

O2's three quarters: growing sales of mobile as well as home broadband and O₂TV, however mobile revenue falls due to the pandemic. Its second wave will impact results during the rest of the year.

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- **Customers show higher demand for fast and high-quality internet. In the first nine months, number of mobile customers grew by 6% largely thanks to the interest in mobile data connection.**
- **However, the mobile segment has not yet fully recovered from the spring's anti-epidemic measures – the mobile revenue decline was mainly caused by lower handset sales and significantly weaker roaming traffic were behind.**
- **Customers' interest in digital television O₂TV has continued, at the end of September the number of O₂TV customers exceeded 500 thousand.**
- **Revenue growth in fixed segment continues.**
- **Considering expected negative development in the rest of the year, O2's management has continued in a strict control of operating and capital expenditures.**
- **Thus, operational savings were a significant contributor to the net profit growth of eight percent.**
- **O2 significantly increased data limits in its upgraded O2 Data+ tariffs for customers using internet in portable devices not only for work and learning from home.**

In the third quarter of 2020, the negative impact of the COVID-19 pandemic continued to be reflected in the financial results of O2 Czech Republic. Due to the decline in travel to and from abroad, roaming revenue remained among the most affected areas. *“Although telecommunications are relatively immune to the pandemic effects, some of the anti-epidemic measures are negatively influencing also our industry,”* says Jindřich Fremuth, CEO and Chairman of the Board of O2 Czech Republic. *“I am pleased with the growing interest of customers in our internet, television and mobile tariffs, which are at this time even more important for the functioning of the society than ever before. However, even this fact could not compensate for the negative effects of the pandemic on our performance,”* he added.

“In the first half of the year, we did not meet our internal expectations due to the COVID-19 pandemic. To compensate for the decline in mobile revenue and to achieve net profit growth, we had to reduce both operating and capital expenditure,” states Tomáš Kouřil, O2's Chief Financial Officer and Vice-Chairman of the Board of Directors and adds: *„After the first pandemic wave ended we recoded a gradual improvement in our financial performance. Unfortunately, the second wave leads to the deterioration of the outlook for the rest of the year.”*

Operating overview

The **total number of mobile registered customers in the Czech Republic** reached 5,941 thousand at the end of September 2020. The number of **contract customers** was 3,282 thousand, the number of mobile prepaid customers was 1,930 thousand, while the number of M2M SIMs stood at 729 thousand.

The number of customers of any **O₂TV** tariff provided over O2 fixed line (IPTV) as well as over internet connection from any provider (OTT), reached **503 thousand** as at 30 September 2020 including customers subscribed for monthly prepaid **O₂TV Sport Pack online and O₂TV HBO and Sport Pack tariffs**.

Number of **broadband internet customers** served via fixed line as well as wireless technology reached in total 849 thousand at the end of September 2020.

As at 30 September 2020, the total active customer base in Slovakia reached 2,189 thousand. The number of contract customers reached 1,049 thousand, the number of mobile prepaid customers was 721 thousand, while the number of M2M SIMs stood at 419 thousand.

Financial overview

Total consolidated operating revenue reached **CZK 29,245 million** in the first nine months of 2020, **up 2.2%** year-on-year. O₂TV and mobile data revenue were the key growth drivers.

In the Czech Republic, operating revenue increased by 2.7% to **CZK 23,764 million** in the first three quarters of 2020. In the **mobile segment** revenue declined by 0.5% to CZK 14,880 million in the first nine months of 2020. In the **fixed segment** revenue reached CZK 8,883 million in the first nine months of 2020.

In Slovakia, total **operating revenue decreased by 1%** to CZK 5,606 million in the first nine months of 2020. Similarly to the situation in the Czech Republic, lower roaming revenue and mobile hardware sales were the key negative drivers during the COVID-19 crisis.

Consolidated EBITDA reached **CZK 9,863 million** in the first nine months of 2020, while consolidated **net profit increased by 7.7%** year-on-year to **CZK 4,334 million**.

Financial indicators	9M2020	9M2019	9M20/9M19
Operating revenue	29,245	28,615	+2.2%
- CZ mobile revenue	14,880	14,948	-0.5%
- CZ fixed revenue	8,883	8,183	+8.6%
- SK revenue	5,606	5,665	-1.0%
Total costs	19,471	19,379	+0.5%
- of which operating costs	5,619	5,700	-1.4%
EBITDA	9,863	9,318	+5.9%
<i>EBITDA margin</i>	<i>33.7%</i>	<i>32.6%</i>	<i>+1.1 p.p.</i>
Net profit	4,334	4,023	+7.7%

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About O2 Czech Republic

O2 is the largest telecommunications provider in the Czech market. The company offers voice, internet and data services to customers ranging from households to small and medium-sized businesses, as well as to large corporations. O2 is always on the cutting edge of technology. The company is presently gearing up for the arrival of the fifth-generation networks (5G), having been the first to test 5G in a real environment. O2 is also the largest internet provider to homes and businesses, reaching 99% of the population with the service. The fixed internet connection works best in combination with the O₂ Smart Box modem, which has been developed in-house. With its O₂ TV service, O2 is the largest provider of IPTV service in the Czech Republic and holds a number of exclusive sports rights, which makes its sports content proposition the most attractive on the Czech market. The company is one of the largest players in hosting and cloud services, as well as in managed services and ICT. As trends in the telecommunications sector are always evolving, O2 also focuses on the development and marketing of non-traditional telecommunications services. These include, in particular, financial services such as equipment insurance, mobile travel insurance or O₂ eKasa electronic sales registration solutions.