CETIN Group N.V.

Ratings

Rating Type	Rating	Outlook	Last Rating Action
Long-Term IDR	BBB	Stable	Affirmed 7 Nov 2022

Click here for full list of ratings

The affirmation of CETIN Group N.V's and CETIN a.s. (CETIN)'s Long-Term Issuer Default Rating (IDR) and senior unsecured rating reflects that they are rated on a consolidated basis and in line with their consolidated Standalone Credit Profile (SCP) of 'bbb'. The SCP reflects CETIN Group's telecoms infrastructure asset portfolio and a wholesale-based business model with sizeable long-term, contracted revenues that provide strong visibility and stability to its cashflow

While CETIN Group's parent, PPF Telecom Group (PPF TG, BBB-/Stable), controls CETIN Group through its 70% ownership, we assess the linkage between the two as sufficiently weak so as to rate CETIN Group in line with its SCP but with a maximum one-notch difference to the consolidated profile rating of its parent.

Key Rating Drivers

Weak Linkage with Parent: Based on Fitch's Parent Subsidiary Linkage Criteria (PSL) our assessment of 'porous' legal ring-fencing and access and control leads us to rate CETIN Group in line with its SCP, albeit with a maximum one-notch difference to the consolidated rating profile of PPF TG. The one-notch difference balances weak linkage with high operational dependency on its parent (PPF TG accounts for over 95% of CETIN Group's revenues) and covenants that provide headroom and flexibility in accessing cashflow at CETIN Group.

CETIN Group has a 2.2x maximum net debt-to-EBITDA covenant based on the leverage of CETIN Group and O2 Czech Republic, another PPF TG subsidiary. Its EUR1,652 million of gross debt will account for over 70% of the combined entities' maximum 2.2x net debt-to-EBITDA.

Strong Operating Profile: CETIN Group operates the network infrastructure of PPF TG's operations in the Czech Republic, Hungary, Bulgaria and Serbia. The infrastructure principally consists of mobile towers, active mobile network components, backhaul networks and fixed local access networks.

In the Czech Republic, CETIN Group operates the incumbent fixed infrastructure. Its services are provided on long-term, 10-to-30-year contracts with CPI, foreign exchange (FX) and energy-price indexation and a fixed fee that we estimate accounts for about 50% of revenues. Additional services are provided at prices that allow CETIN Group to sustain a good return on capital employed.

Contractually Secured Growth: At 1H22, CETIN Group achieved year-on-year revenue growth of 9.7% and an EBITDA rise of 4.3% (excluding transit). The growth was mainly from mobile and is largely due to network modernisation, 5G roll-out, tower densification and increased tower co-location. We expect CETIN Group’s strong and steady revenue growth to continue over the next four years (Fitch base case, about an annual 4% on average, excluding international transit services). A large proportion of this growth is contractually secured.

The growth will allow EBITDA-margin expansion as fixed costs are expected to rise more slowly.

Competitive Domestic Infrastructure Market: Competition in the Czech fixed, local access infrastructure market is increasing as T-Mobile builds out a fibre-to-the-home (FttH) network in partnership with CETIN Group in parts of the country. This increases the number of local-access network providers to four in certain regions, including cable and Wifi operators. We

Applicable Criteria

Corporate Rating Criteria (October 2022)
Sector Navigators: Addendum to the Corporate Rating Criteria (October 2022)
Parent and Subsidiary Linkage Rating Criteria (December 2021)

Related Research

Global Economic Outlook – December 2022
European Telecoms Outlook 2023 (November 2022)
European Telecoms Watch - 4Q22 (October 2022)

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believe CETIN Group's strategy to limit overbuild through its partnership with competitor T-Mobile is least value destructive.

However, as a wholesale customer this could mean a loss of revenue from T-Mobile unless it is offset by average revenue per user improvements from FttH deployment, growth in new wholesale customers due to a more competitive FttH product, and growth in mobile services.

FttH Deployment at Early Stage: CETIN Group plans to roll out FttH to 1.3 million homes by 2030, accounting for about 20% of total homes. Domestic fixed-line operations account for about 20% of total EBITDA but a higher proportion of capex. Competitive pressure resulting from the deployment of higher cable speeds and alternative network infrastructure, as experienced in some European markets, may necessitate a faster and broader deployment, leading to capex rises. The impact on leverage is, however, likely to be largely offset by the company's financial policy.

Stable Financial Profile: CETIN Group's financial policy is to manage company-defined net debt-to-EBITDA at 3.0x and to distribute up to 100% of free cash flow (FCF), subject to maintaining this leverage threshold and meeting capex requirements. Its leverage policy is comfortably within the 4.0x funds from operations (FFO) net leverage downgrade threshold of its 'bbb' SCP.

