

# GRUPO MAS MOVIL

## Repurchase of Providence Convertible & Refinancing

April 1, 2019

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# Transaction Overview

MASMOVIL repurchases Providence convertible in full

- ❑ **100% purchase of convertible held by Providence (43.3M shares or 26% stake on fully diluted basis)**
  - Purchase price of €883m
- ❑ **Valuation**
  - Purchase price at 7% discount to fair value as independently assessed by EY or 12% discount to the nominal of the convertible value at maturity <sup>1</sup>
- ❑ **Structure**
  - 2 tranches
    - Tranche A: 40% (€351m) payable on May 7, 2019
    - Tranche B: 60% (€533m) payable on Dec 20, 2019
  - Tranche B has a variable payment of ±€60m depending on share price performance ±20% on €18.45 per share (Providence re-investment share price<sup>2</sup>)
- ❑ **Reinvestment**
  - Providence has agreed to re-invest €120m
  - In combination with its existing shares, Providence will own c.8% of total shares outstanding and remain on the board
  - Lock-up on all shares, including existing, for a maximum of 12 months, or minimum 6 months after ABO

<sup>1</sup> Based on share price of €18.84 as of March 29, 2019

<sup>2</sup> Based on YTD VWAP up to March 21, 2019

# Financing Overview

Financing fully underwritten by Goldman Sachs & BNP Paribas

Sources	(€m)	Uses	(€m)
Term Loan B	1,450 <sup>1</sup>	Debt to be Refinanced	890
Preferred Equity	200	Convertible Repayment	883
Providence Investment in Common Equity	120		
Other Financing	3		
<b>Total Sources</b>	<b>1,773</b>	<b>Total Uses</b>	<b>1,773</b>

- ❑ MASMOVIL is refinancing its existing financial debt
- ❑ Preferred equity expected to be replaced with common equity within 9 months
- ❑ €280m in additional liquidity via capital expenditure and revolving credit facilities

<sup>1</sup> TLB will be drawn according to the Company's needs  
 SOURCE: Company

# Key Benefits of Transaction

**1**

**Immediately accretive with >10% EPS accretion in 2020**

**2**

**Removes convertible overhang of 43m shares**

**3**

**Convertible repurchased at 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 which extends current maturities without amortization until 2026**

