

# **DIGI COMMUNICATIONS N.V.**

**(“the Company” or “DIGI”)**

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

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# Group overview

'Mil €	 Romania		 Hungary		 Spain & Other <sup>4</sup>		Total <sup>3</sup>	Total <sup>3</sup>
	3 months June 30, 2018	6 months June 30, 2018	3 months June 30, 2018	6 months June 30, 2018	3 months June 30, 2018	6 months June 30, 2018	3 months June 30, 2018	6 months June 30, 2018
Revenues <sup>2</sup>	€171.2 m	€335.2 m	€36.6 m	€73.9 m	€36.5 m	€69.2 m	€243.0 m	€475.8 m
EBITDA	€65.2 m	€129.4 m	€5.4 m	€13.3 m	€4.9 m	€10.2 m	€75.5 m	€153.0 m
Adj EBITDA margin <sup>1</sup>	38.1%	38.6%	14.7%	18.0%	13.3%	14.7%	31.1%	32.1%
<b>Service offering / RGUs June 30, 2018A ('000s)</b>								
								<b>Total</b>
CATV		3,148		509		-		<b>3,657</b>
Fixed internet and data		2,384		482		-		<b>2,866</b>
Mobile telecommunication services		3,367		11		1,333		<b>4,711</b>
Fixed-line telephony		1,225		394		-		<b>1,619</b>
DTH		564		290		-		<b>854</b>
<b>Total RGUs</b>		<b>10,688</b>		<b>1,686</b>		<b>1,333</b>		<b>13,707</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 1.3 million (for 3 months period)

<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.

**DIGI**

# Recent developments

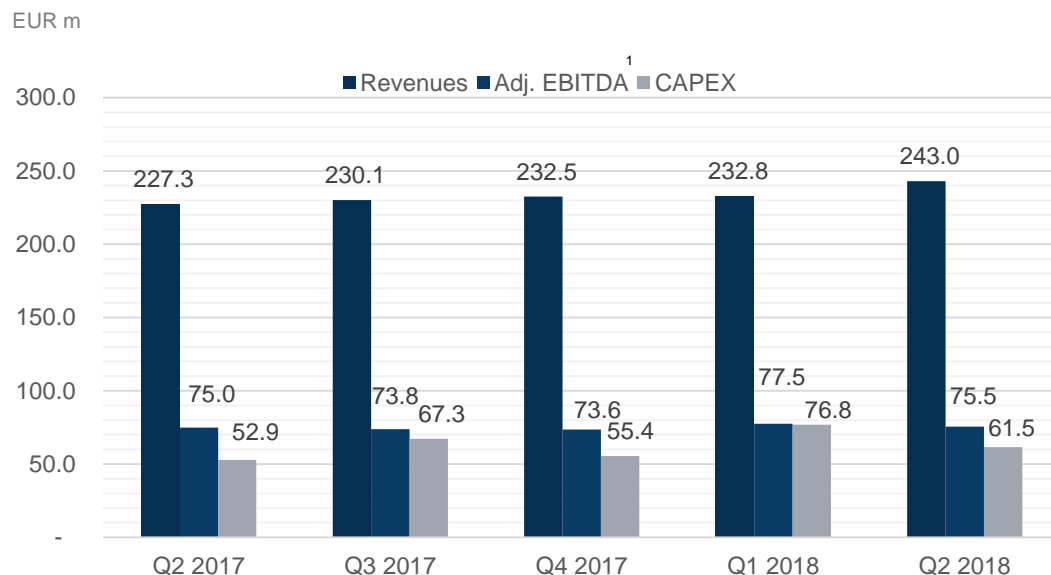
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## Business

- On 21 July 2017, DIGI Távközlési és Szolgáltató Kft. (“Digi HU”) our subsidiary in Hungary, acting as purchaser, has signed a share-purchase agreement with Ilford Holding Kft. and Invitel Technocom Távközlési Kft., acting as sellers for the acquisition of shares representing in total 99.998395% of the share capital and voting rights of Invitel Távközlési Zrt. 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 for the acquisition of shares in Invitel was of approximately EUR 135.4 million equivalent.
- As at 30 June 2018, Invitel’s accounts were not consolidated to Digi Group because of the early stages of the purchase price allocation analysis, restatement of Hungarian GAAP accounts to IFRS EU accounts as well as the harmonization of Invitel’s accounting policies to the Group policies.
- As at 30 June 2018, the equity method was used to account for Invitel’s investment, which will be consolidated once the above described analysis will be in more advanced stages.

