

Tear Sheet:

e& PPF Telecom Group B.V.**December 15, 2025**

This report does not constitute a rating action.

We now anticipate that S&P Global Ratings-adjusted leverage will temporarily exceed 3.0x in 2025, primarily attributable to the recent full debt-funded acquisition of SBB Serbia.

Management has reiterated its commitment to its stated financial policy target of approximately 2.0x, which translates to slightly below 3.0x on an S&P-adjusted basis. The subsequent repayment of €100 million on the revolving credit facility (RCF), funded by cash from operations within months of the SBB Serbia transaction closing, demonstrates this ongoing commitment to deleveraging.

The company reported robust organic revenue growth (excluding SBB Serbia) of 4.5% and reported EBITDA growth of 4.6% during the first six months of 2025, reflecting continued growth momentum and operational efficiencies. Incorporating the impact of the SBB Serbia acquisition, our projections indicate revenue growth reaching 10% for 2025 (approximately 5% organic growth), moderating to a range of 3%-4% in the 2026-2027 period.

We maintain our forecast for improvement in the S&P-adjusted EBITDA margin, projecting a range of 46%-50%, and expect positive free operating cash flow (FOCF) in 2026-2027. Consequently, we estimate that S&P-adjusted leverage will improve to below 3.0x in both 2026 and 2027, recovering from an estimated 3.2x in 2025.

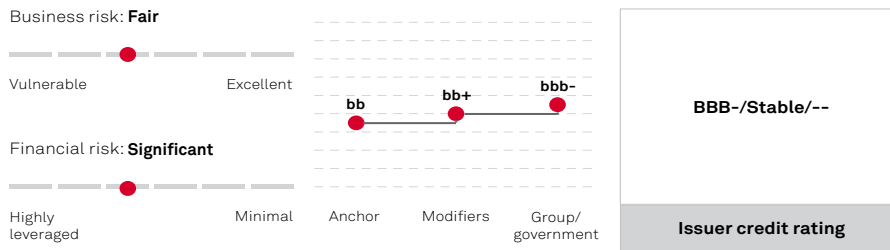
We believe the company maintains sufficient available funds to cover near-term debt maturities. The company's next significant maturity is the €550 million senior unsecured notes due in March 2026. As of June 30, 2025, the company held approximately €275 million in cash and cash equivalents, along with €700 million of undrawn revolving credit facility (RCF) capacity. Combined with an estimated €250 million of free operating cash flow (after spectrum payments), we believe the company possesses adequate liquidity to meet debt obligations over the next 12 months. Nevertheless, the company faces an aggregate of about €1.3 billion in debt maturities in 2027 and 2028, and we anticipate proactive management of these obligations well in advance of their respective due dates.

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Recent Research

- [e& PPF Telecom's Debt-Funded SBB Serbia Acquisition Will Deplete Rating Headroom, Feb. 25, 2025](#)
- [PPF Telecom Group B.V. Upgraded To 'BBB-' On Majority Stake Acquisition By e&; Outlook Stable, Oct. 24, 2024](#)

Company Description

e& PPF Telecom Group B.V. (e& PPF) is a European telecom group operating in four markets: Hungary, Bulgaria, Serbia, and Slovakia. For retail activities, e& PPF uses its own Yettel brand in Hungary, Bulgaria, and Serbia; and the O2 brand in Slovakia. In all markets, it uses CETIN as an independent wholesale mobile infrastructure provider. The group offers mobile services, fixed broadband, and Pay TV services in all its operating countries. Fiber to the home (FTTH) is offered through a wholesale access in Slovakia and Serbia, hybrid fiber-coaxial (HFC; cable) through SBB network in Serbia, and fixed wireless access (FWA) through CETIN's mobile network in Slovakia, Hungary, and Bulgaria.

