

RATING ACTION COMMENTARY**Fitch Publishes PPF Telecom Holdings' 'BBB' First-Time IDR; Outlook Stable**

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Fitch Ratings - Warsaw - 18 Sep 2026: Fitch Ratings has published PPF Telecom Holdings B.V.'s (PPF TH, formerly PPF TMT Holdco 2 B.V.) first-time Long-Term Issuer Default Rating (IDR) of 'BBB' and senior unsecured instrument rating of 'BBB'. The Outlook on the IDR is Stable.

The rating reflects PPF TH's solid business profile as the incumbent telecom operator in the Czech Republic, with leading positions in fixed and mobile services. The group benefits from robust financial metrics, strong profitability and solid pre-dividend free cash flow (FCF), which we expect to reach about 15% of revenue over the medium term. These strengths are balanced by the group's single-country exposure and operation in a competitive but broadly stable market structure.

The combination of strong FCF generation and a flexible dividend policy provides the group with a discretionary capacity to manage its credit profile. These factors, alongside a record of PPF Group adjusting dividends if required, support the rating.

KEY RATING DRIVERS

Strong Market Position; Rational Market: PPF TH benefits from a strong market position in Czech's competitive but broadly rational and stable telecom market comprising of three participants. The group had a 35% share of mobile service revenue and a leading 44% share of fixed retail revenue in 2025 (up from 29% in 2020), compared with T-Mobile's 39% and 13% and Vodafone's 27% and 16%, respectively. The fixed broadband market remains relatively fragmented. Alternative internet service providers (ISPs) represent 27% of the market, albeit down from 44% in 2020, as customers migrate to convergent offers from larger operators and consolidation progresses.

Retained Financial Flexibility: PPF TH is strongly positioned in the 'BBB' rating category. Its commitment and discretionary capacity to adjust dividend payments to keep leverage within its stated financial policy are important rating considerations. We forecast a pre-dividend FCF margin, excluding spectrum costs, of 13%-14% over the next four years in our base case. This should provide sufficient flexibility to manage leverage in line with its net debt/EBITDA target of up to 2.5x, excluding IFRS 16.

Stable Leverage: Fitch-defined EBITDA net leverage decreased to 2.5x at end-2025 from 2.8x at end-2024, driven by EBITDA growth, in turn aided by revenue improvement and tight cost control. Price rises in the fixed and TV segments supported revenue growth. We expect Fitch-defined EBITDA net leverage to remain stable at 2.5x in our base case. We forecast dividend payments of EUR80 million-400 million in 2026-2030, with the trough in 2027 reflecting a spectrum renewal prepayment. Fitch-defined leverage is about 0.2x-0.3x higher than reported leverage, due mainly to Fitch's treatment of amortisation of costs to obtain contracts and content rights as an expense.

Cash Flow Leverage Supportive: The rating is supported by a stable cash flow from operations (CFO) less capex/debt ratio, excluding spectrum payments. We expect the ratio to remain comfortably within its sensitivities for the rating at 12%-14% in the medium term. This is based on our expectation of strong and improving profitability and solid execution of its capex plan. We assume average capex intensity of 21.7% in 2026-2030. Mobile network investments were mostly completed in 2025, and the group now expects its fibre-to-the-home (FTTH) rollout investments to peak in 2026. Fibre capex has been moderated by its build-out and network-sharing agreement with T-Mobile.

Well Entrenched Mobile Assets: O2, PPF TH's subsidiary, has a solid position in the Czech mobile market, serving around 6.7 million mobile customers in 2025. It operates in a three-operator mobile market structure that should support service revenue growth through data monetisation and migration from prepaid to postpaid. The company has mobile tower- and RAN-sharing agreement with T-Mobile Czech Republic that helps improve economies of scale.

