

Thanks to the excellent commercial momentum that the Company is going through and to this agreement, it improves its guidance significantly and expects to reach an EBITDA of between 670M€ and 700M€ in 2021

MASMOVIL Group reaches a global network agreement with Orange that includes access to the new 5G services and a significant increase in its fiber optic footprint

- Access to the new 5G technology is guaranteed, allowing to meet all future network capacity needs arising from the growth of demand and data consumption.
- The Group will benefit from the deployment of a high quality 5G network of up to 4,500 locations - including the 40 largest cities in Spain - that will cover 35% of the Spanish population.
- Increase the FTTH network to 14.2M households in 2020.
- It generates significant cost savings: 40M€ per year from 2021.
- It substantially improves its EBITDA guidance: in 2019 it is increased to 465M€; It will stand between 570/600M€ by 2020 and between 670/700M€ by 2021.

Madrid, October 1, 2019.- MASMOVIL Group has announced a new and comprehensive fiber and mobile network agreement with Orange Spain that will allow the Company **to improve its competitive position and increase its profitability in a relevant way.**

Thanks to this agreement, MASMOVIL has **guaranteed it access to the new 5G technology under favorable conditions, significantly increases its fiber optic network – own and with rights of use - up to 14.2M of homes in 2020** (about 2/3 of current households with fiber in Spain) and **generates relevant savings** (40M€ per year), which allows the Company, together with the good commercial momentum it is going through, **to substantially improve its guidance for 2019 and 2020, and to provide, for the first time, a guidance for 2021.**

In addition, the customers of the Group brands, will continue to enjoy **the fastest networks in Spain and the best mobile coverage to remain the most satisfied in the Spanish market.**

“This new agreement will allow us to finalize the development of a unique model in Europe for the construction of our own high-speed networks of the fourth operator in the most efficient possible way. In addition, together with the good commercial and financial progress recorded by MASMOVIL in the first half of the year, we have substantially improved our guidance”, said Meinrad Spenger, CEO of MASMOVIL.

Extension of the national roaming conditions including 5G. The Group will benefit from the deployment of a high quality 5G network that will cover 35% of the population

Regarding the agreements in mobile networks, Grupo MASMOVIL has reviewed and improved its national roaming agreement with Orange Spain including:

- **Access to 5G technology throughout the Orange network.**
- **Conversion into a network capacity based model.**
- The extension of the duration of the **contract until 2028** (extendable for 5 more years).
- Finally, Orange will deploy a total of **1,500 new sites until the end of 2021** to continue offering the best quality and mobile coverage.



In addition, MASMOVIL will benefit from the deployment in Virtual Active Sharing mode of a high quality **5G network of up to 4,500 locations that will cover 35% of the population including the 40 largest cities in Spain** - Madrid, Barcelona, Valencia, Seville, Zaragoza, Malaga and Bilbao, among others - where is expected more relevant consumption of these services. This agreement will involve an additional opex of 10M€ until 2023 and will remain stable from 2024 onwards.

Finally, MASMOVIL has renegotiated its optional RaaS (Radio as a service) or IRU agreement with Orange at 6,000 locations, **which will allow to manage efficiently its customers' traffic.**

It will increase its cost-efficient fiber network to 14.2M homes in 2020 thanks to this agreement

In addition, MASMOVIL has reached a new agreement with Orange Spain that will allow it to **improve the profitability of its fiber network.**

The agreement includes **the right of use of 5.2M additional homes of Orange Spain** that are currently accessible to MASMOVIL in Bitstream. **In this way, MASMOVIL will reach an optimized network, in terms of costs, of more than 13M homes by the end of 2019 (62% more than the planned 8M homes) and 14.2M homes in 2020.**

MASMOVIL currently has a total of about 20M of marketable homes with its fiber optic offer.

MASMOVIL total investment for this agreement **reaches approximately 180M€, an amount significantly lower than the stand alone deployment.**

Important cost savings derived from the signing of this agreement: 40M€ per year from 2021 onwards.

This agreement also has **important financial advantages, since the Group will obtain cost savings of 30M€ in 2020 and 40M€ annually from 2021 onwards.**

Important improvements in the guidance for the period between 2019 and 2021

Finally, thanks to this agreement and the good commercial and financial progress of the Company during the first half of the year, **MASMOVIL communicates the improvement of its forecast for 2019 and 2020 and for the first time provides forecasts for 2021:**

- Increase in adjusted EBITDA by 15M€ in 2019 and 40-50M€ in 2020, with a new forecast for 2021 that expects to increase adjusted EBITDA by 100M€ compared to 2020, reaching 465M€ in 2019, between 570M€ and 600M€ in 2020, and between 670M€ and 700M€ in 2021. The expected EBITDA margin in 2021 will be between 32% and 34%.

- Increase of the Capex in 97M€ to 457M€ in 2019, mainly due to the increase in customer growth (€ 31M) and the development of the FTTH network (about € 44M), with a significant reduction in Capex in 2020 and 2021.

- Operating FCF of more than 415M€ in 2021.

About MASMOVIL Group

The MASMOVIL Group is the fourth telecommunications operator in Spain, offering services for fixed line telephone, mobile phone services, and internet broadband for home use, companies and operators under its principle brands: Yoigo, Pepephone, MASMOVIL, Lebara y Llamaya.

The Group holds a fixed infrastructure of Fibra/ADSL and mobile 3G and 4G. At present it covers 20 million of households with optic fiber and 18 million more with ADSL. Its 4G mobile network covers 98.5% of the Spanish population. The Group has more than 8,3 million clients in Spain.

MASMOVIL Group has received the 2018 award ADSLZone as the ["Best Fiber Operator"](#) and the ["Best Fiber Operator"](#) from the Grupo Informático. In addition, it has been nominated for the award as the ["Revelation Company of the year"](#) within the Business Awards of the Grupo Vocento.

Additionally, it is the operator with the fastest fiber network in Spain during 2018 according to a study by the company, [nPerf](#), and the operator with the fastest 3G+4G aggregated mobile network in Spain, according to a study by the company, [Tutela](#). It also has obtained the highest rating for Spanish mobile operators from its customer satisfaction according to the "2017 Index of Client Experience", prepared by the consultor Stiga.

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