

Telekom Austria Group Results for the 1st Quarter 2003

May 27, 2003

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

Agenda

- § Key Developments
- § Operational Highlights
 - ÿ Wireline
 - ÿ Wireless
- § Financial Overview
- § Outlook

Key Developments

Telekom Austria - 1Q 03 Highlights

§ Business

- ÿ Stable development in wireline, further cost cutting measures
- ÿ Wireless driven by growth from international operations and strength of domestic business

§ Financial

- ÿ Net profit rises by almost 15%
- ÿ Further capex reductions
- ÿ Net debt impacted by seasonally higher working capital and the acquisition of an additional stake in VIPnet

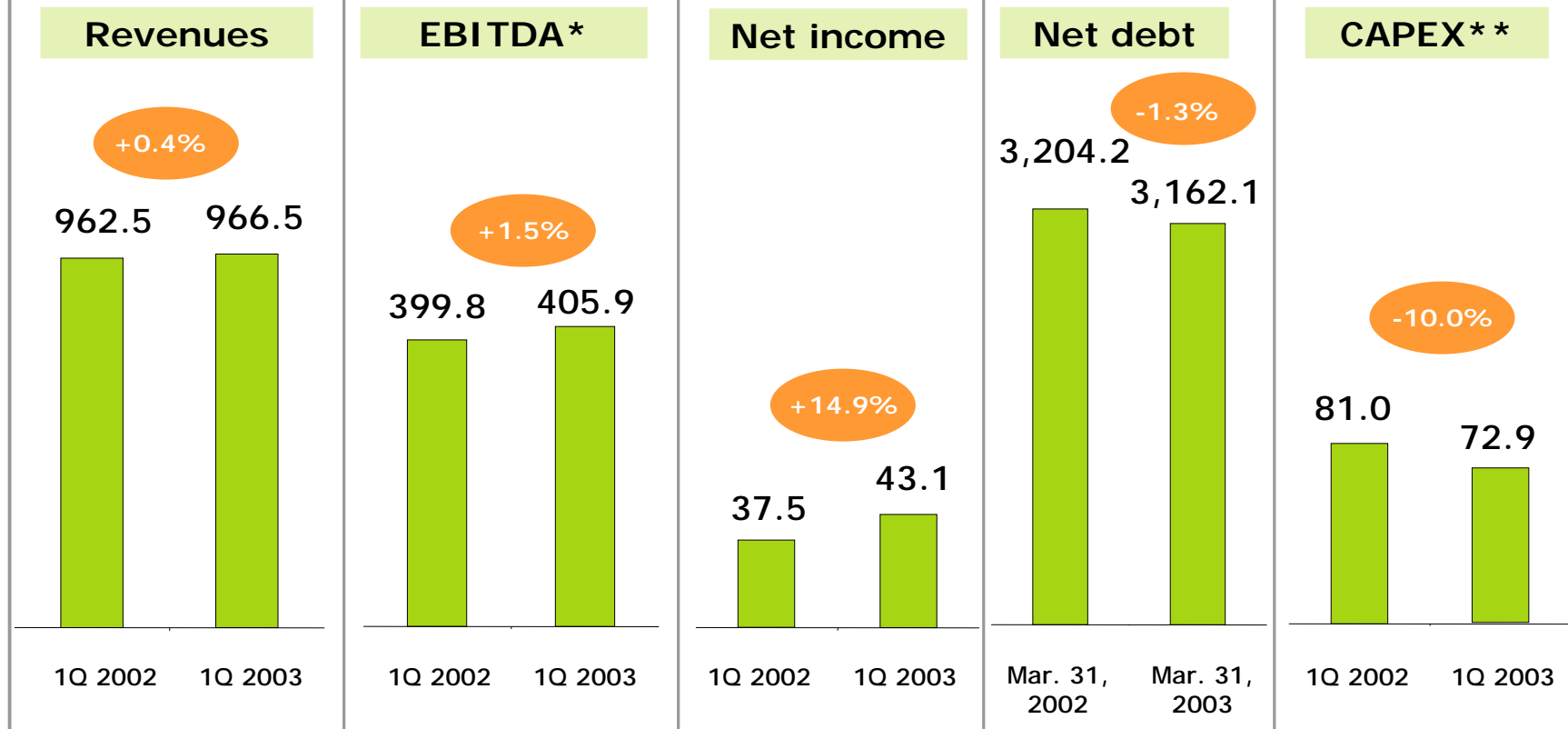
§ Corporate

- ÿ Upcoming AGM to authorize buyback program and stock option plan

Telekom Austria – 1Q 03 Results

Key Financial Indicators

(EUR million)



