



2014 Annual General Meeting

Agenda

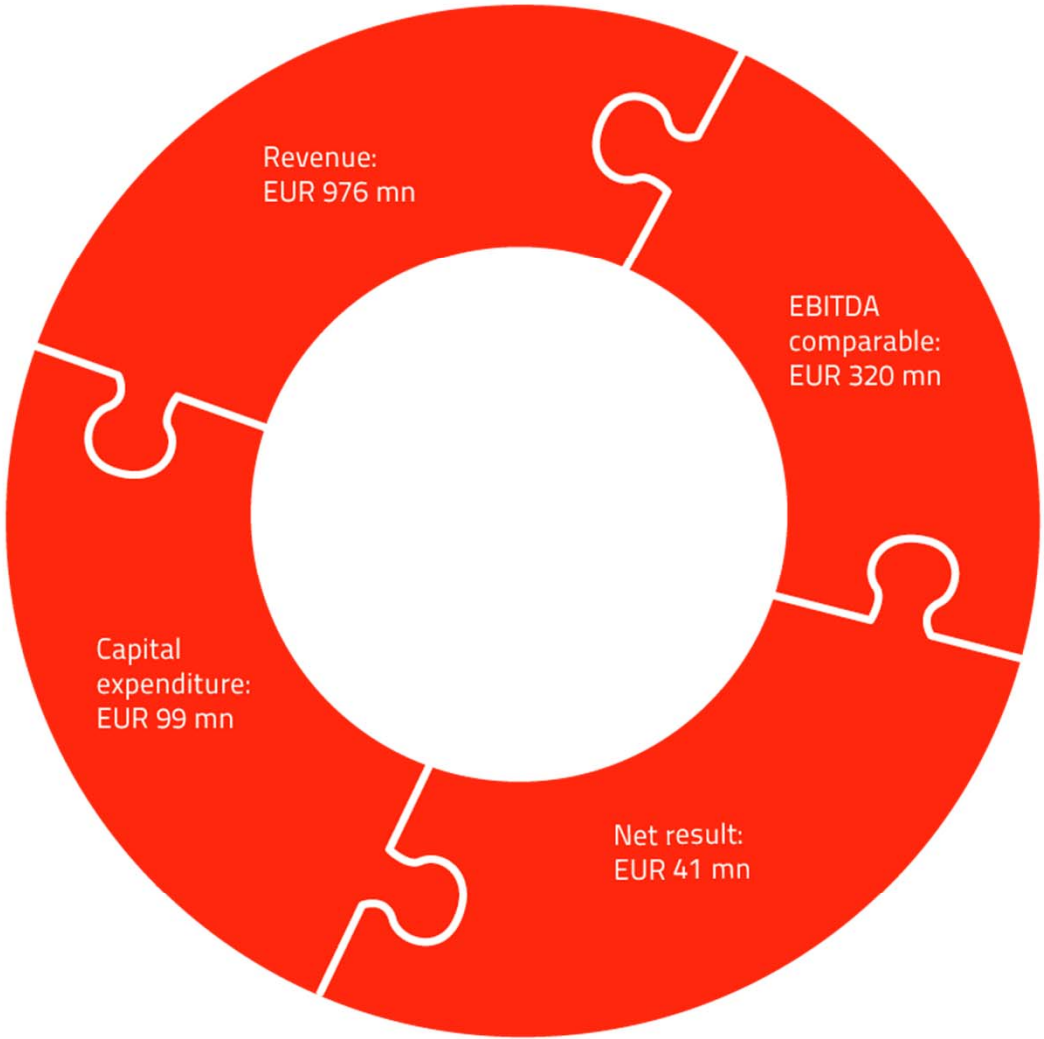
- 01 Report on the 2013 Financial Year
- 02 Appropriation of Net Retained Profits
- 03 Approval of the Actions of the Management Board
- 04 Approval of the Actions of the Supervisory Board
- 05 Determination of Supervisory Board Remuneration
- 06 Election of the Auditor of the Single-Entity and Consolidated Financial Statements for the 2014 Financial Year
- 07 Report of the Management Board on the Buyback, Holdings and Utilisation of Treasury Shares
- 08 Amendment to the Articles of Association

Takeover offer by Carso Telecom

Statement by the Management Board

- ➔ Under § 14 of the Austrian Takeover Act the Management Board and the Supervisory Board of Telekom Austria AG are required to create and publish a statement on the offer, including a statement of the Works Council if applicable
- ➔ In summary, the Management Board of Telekom Austria establishes that it acknowledges the offer and the business political goals and intentions of the Bidder, supports them, and is neutral about the offer for the reasons stated
- ➔ However, the Management Board of Telekom Austria also points out that each shareholder must decide on his own whether the offer is beneficial for him or not based on his individual situation (investment perspective, legal and tax law framework etc.) and on his subjective evaluation of the future development of the company, the capital market and the share price
- ➔ The published documents, the expert assessment as well as the statements by the Management Board and the Supervisory Board, are available free of charge in front of the hall
- ➔ As per the Austrian Takeover Act the Management Board is required to present arguments before and against accepting the offer

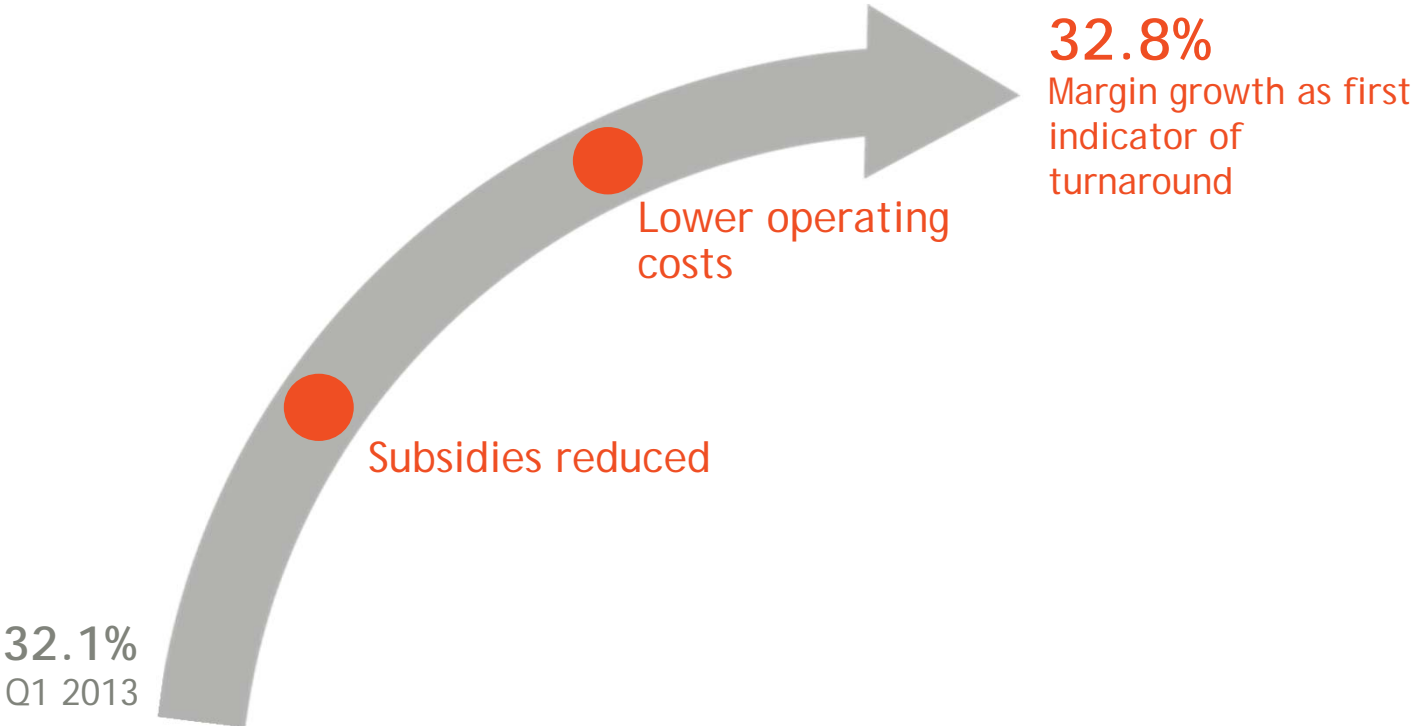
Q1 2014 Overview



Q1 2014

Turnaround strategy initiated

EBITDA margin



*Report on the
2013 Financial Year*



Contents



**WHY
INVEST**

Spectrum auction in Austria
EUR 1,030 mn



- Growing demand for connectivity and data communications
- Network provider with the highest capacity
- Leading provider of premium products and services

**WHY
INVEST**


Acquisition of YESSS!
Approx. EUR 400 mn



- Strengthening our position
- Expanding our product range
- Increasing our customer base

A red rectangular sign with a white border and four black screws at the corners. The sign features the words "WHY" and "INVEST" in large, white, bold, sans-serif capital letters, stacked vertically. The sign is mounted on a light gray, textured wall. Below the sign, there are several vertical lines of brownish liquid dripping down the wall.

WHY INVEST

A rectangular metal plaque with rounded corners and four screws at the corners. It is mounted on the same light gray wall as the sign above. The plaque contains two lines of black text.

Regular capital expenditure
EUR 650 mn



- Maintaining and expanding network quality
- Expanding the mobile and fixed-line infrastructure
- Ensuring quality leadership

Results for 2013 in line with expectations

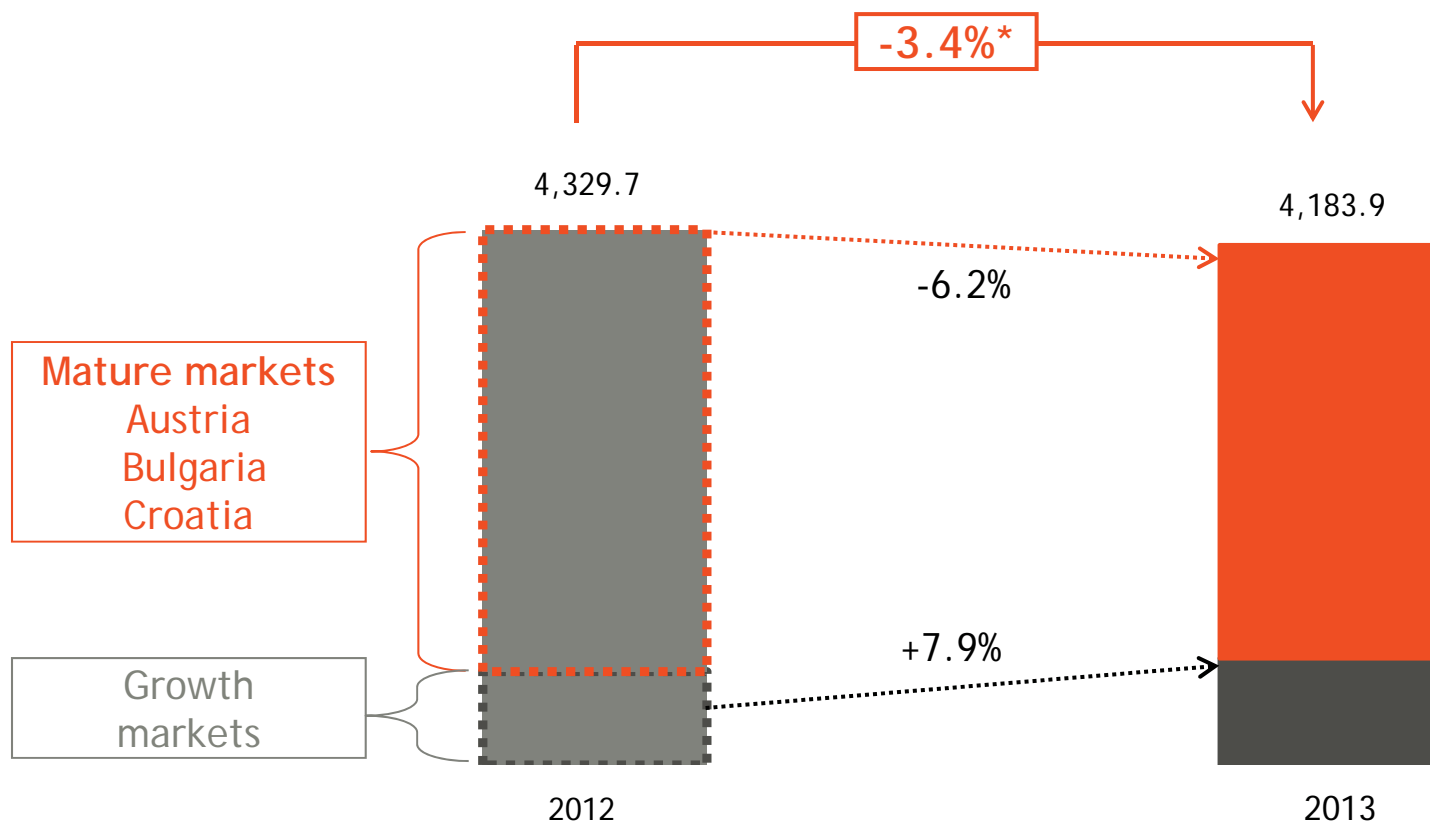
| | Outlook for 2013 | Results for 2013 | |
|----------------------|--------------------|---|---|
| Revenues | approx. EUR 4.1 bn | approx. 4.2 bn | ✓ |
| Capital expenditures | EUR 650 - 700 mn* | Regular capital expenditure EUR 649.6 mn | ✓ |
| | | Spectrum and acquisitions EUR 1,129.5 mn | |
| | | Total capital expenditure EUR 1,779.1 mn | |

* Excluding investments in licences, spectrum and acquisitions

Downturn in revenue due to regulatory effects of EUR 122 million and intense competition

