



O2 Czech Republic

15th May 2020

Quarterly Results January – March 2020



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

The last quarter was rather specific...

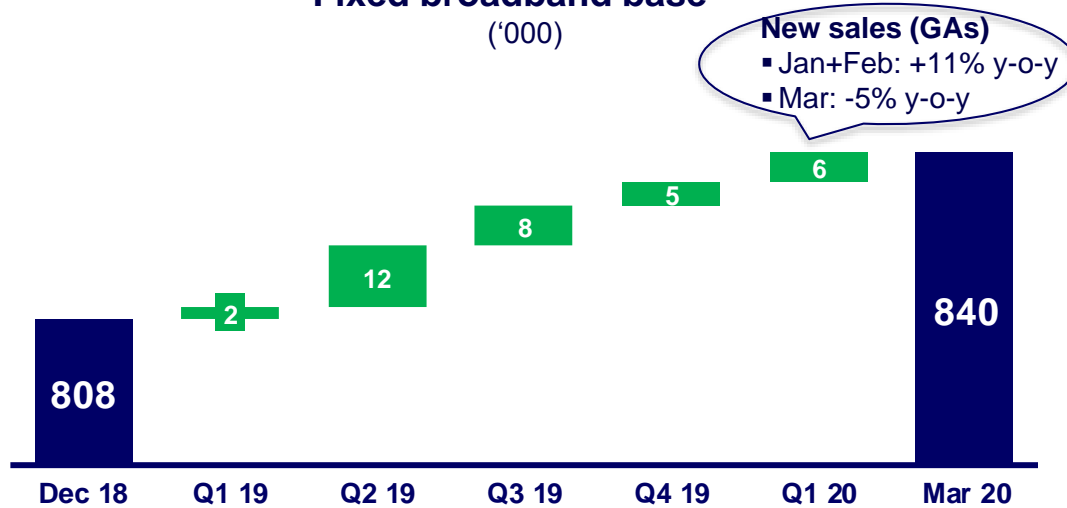
- **Solid continuous growth in the first two months**
- **Unexpected slowdown caused by Covid-19 outbreak**
- **Significant negative impact in the second half of March**
- **New opportunities as the public and private customers accelerate their transformation to digital**



Solid fixed segment trading performance in pre-COVID-19 months... ...late March sales negatively impacted by lower customers' interactions

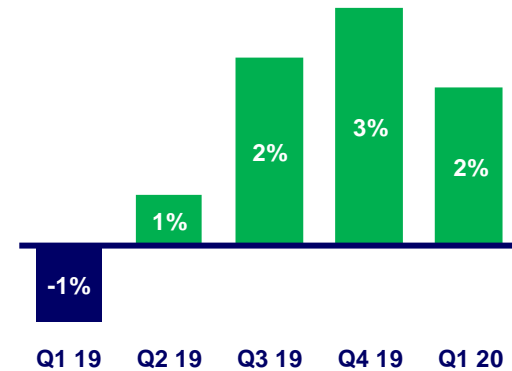
Fixed broadband base^[1]

('000)



