

1H 2023 results

CETIN Group

20 September 2023



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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⁽¹⁾
€630bn 2022 GDP⁽¹⁾
 3.1% GDP CAGR⁽¹⁾
 (2022-27)



Revenue 2022⁽²⁾: **~€1.1bn**
 Underlying EBITDA aL
 2022⁽²⁾: **~€0.6bn**



~**12.1k** sites



~**15.0k**
 Active Point of
 Presence



4.2m FTTx / DSL HP (CZ)
 o/w **3.9m** FTTC
1.1m active connections

	Czechia	Hungary	Bulgaria	Serbia
2022				
CETIN ownership (%)	100%	75%	100%	100%
Own mobile sites (#) + Shared sites (#)	4.8k + 2.2k ³	2.8k	2.8k	1.7k
Passive sharing tenancy ratio (x)	1.1x	1.4x	1.2x	1.4x
Fibre to the site (%)	43%	21%	28%	36%
Market position based on # of sites				
Fibre backbone and aggregation network (km)	65.0k	10.4k	9.8k	8.2k
Main + Edge data centers (#)	3 + 12	4 + 6	2 + 3	2 + 3
FY22 Underlying EBITDA aL contribution ⁽⁴⁾	60%	15%	13%	12%



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

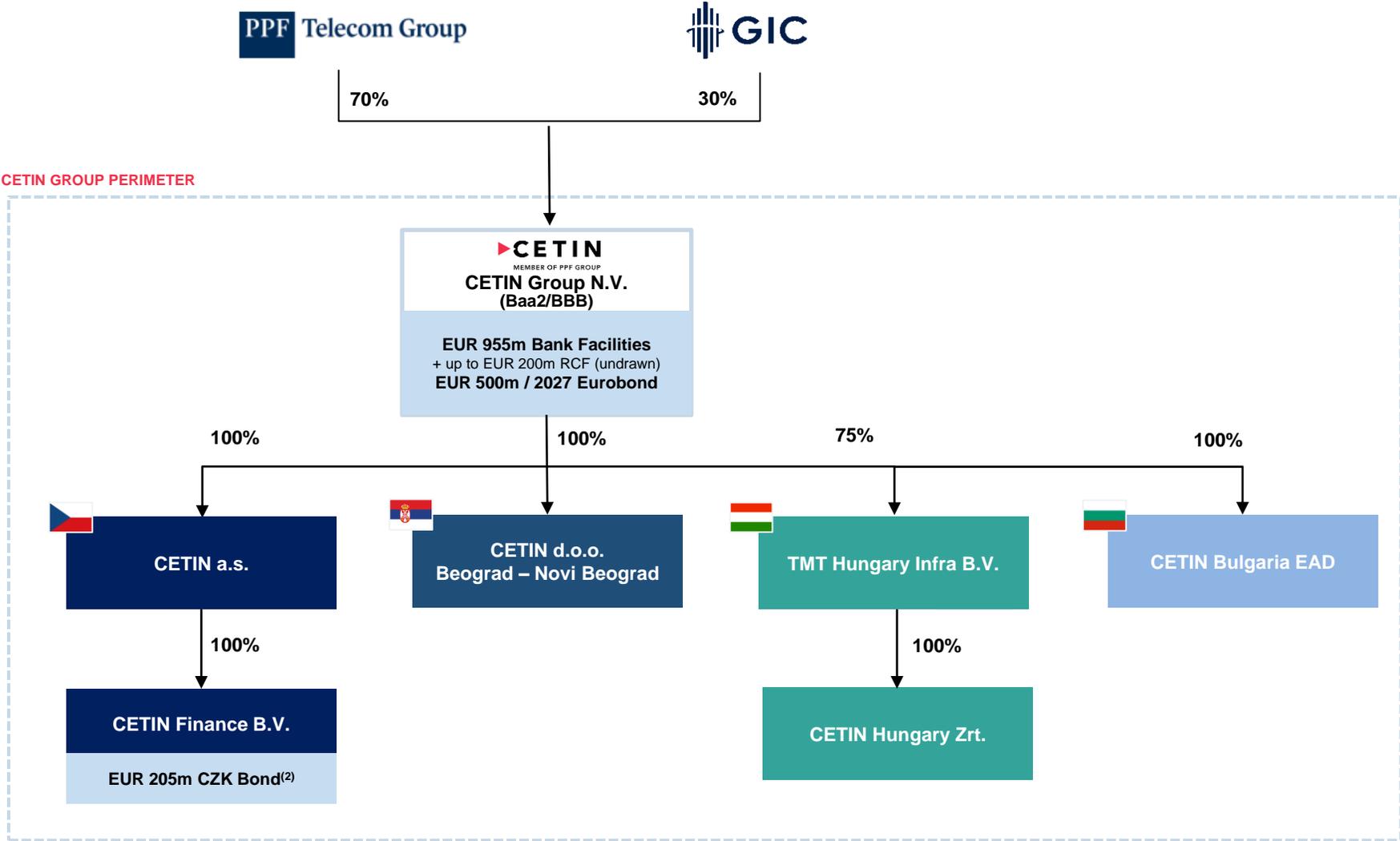
Source: IMF, Eurostat

Notes

1. Across CETIN markets, IMF World Economic Outlook, GDP data provided in USD and converted to EUR at 1.0033 as of 31-October-2022
2. Financial data presented based on Financial Statements as at 31.12.2022
3. Includes sites shared with T-Mobile
4. Excludes eliminations
5. Point of Presence (PoP): CETIN mobile location which is equipped with CETIN-owned radio assets and emits licensed mobile spectrum

FTTH: Fibre to the Home
 FTTC: Fibre to the Cabinet
 HC: households connected
 HP: households passed

CETIN Group Organisational Structure¹



Source: Company information

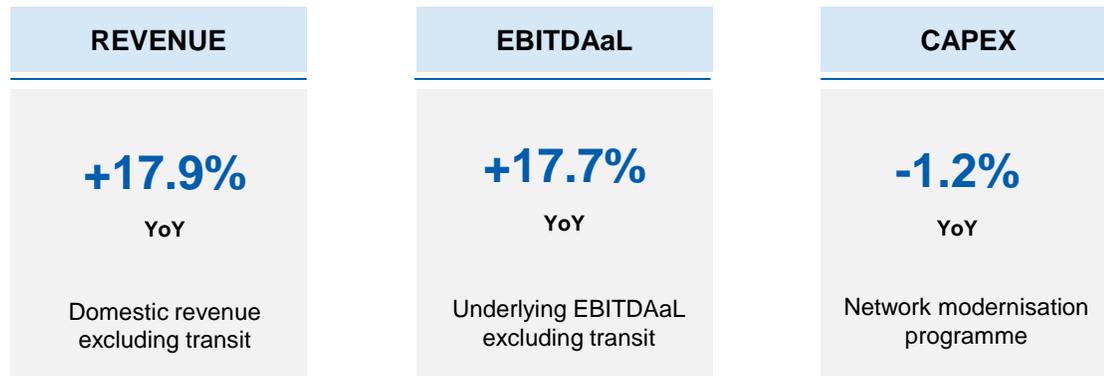
Notes:

- 1. The chart represents a simplified group structure to illustrate main segments within CETIN Group as of 30 June 2023
- 2. Denominated in CZK but value as at 30 June 2023 is approximately EUR 205m using 23.742 FX rate according to the European Central Bank