Convergence Supports Market Share: O2's mobile market share has been broadly stable over the past six years, while its fixed market share has increased gradually with the company achieving 1.2 million fixed broadband customers in 2025, partly at the expense of smaller ISPs. Revenue growth and market share gains are supported by its convergent offering and broad portfolio of quality content, including exclusive rights to some popular sports broadcasts for the next four years. This should support subscriber retention over the short-to-medium term.

Competition in Broadband: The Czech broadband market remains competitive and technologically diverse at both the retail and network infrastructure levels. The country typically has two to four local access network providers per region due to fixed wireless access (FWA) and through WiFi operators that hold a significant share compared with other European markets. Fibre accounts for 25% of subscribers, compared with 38% for FWA and WiFi, 14% for cable and 22% for DSL (digital subscriber line). The deployment of fibre by PPF TH should enable it to take market share from WiFi operators due to the vastly improved service quality and capability of fibre.

Fibre Upgrade Accelerates: CETIN Group N.V. (BBB/Stable), the network infrastructure subsidiary of PPF TH, has a fibre-to-the-cabinet (FttC)/DSL network with near-national coverage, while its FttH footprint reached about 1.2 million homes at end-2025. It plans to expand further through own build and partnerships. T-Mobile's FttH rollout with CETIN in parts of the country may pressure some wholesale revenue, although this could be partly offset by higher average revenue per user (ARPU) from FttH, stronger product competitiveness and broader service growth.

FX Risks to Leverage Manageable: PPF TH's and CETIN's borrowings are predominantly euro-denominated, creating an FX mismatch as EBITDA is generated in Czech koruna. Fitch views the impact on leverage as limited, as the koruna has been broadly stable against the euro over the past decade, with a modest appreciation overall.

PEER ANALYSIS

PPF THs consolidated operating and financial profiles benchmark well against those of its peer group of incumbent European operators with a credit profile centred on their domestic operations, such as Royal KPN N.V. (BBB/Positive) and BT Group plc (BBB/Stable).

KPN's operating profile is slightly stronger than PPF TH 's due to the Dutch telecoms market structure, stronger share across all multiple market segments, including corporate and government, EBITDA scale and no FX exposure risk to leverage.

BT, while larger, operates in a much more competitive fixed retail and infrastructure market that results in weaker EBITDA margins. These, coupled with cash contributions to large pension-plan recovery payments, underline a tighter downgrade threshold for leverage than for PPF TH.

PPF TH 's operating profile is similar to that of NOS, S.G.P.S., S.A. (BBB/Stable), a similarly single-country-focused telecom operator with a convergent profile. Both own their fixed-

line networks and benefit from capex savings from network sharing. PPF TH has stronger market positions than NOS and operates in a similar mobile market but has a more competitive fixed infrastructure market. NOS benefits from lower leverage and slightly better CFO less capex-to-debt, while generating lower EBITDA margins.

Significantly larger sector peers, such as Vodafone Group Plc (BBB/Stable) and Orange S.A. (BBB+/Stable), have greater diversification or scale, or lower leverage.

FITCH'S KEY RATING-CASE ASSUMPTIONS

- Revenue of about EUR2 billion in 2026, growing by 1%-2% annually over the next three years
- Fitch-defined EBITDA margin of 41.8% in 2026, gradually increasing to 43% by 2028
- Cash tax of EUR122 million in 2026, before slightly declining to 2029
- Capex (excluding spectrum costs) at 15%-21% of revenue between 2026 and 2029
- Dividends in line with PPF TH's financial net leverage target

CORPORATE RATING TOOL INPUTS AND SCORES

Fitch scored the issuer as follows, using its Corporate Rating Tool (CRT) to produce the Standalone Credit Profile (SCP):

Business and financial profile factors (assessment, relative importance): management ('bbb', Lower), sector characteristics ('bbb', Lower), market and competitive positioning ('bbb', Higher), diversification and asset quality ('bbb-', Moderate), company operational characteristics ('a-', Moderate), profitability ('a-', Moderate), financial structure ('bbb', Higher), and financial flexibility ('bbb', Moderate).

