Press Release

Telefónica Czech Republic – January to December 2013 Financial Results

February 26, 2014

Telefónica Czech Republic, a. s. announces its audited financial results for January to December 2013. These results are consolidated and prepared according to International Financial Reporting Standards and fully include the results of Telefónica Slovakia and other smaller operating companies.

Operational Highlights

- **Continuous solid customers' growth in key areas:**
    - **Continuous total mobile customers' growth:** +3%[1] year-on-year to 5.1 million, with 132 thousand[1] net additions in FY 2013. Continued strong contract trading (158 thousand net adds in the fiscal year[1]) and low churn remained the drivers of the growth. Prepaid base in slight decline mainly due to migration to FREE Tariffs.
    - **Smartphone penetration growing to 35%**, up by 7.5 percentage points year-on-year.
    - **xDSL accesses growing** by 0.4% year-on-year reaching 919 thousand, with VDSL (with 39% year-on-year growth in FY 2013) to continue helping to manage fixed BB ARPU dilution and maintain churn.
    - **O_2 TV customer base further accelerated** in Q4 thanks to new innovative IPTV platform to reach 156 thousands customers (10% year-on-year growth and 15 thousands net adds) in FY 2013.
    - **Fixed accesses disconnections in line with previous quarters:** accesses down by 7% year-on year in FY 2013.
- **Consolidated operating revenues** reaching CZK 47,252 million in FY 2013, down by 6.5% year-on-year (-2.7% year-on-year excluding impact of MTR cuts).
- **OIBDA** (excluding brand fees and management fees) went down by 6.4% year-on-year, impacted by non-recurring items, while OIBDA margin[2] reached solid 41.5% in FY 2013 on the back of continuous efficiency agenda (Group OpEx: -5.5% year-on-year, -7.2% in Q4), growing profitability in Slovakia, and non-recurring items.
- **Consolidated free cash flow** in FY 2013 growing 3.2% year-on-year.
- **Telefónica Slovakia** maintained its strong commercial momentum reporting 14% year-on-year subscribers' growth (+185 thousand in FY 2013, +68 thousands in Q4).
- **2013 full year guidance**[3] delivered in full.
- Successful acquisition of LTE spectrum in both Czech and Slovakia auctions.
- **CSI** leadership[4]

[1] Excluding the impact of inactive customers disconnection in Q1 2013 (114 thousand)
[2] OIBDA/Operating revenues
[3] OIBDA margin (excluding brand fees and management fees): limited margin erosion year-on-year (2012 base: 41.4%), CapEx: less than CZK 6 billion (excluding business acquisitions and excluding investments for spectrum license)

Telefónica Czech Republic, a.s. Za Brumlovkou 266/2 Praha 4 140 22 T +420 271 462 076 http://www.telefonica.cz/en/investor-relations/ investor_relations@telefonica.com

2014 Investor Guidance:
Improving y-o-y **revenue** trend[5].
Capex up to the previous year level[6].

2013 shareholder remuneration proposal
The Board of Directors will make a 2013 shareholder remuneration proposal to the Annual General Meeting in Q2, **ranging between CZK 18 and CZK 30 per share**, depending mainly on the outcome of a legal analysis of the new Commercial Corporations Act.

Update on the Share Buyback Program
The **6,441,798 treasury shares** purchased in the 1st tranche during 2012 were **cancelled** and the corresponding **reduction of the registered capital by CZK 560,436,426** was officially registered with record date of **15th November 2013**.
On 29th October 2013, after purchasing **5,428,035 shares** representing **1.69%** of total ordinary shares issued by the Company, the Board of Directors decided to **stop the acquisition**.

