



# DIGI



**Investor presentation**  
for the period ended September 30, 2019



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## Highlights

Revenues and Adj EBITDA (excl IFRS 16) increased with ~ 16%, for 9 month period ended 30 Sept 2019 compared with the similar previous period from 2018

### Revenues

*EUR 874.6 million group consolidated revenues for the 9 month period ended 30 Sept 2019 (+15,6% compared with previous period)*

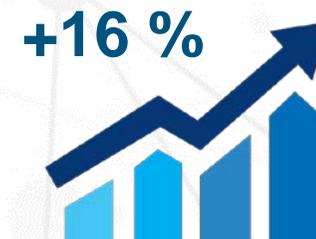


*EUR 299.4 million group consolidated revenues for 3 month period ended 30 Sept 2019 (+10.9% compared with previous period)*



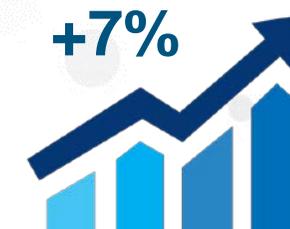
### EBITDA

*EUR 279.6 million Adj EBITDA (excl IFRS 16) for the 9 month period ended 30 Sept 2019 (+16% compared to previous period) and EUR 326.9 million Adj EBITDA (incl IFRS 16) for the 9 month period ended 30 Sept 2019*



### RGU

*+ 7% RGU as at 30 Sept 2019 vs 30 Sept 2018, from 14.6 million RGU to 15.8 million*





## Group overview

'Mil €	 Romania	 Hungary	 Spain & Other <sup>4</sup>			Total <sup>3</sup>	Total <sup>3</sup>	
	3 months Sept 30, 2019	9 months Sept 30, 2019	3 months Sept 30, 2019	9 months Sept 30, 2019	3 months Sept 30, 2019	9 months Sept 30, 2019	3 months Sept 30, 2019	9 months Sept 30, 2019
Revenues <sup>2</sup>	€190.9 m	€559.7 m	€53.1 m	€163.6 m	€56.5 m	€154.8 m	€299.4 m	€74.6 m
Adj. EBITDA	€100.1 m	€256.1 m	€16.2 m	€41.9 m	€11.3 m	€29.0 m	€127.5 m	€26.9 m
<b>Adj EBITDA margin<sup>1</sup></b>	<b>52.4%</b>	<b>45.8%</b>	<b>30.4%</b>	<b>25.6%</b>	<b>20.0%</b>	<b>18.7%</b>	<b>42.6%</b>	<b>37.4%</b>
Impact of IFRS 16 adoption	(€14.4)m	(€30.5)m	(€7.3)m	(€15.7)m	(€0.7)m	(€1.1)m	(€22.3)m	(€47.3)m
Adj EBITDA excl IFRS 16	€85.7 m	€225.6 m	€8.9 m	€26.2 m	€10.6 m	€27.8 m	€105.2 m	€29.6 m
<b>Margin %</b>	<b>44.9%</b>	<b>40.3%</b>	<b>16.7%</b>	<b>16.0%</b>	<b>18.7%</b>	<b>18.0%</b>	<b>35.1%</b>	<b>32.0%</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 1.1 million for three month period ended September 30, 2019;

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

<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.



