



GRUPO
MAS
MOVIL

**Growing up
to the infinite and beyond**

October 2019

yoigo

MÁSMÓVIL

pepephone

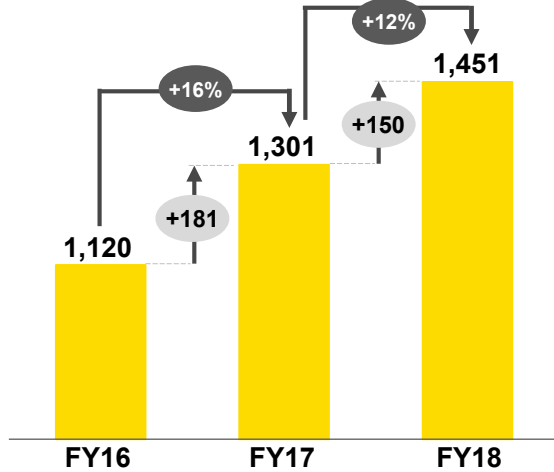
llamaya*

LEBARA

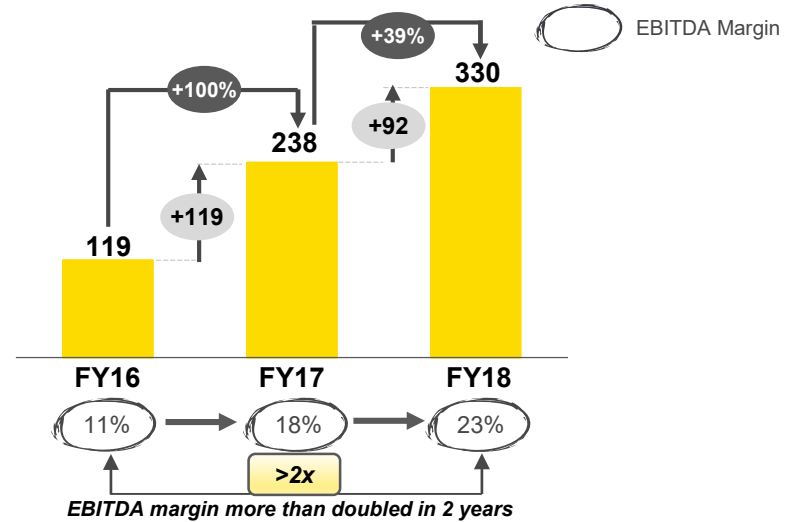
MASMOVIL – Overview

MASMOVIL has evolved from a start-up to the 4th telecom operator in Spain

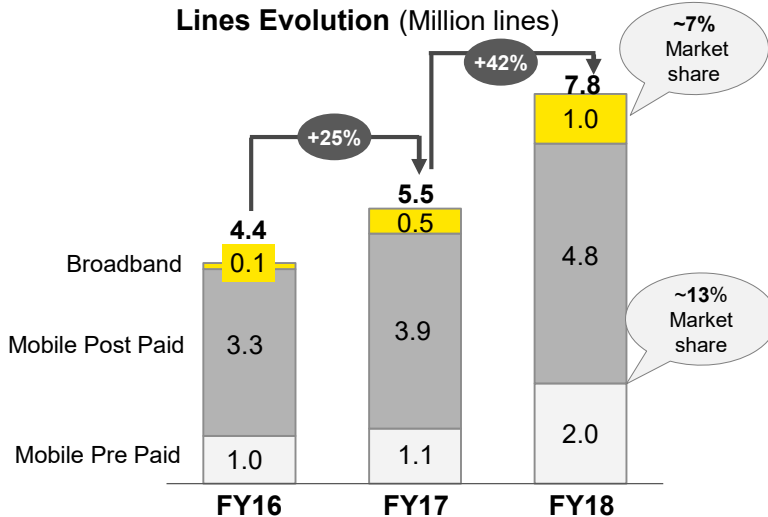
Revenues Evolution (€M)



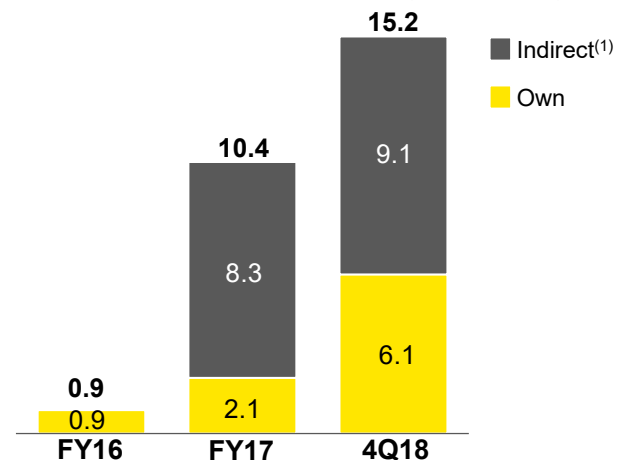
EBITDA Evolution (€M)



Lines Evolution (Million lines)



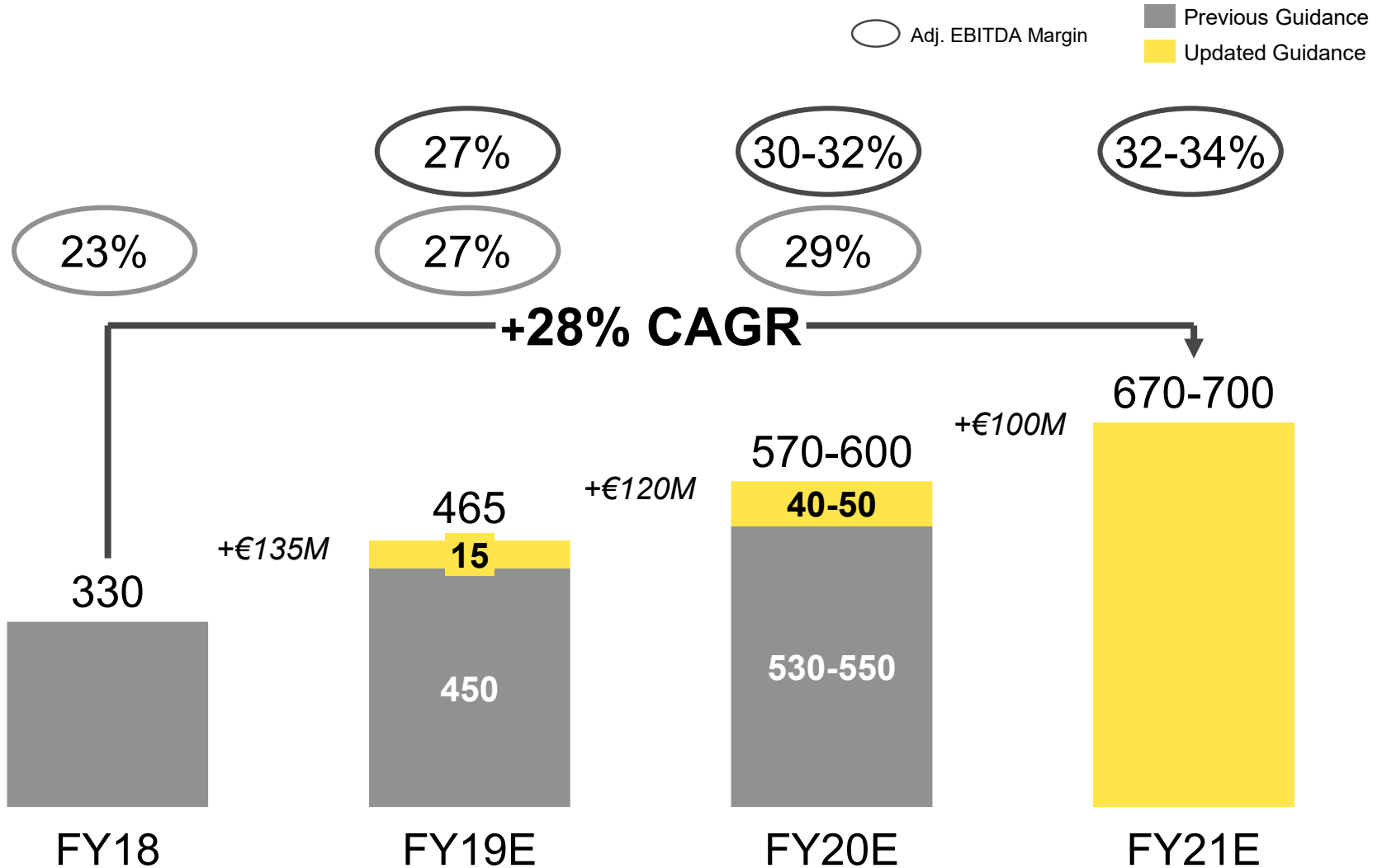
FTTH Footprint Evolution (Million lines)



(1) Indirect Includes wholesale agreements with other operators and also Telefonica NEBA service
Source: Company

2019-21 Adjusted EBITDA¹ Guidance

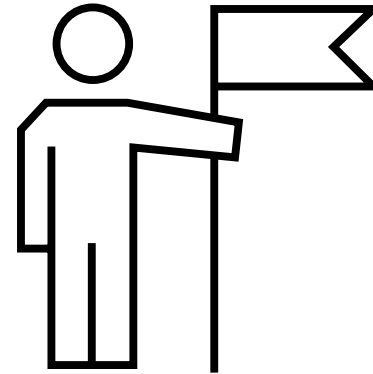
Operating leverage enables to grow EBITDA margin to 32% - 34% in 2021; €M



(1) FY18 is pre-IFRS16. Following years are post-IFRS16

SOURCE: Company






2021 Equity Free Cash Flow Target



>€2.0

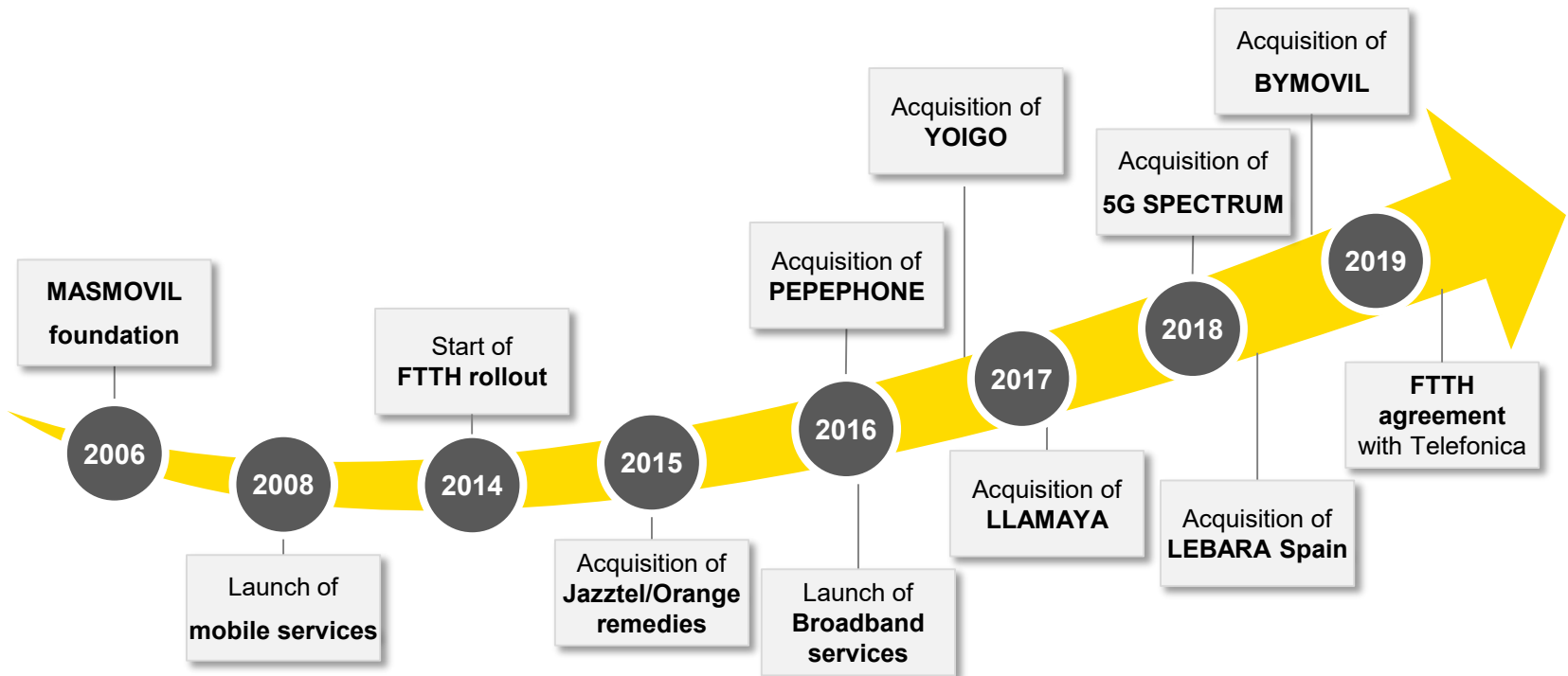
per share

Contents

	1	We have achieved tremendous growth with significant potential to continue growing
	2	We are a different telco in an attractive market
	3	We have customer centricity in our DNA and create the best customer experience
	4	We have a controllable revenue and cost model benefiting from a flexible capex model
	5	Our performance supports our guidance
	6	Recent transactions focused on shareholders value growth

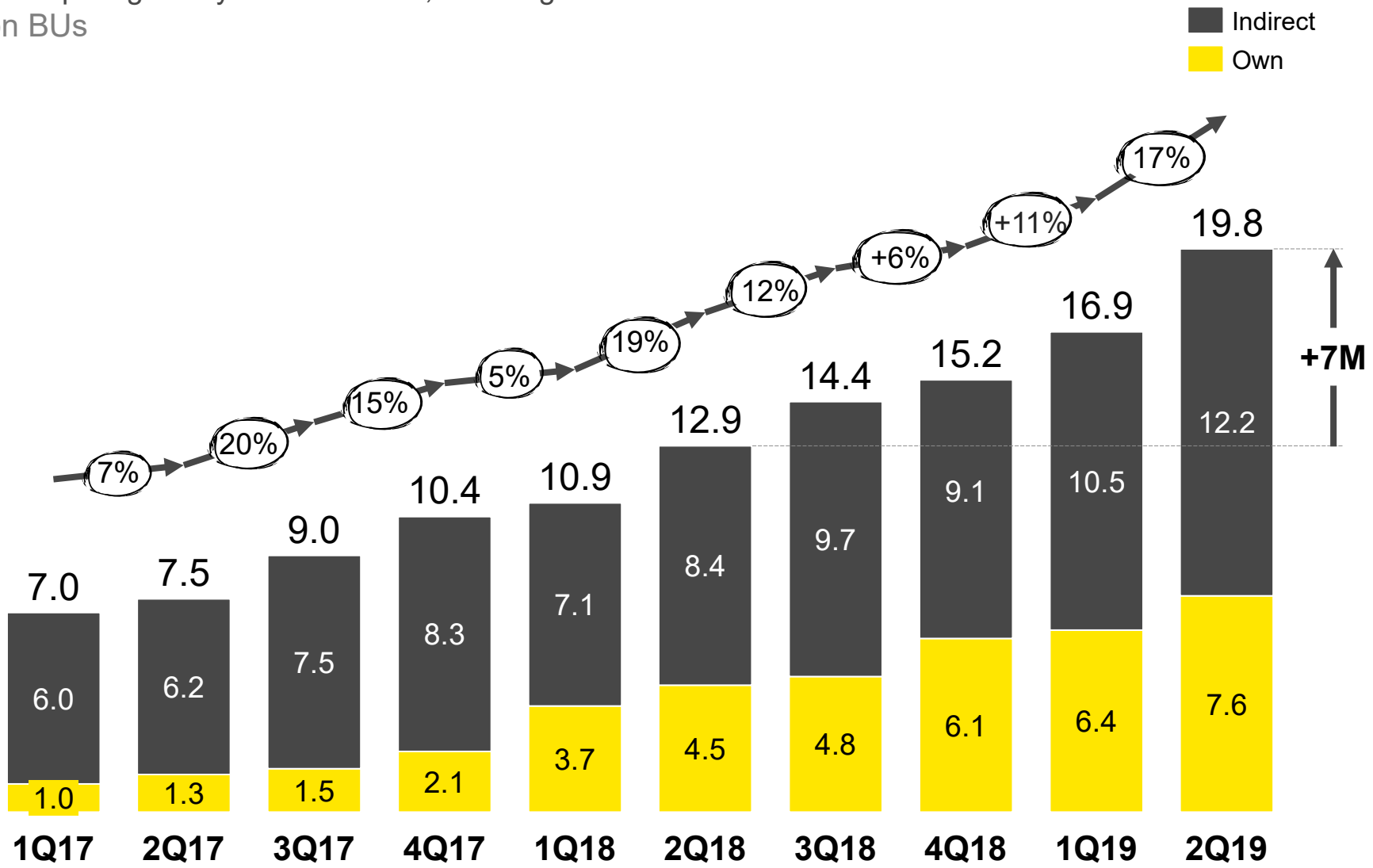
Key milestones

In this context we have evolved from a start-up to the 4th telecom operator



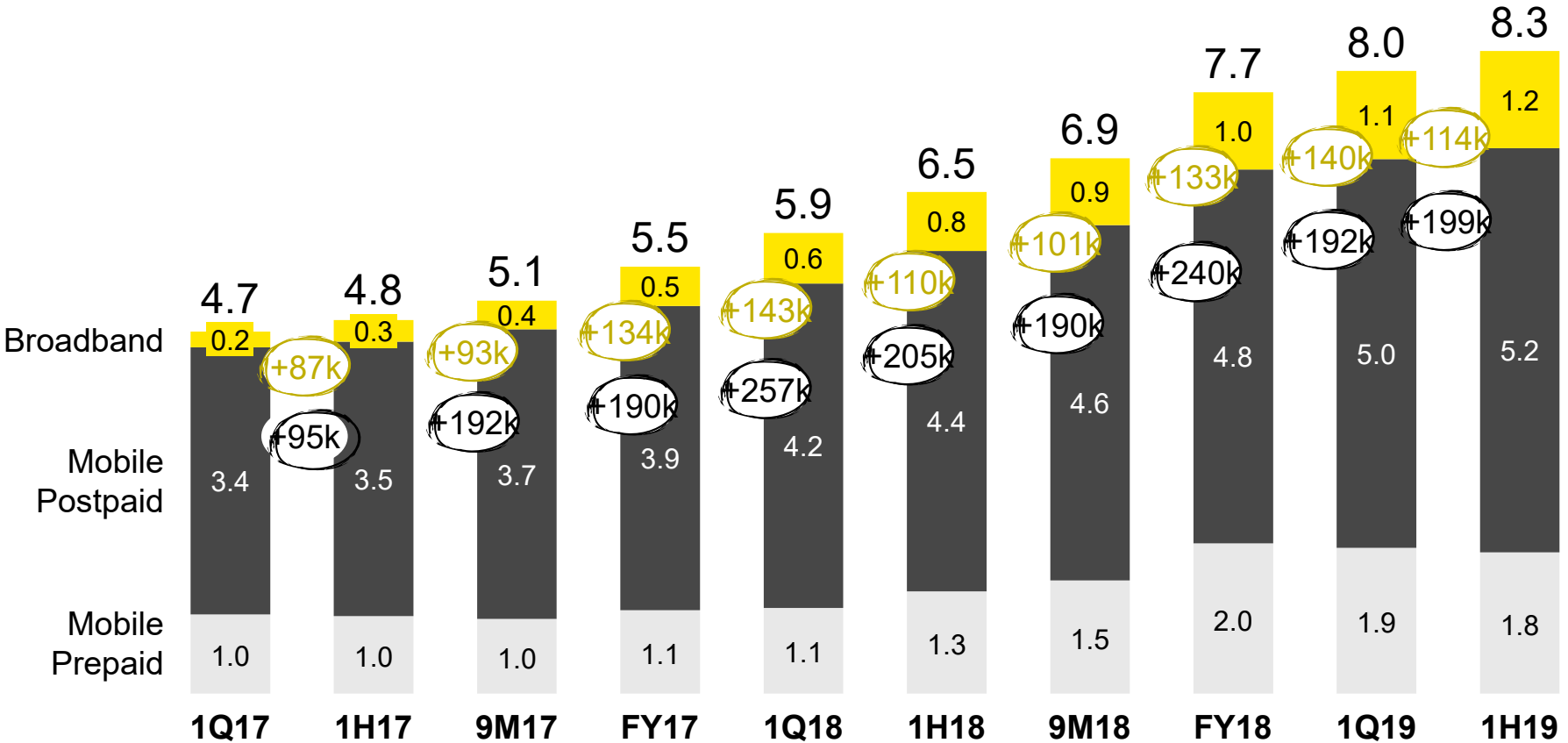
Fiber Footprint Expansion

FTTH footprint grew by 6.9M BUs YoY, reaching 19.8M BUs of which 7.6M are own BUs
Million BUs



Evolution of Mobile & Broadband Lines

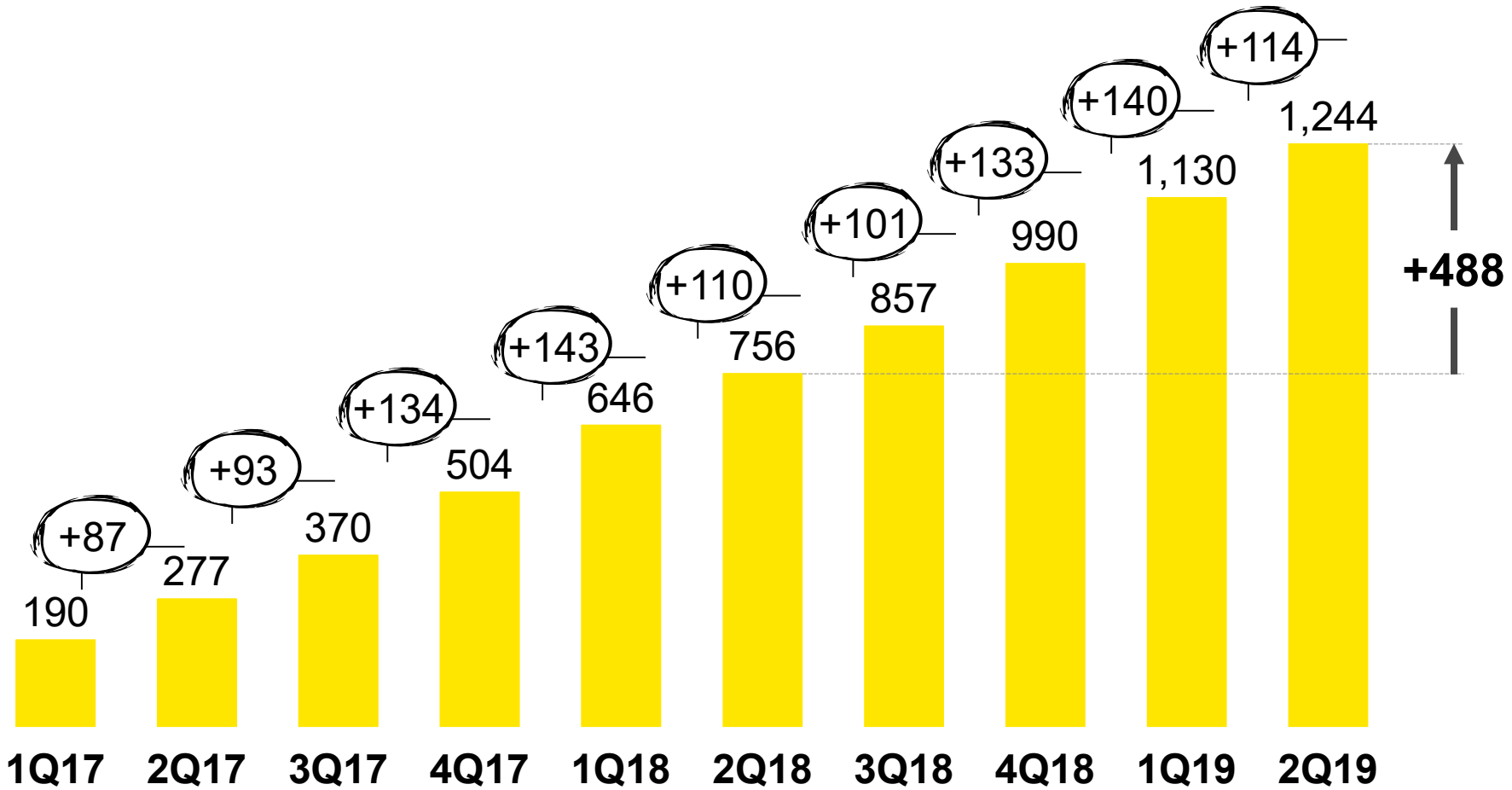
In 2Q19 MASMOVIL added 114k BB and 199k postpaid mobile lines, reaching 8.3M lines
Million lines



