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PPF Telecom Group B.V.

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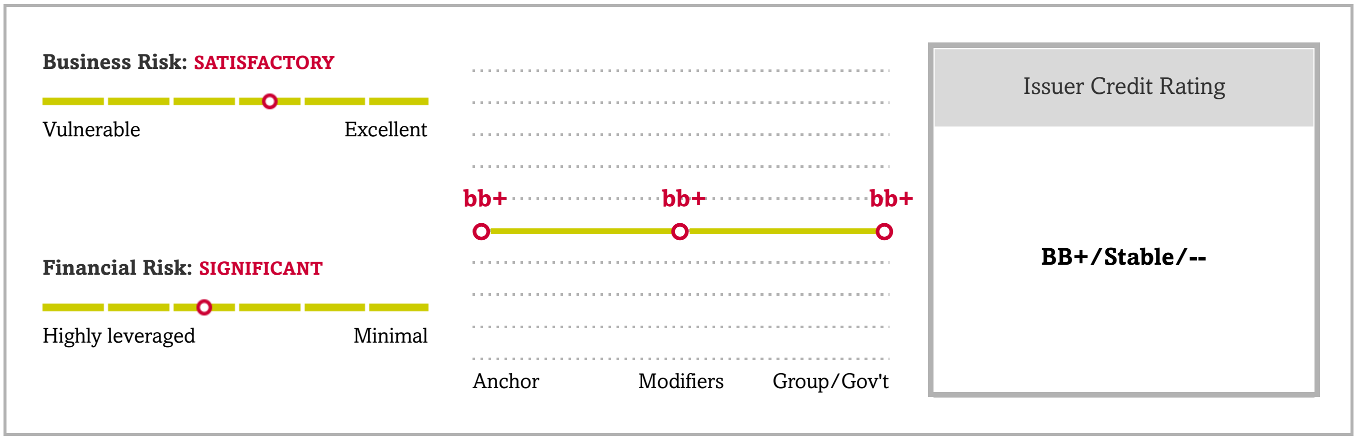
Table Of Contents

PPF Telecom Group B.V.



Credit Highlights

Overview

Key strengths	Key risks
In the Czech retail market, shares the leading mobile position with T-Mobile, and is the No. 1 fixed provider, supported by CETIN Czech's well-invested fixed and mobile network.	PPF Telecom only provides convergent services in the Czech Republic, and mostly mobile services in Slovakia, Hungary, Bulgaria, Serbia and Montenegro.
Ongoing upgrade of wholesale infrastructure provider CETIN's fixed network in the Czech Republic, and continued monetization of the group's subscriber base thanks to its bundling and pricing strategy translated into continued organic revenue growth over the past three years.	O2 Czech Republic (O2 Czech) has a lower market share in domestic fixed broadband compared with other European incumbents, reflecting a very fragmented broadband market.
Leading positions in most of the central and eastern European (CEE) retail mobile markets in which the group operates, where the competitive environment has been relatively stable.	Ongoing investments to upgrade the fixed network, combined with dividends to shareholders, will hamper discretionary cash flows (DCF) and deleveraging capacity.
Above-average profitability, with an S&P Global Ratings-adjusted EBITDA margin exceeding 40%.	Significant debt leverage of 3.4x-3.6x from 2021, corresponding to the low-end of management's reported net debt to EBITDA target of 2.8x-3.2x.

Excluding currency impact, PPF Telecom's revenue and EBITDA excluding International Financial Reporting Standard 16 increased 2.5% and 5% respectively, in 2020. This translates to a 0.4% revenue decline and about 2% EBITDA growth on a reported consolidated basis, and is supported by:

- O2 Czech's focus on bundling and household consolidation, spurred by CETIN Czech's fixed broadband network upgrade, and O2 Czech's investments in exclusive TV content.
- Telenor CEE's continued focus on its current base, fostering average revenue per user (ARPU) growth through pre-paid to post-paid migration (contracted customers accounted for 70% of the base in 2020, compared with 68% in 2019 and 66% in 2018), and bundling of digital services or complementary equipment.