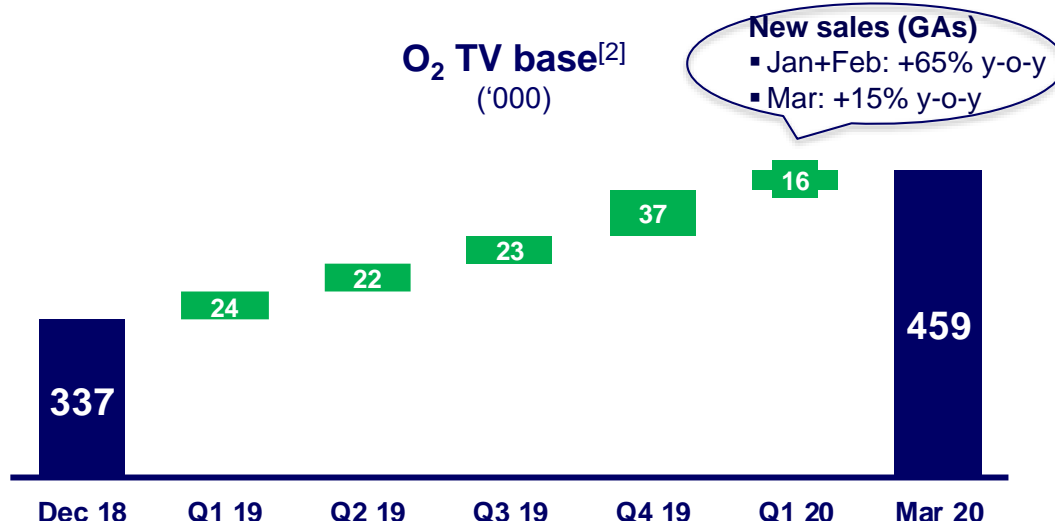
Fixed broadband revenue

(y-o-y change)

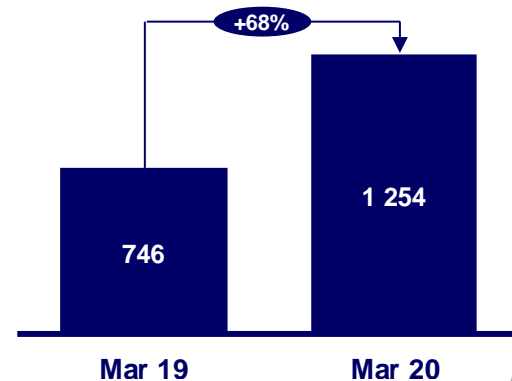


O₂ TV base^[2]

('000)



O₂ TV accesses^[3]



^[1] Technology agnostic (xDSL, fibre, WTTx, LTE); ^[2] Dec18: IPTV & OTT, incl. Multi (second STB), Mar 20: IPTV & OTT, Prepaid (O₂ TV Sport Pack online and O₂ TV HBO and Sport Pack tariffs activated and paid by payment card); ^[3] set-top-box, mobile applications, web, smart TV, HBB TV



Coronavirus pandemic slowed down promising start of the year for O2

Trading data / year on year change

**Broadband internet
new sales**

January + February

+11 %

March

-5 %

**O₂ TV
new sales**

January + February

+65 %

March

+15 %

**Roaming
visitors data traffic
in O₂ CZ network**

January + February

+21 %

March

-23 %



COVID-19 outbreak caused traffic spike in O2 networks... ... but we delivered

Operational data / year on year change

Mobile network transferred data	Fixed wireless network transferred data	Fixed broadband network transferred data	Mobile network voice	Fixed network voice
January + February +58%	January + February +132%	January + February +27%	January + February -2%	January + February -14%
March +76%	March +168%	March +58%	March +29%	March +17%



Slovakia with similar COVID-19 lockdown impact... ...and significant drop in hardware sales

Operational and trading data / year on year change

Mobile network transferred data	Mobile network voice	Mobile customers new sales	Handsets sales
January + February +80%	January + February -1%	January + February +7%	January + February -5%
March +106%	March +26%	March -33%	March -38%





We are helping with our reliable smart network...
...and a number of pro bono initiatives

O2 is with you

- Unlimited data for everyone
- O2TV for 1 CZK (incl. educational program)
- Sale on notebook + internet for children and parents
- National Covid crisis line 1212 (provided by Mluvii for free)
- Free tablets for isolated senior houses and children's homes
- Free SMS connectors for NGO's helping with Covid-19
- Distance learning support through the O2 Foundation's grant program O2Chytráškola.cz and O2knihovna.cz (online library)