* excluding impairment charges

** less cumulative effect of change in accounting principles amounting to EUR 7.4 million in 2003

Wireline

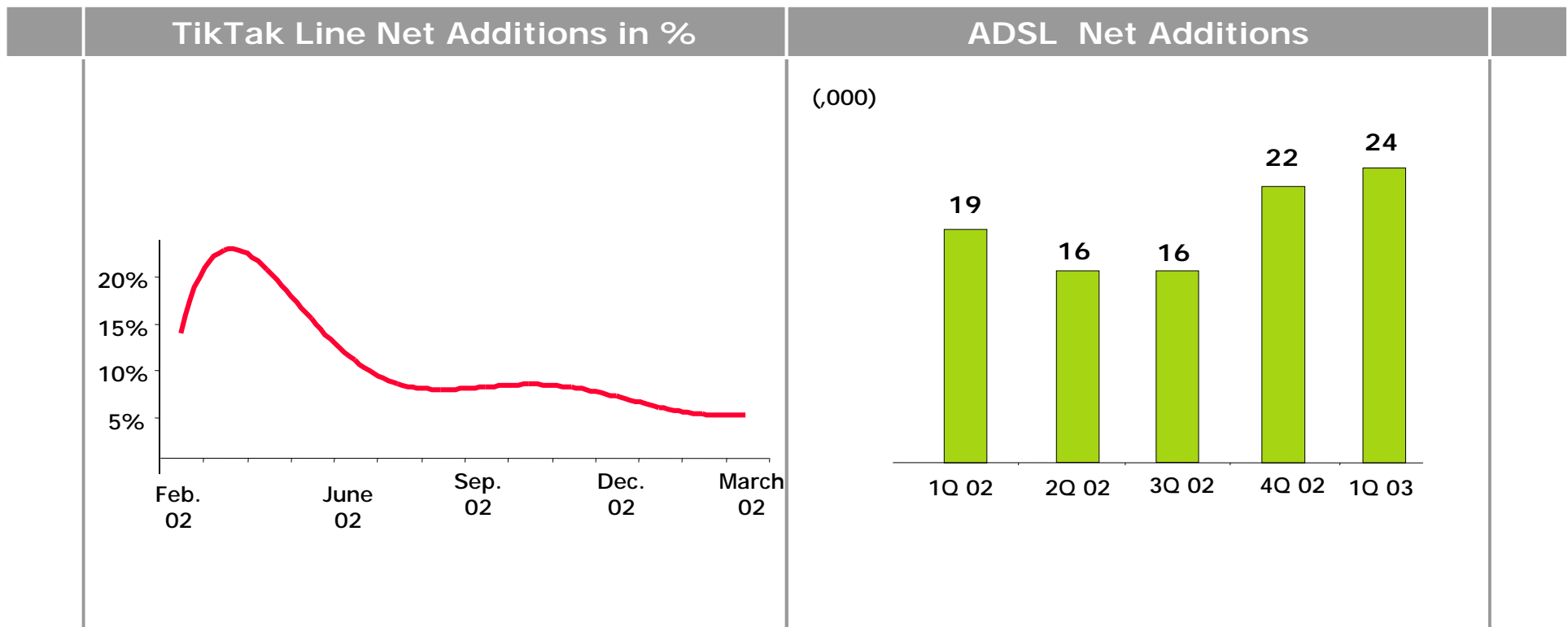
Wireline Results 1Q 03

1Q 2003 Results	Key Highlights												
<p>(EUR million)</p> <div style="display: flex; justify-content: space-around;"> <div style="text-align: center;"> <p>Revenues</p> <table border="1"> <tr><th>Period</th><th>Value (EUR million)</th></tr> <tr><td>1Q 2002</td><td>565.9</td></tr> <tr><td>1Q 2003</td><td>555.7</td></tr> </table> </div> <div style="text-align: center;"> <p>EBITDA*</p> <table border="1"> <tr><th>Period</th><th>Value (EUR million)</th></tr> <tr><td>1Q 2002</td><td>211.9</td></tr> <tr><td>1Q 2003</td><td>215.5</td></tr> </table> </div> </div>	Period	Value (EUR million)	1Q 2002	565.9	1Q 2003	555.7	Period	Value (EUR million)	1Q 2002	211.9	1Q 2003	215.5	<ul style="list-style-type: none"> § Fixed line, data and Internet merged into wireline as of Jan. 1, 2003 § Continued stabilization of performance § Slight rise in voice volumes § Higher EBITDA margin due to lower costs § Regulatory issues – Unchanged unbundling fees
Period	Value (EUR million)												
1Q 2002	565.9												
1Q 2003	555.7												
Period	Value (EUR million)												
1Q 2002	211.9												
1Q 2003	215.5												

* excluding impairment charges

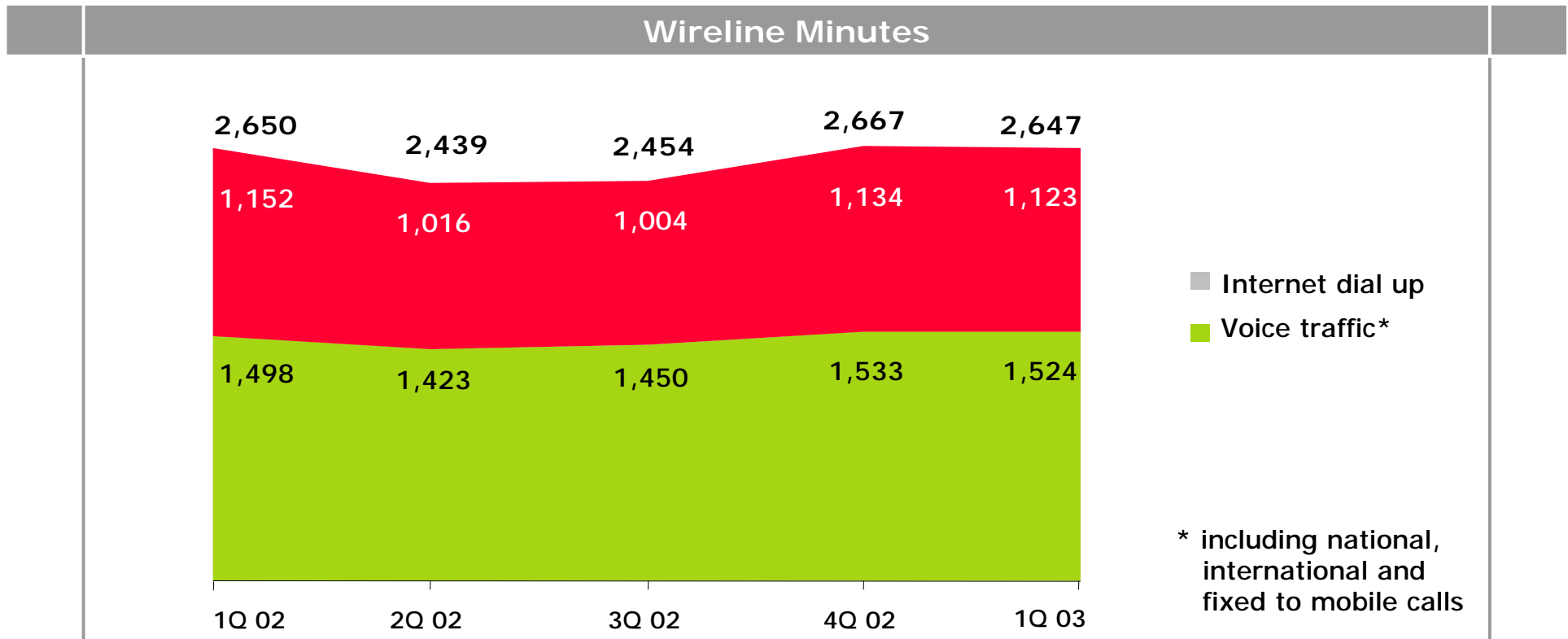
Improved Market Position

- § TikTak net adds fall as expected due to decreased marketing push
- § ADSL figures benefit from simplified and enhanced product offering; proposed tax incentives for broadband access to start in July 2003



Stable Wireline Volumes

- § Increase in voice minutes compared to 1Q 03; almost stable total volumes incl. Internet dial-up (- 0.1% compared to 1Q 02)
- § Due to the increased integration of local and long-distance they are shown as one national area starting with 1Q 03

