



O2 Czech Republic

28<sup>th</sup> January 2020

# Quarterly Results January – December 2019

O<sub>2</sub>

# 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

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**Tomáš Kouřil**

CFO & Vice-Chairman of the Board

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# Strategic commercial initiatives & performance highlights



# Brand new propositions in mobile, home internet and O<sub>2</sub>TV have been very successful since the launch in Q4 2019

## New O<sub>2</sub>TV tariffs

### Tarify O<sub>2</sub> TV

<p><b>O<sub>2</sub>TV</b></p> <p><b>O<sub>2</sub>TV Bronzová</b></p> <p>63 kanálů (27 HD) volně vybíratelné kanály + základní filmové, seriálové, dokumentární, dětské a sportovní kanály</p> <p><b>299 Kč</b> bez zálohu</p>	<p><b>O<sub>2</sub>TV</b></p> <p><b>O<sub>2</sub>TV Stříbná</b></p> <p>101 kanálů (43 HD) volně vybíratelné kanály + základní filmové, seriálové, dokumentární, dětské a sportovní kanály + extra filmové, seriálové, dokumentární, dětské a sportovní kanály + vybraný kanál pro dospělé</p> <p><b>449 Kč</b> bez zálohu</p>	<p><b>O<sub>2</sub>TV</b></p> <p><b>O<sub>2</sub>TV Zlatá</b></p> <p>134 kanálů (53 HD) volně vybíratelné kanály + základní filmové, seriálové, dokumentární, dětské a sportovní kanály + extra filmové, seriálové, dokumentární, dětské a sportovní kanály + premium filmové kanály, kulturní, kino a šport, HBO ODGO, kanály pro dospělé</p> <p><b>749 Kč</b> bez zálohu</p>
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## New Internet HD tariffs

### Tarify Internet HD

<p><b>Internet HD Bronzový</b></p> <p>202 Mbit/s</p> <p><b>399 Kč</b> bez zálohu 199 Kč (první 6 měsíců)</p>	<p><b>Internet HD Stříbný</b></p> <p>505 Mbit/s O<sub>2</sub> TV Modrá v ceně</p> <p><b>499 Kč</b> bez zálohu 299 Kč (první 6 měsíců)</p>	<p><b>Internet HD Zlatý</b></p> <p>1001b Mbit/s O<sub>2</sub> TV Modrá v ceně</p> <p><b>599 Kč</b> bez zálohu 399 Kč (první 6 měsíců)</p>	<p><b>Internet HD Platinový</b></p> <p>25025 Mbit/s O<sub>2</sub> TV Modrá v ceně</p> <p><b>699 Kč</b> bez zálohu 499 Kč (první 6 měsíců)</p>	<p><b>Internet HD Diamantový</b></p> <p>100010 Mbit/s O<sub>2</sub> TV Modrá v ceně</p> <p><b>799 Kč</b> bez zálohu 599 Kč (první 6 měsíců)</p>
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Free of charge basic O<sub>2</sub>TV tariff included in Internet tariffs<sup>[1]</sup>

## Flexible unlimited data tariffs



<p><b>NEO Bronzový</b></p> <p>Neomezená data, volání a SMS</p> <p>Služba na telefony O<sub>2</sub> Security na měsíc zdarma 50 Kč měsíčně do O<sub>2</sub> Knihovny</p> <p>Rychlost Optimal 5 Mb/s</p> <p><b>1099 Kč</b></p>	<p><b>NEO Stříbný</b></p> <p>Neomezená data, volání a SMS</p> <p>Služba na telefony O<sub>2</sub> Security na měsíc zdarma 50 Kč měsíčně do O<sub>2</sub> Knihovny</p> <p>Rychlost Super 20 Mb/s</p> <p><b>1299 Kč</b></p>	<p><b>NEO Zlatý</b></p> <p>Neomezená data, volání a SMS</p> <p>Služba na telefony O<sub>2</sub> Security na měsíc zdarma 50 Kč měsíčně do O<sub>2</sub> Knihovny</p> <p>Rychlost Max 4G+ až 300 Mb/s</p> <p><b>1599 Kč</b></p>	<p><b>NEO Platinový</b></p> <p>Neomezená data, volání a SMS 1 GB dat v zóně Top svět 600 minut volání do zahraničí</p> <p>Služba na telefony O<sub>2</sub> Security na měsíc zdarma 50 Kč měsíčně do O<sub>2</sub> Knihovny</p> <p>Rychlost Max 4G+ až 300 Mb/s</p> <p><b>2499 Kč</b></p>
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## Multidevice O<sub>2</sub>TV apps



