




Dr. Thorsten Grenz (CEO)

The first 9 months 2004

3rd Quarter Report

November 12, 2004



■ **Results January – September 2004**

- mobilcom group
- Mobile Service-Provider
- Fixed Line/Internet: freenet.de AG

- Outlook 2004
- Product innovations from mobilcom
- Legal action against EU-ruling
- Repurchase of own stock

- All time high: Best operating 9 months result in history: EBIT €87,4m
- Revenue growth in the group: +4,5%,
due to the „growth engine“ Mobile Service-Provider“: +8,3%
- Cellular customer base growing
Churn noticeably declining: 4.3m customers
- Strong Cash-Flow and further increase in liquidity: €403,8m
- Fixed Line /Internet
with strong earnings improvement, EBIT €65.5m
- Management decision to repurchase own stock

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[€m]

	▼	▼		
	9M/04	9M/03*	Q3/04	Q3/03*
Revenue	1,411.8	1,350.7	477.5	450.9
Gross Profit	328.7	297.9	104.7	106.4
<i>Margin</i>	23.3%	21.1%	21.9%	23.6%
EBITDA	136.8	87.3	40.1	37.4
<i>Margin</i>	9.7%	6.5%	8.4%	8.3%
Depreciation	-49.4	-55.6	-16.1	- 17.9
EBIT	87.4	31.7	23.9	19.5
<i>Margin</i>	6.2%	2.3%	5.0%	4.3%
Interest	5.5	-2.9	2.4	-0.3
Tax	-37.7	-8.7	-9.0	-3.3
Earnings before minorities	55.3	20.1	17.3	15.9
Minority Interests	-17.9	-3.2	-6.3	-1.1
Net result	37.4	16.9	11.0	14.8

* Previous year figures excl. UMTS

■ Highest operating 9 month result in mobilcoms history

- Group revenue € 1,412m: +5% vs. previous year
- EBITDA* € 137m: +57%
- EBIT* € 87m: +176%
- Cash € 404m: +44%
- Equity € 525m: = 58% of balance sheet total

■ Cellular: Strong revenue and earnings growth

- Revenue € 1,068m: +8%
- EBITDA € 41m: +59%
- EBIT € 22m: (€ 0.9m in the first 9 months of 2003)

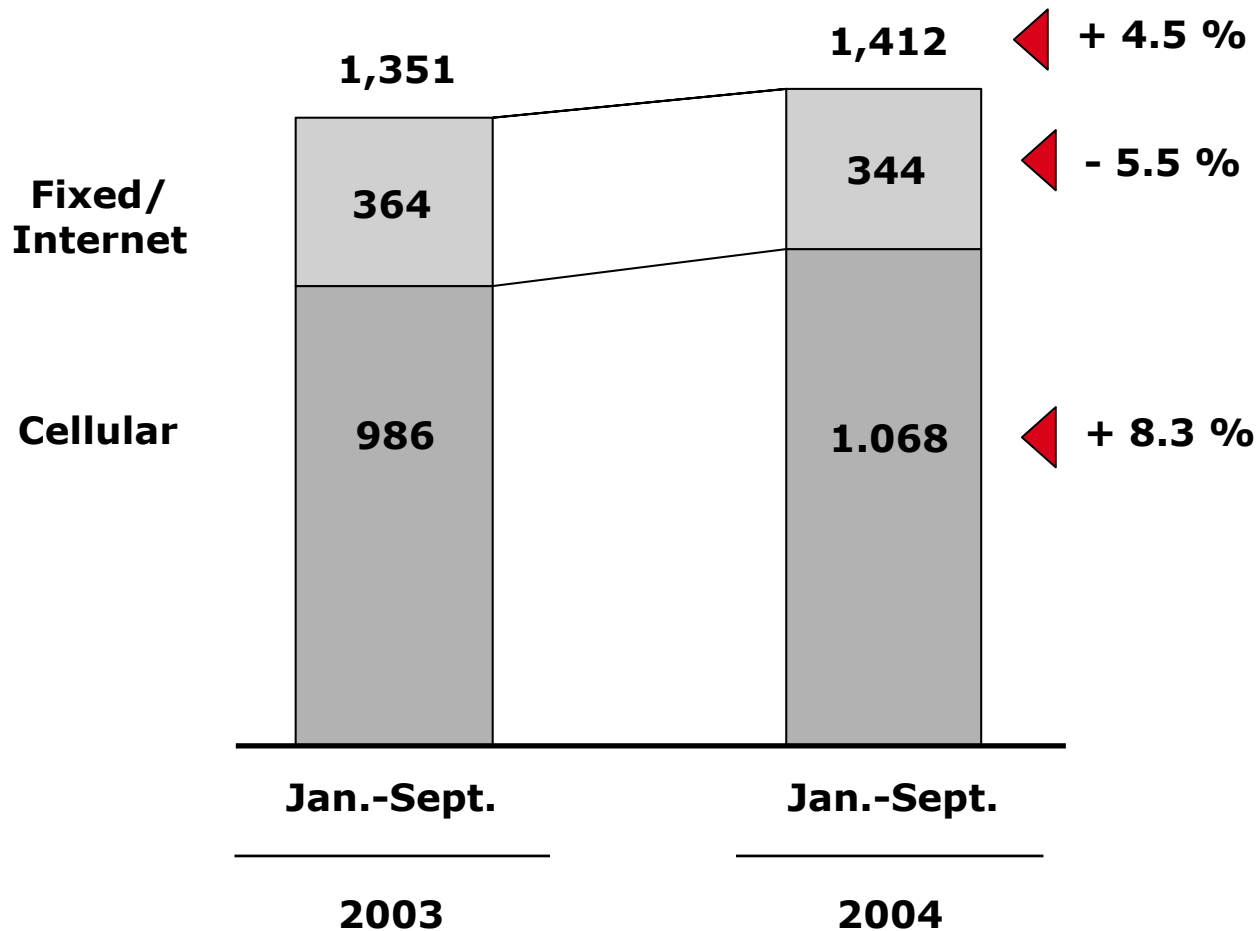
■ Fixed Line/Internet: Stable revenue and high profitability

