FitchRatings

Corporates
Telecommunications
Netherlands

PPF Telecom Group B.V.

Ratings

Rating Type	Rating	Outlook	Last Rating Action
Long-Term IDR	BBB-	Stable	Affirmed 25 Oct 2022

Click here for full list of ratings

The affirmation of PPF Telecom Group B.V.'s (PPF TG) ratings reflects its strong portfolio of telecoms assets and retained financial flexibility. PPF TG operates the incumbent telecoms network in the Czech Republic and is a leader in five central and eastern European (CEE) mobile markets. Strong free cash flow (FCF) generation and flexible dividends provide discretionary capacity to manage leverage. These factors, along with a historical record of adjusting dividends if required, have been essential to the company's investment-grade rating.

Key Rating Drivers

Strong Czech Operations: PPF TG owns the incumbent Czech telecoms infrastructure, which includes the local access network and the ability to deploy convergent product propositions. Czech operations made up 49% of total EBITDA (based on the company's definition) in 2021 with the remainder from its other CEE assets. PPF TG has a solid position in Czech mobiles, with a Fitch-estimated service revenue market share of about 35% (2021). The market is growing, supported by increasing consumer spending and macro-economic factors.

Czech Broadband Market Competitive: PPF TG has an estimated retail broadband subscriber share in the Czech Republic of 27% (2021), with fibre to the curb and home allowing growth. However, the market is competitive due to alternative WiFi, cable and fibre local access networks. The deployment of fibre by T-Mobile CR with CETIN Group may create medium-term pressures on its wholesale revenue in the Czech Republic. Investment plans to increase its fibre network should provide support and offset some of the impact through higher average revenue per user.

Well-positioned CEE Mobile Assets: PPF TG's mobile CEE operations are in Hungary, Bulgaria, Serbia and Slovakia. The assets have number one or two market positions in most markets and operate in a three-operator mobile market structure that should support service revenue growth through data monetisation and pre- to post-paid migration. A lack of fixed network ownership may create disadvantages compared with a convergent network strategy, but we view the risks as manageable through partnerships and mobile network infrastructure-sharing.

Structural Separation, Increased Focus: PPF TG has structured its operations into two main lines: customer-facing, commercial retail units, operating under the O2 and Yettel brands, and a wholesale mobile and fixed infrastructure arm housing network infrastructure and mobile towers. The reorganisation of the group brings all holding under PPF TG and aims to simplify, improve execution along differing managements and increase transparency of asset values. However, the sale of a 30% stake in its infrastructure assets does weaken the operating profile and is reflected in the leverage thresholds for the rating.

Retained Financial Flexibility: We expect funds from operations (FFO) net leverage to trend comfortably within the 3.1x to 3.6x thresholds for the rating over the rating horizon. Our base case forecasts estimate that PPF TG's pre-dividend FCF margin, excluding spectrum costs, will range between 10%-12% over the next four years. This provides good flexibility to manage leverage in line with the company's net debt-to-EBITDA target of 2.8x-3.2x (excluding IFRS16).

Based on our dividend projections in our base case forecasts, we believe PPF TG will retain organic deleveraging capacity of 0.1x-0.2x (FFO net leverage) a year. PPF TG's intention and ability to adjust dividend payments to maintain leverage within the thresholds of the rating is an essential driver of its investment-grade rating.

Applicable Criteria

Corporate Rating Criteria (October 2022)
Sector Navigators: Addendum to the Corporate Rating Criteria (October 2022)
Corporates Recovery Ratings and Instrument Ratings Criteria (April 2021)
Parent and Subsidiary Linkage Rating Criteria (December 2021)

Related Research

European Telecoms Watch - 4Q22 (October 2022)
European Telecoms Outlook 2023 (November 2022)

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Domestic Downside Risks: A number of factors in the Czech market could pose downside risks to Fitch's base case FCF forecasts for PPF TG. These include the potential entry of a fourth mobile operator (a limited risk at this stage given no network rollout plans), a more rapid deployment of fibre and higher-than-expected impact from the deployment of fibre by T-Mobile CR. Dividend flexibility should help the company manage the financial impact if these risks materialise.

