

In the second quarter, O2's revenue stagnated due to the COVID-19 pandemic

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- **The COVID-19 pandemic negatively impacted particularly roaming and mobile handset sales revenue. Therefore, mobile revenue in the Czech Republic and Slovakia decreased.**
- **Revenue growth in fixed segment slowed down from 12.4% in the first quarter to 5.2% in the second one.**
- **Total operating revenue remained flat year-on-year in the second quarter and reached CZK 9.7 billion, which is below the company's management expectation.**
- **Even in uncertainty times, O2 was the first mobile operator in the Czech Republic to launch commercial operation of 5G network.**
- **Despite the challenging market situation, O2 managed to raise a new financing facility, which was primarily used for prepayment of the existing loan.**

In the second quarter of 2020, the negative impact of the COVID-19 pandemic was reflected in full in the business, operational and financial results of O2 Czech Republic. There was a significant slowdown in the sales channels' activity in connection with movement restrictions due to the state of emergency, which led to a slowdown in a customers' growth. These were, along with the roaming revenue losses, the main reasons why O2 reported only modest growth in key performance indicators. *"Although it is not clear how fast the economy will come to recovery, we keep innovating and as the first mobile operator, we are launching the fastest 5G network for commercial use in two cities,"* says Jindřich Fremuth, CEO and Chairman of the Board of O2 Czech Republic. *"The fifth-generation networks will help not only to accelerate the digital transformation of O2 itself, but in the future, they will also find use in industry, healthcare and other strategic areas of the entire Czech economy,"* he added.

"In the first half of the year, we did not meet our internal expectations due to the COVID-19 pandemic. Especially our mobile business, where we recorded a year-on-year revenue decrease, was affected." states Tomáš Kouřil, O2's Chief Financial Officer and Vice-Chairman of the Board of Directors and adds: *„Thanks to the strict operating expenses management, we were able to slightly increase EBITDA in the second quarter. We also managed to raise a new financing facility, which provides us with the financial stability in the next years. “*

Operating overview

The **total number of mobile registered customers in the Czech Republic** reached 5,910 thousand at the end of June 2020. The number of **contract customers** was 3,262 thousand, the number of mobile prepaid customers was 1,927 thousand, while the number of M2M SIMs stood at 721 thousand.

The number of customers of any **O₂ TV** tariff provided over O2 fixed line (IPTV) as well as over internet connection from any provider (OTT), reached **476 thousand** as at 30 June 2020 including customers subscribed for monthly prepaid **O₂ TV Sport Pack online and O₂ TV HBO and Sport Pack tariffs**.

Number of **broadband internet customers** served via fixed line as well as wireless technology reached in total 845 thousand at the end of the first half of 2020.

As at 30 June 2020, the total active customer base in Slovakia reached 2,157 thousand. The number of contract customers reached 1,048 thousand, the number of mobile prepaid customers was 718 thousand, while the number of M2M SIMs stood at 391 thousand.

Financial overview

Total consolidated operating revenue reached **CZK 19,326 million** in the first half of 2020, **up 1.8%** year-on-year while in the second quarter it remained almost flat year-on-year at CZK 9,736 million. O₂ TV and mobile data revenue were the key growth drivers that more than compensated a negative impact of the COVID-19 pandemic on roaming revenue and mobile hardware sales.

In the Czech Republic, operating revenue increased by 2.7% to **CZK 15,782 million** in the first half of 2020. In the **mobile segment** revenue declined by 0.6% to CZK 9,825 million in the first half of 2020, while in the second quarter they declined by 2.4% year-on-year to CZK 4,921 million. In the **fixed segment** revenue reached CZK 5,957 million in the first half of 2020 and CZK 3,003 million in the second quarter.

In Slovakia, total **operating revenue decreased by 3.7%** to CZK 3,617 million in the first half of 2020. Similarly to the situation in Czech Republic, lower roaming revenue and mobile hardware sales were the key negative drivers during the COVID-19 crisis.

Consolidated EBITDA reached **CZK 6,325 million**. Although revenue remained flat in the second quarter, EBITDA improved by 2.5% year-on-year to CZK 3,229 million in the second quarter, mainly due to operating costs savings.

Consolidated **net profit increased by 2.8%** year-on-year to **CZK 2,675 million**.

Financial indicators	1H2020	1H2019	1H20/1H19	2Q2020	2Q2019	2Q20/2Q19
Operating revenue	19,326	18,989	+1.8%	9,736	9,740	0.0%
- CZ mobile revenue	9,825	9,881	-0.6%	4,921	5,042	-2.4%
- CZ fixed revenue	5,957	5,483	+8.7%	3,003	2,853	+5.2%
- SK revenue	3,617	3,756	-3.7%	1,850	1,917	-3.5%
Total costs	13,061	12,995	+0.5%	6,526	6,642	-1.7%
-of which operating costs	3,875	3,843	+0.8%	1,862	1,943	-4.2%
EBITDA	6,325	6,055	+4.5%	3,229	3,149	+2.5%
<i>EBITDA margin</i>	32.7%	31.9%	0.8 p.p.	33.2%	32.3%	0.9 p.p.
Net profit	2,675	2,604	+2.8%	1,407	1,368	+2.9%