

# 2023 results

CETIN Group

21 March 2024



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## Today's presenters



**Juraj Šedivý**  
**Group CEO**



**Filip Cába**  
**Group CFO**

# The leading telecom infrastructure platform in Central and Eastern Europe



**34m population<sup>(1)</sup>**  
**~€650bn 2023 GDP<sup>(1)</sup>**  
**3% GDP CAGR<sup>(1)</sup>**  
 (2023-28)



**Revenue 2023<sup>(2)</sup>: ~€1.2bn**  
**Underlying EBITDAaL 2023<sup>(2)</sup>: ~€0.6bn**



**13.7k own sites**



**16.6k**  
**Active Points of Presence**



**4.0m FTTx / DSL HP (CZ)**  
**o/w 3.9m FTTC and FTTH**  
**1.2m active connections<sup>6</sup>**

2023	Czechia	Hungary	Bulgaria	Serbia
CETIN ownership (%)	100%	75%	100%	100%
Own mobile sites (#) + Shared sites (#)	6.3k + 2.4k <sup>(3)</sup>	2.8k + 0.7k <sup>(3)</sup>	2.8k	1.8k
Passive sharing tenancy ratio (x)	1.1x	1.4x	1.3x	1.4x
Fibre to the site (%)	36%	24%	30%	38%
Market position based on # of sites				
Fibre backbone and aggregation network (km)	53.3k	10.8k	10.5k	8.9k
Main + Edge data centers (#)	3 + 12	4 + 6	2 + 3	2 + 3
FY23 Underlying EBITDAaL contribution <sup>(4)</sup>	59%	15%	13%	13%



A leading open access telecom infrastructure platform in the CEE in terms of scale, scope and geographical diversification

Source: IMF, Eurostat

**Notes**

1. Across CETIN markets, IMF World Economic Outlook, GDP data provided in USD and converted to EUR at 1.06 as of 31-October-2023
2. Financial data presented based on Financial Statements as at 31.12.2023
3. Sites where T-Mobile's active equipment is providing mobile services for CETIN's customers
4. Excludes eliminations
5. Point of Presence (PoP): CETIN mobile location which is equipped with CETIN-owned radio assets and emits licensed mobile spectrum

