

Investor presentation

August 2019



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1. Introduction to CETIN and PPF Group
2. 1H2019 operating and financial results
3. Debt overview and financial policy
4. Summary: key credit highlights

Appendix

1. CETIN vs. telecom and infrastructure players

CETIN Highlights



Largest Czech provider of mobile and fixed telco infrastructure

CETIN AT A GLANCE

- **Domestic market champion** with unparalleled fixed, mobile and transit infrastructure networks
- **Key partners - O2 Czech Republic**, the Czech incumbent operator, and **T-Mobile Czech Republic**
- **Unique resilient business model** as a telecom **infrastructure-only operator** underpinned by solid commercial agreements
- **Stable profitability, robust balance sheet and strong free cash flows with efficient cost base and stable capex**
- More than **half of EBITDA** secured by long-term **take-or-pay contracts** for mobile, fixed and data centres services
- **100% owned by PPF Group** (one of the largest well diversified investment Group in CEE with strong focus on telecom)

COMPANY HISTORY

From state telecom to a modern independent operator

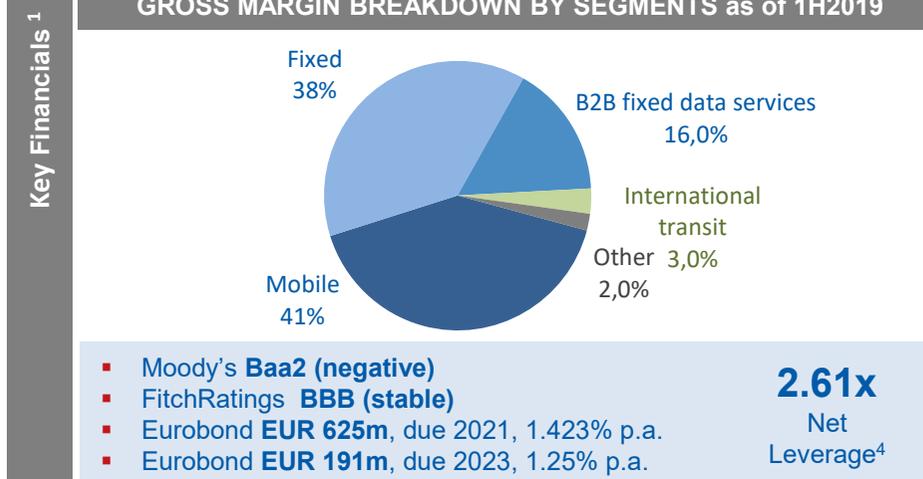
- 1989 ▪ SPT Telecom established from former state telco company, operating fixed networks; later becomes ČESKÝ TELECOM
- 1991 ▪ EuroTel, the first Czech mobile operator has been established
- 2005 ▪ Telefónica acquires a majority stake in ČESKÝ TELECOM from the Czech state
- 2006 ▪ Rebranded to Telefónica O2 Czech Republic, EuroTel merged with ČESKÝ TELECOM
- 2014 ▪ PPF acquired 65.9% of Telefónica O2 Czech Republic and increases its shareholding to 84.1%
- 2015 ▪ **A first ever voluntary separation** – spin off from O2
- 2016 ▪ PPF became the sole shareholder

KEY FIGURES

- FBB**
 - **4.5m** households (90% of all Czech households)
 - **20m km** metallic cables
 - **42,000 km** fibre optic cables
- Mobile**
 - More than **6,000** sites
 - **99.6%** population coverage (4G/LTE)
 - **98.2%** country coverage
- Data**
 - **Biggest B2B data service provider** in Czech Republic

| | 1H 2019 ¹ | 1H 2018 | y-o-y |
|-----------------------------------|----------------------|------------|----------|
| Revenue ² | CZK 8,869m | CZK 9,924m | -11% |
| Gross margin | CZK 5,816m | CZK 5,759m | +1% |
| EBITDA | CZK 4,219m | CZK 3,763m | +12% |
| EBITDA margin | 48% | 38% | +10 p.p. |
| Cash conversion rate ³ | 40% | 46% | -6 p.p. |

GROSS MARGIN BREAKDOWN BY SEGMENTS as of 1H2019



[1] 2019 figures include impact of IFRS 16

[2] 30-40% of total revenue is International voice transit revenue of CZK 3.0bn/4.2bn (1H2019/1H2018) with gross margin around 5%, contributing only CZK 171m/159m of gross margin

Source: Cetin's Interim Consolidated Financial Statements for period ended 30 June 2019

