

A dynamic splash of water against a dark blue background, with numerous bubbles and droplets of varying sizes. The water is captured in mid-air, creating a sense of movement and freshness. The lighting highlights the transparency and texture of the water.

O2 Czech Republic, a. s.
29th January 2019

Quarterly Results January – December 2018

O₂

Cautionary statement

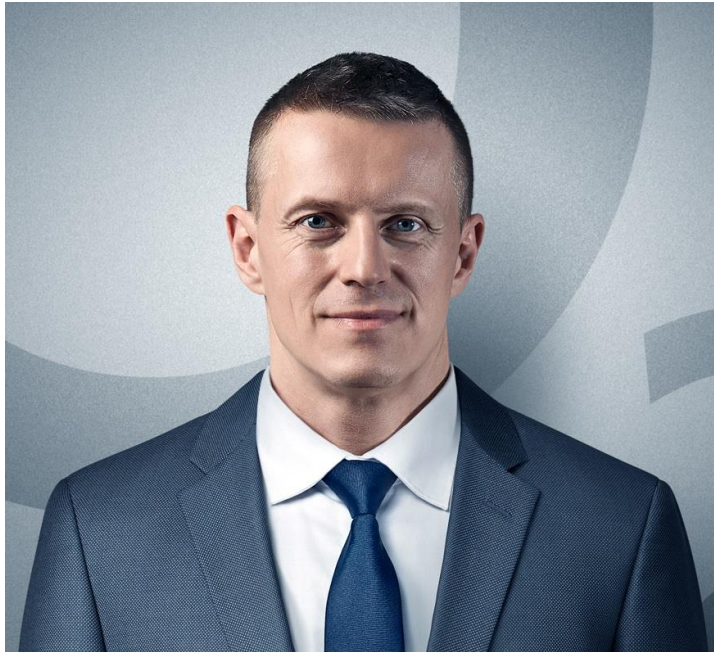
Any forward-looking statements concerning future economic and financial performance of O2 Czech Republic a.s. contained in this Presentation are based on assumptions and expectations of the future development of factors having material influence on the future economic and financial performance of O2 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

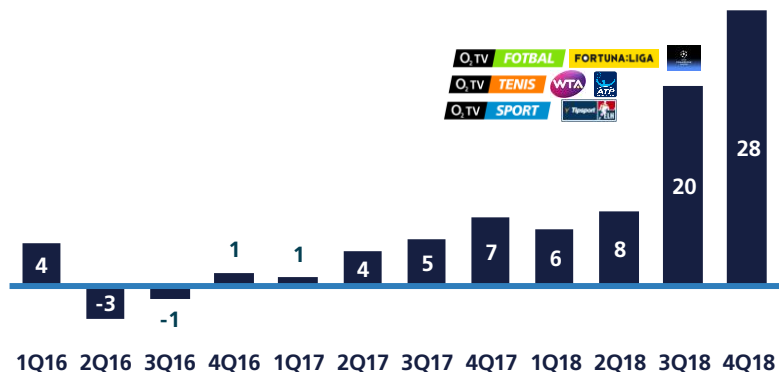
CFO & Vice-Chairman of the Board



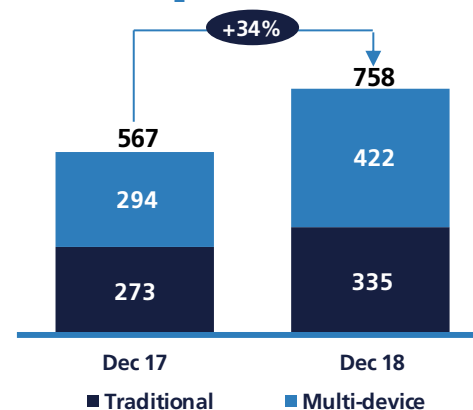
Strategic commercial initiatives & Performance Highlights

Bundled family packages & exclusive sport content... ..driving O₂ TV & mobile base growth in 2018

Pay TV net adds^[1]

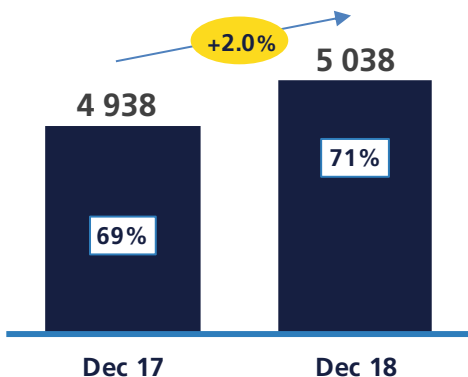


O₂ TV users^[2]



