



**Investor presentation**  
for the three months ended September 30, 2015

# **Cable Communications Systems (CCS)**

*Parent Company of*  
**RCS & RDS**

December 10, 2015

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# Group overview



Romania



Hungary



Others

Total

	3 months ended Sept 30, 2015	9 months ended Sept 30, 2015	3 months ended Sept 30, 2015	9 months ended Sept 30, 2015	3 months ended Sept 30, 2015	9 months ended Sept 30, 2015	3 months ended Sept 30, 2015	9 months ended Sept 30, 2015
Revenues <sup>2</sup>	€142 m	€402 m	€31 m	€94 m	€21 m	€63 m	€194 m	€556 m
EBITDA	€45 m	€130 m	€13 m	€37 m	€3 m	€8 m	€61 m	€175 m
EBITDA margin <sup>1</sup>	32%	32%	40%	40%	14%	13%	31%	31%
<b>Service offering / market position / RGUs September 30, 2015A ('000s)</b>								
CATV	#1 / 2,693		#3 / 427		-			3,120
Fixed internet and data	#1 / 1,920		#3 / 370		-			2,290
Fixed-line telephony	#2 / 1,429		#4 / 319		-			1,748
Mobile telephony	#4 / 1,705		- / -		571			2,276
Mobile internet and data	- / 1,624		- / 17		243			1,884
DTH	#2 / 682		#1 / 329		-			1,011
<b>Total RGUs</b>	<b>10,053</b>		<b>1,462</b>		<b>814</b>			<b>12,329</b>

Source: Company data

<sup>1</sup> EBITDA margin defined as EBITDA / Revenues;

<sup>2</sup> Revenues include intersegment revenues and does not include the gain from sale of subsidiaries



# Recent Developments

## Business

- **July 2015:** we signed a contract with 2K Telecom to purchase 30 Mhz in 4G spectrum (in the 2600 Mhz bandwidth). At the end of October 2015 we have participated in auction and acquired from ANCOM 10 unpaired blocks of 5 MHz in the 3700-3750 MHz bandwidth. These licenses will allow the developing of a 4G mobile telephony network in Romania. In October 2015 we launched 4G services to our mobile subscribers from 12 cities in Romania. 4G coverage will be extended to another 15 cities in the second stage of the projects planned for the fourth quarter of 2015.
- **May 22, 2015:** we refinanced our 2013 Senior Facilities Agreement through a new club bank facility (the 2015 Senior Facilities Agreement). Total amount drawn under the 2015 Senior Facilities Agreement was RON 1,034 million (the equivalent in RON of €235 million at the exchange rate of 4.4 RON/EUR). The interest rate for the term loan facility (RON 994.2 million) is 5.75% fixed and for the revolver credit facility (RON 39.2 million) is floating ROBOR + 2.5%. On October 30, 2015 we have repaid the first principal installment in amount of €22.4 mil (RON 99.4 mil).
- **April 21, 2015:** we completed the sale of our subsidiary in the Czech Republic. At closing we received €24.5 million net of cash disposed and we expect to incur additional transaction related costs out of which €3.25 million are accrued for.



# Recent Developments

- **May 29, 2015:** we completed the acquisition of three radio stations in Romania.
- **Second quarter of 2015:** we acquired the exclusive rights for the Seria A and Ligue 1 competitions for Romania and Hungary territories for three seasons starting with the 2015/2016 season. In July we acquired the football rights for the Romanian territory for the Spanish La Liga competition for three seasons starting with the 2015/2016 season.

