

ČESKÝ TELECOM

2002 RESULTS

Analyst Meeting 2003

Prague

March 28, 2003

CAUTIONARY STATEMENT:

Any forward-looking statements concerning future economic and financial performance of CESKY TELECOM, a.s. contained in this Presentation are based on assumptions and expectations of the future development of factors having material influence on the future economic and financial performance of CESKY TELECOM, a.s. These factors include, but are not limited to, public regulation in the telecommunications sector, future macroeconomic situation, development of market competition and related demand for telecommunications and other services. The actual development of these factors, however, may be different. Consequently, the actual future results of economic and financial performance of CESKY TELECOM, a.s. could materially differ from those expressed in the forward-looking statements contained in this Presentation.

Analyst meeting 2003

Hosted and presented by

Juraj Šedivý

Executive Vice-President and CFO



- CFO since September 2001
- Joined Český Telecom in 1997
- CFO of Globtel between 1996 and 1997
- Controller at Johnson & Johnson Consumer Products in Czech/US between 1992 and 1996
- MBA degree from Rochester Institute of Technology
- Certified Management Accountant
- Masters degree in Mechanical Engineering

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1. Executive summary

2. Czech telecommunications market

3. Fixed-line & Internet Business

4. Consolidated financial data

5. Eurotel

6. Group strategy, Outlook

7. Q & A

ČESKÝ TELECOM in 2002

Overall market environment

- Political & Macroeconomic environment, floods
- Regulatory environment
- Competition - FOLO, MOLO / local, intl.

ČTc strategy

- Protect revenues via customer approach
- Focus on data, internet & customer solutions
- Take add. cost efficiency measures
- Investment efficiencies
- Focus on margins & cash flows

Key achievements in 2002

improved EBITDA margin
growth of FCF
reduced CAPEX

Stable outlook for 2003

Key events

- **New tariff structure introduced – February 2002**
- **100% Digitalization – June 2002**
- **CS introduced as of 1 July 2002**
- **Domestic bond program & bond issue CZK 3 bn /4.55%/3 years – July 2002**
- **Regulator canceled initial CTc ADSL offer**
- **Floods in August 2002**
 - **Approx. 120,000 lines were temporarily out of order**
 - **Quantification and settlement of insurance claim are ongoing**
 - **Overall damage will not have material impact on the company's financials**
- **Renumbering of fixed line and mobile networks in the CR – Sept. 2002**
- **Mobile penetration in the CR 84% at the end of 2002**
- **Privatization**

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Political & Macroeconomic environment

- **General Elections - coalition led by Social Democrats since July 2002**
- **EU entry - legislative compliance with EU seems a priority, entry expected in 2004**
- **Privatization - canceled in Dec 2002, re-start expected in 2004/2005**
- **Minority Shareholders' Rights - Constitutional court ruled that acquisition of a majority stake via privatization constitutes obligation to buy out minorities**
- **Public debt levels worry but economy seems healthy:**
 - **GDP growth remains in black figures: 2.0% in 2002 ¹⁾**
 - **Unemployment relatively high 9.8% at the end of 2002**
 - **Inflation still decreasing: 1.8% (2002 vs. 2001)**
 - **Relatively strong Czech Koruna**

¹⁾ Preliminary estimate

Regulatory environment

- **CTO has addressed number of significant issues as independent regulator since July 2000:**
 - **Interconnection charges (to fixed networks, to mobile networks)**
 - **Internet interconnection**
 - **CS / CPS / NP prices**
 - **Tariffs**
 - **LRAIC replaced historical allocations of costs methodology**
 - **CTO under pressure from telco operators for lack of transparency in decisions**
 - **Attempt to reach consensus on ADSL**
- **LLU expected to become part of the Telco Act amendment in 2003**

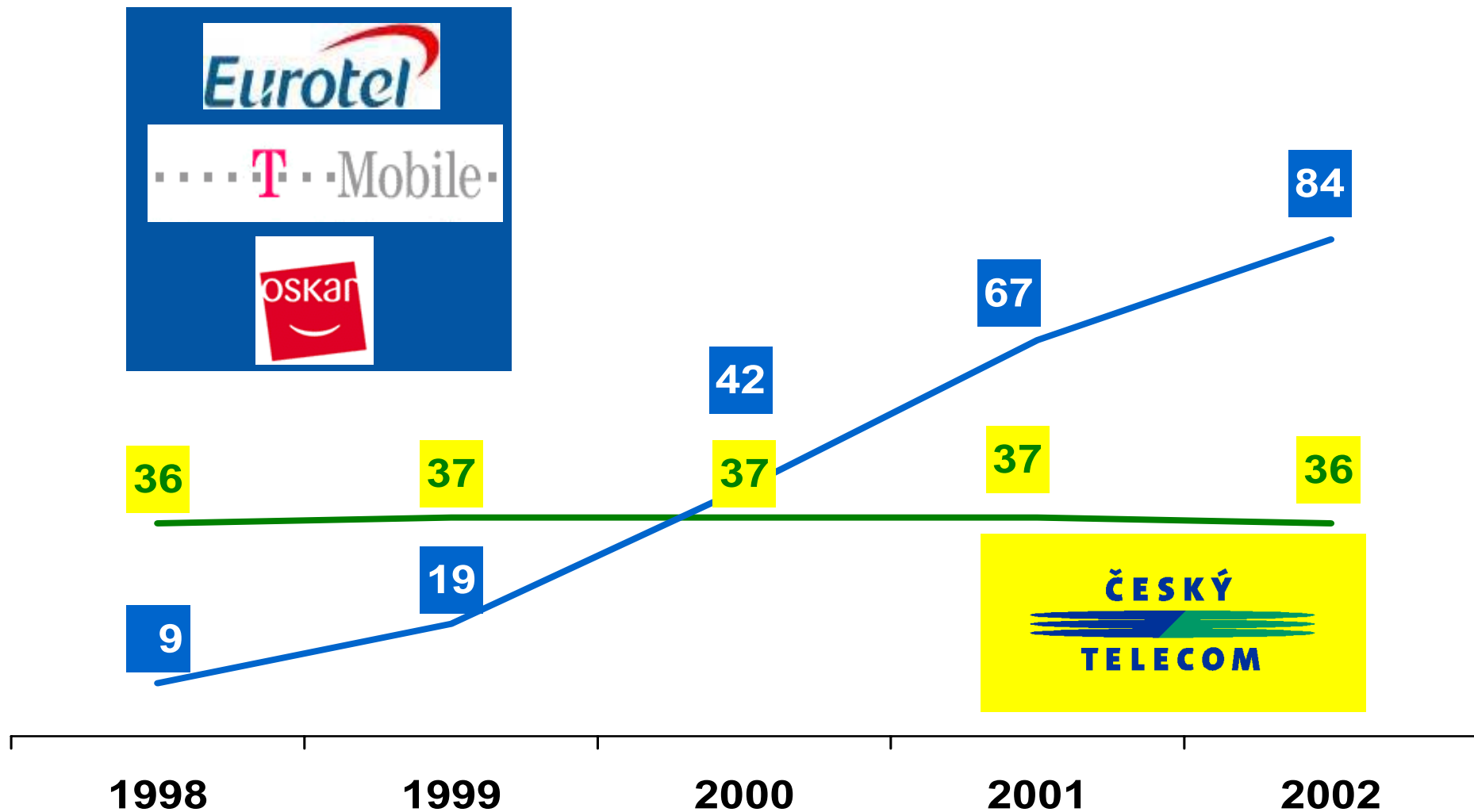
Czech telco market dynamics

- **Mobile market - outperforms EMEA peers (YE02 penetration 84%)**
- **Fixed line market - competition focused predominantly on business segment**
- **7 OLOs entered the market with CS and 4 with CPS**
- **Fixed-line penetration - stable for 3-4 years (approx. 36% at YE02)**
- **Internet - increase in both PC and Internet penetrations, competitive but dynamic segment**
- **Regulatory decisions - driver for interconnection prices to fixed line and mobile networks and to internet, and CS / CPS prices**

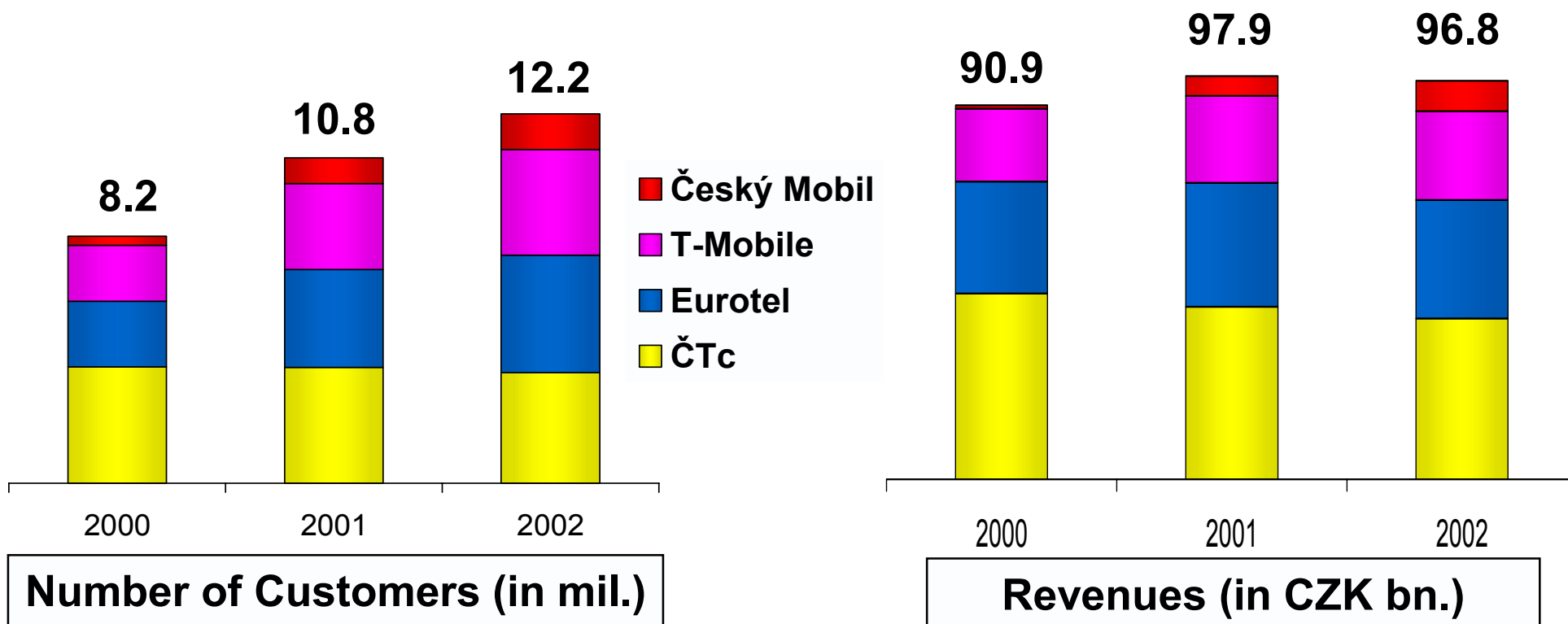
Fixed telco competitive environment



Development of F/M penetration



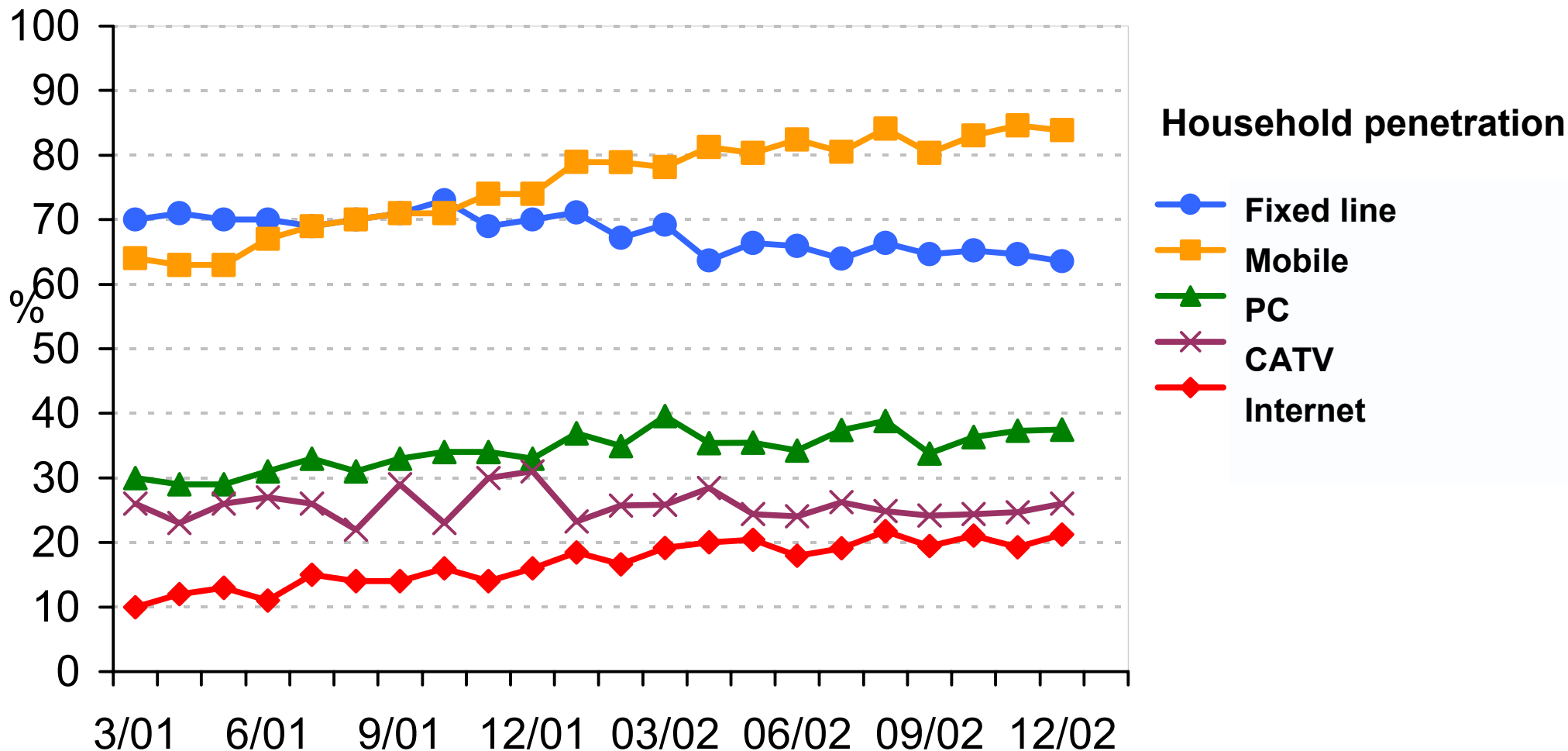
Voice Market: F-M and M-M competition




Note: Alternative fixed line operators are not included – fin.& oper. data are not available

Source: Company data

Household Equipment in the Czech Republic



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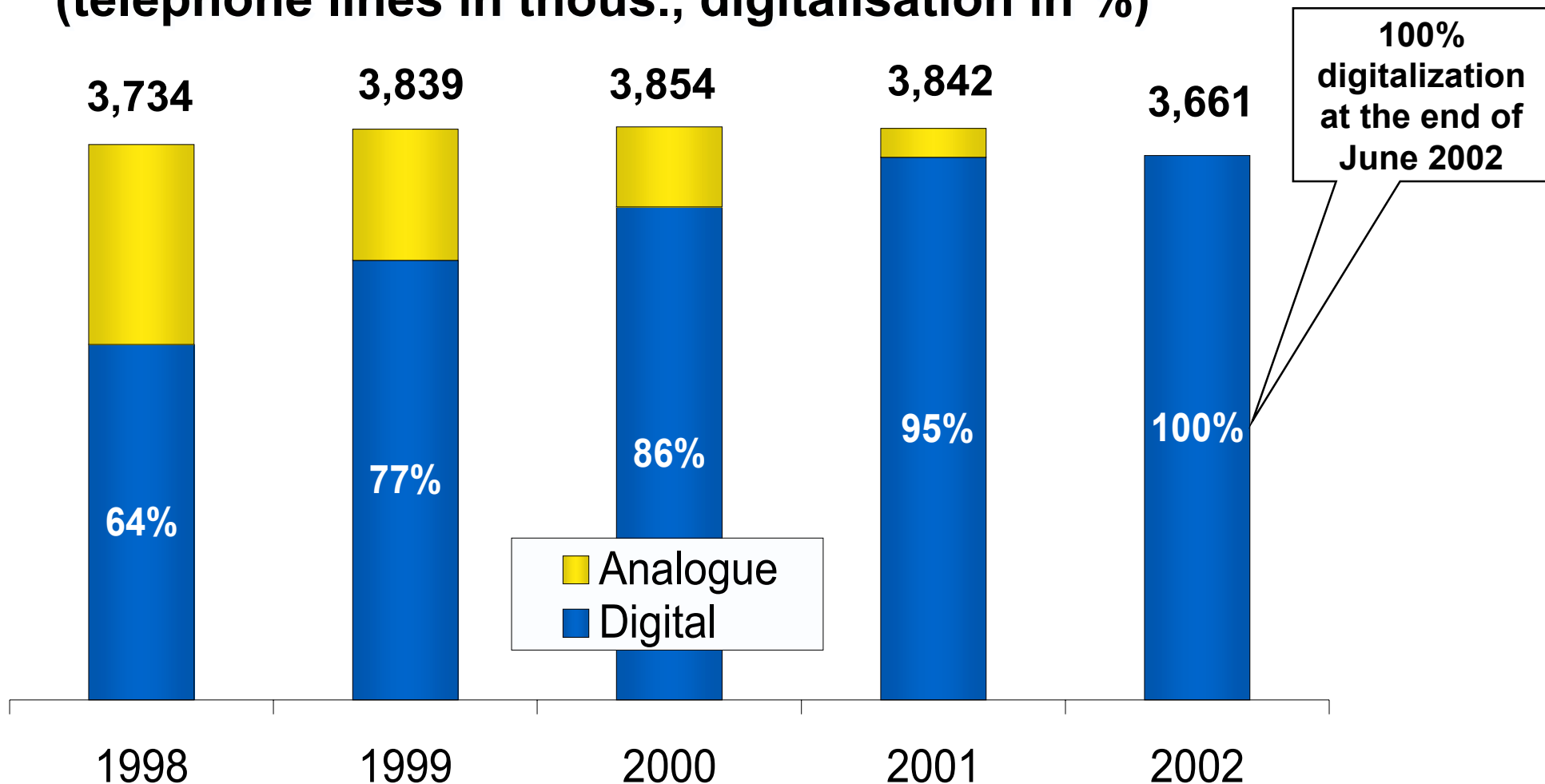
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Fixed-line Operational Overview

	2001	2002	Chg.
Number of fixed lines (thous.)	3,842	3,661	(5%)
of which ISDN channels (thous.)	261	389	49%
Internet users (thous.)	481	702	46%
Employees (thous.)	15.2	13.7	(10%)
Lines per employee	253	267	6%
Digitalisation in %	95	100	
Penetration of population in %	37	36	

Telephone Lines, Digitalisation

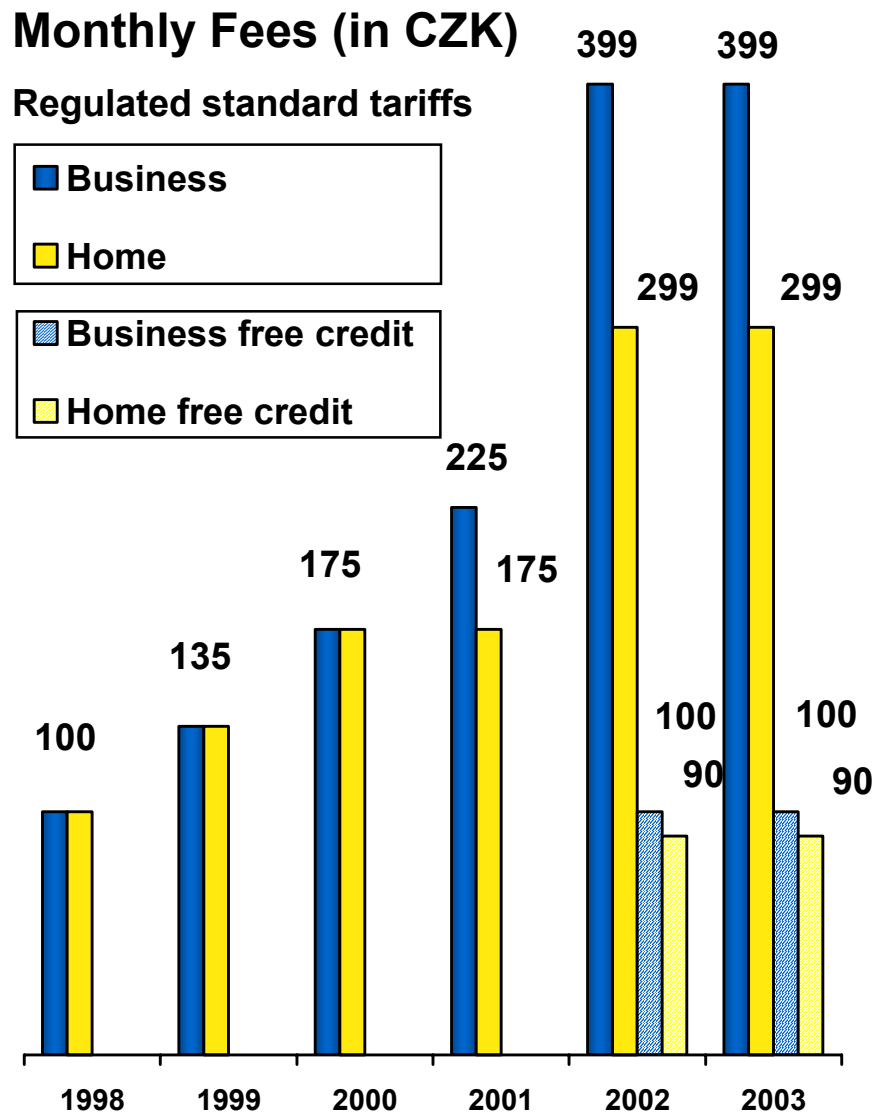
(telephone lines in thous., digitalisation in %)