- Revenue € 344m: -6%
- EBITDA € 96m: +56%
- EBIT € 66m: +113%

* Vorjahreszahlen ohne UMTS

mobilcom group: Mobile Service-Provider drives revenue growth

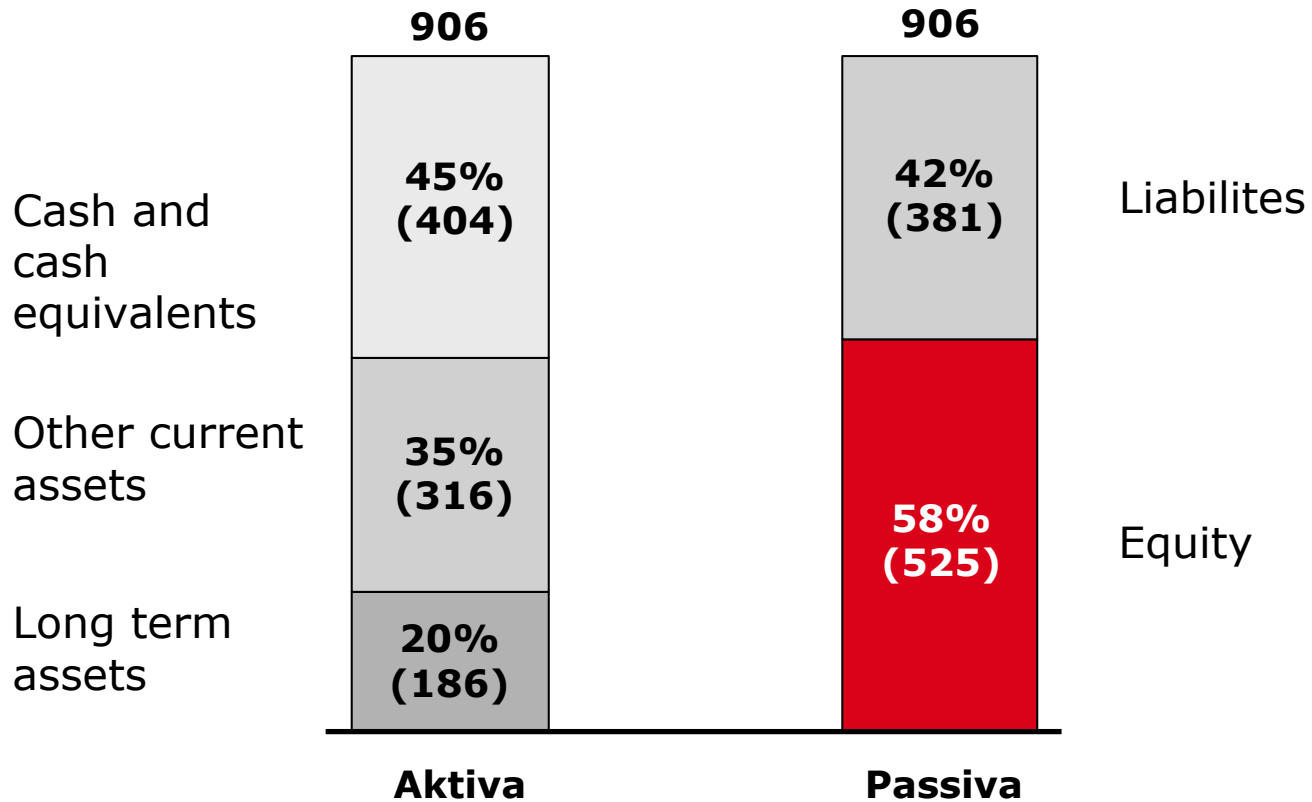
[€m]



