

Electronic communications in the Czech Republic

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Contents

- Czech Republic at a glance
- T-Mobile Czech Republic a.s. company profile
- Course of liberalization
- Competitive landscape
- Mobile vs. fixed penetration
- Broadband market
- Regulatory environment
- Relevant market analyses in the Czech Republic
- Mobile market regulation

Czech Republic at a glance

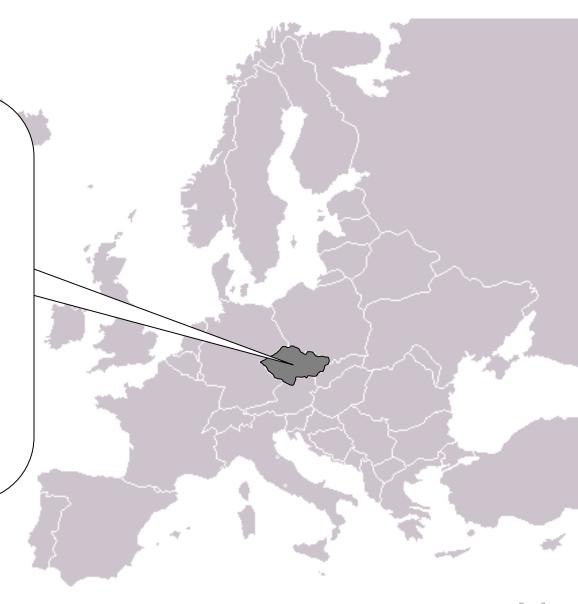


Population: 10,2 million

• Area: 78 864 km2

• GDP per capita (PPS): EUR 17 300

• Unemployment rate: 7,9 %



T-Mobile Czech Republic a.s. – company profile

- Was founded in 1996
- Member of a global telecommunications group T-Mobile International
- Operates a public mobile network in the GSM standard in the 900 and 1800 MHz
- Holder of a licence to operate a third generation UMTS network
 - T-Mobile has launched this service as the first operator in the Czech Republic under the brand Internet 4G
- Almost 400 roaming partners
- Overview of 3Q/2006 results:
 - Total revenues (CZK million): 21 632 (EUR 773 thousand)
 - EBITDA (CZK million): 9 632
 - ARPU (CZK): 490
 - Net profit (CZK million): 4 146
 - Number of customers: 4 823 million

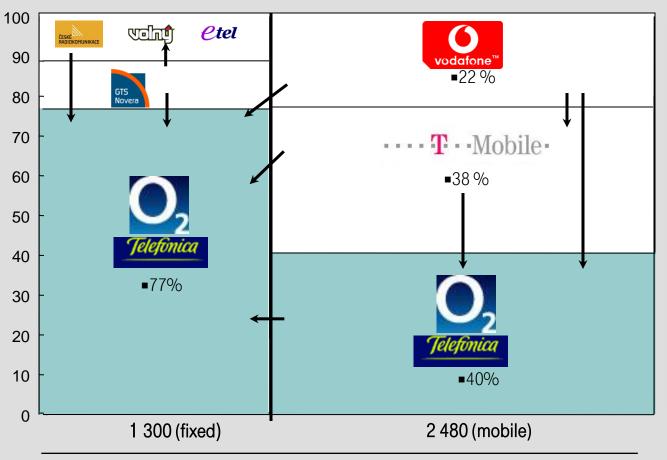
Course of liberalization

1991-1994	1995-2000	2001	2002	2 200)3	2004-2006	
Monopoly era	Competition evolution (particularly in mobile market)	> step	first codified s for market alization	Liberalization follow-up implementations		Application of EU directives	
 up to 1991 only fixed line incumbent in the market Sep 1991 – 1st mobile operator (Eurotel) launched NMT network 	 July 1996 – Eurot launched GSM network Sep 1996 – 2nd mobile operator (Radiomobil) launched GSM network Mar 2000 – 3rd mobile operator (Cesky Mobil) launched GSM network Very limited competition in fix market (selected local areas) 	Te Ac fixe en ful bu inf • Lik fixe dis int ma	n 1, 2001 lecommunication t (2000) permitted ed market trants to provide I services and ild their own rastructure peralization of ed local, long- stance and ernational voice arket	 ADSL services Renumbering Fixed number portability CS, CPS Amendment to Telecom Act allows LLU 		 Law on electronic communications (effective May, 2005) fully in line with EC directives Jan 15, 2006 – mobile number portability NRA analyzed all 18 relevant markets and imposed remedies on SMP undertakings 	