Fitch expects FFO net leverage to decline to about 3.0x over the next two to three years, from 3.4x at end 2021 and below the upgrade leverage threshold of the IDR. However, FCF generation is constrained by high capex, leaving cash flow from operations minus capex to trend below 8% of gross debt - a key threshold for an upward revision of the SCP.

Manageable FX Risks: CETIN Group's main borrowings are in euros while EBITDA is generated in other currencies, creating some leverage-mismatch risks. The risks do not have a big impact on the rating as about 59% of EBITDA is generated in the Czech Republic, and contracts with retail operations in Bulgaria, Hungary and Serbia allow for FX-indexation adjustments. The Czech koruna exchange rate with the euro has been stable and cashflows can be economically hedged.

Financial Summary

CETIN Group N.V.

(EURm)	Dec 2020	Dec 2021	Dec 2022F	Dec 2023F
Gross revenue	714	1,036	1,085	1,097
EBITDA margin (%)	42.0	51.4	50.5	52.6
EBITDA net leverage (x)	2.4	3.0	2.9	2.7
EBITDA interest coverage (x)	24.1	32.0	22.3	9.5
FFO net leverage (x)	2.5	3.4	3.2	3.0

F – Forecast.
EBITDA – Fitch-defined EBITDA
Source: Fitch Ratings, Fitch Solutions

Rating Derivation Relative to Peers

CETIN's rating is equalised with CETIN Group's. This reflects our assessment of 'open' access and control and no legal ringfencing based on our PSL Criteria. As a result, both their IDRs are at the level of the consolidated profile of CETIN and CETIN Group. Our assessment is that CETIN's SCP of 'bbb+' is stronger than the SCP of CETIN Group. Both subsidiary and parent have similarly strong operating profiles, but the subsidiary has much lower leverage.

We do not expect CETIN to raise new debt. The outstanding bond at CETIN was issued before CETIN Group was established and we expect it to be refinanced at CETIN Group level, as this is the primary entity at which financing for the whole CETIN Group is now managed.

CETIN Group's SCP of 'bbb' reflects the business mix of the company's network infrastructure (such as mobile towers, local access fixed line network and backhaul networks), leverage profile, financial policy and the structure of the markets in which its infrastructure operates.

Pure mobile tower operators such as Infrastrutture Wireless Italiane S.p.A. and Cellnex Telecom S.A. (both BBB-/Stable) have looser leverage thresholds than CETIN Group per rating band, reflecting greater stability and visibility in FCF, higher visibility of investment risks for growth projects, a higher share of mobile towers in each geographic market, lower exposure to technological obsolescence risks or greater geographic or cashflow scale.

Integrated telecoms operators such as BT Group plc and Royal KPN N.V. (both BBB/Stable) have tighter leverage thresholds per rating band than CETIN Group, primarily due to the inclusion of their retail units that carry higher risks in relation to areas such as sales volume and pricing, technological obsolescence, mobile spectrum costs and market competition. For CETIN Group, these commercial risks are partially shifted to other PPF TG customer-facing operations as a result of its long-term contracts with a high share of fixed fees on a take-or-pay basis.

Rating Sensitivities

CETIN Group

Factors that Could, Individually or Collectively, Lead to Positive Rating Action/Upgrade

- An upgrade would be dependent on an upward revision in the company's SCP combined with an upgrade in the rating of PPF TG and/or clearer operational or structural separation from parent, PPF TG.
- The SCP would be revised higher to 'bbb+' if: FFO net leverage is sustained below 3.5x (about 3.2x Fitch-defined net debt-to-EBITDA); cash flow from operations minus capex/gross debt is sustained above 8%-10%; or on visibility of medium-term competitive stability in the wholesale fixed-line market in the CR.

Factors that Could, Individually or Collectively, Lead to Negative Rating Action/Downgrade

- A downgrade in the rating of PPF TG or a downward revision of CETIN Group's SCP.
- The SCP would be revised lower if: FFO net leverage is trending sustainably above 4.0x (about 3.7x Fitch-defined net debt-to-EBITDA); EBITDA and FCF weaken on a sustained basis; or financial policy or legal covenants that ring-fence the company from PPF TG weaken significantly.

CETIN

Factors that Could, Individually or Collectively, Lead to Positive Rating Action/upgrade:

- An upgrade of CETIN Group's consolidated rating profile and IDR will lead to a similar upgrade of CETIN's ratings provided there are no changes to our assessment of the parent-subsidiary linkage between the companies.
- Evidence of operational and structural separation from CETIN Group, while its SCP remains above 'bbb'.