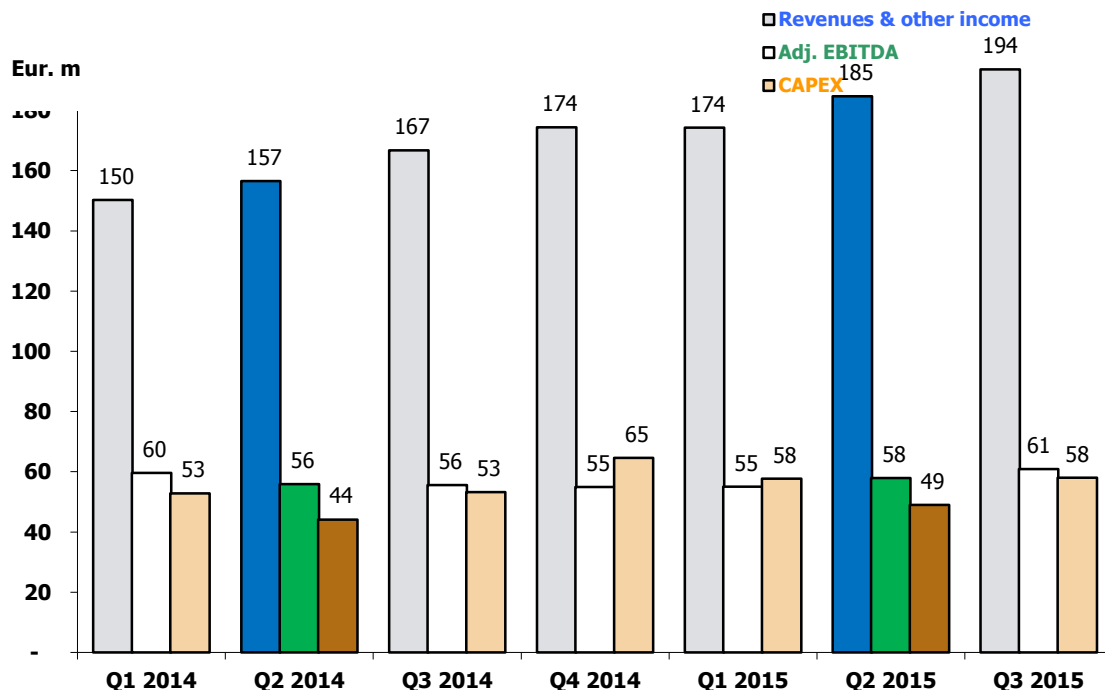
## Legislative

- Several changes to the Romanian tax legislation were enacted by the Romanian Parliament in July and in September and are to enter into force starting January 2016. Some of the changes are:
  - VAT progressively decreases from 24% to 20% starting January 2016 and to 19% starting January 2017
  - The tax on special constructions (including networks) will be discontinued starting with January 2017.



# Financial highlights

## Results from continuing operations\*



Source: Company data

\* Czech Republic data was taken out from each period

- Revenues increased Q3 2015 compared with Q3 2014 mainly in Romania and Spain.
- Revenues in Romania increased by EUR 19 million mainly as a result of:
  - Increase in mobile telephony RGUs, ARPU and related sales of equipment
  - Increase in our cable Tv and fixed internet RGUs
  - Other revenues (sales of energy)
- Revenues in Spain increased by EUR 5 million mainly as a result of increase in RGUs
- EBITDA margin decreased in Q3 2015 compared with Q3 2014 primarily due to increase in our mobile telephony business which comes with a lower margin and increase in certain expenses in Romania
- EBITDA value was higher in Q3 2015 compared with Q3 2014 and Q2 2015 (EUR 61 million compared with EUR 56 million (Q3 2014) and compared with EUR 58 million (Q2 2015)) mainly as a result of increase in EBITDA in Romania, Spain and Hungary
- CAPEX was higher in Q3 2015 compared with Q3 2014 (EUR 58 million compared with EUR 53 million) due to higher payments for intangible assets (Spanish Football League) and 4G spectrum acquired.



# Highlights Romania – Revenue and Adj EBITDA

## Results of Operations<sup>1</sup>

Results of Operations	For the three months ended September 30, % change			For the nine months ended September 30, % change		
	2014	2015		2014	2015	
	(euro in millions)			(euro in millions)		
Revenues	122.9	141.9	15.5%	344.3	401.7	16.7%
Adjusted EBITDA	43.5	45.4	4.5%	135.5	129.8	-4.2%
Margin %	35.4%	32.0%		39.4%	32.3%	
Revenues <sup>(1)</sup> in constant currency	122.9	142.2	15.7%	344.3	401.3	16.5%

Revenue growth of 15.5% in Q3 2015 (15.7% in constant currency terms) was driven by growth in our mobile telephony business (including the related equipment sales), increase in our cable Tv and fixed internet RGUs and increase in other revenues such as energy sales.

