

The background of the slide is a dynamic splash of water against a dark blue gradient. The water is captured in mid-air, with numerous bubbles and droplets of varying sizes. The lighting highlights the texture and movement of the water, creating a sense of freshness and energy. The overall color palette is shades of blue, from deep navy to light sky blue.

O2 Czech Republic, a. s.

10th May 2019

Quarterly Results January – March 2019

O₂

Cautionary statement

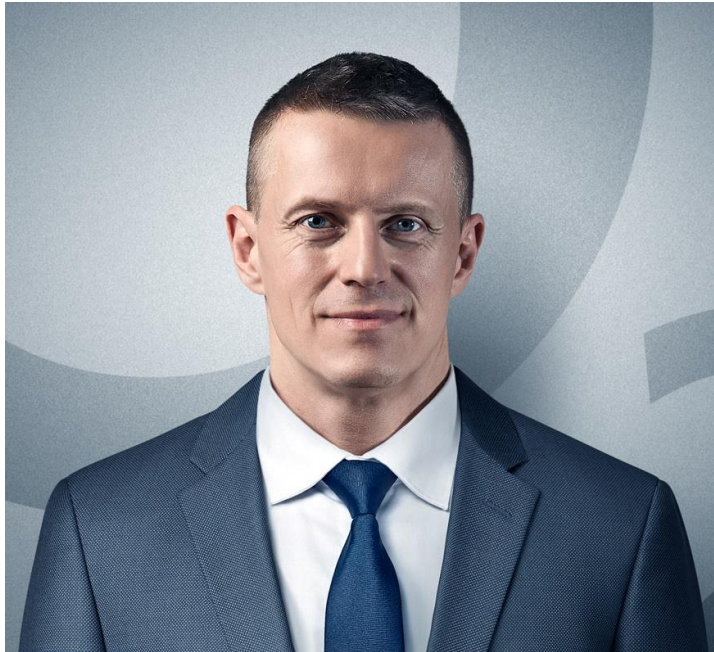
Any forward-looking statements concerning future economic and financial performance of O2 Czech Republic a.s. contained in this Presentation are based on assumptions and expectations of the future development of factors having material influence on the future economic and financial performance of O2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

Doubled data volumes in flagship tariffs... ...leading the way towards 5G network

Improved data centric proposition



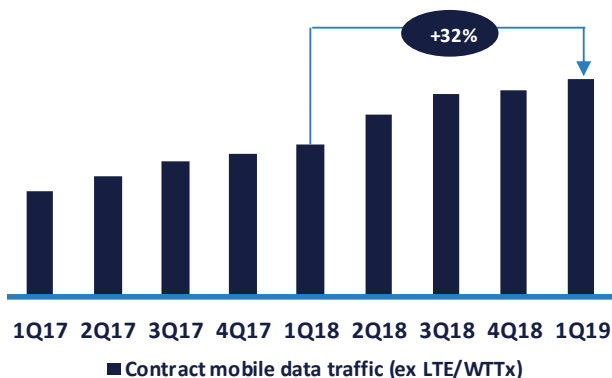
First mobile network with 5G speeds



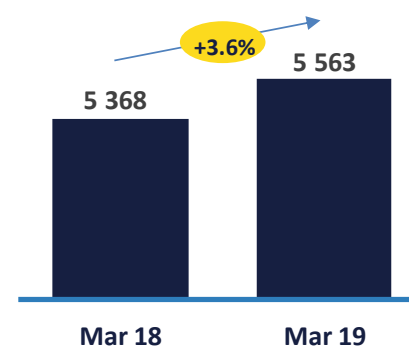
4CC^[1] in LTE TDD network
+ 4x4 MIMO a 256QAM



Contract mobile traffic up by 1/3



Total mobile base^[2] (‘000)



^[1] four-component carrier aggregation (LTE 800 FDD, LTE 1800 FDD, LTE 2100 FDD, LTE 2600 FDD) ^[2] Since Q1 2019, O2 reports mobile customers base in the Czech Republic using on 13M activity criteria (in line with market standard), and excluding 4G LTE FDD/WTTx LTE TDD mobile broadband customers of technology agnostic home broadband service



