



Results for the first quarter 2016

Vienna, 27 April 2016

Cautionary statement

'This presentation contains forward-looking statements. These forward-looking statements are usually accompanied by words such as 'believe', 'intend', 'anticipate', 'plan', 'expect' and similar expressions. Actual events may differ materially from those anticipated in these forward-looking statements as a result of a number of factors. Forward-looking statements involve inherent risks and uncertainties. A number of important factors could cause actual results or outcomes to differ materially from those expressed in any forward-looking statement. Neither Telekom Austria nor any other person accepts any liability for any such forward-looking statements. Telekom Austria will not update these forward-looking statements, whether due to changed factual circumstances, changes in assumptions or expectations. This presentation does not constitute a recommendation or invitation to purchase or sell securities of Telekom Austria.'



Operational and financial highlights for the first quarter 2016

Q1 2016: Results driven by Austria and M&A transactions

Group (in EUR million)	Reported Q1 16	Proforma* Q1 15	% change
Total revenues	1.009,4	1.032,6	-2,2%
EBITDA	334,4	343,0	-2,5%
CAPEX	134,5	130,4	3,1%

- > Telekom Austria Group results driven by moderate growth in Austria and M&A transactions in CEE
- > On a proforma* basis Group total revenues declined by 2.2% (3.5% growth on a underlying** basis)
- > Group EBITDA declined by 2.5% on a proforma basis while it increased by 8.1% on an underlying basis

* Proforma figures include prior year figures of M&A transactions made after Q1 2015

** Underlying figures exclude OOI and extraordinary effects in Q1 2015 and Q1 2016, effects from FX in Q1 2016 and M&A in Q1 2015:

Extraordinary effects Q1 2016: positive EUR 7.0 mn in EBITDA in Austria; neg. EUR 2.0 mn in EBITDA in Croatia;

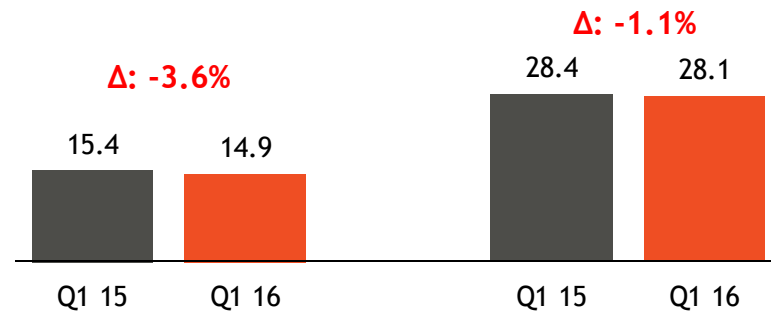
FX effects Q1 2016: negative EUR 25.9 mn and EUR 13.0 mn FX effects on revenues and EBITDA respectively;

For information on OOI, M&A and extraordinary effects in the comparison period, please refer to the Q1 2016 Earnings Release

Austria: EBITDA growth driven by stable service revenues and focus on cost efficiency

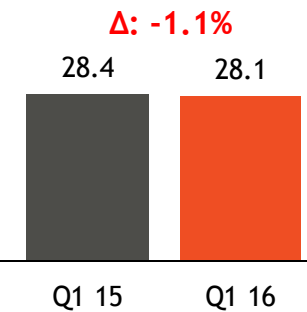
ARPU

(in EUR)



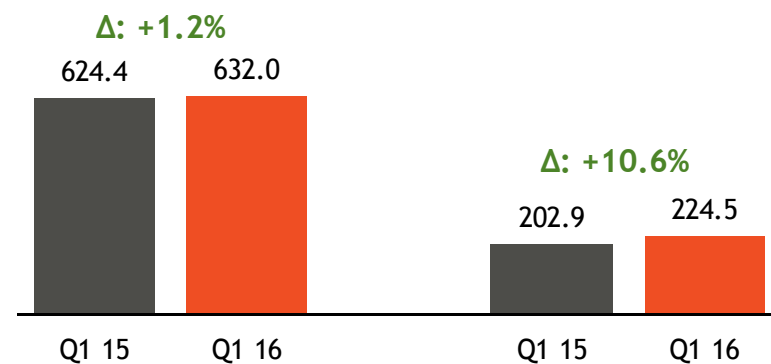
ARPL

(in EUR)



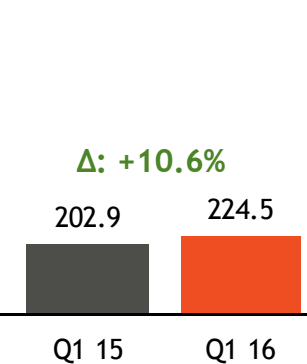
Total revenues

(reported, in EUR mn)



EBITDA

(reported, in EUR mn)



Operational data

- > 1.3% mobile subscriber growth (excl. M2M): Increase in no-frills and high-value segments, ongoing decline in mobile broadband subscribers
- > Higher share of no-frills customers weighs on ARPU
- > 0.5% fixed RGU growth: 3.7% fixed broadband and 7.0% TV; strong demand for fibre upgrades

Financial performance

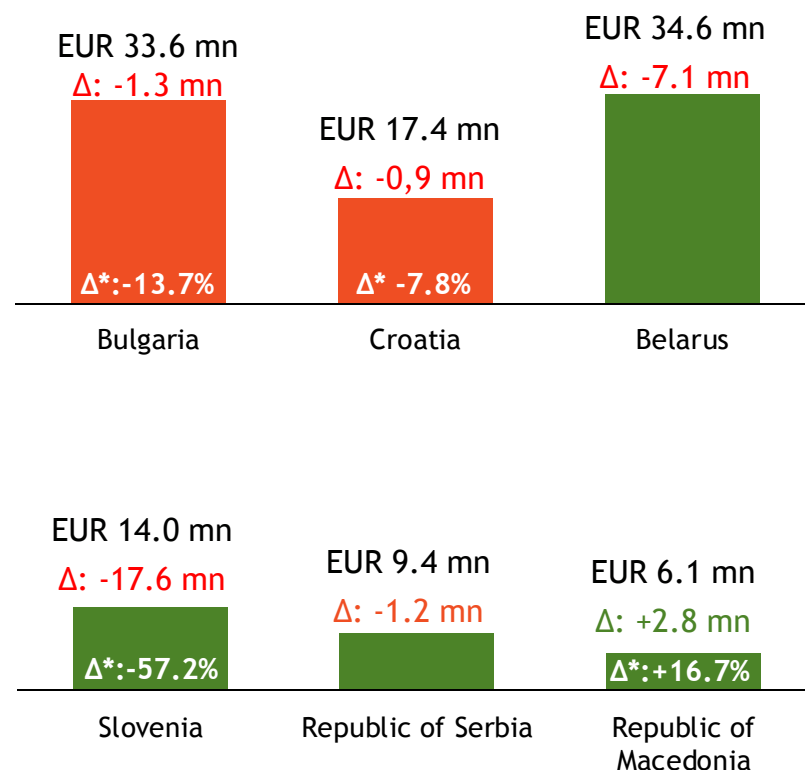
- > 1.2% revenue increase driven by equipment revenues
- > Stable mobile service revenues despite higher no-frills share as overall subscriber base grows by 4.0%
- > Broadband and TV growth limit fixed service revenue decline to 1.4%
- > Cost savings drive 8.2% yoy underlying* EBITDA growth
- > Subsidies for acquisition and retention increase by 153.8% and 20.3% respectively

* pos. EUR 7 mn extraordinary effect in Q1 16 in cost of equipment: harmonisation of value adjustments for handsets

CEE driven by M&A, negative FX effects and fierce competition

EBITDA

(reported, in EUR mn)



Highlights CEE

Bulgaria:

- > Proforma EBITDA decline of 13.7% and underlying decline of 9.8%
- > Continued fierce competition in business segment

Croatia:

- > Proforma EBITDA decline of 7.8% (underlying -0.5%)
- > Solid fixed RGUs growth and higher mobile fixed fees
- > OPEX higher due to increase in cost of equipment, bad debt and extraordinary costs

Belarus:

- > Underlying revenue and EBITDA growth of 26.4% and 10.6% y-o-y respectively
- > 27.4% BYR devaluation y-o-y

Slovenia:

- > Proforma EBITDA declines 57.2%; underlying EBITDA increases by 11.0%

Serbia:

- > Underlying revenues increase by 25.6% while EBITDA grows by 48.1% on an underlying basis

* Proforma view including M&A impact on EBITDA in Q1 15: Bulgaria: EUR 4.1 mn, Croatia: EUR 0.6 mn, Slovenia: 1.1 mn, Macedonia: EUR 1.9 mn

Underlying figures exclude OOI and extraordinary effects in Q1 2015 and Q1 2016, effects from FX in Q1 2016 and M&A in Q1 2015

Free cash flow falls due to high CAPEX paid

(in EUR million)	1-3 M 2016	1-3 M 2015	% change
Net cash flow from operating activities	307.1	395.8	-22.4%
Capital expenditures paid	-245.2	-206.9	n.m.
Proceeds from sale of plant, property and equipment	4.7	2.4	96.9%
Interest paid	-73.5	-73.8	n.m.
Free Cash Flow	-6.9	117.5	n.m.

Year-to-date analysis

- > Negative free cash flow of EUR 6.9 mn was mainly driven by CAPEX paid, which included payments of previous periods, such as the spectrum investment in Serbia in Q4 2015
- > EUR 31.0 mn build-up in working capital needs were primarily driven by the payment for restructuring. The increase of inventories stemming from the Easter business was largely offset by a corresponding rise in accounts payable

Focus points

Austria: Safeguarding high-value customers with data- and roaming-centric propositions



A1 One!

High value fixed-mobile bundles

Unlimited fibre broadband + TV + mobile SIM-only tariff

Tariff range: EUR 30 - EUR 100



A1 Net Cube

Mobile WIFI for mobile-only households

Unlimited data on 4G network

Tariff range: EUR 30 - EUR 40



A1 Go!

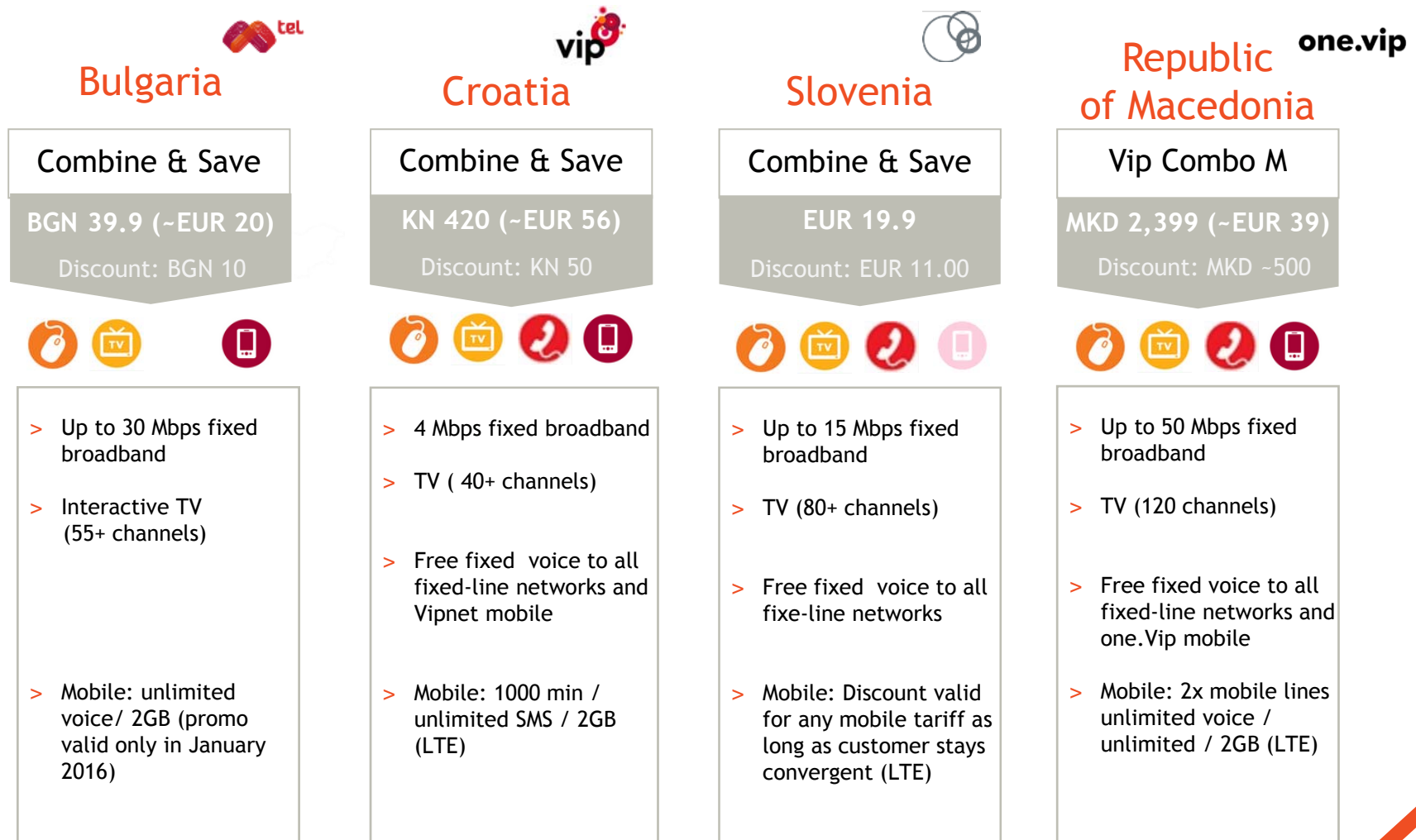
High-value mobile tariffs anticipate roaming cuts

EU roaming included for new customers
(half of the data allowance + 3,500 min/sms/mms)

Tariff range: EUR 35 - 75



CEE: Convergent bundle offers present opportunities for up- and cross-selling



Belarus: Market and OPEX activities address increasing macro challenges

Challenges

- > 10.9% BYR devaluation in Q1 16 (-27.4% y-o-y*) as oil price remains highly volatile
- > Falling exports to Russia drive 3.6% GDP decline in Q1 16
- > Lower average salary and consumer purchasing power
- > VAT for mobile communication services increased to 25% from 20% as of 1 April 2016

Activities

- > Price increases: 8% for retail customers (Dec 15); 7% for corporate tariffs (Apr 16)
- > 630k existing customers migrated to higher tariffs in Q1 2016
- > Lean cost structure remains key: 50% EBITDA margin
- > Network swap (singleRAN, single vendor) generates OPEX & CAPEX savings
- > Solar power plant reduces vulnerability to FX volatility

* Period average for Q1 2015 and 2016 as under IFRS reporting
Results for the first quarter 2016



Outlook for the full year 2016

Outlook for the full year 2016 unchanged

	27 April 2016	Consensus
Revenues	approx. +1%	EUR 4,101.4 mn
CAPEX	approx. EUR 750 mn	EUR 752.9 mn
Proposed dividend	EUR 0.05 / share	-

- > Outlook based on constant currencies except for Belarus (assumed 20%, in line with inflation)
- > CAPEX: does not include investments in spectrum or acquisitions
- > Proposed dividend: intended proposal to the Annual General Meeting 2017

Appendix 1

The leading regional communications player providing convergent telecommunication services

as of 31 March 2016 (in '000)

Austria

Mobile market position #1

Mobile subscriber:

> 5,831 (Q1 2015: 5,610)

Fixed access lines:

> 2,231 (Q1 2015: 2,240)



Croatia

Mobile market position #2

Mobile subscriber:

> 1,714 (Q1 2015: 1,726)

Fixed access lines:

> 270 (Q1 2015: 205)



Republic of Serbia

Mobile market position #3

Mobile subscriber:

> 2,073 (Q1 2015: 2,125)



Slovenia

Mobile market position #2

Mobile subscriber:

> 718 (Q1 2015: 685)

Fixed access lines:

> 69 (Q1 2015: n.a.)



