Earnings Presentation Q3 2017

6th November 2017 | Madrid

Key Highlights

Strong growth continues
3Q17 Service Revenue +22%, accelerating vs 2Q17. EBITDA +87% for 9M17

Convergent bundle demonstrating continued momentum
93k broadband lines added in 3Q17, reaching 370k at end of September

Mobile postpaid + broadband lines growing by 622k in 9M17

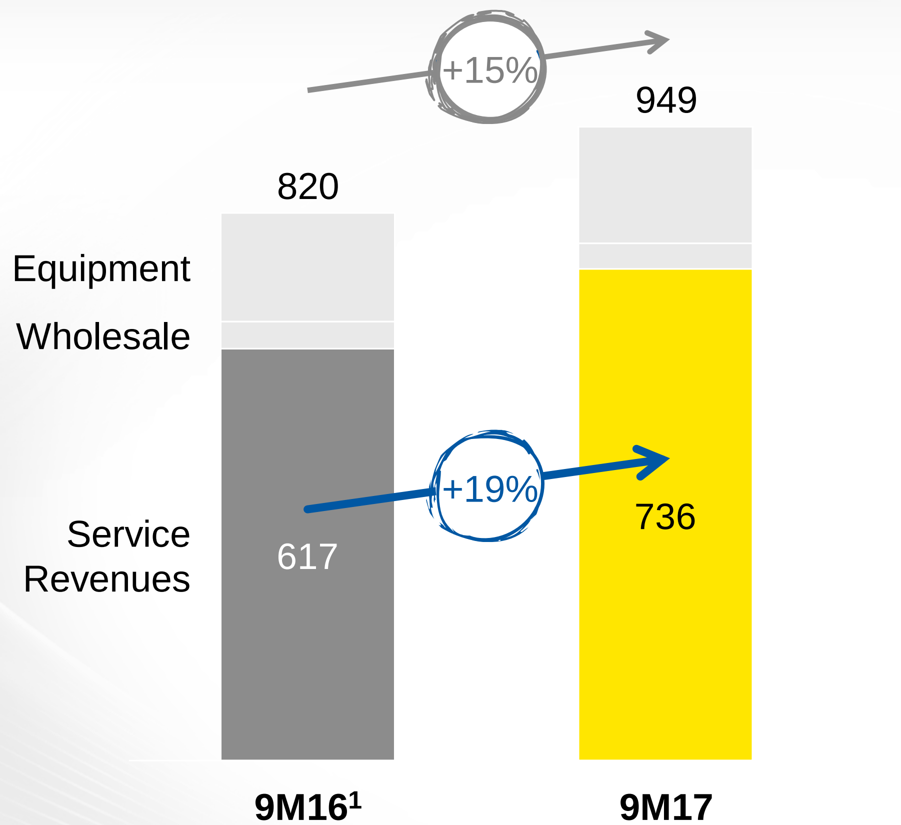
Healthy balance sheet
Leverage down to 1.6x on updated EBITDA guidance (excluding convertibles);
Senior facility refinancing already underwritten, including project bonds back stop

Updated and increased guidance for 2017
Recurrent EBITDA expected to be 235M€ (vs. 200M€ of original guidance)