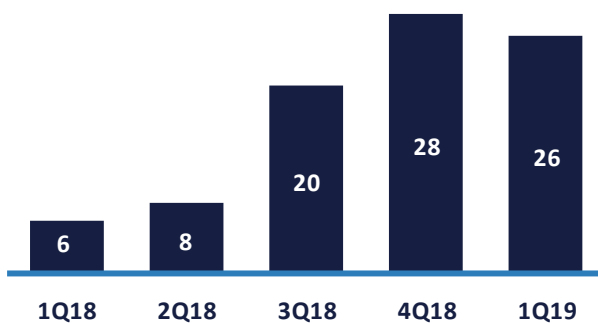
Increasing coverage of fixed wireless broadband via WTTX... ...new unique device expanding home WiFi connection

FWA (WTTx 3.7 GHz) commercial launch

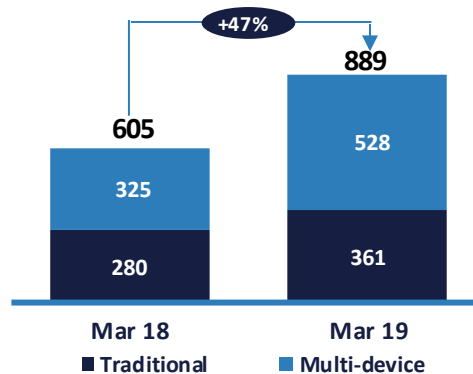
O2 Smart Booster expands home WiFi network



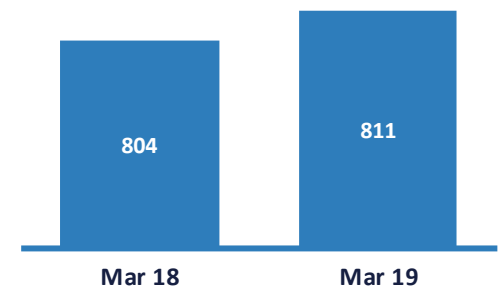
Pay TV net adds^[1]
(‘000)



O₂ TV users^[2]
(‘000)



Fixed broadband base^[3]
(‘000)



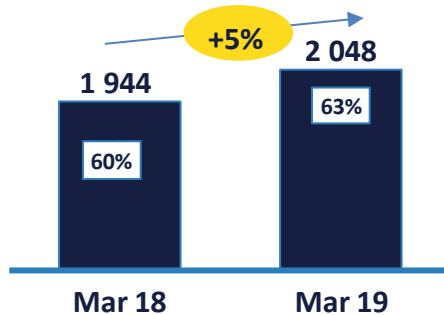
^[1] IPTV & OTT, incl. Multi (second STB); ^[2] Traditional paid tariffs: IPTV, OTT, Multi; Multi-device: applications & web (average monthly number of unique users, incl. paid O2 TV Sport Pack); ^[3] Technology agnostic (xDSL, fiber, WTTx, LTE)



Growing base & ARPU in Slovakia thanks to NW quality & proposition with a positive impact on financial performance

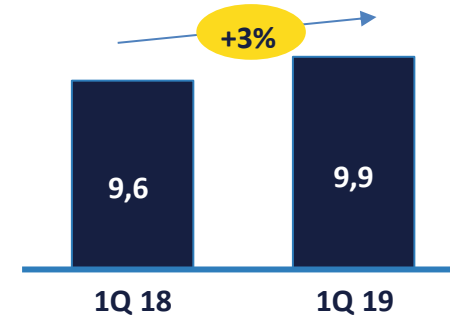
Improving customer mix

(total base in '000; of which post-pay in %)



ARPU growth driven by post-pay

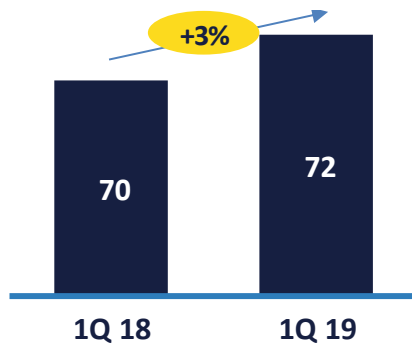
(EUR/month)



Strong financial performance

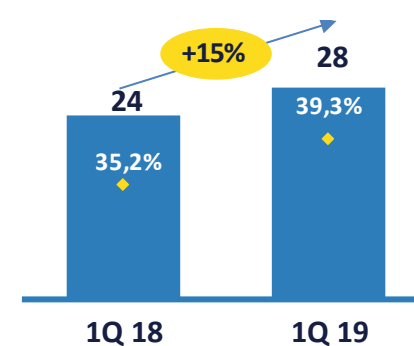
Revenue

(growth rate in EUR)



EBITDA/margin

(growth rate in EUR)



^[1] including IFRS 16 positive EBITDA impact; normalized EBITDA growth +6.4% y-o-y



A person is captured in mid-stride, running on a blue track. The background is a dark blue wall with a grid pattern. The person is wearing dark shorts and blue and white running shoes. The overall lighting is dramatic, with strong highlights and deep shadows.