# 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 mobile telephony ARPU.
  - Increase in our fixed internet RGUs and cable Tv
  - Decrease in Other revenues
- **Revenues** in Hungary variation-mainly as a result of:
  - Increase in our fixed internet RGUs and cable Tv.
  - Decrease in Other revenues
- **Revenues** in Spain and Other increased mainly as a result of increase in RGUs.
- **Adj EBITDA<sup>1</sup>** value was higher in Q2 2018 compared to Q2 2017, mainly as a result of increase in Adj EBITDA in Romania and Spain.
- **Adj EBITDA** margin decreased in Q2 2018 compared to Q2 2017 mainly due to the mobile network development in Hungary
- **CAPEX** for Q2 2018 was EUR 61.5 million, excluding investment in Invitel (EUR 206 million including the investment in Invitel)

# Highlights Romania (1/2)

## Revenue and Adj EBITDA

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

'Mil €	Three months ended			Six months ended		
	June 30,		%	June 30,		%
	2017	2018	change	2017	2018	change
Revenues	164.3	171.2	4.2%	329.7	335.2	1.7%
Adjusted EBITDA	58.7	65.2	11.1%	107.3	129.4	20.6%
Margin %	35.7%	38.1%		32.5%	38.6%	

### Key considerations

- Revenue growth from the mobile telecommunication services, fixed internet and data and cable TV business lines.
- Adj EBITDA value and margin increased in Q2 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 June 30,		Net Additions	
	2017	2018	Last 12 months	Last 3 months
	Cable TV	2,924	3,148	224
Fixed internet and data	2,180	2,384	204	56
Mobile telecommunications services <sup>1</sup>	3,381	3,367	(14)	(6)
Fixed-line telephony	1,301	1,225	(76)	(14)
DTH	618	564	(54)	(13)
<b>Total</b>	<b>10,404</b>	<b>10,688</b>	<b>284</b>	<b>96</b>

## Key considerations

- Steady 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 and traffic increase

## ARPU (EUR) - residential clients

ARPU (EUR)	For the period ended June 30,		% change
	2017	2018	
Cable TV	5.2	5.1	-1.9%
Fixed internet and data	5.0	4.9	-2.0%
Mobile telecommunications services <sup>1</sup>	4.0	4.4	10.0%
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			Six months ended		
	June 30, 2017	June 30, 2018	% change	June 30, 2017	June 30, 2018	% change
Revenues	37.3	36.6	-1.9%	74.8	73.9	-1.2%
Adjusted EBITDA	10.8	5.4	-50.0%	22.2	13.3	-40.1%
Margin %	28.9%	14.7%		29.7%	18.0%	

### Key considerations

- 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 (314.03 HUF/EUR average exchange rate at Q2 2018 compared 309.50 HUF/EUR average exchange rate at Q2 2017) and to a lower extent due to changes in offerings prices.
- Decrease in Adj EBITDA and Adj EBITDA margin is mainly due to increase in salaries expenses and rent expenses for the mobile network.



