General Presentation
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.
Introduction & Strategic highlights
Leading retail digital economy enabler in Czech Republic...
...fastest growing mobile player & entering fixed in Slovakia

**Leading fixed/mobile operator**
4,903k Mobile
654k fixed voice lines

**Leading fixed BB provider**
771k xDSL (ADSL, VDSL) & LTE

**Fastest growing Pay TV provider**
259k Pay TV (IPTV, OTT, Multi)

**No. 3 mobile fastest growing**
1,903k Mobile

O₂ Czech, O₂ Slovakia, O₂ TV, O₂ Family,
O₂ IT Services, others*

*Tesco Mobile CR, ICA, Bolt Start Up Development, eKasa, O₂ Financial Services, O₂ Business Services Slovakia
Figures as of 30th June 2017
From Telefónica to PPF…

…Separation created value

- PPF acquires majority stake from Telefónica
- Separation by spin-off
- O₂.Fixed & mobile transport/access network and infrastructure
- Focus & Flexibility
- Less regulation
- Light financial profile (assets, capex)
Streamlining the business…
…resulted in turn around of our financial trends

**More focus on what we do**

- Mobile revolution (2013)
- Fixed revolution (2016)
- New proposition
- New features

**Accelerated what we do**

- 4G (LTE) 99% coverage\(^1\)…
- …and monetized trend
- O2 TV for all
- Sport bars & pubs

**We do things differentially**

- O₂ Spolu – convergent bundle…
- …mobile voice, data & Pay TV
- More content…
- …More channels

**We entered new businesses**

- Hardware insurance
- Travel insurance
- Start-up accelerator
- Electronic sales reporting solution

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\(^1\) based on CTU methodology, within Top 5 in Europe
We are starting up new business activities...
...to compensate pressures in traditional business

- **eKasa**
  - Electronic sales reporting - new legislation
  - ... market leader after first two waves...
  - ...one-off **hardware revenue**, recurring **service fee**

- **Insurance**
  - **smart travel**: the only postpay travel insurance on the market
  - **handsets & tablets**: for newly sold hardware
  - **200k insurance policies milestone** in only 18 months
  - Minor cash investments into **advanced start-ups**
  - Typically **own O₂ experience** before investment
  - Not only financial contribution, but also **O₂ ecosystem**
O2 with unique pay TV proposition…
… bringing multidimensional customer experience

Anytime
- Timeshift
- Recording
- Video on demand

Anywhere
- Multidevice

For all
- Free-to-air distribution
  - Full paid content provided via HbbTV

unique content
- O2 TV FOTBAL
- O2 TV TENIS
- O2 TV HOKEJ

Any connectivity
Retail distribution

Any camera
Any match
Strategic commercial initiatives & Performance Highlights in 1Q 2017
We confirmed WTTx/5G spectrum leadership... ...and secured O2 brand minimum until 2022

- 40 MHz block in 3.7 GHz spectrum acquired for CZK 203m ...
- ... suitable for WTTx in areas with insufficient xDSL coverage...
- ...leveraging on experience in Slovakia (3.5 & 3.7 GHz)

Current spectrum allocation\[1\]

- O2 brand license agreement extended by 3 years (Jan 2022)...
- ...another 5-years extension (till Jan 2027) available...
- ...partnership with Telefonica till at least Jan 2022
- ...related CZK ~900m prepayment in 4Q 2017

\[1\] following recent 3.7 GHz spectrum auction (new spectrum to be paid for and assigned in 2H 2017);
\[2\] 450 MHz, 800 MHz, 900 MHz, 1,800 MHz, 2,100 MHz, 2,600 MHz FDD
Home unlimited broadband proposition well accepted… …unique fixed/mobile convergent product launched

- Unlimited BB available to 99% of households…
- …technology agnostic (DSL & LTE)…
- …with guaranteed 20Mbps speed

- O₂ Spolu – flexible family convergent bundle…
- …3 unlimited mobile voice & SMS with flexible mobile data (3 to 10 GB\textsuperscript{[1]}) bundled with Pay TV

- Paid data packages upgraded in major tariffs…
- …mobile data traffic up by 2/3 y-o-y…
- …data monetization accelerates…
- …and mobile ARPU keeps growing