Service revenues 9M17

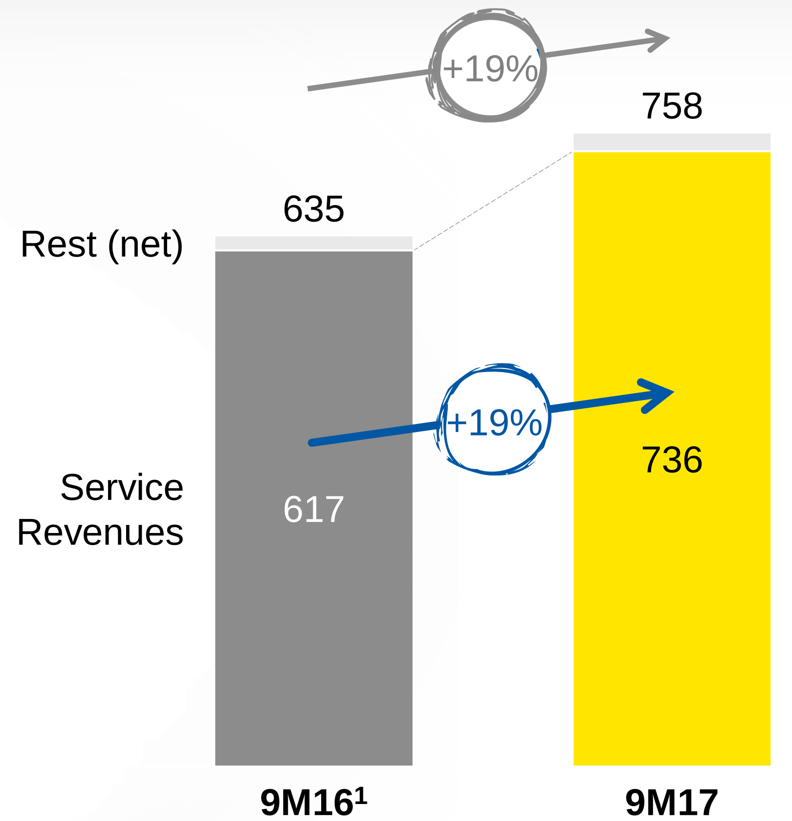
Service revenues +19%, Total revenues +15% and Net revenues +19% YoY
9M16 vs. 9M17; €M

Revenues



Net Revenues[2]

