

Thanks to the group packages and new tariffs the O2 customers' data consumption more than doubled

27 April 2018

- By the end of the first quarter 2018, the number of mobile contract customers grew by 3% year and number of O2 TV customers increased by close to 10%
- On top of packages for families, groups of friends and small entrepreneurs, O2 has been offering tariffs with higher mobile data limits
- Consolidated revenue remained flat at CZK 9.2 billion in the first quarter 2018, EBITDA grew by 2.9% to CZK 2.6 billion; net profit improved by 3.4% to CZK 1.3 billion
- Financial results for the first quarter 2018 are prepared in accordance with IFRS and include impact of new IFRS 15 standard
- The Board of Directors approved a proposal to the shareholders for the General Meeting to pay dividend for 2017 of CZK 17 per share and distribute part of the share premium of CZK 4 per share

"I am glad that our delivered results for the first quarter 2018, which we released today, came in line with our expectation. I am particularly pleased with customers' interest in our packages for families and group of friends, which enable them flexibly bundle mobile services, digital television O2 TV and Internet HD, bringing them also savings. We are also successfully selling in-house developed O2 Smart Box device. It provides not only broadband internet connection, but offers also quality home Wi-Fi coverage. At the same time it represents the most accessible way to smart and secured household," comments Jindřich Fremuth, Chief Executive Officer and the Chairman of the Board of Directors of O2 Czech Republic on the results, and adds: *"Thanks to changes in rich data tariffs and continuous uptake in LTE-enabled smartphone sales, the mobile data consumption grew substantially. In the first three months of 2018, our customers generated by 140% more mobile data year on year."*

"In the first quarter 2018, we recorded continuing pressure on revenue and profitability of our traditional services. Thanks to the investments into new areas we have been able to maintain revenue flat year on year," explains Tomáš Kouřil, company's Chief Financial Officer and Vice-Chairman of the Board of Directors, and adds: *"We will further continue in investments into the areas, which will bring advantages to our customers. We are redesigning all our brand stores across the whole country. There, customers can try and touch latest available technologies, where O2 offers the widest portfolio in the market. In addition, for our customers, we have acquired new exclusive sport content, like UEFA Champions League or domestic ice hockey league,"* continues Tomáš Kouřil and closes: *"At the General Meeting, which will be held on 4 June, we are going to propose to our shareholders the total payment for 2017 of CZK 21 per share."*

Operating overview

Mobile segment

As of 31 March 2018, the total number of mobile customers reached **4,954 thousand**, 0.6% up year-on-year. The number of **contract customers** increased to **3,472 thousand**. At the end of March 2018, they represented 70.1% of the mobile customer base, up by 1.6 percentage point. The number of prepaid customers reached 1,482 thousand.

In the first quarter 2018, O2 recorded continuous customers' demand for O2 Spolu tariff, which brings families, friends and small entrepreneurs flexible bundle of up to 4 SIMs with unlimited voice and SMS, mobile data (3GB to 10 GB per SIM card), digital O2 TV and/or Internet HD in one package. This has helped to increase the number of mobile contracts as well as O2 TV customers. A big data portion included in the tariff together with customers' upsell to rich data tariffs together with growing number of customers with LTE smartphones and increasing number of mobile home broadband internet customers contributed to a 140% mobile data consumption growth year-on-year. The number of mobile internet users went up by one fourth year-on-year to 2,286 thousand.

In O2 network, smartphones penetration reached already close to 65% and 49% of smartphones support LTE technology. 90% of customers with LTE handset have already replaced their SIM card with a new one supporting the technology.

Fixed segment

The number of **O2 TV** customers provided over O2 fixed line (IPTV) as well as over internet connection from any provider (OTT) reached **243 thousand** as at 31 March 2018.

A complementary **MULTI service** which enables customers to watch TV on multiple TV sets at once has become very popular. Over **36 thousand** customers have already subscribed for this service, thus O2 can show off with close to **280 thousand** active set top boxes.

The number of **xDSL fixed internet** customers reached **718 thousand** at the end of March 2018. Thanks to continuous internet speed increase through installation of remote DSLAMs, the share of customers enjoying VDSL technology on total xDSL base has already reached 77%. For households with insufficient internet speeds over xDSL, O2 has been offering for a year an unlimited broadband connection using 4G LTE technology since March. Thanks to the combination of both technologies, O2 covers 99% of all addresses across the Czech Republic.

The total number of **fixed voice lines** reached 583 thousand as at the end of March 2018.

