FitchRatings

CETIN Group N.V.

The ratings are supported by CETIN Group N.V.'s ownership of incumbent mobile and fixed network infrastructure assets operating in a competitive, but broadly stable, market structure. Its wholesale-based business model has sizeable long-term contracted revenue that provides strong visibility and stability to its cash flow.

CETIN's financial profile is fairly immune to inflation, as energy price increases, FX and CPI-related provisions are included in its master service agreements. Fitch Ratings expects cash flow generation to remain sufficient to cover high capex requirements, while allowing for some dividend payments and a certain amount of financial flexibility.

When the deal closes, the rating will be constrained by reduced geographic asset diversification and scale, which weakens the operating profile. This is partially offset by expected prudent management of EBITDA net leverage towards the lower end of the thresholds of its rating.

Key Rating Drivers

Group Reorganisation Completed: The reorganisation of e& PPF Telecom Group B.V. (e& PPF TG) has resulted in the transfer of all Czech assets to PPF TMT Holdco 2, which becomes a parent company of CETIN and O2 Czechia. PPF TMT Holdco 2 owns 100% of CETIN after its acquisition of a 30% stake from Roanoke Investment Pte Ltd (GIC's investment vehicle). CETIN a.s. remains a sole subsidiary of CETIN.

The reorganisation follows PPF Group's efforts to maintain full ownership of its Czech assets, while selling a 50% plus one share in PPF TG's assets in Bulgaria, Serbia, Hungary and Slovakia.

Retained Financial Flexibility, Stable Leverage: We expect CETIN to manage its Fitch-defined EBITDA net leverage within its rating sensitivities of 3.0x-3.5x. We forecast CETIN will distribute up to 100% of free cash flow (FCF), subject to maintaining this leverage threshold and meeting capex requirements.

Our base case assumes leverage will stay stable at 3.1x-3.2x and in line with its net leverage target of 3.25x. FCF generation is constrained by high capex, leaving cash flow from operations (CFO) less capex sharply below 8% of gross debt; a key threshold for a rating upgrade.

Strong Infrastructure Asset: CETIN owns the incumbent Czech telecom infrastructure, mainly mobile towers, active mobile network components, backhaul networks and fixed local access networks. Its services are provided on long-term contracts of 10 to 30 years with CPI, FX and energy-price indexation and a fixed fee we estimate at about 50% of revenue. Additional services are provided at prices that allow CETIN to sustain a good return on capital employed.

Contractually Secured Revenue: CETIN's growth, excluding international transit, is predominantly driven by mobile and due largely to network modernisation, 5G rollout, tower densification and increased co-location. We expect steady revenue rises, excluding transit, over the next four years. A large proportion of the growth in the Czech market is contractually secured. The growth will enable EBITDA-margin expansion, as fixed costs are expected to rise at a slower pace. A falling share of low-margin transit revenue will enhance margins.

Czech Broadband Market Competitive: The Czech broadband market is competitive due to a mix of alternative WiFi, cable and fibre local access network infrastructure. Competition is increasing as T-Mobile builds out fibre-to-the-home (FttH) in partnership with CETIN in parts of the country, raising the number of local-access network providers to four in certain regions.

For a wholesaler like CETIN, this could mean a loss of revenue from T-Mobile unless it is offset by higher average revenue per user from FttH deployment, growth in new wholesale customers due to a more competitive FttH product, and expansion of mobile services.

Ratings

CETIN Group N.V.

Long-Term IDR	BBB
Senior Unsecured Debt - Long-Term Rating	BBB

Outlook

Long-Term Foreign-Currency IDR	Stable

Click here for the full list of ratings

ESG and Climate

Highest ESG Relevance Scores

Environmental	3
Social	3
Governance	3

2035 Climate Vulnerability Signal: 15

Applicable Criteria

Corporate Recovery Ratings and Instrument Ratings Criteria (August 2024)

Corporate Rating Criteria (November 2023)

Parent and Subsidiary Linkage Rating Criteria (June 2023)

Sector Navigators – Addendum to the Corporate Rating Criteria (June 2024)

Related Research

Global Corporates Macro and Sector Forecasts

European Telecom Incumbents — Relative Credit Analysis (February 2024)

European Telecoms Outlook 2024 (November 2023)

