

March 2019

# PPF Arena 1 Group Company presentation

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1. Introduction to PPF Group and PPF Arena 1
2. Overview of key assets and market positioning
3. Financial performance and policies

## Appendix

1. Key financial metrics

# **Introduction to PPF Group and PPF Arena 1**

# PPF Group is an international investment group founded in 1991 in Czechia

**37.9** billion EUR  
total assets<sup>1</sup>

**7.3** billion EUR  
equity<sup>1</sup>

**0.6** billion EUR  
net income<sup>1</sup>

**152 ths.**  
employees<sup>1</sup>

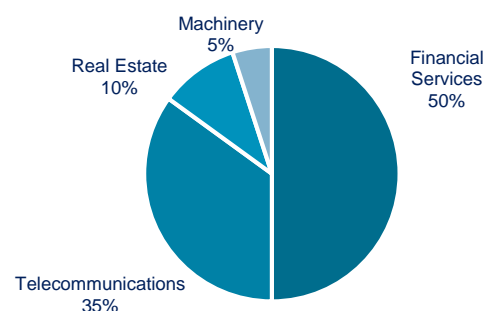
## PPF GROUP OPERATES IN 22 COUNTRIES



Source: PPF Group Annual Reports

Diverse business activities encompassing banking and financial services, telecommunications, biotechnology, insurance, real estate, and agriculture

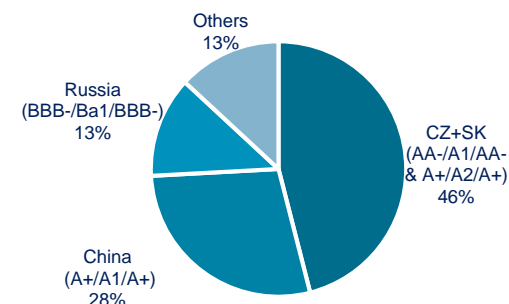
## EQUITY BY SEGMENT<sup>1</sup>



Source: PPF Group Annual Reports

## ASSETS BY COUNTRY<sup>2</sup>

*Pro forma, incl. Telenor*



## SHAREHOLDERS



**Petr Kellner**

Founder and majority shareholder

**98.93 %**



**Ladislav Bartoníček**

CEO of PPF Arena 1

**0.535 %**



**Jean-Pascal Duvieusart**

Member of Board of Directors of Home Credit and PPF Real Estate




**0.535 %**

1. Assets and equity as of 30 June 2018, net income for the period of 12 months up to 30 June 2018, number of employees as of 30 June 2018

2. Telenor's enterprise value of EUR 2.7bn included in Others category of the top of PPF Group's consolidated assets as of 31 December 2017

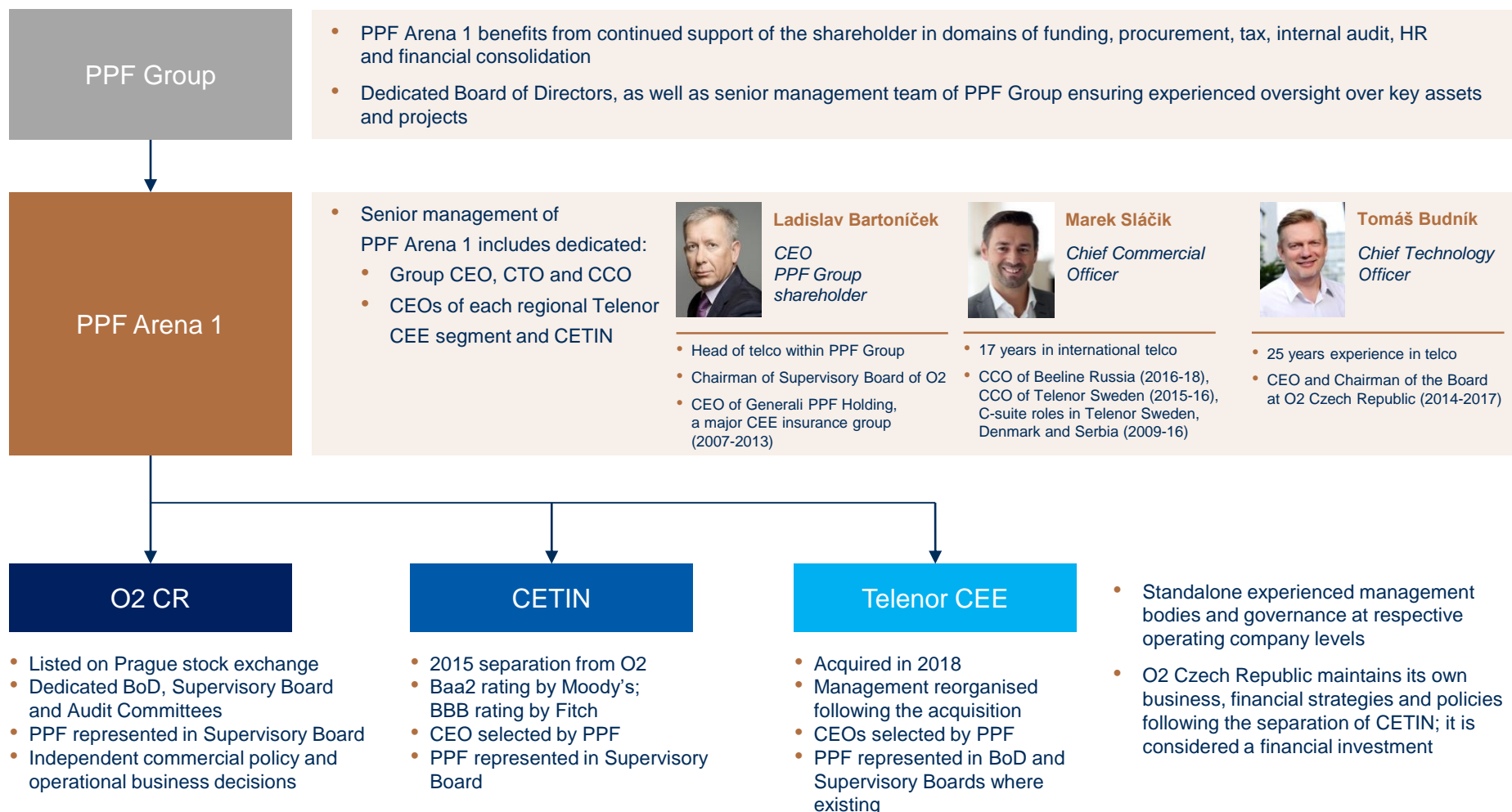
# PPF Group's key portfolio pillars

A long-term investor operating in 22 countries and ~10 sectors

PPF GROUP (established 1991)		
TELECOMMUNICATIONS (since 2013)	FINANCIAL SERVICES (since 1997)	REAL ESTATE (since 1996)
PPF Arena 1 B.V.	PPF Financial Holdings B.V.	PPF Real Estate B.V.
		
<ul style="list-style-type: none"> <li>Strategic pillar in PPF's portfolio</li> <li>Gradually built its position in the CEE to become a relevant regional player</li> <li>Diversified geography and products</li> <li>Long-term investment of PPF valuable for its low risk profile and stable cash flows</li> </ul>	<ul style="list-style-type: none"> <li>Subject to European banking regulation (CRR/CRD IV)</li> <li>PPF banka is focused on corporate and municipal clients, bringing stable profitable results. PPF banka is a treasury bank for PPF Group</li> <li>Home Credit (est. 1997) growing organically to 10 countries nowadays</li> <li>Multiple level of diversification (geographies, product mix, development stage)</li> </ul>	<p>Platform managing PPF's international real estate projects both internally or through partnerships with key focus on:</p> <ul style="list-style-type: none"> <li>Cash flow generating projects from office and industrial sector, limited exposure to residential sector</li> <li>Efficient acquisitions, development and operations</li> <li>Increased diversification; geographically and sector-wise</li> </ul>
<b>7.6</b> bn EUR total assets           <b>1.2</b> bn EUR EBITDA           <b>2.2</b> bn EUR equity	<b>29.0</b> bn EUR total assets           <b>2.7</b> bn EUR equity	<b>2.0</b> bn EUR total assets           <b>0.5</b> bn EUR equity
Data as of 31 December 2018	Data as of 30 June 2018	Data as of 30 June 2018
Source: PPF Arena 1 unaudited pro forma condensed consolidated financial information	Source: PPF Group N.V. Condensed interim consolidated financial statements for the six months ended 30 June 2018	Source: PPF Group N.V. Condensed interim consolidated financial statements for the six months ended 30 June 2018

