

A dynamic splash of water with numerous bubbles and droplets, set against a dark blue background that transitions to a lighter blue gradient on the right side.

O2 Czech Republic

Quarterly Results
October – December 2015

26th January 2016



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.



Performance Highlights

Our mobile strategy works...

... two digit growth in data revenue



Our customers are loyal

- Significant improvement in blended churn...
- ... record high loyalty level
- Best in class contract churn in EU context

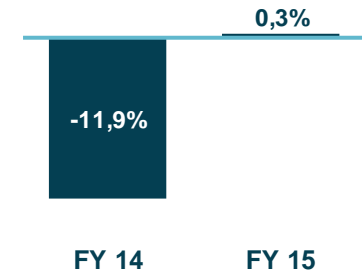
Contract churn



Stable spend

- Tariff upsell
- B2B under pressure, but decline decelerating
- Data monetization works

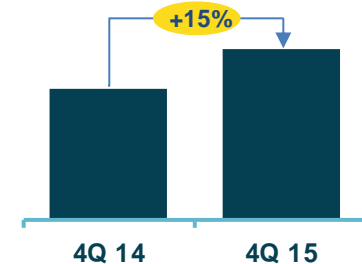
ARPU (y-o-y)



And data monetized

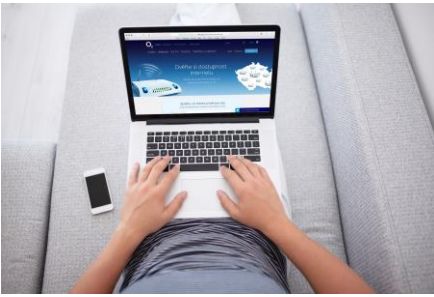
- LTE network coverage
- LTE up to 2x more traffic and spend
- Data package readily available

Small screen revenue

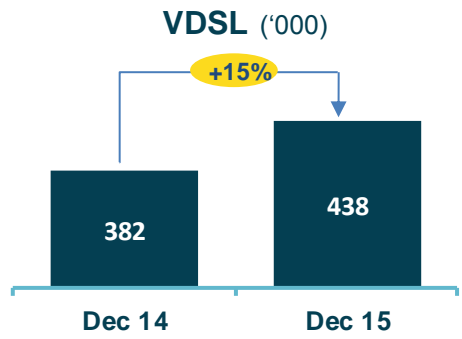


More rich content & tariff upsell resulting in double digit Pay TV revenue growth... ...Improving fixed BB experience with continuing migration to VDSL

Fixed BB accelerating

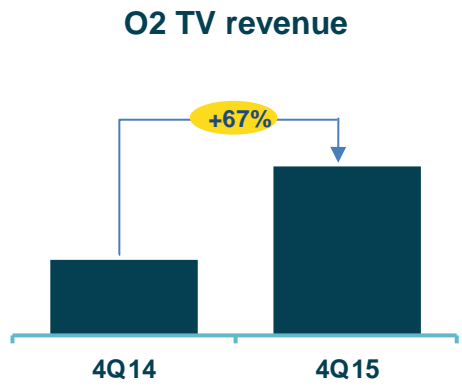


- VDSL network coverage
- Acceleration in progress
- Higher VDSL loyalty¹⁾
- VDSL +15 % y-o-y



Growing Pay TV

- Tariff upsell
- Unique experience
- Available to all households²⁾



Unlimited fixed voice

- Fixed voice revolution
- Tariff upsell
- Successful pilot, execution in H1 2016



¹⁾ by 40% higher compared to ADSL
²⁾ all households in the Czech Republic with internet connection from any provider

O2 brings unique multidimensional customer experience...



