

In 2016, O2 again increased net profit and maintained stable revenue for the second consecutive year

31 January 2017

- Net profit grew by 4% to CZK 5.3 billion in 2016, operating profit EBITDA increased slightly to CZK 10.5 billion. The company thus met its targets
- Consolidated revenue reached CZK 37.5 billion, up 0.4%. So the company was able to maintain stable revenue also in the second year following the separation
- Number of mobile contract customers in the Czech Republic grew by 119 thousand in 2016
- O2 intends to partially compensate future roaming regulation negative impact by new services in insurance and electronic sales reporting areas
- While average mobile data consumption per O2 customer increased 4.5 times in last three years, average spend for mobile services went down by 11% in the same period; 1 GB unit price for customer thus declined by 80%
- The Board of Directors intends to propose to shareholders a 2016 dividend of CZK 17 per share; on top of dividend payment it considers proposing distribution of part of share premium of CZK 4 per share.

“Telecommunication market continues being very competitive. In addition, since May our financial results reflect new roaming regulation negative impact. Nevertheless for the second consecutive year from infrastructure separation, we have been able to maintain flat revenue and increase net profit. O2 TV and mobile data remain the key growth areas,” comments Tomáš Budník, Chief Executive Officer and the Chairman of the Board of Directors of O2 Czech Republic on the results.

“To be able to respond in the future to growing needs of our customers, we grew our investments by one third year on year in 2016. In last three years we spent only in the Czech Republic roughly CZK 23 billion of direct costs on development and operations of our mobile network, of that close to CZK 5.5 billion represented national budget revenue,” adds Tomáš Budník.

“Regulation will impact also our future financial results, hence we are entering also new areas of financial services. Revenue from insurance and electronic sales reporting solution will

partially compensate lower roaming revenue,” amends Tomáš Kouřil, company’s Chief Financial Officer and Vice-Chairman of the Board of Directors.

“At the general meeting, we intend to propose to the shareholders dividend for 2016 and distribution of part of share premium in the total amount of CZK 21 per share,” concludes Tomáš Budník.

O2 Czech Republic today reports its unaudited operating and financial results for 2016. Consolidated figures include results of all daughter companies.

Operating overview

Mobile segment

As of 31 December 2016, total number of mobile customers reached **4.941** million, up by 1% year-on-year. The number of **contract customers** increased by **3.7%** year-on-year reaching **3.356 million**. During 2016 their number increased by 119 thousand and their loyalty measured by average churn reached all times maximum. They represented already 67.9% of the mobile customer base, up by 1.8 percentage point. Number of prepaid customers reached 1.585 million customers, with slower decline during 2016.

In 2016, O2 continued through CETIN expanding coverage and increasing the capacity and speed of its mobile 4G LTE network. At the end of 2016 the population coverage reached already 99%. In Prague and Brno, the operator commenced to increase the speed and capacity of mobile data networks by aggregating multiple frequency bands and deployment of 2CC and 3CC technologies. At the end of 2016 the 2CC technology was deployed at 493 out of 534 base stations in Prague. 3CC expansion in the course of 2017 will be focused mainly on small sites with high traffic. In other areas of the Czech Republic 4G LTE technology was newly installed at about 1,500 stations in 2016 to increase population coverage and speed in accordance with the license terms. In December, O2 as the first operator launched in the real environment in Prague 4.5G technology which enables data transfers with theoretical speeds of up to 1.2 Gbps. This can be achieved through aggregation of multiple frequency bands (800 LTE FDD, LTE FDD 1,800, 2,600 LTE FDD, LTE TDD 2,600), and their supplementation with 4x4 MIMO technology and 256QAM. With this step O2 is thus preparing for the 5G arrival. Helped by broadband network rollout and tariff proposition with increased data package mobile data traffic increased by almost 80% year-on-year to close to 30,600 terabytes. Number of internet in handset service went up by 15% year-on-year to 1.778 million.

