



# DIGI

## **DIGI COMMUNICATIONS N.V.**

(“the Company” or “DIGI”)

28 February 2018

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# Summary

**1 DIGI Group Profile**

**2 DIGI Core Markets**

**3 FY 17 Preliminary Financial Results**

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# Overview of Digi Communications

## Group

FY 17 RGUs: 13,273k



100%

100%

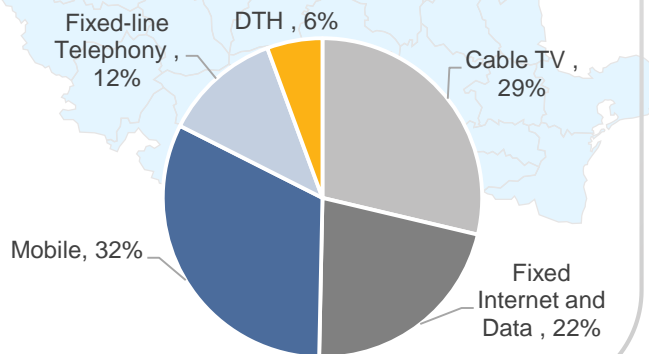
100%

## Romania



FY 17 RGUs: 10,558k

RGU breakdown (FY 17)

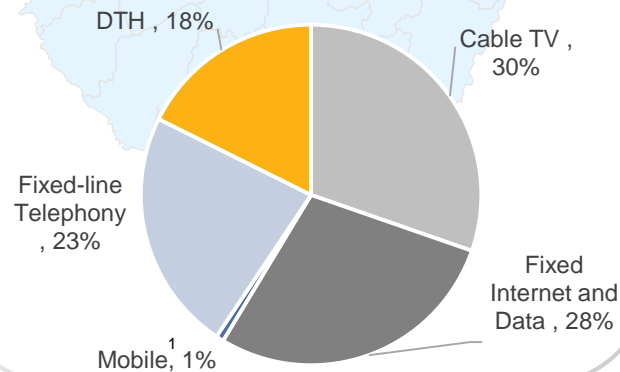


## Hungary



FY 17 RGUs: 1,649k

RGU breakdown (FY 17)

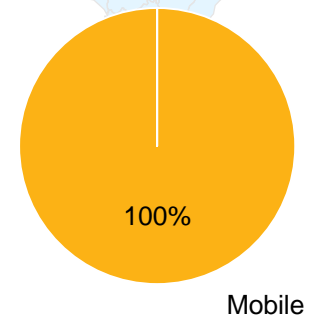


## Spain & Italy



FY 17 RGUs: 1,066k

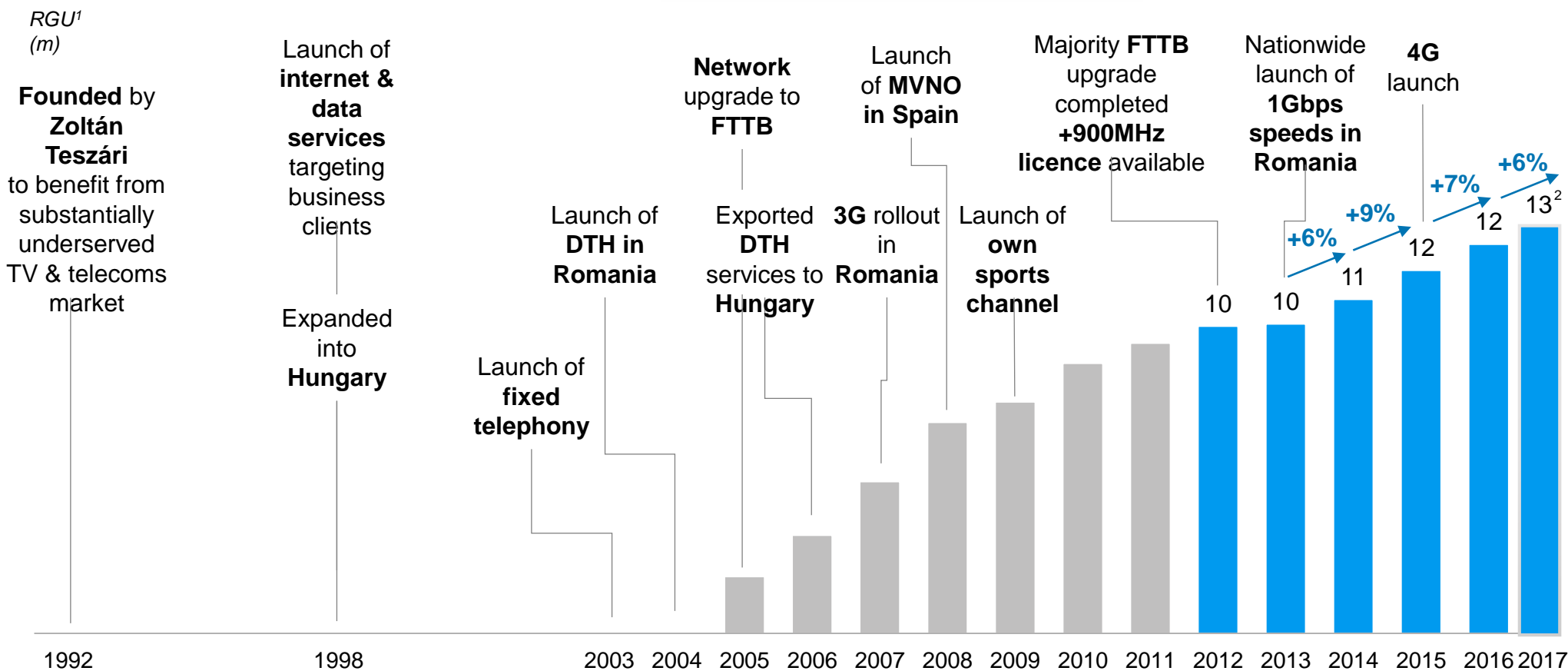
RGU breakdown (FY 17)





