



Investor presentation
for the year ended December 31, 2014

Cable Communications Systems (CCS)

Parent Company of
RCS & RDS

May 7, 2015

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Group overview

	 Romania	 Hungary	   Others	Total
	Year ended December 31, 2014	Year ended December 31, 2014	Year ended December 31, 2014	Year ended December 31, 2014
Revenues and other income ²	€471 m	€119 m	€74 m	€662m ²
EBITDA	€177 m	€47 m	€7 m	€231m
EBITDA margin ¹	38%	39%	10%	35%
Service offering / market position /				
RGUs December 31, 2014A ('000s)				
CATV	#1 / 2,599	#3 / 411	-	3,010
Fixed internet and data	#1 / 1,834	#3 / 347	-	2,181
Fixed-line telephony	#2 / 1,470	#4 / 301	-	1,771
Mobile telephony	#4 / 1,388	- / -	486	1,874
Mobile internet and data	- / 1,223	- / 19	190	1,432
DTH	#2 / 725	#1 / 330	134	1,189
Total RGUs	9,239	1,408	810	11,457

Source: Company data

Note:

¹ EBITDA margin defined as EBITDA / Revenues and other income;

² Total revenues and other income include eliminations of intersegment revenues and do not include the gain from sale of subsidiaries



Recent Developments

- On April 30, 2015 we signed a new facility agreement which will refinance our New Senior Facilities Agreement and convert the current EUR exposure into RON. The total amount of this facility is the equivalent in RON of €235 million at the exchange rate of 4.4 RON/EUR (RON 1,034 million), with the possibility of increasing it to €260 million (the same, equivalent in RON) in the next three months.
- We sold our Czech subsidiary on April 21, 2015. Out of the total selling price of €26.14 million, €25.39 million were received at the closing, and the remaining €0.75 will be received after 13 months, subject to certain conditions.