Note: Total number of telephone lines incl. ISDN channels

Tariffs

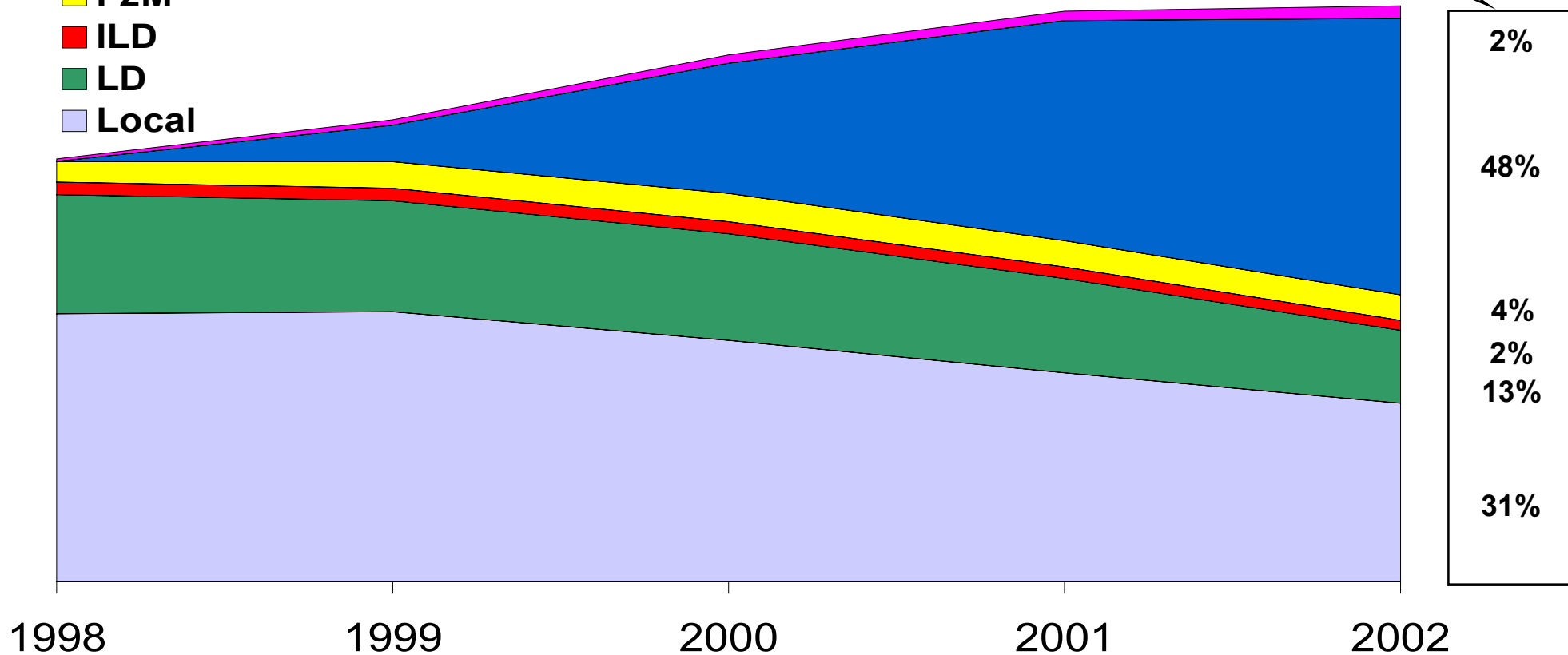
- 3 tariff programs are regulated by CTO
- New tariff structure introduced in Feb 02: Home and Business tariff programs; higher monthly fees incl. free credits, lower call rates F2F and F2M and internet dial-up access
- No changes in 2003
- Tariffs re-balanced except for monthly fees
- AD remains an issue
- Non regulated tariff programs make room for effective tariff changes



Traffic - significant changes

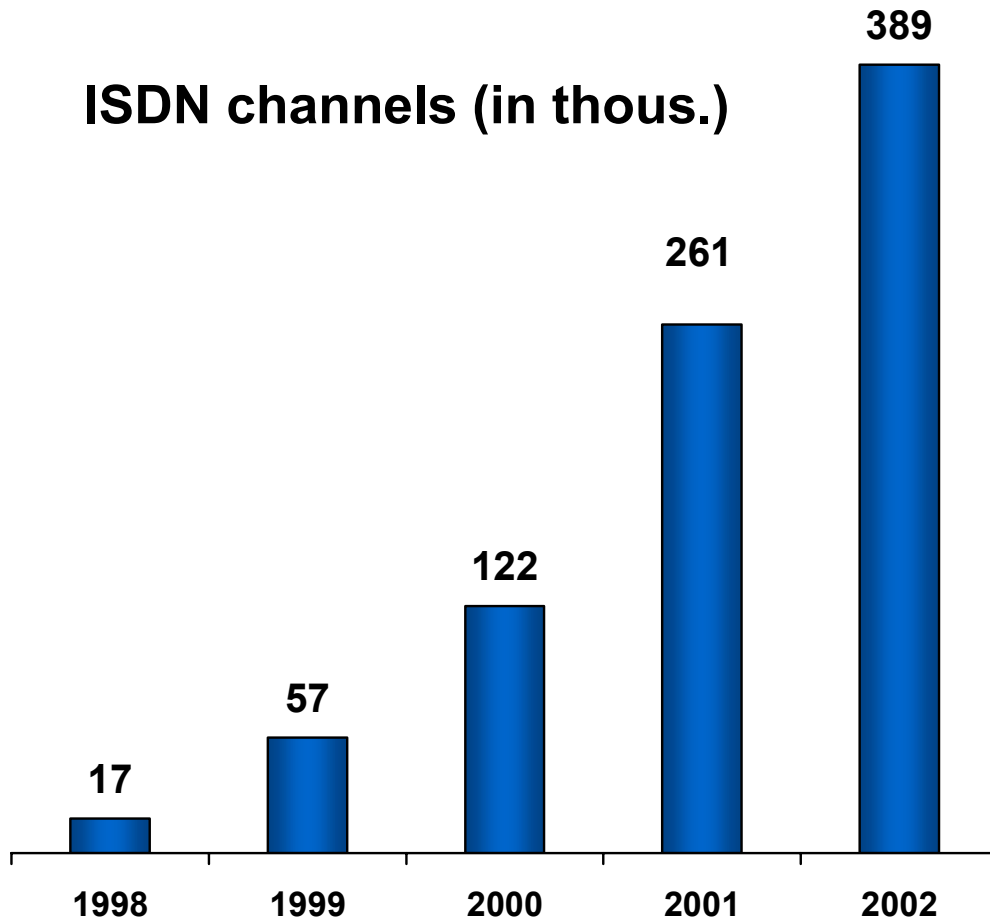
- Other
- Internet
- F2M
- ILD
- LD
- Local

% of total outgoing minutes in 2002



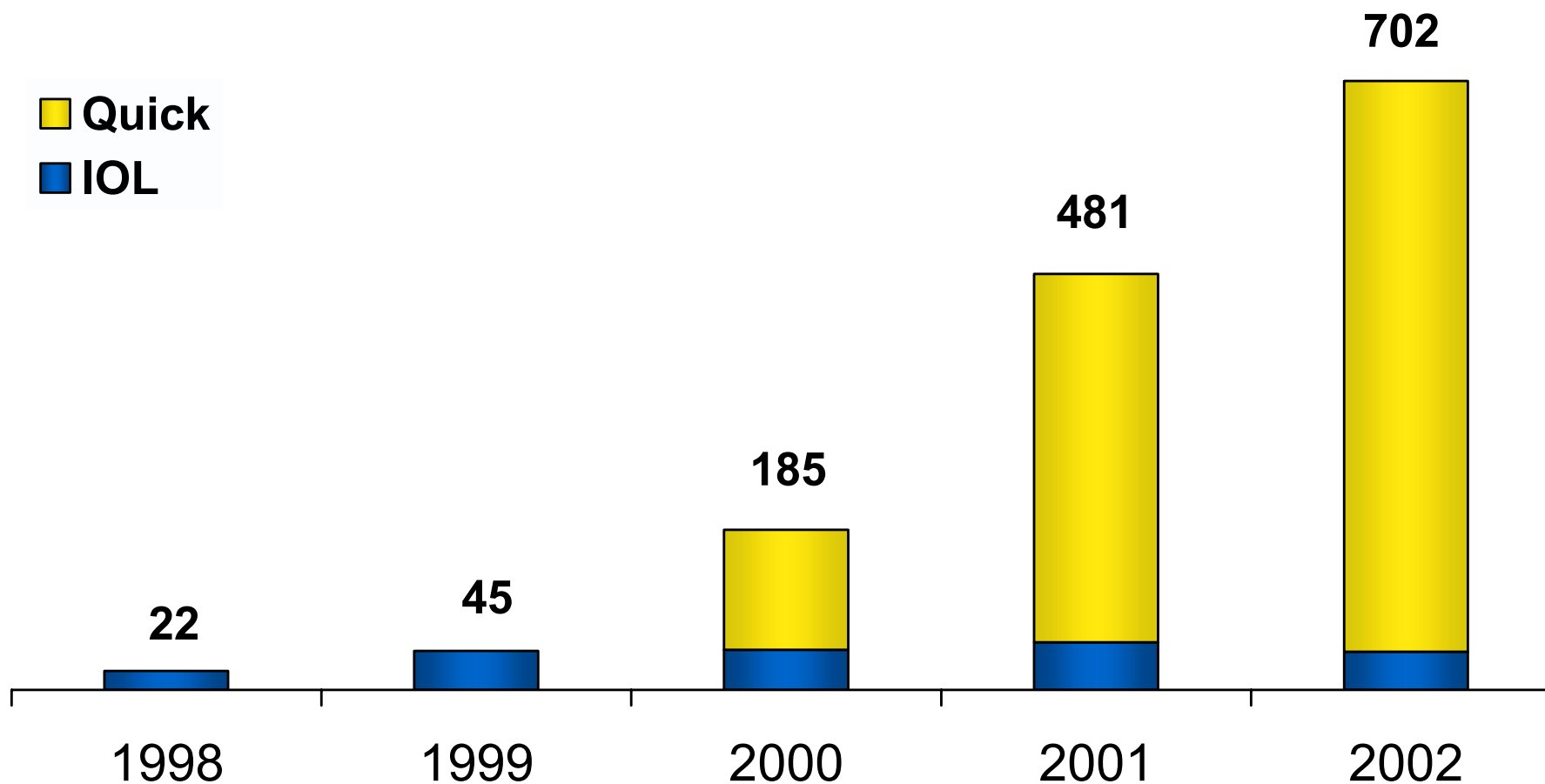
ISDN services

ISDN channels (in thous.)



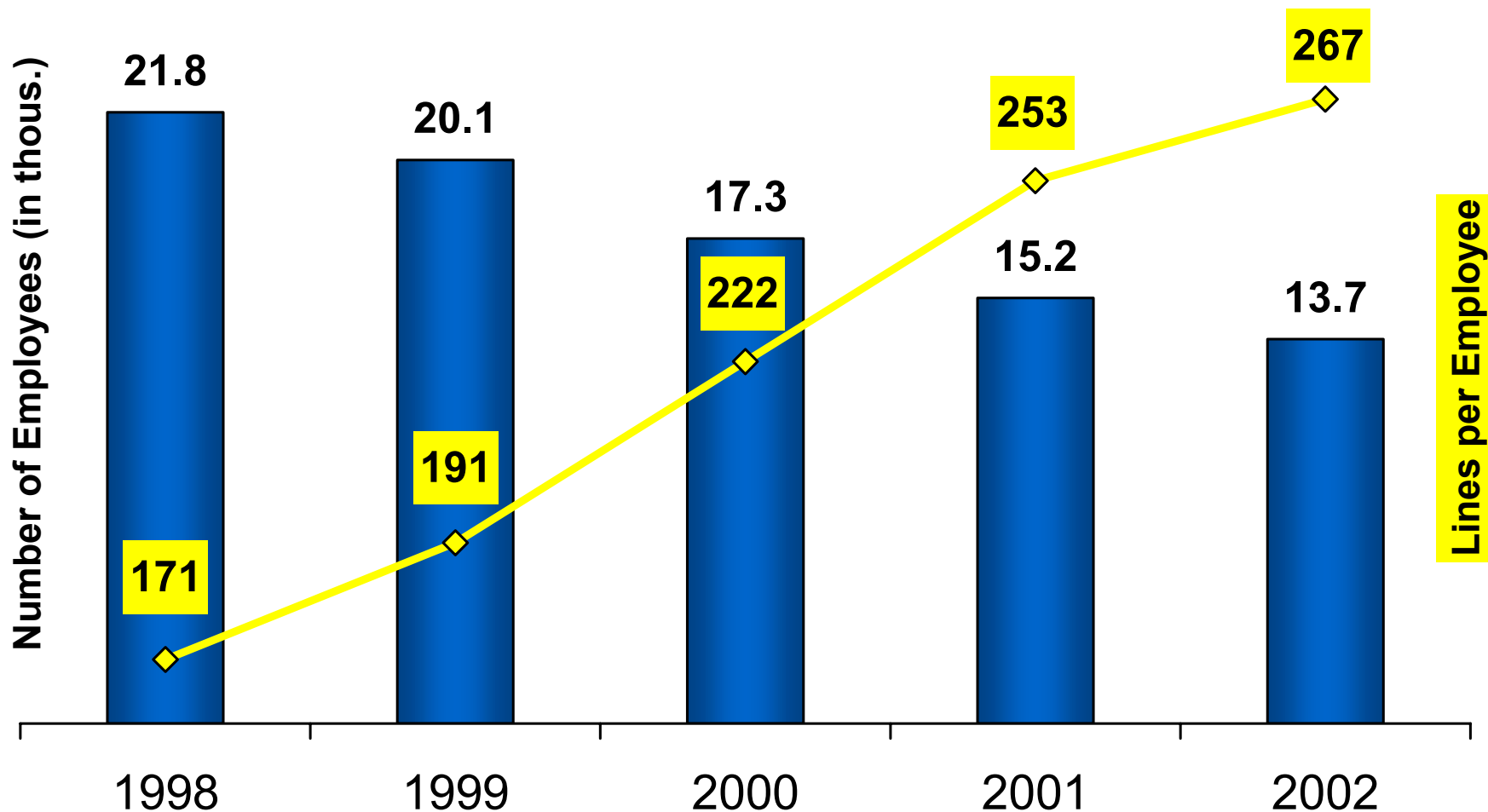
- Attractive pricing helped growth in ISDN channels in 2002
- Penetrated mainly in business segment
- ISDN adds were mostly generated by migration from PSTN to ISDN
- Increased Internet traffic on newly migrated ISDN lines
- Increasing residential Internet penetration should turn into a key driver of ISDN growth

IOL/Quick Internet Users (in thous.)



Note: Paid (IOL) and free (Quick) Internet access

Employees & Efficiency



New customer segmentation



Business solutions group

- 140 government clients
- Integrated solutions
- Connectivity

Corporate segment

- Covering TOP 1,600 largest clients
- majority uses data solutions
- alternative offers from OLO
- Strong competitors GTS, Aliatel
- Data VPN development partly covering long distance traffic
- Alternative means (facilities) for company communication

Business segment

- All business clients including SOHO
- Frequent contact by competition
- The most threatened segment by CS a CPS
- Main competitor Aliatel
- Major potential market for ADSL (Revenues)

Residential segment

- Covering all individual clients – households
- Growing internet penetration of households
- Responsive to CPE initiatives mobile substitution
- Dial-up connection to internet
- Major potential market for ADSL (# lines)
- Main competit. TELE2

Fixed line services - Strategy for 2003

- Revenue Retention at Voice Services
- Revenue Growth Strategy focused on
 - Internet penetration stimulation (ISDN)
 - Data services (ADSL, IP Call, Frame Relay, etc.)
- Integrated customer solutions
- Partnerships / alliances
- Divisional Operational excellence
- Call Centre Optimatisation – Active Sales Channel
- Sales efficiency through sales Channel Optimatisation


Evolution of strategy

Product and
technology
focus



Customer focus
– Value Added

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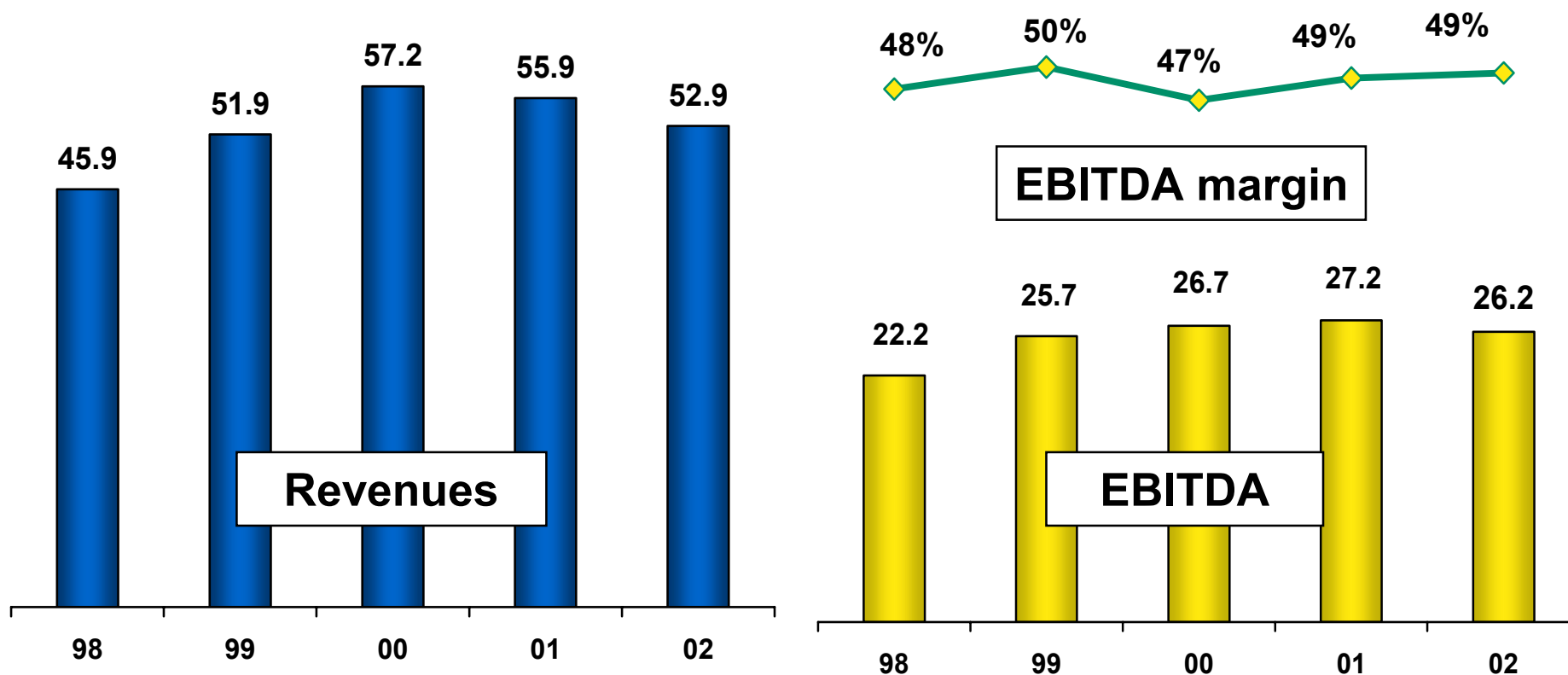
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Consolidated Financial Overview

	2001	2002	Chg.
Revenues	55.9	52.9	(5%)
Operating Costs excl. D&A	28.7	26.7	(7%)
EBITDA	27.2	26.2	(4%)
Depreciation & Amortisation	17.0	19.1	12%
EBIT	10.1	7.1	(30%)
Net interest & Other charges	1.3	1.0	(28%)
EBT	8.8	6.1	(30%)
Net Income	6.1	4.3	(30%)
EBITDA Margin in %	48.6	49.5	
Loans & Overdrafts	27.0	22.0	(18%)
CAPEX	18.9	11.3	(40%)

Note: consolidated, audited under IFRS, in CZK bn.

