

O2 in the first quarter 2021: Stable net profit despite continuous effects of the pandemic

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- **Ongoing roaming revenue loss has been compensated by growth of revenue from traditional services.**
- **Consolidated net profit in the first quarter of 2021 was overall flat year on year.**
- **Revenue in fixed segment grew mainly thanks to the ICT area.**
- **In 2021, investment-intensive network upgrades associated with the swap to Ericsson technologies begin.**

“For a year now, we have been dealing with all the problems that the pandemic brings. Our technologies and services reliably support work from home, distance learning and the functioning of society. We are facing more than a twofold increase in network traffic, more difficult distribution channels operation and often more urgent needs of our customers. This requires not only additional investments in networks and capacities, but also significantly increased efforts and creativity of all people at O2. For them, work in this situation is more difficult than usual. Above all, I would like to thank them very much for all this,” says Jindřich Fremuth, CEO and Chairman of the Board of O2 Czech Republic.

To meet customer expectations at a time of rapidly growing demands for network quality and speed, O2 has doubled the speed of fixed internet connections for more than a million people during the first quarter. In addition, right now it is commencing very investment-intensive swap of its radio network, which, thanks to the state-of-the-art Ericsson technologies, will bring fast 5G mobile internet to further millions of customers both in the Czech Republic and Slovakia.

“In the Czech Republic, we are successfully compensating persistent negative impact of the pandemic on roaming revenue with growth in traditional areas. We are gradually increasing ICT revenue, which however generates significantly lower profitability compared to our traditional business,” states Tomáš Kouřil, O2’s Chief Financial Officer and Vice-Chairman of the Board of Directors and adds: *„In Slovakia, where in 2020 we reported over 5% year-on-year decline of mobile revenue, we see its gradual stabilisation in the first quarter.”*

Operating overview

The **total number of registered mobile SIMs in the Czech Republic** reached 5,952 thousand at the end of March 2021. The number of **contract services** was 3,328 thousand, the number of prepaid mobile SIMs was 1,872 thousand, while the number of M2M SIMs stood at 752 thousand.

The number of services of any of the **O₂TV** tariff provided over O2 fixed line (IPTV) as well as over internet connection from any provider (OTT) reached **563 thousand** as at 31 March 2021 including customers subscribed for monthly prepaid O₂TV Sport Pack online and O₂TV HBO and Sport Pack tariffs.

Number of **broadband internet connections** served via fixed line as well as wireless technology reached 862 thousand in total at the end of March 2021.

As at 31 March 2021, the **total number of active SIMs in Slovakia** reached 2,221 thousand. The number of contract services reached 1,057 thousand, the number of prepaid mobile SIMs was 704 thousand, while the number of M2M SIMs stood at 460 thousand.

Financial overview

Total consolidated operating revenue reached **CZK 10,109 million** in the first quarter 2021, **up 5.4%** year-on-year. O₂TV, mobile data, ICT and Slovak revenue were the key growth drivers.

In the Czech Republic, operating revenue increased by 4.2% to **CZK 8,190 million** in the first three months of 2021. In the **mobile segment**, revenue grew by 1.4% year-on-year and reached CZK 4,970 million. In the **fixed segment**, revenue reached CZK 3,221 million, up by 8.9% year-on-year, while **excluding ICT revenue**, it would remain almost **flat year-on-year**.

In Slovakia, total **operating revenue** grew by 10.1% to CZK 1,946 million in the first quarter of 2021 (+8.3% to EUR 74.6 million). Of that, mobile revenue went up by 8.2% to CZK 1,837 million, respectively by 6.4% to EUR 70.5 million (after a 5.3% year-on-year decline in 2020, there is a gradual stabilisation), mainly thanks to hardware sales growth.

Consolidated EBITDA reached **CZK 3,388 million** in the first quarter 2021, while consolidated **net profit** reached **CZK 1,293 million**.

Financial indicators	1Q2021	1Q2020	1Q21/1Q20
Operating revenue	10,109	9,590	+5.4%
- CZ mobile revenue	4,970	4,900	+1.4%
- CZ fixed revenue ¹⁾	3,221	2,958	+8.9%
- SK revenue	1,946	1,767	+10.1%
- of which mobile revenue ²⁾	1,837	1,698	+8.2%
Total costs	6,737	6,535	+3.1%
- of which operating costs	1,898	2,024	-6.3%
EBITDA	3,388	3,096	+9.4%
EBITDA margin	33.5 %	32.3 %	+1.2 p. p.
Net profit	1,293	1,268	+1.9%

¹⁾ excluding ICT revenue: +0.6% year-on-year

²⁾ after a 5.3% year-on-year decrease in FY 2020, there is a gradual stabilisation and mobile revenue in EUR grew by 6.4% year-on-year

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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.