

DIGI



Hungary operations



Hungary: synergistic to Romanian operations

Key facts

Entered the Hungarian market in 1998 by acquiring an 80k homes passed cable operator due to highly attractive market

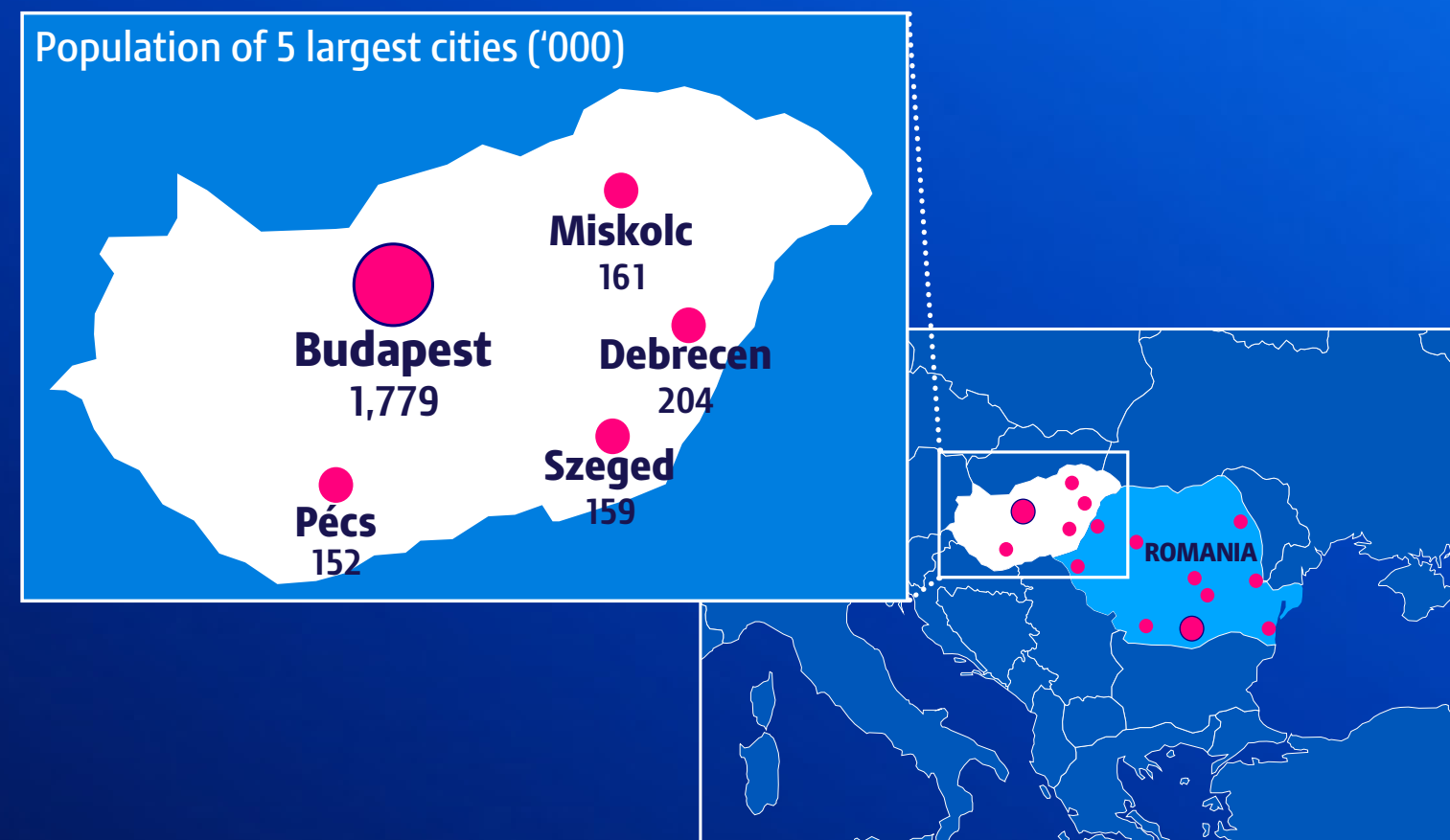
Subsequently replicated Romanian model building out GPON networks

- ~2 m² homes passed with FTTH/H network providing Gigabit speeds as of June 2016

Efficient business model in a mature market

- Apply same principles as Romania:
value for money for high quality offering; rational build out
- 2 x 5MHz of 1,800MHz spectrum¹

Close geographical proximity to Romania



1. Also 20MHz in 3.8GHz; 2. Including Invitel as at 30 June 2018

Source: <http://nepesseg.population.city/magyarorszag/budapest/>; www.miskolc.hu; www.pecs.hu

Stable Hungarian macro environment

Large and dynamic economy

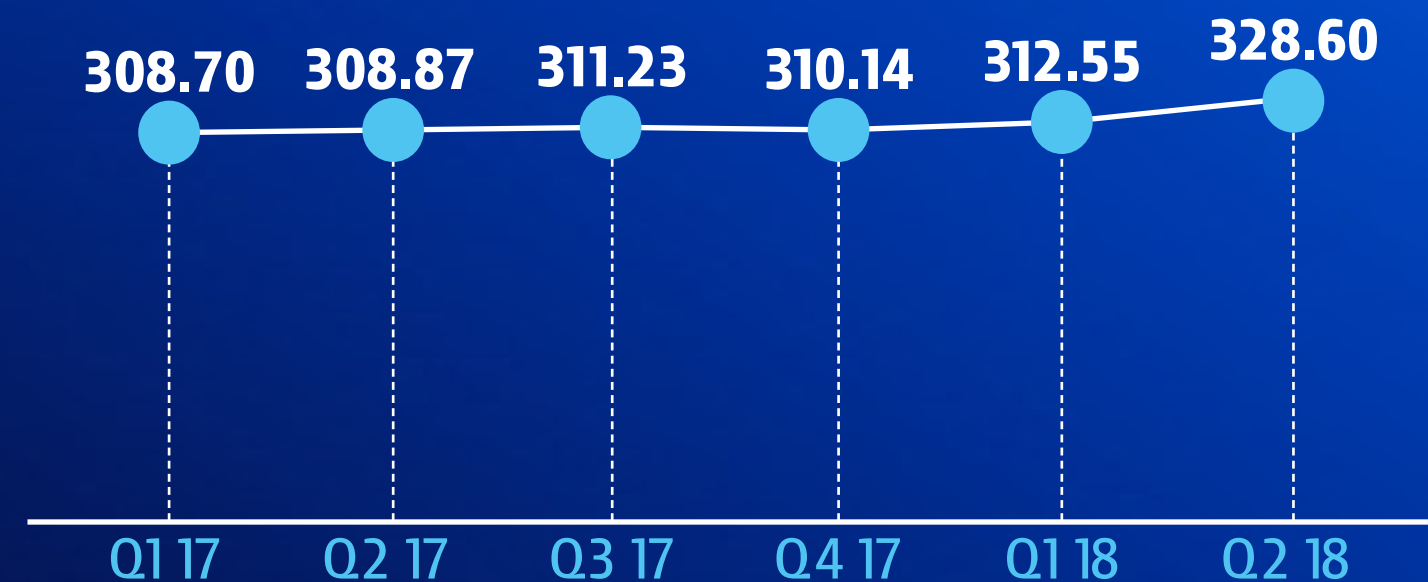
- Sizable population: 9.8m
- Low corporate tax rate (9%)
- Unemployment at lowest in 10 years (3.6%)
- Reasonable levels of Government debt (73.6%)
- Relatively stable FX, with fluctuation in 2018
- Political context stabilized and proposed internet taxation cancelled