Slovakia

The number of **mobile customers in Slovakia** increased by 2.8% year-on-year to **1,944 thousand** at the end of March 2018. The number of contract customers grew to 1,141 thousand. Their share in total customer base thus increased already close to 60%.

O2 Slovakia keeps recording increasing demand for its smartphone portfolio. As of 31 March 2018, the smartphone penetration reached 62.7%, LTE smartphone share was at 49.9%. Thanks to the 4G LTE network expansion, growing LTE smartphone penetration a continuous customers' demand for tariffs with higher data limits mobile data consumption went up 72% year-on-year in the first quarter 2018.

Financial overview

Total consolidated operating revenue reached **CZK 9,198 million** in the first quarter 2018, down 0.3% year-on-year. **Operating revenue in the Czech Republic** declined by 0.5% to CZK 7,490 million. **Mobile operating revenue** reported a 2.9% growth to CZK 4,909 million despite a negative impact of the European roaming regulation and continuous decline in voice, SMS and MMS revenue. These were more than compensated by growing mobile data and hardware sales revenue. **Fixed business** operating revenue declined by 6.4% year-on-year to CZK 2,581 million, as lower revenue from traditional voice and data services was not fully compensated by over 8% growth of O₂ TV revenue.

In **Slovakia**, total operating revenue reached CZK 1,767 million, up 2.2% year-on-year. The year-on-year comparison has been negatively impacted by strengthening CZK against EUR. Thus **revenue** denominated in euros **improved by 8.7%** to EUR 70 million. Similarly to the Czech Republic, higher data and hardware sales revenue were the key growth drivers.

Consolidated **EBITDA** improved by **2.9%** year-on-year to **CZK 2,606 million** in the first quarter 2018 thanks to the savings in majority of cost categories. In the Czech Republic, EBITDA grew by 0.7% to CZK 1,984 million, while Slovakia reported a 10.6% increase to CZK 622 million (+17.6% to EUR 24.5 million). Consolidated **net profit** in the first three months of 2018 **improved by 3.4%** year-on-year reaching **CZK 1,329 million**.

2017 shareholder remuneration

The Board of Directors approved the proposal to the shareholders for the General Meeting for **2017** dividend of **CZK 17 per share**. This represents 98% of net unconsolidated 2017 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 will propose **distribution of part of share premium** in the amount of **CZK 4 per share**. Overall, it proposes to **pay to the shareholders CZK 21 per share** before tax, or up to **CZK 6.5 billion** in total.

The proposed **payment date** for dividend and share premium distribution is **4 July 2018**, those who will be **shareholders on 4 June 2018**, will be entitled for the payment. This proposal will be a subject of the voting at **the General Meeting**, which will be held on **4 June 2018**.

KEY FINANCIAL AND OPERATING INDICATORS

Financial indicators for the Group

Financial indicators	1Q 2018	1Q 2017	Year-on-year change
Operating revenue	CZK 9,198 mil.	CZK 9,224 mil.	- 0.3 %
- CZ mobile revenue	CZK 4,909 mil.	CZK 4,772 mil.	+ 2.9 %
- CZ fixed revenue	CZK 2,581 mil.	CZK 2,756 mil.	-6.4 %
- SK revenue	CZK 1,767 mil.	CZK 1,730 mil.	+ 2.2 %
Total costs	CZK 6,603 mil.	CZK 6,719 mil.	- 1.7 %
- of which operating costs	CZK 2,005 mil.	CZK 2,077 mil.	- 3.5 %
EBITDA	CZK 2,606 mil.	CZK 2,533 mil.	+ 2.9 %
EBITDA margin	28.3 %	27.5 %	+ 0.8 p. p.
Net profit	CZK 1,329 mil.	CZK 1,286 mil.	+ 3.4 %

Operating indicators – Czech Republic

Number of mobile customers	31 Mar 2018	31 Mar 2017
Contract customers	3.472m	3.372m
Prepaid customers	1.482m	1.552m
Total	4.954m	4.924m
ARPU	CZK 291	CZK 296

Number of fixed service customers	31 Mar 2018	31 Mar 2017
O ₂ TV (IPTV and OTT)	243k	222k
xDSL	718k	764k
Fixed voice lines	583k	677k

Smartphones	31 Mar 2018	31 Mar 2017
Smartphone penetration within the O ₂ network	64.5%	58.1%
LTE smartphone penetration within the O ₂ network	48.9%	35.8 %

Operating indicators – Slovakia

Number of mobile customers	31 Mar 2018	31 Mar 2017
Contract customers	1.163m	1.091m
Prepaid customers	781k	801k
Total	1.944m	1.892m

In this section we present and comment in detail on the unaudited consolidated financial results of O2 Czech Republic a.s. for January to March 2018 prepared according to International Financial Reporting Standards. These results include the results of O2 Slovakia group (including O2 Business Solutions), O2 IT Services and other subsidiaries.

