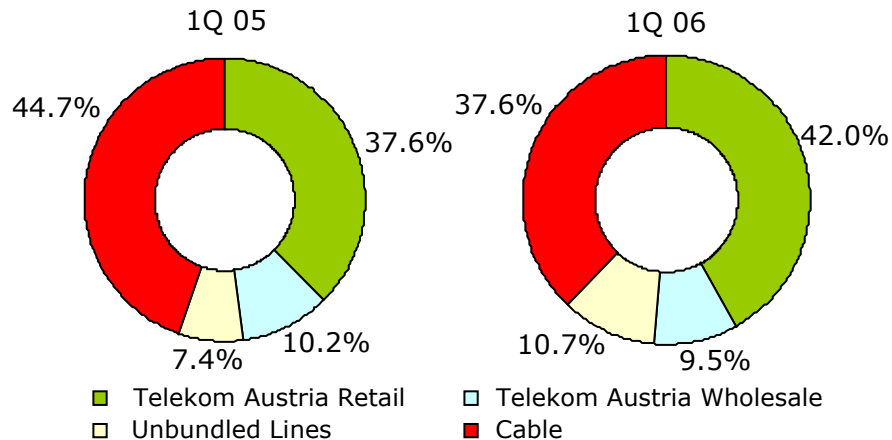


Bonus Packages



Increase of Broadband Market Share & Higher Penetration Drives Broadband Revenues

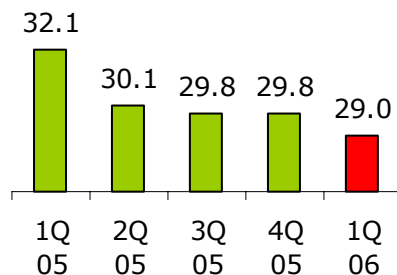
Broadband Market Shares year on year



Highlights

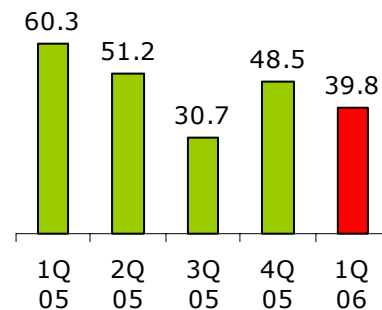
- Broadband market share increases to 51.5%, gaining market shares from cable operators
- Total number of ADSL lines increase by 38.8% to 616,000
- ADSL ARPU declines due to low priced entry packages & impact from marketing campaigns
- 39,800 ADSL retail net adds compared to 18,600 unbundled lines added
- Broadband penetration of private households increases from 42% to 51% in 1Q 06*

ADSL ARPU



ADSL Net Adds

(in 000)



* Source: AIM Consumer

aonAlarmServices – Creating Alternative Use for Traditional Fixed Line

aon Alarm Services

Highlights



- Supports strategic goal of access line defense
- Innovative product redefines fixed line and creates new market
- Burglar alarm system directly connected to aon Security Center via fixed line
- aon Security Center contacts customer & alerts police in case of break-in
- Monthly fee starts at EUR 9.90
- Provides ARPU uplift to existing access lines

Wireless

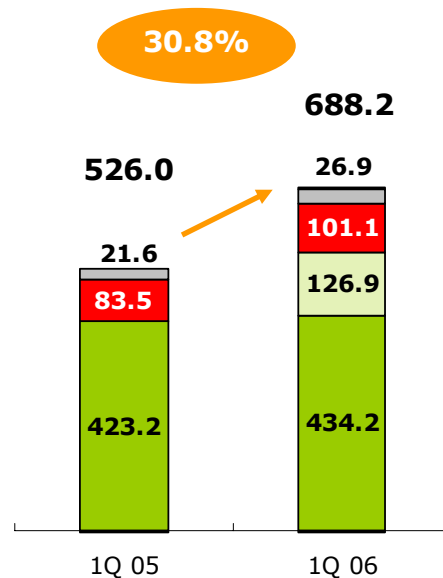
Revenue Increase due to Subscriber Increase & Contribution of Mobiltel

1Q 2006 Results*

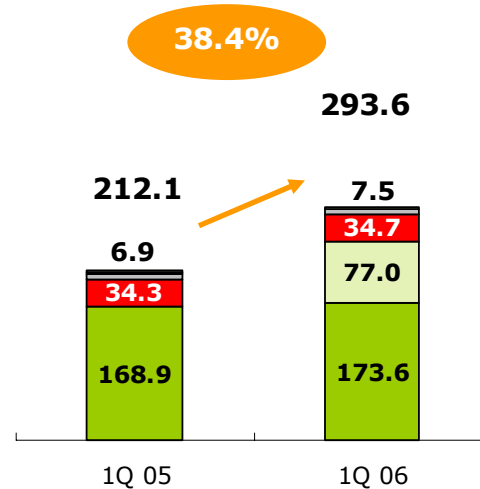
Key Highlights

(EUR million)

