

A vertical splash of water with many bubbles and droplets, set against a dark blue background, occupies the left side of the slide.

Telefónica O2 Czech Republic

Quarterly Results
January – September 2007

25th October, 2007

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CAUTIONARY STATEMENT

Any forward-looking statements concerning future economic and financial performance of Telefónica 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 Telefónica 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 Telefónica O2 Czech Republic, a.s. could materially differ from those expressed in the forward-looking statements contained in this Presentation.

Although Telefónica O2 Czech Republic, a.s. makes every effort to provide accurate information, we cannot accept liability for any misprints or other errors.

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.

Agenda

1. 3Q 2007 Business Highlights
2. Outlook
3. January – September 2007 Earnings Results

3Q 2007 Business Highlights

1

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3Q 2007 Highlights

Confirmed solid financial performance from 1H

Continued strong mobile performance

Fixed revenues driven by broadband and ICT

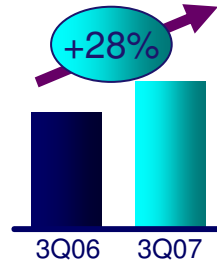
Small local acquisition to strengthen IT/ICT competencies

Slovakia on track

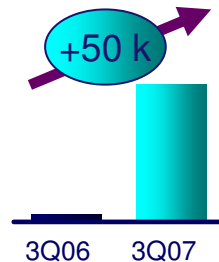
Dividend payment

BB and IT/ICT continues to drive fixed line business

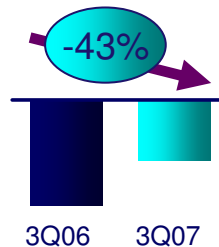
Leading
broadband
growth



Gaining
share in
IPTV



Containing
line loss



ICT/
Business
Solution



ADSL

- Defending fixed broadband market share
- 75k net adds in 9M07 (28% y-o-y growth)
- Fundamental part of 2-Play and 3-Play offer

IPTV

- Content proposition enhancement
- 53k customers @ 3Q07
- 4.6% market share on Pay TV market

Fixed lines net losses

- Continuing improvement in fixed line cancellation
 - -73k net adds in 3Q07 (-129k in 3Q06)
- Focus on Bundles and Value proposition upgrade

ICT Services

- Primarily Corporate and Government – traditional partnership
- First proposition for SME already introduced
- Impact on financials

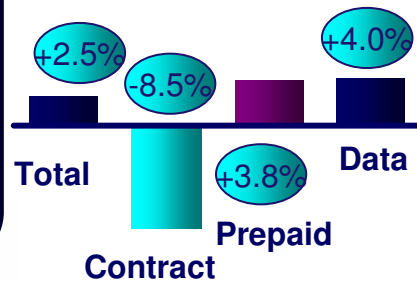
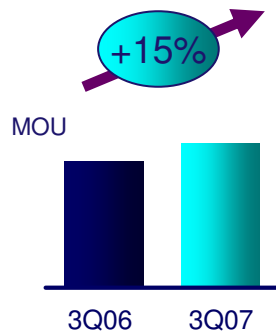
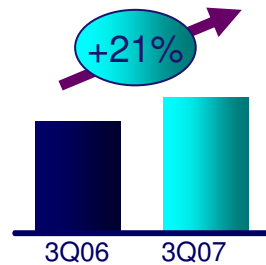
7

Improving customer mix and data supports mobile usage and ARPU growth

Driving customer retention

Fostering usage

Focusing value



Contract customer base

- 43.5% of total customer base
- Improving postpaid/prepaid customer mix
- Positive impact on usage and ARPU

Mobile traffic

- Outgoing traffic +22.2% y-o-y
- Traffic stimulation activities
- MOU per customer +15% y-o-y

ARPU

- Improving blended ARPU
- Contract ARPU diluted by migrations
- Data ARPU growth driven by CDMA and UMTS