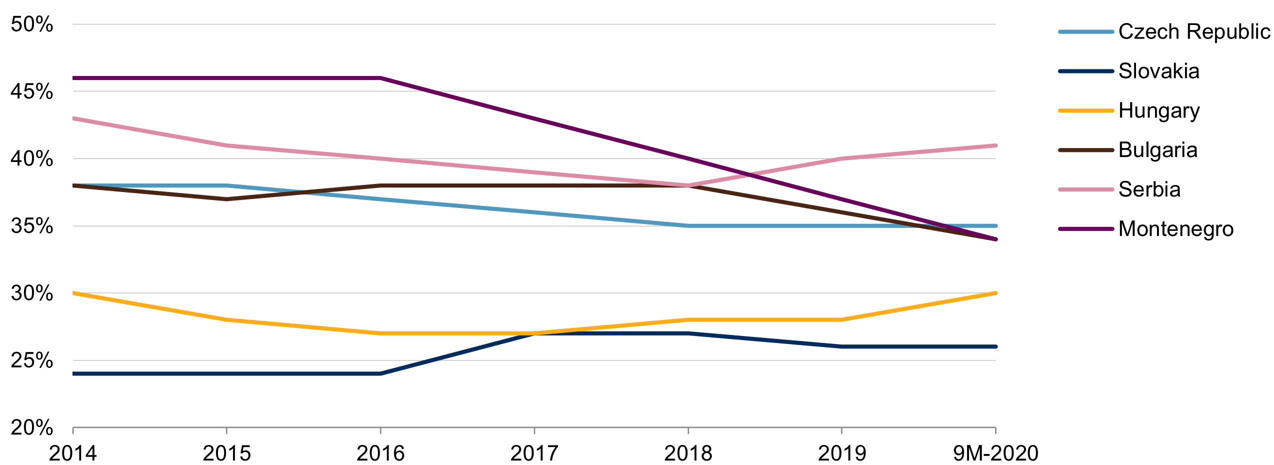
These positive trends in the consumer segment offset the decline in roaming revenue due to travel restrictions spurred by the COVID-19 pandemic. What's more, the improved customer mix and strict cost control supported EBITDA growth and S&P Global Ratings-EBITDA margin improvement to 47.6%, from 45% in 2019. We therefore believe PPF Telecom is successfully monetizing its network upgrades and TV-content investments thanks to its pricing and bundling strategy.

We forecast S&P Global Ratings-adjusted debt to EBITDA of about 3.4x-3.6x from 2021. We believe PPF Telecom will maintain, from 2021, reported consolidated debt to EBITDA in the low-end of its 2.8x-3.2x target, at about 2.8x-3.0x, translating into an S&P Global Ratings-adjusted debt to EBITDA of 3.4x-3.6x, with our adjustments adding about 0.6x. PPF Telecom's leverage target, increasing capital expenditure (capex) for spectrum and the ongoing fixed and mobile network upgrades, combined with sizeable dividend payments, will hamper any material deleveraging prospects in the medium term, in our view.

Relatively stable competitive markets support PPF Telecom's sound market position in mobile telecommunications. PPF Telecom became a midsize European mobile player following its acquisition of Telefonica O2 Czech--later split into O2 Czech and CETIN Czech--in 2013, and Telenor CEE in 2018. PPF Telecom is the No. 1 mobile operator in three of its markets (Bulgaria, Serbia, and Montenegro), shares the leading position with T-Mobile in the Czech Republic, and holds the No. 3 in Slovakia, and No. 2 in Hungary. We believe the mobile markets in which PPF Telecom operates are moderately competitive, based on the presence of three mobile network operators (MNO) in each country. The recent spectrum auctions in all three of main PPF Telecom Group's markets did not bring a major fourth operator to the market, and confirmed that Czech Republic, Slovakia and Hungary will remain three-main-player markets, effectively removing a threat for years to come. So far, these markets have been characterized by relatively low churn rates, with a monthly postpaid churn rate in the Czech Republic below 1%, and broadly stable or slightly improving ARPU. This has limited market share declines in Czech Republic, Bulgaria, and Montenegro, and improved PPF Telecom's positioning in Slovakia, Hungary and Serbia (see chart 1).