Analysts

Rafal Kaminski
+48 22 103 3040
rafal.kaminski@fitchratings.com

Adrien Berby
+33 1 44 29 91 71
adrien.berby@fitchratings.com

FttH Deployment Progresses: CETIN plans to roll out FttH to 1.3 million homes by 2030, after passing 743,000 at end-1H24. This is further to the existing FTTC/DSL network, which passes 4.4 million households or about 84% of all households in the country. Competitive pressure from the deployment of higher cable speeds and alternative network infrastructure, as experienced in some European markets, may necessitate a faster and broader deployment leading to capex increases. The impact on leverage is, however, likely to be largely offset by CETIN's financial policy.

Reduced FX Risks to Leverage: CETIN's borrowings are predominantly euro-denominated, which used to create a considerable FX mismatch between leverage and earnings before the sale of most CEE telecom assets as part of the transaction. After the transaction, the company's EBITDA will solely be denominated in Czech koruna, whose stability against the euro over the past decade on average reduces the real impact of this mismatch.

Financial Summary

(EURm)	2021	2022	2023	2024F	2025F	2026F
Gross revenue	1,036	1,108	1,241	832	795	787
EBITDA margin (%)	51.4	50.5	52.1	44.7	45.5	46.7
FCF margin (%)	-1.9	-1.1	-0.6	—	—	—
EBITDA net leverage (x)	3.0	2.8	2.7	3.1	3.2	3.2
CFO-capex/debt (%)	11.3	4.7	7.4	1.4	-0.8	4.2

Source: Fitch Ratings, Fitch Solutions, CETIN

Rating Derivation Relative to Peers

CETIN is rated on a standalone basis under Fitch's Parent Subsidiary (PSL) Criteria. This could change if the credit profile of its parent, PPF TMT Holdco 2, deteriorates materially as it may lead to CETIN's rating being linked to its parent's.

CETIN's rating 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 Czech market in which its infrastructure operates. Infrastructure peers TDC NET A/S (BB/Stable) and Optics Bidco SPA (BB/Stable) are rated lower due to their higher leverage profiles but they have a slightly higher leverage capacity per rating band. This reflects their less competitive market structures, greater national network coverage and scale.

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 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, due primarily 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, these commercial risks partially reside in the other more customer-facing part of the group it is operating in, as a result of its long-term contracts with a high share of fixed fees on a take-or-pay basis.

Navigator Peer Comparison

Issuer		Business profile						Financial profile		
	IDR/Outlook	Operating Environment	Management and Corporate Governance	Market Position	Diversification	Technology and Infrastructure	Regulatory Environment	Profitability	Financial Structure	Financial Flexibility
BT Group plc	BBB/Stable	aa	a-	bbb+	bbb	a	bbb	bbb	bbb	a
CETIN Group N.V.	BBB/Stable	aa-	bbb	bbb	bb+	bbb+	bbb	a	bbb-	bbb
Deutsche Telekom AG	BBB+/Stable	aa	a-	a-	a	a	bbb	bbb	bbb-	bbb+
eircom Holdings (Ireland) Limited	B+/Stable	aa-	bbb+	bb	bb+	bbb-	bbb	bbb-	b+	bbb+
Nuuday A/S	B/Stable	aa	bb+	bbb-	bb+	bb	bbb	b	b-	b
Orange S.A.	BBB+/Stable	aa	a-	a-	a	a	bbb	bbb	bbb	a-
e& PPF Telecom Group B.V.	BBB/Stable	a+	bbb-	bbb	bb+	bbb+	bbb	bbb+	bbb-	bbb
Royal KPN N.V.	BBB/Stable	aa	a-	bbb+	bbb	a-	bbb	bbb+	bbb	a
TDC NET A/S	BB/Stable	aa	bbb	bbb	bbb-	a	bbb	a+	b	bb
Telecom Italia S.p.A.	BB/Stable	bbb+	bbb	bbb-	bbb	bb+	bbb	bb	bb-	bb
Telefonica SA	BBB/Stable	a+	a-	a-	a	a	bbb	bbb-	bbb-	bbb+
Vodafone Group Plc	BBB/Positive	aa-	a-	bbb+	a	a-	bbb	bbb	bbb-	bbb+

Source: Fitch Ratings.