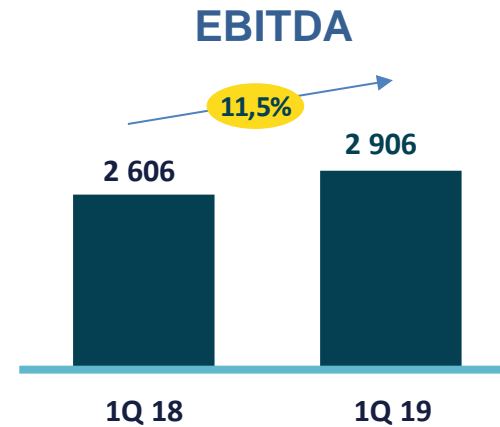
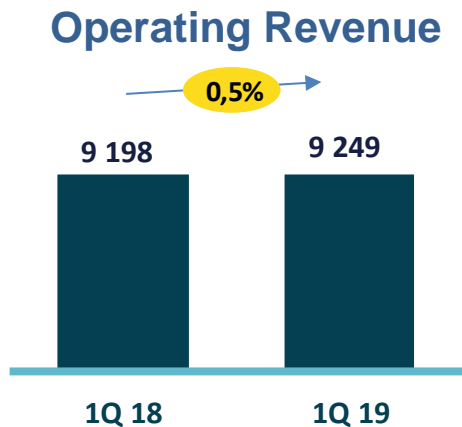
Financial Performance January – March 2019

O₂



Investment into pro-growth areas impacted net income... ...but boosted EBITDA

<i>CZK millions</i>	Jan - Mar 2019 ^[1]	Change 1Q19 /1Q18
Operating Revenue	9,249	+0.5%
CZ Fixed	2,618	
CZ Mobile	4,851	
Slovakia	1,839	
EBITDA	2,906	+11.5%
<i>EBITDA margin</i>	31.4%	
Net Income	1,236	-7.0%
Free Cash Flow	703	
Capex	474	-12.7%
CZ Capex	264	-23.5%
SK Capex	210	+6.1%





Growth of mobile voice & data and financial services revenue... ...compensated lower messaging and hardware sales

CZK millions
(% change y-o-y)