Revenue development

in EUR mn

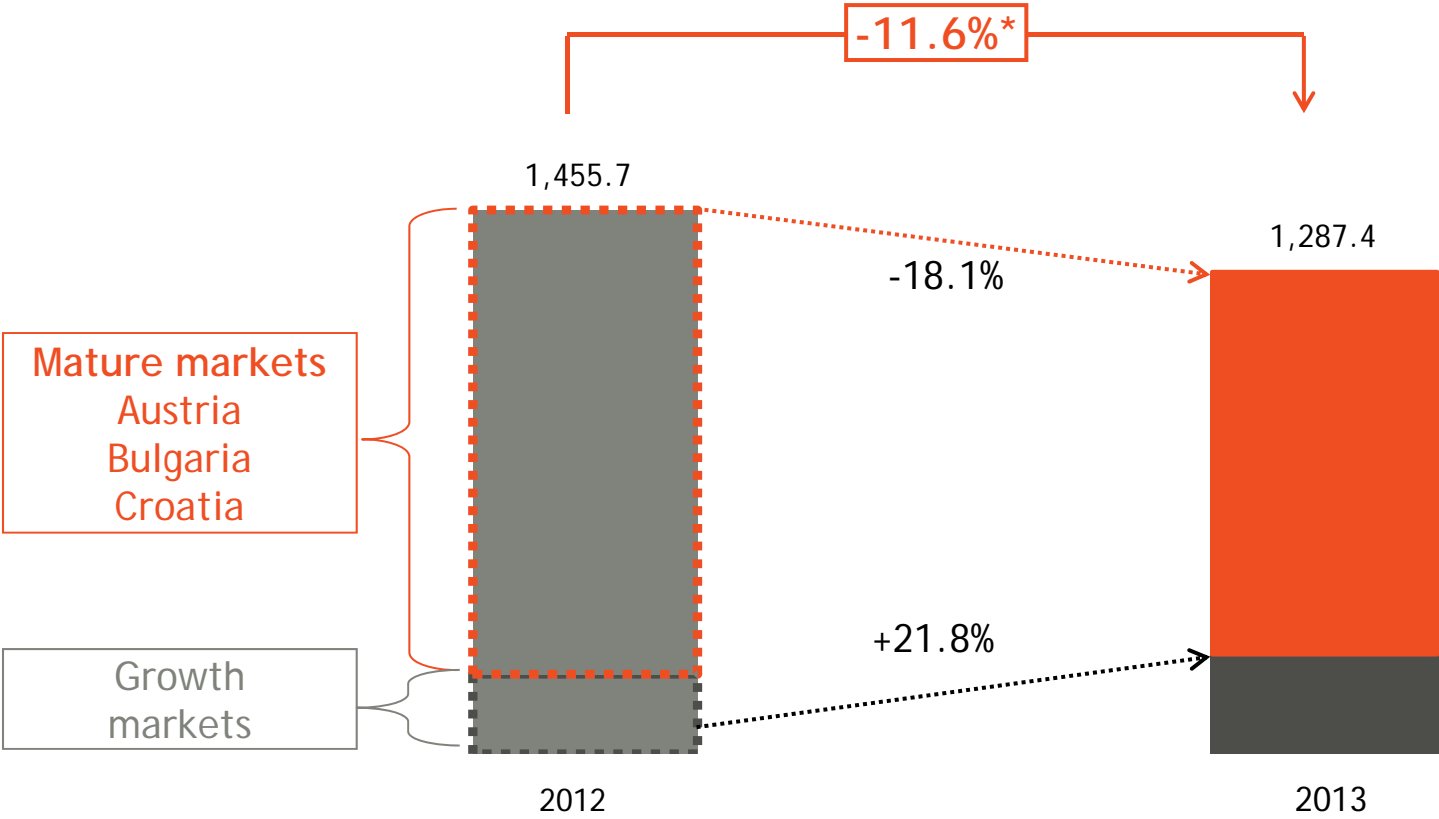


* Including Corporate & Other, and Eliminations

Gross cost savings of EUR 118 million reduce revenue pressure on EBITDA

Development of EBITDA comparable

in EUR mn



* Including Corporate & Other, and Eliminations

Mobile customer base grows by 3% to 20.1 mn



4.9 mn
+3.1%



1.8 mn
-4.0%



5.7 mn
+10.3%



4.1 mn
-7.4%



3.3 mn
+1%

Growth in fixed lines in all markets to 2.64 mn



2.3 mn
+0.1%



193,100
+18.4%



159,900
+1.4%

Implementation of Group strategy

Telekom Austria Group strategy

01 *Optimisation of
Core Business*



02 *Convergence*



03 *Operational
Excellence*



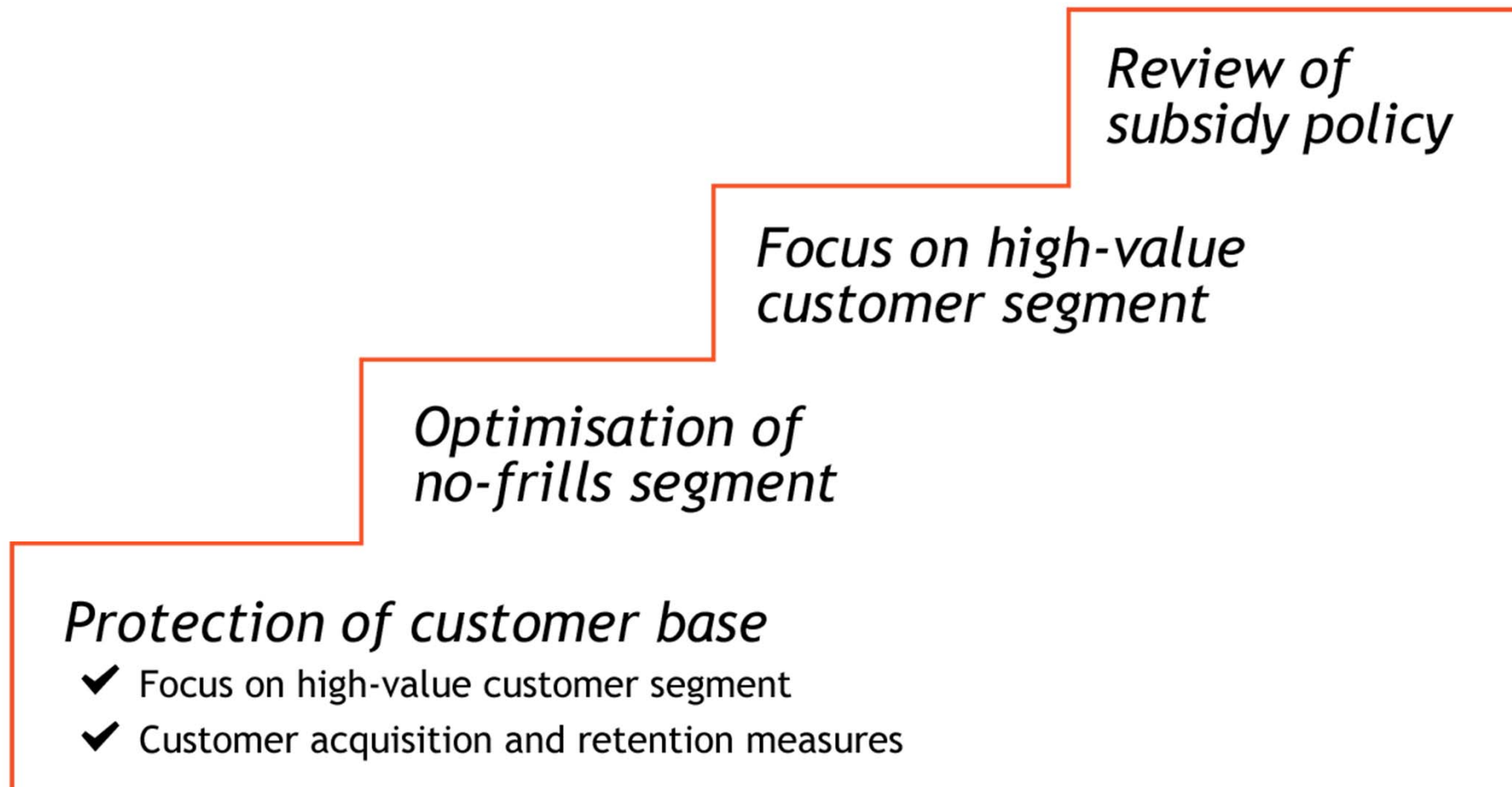
04 *Strategic
Opportunities*



*Implementation
of Group strategy*



01 Stopping revenue erosion in mature markets



Implementation
of Group strategy



01 Continuing growth in pure mobile markets

*Focus on
mobile communication
strategy*

*Growth to achieve
sustainable
market positions*

*Exploiting
synergies*

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

- ➔ Transfer of expertise



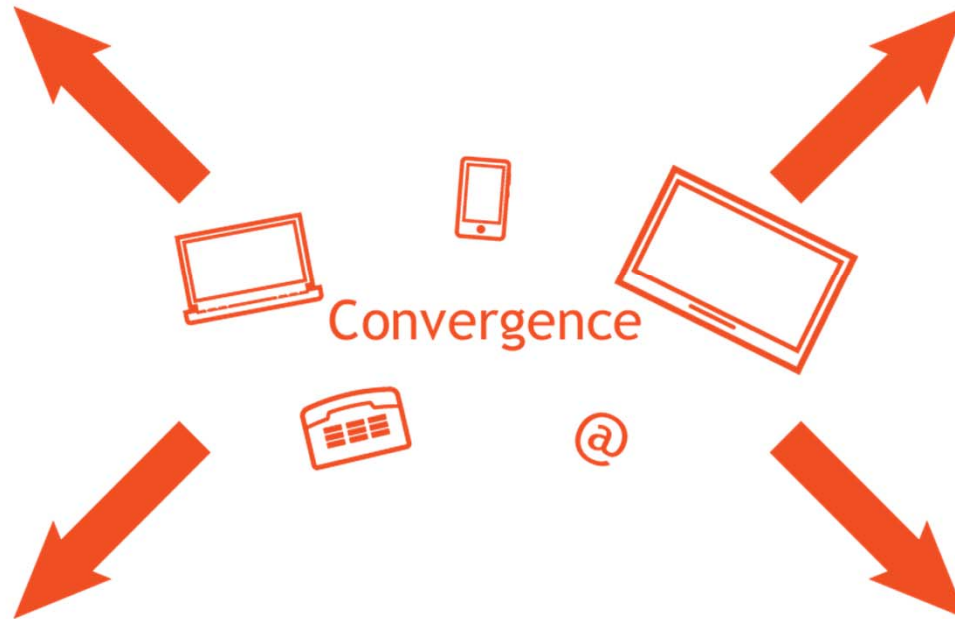
*Implementation
of Group strategy*



02 Convergence: Everything from a single source

Utilisation of growth potential

Reduction in churn



Stabilisation of fixed line connections

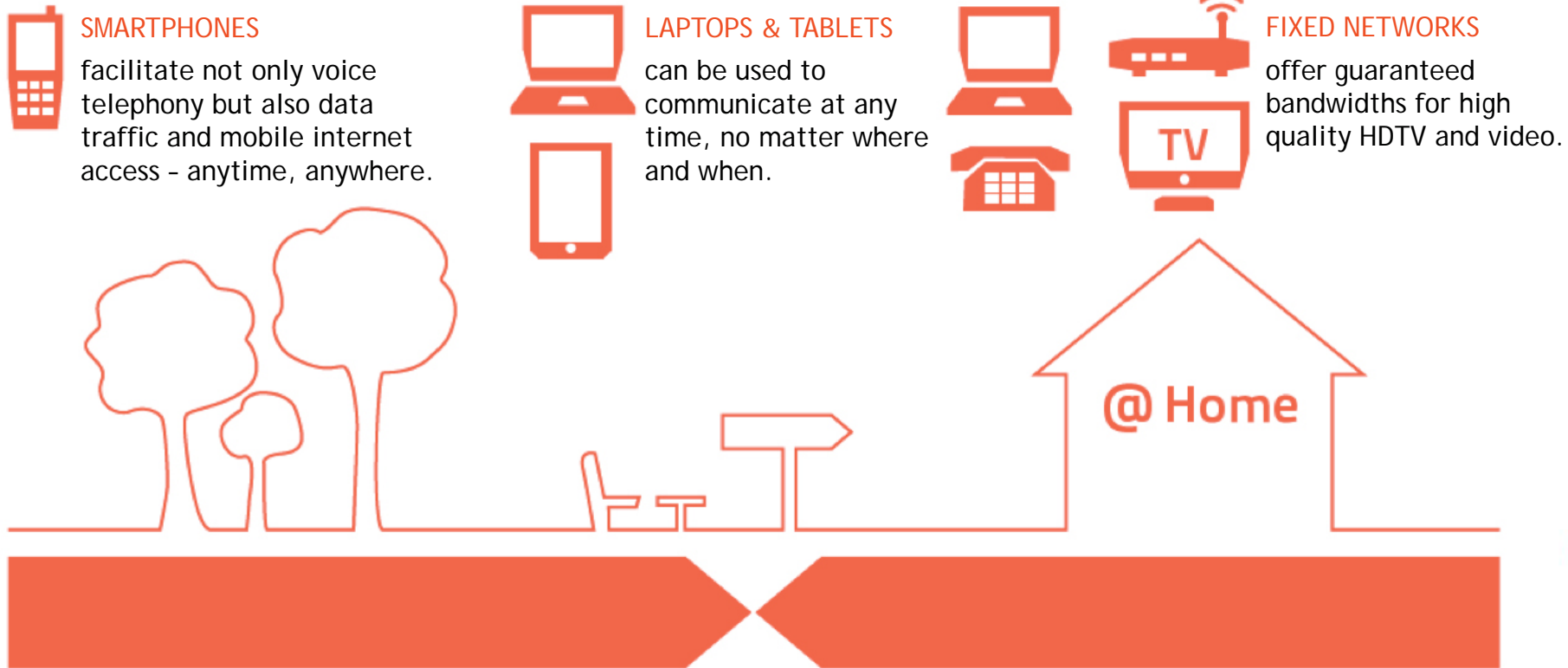
Maximisation of customer benefit

Implementation of Group strategy

1

02 Convergence offers stability and flexibility

Convergence allows the end-to-end fulfilment of customer requirements



02 State-of-the-art user experience and innovative edge



Convergent network access in Austria



Convergent bundling of hardware in Bulgaria



Multiple screen strategy in Croatia



Implementation of Group strategy



03 Optimisation of cost efficiency: Gross cost savings of EUR 118 million in 2013

Ongoing projects in 2013 and 2014

| | |
|------------------------|---|
| Back2Growth | Market measures |
| Nemo | Efficiency improvements and heightened customer orientation |
| S4S | Savings in procurement |
| Nendo | IT transformation |
| Value-based management | Value-based management |

Implementation
of Group strategy

1

04 Strategic opportunities leveraged

Austria

- ➔ Acquisition of YESSS!

Croatia

- ➔ Acquisition of Digi TV
- ➔ Acquisition of four cable network operators



Implementation
of Group strategy

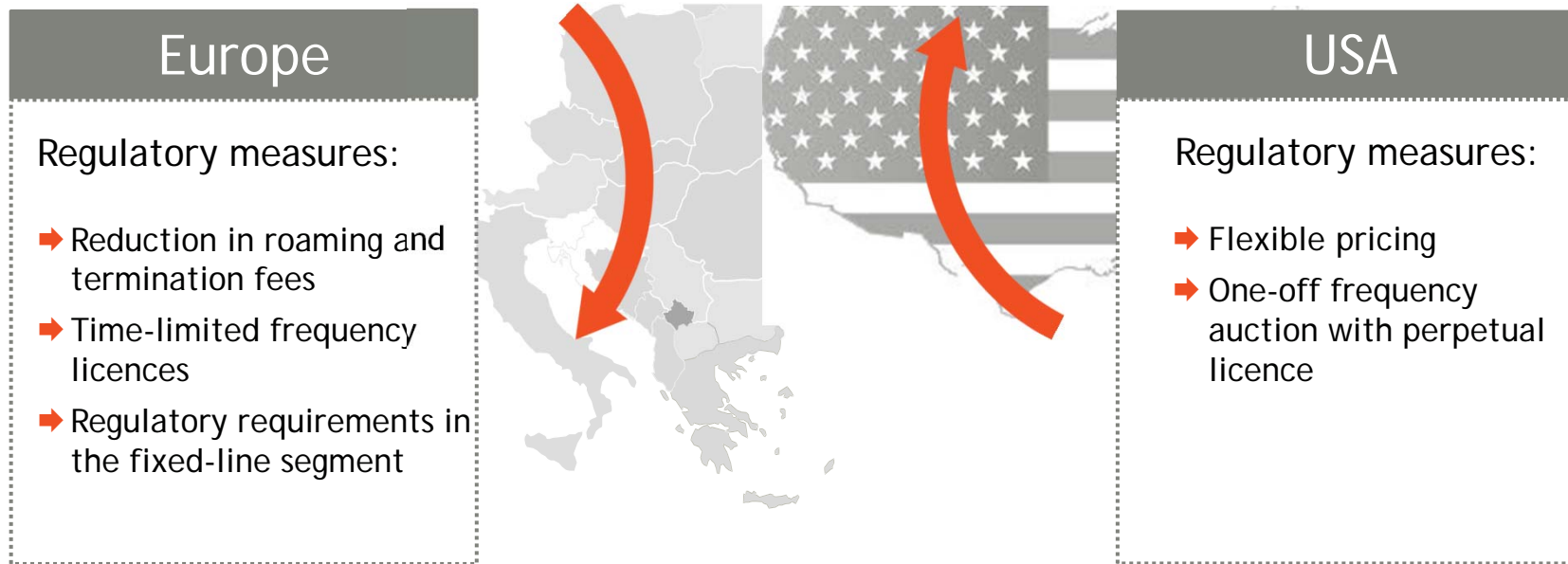
1

Strategic conditions



Regulatory environment Europe vs. USA

Pressure on revenue, profitability and hence investment in Europe



Implementation
of Group strategy

| | | |
|-------|------------------------------|-------|
| 6.2x | Avg. EV/EBITDA* | 11.5x |
| -1.1% | Avg. revenue growth** | 5.1% |
| 0.3% | Avg. LTE usage*** | 11.0% |

* Barclays Global Telecoms Valuation, May 2014
 ** EITO via European Commission, June 2013
 *** Figures from 2012: OECD broadband statistics update, July 2013

Employees - the company's capital



- ✓ 16,045 employees, including 7,076 outside Austria
- ✓ EUR 8 million for professional training

➔ 2,826 participants on 174 courses

TELEKOM
AUSTRIA
GROUP *Business
School*

➔ Survey of all employees



➔ 230 apprentices in technical and commercial professions

➔ Optimum employment solutions and professional reorientation

➔ 22 placements in federal administration

 servicekom

➔ 81 employees abroad via "x.change"

Implementation
of Group strategy

1

Telekom Austria Group: A key company for Austria

Employer



9,655* employees
in Austria

Infrastructure



Investments in Austrian
infrastructure totalling
EUR 1.3 bn

Stock exchange

Top 10 in the ATX



Suppliers



Purchasing volume in
Austria of EUR 903 mn to
3,017 Austrian suppliers

State



A1 products generate EUR 595 mn sales tax,
Taxes and duties of EUR 699 mn, incl. wage
tax and social security contributions

