

The background of the slide is a dynamic splash of water against a dark blue gradient. The water is captured in mid-air, with numerous bubbles and droplets of varying sizes. The lighting highlights the transparency and texture of the water, creating a sense of movement and freshness. The overall color palette is monochromatic, ranging from deep navy blue to a lighter, almost white blue at the top.

O2 Czech Republic, a. s.

2<sup>nd</sup> August 2019

# Quarterly Results January – June 2019

O<sub>2</sub>

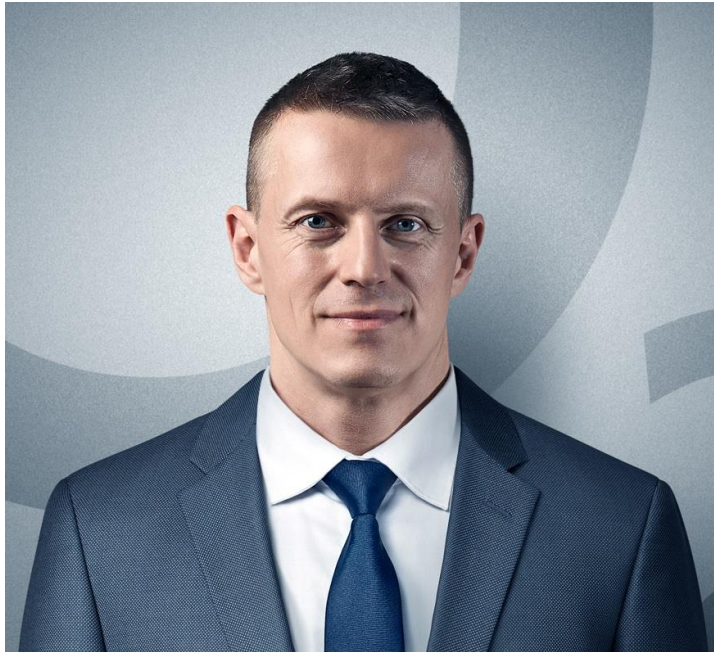
# Cautionary statement

Any forward-looking statements concerning future economic and financial performance of O2 Czech Republic 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 O2 Czech Republic 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 O2 Czech Republic a.s. could materially differ from those expressed in the forward-looking statements contained in this Presentation. Although O2 Czech Republic a.s. makes every effort to provide accurate information, we cannot accept liability for any misprints or other errors.

# Today's speakers



**Jindřich Fremuth**

CEO & Chairman of the Board

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**Tomáš Kouřil**

CFO & Vice-Chairman of the Board

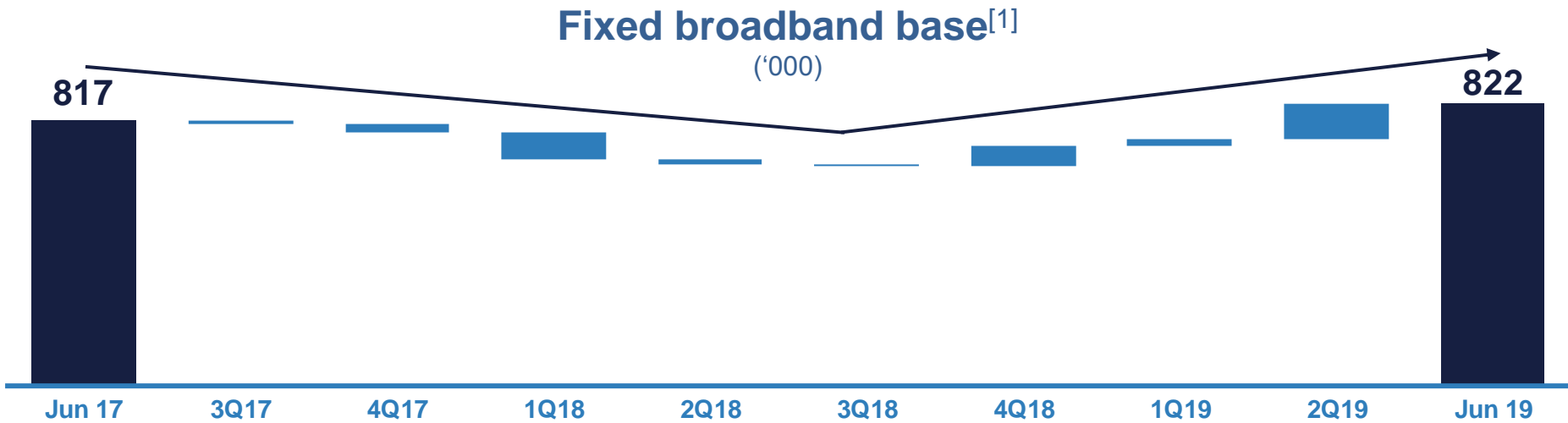
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# Strategic commercial initiatives & performance highlights