Anytime

Time shift



Recording



Video on demand



Anywhere

Multi-device



For all



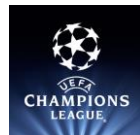
Retail distribution since 2/2016



Multi-room



Unique content



Any match



Any camera



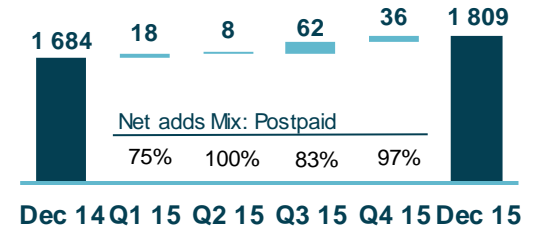
Slovakia maintains commercial & financial growth... ... on the back of value & data focused proposition



Growing mobile customers

- Solid customers' growth maintained in increasing competitive landscape
- Maintaining customer loyalty & value
- Strengthening market position

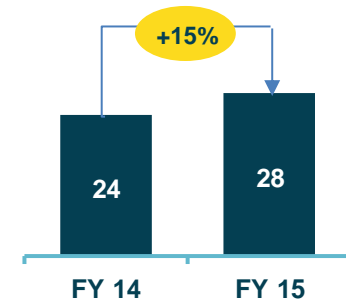
Customer base ('000)



Growing data revenue

- Growing 3G and 4G network coverage
- Data focused proposition driving smartphone penetration...
- ...internet base & data revenue growth

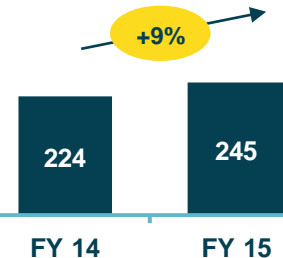
Data revenue (EURm)



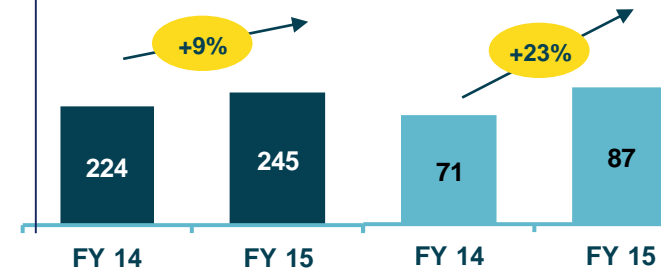
Strong financials

- Solid revenues growth driven by data & HW
- EBITDA margin 35.4% in 2015
- Positive contribution to Group financials

Revenue (EURm)



EBITDA (EURm)

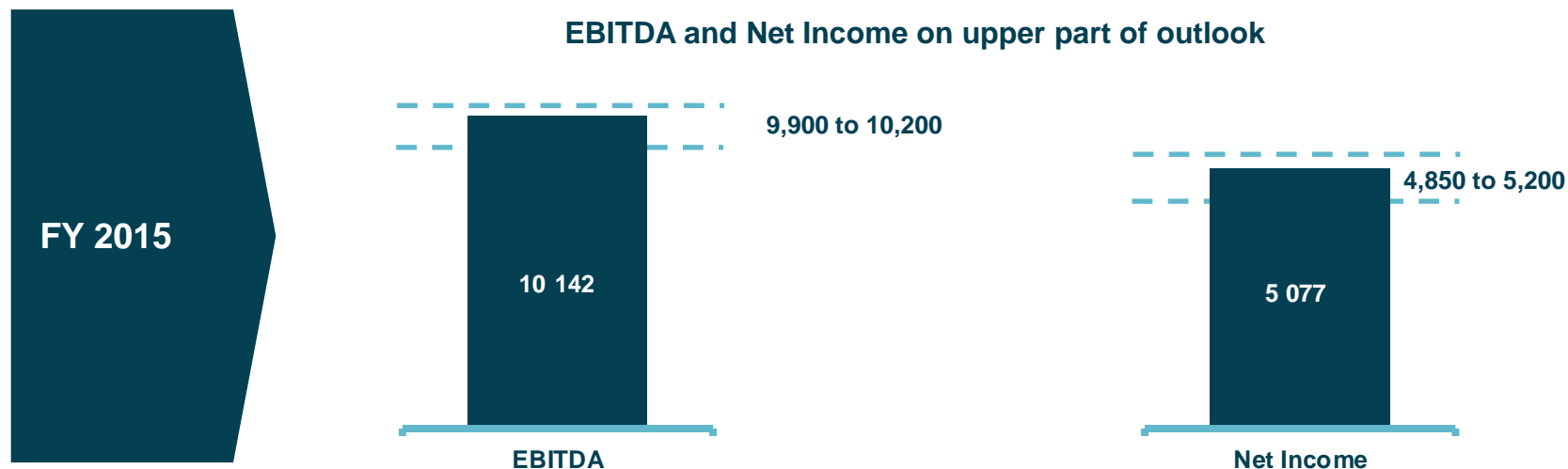




October – December 2015 Financial Performance

Stabilized top line helped by mobile data, Pay TV, ICT & Slovakia... ...cost efficiencies contributing to EBITDA growth

