



O2 Czech Republic

28th January 2021

Quarterly Results January – December 2020

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

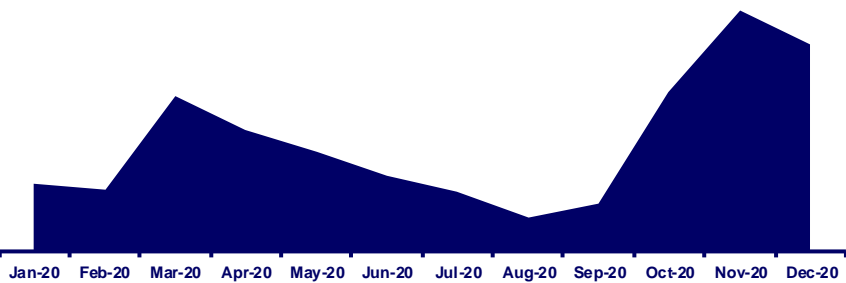


Strategic commercial initiatives & performance highlights

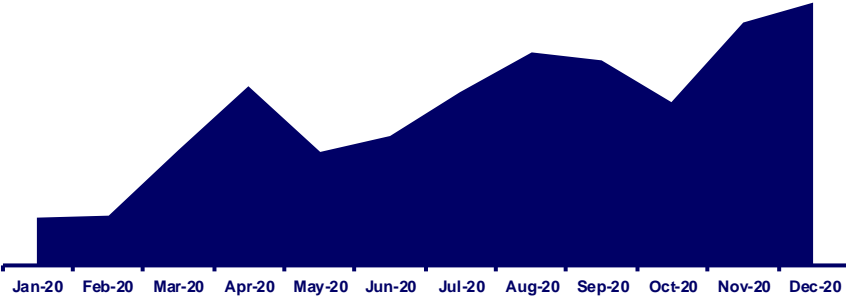
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Significant data traffic growth not reflected in revenue... ...high loyalty and bundling helped customers' growth

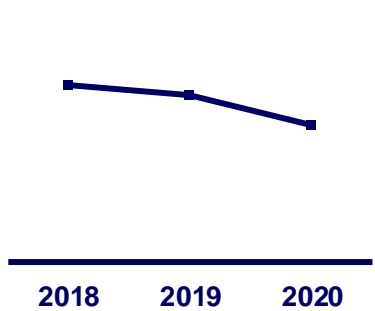
Fixed broadband traffic
+54%



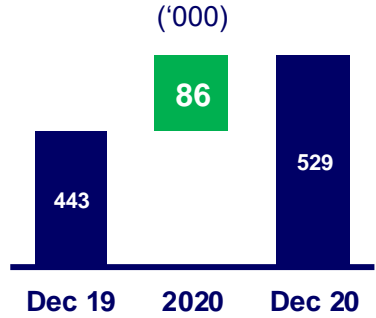
Mobile data traffic
+70%



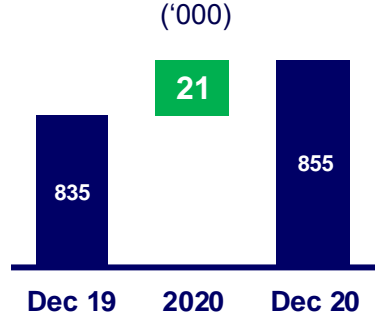
Mobile contract churn^[1]



O₂ TV base^[2]



Fixed broadband base^[3]



^[1] excluding M2M; ^[2] IPTV & OTT, Prepaid (O₂ TV Sport Pack online and O₂ TV HBO and Sport Pack tariffs activated and paid by payment card);
^[3] Technology agnostic (xDSL, fibre, WTTx, LTE)