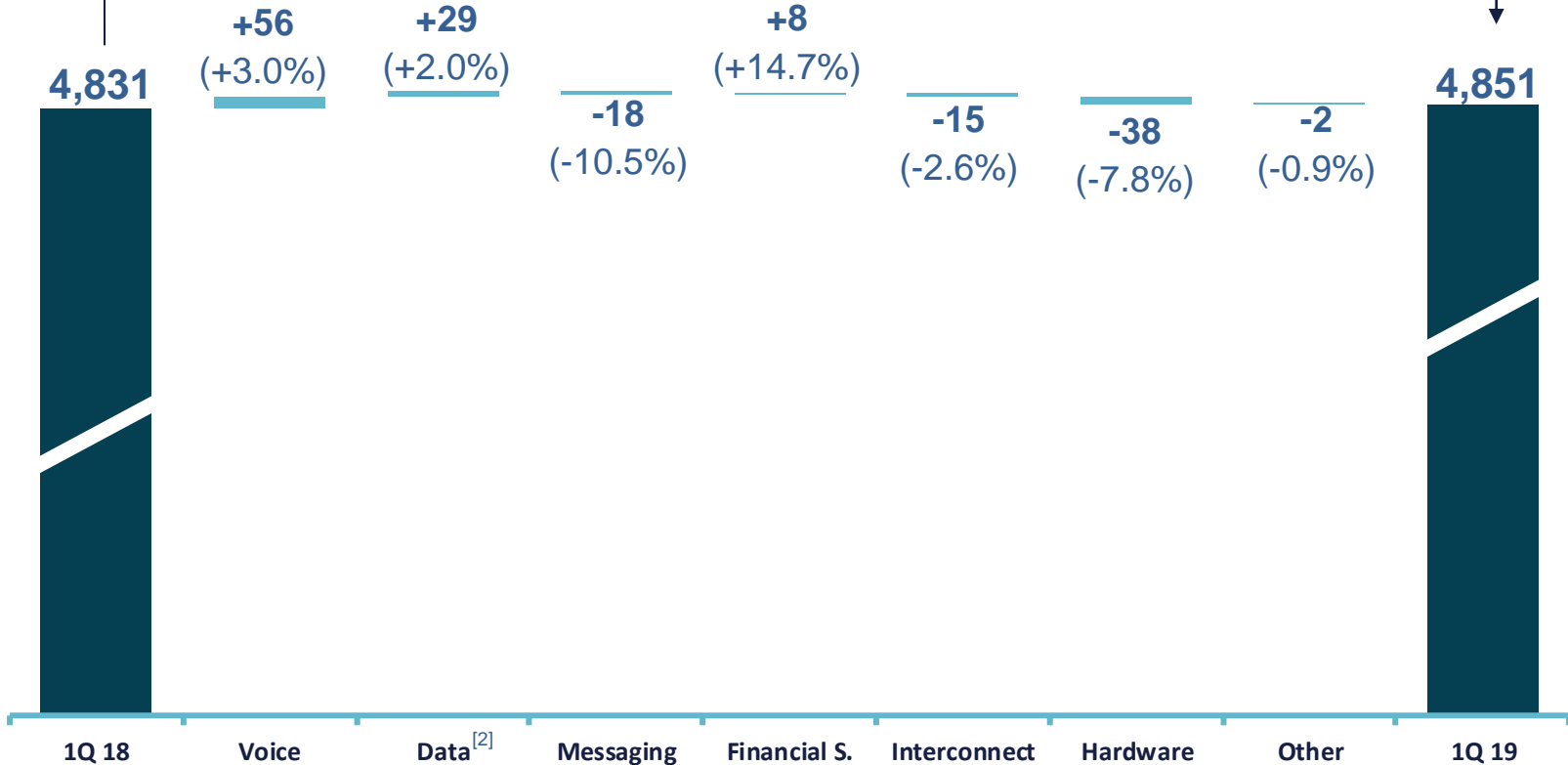
Slovakia Mobile Revenue^[1]

+2.6%



Czech Mobile Revenue

+0.4%



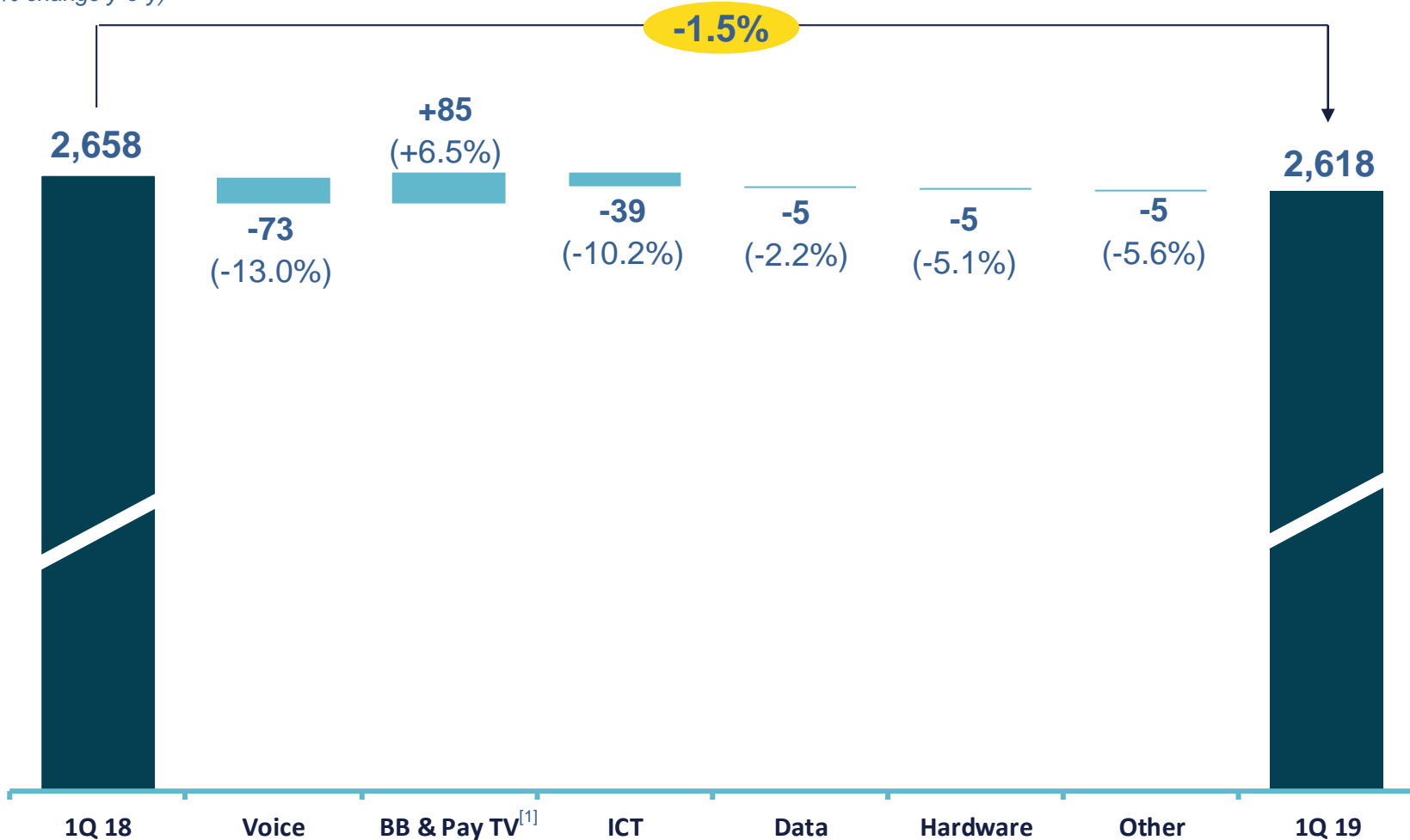
10 ^[1] Key driver: Data: +31%; O2 Slovakia, growth rate in local currency (EUR); ^[2] excluding fixed wireless BB (LTE, WTTx), which is included in fixed revenue since 2019





