

# CETIN Group N.V.

CETIN Group N.V. is rated in line with its Standalone Credit Profile (SCP) of 'bbb', based on Fitch Ratings' assessment of weak linkage with its parent, PPF Telecom Group B.V. (PPF TG; BBB-/Stable), under Fitch's Parent and Subsidiary Linkage (PSL) Rating Criteria, and CETIN Group's stronger operating profile. 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 the company's cash flow.

## Key Rating Drivers

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

Its services are provided on long-term contracts ranging from 10 to 30 years 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:** CETIN Group should experience strong and steady revenue growth over the next five years (Fitch base case, about 4% a year on average excluding international transit services). The growth will be driven by the mobile segment and largely due to network modernisation, 5G roll-out, site densification and increased tower co-location. A significant proportion of this growth is already contractually secured. The growth will enable EBITDA margin expansion as fixed costs are expected to increase at a slower pace.

**Competitive Domestic Infrastructure Market:** Competition in the Czech fixed local-access infrastructure market is likely to increase as T-Mobile builds out a fibre-to-the-home (FttH) network in partnership with CETIN Group in parts of the country. This will take the number of local-access network providers to a maximum of four in certain regions, including cable and wi-fi operators. We believe CETIN Group's strategy to limit overbuild through its partnership with competitor T-Mobile is least value-destructive.

However, T-Mobile is a wholesale customer and the potential loss of wholesale revenues will need to be offset by average revenue per user improvements from FttH deployment, growth in new wholesale customers as a result of a more competitive FttH product, and growth in mobile services.

**FttH Deployment at Early Stage:** CETIN Group is at an early stage in deploying FttH in the Czech Republic. The company plans to roll out FttH to 1.3 million homes by 2030, accounting for about 20% of its total homes passed. 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 deployment and increases in capex. 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 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 first. Its leverage policy is comfortably within the 4.0x funds from operations (FFO) net leverage downgrade threshold of its SCP. Fitch expects FFO net leverage to decline to 3.2x over the next two to three years from 3.5x at end 2021.

## Ratings

Rating Type	Rating	Outlook	Last Rating Action
Long-Term IDR	BBB	Stable	New Rating 15 Sep 21

[Click here for full list of ratings](#)

## Applicable Criteria

[Corporate Rating Criteria \(October 2021\)](#)  
[Sector Navigators - Addendum to the Corporate Rating Criteria \(October 2021\)](#)  
[Parent and Subsidiary Linkage Rating Criteria \(August 2020\)](#)

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Fitch's base-case forecasts envisage pre-dividend FCF margin of between 5% and 10% over the next five years. This provides sufficient headroom and flexibility to absorb operational pressures and increases in capex.

**Manageable FX Risks:** CETIN Group's predominant borrowings are in euros while EBITDA is generated in other currencies. This creates some leverage-mismatch risks. The risks do not have significant impact on the rating as about 57% 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 has been stable against the euro and cash flows can be economically hedged.

**Parent Subsidiary Linkage:** Based on Fitch's PSL Criteria we deem the linkage between CETIN Group and PPF TG as weak. This reflects a degree of legal ringfencing due to the existence of a 2.2x maximum, net debt-to-EBITDA covenant that is based on the leverage of CETIN Group and O2 CZ, another PPF TG subsidiary.

The company's expected EUR1,635 million of gross debt will account for over 70% of the total combined capacity of the two entities' maximum 2.2x net debt to EBITDA. Based on the current legal and financial structure and operational relationship, we would not anticipate CETIN Group to be rated higher than PPF TG by more than two notches.