"Last year was an extremely successful one for us. ***We delivered solid results while changing the rules of the market****. The FREE Tariffs radically changed the way we get in touch with our customers and the way we manage our tariffs and prices. Their popularity helped us to achieve* ***revenue and churn stabilisation and operational simplification****. We lead the market also in the* ***MVNO segment****, where we work with strong partners and we succeeded in* ***capturing the biggest share of this market****. In the business segment, which is equally undergoing major changes, we are* ***successfully protecting our customer base and our market share leadership****. In fixed broadband, we successfully manage churn and spend dilution with our enhanced VDSL proposition and our* ***new O2TV****, which offers* ***features that are unique on the market and extremely popular*** *with the customers. We have again proven our track record in cost management.* ***Our continuing efficiency agenda is best in class and delivered massive savings this year to protect OIBDA and the cash generated****. In* ***Slovakia****, we delivered again* ***strong subscribers' additions*** *and* ***improved financial performance thanks*** *to our* ***simple and transparent offer****. This translated into* ***sustained strong revenue growth*** *and increased contribution to the Group.* ***OIBDA margin improved*** *compared with the last year, reaching* ***41.5%****, fuelled by permanent* ***focus on operational efficiencies*** *and growing profitability in Slovakia*", says David Melcon, the Chief Financial Officer of Telefónica Czech Republic when commenting on the operator's financial results.

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[4] In fully comparable category of residential mobile customers
[5] Group Operating Revenues. Still declining but improving y-o-y trend in 2014 compared with -6.5% y-o-y growth in 2013
[6] 2013 Capex: CZK 5.7bn. Excluding investments for spectrum license and business acquisitions. Increasing proportion of investments into growth areas (mobile data, LTE and new technologies/businesses)

Consolidated Financial Statements

Consolidated operating revenues[7] reached CZK 47,252 million, down by 6.5% year-on-year in the full fiscal year 2013. They would have declined by 2.7% **excluding the MTR cuts impact** (from CZK 1.08 in 1H 2012, down to CZK 0.55 in Q3 2012, to CZK 0.41 in Q2 2013, and CZK 0.27 per minute in Q3 2013 in Czech Republic, and EURc 3.18 in Q3 2012 to EURc 1.22 per minute in Q3 2013 in Slovakia).

Fixed operating revenues in the Czech Republic reached CZK 20,275 million, declining by 5.2% year-on-year in FY 2013, with year-on-year decline lower than in FY 2012.

Mobile operating revenues in the Czech Republic were CZK 21,897 million, reporting 10.7% year-on-year decline in FY 2013, largely on the back of MTR cuts and intensified competitive pressures with decline in traditional voice and messaging revenues. **Excluding the MTR cuts impact**, mobile operating revenues would go down by 5.3% year-on-year in FY 2013. Company nevertheless continues to benefit from its data-centric proposition, with **non-messaging data revenues** (excluding CDMA) growth of 29.5% year-on-year in FY 2013 with series of consecutively increasing year-on-year growth in quarters (+12.9% in Q1, +29.8% in Q2, +35.8% in Q3, and +38.1% in Q4), significantly boosted by introduction of the new FREE Tariffs in Q2 2013.

Revenues in Slovakia continued to post positive financial performance and reached EUR 208 million, increasing 8.1% year-on-year in FY 2013 (+19.4% year-on-year excluding MTR impact to EUR 229 million). Revenues in Slovakia denominated in CZK currency posted 11.7% year-on-year growth.

The Group has continued in its effort to deliver efficiencies in both commercial and non-commercial areas of its operations during the whole year of 2013. **Total consolidated operating costs** went down by 5.5% year-on-year to CZK 28,764 million in FY 2013 (7.2% year-on-year decrease in Q4). Personnel expenses (excluding restructuring costs) declined by 9.1% year-on-year in FY 2013 (-12.2% year-on-year in Q4) as the Group continued in its restructuring program focused on building leaner and efficient organizational structure. The total Group headcount[8] has been further optimised by 770 employees. As a result, the Group's headcount reached 5,504 at the end of December 2013, representing 12.3% year-on-year reduction. Moreover, launch of FREE Tariffs in Q2 2013 is helping the Company to benefit from further simplification of its business model and eliminate handsets subsidies in consumer segment.

