

# DIGI

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



December 2019

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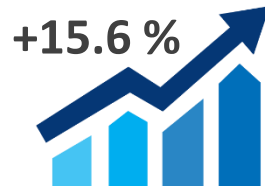
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## Highlights

Revenues and Adj EBITDA (excl IFRS 16) increased with ~ 16%, for 9 month period ended 30 Sept 2019 compared with the similar previous period from 2018

### Revenues

**EUR 874.6 million** group consolidated revenues for the **9 month** period ended 30 Sept 2019 (+15,6% compared with previous period)

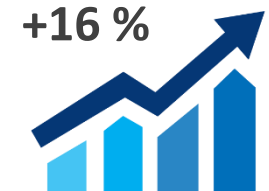


**EUR 299.4 million** group consolidated revenues for **3 month** period ended 30 Sept 2019 (+10.9% compared with previous period)



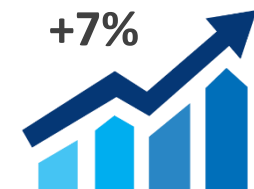
### EBITDA

**EUR 279.6 million** Adj EBITDA (excl IFRS 16) for the **9 month** period ended 30 Sept 2019 (+16% compared to previous period) and **EUR 326.9 million** Adj EBITDA (incl IFRS 16) for the 9 month period ended 30 Sept 2019



### RGU

+ **7% RGU** as at 30 Sept 2019 vs 30 Sept 2018, from 14.6 million RGU to **15.8 million**



## Summary

**1 DIGI Group Profile**

**2 DIGI Core Markets**

**3 Q3 2019 Financial Results**

# Summary

**1** DIGI Group Profile

**2** DIGI Core Markets

**3** Q3 2019 Financial Results

# Overview of Digi Communications

Q3 2019 RGUs  
Digi Group: 15,764k



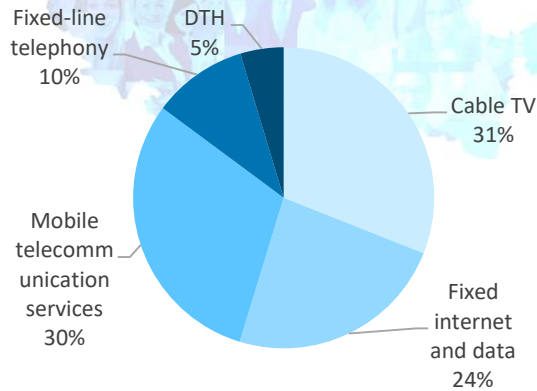
100%

## Romania



Q3 2019 RGUs: 11,242k

RGU breakdown (Q3 19)



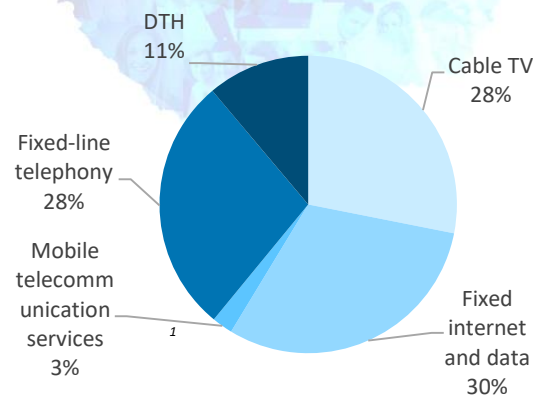
100%

## Hungary



Q3 2019 RGUs: 2,499k

RGU breakdown (Q3 19)