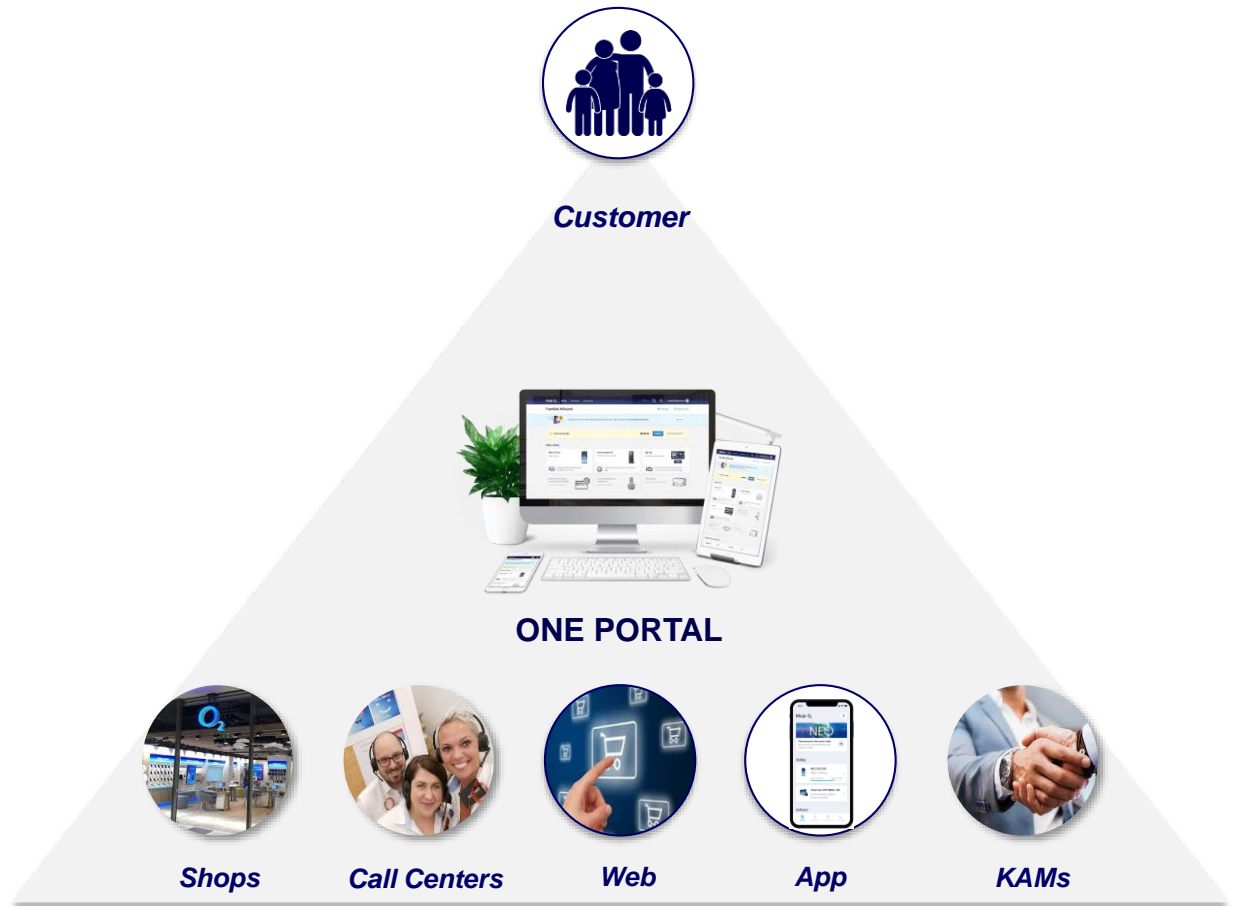
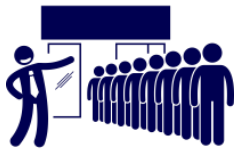


Omnichannel and omniskills successfully adopted... ... supporting commercial performance across products

Despite sharp decline
in POS traffic

We managed to improve performance
due to Omnichannel strategy...