Belarus

Mobile market position #2

Mobile subscriber:

> 4,920 (Q1 2015: 4,921)



Bulgaria

Mobile market position: #1

Mobile subscriber:

> 4,125 (Q1 2015: 4,311)

Fixed access lines:

> 541 (Q1 2015: 151)



Republic of Macedonia

Mobile market position #1

Mobile subscriber:

> 1,146 (Q1 2015: 616 Vip operator)

Fixed access lines:

> 143 (Q1 2015: 76)



Telekom Austria Group - Profit and Loss

(in EUR million)	Q1 2016	Q1 2015	% change
Service Revenues	913.5	918.6	-0.6%
Equipment Revenues	95.9	78.8	21.7%
Total Revenues	1,009.4	997.4	1.2%
Cost of Service	-326.0	-315.4	n.m.
Cost of Equipment	-104.0	-92.4	n.m.
Selling, General & Administrative Expenses	-241.7	-252.8	n.m.
Others	-3.2	-1.4	n.m.
Total Costs and Expenses	-675.0	-662.1	n.m.
EBITDA	334.4	335.3	-0.3%
<i>% of Total Revenues</i>	<i>33.1%</i>	<i>33.6%</i>	
Depreciation and Amortisation	-217.2	-195.6	n.m.
Impairment and Reversal of Impairment	0.0	0.0	n.a.
EBIT	117.2	139.7	-16.1%
<i>% of Total Revenues</i>	<i>11.6%</i>	<i>14.0%</i>	
EBT (Earnings Before Income Taxes)	90.6	99.9	-9.3%
Net Result	81.0	92.7	-12.7%

Telekom Austria Group - Revenues and OPEX per segment

Revenues (in EUR million)	Q1 2016	Q1 2015	% change
Austria	632.0	624.4	1.2%
Bulgaria	97.0	92.3	5.1%
Croatia	88.4	84.1	5.2%
Belarus	68.9	78.3	-12.1%
Slovenia	51.7	64.2	-19.4%
Republic of Serbia	52.3	46.4	12.7%
Republic of Macedonia	29.1	16.1	81.1%
Corporate & Holding, Elimination	-10.0	-8.4	n.m.
Total Revenues	1,009.4	997.4	1.2%

Operating Expenses (in EUR million)	Q1 2016	Q1 2015	% change
Austria	407.5	421.4	-3.3%
Bulgaria	63.4	57.4	10.4%
Croatia	71.0	65.8	7.9%
Belarus	34.3	36.6	-6.3%
Slovenia	37.7	32.5	16.1%
Republic of Serbia	42.9	35.8	20.0%
Republic of Macedonia	23.0	12.7	80.7%
Corporate & Holding, Elimination	-4.7	-0.1	n.m.
Total Operating Expenses	675.0	662.1	2.0%

Telekom Austria Group - Headcount development

FTE (Average Period)	Q1 2016	Q1 2015	% change
Austria	8,499	8,724	-2.6%
International	8,908	7,363	21.0%
Corporate	212	185	14.6%
Telekom Austria Group	17,619	16,271	8.3%

FTE (End of Period)	Q1 2016	Q1 2015	% change
Austria	8,482	8,746	-3.0%
International	8,917	7,365	21.1%
Corporate	214	187	14.8%
Telekom Austria Group	17,614	16,298	8.1%

Telekom Austria Group - Capital expenditure split

Capital Expenditures (in EUR million)	Q1 2016	Q1 2015	% change
Austria	79.7	73.4	8.6%
Bulgaria	13.3	13.6	-1.7%
Croatia	14.5	9.4	54.2%
Belarus	13.5	7.6	76.6%
Slovenia	3.6	4.3	-15.7%
Republic of Serbia	3.7	15.5	-76.3%
Republic of Macedonia	6.4	2.4	167.3%
Corporate & Holding, Elimination	-0.2	0.0	n.a.
Total Capital Expenditures	134.5	126.2	6.6%
thereof Tangible	112.1	97.0	15.6%
thereof Intangible	22.4	29.2	-23.4%

Telekom Austria Group - Net debt

Net Debt* (in EUR million)	31 March 2016	31 December 2015	% change
Long-term Debt	2,082.7	2,584.1	-19.4%
Short-term Borrowings	554.9	810.4	-31.5%
Cash and Cash Equivalents and Short-term Investments	-110.5	-911.5	n.m.
Net Debt of Telekom Austria Group	2,527.1	2,483.0	1.8%

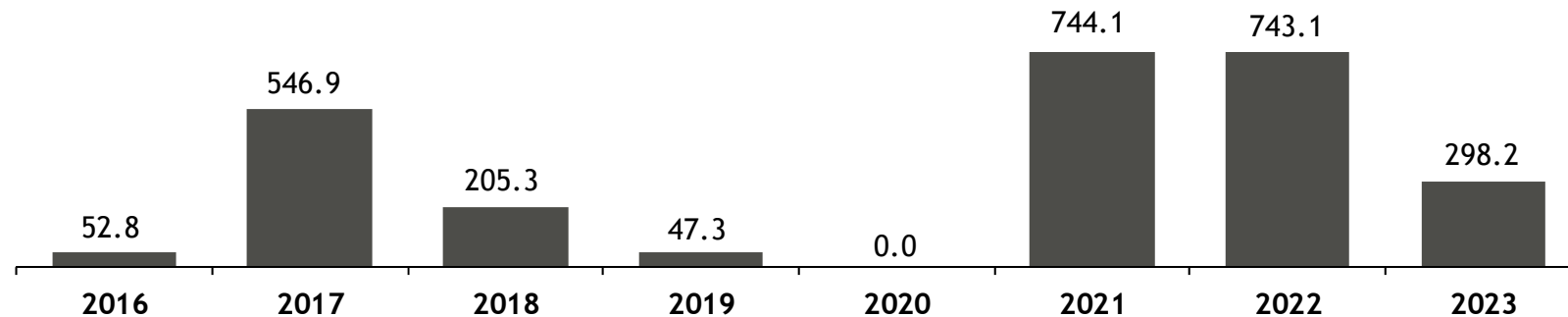
EUR 600 mn non-call (1 February 2018) 5 years hybrid bond qualified as 100% equity under IFRS

* Accrued interest and purchase price liabilities from business combinations are no longer included in net debt; comparative figures have been restated accordingly.

Telekom Austria Group - Debt maturity profile

Debt maturity profile*

(in EUR million)



- > EUR 2,637.7** mn short- and long-term borrowings as of 31 March 2016
- > Average cost of debt of approximately 3.73%
- > Cash and cash equivalents and short-term investments of EUR 110.5 mn
- > Average term to maturity of 4.58 years

* EUR 600 mn non-call 5 years hybrid bond qualified as 100% equity under IFRS

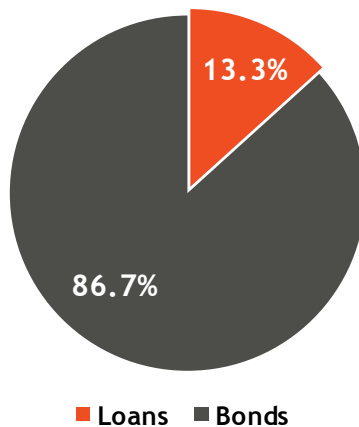
** As of 31 March 2016 accrued interest and purchase price liabilities from business combinations are no longer included