Evolution of Broadband Lines

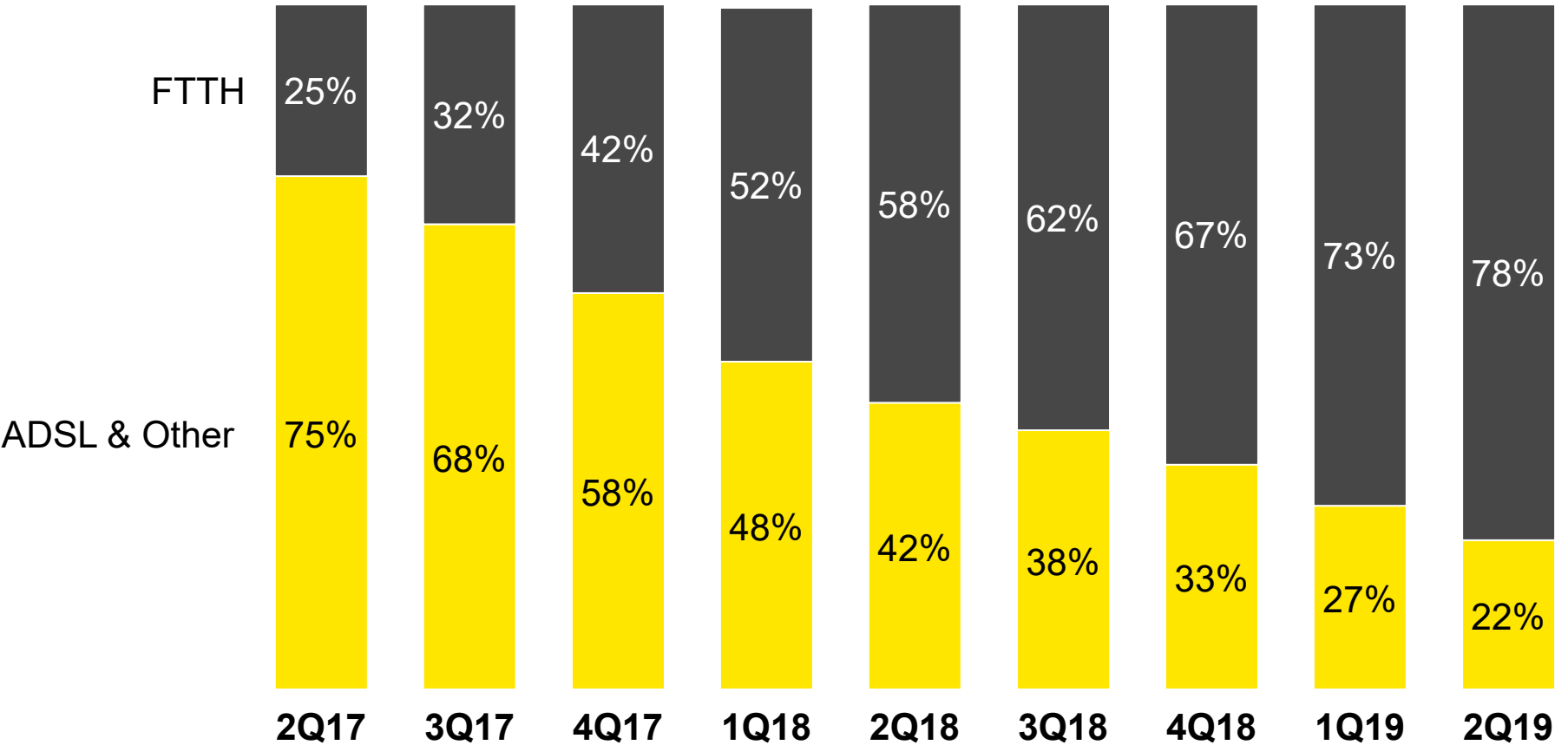
Strong growth in 2Q19 with 114k net adds (>2Q18) resulting in >1.2M total BB lines
'000 lines

○ Broadband net adds



Broadband Access by Technology

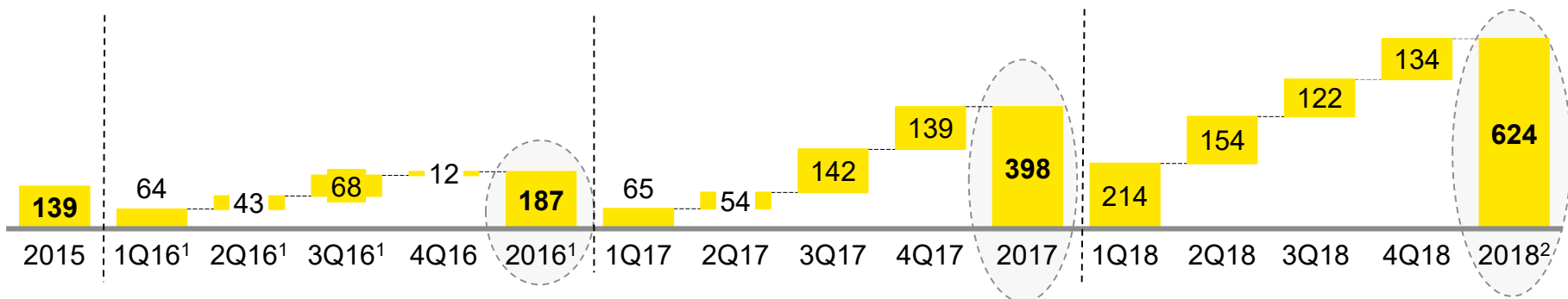
FTTH share continues to grow and represents 78% of total broadband base



Net Portability Rankings

MASMOVIL lead mobile and broadband customer acquisitions for 3 consecutive years

Net Mobile Portability, 000's



National Net Mobile Portability Ranking



National Net Broadband Portability Ranking



¹ Pro-forma for acquisitions of Yoigo & Pepephone

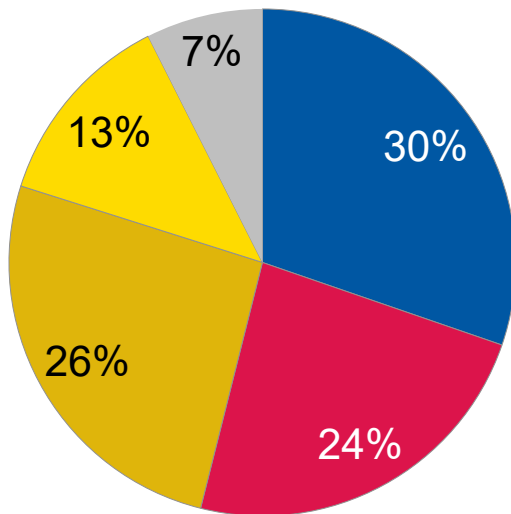
² 2018 excluding Lebara

SOURCE: Company, CNMC data

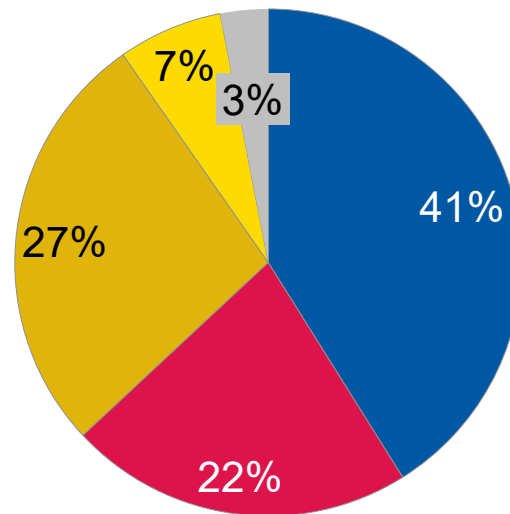
Market share and growth of Spanish telco main players (FY18)

Becoming a credible challenger with plenty of room to grow

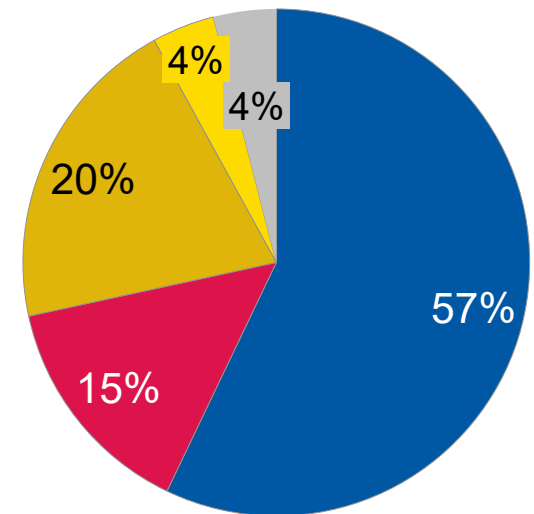
■ Telefónica ■ Vodafone ■ Orange ■ MASMOVIL ■ Others



Mobile subscribers



Broadband subscribers



EBITDA¹





¹ Vodafone FY ends in March, for the sake of comparison, we utilize latest 12 months available. "Others" in EBITDA graph refers only to Euskaltel because other minor players do not report it.

MASMOVIL growth drivers

MASMOVIL is a different telco

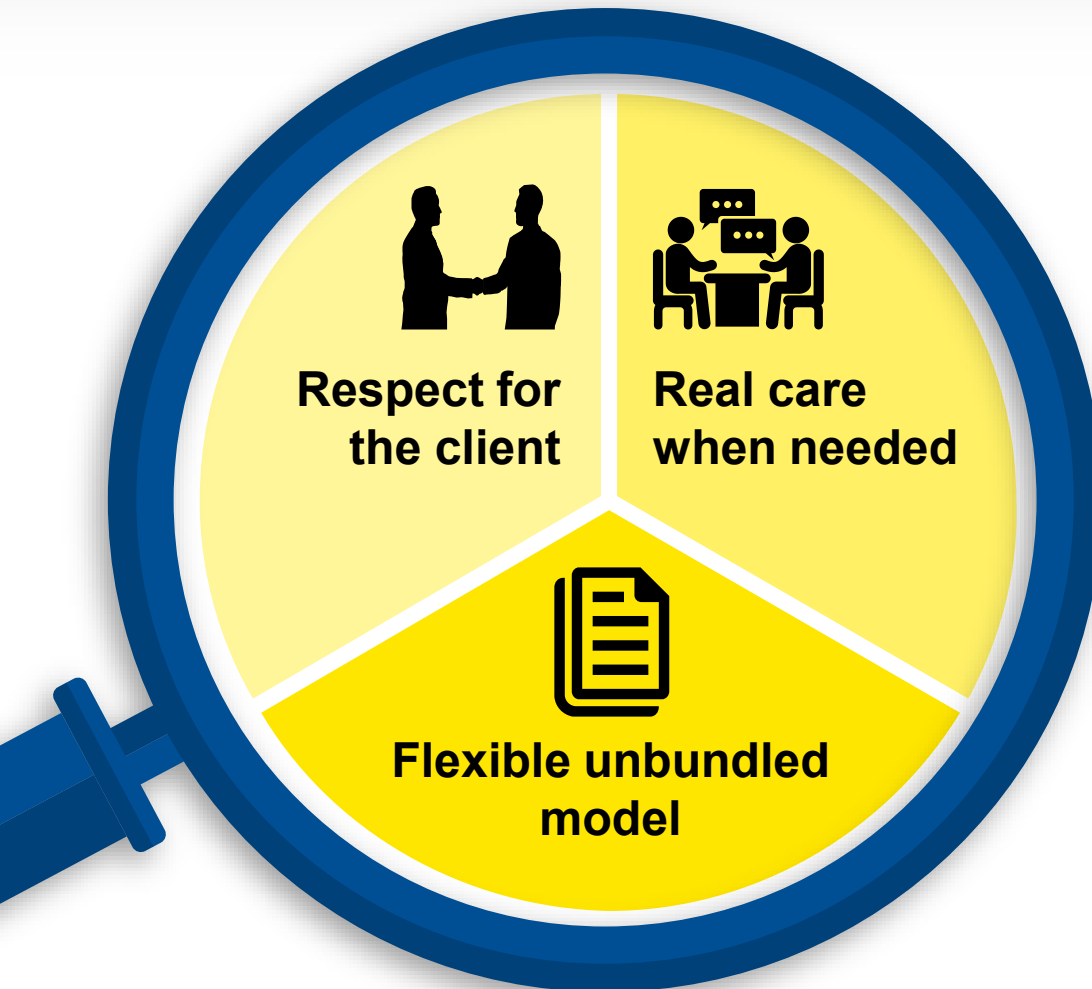
<p>A</p> <p>Focused commercial strategy</p> 	<p>Customer focus</p> 	<ul style="list-style-type: none"> • Respect for the client: no bad surprises thanks to predictable pricing • Real care when needed: Spain-based call center focused on FCR • Best digital channels: seamless self-service through digital channels (80% of customer interactions through digital channels) • Flexible unbundled model: no forced bundling of content
	<p>Brand portfolio</p> 	<ul style="list-style-type: none"> • Multi-brand model covering all customer segments across value and channel preference • 5 core brands: Yoigo, MASMOVIL, Pepephone, Llamayá and Lebara
	<p>Strong omnichannel sales</p> 	<ul style="list-style-type: none"> • Best-in-class remote direct sales processes through web and call center • High presence in physical retail, through own exclusive stores (Yoigo), Multibrand stores (Maslife) and indirect distributors
<p>B</p> <p>Smart access to telco infrastructure</p> 	<p>Mobile</p> 	<ul style="list-style-type: none"> • Own network covering 85% of population – 100% 4G updated • Improvement of the economic conditions of the existing mobile National Roaming Agreements which have been extended • Complemented with site sharing agreement enabling mobile data cost control through gradual site deployment
	<p>Fiber To The Home (FTTH)</p> 	<ul style="list-style-type: none"> • Effective full national fiber footprint resulting from own fiber deployments, wholesale agreements, and regulated access • Operator with most efficient fiber deployment in Europe
	<p>ADSL</p> 	<ul style="list-style-type: none"> • National DSL coverage, resulting from remedies from Orange-Jazztel merger at industry marginal operating costs


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What makes us different

Client satisfaction means focusing on understanding our clients



- 
 - **No negative surprises** (predictable pricing policy)

- 
 - **Call center focus on solving client's problems** (Spanish call centers, one single point of contact per customer/issue)
 - **Best digital channels:** seamless self-service through digital channels (80% of customer interactions through digital channels)


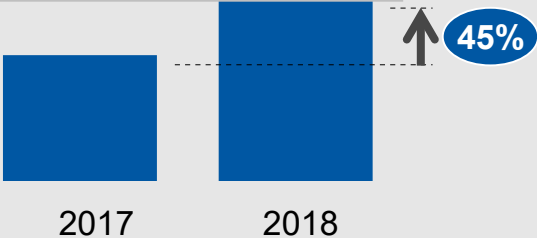

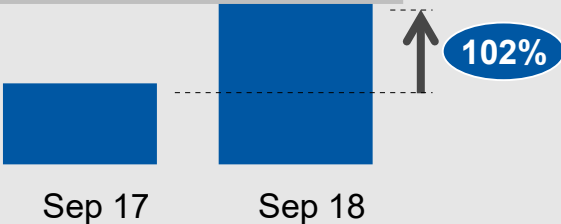

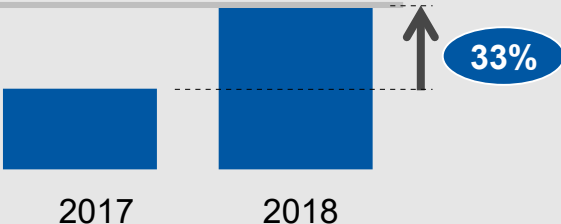
- 
 - **No forced content bundling**
 - Our TV offer gives **full control to the client**
 - We provide the client **flexibility to pay only for what he/she wants**

Customer satisfaction efforts and results¹

Focused on improving the experience and digitalization of our customers

Recent efforts

Operational effects

 <p>Digital channels</p>	<ul style="list-style-type: none"> • Accelerated digital transformation through internal center of competence • Deployed best-in-class web channels for sales and customer care processes • 80% of customer interactions through digital channels 	<p><i>Web sales conversion (indexed)</i></p>  <table border="1"> <thead> <tr> <th>Year</th> <th>Web sales conversion (indexed)</th> </tr> </thead> <tbody> <tr> <td>2017</td> <td>Baseline</td> </tr> <tr> <td>2018</td> <td>+45%</td> </tr> </tbody> </table>	Year	Web sales conversion (indexed)	2017	Baseline	2018	+45%
Year	Web sales conversion (indexed)							
2017	Baseline							
2018	+45%							
 <p>Provisioning</p>	<ul style="list-style-type: none"> • Improved provisioning processes and communication to customers • Increased installation capacity and provisioning partner's SLAs in growth areas 	<p><i>% of 24h fiber installation</i></p>  <table border="1"> <thead> <tr> <th>Period</th> <th>% of 24h fiber installation</th> </tr> </thead> <tbody> <tr> <td>Sep 17</td> <td>Baseline</td> </tr> <tr> <td>Sep 18</td> <td>+102%</td> </tr> </tbody> </table>	Period	% of 24h fiber installation	Sep 17	Baseline	Sep 18	+102%
Period	% of 24h fiber installation							
Sep 17	Baseline							
Sep 18	+102%							
 <p>Customer care</p>	<ul style="list-style-type: none"> • Improved eCare services and dedicated promotions for self-care through digital channels • Optimized call center operations, improving first call resolution and customer satisfaction 	<p><i>Number clients accessing eCare (web+app)</i></p>  <table border="1"> <thead> <tr> <th>Year</th> <th>Number clients accessing eCare (web+app)</th> </tr> </thead> <tbody> <tr> <td>2017</td> <td>Baseline</td> </tr> <tr> <td>2018</td> <td>+33%</td> </tr> </tbody> </table>	Year	Number clients accessing eCare (web+app)	2017	Baseline	2018	+33%
Year	Number clients accessing eCare (web+app)							
2017	Baseline							
2018	+33%							

Remote and physical sales channels

MASMOVIL combines a strong presence in physical stores with very efficient remote sales channels

Remote

Online

- Allows clients to buy new mobile and broadband lines **without the need for visiting any physical store**
- **Fast sites** with best-in-class **user experience**

App

- **Smartphone apps** for MASMOVIL, Yoigo, and Pepephone
- Client can buy mobile lines, change their tariffs as well as check their current data/voice consumption and allowance

Telesales

- Offers clients the ability to purchase any product with a **single contact with the sales operator**

Physical

Own stores

- **~800 exclusive Yoigo stores** across Spain
- **Presence in all provinces**

Distributors

- Partnerships with **key telco distributors** (e.g., Phone House)
- **>1,500 MASMOVIL** and **>5,000 LlamaYa nonexclusive POS** (small distributors)

Remote convergent sales represent **>90%** of total convergent sales in MASMOVIL and **~50%** in Yoigo

MASMOVIL digitalization transformation paths

We have been driving a strong agenda of innovation and digitalization



Fast digitalization through digital factory

- Ongoing **digitalization of channels and processes**
- Enabled by **agile digital factory**
- Infused with **pure digital talent**



Best-in-class digital sales and care channels

- **Fully redesigned and rebuilt** digital sales channel
- **Fastest site speed** in the market
- **Proactive approach to Digital Marketing** through dedicated squad.
- **Innovative mobile app** allowing for differential features (e.g., home Wi-Fi management)



Advanced analytics capabilities

- Reinforcement of **internal advanced analytics capabilities led by Data activation Team**
- **Application of advanced analytics** across various commercial and operational processes
- **Personalization and audience creation** through **DMP**

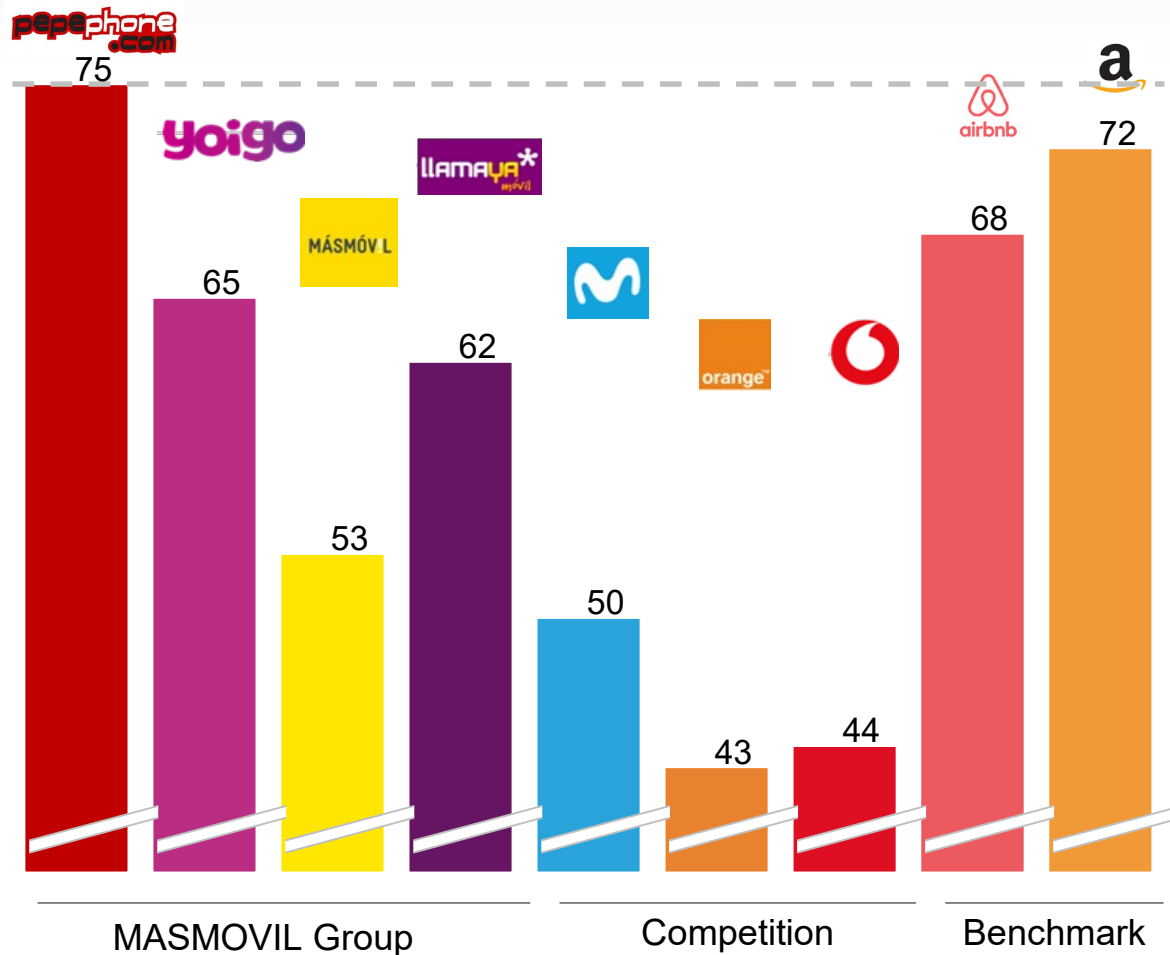


Uber-like installation process transparency

- Fully **digital-enabled provisioning and installation** processes
- **Real-time tracking** of broadband installer
- **Digital signing** tools

