

A dynamic splash of water against a blue background, with numerous bubbles and droplets of varying sizes. The water appears to be falling from the top left, creating a sense of movement and freshness.

O2 Czech Republic, a. s.
21st November 2018

Quarterly Results January – September 2018

O₂

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.



Today's speakers



Jindřich Fremuth

CEO & Chairman of the Board



Tomáš Kouřil

CFO & Vice-Chairman of the Board



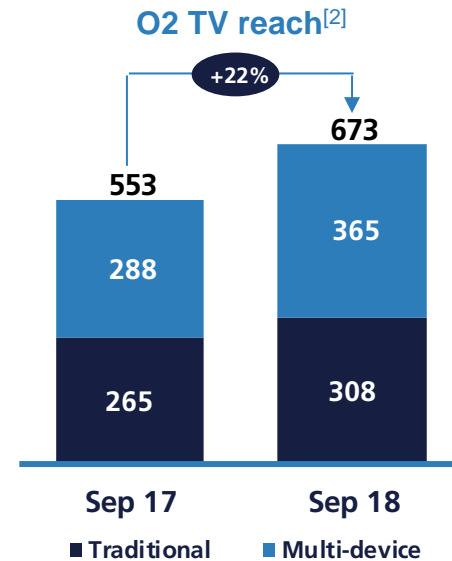
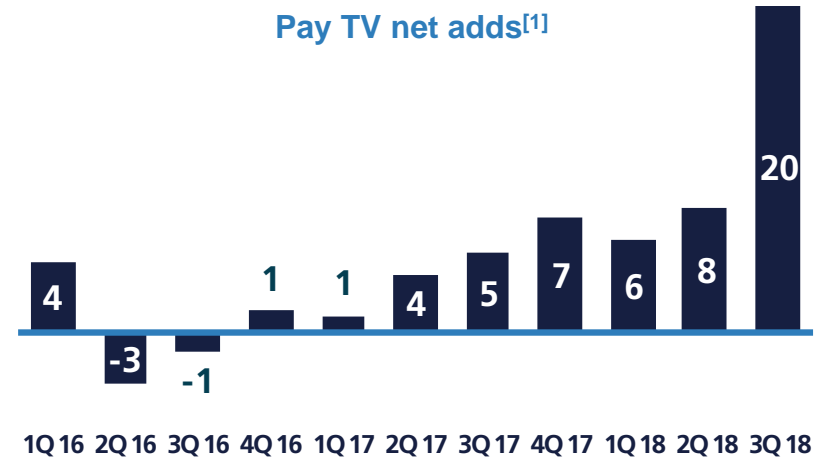
Strategic commercial initiatives & Performance Highlights

Exclusive sport content & bundled proposition... ..driving accelerated O₂ TV base uptake

Exclusive content including own



Unique functions & features

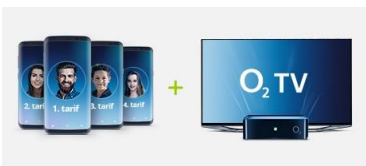


5 ^[1] in thousand; IPTV & OTT, incl. Multi (second STB); ^[2] Traditional paid tariffs: IPTV, OTT, Multi; Multi-device: applications & web (average monthly number of unique users, incl. paid O2 TV Sport Pack)

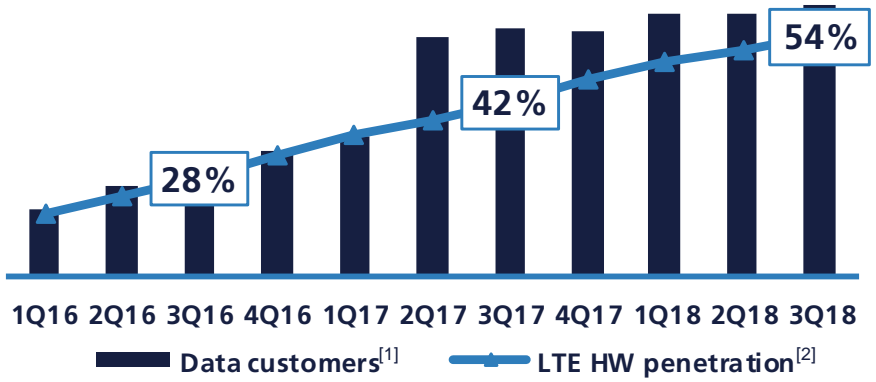
Demand for bundles, data centric tariffs & LTE smartphone focus... ...driving data traffic growth; data successfully monetized

