

## BCP Research: Digicel (DLLTD) – 4Q20 Results Strong- Upgrade DL 23s

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*Summary: Caribbean telecom provider Digicel released impressive 4Q20 (ending 3/31/20) results, reporting higher revenue, EBITDA and ARPU, despite f/x volatility, with the Haitian Gourde and Jamaican dollar down 14% and 6% y/y, respectively. EBITDA margins were robust, reaching 45% at HoldCo (DGL) and 44% at the OpCo (DL, DIFL). The company achieved its guided capex-to-revenue of 13-15% for FY20, with 4Q20 capex-to-revenue of 11%. Meanwhile, the elected grace period and subsequent cancelling of interest payments on DGL1 22s and DGL2 22s, as part of the company's comprehensive exchange, drove positive FCF, reaching highs of US\$120 mm at DGL, US\$76 mm at DL and US\$108 mm at DIFL. DGL cash increased to US\$251 mm, with net debt of US\$7.3 bn and LTM net leverage of 7.2x (at par). Cash was US\$168 mm at DL, with net debt of US\$4.1 bn and LTM net leverage of 5.1x. Finally, DIFL cash reached US\$176 mm, with net debt of US\$1.8 bn and net leverage of 2.3x. These strong results, along with an improved capital structure, should support continued FCF generation and deleveraging, barring strong negative impacts from the epidemic on core operating areas.*

*Digicel anticipates a weaker 1Q20 (ending 6/30/20), driven by COVID-19 and f/x weakness, guiding towards revenue decline of 9-10% y/y and EBITDA decline of 16% y/y in local currency terms. The company plans to maintain its capex budget, guiding towards capex-to-revenue slightly above its 13-15% target as a result of weaker revenues. In addition, Digicel will have the option to invest a maximum of US\$25 mm in its Panama operations, while it seeks local funding to provide additional operational support. This is balanced by the anticipated reduction in leverage and US\$125 mm reduction in annual interest payments post-exchange, alongside US\$90 mm in cash payment from the Orange litigation, expected to be paid to Digicel's French West Indies operations in two weeks.*

***Meanwhile, we continue to believe Digicel's unique portfolio of assets and regional penetration would prove valuable in a partial or complete sale (est. 4-5x TEV), implying coverage for bondholders through the DIFL and DL layers. Following the exchange, we close our 'Positive' rating on the High Octane for DGL2 22s at an equivalent price of 20c. We upgrade the 52c sr. unsecured DLLTD (DL) 6.75% 23s to 'Positive', trading 20c below subordinated DGL0.5 24s and offering an attractive pro-forma yield of 20%, assuming 3-year maturity extension, at 4.9x pro-forma net leverage at the OpCo.***

***We also maintain our 'Market Outperform' rating on LILAK 2% 24 converts at 81c on our Top Picks. Liberty Latin America (LILAK) is the HoldCo issuer of Digicel's direct Caribbean competitor, Cable and Wireless (C&W), which boasts substantial liquidity resources, yet continues to trade wide to subsidiary bonds (CWCLN and VTRFIN). LILAK converts offer an alternative play to Digicel, trading below the bond floor, 8% cheap to the model, while offering 7.5% YTM and a virtually free option on the equity.***