Website performance

Speed test benchmark: faster than the competition



- **Simpler, faster UX/UI, no frictions**
- **Reduced time-to-market**
- **Online 2018 YoY sales growth by 27% Yoigo, 32% MM, 89% PPH**
- **Conversion rate growth by 45% (Yoigo YoY 2018)**

Agiletv offering (launched October 1, 2018)

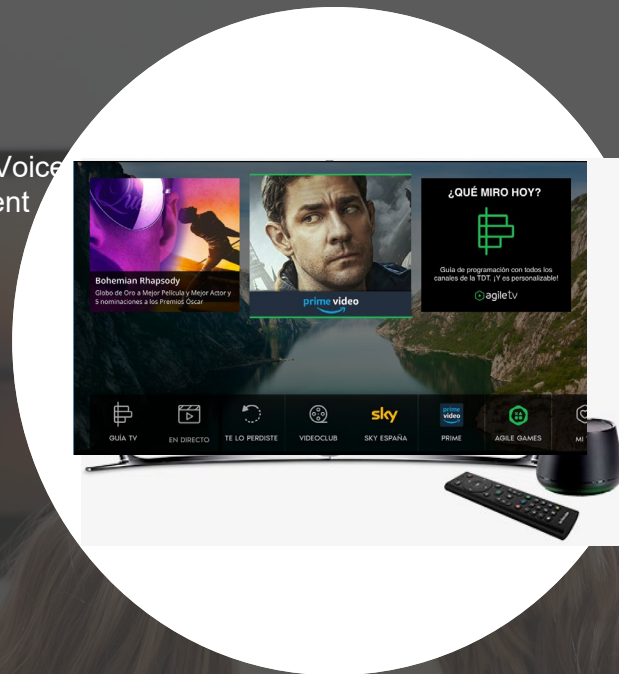
AgileTV offering gives the client a best-in-class TV experience and fully customizable content at an excellent price point

TECHNOLOGY

- Android TV based system
- Up to 4K UHD
- Cast functionality (stream directly from your phone to the TV)
- Best-in-class UX
- More features underway (e.g., Google Voice Assistant, cloud-based integrated content search)

EXCELLENT VALUE

- Appealing entry price 6€ per month
- Includes great “value for money” content promos
 - Agile TV + Sky TV for 9,99€ / month
 - More to come



ENRICHED TV

- DTT channels' enhanced experience
- Great experience: enriched EPG, 7 days catchup, pause, restart...
- 350-hour network PVR

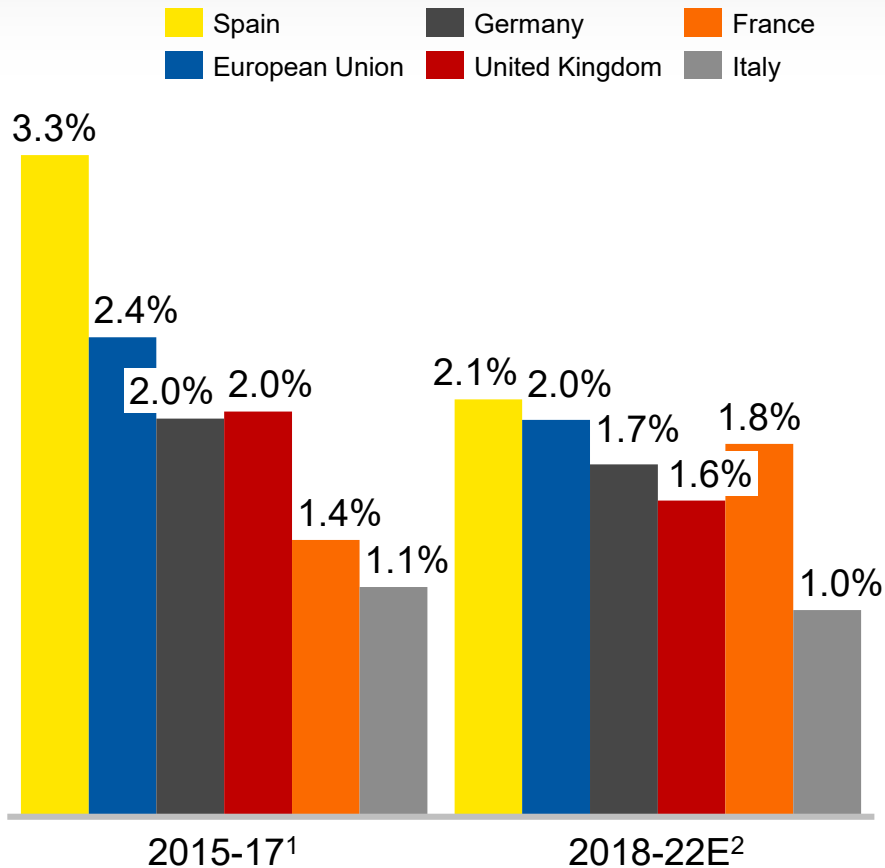
CUSTOMIZABLE CONTENT

- Movie rental service
- Video OTTs for choice
 - Fiction: Netflix, Amazon Prime Video, Sky TV, Rakuten TV, Filmin
 - Sports: DAZN, Eurosport
 - Others: YouTube, YouTube Kids,
- +3,000 TV apps: Spotify, Deezer, Bloomberg, video games, Red Bull ...

Spanish GDP growth and economic environment

Spain is a good economy to invest in with strong economic fundamentals

GDP growth



- **Fastest growing country** out of EU's 5 top economies both in recent years as well as in future forecasts
- **Growth engine** of the EU
- **#9 worldwide** (#3 in EU) **most open regulations** regarding investments
- **#13 most important recipient of foreign investment worldwide**
- **#12 most important investor in terms of investment stock worldwide**
- **Gateway to LatAm** (>400 million Spanish speakers in LatAm)

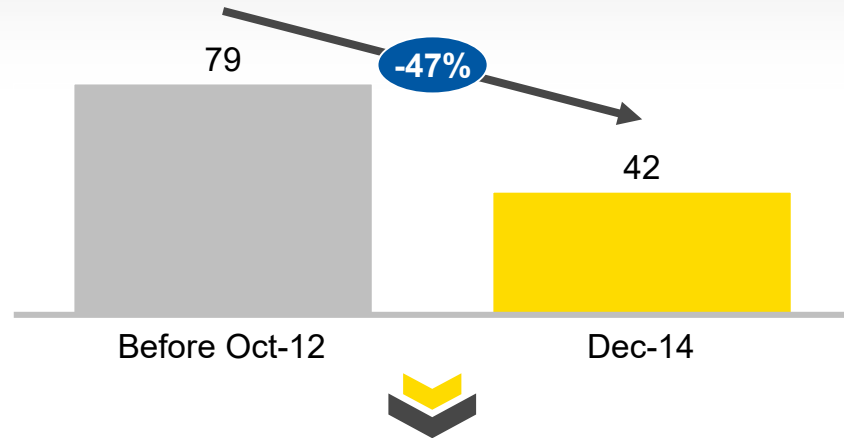
¹ Start of 2015 to EoP 2017;

² Start of 2018 to EoP 2022

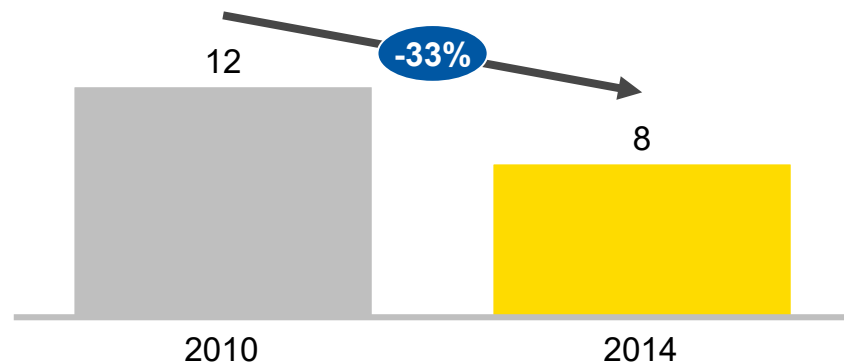
Movistar Fusión price change effects on industry EBITDA and resulting consolidation deals

The launch of Movistar Fusion destroyed one third of industry EBITDA and triggered consolidation

Movistar Fusion price, €



Spanish market EBITDA, €bn¹



M&A consolidation deals

vodafone
€7.2bn
(2014)

orange
€3.8bn
(2015)

Telefonica
€1.5bn
(2015)

MÁSMÓVIL
€0.8bn
(2016)

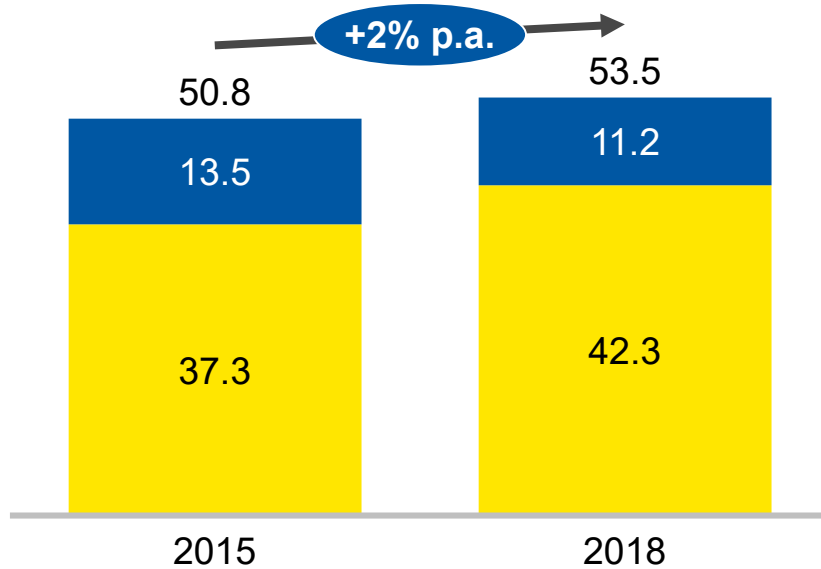
¹ Includes VOD, TEF, Orange, Yoigo, Jazztel, and Ono

Spanish telco market development

Spain's strong economic position is driving growth in the number of both mobile and broadband lines

Moderate but steady increase in mobile lines

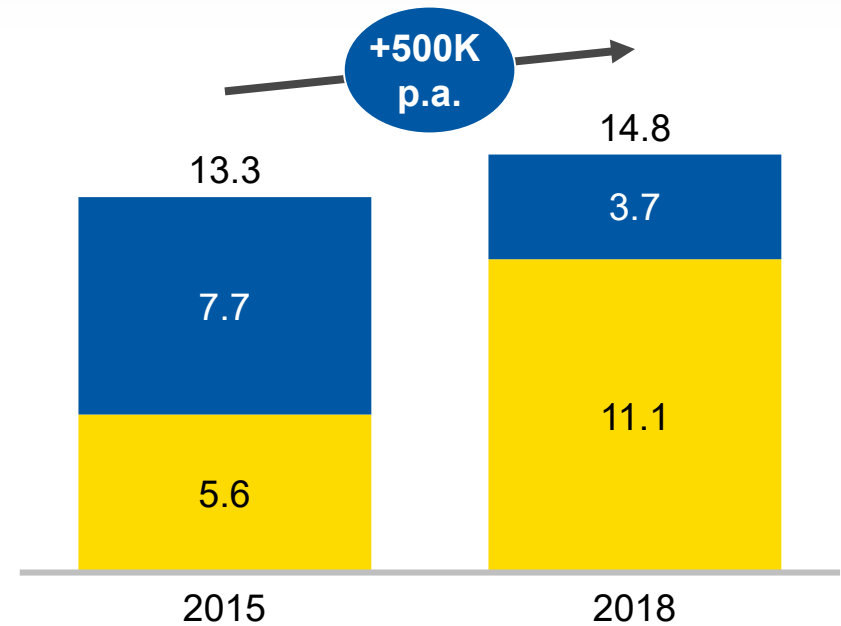
■ Prepaid ■ Postpaid



- Postpaid share of mobile lines rose from 73% in 2015 to 79% in 2018

Increasing broadband penetration

■ ADSL ■ NGN (FTTH+ HFC)



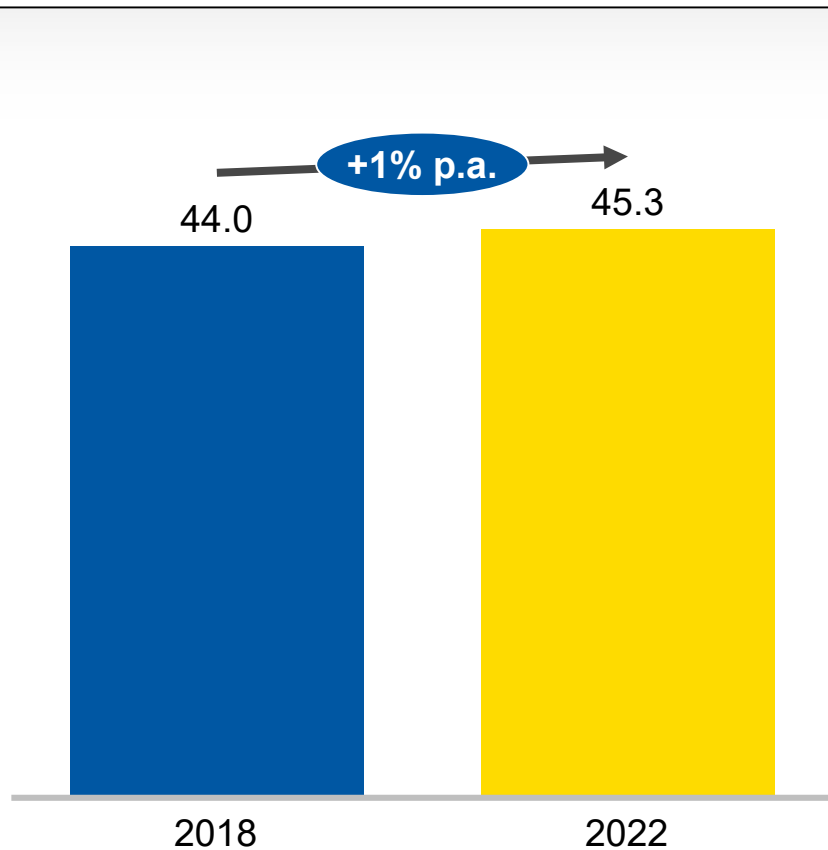
- There is still margin for broadband growth and xDSL to FTTH migration

1 Retail fixed broadband connections expressed as a percentage of total households (xDSL, FTTP/B, cable modem, and other fixed broadband)

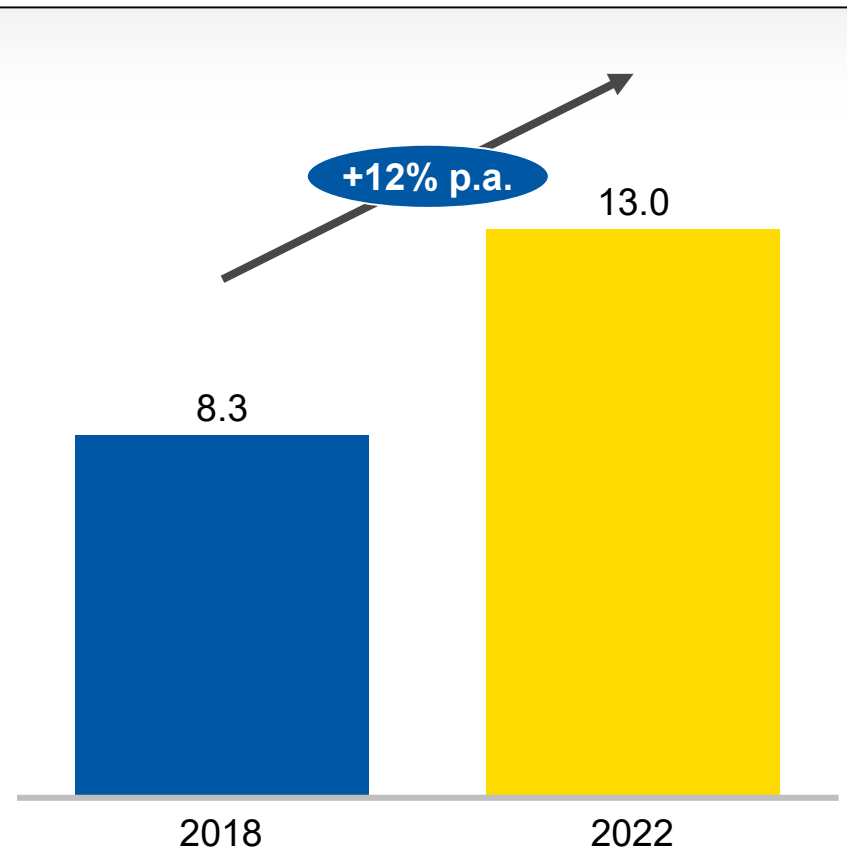
Spain market growth forecasts

Spain telco market is expected to continue growing, driven by an increase in broadband lines

Mobile postpaid lines (million)¹



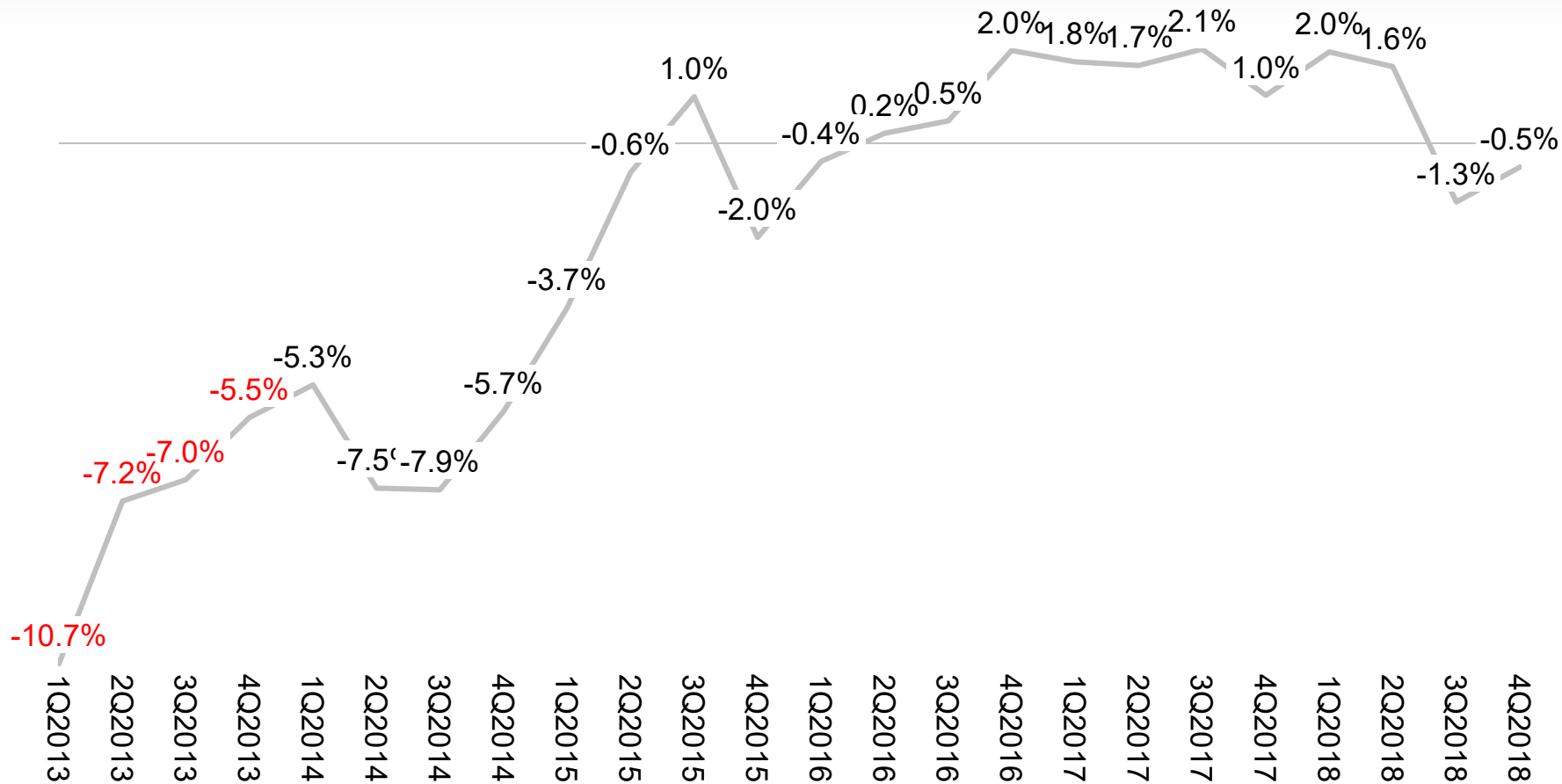
FTTH lines (million)¹



¹ Total (residential+business)