## Financial Summary

### CETIN Group N.V.

(EURm)	Dec 19	Dec 20	Dec 21F	Dec 22F
Gross revenue	747	714	1,037	1,042
Operating EBITDA margin (%)	40.2	42.0	48.6	50.3
FFO margin (%)	33.5	36.1	41.5	43.2
FFO interest coverage (x)	21.8	22.5	24.9	19.2
FFO net leverage (x)	2.9	2.5	3.5	3.4

F - Forecast  
Source: Fitch Ratings, Fitch Solutions

## Rating Derivation Relative to Peers

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 cash flow 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

### Factors that Could, Individually or Collectively, Lead to Positive Rating

#### Action/Upgrade:

- An upgrade would be dependent on an improvement in the company's SCP combined with upgrade in the rating of PPF TG and clearer operational and structural separation from parent, PPF TG.
- The SCP would be revised higher to 'bbb+' if FFO net leverage is sustained below 3.5x, 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 Czech Republic.

### 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, EBITDA and FCF weakens on a sustained basis or financial policy or legal covenants that ringfence the company from PPF TG weaken significantly.

## Liquidity and Debt Structure

**Comfortable Liquidity:** CETIN Group generates strong cash flow and we expect FFO margin to be above 49% in 2021-2025. This is supported by good revenue visibility. Further liquidity is provided by a committed EUR200 million revolving credit facility (RCF) due in 2026. The company's next maturities for its bank loans and senior unsecured bonds will be in 2023 and 2026.

## 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](http://www.fitchratings.com/esg).

## Liquidity and Debt Maturities

### CETIN Group N.V. – Liquidity Analysis

(EURm)	2021F	2022F	2023F	2024F
<b>Available liquidity</b>				
Beginning cash balance	124	60	31	-904
Rating-case FCF after acquisitions and divestitures	-64	-29	0	0
<b>Total available liquidity (A)</b>	<b>60</b>	<b>31</b>	<b>31</b>	<b>-904</b>
<b>Liquidity uses</b>				
Debt maturities	0	0	-935	0
<b>Total liquidity uses (B)</b>	<b>0</b>	<b>0</b>	<b>-935</b>	<b>0</b>
<b>Liquidity calculation</b>				
Ending cash balance (A+B)	60	31	-904	-904
Revolver availability	200	200	200	200
<b>Ending liquidity</b>	<b>260</b>	<b>231</b>	<b>-704</b>	<b>-704</b>
Liquidity score (x)	Not meaningful	Not meaningful	0.2	Not meaningful

F – Forecast

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

Scheduled debt maturities (EURm)	Original 20 September 2021
2021	0
2022	0
2023	935
2024	0
2025	0
Thereafter	700
<b>Total</b>	<b>1,635</b>

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

## Key Assumptions

### Fitch's Key Assumptions Within Our Rating Case for the Issuer

- Revenue of EUR1.04 billion in 2021, gradually increasing to EUR1.1 billion by 2025.
- Fitch-defined EBITDA margin of 49% in 2021, increasing to about 55% in 2025.
- Capex of 33%-37% of revenue in 2021-2025.
- Dividend payments, including non-controlling interests of EUR193 million in 2021 and EUR86 million in 2022, and 100% of FCF thereafter. An additional one-off dividend distribution of EUR825 million in 2021.
- Group gross debt of EUR1,635 million by end-2021.

