

Analyst Presentation

ecotel communication ag

December 2007



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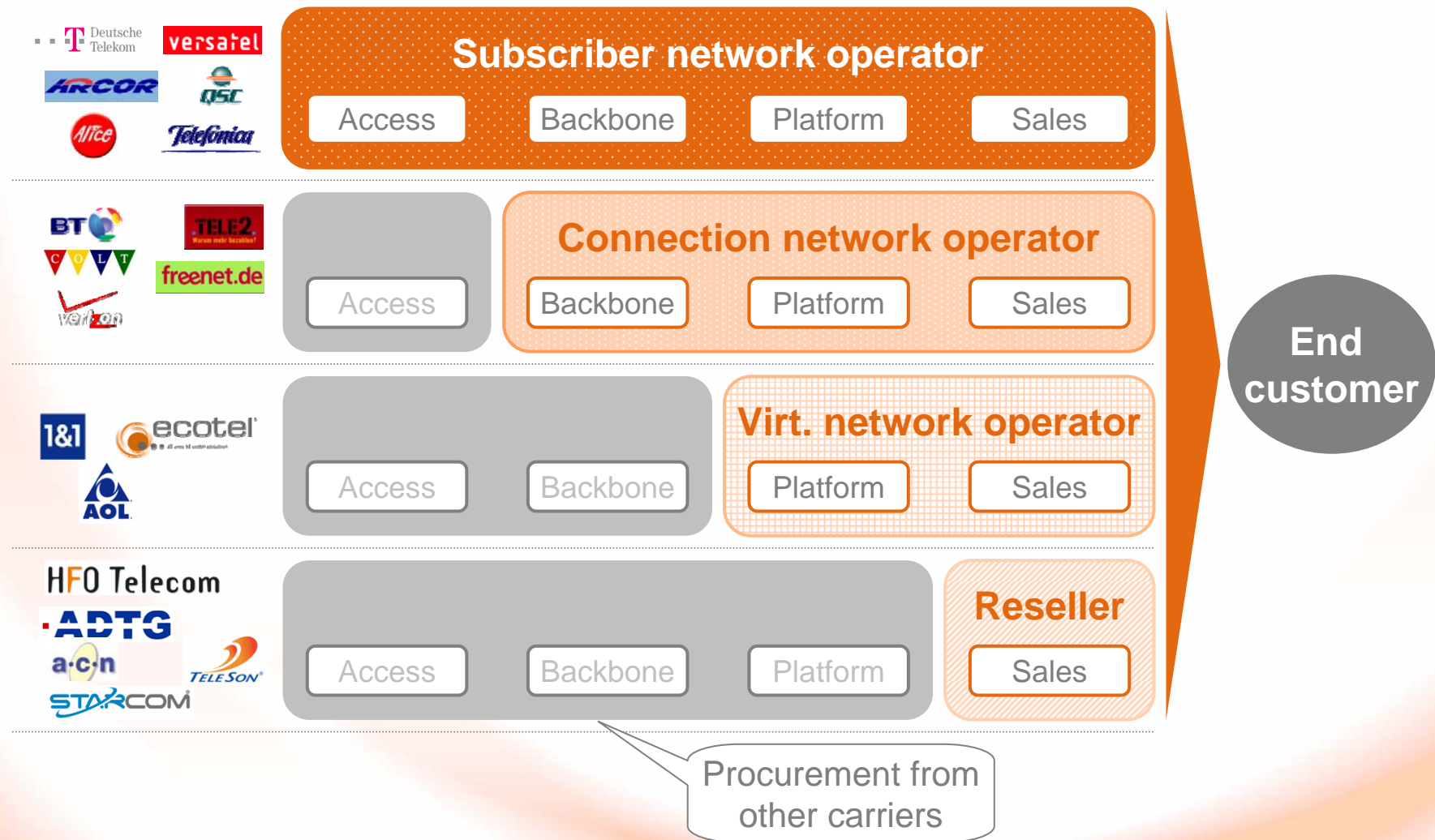
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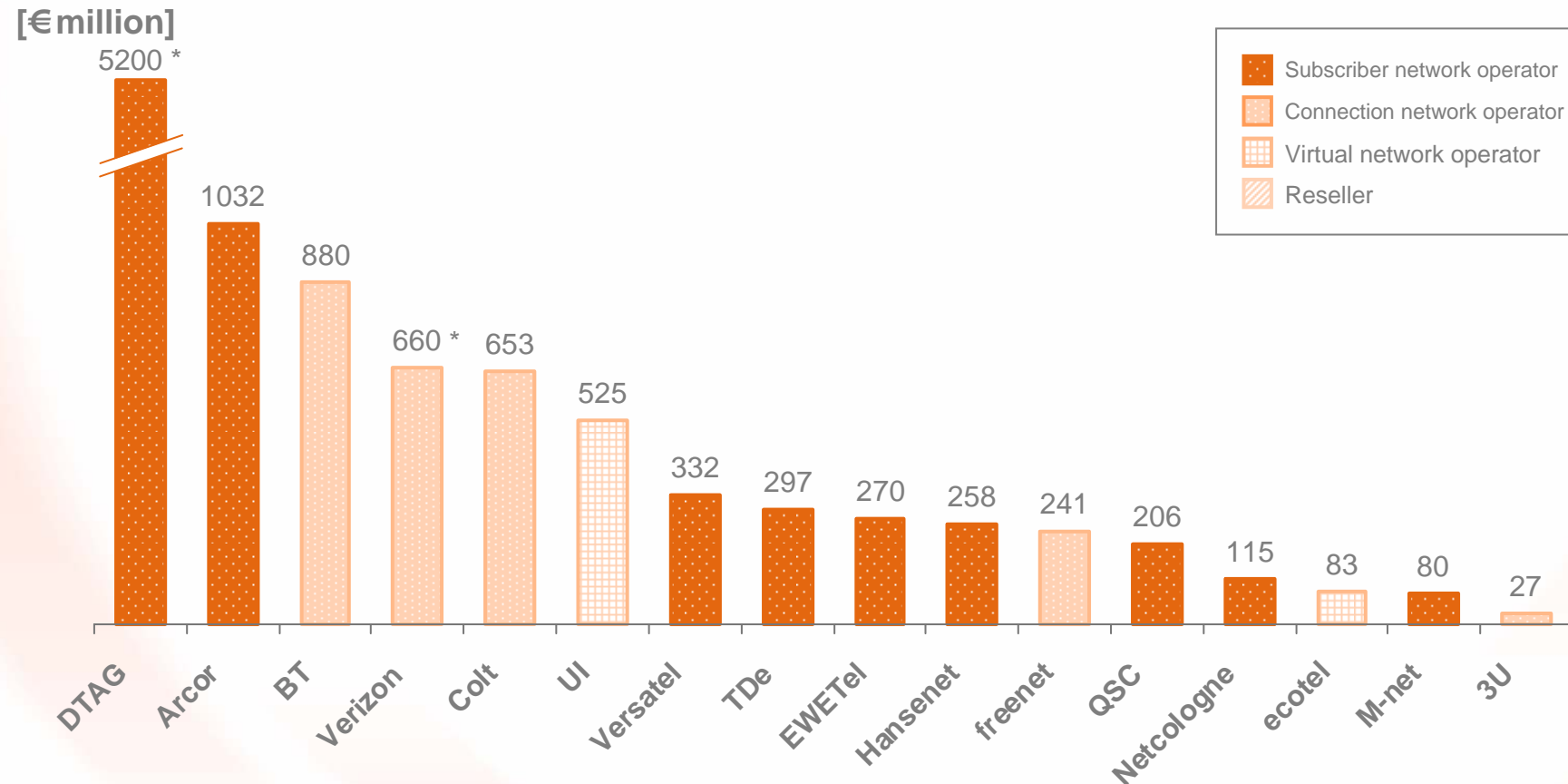
Investment highlights

