



Investor presentation
for the three months ended June 30, 2014

Cable Communications Systems (CCS)

Parent Company of
RCS & RDS

September 18, 2014

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Group overview



Romania



Hungary



Others

Total

	3 months ended June 30, 2014	6 months ended June 30, 2014	3 months ended June 30, 2014	6 months ended June 30, 2014	3 months ended June 30, 2014	6 months ended June 30, 2014	3 months ended June 30, 2014	6 months ended June 30, 2014
Revenues ²	€113 m	€221 m	€30 m	€60 m	€18 m	€35 m	€160 m	€314 m
EBITDA	€44 m	€92 m	€12 m	€23 m	€1 m	€3 m	€57 m	€118 m
EBITDA margin ¹	39%	42%	39%	39%	6%	8%	36%	38%
Service offering / market position / RGUs June 30, 2014A ('000s)								
CATV	#1 / 2,535		#2 / 402		-		2,937	
Fixed internet and data	#1 / 1,753		#3 / 333		-		2,086	
Mobile internet and data	- / 852		- / 20		156		1,028	
Fixed-line telephony	#2 / 1,499		#4 / 292		-		1,791	
Mobile telephony	#4 / 1,087		- / -		421		1,508	
DTH	#2 / 765		#1 / 341		145		1,251	
Total RGUs	8,491		1,388		722		10,601	

Source: Company data, Screen Digest, GlobalComms, WCIS, ANCOM, NMHH

¹ EBITDA margin defined as EBITDA / Revenues;

² Revenues include eliminations of intersegment revenues and does not include the gain from sale of subsidiaries