6. Excludes Nej.cz network, acquired in Dec 2023

# CETIN Group track record and 2023 achievements

## ▶ CETIN Czechia

## Telenor CEE

## ▶ CETIN Group



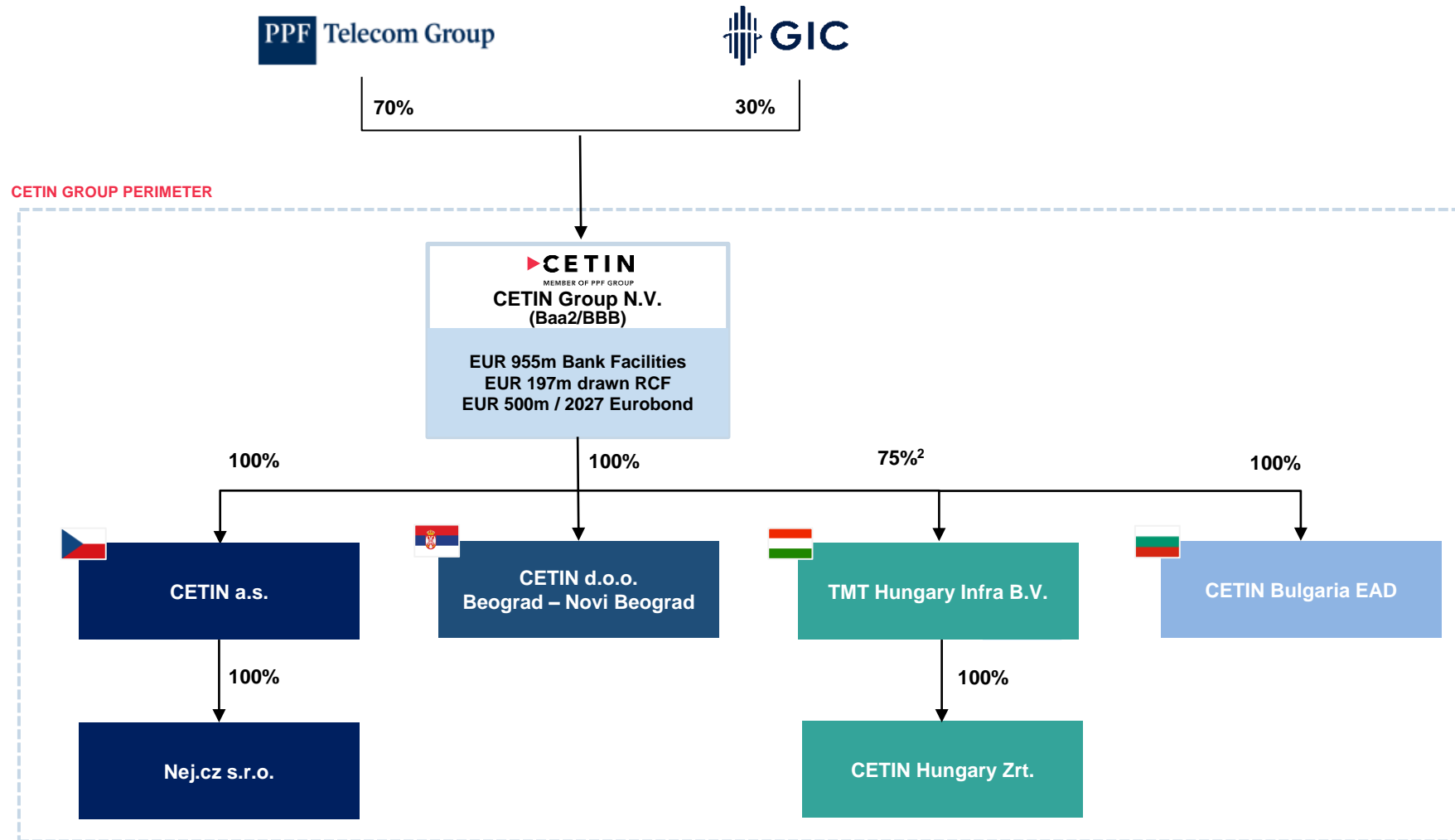
## 2022



## 2023



# CETIN Group organisational structure<sup>1</sup>



Source: Company information

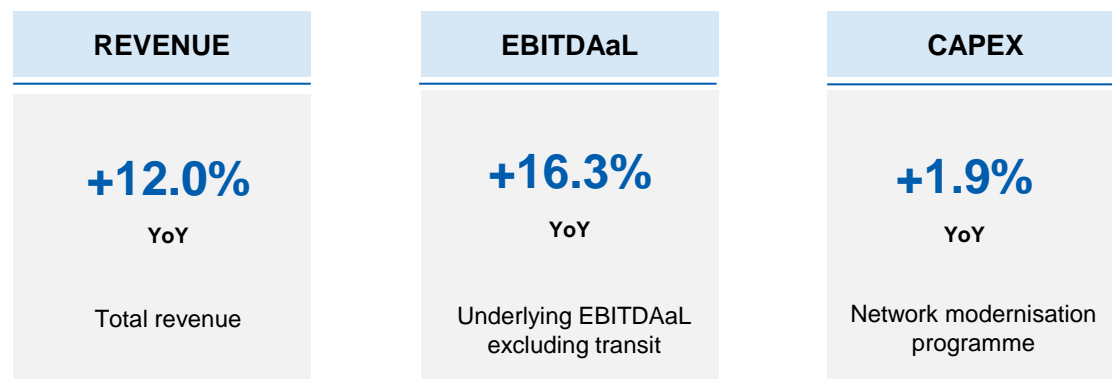
**Notes:**

1. The chart represents a simplified group structure to illustrate main segments within CETIN Group as of 31 December 2023
2. 25% stake is owned by TMT Hungary Holdco B.V., a 100% direct subsidiary of PPF Group N.V. outside the perimeter of CETIN Group

# 2023 Summary

Compelling financial profile with the ongoing modernisation of the network

## Strong financial results

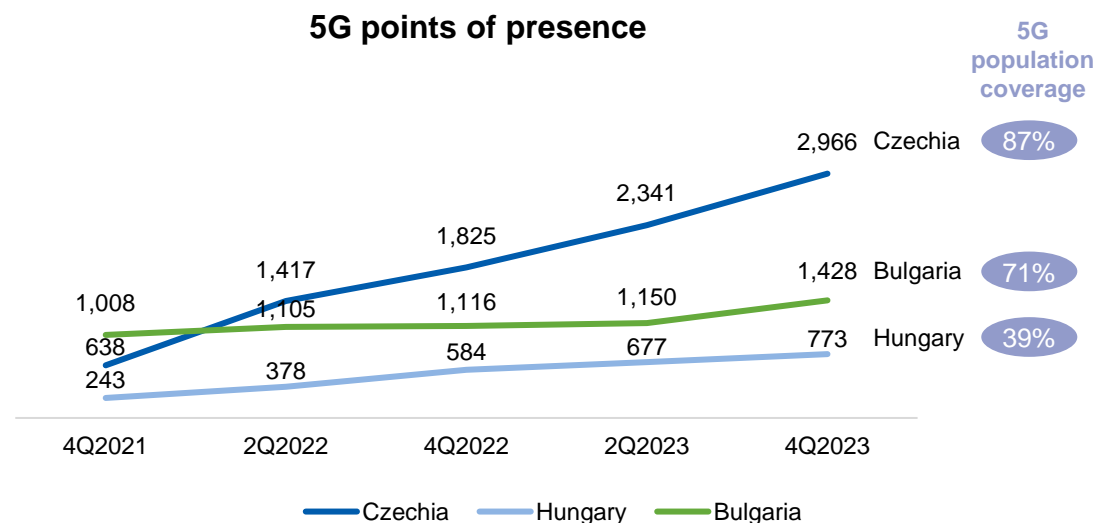


## Extending network leadership

- **New TV platform live** in Hungary and Bulgaria
  - Most customers have already migrated
- **New vendor of RAN equipment** awarded in Serbia
  - Future-proof solution, strengthened security
- **Government transport network** in Czechia
  - Implementation progressing

