



O2 Czech Republic

7<sup>th</sup> August 2020

# Quarterly Results January – June 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

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**Tomáš Kouřil**

CFO & Vice-Chairman of the Board

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# **Strategic commercial initiatives & performance highlights**

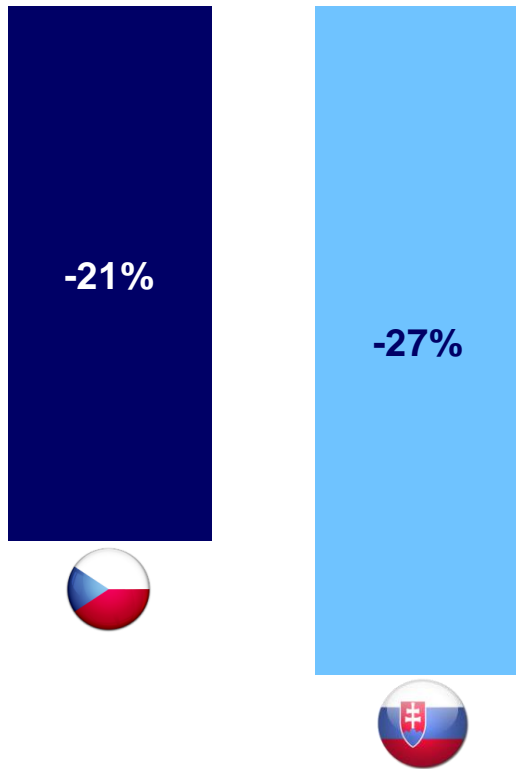
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# Second quarter with full pandemic impact

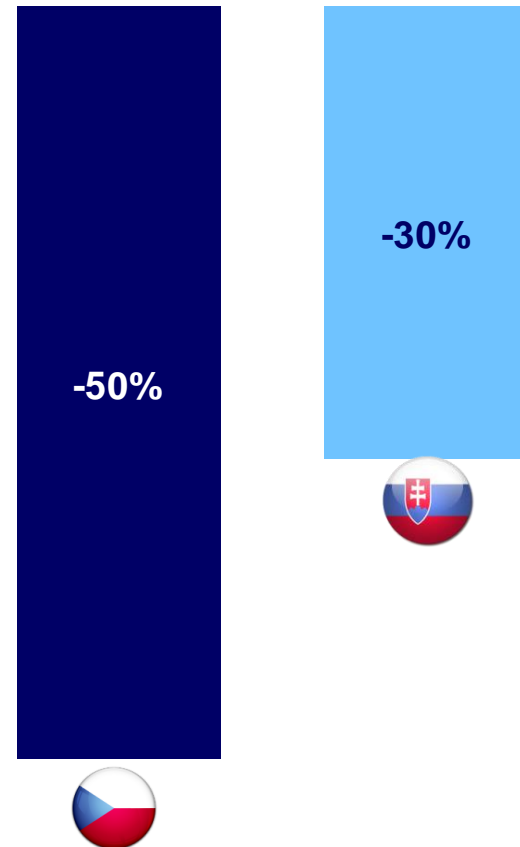
- **State of emergency** due to **Covid-19 outbreak** declared for the whole territory **lasted from 12 March till 17 May 2020**
- **Significant negative impact on trading** (lower customers' interactions) and **hardware sales**
- **Ongoing travel restrictions significantly reduced roaming business**