Guided Operating income before depreciation and amortization (OIBDA)[9] decreased by 6.7% year-on-year, when the **OIBDA margin** reached 41.5% in FY 2013, up by 0.1 percentage points year-on-year. The year-on-year performance has been impacted by one-off gain from the sale of 80% stake in our subsidiary Informacni linky (Information lines) worth CZK 220 million, and restructuring costs of CZK 265 million in FY 2012, and one-off gain from one-off

[7] Figures are shown net of inter-segment charges between fixed and mobile businesses

[8] Excluding the headcount of Bonerix, the Group subsidiary

[9] In terms of the 2013 guidance calculation, OIBDA excludes brand fees and management fees, 2013 guidance excludes changes in consolidation, includes potential capital gains from sales of non-core asset, assuming constant FX rates of 2012.

cash compensation from T-Mobile for Telefónica's contribution to network sharing partnership of CZK 643 million, and restructuring costs of CZK 368 million in FY 2013. Reported OIBDA (including brand fees and management fees) reached CZK 18,478 million in FY 2013 (CZK 5,271 million in Q4).

Depreciation and amortization charges went down by 3.5% year-on-year reaching CZK 11,032 million in FY 2013, when in Q4 the year-on-year decline was 8.4%, caused by revised and extended useful lives of selected network fixed assets resulting in lower depreciation charges prospectively from the year 2013. The impact for FY 2013 was fully booked in Q4. **Consolidated net income** excluding non-recurring items in FY 2012 and FY 2013 declined by 20.5% year-on-year, largely due to a decline in comparable OIBDA. **Reported net income** amounted to CZK 5,695 million, down by 16% year-on-year in FY 2013 (reported net income was growing year-on-year by 11.1% in Q4).

Consolidated CapEx reached CZK 5,673 million in FY 2013, down by 9.1% year-on-year. The Company continued to focus on efficient investments into growth areas. These include largely further capacity expansion and improvement of the quality of mobile broadband network, in line with growing demand for mobile data services. In H1 2013, the Company commenced deployment of LTE network in existing 1,800 MHz band spectrum, launching LTE services in selected parts of Prague since 15th May 2013 followed by LTE rollout in Brno in October 2013. Additionally, the Company focused its investments into the capacity enhancement in its fixed broadband networks by VDSL expansion.

Consolidated free cash flows increased by 3.2% year-on-year in FY 2013 reaching CZK 11,582 million. Net cash from operating activities recorded positive development (+0.4 % year-on-year) due to focus on working capital cash management and lower interest and income tax payments. Cash used in investing activities decreased by 4.9% year-on-year despite lower proceeds on disposal of fixed assets (FY 2012 impacted by proceeds on disposal of 80% of shares of subsidiary Informační linky, a. s. worth CZK 220 million), as a result of a decrease in payments for CapEx, and impact of the obligatory temporary warranty paid by the Company in Q3 in connection with its participation in Spectrum Auction held this year.

The consolidated long-term financial debt amounted to CZK 3,000 million at the end of December 2013, with no change to the end of 2012. At the same time, **cash and cash equivalents** reached CZK 3,890 million at the end of the period, following dividend payment and payment related to the reduction of part of the share premium in Q4.

CZ Mobile Business Overview

The Company continuously monitors its customers' needs and demands in changing market environment. In line with this approach, on 15th April, the Company substantially simplified its mobile tariff portfolio and launched new FREE Tariffs. These simple and price transparent tariffs bring the customers more value via unlimited on-net calls and SMS in each package, while the FREE CZ tariff offers unlimited all-net calls and SMS and 1GB[10] data package on top of that. The reaction of the market to new unlimited tariffs was very positive and clearly demonstrated the shift of customers from price to value-oriented. 70 % of residential contract base has migrated to new tariffs as at December 31. Moreover, after successfully addressing needs of our residential customers with FREE Tariffs, the Company consequently also addressed needs of its business customers with Vario Tariffs (with accelerated adoption by customers in Q4 2013) and thus continues in its commitment to be innovation leader in the Czech mobile market.