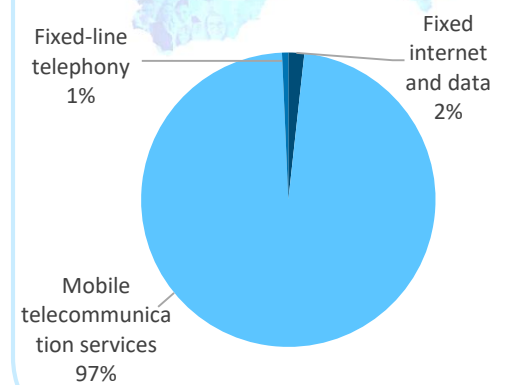
100%

## Spain & Italy



Q3 2019 RGUs: 2,023k

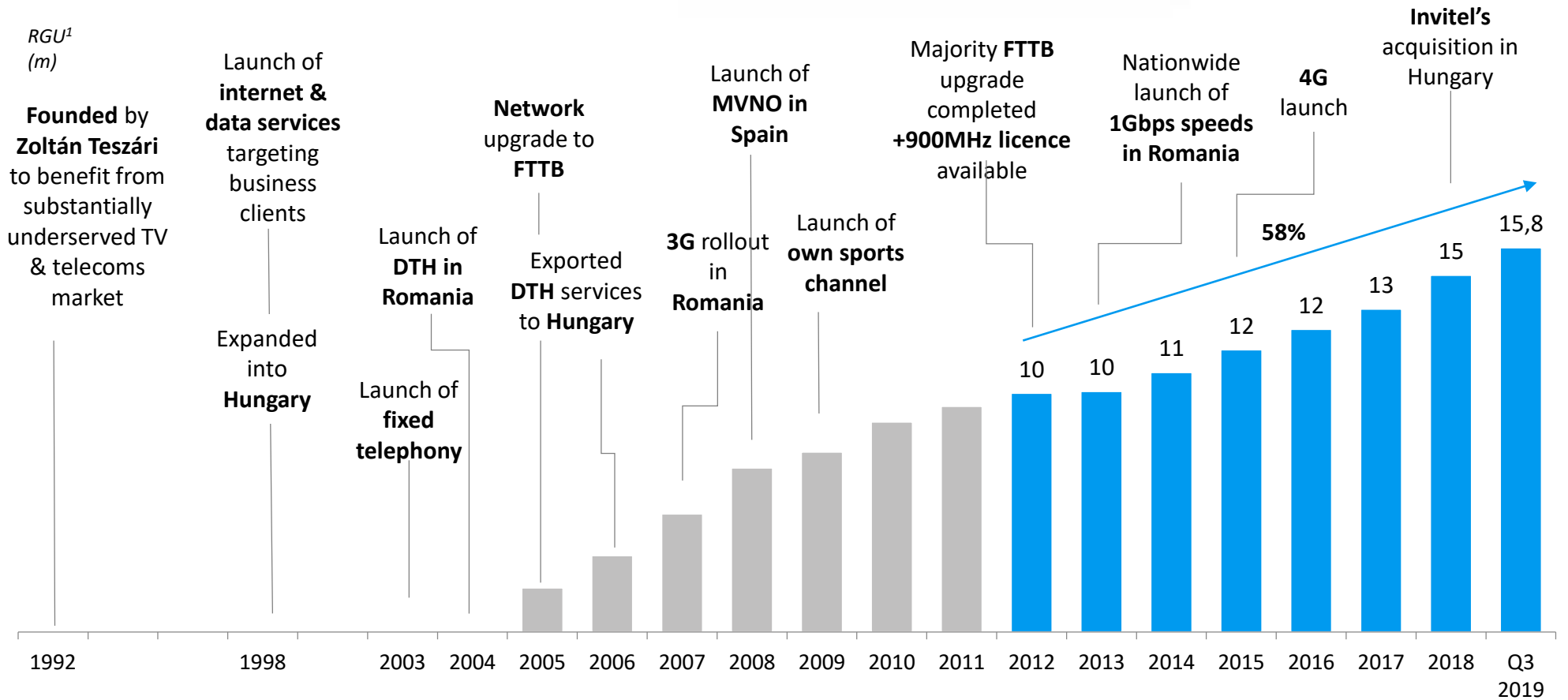
RGU breakdown (Q3 19)



1. Includes mobile telephony RGUs using our local network.  
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.

Source: Company data

# Translating into Financial Performance

✓ **15.8m RGUs as of September 30, 2019 offering cross & upsell potential**

- €874.6m revenues and €326.9m Adj. EBITDA<sup>1</sup> for the 9 month period
- 5m Pay-TV, 3.5m Internet, 1.8m Fixed telephony and 5.4m Mobile RGUs<sup>2</sup>
- Synergistic Romanian and Hungarian operations
- Integration of Invitel’s operations in Hungary
- Starting from May 27, 2019, we have launched mobile telecommunications services in Hungary through our own network

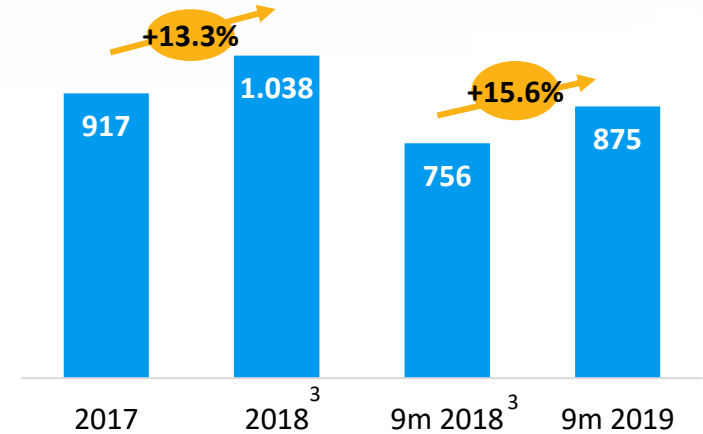
✓ **Leading Pay-TV<sup>2</sup> and Broadband Internet in Romania and Hungary**