Covid pandemic uncovered and accelerated new opportunities

5G & data infrastructure

- Effective long-term investments into robust technology
- Partnership with Gov supporting the critical infrastructure

eGovernment, eCitizenship

- Boost of state digital agenda
- State-supported network coverage of "white areas"
- Internet / hardware available for socially-disadvantaged, preventing digital divide

Education

- Access to distant education for all children – household connections
- Broadband connection to schools and teachers' homes
- The Central Repository of Digital Educational Content





Financial performance January – March 2020

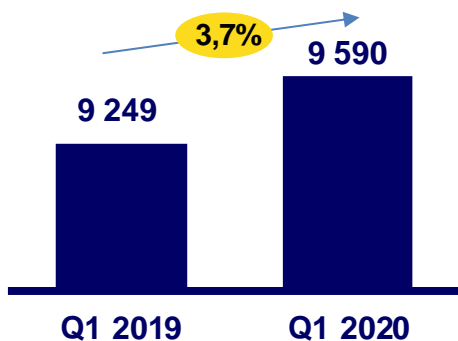
O
2



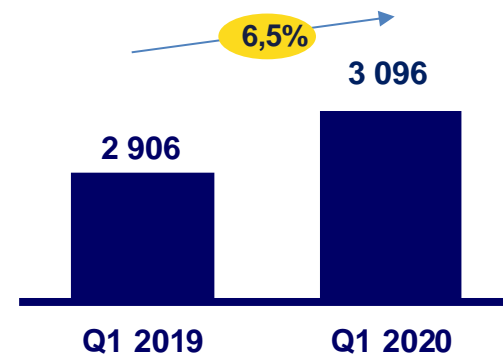
Our strategy works with pre-COVID-19 healthy trends^[1]... ...and worsening trends during lockdown period

<i>CZK millions</i>	Q1 2020	Q1 20/19	Mar 20/19
Operating Revenue	9,590	+3.7%	+2.7%
CZ Fixed	2,954		
CZ Mobile	4,904		
Slovakia	1,767		
EBITDA	3,096	+6.5%	-3.2%
<i>EBITDA margin</i>	32.3%		
Net Income	1,268		
CAPEX	581		
CZ CAPEX	312		
SK CAPEX	268		
Free Cash Flow	1,198		