Service revenues of Spanish retail telco market

...and thus service revenue recovered after a painful period of decline

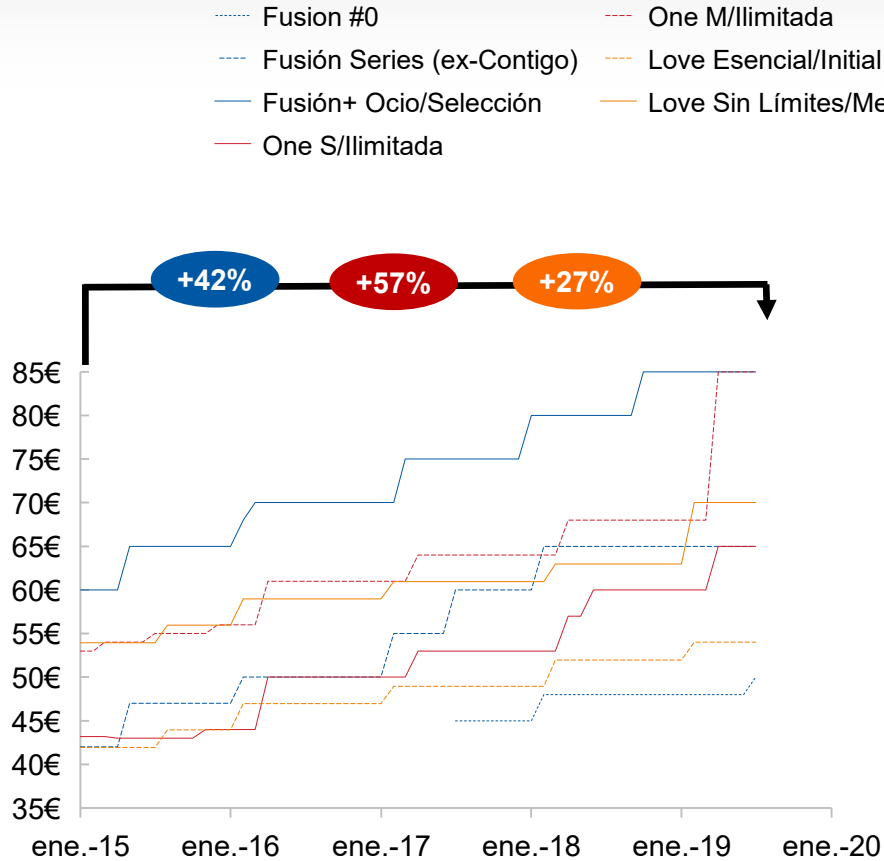


Price and convergent ARPU evolution

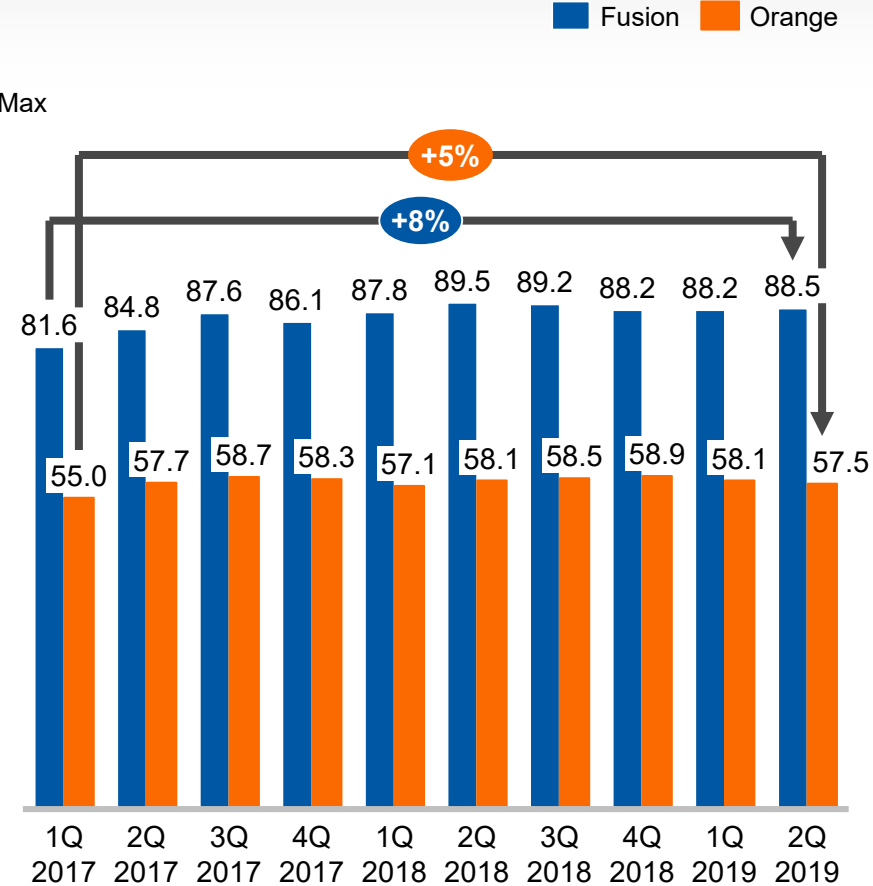
Higher speeds allowed for higher prices leading to tariff inflation...

Low-end 3P and 4P bundles price evolution

Per month



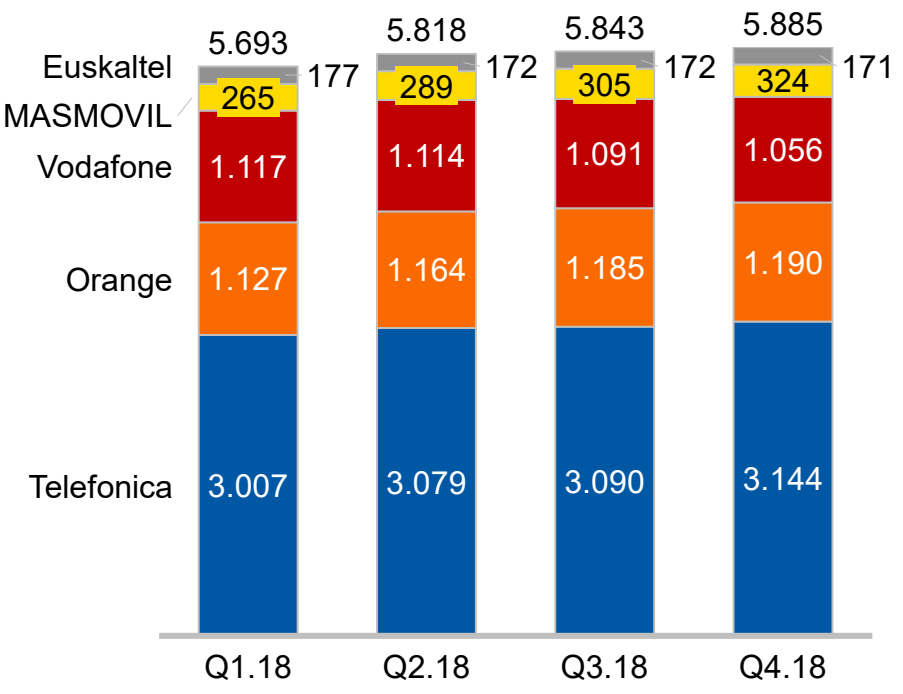
Convergent ARPU evolution, €/month



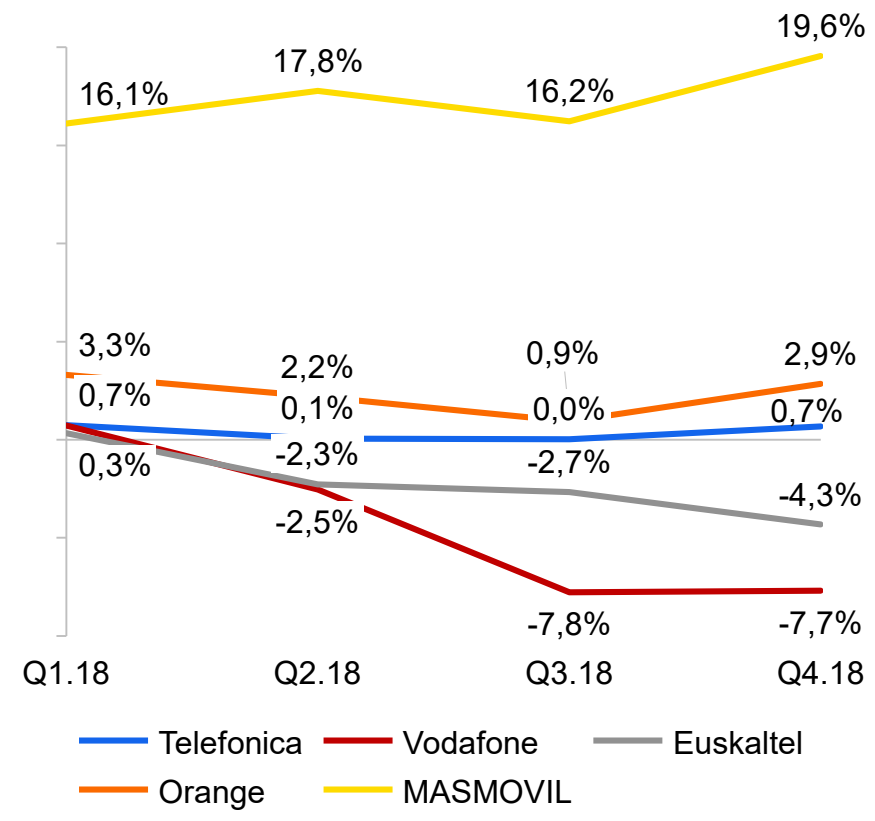
Service revenues of Spanish Telcos

...and MASMOVIL leads service revenue growth







Operators Service revenue quarterly evolution 2018
€M



Service Revenue growth
YoY

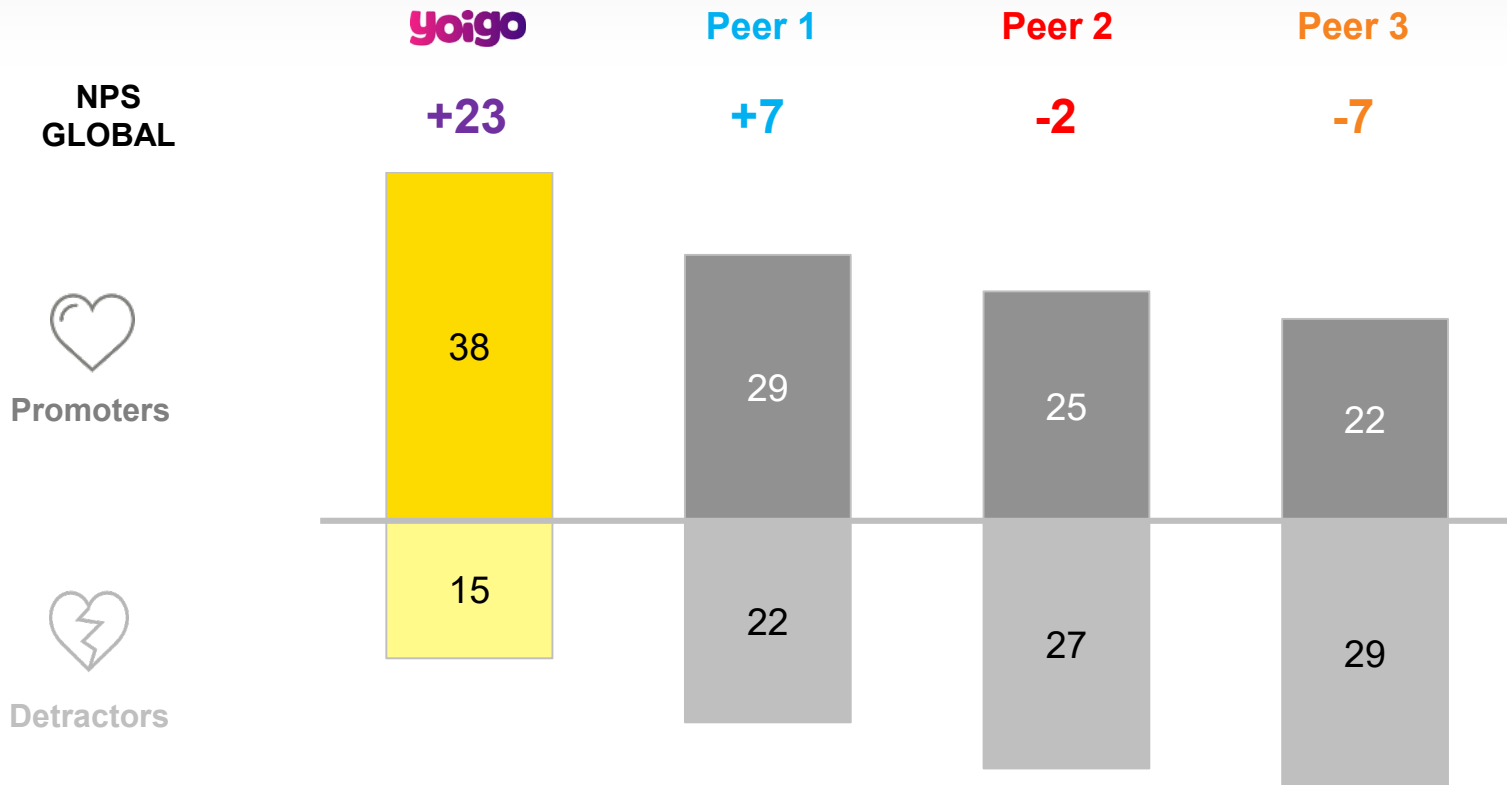


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Leadership in Net Promoter Score (NPS)

Yoigo has the best NPS of all peers, reflecting highest customer satisfaction



Our client focus is leading to better customer satisfaction

MASMOVIL multi-brand strategy

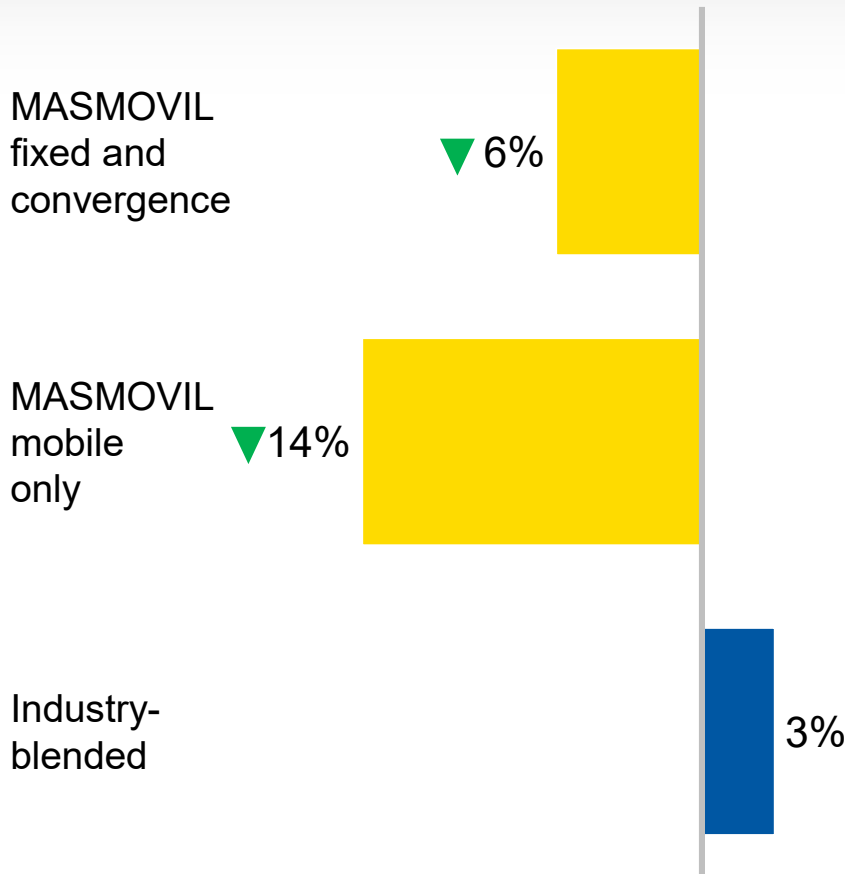
We cover a wide variety of client segments leveraging our multi-brand strategy



Initiatives to reduce churn and its evolution

We have managed to reduce churn in both mobile and convergence

Churn development 2017-18¹



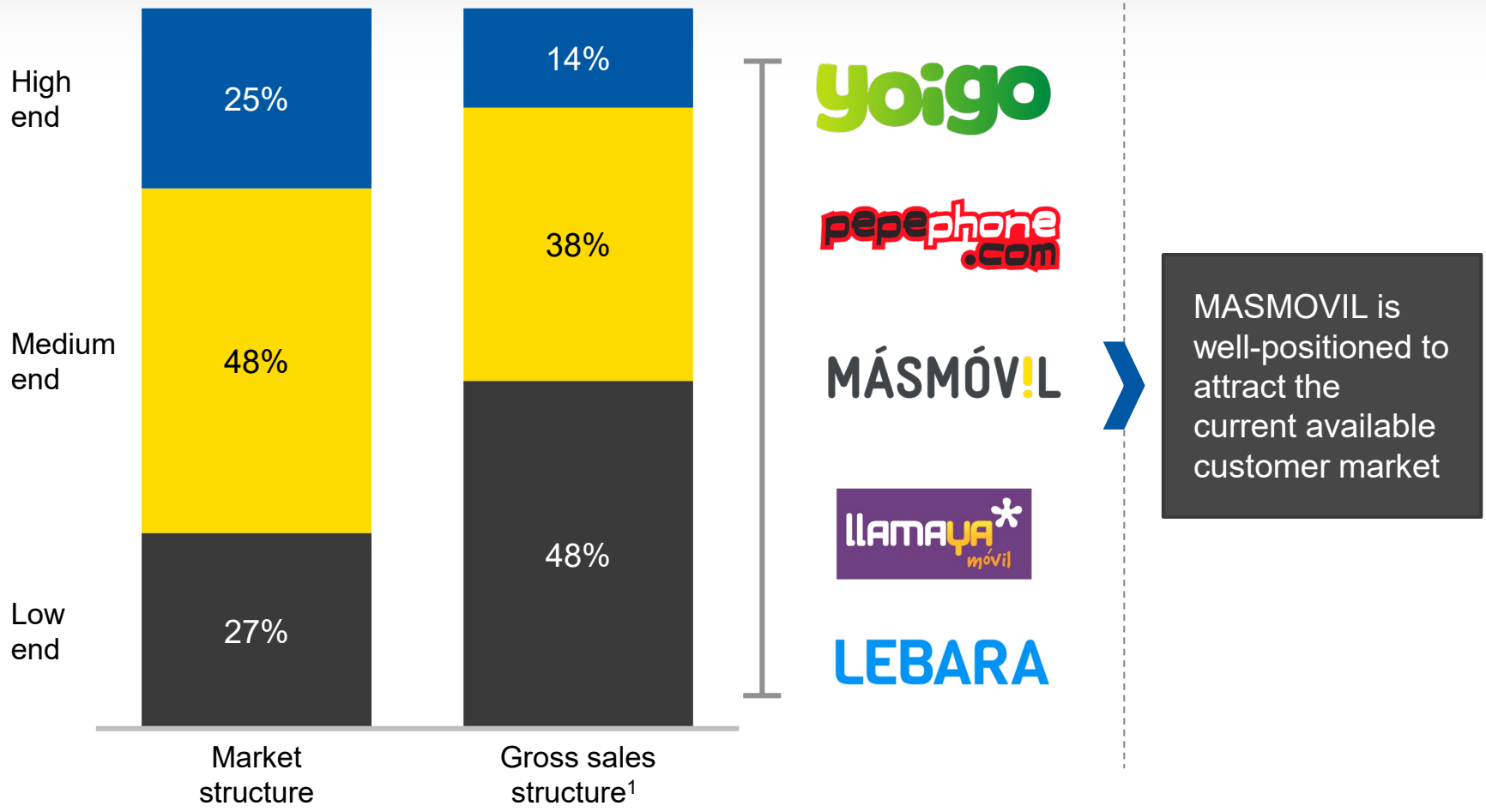
What have we done?

- Installed continued **service quality monitoring** and improving processes
- Launched set of **customer loyalty initiatives**
- Implemented **advanced analytics** modelling for **preventive retention** of customers
- Reinforced **reactive retention** mechanisms

¹ MASMOVIL results for comparison are for 2017 and 2018E; industry results are arithmetic means of 4 quarters in 2017 and first 2 (all available) for 2018

Split of FBB customer type for total number of lines and new yearly market pool

The value segment, our main target, will remain to be large



¹ From churn and new lines

Service offering of main Spanish telco firms

Service offering comparable to Telefónica, Orange, and Vodafone

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Telefónica



	MÁSMÓVIL	Telefónica	vodafone	orange
3G	✓	✓	✓	✓
4G	✓	✓	✓	✓
DSL	✓	✓	✓	✓
FTTH 100	✓	✓	✓	✓
FTTH 600	✓	✓	✓	✓
TV	✓	✓	✓	✓

Selected pricing comparison for main brands

Well-positioned with mild discount to peers in the high end...