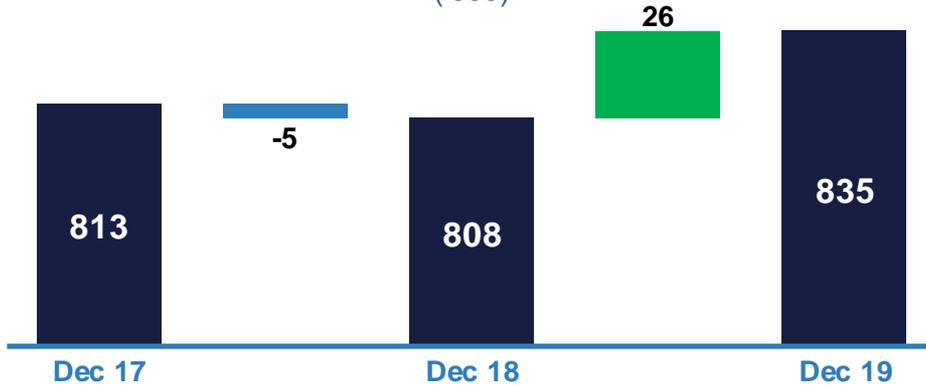
<sup>[1]</sup> Internet HD Stříbný (Silver) and higher tariffs



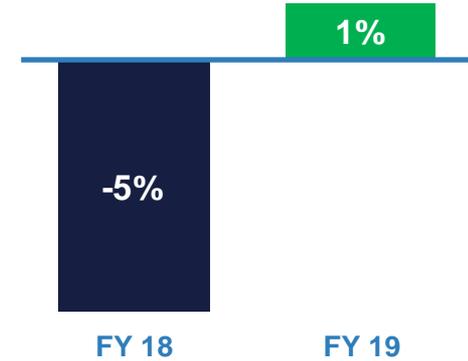


# Accelerated strong sales performance year-on-year... ...both in Home broadband and Pay TV

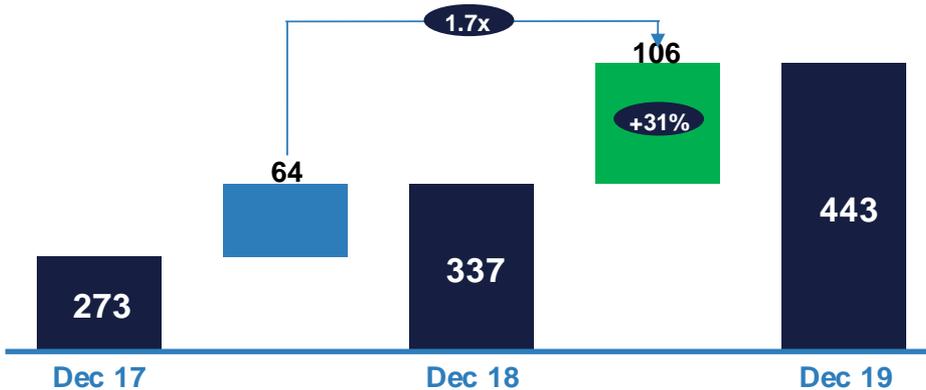
**Fixed broadband base<sup>[1]</sup>**  
(‘000)



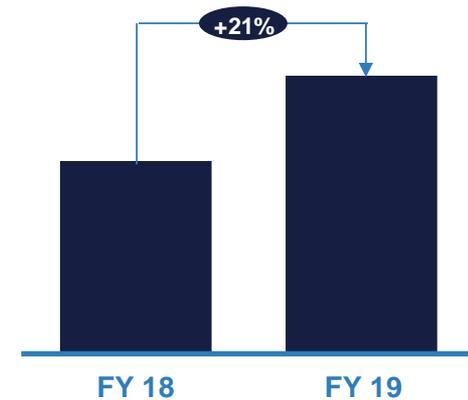
**Fixed broadband revenue**  
(y-o-y change)



**O<sub>2</sub> TV base<sup>[2]</sup>**  
(‘000)



**O<sub>2</sub> TV revenue**



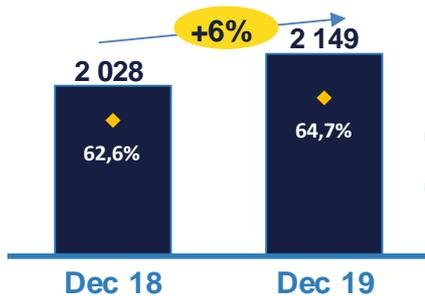
<sup>[1]</sup> Technology agnostic (xDSL, fibre, WTTx, LTE); <sup>[2]</sup> Dec17/Dec18: IPTV & OTT, incl. Multi (second STB), Dec 19: IPTV & OTT, Prepaid (O<sub>2</sub> TV Sport Pack online and O<sub>2</sub> TV HBO and Sport Pack tariffs activated and paid by payment card)