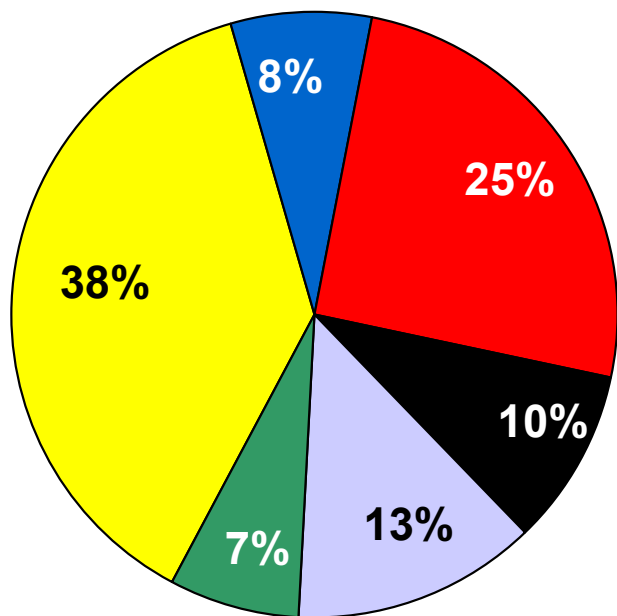
Revenues, EBITDA, EBITDA margin (in CZK bn.)



Note: consolidated, audited under IFRS

Revenue Breakdown

2001

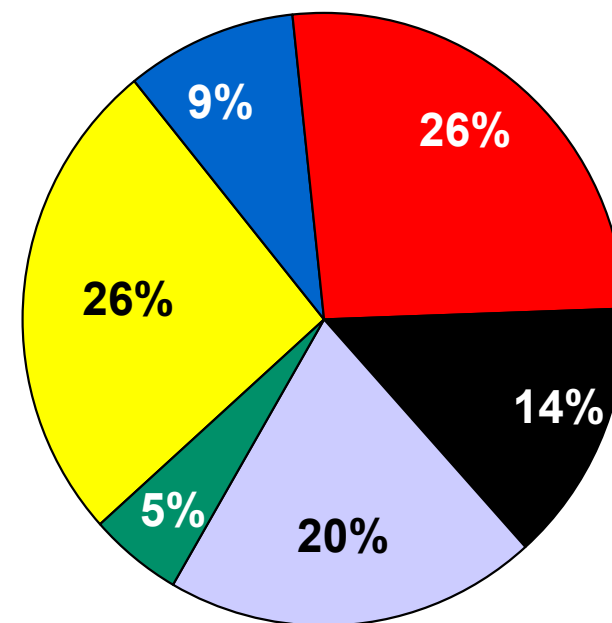


CZK 55.9 bn.



- Call Revenues (-35%)
- Other 1) (+15%)
- Eurotel consolidation (-1%)
- Data, Internet, ISDN & VAS (+37%)
- Subscr. Charges (+46%)
- Rev. from operators (-34%)

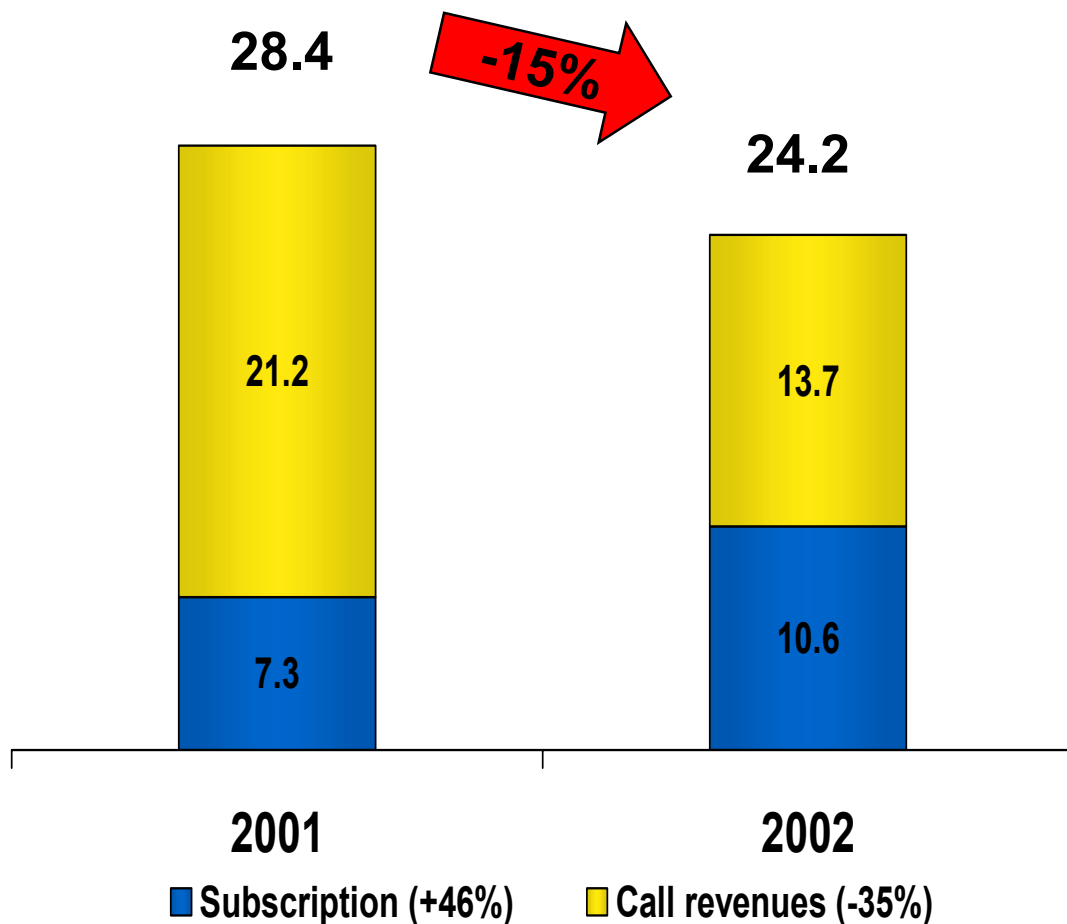
2002



CZK 52.9 bn.

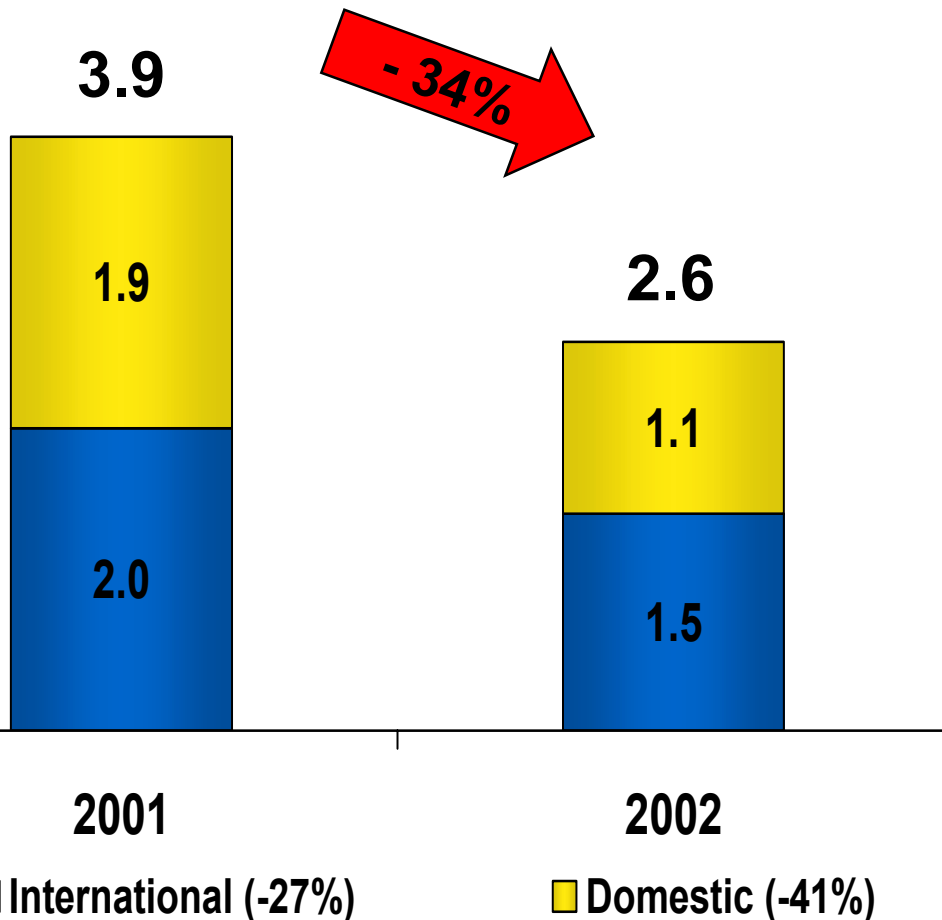
1) Other includes Connection charges, Equipment, Leased lines & Other Revenues
Note: audited under IFRS

PSTN Subscription & Call Revenues (CZK bn.)



- Tariff change in Feb 2002 - monthly rentals include free call credits – one-off effect on PSTN call and subscription revenues distribution
- No. of lines down by 5% to 3.6 mil. while ISDN channels up by 49% to 389 thous. as of 2002
- Revenues from ISDN lines reported within revenues from data services
- Cheaper tariffs increased internet dial-up traffic from 39% to 48% of total outgoing traffic in 2002

Revenues from other network operators (CZK bn.)



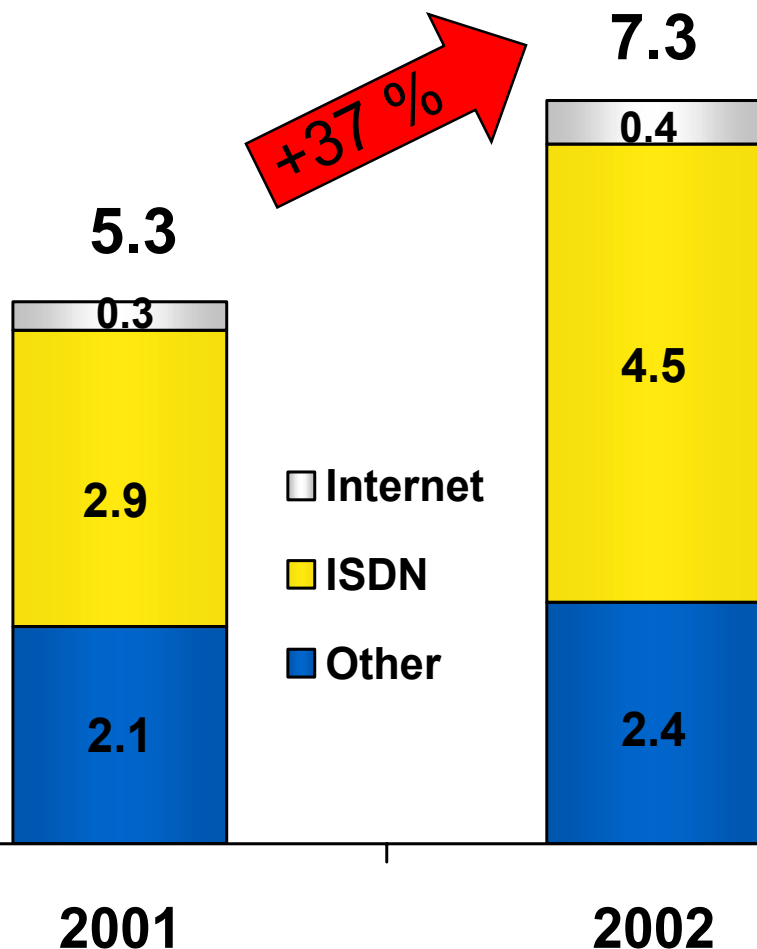
Domestic operators

- Decrease in interconnect prices to fixed networks
- Mobile penetration increased from 67% to 84% - more M2M calls

International operators

- Strength of CZK
- Further decline in settlement rates
- Very competitive segment

Data, ISDN, Internet and other services (CZK bn.)



Internet

- IOL/Quick users up 46% to 702 thous.
- Revenues up 55% to CZK 429 mil.
- IOL recognized quality provider

ISDN

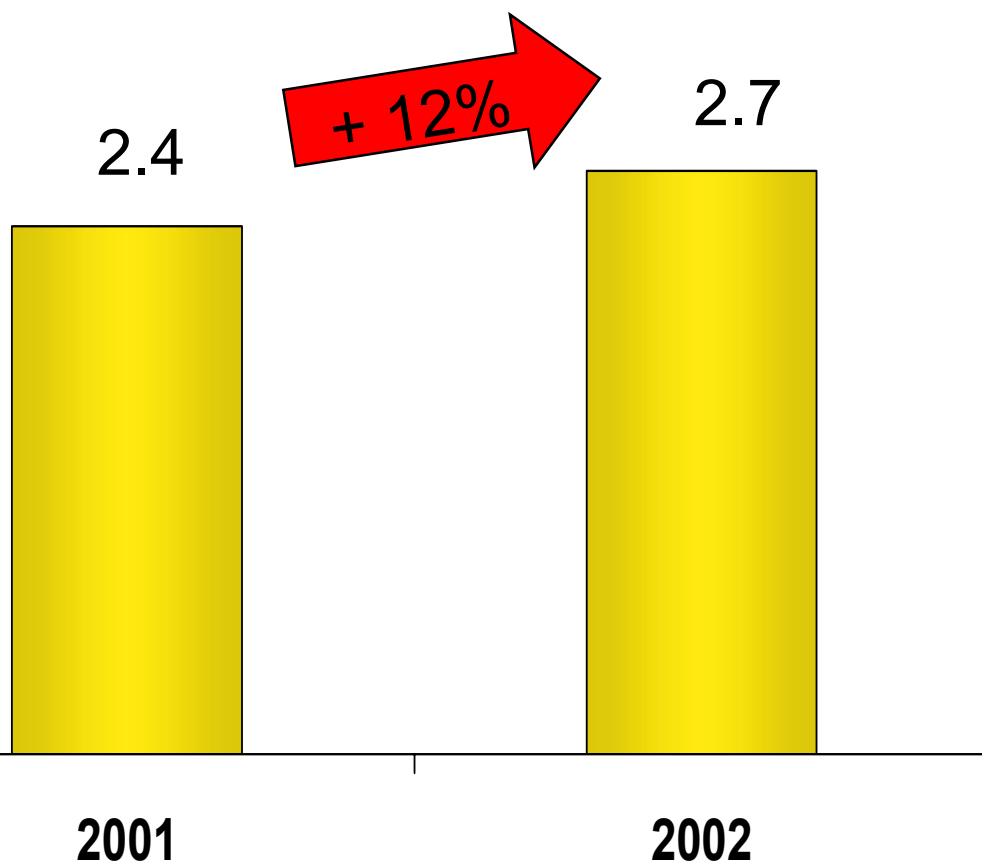
- Channels up 49% to 389,000
- Revenues up 55% to CZK 4,509 mil.
- Reduced prices & aggressive marketing

Other ¹⁾

- Revenues up 11%
- Declining prices for DNS
- Increasing demand for VAS

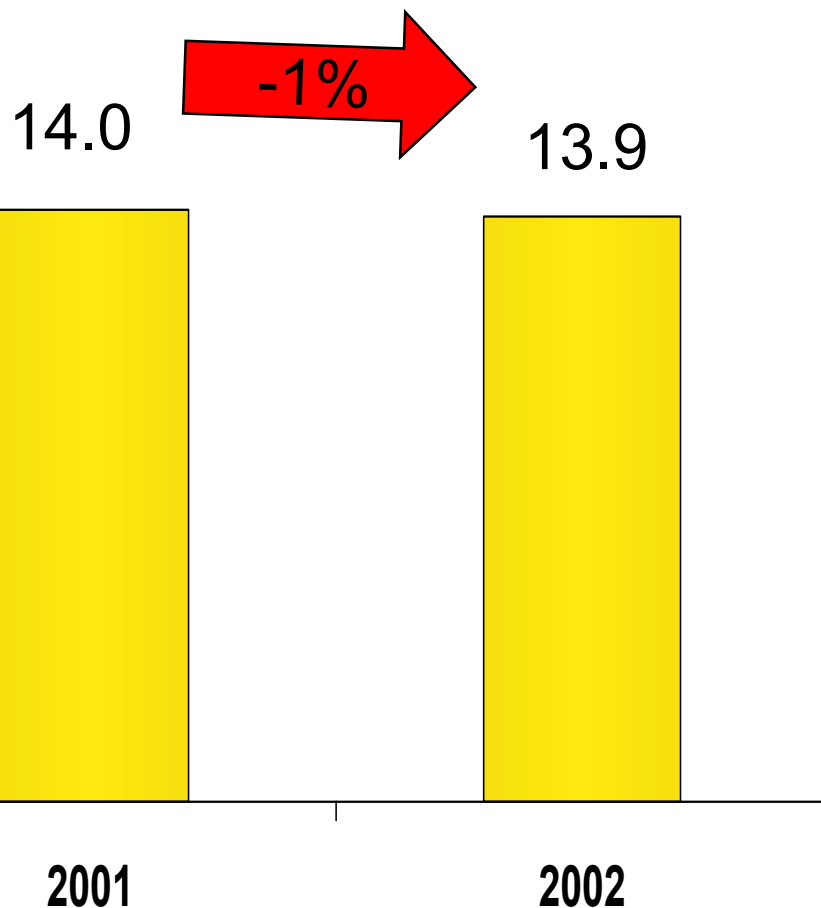
¹⁾ Other includes DNS, Data transm., VAS and other telephony

Leased Line Revenues (CZK bn.)



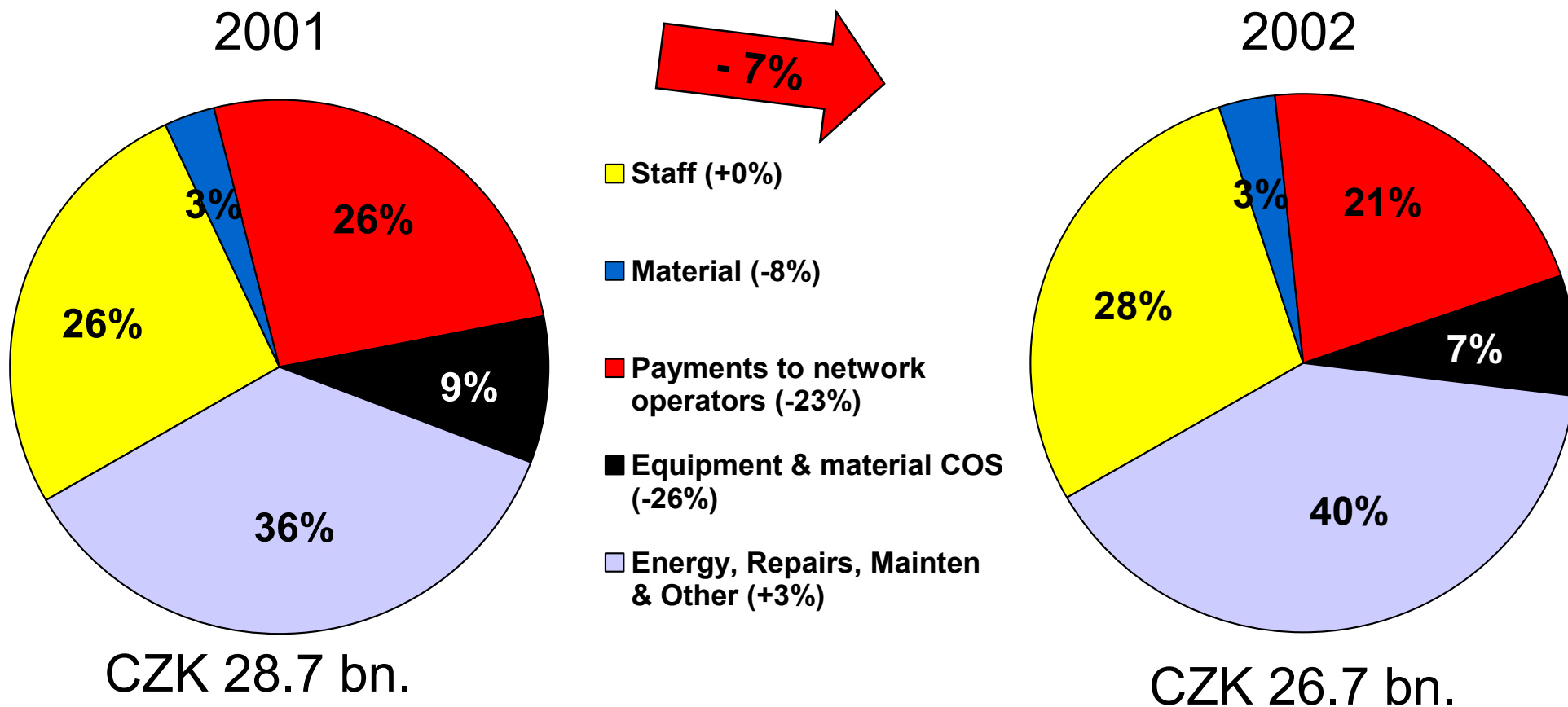
- **Growth driven by wholesale segment**
- **Competitive mkt. in retail**
- **Customer move from classic voice services to leased line & data services**
- **Declining prices**

Eurotel - consolidation (CZK bn.)