% YoY growth

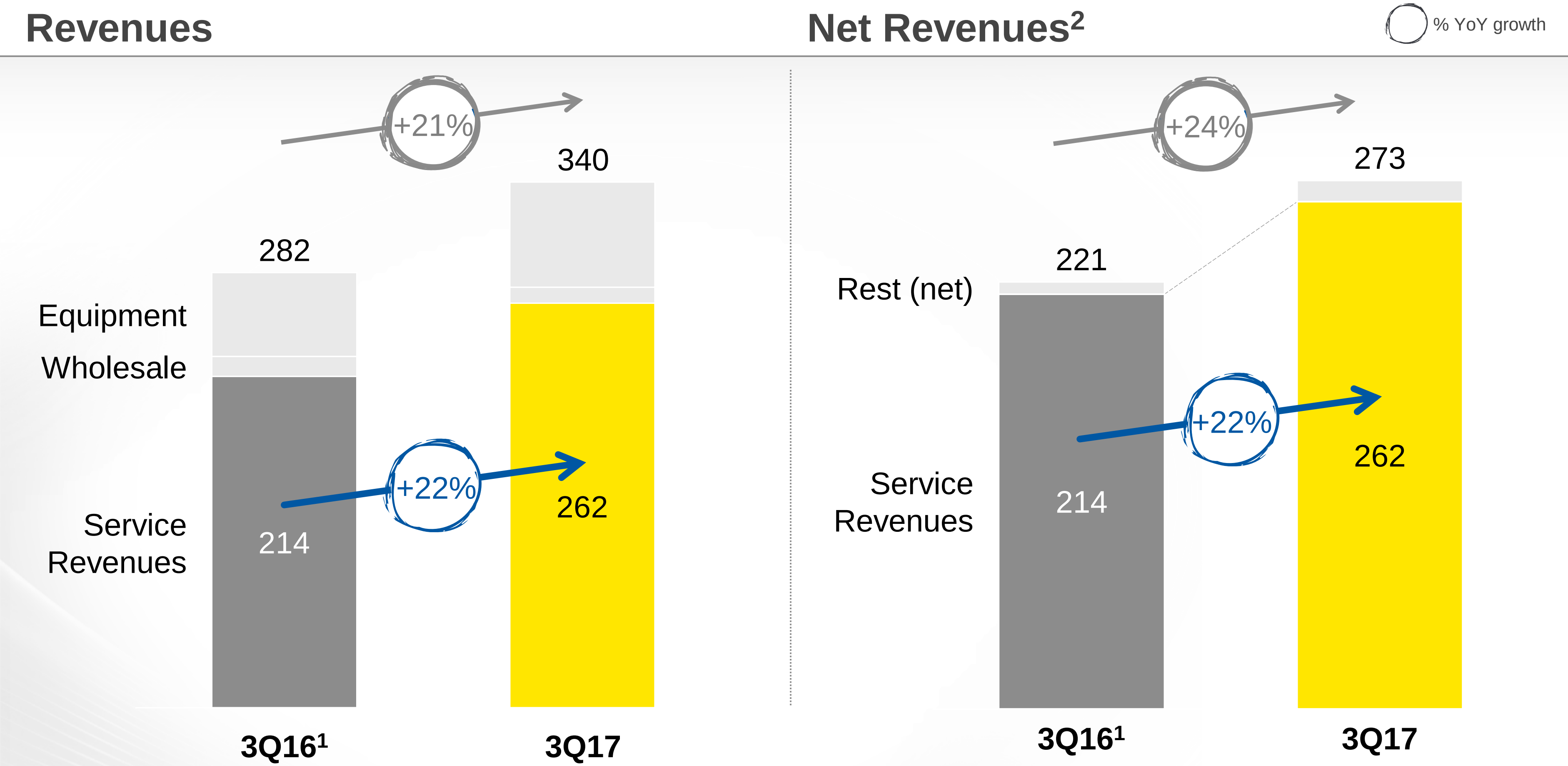


1 Proforma
2 Net Revenues: Service revenues plus gross profit contribution from Equipment and Wholesale revenue

SOURCE: Company Information

Service Revenues 3Q17

Service revenues +22%, Total revenues +21% and Net revenues +24% YoY
3Q16 vs. 3Q17; €M



1 Proforma
2 Net Revenues: Service revenues plus gross profit contribution from Equipment and Wholesale revenues

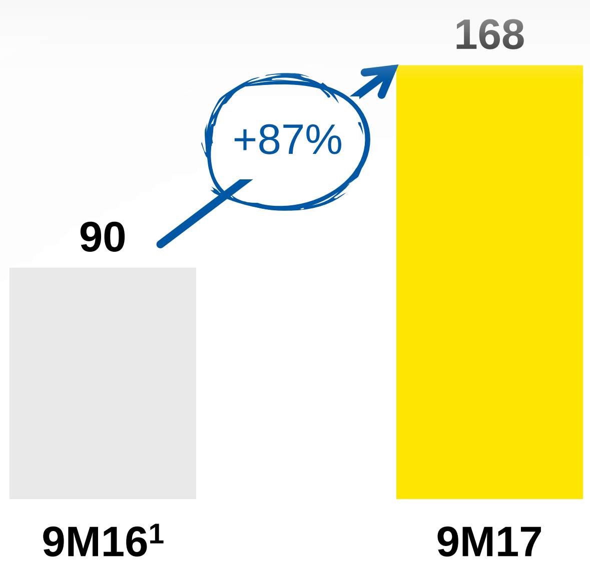
SOURCE: Company Information

Recurrent EBITDA growth

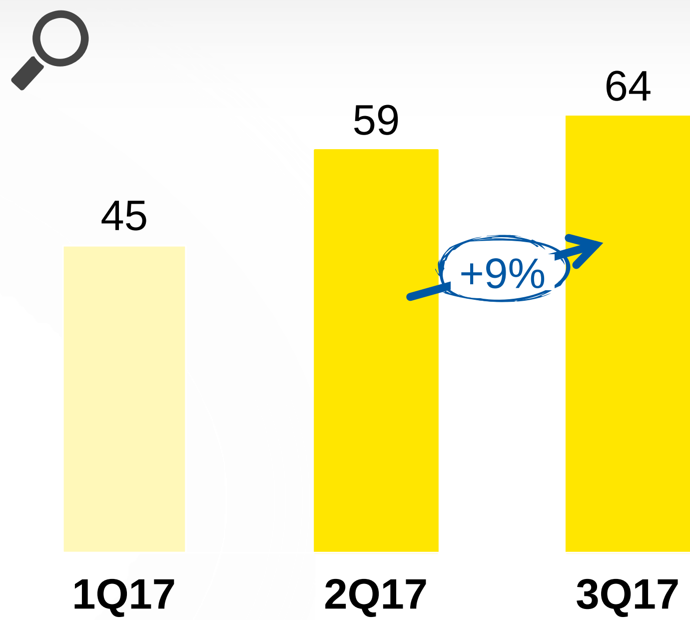
YTD EBITDA +87% YoY and EBITDA margin at 19% for 3Q17

