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Telekom Austria AG: Hyperinflationaccounting Leads to Impairment and Positively Impacts Equity 2011

Equity Increases more than EUR 400 mn and Impairment of Approx. EUR 300 mn

Vienna (pta029/24.01.2012/18:20) - Vienna, 24 January 2012 - Today, the Telekom Austria Group (VSE: TKA, OTC US: TKAGY) informs that the application of hyperinflation accounting for the Segment Belarus in 2011 results in an appreciation of assets, which will lead to an increase in Group Equity of more than EUR 400 mn. The appreciation of assets will trigger an impairment of approximately EUR 300 mn. This impairment will be reflected in the consolidated financial statements of Telekom Austria Group and will have a significant negative impact on Group net income for the full year 2011. Nevertheless, due to the fact that the appreciation of assets following the introduction of hyperinflation accounting is expected to exceed the impairment, hyperinflation accounting is expected to result in a positive net impact on Group equity of at least EUR 100 mn.

The management board reiterates the financial outlook of Telekom Austria Group's full year results for the year 2011, which will be announced on 23 February 2012: Revenues of approximately EUR 4.50 bn, EBITDA comparable of up to EUR 1.55 bn, CAPEX of EUR 750 - 800 mn and an operating Free Cash Flow of up to EUR 800 mn. In addition, Telekom Austria Group confirms its dividend of EUR 0.38 per share for the years 2011 and 2012. For 2013 and thereafter the payout ratio amounts to 55% of free cash flow to the extent that the dividend does not lead to a deterioration of Group equity.

This outlook was given on a constant currency basis and before any effects of inflation accounting for the Belarusian segment.

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