Chart 1

PPF Telecom Benefits From A Relatively Stable Market Environment
Mobile subscriber marker share



Source: Companies' reporting.

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O2 Czech has a lower fixed broadband market share than other European incumbents, but its fixed broadband and pay-TV subscriber base is growing as CETIN Czech continues to invest to upgrading its network. O2 Czech's fixed broadband revenue market share is about 30%. This is significantly less than Telekom Austria's 55% share in Austria, and less than larger European peers', which typically have a share exceeding 40%. This reflects a less developed and more fragmented fixed market due to the late and slow rollout of asymmetric digital subscriber line (DSL) technology in the Czech Republic that has favored the emergence of multiple local Wi-Fi and fiber providers, while O2 Czech's subscribers and CETIN's total DSLs have declined until third-quarter 2018. However, the trend has started to reverse since 2018, and during fourth-quarter 2020 CETIN Czech's total DSLs increased 4.4% year on year, and O2 Czech's fixed broadband subscriber base grew by about 2.4% year on year. This is spurred by ongoing fixed network modernization at CETIN Czech--which now provides connection speeds of 50 megabits per second or more on 84% of its connections, up from about 30% in 2015, achieved through DSL upgrades via fiber-to-the-cabinet and now fiber-to-the-home (FTTH) deployment--and a better mix of higher-speed and higher-value fixed subscribers at O2 Czech. Therefore, we believe that CETIN Czech's capacity to monetize its fixed network upgrades and O2 Czech's capacity to ramp up its fixed broadband and pay-TV market share, if confirmed, could strengthen the group's business risk profile in the medium to long term. Although this could be hindered if the merger of Vodafone and UPC leads to fiercer competition or the market share of local Wi-Fi and FTTH providers continues to grow.

Outlook: Stable

The stable outlook reflects our expectation that PPF Telecom will maintain pro rata adjusted EBITDA margin firmly above 45%. We expect the group to continue monetizing its network upgrades and TV-content investments, while maintaining its current mobile market shares and ARPU in all countries of operations. We also forecast adjusted pro rata leverage will remain below 3.75x, and free operating cash flow (FOCF) to debt will approach 15%, when excluding spectrum payments.

Downside scenario

Rating downside is currently remote given PPF Telecom's sound profitability and cash flow generation, and because of its financial policy, but we could lower the rating if adjusted debt to EBITDA sustainably increases above 3.75x, together with FOCF to debt declining to less than 10%. This could result from a more competitive market environment, a push toward convergence in markets where PPF Telecom is a mobile-only operator, or unexpected and more aggressive return to shareholders.

Upside scenario

Although unlikely in the next 12 months, we could raise the rating if PPF Telecom builds a favorable track record of steady fixed broadband and pay-TV market share gains--narrowing the fixed broadband market share gap with other European incumbents--maintains or further improves its mobile positioning, and sustains an adjusted EBITDA margin of more than 40%. We could also upgrade PPF Telecom 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 3.25x, with FOCF to debt at more than 15%, excluding spectrum.

Our Base-Case Scenario

Assumptions

- A recession in the wake of the COVID-19 pandemic, with real GDP contracting in 2020 by 8.6% in Czech Republic, 6.0% in Slovakia, 6.3% in Hungary, 4.5% in Bulgaria, 1.5% in Serbia, and 9.5% in Montenegro. In 2021, we expect real GDP will recover by 4.9% in Czech Republic, 4.3% in Slovakia, 4.5% in Hungary, 4.0% in Bulgaria, 4.5% in Serbia, and 5.0% in Montenegro.
- We envisage some, although not material, near-term adverse effects of the recession given the largely subscription-based business model of PPF Telecom and the recession-resistant nature of telecom services.
- Consolidated pro rata revenue growth of 5%-7% in 2021 supported by growth in all three subsidiaries.
- Adjusted pro rata EBITDA margin largely stable at about 48% in 2021, from 47.6% in 2020. The cost benefits from renewal of IT systems, cost-efficiency programs, and modest net synergies from the Telenor CEE acquisition support this margin level.
- Stable total capital expenditure (capex) accounting for about 24%-26% of pro rata sales (19%-21% of consolidated revenues) in 2021. Such level of capex is mainly fueled by spectrum and brand license payments, in addition to continued investments to upgrade CETIN Czech's fixed network.
- Dividends to PPF Group and to minority shareholders of O2 Czech, CETIN Group and Telenor Hungary of €700 million-€800 million in 2021, so that the group's net reported debt to EBITDA is in line with the low-end of its 2.8x-3.2x target.