# Over 20% decline in mobile hardware sales.... ...roaming revenue drop accelerated in Q2

**Mobile handsets sales in #**  
(2Q 2020; y-o-y change)



**Roaming revenue<sup>[1]</sup>**  
(2Q 2020; y-o-y change)

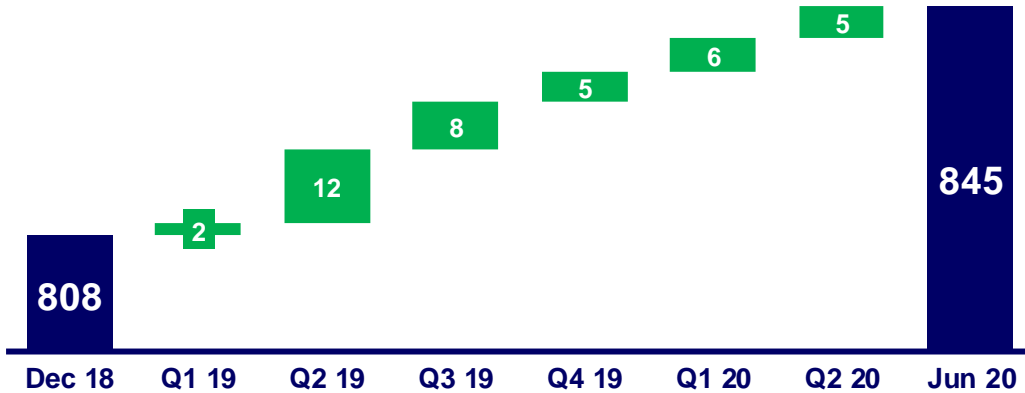




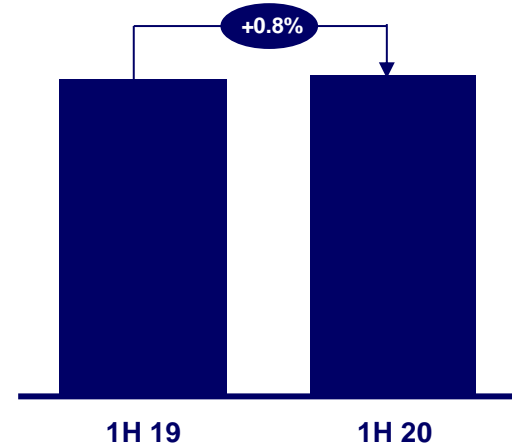
# Solid fixed segment trading performance...

## ...growing fixed broadband as well as Pay TV revenue

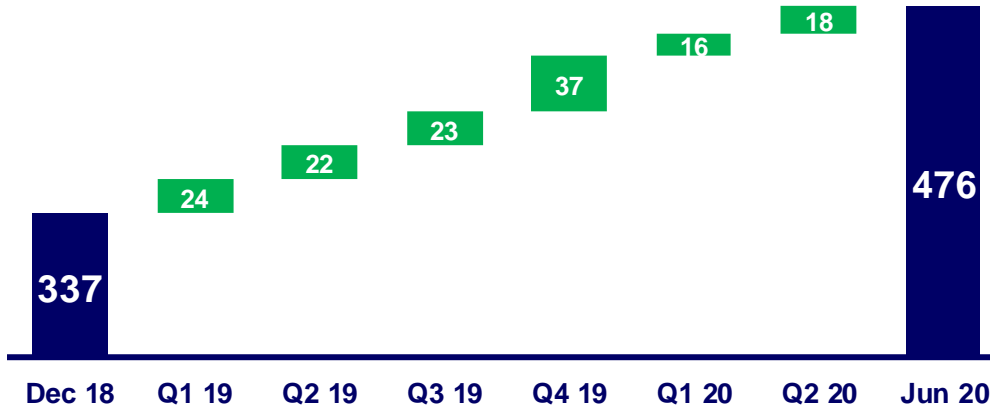
**Fixed broadband base<sup>[1]</sup>**  
(‘000)



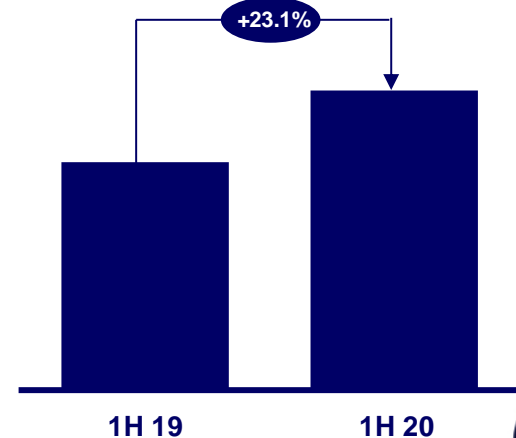
**Fixed broadband revenue**  
(y-o-y change)