# Established governance

## Experienced management and sound governance throughout the Group



# Developed CSR practices

## CSR policies are adopted by all operating companies

- Standalone policies at the levels of operating companies allow PPF Group to support its CSR commitments with local communities and the respective regions of operation, bringing a varying range of support extended by the Group
- Apart from the standalone policies, Group companies<sup>1</sup> adhere to PPF Code of Ethics, an internal programme aimed at ensuring compliance with rules of ethics, morals, applicable legal regulations and international treaties, for its group member and business partners

### PPF Group

- The Kellner Family Foundation, a foundation of Renata and Petr Kellner, has contributed over CZK 600m to various projects focusing on three areas in particular: education, the arts and science

### O2 CR

- O2 is guided by its own published business principles. O2 publishes an annual CSR report which tracks its progress and achievements on environmental issues, corporate culture improvements and community support
- O2 has certified environmental and energy management systems in place to monitor energy usage and CO<sub>2</sub> emissions and to control recycling volumes

### CETIN

- CETIN cooperates with a prominent technical university in Czechia, the Czech Technical University in Prague, in joint project offices, supporting R&D activities on cyber-security and other telco challenges
- CETIN also supports Prague Spring International Music Festival, one of the highlights of European cultural calendar. In 2018 CETIN also became the main partner of The Summer Shakespeare Festival in four major Czech cities

### Telenor CEE

- Telenor Bulgaria and Serbia publish annual CSR reports, tracking progress of sustainability initiatives. Digital literacy and internet safety programmes are among the key areas of cooperation with local communities
- Telenor Hungary's flagship CSR project is Hipersuli (HiperSchool), an education programme covering 20 schools, providing digital and mobile resources to teachers and students. Internal sustainability policy, including future reporting requirements on non-financial performance, is being developed
- Through a partnership with the UNICEF in Montenegro, Telenor supported the project "Digital Safety for Every Child" aimed at introducing digital literacy through primary education

1. Except O2 that operates independently on PPF Group

Source: relevant websites of PPF Group, CETIN, O2, Telenor Bulgaria, Serbia, Hungary and Montenegro



# Key Credit Highlights

1

**Market leading businesses with strong brand recognition, high quality assets and superior network coverage**

- Stable market leading positions across 6 European markets
  - #1 to #2 positions in most retail markets by both revenue and customer share
- Quality brand positioning in all markets
- High quality mobile networks with full coverage
- National fixed network infrastructure in Czechia

2

**Stable markets with positive trends supporting growth**

- Stable and supportive macroeconomic environment in Czechia and Slovakia
- Positive macroeconomic trend in investment grade Hungary and Bulgaria with faster consumer spending growth than in the rest of Europe
- Predictable regulatory environment in all markets
- Growing demand for data and multi-play propositions in all regions
- Track record of stable performance in all markets

3

**Diversified, strong and stable cash flow generation**

- EBITDA generation well diversified across 6 independent streams
- Group cash conversion rate historically around 50%<sup>1</sup>
- Strong interest coverage ratios both at consolidated group level and at PPF Arena 1 level

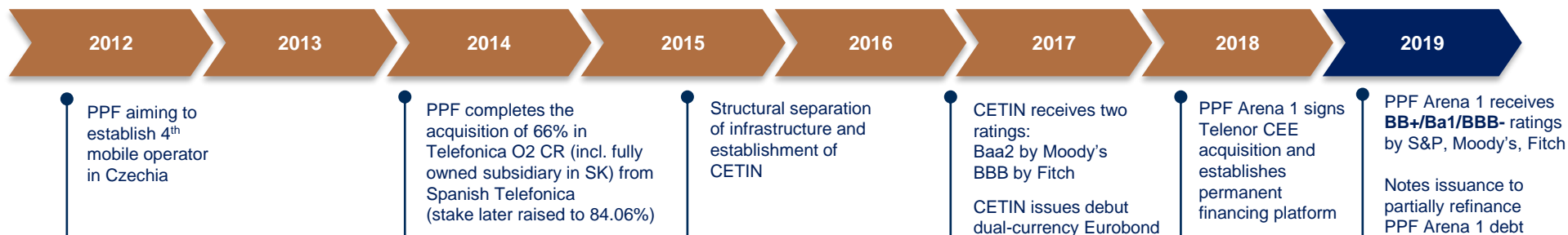
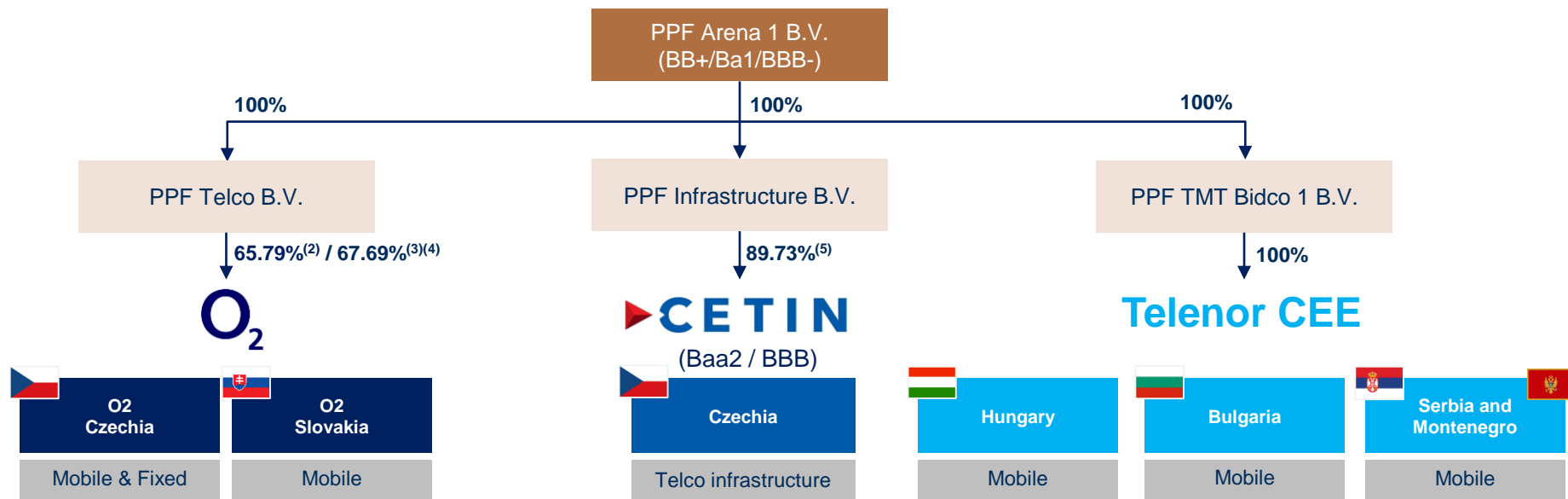
1. Cash conversion = Free cash flow / EBITDA; based on unaudited pro forma condensed consolidated financial information for 2017-2018  
 2. Average mobile revenue market share across the whole group  
 3. #1 position in mobile and fixed markets combined; #1 position in mobile market shared with T-Mobile  
 4. Market share and subscribers number reported for mobile segment only



Source: Company data, Analysys Mason

# PPF Arena 1 Group highlights

A cluster of market-leading telecom assets<sup>1</sup>



1. The chart represents the simplified group structure to illustrate main segments within PPF Arena 1 B.V.

2. Share in share capital

3. Share in voting rights; the difference to share in share capital is due to ownership of own shares by O2 Czech Republic which may not exercise voting rights

4. PPF A3 B.V. and PPF Cyprus Management Ltd, entities of the PPF Group outside of the PPF Arena 1 Group, hold together an additional 15.27% ownership interest in O2 Czech Republic, resulting in effective ownership interest of the PPF Group in O2 Czech Republic of 81.06%

5. PPF A3 B.V., an entity of the PPF Group outside of the PPF Arena 1 Group, owns the remaining 10.27% ownership interest in CETIN, resulting in an effective interest of the PPF Group in CETIN of 100.0%