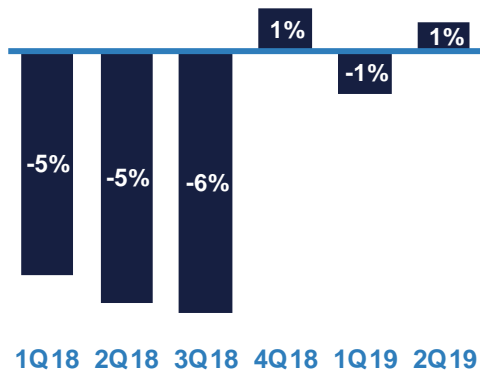


# Our focus on commercial proposition improvement... ...led to positive turnaround in technology agnostic BB sales



### Fixed broadband revenue

(y-o-y change)



### FBB speed upgrade for 1.5m households



### Fixed wireless access commercial launch

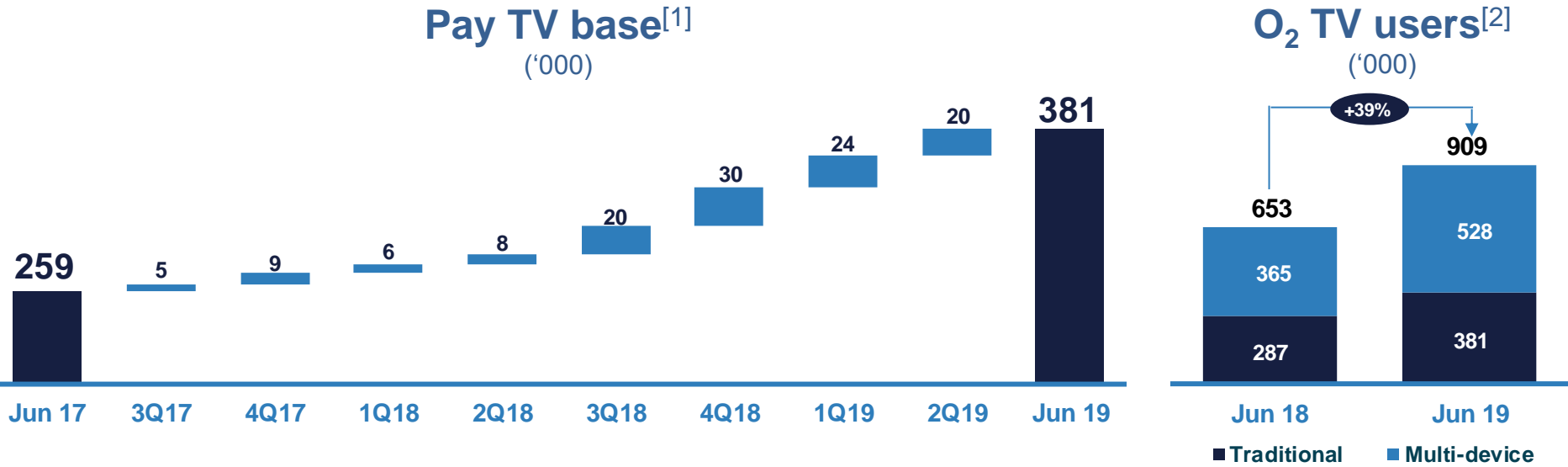


### Continuous speed upgrades on fixed and wireless infrastructure





# Permanent pay TV growth thanks to unique features and content... ...number of O2 TV unique accesses nearing to 1 million



## Best sport content



## Bundling, features & content marketing focus



<sup>[1]</sup> IPTV & OTT, incl. Multi (second STB); <sup>[2]</sup> Traditional paid tariffs: IPTV, OTT, Multi; Multi-device: applications & web (average monthly number of unique users, incl. paid O2 TV Sport Pack)