[3] Cash conversion rate = Free Cash Flow / EBITDA

[4] Using LTM EBITDA, excluding IFRS 16 impacts

PPF Group is an international investment group founded in 1991 in Czechia

47.3 billion EUR
total assets¹

8.3 billion EUR
equity¹

1.1 billion EUR
net income¹

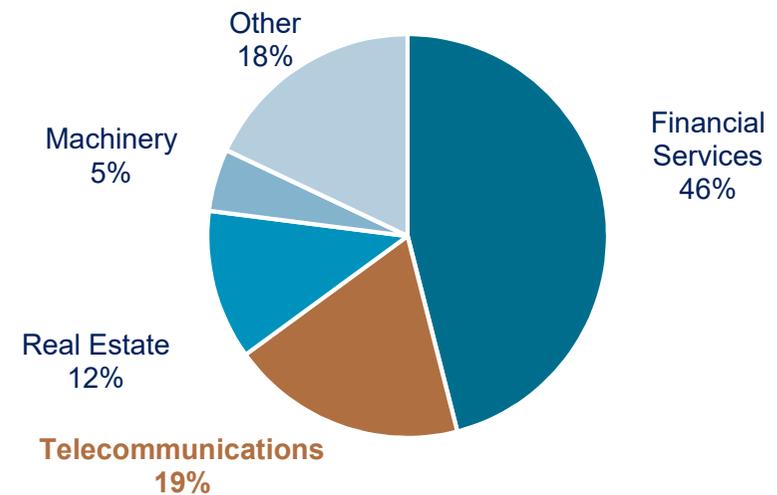
160 ths.
employees¹

PPF GROUP OPERATES IN 23 COUNTRIES



Diverse business activities encompassing banking and financial services, telecommunications, biotechnology, insurance, real estate, and agriculture

EQUITY BY SEGMENT^{1,2}



SHAREHOLDERS



Petr Kellner
Founder and majority shareholder
98.93 %



Ladislav Bartoniček
CEO of PPF Arena 1
0.535 %



Jean-Pascal Duvieusart
Member of Board of Directors of Home Credit and PPF Real Estate
0.535 %

[1] Assets as of 30 June 2019, equity attributable to owners of the parent as of 30 June 2019, net income attributable to owners of the parent for the period of 12 months up to 30 June 2019, number of employees as of 30 June 2019