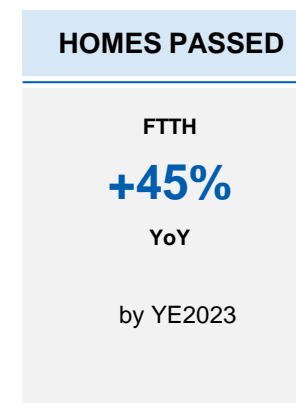


## 5G mobile network rollout underway



## Pursuing a focused FTTH<sup>1</sup> strategy in Czechia

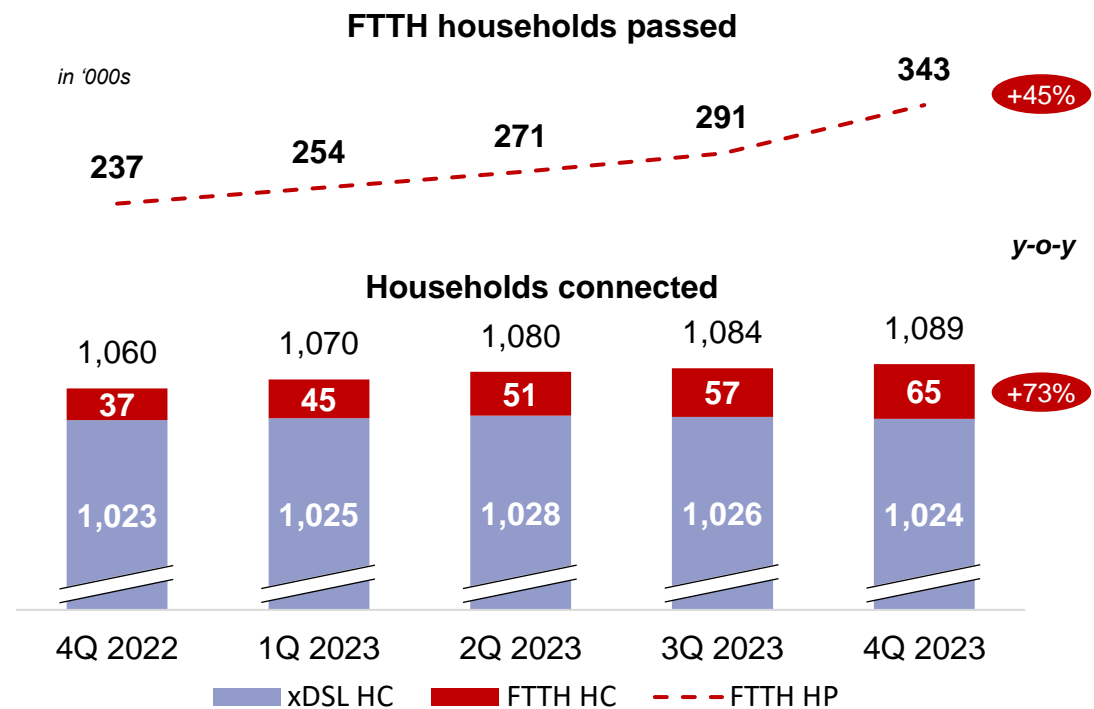
- **3.9m homes already passed by FTTC<sup>2</sup> access network**
- **FTTH<sup>1</sup> rollout (343k HP<sup>3</sup> as at YE 2023)** in areas with greatest bandwidth needs
- **Competitive advantages**
- **Futureproofing access network**



Source: Company information  
 1. FTTH: Fibre to the Home  
 2. FTTC: Fibre to the Cabinet  
 3. HP: Homes Passed  
 4. HC: Homes Connected

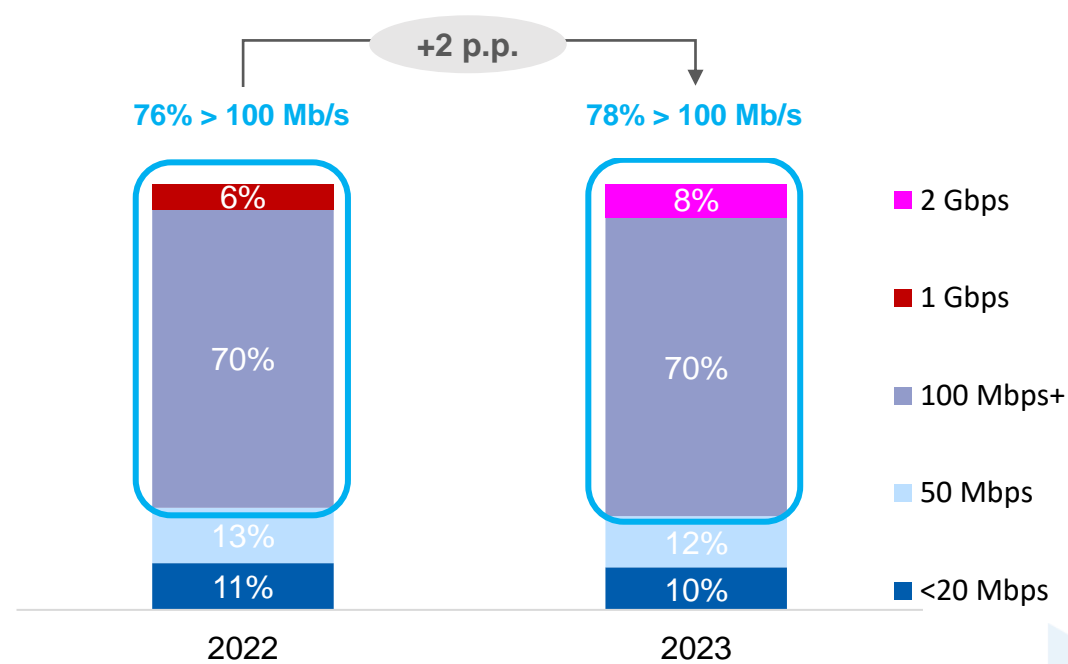
# Main operational progress

## FTTH roll out in Czechia (ambition ~1.3m Homes Passed by 2030)

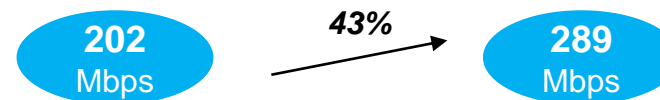


- The chart represents CETIN's own network only, excluding Nej.cz network
- In Nov 2023, CETIN acquired Nej.cz with additional **190k households connected** to fixed broadband service, of which 173k are FTTH connections

## Fixed broadband - Homes Passed split by speed (%)



### Average download speed of CETIN's network





# Main sustainability achievements in 2023

## SUSTAINABILITY ACHIEVEMENTS

### ENVIRONMENTAL

#### Reducing our Environmental Impact

- Decarbonisation plan in development, SBTi targets to be set in 2024
- Energy efficiency program delivered **17.2 GWh annual savings** in electricity consumption
- **Serbia: network powered 100% by green energy**
- **Bulgaria: more than 80% of network electricity is green (photovoltaic) since Sep 2023**



### TRANSPARENCY

#### Robust Corporate Governance and Business Ethics

- **Dedicated ESG microsite launched for disclosures and progress updates on ESG matters**
- Supplier code of conduct adopted; Sustainable supply chain management programme launched
- Whistleblowing channel introduced in Czechia and at CETIN Group level
- 80% of management trained on sustainability



### TECHNOLOGY

#### Accelerating Technology for a Sustainable Future

- 5G rollout underway, 53% population coverage by the end of 2023
- FTTH rollout in Czechia with 344 thousand homes passed at the end of 2022
- Internal Security Operations Centres (SOC) implemented across the Group