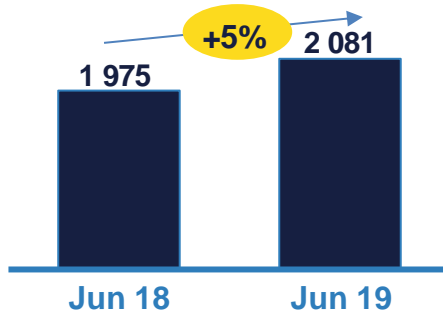




# Successful commercial proposition backed by strong network... ...resulting in continuous customer & financial growth in Slovakia

## Growing customer base

(total base in '000)



- 64% postpaid share (+2.9 p.p.)
- Upsell to high value tariffs...
- ...with positive ARPU impact
- Accelerated growth of home BB

## Expanding business activities



- WTTx/FWA broadband via LTE TDD & 4G LTE



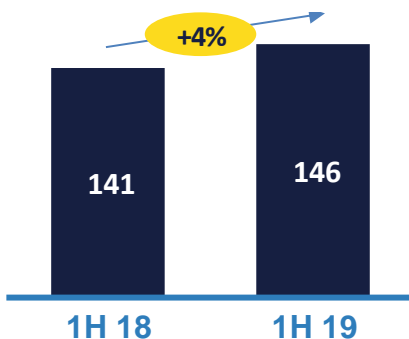
- O<sub>2</sub> TV at home or in mobile



- eKasa – complex solution for electronic record of sales; utilization of experience from O2 Czech

## Revenue

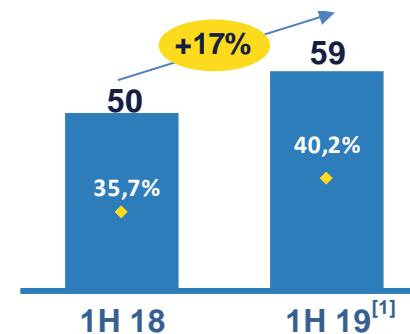
(EUR millions)



- Mobile data (4G LTE network expansion)
- Hardware (LTE focus)

## EBITDA/margin

(EUR millions)



- National roaming costs savings...
- ...helped also by application of new IFRS 16

<sup>[1]</sup> Including positive impact of IFRS 16; EBITDA growth +8% y-o-y excluding IFRS 16





Financial performance  
January – June 2019

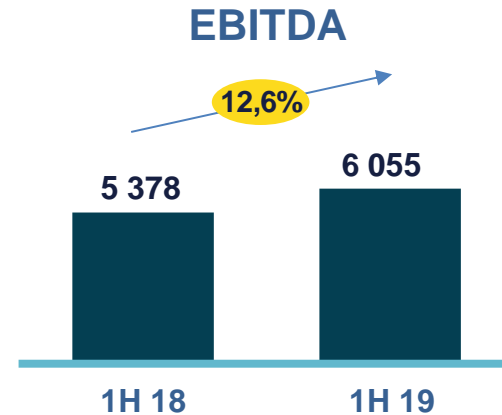
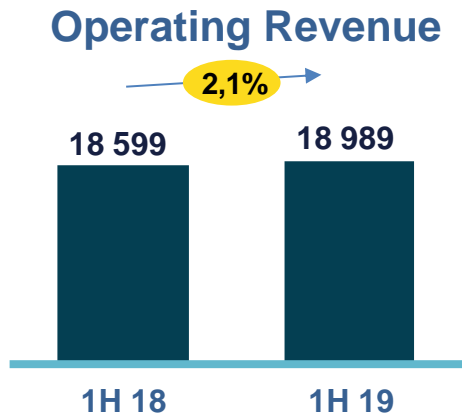
O<sub>2</sub>





# Growing revenue helped by fixed broadband and O<sub>2</sub> TV... ...past investments diluted net income, but boosted EBITDA

<i>CZK millions</i>	Jan - Jun 2019 <sup>[1]</sup>	Change 1H19 /1H18
<b>Operating Revenue</b>	<b>18,989</b>	<b>+2.1%</b>
CZ Fixed	5,449	
CZ Mobile	9,915	
Slovakia	1,839	
<b>EBITDA</b>	<b>6,055</b>	<b>+12.6%</b>
<i>EBITDA margin</i>	31.9%	
<b>Net Income</b>	<b>2,604</b>	<b>-6.2%</b>
Free Cash Flow	2,771	
<b>CAPEX</b>	<b>1,055</b>	<b>-22.7%</b>
CZ CAPEX	575	-38.1%
SK CAPEX	479	+11.4%