FX Risks to Leverage: About 90% of PPF TG's total debt is euro-denominated as is 25% of its EBITDA (assuming the peg between the euro and Bulgarian lev is maintained). This creates foreign-exchange (FX) mismatch to leverage. However, the stability or appreciation of the Czech koruna to the euro over the past five years reduces the real impact of the mismatch, given 49% of total EBITDA is koruna-denominated.

Consolidated Rating, No Subordination: PPF TG's ratings are based on a fully consolidated business scope with no structural subordination as a result of existing subsidiary-level debt. The consolidated basis of the rating reflects the ownership structure and the existence of one-way cross-default obligations for PPF TG on behalf of its operating subsidiaries. These factors outweigh subsidiary level covenants, financial policies and minority holdings that could restrict dividend upstreaming in extreme situations.

Standalone Rating Profile: We rate PPF TG on a standalone basis with no influence from other parts of the PPF Group. The standalone profile reflects a lack of legal, financial and operational ties between PPF TG and other parts of the group. PPF Group has four main business divisions covering telecommunications, media, banking and financial services, and real estate. All four units are independently managed and financed with no legal guarantees or cross default obligations from PPF TG to other parts of the group.

Financial Summary

PPF Telecom Group B.V.

(EURm)	Dec 20	Dec 21	Dec 22F	Dec 23F
Gross revenue	3,159	3,336	3,439	3,512
EBITDA margin (%)	41.6	42.9	42.4	43.0
FFO margin (%)	32.8	31.4	33.3	33.1
EBITDA Interest coverage (x)	21.9	13.3	12.2	10.6
EBITDA net leverage (x)	2.8	3.0	2.6	2.5

F – Forecast
Source: Fitch Ratings, Fitch Solutions, PPF TG

Rating Derivation Relative to Peers

PPF TG's consolidated operating and financial profiles benchmark well against its peer group of incumbent European operators such as Royal KPN N.V. (BBB/Stable) and BT Group plc (BBB/Stable). PPF TG's lower rating reflects a financial policy that is likely to sustain higher leverage and reduced ownership of domestic local-access infrastructure.

PPF TG's geographic diversification benefits are tempered by lower cash flow, the complexity of group structure, some FX mismatch to leverage and three to four local access network infrastructures for broadband in the Czech Republic compared with two in most other European markets. Higher-rated peers such as Vodafone Group Plc (BBB/Stable) and Orange S.A. (BBB+/Stable) have greater diversification, scale or manage leverage at lower levels.

Rating Sensitivities

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

- Sustained growth in FCF leading to improved FCF margins and organic deleveraging capacity.
- FFO net leverage falling below 3.1x (about 2.8x Fitch-defined net debt/EBITDA) on a sustained basis.

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

- A material and sustained decline in EBITDA or FCF driven by competitive or technology-driven pressure in core businesses.
- A change in the financial policy that results in reduced financial flexibility, higher long-term leverage targets, or contractual debt obligations to other parts of the PPF Group. Any substantive increase in PPF Group's dependency on PPF TG's dividends could put pressure on the rating.
- FFO net leverage trending above 3.6x (about 3.3x Fitch-defined net debt/EBITDA) on a sustained basis.

Liquidity and Debt Structure

Comfortable Liquidity: At end-1H22, PPF TG had cash and cash equivalents of EUR501 million and an undrawn committed revolving credit facility of EUR200 million, at CETIN Group level, that matures in 2026. Combined with internal cashflow generation, this provides sufficient cover for any near-term cash requirements. We note EUR196 million bonds fall due in December 2023.

ESG Considerations

Unless otherwise disclosed in this section, the highest level of ESG credit relevance is a score of '3'. This means ESG issues are credit neutral or have only a minimal credit impact on the entity, either due to their nature or the way in which they are being managed by the entity. For more information on Fitch's ESG Relevance Scores, visit www.fitchratings.com/esg.