New standard IFRS 15 - Revenue from contracts with customers

In accordance with International Financial Reporting Standards (IFRS), O2 Czech Republic Group (O2 Group) adopted new standard IFRS 15 - Revenue from contracts with customers, and applies it when preparing its 2018 financial statements. IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. The adoption of the new standard will result in significant changes in the financial statements of O2 Group primarily in respect of the timing of revenue recognition and in respect of capitalisation of costs of obtaining contracts with customers.

The timing of revenue recognition and the classification of O2 Group's revenues as either service or equipment revenue will be affected due to the allocation of total consideration in multiple element arrangements. Considering the current business models, the impact of applying the new standard results in allocating and recognising more revenues from the sale of equipment upfront, while service revenue decreased. However the total revenue for the contract life time will not change.

In accordance with IFRS 15, customer contract acquisition incremental costs (representing mainly external sales commissions) have been capitalised since 1 January 2018, while until 2017 they have been recognised in total operating expenses. Amortisation period of such capitalised costs is set based on the average customer contract duration per individual customers' segments. The amortisation of those costs are presented within the line Depreciation and amortisation (including amortization of cost to obtain contract) in the income statement. Therefore EBITDA as well as Depreciation and amortisation increased.

O2 Group management decided to adopt IFRS 15 using the cumulative effect method as of 1 January 2018, recognising the cumulative effect of applying new standard as an adjustment to the opening balance of equity (retained earnings) as at the date of initial application. As a result of the front-loading revenue and capitalisation of costs to obtain contracts, O2 Group booked total an adjustment (net of tax) to the opening balance of equity at 1 January 2018 of CZK 626 million.

O2 Group disclosed all required information on IFRS 15 adoption, including estimated impact and key areas for the Group at the date of transition in its [2017 Annual Report](#) (pages 74 to 77). Comparative prior year periods were not restated.

The table below summarises selected consolidated financial indicators for the first quarter 2018 as prepared in accordance with IFRS 15 standard, and excluding the impact:

	1Q 2018	
CZK in mil.	including IFRS 15	excluding IFRS 15
Operating revenue	9,198	9,186
- operating mobile revenue in CZ	4,909	4,900
- operating fixed revenue in CZ	2,581	2,577
- operating revenue in SK	1,767	1,768
Commercial costs	(922)	(1,040)
- of which provisions	(150)	(268)
EBITDA	2,606	2 476
Depreciation and amortisation	(877)	(772)
Net Income	1,329	1,304

Consolidated Financial Results

Consolidated operating revenue reached CZK 9,198 million in the first quarter 2018, down 0.3% year-on-year. Thanks to the customers' interest in the new packages and tariffs, which O2 introduced in 2017, mobile data and O2 TV revenue kept growing. Also hardware & accessories revenue and revenue from financial services increased. In addition, Slovakia positively contributed to the consolidated revenue. Similarly to the Czech Republic, also in Slovakia, mobile data and hardware revenue were the key growth drivers. Growth in above mentioned revenue compensated for negative impact of European roaming regulation and declining revenue from traditional voice and data services.

Operating revenue in the Czech Republic reached CZK 7,490 million, marking a 0.5% year-on-year decrease. **Mobile operating revenue** was CZK 4,909 million in the first quarter 2018, reporting a 2.9% year-on-year growth, as lower voice and messaging revenue were more than compensated by 12.4% growth of data revenue and 42.4% increase in hardware & accessories revenue. **Fixed operating revenue** declined by 6.4% year-on-year reaching CZK 2,581 million, as over 8% growth in O2 TV revenue did not fully compensate lower fixed voice and data revenue and decline in ICT revenue. **Revenue in Slovakia¹** reached CZK 1,767 million in the first quarter 2018, up by 2.2% year-on-year. As the CZK strengthened against EUR² in last twelve months, the revenue growth in Czech koruna was slower than in euros. In local currency revenue improved by 8.7% to EUR 69.6 million in the first quarter 2018.