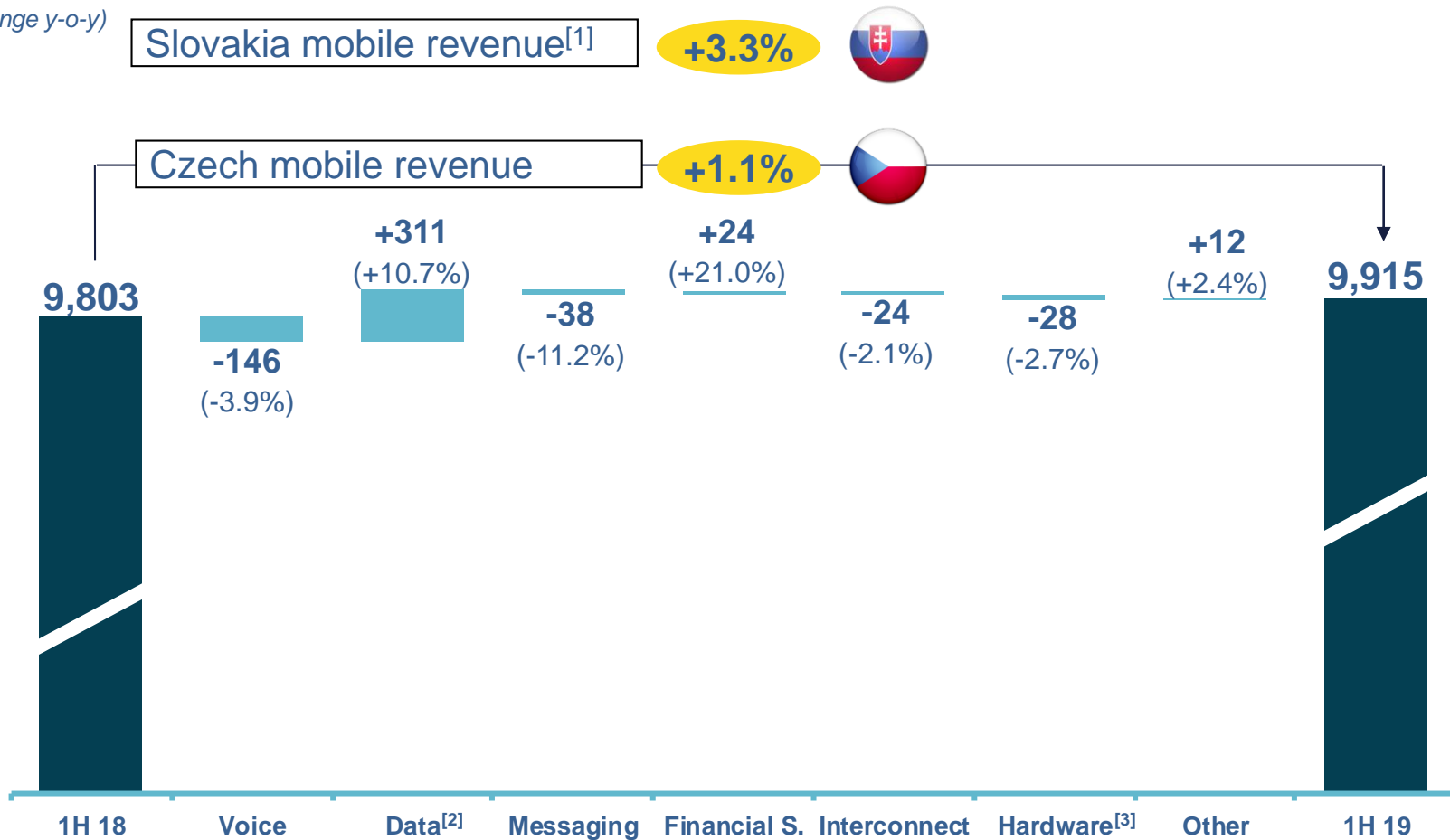


<sup>[1]</sup> Including IFRS 16 effect (CZK 380m positive EBITDA impact, CZK 22m negative net income impact); EBITDA: +5.5% y-o-y and net income: -5.5% y-o-y excluding IFRS 16



# Double digit growth of mobile data and financial services... ...compensated lower voice, messaging and hardware revenue

CZK millions  
(% change y-o-y)



