

An aerial night photograph of a city, likely Dubai, showing a complex highway interchange and surrounding urban development. Overlaid on the image are several glowing, white, curved lines that resemble fiber optic cables or data paths, connecting various points across the cityscape.

**DIGI**  
communications n.v.

**Preliminary Financial Report**  
For the year ended December 31, 2017

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## INTRODUCTION

The consolidated financial information included in this Preliminary Financial Report is based on the Digi Communications N.V. ("Digi") Group's Unaudited IFRS Consolidated Financial Statements for the year ended 31 December 2017.

Financial and operational data from this Preliminary Financial Report are estimates. The final Annual Report for the year ended 31 December 2017 will include the final financial and operational data, which may vary by reference to this Preliminary Financial Report. A final Annual Report will be released by Digi to the market as per the Financial Calendar announced on BVB.

**DIGI COMMUNICATIONS N.V.**  
**Preliminary Consolidated Statement of profit or loss**  
**for the year ended as at 31 December 2017**

(all amounts are in thousand EUR, unless specified otherwise)

		<b>2017</b>	<b>2017</b>	<b>2017</b>	<b>2016</b>	<b>2016</b>	<b>2016</b>
	Note	<i>Continuing Operations</i>	<i>Discontinued Operations</i>	<i>Total</i>	<i>Continuing Operations</i>	<i>Discontinued Operations</i>	<i>Total</i>
Revenues	1	916,551	-	916,551	842,755	-	842,755
Gain/(loss) from sale of discontinued operations				-	-	(674)	(674)
Other income	2	2,509	-	2,509			
Other expenses	2	(2,820)	-	(2,820)	(6,969)	-	(6,969)
Operating expenses	3	(800,841)	-	(800,841)	(755,848)	-	(755,848)
<b>Operating profit</b>		<b>115,399</b>	<b>-</b>	<b>115,399</b>	<b>79,938</b>	<b>(674)</b>	<b>79,264</b>
Finance income	4	19,977	-	19,977	45,312	-	45,312
Finance expenses	4	(56,085)	-	(56,085)	(101,467)	-	(101,467)
<b>Net finance costs</b>		<b>(36,108)</b>	<b>-</b>	<b>(36,108)</b>	<b>(56,155)</b>	<b>-</b>	<b>(56,155)</b>
<b>Profit / (loss) before taxation</b>		<b>79,291</b>	<b>-</b>	<b>79,291</b>	<b>23,783</b>	<b>(674)</b>	<b>23,109</b>
Income tax		(17,585)	-	(17,585)	(11,326)	-	(11,326)
<b>Net profit / (loss)</b>		<b>61,706</b>	<b>-</b>	<b>61,706</b>	<b>12,457</b>	<b>(674)</b>	<b>11,783</b>

The preliminary consolidated financial statements as at 31 December 2017 have not been audited.

**Serghei Bulgac,**  
**CEO**

## OTHER FINANCIAL AND OPERATING DATA

The following table shows Selected Financial Data and Ratios based on Digi group's consolidated financial data as at and for the years ended December 31, 2016 and 2017:

### Selected Financial Data and Ratios <sup>(3)</sup>

	As at and for the year ended December, 31	
	2016	2017
	(€ millions, unless otherwise stated)	
<b>Adjusted EBITDA</b>	<b>263.3</b>	<b>287.5</b>
<b>Adjusted EBITDA Margin%</b>	<b>31.2%</b>	<b>31.4%</b>
Total consolidated debt <sup>(1)</sup>	<b>772.6</b>	<b>778.9</b>
Cash and cash equivalents	14.6	16.1
<b>Total consolidated net debt</b>	<b>757.9</b>	<b>762.9</b>
<b>Net Leverage Ratio<sup>(2)</sup></b>	<b>2.9x</b>	<b>2.7x</b>
<b>CAPEX</b>	<b>216.5</b>	<b>243.2</b>

(1) Total debt presented is as per the Senior Notes covenants. It includes interest bearing loans and borrowings (non-current), interest bearing loans and borrowings (current), derivative financial liabilities, other long term liabilities and excludes accrued interest.

(2) Represents the ratio between total net debt and Adjusted EBITDA over a given period, as per the Senior Notes covenants.

(3) Unaudited.