1H2023 Summary

Compelling Financial Profile with the ongoing modernisation of the network

Sound Financial Results

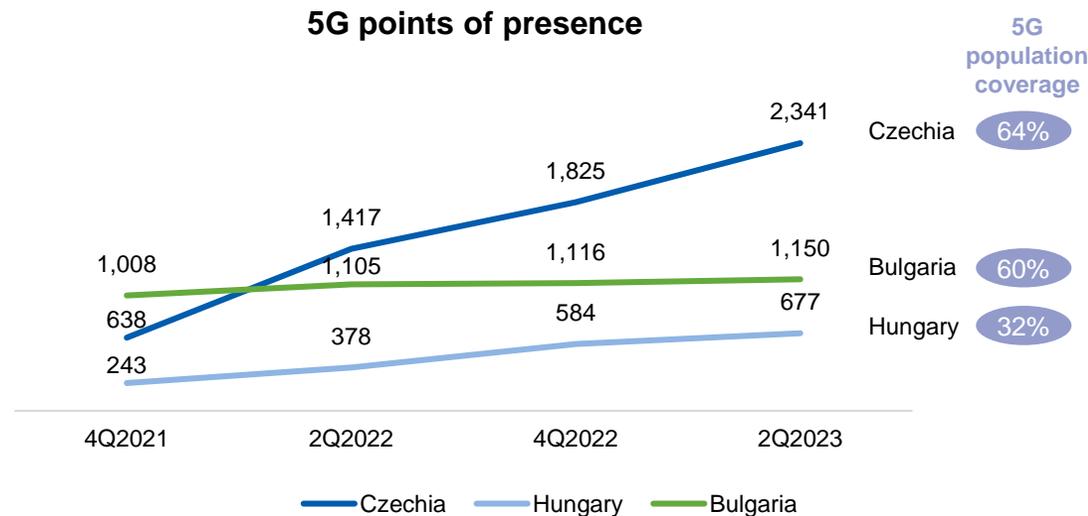


Extending network leadership

- **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 strategy in Czechia

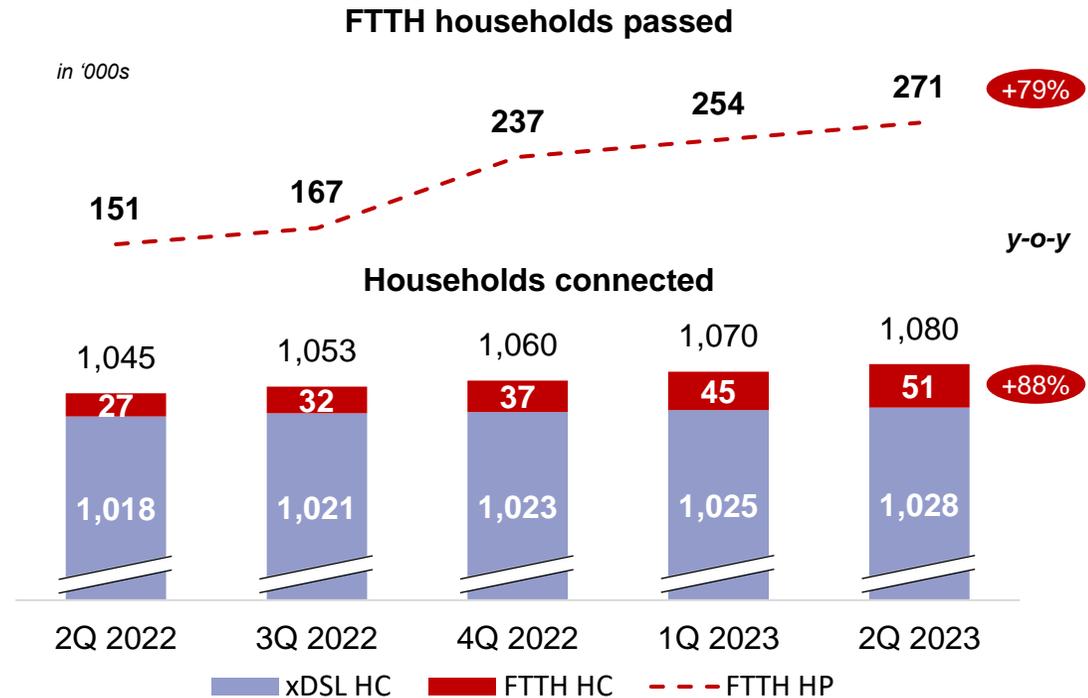
- **3.9m homes already passed** by FTTC access network
- **FTTH rollout** in areas with **greatest bandwidth needs**
 - **271k households passed** as at 2Q 2023
 - **Competitive advantages**
 - **Futureproofing access network**