[2] Excluding Unallocated segment

Source: PPF Group Financial Statements for 1H2019

1H2019: sustainable growth

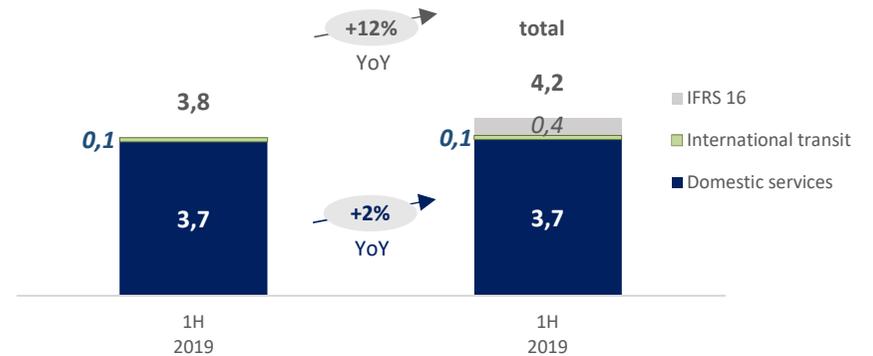


Stable earnings, driven by high profitability of domestic network services

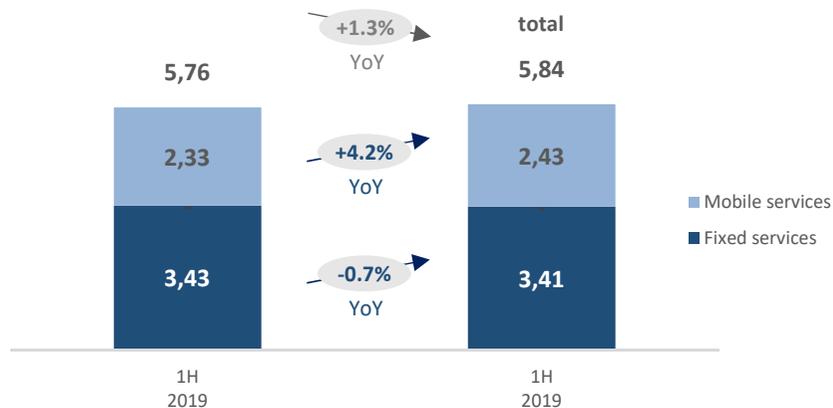
REVENUE BY SEGMENTS



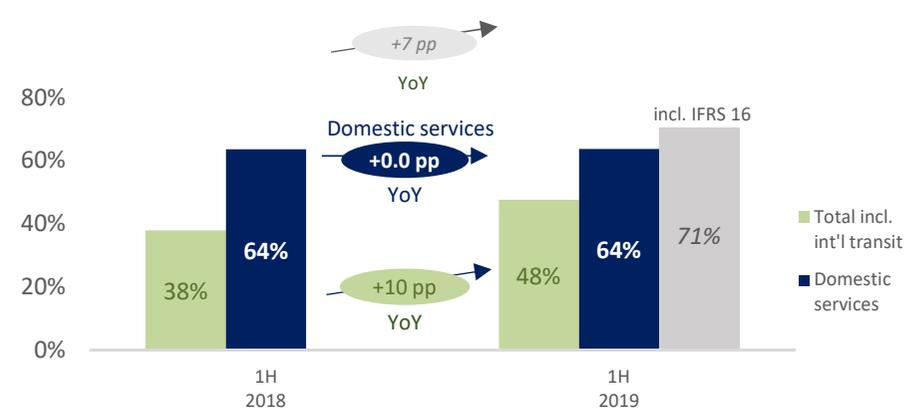
EBITDA



DOMESTIC REVENUES



EBITDA MARGIN



Note: (1) EBITDA refers to income before income taxes and other income (expenses) plus depreciation and amortisation, plus impairment of property, plant and equipment and intangible assets incl. goodwill.
 (2) please refer to slide 21 "Telecom and Infrastructure players"

Source: Cetin's Interim Consolidated Financial Statements for period ended 30 June 2019

Revenue and EBITDA sources



Domestic network services are the core business

DOMESTIC REVENUES

- Mobile: growing market with new revenue opportunities
 - Two major retail partners, O2 + T-Mobile, with a portfolio of new projects that generate sustainable incremental growth on top of long-term take-or-pay contracts
 - Rollout of FWA network for Nordic Telecom
 - BTS rental to other customers generates additional income
- Fixed lines services: market turnaround achieved through focus on infrastructure modernisation:
 - FBB customer base growing again through all major operators
 - National market leader in B2B data services – modest growth achieved in a stagnating, highly competitive market

INTERNATIONAL TRANSIT REVENUES

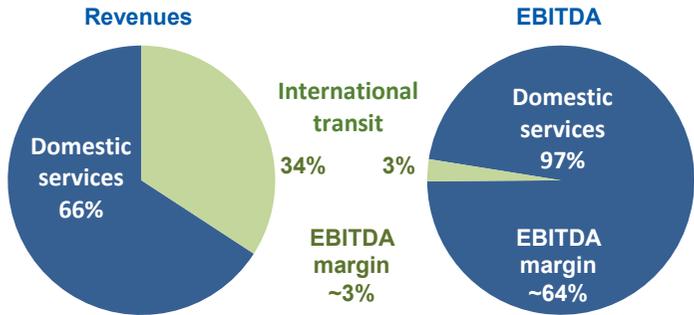
- International voice transit: a minor contribution with minimum efforts
 - international voice traffic, that is being gradually replaced by OTT applications such as Skype, WhatsApp, Viber etc.
 - a declining legacy business with considerable revenues and cost of sales, resulting in only a small commission for CETIN
 - minimal required operating resources and costs and negligible CAPEX
 - minimum contribution to EBITDA

EBITDA

- Strong profitability from committed revenues:
 - 97% of EBITDA and cash flows generated by the fixed and mobile services
- Fixed and Mobile services:
 - Long term contracts guarantee more than half of CETIN's EBITDA
 - Proven track record of managing down OPEX cost base through efficiency programme through innovations, technology replacement and insourcing on a national scale

EBITDA MARGIN

- EBITDA margin 64% from fixed and mobile services (excluding international voice transit and IFRS 16 impact) is one of the highest in the fixed and mobile operations across international peers² with almost half of these earnings converted into cash flows



- EBITDA margin around 3% from international voice transit is a typical margin for the service of connecting international voice calls

Note: (2) please refer to slide 12 "Telecom and Infrastructure players"

Take-or-pay contracts: 50% of EBITDA

| | AGREEMENT | KEY TERMS |
|---|--|--|
|  | Mobile <ul style="list-style-type: none"> O2 Czech Republic committed to purchase set level of mobile infrastructure services (incl. mobile access services and carrying voice, messaging and data traffic) Allows O2 to provide mobile services to customers in GSM, UMTS, CDMA and 4G/LTE radio systems and to comply with Czech regulation | 7-year contract CZK 4.4 billion per year (CZK 30.8bn in total) Fully take-or-pay |
| | FBB <ul style="list-style-type: none"> Access to CETIN's public fixed communication network CETIN provides wholesale services incl. connection at termination points, access to publicly available electronic communications services | 7-year contract fee varies depending on the features of the line Fully take-or-pay |
| | Data Centres <ul style="list-style-type: none"> Provisioning of housing services at three data centres (over 6,000 sqm) Data centers are fully occupied | 7-year contract a fixed fee Fully take-or-pay |
|  | Network Sharing <ul style="list-style-type: none"> CETIN is master operator for eastern part of Czech Republic and T-Mobile Czech Republic is master operator for western part (Prague & Brno are excluded) | 20-year contract Master operator, builds, owns and operates active technology on all sites |
| | Mobile and FBB <ul style="list-style-type: none"> Data services for T-Mobile business and corporate clients, dark fibre xDLS services for T-Mobile mass market T-Mobile subscribers fibre connectivity of T-Mobile sites | 7-year contract fee varies depending on the features of the line Fully take-or-pay |