- Total number of users up by 20% to CZK 3,891 thous.
- Number of net adds down by 39% to 653 thous. users
- Interconnection prices to mobile networks down to CZK 3.66/min at the end of 2001
- Increasing M2M traffic
- Highly competitive 3-operator market
- VAS and data usage continued to rise

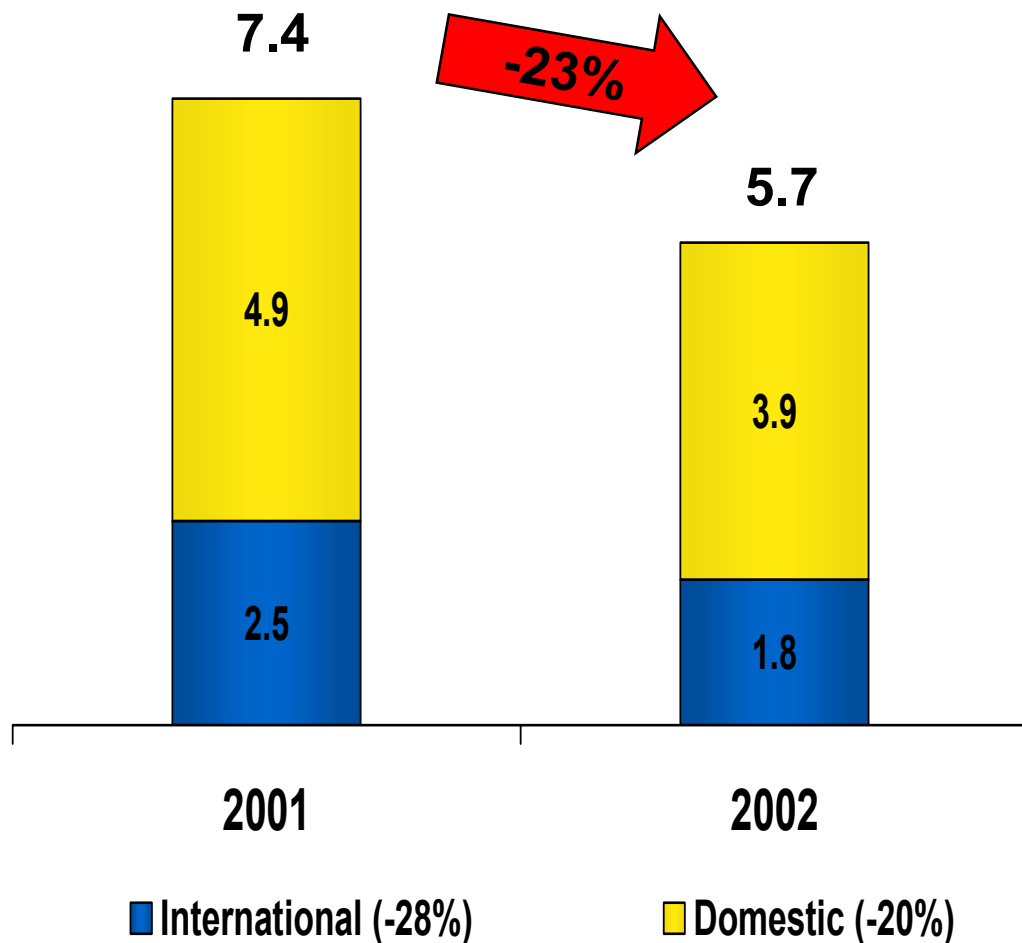
Operating Cost Breakdown



Note: Legend is yoy % change in absolute values

Consolidated, audited under IFRS

Payments to other network operators (CZK bn.)



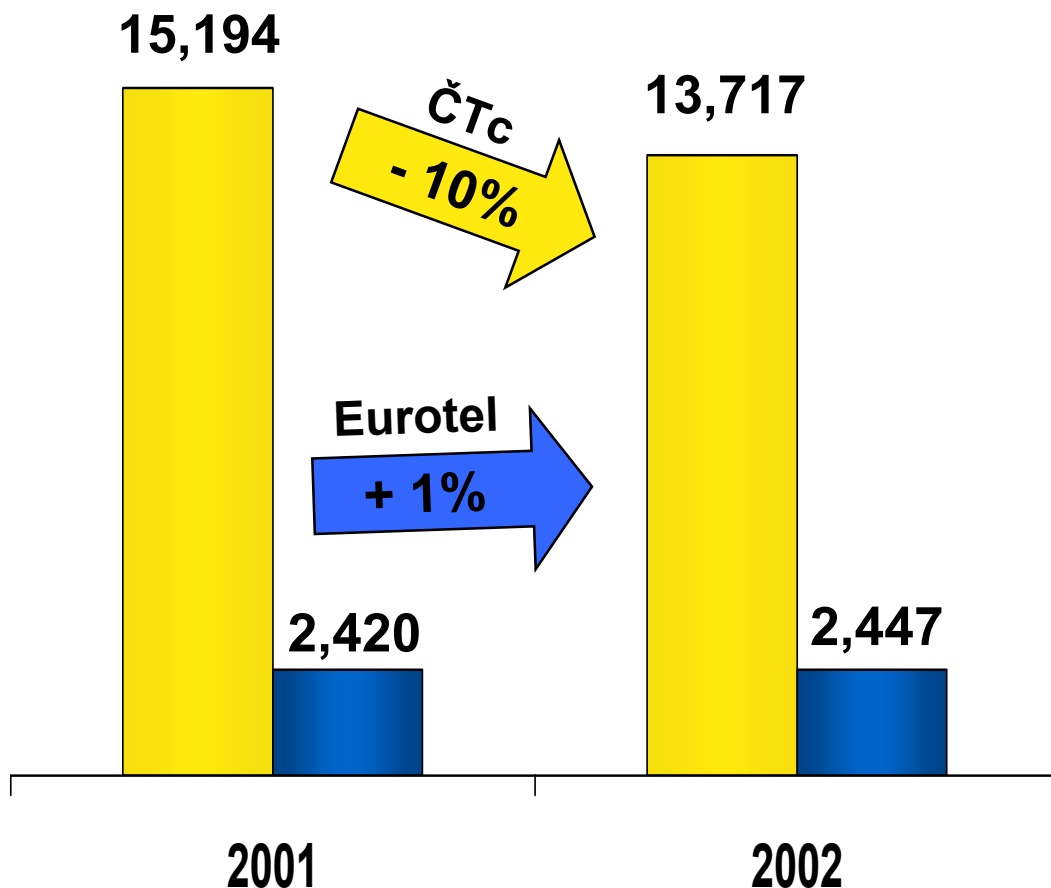
Domestic

- CTO set lower interconnect fees for both F&M networks
- F2M outgoing traffic down by 2% to 530 mil. minutes
- Increasing M2M traffic

International

- Termination rates declines
- Outgoing intl. traffic from ČTc network down by 14% to 205 mil. minutes
- Strength of CZK

Employees



- Consolidated Staff cost yoy 0% at CZK 7.6 bn.
- Changing structure of employees at CTc
- Fixed line efficiency increased 6% to 267 lines per CTc empl.
- Eurotel's efficiency up 19% to 1,590 mobile users per ET empl.

Balance sheet

	2001	2002	Chg.
Fixed Assets	140.8	131.2	(7%)
Current Assets	18.3	25.1	38%
- Cash and cash equiv. ¹⁾	7.5	15.3	104%
Total Assets	159.1	156.4	(2%)
Equity	107.0	111.3	4%
- share capital	32.2	32.2	0%
- reserves	74.8	79.1	6%
Liabilities	52.0	45.0	(13%)
- Debt	27.0	22.0	(18%)
Net gearing ²⁾	18%	6%	

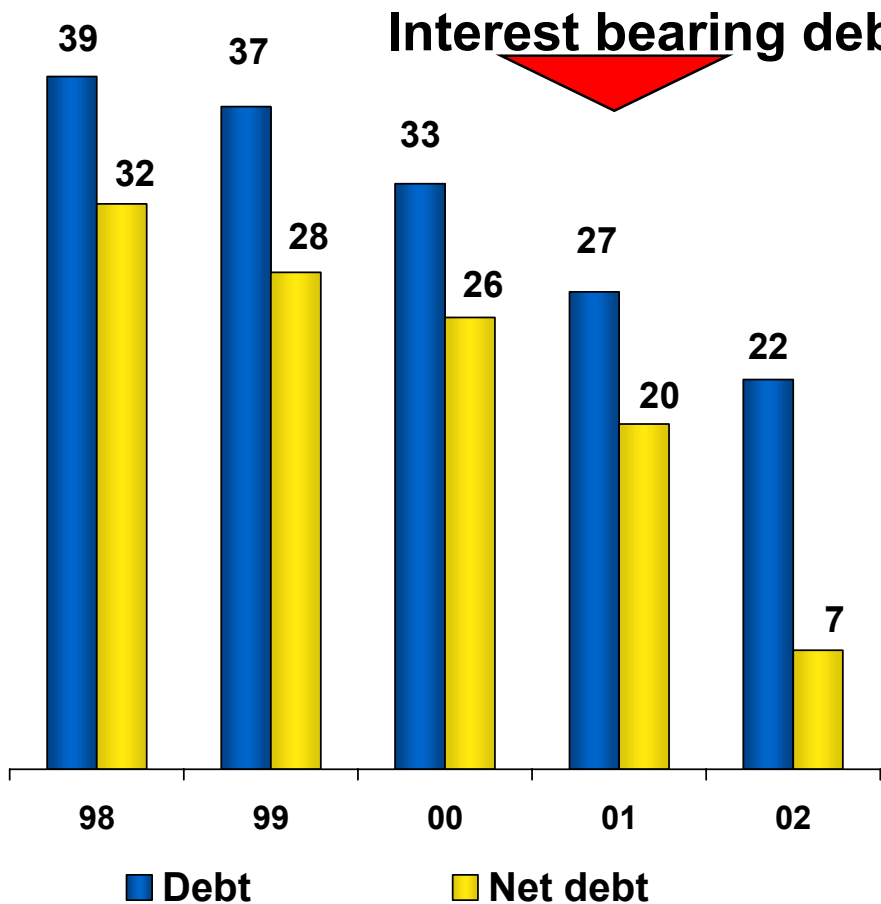
¹⁾ incl. Held-to-maturity investments and Available-for-sale investments

²⁾ Net gearing = (Interest bearing debt – cash & cash equivt.) / Equity

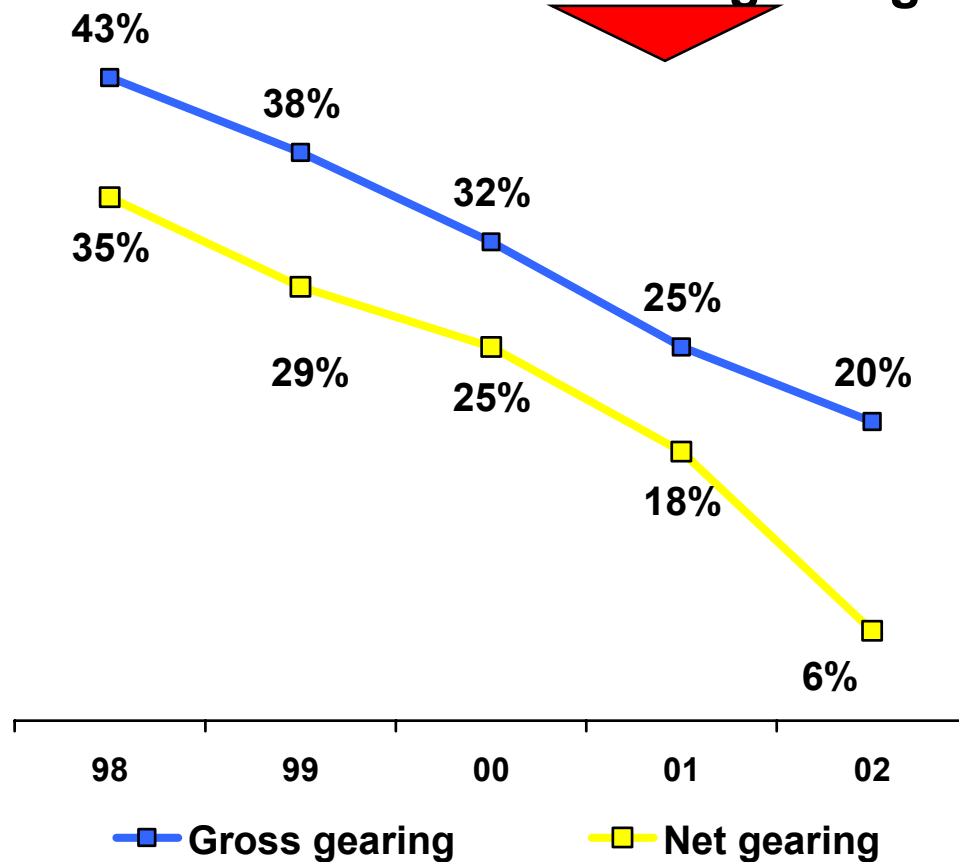
Note: figures in CZK billion, consolidated, audited under IFRS

Debt & Gearing

Interest bearing debt



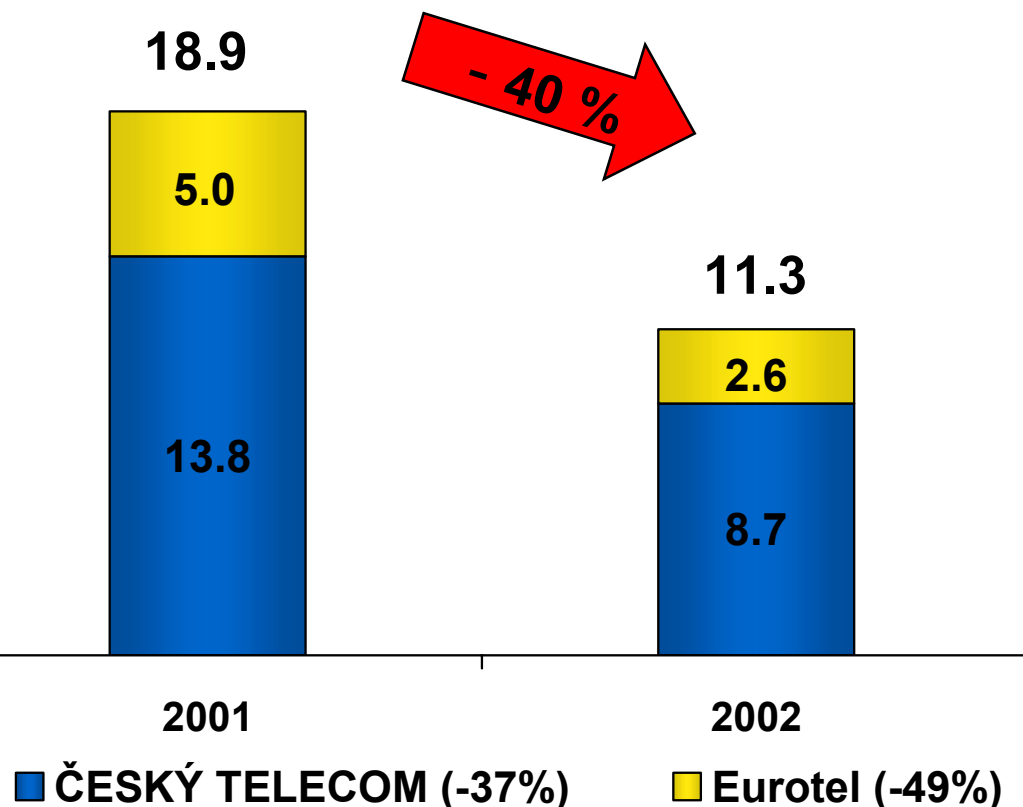
Gross & Net gearing



Note: Gross gearing = Interest bearing debt / Equity

Net gearing = (Interest bearing debt – Cash and cash equivalents) / Equity

CAPEX (CZK bn.)



Fixed line CAPEX

- **Regulatory driven CAPEX:** CS, CPS & NP, renumbering, 100% digitalization as precondition of implementation of regulatory requirements
- **Business driven CAPEX:** network maintenance CAPEX, streamlining of processes, new services; based on efficiency requirements

Eurotel CAPEX:

- **Business driven CAPEX**
- **No UMTS investments**

Cash Flow

	2001	2002	Chg.
Net cash from operating activities	22.5	21.4	(5%)
Net cash used in investing activities	(11.4)	(13.6)	20%
- purchase of PPE	(12.7)	(9.1)	(29%)
- purchase of intangible assets	(5.2)	(2.0)	(61%)
- marketable securities ¹⁾	5.6	(4.0)	(171%)
- other ²⁾	0.9	1.4	53%
Free cash flow ³⁾	5.5	11.7	112%
Net cash from financing activities	(7.6)	(4.6)	(39%)
Effect of exchange rate changes	(0.1)	0.0	n/m

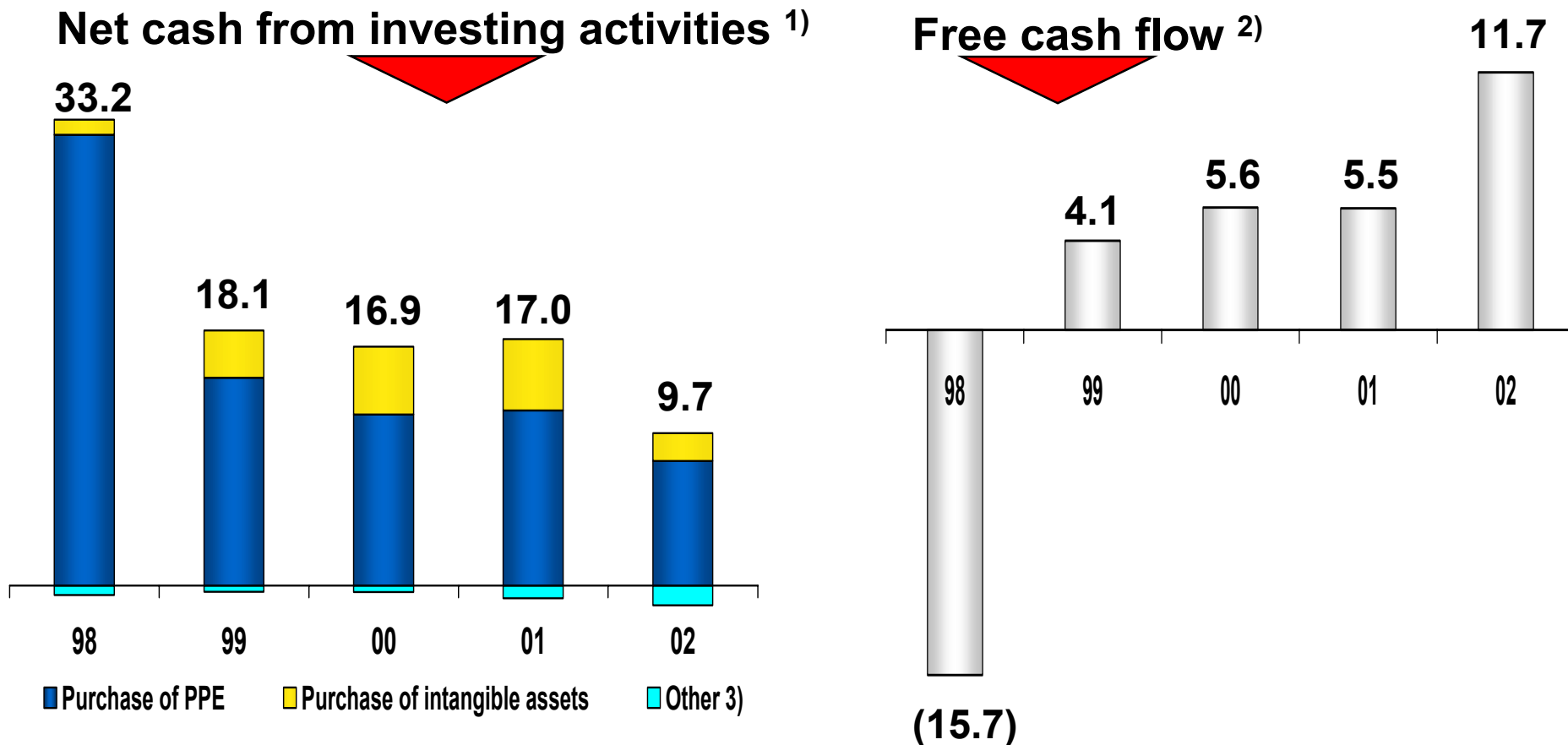
¹⁾ Sum of cash purchase of and proceeds from marketable securities

²⁾ Proceeds from sale of Tang. fixed assets, Purchase of investments and Interest received

³⁾ Net cash from operations – Net cash used in inv. activities excl. Marketable securities

Note: figures in CZK billion, consolidated, audited under IFRS

Cash from investing activities & FCF (in CZK bn.)