Data centric & bundled proposition

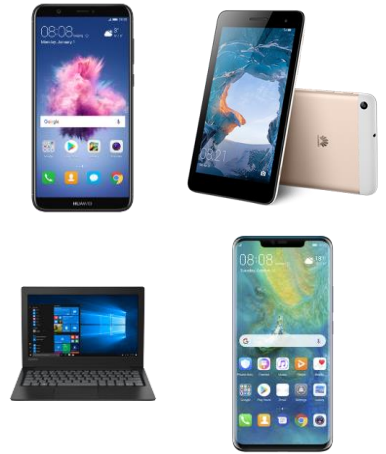
O₂ Data
Vstupte do doby datové



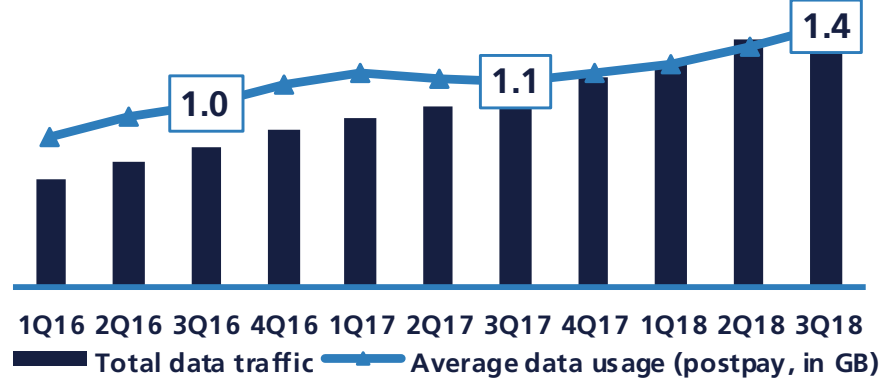
Uptake in LTE HW penetration with further growth potential



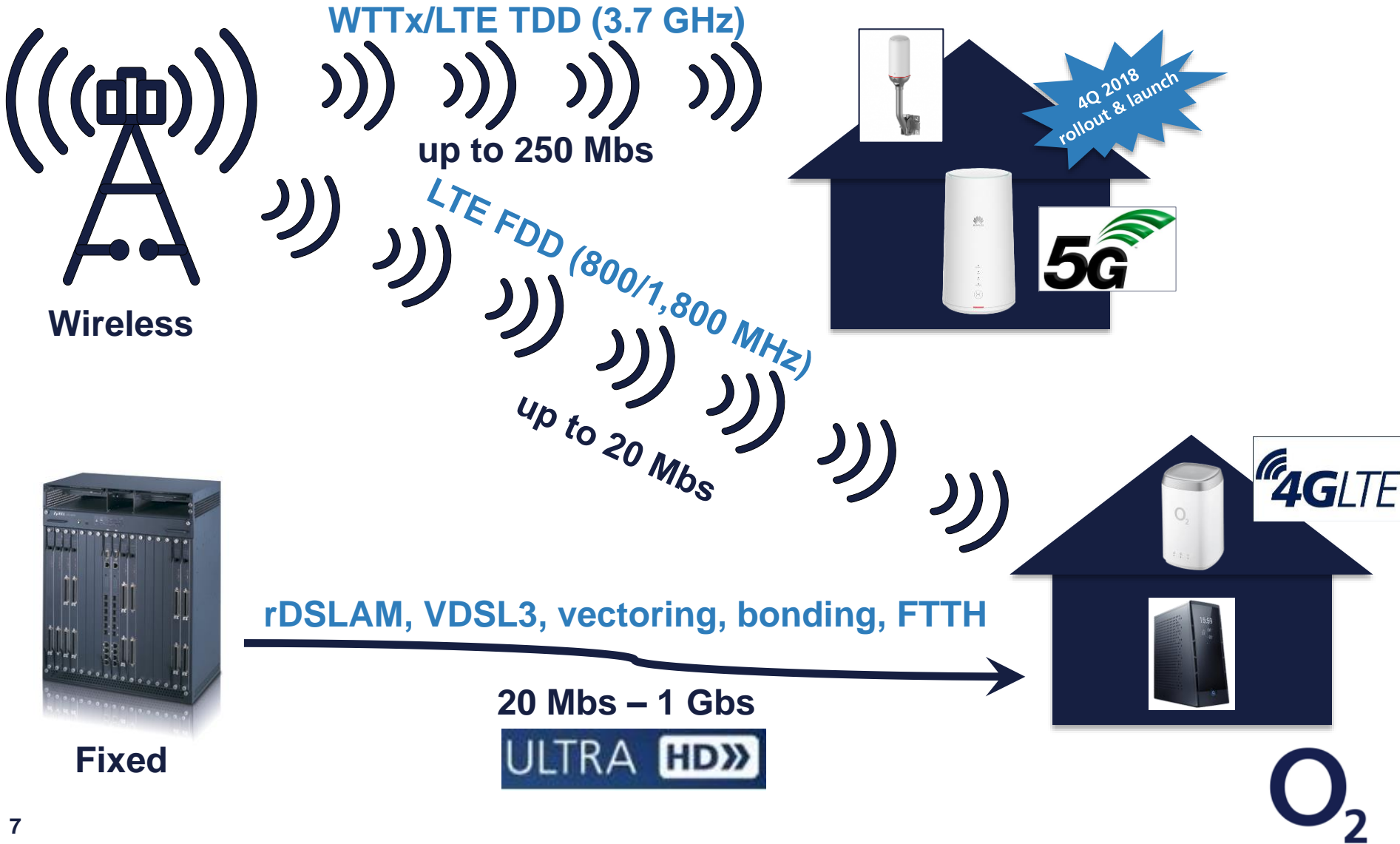
LTE smartphone & tablets/PCs sales focus