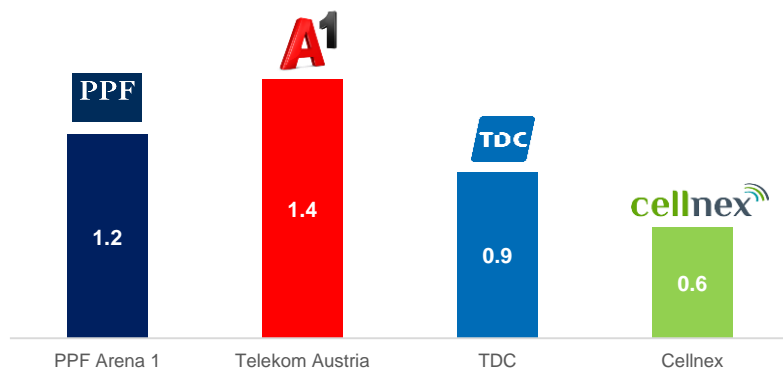
Source: Company data

# PPF Arena 1 Group highlights

## PPF Arena 1 emerged as a key telecom player in the CEE region

- **PPF Arena 1 is a mid-size European Telecom operator** with consolidated 2018 EBITDA of EUR 1.2bn<sup>1</sup>, comparable to Telekom Austria, TDC or Cellnex
- **With 16.4 million subscribers in 6 countries, PPF Arena 1 is well-positioned as a key player in the CEE region**
- **Well-diversified business mix with strong positions in mobile operations in the CEE region**, where the group enjoys #1 or #2 market positions (except SK) and benefits from supportive macroeconomic trends
- Favourable geographic mix with the combination of operations in:
  - Solid growth and highly rated Czechia and Slovakia which remain the core region of operations and where the company enjoys the ex-incumbent status (59.6% of EBITDA<sup>1</sup>)
  - High growth and investment grade Hungary and Bulgaria (28% of EBITDA<sup>1</sup>)
  - Additional exposure to Montenegro and Serbia (13% of EBITDA<sup>1</sup>)

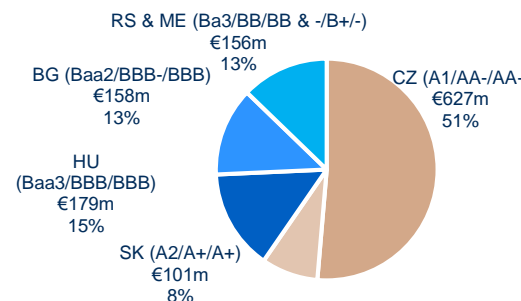
### A MID-SIZE TELECOM OPERATOR (EBITDA IN EURbn)



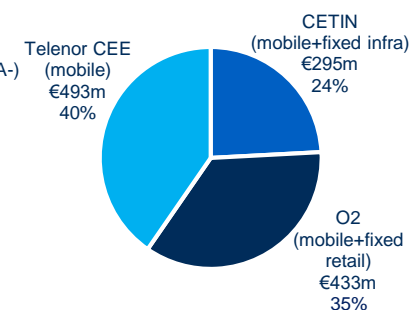
Source: Company data; Telekom Austria, TDC and Cellnex 2018 Annual reports and investor presentations

### WELL BALANCED MIX OF OPERATIONS

#### Geographical EBITDA split<sup>2</sup>

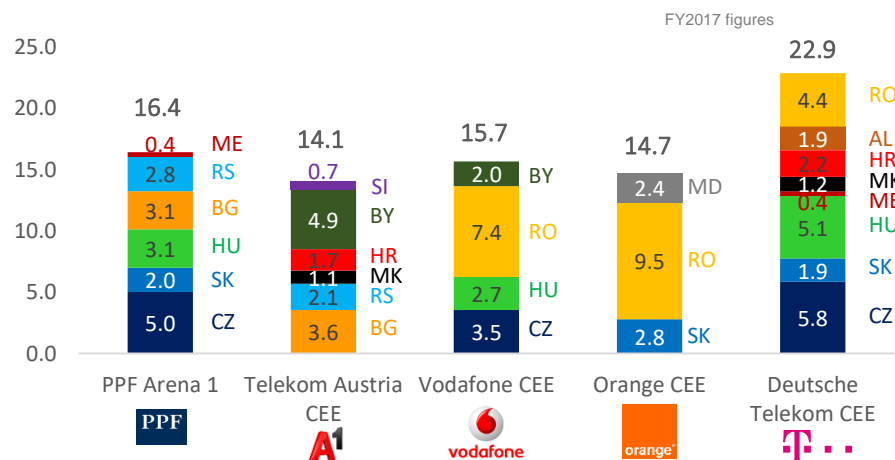


#### Business EBITDA split<sup>2</sup>



Source: Unaudited pro forma condensed consolidated financial information; sovereign ratings

### TOP MOBILE PLAYER IN THE CEE<sup>3</sup> REGION (# CUSTOMERS IN MLN)



Source: PPF Arena 1 figures as per Company data; Analysys Mason

1. Based on based on unaudited pro forma condensed consolidated financial information. Historical 2018 EBITDA for PPF Arena 1 Group amounts to EUR 940m  
 2. Based on based on unaudited pro forma condensed consolidated financial information excluding eliminations and flows from unallocated segment (which amount to negative EUR 2m)  
 3. Excluding Poland

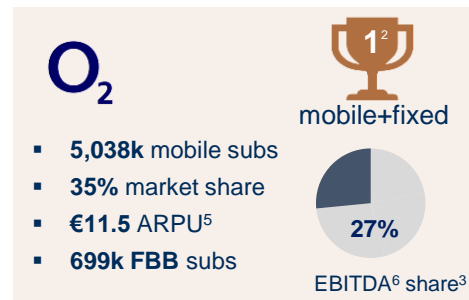
# Overview of key assets and market positioning



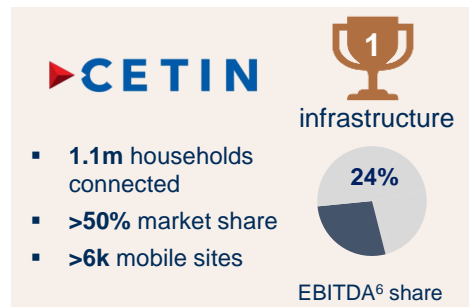
# Strong and stable position in 6 markets

Market leader in medium-sized CEE countries with 35% market share<sup>1</sup>

## Czechia



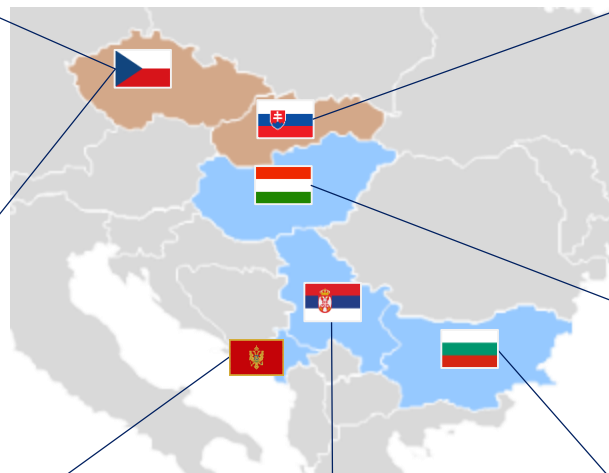
## Czechia



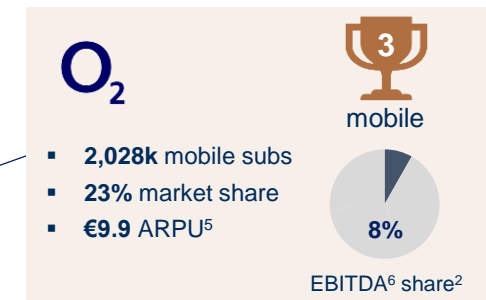
## Montenegro



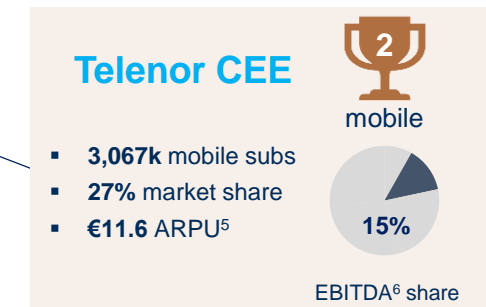
## PPF Arena 1 Group 2018



## Slovakia



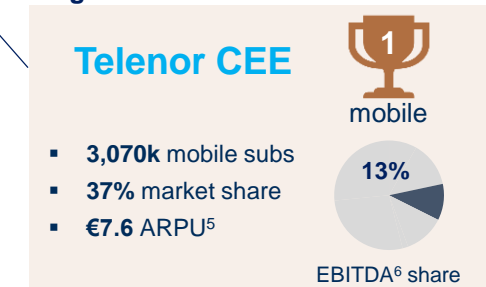
## Hungary



## Serbia



## Bulgaria



Source: Company data, Analysys Mason; EBITDA shares based on FY2018 results, KPIs based on 2017 data

1. Market share for the CEE region is calculated as the average of mobile revenue market share for all countries where PPF Arena 1 is active
2. #1 position in mobile and fixed markets combined; #1 position in mobile market shared with T-Mobile
3. O2 CZ and SK are a financial investment for PPF only, with independent management and business policies
4. EBITDA share for Serbia and Montenegro are reported on a consolidated basis

5. ARPU is calculated according to IAS 18
6. Based on based on unaudited pro forma condensed consolidated financial information