### SOCIETY

#### Putting people at the Centre of our Business

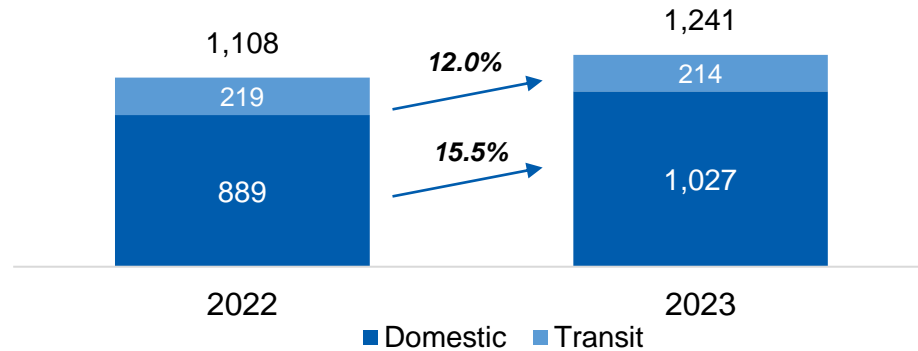
- Well-being program enhanced
- Zero level of fatalities and injuries maintained
- Talent development and Diversity, equity and inclusion (DEI) programme introduced



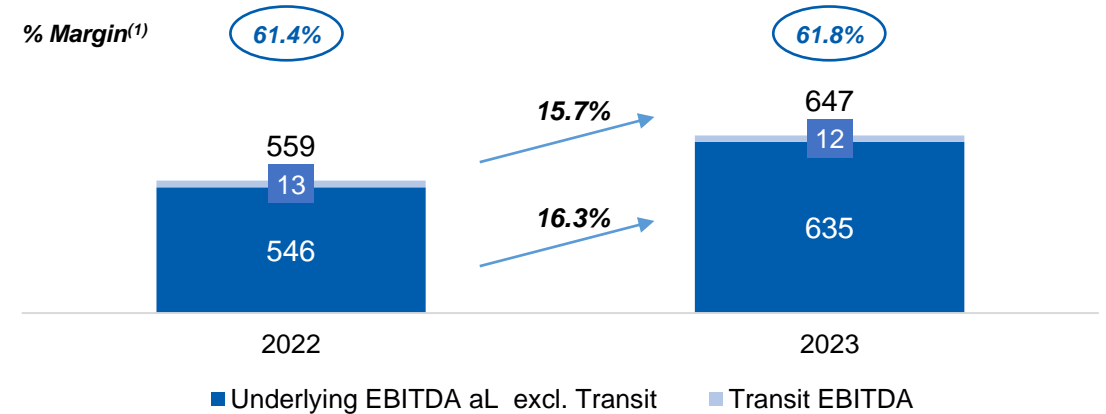
# CETIN key financials

Compelling financial profile with the ongoing modernisation of the network

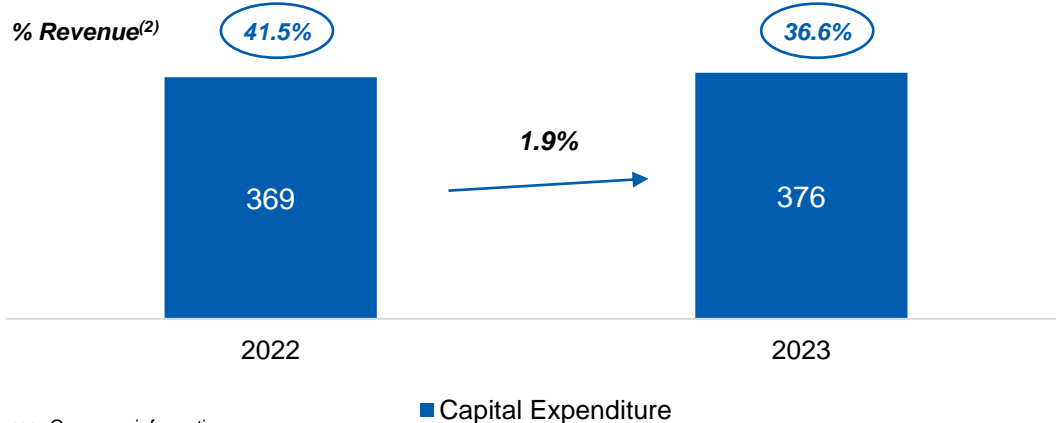
## Revenue (€m)



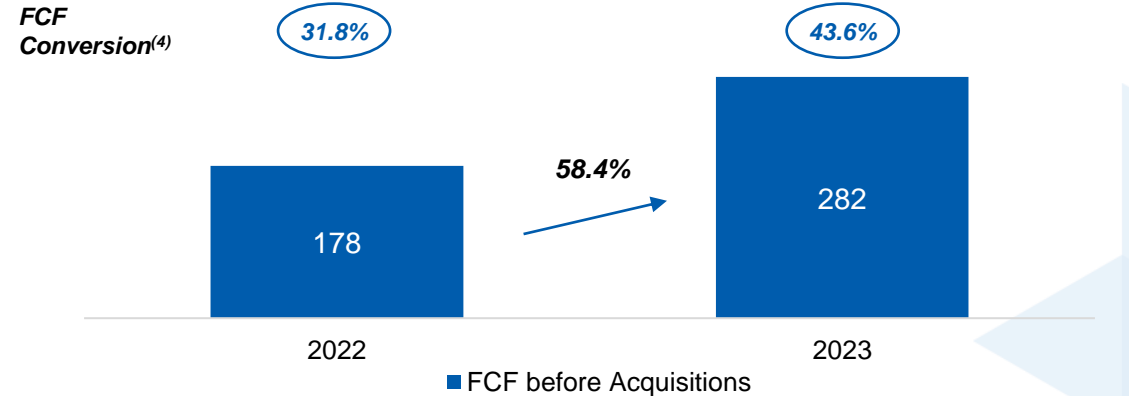
## Underlying EBITDAaL (€m)