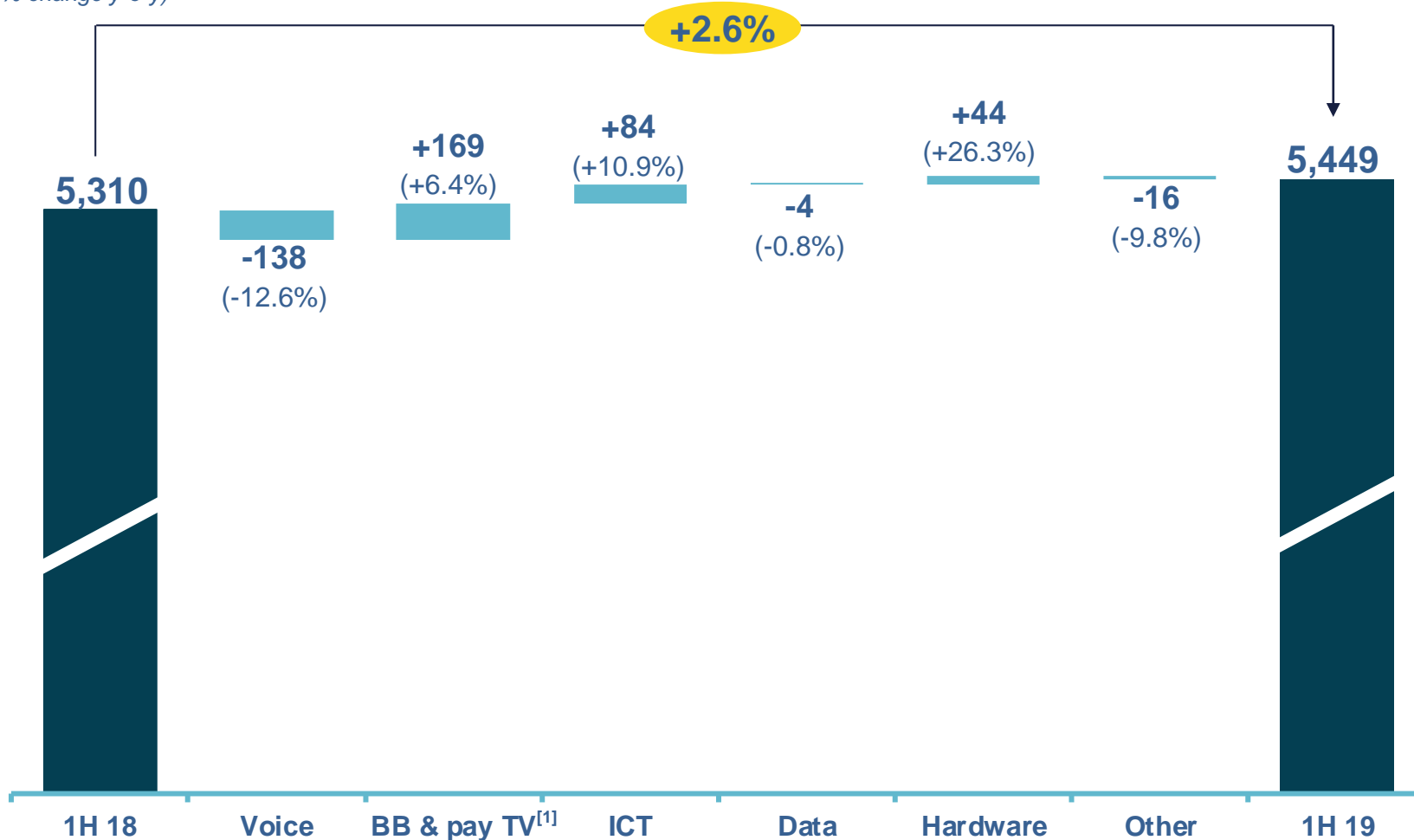
10 <sup>[1]</sup> Key driver: Data: +31%; O2 Slovakia, growth rate in local currency (EUR); <sup>[2]</sup> Excluding fixed wireless BB (LTE, WTTx), which is included in fixed revenue since 2019; <sup>[3]</sup> +6.6% y-o-y excl. IFRS 15 impact