- 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

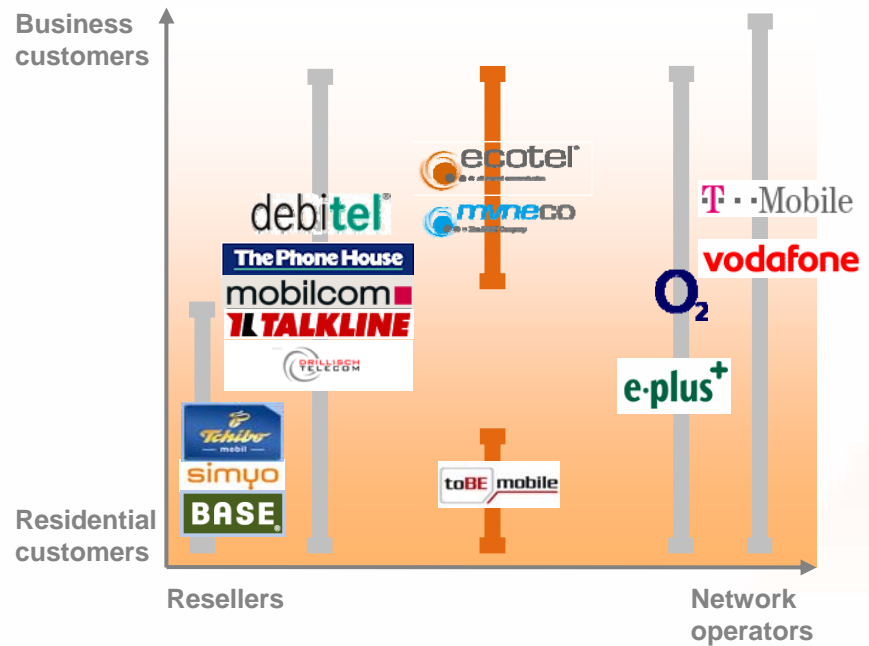
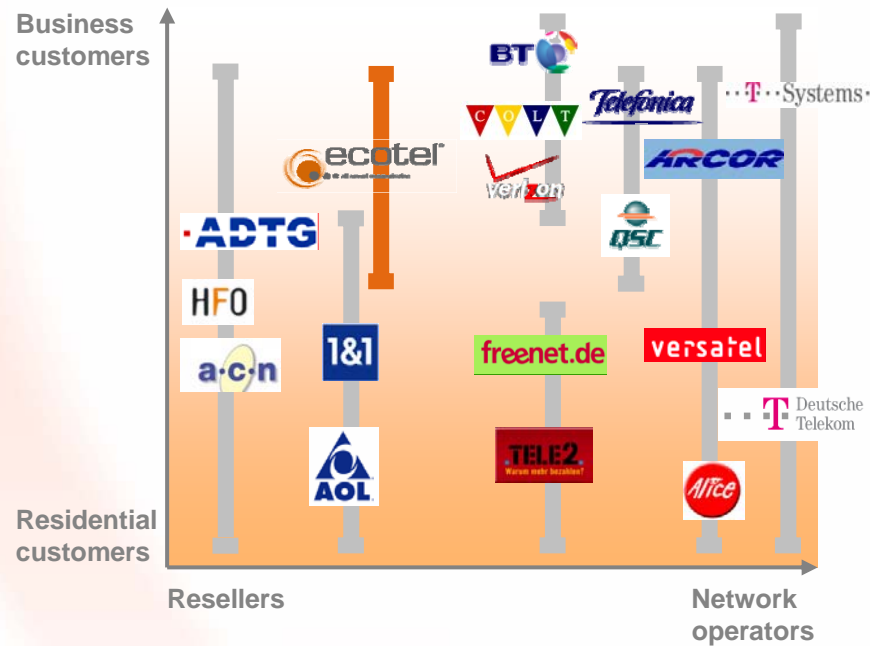
* Estimate by ecotel

