

publication: 24.09.2012 17:30
source: <http://adhoc.presstext.com/news/1348500600498>
keywords: Telekom / Austria / Dividend 2012 and 2013

Adhoc announcement according to article 48d section 1 BörseG

Telekom Austria AG: Telekom Austria Group Cuts its Dividend to EUR 0.05 for the Years 2012 and 2013

(Ad Hoc)

Vienna (pta024/24.09.2012/17:30) - Vienna, 24 September 2012: Today, the Telekom Austria Group (VSE: TKA, OTC US: TKAGY) announces that it lowers its dividend from EUR 0.38 to EUR 0.05 per share for the year 2012 and sets the planned dividend for the year 2013 to EUR 0.05.

This is a result of the expectation that the intensification of the competition in Austria will continue in 2013. Together with adverse macro-economic conditions in CEE as well as regulatory pressure going forward, this is anticipated to have a material impact on the financial results and the cash flow generation in 2013. At the same time, the postponement of the spectrum auction in Austria to 2013 will amplify cash requirements in the coming year.

In this competitive environment maintaining financial flexibility is of overriding importance to the management of Telekom Austria Group. Retaining leverage within the target corridor of 2.0x - 2.5x Net debt/EBITDA comparable and protecting the BBB (stable) investment grade rating is central to Telekom Austria Group's cash use policy. Therefore, the dividend for the years 2012 and 2013 will be cut to EUR 0.05. Simultaneously, the management of Telekom Austria Group has initiated further measures to minimise the negative effects of the above mentioned factors on the Group's Operating Free Cash Flow.

Telekom Austria Group confirms its financial outlook for the year 2012, as announced on 16 August 2012, as follows: Revenues of approximately EUR 4.2 bn, EBITDA comparable of EUR 1.40 - 1.45 bn, CAPEX of EUR 700 - 750 mn and an Operating Free Cash Flow of EUR 700 - 750 mn. This outlook was given on a constant currency basis and without any effects of hyperinflation accounting for the Belarusian segment.

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ISIN(s): AT0000720008 (share)

stock exchanges: official trade in Vienna



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