

## Compared to last year two and half times more customers watch O<sub>2</sub> TV via internet and mobile application. With unlimited tariff customers call from fixed lines by 40% more

28 July 2016

- Number of customers watching digital television O<sub>2</sub> TV via web and mobile application increased two and half times year-on-year. Together with traditional watching via set top box number of O<sub>2</sub> TV watchers for the first time exceeded half a million
- For its customers O2 acquired additional exclusive sport content and in August in will launch new O<sub>2</sub> TV Football channel
- Customers with brand new unlimited fixed tariff, which is already used by vast majority of households, call by 40% more
- In recently finished spectrum auction O2 invested the most of all operators. For its customers it acquired more than a half of all available spectrum to cover the increasing data consumption (by 80% more year-on-year)
- Thanks to increasing customers' demand for new services and all times high loyalty the net income increased by 10% year-on-year to CZK 2.552 billion

O2 today announced its operating and financial results for the **first half 2016**. Consolidated figures include the results of subsidiaries, including O2 Slovakia.

Despite continuous pressure mainly in corporate segment and since May also impact of new roaming regulation, O2 succeeded in maintaining flat revenue year on year and slightly increase operating profitability. It strengthened its position in **digital O<sub>2</sub> TV, mobile data and Slovakia**. In addition O2 recorded positive feedback among the customers to the new unlimited tariff for fixed calling.

*“Unlimited callings from fixed lines to all networks, which we have been offering since beginning of the year are popular among our customers. This is confirmed by the fact, that with the new tariff they call by 40 % more, number of minutes to mobile networks increased by as much as 210%”, says Tomáš Budník, Chief Executive Officer and the Chairman of the Board of Directors of O2 Czech Republic “Also the popularity of digital television O<sub>2</sub> TV is growing. In last twelve months we recorded 35 thousand new customers. Number of those who watch TV via internet or at mobile devices increased by two and half compared to last year”, he adds.*

*“Growing customers’ demand is positively reflected also in our financial results. So we were able to invest into the areas which will bring customers new enjoyments. We acquired additional exclusive sport rights so at the beginning of August we will introduce brand new O<sub>2</sub> TV Football channel. To be able to offer our customers faster mobile data connection, in recent auction we acquired more than a half of available spectrum”, adds Tomáš Kouřil, company’s Chief Financial Officer and Vice-Chairman of the Board of Directors.*

## **Operating overview**

### **Mobile segment**

As of the end of June 2016, mobile services provided by O2 were used by a total of 4.898 million customers. The number of **contract customers** increased by 1.4% year-on-year reaching **3.298 million**. Thus they represent already 67.3% of the mobile customer base, up by 1.6 percentage point. Number of **prepaid customers** reached 1.600 million customers.

Helped by LTE network rollout and tariff proposition with increased data package mobile data traffic increased by 80% year-on-year. Number of internet in handset service went up by 15% year-on-year to 1.672 million.

More than 50% of handsets in O2 network is already a smartphone and one fourth supports LTE technology. Number of customers with LTE smartphone and with USIM card, which supports the new technology, reached 661 thousand at the end of June and continues growing.

### **Fixed segment**

Number of active customers of **O<sub>2</sub> TV** service provided on O2 fixed line as well as on internet connection from any provider reached **217 thousand** (IPTV and OTT), up by 14.4% year-on-year. This number includes also customers who subscribed for the free service within special “Try and Keep” promotion and decided to switch to a paid tariff. A complementary service MULTI which enables customers watching TV on more TV sets at one time became very popular. More than **30 thousand** customers subscribed for this service and thus O2 can show off with almost 250 thousand active set top boxes. Unique features (time shift, recording etc.), and also own O<sub>2</sub> Sport channel with multidimension drive increasing demand for digital television.

The customers also lie watching **O<sub>2</sub> TV** via internet and mobile application, or in Staropramen restaurants, pubs and bars. Number of watchers, who actively watch O<sub>2</sub> TV via internet and mobile application, increased two and half times year-on-year and in June these means of watching TV were already used by close to **300 thousand** watchers.

Number of **xDSL fixed internet** customers reached 782 thousand at the end of June 2016. Thanks to internet speed increase through installation of remote DSLAMs, the share of customers enjoying VDSL technology on total xDSL base reached already 60%, up by 9 percentage points. During the first half 2016, O2 increased the internet speed for as many as close to 80 thousand households.

