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CREDIT OPINION
28 December 2021

Update

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RATINGS

PPF Telecom Group B.V.

Domicile	Netherlands
Long Term Rating	Ba1
Type	LT Corporate Family Ratings
Outlook	Stable

Please see the ratings section at the end of this report for more information. The ratings and outlook shown reflect information as of the publication date.

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PPF Telecom Group B.V.

Update to credit analysis

Summary

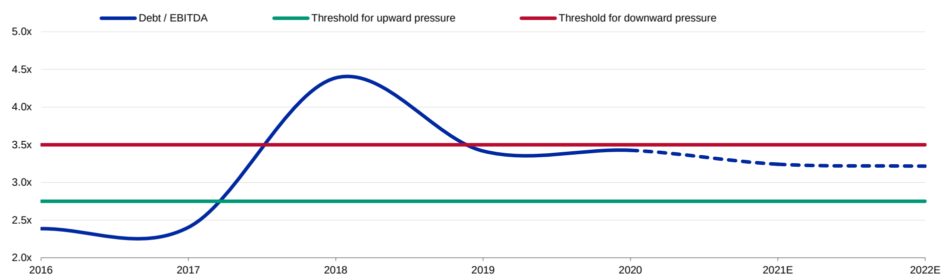
PPF Telecom Group B.V.'s (PPF Telecom) Ba1 corporate family rating (CFR) reflects the company's leading position as the integrated incumbent in the Czech Republic (Aa3 stable) with a corporate structure that separates the service provision from infrastructure management; the group's good geographical diversification in the Central and Eastern European (CEE) region; its higher revenue growth potential than the European average; its financial policy and commitment to preserve leverage within management's public guidance; and its good margins and solid operating cash flow generation.

The rating also reflects the group's moderate scale; the mobile-centric position of its acquired assets in CEE; its low Moody's-adjusted retained cash flow (RCF) as a result of high dividend payments, in line with its financial policy; and PPF Telecom's structurally subordinated position relative to debt raised at operating companies.

Exhibit 1

We expect PPF Telecom's leverage to remain within 3.4x-3.3x over the next two years

Moody's-adjusted debt/EBITDA (2021-22E)



Source: Moody´s Investors Service

Credit strengths

» Leading position in the fixed and mobile markets in the Czech Republic

» Structural separation of the infrastructure and the service provision, and good geographical diversification in the CEE region

» Expectation of solid operating performance in the next 12-18 months

» Solid standalone financial profiles of CETIN Group N.V. (CETIN Group, Baa2 stable), CETIN a.s. (CETIN, Baa2 stable) and O2 Czech Republic a.s. (O2)

» Commitment to maximum leverage tolerance

Credit challenges

» Moderate scale

» Weak free cash flow (FCF) generation because of high dividend payments

» The European Commission's concerns about the network-sharing agreement in the Czech Republic

» Presence of significant amount of external debt at operating companies, which leads to some structural subordination for PPF Telecom Group's debt-holders

Rating outlook

The stable rating outlook reflects our expectation that the group will achieve gradual organic deleveraging based on the strong cash flow generated at its operating subsidiaries and subject to the group's financial policy of sustaining net reported leverage at the mid-to-lower end of the 2.8x-3.2x range.

Factors that could lead to an upgrade

Because of PPF Telecom's complex group structure, upward rating pressure is unlikely until there is a simplification in the debt allocation within the broader group structure, and a clearer policy on debt distribution between PPF Telecom and the operating subsidiaries to minimise structural subordination.

We could consider a rating upgrade if PPF Telecom Group's operating performance improves beyond our current expectation, such that its Moody´s-adjusted debt/EBITDA remains comfortably below 2.75x and RCF/debt remains above 20% on a sustained basis.

Factors that could lead to a downgrade

We could consider a rating downgrade if PPF Telecom Group's operating performance significantly deteriorates, such that its Moody´s-adjusted debt/EBITDA increases above 3.5x and RCF/debt declines below 10% on a sustained basis. Additionally, negative pressure could be exerted if PPF Telecom Group's financial policies become more aggressive or it needs to support lower-credit-quality entities within the broader PPF Group N.V.

Key indicators

Exhibit 2
PPF Telecom Group B.V.

€ millions	Dec-18	Dec-19	Dec-20	Dec-21 (proj)	Dec-22 (proj)
Revenue	2,415	3,162	3,159	3,279	3,313
Debt / EBITDA	4.4x	3.4x	3.4x	3.2x	3.2x
RCF / Debt	15.8%	13.0%	10.4%	20.0%	17.4%
(EBITDA - CAPEX) / Interest Expense	6.5x	5.7x	6.1x	5.3x	5.3x