*(Please contact your salesperson for further information)*

Name	Ticker	Coupon	Maturity	M/F/SP	Amt Out (US\$MM)	Mid Price	Mid YTM	Rank	Rating
Digicel Group 0.5 Ltd	DLLTD	10.00% (8% cash + 2% PIK)	4/1/2024	Caa3/-/CCC	941	69.8	22.1%	Secured	-
Digicel Group 0.5 Ltd	DLLTD	8.00% (5% cash + 3% PIK)	4/1/2025	Ca/-/CC	391	24.5	45.4%	Sr Unsecured	-
Digicel Group 0.5 Ltd	DLLTD	7.00% PIK	Perp	Ca/-/CC	197	2.5	n/a	Subordinated	-
Digicel Ltd	DLLTD	6.00%	4/15/2021	Caa3/-/CCC-	7	61.5	82.7%	Sr Unsecured	-
Digicel Ltd	DLLTD	6.75%	3/1/2023	Caa3/-/CCC-	925	51.7	36.7%	Sr Unsecured	Positive
Digicel International Finance Ltd	DLLTD	8.75%	5/25/2024	Caa1/-/CCC+	600	98.2	9.3%	1st lien	-
Digicel International Finance Ltd	DLLTD	8.75%	5/25/2024	Caa1/-/CCC+	626	98.8	9.1%	1st lien	-
Digicel International Finance Ltd	DLLTD	13.00% (6% cash + 7% PIK)	12/31/2025	Caa2/-/CCC+	317	85.7	16.8%	Sr Unsecured	-
Digicel International Finance Ltd	DLLTD	8.00%	12/31/2026	Caa2/-/CCC+	250	63.6	17.6%	Subordinated	-

\* Amount outstanding as reported on Bloomberg

### Pro-Forma Debt Through the Layers (further breakdown below):

Digicel Pro-Forma Debt (US\$MM) (1)	DGL0.5	DL	DIFL	Coupon	Maturity	Rank
<b>Total Debt</b>	<b>5,764</b>	<b>4,089</b>	<b>3,157</b>			
<b>DIFL</b>	<b>3,157</b>	<b>3,157</b>	<b>3,157</b>			
DIFL Term Loan B	1,029	1,029	1,029	Libor + 3.75%	24-May	1L Gtd. Sr. Sec'd
DIFL (existing)	600	600	600	8.75%	24-May	1st Lien
DIFL (new) (2)	626	626	626	8.75%	24-May	1st Lien
DIFL	317	317	317	13% (6% cash + 7% PIK)	25-Dec	Sr. Unsec'd
DIFL (3)	250	250	250	8%	26-Dec	Subordinated
DIFL Revolver (4)	-	-	-	5%	TBD	1L Gtd. Sr. Sec'd
Lease Obligations	326	326	326			
Other Debt	9	9	9			
<b>DL</b>	<b>932</b>	<b>932</b>	<b>-</b>			
DL	7	7	-	6%	15-Apr	Sr. Unsec'd
DL	925	925	-	6.75%	23-Mar	Sr. Unsec'd
<b>DPL</b>	<b>134</b>	<b>-</b>	<b>-</b>			
DPL Loan	88	-	-		2025	Secured
Lease Obligations	46	-	-			
<b>DGL0.5 (5)</b>	<b>1,541</b>	<b>-</b>	<b>-</b>			
DGL0.5	941	-	-	10% (8% cash + 2% PIK)	24-Apr	Sec'd
DGL0.5	400	-	-	8% (5% cash + 3% PIK)	25-Apr	Unsec'd
DGL0.5 CNVT (6)	200	-	-	7% PIK	Perp	Unsec'd
Cash and Equivalents	251	168	167			
<b>Net Debt</b>	<b>5,513</b>	<b>3,921</b>	<b>2,990</b>			
<b>FY20 EBITDA</b>	<b>1,004</b>	<b>800</b>	<b>808</b>			
<b>LTM Gross Leverage</b>	<b>5.7x</b>	<b>5.1x</b>	<b>3.9x</b>			
<b>LTM Net leverage</b>	<b>5.5x</b>	<b>4.9x</b>	<b>3.7x</b>			
<b>Secured Debt</b>	<b>3,665</b>	<b>2,590</b>	<b>2,590</b>			
<b>Pro-Forma Secured Gross Leverage</b>	<b>3.7x</b>	<b>3.2x</b>	<b>3.2x</b>			
<b>Pro-Forma Secured Net Leverage</b>	<b>3.4x</b>	<b>3.0x</b>	<b>3.0x</b>			

(1) Assumes holdout DGL1 22s, DGL2 22s, DGL2 24s, DGL3 20s and DGL3 22s liquidated under Scheme of Arrangement

(2) Treated as single class with existing DIFL 24s but listed under new CUSIP/ISIN. Non-fungible with existing DIFL notes

(3) Subordinated notes subject to increase if addtl. credit support not provided (detailed in OM)

(4) DIFL Revolver undrawn, US\$100 mm available. Assuming additional US\$100 mm permitted under credit facility approved, undrawn availability should increase to US\$200 mm, with maturity extended

(5) New DGL0.5 bonds will be entirely PIK for the first year.