**O<sub>2</sub> TV base<sup>[2]</sup>**  
(‘000)



**O<sub>2</sub> TV revenue**  
(y-o-y change)





# We made a bold decision in challenging times.... ...and launched 1<sup>st</sup> 5G commercial network

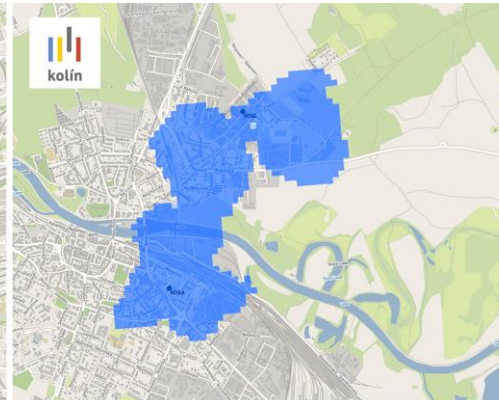
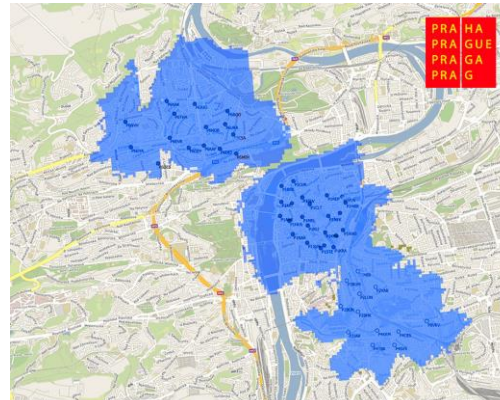
**O<sub>2</sub> is always the first to bring new technologies**

| Year | Technology / Milestone   |
|------|--|
| 1991 | Introduction of NMT technology and 1G. The first mobile telephones in the Czech Republic.        |
| 1996 | GSM and 2G era. The Czech Republic discovers SMS.  |
| 2000 | 2G+ brings the internet to mobile phones. Start of the data age.                                 |
| 2004 | 3G UMTS. Video on mobile phones and connection speeds of up to 384 kbit/s.                       |
| 2012 | 4G LTE. Video in HD. Speeds of up to 60 Mbit/s.  |
| 2019 | We are testing 5G in Kulin. Up to 420 Mbit/s. We are accelerating.                               |
| 2020 | We are launching commercial operation of the mobile network of the future. 5G. Up to 600 Mbit/s. |

**We are the first to launch the network of the future**

**5G**

O<sub>2</sub>







# Financial performance January – June 2020

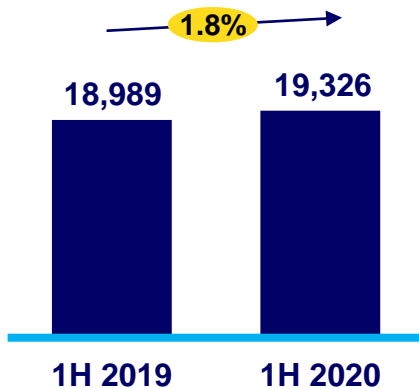
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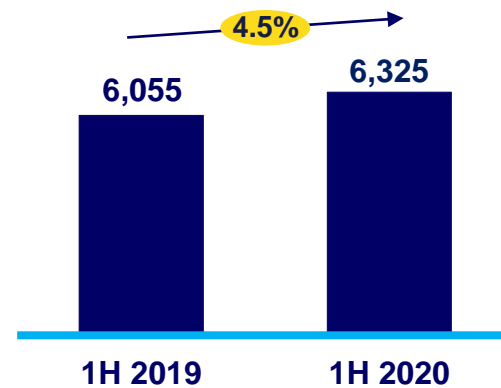
# Our strategy works with pre-COVID-19 healthy trends... ...worsening during lockdown period

| <i>CZK millions</i>                 | Jan – Jun 2020 | Change 1H20/1H19 |
|-------------------------------------|----------------|------------------|
| <b>Operating Revenue</b>            | 19,326         | <b>+1.8%</b>     |
| CZ Fixed                            | 5,957          |                  |
| CZ Mobile                           | 9,825          |                  |
| Slovakia                            | 3,617          |                  |
| <b>EBITDA</b>                       | 6,325          | <b>+4.5%</b>     |
| <i>EBITDA margin</i>                | 32.7%          |                  |
| <b>Net Income</b>                   | 2,675          | <b>+2.8%</b>     |
| <b>CAPEX</b>                        | 958            | <b>-9.1%</b>     |
| CZ CAPEX                            | 543            |                  |
| SK CAPEX                            | 416            |                  |
| <b>Free Cash Flow<sup>[1]</sup></b> | 3,575          |                  |

