Republic of Austria – Key Data

Area (km²): 83.858

Population (million): 8.06

Population (per km²): 96.11

Capital: Vienna

Population of capital (million) : 1.54

Language: German (Austrian)

Currency: Euro

GDP 2003 (Euro billion): 201.17

GDP per capita 2003 (Euro): 25.000

Political structure: Parliamentary Republic with a President – Head of State

EU-Member: since 1994

Warum nicht gleich?

Austrian Telecom Market

Consumer Market

- 3.35 Million households

- 84% fixed-line penetration
- 2-4% mobile substitution p.a.
- 41% alternative telecom market
- 50% total Internet penetration
- 17% broadband penetration

Corporate Market

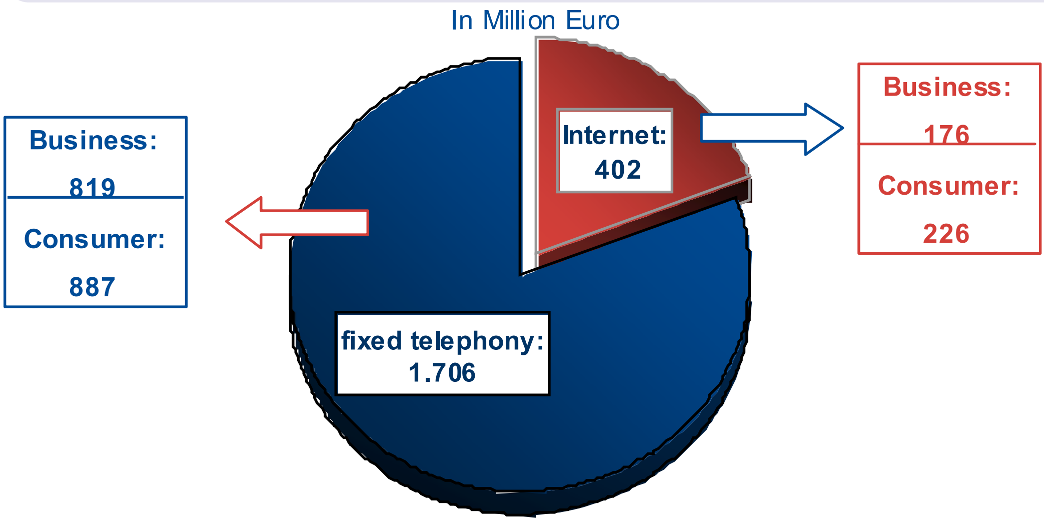
- 250.000 companies

- 100% fixed-line penetration
- 1-3% mobile substitution p.a.
- 49% alternative telecom market
- 82% total Internet penetration
- 35% broadband penetration

Source: Integral, Austrian Internet Monitor, n= 3.500 consumer, 760 companies

Warum nicht gleich?

Market Volume 2003

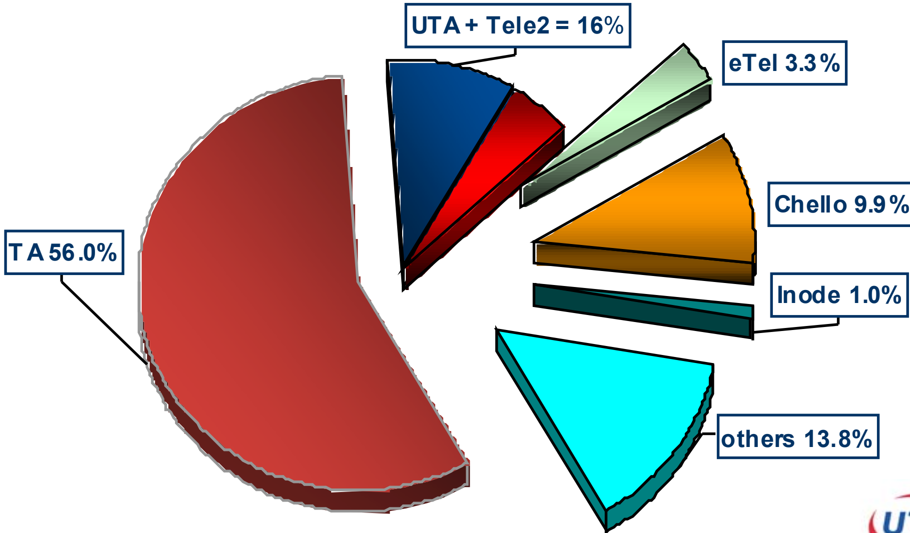


Retail Telecom Market 2003: ~ 2.108 Million Euro

Source: Gartner Group, AIM Business, RTR, INTEGRAL estimates

Market Players and Shares 2003

Retail Telecom Market Revenue Shares



Source: Gartner, RTR, Integral, UTA Market Research

Warum nicht gleich?

