

A dynamic splash of water with numerous bubbles and droplets, set against a dark blue background. The water is captured in mid-air, creating a sense of movement and freshness.

O2 Czech Republic

Quarterly Results
January – June 2016

28th July 2016



Today's speakers



Tomáš Budník
CEO & Chairman
of the Board



Tomáš Kouřil
CFO & Vice-Chairman
of the Board

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.

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Performance Highlights

In 2016 we continued bringing new propositions to the market...

...and further invest in future growth



- Q1 O2TV for all, roll-out to new distribution channels
- Q2 Try and Keep campaign supported by ATL



- Fixed voice revolution, vast majority of base already enjoying
- Change in customer experience (40% traffic per line increase)



- We acquired new spectrum at **reasonable price**^[1] (30% below EU benchmark)
- We invested in **customer experience** (4 of 7 blocks)
- After this auction, **all available spectrum allocated to existing players**



- BOLT **start-up accelerator** activated
- **Synergies** based on **newest technologies** backed by **O2 ecosystem**



^[1] CZK 1.5bn of CZK 2.6bn, advance payment (< CZK 0.5bn) made already in 1Q 2016

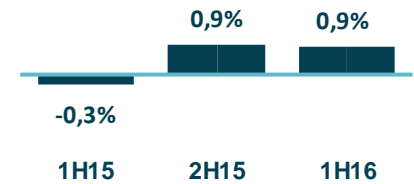
Our value focused mobile strategy works...

... two digit growth in data revenue maintained



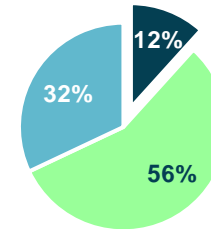
- B2B under pressure, but decline decelerating
- Negative impact of roaming regulation in 2Q
- Improving spend via tariff upsell

ARPU (y-o-y)

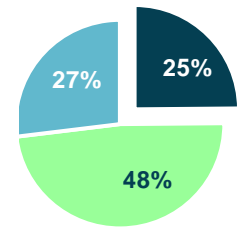


- Growing smartphone penetration: already > 50%
- LTE smartphone sales focus...
- ...already 25% of base at June 2016

Jun 15



Jun 16



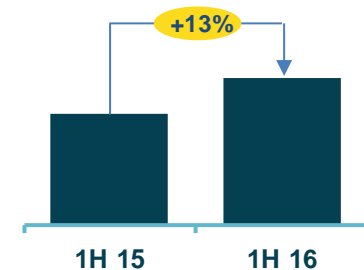
■ Voice phones ■ Non-LTE smartphones ■ LTE smartphones



- LTE network coverage already at 90%, above European benchmark
- Driving growth in data traffic and spend
- And data monetized



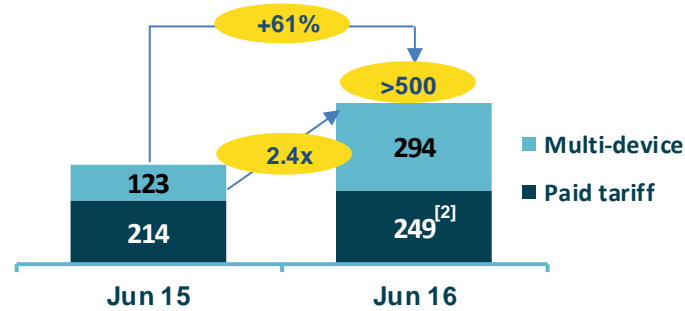
Small screen revenue



For the first time over half million O2 TV viewers... ...fixed voice revolution working



O2 TV reach^[1] ('000)



- Unlimited fixed voice tariff
- Vast majority already enjoying
- Well accepted by customers...
- ...traffic per line up by 40%

^[1] Tariff - IPTV, OTT, Multiroom (second STB), Multi-device (mobile & web application), ^[2] Excluding non-paying "Try & Keep" customers

Slovakia maintains commercial & financial momentum...

