

Research Update:

PPF Telecom Holdings B.V. Assigned 'BBB' Rating; Outlook Stable

September 18, 2026

Rating Action Overview

- PPF Telecom Holdings B.V.'s (previously known as PPF TMT Holdco 2 B.V.) credit quality reflects its strong market position, a relatively modest competitive mobile landscape and a highly fragmented fixed broadband market, growth catalyst from its cross-selling efforts within the wider PPF Group's investment portfolios, a leading profitability level, and a modest level of leverage.
- We consider PPF Telecom Holdings as an insulated entity against any group members within PPF Group (ultimate parent). We believe PPF Group's creditworthiness remains a key consideration for our rating on PPF Telecom Holdings since PPF Group remains the single entity that controls PPF Telecom Holdings, and because of PPF Telecom Holdings' insulated nature.
- We assigned our 'BBB' long-term issuer credit rating to PPF Telecom Holdings B.V.
- The stable outlook reflects our expectation that PPF Telecom Holdings' revenue and EBITDA will continue to increase because we think that the group will continue to monetize its network upgrades, while maintaining its mobile market shares in the Czech market and remaining prudent with its cost base. We expect that leverage will remain below 2.7x and free operating cash flow (FOCF) to debt will improve to above 10%, excluding spectrum payments.

Primary Contact

Ananita Jeanmaire
Paris
33-1-4075-2599
Ananita.Jeanmaire
@spglobal.com

Secondary Contact

Xavier Buffon
Paris
33-14-420-6675
xavier.buffon
@spglobal.com

Rating Action Rationale

PPF Telecom Holdings is an incumbent telecom provider with a dominant market share in fixed broadband and a leading position in the Czech mobile market. PPF Telecom Holdings is the remaining telecom asset of PPF Telecom Group, which is fully controlled by PPF Group a.s. (not rated) following the split with the non-Czech Republic telecom asset (e& PPF Telecom Group B.V.; BBB-/Stable/--) that Emirates Telecommunications Group Co. PJSC (AA-/Stable/A-1+) partially acquired in 2024. PPF Telecom Holdings is the No. 1 provider of fixed and No. 2 in mobile by subscribers (No. 1 in retail mobile revenue market share) in the Czech Republic. According to an independent third party (Analysys Mason), the group had a 33% subscriber market share in fixed broadband (well ahead of No. 2 Vodafone with 14%), 35% in the mobile market (slightly lagging No. 1 T-Mobile with 39%), and 38% in bundled offers (ahead of No. 2 T-Mobile; including mobile, fixed,

voice, and pay TV) as of Dec. 31, 2025. The group is also the leading fixed infrastructure wholesale provider through Cetin Group N.V. with 38% of the fixed subscriber base market share (including the O2 brand), according to the group's data.

In our view, the group's market positions benefit from its well-invested assets and its fully integrated business model. The group's well invested and fully integrated mobile and fixed line networks, owning more than 6,000 mobile sites, 3.6 million fiber to the cabinet (FTTC) homes passed, and 1.2 million FTTH homes passed underpin its key strengths. The group recently completed its 5G mobile network roll out and modernization with 5G coverage now reaching more than 99% of the population. The group owns a diverse mobile spectrum portfolio. The group is a technology agnostic provider in the fixed broadband market with fixed assets including mobile towers, legacy copper, FTTC, FTTH, and fixed wireless access (FWA). Similar to other European peers, the group has accelerated its investments in the fiber roll out, although in a prudent manner with a focus on single-dwelling units. The group has the ambition to further substantially grow its FTTH coverage. Its FTTH coverage has been strengthened by the recent acquisition of small internet service providers (ISPs) such as Nej.cz s.r.o. and Nordic Telecom Regional s.r.o., adding an aggregate of 250,000 subscribers, strengthening both Cetin's and O2's market positions.

