

# 1H2022 results

CETIN Group

4 October 2022



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## Today's Presenters



**Juraj Šedivý**  
**Group CEO**



**Filip Cába**  
**Group CFO**

# A Leading Telecom Infrastructure Platform in Central and Eastern Europe



34.3m population<sup>(1)</sup>  
 €524bn 2021 GDP<sup>(1)</sup>  
 3.5% GDP CAGR<sup>(1)</sup>  
 (2021-26)



Revenue 2021: ~€1.0bn  
 Underlying EBITDA aL  
 2021: ~€0.5bn



~11.7k sites



~14.5k  
 Active PoPs



4.2m FTTx / DSL HP (CZ)  
 o/w 3.9m FTTC and FTTH  
 1m active HH

	Czech Republic	Hungary	Bulgaria	Serbia
CETIN ownership (%)	100%	75%	100%	100%
Own mobile sites (#) + Shared sites (#)	4.5k + 2.3k (Total: 6.8) <sup>(2)</sup>	2.8k	2.7k	1.7k
Passive sharing tenancy ratio (x)	1.2x	1.4x	1.2x	1.4x
Fibre to the site (%)	43%	20%	26%	35%
Market position based on # of sites				
Fibre backbone and aggregation network (km)	59.0k	10.0k	9.8k	8.0k
Main + Edge data centers (#)	3 + 12	4 + 6	2 + 3	2 + 3
FY21 Underlying EBITDA aL contribution <sup>(3)</sup>	59%	16%	13%	12%



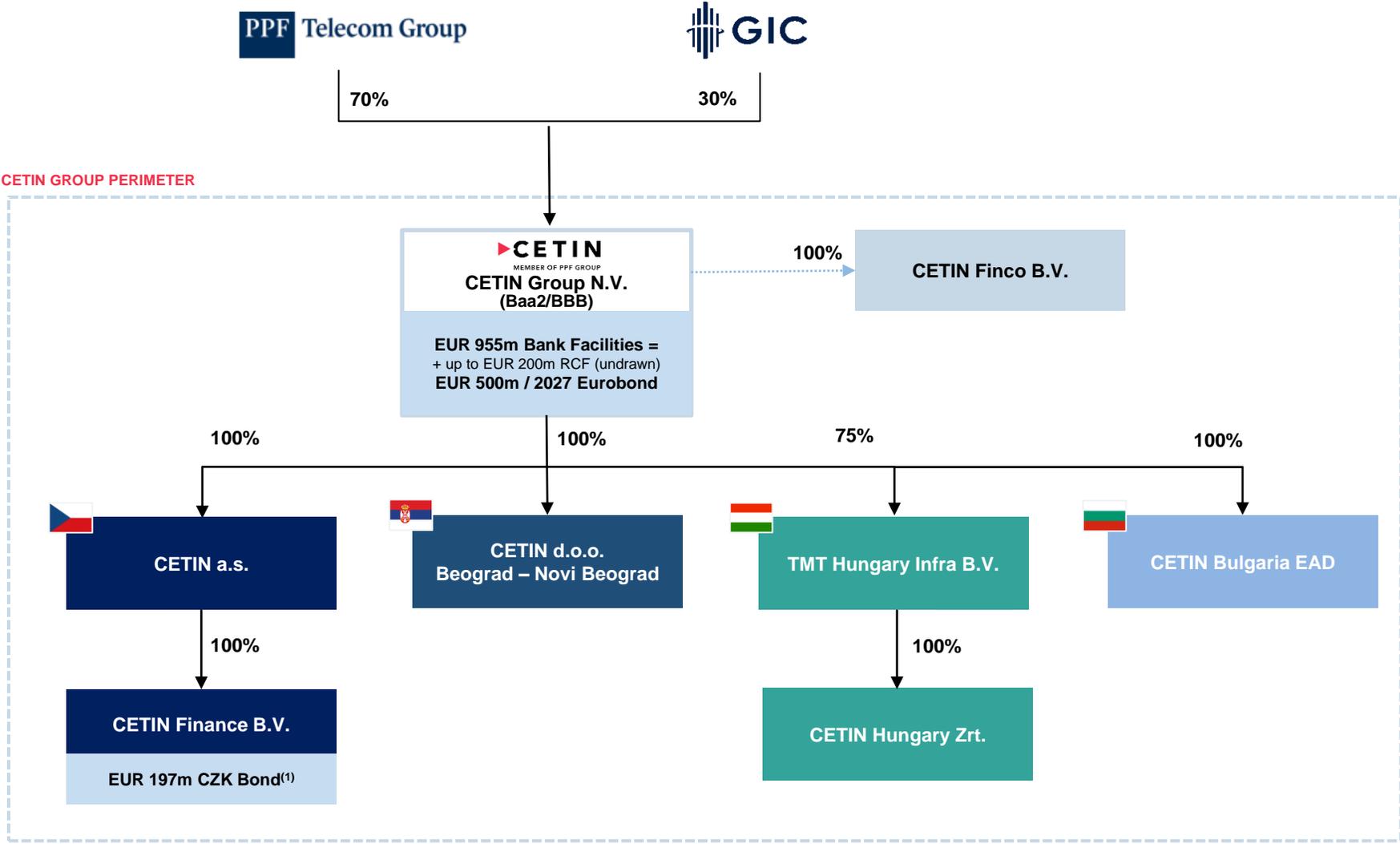
▶ A leading open access telecom infrastructure platform in the CEE in terms of scale, scope and geographical diversification