The quantitative financial subfactors are based on standard CRT financial period parameters: 20% weight for the historical year 2025, 40% for the forecast year 2026 and 40% for the forecast year 2027.

The governance assessment of 'good' has no impact.

The operating environment assessment of 'a' has no impact.

The SCP is 'bbb'.

To derive the Long-Term IDR:

Fitch made no adjustments to the SCP, resulting in an IDR of 'BBB'.

RATING SENSITIVITIES

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

- CFO-capex /gross debt consistently below 12%
- A material and sustained decline in EBITDA or FCF, driven by competitive or technology-driven pressure in core business segments
- A change in the financial policy that results in reduced financial flexibility, higher long-term leverage targets, or contractual debt obligations to other parts of the PPF Group. Any substantive increase in PPF Group's dependency on PPF TH's dividends could put pressure on the rating
- EBITDA net leverage above 2.8x on a sustained basis

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

- CFO-capex/gross debt sustainably above 14%
- Sustained growth in FCF leading to improved FCF margins and organic deleveraging capacity
- EBITDA net leverage below 2.3x on a sustained basis

LIQUIDITY AND DEBT STRUCTURE

PPF TH had cash and cash equivalents of EUR176 million as at end-June 2026, supported by an undrawn one-year EUR20 million equivalent working capital line at CETIN a.s., expiring in January 2027, with an extension option included. Other liquidity sources include an undrawn EUR500 million backstop facility at CETIN Group maturing in May 2028, and strong pre-dividend FCF generation.

We expect CETIN Group to refinance its outstanding 2027 EUR500 million bond at the PPF TH level, leaving no debt at CETIN Group. We also expect that its EUR328 million equivalent term loan due in November 2028 will remain at O2 Czech Republic due to favourable financing terms.

The only other debt in the group is a EUR1.4 billion senior unsecured term loan at PPF TH, maturing in December 2029, with an extension option included.

ISSUER PROFILE

PPF TH consolidates PPF Group's telecom assets in the Czech Republic. These include CETIN Group, which operates the incumbent telecoms network, and O2 Czech Republic, which holds a leading position in the mobile and fixed retail market in the Czech Republic.

REFERENCES FOR SUBSTANTIALLY MATERIAL SOURCE CITED AS KEY DRIVER OF RATING

The principal sources of information used in the analysis are described in the Applicable Criteria.

MACROECONOMIC ASSUMPTIONS AND SECTOR FORECASTS

[Click here](#) to access Fitch's latest quarterly Global Corporates Sector Forecasts Monitor data file which aggregates key data points used in our credit analysis. Fitch's macroeconomic forecasts, commodity price assumptions, default rate forecasts, sector key performance indicators and sector-level forecasts are among the data items included.

CLIMATE VULNERABILITY SIGNALS

The results of our Climate.VS screener did not indicate an elevated risk for PPF TH.

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

<https://www.fitchratings.com/topics/esg/products#esg-relevance-scores>.

RATING ACTIONS

ENTITY / DEBT ⇅	RATING TYPE ⇅	RATING ⇅	RATING ACTION ⇅
PPF Telecom Holdings B.V.	LT IDR	BBB Rating Outlook Stable	Publish
senior unsecured	LT	BBB	Publish

[VIEW ADDITIONAL RATING DETAILS](#)

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APPLICABLE CRITERIA

[Corporates Recovery Ratings and Instrument Ratings Criteria \(pub. 02 Aug 2024\)](#)
(including rating assumption sensitivity)

[Corporate Rating Criteria \(pub. 09 Jan 2026\)](#) (including rating assumption sensitivity)

[Sector Navigators – Addendum to the Corporate Rating Criteria \(pub. 09 Jan 2026\)](#)

APPLICABLE MODELS

Numbers in parentheses accompanying applicable model(s) contain hyperlinks to criteria providing description of model(s).

Corporate Monitoring & Forecasting Model (COMFORT Model), v8.2.0 ([1](#))

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