

# Analyst Presentation

ecotel communication ag

August 2007



# Disclaimer

Diese Präsentation enthält ausdrücklich oder implizit in die Zukunft gerichtete Aussagen, die die ecotel communication ag, die mit ihr verbundenen Unternehmen und deren Geschäftstätigkeit betreffen. Diese Aussagen beinhalten bestimmte bekannte und unbekannt Risiken, Unsicherheiten und andere Faktoren, die dazu führen können, dass die tatsächlichen Ereignisse, finanziellen Bedingungen, Leistungen und Errungenschaften der ecotel communication ag wesentlich von denjenigen zukünftigen Ergebnissen, Leistungen und Errungenschaften der ecotel communication ag abweichen, die in solchen Aussagen explizit oder implizit zum Ausdruck gebracht wurden. Die ecotel communications AG macht diese Mitteilungen zum Zeitpunkt der Veröffentlichung der Präsentation und übernimmt auch bei Erhalt neuer Informationen oder dem Eintritt künftiger Ereignisse oder aus sonstigen Gründen keinerlei Verpflichtung zur Aktualisierung der hierin enthaltenen zukunftsgerichteten Aussagen. Die ecotel communication ag kann in die Zukunft gerichtete Aussagen jedoch in ihrem freien Ermessen jederzeit anpassen, sollten sich relevante Faktoren verändern.

Die in dieser Präsentation wiedergegebenen zukunftsgerichteten Aussagen aus Studien Dritter, insbesondere Forschungsberichte und Prognosen von Analysten, können sich als unzutreffend herausstellen. Die Bezugnahme auf Studien Dritter dient allein Informationszwecken und stellt kein Einverständnis mit oder Zustimmung zu dem Inhalt derartiger Studien oder darin enthaltenen Behauptungen, Meinungen oder Schlussfolgerungen dar. Die ecotel communication ag übernimmt keine Gewähr für die Auswahl, Vollständigkeit oder Korrektheit der Studien Dritter.

Diese Präsentation stellt kein Angebot zum Verkauf und keine Aufforderung zur Abgabe eines Angebotes zum Kauf oder zur Zeichnung von Aktien der ecotel communication ag dar, sondern dient ausschließlich Informationszwecken.

Sämtliche genannten Finanzdaten sind in den Finanzberichten auf unserer Webseite veröffentlicht: [www.ecotel.de](http://www.ecotel.de)

---

This presentation contains explicit and implicit forward-looking statements concerning ecotel communication AG, its affiliated companies and their business. These statements are subject to various known and unknown risks, uncertainties and other factors due to which the actual events, financial conditions, performances and achievements of ecotel communication ag may differ substantially from those expressed in such explicit or implicit statements. ecotel communication ag makes these statements at the time of the publication of the presentation and is under no obligation to update the forward-looking statements in this presentation including on receipt of new information or on occurrence of future events or for other reasons. However, ecotel communication ag may change in its own free discretion any forward-looking statements should relevant factors change.

The forward-looking statements from third parties' surveys, in particular without being limited to research reports and analysts' statements, may prove to be incorrect. Reference to such third parties' surveys is provided for information only and does not imply any agreement with or consent to the content of such surveys or the information, opinions or conclusions contained therein. ecotel communication ag accepts no liability for the selection, completeness or correctness of third parties' studies.

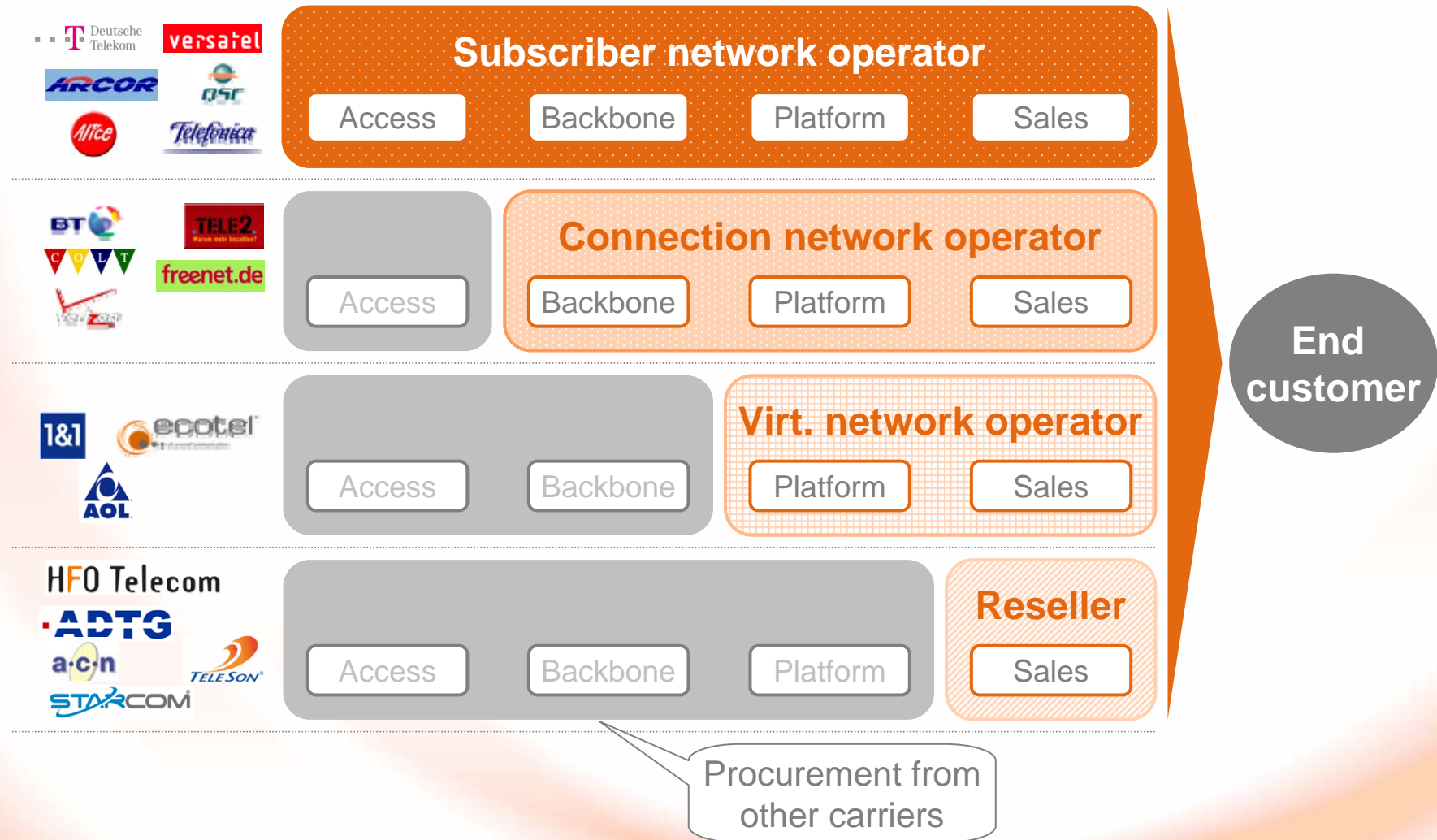
This presentation is no offer for the sale and no invitation for offers of purchase or for signing of shares of ecotel communication ag but is provided for information only.