Yoigo average discount to big 3

	Yoigo	vodafone	Telefonica	orange	Yoigo average discount to big 3
Mobile-only	32€ (∞ min, 30GB)	41€ (∞ min, ∞ GB, 2Mbps)	45€ (∞ min, 20GB)	36€ (∞ min, 20GB)	22%
FTTH Basic/ADSL	54€ (∞ min, 8GB)	58€ (∞ min, 6 GB)	65€ (∞ min, 10 GB)	54€ (∞ min, 6GB)	10%
FTTH Premium	69€ (∞ min, 30GB)	85€ (∞ min, ∞ GB)	72€ (∞ min, 10GB)	89€ (∞ min, 30GB)	15%

Reference for comparison

Selected pricing comparison for second brands

... with attractive price points and strong brands in the value for money segment

MÁSMÓV.L

Jazztel

amena

Lowi.es

O₂

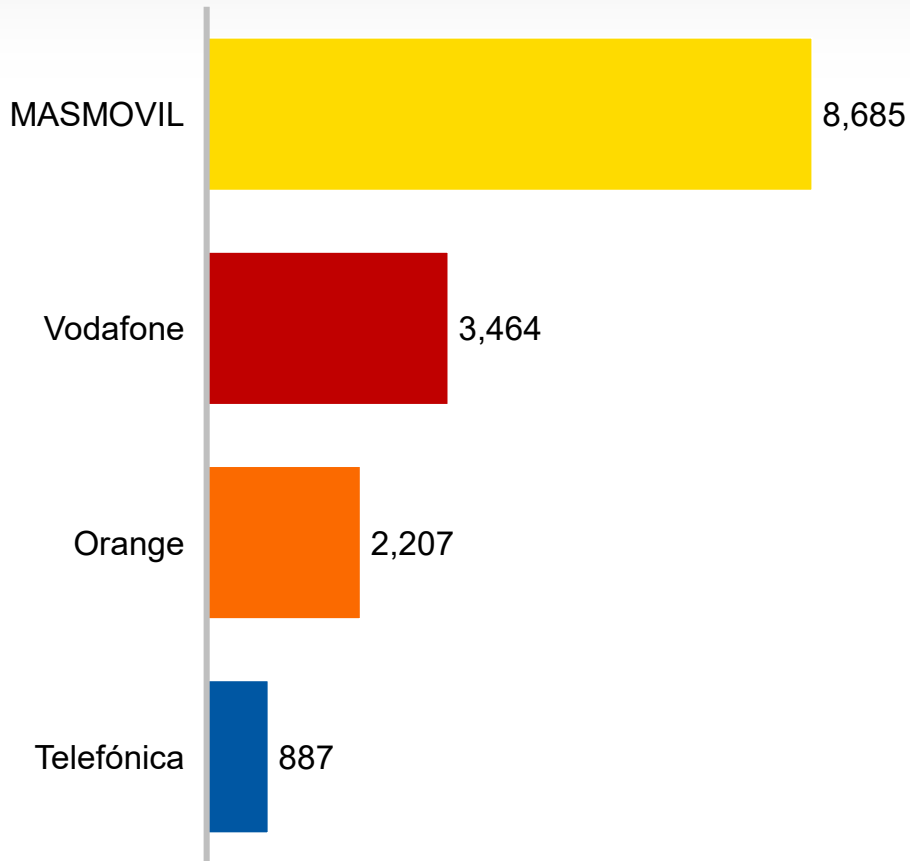
Mobile-only	13,90€ (100 min, 10GB)	13€ (150 min, 1,5GB)	15€ (∞ min, 6GB)	12€ (∞ min, 3GB)	20€ (∞ min, 20GB)
FTTH Basic/ ADSL	40€ (∞ min, 3GB)	50€ (∞ min, 10GB)	38€ (∞ min, 5GB)	39€ (∞ min, 3GB)	50€ (∞ min, 20GB)
FTTH 600	50€ (∞ min, 6GB)	61€ (∞ min, 10GB)	-	-	-

**Reference for
comparison**

Number of lines per employee and MASMOVIL's culture

MASMOVIL's small dynamic team and execution culture make us a lean and agile organization

Number of mobile lines per employee¹



#zerobullshit

Zero
bureaucracy
Zero politics
Zero ego



#lovespeed

Simplicity
Agility
80:20



#amazingpeople

Best talent out of all
Spanish companies in
2018



#100%goodvibes

Customer
experience
Trust > control
Positivism



#driventeam

Best telco firm to work
for in Spain in 2018

¹ Employees and mobile lines as of 1H2019

MASMOVIL management team

Management team counts with >100 years of telco experience and have a strong execution culture



Meinrad Spenger, CEO



Eduardo Duato,
Deputy CEO &
Technical Projects



Miguel A. Suarez,
Deputy CEO &
Business Analytics



Arturo Medina, Chief People Officer



Fernando Castro, Chief Communication Officer



Germán López, Chief Consumer Officer



Javier Marín, Chief IR & Corporate Finance Officer



José María del Corro, Chief Financial Officer



Juan Luis Delgado, Chief Legal Officer



Miguel Santos, Chief Technology Officer









Pablo Freire, Chief Strategy Officer



Victor Guerrero, Chief Enterprise & Wholesale Officer

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	6	Recent transactions focused on shareholders value growth

MASMOVIL sales and cost management principles

MASMOVIL constantly seeks cost-effective solutions to address customer needs

A Granular commercial investment model

- **Commercial strategy** based on understanding of differential **customer lifetime value per customer type**
- Customer **acquisition** and customer **development** investments **aligned with customer value**
- Most **sales through efficient remote channels**

B Efficient network and IT Capex

- Track record of executing **sound investments in network assets**
- Continuous **search for new opportunities**, and readiness for fast implementation
- **Lowest IT Capex** in the sector

C Lean company with continuous lookout for efficiencies

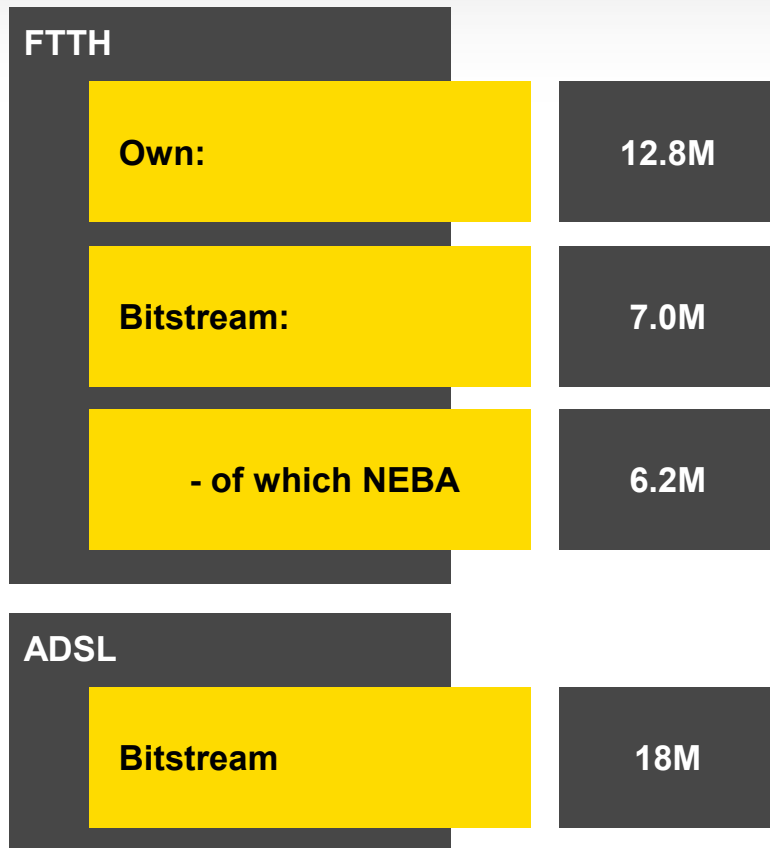
- **Robust spend control** across all Opex and Capex categories
- **Leanest organization** in the telco sector in Spain
- Continuous implementation of **efficiency initiatives**

FTTH and ADSL network infrastructure and footprint

MASMOVIL has a wide FTTH and ADSL footprint provided by both own and wholesale infrastructure

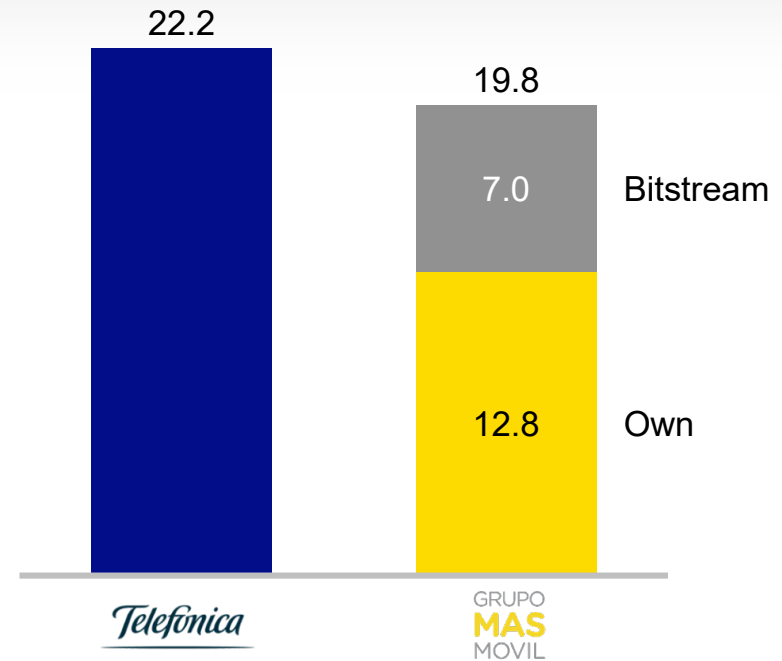
Broadband footprint per infrastructure type

'000 BUs



Total FTTH footprint

Million

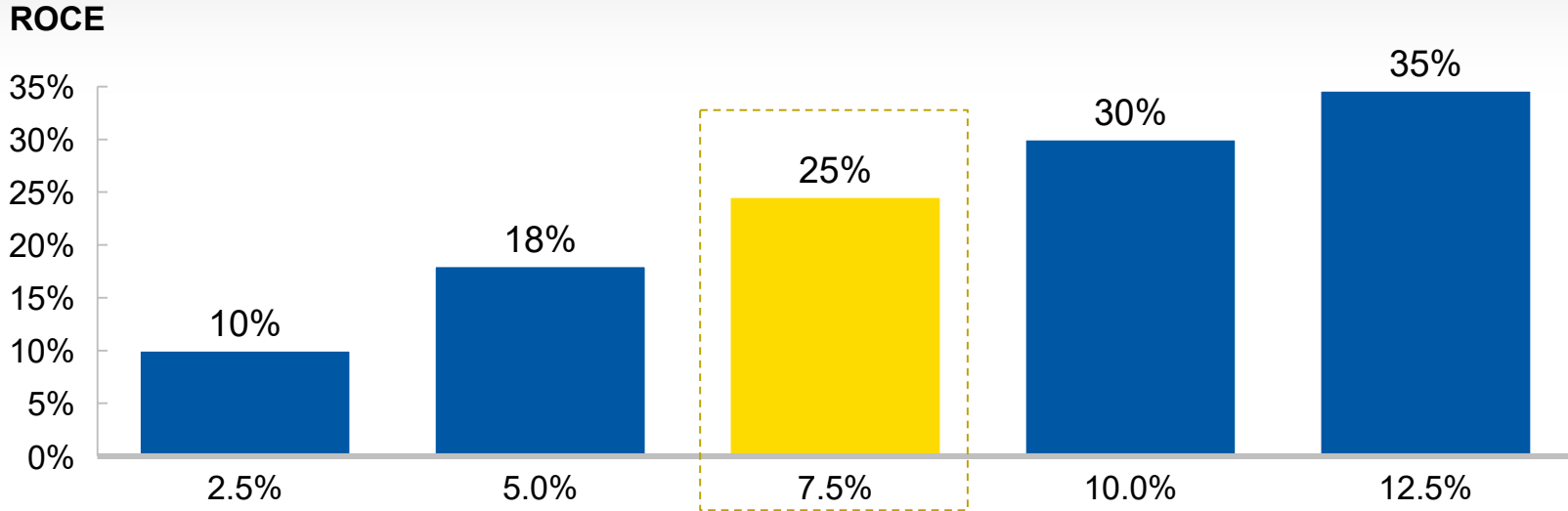


MASMOVIL started to add regulated access and will reach similar FTTH footprint to Telefónica within the next 1-2 years

Annual Own FTTH infrastructure rollout ROCE¹

MASMOVIL's superior Capex returns show that it is being deployed responsibly and smartly

Take-up rate sensitivity analysis on ROCE (after taxes)



Assumptions (example with 100 building units and 7.5% take-up rate)

Take-up rate²

Investment	€ 9,625	100 BUs @ 70€ deployment cost 7.5 BUs connected @ 350€ SAC
Annual revenue	€ 4,500	7.5 customers @ 50€/monthly ARPU
Annual gross profit (after tax)	€ 2,362	Contribution margin of 70%
Annual ROCE	25%	Tax rate of 25%

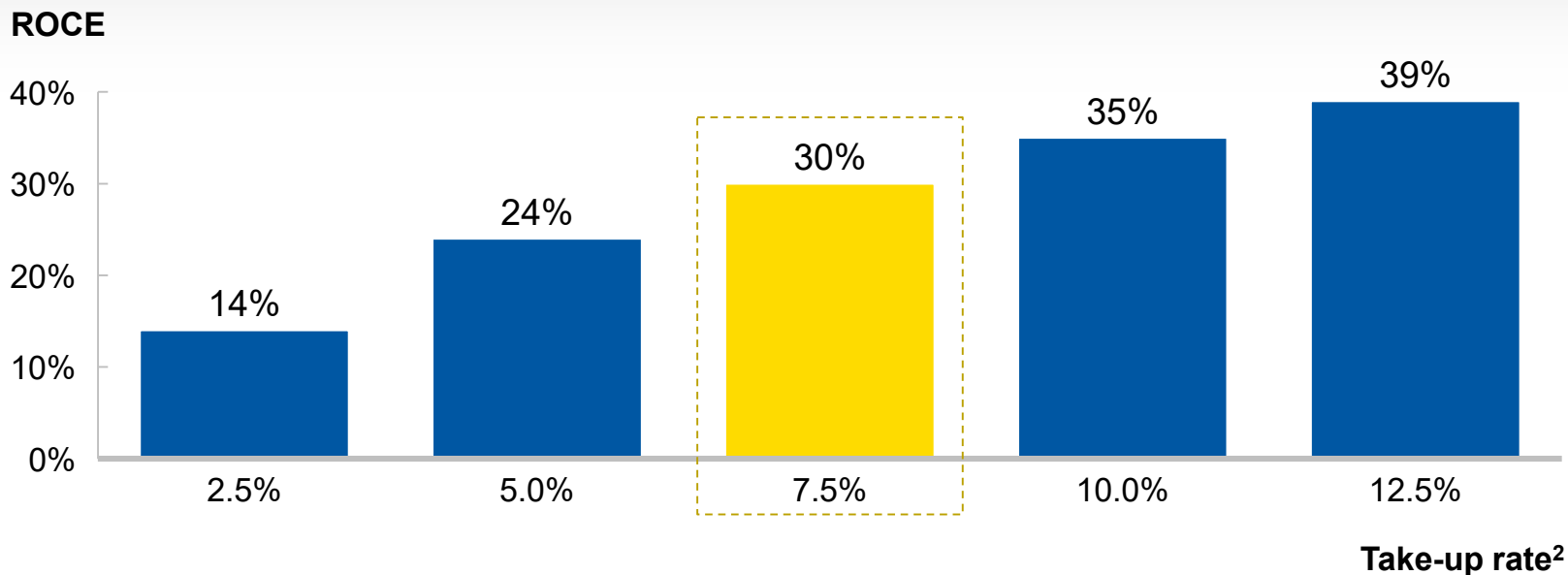
¹ These numbers are for illustrative purposes and might not be a good representation of unitary financials and product mix

² Subscribers/total BUs

Annual Hybrid FTTH infrastructure rollout ROCE¹

MASMOVIL's cost optimized FTTH hybrid network offering greater Capex returns

Take-up rate sensitivity analysis on ROCE (after taxes)



Assumptions (example with 100 building units and 7.5% take-up rate)

Investment	€ 6,125	100 BUs @ 35€ deployment cost 7.5 BUs connected @ 350€ SAC
Annual net revenue	€ 4,500	7.5 customers @ 50€/monthly ARPU
Annual gross profit (after tax)	€ 1,860	Contribution margin of 70% net of consensus monthly wholesale cost
Annual ROCE	30%	Tax rate of 25%

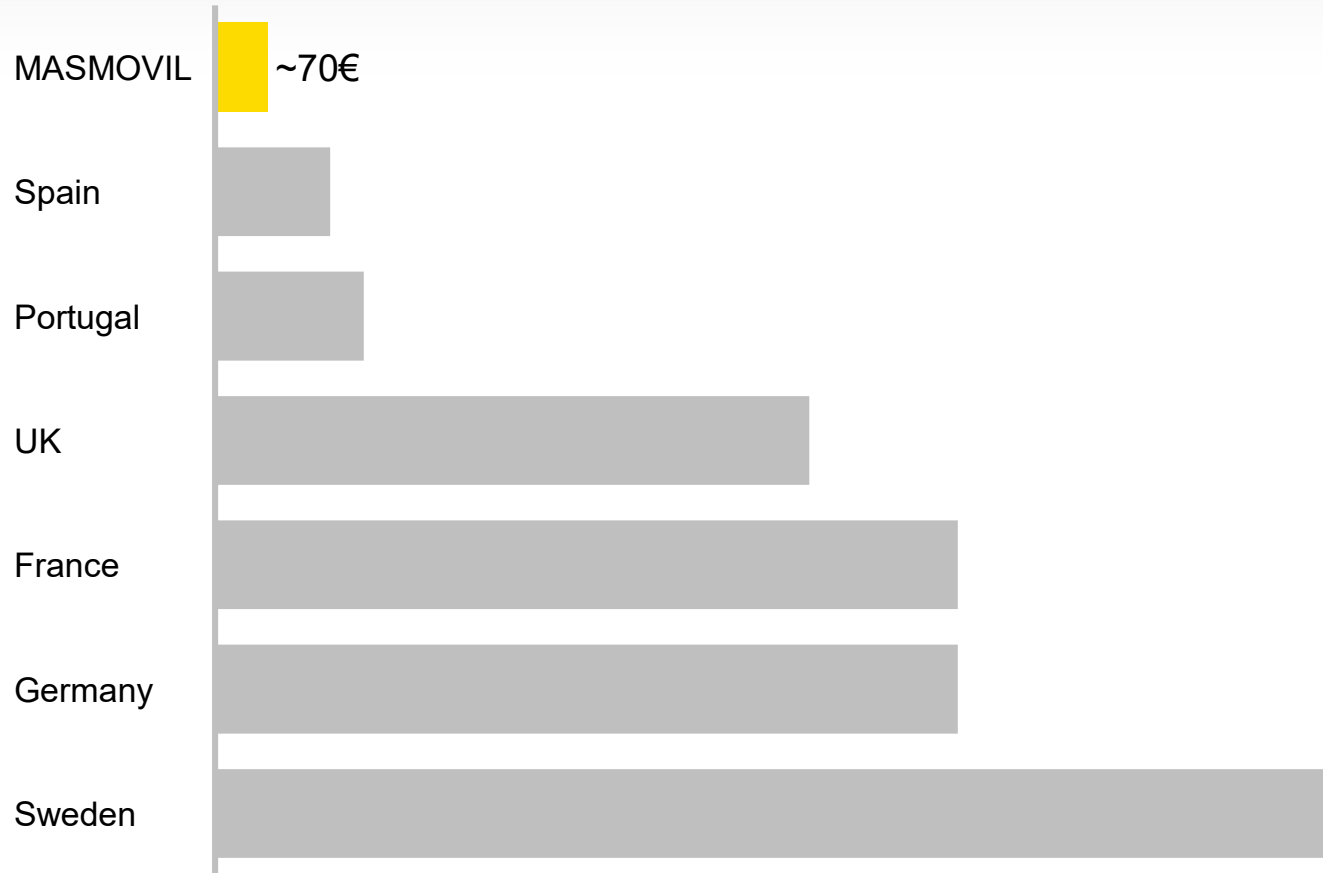
¹ These numbers are for illustrative purposes and might not be a good representation of unitary financials and product mix

² Subscribers/total BUs

Source: Company estimates

Fiber deployment costs in Europe¹

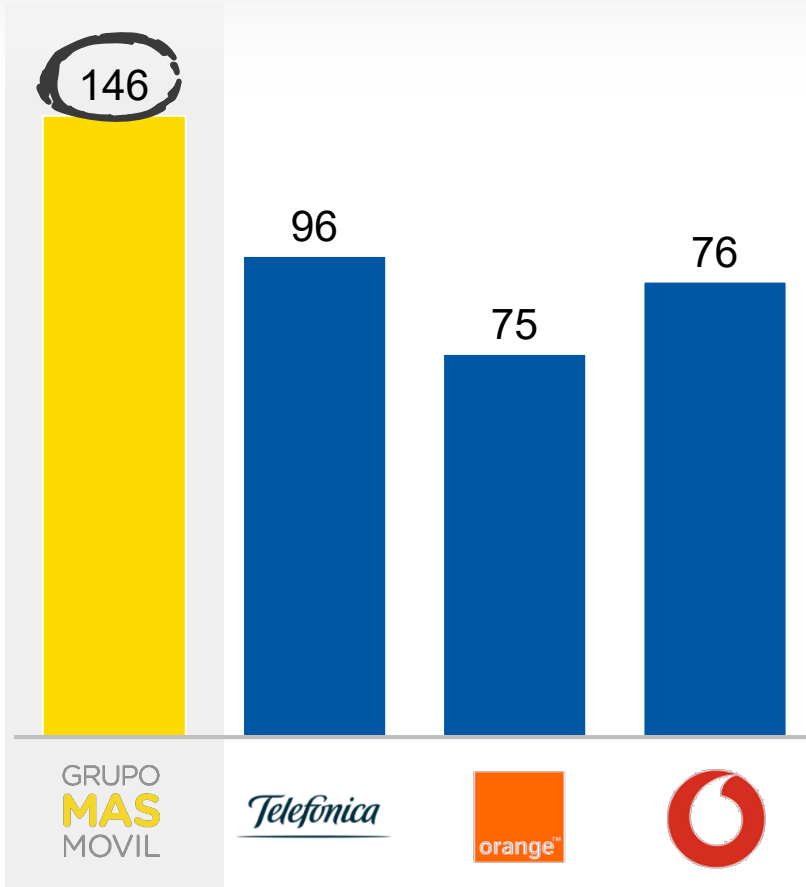
Fiber deployment costs in MASMOVIL are 2-20x lower than in other European countries



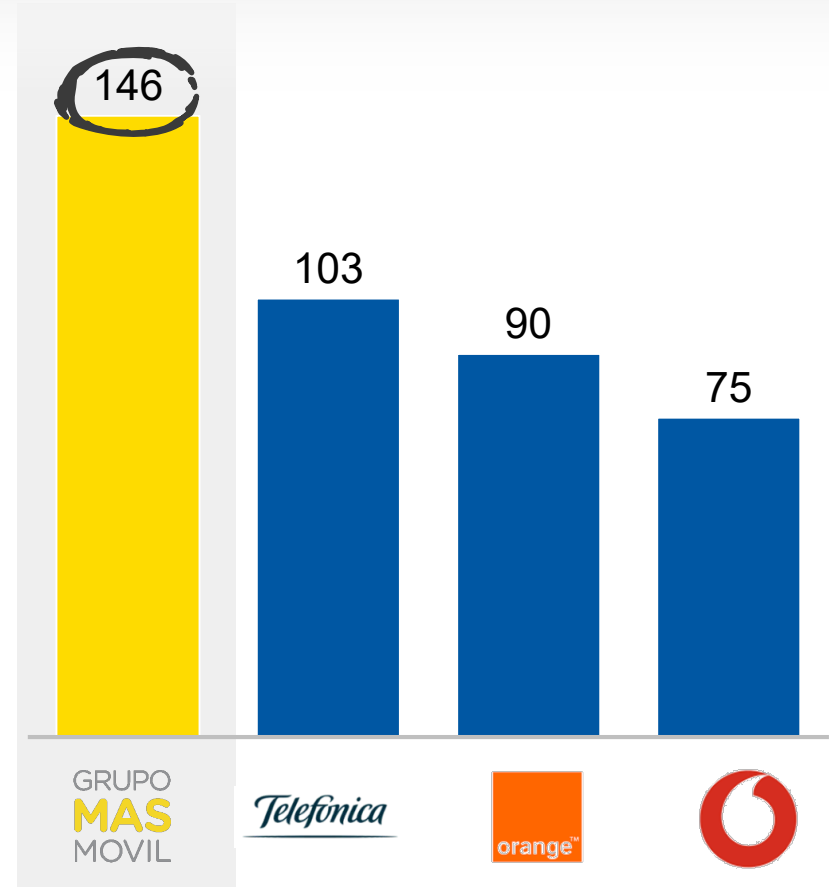
FTTH network quality rankings

MASMOVIL offers the best FTTH network speeds compared to peers

Download speed (Mb/s)



Upload speed (Mb/s)



MASMOVIL's mobile network infrastructure

MASMOVIL counts with a hybrid mobile network infrastructure that allows for superior 4G mobile availability

Infrastructure type

Efficient mobile network model

Own sites and spectrum

- All own sites updated to 4G with ~85% population coverage
- Ready for 5G with double the spectrum per client than peers acquired at a fraction of the cost