# CETIN Highlights

Largest Czech provider of mobile and fixed telco infrastructure



## BUSINESS DESCRIPTION

- **An operator of the incumbent and largest network infrastructure** in Czechia representing a unique resilient business model as an infrastructure-only wholesale operator underpinned by solid commercial agreements
- **Operates two main divisions:** domestic network services and international transit services
- **Domestic market champion** with unparalleled fixed, mobile and transit infrastructure networks
- **Key customers:** O2 Czechia, T-Mobile Czechia and Vodafone Czechia
- **Investment grade rating:** Moody's Baa2, Fitch Ratings BBB
- **More than half of EBITDA secured by long-term take-or-pay contracts** for mobile, fixed and data centre services

## KEY CREDIT FACTORS

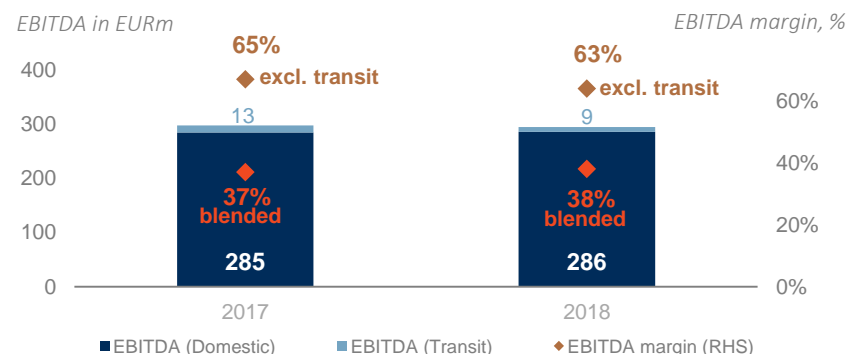
- **Stable profitability, robust balance sheet and strong free cash flows with efficient cost base and stable capex**
- **Domestic Fixed & Mobile Segment:** attractive and predictable financial performance underpinned by long-term contracts
  - More than 50% CETIN EBITDA is secured by long-term contracts
  - Infrastructure partner of O2 in all downstream retail markets
- **International Transit Segment:** CETIN is one of the largest international carriers in CEE providing voice services to over 200 operators worldwide
  - Considerable revenues with a low EBITDA margin and minimal required operating and CAPEX costs

## KEY KPI'S AND FINANCIALS

KPI's	FY18A	
Mobile sites	6,000+	
Mobile population coverage	99.6%	
Fixed - Households passed (m)	4.3	
Fixed - Households connected (m)	1.1	
Fibre optic cables (km)	43,900	
Key Financials (EURm) <sup>1</sup>	FY17A	FY18A
Revenue	803	779
EBITDA	298	295
Capex	155	158
EBITDA less Capex	143	137

Source: Company data; published FY2018 CETIN results

## EBITDA DYNAMICS



Source: Published FY2018 CETIN results converted using the EUR/CZK rate of 26.36 in 2017 and 25.65 in 2018

1. Based on unaudited pro forma condensed consolidated financial information

# O2 Highlights

Largest Czech provider of fixed-mobile convergent telco services



## BUSINESS DESCRIPTION

- **O2 is a leading fixed-mobile convergent telco provider in Czechia**
- **Broad offering incl. mobile+fixed voice, data, FBB, IPTV, ICT**, datacentre housing and cloud services to consumers, businesses and public segment
- PPF currently holds 81.06% (83.40% of voting rights); listed on Prague stock exchange with free float (16.14%) and market cap of c. CZK76bn (EUR3.0bn)<sup>1</sup>
- Operates a wholly owned subsidiary O2 SK established in 2007 dedicated to Slovak market:
  - 3rd largest mobile operator with subscriber base of over 2m
  - The most successful MNO in the most profitable Consumer segment
  - Contributes 20% of O2 CR Group revenues

## KEY CREDIT FACTORS

- **Strong presence in Czechia and Slovakia**
  - **Czechia**: #1 fixed broadband (31%), shared #1-#2 mobile (35%), #1 fixed voice (69%) and key challenger in Pay-TV
  - **Slovakia**: #3 mobile (23%) with growing customer base (+4.7% YoY) and ARPU (+0.7% YoY)
- **Sustainable revenue growth of 0.8% in 2018<sup>2</sup>**
- **Diversified customer base** comprising retail, corporations and government
- **Best positioned player in Czechia to offer multi-play propositions** enabling O2 to offer bundled services, consisting of packages of mobile services, fixed home internet access and O2 TV
- **Asset light business model implying high cash conversion**; following structural separation O2 does not spend network CAPEX

Source: Analysys Mason

1. As of 7 March 2019, based on Company Data and O2 CR corporate website

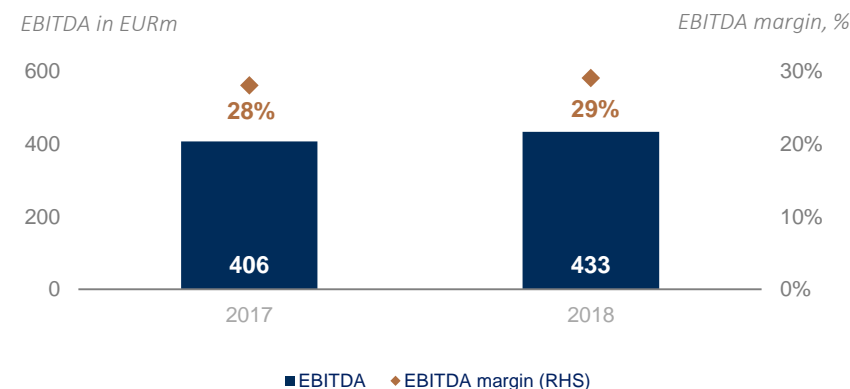
2. Country data based on unaudited pro forma condensed consolidated financial information; the total is a simple sum of CZ+SK figures, not a consolidated figure

## KEY KPI'S AND FINANCIALS

KPI's	FY18A		
	Czech	Slovak	CZ+SK TOTAL
Mobile subs (k)	5,038	2,028	7,066
Mobile ARPU (EUR/month)	11.5	9.9	-
Fixed voice lines (k) CZ	514	-	514
xDSL accesses (k) CZ	699	-	699
PayTV subs (k) CZ	335	-	335
<b>Key Financials (EURm)<sup>2</sup></b>			
Revenue	1,205	292	1,497
EBITDA	332	101	433
Capex	129	43	172
EBITDA less Capex	203	58	261

Source: Company data

## EBITDA DYNAMICS



Source: unaudited pro forma condensed consolidated financial information

# Telenor CEE<sup>2</sup> Highlights

## Leading mobile operations across four CEE markets



### BUSINESS DESCRIPTION

- In July 2018 PPF Arena 1 Group finalised acquisition of Telenor CEE Group from Norwegian incumbent telecom operator Telenor
- Market leading positions across all markets by revenue market share:
  - #2 HU, #1 BG, #1 RS, #1 ME
- Well promoted, high quality mobile network
- Attracting and upselling valuable customers drives ARPU high
- Lean organisation resulting in strong financial results

### RATIONALE FOR TELENOR CEE ACQUISITION

#### 1. Geographic expansion

- Repositioned PPF into a relevant regional player
- Diversified earnings

#### 2. Cross-border synergies

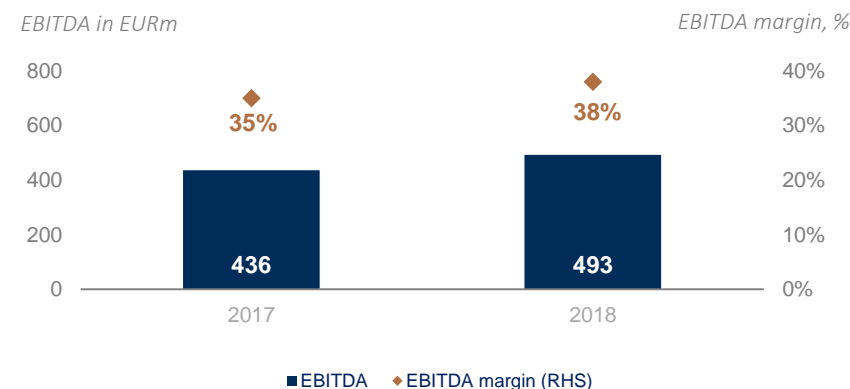
- O2/CETIN/Telefónica experience facilitated the takeover of Telenor CEE
- Sharing best operational practices
- Investing in innovation and technology for the whole group

### KEY KPI'S AND FINANCIALS

KPI's	FY17A	FY18A
Mobile subs (k)	9,443	9,322
Mobile ARPU <sup>3</sup> (EUR/month)		
Hungary	11.4	11.6
Bulgaria	6.9	7.6
Serbia	8.6	8.5
Montenegro	10.5	10.0
<b>Key Financials (EURm)<sup>1</sup></b>		
Revenue	1,261	1,307
EBITDA	436	493
Capex	94	94
EBITDA less Capex	342	399

