

A dynamic splash of water against a dark blue background, with numerous bubbles and droplets of varying sizes. The water appears to be falling from the top left, creating a sense of movement and freshness.

O2 Czech Republic, a. s.
24th October 2017

Quarterly Results January – September 2017

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



Tomáš Budník

CEO & Chairman of the Board



Tomáš Kouřil

CFO & Vice- Chairman of the Board

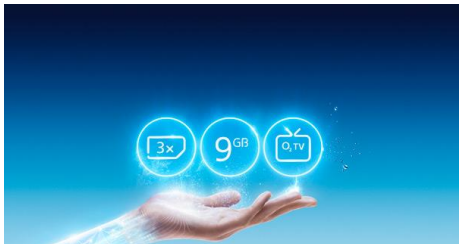


Strategic commercial initiatives & Performance Highlights

New O₂ branded device for smart household & fixed BBconvergent product helping mobile & Pay TV sales



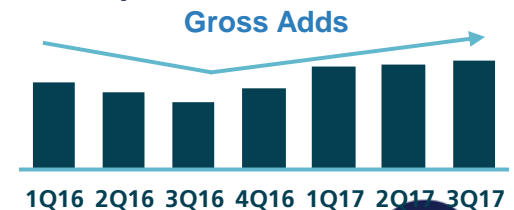
- O₂ Smart Box...fast and powerful Wi-Fi across whole house
- ... online video in HD quality ...
- ...heart of a smart home (home security, lights & sockets remote control, fire alarm)...
- ...intuitive control via mobile application



- O₂ Spolu – flexible convergent bundle...well accepted
- ...driving mobile postpay & Pay TV sales uptake...
- ...and mobile traffic growth



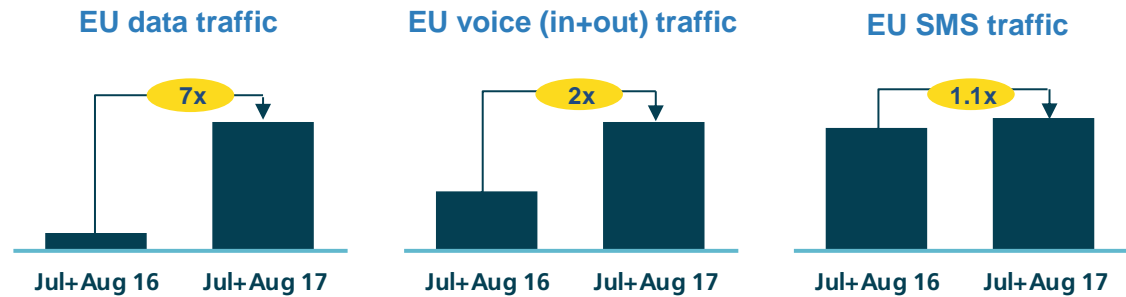
- Unlimited technology agnostic (DSL & LTE) home BB ...
- ...with guaranteed 20Mbps speed..
- ...leading to sales turnaround



Roaming traffic substantially grew as expecteddata monetization works on the back of valuable offer



Roaming abroad



Roaming visitors



- Paid data packages upgraded in major tariffs...
- ...mobile data traffic up by 94% y-o-y...
- ...data monetization accelerates...
- ... mobile ARPU keeps growing despite roaming

61%
smartphone
penetration^[1]

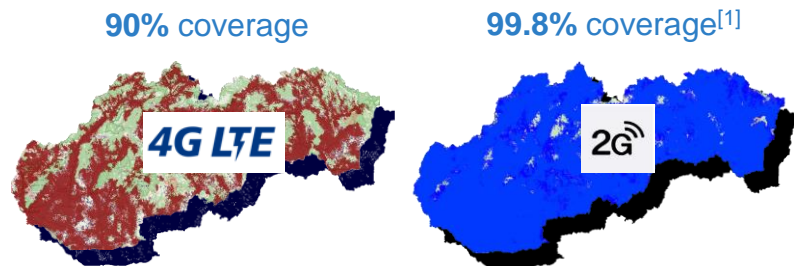
42%
LTE HW
penetration^[1]

34%
LTE HW&SIM
penetration^[1]