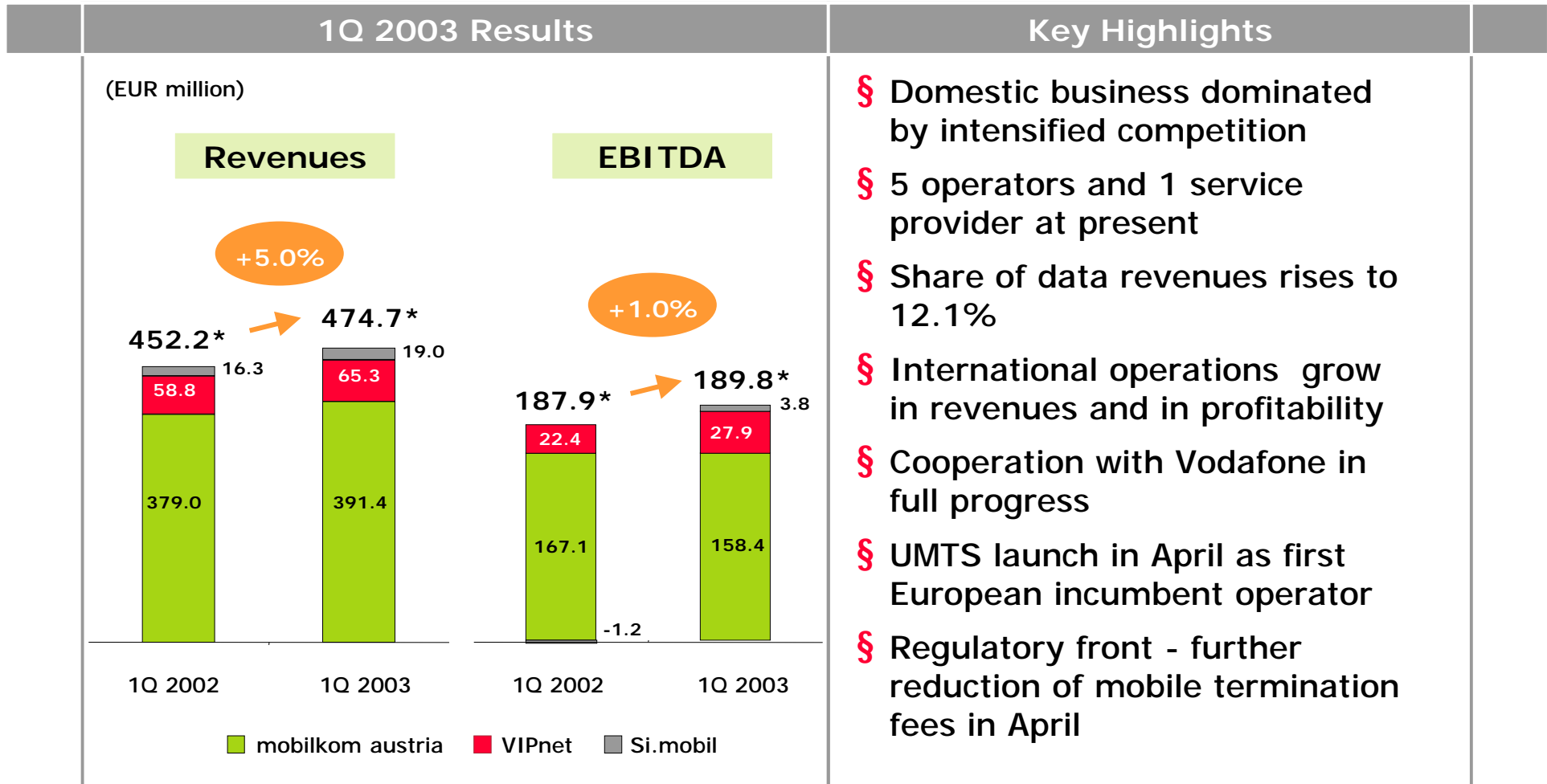


Wireline Revenue Analysis

(EUR million)	1Q 2003	1Q 2002	% Change	Comment
Switched voice base traffic	121.2	132.5	-8.5%	→ Increasing volumes, tariffs decrease due to higher number of TikTak lines compared to 1Q 03
Switched voice monthly rental & other voice rev.	137.9	137.5	0.3%	→ Rise in spite of lower number of lines due to billing of additional services
Payphones & VAS	18.2	17.2	5.8%	→ Higher value added services
Data & IT solutions	87.4	82.1	6.5%	→ Increasing revenues from corporate networks
Internet access & media	48.4	44.3	9.3%	→ 55% higher ADSL figures compared to 1Q 03
Wholesale voice & Internet	80.5	83.5	-3.6%	→ Lower interconnection fees and falling volumes
Wholesale data	25.2	22.3	13.0%	→ Increase mostly due to a reclassification from „other revenues“
Other	36.9	46.5	-20.6%	→ Decrease due to reclassification to wholesale data and closure for network infrastructure business during 2Q 02
Total wireline revenues	555.7	565.9	-1.8%	