Sources: Moody´s Financial Metrics™ and Moody's Investors Service estimates

Profile

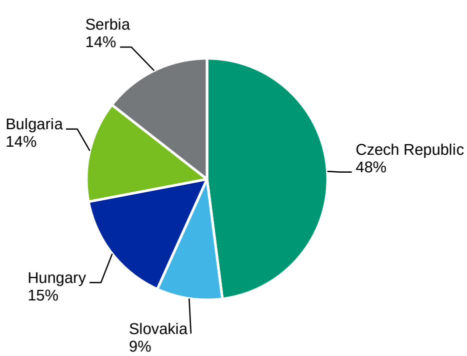
PPF Telecom Group is a European telecommunications conglomerate with shareholdings in CETIN Group (100% with intention to sell 30% to GIC), CETIN a.s (100%), O2 (90.52%), and three mobile and mobile infrastructure operators in Hungary, Bulgaria and Serbia (all 100% owned, except Telenor Hungary that is only 75% owned). The company completed the acquisition of telecom assets in Hungary, Bulgaria, Serbia and Montenegro in July 2018 for €2.8 billion. With this acquisition, PPF Telecom Group emerged as a key telecommunications operator in the CEE region, with 18.3 million subscribers in six countries and EBITDA of €1.4 billion as of year-end 2020. On 21 December 2021, PPF Telecom Group confirmed the sale of 100% shares of Telenor Montenegro to Hungary's 4iG Nyrt.

The company is ultimately 100% owned by PPF Group N.V., an investment company focused on activities mainly in telecommunications, real estate, banking and financial services. The company seeks investment opportunities in the developing markets in the CEE region, Russia, the Commonwealth of Independent States and the Far East. PPF Group N.V. is headquartered in Amsterdam, the Netherlands.

As of December 2020, PPF Telecom Group completed the separation of the infrastructure segment of its Telenor businesses in Bulgaria, Hungary and Serbia, and the incorporation of these newly created entities into the new CETIN Group, which also includes their infrastructure business in the Czech Republic through CETIN.

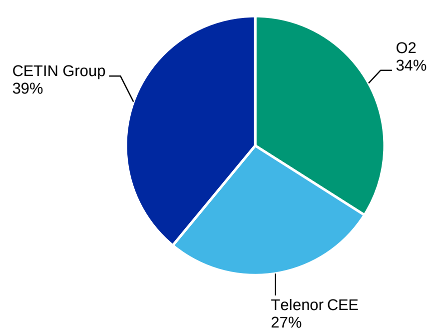
On 18 October 2021, PPF Telecom Group announced that it had reached an agreement with GIC, a leading global investment firm based in Singapore, to sell a 30% stake in CETIN Group N.V., retaining a majority 70% ownership of the telecom infrastructure operator.

Exhibit 3
The Czech Republic is PPF Telecom Group's main country of operations
H1 2021 EBITDA split by geography



Source: Company reports

Exhibit 4
CETIN Group now represents the most relevant business segment in terms of EBITDA
H1 2021 EBITDA split by business segment



Source: Company reports

Detailed credit considerations

The 30% dilution in CETIN Group N.V. is credit negative

On 18 October 2021, PPF Telecom announced the agreement with GIC to sell a 30% stake in CETIN Group N.V. We view the ownership dilution as credit negative because although PPF telecom retains control, there is a dilution in the cash flow derived from the minority ownership.

Limited exposure to the coronavirus pandemic; visibility into future development remains moderate

We view PPF Telecom's exposure to the current pandemic as limited because of the nature of its subsidiaries´ businesses. During 2021, the roaming revenue experienced a significant recovery, especially in Serbia. Company's infrastructure and services segments traffic volume kept growing in 2021. Its collections remained somewhat stable during the year.

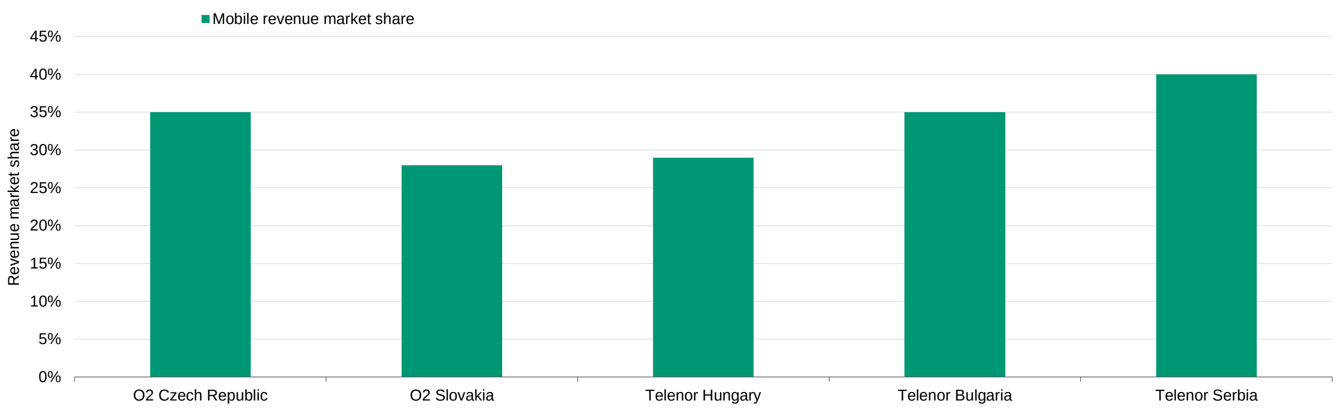
An economic slowdown could hurt telecom revenue growth because of the correlation between the change in GDP and telecom revenue, typically with a one-year lag. Customer bad debt could rise as the economic consequences of the pandemic evolve. However, given the essential nature of telecom services in the current era, it will not be one of the first things that consumers cut back on to save money. The hardest-hit segment will be the small and medium-sized enterprises segment.

