Ceska telekomunikacni infrastruktura a.s. (CETIN)

Rating Type	Rating	Outlook	Last Rating Action
Long-Term IDR	BBB	Stable	Affirmed 09 July 2018

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Financial Summary

(CZKm)	Dec 2016	Dec 2017	Dec 2018F	Dec 2019F
Gross Revenue	20,604	21,175	21,615	22,131
Operating EBITDA Margin (%)	37.8	37.1	35.1	34.4
FFO Margin (%)	34.2	32.0	31.7	29.8
FFO Fixed-Charge Coverage (x)	5.7	7.2	7.2	6.7
FFO Adjusted Net Leverage (x)	3.9	3.4	3.3	3.5

Source: Fitch

Ceska telekomunikacni infrastruktura a.s.'s (CETIN) rating reflects the company's ownership of key mobile and fixed-network infrastructure in the Czech Republic and a wholesale-based business model that benefits from long-term contracts with significant levels of minimum revenue guarantees from its customers. This provides greater cash-flow visibility and reduces the company's operating risk profile compared to other fully integrated telecoms operators.

Cost inflation and investments in fixed-line infrastructure are likely to lead to some free cash flow (FCF) margin pressure over the next three to four years. Fitch Ratings expects pre-dividend FCF generation to remain robust and the company's financial policies are likely to lead to a leverage profile at the lower end for the company's 'BBB' rating.

The prospective acquisition of Telenor's assets in central and eastern Europe (CEE) by CETIN's intermediate holding company parent, PPF Arena 1, will affect the relationship between the holding company parent and CETIN, although not to such a degree that it would change CETIN's standalone rating profile, in our opinion. Were PPF Arena 1 to become more dependent on CETIN's dividend stream, this could lead to a change in our approach with negative implications for the rating.

Key Rating Drivers

National Infrastructure, Limited Alternatives: CETIN owns and operates the incumbent national telecoms infrastructure in the Czech Republic, which it wholesales to all parties on a non-discriminatory basis. The structural separation of CETIN's network and a neutral wholesale-based business model lowers the regulatory burden compared to other EU incumbent operators.

There are limited alternatives to CETIN's mobile and fixed-network infrastructure with equal depth of coverage and capacity. This is supported by cable coverage of around 33% of households by UPC, numerous local Wi-Fi operators that fragment the broadband market, and a mobile network-sharing agreement with T-Mobile.

Cash Flow Visibility and Generation: CETIN's most material contracts with O2, T-Mobile and other operators are based on long-term durations with guaranteed base-line revenue commitments. These commitments come with service and capex obligations for CETIN, but provide the company with revenue, opex and capex visibility and the capacity to generate strong EBITDA margins (around 64% excluding international transit). As a result of these agreements, CETIN is able to increase the stability and visibility of cash flows and reduce operational risk.

Manageable Customer Concentration Risk: Around 80% of CETIN's EBITDA is derived from O2, based on long-term agreements. The high dependence of sales on one party creates customer concentration risk. Fitch incorporates a low weighting to this risk in the rating due to O2's strong market position and high switching costs arising from financial and operational factors. O2's agreement with CETIN is on a “take or pay” basis and lasts for an initial seven-year term. This is likely to make O2's business case for alternative suppliers or own-network investments prohibitive in all but niche areas.

FCF Margin Contraction: Fitch expects CETIN's pre-dividend FCF margins to contract to 11%-12% over the next three to four years from 15% at end-2017 largely due to increased capital expenditure and EBITDA pressure arising from wage and energy price inflation in the Czech Republic. CETIN is increasing the pace and depth of its fibre and broadband technology roll-out and is experiencing greater network capacity demands from mobile customers that result in higher capex. While some of the expenditure has associated contracted revenues, investments in the broadband network are long-term and support the competitive capability of CETIN's fixed-line network.