Operating Revenue



EBITDA



^[1] EBITDA in January-February: +11.9% y-o-y, March: -3.2% y-o-y

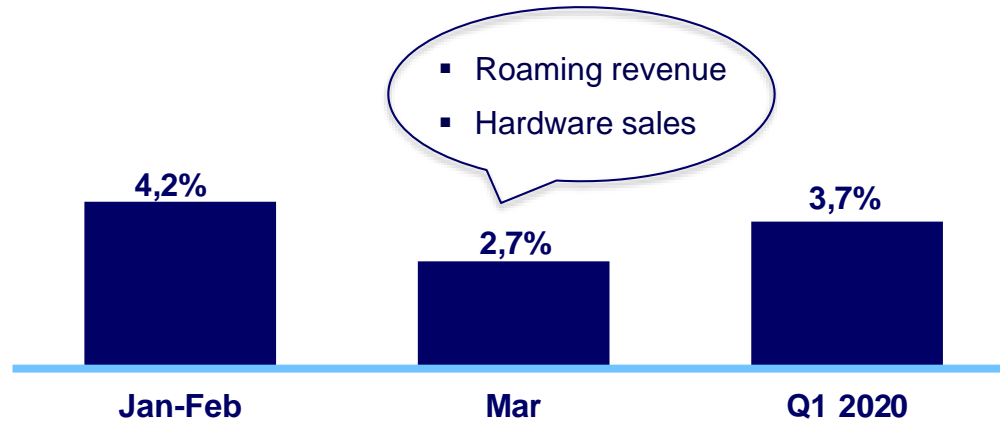


We have experienced immediate... ...and face also mid-term impact of lockdown

Impacted areas

