



DIGI

DIGI COMMUNICATIONS N.V.
("the Company" or "DIGI")

April 2019

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Summary

1 DIGI Group Profile

2 DIGI Core Markets

3 FY 2018 Financial Results

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Overview of Digi Communications

FY 2018 RGUs

Digi Group (incl. Invitel): 14,926k



100%

100%

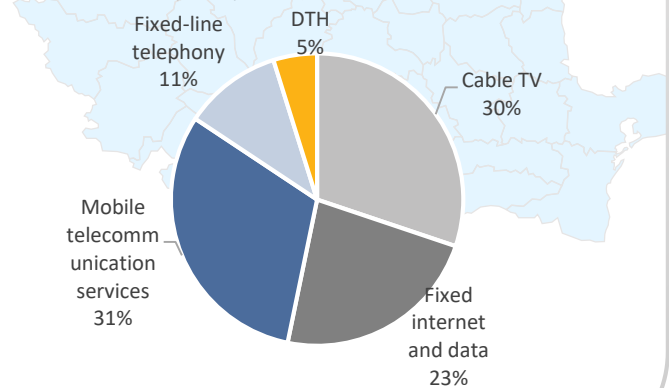
100%

Romania



FY 18 RGUs: 10,956k

RGU breakdown (FY 18)

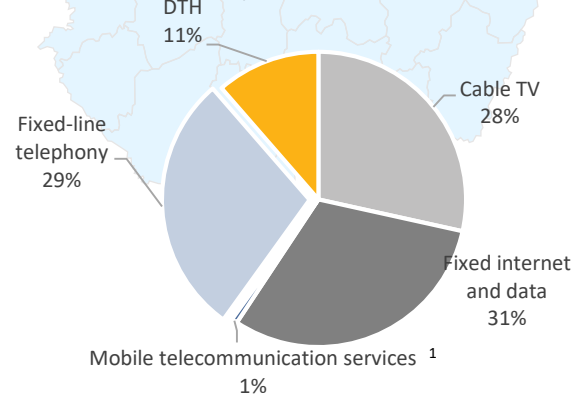


Hungary



FY 18 RGUs²: 2,421k

RGU breakdown (FY 18)