Average monthly postpay data^[1] usage + 26% y-o-y



Expansion of technology agnostic broadband proposition with WTTx/LTE TDD solution using 3.7 GHz spectrum

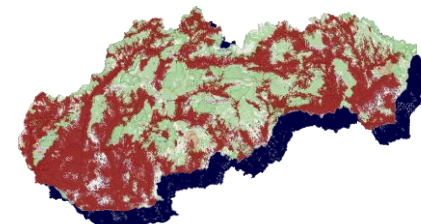


Strong and improving performance in Slovakia... ...driven by growing base, improving mix & data uptake

No. 1 4G LTE network coverage in Slovakia^[1]

- over 95% 4G LTE (800/1800 MHz) population coverage
- WTTx/FWA BB & Pay TV via LTE TDD (3.5/3.7 GHz) & 4G LTE
- national fiber backbone & transmission network expansion

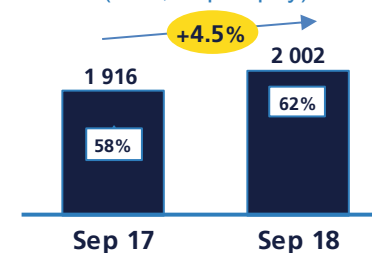
4G LTE coverage



Competitive data centric proposition

- rich data limits in top “O₂ Pausal” tariffs
- profitable LTE handset sales installment model
- LTE HW penetration^[2] at 55% (+12 p.p. y-o-y)

Customer base
(‘000; % postpay)

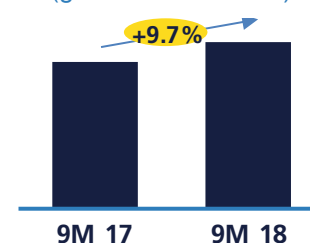


Growing base & ARPU; strong brand

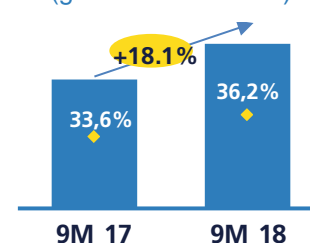
- blended APRU +3.7% (postpaid +3%)^[3]
- O2 SK voted “Operator of the Year” for the 8th consecutive year
- CSI maintained high at 81.7 points



Revenue
(growth rate in EUR)



EBITDA/margin
(growth rate in EUR)