Revenues



Adj. EBITDA

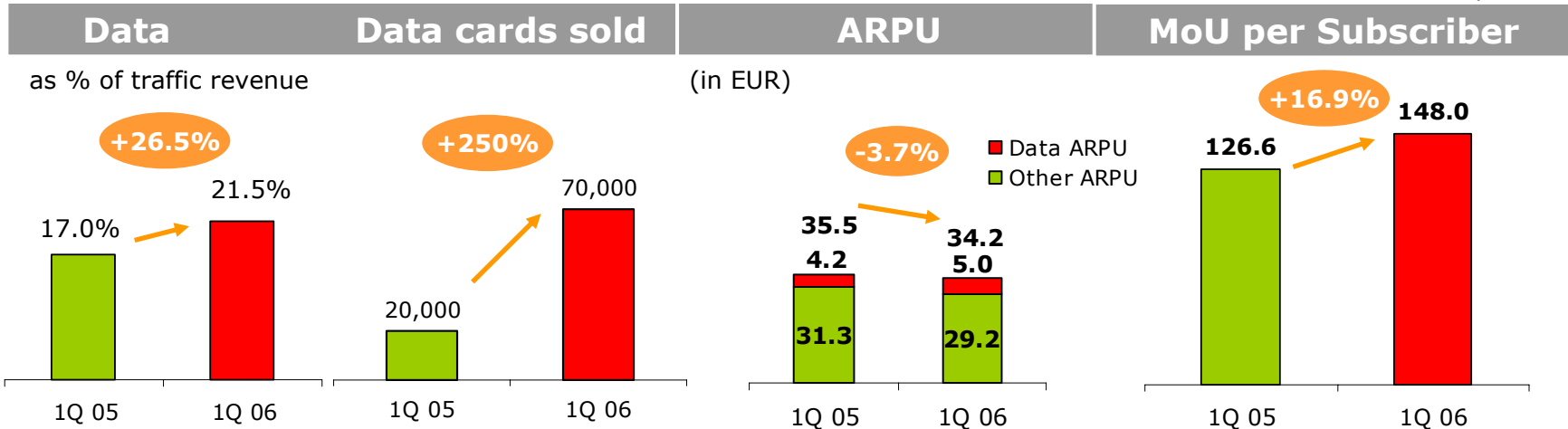
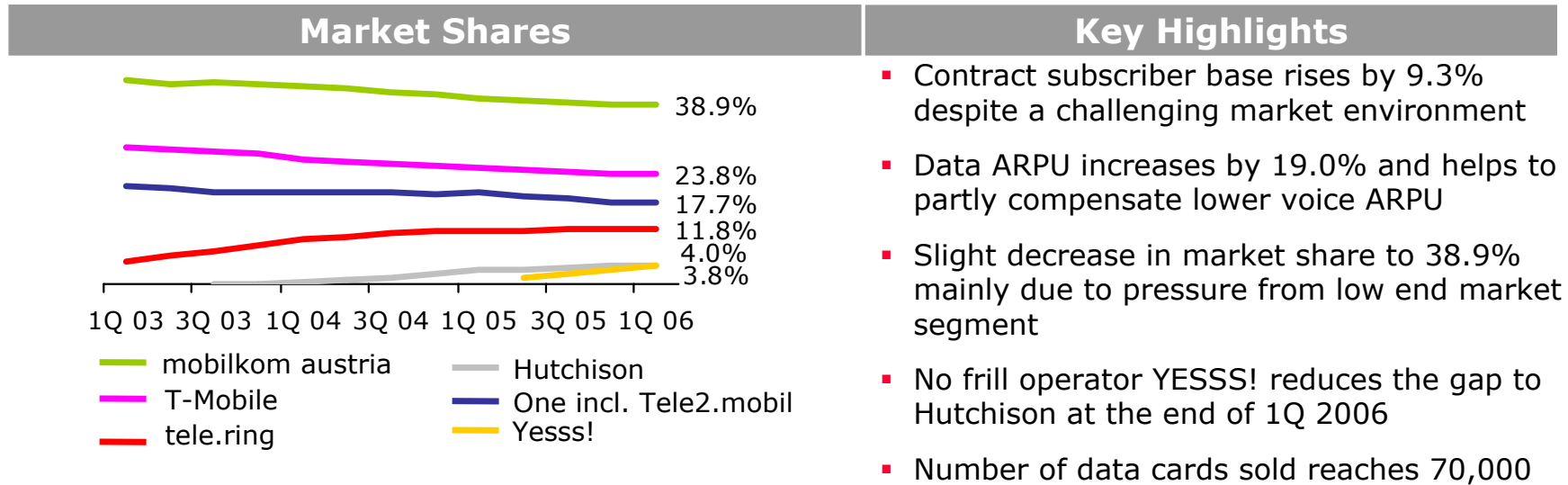


■ mobilkom austria ■ Mobiltel ■ Vipnet ■ Si.mobil

- Subscriber base grows by 83.3% to 9.1 million
- Higher monthly rental and equipment revenues due to increased subscriber base
- Excluding Mobiltel Wireless revenues grew by 6.9%
- Strong revenue increase driven by contribution from Mobiltel, higher monthly rentals and equipment revenues
- Increase of adj. EBITDA margin to 42.7% driven by Mobiltel offsetting higher marketing cost in Croatia

* Mobiltel financial results are not included in 1Q 2005 results.

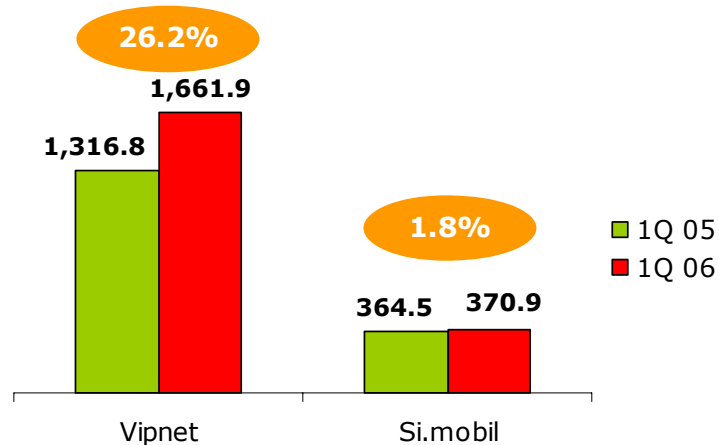
Elasticity & Growing Data ARPU Eases Price Pressure in Austria



Successful Launch of HSDPA in Croatia, Strong Contract Subscriber Growth at Si.mobil

Subscribers (EoP)

(in 000)



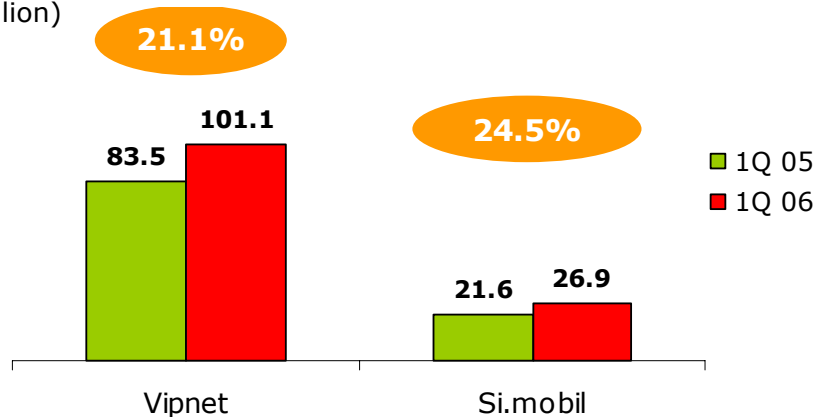
Key Highlights

Vipnet

- 21.1% increase in revenues driven by higher equipment sales & airtime
- Adj. EBITDA grows by 1.2% despite higher material and marketing expenses following launch of new Logo
- Vipnet is the first operator to offer nationwide 3G coverage in Croatia

Revenues

(EUR million)