Vast majority of households has been passed to new tariffs, introduced in January, which offer **unlimited calls** from fixed line to all mobile and fixed networks in the Czech Republic. The proposition thanks to which the customers do not need to count called minutes and are not charged any fee for line rental is liked among the customers. This is confirmed by the fact that with new tariffs customers call in average by 40% more. Total number of fixed voice lines reached 760 thousand at the end of June 2016.

### **Slovakia**

Number of **mobile customers in Slovakia** increased by 7.4% year-on-year to **1838** thousand. Through O2 Business Services O2 in Slovakia newly offers also fixed services for corporate customers.

### **Financial overview**

**Total consolidated operating revenue** reached **CZK 18.223 billion** in the first half 2016, down 0.9% year-on-year. **Operating revenue in the Czech Republic** totalled CZK 15.104 billion, representing a 0.9% decline. Fixed business operating revenue decreased by 1.5% year-on-year to CZK 5.651 billion, while mobile operating revenue were 0.5% lower reaching CZK 9.453 billion.

**EBITDA** increased by **4.7%** year-on-year to **CZK 5.053 billion**, **net profit** improved by 9.8% year-on-year reaching CZK 2.552 billion.

In **Slovakia** revenue reached CZK 3.280 billion, marking a year-on-year decrease of 0.6%. **Revenue** denominated in euros **improved by 1.2%** to EUR 119.

## KEY FINANCIAL AND OPERATING INDICATORS

### Financial indicators for the Group

Financial indicators	1H 2016	1H 2015	Year-on-year change
Operating revenue	CZK 18.223bn	CZK 18.392bn	- 0.9%
Total costs	CZK 13.208bn	CZK 13.31bn	-2.4%
- of which operating costs	CZK 3.820bn	CZK 3.971bn	-3.8%
EBITDA	CZK 5.053bn	CZK 4.825bn	+4.7%
EBITDA margin	27.7%	26.2%	+ 1.5 p.p.
Net profit	CZK 2.552bn	CZK 2.325bn	+9.8%

### Operating indicators – Czech Republic

Number of mobile service customers	1H 2016	1H 2015	Year-on-year change
Contract customers	3.298m	3.252m	+0.2%
Prepaid customers	1.600m	1.693m	- 5.5%
Total	4.898m	4.945m	- 0.9%
ARPU	CZK 286	CZK 284	+0.9%

Number of fixed service customers	1H 2016	1H 2015	Year-on-year change
O <sub>2</sub> TV	217k	190k	+14.4%
O <sub>2</sub> TV application and web (number of watchers)	cca. 300k	cca. 100k	
xDSL	782k	799k	-2.1%
VDSL	468k	404k	+16.1%
Fixed voice lines	760k	883k	-14.0%

Smartphones	1H 2016	1H 2015	Year-on-year change
Smartphone penetration within the O2 network	51.8%	43.7%	+8.1 p.p.
LTE smartphone penetration within the O2 network	24.9 %	11.7 %	+13,2 p. p.

**In this section we present and comment in detail on the unaudited consolidated financial results of O2 Czech Republic a. s. for January to June 2016 prepared according to International Financial Reporting Standards. These results fully include the results of O2 Slovakia group (including O2 Business Solutions), O2 IT Services and other subsidiaries.**

### **Consolidated Financial Results**

**Consolidated operating revenue** reached CZK 18,223 million in the first half 2016, down by 0.9%. In the second quarter the year on year decline slowed down helped by better trends in the Czech Republic. Operating revenue declined 0.5% to CZK 8 192 million. This performance has been driven by slightly higher mobile customers' spend thanks to the company's focus on customer value, growing mobile data, O2 TV revenue growth, lower fixed voice revenue decline and stable revenue in Slovakia. These partially compensated lower revenue from mobile voice and fixed data services, which have been impacted by continuous price pressures in the corporate segment.

**Operating revenue in the Czech Republic** reached CZK 15 104 million, marking a 0.9% year-on-year decline (-0.2% to CZK 7 642 million in the second quarter). **Fixed operating revenue** declined by 1.2% year-on-year reaching CZK 5,651 million in the first half (-0.2% to CZK 2,823 million in the quarter), driven by 70% growth in O2 TV revenue and lower fixed voice revenue decline, which did not fully compensate continuous decline in data revenue. **Mobile operating revenue** were CZK 9,453 million in the first half, reporting a 0.5% year-on-year decline, while in the second quarter they improved 0.2% to CZK 4,819 million. This performance has been impacted largely by lower traditional voice and messaging revenue in corporate segment, while contract residential revenue, namely data revenue, continued growing. Hardware revenue growth supported improvement in the second quarter.