Implementation
of Group strategy



* including employees on lease

Innovation strengthens market leadership

A1 „Multimedia hospital bed“



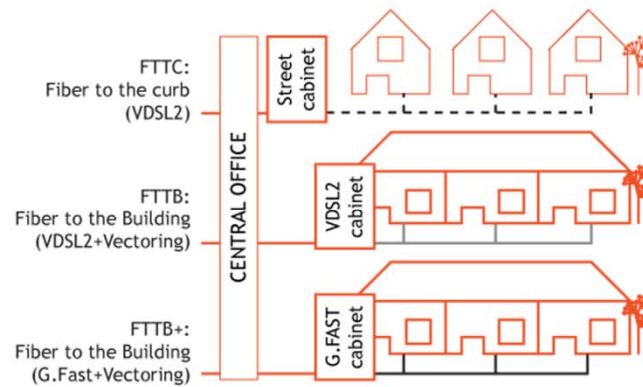
TELEKOM AUSTRIA GROUP Wholesale



TELEKOM AUSTRIA GROUP M2M „Snow clearance solution“



„G.fast“



Implementation of Group strategy



Alignment with core business and materiality analysis define sustainability strategy

Products

Providing Responsible Products



Develop Products in a Future-Oriented and Responsible Way

- Powerful Network Infrastructure
- Highest Data Protection and Safety Standards
- Products with Added Value

Environment

Living Green



Manage Resources in an Efficient and Sustainable Way

- Energy-Efficient Infrastructures
- Increased Use of Renewable Energy
- Active Climate Protection Through CO₂ Reduction



Employees

Empowering People



Systematically Promote Employees' Skills and Utilising Them

- Sound Education and Trainings
- Promotion of Internal Career Paths
- Increase the Proportion of Female Employees – Including Management Posts

Society

Creating Equal Opportunities



Creating Equal Opportunities in the Digital Society

- Focused Trainings on Media Literacy
- Increase the Safe Use of Digital Media
- Social Cooperations Based on Local Needs

Implementation of Group strategy



22 Firm and Measurable Targets



Reporting Follows the Global Reporting Initiative Guidelines



ISO 14001
ISO 50001
ISO 27001



Austria's green network



A1's network is 100% carbon-neutral

- ✓ using energy-efficient technologies
- ✓ using 100% power from renewable energy sources
- ✓ and with 25% climate project support

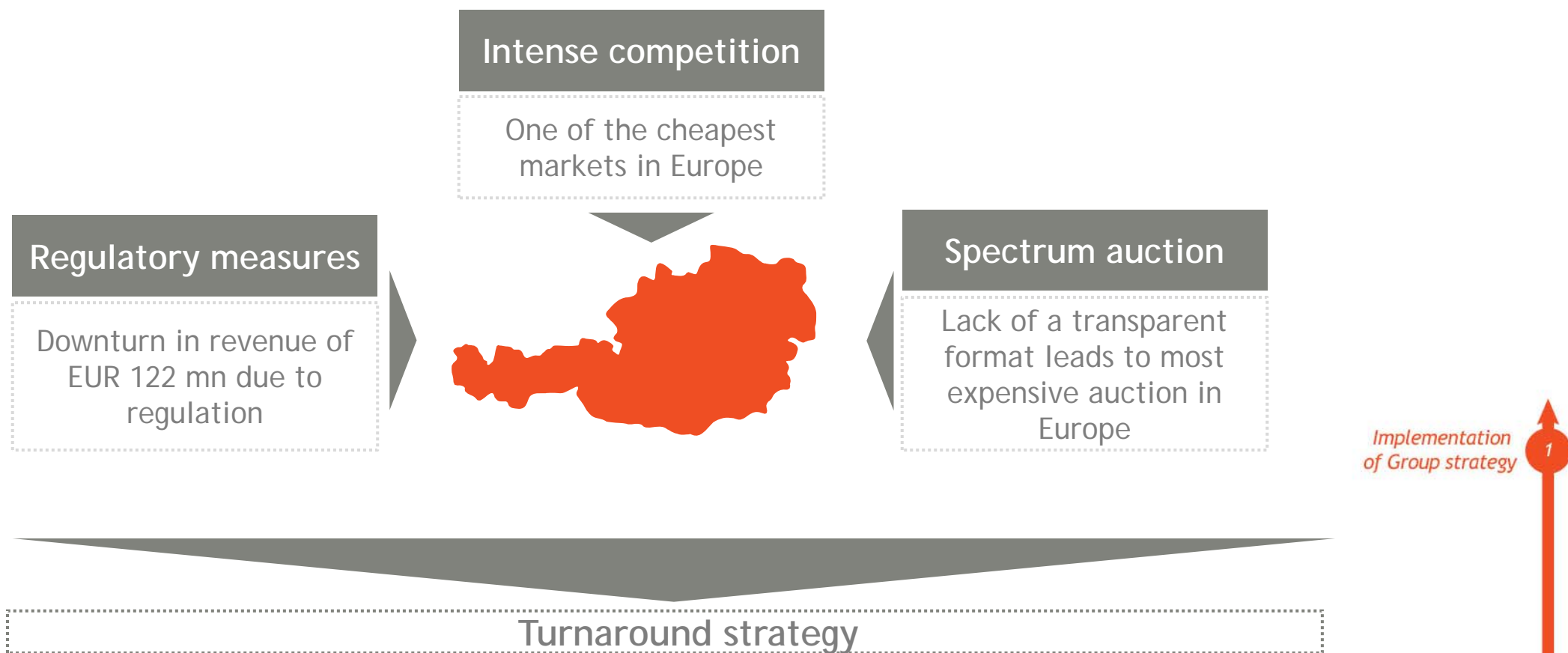
*Implementation
of Group strategy*



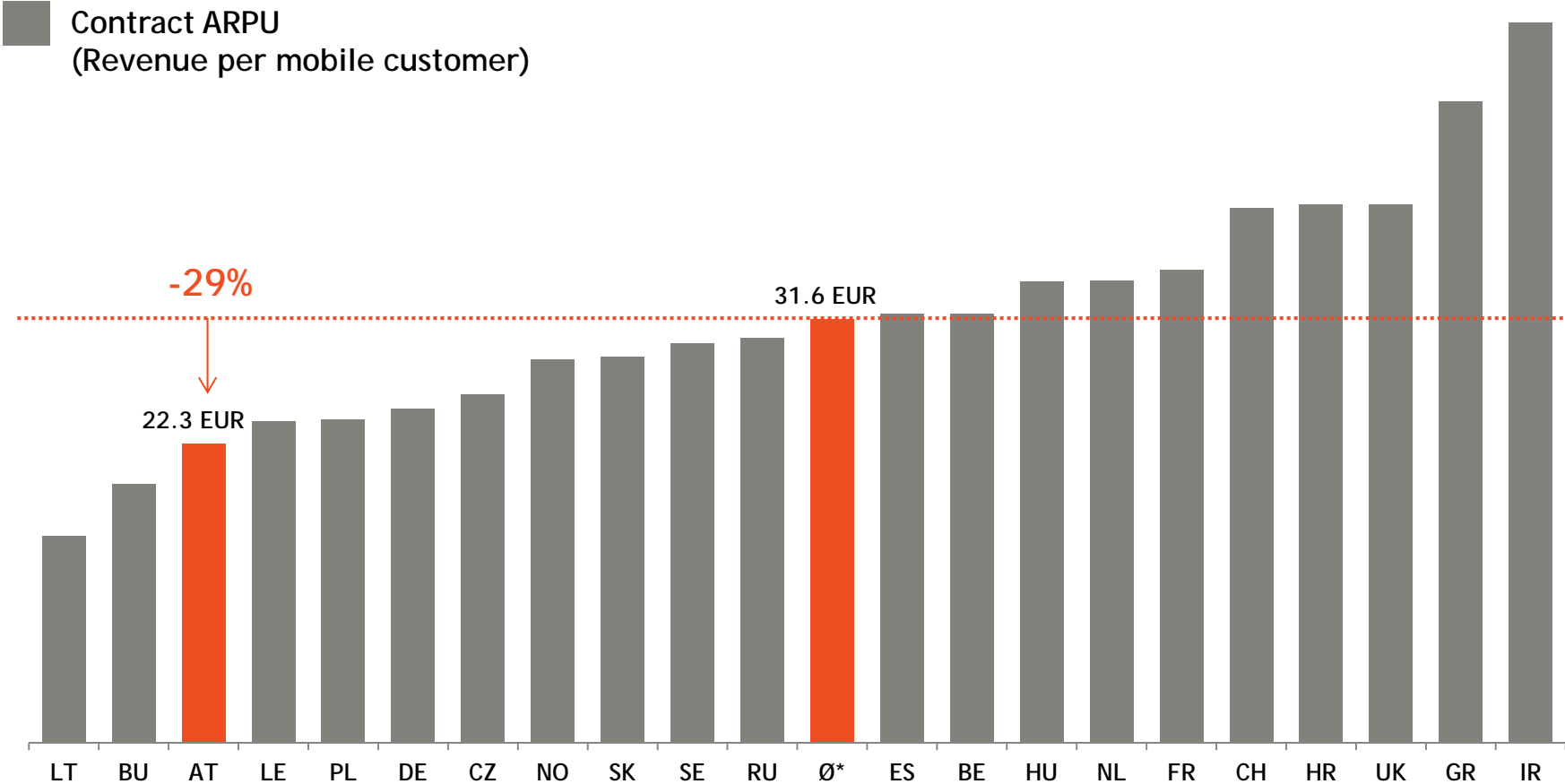
Operational implementation

Austria

Telecommunications market in 2013: A consistently challenging environment



Austria - extremely low average revenue per mobile customer



Implementation of Group strategy 

Source: GSMA Intelligence ARPU Contract by connection contract, Q3 2013;
 *Average for the selected countries
 ARPU by GDP real expenditure per capita (PPP) 2012 weighted AUT = 100
 Source: <http://appsso.eurostat.ec.europa.eu/nui/submitViewTableAction.do>

A1 turnaround based on Telekom Austria Group strategy



Turnaround strategy



Revenue

- ➔ Focus on high-value customer segment
- ➔ Intensification of fixed line growth
- ➔ Data monetisation

Network

- ➔ Convergent network

OPEX

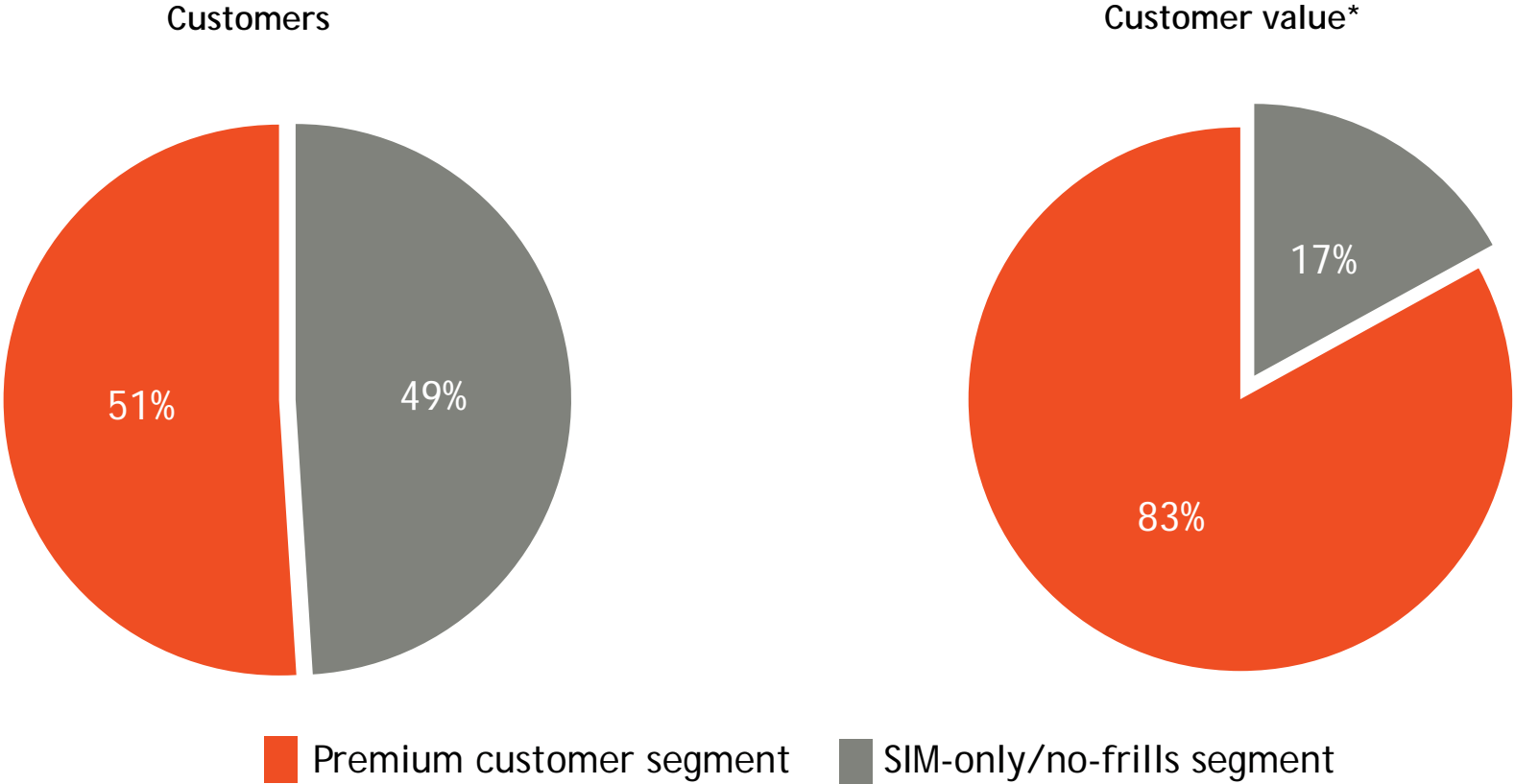
- ➔ Cost savings

Implementation
of Group strategy



High-value customer base generates 83% of customer value*

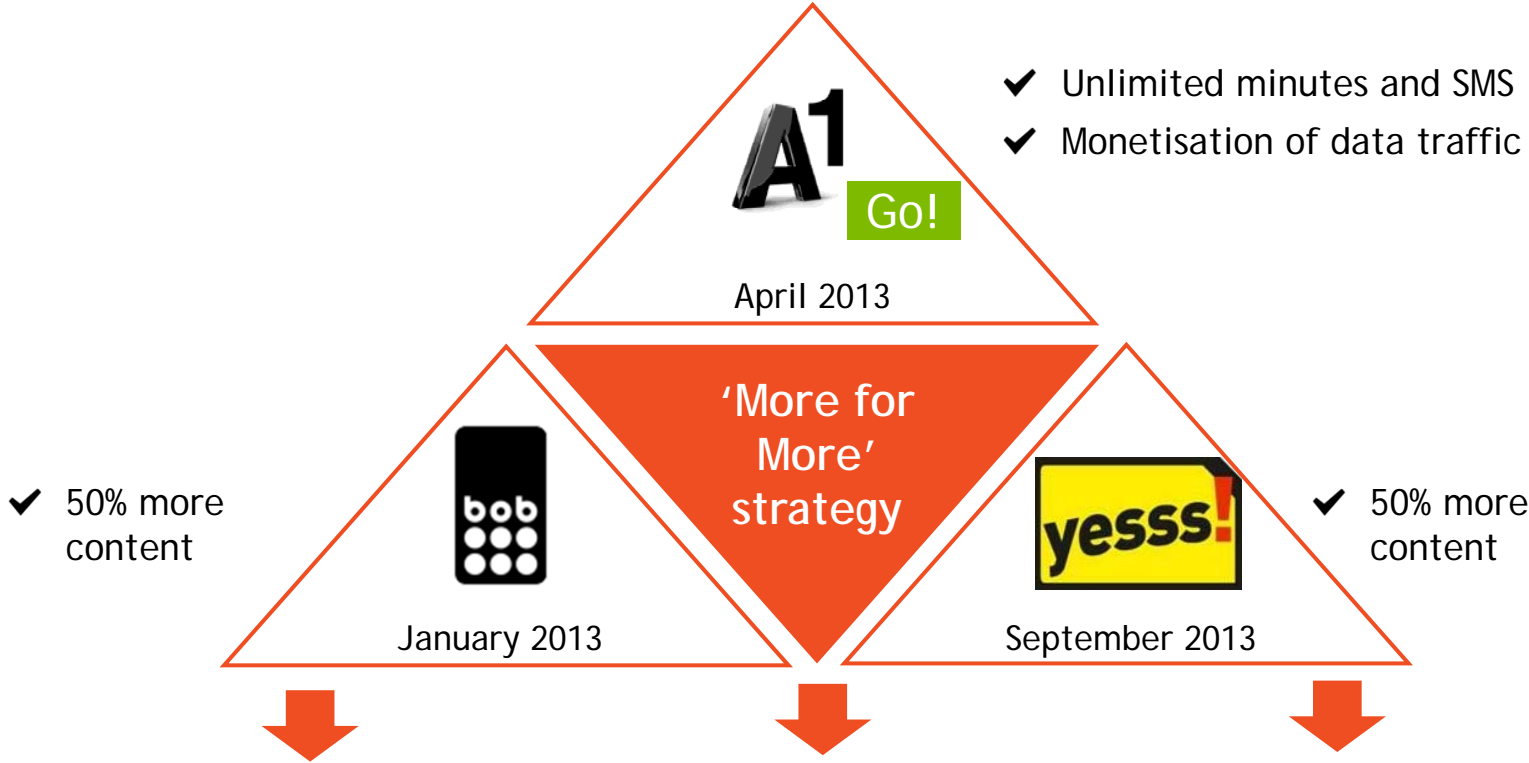
A1: breakdown of mobile customer segments