(6) Automatically convert into 49% of total outstanding common shares of DGL0.5 if still outstanding after third anniversary

### Digicel Group Limited (DGL) – 4Q20 Results:

- ARPU of US\$10.6 expanded 4% y/y while flat q/q, consistent with management's ARPU growth objectives
- Mobile subscribers decreased 5% y/y and 1% q/q to 12.6 mm, driven by:
  - El Salvador: Reduction of 351k mobile subscribers y/y, following group implementation of a standard definition of "subscriber"
  - Jamaica: Reduction of 137k mobile subscribers y/y in Jamaica, on increased competition
  - Trinidad & Tobago: Reduction of 61k mobile subscribers in Trinidad & Tobago, impacted by COVID-19
  - Papua New Guinea (PNG): Reduction of 52k mobile subscribers y/y, again impacted by COVID-19
  - Haiti: Addition of 60k mobile subscribers y/y
- Revenues of US\$579 mm were up 2% y/y and 1% q/q, including a negative US\$17 mm impact from currency fluctuation
  - Revenues improved y/y and q/q across all segments (excl. mobile)
  - Mobile revenues of US\$402 mm were down 2% y/y and q/q, mainly driven by voice revenue declines of 2% y/y and q/q to US\$185 mm. Data revenue of US\$216 mm was weaker q/q but expand +5% y/y, and continued to outpace voice revenues for the fifth quarter in a row

- EBITDA on a headline basis was US\$259 mm, up 9% y/y and 4% q/q
  - The company recognized a US\$17 mm benefit from the implementation of IFRS 16 accounting policies. Eliminating this impact, y/y change in EBITDA was up 11% y/y and 4% q/q at US\$242 mm
- EBITDA margins expanded 317 bps y/y and 117 bps q/q to 44.8%
- LTM EBITDA was only 3% lower y/y and 2% higher q/q at US\$1,004 mm
- Free cash flow turned positive US\$120 mm, benefitting from robust EBITDA performance, alongside the reigning in of capex and working capital use, deferral of interest payments and reduction in taxes
  - Working capital use contracted 68% q/q to US\$7 mm
  - Capex contracted 20% q/q to US\$60 mm, with capex-to-revenue of contracting 275 bps q/q to 11%, well below management's guided 13-15% range
    - FY19 capex-to-revenue was 14%, within management's guided range (13-15%)
  - Interest payments contracted 56% q/q to US\$60 mm, in line with the company's election to enter into a grace period on interest payments due March 30<sup>th</sup> 2020, relating to DGL1 22s and DGL2 22s, which were included in the comprehensive debt exchange
    - The company recognized a US\$10 mm impact y/y on interest payments as a result of IFRS 16 implementation
  - Tax payments decreased 70% q/q to US\$13 mm, primarily due to lower payments in the French West Indies (FWI), Barbados and other markets
- Cash and equivalents increased 99% q/q to US\$251 mm
- Net debt (IFRS 16) was US\$7,274 mm and LTM net leverage (pro-forma IFRS) contracted to 7.2x
  - Following the exchange, we expect pro-forma net debt to reduce to US\$5,551 mm, matched by pro-forma LTM net leverage contraction at DGL to 5.5x

