

The background of the slide is a dynamic splash of water against a dark blue gradient. The water is captured in mid-air, with numerous bubbles and droplets of varying sizes. The lighting highlights the clarity and texture of the water, creating a sense of movement and freshness. The overall color palette is shades of blue, from deep navy to light sky blue.

O2 Czech Republic, a. s.
28th April 2017

Quarterly Results January – March 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

In 1Q 2017 we brought unlimited internet to all households... ...and expanded distribution of our O2 TV with free-to-air



- Unlimited internet available to **99%** of households...
- ... via **DSL** and **LTE** home technology ...
- ...with **guaranteed 20Mbps** speed

- **Free-to-air** distribution of **selected content**...

- ...**full paid content** and **all features** (incl. time shift)...
- ...provided via **HbbTV** technology

- **Unique tennis channel** launched in **January 2017**

- ...with **focus** on **Czech players** track...

- ... **ATP** and **WTA** tournaments exclusively; Czech Grand Slam matches



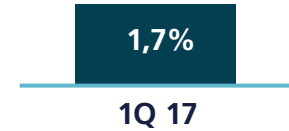
Our value focused strategy works, despite B2B pressures...

...two digit growth in mobile data, close to 700k O2 TV viewers

- **Growing ARPU** despite **B2B pressure**
- Expected **dilution** due to negative impact of **roaming regulation** since 2Q 17
- **Growing smartphone/LTE penetration...**
- ... coupled with **tariff upsell & data limit recharges...**
- ...**mobile data traffic growth up by 2/3...**
- ...and **data monetization accelerates**
- **New record O₂ TV viewers** via all platforms
- **Partnership with leading breweries** (> 1,200 pubs & bars)



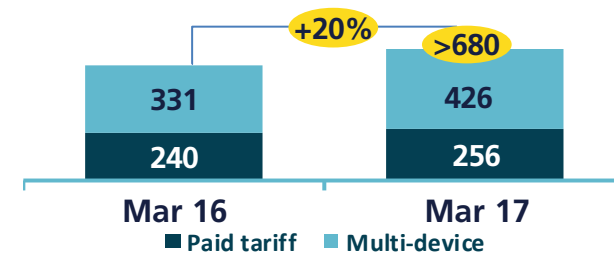
Mobile ARPU (y-o-y)



36%
LTE penetration

58%
smartphone
penetration

O₂ TV reach^[1] ('000)



[1] Tariff - IPTV, OTT, Multiroom (second STB), Multi-device (mobile & web application)

Growing mobile ARPU in Slovakia driven by strong data growth... ...new B2B service contracts signed

- **New corporate & public segment** contracts signed...
- ... Sky Toll (national toll provider), Takko Fashion, Presov City
- close to **250 contracts signed** in both segments



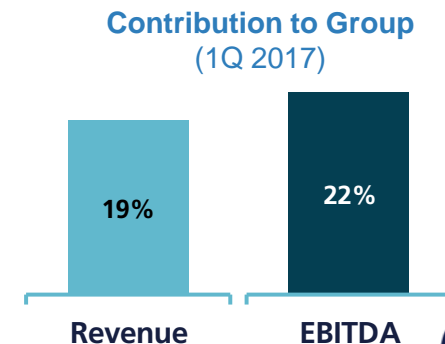
- **LTE handset sales focus... with new instalment model**
- ... **data customer base +9% & traffic +54%...**
- and **data successfully monetized** (revenue^[1]: +21%)...
- ... **growing ARPU** despite **challenging competitive environment**

37%
LTE penetration

57%
smartphone
penetration



- **Solid revenue^[2] growth** driven by **data & phones**
- **B2B entry dilutes EBITDA margin** by 1.1 p.p.
- Total **EBITDA margin 32.5%**^[3]
- **Positive contribution** to Group financials





2016 Shareholder remuneration

CZK 21 per share 2016 shareholder remuneration proposal... ...to be discussed at AGM on 10 May 2017

