

An aerial night photograph of a city, likely Dubai, showing a complex highway interchange and surrounding urban development. The scene is illuminated by city lights and the warm glow of light trails from traffic. Overlaid on the image are several bright, glowing white arcs that resemble fiber optic cables or data paths, connecting various points across the city.

DIGI
communications n.v.

Preliminary Financial Report
For the year ended December 31, 2018

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INTRODUCTION

The consolidated financial information included in this Preliminary Financial Report is based on the Digi Communications N.V. ("Digi") Group's Unaudited IFRS Consolidated Financial Statements for the year ended 31 December 2018.

Financial and operational data from this Preliminary Financial Report are estimates. The final Annual Report for the year ended 31 December 2018 will include the final financial and operational data, which may vary by reference to this Preliminary Financial Report. A final Annual Report will be released by Digi to the market as per the Financial Calendar announced on BVB.

DIGI COMMUNICATIONS N.V.
Preliminary Consolidated Statement of profit or loss
for the year ended as at 31 December 2018

(all amounts are in thousand EUR, unless specified otherwise)

		2017	2018
	Note	<i>Total</i>	<i>Total</i>
Revenues	1	916,551	1,038,121
Gain/(loss) from sale of discontinued operations		-	(1,070)
Other income	2	2,509	8,873
Other expenses	2	(2,820)	(18,917)
Operating expenses	3	(800,841)	(925,032)
Operating profit		115,399	101,975
Finance income	4	19,977	2,257
Finance expenses	4	(55,903)	(61,374)
Net finance costs		(35,926)	(59,117)
Profit / (loss) before taxation		79,473	42,858
Income tax		(17,442)	(21,460)
Net profit / (loss)		62,031	21,398

The preliminary consolidated financial statements as at 31 December 2018 have not been audited.

Serghei Bulgac,
CEO

OTHER FINANCIAL AND OPERATING DATA

The following table shows Selected Financial Data and Ratios based on Digi group's consolidated financial data as at and for the years ended December 31, 2017 and 2018, including Invitel's consolidated EBITDA:

Selected Financial Data and Ratios ⁽³⁾

	As at and for the year ended December, 31	
	2017	2018
	(€ millions, unless otherwise stated)	
Adjusted EBITDA	287.5	324.6
Adjusted EBITDA Margin%	31.4%	31.3%
Total consolidated debt ⁽¹⁾	779.9	920.2
Cash and cash equivalents	16.1	13.8
Total consolidated net debt	763.8	906.4
Net Leverage Ratio⁽²⁾	2.7x	2.8x
CAPEX	243.2	279.3

(1) Total debt presented is as per the Senior Notes covenants. It includes interest bearing loans and borrowings (non-current), interest bearing loans and borrowings (current), derivative financial liabilities, other long term liabilities and excludes accrued interest.

(2) Represents the ratio between total net debt and Adjusted EBITDA over a given period, as per the Senior Notes covenants.

(3) Unaudited.

The following table shows our RGUs and monthly ARPU by geographic segment and business line as at and for the years ended December 31, 2017 and 2018, including Invitel's consolidated RGUs and ARPU:

	As at and for the three months ended December 31,		As at and for the year ended December 31,	
	2017	2018	2017	2018
	(RGUs: thousands; ARPU: €/period)		(RGUs: thousands; ARPU: €/period)	
RGUs/ARPU				
Group				
RGUs	13,273	14,926	13,273	14,926
Romania				
<i>Cable TV</i>				
RGUs	3,030	3,305	3,030	3,305
ARPU	5.2	4.9	5.2	5.0
<i>Fixed internet and data</i>				
RGUs				
Residential	2,144	2,370	2,144	2,370
Business	140	158	140	158
ARPU				
Residential	5.0	4.7	5.0	4.8
Business	29.4	27.0	31.9	28.0
<i>Mobile telecommunication services⁽¹⁾</i>				
RGUs	3,391	3,406	3,391	3,406