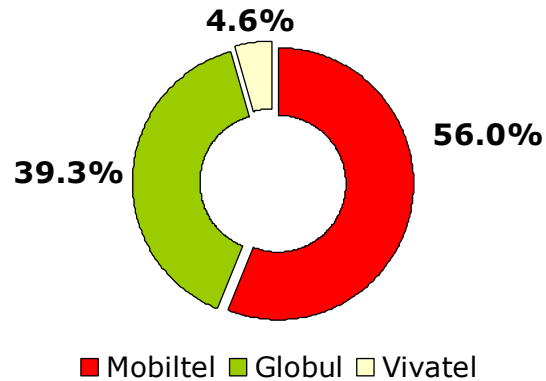


Si.mobil

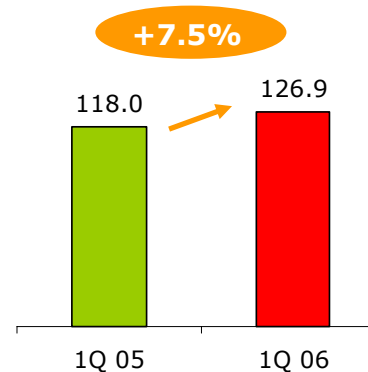
- Revenues increase by 24.5% due to higher monthly rental and traffic revenues
- Adj. EBITDA grows by 8.7%
- Higher equipment sales due to higher contract subscribers which increase by 20.1%
- ARPU increases by 20.7% to EUR 18.1 as a result of higher monthly rentals & MoU

Increase in Subscriber Base and Revenues despite Strong Competition in Bulgaria

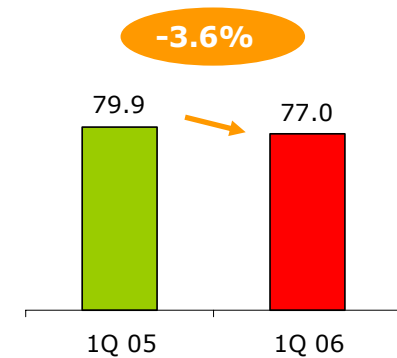
Market Shares



Revenues

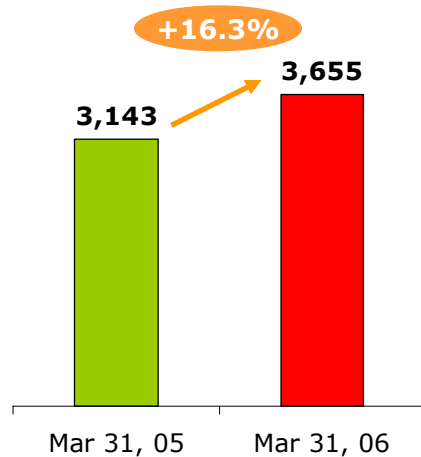


Adjusted EBITDA



Subscribers Development

(in 000)



Highlights

- Increase in revenues mainly due to higher monthly rental and equipment revenues
- EBITDA declines by 3.6% from an extraordinary high level in 1Q 05
- Subscriber base increased by 16.3%, with 60,300 net adds in 1Q 06
- Penetration reaches 84.7% compared to 63.2% a year ago and 79.5% at end of December 2005
- Mobiltel joined Vodafone Cooperation & launched Vodafone Mobile Connect Card in 1Q 06

Financial Overview

Strong Increase of all Financial Indicators in 1Q 06, Primarily as a Result of Mobiltel

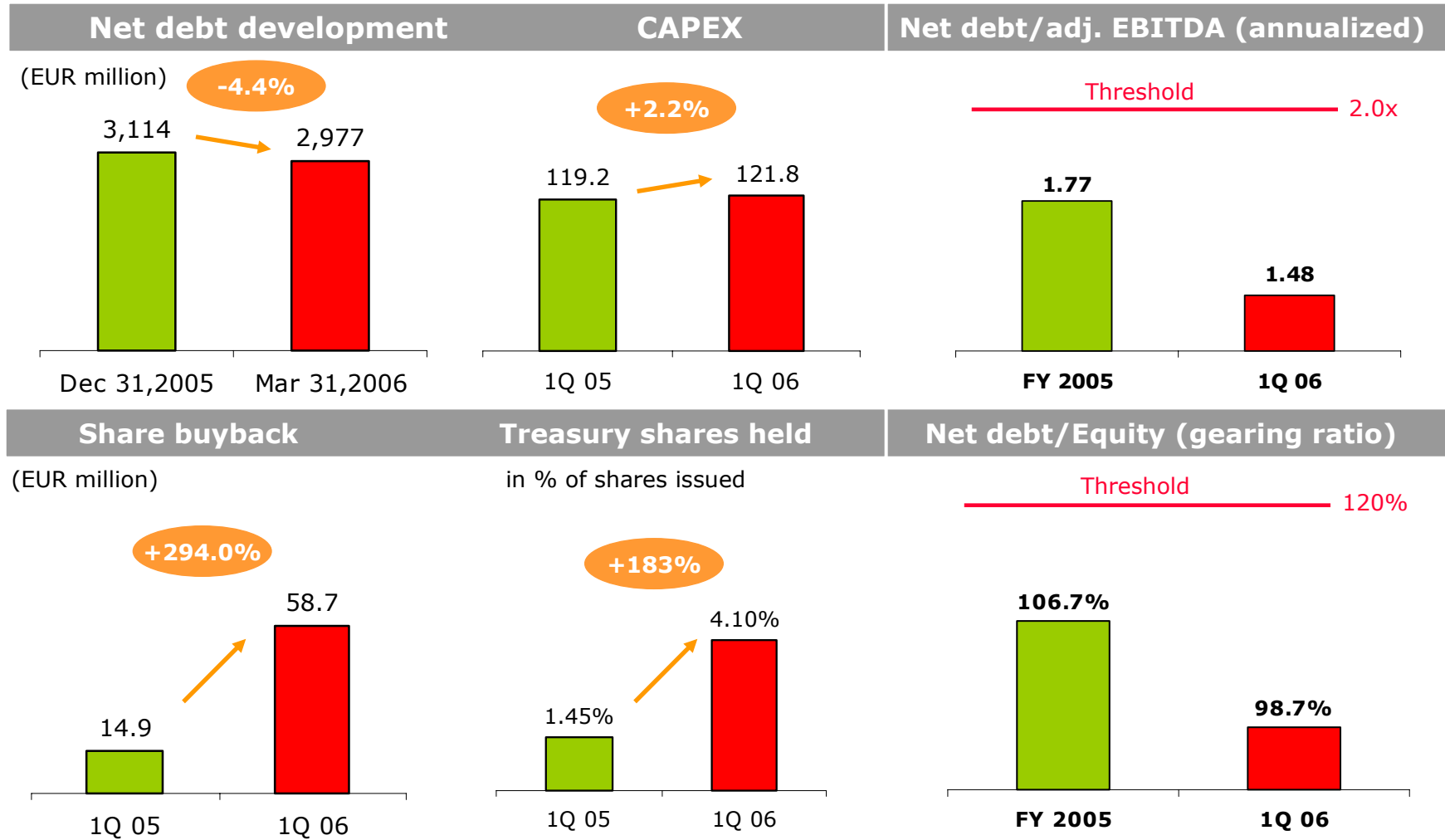
| (EUR million) | 1Q 06 | 1Q 05 | % change |
|------------------------|----------------|----------------|--------------|
| Total revenues | 1,158.6 | 1,000.6 | 15.8% |
| Other operating income | 13.5 | 17.9 | -24.6% |
| Adjusted EBITDA | 504.3 | 432.5 | 16.6% |
| Adjusted EBITDA Margin | 43.5% | 43.2% | 0.7% |
| Operating income | 221.6 | 169.6 | 30.7% |
| Net income | 154.0 | 110.6 | 39.2% |
| Capital expenditures | 121.8 | 119.2 | 2.2% |