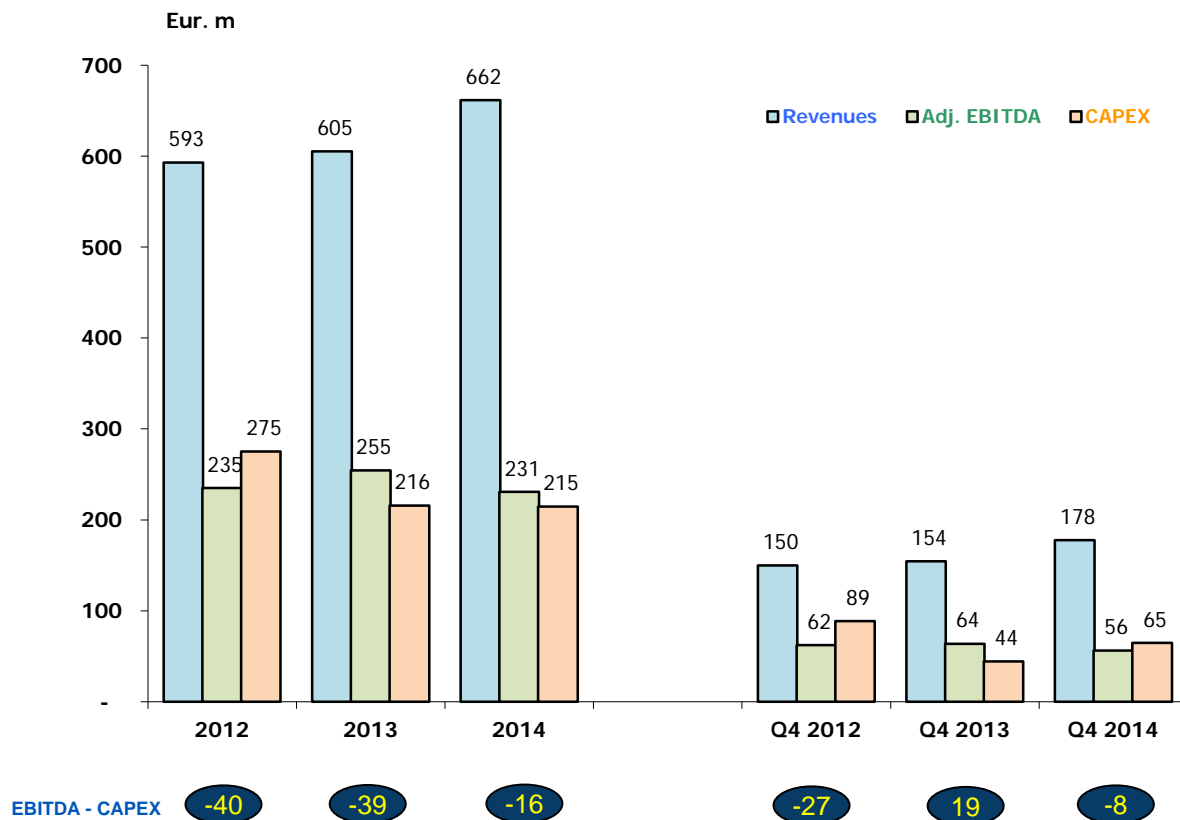
Recent Developments

- On January 15, 2015 we acquired the rights for the Romanian Football League for the period February 2015 – May 2019.
- On December 22, 2014 we signed the contract for the acquisition of two radio stations in Romania. In February 2015 the National Audiovisual Council approved the transfer of the radio licenses. Until the date of this report the closing has not taken place as the conditions precedent have not been fulfilled.
- Starting with the beginning of 2015, we launched an offer for energy supply to business clients. The energy sold is from our own production capacities and/or purchased on the open market.
- Management changes



Financial highlights

Results from continuing¹ operations



- Revenues increased as a result of increase in sale of equipments to clients and as a result of increase in RGUs
- EBITDA margin decreased primarily due to sales of equipments at cost and increase in certain expenses in Romania
- EBITDA value was lower in 2014 compared with 2013 (for the entire year and for the 4th quarter) mainly as a result of increase in expenses in Romania and decrease of profitability in Spain and Italy
- EBITDA for the 4th quarter of 2014 was on approximately the same level with EBITDA for the 2nd and 3rd quarters
- CAPEX (save for investment in the new Hungarian mobile license) was EUR 183 million. Total CAPEX was slightly lower in 2014 compared with 2013 (EUR 215 million compared with EUR 216 million)
- CAPEX increased from EUR 44 million in Q4 2013 to EUR 65 million in Q4 2014 due the payment for the 1800 Mhz license in Hungary (approximately EUR 32.2 million)

¹ Continuing operations include Romania, Hungary, Spain, Czech Republic and Italy
Source: Company data



Highlights Romania – Revenues and Adj EBITDA

Results of Operations

Results of Operations	For the year ended December 31,			For the three months ended December 31,		
	2013	2014	% change	2013	2014	% change
	(euro in millions)			(euro in millions)		
Revenues ⁽¹⁾	417.8	471.1	12.8%	106.8	126.8	18.7%
Adjusted EBITDA	197.9	177.0	-10.6%	49.7	41.5	-16.6%
Margin %	47.4%	37.6%		46.6%	32.7%	
Revenues ⁽¹⁾ in constant currency	417.8	473.3	13.3%	106.8	126.4	18.4%

Revenue growth of 12.8% in 2014 (13.3% in constant currency terms) was driven by growth in sale of equipment and increase in RGUs. Revenues from services increased from EUR 416.4 million in 2013 to EUR 429.4 million in 2014, an increase of 3.1%.

Total sales of Mobile Handsets and other equipment were EUR 41.7 million in 2014 (2013: EUR 1.4 million). These sales are at cost and if we adjust both revenues and expenses, EBITDA margin would have been 41.2% as compared with 47.5% in 2013 on a comparable basis.

In the last three months of 2014 sales of Mobile Handsets and other equipment amounted to EUR 17.1 million. Adjusting for both revenues and expenses, EBITDA margin would have been 37.9% as compared with 46.7% in the last three months of 2013.

EBITDA has decreased mainly as a result of increase in salaries, the new tax on special constructions (of approximately 1% of our revenues in Romania) and additional spectrum costs for the new 900 Mhz license.

Constant currency figures use 2013 average exchange rate of 4.42 RON/EUR (vs. 4.44 RON/EUR for 2014)

Constant currency figures use Q4 2013 average exchange rate of 4.45 RON/EUR (vs. 4.43 RON/EUR for Q4 2014)

Notes:

¹ Figures include Intersegment revenues



Highlights Romania - KPIs

Subscribers

Subscribers (Thousand RGUs)	RGUs Period Ended December 31,		Net Additions	
	2013	2014	Last 12 months	Last 3 months
Cable TV	2,451	2,599	148	40
Fixed internet and data	1,683	1,834	151	50
Fixed-line telephony	1,519	1,470	(49)	(15)
Mobile telephony	1,089	1,388	299	171
Mobile internet and data	670	1,223	553	170
DTH	821	725	(96)	(16)