Source: IMF, Eurostat

Notes

1. Across CETIN markets, IMF World Economic Outlook, GDP data provided in USD and converted to EUR at 0.8793 as of 31-December-2021
2. Includes sites shared with T-Mobile of approx. 2.3k mobile sites
3. Excludes eliminations

# CETIN Group Organisational Structure



Source: Company information

Notes:

1. Denominated in CZK but value as at 30 June 2022 is approximately EUR 197m using 24,739 FX rate according to the Czech National Bank

# CETIN Group Governance

## Robust Governance Structure

### Board of Directors (BoD)

The diagram illustrates the Board of Directors (BoD) structure, categorized by nomination source. It features seven members, each with a circular portrait and a blue nameplate. The members are arranged in three rows. The top row includes Jan Kadanik (Chairman) and three members nominated by PPF: Juraj Šedivý (CEO and Board member), Jan Cornelis Jansen, and Marcel Marinus van Santen. The bottom-left section shows two members nominated by GIC: Kamil Burganov and Andrew James Dench. The bottom-right section shows one independent member: Jaime Smith Basterra.

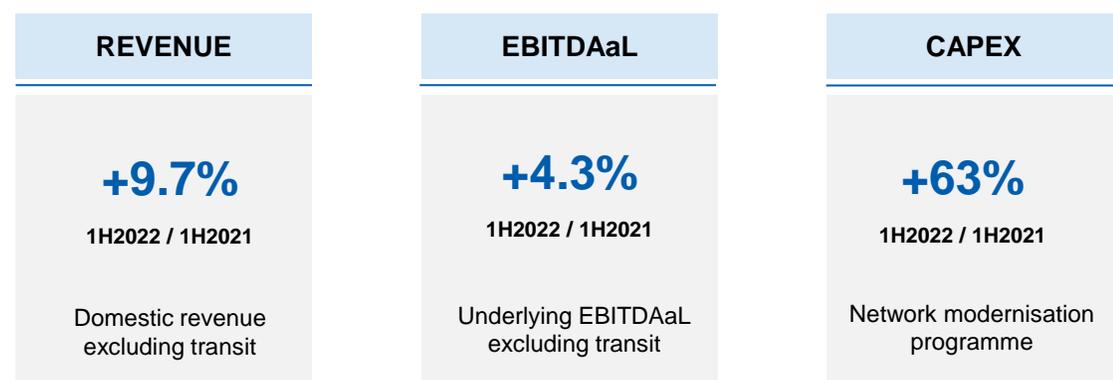
Name	Role	Nomination Source
Jan Kadanik	Chairman of the Board of Directors	PPF
Juraj Šedivý	CETIN Group CEO and Board of Directors member	PPF
Jan Cornelis Jansen	Member of the Board of Directors	PPF
Marcel Marinus van Santen	Member of the Board of Directors	PPF
Kamil Burganov	Member of the Board of Directors	GIC
Andrew James Dench	Member of the Board of Directors	GIC
Jaime Smith Basterra	Member of the Board of Directors	Independent

### Highlights of Governance

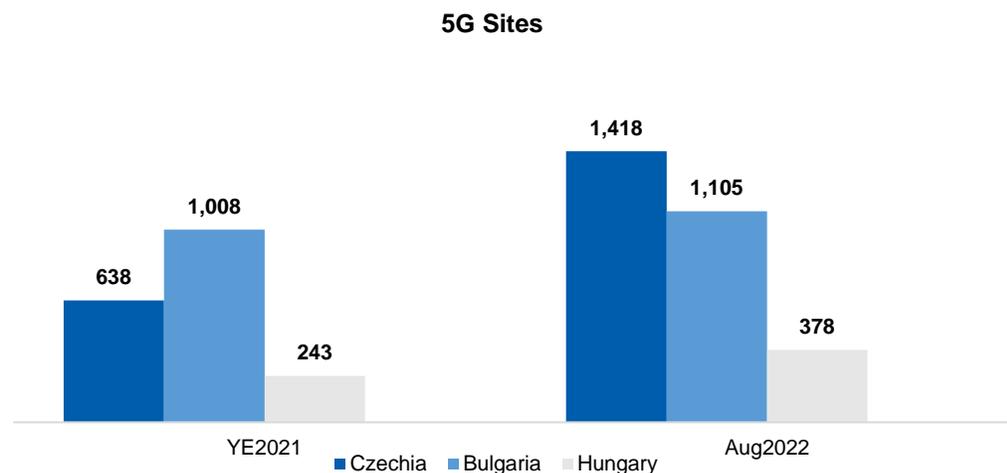
- ✓ PPF has nominated 4 BoD members
- ✓ GIC has nominated 2 BoD members
- ✓ One independent BoD member
- ✓ Independent observer Mrs. Alexandra Reich