Technology agnostic Broadband & Pay TV growing... ...while fixed voice still declining

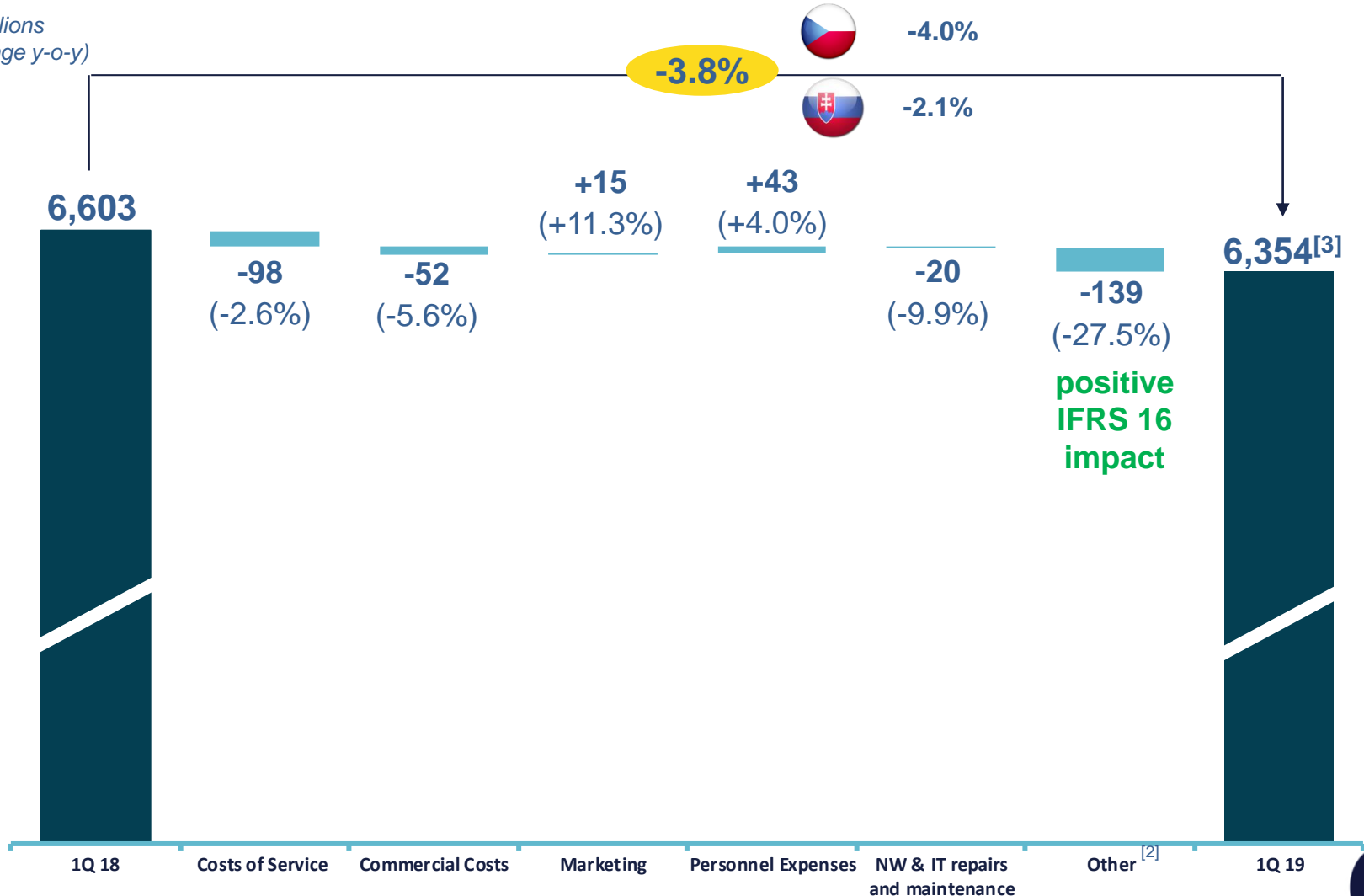
CZK millions
(% change y-o-y)