Wireless

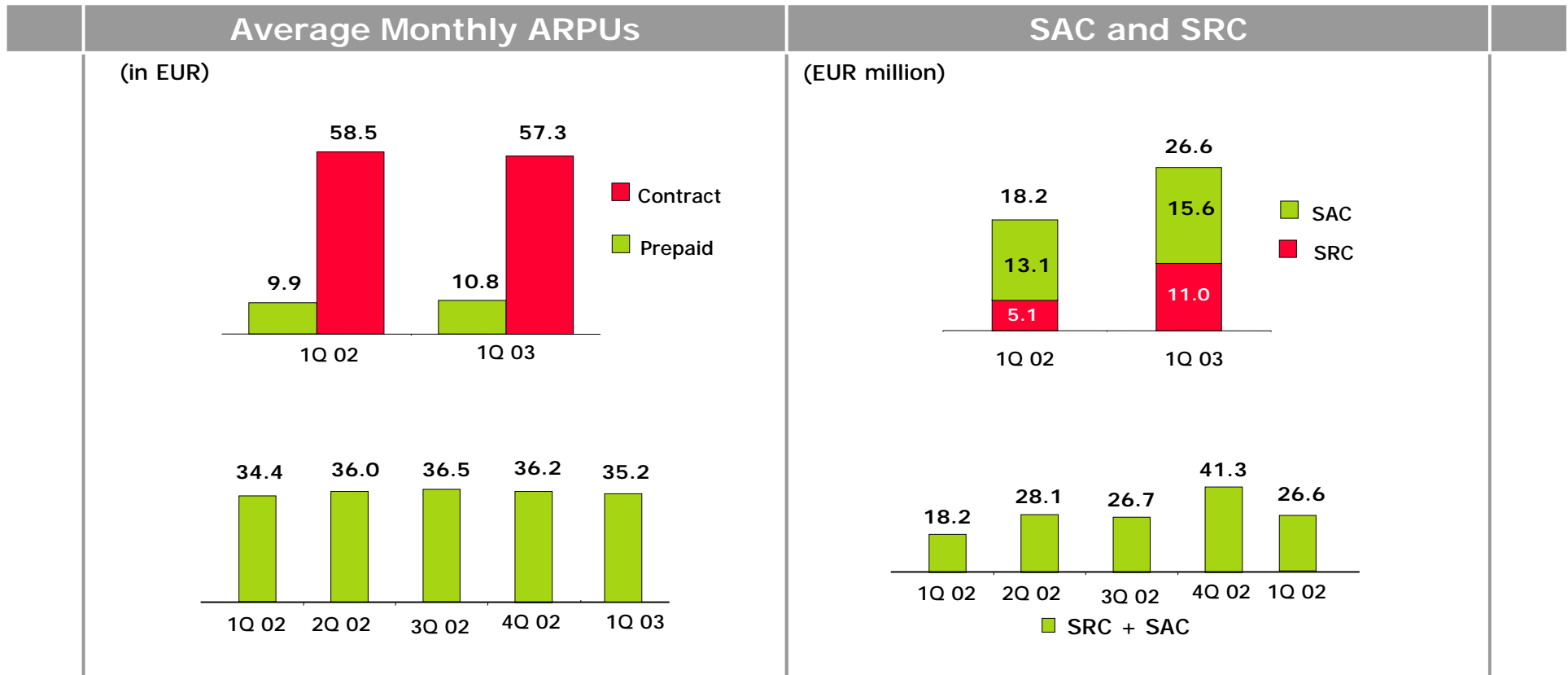
Wireless Results 1Q 03



* Total consolidated figures

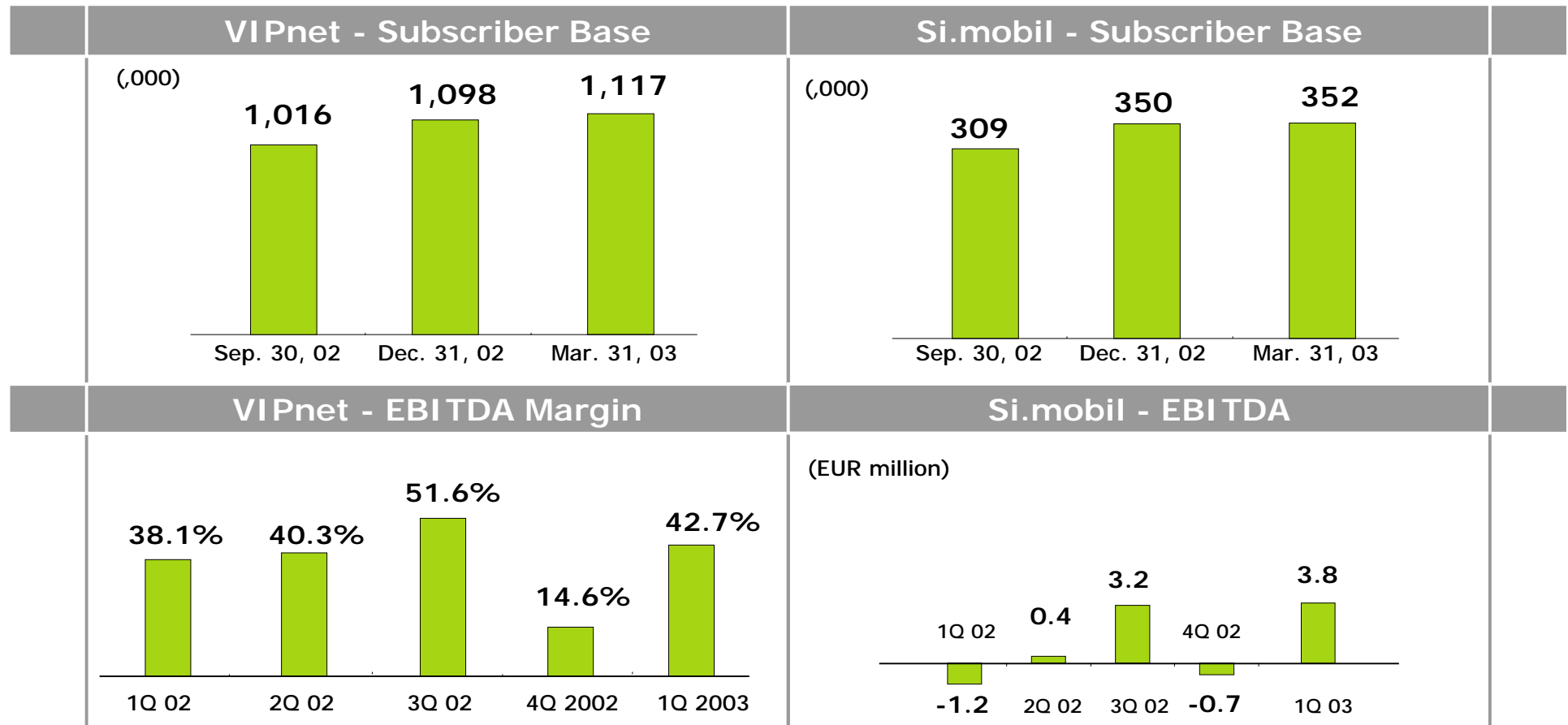
mobikom austria - ARPU and Costs

- § Blended ARPU increases by 2.3% compared to 1Q 02; MoUs/sub up by 5.1%
- § Higher handset subsidies driven by competition lead to rising SAC and SRC compared to 1Q 02 (1Q 02 SRC include reversal of provision for retention costs in the amount of EUR 2 million)



VIPnet & Si.mobil - 1Q 03 Results

- § VIPnet increased market share to 50.3%; ownership increased to 80%
- § UMTS license auction for Croatia announced, potential 3rd operator
- § Continuing growth and turn around for Si.mobil



Financial Overview

Telekom Austria 1Q 03 Results

(EUR million)	1Q 2003	1Q 2002	% Change
Revenues	966.5	962.4	0.4%
EBITDA *	405.9	399.8	1.5%
EBITDA margin	42.0%	41.5%	
EBIT	121.9	126.9	-3.9%
Net income	43.1	37.5	14.9%
Earning per share (in EUR)	0.09	0.07	14.9%
Capex **	72.9	81.0	-10.0%
EBITDA less Capex	333.0	318.8	4.3%
Net debt (end of period)	3,162.1	3,204.2	-1.3%

* excluding impairment charges

** less cumulative effect of change in accounting principles amounting to EU R 7.4 million in 2003

Adjustments during 1Q 03

EBITDA excluding adjustments	1Q 2003	1Q 2002	% Change
Wireline EBITDA	215.5	211.9	1.7%
Idle workforce	4.8	9.7	
Net loss of retirement of long-lived assets	0.6	4.0	
Voluntary retirement provision	-1.3	0.9	
Wireline EBITDA excl. adjustments	219.6	226.5	-3.0%
Wireless EBITDA	189.8	187.9	1.0%
Net loss of retirement of long-lived assets	2.5	0.4	
Wireless EBITDA excl. adjustments	192.3	188.3	2.1%
Group EBITDA	405.9	399.8	1.5%
Idle workforce costs	4.8	9.7	
Net loss of retirement of long-lived assets	3.1	4.4	
Voluntary retirement provision	-1.3	0.9	
Group EBITDA excl. adjustments	412.5	414.8	-0.6%

