



Investor presentation
for the three months ended September 30, 2014

Cable Communications Systems (CCS)

Parent Company of
RCS & RDS

December 18, 2014

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Group overview



Romania



Hungary



Others

Total

	3 months ended September 30, 2014	9 months ended September 30, 2014	3 months ended September 30, 2014	9 months ended September 30, 2014	3 months ended September 30, 2014	9 months ended September 30, 2014	3 months ended September 30, 2014	9 months ended September 30, 2014
Revenues ²	€123 m	€344 m	€29 m	€89 m	€19 m	€54 m	€170 m	€484 m
EBITDA	€44 m	€135 m	€11 m	€35 m	€2 m	€5 m	€57 m	€175 m
EBITDA margin ¹	35%	39%	39%	39%	10%	9%	33%	36%
Service offering / market position / RGUs September 30, 2014A ('000s)								
CATV	#1 / 2,559		#3 / 405		-			2,964
Fixed internet and data	#1 / 1,784		#3 / 339		-			2,123
Mobile internet and data	- / 1,053		- / 20		174			1,247
Fixed-line telephony	#2 / 1,485		#4 / 296		-			1,781
Mobile telephony	#4 / 1,217		- / -		447			1,664
DTH	#2 / 741		#1 / 339		139			1,219
Total RGUs	8,839		1,399		760			10,998

Source: Company data, Screen Digest, GlobalComms, WCIS, ANCOM, NMHH

¹ EBITDA margin defined as EBITDA / Revenues;

² Revenues include eliminations of intersegment revenues and does not include the gain from sale of subsidiaries