Liquidity and Debt Maturities

PPF Telecom Group B.V. – Liquidity Analysis

(EURm)	2022F	2023F	2024F	2025F
Available liquidity				
Beginning cash balance	501	545	421	-611
Rating case FCF after acquisitions and divestitures	98	84	-390	-184
Total available liquidity (A)	**599**	**628**	**32**	**-796**
Liquidity uses				
Debt maturities	-54	-207	-643	-833
Total liquidity uses (B)	**-54**	**-207**	**-643**	**-833**
Liquidity calculation				
Ending cash balance (A+B)	545	421	-611	-1,629
Revolver availability	200	200	200	200
Ending liquidity	**745**	**621**	**-411**	**-1,429**
liquidity score (x)	14.8	4.0	0.4	-0.7

F – Forecast
Note: 2022F beginning cash balance represents cash amount as of 30 Jun 2022, while rating case FCF after acquisitions and divestitures reflects 2H22 forecast
Source: Fitch Ratings, Fitch Solutions, PPF TG

Scheduled debt maturities (EURm)	Original 30 Jun 2022
2022	0
2023	207
2024	643
2025	833
2026	1,548
Thereafter	1,043
Total	**4,274**

Source: Fitch Ratings, Fitch Solutions, PPF TG

Key Assumptions

Fitch's Key Assumptions Within its Rating Case for the Issuer

- Revenue of around EUR3.4 billion in 2022, growing by 1%-3% per year over the next three years
- Fitch-defined EBITDA margin of 42% in 2022, gradually increasing to 44% over the next three years
- Cash tax of EUR169 million in 2022, with a broadly stable effective tax rate over the next three years
- Capex (excluding spectrum costs) at 17% to 19% of revenue between 2022 and 2025
- Dividend payment of EUR91 million in 2022 (excluding any one-off distributions) and gradually increasing to EUR550 million by 2025
- Company-defined net debt/EBITDA maintained at the low-to-middle range of the company's target of 2.8x-3.2x.

Financial Data

PPF Telecom Group B.V.