... all fixed services for corporates already in place



- Full portfolio of services for corporate segment commercially launched...
- ... including mobile services in cooperation with O2 Slovakia
- First contracts with public, municipal and corporate customers signed

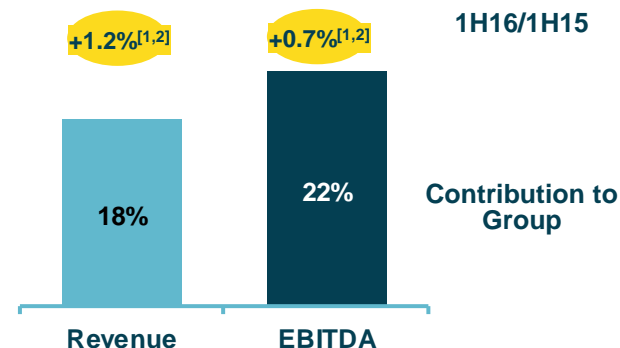


- Growing data revenue, helped by...
- ...improving 3G and 4G coverage and quality
- ... data focused proposition (“Datahit”)
- ...driving smartphone penetration (53%)...
- ...internet base & data revenue growth

Data revenue (CZKm)



- Revenue growth driven by data
- OpEx impacted by fixed launch
- EBITDA margin 34.7%^[3]
- Positive contribution to Group financials



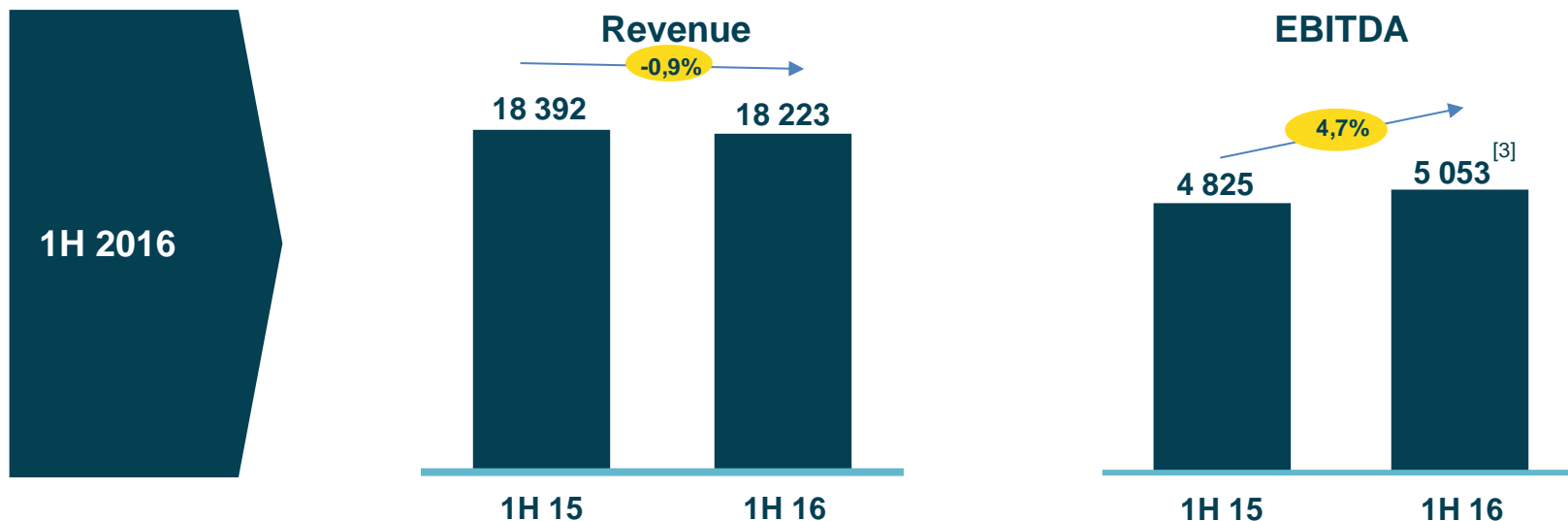
^[1] year-on-year growth rates in constant currency (EUR), ^[2] including O2 Business Services, ^[3] including NW costs