# Long Track Record of Sustained Growth and Market Innovation

## Digi history



Note: RGU numbers not available prior to 2005

1. Continuing operations only. Previously had operations in Croatia, Czech Republic, Serbia and Slovakia which were disposed of during 2013-2015

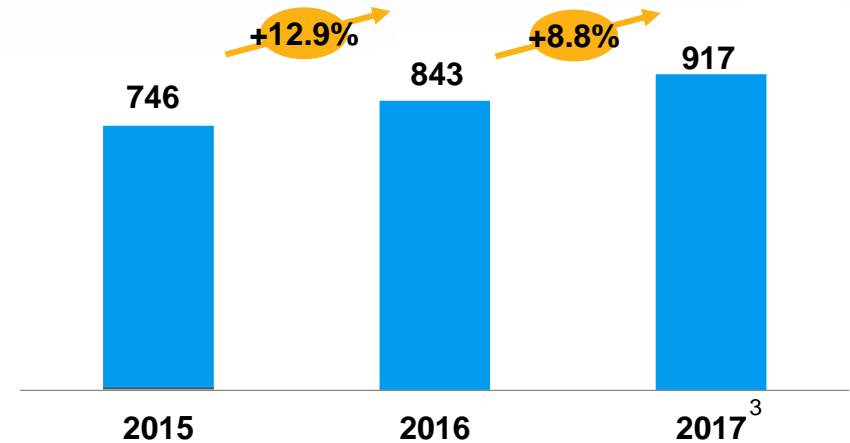
2. As of 31 December 2017

Source: Company data

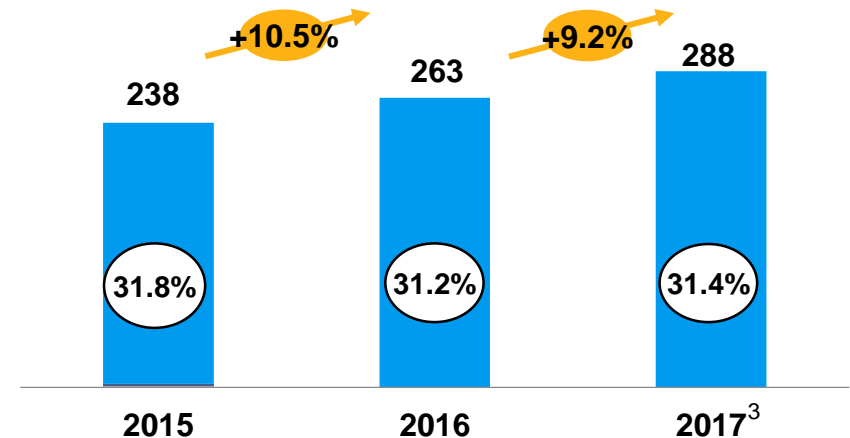
# Translating into Financial Performance