Key metrics

PPF Telecom Group B.V.--Key Metrics*

	2019a	2020a	2021f	2022f
Pro rata revenue (bil. €)	2.5	2.5	2.5-2.7	2.5-2.7
Pro rata adjusted EBITDA (bil. €)	1.1	1.2	1.2-1.3	1.2-1.3
Pro rata adjusted debt to EBITDA (x)	3.2	3.3	3.4-3.6	3.4-3.6
FFO to debt (%)	26.2	26.3	21-23	22-24
FOCF to debt (%)§	21.8	20.2	14-17	14-17

*All figures adjusted by S&P Global Ratings. §Excluding spectrum payments. a--Actual. f--Forecast. FFO--Funds from operations. FOCF--Free operating cash flow.

We expect consolidated pro rata revenue will recover from 2021. This reflects ARPU growth at Telenor CEE especially in Bulgaria (low level), and pre to post-paid migration. O2 Czech's "more for more strategy" and the conversion of part of its subscriber base to its unlimited data plans will support ARPU improvement and planned revenue growth, in our opinion. After 2021, we forecast globally stable revenue at CETIN, as growth in infrastructure business supported by ongoing network investment will offset the structurally declining transit business.

PPF Telecom's infrastructure activities will support sound EBITDA margins. We factor in our assessment PPF Telecom's sound profitability, with an adjusted EBITDA margin exceeding 45%. This is mainly supported by CETIN Group's high infrastructure margin of about 70% on a reported basis, when excluding the low-margin international transit business.

We expect negative discretionary cash flow (DCF) at least over the next two years, due to hefty capital outlays and dividend payments. We expect PPF Telecom's investments to upgrade the fixed network and acquire spectrum bands will account for about 24%-28% of the group's pro rata sales and limit FOCF generation at €450 million–€600 million in 2021 and 2022. This, combined with dividends to shareholders, will hamper DCF and results in an estimate S&P Global Ratings-adjusted debt to EBITDA of 3.4x-3.6x in 2021.

Company Description

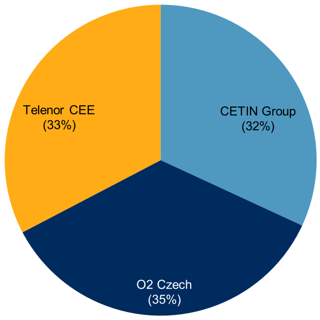
PPF Telecom Group B.V. is a European telecom group operating in six markets: the Czech Republic (through O2 for retail activities and CETIN Czech as an independent wholesale fixed and mobile infrastructure provider), Slovakia (through the O2 brand), and Hungary, Bulgaria, Serbia, and Montenegro (through the Telenor brand for retail activities and CETIN Group as an independent wholesale mobile infrastructure provider in all geographies except Montenegro). PPF Telecom offers mobile, fixed broadband, and internet protocol television in Czech Republic, as well as mobile services only in its other five operating countries. It also offers wholesale fixed and mobile services in the Czech Republic, and wholesale mobile services in Hungary, Bulgaria, and Serbia after it voluntarily separated its network from commercial activities in 2020 in these countries.

In 2020, PPF Telecom generated about €3.2 billion of consolidated revenue, and €1.4 billion of consolidated reported EBITDA, 32% of which is contributed by CETIN Group (including Hungary, Bulgaria, and Serbia), 35% by O2 Czech (including Slovakian operations), and 33% from Telenor CEE (chart 2). In the same year, PPF Telecom had 18.3 million mobile customers--including 6.0 million in the Czech Republic, 3.4-3.5 million each in Hungary and Bulgaria, 3.2 million in Serbia and Montenegro, and 2.2 million in Slovakia (chart 3).

PPF Telecom is part of PPF Group N.V., an international investment conglomerate with four pillars: telecom, financial services, real estate, and media.

