



DIGI

DIGI COMMUNICATIONS N.V.

("the Company" or "DIGI")

December 2018

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Summary

1 DIGI Group Profile

2 DIGI Core Markets

3 Q3 2018 Preliminary Financial Results

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3 Q3 2018 Preliminary Financial Results

Overview of Digi Communications

Q3 18 RGUs

Digi Group (incl. Invitel): 14,665k



100%

100%

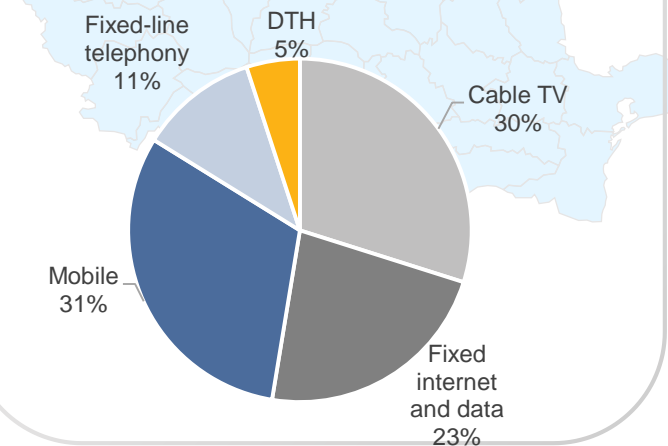
100%

Romania



Q3 18 RGUs: 10,823k

RGU breakdown (Q3 18)

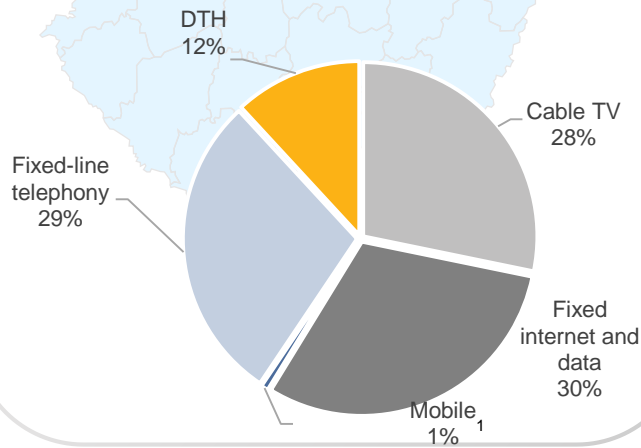


Hungary



Q3 18 RGUs²: 2,427k

RGU breakdown (Q3 18)