Underlying^[1] cost base is under control... ...with savings in both Czech republic as well as Slovakia

CZK millions
(% change y-o-y)



positive
IFRS 16
impact

^[1] -0.9% year-on-year excluding IFRS 16 positive impact; ^[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; ^[3] CZK 193 million positive effect of IFRS 16 (Rentals, Buildings, Vehicles)

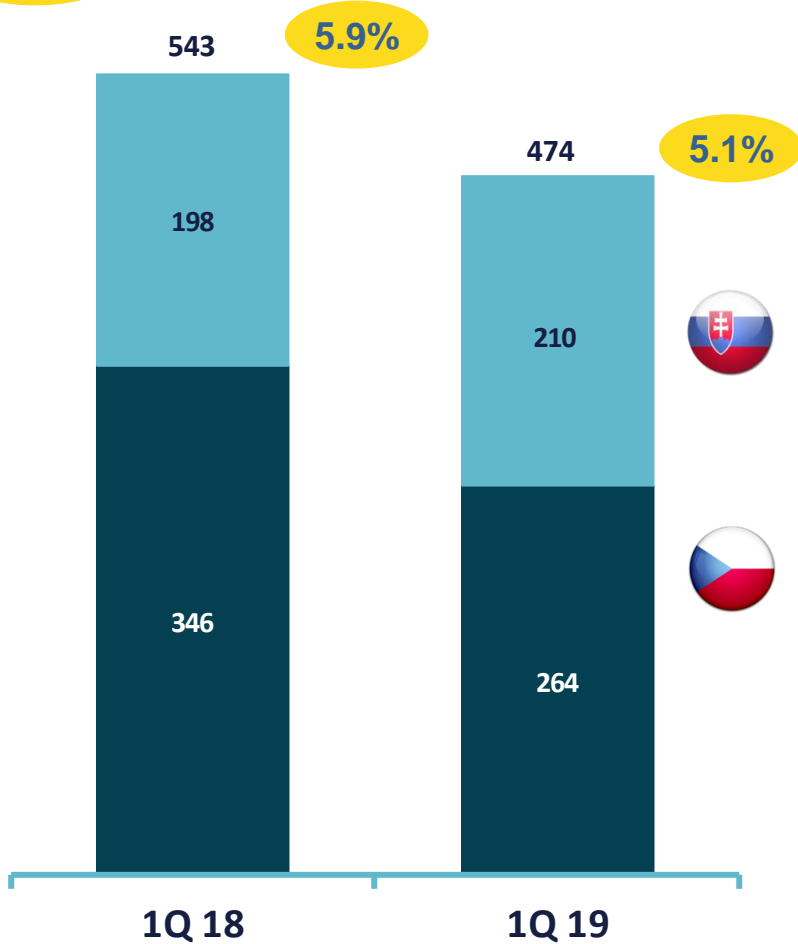




Light CAPEX profile in Czech Republic... ...continuous investments in mobile network in Slovakia