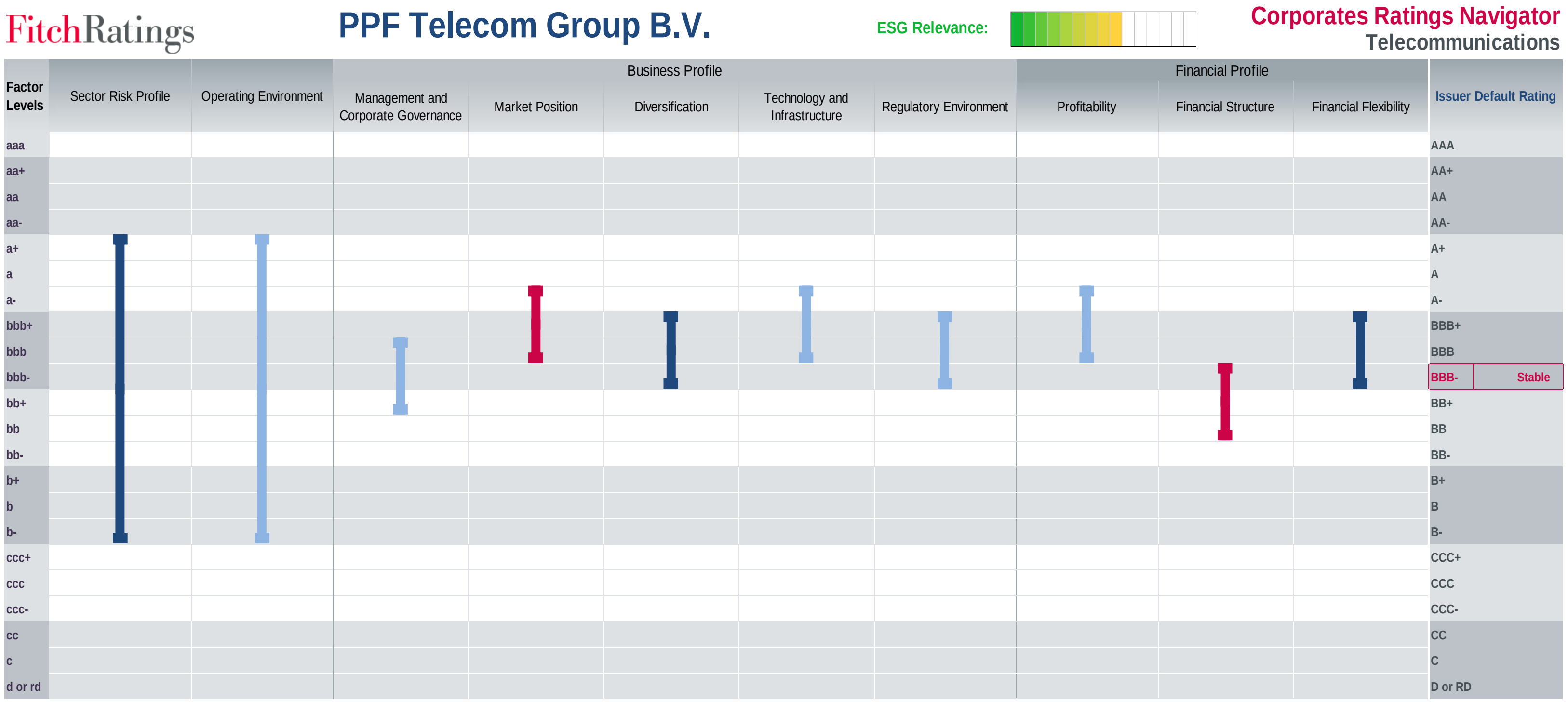
(EURm)	Historical Dec 19	Historical Dec 20	Historical Dec 21	Forecast Dec 22F	Forecast Dec 23F	Forecast Dec 24F
Summary income statement						
Gross revenue	3,162	3,159	3,336	3,439	3,512	3,562
Revenue growth (%)	30.9	-0.1	5.6	3.1	2.1	1.4
EBITDA (before income from associates)	1,284	1,315	1,432	1,459	1,512	1,550
EBITDA margin (%)	40.6	41.6	42.9	42.4	43.0	43.5
EBITDAR	1,390	1,420	1,432	1,459	1,512	1,551
EBITDAR margin (%)	44.0	45.0	42.9	42.4	43.0	43.5
EBIT	639	681	771	758	816	822
EBIT margin (%)	20.2	21.6	23.1	22.0	23.2	23.1
Gross interest expense	-131	-126	-127	-117	-141	-159
Pre-tax income (including associate income/loss)	484	555	667	641	675	663
Summary balance sheet						
Readily available cash and equivalents	795	790	628	624	633	590
Debt	4,060	4,243	4,516	4,366	4,317	4,688
Lease-adjusted net debt	4,862	5,038	4,516	4,366	4,317	4,688
Net debt	3,265	3,453	3,888	3,742	3,684	4,098
Summary cashflow statement						
EBITDA	1,284	1,315	1,432	1,459	1,512	1,551
Cash interest paid	-63	-56	-99	-117	-141	-159
Cash tax	-137	-122	-167	-169	-181	-186
Dividends received less dividends paid to minorities (inflow/(out)flow)	-89	-88	-118	-28	-28	-129
Other items before funds from operations (FFO)	10	-13	-2	0	0	0
FFO	1,018	1,037	1,049	1,146	1,162	1,077
FFO margin (%)	32.2	32.8	31.4	33.3	33.1	30.2
Change in working capital	-55	1	-115	-86	-105	-107
Cash flow from operations (Fitch-defined)	963	1,038	934	1,060	1,056	970
Total non-operating/non-recurring cash flow	0	0	0			
Capex	-402	-620	-454			
Capital intensity (capex/revenue) (%)	12.7	19.6	13.6			
Common dividends	-480	-600	-336			
Free cash flow (FCF)	81	-182	144			
Net acquisitions and divestitures	7	12	130			
Other investing and financing cash flow items	-21	-25	-753	-1,051	-25	-25
Net debt proceeds	-6	193	236	-150	-49	371
Net equity proceeds	-5	0	71	0	0	0
Total change in cash	360	-2	-162	-4	9	-44
Leverage ratios						
EBITDA net leverage (x)	2.7	2.8	3.0	2.6	2.5	2.9
EBITDAR leverage (x)	3.7	3.8	3.4	3.1	2.9	3.3
EBITDAR net leverage (x)	3.1	3.2	3.0	2.6	2.5	2.9
EBITDA leverage (x)	3.4	3.5	3.4	3.1	2.9	3.3
FFO adjusted leverage (x)	4.1	4.2	3.9	3.5	3.3	3.8
FFO adjusted net leverage (x)	3.5	3.6	3.4	3.0	2.8	3.3
FFO leverage (x)	3.8	3.9	3.9	3.5	3.3	3.8
FFO net leverage (x)	3.1	3.2	3.4	3.0	2.8	3.3
Calculations for forecast publication						
Capex, dividends, acquisitions and other items before FCF	-875	-1,208	-660	137	-973	-1,360
FCF after acquisitions and divestitures	88	-170	274	1,197	84	-390
FCF margin (after net acquisitions) (%)	2.8	-5.4	8.2	34.8	2.4	-10.9
Coverage ratios						
FFO interest coverage (x)	17.0	19.5	11.6	10.8	9.3	7.8
FFO fixed charge coverage (x)	7.0	7.4	11.6	10.8	9.3	7.8
EBITDAR fixed charge coverage (x)	7.7	8.3	13.3	12.2	10.6	8.9
EBITDA interest coverage (x)	19.0	21.9	13.3	12.2	10.6	8.9
Additional metrics						
CFO-capex/debt (%)	13.8	9.9	10.6	4.3	8.9	1.9
CFO-capex/net debt (%)	17.2	12.1	12.4	5.0	10.4	2.2