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

From Q3 2007

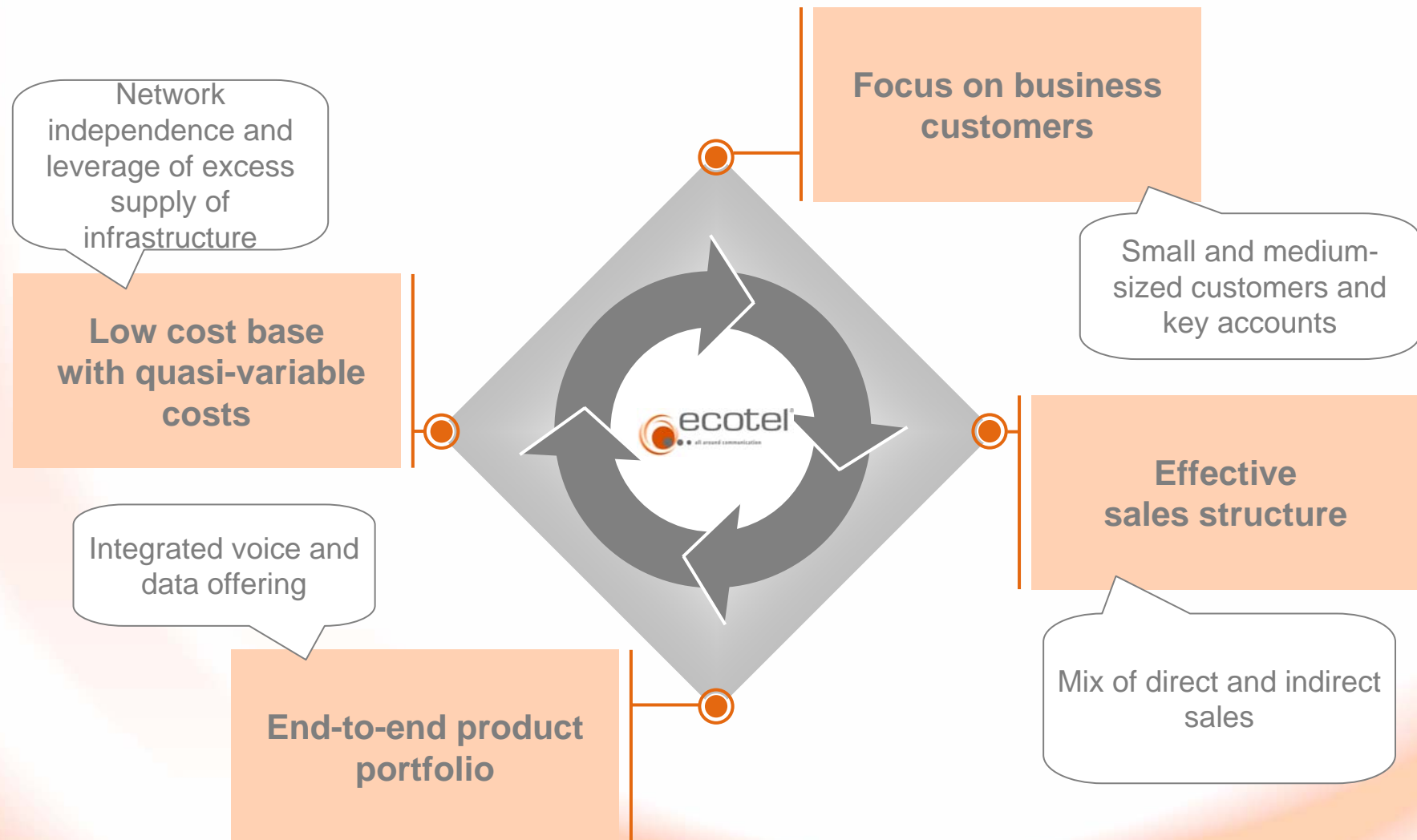
Fixed-line network

Mobile telephony



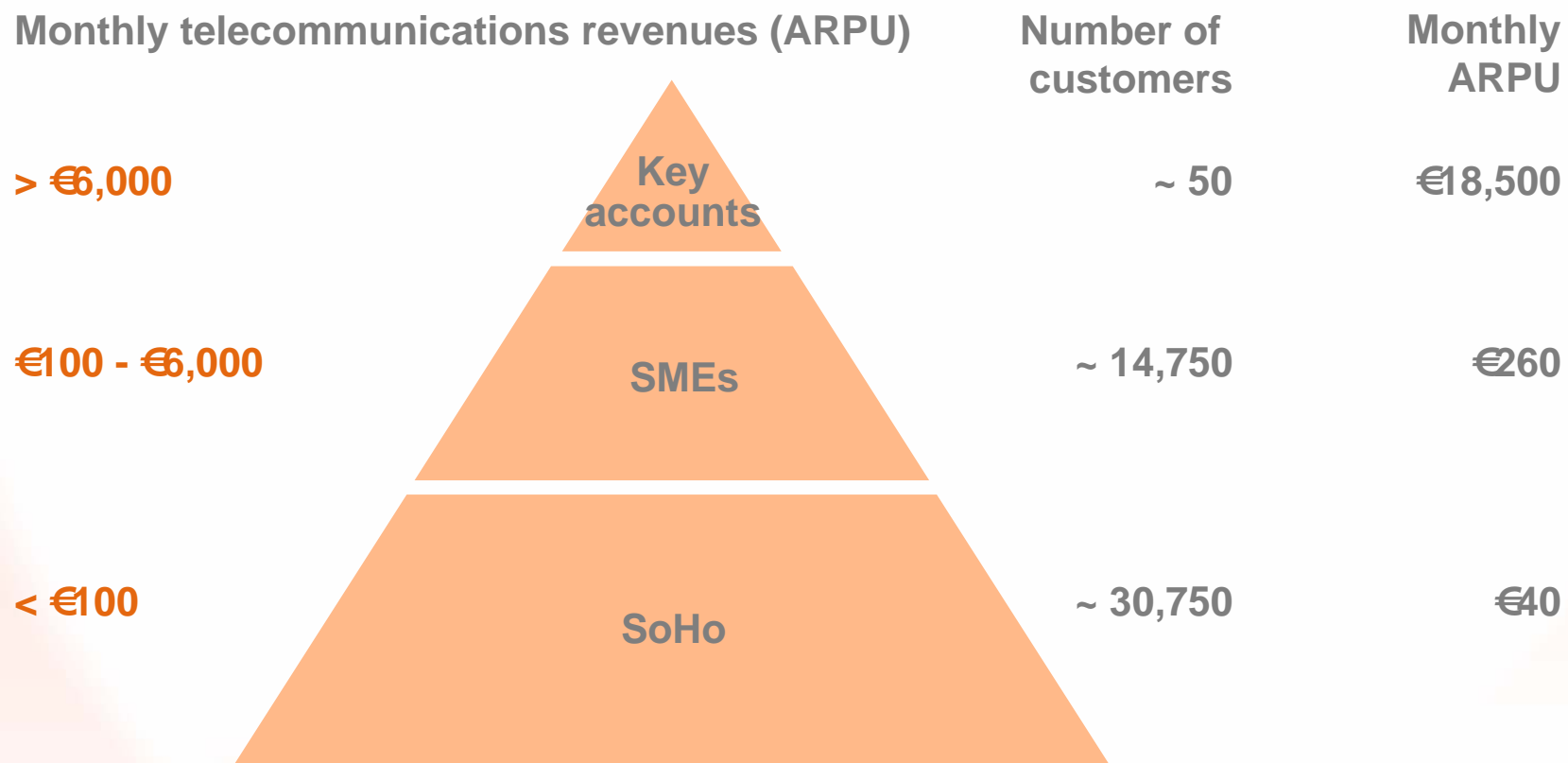
- ▶ Focus on business customers in the **SME segment** and **key accounts**
- ▶ Investments limited to assets that lead to **improved purchasing conditions** or **greater customer satisfaction**
- ▶ Focus on **process automation** to enhance performance