mobilcom group: Solid balance sheet structure

[€m]

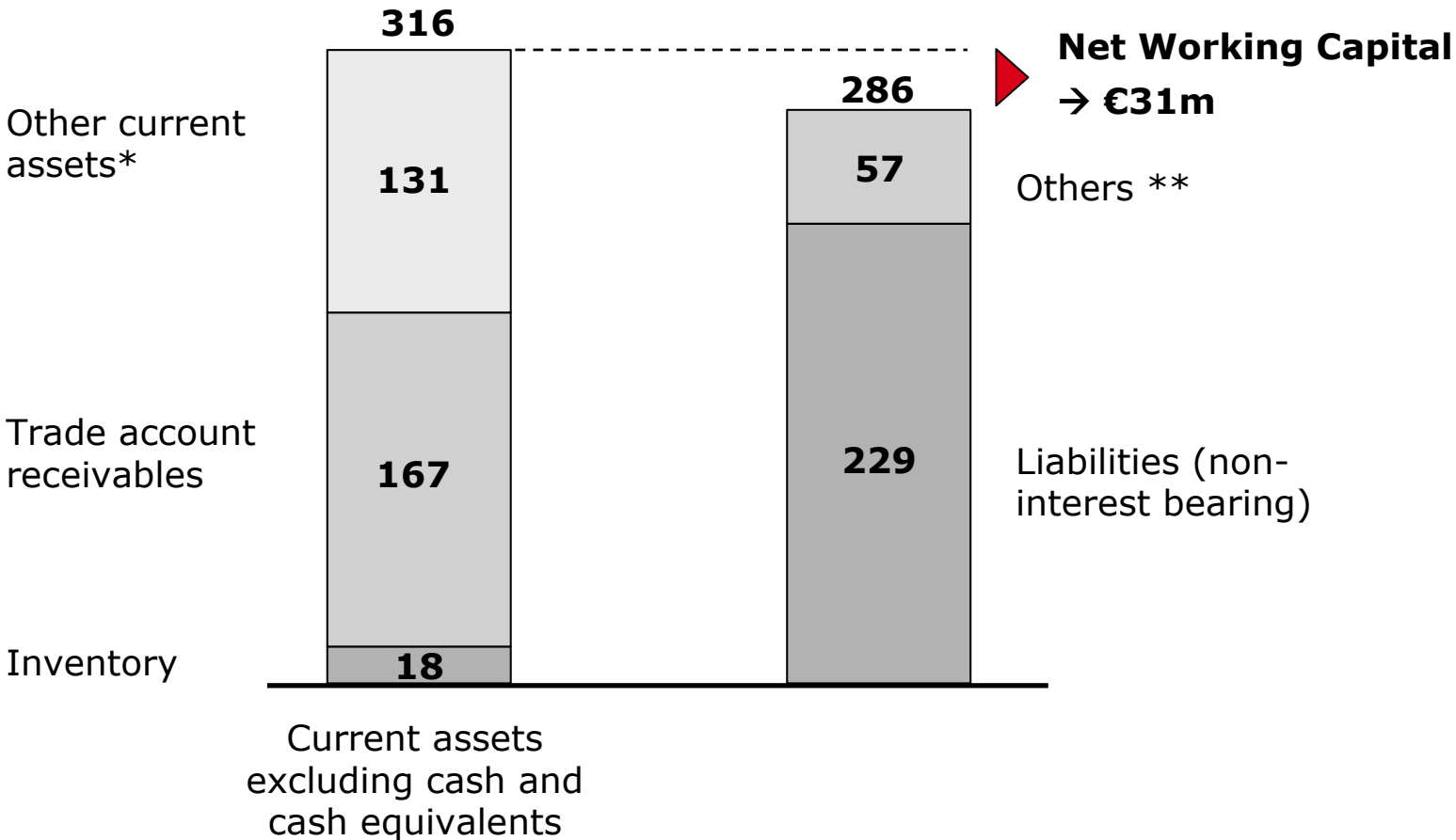
- ▶ Strong equity ratio, high cash reserves and low long-term capital tie-up



mobilcom group: Little capital tied in Net Working Capital

[€m]