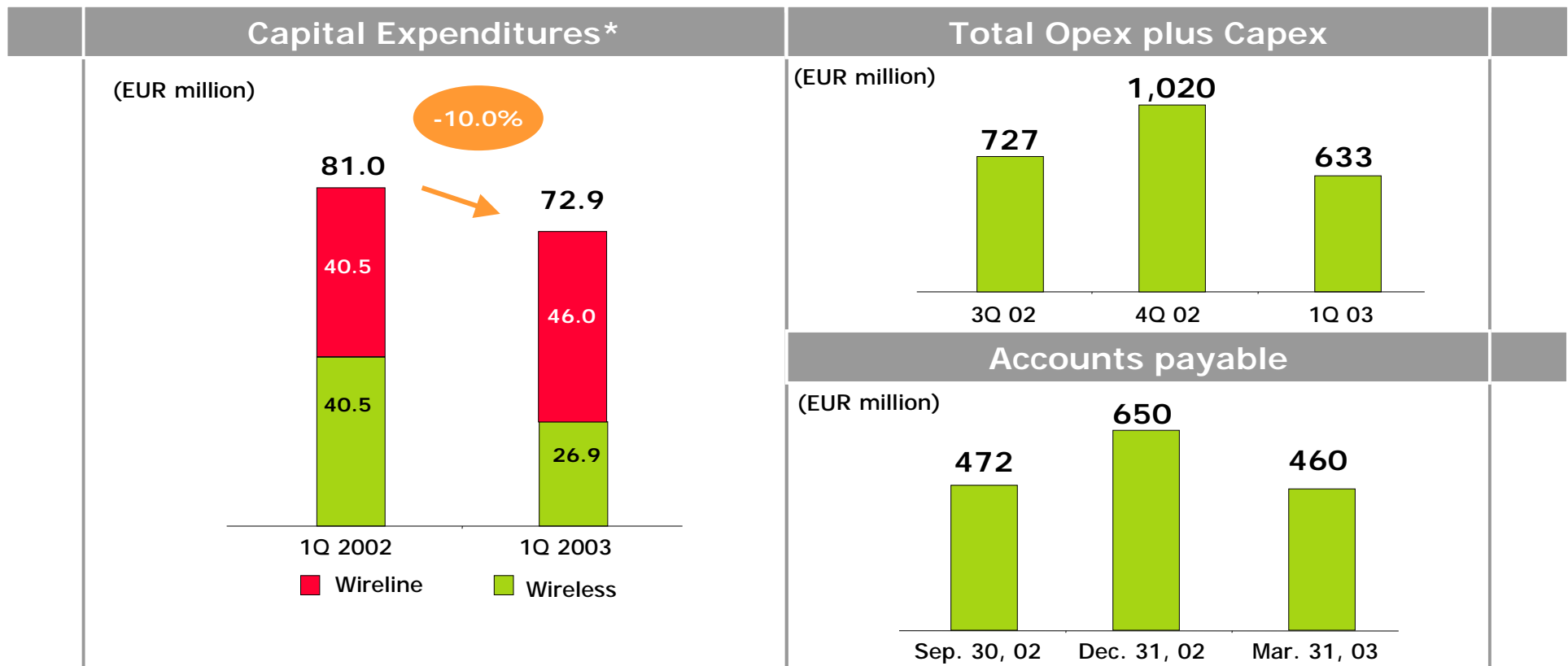
Telekom Austria 1Q 03 Results

(EUR million)	1Q 03	1Q 02	
EBITDA	405.9	399.8	
Depreciation & amortization	-279.6	-272.9	→ Increasing wireless depreciation and amortization
Impairment charges	-4.4	0.0	→ Liquidation of minor domestic wireline operation
EBIT	121.9	126.9	
Non-operating expenses, net	-4.0	-1.0	→ Primarily FX losses
Net interest expense	-42.0	-42.0	→ Stable in spite of financing of mobilkom austria stake
Equity & Dividend Income	-0.2	-0.5	
Taxes	-25.5	-16.5	
Minority interests	-0.8	-29.4	→ Reduction due to mobilkom consolidation
Cumulativ effect of changes in accounting principle	-6.3	0.0	→ Introduction of SFAS No. 143 „Asset retirement obligation“
Consolidated net income	43.1	37.5	

Capex and Net Debt

§ Capex decline continues; additional reduction of full year guidance to EUR 640 million and mid-term capex/sales ratio to < 14%

§ Seasonally higher working capital slows the net debt reduction during 1Q 03



* Excluding EUR 7.4 million for asset retirement obligation in 2003

Outlook

2003 Outlook

Wireline	<ul style="list-style-type: none">§ Further stabilization of revenues§ Lower EBITDA due to higher interconnection costs and one-time voluntary retirement costs (new pension law)§ Additional cost cutting to mitigate effect of higher interconnection and personnel costs
Wireless	<ul style="list-style-type: none">§ Highly intensified competition in the domestic business§ Growth primarily driven by foreign subsidiaries§ Increase in revenues and earnings, but at lower growth rates
Group	<ul style="list-style-type: none">§ Stable Group revenues and EBITDA§ Expected dividend payment for 2003 in 2004§ Further reduction in capital expenditures demonstrates continuing focus on cash generation and debt reduction

Important Decisions at June 4 AGM

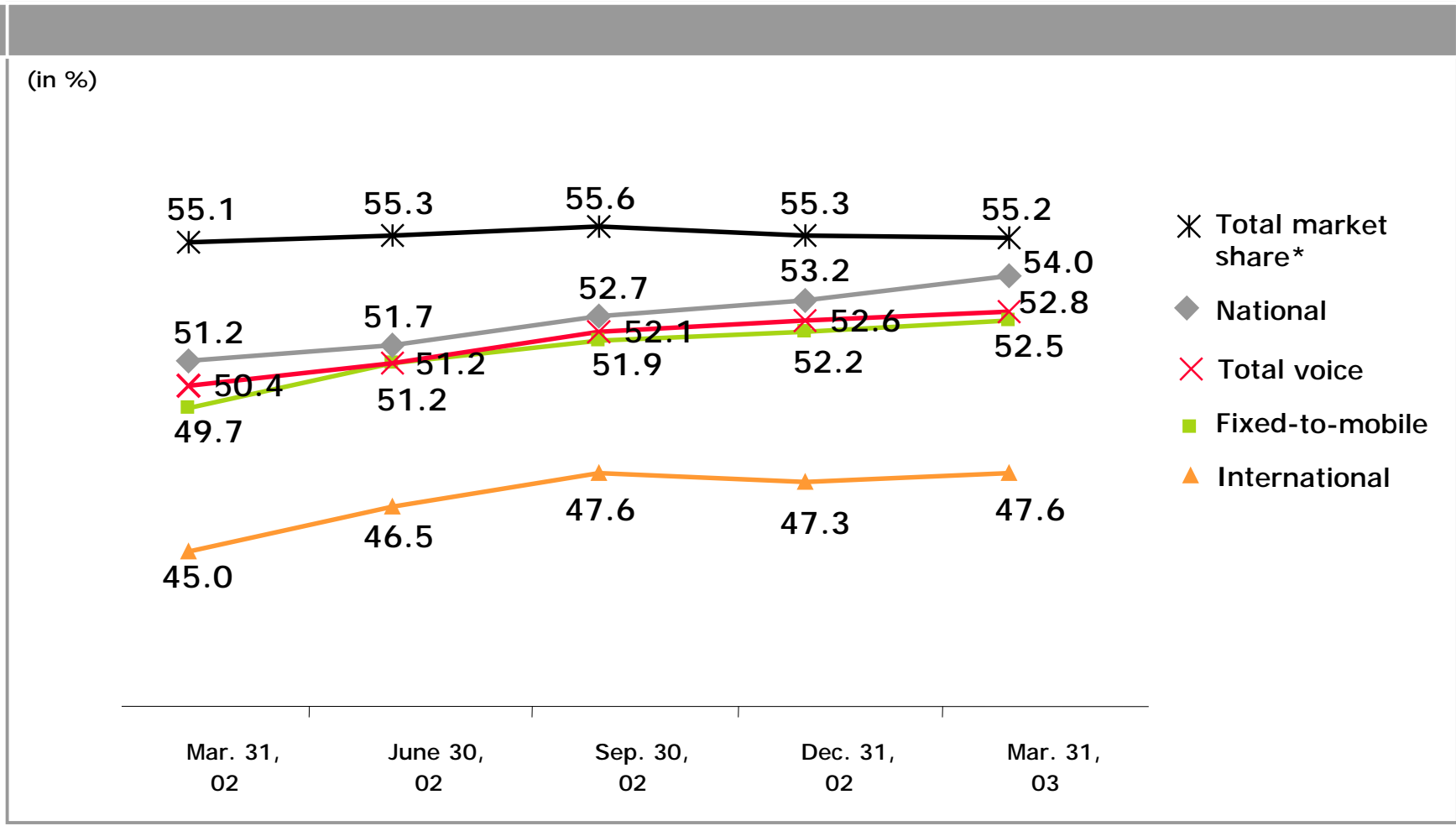
- § Waiver of 15% discount to the price paid to public minority shareholders in case of a mandatory take-over bid
- § Authorization for a share buyback of up to 10% of the share capital
- § Authorization for a capital increase of up to 2% to service a stock option program

Appendix

Wireline - Access Lines

(in thousands)	Mar. 31, 2003	Mar. 31, 2002	% change
PSTN access lines	2,630.5	2,723.9	-3.4%
Basic ISDN access lines	438.2	412.7	6.2%
Multi ISDN access lines	8.1	8.2	-1.2%
Total access lines	3,076.8	3,144.8	-2.2%
of these ADSL access lines	198.1	119.9	65.2%
thereof wholesale lines	36.9	18.2	102.7%
Total access channels	3,749.9	3,795.3	-1.2%

Fixed Line - Market Shares



Wireline - Minutes

(in millions of minutes)	1Q 2003	1Q 2002	% change
National	1,194	1,178	1.4%
Fixed-to-mobile	210	197	6.5%
International	120	123	-2.1%
Total voice minutes	1,524	1,498	1.7%
Internet dial up	1,123	1,152	-2.5%
Total wireline minutes	2,647	2,650	-0.1%