Regular Dividend

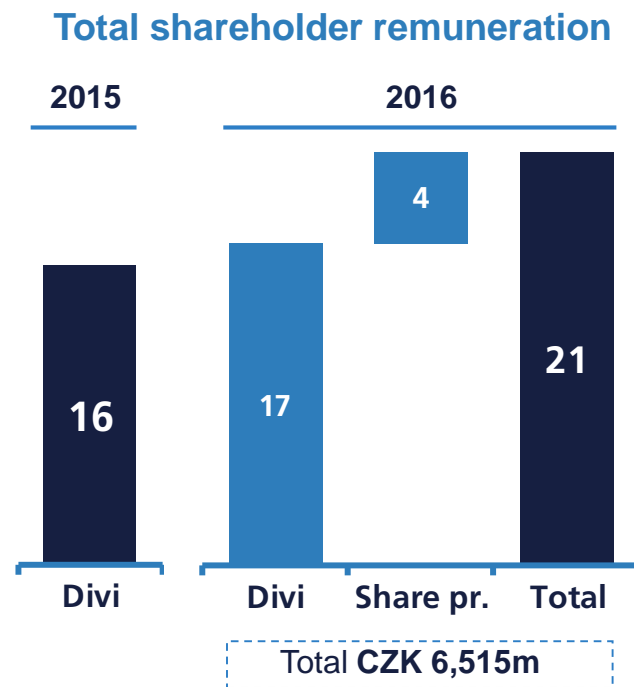
- DPS proposal: CZK 17
- In line with dividend policy^[2]...
- ... (98% of net profit)

Share Premium distribution

- On top of regular dividend
- Not one-off, but mid-term intention
- Proposal: CZK 4 per share

Key dates

- Ex-date: 9 May 2017
- Record date: 10 May 2017 (AGM date)
- Payment date: 9 June 2017



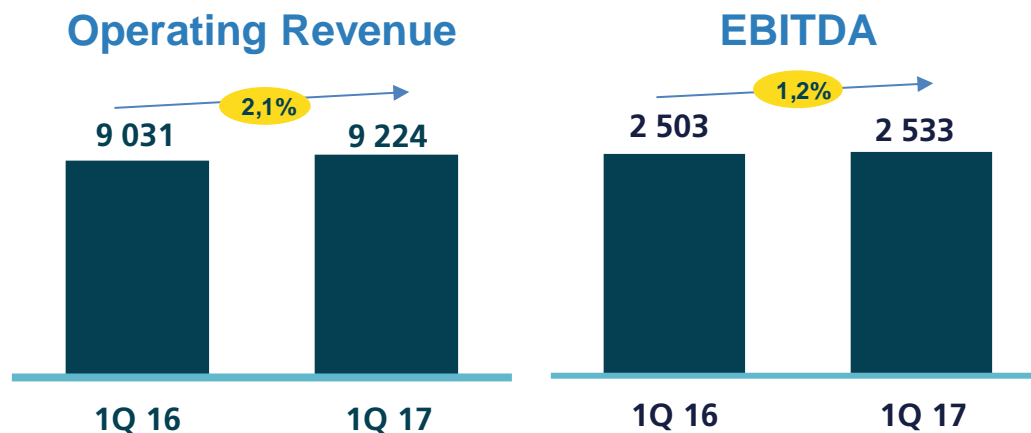


Financial Performance
January – March 2017

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Revenue growth fueled by mobile data, O2 TV and hardware... ...while profitability slightly growing