Relative Importance of Factor: Higher | Moderate | Lower

Issuer		Business profile						Financial profile		
Name	IDR/Outlook	Operating Environment	Management and Corporate Governance	Market Position	Diversification	Technology and Infrastructure	Regulatory Environment	Profitability	Financial Structure	Financial Flexibility
BT Group plc	BBB/Stable	+6	+2	+1	0	+3	0	0	0	+3
CETIN Group N.V.	BBB/Stable	+5	0	0	-2	+1	0	+3	-1	0
Deutsche Telekom AG	BBB+/Stable	+5	+1	+1	+2	+2	-1	-1	-2	0
eircom Holdings (Ireland) Limited	B+/Stable	+10	+6	+2	+3	+4	+5	+4	0	+6
Nuuday A/S	B/Stable	+12	+4	+5	+4	+3	+6	0	-1	0
Orange S.A.	BBB+/Stable	+5	+1	+1	+2	+2	-1	-1	-1	+1
e& PPF Telecom Group B.V.	BBB/Stable	+4	-1	0	-2	+1	0	+1	-1	0
Royal KPN N.V.	BBB/Stable	+6	+2	+1	0	+2	0	+1	0	+3
TDC NET A/S	BB/Stable	+9	+3	+3	+2	+6	+3	+7	-3	0
Telecom Italia S.p.A.	BB/Stable	+4	+3	+2	+3	+1	+3	0	-1	0
Telefonica SA	BBB/Stable	+4	+2	+2	+3	+3	0	-1	-1	+1
Vodafone Group Plc	BBB/Positive	+5	+2	+1	+3	+2	0	0	-1	+1

Source: Fitch Ratings.

Factor Score Relative to IDR: Worse positioned than IDR | Within one notch of IDR | Better positioned than IDR

Rating Sensitivities

Factors that Could, Individually or Collectively, Lead to Positive Rating Action/Upgrade

- EBITDA net leverage below 3.0x on a sustained basis.
- CFO less capex/gross debt consistently above 10%.
- Visibility of medium-term competitive stability in the wholesale fixed-line market.
- An upgrade is subject to no deterioration of the credit profile of immediate parent, PPF TMT Holdco 2.

Factors that Could, Individually or Collectively, Lead to Negative Rating Action/Downgrade

- EBITDA net leverage consistently above 3.5x.
- Weakening EBITDA and FCF on a sustained basis.
- CFO less capex/gross debt below 8%.
- A significant deterioration in the credit profile of PPF TMT Holdco 2 could lead to a change in the standalone rating approach and consequently lead to a downgrade of the rating.

Liquidity and Debt Structure

Comfortable Liquidity: At end-June 2024, CETIN had cash and cash equivalents of EUR84 million, of which the majority was held at the Czech part of the business. On the completion of the transaction, an outstanding EUR197 million under a EUR200 million revolving credit facility (RCF) was repaid in full. We expect the RCF to remain undrawn until its maturity in August 2026. The liquidity is further supported by healthy cash flow generation, good revenue visibility and strong EBITDA margins.

CETIN's EUR511 million term loan, maturing in August 2026, and EUR444 million incremental loan, both maturing in November 2026, were partly prepaid on the transaction completion. The former now amounts to EUR290 million and the latter to EUR417 million. Its EUR500 million bond maturing in 2027 remained unchanged post-completion.

