Q3 2014 Earnings Conference Call

October 30, 2014

See through Smoke with WorldView-3

In this image, the portion on the left shows a forest fire as seen by the naked eye, while the portion on the right reveals the fire burning beneath.

Happy Camp , California | August 28, 2014 | WorldView-3 SWIR

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 or decisions by customers not to exercise renewal options; 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 U.S. government sanctions against specified companies and individuals in Russia may limit our ability to conduct business with potential or existing customers; 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 or our ability to achieve and maintain full operational capacity of all 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, including possibly from companies with substantial financial and other resources and services, that may reduce our market share or cause us to lower our prices; our inability to fully integrate acquisitions or to achieve planned synergies; changes in satellite imaging technology; our failure to obtain or maintain required regulatory approvals and licenses; changes in U.S. or 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, including our Annual Report on Form 10-K for the year ended December 31, 2013 as updated by our Form 10-Q for the quarter ended March 31, 2014.
- 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.

We made good progress in the third quarter on a number of important initiatives.

- Successfully launched WorldView-3 in August, and brought into operation effective October 1st.
- Increased cash from the U.S. Government EnhancedView SLA by $50M to $300M per year beginning September 1st.
- Awarded another year of Global Enhanced GEOINT Delivery (Global-EGD) from the U.S. Government beginning September 1st.
- Generated 4.4% growth in our Other Diversified Commercial business.
- Completed our 18-month GeoEye integration effort, generating $120 million of operating expense synergies in the process.

Third quarter EBITDA Margin improved 440 BPS and our 12-month backlog grew 11%.

- Revenue declined 6% YoY to $154.6 million.
- Delivered EBITDA Margin[1] of 37.5%, up 440 bps YoY.
- Delivered Adjusted EBITDA Margin[1] of 39.8%, flat YoY due to high-margin one-time revenue from Global EGD in Q3-13.
- Grew next 12-month backlog 11% YoY to $574 million.
- Reported $(40.4) million of Free Cash Flow[1].
- Repurchased 495,870 shares of DGI stock for $15 million as part of our newly initiated share repurchase program.

(1) EBITDA Margin, Adjusted EBITDA Margin, and Free Cash Flow are non-U.S. GAAP metrics. See appendix for reconciliation.

Our Diversified Commercial business generated growth in the quarter.

($ in millions, except per share amounts)

QUARTER	U.S. GAAP Revenue			Adj. EBITDA[1]	EBITDA[1]	EPS
	Total	*U.S. Government*	*Diversified Commercial*	*Total*	*Total*	*Diluted*
Q3-2014	**$154.6**	**$87.8**	**$66.8**	**$61.5**	**$58.0**	**$0.00**
Q3-2013	**$164.8**	**$100.8**	**$64.0**	**$65.6**	**$54.5**	**$(0.04)**
Change	**(6.2)%**	**(12.9)%**	**4.4%**	**(6.3)%**	**6.4%**	**--**

(1) EBITDA and Adjusted EBITDA are non-U.S. GAAP metrics. See appendix for reconciliation.

Our 12-month backlog is up 11% to $574 million.

($ in millions)	September 30, 2014 Next 12 Months	September 30, 2013 Next 12 Months	Year-over-year Growth
U.S. Government			
EnhancedView SLA	$ 337.1	$ 236.3	42.7%
NextView Amortization	25.5	25.5	--
Other Revenue and Value Added Services	80.4	96.8	(16.9)%
Total U.S. Government	**$443.0**	**$ 358.6**	**23.5%**
Diversified Commercial			
DAP	$ 49.9	$ 62.3	(19.9)%
Other Diversified Commercial	80.7	94.9	(15.0)%
Total Diversified Commercial	**$ 130.6**	**$ 157.2**	**(16.9)%**
Total Backlog	**$ 573.6**	**$ 515.8**	**11.2%**

2014 Guidance Update

Key Metric	Current Target
2014 Revenue	$640 million - $660 million
2014 Adjusted EBITDA Margin[1,2]	~ 43%
2014 Capital Expenditures	~ $185 million
Q4-14 EBITDA Margin[1,2]	~50% at midpoint of annual revenue guidance
Q4-14 Free Cash Flow Margin[2,3]	At least 20%