Financial Data refers to the Reports of ecotel communication ag published on our website: [www.ecotel.de](http://www.ecotel.de)

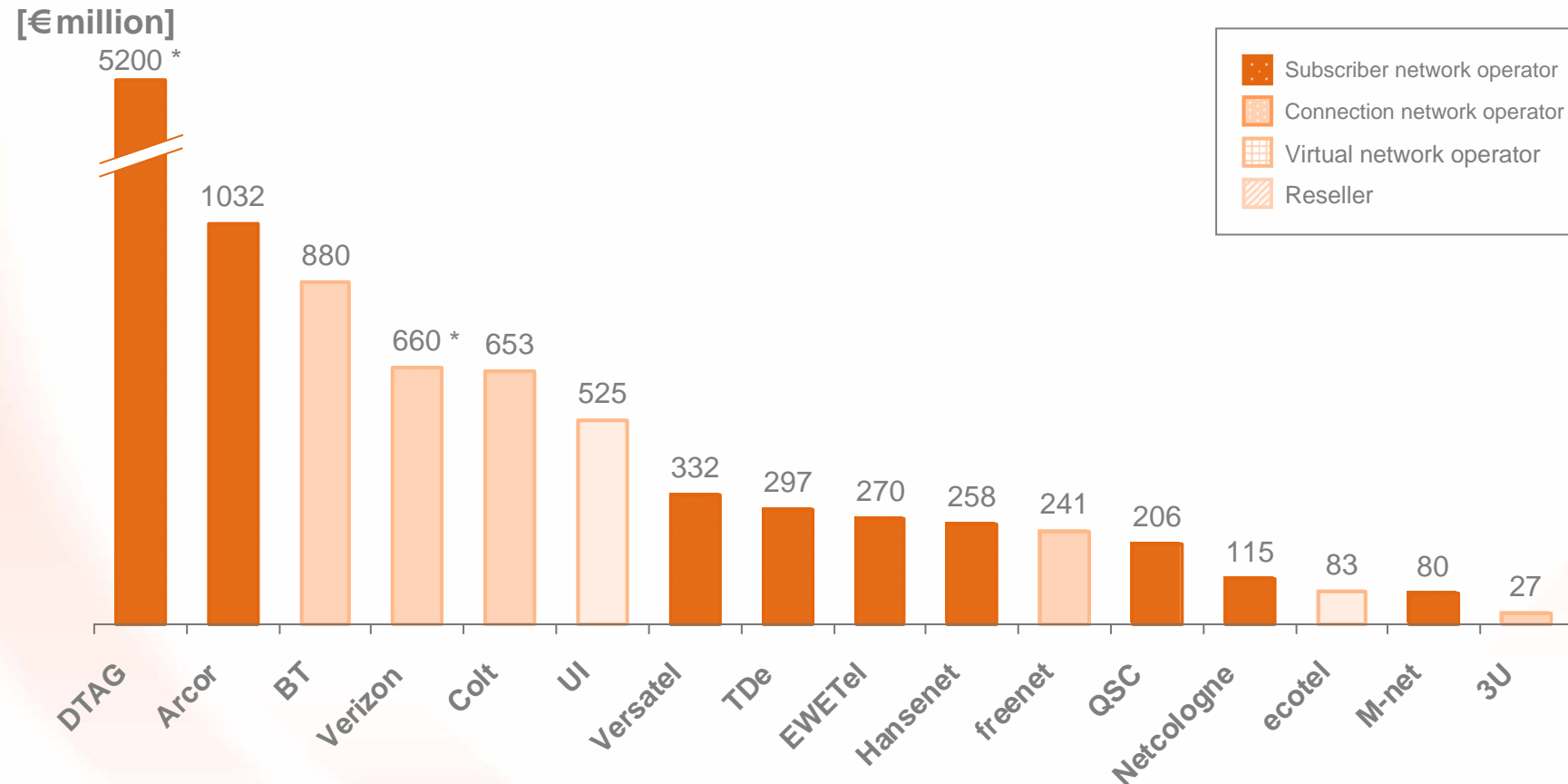
## Investment highlights

- ecotel is a **virtual telecommunications network operator** in Germany
- Focus on **business customers** with tailored voice and data products as well as **reseller solutions**
- Diversified **SME customer base** (small and medium-sized enterprises)
- **Effective sales structure** combining direct and indirect sales
- **Low cost base** via own system platforms, own data center, and a national data backbone
- Locations in **Düsseldorf** (headquarters), Dreieich, Rathenow and Munich, 230 employees
