

# **ČESKÝ TELECOM**

## **9M 2002 Results**

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**Executive Vice-President and CFO**

**Conference Call - Prague, 1 November 2002**

## **To be covered today**

- **ČESKÝ TELECOM - 9M 02 operational and financial results**
- **Eurotel - 9M 02 operational and financial results**
- **Q&A**

# Operational Highlights

<b>Fixed Line Network</b>	9M 01	9M 02	Chg.
Lines (000)	3,830	3,692	(4%)
of which ISDN channels (000)	198	382	93%
Internet customers (000) <sup>1)</sup>	400	642	61%
Digitalization (%)	92	100	9%
MOU/month/avg. fixed line	252	260	3%
Employees (ČTc )	15,394	14,039	(9%)
<b>Mobile Network</b>	9M 01	9M 02	Chg.
Mobile customers (000)	2,859	3,679	29%
Employees (Eurotel)	2,344	2,442	4%

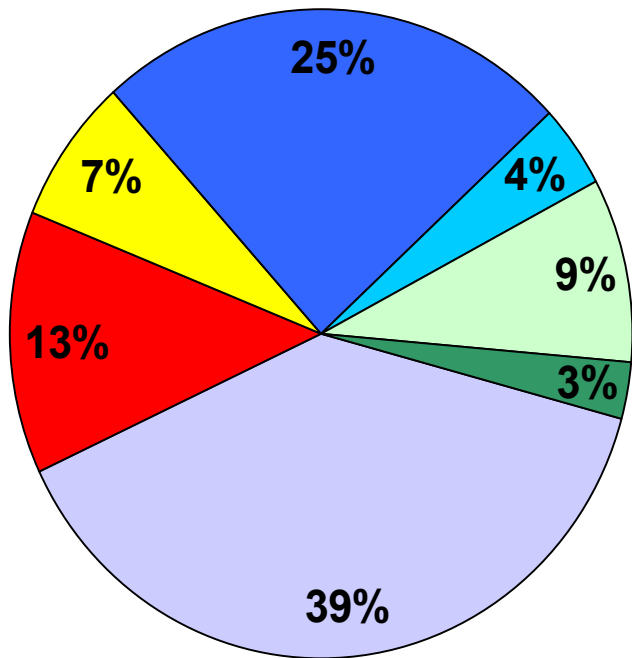
<sup>1)</sup> paid (IOL) and free (quick.cz) internet access

## P&L (in CZK bn.)

	9M 01	9M 02	Chg.
Revenues	41.8	39.4	(6%)
Operating Costs (excl. Depr.)	22.2	19.3	(13%)
EBITDA	19.6	20.1	2%
Depreciation	12.5	13.9	11%
EBIT	7.1	6.2	(12%)
Net Financial Costs	1.3	0.5	(63%)
EBT	5.8	5.7	(0%)
Net Income	3.9	3.9	(1%)
<b>EBITDA margin</b>	<b>47%</b>	<b>51%</b>	

# Revenue Structure

9M 2001

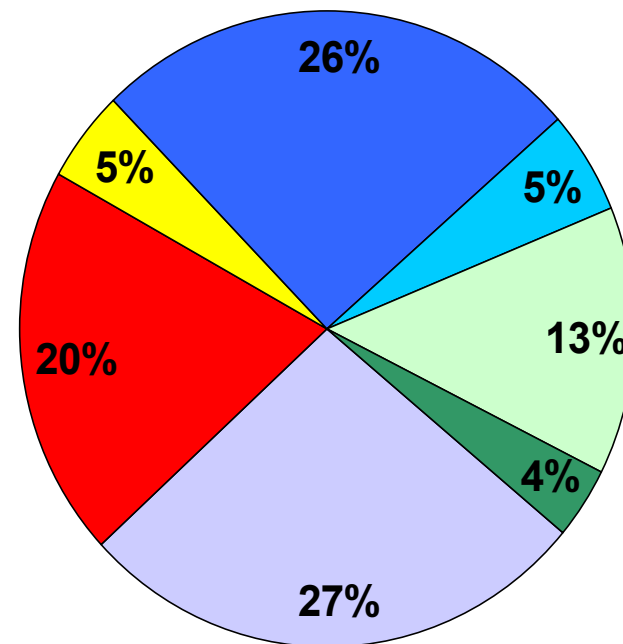


CZK 41,787 mil.



