

# **DIGI COMMUNICATIONS N.V.**

**(“the Company” or “DIGI”)**

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**Investor presentation  
for the period ended  
September 30, 2017**

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# Group overview

'Mil €	 Romania		 Hungary		 Spain & Other <sup>3</sup>		Total	
	3 months ended Sept 30, 2017	9 months ended Sept 30, 2017	3 months ended Sept 30, 2017	9 months ended Sept 30, 2017	3 months ended Sept 30, 2017	9 months ended Sept 30, 2017	3 months ended Sept 30, 2017	9 months ended Sept 30, 2017
Revenues <sup>2</sup>	€163.2 m	€492.8 m	€38.3 m	€113.1 m	€29.8 m	€81.2 m	€230.1 m	€684.1 m
EBITDA	€56.8 m	€164.1 m	€10.6 m	€32.8 m	€6.5 m	€17.1 m	€73.8 m	€214.0 m
Adj EBITDA margin <sup>1</sup>	34.8%	33.3%	27.5%	29.0%	21.7%	21.0%	32.1%	31.3%

## Service offering / RGUs September 30, 2017A ('000s)

CATV	2,974	495	3,469	
Fixed internet and data	2,225	459	2,684	
Mobile telecommunication services	3,400	13	971	4,384
Fixed-line telephony	1,283	371	1,654	
DTH	605	302	907	
<b>Total RGUs</b>	<b>10,487</b>	<b>1,640</b>	<b>971</b>	<b>13,098</b>

Source: Company data

<sup>1</sup> Adj EBITDA margin defined as Adj EBITDA / Revenues;

<sup>2</sup> Revenues include intersegment revenues

<sup>3</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

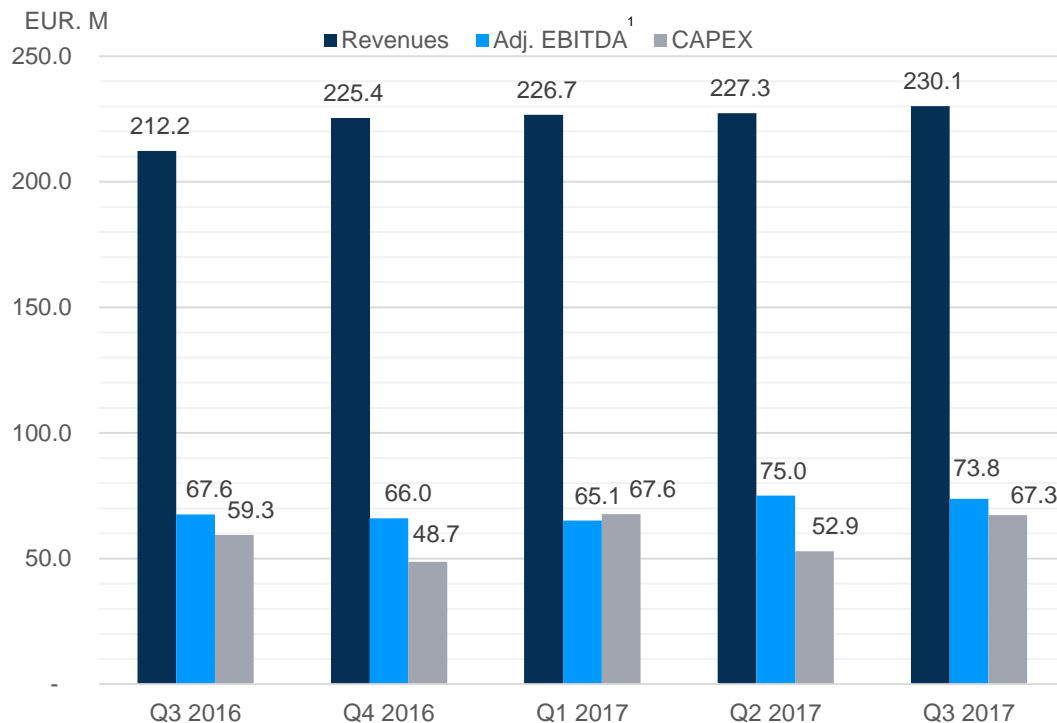
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## Business