4 key features of ecotel's business model

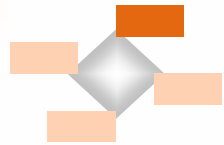




ecotel has approx. 45,000 business customers

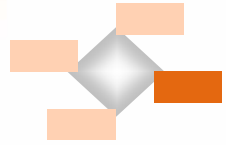


- ▶ ~ 45,000 customers (national spread), diversified customer base
- ▶ Monthly average revenue per user (ARPU) of €130 per customer (increasing)
- ▶ Annual ARPU of €1,560 per customer

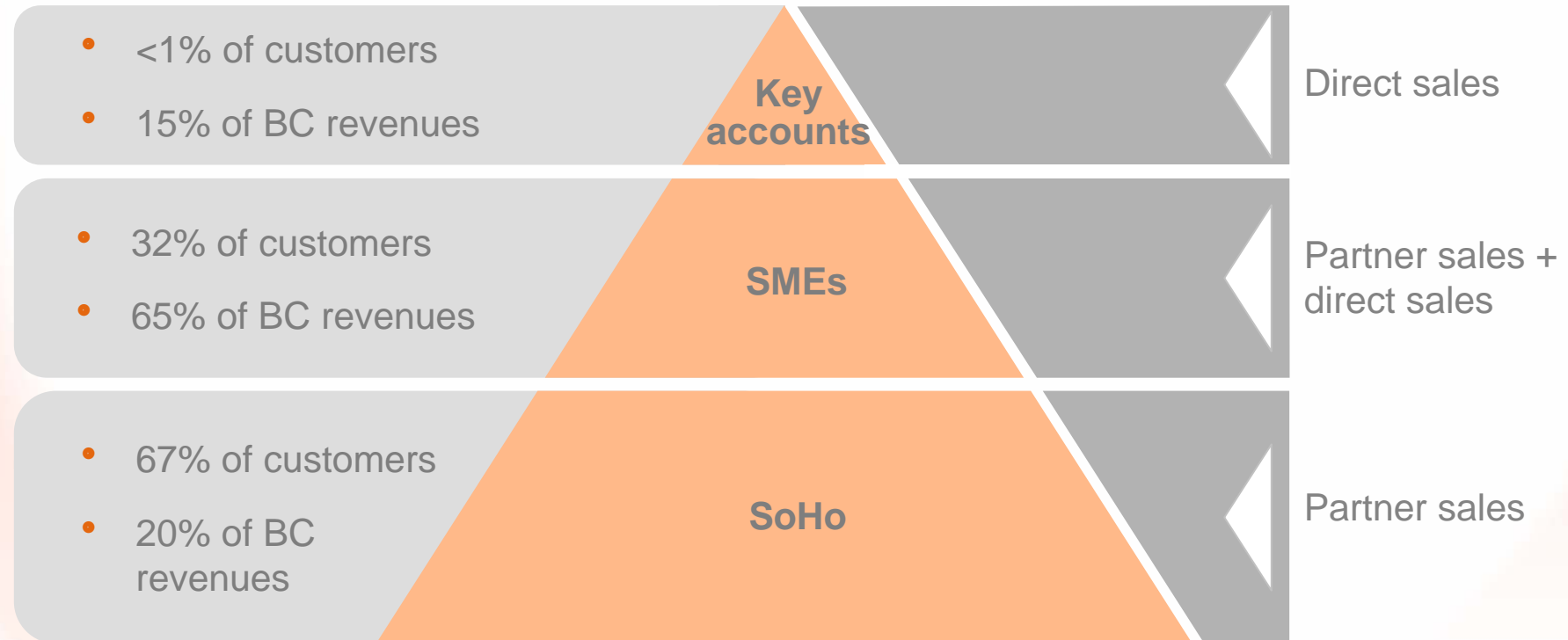


Reference customers



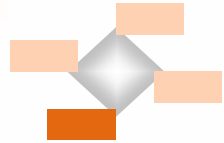


Highly effective sales structure












BC = business customer

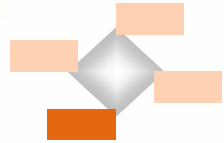
- ▶ Over **500 active sales partners**
- ▶ ~ 40 direct sales staff for direct sales, telesales and partner sales
- ▶ ~ 500 – 1,000 new orders per month (depending on sales campaigns)