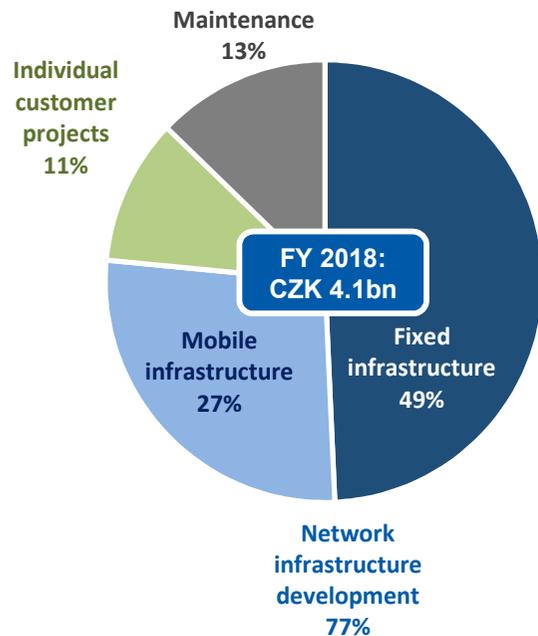
Note: the agreement between O2 CZ and Cetin is effective from 1 June 2015

CAPEX stable year-over-year



Major part of CAPEX is channelled into network infrastructure development

CAPEX ALLOCATION (FY2018)



CAPEX STRATEGY: PUBLIC COMMITMENT TO INVEST CZK 27BN (2016 – 2024)

| Key investments | Expected operational results |
|---|--|
| Network infrastructure development Mobile network development   | Continuous mobile network extensions and upgrades, adding new layers and building new sites in preparation for 5G. FWA/WTTx rollout for Nordic Telecom and O2 |
| Fixed network modernisation - extension of fibre optic cables through FTTC/FTTH  | FTTC and FTTH rollout - next generation access network with high connection speed and quality. |
| Efficiency projects | Freeing up resources for reinvestment |
| Individual customer projects Greenfield development, individual last mile access, backhaul transmission | Generating incremental revenues |
| Maintenance of the existing infrastructure | Sustained operations |

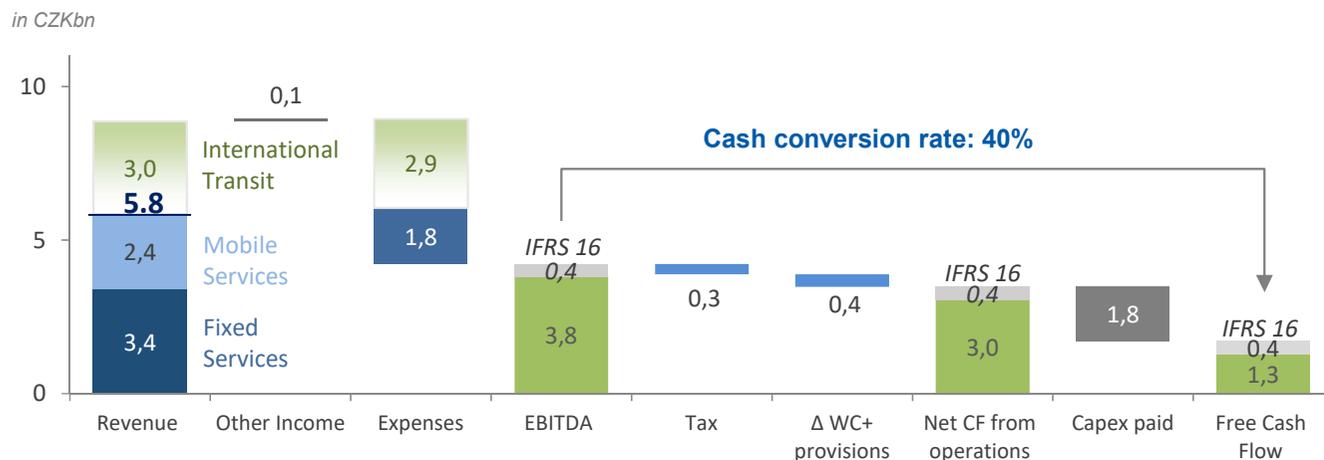
- Committed Capex – 40% of infrastructure development is committed through contracts with O2 and T-Mobile

Discretionary CAPEX: ~55% can be postponed to protect cash flows for debt reduction