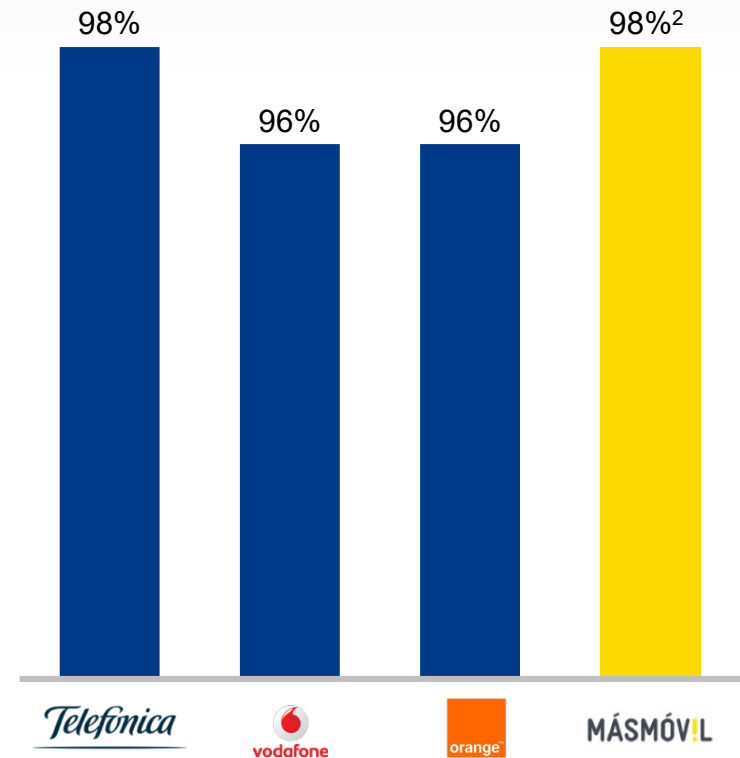
Site sharing and data transmission

- Revisions to the terms of the current site sharing agreement
- Amendments to national data transmission agreement with improved unitary pricing

National roaming agreements (NRA)

- Improvement of the economic conditions of the existing mobile National Roaming Agreements which have been extended

4G mobile availability¹



¹ Best estimates of population coverage for end 2017;

² 85% own coverage, 96% Orange coverage;

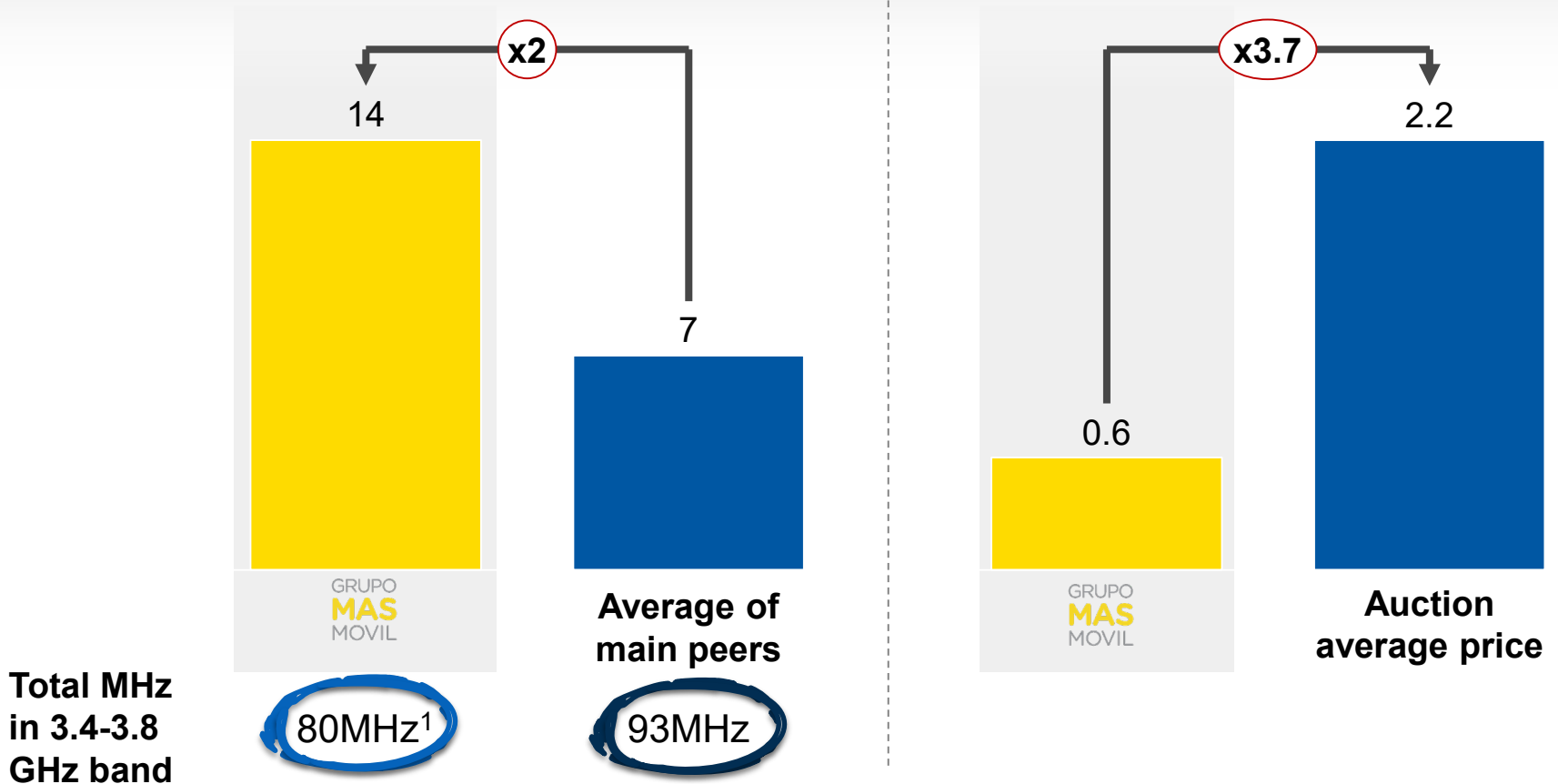
SOURCE: Latest company results

5G spectrum license contract comparison

MASMOVIL is ready for 5G - double the spectrum per client, having paid a fraction of auction price

MHz per million mobile client

Price per MHz 2018 (M€/MHz)²



**Total MHz
in 3.4-3.8
GHz band**







80MHz¹

93MHz

¹ Block of 40MHz pending on approval of transfer to MASMOVIL (Eurona spectrum)

² Auction final price of 438M€ for 200MHz. Assuming no value for spectrum post-2030 and no value of additional businesses, MASMOVIL price is 50% of auction

Contents

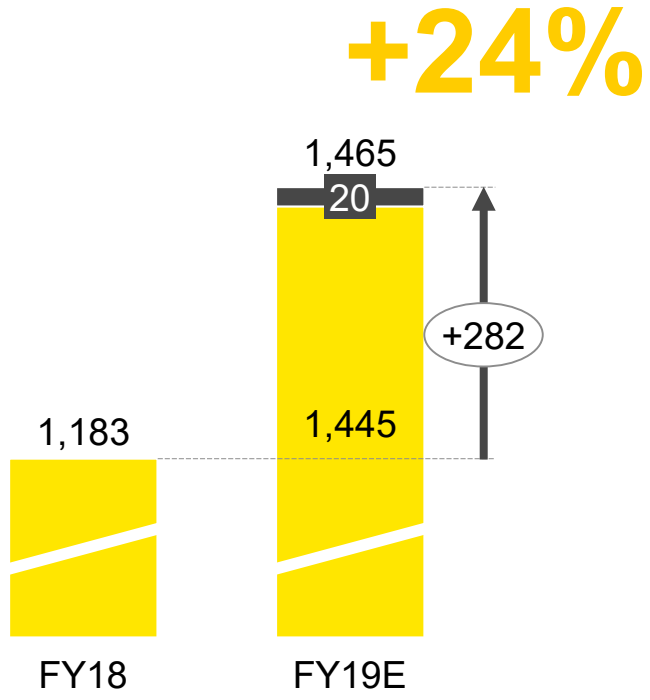
	1	We have achieved tremendous growth with significant potential to continue growing
	2	We are a different telco in an attractive market
	3	We have customer centricity in our DNA and create the best customer experience
	4	We have a controllable revenue and cost model benefiting from a flexible capex model
	5	Our performance supports our guidance
	6	Recent transactions focused on shareholders value growth

2019 Service Revenues & Adj. EBITDA Guidance

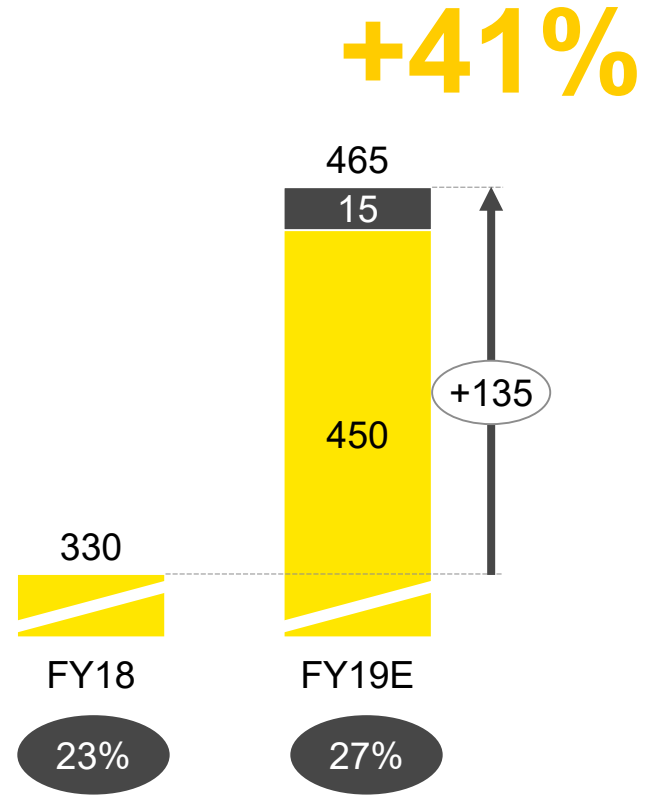
Adj. EBITDA guidance increased to 465M€; €M

■ Previous ■ Improved
● Adjusted EBITDA margin

Service Revenues

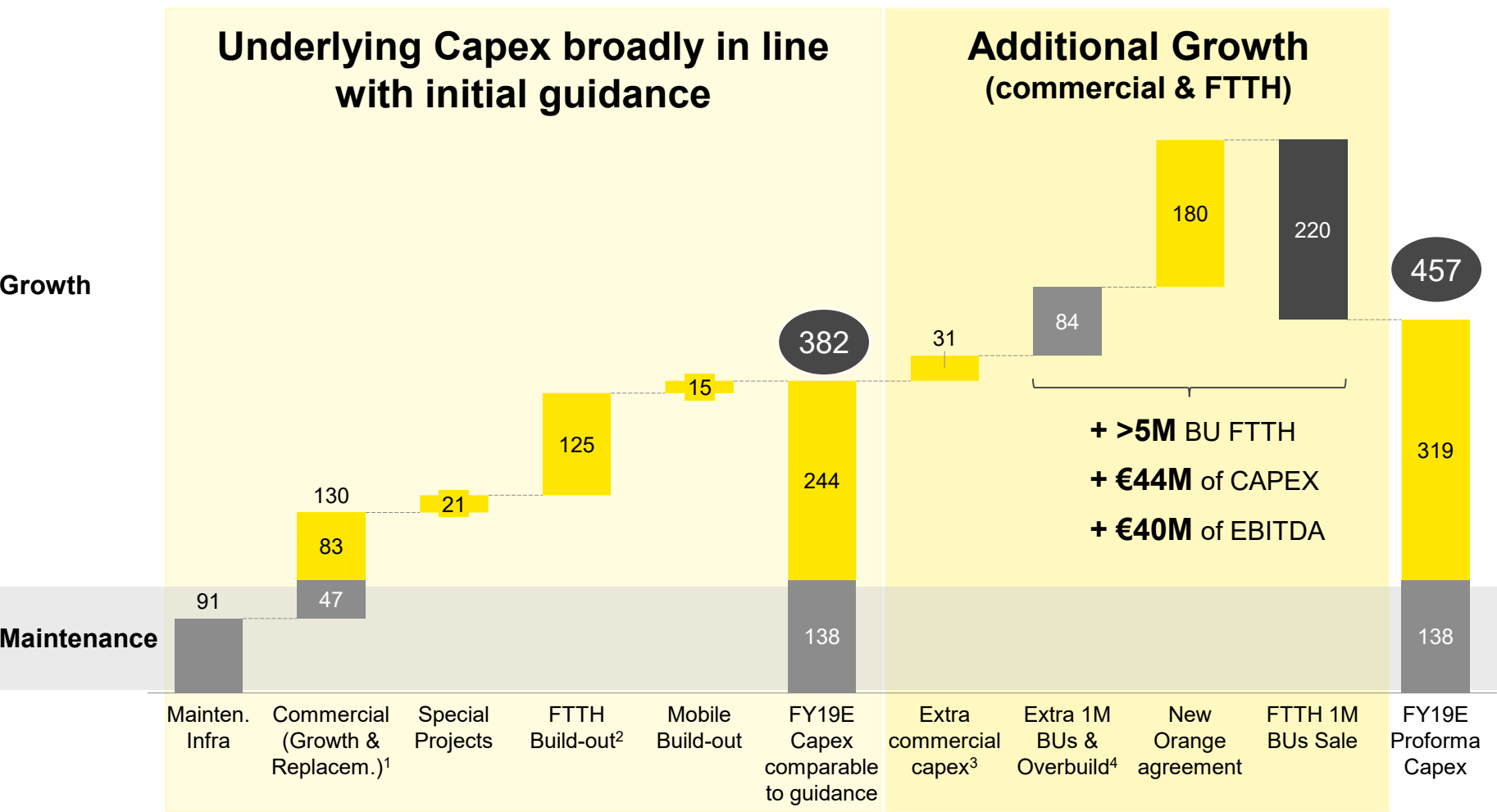


Adjusted EBITDA



2019 CAPEX

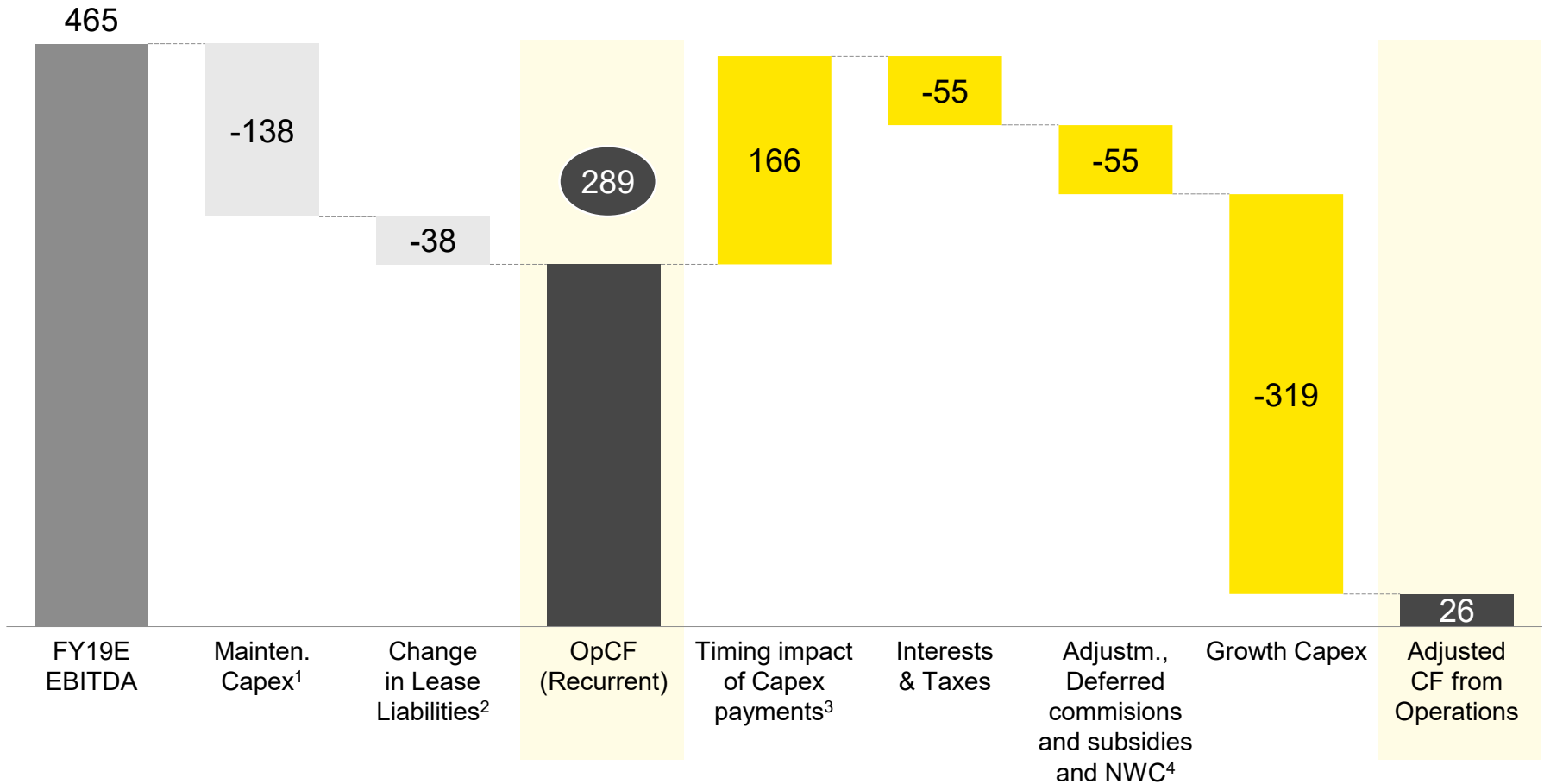
Net additional FTTH Capex of c€44M to generate €40M of annual EBITDA; €M



1 Based on around 400K net adds implicitly embedded within FY19 initial guidance
 2 Based on reaching the expected own network of 8M BUs as per FY19 initial guidance
 3 Extra capex driven by higher than initially expected subscriber growth (500k vs. 400k) and set-top box offering
 4 1M extra BUs acquired from Orange plus 200k BU's overbuilt on top of the 8M BU's of guidance

2019 Cash Flow from Operations

MASMOVIL expects to generate positive CF from Operations in 2H19 and also in FY19; €M



1 Includes churn related (replacement) commercial capex and maintenance infrastructure capex

2 Including IFRS16 leases

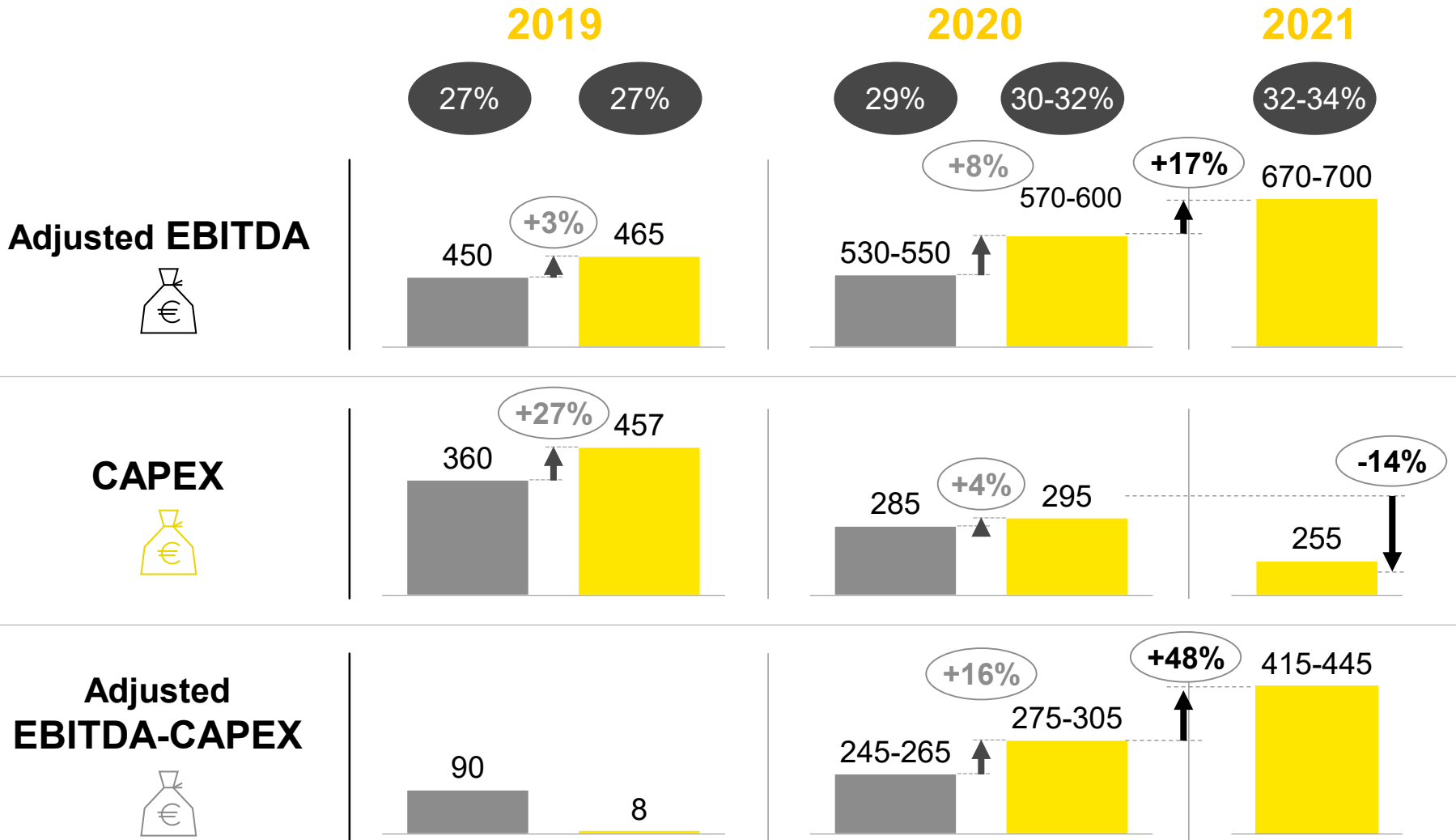
3 Including mostly payments of €65M deferred from 2018 and €250M Capex deferred from two new Orange agreements signed in 2019