EBITDA has decreased mainly as a result of increase in telephony interconnection charges associated with our new mobile offerings, increase in programming expenses, increase in salaries and increase in sales of handsets and other equipment

Constant currency figures use Q3 2014 average exchange rate of 4.41 RON/EUR (vs. 4.43 RON/EUR for Q3 2015)

Constant currency figures use S1 2014 average exchange rate of 4.45 RON/EUR (vs. 4.44 RON/EUR for S1 2015)

Notes:

<sup>1</sup> Figures include Intersegment revenues



# Highlights Romania - KPIs

## Subscribers

Subscribers (Thousand RGUs)	RGUs Period Ended September 30,		Net Additions	
	2014	2015	Last 12 months	Last 3 months
Cable TV	2,559	2,693	134	34
Fixed internet and data	1,784	1,920	136	22
Fixed-line telephony	1,485	1,429	(56)	(14)
Mobile telephony	1,217	1,705	488	122
Mobile internet and data	1,053	1,624	571	141
DTH	741	682	(59)	(8)

Thousand RGU's

## ARPU (EUR) - residential clients

ARPU (EUR) - residential clients	For the three months ended September 30,		% change
	2014	2015	
Cable TV	5.13	5.28	2.9%
Fixed internet and data	5.21	5.11	-1.9%
Fixed-line telephony	1.32	1.24	-6.1%
Mobile telephony	1.87	3.13	67.4%
Mobile internet and data	1.49	1.22	-18.1%
DTH	4.76	4.92	3.4%

- Steady growth in Cable TV and Internet subscribers and low variations in ARPUs
- Increase in mobile telephony RGUs and ARPU as a result of sale of our new postpaid mobile packages with higher subscription fees.
- Growth in Mobile and internet data RGUs due to sale of mobile telephony subscriptions with mobile data included
- Decrease in Fixed-line telephony ARPU as a result of decrease in traffic volumes





# 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		
	2014 (euro in millions)	2015		2014 (euro in millions)	2015	
Revenues	29.1	31.3	7.6%	88.6	93.7	5.8%
EBITDA	11.3	12.5	10.6%	34.5	37.4	8.3%
Margin %	39.0%	40.1%		39.0%	39.9%	
<hr/>						
Revenues in Constant Currency	29.1	31.3	7.5%	88.6	93.8	5.9%

▪ Increase in revenue and improved EBITDA in Q3 2015 driven by increase in revenues (increase in cable TV RGUs, fixed internet and data RGUs )

Constant currency figures use 312.33 HUF/EUR for Q3 2014 (vs. 312.04 HUF/EUR in Q3 2015) and 308.76 HUF/EUR for S1 2014 (vs. 309.01 HUF/EUR in S1 2015)



# Highlights Hungary - KPIs

## Subscribers

Subscribers (Thousand RGUs)	RGUs Period Ended September 30,		Net Additions	
	2014	2015	Last 12 months	Last 3 months
Cable TV	405	427	22	7
Fixed internet and data	339	370	31	9
Fixed-line telephony	296	319	23	7
Mobile internet and data	20	17	(3)	(1)
DTH	339	329	(10)	(2)

*Thousand RGU's*

ARPU (EUR)	For the three months ended Sept 30,		
	2014	2015	% change
Cable TV	7.03	7.15	1.7%
Fixed internet and data	7.47	7.58	1.5%
Fixed-line telephony	2.33	1.69	-27.5%
Mobile internet and data	6.52	6.70	2.8%
DTH	7.51	7.69	2.4%

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

▪ Decrease in Fixed-line telephony ARPU due to lower usage



# Highlights Other Territories

	For the three months ended September 30, % change			For the nine months ended September 30, % change		
	2014	2015		2014	2015	
	(euro in millions)			(euro in millions)		
<b>Revenues</b>						
Spain <sup>1</sup>	14.1	19.2	35.8%	39.4	53.8	36.5%
Italy	1.3	1.9	69.0%	3.7	5.5	50.4%
Czech Republic <sup>2</sup>	3.3	0.0	-100.0%	10.5	3.8	-63.4%
	<b>18.8</b>	<b>21.1</b>		<b>53.5</b>	<b>63.1</b>	
<b>EBITDA<sup>1</sup></b>						
Continuous Operations	0.8	2.9	210.0%	1.1	6.7	560.0%
Discontinued Operations <sup>2</sup>	1.1	0.0	-110.0%	3.6	1.2	-240.0%
	<b>1.9</b>	<b>2.9</b>		<b>4.7</b>	<b>7.9</b>	