Strong and stable cash flows

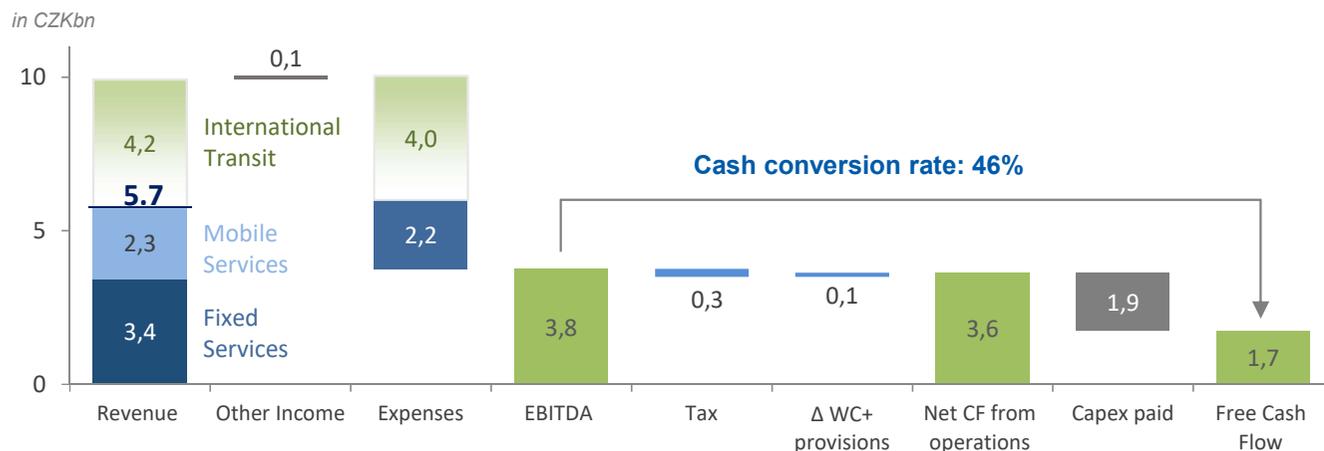


CASH FLOWS 1H2019



Source: Cetin's Interim Consolidated Financial Statements for period ended 30 June 2019

CASH FLOWS 1H2018



Source: Cetin's Interim Consolidated Financial Statements for period ended 30 June 2019

1H2019 COMMENTS

- Free cash flows have been used for investment in further development of network infrastructure and for dividend payments
- 40% of EBITDA converted to Free Cash Flows**
- CAPEX to Domestic Revenue 25%**
 - Capex to Total Revenues 16%

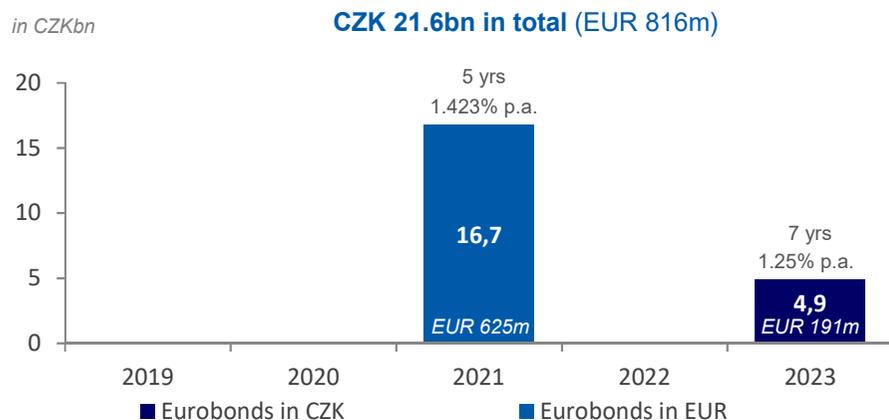
GENERAL COMMENTS

- Free cash flows are stable at around CZK 4bn per year
- Around 50% of EBITDA is converted to Free Cash Flows
- CAPEX is spent almost exclusively on domestic network infrastructure and therefore the Revenue to CAPEX ratio needs to be applied to revenues from domestic services