Results for the first quarter 2016

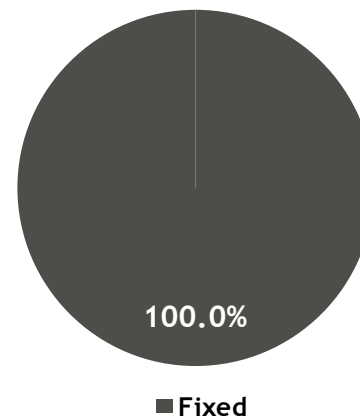


Telekom Austria Group - Debt profile

Overview debt instruments



Fixed/floating mix



Lines of credit

- > Undrawn committed credit lines amounting to EUR 1,000 mn
- > Average term to maturity of approx. 3.6 years

Ratings

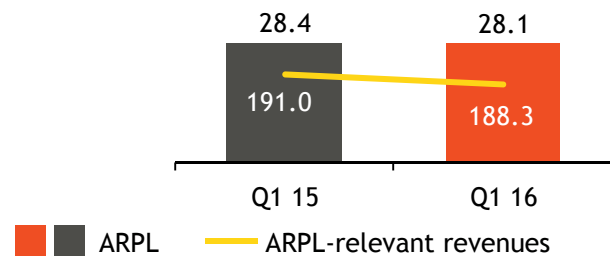
- > S&P: BBB (outlook stable)
- > Moody's: Baa2 (outlook stable)



Segment Austria - Fixed-line key performance indicators

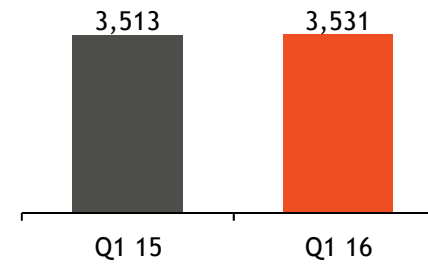
ARPL & ARPL-relevant revenues

(in EUR, in EUR million)



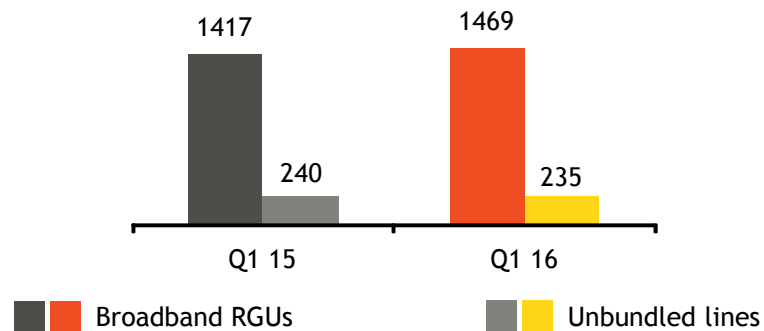
Total RGUs

(in '000)



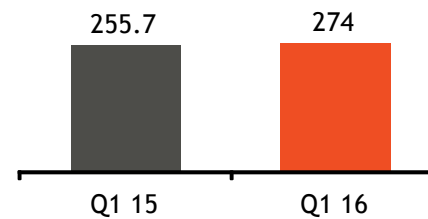
Broadband RGUs/unbundles lines

(in '000)



TV RGUs

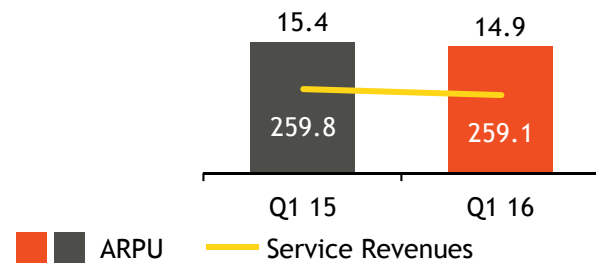
(in '000)



Segment Austria - Mobile key performance indicators

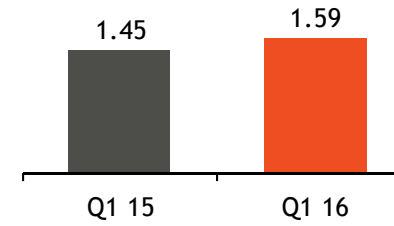
ARPU & Service revenues

(in EUR, in EUR million)



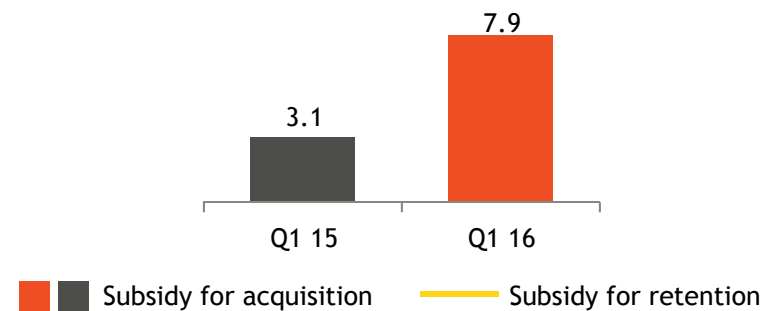
Churn rate

(in %)



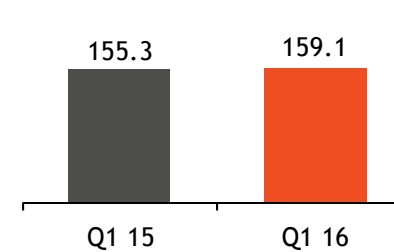
Subsidies

(in EUR million)



Mobile penetration

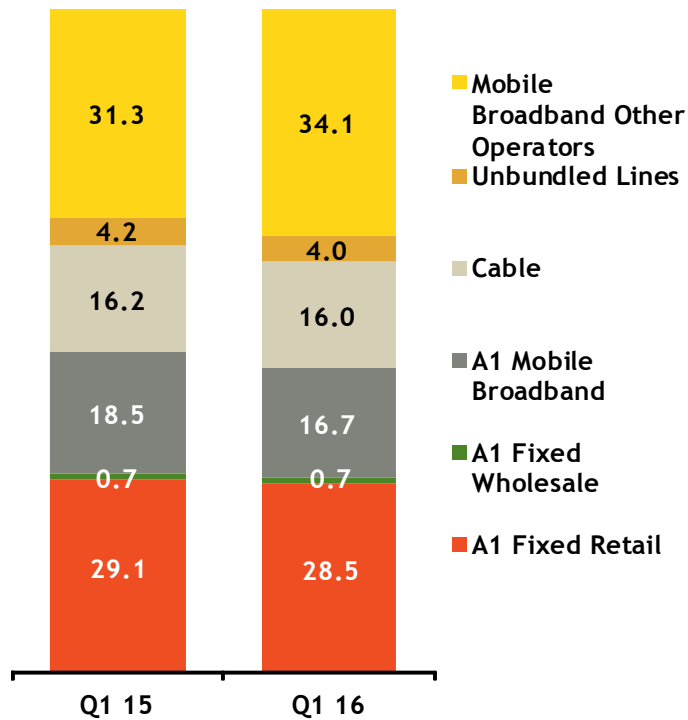
(in %)



Segment Austria - Broadband market split

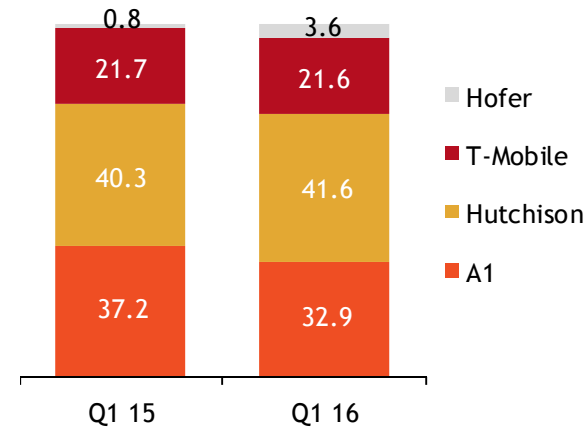
Market share total broadband

(in %)