### Operating Revenue



### EBITDA

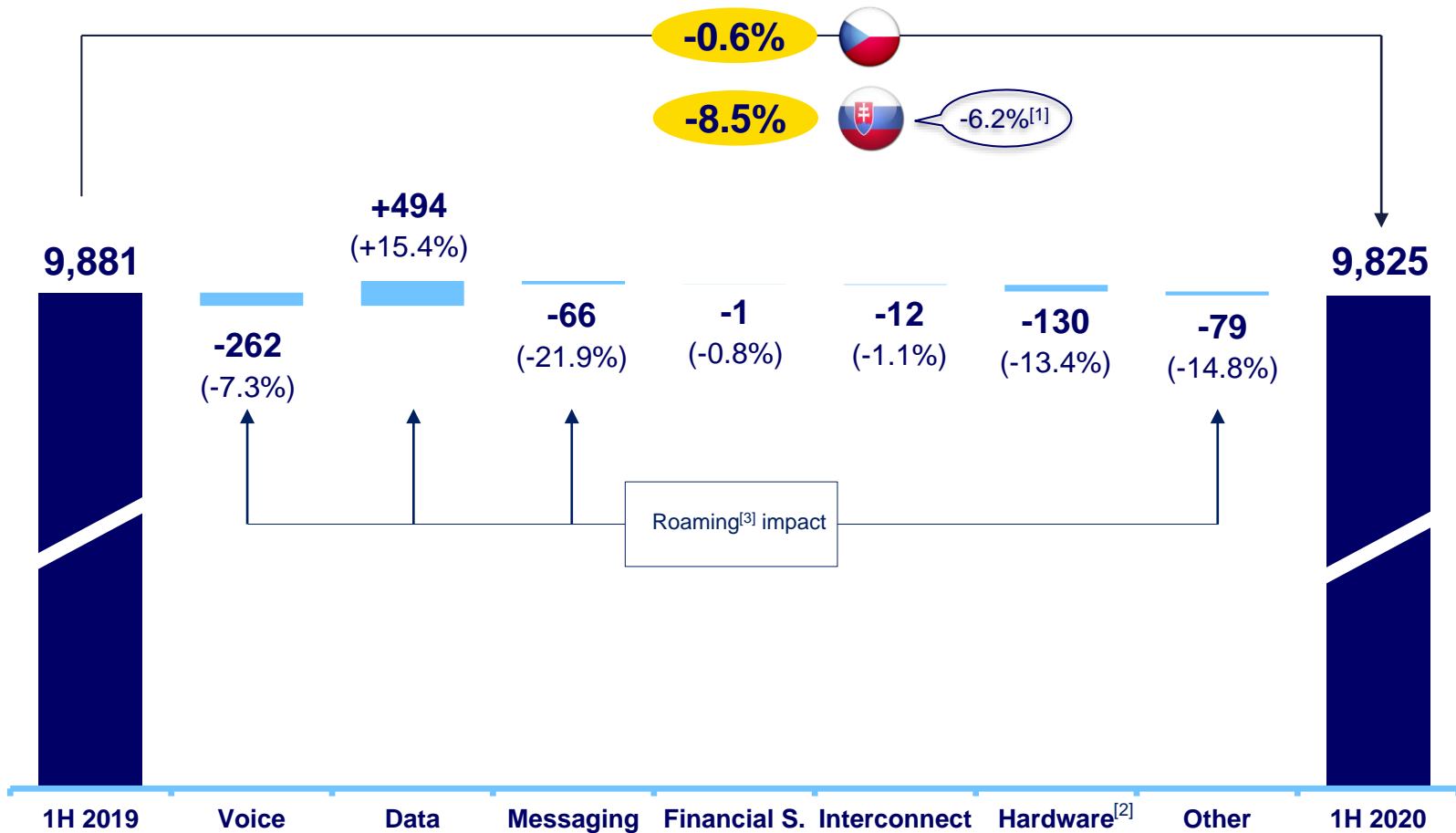


<sup>[1]</sup> excl. IFRS 16 impact of CZK 388m.