8

Slovakia – Key achievements in 3Q 2007

Customers & Products

- Full fledged post paid service launched on 5 Sep 2007
- Aiming at acquisition of new customers and migration from prepaid/CBB customers

Operations

- GSM network rollout – license conditions exceeded
- Over 500 BTS in operation (> 34% population coverage)
- IT/Systems – billing & collection systems, call center technology and systems

Sales & Marketing

- Sales channels enlargement
- Call center built and opened in Banska Bystrica

Outlook

2

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Guidance & Outlook

- **2007 full year financial guidance maintained**
 - **Revenues: 1 - 3%,**
 - **OIBDA: -1 - 0%,**
 - **CAPEX: CZK 9 billion**
- **2006 to 2010 financial guidance re-confirmed**
 - **DSL will continue to drive growth in the fixed business**
 - **Data driving the mobile business**

January–September 2007 Earnings Results

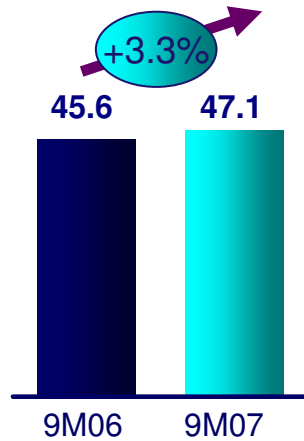
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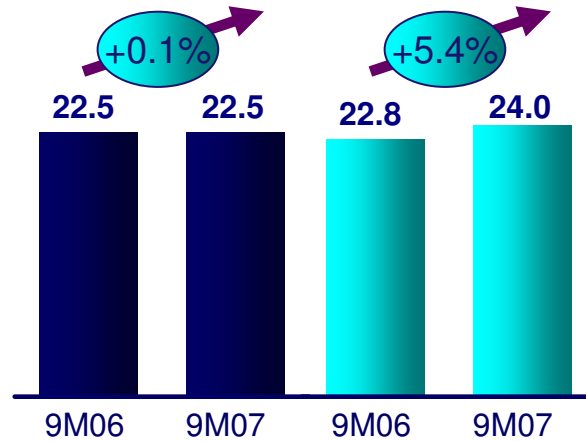
Revenue and OIBDA growth

Group Revenue evolution
(CZK in billion)

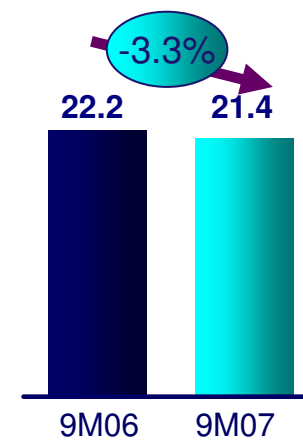


F&M Business Revenue y-o-y growth
(CZK in billion)

■ Fixed
■ Mobile



Group OIBDA evolution
(CZK in billion)



13

Group Financial Performance

(CZK millions)	Jan - Sep 2006	Jan – Sep 2007	Change 9M07/9M06
Revenues	45,602	47,101	+3.3%
Internal expenses capitalized in fixed assets	622	394	(36.7%)
Operating Costs	(24,072)	(26,159)	+8.7%
Other operating expense	(46)	48	n.m.
Gain on sale of fixed assets	87	35	(59.8%)
Impairment of fixed assets	(42)	11	n.m.
OIBDA ¹⁾	22,151	21,430	(3.3%)
OIBDA margin ²⁾	48.9%	45.8%	
Depreciation and amortization	(12,630)	(10,873)	(13.9%)
Operating Income	9,521	10,557	+10.9%
Net financial expense	(196)	(66)	(66.3%)
Income before taxes	9,325	10,491	+12.5%
Income taxes	(2,477)	(2,894)	+16.8%
Net income	6,848	7,597	+10.9%

Note: Unaudited, according to IFRS

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1) OIBDA = Revenues + internal expenses capitalized in FA – OPEX – other expenses + gain on sale of FA - impairment