- ecotel is among the **fastest growing technology companies** in Germany and was ranked 8th / 38th place in the Deloitte Technology Fast 50 survey in 2005/2006
- **Profitable** since July 2002; H1 2007 revenues: € 42.5m, EBIT: € 4.5m
- Segment change into **Prime Standard** in August 2007

# Segmentation of the fixed-line telecommunications market



# German fixed-line B2B telecommunications market in 2006



- German business customer telecommunications market (voice, data) amounted to €10 – 11 billion (excluding wholesale) in 2006, and is growing by approx. 2% p.a.

Source: Dresdner Kleinwort

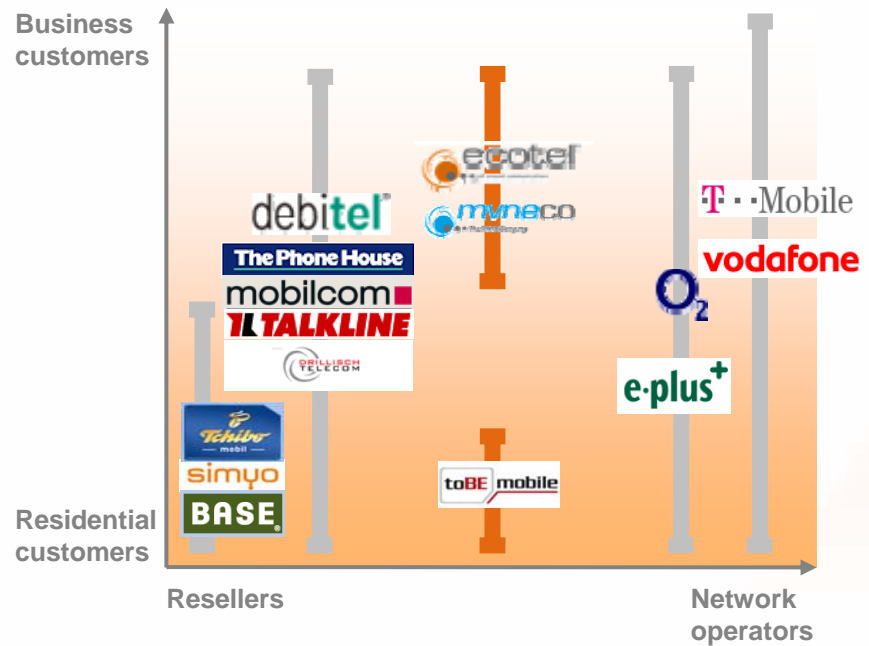
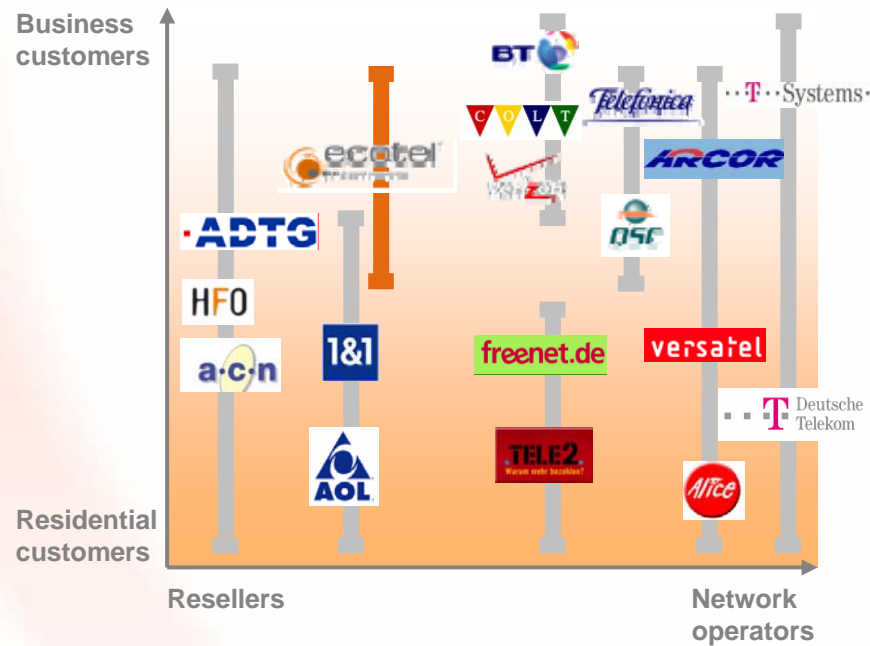
\* Estimate by ecotel