We think that PPF Telecom Holdings operates in a relatively stable telecom market with good economic fundamentals. Three MNOs operate in the Czech market. Price competition has been relatively benign, as average revenue per user (ARPU) has grown at a compounded annual rate of 4% since 2020. The mobile spectrum, ranging from 700 megahertz (MHz) to 3,700 MHz, is equally allocated to the three players. Some spectrum licenses have recently been renewed. We understand some of the spectrum licenses will come due in 2029, but given the recent renewal process, we assume this will be done through a renewal process instead of auction. This should limit the risk of new entrants in the mobile market. The group operates in a country with solid economic fundamentals and we expect real GDP to increase at 2.3% and 2.5% in 2026 and 2027, respectively, and a contained inflation rate at about 2% despite the possible inflationary effect of the Middle East conflict through commodity prices. The low unemployment rate (below 3%) and robust real wage growth should support consumer spending. Specifically, the group benefits from cross-selling efforts across the wider PPF Group's portfolios, which we view as an additional catalyst for growth. In 2025, PPF Group's media portfolio, CME TV Nova, started a collaboration with O2 and launched Oneplay, an over the top platform (digital streaming service that delivers video or audio content directly to viewers via the internet), becoming a much larger content provider. O2 Pay TV subscribers reached 1 million (including Oneplay) in 2025, an increase of 14% since 2020.

The group enjoys superior profitability, with S&P Global Ratings-adjusted EBITDA of above 45%, among the highest in the industry. The group generated about €2 billion revenue with S&P Global Ratings-adjusted EBITDA of €971 million in 2025, reflecting a 46% EBITDA margin. The group's superior EBITDA margin compared with average telecom players, at about 25%-40%, reflects its fully integrated business model with a more profitable infrastructure, Cetin, that generated above 50% EBITDA margin in 2025. We think that O2 remains a profitable segment that is comparable with other European telecom peers. We expect the capital expenditure (capex)-to-sales ratio to exceed 20% in 2026 and 2027, because of the continued high capex. Regardless, we anticipate that the group will remain free cash flow positive with FOCF reaching €300 million each year in 2026 and 2027. This reflects S&P Global Ratings-adjusted EBITDA minus capex (excluding spectrum payment) margin of above 25%.

We view the highly fragmented fixed broadband market, FTTH investments lagging peers', and single-market operations as key constraining factors. The Czech Republic fixed broadband

market is characterized by a large number of ISPs covering about 40% of the fixed broadband subscriber base market share while the remaining market share is split into three players. Additionally, the group has lagged its peers in terms of fiber roll out. T-Mobile fiber coverage reached 1.4 million and Vodafone reached 2.0 million in 2025. While the group is accelerating its investment in fiber roll out, we expect its FTTH coverage level will remain behind its direct peers, although it is closing the gap. This, coupled with its incumbent status, could pose a risk to its subscriber base as customers migrate from legacy copper technology to FTTH. This risk has yet to materialize. This is because the group has partially mitigated the risk through inorganic mergers and acquisitions of small ISPs, Nej (in 2024) and Nordic Telecom (in 2025), strengthening its positioning in the fixed broadband market and O2's strong brand reputation in the market.

We forecast a modest deleveraging trend toward 2.6x (S&P Global Ratings-adjusted figures) over the forecast period. We anticipate some improvements in the EBITDA margin to 45%-46% in 2026 and 2027 primarily driven by higher ARPU on premium offers and cost-saving initiatives. We expect large payments related to spectrum renewals in 2027. While we forecast strong cash flow generation, we anticipate any excess cash flow will be distributed as dividend. This should result in a modest deleveraging trajectory to about 2.6x in 2026 and 2027, from 2.7x in 2025.

We currently view the group's liquidity as adequate. As of June 30, 2026, the group had about €176 million in current liquidity sources, and about €500 million available from undrawn committed lines, primarily related to the back stop facility at Cetin. Additionally, we anticipate meaningful positive FOCF generation and about €500 million maturity of unsecured notes at Cetin (due in April 2027) over the 12 months started July 1, 2026, which supports our assessment of adequate liquidity. The next material maturity is when the euro equivalent €328 million PRIBOR + 0.6% floating rate unsecured debt issued by O2 Czech Republic due in November 2028. We understand that the group will address these maturities well in advance. If required, flexibility in dividends and capex could also support near-term liquidity.

The wider PPF Group's creditworthiness is key to PPF Telecom Holdings. PPF Group is an international investment group with a diversified portfolio of businesses, and five core verticals including telecom, media, financial services, real estate, and e-commerce. PPF Group has an aggregate of €12 billion invested equity capital across the portfolio assets. PPF Telecom Holdings operates as a stand-alone operating subsidiary from its wider PPF Group and parent company. While we consider PPF Telecom Holdings as an insulated entity against any group members within PPF Group as well as the parent, the group does not have independent directors and is fully controlled by PPF Group. Therefore, we believe PPF Group's creditworthiness remains a key consideration for our rating on PPF Telecom Holdings.