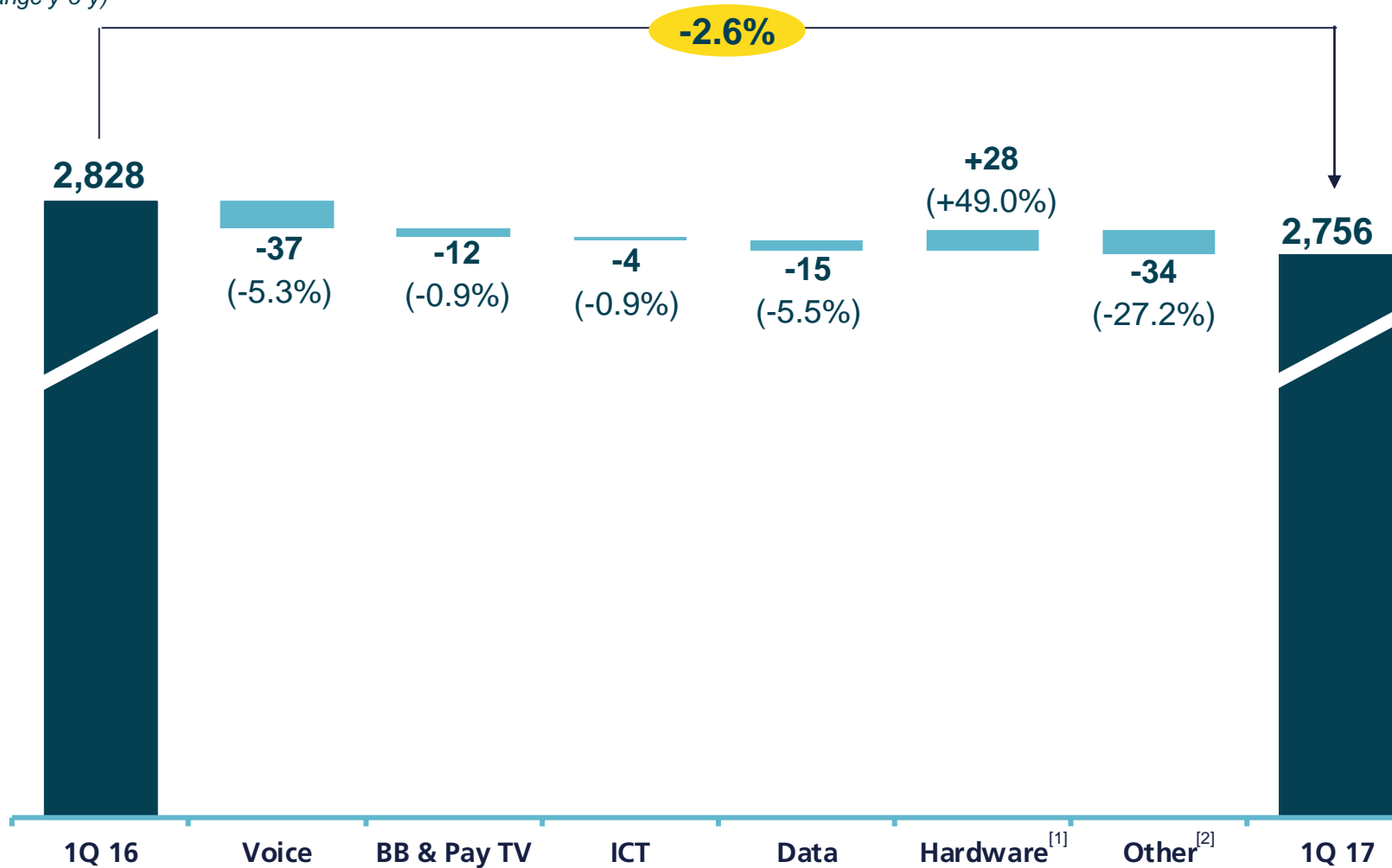
<i>CZK millions</i>	Jan-March 2017	<i>Change 1Q17 /1Q16</i>
Operating Revenue	9,224	+2.1%
CZ Fixed	2,756	
CZ Mobile	4,772	
Slovakia ^[1]	1,730	
EBITDA	2,533	+1.2%
<i>EBITDA margin</i>	27.5%	
Net Income	1,286	+3.4%
Free Cash Flow	628	



Limited fixed revenue decline...