Chart 2

PPF Telecom's Consolidated EBITDA Breakdown By Entity For 2020



Source: Company's reporting.

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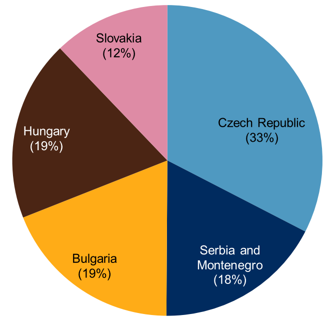
Chart 3

PPF Telecom's Mobile Subscriber Base By Country



Source: Company's reporting. Data as of year-end 2020.

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Peer Comparison

Table 1

PPF Telecom Group B.V.--Peer Comparison

Industry sector: Diversified telecom

	PPF Telecom Group B.V.	Telekom Austria AG	Koninklijke KPN N.V.	Telecom Italia SpA	Cyfrowy Polsat S.A.
Ratings as of March 22, 2021	BB+/Stable/--	BBB+/Stable/A-2	BBB/Stable/A-2	BB+/Negative/B	BB+/Positive/--
	--Fiscal year ended Dec. 31, 2019--				
(Mil. €)					
Revenue	2,490.1	4,565.2	5,499.0	18,201.0	2,746.3
EBITDA	1,121.5	1,553.2	2,381.0	7,951.0	987.1
Funds from operations (FFO)	927.3	1,371.6	2,073.7	6,663.0	785.9
Interest expense	136.3	109.7	287.3	1,432.0	105.5
Cash interest paid	78.0	111.5	314.3	1,170.0	123.9
Cash flow from operations	1,143.0	1,346.5	2,019.7	5,971.0	721.9
Capital expenditure	402.0	870.7	1,114.0	3,640.0	318.6
Free operating cash flow (FOCF)	741.0	475.9	905.7	2,331.0	403.3
Discretionary cash flow (DCF)	185.0	335.8	379.0	2,052.0	263.4
Cash and short-term investments	795.0	140.3	1,041.0	4,137.0	174.9
Debt	3,544.3	3,781.7	6,453.5	32,951.1	3,046.7
Equity	2,261.0	2,595.9	2,490.5	22,626.0	3,402.2

Table 1

PPF Telecom Group B.V.--Peer Comparison (cont.)

Industry sector: Diversified telecom

	PPF Telecom Group B.V.	Telekom Austria AG	Koninklijke KPN N.V.	Telecom Italia SpA	Cyfrowy Polsat S.A.
Adjusted ratios					
EBITDA margin (%)	45.0	34.0	43.3	43.7	35.9
Return on capital (%)	6.7	10.1	9.4	5.7	7.4
EBITDA interest coverage (x)	8.2	14.2	8.3	5.6	9.4
FFO cash interest coverage (x)	12.9	13.3	7.6	6.7	7.3
Debt/EBITDA (x)	3.2	2.4	2.7	4.1	3.1
FFO/debt (%)	26.2	36.3	32.1	20.2	25.8
Cash flow from operations/debt (%)	32.2	35.6	31.3	18.1	23.7
FOCF/debt (%)	20.9	12.6	14.0	7.1	13.2
DCF/debt (%)	5.2	8.9	5.9	6.2	8.6

NR--Not rated.

Our business risk assessment for PPF Telecom is in the same category as that for Telekom Austria, KPN, and Telecom Italia because they all enjoy leading market positions in their respective home countries. However, PPF Telecom is not as dominant as Telekom Austria in its domestic market for fixed broadband. It also has less business diversification in its CEE markets where it is a mobile only operator, while Telekom Austria is mostly a convergent player. It is also a smaller player than, for instance, KPN or Telecom Italia.

Although in the same category for business risk, we believe PPF Telecom compares favorably with Cyfrowy Polsat as the group is larger in scale, more diversified geographically, and enjoys a stronger mobile position.

Business Risk: Satisfactory

Our assessment of PPF Telecom's business risk is supported by its strong position in the mobile markets of most of the countries in which it operates. We also see the group's geographic diversification in six CEE countries, strong adjusted EBITDA margin exceeding 45%, sound mobile network capacity, and the ongoing upgrade of its fixed broadband network in the Czech Republic as business strengths.