## Capital expenditure (€m)



## FCF before acquisitions of subsidiaries (€m)<sup>(3)</sup>



Source: Company information

### Notes

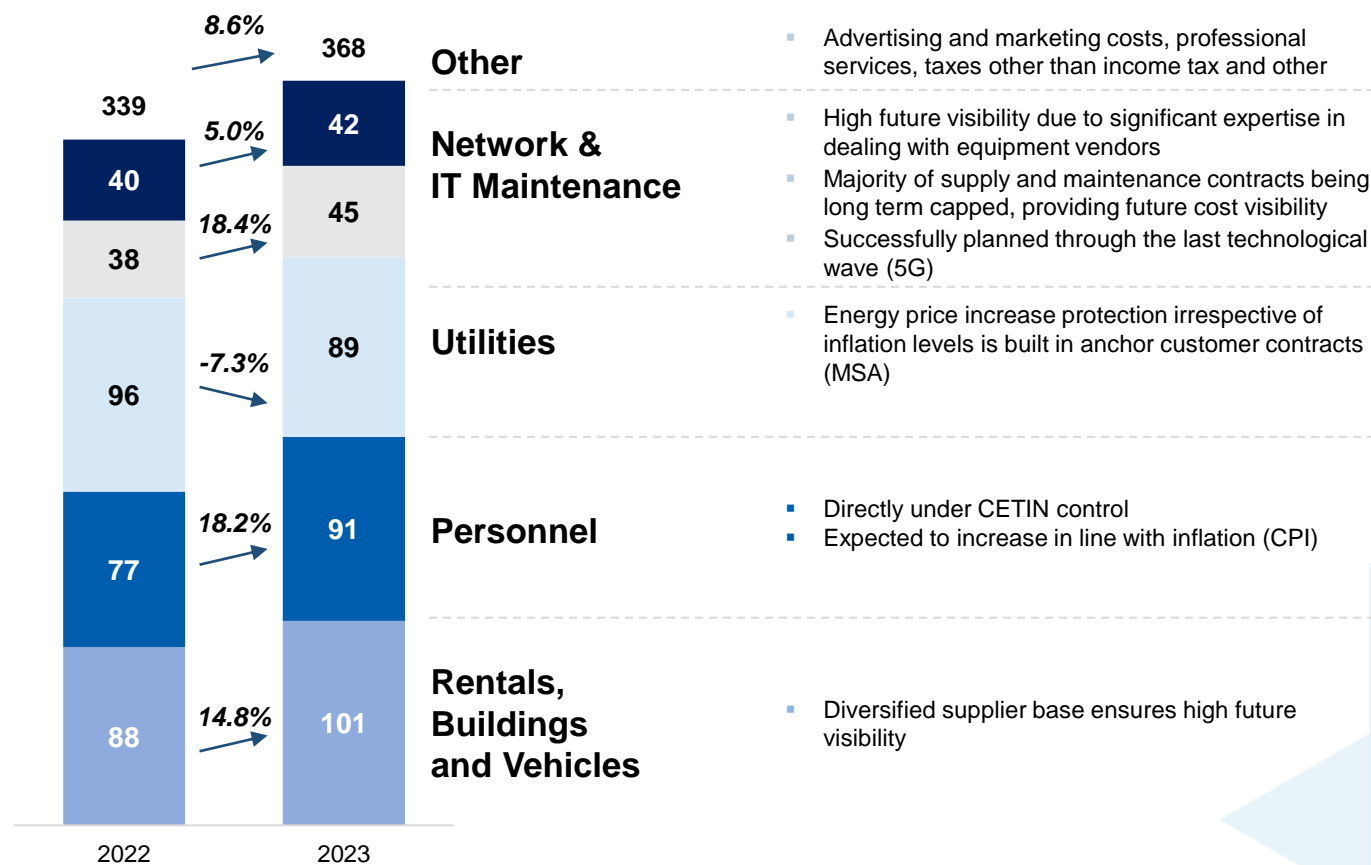
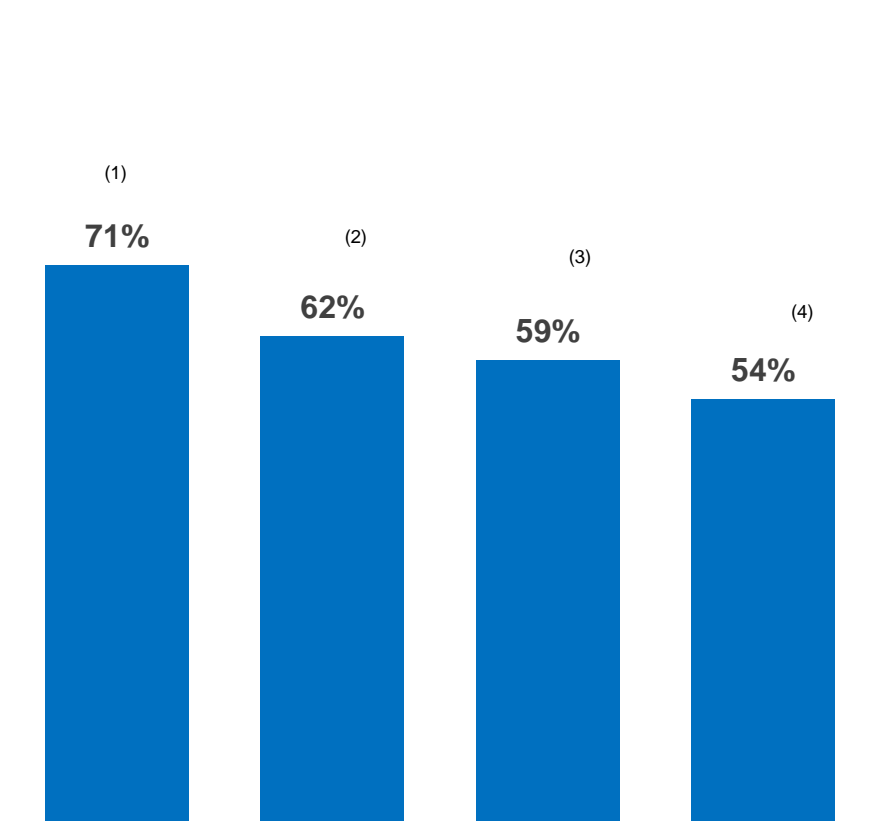
1. Defined as Underlying EBITDAaL excl. Transit / Revenue excl. Transit
2. Defined as Capital Expenditure / Revenue excl. Transit
3. Defined as Net cash from operating activities less cash used for the purchases / from disposals of tangible and intangible assets. Cash flows related to the acquisition of subsidiaries and funding of these acquisitions are excluded. In 2023, the Group paid a consideration of EUR 349 million for the acquisition of Nej.cz, for which the Group raised EUR 175 million in loans from its shareholders, and EUR 169 million advance payment by O2 Czechia towards future purchase of the customer base of Nej.
4. Defined as FCF / Underlying EBITDAaL