CCS / RCS & RDS

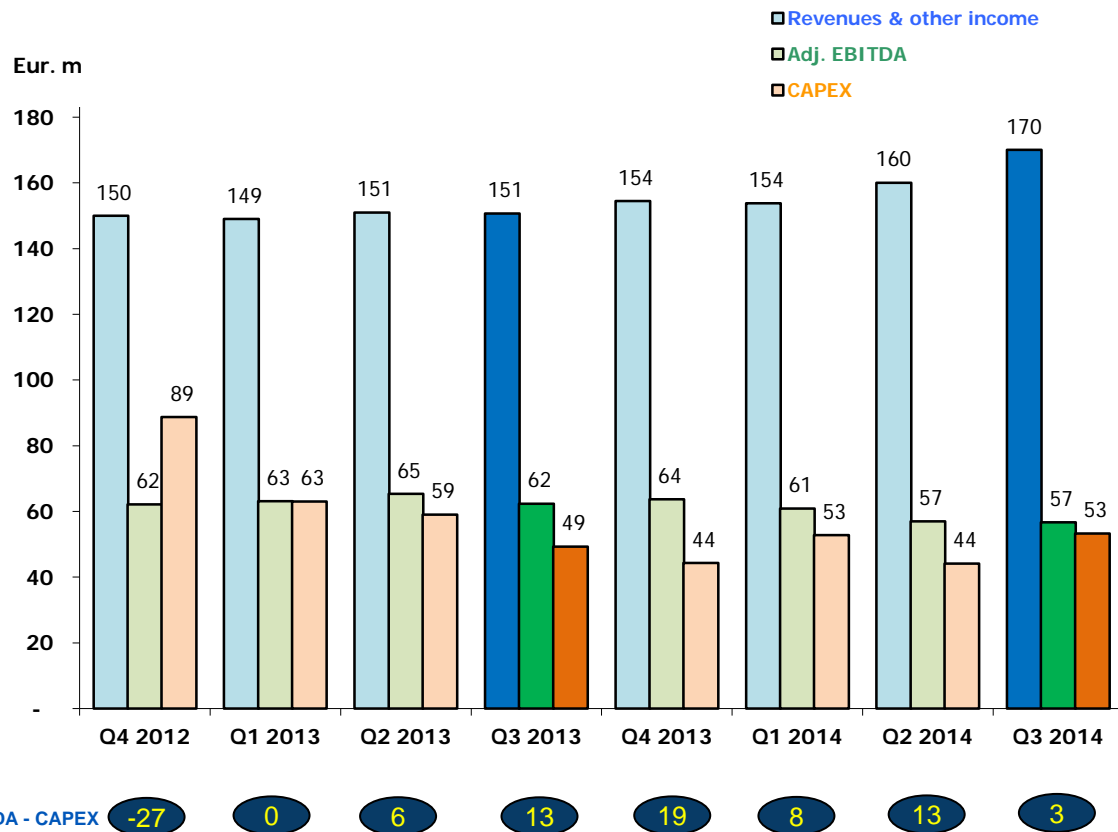
Recent Developments

- Starting with June 2014 we have launched a campaign aiming to increase our mobile customer base in Romania. The campaign promotes an attractive offer targeted at new and existing clients including a variety of mobile phones for purchase on spot or in installments. The campaign is supported by nationwide media advertising (TV, radio, outdoor, online).
- We continued in Q3 2014 the retention campaign aiming to extend the contractual period for the existing customers. The campaign offers as incentive media related equipments at a subsidized price or discounts for the monthly subscription.
- At the end of September 2014, we won one frequency block in the 1,800 MHz spectrum in Hungary. The license fee (HUF 10 billion meaning approximately EUR 32.2 million) was paid at the beginning of October 2014.



Financial highlights

Results from continuing¹ operations



- Revenue 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 some of the expenses in Romania
- EBITDA value in Q3 2014 was at the same as in Q2 2014, EUR 57 million
- CAPEX increased in Q3 2014 as compared with Q3 2013 due to the increase in investments in the mobile network in Romania, investments made in order to comply with the requirements of the 900 MHz license

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



Highlights Romania – Revenue and Adj EBITDA

Results of Operations¹

Results of Operations	For the three months ended September 30, % change			For the nine months ended September 30, % change		
	2013	2014		2013	2014	
	(euro in millions)			(euro in millions)		
Revenues	105.0	122.9	17.0%	311.8	344.3	10.4%
Adjusted EBITDA	48.9	43.5	-11.0%	148.0	135.5	-8.4%
Margin %	46.6%	35.4%		47.5%	39.4%	
Revenues ⁽¹⁾ in constant currency	105.0	122.3	16.5%	311.8	346.4	11.1%

Revenue growth of 17.0% in Q3 2014 (16.5% in constant currency terms) driven by growth in sale of equipment and increase in RGUs. Revenues from services increased to EUR 108.6 million, an increase of EUR 3.6 million (3.6%) as compared to Q2 2013.

Total sales of Mobile Handsets and other equipment were EUR 14.4 million in Q3 2014. These sales are at cost and if we adjust both revenues and expenses EBITDA margin would have been 40.1% as compared with 46.6% in Q3 2013 when we didn't sell this kind of equipment.

In the first nine months of 2014 sales of Mobile Handsets and other equipment amounted to EUR 24.6 million. Adjusting for both revenues and expenses, EBITDA margin would have been 42.4% as compared with 47.5% in the first nine 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 Q3 2013 average exchange rate of 4.44 RON/EUR (vs. 4.41 RON/EUR for Q3 2014)

Constant currency figures use Jan-Sep 2013 average exchange rate of 4.41 RON/EUR (vs. 4.45 RON/EUR for Jan-Sep 2014)

Notes:

¹ Figures include Intersegment revenues



Highlights Romania - KPIs

Subscribers

Subscribers (Thousand RGUs)	RGUs Period Ended September 30,		Net Additions	
	2013	2014	Last 12 months	Last 3 months
Cable TV	2,413	2,559	146	24
Fixed internet and data	1,640	1,784	144	31
Fixed-line telephony	1,532	1,485	(47)	(14)
Mobile internet and data	665	1,053	388	201
Mobile telephony	1,110	1,217	107	130
DTH	840	741	(99)	(24)

Thousand RGU's

ARPU (EUR) - residential clients

	For the three months ended September 30, % change		
	2013	2014	
Cable TV	5.12	5.13	0.2%
Fixed internet and data	5.14	5.22	1.6%
Fixed-line telephony	1.67	1.27	-24.0%
Mobile internet and data	1.72	1.48	-14.0%
Mobile telephony	1.57	5.23	233.1%
DTH	4.75	4.84	1.9%