€M

Evolution by first 9M



Evolution by Quarter 2017



	9M16[1]	9M17	1Q17	2Q17	3Q17
Recurrent EBITDA Margin	11%	18%	15%	19%	19%

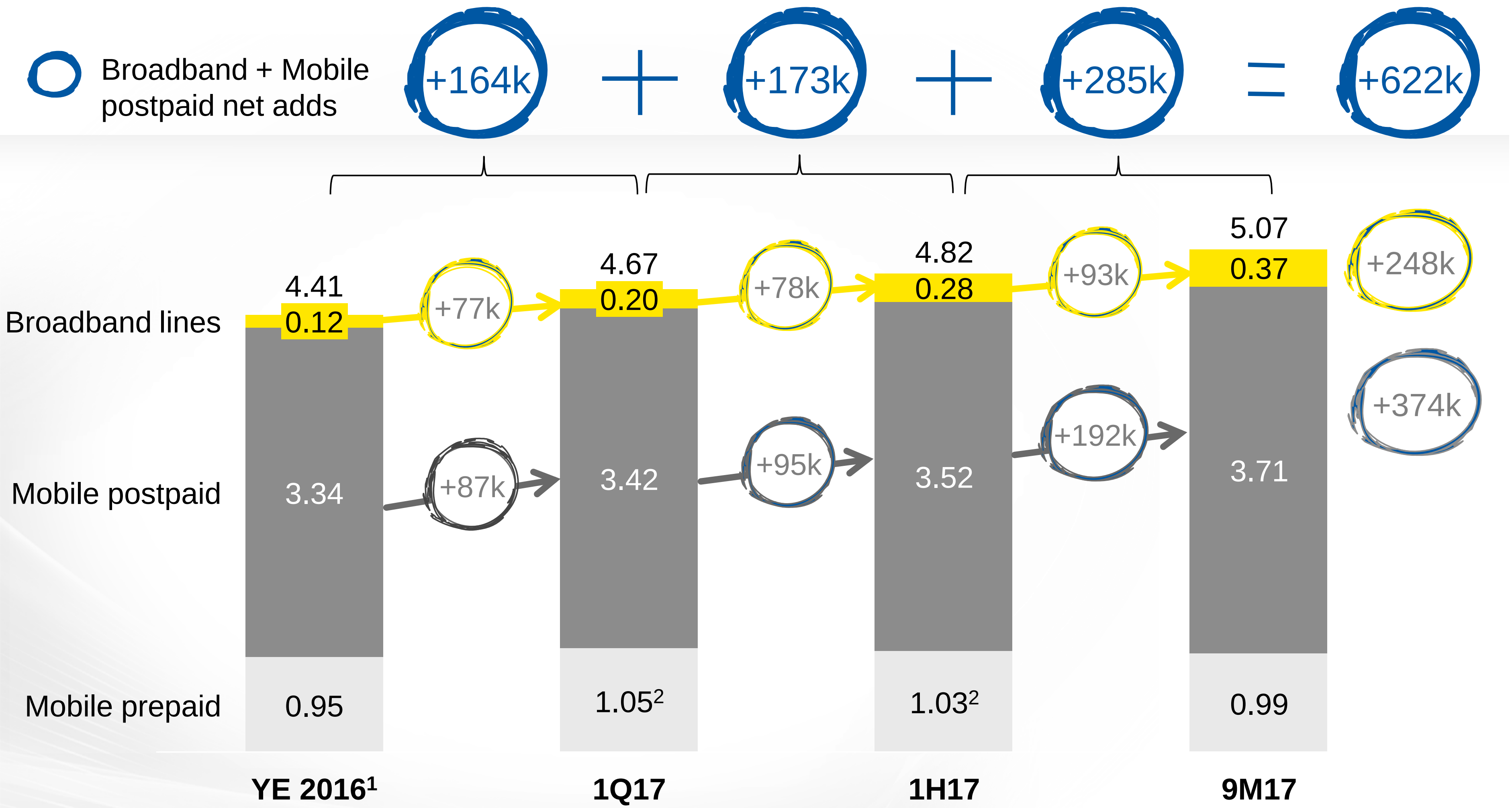
1 Proforma

SOURCE: Company Information

Evolution of mobile postpaid + broadband lines

MASMOVIL exceeded 5 M lines. Broadband & postpaid lines up by 622k in 9M17; acceleration in 3Q17