Thousand RGU's

ARPU (EUR) - residential clients

	For the year ended December 31,		% change
	2013	2014	
Cable TV	5.13	5.12	-0.2%
Fixed internet and data	5.19	5.22	0.6%
Fixed-line telephony	1.67	1.41	-15.6%
Mobile telephony	1.44	1.73	20.1%
Mobile internet and data	1.74	1.51	-13.2%
DTH	4.77	4.78	0.2%

- Steady growth in Cable TV and Internet subscribers
- Increase in 2014 in mobile telephony RGUs starting with the second part of the year
- Growth in Mobile and internet data RGUs in 2014 due to sale of mobile telephony subscriptions with mobile data included
- Steady ARPU performance in cable TV, internet and DTH
- Decrease in Fixed-line telephony ARPU as a result of decrease in interconnection rates
- Increase in Mobile telephony ARPU as a result of sale of our new postpaid mobile packages with higher subscription fees. ARPU for Q4 2014 was EUR 2.18 vs. EUR 1.50 in Q4 2013.



Highlights Hungary – Revenues and EBITDA

Results of Operations

Results of Operations	For the year ended December 31,			For the three months ended December 31,		
	2013	2014	% change	2013	2014	% change
	(euro in millions)			(euro in millions)		
Revenues	119.0	119.1	0.0%	30.0	30.5	1.4%
Adjusted EBITDA	44.7	46.7	4.5%	10.9	12.2	12.4%
Margin %	37.6%	39.3%		36.1%	40.1%	
Revenues in Constant Currency	119.0	123.7	4.0%	30.0	31.6	5.0%

▪ Constant revenues in 2014 compared with 2013 and slight increase in revenues in Q4 2014 as compared with Q3 2013

▪ On a constant currency basis there was an increase in revenues of 4.0% in 2014 compared to 2013 and of 5.0% in Q4 2014 compared with Q4 2013

Constant currency figures use 308.66 HUF/EUR for 2014 (vs. 297.01 HUF/EUR in 2013) and 308.37 HUF/EUR for Q4 2014 (vs. 297.8 HUF/EUR in Q4 2013)



Highlights Hungary - KPIs

Subscribers

Subscribers (Thousand RGUs)	RGUs Period Ended		Net Additions	
	December 31,		Last 12 months	Last 3 months
	2013	2014		
Cable TV	404	411	7	6
Fixed internet and data	329	347	18	8
Fixed-line telephony	288	301	13	5
Mobile internet and data	21	19	(2)	(1)
DTH	341	330	(11)	(9)

Thousand RGU's

ARPU (EUR)

	For the year ended		% Change
	December 31,		
	2013	2014	
Cable TV	7.32	7.11	-2.9%
Fixed internet and data	7.75	7.55	-2.6%
Fixed-line telephony	3.03	2.36	-22.1%
Mobile internet and data	6.73	6.54	-2.8%
DTH	7.97	7.75	-2.8%

- Steady growth of Triple Play subscribers and increase in the penetration of Internet and Fixed Telephony subscribers

- ARPU variations mainly driven by the exchange rates

- Decrease in Fixed-line telephony ARPU due to decrease in fixed-line termination rates starting with 2014



Highlights Other Territories

	For the year ended December 31,		% change	For the three months ended December 31,		% change
	2013	2014		2013	2014	
	(euro in millions)			(euro in millions)		
Revenues						
Spain ¹	48.5	54.8	13.0%	12.4	15.4	23.9%
Czech Republic	17.1	13.8	-19.3%	3.9	3.3	-16.9%
Italy	6.4	5.1	-20.7%	2.0	1.5	-25.8%
Discontinued Operations ²	18.8	0.0	N.M.	0.0	0.0	N.M.
	90.8	73.6		18.3	20.1	
EBITDA¹						
Continuous Operations	11.9	7.1	-40.3%	3.0	2.4	-18.4%
Discontinued Operations ²	6.7	0.0	N.M.	0.0	0.0	N.M.
	18.6	7.1		3.0	2.4	

Subscribers (Thousand RGUs)	RGUs Period Ended December 31,		Net Additions	
	2013	2014	Last 12 months	Last 3 months
Spain - mobile telephony	309	423	114	34
Spain - mobile internet and data	103	187	84	15
Czech Republic	157	134	(23)	(5)
Italy	60	66	6	6

Thousand RGU's

Notes: ¹ Figures includes Intersegment operations; ² Croatia sold in March 2013, Serbia divested in May 2013 (76% stake) and Slovakia sold in August 2013

- **Spain:**
 - Steady growth in RGUs
 - We have negotiated the extension of our MVNO agreement with Telefonica until the end of 2017 (originally expiring at the end of 2015)

- **Italy:** we are in the process of implementing the migration to Telecom Italia's network which we expect to complete by the end of June.

