

# O2 in 2020: Data traffic growth during work-from-home times. Flat mobile revenue. Operational savings helped profit growth.

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- During more widespread work from home and distance learning, O2's network recorded significant traffic growth; fixed data traffic grew by 54% year-on-year in 2020, the mobile traffic grew even by 70%.
- Yet, revenue in mobile segment were flat year-on-year due to the significantly weaker roaming traffic and lower handset sales.
- Revenue in fixed segment grew mainly in the ICT area.
- In both the Czech Republic's and the Slovakia's spectrum auction, O2 won the maximum spectrum to which it was entitled according to the auctions' conditions for its customers, respectively maximum intended spectrum.

In the fourth quarter of 2020, the negative impact of the COVID-19 pandemic continued to be reflected in the financial results of O2 Czech Republic. *“Although our brand shops remained open throughout the state of emergency, in 2020, we recorded a lower footfall by almost a quarter. Customer service digitization and intelligent cooperation among individual distribution channels has also become a key priority for us, which has contributed to a very high loyalty of our customers,”* says Jindřich Fremuth, CEO and Chairman of the Board of O2 Czech Republic. *At the same time, we have been actively involved in helping during these difficult times. In the fight against the virus we supported both the state as well as children from socially disadvantaged families, which we connected to distance learning. I am very pleased that our networks and technologies have ensured a smooth transition of a substantial part of the country to the online environment,”* he adds.

*“For the whole of 2020, financial performance fell short of our internal expectations. To compensate for the negative impact of the coronavirus pandemic, on our mobile revenue in particular, we had to reduce both operating and current capital expenditure,”* states Tomáš Kouřil, O2's Chief Financial Officer and Vice-Chairman of the Board of Directors and adds: *„Even in this difficult situation with an uncertain outlook, we won the maximum possible new spectrum for our customers in the Czech Republic and Slovakia. This will help us maintain our position as a technology leader in the future.”*

## Operating overview

The **total number of mobile registered customers in the Czech Republic** reached 5,968 thousand at the end of 2020. The number of **contract customers** was 3,316 thousand, the number of mobile prepaid customers was 1,907 thousand, while the number of M2M SIMs stood at 746 thousand.

The number of services of any of the **O<sub>2</sub>TV** tariff provided over O2 fixed line (IPTV) as well as over internet connection from any provider (OTT), reached **529 thousand** as at 31 December 2020 including customers subscribed for monthly prepaid O<sub>2</sub>TV Sport Pack online and O<sub>2</sub>TV HBO and Sport Pack tariffs.

Number of **broadband internet customers** served via fixed line as well as wireless technology reached 855 thousand in total at the end of 2020.

As at 31 December 2020, the total active customer base in Slovakia reached 2,230 thousand. The number of contract customers reached 1,055 thousand, the number of mobile prepaid customers was 720 thousand, while the number of M2M SIMs stood at 455 thousand.

## Financial overview

**Total consolidated operating revenue** reached **CZK 39,771 million** in 2020, **up 2.6%** year-on-year. O<sub>2</sub>TV, mobile data and ICT revenue were the key growth drivers.

**In the Czech Republic**, operating revenue increased by 2.9% to **CZK 32,252 million** in 2020. In the **mobile segment**, revenue was flat year-on-year and reached CZK 20,136 million. In the **fixed segment**, revenue grew by 7.9% year-on-year in 2020 to reached CZK 12,117 million.

**In Slovakia**, total **operating revenue** grew by 0.4% to CZK 7,681 million in 2020. Of that, mobile revenue declined by 2.4% to CZK 7,314 million, respectively by 5.3% to EUR 277 million.

**Consolidated EBITDA** reached **CZK 13,321 million** in 2020, up by 5.6% year-on-year, while consolidated **net profit increased by 7.1%** year-on-year to **CZK 5,846 million**.

Financial indicators	FY2020	FY2019	FY20/FY19
<b>Operating revenue</b>	<b>39,771</b>	<b>38,760</b>	<b>+2.6%</b>
- CZ mobile revenue	20,136	20,119	+0.1%
- CZ fixed revenue	12,117	11,232	+7.9%
- SK revenue	7,681	7,647	+0,4%
- of which mobile revenue <sup>1)</sup>	7,314	7,495	-2.4%
<b>Total costs</b>	<b>26,536</b>	<b>26,211</b>	<b>+1.2%</b>
- of which operating costs	7,600	7,665	-0.8%
<b>EBITDA</b>	<b>13,321</b>	<b>12,619</b>	<b>+5,6%</b>
<b>EBITDA margin</b>	<b>33.5%</b>	<b>32.6%</b>	<b>+0.9 p.p.</b>
<b>Net profit</b>	<b>5,846</b>	<b>5,460</b>	<b>+7.1%</b>

<sup>1)</sup> mobile revenue in EUR: -5.3 %

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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 O<sub>2</sub> Smart Box modem, which has been developed in-house. With its O<sub>2</sub> 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 O<sub>2</sub> eKasa electronic sales registration solutions.