Factors that Could, Individually or Collectively, Lead to Negative Rating Action/Downgrade:

- A downgrade in the rating of CETIN Group may lead to similar downgrade of CETIN's ratings. This would likely be driven by a weakening of CETIN's competitive position, especially in the CR, leading to declining EBITDA and weak FCF generation over the medium term.

Liquidity and Debt Structure

Comfortable Liquidity: CETIN Group generates strong cash flow and we expect the FFO margin to be around 42% in 2022-2025. This is supported by good revenue visibility. Further liquidity is provided by a committed EUR200 million revolving credit facility due 2026. The company's next maturities for its bank loans and senior unsecured bonds will be in 2023 (CZK4,866 million/EUR197 million bond at CETIN) and 2026 (EUR955 million loan at CETIN Group).

ESG Considerations

Unless otherwise disclosed in this section, the highest level of ESG credit relevance is a score of '3'. This means ESG issues are credit neutral or have only a minimal credit impact on the entity, either due to their nature or the way in which they are being managed by the entity. For more information on Fitch's ESG Relevance Scores, visit www.fitchratings.com/esg

Liquidity and Debt Maturities

Liquidity Analysis

	2022F	2023F	2024F	2025F
Available liquidity				
Beginning cash balance	83	43	-154	-154
Rating case FCF after acquisitions and divestitures	4	0	0	0
Net debt proceeds in 1H22	*1*			
Dividends paid in 1H22	*-45*			
Total available liquidity (A)	**43**	**43**	**-154**	**-154**
Liquidity uses				
Debt maturities	0	-197	0	0
Total liquidity uses (B)	**0**	**-197**	**0**	**0**
Liquidity calculation				
Ending cash balance (A+B)	43	-154	-154	-154
Revolver availability	0	0	0	0
Ending liquidity	**43.0**	**-154.0**	**-154.0**	**-154.0**
Liquidity score (x)	Not meaningful	0.2	Not meaningful	Not meaningful

F – Forecast
Source: Fitch Ratings, Fitch Solutions, CETIN Group N.V.

Scheduled debt maturities	**1H22**
2022	0
2023	197
2024	0
2025	0
2026	955
Thereafter	500
Total	**1,652**

[a] PLEASE note that 2022F beginning cash balance represents cash amount as of 30Jun22, while Rating Case FCF After Acquisitions and Divestitures reflects 2H22 forecast
Source: Fitch Ratings, Fitch Solutions, CETIN Group N.V.

Key Assumptions

Fitch's Key Assumptions Within its Rating Case for CETIN Group

- Revenue of around EUR1.09 billion in 2022, gradually increasing to EUR1.15 billion by 2025
- Fitch-defined EBITDA margin of 50.5% in 2022, gradually increasing to 55.6% by 2025
- Capex about 34%-37% of revenue in 2022-2025
- Dividend payments at 100% of Fitch-defined pre-dividend FCF