As of June 30, 2025, e& PPF generated about €1.1 billion of consolidated revenue, and €0.55 billion of consolidated reported EBITDA after leases. e& PPF had 12.1 million mobile customers-- including 3.2 million in Bulgaria, 3.7 million in Hungary, 2.9 million in Serbia, and 2.4 million in Slovakia, as well as 1.1 million fixed customers (post SBB acquisition).

e& PPF is now owned 50%+1 economic share by e& (AA-/Stable/A-1+), the incumbent and largest telecom provider in the UAE that has a wide geographic telecom footprint spanning 20 countries across the Gulf Cooperation Council (GCC) region, Africa, South Asia, and Europe, and 50%-1 economic share by PPF Group N.V., an international investment conglomerate with four pillars: telecom, financial services, real estate, and media.

Outlook

The stable outlook reflects our expectation that e& PPF will increase organic revenue and EBITDA at a mid-single-digit rate because we expect the group to monetize its network upgrades, while maintaining its mobile market shares and growing average revenue per user (ARPU). We forecast that weighted-average leverage will be around 2.8x over the next two years and FOCF to debt between 10%-15%, excluding spectrum payments.

Downside scenario

We could lower the rating if adjusted debt to EBITDA sustainably increases above 3.0x, along with FOCF to debt declining to below 10%. This could result from a more competitive market environment, a push toward convergence in markets where the group is a mobile-only operator, or an unexpected and more aggressive return to shareholders. We could also lower the rating if we no longer viewed e& PPF as a moderately strategic asset to e&.

Upside scenario

We could raise the rating if e& PPF's S&P Global Ratings-adjusted debt to EBITDA decreases to below 2.5x and FOCF to debt increases to more than 15%, excluding spectrum, and the group adopts a financial policy that would support such improved credit metrics on a sustainable basis.

Key Metrics

Period ending	Dec-31-2023	Dec-31-2024	Dec-31-2025	Dec-31-2026	Dec-31-2027	Dec-31-2028
(Mil. EUR)	2023a	2024a	2025e	2026f	2027f	2028f
Revenue	3,264	2,126	2,332	2,427	2,521	2,628
EBITDA (reported)	1,757	3,360	1,080	1,184	1,268	1,348
Plus: Operating lease adjustment (OLA) rent	--	--	--	--	--	--
Plus/(less): Other	(98)	(2,414)	--	--	--	--
EBITDA	1,659	946	1,080	1,184	1,268	1,348
Less: Cash interest paid	(153)	(210)	(122)	(113)	(169)	(145)
Less: Cash taxes paid	(168)	(152)	(80)	(92)	(106)	(119)
Plus/(less): Other	--	--	--	--	--	--
Funds from operations (FFO)	1,338	584	877	979	993	1,084
EBIT	838	526	843	938	1,013	1,082
Interest expense	161	110	122	113	169	145
Cash flow from operations (CFO)	1,026	1,237	847	800	900	1,048
Capital expenditure (capex)	474	699	400	388	378	367
Free operating cash flow (FOCF)	552	538	447	412	523	680
Dividends	395	3,146	17	313	500	600
Share repurchases (reported)	--	1,900	--	--	--	--
Discretionary cash flow (DCF)	157	(4,508)	430	99	23	80
Debt (reported)	4,437	1,916	2,629	2,627	2,801	2,483
Plus: Lease liabilities debt	509	285	387	405	419	419
Plus: Pension and other postretirement debt	--	--	--	--	--	--
Less: Accessible cash and liquid investments	(570)	(228)	(326)	(320)	(411)	(40)
Plus/(less): Other	547	596	761	736	710	682
Debt	4,923	2,569	3,451	3,448	3,518	3,543
Equity	998	456	1,080	1,500	1,739	1,957
Interest expense (reported)	185	110	118	109	164	140