\textsuperscript{[1]} per SIM

\text{Gross Adds}

\begin{tabular}{c}
4Q15 & 1Q16 & 2Q16 & 3Q16 & 4Q16 & 1Q17 & 2Q17
\end{tabular}

39% LTE penetration

59% smartphone penetration

O₂
LTE TDD wireless broadband & Pay TV launched in Slovakia…
…mobile ARPU up 2% year-on-year on the back of strong data

- 3.5 & 3.7 GHz spectrum acquired in 2015/2016…
- …to build WTTx network for broadband & Pay TV services..
- …commercial launch in 2Q in first 230 towns & villages in all regions

- LTE handset sales focus… in-house instalment model…
- …combined with new data focused proposition…
- … data customer base +14% & traffic +62%…
- and data successfully monetized (revenue\(^1\): +37%)…

- Solid revenue growth driven by data & hardware
- Total EBITDA margin 32.6\(^2\)
- Positive contribution to Group financials

\(^1\) year-on-year growth rates in constant currency (EUR), including O2 Business Services; \(^2\) including national roaming costs
Financial Performance
January – June 2017
Growing group financials at all levels in 1H 2017…
…revenue growth driven by mobile data, O₂ TV and hardware…

<table>
<thead>
<tr>
<th>CZK millions</th>
<th>Jan-June 2017</th>
<th>Change 1H17 /1H16</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating Revenue</td>
<td>18,487</td>
<td>+1.4%</td>
</tr>
<tr>
<td>CZ Fixed</td>
<td>5,350</td>
<td></td>
</tr>
<tr>
<td>CZ Mobile</td>
<td>9,785</td>
<td></td>
</tr>
<tr>
<td>Slovakia[1]</td>
<td>3,466</td>
<td></td>
</tr>
<tr>
<td>EBITDA</td>
<td>5,093</td>
<td>+0.8%</td>
</tr>
<tr>
<td>EBITDA margin</td>
<td>27.5%</td>
<td></td>
</tr>
<tr>
<td>Net Income</td>
<td>2,633</td>
<td>+3.2%</td>
</tr>
<tr>
<td>Free Cash Flow[2]</td>
<td>2,182</td>
<td></td>
</tr>
</tbody>
</table>

[1] including O2 Business Services; [2] FCF in 2H 17 will be impacted by 3.7 GHz spectrum payment (CZK 200m), brand prepayment (CZK ~900m), intensified network capex (2G, 4G) and hardware installment sales funding in Slovakia
Fixed voice declining due to fixed to mobile substitution…

…B2B segment still under pressure

CZK millions (% change y-o-y)

-5.3%

5,651 -120 (-8.6%) -17 (-0.7%) -55 (-6.6%) -25 (-4.8%) -22 (-19.2%) -62 (-25.6%) 5,350

1H 16 Voice BB & Pay TV ICT Data Hardware Other[1] 1H 17

[1] termination of O2 Germany network monitoring contract
Double digit growth of data, financial services, and HW revenue …

…more than compensating B2B pricing & roaming impact

**Key drivers**:

- **Data**: +37%,
- **Hardware**: +33%;
- **O2 Slovakia**, growth rate in local currency (EUR);

**CZK millions (% change y-o-y)**

<table>
<thead>
<tr>
<th>Segment</th>
<th>1H 16</th>
<th>1H 17</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Voice</strong></td>
<td>-156</td>
<td>-70</td>
</tr>
<tr>
<td><strong>Messaging</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Data</strong></td>
<td>379</td>
<td>+16.1%</td>
</tr>
<tr>
<td><strong>Financial S.</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Interconnect</strong></td>
<td>+11</td>
<td>+1.0%</td>
</tr>
<tr>
<td><strong>Hardware</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Other</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>9,453</td>
<td>9,785</td>
</tr>
</tbody>
</table>

**Notes**:


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*O2*
Cost base under control; with Czech costs flat year-on-year… …while Slovak up 11% due to higher HW costs & roaming

CZK millions (% change y-o-y)

-30 (-0.4%)

13,208

-31 (-6.9%)

0.0%

13,420

+79 (+4.4%)

+23 (+7.1%)

+172 (+8.9%)

Insourcing saving -225

-121

-31

-73

Mobile HW costs +245

 distributes to:

Commissions

IT

Call centers

[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
Low capex profile... …investments directed to 2G/4G in SK & IT transformation