O2 Slovakia already with 90% 4G LTE and 99.8% 2G^[1] coverage... ... 3% mobile ARPU growth by 31% data revenue uptake

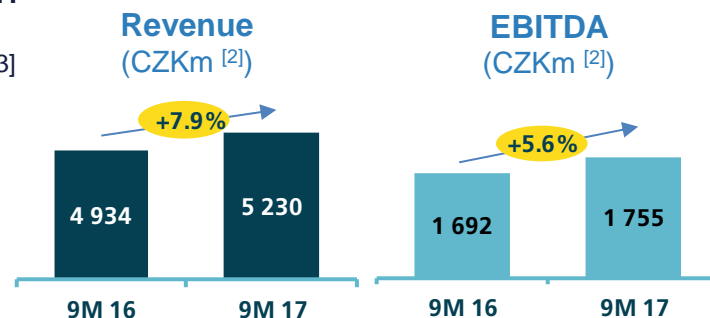
- No. 1 mobile network coverage in Slovakia...
- ...4G LTE at >90% coverage (+65 p.p. in 2 years)
- ...2G coverage at 99.8%, own NW & national roaming...
- ...national fibre backbone & transmission NW expansion
- LTE handset sales focus (in-house instalment model)...
- ...customers' demand in rich data proposition...
- ...improving customer mix: already 58% postpay share...
- ... data customer base +13% & traffic +64%...
- Successful monetization: total revenue +7.9%^[3]...
- ...data revenue +31%^[2], hardware revenue +21%^[3]
- Mobile total & postpay ARPU +3%^[3]
- Total EBITDA margin 33.6%^[4] (9M 2017)
- Positive contribution to Group financials



60%
smartphone
penetration^[2]

43%
LTE HW
penetration^[2]

36%
LTE HW&SIM
penetration^[2]



^[1] own 2G network (97.9%) and national roaming (Slovak Telekom & Orange); ^[2] per total number of handsets, ^[3] year-on-year, growth rates in constant currency (EUR), ^[4] including O2 Business Services and national roaming costs



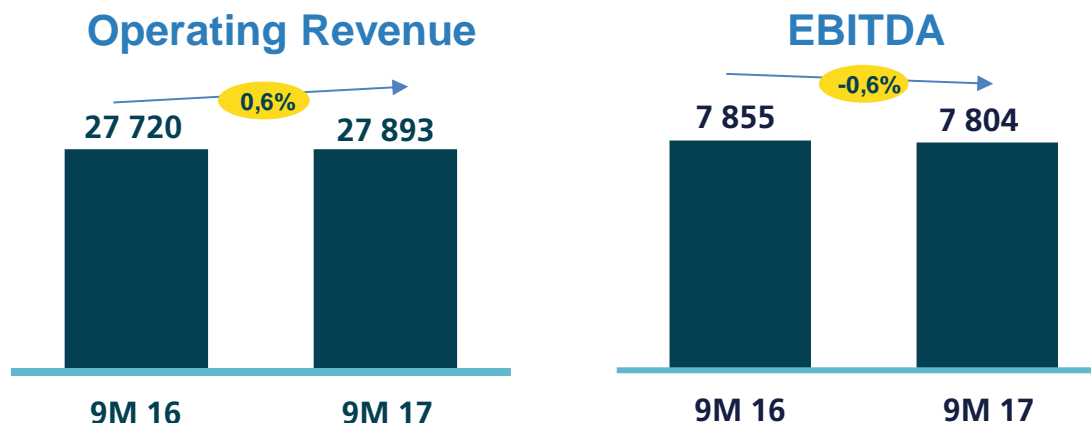
Financial Performance
January – September 2017

O₂



Growth of costs driven by EU roaming regulation partially compensated by new revenue streams