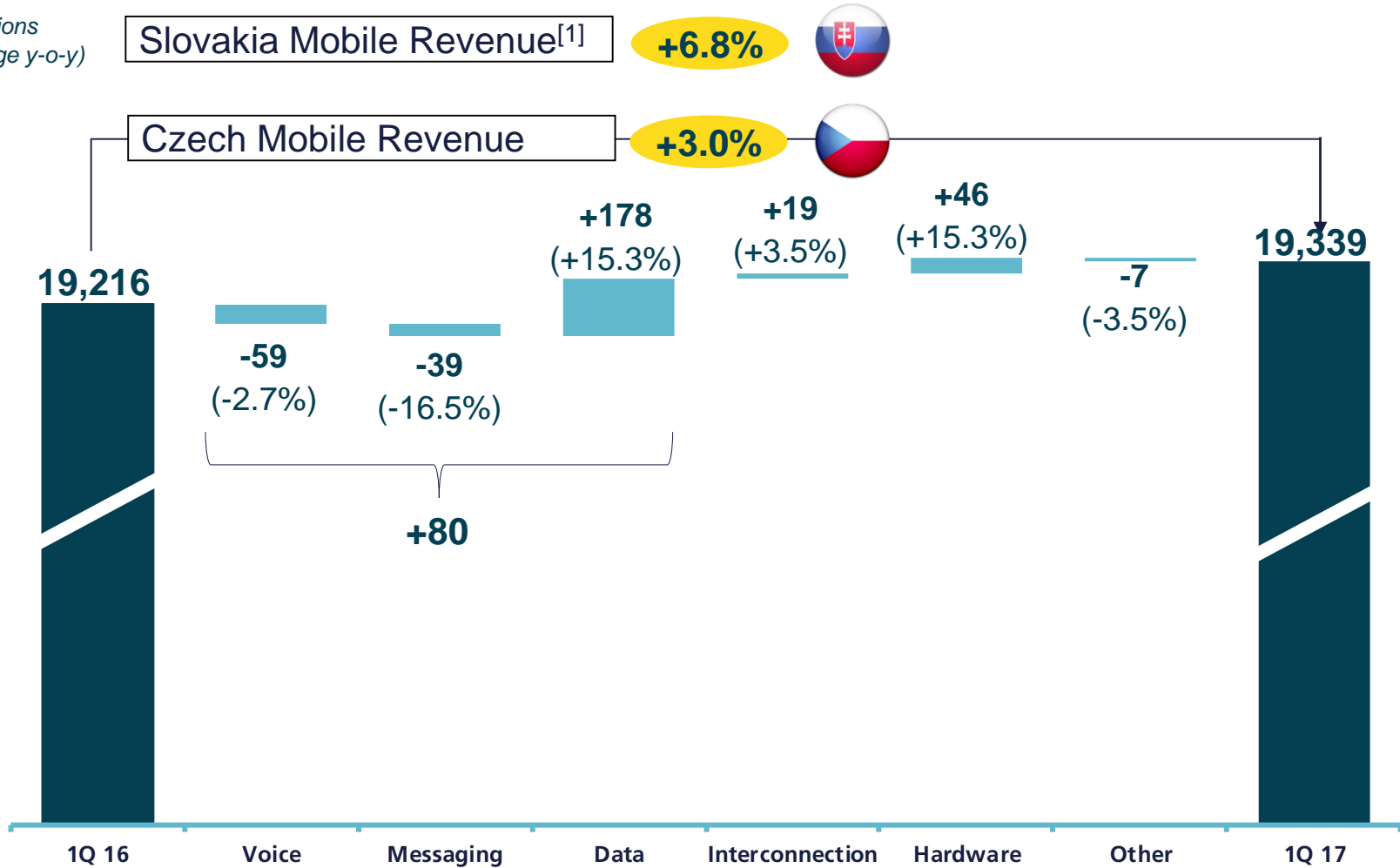
... with B2B segment still under pressure

CZK millions
(% change y-o-y)



Double digit data revenue growth... ... more than compensating B2B pricing & roaming impacts

CZK millions
(% change y-o-y)



We are starting up new business activities...