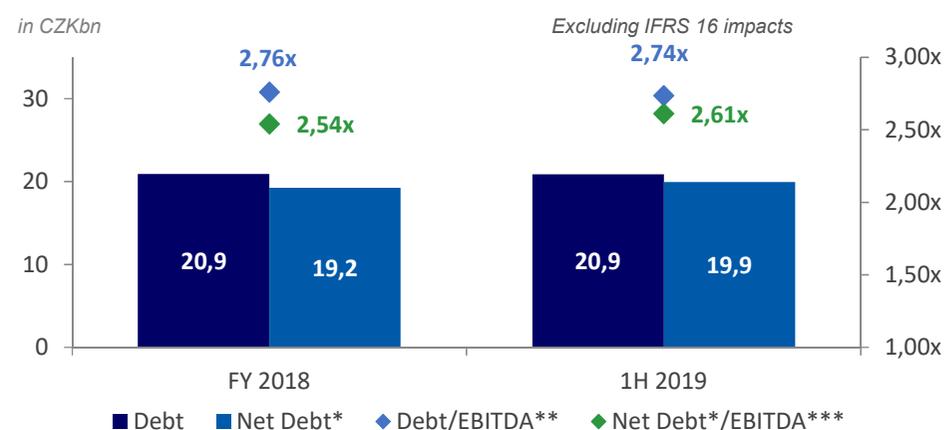
Strong liquidity position



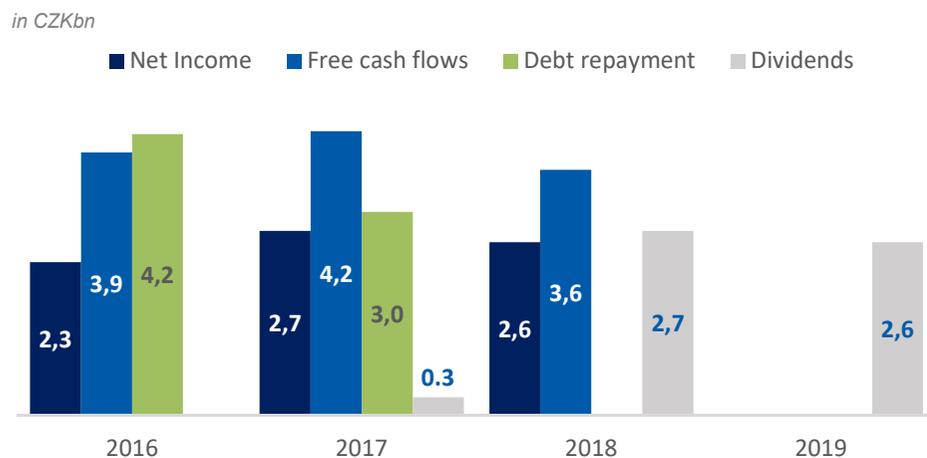
NOMINAL DEBT PROFILE (AS OF 30 JUN 2019)



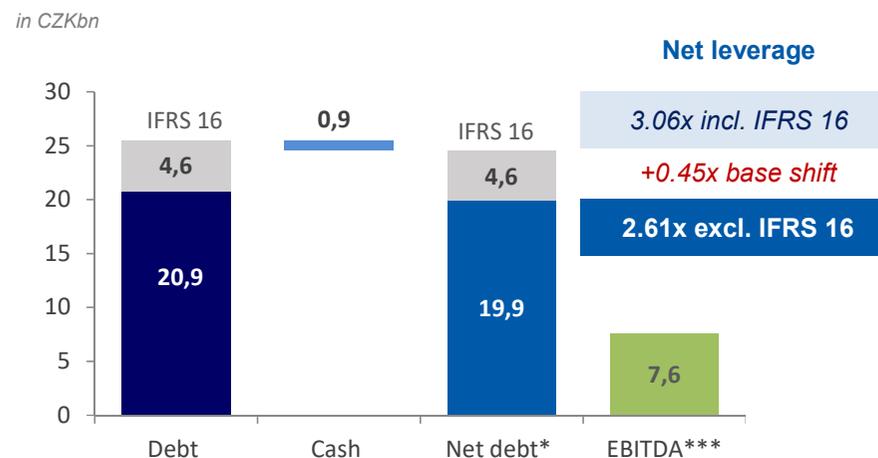
DEBT AND LEVERAGE DYNAMICS



USE OF FREE CASH FLOWS



LIQUIDITY PROFILE 30-JUN-2019



Notes: (*) Net debt = total debt – cash & cash equivalents; (**) EBITDA refers to income before income taxes and other income (expenses) plus depreciation and amortisation, plus impairment of property, plant and equipment and intangible assets including goodwill; (***) EBITDA for the previous 12 months period

Solid financial policy



Funds from operations will be used (in order of priority) for:

1

**Strategic investment in infrastructure development
(discretionary and non-discretionary CAPEX)**

2

Debt reduction and maintaining Net Debt to EBITDA ratio < 3.5x

3

**Distribution of up to 100% of the net income of the previous year
(unless Net Debt to EBITDA ratio > 3.5x)**

Discretionary element of CAPEX can be used to temporarily protect free cash flows for debt service or reduction, but not currently intended for profit distribution