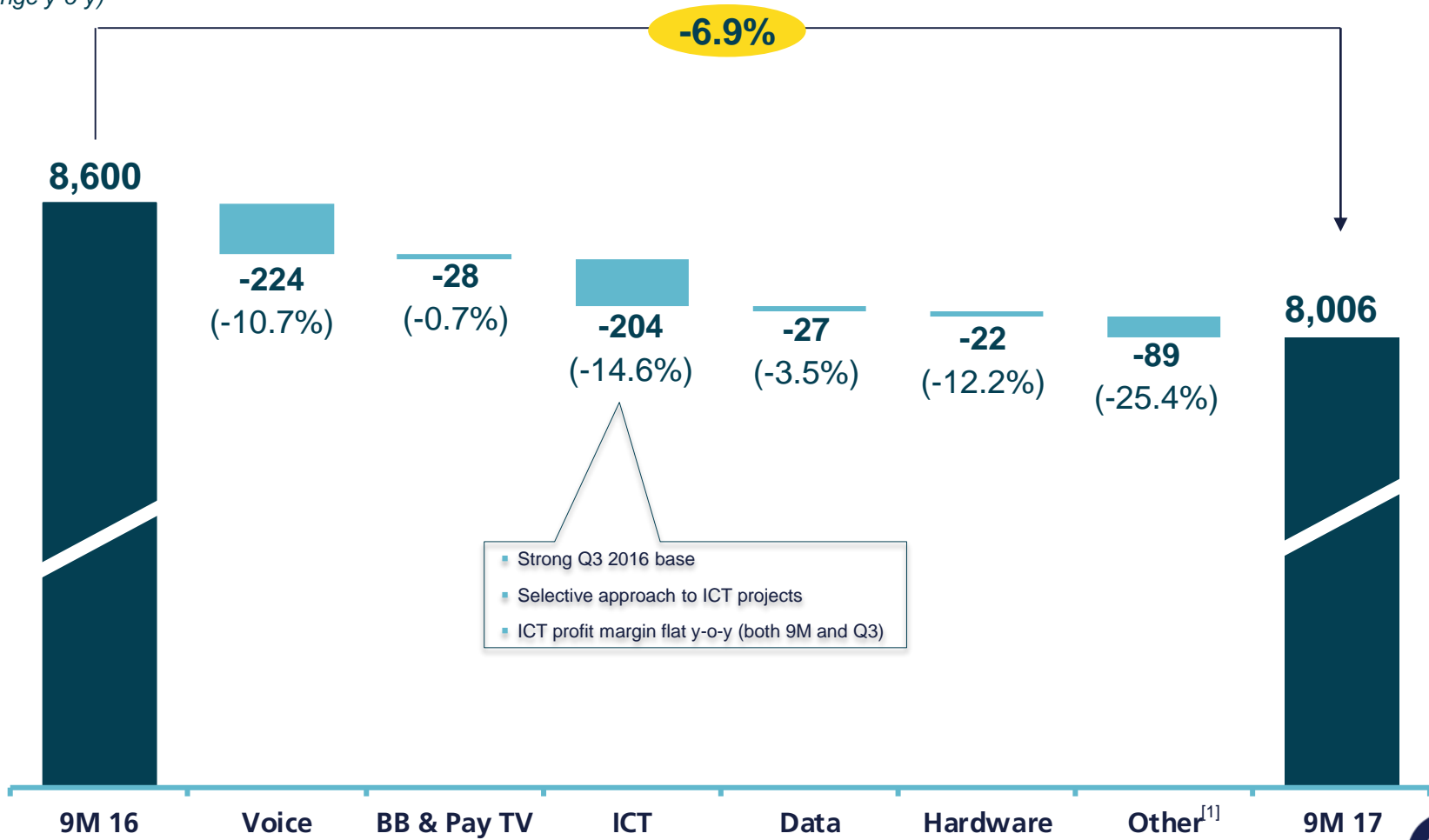
<i>CZK millions</i>	Jan-Sep 2017	<i>Change 9M17 /9M16</i>
Operating Revenue	27,893	+0.6%
CZ Fixed	8,006	
CZ Mobile	14,816	
Slovakia ^[1]	5,230	
EBITDA	7,804	-0.6%
<i>EBITDA margin</i>	28.0%	
Net Income	4,114	+2.5%
Free Cash Flow ^[2]	3,618	





Fixed voice declining due to fixed to mobile substitution... ...B2B segment still under pressure

CZK millions
(% change y-o-y)