GDP growth

Real GDP Annual Growth Rate, Q2 2018



Historic exchange rates (HUF/EUR)







Hungary Fixed Market Overview

Top market position

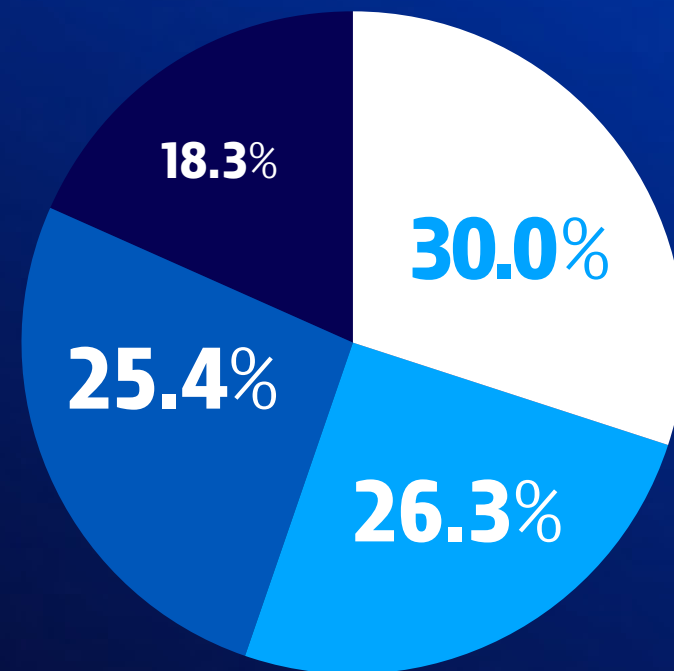
Hungarian market share (June 18)¹

 **DIGI**²

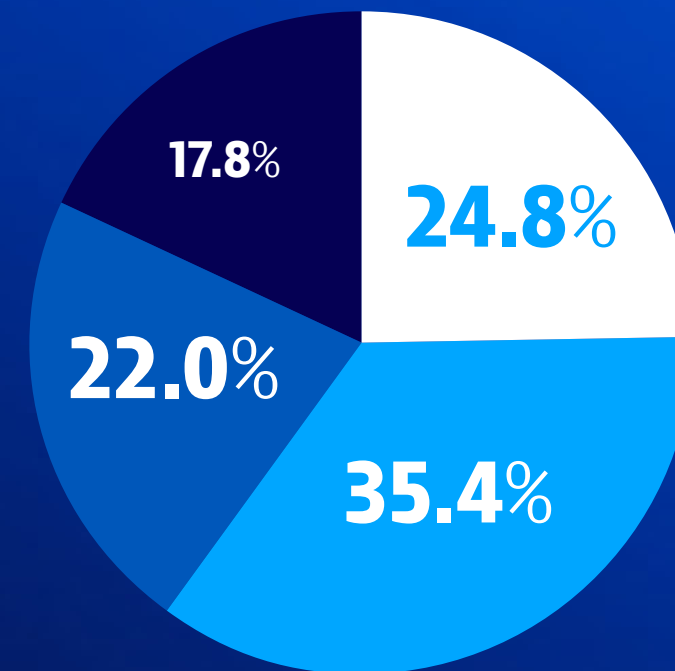
 **T** . . .

  upc

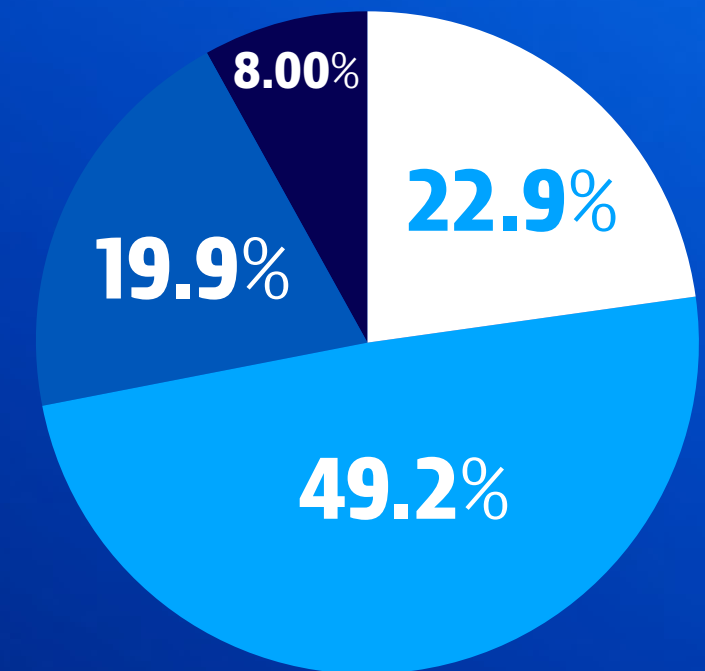
 **others**



Cable TV



Fixed Int.



Fixed Tel.

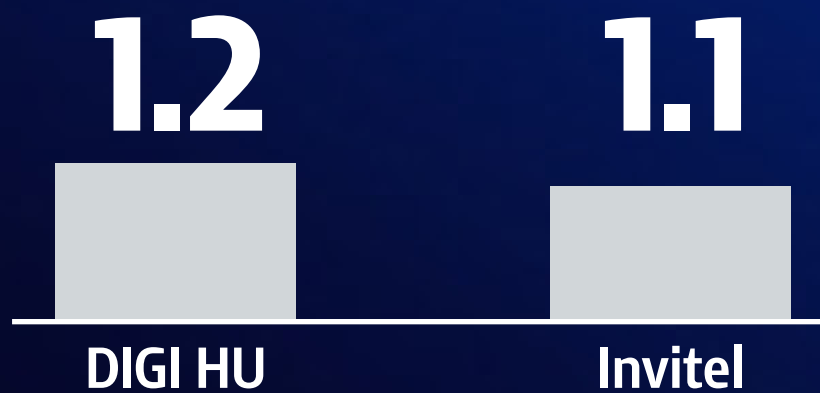
1. Source: NMHH; 2. DIGI includes market share for DIGI Kft and Invitel (Source: Company data, NMHH)