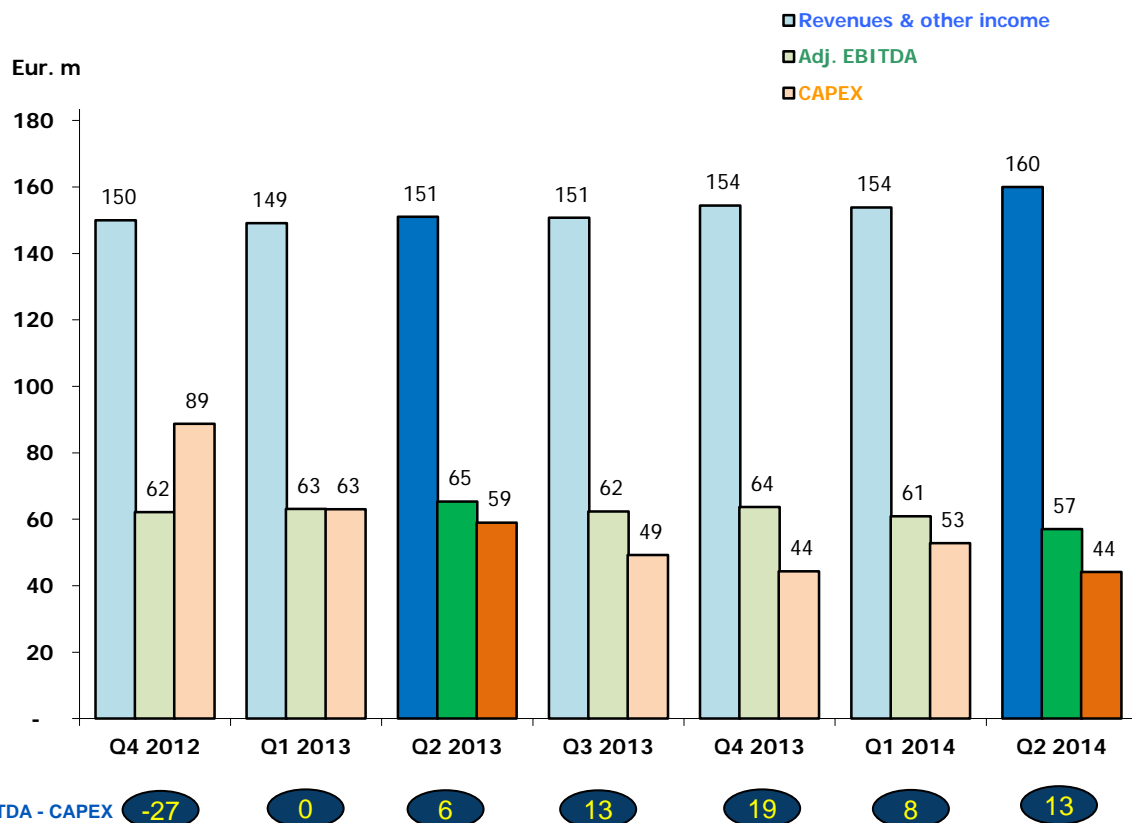
Recent Developments

- Starting with June 2014 we have launched a campaign aiming to increase our mobile customer base in Romania. The campaign promotes an attractive offer targeted at new and existing clients including a variety of mobile phones for purchase on spot or in installments. The campaign is supported by nationwide media advertising (TV, radio, outdoor, online).
- We continued in Q2 2014 the retention campaign aiming to extend the contractual period for the existing customers. The campaign offers as incentive media related equipments at a subsidized price or discounts for the monthly subscription.



Financial highlights

Results from continuing operations



- Revenue increased as a result of increase in RGUs and additionally, in Q2 2014, as a result of sale of equipments to clients
- EBITDA margin decreased primarily due to:
 - sales of equipments at cost and increase in some of the expenses in Romania
 - margin decrease in Spain and Italy as a result of increased competition
 - unfavourable evolution of the exchange rate in Romania and Hungary (decline of 0.7% of RON against EUR and of 3.4% of HUF against EUR)
- CAPEX decreased in Q2 2014 compared with Q2 2013 due to the payment in June 2013 of EUR 14 million for the 900 MHz license and decreased compared with Q1 2014 as a result of higher payments for sport rights which were made in the 1st quarter

Source: Company data

Note: Q3 and Q4 data has been derived from CCS' audited consolidated financial statements as at and for the year ended December 31, 2013 and RCS&RDS' unaudited condensed consolidated interim financial report as at and for the nine months ended September 30, 2013 and the related notes



Highlights Romania – Revenue and Adj EBITDA

Results of Operations¹

Results of Operations	For the three months ended June 30,			For the six months ended June 30,		
	2013	2014	% change	2013	2014	% change
	(euro in millions)			(euro in millions)		
Revenues	103.7	112.8	8.8%	206.8	221.4	7.0%
Adjusted EBITDA	50.8	44.3	-12.9%	99.1	92.0	-7.2%
Margin %	49.0%	39.2%		47.9%	41.6%	
Revenues ⁽¹⁾ in constant currency	103.7	113.5	9.4%	206.8	224.2	8.4%

Revenue growth of 8.8% in Q2 2014 (9.4% in constant currency terms) driven by growth in sale of equipment. Revenues from services increased to EUR 105.2 million, an increase of EUR 1.5 million as compared to Q2 2013.

Total sales of Mobile Handsets and other equipment were EUR 7.6 million in Q2 2014. These sales are at cost and if we take out both revenues and expenses EBITDA margin would have been 42.1% as compared with 49.0% in Q2 2013 when we didn't sell this kind of equipment.

In the first six months of 2014 sales of Mobile Handsets and other equipment amounted to EUR 10.3 million. Adjusting for both revenues and expenses, EBITDA margin would have been 43.6% as compared with 47.9% in the first half of 2013.

EBITDA has decreased mainly as a result of increase in salaries, the new tax on special constructions (of approximately 1% of our revenues in Romania) and additional spectrum costs for the new 900 Mhz license.

Constant currency figures use Q2 2013 average exchange rate of 4.40 RON/EUR (vs. 4.43 RON/EUR for Q2 2014)

Constant currency figures use S1 2013 average exchange rate of 4.39 RON/EUR (vs. 4.46 RON/EUR for S1 2014)

Notes:

¹ Figures include Intersegment revenues



Highlights Romania - KPIs

Subscribers

Subscribers (Thousand RGUs)	RGUs Period Ended June 30,		Net Additions	
	2013	2014	Last 12 months	Last 3 months
Cable TV	2,397	2,535	138	29
Fixed internet and data	1,627	1,753	126	25
Fixed-line telephony	1,542	1,499	(43)	(10)
Mobile internet and data	647	852	205	118
Mobile telephony	1,132	1,087	(45)	21
DTH	863	765	(98)	(16)