Million lines



1 Proforma

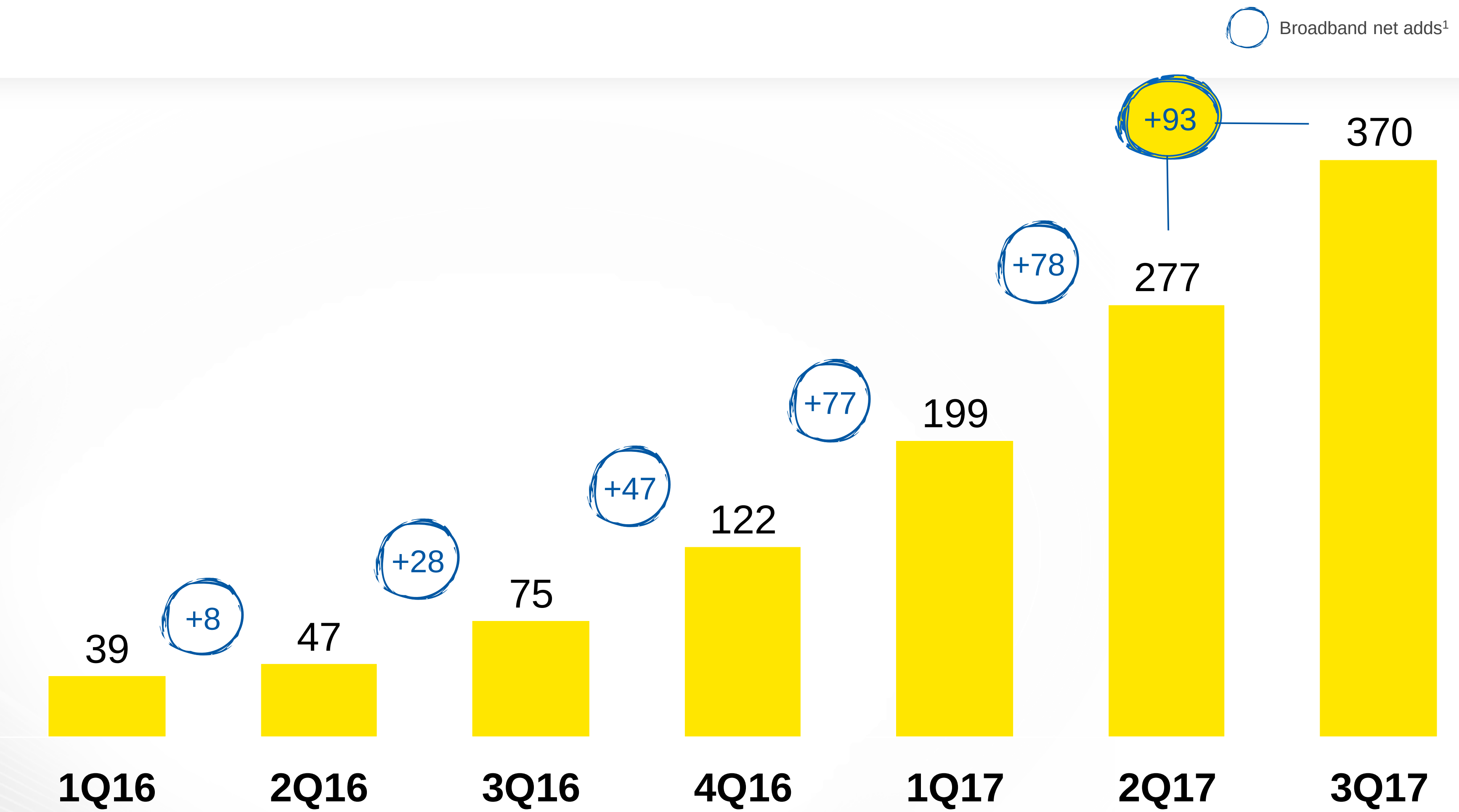
2 Includes Llamaya (ethnic MVNO)

SOURCE: Company Information, CNMC

Growth in broadband lines

MASMOVIL added 93k net broadband lines in 3Q17 to reach a total of 370k broadband lines

