

Vienna Economic Forum

The telecom perspective

November/2011

mtel.bg



Telekom Austria Group



Values

INNOVATION
Innovating with You

DIVERSITY
Sharing with You

QUALITY
Improving with You

RESPONSIBILITY
Caring with You

Inventing the future with you

Customer Structure of the Telekom Austria Group in '000

Austria – Mobile Communication Customers	5,105.2
Austria – Fixed Access Lines	2,315.0
Bulgaria	5,248.7
Croatia	2,749.5
Belarus	4,353.7
Additional Markets ¹⁾	2,427.2
Total Customers	22,199.3

¹⁾ Slovenia, Republic of Serbia, Republic of Macedonia, Liechtenstein

Telecommunication industry facts



M-Tel milestones & facts

- M-Tel is founded in 1995
- Part of Telekom Austria Group since 2005
- M-Tel is the biggest foreign investment of an Austrian company
- Vodafone partner since 2006
- EBITDA Margin over 50%
- One of the biggest employers in Bulgaria – with over 3000 employees
- Among biggest investors in Bulgaria – over €800M invested in Bulgaria over the last six years

Mobile companies invest more than Fixed operators

- Total annual telecom investments in Bulgaria are 5% of the total FDI
- and** around 2% of GDP Vs average EU value of 0.5%.
- The mobile sector generates approximately 6% of Bulgarian GDP vs. EU average of 2.9%

The fixed operators in EU have clear investment commitments, not significant in Bulgaria

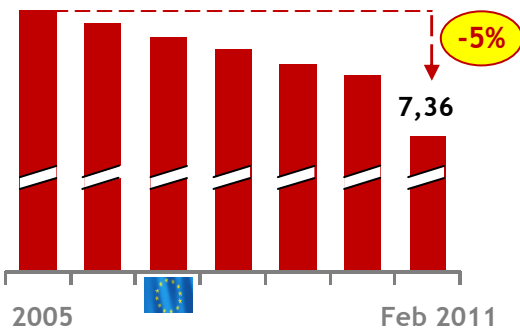
- Planned investments for period 2010-2015 are in excess of 7.6 billion Euro
- Since 2010 Austria has planned 1.5 billion Euro

Socio-economic Indicators Bulgaria



Depopulation

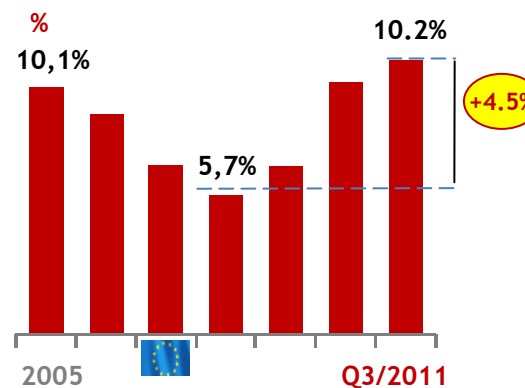
Population Development
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- Many Bulgarians leaving the country
- Especially well qualified people attracted by better job opportunities abroad
- Population decreased by 5% in last 5 years

High Unemployment Rate

Unemployment rate

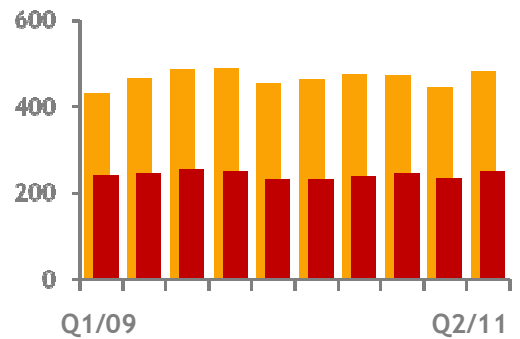


- After a historic decrease unemployment has rebounded beyond 2005's levels
- Increased pressure on salaries

33% of Bulgarian GDP estimated to be grey economy

Low and Stagnant Income and Salary Levels

Income and Salary
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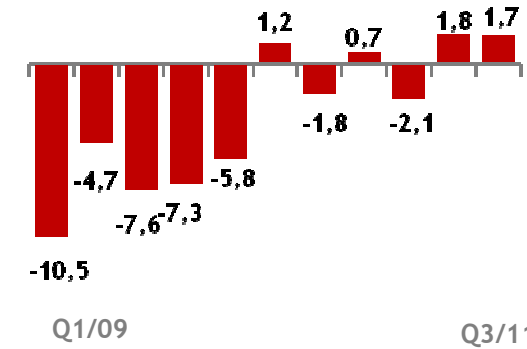