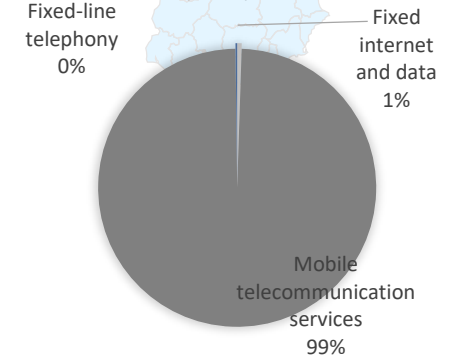


Spain & Italy



FY 18 RGUs: 1,549k

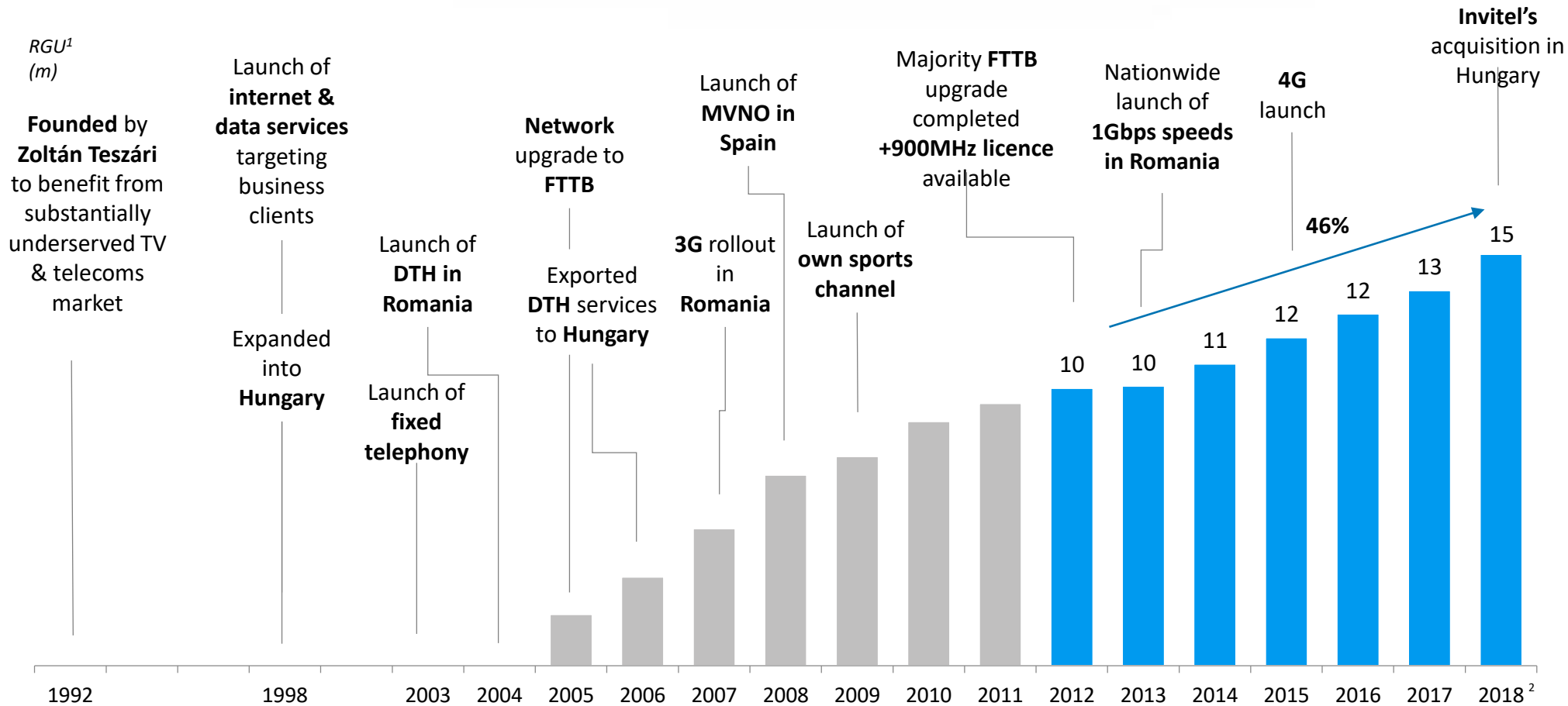
RGU breakdown (FY 18)



1. Resale of a Telenor mobile internet product
 2. Including RGUs of Invitel Távközlési Zrt ("Invitel")
 Source: Company data

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. Including Invitel's RGUs as at Dec. 31, 2018

Translating into Financial Performance

✓ 14.9m RGUs as of Dec. 31, 2018 offering cross & upsell potential

- €1,038.1m revenues and €324.6m Adj. EBITDA¹
- 4.8m Pay-TV, 3.3m Internet, 1.9m Fixed telephony and 5.0m Mobile RGUs²

(Invitel RGUs: 0.2m Pay-TV, 0.2m Internet, 0.3m Fixed telephony)

- Synergistic Romanian and Hungarian operations
- Integration of Invitel's operations in Hungary

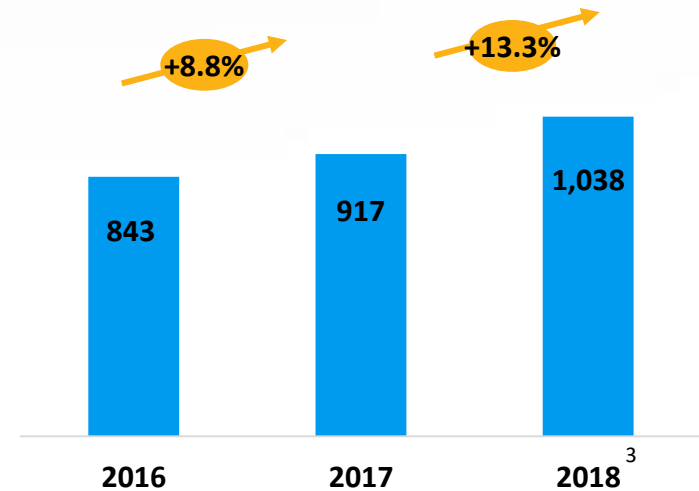
✓ Leading Pay-TV² and Broadband Internet in Romania and Hungary

- 1Gbps nationwide – one of the highest fiber share in Europe
- Premium sports & content