**January – June 2016
Financial Performance**

Pressure in traditional business compensated by new activities... ...operating profitability slightly growing

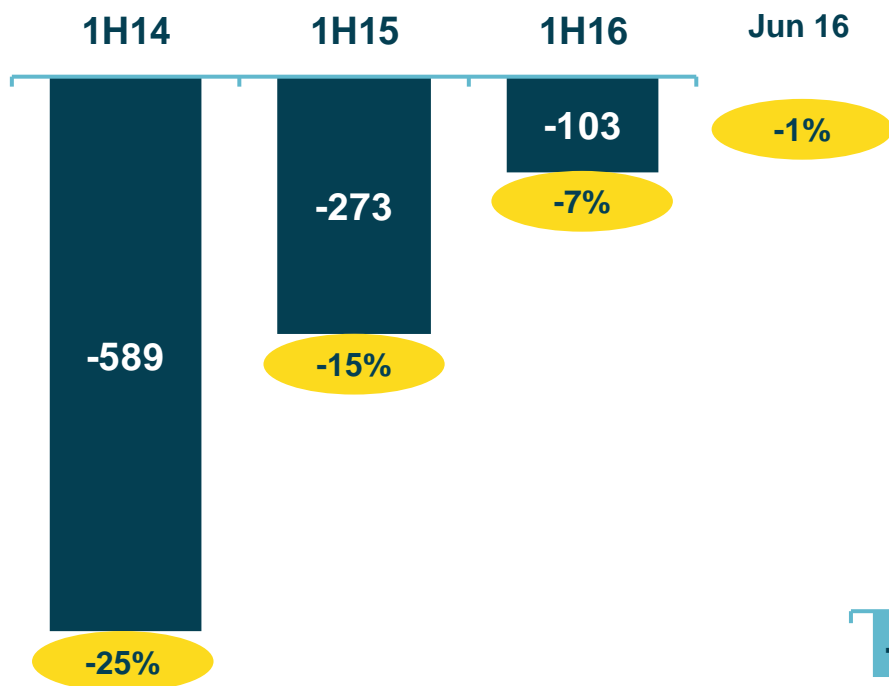
<i>CZK millions</i>	Jan-Jun 2016	<i>Change 1H 16 / 1H 15</i>
Operating Revenue	18,223	-0.9%
CZ Fixed	5,651	
CZ Mobile	9,453	
Slovakia ^[1]	3,208	
EBITDA	5,053	+4.7%
<i>EBITDA margin</i>	27.7%	
<i>EBITDA margin excl. charge from CETIN</i>	54.4%	
Net Income	2,552	+9.8%
Free Cash Flow ^[2]	2,027	



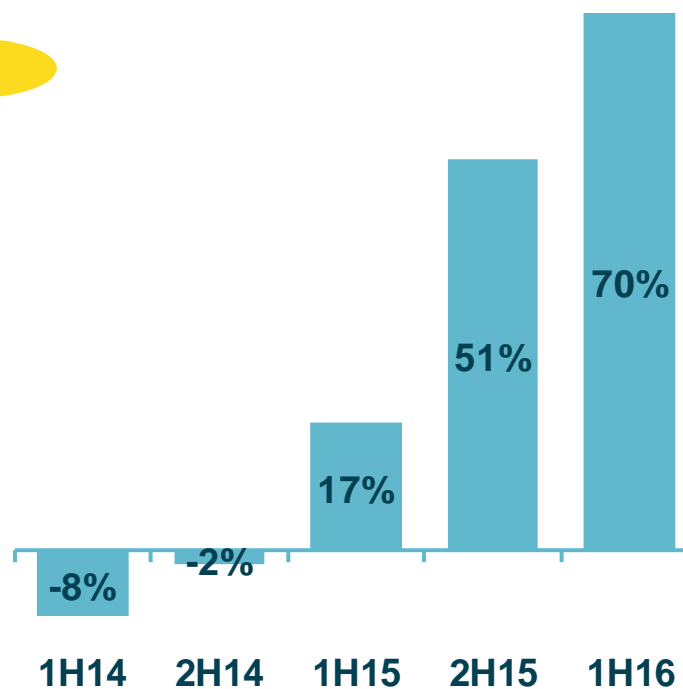
^[1] including O2 Business Services, ^[2] Including paid guarantee for 1.8GHz and 2.6GHz spectrum auction (<CZK 500m), ^[3] Including positive legal case settlement related to a fine from Antimonopoly Office (CZK 92m)