Source: Company data

### EBITDA DYNAMICS



Source: unaudited pro forma condensed consolidated financial information

1. Based on unaudited pro forma condensed consolidated financial information  
 2. Telenor CEE Group  
 3. Based on IAS 18



# Focus on Telenor CEE

## Hungary



### KEY KPI'S AND FINANCIALS

KPI's	FY17A	FY18A
Mobile subs (k)	3,125	3,067
o/w prepaid	1,231	1,127
o/w B2C customer postpaid small screen	646	685
Mobile ARPU <sup>3</sup> (EUR/month)	11.4	11.6
o/w prepaid	4.1	3.9
o/w B2C customer postpaid small screen	22.9	23.3
4G coverage (population)	99%	99%
<b>Key Financials (EURm)<sup>1</sup></b>		
Revenue	497	517
EBITDA	157	179
Capex	35	34
EBITDA less Capex	122	145

### KEY CREDIT FACTORS

- **A pioneer in mobile broadband technology in Hungary**, delivering the widest and one of the fastest 4G coverage in the country
- According to a non-profit organization OpenSignal, Hungary has one of the best 4G LTE networks worldwide
- **Network sharing deal** with T-Mobile driving operational efficiency
- **Stable market share** of revenues 27% for the past 3 years
- Strong pre-2-post migration growth driving continuous **growth of blended ARPU and revenues**
- Data consumption growth as a potential for further up-sell

## Bulgaria



### KEY KPI'S AND FINANCIALS

KPI's	FY17A	FY18A
Mobile subs (k)	3,153	3,070
o/w prepaid	695	624
o/w B2C customer postpaid small screen	1,627	1,646
Mobile ARPU <sup>3</sup> (EUR/month)	6.9	7.6
o/w prepaid	2.8	2.9
o/w B2C customer postpaid small screen	9.7	10.4
4G coverage (population)	92%	97%
<b>Key Financials (EURm)<sup>1</sup></b>		
Revenue	345	375
EBITDA	123	158
Capex	24	23
EBITDA less Capex	99	135

Source: Company data

### KEY CREDIT FACTORS

- **Revenue market share leader** with increasing revenue market share in the last 3 years
- Bulgarian market ARPU level below other markets with potential for further growth
- **Upselling subscribers** to higher value and significant pre-2-post migration
- **Network NPS** above competitors
- Mobile data as significant driver for customers up-sell
- Focus on digitalisation (MyTelenor app, one-touch payment) driving retail store optimisation and improving operational efficiency

1. Based on unaudited pro forma condensed consolidated financial information  
 2. Based on IAS 18

# Focus on Telenor CEE

## Serbia



### KEY KPI'S AND FINANCIALS

KPI's	FY17A	FY18A
Mobile subs (k)	2,811	2,820
o/w prepaid	1,258	1,184
o/w B2C customer postpaid small screen	980	1,075
Mobile ARPU <sup>3</sup> (EUR/month)	8.6	8.5
o/w prepaid	3.4	3.1
o/w B2C customer postpaid small screen	14.5	13.6
4G coverage (population)	94%	96%
<b>Key Financials for Telenor Serbia and Montenegro combined (EURm)<sup>1</sup></b>		
Revenue	419	415
EBITDA	156	156
Capex	35	37
EBITDA less Capex	121	119

### KEY CREDIT FACTORS

- Telenor Serbia is **the largest mobile telecommunications provider** in Serbia by revenue share and with minor presence in fixed line market
- Telenor Serbia's network has the widest coverage in Serbia
- **A reputable network**, brand loved and promoted by customers
- Unique **mix of premium and free digital services** create differentiation and loyalty resulting in above market level ARPU
- **Strong pre-2-postpaid migration** causing revenue growth
- Data growth is an opportunity for **revenue growth through up-sell**

## Montenegro



### KEY KPI'S AND FINANCIALS

KPI's	FY17A	FY18A
Mobile subs (k)	355	366
o/w prepaid	199	208
o/w B2C customer postpaid small screen	85	93
Mobile ARPU <sup>3</sup> (EUR/month)	10.5	10.0
o/w prepaid	6.2	5.5
o/w B2C customer postpaid small screen	16.4	15.6
4G coverage (population)	98%	98%
<b>Key Financials for Telenor Serbia and Montenegro combined (EURm)<sup>1</sup></b>		
Revenue	419	415
EBITDA	156	156
Capex	35	37
EBITDA less Capex	121	119

Source: Company data

### KEY CREDIT FACTORS

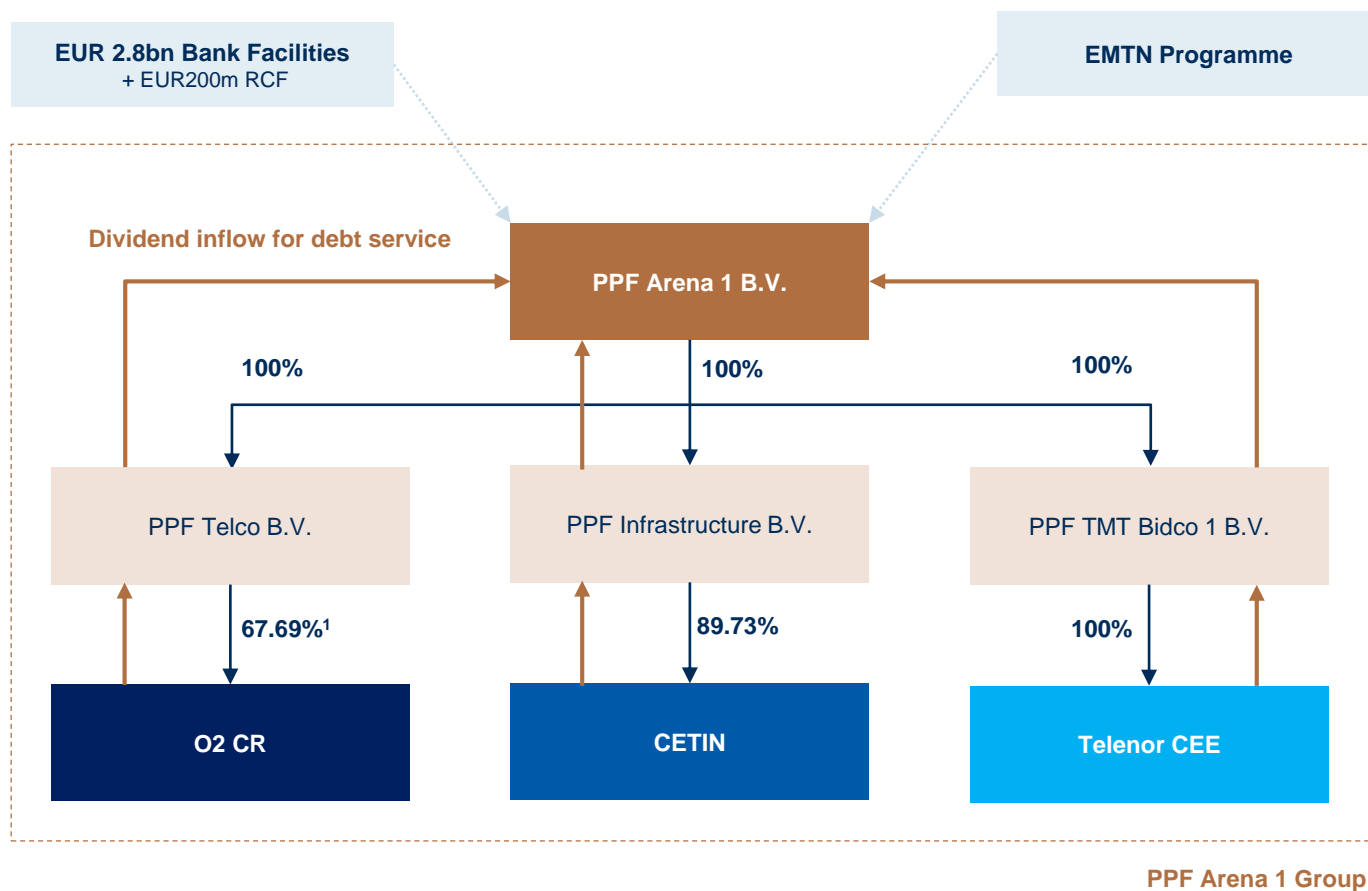
- Telenor Montenegro was the first mobile market entrant and is **the largest mobile telecommunications provider** in Montenegro by revenue and with minor fixed voice business
- **A reputable network**, brand loved and promoted by customers. Telenor Montenegro benefits from sustainable ARPU premium vs. its competitors
- Operating in a distinctly seasonal market – summer tourist destination
- **Stable revenue market share**
- Robust data growth creates an opportunity for sustained ARPU and revenues
- The market is recently affected by regional roaming regulation