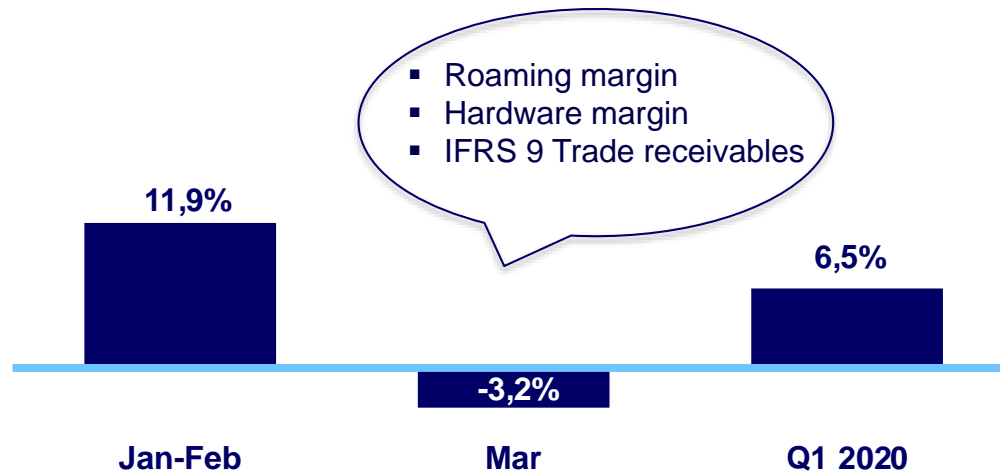
- Roaming revenue
- Hardware sales

Operating Revenue
(y-o-y)



- Roaming margin
- Hardware margin
- IFRS 9 Trade receivables

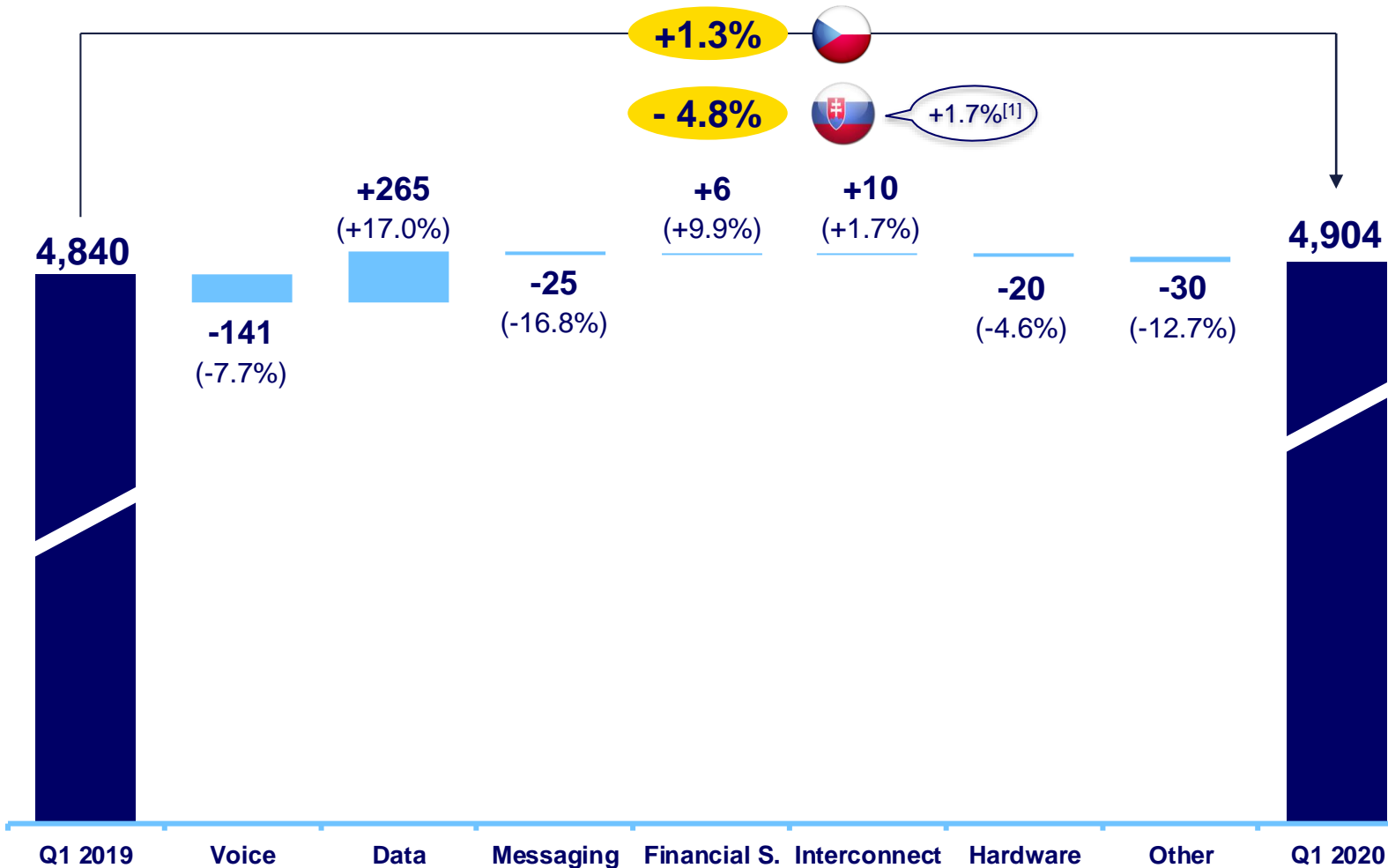
EBITDA
(y-o-y)