Retained Flexibility Key: CETIN's funds from operations (FFO) adjusted net leverage at end-2017 was 3.4x and comfortably within its downgrade trigger of 4x. Our base case forecasts indicate that this is likely to remain between 3.3x and 3.5x over the next three to four years, reflecting the company's financial policy and incorporating lower FCF. CETIN has a financial policy to manage leverage below 3.5x net debt-to-EBITDA (based on its definition of the metric) in the long term, with a reduction towards a target of 2.5x after 2020 (a level achieved at end-2017). The company's dividend policy is based on a net income pay-out ratio of up to 100%.

Standalone Approach Unchanged: CETIN is 100% ultimately owned by PPF Group N.V., which also owns 83.4% of O2 Czech Republic. CETIN's rating is based on its standalone profile, which we consider effectively ring-fenced from its parent or holdings in other entities. The prospective, partly debt-funded acquisition by PPF Arena 1, an intermediary holding, of Telenor's CEE assets for EUR2.8 billion has not changed our approach, although it has created dependence on CETIN's dividend stream to service PPF Arena 1 debt. Fitch views this dependence as low and not affecting CETIN's standalone rating profile, which we view as sufficiently insulated from PPF Arena 1.

Maintaining the standalone rating profile reflects a combination of factors that include 'silo' leverage covenants at the CETIN/O2 Czech Republic level of 2.5x net debt to EBITDA, contractual debt terms with no cross defaults or guarantees to any other part of the PPF Group, clear financial policies that allow for investment at CETIN and dividend payments of up to 100% of net income, the operating profile of PPF Arena 1's other assets and CETIN's dividend contributions to PPF Arena 1, which we expect will amount to around 20% of the FCF required to service debt at the PPF Arena 1 level.

Key Operating Risks Unlikely: Fitch has considered four main operational events, which could have an impact on CETIN's credit profile, and concluded that they either have a low risk of occurrence or manageable impact over the next five years. These are: the build-out of alternative infrastructures, a sustained increase in capex for network investments, a material loss of broadband market share by O2, and no contractual agreement between O2 and CETIN after the initial seven-year term. These risks form the basis of some of the rating sensitivities below.

Rating Derivation Relative to Peers

Rating Derivation vs. Peers	
Peer Comparison	CETIN has a hybrid credit profile due to its focus on wholesale infrastructure provision. The combination of a lower regulatory burden, reduced exposure to retail competition and long-term underlying contracts with minimum revenue streams is unique and reduces the company's operating risks compared with typical, fully integrated telecom operators such as Royal KPN N.V. (BBB/Stable) or BT Group plc (BBB/Stable). This is reflected in CETIN's higher leverage thresholds for any given rating band. CETIN's operating risk is, however, higher than mobile tower operators, such as Cellnex Telecom S.A (BBB-/Negative) in our opinion. Mobile tower operators benefit from higher cash-flow visibility and stability as a result of longer-term contracts, minimal technology obsolescence risk, greater visibility of capex investment returns, higher price indexation and, in many cases, energy cost pass-through. In comparison, CETIN's business model benefits from higher barriers to entry as its fixed-line network would be more costly to replicate, but overall, CETIN bears commercial risk for its investments particularly in fixed-line infrastructure that is more similar to traditional, fully vertically integrated telecom operators.
Parent/Subsidiary Linkage	Parent/subsidiary linkage is applicable.
Country Ceiling	No Country Ceiling constraint was in effect for these ratings.
Operating Environment	No operating environment influence was in effect for these ratings.
Other Factors	n.a.

Source: Fitch

Navigator Peer Comparison

Issuer		Business profile						Financial profile		
Name	IDR/Outlook	Operating Environment	Management and Corporate Governance	Competitive Position	Diversification	Technology and Infrastructure	Regulatory Environment	Profitability	Financial Structure	Financial Flexibility
Ceska telekomunikacni infrastruktura a.s. (CETIN)-3	BBB/Sta	a+	bbb	bbb+	bbb-	bbb+	bbb	a	bb+	bbb+
Royal KPN N.V.-3	BBB/Sta	aa	a-	bbb+	bbb	a	bbb	bbb+	bbb	a-
BT Group plc-3	BBB/Sta	aa	a	bbb+	bbb	a-	bbb	bbb+	bbb-	a-

Source: Fitch

Importance: Higher | Moderate | Lower

Rating Sensitivities

Future Developments That May, Individually or Collectively, Lead to Positive Rating Action