9M 2002

- Call Revenues (-35%)
- Subscriptions (+44%)
- Other Network Operators (-38%)
- Eurotel & Consol. Adj. (-0%)
- Leased lines (+16%)
- Data, Internet, ISDN & VAS (+38%)
- Other (+25%)



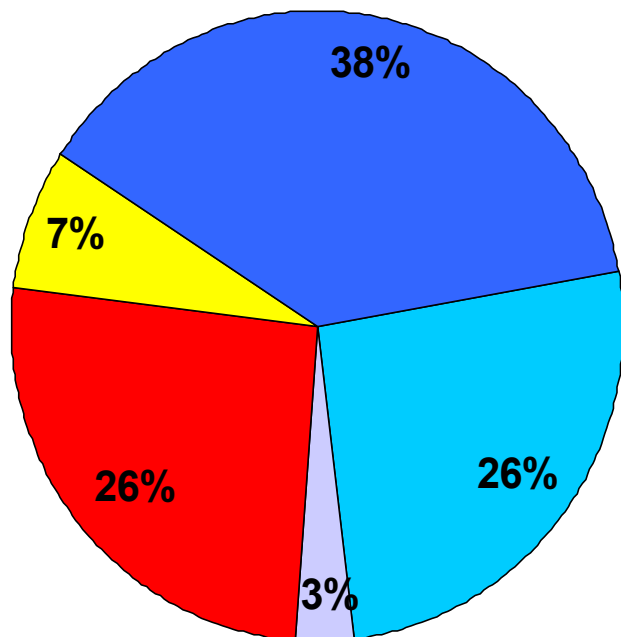
CZK 39,380 mil.

<sup>1)</sup> Other incl. Connection charges, Equipment & material sales, other revenues

Legend is yoy % change in absolute values

# Consolidated Operating Costs Structure

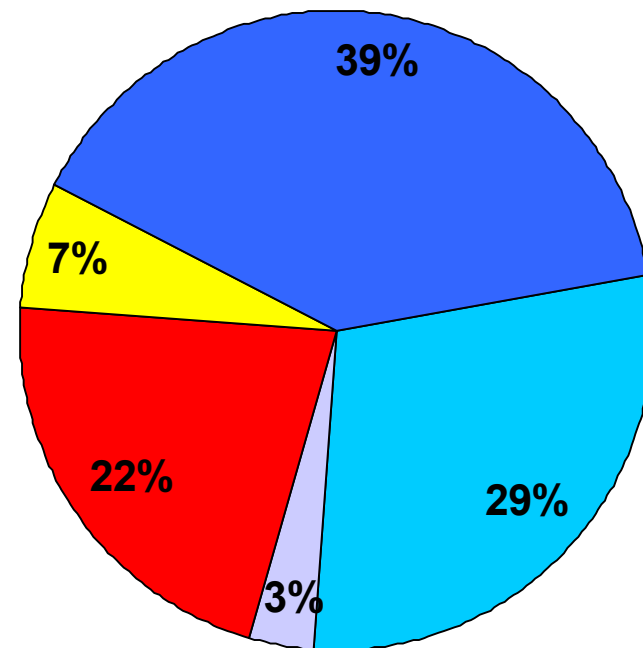
9M 2001



CZK 22,171 mil.