Already 56% of handsets in O2 network is already a smartphone and one fourth supports LTE technology. Number of customers with LTE smartphone and with USIM card, which supports the new technology, reached almost 850 thousand at the year end.

Fixed segment

Number of **O₂ TV** service customers provided on O2 fixed line as well as on internet connection from any provider reached **221 thousand** (IPTV and OTT) as at 31 December 2016, up by 6.1% year-on-year. A complementary service MULTI which enables customers watching TV on more TV sets at one time became very popular. Already **34 thousand** customers subscribed for this service and thus O2 can show off with **over 250 thousand** active set top boxes. Unique features (time shift, recording etc.), and also own O₂ TV Sport channel with multidimension drive increasing demand for digital television. Following the August launch of a new O₂ TV Football channel dedicated to the most popular sport in the country, as of beginning of January 2017, O2 new O₂ TV Tennis channel that will bring in 2017 customers a record number of 3,800 hours of live broadcasts. It will exclusively broadcast 47 tournaments of WTA women's series, as well as 14 men's ATP tournaments and January's Australian Open Grand Slam. During the year O2 will add to a channel dedicated to ice hockey.

The customers also like watching **O₂ TV** via **internet and mobile application, or in restaurants**. At 2016 year-end O₂ TV service has been available already in over 1,100 restaurants, pubs and vars. Number of viewers, who actively watch O₂ TV via internet and mobile application, continues growing and in December these means of watching TV were already used by over **360 thousand** watchers.

Number of **xDSL fixed internet** customers reached 769 thousand at the end of 2016. Thanks to internet speed increase through installation of remote DSLAMs, the share of customers enjoying VDSL technology on total xDSL base reached already 65%, up by 10 percentage points year on year. During October O2 increased for free speed from 40 to 50 Mbps for roughly one tenth of all customers with Active fixed internet tariff where technical parameters of the line allowed for the increase. For the approximately 250 thousand Czech households, new tariff Premium is available from November, which offers download speeds up to 80 Mbit/s and upload speed 8 Mbit/s.

In January, the company introduced two plans for **unlimited calls from fixed lines** also to mobiles networks or abroad for a fixed price. At the end 2016 all households and entrepreneurs and most of corporate customers already passed to them. This helped the average revenue per line in the resident segment to increase by almost 30% in 2016 and slow down voice revenue decline considerably. Total number of **fixed voice lines** reached 699 thousand at the end of 2016.

Slovakia

Number of **mobile customers in Slovakia** increased by 4.6% year-on-year to **1,892** thousand. In 2016, O2 Slovakia thus improve its customer base by as much as 85 thousand. Through O2 Business Services O2 in Slovakia has been offering also fixed services for corporate customers from the beginning of the year. At 2016 year-end, about 200 customers subscribed for them.

Financial overview

Total consolidated operating revenue reached **CZK 37.522 billion** in 2016, up 0.4% year-on-year. **Operating revenue in the Czech Republic** totalled CZK 30.902 billion, representing a 0.1% growth. **Fixed business** operating revenue declined less compared to the past, by 0.9% year-on-year to CZK 11.563 billion, largely driven by continuous O₂ TV revenue growth and higher ICT revenue. **Mobile operating revenue** reported slight 0.6% growth to CZK 19.339 billion. Voice and SMS revenue declines driven by roaming regulation and lower prices in corporate and public sector segments due to contracts renegotiation and retendering were more than compensated by mobile data and hardware revenue growths. In **Slovakia**, revenue reached CZK 6.787 billion, a 1.6% year-on-year growth. **Revenue** denominated in euros **improved by 2.5%** to EUR 251 million.

EBITDA increased by **3.0%** year-on-year to **CZK 10.451 billion** in 2016, as 3.6% decline in profitability in Slovakia driven by investments into B2B business development was more than compensated by 5.1% EBITDA growth in the Czech Republic. **Net profit improved by 3.6%** year-on-year reaching CZK 5.259 billion.