ESG Considerations

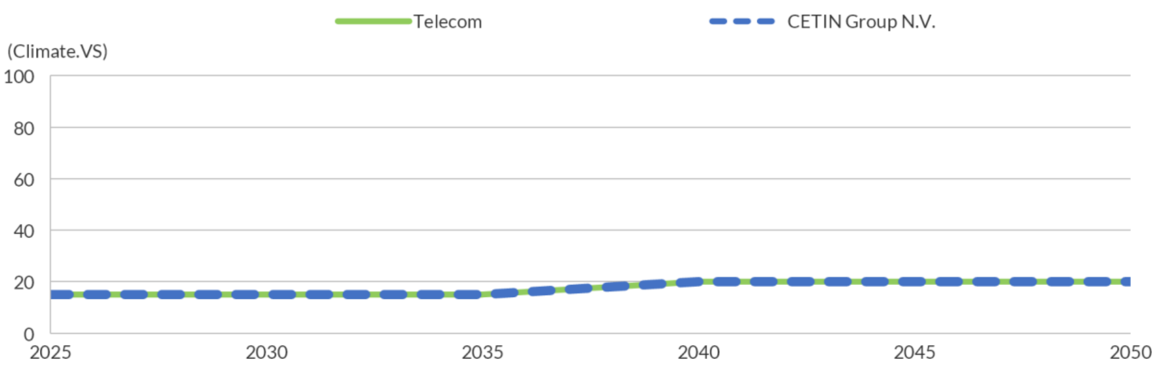
The highest level of ESG credit relevance is a score of '3', unless otherwise disclosed in this section. A score of '3' means ESG issues are credit-neutral or have only a minimal credit impact on the entity, either due to their nature or the way in which they are being managed by the entity. Fitch's ESG Relevance Scores are not inputs in the rating process; they are an observation on the relevance and materiality of ESG factors in the rating decision. For more information on Fitch's ESG Relevance Scores, visit www.fitchratings.com/topics/esg/products#esg-relevance-scores

Climate Vulnerability Considerations

Fitch uses Climate Vulnerability Signals (Climate.VS) as a screening tool to identify sectors and Fitch-rated issuers that are potentially most exposed to credit-relevant climate transition risks and, therefore, require additional consideration of these risks in rating reviews. Climate.VS range from 0 (lowest risk) to 100 (highest risk). For more information on Climate.VS, see Fitch's Corporate Rating Criteria. For sector-specific information on how Fitch perceives climate-related transition risks, see Climate Vulnerability Signals for Non-Financial Corporate Sectors.

The FY23 revenue-weighted Climate.VS for CETIN Group for 2035 is 15 out 100, suggesting low exposure to climate-related risks in that year.

Climate.VS Evolution
As of Dec 31, 2023



Source: Fitch Ratings

Liquidity and Debt Maturities

Liquidity Analysis (pro-forma post transaction)

(EURm)	2024F	2025F	2026F	2027F
Available liquidity				
Beginning cash balance	75	51	41	-666
Rating case FCF after acquisitions and divestitures	-24	-11	0	0
Total available liquidity (A)	**51**	**41**	**41**	**-666**
Liquidity uses				
Debt maturities	—	—	-707	-500
Total liquidity uses (B)	**—**	**—**	**-707**	**-500**
Liquidity calculation				
Ending cash balance (A+B)	51	41	-666	-1,166
Revolver availability	200	200	200	200
Ending liquidity	**251**	**241**	**-466**	**-966**
Liquidity score (x)	Not meaningful	Not meaningful	0.3	-0.9

Source: Fitch Ratings, Fitch Solutions, CETIN

Scheduled debt maturities (pro-forma post transaction)

(EURm)	31 December 2023
2024	—
2025	—
2026	707
2027	500
2028	—
Thereafter	—
Total	**1,207**

Source: Fitch Ratings, Fitch Solutions, CETIN

Key Assumptions

- Revenue of EUR830 million in 2024, dropping to EUR795 million in 2025 driven by a decline in international transit revenue, before remaining broadly flat in the following three years.
- Fitch-defined EBITDA margin of around 45% in 2024, before increasing to about 47% in 2027, as lower-margin international transit as a share of revenue decreases.
- Capex at 31%-34% of revenue in 2024-2027.
- Dividend payments of up to EUR50 million a year over the forecast horizon.