## Group overview



Romania



Hungary



Spain & Other

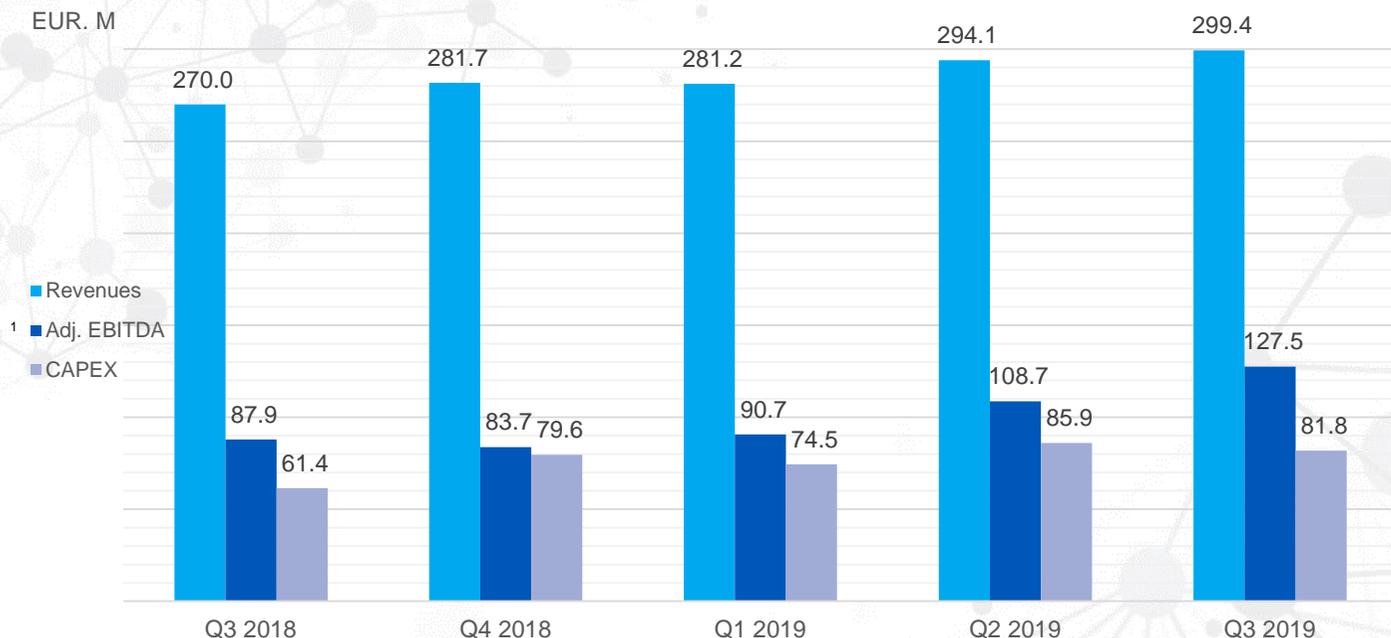
Total

### Service offering / RGUs Sept 30, 2019A ('000s)

CATV	3,523	704	-	4,227
Fixed internet and data	2,701	757	49	3,507
Mobile telecommunication services	3,396	72	1,955	5,423
Fixed-line telephony	1,112	691	19	1,822
DTH	510	275	-	785
<b>Total RGUs</b>	<b>11,242</b>	<b>2,499</b>	<b>2,023</b>	<b>15,764</b>

## Financial highlights

### Results from 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 increased mainly as a result of the price increase across all residential services starting with March 2019 as well as increase in our fixed internet and data and cable TV RGUs;
- Revenues in Hungary slightly decreased mainly as a result of ARPU decrease and of the negative FX impact of the HUF depreciation in the period;
- Revenues in Spain and Other increased as a result of increase in mobile RGUs and the introduction of fixed offerings for fixed internet and data and fixed telephony services in Spain from Sep 2018;
- Adj EBITDA<sup>1</sup> value was of EUR 127.5 million in Q3 2019 (+55.7% compared to Q3 2018). Approximately half of the increase is attributable to operations and the other half is due to the adoption of IFRS 16 starting with January 2019.
- CAPEX for Q3 2019 was EUR 81.8 million, higher than in Q3 2018 (EUR 61.4 million) with the main utilisation being in development of networks from Romania, Hungary and Spain.