2016 shareholder remuneration

The Board of Directors intends to submit to the shareholders at the general meeting a proposal for **2016 dividend of CZK 17 per share**. This represents 98% of net unconsolidated profit, fully in line with dividend policy to pay out 90% to 110% of the profit. On top of dividend and in line with its earlier communicated intension it considers to propose **distribution of part of share premium** in the amount of **CZK 4 per share**. Overall, it intends to **pay to the shareholders CZK 21 per share** before tax, **CZK 6.5 billion** in total. At the current share price it represents close to **8% yield** for the shareholders.

KEY FINANCIAL AND OPERATING INDICATORS

Financial indicators for the Group

Financial indicators	FY 2016	FY 2015	Year-on-year change
Operating revenue	CZK 37.522bn	CZK 37.385bn	+0.4%
- CZ mobile revenue	CZK 19.339bn	CZK 19.216bn	+0.6%
- CZ fixed revenue	CZK 11.563bn	CZK 11.670bn	-0.9%
- SK revenue	CZK 6.787bn	CZK 6.682bn	+1.6%
Total costs	CZK 27.067bn	CZK 27.285bn	-0.8%
- of which operating costs	CZK 7.950bn	CZK 8.089bn	-1.7%
EBITDA	CZK 10.451bn	CZK 10.142bn	+3.0%
<i>EBITDA margin</i>	27.9%	27.1%	+ 0.7 p.p.
Net profit	CZK 5.259bn	CZK 5.077bn	+3.6%

Operating indicators – Czech Republic

Number of mobile customers	31 Dec 2016	31 Dec 2015	Year-on-year change	
			Relative	Absolute
Contract customers	3.356m	3.237m	+3.7%	+119k
Prepaid customers	1.585m	1.659m	-4.5%	-74k
Total	4.941m	4.896m	+0.9%	+45k
ARPU	CZK 289	CZK 287	+0.6%	

Number of fixed service customers	31 Dec 2016	31 Dec 2015	Year-on-year change	
			Relative	Absolute
O ₂ TV	221k	208k	+6.1%	+13k
O ₂ TV application and web (number of viewers)	cca. 360k	cca. 210k		
xDSL	769k	795k	-3.2%	-26k
VDSL	500k	438k	+14.1%	+62k
Fixed voice lines	699k	840k	-16.8%	-141k

Smartphones	31 Dec 2016	31 Dec 2015	Year-on-year change
Smartphone penetration within the O2 network	56.3%	48.5%	+7.8 p.p.
LTE smartphone penetration within the O2 network	32.2%	18.6%	+13,7 p. p.

Operating indicators – Slovakia

Number of mobile customers	31 Dec 2016	31 Dec 2015	Year-on-year change	
			Relative	Absolute
Contract customers	1.077m	971m	+10.9%	+106k
Prepaid customers	815k	838k	-2.7%	-23k
Total	1.892m	1.809m	+4.6%	+83k

In this section we present and comment in detail on the unaudited consolidated financial results of O2 Czech Republic a. s. for January to December 2016 prepared according to International Financial Reporting Standards. These results fully include the results of O2 Slovakia group (including O2 Business Solutions), O2 IT Services and other subsidiaries.

Consolidated Financial Results

Consolidated operating revenue reached CZK 37,522 million in, up 0.4% year-on-year. In the fourth quarter, operating revenue improved 1.3% to CZK 9,802 million, helped by better trends in the Czech Republic and better revenue dynamics in Slovakia. This performance has been driven by growing mobile data, O₂ TV revenue growth, lower fixed voice revenue decline and slight revenue growth in Slovakia. These items fully compensated lower mobile voice and fixed data revenue, which have been impacted by continuous price pressures in the corporate segment and lower roaming revenue due to EU regulation.