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

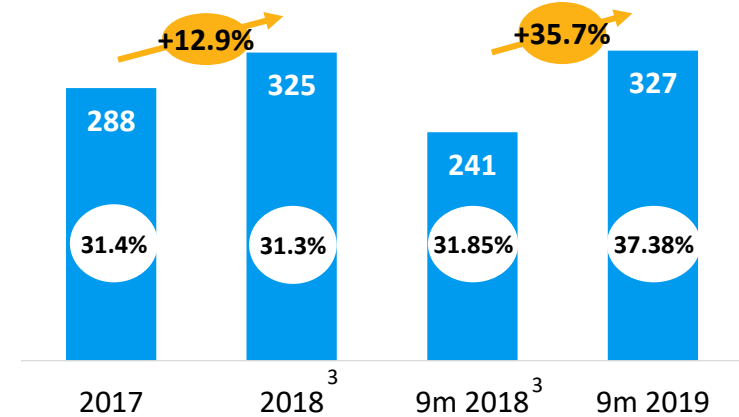
✓ **Convergent mobile provider in Romania**

- Own 3G/4G network in Romania, 12% market share vs 6% in 2013
- Leading MVNO for Romanian expats in Spain and presence in Italy (2.0m RGUs)

**Group Revenue (€ m)**



**Adjusted EBITDA<sup>1</sup> (€ 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.



## Summary

1 DIGI Group Profile

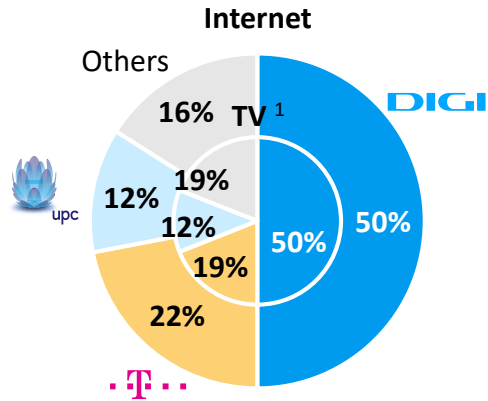
2 DIGI Core Markets

3 Q3 2019 Financial Results

# Market Leader in Romanian Fiber and Challenger in Mobile

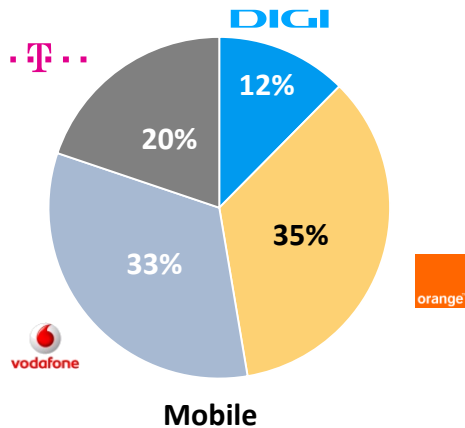
## Uniquely positioned

Romanian market share estimation (RGUs, Q4 18)



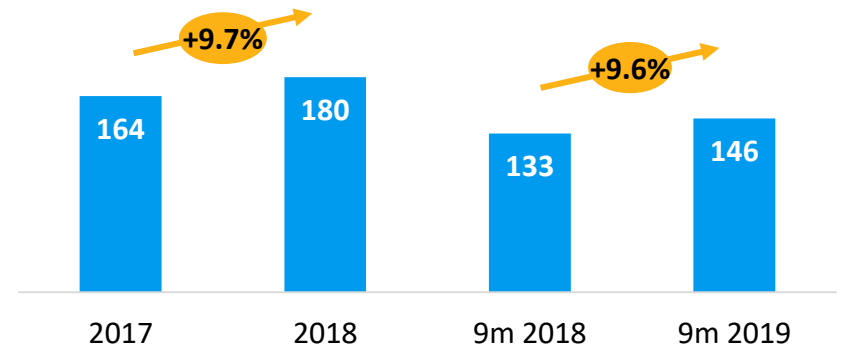
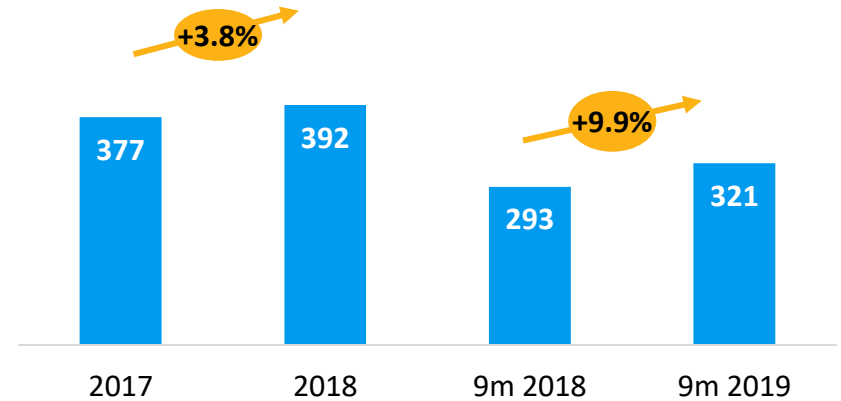
1  
Fiber network