Implementation of Group strategy 

*Customer Value = ARPU - direct costs - subsidies

2013: 'More for More' strategy fully implemented in Austria



Implementation of Group strategy



2014: Continuation of successful strategy for existing customers and device subsidies

TV platform supports ARPL and growth in fixed lines



235,000 customers in year 2013:
7.7% growth



TV: More than 180 channels



Videothek: More than 200 films and series



EPG: TV guide with search function



Additional options: Watch even more



Pause: Live TV can be paused at any time



Record: 400 GB hard drive stores 175 hours



HDTV: More than 40 channels in HD

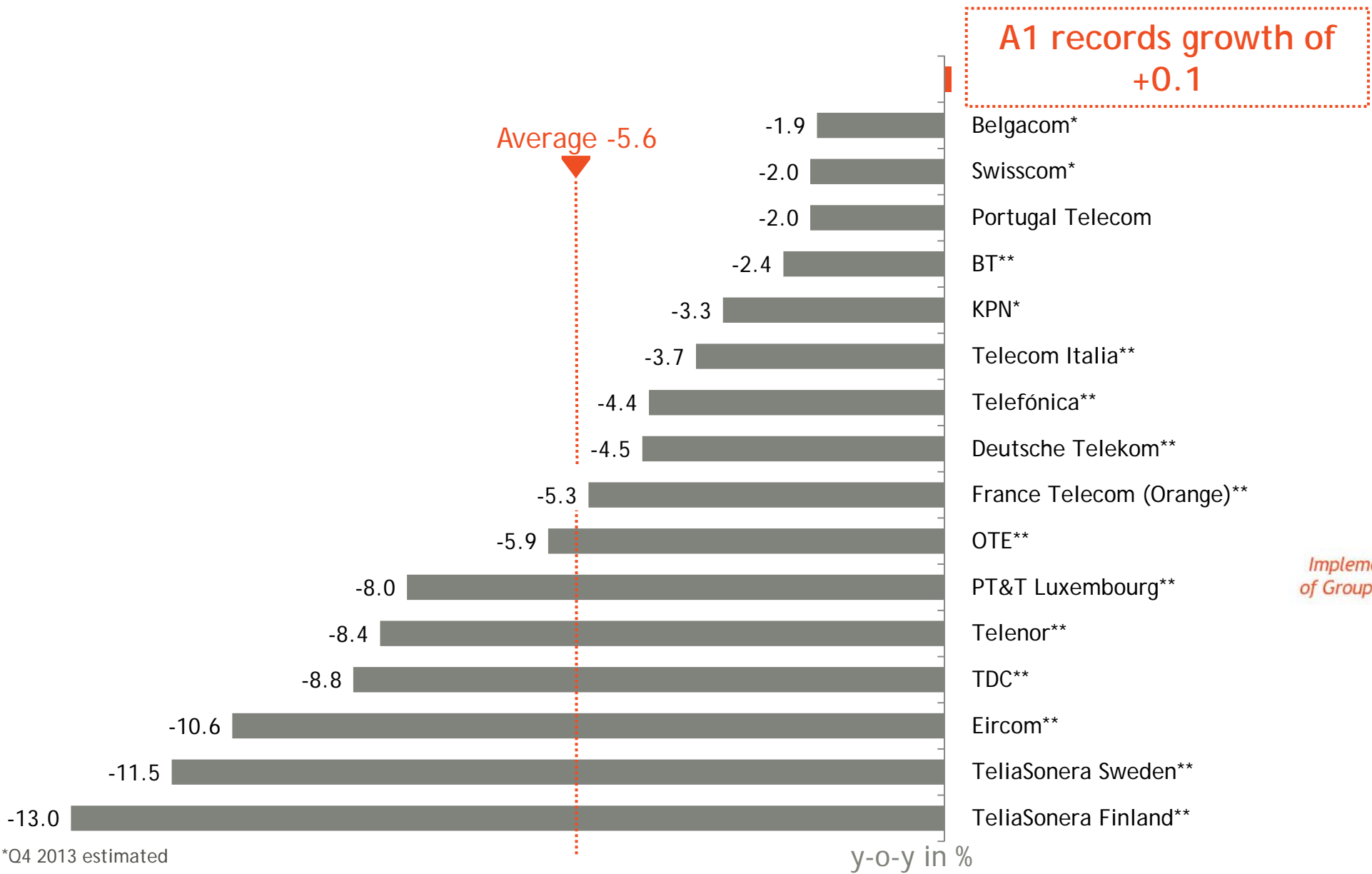


A1 TV Mobile: Watch TV on your mobile

Implementation
of Group strategy

1

European leader for fixed-line growth

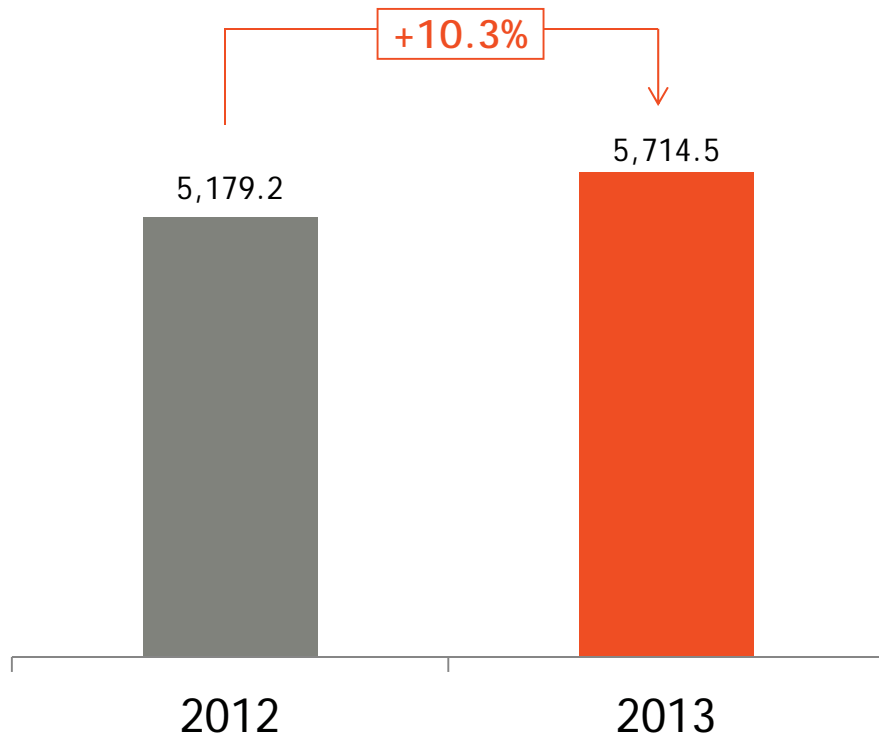


Implementation of Group strategy 1

*Q4 2013 estimated
 **2013 excl. Q4
 (Source: Infocom)

YESSS! acquisition and mobile broadband support growth in mobile communication

Mobile customers
(in '000)



+670,000 YESSS! customers*



Mobile broadband +9.8% y-o-y

Implementation of Group strategy

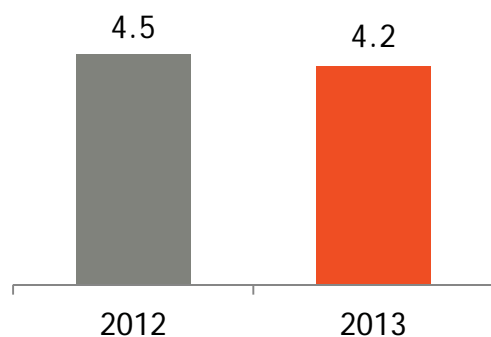
* At the acquisition date

Operational implementation
International markets



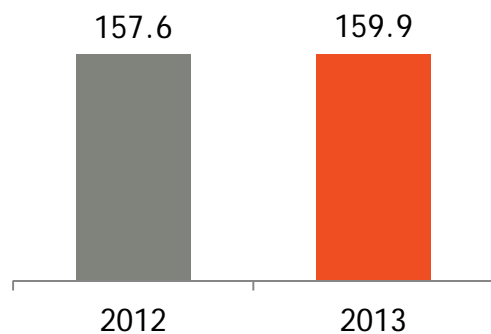
Bulgaria: Weak economy, regulatory effects and intense competition

Mobile customers
(in million)



- Weak economy
- Regulatory effects of EUR 41.7 mn
- Reduction in price level

Fixed lines
(in '000)



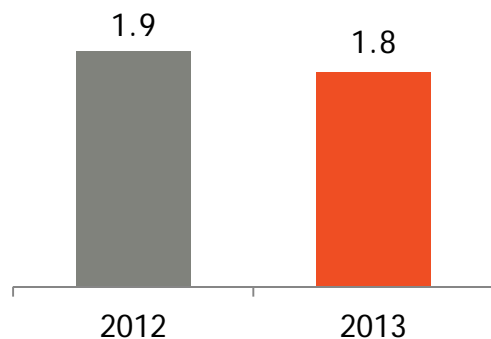
- ✓ Growth in number of mobile broadband customers and broadband connections on the back of increased data traffic
- ✓ Convergent products support growth in fixed lines

Implementation of Group strategy

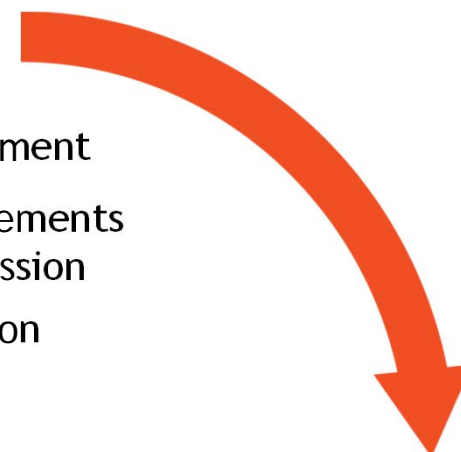
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Croatia: Convergence partially offsets downturn in mobile communication

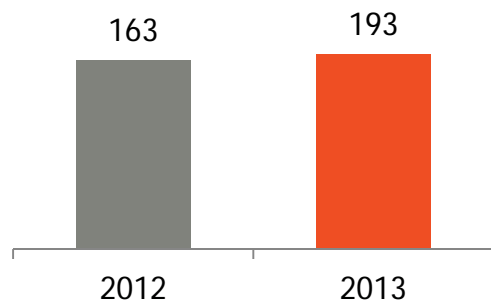
Mobile customers
(in million)



- Economic environment
- Regulatory requirements following EU accession
- Intense competition



Fixed lines
(in '000)



- ✓ Acquisition of satellite TV provider Digi TV and four cable operators
- ✓ Focus on high-value customer segment
- ✓ 25.9% broadband growth

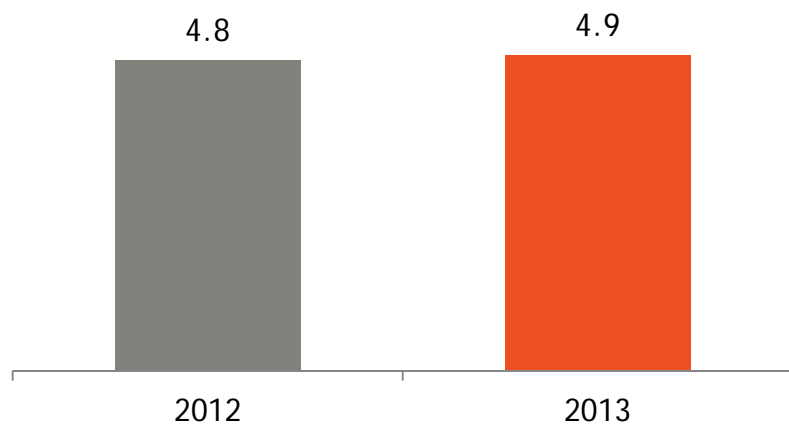
Implementation of Group strategy



Belarus generates highest margin in the Group in 2013 at 47%



Mobile customers
(in million)



- ✓ Adjustment of tariff portfolio
- ✓ Optimisation of operating expenses
- ✓ Increased demand for smartphones and affordable tablets

- 13% currency depreciation in 2013
- Political and economic risks

Implementation of Group strategy

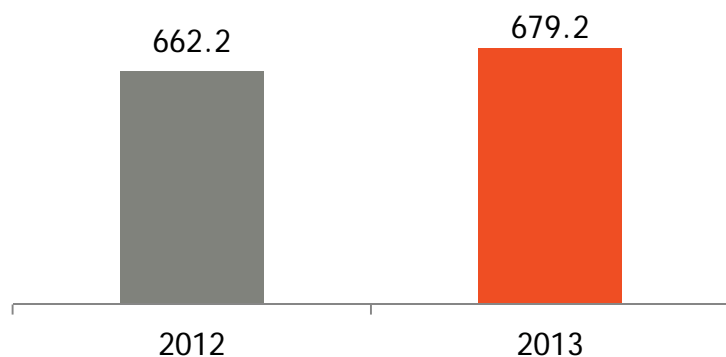
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Solid growth in Additional Markets

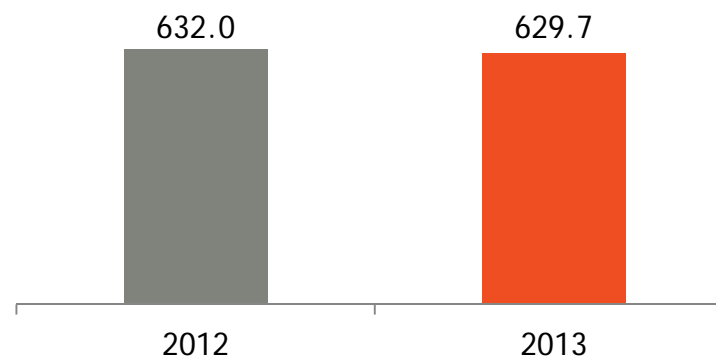
Mobile customers

(in '000)

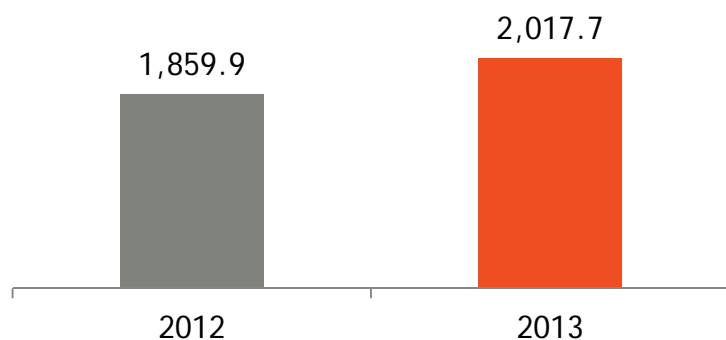
Slovenia

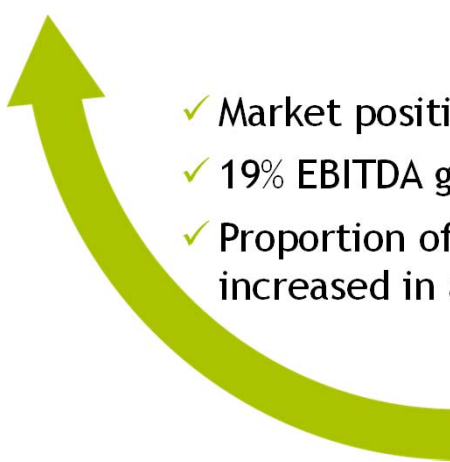


Macedonia



Serbia



- 
- ✓ Market position reinforced
 - ✓ 19% EBITDA growth
 - ✓ Proportion of contract customers increased in all markets