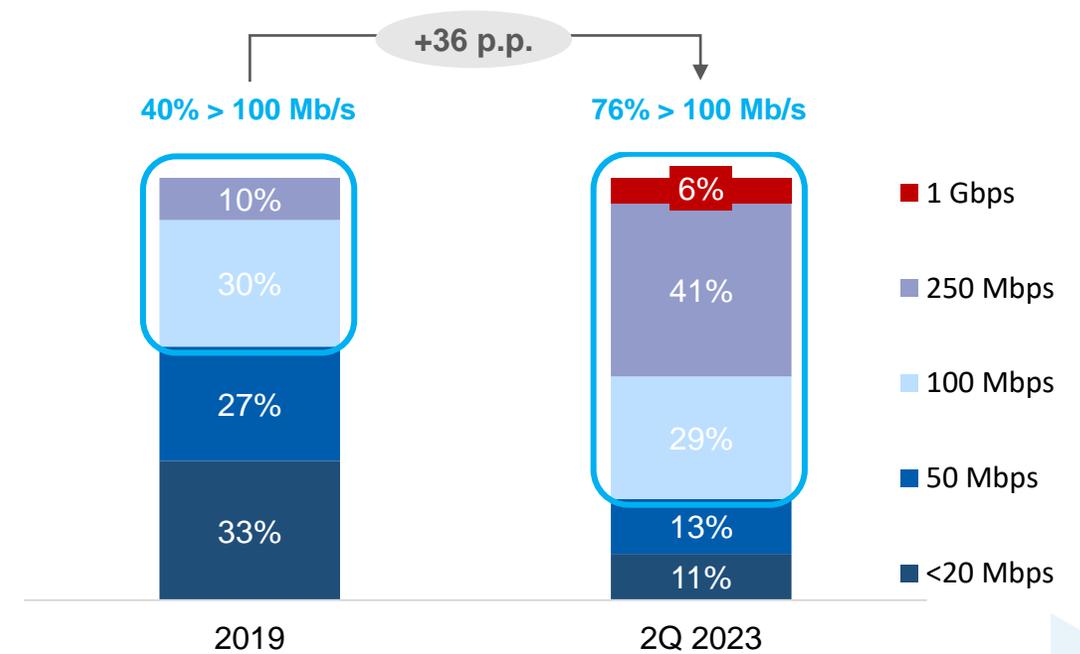
Source: Company information
1. Regulatory approvals pending

Main operational progress

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



Fixed broadband - Homes Passed split by speed (%)



Source: Company information
 1. FTTH: Fibre to the Home
 2. FTTC: Fibre to the Cabinet
 3. HC: households connected
 4. HP: households passed

CETIN's Sustainability Strategy Drives Specific Actions

SUSTAINABILITY ACHIEVEMENTS

ENVIRONMENTAL

Reducing our Environmental Impact

- Decrease in GHG emissions by 16% (2022 vs. 2021)
- Decarbonisation plan in development, SBTi targets to be set in 2024
- **Serbia: network powered 100% by green energy**
- **Bulgaria: by October 2023, > 80% electricity consumed by CETIN will have originated from green resources (photovoltaic)**



TRANSPARENCY

Robust Corporate Governance and Business Ethics

- **Dedicated ESG microsite launched for disclosures and progress updates on ESG matters**
- Whistleblowing channel introduced in Czechia



TECHNOLOGY

Accelerating Technology for a Sustainable Future

- 5G rollout underway, 28% population coverage by the end of 2022
- FTTH rollout in Czechia with 250 ths. homes passed at the end of 2022
- Full scope SIEM with advanced tools for threat detection in progress