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	

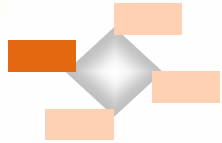
- Attractive **bundled offerings** consisting of subscriber access lines, voice, and data products (as well as mobile communications from Q3/2007)



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



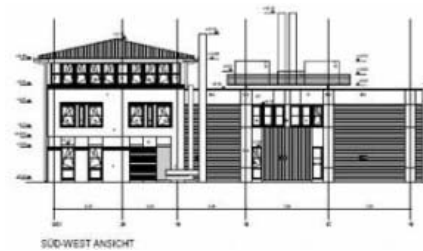
ecotel's platform offers quasi-variable costs

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 m²
- 600 racks
- 12.5 Gbit/s IP upstream
- 24 / 7 operations
- For hosting and multimedia streaming

ecotel's
platform

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



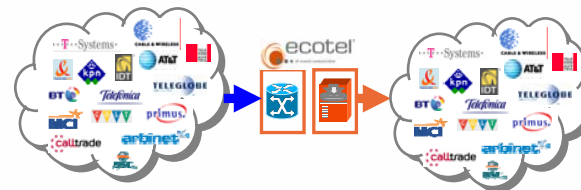
Services for **other telcos** (outsourcing projects) such as direction connections for voice and data traffic, IP services, access lines, order management, billing

Non-carrier services



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

Wholesale

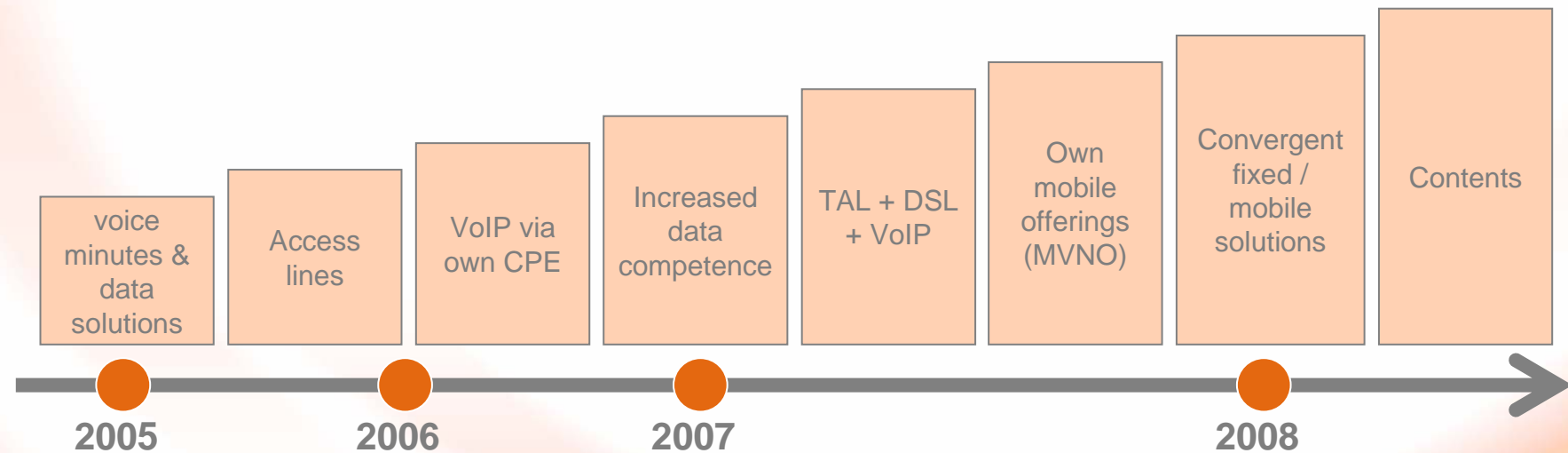


Central trading platform is spot market trading of phone minutes, which enables ecotel to **cover the investment costs** of its **in-house switching technology** and to **improve purchasing conditions** for business customer products