# Growing revenues in Slovakia driven by strong data propositions... ...coupled with 4G LTE network footprint expansion

## Growing customer base

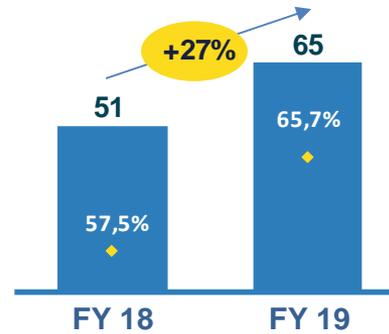
(total base in '000, % of PoP)



- growing PoP share
- home BB: 90% y-o-y

## Growing data revenue

(y-o-y in EURm)

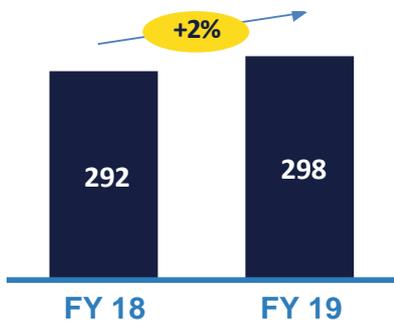


- Top end tariffs data volume boost
- Prepaid data portfolio refresh
- 4G LTE coverage at 97.4%

■ Data revenue  
◆ LTE smartphone penetration

## Revenue

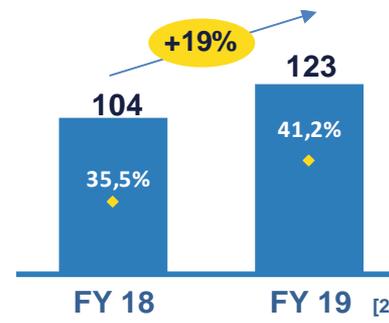
(EUR millions)



- 3% ARPU growth y-o-y
- 33% cut in voice MTR<sup>[1]</sup>
- Lower hardware revenue, in line with market dynamics

## EBITDA/margin

(EUR millions)



- National roaming costs savings...
- ...y-o-y growth helped also by application of new IFRS 16<sup>[2]</sup>

<sup>[1]</sup> MTR: mobile termination rates (wholesale) in Q3 2019; <sup>[2]</sup> Including positive impact of IFRS 16; EBITDA growth +9% y-o-y excluding IFRS 16



A person is running on a blue track. The background is a blue wall with a grid pattern. The person is wearing a black t-shirt, black shorts, and black and white running shoes. The text "Financial performance January – December 2019" is overlaid on the image.

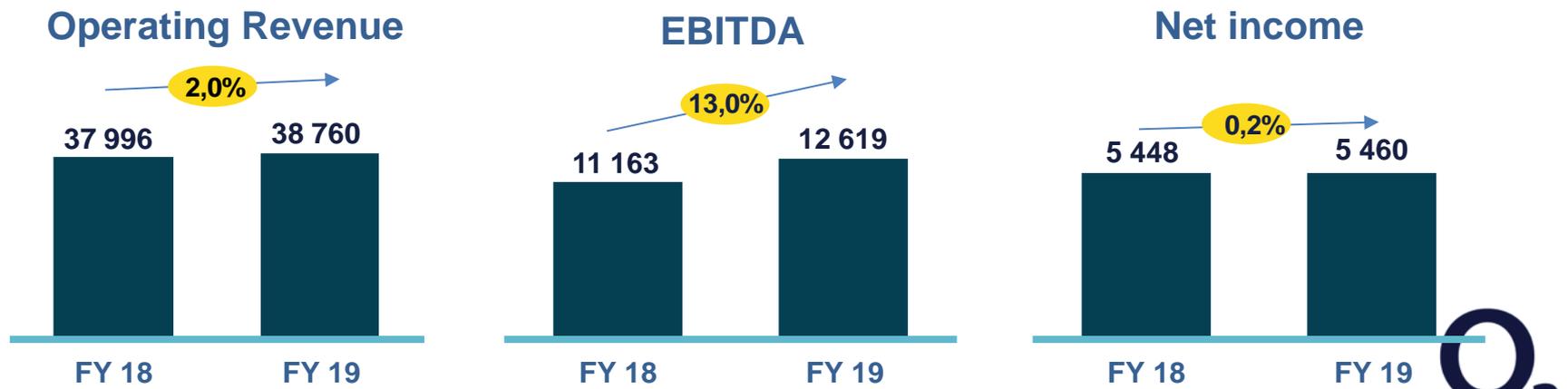
Financial performance  
January – December 2019