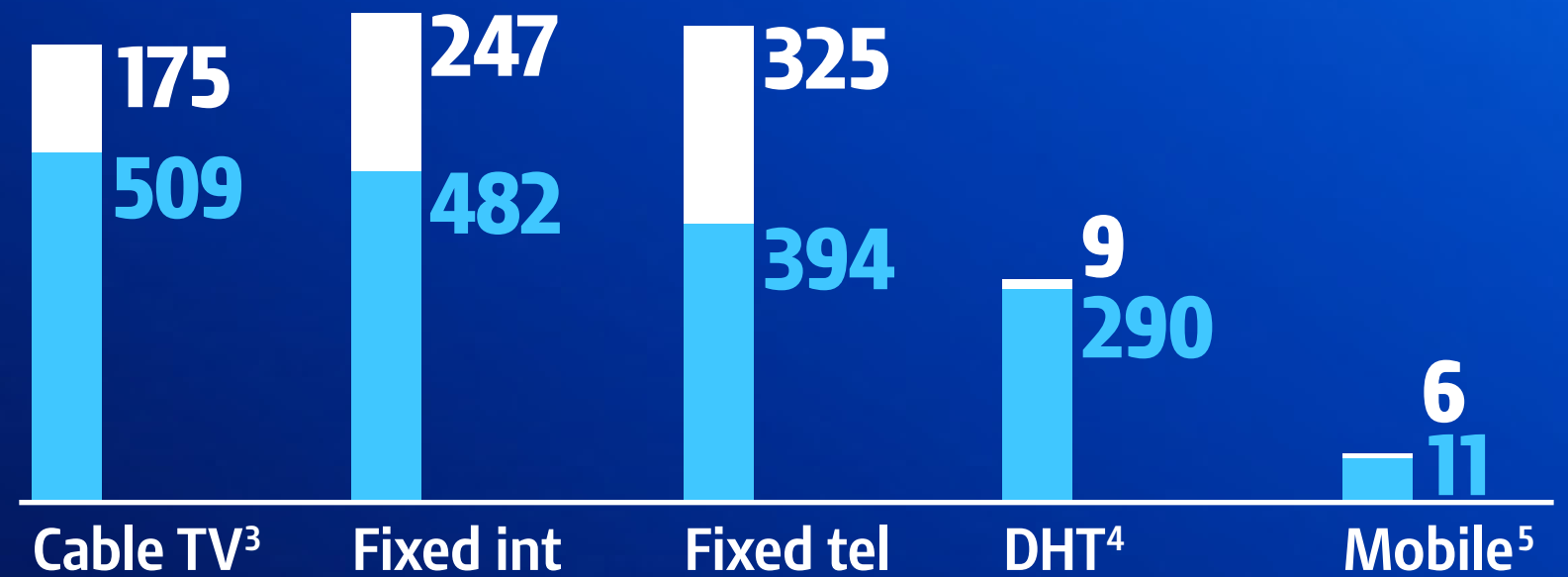
Hungary Fixed Market Overview

Growth pillars

Hungary Homes passed (m)¹



Hungary RGU ('000)²



1. Homes passed as at 31 Dec 2017; 2. RGUs as at 30 June 2018; 3. Cable TV includes IP-TV RGUs for Invitel; 4 DTH includes DBV-T RGU's for Invitel; 5. Resale of Telenor mobile products



Seizing business opportunities in Hungary (1/2)



Invitel Acquisition

- In May 2018 the Regulatory Authority from Hungary approved, with certain conditions, the proposed transaction and the transaction was closed on 30 May 2018.
- Total consideration paid by DIGI HU to the Sellers ~ EUR 135.4 million equivalent.
- EBITDA multiple of c. 6x before any synergies (based on EBITDA as at 31 December 2016)
- Almost doubles footprint in a market where organic growth is more difficult
- Relatively low penetration in Invitel areas-> high growth opportunity with limited CAPEX
- Access to infrastructure otherwise not available



Invitel Acquisition positions DIGI HU on a growth path



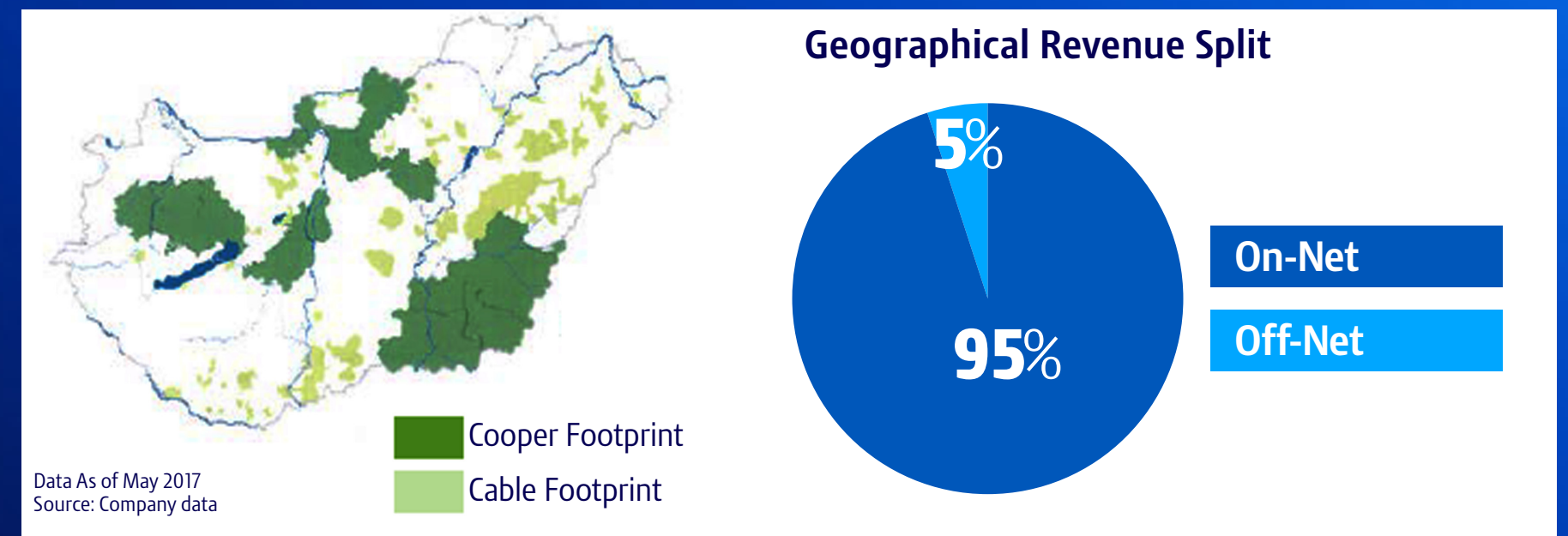
Seizing business opportunities in Hungary (2/2)



Invitel Acquisition

- Synergetic operations
- Expansion of footprint in Hungary
- DIGI increases penetration of services in Invitel's covered areas
- De-leveraging the risk of mobile services commercial launch

