Q4 2013 Earnings Conference Call

February 26, 2013

View of the Freedom Tower | Downtown New York City, New York| May 4, 2013| QuickBird

DigitalGlobe

Forward-Looking Statements

- Certain statements contained herein and in other of our reports, filings, and public announcements may contain or incorporate forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, as amended. Forward-looking statements relate to future events or future financial performance. We generally identify forward-looking statements by terminology such as “may,” “will,” “should,” “expects,” “plans,” “anticipates,” “could,” “intends,” “target,” “projects,” “contemplates,” “believes,” “estimates,” “predicts,” “potential,” “continue” or “looks forward to” or the negative of these terms or other similar words, although not all forward-looking statements contain these words.
- Any forward-looking statements are based upon our historical performance and on our current plans, estimates and expectations. The inclusion of this forward-looking information should not be regarded as a representation by us that the future plans, estimates or expectations will be achieved. Such forward-looking statements are subject to various risks and uncertainties and assumptions. A number of important factors could cause our actual results or performance to differ materially from those indicated by such forward looking statements, including: the loss, reduction or change in terms of any of our primary contracts; the availability of government funding for our products and services both domestically and internationally; changes in government and customer priorities and requirements (including cost-cutting initiatives, the potential deferral of awards, terminations or reduction of expenditures to respond to the priorities of congress and the administration, or budgetary cuts resulting from congressional committee recommendations or automatic sequestration under the Budget Control Act of 2011); the risk that the anticipated benefits and synergies from the strategic combination of the Company and GeoEye, Inc. cannot be fully realized or may take longer to realize than expected; the outcome of pending or threatened litigation; the loss or impairment of any of our satellites; delays in the construction and launch of any of our satellites; delays in implementation of planned ground system and infrastructure enhancements; loss or damage to the content contained in our imagery archives; interruption or failure of our ground system and other infrastructure, decrease in demand for our imagery products and services; increased competition that may reduce our market share or cause us to lower our prices; our failure to obtain or maintain required regulatory approvals and licenses; changes in U.S. foreign law or regulation that may limit our ability to distribute our imagery products and services; the costs associated with being a public Company; and other important factors, all as described more fully in our filings with the Securities and Exchange Commission (“SEC”), including our Annual Report on Form 10 K.
- We undertake no obligation to update any forward-looking statement to reflect events or circumstances after the date on which the statement is made or to reflect the occurrence of unanticipated events. Readers are cautioned not to place undue reliance on any of these forward looking statements.

Our full-year 2013 financial results illustrated the power of our integration.

- Grew revenue 45% YoY to $613 million.
- Generated Adjusted EBITDA(1) of $230 million.
- Exited Q4-13 with an Adjusted EBITDA(1) Margin of 49%, up more than 2,000 basis points from Q1-13 levels.
- Realized 102% of operating expense synergy target of $100 million only 11 months into the 18-month integration process.
- Grew next 12-month backlog 21% YoY to $506 million.

(1) Adjusted EBITDA and Adjusted EBITDA margin are non-GAAP metrics and represent Adjusted EBITDA divided by GAAP Revenue not including combination-related expenses. See appendix for reconciliation.

We strengthened our relationship with the U.S. Government and further diversified our revenue.

- Upsized our Global Enhanced GEOINT Delivery service to the U.S. Government, driving $105 million in USG value-added revenue.
- Generated $360 million in revenue beyond the EnhancedView SLA and amortized revenue, up 85%.
- Activated two new Direct Access Program customers and re-signed all others.
- Acquired Spatial Energy in February 2014, opening a new distribution channel and industry expertise within the Oil & Gas vertical.

We generated record Q4-13 & FY-13 revenue and improving levels of Adjusted EBITDA.

($ in millions, except per share amounts)

FOURTH QUARTER	GAAP Revenue			Adj. EBITDA[1]	EPS
	Total	*U.S. Government*	*Diversified Commercial*	*Total*	*Diluted*
Q4-2013	$169.7	$97.1	$72.6	$82.7	$0.18
Q4-2012	$125.4	$75.4	$50.0	$67.8	$0.36
Change	35.3%	28.8%	45.2%	22.0%	(50.0)%

FULL YEAR	GAAP Revenue			Adj. EBITDA[1]	EPS
	Total	*U.S. Government*	*Diversified Commercial*	*Total*	*Diluted*
FY-2013	$612.7	$358.1	$254.6	$230.1	$(1.00)
FY-2012	$421.4	$259.6	$161.8	$209.5	$0.84
Change	45.4%	37.9%	57.4%	9.8%	N / M

(1) Adjusted EBITDA is a non-GAAP metric. See appendix for reconciliation.

Our 12-month backlog is up 21% to $506 million.