¹⁾ Excluding marketable securities

²⁾ Net cash from operating activities – Net cash from investing activities excl. marketable securities

³⁾ Proceeds from sale of tangible fixed assets and Interest received

Note: Consolidated, audited under IFRS

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Analyst Presentation

Eurotel

March 2003

Presentation by

Robert Bowker, Chief Financial Officer

Garrison Macri, Chief Commercial Officer



Topics covered today

- 1. Introduction**
- 2. Key results**
- 3. Market overview**
- 4. Financial results**
- 5. Strategy and marketing objectives 2003**



Terrence Valeski

**Chief Executive Officer and
Managing Director**

- CEO of Eurotel since December 2000
- Chief Marketing Officer of BT Wireless (British Telecom, 1999 - 2000)
- Chief Operating Officer of Blu, Italy (British Telecom Joint Venture with Benetton & Autostrada, 1999)
- Chief Operating Officer and Managing Director of Telfort Mobile (a British Telecom joint venture in the Netherlands, 1997 - 1998)
- President & General Manager of Pacific Bell Wireless (Northern California region, 1994 - 1997)
- Degree in Liberal arts - University of Arizona



Robert Mitford Bowker

Chief Financial Officer

- Joined Eurotel in September 2000 as Deputy Chief Financial Officer
- Deputy Chief Financial Officer of Eurotel Bratislava in Slovakia (responsible for a successful high yield bond financing and subsequent registration with the SEC)
- Between 1996 and 1999 various positions with PricewaterhouseCoopers focusing primarily on the telecommunication industry
- Qualified Chartered Accountant
- Degree in Business Economics



Garrison Macri

Chief Commercial Officer

- Joined Eurotel in September 2002 as Chief Commercial Officer
- Director of Brand and Marketing Services of BT Wireless/O2, England (2001-2002)
- Vice President Marketing & Sales of Mobex Communications, Inc., California (1998-2001)
- Executive Director of Marketing Communications of Southwestern Bell Corp, California (1995-1997)
- 10 years international and US based advertising agency experience
- Degree in Communications and Liberal arts from Syracuse University, USA

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Organizational structure



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2002 commentary

- Significant shareholder value generated through maintenance of market leadership but at the same time retaining Eurotel's price premium
- Aggressive cost control implemented, particularly in CAPEX
- This has resulted in a world class EBITDA margin of 48% and free cash flow of CZK 7.0 billion in 2002
- As a result Eurotel has no bank debt and approximately CZK 7.4 billion in cash and cash equivalents (February 2003)
- Mistakes made by the Telco industry have not been replicated in Eurotel
 - Revenue and market share at the expense of margin
 - Excessive CAPEX spend and dilution of shareholder value
- Some dilution in market share but necessary in order to maximize shareholder value

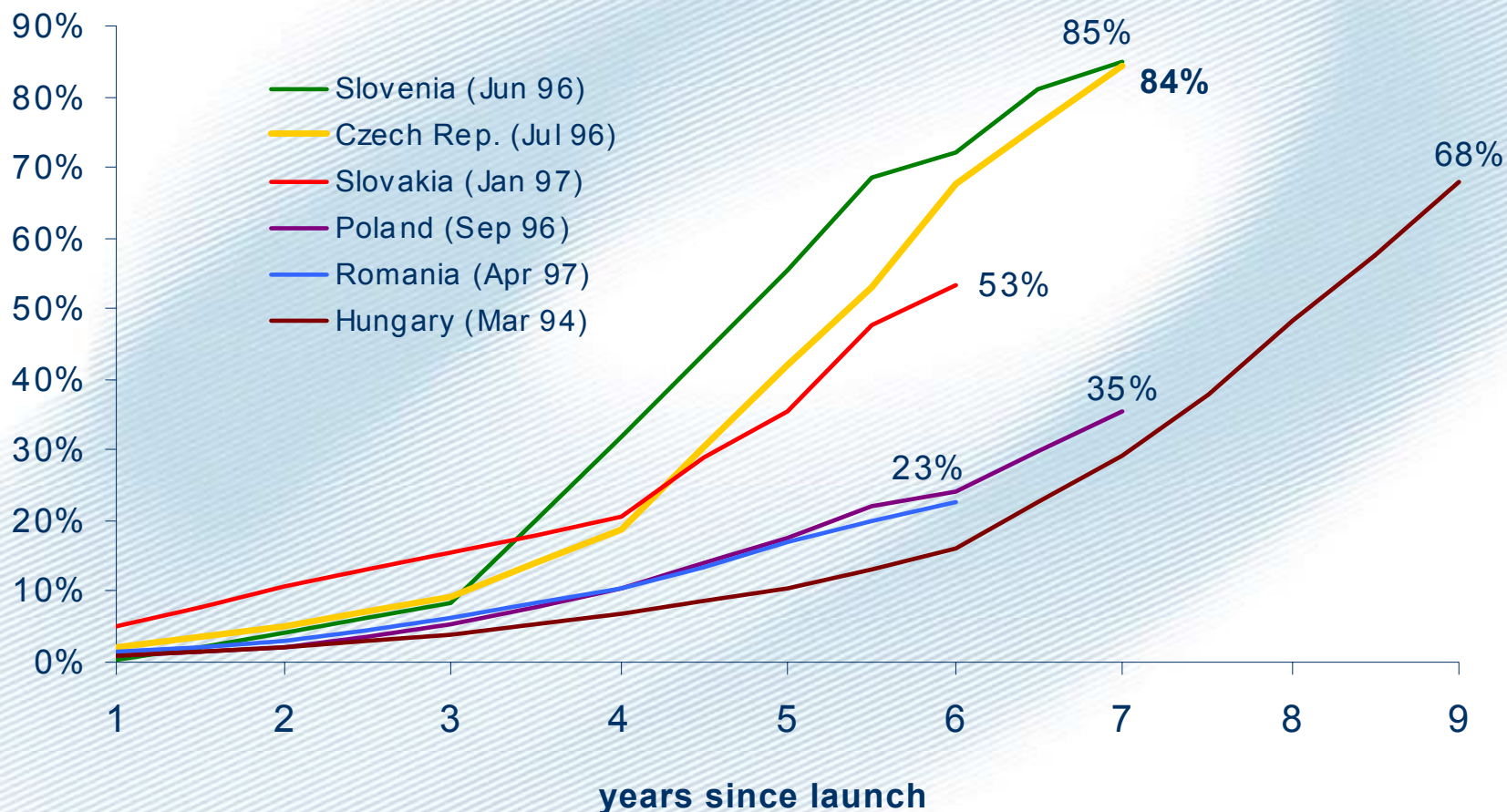
2002 key results

1. 3,891,473 customers (+20% YOY)
2. Service revenues CZK 22.099 bn (+7% YOY)
3. EBITDA CZK 13.712 bn (+3% YOY)
4. Net income CZK 6.271 bn (+3% YOY)

Penetration comparison

Wireless penetration development with launch dates of first GSM network

Rate of penetration



Note: Latest penetration levels as of December 31, 2002

Source: Mobile Communications

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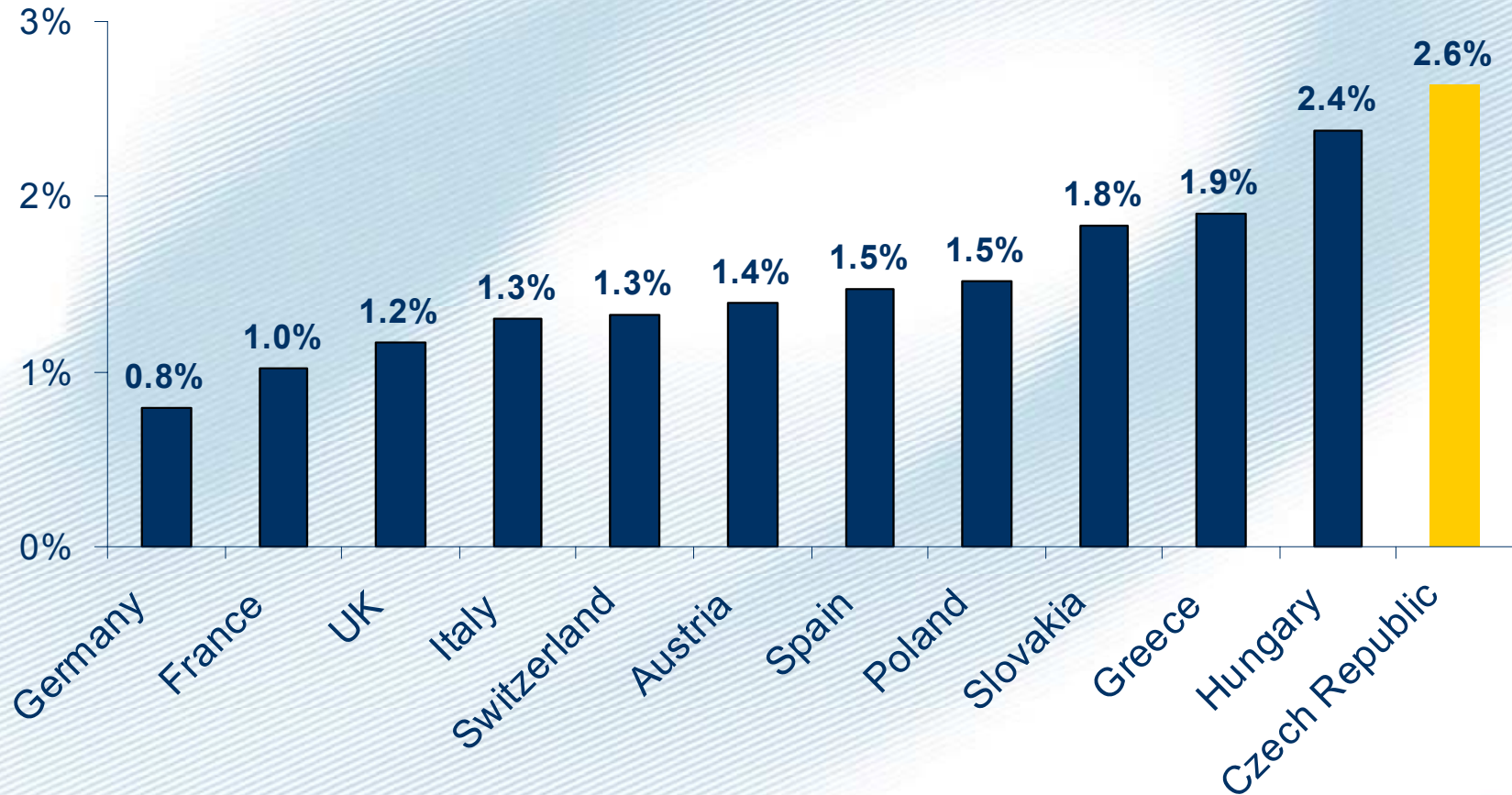
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Mobile revenues as % of GDP in 2001

Czech Republic is a high spender on mobiles

Mobile revenues
as % of GDP



Source: ING Barings, ABN Amro, Company data

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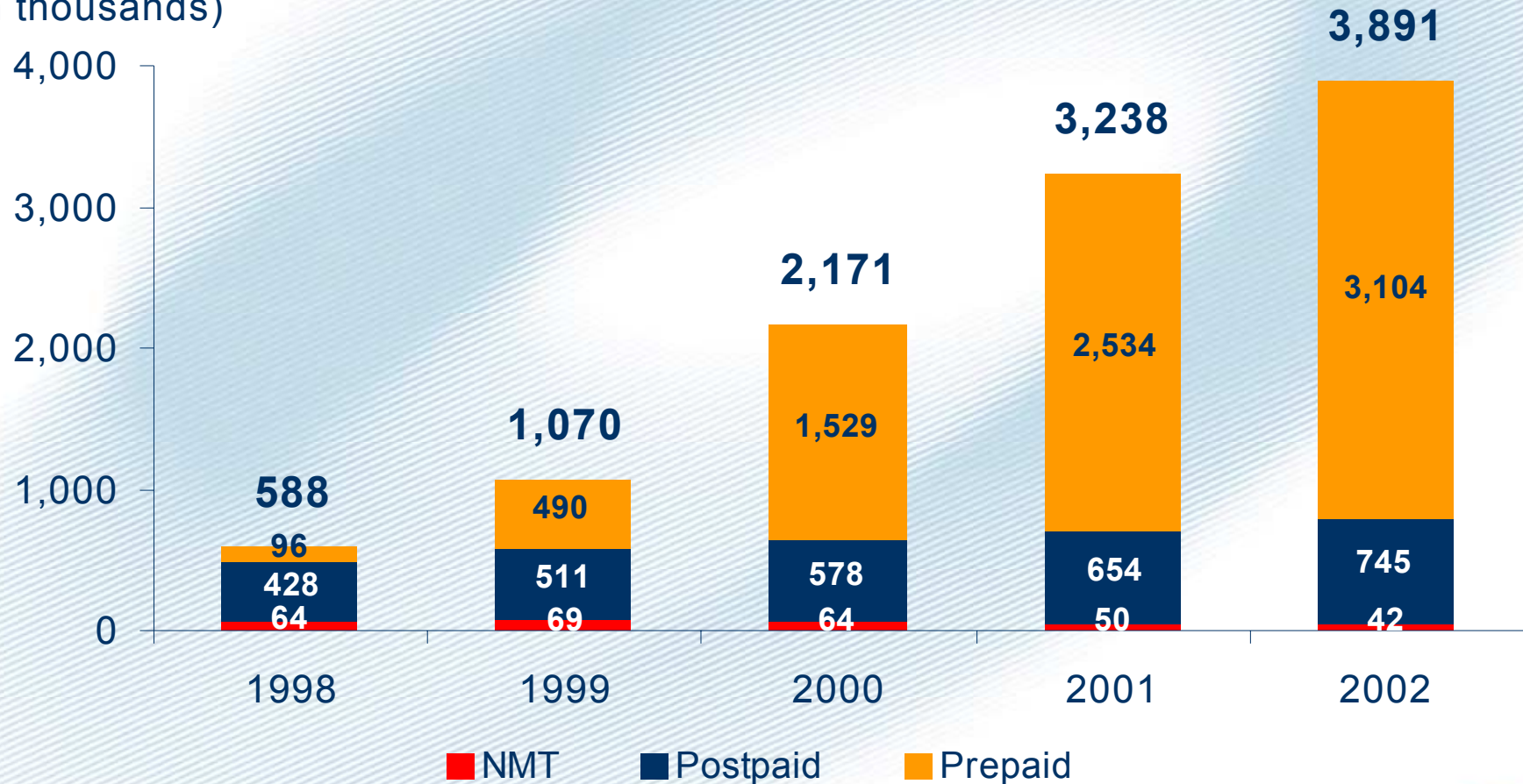


Eurotel customers

Subscriber growth maintained

Registered customers

(in thousands)



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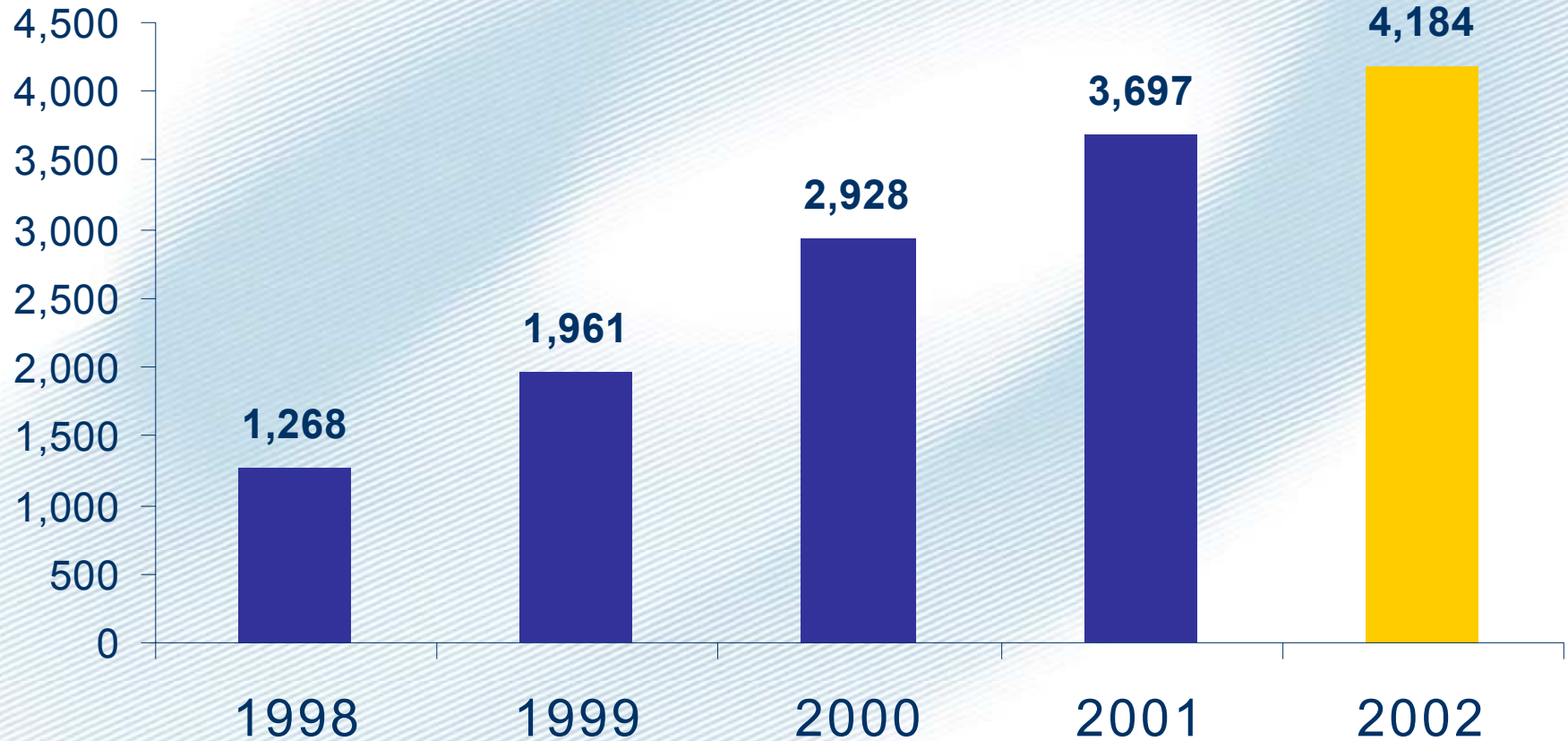
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Total minutes of use

Minutes of use growth 13% in 2002 y-o-y

Minutes
(in millions)



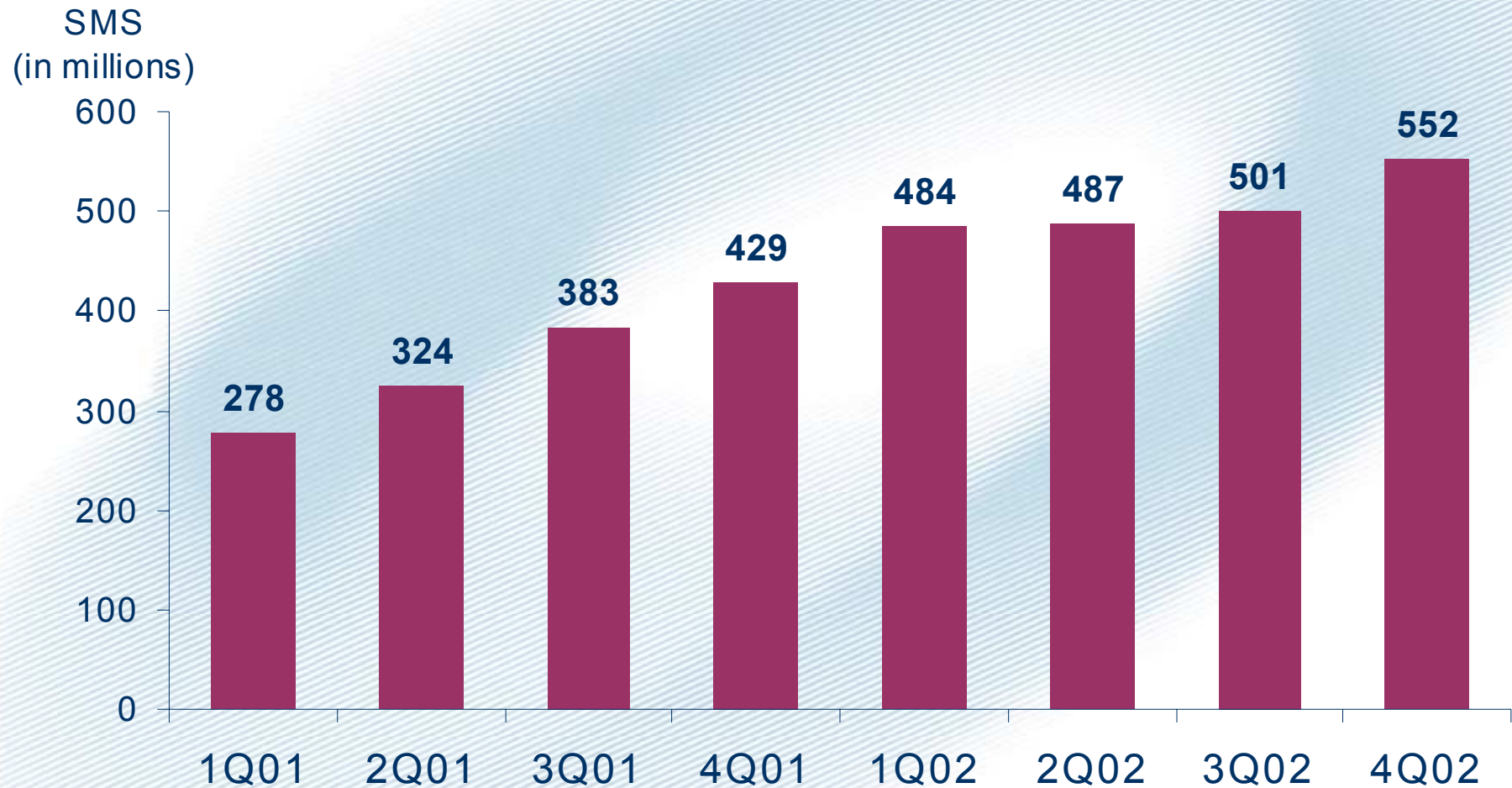
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Total SMS

