

# **DIGI COMMUNICATIONS N.V.**

**(“the Company” or “DIGI”)**

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**Investor presentation  
for the period ended  
September 30, 2018**

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# Group overview

'Mil €	 Romania	 Hungary <sup>5</sup>	 Spain & Other <sup>4</sup>		Total <sup>3</sup>			
	3 months Sept 30, 2018	9 months Sept 30, 2018	3 months Sept 30, 2018	9 months Sept 30, 2018	3 months Sept 30, 2018	9 months Sept 30, 2018	3 months Sept 30, 2018	9 months Sept 30, 2018
Revenues <sup>2</sup>	€177.3 m	€512.5 m	€54.6 m	€135.0 m	€39.1 m	€108.2 m	€269.8 m	€752.0 m
EBITDA	€63.0 m	€192.4 m	€11.1 m	€26.2 m	€7.7 m	€17.9 m	€81.7 m	€236.6 m
Adj EBITDA margin <sup>1</sup>	35.5%	37.5%	20.3%	19.4%	19.8%	16.5%	30.3%	31.5%

## Service offering / RGUs Sept 30, 2018A ('000s)

	Romania		Hungary <sup>5</sup>		Spain & Other <sup>4</sup>		Total	
	3 months Sept 30, 2018	9 months Sept 30, 2018	3 months Sept 30, 2018	9 months Sept 30, 2018	3 months Sept 30, 2018	9 months Sept 30, 2018	3 months Sept 30, 2018	9 months Sept 30, 2018
CATV		3,234		685		-		3,919
Fixed internet and data		2,459		741		-		3,200
Mobile telecommunication services		3,379		16		1,415		4,810
Fixed-line telephony		1,207		697		-		1,904
DTH		544		288		-		832
<b>Total RGUs</b>		<b>10,823</b>		<b>2,427</b>		<b>1,415</b>		<b>14,665</b>

Source: Company data

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

<sup>2</sup> Revenues per country include intersegment revenues in total amount of EUR 1.2 million (for 3 mnth period)

<sup>3</sup> Total Group revenues excluding intersegment revenues;

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<sup>4</sup> In this Report, unless otherwise stated, as part of our "Other" segment we only present the results of our Italian operations, for revenue, and the results of our Italian operations and expenses of the Company, for operating expenses;

<sup>5</sup> Hungary includes consolidated results, RGU and ARPU of Digi Hu and Invitel.

# Recent developments

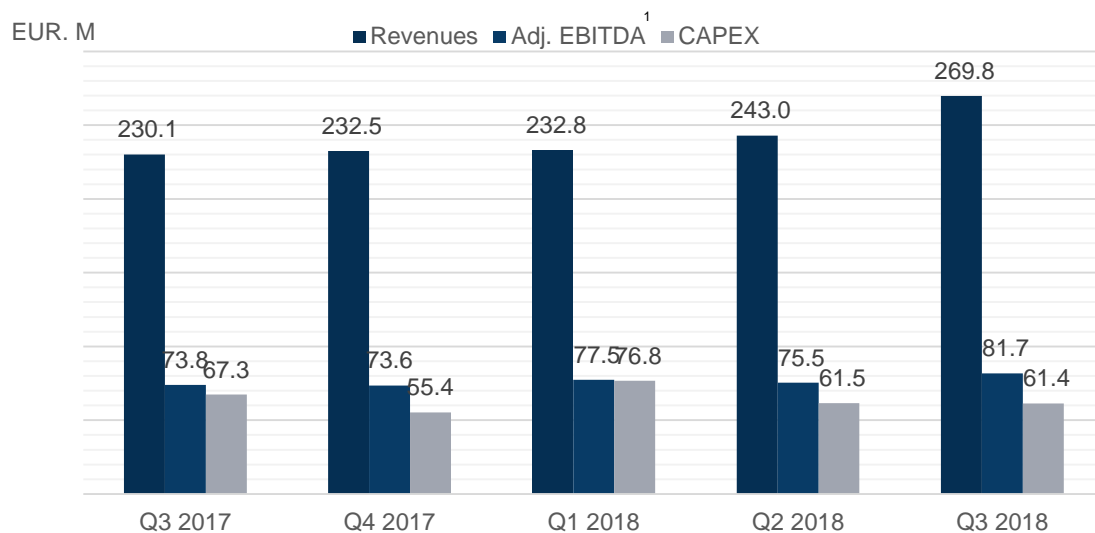
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## Business

- In October 2018, Digi Spain purchased from RCS & RDS the ownership of a quota of DIGI Italy equal to nominal value of €8,500, at a price of €9 mil. The price shall be paid within 6 months of the date the transaction.
- In October 2018, RCS & RDS drew the remaining available amount of RON 78.9 mil from Facility B1 of the SFA 2018.
- On 15 June 2018, RCS & RDS S.A. (the Romanian subsidiary of the Company - “RCS & RDS”) concluded a settlement agreement with Antena TV Group S.A. (“Antena Group”) and Antena 3 S.A. on the grounds of which the parties have irrevocably waived all the claims which were the subject of the disputes between them and, therefore, have agreed to cease all disputes between RCS & RDS and Intact Media Group.