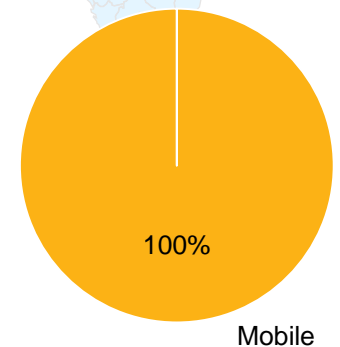


Spain & Italy



Q3 18 RGUs: 1,415k

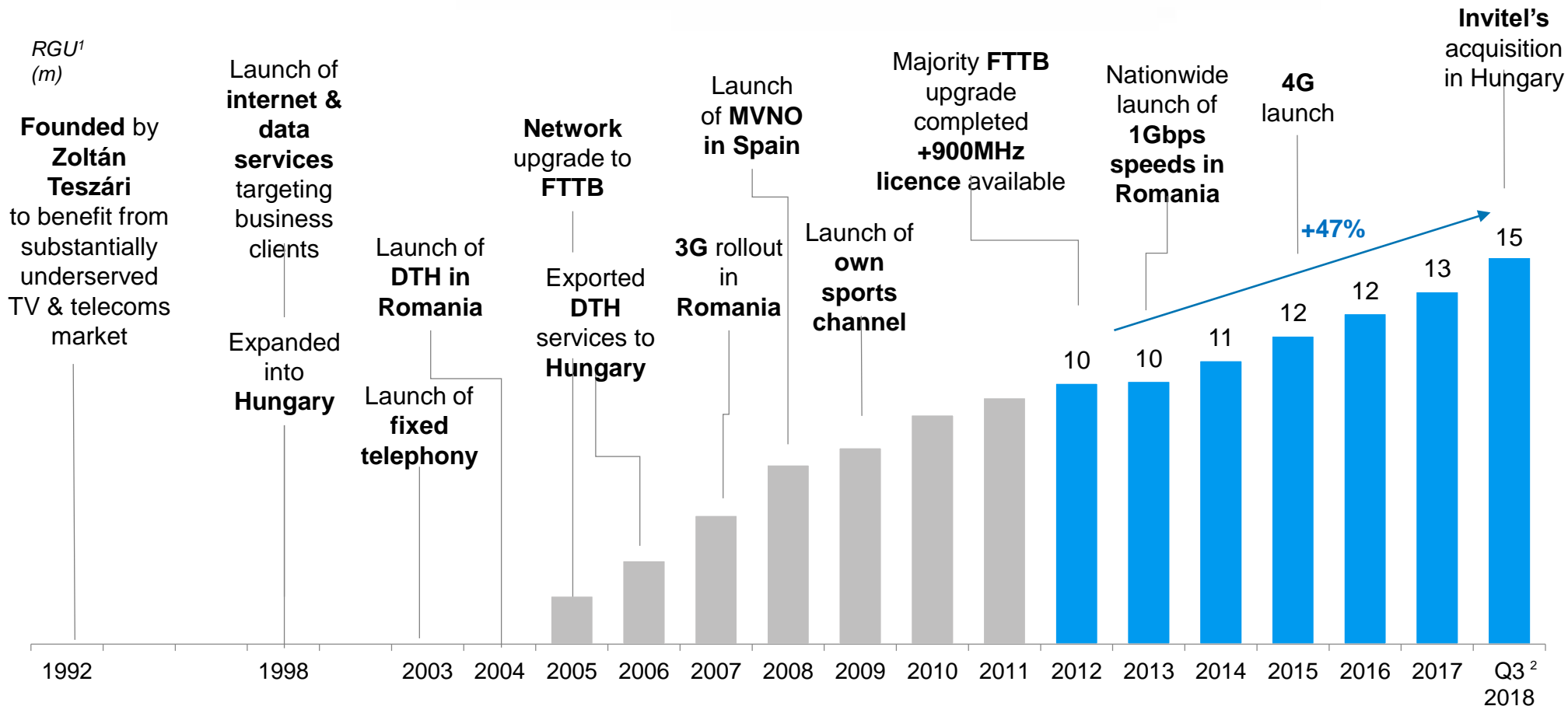
RGU breakdown (Q3 18)



1. Resale of a Telenor mobile internet product
 2. Including RGU 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 RGU as at Q3 2018

Translating into Financial Performance

✓ 14.7m RGUs as of 30 Sept 18 offering cross & upsell potential

- €752.0m revenues and €236.6m Adj. EBITDA¹ for the 9 month period
- 4.8m Pay-TV, 3.2m Internet, 1.9m Fixed tel and 4.8m mobile RGUs²

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

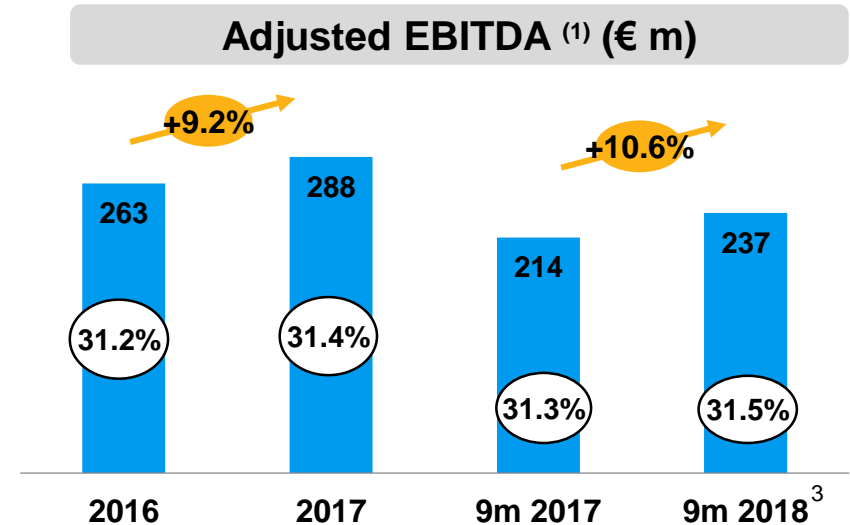
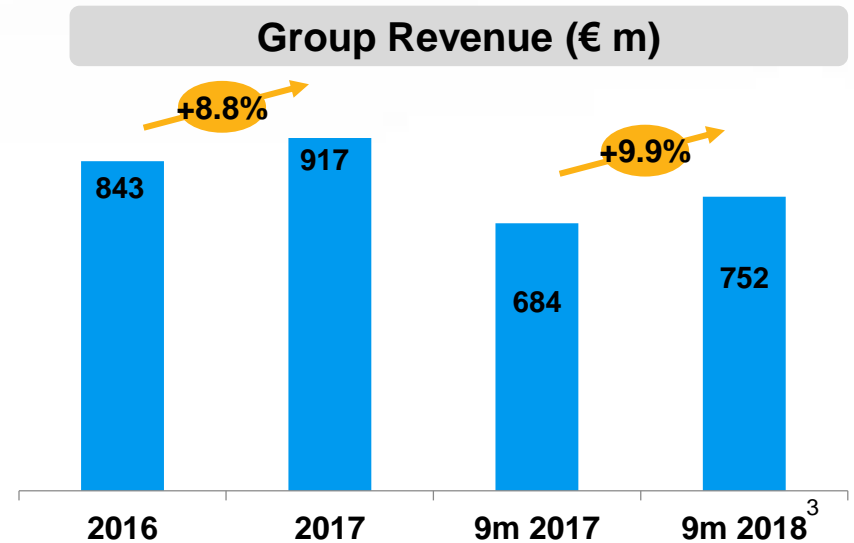
- Synergistic Romanian and Hungarian operations
- Integration of Invitel's operations in Hungary