# ecotel positions itself as a virtual network operator in the business customer segment

From Q3 2007

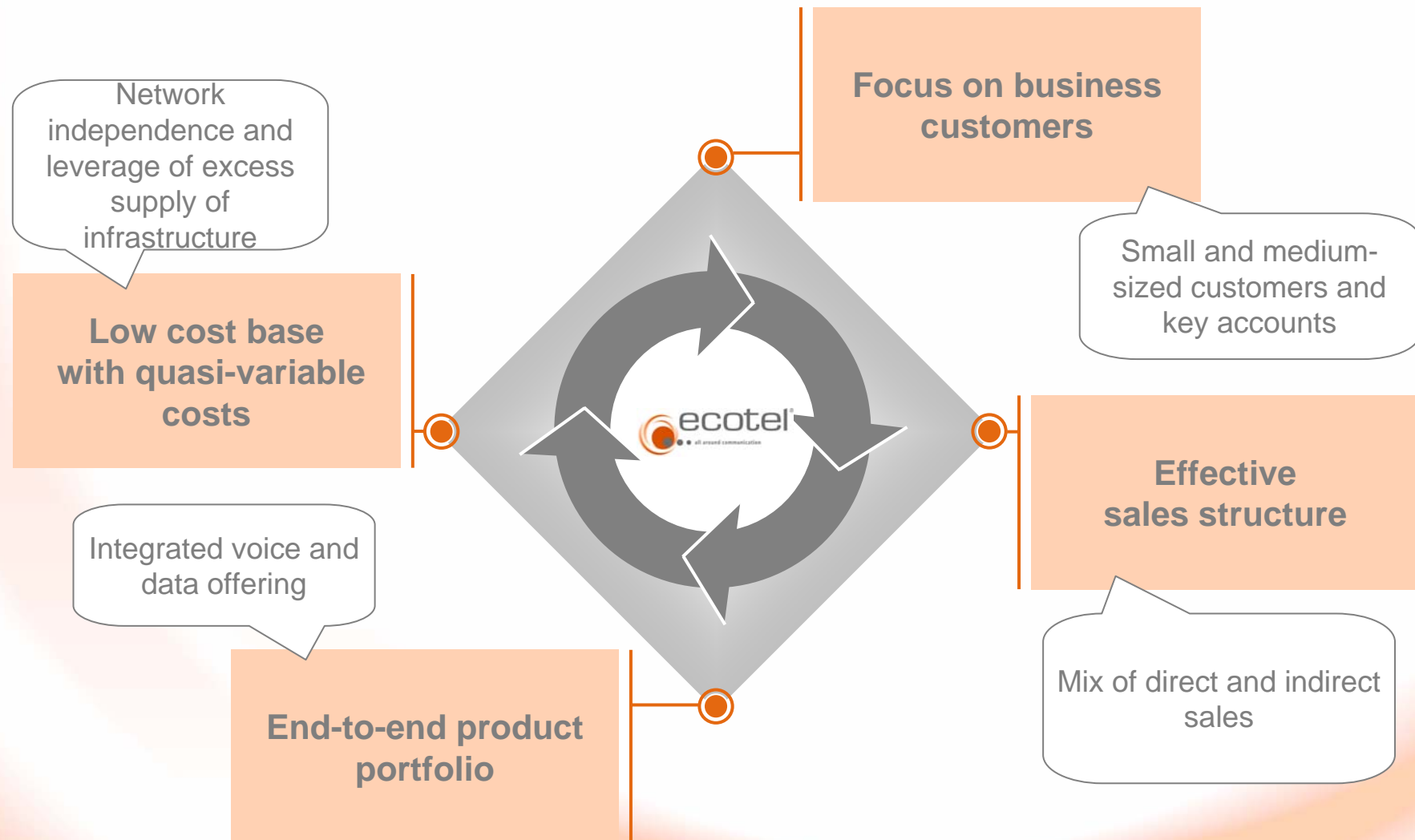
## Fixed-line network

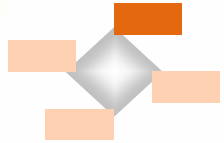
## Mobile telephony



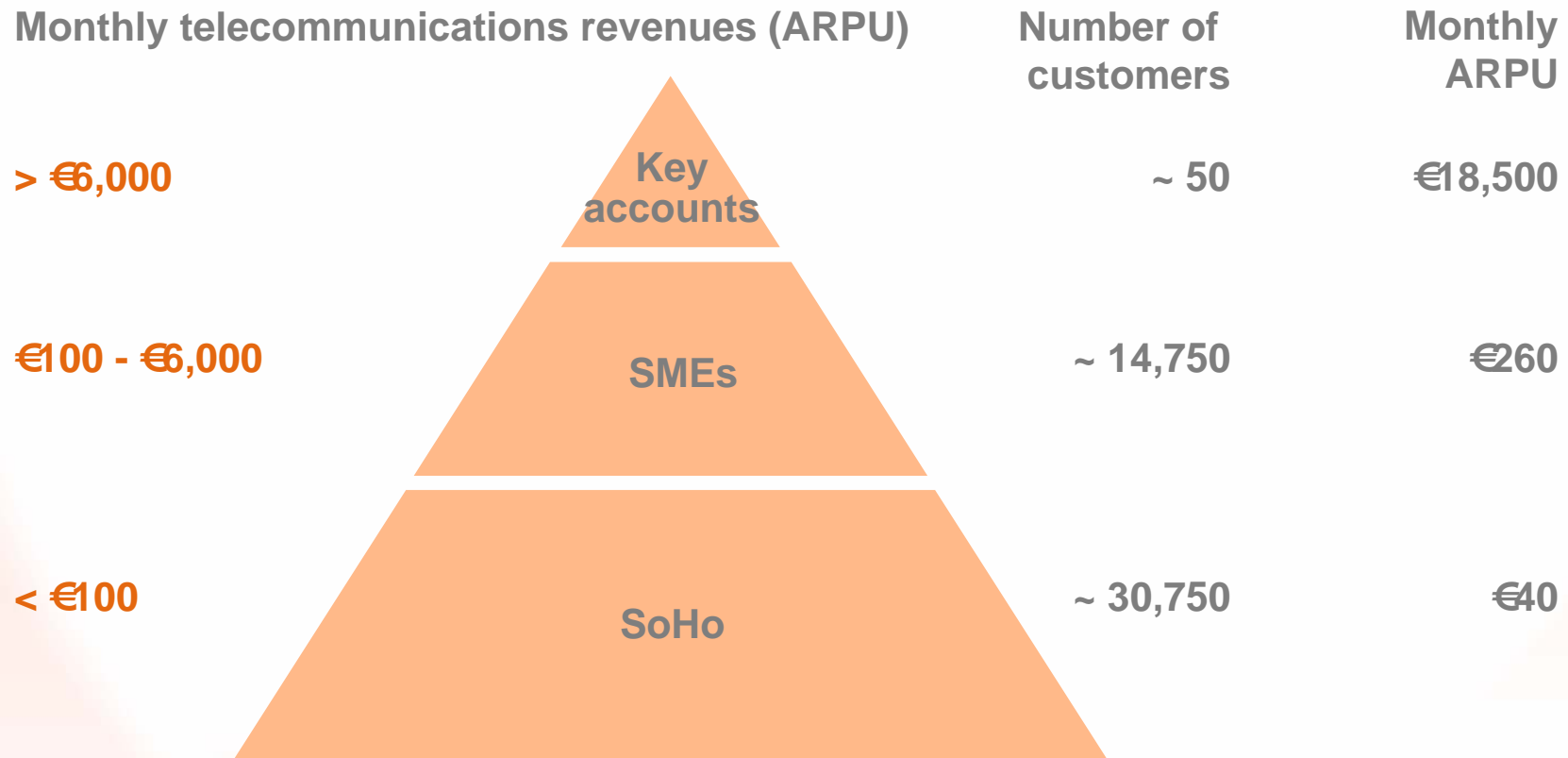
- ▶ Focus on business customers in the **SME segment** and **key accounts**
- ▶ Investments limited to assets that lead to **improved purchasing conditions** or **greater customer satisfaction**
- ▶ Focus on **process automation** to enhance performance

# 4 key features of ecotel's business model



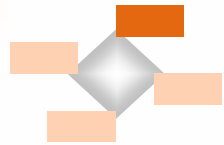