| (EUR million) | Mar 31, 2006 | Dec 31, 2005 | % change |
|---------------------------------|----------------|----------------|--------------|
| Net debt (end of period) | 2,977.4 | 3,113.7 | -4.4% |

Starting 1Q 2005 IFRS is the Primary Reporting Standard for Telekom Austria

| P&L US GAAP | Major Differences | P&L IFRS |
|--|--|---|
| <p>Operating revenues</p> <p>Operating expenses</p> <p> Materials</p> <p> Employee costs, incl. benefits & taxes</p> <p> Depreciation & amortization</p> <p> Impairment charges</p> <p> Other operating expenses</p> <p>Operating income</p> <p>Other income (expense)</p> <p> Interest income</p> <p> Interest expense</p> <p> Equity in earnings of affiliates</p> <p> Other, net</p> <p>Income before income taxes & minority interests</p> <p> Income tax expense</p> <p> Minority interests</p> <p>Net income</p> | <ul style="list-style-type: none"> ▪ Revenues from real estate rental no longer included in operating revenues, but in other operating income ▪ Own work capitalized included in other operating income instead of being offset against expenses ▪ Operating income almost equal as differences in accounting between U.S. GAAP and IFRS offset each other ▪ Accretion expense for asset retirement obligation no longer reported under "other operating expense" but under interest expense ▪ Net debt includes liabilities from asset backed securitization program | <p>Operating revenues</p> <p>Other operating income</p> <p>Operating expenses</p> <p> Materials</p> <p> Employee costs, incl. benefits & taxes</p> <p> Depreciation & amortization</p> <p> Impairment charges</p> <p> Other operating expenses</p> <p>Operating income</p> <p>Other income (expense)</p> <p> Interest income</p> <p> Interest expense</p> <p> Foreign exchange differences</p> <p> (Loss) Income from investments</p> <p> Equity in earnings of affiliates</p> <p>Income before income taxes</p> <p> Income tax expense</p> <p>Net income</p> |

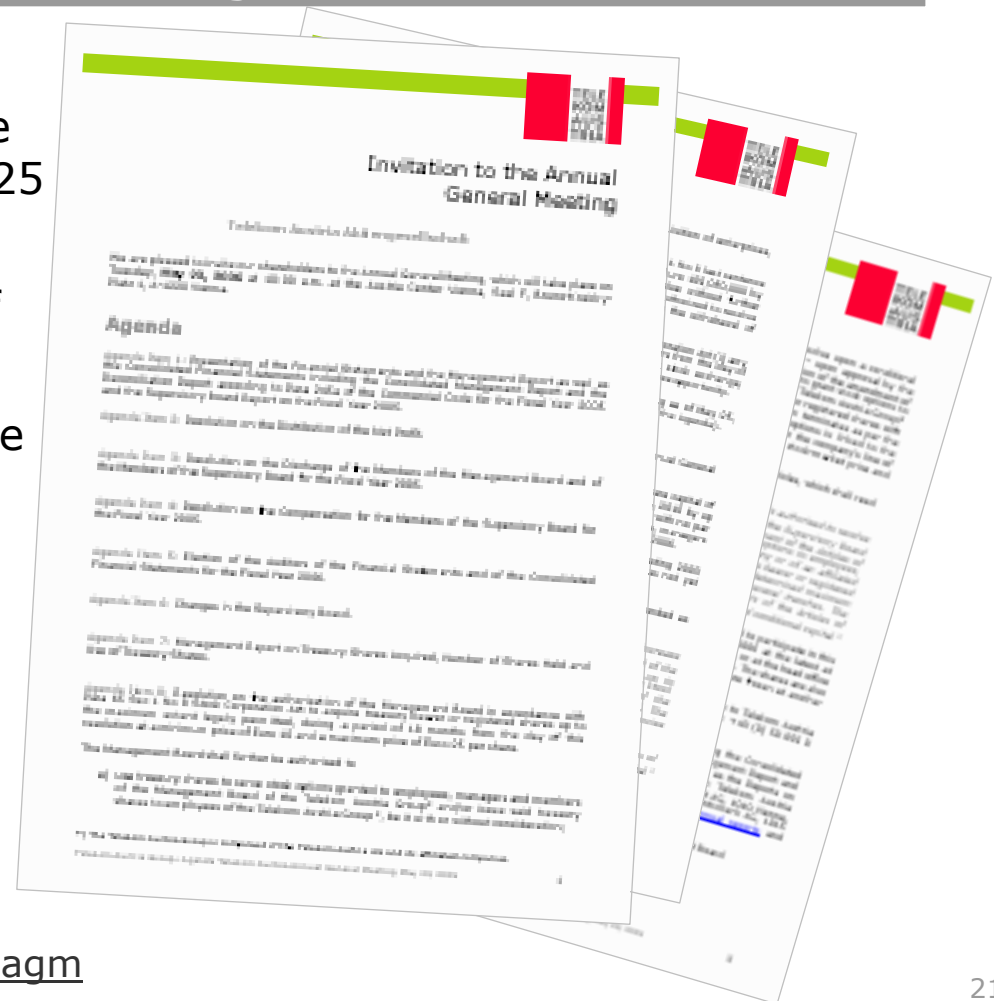
Reduction of Net Debt, Share Buyback Quadruples



Annual General Meeting Will be Held on May 23rd 2006, Boris Nemsic to Become CEO

Agenda includes among other

- Extension for authorization of share buyback & increase of price range from EUR 9-21 to EUR 10-25
- Prolongation of Stock Option program until 2013 & issuance of new tranches
- Use of treasury shares to facilitate Employee Participation Program
- Changes in Supervisory board composition
- Increase of Supervisory board members' compensation