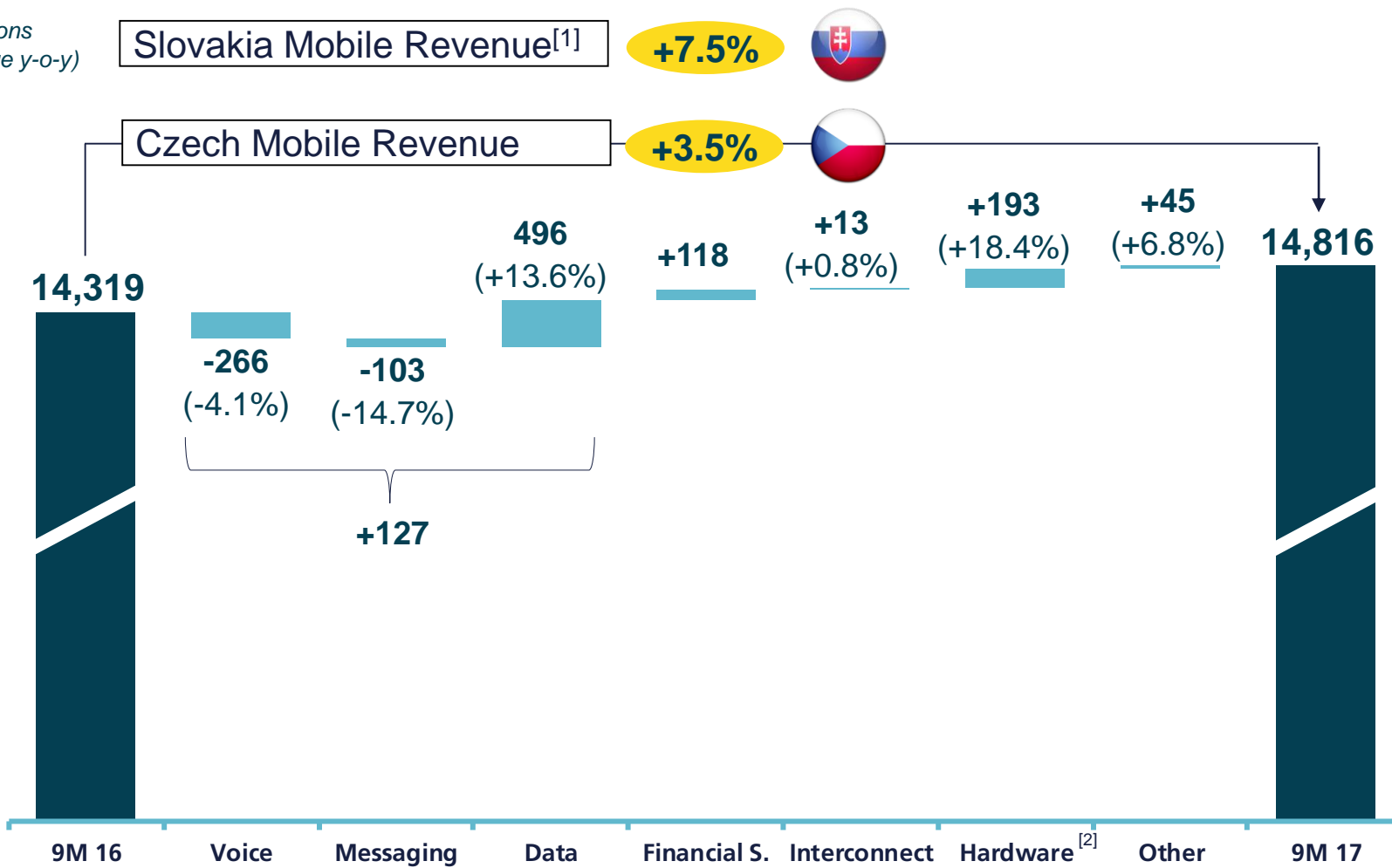
- Strong Q3 2016 base
- Selective approach to ICT projects
- ICT profit margin flat y-o-y (both 9M and Q3)





Double digit growth of data, financial services, and HW revenuemore than compensating roaming abroad & B2B pricing impact

CZK millions
(% change y-o-y)