Double digit growth of mobile data... ...compensated for lower voice and messaging revenue

CZK millions
(% change y-o-y)



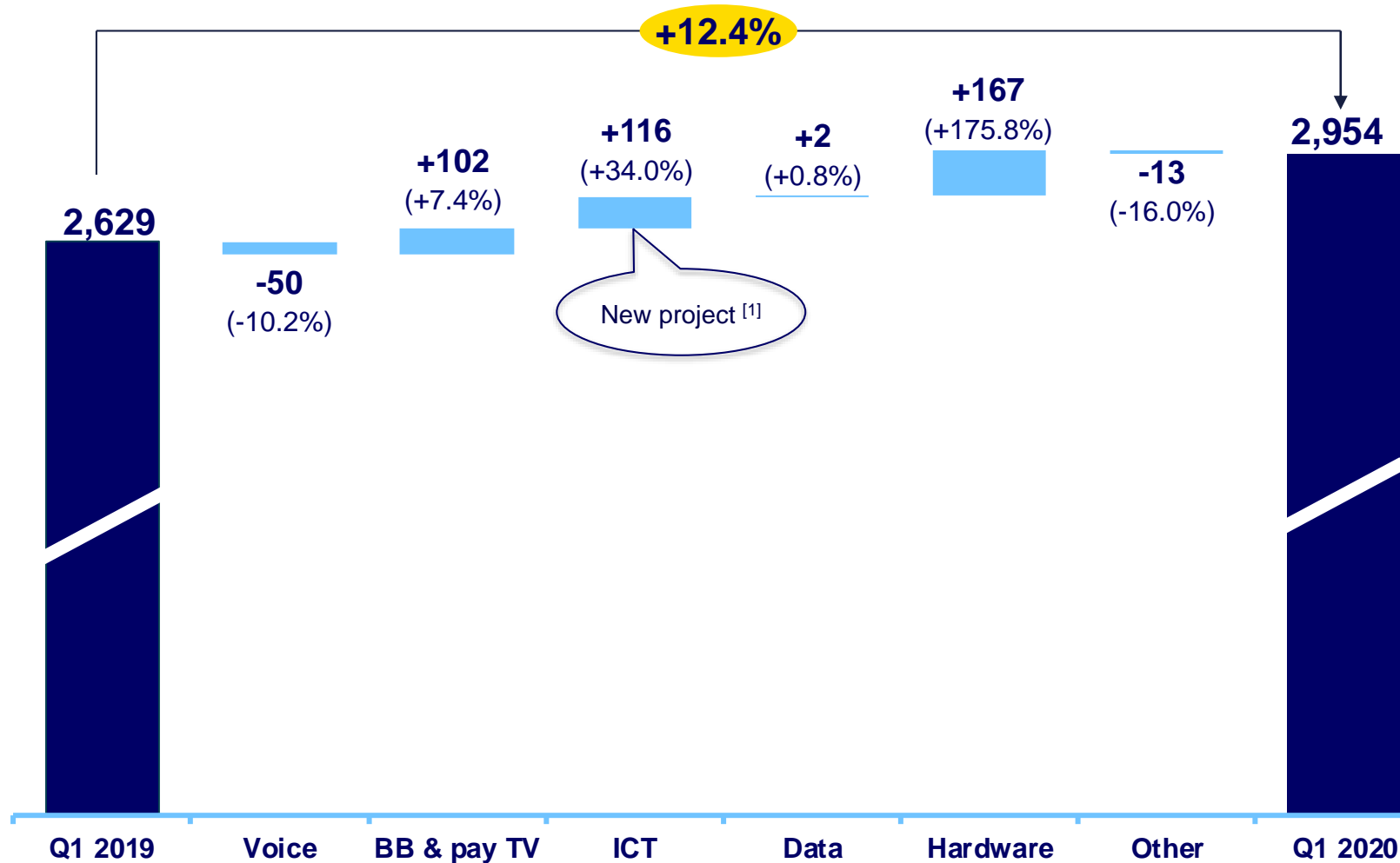
15 ^[1] Slovak mobile revenue would grow +1.7% y-o-y excluding interconnect and hardware sales. In 2019 the base was higher y-o-y due to the higher mobile interconnection rate (33% cut in August 2019) and O2 SK hardware sales were not impacted by the lockdown in 2019. Growth rate is in local currency (EUR).





Broadband & Pay TV and related hardware revenue keeps growing... ...growth of ICT revenue driven by new project

CZK millions
(% change y-o-y)