**CZK millions**

**Slovakia:**
- **4G rollout** (also in rest of 2017)
- **Mobile network expansion** (peak in 2H 2017)
- **3.5 & 3.7 GHz – LTE TDD (BB + Pay TV)**

**Czech Republic:**
- **IT transformation** (peak in 2H 2017)
- **Mobile core NW upgrade**
- **2H 2017: 450 MHz & 3.7 GHz spectrum**
CZK 6.4bn of 2016 shareholder remuneration paid...
...new CZK 3.5bn debt withdrawn

<table>
<thead>
<tr>
<th></th>
<th>31 Dec 2016</th>
<th>30 June 2017</th>
<th>30 Jun 17 /31 Dec 16</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Non-current assets</strong></td>
<td>22,071</td>
<td>21,762</td>
<td>-1.4%</td>
</tr>
<tr>
<td>- of which intangible assets</td>
<td>16,515</td>
<td>16,044</td>
<td>-2.9%</td>
</tr>
<tr>
<td>- of which property, plant &amp; equipment</td>
<td>5,075</td>
<td>5,023</td>
<td>-1.0%</td>
</tr>
<tr>
<td><strong>Current assets</strong></td>
<td>11,235</td>
<td>9,908</td>
<td>+11.8%</td>
</tr>
<tr>
<td>- of which cash &amp; cash equivalents</td>
<td>4,137</td>
<td>2,884</td>
<td>-30.3%</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td>33,306</td>
<td>31,671</td>
<td>-4.9%</td>
</tr>
<tr>
<td><strong>Equity</strong></td>
<td>17,505</td>
<td>13,104</td>
<td>-25.1%</td>
</tr>
<tr>
<td><strong>Non-current liabilities</strong></td>
<td>7,382</td>
<td>10,850</td>
<td>+47.0%</td>
</tr>
<tr>
<td>- of which financial debt</td>
<td>6,976</td>
<td>10,457</td>
<td>+49.9%</td>
</tr>
<tr>
<td><strong>Current liabilities</strong></td>
<td>8,419</td>
<td>7,761</td>
<td>-8.4%</td>
</tr>
</tbody>
</table>
CZK 10.5bn debt utilized out of CZK 15.5bn capacity…
…Net Debt to EBITDA maintained at low level

CZK millions

<table>
<thead>
<tr>
<th></th>
<th>Debt</th>
<th>Cash, Net Debt</th>
</tr>
</thead>
<tbody>
<tr>
<td>Term + revolving</td>
<td>15 000 CZK</td>
<td>10 491 CZK</td>
</tr>
<tr>
<td>Schuldschein</td>
<td>3 500 CZK</td>
<td>7 593 CZK</td>
</tr>
<tr>
<td>Utilised 30-Jun 2017</td>
<td>10 478 CZK</td>
<td>2 884 CZK</td>
</tr>
</tbody>
</table>

(CZK, 2020) (CZK/EUR\(^1\), 2022/2024)

\(^1\) CZK 3,000m, EUR 20m
2016 Shareholder remuneration
Share premium distribution on top of 2016 regular dividend…
…offering 8% total shareholder return[1]

Regular Dividend
- **DPS**: CZK 17
- … 98% of net profit
- In line with dividend policy[2]…
- On top of regular dividend
- Not one-off, but mid-term intention
- CZK 4 per share

Share Premium distribution

Share Buy Back
- up to 10% in 5 years..
- 7.1m, i.e. 2.3% shares… already repurchased…
- …for total acquisition cost of CZK 1,787m…

Total shareholder remuneration

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Divi</td>
<td>16</td>
<td>17</td>
</tr>
<tr>
<td>Share pr.</td>
<td>4</td>
<td>21</td>
</tr>
<tr>
<td>Total</td>
<td>20</td>
<td>38</td>
</tr>
</tbody>
</table>

Up to CZK 6,515m

Back up
O₂ is market leader in Czech Republic (CZ)…
… and fastest growing player in Slovakia (SK)

Strong position in both CZ and SK market

- Market leader in CZ
- Fastest growing player in SK

Solid GDP growth and retail purchasing power

- Strong link to German economy
- GDP growth above EU level
- Unemployment in CZ at the lowest levels in past 20 years