- Residential Revenues Generated Overwhelmingly in 1.1m HP On-net Footprint



- Network up-grade to fiber and integration of operations is on-going

DIGI



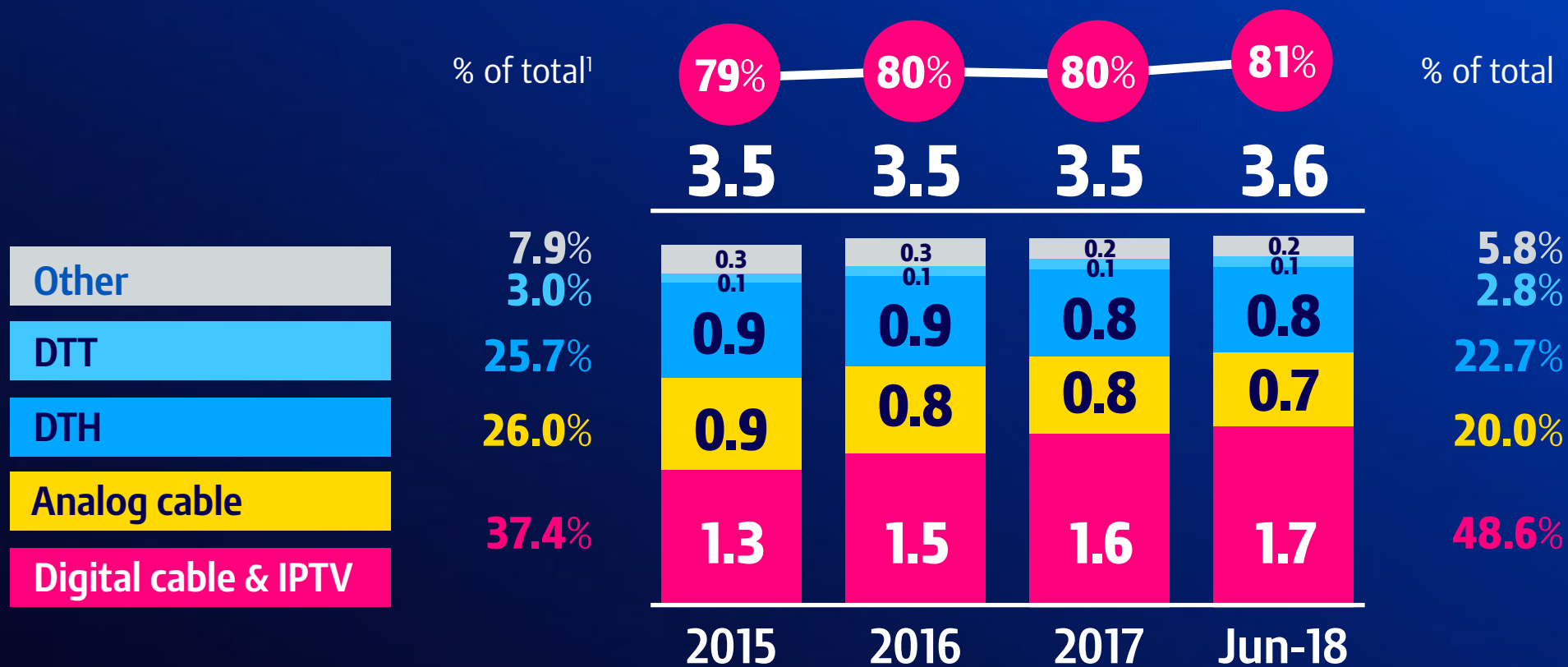
Fixed services



Attractive Pay-TV market growth driven by digital cable & IPTV

Growing Pay-TV market

Number of subscriptions (m), penetration of households



Key trends

- More technologically complex market than Romania with higher ARPUs
- High TV viewing time
- Ongoing switch to digital cable where DIGI HU is well positioned
 - Antenna Hungaria completed DTT switchover in 2013
- MinDigTV Extra subscriptions reached 100k in Q2 18
- Netflix entry in 2016 not a threat due to pricing and preference for dubbed content

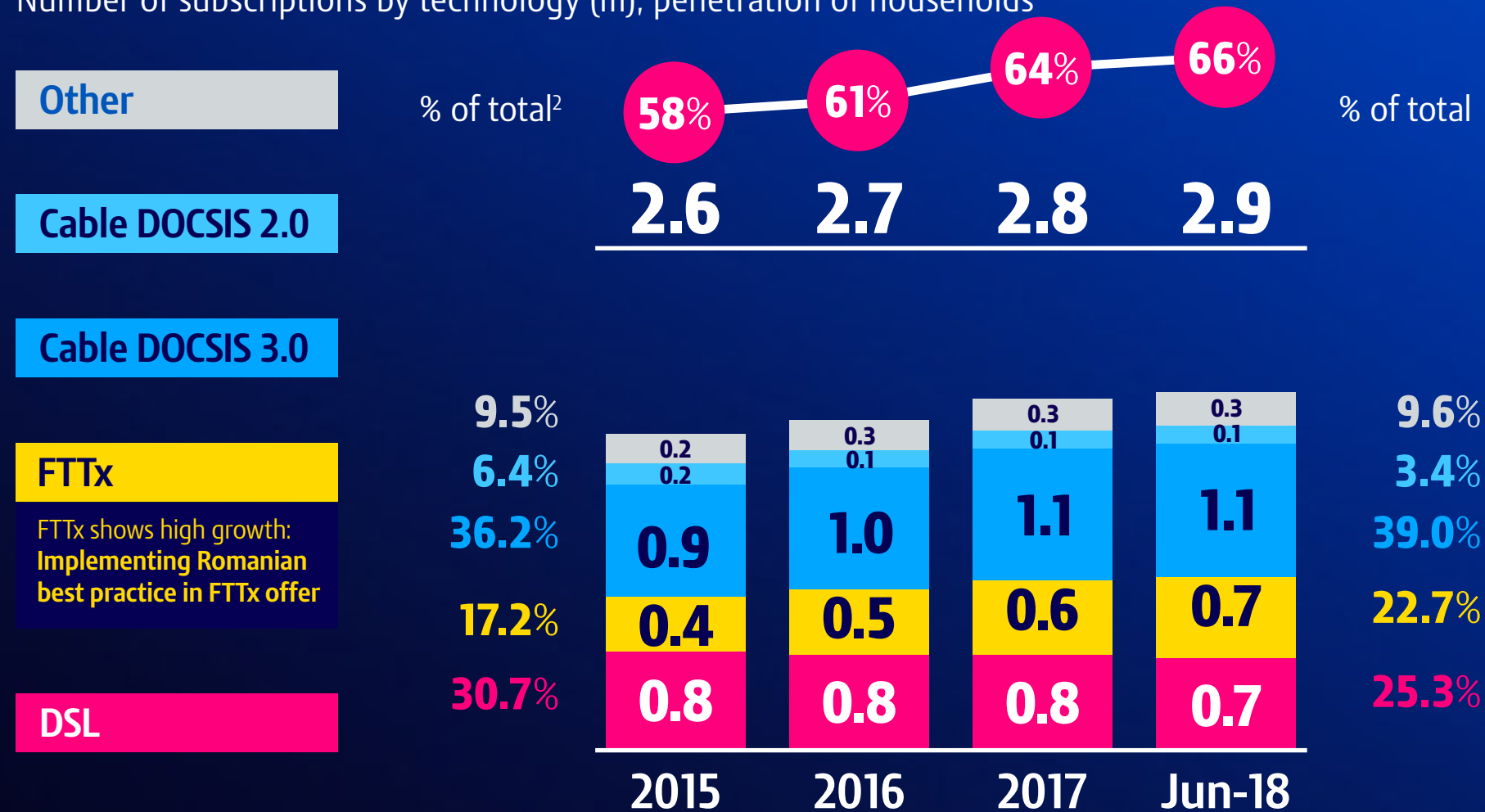
¹ Penetration of pay-TV services was computed as total subscriptions per total households
Source: NMHH, Hungarian Statistical Office.