ARPUs presented in EUR

- Steady growth in Cable TV and Internet subscribers
- Increase in Q3 2014 in mobile telephony RGUs
- Growth in Mobile and internet data RGUs in Q3 2014 due to sale of mobile telephony subscriptions with mobile data included
- Steady ARPU performance in cable TV, internet and DTH with small variations mainly driven by the exchange rates
- Decrease in Fixed-line telephony ARPU as a result of decrease in interconnection rates
- Increase in Mobile telephony ARPU as a result of sales of equipments. Mobile telephony ARPU without taking in consideration the sales of handsets would have increased by 23.6% as a result of sale of our new postpaid mobile packages with higher subscription fees
- Decrease in Mobile internet and data ARPU as a result of increase in the smart phone internet data users which generate a lower ARPU



Highlights Hungary – Revenue and EBITDA

Results of Operations

Results of Operations	For the three months ended September 30, % change			For the nine months ended September 30, % change		
	2013	2014		2013	2014	
	(euro in millions)			(euro in millions)		
Revenues	29.6	29.1	-1.7%	89.0	88.6	-0.4%
Adjusted EBITDA	11.4	11.3	-0.9%	33.9	34.5	1.8%
Margin %	38.3%	39.0%		38.1%	39.0%	
Revenues in Constant Currency	29.6	30.5	3.0%	89.0	92.2	3.6%

▪ Slight decrease in revenue and EBITDA in Q3 2014 (1.7% decrease in revenues and 0.9% decrease in EBITDA) as result of depreciation of the HUF against EUR.

▪ On a constant currency basis there was an increase in revenues of 3.0% in Q3 2014 compared to Q3 2013

Constant currency figures use 298.00 HUF/EUR for Q3 2013 (vs. 312.33 HUF/EUR in Q3 2014) and 296.75 HUF/EUR for Jan-Sep 2013 (vs. 308.76 HUF/EUR in Jan-Sep 2014)



Highlights Hungary - KPIs

Subscribers

Subscribers (Thousand RGUs)	RGUs Period Ended		Net Additions	
	September 30,		Last 12 months	Last 3 months
	2013	2014		
Cable TV	397	405	8	3
Fixed internet and data	319	339	20	6
Fixed-line telephony	279	296	17	4
Mobile internet and data	22	20	(2)	-
DTH	353	339	(14)	(2)

Thousand RGU's

ARPU (EUR)

	For the three months ended September 30,		% Change
	2013	2014	
Cable TV	7.27	6.92	-4.8%
Fixed internet and data	7.69	7.59	-1.3%
Fixed-line telephony	2.96	2.34	-20.9%
Mobile internet and data	6.76	6.52	-3.6%
DTH	7.93	7.64	-3.7%

- 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 three months ended September 30, % change			For the nine months ended September 30, % change		
	2013	2014		2013	2014	
	(euro in millions)			(euro in millions)		
Revenues						
Spain ¹	11.5	14.1	22.6%	36.1	39.4	9.1%
Czech Republic	4.4	3.5	-20.5%	4.2	3.3	-21.4%
Italy	1.6	1.1	-31.3%	1.4	1.3	-7.1%
Discontinued Operations ²	4.3	-	N.M.	18.8	-	N.M.
	21.8	18.8		60.5	44.0	
EBITDA¹						
Continuous Operations	2.1	1.9	-9.5%	8.9	4.6	-48.3%
Discontinued Operations ²	1.6	-	N.M.	1.4	-	N.M.
	3.7	1.9		15.5	4.6	

- **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

Subscribers (Thousand RGUs)	RGUs Period Ended September 30,		Net Additions	
	2013	2014	Last 12 months	Last 3 months
Spain ³	377	561	184	43
Czech Republic	167	139	(28)	(6)
Italy	60	60	0	1

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 ³ Of which mobile data clients were 86,000 as at September 30, 2013 and 172,000 as at September 30, 2014