Source: Fitch Ratings, Fitch Solutions, PPFTG

How to Interpret the Forecast Presented

The forecast presented is based on Fitch Ratings' internally produced, conservative rating case forecast. It does not represent the forecast of the rated issuer. The forecast set out above is only one component used by Fitch Ratings to assign a rating or determine a rating outlook, and the information in the forecast reflects material but not exhaustive elements of Fitch Ratings' rating assumptions for the issuer's financial performance. As such, it cannot be used to establish a rating, and it should not be relied on for that purpose. Fitch Ratings' forecasts are constructed using a proprietary internal forecasting tool, which employs Fitch Ratings' own assumptions on operating and financial performance that may not reflect the assumptions that you would make. Fitch Ratings' own definitions of financial terms such as EBITDA, debt or free cash flow may differ from your own such definitions. Fitch Ratings may be granted access, from time to time, to confidential information on certain elements of the issuer's forward planning. Certain elements of such information may be omitted from this forecast, even where they are included in Fitch Ratings' own internal deliberations, where Fitch Ratings, at its sole discretion, considers the data may be potentially sensitive in a commercial, legal or regulatory context. The forecast (as with the entirety of this report) is produced strictly subject to the disclaimers set out at the end of this report. Fitch Ratings may update the forecast in future reports but assumes no responsibility to do so. Original financial statement data for historical periods is processed by Fitch Solutions on behalf of Fitch Ratings. Key financial adjustments and all financial forecasts credited to Fitch Ratings are generated by rating agency staff.

Ratings Navigator



Bar Chart Legend:			
Vertical Bars = Range of Rating Factor		Bar Arrows = Rating Factor Outlook	
Bar Colours = Relative Importance		⇧	Positive
■	Higher Importance	⇩	Negative
■	Average Importance	⇳	Evolving
■	Lower Importance	□	Stable

FitchRatings

PPF Telecom Group B.V.

Corporates Ratings Navigator
Telecommunications

Operating Environment

aa-	Economic Environment	bbb	Average combination of countries where economic value is created and where assets are located.
a+	Financial Access	aa	Very strong combination of issuer specific funding characteristics and of the strength of the relevant local financial market.
	Systemic Governance	aa	Systemic governance (eg rule of law, corruption; government effectiveness) of the issuer's country of incorporation consistent with 'aa'.
b-			
ccc+			

Management and Corporate Governance

bbb+	Management Strategy	bbb	Strategy may include opportunistic elements but soundly implemented.
bbb	Governance Structure	bbb	Good CG track record but effectiveness/independence of board less obvious. No evidence of abuse of power even with ownership concentration.
bbb-	Group Structure	bb	Complex group structure or non-transparent ownership structure. Related-party transactions exist but with reasonable economic rationale.
bb+	Financial Transparency	bbb	Good quality reporting without significant failing. Consistent with the average of listed companies in major exchanges.
bb			

Market Position

a	Market Position	a	Very strong and sustainable market share in primary markets (> 30%).
a-	Competition	bbb	Primary markets characterized by medium competitive intensity and/or moderate barriers to entry.
bbb+	Scale - EBITDA	bbb	>$1 billion
bbb			
bbb-			

Diversification

a-	Service Platform Diversification	bbb	Operates several service platforms in primary markets but one is dominant.
bbb+	Geographic Diversification	bbb	Average geographic diversification.
bbb			
bbb-			
bb+			