Financial Data

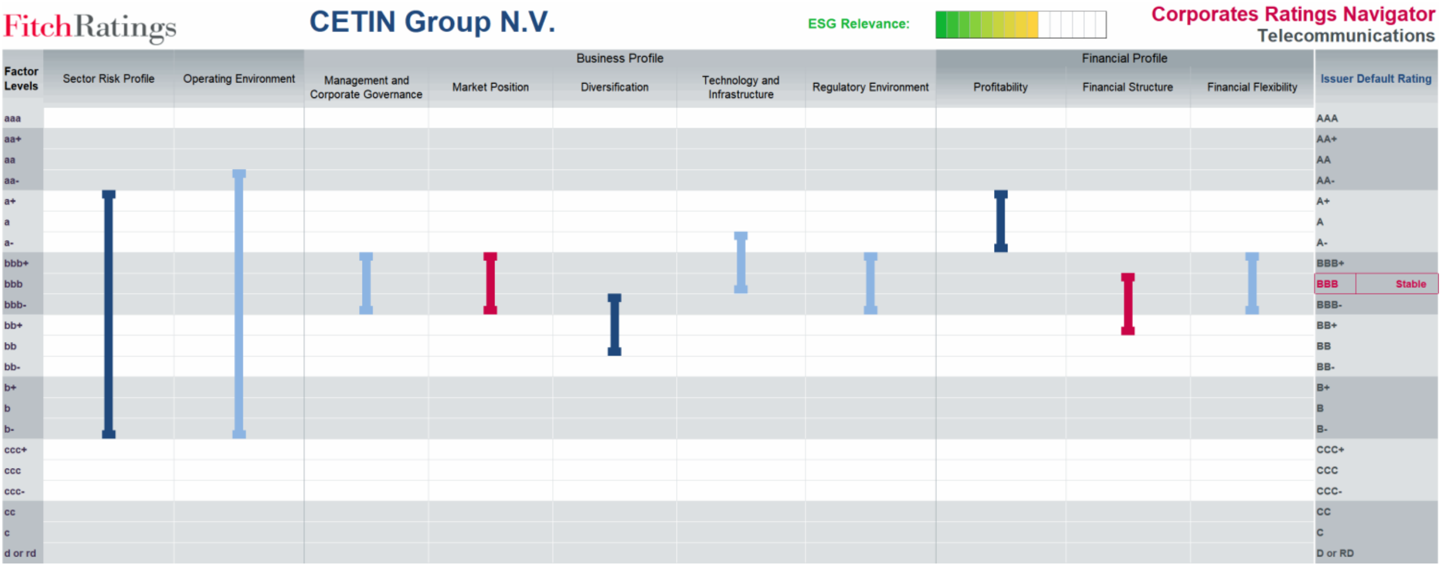
(EURm)	2021	2022	2023	2024F	2025F	2026F
Summary income statement						
Gross revenue	1,036	1,108	1,241	832	795	787
Revenue growth (%)	45.1	7.0	12.0	-32.9	-4.5	-1.0
EBITDA	533	559	647	372	362	367
EBITDA margin (%)	51.4	50.5	52.1	44.7	45.5	46.7
EBIT	282	292	356	172	171	179
EBIT margin (%)	27.2	26.4	28.7	20.7	21.5	22.7
Gross interest expense	-20	-35	-68	-58	-41	-43
Pre-tax income including associate income/loss	290	273	255	114	130	136
Summary balance sheet						
Readily available cash and equivalents	83	82	75	54	51	51
Debt	1,638	1,659	1,827	1,207	1,214	1,214
Net debt	1,555	1,577	1,752	1,153	1,163	1,163
Summary cash flow statement						
EBITDA	533	559	647	372	362	367
Cash interest paid	-16	-17	-59	-58	-41	-43
Cash tax	-51	-61	-65	-32	-29	-34
Dividends received less dividends paid to minorities (inflow/outflow)	-21	-5	-3	—	—	—
Other items before funds from operations (FFO)	-3	-1	-1	—	—	—
FFO	442	477	522	282	291	291
FFO margin (%)	42.7	43.1	42.1	33.9	36.6	37.0
Change in working capital	-12	-40	-26	-9	-37	7
CFO (Fitch-defined)	430	437	496	273	255	298
Total non-operating/non-recurring cash flow	—	—	—	—	—	—
Capex	-245	-359	-361	—	—	—
Capital intensity (capex/revenue) (%)	23.6	32.4	29.1	—	—	—
Common dividends	-205	-90	-143	—	—	—
FCF	-20	-12	-8	—	—	—
FCF margin (%)	-1.9	-1.1	-0.6	—	—	—
Net acquisitions and divestitures	4	7	-180	—	—	—
Other investing and financing cash flow items	-15	3	12	—	—	—
Net debt proceeds	806	1	169	-627	7	—
Net equity proceeds	-816	—	—	—	—	—
Total change in cash	-41	-1	-7	-651	-4	0
Calculations for forecast publication						
Capex, dividends, acquisitions and other items before FCF	-446	-442	-684	-296	-265	-298
FCF after acquisitions and divestitures	-16	-5	-188	-24	-11	0
FCF margin after net acquisitions (%)	-1.5	-0.5	-15.1	-2.8	-1.4	0.0
Gross leverage ratios (x)						
EBITDA leverage	3.2	3.0	2.8	3.2	3.4	3.3
CFO-capex/debt	11.3	4.7	7.4	1.4	-0.8	4.2
Net leverage ratios (x)						
EBITDA net leverage	3.0	2.8	2.7	3.1	3.2	3.2
CFO-capex/net debt	11.9	4.9	7.7	1.4	-0.8	4.4
Coverage ratios (x)						
EBITDA interest coverage	32.0	32.6	10.9	6.4	8.8	8.6