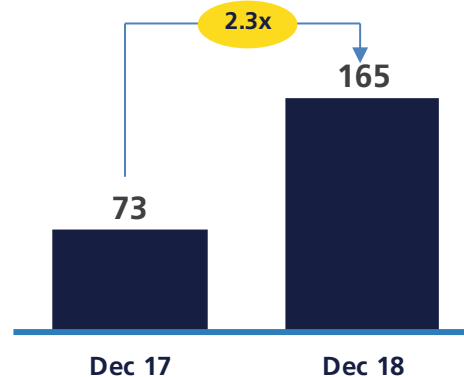
Mobile customer base

('000: % postpay)



Mobile postpaid net adds

('000)



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)



IT transformation resulting in One Portal for all O2.cz & MojeO2.cz app sales and customer care system

TOP 5 new systems delivered:



Ordering systems



Campaign management



Product catalogue

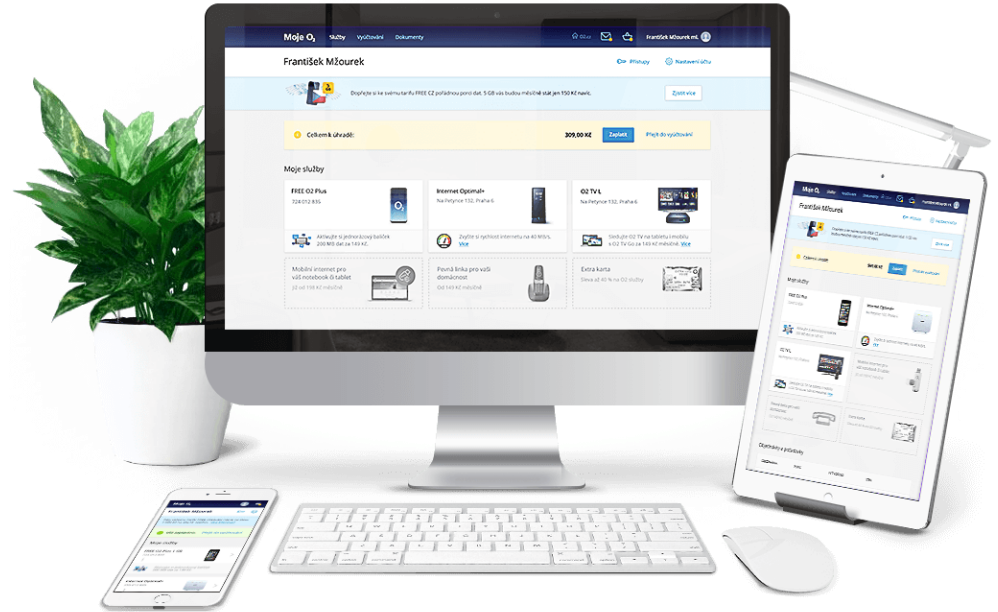


Service inventory



Service provisioning

ONE PORTAL



Customers

Call Centers

Back Office

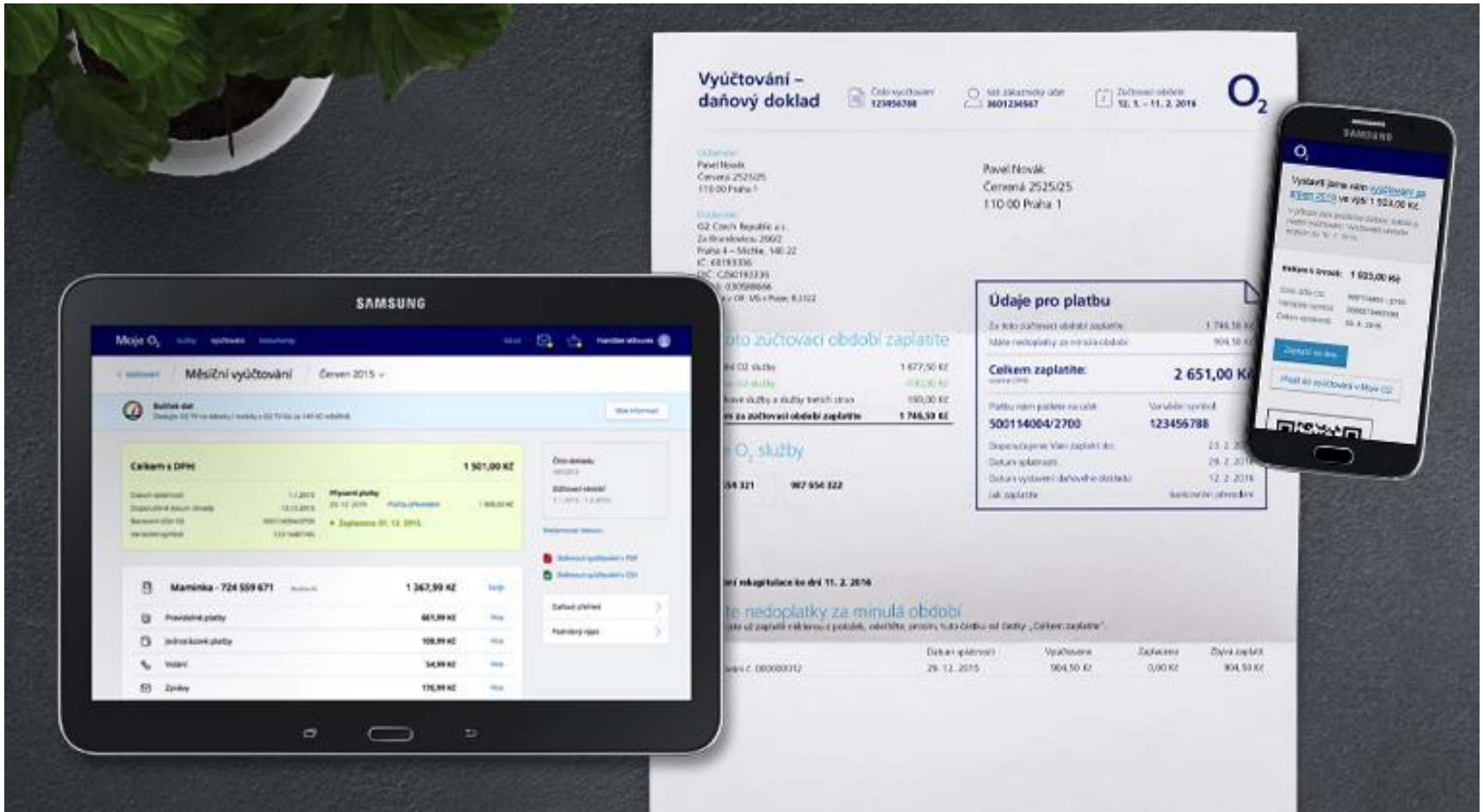
Shops

Sales reps

KAMs

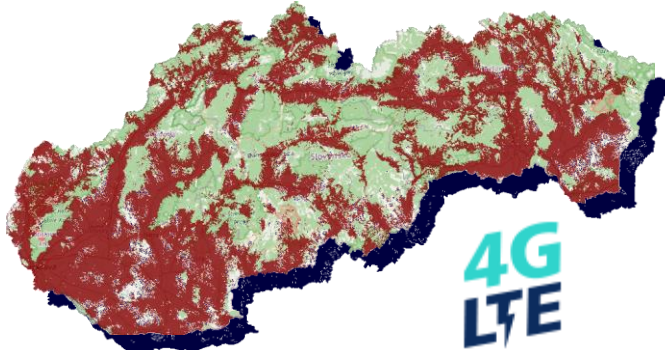
Newly one combined invoice for all mobile & fixed services

Simple unified design in My O2 app & mobile digital first



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

No. 1 4G LTE network coverage [1]