**Revenue in Slovakia** reached CZK 3,308 million in the first half 2016, by 0.6% lower year-on-year (+1.2% to EUR 119 million).

**Total consolidated expenses**<sup>1</sup> went down by 2.4% year-on-year to CZK 13,208 million in the first half 2016, of which operating expenses declined by 3.8% year-on-year to CZK 3,820 million. In the Czech Republic, operating expenses reported 5.5% year on year decline, helped also by positive impact of employee insourcing in call centres, IT and transfer of franchise shops to own shops. By the end of June in total 478 employees were insourced. On the other hand, operating expenses in Slovakia increased by 4.2% year-on-year, largely due to investments into fixed business launch. Personnel expenses (excluding restructuring costs) increased by 13.0% year-on-year due to above mentioned insourcing. This growth was more than compensated by lower IT & Network maintenance expenses (-26.9%) and lower external call centres costs.

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<sup>1</sup> Costs of sales, operating expenses and Internal expenses capitalized in fixed assets

The total Group headcount reached 4,567 personnel at the end of June 2016. At the same time, costs of sales decreased by 1.8% year-on-year in the first half 2016 thanks to lower costs of services, i.e. better revenue quality, as well as lower commercial costs.

**Earnings before interest, depreciation and amortization (EBITDA)** increased by 4.7% year-on-year to CZK 5,053 million in the first half 2016. This performance has been helped also by one-off income of CZK 92 million in the first quarter related to the administrative court's decision on termination of the proceedings regarding fine by the Antimonopoly Office. In the second quarter EBITDA increased by 4.2% year-on-year to CZK 2,550 million. **EBITDA margin** thus reached solid 27.7% in the first half as well as in the second quarter 2016, up by 1.5 and 1.3 percentage point year-on-year respectively.

In connection with ongoing IT and systems transformation O2 identified part of its systems as obsolete. Thus in the second quarter it booked one off impairment charge related to this assets of CZK 125 million. **Depreciation and amortization charges** went down by 6.6% year-on-year reaching CZK 1,657 million. **Consolidated net income** increased by 9.8% year-on-year to CZK 2,552 million in the first half 2016 (+4.3% to CZK 1,308 million in the second quarter), largely due to growing EBITDA, but also helped by lower depreciation and amortisation.

**Consolidated CapEx** reached CZK 1,129 million in the first half 2016, up by 10.2% year-on-year. Higher CapEx was driven largely by investments related to IT transformation (upgrade, consolidation and implementation of IT and systems) aiming at simplification of systems and processes. The company also continued investing in its core network management, and acquisition of latest broadcasting van, which will enable it to provide TV and media production to partners in the Czech Republic as well as in surrounding countries. In Slovakia investments were directed into 3G network capacity and 4G network coverage enhancement and upgrade of billing and CRM systems. Thus, the Group CapEx to revenue reached 6.2% in the first half 2016.

**The consolidated free cash flow**<sup>2</sup> reached CZK 2,027 million in the first half 2016. For year on year comparison higher cash payments in the first half 2016 for capex which was booked in the second half 2015 and an advance payment related to participation of O2 in 1,800 and 2,600 MHZ bands spectrum auction has to be considered. At the same time free cash flow in the first half 2015 was positively impacted by one-off higher working capital with CETIN (CZK ~ 1 billion).

**The consolidated financial debt** amounted to CZK 7,975 million at the end of June 2016. During the first half 2016 the company drew second and third loan tranche in the total amount of CZK 5 billion of total loan framework of up to CZK 12 billion. At the same time, **cash and cash**

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<sup>2</sup> Net cash flow from operating activities plus Net cash used in investing activities

**equivalents** reached CZK 3,095 million. Thus, **net debt<sup>3</sup> to EBITDA** reached 0.47 as at the end of June 2016.

### **CZ Mobile Business Overview**

The company continued focusing on value proposition for its residential customers through its FREE tariffs to maintain high quality and loyalty of its customers. In corporate contract base, the company continues focusing on maintaining its leading position by addressing the needs of these customers with the commitment to be the innovation leader in the Czech mobile market. At the end of June 2016 the 4G LTE network covered 90% of the population. LTE network is available in 5,500 Czech villages and in all highways. The company intends to increase the coverage of broadband internet to 99% by the end of the year and to focus on network densification to enable better indoor coverage. In recent spectrum auction the company acquired for its customers four of seven available blocks in 1,800 and 2,600 MHz bands. Total acquisition investment reached close to CZK 1.5 billion. In financial results (capex and cash flow) the spectrum acquisition will be reflected only after the new spectrum assignment, which is expected to happen in the third quarter 2016. Investments into new spectrum strengthened the company's position in mobile broadband internet development. These frequencies will be used also for strengthening of transmission capacity to improve customers' experience.