Financial Data

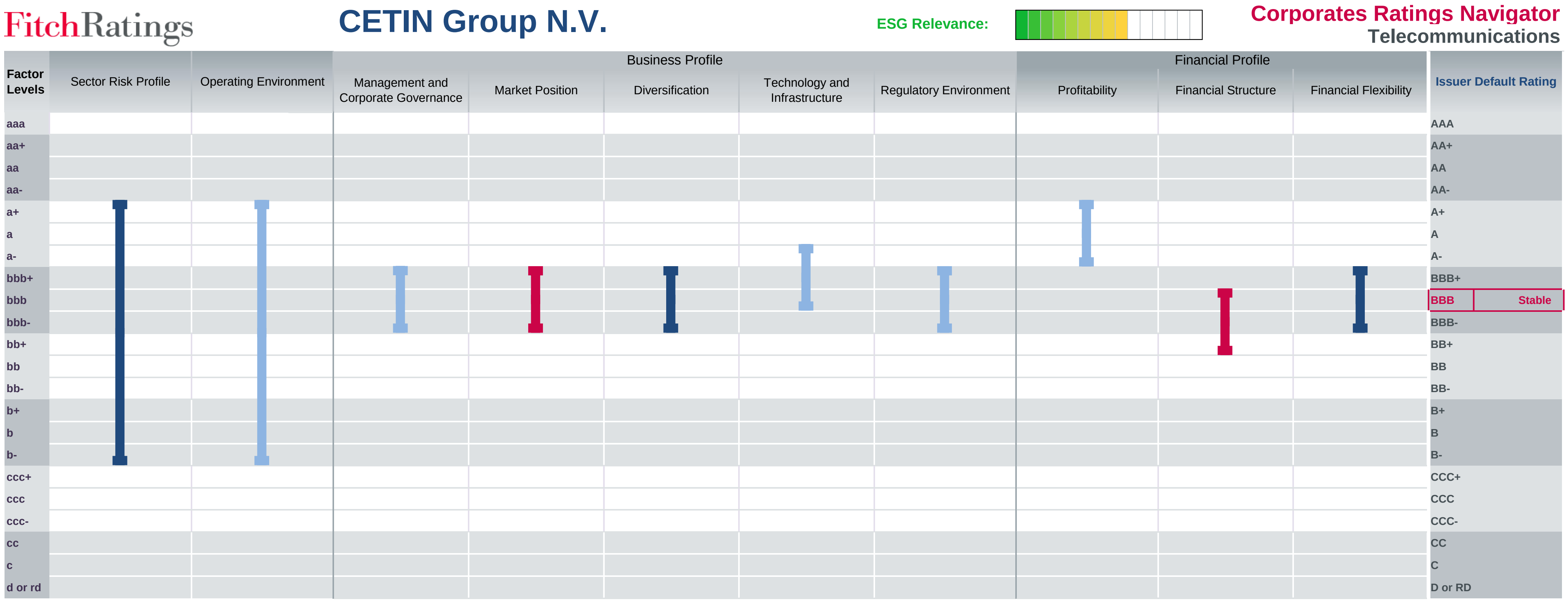
CETIN Group N.V.						
(EURm)	Historical			Forecast		
	Dec 2019	Dec 2020	Dec 2021	Dec 2022F	Dec 2023F	Dec 2024F
Summary Income Statement						
Gross Revenue	747	714	1,036	1,085	1,097	1,110
Revenue Growth (%)	-3.4	-4.4	45.1	4.7	1.1	1.2
EBITDA (Before Income from Associates)	300	300	533	548	577	600
EBITDA Margin (%)	40.2	42.0	51.4	50.5	52.6	54.0
EBITDAR	333	333	533	548	577	600
EBITDAR Margin (%)	44.6	46.6	51.4	50.5	52.6	54.0
EBIT	152	146	282	271	289	304
EBIT Margin (%)	20.3	20.4	27.2	25.0	26.4	27.3
Gross Interest Expense	-12	-14	-20	-24	-60	-65
Pretax Income (Including Associate Income/Loss)	139	122	290	247	229	239
Summary Balance Sheet						
Readily Available Cash and Equivalents	68	124	83	89	89	89
Debt	816	810	1,638	1,644	1,644	1,644
Lease-Adjusted Net Debt	1,066	1,060	1,638	1,644	1,644	1,644
Net Debt	748	686	1,555	1,555	1,555	1,555
Summary Cash Flow Statement						
EBITDA	300	300	533	548	577	600
Cash Interest Paid	-12	-12	-16	-24	-60	-65
Cash Tax	-27	-19	-51	-49	-53	-57
Dividends Received Less Dividends Paid to Minorities (Inflow/(Out)flow)	-10	-11	-21	-10	-10	-18
Other Items Before FFO	-1	0	-3	0	0	0
Funds Flow from Operations	250	258	442	465	454	460
FFO Margin (%)	33.5	36.1	42.7	42.8	41.4	41.4
Change in Working Capital	-6	-10	-12	-11	-11	-22
Cash Flow from Operations (Fitch Defined)	244	248	430	454	443	437
Total Non-Operating/Nonrecurring Cash Flow	0	0	0			
Capex	-149	-169	-245			
Capital Intensity (Capex/Revenue) (%)	19.9	23.7	23.6			
Common Dividends	-89	-95	-205			
Free Cash Flow	6	-16	-20			
Net Acquisitions and Divestitures	1	7	4			
Other Investing and Financing Cash Flow Items	3	65	-15	0	0	0
Net Debt Proceeds	0	0	806	6	0	0
Net Equity Proceeds	0	0	-816	0	0	0
Total Change in Cash	10	56	-41	6	0	0
Leverage Ratios						
EBITDA Net Leverage (x)	2.6	2.4	3.0	2.9	2.7	2.7
EBITDAR Leverage (x)	3.3	3.3	3.2	3.1	2.9	2.8
EBITDAR Net Leverage (x)	3.1	2.9	3.0	2.9	2.7	2.7
EBITDA Leverage (x)	2.8	2.8	3.2	3.1	2.9	2.8
FFO Adjusted Leverage (x)	3.6	3.5	3.6	3.4	3.2	3.1
FFO Adjusted Net Leverage (x)	3.4	3.1	3.4	3.2	3.0	3.0
FFO Leverage (x)	3.1	3.0	3.6	3.4	3.2	3.1
FFO Net Leverage (x)	2.9	2.5	3.4	3.2	3.0	3.0
Calculations for Forecast Publication						
Capex, Dividends, Acquisitions and Other Items Before FCF	-237	-257	-446	-454	-443	-437
Free Cash Flow After Acquisitions and Divestitures	7	-9	-16	0	0	0
Free Cash Flow Margin (After Net Acquisitions) (%)	0.9	-1.3	-1.5	0.0	0.0	0.0
Coverage Ratios						
FFO Interest Coverage (x)	21.8	22.5	28.6	20.2	8.6	8.1
FFO Fixed Charge Coverage (x)	6.6	6.7	28.6	20.2	8.6	8.1
EBITDAR Fixed Charge Coverage (x)	7.2	7.2	32.0	22.3	9.5	9.0
EBITDA Interest Coverage (x)	24.2	24.1	32.0	22.3	9.5	9.0
Additional metrics						
CFO-Capex/Debt (%)	11.6	9.8	11.3	3.2	3.1	3.8
CFO-Capex/Net Debt (%)	12.7	11.5	11.9	3.4	3.3	4.0