... with limited financial contribution so far

O₂ eKasa

- New legislation (12/2016, 3/2017, 3/2018, 6/2018)
- ... market leader after first two waves...
- ...one-off **hardware revenue**, recurring **service fee**



O₂ Insurance

- **smart travel**: the only postpay travel insurance on the market
- **handsets & tablets**: for newly sold hardware
- **200k insurance policies milestone** in only **18 months**



End to end startups

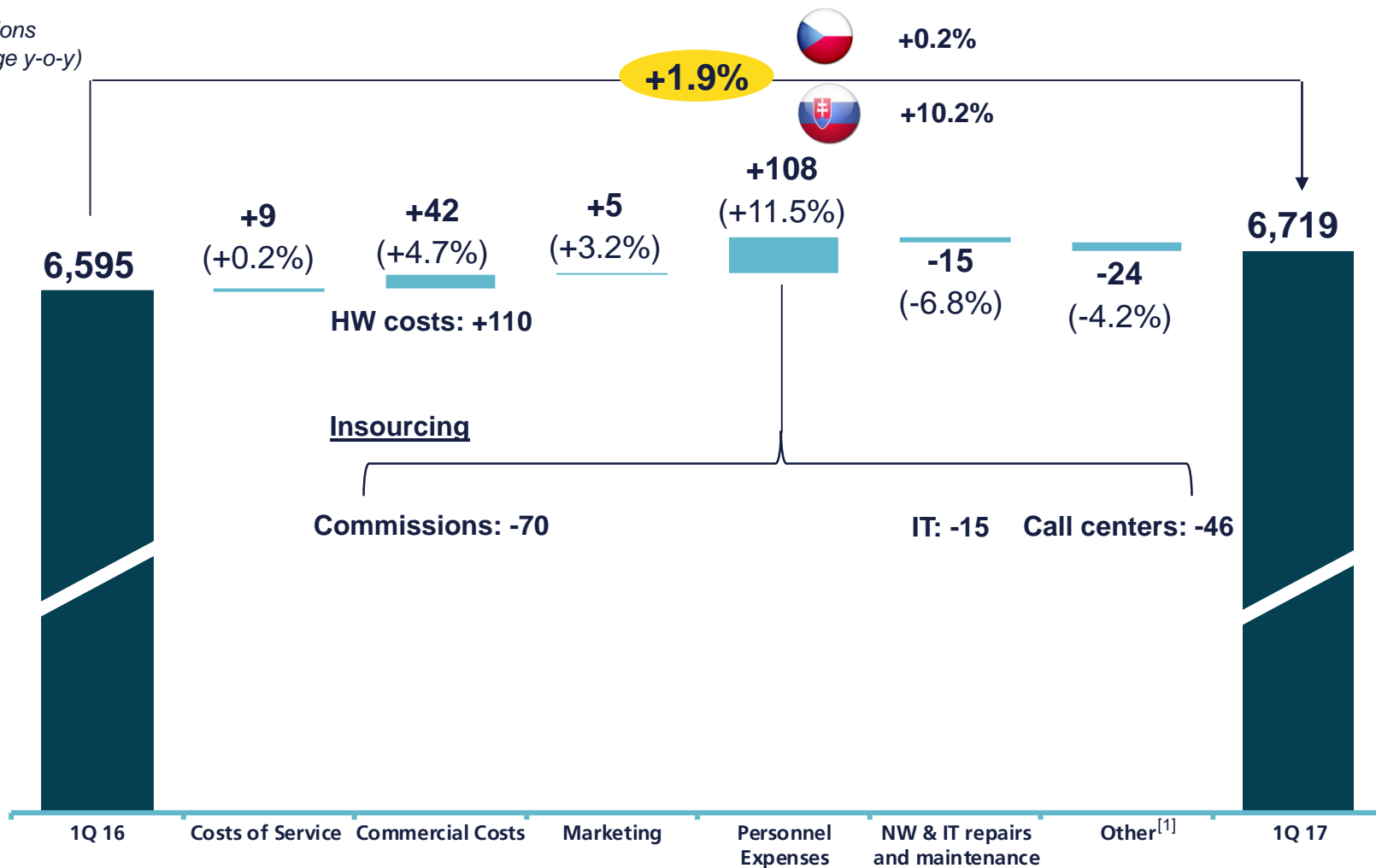


- **Minor cash investments** into **advanced start-ups**
- Typically **own O₂ experience** before investment
- **Not only financial** contribution, but **also O₂ ecosystem**