▶ Further reduction of NWC by €12m in Q3/2004



* incl. deferred income
** incl. deferred liabilities and accrued liabilities



mobilcom group:
Cash flow steadily improved
 [€m]

	Jan. – Sept. 2004	
Cash flow from operating activities	199.2	◀ Cellular Fixed/Internet
Cash flow from investing activities	-16.0	
Cash flow from financing activities	-41.7	◀ Dividend payment (€26m)
<hr/>		
Increase in cash	141.5	
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Mobile Service-Provider: Revenue & earnings development

[€m]

	 <hr/> Jan. – Sept. 2004 2003 <hr/>		 <hr/> 3rd Quarter 2004 2003 <hr/>	
Revenue	1,067.7	986.3	361.9	336.4
EBITDA	40.9	25.7	10.5	17.4
<i>Margin</i>	<i>3.8%</i>	<i>2.6%</i>	<i>2.9%</i>	<i>5.2%</i>
EBIT	21.9	0.9	4.4	10.3
<i>Margin</i>	<i>2.1%</i>	<i>0.1%</i>	<i>1.2%</i>	<i>3.1%</i>

Mobile Service-Provider:

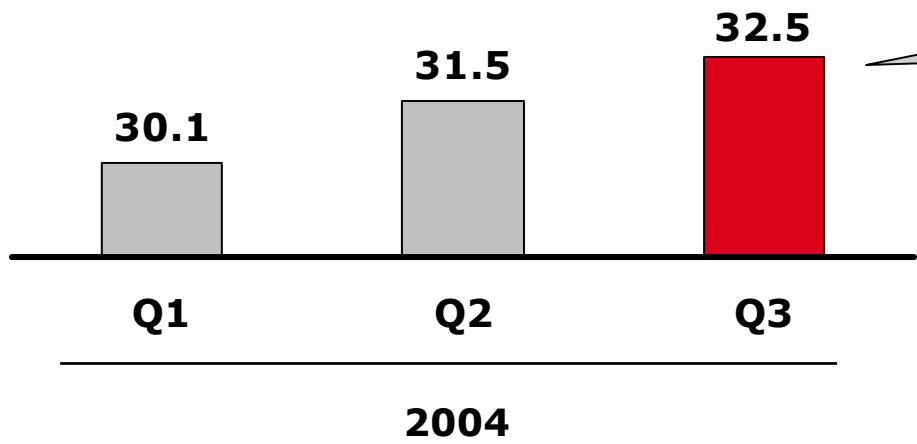
Cash flow

[€m]

	<u>2004</u>
Cash flow from operating activities	+140
- EBITDA	+41
- Δ Net Working Capital	+51
- Collection of receivables from freenet	+48
Cash flow from investing activities	-6
- Investments	-10
- Interests	+4
Dividend payment	-26
<hr/>	
Increase in cash	108
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Mobile Service-Provider: ARPU development: Contract-ARPU is increasing

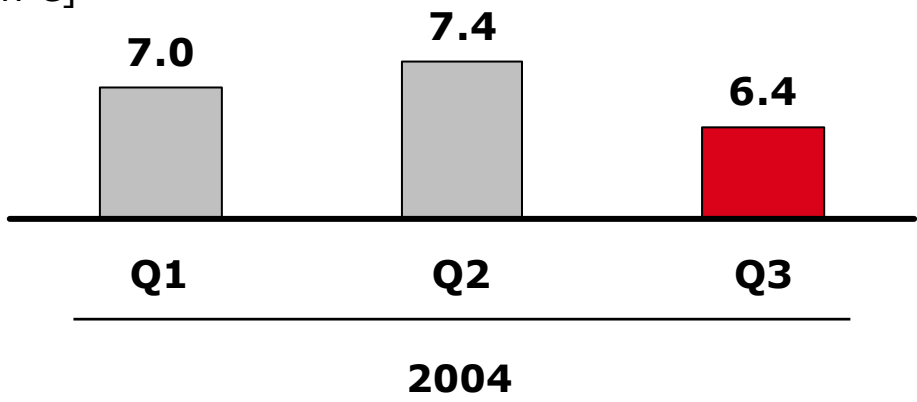
Contract customers [in €]