SOCIETY

Putting people at the Centre of our Business

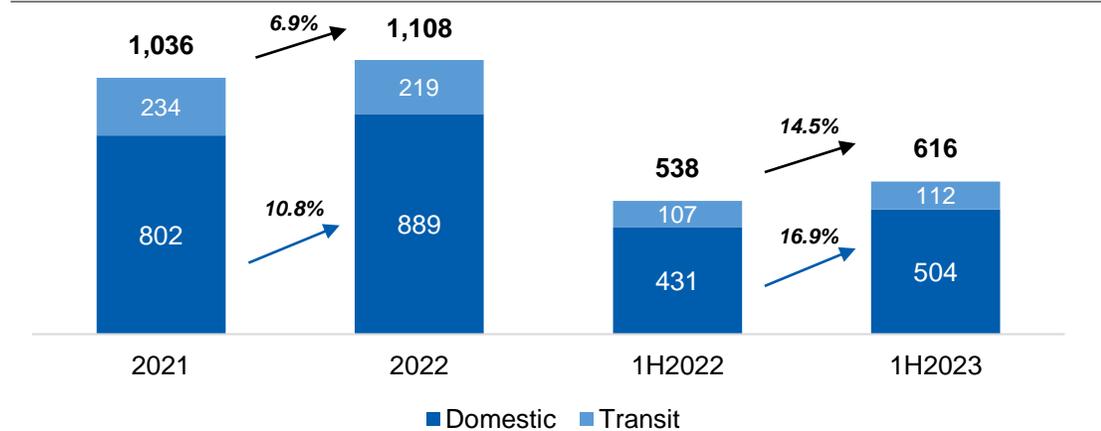
- Well-being program focusing on employees' mental and physical health enhanced
- Zero level of fatalities and injuries maintained
- Talent development program encouraging women to take on technology and managerial roles in development



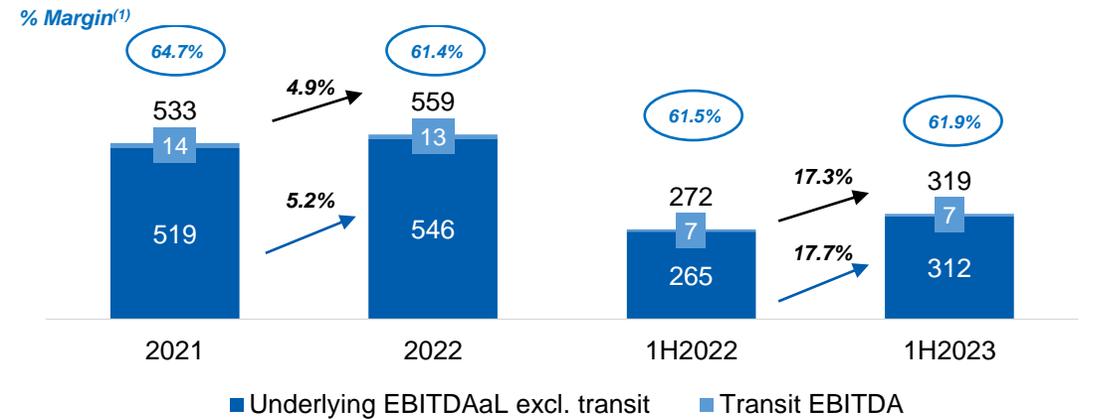
CETIN Key Financials

Compelling Financial Profile With An Ongoing Modernisation Of The Network

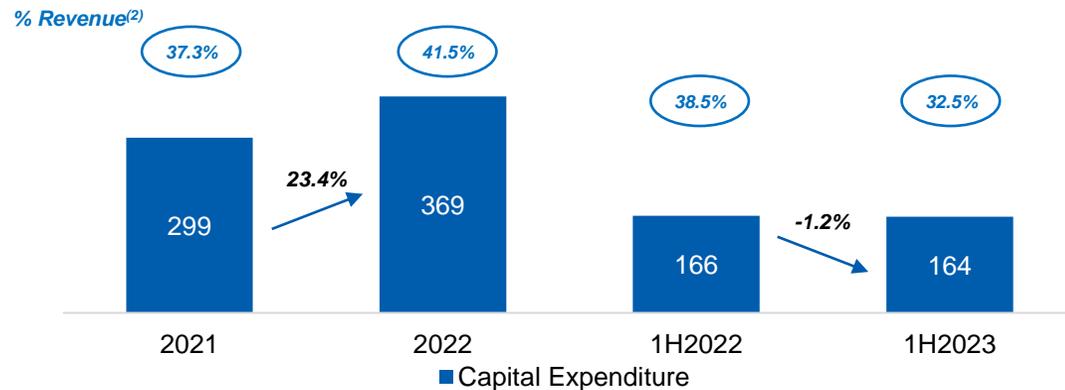
Revenue (€m)