# COVID-19 hit on hardware and roaming revenue... ...not compensated by traditional growth areas

CZK millions  
(% change y-o-y)



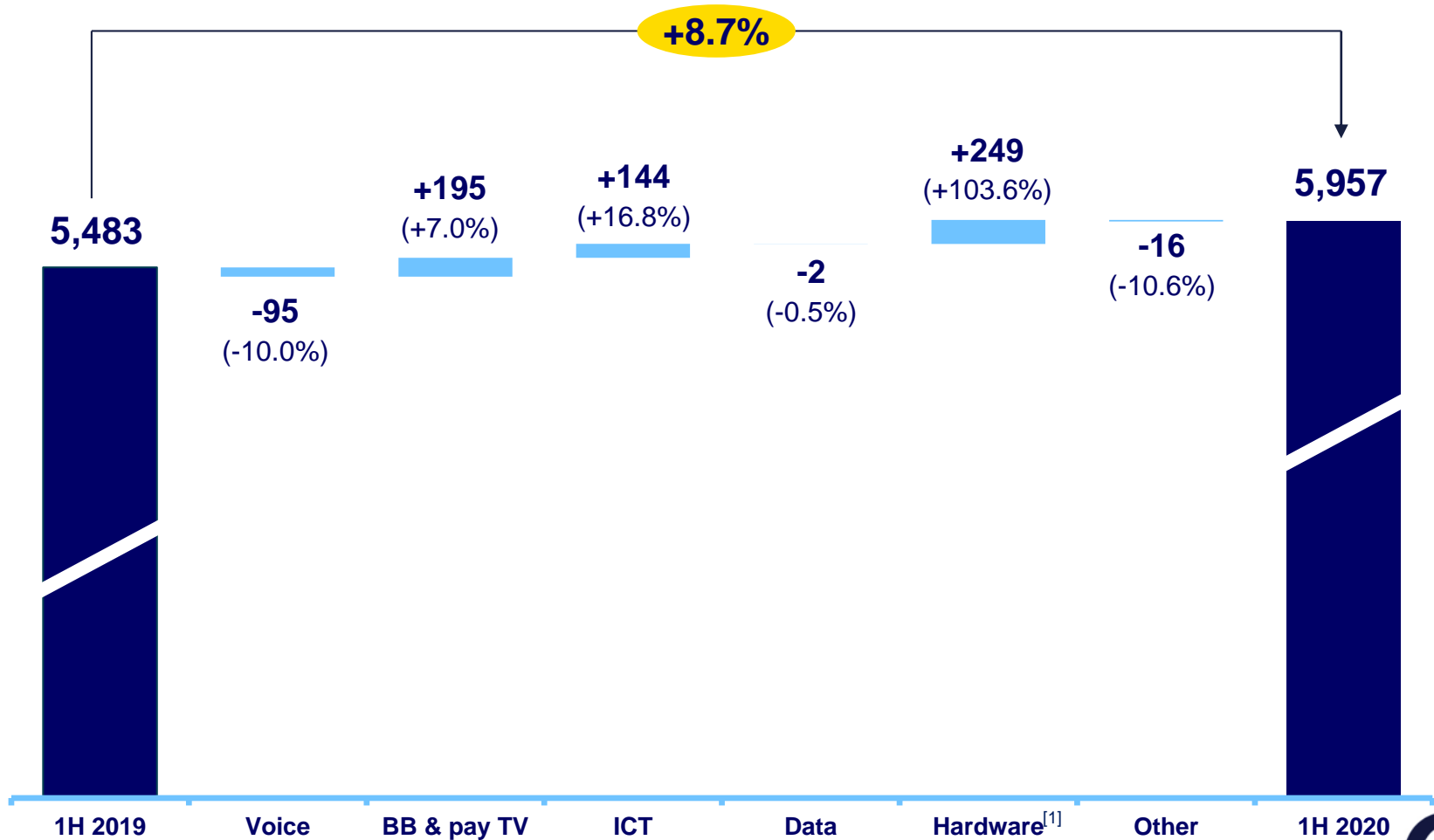
<sup>[1]</sup> Slovak mobile revenue would decline -6.2% y-o-y excluding MTR cut effect. In 2019, the base was higher y-o-y due to the higher mobile interconnection rate (33% cut in August 2019). SK growth rates are in local currency (EUR), <sup>[2]</sup> Including other non-service revenue, <sup>[3]</sup> Both roaming abroad and roaming visitors.