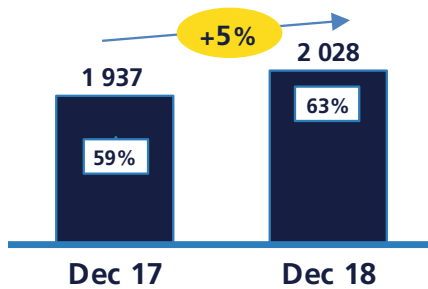


Competitive data centric proposition

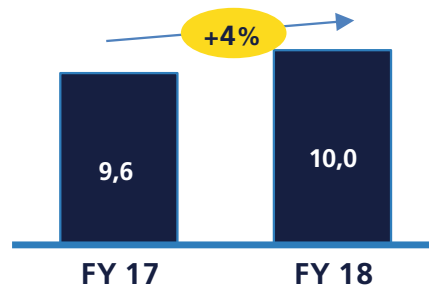
Modrý O2 Paušál	Stříborný O2 Paušál	Zlatý O2 Paušál	Platinový O2 Paušál
100 MB dát v celej EU + 72 € bonus na zariadenie – alebo –	500 MB dát v celej EU + 96 € bonus na zariadenie – alebo –	10 GB dát, z toho 8 600 MB v celej EU bez priplatku + 168 € bonus na zariadenie – alebo –	25 GB dát, z toho 11 900 MB v celej EU bez priplatku + 312 € bonus na zariadenie – alebo –
500 MB dát v celej EU	1 GB dát v celej EU	15 GB dát, z toho 11 200 MB v celej EU bez priplatku	30 GB dát, z toho 16 700 MB v celej EU bez priplatku
100 minút v celej EU	Neobmedzené volania v celej EU	Neobmedzené volania v celej EU	
Neobmedzené SMS v celej EU		Neobmedzené SMS v celej EU	
15 €/mes.	20 €/mes.	30 €/mes.	45 €/mes.