- On 13 October 2017, RCS & RDS S.A., DIGI Távközlési és Szolgáltató Korlátolt Felelősségű Társaság, as the borrowers, the Company, as a guarantor, and Citibank N.A., London Branch and ING Bank N.V. as the arrangers, have concluded a short-term loan with two facilities in the aggregate amount of EUR 200 million (the „2017 Bridge Loan”).
  - One facility, in amount of EUR 140 million, was concluded for the purpose of financing the acquisition by Digi Kft. of the Hungarian telecommunications operator Invitel Tavkozlesi Zrt.
  - The other facility, in amount of EUR 60 million, was concluded for general corporate purposes
- The 2017 Bridge Loan has a maturity of 12 months. It can be extended for an additional period of up to 6 or 12 months.

# 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 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 & Other increased mainly as a result of RGUs base expansion and increase in CATV/DTH ARPU in Hungary.
- **Adj EBITDA<sup>1</sup>** value was higher in Q3 2017 compared to Q3 2016, as a result of increase in Adj EBITDA in Romania and Spain.
- **Adj EBITDA** margin increased in Q3 2017 compared to Q3 2016 mainly due to the catch up of the mobile business in Romania and the efficiency of scale from Spain.
- **CAPEX** for Q3 2017 was EUR 67.3 million compared with Q3 2016 (EUR 59.3 million). Main investments were made in mobile business in Romania and Hungary.

# Highlights Romania (1/2)

## Revenue and Adj EBITDA

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

'Mil €	3 months ended			9 months ended		
	Sept 30,		% change	Sept 30,		% change
2016	2017	2016		2017		
Revenues	156.3	163.2	4.4%	450.3	492.8	9.4%
Adjusted EBITDA	52.8	56.8	7.6%	150.8	164.1	8.8%
Margin %	33.8%	34.8%		33.5%	33.3%	

### Key considerations

- Revenue growth of 4.4% in Q3 2017 was driven by growth in our mobile telephony business, increase in our cable TV and fixed internet RGUs.
- Adj EBITDA value increased with 7.6% in Q3 2017 mainly as a result of the mobile business catch-up and decrease in volume of handsets, as a result of changes in the offerings for handsets in instalments.

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

# Highlights Romania (2/2)

## Subscribers

Thousand RGUs	RGUs Period Ended Sept 30,		<i>Net Additions</i>	
	2016	2017	<i>Last 12 months</i>	<i>Last 3 months</i>
	Cable TV	2,821	2,974	153
Fixed internet and data	2,065	2,225	160	45
Mobile telecommunications services	3,059	3,400	341	19
Fixed-line telephony	1,359	1,283	(76)	(18)
DTH	650	605	(45)	(13)
<b>Total</b>	<b>9,954</b>	<b>10,487</b>	<b>533</b>	<b>83</b>

## Key considerations

- Steady growth in Cable TV and Internet subscribers
- High increase in mobile telephony RGUs and ARPUs as a result of our attractive offers, as well as change in subscription packages' mix and traffic increase

## ARPU (EUR) - residential clients

ARPU (EUR)	For the period ended		
	2016	2017	<i>% change</i>
Cable TV	5.3	5.2	-1.9%
Fixed internet and data	5.0	5.0	0.0%
Mobile telecommunications services <sup>1</sup>	3.6	4.2	16.7%
Fixed-line telephony	1.3	1.3	0.0%
DTH	4.9	4.9	0.0%

# Highlights Hungary (1/2)

## Revenue and Adj EBITDA

### Results of Operations

'Mil €	3 months ended			9 months ended		
	Sept 30,		% change	Sept 30,		% change
	2016	2017		2016	2017	
Revenues	34.1	38.3	12.3%	100.3	113.1	12.8%
Adjusted EBITDA	12.7	10.6	-16.5%	39.4	32.8	-16.8%
Margin %	37.3%	27.5%		39.2%	29.0%	

### Key considerations

- Increase in revenue in Q3 2017 driven by increase in ARPUs for cable TV and DTH and increase in RGUs (mainly increase in fixed internet and data RGUs, cable TV RGUs ).
- Decrease in Adj EBITDA and Adj EBITDA margin is mainly due to increase in expenses related to mobile network development and increase in salaries expenses.