Financial Performance
January – September 2018

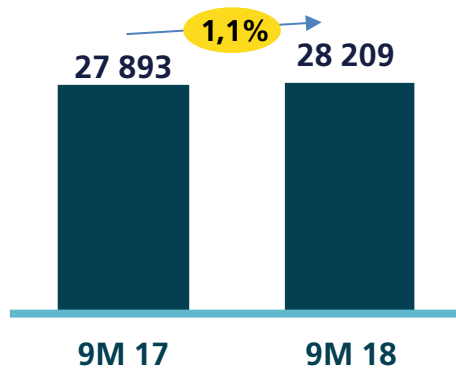
O₂



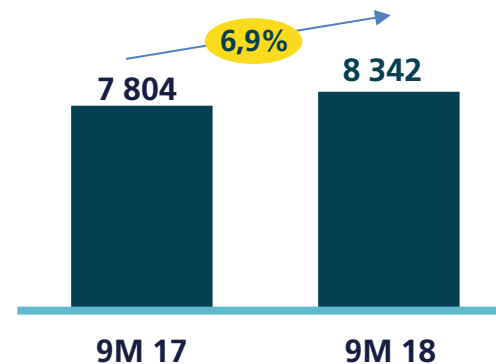
New proposition & Slovakia driving y-o-y revenue growth... ...growing EBITDA on the back of strict cost management

<i>CZK millions</i>	Jan - Sep 2018 ^[1]	<i>Change 9M18 /9M17</i>
Operating Revenue	28,209	+1.1%
CZ Fixed	7,768	
CZ Mobile	15,081	
Slovakia	5,524	
EBITDA	8,342	+6.9%
<i>EBITDA margin</i>	29.6%	
Net Income	4,217	+2.5%
Free Cash Flow	3,415	