Key CREDIT Highlights



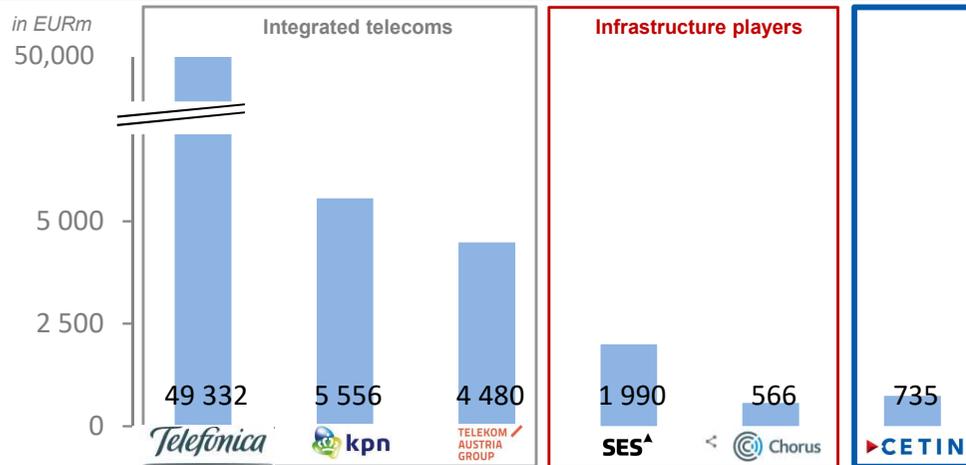
| | | |
|---|---|--|
| 1 | Undisputed Czech Telecom infrastructure leader | <ul style="list-style-type: none"> ▪ Largest wholesale provider of mobile and fixed telecommunications services in the Czech Republic <ul style="list-style-type: none"> ➢ >50% of the domestic retail market using some parts of the CETIN's infrastructure |
| 2 | High quality fixed and mobile network | <ul style="list-style-type: none"> ▪ Unparalleled fixed broadband network, reaching 85% of Czech households ▪ Mobile coverage of 99.6% of Czech population (99.6% 2G / 80% 3G / 99.6% 4G/LTE¹) |
| 3 | Long-term contracts and guaranteed income | <ul style="list-style-type: none"> ▪ Long term contracts guarantee stable and predictable revenues (more than half of Cetin's EBITDA) and strong and dependable free cash flows <ul style="list-style-type: none"> ➢ Mobile infrastructure: 7 years fully take-or-pay commitments to CZK 4.4bn per year (CZK 30.8bn in total) of revenues contracted from O2 ➢ Fixed communication network & data centers: O2 is committed to pay an agreed fee during the 7-year contract on a fully take-or-pay basis. |
| 4 | Low counterparty risks | <ul style="list-style-type: none"> ▪ O2 Czech Republic and T-Mobile: two leading Czech integrated TMT operators with strong market position in broadband and mobile ▪ Network sharing agreement with T-Mobile Czech Republic in successful operation ▪ Sustainability of demand for network access, irrespective of the performance of O2 |
| 5 | Constructive regulatory environment | <ul style="list-style-type: none"> ▪ The EU / Czech regulatory authorities aim to progressively reduce ex ante specific regulation (i.e. pricing regulation), so the TMT market is governed by general competition law only ▪ No material regulation changes expected from the Czech Regulator (CTO) in the near future ▪ Consumer protection regulation not impacting directly on CETIN's business. |
| 6 | Solid Investment Grade rating | <ul style="list-style-type: none"> ▪ Baa2 (Negative outlook²) by Moody's / BBB (Stable outlook) by Fitch maintained since 2016 ▪ Reflecting 70% gross margin in domestic segment (excl. international transit) and strong and stable cash flows |
| 7 | Strong shareholder (PPF Group) | <ul style="list-style-type: none"> ▪ CETIN is a member of one of the largest investment groups in CEE (PPF Group) with long-term commitment to the telecommunications sector |

Notes: (1) as of September 2019, Czech Telecommunications Office, (2) since June 2018