- **Spain**-Steady growth in RGUs
- **Czech Republic** was disposed of in April 2015

Subscribers (Thousand RGUs)	RGUs Period Ended September 30,		Net Additions	
	2014	2015	Last 12 months	Last 3 months
	Spain - Mobile telephony	389	492	103
Spain - Mobile internet and data	172	237	65	13
Italy	60	85	25	6
Czech Republic <sup>2</sup>	139	0	(139)	0

Thousand RGU's

Notes: <sup>1</sup> Figures includes Intersegment operations; <sup>2</sup> Czech Republic was disposed of in April 2015

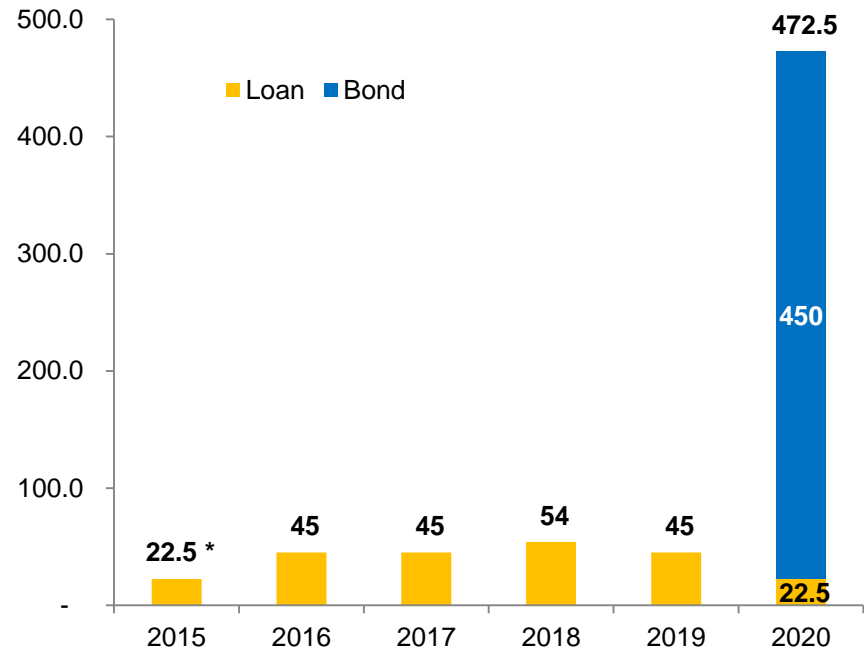


# Group Financial Profile

## Financial liabilities as of September 30, 2015

Facility	Amount (EUR millions)
Senior Secured Notes (Bond)	450.0
Term loan (5y)	234.1
Financial leases	6.6
Other short term debt	5.0
Hedging obligations	5.9
<b>Total debt</b>	<b>701.6</b>
Cash	48.9
<b>Total net debt</b>	<b>652.7</b>