+€0.60 vs Q3 of previous year

Average ARPU in Q3/2004: €20.4

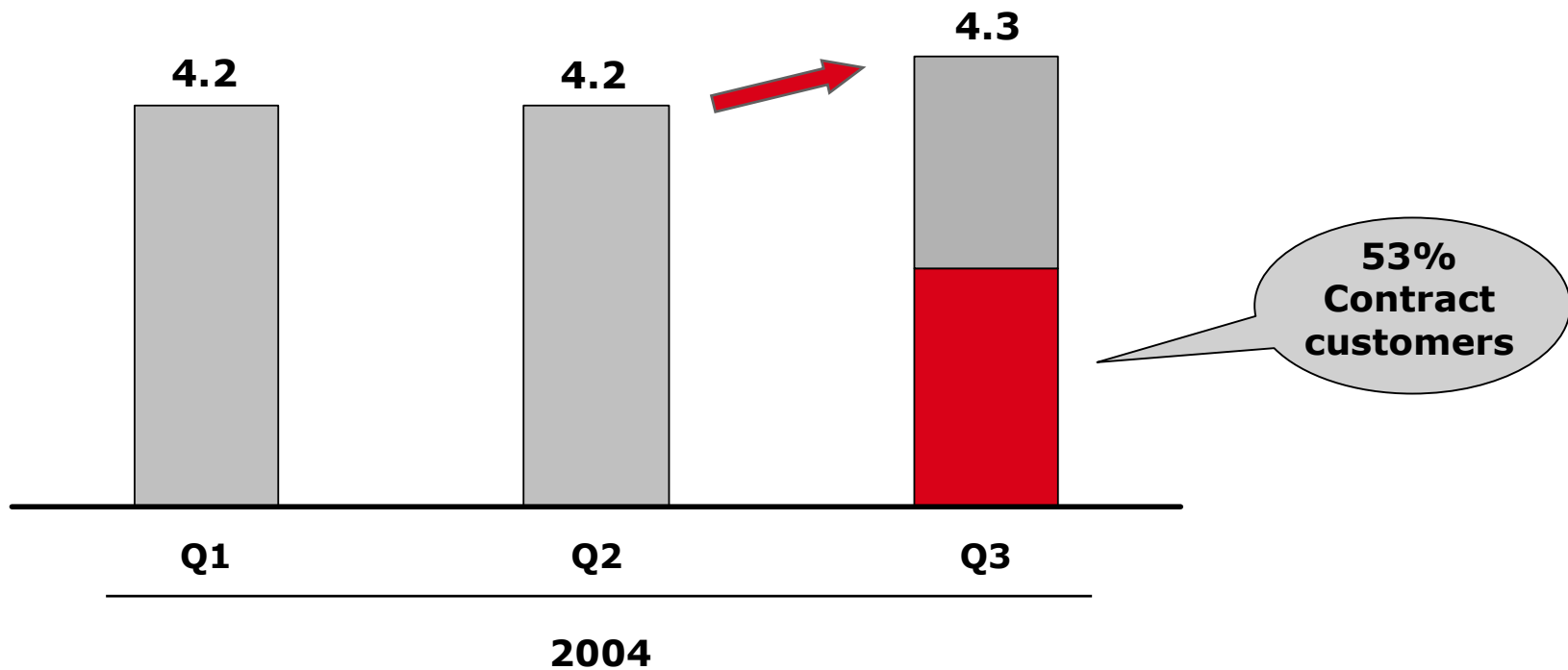
Prepaid customers [in €]