# Executive summary 2022 to date

## Sound financial performance



## 5G mobile network rollout underway



Source: Company information

Notes: 1. Underlying EBITDA after Leases ("Underlying EBITDA aL") defined as Underlying EBITDA – Depreciation on lease-related right of use assets – Interest on lease liabilities; 2. HP is defined as an apartment unit with the Internet access

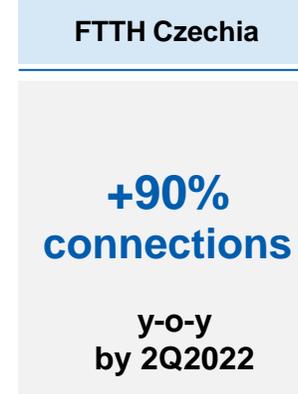
## Eurobonds programme

- **Inaugural issuance in April 2022, rated Baa2 Moody's / BBB Fitch** used to partly refinance CETIN Group term loans
- **Strong investor interest** despite the unfavourable backdrop of the war in Ukraine
- **Re-opened the market** as the first private issuer from CEE



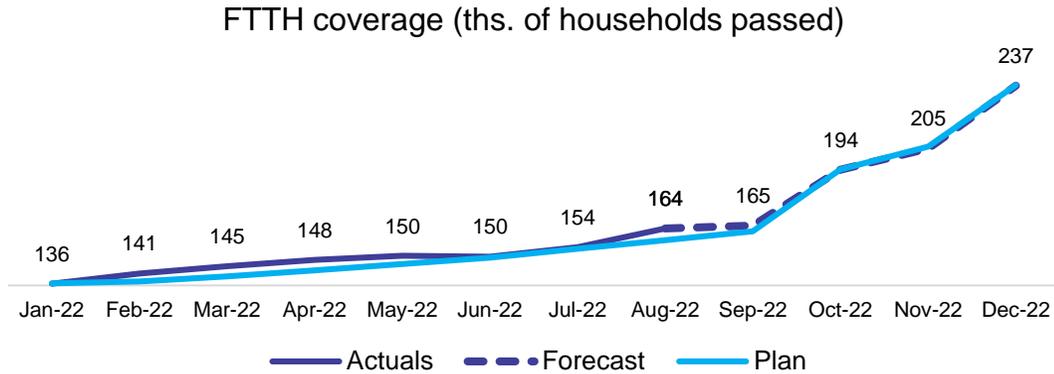
## Pursuing a focused FTTH strategy

- **3.9m homes already passed by FTTC access network**
- **FTTH rollout in areas with greatest bandwidth needs**
- **Competitive advantages**
- **Futureproofing access network**
- **Win-backs and ARPU uplifts**