## Highlights Romania (1/2)

### Revenue and Adj EBITDA

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

'Mil €	Three months ended		% change	Nine months ended		% change
	Sept 30,			Sept 30		
	2018	2019		2018	2019	
<b>Revenues</b>	177.5	190.9	7.5%	516.8	559.7	8.3%
<b>Adj EBITDA</b>	63.1	100.1	58.6%	196.7	256.1	30.2%
<b>Margin %</b>	<b>35.6%</b>	<b>52.4%</b>		<b>38.1%</b>	<b>45.8%</b>	
Impact of IFRS 16 adoption	-	(14.4)		-	(30.5)	
Adj EBITDA excl IFRS 16	63.1	85.7	35.8%	196.7	225.6	14.7%
<b>Margin %</b>	<b>35.6%</b>	<b>44.9%</b>		<b>38.1%</b>	<b>40.3%</b>	

#### Key considerations

- Revenue growth was driven by increase of prices starting with March 2019 and increase in our fixed internet and data and cable TV RGUs .
- Adj EBITDA and Adj EBITDA margin increased operationally as a result of increases in prices and RGUs number, and also due to the adoption of IFRS 16 starting with January 1<sup>st</sup>, 2019.

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

## Highlights Romania (2/2)

### Subscribers

Thousand RGUs	RGUs Period Ended Sept 30,		Net Additions	
	2018	2019	Last 12 months	Last 3 months
Cable TV	3,234	3,523	289	76
Fixed internet and data	2,459	2,701	242	65
Mobile telecommunications services <sup>1</sup>	3,379	3,396	17	13
Fixed-line telephony	1,207	1,112	(95)	(21)
DTH	544	510	(34)	(7)
<b>Total</b>	<b>10,823</b>	<b>11,242</b>	<b>419</b>	<b>126</b>

### ARPU (EUR) - residential clients

ARPU (EUR)	For the period ended Sept 30,		% change
	2018	2019	
Cable TV	5.0	5.3	6.0%
Fixed internet and data	4.8	4.8	0.0%
Mobile telecommunications services <sup>1</sup>	4.4	4.9	11.4%
Fixed-line telephony	1.3	1.3	0.0%
DTH	4.8	5.1	6.3%

### Key considerations

- Steady growth in Internet subscribers and Cable TV
- ARPU for cable TV, mobile services and DTH in Q3 2019 increase as a result of March 2019 price increases. There was also a negative FX impact (YoY), that affected ARPU in Romania.

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



## Highlights Hungary (1/2)

### Revenue and Adj EBITDA

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

'Mil €	Three months ended		% change	Nine months ended		% change
	Sept 30, 2018	Sept 30, 2019		Sept 30, 2018	Sept 30, 2019	
<b>Revenues</b>	54.6	53.1	-2.7%	135.0	163.6	21.2%
<b>Adj EBITDA</b>	11.1	16.2	45.9%	26.2	41.9	59.9%
<b>Margin %</b>	<b>20.3%</b>	<b>30.4%</b>		<b>19.4%</b>	<b>25.6%</b>	
Impact of IFRS 16 adoption	-	(7.3)		-	(15.7)	
Adj EBITDA excl IFRS 16	11.1	8.9	-19.8%	26.2	26.2	0.0%
<b>Margin %</b>	<b>20.3%</b>	<b>16.7%</b>		<b>19.4%</b>	<b>16.0%</b>	

#### Key considerations

- Decrease in revenue presented in EUR was principally due to decrease of ARPU and to the foreign exchange impact of the depreciation of the HUF related to EUR in the reported period.
- Variation in Adjusted EBITDA in Q3 2019 is due to the adoption of IFRS 16 starting with January 2019 and the impact of the mobile network development.

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

## Highlights Hungary (2/2)

### Subscribers

Thousand RGUs	RGUs Period Ended Sept 30,		Net Additions	
	2018	2019	Last 12 months	Last 3 months
Cable TV	685	704	19	8
Fixed internet and data	741	757	16	-
Mobile telecommunications services <sup>1</sup>	16	72	56	16
Fixed-line telephony	697	691	(6)	-
DTH	288	275	(13)	(1)
<b>Total</b>	<b>2,427</b>	<b>2,499</b>	<b>72</b>	<b>23</b>

### ARPU (EUR) - residential clients

ARPU (EUR)	For the period ended Sept 30,		% change
	2018	2019	
Cable TV	8.3	7.8	(6.0%)
Fixed internet and data	7.9	8.4	6.3%
Mobile telecommunications services <sup>1</sup>	5.6	n/m <sup>(2)</sup>	-
Fixed-line telephony	2.8	2.2	(21.4%)
DTH	8.9	8.6	(3.4%)

### Key considerations

- Increase in Fixed Internet and Cable TV subscribers
- Starting from May 2019 we have launched mobile telephony services in Hungary through our local network which is still in testing phase
- The increase in Internet and fixed line telephony ARPU is mainly due to the increase in prices from March 2019

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

<sup>2</sup> From the beginning of Q3 2019 the resale of Telenor products ended. Our own Hungarian mobile network is still in testing phase, therefore ARPU as at September 30, 2019 is not material.