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

CZK millions  
(% change y-o-y)



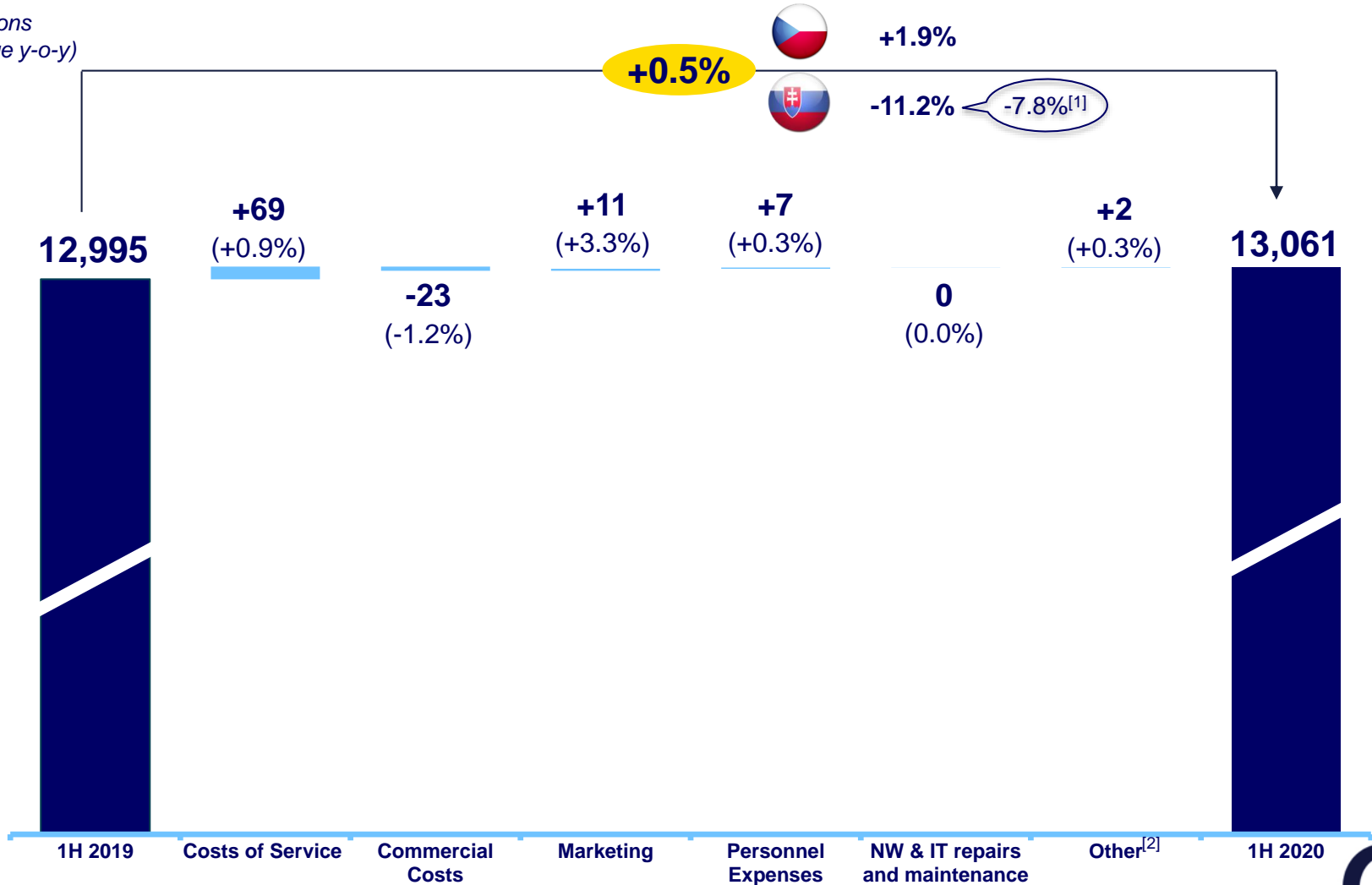
<sup>[1]</sup> Including other non-service revenue





# Underlying cost base is under control... ...incomparable Slovak cost base in H1 2019

CZK millions  
(% change y-o-y)



<sup>[1]</sup> -7.8% y-o-y excluding MTR cut effect; SK growth rates are in local currency (EUR), <sup>[2]</sup> 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.