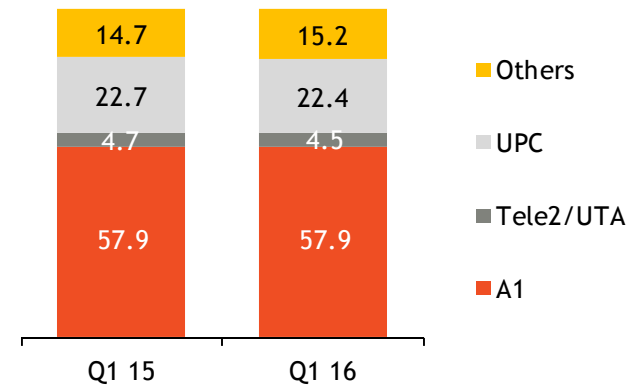
Market share mobile broadband

(in %)



Market share fixed-line broadband

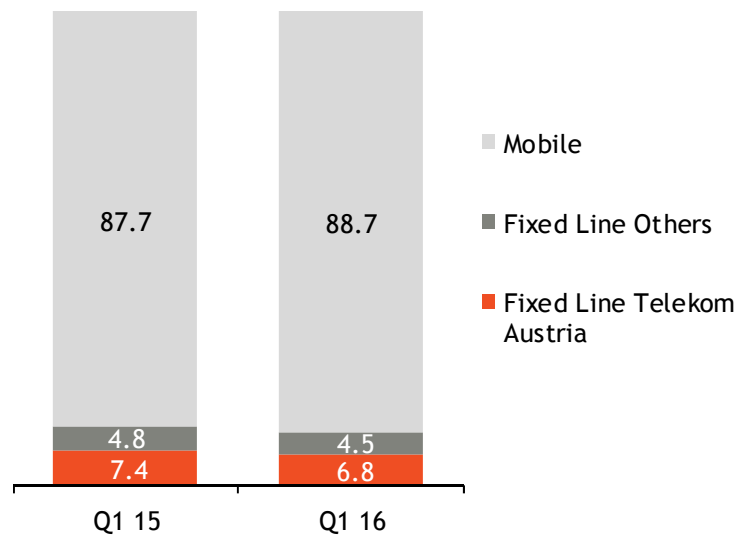
(in %)



Segment Austria - Voice market split

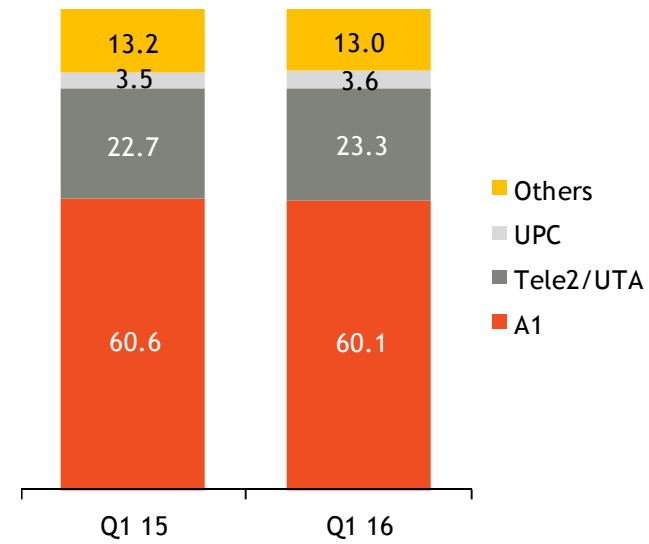
Market share total minutes

(in %)



Market share voice RGUs

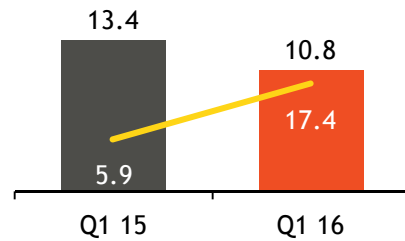
(in %)



Segment Bulgaria - Fixed-line key performance indicators

ARPL & ARPL-relevant revenues

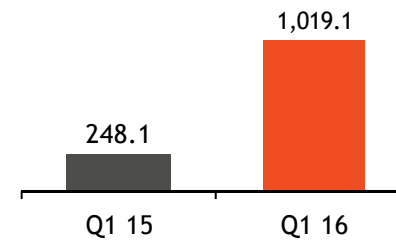
(in EUR, in EUR million)



■ ARPL ■ ARPL-relevant revenues

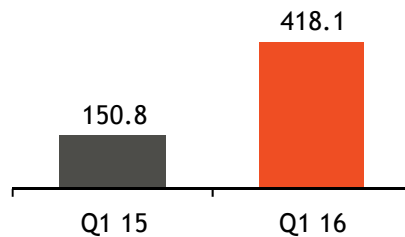
Total RGUs

(in '000)



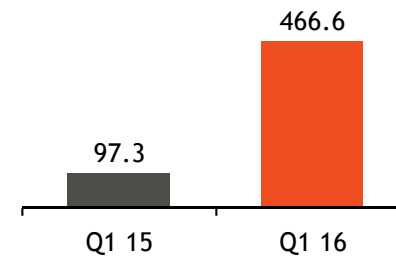
Fixed broadband RGUs

(in '000)



TV RGUs

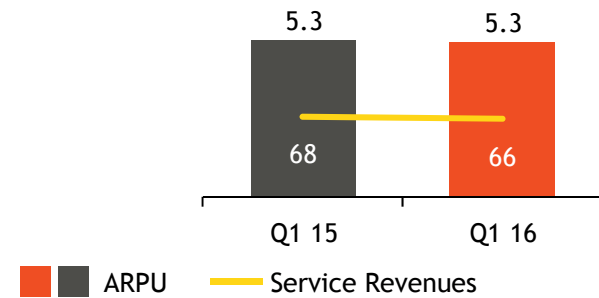
(in '000)



Segment Bulgaria - Mobile key performance indicators

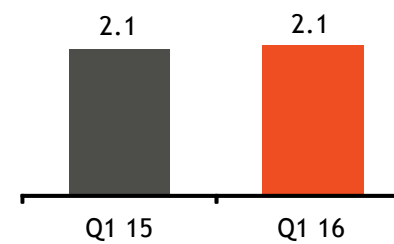
ARPU & Service revenues

(in EUR, in EUR million)



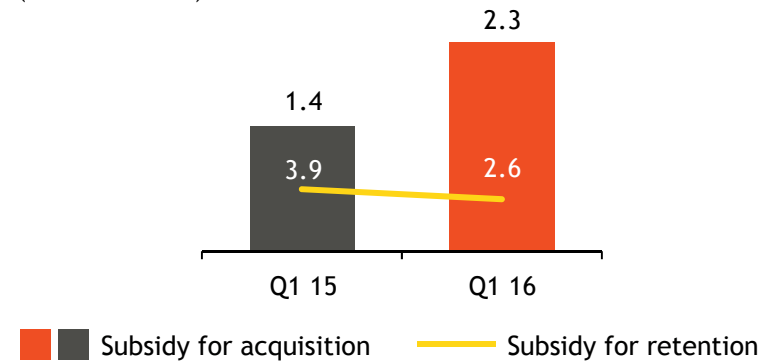
Churn rate

(in %)



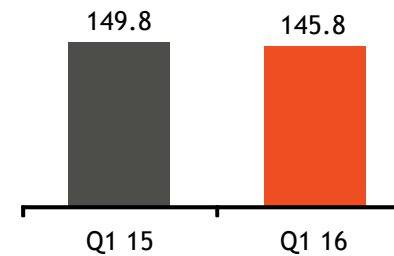
Subsidies

(in EUR million)



Mobile penetration

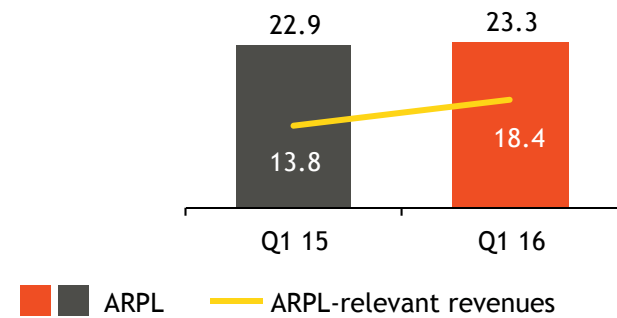
(in %)