# Financial highlights

## Results from continuing operations



Source: Company data

<sup>1</sup> EBITDA is calculated by adding back to consolidated operating profit/(loss) the charges for depreciation, amortization and impairment of assets. Adjusted EBITDA is defined as EBITDA adjusted for the effect of extraordinary or one-off/non-recurring items. In addition, we adjust EBITDA for mark to market results (unrealized) from fair value assessment of energy trading contracts.

## Key considerations

- **Revenues** in Romania variation- mainly as a result of:
  - Increase in our fixed internet RGUs and cable Tv
  - Increase in mobile telephony ARPU.
- **Revenues** in Hungary variation-mainly as a result of:
  - Invitel's contribution to consolidated revenues of EUR 18,9 million in Q3 2018
  - Increase in our fixed internet, cable Tv and fixed telephony RGUs
- **Revenues** in Spain and Other increased mainly as a result of increase in RGUs.
- **Adj EBITDA<sup>1</sup>** value was higher in Q3 2018 compared to Q3 2017:
  - Invitel's contribution to consolidated EBITDA of EUR 6 million
  - mainly as a result of increase in Adj EBITDA in Romania and Spain.
- **Adj EBITDA** margin decreased in Q3 2018 compared to Q3 2017 mainly due to the mobile network development in Hungary and increases in salaries
- **CAPEX** for Q3 2018 was EUR 61.4 million

# Highlights Romania (1/2)

## Revenue and Adj EBITDA

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

'Mil €	Three months ended			Nine months ended		
	Sept 30, 2017	Sept 30, 2018	% change	Sept 30, 2017	Sept 30, 2018	% change
Revenues	163.2	177.3	8.6%	492.8	512.5	4.0%
Adjusted EBITDA	56.8	63.0	10.9%	164.1	192.4	17.2%
Margin %	<b>34.8%</b>	<b>35.5%</b>		<b>33.3%</b>	<b>37.5%</b>	

### Key considerations

- Revenue growth from fixed internet and data and cable TV business lines, mobile telecommunication services and other revenues
- Adj EBITDA value and margin increased in Q3 2018, mainly as a result of the mobile business profitability catch-up.

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

# Highlights Romania (2/2)

## Subscribers

Thousand RGUs	RGUs Period Ended Sept 30,		Net Additions	
	2017	2018	Last 12 months	Last 3 months
	Cable TV	2,974	3,234	260
Fixed internet and data	2,225	2,459	234	75
Mobile telecommunications services <sup>1</sup>	3,400	3,379	(21)	12
Fixed-line telephony	1,283	1,207	(76)	(18)
DTH	605	544	(61)	(20)
<b>Total</b>	<b>10,487</b>	<b>10,823</b>	<b>336</b>	<b>135</b>

## Key considerations

- Growth in Cable TV and Internet subscribers
- High increase in mobile telephony ARPUs primarily as a result of a certain changes in the mix of subscription packages

## ARPU (EUR) - residential clients

ARPU (EUR)	For the period ended Sept 30,		% change
	2017	2018	
Cable TV	5.2	5.0	-3.8%
Fixed internet and data	5.0	4.8	-4.0%
Mobile telecommunications services <sup>1</sup>	4.2	4.4	4.8%
Fixed-line telephony	1.3	1.3	0.0%
DTH	4.9	4.8	-2.0%

<sup>1</sup> Includes mobile telephony and mobile data RGUs

# Highlights Hungary (1/2)

## Revenue and Adj EBITDA

### Results of Operations

'Mil €	Three months ended			Nine months ended		
	Sept 30, 2017	Sept 30, 2018	% change	Sept 30, 2017	Sept 30, 2018	% change
Revenues	38.3	54.6	42.6%	113.1	135.0	19.4%
Adjusted EBITDA	10.6	11.1	4.7%	32.8	26.2	-20.1%
Margin %	27.5%	20.3%		29.0%	19.4%	

### Key considerations

- Invitel's contribution to consolidated revenues of EUR 18,9 million in Q3 2018
- Revenues in Hungary, excluding Invitel, in Q3 2018 would have decreased with 7%
- The decrease in revenue presented in EUR was principally due to the foreign exchange impact of the depreciation of the HUF related to EUR in the reported period and to a lower extent due to discounts and promotions.
- Invitel's contribution to consolidated EBITDA of EUR 6 million in Q3 2018
- Decrease in Adj EBITDA and Adj EBITDA margin is mainly due to increase in salaries expenses and mobile network development expenses.