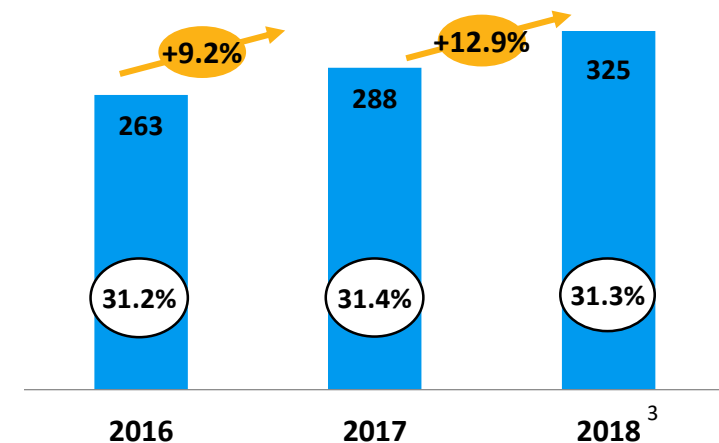
✓ Convergent mobile provider in Romania

- 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 1.5m RGUs)

Group Revenue (€ m)



Adjusted EBITDA⁽¹⁾ (€ m)



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; 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); 3. Invitel was acquired by Digi Kft on May 30, 2018.

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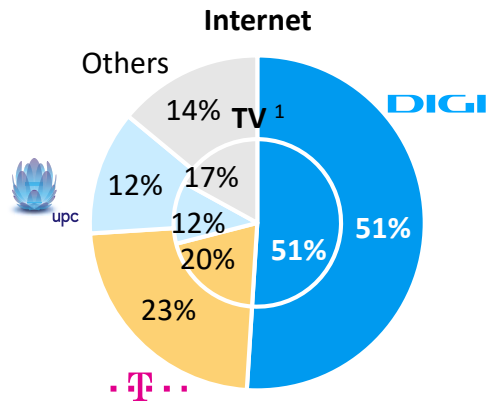
3 FY 2018 Financial Results

Market Leader in Romanian Fiber and Challenger in Mobile

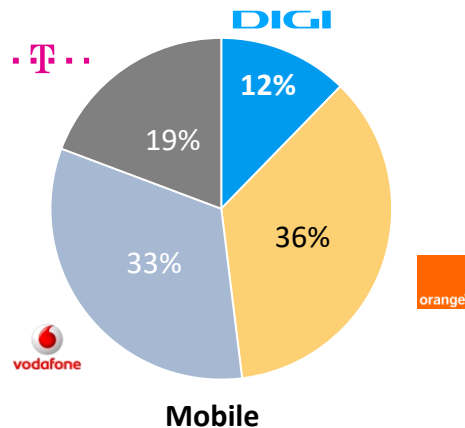
Uniquely positioned

Romanian market share estimation (RGUs, Q3 18)

1
Fiber
network

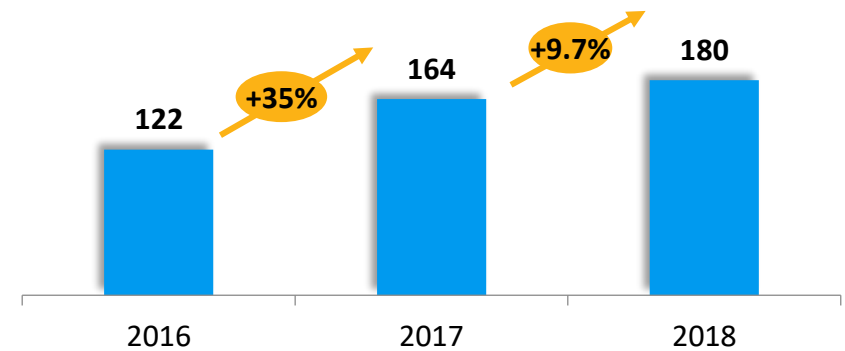
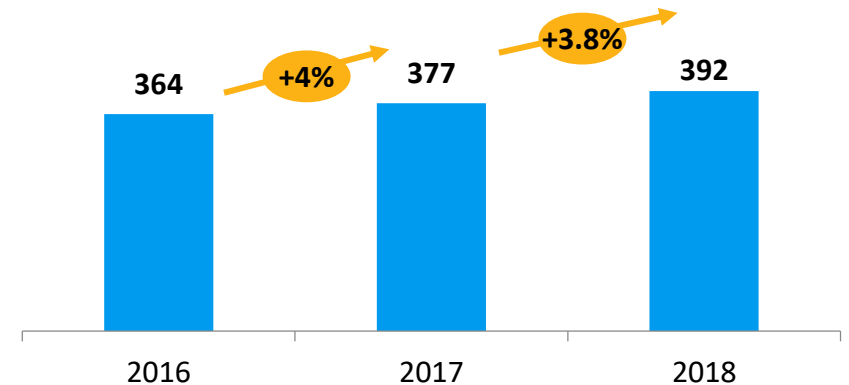