CZK millions

CAPEX/
Revenue



Slovakia

- 60% of Capex directed into network
 - 2G expansion to reduce national roaming
 - Mobile NW capacity (transmission) improvement

Czech Republic

- IT upgrade
- Retail shops redesign

New IFRS 16 “Leases” applicable since January 2019... ...negligible net income impact, increase in assets & liabilities

Key impacted leases in O2 CZ Group:

- operating leases of stores, offices, vehicles and telecommunication towers (in Slovakia)

Balance sheet treatment:

- lease payments newly capitalized to **assets** and corresponding **lease liabilities** newly recognized (~ CZK 4.3 billion)

P&L treatment:

- before: operating costs/costs of sales (EBITDA)
- after: amortization of right-of-use assets and interest expense (below EBITDA)

<i>CZK millions</i>	1Q 2019 reported	1Q 2019 ex. IFRS 16	IFRS 16 impact
EBITDA	2,906	2,713	+193
D&A (Amortization of right-of-use asset)	(183)	-	(183)
Financial (interest) expense	(81)	(58)	(23)
Net income	1,236	1,250	(12)





IFRS 16 increased both, assets and liabilities by ~ CZK 4.3 billion... ...no major movements in other balance sheet items

<i>CZK millions</i>	31 Dec 2018	31 Mar 2019	31 Mar 19 /31 Dec 18
Non-current assets	25,190	28,939	+14.9%
- of which intangible assets	17,164	16,700	-2.7%
- of which property, plant & equipment	6,130	6,134	+0.1%
- of which right-of-use assets	-	4,285	<i>n.m.</i>
Current assets	10,940	11,866	+8.5%
- of which cash & cash equivalents	2,475	2,952	+19.3%
Total assets	36,130	40,805	+12.9%
Equity	15,225	16,465	+8.1%
Non-current liabilities	12,083	15,504	+28.3%
- of which financial debt	10,461	10,464	+0.0%
- of which lease liability	-	3,610	<i>n.m.</i>
Current liabilities	8,822	8,836	+0.2%
- of which lease liability	-	709	<i>n.m.</i>

CZK 21 per share total shareholder remuneration for 2018... share premium distribution on top of regular dividend...

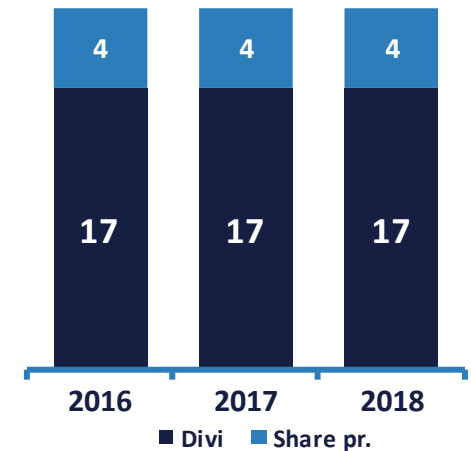
2018^[1]
Regular
Dividend

- Proposed **DPS: CZK 17**
- ... **98% of net profit...in line with dividend policy...**
- ...distribution of **90% to 110% standalone net profit**

Share Premium
distribution^[1]

- **On top of regular dividend**
- Proposed **CZK 4 per share**
- **Not one-off, but mid-term intention**

Total shareholder remuneration
(CZK per share)



up to **CZK 6,515m^[2]**
Final **decision by AGM**

Key dates

- **Annual General Meeting: 4th June 2019**
- **Record date: 4th June 2019^[1] (ex-date: 3rd June 2019^[3])**
- **Payment date: 4th July 2019^[1]**

^[1] Proposal by the Board of Directors to the General Meeting for discussion and voting, ^[2] O2 CR will have no entitlement to dividend payment and amount related to the distribution of the share premium related to the treasury shares. Final total amount paid to the shareholders will depend on the actual number of treasury shares held by O2 CR as at the record date; ^[3] based on T+2 days settlement on Prague Stock Exchange