- Greater EBITDA diversification in its wholesale customer base and significant growth in broadband market share of CETIN's fibre and xDSL lines
- Improved visibility of long-term cash-flow generation driven by a material increase of committed revenue
- FFO-adjusted net leverage falling below 3.5x on a sustained basis

Future Developments That May, Individually or Collectively, Lead to Negative Rating Action

- A material and sustained decline in EBITDA or FCF driven by pressure in core national business segments
- A deterioration in the credit quality of O2 Czech Republic driven by a material loss in market share particularly but not solely in the broadband segment
- A roll-out of alternative network infrastructures that results in a loss of CETIN's market share of fibre and xDSL lines
- A change in the financial policy of CETIN that results in reduced financial flexibility, higher long-term leverage targets or contractual debt obligations to other parts of the PPF Group. Lower financial disclosure at PPF Group and increased dependence by PPF Arena 1 on CETIN dividends to service debt obligations
- FFO-adjusted net leverage trending above 4.0x on a sustained basis

Liquidity and Debt Structure

Comfortable Liquidity: CETIN had CZK805 million of unrestricted cash on its balance sheet at end-2017. The company generates strong pre-dividend FCF with no short-term maturities and senior unsecured bonds maturing in 2021 (Eurobonds) and 2023.

Debt Maturities and Liquidity at FYE2017

Liquidity Summary	**Original**	**Original**
	31 December 2016	31 December 2017
(CZKm)		
Total Cash & Cash Equivalents	533	1,149
Short-Term Investments		
Less: Not Readily Available Cash and Cash Equivalents	198	344
Fitch-defined Readily Available Cash and Cash Equivalents	335	805
Availability under Committed Lines of Credit		500
Total Liquidity	335	1,305
Plus: Fitch Forecast 2018 FCF (post dividend)		469
Total Projected 2018 Liquidity		**1,774**
Liquidity Score		n.a.
LTM EBITDA	7,785	7,845
LTM Free Cash Flow	2,946	469

Source: Fitch, Company filings

Scheduled Debt Maturities	**Original**
(CZKm)	31 December 2017
31 December 2018	0
31 December 2019	0
31 December 2020	0
Thereafter	21,583
Total Debt Maturities	**21,583**

Source: Fitch, Company filings

Summary of Financial Statement Adjustments

For the purposes of calculating leverage, Fitch has adjusted CETIN's cash position to include cash collateral held for derivative obligations: CZK155 million in 2016 and CZK306 million in 2017.

For the purposes of liquidity analysis, Fitch treats cash collateral as restricted cash and excludes it from cash and cash equivalents.

Key Assumptions

Fitch's key assumptions within our rating case for the issuer include:

- revenue (excluding international transit) declining around 1% in 2018 and growing by around 1% thereafter until 2020;
- EBITDA margin (excluding international transit) declining by around 1pp to 63% in 2018 and a further 1pp to 62% in 2019
- international transit EBITDA margin remaining broadly stable at 4%
- a weighted-average operating lease multiple of 7.5x excluding short-term lease expenditure, such as vehicles, and represents a blended figure that implies a multiple of 8.0x for long-term leased assets, such as property and 5.0x for telecoms connectivity
- Capex of around 18% of total revenue in 2018 and remaining broadly at this level thereafter (excluding international transit around 40%)
- Shareholder distribution after prioritisation of strategic investment in infrastructure, debt reduction and maintaining net debt-to-EBITDA (as defined by company) below 3.5x