Balancing these strengths are O2 Czech's lower market share in fixed broadband compared with other European incumbents. The operator's Czech revenue market share is about 30%, significantly less than Telekom Austria's 55% fixed broadband market share in Austria. PPF Telecom also lacks convergence in five of its six countries of operations. We believe that a push toward convergence from existing fixed-mobile local competitors in these countries would be detrimental to PPF Telecom, although we have not seen it to date because churn rates are relatively low in markets with three MNOs.

Financial Risk: Significant

Our view of PPF Telecom's financial risk profile is supported by our expectation that pro rata adjusted debt to EBITDA will be at 3.4x-3.6x, and FOCF (excluding spectrum payments) to debt will approach or exceed 15% (10%-13% including spectrum payments) in 2021 and 2022. Our assessment also factors in the group's dividend policy and net consolidated reported leverage target of 2.8x-3.2x (our adjustments add about 0.6x).

Financial summary

Table 2

PPF Telecom Group B.V.--Financial Summary

Industry sector: Diversified telecom

	--Fiscal year ended Dec. 31--		
	2020	**2019**	**2018**
(Mil. €)			
Revenue	2,452.9	2,490.1	1,908.2
EBITDA	1,166.6	1,121.5	832.8
Funds from operations (FFO)	996.7	927.3	678.2
Interest expense	129.8	136.3	81.8
Cash interest paid	71.0	78.0	71.7
Cash flow from operations	1,216.0	1,143.0	761.3
Capital expenditure	620.0	402.0	309.0
Free operating cash flow (FOCF)	596.0	741.0	452.3
Discretionary cash flow (DCF)	(78.0)	185.0	39.3
Cash and short-term investments	790.0	795.0	435.0
Gross available cash	790.0	795.0	435.0
Debt	3,796.6	3,544.3	3,806.1
Equity	1,836.0	2,261.0	2,163.0
Adjusted ratios			
EBITDA margin (%)	47.6	45.0	43.6
Return on capital (%)	7.7	6.7	6.3
EBITDA interest coverage (x)	9.0	8.2	10.2
FFO cash interest coverage (x)	15.0	12.9	10.5
Debt/EBITDA (x)	3.3	3.2	4.6
FFO/debt (%)	26.3	26.2	17.8
Cash flow from operations/debt (%)	32.0	32.2	20.0
FOCF/debt (%)	15.7	20.9	11.9
DCF/debt (%)	(2.1)	5.2	1.0

Reconciliation

Table 3

Reconciliation Of PPF Telecom Group B.V. Reported Amounts With S&P Global Ratings' Adjusted Amounts (Mil. €)

	--Fiscal year ended Dec. 31, 2020--							
PPF Telecom Group B.V. reported amounts								
	Debt	**Shareholders' equity**	**Revenue**	**EBITDA**	**Operating income**	**Interest expense**	**S&P Global Ratings' adjusted EBITDA**	**Cash flow from operations**
	4,271.0	1,348.0	3,170.0	1,425.0	696.0	141.0	1,166.6	1,287.0
S&P Global Ratings' adjustments								
Cash taxes paid	--	--	--	--	--	--	(122.0)	--
Cash interest paid	--	--	--	--	--	--	(71.0)	--
Reported lease liabilities	498.0	--	--	--	--	--	--	--
Accessible cash and liquid investments	(748.5)	--	--	--	--	--	--	--
Asset-retirement obligations	46.5	--	--	--	--	--	--	--
Nonoperating income (expense)	--	--	--	--	3.0	--	--	--
Reclassification of interest and dividend cash flows	--	--	--	--	--	--	--	(71.0)
Noncontrolling interest/minority interest	--	488.0	--	--	--	--	--	--
Debt: Other	(270.4)	--	--	--	--	--	--	--
Revenue: Other	--	--	(717.1)	(717.1)	(717.1)	--	--	--
EBITDA: Other	--	--	--	458.6	458.6	--	--	--
Interest expense: Other	--	--	--	--	--	(11.2)	--	--
Funds from operations: Other	--	--	--	--	--	--	23.2	--
Total adjustments	(474.4)	488.0	(717.1)	(258.4)	(255.4)	(11.2)	(169.8)	(71.0)
S&P Global Ratings' adjusted amounts								
	Debt	**Equity**	**Revenue**	**EBITDA**	**EBIT**	**Interest expense**	**Funds from operations**	**Cash flow from operations**
	3,796.6	1,836.0	2,452.9	1,166.6	440.6	129.8	996.7	1,216.0