Group Financial Profile

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

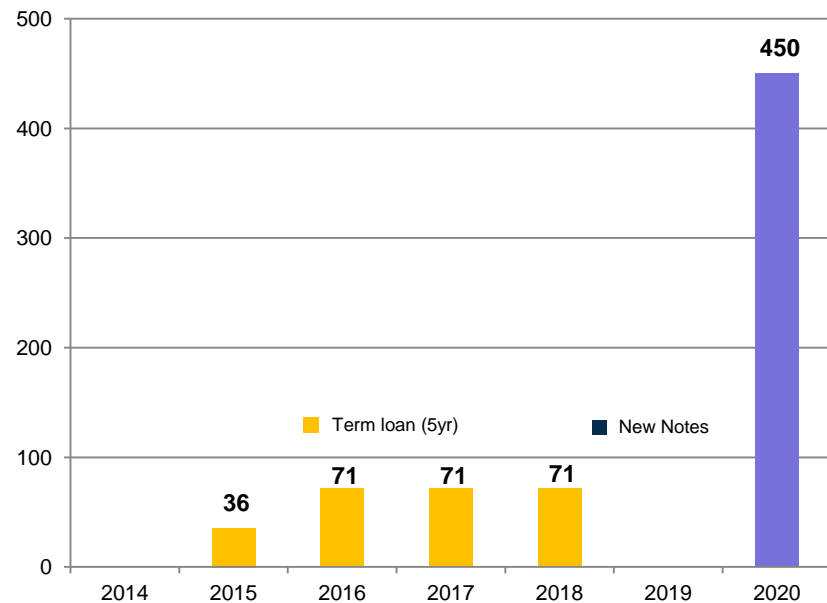
Financial liabilities as of September 30, 2014

Facility	Amount (EUR millions)
Senior Secured Notes	450.0
Term loan (5y)	250.0
Financial leases	7.1
Other short term debt	5.9
Hedging obligations	2.2
Total debt	715.2
Cash on BS*	75.8
Total net debt	639.3
Undrawn committed facilities	
RCF (3y; EUR 50 million committed)	50.0

* Includes restricted cash for the mobile license auction in Hungary

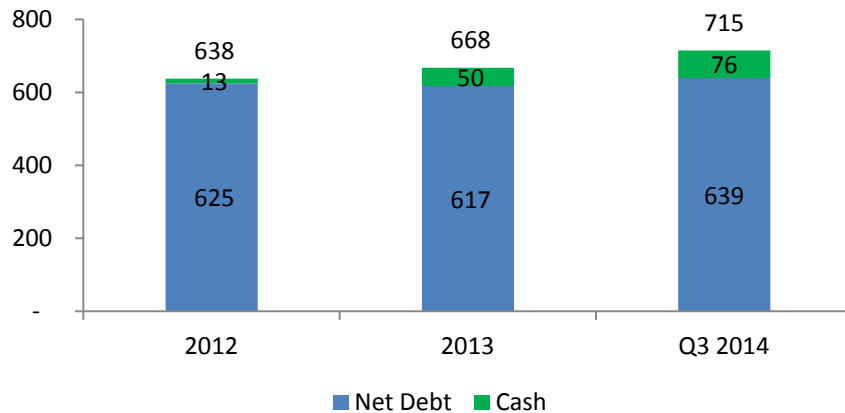
Source: Company data

Maturity profile Term Loan & Notes as of September 30, 2014 (EUR millions)



Group Financial Profile (continued)

Gross / Net Debt (EUR millions)