Thousand RGU's

ARPU (EUR) - residential clients

	For the three months ended June 30,		
	2013	2014	% change
Cable TV	5.15	5.13	-0.4%
Fixed internet and data	5.21	5.26	1.0%
Fixed-line telephony	1.68	1.37	-18.5%
Mobile internet and data	1.75	1.63	-6.9%
Mobile telephony	1.54	1.96	27.3%
DTH	4.82	4.81	-0.2%

ARPUs presented in EUR

- Steady growth in Cable TV and Internet subscribers
- Increase in Q2 2014 in mobile telephony RGUs
- Growth in Mobile and internet data RGUs in Q2 2014 due to sale of mobile telephony subscriptions with mobile data included
- Steady ARPU performance in cable TV, internet and DTH with small variations mainly driven by the exchange rates
- Decrease in Fixed-line telephony ARPU as a result of decrease in interconnection rates
- Increase in Mobile telephony ARPU as a result of sales of equipments. Mobile telephony ARPU without taking in consideration the sales of handsets would have decreased by 10.1% as a result of decrease in the interconnection tariffs, which was partially offset by the sale of our new postpaid mobile packages with higher subscription fees
- Decrease in Mobile internet and data ARPU as a result of increase in the smart phone internet data users which generate a lower ARPU



Highlights Hungary – Revenue and EBITDA

Results of Operations

Results of Operations	For the three months ended June 30,			For the six months ended June 30,		
	2013	2014	% change	2013	2014	% change
	(euro in millions)			(euro in millions)		
Revenues	29.9	30.2	1.1%	59.3	59.5	0.3%
EBITDA	10.9	11.7	7.0%	22.5	23.2	3.0%
Margin %	36.4%	38.6%		38.0%	39.0%	
Revenues in Constant Currency	29.9	31.2	4.5%	59.3	61.7	4.0%

▪ Stable revenue and improved EBITDA in Q2 2014 (4.5% increase in revenues in constant currency terms) driven by Triple Play Bundles.

▪ On a constant currency basis there was an increase of 4.5% in Q2 2014 compared to Q2 2013 while in real terms there was an increase of only 1.1% due to a 3.4% depreciation of the HUF against the EUR

Constant currency figures use 295.75 HUF/EUR for Q2 2013 (vs. 305.92 HUF/EUR in S1 2014) and 296.13 HUF/EUR for Q2 2013 (vs. 306.97 HUF/EUR in S1 2014)



Highlights Hungary - KPIs

Subscribers

Subscribers (Thousand RGUs)	RGUs Period Ended		Net Additions	
	June 30,		Last 12 months	Last 3 months
	2013	2014		
Cable TV	392	402	10	1
Fixed internet and data	312	333	21	3
Fixed-line telephony	273	292	19	2
Mobile internet and data	23	20	(3)	-
DTH	358	341	(17)	5

Thousand RGU's

ARPU (EUR)

	For the three months ended June 30,		% Change
	2013	2014	
	Cable TV	7.36	
Fixed internet and data	7.82	7.69	-1.7%
Fixed-line telephony	3.00	2.42	-19.3%
Mobile internet and data	6.71	6.60	-1.6%
DTH	8.01	7.84	-2.1%

- Steady growth Triple Play subscribers and increase in the penetration of Internet and Fixed Telephony subscribers

- ARPU variations mainly driven by the exchange rates

- Decrease in Fixed-line telephony ARPU due to decrease in fixed-line termination rates starting with 2014



Highlights Other Territories

	For the three months ended June 30,			For the six months ended June 30,		
	2013	2014	% change	2013	2014	% change
	(euro in millions)			(euro in millions)		
Revenues						
Spain ¹	12.6	12.9	2.6%	24.5	25.3	2.9%
Czech Republic	4.4	3.5	-20.5%	8.9	7.2	-19.9%
Italy	1.6	1.1	-27.0%	3.1	2.4	-22.9%
Discontinued Operations ²	7.0	-	N.M.	14.5	-	N.M.
	25.6	17.6		51.0	34.8	
EBITDA¹						
Continuous Operations	3.6	1.1	-68.7%	6.8	2.8	-59.2%
Discontinued Operations ²	2.5	-	N.M.	5.0	-	N.M.
	6.0	1.1		11.8	2.8	

▪ **Spain:** Growth in RGUs at a higher speed and a lower margin as a result of a new offer launched in June 2013

▪ **Italy:** we are in the process of implementing the migration of our customers to Telecom Italia

Subscribers (Thousand RGUs)	RGUs Period Ended June 30,		Net Additions	
	2013	2014	Last 12 months	Last 3 months
Spain ³	336	518	182	54
Czech Republic	172	145	(27)	(5)
Italy	56	59	3	1
Discontinued Operations ²	298	-	N.M.	N.M.