<i>CZK millions</i>	FY 2015	<i>Change FY 15 / FY 14</i>
Operating Revenue	37,385	-0.1%
CZ Fixed	11,670	-4.0%
CZ Mobile	19,216	+0.2%
Slovakia	6,682	+8.2%
EBITDA	10,142	+24.7%
<i>EBITDA margin</i>	27.1%	+5.4 p.p.
Net Income	5,077	+44.5%
Adjusted Free Cash Flow¹⁾	5,760	+18.9%

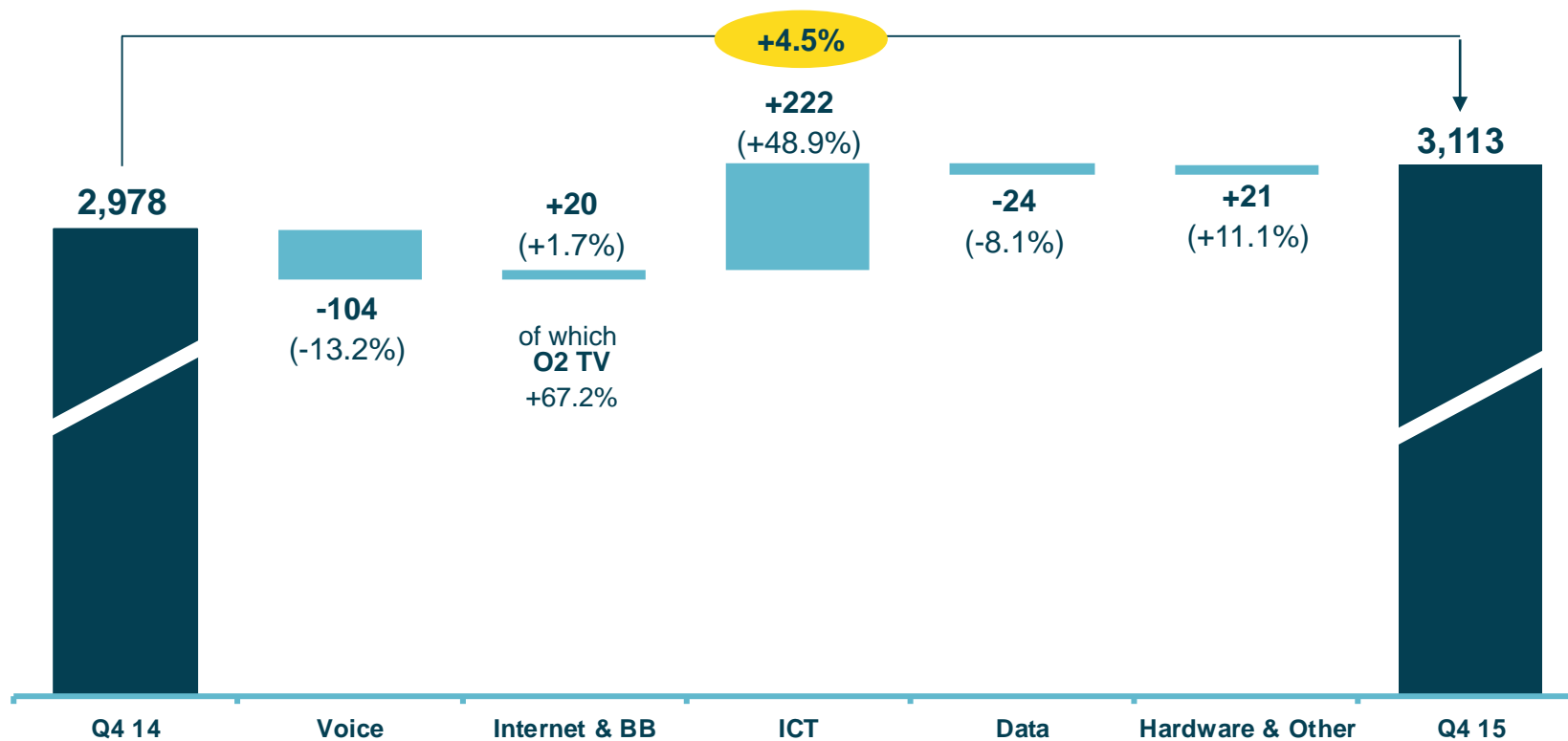