# Highlights Hungary (2/2)

## Subscribers

Thousand RGUs	RGUs Period Ended		Net Additions	
	Sept 30,		Last 12 months	Last 3 months
	2016	2017		
Cable TV	467	495	28	10
Fixed internet and data	417	459	42	12
Mobile telecommunications services <sup>1</sup>	15	13	(2)	-
Fixed-line telephony	347	371	24	5
DTH	320	302	(18)	(4)
<b>Total</b>	<b>1,566</b>	<b>1,640</b>	<b>74</b>	<b>23</b>

## Key considerations

- Increase in Internet, Cable TV and Fixed Telephony subscribers

## ARPU (EUR) - residential clients

ARPU (EUR)	For the period ended		
	Sept 30,		% change
	2016	2017	
Cable TV	7.4	8.2	10.8%
Fixed internet and data	7.7	7.7	0.0%
Mobile telecommunications services <sup>1</sup>	7.0	7.4	5.7%
Fixed-line telephony	1.6	1.4	-12.5%
DTH	8.1	9.3	14.8%

- Increase in Cable TV and DTH TV ARPU as a result of increase in packages prices from Q4 2016
- Decrease in Fixed-line telephony ARPU due to lower traffic

<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 €	3 months ended Sept 30,		% change	9 months ended Sept 30,		% change
	2016	2017		2016	2017	
<b>Revenues</b>						
Spain <sup>1</sup>	21.1	24.8	17.5%	63.4	67.8	6.9%
Other	2.5	5.0	100.0%	6.9	13.4	94.2%
	<b>23.7</b>	<b>29.8</b>	<b>25.7%</b>	<b>70.4</b>	<b>81.2</b>	<b>15.3%</b>
<b>Adj EBITDA</b>	<b>2.1</b>	<b>6.5</b>	<b>209.5%</b>	<b>7.2</b>	<b>17.1</b>	<b>137.5%</b>

## Subscribers & ARPU

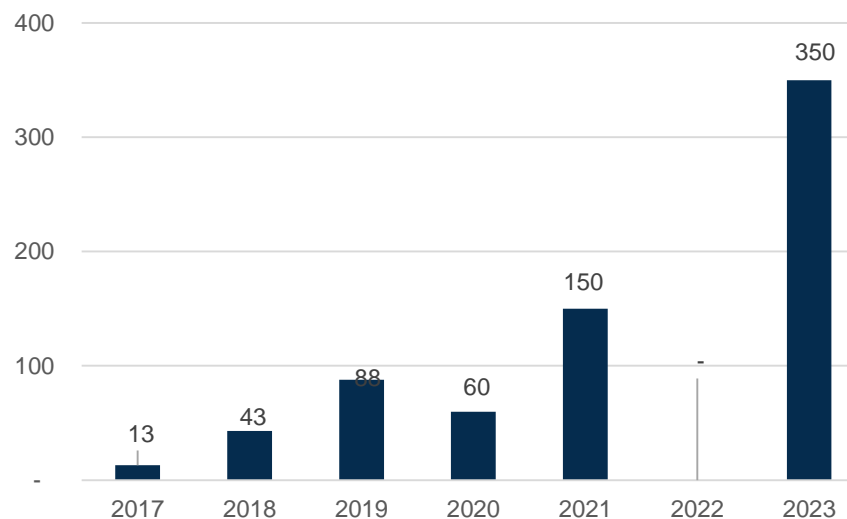
Thousand RGUs	RGUs Period Ended Sept 30,		Net Additions	
	2016	2017	Last 12 months	Last 3 months
Spain	598	813	215	71
Italy	74	158	84	19
<b>Total</b>	<b>672</b>	<b>971</b>	<b>299</b>	<b>90</b>

# Group Financial Profile (1/2)

## Financial liabilities as of Sept 30, 2017<sup>1</sup>

	<b>Amount</b>
<b>Facility</b>	(Mil €)
2016 Senior Secured Notes	350.0
2016 Senior Facility	348.5
Financial leases	4.5
Other long term debt <sup>2</sup>	45.5
Other short term debt <sup>3</sup>	23.2
Hedging obligations	2.9
<b>Total gross debt</b>	<b>774.5</b>
Cash on BS	20.4
<b>Total net debt</b>	<b>754.1</b>