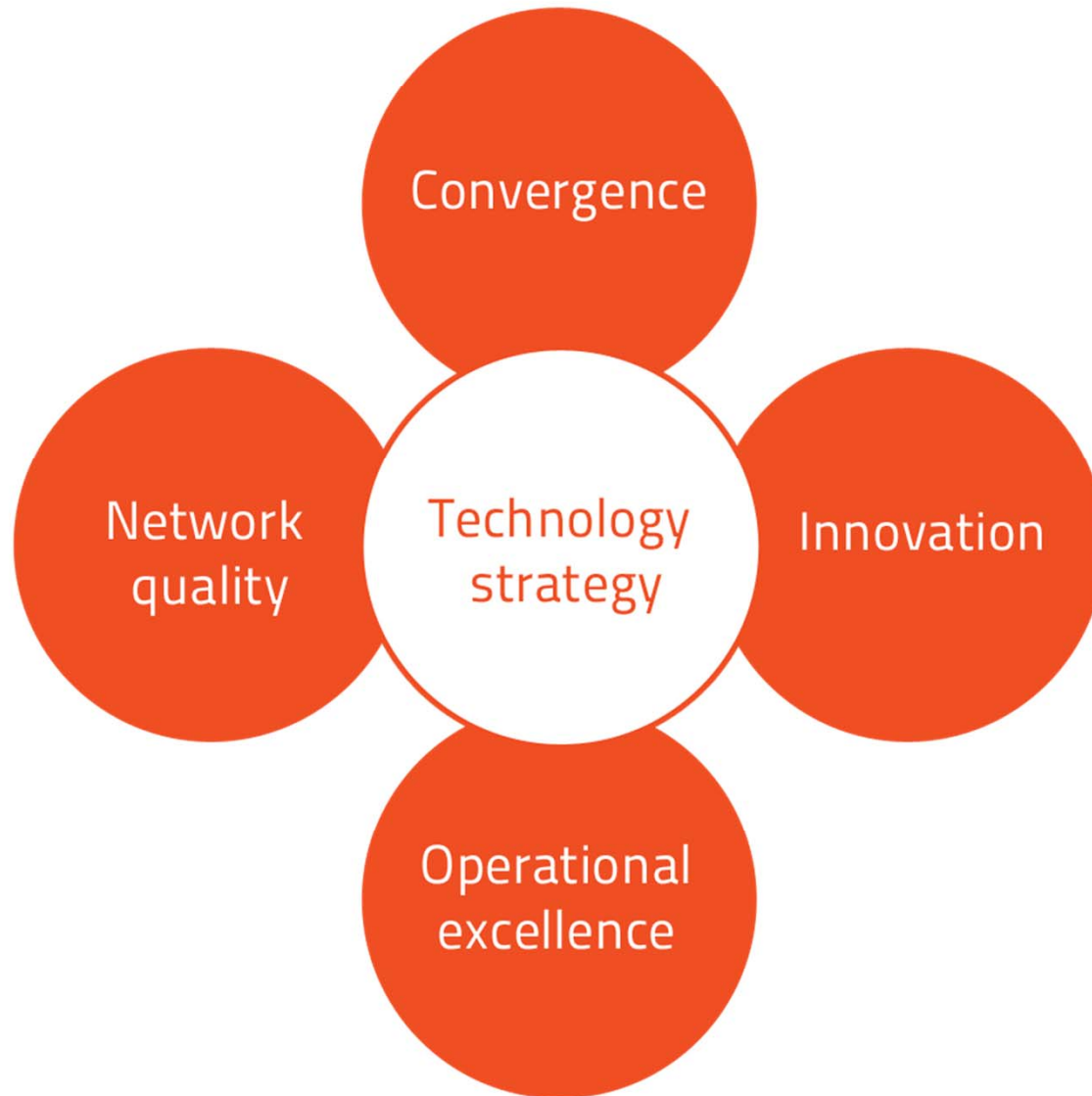
Implementation
of Group strategy

1

Technology strategy



Technology strategy



Technology strategy
2

Telekom Austria Group - Mobile network reaches more than 40 million people in eight countries

A1 Austria

- ➔ Voice > 99%
- ➔ Data > 99%

velcom Belarus

- ➔ Voice > 99%
- ➔ Data > 99%



vip Croatia

- ➔ Voice 99%
- ➔ Data 99%

vip Macedonia

- ➔ Voice > 98%
- ➔ Data > 98%

simobil.si Slovenia

- ➔ Voice > 98%
- ➔ Data > 98%

tel Bulgaria

- ➔ Voice > 99%
- ➔ Data > 99%

vip Serbia

- ➔ Voice > 98%
- ➔ Data > 98%

Technology strategy 2

Telekom Austria Group: Fixed-line Footprint

A1

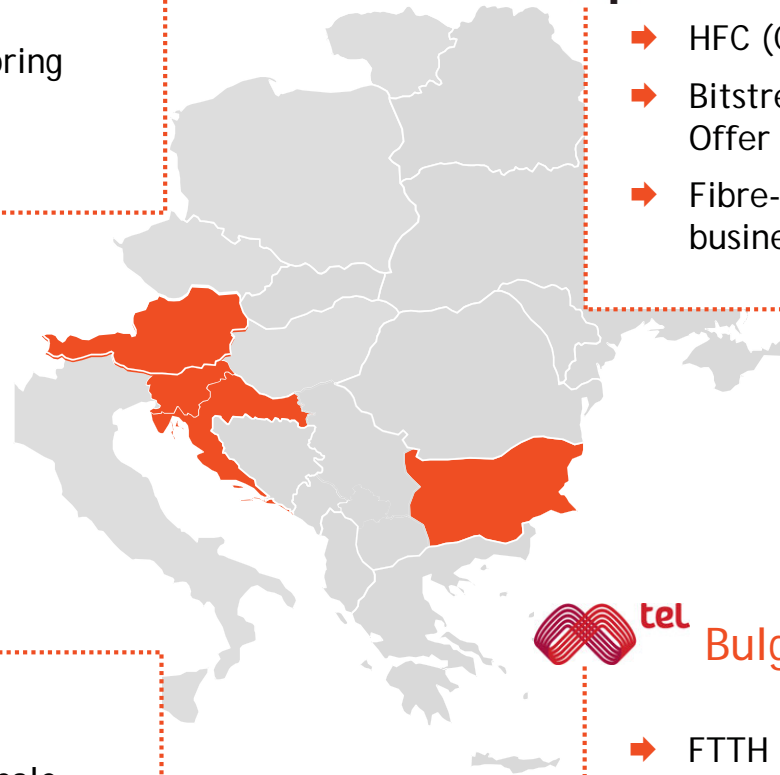
Austria

- ➔ FTTE_x/C/B: DSL & Vectoring
- ➔ FTTH: GPON

vip

Croatia

- ➔ HFC (Coax Cable) Network
- ➔ Bitstream (ADSL) - Wholesale Offer
- ➔ Fibre-optic connections for business customers



simobil.si

Slovenia

- ➔ Bitstream DSL via Wholesale

tel

Bulgaria

- ➔ FTTH (GPON)
- ➔ Active Ethernet

Technology
strategy

2

Infrastructure leadership as a unique selling point

LTE services in Austria, Slovenia, Croatia and Macedonia

- ➔ **Austria**
LTE with 45%* population coverage
- ➔ **Slovenia**
LTE technology launched in Ljubljana, Maribor and Bled
- ➔ **Croatia**
LTE rolled out in the seven biggest cities and other areas
- ➔ **Macedonia**
LTE with 18% population coverage



technology
strategy

2

*LTE 800 as of April 2014



The most distinguished network in Austria: A1

No other mobile network has been awarded network awards as often as A1 in the last ten years.

A long-term commitment to quality, which shows.



„Austria shows once more just how good mobile coverage can be.

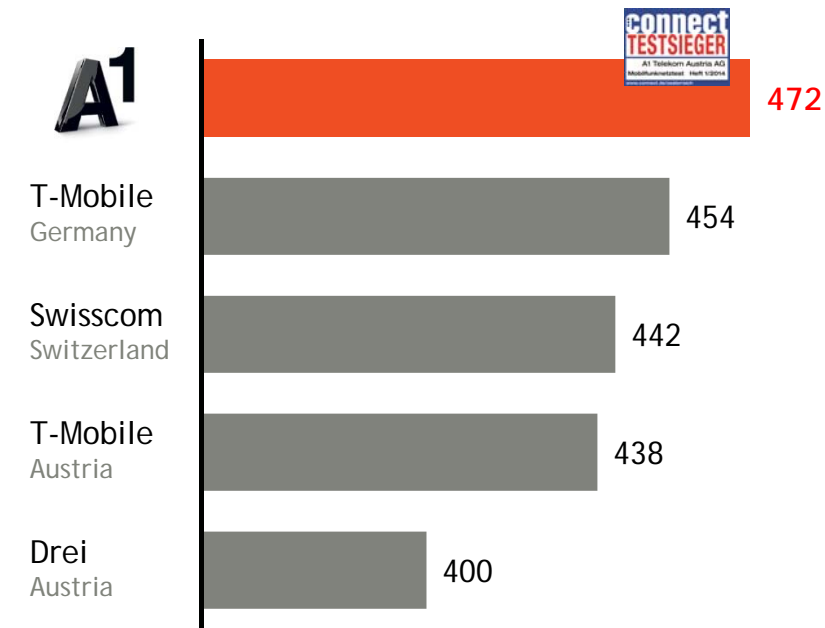
„Performance in the 2013 Network test comes with a name: A1 Telekom.“

„The most impressive thing is the incredibly quick and reliable data services, which are also reflected in the highest measured data speed of 96 Mbit/s.“

Best network quality confirmed by numerous international awards

A1 winner of the Connect & Kurier Test 2013

International markets



A1
Best mobile network in German-speaking countries

Belarus
velcom
Best network quality
onliner

Bulgaria & Slovenia
tel
simobil.si
Fastest 3G network
NETCHECK



Wholesale network upgraded

Launch of 100 Gigabit network in CEE region

- ➔ Covers growing demand for high-speed services
- ➔ First part of network in operation in Croatia

2013: Successful field testing of 400 Gbit/s high-speed technology

- ➔ Successful field testing using pan-European network
- ➔ Fourfold increase in data speed from 100G to 400G using existing fibre-optic cables

One of Europe's largest fibre-optic networks with KPN

- ➔ Data services for international wholesale carriers and major customers

2014: Global wholesale partnership with América Móvil

- ➔ Synergies through technological and local expertise of Telekom Austria and América Móvil
- ➔ 200 points of presence (PoP) in 47 countries
- ➔ Telekom Austria Group's presence in the Americas strengthened through additional network coverage



Technology
strategy

2

Positive business development in the future-oriented area of M2M

Remote control and reading of machinery and equipment



Flood early-warning system



Smart metering



Snow clearance solution



Austria - Spectrum auction and infrastructure expansion

Results of the frequency auction

Downside

The Austrian multiband auction is the most expensive auction in Europe, with A1 paying a price of EUR 1,030 mn



Upside

A1 has by far the best spectrum and its quality leadership is assured for the next 20 years

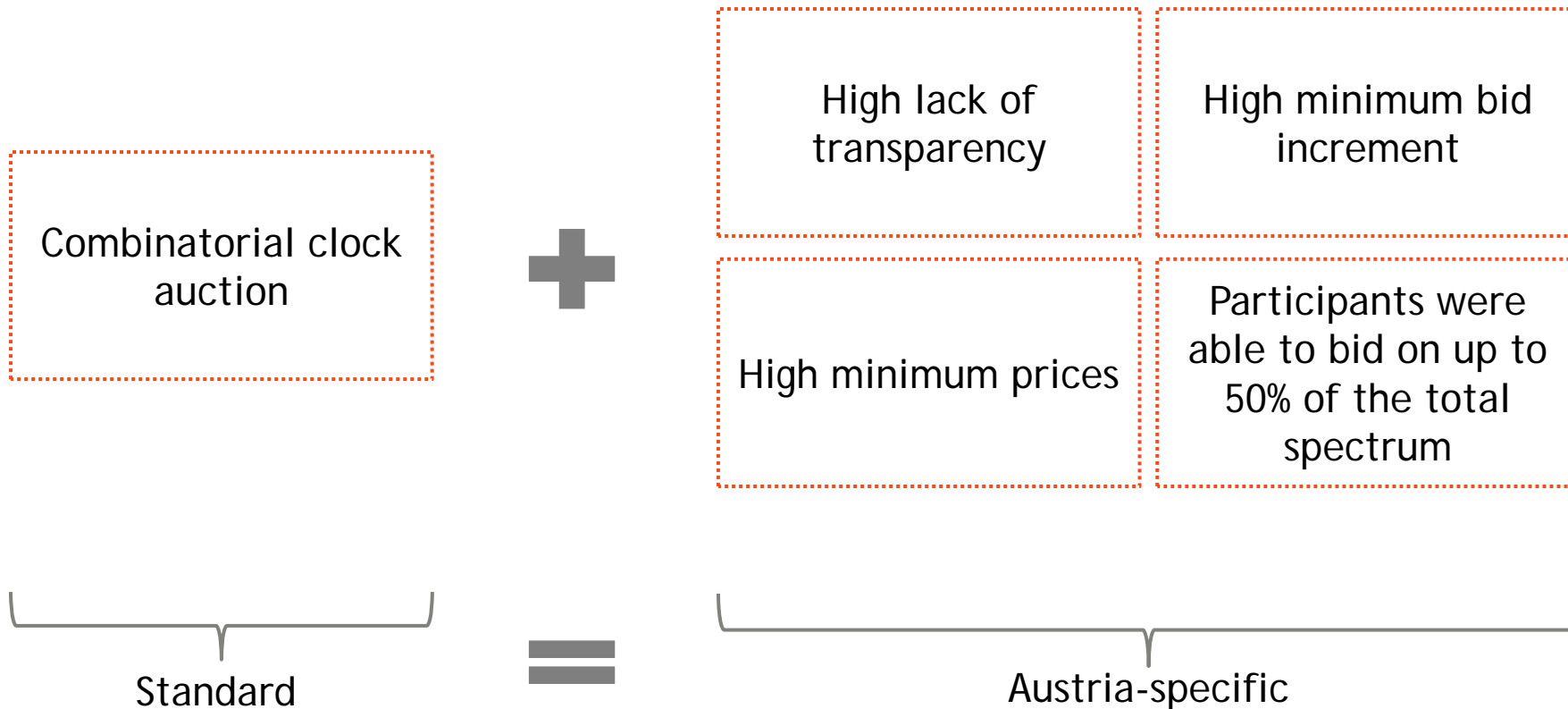


| Overview of the auction results | A1 | T-Mobile | Drei | Total |
|---------------------------------|----------|----------|----------|-------|
| Spectrum | 4-3-7 | 2-3-4 | 0-1-4 | |
| Total spectrum | 2x70 MHz | 2x45 MHz | 2x25 MHz | |
| Total share (in %) | 50% | 32% | 18% | |
| Price (in EUR mn) | 1,030 | 654 | 330 | 2,014 |

Technology strategy

2

Combinatorial clock auction: Intransparent format in Austria due to regulator



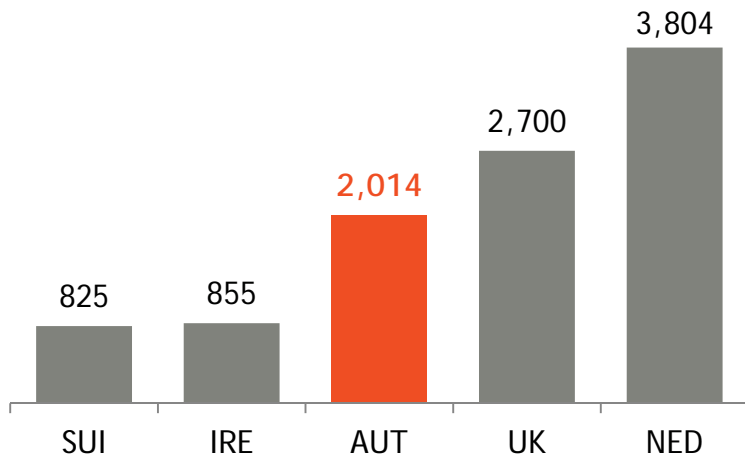
Non-transparent design leads to most expensive spectrum auction