2  
Mobile MNO



## 2 growth pillars

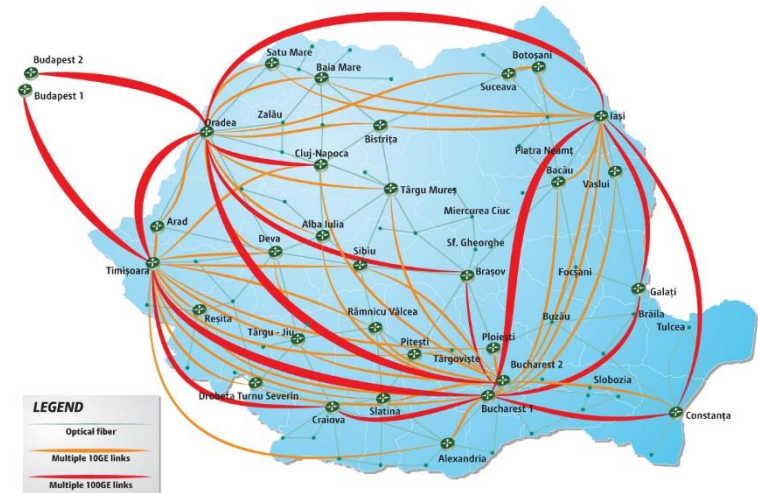
Romania revenues (€ m)<sup>2</sup>



Note: Market shares are based on company and peers reported subscriber numbers and regulator data for market size as of Q4 2018. 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%<sup>1</sup> population coverage**
  - ~ 4,500<sup>1</sup> mobile towers
  - Leading equipment suppliers
- **Successful 4G launch to promote high speeds**
  - ~ 3,100<sup>1</sup> base stations
  - Current coverage ~74% of population<sup>1</sup>
- **Dense fiber network ideal for potential future small cell 5G rollout**
- **Efficient set-up**
  - Synergistic use of nationwide fiber network

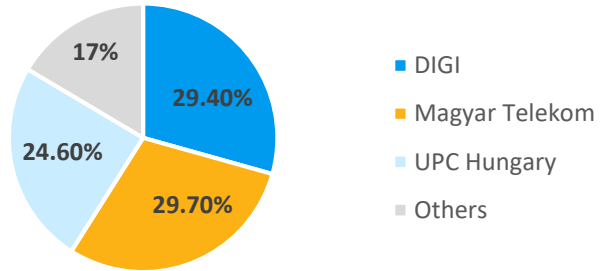
1. As of Dec. 31, 2018;  
Source: Company data, Peer reporting

# Hungary Market Overview

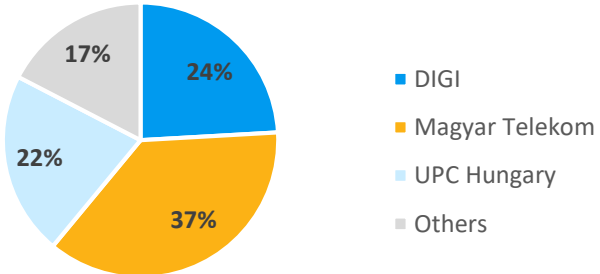
## Top market position

Hungarian market share<sup>1</sup> (RGUs, Q3 19)