2
Mobile
MNO



2 growth pillars

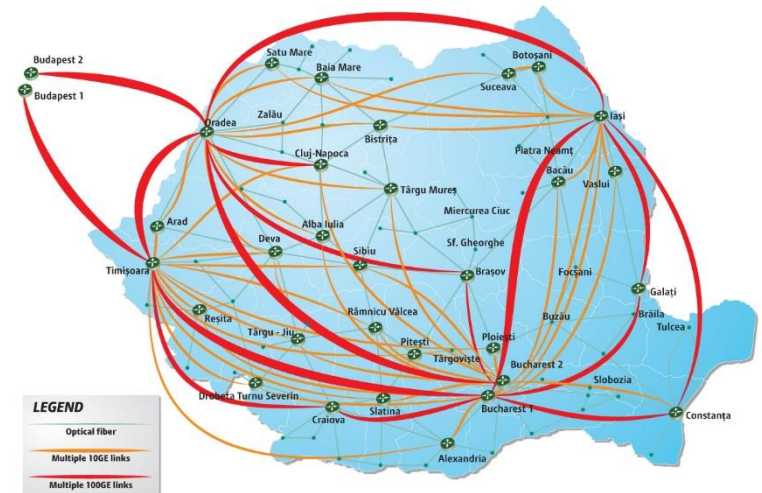
Romania revenues (€m)²



Note: Market shares are based on company and peers reported subscriber numbers as of Q3 2018 (mobile) and H2 2017 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
- **Approximately €2bn invested in recent years at Group level**
 - Low maintenance capex and no large scale upgrades required (except for upgrade from FTTB to FTTH, which is currently ongoing)
- **Approximately 5.7m Homes passed**





Own mobile network

Newly built network in place

- **Own 3G network: ~99.5%¹ population coverage**
 - ~ 4,500¹ mobile towers
 - Leading equipment suppliers (Ericsson, Huawei, Nokia)
- **Successful 4G launch to promote high speeds**
 - ~ 3,100¹ base stations
 - Current coverage ~65% of population¹;
- **Dense fiber network ideal for potential future small cell 5G rollout**
- **Efficient set-up**
 - Synergistic use of nationwide fiber network

1. As of Dec. 31, 2018;
Source: Company data, Peer reporting



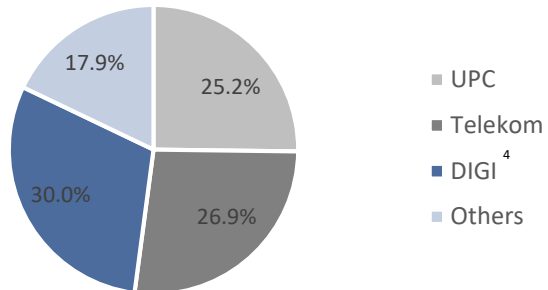
Hungary Market Overview

Top market position

Hungarian market share¹ (RGUs, Q3 18)