Operating revenue in the Czech Republic reached CZK 30,902 million, marking a 0.1% year-on-year growth, while in the fourth quarter they were flat at CZK 7,984 million. **Fixed operating revenue** declined by 0.9% year-on-year reaching CZK 11,563 million in 2016 (-4.78% to CZK 2,963 million in the fourth quarter), driven by 52.1% growth in O₂ TV revenue, 4.7% increase in ICT revenue and lower fixed voice revenue decline, which almost compensated continuous decline in data revenue. **Mobile operating revenue** were CZK 19,339 million in 2016, reporting a 0.6% year-on-year growth, while in the fourth quarter they improved 3.1% to CZK 5,021 million. This performance has been impacted largely by lower traditional voice and messaging revenue in corporate segment and negative roaming regulation impact, while contract residential revenue, namely data revenue, continued growing. Hardware revenue growth also supported improvement.

Revenue in Slovakia¹ reached CZK 6,787 million in 2016, by 1.6% higher year-on-year (+2.5% to EUR 251 million). In the fourth quarter, the growth rate accelerated and revenue improved 4.5% to CZK 1,853 million (+4.6% to EUR 69 million).

Total consolidated expenses² went down by 0.8% year-on-year to CZK 27,067 million in 2016, of which operating expenses declined by 1.7% year-on-year to CZK 7,950 million. In the Czech Republic, operating expenses reported a 3.5% year on year decline, helped also by positive impact of employee insourcing in call centres, IT and transfer of franchise shops to own shops. During 2016, in total about 1,000 employees were insourced. On the other hand, operating expenses in Slovakia increased by 7.0% year-on-year, largely due to continuous investments into B2B business entry. Personnel expenses (excluding restructuring costs) increased by 10.1% year-on-year on the back of above mentioned insourcing. This growth was more than compensated by lower IT & Network maintenance expenses (-21.3%) and lower external call centres costs. The total Group headcount reached 4,882 personnel at the end 2016. At the same time, costs of sales were flat year-on-year in 2016.

¹ O2 Slovakia and O2 Business Solutions

² Costs of sales, operating expenses and Internal expenses capitalized in fixed assets

Earnings before interest, depreciation and amortization (EBITDA) increased by 3.0% year-on-year to CZK 10,451 million in 2016, as 5.1% EBITDA increase in the Czech Republic to CZK 8,172 million more than compensated 3.6% decline in Slovakia (CZK 2,278 million, -2.8% to EUR 84 million). In the fourth quarter, EBITDA decreased by 1.1% year-on-year to CZK 2,596 million. 2016 full year **EBITDA margin** thus reached 27.9%, up by 0.7 percentage points, while in the fourth growth it was at 26.5%.

In connection with ongoing IT and systems transformation O2 identified part of its systems as obsolete. Thus in 2016 (second and third quarter) it booked one off impairment charge in the Czech Republic and Slovakia related to this assets of about CZK 150 million. **Depreciation and amortization charges** went down by 2.2% year-on-year reaching CZK 3,442 million.

Consolidated net income increased by 3.6% year-on-year to CZK 5,259 million in 2016 (CZK 1,246 million in the fourth quarter).

Consolidated CapEx reached CZK 4,407 million in 2016. This figure comprise also CZK 1,472 million investment to the 1,800 MHz and 2,600 MHz spectrum license in the Czech Republic, which the company acquired in the auction. At the same time CapEx in 2015 included CZK 432 million for 900 MHz and 1,800 MHz spectrum licence. Excluding the spectrum costs in both years, total CapEx grew by 2.7% year-on-year to CZK 2,935 million, thus the Group CapEx to revenue reached 7.8% in 2016. The main CapEx areas were investments related to IT transformation (upgrade, consolidation and implementation of IT and systems) aiming at simplification of systems and processes. The company also continued investing in acquisition of sport content. In Slovakia investments were directed into 2G network capacity and quality enhancement, 4G LTE network coverage expansion, construction of national fibre backbone network and upgrade of billing and CRM systems.