Year 2013 was a surge in the mobile internet area largely thanks to data proposition in the Company's new FREE and Vario tariffs, and the Company's ongoing support of smartphone sales via introduction of instalment model, and keeping best price guarantee proposition for bestselling smartphones. As a result, **non-messaging data revenues** (excluding CDMA) went up year-on-year by 29.5% in FY 2013, 38.1% in Q4. **Revenues from internet in handsets** increased by 166% in FY 2013, 183.6% in Q4. **Small screen base**[11]grew by more than 85% year-on-year in FY 2013. **Smartphone penetration**[12] grew further, reaching 34.5% at the end of December 2013, up by 7.5 percentage point year-on-year, and smartphone sales represented close to 67% of total handset sales in FY 2013. Moreover, number of tablets sold to customers significantly increased during the Q4 2013.

It should be highlighted that since the beginning of 2013, the Company has applied a more conservative activity criteria for reporting mobile customers, which has led to the disconnection of 114 thousand inactive mobile contract customers on the reported customer base, effective since January 1, 2013 with no impact on revenues.

The total **mobile customer base** reached 5,102 thousand at the end of December 2013, a 2.6% year-on-year increase[13]. Total net additions amounted to 132 thousand excluding the adjustment due to good traction in the contract segment throughout the FY 2013. **Contract customers** grew by 4.9%[13] year-on-year in FY 2013, reaching 3,235 thousand. Net additions during the year excluding the impact of the disconnection reached 158 thousand. This growth was fostered mainly by solid trading, sustained low churn and customers migrating from the prepaid to the contract segment as an effect of FREE Tariffs introduction in April 2013. The number of **prepaid customers** reached 1,866 thousand at the end of December 2013, down by 1.3% year-on-year as a result of ongoing migration to contract segment.

The blended monthly average **churn rate** reached 2.2% in FY 2013, while contract churn was at 1.4% impacted by the commented adjustment in the customer base. Excluding the impact

[10] Proposition valid in FY 2013

[11] Customer base using mobile internet in handsets

[12] Smartphones as % of total handsets base

[13] Excluding the impact of inactive customers disconnection in Q1 2013 (114 thousand)

of inactive customers disconnections, churn continued to be low at 1.1%. Prepaid churn was 3.6% in FY 2013.

In terms of usage, total **mobile traffic**[14] carried by our customers in the Czech Republic reached 10,782 million minutes in FY 2013, up by 12.4% year-on-year, supported by successful adoption of unlimited voice in FREE and Vario tariffs.

Total mobile ARPU in the fiscal year of 2013 was CZK 325.2, down by 16.3% year-on-year, impacted largely by MTR cuts, and lower effective prices for outgoing traffic due to initial dynamics of new tariffs adoption by customers (both FREE and Vario tariffs). Excluding the impact of MTR cuts, total ARPU would have declined by 10.7%. **Contract ARPU** went down by 16.4% year-on-year reaching CZK 433 in FY 2013. **Prepaid ARPU** decreased by 17.1% year-on-year to CZK 144.1.

Total **mobile operating revenues** were CZK 21,897 million in the Czech Republic, representing year-on-year decline of 10.7% in FY 2013. At the same time, **mobile gross service revenues** went down by 13.2% year-on-year to reach CZK 20,020 million. Continuous competitive pressures mainly in business segment leading to lower spend together with MTR cuts were the key drivers for the decline. Excluding the impact of mobile termination rate cuts, mobile gross service revenues would decline by 7.4% year-on-year in the twelve months of the fiscal year. **Mobile originated voice revenues** declined by 15% year-on-year to CZK 12,165 million, while **messaging (SMS & MMS) revenues** were 26.7% lower due to lower effective per unit price. **Terminated revenues** went down by 28% year-on-year to CZK 2,220 million in FY 2013, largely impacted by MTR cuts not fully compensated by higher incoming traffic.