Operating Revenue



EBITDA

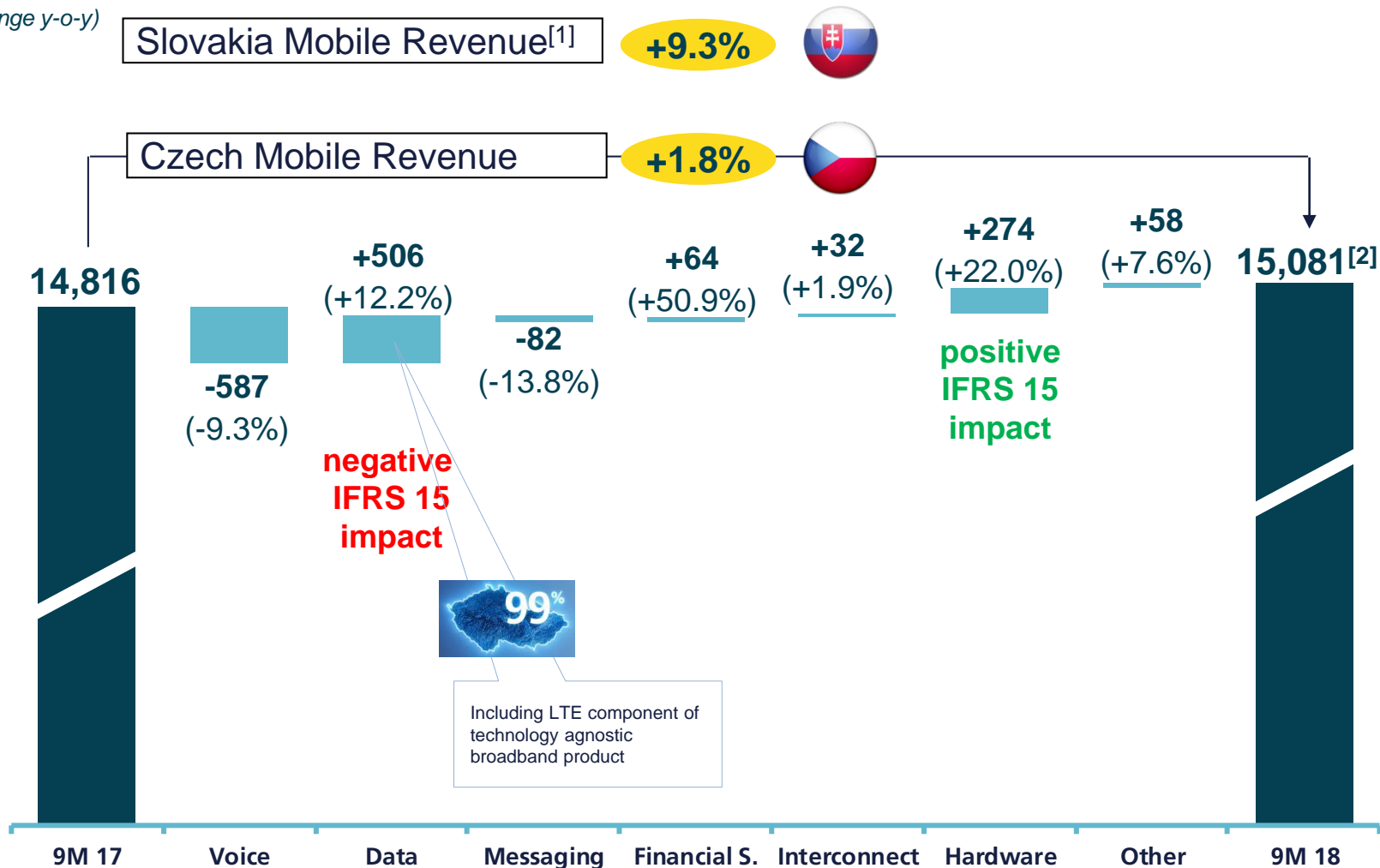


^[1] including CZK 121 million positive net income effect of IFRS 15



Double digit growth of data, financial services, and HW revenue... ...mobile data still include also technology agnostic BB product

CZK millions
(% change y-o-y)

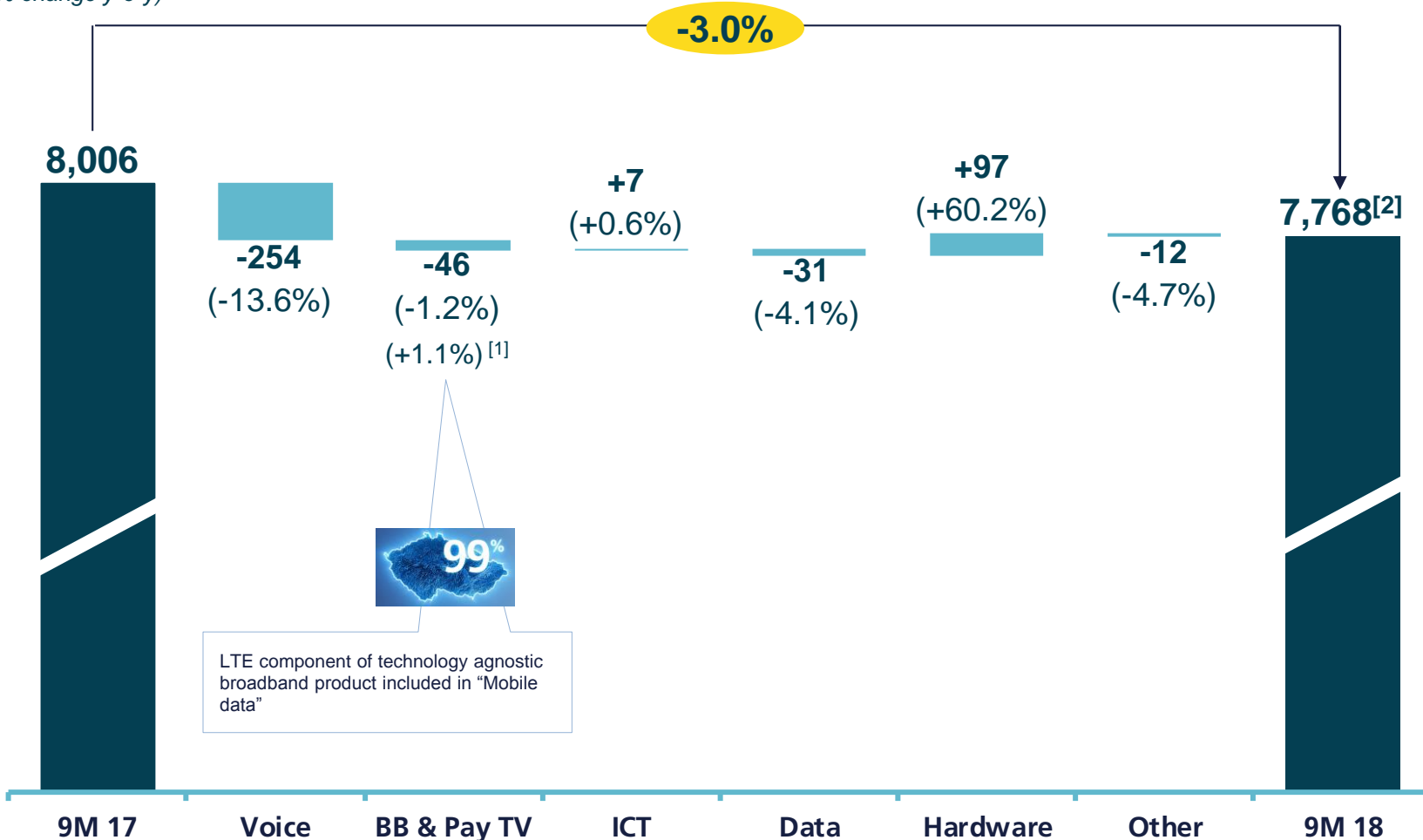


[1] Key drivers: Data: +16%, Hardware: +31%; O2 Slovakia, growth rate in local currency (EUR); [2] CZK 4 million negative effect of IFRS 15