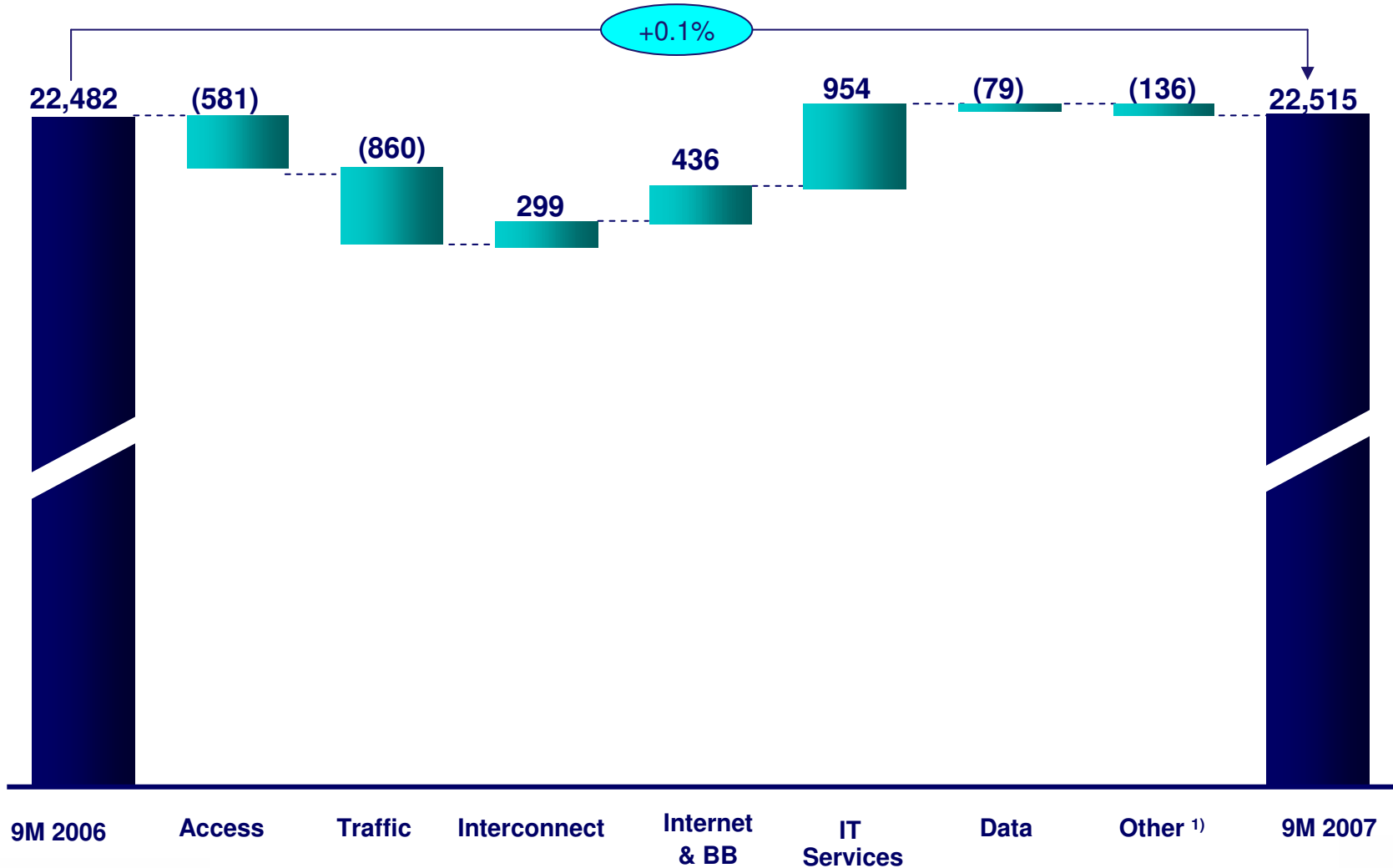
2) OIBDA margin = OIBDA/ Business revenues