Financial Data

	Historical		Forecast		
(CZKm)	**Dec 2016**	**Dec 2017**	**Dec 2018F**	**Dec 2019F**	**Dec 2020F**
SUMMARY INCOME STATEMENT					
Gross Revenue	20,604	21,175	21,615	22,131	22,539
Revenue Growth (%)	5.2	2.8	2.0	2.0	2.0
Operating EBITDA (Before Income From Associates)	7,785	7,845	7,581	7,602	7,641
Operating EBITDA Margin (%)	37.8	37.1	35.1	34.4	33.9
Operating EBITDAR	8,672	8,632	8,392	8,465	8,520
Operating EBITDAR Margin (%)	42.1	40.8	38.8	38.3	37.8
Operating EBIT	3,543	3,640	3,383	3,487	3,601
Operating EBIT Margin (%)	17.2	17.2	15.7	15.8	16.0
Gross Interest Expense	-378	-304	-299	-299	-299
Pretax Income (Including Associate Income/Loss)	2,814	3,415	3,109	3,213	3,327
SUMMARY BALANCE SHEET					
Readily Available Cash and Equivalents	490	1,111	1,578	1,346	1,210
Total Debt with Equity Credit	24,583	21,583	21,583	21,583	21,583
Total Adjusted Debt with Equity Credit	31,236	27,486	27,677	28,062	28,179
Net Debt	24,093	20,472	20,005	20,237	20,373
SUMMARY CASH FLOW STATEMENT					
Operating EBITDA	7,785	7,845	7,581	7,602	7,641
Cash Interest Paid	-481	-295	-299	-299	-299
Cash Tax	-776	-769	-455	-730	-675
Dividends Received Less Dividends Paid to Minorities (Inflow/(Out)flow)	0	0	0	0	0
Other Items Before FFO	-84	-34	0	0	0
Funds Flow from Operations	7,037	6,774	6,852	6,598	6,692
Change in Working Capital	357	130	235	-274	-190

Cash Flow from Operations (Fitch Defined)	7,394	6,904	7,088	6,324	6,502
Total Non-Operating/Non-Recurring Cash Flow	0	0			
Capital Expenditure	-3,471	-3,701			
Capital Intensity (Capex/Revenue)	16.9	17.5			
Common Dividends	-32,296	-257			
Free Cash Flow	-28,373	2,946			
Net Acquisitions and Divestitures	71	722			
Other Investing and Financing Cash Flow Items	-24	-203	-2	0	0
Net Debt Proceeds	28,048	-3,000	0	0	0
Net Equity Proceeds	0	0	0	0	0
Total Change in Cash	-278	465	467	-232	-136
ADDITIONAL CASH FLOW MEASURES					
FFO Margin (%)	34.2	32.0	31.7	29.8	29.7
Calculations for Forecast Publication					
Capex, Dividends, Acquisitions and Other Items Before FCF	-35,696	-3,236	-6,619	-6,556	-6,639
Free Cash Flow After Acquisitions and Divestitures	-28,302	3,668	469	-232	-136
Free Cash Flow Margin (After Net Acquisitions) (%)	-137.4	17.3	2.2	-1.1	-0.6
COVERAGE RATIOS					
FFO Interest Coverage (x)	14.4	23.9	23.9	23.0	23.3
FFO Fixed-Charge Coverage (x)	5.7	7.2	7.2	6.7	6.7
Operating EBITDAR/Interest Paid + Rents (x)	6.3	8.0	7.6	7.3	7.2
Operating EBITDA/Interest Paid (x)	16.2	26.6	25.4	25.5	25.6
LEVERAGES RATIOS					
Total Adjusted Debt/Operating EBITDAR (x)	3.6	3.2	3.3	3.3	3.3
Total Adjusted Net Debt/Operating EBITDAR (x)	3.6	3.1	3.1	3.2	3.2
Total Debt with Equity Credit/Operating EBITDA (x)	3.2	2.8	2.9	2.8	2.8
FFO Adjusted Leverage (x)	4.0	3.5	3.5	3.6	3.6
FFO Adjusted Net Leverage (x)	3.9	3.4	3.3	3.5	3.4