- **Czech Republic** was disposed as of April 2015

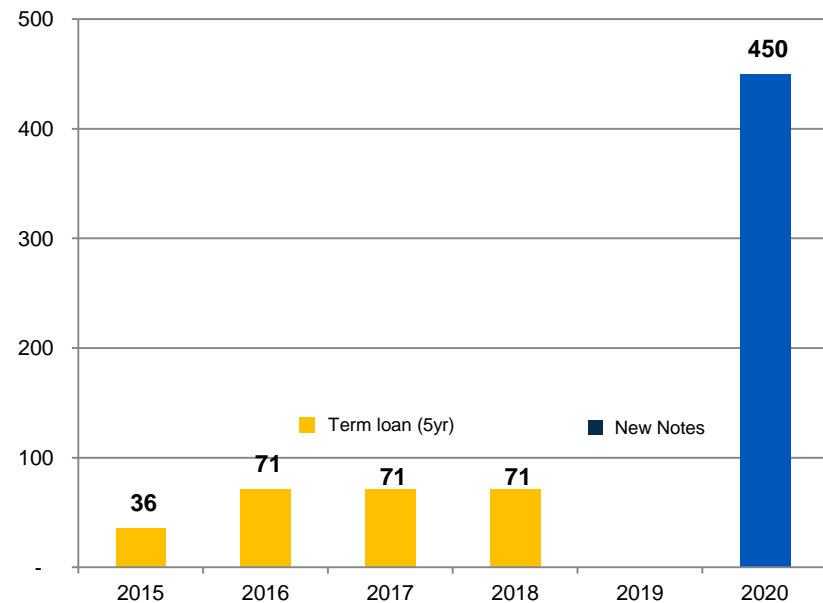


Group Financial Profile

Financial liabilities as of December 31, 2014

Facility	Amount (EUR millions)
Senior Secured Notes*	450.0
Term loan (5y)	250.0
Financial leases	7.0
Other short term debt	5.0
Hedging obligations	1.0
Total debt	713.0
Cash on BS*	54.3
Total net debt	658.7
Undrawn committed facilities	
RCF (3y; EUR 50 million committed)	50.0

Maturity profile Term Loan & Notes as of December 31, 2014 (EUR millions)



Source: Company data

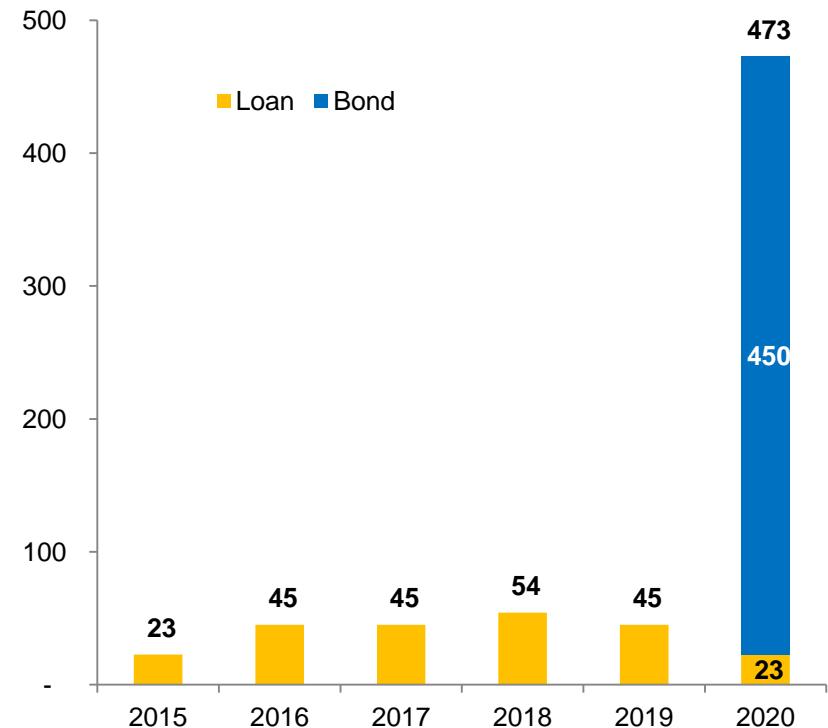
*We concluded a coupon SWAP until the end of September 2016 for the full amount of the Proceeds Loan (€450 million)