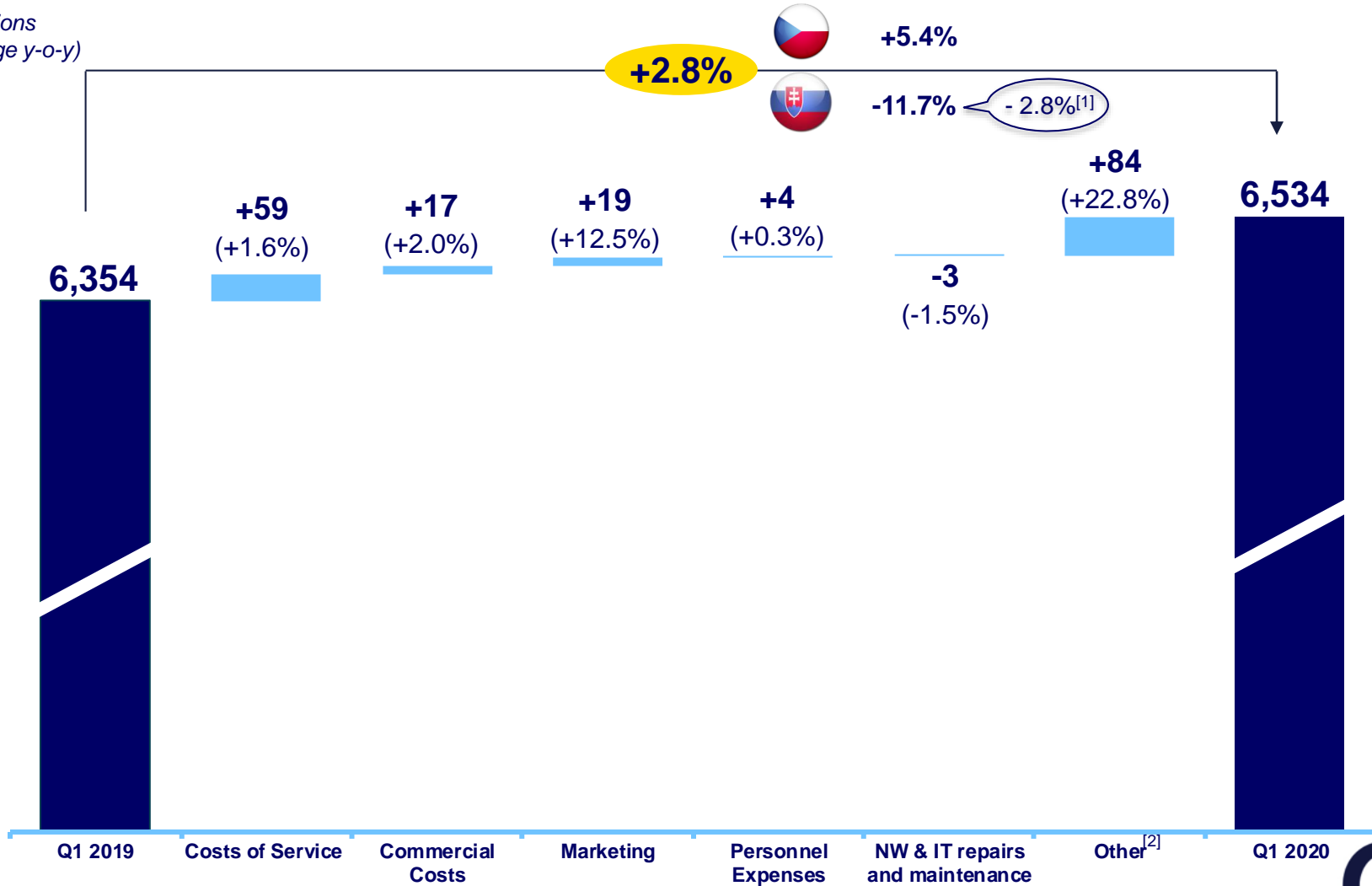
New project [1]





Incomparable Slovak cost base in Q1 2019... ...due to MTR cuts affecting Q1 2020

CZK millions
(% change y-o-y)