Thousand RGU's

Notes: ¹ Figures includes Intersegment operations; ² Croatia sold in March 2013, Serbia divested in May 2013 (76% stake) and Slovakia sold in August 2013 ³ Of which mobile data clients were 67,000 as at June 30, 2013 and 154,000 as at June 30, 2014



Group Financial Profile

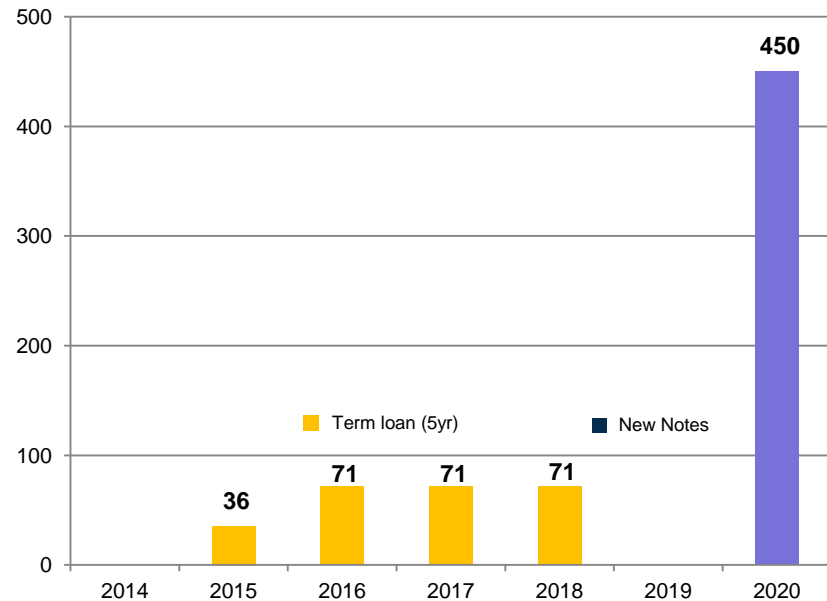
- We concluded a coupon SWAP until the end of September 2016 for the full amount of the Proceeds Loan (€450 million)

Financial liabilities as of June 30, 2014

Facility	Amount (EUR millions)
Senior Secured Notes	450.0
Term loan (5y)	250.0
Financial leases	7.0
Other short term debt	7.6
Hedging obligations	3.4
Total debt	718.0
Cash on BS	79.1
Total net debt	638.9
Undrawn committed facilities	
RCF (3y; EUR 50 million committed)	50

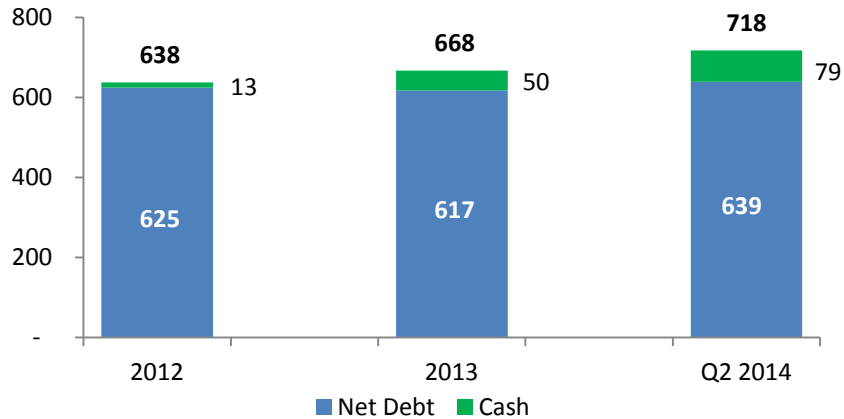
Source: Company data

Maturity profile Term Loan & Notes as of June 30, 2014 (EUR millions)