Source: Fitch Ratings, Fitch Solutions, CETIN

How to Interpret the Forecast Presented

The forecast presented above 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



Bar Chart Legend:	
Vertical Bars = Range of Rating Factor	Bar Arrows = Rating Factor Outlook
Bar Colors = Relative Importance	⇧ Positive
Higher Importance	⇩ Negative
Average Importance	⇳ Evolving
Lower Importance	□ Stable

FitchRatings

CETIN Group N.V.

Corporates Ratings Navigator
Telecommunications

Operating Environment

aa	Economic Environment	a	Strong combination of countries where economic value is created and where assets are located.
aa-	Financial Access	a	Strong combination of issuer specific funding characteristics and of the strength of the relevant local financial market.
	Systemic Governance	aa	Systemic governance (eg rule of law, corruption; government effectiveness) of the issuer's country of incorporation consistent with 'aa'.
b-			
ccc+			

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+			

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 - EBITDA	b	<$500 million
bbb-			
bb+			

Diversification

bbb	Service Platform Diversification	bbb	Operates several service platforms in primary markets but one is dominant.
bbb-	Geographic Diversification	bb	Limited geographic diversification.
bb+			
bb			
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-			

Regulatory Environment

a-	Regulatory Risk	bbb	Moderate.
bbb+			
bbb			
bbb-			
bb+			

Profitability

aa-	Volatility of Cash Flow	a	Lower volatility and better visibility of cash flow than industry average.
a+	EBITDA Margin	a	35%
a			
a-			
bbb+			

Financial Structure

bbb+	EBITDA Leverage	bbb	2.8x
bbb	EBITDA Net Leverage	bbb	2.6x
bbb-	(CFO-Capex)/Debt	bb	7.5%
bb+			
bb			

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	EBITDA Interest Coverage	bbb	7.5x
bbb-	FX Exposure	bbb	Some FX exposure on profitability and/or debt/cash flow match. Efficient 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.

Credit-Relevant ESG Derivation

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

- 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.

			Overall ESG
key driver	0	issues	5
driver	0	issues	4
potential driver	8	issues	3
not a rating driver	1	issues	2
	5	issues	1

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

FitchRatings

CETIN Group N.V.

Corporates Ratings Navigator
Telecommunications

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.

			ESG Relevance to Credit Rating
key driver	0	issues	5
driver	0	issues	4
potential driver	8	issues	3
not a rating driver	1	issues	2
not a rating driver	5	issues	1

Environmental (E) Relevance Scores

General Issues	E Score	Sector-Specific Issues	Reference	E Relevance
GHG Emissions & Air Quality	1	n.a.	n.a.	5
Energy Management	3	Energy and fuel use in networks and data centers	Profitability	4
Water & Wastewater Management	1	n.a.	n.a.	3
Waste & Hazardous Materials Management; Ecological Impacts	1	n.a.	n.a.	2
Exposure to Environmental Impacts	3	Networks exposed to extreme weather events (e.g. hurricanes)	Profitability	1