Mobile Service-Provider: Customer basis

- ▶ Increase to 4.3m customers by the end of Q3/2004

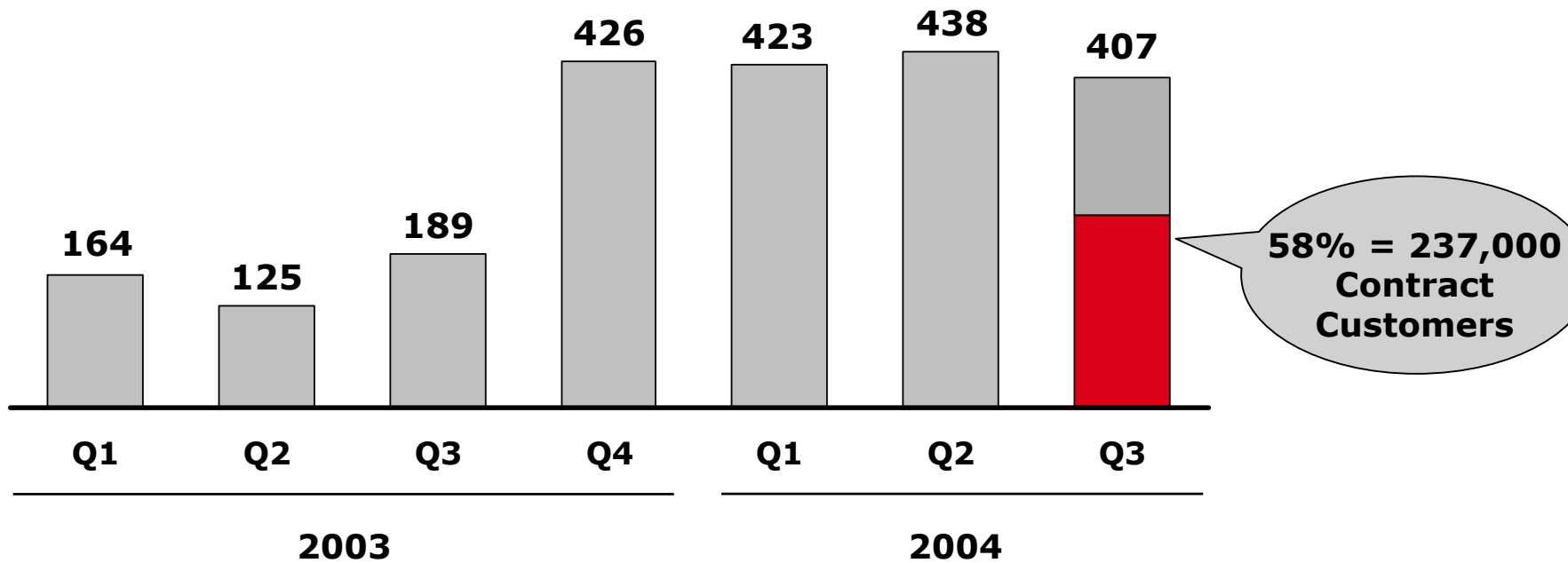
[in m]



Mobile Service-Provider

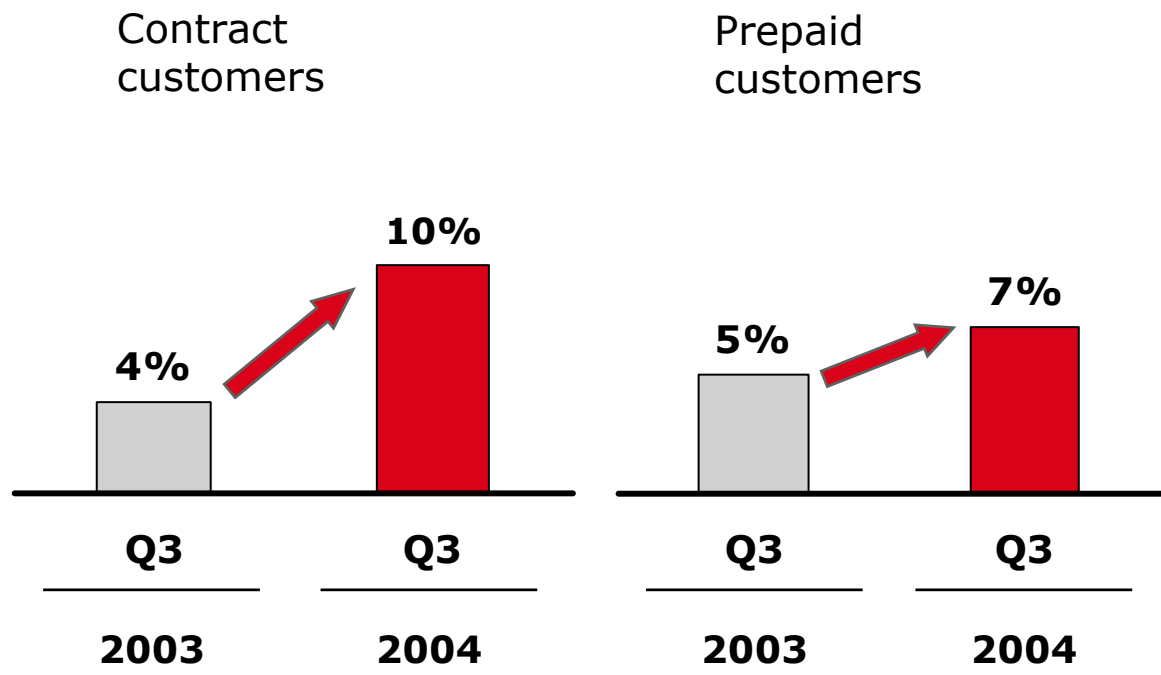
Gross Adds: New business 04

[in '000]



