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INVESTOR UPDATE

SEPTEMBER, 2018

DIGICEL EXCHANGE OFFER

PLEASE SEE IMPORTANT DISCLOSURES & COPYRIGHT INFRINGEMENT IN THE APPENDIX

COMPANY OVERVIEW

Incorporated in Bermuda, Digicel Group Limited and its subsidiaries provide communications services including Mobile telephony, Business solutions, Cable TV & Broadband and other related products and services in the Caribbean, South Pacific and Central America. Digicel provides its products and services to retail, corporate (including small and medium-sized enterprises) and government customers. Digicel has 14.2 million subscribers across all its markets and boasts the number one mobile market position in 25 of these 31 markets.

EXCHANGE OFFER

On August 31, 2018, Digicel announced an offer to exchange the outstanding $2.0 billion in 8.25% Notes due 2020 and the $1.0 billion in 7.125% Notes due 2022 for new Notes maturing two years later, 2022 and 2024, respectively. The new 2022 Notes will have the same 8.25% coupon as the existing 2020 Notes. The new 2024 Notes will have a total coupon of 8.25% - cash interest accruing at a rate of 7.125% with a payment-in-kind coupon of a 1.125%.

Existing Digicel Group Limited Notes to be Exchanged	CUSIP/ISIN Numbers	Aggregate Principal Amount Outstanding	Exchange Consideration	Early Tender Premium	Total Exchange Consideration
8.25% Notes due 2020	25380WAE6 / US25380WAE66; G27631AD5 / USG27631AD56	$2,000,000,000	$950 principal amount	$50 principal amount	$1,000 principal amount
7.125% Notes due 2022	25380WAF3 / US25380WAF32; G27631AF0 / USG27631AF05	$1,000,000,000	$950 principal amount	$50 principal amount	$1,000 principal amount

The offer is contingent on the fulfilment of certain conditions (which may be waived), including at least 90% of the principal amount of each series being tendered, receipt of requisite consent from holders for the proposed amendments of each series and the consummation of the other Exchange Offer. Digicel is concurrently soliciting consent from holders of the existing Notes of each series to amend the existing Indentures to remove substantially of the covenants, restrictive provisions and events of default. As such, in the event of a successful exchange, non-participating bondholders will be left holding Notes that have no protective clauses embedded. The secondary market for such Notes is also likely to be limited as such hold-outs may experience difficultly exiting their position.

Interest would accrue on the new notes from the last date of payment on the existing notes. Also, no partial tenders of Notes will be accepted. The deadline for the tender is 5:00 p.m., September 28, 2018.

FINANCIAL PERFORMANCE – FIRST QUARTER ENDED JUNE 30, 2018 (USD)

PROFITABILITY

Digicel Group Limited reported revenues of $565.2M for the three months ended June 30, 2018, a 6.4% decline year-over-year. Service revenues of $546M were down 7% year-over-year due to declines in mobile revenue, a $7M decline in low margin wholesale revenue and the introduction of IFRS15 in 1Q19 which resulted in a reallocation of $6M of service revenue to handset and equipment revenue. The company also attributed the decline to tariff rebalancing actions taken. Digicel is of the belief that these initiatives will have a short-term negative impact on revenues but the customer-centric moves will stimulate higher usage and revenues in FY19 and later.

Voice revenues of $214M were down 16% as data substitution continued to negatively impact the segment. Data revenues were down 2% due to tariff rebalancing in 3Q18 and 4Q18. The Company noted that despite the decline in the short-term, it had already begun to see the benefits in increased data adoption and usage and revenue growth in some markets. Business solutions revenues of $59M rose 21% in the quarter year-over-year and now represent 11% of service revenues, up from 8% a year prior. Cable TV, Broadband & Fixed revenues rose 9% from the prior year quarter to $48M with Fixed-to-the-Home (FTTH) revenues up 29% on the 1Q18 performance.