# Industry leading EBITDAaL margin

Higher electricity prices are driver of slight increase in cost base

EBITDAaL margin vs. key European telecom InfraCos

CETIN Group OPEX (excl. Cost of Sales) breakdown <sup>(5)</sup>



- Other
  - Advertising and marketing costs, professional services, taxes other than income tax and other
- Network & IT Maintenance
  - High future visibility due to significant expertise in dealing with equipment vendors
  - Majority of supply and maintenance contracts being long term capped, providing future cost visibility
  - Successfully planned through the last technological wave (5G)
- Utilities
  - Energy price increase protection irrespective of inflation levels is built in anchor customer contracts (MSA)
- Personnel
  - Directly under CETIN control
  - Expected to increase in line with inflation (CPI)
- Rentals, Buildings and Vehicles
  - Diversified supplier base ensures high future visibility

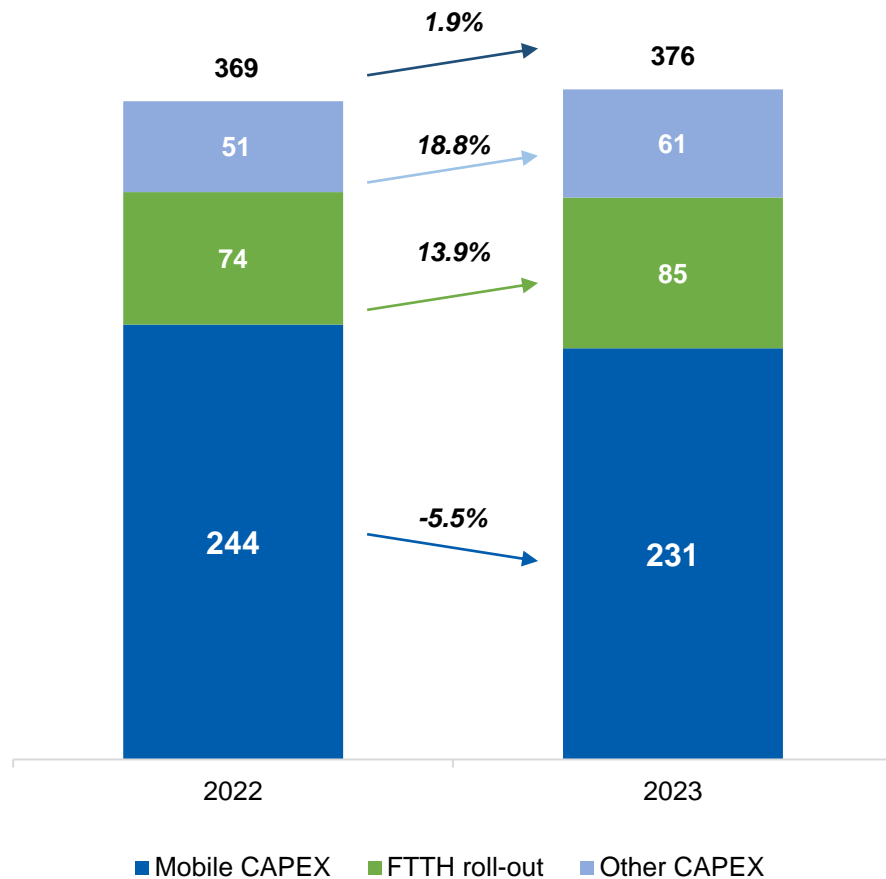
Source: Company information, Cellnex, Vantage Towers and INWIT public disclosure

Notes  
 1. Reported EBITDAaL margin for the fiscal year ending December 2023; 2. Underlying EBITDAaL Margin excl. Transit for the period year ending 31 December 2023; 3. Adj. EBITDAaL / Revenue (excl. pass-through) for the fiscal year ending March 2023; 4. (Adj. EBITDA less Depreciation on Right of Use assets less Interest expense on lease liabilities) / Revenue for the fiscal year ending December 2023; 5 Based on Company information

# Mobile services infrastructure continues to be the main capital expenditure driver

Ongoing modernisation of the network (4G and 5G) and FTTH rollout

## Capital expenditure split (€m)



Source: Company information

## Mobile capital expenditure

- Base CAPEX covered by a 10-year flat fee with contractually defined margins and ROI
  - Investments for delivery of the mobile network, including obligatory mobile network transport upgrades and passive infrastructure maintenance
  - Network modernisation in Czechia and Slovakia
- Incremental CAPEX where anchor customers (O2, Yettel) have contractual annual commitments of incremental revenues
  - Includes CAPEX that drives growth of mobile revenue (5G, new sites, network modernisation in Hungary, Serbia, and Bulgaria)

## FTTH roll-out capital expenditure

- 2022 and 2023: Related to construction of fibre optic network (FTTH)

## Other capital expenditure

- Other CAPEX relatively stable; the YoY increase is fully driven by ARO reserve modification:
  - Customer projects
  - Data services
  - Housing

# CETIN Group financial policy

**PRIORITIES: 1. Strategic investments, 2. Maintain leverage, 3. Profit distribution**

CETIN Group's investment grade rating is strategic for PPF Group.  
The shareholder is committed to adjust its dividend expectations to mitigate any weaker performance in order to protect CETIN Group's IG rating.