-25%



O₂

In recent auctions we acquired maximum intended spectrum



Band	Block	Price (czKm)
700 MHz	2x10 MHz	1,190
3.4 - 3.6 GHz	30 MHz	152
		1,342



Band	Block	Price (czKm) ^[1]
700 MHz	2x10 MHz	846
900 MHz	2x4.2 MHz	15
1,800 MHz	2x3 MHz	22
		883

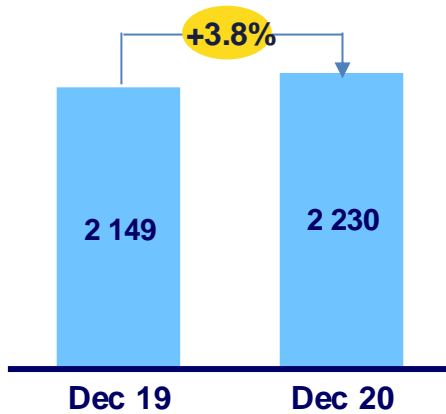
- New spectrum to complement existing one
- Roll-out obligations
- Complete RAN swap planned on E/// technology



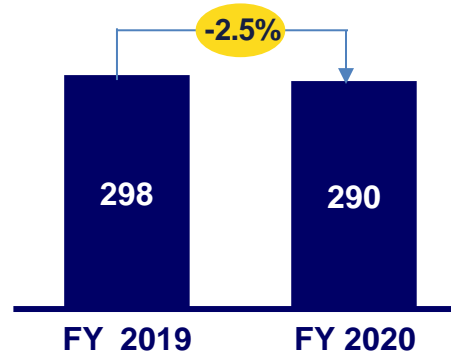


Despite COVID, competition & regulation... ...Slovak EBITDA growth helped by cost savings

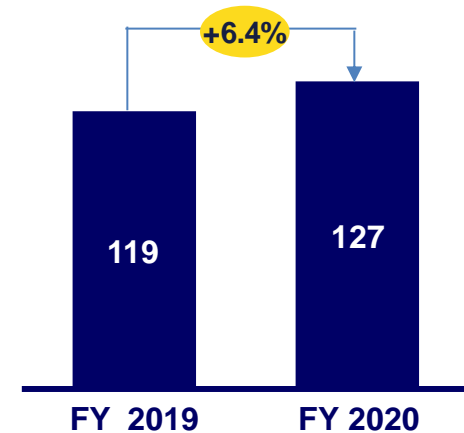
Total customer base
(‘000)



Revenue
(EURm)



EBITDA
(EURm)



- Growing FBB & M2M
- Declining core mobile due to lower trading (COVID lockdown)

- Growing fixed revenue
- Underlying revenue +2.4%
- Mobile revenue -5.3% incl. HW, Roaming and MTR cuts

- National roaming cost
- Strict cost control
- Marketing & Sales
- Rental
- Overhead costs





Financial performance January – December 2020

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Our strategy works, worsening trend during 1st lockdown period... ...while 2nd wave impacted also Q4

<i>CZK millions</i>	Jan – Dec 2020	Change FY20/FY19
Operating Revenue	39,771	+2.6%
CZ Mobile	20,136	
CZ Fixed	12,117	
Slovakia	7,681	-2.5%^[1]
EBITDA	13,321	+5.6%
<i>EBITDA margin</i>	33.5%	
Net Income	5,846	
CAPEX	5,962	
CZ CAPEX	4,158	
SK CAPEX	1,805	
Free Cash Flow^[2]	6,098	-1.7%