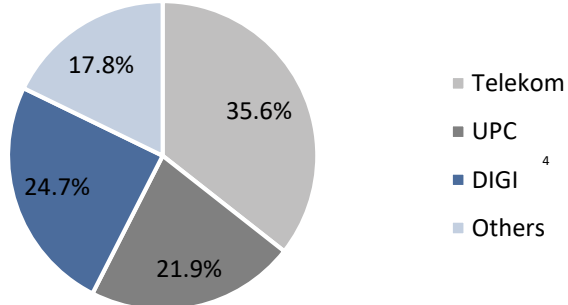
1

Cable
TV



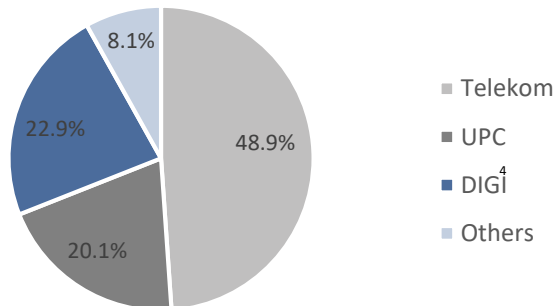
2

Fixed
Int



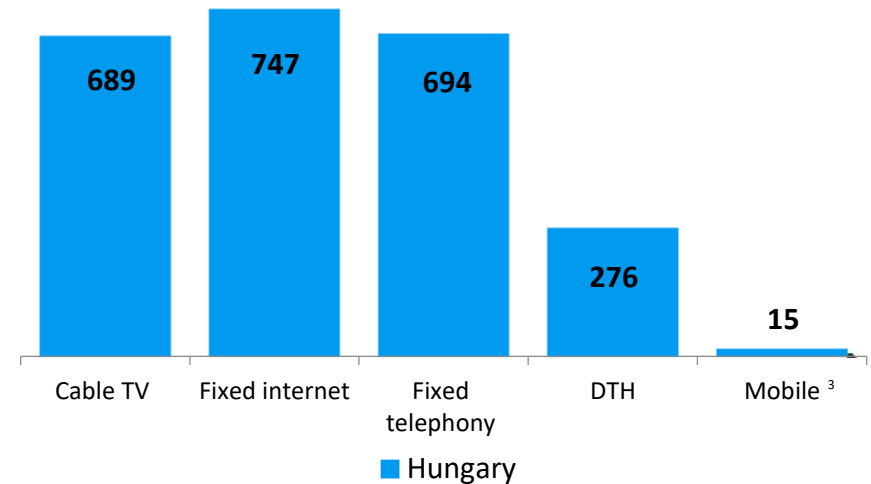
3

Fixed
Tel



Growth pillars

Hungary RGU ('000)²



Overview of Spain and Italy

Spain

Solid ethnic operator becoming a reference for value for money Spanish customers



Highlights

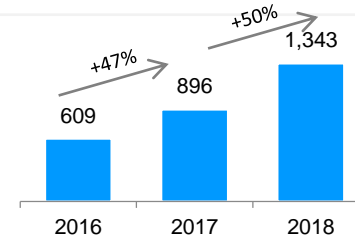
Brand

Network

DIGI mobile subs ('000s)

Mobile telephony

- Advancing to new segments of value for money oriented towards Spanish customers
- Main operator in the initial market niche of more than 800k Romanian immigrants in Spain



Italy

Targeting the Romanian immigrants community in Italy



Highlights

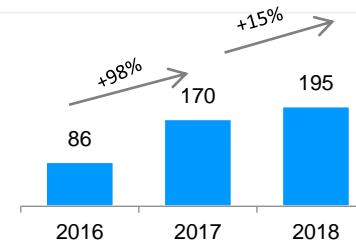
Brand

Network

DIGI mobile subs ('000s)

Mobile telephony

- Covering a market of over 1 million Romanian immigrants in Italy
- Significant upside potential to capture more of the immigrant Romanian population



Digi Group Investment highlights

**1****At forefront of technology****2****Leading convergent player****3****Seizing business development opportunities & growth in own markets****4****Robust financial performance**




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Group overview

				
	Romania	Hungary ⁵	Spain & Other ⁴	
‘Mil €				
	12 months Dec. 31, 2018	12 months Dec. 31, 2018	12 months Dec. 31, 2018	Total ³ 12 months Dec. 31, 2018
Revenues ²	€701.2 m	€190.9 m	€150.8 m	€1,038.1 m
EBITDA	€259.4 m	€39.0 m	€26.1 m	€324.6 m
Adj EBITDA margin ¹	37.0%	20.4%	17.3%	31.3%
Service offering / RGUs Dec. 31, 2018 ('000s)				Total
CATV	3,305	689	-	3,994
Fixed internet and data	2,528	747	8	3,283
Mobile telecommunication services	3,406	15	1,538	4,959
Fixed-line telephony	1,188	694	3	1,885
DTH	529	276	-	805
Total RGUs	10,956	2,421	1,549	14,926

Source: Company data

¹ Adj EBITDA margin defined as Adj EBITDA / Revenues;

² Revenues per country include intersegment revenues in total amount of EUR 4.7 million (for 12 months period)

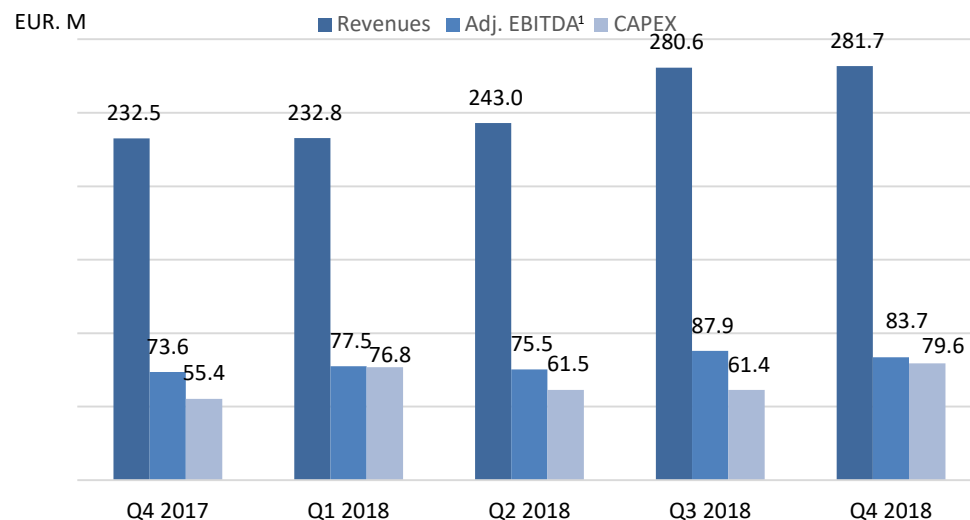
³ Total Group revenues excluding intersegment revenues;