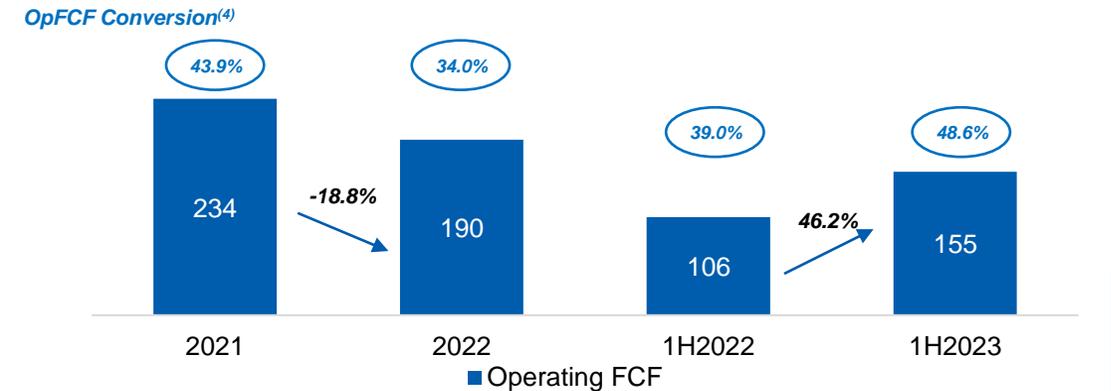
Underlying EBITDAaL (€m)



Capital Expenditure (€m)



Operating Free Cash Flows (€m)⁽³⁾



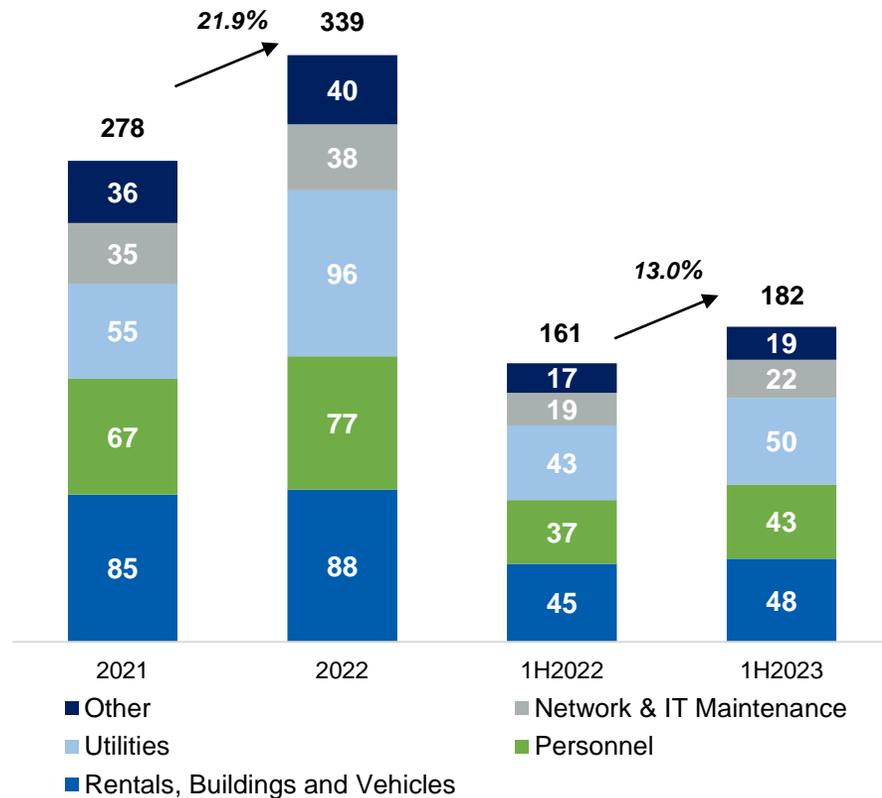
Source: Company information

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

Tightly Controlled Cost Base

Operating Expenses (excl. Cost of Sales) Breakdown¹ (€m)