14

CZ Fixed Business Revenues – sources of variation

(CZK millions)



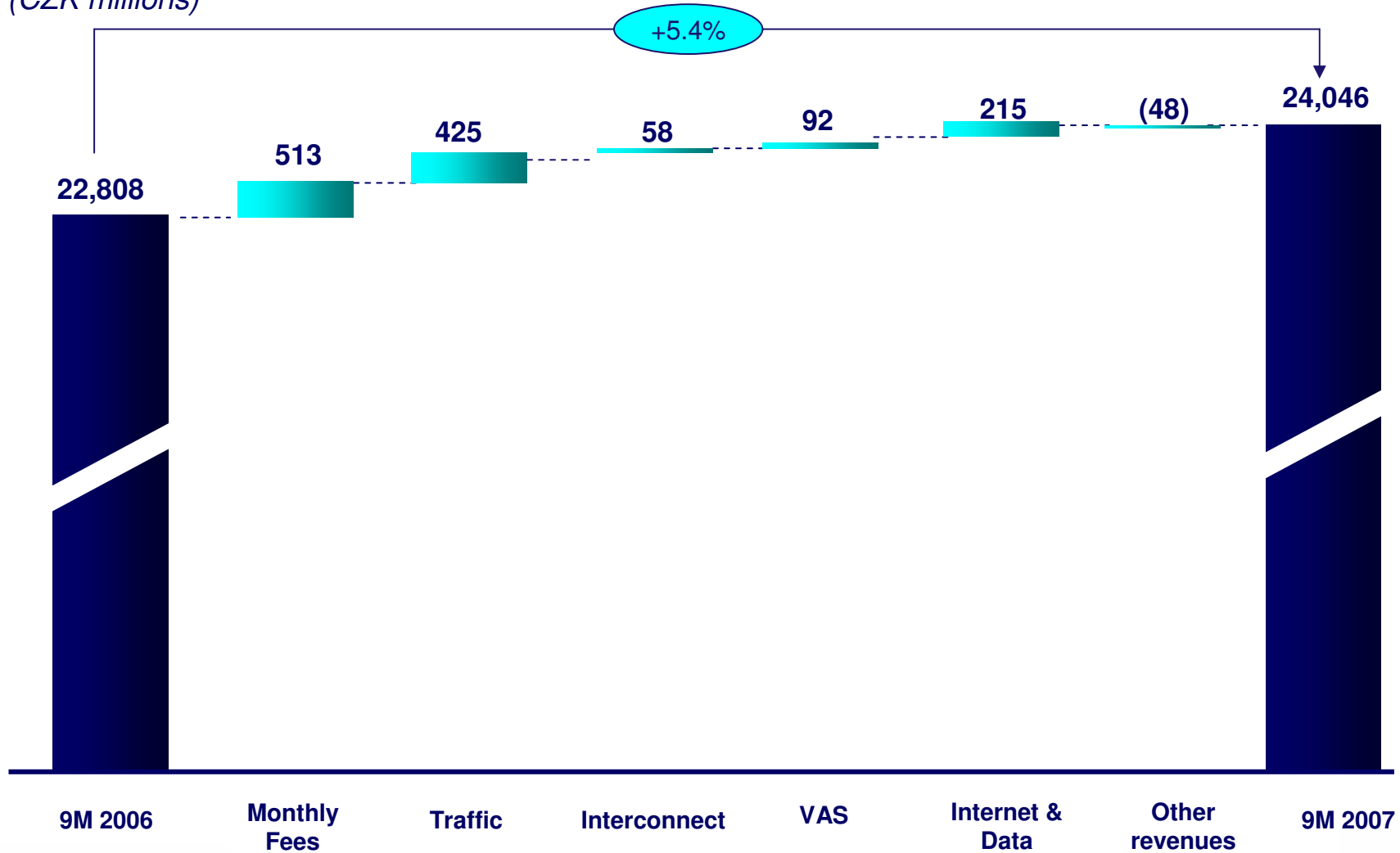
¹⁾ Other – incl. equipment sales and value added services