## Financial Data

### CETIN Group N.V.

(EURm)	Historical			Forecast		
	Dec 18	Dec 19	Dec 20	Dec 21	Dec 22	Dec 23
<b>Summary income statement</b>						
Gross revenue	773	747	714	1,037	1,042	1,057
Revenue growth (%)	0	-3.4	-4.4	45.3	0.5	1.4
Operating EBITDA (before income from associates)	295	300	300	504	524	554
Operating EBITDA margin (%)	38.2	40.2	42.0	48.6	50.3	52.5
Operating EBITDAR	328	333	333	569	590	621
Operating EBITDAR margin (%)	42.4	44.6	46.6	54.9	56.6	58.8
Operating EBIT	152	152	146	311	318	337
Operating EBIT margin (%)	19.7	20.3	20.4	30.0	30.5	31.9
Gross interest expense	-13	-12	-14	-18	-25	-25
Pre-tax income (including associate income/loss)	130	139	122	293	293	312
<b>Summary balance sheet</b>						
Readily available cash and equivalents	64	68	124	60	31	31
Total debt with equity credit	812	816	810	1,635	1,635	1,635
Total adjusted debt with equity credit	1,062	1,066	1,060	2,127	2,135	2,142
Net debt	748	748	686	1,575	1,604	1,604
<b>Summary cash flow statement</b>						
Operating EBITDA	295	300	300	504	524	554
Cash interest paid	-12	-12	-12	-18	-25	-25
Cash tax	-16	-27	-19	-36	-41	-43
Dividends received less dividends paid to minorities (inflow/outflow)	-11	-10	-11	-20	-8	-7
Other items before FFO	-1	-1	0	0	0	0
Funds flow from operations	255	250	258	430	451	480
FFO margin (%)	33.0	33.5	36.1	41.5	43.2	45.4
Change in working capital	23	-6	-10	21	-16	-32
Cash flow from operations (Fitch defined)	278	244	248	451	435	448
Total non-operating/nonrecurring cash flow	0	0	0			
Capex	-160	-149	-169			
Capital intensity (capex/revenue) (%)	20.7	19.9	23.7			
Common dividends	-95	-89	-95			
Free cash flow	23	6	-16			
Net acquisitions and divestitures	2	1	7			
Other investing and financing cash flow items	-29	3	69	-825	0	0
Net debt proceeds	0	0	0	825	0	0
Net equity proceeds	0	0	0	0	0	0
Total change in cash	-4	10	60	-64	-29	0
<b>Leverage ratios</b>						
Total net debt with equity credit/operating EBITDA (x)	2.6	2.6	2.4	3.3	3.1	2.9
Total adjusted debt/operating EBITDAR (x)	3.4	3.3	3.3	3.9	3.7	3.5
Total adjusted net debt/operating EBITDAR (x)	3.1	3.1	2.9	3.8	3.6	3.4
Total debt with equity credit/operating EBITDA (x)	2.9	2.8	2.8	3.4	3.2	3.0
FFO adjusted leverage (x)	3.5	3.6	3.5	4.1	3.9	3.7
FFO adjusted net leverage (x)	3.3	3.4	3.1	4.0	3.9	3.7
FFO leverage (x)	3.0	3.1	3.0	3.7	3.4	3.2
FFO net leverage (x)	2.8	2.9	2.5	3.5	3.4	3.2
<b>Calculations for forecast publication</b>						
Capex, dividends, acquisitions and other items before FCF	-253	-237	-257	-515	-463	-448
Free cash flow after acquisitions and divestitures	25	7	-9	-64	-29	0
Free cash flow margin (after net acquisitions) (%)	3.2	0.9	-1.3	-6.2	-2.7	0.0
<b>Coverage ratios</b>						
FFO interest coverage (x)	22.3	21.8	22.5	24.9	19.2	20.1
FFO fixed-charge coverage (x)	6.7	6.6	6.7	6.2	6.0	6.2
Operating EBITDAR/interest paid + rents (x)	7.0	7.2	7.2	6.6	6.4	6.7
Operating EBITDA/interest paid (x)	23.7	24.2	24.1	26.9	20.9	21.8
<b>Additional metrics</b>						
CFO-capex/total debt with equity credit (%)	14.5	11.6	9.8	6.6	3.0	4.8
CFO-capex/total net debt with equity credit (%)	15.8	12.7	11.5	6.9	3.1	4.9