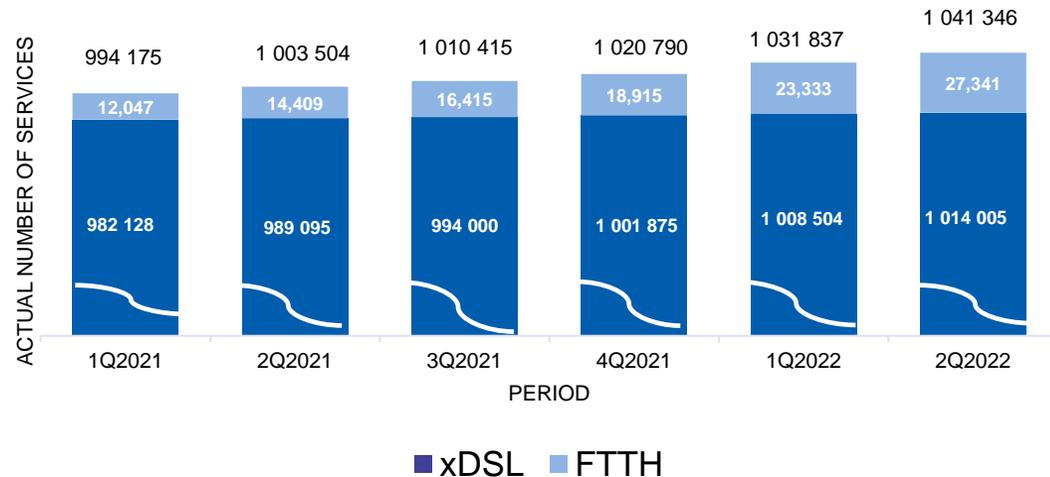


# Main operational progress

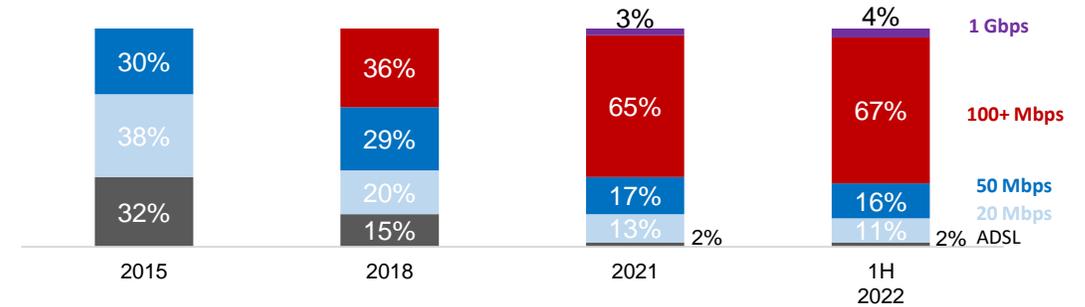
## FTTH roll out in Czech Republic (~1.3m HP by 2030)



## Fixed broadband type split



## Fixed broadband speed split (%)



## Digitalisation

### IPTV

**End-to-End services** on the Cloud-based TV Platform with wide range of functions and features

### NW inventory

**Modernisation and consolidation** of Network Inventory stack

### 5G Small & Micro cell solutions

**Tailor made solutions** for customers



# Sustainability is Integral to CETIN's Vision and Values

## SUSTAINABILITY FRAMEWORK

### ENVIRONMENTAL

#### Reducing our Environmental Impact

- Reducing emissions
- Energy efficiency
- Renewable energy
- Recycling and reusing



### GOVERNANCE

#### Robust Corporate Governance and Business Ethics

- Sustainability governance
- Sustainability awareness
- Supply chain integrity



#### Accelerating Technology for a Sustainable Future

- Broad network coverage
- Network reliability
- Network security



#### Safeguarding Health, and Wellbeing

- Employee satisfaction
- Inclusivity
- Safety

### SOCIAL

# CETIN' Sustainability Strategy Drives Specific Actions

## SUSTAINABILITY PROGRAMME

### ENVIRONMENTAL

#### Reducing our Environmental Impact

- GHG emissions measured for Scope 1 – 3
- Publicly committed to SBTi via PPF Telecom Group
- Serbia: 68 % of energy is green
- Czechia: 2 pilot projects of small solar power plants on sites



### GOVERNANCE

#### Robust Corporate Governance and Business Ethics

- Sustainability Committee in place
- Action plans managed by Sustainability Programme Board



#### Accelerating Technology for a Sustainable Future

- 5G rollout across the footprint
- FTTH rollout in Czechia
- New generation of network protection from DDOS attacks



#### Safeguarding Health, and Wellbeing

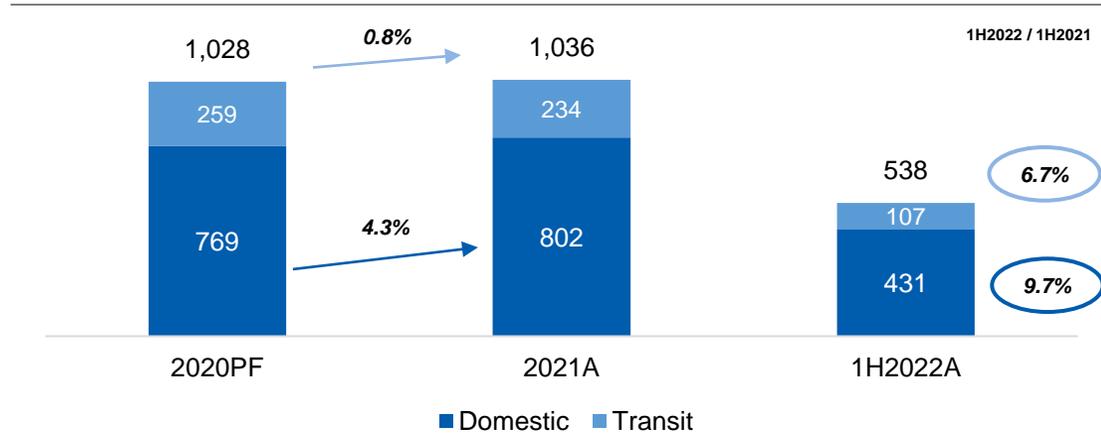
- Well-being program enhanced
- Zero level of fatalities and injuries maintained