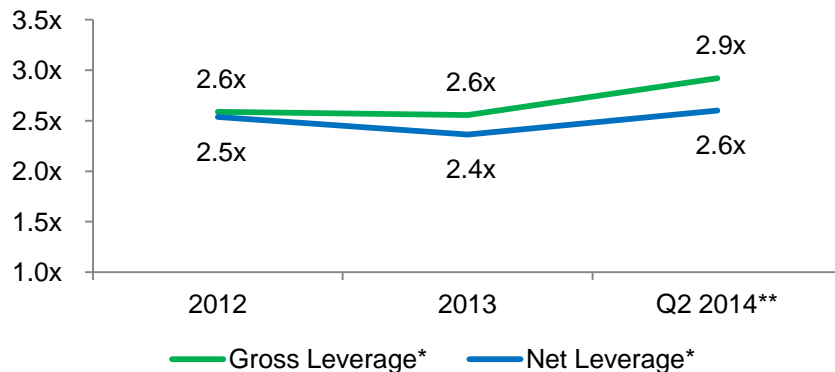
Group Financial Profile (continued)

Gross / Net Debt (EUR millions)



- Total net debt as of June 30, 2014 is €639 million
- Net Leverage is and 2.6x and Gross Leverage is 2.9x.
- Undrawn Portion of Financial Debt: €50 million, offering an important liquidity buffer

Leverage



Notes:

** The Net Leverage and Gross Leverage are computed using EBITDA (Adjusted EBITDA for 2013 and Q2 2014) as presented in the Consolidated Financial Statements of CCS for 2013 and Q2 2014

***The Net Leverage and Gross Leverage for Q2 2014 is computed using the LTM June 30, 2014 EBITDA



Financial Calendar

- You can find us on:

- Web: investors.rcs-rds.ro

- Email: investor.relations@rcs-rds.ro

- Agenda

	Report	Call
Q3 2014 Results	12-Dec-14	Thursday 18-Dec-14
FY 2014 Results	30-Apr-15	Thursday 07-May-15
Q1 2015 Results	12-Jun-15	Thursday 18-Jun-15
Q2 2015 Results	11-Sep-15	Thursday 17-Sep-15



Q&A Session



Appendices



Other Recent Developments

- In June 19, 2014 we drew the remaining EUR 45 million from the term loan facility of the New Senior Facilities Agreement.
- In June 2014, the National Media and Infocommunications Authority (NMHH) in Hungary organised a mobile spectrum auction. We bid for one frequency block in the 1,800 MHz spectrum.
- We concluded coupon swaps for the entire Proceeds Loan's value (€450 million), all with a termination date of 23 September 2016.



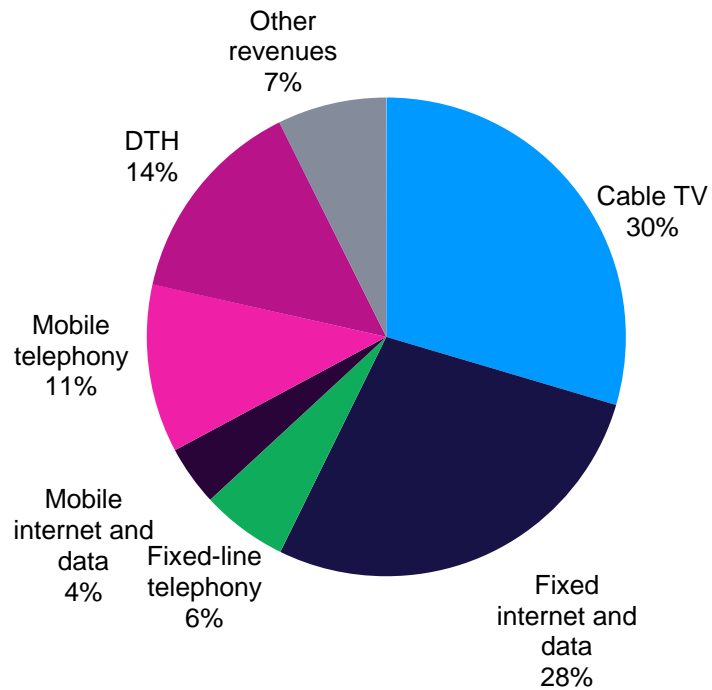
Other Recent Developments – Mobile Telephony

