

# 2015 Full Year outlook, leverage target, dividend policy, share buy-back

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- **O2 Czech Republic provides outlook for the full year 2015 (EBITDA of CZK 9.9 to 10.2 billion and net income of CZK 4.85 to 5.2 billion) and leverage target (up to 1.5x net debt/EBITDA)**
- **The company intends to distribute 90% to 110% of its net profit to shareholders**
- **On top of dividend it intends to relaunch share buy-back in January 2016**

Recently, O2 Czech Republic went through the world first ever voluntary structural separation which resulted in spin-off of all the fixed and mobile infrastructure into Česká telekomunikační infrastruktura (CETIN), a newly created company. After four months since the separation, the company's management is confident that the new operating model has stabilised and is sustainable and viable also in the future.

The second quarter after the separation confirmed increasing profitability, with EBITDA up by 25% and net profit up by 40% year-on-year. Considering the financial results for the first nine months of 2015 and the outlook for the fourth quarter, O2 expects that the **2015 full year consolidated EBITDA will reach CZK 9.9 to 10.2 billion** and consolidated **net income will reach CZK 4.85 to 5.2 billion**. This represents **expected earnings per share of CZK 15.5 to 16.8**.

Under the dividend policy the Board of Directors intends to propose in the future **distribution of 90% to 110% of standalone profit** to the shareholders. Considering 2015 net income outlook and new dividend policy, O2 shares currently offers around 7% dividend yield, above CEE and Turkey telecoms median dividend yield for 2015.

In addition the company targets its **Net debt to EBITDA of up to 1.5 times**, which is still below the industry benchmark. Current company's leverage is around 0.3 times net debt to EBITDA, which leads to sub-optimal capital structure.

On top of regular dividend the company intends to relaunch share buy-back program in January 2016. The company will be allowed to **buy-back up to CZK 8 billion or up to 10% of ordinary shares**. The share buy-back plan shall last up to 5 years. The company implemented the share buy-back program already back in 2012 and 2013.

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### **About O2 Czech Republic**

O2 is the largest provider of telecommunications services in the Czech market. Currently it operates almost eight million mobile and fixed lines, which ranks it to one of the leading provider of fully convergent services in Europe. To its mobile customers O2 offers state-of-the-art HSPA+ and LTE technologies. For customers, O2 brand does not mean just telecommunications. O2 is capable to meet also the most demanding requests also in ICT area and provide them housing, hosting and cloud services in data centres with total area 7,300 square metres. These data centres are the only ones in the Czech Republic and Central Europe to have TIER III certification. The company is also, with its O2 TV, the largest IP TV provider in the Czech Republic.