## ecotel has approx. 45,000 business customers



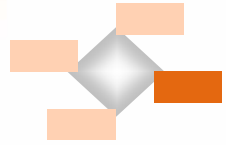
- ▶ ~ 45,000 customers (national spread), diversified customer base
- ▶ Monthly average revenue per user (ARPU) of €130 per customer (increasing)
- ▶ Annual ARPU of €1,560 per customer



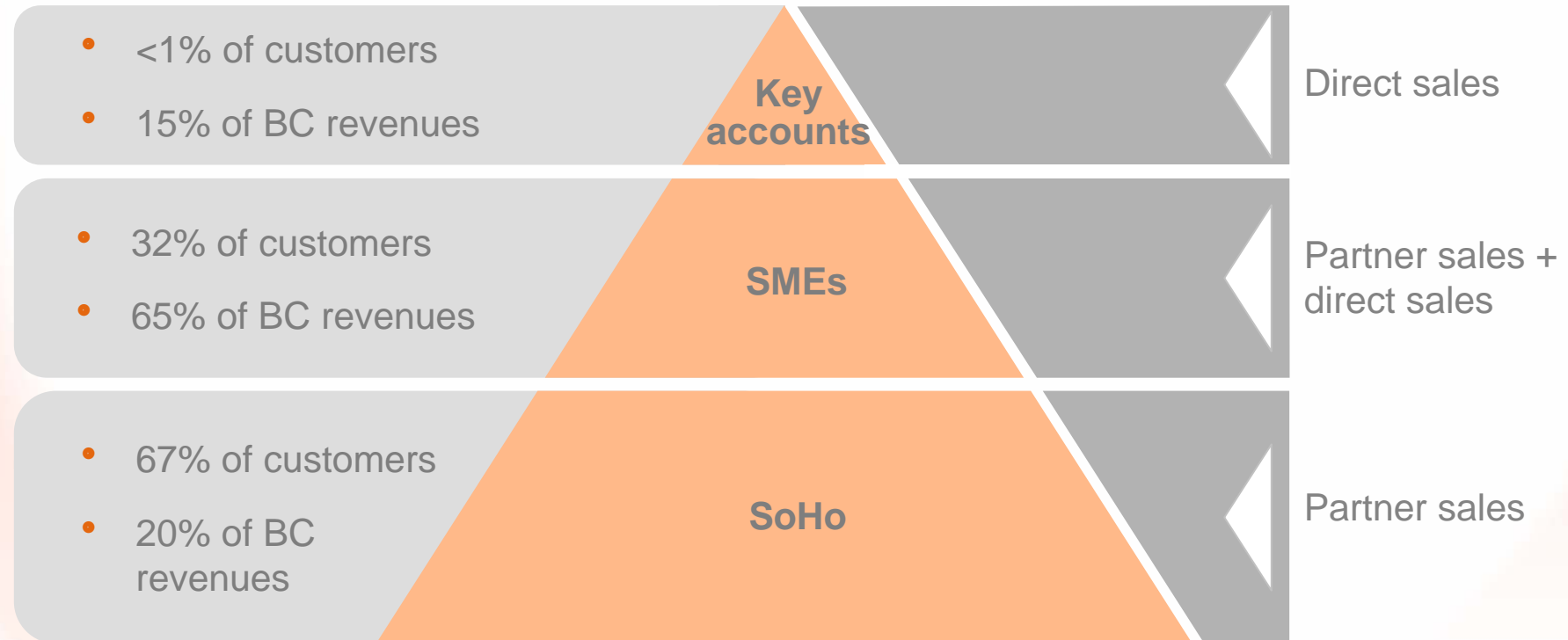


# Reference customers



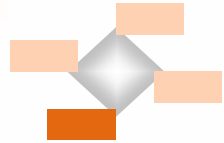


## Highly effective sales structure












BC = business customer

- ▶ Over **500 active sales partners**
- ▶ ~ 40 direct sales staff for direct sales, telesales and partner sales
- ▶ ~ 500 – 1,000 new orders per month (depending on sales campaigns)