- ✓ **13.3m RGUs as of 31 December 17 offering cross & upsell potential**
  - €917m revenues and €288m Adj. EBITDA<sup>1</sup>
  - 4.4m Pay-TV, 2.8m Internet & 4.5m mobile RGUs<sup>2</sup>
  - Synergistic Romanian and Hungarian operations
  
- ✓ **Leader in Pay-TV<sup>2</sup> and Broadband Internet in Romania**
  - 1Gbps nationwide –one of the highest fiber share in Europe
  - Premium sports & content
  
- ✓ **Fast growing mobile provider in Romania**
  - Own 3G/4G network in Romania, 12% market share vs 6% in 2013
  - Leading MVNO for Romanian expats in Spain and presence in Italy (over 1m RGUs)

## Group Revenue (€ m)



## Adjusted EBITDA <sup>(1)</sup> (€ m)



Note: Market shares as of Sept 2017 unless otherwise stated. 1. Adjusted EBITDA is defined as EBITDA adjusted for the effect of extraordinary or one-off items. In addition, EBITDA is adjusted for mark to market results (unrealised) from fair value assessment of energy trading contracts; 2. Pay-TV covers two of the company's reporting lines: Cable TV and DTH; broadband internet defined in the company's reporting as Fixed Internet and Data; Mobile defined in the company's reporting as Mobile Telecommunications Services (includes both mobile voice and mobile data); Also offers Fixed telephony (defined as Fixed-line telephony in reporting) in which it has 1.6m RGUs as 31 Dec 17; 3. Preliminary results as at 31 December 2017.

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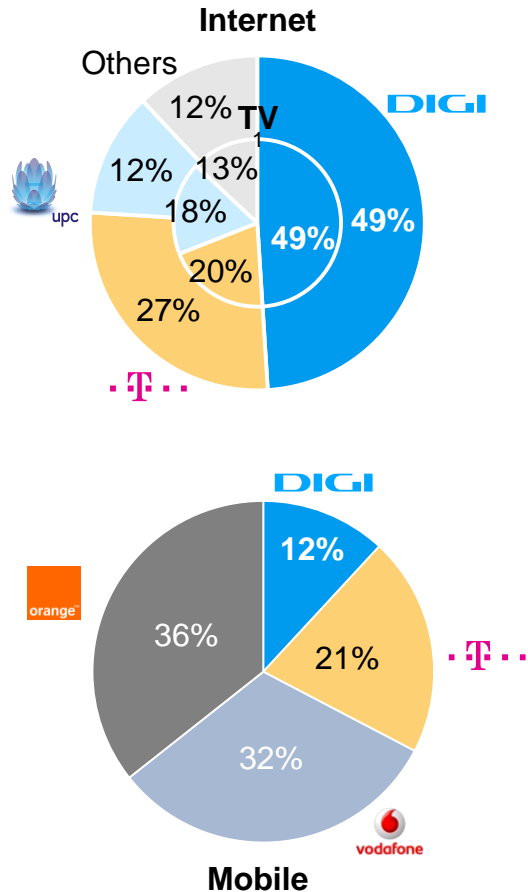
3 FY 17 Preliminary Financial Results