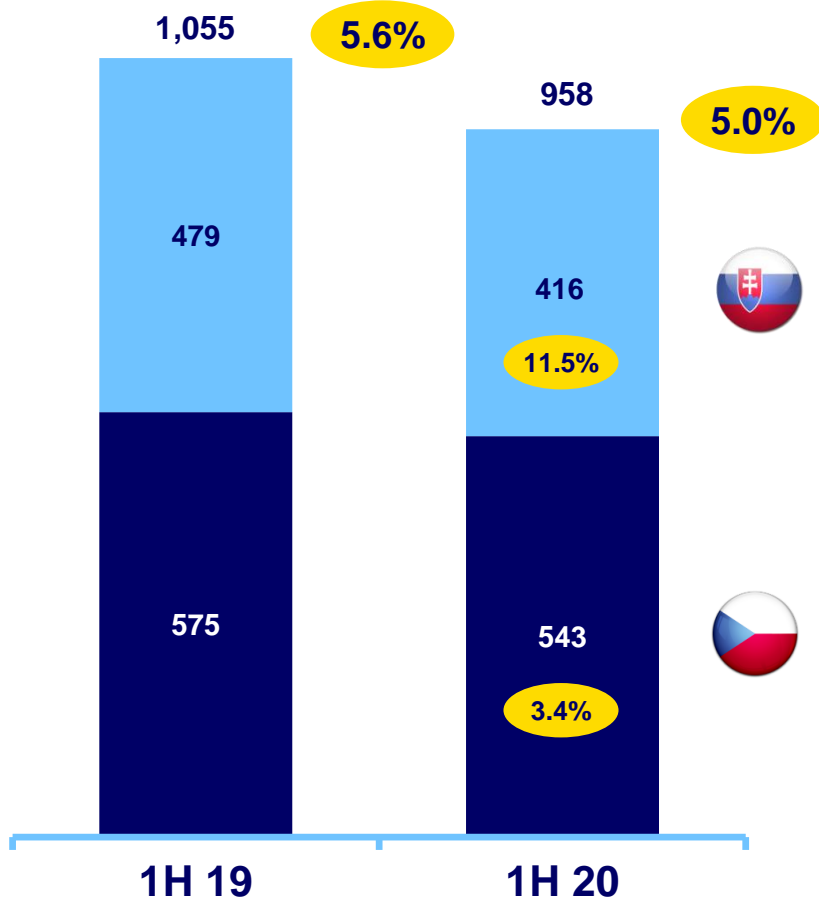




# Light CAPEX profile in Czech Republic... ...continuous improvement of Slovak network

CZK millions

CAPEX/  
Revenue



### Slovakia

- ~65% of CAPEX directed into network capacity improvement

### Czech Republic

- Network capacity
- IT development





# Successful refinancing changed debt maturity profile... ...2019 shareholder remuneration distributed in Q2

| <i>CZK millions</i>                           | <b>31 Dec 2019</b> | <b>30 Jun 2020</b> | <b>30 Jun 20 /<br/>/31 Dec 19</b> |
|---|--------------------|--------------------|-----------------------------------|
| <b>Non-current assets</b>                     | <b>28,006</b>      | <b>26,587</b>      | <b>-5.1%</b>                      |
| - of which intangible assets                  | 15,457             | 14,573             | -5.7%                             |
| - of which property, plant & equipment        | 6,171              | 6,262              | +1.5%                             |
| - of which right-of-use assets <sup>[1]</sup> | 4,094              | 3,507              | -14.3%                            |
| <b>Current assets</b>                         | <b>14,674</b>      | <b>11,845</b>      | <b>-19.3%</b>                     |
| - of which cash & cash equivalents            | 5,989              | 3,322              | -44.5%                            |
| <b>Total assets</b>                           | <b>42,680</b>      | <b>38,447</b>      | <b>-9.9%</b>                      |
| <b>Equity</b>                                 | <b>14,177</b>      | <b>10,598</b>      | <b>-25.2%</b>                     |
| <b>Non-current liabilities</b>                | <b>12,192</b>      | <b>18,731</b>      | <b>+53.6%</b>                     |
| - of which financial debt                     | 7,530              | 14,834             | +97.0%                            |
| - of which lease liability <sup>[1]</sup>     | 3,475              | 3,054              | -12.1%                            |
| <b>Current liabilities</b>                    | <b>16,311</b>      | <b>9,103</b>       | <b>-44.2%</b>                     |
| - of which financial debt                     | 7,066              | 51                 | -99.3%                            |
| - of which lease liability <sup>[1]</sup>     | 693                | 701                | +1.2%                             |

