MASMOV!L

COMUNICACIÓN DE HECHO RELEVANTE

GRUPO MASMOVIL

July 13th 2017

In accordance with article 17 of the Regulations (UE) number 596/2014 on market abuse and article 228 of the Securities Market Act passed by Legislative Royal Decree 4/2015 of October 23 and concordance rules, we inform the market about the following Relevant Fact referred to MASMOVIL IBERCOM, S.A. ("**MASMOVIL**" or the "**Company**" o the "**Group**").

RELEVANT FACT

As part of the currently ongoing refinancing of its financial structure, MASMOVIL has reached an agreement with ACS Telefonía Móvil S.L. ("ACS") to refinance the debt (the "Note") that was part of the consideration for the acquisition of the shares and shareholder loans of Xfera Móviles S.A ("Yoigo").

The main terms of the new agreement, which modifies the one signed October 2016, are summarize below:

- The original Note included a contingent payment (earn-out) of up 80M€ which could be capitalized in 2020 if the Group's consolidated EBITDA reaches 300M€ in 2019. Under the new agreement, the full 80M€ is accrued with immediate effect. The Company's Q1 2017 Balance Sheet reflected already an value of 63M€ for the earn-out and the early crystallization increases MASMOVIL's financial debt by only 6M€ in net present value terms.
- The Note's variable interest rate of 3% p.a. is eliminated, which implies estimated savings of future cash interest payments of around 12M€.
- Under the new agreement the first demand bank guarantee provided by MASMOVIL for the first two years from the signing is now limited to breach of contractual obligations by MASMOVIL.
- The two previous conversion windows (three years from the initial signing of the Note at a conversion price of €25 per share, followed by an additional three years until Oct 2022 at a conversion price of 40€ per share) have been replaced by a single window until June 30th 2021. The potential conversion of the Note might result in the issuance of 4.8 million shares (implying an implicit conversion price of 41.67€ per share), which is equal to the implied number of shares after conversion under the original Note in the first window.

The above has positive implications for MASMOVIL:

- The elimination of variable interest implies around 12M€ estimated savings of future cash interest payments.
- The accounting treatment of the Note under the new agreement has been simplified substantially as the "fixed-for-fixed" methodology can be applied going forward. The Note is now considered a convertible instrument rather than a hybrid and therefore, unlike before, future MASMOVIL share price changes won't affect MASMOVIL's Balance Sheet and P&L going forward.
- Further, the company expects the historical P&L non-cash financial charges linked to the original Note and MASMOVIL share price changes will revert in the Group's Balance Sheet in Q3 2017 resulting in an increase in the Company's shareholders' equity and a reduction in financial debt.

Madrid, July 13th 2017.

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