Source: Fitch Ratings, Inc., Company filings

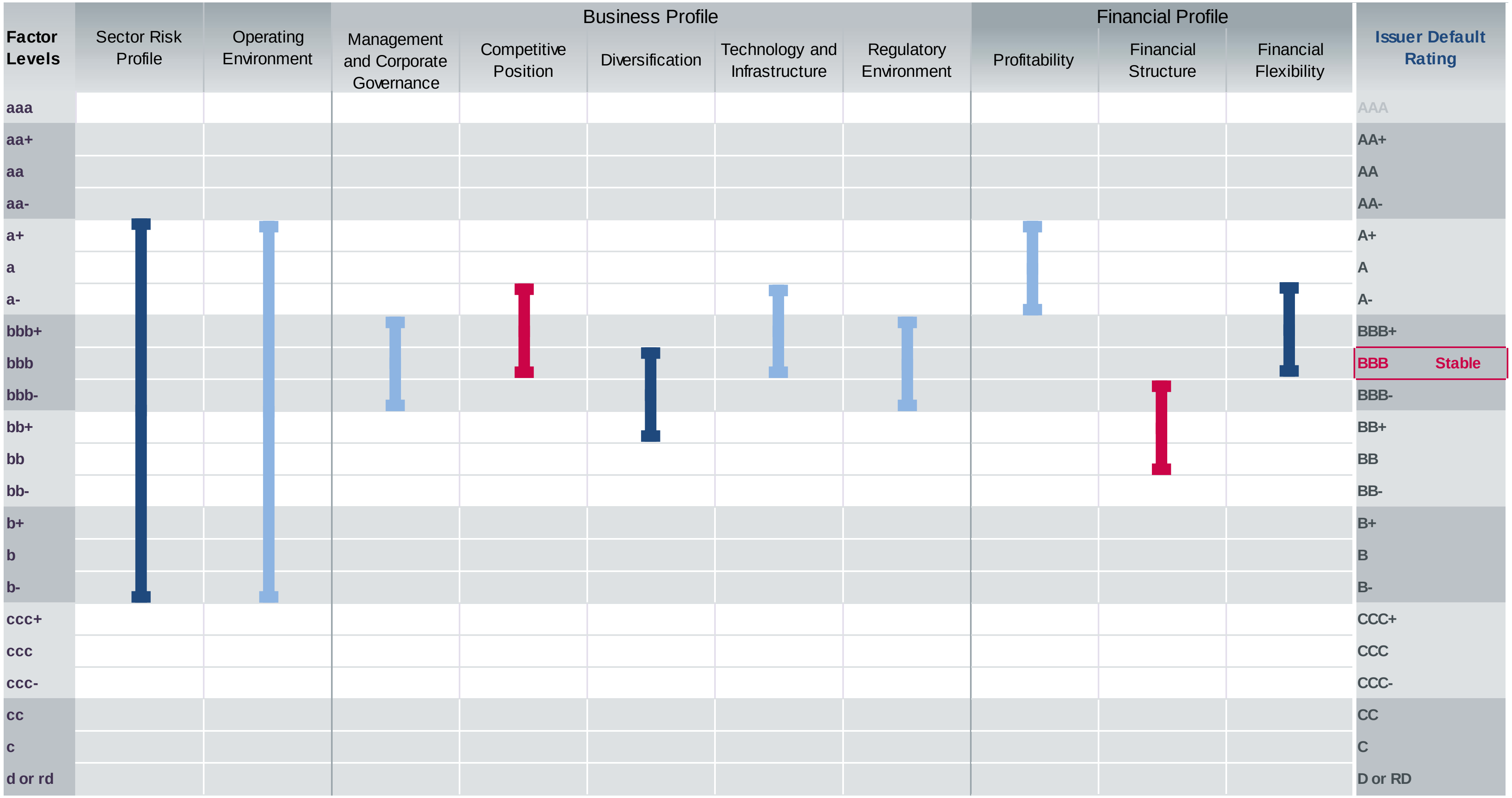
How to Interpret the Forecast Presented

The forecast presented is based on the agency's 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 to assign a rating or determine a rating outlook, and the information in the forecast reflects material but not exhaustive elements of Fitch's 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's forecasts are constructed using a proprietary internal forecasting tool, which employs Fitch's own assumptions on operating and financial performance that may not reflect the assumptions that you would make. Fitch's own definitions of financial terms such as EBITDA, debt or free cash flow may differ from your own such definitions. Fitch 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's own internal deliberations, where Fitch, 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 may update the forecast in future reports but assumes no responsibility to do so.