Non-transparent design leads to Europe's most expensive 4G auction



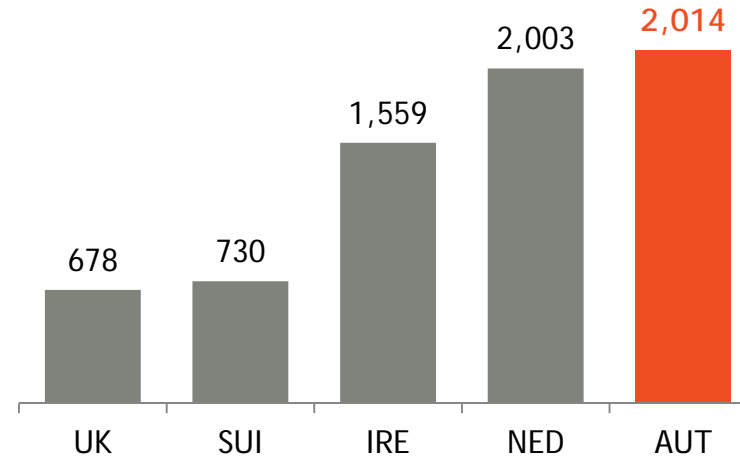
Total cost of European auctions

in EUR mn



Scaled to Austria*

in EUR mn



*Total cost scaled to population in Austria, licence duration and available spectrum. To ensure the comparability of package prices, a ratio of 4:4:2:2:1 was applied for the 800, 900, 1800, 2100 and 2600-MHz frequencies

A1 will remain the network provider with the highest capacity for the next 20 years



Fastest network with the highest capacity

43% of the total spectrum



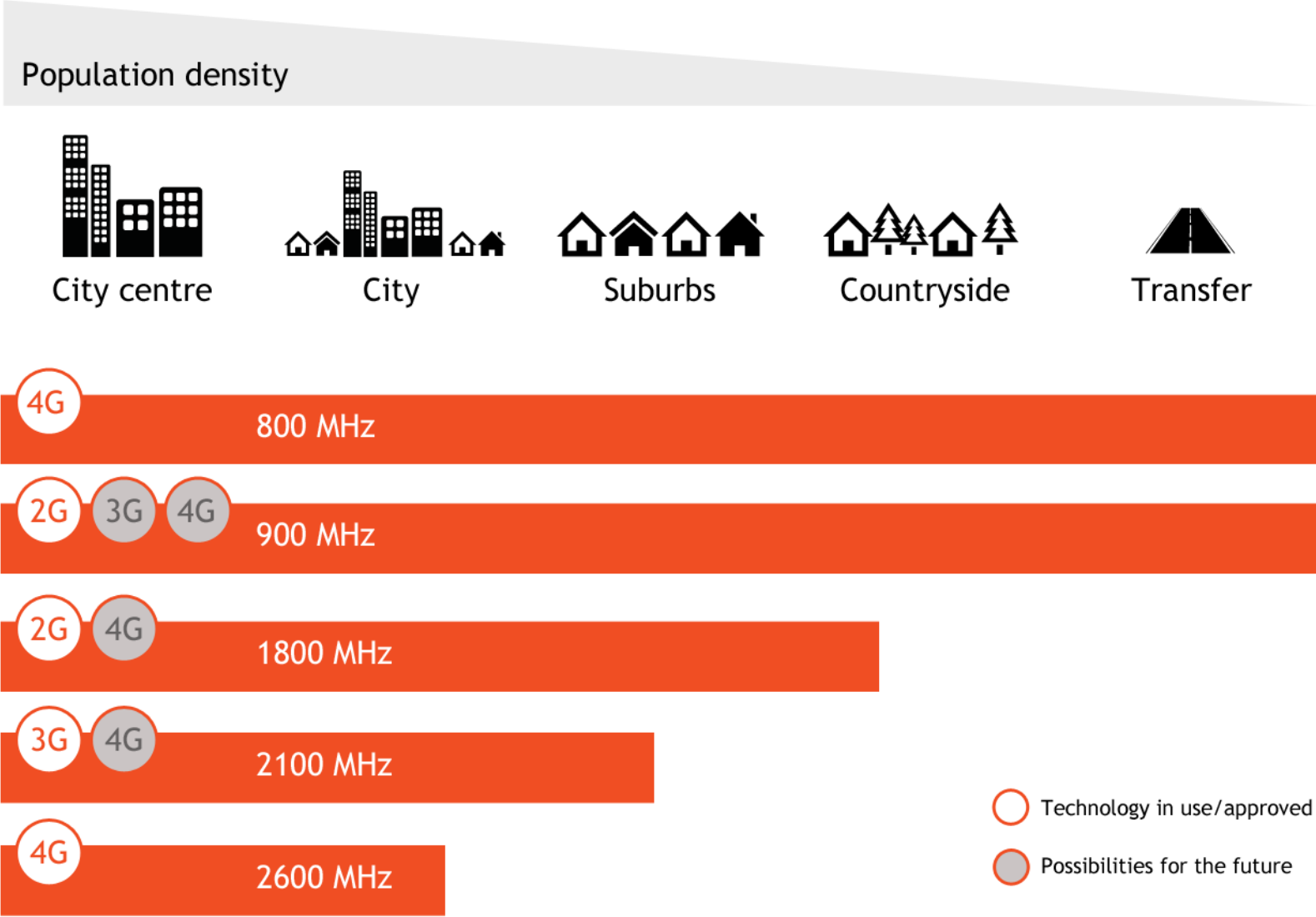
67% share of the valuable 800 MHz spectrum

Fastest and most cost-efficient broadband with LTE in rural areas

Technology strategy

2

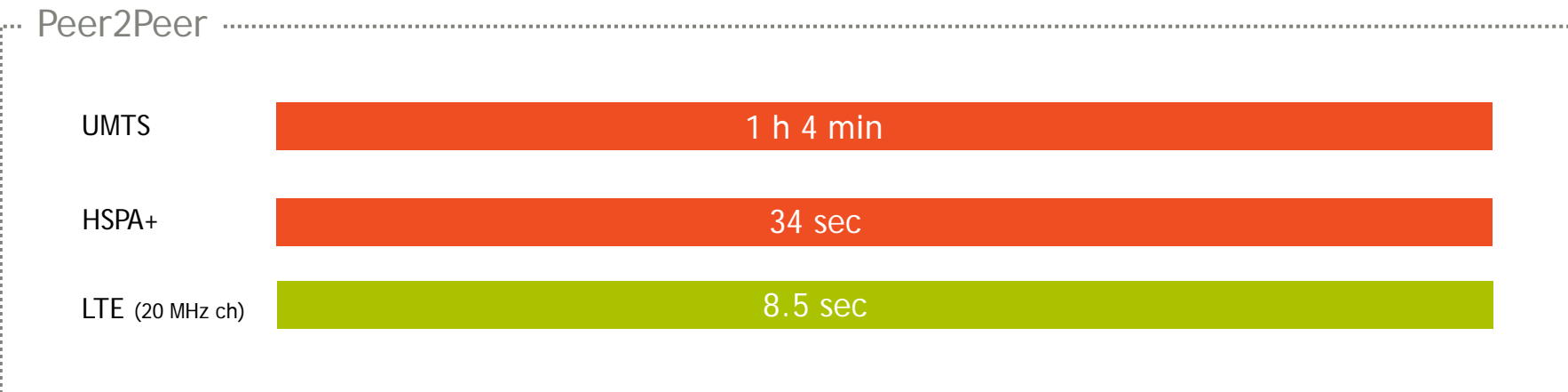
Further LTE expansion on the basis of the frequencies acquired



Technology strategy 2

Peak speed comparison

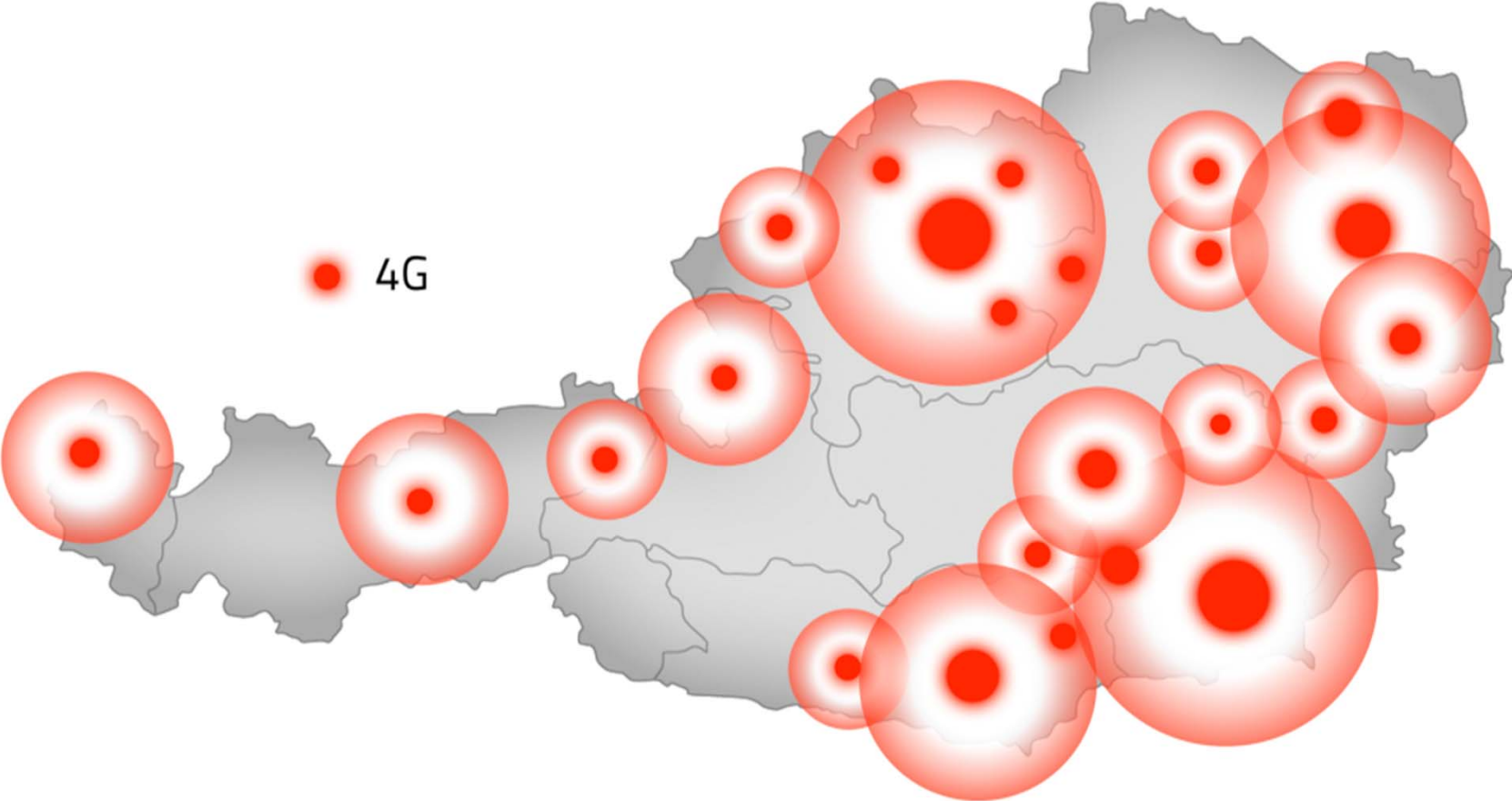
Example: TV show, 15 min, 120MB



Technology
strategy

2

LTE coverage in Austria concentrated on conurbations



Technology
strategy
2

Digital integration and operational excellence

Integration of YESSS!

- ➔ Technical integration of YESSS! customer base in record time
- ➔ First fully implemented reseller platform in Austria
- ➔ Platform can also be used by the Telekom Austria Group



The next generation of fixed line voice telephony

- ➔ A1 becomes first EU operator to convert fixed line voice telephony to IP technology
- ➔ Schedule and budget met
- ➔ Sustainable cost savings (70% reduction in annual maintenance costs)
- ➔ Conversion of 2.3 million subscriber connections and 1,481 exchanges

Technology
strategy

2

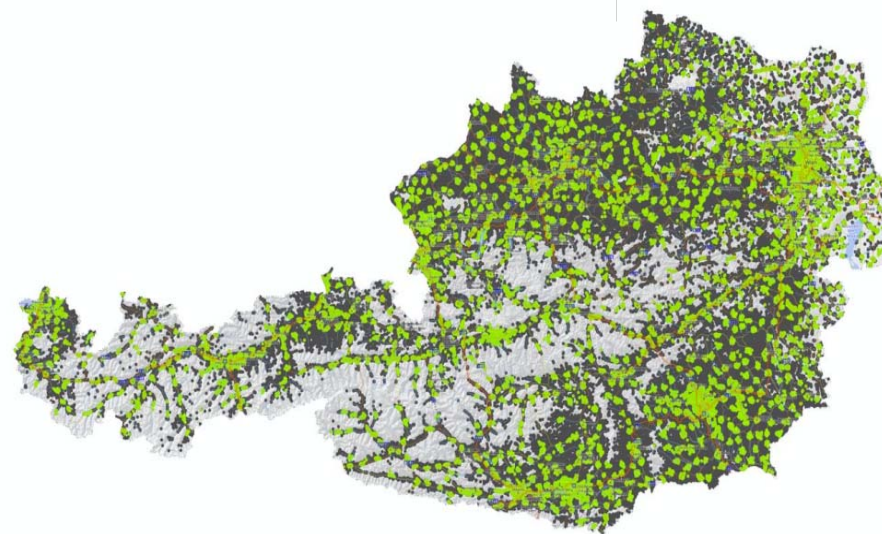
A1: Expansion of fibre optic network continues

Achieved in 2013

- ➔ Around 280,000 households/150 municipalities connected to the fibre optic network
- ➔ Expansion brings higher internet transfer speeds of up to 30 Mbit/s (even in non-central areas)
- ➔ Around 60% of all households in Austria already connected (2.6 mn households and commercial areas)

Focal points of expansion in 2014

- ➔ Fibre optic expansion in rural target areas of the ELER subsidy programme > 75 municipalities
- ➔ Fibre-optic cities
- ➔ Intensification of FTTH expansion in new residential developments with a focus on Vienna, Graz and Linz



● Coverage

● Fibre optic power up to 16 Mbit/s

Technology strategy

2

Infrastructure investments
International markets



Croatia: Fixed-line acquisitions successfully integrated



○ B.net HFC infrastructure* **B.net**

● Acquisition of smaller cable operators:

DIGI TV** **DIGI**

OKI** **OK**

Metrone Home**

Kabelska televizija Šibenik (KTS)**

Istarska Kabelska**

Antena CaTV***



> 150,000 customers

Technology
strategy

2

* Acquisition 2011
** Acquisition 2013
*** Acquisition 2014

Si.mobil acquires almost half of the frequencies auctioned in Slovenia for EUR 64 m

Strong strategic position

- ➔ Si.mobil acquired a share of the spectrum that surpasses its current market share
- ➔ Possibility to offer a high quality and the best broadband network in cities as well as in the even most remote rural areas

Financial implications

- ➔ Si.mobil will finance the spectrum acquisition with existing funds of the company and TAG
- ➔ Compared to other European countries that held frequency auctions, the relative and absolute prices of the Slovenian auction fall into the upper half

Result of the combinatorial clock auction

| | Si.mobil | Telekom Slovenije | Tusmobil | Total |
|------------------------------|----------|-------------------|----------|--------|
| Frequency bands ¹ | 25-65-45 | 25-60-25 | 15-10-0 | |
| Total spectrum | 225 MHz | 195 MHz | 50 MHz | |
| Share (%) | 48% | 41% | 11% | |
| Price (in EUR mn) | 63.85 | 64.20 | 20.66 | 148.71 |

* MHz: FDD low/FDD high/TDD

Si.mobil acquired more of the spectrum than Telekom Slovenije for a lower price!