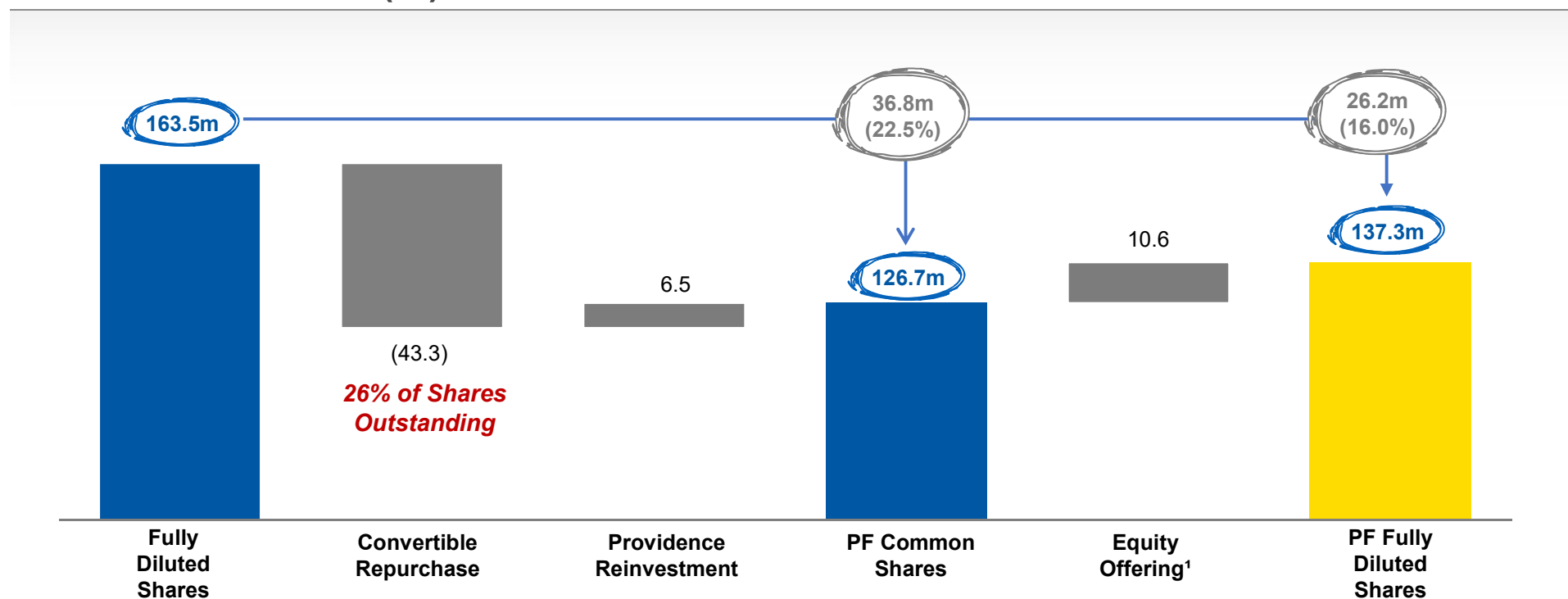
**6**

**Strong Q1 2019 results & 2019 guidance reiterated**

# Reduction of Fully Diluted Shares

The transaction avoids a potential net dilution of c.26m shares

## Number of Shares (m)



The Transaction removes the convertible overhang by

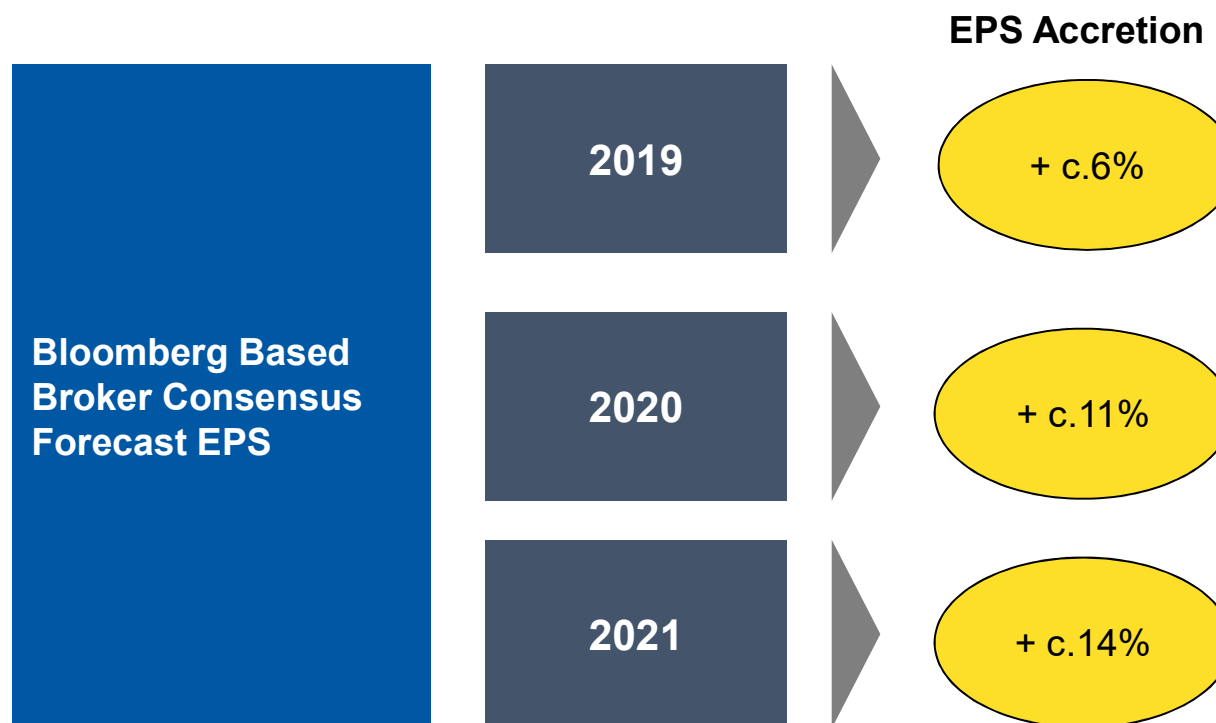
- ❑ Eliminating dilutive impact from the conversion of c.43m underlying convertible shares
- ❑ Additionally, avoiding incremental dilution from 8m PIK shares until maturity of convertible

