

# **DIGI COMMUNICATIONS N.V.**

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## **Investor presentation**

**Annual results  
for the year ended  
December 31, 2017**

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# Group overview

'Mil €				Total <sup>3</sup>
	Romania	Hungary	Spain & Other <sup>4</sup>	
	Year ended Dec 31, 2017	Year ended Dec 31, 2017	Year ended Dec 31, 2017	
Revenues <sup>2</sup>	€658.3 m	€150.4 m	€112.7 m	<b>€916.6 m</b>
EBITDA	€227.0 m	€39.8 m	€20.8 m	<b>€287.5 m</b>
Adj EBITDA margin <sup>1</sup>	<b>34.5%</b>	<b>26.4%</b>	<b>18.5%</b>	<b>31.4%</b>

## Service offering / RGUs December 31, 2017A ('000s)

				Total
CATV	3,030	500	-	<b>3,530</b>
Fixed internet and data	2,284	467	-	<b>2,751</b>
Mobile telecommunication services	3,391	12	1,066	<b>4,469</b>
Fixed-line telephony	1,260	379	-	<b>1,639</b>
DTH	593	291	-	<b>884</b>
<b>Total RGUs</b>	<b>10,558</b>	<b>1,649</b>	<b>1,066</b>	<b>13,273</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 4.9 million;

<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.

# Recent developments

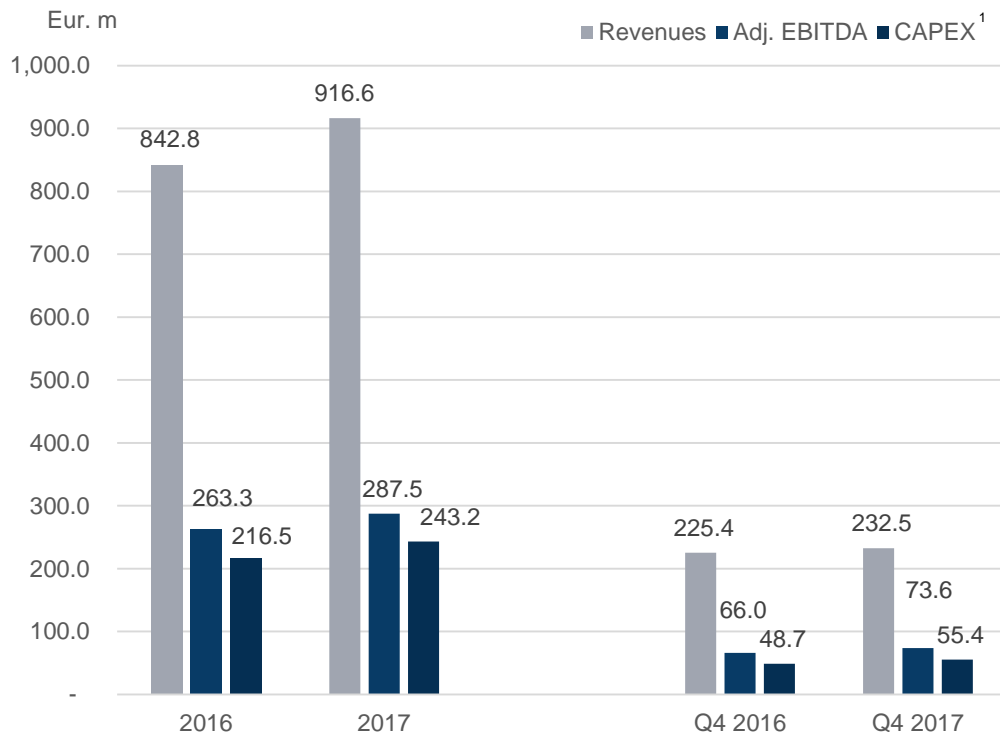
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## Business