EBITDA – Fitch-defined EBITDA
Source: Fitch Ratings, Fitch Solutions.

How to Interpret the Forecast Presented

The forecast presented is based on Fitch Ratings' internally produced, conservative rating case forecast. It does not represent the forecast of the rated issuer. The forecast set out above is only one component used by Fitch Ratings to assign a rating or determine a rating outlook, and the information in the forecast reflects material but not exhaustive elements of Fitch Ratings' rating assumptions for the issuer's financial performance. As such, it cannot be used to establish a rating, and it should not be relied on for that purpose. Fitch Ratings' forecasts are constructed using a proprietary internal forecasting tool, which employs Fitch Ratings' own assumptions on operating and financial performance that may not reflect the assumptions that you would make. Fitch Ratings' own definitions of financial terms such as EBITDA, debt or free cash flow may differ from your own such definitions. Fitch Ratings may be granted access, from time to time, to confidential information on certain elements of the issuer's forward planning. Certain elements of such information may be omitted from this forecast, even where they are included in Fitch Ratings' own internal deliberations, where Fitch Ratings, at its sole discretion, considers the data may be potentially sensitive in a commercial, legal or regulatory context. The forecast (as with the entirety of this report) is produced strictly subject to the disclaimers set out at the end of this report. Fitch Ratings may update the forecast in future reports but assumes no responsibility to do so. Original financial statement data for historical periods is processed by Fitch Solutions on behalf of Fitch Ratings. Key financial adjustments and all financial forecasts credited to Fitch Ratings are generated by rating agency staff.

Ratings Navigator



Bar Chart Legend:			
Vertical Bars = Range of Rating Factor		Bar Arrows = Rating Factor Outlook	
Bar Colours = Relative Importance		⇧	Positive
■	Higher Importance	⇩	Negative
■	Average Importance	⇳	Evolving
■	Lower Importance	□	Stable

FitchRatings

CETIN Group N.V.

Corporates Ratings Navigator
Telecommunications

Operating Environment

aa-	Economic Environment	a	Strong combination of countries where economic value is created and where assets are located.
a+	Financial Access	aa	Very strong combination of issuer specific funding characteristics and of the strength of the relevant local financial market.
	Systemic Governance	aa	Systemic governance (eg rule of law, corruption; government effectiveness) of the issuer's country of incorporation consistent with 'aa'.
b-			
ccc+			

Market Position

a-	Market Position	a	Very strong and sustainable market share in primary markets (> 30%).
bbb+	Competition	bbb	Primary markets characterized by medium competitive intensity and/or moderate barriers to entry.
bbb	Scale - EBITDA	bb	>$500 million
bbb-			
bb+			

Technology and Infrastructure

a	Ownership of Network	a	Owns almost all of its infrastructure.
a-	Network and Service Quality	bbb	Solid network coverage and capacity, using some up-to-date technology, with average service quality.
bbb+			
bbb			
bbb-			

Profitability

aa-	Volatility of Cash Flow	a	Lower volatility and better visibility of cash flow than industry average.
a+	EBITDA Margin	a	35%
a	FFO Margin	a	30%
a-			
bbb+			

Financial Flexibility

a-	Financial Discipline	a	Clear commitment to maintain a conservative policy with only modest deviations allowed.
bbb+	Liquidity	bbb	One year liquidity ratio above 1.25x. Well-spread maturity schedule of debt but funding may be less diversified.
bbb	EBITDA Interest Coverage	a	10.5x
bbb-	FFO Interest Coverage	a	9.0x
bb+	FX Exposure	bb	FX exposure on profitability and/or debt/cash flow match. Some hedging in place.