Mobile Service-Provider Market share: Strong growth in new business

[in % of new business]

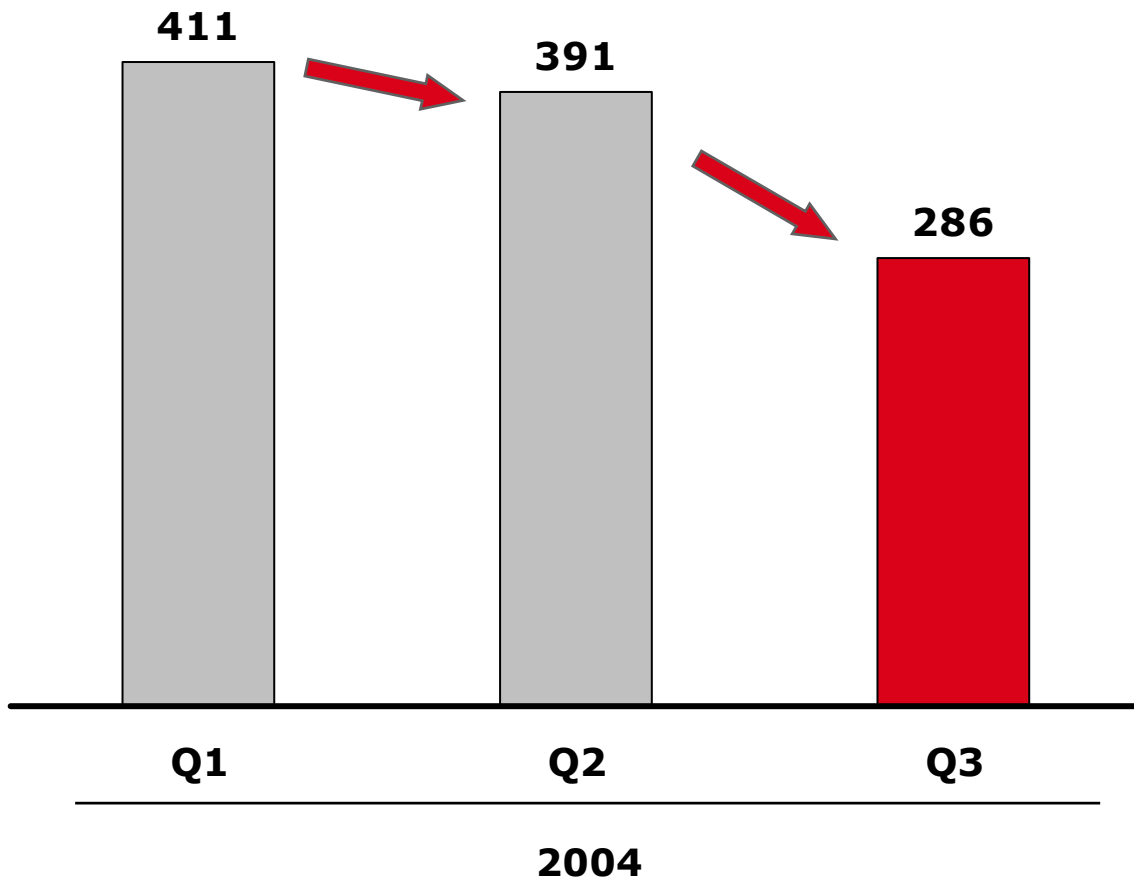


Market share customer base:

- 7% Contract
- 6% Prepaid

Mobile Service-Provider Churn significantly declining

[in '000]