While contract residential revenue continue growing, due to competitive pressures revenue in corporate segment keep declining. However the company's strategy to focus on data revenue growth is positively reflected in average revenue per customer (ARPU) growth, which improved by 0.9% year-on-year in the first half 2016, and lower churn (-0.5 percentage point to 1.5%).

The demand for mobile data continued to grow largely thanks to improved proposition in the company's tariffs with extended data package and simplification data package recharge in data limit exhaustion. Total mobile data traffic increased by as much as 80% year-on-year in the first half 2016. In addition to higher 4G LTE network coverage, the growth has been also supported by the company's ongoing support of LTE smartphone sales. As a result, **data revenue<sup>4</sup>** went up by 12.5% year-on-year in the first half 2016. **Internet in handset** base grew by 15.1% year-on-year to 1,672 thousand at the end of June 2016. **Smartphone penetration<sup>5</sup>** grew further, reaching 51.8% at the end of June 2016, up by 8.1 percentage points year-on-year. LTE smartphones accounted to 24.9% of all handsets in O2 network (double year-on-year), respectively 48.0% of all smartphones. Number of LTE customers<sup>6</sup> reached 661 thousand as of 30 June 2016.

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<sup>3</sup> Gross debt less cash

<sup>4</sup> Excluding SMS and MMS

<sup>5</sup> Smartphones as % of total handsets base

<sup>6</sup> Customer with LTE smartphone and LTE SIM



The total **mobile customer base** reached 4,898 thousand at the end of June 2016. The number of **contract customers** increased 1.4% year-on-year, reaching 3,298 thousand. In the first half their number increased by 50 thousand. The number of **prepaid customers** reached 1,600 thousand at the same date. The share of contract customers in total mobile customer base reached 67.3% at the end of June 2016, up by 1.6 p.p. year-on-year.

The blended monthly average **churn rate** went down by 0.5 percentage point year-on-year reaching 1.5% in the first half 2016. Contract churn was only 0.7% in the first half 2016, down by 0.7 percentage point year-on-year. Monthly average churn rate in prepaid was 3.2% (3.0% in the second quarter), representing a 0.4 percentage point decline year-on-year (-0.8 percentage point in the second quarter).

**Total mobile ARPU** was CZK 286 in the first half 2016, up by 0.9% year-on-year, as voice and SMS market price pressures have been compensated by growing quality of the customer base and higher data spend. **Contract ARPU** declined by 0.6% year-on-year to CZK 370, while **prepaid ARPU** declined by 1.2% year-on-year to CZK 117 in the first half 2016, while in the second quarter it improved by 0.6% to CZK 121.

Total **mobile operating revenue** in the Czech Republic were CZK 9,453 million in the first half 2016, representing a 0.5% year-on-year decline. In the second quarter, operating revenue improved by 0.2% to CZK 4,819 million. **Mobile service revenue** went down by 1.1% to CZK 8,748 million, with a lower 0.8% decline to CZK 4,414 million in the second quarter. Competitive pressures in corporate segment leading to lower voice and messaging revenue were the key drivers for this decline. On the other hand, higher residential spend led to data revenue growth. **Mobile originated voice revenue** declined by 7.2% year-on-year to CZK 4,366 million in the first half 2016 (-6.6% in the second quarter), while **messaging (SMS & MMS) revenue** were 14.9% lower due to lower effective per unit price and lower number of sent SMS. **Data revenue** increased by 12.5% year-on-year to CZK 2,352 million. **Terminated revenue** (interconnection) went up by 2.3% year-on-year to CZK 1,132 million, largely helped by higher incoming voice and SMS traffic. **Hardware revenue** increased by 7.6% to CZK 705 million (+12.6% in the second quarter).

### **CZ Fixed Business Overview**

Thanks to propositions of new services in O<sub>2</sub> TV and fixed voice the company recorded solid operational and financial performance in fixed business. **Passing of all customers to new O<sub>2</sub> TV tariffs** introduced in July 2015 is positively reflected in customers and revenue performance.