How to Read This Page: The left column shows the three-notch band assessment for the overall Factor, illustrated by a bar. The right column breaks down the Factor into Sub-Factors, with a description appropriate for each Sub-Factor and its corresponding category.

Management and Corporate Governance

a-	Management Strategy	bbb	Strategy may include opportunistic elements but soundly implemented.
bbb+	Governance Structure	bbb	Good CG track record but effectiveness/independence of board less obvious. No evidence of abuse of power even with ownership concentration.
bbb	Group Structure	bbb	Some group complexity leading to somewhat less transparent accounting statements. No significant related-party transactions.
bbb-	Financial Transparency	bbb	Good quality reporting without significant failing. Consistent with the average of listed companies in major exchanges.
bb+			

Diversification

a-	Service Platform Diversification	bbb	Operates several service platforms in primary markets but one is dominant.
bbb+	Geographic Diversification	bbb	Average geographic diversification.
bbb			
bbb-			
bb+			

Regulatory Environment

a-	Regulatory Risk	bbb	Moderate.
bbb+			
bbb			
bbb-			
bb+			

Financial Structure

bbb+	EBITDA Leverage	bbb	2.8x
bbb	EBITDA Net Leverage	bbb	2.6x
bbb-	FFO Leverage	bbb	3.0x
bb+	FFO Net Leverage	bbb	2.8x
bb	(CFO-Capex)/Debt	bb	7.5%

Credit-Relevant ESG Derivation

CETIN Group N.V. has 8 ESG potential rating drivers

- Energy and fuel use in networks and data centers
- Networks exposed to extreme weather events (e.g. hurricanes)
- Data security; service disruptions
- Impact of labor negotiations and employee (dis)satisfaction
- Governance is minimally relevant to the rating and is not currently a driver.

			Overall ESG
key driver	0	issues	5
driver	0	issues	4
potential driver	8	issues	3
not a rating driver	1	issues	2
	5	issues	1

For further details on Credit-Relevant ESG scoring, see page 3.

FitchRatings

CETIN Group N.V.

Corporates Ratings Navigator
Telecommunications

Credit-Relevant ESG Derivation

CETIN Group N.V. has 8 ESG potential rating drivers

- CETIN Group N.V. has exposure to energy productivity risk but this has very low impact on the rating.
- CETIN Group N.V. has exposure to extreme weather events but this has very low impact on the rating.
- CETIN Group N.V. has exposure to customer accountability risk but this has very low impact on the rating.
- CETIN Group N.V. has exposure to labor relations & practices risk but this has very low impact on the rating.
- Governance is minimally relevant to the rating and is not currently a driver.

Overall ESG Scale

key driver	0	issues	5
driver	0	issues	4
potential driver	8	issues	3
not a rating driver	1	issues	2
	5	issues	1

Environmental (E)

General Issues	E Score	Sector-Specific Issues	Reference	E Scale
GHG Emissions & Air Quality	1	n.a.	n.a.	5
Energy Management	3	Energy and fuel use in networks and data centers	Profitability	4
Water & Wastewater Management	1	n.a.	n.a.	3
Waste & Hazardous Materials Management; Ecological Impacts	1	n.a.	n.a.	2
Exposure to Environmental Impacts	3	Networks exposed to extreme weather events (e.g. hurricanes)	Profitability	1

Social (S)

General Issues	S Score	Sector-Specific Issues	Reference	S Scale
Human Rights, Community Relations, Access & Affordability	1	n.a.	n.a.	5
Customer Welfare - Fair Messaging, Privacy & Data Security	3	Data security; service disruptions	Competitive Position; Profitability	4
Labor Relations & Practices	3	Impact of labor negotiations and employee (dis)satisfaction	Competitive Position; Profitability	3
Employee Wellbeing	1	n.a.	n.a.	2
Exposure to Social Impacts	2	Social attitudes toward network infrastructure	Diversification; Technology and Infrastructure; Profitability	1

Governance (G)

General Issues	G Score	Sector-Specific Issues	Reference	G Scale
Management Strategy	3	Strategy development and implementation	Management and Corporate Governance	5
Governance Structure	3	Board independence and effectiveness; ownership concentration	Management and Corporate Governance	4
Group Structure	3	Complexity, transparency and related-party transactions	Management and Corporate Governance	3
Financial Transparency	3	Quality and timing of financial disclosure	Management and Corporate Governance	2
				1

How to Read This Page
ESG scores range from 1 to 5 based on a 15-level color gradation. Red (5) is most relevant and green (1) is least relevant.