1. Based on unaudited pro forma condensed consolidated financial information  
 2. Based on IAS 18

# Financial performance and policies

# Group financing structure

## Centralising financing structure of PPF's telecom business



- **EMTN Programme** established to diversify financing sources for PPF Arena 1 perimeter
- **Initial drawdowns** to be directed at refinancing the bank facilities put in place for acquisition of Telenor assets, while extending portfolio duration
- **Bondholders** will be *pari passu* with secured lenders

### KEY CREDIT METRICS

2.9x

Consolidated Net Leverage Ratio<sup>2</sup>  
31 Dec 2018

10.0x

Interest cover<sup>3</sup>  
2018

0.8x

Opcos' Net Leverage Ratio<sup>4</sup>  
31 Dec 2018

Source: Company data

1. Share of voting rights as of 31 December 2018

2. Consolidated Net Leverage Ratio = consolidated Gross Debt less Cash / EBITDA based on unaudited pro forma condensed consolidated financial information

3. Interest cover = EBITDA based on unaudited pro forma condensed consolidated financial information / interest expense

4. Opcos' Net Leverage Ratio = aggregate Gross Debt of Opcos (O2 CZ, CETIN, Telenor CEE) less Cash / EBITDA of Opcos based on unaudited pro forma condensed consolidated financial information

# Group debt overview

More than two thirds of consolidated debt at PPF Arena 1 level

## OVERVIEW OF KEY INDEBTEDNESS<sup>1</sup> BY TYPE AS OF 31-DEC-2018

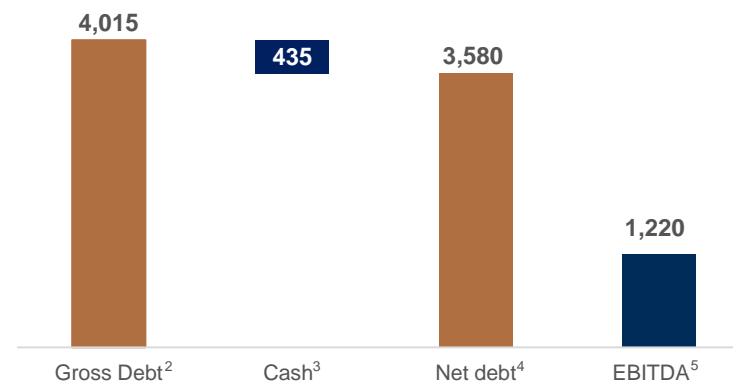
Entity	Facility	Size (EUR)	Maturity
PPF Arena 1	Term Loan	2,792m	Jul 2023 / Jul 2024
Gross Debt	2,792m		
March 2019 update: PPF Arena 1 issued EUR 550m Senior Secured Notes due March 2026, net proceeds of which were used to prepay the term loan.			
O2	Term Loan	272m	Dec 2020
	SSD EUR FRN, CZK FIX and FRN	137m	3 tranches in 2022 3 tranches in 2024
Gross Debt	409m		
CETIN	Bonds (EUR)	625m	Dec 2021
	Bonds (CZK)	189m	Dec 2023
Gross Debt	814m		

Source: Company data

## CONSOLIDATED NET LEVERAGE RATIO<sup>6</sup> AS OF 31-DEC-2018

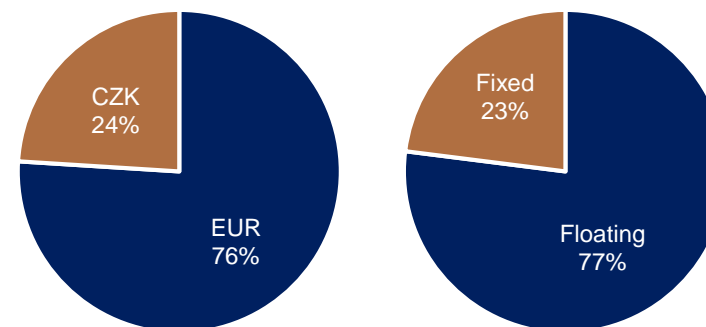
2.9x

in EURm



Source: Company data

## GROSS DEBT BREAKDOWNS AS OF 31-DEC-2018



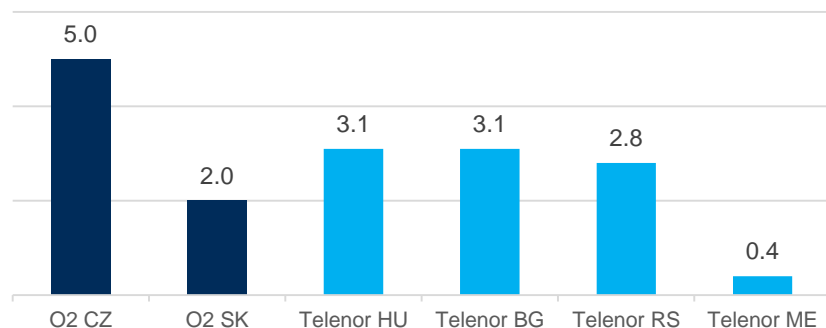
1. Excluding RCF and overdraft facilities; CZK-denominated debt converted using the exchange rate of EUR/CZK of 25.72
2. Gross Debt = aggregate outstanding principal amount of debt of PPF Arena 1 Group
3. Cash and cash equivalents include EUR 173m of Czech treasury bills, which fulfil the definition of cash equivalents in both loan documentation and bond terms and conditions
4. Net debt = Gross Debt less Cash and cash equivalents
5. 2018 EBITDA based on unaudited pro forma condensed consolidated financial information
6. Consolidated net leverage ratio = consolidated Gross Debt less Cash and cash equivalents / EBITDA based on unaudited pro forma condensed consolidated financial information