Total consolidated expenses³ went down 1.7% year-on-year to CZK 6,603 million in the first quarter 2018. In the Czech Republic they declined by 1.7%, Slovakia reported a 1.7% decrease. Costs of sales were 0.1% lower year-on-year as lower fixed costs of services and positive IFRS impact in commissions more than compensated higher hardware & accessories cost growth (in line with growing revenue). Mobile costs of service were negatively impacted also by higher roaming costs, which the company has to pay to its wholesale international partners for its customers using roaming services abroad. Operating expenses were reduced

¹ O2 Slovakia and O2 Business Services

² The following CZK/EUR FX rates have been used: 27.04 in 1Q 2017, 25.40 in 1Q 2018

³ Cost of sales, operating expenses and Internal expenses capitalized in fixed assets

by 3.5% year-on-year as a 2.5% growth in personal costs was more than compensated by savings in rentals and external call centres costs.

Earnings before interest, depreciation and amortization (EBITDA) improved by 2.9% year-on-year to CZK 2,606 million in the first quarter 2018. In the Czech Republic EBITDA grew 0.7% reaching CZK 1,984 million, while Slovakia reported a 10.6% growth to CZK 622 million (+17.6% to EUR 24.5 million). Consolidated **EBITDA margin** thus reached 28.3% in the first quarter 2018, up by 0.8 percentage point year-on-year.

Consolidated net income increased by 3.4% year-on-year to CZK 1,329 million in the first quarter 2018.

Consolidated capital expenditures (CapEx) reached CZK 543 million in the first quarter 2018, representing a 19.8% year-on-year growth. Their share on revenue reached 5.9% compared with 4.9% in the first quarter 2017. A 35.7% CapEx growth in Slovakia to CZK 198 million was the key driver for higher group CapEx, with CapEx to revenue growing by 2.8 percentage points to 11.2%). Investments in Slovakia were directed into 2G network quality enhancement and coverage expansion aiming at a reduction of dependency on national roaming and consequently future profitability improvement. In addition, O2 Slovakia continued investing into expansion and capacity improvement of the backbone and transmission networks with the aim to capture the growing customers' demand for mobile data. In the Czech Republic, CapEx went up by 12.3% year-on-year and CapEx to revenue share increased by 0.5 percentage points to 4.6%. Investments related to the IT transformation and investments to core part of the mobile network were the main CapEx areas. In addition, investments in the first quarter were spent in redesign of the O2 brand shops and acquisition of the new exclusive sport content for O₂ TV.

The consolidated free cash flow⁴ reached CZK 429 million in the first quarter 2018, compared with CZK 628 million in the same period of 2017. Negative change in working capital was the key driver for the year-on-year decline on the back higher long term receivables in Slovakia due to financing of in-house hardware instalment sales model and higher CapEx cash payments.

The consolidated financial debt amounted to CZK 10,502 million as at 31 March 2018. At the same time, **cash and cash equivalents** reached CZK 4,514 million. Thus, **net debt**⁵ to EBITDA remained low and reached 0.57 at the end of March 2018.

CZ Mobile Business Overview

The total **mobile customer base** reached **4,954 thousand** at the end of March 2018, up by 0.6% year-on-year. The number of **contract customers** increased to 3,472 thousand. Their share in total mobile customer base reached 70.1%, up by 1.6 percentage points year-on-year. The number of **prepaid customers** reached 1,482 thousand.

The blended monthly average **churn rate** declined and reached 1.7% in the first quarter 2018.

⁴ Net cash flow from operating activities plus Net cash used in investing activities

⁵ Gross debt less cash

Total mobile average revenue per customer (ARPU⁶) decreased by 1.8% to CZK 291 in the first quarter 2018, as in addition to the lower roaming revenue, voice and SMS market pricing pressures the negative impact of IFRS 15 have been reflected.

Total **mobile operating revenue** in the Czech Republic was CZK 4,909 million in the first quarter 2018, representing a 2.9% year-on-year growth. **Mobile service revenue** were broadly year-on-year at CZK 4,416 million. They were principally fuelled by a 12.4% growth of **data revenue**, which almost compensated lower voice (-11.5%) and messaging (-15.0%) revenue and negative impact of new IFRS 15 standard. Revenue from financial services (hardware and travel insurance and electronic sales recording solutions) reached CZK 54 million in the first quarter 2018 with handset and other hardware insurance being the most relevant area. Hardware & accessories sales revenue improved 42.4% year-on-year.