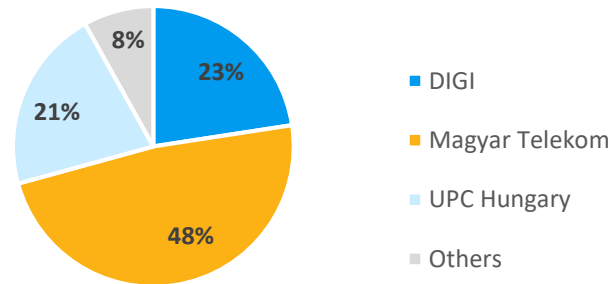
1  
Cable TV



2  
Fixed Int

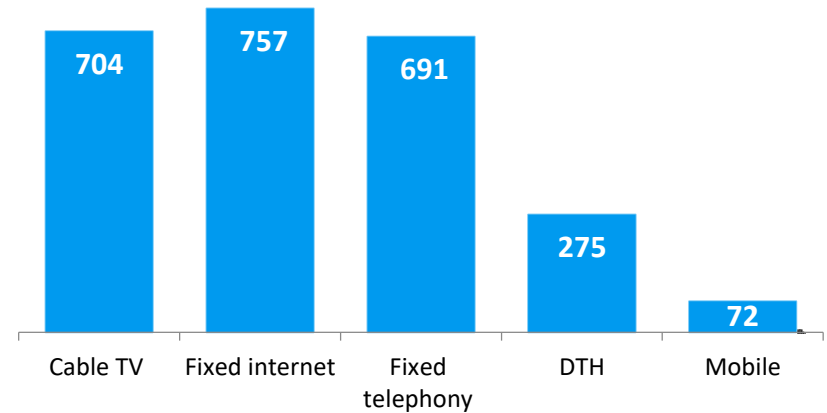


3  
Fixed Tel



## Growth pillars

Hungary RGUs ('000)<sup>2</sup>



1. Source: NMHH; 2. RGUs as at Sept 30, 2019; 3. Includes mobile telephony RGUs using our own network. Source: Company data, NMHH



# Overview of Spain and Italy

## Spain

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



	Highlights	Brand	Network	DIGI mobile subscribers ('000s)						
Mobile telephony	<ul style="list-style-type: none"> <li>Advancing to new segments of value for money oriented towards Spanish customers</li> <li>Main operator in the initial market niche of more than 800k<sup>1</sup> Romanian immigrants in Spain</li> </ul>	DIGI mobil	Telefonica	<table border="1"> <tr> <th>Period</th> <th>DIGI mobile subscribers ('000s)</th> </tr> <tr> <td>9m 2018</td> <td>1,213</td> </tr> <tr> <td>9m 2019</td> <td>1,728</td> </tr> </table>	Period	DIGI mobile subscribers ('000s)	9m 2018	1,213	9m 2019	1,728
Period	DIGI mobile subscribers ('000s)									
9m 2018	1,213									
9m 2019	1,728									
Fixed services	<ul style="list-style-type: none"> <li>68,000 Fixed Services Subscribers as at Sept 30, 2019</li> </ul>									

## Italy

Targeting the Romanian immigrants community in Italy



	Highlights	Brand	Network	DIGI mobile subscribers ('000s)						
Mobile telephony	<ul style="list-style-type: none"> <li>Covering a market of over 1 million<sup>1</sup> Romanian immigrants in Italy</li> <li>Significant upside potential to capture more of the immigrant Romanian population</li> </ul>	DIGI mobil INSIEME A TE	TIM	<table border="1"> <tr> <th>Period</th> <th>DIGI mobile subscribers ('000s)</th> </tr> <tr> <td>9m 2018</td> <td>202</td> </tr> <tr> <td>9m 2019</td> <td>227</td> </tr> </table>	Period	DIGI mobile subscribers ('000s)	9m 2018	202	9m 2019	227
Period	DIGI mobile subscribers ('000s)									
9m 2018	202									
9m 2019	227									

1. Istat, Observatorio de la immigration permanente

Source: Company data

## 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

## Summary




1 DIGI Group Profile

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3 Q3 2019 Financial Results



## Group overview

'Mil €	 Romania		 Hungary		 Spain & Other <sup>4</sup>		Total <sup>3</sup>	Total <sup>3</sup>
	3 months Sept 30, 2019	9 months Sept 30, 2019	3 months Sept 30, 2019	9 months Sept 30, 2019	3 months Sept 30, 2019	9 months Sept 30, 2019	3 months Sept 30, 2019	9 months Sept 30, 2019
Revenues <sup>2</sup>	€190.9 m	€559.7 m	€53.1 m	€163.6 m	€56.5 m	€154.8 m	€299.4 m	€874.6 m
Adj. EBITDA	€100.1 m	€256.1 m	€16.2 m	€41.9 m	€11.3 m	€29.0 m	€127.5 m	€326.9 m
Adj EBITDA margin <sup>1</sup>	52.4%	45.8%	30.4%	25.6%	20.0%	18.7%	42.6%	37.4%