# Market Leader in Romanian Fiber and Challenger in Mobile

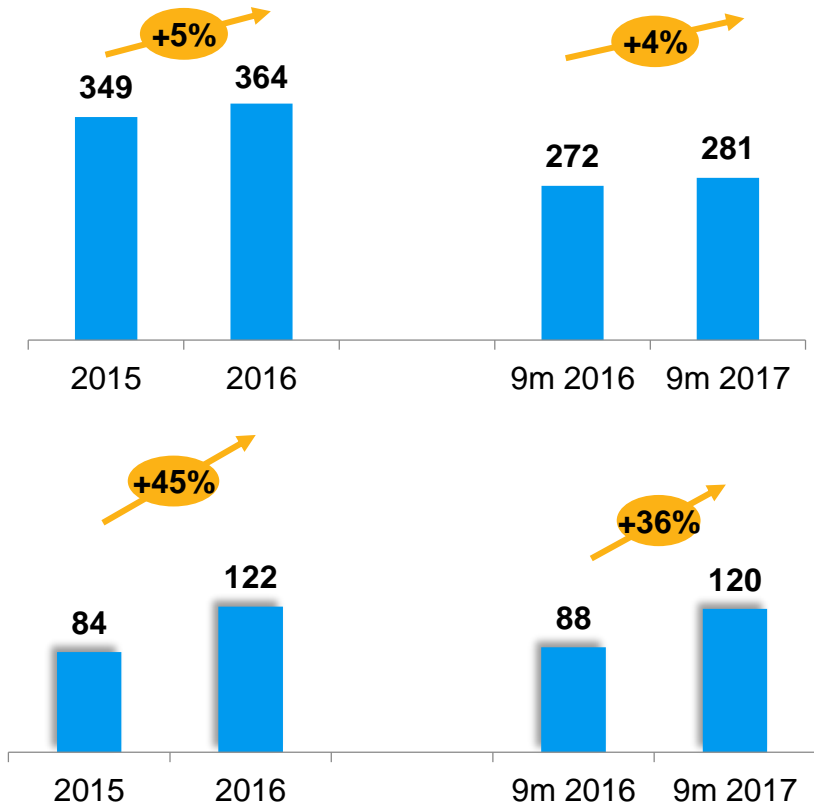
## Uniquely positioned

Romanian market share (RGUs, Q4 16)



## 2 growth pillars

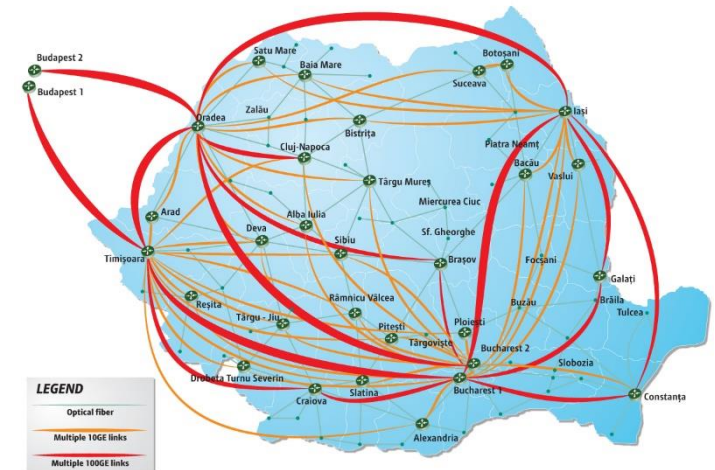
Romania revenues (€m)<sup>2</sup>



Note: Market shares are based on company reported subscriber numbers as of Q4 2016 (mobile) and Q2 2016 regulator data for market size (fixed). 1. Market shares include all Pay-TV technologies (including but not limited to Cable TV and DTH); 2. Revenues on the fiber network includes Cable TV, Internet & Fixed Telephony;  
Source: Company data, ANCOM, Peer reporting

# State-of-the-art Fiber-Based Infrastructure

- **GPON network:** high fiber share
  - Very **dense**; taking fiber into the home or its immediate vicinity
  - Early adopter of Ethernet as main technology in 2006, using GPON since 2010
  - **Nationwide last-mile 1Gbps**
  - **Multiple 100Gbps capacities** and multiple **redundancies**
- **Covers all major cities**
- Close to **100% owned** (incl. in-building)
  - All individual end users
- **Over €1bn invested in recent years**
  - Low maintenance capex and no large scale upgrades required (except for upgrade from FTTB to FTTH, which is currently ongoing)