Capex (reported)	593	699	400	388	378	367
Adjusted ratios						
Debt/EBITDA (x)	3.0	2.7	3.2	2.9	2.8	2.6
FFO/debt (%)	27.2	22.7	25.4	28.4	28.2	30.6
FFO cash interest coverage (x)	9.7	3.8	8.2	9.6	6.9	8.5
EBITDA interest coverage (x)	10.3	8.6	8.9	10.5	7.5	9.3
CFO/debt (%)	20.8	48.1	24.5	23.2	25.6	29.6
FOCF/debt (%)	11.2	20.9	12.9	11.9	14.9	19.2
DCF/debt (%)	3.2	(175.4)	12.5	2.9	0.6	2.3
Lease capex-adjusted FOCF/debt (%)	11.0	14.1	10.1	9.9	12.7	17.0
Annual revenue growth (%)	6.7	(34.9)	9.7	4.1	3.9	4.2
EBITDA margin (%)	50.8	44.5	46.3	48.8	50.3	51.3
Return on capital (%)	14.2	11.8	22.3	19.8	19.9	20.1
Return on total assets (%)	10.3	8.6	18.5	17.0	17.1	17.7
EBITDA/cash interest (x)	10.8	4.5	8.8	10.5	7.5	9.3
EBIT interest coverage (x)	5.2	4.8	6.9	8.3	6.0	7.5

Financial Summary

e& PPF Telecom Group B.V.--Financial Summary

Period ending	Dec-31-2019	Dec-31-2020	Dec-31-2021	Dec-31-2022	Dec-31-2023	Dec-31-2024
Reporting period	2019a	2020a	2021a	2022a	2023a	2024a
Display currency (mil.)	EUR	EUR	EUR	EUR	EUR	EUR
Revenues	2,490	2,453	3,214	3,060	3,264	2,126
EBITDA	1,122	1,167	1,511	1,550	1,659	946
Funds from operations (FFO)	927	997	1,238	1,274	1,338	584
Interest expense	136	130	140	142	161	110
Cash interest paid	78	71	112	112	153	210
Operating cash flow (OCF)	1,143	1,216	1,089	953	1,026	1,237
Capital expenditure	402	620	439	605	474	699
Free operating cash flow (FOCF)	741	596	650	348	552	538
Discretionary cash flow (DCF)	185	(78)	211	(825)	157	(4,508)
Cash and short-term investments	795	790	617	461	609	269
Gross available cash	795	790	617	461	609	269
Debt	3,544	3,797	4,460	4,862	4,923	2,569
Common equity	2,261	1,836	1,357	994	998	456
Adjusted ratios						
EBITDA margin (%)	45.0	47.6	47.0	50.7	50.8	44.5
Return on capital (%)	6.7	7.7	12.8	13.5	14.2	11.8
EBITDA interest coverage (x)	8.2	9.0	10.8	10.9	10.3	8.6
FFO cash interest coverage (x)	12.9	15.0	12.0	12.4	9.7	3.8
Debt/EBITDA (x)	3.2	3.3	3.0	3.1	3.0	2.7

e& PPF Telecom Group B.V.--Financial Summary

FFO/debt (%)	26.2	26.3	27.8	26.2	27.2	22.7
OCF/debt (%)	32.2	32.0	24.4	19.6	20.8	48.1
FOCF/debt (%)	20.9	15.7	14.6	7.2	11.2	20.9
DCF/debt (%)	5.2	(2.1)	4.7	(17.0)	3.2	(175.4)