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
- Growth driven mainly by field initiatives

Utilities

- Energy price increase protection irrespective of inflation levels is built in MSA
- Growth driven by energy price increase

Personnel

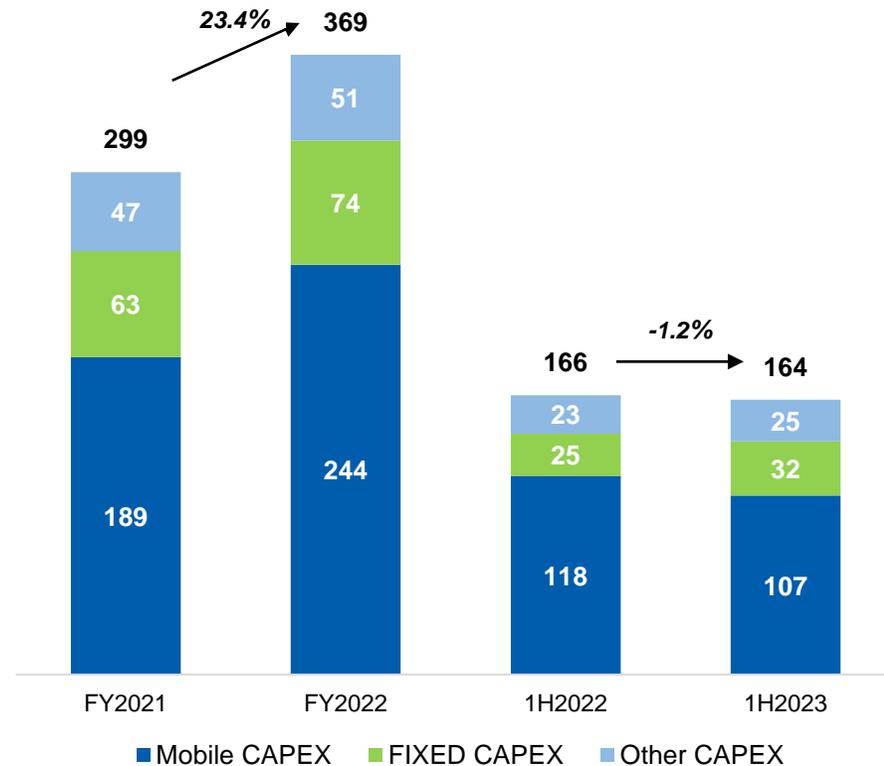
- Directly under CETIN control
- Expected to increase in line with market salary index projections

Rentals, Buildings and Vehicles

- Diversified supplier base ensures high future visibility
- Growth driven by network densification and inflation indexation

Mobile Services Infrastructure Continues To Be The Main Capital Expenditure Driver

Capital Expenditure split (€m)



Mobile CAPEX

- Mobile CAPEX was mainly driven by:
 - Investments in network modernisation and network swap
 - 5G coverage expansion on C-Band
- Mandatory projects to cover white spots are in progress
- 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 the Czech Republic
- Incremental CAPEX where ComCos have contractual annual commitments of incremental revenues
 - Includes CAPEX that drives growth of mobile revenue (5G, new sites, network modernisation in Czechia, Bulgaria, and Hungary; Serbia new RAN vendor selected)

Fixed Broadband CAPEX

- Driven by the deployment of fibre optic network (FTTH) in Czechia
- 120k households passed added since 1H 2022

Other Fixed CAPEX

- Other and relatively stable CAPEX.:
 - 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⁽¹⁾