- Staff Costs (-3%)
- Material consumed (-4%)
- Payments to other netw. oper. (-27%)
- Equip.& Mat. cost of sales (-21%)
- Energy, repairs&mainten., other op. costs (-10%)

9M 2002

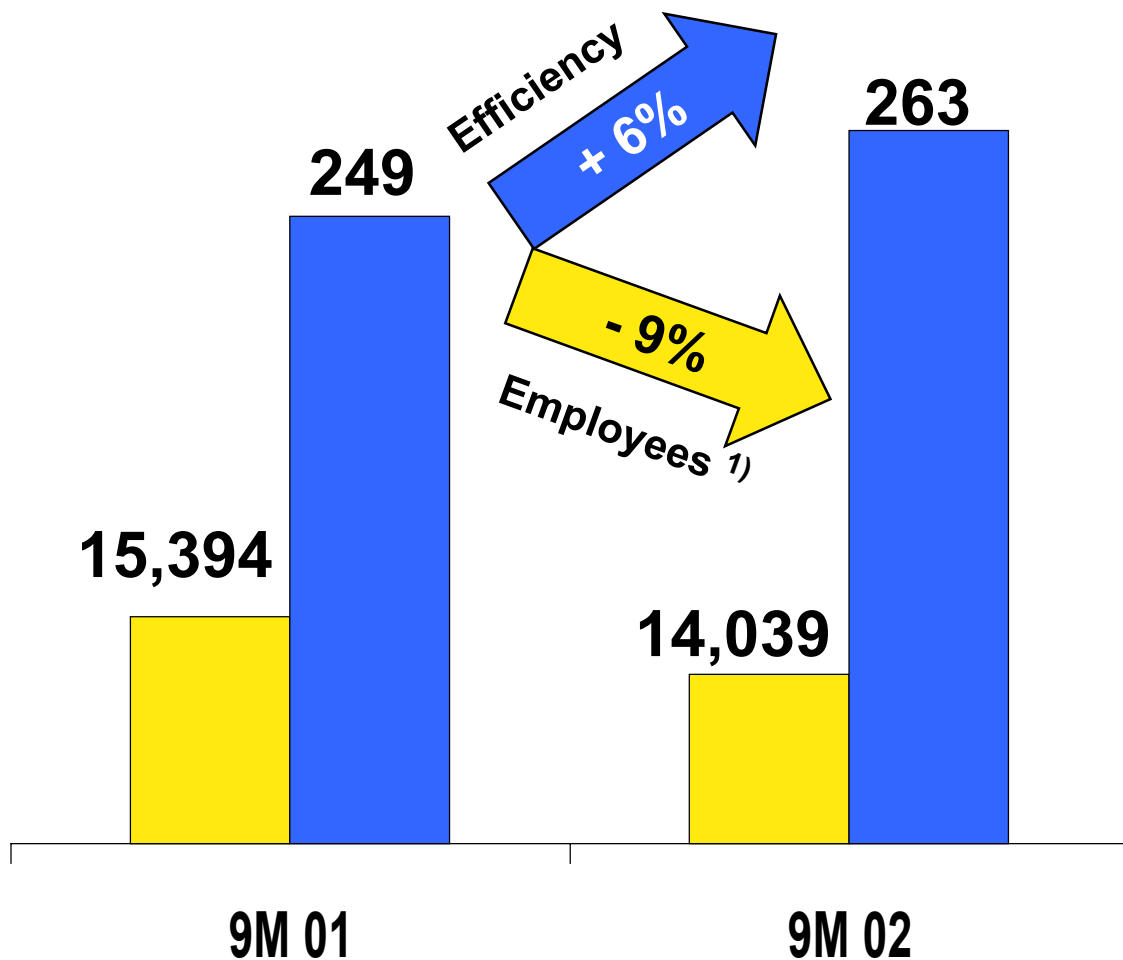


CZK 19,289 mil.

Note: Legend is yoy % change in absolute values

Consolidated, under IAS

# Employees vs. Efficiency



- Staff cost down 3% to CZK 5.6 bn.
- Changing structure of employees at CTc
- Fixed line efficiency increased 6% to 263 lines per CTc empl.
- Number of Eurotel's employees up 4% to 2,442.