The Environmental (E), Social (S) and Governance (G) tables break out the individual components of the scale. The right-hand box shows the aggregate E, S, or G score. General Issues are relevant across all markets with Sector-Specific Issues unique to a particular industry group. Scores are assigned to each sector-specific issue. These scores signify the credit-relevance of the sector-specific issues to the issuing entity's overall credit rating. The Reference box highlights the factor(s) within which the corresponding ESG issues are captured in Fitch's credit analysis.

The Credit-Relevant ESG Derivation table shows the overall ESG score. This score signifies the credit relevance of combined E, S and G issues to the entity's credit rating. The three columns to the left of the overall ESG score summarize the issuing entity's sub-component ESG scores. The box on the far left identifies the some of the main ESG issues that are drivers or potential drivers of the issuing entity's credit rating (corresponding with scores of 3, 4 or 5) and provides a brief explanation for the score.

Classification of ESG issues has been developed from Fitch's sector ratings criteria. The General Issues and Sector-Specific Issues draw on the classification standards published by the United Nations Principles for Responsible Investing (PRI) and the Sustainability Accounting Standards Board (SASB).

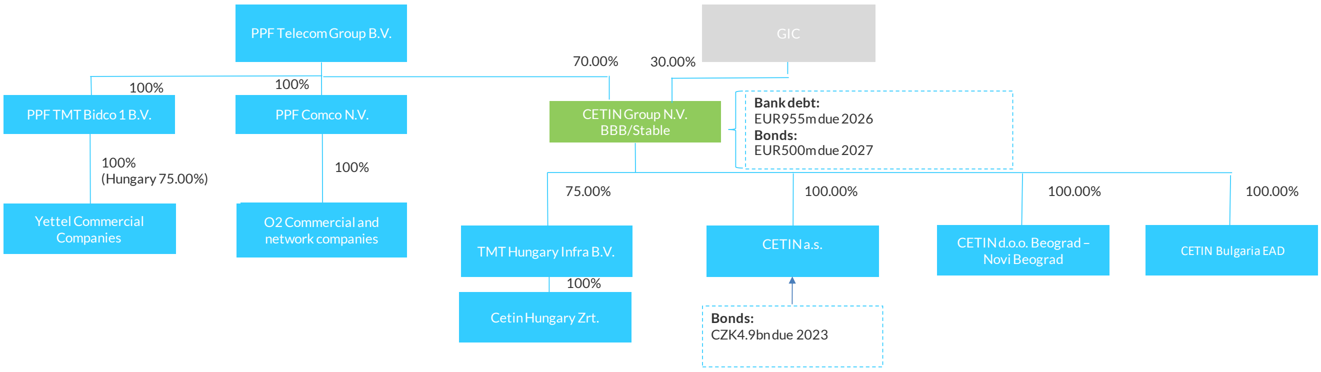
CREDIT-RELEVANT ESG SCALE

How relevant are E, S and G issues to the overall credit rating?

5	Highly relevant, a key rating driver that has a significant impact on the rating on an individual basis. Equivalent to "higher" relative importance within Navigator.
4	Relevant to rating, not a key rating driver but has an impact on the rating in combination with other factors. Equivalent to "moderate" relative importance within Navigator.
3	Minimally relevant to rating, either very low impact or actively managed in a way that results in no impact on the entity rating. Equivalent to "lower" relative importance within Navigator.
2	Irrelevant to the entity rating but relevant to the sector.
1	Irrelevant to the entity rating and irrelevant to the sector.

Simplified Group Structure Diagram

Corporate Structure as of 30 June 22



Source: Fitch Ratings, Fitch Solutions, CETIN Group N.V.