## Maturity profile Term Loan & Notes as of September 30, 2015 (EUR millions)

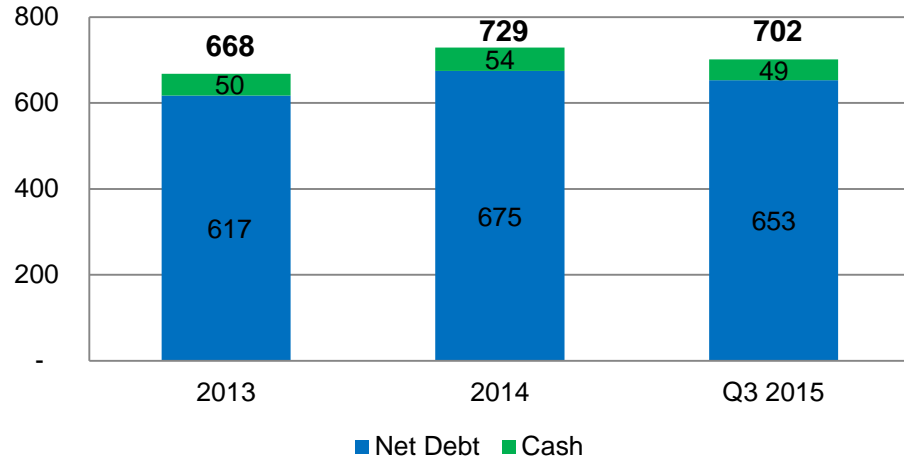


\* First principal repayment was made on October, 30 2015



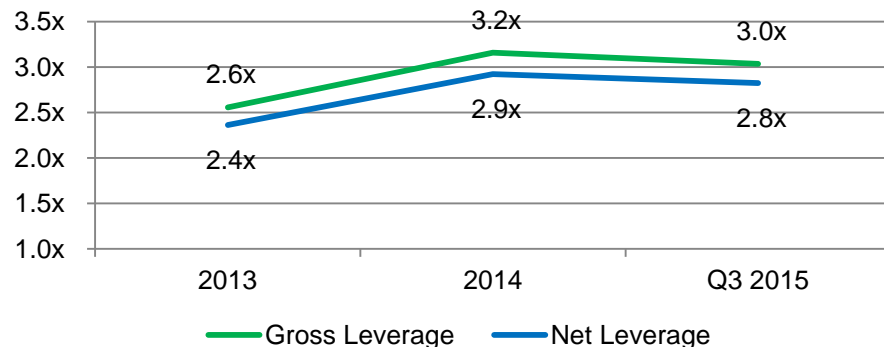
# Group Financial Profile (continued)

## Gross / Net Debt (EUR millions)



- Total net debt as of September 30, 2015 is EUR652.7 million
- Net Leverage is 2.8x and Gross Leverage is 3.0x.

## Leverage



### Notes:

\* The Net Leverage and Gross Leverage are computed using Adjusted EBITDA as presented in the Annual and Quarterly Consolidated Financial Statements of CCS for 2014 and 2015



# Financial Calendar

- You can find us on:

- Web: [investors.rcs-rds.ro](http://investors.rcs-rds.ro)

- Email: [investor.relations@rcs-rds.ro](mailto:investor.relations@rcs-rds.ro)

- Agenda

	Report	Call
<b>FY 2015 Results</b>	15-Apr-16	Thursday 21-Apr-16
<b>Q1 2016 Results</b>	3-Jun-16	Thursday 9-Jun-16
<b>Q2 2016 Results</b>	26-Aug-16	Thursday 1-Sep-16