SMS growth 43% in 2002 y-o-y



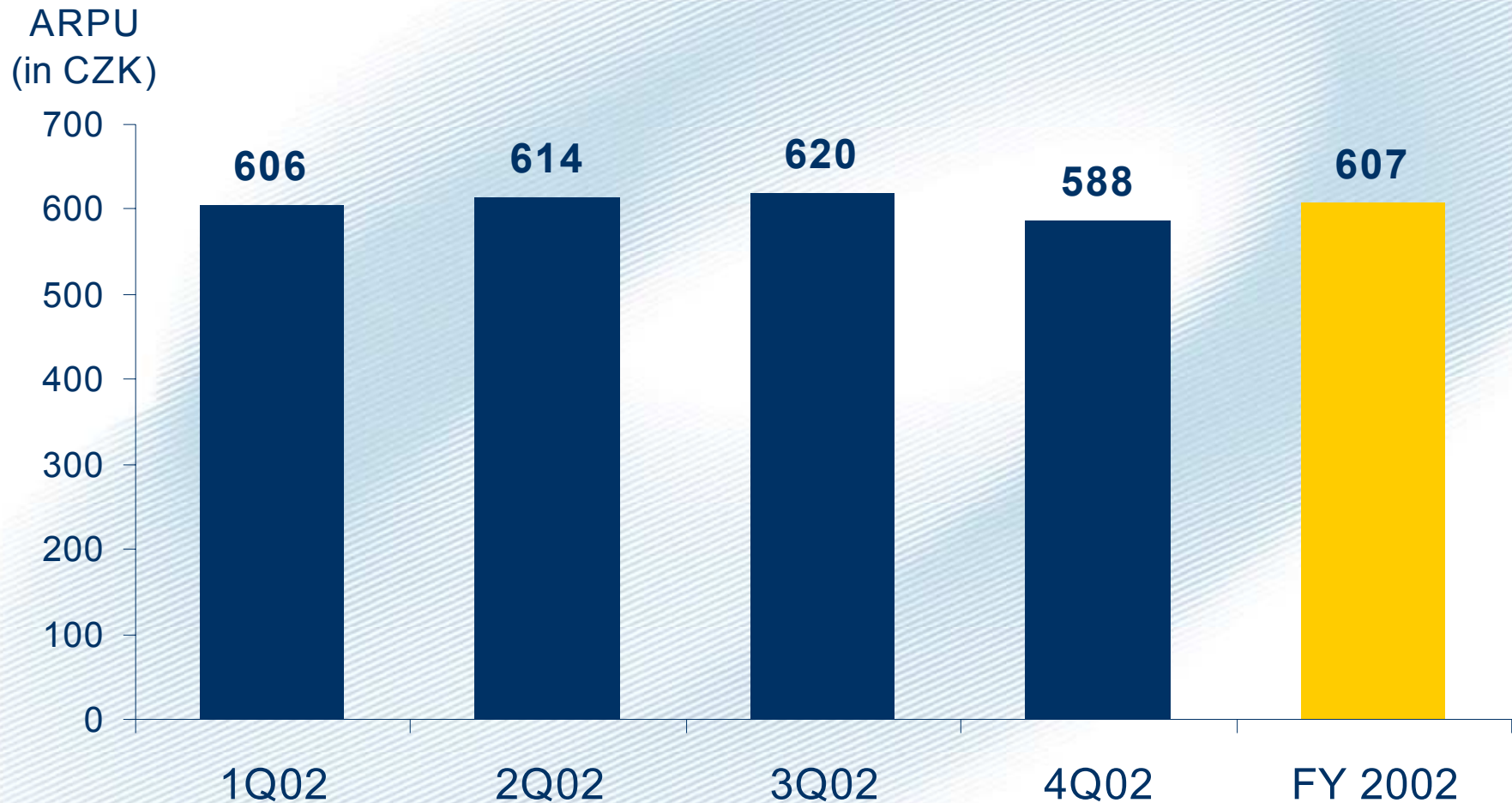
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Blended ARPU

Blended ARPU stabilizing



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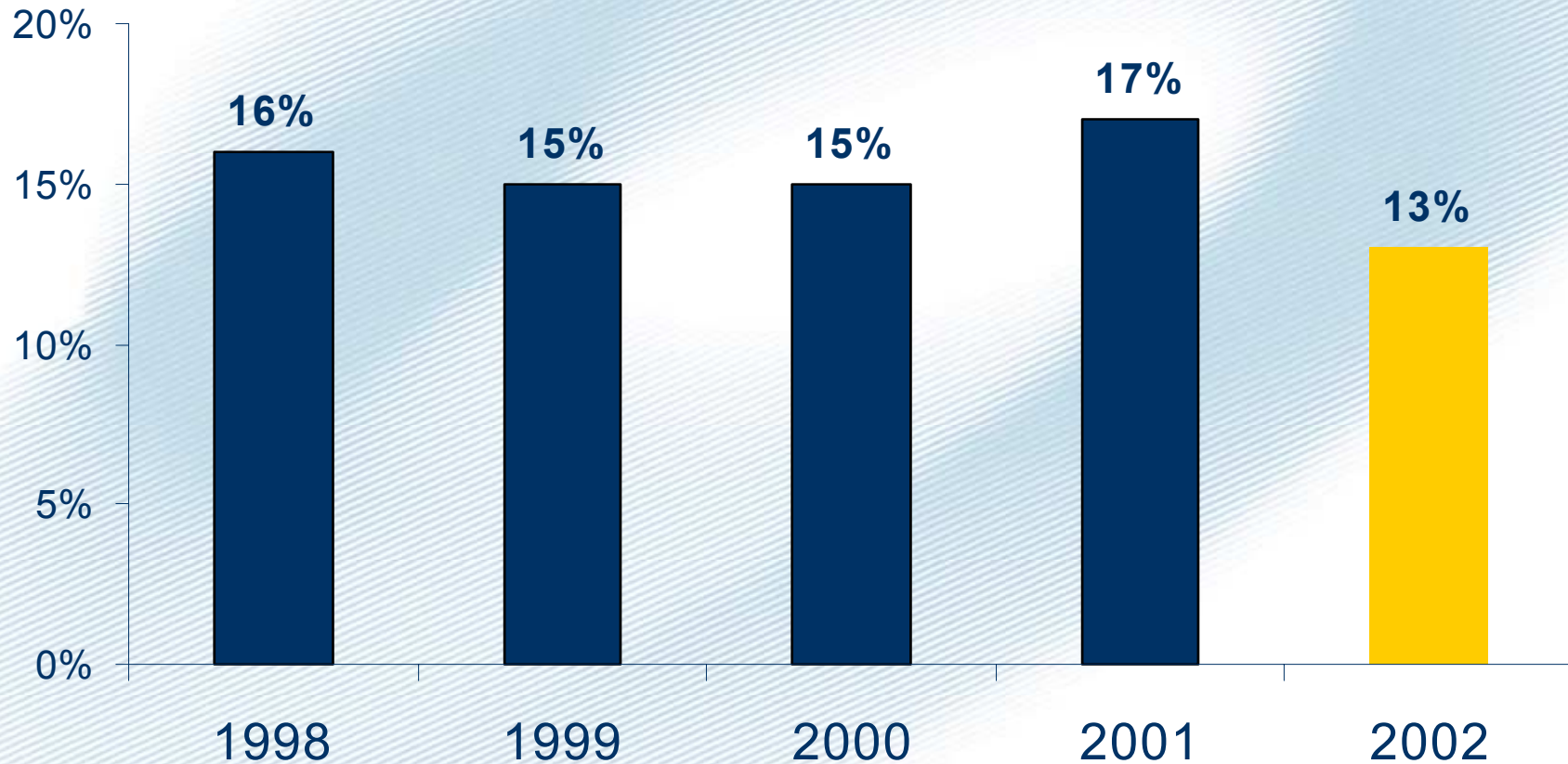
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Postpaid churn

Churn at world class level

Annual postpaid
churn



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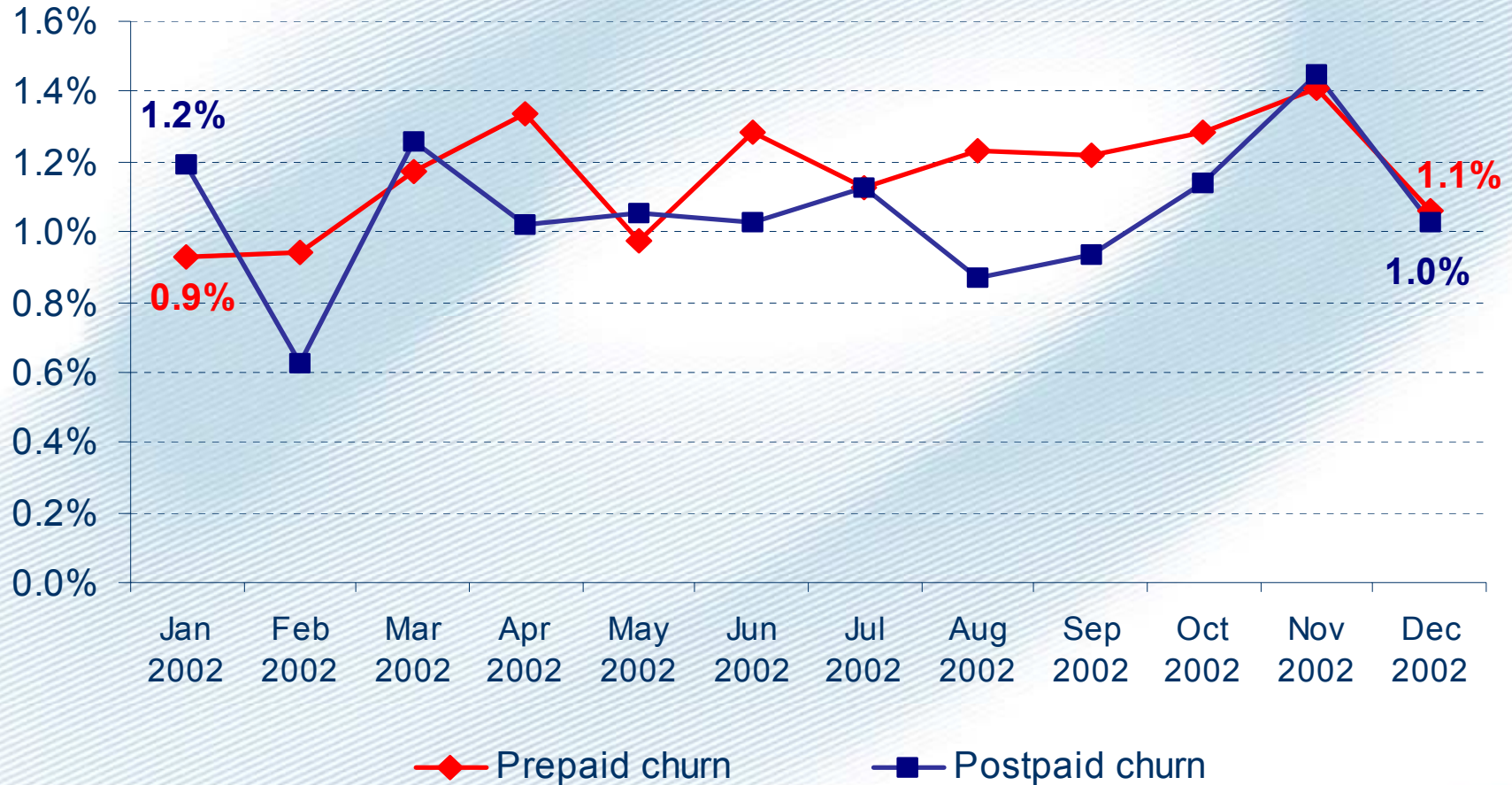
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Monthly churn rate for 2002

Churn rates stable at low levels during the year

Monthly churn



Eurotel - T-Mobile CR comparison in 2002

<i>(in millions of EUR)</i>	<u>For the year ended December 31,2002</u>			
	Eurotel	T-Mobile CR	B/W	B/W in %
Revenues	935	700	235	34%
EBITDA	445	308	137	44%
Net income	204	94	110	117%
ARPU (in EUR)	20	16	4	25%
Customers (in thousands)	3,891	3,510	381	11%

Notes:

- 1) Financial figures of T-Mobile CR prepared under IAS
- 2) Average CZK/EUR rate of 30.812 used in calculation

Source: T-Mobile CR and Deutsche Telekom reports

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Income statement

<i>(in millions of CZK)</i>	For the years ended December 31,		
	2002	2001	Change
Total revenues	28,800	30,063	(4%)
Gross profit	19,825	18,670	6%
Gross margin in %	69%	62%	
EBITDA	13,712	13,250	3%
EBITDA margin in %	48%	44%	
EBIT	9,116	9,056	1%
EBIT margin in %	32%	30%	
Net income	6,271	6,068	3%
Net income in %	22%	20%	

Note:

Financial figures are audited and prepared under US GAAP

March 28, 2003

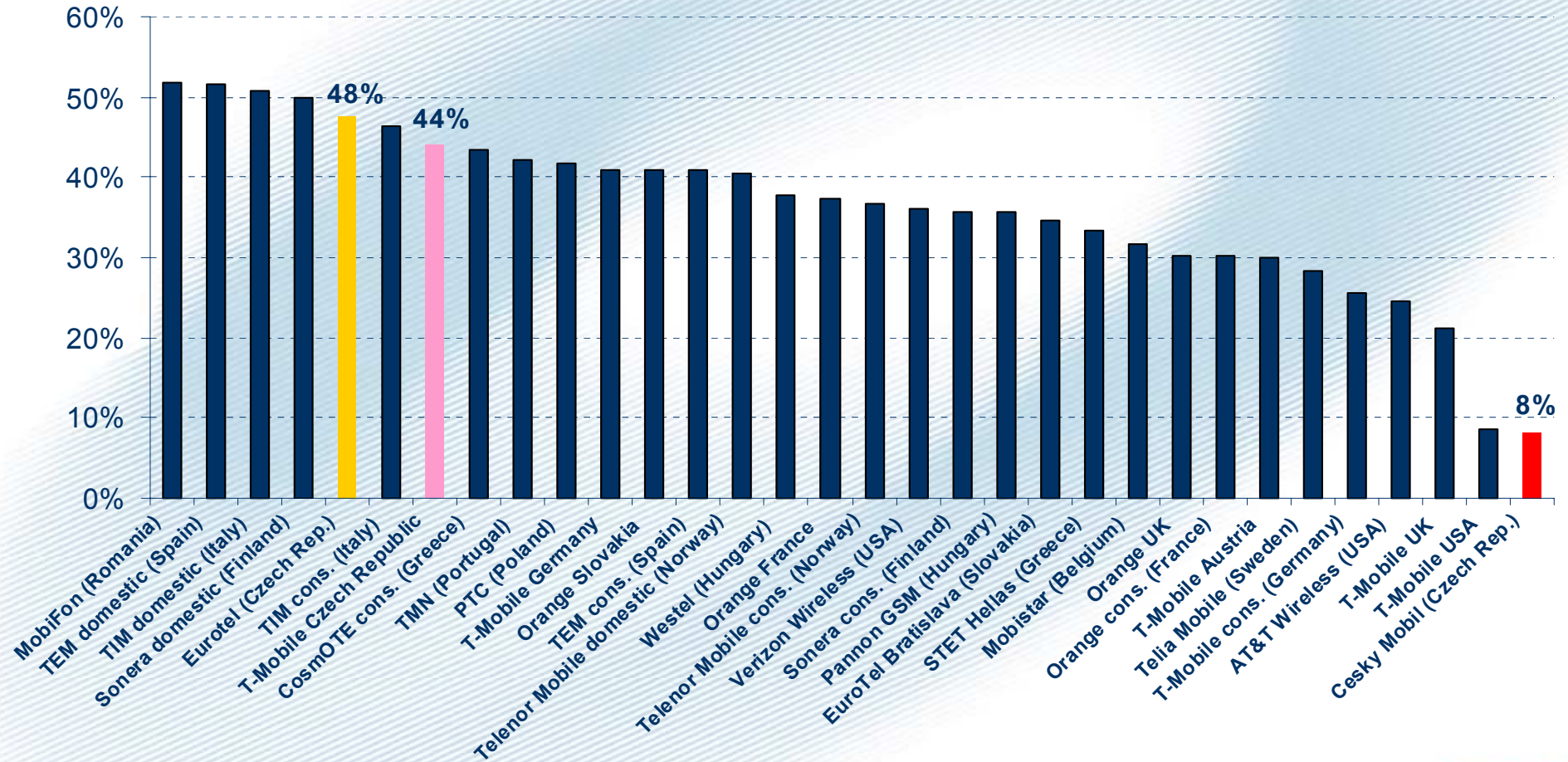
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2002 EBITDA margin benchmarking

Eurotel is at the upper end of the profitability scale

EBITDA margin



Source: Company reports

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Revenue breakdown

<i>(in millions of CZK)</i>	For the years ended December 31,		
	2002	2001	Change
Recurring revenues	26,869	26,563	1%
Interconnect revenues 1)	4,770	5,817	(18%)
Net service revenues 2)	22,099	20,746	7%
Non - recurring revenues	1,931	3,500	(45%)
Total revenues	28,800	30,063	(4%)

Notes:

1) Interconnect revenues include MOU and SMS

2) Recurring revenues less interconnect revenues

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Recurring revenues

<i>(in millions of CZK)</i>	For the years ended December 31,		
	2002	2001	Change
Recurring revenues	26,869	26,563	1%
Interconnect revenues 1)	4,770	5,817	(18%)
Net service revenues 2)	22,099	20,746	7%
Recurring gross margin	20,976	19,614	7%
Recurring gross margin in %	78%	74%	
ARPU total (CZK)	607	818	(26%)
ARPU GSM prepaid (CZK)	305	401	(24%)
ARPU GSM postpaid (CZK)	1,825	2,235	(18%)
Registered customers (in thousands)	3,891	3,238	20%

Notes:

- 1) Interconnect revenues include MOU and SMS
- 2) Recurring revenues less interconnect revenues

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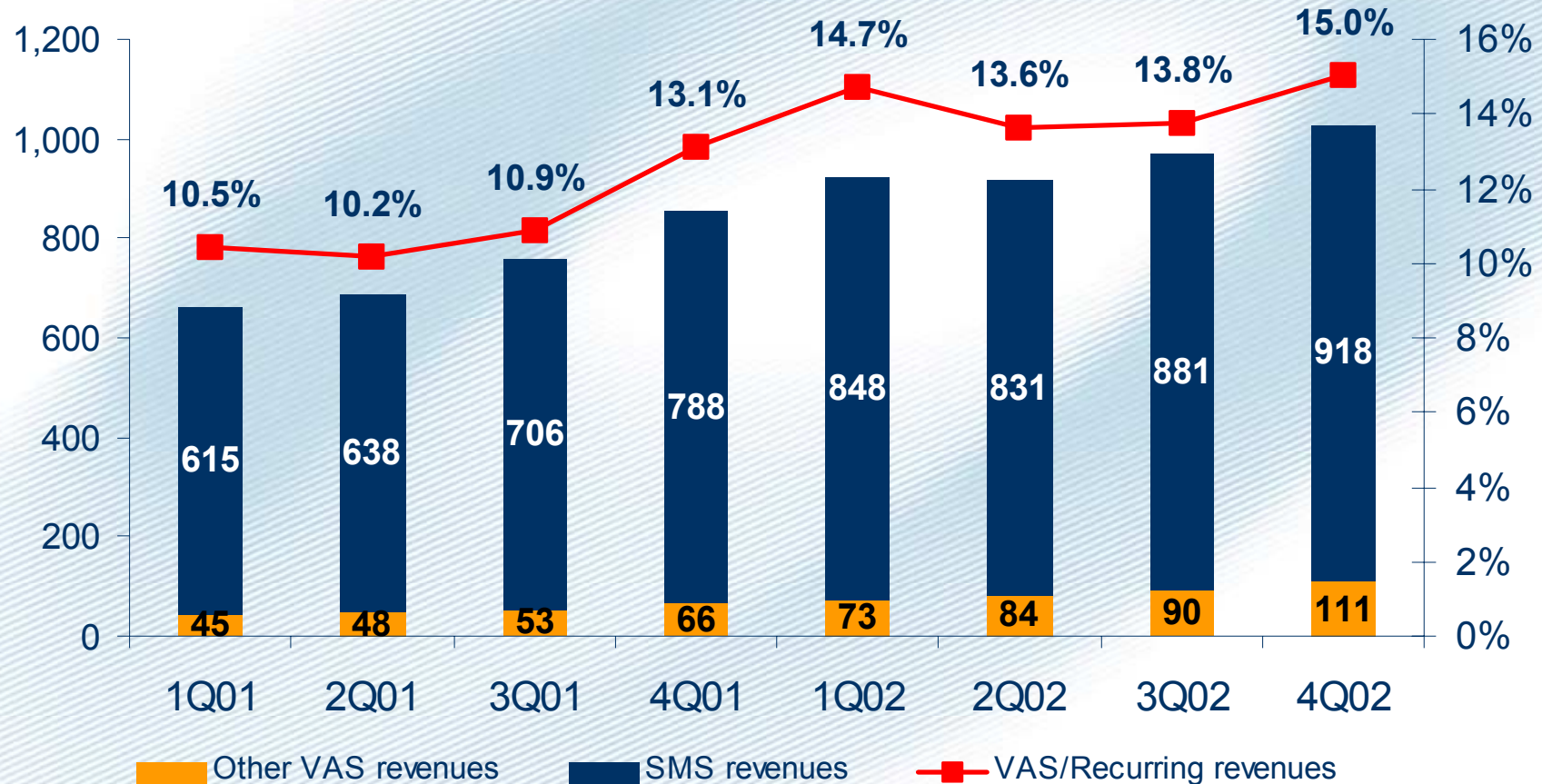
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Value added services

As a percent of revenues value added services are high indicating a potential for growth in data

(in millions of CZK)