Fixed voice declining due to fixed to mobile substitution... ... technology agnostic BB product still in mobile data

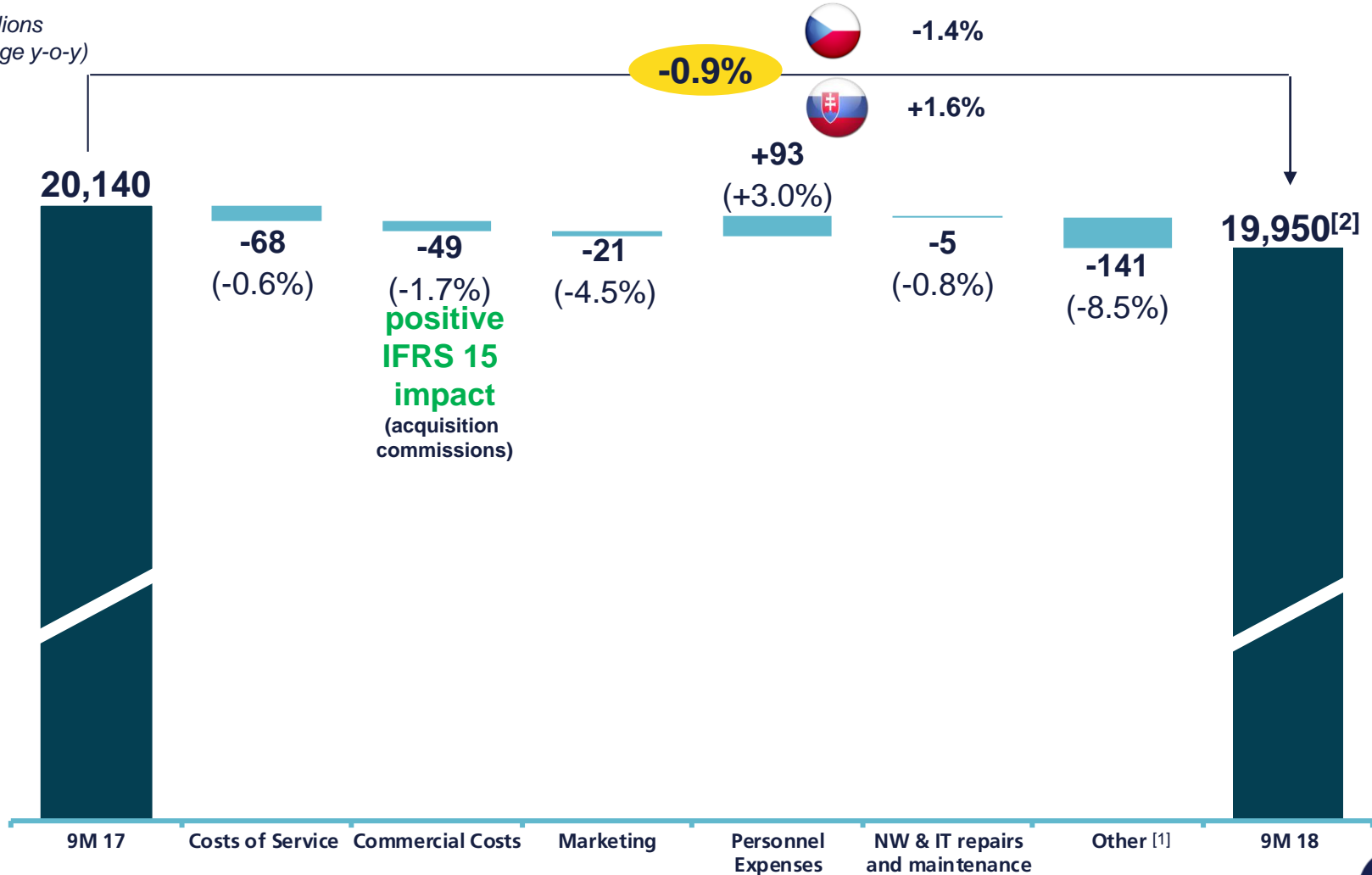
CZK millions
(% change y-o-y)