2020 FY Outlook
(provided in Q3)

Bad debts
FY 2020 estimate CZK -200m

Roaming margin
FY 2020 estimate CZK -200m

2020 FY Actuals

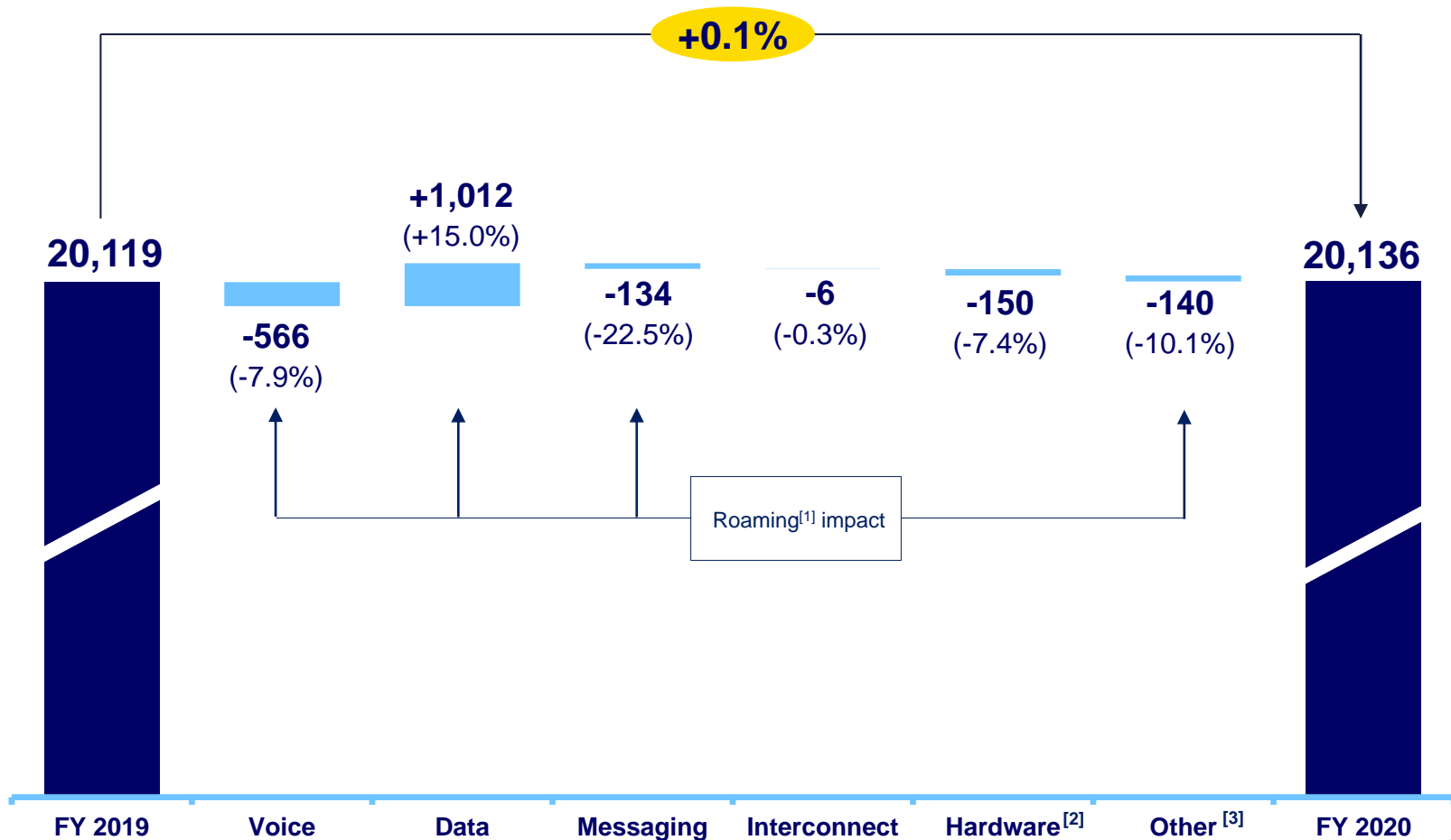
Broadly in line with the outlook





COVID-19 hit on roaming and hardware revenue... ...compensated by mobile data category

CZK millions
(% change y-o-y)

