

Česká telekomunikační infrastruktura a.s.

**SHORTENED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2019**

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CONSOLIDATED STATEMENT OF TOTAL COMPREHENSIVE INCOME

In CZK million	30 September 2019	For the period ended 30 September 2018
Revenues	13,657	15,115
Other income from non-telecommunication services	118	149
Expenses	<u>(7,353)</u>	<u>(9,619)</u>
Earnings before impairment loss, interest, tax, depreciation and amortization (EBITDA)	6,422	5,645
Depreciation and amortisation	(3,407)	(3,160)
Impairment loss	<u>(28)</u>	<u>(9)</u>
Operating profit (EBIT)	2,987	2,476
Finance income	10	4
Finance costs	<u>(377)</u>	<u>(287)</u>
Profit before tax	2,620	2,193
Corporate income tax	<u>(472)</u>	<u>(414)</u>
Profit for the period	2,148	1,779
Other comprehensive income		
Items that may be reclassified subsequently to profit or loss		
Translation differences	-	-
Gains / (losses) on valuation differences from cash flow hedges	26	5
Related deferred tax	(5)	(1)
Other comprehensive income, net of tax	<u>21</u>	<u>4</u>
Total comprehensive income, net of tax	2,169	1,783
Profit attributable to:		
Equity holders of the Company	2,148	1,779
Total comprehensive income attributable to:		
Equity holders of the Company	2,169	1,783

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

In CZK million	30 September 2019	As at 31 December 2018
ASSETS		
Property, plant and equipment	48,125	48,633
Intangible assets	1,571	1,616
Goodwill	11	-
Right-of-use assets	4,500	-
Other assets	617	467
Non-current assets	54,824	50,716
Inventories	56	56
Receivables, including derivative	3,228	3,392
Income tax receivable	2	1
Cash and cash equivalents	1,150	1,650
Current assets	4,436	5,099
Non-current assets held for sale	22	26
Total assets	59,282	55,841
EQUITY AND LIABILITIES		
Share capital	3,102	3,102
Reserves	585	564
Other funds	14,620	14,620
Retained earnings	2,155	2,552
Total equity	20,462	20,838
Long-term financial debts	20,942	20,869
Deferred tax liability	6,175	6,203
Non-current provisions for liabilities and charges	385	376
Lease liability	4,543	-
Non-current other liabilities, including derivative	1,617	1,561
Non-current liabilities	33,662	29,009
Short-term financial debts	241	21
Trade and other payables	4,824	5,824
Income tax liability	12	64
Provisions for liabilities and charges	81	85
Current liabilities	5,158	5,994
Total liabilities	38,820	35,003
Total equity and liabilities	59,282	55,841

CONSOLIDATED STATEMENT OF CASH FLOWS

In CZK million	For the period ended	
	30 September 2019	30 September 2018
Profit for the year	2,148	1,779
Non-cash adjustments for:		
Depreciation and amortisation	3,407	3,160
Impairment loss	28	9
Profit on sale of property, plant and equipment	(24)	(32)
Net finance expenses	337	228
Foreign exchange losses (net)	30	55
Other non-cash adjustments	22	20
Tax expense	472	414
Operating cash flow before working capital changes	6,420	5,633
Working capital adjustments:		
Change in trade and other receivables	117	(52)
Change in inventories	-	(22)
Change in trade and other payables	(548)	403
Change in provisions	(76)	(57)
Cash flows from operating activities	5,913	5,905
Income tax paid	(557)	(265)
Net cash flow from operating activities	5,356	5,640
Cash flows from investing activities		
Purchase of property, plant and equipment and intangibles	(2,712)	(2,799)
Proceeds from sales of property, plant and equipment and intangible assets	25	33
Investment in subsidiaries	(15)	-
Net cash used in investing activities	(2,702)	(2,766)
Cash flows from financing activities		
Interest paid	(111)	-
Other financial transactions	19	3
Cash collateral placed due to derivatives transactions	(19)	162
Dividends paid	(2,542)	(2,720)
Lease payments	(501)	-
Net cash used in financing activities	(3,154)	(2,555)
Net increase in cash and cash equivalents	(500)	319
Cash and cash equivalents at beginning of year	1,650	843
Cash and cash equivalents at the period end	1,150	1,162

NOTES TO SHORTENED CONSOLIDATED FINANCIAL STATEMENTS

GENERAL INFORMATION

Česká telekomunikační infrastruktura a.s. Group (Group) consists of Česká telekomunikační infrastruktura a.s. (Company) and its subsidiaries: CZECH TELECOM Germany GmbH, CZECH TELECOM Austria GmbH, CETIN Finance B.V., CETIN služby s.r.o. and STEL-INVEST s.r.o.

Česká telekomunikační infrastruktura a.s. was incorporated by a spin –off (Separation) from the company O2 Czech Republic a.s. and registered on 1 June 2015 with decisive day of incorporation 1 January 2015.

The Company has the form of a joint stock company and is incorporated and domiciled in the Czech Republic. The address of its registered office is Olšanská 2681/6, Praha 3, 130 00, Czech Republic.

The majority shareholder of the Company as at 30 September 2019 is PPF Infrastructure B.V. (part of the PPF Group).

The Company is the leading telecommunications provider in the Czech market providing fully integrated services. It is understood as the access, aggregation and backbone infrastructure, mediating the access of customers of other operators to their fixed and mobile voice, data and video services.