O<sub>2</sub>



# Growing revenue driven by mobile data and O<sub>2</sub> TV... ...flat net income y-o-y helped by past investments

<i>CZK millions</i>	Jan - Dec 2019 <sup>[1]</sup>	Change FY19 /FY18
<b>Operating Revenue</b>	<b>38,760</b>	<b>+2.0%</b>
CZ Fixed	11,136	+3.5%
CZ Mobile	20,211	+1.3%
Slovakia	7,647	+2.2%
<b>EBITDA</b>	<b>12,619</b>	<b>+13.0%</b>
<i>EBITDA margin</i>	32.6%	
<b>Net Income</b>	<b>5,460</b>	<b>+0.2%</b>
Free Cash Flow <sup>[2]</sup>	6,205	+26.6%
<b>CAPEX</b>	<b>2,432</b>	<b>-45.0%</b>
CZ CAPEX	1,445	-55.9%
SK CAPEX	987	-13.8%



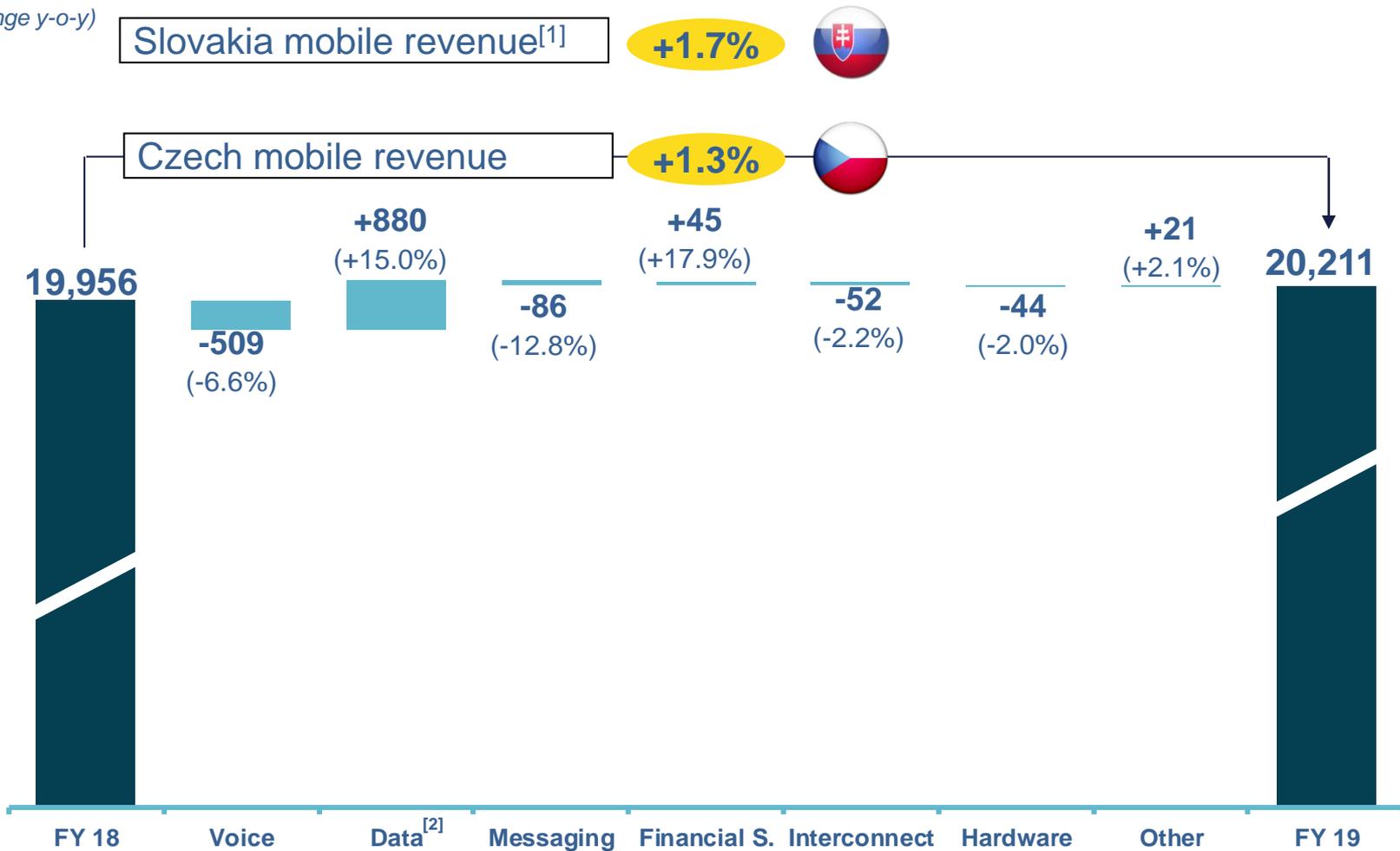
9 <sup>[1]</sup> Including IFRS 16 effect (CZK 787m positive EBITDA and FCF impact, CZK 45m negative net income impact); on comparable basis (considering IFRS 16 impact) EBITDA: +6.0% y-o-y, net income: +1.1% y-o-y; <sup>[2]</sup> excl. IFRS 16 impact of CZK 787m (incl. payments of lease liabilities which are included in Net cash used in financing activities, excl. interest expense on lease liabilities)