Leading Austrian Players *)

Telekom Austria: Incumbent now offensively addressing broadband market to win back fixed line revenues; its future focus is set on Triple Play and NGN (IP Networks)

UTA & Tele2:

first alternative full service operator with its own infrastructure, leading in unbundling, **also price and cost leader**, successfully worked and penetrated the

residential market. Tele2 has recently taken over 100% of UTA and its infrastructure and has been looking to further expansion of residential, corporate and carrier market.

Chello (UPC Telekabel):

successful cable broadband operator, bundled services and Triple Play strategy,

works mainly the consumer market

Inode:

*) slide only for hand-out version of presentation

Network Size Development *)

	2004	2005	2006	2007	2008	CAGR 2004-2008
Network Access Lines (000)						
Consumer Lines	2.810	2.735	2.662	2.590	2.521	**-2,7%**
Business Access Lines	895	871	847	825	803	**-2,7%**
Total Network Access Lines	3.705	3.606	3.509	3.415	3.323	**-2,7%**
Pubic Data Access Ports/Lines (000)						
Ethernet Ports	5	10	19	30	37	**63,2%**
IP Ports	16	22	26	30	33	**19,8%**
Legacy Packet Ports	47	38	28	18	10	**-32,2%**
SDSL	8	11	13	14	14	**15,1%**
ADSL	373	460	541	577	583	**11,8%**
Other DSL	-	0	1	2	4	
Cable Modem	467	520	552	573	576	**5,4%**
Fixed Wireless	0	1	1	1	1	**36,9%**
Satellite	1	3	6	8	10	**87,8%**

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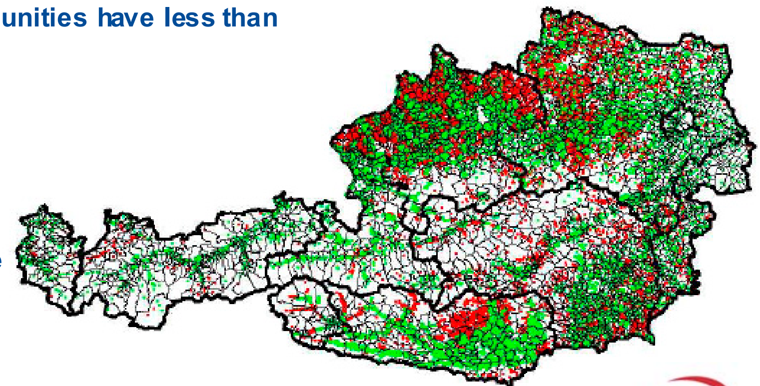
Source: Gartner Group 2004

Warum nicht gleich?

Broadband Supply in Austria

Broadband is available to 83% of Austrian households

- There are 17.245 small towns in Austria
- There is no broadband infrastructure in 7.057 localities
- The non-supplied communities have less than 843 households each



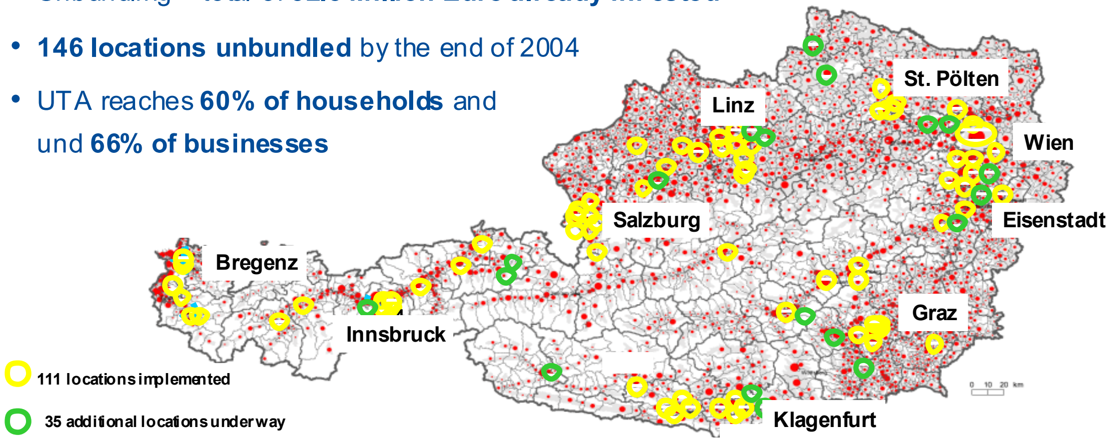
- Broadband available
- Broadband not available

Source: NRA Research (Status 01/2004)

UTA Warum nicht gleich?