The company also continues investing in acquisition of **additional exclusive sport content** and in August the **new O<sub>2</sub> TV Football channel** will start broadcasting. In 2017, O<sub>2</sub> TV Tennis and O<sub>2</sub> TV Hockey will be launched. In addition, the OTT version (O<sub>2</sub> TV Air M) recorded increasing popularity. The service is available to all households in the Czech Republic with an internet connection from any provider, and the company offers it through retail as well as e-tail sales channels. In the second quarter the company supported its sales activities with a “Try and Keep” promotion, which allows all the customers to try O<sub>2</sub> TV for two months for free.

In fixed voice area the company has been offering new tariff with unlimited calls to all networks in the Czech Republic. At the end of June, vast majority of the households enjoy the tariff. This proposition was well accepted by the customers, which is confirmed by the fact that customers with new tariff call by 40% more.

The total number of **fixed voice lines** declined by 14.0% year-on-year reaching 760 thousand at the end of March 2016. However thanks to customers’ migration to new unlimited tariff the average revenue per line improved by 35% year-on-year.

The number of **xDSL accesses** reached 782 thousand at the end of June 2016. The share of the high speed VDSL accesses kept growing to 60% and this technology is used already by 468 thousand customers (+16.1% year-on-year). In the first half 2016, the company increased fixed internet speed for over 70 thousand households.

Number of active customers of **O<sub>2</sub> TV** reached **217 thousand** (IPTV and OTT), up by 14.4% year-on-year. This number includes also customers who subscribed for the free service within special “Try and Keep” promotion and decided to switch to a paid tariff. Those who at the end of June used the service for free within two months trial period, have an option until the end of August to either return the set top box or to migrate to any of the paid tariffs. So, the impact of the campaign on O<sub>2</sub> TV customers’ figures will be finally reflected only in the financial results for the third quarter. A complementary service MULTI which enables customers watching TV on more TV sets at one time became very popular. More than **30 thousand** customers subscribed for this service thus O<sub>2</sub> can show off with almost 250 thousand active set top boxes. Unique features (time shift, recording etc.), and also own O<sub>2</sub> Sport channel with multidimension drive increasing demand for digital television.

The customers also lie watching **O<sub>2</sub> TV** via internet and mobile application, or in Staropramen restaurants, pubs and bars. Number of watchers, who actively watch O<sub>2</sub> TV via internet and mobile application, increased two and half times year-on-year and in June these means of watching TV were already used by close to **300 thousand** watchers.

Total **fixed operating revenue** reached CZK 5,651 million in the first half 2016, down by 1.5% year-on-year, while in the second quarter the decline rate decelerated and revenue were 0.9% lower reaching CZK 2,823 million. Higher O<sub>2</sub> TV and ICT revenue did not fully compensate lower voice and data revenue. Decline of **revenue from voice services** further decelerated thanks to passing of vast majority of customers to new unlimited tariffs with higher value. In the first half 2016, these revenue went down 6.9% year-on-year to CZK 1,393 million, while in second quarter they were by 40% lower reaching 704 million. **Internet & broadband revenue (incl. O<sub>2</sub> TV)** increased in total by 3.2% year-on-year to CZK 2,543 million in the first half 2016. 70.3% growth of O<sub>2</sub> TV revenue was the key growth driver. **ICT revenue** went up by 2.3% year-on-year to CZK 832 million in the first half 2016.

## **Slovakia**

O2 Slovakia group<sup>7</sup> reported customers' growth and financial performance improvement in the first half 2016, despite the strong competition in Slovak market. Thus it positively contributes to the group's financial results representing 18% of the consolidated revenue and 22% of EBITDA in the first quarter 2016. In addition to mobile services, it focuses also on development and proposition of fixed services largely for corporate.

**Total number of mobile customers** reached 1,838 thousand at the end of June 2016, posting a 7.4% year-on-year growth. The customer base increased by 29 thousand in the first half, of which 17 thousand was added in the second quarter. This growth was driven largely by contract additions. Number of **contract customers** grew by 15.5% year-on-year reaching 1,021 thousand at the end of June 2016, while the **number of prepaid customers** decreased slightly by 1.2% year-on-year to 817 thousand. Thus the customer mix quality keeps improving and share of contract customers on total base in Slovakia reached 55.6% at the end of June 2016, up by 3.9 percentage point year-on-year. O2 Slovakia continued recording increasing demand for its smartphone proposition. This is reflected in growing smartphone penetration, which reached 53.0% at the end of June 2016, up by 6.1 percentage points year-on-year. Number of mobile internet customers increased by 13.0% year-on-year to almost 800 thousand. As a result mobile data revenue grew 19% year-on-year.