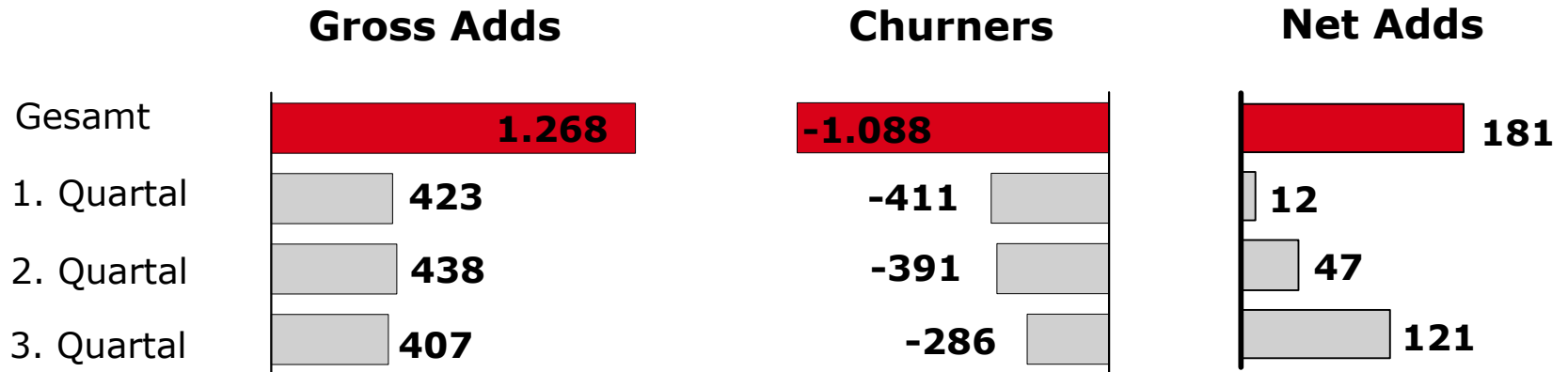


- Improvement by 30%
- Churn rate 27% p.a.
- Further improvement expected in Q4/04

Mobile Service-Provider

Strong new business and declining churn: Customer base grows

[in '000]



Mobile Service Provider

mobilcom employees partake in mobilcoms success

- Safe jobs: 2004 largely constant headcount
- „X-Mas bonus“ as last year
- All (qualified) trainees will get a job guarantee
- 12 scholarships to retain and qualify junior staff

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Fixed Line/Internet: Revenue & Earnings development

[€m]

	 <hr/> Jan. – Sept.		 <hr/> 3rd Quarter	
	2004	2003	2004	2003
Revenue	344.0	364.4	115.6	114.5
EBITDA	95.9	61.6	29.6	20.0
<i>Margin</i>	<i>27.9%</i>	<i>16.9%</i>	<i>25.6%</i>	<i>17.5%</i>
EBIT	65.5	30.8	19.6	9.2
<i>Margin</i>	<i>19.0%</i>	<i>8.5%</i>	<i>16.9%</i>	<i>8.1%</i>

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■ **Outlook 2004**

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Cellular: Targets will be achieved

- Customer base target: 4.5m confirmed
- Churn declines
- New business strong
- Earnings forecast €8-10m EBIT confirmed

Fixed Line/Internet (freenet.de AG)

- EBITDA €130m
- EBT €93–95m

mobilcom group 2004

- **Ordinary result clearly above last year**

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- **Product innovations from mobilcom**

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Product innovation by mobilcom: Innovative Services from mobilcom cover customer needs and boost competition

■ **Navigation system inside your mobile phone**

- Start in November 2004
- Customer pays €0.99 for each route

■ **„Push-to-talk“: Your mobile phone as „Walkie-Talkie“**

- Start in December 2004
- New value for private and commercial customers

■ **Tarif offer „10 seconds free“**

- Marketing start in in November 2004
- Calls shorter than 10 seconds will not be charged
- Offer in all 3 networks (T-mobile, Vodafone, eplus)

■ **m-limit – Contract with full cost control**

- Start at Cebit fair 2004
- Good response

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Decision of EU-Commission: Closure of the mobilcom Online-Shops

- The EU has approved state guarantees
 - the approval has been tied to additional requirements
- The EU has imposed closure of mobilcom's online shop for seven months
- In mobilcom's view, the EU has acted unlawfully and mobilcom has filed a lawsuit with the European Court of Justice
- The Federal Government did not implement the conditions required by the EU but has instead joined mobilcom in filing a suit
- mobilcom is due to relaunch its online shop shortly

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- **Repurchase of own stock**

- Share buyback at stock exchange
 - The first instance up to 5% of total share capital

- Purchased stock will be cancelled

- Increase of equity ratio and EPS

**Thank you very much
for your attention!**

mobilcom 

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