# Highlights Hungary (2/2)

## Subscribers

Thousand RGUs	RGUs Period Ended		Net Additions	
	Sept 30,		Last 12 months	Last 3 months
	2017	2018		
Cable TV	495	685	190	176
Fixed internet and data	459	741	282	259
Mobile telecommunications services <sup>1</sup>	13	16	3	5
Fixed-line telephony	371	697	326	303
DTH	302	288	(14)	(2)
<b>Total</b>	<b>1,640</b>	<b>2,427</b>	<b>787</b>	<b>741</b>

## Key considerations

- Increase in Cable TV, Internet and Fixed Telephony subscribers

- Invitel's RGUs: 733 thousand

- Consolidated ARPU for Digi HU and Invitel

## ARPU (EUR) - residential clients

ARPU (EUR)	For the period ended		% change
	Sept 30,		
	2017	2018	
Cable TV	8.2	8.3	1.2%
Fixed internet and data	7.7	7.9	2.6%
Mobile telecommunications services <sup>1</sup>	7.4	5.6	-24.3%
Fixed-line telephony	1.4	2.8	100.0%
DTH	9.3	8.9	-4.3%

<sup>1</sup> Includes mobile internet and data services offered as a reseller through the Telenor network under our "Digi" brand

# Highlights Other Territories

## Revenue and Adj EBITDA

'Mil €	Three months ended Sept 30,		% change	Nine months ended Sept 30,		% change
	2017	2018		2017	2018	
<b>Revenues<sup>1</sup></b>						
Spain	24.8	33.1	33.5%	67.8	90.6	33.6%
Other	5.0	5.9	18.0%	13.4	17.6	31.3%
	<b>29.8</b>	<b>39.1</b>	<b>31.2%</b>	<b>81.2</b>	<b>108.2</b>	<b>33.3%</b>
<b>Adj EBITDA</b>	<b>6.5</b>	<b>7.7</b>	<b>18.5%</b>	<b>17.1</b>	<b>17.9</b>	<b>4.7%</b>

- Consistent growth in the past 6 quarters
- Approximately 140.000 lines net portability gain in the last 3 quarters of 2018 and permanently in the top 3 operator for monthly mobile portability
- Significant revenue growth of approximately 34% Q3 18/Q3 17
- Important EBITDA growth for the period +26% Q3 18 / Q3 17

## Subscribers & ARPU

Thousand RGUs	RGUs Period Ended Sept 30,		Net Additions	
	2017 <sup>2</sup>	2018 <sup>2</sup>	Last 12 months	Last 3 months
Spain	813	1,213	400	89
Italy	158	202	44	(7)
<b>Total</b>	<b>881</b>	<b>1,415</b>	<b>444</b>	<b>82</b>

- September 2018 launch in Comunidad de Madrid area for FTTH broadband services and fixed telephony
- Step by step service expansion during Q4 2018 and 2019 to the provinces with higher DIGI mobile customer penetration
- Significant potential of RGU growth by addressing the current mobile customer base

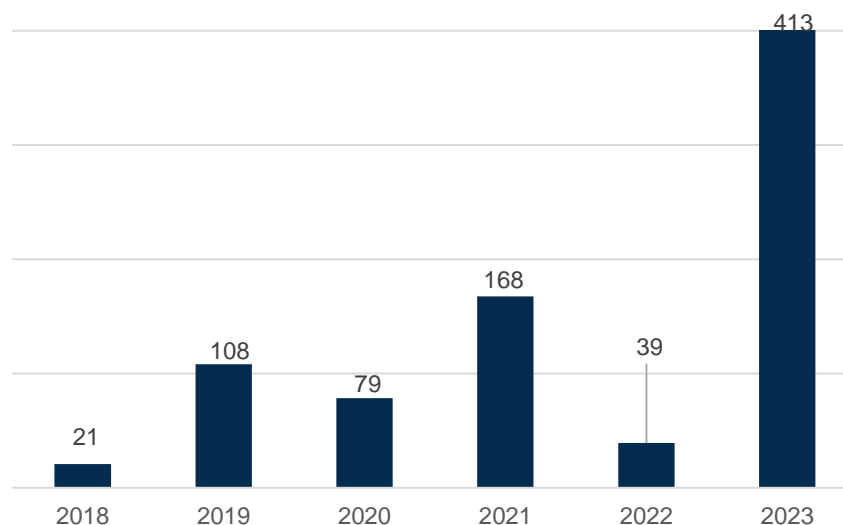
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# Group Financial Profile (1/2)