## Highlights Spain and Italy

### Revenue and Adj EBITDA

'Mil €	Three months ended Sept 30, % change			Nine months ended Sept 30, % change		
	2018	2019	% change	2018	2019	% change
<b>Revenues</b>						
Spain <sup>1</sup>	33.1	50.6	52.9%	90.6	137.9	52.2%
Other	5.9	5.9	0.0%	17.6	16.9	-4.0%
	<b>39.1</b>	<b>56.5</b>	<b>44.5%</b>	<b>108.2</b>	<b>154.8</b>	<b>43.1%</b>
<b>Adj EBITDA</b>	<b>7.7</b>	<b>11.3</b>	<b>46.8%</b>	<b>17.9</b>	<b>29.0</b>	<b>62.0%</b>

Impact of  
IFRS 16  
adoption

- (0.7)

- (1.1)

**Adj EBITDA  
excl IFRS 16**

**7.7 10.6 37.7%**

**17.9 27.8 55.3%**

**Margin %**

**19.8% 18.7%**

**16.5% 18.0%**

### Subscribers

Thousand RGUs	RGUs Period Ended Sept 30,		Net Additions	
	2018	2019	Last 12 months	Last 3 months
Spain				
Mobile telecom. services <sup>(2)</sup>	1,213	1,728	515	94
Fixed internet and data	-	49	49	16
Fixed-line telephony	-	19	19	6
Italy				
Mobile telecom. services <sup>(2)</sup>	202	227	25	14
<b>Total</b>	<b>1,415</b>	<b>2,023</b>	<b>608</b>	<b>130</b>

- Stellar growth in RGUs in mobile telecommunication services in Spain (+42.5%)
- Significant increase of revenues in Q3 2019 (+52.2%)