The following table shows our RGUs and monthly ARPU by geographic segment and business line as at and for the years ended December 31, 2016 and 2017:

	As at and for the three months ended December 31,		As at and for the year ended December 31,	
	2016	2017	2016	2017
	(RGUs: thousands; ARPU: €/period)		(RGUs: thousands; ARPU: €/period)	
<b>RGUs/ARPU</b>				
<b>Group</b>				
RGUs	12,443	13,273	12,443	13,273
ARPU	5.2	5.4	5.1	5.3
<b>Romania</b>				
<i>Cable TV</i>				
RGUs	2,865	3,030	2,865	3,030
ARPU	5.2	5.2	5.2	5.2
<i>Fixed internet and data</i>				
RGUs				
Residential	2,000	2,144	2,000	2,144
Business	115	140	115	140
ARPU				
Residential	5.1	5.0	5.0	5.0
Business	34.6	29.4	35.8	31.9
<i>Mobile telecommunication services<sup>(1)</sup></i>				
RGUs	3,213	3,391	3,213	3,391
ARPU	3.6	4.3	3.4	4.1

	As at and for the three months ended December 31,		As at and for the year ended December 31,	
	2016	2017	2016	2017
	(RGUs: thousands; ARPU: €/period)		(RGUs: thousands; ARPU: €/period)	
<i>Fixed-line telephony</i>				
RGUs				
Residential	1,210	1,128	1,210	1,128
Business	129	132	129	132
ARPU				
Residential	1.3	1.3	1.3	1.3
Business	3.7	3.5	3.7	3.5
<i>DTH</i>				
RGUs	641	593	641	593
ARPU	4.9	4.9	4.9	4.9
<b>Hungary</b>				
<i>Cable TV</i>				
RGUs	473	500	473	500
ARPU	7.9	8.3	7.5	8.2
<i>Fixed internet and data</i>				
RGUs	428	467	428	467
ARPU	8.0	7.5	7.8	7.6
<i>Mobile telecommunication services<sup>(2) (3)</sup></i>				
RGUs	14	12	14	12
ARPU	6.9	6.9	6.8	7.1
<i>Fixed-line telephony</i>				
RGUs	353	379	353	379
ARPU	1.7	1.2	1.7	1.4
<i>DTH</i>				
RGUs	307	291	307	291
ARPU	8.8	9.2	8.2	9.2
<b>Spain</b>				
<i>Mobile telecommunication services<sup>(1)</sup></i>				
RGUs	609	896	609	896
ARPU	11.4	10.1	11.6	10.5
<b>Other<sup>(4)</sup></b>				
<i>Mobile telecommunication services<sup>(1)</sup></i>				
RGUs	86	170	86	170
ARPU	10.6	10.6	10.9	10.6

(1) Includes mobile telephony and mobile internet and data RGUs

(2) Includes mobile internet and data services offered as a reseller through the Telenor network under our "Digi" brand.

(3) As an MVNO.

(4) Includes Italy.

## PRELIMINARY MANAGEMENT DISCUSSION AND ANALYSIS

Main variations are explained below:

### 1. Revenues

Our revenue (excluding intersegment revenue, other income and gain from sale of discontinued operations) for the year ended December 31, 2017 was €916.5 million, compared with €842.8 million for the year ended December 31, 2016, an increase of 8.8%.

Revenue growth was reported by all geographical segments.

Group RGU's increased from 12.4 million as at December 31, 2016 to 13.3 million as at December 31, 2017 (an increase of 7%), with a growth of the Group's mobile business line's RGUs from 3.9 million as at December 31, 2016 to 4.5 million as at December 31, 2017 (an increase of 14%).

### 2. Other income/expenses

We recorded €2.8 million of Other expenses in the year ended December 31, 2017, compared to €7.0 million in the year ended December 31, 2016. During 2017 Digi recorded €2.6 million IPO related costs (presented as Other expenses) out of which €2.4 million were recovered from the selling shareholders in the IPO (presented as Other income). Mark-to-market loss from fair value assessment of energy trading contracts of €0.2 million is also presented as Other expenses in the year ended December 31, 2017.

### 3. Operating expenses

Our total operating expenses (excluding intersegment expenses and other expenses, but including depreciation, amortization and impairment) for the year ended December 31, 2017 were €800.8 million, compared with €755.8 million for the year ended December 31, 2016, an increase of 6.0%.

In general, increases of operating expenses are in line with the growth of the business. There were also increases in salaries and legal fees in the year ended December 31, 2017 compared to previous year.

### 4. Net finance expenses

We recognized net finance expense of €36.1 million in the year ended December 31, 2017, compared with net finance expense of €56.2 million in the year ended December 31, 2016, a decrease of 35.7%.

In the year ended December 31, 2016, Net finance expense position was impacted by additional expenses due to the refinancing of the 2013 Bonds (additional redemption interest and penalties, additional unamortized borrowing costs) and financial revenues from the fair value gain related to the derecognition of available for sale financial assets.

In the year ended December 31, 2017 the interest expense was lower than in previous year mainly due to lower coupon of the €350 million Senior Notes from 2016 (coupon 5%) compared with the previous issuance of €450 million Senior Notes from 2013 (coupon 7.5%).