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

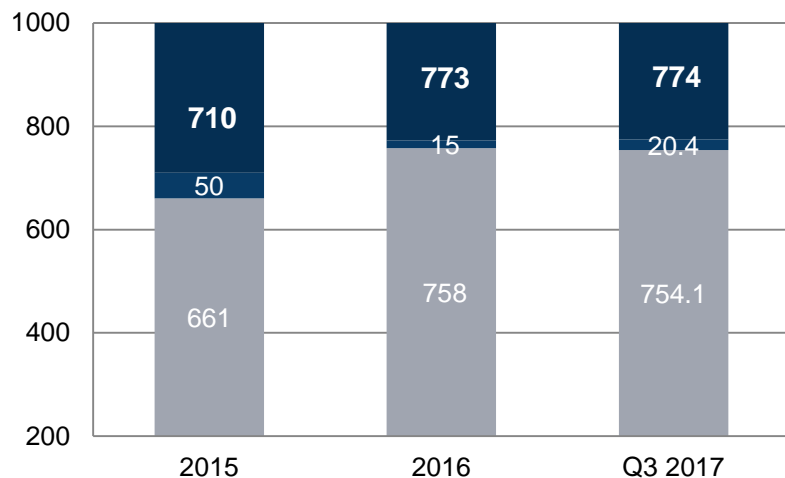


<sup>1</sup> Indebtedness as per Notes requirements

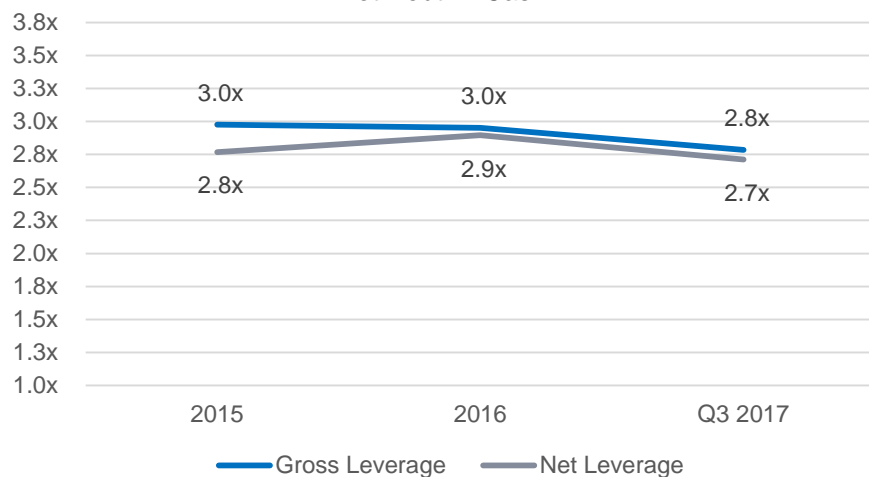
<sup>2</sup> Other long term debt include long term liabilities and other long term debt

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

# Group Financial Profile (2/2)



■ Net Debt ■ Cash



— Gross Leverage — Net Leverage

## Key considerations

- Total net debt<sup>1</sup> as of Sept 30, 2017 is €754.1 million
- Net Leverage<sup>2</sup> is 2.7x 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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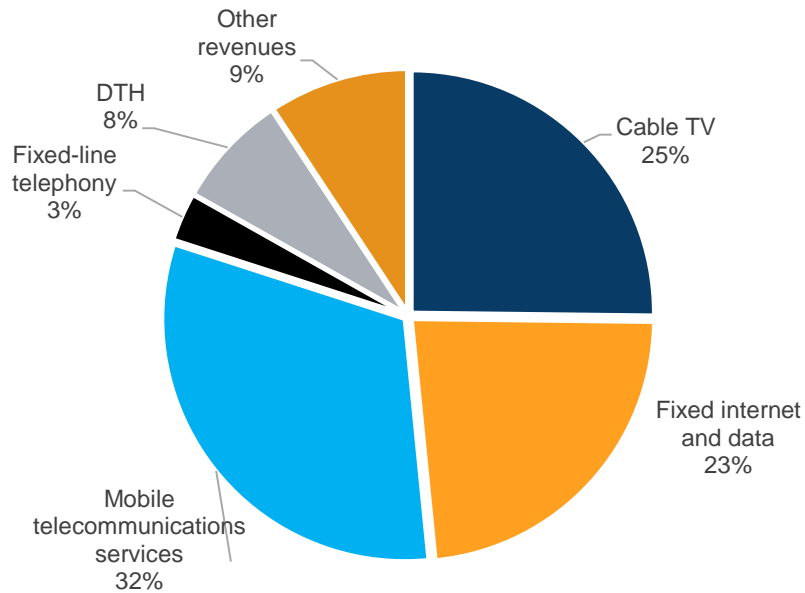
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# Q&A