Documents available at www.telekom.at/agm

Outlook

1Q Results Fully Support Outlook for 2006

| | |
|----------|---|
| Group | <ul style="list-style-type: none">▪ Revenue growth of about 5% and increase of adjusted EBITDA of about 10%; net income rises by around 20%▪ Constant pay-out ratio of 65%▪ Increase of Capex due to consolidation of Mobiltel and 3G investments▪ Strong cash flow allows reduction in net debt and continuation of share buyback program |
| Wireline | <ul style="list-style-type: none">▪ Continuing migration of call volumes to mobile will lead to decline in revenues and adjusted EBITDA; strong growth in broadband area will not fully offset decline in voice business |
| Wireless | <ul style="list-style-type: none">▪ Further rise in revenues and adjusted EBITDA from contribution of Mobiltel; increasing contribution from international operations, fierce price competition in all markets |

Appendix

Regulatory Issues

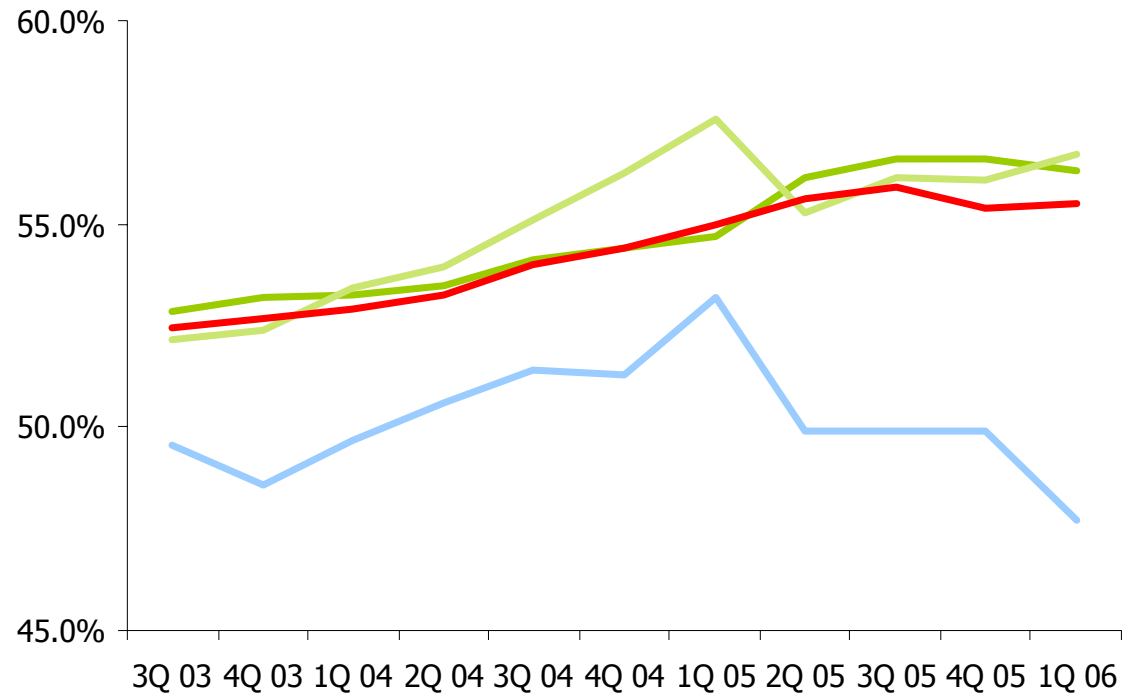
Key Aspects

- **Completion Market Analysis:** Telekom Austria published and amended its four reference offers according to the obligations set by the regulatory authority.
ADSL wholesale offer: published 2.5.2005; based on results of analysis of the Austrian BB-market, a “naked ADSL” product was made compulsory (no substantial material changes) negotiations with market participants are ongoing, (based on retail minus prices).
An additional offer was drawn up for leased lines at the wholesale level; includes the possibility of coupling of ULL. (based on efficient cost)
- **Determination Unbundling Fees:** Reduction of monthly charges for ULL between Telekom Austria and Tele2/UTA by 1.83% to EUR 10.70 per fully unbundled line and EUR 8.29 for sub loop unbundling and adjustments of the pricing for collocation sites.
- **Gliding Path Model Mobile Termination:** Regulator urged mid-term unification of mobile termination rates between operators; Reduction takes place according to a gliding path model: by January 1, 2006 mobilkom austria reduced its termination rate to EURc 9.34; further mobilkom austria is obliged to reduce its termination rates to EURc 8.34 on July 2006.
- **Acquisition of tele.ring:** Commission clears acquisition of Austrian mobile phone operator tele.ring by T-Mobile.
- **Si.mobil acquired mobile sites for EUR 2.5 million from Vega which exits the market.**

Wireline - Access Lines

| (in 000) | 1Q 06 | 1Q 05 | % change |
|---|----------------|----------------|-----------------|
| PSTN access lines | 2,350.0 | 2,431.2 | -3.3% |
| Basic ISDN access lines | 412.9 | 437.1 | -5.6% |
| Multi ISDN access lines | 7.3 | 7.5 | -2.8% |
| Total access lines in service | 2,770.2 | 2,875.9 | -3.7% |
| of these ADSL access lines | 616.0 | 443.9 | 38.8% |
| thereof ADSL wholesale lines | 114.1 | 94.9 | 20.2% |
| | 1Q 06 | 1Q 05 | % change |
| Total access channels in service | 3,395.9 | 3,531.9 | -3.8% |
| | 1Q 06 | 1Q 05 | % change |
| Unbundled lines | 146.5 | 85.3 | 71.7% |

Wireline - Market Shares

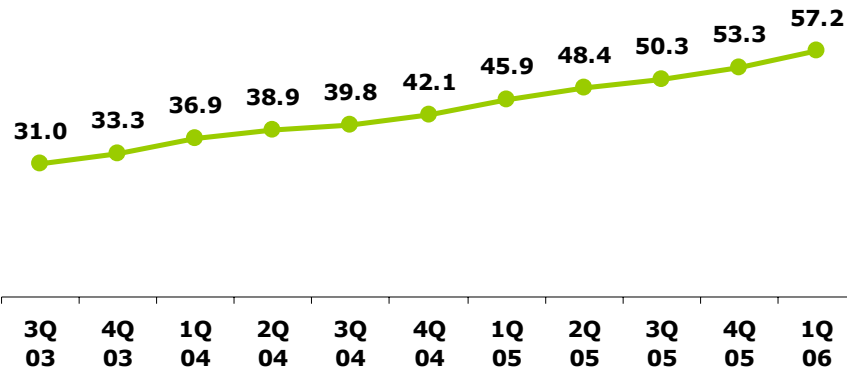


- Local + National long distance traffic
- Fixed to mobile
- International
- Total voice traffic