	IFRS 16	IFRS 16	IFRS 16	IFRS 16			
Digicel Group Limited (US\$MM)	4Q20	3Q20	2Q20	1Q20	4Q19	y/y	q/q
Total Subscribers (mm)	13.0	13.1	13.3	13.4	13.6	(4%)	(1%)
Mobile Subscribers	12.6	12.7	12.9	13.0	13.2	(5%)	(1%)
ARPU (USD)	10.6	10.6	10.5	10.4	10.2	4%	0%
<b>Service Revenues</b>	<b>549</b>	<b>549</b>	<b>554</b>	<b>539</b>	<b>545</b>	<b>1%</b>	<b>(0%)</b>
- Mobile	402	408	408	407	409	(2%)	(2%)
Voice	185	188	187	195	202	(8%)	(1%)
Data	216	220	221	212	207	5%	(2%)
- Business Solutions	68	62	63	58	64	6%	10%
- Cable TV, Broadband & Fixed	51	51	51	50	49	4%	0%
- Other Revenue	28	28	32	24	23	22%	0%
<b>Total Revenues</b>	<b>579</b>	<b>574</b>	<b>574</b>	<b>564</b>	<b>570</b>	<b>2%</b>	<b>1%</b>
- Handset/Equipment Revenue	30	25	20	25	25	20%	20%
<b>EBITDA</b>	<b>242</b>	<b>232</b>	<b>232</b>	<b>225</b>	<b>218</b>	<b>11%</b>	<b>4%</b>
<i>EBITDA margin</i>	41.9%	40.5%	40.4%	39.9%	38.3%	354 bps	138 bps
Adjustment for leases/contracts	17	18	18	19	19	(10%)	(6%)
<b>EBITDA (pro-forma IFRS)*</b>	<b>259</b>	<b>251</b>	<b>250</b>	<b>244</b>	<b>237</b>	<b>9%</b>	<b>4%</b>
<i>EBITDA (ex-leases/contracts) margin</i>	44.8%	43.7%	43.6%	43.3%	41.7%	317 bps	117 bps
<b>LTM EBITDA (pro-forma IFRS)*</b>	<b>1,004</b>	<b>982</b>	<b>991</b>	<b>1,012</b>	<b>1,036</b>	<b>(3%)</b>	<b>2%</b>
<i>EBITDA (ex-leases/contracts) margin</i>	43.8%	43.0%	43.3%	44.1%	45.1%	(127 bps)	80 bps

	IFRS 16	IFRS 16	IFRS 16	IFRS 16			
Digicel Group Limited (US\$MM)	4Q20	3Q20	2Q20	1Q20	4Q19	y/y	q/q
Total Debt	7,526	7,476	7,480	7,477	7,045	7%	1%
Finance Facilities & Sr. Notes	6,967	6,969	6,966	6,968	7,045	(1%)	(0%)
- Senior Debt	1,728	1,730	1,736	1,738	1,742	(1%)	(0%)
Lease Obligations	372	507	514	509	n/a	-	(26%)
Cash	251	126	180	214	279	(10%)	99%
Net Debt (IFRS 16)	7,274	7,350	7,299	7,263	6,766	8%	(1%)
Non-IFRS LTM Net Leverage	7.7x	7.7x	7.6x	7.4x	7.3x	0.3x	0.0x
Non-IFRS LTM Net Leverage	7.4x	7.5x	7.4x	7.2x	7.1x	0.4x	(0.1x)
LQA Gross Leverage (pro-forma IFRS 16)	7.3x	7.5x	7.5x	7.7x	n/a	-	(0.2x)
LQA Net Leverage (pro-forma IFRS 16)	7.0x	7.3x	7.3x	7.4x	n/a	-	(0.3x)
LTM Gross Leverage (pro-forma IFRS)	7.5x	7.6x	7.5x	7.4x	n/a	-	(0.1x)
LTM Net Leverage (pro-forma IFRS)	7.2x	7.5x	7.4x	7.2x	n/a	-	(0.2x)
	IFRS 16	IFRS 16	IFRS 16	IFRS 16			
Digicel Group Limited (US\$MM)	4Q20	3Q20	2Q20	1Q20	4Q19	y/y	q/q
<b>EBITDA (pro-forma IFRS)*</b>	<b>259</b>	<b>251</b>	<b>250</b>	<b>244</b>	<b>237</b>	<b>9%</b>	<b>4%</b>
Working capital	(7)	(21)	8	0	39	(117%)	(68%)
Capex	(60)	(75)	(85)	(102)	(104)	(42%)	(20%)
Interest paid	(60)	(135)	(140)	(102)	(135)	(56%)	(56%)
Taxes paid	(13)	(43)	(40)	(42)	(26)	(51%)	(70%)
<b>Free Cash Flow</b>	<b>120</b>	<b>(25)</b>	<b>(7)</b>	<b>(2)</b>	<b>11</b>	<b>1006%</b>	<b>-</b>