### SOCIAL

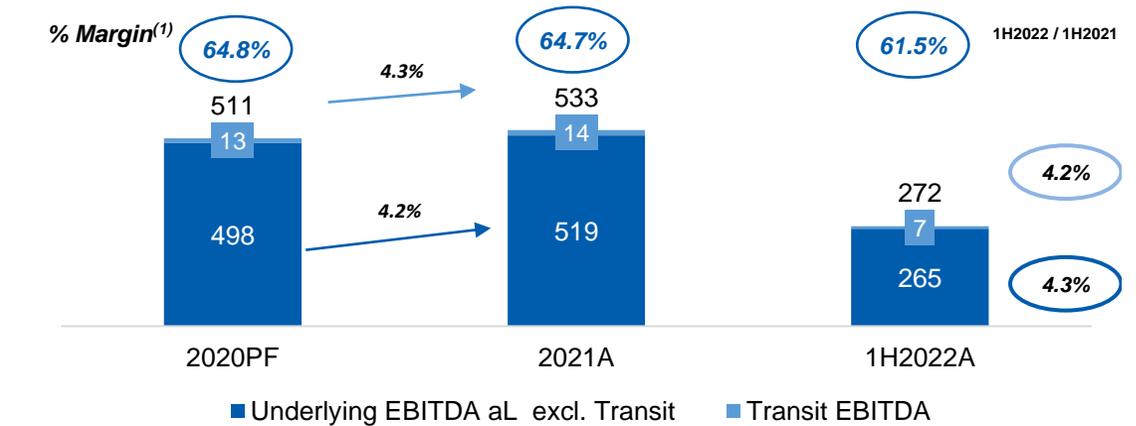
# CETIN Key Financials

Compelling Financial Profile with the ongoing modernisation of the network

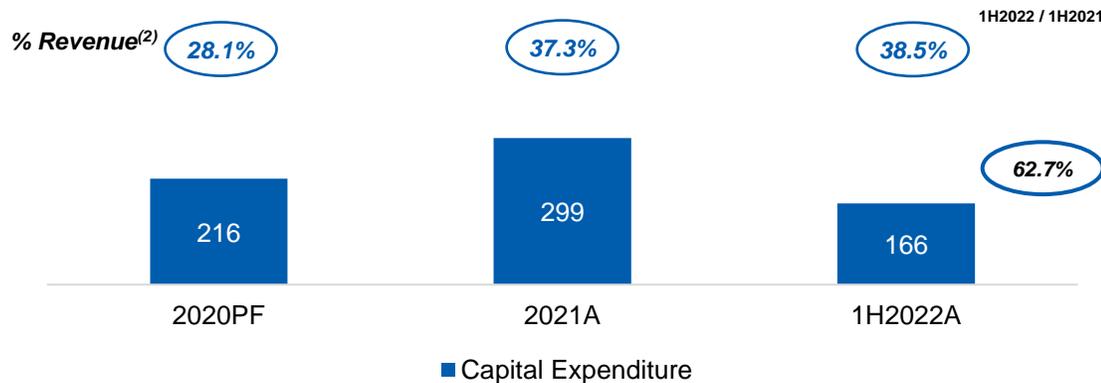
## Revenue (€m)



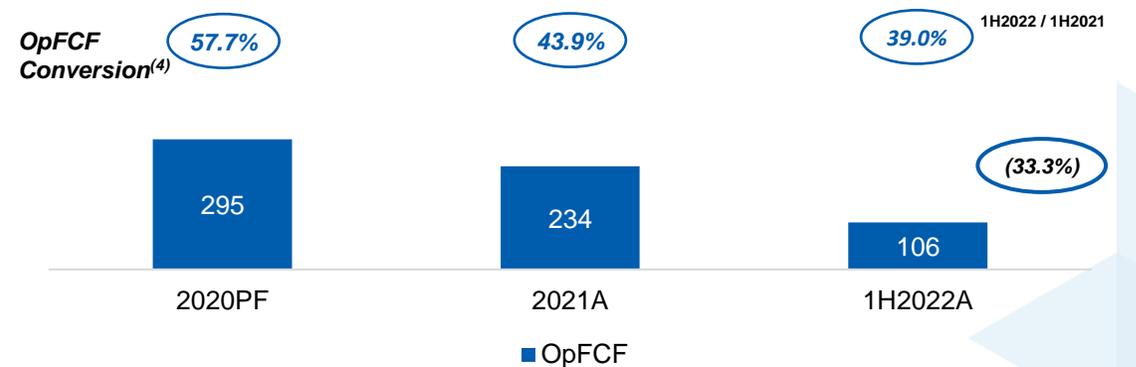
## Underlying EBITDAaL (€m)