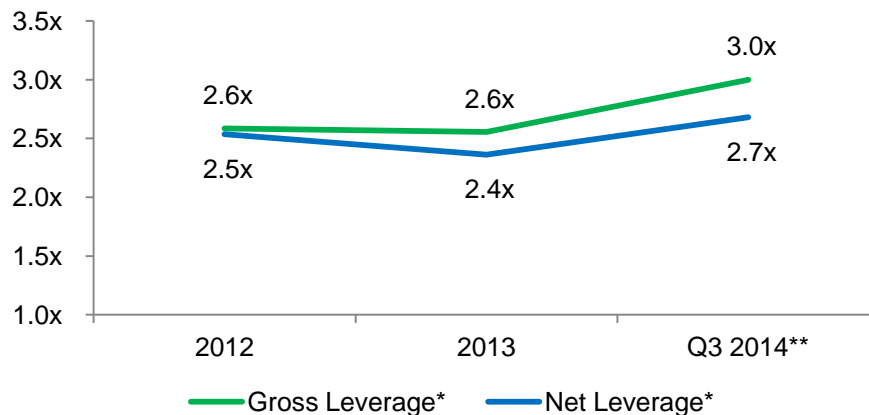
■ Total net debt as of September 30, 2014 is €639 million

■ Out of the EUR 76 million cash balance, EUR 32 million constituted restricted cash which has been used to pay the new mobile frequency license in Hungary at the beginning of October

■ Net Leverage is 2.7x and Gross Leverage is 3.0x.

■ Undrawn Portion of Financial Debt: €50 million, offering an important liquidity buffer

Leverage



Notes:

** The Net Leverage and Gross Leverage are computed using EBITDA (Adjusted EBITDA for 2013 and Q3 2014) as presented in the Consolidated Financial Statements of CCS for 2013 and Q3 2014

***The Net Leverage and Gross Leverage for Q3 2014 is computed using the LTM September 30, 2014 EBITDA



Financial Calendar

- You can find us on:

- Web: investors.rcs-rds.ro

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

- Agenda

	Report	Call
FY 2014 Results	30-Apr-15	Thursday 07-May-15
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



Q&A Session



Appendices



Other Recent Developments

- In June 19, 2014 we drew the remaining EUR 45 million from the term loan facility of the New Senior Facilities Agreement.
- We concluded coupon swaps for the entire Proceeds Loan's value (€450 million), all with a termination date of 23 September 2016.
- Starting with the annual report as of and for the period ended December 31, 2014 our new financial auditors will be Ernst & Young.



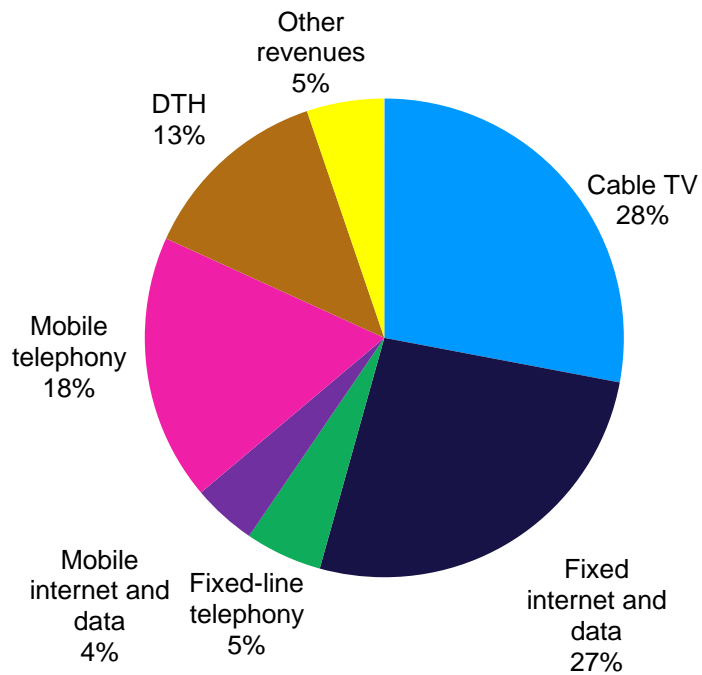
Other Recent Developments – Mobile Telephony

- The license of 5 MHz of bandwidth in the 900 MHz frequency spectrum that we won in September 2012 has become operational on April 6, 2014.
- In December 2013 ANCOM has announced a reduction in mobile interconnection tariffs to 0.96 eurocents / min, reduction applied starting April 1, 2014
- In March, 2014 we concluded a frequency SWAP agreement with Vodafone through which in exchange of allowing them to use our 5 MHz of bandwidth in the 900 MHz frequency spectrum we will receive access in one of their 900 MHz frequencies and also we will receive roaming access for our customers in their network. The contract became active starting with April 7, 2014 and is signed for 2 years.
- In March, 2014 we signed a full MVNO agreement with Telecom Italia. The contract is valid for 5 years starting with the moment when the services are fully available.