\* Assumes flat lease and contract impact q/q

#### **Digicel Limited (DL) – 4Q20 Results:**

- ARPU increased 3% y/y and was flat q/q at US\$10.4
- Mobile subscribers decreased 6% y/y and 1% q/q to 10.1 mm driven by the above (excl. PNG)
- Revenues increased 3% y/y and 2% q/q to US\$458 mm
- On a headline basis, EBITDA was US\$202 mm, up 11% y/y and 3% q/q
  - Eliminating the US\$16 mm impact of IFRS changes, y/y change in EBITDA was up 12% y/y and 4% sequentially at US\$187 mm
- EBITDA margins contracted 332 bps y/y and 56 bps q/q to 44.1%
- Free cash flow turned positive US\$76 mm, driven strong EBITDA generation and reduction in interest and capex payments, balanced by an increase in working capital use
  - Working capital use increased 59% q/q to US\$22 mm
  - Capex of US\$39 mm was 40% lower q/q, reflecting 4Q20 capex-to-revenue of 9% compared to 15% in 3Q20
- Cash and equivalents increased 98% q/q to US\$168 mm
- Net debt (IFRS 16) was US\$4,075 mm and LTM net leverage (pro-forma IFRS) contracted to 5.1x
  - Following the exchange, we expect pro-forma net debt to reduce to US\$3,930 mm, matched by pro-forma LTM net leverage contraction at DL to 4.9x