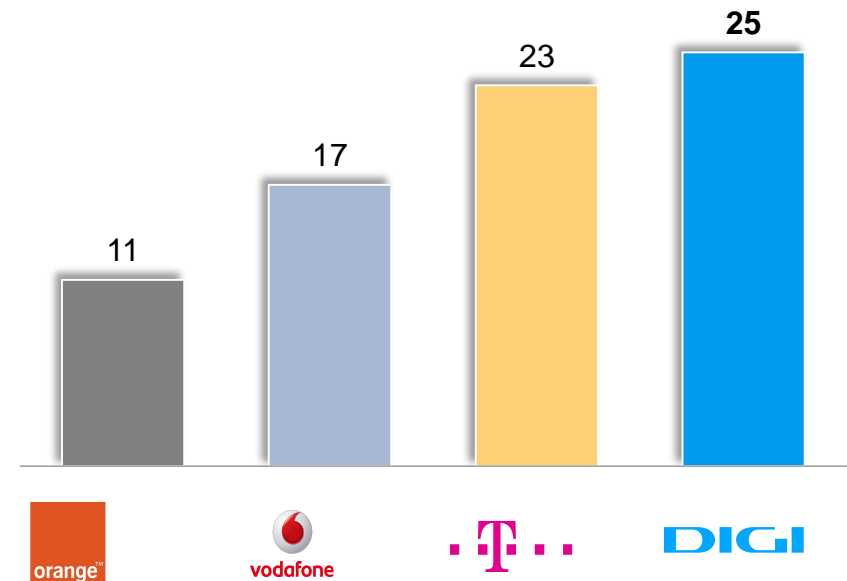
# Growing own mobile network

## Newly built network in place

- **Own 3G network: ~99%<sup>1</sup> population coverage**
  - ~ 3,950<sup>1</sup> mobile towers
  - ~ 70%<sup>1</sup> of towers connected by fiber allowing high flexibility in providing high data usage per user
  - National roaming agreement with Vodafone not renewed beyond April 2017 following network completion
  - Leading equipment suppliers (Huawei, Nokia, Ericsson)
- **Successful 4G launch to promote high speeds**
  - Current coverage ~54% of population<sup>1</sup>;
- **Efficient set-up**
  - No legacy 2G infrastructure
  - Synergistic use of nationwide fiber network
  - Dense fiber network ideal for potential future small cell 5G rollout

## Adequate spectrum capacity for growth

MHz per 1m mobile subs<sup>2</sup>



1. As of 31 December 2017; 2. As of 31 December 2016  
Source: Company data, Peer reporting



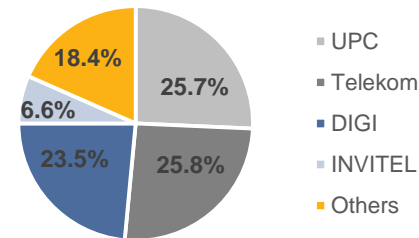
# Overview of Hungarian Operations

## Overview of Invitel Acquisition

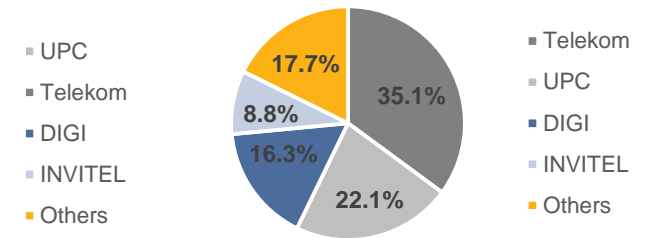
- On 21 July 2017, Digi HU, acting as purchaser, signed a share-purchase agreement to acquire close to 100% of the share capital and voting rights of Invitel Távközlési Zrt ("Invitel") for a total price consideration of €140 million
- EBITDA multiple of c. 6x before any synergies (based on EBITDA as at 31 December 2016)
- Transaction pending approval from the Hungarian Authorities which is expected in Q1 2018
- Deal is fully funded with RCS and DIGI having concluded at the beginning of February 2018 a syndicated loan facility for approximately EUR 163 million equivalent with a syndicate of international banks led by Citibank and ING
- 5 years medium-term loan agreement, at a cost 2.65% per annum plus the relevant applicable interbank offered rates.