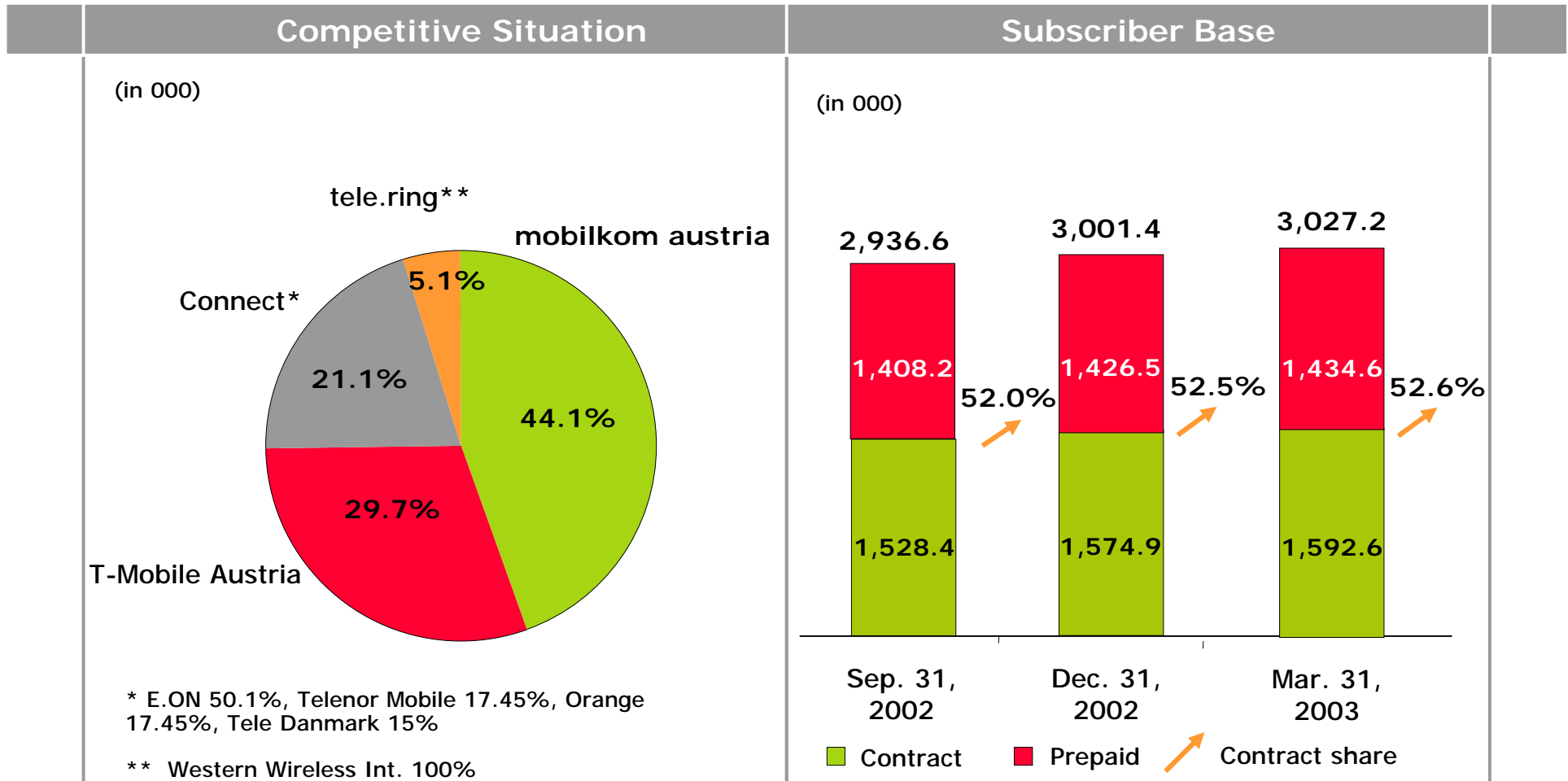
Wireline – Average Tariffs

(EUR per minute)	1Q 2003	1Q 2002	% change
National	0.044	0.052	-15.4%
Fixed-to-mobile	0.184	0.204	-9.8%
International	0.205	0.219	-6.4%
Total voice average	0.076	0.086	-11.6%
Internet dial up	0.016	0.015	6.7%

Mobile Subscribers

Customers ('000s)	Mar. 31, 2003	Mar. 31, 2002	% change
Austria			
Contract	1,592.6	1,445.0	10.2%
Prepaid	1,434.6	1,396.5	2.7%
Total	3,027.2	2,841.5	6.5%
Croatia			
Contract	178.8	129.3	38.3%
Prepaid	938.3	781.3	20.1%
Total	1,117.1	910.6	22.7%
Slovenia			
Contract	161.2	114.4	40.9%
Prepaid	190.3	176.9	7.6%
Total	351.5	291.3	20.7%
Liechtenstein	2.1	1.5	40.0%
Total Group	4,497.9	4,044.9	11.2%