## 1. Use of free funds

CETIN GROUP needs to hold a technical cash reserve of approx. EUR 20 million, for operational flexibility.

Free funds will be used (in order of priority) for:

1. **CAPEX financing**
2. **Maintaining leverage**
3. **Distribution**

## 2. Profit distribution policy

**Up to 100% of Levered free cash flow,**  
subject to keeping net leverage below 3.0x<sup>(1)</sup>

## 3. Sustainable debt capital structure

Leverage **maximum 3.0x<sup>(1)</sup>**

Actual (as at 31 December 2023) **leverage of 2.72x<sup>(3)</sup>** (leverage of 2.82x as at 31 December 2022 <sup>(3)</sup>)

## 4. Add-on acquisition debt allowance

In case of add-on acquisitions, CETIN Group can increase the leverage **up to 3.5x** with **deleveraging back below 3.0x within 18-24 months**

Source: Company information

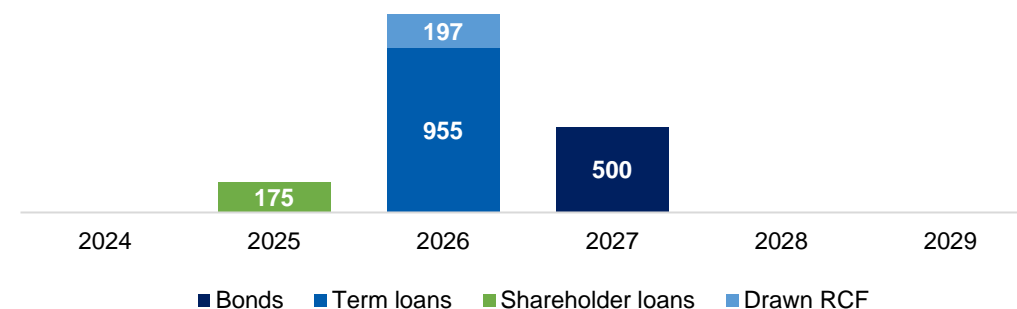
### Notes

1. Excluding IFRS 16 impacts; an increase related to IFRS 16 adjustment is approx. +0.22x
2. Outstanding principal amounts, excluding overdraft facilities; 24.724 FX rate as at 31 December 2023 according to the Czech National Bank
3. Consolidated net leverage ratio = consolidated Gross debt less Cash and cash equivalents / EBITDA for the last twelve months, excluding IFRS 16 impact

## Current debt maturity profile (€m)<sup>(2)</sup>

**Total nominal financial debt as at 31 December 2023**

**EUR 1,827 million**



**CETIN Group** – investment grade Baa2 Moody's / BBB Fitch Ratings.

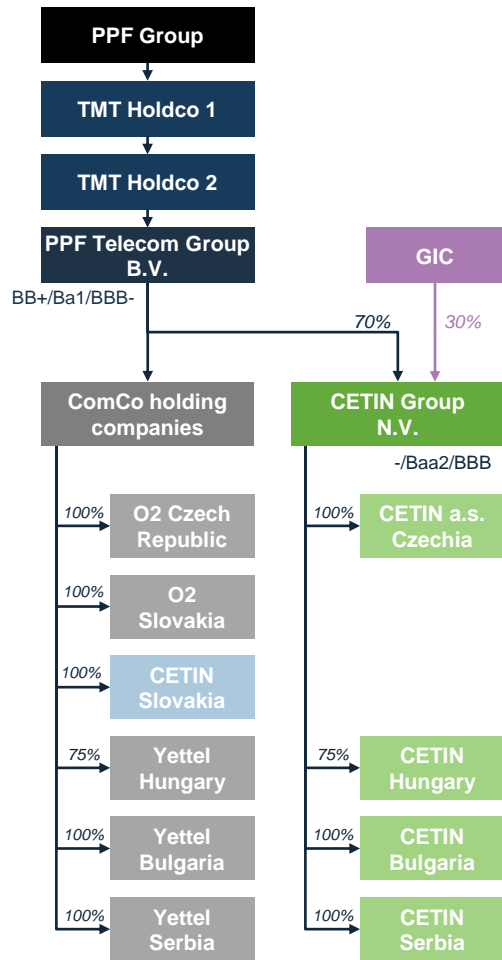
CETIN Group facilities include:

- **EUR 955m** (511m due Aug 2026 + 444m due Nov 2026) term loans
- **Eurobond EUR 500**, 5 years, due Apr 2027, 3.125% p.a.
- **EUR 197m** drawn revolving credit facility, due Aug 2026
- **EUR 175m** loan from shareholders (122.5m from PPF Telecom Group + 52.5m from GIC), due Apr 2025