($ in millions)	December 31, 2013 Next 12 Months	December 31, 2012 Next 12 Months	Year-over-year Growth
U.S. Government			
EnhancedView SLA	$ 263.4	$ 227.3	15.9%
NextView Amortization	25.5	25.5	--
Other Revenue and Value Added Services	75.0	36.4	106.0%
Total U.S. Government	**$363.9**	**$ 289.2**	**25.8%**
Diversified Commercial			
DAP	$ 53.9	$ 52.7	2.3%
Other Diversified Commercial	87.8	77.6	13.1%
Total Diversified Commercial	**$ 141.7**	**$ 130.3**	**8.7%**
Total Backlog	**$ 505.6**	**$ 419.5**	**20.5%**

2014 Guidance update.

Key Metric	Current Target
2014 Revenue	$630 million - $660 million
2014 Adjusted EBITDA Margin[1,2]	~ 43%
2014 Capital Expenditures	~ $170 million
Q4-14 EBITDA Margin[2]	At least 50%
Q4-14 Free Cash Flow Margin[2,3]	At least 20%

(1) 2014 Adjusted EBITDA and Adjusted EBITDA Margin do not include combination-related expenses and are non-GAAP metrics. See appendix for reconciliation.

(2) DigitalGlobe has not reconciled its Adjusted EBITDA, EBITDA, Adjusted EBITDA Margin, EBITDA Margin, or Free Cash Flow Margin outlook to the comparable forward-looking GAAP financial measures because it is unable to provide a forward-looking estimate of the reconciling items between such non-GAAP forward-looking measures and the comparable forward-looking GAAP measures. Certain factors that are materially significant to DigitalGlobe's ability to estimate these items are out of its control and/or cannot be reasonably predicted. Accordingly, a reconciliation to the comparable forward-looking GAAP measures is not available without unreasonable effort.

(3) Free Cash Flow Margin is a non-GAAP metric and is defined as the result of Operating Cash Flow less Investing Cash Flow divided by Revenue.

NOTE: Current as of February 26, 2014.

Appendix

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Q4 Cost of Revenue Components

($ in millions)	For the quarter ended December 31	
	Q4 2013[1]	Q4 2012
Labor and labor-related costs	$ 16.3	$ 8.3
Facilities, subcontracting and equipment costs	18.6	9.5
Consulting and professional fees	2.0	0.3
Aerial imagery	2.0	2.1
Other direct costs	1.5	1.9
Total costs of revenue	**$ 40.4**	**$ 22.1**

(1) Inclusive in these balances are integration related costs which totaled approximately $0.4 million.

Q4 SG&A Components

($ in millions)	For the quarter ended December 31	
	Q4 2013(1)	Q4 2012
Acquisition costs	$ -	$ 10.2
Labor and labor-related costs	26.6	22.4
Consulting and professional fees	12.7	5.3
Rent and facilities	3.7	1.9
Satellite insurance	2.7	2.1
Other	6.7	3.9
Total SG&A	**$52.4**	**$45.8**

(1) Inclusive in these balances are integration related costs which totaled approximately $5.7 million, $5.1 million of which related to consulting and professional fees.

Full Year Cost of Revenue Components

($ in millions)	For the year ended December 31	
	2013(1)	2012
Labor and labor-related costs	$ 71.5	$ 30.9
Facilities, subcontracting and equipment costs	79.2	34.7
Consulting and professional fees	10.2	1.0
Aerial imagery	7.9	8.3
Other direct costs	6.5	6.7
Total costs of revenue	**$ 175.3**	**$ 81.6**

(1) Inclusive of these balances are integration related costs which totaled approximately $2.1 million, $0.8 million of which related to consulting and professional services.

NOTE: See 2013 10-K for explanation of year-over-year changes.

Full Year SG&A Components

($ in millions)	For the year ended December 31	
	2013(1)	2012
Acquisition costs	$ 20.6	$ 19.9
Labor and labor-related costs	120.8	80.4
Consulting and professional fees	63.5	17.8
Rent and facilities	14.6	7.6
Satellite insurance	12.4	9.7
Other costs	25.4	13.8
Total SG&A	**$257.3**	**$149.2**

(1) Inclusive of these balances are integration related costs which totaled approximately $27.1 million, $24.5 million of which related to consulting and professional services.

NOTE: See 2013 10-K for explanation of year-over-year changes.