## Capital Expenditure (€m)



## OpFCF (€m)<sup>(3)</sup>



Source: Company information

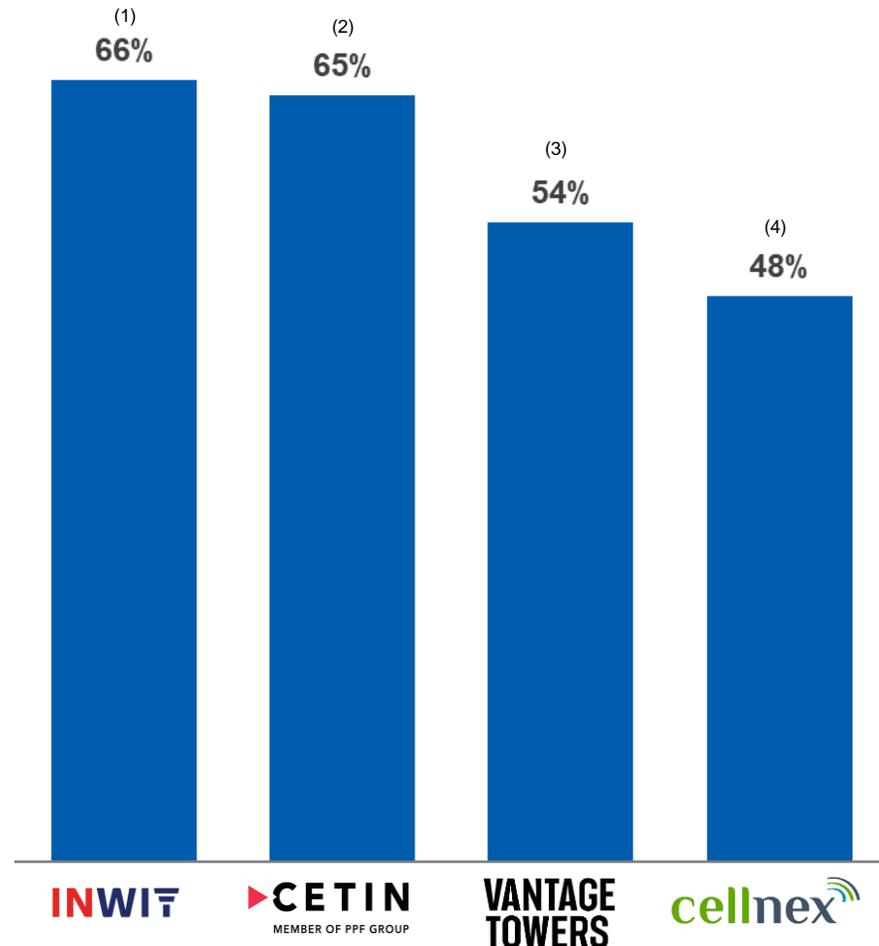
### Notes

1. Defined as Underlying EBITDAaL excl. Transit / Revenue excl. Transit
2. Defined as Capital Expenditure / Revenue excl. Transit
3. Defined as EBITDAaL – Capital Expenditure
4. Defined as OpFCF / EBITDAaL