# Q&A Session



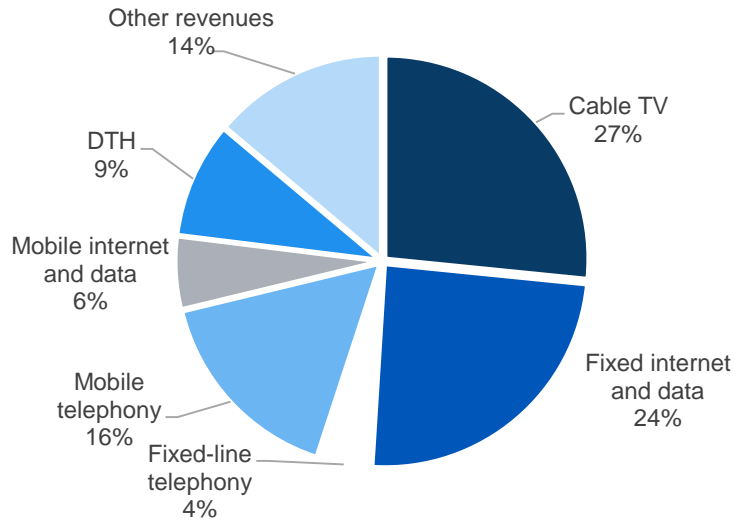
# Appendices



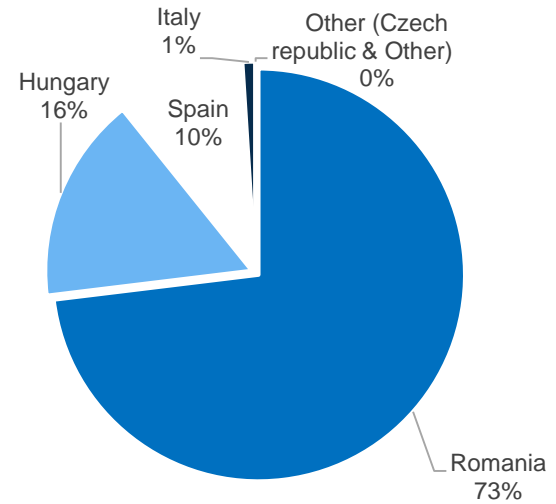


# Revenue streams

## Q3 2015 revenue split by product



## Q3 2015 revenue split by country



# Group Results (P&L)

	For the three months ended			For the nine months ended		
	September 30,		% change	September 30,		% change
	2014	2015		2014	2015	
	(euro in millions)			(euro in millions)		
<b>Revenues</b>						
Romania	122.4	141.5	15.6%	342.4	400.4	16.9%
Hungary	29.1	31.3	7.6%	88.6	93.7	5.8%
Spain	13.9	18.9	36.4%	38.8	53.0	36.6%
Italy	1.3	1.9	46.2%	3.7	5.5	48.6%
Discontinued Operations <sup>1</sup>	3.3	0.0	N.M	10.5	3.8	N.M
<b>Total Revenues</b>	<b>170.1</b>	<b>193.6</b>	<b>13.8%</b>	<b>484.0</b>	<b>556.4</b>	<b>15.0%</b>
<b>Adjusted EBITDA</b>	<b>56.7</b>	<b>60.9</b>	<b>7.4%</b>	<b>174.7</b>	<b>175.1</b>	<b>0.2%</b>
<i>% margin<sup>2</sup></i>	<i>33.3%</i>	<i>31.5%</i>		<i>36.1%</i>	<i>31.5%</i>	
<b>Results of Operations less Divested Subsidiaries</b>						
Revenues	166.7	193.6	16.1%	473.5	552.6	16.7%
Adjusted EBITDA	55.6	60.9	9.5%	171.1	173.9	1.6%
<i>% margin<sup>2</sup></i>	<i>33.4%</i>	<i>31.5%</i>		<i>36.1%</i>	<i>31.5%</i>	
<b>Result from services</b>						
Revenues from services	153.6	181.0	17.9%	455.6	520.3	14.2%
Adjusted EBITDA from services	56.8	60.5	6.6%	174.8	173.9	-0.5%
<i>% margin<sup>2</sup></i>	<i>37.0%</i>	<i>33.4%</i>		<i>38.4%</i>	<i>33.4%</i>	

Source: Company data;

Notes: <sup>1</sup>Czech Republic was sold in April 2015; <sup>2</sup>Defined as the ratio of Adjusted EBITDA to Revenues;