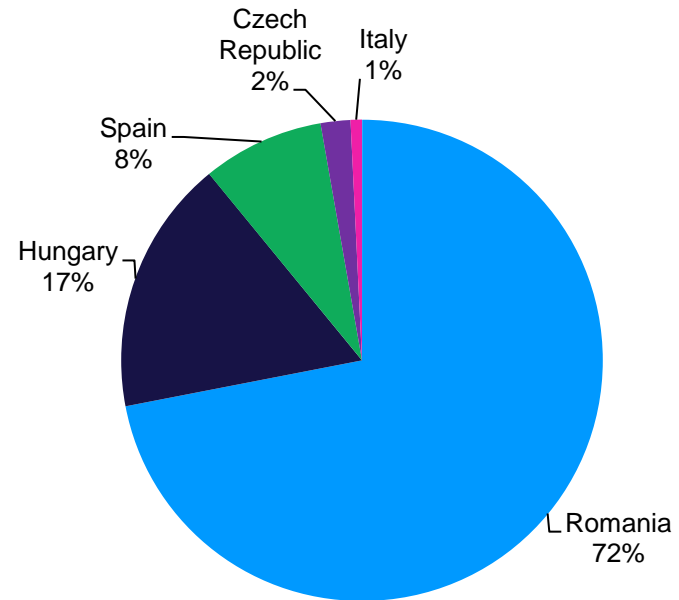


Revenue streams

Q3 2014 revenue split by product



Q3 2014 revenue split by country



Group Results (P&L)

	For the three months ended			For the nine months ended		
	September 30, 2013	September 30, 2014	% change	September 30, 2013	September 30, 2014	% change
	(euro in millions)			(euro in millions)		
Revenues						
Romania	104.1	122.4	17.6%	308.8	342.4	10.9%
Hungary	29.6	29.1	-1.9%	89.0	88.6	-0.4%
Spain	11.4	13.9	22.1%	35.4	38.8	9.7%
Other	5.6	4.7	-17.1%	17.6	14.2	-19.5%
Discontinued Operations ²	4.3	0.0	N.M	18.8	0.0	N.M
Total Revenues	155.0	170.1	9.7%	469.6	484.0	3.1%
Adjusted EBITDA	63.9	56.7	-11.3%	197.3	174.7	-11.5%
<i>% margin</i>	<i>41.3%</i>	<i>33.3%</i>		<i>42.0%</i>	<i>36.1%</i>	
Result from services						
Revenues from services	153.8	154.7	0.6%	465.9	455.7	-2.2%
Adjusted EBITDA from services	64.6	56.8	-12.1%	198.7	174.9	-12.0%
<i>% margin</i>	<i>42.0%</i>	<i>36.7%</i>		<i>42.7%</i>	<i>38.4%</i>	
Results of Operations less Divested Subsidiaries						
Revenues	150.7	170.1	12.8%	450.8	484.0	7.4%
Adjusted EBITDA	62.3	56.7	-9.0%	190.7	174.7	-8.4%
<i>% margin</i>	<i>41.4%</i>	<i>33.3%</i>		<i>42.3%</i>	<i>36.1%</i>	