<sup>1</sup> €200m of new equity offering assumed at current share price of €18.84 as of March 29, 2019  
SOURCE: Company

# Immediate Value Accretion for Shareholders

Transaction is accretive for shareholders from day 1

## Accretion Analysis (EPS)<sup>1</sup>

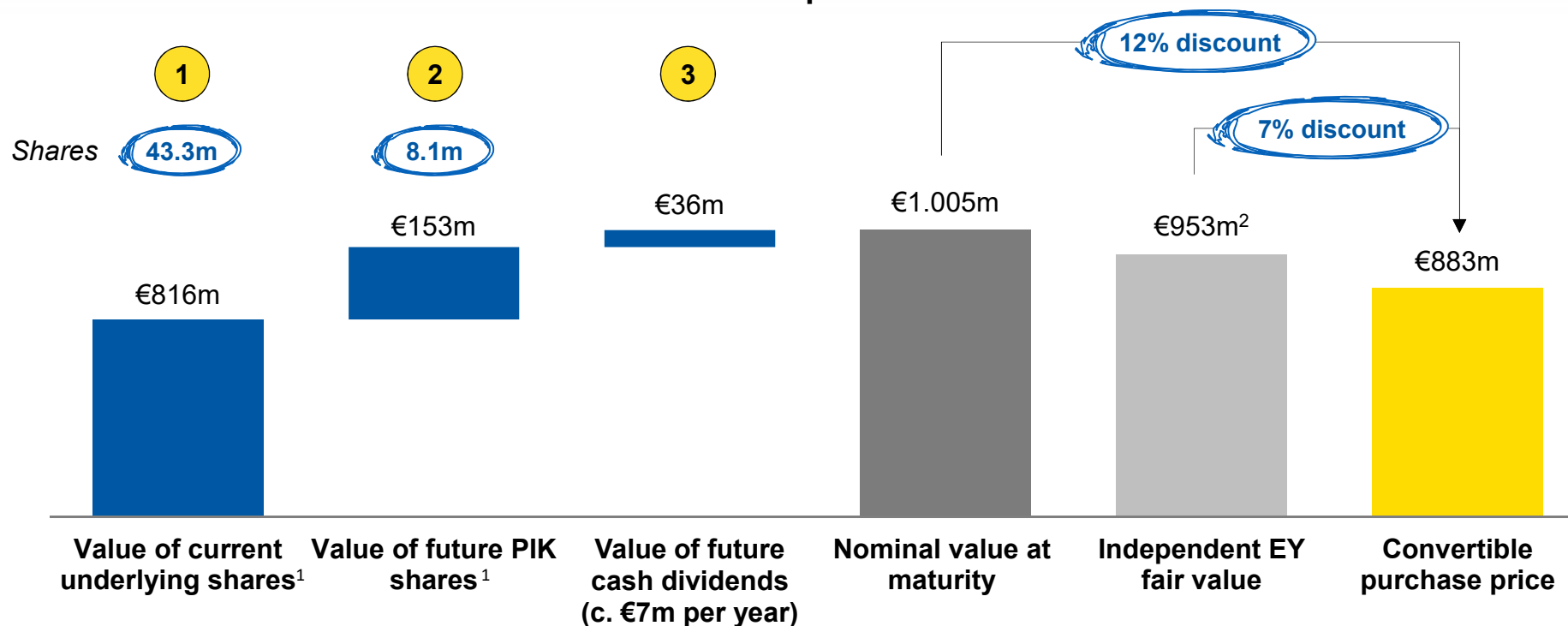


<sup>1</sup> Assumes preferred equity being replaced with common equity within the next 9 months via equity issuance at current share price of €18.84 as of March 29, 2019  
 SOURCE: Company

# Convertible Valuation in Context

MASMOVIL repurchases Providence convertible at €883m below fair & nominal value

- The Providence convertible has three value components:



- Purchase price at 12% discount to the nominal value at maturity of convertible
- 26% of fully diluted shares repurchased without normal premium associated with such transactions

<sup>1</sup> Based on MASMOVIL's current share price of €18.84 as of Mar 29, 2019

<sup>2</sup> Mid point of the €941-965m fair value assessed by EY

SOURCE: Company



# Overview of New Capital Structure

Transaction provides a balanced & efficient long-term financing to support growth

## Pro-Forma Capital Structure

	(€m)	<u>% of Total EV</u>
<b>Debt</b>		
Term Loan B	1,450	c.40%
Leases	145	
Other Net Debt <sup>1</sup>	130	
<b>Total Debt</b>	<b>1,725</b>	
<b>Equity</b>		
Preferred Equity	200	c.60%
Common Market Capitalisation <sup>2</sup>	2,387	
<b>Total Equity Value (Fully diluted)</b>	<b>2,587</b>	
<b>Enterprise Value</b>	<b>4,312</b>	

## Key Considerations

- **Weighted average debt maturities extended from c.3.5 to 7 years**
- **No amortization before 2026**
- **No maintenance covenants**
- **Expected interest cost of E+350bps on senior debt**
- **Ample liquidity provided by undrawn facilities of €280m**

**Significant reduction in cost of capital**

<sup>1</sup> Includes rolled-over bond and commercial paper, as well as other financing

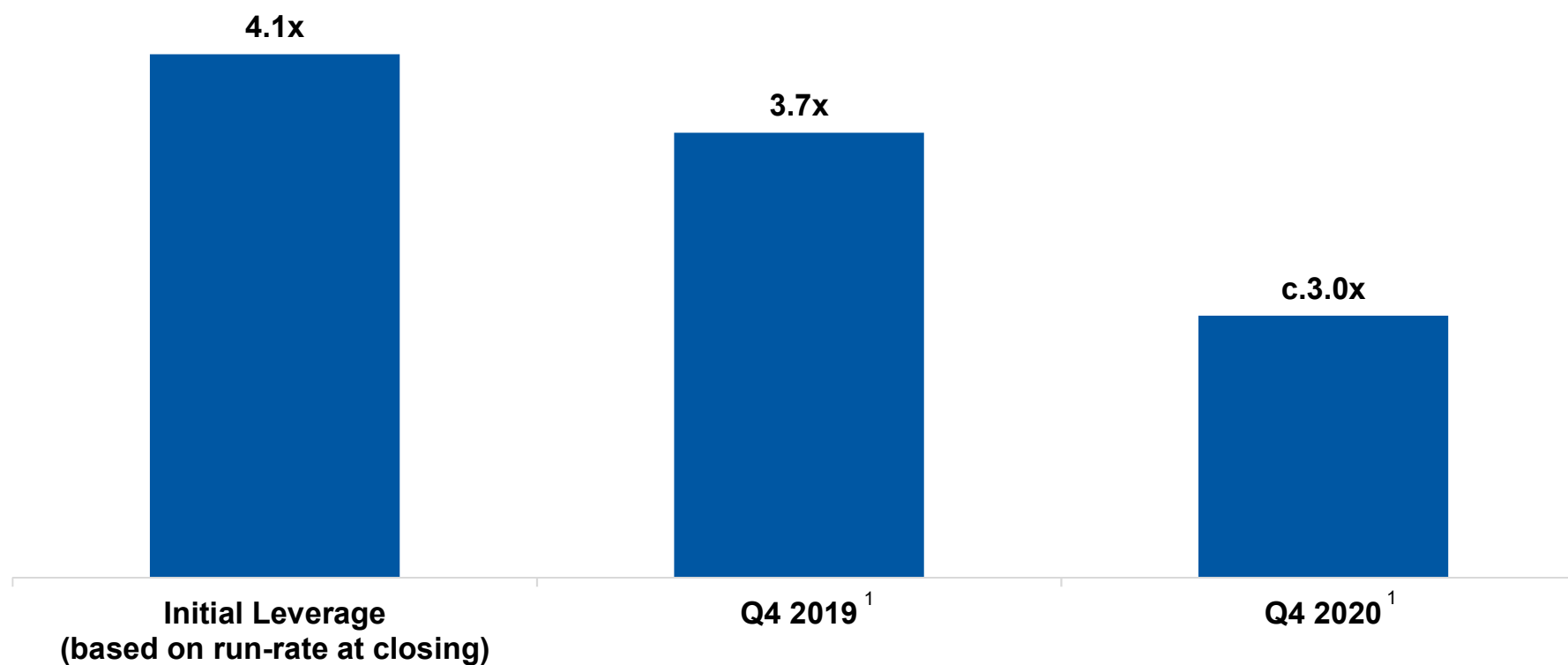
<sup>2</sup> Based on pro-forma number of common shares of 126.7m and MASMOVIL share price of €18.84 as of March 29, 2019