The new propositions turned around fixed voice revenue... ... and increased our relevance in Pay TV market

Fixed voice revenue
(CZK mil, year-on-year)

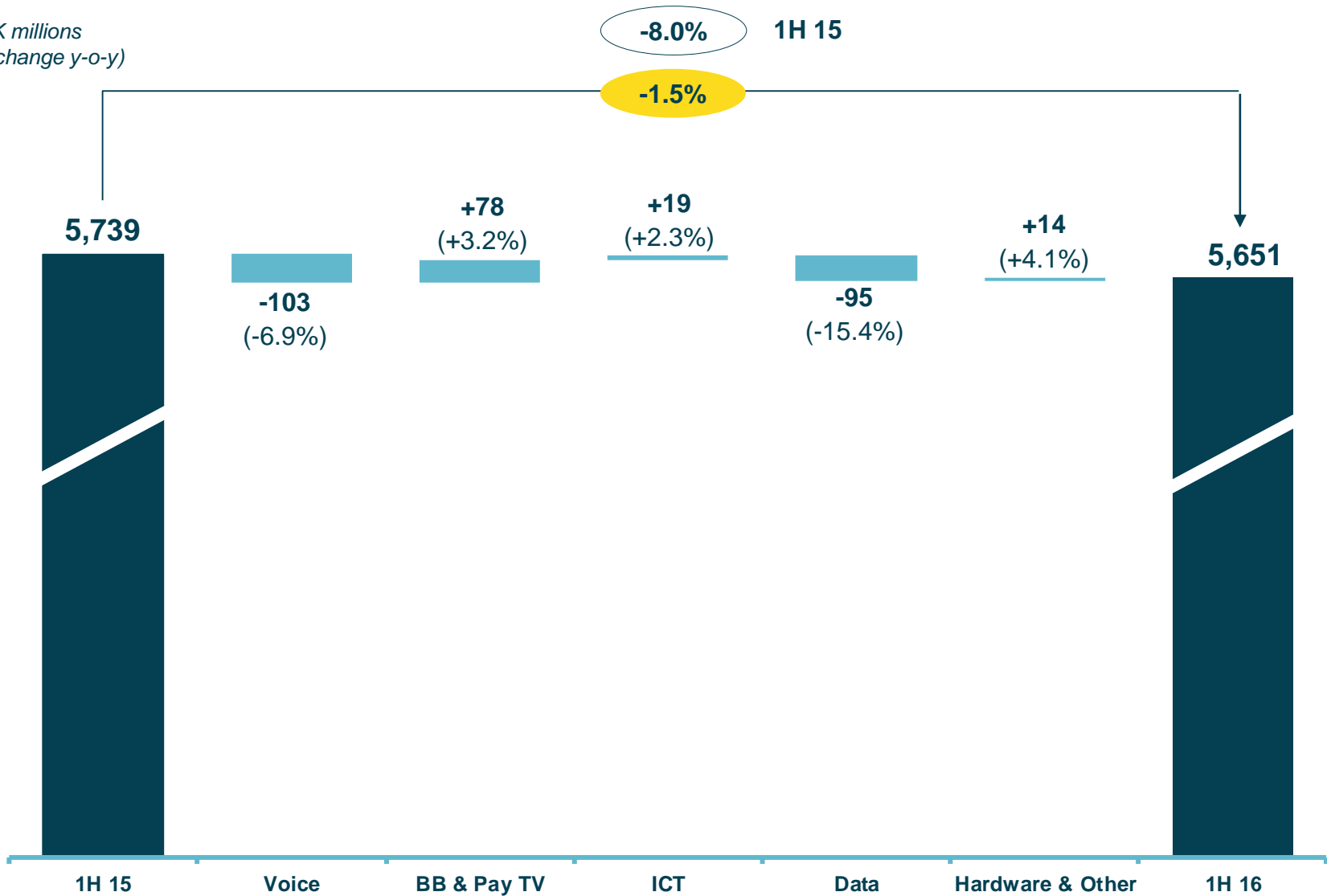


Pay TV revenue
(year-on-year)