## Balance sheet (in CZK bn.)

	31.12.01	30.9.02
Fixed Assets	140.8	132.4
Current Assets	18.3	22.2
- Cash&Cash equiv.	7.5	12.3
Total Assets	159.1	154.6
Equity	107.0	110.9
- Share Capital	32.2	32.2
- Reserves	74.8	78.7
Liabilities	52.0	43.6
- Debt	27.0	21.5

<b>Gross gearing</b>	<b>25%</b>	<b>19%</b>
<b>Net gearing</b>	<b>18%</b>	<b>8%</b>

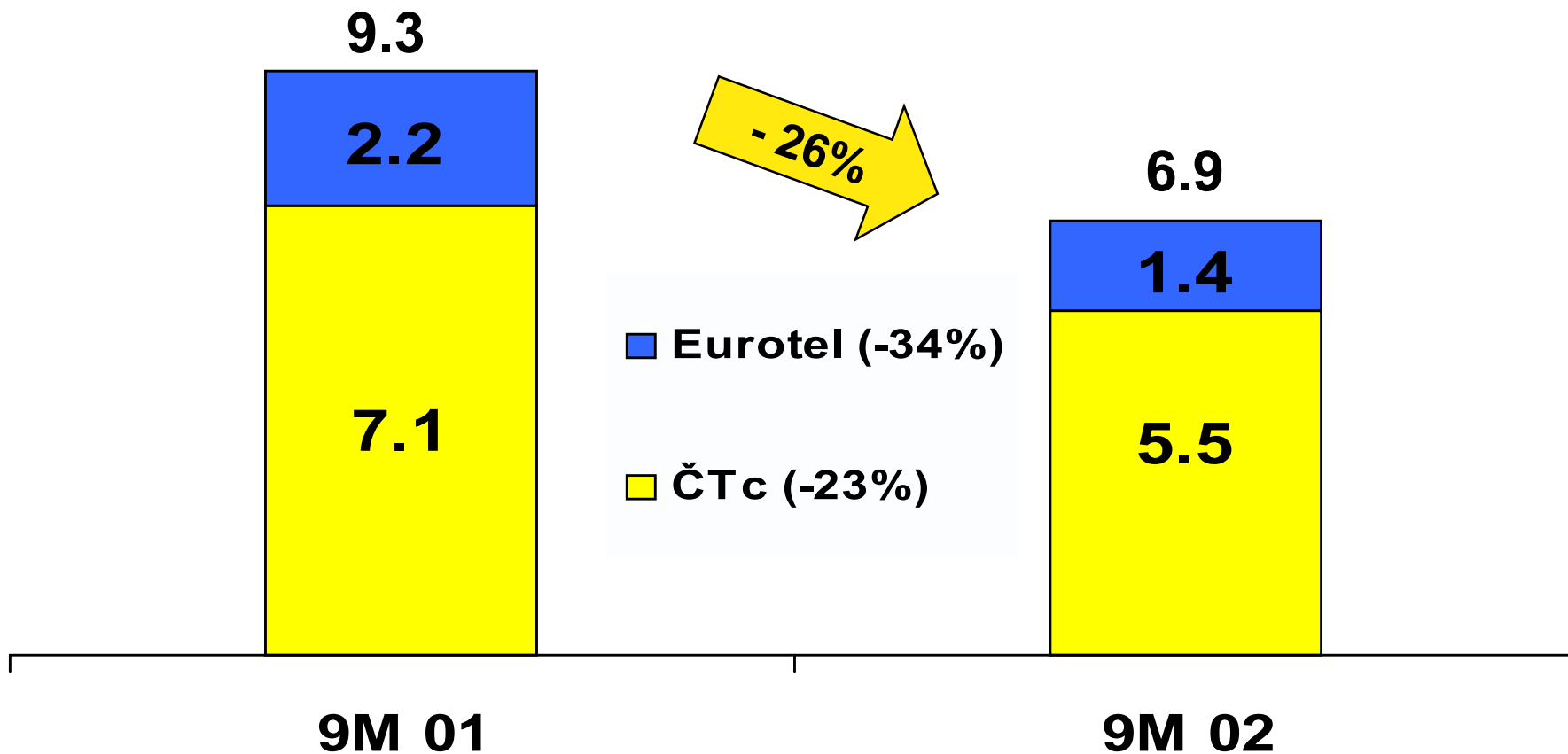


## Cash flow (in CZK bn.)

	9M 01	9M 02	Chg.
Net cash from operating activities	14.7	14.6	(0%)
Net cash used in invest. activities excluding Marketable securities <sup>1)</sup>	(10.0)	(6.4)	(36%)
Marketable Securities <sup>1)</sup>	3.2	(3.0)	(192%)
Net cash before financing	7.9	5.3	(33%)
Net cash from financing activities	(7.0)	(4.3)	(39%)
Net cash increase/(decrease)	1.1	1.0	(3%)

<sup>1)</sup> Sum of Cash purchase of and Proceeds from marketable securities

# CAPEX (in CZK bn.)



Note: As per Balance Sheet, Consolidated, under IAS

# Financial Results of Eurotel 9 Months 2002

Prague - November 1, 2002

Robert Bowker, Chief Financial Officer



# Market Development in 2002

- Slowdown of penetration growth (from 68% to 79%)
- Decrease of interconnection revenues (for calls terminating in mobile networks) by approx. -45%
- Paegas re-branded to T-Mobile
- Multimedia Messaging Service (MMS) were introduced in the Czech Republic
- Floods devastated huge part of the Czech Republic