Group Financial Profile (continued)

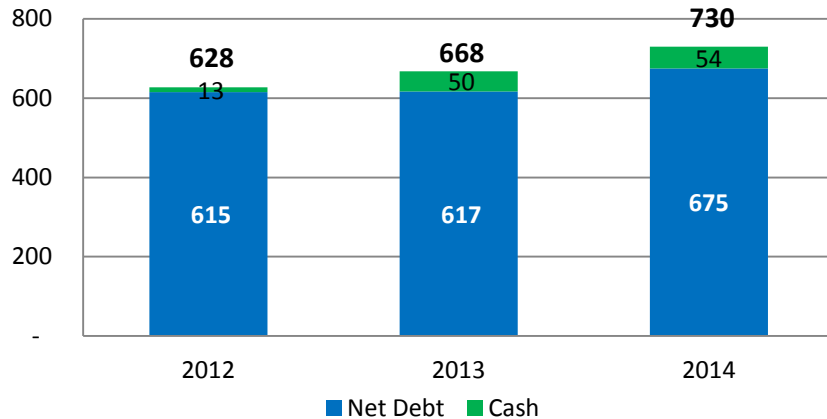
- On April 30, 2015 we signed a new facility agreement which will refinance our New Senior Facilities Agreement and convert the current EUR exposure into RON.
- The total amount of this facility is the equivalent in RON of €235 million at the exchange rate of 4.4 RON/EUR (RON 1,034 million), with the possibility of increasing it to €260 million (the same, equivalent in RON) in the next three months.
- Out of the total €235 million, €226 million represents a term loan, with equal repayments every 6 months and final maturity in 5 years time from signing and the remaining €9 million represents a Revolver credit facility with a maturity of three years. We expect to draw the new facility and to finalize the refinancing on May 15, 2015.

Pro forma Maturity profile Loan & Notes (EUR millions)



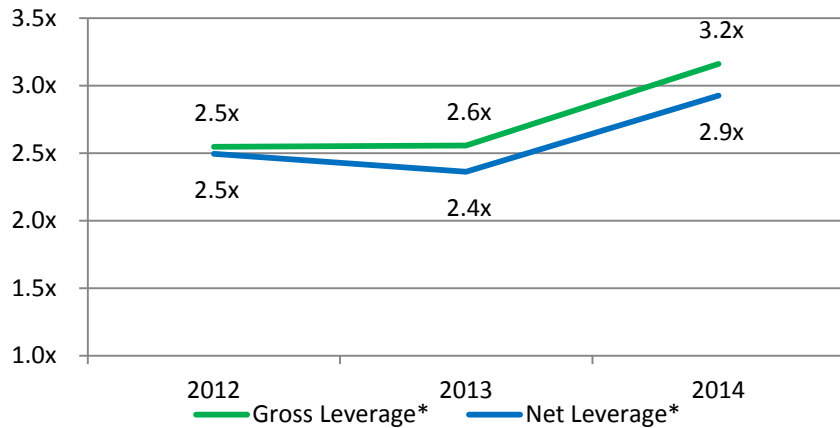
Group Financial Profile (continued)

Gross / Net Debt (EUR millions)



- Total net debt as of December 31, 2014 is €675 million
- Net Leverage is 2.9x and Gross Leverage is 3.2x.
- Undrawn Portion of Financial Debt: €50 million,

Leverage



Notes:

* The Net Leverage and Gross Leverage are computed using EBITDA (Adjusted EBITDA for 2013 and 2014) as presented in the Consolidated Financial Statements of CCS for 2013 and 2014



Financial Calendar

- You can find us on:

- Web: investors.rcs-rds.ro

- Email: investor.relations@rcs-rds.ro

- Agenda

	Report	Call
Q1 2015 Results	12-Jun-15	Thursday 18-Jun-15
Q2 2015 Results	11-Sep-15	Thursday 17-Sep-15
Q3 2015 Results	11-Dec-15	Thursday 17-Dec-15
FY 2015 Results	29-Apr-16	Thursday 5-May-16