During the first half of 2016 O2 Business Services completed rollout of its wireless access network (FWA) in 3.7 GHz band with countrywide coverage in all regional and district cities. It successfully completed development of its product portfolio and launched proposition and sale of all services for corporate and public sector customers. Standard telecommunication services (internet, MPLS and fixed voice) for corporate segment and also ICT services were introduced to the market. In cooperation with O2 Slovakia it prepared a mobile services business

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

proposition, which has been actively offered from the beginning of the second quarter. It succeeded in concluding commercial contracts with relevant customers in public sector. In corporate segment it contracted voice and data services with the largest food retail chain.

In terms of financial performance, the **total operating revenue** in Slovakia were relatively flat year-on-year reaching CZK 3,208 million (+1.2% to EUR 119 million), fuelled by customer growth, improving customer mix, refreshed portfolio of mobile phones leading growing hardware revenue and higher data revenue. **EBITDA** in Slovakia was flat year-on-year reaching CZK 1,112 million (+0.7% to EUR 41 million), resulting in 34.7% EBITDA margin in the first half 2016.

**Total mobile ARPU** in Slovakia in the first half 2016 reached CZK 249.2 (EUR 9.2), while **contract ARPU** was CZK 336.5 (EUR 12.5) and **prepaid ARPU** reached CZK 152.2 (EUR 5.6).

## **Other relevant events**

### **Share buy-back**

On 28 January 2016, the company commenced acquisition of own shares on the regulated market organized by the Prague Stock Exchange, under the conditions published in the connection with the approval of share buy-back program on the regulated market on 23 December 2015. By 30 June 2016 it acquired in total 2,199,220 of treasury shares (0.7% of total number of ordinary shares) for total acquisition price of CZK 527 million.

### **Attachment:**

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

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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

<b>CONSOLIDATED INCOME STATEMENT</b>	<b>Jan – Jun 2016</b>	<b>Jan – Jun 2015</b>
Operating revenue	18,223	18,392
Non-operating revenue	29	59
<b>Revenue</b>	<b>18,253</b>	<b>18,451</b>
Internal expenses capitalized in fixed assets	149	93
Cost of sales	(9,388)	(9,560)
Operating expenses	(3,969)	(4,064)
Other operating income/(expenses)	9	(94)
<b>EBITDA</b>	<b>5,053</b>	<b>4,825</b>
<b>EBITDA margin</b>	<b>27.7 %</b>	<b>26.2%</b>
Depreciation and amortization	(1,657)	(1,775)
Impairment reversal/(loss)	(116)	(2)
<b>Operating profit</b>	<b>3,280</b>	<b>3,048</b>
Net financial income (expense)	(39)	(101)
Results attributed to joint venture	-(5)	(4)
<b>Profit before tax</b>	<b>3,235</b>	<b>2,943</b>
Income tax	(683)	(618)
<b>Profit from continuing operations</b>	<b>2,552</b>	<b>2,325</b>
Profit after tax from discontinued operations	-	1,722
<b>Profit</b>	<b>2,552</b>	<b>4,047</b>

All amounts in CZK million

<b>CONSOLIDATED BALANCE SHEET</b>	<b>30.6.2016</b>	<b>31.12.2015</b>
<b>Non-current assets</b>	<b>20,673</b>	<b>21,420</b>
- Intangible assets	15,568	16,147
- Property, plant and equipment and investment property	4,582	4,638
- Long-term financial assets and other non-current assets	256	312
- Deferred tax assets	267	323
<b>Current assets</b>	<b>10,292</b>	<b>8,848</b>
- Inventories	552	722
- Trade and other receivables	6,616	6,156
- Cash and cash equivalents	29	1,970
	3,095	
<b>Total assets</b>	<b>30,965</b>	<b>30,268</b>
<b>Equity</b>	<b>15,437</b>	<b>18,344</b>
<b>Non-current Liabilities</b>	<b>8,224</b>	<b>3,146</b>
- Long-term financial debt	7,975	2,970
- Deferred tax liabilities	53	60
- Non-current provisions for liabilities and charges	25	22
- Non-current other liabilities	171	94
<b>Current Liabilities</b>	<b>7,304</b>	<b>8,778</b>
- Short-term financial debt	-	11
- Trade and Other payables	7,060	8,391
- Current income tax payable	37	245
- Provisions for liabilities and charges	207	131
<b>Total Equity and Liabilities</b>	<b>30,965</b>	<b>30,268</b>