Growing base & ARPU

Customer base ('000; % postpay)

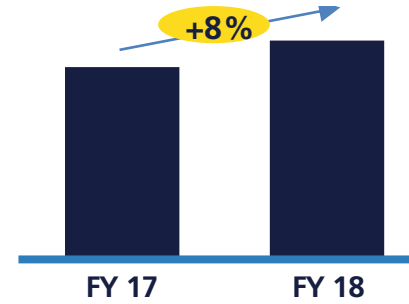


Blended ARPU (EUR/month)

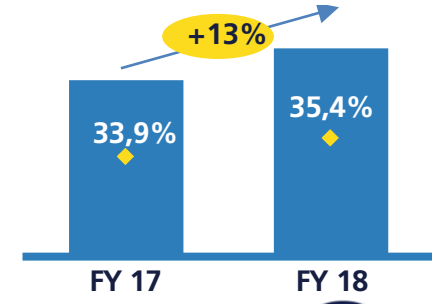


Strong financial performance

Revenue (growth rate in EUR)



EBITDA/margin (growth rate in EUR)





**Financial Performance
January – December 2018**

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Capex peaked in 2H 2018...

...and was directed in pro-growth areas

CZK millions

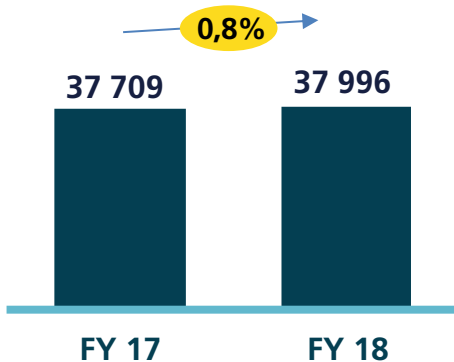
Jan - Dec 2018^[1]

Change
FY18 /FY17

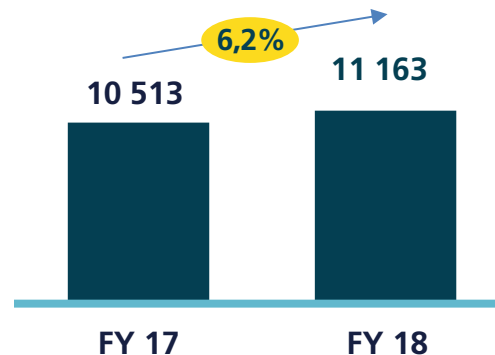
Operating Revenue	37,996	+0.8%
CZ Fixed	10,402	
CZ Mobile	20,312	
Slovakia	7,485	
EBITDA	11,163	+6.2%
EBITDA margin	29.4%	
Net Income	5,448	-2.5%^[2]
Free Cash Flow	4,714	
Capex	4,417	11.6%