	IFRS 16	IFRS 16	IFRS 16	IFRS 16			
Digicel Limited (US\$MM)	4Q20	3Q20	2Q20	1Q20	4Q19	y/y	q/q
Total Subscribers (mm)	10.4	10.4	10.6	10.7	10.9	(5%)	0%
Mobile Subscribers	10.1	10.2	10.4	10.5	10.7	(6%)	(1%)
ARPU (USD)	10.4	10.4	10.3	10.1	10.1	3%	0%
<b>Service Revenues</b>	<b>432</b>	<b>430</b>	<b>431</b>	<b>426</b>	<b>424</b>	<b>2%</b>	<b>0%</b>
- Mobile	317	320	321	321	325	(2%)	(1%)
Voice	149	149	149	159	166	(10%)	0%
Data	168	171	172	162	159	6%	(2%)
- Business Solutions	49	47	46	44	40	23%	4%
- Cable TV, Broadband & Fixed	43	43	42	41	39	10%	0%
- Other Revenue	23	20	22	20	20	15%	15%
<b>Total Revenues</b>	<b>458</b>	<b>451</b>	<b>448</b>	<b>447</b>	<b>446</b>	<b>3%</b>	<b>2%</b>
- Handset/Equipment Revenue	26	21	17	21	22	18%	24%
<b>EBITDA</b>	<b>187</b>	<b>180</b>	<b>188</b>	<b>180</b>	<b>166</b>	<b>12%</b>	<b>4%</b>
EBITDA margin	40.7%	39.9%	42.0%	40.3%	37.2%	352 bps	85 bps
Adjustment for leases/contracts	16	17	17	16	16	(3%)	(6%)
<b>EBITDA (pro-forma IFRS)*</b>	<b>202</b>	<b>196</b>	<b>205</b>	<b>196</b>	<b>182</b>	<b>11%</b>	<b>3%</b>
EBITDA (ex-leases/contracts) margin	44.1%	43.6%	45.8%	43.8%	40.8%	332 bps	56 bps
<b>LTM EBITDA (pro-forma IFRS)*</b>	<b>800</b>	<b>779</b>	<b>794</b>	<b>814</b>	<b>840</b>	<b>(5%)</b>	<b>3%</b>
						(204 bps)	
EBITDA (ex-leases/contracts) margin	44.3%	43.5%	44.2%	45.0%	46.4%		83 bps
	IFRS 16	IFRS 16	IFRS 16	IFRS 16			
Digicel Limited (US\$MM)	4Q20	3Q20	2Q20	1Q20	4Q19	y/y	q/q
Total Debt	4,242	4,250	4,280	4,256	3,872	10%	(0%)
Finance Facilities & Sr. Notes	3,865	3,865	3,869	3,868	2,225	74%	0%
- Senior Debt	1,640	1,640	1,644	1,643	1,647	(0%)	0%
Cash	168	84	92	156	180	(7%)	98%
Net Debt (IFRS 16)	4,075	4,166	4,188	4,100	3,692	10%	(2%)
Non-IFRS LTM Net Leverage	5.3x	5.4x	5.3x	5.2x	5.0x	0.3x	(0.2x)
Non-IFRS LTM Net Leverage	5.0x	5.3x	5.2x	5.0x	4.8x	0.3x	(0.3x)
LQA Gross Leverage (pro-forma IFRS 16)	5.2x	5.4x	5.2x	5.4x	n/a	-	(0.2x)
LQA Net Leverage (pro-forma IFRS 16)	5.0x	5.3x	5.1x	5.2x	n/a	-	(0.3x)
LTM Gross Leverage (pro-forma IFRS 16)	5.3x	5.5x	5.4x	5.2x	n/a	-	(0.1x)
LTM Net Leverage (pro-forma IFRS 16)	5.1x	5.3x	5.3x	5.0x	n/a	-	(0.2x)
	IFRS 16	IFRS 16	IFRS 16	IFRS 16			
Digicel Limited (US\$MM)	4Q20	3Q20	2Q20	1Q20	4Q19	y/y	q/q
<b>EBITDA (pro-forma IFRS)*</b>	<b>202</b>	<b>196</b>	<b>205</b>	<b>196</b>	<b>182</b>	<b>11%</b>	<b>3%</b>
Working capital	(22)	(14)	1	(1)	23	-	(59%)
Capex	(39)	(66)	(74)	(89)	(92)	(57%)	(40%)
Interest paid	(54)	(98)	(56)	(63)	(51)	6%	(45%)
Taxes paid	(11)	(33)	(33)	(31)	(23)	(53%)	(68%)
<b>Free Cash Flow</b>	<b>76</b>	<b>(14)</b>	<b>43</b>	<b>12</b>	<b>39</b>	<b>93%</b>	<b>-</b>

\* Assumes flat lease and contract impact q/q

#### **Digicel International Finance Limited (DIFL) – 4Q20 Results:**

- ARPU increased 3% y/y and was flat q/q at US\$10.4
- Mobile subscribers decreased 6% y/y and 1% q/q to 10.1 mm, driven again by the above (excl. PNG)
- Revenues were US\$458 mm, up 3% y/y and 2% q/q
- On a headline basis, EBITDA was US\$204 mm, up 9% y/y and 2% q/q
  - Eliminating the US\$16 mm impact of IFRS changes y/y change in EBITDA was still down 9% y/y and 4% q/q at US\$188 mm
- EBITDA margins expanded 273 bps y/y and 24 bps q/q to 44.4%
- Free cash flow was positive US\$108 mm, benefitting from strong EBITDA, and reduction in capex, interest and payments, which outweighed working capital expansion

- Cash and equivalents increased 101% q/q to US\$167 mm
- Net debt was US\$1,819 mm and LTM net leverage was 2.3x
  - Following the exchange we expect pro-forma net debt to increase to US\$3,006 mm, matched by pro-forma LTM net leverage expansion at DIFL to 3.7x