4 Mainly due to commissions/subsidies deferred under IFRS15

Revised 2019-2021 guidance summary

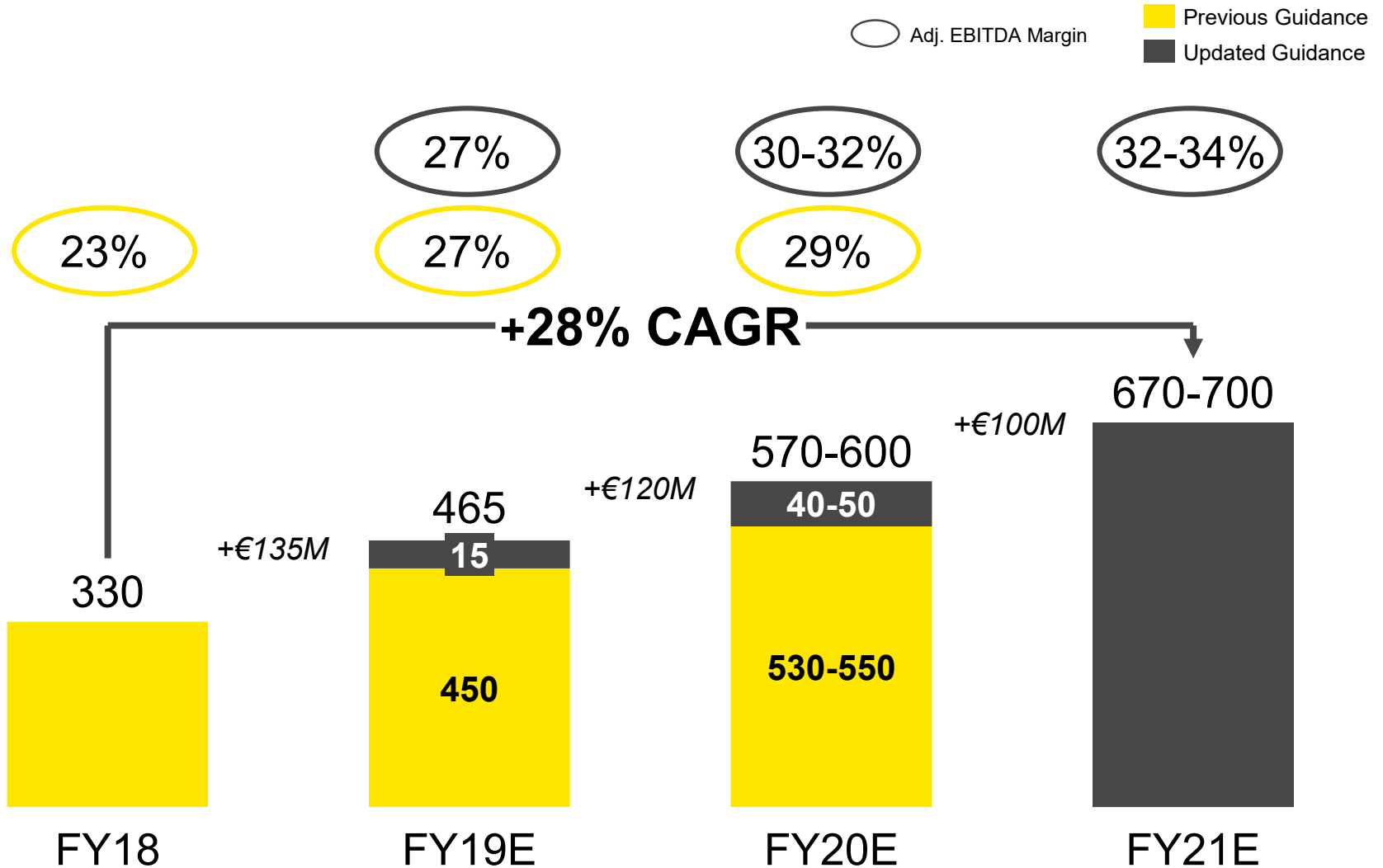
Significant increase in guidance with >415M€ OpCF in 2021; €M

● EBITDA margin ■ Previous ■ Updated



2019-21 Adjusted EBITDA¹ Guidance

Operating leverage enables to grow EBITDA margin to 32% - 34% in 2021; €M



(1) FY18 is pre-IFRS16. Following years are post-IFRS16

SOURCE: Company

2019-21 Capex Outlook

Orange agreement eliminating Capex uncertainty and allowing for a declining net capex profile

○ Cost optimized FTTH Network

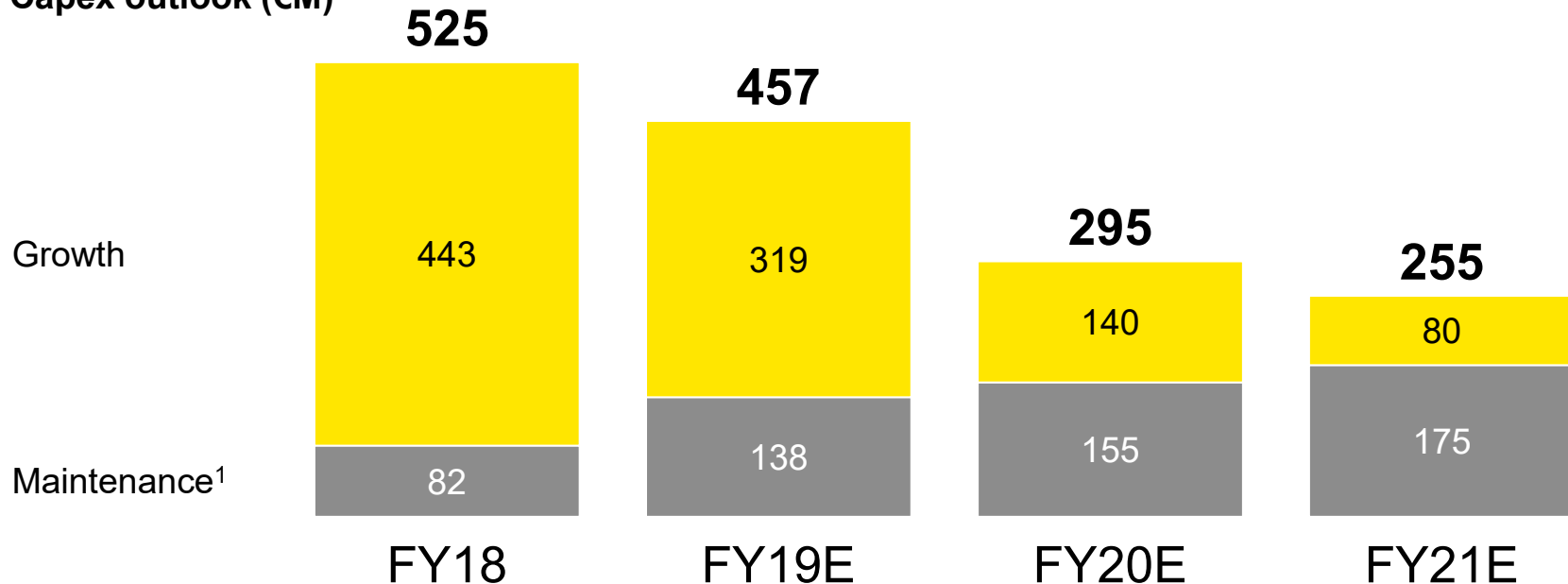
Updated FTTH guidance (M BUs)



Previous FTTH guidance (M BUs)



Capex outlook (€M)

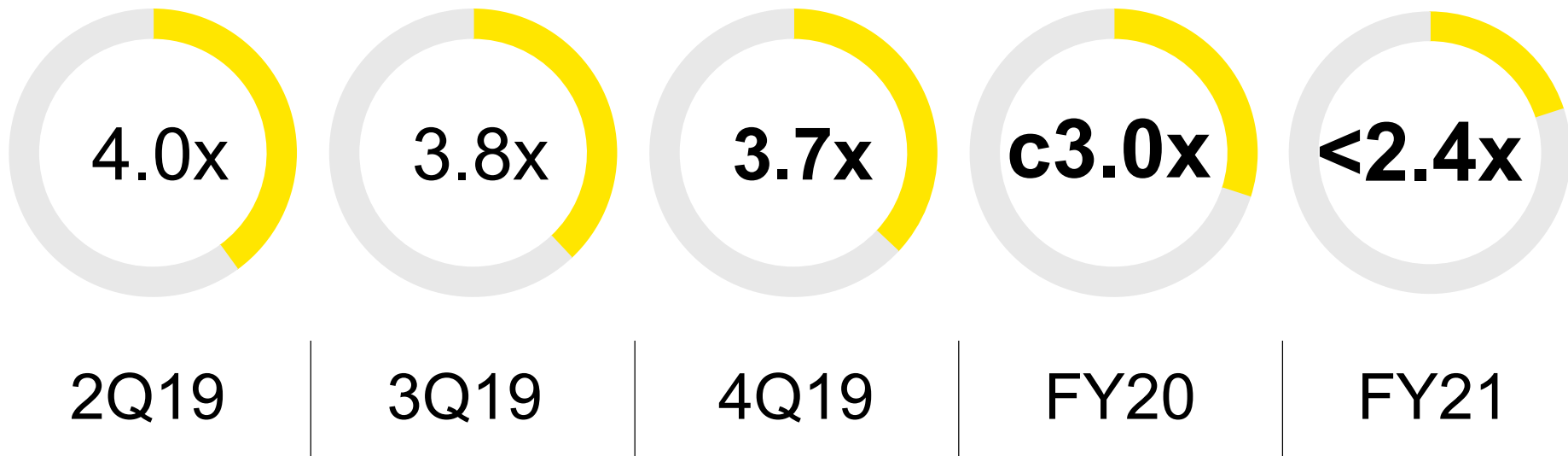


¹ Includes churn related (replacement) commercial capex and maintenance infrastructure Capex

SOURCE: Company







2019-2021 Clear Deleveraging Path

MASMOVIL to delever¹ to c.3x by YE 2020 and <2.4x by YE 2021



1: Based on Adj EBITDA guidance and without vendor finance for FTTH agreement into financial net debt. Including it, FY20 leverage would go up by 0.2 in FY20 and by 0.1x in FY21.
SOURCE: Company

Contents

	1	We have achieved tremendous growth with significant potential to continue growing
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	5	Our performance supports our guidance
	6	Recent transactions focused on shareholders value growth

Benefits of Providence Convert Repurchase

Reduced overhang, value accretive and resulting in a more efficient and flexible capital structure

1

Immediately accretive with >10% EPS accretion in 2020

2

**Removes convertible overhang of 43M shares
126.7M shares post Providence reinvestment**

3

**Convertible repurchased at attractive price:
7% discount to fair value or 12% to nominal value at maturity**

4

**MASMOVIL's repurchase of the convertible & €120M new investment
by Providence underpins confidence in growth story**

5

**Cov-lite debt refinancing
Extension of maturities without repayments until 2026**

6

**Balanced & efficient long-term financing to support growth.
Quick deleveraging to 3.7x at YE19 and 3.0x by YE20**

Execution of Two FTTH Network Transactions

This twofold transaction leverages the appetite from infra funds for FTTH networks without affecting our FTTH footprint, customer penetration or EBITDA

		Sale ¹	Acquisition ²
Key Facts	Building Units	933K	1,000K
	Consideration	€217.5M	€70.0M
	Value/BU	€233	€70
Other Details	Timetable	July 19	December 2019
	Penetration³	Similar customer penetration	
	EBITDA impact	Similar on Full Year Basis	

¹ Sale to an international infrastructure fund. MASMOVIL has also the right to sell another c.40k BU's from further network densification for another c.7.5M€

² Acquisition of IRU's from Orange.

³ Current client number of MASMOVIL within the underlying BU's

Overview of FTTH Network Transactions

Transactions neutral on footprint, clients and EBITDA. Positive on cash flow and valuation

No Change in Network Scale

- Transactions neutral for scale of FTTH network
- MASMOVIL maintains its target of 8M own FTTH BU's by YE19

Attractive Price

- Sales price of sold network at 3.5x of cost of new deployment
- Valuation of 233€/BU (would imply 1,500M€ value for 6.4M BU's)

Positive Cash Flow

- Transactions generate cash flow €150M of net proceeds
- Results in positive cash flow generation in 2019

No Change in Clients Number

- Similar subscriber penetration in the two areas
- A slightly more positive uptake trend in new network

No EBITDA impact






- Slight negative impact in 2019, but MASMOVIL confirms guidance
- The transactions are neutral for midterm EBITDA

New network agreements with Orange

Covering all 5G needs while eliminating Capex uncertainty and supporting guidance upgrade

Positive trading
(also in 3Q19) and
new **network**
agreements
with Orange drive
guidance
upgrade for
2019-2021

Key highlights

-  **Orange agreements** cover all of MASMOVIL's future 5G needs, increase our cost efficient FTTH network to 13.2M BUs and generate €40m Opex savings
-  **Future CAPEX uncertainty** eliminated – 5G needs fully addressed and MASMOVIL reaches the end of its fixed and mobile network investment phase
-  **EBITDA guidance increased to €465M for 2019, €570 – 600M for 2020 and €670 – 700M for 2021**
-  Operating FCF forecasted to reach €415 – 445M by 2021, which translates into more than €2 equity FCF per share
-  **Clear visibility on deleverage profile** after having achieved our key network deployment goals

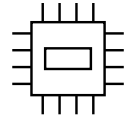
Orange agreements summary

Mobile network



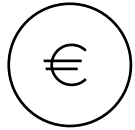
- ✓ **Nation-wide NRA** extended to 2028 plus 5yr option, includes 5G and evolves to network capacity sharing model
- ✓ **5G Virtual Active Sharing** of up to 4,500 sites including top 40 cities (covering 35% of population) and 5G frequency bands without further CAPEX requirement
- ✓ **Radio As A Service option:** IRU on site-by-site basis to use all mobile technologies

FTTH network



- ✓ **Footprint expansion by 5.2M BUs** with optimized cost structure (c.50% reduction in monthly charge)
- ✓ **Hybrid economic model:** upfront CAPEX/BU c. 50% of traditional co-investment with option to get full owner economics by 2030
- ✓ **Vendor financing:** total CAPEX will be booked in 2019 with payments spread over 4 years

Orange agreements implications



Financial

€180M

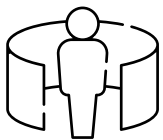
Covering all CAPEX for FTTH and mobile network

€40M

Net OPEX savings run-rate¹

>20%

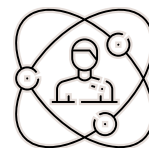
ROCE of the operation (excl. additional CAPEX savings)



Qualitative



All 5G functionalities available without incremental CAPEX



Future proof

Long-term network access agreement (10+ years)

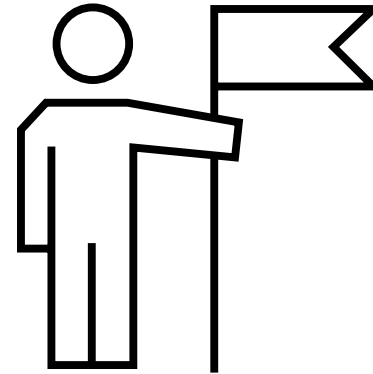


Operating Leverage

Continuous margin improvement due to scale effects

¹ 30 M€ in 2020, 40 M€ in 2021 and onwards

2021 Equity Free Cash Flow Target



>€2.0

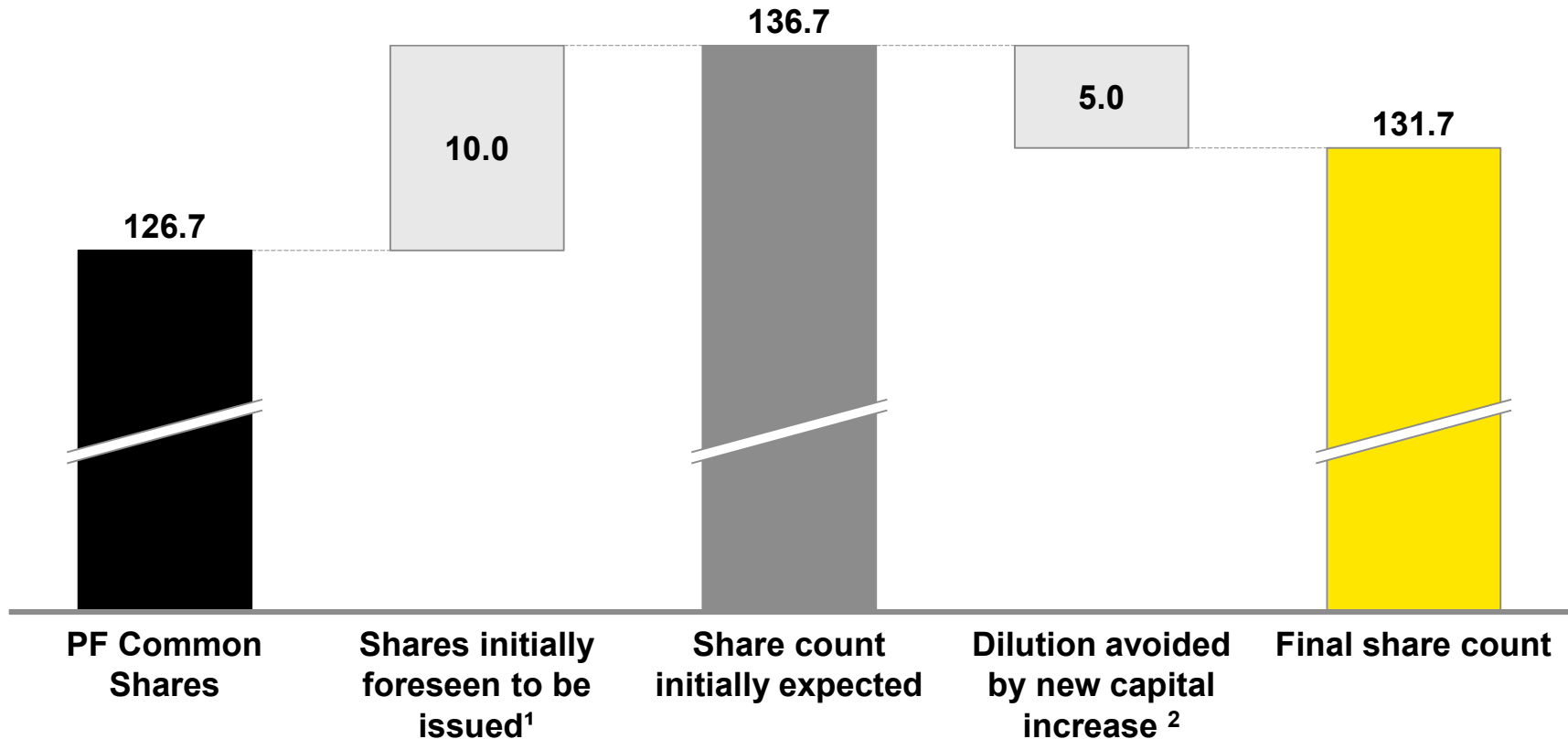
per share

BACKUP

Fully Diluted Share Count Reduced

131.7m share outstanding post transactions – 5m less than initially anticipated

Number of Shares (m)



The transactions complete the refinancing and eliminating the need to raise additional equity in the public market

- ❑ Dilution by c. additional 5m shares avoided

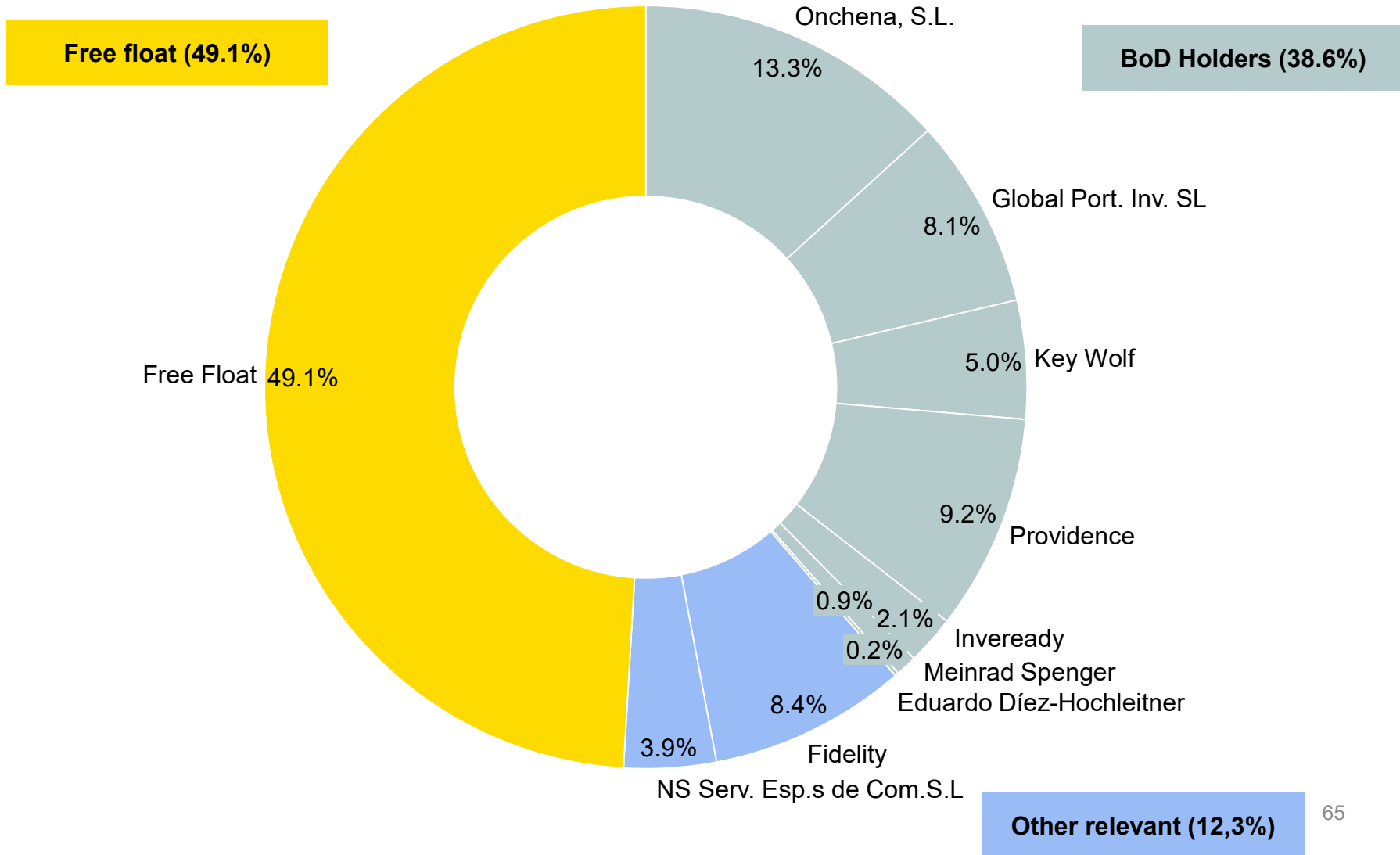
¹ €200m of intended repayment of Preferred Equity

² €100m of new equity offering at €20.0

SOURCE: Company

Shareholder Structure

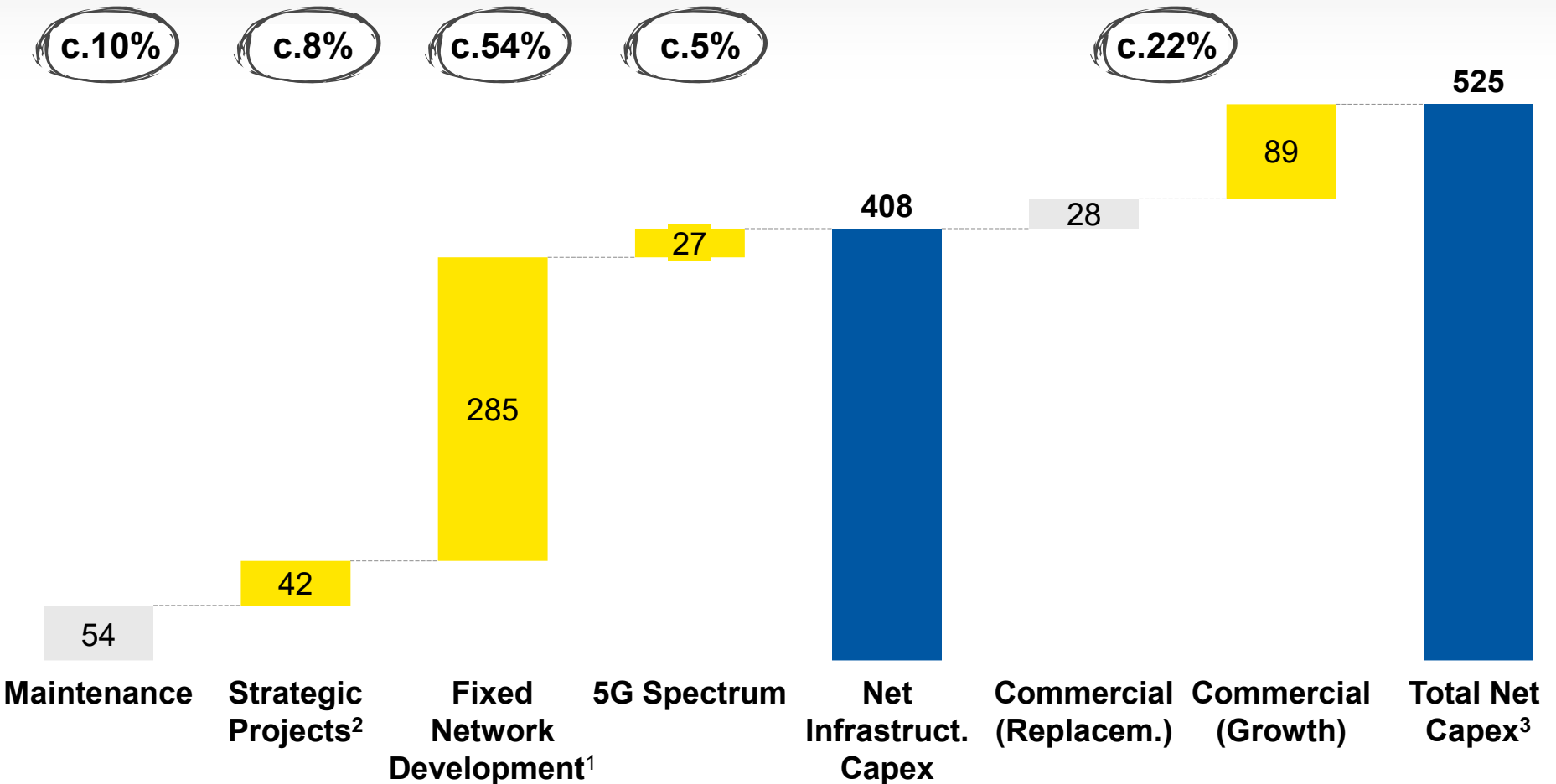
49,1% *free float* mainly institutional



Capex FY18

MASMOVIL continues to invest in its own infrastructure and client growth
€M

 % of Total



¹ Includes Core network & VAS, Transmission and Access.