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

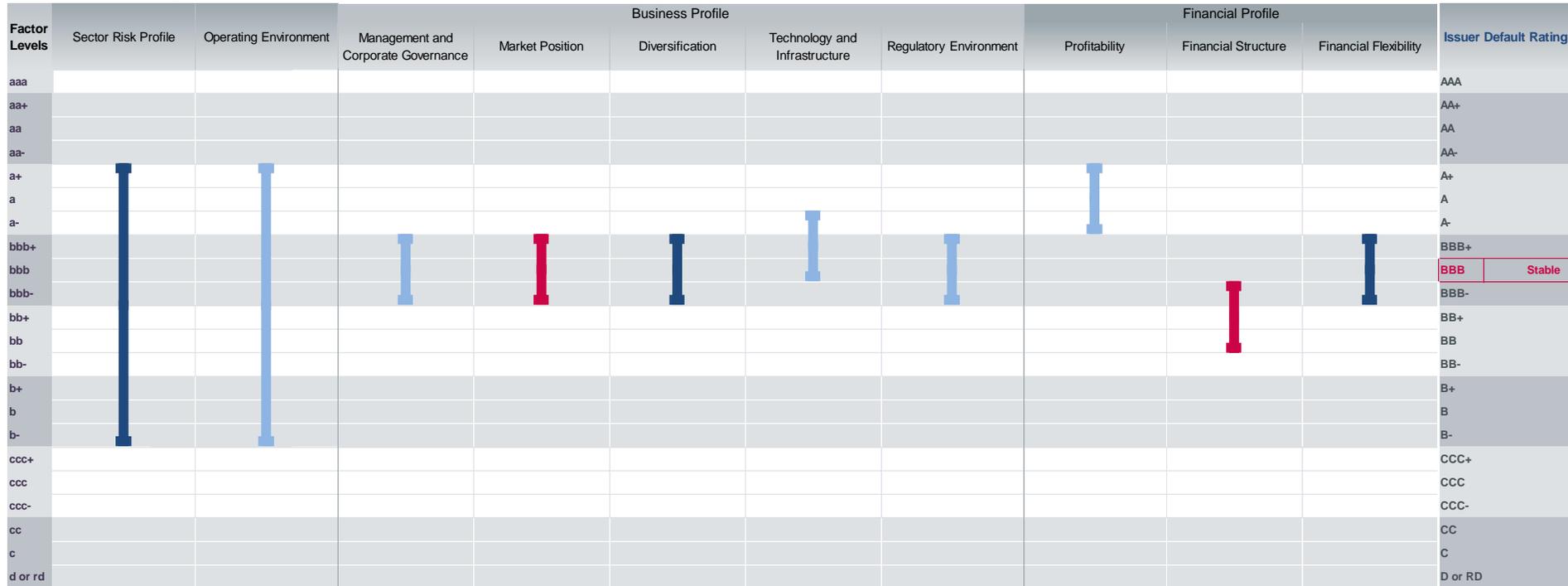
FitchRatings

CETIN Group N.V.

ESG Relevance:



Corporates Ratings Navigator  
Telecommunications



### 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

### 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	a	Systemic governance (eg rule of law, corruption; government effectiveness) of the issuer's country of incorporation consistent with 'a'.
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 - EBITDAR	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+	EBITDAR 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	FFO Interest Coverage	a	9.0x
bbb-	FX Exposure	bb	FX exposure on profitability and/or debt/cash flow match. Some hedging in place.
bb+			

**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	FFO Leverage	bb	4.0x
bbb-	FFO Net Leverage	bb	3.8x
bb+	(CFO-Capex)/Total Debt With Equity Credit	bb	7.5%
bb	Total Debt With Equity Credit/Op. EBITDA	bbb	2.8x
bb-			

### Credit-Relevant ESG Derivation

			Overall ESG	
CETIN Group N.V. has 8 ESG potential rating drivers				
key driver	0	issues	5	
driver	0	issues	4	
potential driver	8	issues	3	
not a rating driver	1	issues	2	
	5	issues	1	

- 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.