Outlook

The stable outlook reflects our expectation that PPF Telecom Holdings' revenue and EBITDA will continue to increase because we think that the group will continue to monetize its network upgrades, while maintaining its mobile market shares in the Czech market and remaining prudent with its cost base. We expect that leverage will remain below 2.7x and FOCF to debt will improve to above 10%, excluding spectrum payments.

Downside scenario

We could lower the rating if S&P Global Ratings-adjusted debt to EBITDA sustainably increases above 2.7x, along with FOCF to debt declining to sustainably below 10%. This could result from a more competitive market environment, declining market share due to an increase in competition

in both mobile and fixed, or an unexpected and more aggressive return to shareholders. Alternatively, we could lower the rating if we believe the overall PPF Group's credit profile has weakened because of business underperformance or more aggressive financial policies, including materially weaker overall credit metrics.

Upside scenario

We could upgrade PPF Telecom Holdings if management aimed to adapt its reported leverage target so that it sustains the S&P Global Ratings-adjusted debt to EBITDA at less than 2.2x, with FOCF to debt at more than 15%, excluding spectrum. In addition, this would require our overall PPF Group's credit profile to be higher.

Company Description

PPF Telecom Holdings is a holding company under PPF Group that encompasses the Czech arm of the group as a European telecom providing mobile, fixed broadband, and TV services through O2 Czechia and wholesale fixed and mobile infrastructure services through Cetin Czechia. In 2025, the group generated total revenue of around €1.96 billion and €905 million EBITDAaL, of which

- O2 Czechia delivered revenue of €1.6 billion and EBITDAaL of €481 million; and
- Cetin Czechia delivered revenue of €875 million and EBITDAaL of €426 million.

The group is 100% owned by the PPF Group, with no ownership changes during 2025. The ultimate controlling person is Renáta Kellnerová.

Our Base-Case Scenario

Assumptions

- GDP growth of 2.0%-2.5% in the Czech Republic over the next two to three years.
- S&P Global Ratings' revenue growth of about 1.5% on average over the next three years, supported by the migration from prepaid to postpaid mobile services that feature a higher ARPU, and revenue growth in FWA and FTTH in particular, partially offset by loss of the existing digital subscriber line customers (users who receive high-speed internet over existing copper telephone lines) as fiber penetration and footprint increases.
- S&P Global Ratings-adjusted EBITDA margin to improve gradually over the next two-to-three years, driven mainly by higher ARPU on premium offers as well as operating efficiencies
- Minimal working capital inflow in 2026, outflow of about €10 million in 2027, and a larger amount of about €100 million in 2028, mainly driven by the difference between accounting view on capex and annual cash payments made for content rights.
- Capex, excluding spectrum, of about 20%-23% of revenue, with the exception of 2028 where it is slightly lower (approximately 19%) because we forecast no content acquisition planned for 2028.
- Spectrum capex minimal, with the exception of 2027.
- Total dividend payments of about €250 million in 2026, €110 million in 2027, and €430 million in 2028.

Key metrics

Period ending	Dec-31-2026	Dec-31-2027	Dec-31-2028
(Mil. EUR)	2026e	2027f	2028f
Revenue	2,013	2,017	2,052
Gross profit	1,549	1,566	1,618
EBITDA (reported)	963	979	1,021
Plus: Operating lease adjustment (OLA) rent	--	--	--
Plus/(less): Other	(57)	(57)	(57)
EBITDA	906	922	964
Less: Cash interest paid	(94)	(93)	(94)
Less: Cash taxes paid	(123)	(110)	(107)
Plus/(less): Other	--	--	--
Funds from operations (FFO)	689	719	763
EBIT	492	508	545
Interest expense	95	94	95
Cash flow from operations (CFO)	682	684	706
Capital expenditure (capex)	353	364	339
Free operating cash flow (FOCF)	329	320	367
Dividends	255	111	436
Share repurchases (reported)	--	--	--
Discretionary cash flow (DCF)	74	209	(70)
Debt (reported)	2,182	2,234	2,357
Plus: Lease liabilities debt	266	258	244
Plus: Pension and other postretirement debt	5	5	5
Less: Accessible cash and liquid Investments	(114)	(97)	(97)
Plus/(less): Other	6	6	6
Debt	2,345	2,406	2,515
Equity	1,180	1,365	1,251
FOCF (adjusted for lease capex)	301	278	327
Interest expense (reported)	95	94	95
Capex (reported)	425	445	340
Cash and short-term investments (reported)	114	97	97
Adjusted ratios			
Debt/EBITDA (x)	2.6	2.6	2.6
FFO/debt (%)	29.4	29.9	30.3
EBITDA interest coverage (x)	9.6	9.8	10.2
CFO/debt (%)	29.1	28.4	28.1
FOCF/debt (%)	14.0	13.3	14.6
DCF/debt (%)	3.2	8.7	(2.8)
Lease capex-adjusted FOCF/debt (%)	12.8	11.5	13.0
Annual revenue growth (%)	2.6	0.2	1.7
EBITDA margin (%)	45.0	45.7	47.0
Return on capital (%)	13.9	13.9	14.5