[14] Inbound and outbound, including roaming abroad, excluding inbound roaming

CZ Fixed Business Overview

The Company continued to report solid commercial and financial performance on the back of healthy growth of voice wholesale revenues, as well as via successful proposition of its VDSL service and Pay TV to the broadband customer base in highly competitive and slowing market in 2013. Continuous migrations of existing ADSL customers to the VDSL service and new IPTV platform for O_2 TV are both helping the Company to manage fixed broadband ARPU dilution and sustain low churn.

The total number of **fixed accesses** declined by 7.4% year-on-year reaching 1,389 thousand at the end of December 2013, with 111 thousand net losses during the twelve months period. Absolute number of disconnections was decreasing throughout the 2013, when in Q1 it was 32 thousand, and in Q4 it was 23 thousand.

The number of **xDSL accesses** reached 919 thousand at the end of December 2013, slightly up by 0.4% year-on-year, yet with further improvement in xDSL accesses composition. In respect of VDSL, 362 thousand customers (+39% year-on-year) have already subscribed for the upgraded service. VDSL reported 102 thousand net additions in FY 2013, out of which 72 thousand are net additions in residential base, which represents 44% of the total xDSL residential base and 87% of the total addressable existing residential base (~ 50% of households). The total number of **O_2 TV customers** reached 156 thousand at the end of December 2013, +10.3% year-on-year thanks to new innovative IPTV platform launched in Q3 that is appreciated by the customers (13 thousand net adds in second half of 2013).

Total **fixed operating revenues** reached CZK 20,275 million in FY 2013, down by 5.2% year-on-year. **Revenues from voice retail services** in FY 2013 continued in trend and fell by 19.2% year-on-year, in line with performance slightly worsening in Q4, reaching CZK 4,420 million in FY 2013, due to continuing fixed telephony line losses. **Voice wholesale revenues** improved by 17.1% year-on-year in FY 2013 to CZK 4,741 million. **Internet & broadband revenues (incl. Pay TV)** declined by 4.4% year-on-year to CZK 5,973 million in FY 2013, resulting from competitive ARPU pressures compensated by the combination of xDSL customer growth, migration of customers to VDSL, as well as growing Pay TV customer base thanks to our new IPTV platform. Although **total ICT revenues** went down by 6.5% year-on-year in FY 2013 to CZK 2,172 million, **managed services revenues** grew by 10.4% year-on-year in FY 2013. Growth in managed services is in line with the Company's strategy to focus on proposition of innovative ICT solutions to mitigate dependency on one-off projects for the public sector and thus increasing share of recurring ICT revenues. In Q4 the ICT industry has experienced an exceptional one-off adverse impact caused by the uncertainties affecting major contracts in the public sector.

Slovakia

Telefónica Slovakia achieved strong commercial and financial performance in FY 2013. During 2013, the **total number of customers** exceeded 1,500 thousand, with 1,540 thousand customers at the end of December 2013, posting a 13.7% year-on-year growth. Their number increased by more than 185 thousand in FY 2013, with 68 thousand net adds in Q4, thanks to maintained solid performance of the contract customers as well as the prepaid segment growth. The **number of contract customers** grew by 17.4% year-on-year reaching 774 thousand at the end of December 2013 (115 thousand net adds in FY 2013), while the **number of prepaid customers** increased by 10.2% year-on-year ending up at 766 thousand. Share of contract customers in Slovakia was at 50.3% of the total customer base at the end of December 2013, up by 1.6 percentage point year-on-year).

In terms of financial performance, the **total operating revenues** of Telefónica Slovakia in local currency increased by 8.1% year-on-year reaching EUR 208 million in FY 2013. Excluding the impact of MTR cuts, the growth rate would be 19.4%, fuelled by customer growth, refreshed proposition, improving customer mix and the focus on acquiring higher value customers. At the same time, **OIBDA** of Telefónica Slovakia went up by 23.5% year-on-year to EUR 70 million, resulting in healthy 33.7% OIBDA margin. **Total ARPU** in Slovakia reached EUR 10.9 (EUR 12.2 when excluding the impact of MTR cuts). **Contract ARPU** reached EUR 14.9, while **prepaid ARPU** was at EUR 7 in FY 2013.