	As at and for the three months ended December 31,		As at and for the year ended December 31,	
	2017	2018	2017	2018
	(RGUs: thousands; ARPU: €/period)		(RGUs: thousands; ARPU: €/period)	
ARPU	4.3	4.7	4.1	4.4
<i>Fixed-line telephony</i>				
RGUs				
Residential	1,128	1,055	1,128	1,055
Business	132	133	132	133
ARPU				
Residential	1.3	1.3	1.3	1.3
Business	3.5	3.4	3.5	3.3
<i>DTH</i>				
RGUs	593	529	593	529
ARPU	4.9	4.8	4.9	4.8
Hungary⁽⁵⁾				
<i>Cable TV</i>				
RGUs	500	689	500	689
ARPU	8.3	8.4	8.2	8.3
<i>Fixed internet and data</i>				
RGUs	467	747	467	747
ARPU	7.5	7.8	7.6	7.6
<i>Mobile telecommunication services^{(2) (3)}</i>				
RGUs	12	15	12	15
ARPU	6.9	5.3	7.1	5.9
<i>Fixed-line telephony</i>				
RGUs	379	694	379	694
ARPU	1.2	2.8	1.4	2.4
<i>DTH</i>				
RGUs	291	276	291	276
ARPU	9.2	9.0	9.2	9.1
Spain				
<i>Fixed internet and data</i>				
RGUs	-	8	-	8
ARPU	-	20.8	-	20.8
<i>Mobile telecommunication services⁽¹⁾</i>				
RGUs	896	1,343	896	1,343
ARPU	10.1	9.5	10.5	9.4
<i>Fixed-line telephony</i>				
RGUs	-	3	-	3
ARPU	-	4.2	-	4.2
Other⁽⁴⁾				
<i>Mobile telecommunication services⁽¹⁾</i>				
RGUs	170	195	170	195
ARPU	10.6	9.4	10.6	9.6

(1) Includes mobile telephony and mobile internet and data RGUs

(2) Includes mobile internet and data services offered as a reseller through the Telenor network under our "Digi" brand.

(3) As an MVNO.

(4) Includes Italy.

(5) For the period ended December 31, 2018, RGUs and ARPUs for Hungary include the consolidated RGUs and ARPUs for Digi Hungary and Invitel.

PRELIMINARY MANAGEMENT DISCUSSION AND ANALYSIS

Main variations are explained below:

1. Revenues

Our revenue (excluding intersegment revenue, other income and gain from sale of discontinued operations) for the year ended December 31, 2018 was €1,038.1 million, compared with €916.5 million for the year ended December 31, 2017, an increase of 13.3%.

Revenue growth was reported by all geographical segments.

Group RGU's increased from 13.3 million as at December 31, 2017 to 14.9 million as at December 31, 2018 (an increase of 12%), the main increase is due to the Invitel's acquisition, cable tv and internet Romanian RGU's growth and a growth of the Spain's mobile business line's RGU.

2. Other income/expenses

We recorded €18.9 million of other expenses in the year ended December 31, 2018, compared to €2.8 million in the year ended December 31, 2017. During 2018, DIGI recorded the accrued expenses for the period related to the share option plans from 2017 and 2018 which are expected to be one-time events, litigation provision and Invitel's acquisition related costs. Other income represents mark to market gain from fair value assessment of the energy trading contracts.

3. Operating expenses

Our total operating expenses (excluding intersegment expenses and other expenses, but including depreciation, amortization and impairment) for the year ended December 31, 2018 were €925.0 million, compared with €800.8 million for the year ended December 31, 2017, an increase of 15.5%.

The main increase is due to the Invitel's acquisition. There were also increases in salaries and depreciation in the year ended December 31, 2018 compared to previous year.

4. Net finance expenses

We recognized net finance expense of €59.1 million in the year ended December 31, 2018, compared with net finance expense of €35.9 million in the year ended December 31, 2017, an increase of 64.6%.

The main difference comes from recognition of a lower fair value gain of embedded derivatives in the year ended December 31, 2018 compared to the year ended December 31, 2017 (a decrease of €18.0 million). There was also increase in interest expenses as a result of additional financing and increase in ROBOR.