- On 1 February 2018, RCS & RDS S.A., DIGI Távközlési és Szolgáltató Korlátolt Felelősségű Társaság („Digi Kft.”), as the borrowers, the Company, as a guarantor, Citibank N.A., London Branch and ING Bank N.V. as the arrangers, ING Bank N.V. as the facility agent, and several other financial institutions as the lenders have concluded a syndicated loan providing for three facilities in HUF, RON and EURO currencies.
- 5 years medium-term loan agreement that partially refinances the 2017 Bridge Loan.
- Interest rate is of 2.65% per annum plus the relevant applicable interbank offered rates.
- On 9 March 2018, availability under the 2018 Syndicated Facility was increased and the total current amount available is of approximately EUR 179 million equivalent.
- Purpose:
  - To be used partially for the financing of the acquisition by Digi Kft. of the Hungarian telecommunications operator Invitel Tavkozlesi Zrt;
  - The remainder is intended to be used for general corporate purposes and/or capital expenditures.

# Financial highlights

## Results from continuing operations



## Key considerations

- **Revenues** in Romania increased mainly as a result of:
  - Increase in mobile telephony RGUs and ARPU.
  - Increase in our cable Tv and fixed internet RGUs.
- **Revenues** in Hungary & Spain and Other increased mainly as a result of increase in RGUs.
- **Adj EBITDA<sup>1</sup>** value was higher in Q4 2017 compared to Q4 2016, as a result of increase in Adj EBITDA in Romania and Spain.
- **Adj EBITDA** margin increased in Q4 2017 compared to Q4 2016 due to, among others, mobile business catch-up and the reduction in exposure of the energy activity in Romania and efficiency of scale in Spain.
- **CAPEX** for Q4 2017 was EUR 55.4 million, higher than in Q4 2016 (EUR 48.7 million) mainly due to development of mobile network in Hungary and the continuation of the investment projects in Romania.

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.

# Highlights Romania (1/2)

## Revenue and Adj EBITDA

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

'Mil €	Three months ended			Twelve months ended		
	December 31, 2016	December 31, 2017	% change	December 31, 2016	December 31, 2017	% change
<b>Revenues</b>	165.1	165.5	0.2%	615.4	658.3	7.0%
<b>Adjusted EBITDA</b>	51.5	62.9	22.1%	202.3	227.0	12.2%
<b>Margin %</b>	<b>31.2%</b>	<b>38.0%</b>		<b>32.9%</b>	<b>34.5%</b>	

### Key considerations

- Revenue growth was driven by growth in our mobile telephony business, increase in our cable TV and fixed internet RGUs. Revenues from handsets decreased compared to previous period, as a result of the change in offerings for handsets in instalments, starting from the end of Q1 2017.
- Adj EBITDA margin increased mainly due to mobile business catch-up and the reduction in exposure of the energy activity in Romania.

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

# Highlights Romania (2/2)

## Subscribers

Thousand RGUs	RGUs Period Ended December 31,		Net Additions	
	2016	2017	Last 12 months	Last 3 months
	Cable TV	2,865	3,030	165
Fixed internet and data	2,115	2,284	169	59
Mobile telecommunications services <sup>1</sup>	3,213	3,391	178	(9)
Fixed-line telephony	1,339	1,260	(79)	(23)
DTH	641	593	(48)	(12)
<b>Total</b>	<b>10,173</b>	<b>10,558</b>	<b>385</b>	<b>71</b>

## Key considerations

- Steady growth in Cable TV and Internet subscribers
- Increase YoY in mobile telephony RGUs and ARPUs; decrease in mobile internet sticks RGUs

## ARPU (EUR) - residential clients

ARPU (EUR)	For the 3 months ended			For the year ended		% change
	December 31,		% change	December 31,		
	2016	2017		2016	2017	
Cable TV	5.2	5.2	0.0%	5.2	5.2	0.0%
Fixed internet and data	5.1	5.0	(2.0%)	5.0	5.0	(0.8%)
Mobile telecommunications services <sup>1</sup>	3.6	4.3	19.4%	3.4	4.1	19.2%
Fixed-line telephony	1.3	1.3	0.0%	1.3	1.3	0.0%
DTH	4.9	4.9	0.0%	4.9	4.9	0.0%

<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			Year ended		
	December 31, 2016	December 31, 2017	% change	December 31, 2016	December 31, 2017	% change
Revenues	37.6	37.3	(0.8)%	137.9	150.4	9.1%
Adjusted EBITDA	12.0	7.0	(41.7)%	51.3	39.8	(22.4)%
Margin %	<b>31.9%</b>	<b>18.6%</b>		<b>37.2%</b>	<b>26.4%</b>	

### Key considerations

- Increase in revenue in 2017 driven by increase in RGUs (mainly increase in fixed internet and data RGUs, cable TV RGUs)
- Decrease in Adj EBITDA margin is mainly due to costs associated with the development of the mobile network, variances in programming expenses during 2017 and increase in salaries expenses.