Outlook for 2014

In 2014, the Company will closely monitor customers' needs in a challenging macro environment which can impact their consumption patterns. The Company is confident that it will be able to maintain the leading market position in core business areas through continuous focus on its strengths. These include by far the best value and unique fixed and mobile broadband based products and services including bundled proposition, new O2TV, ICT and digital services with a pro-growth opportunity.

The Company will keep focusing on further improvement of the customer relationship area via additional investments into the optimisation and improvement of its systems and processes, building on the benefits enabled by the FREE Tariffs. These initiatives shall lead to lower number of customers' complaints, negative and repeated calls, consequently improving their experience and satisfaction, which belongs to the Company's top priorities also in 2014. In line with its strategy to protect its customer base and to mitigate the negative impact of highly competitive market environment on customers' spend, the Company will focus on active execution of the customer value management. In corporate segment, it will aim at increasing the number of exclusive customers to maintain its strong position in this area, also supported by development and promotion of ICT & Digital services (cloud, security, M2M). The Company believes that this strategy will help mitigating dependence on one-off projects, secure sustainable revenues and grow profitable business.

Furthermore, the Company will continue enhancing its fixed broadband proposition with additional expansion of the upgraded VDSL network coverage through selective FTTN investment, to strengthen its market position. The Company will proceed with deploying an LTE network in the newly acquired spectrum to drive new propositions to customers and maintain its competitiveness in the mobile broadband market, and also implementing the new extended network sharing agreement to drive further internal efficiencies.

Telefónica Slovakia will continue in its successful fair and transparent commercial proposition targeting higher value customer segments. This shall result into solid subscribers' growth helping it to increase the market share. At the same time, Telefónica Slovakia will stay focused on further improvement of its financial performance through lean operation, to compensate increased competitive pressures.

The Company expects that mobile non-SMS data revenues, ICT & digital revenues and revenues in Slovakia will stay the key top line growth drivers in 2014. At the same time, mobile revenues will continue being impacted by MTR cuts. In this operational environment, the Company will maintain its effort on further OpEx efficiencies in all areas of its operation via realisation of the transformation program to protect its solid profitability. The efficiency agenda in 2014 will include further headcount optimization by means of building leaner and more efficient organisational structure with increasing span of control. In addition, the Company will continue in consolidation and optimization of its call centres, reduction and simplification of its product portfolio aiming at lowering the number of processes. Additional costs savings shall be realised via focus on on-line activities, largely in sales and customer related areas. The Company is confident that the above mentioned measures will help it to maintain best-in-class profitability despite pressures on the revenues performance.

In respect of CapEx, the Company will continue to direct its investments primarily into the upgrade and expansion of its fixed and mobile broadband networks and capabilities' improvement of the mobile broadband networks, including new generation 4G network's deployment, to sustain competitiveness and deliver future growth.

2014 Investor Guidance

Based on that, the Company is providing the following guidance for 2014:

	2013 base	2014 guidance
Revenues[15]	-6.5% y-o-y	Still declining but **improving y-o-y revenue trend**
Capex[16]	CZK 5.7bn	**Capex up to the previous year level**, increasing proportion of investments into growth areas (mobile data, LTE and new technologies/businesses)

Update on the Share Buyback Program

The Annual General Meeting of the Company held on 19th April 2012 approved the share buyback program, based on which the Company is allowed to purchase its own ordinary shares to the extent that it does not exceed 32,208,989 shares, i.e. will not exceed 10% of the total

[15] Group Operating Revenues
[16] Group Capex. Excluding investments for spectrum license and business acquisitions

number of the Company's ordinary shares. The period during which the Company is authorized to acquire its shares shall be 5 years from the date of the General Meeting.

During 2012, a 1st tranche of the share buyback was executed and 2% of the registered shares were purchased. The **6,441,798 treasury shares** purchased in the 1st tranche were **cancelled** and the corresponding **reduction of the registered capital by CZK 560,436,426** was officially registered with record date of **15th November 2013**.

