

O2 in first half of 2021: stable financial performance still affected by lower roaming revenue

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- Lower interest in travel continues to negatively impact roaming revenue; year-on-year growth of consolidated revenue was rather supported by traditional growth areas.
- During the spring wave of Covid-19 pandemic, O2's network successfully managed the traffic which was more than double the long-term average.
- Solid revenue growth in fixed segment was driven by new sales of O2's stable and most widely used Internet and TV products.
- O2 enhanced further growth in this area by introduction of the second generation of the successful O₂ Smart Box, which provides the strongest and most stable Wi-Fi signal to all devices in a household.
- O2 shareholders approved a dividend payment and a distribution of share premium in the total amount of CZK 21 per share; the payment commenced on 21 July.

“Increase in the speed of our fixed internet, development of 5G network, expansion of channels offered by O₂ TV, investments in new IT technologies, digitalisation of distribution and service channels – all of this contributed to the stable performance in the first half of the year, which otherwise continued to be affected by pandemic related restrictions and reduced mobility within and outside of the country,” says Jindřich Fremuth, CEO and Chairman of the Board of O2 Czech Republic.

“Our revenue growth in the Czech Republic slowed in the second quarter to 2.1% and we were successful in keeping the growth of our cost at 1.7%,” states Tomáš Kouřil, O2's Chief Financial Officer and Vice-Chairman of the Board of Directors and adds: *„In July, we have commenced the payment of the 2020 dividend and the payment of part of the share premium in the total amount of CZK 21 per share to our shareholders.”*

Operating overview

The **total number of registered mobile SIMs in the Czech Republic** at the end of June 2021 reached 5,987 thousand. The number of **contract services** was 3,343 thousand, the number of prepaid mobile SIMs was 1,871 thousand, while the number of M2M SIMs stood at 773 thousand.

The number of services of any of the **O₂TV** tariff provided over O2 fixed line (IPTV) as well as over internet connection from any provider (OTT) reached **572 thousand** as at 30 June 2021 including customers subscribed for monthly prepaid O₂TV Sport Pack online and O₂TV HBO and Sport Pack tariffs.

Number of **broadband internet connections** served via fixed line as well as wireless technology reached **869 thousand** in total at the end of June 2021.

As at 30 June 2021, the **total number of active SIMs in Slovakia** reached 2,236 thousand. The number of contract services reached 1,068 thousand, the number of prepaid mobile SIMs was 700 thousand, while the number of M2M SIMs stood at 468 thousand.

Financial overview

Total consolidated operating revenue reached **CZK 20,087 million** in the first half of 2021, **up 3.9%** year-on-year. O₂TV, mobile data, ICT and revenue in Slovakia were the key growth drivers.

In the Czech Republic, operating revenue increased by 3.1% to **CZK 16,278 million** in the first six months of 2021. In the **mobile segment**, revenue grew by 2.2% year-on-year and reached CZK 10,031 million. In the **fixed segment**, revenue reached CZK 6,248 million, up by 4.8% year-on-year.

In Slovakia, total **operating revenue** grew by 6.9% to CZK 3,867 million in the first half of 2021 (+8.9% to EUR 149.6 million). Of that, mobile revenue went up by 5.6% to CZK 3,653 million, or by 7.6% to EUR 141.3 million respectively. After a 5.3% year-on-year decline in 2020, there is a gradual stabilisation), mainly thanks to hardware sales growth.

Consolidated EBITDA reached **CZK 6,825 million** in the first half of 2021, while consolidated **net profit** reached **CZK 2,984 million**.

Financial indicators	1H2021	1H2020	1H21/1H20
Operating revenue	20,087	19,326	+3.9%
- CZ mobile revenue	10,031	9,818	+2.2%
- CZ fixed revenue ¹⁾	6,248	5,964	+4.8%
- SK revenue	3,867	3,617	+6.9%
- of which mobile revenue ²⁾	3,653	3,458	+5.6%
Total costs	13,345	13,061	+2.2%
- of which operating costs	3,934	3,899	+0.9%
EBITDA	6,825	6,325	+7.9%
EBITDA margin	34.0 %	32.7 %	+1.2 p. p.
Net profit	2,984	2,675	+11.5%

¹⁾ excluding ICT revenue: +1.6% year-on-year

²⁾ after a 5.3% year-on-year decrease in FY 2020

Contacts

Investor Relations

O2 Czech Republic a.s.

investor_relations@o2.cz

t +420 271 462 076

About O2 Czech Republic

O2 is the largest operator on the Czech market. It provides voice, internet and data services to customers ranging from households to small and medium-sized businesses to large corporations. O2 always offers the latest technology. Currently, it is preparing for the arrival of the fifth-generation network (5G), which was the first to be tested in the real world. O2 is also the largest internet provider for homes and businesses, covering 99% of addresses. Fixed connection works the best in combination with the O2 Smart Box modem, which has been developed in-house. With its O2 TV service, it is the largest provider of IPTV service in the Czech Republic. O2 has acquired a number of exclusive sports rights for its customers and thus offers the most attractive sports content on the Czech market. The company is one of the largest players in hosting and cloud services, as well as in managed services and ICT. As trends in the telecommunications sector are changing significantly, O2 also focuses on the development and offering of non-traditional telecommunications services. These include, in particular, financial services such as equipment insurance, mobile travel insurance or O2 eKasa electronic sales registration solutions.