¹⁾ 2014: excluding settlement of liabilities with former majority shareholder (Q2 and Q3), 2015: excluding CZK ~1 billion funding with CETIN via working capital in Q2, excluding payment for GSM license renewal (CZK 432m) in Q4

Fixed Operating Revenue growing...

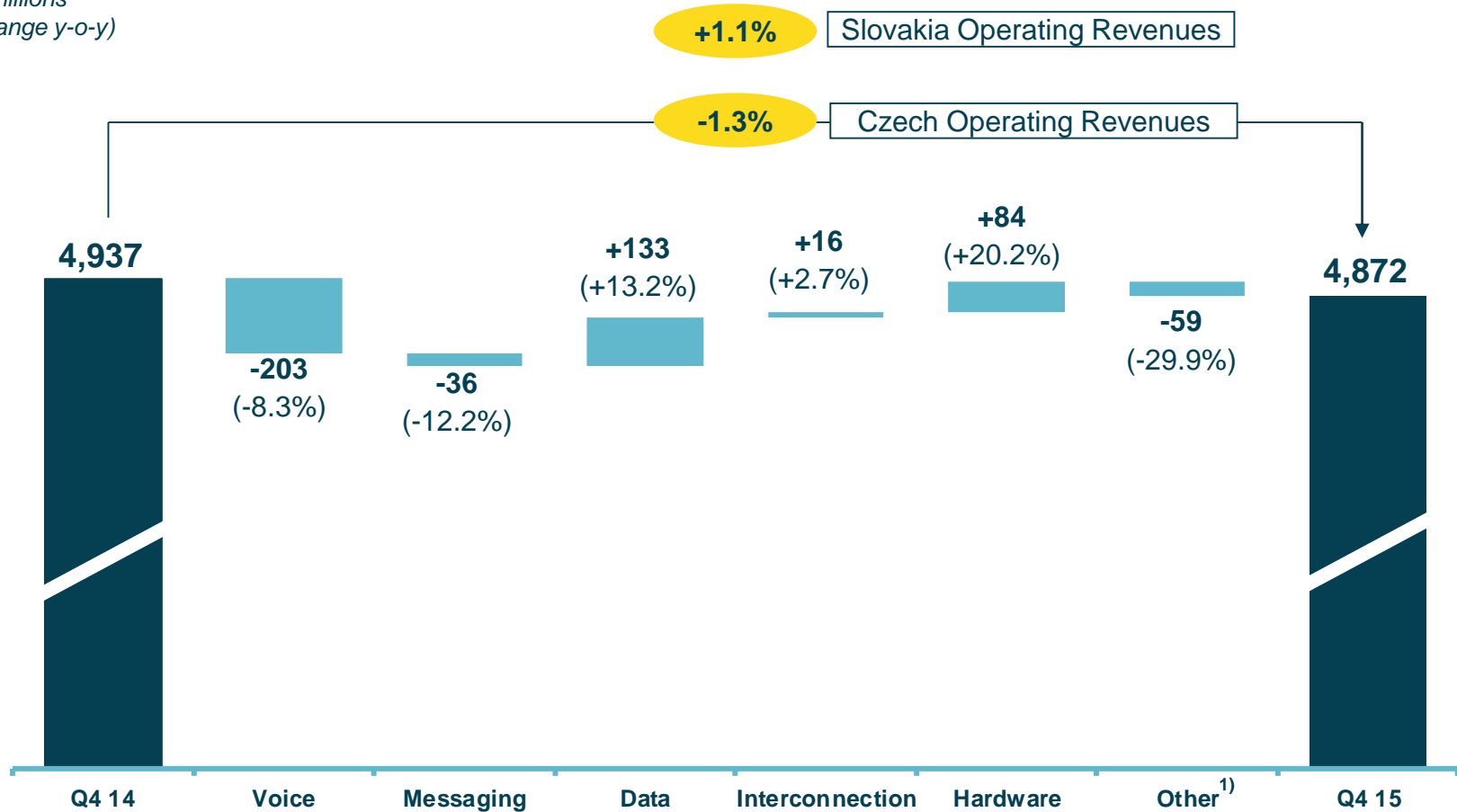
... driven by Pay TV and ICT

CZK millions
(% change y-o-y)