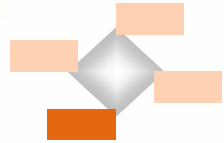


# Product portfolio for business customers

Fixed-line network	Voice	Access line		• Classic subscriber access lines or direct VoIP connection
		Telephony		• Per minute rate, minute-based packages, or flat rate
		Value-added services		• Service numbers (0800, 0180x, 0900)
	Data	Access line		• via xDSL or leased lines incl. flat rate
		VPN / security		• Secure corporate networking via IP VPN
		Hosting / housing		• Housing of server farms and hosting of shared services in own data center
		Multimedia streaming		• Encoding and transfer of audio and video content via the Internet
	Mobile telephony	Voice		• Attractive convergence products (fixed-line/mobile)
		Data		• Integration with fixed-line VPN solutions

From Q3 / 2007

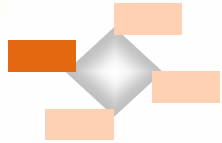
- Attractive **bundled offerings** consisting of subscriber access lines, voice, and data products (as well as mobile communications from Q3/2007)



## ecotel's positioning with business customers

### ecotel value proposition

- Long-term experience and competence in the B2B market
- Product solutions consisting of subscriber access lines, voice, and data products (as well as mobile communications in the future)
- Individual solutions depending on customer needs
- Quality, service, and speed at least as good as Deutsche Telekom but more attractive prices - but not a discounter
- Customized billing with all services on a single invoice
- One contact person for all products (fixed voice, data, Internet, mobile)
- Network independence and therefore free choice of supplier (Colt, Verizon, Telefónica, BT) offering the best value



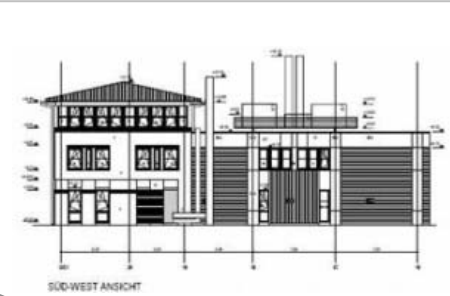
# ecotel's platform offers quasi-variable costs

## National IP backbone



- 3,000 km, 22 POPs
- Redundant fiber-optic rings
- IRU long-term lease
- 2.5 Gbit/s
- IP-based MPLS
- NOC in Frankfurt

## Own data center



- 2,300 m<sup>2</sup>
- 600 racks
- 12.5 Gbit/s IP upstream
- 24 / 7 operations
- For hosting and multimedia streaming



## Centr. switching technology



- 3 fixed switches (next generation-enabled)
- 1 mobile switch
- Interconnections with over 90 carriers
- Quasi-variable cost structure

## Own IT systems



- Order mgmt.
- Billing
- CRM
- Multimedia streaming
- Messaging (SMS, MMS, Voice)
- Portal

# ecotel reseller solutions

## Carrier services



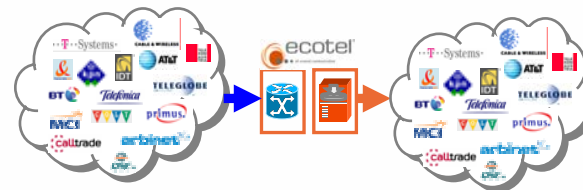
Services for **other telcos** (outsourcing projects) such as direction connections for voice and data traffic, IP services, access lines, order management, billing

## Non-carrier services



White label and co-branding of services (telecommunication services for **non-industry distributors**)