# Double digit growth of mobile data and financial services... ...compensated lower voice and messaging revenue

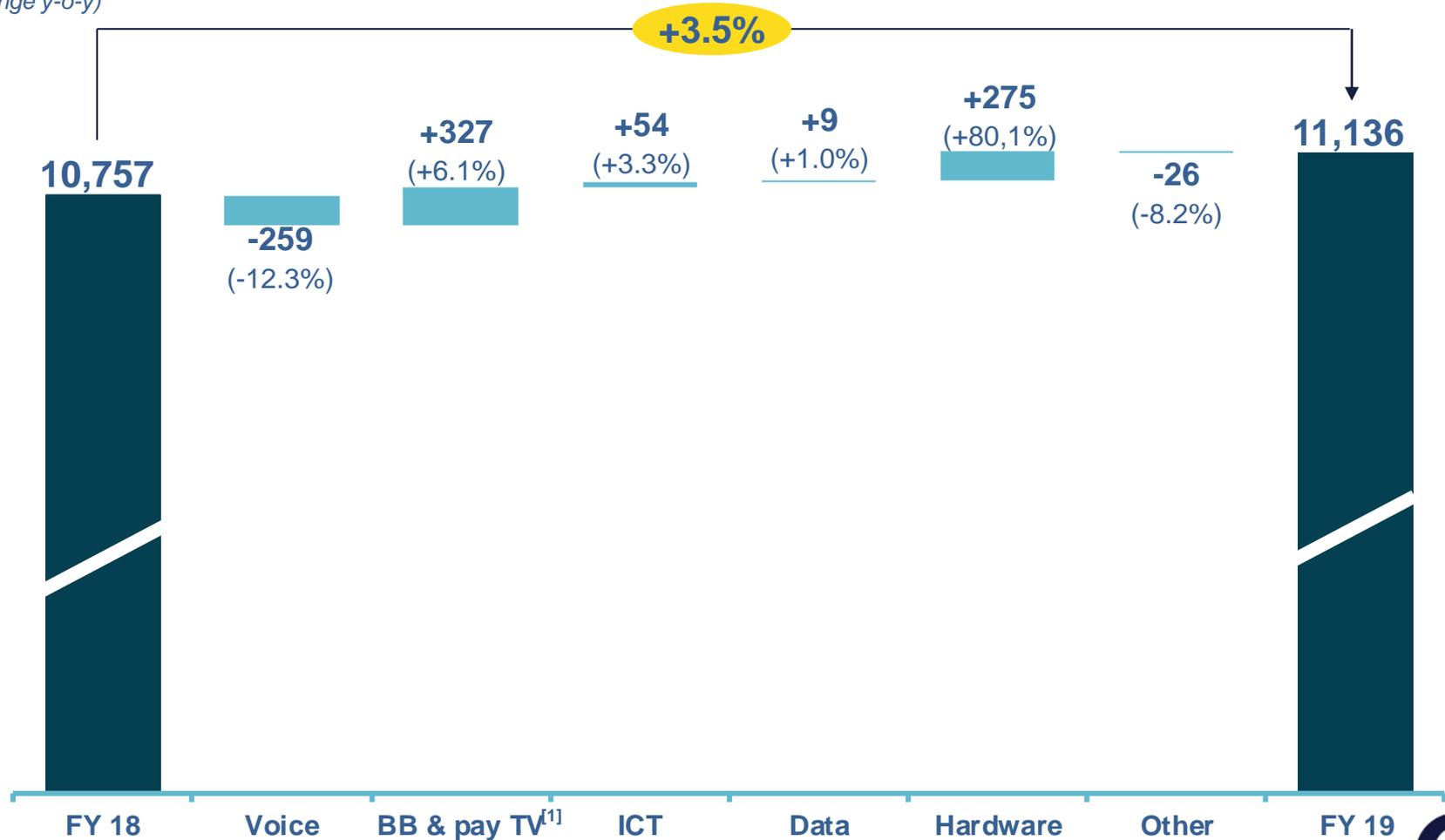
CZK millions  
(% change y-o-y)