Return on total assets (%)	10.7	10.9	11.3
EBITDA/cash interest (x)	9.6	9.9	10.2
EBIT interest coverage (x)	5.2	5.4	5.8

Liquidity

We assess liquidity as adequate, based on our expectation that liquidity sources to uses will be comfortably above 1.2x in the 12 months. In addition, the group has sound headroom regarding its covenants, good relationships with banks, and a satisfactory standing in capital markets. We also think that PPF Telecom Holdings can absorb high-impact, low-probability events with a limited need for refinancing as we understand it has flexibility to adjust its capex and reduce its dividend distributions.

Our liquidity calculations include:

Principal liquidity sources	Principal liquidity uses
• About €176 million of cash as of July 1, 2026; • Undrawn facility of €500 million maturing in 2030; and • Cash funds from operations of about €700 million.	• About €500 million debt maturities; • Capex of €430 million; and • Dividend payment of about €250 million.

Covenants

The facilities agreements contain financial covenants involving the regular testing of consolidated leverage. These are calculated as consolidated net debt to consolidated EBITDA leverage which may not exceed 4.00 to 1 for the group. These covenants will not be applied to the group if the group has two investment-grade ratings. Similarly, the unsecured debt issued at Cetin and O2 contains financial covenants.

We believe the group has sufficient headroom under its covenants.

Rating Component Scores

Component	
Foreign currency issuer credit rating	BBB/Stable/--
Local currency issuer credit rating	BBB/Stable/--
Business risk	Satisfactory
Country risk	Intermediate risk
Industry risk	Intermediate risk
Competitive position	Satisfactory
Financial risk	Intermediate
Cash flow/leverage	Intermediate
Anchor	bbb
Modifiers	
Diversification/portfolio effect	Neutral/Undiversified
Capital structure	Neutral
Financial policy	Neutral
Liquidity	Adequate
Management and governance	Neutral
Comparable rating analysis	Neutral
Stand-alone credit profile	bbb

Related Criteria

- [Criteria | Corporates | General: Sector-Specific Corporate Methodology - July 07, 2025](#), July 7, 2025
- [Criteria | Corporates | General: Methodology: Management And Governance Credit Factors For Corporate Entities - January 07, 2024](#), Jan. 7, 2024
- [Criteria | Corporates | General: Corporate Methodology - January 07, 2024](#), Jan. 7, 2024
- [General Criteria: Environmental, Social, And Governance Principles In Credit Ratings](#), Oct. 10, 2021
- [General Criteria: Group Rating Methodology - July 01, 2019](#), July 1, 2019
- [Criteria | Corporates | General: Corporate Methodology: Ratios And Adjustments - April 01, 2019](#), April 1, 2019
- [Criteria | Corporates | General: Methodology And Assumptions: Liquidity Descriptors For Global Corporate Issuers - December 16, 2014](#), Dec. 16, 2014
- [General Criteria: Country Risk Assessment Methodology And Assumptions - November 19, 2013](#), Nov. 19, 2013
- [General Criteria: Methodology: Industry Risk - November 19, 2013](#), Nov. 19, 2013
- [General Criteria: Principles Of Credit Ratings - February 16, 2011](#), Feb. 16, 2011

Ratings List

PPF Telecom Holdings B.V. Assigned 'BBB' Rating; Outlook Stable

Ratings List

New Rating

PPF Telecom Holdings B.V.