- The average salary per person is at a very low level (~250 EUR in Q2'11)
- Average income per person per HH follows a declining trend over the last quarters to reach 480 EUR in Q2'11

Quarterly income Monthly salary

Decreasing HH Consumption & Foreign Direct Investments

HH Consumption YoY Change in %



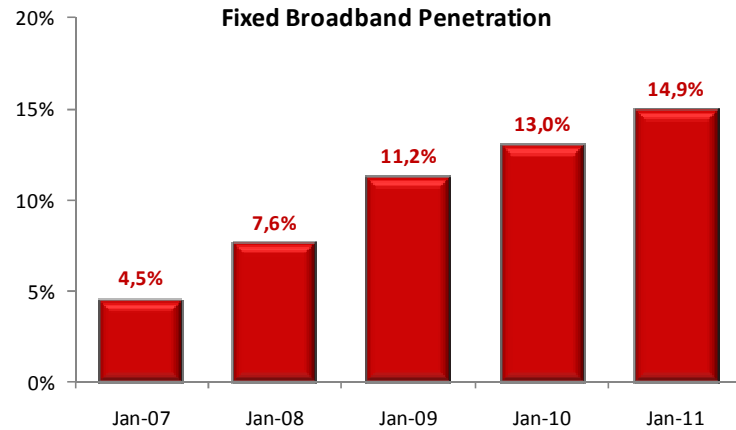
- Development of HH consumption has been negative over the last years and weakly positive in the past 6 months
- Foreign Direct Investments in August declined to 0.6% of GDP against 2.6% of GDP an year earlier



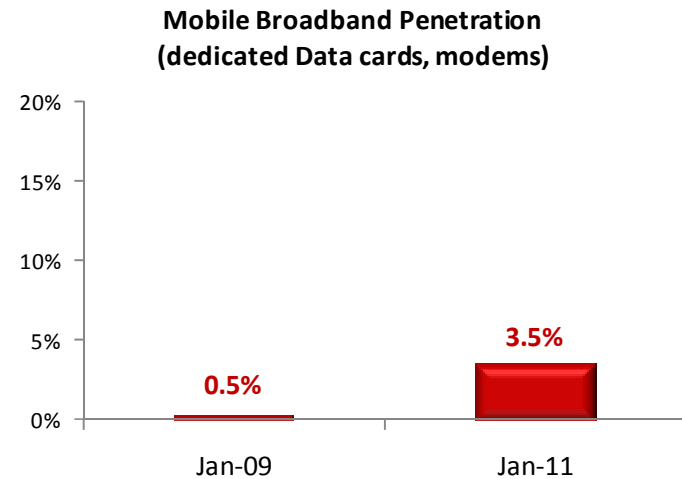
Undeveloped Broadband Market



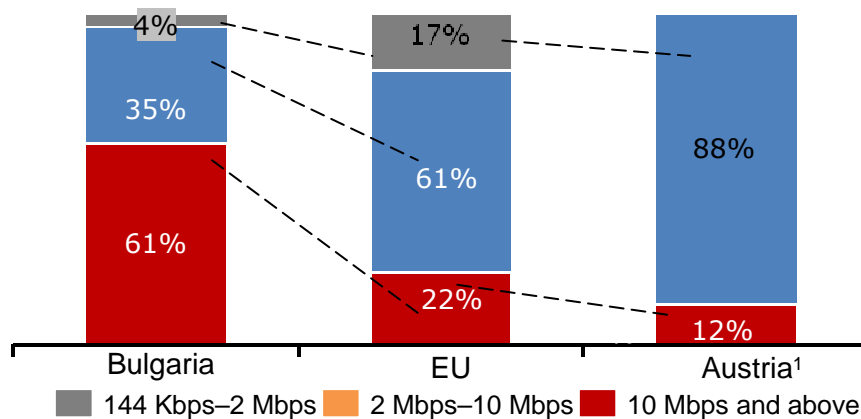
Fixed



Mobile



Fixed Broadband Data Speed (EU)



Bulgaria Broadband Market Trends

- Low fixed broadband penetration: 14,9% vs. 26.6% in EU
- Very fragmented market with ~2k cable/LAN operators accounting for 69% of the market
- Recent consolidation of the biggest players
- Undeveloped mobile broadband market
- 3.5% penetration compared to 7.2% in EU
- Bulgaria in 3rd place in the world behind only South Korea and Romania with the fastest download speed based on a survey done in 224 countries with over 20 million users

23 November 2011

1) Split between 144 Kbps-2Mbps and 2Mbps-10Mbps not available for Austria