# Growth of broadband, Pay TV and related hardware... ...more than compensated declining voice revenue

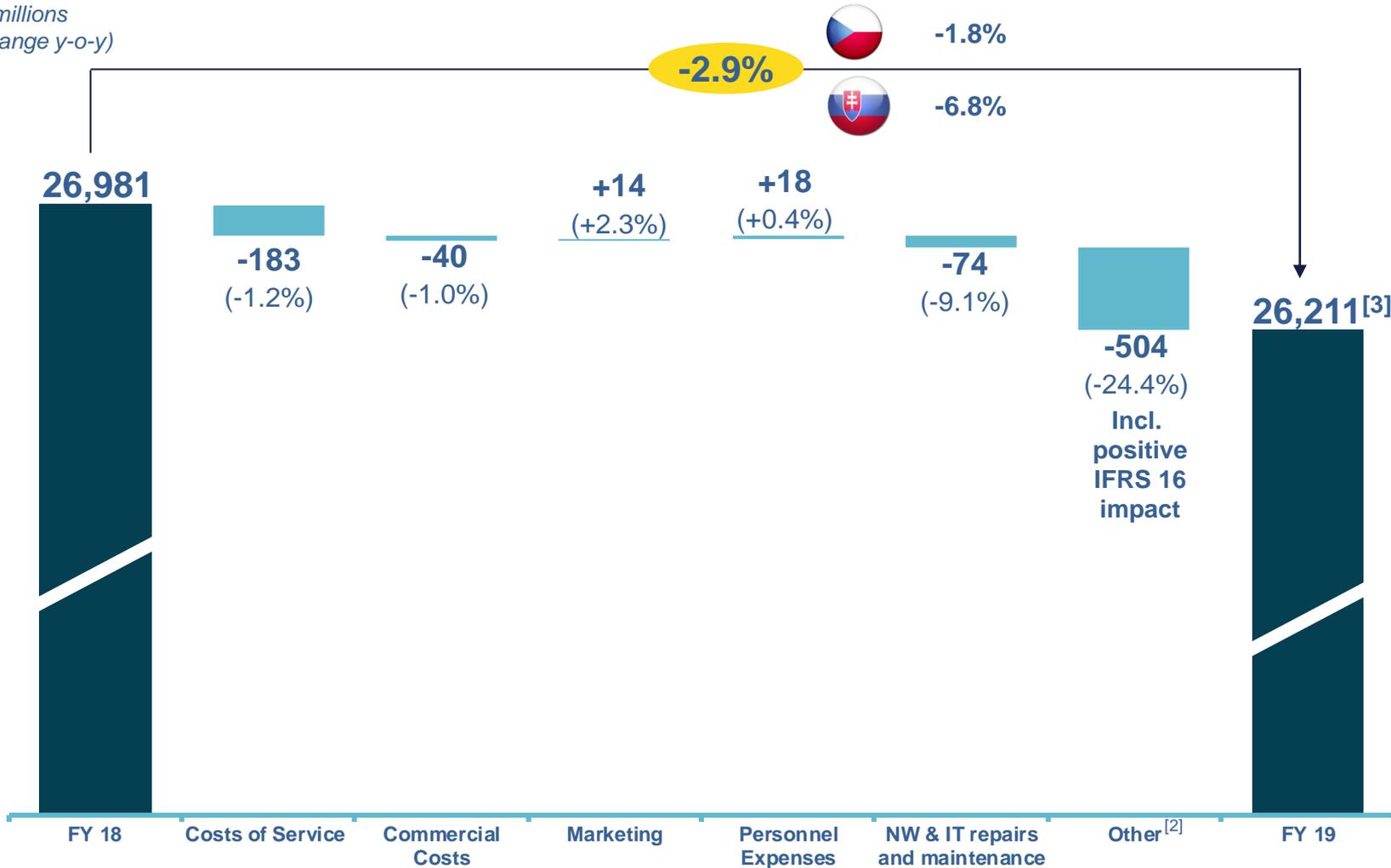
CZK millions  
(% change y-o-y)





# Underlying cost base<sup>[1]</sup> is under control... ...with savings in both Czech Republic as well as Slovakia

CZK millions  
(% change y-o-y)