⁴ 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;

⁵ Hungary includes consolidated results, RGUs and ARPU of Digi Hu and Invitel.

Financial highlights

Results from continuing operations



Source: Company data

¹ 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.

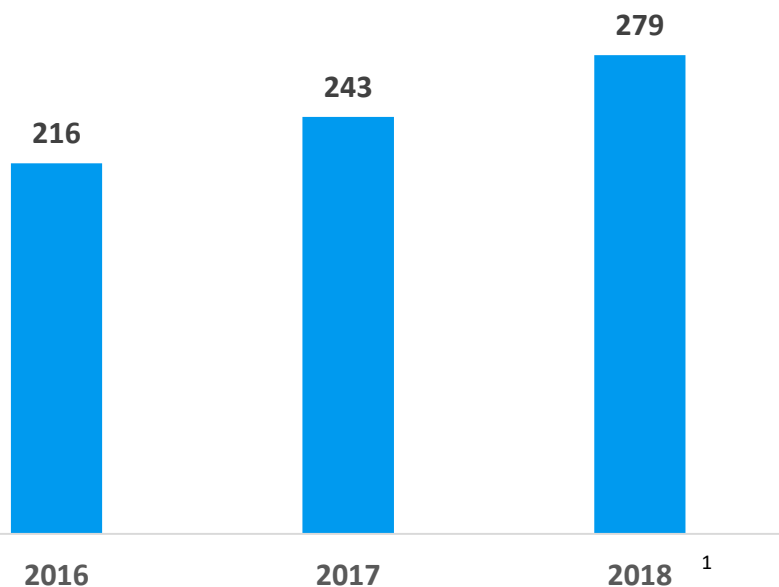
Key considerations

- Revenues in Romania variation - mainly as a result of:
 - Increase in our fixed internet and cable TV RGUs
 - Increase in mobile telephony ARPU
- Revenues in Hungary variation - mainly as a result of:
 - Invitel's contribution to consolidated revenues of EUR 45.4 million in FY 2018
 - Increase in our fixed internet, cable TV and fixed telephony RGUs
- Revenues in Spain and Other increased mainly as a result of increase in RGUs.
- Adj EBITDA¹ value was higher in FY 2018 compared to FY 2017:
 - Invitel's contribution to consolidated EBITDA of EUR 16.9 million
 - mainly as a result of increase in Adj EBITDA in Romania and Spain.
- CAPEX for Q4 2018 was EUR 79.6 million

Group: Capex profile

Capex

€m



Key considerations

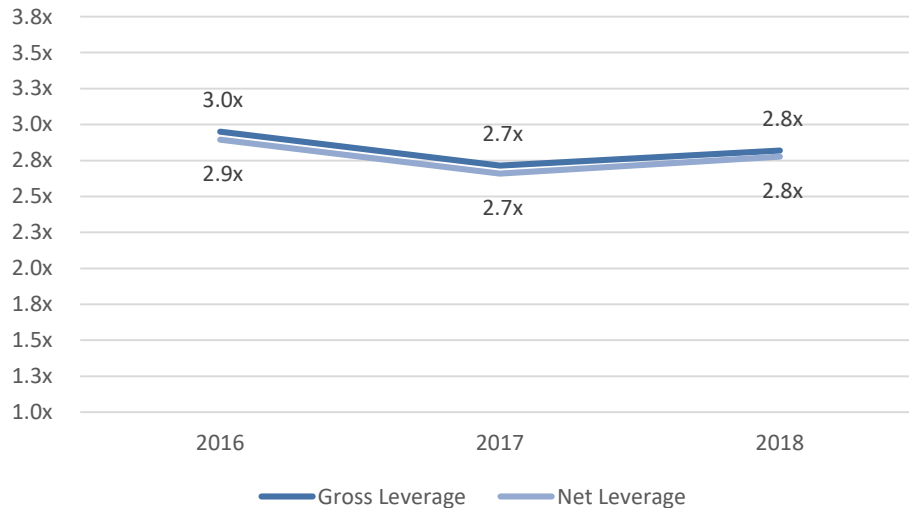
- **Disciplined capex approach**
 - Focused on highest value projects
 - Flexible and agnostic approach
- **Main investment projects:**
 - **Fixed** network has **largely been upgraded in Romania and Hungary**
 - Most **mobile** capex **invested in Romania**
 - Investment in **mobile** network development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