Leading integrated position in the Czech Republic and broad geographical diversification in CEE

PPF Telecom's rating reflects its leading position as the incumbent operator in the Czech Republic, with a 36% retail mobile market share and a 28% retail fixed broadband market share in terms of revenue as of December 2020. Additionally, the company holds a strong challenger position in Slovakia (a 26% mobile revenue market share), Hungary (30%), Bulgaria (34%) and Serbia (41%).

Exhibit 5

PPF Telecom Group ranks number one or two in most of the countries in which it operates
Mobile revenue market share by country as of June 2021

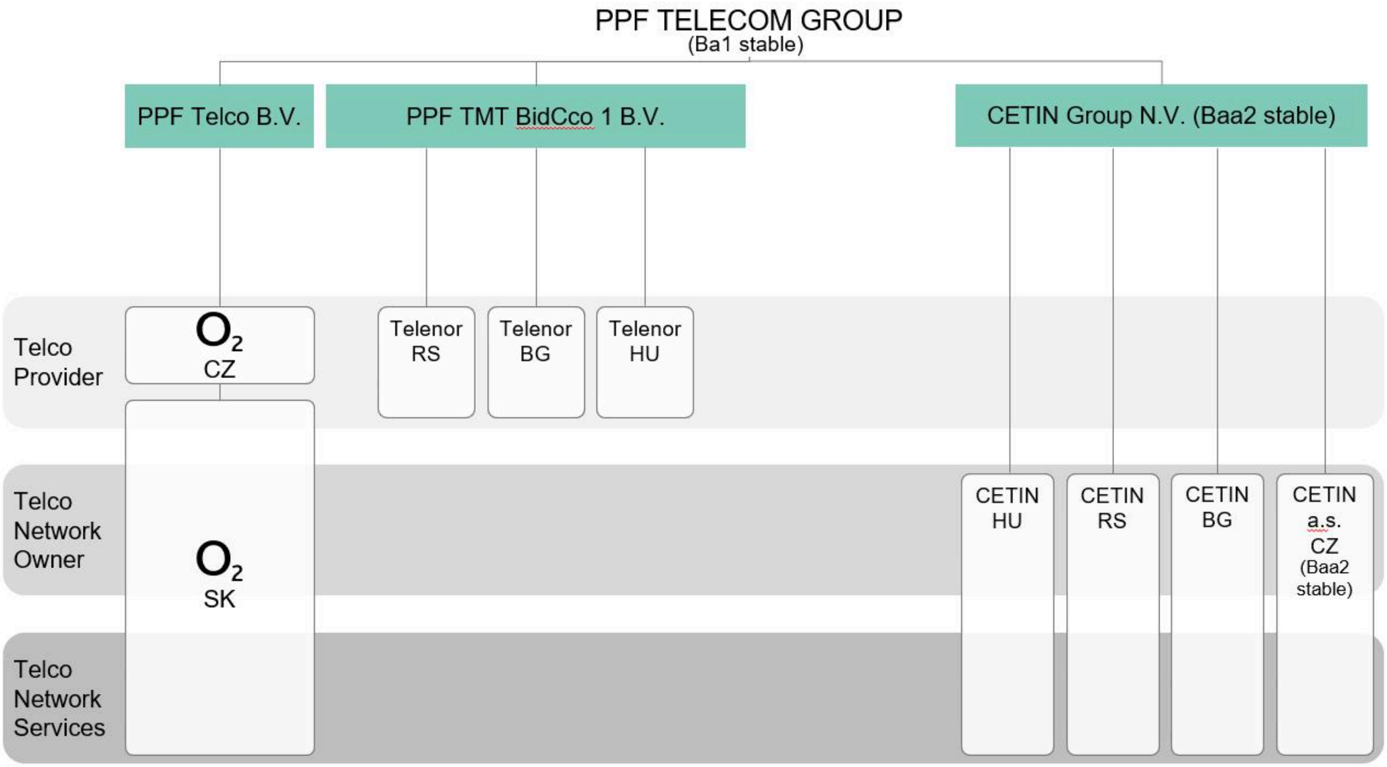


Source: Company

The company's strategy focuses on maintaining leading positions in all its markets by ensuring high-quality services and infrastructure, integrating and expanding the group's culture and know-how to Telenor CEE's operations, and maintaining sound and disciplined financial management and practices. The recent spectrum auctions in PPF Telecom Group's main markets, including 700MHz and 3,600MHz in Hungary; 700MHz and 3,500MHz in Czech Republic; 700MHz and 1,800MHz in Slovakia; 2,100MHz, 2,600MHz and 3,700MHz in Bulgaria, and renewals in Czech Republic, Hungary and Bulgaria, have clarified the competitive landscape, because there was no fourth operator entering any of the markets, effectively removing the threat for years to come. In addition, prices paid for the spectrum are lower than in other markets, which strengthens PPF Telecom Group´s position.