Rating Navigator

Ceska telekomunikacni infrastruktura a.s. (CETIN

Corporates Ratings Navigator
Telecommunications



FitchRatings

Ceska telekomunikacni infrastruktura a.s. (CETIN)

Corporates Ratings Navigator
Telecommunications

Operating Environment

aa-	Economic Environment	a	Strong combination of countries where economic value is created and where assets are located.
a+	Financial Access	a	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

a-	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	bbb	Some group complexity leading to somewhat less transparent accounting statements. No significant related-party transactions.
bbb-	Financial Transparency	bbb	Good quality reporting without significant failing. Consistent with the average of listed companies in major exchanges.
bb+			

Competitive Position

a	Market Position	a	Very strong and sustainable market share in primary markets (> 30%).
a-	Competition	a	Primary markets characterized by low competitive intensity and/or high barriers to entry.
bbb+	Scale - EBITDAR	b	<$500 million
bbb			
bbb-			

Diversification

bbb+	Service Platform Diversification	a	Operates several service platforms in primary markets.
bbb	Geographic Diversification	bb	Limited geographic diversification.
bbb-			
bb+			
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

aa-	Volatility of Cash Flow	a	Lower volatility and better visibility of cash flow than industry average.
a+	EBITDAR Margin	a	35%
a	FFO Margin	a	30%
a-			
bbb+			

Financial Structure

bbb	Lease Adjusted FFO Gross Leverage	bb	4.3x
bbb-	Lease Adjusted FFO Net Leverage	bb	4.0x
bb+	Net Debt/(CFO - Capex)	bbb	8.0x
bb	Total Adjusted Debt/Operating	bbb	3.0x
bb-			