mobilkom austria - Market and Subscribers

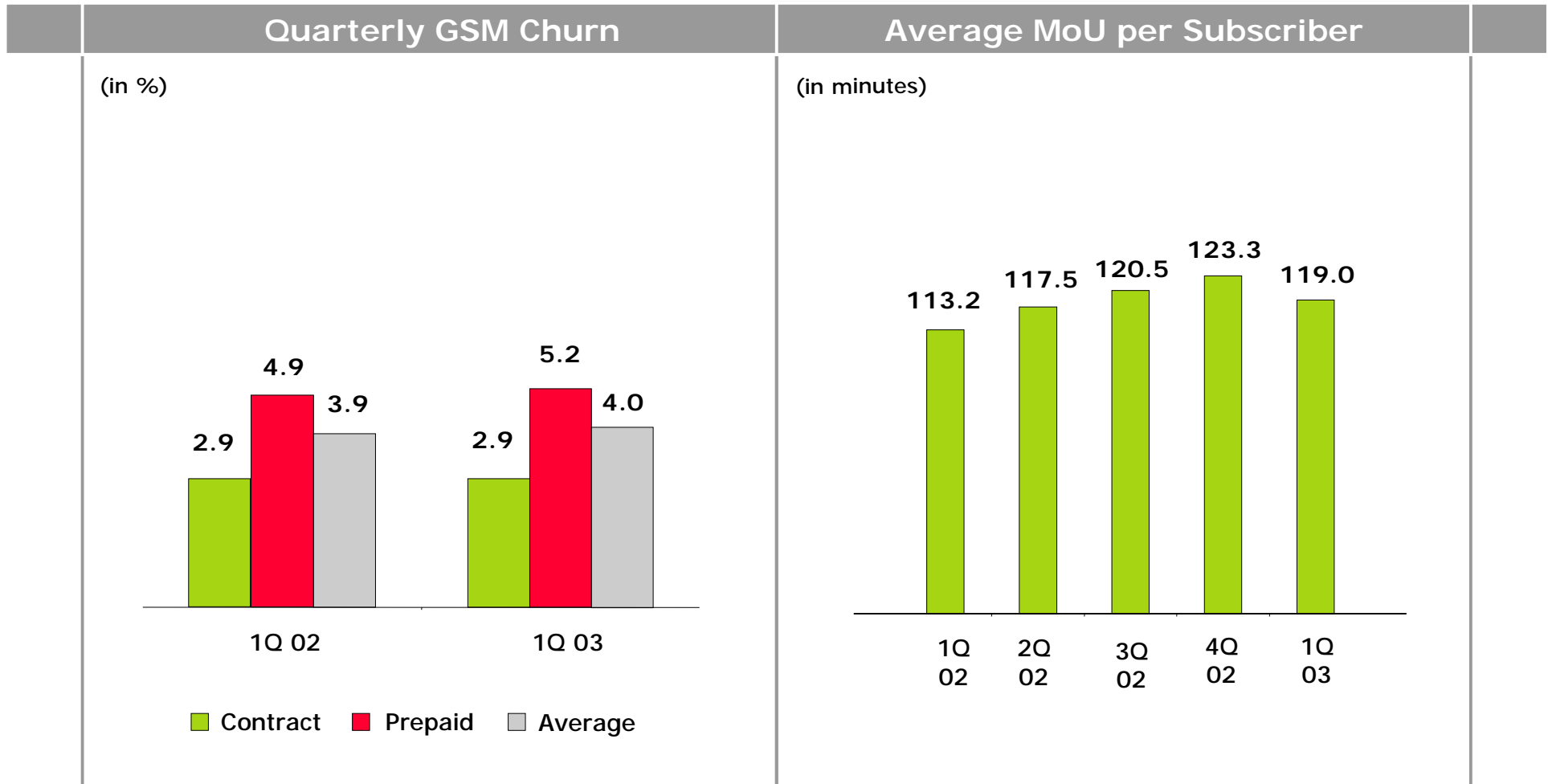


mobilkom austria's Traffic and ARPU

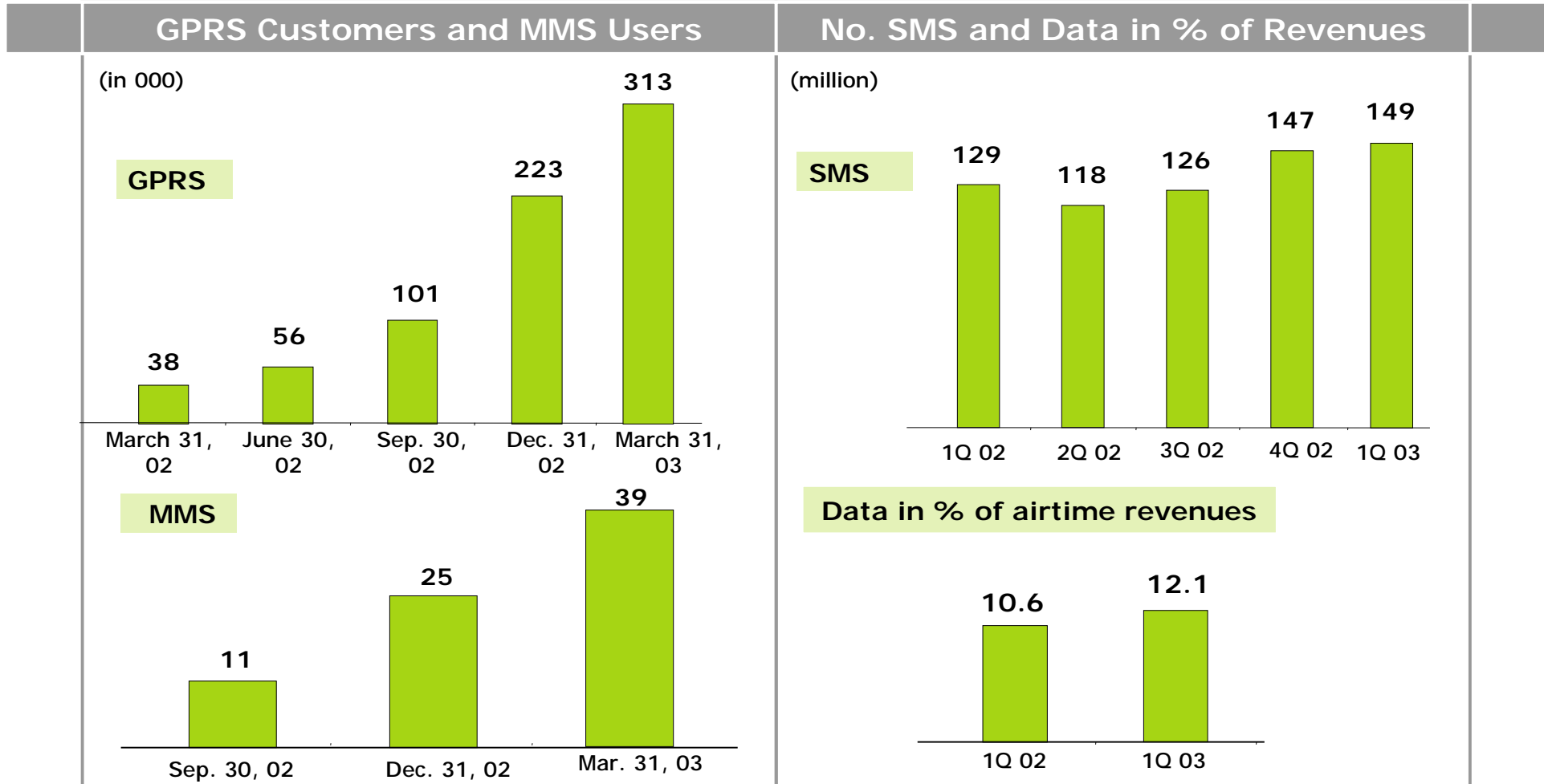
	1Q 2003	1Q 2002
Charged minutes (millions) *	1,075	971
Average number of customers ('000s)	3,013	2,859
Monthly MOU - charged	119.0	113.2
Average monthly ARPU contract	57.3	58.5
Average monthly ARPU prepaid	10.8	9.9
Average monthly ARPU	35.2	34.4