# Highlights Hungary (2/2)

## Subscribers

Thousand RGUs	RGUs Period Ended		Net Additions	
	December 31,		Last 12 months	Last 3 months
	2016	2017		
Cable TV	473	500	27	5
Fixed internet and data	428	467	39	8
Mobile telecommunications services <sup>1</sup>	14	12	(2)	(1)
Fixed-line telephony	353	379	26	8
DTH	307	291	(16)	(11)
<b>Total</b>	<b>1,575</b>	<b>1,649</b>	<b>74</b>	<b>9</b>

## Key considerations

- Increase in Cable TV, Internet and Fixed Telephony subscribers
- Increase in Cable TV & DTH ARPU
- Decrease in Fixed-line telephony ARPU due to lower traffic and in Internet ARPU due to packages' price changes

## ARPU (EUR) - residential clients

ARPU (EUR)	For the 3 months ended			For the year ended		% change
	December 31,		% change	December 31,		
	2016	2017		2016	2017	
Cable TV	7.9	8.3	5.1%	7.5	8.2	10.1%
Fixed internet and data	8.0	7.5	(6.3%)	7.8	7.6	(2.2%)
Mobile telecommunications services <sup>1</sup>	6.9	6.9	0.0%	6.8	7.1	4.0%
Fixed-line telephony	1.7	1.2	(29.4%)	1.7	1.4	(16.2%)
DTH	8.8	9.2	4.5%	8.2	9.2	11.9%

<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			Year ended		
	December 31,		% change	December 31,		% change
	2016	2017		2016	2017	
<b>Revenues</b>						
Spain <sup>1</sup>	21.3	26.1	22.5%	84.7	93.9	10.9%
Other	2.7	5.4	100.0%	9.6	18.8	95.8%
	<b>24.0</b>	<b>31.5</b>	<b>31.3%</b>	<b>94.3</b>	<b>112.7</b>	<b>19.5%</b>
<b>Adj EBITDA</b>	<b>2.5</b>	<b>3.7</b>	<b>48.0%</b>	<b>9.7</b>	<b>20.8</b>	<b>114.4%</b>

## Subscribers & ARPU

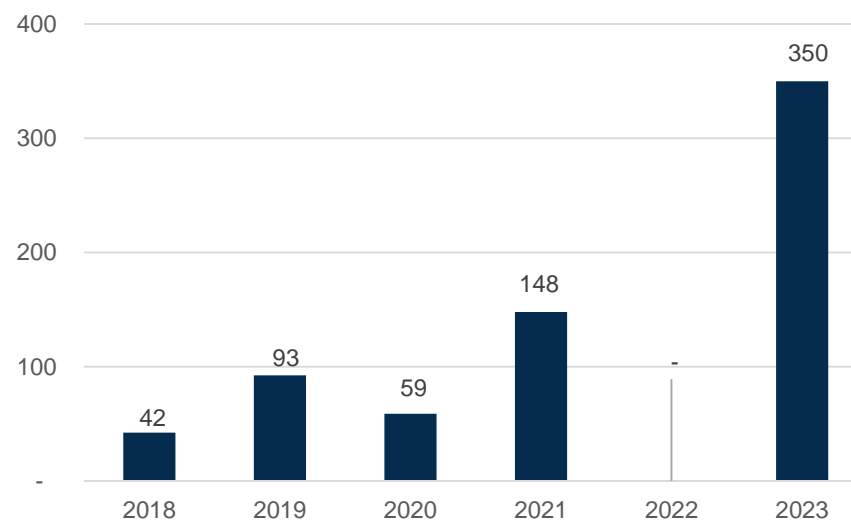
Thousand RGUs	RGUs Period Ended		<i>Net Additions</i>	
	December 31,		<i>Last 12</i>	<i>Last 3</i>
	2016	2017	<i>months</i>	<i>months</i>
Spain	609	896	287	83
Italy	86	170	84	12
<b>Total</b>	<b>695</b>	<b>1,066</b>	<b>371</b>	<b>95</b>