Figures excluding inter-segment charges between fixed and mobile segment; subsidiaries and related inter-company transactions and adjustments are not included



CZ Mobile Business Revenues – sources of variation

(CZK millions)



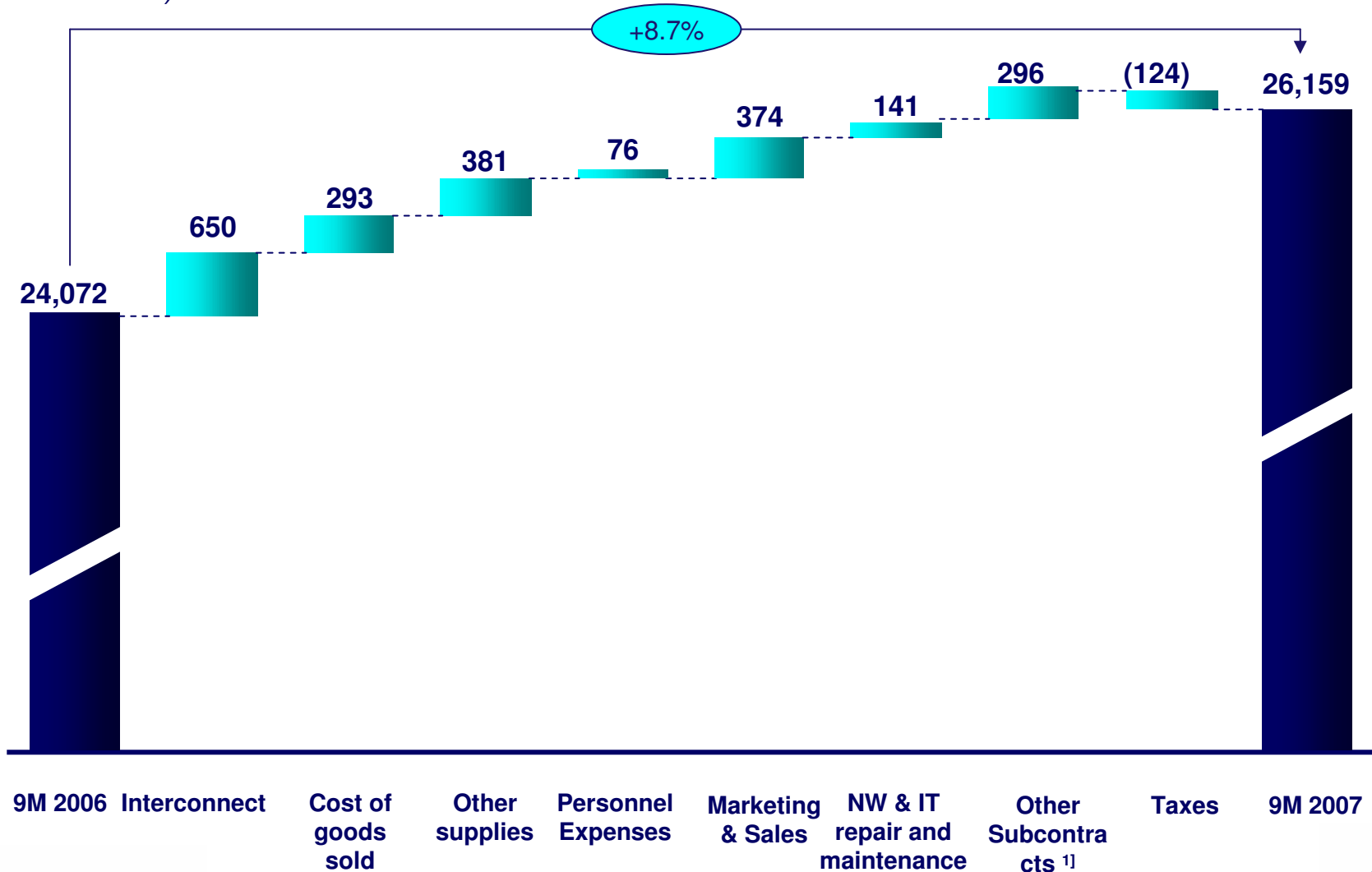
¹⁾ Other – incl. equipment sales and IT services