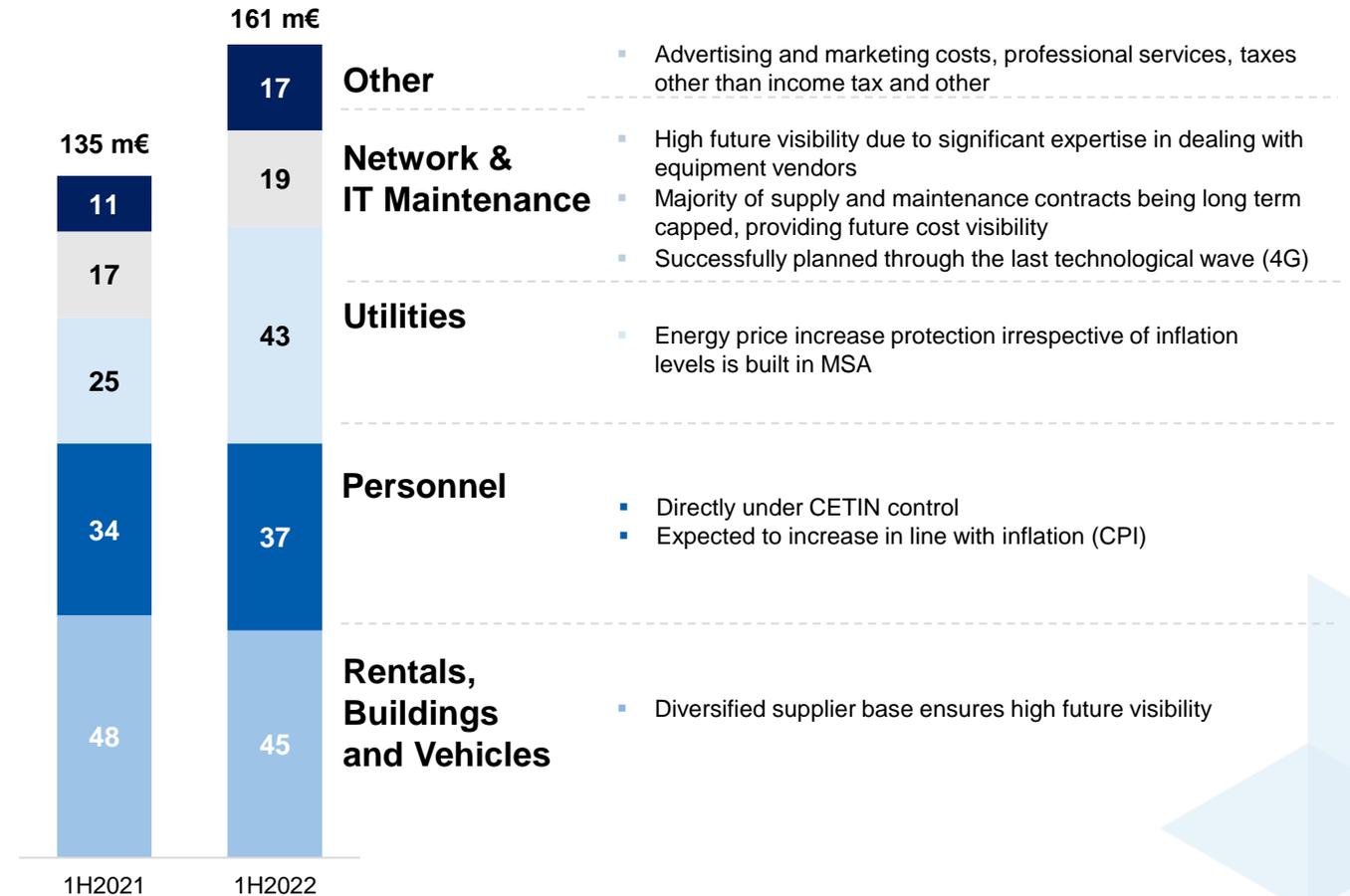
# Strong EBITDA aL Margin

Higher electricity prices are driver of slight increase in cost base

EBITDAaL margin vs. Key European Telecom InfraCos



CETIN 1H2021 and 1H2022 Opex (excl. Cost of Sales) Breakdown (5)



- 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 (4G)
- Utilities
  - Energy price increase protection irrespective of inflation levels is built in 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

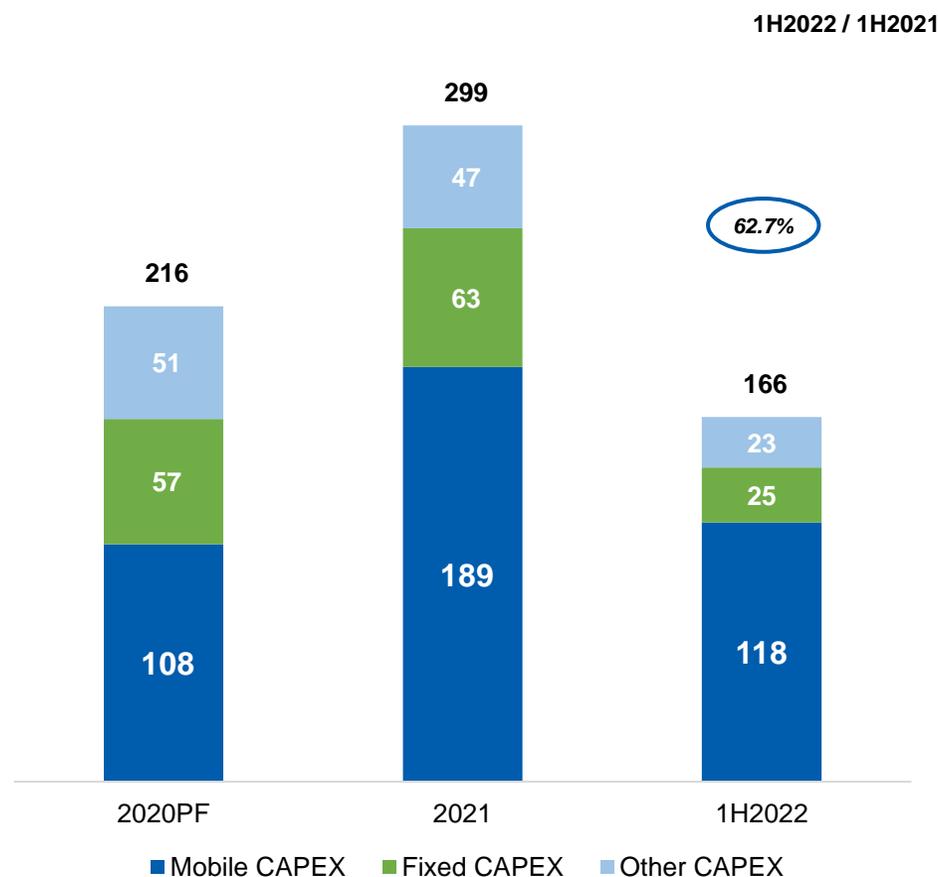
Source: Company information, Cellnex, Vantage Towers and INWIT public disclosure