Capex/Revenue

Operating Revenue



EBITDA



CAPEX focus

- 1 Network in Slovakia
- 2 O₂TV/sport content
- 3 Simple, Online, Digital

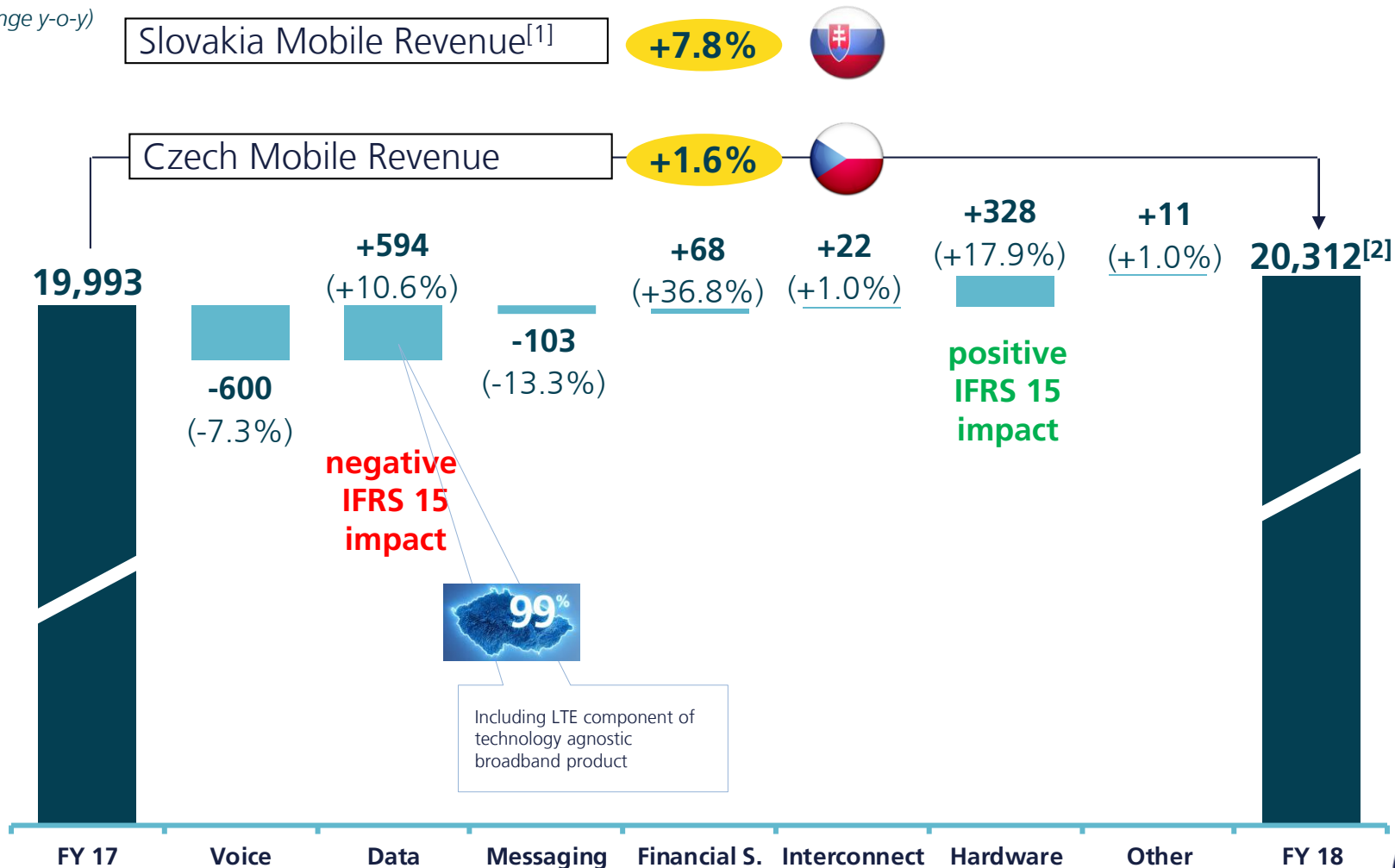


10 ^[1] including CZK 152 million positive net income effect of IFRS 15; ^[2] FY/Q4 2017: including ~CZK +60m profit from sale of a stake in Taxify



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

CZK millions
(% change y-o-y)



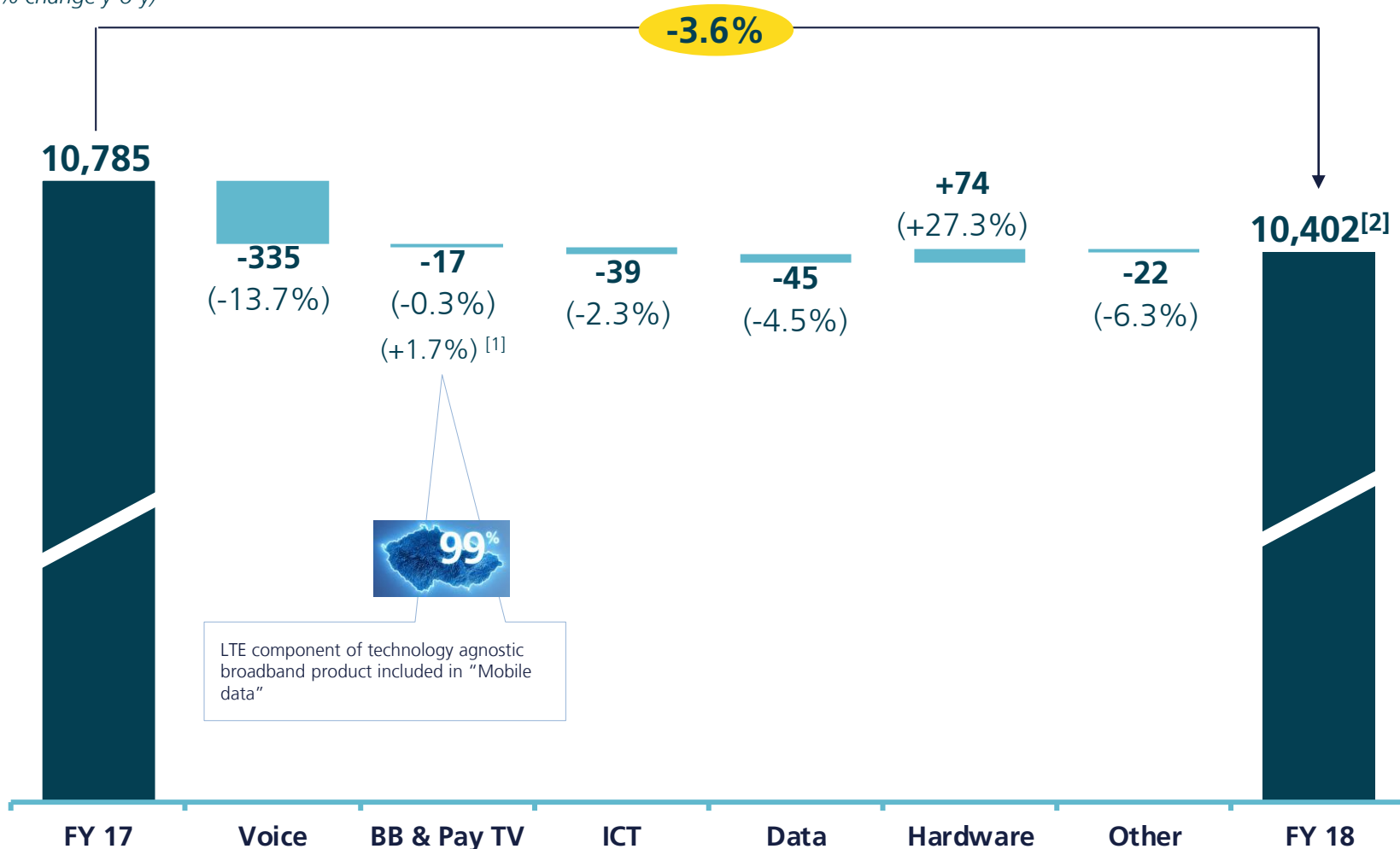
11 ^[1] Key drivers: Data: +17%, Hardware: +23%; O2 Slovakia, growth rate in local currency (EUR);^[2] CZK 34 million positive effect of IFRS 15