# Growth of technology agnostic broadband & pay TV... ...more than compensated declining voice revenue

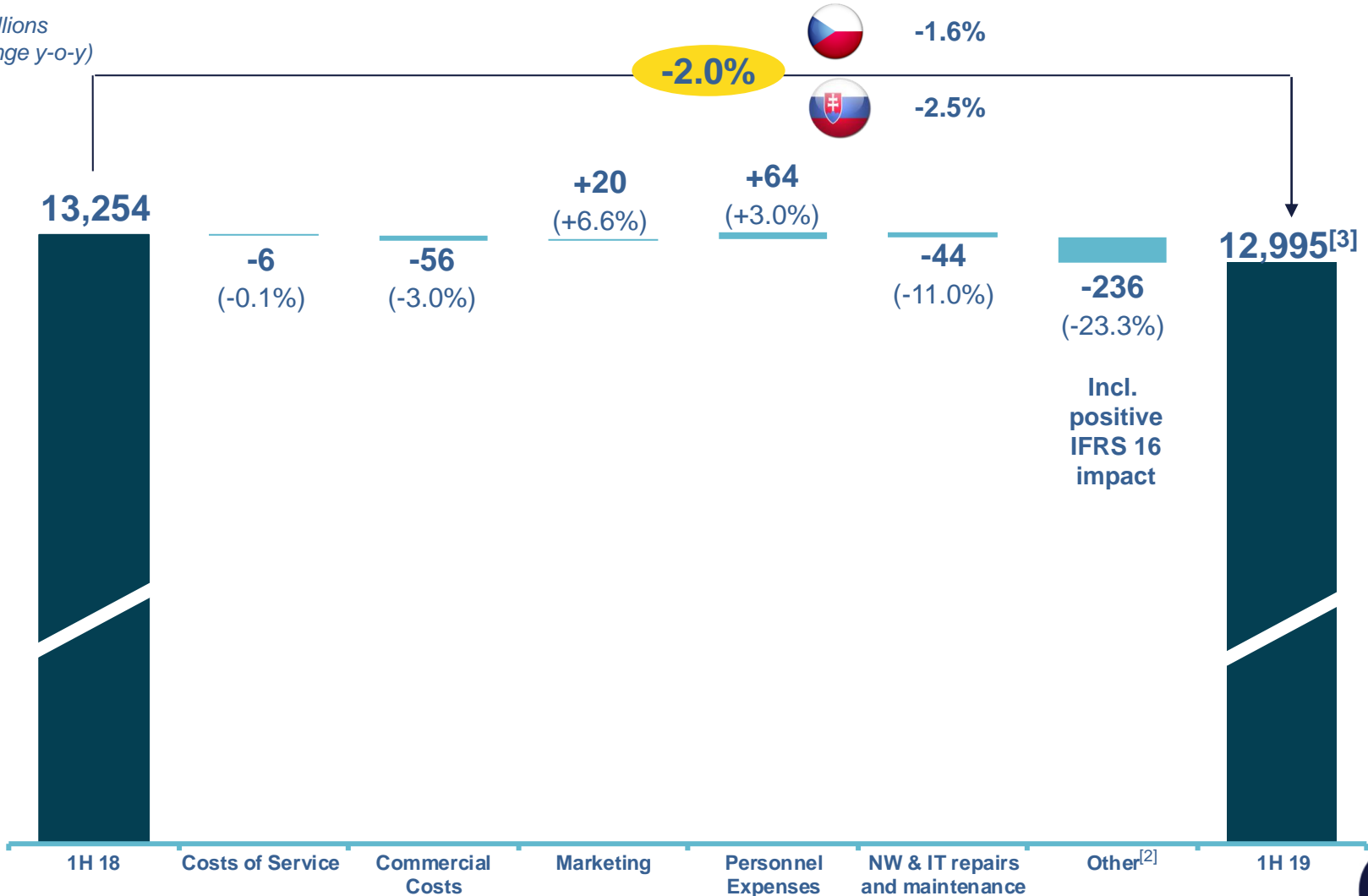
CZK millions  
(% change y-o-y)





# Underlying cost base<sup>[1]</sup> is under management... ...with savings in both Czech Republic as well as Slovakia

CZK millions  
(% change y-o-y)



<sup>[1]</sup> +0.9% year-on-year excluding IFRS 16 positive impact; <sup>[2]</sup> Taxes other than income taxes, bad debt provisions, rentals, buildings, vehicles, consumables, consultancy, billing, collection, call centers, management fees and other; including Internal expenses capitalized in fixed assets; <sup>[3]</sup> CZK 380 million positive effect of IFRS 16 (rentals, buildings, vehicles)