The consolidated free cash flow³ reached CZK 4,691 million in 2016. This figure comprise full acquisition price of the 1,800 MHz and 2,600 MHz spectrum license (advance payment/guarantee of CZK 450 million paid in the first quarter and price additional payment of CZK 1,022 million settled in the third quarter). For year on year comparison, the one-off positive working capital with CETIN (CZK ~ 1 billion) and 900 MHz and 1,800 MHz spectrum licence price settlement in 2015, has to be also considered. Excluding these one-off items in both years, free cash flow improved by 7.0% year-on-year.

The consolidated financial debt amounted to CZK 6,977 million at the end 2016. At the same time, **cash and cash equivalents** reached CZK 4,137 million. Thus, **net debt**⁴ to EBITDA reached 0.27 as at 31 December 2016.

CZ Mobile Business Overview

³ Net cash flow from operating activities plus Net cash used in investing activities

⁴ Gross debt less cash

The company continued focusing on value proposition for its residential contract customers through its data FREE tariffs to maintain high quality and loyalty of its customers. In corporate contract base, the company continues focusing on maintaining its leading position by addressing their needs. In 2016, it continued with 4G LTE network rollout coverage, which reached 99% of the Czech population at the year end. At the same time, it focuses on network densification, to enable better indoor coverage. In Prague, it adds additional capacity layers and new towers, where it installs 2CC technology. Gradually, more new towers with 3CC technology will be added. The main goal is to improve transmission capacity as a response to the sharp data traffic uptake

While contract residential revenue continue growing, due to competitive pressures revenue in corporate segment keep declining. However the company's strategy to focus on data revenue growth is positively reflected in total average revenue per customer (ARPU) growth, which improved by 0.6% year-on-year in 2016, and lower churn (-0.3 percentage point to 1.6%).

The demand for mobile data continued to grow largely thanks to customers' upsell to tariffs with higher data limit and simplification of data package recharge in data limit exhaustion. On top of higher 4G LTE network coverage, the growth has been also supported by the company's ongoing support of LTE smartphone sales. As a result, **data revenue**⁵ went up by 13.4% year-on-year in 2016. **Internet in handset** base grew by 15% year-on-year to 1,778 thousand at the end of 2016. **Smartphone penetration**⁶ grew further, reaching 56.3% at year-end, up by 7.8 percentage points year-on-year. LTE smartphones accounted already to 32.2% of all handsets in O2 network (up 13.7 percentage points year-on-year).

The total **mobile customer base** reached 4,941 thousand at the end of December 2016, up 0.9% year-on-year. The number of **contract customers** increased 3.7% year-on-year, reaching 3,356 thousand. In 2016 their number increased by 119 thousand. The number of **prepaid customers** reached 1,585 thousand with decelerating decline rate. The share of contract customers in total mobile customer base reached 67.9% at the end 2016, up by 1.8 p.p. year-on-year.

The blended monthly average **churn rate** went down by 0.3 percentage point year-on-year reaching 1.6% in 2016. Contract churn was only 0.7%, down by 0.3 percentage point year-on-year. Monthly average churn rate in prepaid was 3.3%, representing a 0.2 percentage point decline year-on-year.

Total mobile ARPU⁷ was CZK 289 in, up by 0.6% year-on-year, as voice and SMS market price pressures in corporate segment and negative effect of new roaming regulation since May 2016 have been compensated by growing quality of the customer base and higher data spend. In the fourth quarter, ARPU was at CZK 292. **Contract ARPU** declined by 0.9% year-on-year to CZK

⁵ Excluding SMS and MMS

⁶ Smartphones as % of total handsets base

⁷ Outgoing revenue (voice, SMS & MMS, data) + termination revenue + M2M revenue over average number of customers

372 (-0.9% to CZK 374 in the fourth quarter), while **prepaid ARPU** declined by 0.2% year-on-year to CZK 119 in 2016, while in the fourth quarter it was by 0.6% lower at CZK 120.