CZ Fixed Business Overview

The number of **O₂ TV** service customers provided over O2 fixed line (IPTV) as well as over internet connection from any provider (OTT) reached **234 thousand** as at 31 March 2018. A complementary MULTI service which enables customers to watch TV on multiple TV sets at once has become very popular. Over **36 thousand** customers have already subscribed for this service at the end of March 2018 O2 can show off with **close to 280 thousand** active set top boxes.

The number of **xDSL fixed internet** customers reached **718 thousand** at the end of March 2018. Thanks to the internet speed increase through installation of remote DSLAMs, 77% of the customers enjoying VDSL technology.

The total number of **fixed voice lines** reached 583 thousand at the end of March 2018.

Total **fixed operating revenue** reached CZK 2,581 million in the first quarter 2018, down by 6.4% year-on-year. An 8.4% growth in O₂ TV revenue did not fully compensate the lower voice revenue (due to the continuous fixed-to-mobile voice substitution) and the continuous decline in data revenue. The 7.2% year-on-year decline in ICT revenue was driven mainly by a change in fiscalisation revenue reporting, which were included in fixed ICT revenue till the first quarter 2017, while they have been reported in mobile financial services since the second quarter 2017.

Slovakia

Thanks to the accelerated investments into the mobile networks through 2016 and 2017 combined with an attractive proposition of services and products, O2 Slovakia group⁷ reported a solid growth of the customer base, increase of its value and further improvement of its financial performance also in the first quarter 2018. Thus it keeps positively contributing to the O2 Group's financial results as it represents 19% of the consolidated revenue and 24% of consolidated EBITDA. The year on year growth of the financial parameters has been negatively impacted by CZK strengthening against EUR⁸. In addition to mobile services proposition for residential and SME customers, O2 Slovakia has been further developing

⁶ Service revenue (excluding incoming roaming) over average number of customers for the period

⁷ including O2 Business Services, a. s. (100% daughter company of O2 Slovakia)

⁸ The following CZK/EUR FX rates have been used: 27.04 in 1Q 2017, 25.40 in 1Q 2018

LTE TDD network on 3.5 GHz and 3.7 GHz spectrums, through which it offers wireless home internet and digital O₂ TV television. O2 Slovakia continued also in 4G LTE network coverage expansion, which was available for 93.56% of the Slovak population as of 15 March 2018, ahead of the competitors. Thus in February it added new mobile tariff to its Home broadband service, which is available also for customers with 4G LTE technology. As for other Home broadband tariffs, also this new one offers an unlimited data package for a EUR 15 monthly fee (EUR 10 with a bonus). Through its daughter company O2 Business Services, it also provides complete portfolio of fixed and mobile services for corporate and public sector customers.

At the end of March 2018, the **number of mobile customers** reached 1,944 thousand, posting a 2.8 year-on-year growth. Thus O2 Slovakia continues strengthening its market position. At the same time, the customer loyalty is growing, as total average monthly churn increased by 0.2 percentage point year-on-year to 2.4%. Improvement was recorded for both segments, contract as well as prepaid.

O2 Slovakia has been recording increasing demand for its smartphone portfolio. This has been reflected in growing smartphone penetration, which reached 62.7% as at 31 March 2018. LTE handset penetration was at 49.9% and 44.6% of customers own LTE handset with LTE SIM card. Thanks to the 4G LTE network coverage expansion, growth in LTE handset penetration and increasing customers' demand for tariffs with higher data package, the number of mobile internet users improved by 12.2% year-on-year to over 970 thousand. Data traffic went up by 77% year-on-year in the first quarter 2018, and mobile data revenue by close to 13% year-on-year.

Total operating revenue in Slovakia increased by 2.2% year-on-year to CZK 1,767 million in the first quarter 2018. Revenue in euros increased by 8.7% to EUR 69.6 million.

EBITDA in Slovakia grew by 10.6% year-on-year reaching CZK 622 million in the first quarter 2018, while in domestic currency, it grew by 17.9% to EUR 24.5 million. As a result, EBITDA margin reached 35.2% in the first quarter 2018, up 2.7 percentage points year-on-year.

Thanks to the improvement in customer mix and structure and increasing interest in higher data limit tariffs, **total mobile ARPU** in Slovakia grew by 3.3% year-on-year to EUR 9.6 (CZK 244).