# Cash Flow

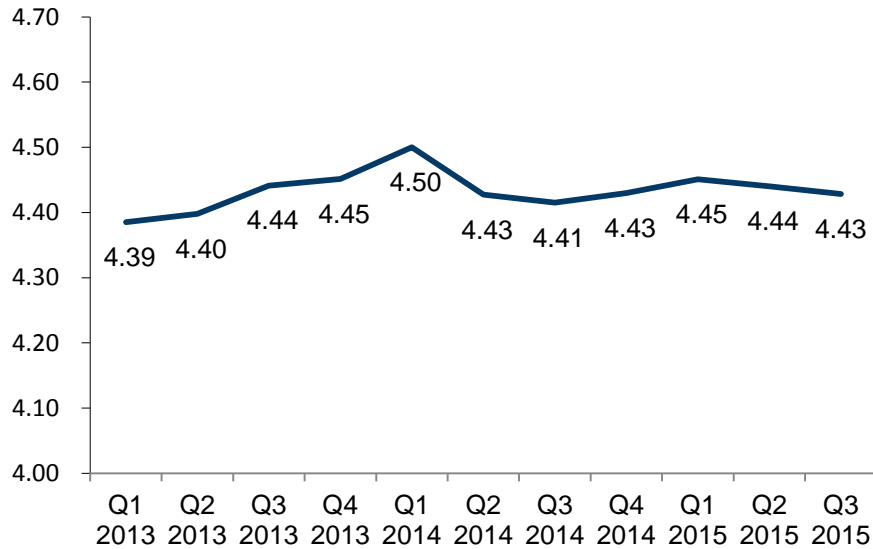
## Summary Cash Flow

	Three months ended September 30,		Nine months ended September 30,	
	2014	2015	2014	2015
	(euro in millions)		(euro in millions)	
<b>Cash flows from operations before working capital changes</b>	<b>55.1</b>	<b>62.4</b>	<b>175.7</b>	<b>173.6</b>
Cash flows from changes in working capital	(0.3)	(7.6)	(18.9)	10.5
<b>Cash flows from operations</b>	<b>54.7</b>	<b>54.8</b>	<b>156.8</b>	<b>184.0</b>
Interest paid	(3.4)	(2.3)	(25.1)	(24.8)
Income tax paid	(1.3)	(0.5)	(3.4)	(1.8)
<b>Cash flow from operating activities</b>	<b>50.1</b>	<b>52.1</b>	<b>128.3</b>	<b>157.5</b>
<b>Cash flow used in investing activities</b>	<b>(50.7)</b>	<b>(57.1)</b>	<b>(139.3)</b>	<b>(138.9)</b>
<b>Cash flows from financing activities</b>	<b>(2.9)</b>	<b>2.5</b>	<b>37.4</b>	<b>(23.3)</b>
Net increase (decrease) in cash and cash equivalents	(3.5)	(2.4)	26.4	(4.6)
Cash and cash equivalents at the beginning of the period	79.1	52.0	50.2	54.3
Effect of exchange rate fluctuation on cash and cash equivalent held	0.3	(0.7)	(0.8)	(0.8)
<b>Cash and cash equivalents at the closing of the period</b>	<b>75.8</b>	<b>48.9</b>	<b>75.8</b>	<b>48.9</b>



# FOREX development

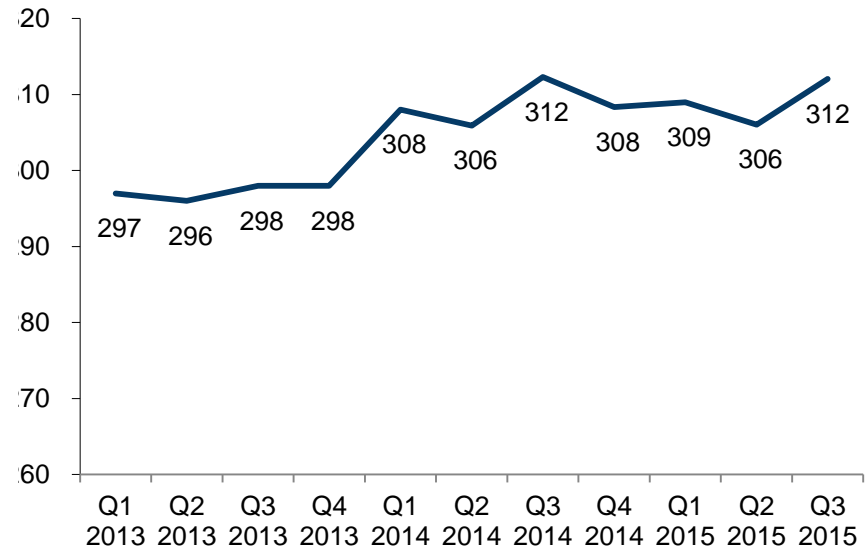
## RON/EUR Exchange Rate 2013 – Q3 2015



### Romania

- In the three month period ended September 30, 2015, compared with the same period in 2014, the Romanian leu declined by 0.4% relative to the euro.