One of PPF Telecom's unique characteristics is its position as the leading integrated operator with a corporate structure that separates the service provision from infrastructure management. The voluntary separation of the business took effect in June 2015. Management believes this structural separation has eased regulations and allowed the group to streamline the business while optimising network utilisation and financial policy.

Exhibit 6
Telenor Montenegro sale completed on 21 December 2021
PPF Telecom Group's structure as of December 2021



Source: Company

Additionally, the company's cash flow is well diversified in terms of geography and business segments. Telenor CEE and the newly created CETIN Hungary, Bulgaria and Serbia are the major contributors to PPF Telecom's earnings and cash flow. Telenor CEE provides mobile services in the CEE region to around 10 million subscribers and generated EBITDA of €466 million in 2020, excluding CETIN in those regions. Telenor CEE is the number one mobile operator in Bulgaria and Serbia, and number two in Hungary, in terms of revenue market share.

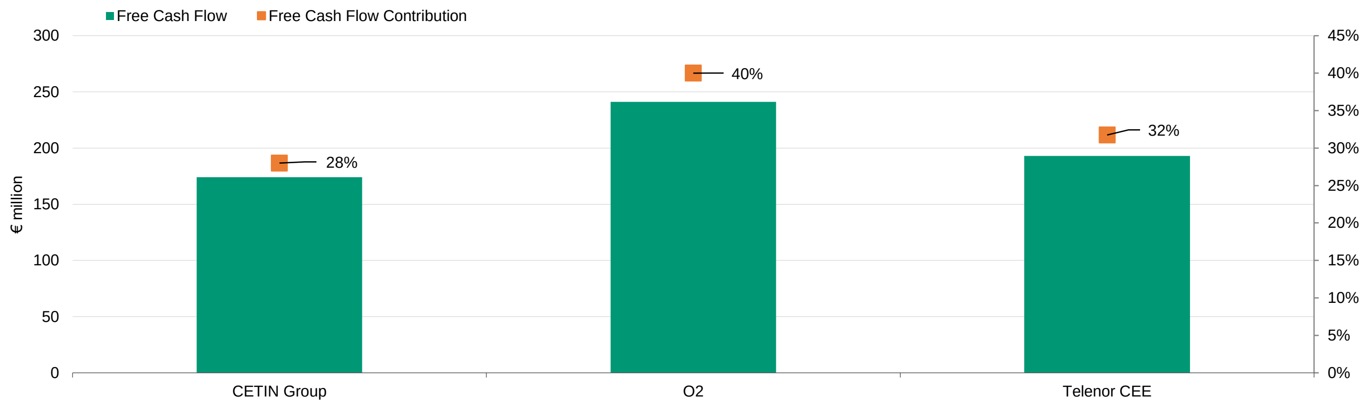
O2 generated around 39% of the group's FCF in 2021, followed by CETIN with 28%, including CETIN Hungary, Bulgaria and Serbia. O2 is the largest integrated telecommunications operator in the Czech Republic. It offers fixed broadband (FBB), data Internet Protocol Television (IPTV), Information and communications technology (ICT), mobile, fixed voice, data centre housing and cloud services to consumers, businesses and the public segment. O2 is listed on the Prague Stock Exchange, with a 9.48% free float and a market capitalisation of CZK80 billion (around €3.2 billion) as of December 2021. However, a squeeze-out procedure is expected to be completed during Q1 2022 for the free float shares. The remaining stakes are owned by PPF Telecom (90.52%). The company also operates in Slovakia through its wholly owned subsidiary O2 Slovakia. In Slovakia, O2 is the number three operator after Orange (Baa1 stable) and T-Mobile Czech Republic (T-Mobile), with a 28% mobile revenue market share in 2021.

CETIN is the Czech Republic's sole national telecommunications infrastructure provider with a strong market position. The company operates and manages fixed and mobile infrastructure in the Czech Republic, and provides transit services abroad, with a presence in Europe and Asia. CETIN's main customer is O2, which accounts for almost 80% of the company's EBITDA. The company has an adaptable and differentiated business model as a telecom infrastructure operator, underpinned by strong commercial agreements with O2 and T-Mobile. After the corporate restructuring, CETIN a.s. in the Czech Republic, together with CETIN Bulgaria, CETIN Hungary and CETIN Serbia, fall under a broader new group, CETIN Group N.V. The company expects this separation to strengthen the retail and infrastructure businesses and enable the two separated entities in each country to wholly focus on two different market segments and meet the increasing demands of the CEE telecommunications market in the most efficient way.

Exhibit 7

O2 represents around 40% of PPF Telecom Group's reported FCF

PPF Telecom Group´s FCF by subgroup in 2020 and contribution to the group's FCF



The company's definition of FCF is cash flow from operations, and includes paid capital spending and proceeds from the sale of assets, and excludes the IFRS 16 effect.
Source: Company reports

Solid revenue growth, balancing service provision, infrastructure and international revenue

We expect revenue to grow 2%-3% in the next two years, driven by growth in all markets. Particularly, we expect solid growth in O2 and Telenor CEE as a result of good mobile momentum in the Czech market and upselling opportunities in the CEE markets.

Including adverse foreign-exchange movement and international transit, PPF Telecom's revenue remained flat in 2020. The decline in roaming revenue because of the imposed travel restrictions was offset by the upselling to customers. Excluding the effect of international transit, total revenue remained flat at around €2.9 billion in 2020.