O₂

Cost base under control; with Czech costs flat year-on-year... ...while Slovak up 10% due to higher HW costs & roaming

CZK millions
(% change y-o-y)

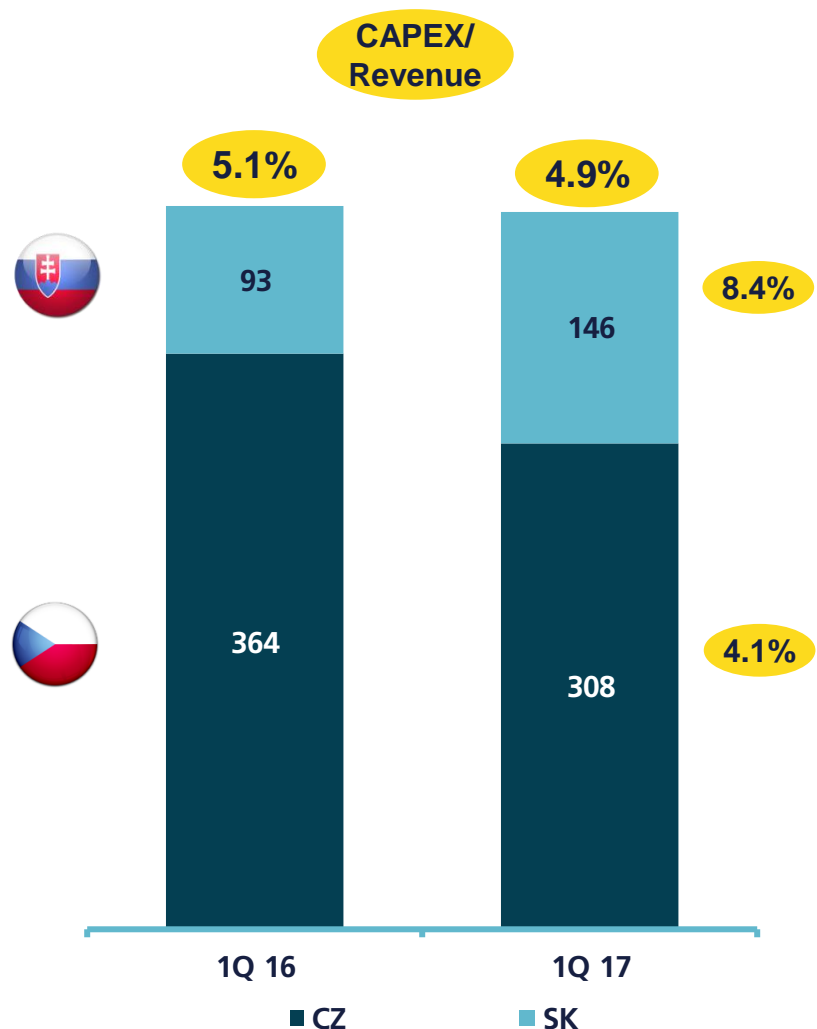


15 ^[1] Taxes other than income taxes, provisions and fees, Rentals, Buildings, Vehicles, Consumables, Consultancy, Billing, Collection, Call Centers, management fees and other; including Internal expenses capitalized in fixed assets



Low capex profile... ...investments directed to 4G rollout in SK & IT transformation