Cost base under control...with savings in Czech... ...and minor revenue related growth in Slovakia

CZK millions
(% change y-o-y)



positive
IFRS 15
impact
(acquisition
commissions)

^[1] Taxes other than income taxes, Bad debt provisions, Rentals, Buildings, Vehicles, Consumables, Consultancy, Billing, Collection, Call Centers, management fees and other; including Internal expenses capitalized in fixed assets; ^[2] CZK 417 million positive effect of IFRS 15 (commissions only)

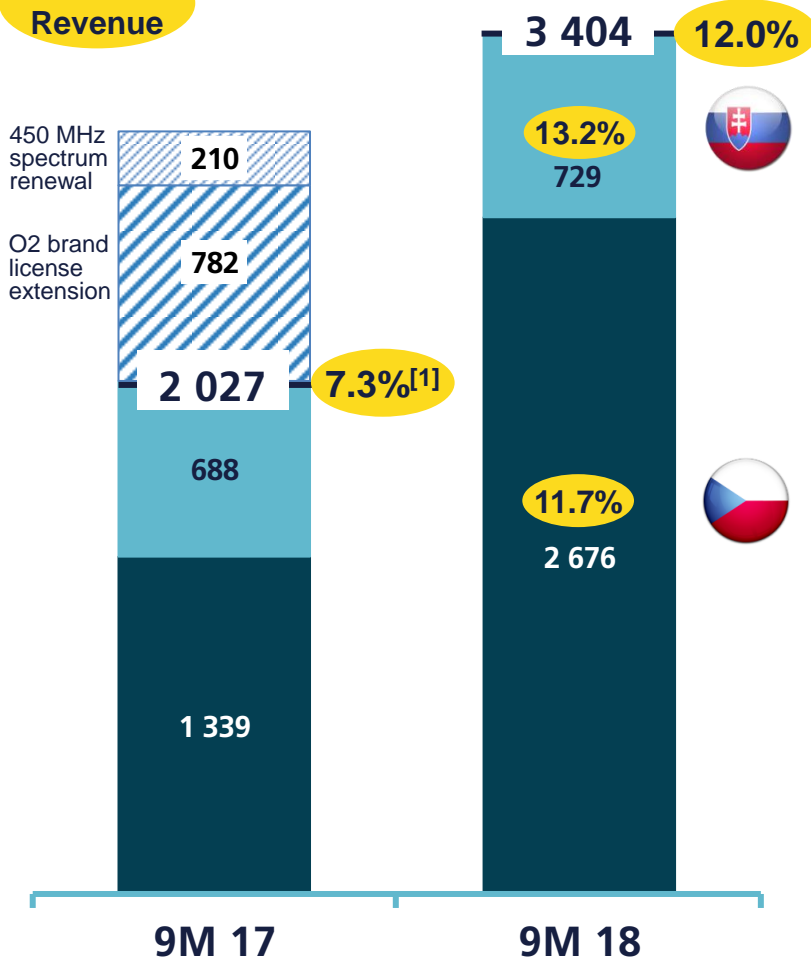




Czech CAPEX spent on IT transformation & sport content... ...full year CAPEX/Revenue will exceed 10%

CZK millions

CAPEX/
Revenue



Slovakia (+5.9% y-o-y):

- Mobile NW capacity (transmission, backbone)
- 2G NW expansion to reduce national roaming

Czech Republic (+99.8% y-o-y^[1]):

- Sport content (Q3 2018)
 - UEFA Champions League (3 seasons till 2021)
 - Domestic Fortuna football league (4 seasons till 2022)
 - Domestic Tipsport ice-hockey league (5 seasons till 2023)
- IT transformation (Q3 and also in Q4 2018)
- Retail shops redesign





2017 shareholder remuneration distributed in 3Q... ...impacting cash & liabilities

<i>CZK millions</i>	31 Dec 2017	30 Sep 2018	30 June 18 /31 Dec 17
Non-current assets	23,411	25,075	+7.1%
- of which intangible assets	16,815	17,488	+4.0%
- of which property, plant & equipment	5,636	5,843	+3.7%
Current assets	11,431	9,070	-20.7%
- of which cash & cash equivalents	4,088	1,174	-71.3%
Total assets	34,842	34,145	-2.0%
Equity	15,475	14,026	-9.4%
Non-current liabilities	10,887	11,651	+7.0%
- of which financial debt	10,448	10,458	+0.1%
Current liabilities	8,479	8,467	-0.1%