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

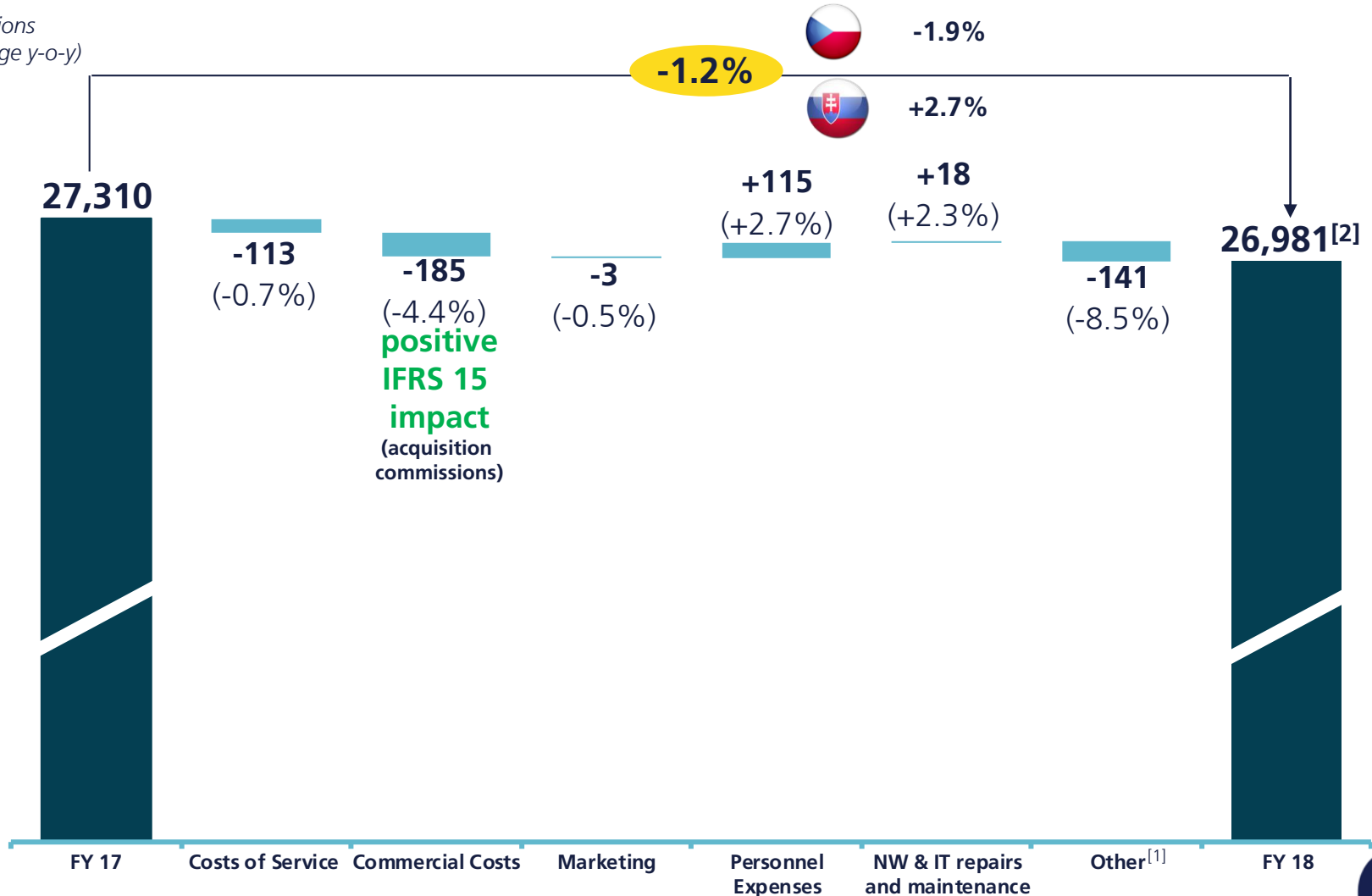
CZK millions
(% change y-o-y)