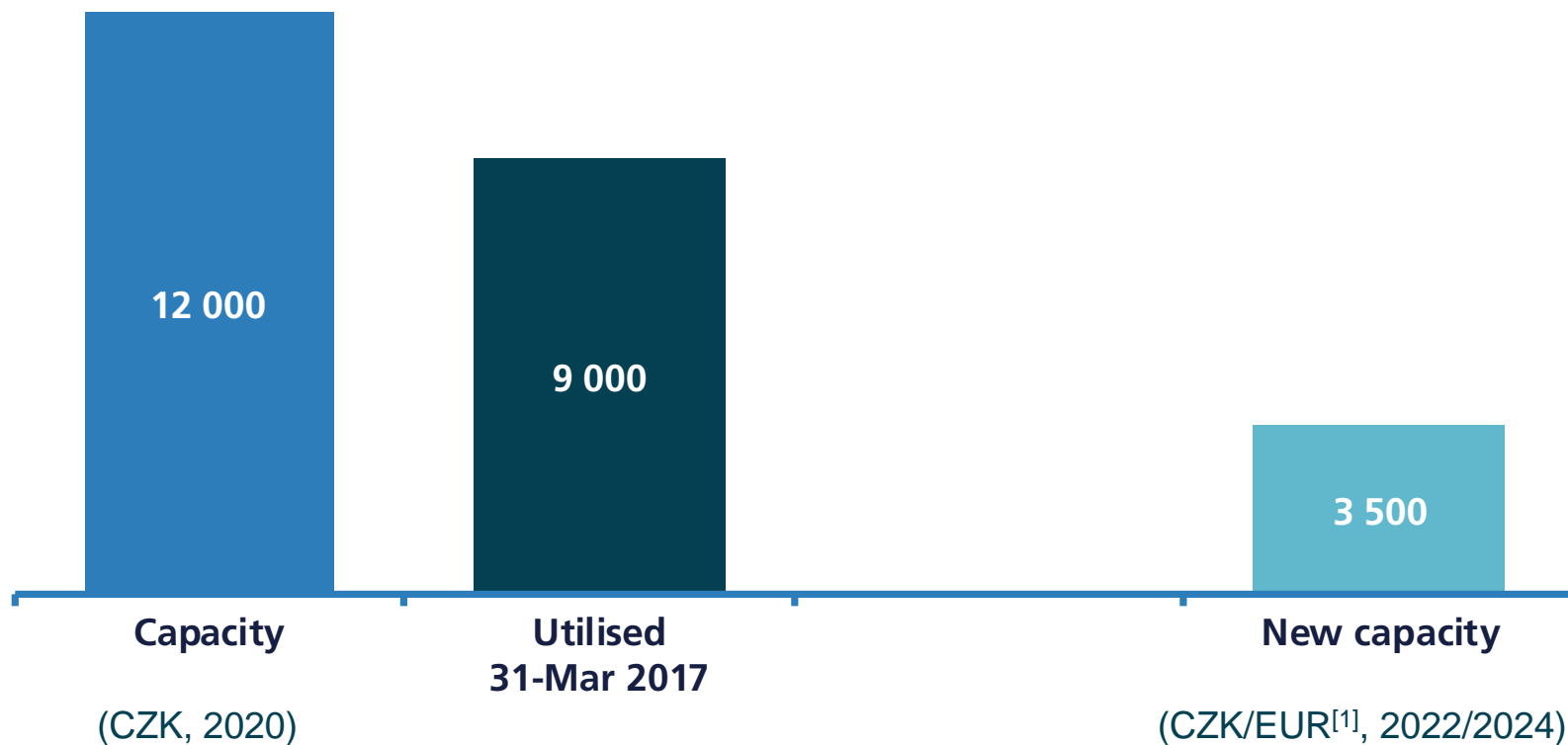
CZK millions



- **Slovakia:**
 - 4G rollout (also in rest of 2017)
 - 2G own network coverage expansion
- **Czech Republic:**
 - IT transformation (peak in 2H 2017)

New CZK 3.5bn debt successfully subscribed in April... ...to secure long-term financing needs

CZK millions



Cash accumulation for shareholder remuneration payment... ...additional CZK 2bn debt withdrawn

<i>CZK millions</i>	31 Dec 2016	31 March 2017	31 Mar 17 /31 Dec 16
Non-current assets	22,071	21,781	-1.3%
- of which intangible assets	16,515	16,194	-1.9%
- of which property, plant & equipment	5,075	5,031	-0.9%
Current assets	11,235	13,730	+22.2%
- of which cash & cash equivalents	4,137	6,516	+57.5%
Total assets	33,306	35,511	+6.6%
Equity	17,505	18,543	+5.9%
Non-current liabilities	7,382	7,382	-0.3%
- of which financial debt	6,976	6,978	0.0%
Current liabilities	8,419	9,608	+14.1%
- of which financial debt	1	2,002	