Peer Comparison

e& PPF Telecom Group B.V.--Peer Comparisons

	e& PPF Telecom Group B.V.	DIGI Communications N.V.	eircom Holdings (Ireland) Ltd.	Nuuday
Foreign currency issuer credit rating	BBB-/Stable/--	BB-/Stable/--	B+/Stable/--	B-/Stable/--
Local currency issuer credit rating	BBB-/Stable/--	BB-/Stable/--	B+/Stable/--	B-/Stable/--
Period	Annual	Annual	Annual	Annual
Period ending	2024-12-31	2024-12-31	2024-12-31	2024-12-31
Mil.	EUR	EUR	EUR	EUR
Revenue	2,126	1,924	1,212	1,952
EBITDA	946	644	549	535
Funds from operations (FFO)	584	422	332	473
Interest	110	124	188	213
Cash interest paid	210	129	193	60
Operating cash flow (OCF)	1,237	404	394	80
Capital expenditure	699	662	189	166
Free operating cash flow (FOCF)	538	(259)	205	(86)
Discretionary cash flow (DCF)	(4,508)	(304)	38	(86)
Cash and short-term investments	269	67	151	34
Gross available cash	269	67	151	34
Debt	2,569	2,508	3,051	2,557
Equity	456	1,236	(1,207)	762
EBITDA margin (%)	44.5	33.4	45.3	27.4
Return on capital (%)	11.8	7.9	10.7	10.5
EBITDA interest coverage (x)	8.6	5.2	2.9	2.5
FFO cash interest coverage (x)	3.8	4.3	2.7	8.9
Debt/EBITDA (x)	2.7	3.9	5.6	4.8
FFO/debt (%)	22.7	16.8	10.9	18.5
OCF/debt (%)	48.1	16.1	12.9	3.1
FOCF/debt (%)	20.9	(10.3)	6.7	(3.3)
DCF/debt (%)	(175.4)	(12.1)	1.2	(3.3)

Liquidity

We assess liquidity as adequate, based on our expectation that liquidity sources to uses will be comfortably above 1.3x in the 12 months as of July 1, 2025. In addition, the group has sound headroom with relation to its covenants, good relationships with banks, and a satisfactory standing in capital markets. We also think that e& PPF can absorb high-impact, low-probability

events with a 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
<ul style="list-style-type: none"> • Cash and liquid investments of €275 million; • An undrawn €0.7 billion revolving credit facility (RCF) maturing in 2027; and • Sizable cash FFO of €0.8 billion-€1.0 billion. 	<ul style="list-style-type: none"> • Debt maturities of €550 in the next 12 months; • Annual working capital outflows of about €100 million; • Capex of about €400 million-€500 million, including our assumptions for spectrum payments; and • Dividends of about €200 million-€300 million

Environmental, Social, And Governance

ESG factors have had no material influence on our credit rating analysis of e& PPF Telecom.

Rating Component Scores

Foreign currency issuer credit rating	BBB-/Stable/--
Local currency issuer credit rating	BBB-/Stable/--
Business risk	Fair
Country risk	Moderately High
Industry risk	Intermediate
Competitive position	Fair
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	Neutral (no impact)
Comparable rating analysis	Positive (+1 notch)
Stand-alone credit profile	bb+
Group credit profile	bbb-
Entity status within group	Moderately strategic

Related Criteria

- [Criteria | Corporates | General: Sector-Specific Corporate Methodology](#), April 4, 2024
- [Criteria | Corporates | General: Corporate Methodology](#), Jan. 7, 2024
- [Criteria | Corporates | General: Methodology: Management And Governance Credit Factors For Corporate Entities](#), Jan. 7, 2024

- [General Criteria: Environmental, Social, And Governance Principles In Credit Ratings](#), Oct. 10, 2021
- [General Criteria: Group Rating Methodology](#), July 1, 2019
- [Criteria | Corporates | General: Corporate Methodology: Ratios And Adjustments](#), April 1, 2019
- [Criteria | Corporates | General: Reflecting Subordination Risk In Corporate Issue Ratings](#), March 28, 2018
- [Criteria | Corporates | General: Methodology And Assumptions: Liquidity Descriptors For Global Corporate Issuers](#), Dec. 16, 2014
- [Criteria | Corporates | General: The Treatment Of Non-Common Equity Financing In Nonfinancial Corporate Entities](#), April 29, 2014
- [General Criteria: Country Risk Assessment Methodology And Assumptions](#), Nov. 19, 2013
- [General Criteria: Methodology: Industry Risk](#), Nov. 19, 2013
- [General Criteria: Principles Of Credit Ratings](#), Feb. 16, 2011

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