Q&A Session

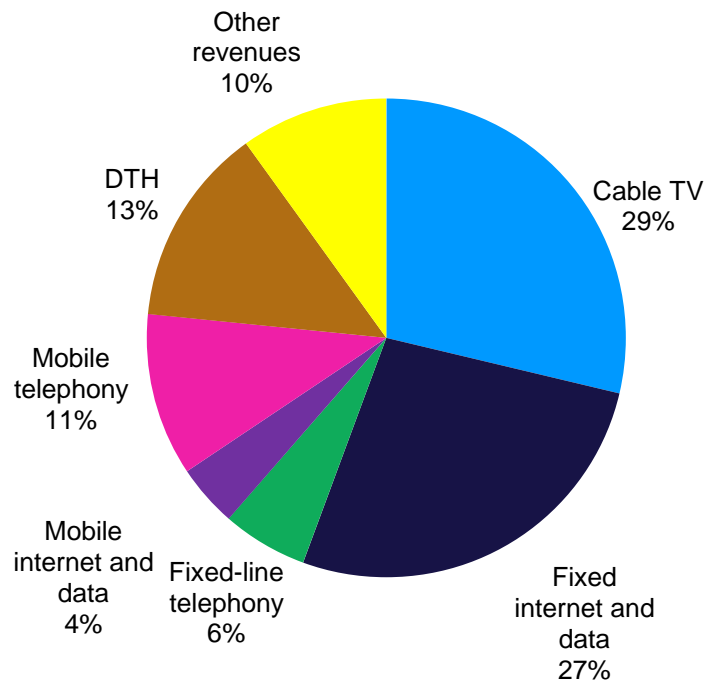


Appendices

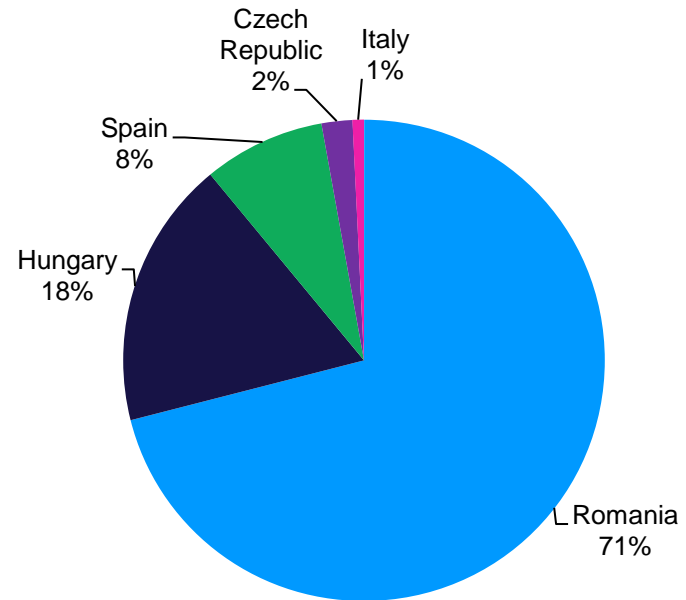


Revenue streams

2014 revenue split by product



2014 revenue split by country



Group Results (P&L)

	For the year ended December 31,			% change	For the three months ended December 31,		
	2013	2014			2013	2014	% change
	(euro in millions)				(euro in millions)		
Revenues							
Romania	415.1	469.7	13.1%	106.1	127.3	19.9%	
Hungary	119.0	119.1	0.0%	30.0	30.5	1.4%	
Spain	47.6	54.0	13.4%	12.2	15.2	24.3%	
Other	23.5	18.9	-19.7%	5.9	4.7	-20.3%	
Discontinued Operations ¹	18.8	0.0	N.M	0.0	0.0	N.M	
Total Revenues	624.1	661.6	6.0%	154.3	177.6	15.1%	
Adjusted EBITDA	261.2	230.8	-11.6%	63.7	56.2	-11.9%	
<i>% margin²</i>	41.9%	34.9%		41.3%	31.6%		
Results of Operations less Divested Subsidiaries							
Revenues from services	605.3	661.6	9.3%	154.3	177.6	15.1%	
Adjusted EBITDA from services	259.6	230.8	-11.1%	57.1	56.2	-1.7%	
<i>% margin²</i>	42.9%	34.9%		37.0%	31.6%		
Results from operations excluding sales of equipment							
Revenues	619.6	616.8	-0.5%	153.5	161.1	5.0%	
Adjusted EBITDA	261.4	229.7	-12.1%	62.5	54.8	-12.3%	
<i>% margin²</i>	42.2%	37.2%		40.7%	34.0%		