Q4 and YTD combination-related costs

	For the 3 months ended December 31, 2013		
($ in millions)	**Expense**	**Capital**	**Total**
Restructuring Costs	$ 3.1	--	$ 3.1
Integration Costs	6.1	$ 9.5	15.6
Total	**$ 9.2**	**$ 9.5**	**$ 18.7**

	For full-year 2013		
($ in millions)	**Expense**	**Capital**	**Total**
Restructuring Costs	$ 40.1	--	$ 40.1
Integration Costs	29.2	$ 22.6	51.8
Sub-Total of Ongoing GeoEye-related Costs	**$ 69.3**	**$ 22.6**	**$ 91.9**
Acquisition Costs	20.6	--	20.6
Debt-Related Costs	17.8	36.6	54.4
Total	**$107.7**	**$ 59.2**	**$ 166.9**

NOTE: See 2013 10-K for explanation of terms.

EBITDA and Adjusted EBITDA Reconciliation

($ in millions)	2013				
	1Q	2Q	3Q	4Q	FY
Net (loss) Income	$ (60.6)	$ (21.0)	$ (1.8)	$ 15.1	$ (68.3)
Depreciation & amortization	47.3	59.0	59.4	59.1	224.8
Interest expense (income), net	1.4	1.4	0.7	(0.1)	3.4
Income tax (benefit) expense	(19.0)	(14.1)	(3.8)	(0.6)	(37.5)
EBITDA[(2)]	**$ (30.9)**	**$ 25.3**	**$ 54.5**	**$ 73.5**	**$ 122.4**
EBITDA margin[(2)]	**(24.2)%**	**16.8%**	**33.1%**	**43.3%**	**20.0%**
Loss from early extinguishment of debt	$ 17.8	--	--	--	$ 17.8
Combination-related expenses[(1)]	49.0	20.6	11.1	9.2	89.9
Adjusted EBITDA[(2)]	**$ 35.9**	**$ 45.9**	**$ 65.6**	**$ 82.7**	**$ 230.1**
Adjusted EBITDA margin[(2)]	**28.1%**	**30.5%**	**39.8%**	**48.7%**	**37.6%**
Revenue	**$127.6**	**$ 150.6**	**$ 164.8**	**$ 169.7**	**$ 612.7**

(1) Combination-related expenses consist of restructuring charges, acquisition costs and integration costs. In 1Q-13 and 2Q-13, acquisition costs were $20.8 million and $(0.2) million, respectively. In 1Q-13, 2Q-13, 3Q-13 and 4Q-13, restructuring and integration costs were $28.2 million, $20.8 million, $11.1 million and $9.2 million, respectively.

(2) EBITDA, Adjusted EBITDA, EBITDA margin and Adjusted EBITDA margin are non-GAAP metrics. EBITDA margin and Adjusted EBITDA margin are calculated by dividing EBITDA and Adjusted EBITDA, respectively, by GAAP revenue.

Annual EBITDA and Adjusted EBITDA Reconciliation

($ in millions)	Full Year	
	2012	**2011**
Net income (loss)	$ 39.0	$ (28.1)
Depreciation & amortization	114.6	117.1
Interest expense, net	9.1	21.7
Income tax expense (benefit)	26.9	(17.9)
EBITDA(1)	**$189.6**	**$ 92.8**
EBITDA margin(1)	**45.0%**	**27.3%**
Loss from early extinguishment of debt	--	51.8
Combination-related expense	19.9	--
Adjusted EBITDA(1)	**$209.5**	**$144.6**
Adjusted EBITDA margin(1)	**49.7%**	**42.6%**
Revenue	**$421.4**	**$339.5**

(1) EBITDA, Adjusted EBITDA, EBITDA margin and Adjusted EBITDA margin are non-GAAP metrics. EBITDA margin and Adjusted EBITDA margin are calculated by dividing EBITDA and Adjusted EBITDA, respectively, by GAAP revenue.

Free Cash Flow Reconciliation

($ in millions)	March 31 2013	June 30 2013	September 30 2013	December 31 2013	FY 2013
Operating Cash Flow	$ (27.4)	$ 29.0	$ 74.3	$ 36.4	$ 112.3
Investing Cash Flow	(593.5)	(71.8)	(65.6)	(63.6)	(794.5)
Net investment for GeoEye	524.0	--	--	--	524.0
Free Cash Flow(1)	$ (96.9)	$ (42.8)	$ 8.7	$ (27.2)	$ (158.2)

($ in millions)	March 31 2012	June 30 2012	September 30 2012	December 31 2012	FY 2012
Operating Cash Flow	$68.5	$47.3	$74.3	$74.4	$264.5
Investing Cash Flow	(56.0)	(43.4)	(54.6)	(62.0)	(216.0)
Free Cash Flow(1)	$12.5	$ 3.9	$19.7	$12.4	$ 48.5

(1) Free Cash Flow Margin is a non-GAAP metric and is defined as the result of Operating Cash Flow less Investing Cash Flow divided by Revenue.