Other relevant facts

Distribution of part of O2 Slovakia 2017 net profit

As the sole participant exercising the powers vested to the general meeting of O2 Slovakia, O2 Czech Republic approved a distribution of a share of the 2017 profit of O2 Slovakia in the amount of EUR 47.2 million (~CZK 1.2 billion) to the sole participant, O2 Czech Republic.

The distribution of the O2 Slovakia's 2017 profit will be part of the 2018 profit of the parent company, O2 Czech Republic.

Proposal by the Board of Directors for the 2017 dividend and distribution of part of share premium in the total amount of CZK 21 per share

The Board of Directors of the Company approved **the 2017 dividend proposal** in the total amount of CZK 5,274 million, which represents **CZK 17 before tax** per each share with the nominal value of CZK 10 and CZK 170 before tax per share with the nominal value of CZK 100. This represents 98% of unconsolidated net profit for 2017. The Company's Board of Directors proposes to allocate remaining part of unconsolidated net profit for 2017 (CZK 114 million) to the retained earnings from previous years.

On top of the regular dividend, the Board of Directors proposes **distribution of a part of the share premium** in the amount of up to CZK 1,241 million, which means **CZK 4 before tax per each share** with the nominal value of CZK 10 and CZK 40 before tax per share with the nominal value of CZK 100.

The proposed **dividend and share premium distribution payment date** is **July 4, 2018**, while those who will be **shareholders on June 4, 2018** will be **entitled** for exercising the right to **dividend and share premium distribution**.

The Company holds treasury shares. In accordance with law, the part of the dividend and the amount related to the distribution of the share premium attributable to the treasury shares will not be paid out. Thus, the final total amount paid to the shareholders will depend on the actual number of treasury shares held by the Company as of June 4, 2018.

The **proposal** has been acknowledged by the Supervisory Board and will be **subject to a vote at the General Meeting** to be held on **June 4, 2018**, where the shareholders of the Company will be deciding on its adoption. The proposal will also form a part of the invitation to the General Meeting. The invitation will be published within the timeline set by the law.

Personal changes in the Board of Directors and Supervisory Board

On February 28, 2018, the Supervisory Board of O2 Czech Republic appointed Kateřina Pospíšilová as a substitute member of the Supervisory Board until the next General Meeting of the Company.

Jiří Hrabovský resigned from the office of a Board of Directors member of O2 Czech Republic. His office terminated on March 15, 2018. The company's Supervisory Board elected Václav Zakouřil as a new member of the Board of Directors as of March 16, 2018.

Attachment:

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

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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 – March 2018	Jan – March 2017
Operating revenue	9,198	9,224
Non-operating revenue	18	23
Revenue	9,216	9,247
Internal expenses capitalized in fixed assets	86	91
Cost of sales	(4,685)	(4,733)
Operating expenses	(2,005)	(2,077)
Other operating income/(expenses)	(6)	5
EBITDA	2,606	2,533
EBITDA margin	28.3 %	27.5 %
Depreciation and amortization (including amortization of cost to obtain contract)	(877)	(870)
Impairment reversal/(loss)	(5)	(1)
Operating profit	1,724	1,662
Net financial income (expense)	(45)	(17)
Results attributed to joint venture	2	1
Profit before tax	1,681	1,646
Income tax	(352)	(360)
Profit	1,329	1,286

All amounts in CZK million

CONSOLIDATED BALANCE SHEET	31 March 2018	31 Dec 2017
Non-current assets	23,713	23,411
- Intangible assets	16,601	16,815
- Property, plant and equipment and investment property	5,601	5,636
- Incremental costs to obtain contract	552	-
- Long-term financial assets and other non-current assets	645	744
- Non-current contract asset	144	-
- Deferred tax assets	170	216
Current assets	12,227	11,431
- Inventories	845	824
- Trade and other receivables	6,513	6,519
- Current contract asset	1	-
- Tax receivable	354	-
- Cash and cash equivalents	4,514	4,088
Total assets	35,940	34,842
Equity attributable to owners of the parent	17,397	15,475
Non-controlling stake	(1)	-
Total equity	17,396	15,475
Non-current Liabilities	10,972	10,887
- Long-term financial debt	10,448	10,448
- Deferred tax liabilities	396	270
- Non-current provisions for liabilities and charges	52	53
- Non-current other liabilities	76	116
Current Liabilities	7,572	8,480
- Short-term financial debt	54	38
- Trade and Other payables	7,275	8,209
- Current income tax payable	151	139
- Current contract liability	2	-
- Provisions for liabilities and charges	90	94
Total Equity and Liabilities	35,940	34,842