Source: Company data

¹ Excluding investment made for Invitel's acquisition

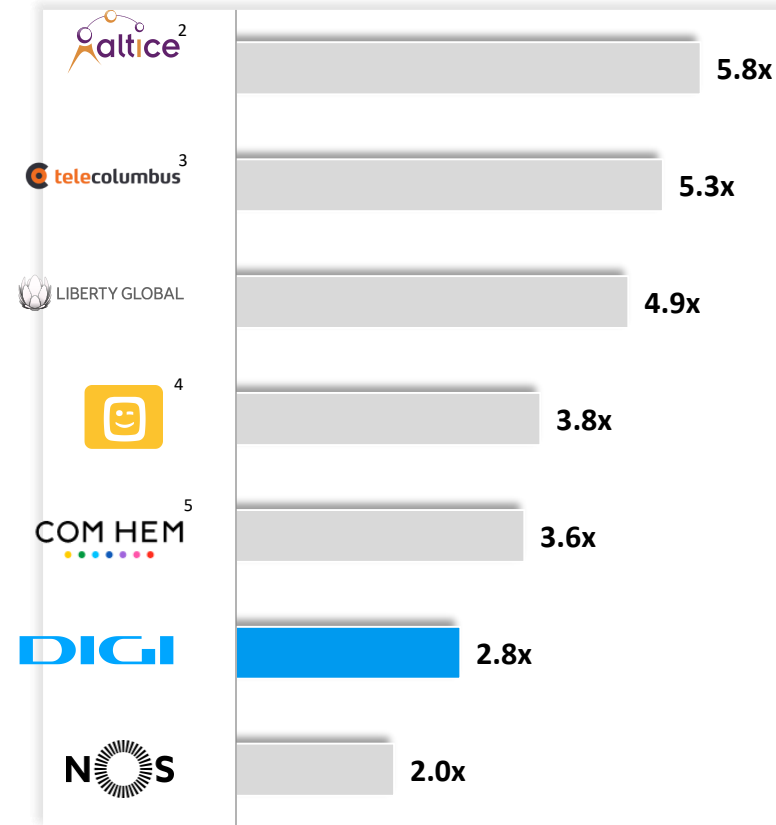
Leverage stable and conservative vs peers

Net Debt to Adj. EBITDA stable



Conservative net debt to adj. EBITDA compared to peers

Q2 2018 Net Leverage¹



¹ Defined as net debt / adj. EBITDA; ² Altice Europe N.V. Pro Forma Debt Capital Structure; ³ Leverage based on LTM Normalised EBITDA June 2018; ⁴ Consolidated Annualized EBITDA excludes certain unrealized OPEX synergies with regards to both the BASE and SFR Belux acquisitions, while Net Total Debt includes both lease-related liabilities and vendor financing-related short-term liabilities.

⁵ Net debt/Underlying EBITDA LTM;

Source: Company data and financials, Peer reporting

Contact

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APPENDIX

 **Romania: RGU & ARPU**
Subscribers**Key considerations**

Thousand RGUs	RGUs Period Ended Dec 31,		Net Additions	
	2017	2018	Last 12 months	Last 3 months
Cable TV	3,030	3,305	260	86
Fixed internet and data	2,225	2,459	234	75
Mobile telecommunications services ¹	3,400	3,379	(21)	12
Fixed-line telephony	1,283	1,207	(76)	(18)
DTH	605	544	(61)	(20)
Total	10,487	10,823	336	135

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

ARPU (EUR) - residential clients

ARPU (EUR)	For the 3 months ended			For the year ended		
	December 31, 2017	December 31, 2018	% change	December 31, 2017	December 31, 2018	% change
Cable TV	5.2	4.9	(5.8%)	5.2	5.0	(3.8%)
Fixed internet and data	5.0	4.7	(6.0%)	5.0	4.8	(4.0%)
Mobile telecommunications services ¹	4.3	4.7	9.3%	4.1	4.4	7.3%
Fixed-line telephony	1.3	1.3	0.0%	1.3	1.3	0.0%
DTH	4.9	4.8	(2.0%)	4.9	4.8	(2.0%)