### Service offering / RGUs Sept 30, 2019A ('000s)

CATV	3,523	704	-	4,227
Fixed internet and data	2,701	757	49	3,507
Mobile telecommunication services	3,396	72	1,955	5,423
Fixed-line telephony	1,112	691	19	1,822
DTH	510	275	-	785
<b>Total RGUs</b>	<b>11,242</b>	<b>2,499</b>	<b>2,023</b>	<b>15,764</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 1.1 million for three month period ended September 30, 2019;

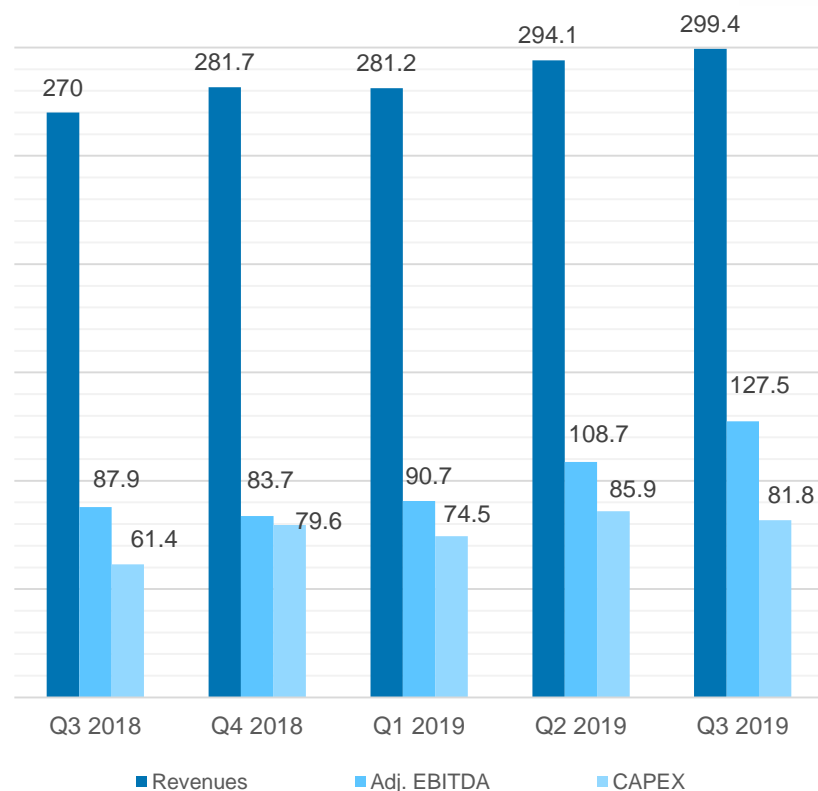
<sup>3</sup> Total Group revenues excluding intersegment revenues;

<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.

# Financial highlights

## Results from operations

'MIL €



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

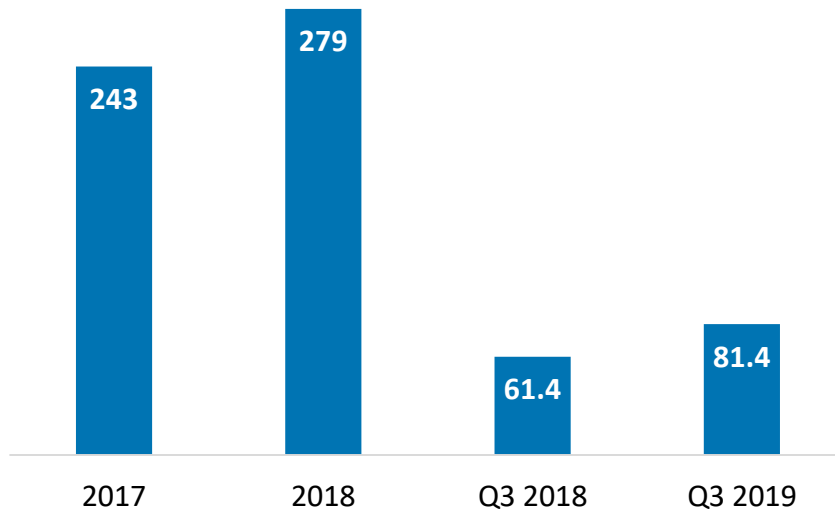
- Revenues in Romania increased mainly as a result of the price increase across all residential services starting with March 2019 as well as increase in our fixed internet and data and cable TV RGUs;
- Revenues in Hungary slightly decreased mainly as a result of ARPU decrease and of the negative FX impact of the HUF depreciation in the period;
- Revenues in Spain and Other increased as a result of increase in mobile RGUs and the introduction of fixed offerings for fixed internet and data and fixed telephony services in Spain from Sep 2018;
- Adj EBITDA<sup>1</sup> value was of EUR 127.5 million in Q3 2019 (+55.7% compared to Q3 2018). Approximately half of the increase is attributable to operations and the other half is due to the adoption of IFRS 16 starting with January 2019.
- CAPEX for Q3 2019 was EUR 81.8 million, higher than in Q3 2018 (EUR 61.4 million) with the main utilization being in development of networks from Romania, Hungary and Spain.