Market leader in the Czech Republic

<table>
<thead>
<tr>
<th>Mobile Service Revenue</th>
<th>Fixed Service Revenue&lt;sup&gt;(1)&lt;/sup&gt;</th>
</tr>
</thead>
<tbody>
<tr>
<td>O₂ (EURm)</td>
<td>T-Mobile (EURm)</td>
</tr>
<tr>
<td>800</td>
<td>600</td>
</tr>
<tr>
<td>600</td>
<td>400</td>
</tr>
<tr>
<td>400</td>
<td>200</td>
</tr>
<tr>
<td>200</td>
<td>100</td>
</tr>
<tr>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>

Fastest growing player in Slovakia

<table>
<thead>
<tr>
<th>Mobile customers</th>
<th>Mobile revenue CAGR 2013–2015&lt;sup&gt;(2)&lt;/sup&gt;</th>
</tr>
</thead>
<tbody>
<tr>
<td>O₂</td>
<td>T-Mobile</td>
</tr>
<tr>
<td>3000</td>
<td>&lt;10%</td>
</tr>
<tr>
<td>2500</td>
<td></td>
</tr>
<tr>
<td>2000</td>
<td></td>
</tr>
<tr>
<td>1500</td>
<td></td>
</tr>
<tr>
<td>1000</td>
<td></td>
</tr>
<tr>
<td>500</td>
<td></td>
</tr>
<tr>
<td>0</td>
<td></td>
</tr>
</tbody>
</table>

Note: (1) O₂ also has 1.7x higher broadband subscriber base than UPC, the largest broadband competitor; (2) Data for Orange are best estimate
Post separation setup…

…Two strong independent companies

- **O₂**
  - PPF stake: 81.06%
  - Independent conduct solely on commercial basis
  - Independent IT, corporate bodies, business plan and goals
  - CETIN key vendor of O₂
  - Commercial relationship established & working…
  - … 12 main business contracts on commercial as well as regulated basis
    - Fixed – based on reference/regulated price
    - Mobile – open book principle @ CZK 4.4 bn. for 7 years
    - Data centers, Roaming, Collocation, etc.

- **O₂ CR x CETIN relationship**
  - PPF stake: 100.00%
  - PPF considers O₂ as financial investment, i.e. not as part of PPF Group
  - PPF does not interfere with daily management, O₂ does not pay any management fee to PPF
  - PPF not seeking to squeeze out minorities, supports increase in O₂ liquidity and free-float

- **O₂ CR x PPF relationship**
Reasonable commitment for pro-growth areas... ... with further potential

Fixed charge & commitment (illustrative)

- other
- tv
- voice
- fbb

7 years commitment

uncommitted

CETIN’s wholesale FBB offer (illustrative)

TIME commitment

VOLUME commitment

- 650k/7 years

Mobile charge & commitment (illustrative)

- Open book principle
- 7 years commitment
- Additional savings shared

2G & 3G & LTE

CZK 4.4bn annually

7 years

Improving coverage & capacity of mobile data network…
…to monetize future increasing demand for mobile data

Pioneers in active network sharing
• Joint rollout (3G: 2011, 4G/LTE: 2014)
• 2G/3G consolidation since 2013 (40% target)
…execution to be continued by CETIN

LTE outdoor coverage

<table>
<thead>
<tr>
<th>Q1</th>
<th>Q2</th>
<th>Q3</th>
<th>Q4</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>5%</td>
<td>32%</td>
<td>80%</td>
</tr>
</tbody>
</table>

LTE densification & capacity improvement

• ~2.5 thousand new LTE sites in 2016/17
• 2CC (4GLTE+) already available in 99% of Prague (Brno to be covered during 2017)
• 3CC available in selected parts of two major cities
• First 4.5G commercial launch (up to 1.2Gbs)
Superior fixed broadband coverage\(^1\)...

... with further increase in speeds

Fixed broadband infrastructure\(^1\) \([2]\)

- Household coverage
  - \(O_2\) \(^1\) 90%
  - upc 33%

**O2 current proposition**
- 1/3 of customers with >80Mbps (PREMIUM)
- 2/3 with 6 to 20Mbps

**Speed upgrade through:**
- Remote DSLAMs
- Vectoring
- Bonding

\(^1\) through CETIN
\(^2\) 20 million kmp of cables
Investor Relations contact
Investor Relations contacts

Jakub Hampl
Head of Investor Relations

T: +420 271 463 935
E: jakub.hampl@o2.cz

investor_relations@o2.cz
www.o2.cz/spolecnost/en/investor-relations/