Source: Company data; Notes: ¹Croatia sold in March 2013, Serbia divested in May 2013 (76% stake) and Slovakia sold in August 2013;

²Defined as the ratio of EBITDA to Revenues;



Cash Flow

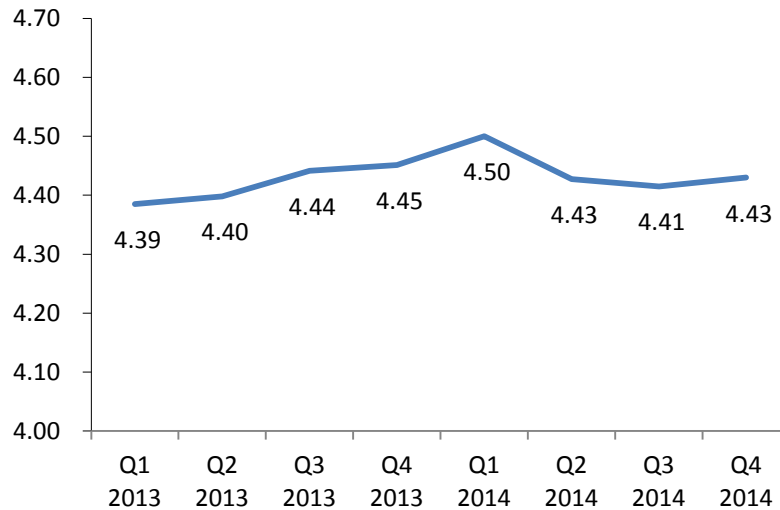
Summary Cash Flow

	Year ended December 31,	
	2013	2014
	(euro in millions)	
Cash flows from operations before working capital changes	271.0	232.0
Cash flows from changes in working capital	(18.9)	(5.7)
Cash flows from operations	252.1	226.3
Interest paid	(29.6)	(46.7)
Income tax paid	(15.3)	(4.6)
Cash flow from operating activities	207.2	174.9
Cash flow used in investing activities	(174.6)	(204.4)
Cash flows from financing activities	5.8	33.6
Net increase (decrease) in cash and cash equivalents	38.4	4.1
Cash and cash equivalents at the beginning of the period	12.6	50.2
Effect of exchange rate fluctuation on cash and cash equivalent held	(0.7)	(0.0)
Cash and cash equivalents at the closing of the period	50.2	54.3



FOREX development

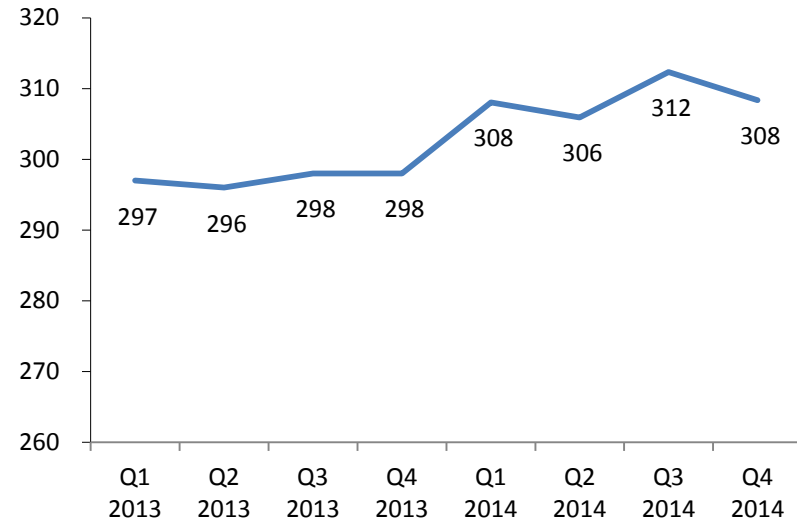
RON/EUR Exchange Rate 2013 – 2014



Romania

- In 2014, compared with 2013, the Romanian leu depreciated by 0.5% relative to the euro.
- In Q4, 2014, compared with the same period in 2013, the Romanian leu appreciated by 0.5% relative to the euro.