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

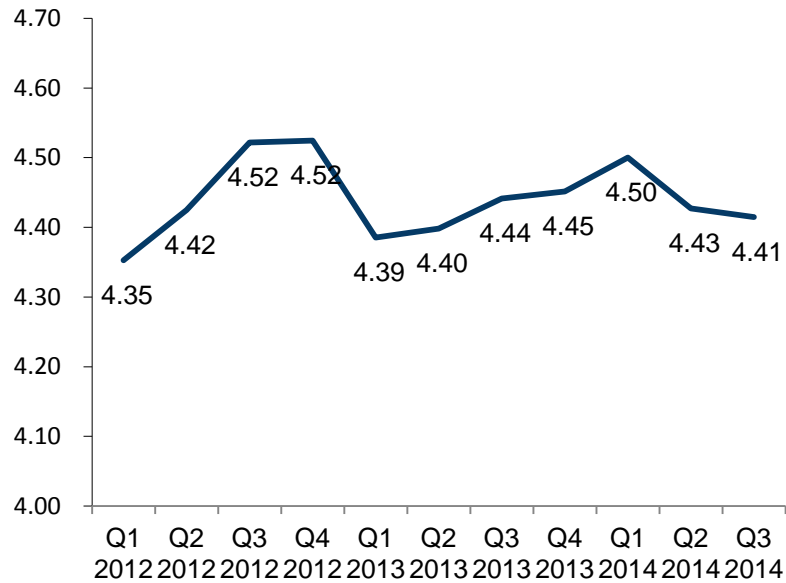
Summary Cash Flow

	Three months ended September 30,		Nine months ended September 30,	
	2013	2014	2013	2014
	(euro in millions)		(euro in millions)	
Cash flows from operations before working capital changes	68.0	55.1	202.0	175.7
Cash flows from changes in working capital	(12.2)	(0.3)	(8.7)	(18.9)
Cash flows from operations	55.8	54.7	193.3	156.8
Interest paid	(8.6)	(3.4)	(25.5)	(25.1)
Income tax paid	(2.5)	(1.3)	(5.5)	(3.4)
Cash flow from operating activities	44.7	50.1	162.3	128.3
Cash flow used in investing activities	(9.0)	(50.7)	(130.4)	(139.3)
Cash flows from financing activities	(35.7)	(2.9)	(28.8)	37.4
Net increase (decrease) in cash and cash equivalents	(0.1)	(3.5)	3.1	26.4
Cash and cash equivalents at the beginning of the period	15.8	79.1	12.6	50.2
Effect of exchange rate fluctuation on cash and cash equivalent held	0.0	0.3	0.1	(0.8)
Cash and cash equivalents at the closing of the period	15.8	75.8	15.8	75.8



FOREX development

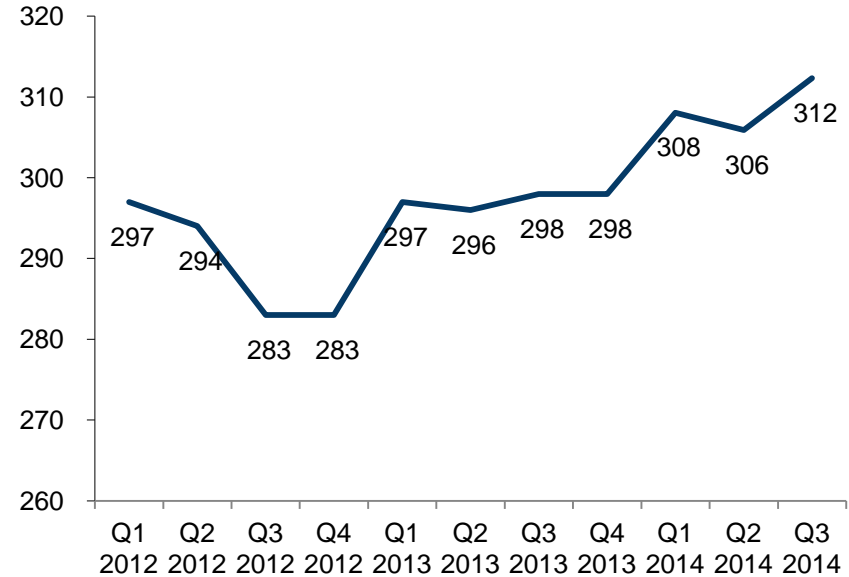
RON/EUR Exchange Rate 2012 – Q3 2014



Romania

- In the three month period ended September 30, 2014, compared with the same period in 2013, the Romanian leu appreciated by 0.7% relative to the euro.