# Group key metrics

Diversified regional telco group with strong base in Czechia and Slovakia

## # OF SUBSCRIBERS 2018 (MOBILE SEGMENT)

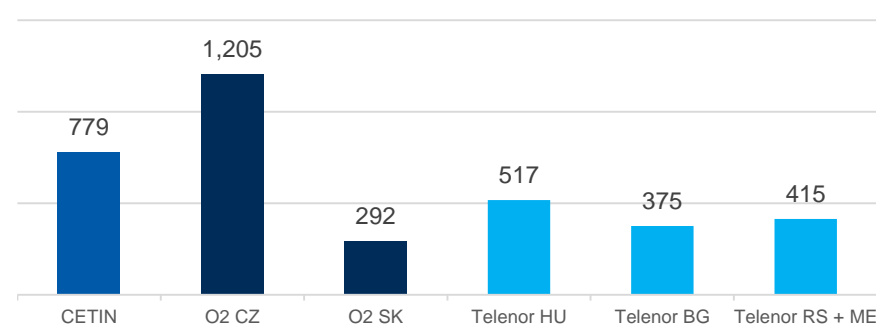
Total mobile subscribers 16.4m



Source: Company data

## REVENUES 2018 (EURm)<sup>1</sup>

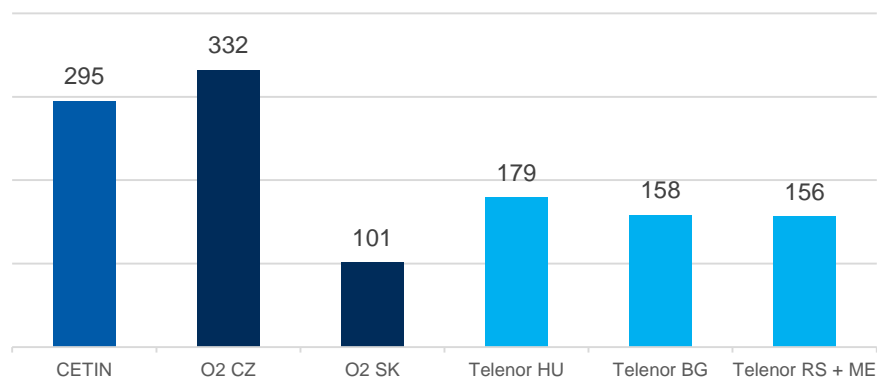
Total consolidated revenues EUR 3,165m



Source: Company data

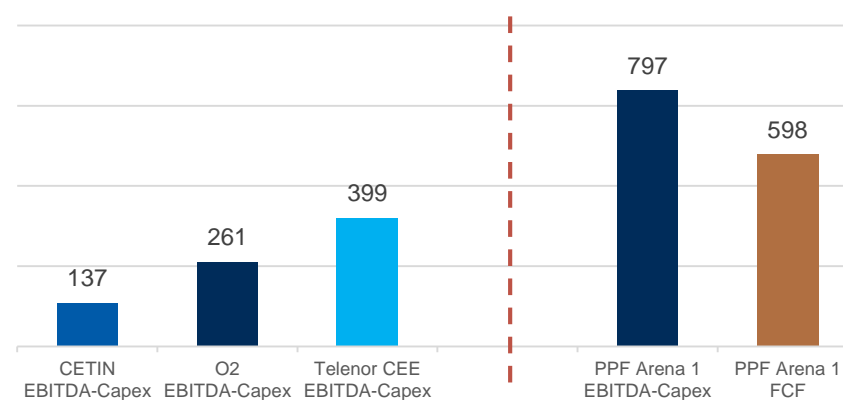
## EBITDA 2018 (EURm)<sup>1</sup>

Total consolidated EBITDA EUR 1,220m



Source: Company data

## EBITDA LESS CAPEX 2018 (EURm)<sup>1</sup>



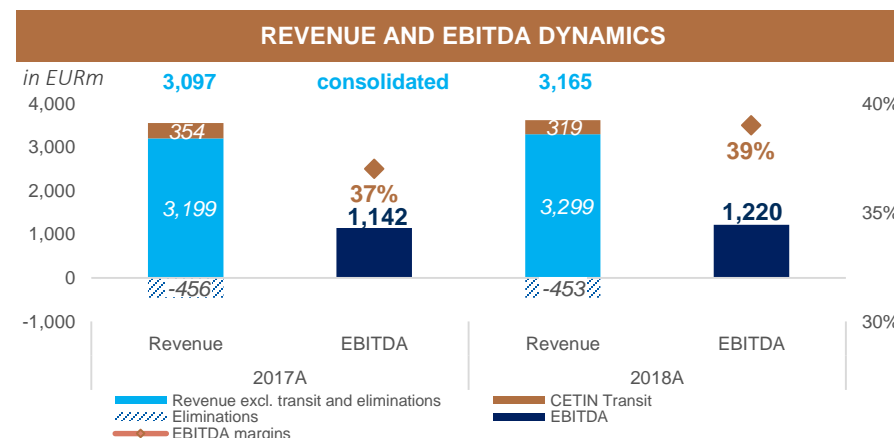
Source: Company data

1. Based on unaudited pro forma condensed consolidated financial information excluding the effect of eliminations and flows from unallocated segment

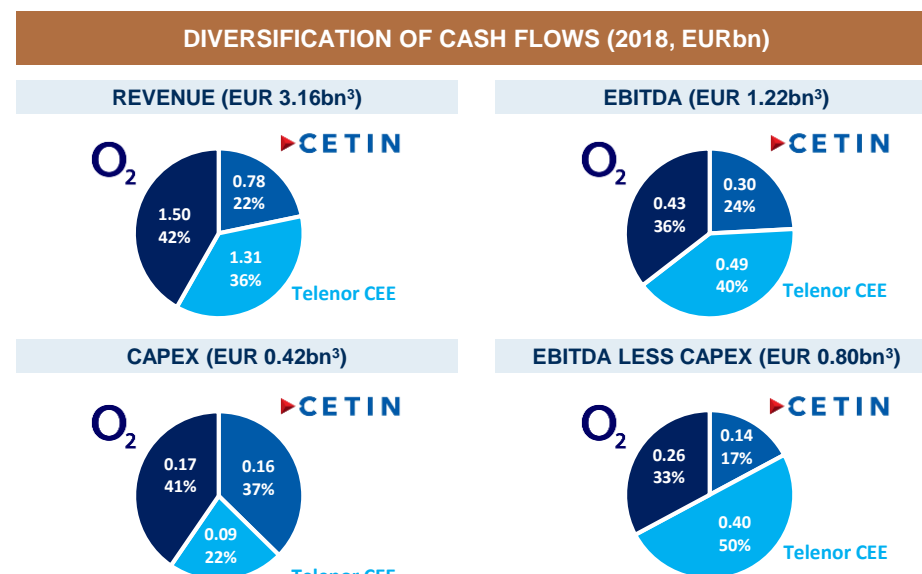
# Diversified, strong and stable cash flow generation

## Solid cash conversion rates and very strong interest coverage ratios

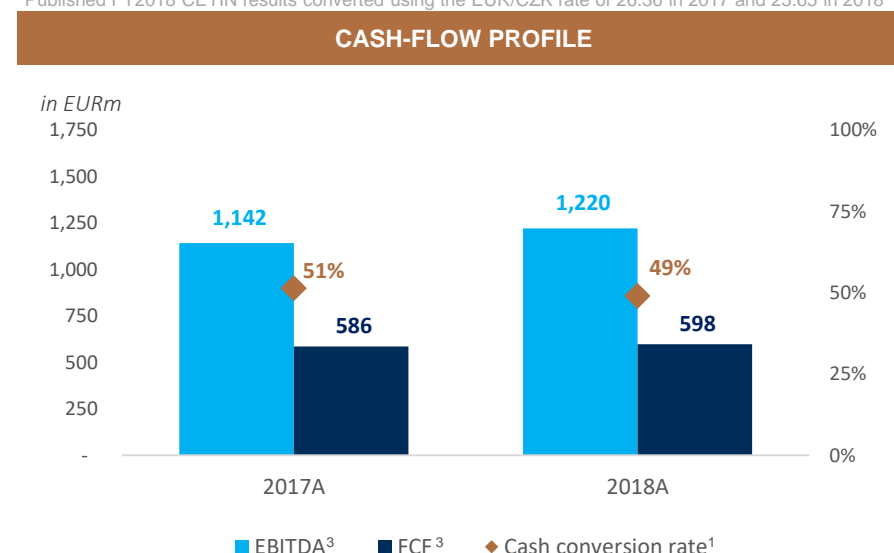
- EBITDA generation well diversified between the 6 subsidiaries
- O2 and CETIN are the largest EBITDA contributors
- Group cash conversion rate<sup>1</sup> historically around 50%
- Very strong interest coverage ratios<sup>2</sup> at 10.0x (for consolidated group)



Source: unaudited pro forma condensed consolidated financial information;  
Published FY2018 CETIN results converted using the EUR/CZK rate of 26.36 in 2017 and 25.65 in 2018



Source: Company data



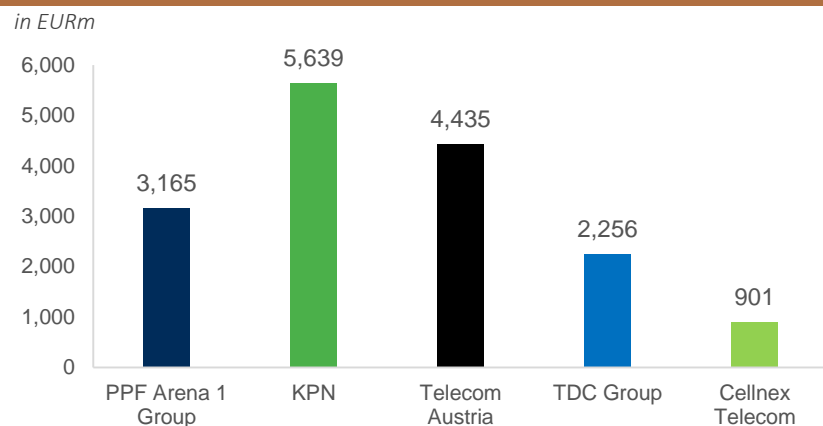
Source: Company data

1. Cash conversion rate = Free cash flow / EBITDA based on unaudited pro forma condensed consolidated financial information for 2017-2018
2. Interest coverage ratio = Interest cover = EBITDA based on unaudited pro forma condensed consolidated financial information / interest expense
3. Based on unaudited pro forma condensed consolidated financial information excluding the effect of eliminations and flows from unallocated segment