In 2020, O2's revenue remained flat in the Czech Republic, and the mobile subscriber base increased by 1.8% to around 6 million subscribers. In Slovakia, total revenue also remained flat to slightly declining, and the customer base increased by 3.8% to around 2.2 million subscribers.

Telenor CEE's revenue was flat in 2020, and growth in Bulgaria (+4.2%, and average revenue per user [ARPU] growth of 7.2%), and Serbia (+2.6%, and ARPU growth of 6.7% and 8.3%, respectively) was offset by the revenue decline in Hungary (-3.2%, and ARPU growth of -2.4%). The number of mobile subscribers decreased by 0.7% to around 10.1 million, driven mainly by declines in Bulgaria's (34%) market shares. As of December 2020, postpaid subscribers represented 70% of Telenor CEE's subscriber base, at around 6.3 million. Management expects good performance in all four markets in 2021 as a result of growth in mobile revenue, increase in ARPU, upselling to customers and its high-quality mobile network.

CETIN's Czech Republic reported revenue decline of 1.5% in 2020, driven mainly by international voice transit revenue. We expect CETIN's mobile revenue to revert to growth as a result of network upgrades and new network construction contracts. The telecommunications market in the Czech Republic has stabilised, and we expect its fixed revenue to return to growth, given the signs of stabilisation in O2's churn and xDSL line growth from new customers because of CETIN's past investments in the network.

The company's reported EBITDA was up by 2% in 2020, driven by growth in all businesses and countries where the company operates. We expect the company's Moody's-adjusted EBITDA to grow 3%-4% in the next two years, driven by revenue growth, operational efficiencies resulting from digitalisation initiatives, and margin improvements.

Solid, diversified operating cash flow generation, but FCF is constrained by sustained capital spending investments and high dividend payments

In the Czech Republic, CETIN is the only Czech operator with a copper network, covering around 85% of households. Despite the rollout of fibre, this network will remain crucial for last-mile access. In the mobile segment, the company's mobile coverage extends to 100% of the Czech population through a network-sharing agreement with T-Mobile. The company also operates its own mobile network in the CEE region, with 100% 4G coverage in Hungary (through a network-sharing agreement with T-Mobile), 97% in Bulgaria and 97% in Serbia as of 30 June 2021.

We expect the group's capital spending/sales (excluding spectrum) to remain at 18%-19% over the next two years. A larger part of the investment will be executed by CETIN, with capital spending/sales of 36%-38%. We expect both Telenor's and O2's capital investments to be 5%-10% of sales. We expect the company's Moody's-adjusted FCF (after dividends per our definition) to be negative in 2021-23 as a result of higher dividend payments and a step-up in capital spending. The company will face spectrum payments in the next two years in all the markets in which it operates. However, it has a high cash balance to cover the negative cash flow.

Limited deleveraging prospects

We expect the company's Moody's-adjusted group leverage to be around 3.3x in the next 12-18 months, which is equivalent to Moody's-adjusted net debt of 3.0x-3.1x. The company targets to maintain reported net consolidated leverage between 2.8x and 3.2x, excluding IFRS 16, while net leverage at the operating subsidiaries is limited to a maximum of 1.5x. The company's reported net leverage was 2.6x as of year-end 2020. We estimate that the group will distribute most of the FCF that it will generate, such that it maintains leverage within the stated range. In addition, PPF Telecom Group does not fully own O2 (ownership of 90.52% voting rights) but fully consolidates these assets. A squeeze-out procedure is expected to be completed during Q1 2022 for O2's free float shares.

We do not expect significant M&A transactions in the next two years. Additionally, the company may consider small bolt-on acquisitions from time to time. PPF Telecom Group's rating reflects our expectation that small acquisitions will not have a significant impact on its leverage.

Broadly diversified owner with exposure to different geographies and sectors, with weaker credit quality

PPF Telecom Group is indirectly owned by PPF Group NV, a conglomerate with activities mainly in telecommunications, media, banking and financial services, with significant exposure to China and Russia (supervised by the European banking regulation), and real estate. We view these other activities outside PPF Telecom as having lower credit quality and, therefore, subject to the marginal risk of needing financial support. However, PPF Telecom, being the strongest cash contributor to PPF Group NV, has clearly defined and publicly communicated its financial policy (including dividend distributions within leverage objectives), which will be a key determinant to the future cash flow distribution within the broader group.

Also, liabilities related to the telecom operations outside PPF Telecom Group are relatively small. These mainly relate to the deferred purchase price for the Telenor CEE acquisition, which amounted to €100 million as of December 2021.