# Group Financial Profile (1/2)

## Financial liabilities as of December 31, 2017<sup>1</sup>

	<b>Amount</b>
<b>Facility</b>	(Mil €)
2016 Senior Secured Notes	350.0
2016 Senior Facility	337.4
Financial leases	4.2
Other long term debt <sup>2</sup>	41.3
Other short term debt <sup>3</sup>	36.8
Hedging obligations	10.1
<b>Total gross debt</b>	<b>779.9</b>
Cash on BS	16.1
<b>Total net debt</b>	<b>763.8</b>

## Maturity profile Long term loans & Notes (Mil €)<sup>2</sup>

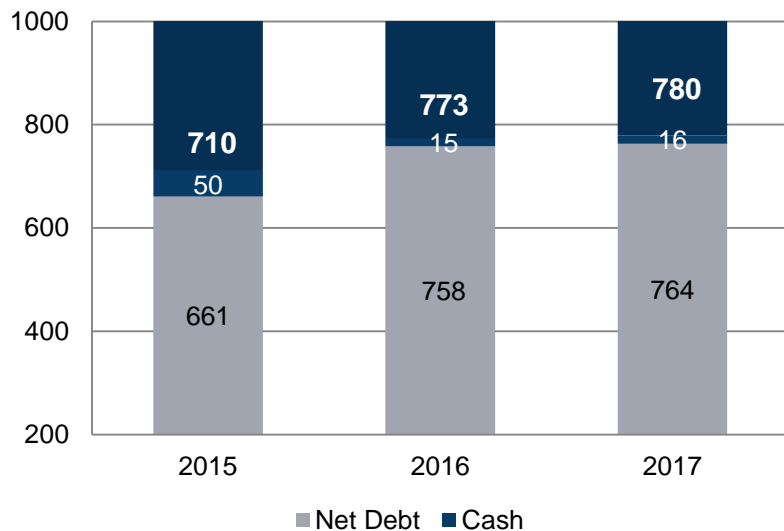


<sup>1</sup> Indebtedness as per Notes requirements

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

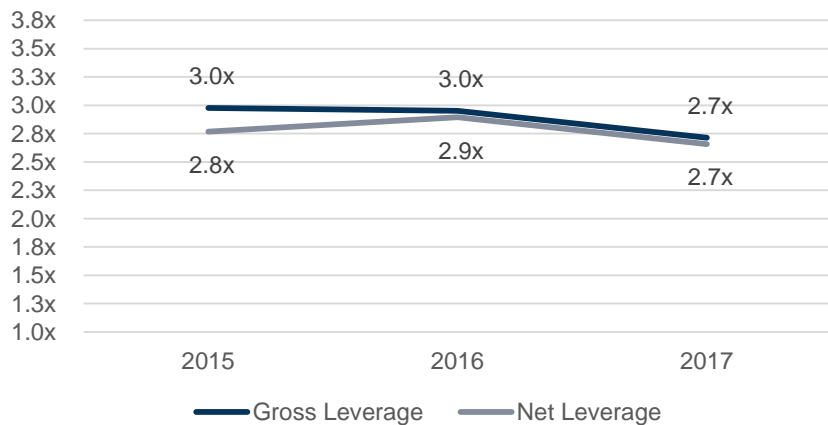
<sup>3</sup> Other short term debt include overdrafts and other short term debt

# Group Financial Profile (2/2)



## Key considerations

- Total net debt<sup>1</sup> as of December 31, 2017 is €763.8 million
- Net Leverage<sup>2</sup> is 2.7x and Gross Leverage is 2.7x.



<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 which may be different from the Adjusted EBITDA presented in this presentation.

# Contact

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# Q&A