	IFRS 16	IFRS 16	IFRS 16	IFRS 16			
DIFL (US\$MM)	4Q20	3Q20	2Q20	1Q20	4Q19	y/y	q/q
Total Subscribers (mm)	10.4	10.4	10.6	10.7	10.9	(5%)	0%
Mobile Subscribers	10.1	10.2	10.4	10.5	10.7	(6%)	(1%)
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- Handset/Equipment Revenue	26	21	17	21	22	18%	24%
<b>EBITDA</b>	<b>188</b>	<b>183</b>	<b>191</b>	<b>182</b>	<b>169</b>	<b>11%</b>	<b>3%</b>
<i>EBITDA margin</i>	41.1%	40.5%	42.7%	40.7%	37.9%	316 bps	53 bps
Adjustment for leases/contracts	16	17	17	17	17	(9%)	(6%)
<b>EBITDA (pro-forma IFRS)*</b>	<b>204</b>	<b>199</b>	<b>208</b>	<b>199</b>	<b>186</b>	<b>9%</b>	<b>2%</b>
<i>EBITDA (ex-leases/contracts) margin</i>	44.4%	44.2%	46.4%	44.5%	41.7%	273 bps	24 bps
<b>LTM EBITDA (pro-forma IFRS)*</b>	<b>808</b>	<b>791</b>	<b>809</b>	<b>832</b>	<b>861</b>	<b>(6%)</b>	<b>2%</b>
	44.8%	0.0%	45.5%	46.5%	48.0%		
	IFRS 16	IFRS 16	IFRS 16	IFRS 16			
DIFL (US\$MM)	4Q20	3Q20	2Q20	1Q20	4Q19	y/y	q/q
Total Debt	1,987	2,000	2,027	2,008	1,651	20%	(1%)
Cash	167	83	92	156	180	(7%)	101%
Net Debt	1,819	1,916	1,935	1,852	1,471	24%	(5%)
LTM Gross Leverage	2.5x	2.5x	2.5x	2.4x	1.9x	0.5x	(0.1x)
LTM Net Leverage	2.3x	2.4x	2.4x	2.2x	1.7x	0.5x	(0.2x)
	IFRS 16	IFRS 16	IFRS 16	IFRS 16			
DIFL (US\$MM)	4Q20	3Q20	2Q20	1Q20	4Q19	y/y	q/q
<b>EBITDA (pro-forma IFRS)**</b>	<b>204</b>	<b>199</b>	<b>208</b>	<b>199</b>	<b>186</b>	<b>9%</b>	<b>2%</b>
Working capital	(23)	(14)	(1)	(1)	23	(199%)	61%
Capex	(39)	(66)	(74)	(89)	(92)	(57%)	(40%)
Interest paid	(23)	(59)	(25)	(24)	(51)	(55%)	(61%)
Taxes paid	(11)	(33)	(33)	(31)	(23)	(53%)	(68%)
<b>Free Cash Flow</b>	<b>108</b>	<b>27</b>	<b>76</b>	<b>54</b>	<b>43</b>	<b>149%</b>	<b>293%</b>