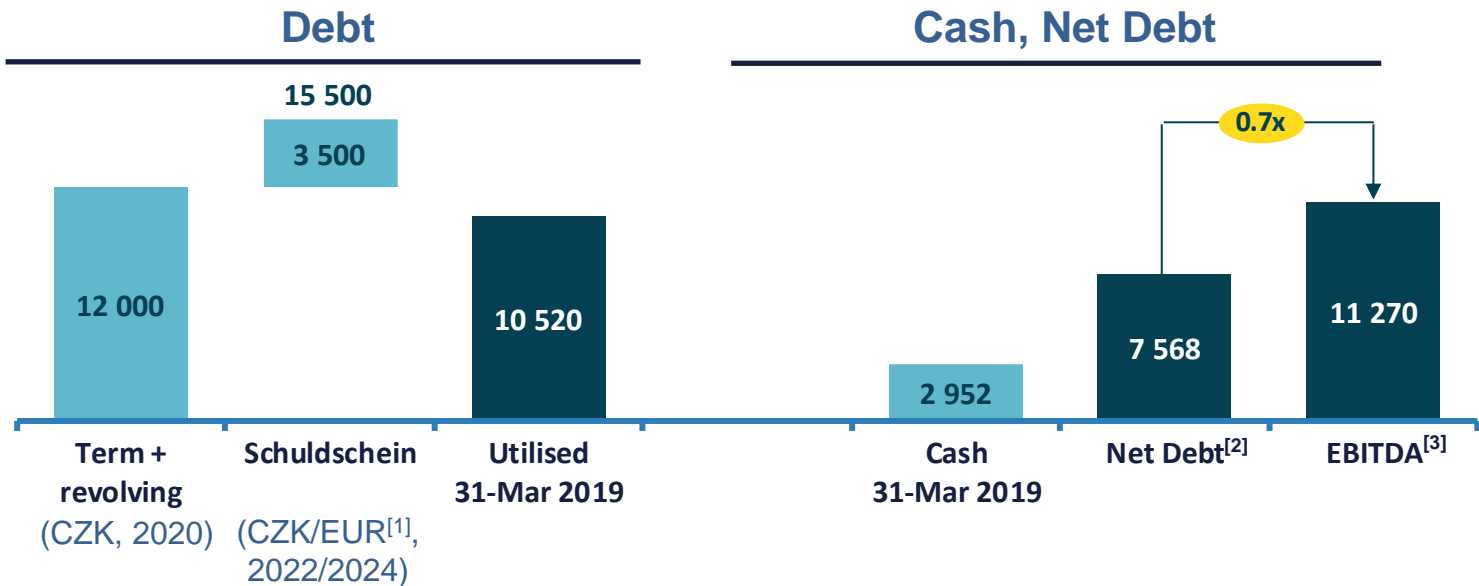


Net Debt/EBITDA at low 0.7x...

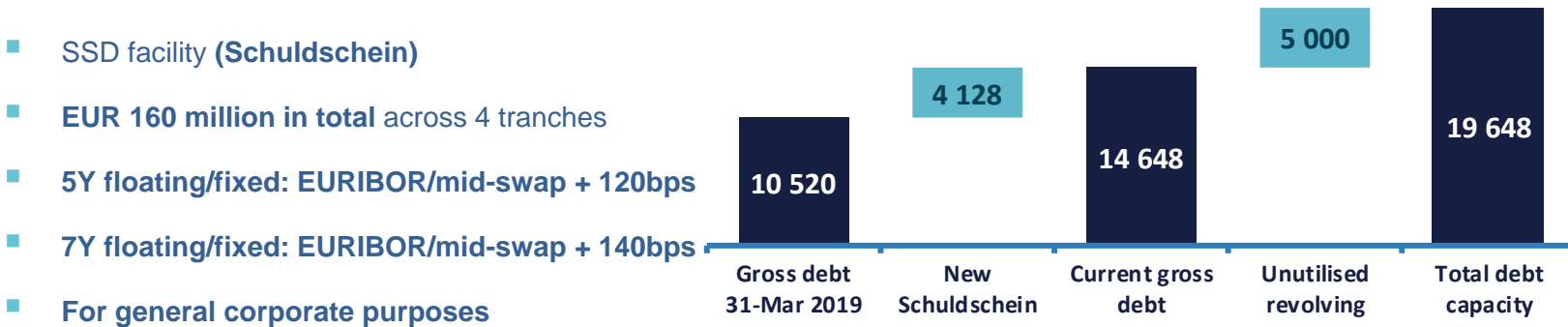
...new EUR 160 million 5/7 years funding raised

CZK millions

End of Q1 2019



After new funding (Q2 2019)



17 ^[1] CZK 3,000m, EUR 20m; ^[2] Cash less financial debt (excluding IFRS 16 lease liability); ^[3] Twelve months EBITDA ending 31 March 2019 (excluding IFRS 16 impact in 1Q 2019)