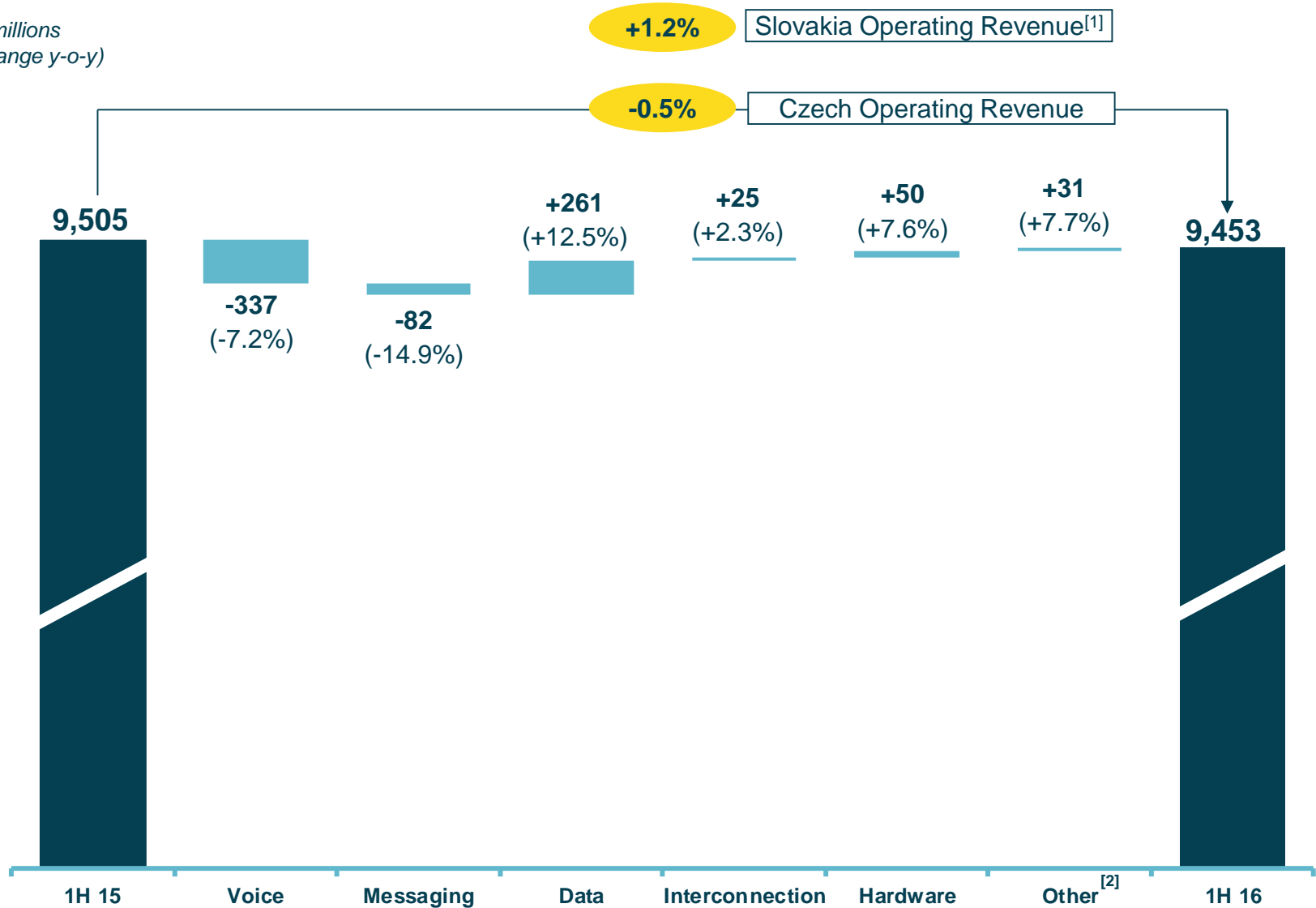
Fixed revenue improving trends compared to last year... ... with B2B segment still under pressure