HUF/EUR Exchange Rate 2013 – 2014

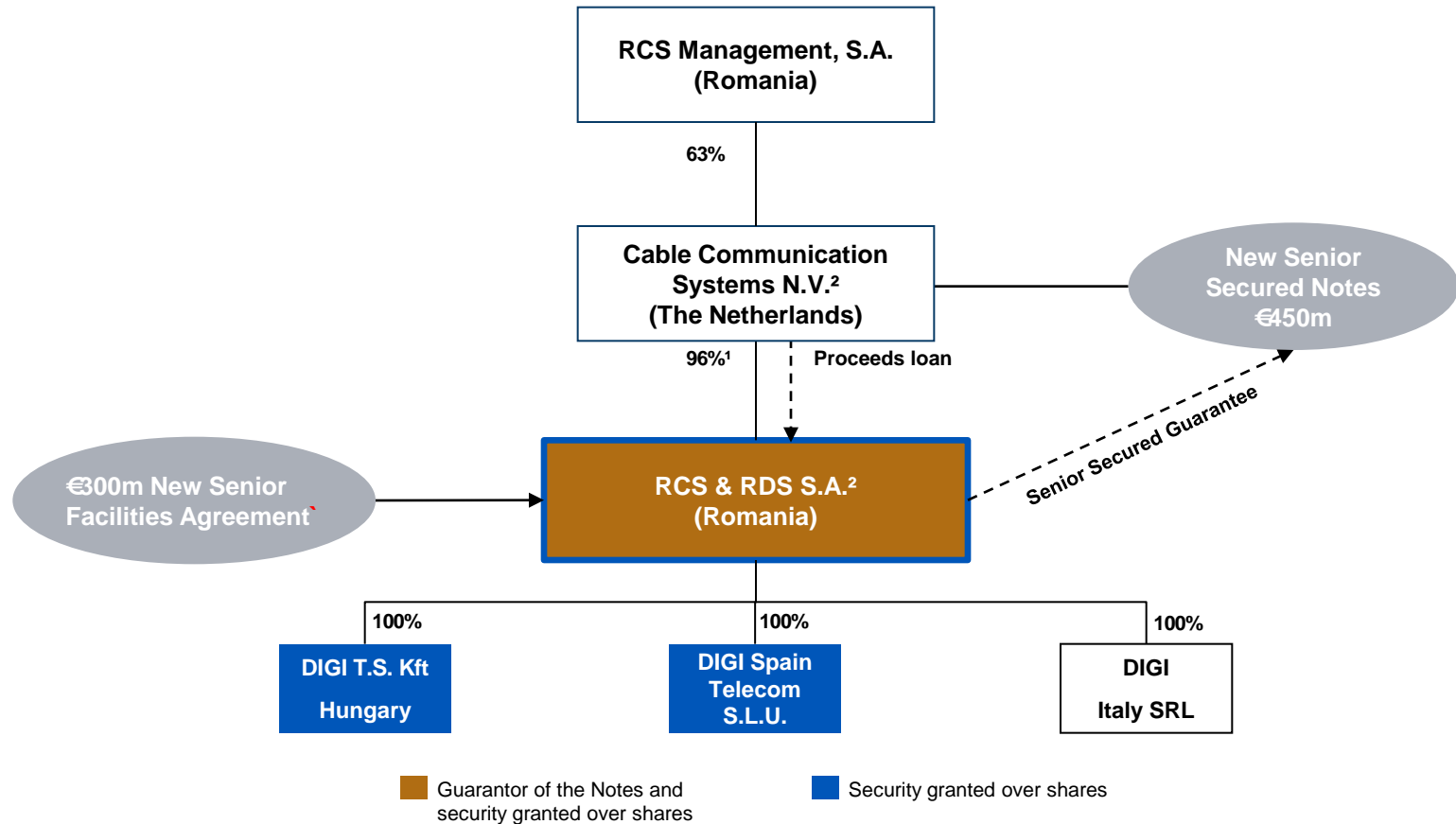


Hungary

- In 2014, compared with 2013, the Hungarian forint declined by 3.9% relative to the euro.
- In the Q4, 2014, compared with the same period in 2013, the Hungarian forint declined by 3.5% relative to the euro.



Summary corporate and financing structure



Source: Company data

Note: The structure reflects see-through ownerships post adjustments for treasury shares; ¹ RCS & RDS owns 9.01% of its treasury stock; ² Obligations of CCS and RCS & RDS under the Notes, the Guarantee, the New Senior Facilities Agreement, the ING Facilities Agreement and the Citi Facilities Agreement and certain hedging agreements will be secured by the Collateral on a pari passu basis.