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


Q3 2007 figures – profitable growth






[€ million]

Key figures (IFRS)	9M 2006 (IFRS)	9M 2007 (IFRS)	2005	2006
Revenues	41.6	67.7	34.8	56.3
revenues business customers	27.0	50.0	32.0	37.5
revenues resellers & other	14.6	17.7	2.8	18.8
Gross profit	11.7	21.9	11.7	16.0
EBITDA *	3.2	6.4	2.5	4.5
EBIT *	2.6	4.6	2.1	3.8
Consolidated profit	1.7	2.7	1.4	2.4
Earnings per share *	0.53	0.74	0.53	0.72
without deferred taxes *	0.71	0.93	0.58	0.92
Total assets	28.5	62.7	8.0	27.8
Equity ratio	67.4%	45.6%	29%	72%
Net debt	-9.2	13.8	-1.5	-9.3

* Both diluted and un-diluted

Acquisitions in 2007



 <p>100%</p>	<p>February 2007</p>	<p>nacamar GmbH</p> <ul style="list-style-type: none"> • Supplier of professional Internet solutions • Focus on business customers (~ 6,000)
 <p>100%</p>	<p>July 2007</p>	<p>ADTG GmbH</p> <ul style="list-style-type: none"> • Reseller for voice- / data- / value added services • Focus on smaller business customers (~ 5,000)
 <p>51%</p>	<p>July 2007</p>	<p>PPRO Wertkartenverkauf GmbH</p> <ul style="list-style-type: none"> • Platform for Internet based payment • Deployment within ecotel group
 <p>51%</p>	<p>July 2007</p>	<p>easybell GmbH</p> <ul style="list-style-type: none"> • ISP für technical savvy residential users • Sales via telecommunications price portals
 <p>45%</p>	<p>April 2007</p>	<p>mvneco GmbH</p> <ul style="list-style-type: none"> • Enabler for Mobile Virtual Network Operator (MVNO) • Interconnection of technical platform with E-Plus

% 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

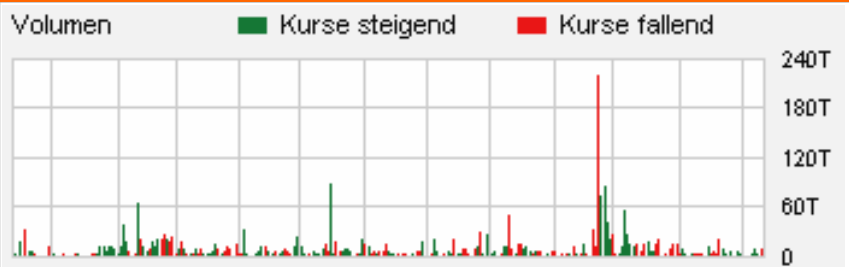
- ▶ 2007 revenues of ~ € 90m
- ▶ 2007 EBIT of ~ € 6m
- ▶ Earnings per share of approx. € 1.00
- ▶ Integration of nacamar & ADTG and realization of revenue and cost synergies
- ▶ Market launch of mobile services in September 2007
- ▶ Market launch of **bundled products** based on **local loop unbundling (LLU)** in **Q1 2008**

ecotel stock (ticker E4C / WKN 585434)

market trend ecotel stock



order flow



- Initial listing: 29.03.2006
- Market segment: Prime Standard
- Number of shares: 3.9 Mio (no-par shares)
- Market capitalisation: € 25.9m *
- Net debt: € 13.8m
- Designated Sponsor: Close Brothers Seydler
- Shareholder structure (13.12.2007)

P. Zils:	31,05%
Information Technologies R&D:	12,82%
AvW Gruppe:	10,12%
Free float:	42,01%

* Based on share price at December 13

**Thank you very much
for your attention**