UTA invests in Unbundling

- Unbundling – total of **32.5 Million Euro already invested**
- **146 locations unbundled** by the end of 2004
- UTA reaches **60% of households** and und **66% of businesses**



Broadband as an Economic Factor

- 6% of GDP are earned in the Information a... Telecommunication market (13.4 billion...

6 %
of GDP

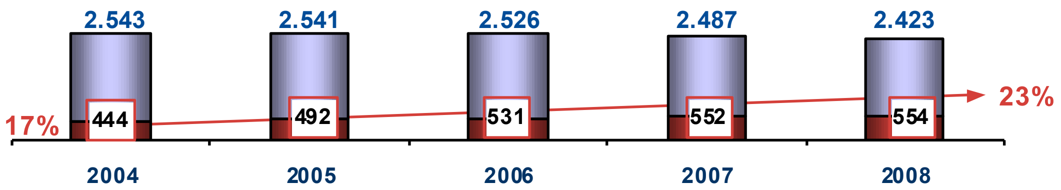
- Telecommunication (TC) contributes 5.4 billion Euro,
  Information Technology adds 8 billion Euro

- 80% of TC-Expenditures and 50% of IT-Expenditures are closely linked to Broadband = 8.3 billion Euro turnover

UTA
Warum nicht gleich?

Broadband Revenue Forecast

Broadband proportion of total voice and Internet revenue in Million Euro



Voice service revenue
- shrinks by 2.9 % per year
- affects both subscription and call service revenues

Main reasons
- price decrease due to the market pressure
- mobile substitution
- migration from narrowband to broadband

Rapid growth phase
- broadband and IP in consumer market
- Ethernet and Managed Data Services in Business Market

Annual growth rates for broadband
- short-term between 7-11%
- long term drop to 1-4% growth

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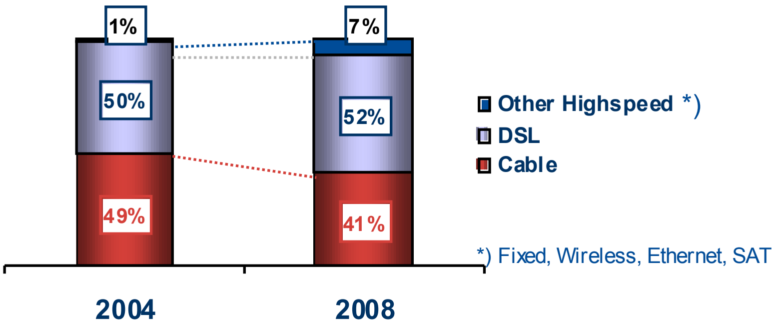
Source: Gartner Group 2004

Broadband Revenue Split by Access

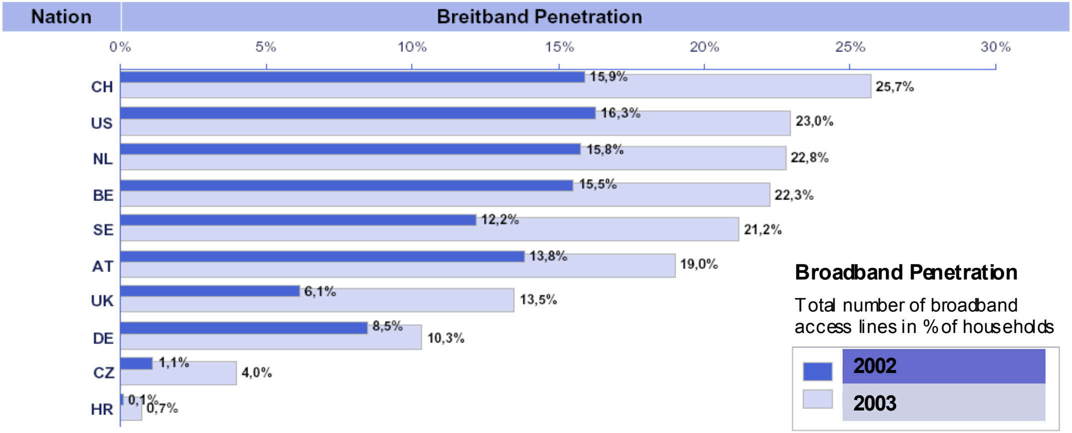
Although Austrian cable operators are very competitive compared to the other European countries, DSL is going to become the dominant access technology within the next few years. Other high-speed technologies are emerging rapidly, but will remain niche technologies.