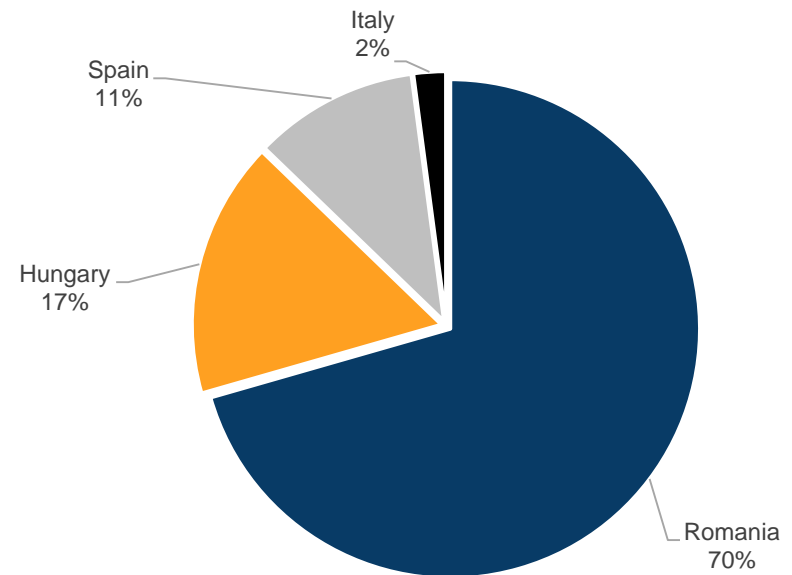
# Appendices

# Revenue streams

Q3 2017 revenue split by product



Q3 2017 revenue split by country





# Group Results (P&L)

'Mil €	3 months ended			9 months ended		
	Sept 30,		% change	Sept 30,		% change
	2016	2017		2016	2017	
<b>Revenues<sup>1</sup></b>						
Romania	155.1	162.4	4.7%	448.2	491.1	9.6%
Hungary	34.1	38.3	12.3%	100.3	113.1	12.8%
Spain	20.7	24.6	18.8%	62.3	66.9	7.4%
Italy	2.2	4.8	118.2%	6.6	13.0	97.0%
<b>Total Revenues</b>	<b>212.2</b>	<b>230.1</b>	<b>8.4%</b>	<b>617.4</b>	<b>684.1</b>	<b>10.8%</b>
<b>Adjusted EBITDA</b>	<b>67.6</b>	<b>73.8</b>	<b>9.2%</b>	<b>197.3</b>	<b>214.0</b>	<b>8.4%</b>
<i>% margin<sup>2</sup></i>	31.8%	32.1%		32.0%	31.3%	
<b>Result from services</b>						
Revenues from services	197.6	222.0	12.4%	576.5	649.7	12.7%
Adjusted EBITDA from services	67.6	72.5	7.1%	195.8	210.1	7.3%
<i>% margin<sup>2</sup></i>	34.2%	32.7%		34.0%	32.3%	

Source: Company data;

<sup>1</sup> Excluding intersegment ; <sup>2</sup> Defined as the ratio of Adjusted EBITDA to Revenues