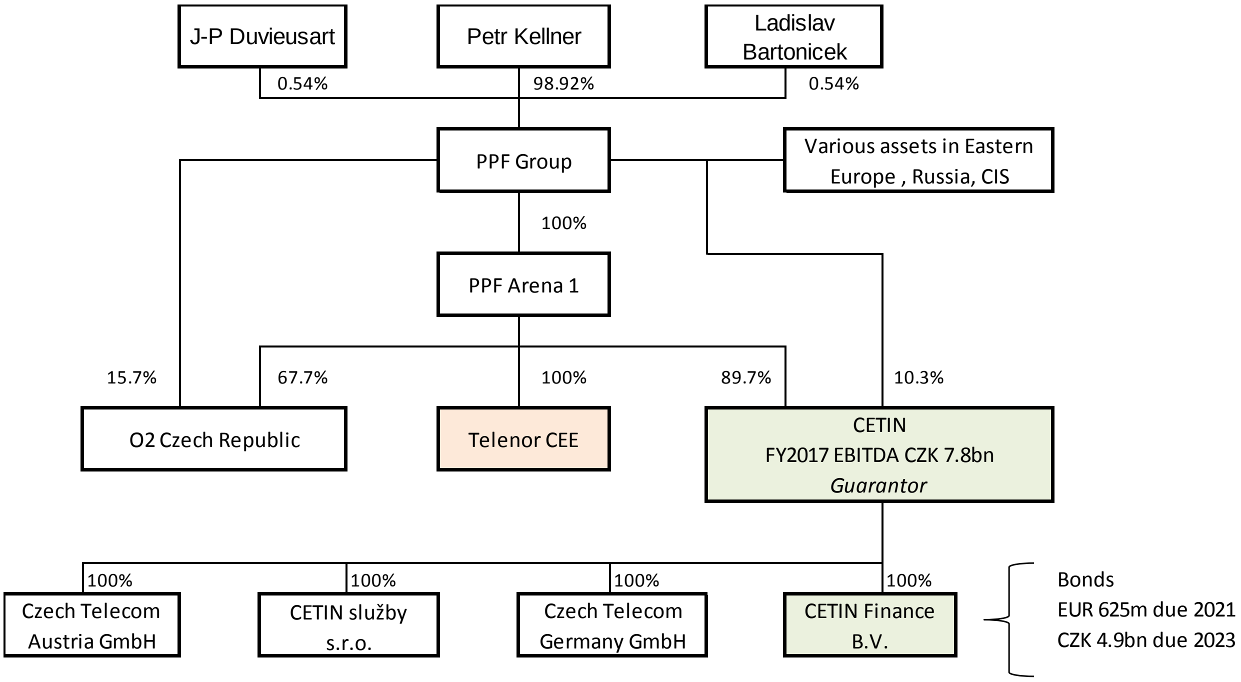
Financial Flexibility

a	Financial Discipline	a	Clear commitment to maintain a conservative policy with only modest deviations allowed.
a-	Liquidity	bbb	One year liquidity ratio above 1.25x. Well-spread maturity schedule of debt but funding may be less diversified.
bbb+	FFO Fixed Charge Cover	a	6.0x
bbb	FX Exposure	a	Profitability potentially exposed to FX but efficient hedging in place. Debt and cash flows well-matched.
bbb-			

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.

Navigator Version: RN 1.44.3.0

Simplified Group Structure Diagram



Source: Fitch, CETIN

Peer Financial Summary

Company	Date	Rating	Gross Revenue (EURm)	Operating EBITDA Margin (%)	FFO Margin (%)	FFO Fixed Charge Coverage (x)	FFO Adjusted Net Leverage (x)
Ceska telekomunikacni infrastruktura a.s. (CETIN)	2017	BBB	809	37.1	32.0	7.2	3.4
	2016	BBB	763	37.8	34.2	5.7	3.9
Royal KPN N.V.	2017	BBB	6,498	35.5	30.1	4.4	2.9
	2016	BBB	6,806	35.7	29.1	3.8	3.0
BT Group plc	2018	BBB	26,910	31.6	20.3	4.7	2.5
	2017	BBB+	28,639	31.7	23.7	5.3	2.1
Cellnex Telecom S.A.	2016	BBB-	705	41.2	36.1	3.0	6.3
	2015	BBB-	612	38.4	34.3	2.7	5.5

Source: Fitch

Reconciliation of Key Financial Metrics

(CZK Millions, As reported)	31 Dec 2017
Income Statement Summary	
Operating EBITDA	7,845
+ Recurring Dividends Paid to Non-controlling Interest	0
+ Recurring Dividends Received from Associates	0
+ Additional Analyst Adjustment for Recurring I/S Minorities and Associates	0
= Operating EBITDA After Associates and Minorities (k)	**7,845**
+ Operating Lease Expense Treated as Capitalised (h)	**787**
= Operating EBITDAR after Associates and Minorities (j)	**8,632**
Debt & Cash Summary	
Total Debt with Equity Credit (l)	**21,583**
+ Lease-Equivalent Debt	5,903
+ Other Off-Balance-Sheet Debt	0
= Total Adjusted Debt with Equity Credit (a)	**27,486**
Readily Available Cash [Fitch-Defined]	1,111
+ Readily Available Marketable Securities [Fitch-Defined]	0
= Readily Available Cash & Equivalents (o)	**1,111**
Total Adjusted Net Debt (b)	**26,375**
Cash-Flow Summary	
Preferred Dividends (Paid) (f)	**0**
Interest Received	27
+ Interest (Paid) (d)	**-295**
= Net Finance Charge (e)	**-268**
Funds From Operations [FFO] (c)	**6,774**
+ Change in Working Capital [Fitch-Defined]	130
= Cash Flow from Operations [CFO] (n)	**6,904**
Capital Expenditures (m)	**-3,701**
Multiple applied to Capitalised Leases	**7.5**
Gross Leverage	
Total Adjusted Debt / Op. EBITDAR* [x] (a/j)	**3.2**
FFO Adjusted Gross Leverage [x] (a/(c-e+h-f))	**3.5**
Total Adjusted Debt/(FFO - Net Finance Charge + Capitalised Leases - Pref. Div. Paid)	
Total Debt With Equity Credit / Op. EBITDA* [x] (l/k)	**2.8**
Net Leverage	
Total Adjusted Net Debt / Op. EBITDAR* [x] (b/j)	**3.1**
FFO Adjusted Net Leverage [x] (b/(c-e+h-f))	**3.4**
Total Adjusted Net Debt/(FFO - Net Finance Charge + Capitalised Leases - Pref. Div. Paid)	
Total Net Debt / (CFO - Capex) [x] ((l-o)/(n+m))	**6.4**
Coverage	
Op. EBITDAR / (Interest Paid + Lease Expense)* [x] (j/-d+h)	**8.0**
Op. EBITDA / Interest Paid* [x] (k/(-d))	**26.6**
FFO Fixed Charge Cover [x] ((c-e+h-f)/(-d+h-f))	**7.2**
(FFO - Net Finance Charge + Capit. Leases - Pref. Div Paid) / (Gross Int. Paid + Capit. Leases - Pref. Div. Paid)	
FFO Gross Interest Coverage [x] ((c-e-f)/(-d-f))	**23.9**
(FFO - Net Finance Charge - Pref. Div Paid) / (Gross Int. Paid - Pref. Div. Paid)	