Based on the above-mentioned General Meeting resolution, the Board of Directors adopted, on 26th February 2013, a resolution to continue with own ordinary shares acquisition program (share buyback, 2nd tranche) in the extent of up to another 6,441,798 of ordinary shares, i.e. up to another 2% of the total ordinary shares issued by the Company. Following the above resolutions, the Company commenced the 2nd tranche of purchasing its own shares on 5th March 2013. On **29th October 2013**, after purchasing **5,428,035 shares** representing **1.69%** of total ordinary shares issued by the Company, the Board of Directors decided to **stop the acquisition**. **The total price of shares purchased during 2013** amounted to **CZK 1,595 million**, resulting in average price of CZK 294 per share. The 5,428,035 shares purchased during 2013 are held by the Company and currently represent 1.72% of total ordinary shares issued by the Company, following the aforementioned reduction of the registered capital on 15th November 2013

Attachment:

The consolidated balance sheet and income statement of Telefónica Czech Republic prepared in accordance with International Financial Reporting Standards.

Contacts

Investor Relations
Telefónica Czech Republic, a.s.
investor_relations@telefonica.com
t +420 271 462 076

About Telefónica Czech Republic

Telefónica Czech Republic is a major integrated operator in the Czech Republic. It is now operating almost eight million lines, both fixed and mobile, making it one of the world's leading providers of fully converged services. The organization offers the most comprehensive portfolio of voice and data services in this country. It is paying special attention to the exploitation of the growth potential, particularly in the data and Internet sector. Telefónica Czech Republic operates the largest fixed and mobile network including a 3rd generation network, CDMA (for data), and UMTS, enabling voice, data and video transmission. Telefónica Czech Republic is also a notable provider of ICT services.

All amounts in CZK million

CONSOLIDATED INCOME STATEMENT	Jan – Dec 2013	Jan – Dec 2012
Operating revenues	47,252	50,535
Other recurring revenues	134	112
Revenues	**47,386**	**50,647**
Internal expenses capitalized in fixed assets	601	629
Operating expenses	(28,764)	(30,427)
Other operating income/(expenses)	313	(186)
Gain on sale of fixed assets	62	285
Impairment reversal/(loss)	(10)	(28)
OIBDA	**19,588**	**20,919**
Brand fees & management fees	(1 111)	(1 138)
OIBDA after brand fees & management fees	**18,478**	**19,781**
Depreciation and amortization	(11,032)	(11,437)
Operating Income	**7,445**	**8,344**
Net financial income (expense)	(175)	(188)
Results attributed to joint venture	(6)	-
Income before tax	**7,264**	**8,156**
Income tax	(1 569)	(1 380)
Net Income	**5,695**	**6,776**

All amounts in CZK million

CONSOLIDATED BALANCE SHEET	31.12.2013	31.12.2012
Non-current assets	**62,460**	**67,835**
- Intangible assets	6,509	6,833
- Goodwill	13,499	13,497
- Property, plant and equipment and investment property	41,857	46,691
- Long-term financial assets and other non-current assets	178	141
- Deferred tax assets	417	673
Current assets	**11,489**	**11,364**
- Inventories	536	487
- Trade and other receivables	7,001	7,730
- Current tax receivable	1	101
- Short-term financial investments	62	3
- Cash and cash equivalents	3,890	3,044
Total assets	**73,950**	**79,199**
Equity	**55,749**	**60,574**
Non-current Liabilities	**5,825**	**6,322**
- Long-term financial debt	3,000	3,000
- Deferred tax liabilities	2,735	3,206
- Long-term Provisions	26	29
- Other long-term liabilities	65	87
Current Liabilities	**12,376**	**12,303**
- Short-term financial debt	4	31
- Trade and Other payables	10,328	9,982
- Current income tax payable	155	5
- Short-term provisions and other liabilities	1,889	2,285
Total Equity and Liabilities	**73,950**	**79,199**