Issuer Credit Rating	BBB/Stable/--
----------------------	---------------

Certain terms used in this report, particularly certain adjectives used to express our view on rating relevant factors, have specific meanings ascribed to them in our criteria, and should therefore be read in conjunction with such criteria. Please see Ratings Criteria at <https://disclosure.spglobal.com/ratings/en/regulatory/ratings-criteria> for further information. A description of each of S&P Global Ratings' rating categories is contained in "S&P Global Ratings Definitions" at <https://disclosure.spglobal.com/ratings/en/regulatory/article/-/view/sourceId/504352>. Complete ratings information is available to RatingsDirect subscribers at www.capitaliq.com. All ratings referenced herein can be found on S&P Global Ratings' public website at www.spglobal.com/ratings.

Copyright © 2026 by Standard & Poor's Financial Services LLC. All rights reserved.

No content (including ratings, credit-related analyses and data, valuations, model, software or other application or output therefrom) or any part thereof (Content) may be modified, reverse engineered, reproduced or distributed in any form by any means, or stored in a database or retrieval system, without the prior written permission of Standard & Poor's Financial Services LLC or its affiliates (collectively, S&P). The Content shall not be used for any unlawful or unauthorized purposes. S&P and any third-party providers, as well as their directors, officers, shareholders, employees or agents (collectively S&P Parties) do not guarantee the accuracy, completeness, timeliness or availability of the Content. S&P Parties are not responsible for any errors or omissions (negligent or otherwise), regardless of the cause, for the results obtained from the use of the Content, or for the security or maintenance of any data input by the user. The Content is provided on an "as is" basis. S&P PARTIES DISCLAIM ANY AND ALL EXPRESS OR IMPLIED WARRANTIES, INCLUDING, BUT NOT LIMITED TO, ANY WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE, FREEDOM FROM BUGS, SOFTWARE ERRORS OR DEFECTS, THAT THE CONTENT'S FUNCTIONING WILL BE UNINTERRUPTED OR THAT THE CONTENT WILL OPERATE WITH ANY SOFTWARE OR HARDWARE CONFIGURATION. In no event shall S&P Parties be liable to any party for any direct, indirect, incidental, exemplary, compensatory, punitive, special or consequential damages, costs, expenses, legal fees, or losses (including, without limitation, lost income or lost profits and opportunity costs or losses caused by negligence) in connection with any use of the Content even if advised of the possibility of such damages.

Some of the Content may have been created with the assistance of an artificial intelligence (AI) tool. Published Content created or processed using AI is composed, reviewed, edited, and approved by S&P personnel.

Credit-related and other analyses, including ratings, and statements in the Content are statements of opinion as of the date they are expressed and not statements of fact. S&P's opinions, analyses and rating acknowledgment decisions (described below) are not recommendations to purchase, hold, or sell any securities or to make any investment decisions, and do not address the suitability of any security. S&P assumes no obligation to update the Content following publication in any form or format. The Content should not be relied on and is not a substitute for the skill, judgment and experience of the user, its management, employees, advisors and/or clients when making investment and other business decisions. S&P does not act as a fiduciary or an investment advisor except where registered as such. While S&P has obtained information from sources it believes to be reliable, S&P does not perform an audit and undertakes no duty of due diligence or independent verification of any information it receives. Rating-related publications may be published for a variety of reasons that are not necessarily dependent on action by rating committees, including, but not limited to, the publication of a periodic update on a credit rating and related analyses.

To the extent that regulatory authorities allow a rating agency to acknowledge in one jurisdiction a rating issued in another jurisdiction for certain regulatory purposes, S&P reserves the right to assign, withdraw or suspend such acknowledgment at any time and in its sole discretion. S&P Parties disclaim any duty whatsoever arising out of the assignment, withdrawal or suspension of an acknowledgment as well as any liability for any damage alleged to have been suffered on account thereof.

S&P keeps certain activities of its business units separate from each other in order to preserve the independence and objectivity of their respective activities. As a result, certain business units of S&P may have information that is not available to other S&P business units. S&P has established policies and procedures to maintain the confidentiality of certain non-public information received in connection with each analytical process.

S&P may receive compensation for its ratings and certain analyses, normally from issuers or underwriters of securities or from obligors. S&P reserves the right to disseminate its opinions and analyses. S&P's public ratings and analyses are made available on its Web sites, www.spglobal.com/ratings (free of charge), and www.ratingsdirect.com (subscription), and may be distributed through other means, including via S&P publications and third-party redistributors. Additional information about our ratings fees is available at www.spglobal.com/usratingsfees.

STANDARD & POOR'S, S&P and RATINGSDIRECT are registered trademarks of Standard & Poor's Financial Services LLC.