Segment Croatia - Fixed-line key performance indicators

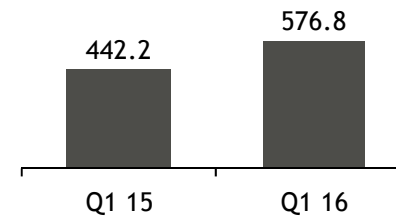
ARPL & ARPL-relevant revenues

(in EUR, in EUR million)



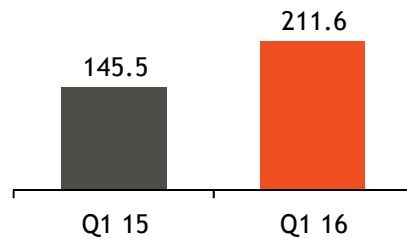
Total RGUs

(in '000)



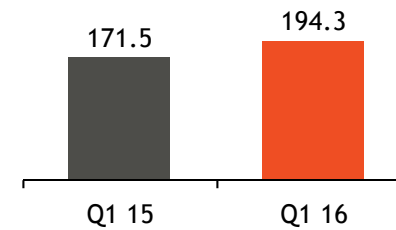
Fixed broadband RGUs

(in '000)



TV RGUs

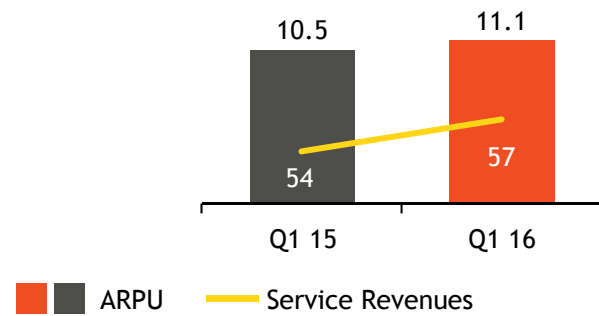
(in '000)



Segment Croatia - Mobile key performance indicators

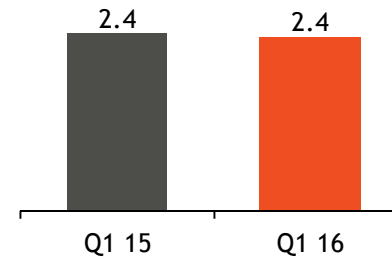
ARPU & Service revenues

(in EUR, in EUR million)



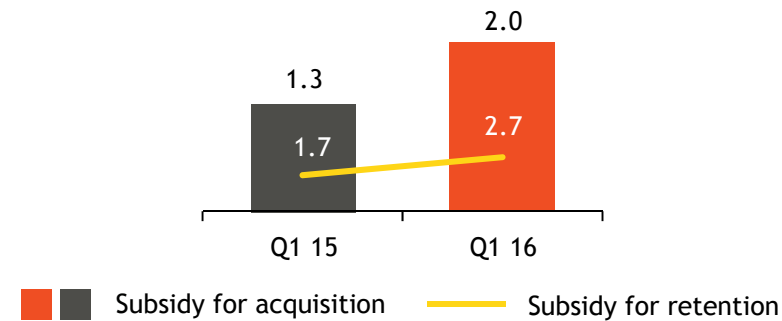
Churn rate

(in %)



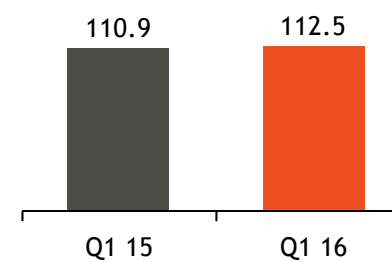
Subsidies

(in EUR million)



Mobile penetration

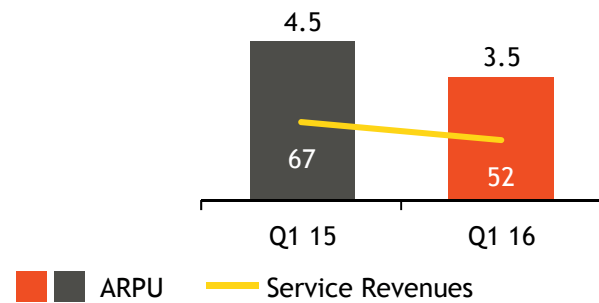
(in %)



Segment Belarus - Mobile key performance indicators

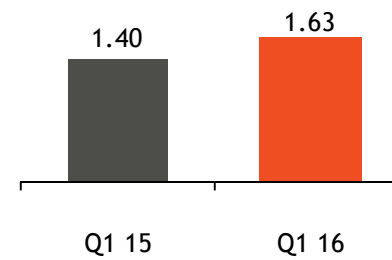
ARPU & Service revenues

(in EUR, in EUR million)



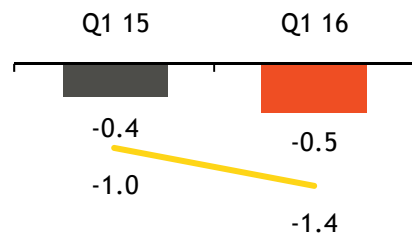
Churn rate

(in %)



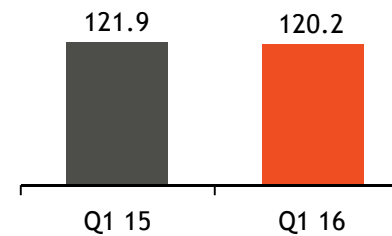
Subsidies

(in EUR million)



Mobile penetration

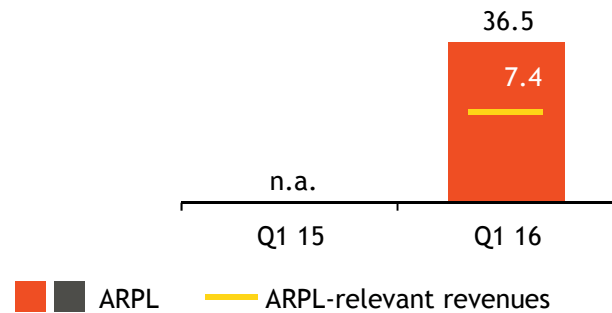
(in %)



Segment Slovenia - Fixed-line key performance indicators

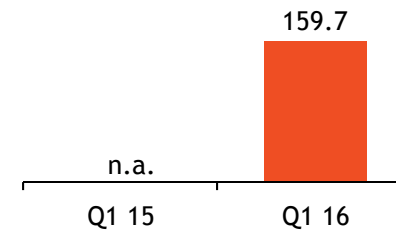
ARPL & ARPL-relevant revenues

(in EUR, in EUR million)



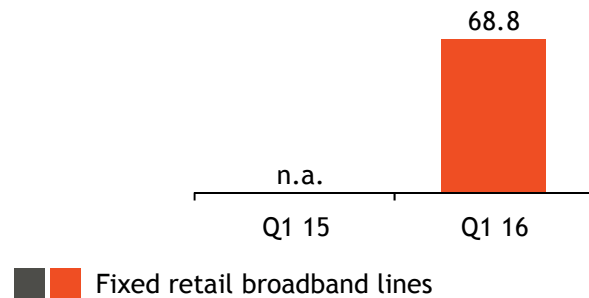
Total RGUs

(in '000)



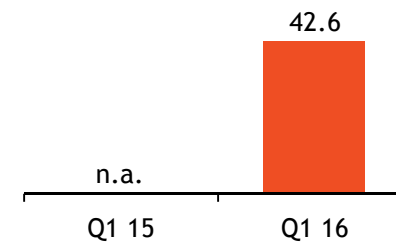
Fixed broadband RGUs

(in '000)