✓ Leader in Pay-TV² and Broadband Internet in Romania

- 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 1m RGUs)



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 30 May 2018.

Summary

1 DIGI Group Profile

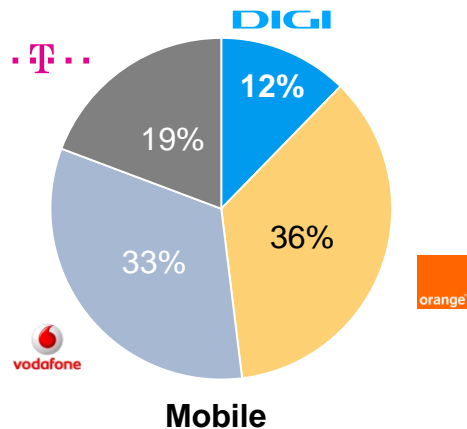
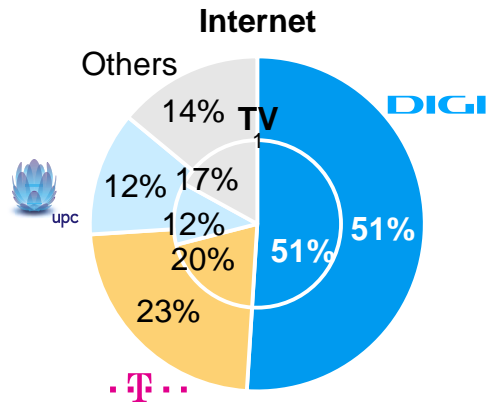
2 DIGI Core Markets

3 Q3 2018 Preliminary Financial Results

Market Leader in Romanian Fiber and Challenger in Mobile

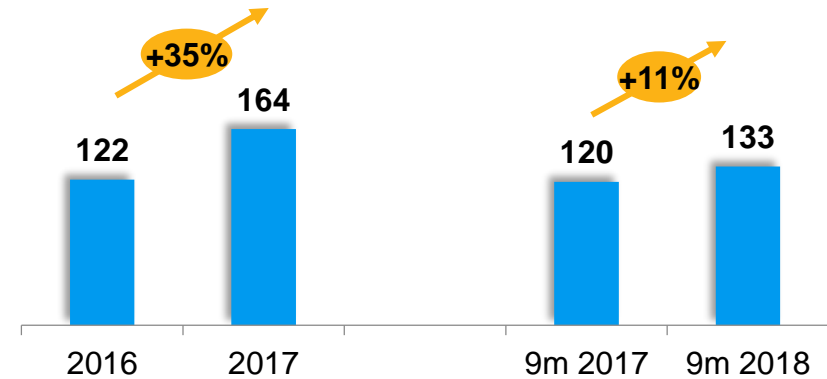
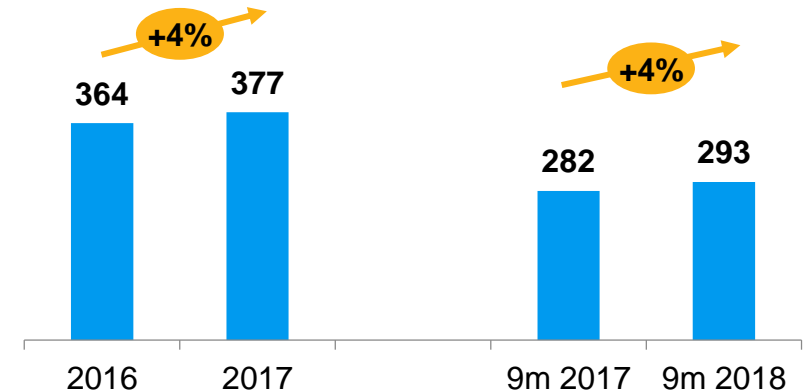
Uniquely positioned