Czech Mobile Operating Revenue stabilization continues while Slovak Operating Revenue grew by 1%

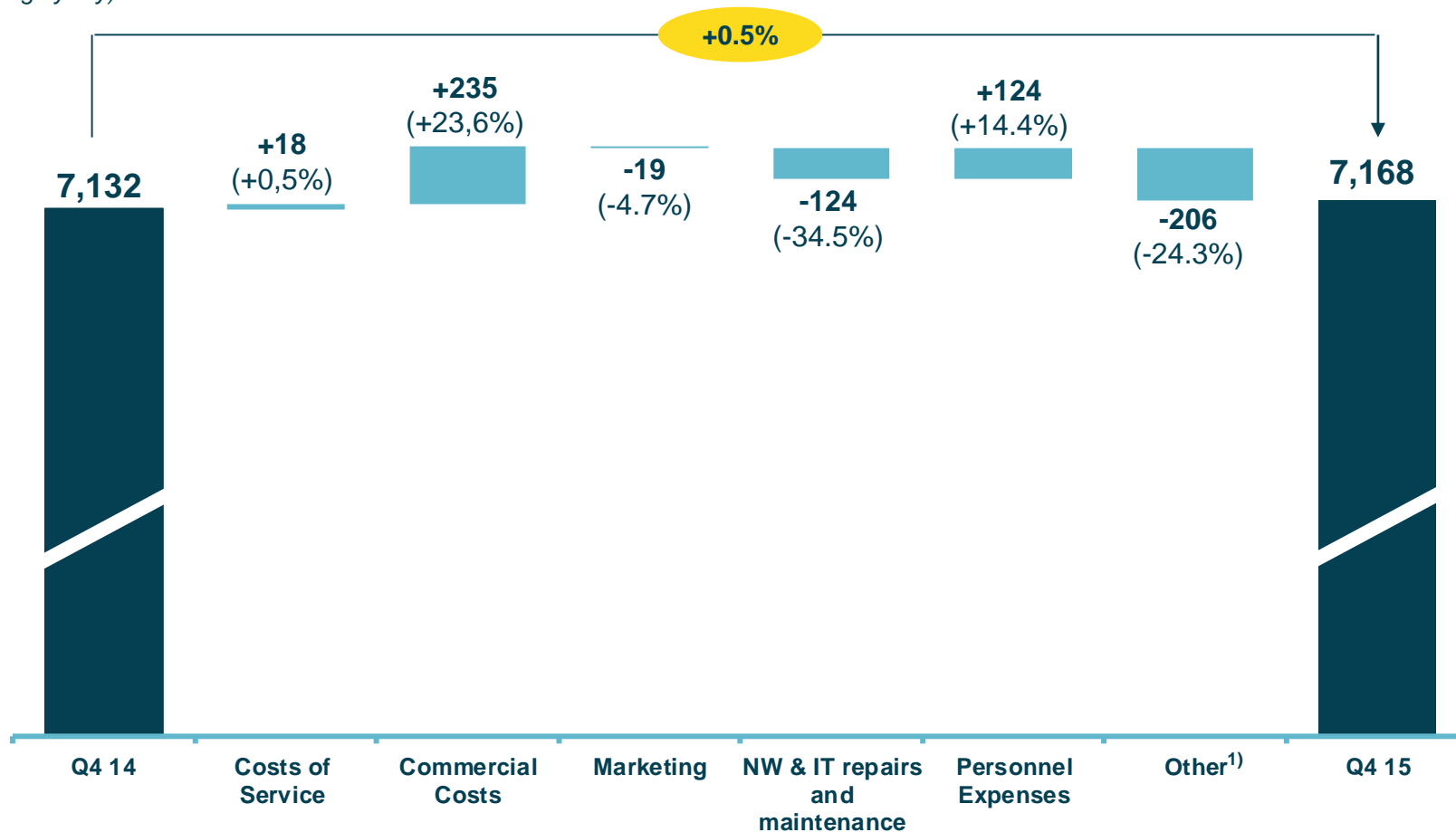
CZK millions
(% change y-o-y)