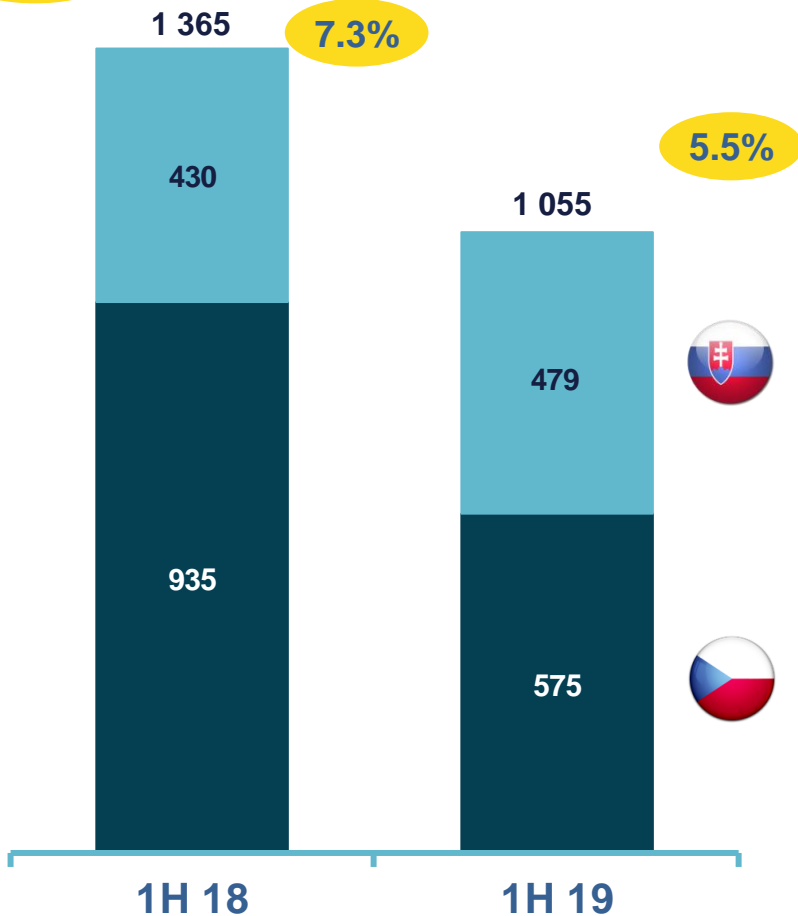




# Light CAPEX profile in Czech Republic... ...continuous investments in mobile network in Slovakia

CZK millions

CAPEX/  
Revenue



## Slovakia

- >70% of CAPEX directed into **network**
  - 2G expansion to reduce national roaming
  - Mobile NW capacity (transmission) improvement
  - FWA NW rollout

## Czech Republic

- IT upgrade
- Mobile core & new services (IPTV, FBB) NW
- Retail shops redesign





## New EUR 160 million 5/7 years funding raised...

## ...2018 shareholder remuneration of CZK 6.2 billion approved by AGM

CZK millions	31 Dec 2018	30 Jun 2019	30 Jun 19 /31 Dec 18
<b>Non-current assets</b>	<b>25,190</b>	<b>28,406</b>	<b>+12.8%</b>
- of which intangible assets	17,164	16,251	-5.3%
- of which property, plant & equipment	6,130	6,132	0.0%
- of which right-of-use assets <sup>[1]</sup>	-	4,167	<i>n.m.</i>
<b>Current assets</b>	<b>10,940</b>	<b>17,577</b>	<b>+60.7%</b>
- of which cash & cash equivalents	2,475	8,813	+256.1%
<b>Total assets</b>	<b>36,130</b>	<b>45,983</b>	<b>+27.3%</b>
<b>Equity</b>	<b>15,225</b>	<b>11,457</b>	<b>-24.7%</b>
<b>Non-current liabilities</b>	<b>12,083</b>	<b>19,334</b>	<b>+60.0%</b>
- of which financial debt <sup>[3]</sup>	10,461	14,539	+39.0%
- of which lease liability	-	3,515	<i>n.m.</i>
<b>Current liabilities</b>	<b>8,822</b>	<b>15,192</b>	<b>+72.2%</b>
- of which lease liability	-	714	<i>n.m.</i>