Romanian market share estimation (RGUs, Q3 18)



2 growth pillars

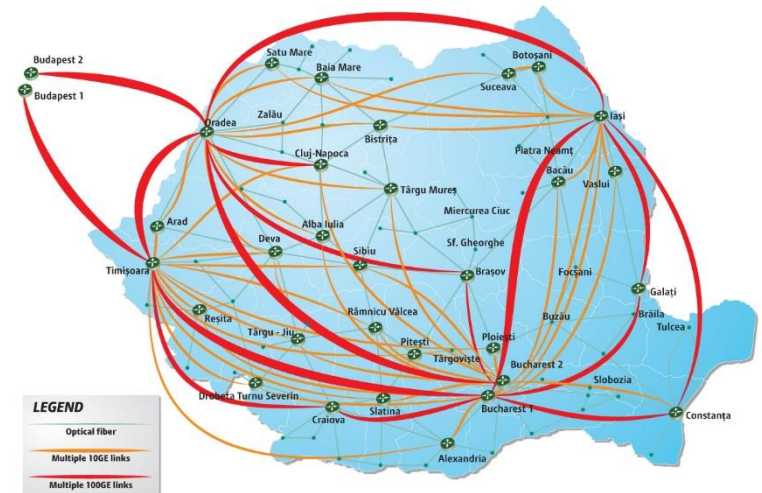
Romania revenues (€m)²



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
- **Aprox €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)
- **>5m Homes passed**





Own mobile network

Newly built network in place

- **Own 3G network: ~99%¹ population coverage**
 - ~ 4,400¹ mobile towers
 - ~ 70%² of towers connected by fiber allowing high flexibility in providing high data usage per user
 - Leading equipment suppliers (Huawei, Nokia, Ericsson)
- **Successful 4G launch to promote high speeds**
 - ~ 2,700 base stations
 - Current coverage ~61% of population¹;
- **Dense fiber network ideal for potential future small cell 5G rollout**
- **Efficient set-up**
 - Synergistic use of nationwide fiber network



Overview of Hungarian Operations

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”)
- 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 ~ EUR 135.4 million equivalent.
- EBITDA multiple of c. 6x before any synergies (based on EBITDA as at 31 December 2016)
- On 14 November 2018, the Hungarian Competition Authority (Gazdasági Versenyhivatal – “GVH”) formally withdrew the Initial Decision and it opened a new investigation (“New Procedure”) for reassessing limited aspects and simultaneously decided to allow Digi HU to continue to exercise control over Invitel (“Exemption Decision”) before the issuance by the GVH of a new decision on the Transaction
- Digi HU’s ownership and control over Invitel is not affected by the above-mentioned GVH’s decisions, as the GVH.
- As a consequence, the implementation by Digi HU of the Transaction is not affected by the GVH’s New Procedure, except for certain limited behavioural restrictions from the Initial Decision that were reinstated.
- Network up-grade to fiber and integration of operations is on-going

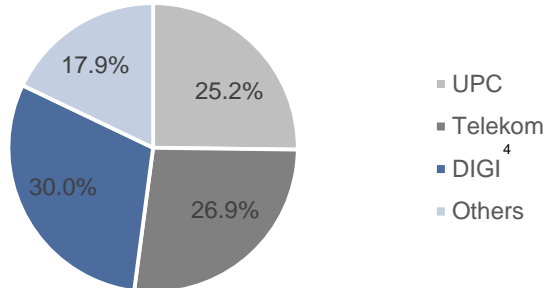


Hungary Market Overview

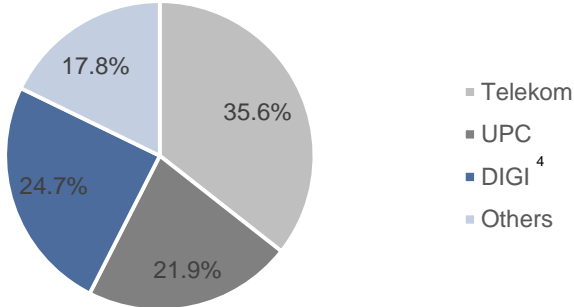
Top market position

Hungarian market share¹ (Sept 18)