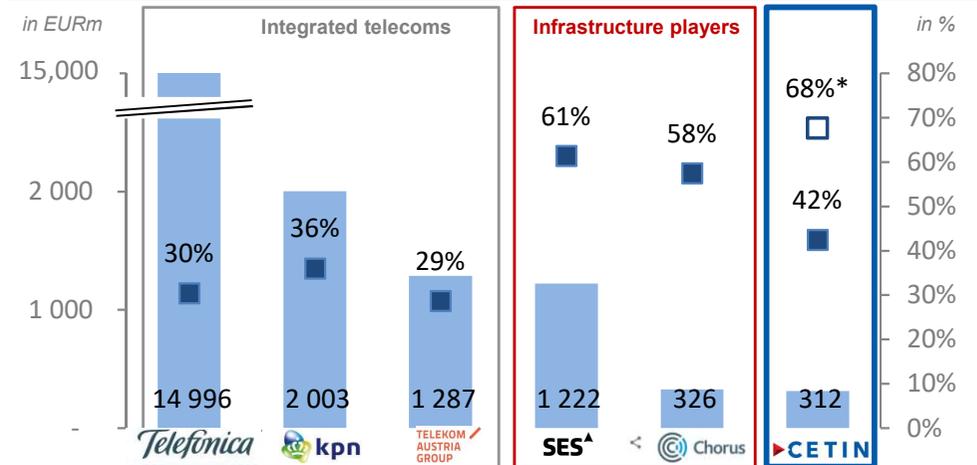
Telecom and infrastructure players



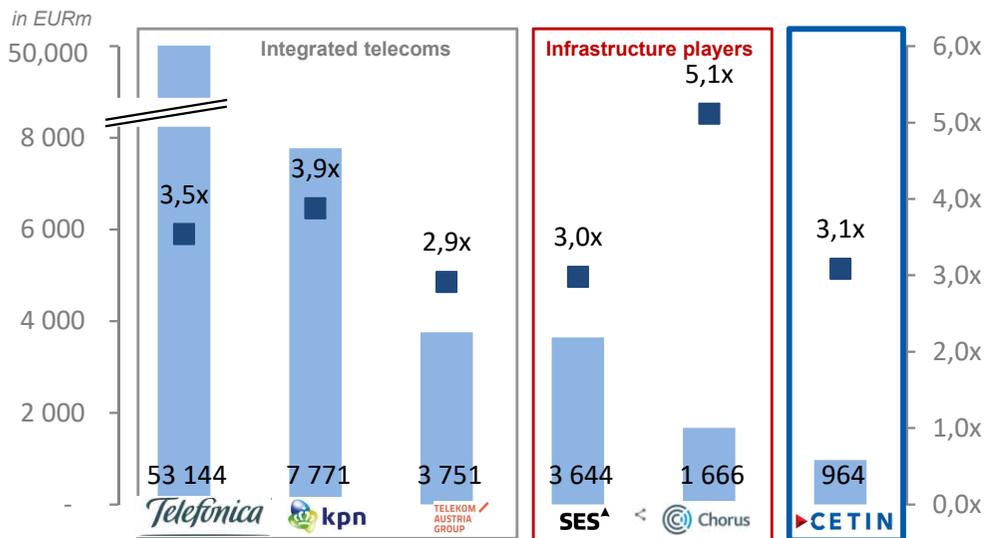
REVENUE



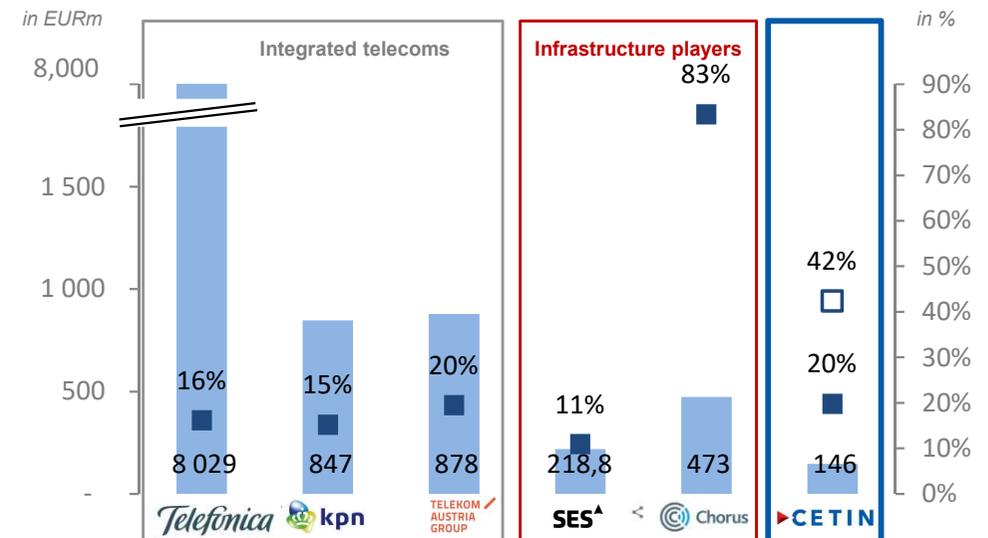
EBITDA AND EBITDA MARGIN



NET DEBT AND NET DEBT/EBITDA



CAPEX AND CAPEX/REVENUE



Ratings (S&P/Moody's/Fitch): Telefonica (BBB/Baa3/BBB), KPN (BBB-/Baa3/BBB), Telekom Austria (/BBB/Baa2/NR), SES (BBB/Baa2/NR), Chorus (BBB/Baa2/NR)
 Telekom Austria's rating benefits from one notch uplift from the standalone assessment with both S&P and Moody's, SES an one notch uplift with Moody's
 Note: *excl. international transit as i) 97% of the EBITDA is generated by the domestic fixed and mobile business and ii) the capex are mostly related to the domestic activity
 Sources: FY2018 and 1H2019 public figures were used for Cetin. CapitalIQ source for peers.