TV RGUs

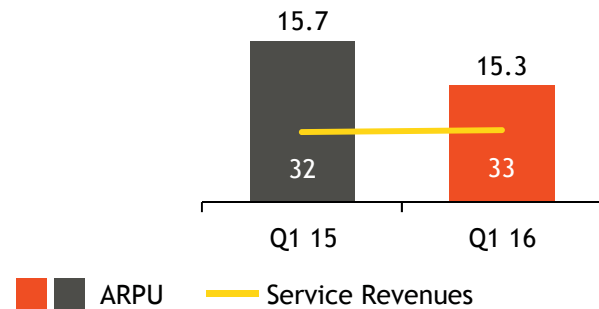
(in '000)



Segment Slovenia - Mobile key performance indicators

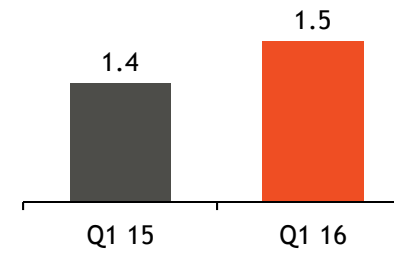
ARPU & Service revenues

(in EUR, in EUR million)



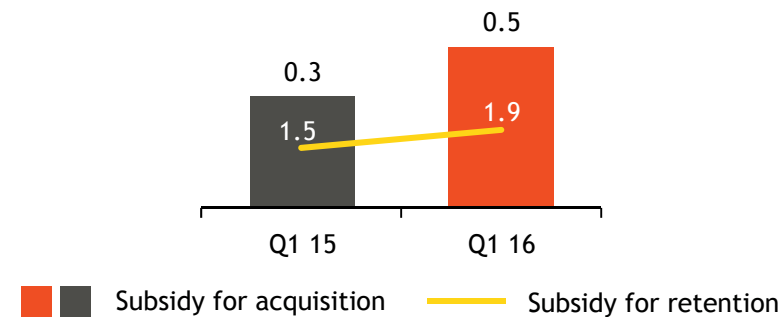
Churn rate

(in %)



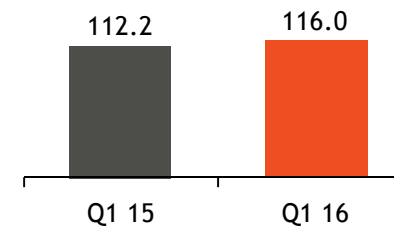
Subsidies

(in EUR million)



Mobile penetration

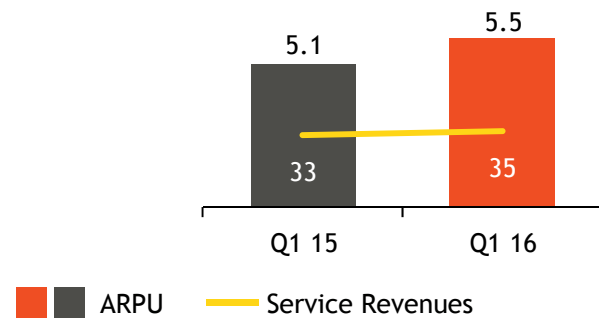
(in %)



Segment Serbia - Mobile key performance indicators

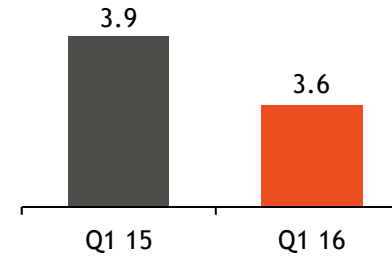
ARPU & Service revenues

(in EUR, in EUR million)



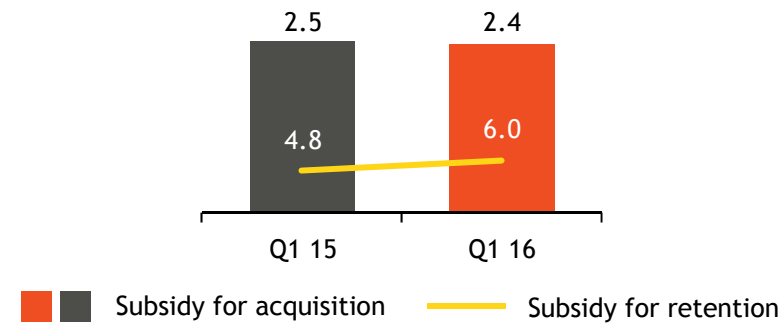
Churn rate

(in %)



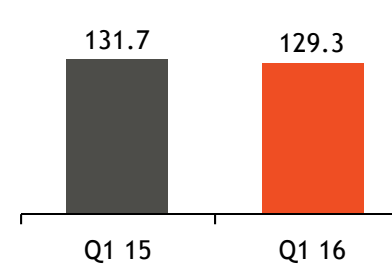
Subsidies

(in EUR million)



Mobile penetration

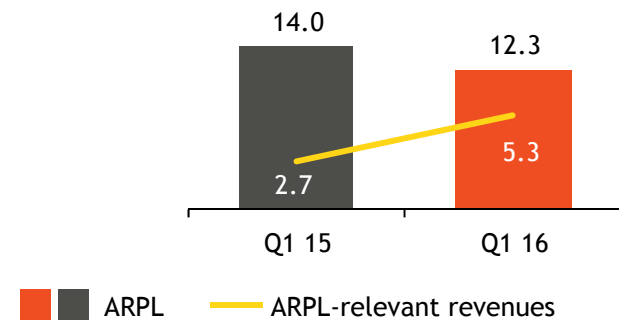
(in %)



Segment Macedonia - Fixed-line key performance indicators

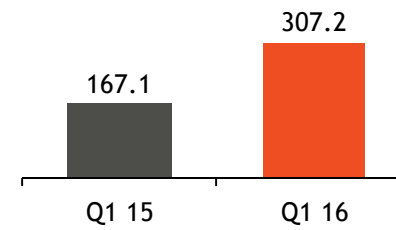
ARPL & ARPL-relevant revenues

(in EUR, in EUR million)



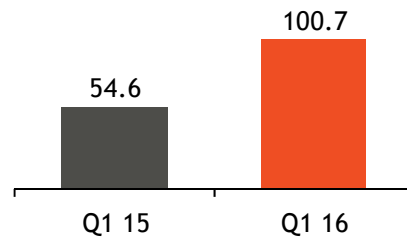
Total RGUs

(in '000)



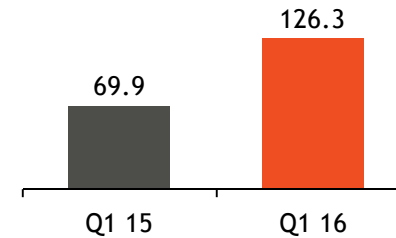
Fixed broadband RGUs

(in '000)



TV RGUs

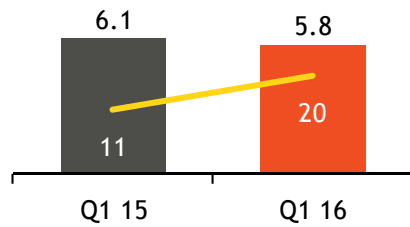
(in '000)



Segment Macedonia - Mobile key performance indicators

ARPU & Service revenues

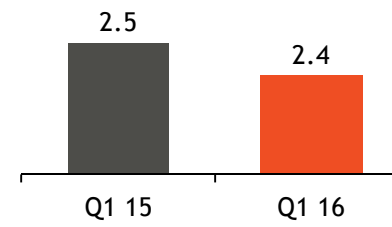
(in EUR, in EUR million)



■ ARPU ■ Service Revenues

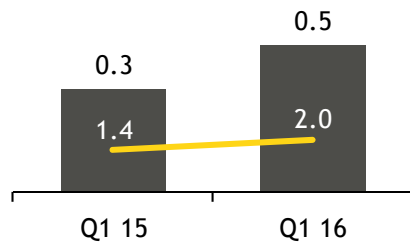
Churn rate

(in %)