ADSL – Revenues and Residential

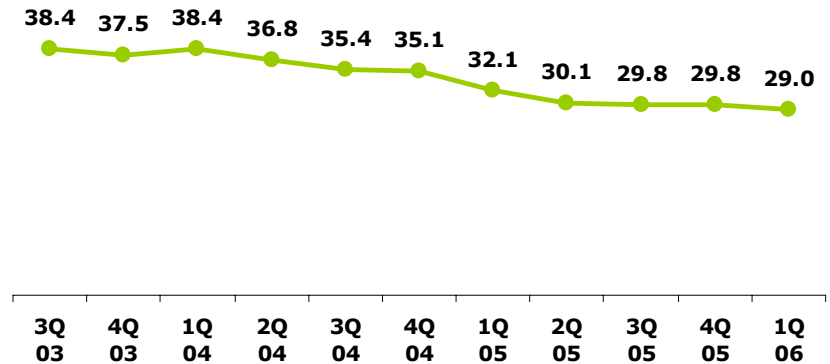
ADSL Revenues (incl. Wholesale)

(EUR million)



ADSL Residential ARPU

(in EUR)



Wireline - Minutes and Average Tariffs



(in million minutes)

| | 1Q 06 | 1Q 05 | % change |
|-------------------------------|--------------|--------------|---------------|
| National | 954 | 1,029 | -7.2% |
| Fixed-to-mobile | 205 | 207 | -1.1% |
| International | 109 | 115 | -5.1% |
| Total voice minutes | 1,268 | 1,351 | -6.1% |
| Internet dial up | 463 | 715 | -35.2% |
| Total wireline minutes | 1,731 | 2,066 | -16.2% |

(Average tariffs in EUR)

| | 1Q 06 | 1Q 05 | % change |
|----------------------------|--------------|--------------|-------------|
| National | 0.041 | 0.040 | 2.5% |
| Fixed-to-mobile | 0.187 | 0.190 | -1.6% |
| International | 0.178 | 0.182 | -2.2% |
| Total voice average | 0.076 | 0.075 | 1.3% |
| Internet dial up | 0.017 | 0.016 | 6.3% |

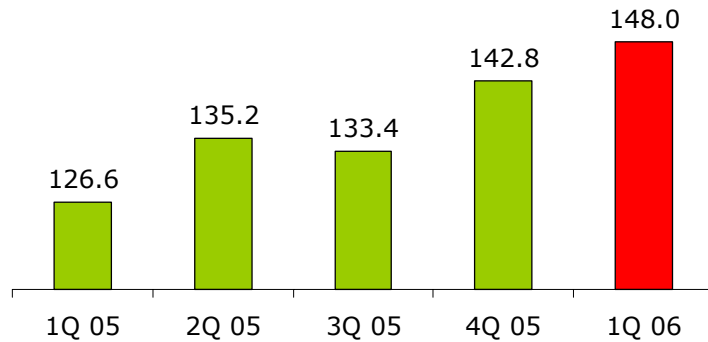
Mobile Subscribers

| | | (in 000) | 1Q 06 | 1Q 05 | % change |
|---|----------------------------|----------|----------------|----------------|--------------|
|  | Contract | | 1,978.4 | 1,810.5 | 9.3% |
| | Prepaid | | 1,458.3 | 1,485.2 | -1.8% |
| | Austria Total | | 3,436.7 | 3,295.7 | 4.3% |
|  | Contract | | 1,278.9 | 1,082.8 | 18.1% |
| | Prepaid | | 2,375.6 | 2,060.5 | 15.3% |
| | Bulgaria Total | | 3,654.5 | 3,143.3 | 16.3% |
|  | Contract | | 264.9 | 196.7 | 34.7% |
| | Prepaid | | 1,397.0 | 1,120.1 | 24.7% |
| | Croatia Total | | 1,661.9 | 1,316.8 | 26.2% |
|  | Contract | | 188.9 | 157.3 | 20.1% |
| | Prepaid | | 182.1 | 207.2 | -12.1% |
| | Slovenia Total | | 370.9 | 364.5 | 1.8% |
|  | Liechtenstein Total | | 4.4 | 3.5 | 25.7% |
| Total Wireless* | | | 9,128.4 | 4,980.5 | 83.3% |

* Mobiltel figures are not included in 1Q 05 subscriber figures.

Operational Data – mobilkom austria

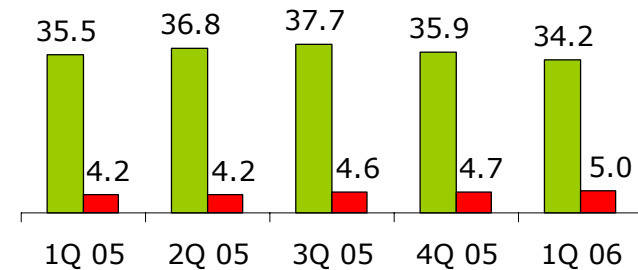
Average MoU per Subscriber



Average ARPU & Data ARPU

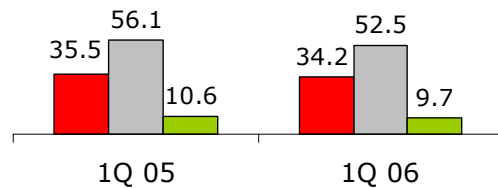
(in EUR)

■ Average ARPU ■ Data ARPU



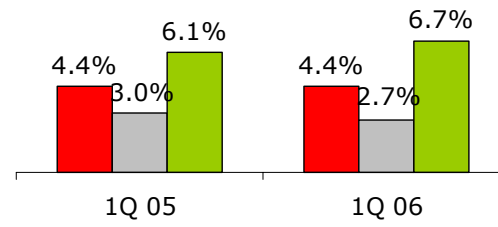
ARPU

(in EUR)