## HUF/EUR Exchange Rate 2013 – Q3 2015

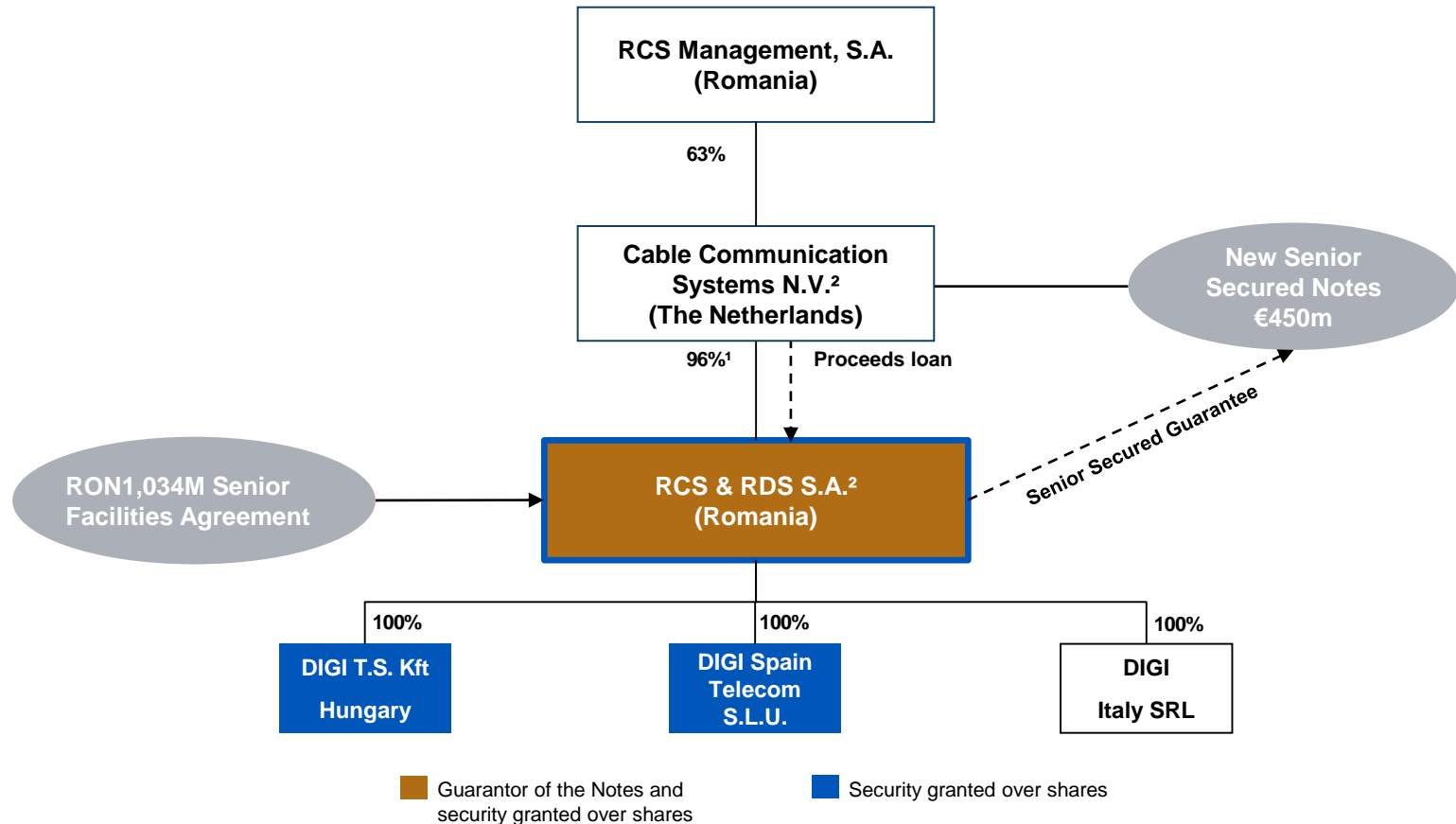


### Hungary

- In the three month period ended September 30, 2015, compared with the same period in 2014, the Hungarian forint slightly appreciated with 0.1% relative to the euro.



# Summary corporate and financing structure



Source: Company data

Note: The structure reflects see-through ownerships post adjustments for treasury shares; <sup>1</sup> RCS & RDS owns 8.97% of its treasury stock; <sup>2</sup> Obligations of CCS and RCS & RDS under the Notes, the Guarantee, the 2015' Senior Facilities Agreement, the ING Facilities Agreement and the Citi Facilities Agreement and certain hedging agreements are secured by the Collateral on a pari passu basis.