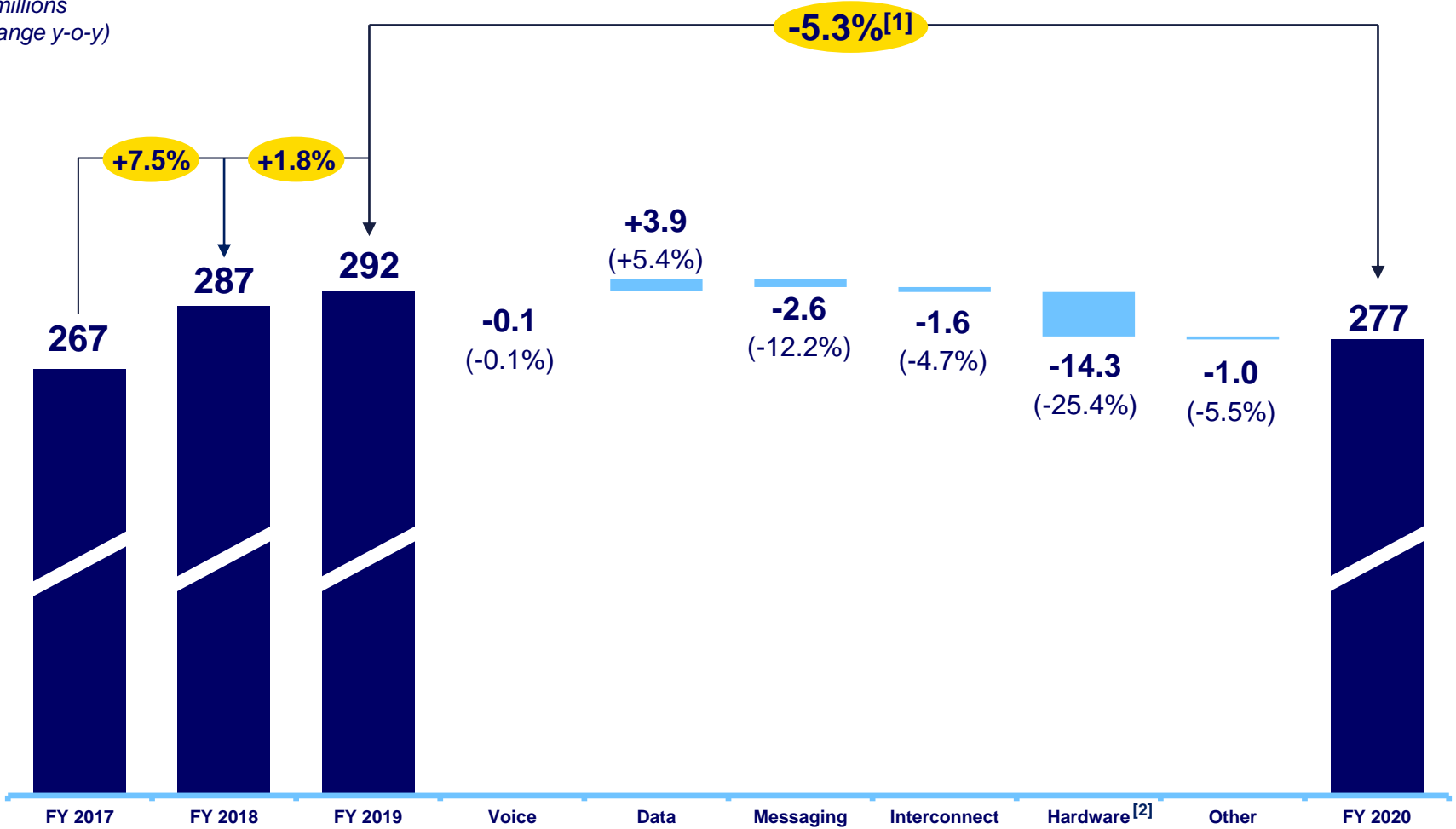


11 ^[1] Both roaming abroad and roaming visitors, ^[2] Including other non-service revenue, ^[3] Y-o-y decrease is mainly driven by incoming roaming.



Traditional growth contributor declining in 2020... ...due to regulation, lower roaming and hardware revenue

EUR millions
(% change y-o-y)