HUF/EUR Exchange Rate 2012 – Q3 2014

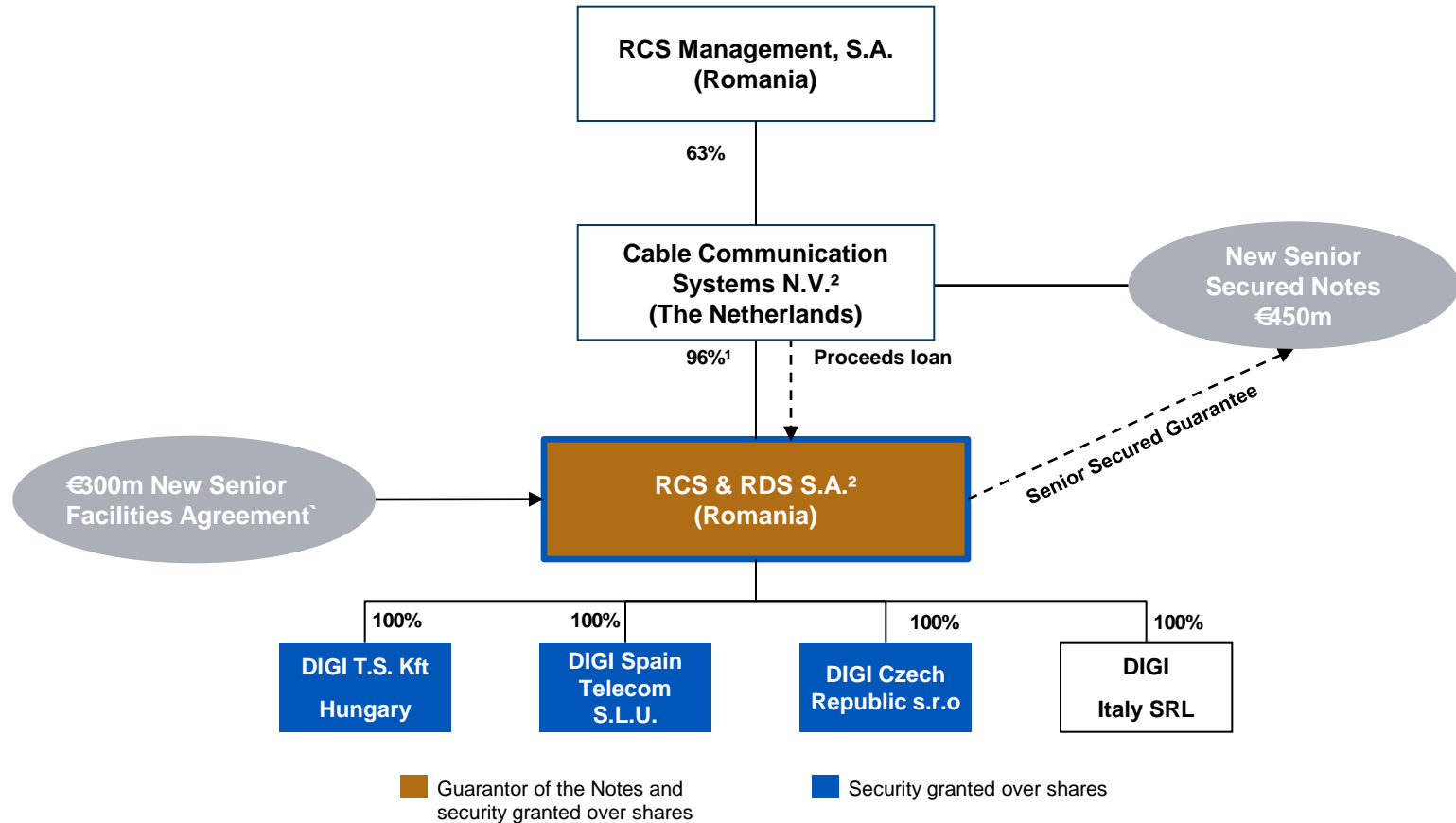


Hungary

- In the three month period ended September 30, 2014, compared with the same period in 2013, the Hungarian forint declined by 4.8% 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 9.11% 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.