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

CZK millions
(% change y-o-y)



^[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 593 million positive effect of IFRS 15 (commissions only)



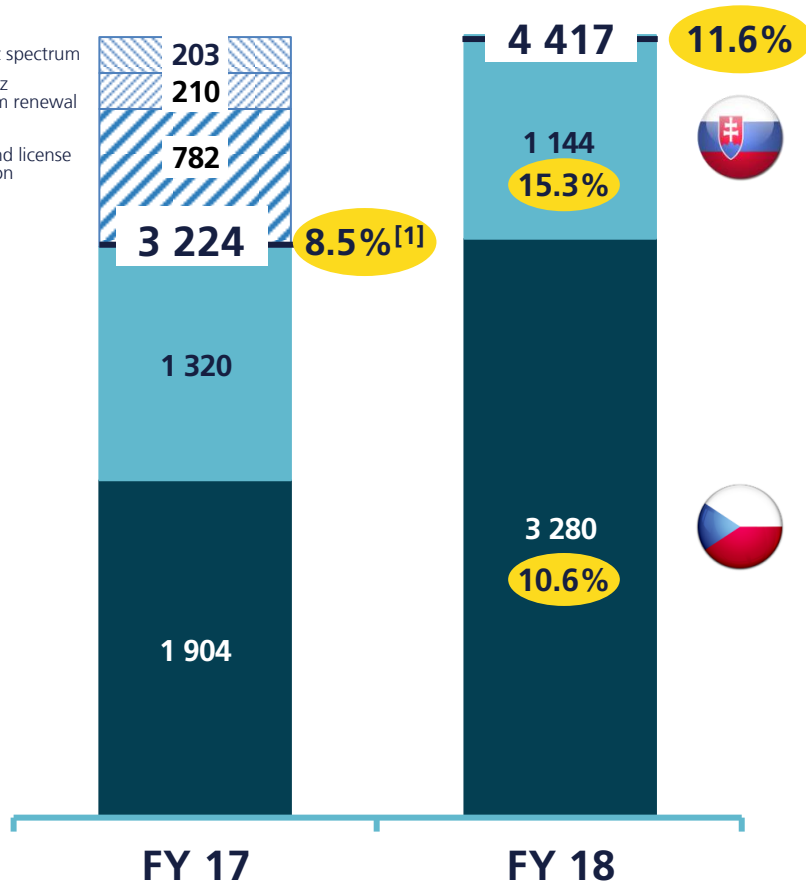


CAPEX peaking in 2018 on IT transformation & sport content & mobile network in Slovakia

CZK millions

CAPEX/
Revenue

3.7 GHz spectrum
450 MHz
spectrum renewal
O2 brand license
extension



Slovakia

- 2G NW expansion to reduce national roaming
- Mobile NW capacity (transmission) improvement
- LTE TDD NW rollout (3.5/3.7 GHz)

Czech Republic

- 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
- Retail shops redesign





Assets' growth due to higher investments... ...while debt maintained flat y-o-y at low level

<i>CZK millions</i>	31 Dec 2017	31 Dec 2018	31 Dec 18 /31 Dec 17
Non-current assets	23,411	25,190	+7.6%
- of which intangible assets	16,815	17,164	+2.1%
- of which property, plant & equipment	5,636	6,130	+8.8%
Current assets	11,431	10,940	-4.3%
- of which cash & cash equivalents	4,088	2,475	-39.5%
Total assets	34,842	36,130	+3.7%
Equity	15,475	15,225	-1.6%
- of which standalone retained earnings ^[1]	614	1,438	
Non-current liabilities	10,887	12,083	+11.0%
- of which financial debt	10,448	10,461	+0.1%
Current liabilities	8,479	8,822	+4.0%