We deconsolidate from reported figures, including debt, revenue, and EBITDA, 32.31% of O2's, 10.27% of CETIN Group's, and 25% of Telenor Hungary's corresponding figures, to reflect the existence of meaningful minority shareholders.

Our adjustments to debt also include the addition of operating leases of about €500 million, and asset-retirement obligations of about €47 million. We also exclude about €40 million of consolidated cash. We do not net €1.5 million of restricted cash at CETIN Group, and about €40 million of cash reserves maintained at Telecor CEE for operating purposes, because this may not be immediately accessible to PPF Telecom to repay debt.

Liquidity: Adequate

We view PPF Telecom's liquidity as adequate, based on our expectation that the ratio of liquidity sources to uses will be comfortably above 1.2x in the 12 months from Jan. 1, 2021. In addition, PPF Telecom has sound headroom vis-à-vis its covenants, good relationships with banks, and a satisfactory standing in capital markets. We also believe PPF Telecom has the ability to absorb high-impact, low-probability events with limited need for refinancing as we understand it has flexibility to adjust its capex and reduce its dividend distributions.

Principal liquidity sources	Principal liquidity uses
• Cash and liquid investments of €790 million as of Dec. 31, 2020. • An undrawn €200 million revolving credit facility (RCF) maturing in 2023. • Sizable cash FFO of €1.1 billion-€1.2 billion.	• Limited debt maturities as the €625 million bond issued by CETIN Group and maturing in December 2021 is backed by an undrawn and committed liquidity back-up facility signed in July 31, 2020. • Capex of about €650 million-€700 million, including our assumptions for spectrum payments. • Dividends of about €750 million-€800 million, including dividends paid to PPF Telecom's shareholders and to minority shareholders at O2 Czech, CETIN Group, and Telenor Hungary level.

Debt maturities

- 2021: €645 million
- 2022: €20 million
- 2023: €278 million
- 2024: €1.35 billion
- Thereafter: €2.2 billion

Covenant Analysis

We expect adequate headroom under PPF Telecom's net leverage ratio, set at 4.5x, and its interest coverage ratio of 3.0x from 2020. In addition, we expect the group will comply with its net proportionate leverage covenant of 2.5x at CETIN Group and O2 Czech, as well as its net proportionate leverage covenant of 1.0x at Telenor CEE.

Issue Ratings - Recovery Analysis

Key analytical factors

- The issue rating assigned to the secured bonds issued by PPF Telecom is 'BB+'. The recovery rating is '3', indicating our expectation of a meaningful recovery (rounded estimate: 50%) in an event of payment default. The recovery prospects are supported by our valuation of PPF Telecom as a going concern and the secured nature of the debt at PPF Telecom level. It is constrained, however, by the structural subordination of PPF Telecom's secured debt, to O2 Czech's and CETIN Group's unsecured debt.
- We view the security package as limited, comprising pledges over shares in PPF Telecom and in the holding companies owning 67.83% of O2 Czech, 89.73% of CETIN Group, and 100% of Telenor (except for Telenor Hungary, in which PPF Telecom now owns 75%), as well as pledges of bank accounts of the holding company. There are no direct pledges over CETIN Group and O2 Czech's shares, and we understand securities assigned to the proposed bond will be released once secured debt at PPF Telecom is extinguished.
- The debt documentation offers borrowers operational flexibility, as well as creditor's protection, in our opinion. For example, we note the presence of a net consolidated leverage ratio at 4.5x at group level. What's more, incurrence of debt at subsidiary level is limited by a 2.5x net proportionate maximum leverage at CETIN Group and O2 Czech and by a 1.0x net proportionate maximum leverage at Telenor.
- Our hypothetical default scenario envisions a combination of increased competition between telecom providers, and a push toward convergence, where the group operates as mobile-only, resulting in subscriber loss, lower profitability, and cash burn.
- We value PPF Telecom as a going concern, being a mid-size European telecom operator with strong mobile market positions, low churn, and established network asset base in several CEE countries.