Competitive landscape

Market share Percent

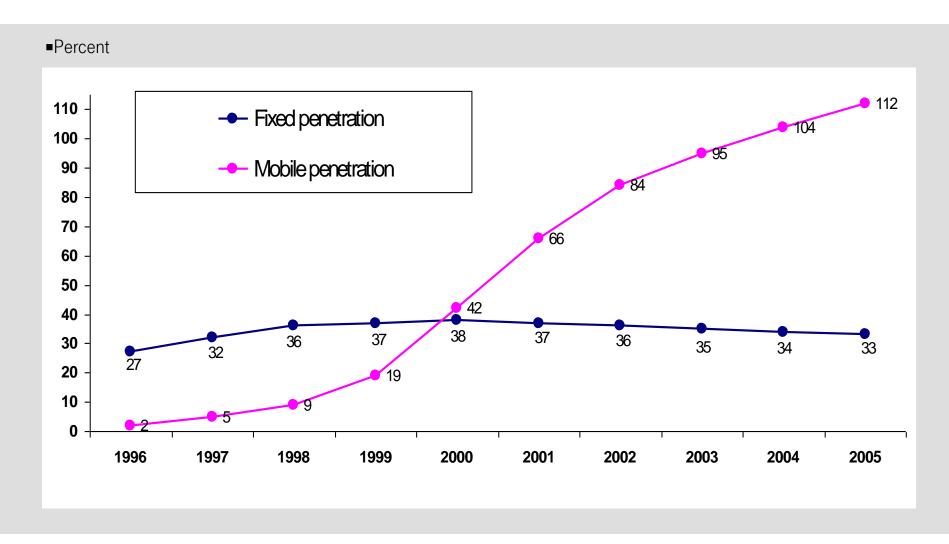
Direction of expansion



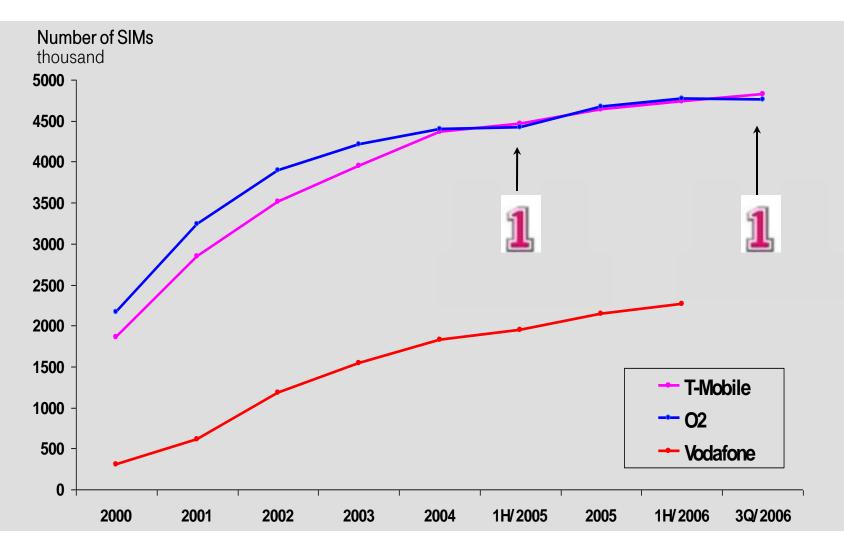
- ■Czech market is still dominated by the incumbent (Telefónica group) accounting for 53 % of combined fixed and mobile revenues
- ■Strong competition in mobile market
- •Fixed market under preassure from mobile market due to FMS
- Alternative fixed operators focused on business clients

Market size in revenues, 2005 FUR million

Mobile vs. fixed penetration



Mobile subscribers in the Czech Republic T-Mobile has assumed a leader position

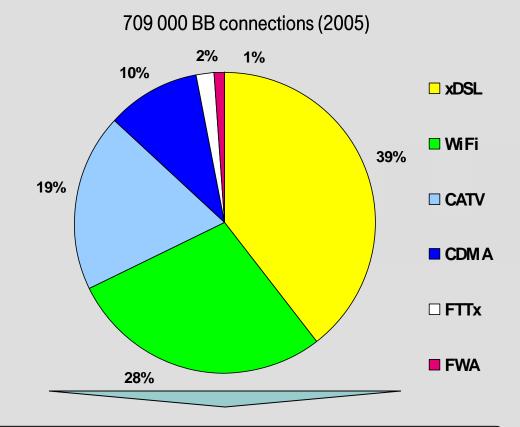


Broadband market A battle of platforms

Quotation:

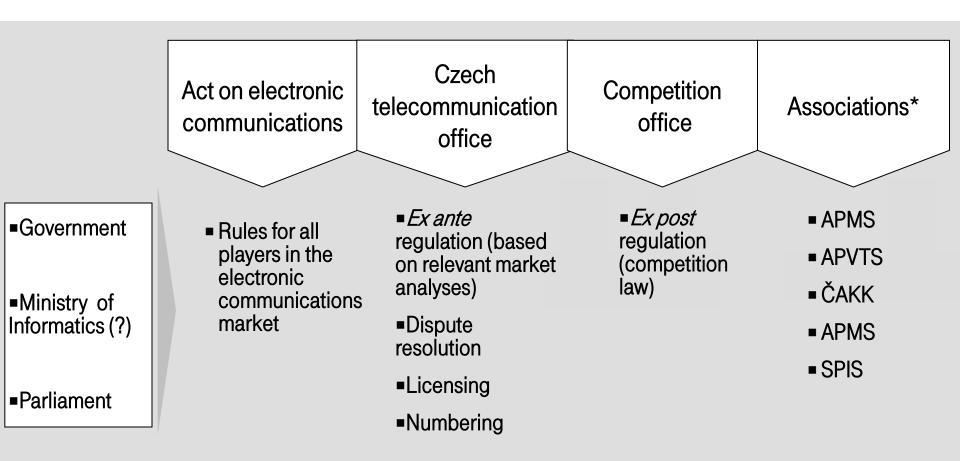
The number of new entrants' WLL broadband access lines would therefore account for as much as approximately 66% of the total number of the new entrants' WLL broadband access lines in the whole EU-25 ... it seems that the figures on the number of new entrants' WLL broadband access lines would appear to need further scrutiny."

(EC 11th implementation report)



regulatory intervention in 2002 delayed xDSL uptake in the Czech Republic but the hole in the market has been filled with alternative technologies

Regulatory environment



^{*} APMS (Association of Mobile Network Operators; APVTS (Association of the Public Telecommunications Network Operators; ČAKK (Czech Association of Competitive Communications; SPIS (Association for Information Society)

Relevant market analyses in the Czech Republic Process overview

- May 1, 2005 Act on Electronic Communication became effective
- Sep 2005 questionnaires on all 18 relevant markets sent by NRA to market players
- ■Dec 2005 Apr 2006 consultation on draft analyses and proposed rememedies, notification to EC
- July 14, 2006 NRA officially announced completion of analyses of all 18 markets (as 3rd EU country, after Finland and Italy)

Mobile market regulation in the Czech Republic Market 15

- ■M 15 access and call origination on mobile networks:
 - market is effectively competitive, i.e.no SMP in the market (single nor collective
 - volatile market shares, steady decrease in prices
 - ■MNP implemented since Jan 2006
 - no MVNOs but some negotioatins in progress
 - ■there are available frequencies for a potential new mobile network (1800 MHz)
 - new analysis to be conducted after 3 years
 - ■EC decision on market analysis: "No Comments"

Mobile market regulation in the Czech Republic Market 16

- ■M 16 call termination on individual mobile networks:
 - all 3 MNOs have individual SMP (one network = one market concept)
 - same remedies imposed on all 3 operators:
 - meet reasonable request to interconnect to its network
 - transparency (RIO publication)
 - non-discrimination
 - Accounting separation
 - Price control (MTR = CZK 2,99/EUR 0,1068)
 - new analysis to be conducted after 3 years
 - ■EC decision on market analysis: "No Comments"

Mobile market regulation in the Czech Republic Market 17

- ■M 17 wholesale international roaming:
 - market is effectively competitive, i.e.no SMP in the market (single nor collective)
 - Czech MNOs face countervailing buyer power potentially exercised by larger operators
 - decreasing level of market concentration
 - according to NRA, international mergers and creation of alliances will encourage operators to reduce wholesale prices
 - new analysis to be conducted after 2 years
 - ■EC decision on market analysis: "One Comment":
 - NRA is not in the position to regulate (no SMP) but to deal with high prices in roaming business, the EC has adopted on 12 July, 2006 a proposal for roaming regulation within the Community

Questions?

Thank you for your attention.