How to Read This Page
ESG relevance scores range from 1 to 5 based on a 15-level color gradation. Red (5) is most relevant to the credit rating and green (1) is least relevant.
The Environmental (E), Social (S) and Governance (G) tables break out the ESG general issues and the sector-specific issues that are most relevant to each industry group. Relevance scores are assigned to each sector-specific issue, signaling the credit-relevance of the sector-specific issues to the issuer's overall credit rating. The Criteria Reference column highlights the factor(s) within which the corresponding ESG issues are captured in Fitch's credit analysis. The vertical color bars are visualizations of the frequency of occurrence of the highest constituent relevance scores. They do not represent an aggregate of the relevance scores or aggregate ESG credit relevance.
The Credit-Relevant ESG Derivation table's far right column is a visualization of the frequency of occurrence of the highest ESG relevance scores across the combined E, S and G categories. The three columns to the left of ESG Relevance to Credit Rating summarize rating relevance and impact to credit from ESG issues. The box on the far left identifies any ESG Relevance Sub-factor issues that are drivers or potential drivers of the issuer's credit rating (corresponding with scores of 3, 4 or 5) and provides a brief explanation for the relevance score. All scores of '4' and '5' are assumed to reflect a negative impact unless indicated with a '+' sign for positive impact.
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), the Sustainability Accounting Standards Board (SASB), and the World Bank.

Social (S) Relevance Scores

General Issues	S Score	Sector-Specific Issues	Reference	S Relevance
Human Rights, Community Relations, Access & Affordability	1	n.a.	n.a.	5
Customer Welfare - Fair Messaging, Privacy & Data Security	3	Data security; service disruptions	Competitive Position; Profitability	4
Labor Relations & Practices	3	Impact of labor negotiations and employee (dis)satisfaction	Competitive Position; Profitability	3
Employee Wellbeing	1	n.a.	n.a.	2
Exposure to Social Impacts	2	Social attitudes toward network infrastructure	Diversification; Technology and Infrastructure; Profitability	1

Governance (G) Relevance Scores

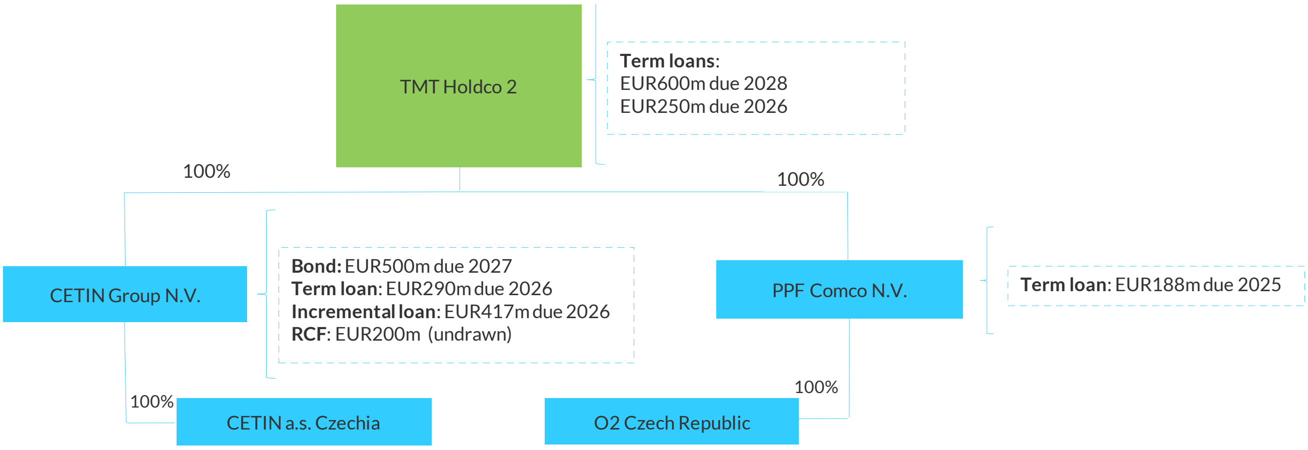
General Issues	G Score	Sector-Specific Issues	Reference	G Relevance
Management Strategy	3	Strategy development and implementation	Management and Corporate Governance	5
Governance Structure	3	Board independence and effectiveness; ownership concentration	Management and Corporate Governance	4
Group Structure	3	Complexity, transparency and related-party transactions	Management and Corporate Governance	3
Financial Transparency	3	Quality and timing of financial disclosure	Management and Corporate Governance	2
				1