<sup>[1]</sup> +0.1% year-on-year excluding IFRS 16 positive impact; <sup>[2]</sup> 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; <sup>[3]</sup> CZK 785m positive effect of IFRS 16 (rentals, buildings, vehicles: CZK 611m, Fixed Costs of Service: CZK 174m)

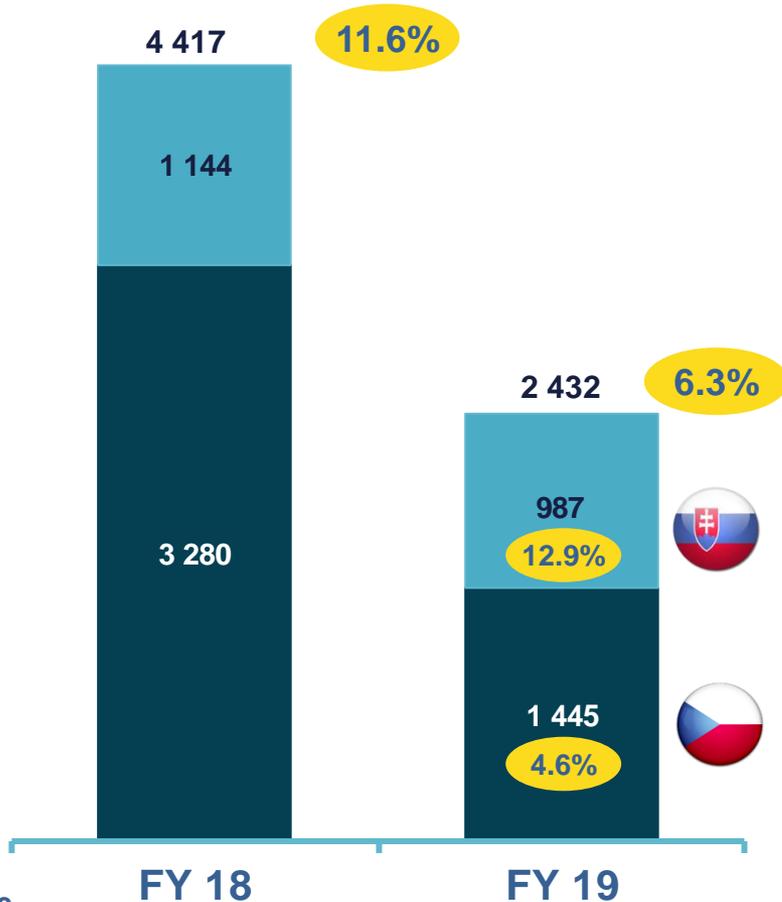




# Light CAPEX profile in Czech Republic... ...continuous investments in mobile network in Slovakia

CZK millions

CAPEX/  
Revenue



## Slovakia

- ~80% of CAPEX directed into **network**
  - 2G expansion to **reduce national roaming**
  - Mobile NW capacity (transmission) improvement
  - FWA NW rollout

## Czech Republic

- IT upgrade
- Mobile core & new services (IPTV, FBB) NW
- New **sport content** (Premier Sport)





**New EUR 160 million 5/7 years funding raised in 2019...  
... IFRS 16 increased both, assets and liabilities by ~ CZK 4.0 billion**

<i>CZK millions</i>	<b>31 Dec 2018</b>	<b>31 Dec 2019</b>	<b>31 Dec 19 /31 Dec 18</b>
<b>Non-current assets</b>	<b>25,190</b>	<b>28,006</b>	<b>+11.2%</b>
- of which intangible assets	17,164	15,457	-9.9%
- of which property, plant & equipment	6,130	6,171	+0.7%
- of which right-of-use assets	-	4,094	<i>n.m.</i>
<b>Current assets</b>	<b>10,940</b>	<b>14,674</b>	<b>+34.1%</b>
- of which cash & cash equivalents	2,475	5,989	+142.0%
<b>Total assets</b>	<b>36,130</b>	<b>42,680</b>	<b>+18.1%</b>
<b>Equity</b>	<b>15,225</b>	<b>14,177</b>	<b>-6.9%</b>
<b>Non-current liabilities</b>	<b>12,083</b>	<b>12,192</b>	<b>+0.9%</b>
- of which financial debt	10,461	7,530	-28.0%
- of which lease liability	-	3,475	<i>n.m.</i>
<b>Current liabilities</b>	<b>8,822</b>	<b>16,311</b>	<b>+84.9%</b>
- of which financial debt	38	7,066	<i>n.m.</i>
- of which lease liability	-	693	<i>n.m.</i>