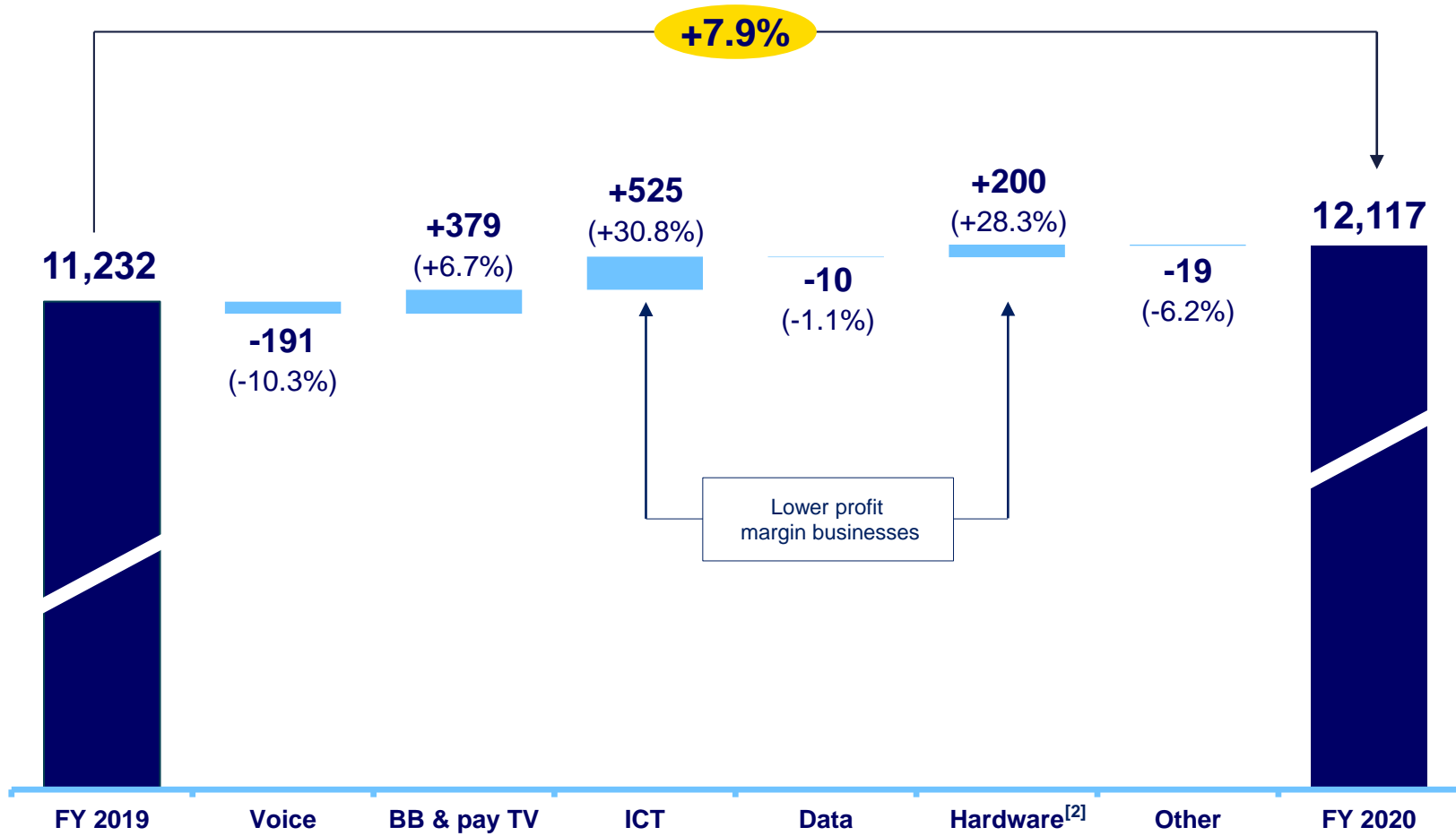
12 ^[1] Slovak mobile revenue: -3.9% y-o-y excluding mobile interconnection rate cut effect (MTR 33% cut in August 2019), total Slovak revenue (incl. fixed business revenue): -2.5% y-o-y in EUR, +0.4% y-o-y in CZK, ^[2] Including other non-service revenue.