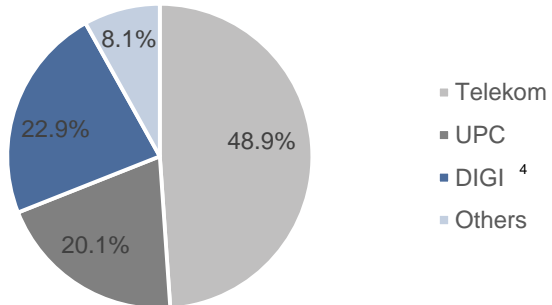
1 Cable TV



2 Fixed Int

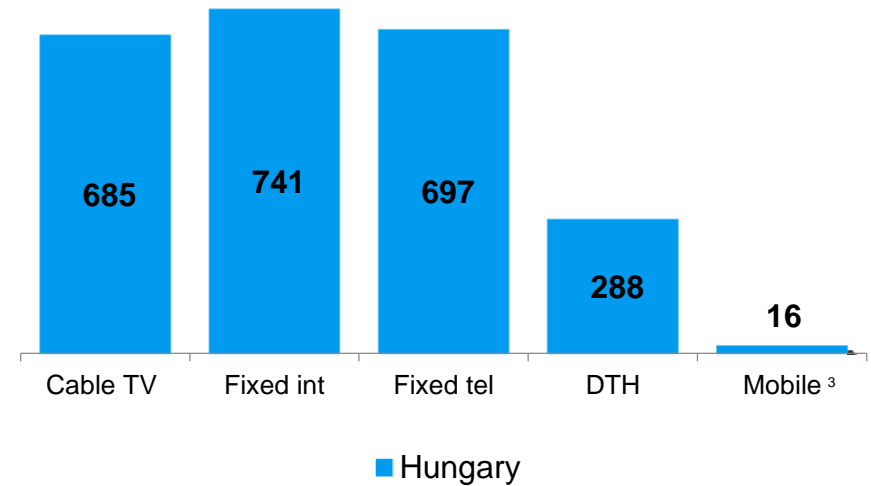


3 Fixed Tel



Growth pillars

Hungary RGU ('000)²



1. Source: NMHH; 2. RGUs as at 30 Sept 2018; 3. Resale of Telenor mobile products; 4. Digi includes market share for Digi Kft and Invitel
Source: Company data, NMHH

Overview of Spain and Italy

Spain

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



Highlights

Brand

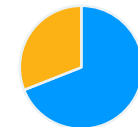
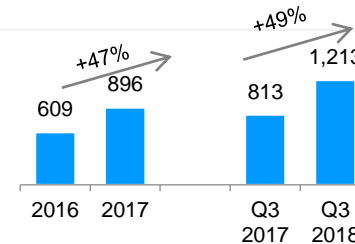
Network

DIGI mobile subs ('000s)

% of Spanish customers in total net adds in 2018

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



Spanish customers net adds 69%

Italy

Targeting the current 1,2 million Romanian immigrants community in Italy



Highlights

Brand

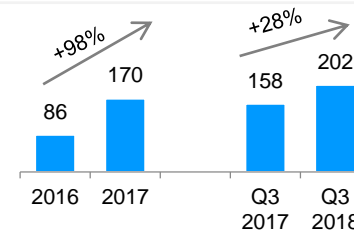
Network

DIGI mobile subs ('000s)

% of Romanian immigrants as subs¹

Mobile telephony

- Covering a market of close to 1.2 million Romanian immigrants in Italy
- Significant upside potential to capture more of the immigrant Romanian population



DIGI 13%

Source: Istat¹

¹ Assuming 1m Romanian immigrants in Italy

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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1 DIGI Group Profile

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Group overview

	 Romania		 Hungary⁵		 Spain & Other⁴		Total³	Total³
'Mil €	3 months Sept 30, 2018	9 months Sept 30, 2018	3 months Sept 30, 2018	9 months Sept 30, 2018	3 months Sept 30, 2018	9 months Sept 30, 2018	3 months Sept 30, 2018	9 months Sept 30, 2018
Revenues ²	€177.3 m	€512.5 m	€54.6 m	€135.0 m	€39.1 m	€108.2 m	€269.8 m	€752.0 m
EBITDA	€63.0 m	€192.4 m	€11.1 m	€26.2 m	€7.7 m	€17.9 m	€81.7 m	€236.6 m
Adj EBITDA margin ¹	35.5%	37.5%	20.3%	19.4%	19.8%	16.5%	30.3%	31.5%