## Group: Capex profile

### Capex

### Key considerations

'Mil €



- **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)

## Contact

- 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)

## **APPENDIX**



## Romania: RGU & ARPU

### Subscribers

Thousand RGUs	RGUs Period Ended Sept 30,		Net Additions	
	2018	2019	Last 12 months	Last 3 months
Cable TV	3,234	3,523	289	76
Fixed internet and data	2,459	2,701	242	65
Mobile telecommunications services <sup>1</sup>	3,379	3,396	17	13
Fixed-line telephony	1,207	1,112	(95)	(21)
DTH	544	510	(34)	(7)
<b>Total</b>	<b>10,823</b>	<b>11,242</b>	<b>419</b>	<b>126</b>

### ARPU (EUR) - residential clients

ARPU (EUR)	For the period ended Sept 30,		% change
	2018	2019	
Cable TV	5.0	5.3	6.0%
Fixed internet and data	4.8	4.8	0.0%
Mobile telecommunications services <sup>1</sup>	4.4	4.9	11.4%
Fixed-line telephony	1.3	1.3	0.0%
DTH	4.8	5.1	6.3%

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

### Key Considerations

- Steady growth in Internet subscribers and Cable TV

- ARPU for cable TV, mobile services and DTH in Q3 2019 increase as a result of March 2019 price increases. There was also a negative FX impact (YoY), that affected ARPU in Romania.



## Hungary: RGU & ARPU

### Subscribers

Thousand RGUs	RGUs Period Ended Sept 30,		Net Additions	
	2018	2019	Last 12 months	Last 3 months
	Cable TV	685	704	19
Fixed internet and data	741	757	16	-
Mobile telecommunications services <sup>1</sup>	16	72	56	16
Fixed-line telephony	697	691	(6)	-
DTH	288	275	(13)	(1)
<b>Total</b>	<b>2,427</b>	<b>2,499</b>	<b>72</b>	<b>23</b>

### ARPU (EUR) - residential clients

ARPU (EUR)	For the period ended		% change
	2018	Sept 30, 2019	
Cable TV	8.3	7.8	(6.0%)
Fixed internet and data	7.9	8.4	6.3%
Mobile telecommunications services <sup>1</sup>	5.6	n/m <sup>(2)</sup>	-
Fixed-line telephony	2.8	2.2	(21.4%)
DTH	8.9	8.6	(3.4%)

### Key considerations

- Increase in Fixed Internet and Cable TV subscribers
- Starting from May 2019 we have launched mobile telephony services in Hungary through our local network which is still in testing phase
- The increase in Internet and fixed line telephony ARPU is mainly due to the increase in prices from March 2019

1. Includes both the resale of Telenor mobile products and mobile telephony RGUs using our own network.

2. As per restated accounts (Condensed Consolidated Interim Financial Report for the six month period ended 30 June 2019).



## Other Territories: RGU

### Subscribers

Thousand RGUs	RGUs Period Ended Sept 30,		Net Additions	
	2018	2019	Last 12 months	Last 3 months
Spain				
Mobile telecom. services <sup>(2)</sup>	1,213	1,728	515	94
Fixed internet and data	-	49	49	16
Fixed-line telephony	-	19	19	6
Italy				
Mobile telecom. services <sup>(2)</sup>	202	227	25	14
<b>Total</b>	<b>1,415</b>	<b>2,023</b>	<b>608</b>	<b>130</b>