SOURCE: Company

# Deleveraging Profile

MASMOVIL to delever to c.3x EBITDA by year end 2020

## Deleveraging Trajectory



Note: Illustrative leverage figures subject to change

<sup>1</sup> Based on company EBITDA guidance of €450m in 2019 and €540m in 2020

SOURCE: Company

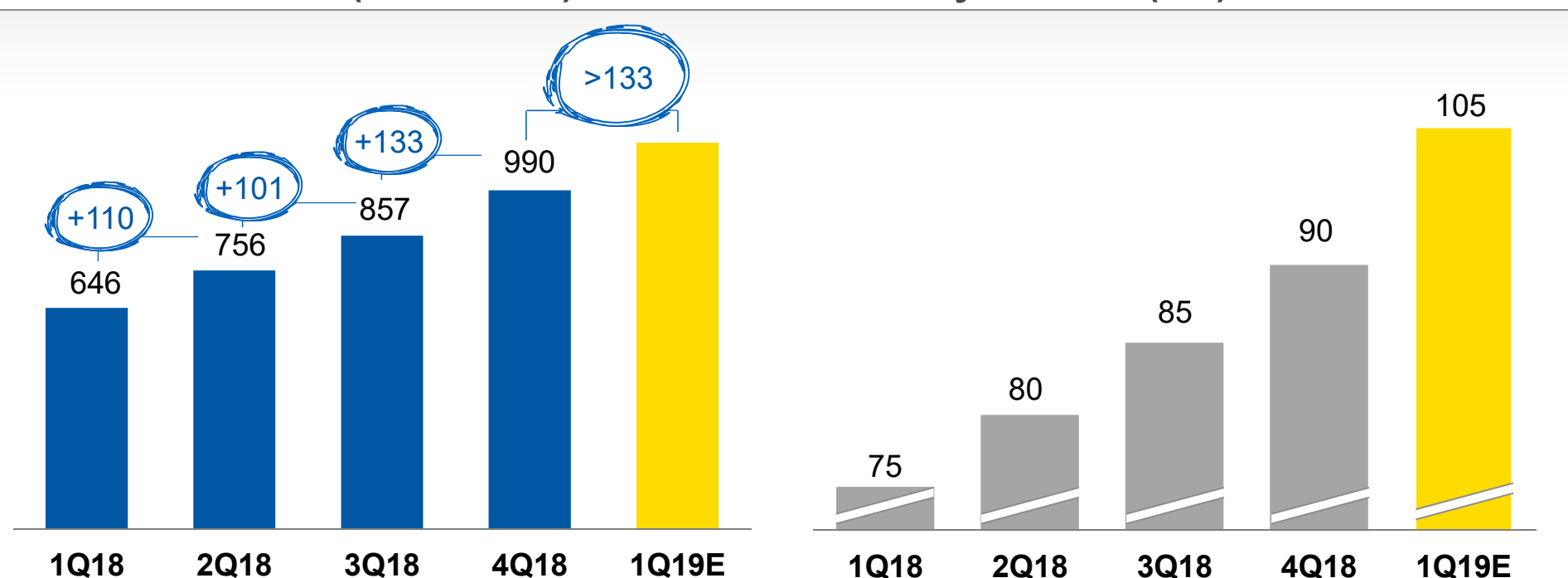
# Trading Update (1/2)