¹ Inbound Roaming, M2M, Other revenue

Savings in OPEX driven by simplified operational model... ...higher commercial costs due to increased trading

CZK millions
(% change y-o-y)

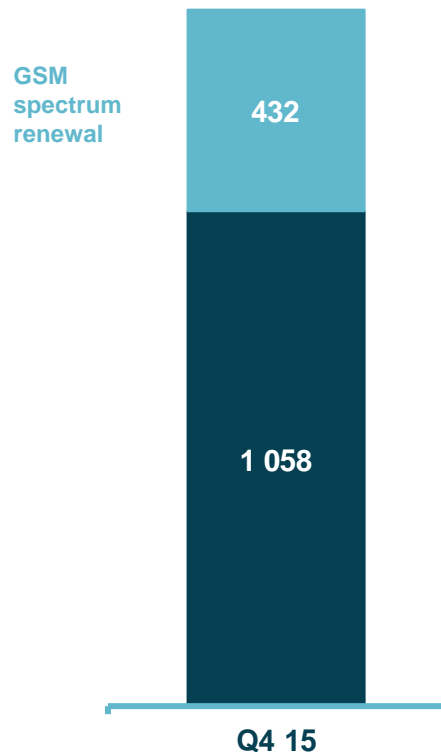


¹⁾ Taxes other than income taxes, provisions and fees, Rentals, Buildings, Vehicles, Consumables, Consultancy, Billing, Collection, Call Centers, Brand and management fees and other

Now O2 with low CAPEX profile...

...investments directed to growth areas and IT transformation

CZK millions



CAPEX/Revenue

7.6%¹⁾

(FY 2015)

■ Czech Republic:

- GSM spectrum renewal (till October 2024)
- IT transformation
- NW upgrade and enhancement

■ Slovakia:

- 3G/4G rollout
- IT upgrade

¹⁾ Excluding cost of GSM license renewal (CZK 432m) in Q4 2015, 8.8% including this item

Strong balance sheet

<i>CZK millions</i>	31 Dec 2014¹⁾	30 Sep 2015	31 Dec 2015
Non-current assets	63,371	20,830	21,399
- of which Intangible Assets	26,276	15,868	16,147
- of which Property, Plant & Equipment	36,200	4,325	4,638
Current assets	10,920	10,856	8,869
- of which Cash & cash. Equiv.	3,256	3,924	1,970
Total assets	74,290	31,686	30,268
Equity	54,153	17,153	18,344
Non-current liabilities	5,557	3,045	3,146
- of which Long-term financial debt	3,000	3,000	2,970
Current liabilities	14,580	11,488	8,778
- of which Short-term financial debt	4,004	4,001	11

¹⁾ Including CETIN

A dynamic splash of water with numerous bubbles and droplets, set against a solid blue background. The water is concentrated on the left side of the frame, creating a sense of movement and freshness.

Dividend, Share buy-back & Debt

Share buy-back approved by AGM, to be relaunched in January ...debt successfully refinanced benefiting from favorable conditions

2015 Dividend

- **2015 Group Net Income: CZK 5,077m vs. standalone CZK 4,711m**
- **Intended dividend proposal: CZK 16 per share**
- **Final decision to be made by the General Meeting**

Share buy-back

- **Share buy-back on top of regular dividend**
- **Parameters approved by the General Meeting**
 - **Maximum 10% of shares /up to CZK 8 billion in 5 years, maximum price CZK 297**
- **First tranche approved by the Board of Directors**
 - **Maximum 4% of shares in 2 years**
- **Expected to restart in January/February 2016**

Debt refinancing successfully exercised

- **Up to CZK 12 billion 5-year loan – term and revolving**
- **O2 benefited from favorable market conditions**
- **CZK 7 bn refinanced, up to CZK 5 bn for general corporate purposes, including share buy-back**