Technology and Infrastructure

a	Ownership of Network	a	Owns almost all of its infrastructure.
a-	Network and Service Quality	bbb	Solid network coverage and capacity, using some up-to-date technology, with average service quality.
bbb+			
bbb			
bbb-			

Regulatory Environment

a-	Regulatory Risk	bbb	Moderate.
bbb+			
bbb			
bbb-			
bb+			

Profitability

a	Volatility of Cash Flow	bbb	Volatility and visibility of cash flow in line with industry average.
a-	EBITDA Margin	a	35%
bbb+	FFO Margin	a	30%
bbb			
bbb-			

Financial Structure

bbb	FFO Leverage	bb	4.0x
bbb-	FFO Net Leverage	bbb	2.8x
bb+	(CFO-Capex)/Total Debt With Equity Credit	bb	7.5%
bb	Total Debt With Equity Credit/Op. EBITDA	bbb	2.8x
bb-			

Financial Flexibility

a-	Financial Discipline	a	Clear commitment to maintain a conservative policy with only modest deviations allowed.
bbb+	Liquidity	bbb	One year liquidity ratio above 1.25x. Well-spread maturity schedule of debt but funding may be less diversified.
bbb	FFO Interest Coverage	a	9.0x
bbb-	FX Exposure	bb	FX exposure on profitability and/or debt/cash flow match. Some hedging in place.
bb+			

Credit-Relevant ESG Derivation

PPF Telecom Group B.V. has 8 ESG potential rating drivers

- Energy and fuel use in networks and data centers
- Networks exposed to extreme weather events (e.g. hurricanes)
- Data security; service disruptions
- Impact of labor negotiations and employee (dis)satisfaction
- Governance is minimally relevant to the rating and is not currently a driver.

			Overall ESG
key driver	0	issues	5
driver	0	issues	4
potential driver	8	issues	3
not a rating driver	1	issues	2
	5	issues	1

For further details on Credit-Relevant ESG scoring, see page 3.

How to Read This Page: The left column shows the three-notch band assessment for the overall Factor, illustrated by a bar. The right column breaks down the Factor into Sub-Factors, with a description appropriate for each Sub-Factor and its corresponding category.

PPF Telecom Group B.V.

Corporates Ratings Navigator
Telecommunications

Credit-Relevant ESG Derivation

PPF Telecom Group B.V. has 8 ESG potential rating drivers

- PPF Telecom Group B.V. has exposure to energy productivity risk but this has very low impact on the rating.
- PPF Telecom Group B.V. has exposure to extreme weather events but this has very low impact on the rating.
- PPF Telecom Group B.V. has exposure to customer accountability risk but this has very low impact on the rating.
- PPF Telecom Group B.V. has exposure to labor relations & practices risk but this has very low impact on the rating.
- Governance is minimally relevant to the rating and is not currently a driver.

			Overall ESG Scale
key driver	0	issues	5
driver	0	issues	4
potential driver	8	issues	3
not a rating driver	1	issues	2
	5	issues	1

Environmental (E)

General Issues	E Score	Sector-Specific Issues	Reference	E Scale
GHG Emissions & Air Quality	1	n.a.	n.a.	5
Energy Management	3	Energy and fuel use in networks and data centers	Profitability	4
Water & Wastewater Management	1	n.a.	n.a.	3
Waste & Hazardous Materials Management; Ecological Impacts	1	n.a.	n.a.	2
Exposure to Environmental Impacts	3	Networks exposed to extreme weather events (e.g. hurricanes)	Profitability	1

Social (S)

General Issues	S Score	Sector-Specific Issues	Reference	S Scale
Human Rights, Community Relations, Access & Affordability	1	n.a.	n.a.	5
Customer Welfare - Fair Messaging, Privacy & Data Security	3	Data security; service disruptions	Competitive Position; Profitability	4
Labor Relations & Practices	3	Impact of labor negotiations and employee (dis)satisfaction	Competitive Position; Profitability	3
Employee Wellbeing	1	n.a.	n.a.	2
Exposure to Social Impacts	2	Social attitudes toward network infrastructure	Diversification; Technology and Infrastructure; Profitability	1

Governance (G)

General Issues	G Score	Sector-Specific Issues	Reference	G Scale
Management Strategy	3	Strategy development and implementation	Management and Corporate Governance	5
Governance Structure	3	Board independence and effectiveness; ownership concentration	Management and Corporate Governance	4
Group Structure	3	Complexity, transparency and related-party transactions	Management and Corporate Governance	3
Financial Transparency	3	Quality and timing of financial disclosure	Management and Corporate Governance	2
				1

How to Read This Page
ESG scores range from 1 to 5 based on a 15-level color gradation. Red (5) is most relevant and green (1) is least relevant.