Exhibit 8

Telecommunications represents around 36% of PPF Group NV's revenue generation

PPF Group NV's segmental data

PPF Group NV (EUR million, 2020)	Finanical Services	Telecommunications	Media	Real Estate	Insurance	Mechanical Engineering	Other
Total Revenues	4,809	3,162	180	162	63	421	50
Assets	24,765	7,969	2,078	2,197	191	986	1,472
Liabilities	21,907	7,114	1,252	1,428	143	708	-1,410
Net Profit + D&A - Capex	-477	464	36	54	6	-79	-204
Equity	2,858	855	826	769	48	278	2,882
% Revenues	54%	36%	2%	2%	1%	5%	1%
% Assets	62%	20%	5%	6%	0%	2%	4%
% Liabilities	70%	23%	4%	5%	0%	2%	-5%

Source: Company reports

ESG considerations

In terms of environmental and social risks, PPF Telecom Group's exposure is low and in line with the overall industry. Electromagnetic radiation (for example, from mobile antennas or mobile handsets) has repeatedly been said to be potentially harmful to the environment and health. While the need for higher mobile data speeds will increase electromagnetic radiation, we do not see it as a significant environmental risk for global telecommunication providers, given the existing regulatory radiation limits and ongoing technology improvements. In terms of social risks, data security and data privacy issues are prominent in the sector. Telecommunications providers exchange large amounts of data, and a breach could cause legal, regulatory or reputation issues, as well as increased operational costs to mitigate cyberattacks and reduce exposure to the loss of private data. If on the one hand telecom operators have low direct business exposure to environmental risks, on the other, data security and data privacy issues are prominent in the sector.

In terms of governance, we note the complexity of the broader group of companies outside PPF Telecom and the fact that the entire group is owned and controlled by one single shareholder. We expect PPF Telecom group to perform within the stated operating and financial strategies, maintaining its shareholder remuneration within its dividend payout limits.

Liquidity analysis

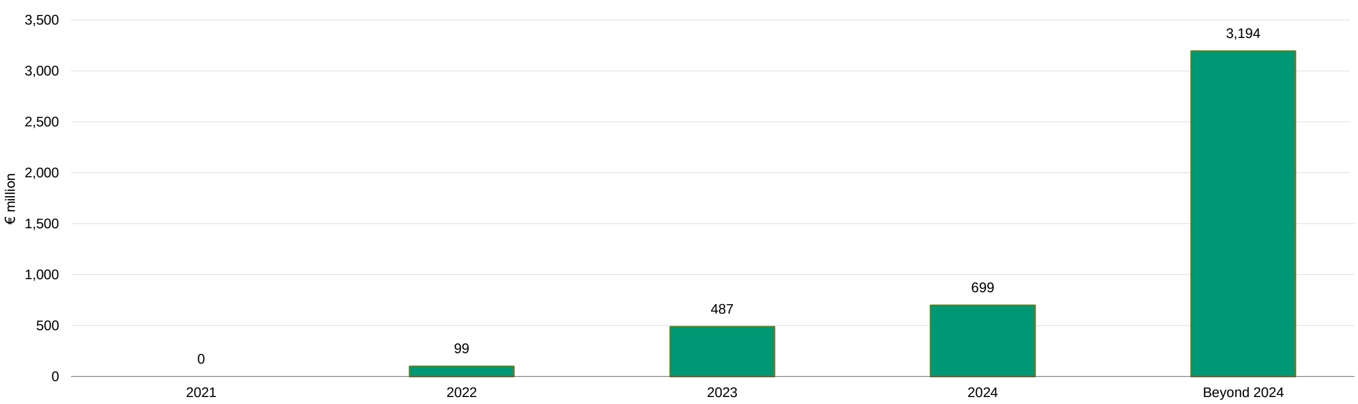
PPF Telecom's liquidity is adequate. As of December 2021, the €700 million term loan maturing in 2026 has been fully drawn to refinance CETIN's €625 million bond maturing in December 2021. PPF Telecom's liquidity benefits from cash and cash equivalents of €705 million as of June 2021; full availability under its €200 million revolving credit facility, maturing in 2023, with ample capacity under the covenants as of December 2020 (with proportionate net debt/EBITDA of 4.5x and interest coverage of 3.0x); and internally generated cash flow (defined as EBITDA net of cash interest, tax obligations and dividends received) of around €1.1 billion per year.

These internally generated cash sources plus existing cash balances compare favourably with cash requirements, including annual capital spending of around €780 million (including lease payments and the estimated spectrum payment in 2021) and cash dividends of €500 million-€600 million per year.