■ Average ■ Contract ■ Prepaid

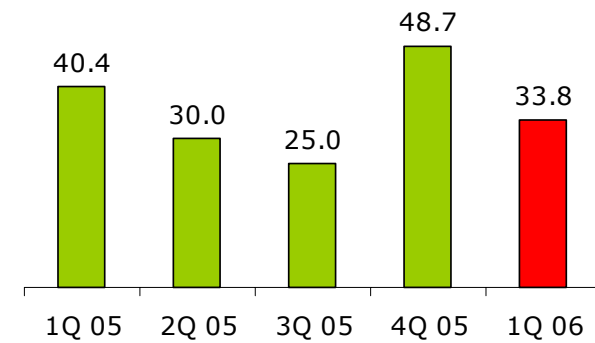
Quarterly Churn



■ Average ■ Contract ■ Prepaid

SRC & SAC*

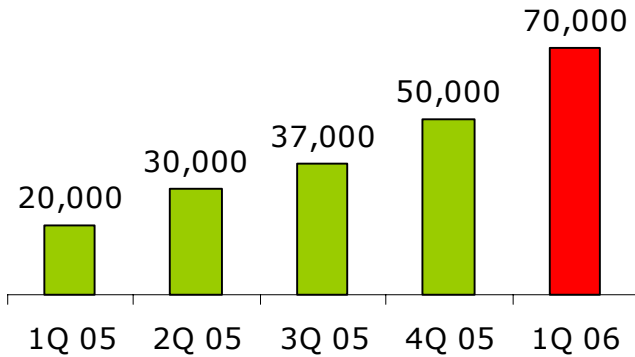
(in EUR million)



* Subscriber retention cost & subscriber acquisition cost

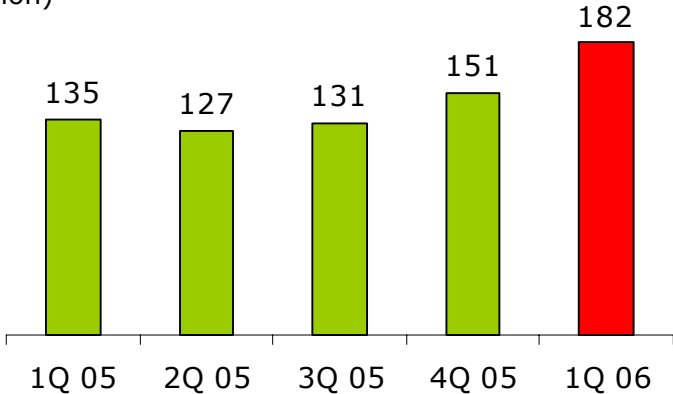
mobilkom austria - Mobile Data

Number of data cards sold cumulated



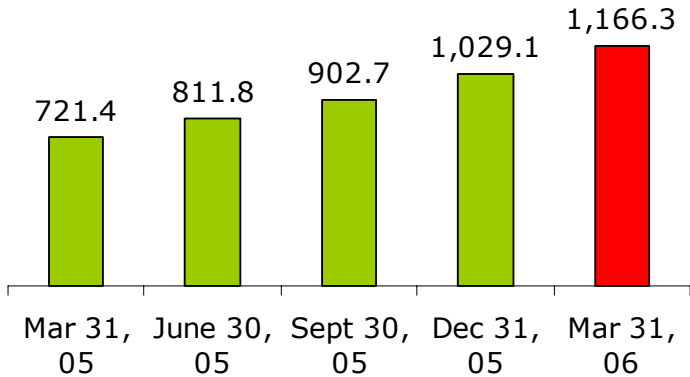
Number of SMS

(in million)

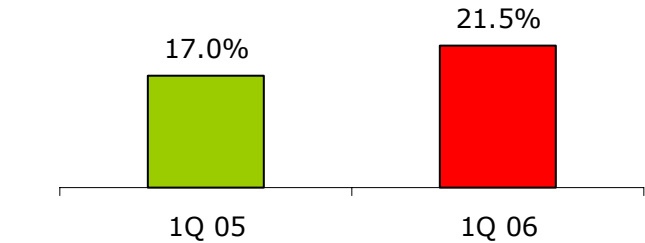


MMS Users

(in 000)



Data in % of Revenues*



* Traffic related revenues

Headcount* Development

| (average period) | Mar 31,2006 | Mar 31,2005 | change |
|------------------------------|---------------|---------------|--------|
| Wireline | 9,550 | 9,653 | -103 |
| Wireless | 6,058 | 3,616 | 2,442 |
| Telekom Austria Group | 15,608 | 13,269 | 2,339 |
| thereof Mobiltel | 2,462 | | |

| (end of period) | Mar 31,2006 | Mar 31,2005 | change |
|------------------------------|---------------|---------------|--------|
| Wireline | 9,552 | 9,639 | -87 |
| Wireless | 5,961 | 3,622 | 2,339 |
| Telekom Austria Group | 15,513 | 13,261 | 2,252 |
| thereof Mobiltel | 2,382 | | |

* in Full-time-equivalents

Wireline - Revenue Breakdown

| (EUR million) | 1Q 06 | 1Q 05 | % change |
|---|--------------|--------------|-------------|
| Switched voice base traffic | 99.8 | 101.6 | -1.8% |
| Switched voice monthly & other voice revenues | 133.2 | 139.2 | -4.3% |
| Payphones & VAS | 10.8 | 12.6 | -14.3% |
| Wholesale data & IT-solutions | 103.6 | 102.8 | 0.8% |
| Internet access & media | 67.3 | 58.0 | 16.0% |
| Wholesale voice & Internet | 92.3 | 88.2 | 4.6% |
| Other | 27.9 | 27.8 | 0.4% |
| Total Wireline revenues | 534.9 | 530.2 | 0.9% |

Wireless - Revenue Breakdown

| (EUR million) | 1Q 06 | 1Q 05 | % change |
|---|--------------|--------------|--------------|
| Traffic revenues | 336.1 | 271.2 | 23.9% |
| Monthly rental | 119.0 | 83.7 | 42.2% |
| Equipment | 56.3 | 31.3 | 79.9% |
| Roaming | 65.5 | 56.3 | 16.3% |
| Interconnection | 107.7 | 81.1 | 32.8% |
| Other | 10.0 | 4.2 | 138.1% |
| Discounts | -6.4 | -1.8 | 255.6% |
| Total Wireless revenues* | 688.2 | 526.0 | 30.8% |
| Wireless revenues, on a comparable basis, excluding Mobiltel | 562.4 | 526.0 | 6.9% |

* Mobiltel is not included in 1Q 05 figures.

Operating Revenues by Segment

| (EUR million) | 1Q 06 | 1Q 05 | % change |
|--|----------------|----------------|--------------|
| Wireline revenues | 534.9 | 530.2 | 0.9% |
| Wireless revenues* | 688.2 | 526.0 | 30.8% |
| Other & eliminations | -64.5 | -55.6 | 16.0% |
| Operating revenues | 1,158.6 | 1,000.6 | 15.8% |
| Wireless, on a comparable basis, excluding Mobiltel | 562.4 | 526.0 | 6.9% |

* Mobiltel is not included in 1Q 05 figures.