Total **mobile operating revenue** in the Czech Republic were CZK 19,339 million in 2016, representing a 0.6% year-on-year growth. However, in the fourth quarter, operating revenue improved by 3.1% to CZK 5,021 million. **Mobile service revenue** went up by 0.3% in 2016, with an accelerated 3.5% increase in the fourth quarter fuelled by **higher data revenue**. They improved by 13.4% and 14.5% in 2016 and in the fourth quarter respectively.

CZ Fixed Business Overview

Thanks to propositions of new services in O₂ TV and fixed voice the company recorded solid operational performance and better revenue trends compared to previous years.

The company continues investing in acquisition of **additional exclusive sport content** and in August the **new O₂ TV Football channel** started broadcasting. In January 2017, it added O₂ TV Tennis and preparing O₂ TV Hockey channel launch. In addition, the OTT version (O₂ TV Air M) recorded increasing popularity. The service is available to all households in the Czech Republic with an internet connection from any provider, and the company sells it through retail as well as e-tail sales channels.

In fixed voice area the company has been offering two new tariffs with unlimited calls to all networks in the Czech Republic and abroad. By the end of 2016, all the households and entrepreneurs and majority of corporate customers enjoyed the tariff.

The total number of **fixed voice lines** declined by 16.8% year-on-year reaching 699 thousand at the end of December 2016. However in the fourth quarter the decline rate decelerated further and thanks to customers' migration to new unlimited tariff the average revenue per line in residential segment improved by close to 30% year-on-year in 2016.

The number of **xDSL accesses** reached 769 thousand at the end of December 2016. The share of the high speed VDSL accesses kept growing to 65% and this technology is used already by 500 thousand customers (+14.1% year-on-year).

Number of **O₂ TV** customers (IPTV and OTT) reached **221 thousand**, up by 6.1% year-on-year. A complementary service MULTI which enables customers watching TV on more TV sets at one time became very popular. Already **34 thousand** customers subscribed for this service.

The customers also like watching **O₂ TV** via internet and mobile application, or in restaurants, pubs and bars. Number of viewers, who actively watched O₂ TV via internet and mobile application, reached over **360 thousand** in December 2016.

Total **fixed operating revenue** reached CZK 11,563 million in 2016, down by 0.9% year-on-year, while in the fourth quarter revenue were 4.8% lower reaching CZK 2,963 million. Higher O₂ TV and ICT revenue and additional relevant voice revenue slowdown almost compensated continuous data revenue decrease. **Revenue from voice services** went down 4.4% year-on-year in 2016, compared to a 14.7% dilution in 2015. **Internet & broadband revenue (incl. O₂ TV)** increased in total by 2.4% year-on-year in 2016, largely helped by a 52.1% growth of O₂ TV revenue. **ICT revenue** went up by 4.7% year-on-year.

Slovakia

O2 Slovakia group⁸ reported customers' growth and solid financial performance in 2016, despite the strong competition in Slovak market and negative roaming regulation impact. Thus it positively contributes to the group's financial results representing 18% of the consolidated revenue and 22% of EBITDA in the year. In addition to mobile services for residential and SME customers, it also focuses on development and proposition of services for corporate and public sector customers via O2 Business Solutions. At the end 2016, about customers subscribed for the services.

Total number of mobile customers reached 1,892 thousand at the end of December 2016, posting a 4.6% year-on-year growth. The customer base increased by 84 thousand in the year, of which 28 thousand was added in the fourth quarter. This growth was driven solely by **contract** additions. Their number grew by 10.9% (106 thousand) year-on-year reaching 1,077 thousand at the year-end, while the **number of prepaid customers** reached 815 thousand. Thus the customer mix quality keeps improving and share of contract customers on total base in Slovakia reached 56.9% at the end of 2016, up by 3.2 percentage point year-on-year.