# Summary of Eurotel Performance in 2002

- Growth of net service revenues (by +6% YoY)
- Growth of usage in Value added services (SMS by 50 % YoY)
- Growth of voice traffic - minutes of use (by +15% YoY)
- Drop in income from interconnection (by -32% YoY)
- Drop in average revenue per minute (minute is by CZK -1 cheaper)

# Income Statement in CZK

<i>in millions of CZK</i>	<u>For the 9 months ended September 30,</u>		
	<b>2002</b>	<b>2001</b>	<b>Change</b>
<b>Revenue s</b>	<b>21 220</b>	<b>22 522</b>	<b>(6%)</b>
<b>Net service revenue *)</b>	<b>16 283</b>	<b>15 400</b>	<b>6%</b>
<b>Gross margin</b>	<b>14 792</b>	<b>14 507</b>	<b>2%</b>
Gross margin in %	70%	64%	
<b>EBITDA</b>	<b>10 786</b>	<b>10 492</b>	<b>3%</b>
EBITDA margin in %	51%	47%	
<b>Net income</b>	<b>5 076</b>	<b>4 951</b>	<b>3%</b>
Net income in %	24%	22%	

*\*) Recurring revenue less interconnect*

# Operating Results in 2002

	<u>For the 9 months ended September 30,</u>		
	<u>2002</u>	<u>2001</u>	<u>Change</u>
Ending number of customers	3 679	2 859	29%
Total minutes of use (in millions)	3 111	2 704	15%
Total SMS (in millions)	1 472	984	50%

# Eurotel – RadioMobil Comparison in EUR

## For the Six Months Ended June 30, 2002

<i>in millions of EUR</i>	<b>Eurotel</b>	<b>RadioMobil</b>	<b>Difference</b>
Revenues	447	325	37%
EBITDA	222	151	47%
Customers (in thousands)	3 567	3 150	13%
Net adds (in thousands)	329	300	10%
ARPU (in EUR)	20	15	31%