- The license of 5 MHz of bandwidth in the 900 MHz frequency spectrum that we won in September 2012 has become operational on April 6, 2014.
- In December 2013 ANCOM has announced a reduction in mobile interconnection tariffs to 0.96 eurocents / min, reduction applied starting April 1, 2014
- In March, 2014 we concluded a frequency SWAP agreement with Vodafone through which in exchange of allowing them to use our 5 MHz of bandwidth in the 900 MHz frequency spectrum we will receive access in one of their 900 MHz frequencies and also we will receive roaming access for our customers in their network. The contract became active starting with April 7, 2014 and is signed for 2 years.
- In March, 2014 we signed a full MVNO agreement with Telecom Italia. The contract is valid for 5 years starting with the moment when the services are fully available.

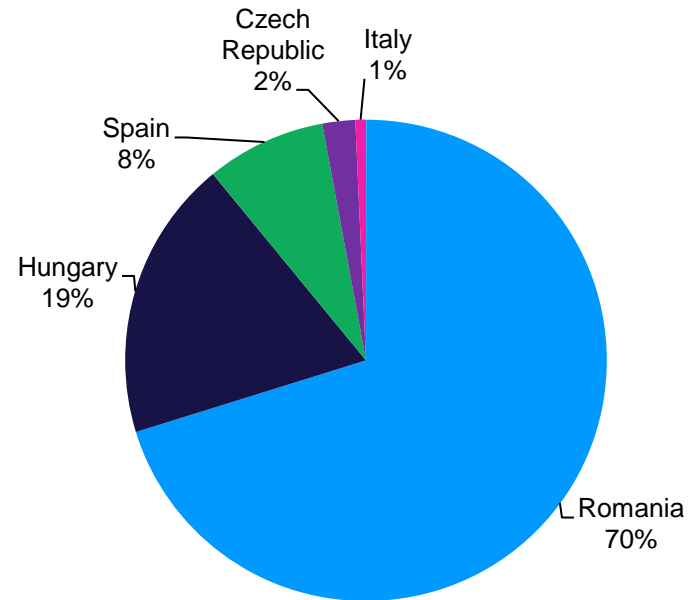


Revenue streams

Q2 2014 revenue split by product



Q2 2014 revenue split by country



¹ Slovakia divested in August 2013; ² Other revenues refers to Italy, Serbia (76% divested in May 2013) and Croatia (divested in March 2013); ³



Group Results (P&L)

	For the three months ended			For the six months ended		
	June 30,		% change	June 30,		% change
	2013	2014		2013	2014	
	(euro in millions)			(euro in millions)		
Revenues						
Romania	102.8	112.3	9.3%	204.7	219.9	7.4%
Hungary	29.9	30.2	1.1%	59.3	59.5	0.3%
Spain	12.4	12.9	4.3%	24.0	24.9	3.8%
Other	6.0	4.6	-22.2%	12.0	9.5	-20.7%
Discontinued Operations ¹	7.0	0.0	N.M	14.5	0.0	N.M
Total Revenues	158.0	160.1	1.3%	314.6	313.9	-0.2%
Adjusted EBITDA	67.8	57.0	-15.8%	133.4	117.9	-11.6%
<i>% margin²</i>	<i>42.9%</i>	<i>35.6%</i>		<i>42.4%</i>	<i>37.6%</i>	
Results of Continuing Operations						
Revenues	151.0	160.1	6.0%	300.1	313.9	4.6%
Adjusted EBITDA	65.3	57.0	-12.7%	128.4	117.9	-8.1%
<i>% margin²</i>	<i>43.2%</i>	<i>35.6%</i>		<i>42.8%</i>	<i>37.6%</i>	

Source: Company data; Notes: ¹Croatia sold in March 2013, Serbia divested in May 2013 (76% stake) and Slovakia sold in August 2013;

²Defined as the ratio of EBITDA to Revenues;