3. Sustainable debt capital structure

Leverage **maximum 3.0x⁽¹⁾**

Actual (as at 30 June 2023) **leverage of 2.64x⁽³⁾** (leverage of 2.82x as at 31 December 2022 ⁽³⁾)

4. Add-on acquisition debt allowance

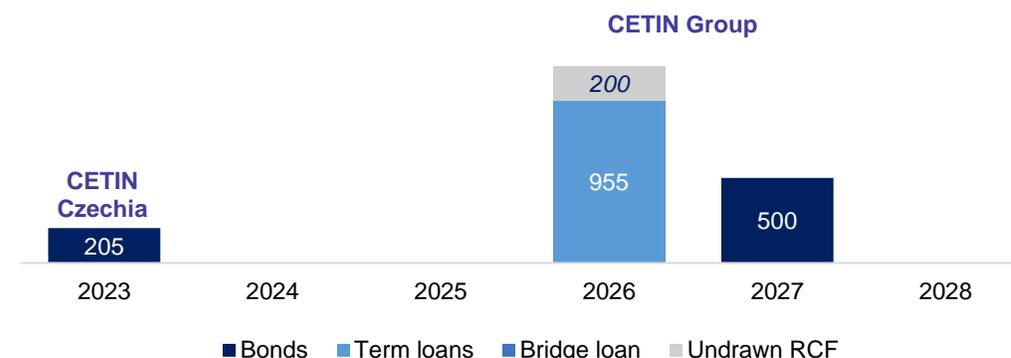
In case of add-on acquisitions, CETIN Group can increase the leverage **up to 3.5x** with **deleveraging back below 3.0x within 18-24 months**

Source: Company information

Notes

1. Excluding IFRS 16 impacts; an increase related to IFRS 16 adjustment is approx. +0.21x
2. Outstanding principal amounts, excluding overdraft facilities; 23.742 FX rate as at 30 June 2023 according to the European Central 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

Current debt maturity profile (€m)⁽²⁾



CETIN Group investment grade,
Baa2, outlook negative Moody's / BBB, rating watch negative 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 Czechia investment grade,
Baa2, outlook negative Moody's / BBB, rating watch negative Fitch Ratings

- **Eurobond CZK 4,866m (eq. of EUR 205m)**, 7 years, due Dec 2023, 1.25% p.a.



▶ CETIN

MEMBER OF PPF GROUP

Appendix



Key financial metrics

Compelling Financial Profile with the ongoing modernization of the network

€m except otherwise stated	2021	2022	YoY%	1H2022	1H2023	YoY%
Total Revenue	1,036	1,108	6.9%	538	616	14.5%
Revenue excl. Transit	802	889	10.8%	431	504	16.9%
Underlying EBITDAaL⁽¹⁾ excl. Transit	519	546	5.2%	265	312	17.7%
% margin (excl. transit) ⁽²⁾	65%	61%		61%	62%	
Underlying EBITDAaL⁽¹⁾	533	559	4.9%	272	319	17.3%
Capital Expenditure	(299)	(369)	23.4%	(166)	(164)	(1.2)%
FCF⁽³⁾	234	190	(18.8%)	106	155	46.2%
% FCF conversion ⁽⁴⁾	44%	34%		39%	49%	

Source: Company information

Notes

1. Underlying EBITDA after Leases ("Underlying EBITDAaL") defined as Underlying EBITDA – Depreciation on lease-related right of use assets – 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 - Net cash used in investing activities;
4. FCF Conversion defined as FCF / Underlying EBITDAaL

CETIN Group Governance

Governance further strengthened by the extended Board and Audit Committee

Board of Directors (BoD)

Jan Kadanik
Chairman of the Board of Directors

Juraj Šedivý
CETIN Group CEO and Board of Directors member

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 Committee (AC)

Jaime Smith Basterra
Chairman of the Committee

Rhys AP John Phillip
Member of the Committee

Jitka Mašátová
Member of the Committee

Other governing bodies

- ✓ Nomination, Remuneration and ESG Committee newly established
- ✓ The Related Party and Material Contracts Committee newly established
- ✓ Independent observer Mrs. Alexandra Reich appointed

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