Growing internet market

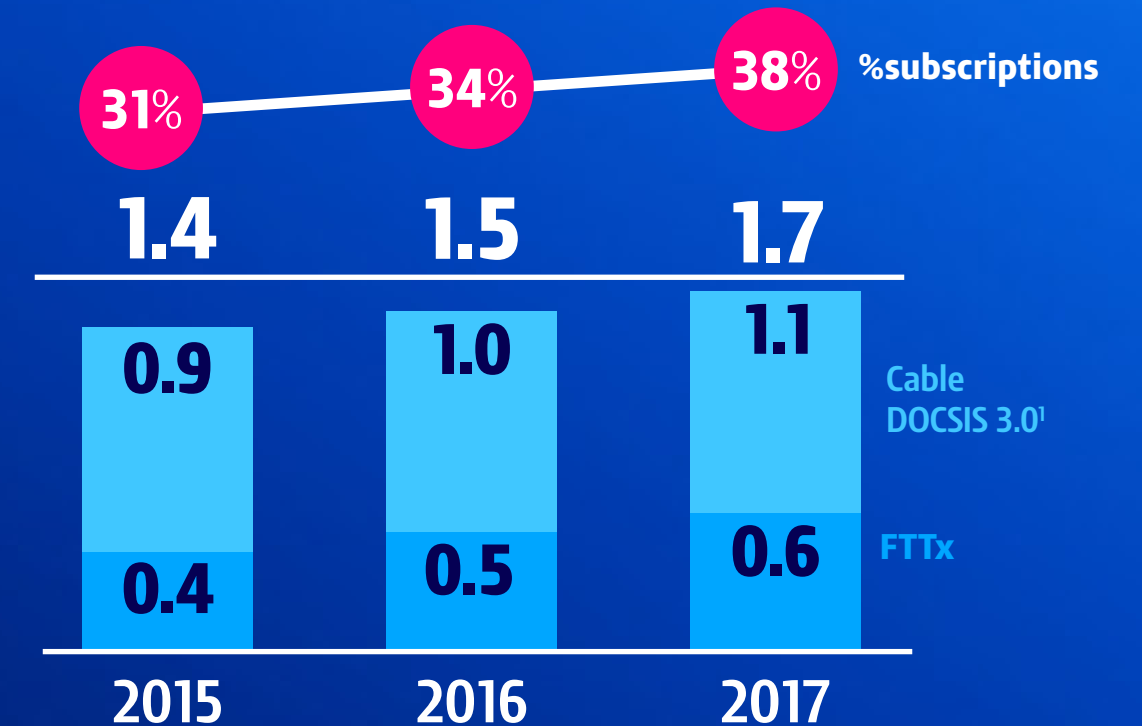
Key trends

Number of subscriptions by technology (m), penetration of households



New technology drives speed

Number of subscriptions with speeds >30Mbps (m), % total



DIGI HU well positioned

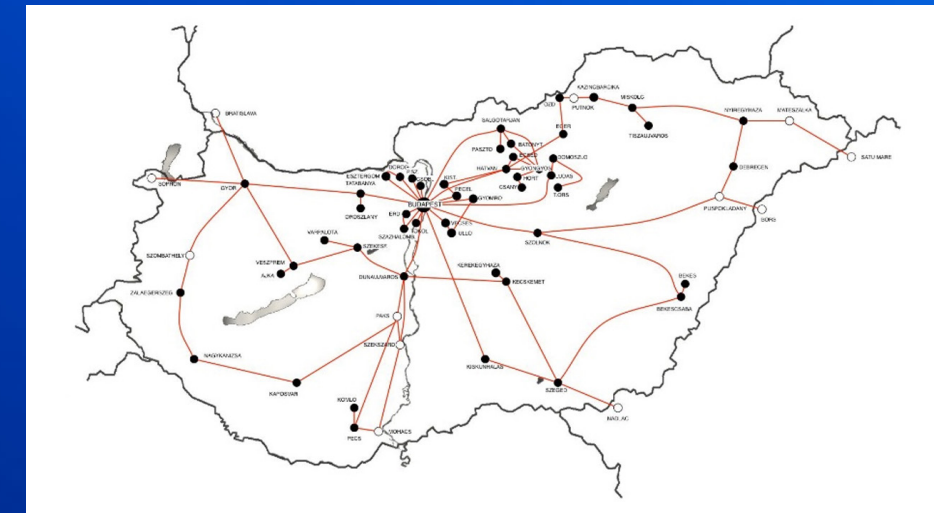
1.Total includes DSL, FTTx, Cable DOCSIS2.0 and 3.0; 2.Penetration of pay-TV services was computed as total subscriptions per total households
Source: NMHH, Hungarian Statistical Office,

Gigabit enabled fiber network

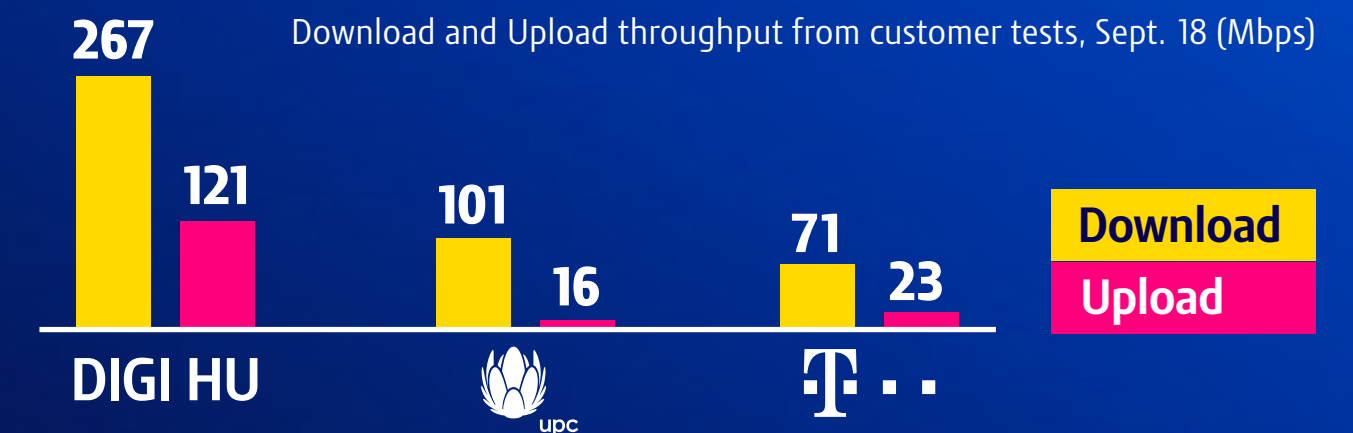
Key Facts

- **FTTB / FTTH network**
 - Fully upgraded to a length of ~7,300 km
 - Gigabit enabled
 - Intercity backbone of ~4,612 km (31% owned; 44% IRUs; 25% regular lease contracts)¹
 - Ongoing, organic upgrading network to FTTH to increase efficiency
- **~2 m² homes passed**
- **All individual end users**

DIGI HU network...