* EBITDA/R after Dividends to Associates and Minorities
Source: Fitch, based on information from company reports.

Fitch Adjustment Reconciliation

	Reported Values 31 Dec 17	Sum of Fitch Adjustments	Cash Adjustment	Other Adjustment	Adjusted Values
Income Statement Summary					
Revenue	21,175	0			21,175
Operating EBITDAR	8,632	0			8,632
Operating EBITDAR after Associates and Minorities	8,632	0			8,632
Operating Lease Expense	787	0			787
Operating EBITDA	7,845	0			7,845
Operating EBITDA after Associates and Minorities	7,845	0			7,845
Operating EBIT	3,640	0			3,640
Debt & Cash Summary					
Total Debt With Equity Credit	20,722	861		861	21,583
Total Adjusted Debt With Equity Credit	26,625	861		861	27,486
Lease-Equivalent Debt	5,903	0			5,903
Other Off-Balance Sheet Debt	0	0			0
Readily Available Cash & Equivalents	843	268	268		1,111
Not Readily Available Cash & Equivalents	0	38	38		38
Cash-Flow Summary					
Preferred Dividends (Paid)	0	0			0
Interest Received	27	0			27
Interest (Paid)	-295	0			-295
Funds From Operations [FFO]	6,774	0			6,774
Change in Working Capital [Fitch-Defined]	130	0			130
Cash Flow from Operations [CFO]	6,904	0			6,904
Non-Operating/Non-Recurring Cash Flow	0	0			0
Capital (Expenditures)	-3,701	0			-3,701
Common Dividends (Paid)	-257	0			-257
Free Cash Flow [FCF]	2,946	0			2,946
Gross Leverage					
Total Adjusted Debt / Op. EBITDAR* [x]	3.1				3.2
FFO Adjusted Leverage [x]	3.4				3.5
Total Debt With Equity Credit / Op. EBITDA* [x]	2.6				2.8
Net Leverage					
Total Adjusted Net Debt / Op. EBITDAR* [x]	3.0				3.1
FFO Adjusted Net Leverage [x]	3.3				3.4
Total Net Debt / (CFO - Capex) [x]	6.2				6.4
Coverage					
Op. EBITDAR / (Interest Paid + Lease Expense)* [x]	8.0				8.0
Op. EBITDA / Interest Paid* [x]	26.6				26.6
FFO Fixed Charge Coverage [x]	7.2				7.2
FFO Interest Coverage [x]	23.9				23.9

*EBITDA/R after Dividends to Associates and Minorities

Source: Fitch

Full List of Ratings

	Rating	Outlook	Last Rating Action
Ceska telekomunikacni infrastruktura a.s. (CETIN)			
Long-Term IDR	BBB	Stable	Affirmed 09 July 2018
Senior unsecured debt	BBB		Affirmed 09 July 2018
CETIN Finance B.V			
Senior unsecured notes	BBB		Affirmed 09 July 2018

Related Research & Criteria

Corporate Rating Criteria (March 2018)

Sector Navigators (March 2018)

Corporates Notching and Recovery Ratings Criteria (March 2018)

Country-Specific Treatment of Recovery Ratings Criteria (April 2018)

Parent and Subsidiary Rating Linkage (February 2018)

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