Technology
strategy

2

Financial result 2013



3

Revenue downturn driven by regulation, competition and macro-environment

| in EUR mn | 2013 | 2012 | % change |
|-------------------|--------------|--------------|-------------|
| Group revenues | 4,183.9 | 4,329.7 | -3.4% |
| EBITDA comparable | 1,287.4 | 1,455.7 | -11.6% |
| Net result | 109.7 | 104.0 | 5.5% |
| Investments | 1,779.1 | 728.2 | 144.3% |

*of which Austria: EUR 1.03 bn spectrum acquisition; EUR 61.7 mn acquisition of Orange assets; EUR 418.1 mn regular capex



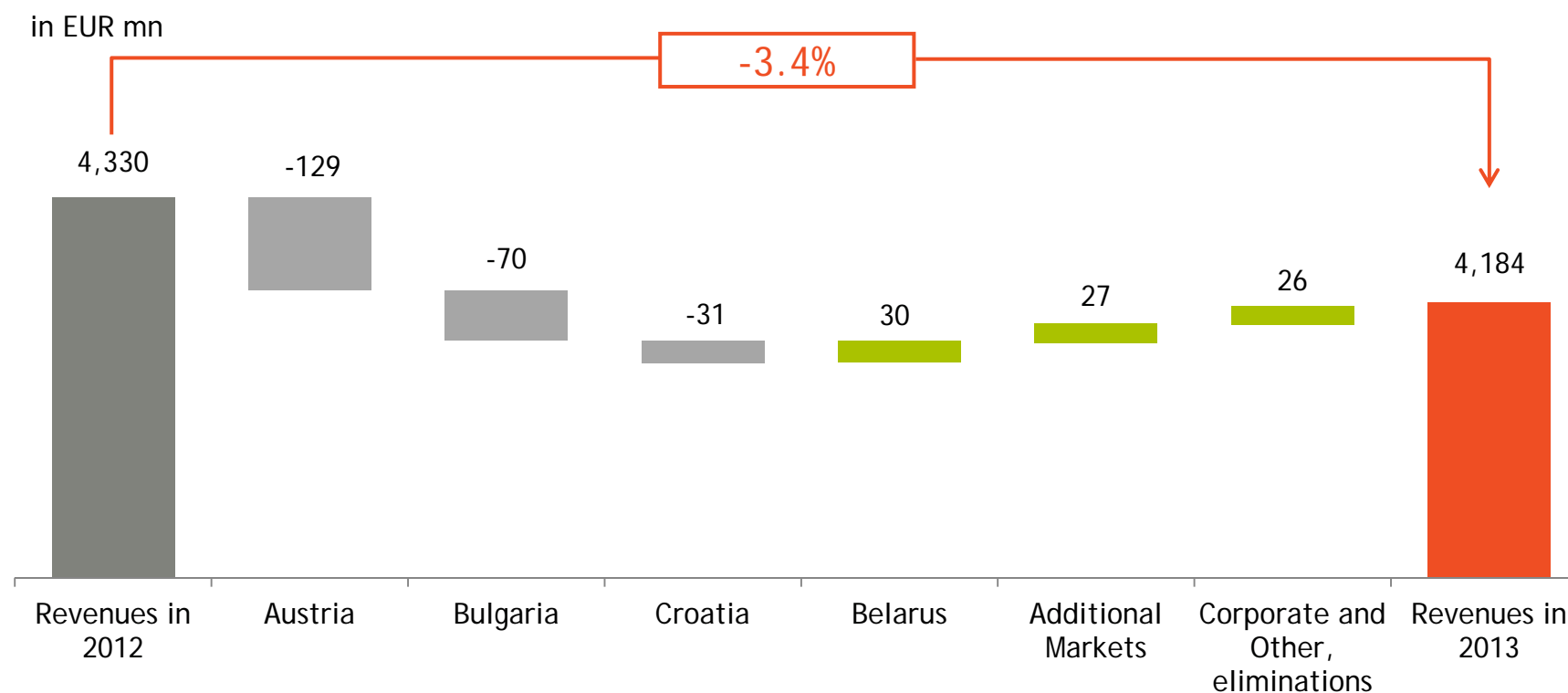
Financial result
2013

3

Income statement



Revenue downturn in mature markets, upturn in growth markets



Financial result
2013



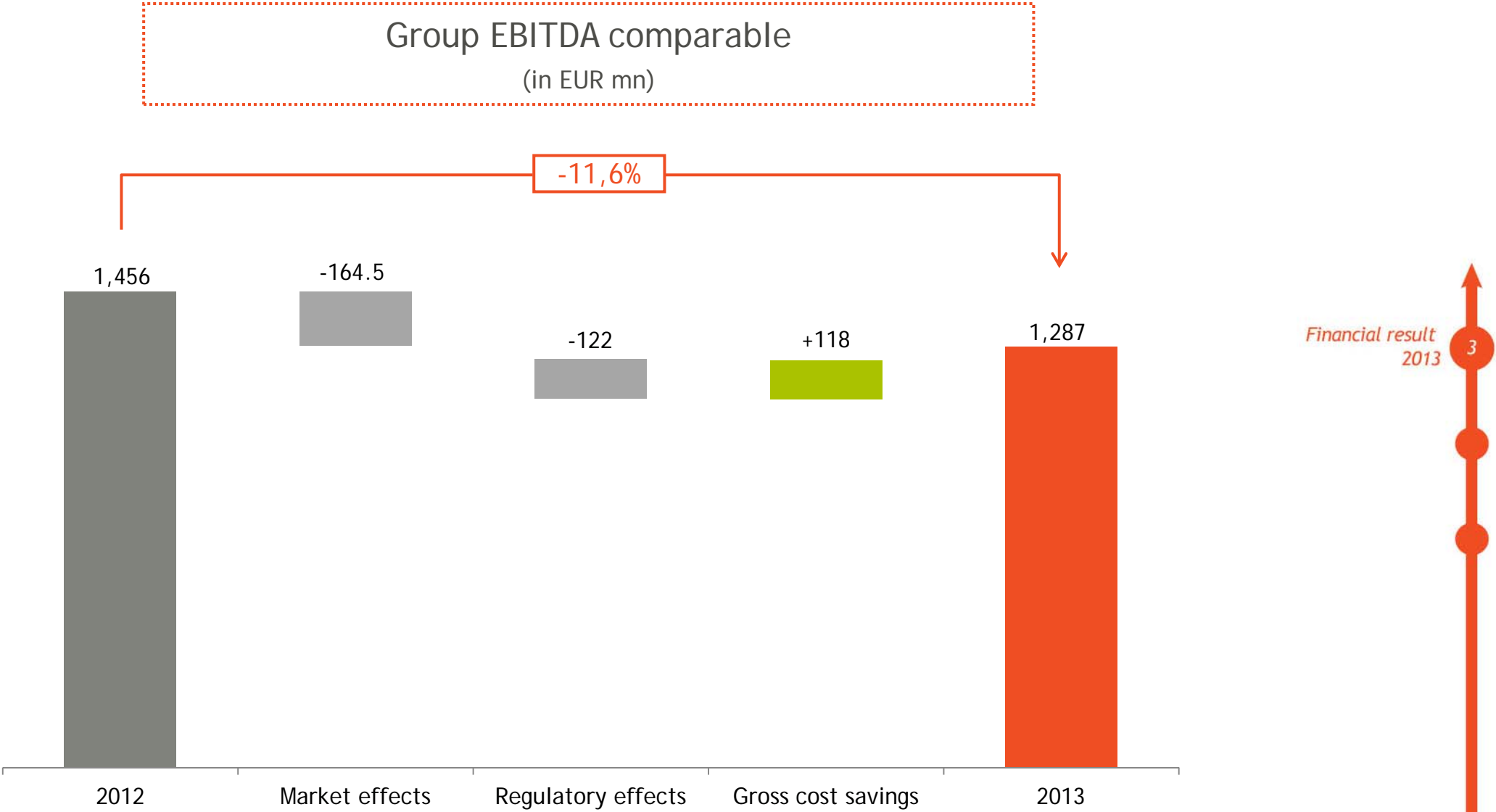
- ➔ Significant regulatory pressure and intense competition in Austria, Bulgaria and Croatia
- ➔ Sustained difficult macroeconomic environment in CEE, particularly in Bulgaria
- ➔ Belarus benefits from price adjustments and increased demand for data
- ➔ Revenue in the Additional Markets segment driven by increased customer base

Group EBITDA comparable declines, but record results generated in Slovenia, Belarus, Serbia and Macedonia



Financial result
2013
3

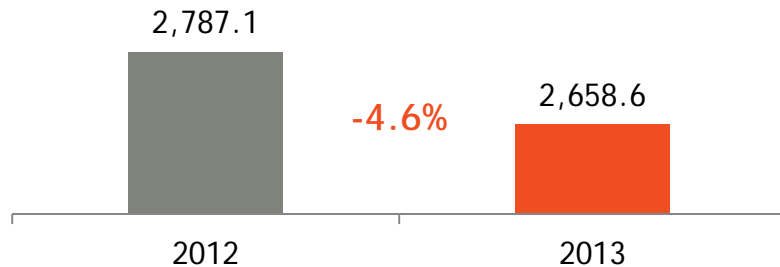
Gross cost savings of EUR 118 mn reduce decline in EBITDA comparable



Austria: Results impacted by regulation, competition and strategic market activities

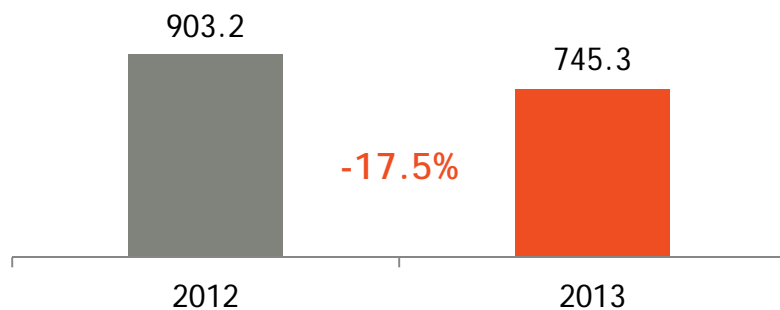
Revenues

(in EUR mn)



EBITDA comparable

(in EUR mn)



Revenues

Device sales



Roaming and termination fees



EBITDA comparable

EUR 71,9 mn gross cost savings



Strategic increase in device subsidies and expenses for marketing and sales



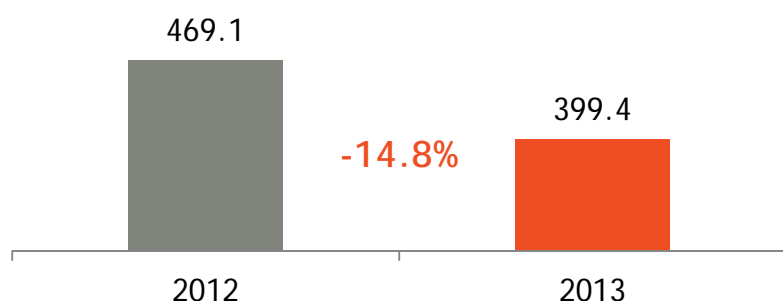
Financial result 2013

3

Bulgaria: Weak economy, regulatory effects and intense competition

Revenues

(in EUR mn)



Revenues

11.2% reduction in ARPU due to regulation and price pressure

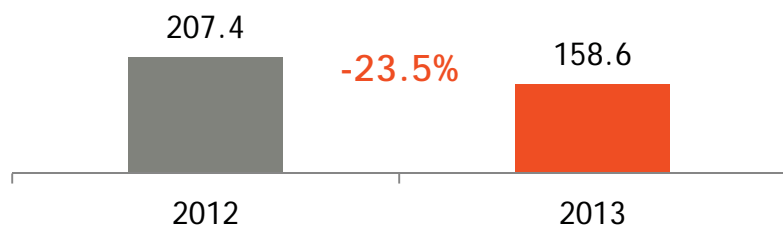


10.7% fixed line revenue growth



EBITDA comparable

(in EUR mn)



EBITDA comparable

Savings in marketing and sales and 9.9% FTE reduction



Rising costs for devices



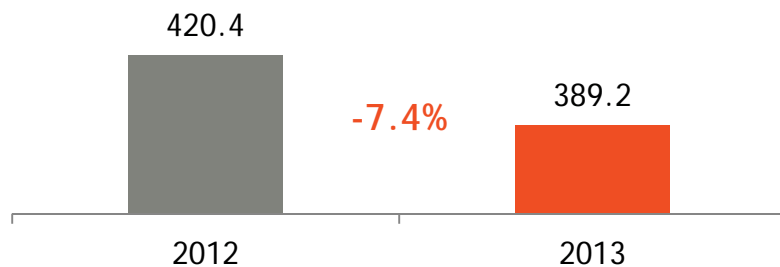
Financial result
2013

3

Croatia: Revenue impacted by regulation and intense competition

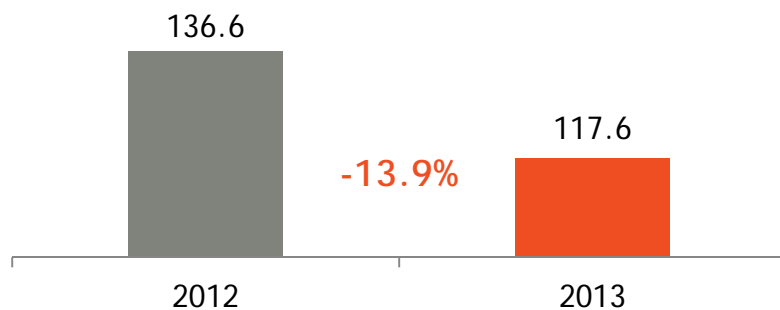
Revenues

(in EUR mn)



EBITDA comparable

(in EUR mn)



Revenues

Base fees: 2.7% customer growth in contract segment



Revenue downturn of EUR 23.7 mn due to regulation



EBITDA comparable

Lower costs for marketing and sales and consulting



Cost of materials rises: Demand for high-end devices



Financial result 2013

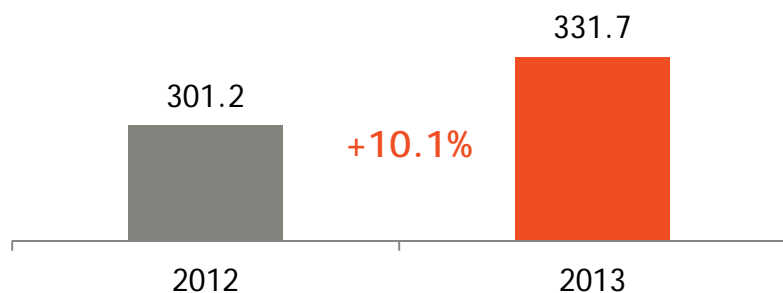
3

Sustained growth in Belarus



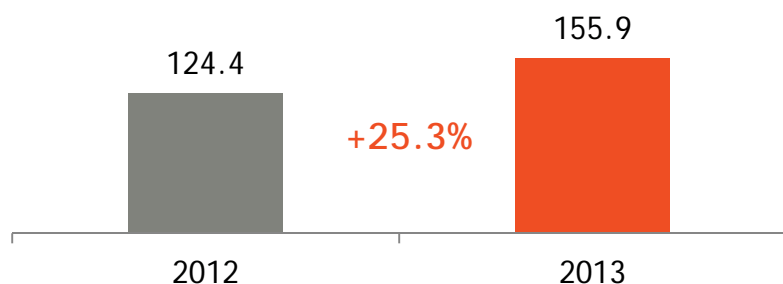
Revenues

(in EUR mn)



EBITDA comparable

(in EUR mn)



Revenues

Three price rises due to inflation



3.1% customer growth



EBITDA comparable

EBITDA margin of 47%
Highest margin in the Group



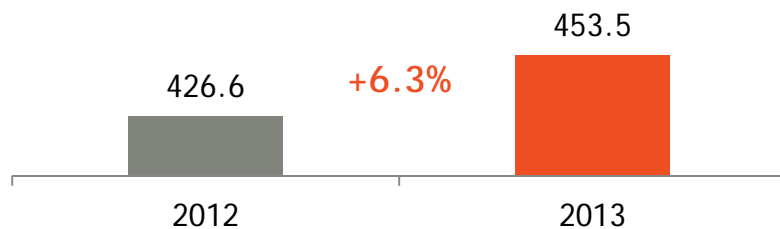
Financial result 2013

3

Solid results in Additional Markets*

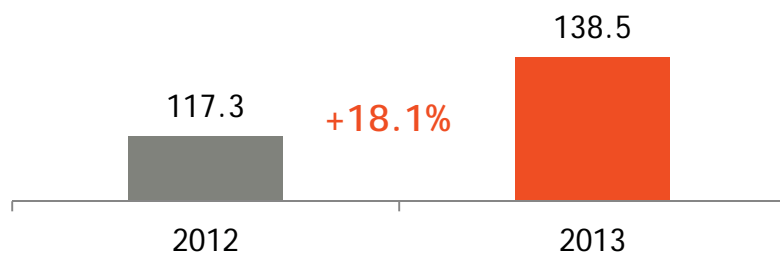
Revenues

(in EUR mn)



EBITDA comparable

(in EUR mn)