Service offering / RGUs Sept 30, 2018A ('000s)

							Total
CATV		3,234		685		-	3,919
Fixed internet and data		2,459		741		-	3,200
Mobile telecommunication services		3,379		16		1,415	4,810
Fixed-line telephony		1,207		697		-	1,904
DTH		544		288		-	832
Total RGUs		10,823		2,427		1,415	14,665

Source: Company data

¹ Adj EBITDA margin defined as Adj EBITDA / Revenues;

² Revenues per country include intersegment revenues in total amount of EUR 1.2 million (for 3 mnth period)

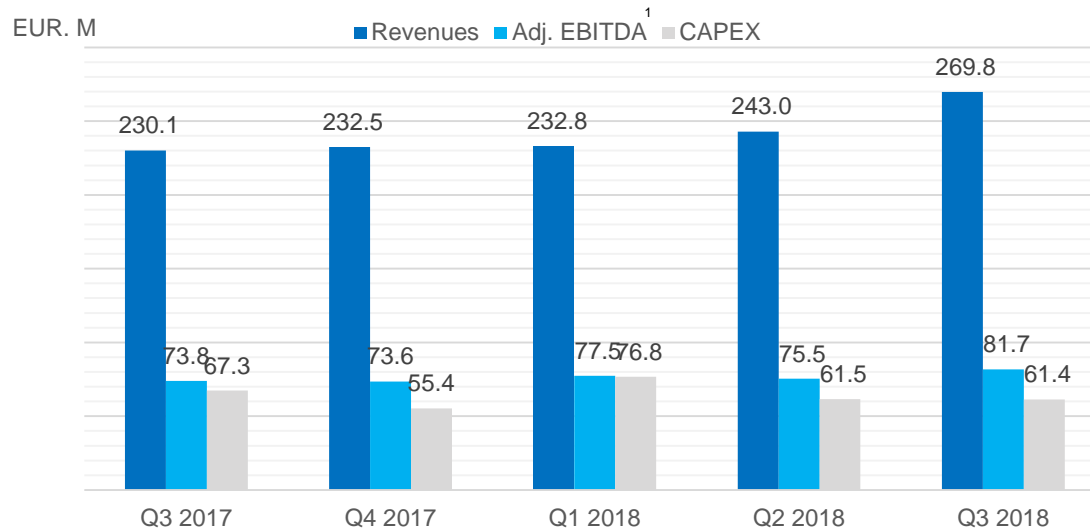
³ Total Group revenues excluding intersegment revenues;

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, RGU 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.

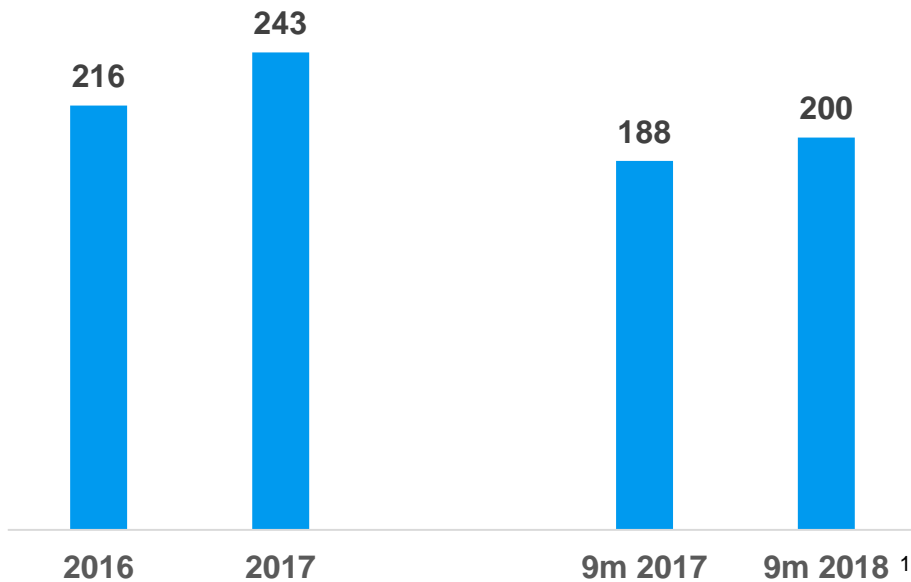
Key considerations

- Revenues in Romania variation- mainly as a result of:
 - Increase in our fixed internet RGUs and cable Tv
 - Increase in mobile telephony ARPU.
- Revenues in Hungary variation-mainly as a result of:
 - Invitel's contribution to consolidated revenues of EUR 18,9 million in Q3 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 Q3 2018 compared to Q3 2017:
 - Invitel's contribution to consolidated EBITDA of EUR 6 million
 - mainly as a result of increase in Adj EBITDA in Romania and Spain.
- Adj EBITDA margin decreased in Q3 2018 compared to Q3 2017 mainly due to the mobile network development in Hungary and increases in salaries
- CAPEX for Q3 2018 was EUR 61.4 million