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

**Credit-Relevant ESG Derivation**

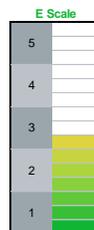
CETIN Group N.V. has 8 ESG potential rating drivers

- ➔ 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
	1	issues	2
not a rating driver	5	issues	1

**Environmental (E)**

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



**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.

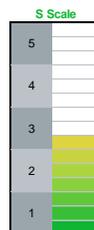
The **Environmental (E), Social (S) and Governance (G)** tables break out the individual components of the scale. The right-hand box shows the aggregate E, S, or G score. General Issues are relevant across all markets with Sector-Specific Issues unique to a particular industry group. Scores are assigned 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).

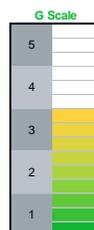
**Social (S)**

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



**Governance (G)**

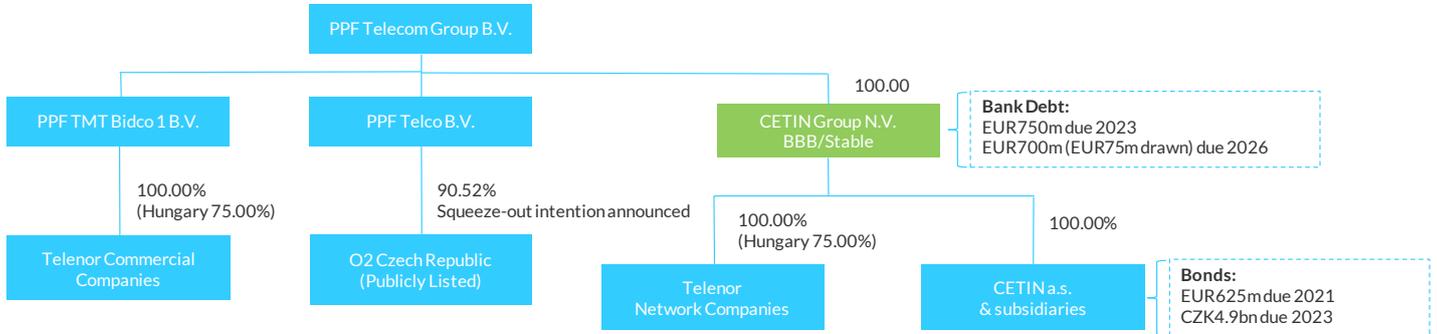
General Issues	G Score	Sector-Specific Issues	Reference
Management Strategy	3	Strategy development and implementation	Management and Corporate Governance
Governance Structure	3	Board independence and effectiveness; ownership concentration	Management and Corporate Governance
Group Structure	3	Complexity,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



**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



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

## Peer Financial Summary

Company	Issuer default rating	Financial statement date	Gross revenue (EURm)	Operating EBITDA margin (%)	FFO margin (%)	FFO interest coverage (x)	FFO net leverage (x)
CETIN Group N.V.	BBB	2020	714	42.0	36.1	22.5	2.5
		2019	747	40.2	33.5	21.8	2.9
BT Group plc	BBB	2021	21,370	30.8	19.4	7.6	2.5
		2020	22,824	31.0	20.3	8.8	2.2
		2019	23,459	31.5	20.0	9.8	2.1
		2018	24,155	31.5	20.0	9.8	2.1
PPF Telecom Group B.V.	BBB-	2020	3,159	41.6	32.8	19.5	3.2
		2019	3,162	40.6	32.2	17.0	3.1
		2018	2,415	38.6	31.2	15.1	4.5
		2017	2,415	38.6	31.2	15.1	4.5
Royal KPN N.V.	BBB	2020	5,302	43.1	36.6	9.2	2.4
		2019	5,701	38.6	32.9	7.2	2.4
		2018	5,639	38.8	33.7	6.0	2.6
		2017	5,639	38.8	33.7	6.0	2.6
Infrastrutture Wireless Italiane S.p.A.	BBB-	2020	663	61.4	41.8	9.7	8.6
		2019	395	55.6	40.9	32.5	0.5
		2018	378	57.0	43.2	40.4	0.4
		2017	378	57.0	43.2	40.4	0.4