O2 Slovakia continued recording increasing demand for its smartphone proposition. This is reflected in growing smartphone penetration, which reached 56.0% as at 31 December 2016, up by 6.5 percentage points year-on-year. LTE handset penetration was at 33%. This drove a 9% year-on-year growth in number of mobile internet customers to 866 thousand. As a result mobile data revenue grew 23% year-on-year. In the second half O2 Slovakia accelerated own 4G LTE network, which covered 70% of the population as at the end of 2016. At the same time it invested into building of the most modern fibre backbone network.

Total operating revenue in Slovakia increased 1.6% year-on-year reaching CZK 6,787 million in 2016 (+2.5% to EUR 251 million). Excluding roaming the revenue growth in euro would be +4.9%. In the third quarter, the revenue growth accelerated and revenue went up by 4.5% to CZK 1,853 million (+4.6% to EUR 69 million) fuelled by customer growth, improving customer mix, refreshed portfolio of mobile phones leading growing hardware revenue and higher data revenue. **EBITDA** in Slovakia was 3.6% lower year-on-year reaching CZK 2,278 million in 2016 (-2.8% to EUR 84 million), resulting in 33.6% EBITDA margin in 2016. Excluding O2 Business

⁸ including O2 Business Services, a. s. (100% daughter company of O2 Slovakia)

Solutions, EBITDA in euros would improve by 0.8% and EBITDA margin would reach 34.8%.

Total mobile ARPU in Slovakia in 2016 reached CZK 252 (EUR 9.3), while **contract ARPU** was CZK 339 (EUR 12.5) and **prepaid ARPU** reached CZK 155 (EUR 5.7).

Attachment:

Consolidated balance sheet and income statement of O2 Czech Republic prepared in accordance with International Financial Reporting Standards (all amounts in million CZK).

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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.

All amounts in CZK million

CONSOLIDATED INCOME STATEMENT	Jan – Dec 2016	Jan – Dec 2015
Operating revenue	37,522	37,385
Non-operating revenue	72	96
Revenue	37,594	37,594
Internal expenses capitalized in fixed assets	312	217
Cost of sales	(19 421)	(19,413)
Operating expenses	(7,958)	(8,089)
Other operating income/(expenses)	(76)	(54)
EBITDA	10,451	10,142
EBITDA margin	27.9 %	27.1 %
Depreciation and amortization	(3,442]	(3,520)
Impairment reversal/(loss)	(152)	(27)
Operating profit	6,857	6,595
Net financial income (expense)	(90)	(167)
Results attributed to joint venture	(23)	10
Profit before tax	6,744	6,438
Income tax	(1,485)	(1,361)
Profit from continuing operations	5,259	5,077
Profit after tax from discontinued operations	-	1,722
Profit	5,259	6,799

All amounts in CZK million

CONSOLIDATED BALANCE SHEET	31. 12. 2016	31.12.2015
Non-current assets	22,071	21,420
- Intangible assets	16,515	16,147
- Property, plant and equipment and investment property	5,075	4,638
- Long-term financial assets and other non-current assets	231	312
- Deferred tax assets	250	323
Current assets	11,235	8,848
- Inventories	624	722
- Trade and other receivables	6,434	6,156
- Tax receivable	40	
- Cash and cash equivalents	4,137	1,970
Total assets	33,306	30,268
Equity attributable to owners of the parent	17,504	18,344
Non-controlling stake	1	-
Total equity	17,505	18,344
Non-current Liabilities	7,382	3,146
- Long-term financial debt	6,976	2,970
- Deferred tax liabilities	170	60
- Non-current provisions for liabilities and charges	57	22
- Non-current other liabilities	179	94
Current Liabilities	8,419	8,778
- Short-term financial debt	1	11
- Trade and Other payables	8,254	8,391
- Current income tax payable	8	245
- Provisions for liabilities and charges	156	131
Total Equity and Liabilities	33,306	30,268