Adjusted EBITDA and Operating Income by Segment

| (EUR million) | 1Q 06 | 1Q 05 | % change |
|---|--------------|--------------|--------------|
| Wireline EBITDA | 210.4 | 220.1 | -4.4% |
| Wireless EBITDA** | 293.6 | 212.1 | 38.4% |
| Other & eliminations | 0.3 | 0.3 | 0.0% |
| Adjusted EBITDA* | 504.3 | 432.5 | 16.6% |
| Wireless EBITDA, on a comparable basis, excluding Mobiltel | 216.6 | 212.1 | 2.1% |

| (EUR million) | 1Q 06 | 1Q 05 | % change |
|---|--------------|--------------|--------------|
| Wireline operating income | 49.7 | 44.8 | 10.9% |
| Wireless operating income** | 171.4 | 124.3 | 37.9% |
| Other & eliminations | 0.5 | 0.5 | 0.0% |
| Operating income | 221.6 | 169.6 | 30.7% |
| Wireless operating income, on a comparable basis, excluding Mobiltel | 127.9 | 124.3 | 2.9% |

* Operating income before depreciation, amortization and impairment charges.

** Mobiltel is not included in 1Q 05 figures.

Capital Expenditures by Segment

| (EUR million) | 1Q 06 | 1Q 05 | % change |
|---|--------------|--------------|---------------|
| Wireline tangible | 51.0 | 56.2 | -9.3% |
| Wireless tangible* | 52.7 | 48.8 | 8.0% |
| Tangible (total) | 103.7 | 105.0 | -1.2% |
| Wireline intangible | 9.5 | 7.5 | 26.7% |
| Wireless intangible* | 8.6 | 6.7 | 28.4% |
| Intangible (total) | 18.1 | 14.2 | 27.5% |
| Telekom Austria Group | 121.8 | 119.2 | 2.2% |
| Wireless tangible, on a comparable basis, excluding Mobiltel | 32.3 | 48.8 | -33.8% |

| (EUR million) | 1Q 06 | 1Q 05 | % change |
|--------------------------|-------|-------|----------|
| Wireless tangible | | | |
| mobilkom austria | 21.3 | 39.6 | -46.2% |
| Mobiltel | 20.4 | 13.8 | 47.8% |
| Vipnet | 10.2 | 9.0 | 13.3% |
| Si.mobil | 0.7 | 0.6 | 16.7% |

* Mobiltel is not included in 1Q 05 figures.

Net Debt - Telekom Austria Group

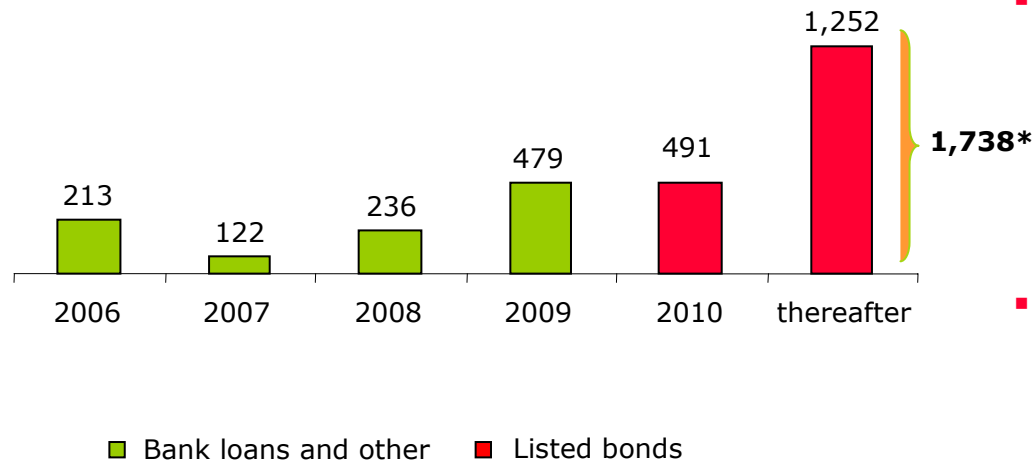
(EUR million)

| | Mar 31,2006 | Dec 31,2005 | % change |
|--|----------------|----------------|--------------|
| Long-term debt | 2,489.3 | 2,557.7 | -2.7% |
| Short-term debt | 615.1 | 704.1 | -12.6% |
| - Short-term portion of capital and cross border lease obligations | -11.9 | -9.4 | 26.7% |
| + Capital lease obligations | 0.2 | 0.6 | -68.4% |
| Cash and cash equivalents, short-term and long term investments | -110.3 | -139.3 | -20.8% |
| Financial instruments, included in other assets and other current assets | -5.0 | 0.0 | |
| Net debt of Telekom Austria Group | 2,977.4 | 3,113.7 | -4.4% |
| Shareholders' equity | 3,015.7 | 2,918.8 | 3.3% |
| Net debt/equity | 98.7% | 106.7% | -7.5% |

Telekom Austria Debt Maturity Profile

Debt Maturity Profile

(EUR million)



Key Highlights

- Ratings of listed bonds:
 - S&P: BBB+ (*Stable outlook*)
 - Moody's: A3 (*Positive outlook*)
- Ratios:
 - Net Debt/equity as of March 31, 2006: 98.7%
 - Net debt /Adj. EBITDA (annualized): 1.48x
- Listed Bonds:
 - EUR 750 million 2003 – 2013
 - EUR 500 million 2005 – 2010
 - EUR 500 million 2005 - 2017

*Listed bonds at amortized costs

Reconciliation from Adjusted EBITDA to Consolidated Net Income*

| (EUR million) | 1Q 06 | 1Q 05 | % change |
|----------------------------------|--------------|--------------|--------------|
| Adjusted EBITDA** | 504.3 | 432.5 | 16.6% |
| Depreciation and amortization | -280.2 | -262.9 | 6.6% |
| Impairment charges | -2.5 | 0.0 | n.a. |
| Operating income | 221.6 | 169.6 | 30.7% |
| Interest income | 5.2 | 8.2 | -36.6% |
| Interest expense | -30.3 | -34.7 | -12.7% |
| Accretion expense | -0.8 | -0.8 | 0.0% |
| Foreign exchange differences | -0.2 | 0.0 | n.a. |
| Income from investments | -0.9 | 3.4 | -126.5% |
| Equity in earnings of affiliates | 0.3 | 0.2 | 50.0% |
| Income tax expense | -40.9 | -35.3 | 15.9% |
| Net income | 154.0 | 110.6 | 39.2% |

* Mobiltel is not included in 1Q 05 figures.

** Adjusted EBITDA is defined as operating income before depreciation, amortization and impairment charges