\* Assumes flat lease and contract impact q/q

## Pro-Forma Leverage Through the Layers (cont'd):

(US\$MM )(1)	Digicel International Finance Limited (DIFL)							Digicel Pacific Limited (DPL)					Digicel Group Limited (DGL0.5)		
Description	DIFL Lease Oblig.	DIFL Term Loan B	DIFL Revolver (2)	DIFL (3)	DIFL (3)	DIFL	DIFL (4)	DIFL Other Debt	DL	DL	DPL Lease Oblig.	DPL	DGL0.5	DGL0.5 CNVT (5)	DGL0.5
CPN	n/a	5.03%	4.95%	8.75%	8.75%	13% (6% cash + 7% PIK)	8.00%	n/a	6.00%	6.75%	n/a	n/a	10% (8% cash + 2% PIK)	7% PIK	8% (5% cash + 3% PIK)
Maturity	n/a	5/27/2024	N/A	5/25/2024	5/25/2024	12/31/2025	12/31/2026	n/a	4/15/2021	3/1/2023	n/a	7/17/1905	4/1/2024	Perp	4/1/2025
Amount (US\$MM)	326	1,029	-	600	626	317	250	9	7	925	46	88	941	200	400
Rank	n/a	1L Gtd. Sr. Sec'd	1L Gtd. Sr. Sec'd	1st Lien	1st Lien	Sr. Unsec'd	Subordinated	n/a	Sr. Unsec'd	Sr. Unsec'd	n/a	Secured	Sec'd	Unsec'd	Unsec'd
Guarantor	n/a	DIFL's obligor / guarantor subs. under DIFL Facility	DIFL's obligor / guarantor subs. under DIFL Facility	DIFL's obligor / guarantor subs. under DIFL Facility	DIFL's obligor / guarantor subs. under DIFL Facility	DIFL Guarantors	Sub. guarantee by DL's subs. that are obligors/guarantors of existing DL 23s	n/a	Sub. guarantee by Holdings, DIFL and certain of their subsidiaries	Sub. guarantee by Holdings, DIFL and certain of their subsidiaries	n/a	-	DPL	-	-
Collateral	-	Guarantees from and security over substantially all shares/assets of DIFL and subsidiaries (representing not less than 75% of consolidated EBITDA 85% of total assets)	Guarantees from and security over substantially all shares/assets of DIFL and subsidiaries (representing not less than 75% of consolidated EBITDA 85% of total assets)	Substantially all tangible/intangible assets at DIFL, Holdings and DIFL Guarantors that secure borrowings under the DIFL facility and existing DIFL secured notes	Substantially all tangible/intangible assets at DIFL, Holdings and DIFL Guarantors that secure borrowings under the DIFL facility and existing DIFL secured notes	-	Rank equal in right of payment with existing/future sub. DIFL and Holdings debt, incl. guarantees to existing DL notes	-	-	-	-	-	(1) All capital stock DPL and DL (2) DGL0.5's receivable under Digicel (CA) Limited (3) All capital stock of Digicel (PNG) Ltd	-	-
Total Debt	326	1,355	1,355	2,581	2,581	2,898	3,148	3,157	3,164	4,089	46	88	5,164	5,364	5,764
Cash	167	167	167	167	167	167	167	167	168	168	n/a	n/a	251	251	251
Net Debt	159	1,188	1,188	2,414	2,414	2,731	2,981	2,990	2,996	3,921	n/a	n/a	4,913	5,113	5,513
Pro-Forma FY20 LTM EBITDA	808	808	808	808	808	808	808	808	800	800	197	197	1,004	1,004	1,004
Pro-Forma Gross Leverage	0.4x	1.7x	1.7x	3.2x	3.2x	3.6x	3.9x	3.9x	4.0x	5.1x	0.2x	0.4x	5.1x	5.3x	5.7x
Pro-Forma Net Leverage	0.2x	1.5x	1.5x	3.0x	3.0x	3.4x	3.7x	3.7x	3.7x	4.9x	n/a	n/a	4.9x	5.1x	5.5x

(1) Assumes holdout DGL1 22s, DGL2 22s, DGL2 24s, DGL3 20s and DGL3 22s liquidated under Scheme of Arrangement

(2) DIFL Revolver undrawn, US\$100 mm available

(3) Treated as single class with existing DIFL 24s but listed under new CUSIP/ISIN. Non-fungible with existing DIFL notes

(4) Subordinated notes subject to increase if addtl. credit support not provided (detailed in OM)

(5) Automatically convert into 49% of total outstanding common shares of DGL0.5 if still outstanding after third anniversary

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“Not Rated” or no comment – Currently, the analyst does not have adequate conviction about the bond’s total return relative to the CEMBI Broad Diversified High-Yield Index over the next 3 – 6 months.

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“Market Underweight” – The spread of the bond to its similarly duration sovereign controller bond is expected to increase over the next 3 – 6 months.

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“Positive” – Bonds that in our view have an equity investment risk profile and we think risk/return is skewed to the upside

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