



Press release

Budapest, 6 January 2023

SCOPE HAS UPGRADED 4iG

The acquisition of Vodafone could significantly improve the company's market position

- **Scope Ratings has upgraded the issuer rating of 4iG Plc to BB-/stable from B+ (positive outlook). At the same time, the rating agency upgraded the debt rating of 4iG's already issued bonds to BB-/stable from B+ (positive outlook).**
- **The upgrade reflects an improved competitive positioning, business profile, profitability and improving credit metrics, with the acquisition of Vodafone Hungary, which has a significant share of the Hungarian mobile market.**
- **The upgrade is also recognition of 4iG's successful expansion strategy, with the Vodafone Hungary transaction making the Group a regional champion.**
- **The company's debt/earnings ratio could improve in the coming years, which could lead to a further upgrade of 4iG.**

The issuer and debt ratings of 4iG Plc (4iG) have been upgraded to BB- by Scope Ratings, which may be affirmed following the closing of the Vodafone acquisition, as the capital markets company has announced on the Budapest Stock Exchange. The upgrade reflects an improved competitive positioning, business profile, profitability, and improving credit metrics following the acquisition of Vodafone Hungary, which has a significant share of the Hungarian mobile market. Last November, the rating agency revised the B+/stable rating to positive outlook and indicated that it may upgrade 4iG's issuer and bond debt ratings. Scope Ratings expects the Vodafone acquisition to close in the coming weeks.

"The upgrade also represents recognition of the successful expansion strategy of the 4iG Group launched in 2021," stressed Péter Fekete, Group CEO of 4iG Plc in connection with the upgrade. "The acquisitions made over the past one and a half years have improved the Group's financial indicators, the acquired companies complement each other well, and the integration process will allow the Group to exploit a wide range of synergies. The company has now become the number one telecoms operator in Albania, and the Vodafone Hungary transaction will make 4iG not only a national champion, but also a regional champion," added Péter Fekete.

Scope highlighted that the acquisition of Vodafone will enable the 4iG Group to become Hungary's second largest mobile operator (3.2 million subscribers), and a market leader in the fixed broadband segment (1.5 million subscribers). The transaction will also enable the Group to become a complex convergent mobile-wired operator.

According to Scope's scenario, 4iG Plc's debt/EBITDA ratio could decrease to 4.5 by 2024, with the evolution of the debt stock contributing to a stable outlook thereafter. The rating agency's analysis foresees further upgrades on the back of the stable integration of recently acquired companies, the consolidation of group-wide financial operations, and the moderation of M&A activity, thus the debt/EBITDA ratio could fall substantially below 4. A favourable outcome of the Vodafone transaction could increase 4iG Group's EBITDA margin to around 30-35%, and the Group's expansion, together



with more stable and diversified revenues and the gradual realisation of synergies, could further improve its operating profitability and business risk profile. Scope's analysis concluded that 4iG's ability to repay debt is stable over the long term.

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Background:



4iG Plc, a Hungarian majority-owned company based in Budapest, Hungary is the leading telecommunications and IT group in Hungary and the Western Balkan region and one of the leading companies in the knowledge-based, digital economy. The Budapest Stock Exchange listed capital market company's fresh and innovative approach and its position as Hungary's leading IT systems integrator make the group a leading residential and business service provider in the region's digital transformation. 4iG's dynamic expansion strategy has made it a key player in the telecommunications markets in Hungary and the Western Balkans. The Group is continuously expanding its services, expertise, and portfolio to meet the changes and needs of the telecommunications and IT markets. The 4iG Group currently employs nearly 6,000 people. www.4ig.hu



Scope Group, founded in Berlin in 2002, provides independent rating, research, and risk analysis of bonds. Scope Ratings is a leading European credit rating agency providing credit risk analysis, with a distinctly European approach to credit research and assessment. Scope Ratings is registered under the EU Rating Regulation and operates in the European Union with ECAI status. In their activities, credit rating agencies assess the creditworthiness and willingness to repay of the rated entity. They aggregate information and produce indicators for borrowers, lenders, and capital market participants.

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