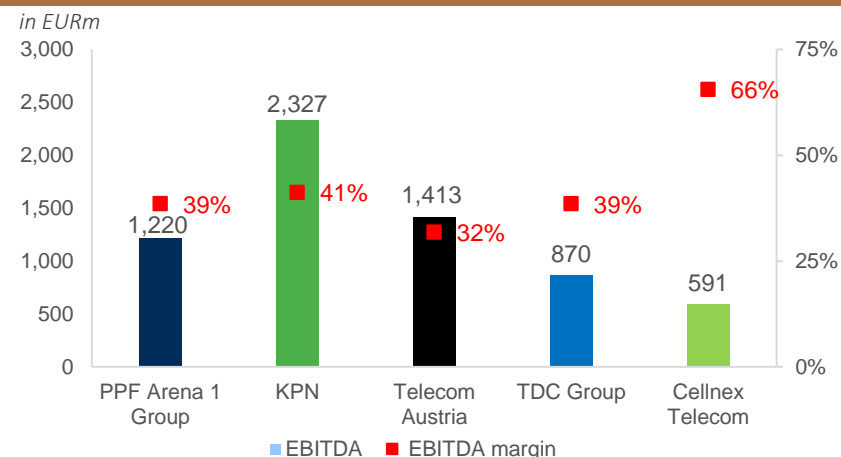
# Peer comparison

PPF Arena 1 is well positioned against its peers

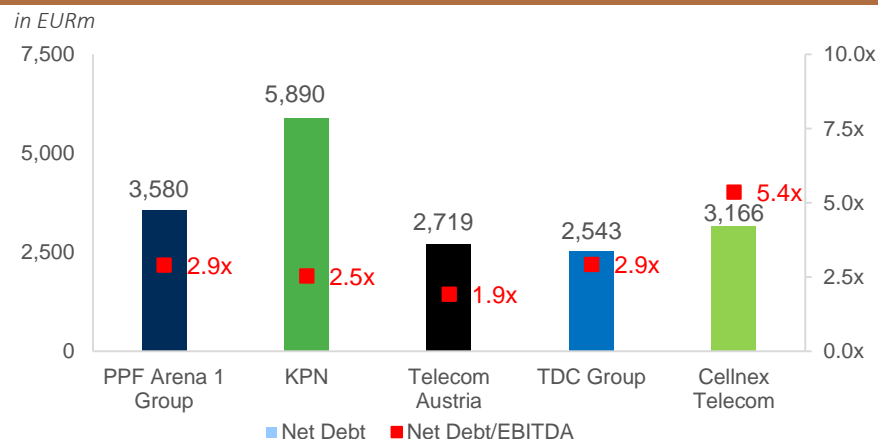
2018 REVENUE<sup>1</sup>



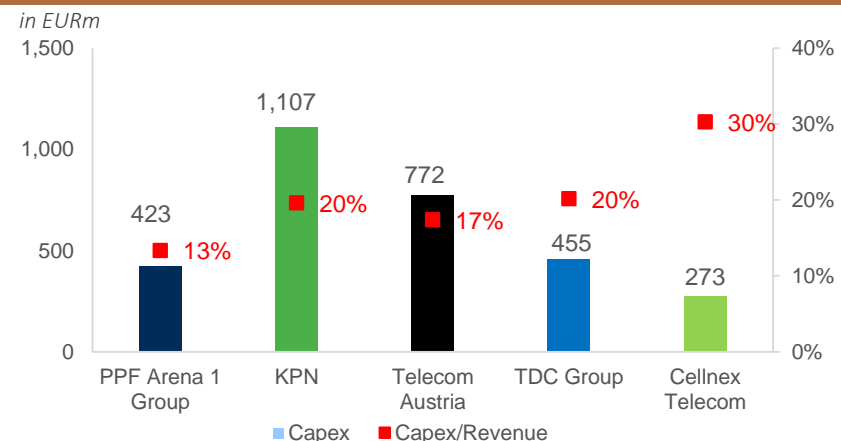
2018 EBITDA AND EBITDA MARGIN<sup>1</sup>



NET DEBT<sup>2</sup> AND NET DEBT/EBITDA AS OF 31-DEC-2018<sup>1</sup>



2018 CAPEX AND CAPEX/REVENUE<sup>1</sup>



Source: Company data, 2018 Annual reports and Investor presentations of KPN, Telekom Austria, TDC Group and Cellnex Telecom

1. PPF Arena 1 Group financials based on unaudited pro forma condensed consolidated financial information excluding the effect of eliminations and flows from unallocated segment
2. Net debt = consolidated gross debt of PPF Arena 1 less consolidated cash and cash equivalents



# Key takeaways

## Strong commitment to financial discipline

Well-diversified business mix and stable, market leading positions in 6 countries

- ✓ Revenue market share: shared #1-#2 Czechia (35%<sup>1</sup>), #3 Slovakia (23%), #2 Hungary (27%), #1 Bulgaria (37%), #1 Serbia (39%), #1 Montenegro (45%)
- ✓ National incumbent in Czechia with added flexibility offered by the structured separation
- ✓ In mobile, quality service provider, targeting high-value customers, resulting in above-average ARPUs in most markets
- ✓ Strong and well invested network across several countries

Supportive market dynamics in solid macroeconomic environment

- ✓ Moderate competitive pressure leading to resilient ARPUs and stable market shares
- ✓ Well-positioned to benefit from increasing smartphone penetration, data usage, number of broadband connections and rising demand for pay TV services
- ✓ Supportive macroeconomic factors, including increasing consumer spending, high GDP growth, stable inflation forecasts and decreasing unemployment

Robust operating performance driving strong and diversified cash flow base

- ✓ Stable and solid profitability
- ✓ Strong free cash flows across subsidiaries and geographies
- ✓ Cash conversion rate<sup>2</sup> historically around 50%

Prudent capital structure

- ✓ Net consolidated leverage<sup>3</sup> as of 31-Dec-2018 at 2.9x
- ✓ Robust balance sheets backed with valuable fixed assets
- ✓ Strong liquidity profile, with interest coverage ratio<sup>4</sup> in 2018 at 10.0x (for consolidated group)
- ✓ Limited debt repayment obligations and comfortable undrawn committed RCF at parent level

PPF as strong and supportive long-term shareholder

- ✓ Long-term investor
- ✓ Very strong expertise in the telecom sector
- ✓ Track record of disciplined financial policy

1. #1 position in mobile and fixed markets combined; #1 position in mobile market shared with T-Mobile

2. Cash conversion rate = Free cash flow / EBITDA, based on unaudited pro forma condensed consolidated financial information for 2017-2018

3. Net consolidated leverage = consolidated Gross Debt less Cash and cash equivalents / EBITDA based on unaudited pro forma condensed consolidated financial information

4. Interest coverage Ratio = EBITDA based on unaudited pro forma condensed consolidated financial information / interest expense

# APPENDIX



[www.ppf.eu](http://www.ppf.eu)

# Key financial metrics

Favourable 2018 results – all budgets delivered or beaten

EURm	2017	2018	2018 yoy
<b>Consolidated revenues</b>	<b>3,097</b>	<b>3,165</b>	<b>2%</b>
O2 group	1,453	1,497	3%
CETIN	803	779	-3%
Telenor CEE	1,261	1,307	4%
o/w Hungary	497	517	4%
o/w Bulgaria	345	375	9%
o/w Serbia+ Montenegro	419	415	-1%
Eliminations	-456	-453	1%
<b>Consolidated revenues (excl.transit)<sup>1</sup></b>	<b>2,743</b>	<b>2,846</b>	<b>4%</b>
<b>EBITDA</b>	<b>1,142</b>	<b>1,220</b>	<b>7%</b>
O2 group	406	433	7%
CETIN	298	295	-1%
Telenor CEE	436	493	13%
o/w Hungary	157	179	14%
o/w Bulgaria	123	158	28%
o/w Serbia+ Montenegro	156	156	0%
<b>CAPEX</b>	<b>416</b>	<b>423</b>	<b>2%</b>
O2 group	167	172	2%
CETIN	155	158	2%
Telenor CEE	94	94	0%
o/w Hungary	35	34	-3%
o/w Bulgaria	24	23	-4%
o/w Serbia+ Montenegro	35	37	6%
<b>EBITDA-Capex</b>	<b>726</b>	<b>797</b>	<b>10%</b>
O2 group	239	261	10%
CETIN	143	137	-4%
Telenor CEE	342	399	17%
o/w Hungary	122	145	19%
o/w Bulgaria	99	135	36%
o/w Serbia+ Montenegro	121	119	-2%
<b>Free Cash Flow</b>	<b>586</b>	<b>598</b>	<b>2%</b>

	2017	2018
<b>EBITDA Margins</b>	<b>37%</b>	<b>39%</b>
O2 group	28%	29%
CETIN	37%	38%
Telenor CEE	35%	38%
o/w Hungary	32%	35%
o/w Bulgaria	36%	42%
o/w Serbia+ Montenegro	37%	38%
<b>CAPEX/ Revenues</b>	<b>13%</b>	<b>13%</b>
O2 group	11%	11%
CETIN	19%	20%
Telenor CEE	7%	7%
o/w Hungary	7%	7%
o/w Bulgaria	7%	6%
o/w Serbia+ Montenegro	8%	9%

<b>FCF Conversion rate</b>	<b>51%</b>	<b>49%</b>
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Source: Unaudited pro forma condensed consolidated financial information excluding the effect of eliminations and flows from unallocated segment

1. Transit figures disclosed in CETIN 2018 Annual Report