Group: Capex profile

Capex

€m



Key considerations

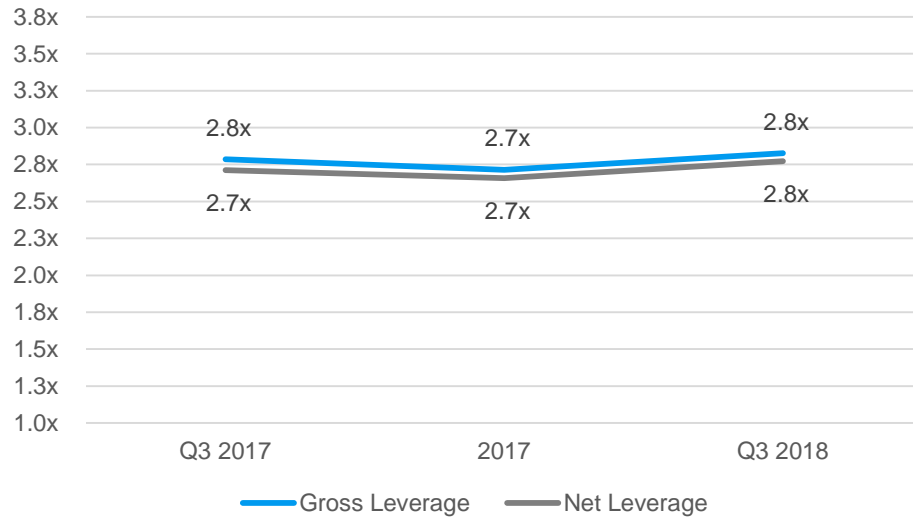
- **Disciplined capex approach**
 - Focused on highest value projects
 - Flexible and agnostic approach
- **Main investment projects:**
 - **Fixed** network has **largely been upgraded in Romania and Hungary**
 - Most **mobile** capex **invested in Romania**
 - Investment in **mobile** network development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

Source: Company data

¹ Excluding investment made for Invitel's acquisition

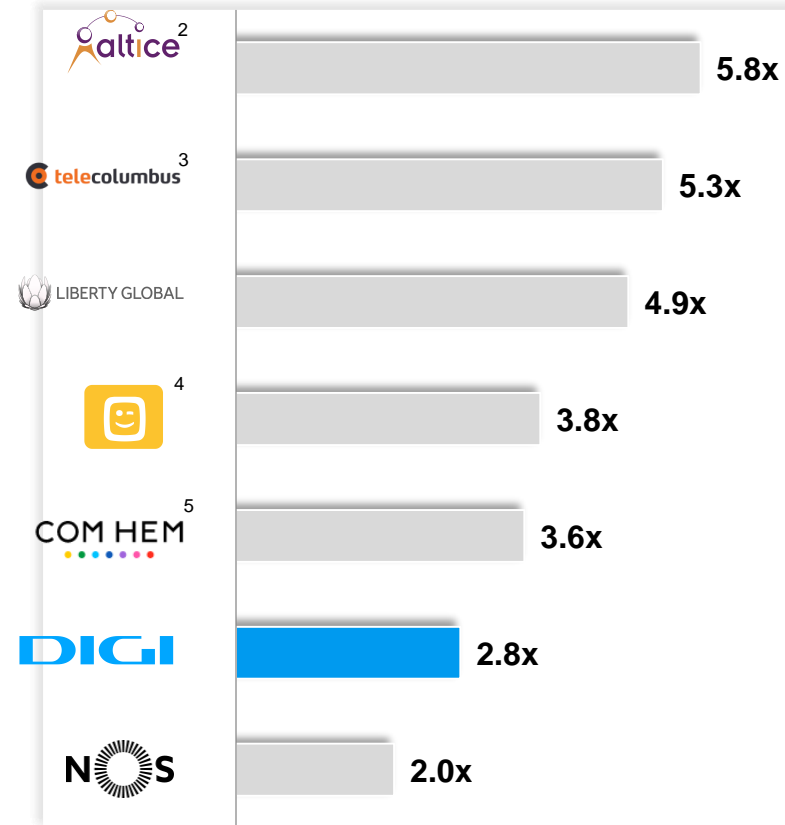
Leverage stable and conservative vs peers