Figures do not include inter-segment charges between fixed and mobile segment; subsidiaries and related inter-company transactions and adjustments are not included

16

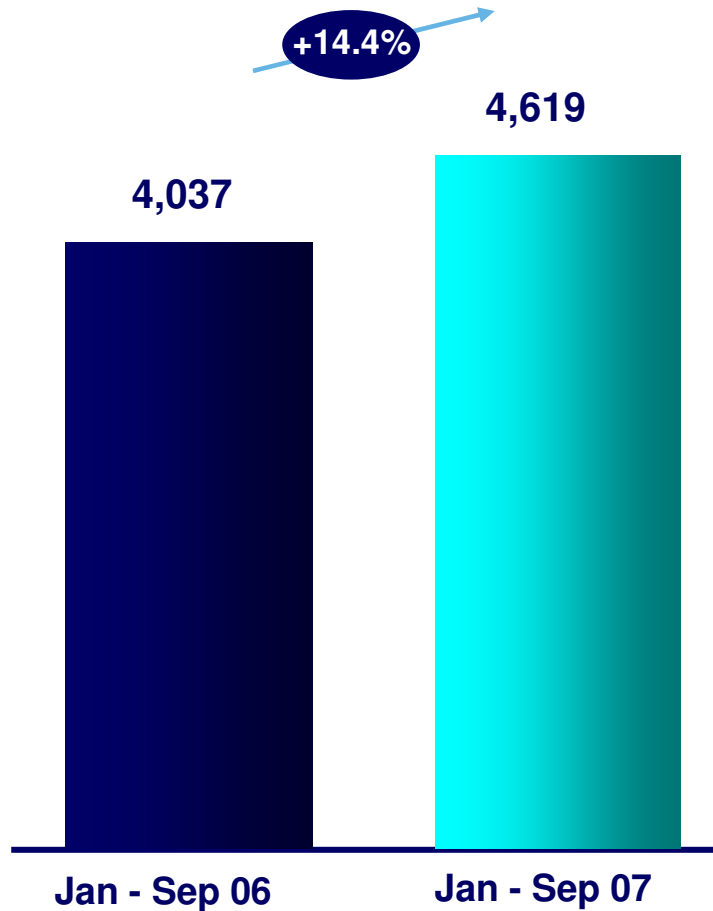
Group OPEX – sources of variation

(CZK millions)



17 Group CAPEX

(CZK millions)



- Overall Group CAPEX growing due to Slovak operations launch
 - Network rollout
 - Billing application & collection system
 - Call center technology and systems
- CAPEX in Czech Republic spent largely in GSM, mobile BB, ADSL and IT

18

Group Cash Flow Statement

(CZK millions)

	Jan - Sep 2006	Jan – Sep 2007	Change 9M07/9M06
Interest paid	(429)	(428)	(0.2%)
Interest received	127	242	+90.6%
Income tax paid	(2,855)	(3,142)	+10.1%
Net cash from operating activities	17,510	16,470	(5.9%)
Net cash from investing activities	(4,771)	(3,391)	(28.9%)
- purchase/disposal of PPE and intangibles	(4,730)	(3,444)	(27.2%)
- marketable securities	-	53	n.m.
- grant/(payment) of loan	(41)	-	n.m.
Free cash flow I ¹⁾	12,780	13,026	+1.9%
Free cash flow II ²⁾	13,082	13,212	+1.0%
Net cash from financing activities	-	21	n.m.