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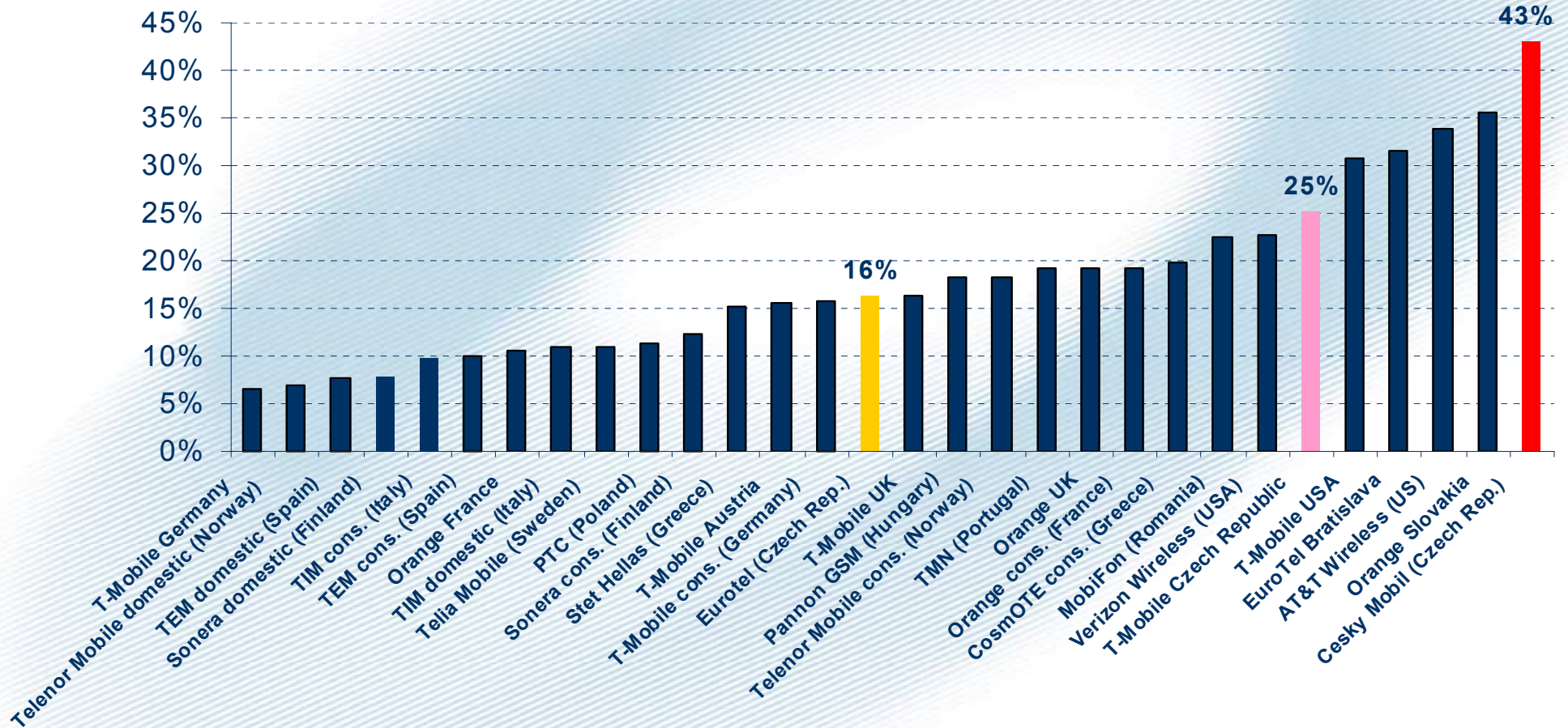
Non-recurring revenues

<i>(in millions of CZK)</i>	For the years ended December 31,		
	2002	2001	Change
Non-recurring revenues	1,931	3,500	(45%)
Non-recurring margin	(1,151)	(944)	22%
Gross adds (in thousands)	921	1,212	(24%)

2002 Capex/Sales benchmarking

Eurotel has minimized CAPEX

Capex/Sales ratio



Source: Company reports

March 28, 2003

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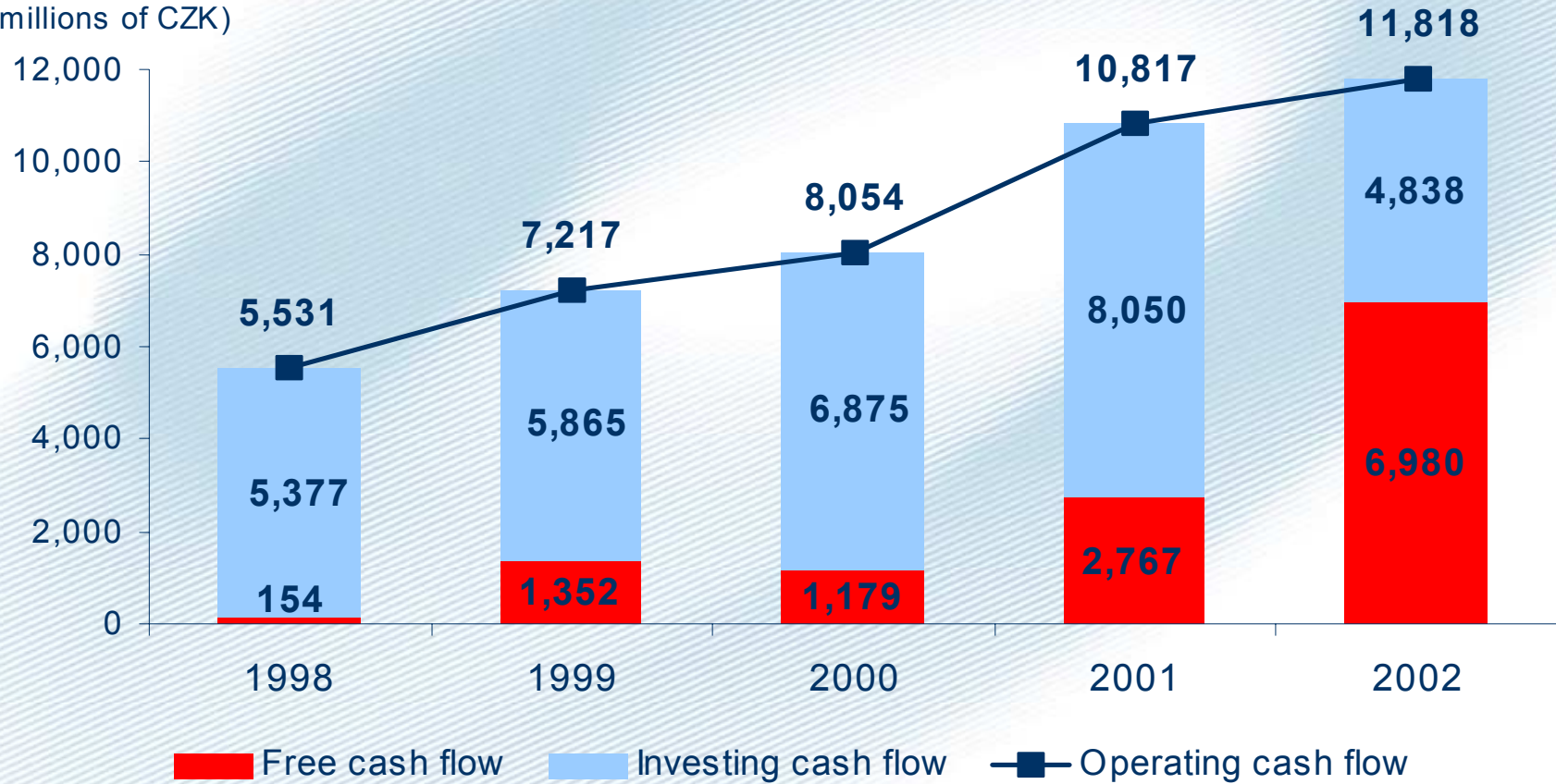
Cash flow

<i>(in millions of CZK)</i>	For the years ended December 31,		
	2002	2001	Change
Cash flow provided by operations	14,088	13,550	4%
Cash flow used in working capital	739	(1,004)	(174%)
Income tax paid	(3,005)	(1,528)	97%
Interest paid	(4)	(201)	(98%)
Cash flow provided by operating activities	11,818	10,817	9%
Cash flow used in investing activities	(4,838)	(8,050)	(40%)
Free cash flow	6,980	2,767	152%

Free cash flow

We have guided Eurotel through the rapid growth phase in to a mature market that exists today enhancing cash generation without sacrificing market position

(in millions of CZK)



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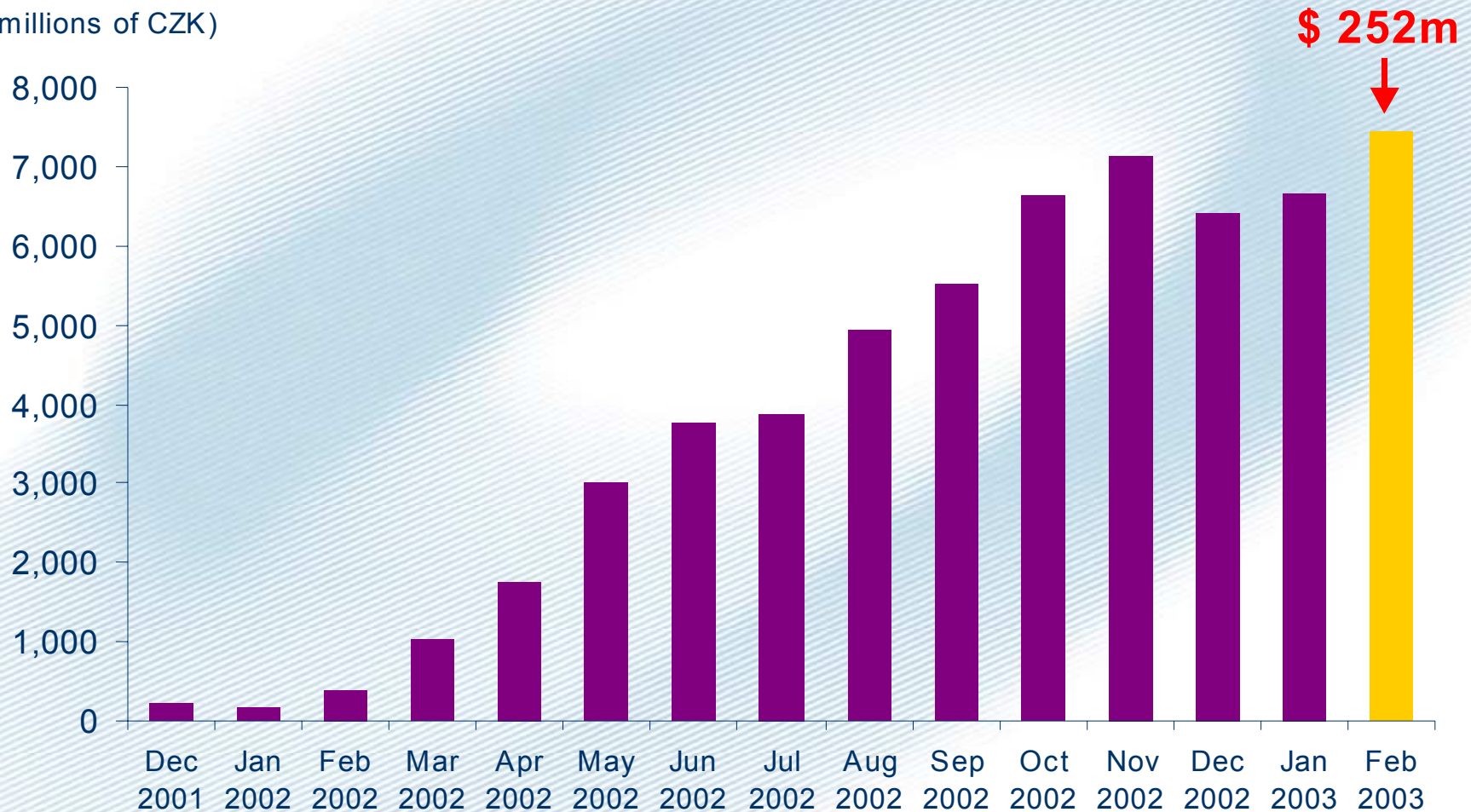
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Cash and cash equivalents

Eurotel cash pile is growing

(in millions of CZK)



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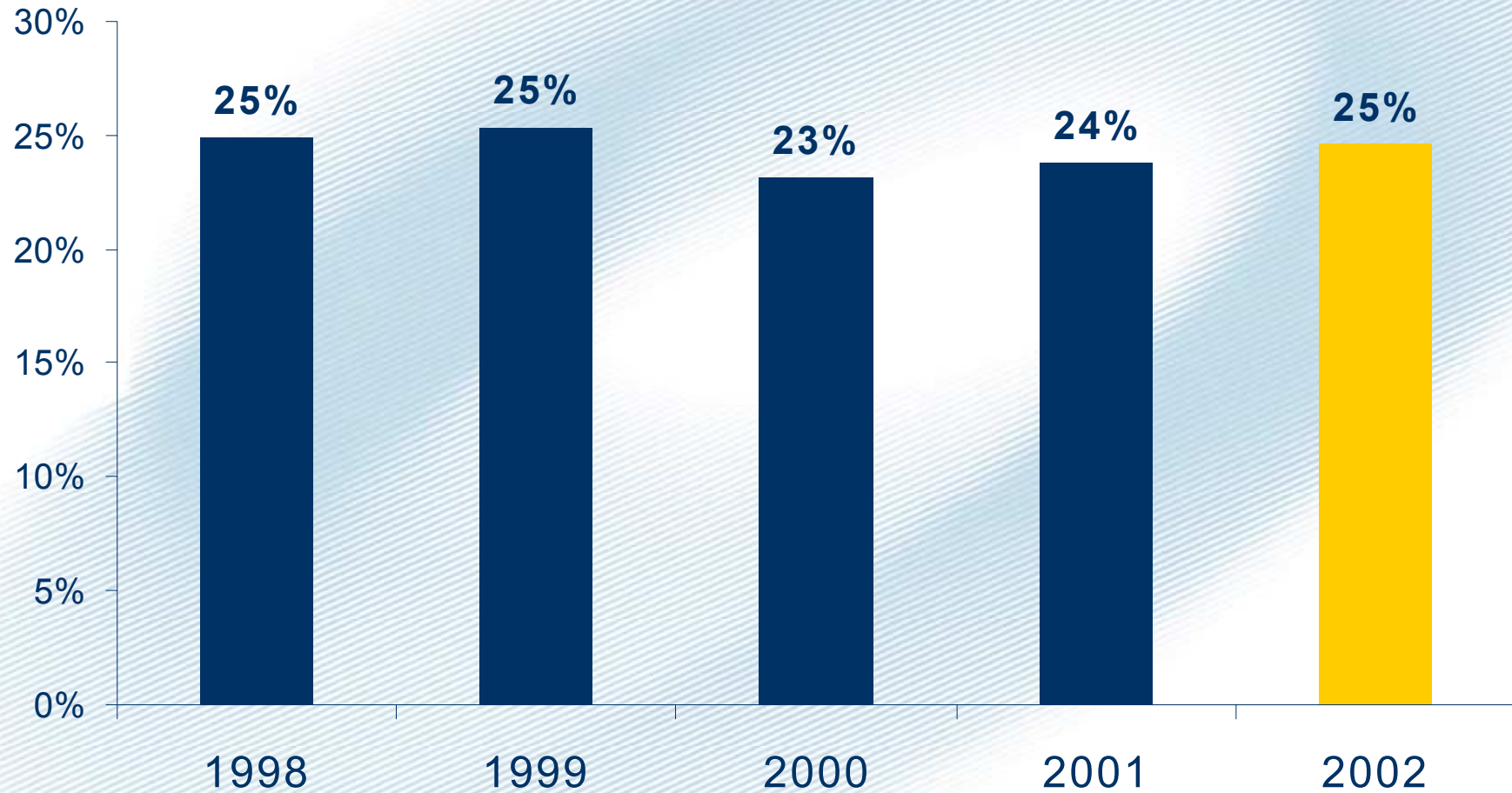


Balance sheet

<i>(in millions of CZK)</i>	For the years ended December 31,		
	2002	2001	Change
Cash and cash equivalents	6,417	230	2,690%
Other current assets	5,997	7,092	(15%)
Non-current assets	29,986	29,914	0%
Total assets	42,400	37,236	14%
Long term debt	2,028	2,282	(11%)
Deferred tax liabilities	3,500	3,363	4%
Current liabilities	7,178	8,178	(12%)
Total liabilities	12,706	13,823	(8%)
Contributed capital	1,650	1,650	0%
Retained earnings and other	28,044	21,763	29%
Equity	29,694	23,413	27%

Eurotel Return on Invested Capital

High ROIC maintained



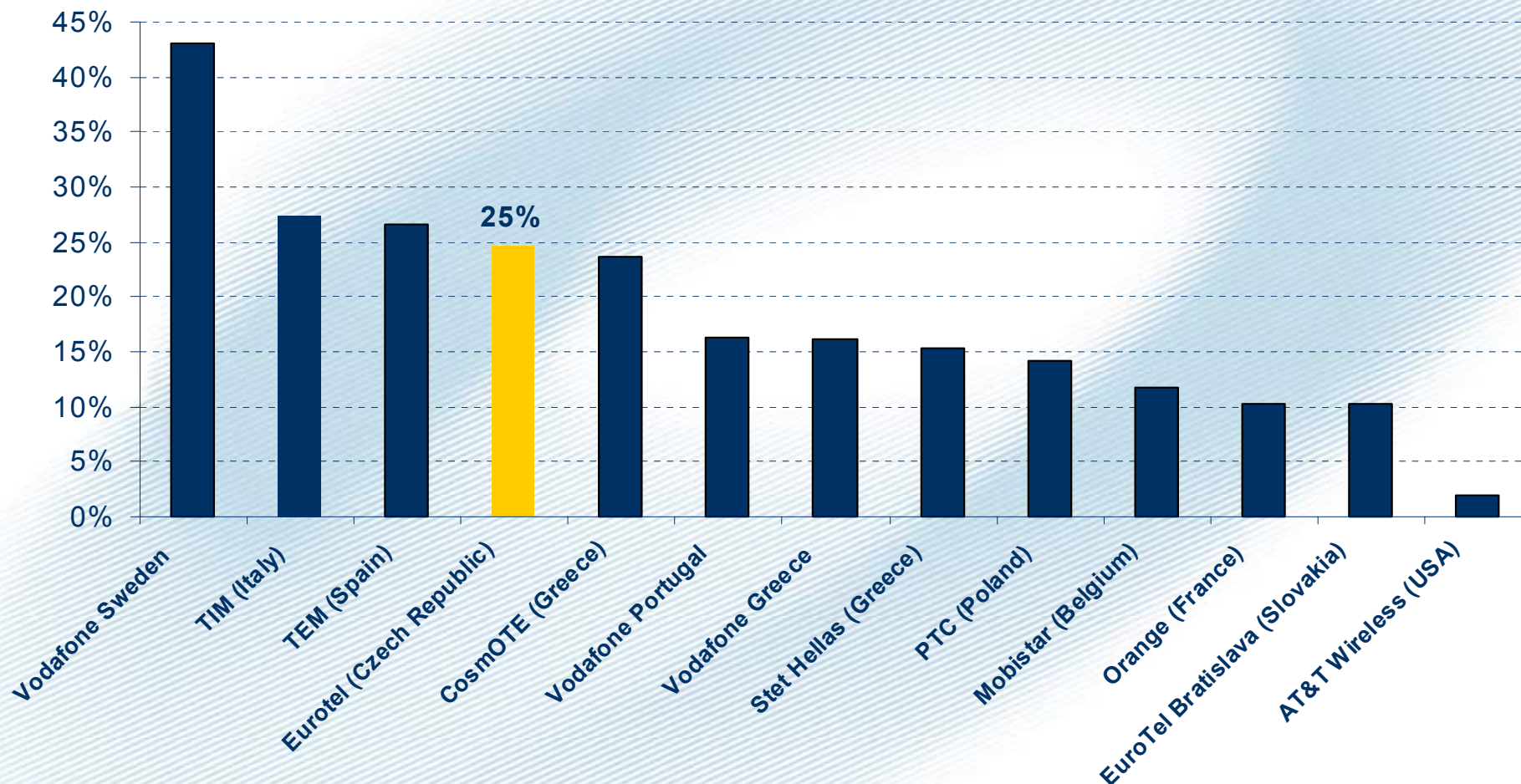
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2002 Return on Invested Capital benchmarking

Higher than most comparable companies



Note:

Vodafone Group – data for the nine months ended December 31, 2002 annualised

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Strategy and Marketing objectives 2003