15 ^[1] standalone retained earnings is a legal base for any potential distribution to the shareholders; consolidated retained earnings negative (CZK -1,991m and CZK -922 at 31 December 2017 and 2018) due to Slovakia

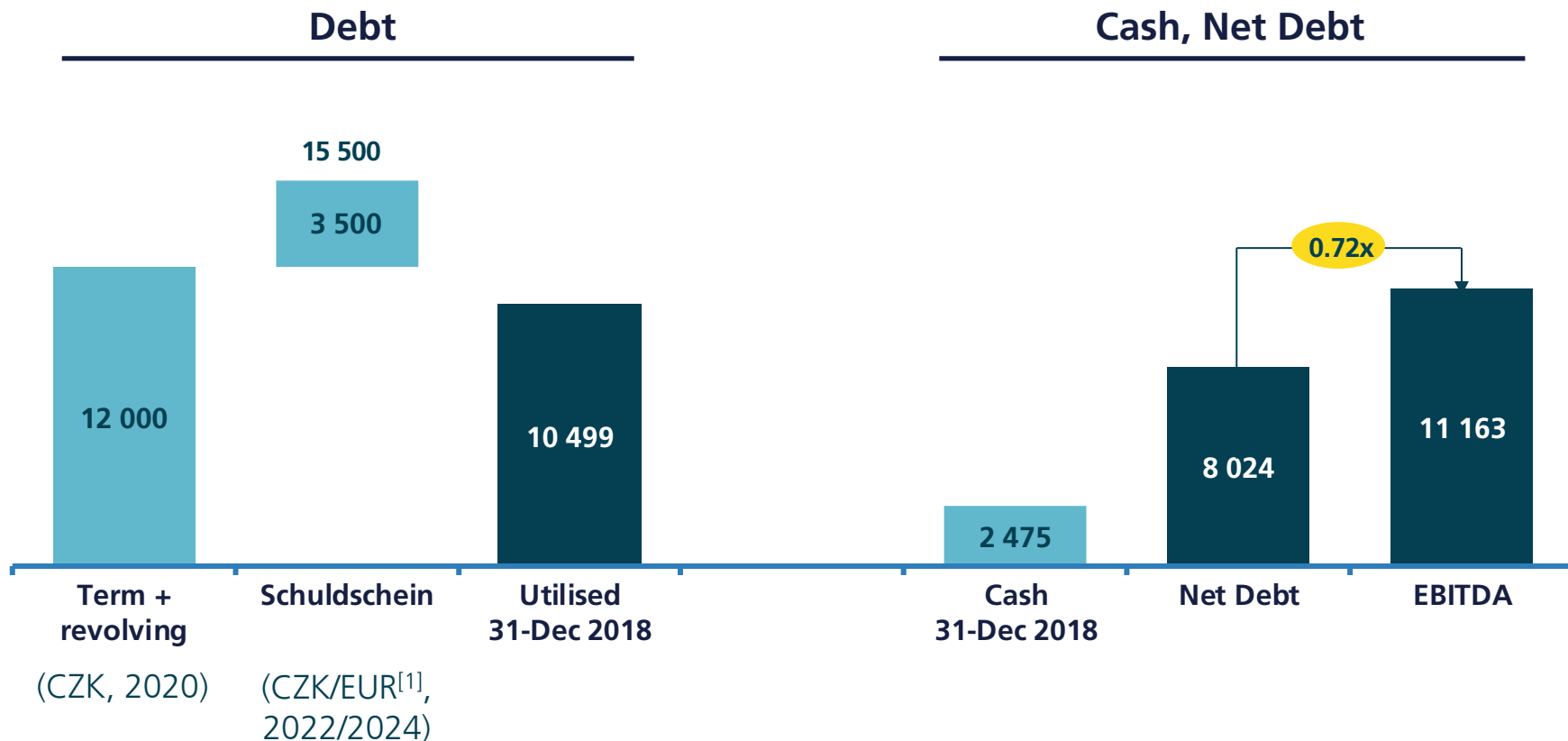


Back up

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CZK 10.5bn debt utilized out of CZK 15.5bn capacity... ...Net Debt/EBITDA at low 0.7x, well below "up to 1.5x" guidance

CZK millions



A person wearing blue jeans and tan shoes is standing on a blue carpet. A large white arrow is painted on the carpet, pointing towards the left. The background is a bright, hazy blue sky.

Investor Relations contact

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