Note: Unaudited, according to IFRS

1) Net cash from operating activities less Net cash from investing activities excl. marketable securities and purchase of financial investments

2) Net operating cash less Net investing cash excl. marketable securities, purchase of financial investments and interest




19

Group Balance Sheet

(CZK millions)

	31 Dec 2006	30 Sep 2007	Change Sep07/Dec06
Non-current assets	100,824	94,771	(6.0%)
Current assets	16,850	30,651	+81.9%
- Cash & cash. Equiv.	7,461	20,579	+175.8%
- Short term fin.investments	66	112	+69.7%
Total assets	117,877	125,753	+6.7%
Equity	88,481	79,973	(9.6%)
Non-current liabilities	16,495	10,164	(38.4%)
- Long-term financial debt	9,156	3,176	(65.3%)
Current liabilities	12,901	35,616	+176.1%
- Short-term financial debt	206	6,100	n.m.
Gross gearing	10.6%	11.6%	
Net gearing ¹⁾	2.1%	(14.3%)	



Note: Unaudited, according to IFRS

¹⁾ Net gearing = (Long and short term fin. debt – cash and short-term fin. investments) / equity



2008 Financial Calendar - preliminary

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2008 Financial Calendar - preliminary

- **2007 Full Year Results** – 21st February 2008
- **2008 Annual General Meeting** – 24th April 2008
- **2008 January-March Results** – 24th April 2008
- **2008 January-June Results** – 24th July 2008
- **2008 January-September Results** – 23rd October 2008

A dynamic splash of water with numerous bubbles and droplets, rendered in various shades of blue, occupies the left side of the frame. The water appears to be falling or splashing upwards, creating a sense of movement and freshness. The background is a solid, gradient blue that transitions from a darker shade at the top to a lighter shade at the bottom.

Backup

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23

CZ Fixed Operational Performance

(thousands)	30 Sep 2006	30 Sep 2007	Change Sep07/Sep06
Accesses	3,180	2,855	(10.2%)
<i>Final Client Accesses</i>	<i>3,094</i>	<i>2,746</i>	<i>(11.3%)</i>
Fixed Telephony Accesses ¹⁾	2,537	2,135	(15.8%)
Internet and Data Accesses	555	558	+0.6%
- Narrowband	179	68	(61.9%)
- Broadband (ADSL)	364	482	+32.5%
- Other ²⁾	12	8	(33.9%)
Pay TV	3	53	<i>n.m.</i>
<i>Wholesale Accesses</i>	<i>86</i>	<i>108</i>	<i>+27.3%</i>
Unbundled loops	16	40	<i>n.m.</i>
Wholesale ADSL	63	63	0.0%
Other ³⁾	7	6	(11.8%)
Voice outgoing traffic (mil. minutes)	2,541	2,041	(19.7%)
Dial-up outgoing traffic (mil. minutes)	989	316	(68.1%)

¹⁾ PSTN (including payphones) x1; ISDN Basic x 1; ISDN Primary Access x 30

²⁾ Leased lines

³⁾ Wholesale circuits

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CZ Mobile Operational Performance

(thousands)	30 Sep 2006	30 Sep 2007	Change Sep07/Sep06
No. of registered customers	4,760	4,967	+4.3%
- contract	1,782	2,161	+21.3%
- prepaid	2,978	2,806	(5.8%)
Data customers ¹⁾	160	182	+13.8%
ARPU blended (CZK)	505	518	+2.5%
contract ARPU (CZK)	991	907	(8.5%)
prepaid ARPU (CZK)	236	245	+3.8%
data ARPU blended (CZK)	106	110	+4.0%
non-SMS data ARPU as % of data ARPU	40%	43%	+7.0%
Average MOU blended (in & outbound)	100	115	+15.0%
Total no. of SMS (millions)	2,080	2,247	+8.0%