Revenue Proportion by Broadband Access Technology



Source: Gartner Group 2004

Increase of Broadband Utilisation - Comparison for 2002-2003 *)



Source: ADL Global Broadband Report 2003

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Broadband Prices in Austria

- The Average Broadband Revenue per User (ARPU) in the consumer market is about 35 Euro per month and will decrease by about 3-4% down to 26 Euro per month in 2008.
- In the Corporate Market the Broadband ARPU reaches 270 Euro per month and will decrease by 9% down to 180 Euro per month in 2008.
- ARPU Reductions occur due to the National Regulatory Authority, very price sensitive demand and competitive pressure.

Source: Gartner Group 2004

Warum nicht gleich?

Overview of Regulation in Austria and National Regulatory Authority

Regulatory Bodies and Their Responsibilities

KommAustria: A division within the Federal Chancellery established in April 2001 to regulate both the broadcasting and telecoms markets.

Independent Federal Communication Board: Five-member tribunal charged with monitoring the activities of KommAustria.

Regulatory Authority for Broadcasting and Telecommunications (RTR): Administrative arm of KommAustria which is responsible for granting broadcasting licences, supervising private broadcasters and technical approval.

Press Council: Voluntary organisation established in 1961 which monitors the conduct and content of the Austrian press, including radio and TV programmes.

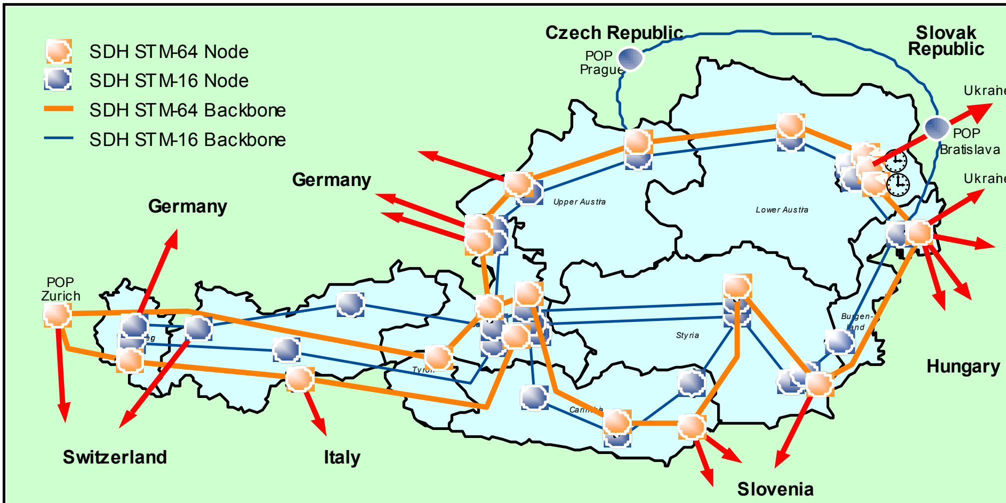
Source: UTA Legal Department

Warum nicht gleich?

UTA – The Gate Between East and West in the Heart of Europe

UTA
Warum nicht gleich?

UTA Backbone + Border Crossings



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Successful in the Market

- Approx. **300 Million Call Minutes** / month, national & international
- **Residential Customers: 520.000 Voice**, **330.000 Internet/Data**
- **77.000 Business Customers** of which 800 are large accounts,
  more than 50% of Top 500 Austrian enterprises
- Direct bilateral interconnection with more than **20 European Telco's**,
  90 international Carriers are counted among UTA customers

„UTA is Austria's leading non-incumbent fixed-network Telecom Service Provider"

- **Full-Service-Provider** for Voice, Data, Internet and E-Commerce