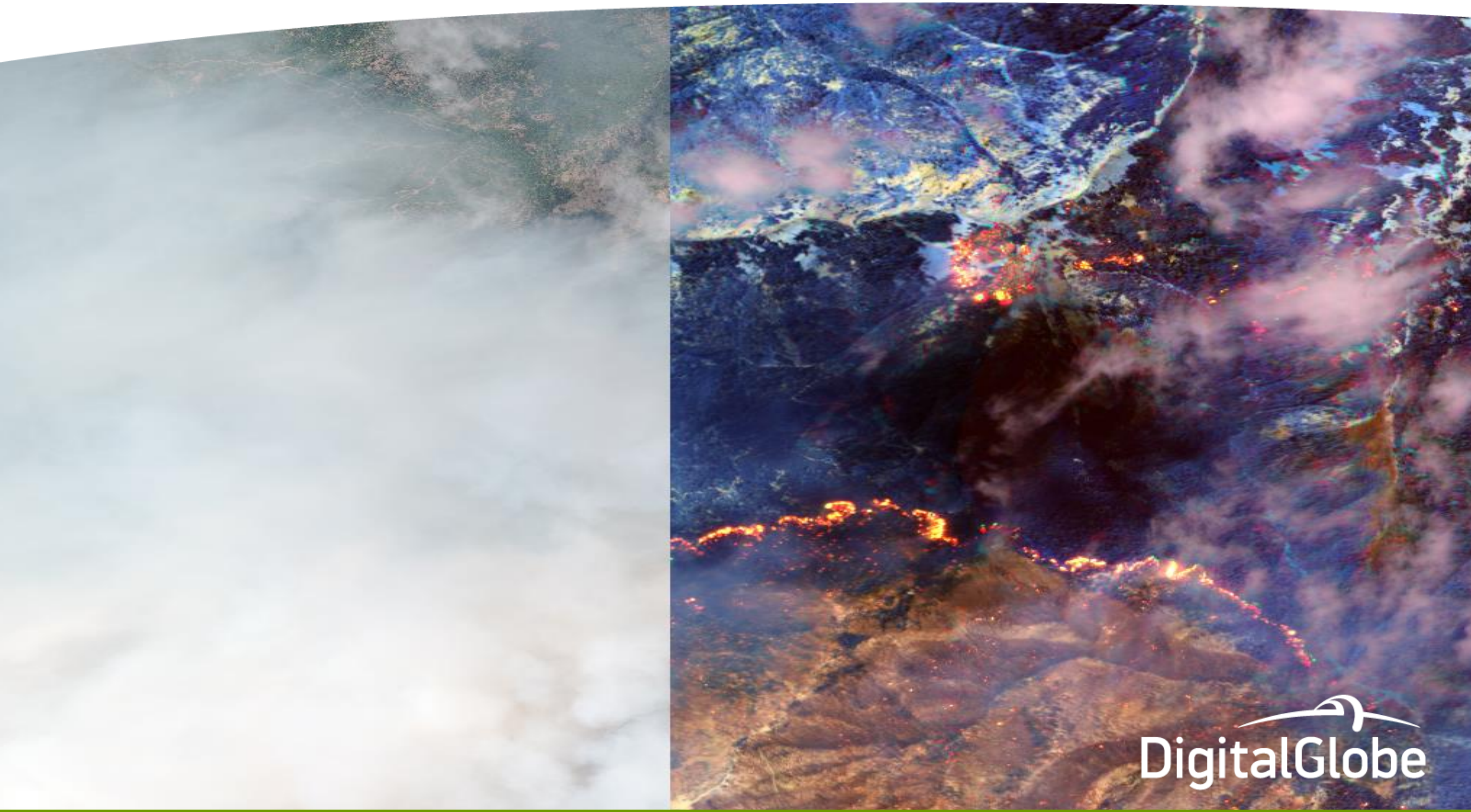
NOTE: Current as of Oct. 30, 2014.

(1) 2014 EBITDA Margin, and Adjusted EBITDA Margin are non-U.S. GAAP metrics. See appendix for reconciliation. EBITDA is defined as net income (loss) less depreciation and amortization expense, interest expense, and income taxes. Adjusted EBITDA is defined as EBITDA less restructuring, acquisition and integration costs and other non-core items that are not related to our primary operations. EBITDA Margin and Adjusted EBITDA Margin are calculated by dividing EBITDA and Adjusted EBITDA, respectively, by revenue.

(2) DigitalGlobe has not reconciled its 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 adjusted for acquisition-related activity and divided by Revenue.