# Highlights Hungary (2/2)

## Subscribers

Thousand RGUs	RGUs Period Ended June 30,		Net Additions	
	2017	2018	Last 12 months	Last 3 months
	Cable TV	485	509	24
Fixed internet and data	447	482	35	6
Mobile telecommunications services <sup>1</sup>	13	11	(2)	-
Fixed-line telephony	366	394	28	7
DTH	306	290	(16)	2
<b>Total</b>	<b>1,617</b>	<b>1,686</b>	<b>69</b>	<b>19</b>

## Key considerations

- Increase in Cable TV, Internet and Fixed Telephony subscribers
- Decrease in ARPU mainly due to foreign exchange impact of the depreciation of the HUF related to EUR in the reported period

## ARPU (EUR) - residential clients

ARPU (EUR)	For the period ended June 30,		% change
	2017	2018	
Cable TV	8.1	7.9	-2.5%
Fixed internet and data	7.6	6.9	-9.2%
Mobile telecommunications services <sup>1</sup>	7.1	6.8	-4.2%
Fixed-line telephony	1.5	1.4	-6.7%
DTH	9.2	9.3	1.1%

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

# Highlights Invitel

## Revenue and Adj EBITDA

### Results of Operations

‘Mil €	One month ended June 30, 2018
Revenues	€7.0 m
Adjusted EBITDA	€2.0 m
Margin %	28.3%

Thousand RGUs	RGUs Period Ended June 30, 2018
Cable TV	78
Fixed internet and data	253
Fixed-line telephony	325
IP TV	98
DVB-T	9
<b>Total</b>	<b>762</b>

- Stand-alone statutory revenues, as extracted from the statutory financial accounts prepared in accordance with the Hungarian GAAP.
- EBITDA estimated based on revenues and expenses extracted from the statutory financial accounts prepared in accordance with the Hungarian GAAP.

# Highlights Other Territories

## Revenue and Adj EBITDA

'Mil €	Three months ended			Six months ended		
	June 30,		%	June 30,		%
	2017	2018	change	2017	2018	change
<b>Revenues<sup>1</sup></b>						
Spain	21.3	30.4	42.7%	43.0	57.5	33.7%
Other	4.8	6.1	27.1%	8.5	11.7	37.6%
	<b>26.1</b>	<b>36.5</b>	<b>39.8%</b>	<b>51.4</b>	<b>69.2</b>	<b>34.6%</b>
<b>Adj EBITDA</b>	<b>5.5</b>	<b>4.9</b>	<b>-10.9%</b>	<b>10.6</b>	<b>10.2</b>	<b>-3.8%</b>

## Subscribers & ARPU

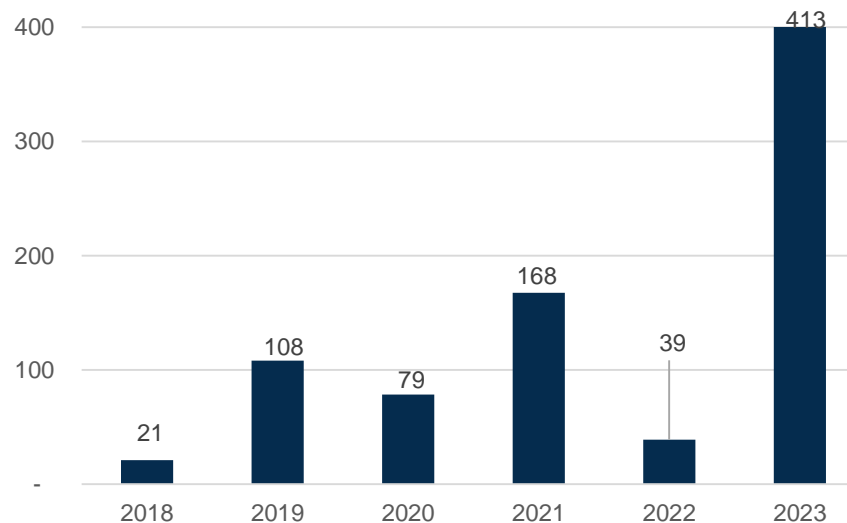
Thousand RGUs	RGUs Period Ended		Net Additions	
	June 30,		Last 12	Last 3
	2017 <sup>2</sup>	2018 <sup>2</sup>	months	months
Spain	742	1,124	382	124
Italy	139	209	70	14
<b>Total</b>	<b>881</b>	<b>1,333</b>	<b>452</b>	<b>138</b>