² Strategic projects includes areas such as IT, digitalization, cybersecurity, and other specific projects

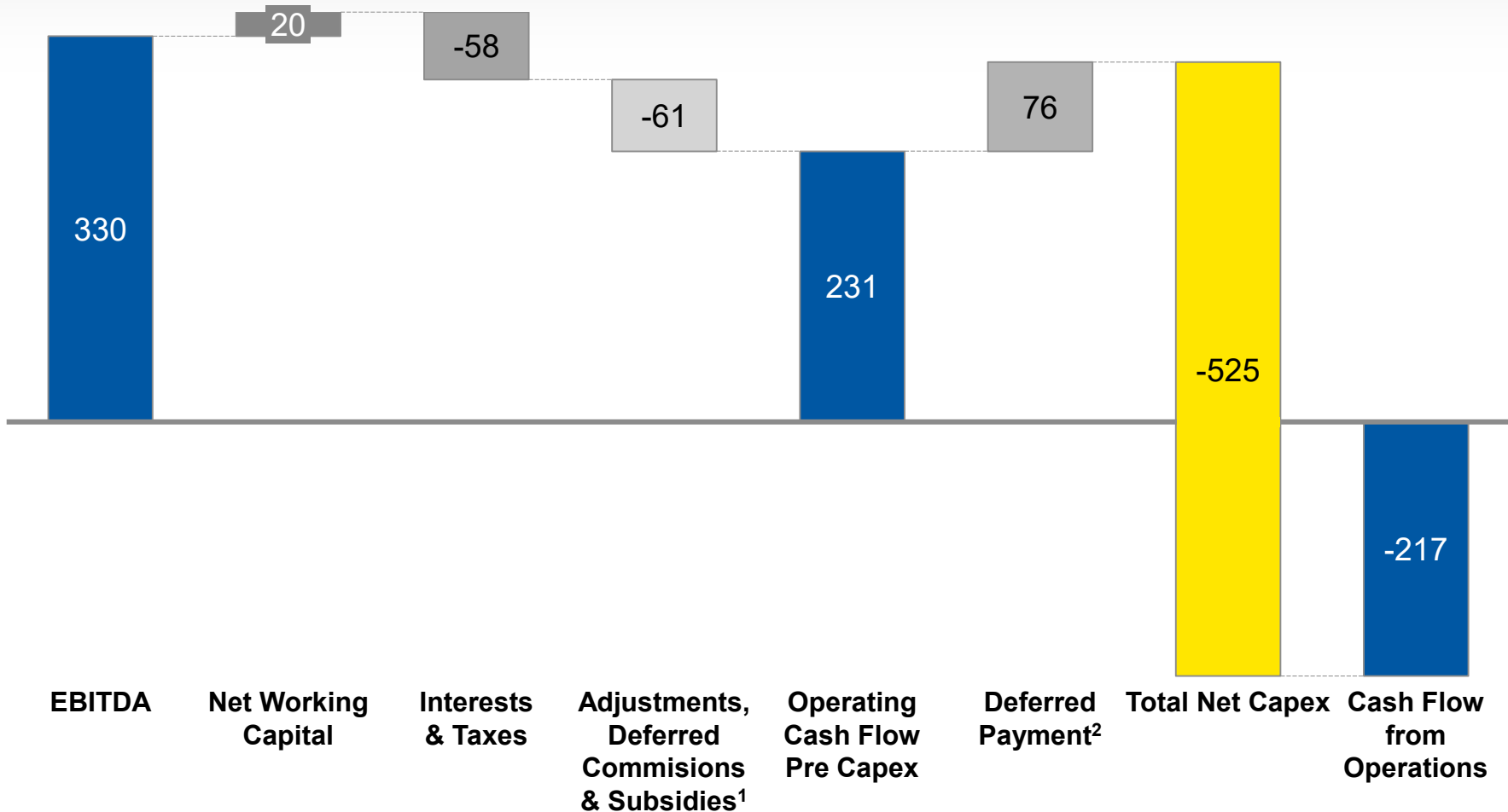
³ Net of IRU sales.

SOURCE: Company

Cash Flow from Operations FY18

Growth related Capex impacted Cash Flow from Operations in 2018

€M



¹ Mainly commissions/subsidies deferred under IFRS15

² Capex as of FY18 still to be paid, mainly Vodafone agreement

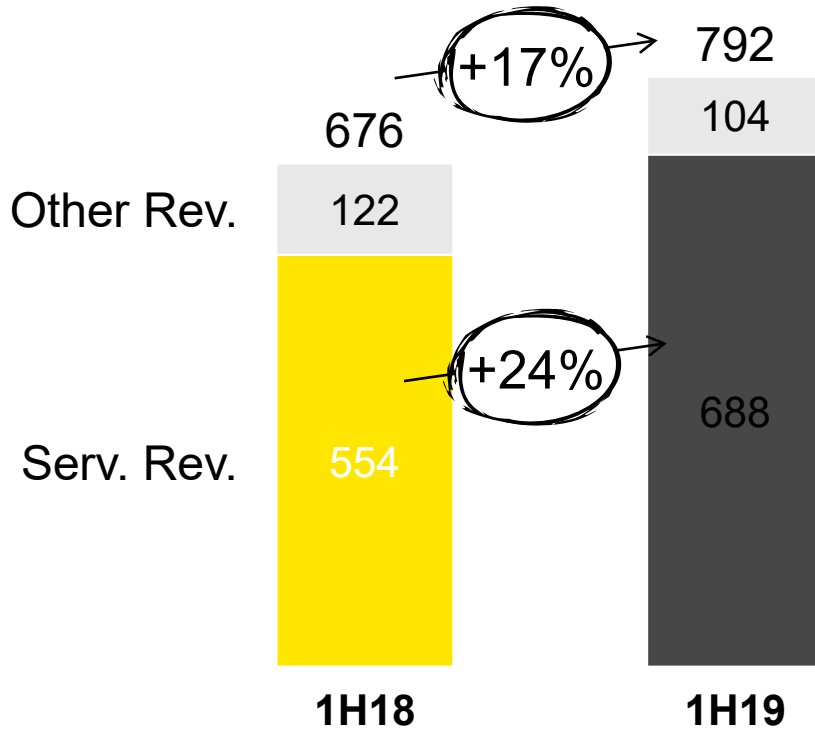
SOURCE: Company

Revenues 1H19

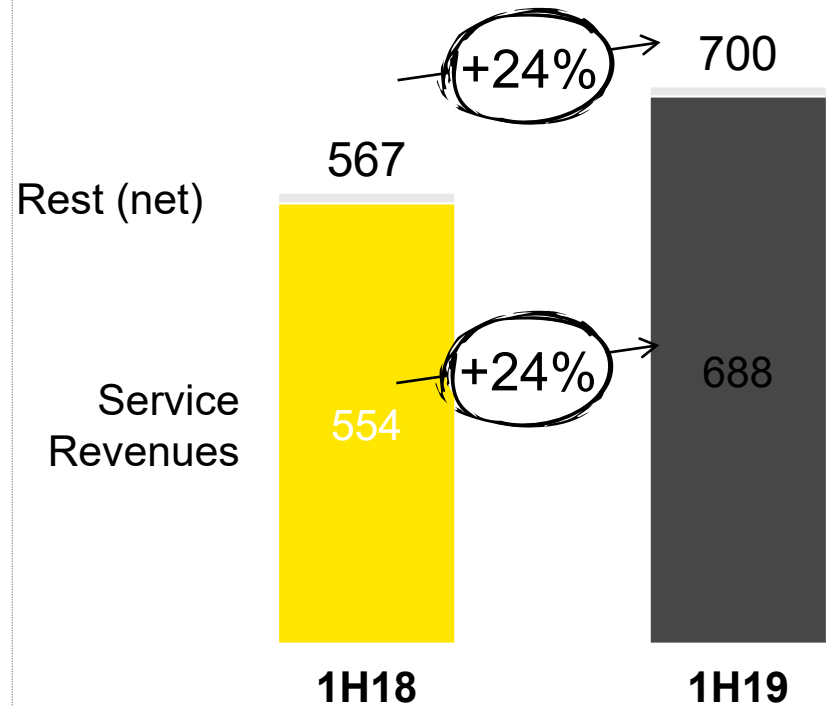
Service Revenues in 1H19 grew +24% YoY. Net Revenues +24% YoY

€M

Revenues



Net Revenues¹



¹ Net Revenues: Service Revenues plus Gross Profit contribution from Equipment and Wholesale Revenues

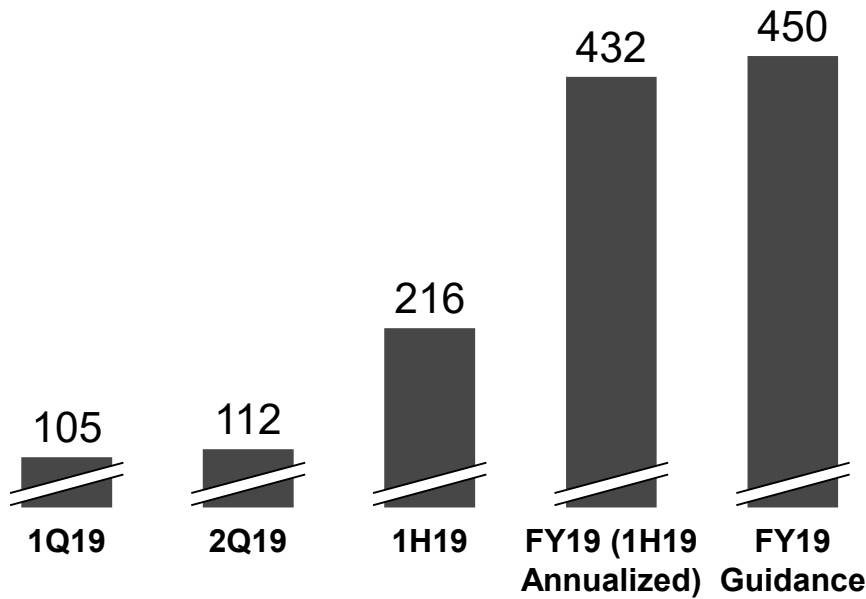
Adjusted EBITDA Margin

Adjusted EBITDA 1H19

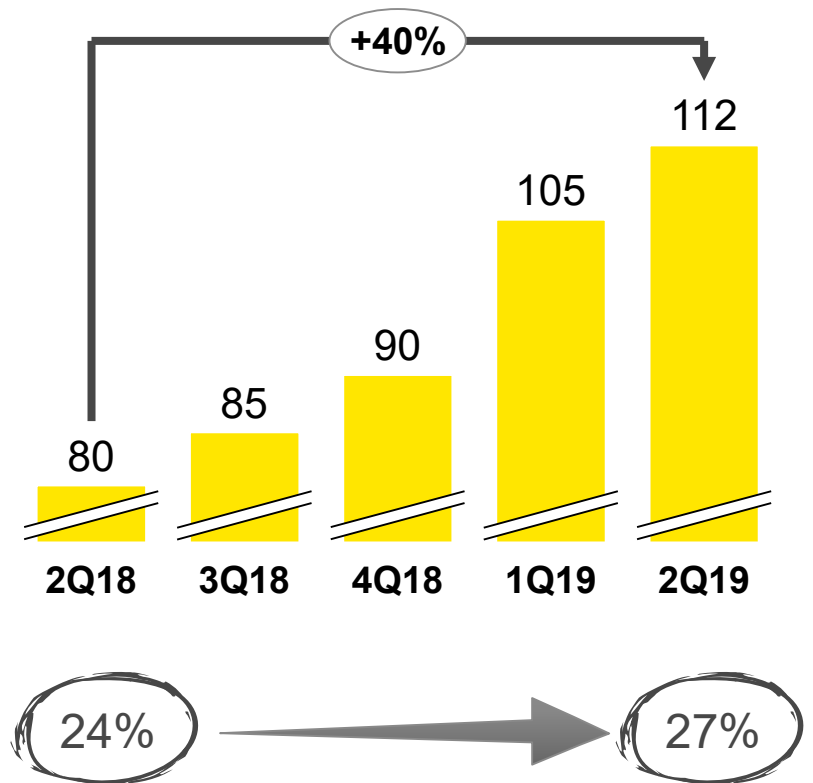
Strong 2Q19 EBITDA of €112M (+40% YoY) drives 1H19 EBITDA to €216M

€M

1H19 vs. FY19 Guidance



Quarterly Evolution¹



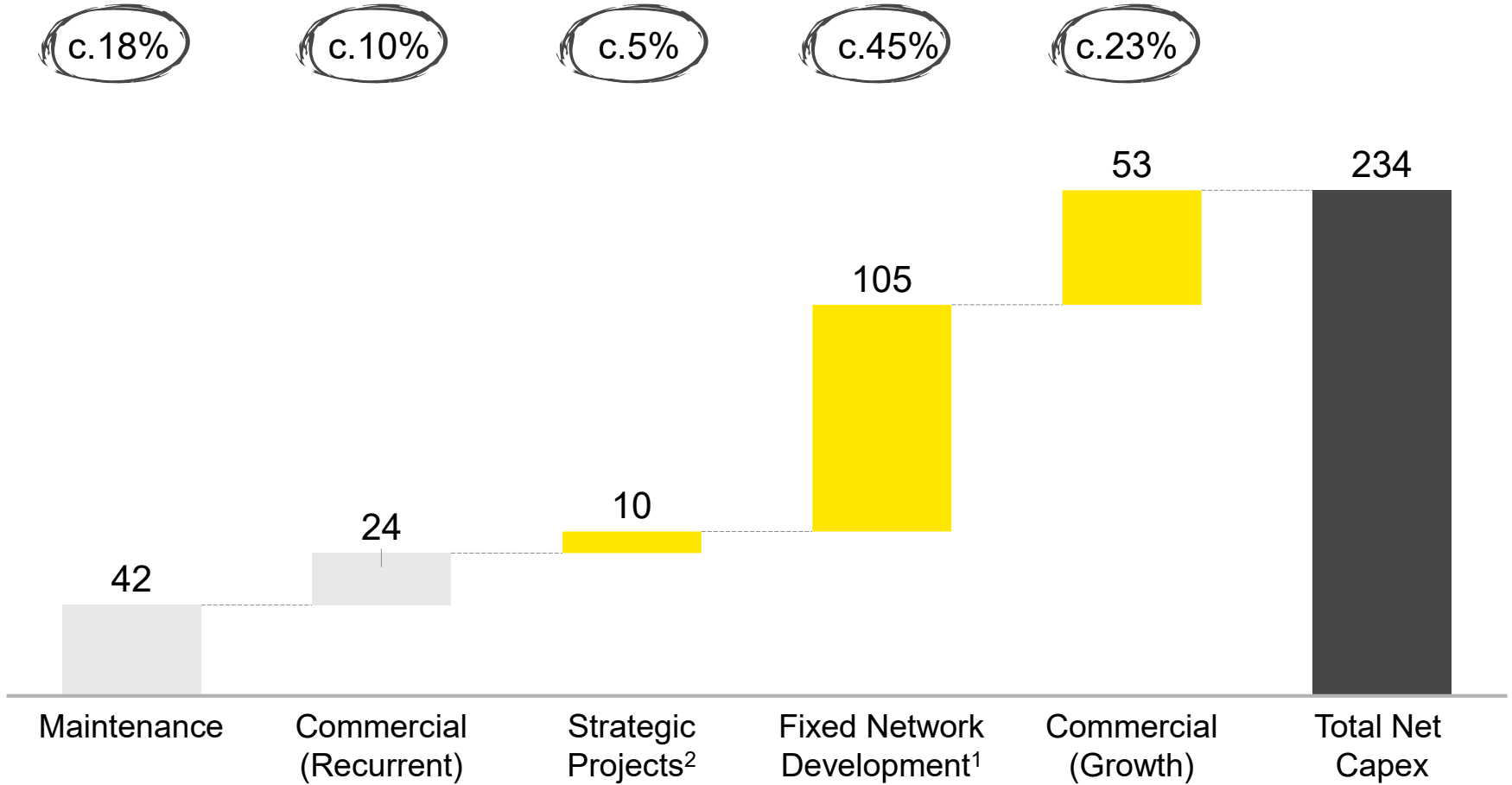
¹ EBITDA Post IFRS16 in 2019. For 2018, EBITDA is shown pre-IFRS16. Pre-IFRS16 EBITDA growth YoY would have been +29% for 2Q19 and +28% for 1H19, respectively

 % of Total

Capex 1H19

MASMOVIL continues to invest in its own infrastructure and client growth

€M



¹ Includes Transmission and Access. Net of IRU sales. Includes €70M from purchase of 1M BUs from Orange in 2Q19

² Strategic projects includes areas such as digitalization, cybersecurity, and other specific projects

Cash Flow from Operations 1H19

Growth Capex impacted cash flow from operations in 1H19, however 2Q19 turns positive

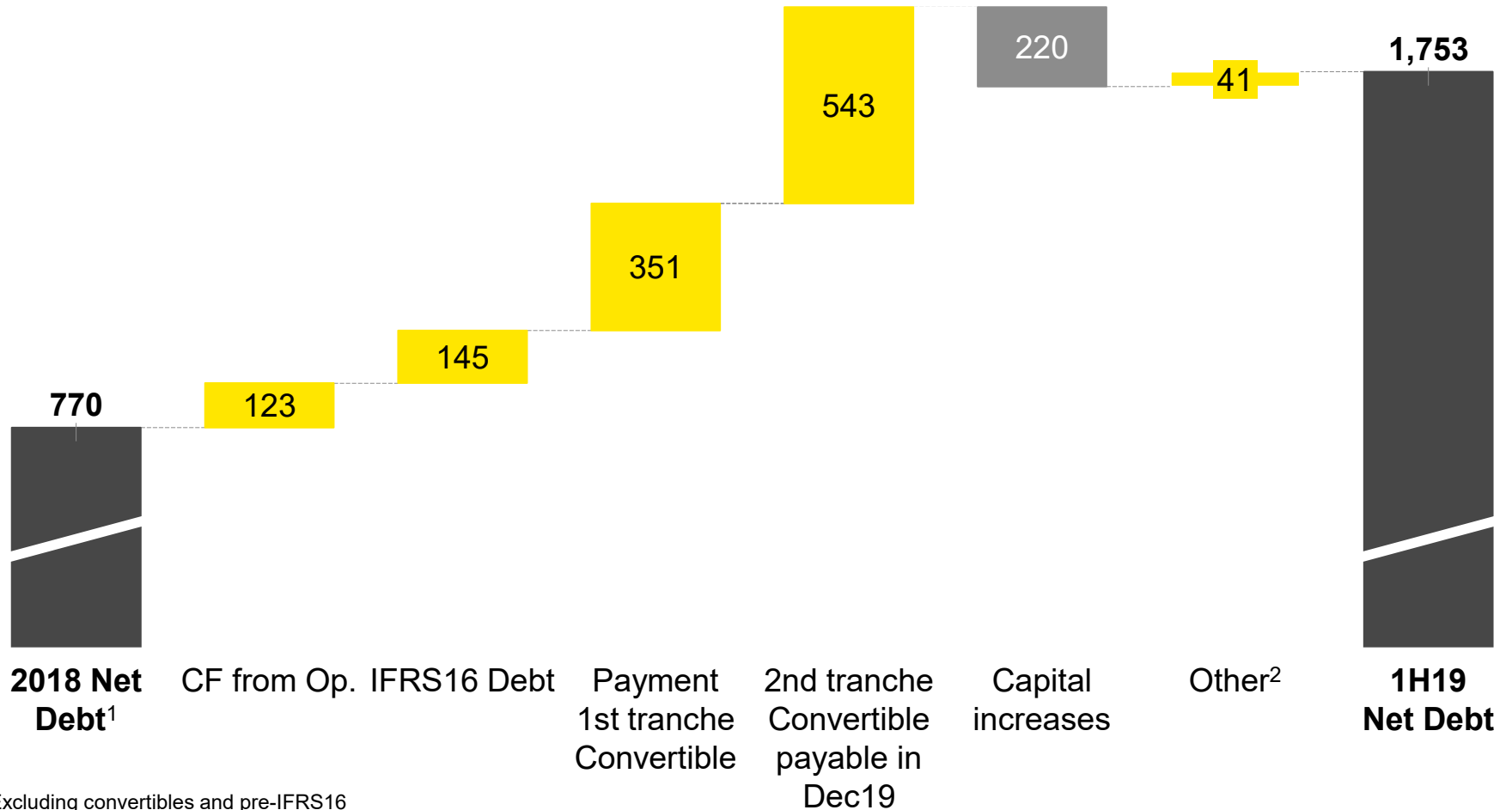
€M



¹ Includes impact from IFRS15 (mainly deferred commissions/subsidies) and IFRS16

Change in Net Debt 1H19

Net leverage increased in line with Guidance mainly due to repurchase of convertible to c.4.0x
€M



1 Excluding convertibles and pre-IFRS16

2 Includes mainly payments related to M&A, other corporate stakes and early redemption of senior and junior debt

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