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, as at December 2024

Peer Financial Summary

Company	Issuer Default Rating	Financial statement date	Gross revenue (EURm)	EBITDA margin (%)	EBITDA net leverage (x)	EBITDA interest coverage (x)	CFO-capex/debt (%)
CETIN Group N.V.	BBB						
	BBB	2023	1,241	52.1	2.7	10.9	7.4
	BBB	2022	1,108	50.5	2.8	32.6	4.7
	BBB	2021	1,036	51.4	3.0	32.0	11.3
e& PPF Telecom Group B.V.	BBB						
	BBB-	2023	3,776	41.3	2.5	9.6	11.7
	BBB-	2022	3,506	41.3	2.6	13.1	7.1
	BBB-	2021	3,336	42.9	3.0	13.3	10.6
Telekom Austria AG	A-						
	A-	2023	5,251	32.8	0.4	33.1	35.1
		2022	5,005	34.6	1.0	29.5	31.1
		2021	4,748	34.0	1.3	19.2	18.2
Vodafone Group Plc	BBB						
	BBB	2023	45,706	32.1	2.2	10.0	8.3
	BBB	2022	45,580	33.5	2.5	10.5	7.6
	BBB	2021	43,809	32.8	2.7	8.2	6.3
Telefonica SA	BBB						
	BBB	2023	40,652	24.6	3.0	4.6	5.3
	BBB	2022	39,993	24.5	3.1	4.9	2.3
	BBB	2021	39,277	26.3	3.0	5.6	3.3
Telecom Italia S.p.A.	BB						
	BB-	2023	16,296	30.7	4.4	2.3	1.5
	BB-	2022	15,788	30.0	4.4	2.9	-6.5
	BB+	2021	15,316	34.3	3.6	3.7	2.5
Royal KPN N.V.	BBB						
	BBB	2023	5,439	43.8	2.3	10.4	12.1
	BBB	2022	5,374	44.3	2.3	10.9	14.1
	BBB	2021	6,122	37.7	2.3	11.1	12.1

Source: Fitch Ratings, Fitch Solutions

Fitch Adjusted Financials

(EURm as of 31 December 2023)	Notes and formulas	Standardised values	Lease treatment	Other adjustments	Adjusted values
Income statement summary					
Revenue		1,241	—	—	1,241
EBITDA	(a)	720	-81	8	647
Depreciation and amortization		-357	66	—	-291
EBIT		363	-15	8	356
Balance sheet summary					
Debt	(b)	1,827	—	—	1,827
Of which other off-balance sheet debt		—	—	—	—
Lease-equivalent debt		—	—	—	—
Lease-adjusted debt		1,827	—	—	1,827
Readily available cash and equivalents	(c)	75	—	—	75
Not readily available cash and equivalents		—	—	—	—
Cash flow summary					
EBITDA	(a)	720	-81	8	647
Dividends received from associates less dividends paid to minorities	(d)	-3	—	—	-3
Interest paid	(e)	-59	—	—	-59
Interest received	(f)	3	—	—	3
Preferred dividends paid	(g)	—	—	—	—
Cash tax paid		-65	—	—	-65
Other items before FFO		-3	15	-13	-1
FFO	(h)	593	-66	-5	522
Change in working capital		-31	—	5	-26
CFO	(i)	562	-66	—	496
Non-operating/non-recurring cash flow		—	—	—	—
Capex	(j)	-361	—	—	-361
Common dividends paid		-143	—	—	-143
FCF		58	-66	—	-8
Gross leverage (x)					
EBITDA leverage	b/(a+d)	2.5	—	—	2.8
(CFO-capex)/debt (%)	(i+j)/b	11.0	—	—	7.4
Net leverage (x)					
EBITDA net leverage	(b-c)/(a+d)	2.4	—	—	2.7
(CFO-capex)/net debt (%)	(i+j)/(b-c)	11.5	—	—	7.7
Coverage (x)					
EBITDA interest coverage	(a+d)/(-e)	12.2	—	—	10.9

Note: The standardised items presented above are based on Fitch's taxonomy for the given sector and region. Reported items may not match the Fitch taxonomy, but they are captured into corresponding lines accordingly.
Debt includes other off-balance sheet debt.
Debt in the standardised values column excludes lease liabilities of EUR380m.
Source: Fitch Ratings, Fitch Solutions, CETIN

SOLICITATION & PARTICIPATION STATUS

For information on the solicitation status of the ratings included within this report, please refer to the solicitation status shown in the relevant entity's summary page of the Fitch Ratings website.

For information on the participation status in the rating process of an issuer listed in this report, please refer to the most recent rating action commentary for the relevant issuer, available on the Fitch Ratings website.