Cash Flow

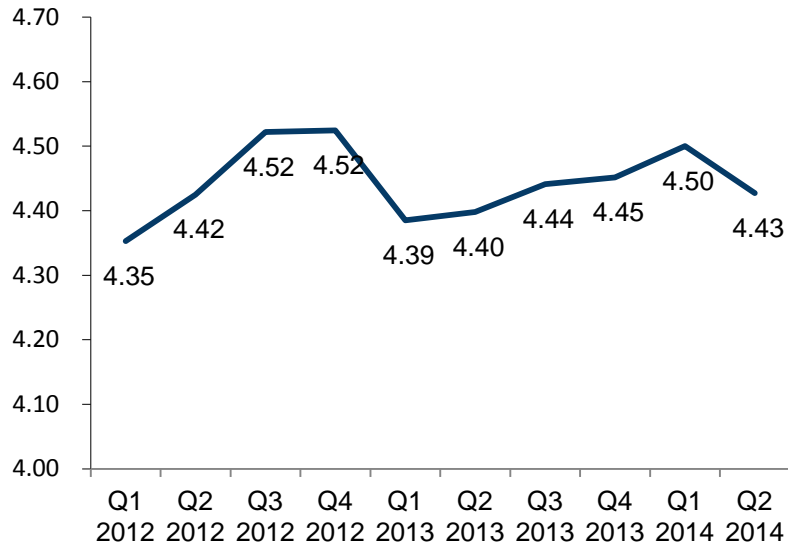
Summary Cash Flow

	Three months ended		Six months ended	
	June 30,		June 30,	
	2013	2014	2013	2014
	(euro in millions)		(euro in millions)	
Cash flows from operations before working capital changes	65.0	54.5	134.0	114.6
Cash flows from changes in working capital	14.5	(6.4)	3.5	(18.6)
Cash flows from operations	79.4	48.1	137.5	96.1
Interest paid	(9.3)	(18.4)	(16.9)	(21.7)
Income tax paid	(2.7)	(1.6)	(3.0)	(2.2)
Cash flow from operating activities	67.4	28.0	117.6	72.2
Cash flow used in investing activities	(59.1)	(45.4)	(121.3)	(88.6)
Cash flows from financing activities	2.8	43.1	6.9	40.3
Net increase (decrease) in cash and cash equivalents	11.1	25.7	3.2	23.9
Cash and cash equivalents at the beginning of the period	4.6	49.9	12.6	50.2
Effect of exchange rate fluctuation on cash and cash equivalent held	0.1	3.4	0.1	4.9
Cash and cash equivalents at the closing of the period	15.8	79.1	15.8	79.1



FOREX development

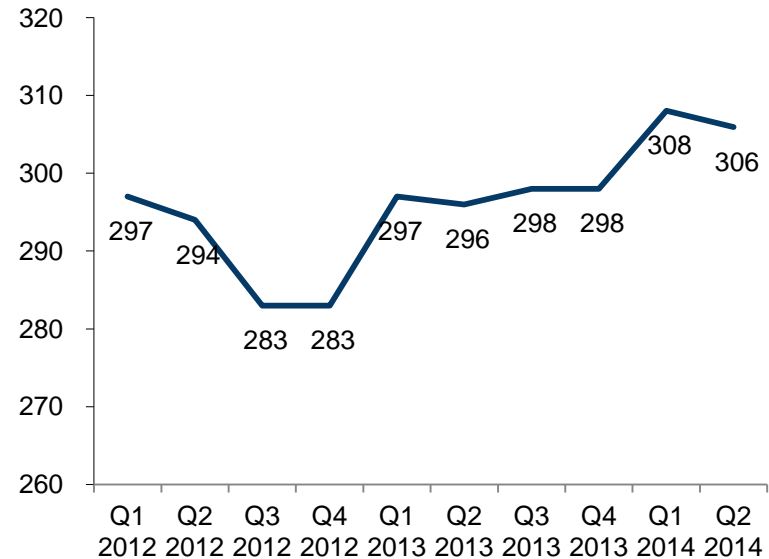
RON/EUR Exchange Rate 2012 – Q2 2014



Romania

- In the three month period ended June 30, 2014, compared with the same period in 2013, the Romanian leu declined by 0.7% relative to the euro.