The Environmental (E), Social (S) and Governance (G) tables break out the individual components of the scale. The right-hand box shows the aggregate E, S, or G score. General Issues are relevant across all markets with Sector-Specific Issues unique to a particular industry group. Scores are assigned to each sector-specific issue. These scores signify the credit-relevance of the sector-specific issues to the issuing entity's overall credit rating. The Reference box highlights the factor(s) within which the corresponding ESG issues are captured in Fitch's credit analysis.

The Credit-Relevant ESG Derivation table shows the overall ESG score. This score signifies the credit relevance of combined E, S and G issues to the entity's credit rating. The three columns to the left of the overall ESG score summarize the issuing entity's sub-component ESG scores. The box on the far left identifies the some of the main ESG issues that are drivers or potential drivers of the issuing entity's credit rating (corresponding with scores of 3, 4 or 5) and provides a brief explanation for the score.

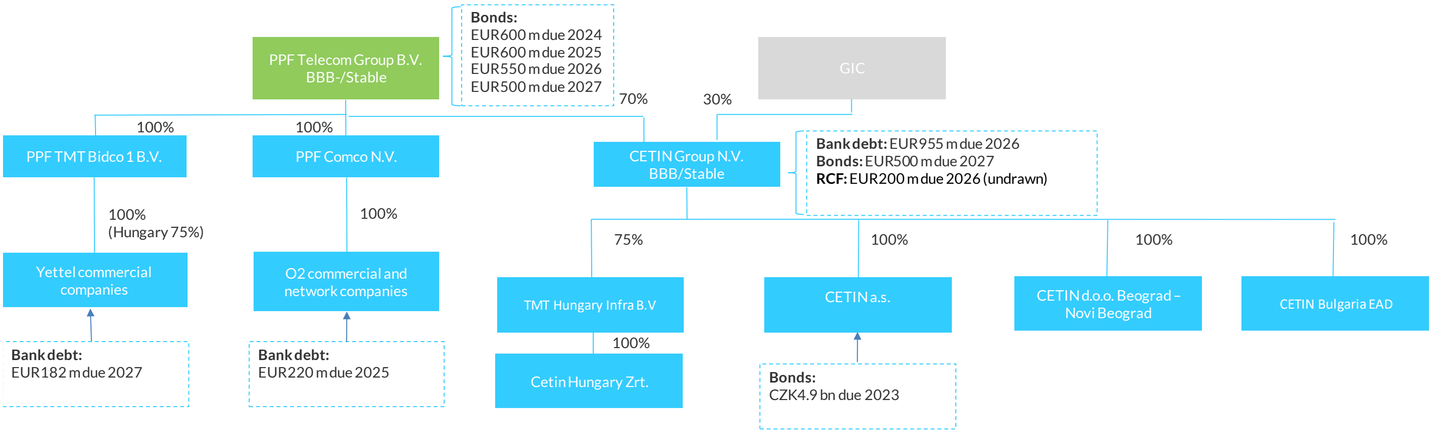
Classification of ESG issues has been developed from Fitch's sector ratings criteria. The General Issues and Sector-Specific Issues draw on the classification standards published by the United Nations Principles for Responsible Investing (PRI) and the Sustainability Accounting Standards Board (SASB).

CREDIT-RELEVANT ESG SCALE

How relevant are E, S and G issues to the overall credit rating?

5	Highly relevant, a key rating driver that has a significant impact on the rating on an individual basis. Equivalent to "higher" relative importance within Navigator.
4	Relevant to rating, not a key rating driver but has an impact on the rating in combination with other factors. Equivalent to "moderate" relative importance within Navigator.
3	Minimally relevant to rating, either very low impact or actively managed in a way that results in no impact on the entity rating. Equivalent to "lower" relative importance within Navigator.
2	Irrelevant to the entity rating but relevant to the sector.
1	Irrelevant to the entity rating and irrelevant to the sector.