CZK millions
(% change y-o-y)



Mobile revenue impacted by B2B pricing & roaming... ... while data revenue growing double digit

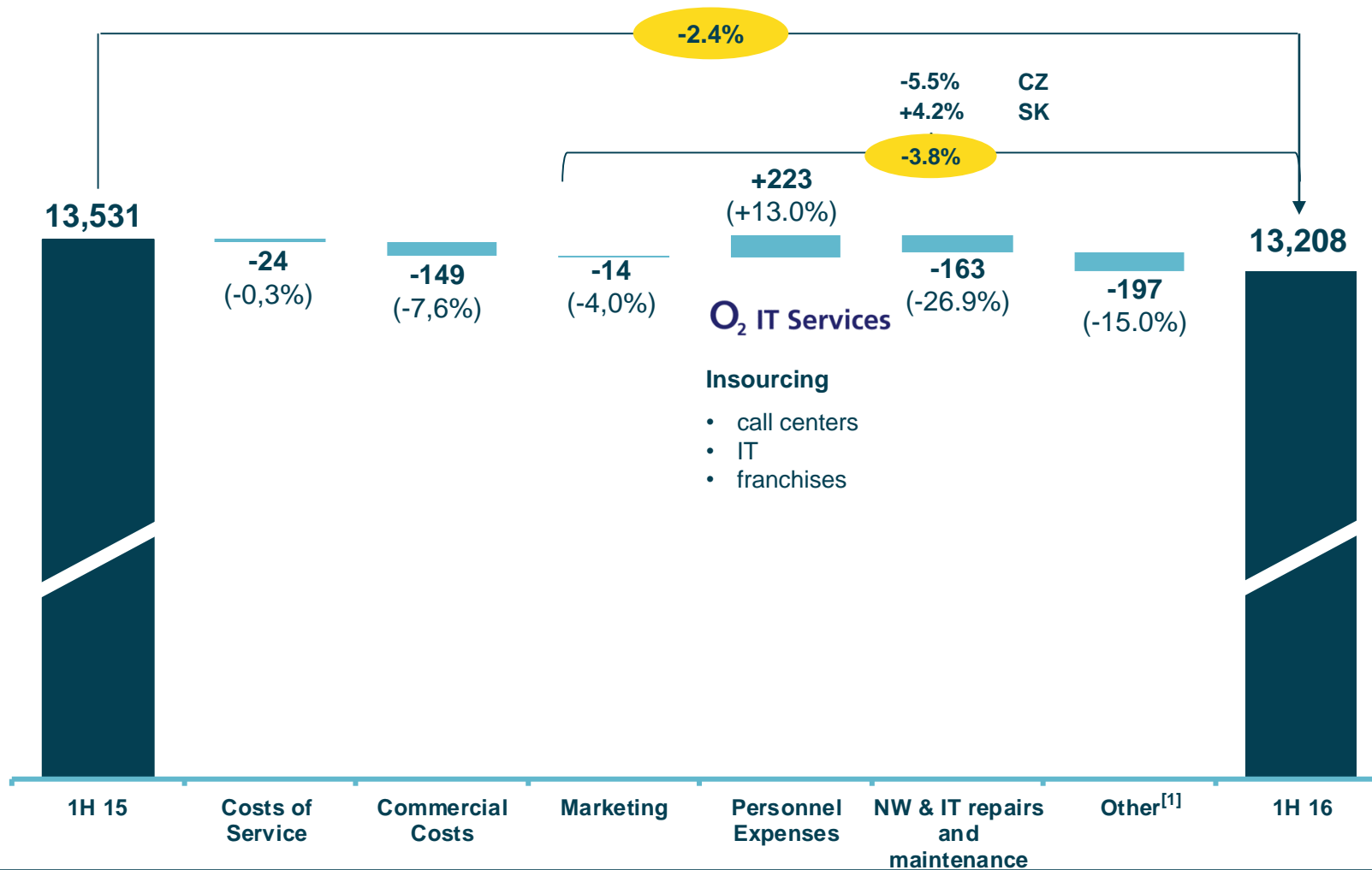
CZK millions
(% change y-o-y)