The shortened consolidated financial statements are not audited.

SIGNIFICANT ACCOUNTING POLICIES

The Group has adopted a new standard IFRS 16 Leases as of 1 January 2019.

The following tables summarise the impacts of adopting IFRS 16 on the Group's balance sheet, income statement and cash flow statement.

Impact on profit and loss for the period ended 30 September 2019

In CZK million	Balances with IFRS 16	Impact	Balances without IFRS 16
Revenues	13,657	-	13,657
Other income from non-telecommunication services	118	-	118
Expenses	(7,353)	(612)	(7,965)
Earnings before impairment loss, interest, tax, depreciation and amortization (EBITDA)	6,422	(612)	5,810
Depreciation and amortisation	(3,407)	501	(2,906)
Impairment loss	(28)	-	(28)
Operating profit (EBIT)	2,987	(111)	2,876
Finance income	10	-	10
Finance costs	(377)	111	(266)
Profit before tax	2,620	-	2,620
Corporate income tax	(472)	-	(472)
Profit for the period	2,148	-	2,148

Impact on the balance sheet as at 30 September 2019

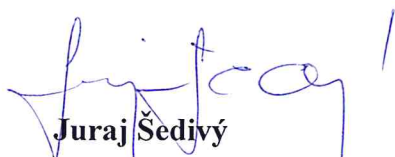
In CZK million	Balances with IFRS 16	Impact	Balances without IFRS 16
ASSETS			
Property, plant and equipment	48,125	-	48,125
Intangible assets	1,571	-	1,571
Goodwill	11	-	11
Right-of-use assets	4,500	(4,500)	-
Other assets	617	-	617
Non-current assets	54,824	(4,500)	50,324
Inventories	56	-	56
Receivables, including derivative	3,228	-	3,228
Income tax receivable	2	-	2
Cash and cash equivalents	1,150	-	1,150
Current assets	4,436	-	4,436
Non-current assets held for sale	22	-	22
Total assets	59,282	(4,500)	54,782
EQUITY AND LIABILITIES			
Share capital	3,102	-	3,102
Reserves	585	-	585
Other funds	14,620	-	14,620
Retained earnings	2,155	-	2,155
Total equity	20,462	-	20,462
Long-term financial debts	20,942	-	20,942
Deferred tax liability	6,175	-	6,175
Non-current provisions for liabilities and charges	385	-	385
Lease liability	4,543	(4,543)	-
Non-current other liabilities, including derivative	1,617	-	1,617
Non-current liabilities	33,662	(4,543)	29,119
Short-term financial debts	241	-	241
Trade and other payables	4,824	43	4,867
Income tax liability	12	-	12
Provisions for liabilities and charges	81	-	81
Current liabilities	5,158	43	5,201
Total liabilities	38,820	(4,500)	34,320
Total equity and liabilities	59,282	(4,500)	54,782

**Impact on cash flow statement
for the period ended 30 September 2019**

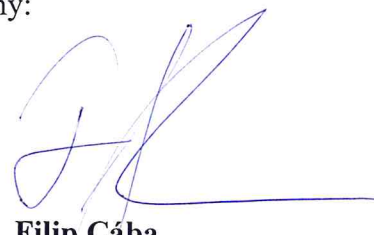
In CZK million	Balances with IFRS 16	Impact	Balances without IFRS 16
Profit for the year	2,148	-	2,148
Non-cash adjustments for:			
Depreciation and amortisation	3,407	(501)	2,906
Impairment loss	28	-	28
Profit on sale of property, plant and equipment	(24)	-	(24)
Net finance expenses	337	(111)	226
Foreign exchange losses (net)	30	-	30
Other non-cash adjustments	22	-	22
Tax expense	472	-	472
Operating cash flow before working capital changes	6,420	(612)	5,808
Working capital adjustments:			
Change in trade and other receivables	117	-	117
Change in inventories	-	-	-
Change in trade and other payables	(548)	-	(548)
Change in provisions	(76)	-	(76)
Cash flows from operating activities	5,913	(612)	5,301
Income tax paid	(557)	-	(557)
Net cash flow from operating activities	5,356	(612)	4,744
Cash flows from investing activities			
Purchase of property, plant and equipment and intangibles	(2,712)	-	(2,712)
Proceeds from sales of property, plant and equipment and intangible assets	25	-	25
Investment in subsidiaries	(15)	-	(15)
Net cash used in investing activities	(2,702)	-	(2,702)
Cash flows from financing activities			
Interest paid	(111)	111	-
Other financial transactions	19	-	19
Cash collateral placed due to derivatives transactions	(19)	-	(19)
Dividends paid	(2,542)	-	(2,542)
Lease payments	(501)	501	-
Net cash used in financing activities	(3,154)	612	(2,542)
Net increase in cash and cash equivalents	(500)	-	(500)
Cash and cash equivalents at beginning of year	1,650	-	1,650
Cash and cash equivalents at the period end	1,150	-	1,150

The Group's consolidated financial statements for the period ended 30 September 2019 fairly represent Group's financial condition and operations as at 30 September 2019.

The shortened consolidated financial statements were approved by the Board of Directors on 30 October 2019 and signed on behalf of the Company:



Juraj Šedivý
Chairman of the Board



Filip Cába
Vice-chairman of the Board