* Rated MOUs of mobilkom austria customers

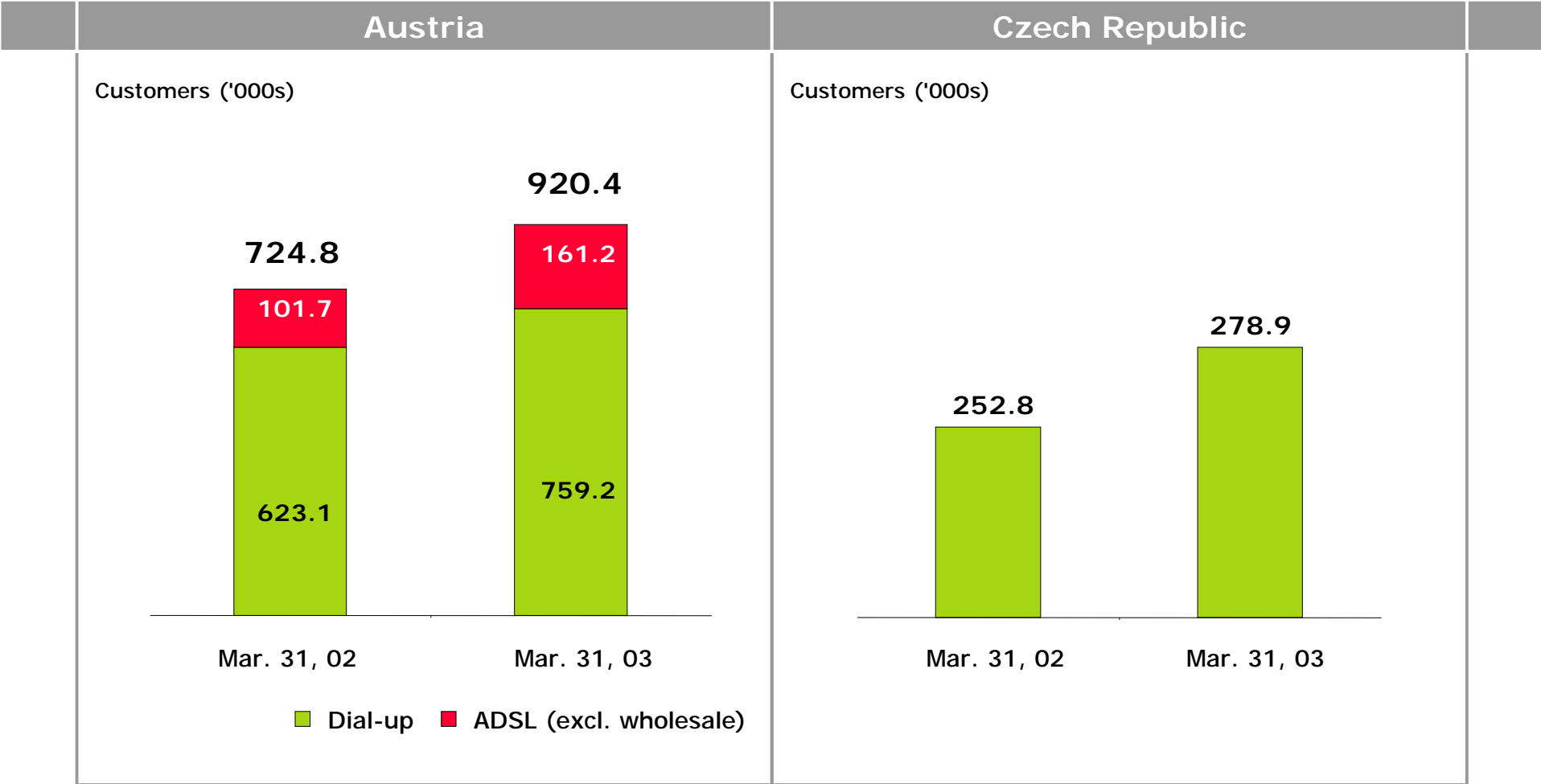
mobikom austria - Churn, MoU



mobikom austria - Mobile Data



Internet Subscribers



Headcount* Development

(average of period)	1Q 2003	1Q 2002	Change
Wireline	11,267	12,848	-1,581
Wireless	3,605	3,469	136
Telekom Austria Group	14,872	16,317	-1,445

(end of period)	1Q 2003	1Q 2002	Change
Wireline	11,212	12,774	-1,562
Wireless	3,618	3,470	148
Telekom Austria Group	14,830	16,244	-1,414

* = Full-time-equivalents

Wireline - Revenue Breakdown

(EUR million)	1Q 2003	1Q 2002	% Change
Switched voice base traffic	121.2	132.5	-8.5%
Switched voice monthly & other voice rev.	137.9	137.5	0.3%
Payphones & VAS	18.2	17.2	5.8%
Data & IT-solutions	87.4	82.1	6.5%
Internet access & media	48.4	44.3	9.3%
Wholesale voice & Internet	80.5	83.5	-3.6%
Wholesale data	25.2	22.3	13.0%
Other	36.9	46.5	-20.6%
Total wireline operating revenues	555.7	565.9	-1.8%

Wireless - Revenue Breakdown

(EUR million)	1Q 2003	1Q 2002	% Change
Traffic revenues	249.2	226.3	10.1%
Monthly rental	73.5	67.7	8.6%
Equipment	33.3	35.0	-4.9%
Roaming	40.8	45.4	-10.2%
Interconnection	70.3	68.0	3.4%
Other	8.8	9.8	-9.1%
Discounts	-1.4	0.0	-
Total wireless operating revenues	474.7	452.2	5.0%

Operating Revenues by Segment

(EUR million)	1Q 2003	1Q 2002	% Change
Wireline	555.7	565.9	-1.8%
Wireless	474.7	452.2	5.0%
Intersegmental eliminations & other	-63.9	-55.6	-14.7%
Total managed operating revenues	966.5	962.5	0.4%
Wireless	0.0	-452.2	
Intersegmental eliminations & other	0.0	55.6	
Consolidated Operating Revenues	966.5	565.9	

EBITDA by Segment*

(EUR million)	1Q 2003	1Q 2002	% Change
Wireline	215.5	211.9	1.7%
Wireless	189.8	187.9	1.0%
Intersegmental eliminations & other	0.8	0.0	
Total managed EBITDA*	405.9	399.8	1.5%
Wireless	0.0	-187.9	
Intersegmental eliminations & other	0.0	0.0	
Consolidated EBITDA*	405.9	211.9	

* excluding impairment charges

EBIT (Operating Income) by Segment

(EUR million)	1Q 2003	1Q 2002	% Change
Wireline	10.2	5.1	100.0%
Wireless	110.9	121.9	-9.0%
Intersegmental eliminations & other	0.8	-0.1	
Total managed EBIT	121.9	126.9	-3.9%
Wireless	0.0	-121.9	
Intersegmental eliminations & other	0.0	0.1	
Consolidated EBIT	121.9	5.1	

Capital Expenditures*

(EUR million)	1Q 03	1Q 02	% change
Wireline	46.0	40.5	13.6%
Wireless	26.9	40.5	-33.6%
Telekom Austria Group	72.9	81.0	-10.0%
mobilkom austria	16.9	30.6	-44.8%
VIPnet	8.5	7.2	18.1%
Si.mobil	1.5	2.7	-44.4%

* Additions to property, plant & equipment excluding EUR 7.4 million additions due to Asset Retirement Obligation in 1Q 2003

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Net Debt - Telekom Austria Group

(EUR million)	Mar. 31, 03	Dec. 31, 02
Long-term debt	1,957.4	2,079.9
Short-term debt	1,394.0	1,309.9
- Cross border lease, included in short-term debt	-108.2	-107.9
+ Capital lease obligations	5.6	7.3
+ Related parties	0.6	0.4
Cash and cash equivalents, short-term and long-term investments	-56.2	-46.5
Financial instruments, included in other assets	-31.1	-38.7
Net debt of Telekom Austria Group	3,162.1	3,204.2
Shareholders' equity	2,545.7	2,509.5
Net debt/equity	124.2%	127.7%

Reconciliation from (total managed) EBITDA to consolidated cash flow

(EUR million)	1Q 03	1Q 02
EBITDA (excluding impairment charges; total managed for 2002)	405.8	399.8
Wireless EBITDA 1Q 2002	-	-187.9
Impairment charges	-4.4	0.0
EBITDA consolidated (including impairment charges)	401.4	211.9
Impairment charges	4.4	0.0
Other income net	-4.0	0.6
Net interest	-42.0	-34.5
Income from investments	-0.2	82.8
Income taxes	-25.4	-16.7
Effect of change in accounting principles	-6.3	0.0
Minority interest	-0.8	0.1
Employee benefit obligation - non cash	1.5	1.3
Allowance for doubtful accounts	7.4	1.1
change in deferred taxes	20.4	15.7
Dividends from affiliates, greater than (less than) equity in income	1.4	-82.8
Asset retirement obligation - accretion expenses	0.2	0.0
Cumulative effect of changes in accounting principle	6.3	0.0
Loss on sales of investments and disposal of equipment	3.1	3.1
Changes in assets and liabilities, net of effect of business acquired	-231.6	5.1
= Cash generated from operations on consolidated basis	135.8	187.7