## Market share<sup>1</sup>

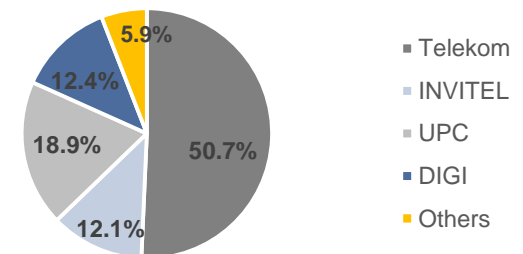
Cable TV



Fixed internet



Fixed telephony



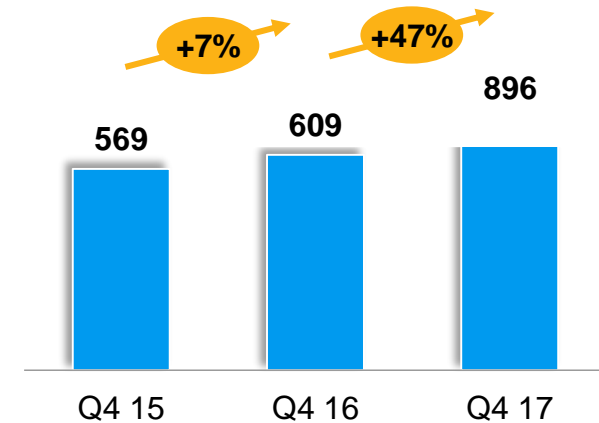
# Overview of Spain and Italy Operations

## Overview

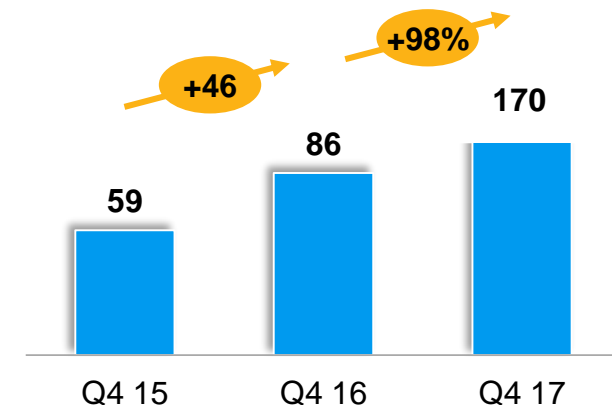
- ~2m<sup>1</sup> Romanian expatriates in Spain & Italy
  - Leading MVNO for phoning home
  - Well-known Digi brand
- Highly synergistic to Romanian business
  - Cross-sell Digi services in Romania
- MVNO in Spain with Telefónica and with Telecom Italia in Italy

## RGU

Spain



Italy



# Summary of Investment highlights



**1 Attractive markets with structural growth**

**2 Market leader in pay-TV, internet and convergence**

**3 Advanced infrastructure: nationwide fiber and mobile network**

**4 Leading commercial proposition**

**5 Strong growth driven by diversified sources**

**6 Robust financial performance**



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# Romania: RGU & ARPU

## Subscribers

## Key considerations

Thousand RGUs	RGUs Period Ended December 31,		Net Additions	
	2016	2017 <sup>2</sup>	Last 12 months	Last 3 months
Cable TV	2,865	3,030	165	56
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>

- 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 December 31,			For the year ended December 31,		% change
	2016	2017 <sup>2</sup>	% change	2016	2017 <sup>2</sup>	
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

<sup>2</sup> FY 17 Preliminary financial results



# Hungary: RGU & ARPU

## Subscribers

## Key considerations

Thousand RGUs	RGUs Period Ended December 31,		Net Additions	
	2016	2017 <sup>2</sup>	Last 12 months	Last 3 months
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>

▪ 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 December 31,			For the year ended December 31,		% change
	2016	2017 <sup>2</sup>	% change	2016	2017 <sup>2</sup>	
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

<sup>2</sup> FY 17 Preliminary financial results

## Other Territories: RGU

### Subscribers

Thousand RGUs <sup>1</sup>	RGUs Period Ended December 31,		<i>Net Additions</i>	
	2016	2017 <sup>2</sup>	<i>Last 12 months</i>	<i>Last 3 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>

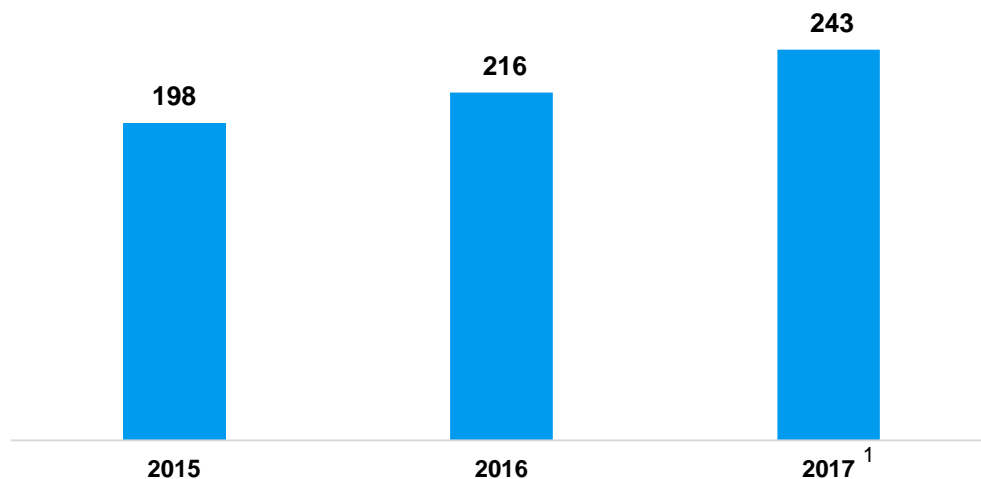
<sup>1</sup> Includes mobile telephony and mobile data RGUs