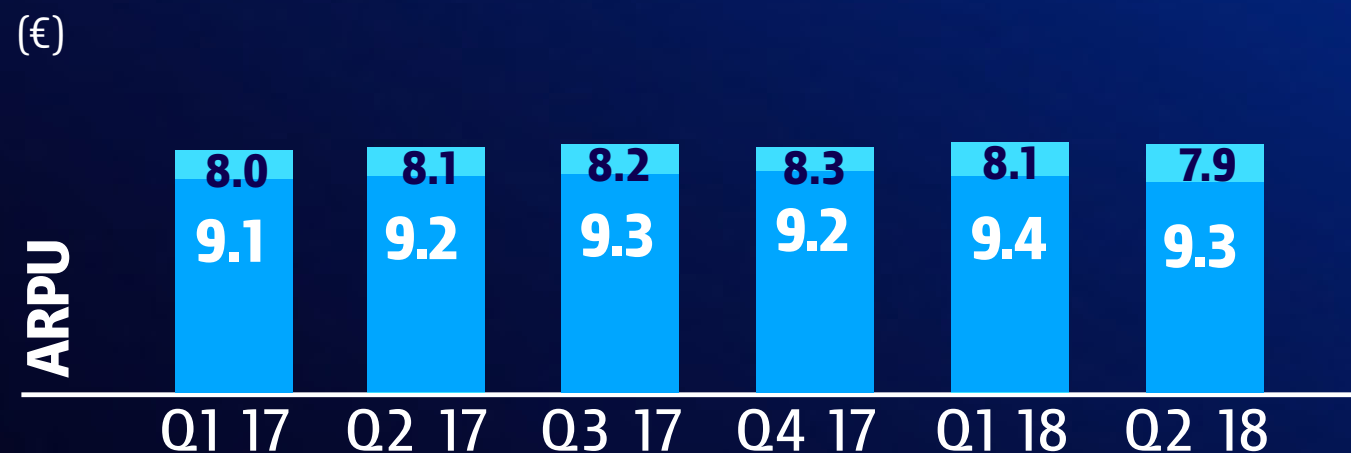
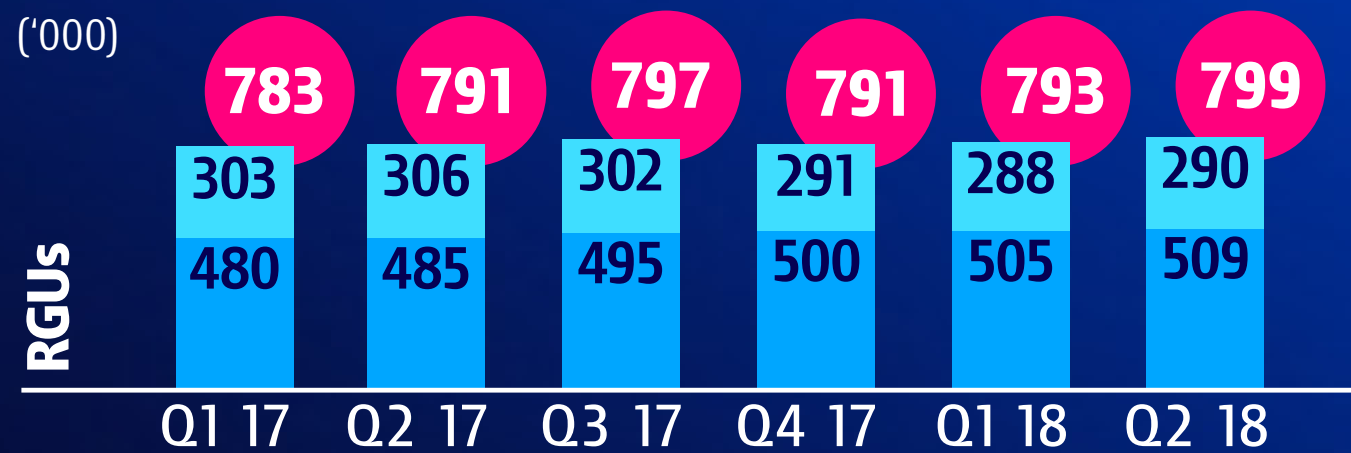
...offers the highest speeds in the market



¹. Data as at 31 December 2017; 2. Including Invitel as at 30 June 2018
Source: Company data, Szelessav (NMHH)