Peer Financial Summary

Company	Issuer default rating	Financial statement date	Gross revenue (EURm)	EBITDA margin (%)	EBITDA net leverage (x)	EBITDA interest coverage (x)	FFO net leverage (x)
CETIN Group N.V.	BBB						
	BBB	2021	1,036	51.4	3.0	32.0	3.4
		2020	714	42.0	2.4	24.1	2.5
BT Group plc	BBB						
	BBB	2022	24,517	32.4	1.7	10.9	2.3
	BBB	2021	23,950	30.8	1.7	10.5	2.4
	BBB	2020	26,096	31.0	1.6	11.9	2.2
Royal KPN N.V.	BBB						
	BBB	2021	6,122	37.7	2.3	11.1	2.4
	BBB	2020	5,302	43.1	2.3	9.7	2.4
	BBB	2019	5,701	38.6	2.3	7.4	2.4
PPF Telecom Group B.V.	BBB-						
	BBB-	2021	3,336	42.9	3.0	13.3	3.4
	BBB-	2020	3,159	41.6	2.8	21.9	3.2
	BBB-	2019	3,162	40.6	2.7	19.0	3.1
Infrastrutture Wireless Italiane S.p.A.	BBB-						
	BBB-	2021	785	65.4	6.0	10.5	7.6
	BBB-	2020	663	61.4	6.5	12.8	8.6
		2019	395	55.6	0.4	42.9	0.5

Source: Fitch Ratings, Fitch Solutions.

Fitch Adjusted Financials

(EUR Millions)	Reported Values	Sum of Adjustments	Other Adjustments	Adjusted Values
31/12/2021				
Income Statement Summary				
Revenue	1,036			1,036
EBITDAR	602	-69	-69	533
EBITDAR After Associates and Minorities	581	-69	-69	512
Lease Expense	0			0
EBITDA	602	-69	-69	533
EBITDA After Associates and Minorities	581	-69	-69	512
EBIT	293	-11	-11	282
Debt and Cash Summary				
Other Off-Balance-Sheet Debt	0			0
Debt[b]	1,638			1,638
Lease-Equivalent Debt	0			0
Lease-Adjusted Debt	1,638			1,638
Readily Available Cash and Equivalents	83			83
Not Readily Available Cash and Equivalents	0			0
Cash Flow Summary				
EBITDA After Associates and Minorities	581	-69	-69	512
Preferred Dividends (Paid)	0			0
Interest Received	0			0
Interest (Paid)	-28	12	12	-16
Cash Tax (Paid)	-51			-51
Other Items Before FFO	-2	-1	-1	-3
Funds from Operations (FFO)	500	-58	-58	442
Change in Working Capital (Fitch-Defined)	-12			-12
Cash Flow from Operations (CFO)	488	-58	-58	430
Non-Operating/Nonrecurring Cash Flow	0			0
Capital (Expenditures)	-245			-245
Common Dividends (Paid)	-205			-205
Free Cash Flow (FCF)	38	-58	-58	-20
Gross Leverage (x)				
EBITDAR Leverage[a]	2.8			3.2
FFO Adjusted Leverage	3.1			3.6
FFO Leverage	3.1			3.6
EBITDA Leverage[a]	2.8			3.2
(CFO-Capex)/Debt (%)	14.8%			11.3%
Net Leverage (x)				
EBITDAR Leverage[a]	2.7			3.0
FFO Adjusted Net Leverage	2.9			3.4
FFO Net Leverage	2.9			3.4
EBITDA Net Leverage[a]	2.7			3.0
(CFO-Capex)/Debt (%)	15.6%			11.9%
Coverage (x)				
EBITDAR Fixed Charge Coverage[a]	20.8			32.0
EBITDA Interest Coverage[a]	20.8			32.0
FFO Fixed-Charge Coverage	18.9			28.6
FFO Interest Coverage	18.9			28.6

[a]EBITDA/R after dividends to associates and minorities.

[b]Includes Other Off Balance Sheet Debt.

Source: Fitch Ratings, Fitch Solutions, CETIN Group N.V.

FX Screener

CETIN Group Debt (EUR millions)	30-Jun-22	%
EUR	1,446	88%
CZK	198	12%
Total	**1,644**	

CETIN Group EBITDA (EUR millions)	LTM1H22	%
CZK (Czechia)	323	59%
BGN (Bulgaria)	85	16%
HUF (Hungary)	71	13%
RSD (Serbia)	65	12%
Total	**544**	

Country	Country Rating	Rating Last Year	Revenue LTM1H22	%	EBITDA LTM1H22	%
Czechia	AA-/Negative	AA-/Stable	730	68%	323	59%
Hungary	BBB/Stable	BBB/Stable	129	12%	85	16%
Bulgaria	BBB/Positive	BBB/Positive	114	11%	71	13%
Serbia	BB+/Stable	BB+/Stable	97	9%	65	12%

Source: Fitch Ratings, Fitch Solutions, CETIN Group N.V.

The ratings above were solicited and assigned or maintained at the request of the rated entity/issuer or a related third party. Any exceptions follow below.