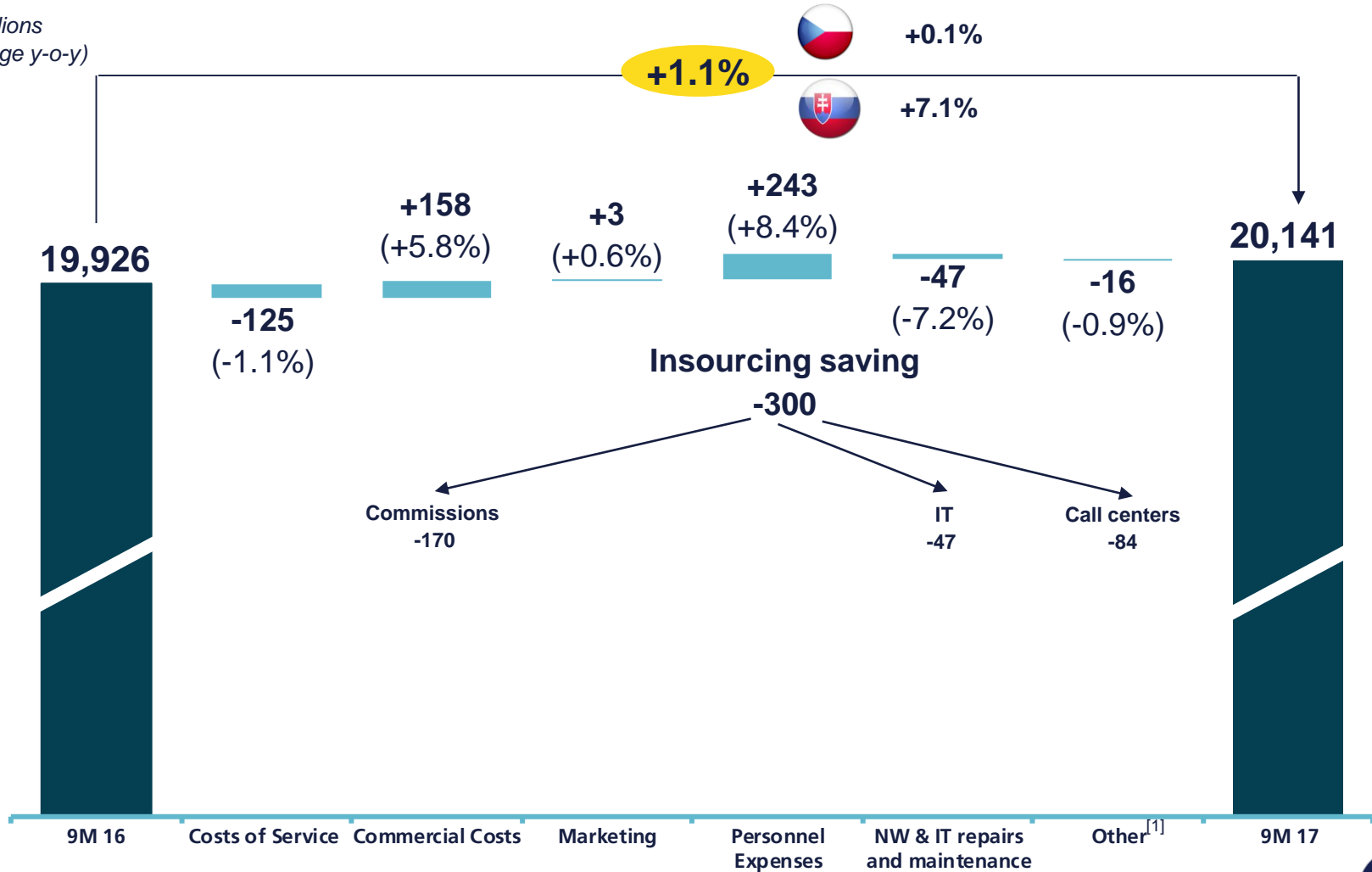
11 ^[1] Key drivers: Data: +37%, Hardware: +33%; O2 Slovakia, growth rate in local currency (EUR); ^[2] incl. electronic sales reporting HW





Cost base under control; with Czech costs flat year-on-year... ...while Slovak up 7% due to higher HW costs & roaming

CZK millions
(% change y-o-y)