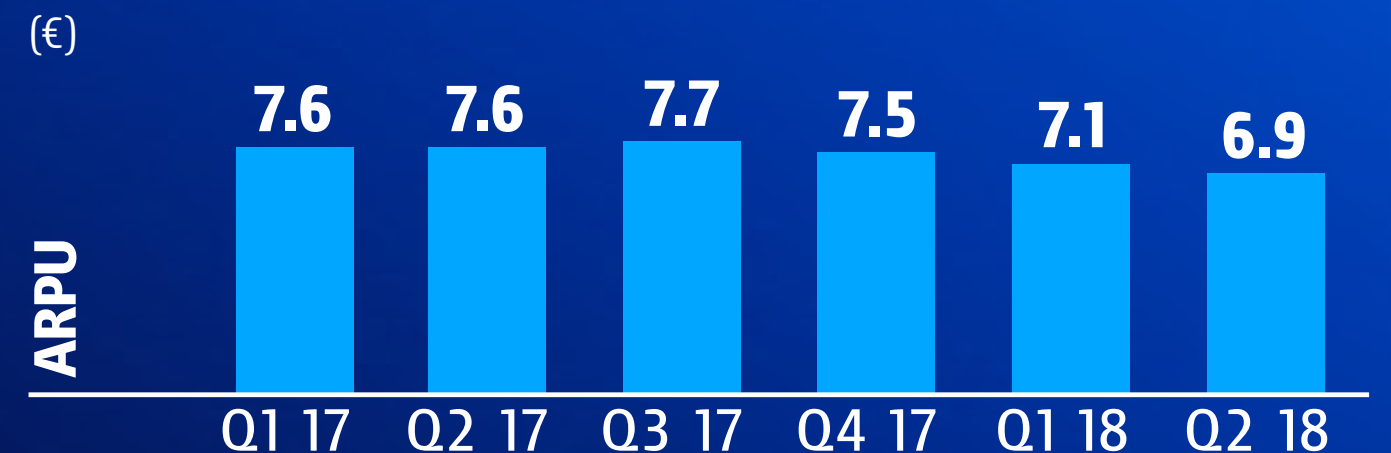
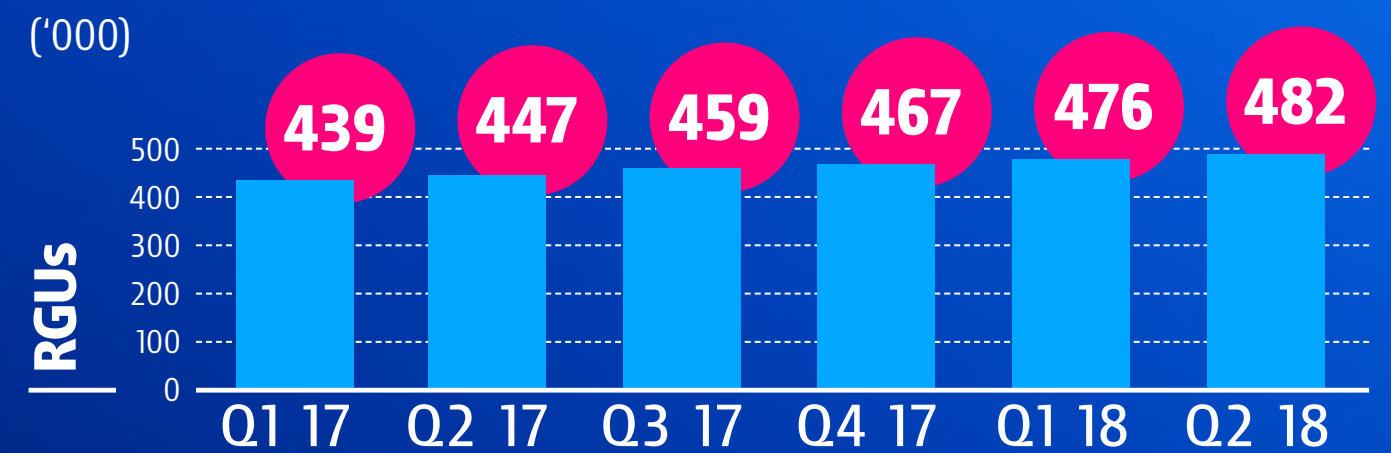
RGU growth with stable ARPUs

Cable TV & DTH



Cable TV DTH

Internet





Taking market share in Hungary

Strong net adds

Q2 18 YoY net adds, ('000)

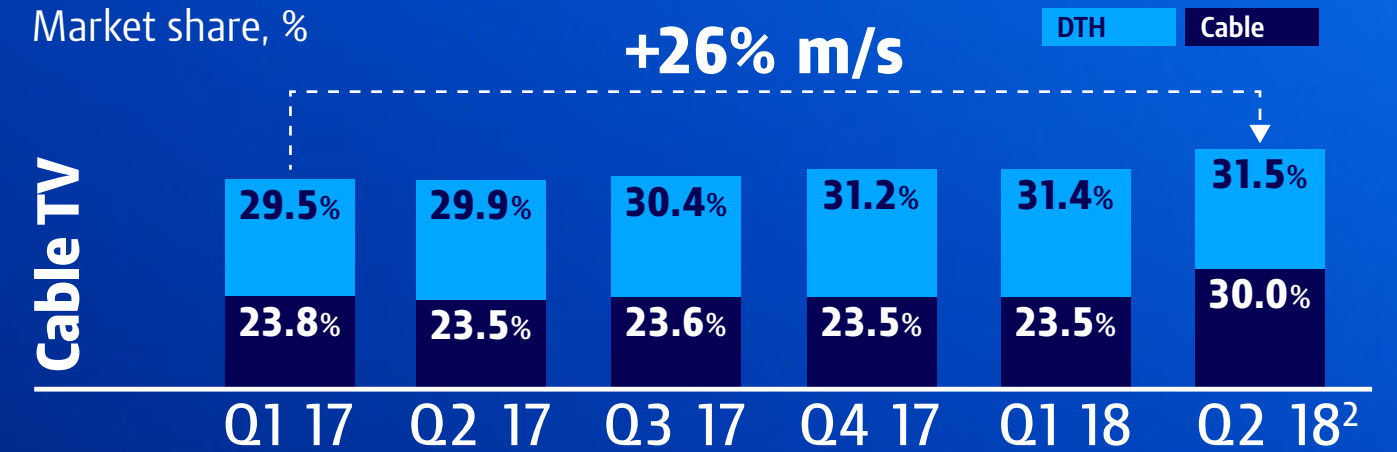


Q2 18 YoY net adds, ('000)

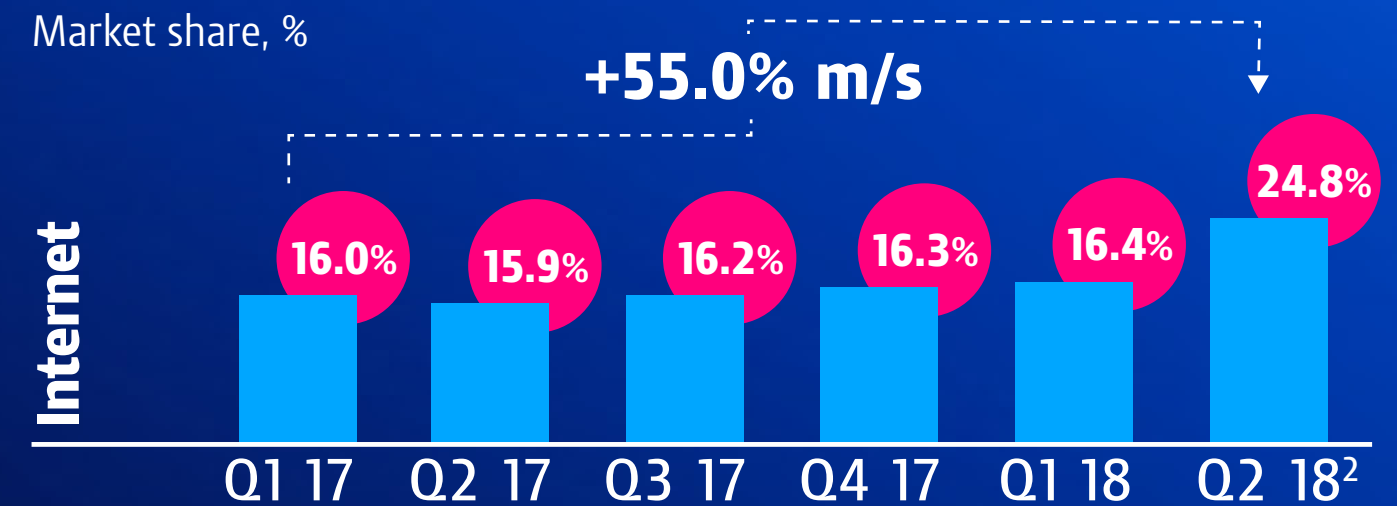


Increasing market share over time

Market share, %



Market share, %



1. Includes Cable TV but excludes Invitel as at 30 June 2018; 2. DIGI includes market share for DIGI Kft and Invitel
Source: NMIAH, Company data, Peer reporting