MASMOVIL to post record quarter in 1Q19E & accelerating EBITDA growth

- Strong operating momentum continues in 1Q19E
  - Broadband net adds >133K
  - EBITDA €105m (+40% yoy)

**Broadband Lines (000's lines)**

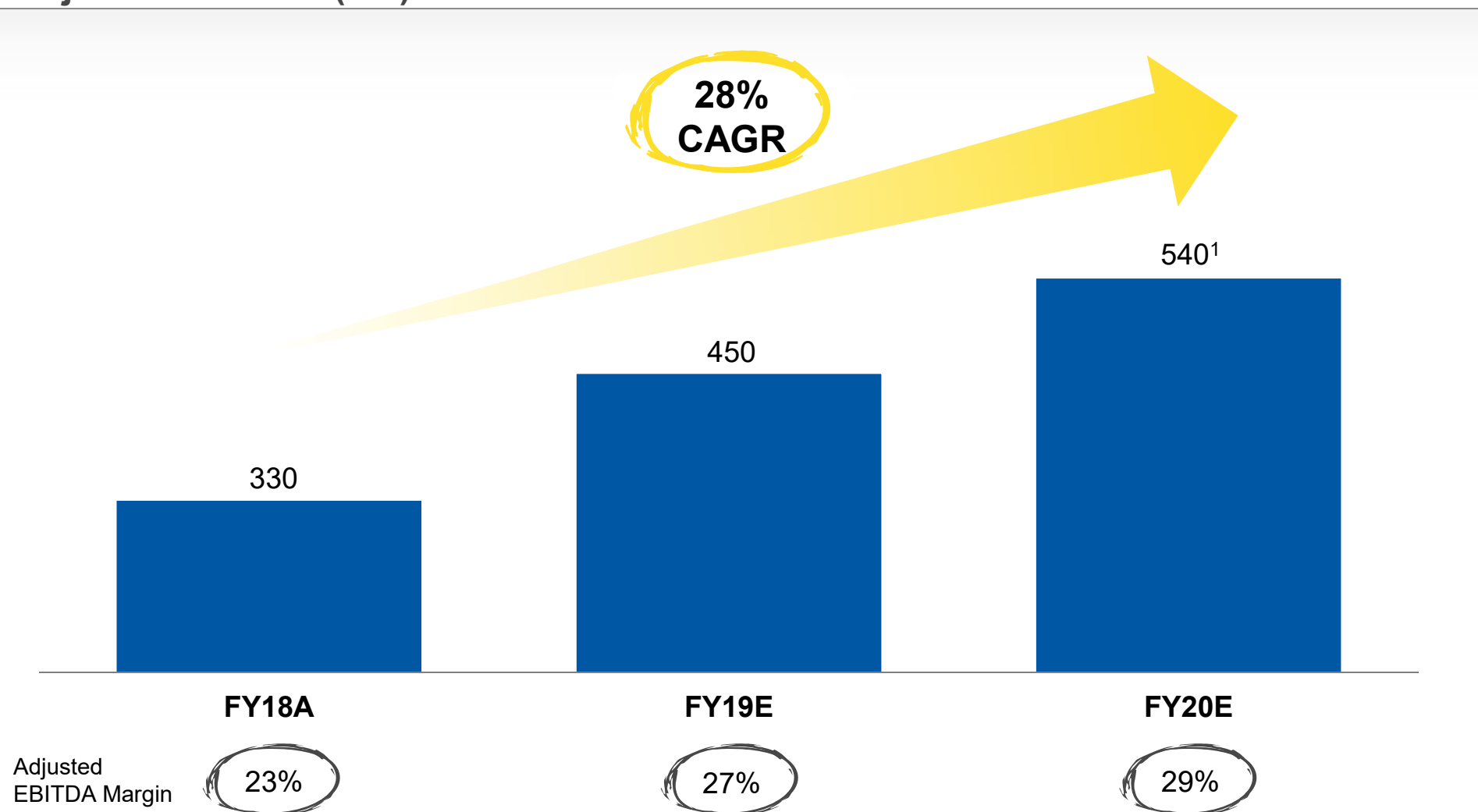
**Quarterly EBITDA (€m)**



# Trading Update (2/2)

MASMOVIL reiterates EBITDA guidance for 2019 and 2020

## Adjusted EBITDA (€m)



1. Midpoint of guidance range of €530-550m  
SOURCE: Company

# Closing Remarks

**1**

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# Appendix

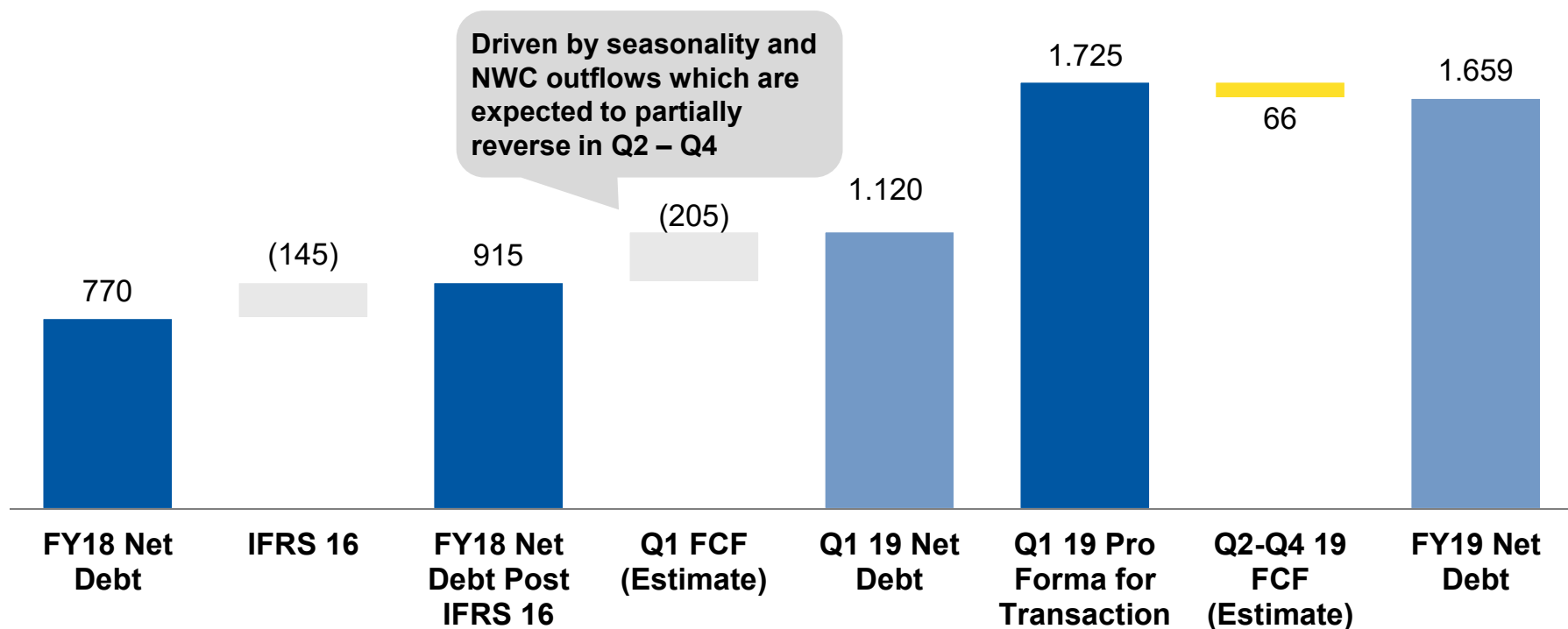


# 2019 Net Debt Evolution

MASMOVIL 2019 cash generation in line with guidance

## Net Debt FY 2018 vs. 2019 (€m)

- ❑ MASMOVIL's reiterates its estimation of €134m cash outflow for 2019, as communicated at the time of FY18 reporting
- ❑ Q1 2019 cash flow expected around (€205m) driven by NWC and timing of larger payments to Vodafone, Orange and Telefonica for network co-investment program and network services
  - Q1 NWC outflow is expected to partially reverse in Q2-Q4 and needs to be put in perspective relative to €300m inflows reported in 2017 & 2018



Note: Illustrative leverage figures subject to change post publication of Q1 results  
SOURCE: Company