Broadband, TV and related hardware revenue keep growing... ...growth of ICT revenue driven by new projects

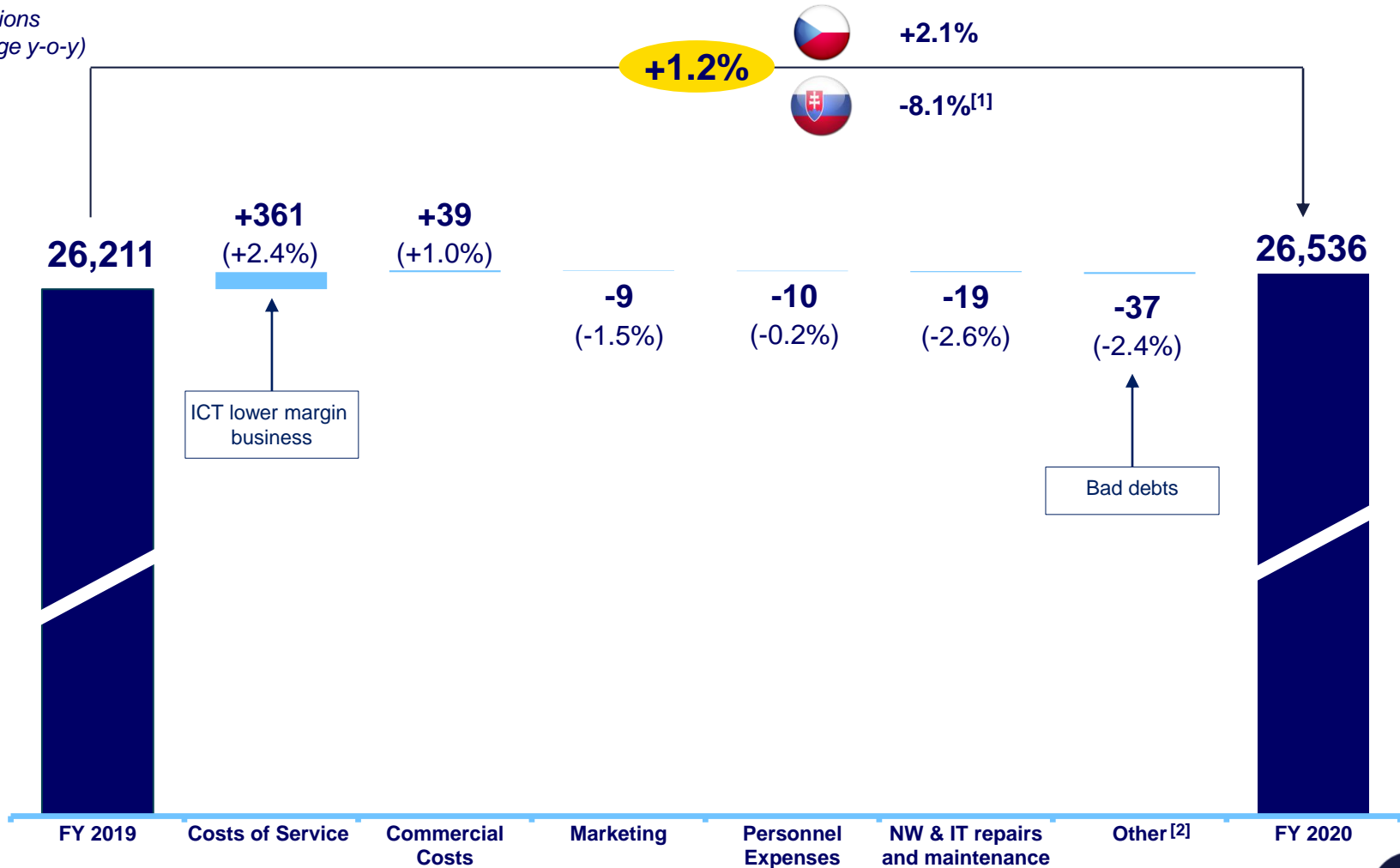
CZK millions
(% change y-o-y)





Underlying cost base is under control... ...higher cost of service in line with ICT revenue growth

CZK millions
(% change y-o-y)



^[1] incomparable 2019 cost base in Slovakia due to MTR cuts, growth rate in EUR, ^[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.