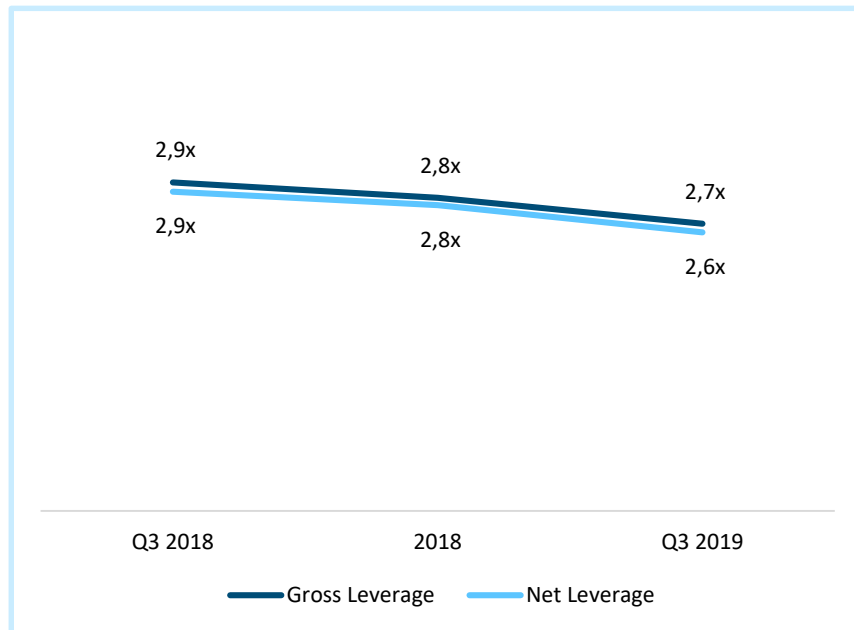
- Stellar growth in RGUs in mobile telecommunication services in Spain (+42.5%)
- Significant increase of revenues in Q3 2019 (+52.2%)



# Group Financial Profile

## Debt structure

## Key considerations



- Total preliminary net debt<sup>1</sup> as of Sept 30, 2019 is €943.1 million.
- Preliminary Net Leverage<sup>2</sup> is 2.6x and Preliminary Gross Leverage is 2.7x.

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

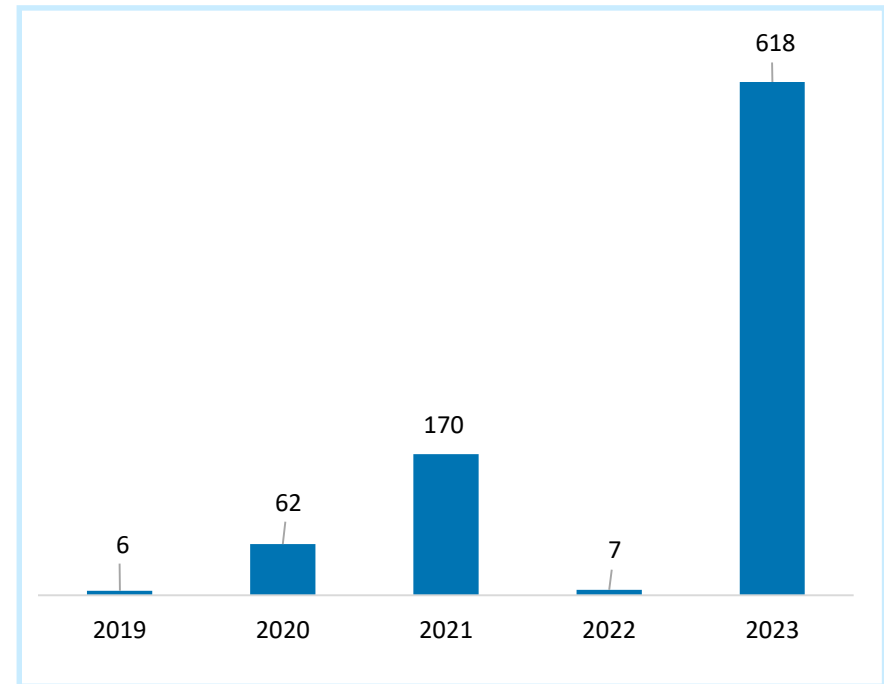
2. The Net Leverage and Gross Leverage are computed using EBITDA as per the Notes Covenants, under IFRS available at the signing date, therefore excludes IFRS 16 implications. Covenant's computation for the Net Leverage from the Senior Secured Notes uses EBITDA which is different from the Adjusted EBITDA in this presentation.

## Group Financial Profile

### Financial liabilities as of September 30, 2019<sup>1</sup>

Facility	Amount (Mil €)
Senior Secured Notes	550.0
2016 Senior Facility	227.5
2018 Senior Facility	73.5
Financial leases	8.9
Other long term debt <sup>2</sup>	57.3
Other short term debt <sup>3</sup>	43.9
<b>Total gross debt</b>	<b>961.1</b>
Cash on BS	18.0
<b>Total net debt</b>	<b>943.1</b>

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



1. Indebtedness as per Notes requirements