Exhibit 9

PPF Telecom Group has significant debt maturities beyond 2024

As of December 2021



Source: Company reports

Structural considerations

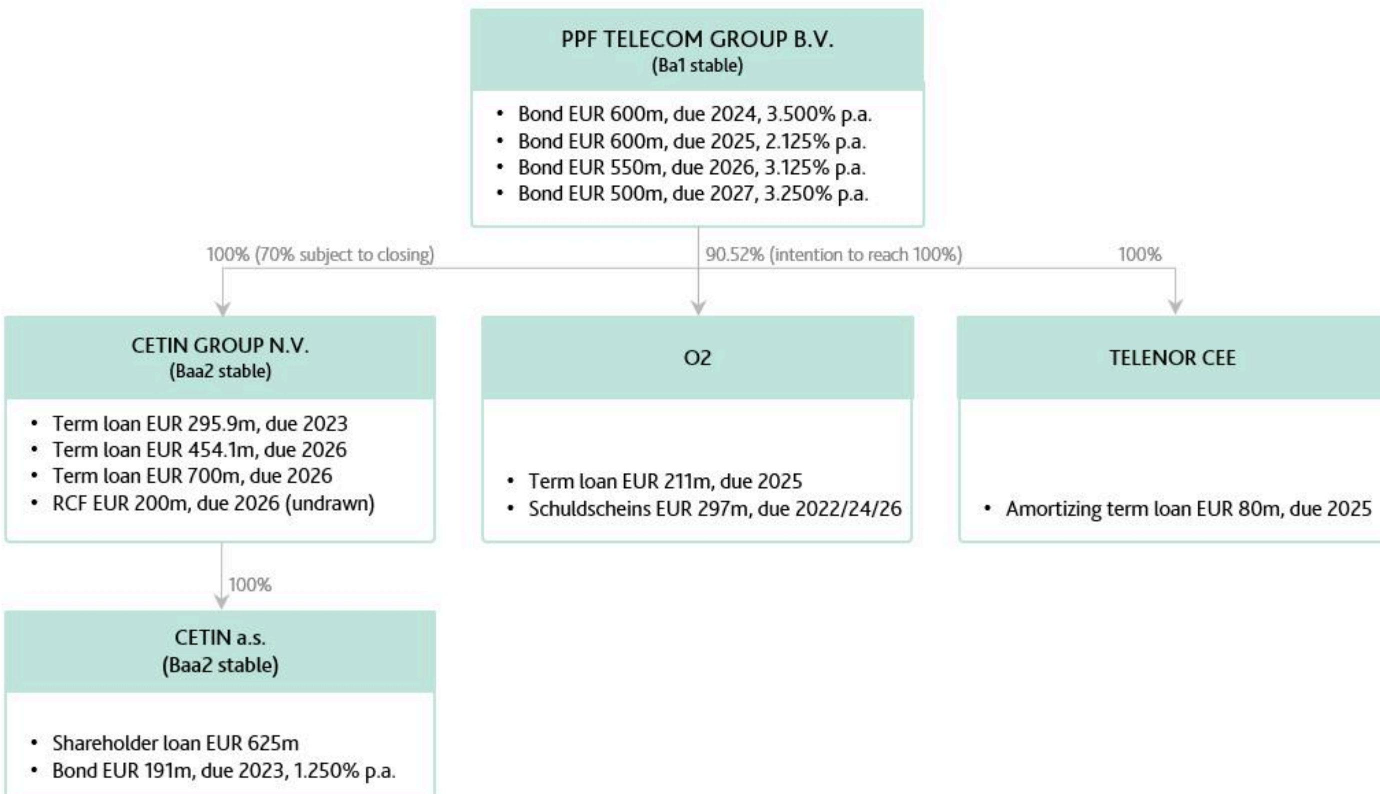
The group has a complex structure, with debt allocated across the holdco and the operating subsidiaries. As of December 2021, more than 50% of debt was raised at PPF Telecom Group (including four bonds amounting to €2.3 billion), with the balance being allocated at CETIN Group (32%), O2 (11%), CETIN (4%) and Telenor CEE (2%).

As of December 2021, financial debt at the operating subsidiaries includes around CZK4.8 billion of bonds issued by CETIN and around €1.5 billion in term loans at CETIN Group level; €297 million of Schuldschein debt and a term loan of CZK7 billion at O2's level; and a €80 million term loan at Telenor CEE's level.

Regarding the Loss Given Default (LGD) assessment for PPF Telecom, we assume a family recovery rate of 50% as is customary for capital structures that include bank loans and bonds. As a result, the probability of default rating of Ba1-PD is in line with the CFR.

The LGD assessment only includes financial liabilities at the PPF Telecom level and excludes debt at the operating entities. However, we have considered the rating of the operating entity (CETIN) relative to the holding company (PPF Telecom Group). The two-notch gap reflects the structurally subordinated position of PPF Telecom Group's bondholders.

Exhibit 10
CETIN Group reflects the higher leverage at PPF Telecom Group
PPF Telecom Group as of December 2021



Source: Company

Rating methodology and scorecard factors

Exhibit 11
Rating factors
PPF Telecom Group B.V.

Telecommunications Service Providers Industry Scorecard [1][2]	Current FY 12/31/2020		Moody's 12-18 Month Forward View As of 12/24/2021 [3]	
Factor 1 : Scale (12.5%)	**Measure**	**Score**	**Measure**	**Score**
a) Revenue (USD Billion)	$3.6	B	$3.7	B
Factor 2 : Business Profile (27.5%)				
a) Business Model, Competitive Environment and Technical Positioning	A	A	A	A
b) Regulatory Environment	Ba	Ba	Ba	Ba
c) Market Share	Baa	Baa	Baa	Baa
Factor 3 : Profitability and Efficiency (10%)				
a) Revenue Trend and Margin Sustainability	Baa	Baa	Baa	Baa
Factor 4 : Leverage and Coverage (35%)				
a) Debt / EBITDA	3.4x	Ba	3.2x	Ba
b) RCF / Debt	10.4%	B	17.4% - 20%	B
c) (EBITDA - CAPEX) / Interest Expense	6.1x	Aa	5.3x	A
Factor 5 : Financial Policy (15%)				
a) Financial Policy	Ba	Ba	Ba	Ba
Rating:				
a) Scorecard-Indicated Outcome		Ba1		Ba1
b) Actual Rating Assigned				Ba1