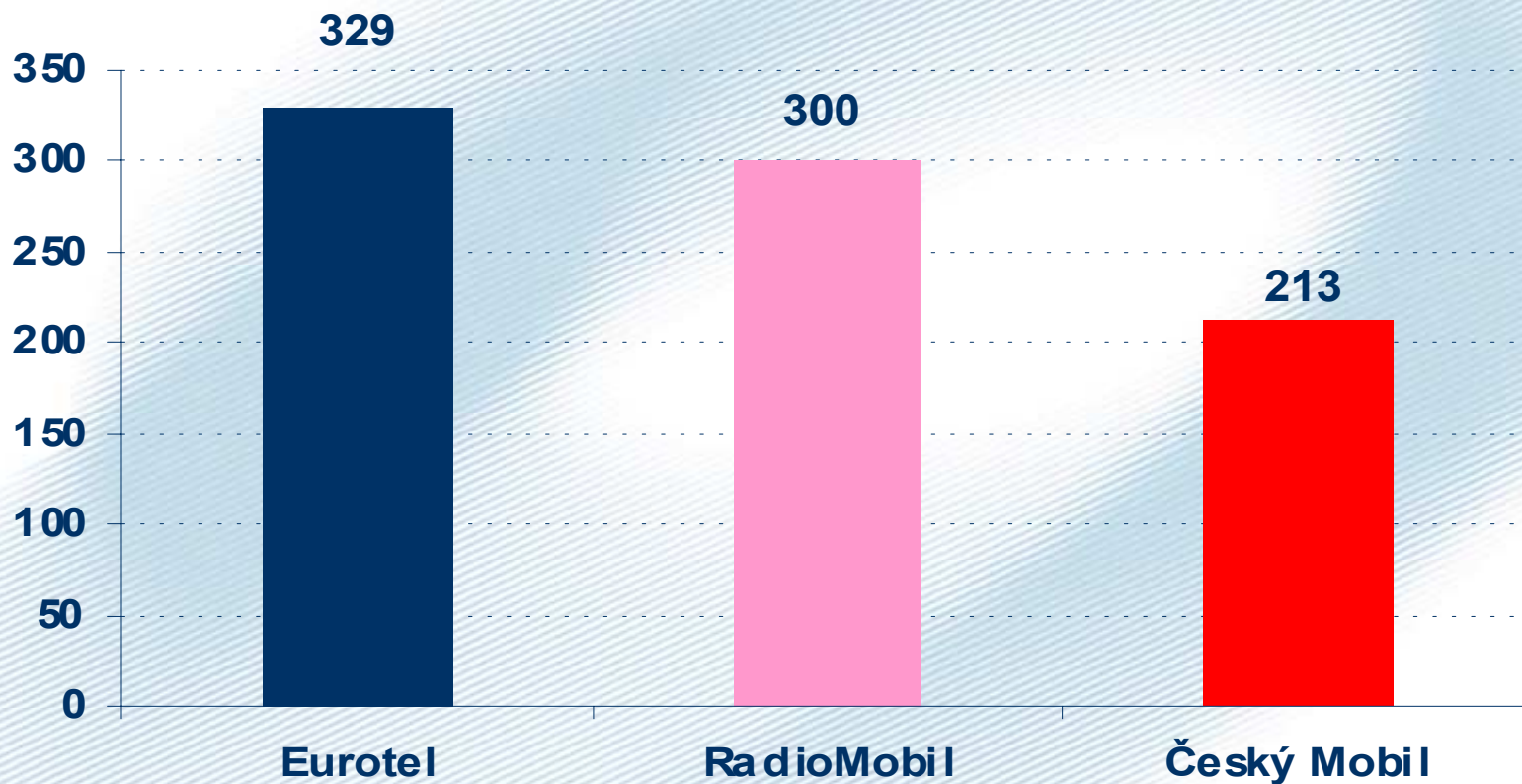
**Source:** Eurotel, Deutsche Telekom press releases