Appendix



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Q3 Cost of Revenue Components

($ in millions)	For the quarter ended September 30	
	2014	**2013**
Labor and labor related costs	$ 17.4	$ 18.5
Facilities, subcontracting and equipment costs	18.0	20.7
Consulting and professional fees	1.7	4.0
Aerial imagery	1.0	1.9
Other direct costs	2.8	1.6
Total cost of revenue, excluding depreciation and amortization	**$ 40.9**	**$ 46.7**

Q3 SG&A Components

($ in millions)	For the quarter ended September 30	
	2014	2013
Labor and labor related costs	$ 33.0	$ 29.6
Consulting and professional fees	10.9	16.7
Rent and facilities	2.8	3.5
Satellite insurance	2.2	3.4
Other	6.9	7.4
Total SG&A	**$ 55.8**	**$ 60.6**

Deferred Revenue Roll-forward

($ in millions)	Enhanced View SLA	U.S. Government Value-Add	Pre-FOC Payments related to NextView	DAP	Other	Total
Balance, Dec. 31, 2013	**$ 194.3**	**$ 99.3**	**$ 111.7**	**$ 45.7**	**$ 4.9**	**$ 455.9**
Deferred Revenue acquired in Spatial Energy Acquisition	--	--	--	--	2.8	2.8
Cash Collections	187.5	39.9	--	52.4	37.9	317.7
Revenue Recognized on deferred revenue	(170.5)	(63.7)	(19.1)	(55.5)	(34.4)	(343.2)
Balance, Sep. 30, 2014	**$ 211.3**	**$ 75.5**	**$ 92.6**	**$ 42.6**	**$ 11.2**	**$ 433.2**
YTD % Change	**8.7%**	**(24.0)%**	**(17.1)%**	**(6.8)%**	**128.6%**	**(5.0)%**

Q3 and YTD 2014 Combination-Related Costs

	For the 3 months ended September 30, 2014		
($ in millions)	**Expensed**	**Capitalized**	**Total**
Restructuring Costs	--	--	--
Integration Costs	$ 3.5	$ 5.2	$ 8.7
Total	**$ 3.5**	**$ 5.2**	**$ 8.7**

	For the 9 months ended September 30, 2014		
($ in millions)	**Expensed**	**Capitalized**	**Total**
Restructuring Costs	$ 1.1	--	$ 1.1
Integration Costs	12.9	$ 30.7	$ 43.6
Total	**$ 14.0**	**$ 30.7**	**$ 44.7**

NOTE: See 3Q-14 10-Q for explanation of terms.

Q3 EBITDA and Adjusted EBITDA Reconciliation

($ in millions)	3Q-14	3Q-13
Net income (loss)	$ 0.9	$ (1.8)
Depreciation and amortization	57.7	59.4
Interest expense, net	--	0.7
Income tax benefit	(0.6)	(3.8)
EBITDA(1)	**$ 58.0**	**$ 54.5**
EBITDA margin(1)	**37.5%**	**33.1%**
Combination-related expenses(2)	$ 3.5	11.1
Adjusted EBITDA(1)	**$ 61.5**	**$ 65.6**
Adjusted EBITDA margin(1)	**39.8%**	**39.8%**
Revenue	**$154.6**	**$164.8**

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

(2) Combination-related expenses consist of restructuring charges, acquisition costs and integration costs. In 3Q-14, integration costs were $3.5 million. In 3Q-13, integration costs were $8.0 million, and restructuring costs were $3.1 million.

Free Cash Flow Reconciliation

($ in millions)	March 31 2014	June 30 2014	September 30 2014
Operating Cash Flow	$ 39.9	$ 61.3	$ 47.4
Investing Cash Flow	(97.7)	(52.3)	(87.8)
Net investment for Acquisitions	35.7	--	--
Free Cash Flow[1]	$ (22.1)	$ 9.0	$ (40.4)
Repurchase of Common Stock	--	--	15.0

($ 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)

(1) Free Cash Flow is a non-GAAP metric and is defined as the result of Operating Cash Flow less Investing Cash Flow adjusted for acquisition-related activity.

Impact of EnhancedView Deferred Revenue

($ in millions)

Contract Year	Term	Cash Received	Estimated Annual Deferral	Estimated EV SLA GAAP Revenue[1]
Year 1	*9/1/10 – 8/31/11*	*$250*	*$99*	*$151*
Year 2	*9/1/11 – 8/31/12*	*250*	*68*	*182*
Year 3	*9/1/12 – 8/31/13*	*250*	*23*	*227*
Year 4	*9/1/13 – 8/31/14*	*250*	*23*	*227*
Year 5	*9/1/14 – 8/31/15*	*300*	*(28)*	*328*
Years 6-10	*9/1/15 – 8/31/20*	*300*	*(37)*	*337*

Calendar Year	Estimated EV SLA GAAP Revenue [1]
2013	*$227*
2014	*255*
2015-2019	*337*
2020	*225*

Calendar Quarter	Estimated EV SLA GAAP Revenue [1]
2Q-13 to 3Q-14	*$57*
4Q-14 to 2Q-20	*84*
3Q-20	*56*

(1) Exclusive of any additional hold-back amount from NGA.