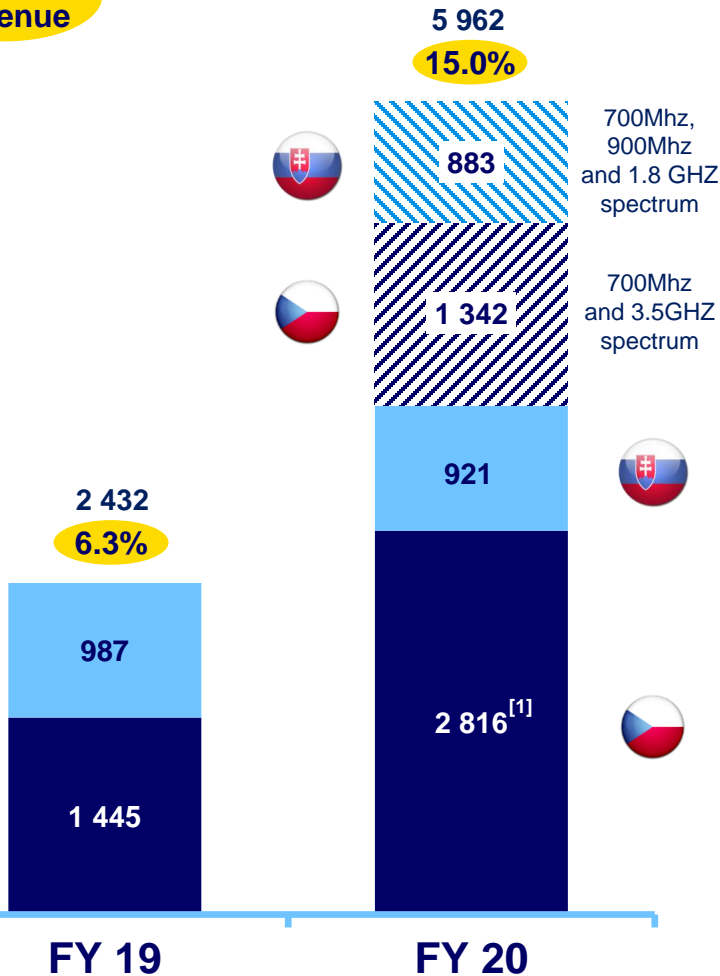




Underlying CAPEX under control... ...2020 investments impacted by spectrum and brand

CZK millions

CAPEX/
Revenue



O2 Brand license extension until 2036

Czech Republic

- Acquisition of 5G spectrum (700 MHz & 3.5 GHz)
- Network capacity
- IT development

Slovakia

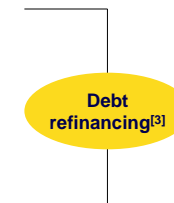
- Acquisition of strategic spectrum (700 MHz, 900 MHz and 1.8 GHz)
- ~65% of underlying CAPEX directed into network capacity improvement





Balance sheet

<i>CZK millions</i>	31 Dec 2019	31 Dec 2020	31 Dec 20 /31 Dec 19
Non-current assets	28,006	29,285	+4.6%
- of which intangible assets	15,457	17,520	+13.3%
- of which property, plant & equipment	6,171	6,176	+0.1%
- of which right-of-use assets ^[1]	4,094	3,368	-17.7%
Current assets	14,674	11,116	-24.2%
- of which cash & cash equivalents	5,989	3,922	-34.5%
Total assets	42,680	40,401	-5.3%
Equity	14,177	13,786	-2.8%
Non-current liabilities	12,192	17,651	+44.8%
- of which financial debt	7,530	13,084	+73.8%
- of which lease liability ^[1]	3,475	2,885	-17.0%
Current liabilities	16,311	8,964	-45.0%
- of which financial debt	7,066	75	-98.9%
- of which lease liability ^[1]	693	659	-4.9%



^[1] IFRS 16: lease payments capitalized to assets and recognized corresponding lease liabilities; ^[2] The new loan consists of CZK 5.39bn term loan facility and CZK 3.85bn revolving credit facility, CZK 3.85bn is an undrawn RCF as of 31 Dec 2020.