# Group Financial Profile (1/2)

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

	<b>Amount</b>
<b>Facility</b>	<b>(Mil €)</b>
2016 Senior Secured Notes	350.0
2016 Senior Facility	316.8
2018 Senior Facility	156.3
Financial leases	6.6
Other long term debt <sup>2</sup>	38.1
Other short term debt <sup>3</sup>	48.6
Hedging obligations	0.7
<b>Total gross debt</b>	<b>917.2</b>
Cash on BS	21.0
<b>Total net debt</b>	<b>896.2</b>

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



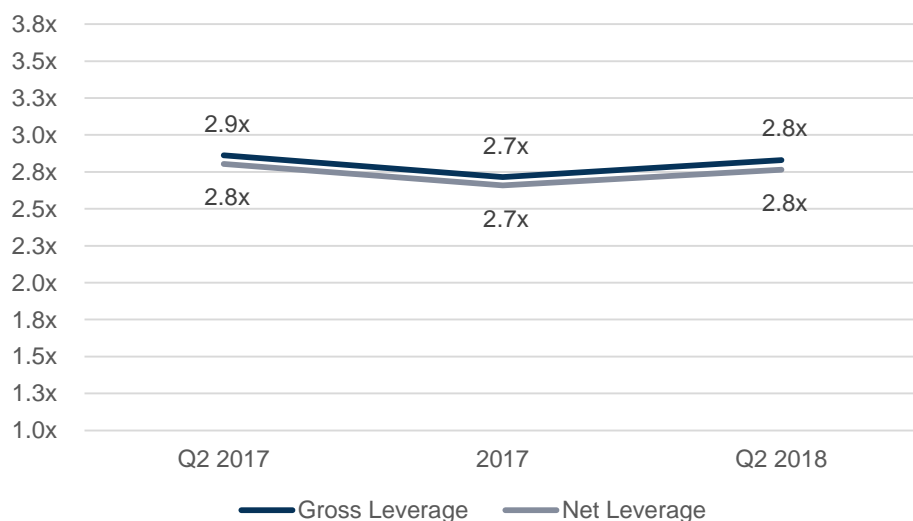
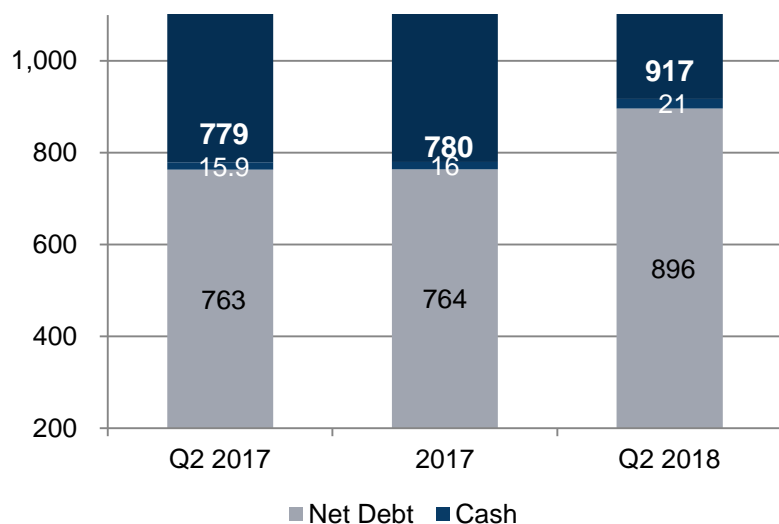
- For the purpose of the Financial Indebtedness and leverage computation as at 30 June 2018, as per the definitions from the Senior Facilities and Notes Indenture, we have included Invitel financial liabilities, cash and EBITDA.

<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 June 2018, as per the definitions from the Senior Facilities and Notes Indenture, we have included Invitel financial liabilities, cash and EBITDA.

■ Total net debt<sup>1</sup> as of June 30, 2018 is €896 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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- You can find us on:
  - Web:
    - [www.digi-communications.ro](http://www.digi-communications.ro)
  - Email:
    - [ipo.relations@digi-communications.ro](mailto:ipo.relations@digi-communications.ro)

# Q&A