Subsidies

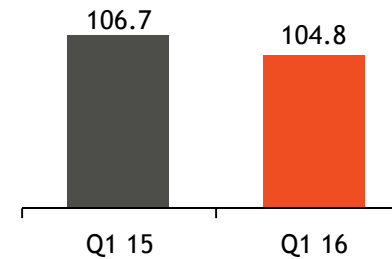
(in EUR million)



■ Subsidy for acquisition ■ Subsidy for retention

Mobile penetration

(in %)



Appendix 2 – Regulatory topics

Glide Path of Mobile Termination Rates

EU Pressure on National Regulatory Authorities to Further Decrease Rates

	Jan 2014	Jul 2014	Sep 2014	Jan 2015	Jul 2015	Jan 2016
Austria (EUR)	0.008049	0.008049	0.008049	0.008049	0.008049	0.008049
Bulgaria (BGN)	0.02	0.02	0.02	0.019	0.019	0.019
Croatia (HRK)	0.1282*	0.1282*	0.1282*	0.063*	0.063*	0.063* ¹
Belarus (BYR)	180/90**	180/90**	180/90**	180/90**	180/90**	180/90**
Slovenia (EUR)	0.0324	0.0324	0.0114	0.0114	0.0114	0.0114
Serbia (RSD)	3.95	3.95	3.95	3.43	3.43	3.43 ¹
Macedonia (MKD)	1.20	1.20	0.90	0.90	0.90	0.90

* National MTRs stated. International MTRs differ

** Belarus values: peak times/off-peak times - the medium weighted MTR value amounts to BYR 150 per minute

¹ NRA currently reviews wholesale markets and cost accounting models. Outcome of analysis/proceedings can lead to MTR reductions in Q1/16

EU roaming price regulation

RETAIL (in EURc)	Before	July 2012	July 2013	July 2014	30 April 2016	15 July 2017
Data (per MB)	none	70	45	20	domestic tariff + 5*	domestic tariff
Voice-calls made (per minute)	35	29	24	19	domestic tariff + 5*	domestic tariff
Voice-calls received (per minute)	11	8	7	5	weighted average MTR*	domestic tariff
SMS (per SMS)	11	9	8	6	domestic tariff + 2*	domestic tariff
WHOLESALE (in EURc)	Before	July 2012	July 2013	July 2014	30 April 2016	15 July 2017
Data (per MB)	50	25	15	5	5	?**
Voice (per minute)	18	14	10	5	5	?**
SMS (per SMS)	4	3	2	2	2	?**

* Sum of the domestic retail price and any surcharge applied for regulated roaming calls made, regulated roaming SMS messages sent or regulated data roaming services shall not exceed EUR 0.19 per minute, EUR 0.06 per SMS message and EUR 0.20 per megabyte used. Any surcharge applied for calls received shall not exceed the weighted average of maximum mobile termination rates across the Union.

** Upon entry into force of the new Regulation, the Commission shall initiate a review of the wholesale roaming market with a view to assessing measures necessary to enable abolition of retail roaming surcharges.

Upcoming spectrum tenders/prolongations/ assignments

	Expected	Comments
Austria	2019 (2100 MHz)	-
Bulgaria	2016 (1800 MHz) 2019 (2100 MHz)	2600 MHz available since 2015 but market players not interested yet.
Croatia	2017 (2100, 2600 MHz)	-
Belarus	2016 (2100 MHz)	LTE license only awarded to B-cloud, allocation to other operators not expected before 2017.
Slovenia	2018 (700,1400,1800,2100, 2300, 3700 MHz)	Spectrum auction for 'leftovers' in following bands: 700 MHz, 1400 MHz, 1800 MHz, 2100MHz, 2300 MHz, 3500 MHz and 3700 MHz.
Republic of Serbia	2016 (900, 1800, 2100 MHz)	Availability of additional spectrum in 900 MHz not yet clarified.
Republic of Macedonia	2017 (900, 1800 MHz) 2018 (2100 MHz)	-

Appendix 3 – Personnel restructuring in Austria

Overview - Restructuring charges and provision vs. FTE

Overview restructuring charges

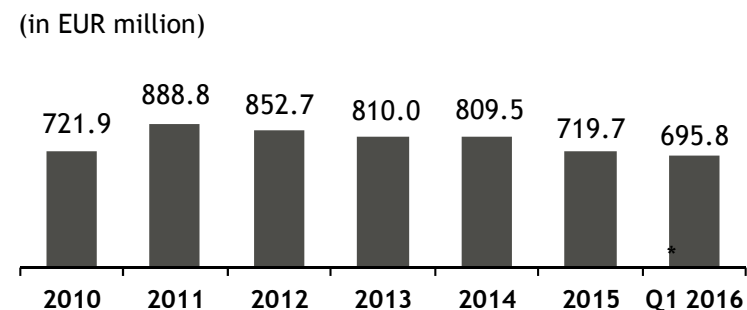
(in EUR million)

	2010	2011	2012	2013	2014	2015	Q1 2016
FTE reduction	76.9	274.3	49.9	149.0	86.4*	69.5**	9.2
Servicekom contribution	0.0	-40.6	-76.7	-103.8	-39.4	-72.0	-18.4
Interest rate adjustments	47.2	0.0	61.4	0.0	42.6	2.9	9.7
Total	124.1	233.7	34.7	45.2	89.6	0.4	0.5

FTEs addressed

	2010	2011	2012	2013	2014	2015	Q1 2016
Transfer to government	158	106	44	22	52	49	0
Social plans	28	685	94	409	199	270	31
Staff released from work	27	0	0	0	0	0	0
Total	213	791	138	431	251	319	31

Overview restructuring provision***



Provisioned FTEs

	2010	2011	2012	2013	2014	2015	Q1 2016
Transfer to government	158	264	308	330	242	205	203
Social plans	299	922	1,030	1,315	1,460	1,661	1,668
Staff released from work	763	649	510	410	350	253	232
Total	1,220	1,835	1,848	2,055	2,052	2,119	2,103

* Including EUR 15.0 mn due to the judgment of the European Court of Justice from 11 November 2014 regarding the remuneration and legal rights of civil servants ('Vorrückungstichtag')

** Restructuring expenses include a positive one-off effect in the amount of EUR 21.6 mn in Q4 2015 stemming from a settlement.

*** Including liabilities for transfer of civil servants to government bodies since 2010

Overview - Cash flow impact of restructuring

Overview cash flow impact*

(in EUR million)

	Total cash-flow impact
2010	57.9
2011	93.4
2012	104.0
2013	108.0
2014	107.1
2015	101.9
<i>Q1 2016</i>	<i>26.5</i>

- > Total cash flow impact comprises old and new programmes
- > Cash flow impact for Q1 2016 of EUR 26.5 mn
- > Total expected cash flow impact for 2016 of approximately EUR 100 mn

* Historical numbers have been restated since 2011 to fully reflect all payments from the transfer of civil servants to government bodies.

Appendix 4 – Corporate sustainability

Alignment with core business and materiality analysis define sustainability strategy



22 Firm and Measurable Targets

Reporting Follows the Global Reporting Initiative Guidelines

ISO 14001
ISO 50001
ISO 27001



Key figures

Selected Group-wide KPIs

Environment: Living Green	2014
Total CO ₂ Emissions (Scope 1+2 in tonnes)	170.842
Energy efficiency index (in Mwh/terabyte)	0,8
Paper consumption (in tonnes)	1.771
Collected old mobile phones (in pcs)	20.561
E-billing share (in %)	64
Employees: Empowering People	2014
Share of femal employees (in %)	38
Share of femal executives (in %)	29
Internally hired positions	133
Society: Creating Equal Opportunities	2014
Participants in trainings on media literacy	18.704
Local educational projects	over 30

Ratings



> Classification: B
(99 points out of 100)



> Classification: B-



Indices



FTSE4Good

Memberships