IFRS 16<sup>[2]</sup>

Shareholder remuneration<sup>[1]</sup>



14 <sup>[1]</sup> 2018 shareholder remuneration declared, but not paid as of 30 June 2019; <sup>[2]</sup> IFRS 16: lease payments capitalized to assets and corresponding lease liabilities (non-current & current); <sup>[3]</sup> new debt ~ CZK 4.1 billion raised in April 2019)

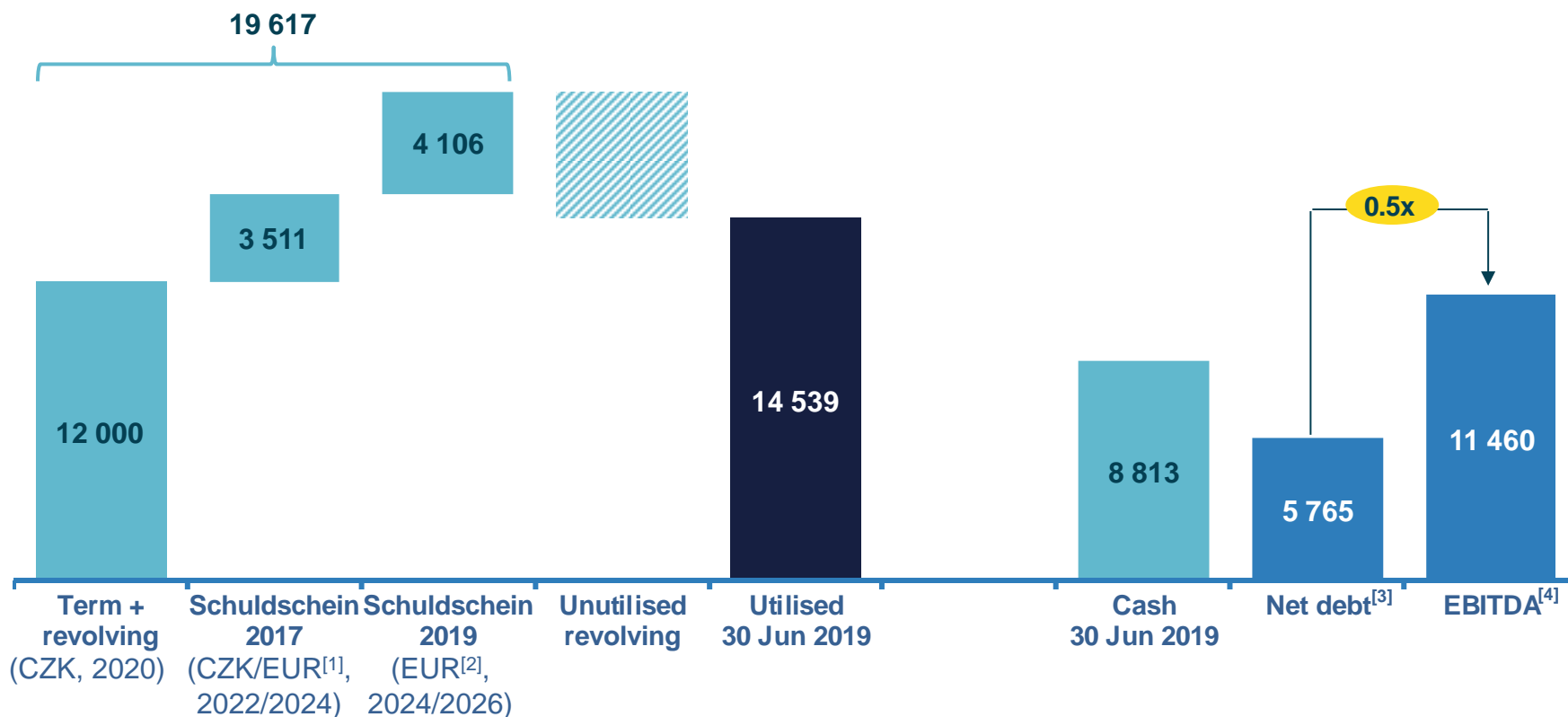
# Net debt/EBITDA at low 0.5x...

...new EUR 160 million 5/7 years funding raised in April 2019

CZK millions

## Debt

## Cash, Net Debt



15 <sup>[1]</sup> CZK 3,000m, EUR 20m; <sup>[2]</sup> EUR 160m; <sup>[3]</sup> Cash less financial debt (excluding IFRS 16 lease liability); <sup>[4]</sup> Twelve months EBITDA ending 30 June 2019 (excluding IFRS 16 impact in 1H 2019)