Revenues

Revenue growth due to expansion of customer base and data business



Regulatory impact on revenue of EUR 7 mn



EBITDA comparable

EUR 8.8 m increase in OPEX due to growth path in Serbia



OPEX savings of EUR 2.8 mn in Slovenia

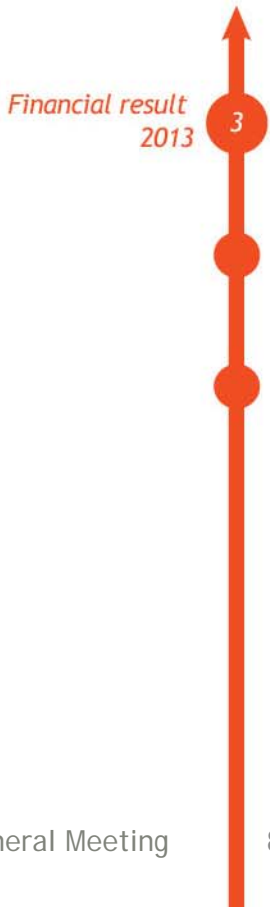
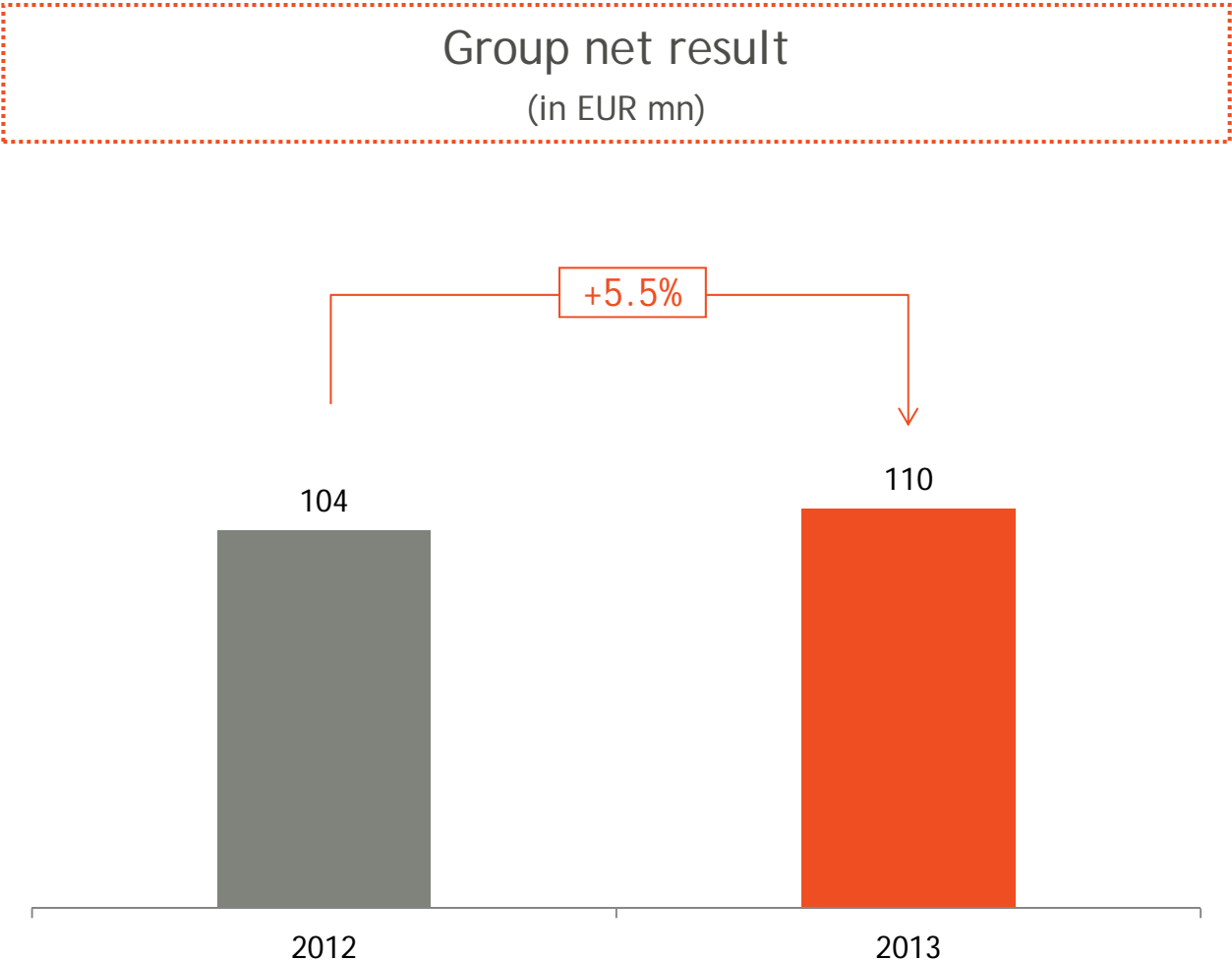


Financial result 2013



*Slovenia, Serbia, Macedonia, Liechtenstein

Growth in net result despite revenue downturn



Financial result 2013

Balance sheet



Balance sheet: Debt driven by frequencies and Yesss! acquisition - Equity +85%

| (in EUR mn) | 2013 | 2012 | % change |
|----------------------------|-------|-------|----------|
| Current assets | 1,221 | 1,809 | -33% |
| Fixed assets | 6,639 | 5,448 | 22% |
| Total assets | 7,860 | 7,257 | 8% |
| Current liabilities | 1,442 | 2,322 | -38% |
| Non-current liabilities | 4,905 | 4,116 | 19% |
| Stockholders' equity | 1,513 | 819 | 85% |
| Net debt | 3,696 | 3,249 | 14% |
| Net debt/EBITDA comparable | 2.9x | 2.2x | - |

Financial result
2013

3

EUR 1.65 bn record financing volume in 2013: Three transactions in one year

| Issue | Type | Volume | Coupon | Term |
|-----------|-------------|-----------|--------|-----------|
| Jan. 2013 | Hybrid bond | EUR 600 m | 5.625% | Unlimited |
| Jun. 2013 | Bond | EUR 300 m | 3.500% | 2023 |
| Nov. 2013 | Bond | EUR 750 m | 3.125% | 2021 |

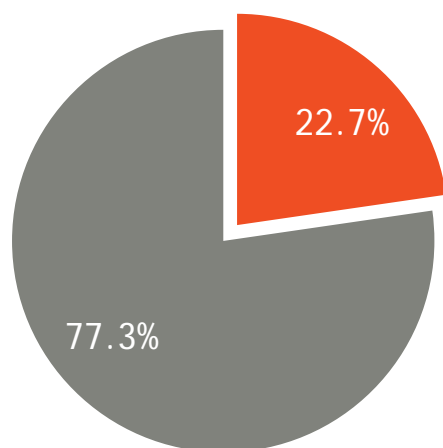
Financial result
2013



3

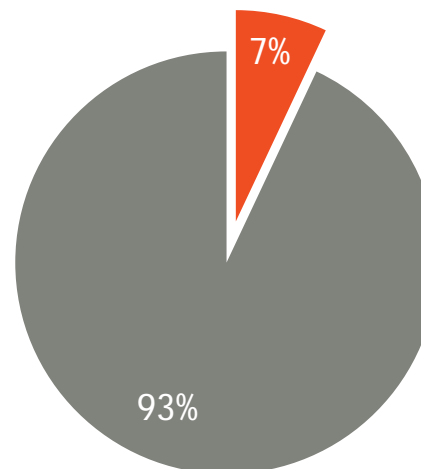
Liability structure of the Telekom Austria Group

Overview Debt Instruments
(in % as of 31 March 2014)



Loans Bonds

Fixed-Floating Mix
(in % as of 31 March 2014)



Floating Fixed

Strategy Financing instruments

- ➔ Diversification of the investor base
- ➔ Capitalisation of attractive financing conditions on the capital markets

Financial result
2013

3

Lower working capital requirements offset decline in operating cash flow

| (in EUR million) | 2013 | 2012 | % change |
|--|----------------|----------------|-------------|
| Gross operating cash flow | 1,137.2 | 1,295.9 | -12.2% |
| Change in working capital | -85.7 | -248.0 | n/a |
| Net operating cash flow | 1,051.6 | 1,047.9 | 0.3% |
| Capital expenditure for spectrum and acquisitions | -1,129.5 | -34.4 | n/a |
| Regular capital expenditure | -649.6 | -693.8 | -6.4% |
| Gains on the disposal of property, plant and equipment | 10.8 | 5.7 | 89.9% |
| Free cash flow | -716.7 | 325.4 | n/a |

Financial result
2013

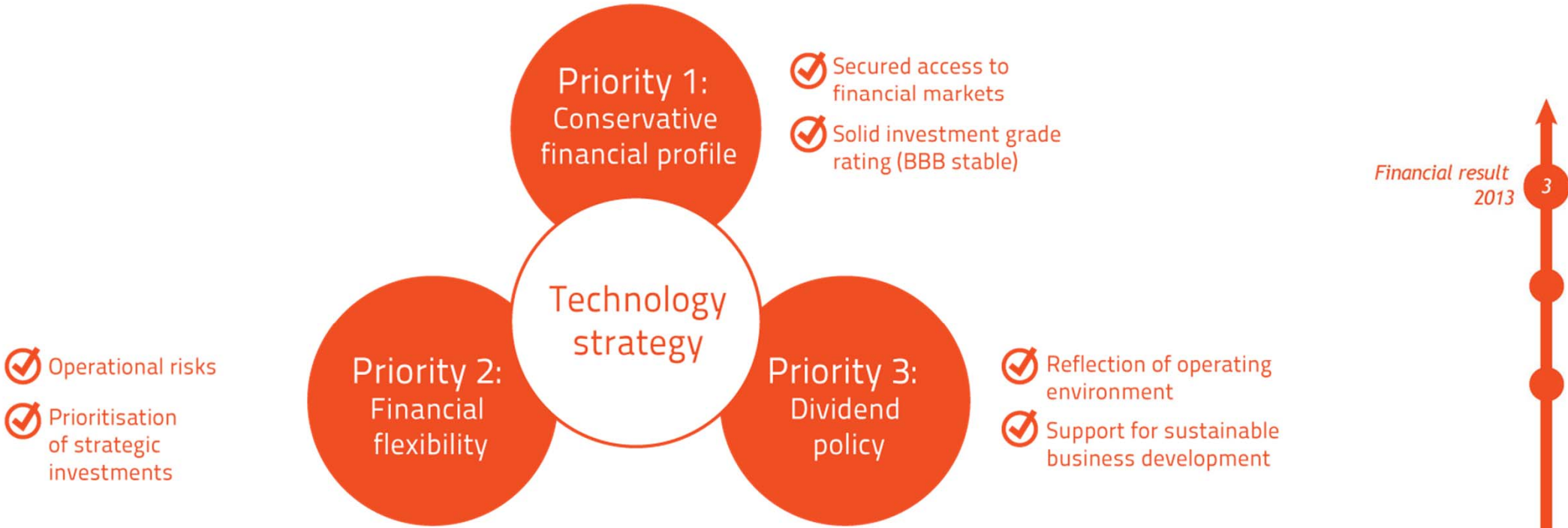


Financial strategy



3

Conservative financial profile remains the key priority of the financial strategy



Share price performance



3

Share price performance of the Telekom Austria Group

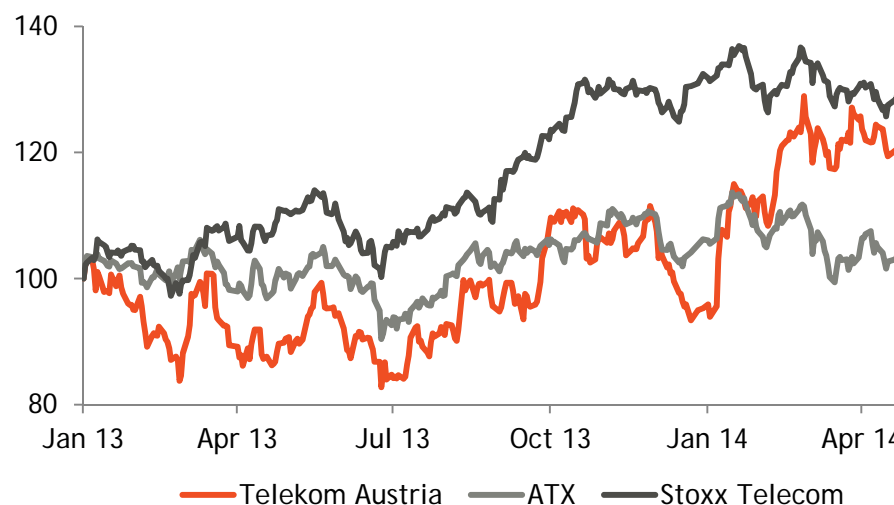
Relative price performance (in %)

2013

- ➔ -4%
- ➔ Unexpectedly expensive spectrum auction
- ➔ Difficult operating environment

2014

- ➔ +30%
- ➔ Top 3 in sector and ATX
- ➔ Based on signs of a sustainable development in the Austrian market and the takeover offer from AMX



Financial result
2013

3

Outlook for 2014



4

Outlook for 2014

Telekom Austria Group - Outlook for 2014

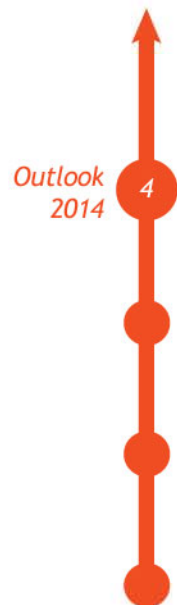
Before adjustment for hyperinflation accounting in the Belarus segment

| | |
|------------|-------------------|
| Revenues | approx. - 3% |
| CAPEX* | approx. EUR 700 m |
| Dividend** | EUR 0.05 |

EUR 100 mn gross cost savings CAPEX + OPEX

* Not including investments for licences and frequency auctions

** Planned proposal to the 2015 Annual General Meeting



Compliance



Compliance management system certified

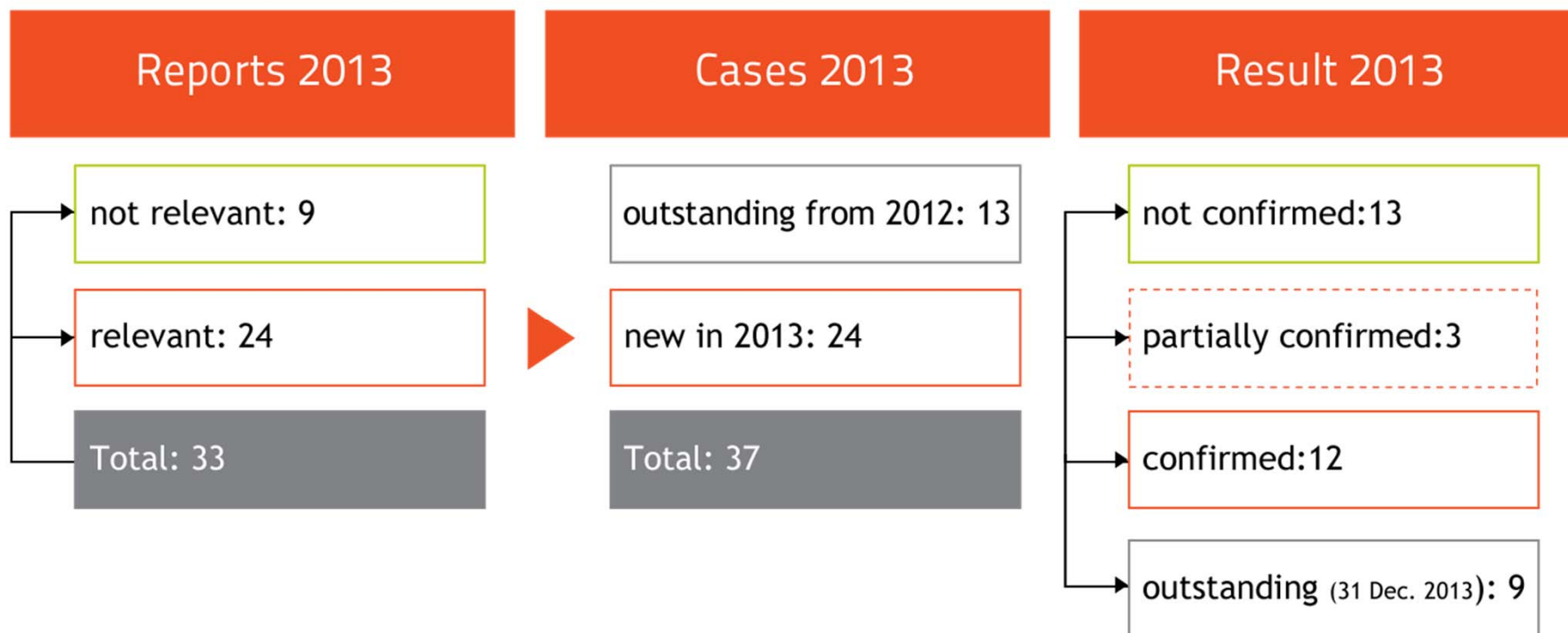
- ➔ In 2013 Telekom Austria became the first Austrian company to introduce a certified Group-wide compliance management system
- ➔ The system was certified by PwC in accordance with German certification standards
- ➔ Certification made an important contribution to restoring the company's reputation

Compliance

5

TA Group: Compliance cases in 2013

- ➔ No compliance management system can fully prevent misconduct on the part of individuals
- ➔ Breaches of compliance regulations are investigated in detail at Telekom Austria and appropriate sanctions imposed
- ➔ Amount of cases equivalent to the number at other comparable companies





2014 Annual General Meeting