Notes  
 1. Reported EBITDAaL margin for the fiscal year ending December 2021; 2. Underlying EBITDA aL Margin excl. Transit for the period year ending 30 June 2022; 3. Adj. EBITDAaL / Revenue (excl. pass-through) for the fiscal year ending March 2021; 4. (Adj. EBITDA – Depreciation on Right of Use assets – Interest expense on lease liabilities) / Revenue for the fiscal year ending December 2021; 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)



## Mobile Capital Expenditure

- Base Cap. Ex. 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 the Czech Republic
- Incremental Cap. Ex. where ComCos have contractual annual commitments of incremental revenues
  - Includes Cap. Ex. that drives growth of mobile revenue (5G, new sites, network modernisation in Hungary, Serbia and Bulgaria)

## Fixed Capital Expenditure

- 2022: Related to construction of fibre optic network (FTTH)
- 2021: Related to construction of fibre optic network (FTTH) & related to modernisation of existing xDSL / copper network (FTTC)

## Other Capital Expenditure

- Other and relatively stable Cap. Ex.:
  - Customer projects
  - Data services
  - Housing

# CETIN Group financial policy

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

**CETIN Group's solid 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 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 30 June 2022) **leverage of 2.87x<sup>(3)</sup>** (leverage of 2.92x as at 31 December 2021 <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**

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

*in EURm*



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

- **EUR 955m (511m+444m)** term loans, due 2026
- **Eurobond EUR 500**, 5 years, due Apr 2027, 3.125% p.a.
- **Up to EUR 200m** revolving credit facility due 2026, currently undrawn

**CETIN Czech Republic** – investment grade Baa2 Moody's / BBB Fitch Ratings

- **Eurobond CZK 4,866m (eq. of EUR 197m)**, 7 years, due Dec 2023, 1.25% p.a.

Source: Company information

### Notes

1. Excluding IFRS 16 impacts; an increase related to IFRS 16 adjustment is approx. +0.29x
2. Outstanding principal amounts, excluding overdraft facilities; 24.740 FX rate as at 30 June 2022 according to the Czech National Bank
3. Consolidated net leverage ratio = Consolidated net leverage ratio = consolidated Gross debt less Cash and cash equivalents / EBITDA for the last twelve months, excluding IFRS 16 impact



▶ CETIN

MEMBER OF PPF GROUP

# Appendix



# Key financial metrics

Compelling Financial Profile with the ongoing modernisation of the network

€m except otherwise stated	2020PF	2021	1H2021	1H2022	YoY%
Total Revenue	1,028	1,036	504	538	6.7%
<b>Revenue excl. Transit</b>	<b>769</b>	<b>802</b>	<b>393</b>	<b>431</b>	<b>9.7%</b>
<b>Underlying EBITDAaL<sup>(1)</sup> excl. Transit</b>	<b>498</b>	<b>519</b>	<b>254</b>	<b>265</b>	<b>4.3%</b>
<i>% margin (excl. transit)<sup>(2)</sup></i>	65%	65%	65%	62%	310 bps
<b>Underlying EBITDA aL<sup>(1)</sup></b>	<b>511</b>	<b>533</b>	<b>261</b>	<b>272</b>	<b>4.2%</b>
Capital Expenditure	(216)	(299)	(102)	(166)	62.7%
<b>OpFCF<sup>(3)</sup></b>	<b>295</b>	<b>234</b>	<b>159</b>	<b>106</b>	<b>(33.3%)</b>
<i>% OpFCF conversion<sup>(4)</sup></i>	58%	44%	61%	39%	2 200 bps

Source: Company information

Notes  
 1. Underlying EBITDA after Leases ("Underlying EBITDA aL") defined as Underlying EBITDA – Depreciation on lease-related right of use assets – Interest on lease liabilities; 2. Defined as Underlying EBITDA aL excl. Transit / Revenue excl. Transit; 3. Underlying Operating Free Cash Flow ("OpFCF") defined as Underlying EBITDAaL – Capital Expenditure; 4. OpFCF Conversion defined as OpFCF / Underlying EBITDA aL;

## Key Credit Highlights of CETIN Group

- 1 Majority of our revenue is committed while the rest is highly recurring
- 2 Industry-leading EBITDA aL 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