12 ^[1] Taxes other than income taxes, provisions and fees, Rentals, Buildings, Vehicles, Consumables, Consultancy, Billing, Collection, Call Centers, management fees and other; including Internal expenses capitalized in fixed assets

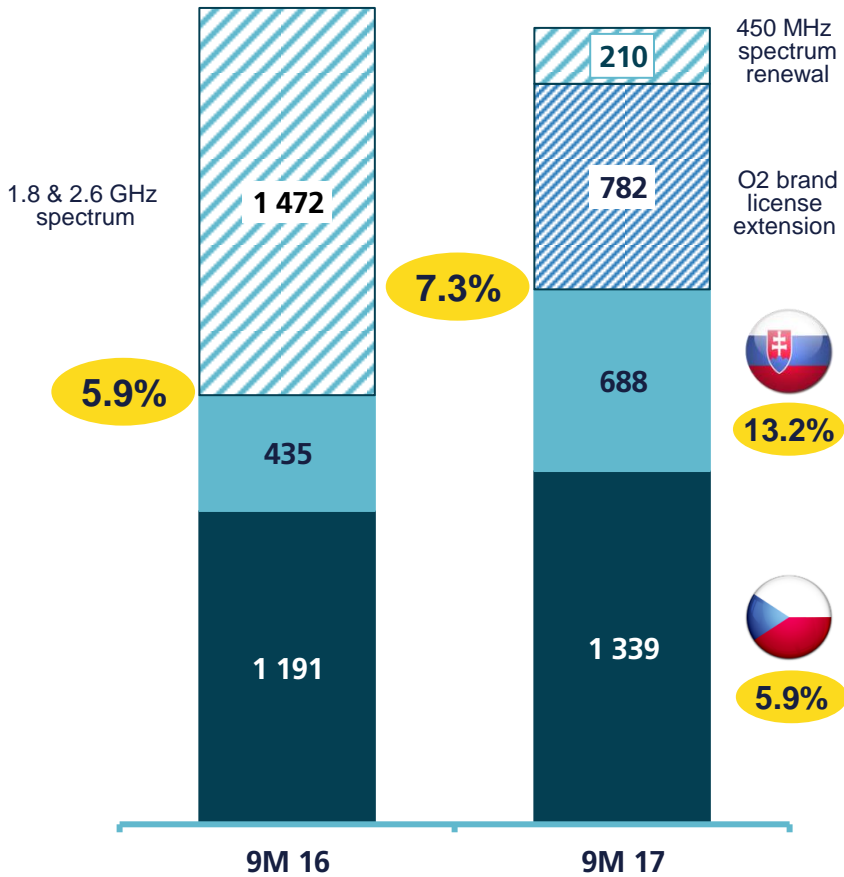




Underlying capex up by 25% y-o-y... ...driven by 2G/4G & capacity in SK & IT transformation

CZK millions

CAPEX/
Revenue



Slovakia:

- 4G NW rollout (already 90% coverage)
- Mobile NW capacity to capture growing data traffic
- 2G NW expansion to reduce national roaming (also in 2018)
- 3.5 & 3.7 GHz – LTE TDD (BB + Pay TV)

Czech Republic:

- IT transformation (also in Q4 2017/1H 2018)
- Mobile core NW upgrade
- Est. in Q7 2017: 3.7 GHz spectrum (CZK 203m)





CZK 6.4bn of 2016 shareholder remuneration paid... ...new CZK 3.5bn debt withdrawn in 2Q 2017

<i>CZK millions</i>	31 Dec 2016	30 Sep 2017	30 Sep 17 /31 Dec 16
Non-current assets	22,071	22,751	+3.1%
- of which intangible assets	16,515	16,816	+1.8%
- of which property, plant & equipment	5,075	5,194	+2.3%
Current assets	11,235	11,329	+0.8%
- of which cash & cash equivalents	4,137	4,069	-1.6%
Total assets	33,306	34,079	+2.3%
Equity	17,505	14,319	-18.2%
Non-current liabilities	7,382	10,814	+46.5%
- of which financial debt	6,976	10,455	+49.9%
Current liabilities	8,419	8,947	+6.3%