¹ Includes mobile telephony and mobile data RGUs



Hungary (Digi HU & Invitel): RGU & ARPU

Subscribers

Thousand RGUs	RGUs Period Ended December 31,		Net Additions	
	2017	2018	Last 12 months	Last 3 months
Cable TV	500	689	189	4
Fixed internet and data	467	747	280	6
Mobile telecommunications services ¹	12	15	3	(1)
Fixed-line telephony	379	694	315	(3)
DTH	291	276	(15)	(12)
Total	1,649	2,421	772	(6)

ARPU (EUR) - residential clients

ARPU (EUR)	For the 3 months ended December 31,			For the year ended December 31,		
	2017	2018	% change	2017	2018	% change
Cable TV	8.3	8.4	1.2%	8.2	8.3	1.2%
Fixed internet and data	7.5	7.8	4.0%	7.6	7.6	0.0%
Mobile telecommunications services ¹	6.9	5.3	(23.2%)	7.1	5.9	(16.9%)
Fixed-line telephony	1.2	2.8	133.3%	1.4	2.4	71.4%
DTH	9.2	9.0	(2.2%)	9.2	9.1	(1.1%)

Key considerations

▪ Increase in Cable TV, Internet and Fixed Telephony subscribers is a result of Invitel's acquisition (Invitel's contribution: 718k RGUs)

▪ Increase in Cable TV and fixed-line telephony ARPU is a result of Invitel's acquisition

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

Other Territories: RGU

Subscribers & ARPU

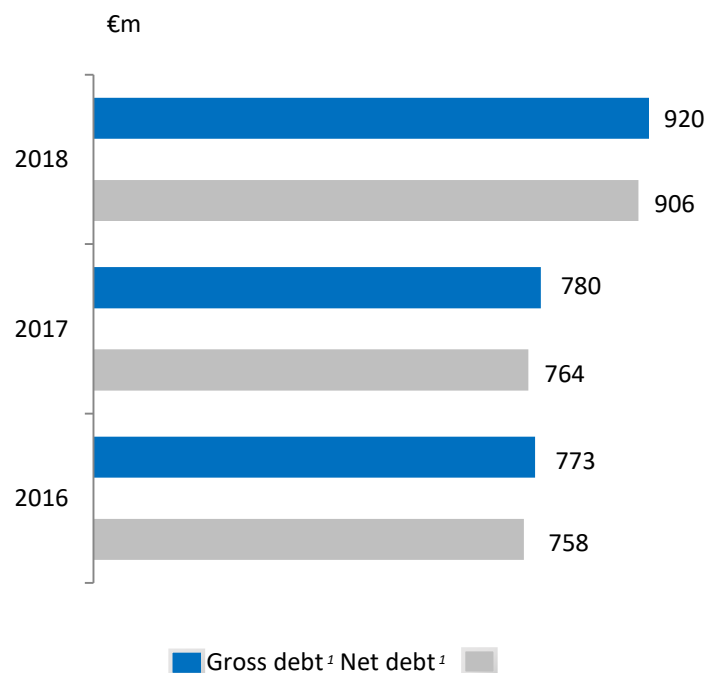
Thousand RGUs	RGUs Period Ended December 31,		Net Additions			
	2017	2018	Last 12 months	Last 3 months		
Spain						
Mobile telecommunications services	896	1,343	447	130		
Fixed internet and data	-	8	8	8		
Fixed-line telephony	-	3	3	3		
Italy						
Mobile telecommunications services	170	195	25	(7)		
Total	1,066	1,549	483	134		
ARPU (EUR)	For the 3 months ended December 31,		For the year ended		% change	
	2017	2018	2017	2018		
Spain						
Mobile telecommunications services	10.1	9.5	(5.9%)	10.5	9.4	(10.5%)
Fixed internet and data	-	20.8	n/a	-	20.8	n/a
Fixed-line telephony	-	4.2	n/a	-	4.2	n/a
Italy						
Mobile telecommunications services	10.6	9.4	(11.3%)	10.6	9.6	(9.4%)

- Over 200,000 lines net portability gain in the last 4 quarters of 2018 and permanently in the top 3 operator for monthly mobile portability.

- September 2018 launch in Comunidad de Madrid area for FTTH broadband services and fixed telephony. We expect to develop in further parts of the country.

Group Financial Profile

Debt structure



Key considerations

■ Net Leverage² is 2.8x and Gross Leverage is 2.8x.

¹ Gross debt/ Net debt is presented as per Notes requirements.

² 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.