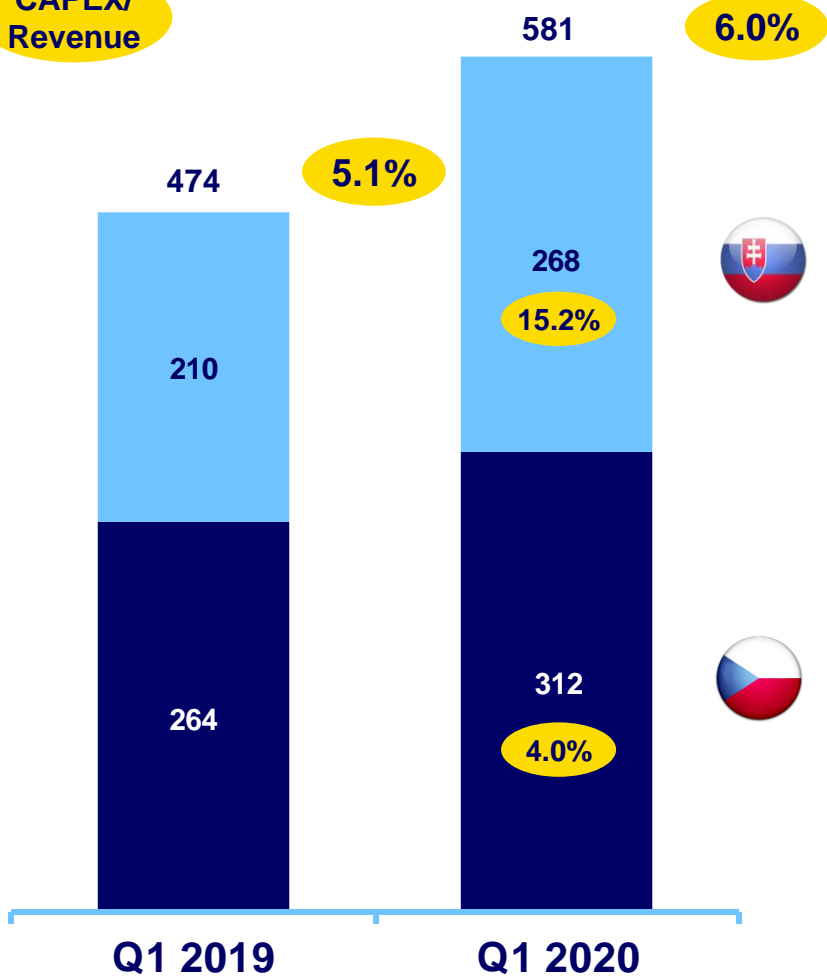
^[1] -2.8% y-o-y excluding interconnect and hardware costs of sales; ^[2] Taxes other than income taxes, bad debt provisions, rentals, buildings, vehicles, consumables, consultancy, billing, collection, call centers, management fees and other; including internal expenses capitalized in fixed assets



Light CAPEX profile in Czech Republic... ...continuous improvement of Slovak network

CZK millions

CAPEX/
Revenue



Slovakia

- ~65% of CAPEX directed into network capacity improvement

Czech Republic

- IT development
- Network capacity (network CAPEX: +73% y-o-y)





No major movements in balance sheet from 2019 year-end... ...cash accumulation for shareholder remuneration payment

<i>CZK millions</i>	31 Dec 2019	31 Mar 2020	31 Mar 20 /31 Dec 19
Non-current assets	28,006	28,101	+0.3%
- of which intangible assets	15,457	15,091	-2.4%
- of which property, plant & equipment	6,171	6,493	+5.2%
- of which right-of-use assets ^[1]	4,094	4,001	-2.3%
Current assets	14,674	16,079	+9.6%
- of which cash & cash equivalents	5,989	7,182	+19.9%
Total assets	42,680	44,180	+3.5%
Equity	14,177	15,618	+10.2%
Non-current liabilities	12,192	12,457	+2.2%
- of which financial debt	7,530	7,917	+5.1%
- of which lease liability ^[1]	3,475	3,569	+2.7%
Current liabilities	16,311	16,105	-1.3%
- of which financial debt	7,066	7,093	+0.4%
- of which lease liability ^[1]	693	678	-2.2%



CZK 17 per share dividend advance payment approved by the Board... ...CZK 4 per share premium to be voted at per rollam general meeting

2019 Regular Dividend

- **AGM** convened for April 16, 2020 **did not take place** due to COVID-19 pandemic
- Board of Directors approved **CZK 17** per share **dividend advance** payment (i.e. 100% amount proposed to AGM)
- **Record date:** April 6, 2020, **payment date:** May 6, 2020
- To be **confirmed** by **per rollam** voting (**no additional cash payment**)

Share Premium distribution

- Proposed **CZK 4** per share
- **To be voted at per rollam general meeting** (May 11 to June 17)
- Proposed **record date:** May 23, 2020 (ex-date: May 21, 2020^[1])
- Proposed **payment date:** June 22, 2020

AGM voting

- Results will be available online at <https://www.per-rollam.cz/o2/>
- Webpage will include information on whether the required majority was achieved