Source: Fitch Ratings, Fitch Solutions

Reconciliation of Key Financial Metrics for CETIN Group BV

(EURm)			31 Dec 18	31 Dec 19	31 Dec 20
<b>Debt &amp; Cash Summary</b>					
Debt securities issued	as reported		812	816	810
<b>Total debt with equity credit</b>			<b>812</b>	<b>816</b>	<b>810</b>
Total off-balance sheet debt		(h x 7.57)	250	250	250
<b>Total lease-adjusted debt</b>			<b>1,062</b>	<b>1,066</b>	<b>1,060</b>
Cash and cash equivalents	as reported		17	68	124
plus: Czech national bank treasury bill	as reported		47		
Readily Available Cash	Fitch defined		64	68	124
<b>Net debt with equity credit</b>		(a)	<b>748</b>	<b>748</b>	<b>686</b>
<b>Net lease-adjusted debt</b>		(b)	<b>998</b>	<b>998</b>	<b>936</b>
<b>Cash Flow Summary</b>					
Revenue	as reported		773	747	714
<b>EBITDA (reported)</b>	as reported		<b>295</b>	<b>333</b>	<b>333</b>
less: lease adjustment	Fitch assumption			-33	-33
of which: ROU depreciation	as reported			-27	-27
of which: ROU interest	as reported			-6	-6
<b>EBITDA (Fitch defined)</b>	Fitch defined	(c)	<b>295</b>	<b>300</b>	<b>300</b>
less: Interest paid	as reported	(d)	-12	-12	-12
plus: Interest received	as reported	(e)	0	0	0
less: Income tax paid	as reported		-16	-27	-19
less: Dividends paid to NCI	as reported	(f)	-11	-10	-11
plus/(less): Other items before FFO	Fitch assumption		-1	-1	0
<b>Funds flow from operations (FFO)</b>	As below	(g)	<b>255</b>	<b>250</b>	<b>258</b>
<b>Net cash from operating activities</b>	as reported		<b>301</b>	<b>299</b>	<b>304</b>
Dividends paid to NCI	as reported		-11	-10	-11
Interest paid	as reported		-12	-12	-12
less: lease adjustment	Fitch assumption			-33	-33
of which: ROU depreciation	as reported			-27	-27
of which: interest paid from lease liabilities	as reported			-6	-6
Non-Operating/Non-Recurring Cash Flow	Fitch assumption		0	0	0
<b>Cash flow from operations (Fitch)</b>	Calculated	(h)	<b>278</b>	<b>244</b>	<b>248</b>
Change in working capital	Fitch definition		23	-6	-10
<b>Funds flow from operations (FFO)</b>	Calculated		<b>255</b>	<b>250</b>	<b>258</b>
<b>Long-term (LT) lease expense</b>	Fitch assumption	(i)	<b>33</b>	<b>33</b>	<b>33</b>
<b>CAPEX</b>	as reported	(j)	<b>160</b>	<b>149</b>	<b>169</b>
<b>FFO Interest Coverage (x)</b>					
(FFO + net interest paid) / gross interest paid	Calculated	(g - d - e) / (-d)	22.3	21.8	22.5
<b>Net debt / EBITDA (x)</b>					
Net debt with equity credit / EBITDA after dividends paid to NCI	Calculated	a / (c + f)	2.6	2.6	2.4
<b>FFO adjusted net leverage (x)</b>					
Net lease-adjusted debt / (FFO + net interest paid + LT leases)	Calculated	b / (g - d - e + i)	3.3	3.4	3.1
<b>Net debt / CFO less Capex (x)</b>					
	Calculated	a / (h - j)	6.3	7.9	8.7
<b>FFO net leverage (x)</b>					
Net debt / (FFO + net interest paid)	Calculated	a / (g - d - e)	2.8	2.9	2.541

Source: Fitch Ratings, Fitch Solutions, CETIN Group

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