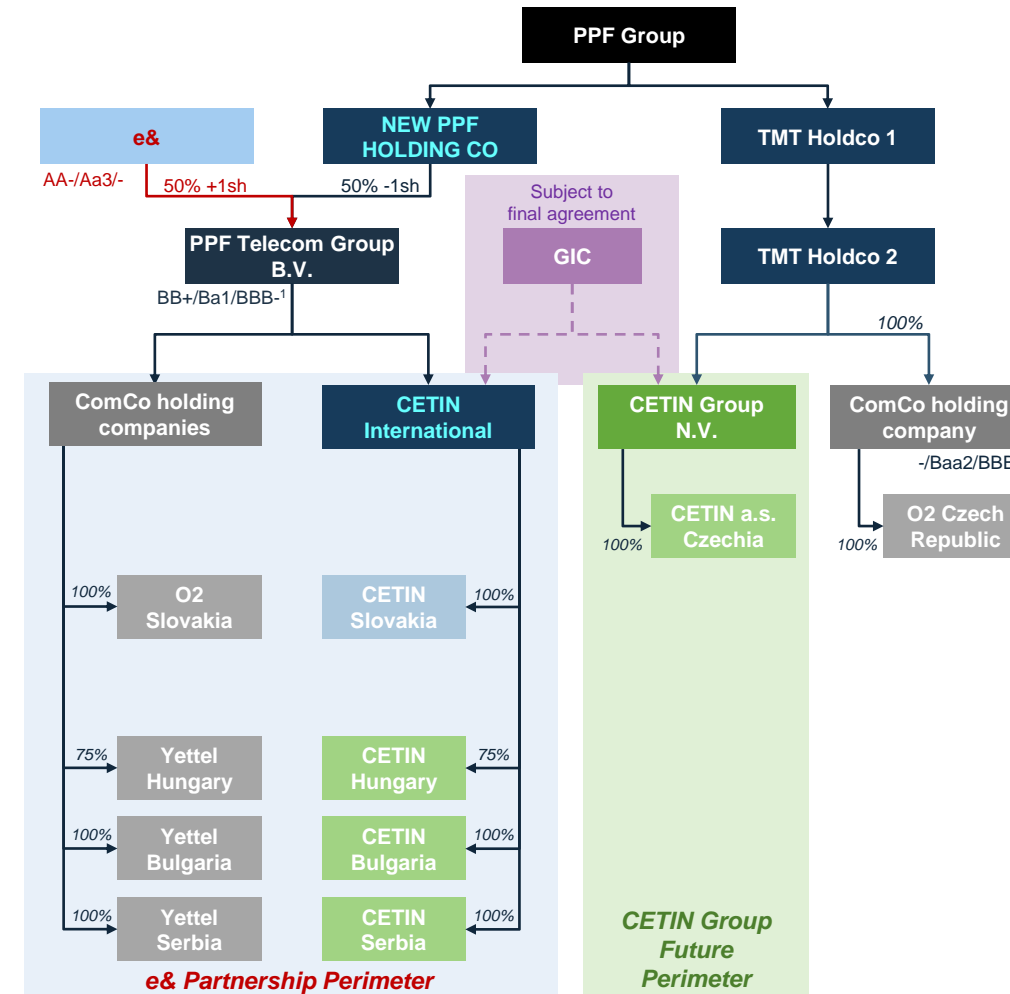
# PPF Partnership with e&

The future perimeter of CETIN Group will retain CETIN Czechia with its fixed network and the highest sovereign rating

## Current structure



## Intended structure



## Impacts on CETIN Group

### Size and structure assumptions

- CETIN Hungary, Bulgaria, and Serbia will be sold to PPF Telecom Group
- CETIN Group will be sold to TMT Holdco 2
- GIC shareholding still to be confirmed

### Capital structure assumptions

- PPF announced its aim to maintain CETIN Group's current rating level, subject to confirmation of the final capital structure

### Timing assumptions

- Regulatory approval process still underway
- Reorganisation will take place upon obtaining the remaining regulatory clearances
- Closing expected in 1H 2024

Source: Company information

### Notes

1. Aim to maintain PPF Telecom's current rating levels (BB+/Ba1/BBB-) after the transaction closing, as well as to maintain CETIN Group's current rating level, subject to confirmation of the final capital structure following the RES/RAS process with the rating agencies and closing of the transaction



▶ CETIN

MEMBER OF PPF GROUP

# Appendix





# Key financial metrics

Compelling financial profile with the ongoing modernisation of the network

€m except otherwise stated	2022	2023	YoY%
Total Revenue	1,108	1,241	12.0%
<b>Revenue excl. transit</b>	<b>889</b>	<b>1027</b>	<b>15.5%</b>
<b>Underlying EBITDAaL<sup>(1)</sup> excl. transit</b>	<b>546</b>	<b>635</b>	<b>16.3%</b>
% margin (excl. transit) <sup>(2)</sup>	61%	62%	
<b>Underlying EBITDAaL<sup>(1)</sup></b>	<b>559</b>	<b>647</b>	<b>15.7%</b>
Capital Expenditure	(369)	(361)	0.6%
<b>FCF before acquisitions<sup>(3)</sup></b>	<b>178</b>	<b>282</b>	<b>58.4%</b>
% FCF conversion <sup>(4)</sup>	32%	44%	

Source: Company information

## Notes

1. Underlying EBITDA after Leases ("Underlying EBITDAaL") defined as Underlying EBITDA less Depreciation on lease-related right of use assets less Interest on lease liabilities;
2. Defined as Underlying EBITDAaL excl. Transit / Revenue excl. Transit;
3. Free Cash Flow ("FCF") defined as Net cash from operating activities less cash used for the purchases / from disposals of tangible and intangible assets. Cash flows related to the acquisition of subsidiaries and funding of these acquisitions are excluded. In 2023, the Group paid a consideration of EUR 349 million for the acquisition of Nej.cz, for which the Group raised EUR 175 million in loans from its shareholders, and EUR 169 million advance payment by O2 Czechia towards future purchase of the customer base of Nej.cz
4. FCF Conversion defined as FCF / Underlying EBITDAaL

# CETIN Group corporate governance

## Board of Directors

**Jan Kadanik**  
Chairman of the Board of Directors

**Juraj Šedivý**  
CETIN Group CEO and Member of the Board of Directors

**Jan Cornelis Jansen**  
Member of the Board of Directors

**Marcel Marinus van Santen**  
Member of the Board of Directors

**Nominated by PPF**

**Kamil Burganov**  
Member of the Board of Directors

**Rhys AP John Phillip**  
Member of the Board of Directors

**Jaime Smith Basterra**  
Member of the Board of Directors

**Nominated by GIC**

**Independent**

## Audit and Risk Committee

**Jaime Smith Basterra**  
Chairman of the Committee

**Rhys AP John Phillip**  
Member of the Committee

**Jitka Mašátová**  
Member of the Committee

## Other elements of corporate governance

- Nomination, Remuneration and ESG Committee
- Related Party and Material Contracts Committee
- Board of Directors independent observer, Mrs. Alexandra Reich

## Key credit highlights of CETIN Group

- 1** Majority of our revenue is committed while the rest is highly recurring
- 2** Industry leading EBITDAaL margin, underpinned by a controlled cost base
- 3** Mobile services infrastructure continues to be the main capital expenditure driver
- 4** Highly visible and predictable cash flows