^[1] including O2 Business Services, growth rate in local currency (EUR), ^[2] Inbound Roaming, M2M, Other revenue

Cost base under control... ... despite entry in Slovak fixed market

CZK millions
(% change y-o-y)

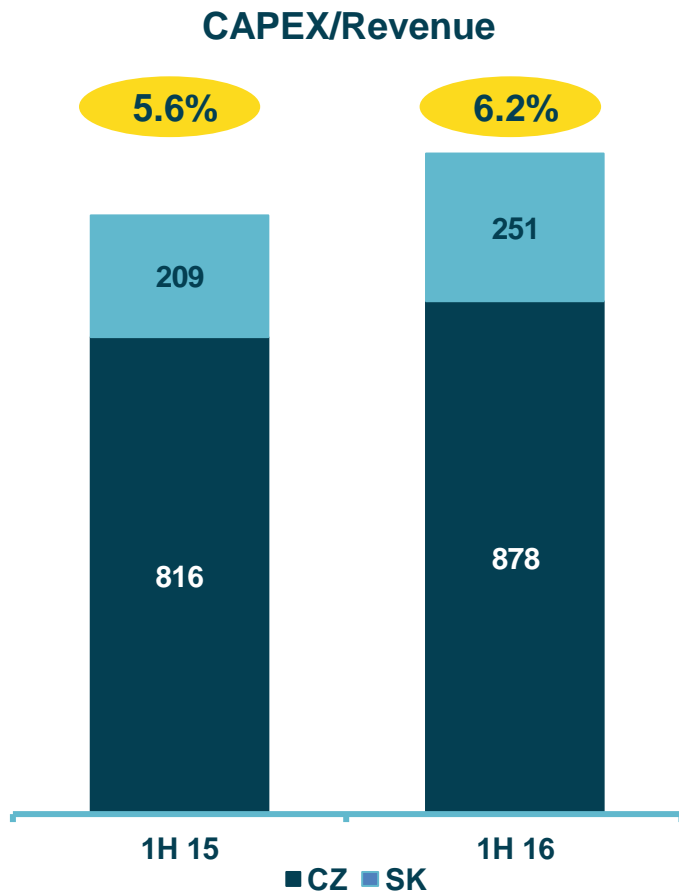


^[1] Taxes other than income taxes, provisions and fees, Rentals, Buildings, Vehicles, Consumables, Consultancy, Billing, Collection, Call Centers, management fees and other; including Internal expenses capitalized in fixed assets

1H 2016 with low CAPEX profile...

...investments directed to growth areas and IT transformation

CZK millions



■ Czech Republic:

- Media production van
- IT transformation (also in 2H 2016)
- Core NW upgrade and enhancement
- Sport content

■ Slovakia:

- 3G capacity & 4G coverage extension
- IT upgrade
- Accelerated 4G rollout in 2H 2016

Additional CZK 1 billion debt drawn in 2Q 2016...

...Equity decline driven by 2015 dividend distribution

<i>CZK millions</i>	31 Dec 2015	31 March 2016	30 June 2016
Non-current assets	21,420	20,907	20,673
- of which Intangible Assets	16,147	15,715	15,568
- of which Property, Plant & Equipment	4,638	4,617	4,582
Current assets	8,848	13,213	10,292
- of which Cash & cash. Equiv.	1,970	5,749	3,095
Total assets	30,268	34,120	30,732
Equity	18,344	19,316	15,437
Non-current liabilities	3,146	7,126	8,224
- of which Long-term financial debt	2,970	6,973	7,975
Current liabilities	8,778	7,678	7,304