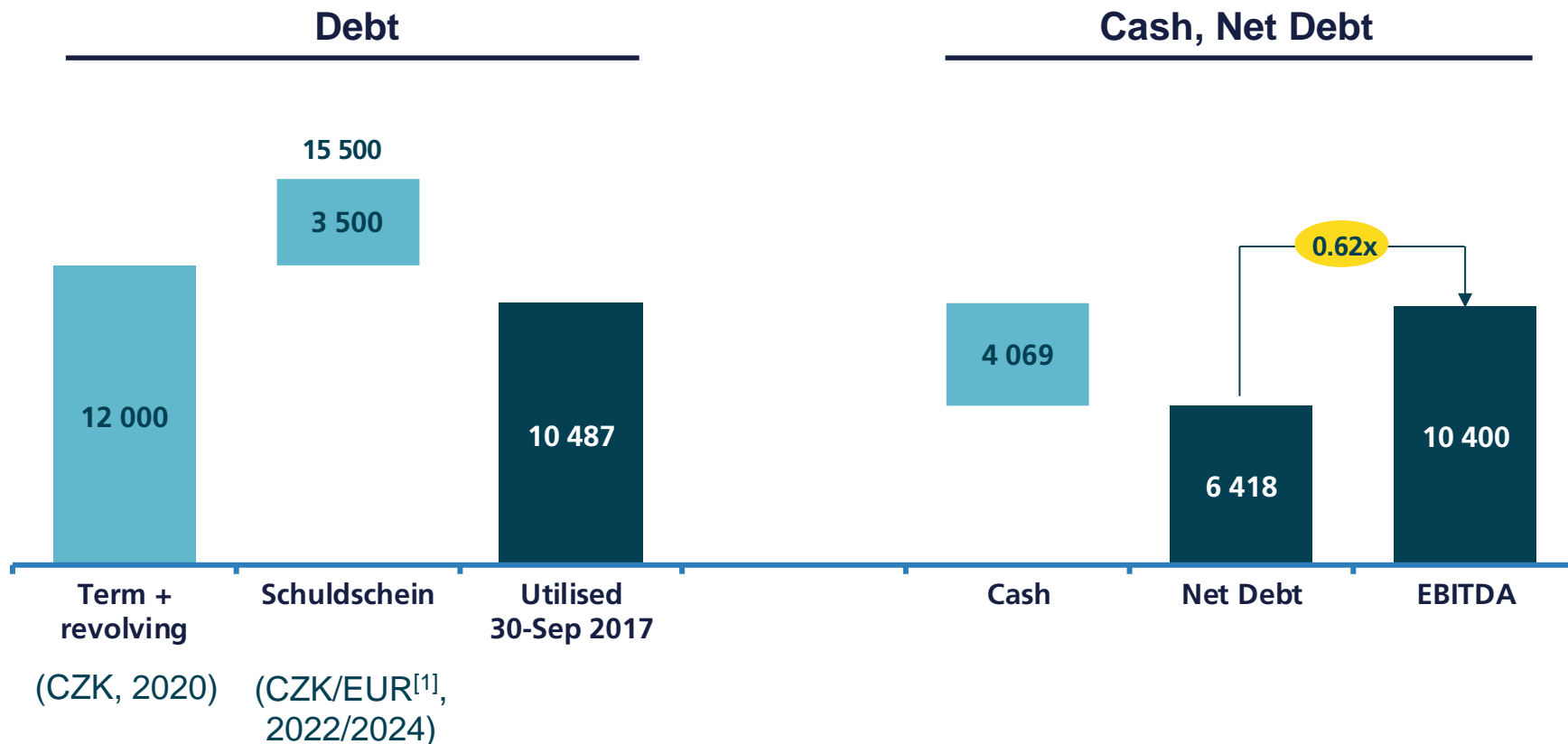


Back up

O₂

CZK 10.5bn debt utilized out of CZK 15.5bn capacity... ...Net Debt/EBITDA at low level, well below “up to 1.5x” target

CZK millions



A low-angle, rear-view shot of a person's legs wearing dark blue denim jeans and tan leather loafers. The person is standing on a vibrant blue carpet. A large, white, hand-painted arrow points from the bottom left towards the center of the frame, leading the eye towards the person's feet. The background is a bright, hazy blue landscape under a clear sky.

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