Shareholder remuneration<sup>[2]</sup>

Debt refinancing<sup>[3]</sup>



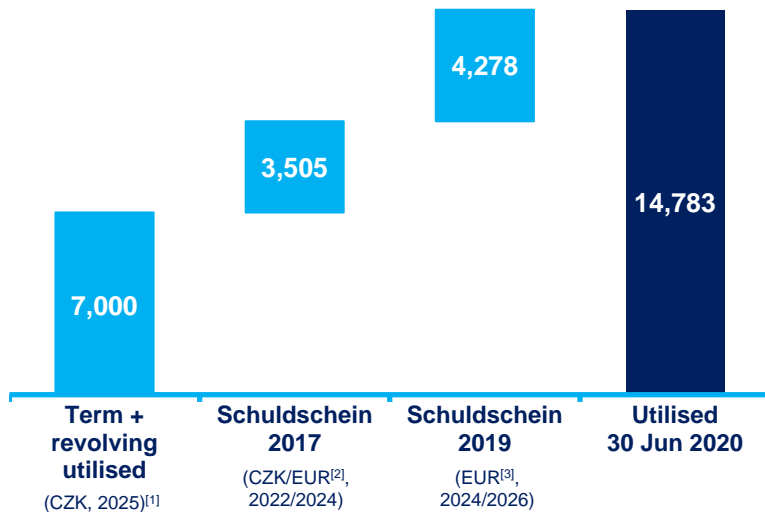
<sup>[1]</sup> IFRS 16: lease payments capitalized to assets and recognized corresponding lease liabilities; <sup>[2]</sup> 2019 shareholder remuneration (CZK 21 per share: dividend and share premium) distributed in Q2. <sup>[3]</sup> The new loan consists of CZK 5.39bn term loan facility and CZK 3.85bn revolving loan facility, CZK 2.24bn is an undrawn RCF.



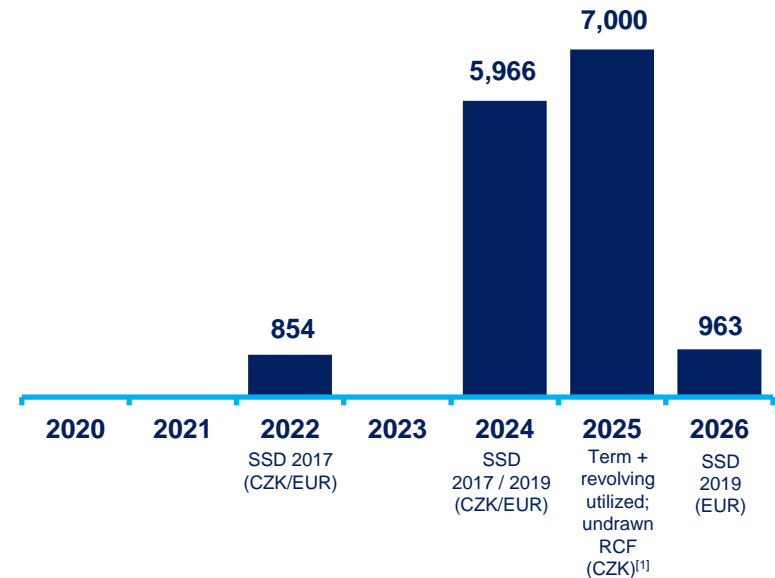
# Improved maturity profile, blended interest rate below 1.5%... ...and CZK 2.2bn revolving facility undrawn

CZK millions

## New Debt Structure



## New Maturity Profile



<sup>[1]</sup> The financial terms of the new 5-year loan remained the same as for this year maturing loan. The new loan consists of CZK 5.39bn term loan facility and CZK 3.85bn revolving loan facility, CZK 2.24bn is an undrawn RCF. <sup>[2]</sup> CZK 2,970m, EUR 20m. <sup>[3]</sup> EUR 160m.





# Per rollam General Meeting approved all proposed resolutions... ...in both rounds of voting

## AGM voting

- The General Meeting was held in per-rollam voting form.
- The statutory rule "who keeps silent votes against" was applied in per rollam voting.
- Voting commenced on 11 May 2020 and was divided into two rounds.
- The first round of voting on items 1 to 8 took place from 11 May 2020 till 17 June 2020. **All resolutions were adopted.** Results are available [online](#).
- The second round of voting on items 9 to 10 took place from 11 May 2020 till 2 July 2020. **All resolutions were adopted.** Results are available [online](#).
- Shareholders had an opportunity to check online whether the required majority was achieved.