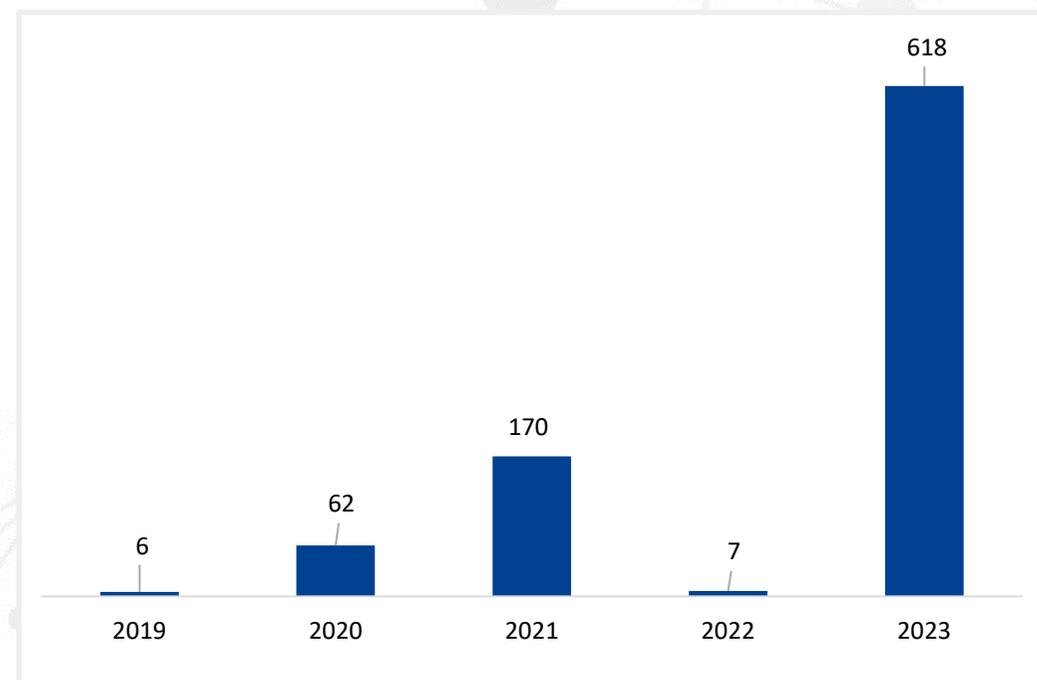


## Group Financial Profile (1/2)

### Financial liabilities as of Sept 30, 2019<sup>1</sup>

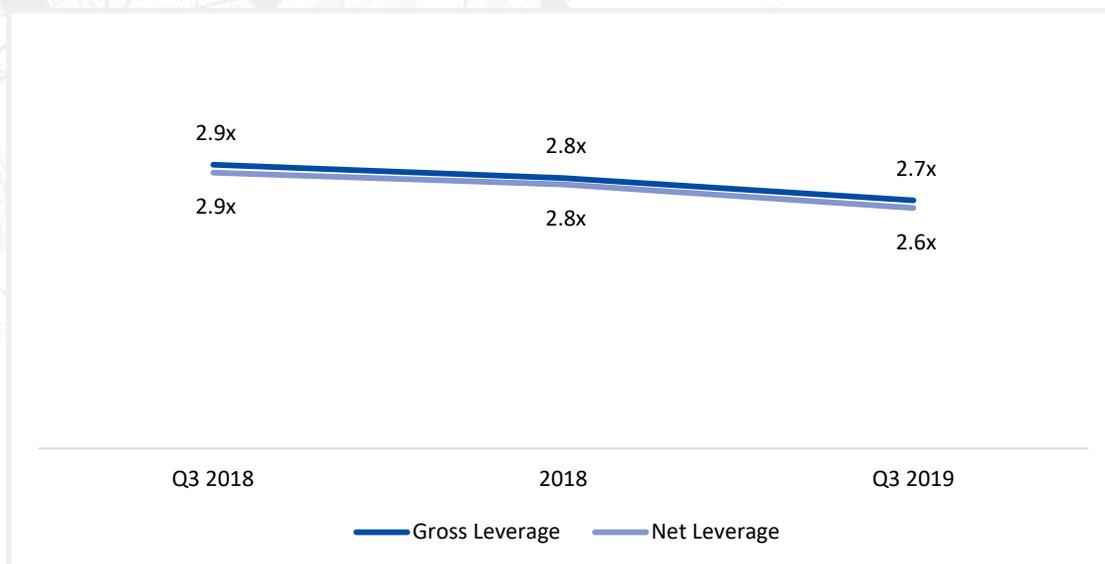
Facility	Amount (Mil €)
Senior Secured Notes	550.0
2016 Senior Facility	227.5
2018 Senior Facility	73.5
Financial leases	8.9
Other long term debt <sup>2</sup>	57.3
Other short term debt <sup>3</sup>	43.9
<b>Total gross debt</b>	<b>961.1</b>
Cash on BS	18.0
<b>Total net debt</b>	<b>943.1</b>

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



<sup>1</sup> Indebtedness as per Notes requirements. Indebtedness as per Loan Covenants include also interest accrual of €15.3 million as at Sept 30, 2019

## Group Financial Profile (2/2)



### Key considerations

- Total net debt<sup>1</sup> as of September 30, 2019 is €943.1 million
- Net Leverage<sup>2</sup> is 2.6x and Gross Leverage is 2.7x.

*1 Gross debt/ Net debt is presented as per Notes requirements.*

*2 The Net Leverage and Gross Leverage are computed using EBITDA as per the Notes Covenants, under IFRS available at the signing date, therefore excludes IFRS 16 implications. Covenant's computation for the Net Leverage from the Senior Secured Notes uses EBITDA which is different from the Adjusted EBITDA in this presentation.*



## Contact

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# DIGI

Q&A