<sup>2</sup> FY 17 Preliminary financial results

## Group: Capex profile

### Capex

€m



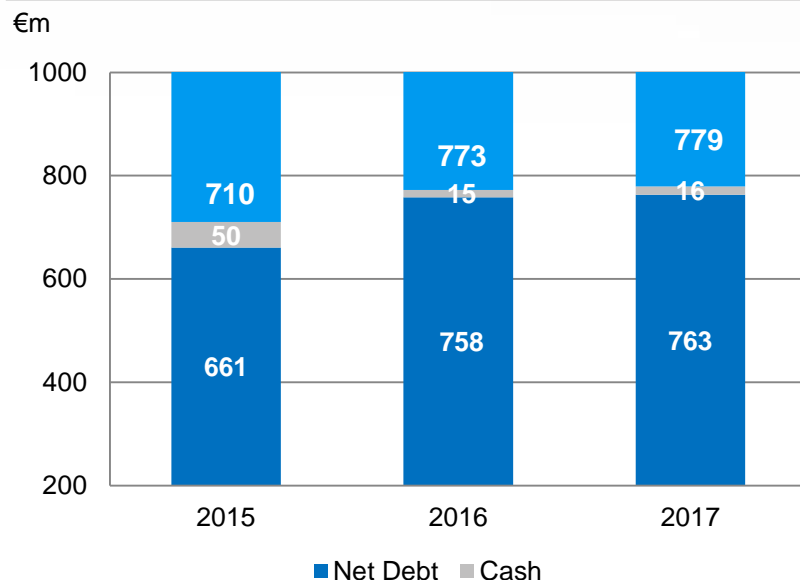
### Key considerations

- **Disciplined capex approach**
  - Focused on highest value projects
  - Flexible and agnostic approach
- **Main investment projects:**
  - **Fixed** network has **largely been upgraded in Romania and Hungary**
  - Most **mobile** capex **invested in Romania**
  - Investment in **mobile** network development in **Hungary on-going**
- Some subscriber growth driven capex (SACs, CPEs)

Source: Company data

<sup>1</sup> Preliminary financial results for FY 2017

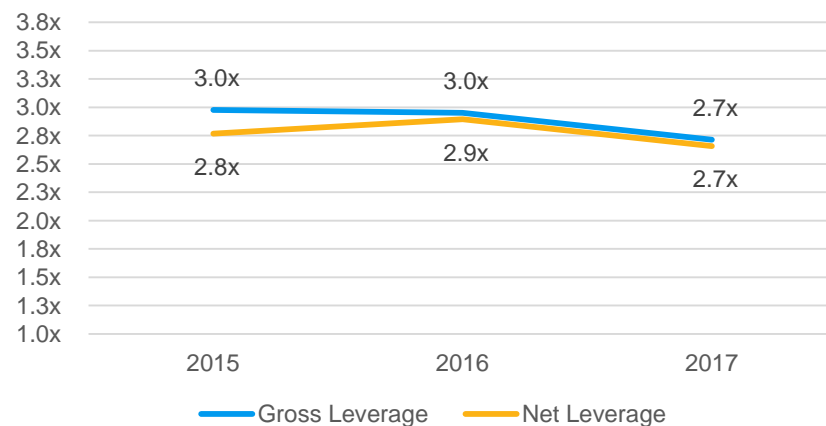
# Group Financial Profile



## Key considerations

■ Total preliminary net debt<sup>1</sup> as of December 31, 2017 is €762.9 million

■ Preliminary Net Leverage<sup>2</sup> is 2.7x and Preliminary 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.