Simplified Group Structure Diagram



Source: Fitch Ratings, Fitch Solutions, PPF TG, as of end-June 2022

Peer Financial Summary

Company	Issuer Default Rating	Financial statement date	Gross Revenue (EURm)	EBITDA margin (%)	FFO margin (%)	EBITDA interest coverage (x)	EBITDA net leverage (x)
PPF Telecom Group B.V.	BBB-						
	BBB-	2021	3,336	42.9	31.4	13.3	3.0
	BBB-	2020	3,159	41.6	32.8	21.9	2.8
	BBB-	2019	3,162	40.6	32.2	19.0	2.7
Deutsche Telekom AG	BBB+						
	BBB+	2020	99,542	31.2	24.2	6.6	2.8
	BBB+	2019	79,996	28.2	25.3	7.3	2.6
	BBB+	2018	75,070	28.6	25.5	6.5	2.6
Vodafone Group Plc	BBB						
	BBB	2022	45,580	33.5	28.6	10.5	2.5
	BBB	2021	43,809	32.8	27.3	8.2	2.7
	BBB	2020	44,974	33.0	27.7	8.9	2.9
Royal KPN N.V.	BBB						
	BBB	2021	6,122	37.7	32.5	11.1	2.3
	BBB	2020	5,302	43.1	36.6	9.7	2.3
	BBB	2019	5,701	38.6	32.9	7.4	2.3
BT Group plc	BBB						
	BBB	2022	24,517	32.4	21.6	10.9	1.7
	BBB	2021	23,950	30.8	19.4	10.5	1.7
	BBB	2020	26,096	31.0	20.3	11.9	1.6
Telecom Italia S.p.A.	BB-						
	BB+	2021	15,316	34.3	22.4	3.7	3.6
	BB+	2020	15,805	38.5	27.9	4.0	3.4
	BB+	2019	17,974	39.4	29.8	4.0	3.5

Source: Fitch Ratings, Fitch Solutions

Fitch Adjusted Financials

(EURm) 31 Dec 2021	Notes and formulas	Reported values	Sum of adjustments	Corp - lease treatment	Other adjustments	Adjusted values
Income statement summary						
Revenue		3,336				3,336
EBITDA	(c)	1,538	-106	-106		1,432
EBITDA after associates and minorities	(d) = (a-b)	1,420	-106	-106		1,314
EBIT	(e)	785	-14	-14		771
Debt and cash summary						
Debt[b]	(g)	4,513	3		3	4,516
Readily available cash and equivalents	(j)	628				628
Cash flow summary						
EBITDA after associates and minorities	(d) = (a-b)	1,420	-106	-106		1,314
Preferred dividends (Paid)	(k)	0				0
Interest received	(l)	3				3
Interest (paid)	(m)	-113	14	14		-99
Cash tax (paid)		-167				-167
Other items before funds from operations (FFO)		-2				-2
FFO	(n)	1,141	-92	-92		1,049
Change in working capital (Fitch-defined)		-115				-115
Cash Flow from operations (CFO)	(o)	1,026	-92	-92		934
Non-Operating/non-recurring cash flow		0				0
Capital (expenditures)	(p)	-454				-454
Common dividends (paid)		-336				-336
Free cash flow		236	-92	-92		144
Gross leverage (x)						
FFO leverage	(i-h)/(n-m-l-k)	3.6				3.9
EBITDA leverage[a]	(i-h)/d	3.2				3.4
(CFO-capex)/debt (%)	(o+p)/(i-h)	12.7%				10.6%
Net leverage (x)						
FFO net leverage	(i-h-j)/(n-m-l-k)	3.1				3.4
EBITDA net leverage[a]	(i-h-j)/d	2.7				3.0
(CFO-capex)/debt (%)	(o+p)/(i-h-j)	14.7%				12.3%
Coverage (x)						
EBITDA interest coverage[a]	d/(-m)	12.6				13.3
FFO interest coverage	(n-l-m-k)/(-m-k)	11.1				11.6

[a]EBITDA after dividends to associates and minorities.
[b]Includes other off-balance sheet debt.
Source: Fitch Ratings, Fitch Solutions, PPF TG

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