Simulated default assumptions

- Year of default: 2024
- Jurisdiction: Czech Republic
- Minimum capex (percentage of 2018 pro forma revenue): 6%
- Cyclicality adjustment factor: 0% (standard sector assumption for telecom and cable)
- Operational adjustment: 55% (reflecting our assumptions that on a hypothetical path to default, minimum capex will be in excess of 6%)
- Emergence EBITDA after recovery adjustments: about €540 million
- Implied enterprise value multiple: 6.0x

Simplified waterfall

- Gross recovery value: about €3.2 billion
- Net recovery value for waterfall after administrative expenses: about €3.1 billion
- Estimated senior secured debt claims: about €3.0 billion
- Recovery expectation: 50%-70% (rounded estimate: 50%)

All debt amounts include six months of prepetition interest. RCF assumed 85% drawn. Recovery expectation is rounded down to the nearest 5%.

Ratings Score Snapshot

Issuer Credit Rating

BB+/Stable/--

Business risk: Satisfactory

- **Country risk:** Intermediate
- **Industry risk:** Intermediate
- **Competitive position:** Satisfactory

Financial risk: Significant

- **Cash flow/leverage:** Significant

Anchor: bb+

Modifiers

- **Diversification/portfolio effect:** Neutral (no impact)
- **Capital structure:** Neutral (no impact)
- **Financial policy:** Neutral (no impact)
- **Liquidity:** Adequate (no impact)
- **Management and governance:** Fair (no impact)
- **Comparable rating analysis:** Neutral (no impact)

Related Criteria

- General Criteria: Group Rating Methodology, July 1, 2019
- Criteria | Corporates | General: Corporate Methodology: Ratios And Adjustments, April 1, 2019
- General Criteria: Methodology For Linking Long-Term And Short-Term Ratings, April 7, 2017
- Criteria | Corporates | General: Recovery Rating Criteria For Speculative-Grade Corporate Issuers, Dec. 7, 2016
- Criteria | Corporates | Recovery: Methodology: Jurisdiction Ranking Assessments, Jan. 20, 2016
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- Criteria | Corporates | Industrials: Key Credit Factors For The Telecommunications And Cable Industry, June 22, 2014
- General Criteria: Methodology: Industry Risk, Nov. 19, 2013
- Criteria | Corporates | General: Corporate Methodology, Nov. 19, 2013

- General Criteria: Country Risk Assessment Methodology And Assumptions, Nov. 19, 2013
- General Criteria: Methodology: Management And Governance Credit Factors For Corporate Entities, Nov. 13, 2012
- General Criteria: Use Of CreditWatch And Outlooks, Sept. 14, 2009

Business And Financial Risk Matrix

	Financial Risk Profile					
Business Risk Profile	Minimal	Modest	Intermediate	**Significant**	Aggressive	Highly leveraged
Excellent	aaa/aa+	aa	a+/a	a-	bbb	bbb-/bb+
Strong	aa/aa-	a+/a	a-/bbb+	bbb	bb+	bb
Satisfactory	a/a-	bbb+	bbb/bbb-	**bbb-/bb+**	bb	b+
Fair	bbb/bbb-	bbb-	bb+	bb	bb-	b
Weak	bb+	bb+	bb	bb-	b+	b/b-
Vulnerable	bb-	bb-	bb-/b+	b+	b	b-

Ratings Detail (As Of March 31, 2021)*

PPF Telecom Group B.V.	
Issuer Credit Rating	BB+/Stable/--
Senior Secured	BB+
Issuer Credit Ratings History	
14-Mar-2019	BB+/Stable/--

*Unless otherwise noted, all ratings in this report are global scale ratings. S&P Global Ratings' credit ratings on the global scale are comparable across countries. S&P Global Ratings' credit ratings on a national scale are relative to obligors or obligations within that specific country. Issue and debt ratings could include debt guaranteed by another entity, and rated debt that an entity guarantees.

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