## Wholesale

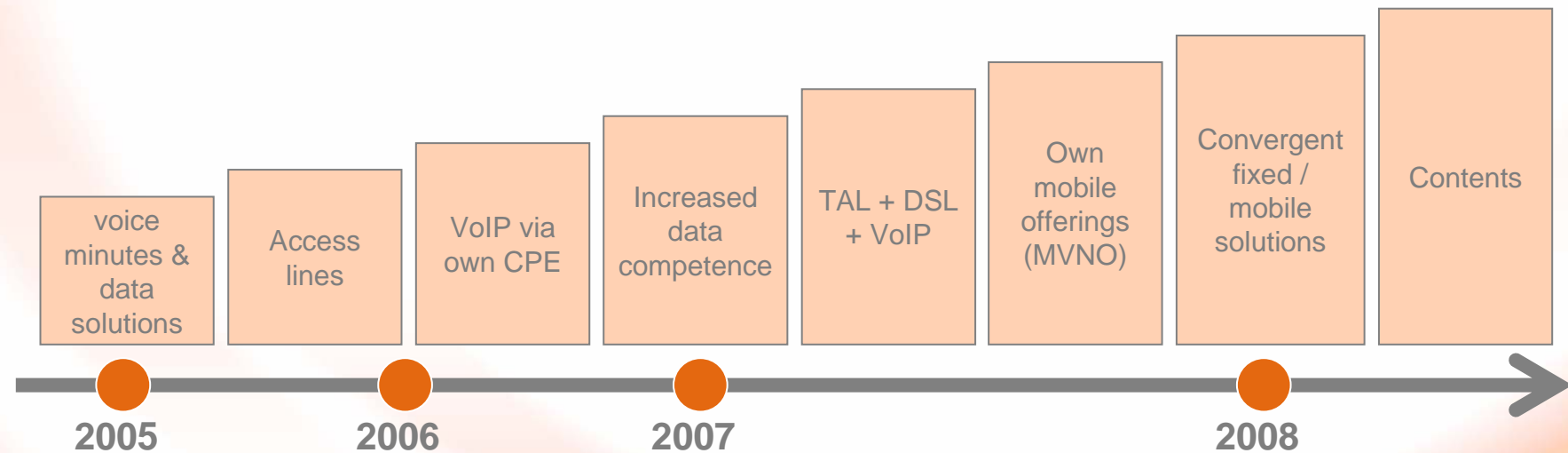


Central trading platform is spot market trading of phone minutes, which enables ecotel to **cover the investment costs** of its **in-house switching technology** and to **improve purchasing conditions** for business customer products

## ecotel's strategy

- ▶ Expansion of **business customer base** (organic / accretive)
- ▶ **Up-selling of extended product portfolio** (greater share of customers' telecommunications budget)
- ▶ Investment in **new technologies** (e.g., mobile communications, ULL) to optimize products and costs

### Product expansion strategy



Goal: growth of ARPU and high customer retention



## Increase of customer ARPU through up-selling

	ARPU *	Connection	Voice services		Data services		
		Voice and data	Fixed telephony	Mobile telephony	VPN, security	Hosting, housing	Streaming, IP TV
Breakdown 2006	€90	2%	96%	—	2%	—	—
2007	€130	15%	57%	1%	15%	6%	6%
2008 target	€155	20%	50%	5%	13%	6%	6%

- Sale of **bundled products** (voice, data, Internet, mobile communications) to existing customers (up-selling), which increases ARPU per customer

\* Monthly revenue per user



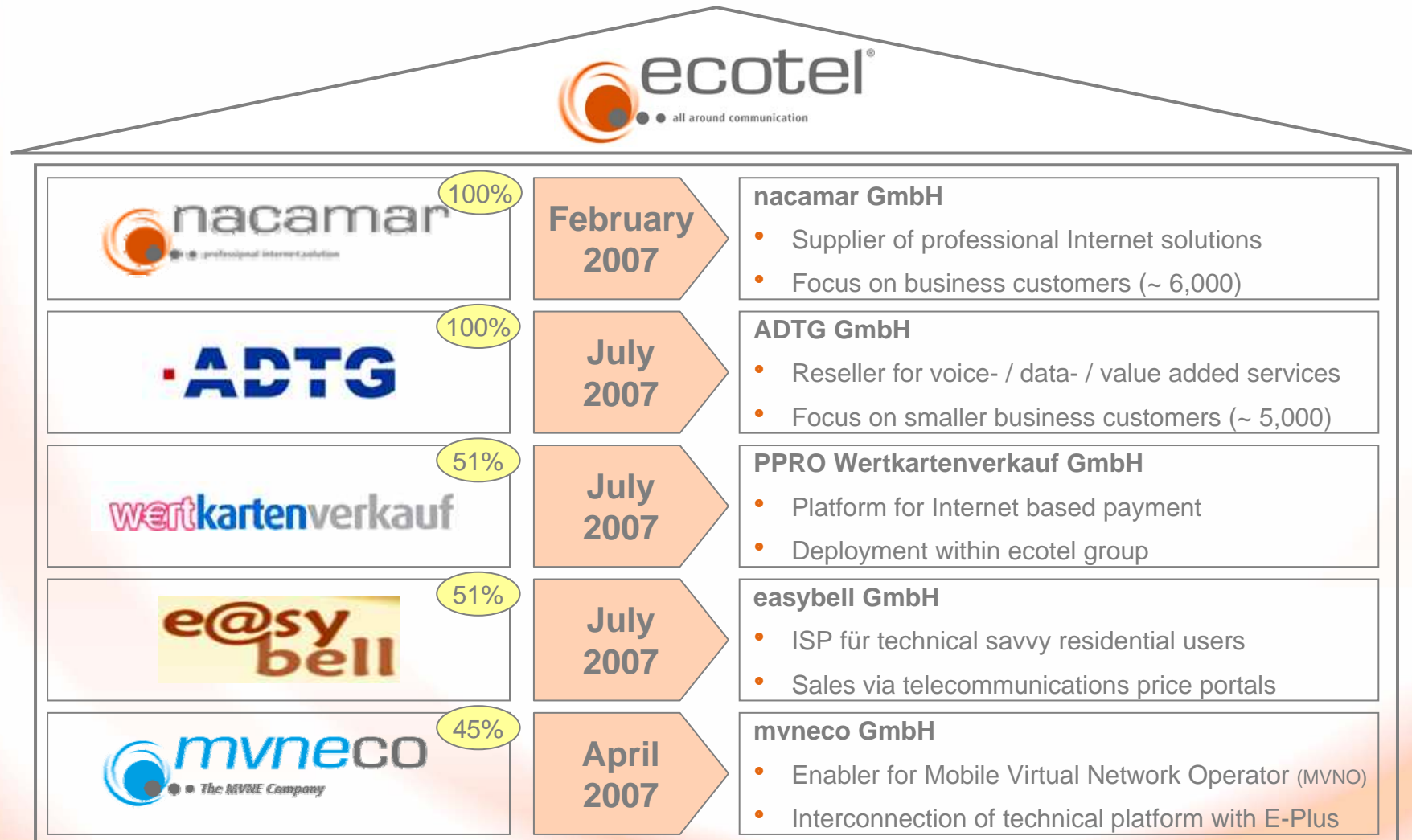
# H1 2007 figures – strong profitable growth