## Financial liabilities as of Sept 30, 2018<sup>1</sup>, including Invitel

	Amount
Facility	(Mil €)
2016 Senior Secured Notes	350.0
2016 Senior Facility	316.6
2018 Senior Facility	157.8
Financial leases	7.8
Other long term debt <sup>2</sup>	37.8
Other short term debt <sup>3</sup>	49.6
Hedging obligations	1.6
<b>Total gross debt</b>	<b>921.3</b>
Cash on BS	17.1
<b>Total net debt</b>	<b>904.2</b>

## Maturity profile Long term loans & Notes (Mil €)



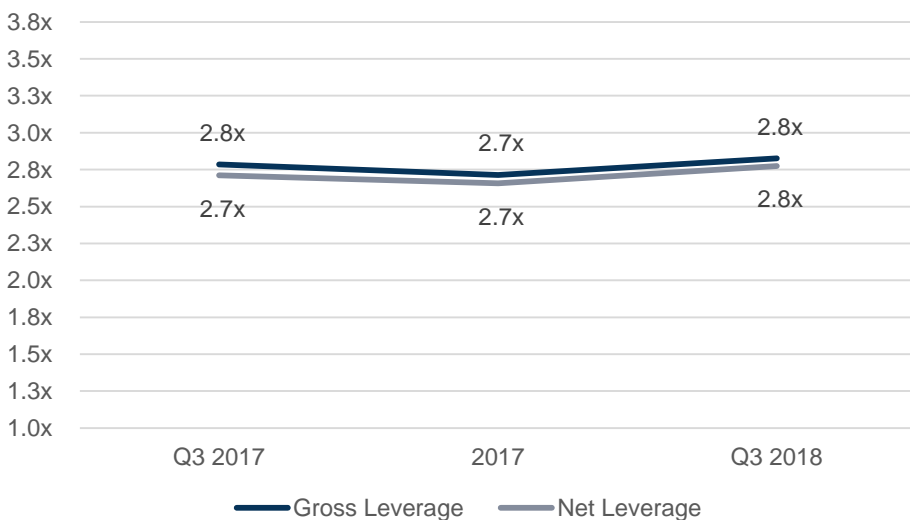
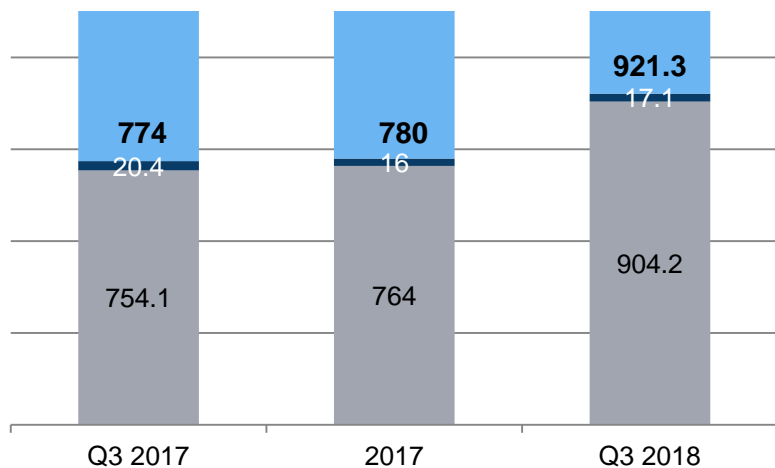
- Financial Indebtedness includes consolidated balances of Invitel as at 30 September 2018.

<sup>1</sup> Indebtedness as per Notes requirements

<sup>2</sup> Other long term debt include long term liabilities and other long term debt

<sup>3</sup> Other short term debt include overdrafts and other short term debt

# Group Financial Profile (2/2)



## Key considerations

■ For the purpose of the Financial Indebtedness and leverage computation as at 30 Sept 2018, as per the definitions from the Senior Facilities and Notes Indenture, we have included Intel's annualized EBITDA.

■ Total net debt<sup>1</sup> as of Sept 30, 2018 is €904 million

■ Net Leverage<sup>2</sup> is 2.8x and Gross Leverage is 2.8x.

<sup>1</sup> Gross debt/ Net debt is presented as per Notes requirements.

<sup>2</sup> The Net Leverage and Gross Leverage are computed using EBITDA as per the Notes Covenants. Covenant's computation for the Net Leverage from the Senior Facility uses EBITDA and Net debt which may be different from the Adjusted EBITDA and Net debt presented in this presentation.

# Contact

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# Q&A