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INVESTOR UPDATE

NOVEMBER, 2018

DIGICEL GROUP LIMITED

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 holds 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, in 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%.

The offer was contingent on the fulfilment of certain conditions, 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 also solicited consent from holders of the existing Notes of each series to amend the existing indentures to remove substantially all of the covenants, restrictive provisions and events of default. As such, in the event of a successful exchange, non-participating bondholders would be left holding Notes that have no protective clauses embedded. The secondary market for such Notes would have been limited as such hold-outs would have experienced difficultly exiting their position.

However, an ad-hoc group of bondholders representing in excess of 60% of the 2020 and 2022 Notes banded together, entering into a lock-up agreement to not tender their Notes in response to the company's debt exchange proposal as they viewed the terms to be unfavourable. Agents were hired by the group to negotiate better terms on their behalf, however, Digicel and the group have not been able to come to a consensus. As a result, the deadline for the debt exchange has been extended multiple times. On the 13th of November, 2018, Digicel announced the swap deadline was being extended for a fifth time to November 30, 2018.

OUTLOOK & RECOMMENDATION

At the time of the initial announcement, we had recommended that clients accept the offer. Our recommendation was driven by the fact that yields on the captioned bond at the time were in excess of 20%. If Digicel were to refinance these Notes now, this would be the level of coupon Digicel would have to pay on new Notes. The Company is currently unable to service such high coupons and it is likely that this was the driving factor behind the decision to present a debt exchange to extend the maturity of the Notes to bondholders.

Since that recommendation, the Company has been met with resistance by a majority of bondholders who have entered into an agreement to not participate. Digicel has stated that it is continuing to hold discussions with these holdouts with the hope of reaching an amicable conclusion after a fifth deadline extension.

Our recommendation presumed that Digicel did not have much room to improve the offer for the debt exchange and viewed it favourably considering the fact that the principal amount and coupon rate was maintained. Having been met with resistance by the ad hoc group, the company pushed back the deadline and entered into talks with the group. We are now in November and the deadline has now been pushed back four times, suggesting that talks with the ad hoc group have been unsuccessful.

The company has announced the successful sale and leaseback of 451 towers in Jamaica at a value of US$90M and also announced being awarded a 15-year contract to rebuild Dominica' telecommunications and ICT infrastructure after Hurricane Maria and a 15-year contract to deliver fibre optic network infrastructure for the governments of St. Lucia, Grenada and St. Vincent and the Grenadines.

Although sealing the ICT contracts are positive developments, we do not believe that the moves represent a significant shift in the company's financial outlook given the small size of these economies. It is never a positive signal when a telecommunication company has to cut capital expenditure and sell assets to generate cash, given the capital intensive nature of the industry and constant need to broaden networks and invest in new technologies, to better serve customers.

We believe the company is not in a position where "sweetners" such as higher coupons can be added to the terms of the debt exchange and this is why they have not yet come to any agreement with the hold-out group.

Digicel will report second quarter FY19 results on the 28th of November, 2018, two days before the latest extension deadline. Digicel's financials have been less than positive in the past few quarters, and we are not expecting any

material departure from this trend. If the company's results are not favourable and the debt exchange is extended yet again, we anticipate a further decline in bond prices.

As such, clients who are adverse to taking the risk that current negotiations could fail, may consider selling their holdings whilst clients who would like to see the outcome, may consider holding their notes until the 30th.

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/MARKET WEIGHT -
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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