Despite a 9.2% decline in cost of sales, the fall in revenues and a 7.6% increase in operating expenses resulted in a 35.1% fall in operating profits to $89.2M. With finance costs of $126.7M for the period, the operating profit was completely offset leading to losses for the period. Interest coverage remains acceptable but was down as EBITDA-to-interest expense fell to 1.57x from 1.71x in 1Q18. EBITDA amounted to $199.6M, down 18.4% from a year prior. With deteriorating profitability and weakened cash flow generation, the Company's ongoing ability to service its debt is cause for concern. Net loss for the quarter stood at $67.9M, a 22.9% increase on the prior year period. The loss helped to push the company's accumulated deficit to $3.25B while total deficit rose 8% to $3.61B.

Total debt amounted to $6.9B a 4% increase year-over-year, driven by a 3% increase in long-term debt to $6.7B. From the table below we can see that the company has almost total obligations amounting to almost $2.5B in 2020. The 2020 Note is currently yielding 28%, therefore refinancing in global capital markets does not appear to be a feasible option for debt management. As such, Digicel has come forward with this Exchange Offer to essentially buy time to turn around its financials. We expect the Company to use this time to create a better picture for investors which would allow them to roll the debt at more favourable terms than existing yields.

MOODY'S DOWNGRADE

Following the announcement of the Exchange Offer, Moody's Investors Service moved Digicel's corporate family rating from B2 to Caa1, a two notch downgrade, and assigned a rating of Caa2 to new senior unsecured notes due 2022 and 2024. Moody's has stated that if completed as proposed, it would view the exchange as a distressed exchange, despite the benefits, due to Digicel's high leverage, coupon levels on the new notes which are substantially lower than those implied by the current trading on the company's existing notes and subordination of the non-tendered notes. The outlook on all ratings is stable. Moody's rationalized the move as a reflection of Digicel's "ongoing high leverage and untenable capital structure." Moody's added that the downgrad also highlighted its view that there is higher likelihood of future distressed exchanges, even considering the extended maturities that would result from this exchange.

OUTLOOK & RECOMMENDATION

Our recommendation is for bondholders to ACCEPT this offer. At this time, the captioned bonds are trading at a yield in excess of 20%, which indicates the level of coupon Digicel would have to pay if it were to refinance in the market. Such high coupon payments could not be sustained by the company and as such they have moved to extend the maturities of the 2020 and 2022 Notes. Hold-outs would also be in a precarious position if the Offer is successful as the exisiting bonds would have no protections and a very illiquid market. The company retains a market-leading position in several markets and recently announced that it won the bid to rebuild Dominica's telecommunications infrastructure following hurricane damage in 2017.

APPENDIX

IMPORTANT DISCLOSURES

ABSTRACT—As a part of our new Portfolio Strategy we are recommending strict adherence to the following Portfolio Allocation DEFINITIONS/ RECOMMENDATIONS.

PLEASE NOTE THAT NO INDIVIDUAL ASSET IN YOUR PORTFOLIO SHOULD HAVE A WEIGHTING GREATER THAN 5% UNLESS OTHERWISE RECOMMENDED BY YOUR PORTFOLIO MANAGER OR A SPECIFIC JMMB RESEARCH REPORT. CONSEQUENTLY THE FOLLOWING **DEFINITIONS** ARE PROVIDED FOR CLARITY.

UNDERWEIGHT -
REDUCE EXPOSURE IN YOUR PORTFOLIO TO LESS THAN 5% FOR THIS PARTICULAR ASSET

SELL -
REDUCE EXPOSURE IN YOUR PORTFOLIO TO ZERO.

HOLD/MARKETWEIGHT -
EXPOSURE TO THE ASSET SHOULD BE EQUAL TO 5% OF YOUR TOTAL PORTFOLIO HELD AT JMMB.

OVERWEIGHT/BUY -
EXPOSURE TO THIS ASSET SHOULD BE BETWEEN 5% AND 10% OF YOUR TOTAL PORTFOLIO HELD AT JMMB

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