[€ million]

Key figures (IFRS)	H1 2006	H1 2007	2005	2006
Revenues	25.8	42.5	34.8	56.3
revenues business customers	16.2	33.0	32.0	37.5
revenues resellers & other	9.6	9.5	2.8	18.8
Gross profit	7.1	15.4	11.7	16.0
EBITDA *	1.8	5.7	2.5	4.5
EBIT *	1.4	4.5	2.1	3.8
Consolidated profit	1.0	2.8	1.4	2.4
Earnings per share *	0.31	0.81	0.53	0.72
without deferred taxes *	0.49	0.98	0.58	0.92
Total assets	27.6	52.3	8.0	27.8
Equity ratio	67%	47%	29%	72%
Net debt	-9.1	9.4	-1.5	-9.3

\* Both diluted and un-diluted

# Acquisitions in 2007



% Share of participation

## ecotel's launch of mobile services in Sep. 07

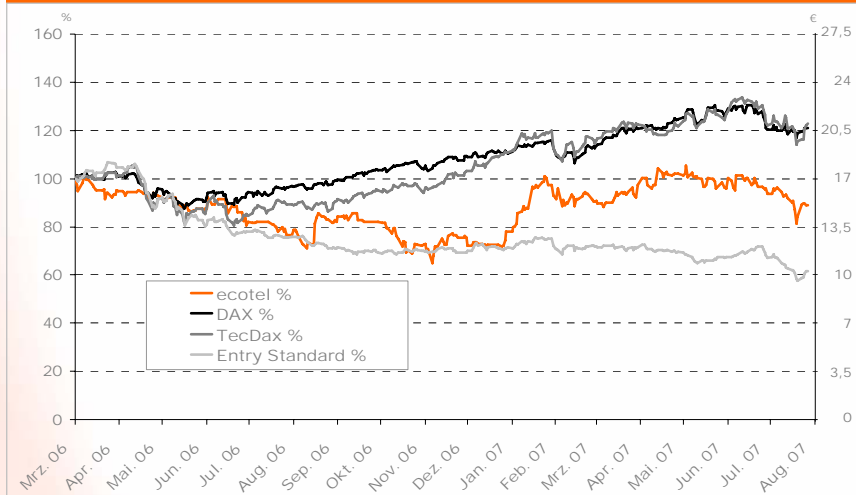
- Launch of mobile services is an important milestone of ecotel's long-term business strategy:
  - Optimized purchasing cost for the mobile access through own central infrastructure
  - Control of product performance and possibility of product enhancement
  - Bundling of fixed and mobile services (full service provider)
  - Cross-selling of services among the existing business customer base
- Setup of mvneco GmbH in April 2007
  - ecotel has 45% share
  - Joint venture with blau Mobilfunk and Information Technologies R&D (CBOSS)
  - Buildup of an own central mobile platform (signalling, call control) and own application platforms (MMS, SMS, Voicemail, WAP Portal)
  - E-Plus as mobile network partner for the mvneco platform
  - mvneco as technical service provider
- Market launch of mobile services by ecotel in September 2007

## Outlook for 2007

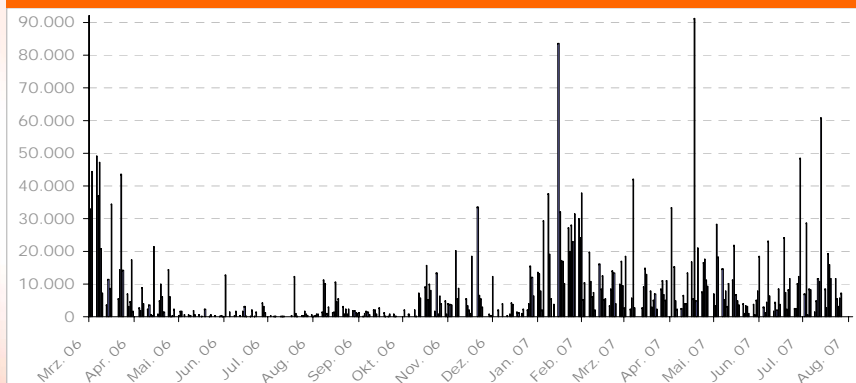
- ▶ 2007 revenues of ~ € 100m
- ▶ 2007 EBIT of ~ € 10m
- ▶ Earnings per share of at least € 1.50
- ▶ Integration of nacamar & ADTG and realization of revenue and cost synergies
- ▶ Market launch of mobile services in September 2007
- ▶ Market launch of **bundled products** based on **local loop unbundling (LLU)** in **September 2007** (with significantly better gross margins)

# ecotel stock (ticker E4C / WKN 585434)

## Kursentwicklung der ecotel Aktie



## Handelsvolumen



\* Based on share price at August 24 (€ 15.07)

- Initial listing: 29.03.2006
- Market segment: Prime Standard
- Number of shares: 3.9 Mio (no-par shares)
- Market capitalisation: € 58.8m \*
- Net debt: € 9.4m
- Designated Sponsor: Close Brothers Seydler
- Shareholder structure (27.07.2007)
 

P. Zils:	31,0%
Absolute Activist:	26,4%
Free float:	42,6%
- Re-placement of shares of pre-IPO investors nearly completed

**Thank you very much  
for your attention**