[1] All ratios are based on adjusted financial data and incorporate Moody's Global Standard Adjustments for nonfinancial Corporations.
[2] As of 12/31/2020.
[3] This represents Moody's forward view, not the view of the issuer, and unless noted in the text, does not incorporate significant acquisitions and divestitures.
Source: Moody´s Investors Service

Appendix

Exhibit 12

Peer comparison

	PPF Telecom Group B.V. Ba1 Stable			Telekom Austria AG (P)Baa1 Stable			Koninklijke KPN N.V. Baa3 Stable			Cyfrowy Polsat S.A. Ba1 Stable			Telecom Italia S.p.A. Ba2 Negative		
(in USD millions)	FYE Dec-18	FYE Dec-19	FYE Dec-20	FYE Dec-19	FYE Dec-20	LTM Jun-21	FYE Dec-19	FYE Dec-20	LTM Jun-21	FYE Dec-19	FYE Dec-20	LTM Jun-21	FYE Dec-19	FYE Dec-20	LTM Jun-21
Revenues	$2,852	$3,540	$3,605	$5,003	$5,095	$5,415	$6,156	$6,030	$6,258	$3,043	$3,074	$3,283	$20,122	$18,039	$18,620
EBITDA	$1,171	$1,486	$1,570	$1,717	$1,771	$1,940	$2,561	$2,813	$2,927	$1,073	$1,052	$1,172	$9,136	$7,736	$7,782
Total Debt	$4,976	$5,089	$5,769	$4,231	$4,386	$4,186	$8,603	$9,291	$8,744	$3,511	$3,764	$3,494	$42,187	$42,483	$39,472
Cash & Cash Equivalents	$300	$892	$967	$157	$258	$372	$1,169	$1,061	$950	$196	$364	$198	$4,507	$7,245	$7,447
EBITDA Margin	41.1%	42.0%	43.6%	34.3%	34.8%	35.8%	41.6%	46.7%	46.8%	35.3%	34.2%	35.7%	45.4%	42.9%	41.8%
(EBITDA-CAPEX) / Interest Expense	6.5x	5.7x	6.1x	4.7x	6.0x	6.5x	3.4x	4.7x	4.7x	5.6x	7.0x	8.9x	2.8x	2.1x	1.6x
Debt / EBITDA	4.4x	3.4x	3.4x	2.5x	2.3x	2.2x	3.3x	3.1x	3.0x	3.2x	3.4x	3.0x	4.6x	5.1x	5.1x
FCF / Debt	4.9%	2.1%	0.6%	4.9%	9.2%	5.7%	3.5%	3.6%	4.5%	5.9%	7.8%	6.5%	3.7%	5.8%	1.0%
RCF / Debt	15.8%	13.0%	10.4%	32.1%	35.0%	32.4%	20.4%	21.0%	20.8%	20.1%	19.0%	22.4%	15.9%	11.5%	13.9%

All figures and ratios are calculated using Moody's estimates and standard adjustments. FYE = Financial year end. LTM = Last 12 months.
Source: Moody's Financial Metrics™

Exhibit 13

Select historical and projected Moody's-adjusted financial data

PPF Telecom Group B.V.

(in EUR million)	Dec-16	Dec-17	Dec-18	Dec-19	Dec-20	2021 proj	2022 proj
INCOME STATEMENT							
Revenue	1,744	1,826	2,415	3,162	3,159	3,279	3,313
EBITDA	728	759	992	1,327	1,376	1,444	1,488
BALANCE SHEET							
Cash & Cash Equivalents	168	182	262	795	790	307	183
Total Debt	1,737	1,825	4,353	4,534	4,715	4,681	4,785
CASH FLOW							
Capital Expenditures	(344)	(370)	(418)	(491)	(516)	(671)	(706)
Dividends	62	236	210	556	674	235	373
Retained Cash Flow (RCF)	521	405	688	589	490	936	832
RCF / Debt	30.0%	22.2%	15.8%	13.0%	10.4%	20.0%	17.4%
Free Cash Flow (FCF)	174	18	215	96	26	282	56
FCF / Debt	10.0%	1.0%	4.9%	2.1%	0.6%	6.0%	1.2%
PROFITABILITY							
% Change in Sales (YoY)		4.7%	32.3%	30.9%	-0.1%	3.8%	1.0%
EBITDA margin %	41.7%	41.6%	41.1%	42.0%	43.6%	44.0%	44.9%
INTEREST COVERAGE							
EBITDA / Interest Expense	23.0x	23.4x	11.3x	9.1x	9.8x	9.9x	10.0x
(EBITDA - Capex) / Interest Expense	12.1x	12.0x	6.5x	5.7x	6.1x	5.3x	5.3x
LEVERAGE							
Debt / EBITDA	2.4x	2.4x	4.4x	3.4x	3.4x	3.2x	3.2x

Sources: Moody's Financial Metrics™ and Moody's Investors Service estimates

Ratings

Exhibit 14

Category	Moody's Rating
PPF TELECOM GROUP B.V.	
Outlook	Stable
Corporate Family Rating	Ba1

Source: Moody's Investors Service

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