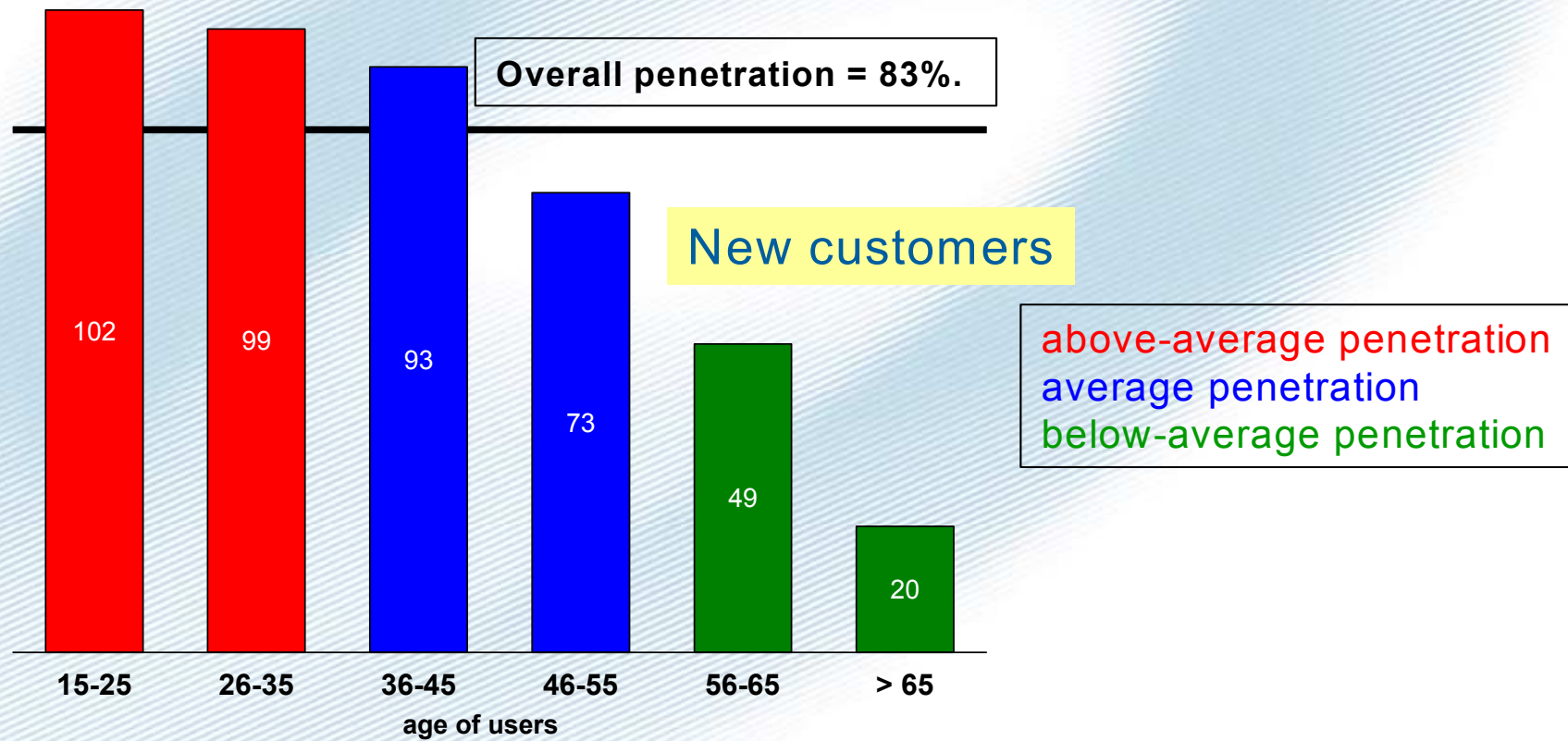
Presentation by

Garrison Macri, Chief Commercial Officer



Penetration of SIM cards and share of providers by age groups

Penetration among very young people:
estimate: 40-45%



Marketing objectives 2003

- Focus on retention and loyalty of valuable customers
- Maintain quality leadership in all customer touch points – Customer Experience
- Position Eurotel as leading mobile lifestyle services provider
- Grow customer base while focusing on high value market segments

Service revenue priorities

Voice

- Group Conferencing
- Three-way calling
- Call Waiting
- Seamless International Calling
- Voice to text and text to voice has some appeal

SMS

- Group SMS
- Segmented Mass Marketing SMS B2C SMS
- Premium SMS
- Mass Media SMS interactive based programming

Email / Internet

- Highly device, configuration, training and support dependent price and service comprehension also critical (x emails for x MB per click billing etc)
- Instant Messaging etc.

Service revenue priorities

- Eurotel will also remain a leader in marketing value added services:

- SMS
- Ringtones Icons, Infotext
- Chat
- MMS (GPRS)
- Games (Java)
- GSM Banking
- ATM Banking
- Micro Payments
- E-mail / Internet (GPRS/HSCSD)
- Video Streaming
- Media Messaging
- (UMTS trials)

Continuously connected One 2 One and Many 2 Many

- High perceived value to end users and businesses
- Mobile phone becoming primary communication tool



Devices Development Path

Mobile World

Competencies

- RF mobile technology
- Voice based devices
- Mobile customer base knowledge

New development

- Higher processing power of mobile chipsets
- New 2D, 3D graphic processors
- Higher operating and HDD memory
- Bigger size of the screens
- More colors on display

Challenges

- Knowledge of data users behavior
- Data transport technology
- Implementing Standard OS environment
- Data applications management
- Extending battery life
- Heat dissipation



Computer World

Competencies

- OS environment for PC
- Data applications for PC
- Data and SW usage knowledge

New development

- Mobile chipsets for Laptops, e.g. Intel Centrino
- Miniaturizations of the laptop
- Integration WLAN standards
- Integration of SIM to PCMCIA cards

Challenges

- Mobile behavior understanding
- Optimizing OS and User interface for mobile use
- Integration of RF with OS
- Integrating voice technology
- Portability of PCs (size and battery life)

Trends for Hardware and Software

- Symbian Platforms versus Microsoft Pocket PC
 - More Smartphones coming this year
 - Smartphone platform battle will continue between main handset vendors and Microsoft
- This new innovative technology enables:
 - Integrated WLAN capability
 - Breakthrough mobile performance
 - Extended battery life
 - Thinner, lighter designs



Core – Data phones specialities

Eurotel's Exclusive phone

- Sharp GX-13
 - full exclusivity
 - MMS, Integrated camera, Java

Other

- SonyEricsson P800
 - high-tech communicator, Symbian Platform 7
 - E-mail, messaging programs, PC compatible, Bluetooth, MMS, integrated camera
- Nokia 7650
 - Best offer on the market for 8.995 CZK
- Eurotel Data Phone
 - Microsoft Pocket PC platform
 - Easy integration to Exchange Email and MS apps
 - Full Internet support

Strategy

- We intend to offer all the latest and most innovative devices
- Intention to offer preset handsets in our stores (WAP, MMS, GPRS)
- Competitive strategy (price parity with competition)



Prepaid – Data phone specialities

ONLY In Eurotel Prepaid portfolio

- Nokia 7650
 - 4k Colors screen, MMS, Camera, e-mail client, Java, GPRS Bluetooth
- SonyEricsson T68i
 - 256 Colors screen, MMS, e-mail client, Java, GPRS Bluetooth
- Nokia 7210
 - 4k Colors screen, MMS, e-mail client, Java, GPRS, IrDa
- Among WAP phones, there is no special discriminator neither on the side of Eurotel, T-Mobile or Oskar.

Strategy

- We intend to offer all the latest and most innovative devices (Nokia 7210, 7650 in our prepaid offer)
- Intention to offer preset handsets in our stores (WAP, MMS)
- Competitive strategy (price parity with competition)



Address Book

- User chooses who to communicate with, and then what type of communication
- A single address book for all communication and messaging services
- Enables multiple entries choice for one-to-many communication
- Handset – Network sync
- Web interface
- Presence information can assist selecting communication mode



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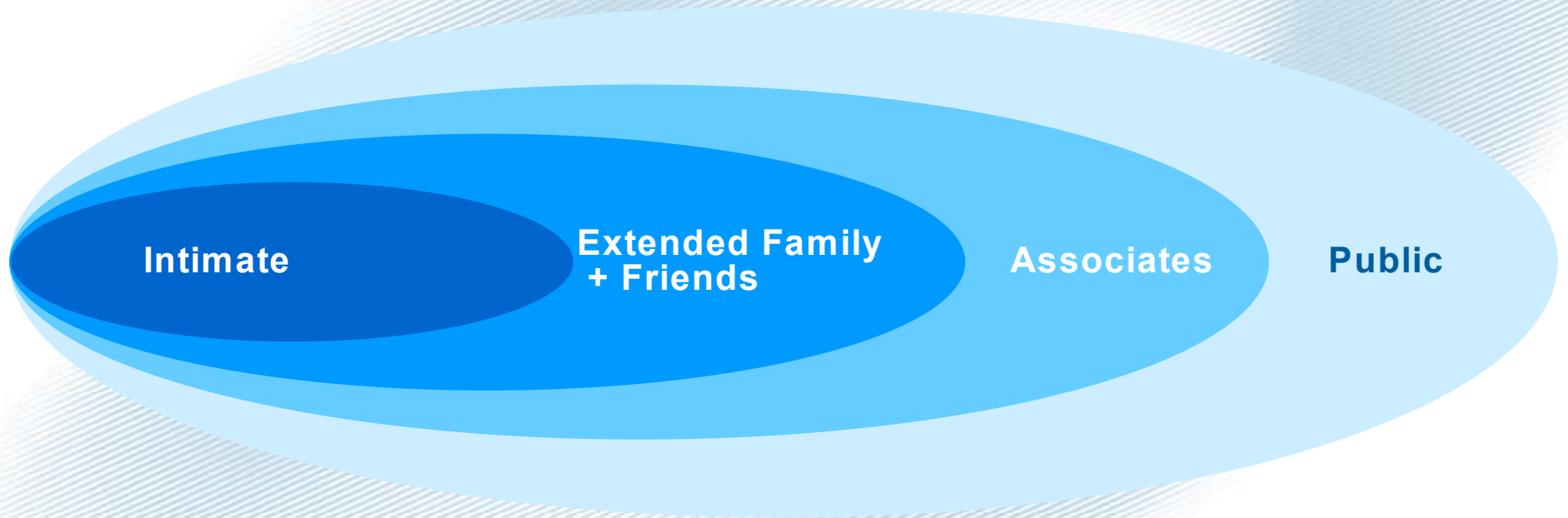
Eurotel

My Inbox

- **Single point of access to all types of messages**
- **Supported by a single storage in the network for all messages**
- **Choice of sorting and managing the messages: by type, time and sender**
- **Managing both person-to-person and application-to-person messages (e.g. direct deposit)**



Communities



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Eurotel Data Offers

Devices

*The Perfect Time to Improve
Your Company Figures*



Get state-of-the-art telephones for exceptional prices
and save on taxes as well.



Eurotel
more out of life

Content

*Více TV zpráv
přímo v mobilu*



Eurotel
Video Servis

Eurotel
more out of life

Tariffs

*Eurotel
Individual*



Consistent Eurotel Brand Values

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Eurotel

EUROTEL MOBILE MEDIA

MOBILE INFORMATION

- ✓ news
 - consistently most used service across all platforms
- ✓ weather
- ✓ sport
 - interest peaks around time of events (Olympics, World Cup)
- ✓ traffic
- ✓ ticketing

MOBILE ENTERTAINMENT

- ✓ games
 - 25% all wap traffic
- ✓ music + ringtones
- ✓ erotics
 - significant early use on MMS and videos
- ✓ cartoon + comics
- ✓ movies

voice

sms

wap

ussd

mms

java

video



3G

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Eurotel MobileMedia: new section

We're bringing together all our **content services**, across technologies, under a new concept...

Eurotel MobileMedia



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Eurotel

New pages with at-a-glance overview

MobileMedia

I> English website

Hledat

Go >

Find what interests you

- > Zprávy
- > Počasí
- > Sport
 - > Sportovní zprávy
 - > Fotbal
 - > Hokej
 - > Formule 1
 - > Kursové sázení
- > Cestování
- > Zábava
- > Erotika
- > Užitečné

FOTBAL

Co všechno se můžete dozvědět o nejaktuálnějším fotbalovém dění u nás i ve světě...

	WAP	SMS	MMS	VIDEO	HLAS
ČTK fotbal	✓	✓	✓		
iDnes fotbal	✓	✓	✓	✓	✓
Fotbalové ligy	✓	✓			
Teletext fotbal	✓		✓	✓	✓

See how you can get it on your phone

Podívejte se na domácí i světová hřiště, kdykoli se vám zachce. Eurotel vám prostřednictvím vašeho telefonu přináší nejčerstvější zprávy z fotbalového světa. Přeneste se do něj prostřednictvím WAPu, GSM Infotextu nebo MMS.

Chcete-li se dozvědět, jak dostat informace přímo na displej vašeho mobilu, klikněte na zaškrtnuté buňky v tabulce.



- > WAP
- > SMS
- > MMS
- > VIDEO
- > HLAS
- > Vše

Or view what is available over each technology



Happy Hours

Happy Hours – end of promo, only till March 15



- **Description:**

All voice calls between 20:00 and 24:00 will be charged by 50% of current price.

Promo is valid for calls to Eurotel, CTC, T-mobile and Oskar networks from all 3 Go tariffs.

Per second billing (60+1)

Launched together with Happy hours 15.1.2003

Description:

- Per second billing after 1st minute
- For tariffs Fun Go and Quatro Go
- Only for voice (not roaming, international calls)
- Permanent change from 15.1.2003



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Eurotel

Eurotel Individual tariff

- SMP

- anybody can create their own tariff and thus save money

The screenshot displays the Eurotel website interface. At the top, there is a navigation menu with links for Home, About us, News, Products & services, Guides & publications, More from your mobile, SMS gateway, Benefit programmes, Travelling abroad, and Support. The Eurotel logo is in the top right corner. Below the navigation, there is a search bar and a 'Products & services' section. The main content area is titled 'Eurotel Individual' and contains three numbered steps. Step 1 is titled 'Roaming' and lists various roaming services. Step 2 is titled 'SMS' and lists SMS services. Step 3 is titled 'MMS' and lists MMS services. A list of services is shown on the right side of the page, including Roaming, SMS, MMS, Internet - mobile, Internet - Wi-Fi, WAP - mobile, and WAP - kb. A chef is shown on the left, and two women are on the right.

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Data strategy for business

- easy wireless access to free mail, internet
- synchronised office application
- accessible wireless e-mail while abroad (HSCSD Roaming, GPRS roaming, Global Access)
- secure GSM access to company Intranet (MIS)
- complex voice & data corporate solution (One Port)
- system integration pre/post sales support



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Eurotel

Eurotel VPN

- Eurotel VPN groups all company mobile phones into one virtual private network
- Customer gets advantageous rates for intra-company calls.
- Advanced functionality of VPN enables customer to create caller groups according to his communication needs
 - Restrictions on out- and inbound calls
 - Time-based calling restrictions
- VPN includes special functions as
 - Shorthand dialing
 - Private calls marking
 - Combination of VPN advantages with landline phones

OnePort

Background:

- Eurotel OnePort brings customer Internet connection, secured mobile Intranet access and data interconnection of branches in one complex solution.
- Competitors do not offer similar service so far.

Objectives:

- Increase Revenue from VAS services
- Increase Penetration of OnePort
- Increase Retention – OnePort sets longterm partnership with customer

Project Descriptions:

- ATL communication of the service
- Main benefit for customer: „More savings for your company“

Benefit Programme – More Care

Background:

- Improve information provided about collected points to customers (proactive communication), On-line redemptions of rewards for faster processing of customers orders (specially for Eurotel offer within Benefit program)..

Objectives:

- Increase loyalty / retention

Project Descriptions:

- ATL and BTL communication



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Eurotel

In Summary

- Network / Technology Eurotel
 - GSM – GPRS – HSCSD → UMTS
- Devices / Applications
- Content
- Marketing

= # 1 Operator in Czech Republic !

Analyst meeting 2003

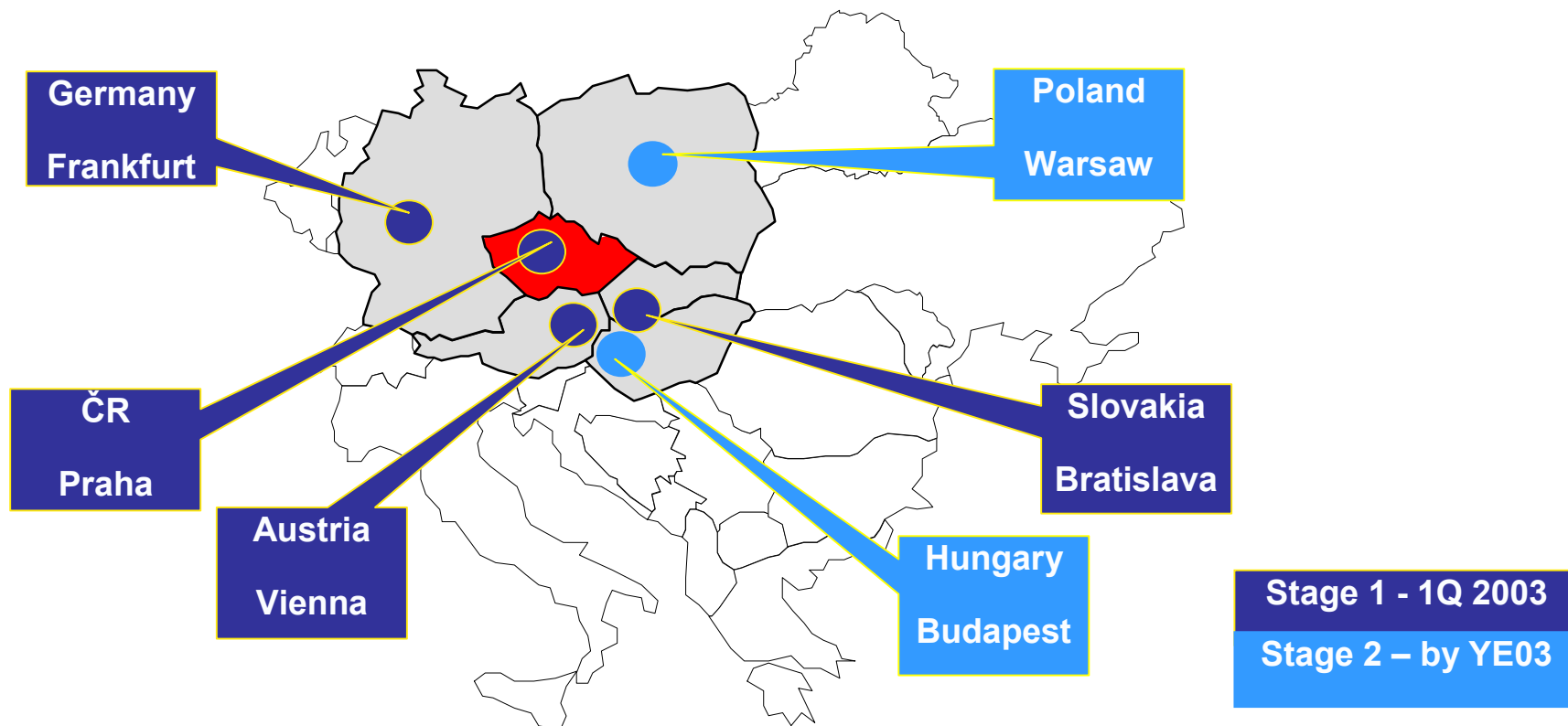
1. Executive summary
2. Czech telecommunications market
3. Fixed-line & Internet Business
4. Consolidated financial data
5. Eurotel
-  6. Group strategy, Outlook
7. Q & A

Year 2003

- **CPS and NP introduced as of 1 January 2003**
- **No change of regulated tariffs at the beginning of 2003**
- **ADSL wholesale & retail offer – March 2003**
- **Repayment of Eurobond issue in the amount of cca CZK 12 bn. – May 2003**
- **Regular AGM – 13 June 2003**
- **Completion of establishment of international network access points in all neighboring countries and Hungary – YE 2003**
- **Shareholders' decision on key issues (privatization, Eurotel acquisition and dividend payment) and on new CEO expected by September 2003**
- **Change of telecommunication act to comply with EU standards (incl. LLU) expected in 2003**

ČESKÝ TELECOM's foreign markets presence

- **NETWORK** - Own intl. optical network with access points in all neighbouring countries, DWDM technology supplied by Lucent Technologies.
- **SERVICES** - high speed connections between ČR and abroad and transit services to several countries



Group Strategy

- **Maintain and protect fixed voice market by further improvement in customer approach**
- **Strengthen and reinforce customer value proposition to all segments for both fixed and mobile through continued innovation of services and solutions**
- **Focus on growth segments such as data & internet**
- **Exploit opportunities in voice-to-data convergence and continued demand for VAS based on wide & broad band and provision of integrated services for large corporates, state institutions, and administration**
- **Compensate competitive pressures on revenues and margins by reinforcing further operational and financial efficiency while focussing on EBITDA and cash-flow**
- **Continue to support shareholders in their decision over the use of free cash**

Outlook for 2003

- **Continued generation of significant free cash**
- **EBITDA margins in high 40s**
- **Continued focus on operating efficiencies**
- **Investments to further decline**
- **Depreciation to remain flat**
- **Potential to address strategic issues if key shareholders make decision**

Peer Comparison (2002)

	CTc ¹⁾	MATÁV	TPSA	OTE	KPN
Revenues	1,673	2,431	4,161	4,313	12,784
Costs	845	1,423	2,506	2,587	8,113
EBITDA	828	1,008	1,655	1,726	4,671
D&A	603	504	1,174	711	10,252
Net Gearing	6%	43%	113%	70%	275%
EBITDA Margin	49%	42%	40%	40%	36%
Lines per fixed line employee	267	313	262	368	382
Fixed penetration	36%	38%	28%	53%	50%
Mobile penetration ²⁾	84%	68%	35%	85%	74%

Note: all financials in EUR mil.

1) 51% proportional consolidation

2) country's mobile penetration

Source: Company reports

Analyst meeting 2003

- 1. Executive summary**
- 2. Czech telecommunications market**
- 3. Fixed-line & Internet Business**
- 4. Consolidated financial data**
- 5. Eurotel**
- 6. Group strategy, Outlook**



7. Q & A