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 Sept 30,		Net Additions	
	2017	2018	Last 12 months	Last 3 months
Cable TV	2,974	3,234	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

- 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

ARPU (EUR) - residential clients

ARPU (EUR)	For the period ended Sept 30,		% change
	2017	2018	
Cable TV	5.2	5.0	-3.8%
Fixed internet and data	5.0	4.8	-4.0%
Mobile telecommunications services ¹	4.2	4.4	4.8%
Fixed-line telephony	1.3	1.3	0.0%
DTH	4.9	4.8	-2.0%

¹ Includes mobile telephony and mobile data RGUs



Hungary (Digi HU & Invitel): RGU & ARPU

Subscribers

Key considerations

Thousand RGUs	RGUs Period Ended Sept 30,		Net Additions	
	2017	2018	Last 12 months	Last 3 months
Cable TV	495	685	190	176
Fixed internet and data	459	741	282	259
Mobile telecommunications services ¹	13	16	3	5
Fixed-line telephony	371	697	326	303
DTH	302	288	(14)	(2)
Total	1,640	2,427	787	741

▪ Increase in Cable TV, Internet and Fixed Telephony subscribers

▪ Invitel's RGUs: 733 thousand

ARPU (EUR) - residential clients

ARPU (EUR)	For the period ended Sept 30,		% change
	2017	2018	
Cable TV	8.2	8.3	1.2%
Fixed internet and data	7.7	7.9	2.6%
Mobile telecommunications services ¹	7.4	5.6	-24.3%
Fixed-line telephony	1.4	2.8	100.0%
DTH	9.3	8.9	-4.3%

▪ Consolidated ARPU for Digi HU and Invitel

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

Other Territories: RGU

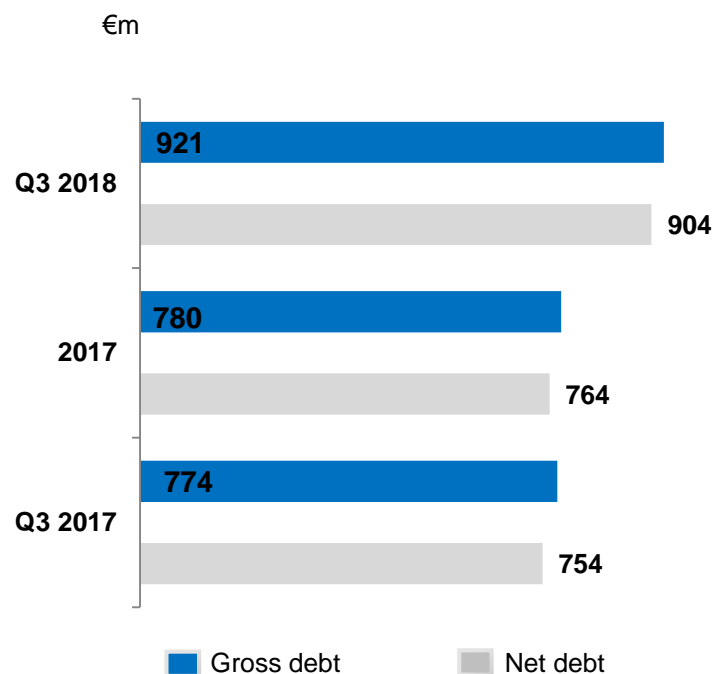
Subscribers

Thousand RGUs	RGUs Period Ended Sept 30,		Net Additions	
	2017 ²	2018 ²	Last 12 months	Last 3 months
Spain	813	1,213	400	89
Italy	158	202	44	(7)
Total	881	1,415	444	82

- Consistent growth in the past 6 quarters
- Approximately 140.000 lines net portability gain in the last 3 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
- Step by step service expansion during Q4 2018 and 2019 to the provinces with higher DIGI mobile customer penetration
- Significant potential of RGU growth by addressing the current mobile customer base

Group Financial Profile

Debt structure



Key considerations

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

■ For the purpose of the Financial Indebtedness and leverage computation as at 30 Sept 2018, as per the definitions from the Senior Facilities and Notes Indenture, we have included Intel's annualized EBITDA.

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 and Net debt which may be different from the Adjusted EBITDA and Net debt presented in this presentation.