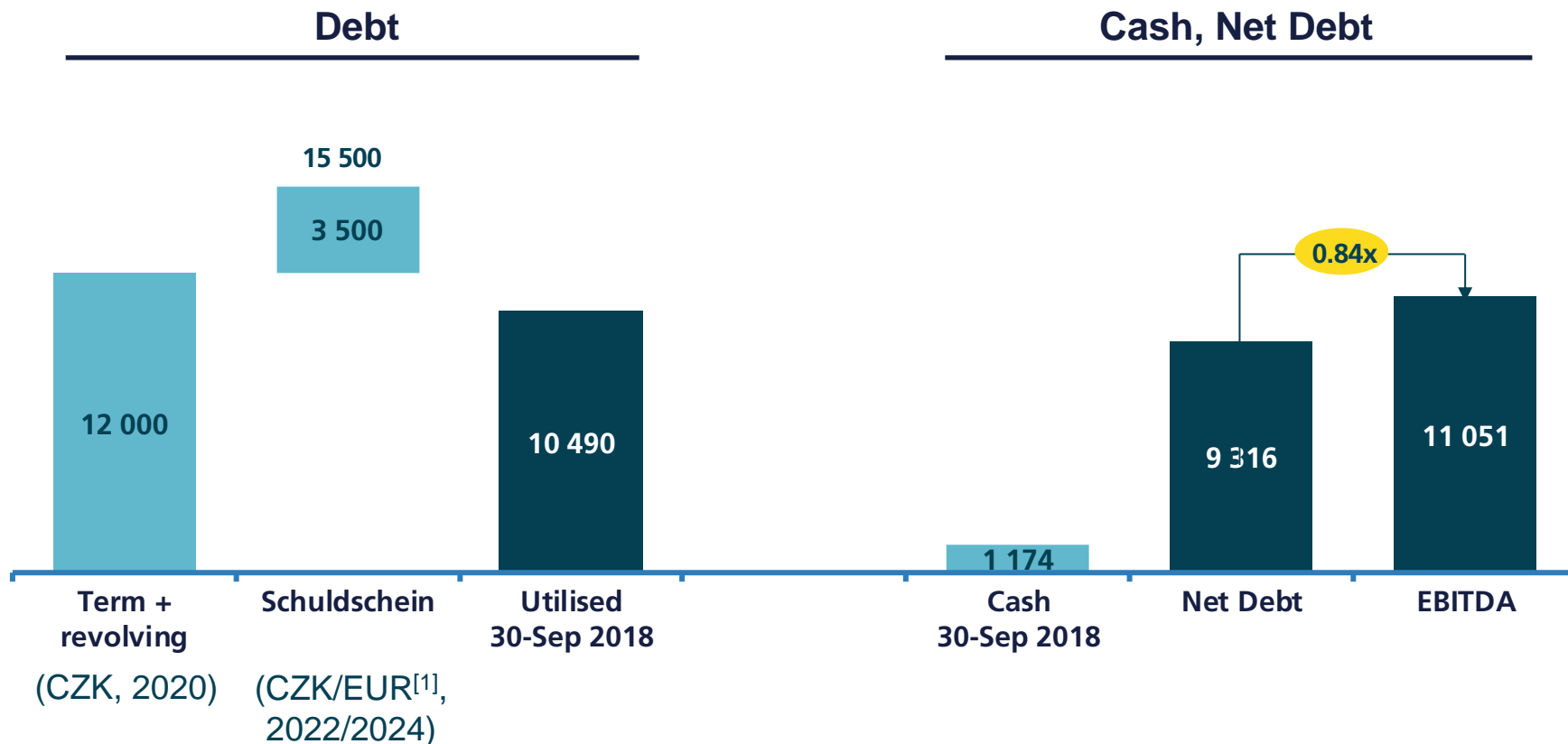


Back up

O₂

CZK 10.5bn debt utilized out of CZK 15.5bn capacity... ...Net Debt/EBITDA at low 0.8x, well below “up to 1.5x” guidance

CZK millions



A low-angle, rear-view shot of a person's legs wearing dark blue denim jeans and tan leather loafers. The person is standing on a vibrant blue carpet. A large, white, hand-painted arrow points from the bottom left towards the center of the frame, leading towards the person's feet. The background is a bright, hazy blue landscape under a clear sky.

Investor Relations contact

O₂

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/