IFRS 16<sup>[1]</sup>

New deb/  
Reclass<sup>[2]</sup>



<sup>[1]</sup> IFRS 16: lease payments capitalized to assets and corresponding lease liabilities (non-current & current); <sup>[2]</sup> New debt: EUR 160 million (~ CZK 4.1 billion) 5/7 years "Schuldschein" funding raised in April 2019; reclassification of club loan (CZK 7 billion due in December 2020) from non-current to current financial debt

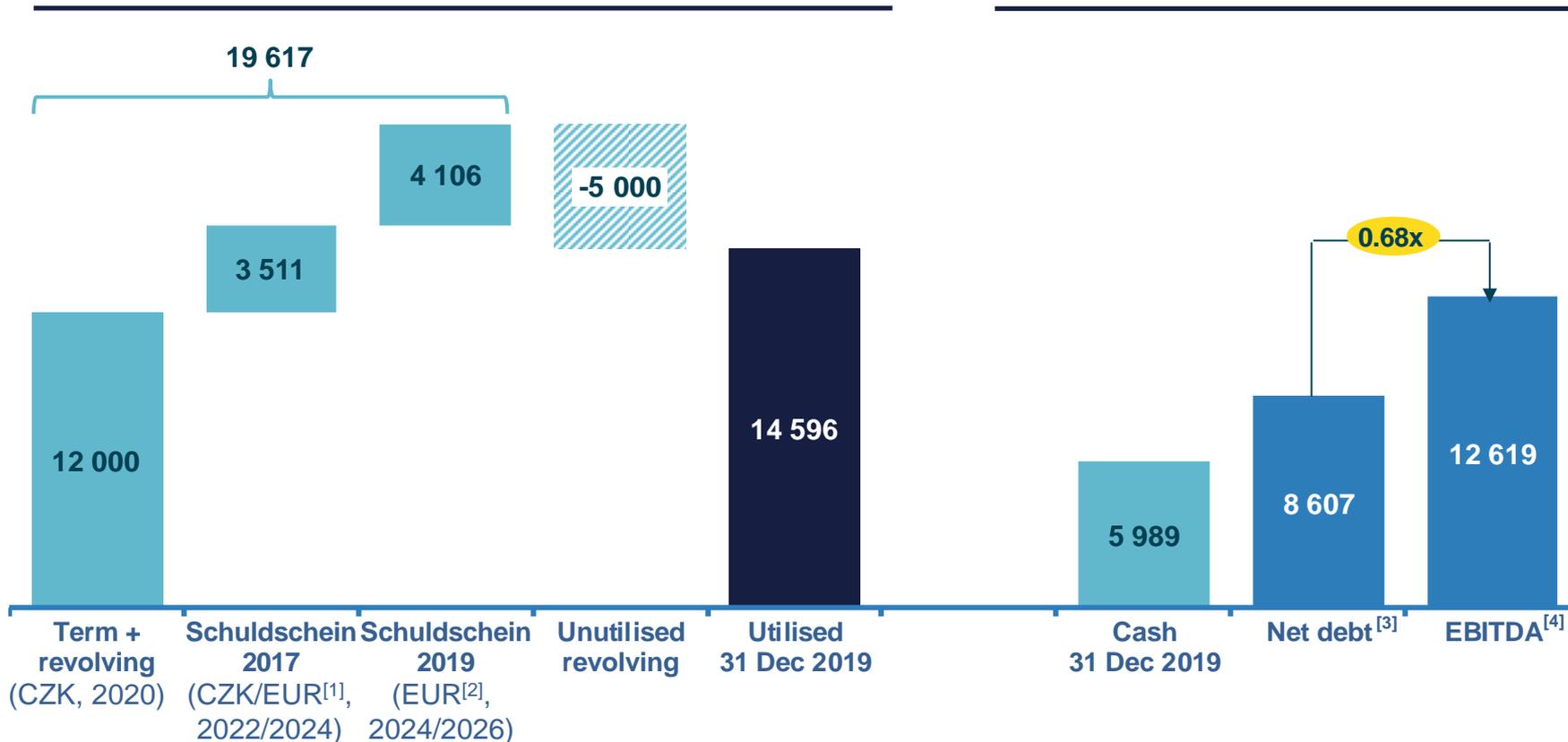
# Net debt/EBITDA at 0.7x...

...new EUR 160 million 5/7 years funding raised in April 2019

CZK millions

## Debt

## Cash, Net Debt



15 <sup>[1]</sup> CZK 3,000m, EUR 20m; <sup>[2]</sup> EUR 160m; <sup>[3]</sup> Cash less financial debt (excluding IFRS 16 lease liability); <sup>[4]</sup> Twelve months EBITDA ending 31 December 2019