DIGI



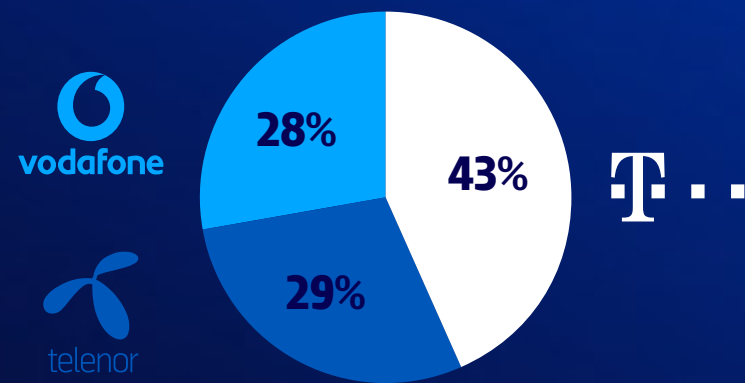
Mobile services



Hungary Mobile Market Overview

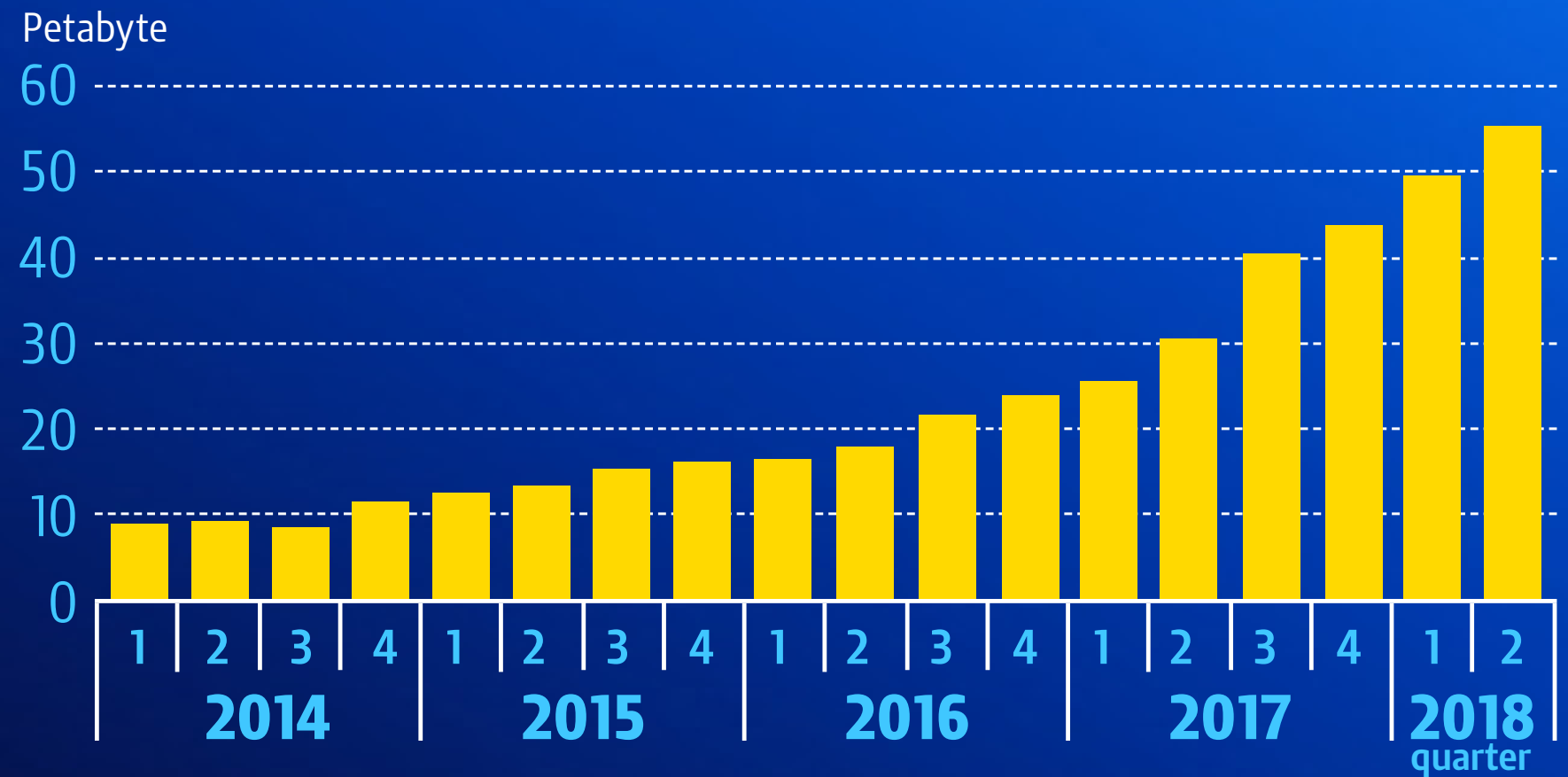
Mobile market share

Hungarian market share¹ (June 18)



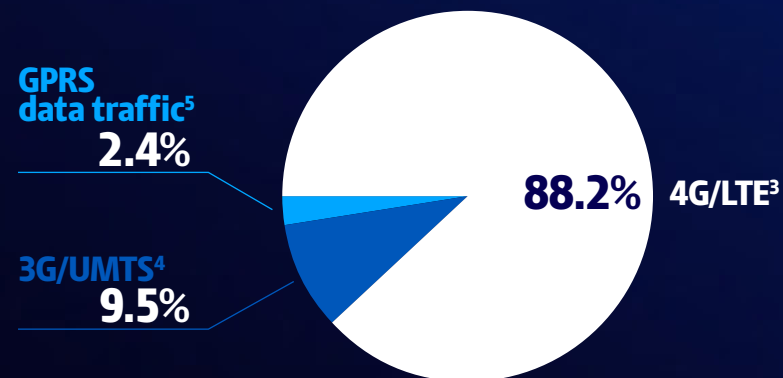
Growth pillars

Mobile NW data traffic²



Mobile technologies

Distribution of mobile NW data traffic by technology² (Q2 18)



1. Source: Peers reporting; Market shares computed base don RGU reported by peers; 2. Hungarian Central Statistical Office
 3.4G/LTE: fourth generation mobile phone technology; 4.3G/UMTS third generation mobile phone technology; 5. Packet data transfer



Building own mobile network

On-going building of mobile network

■ Developing 4G network

- ~ 1,300¹ base stations finalized or to be finalized in the short term
- Leading equipment suppliers (Ericsson)

■ Available spectrum: 2 X 5Mhz in 1,800 Mhz bandwitdh

■ Efficient roll-out

- Synergistic use of Romanian experience

■ EBITDA erosion

- Additional costs in P&L for the time being, in line with the stage of network building

■ Commercial launch



1. As of 30 June 2018;

DIGI will become fully convergent player in Hungary