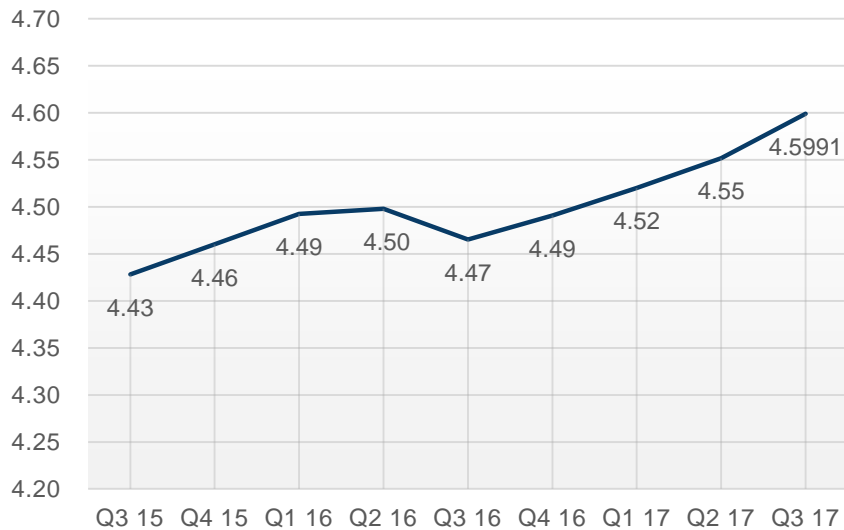
# Cash Flow

## Summary of Cash flows

'Mil €	3 month Sept 30,		9 month Sept 30,	
	2016	2017	2016	2017
<b>Cash flows from operations before working capital changes</b>	<b>67.8</b>	<b>76.8</b>	<b>200.1</b>	<b>219.4</b>
Cash flows from changes in working capital	5.1	(12.6)	(6.1)	1.0
<b>Cash flows from operations</b>	<b>72.9</b>	<b>64.2</b>	<b>194.1</b>	<b>220.4</b>
Interest paid	(2.5)	(6.2)	(24.5)	(20.2)
Income tax paid	(1.5)	(2.2)	(3.3)	(5.1)
<b>Cash flow from operating activities</b>	<b>68.9</b>	<b>55.9</b>	<b>166.3</b>	<b>195.0</b>
<b>Cash flow used in investing activities</b>	<b>(59.1)</b>	<b>(67.0)</b>	<b>(167.4)</b>	<b>(187.2)</b>
<b>Cash flows used in financing activities</b>	<b>(4.8)</b>	<b>15.6</b>	<b>(26.9)</b>	<b>(2.2)</b>
Net increase/ (decrease) in cash and cash equivalents	5.1	4.5	(28.0)	5.7
Cash and cash equivalents at the beginning of the period	16.0	15.9	49.7	14.6
Effect of exchange rate fluctuation on cash and cash equiv held	(0.2)	-	(0.8)	0.0
<b>Cash and cash equivalents at the closing of the period</b>	<b>20.8</b>	<b>20.4</b>	<b>20.8</b>	<b>20.4</b>

# Forex development

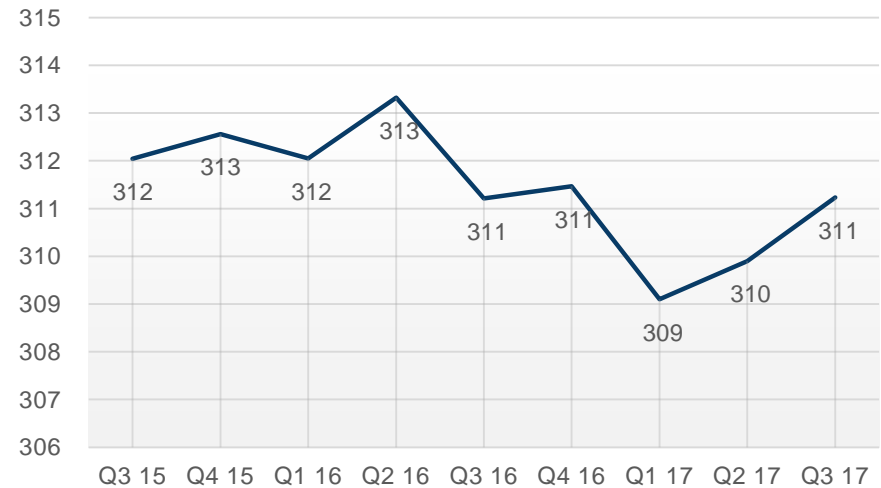
## RON/EUR Exchange Rate



### Romania

- In Q3 2017 compared with the same period from 2016, the RON depreciated by aprox 2.6% relative to the euro.

## HUF/EUR Exchange Rate



### Hungary

- In Q3 2017 compared with the same period from 2016, the HUF appreciated by aprox 1.5% relative to the euro.