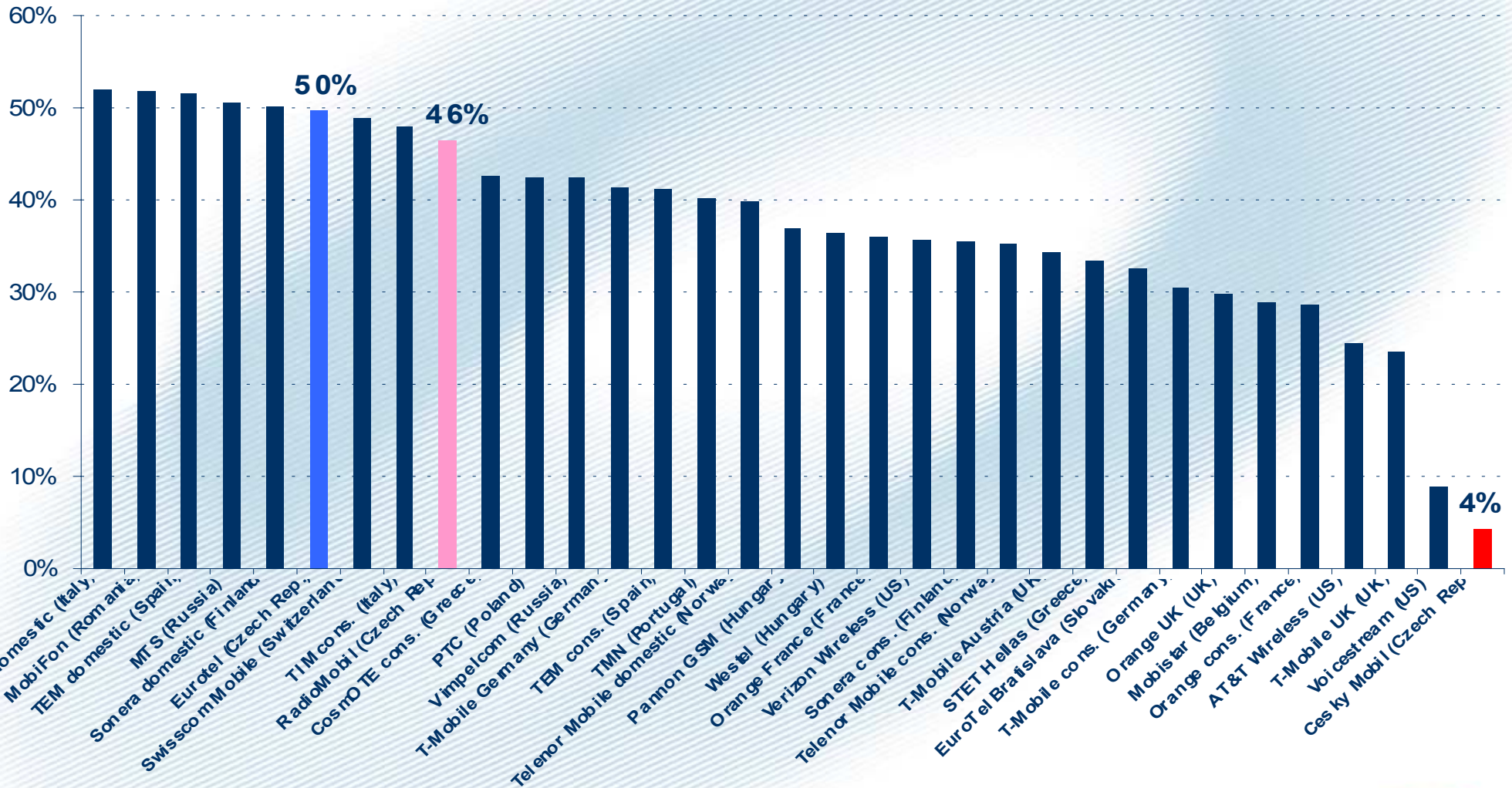
# Net Adds Comparison

For the Six Months Ended June 30, 2002



# EBITDA Margin Comparison

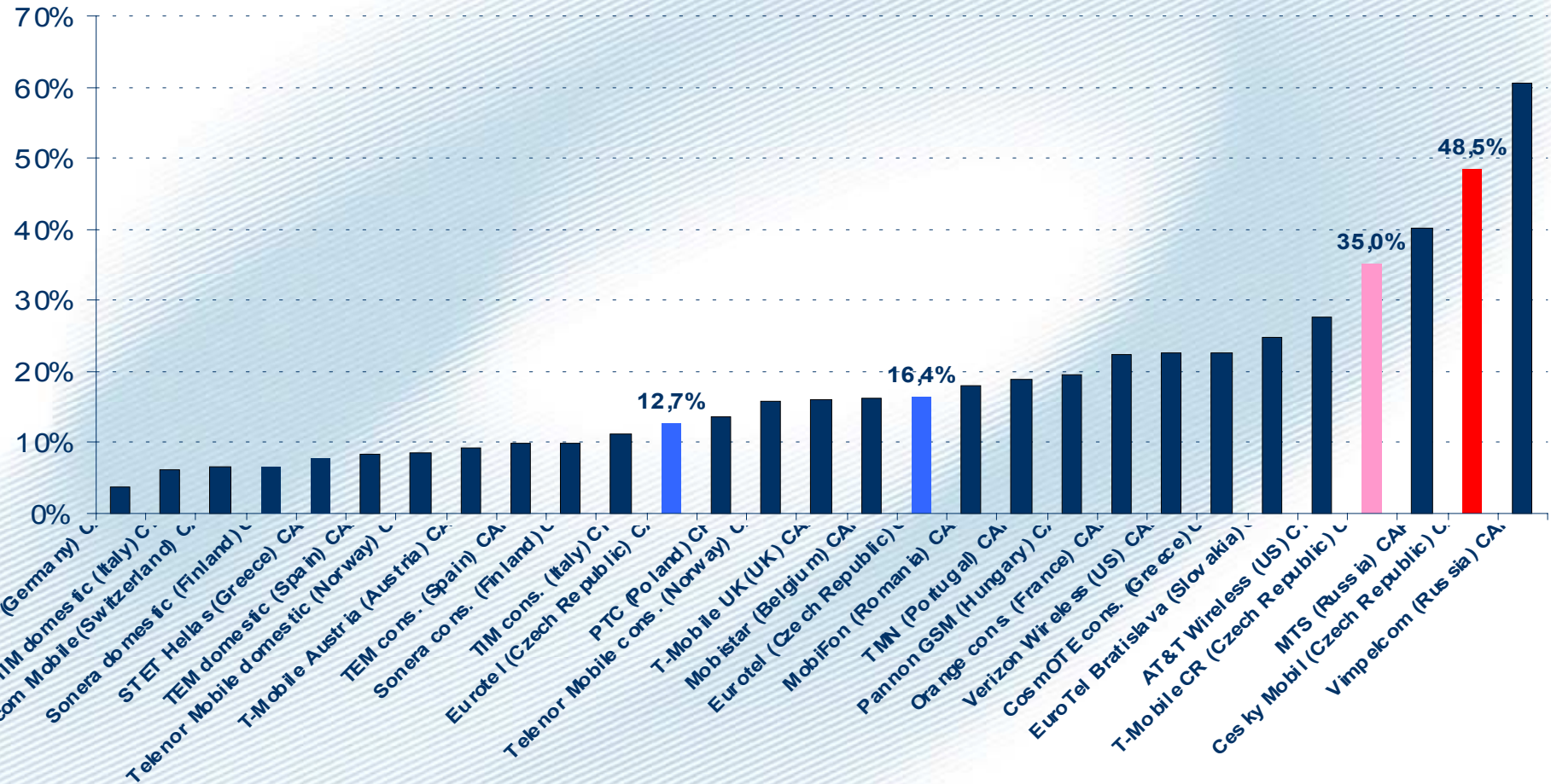
For the Six Months Ended June 30, 2002



Source: Company press releases



# 1H02 Capex/Sales (excluding license payments)



**Note:** CF - figures from cash flow statement were used.  
CAP - gross additions to fixed assets were used.

Source: Company data