HUF/EUR Exchange Rate 2012 – Q2 2014

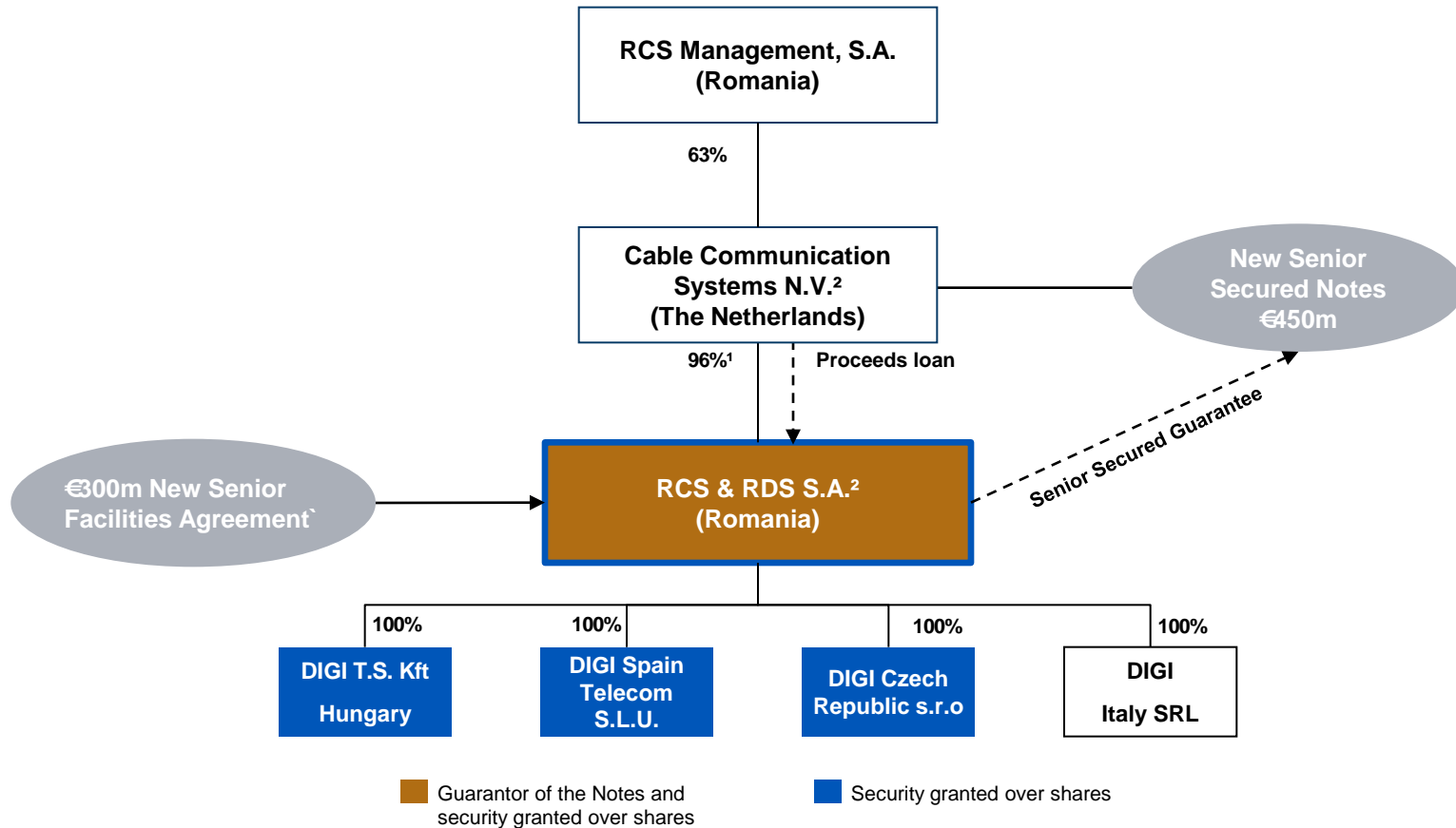


Hungary

- In the three month period ended June, 2014, compared with the same period in 2013, the Hungarian forint declined by 3.4% relative to the euro.



Summary corporate and financing structure



Source: Company data

Note: The structure reflects see-through ownerships post adjustments for treasury shares; ¹ RCS & RDS owns 9.11% of its treasury stock; ² Obligations of CCS and RCS & RDS under the Notes, the Guarantee, the New Senior Facilities Agreement, the ING Facilities Agreement and the Citi Facilities Agreement and certain hedging agreements will be secured by the Collateral on a pari passu basis.