Quarterly evolution 1Q16-3Q17; ‘000 lines



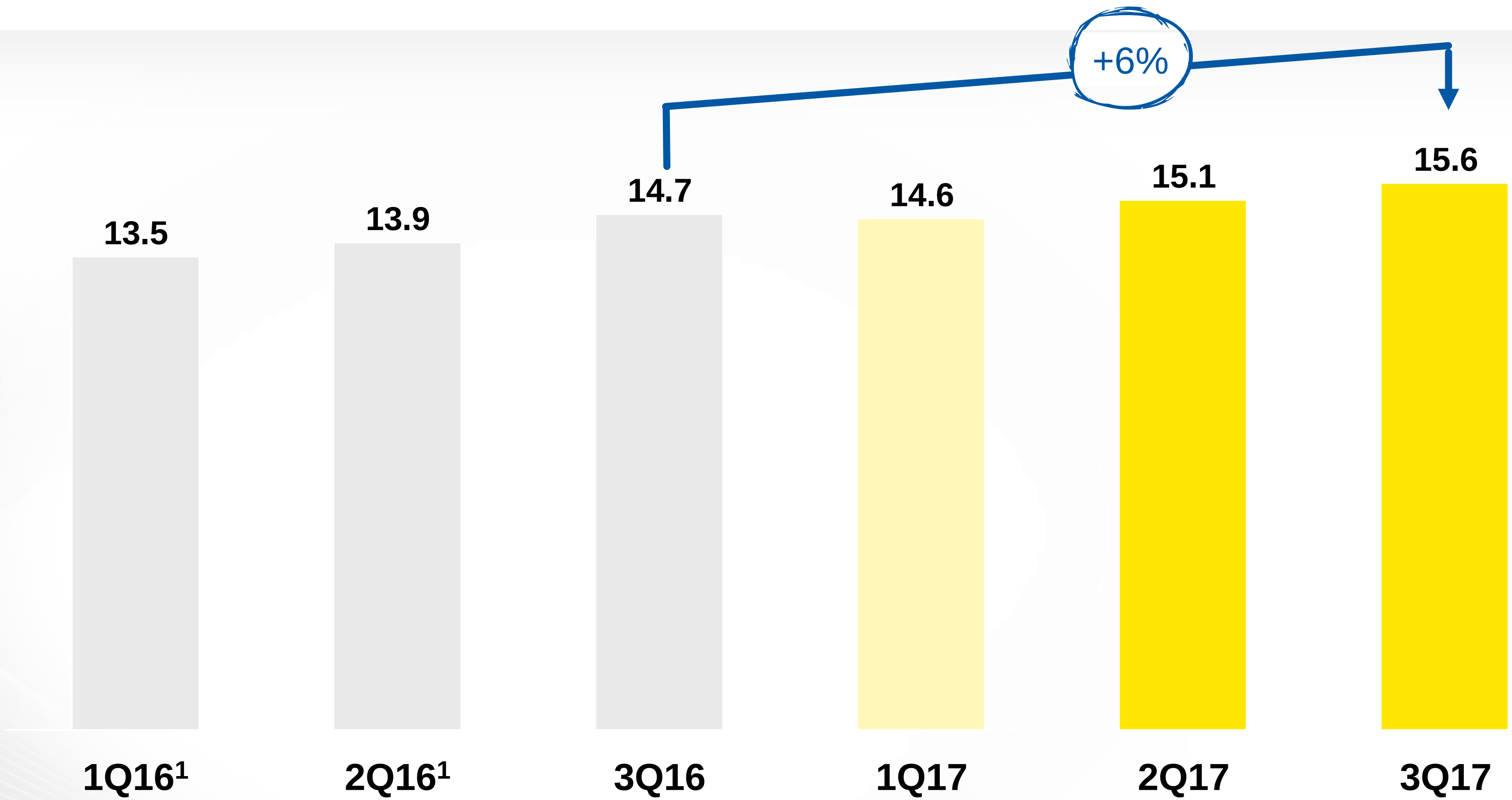
1 Without Wimax

SOURCE: Company Information, CNMC

Growth of blended billed ARPU

Blended billed ARPU +6% YoY due to cross-/up-selling of broadband & increased mobile data demand

1Q16-3Q17; €



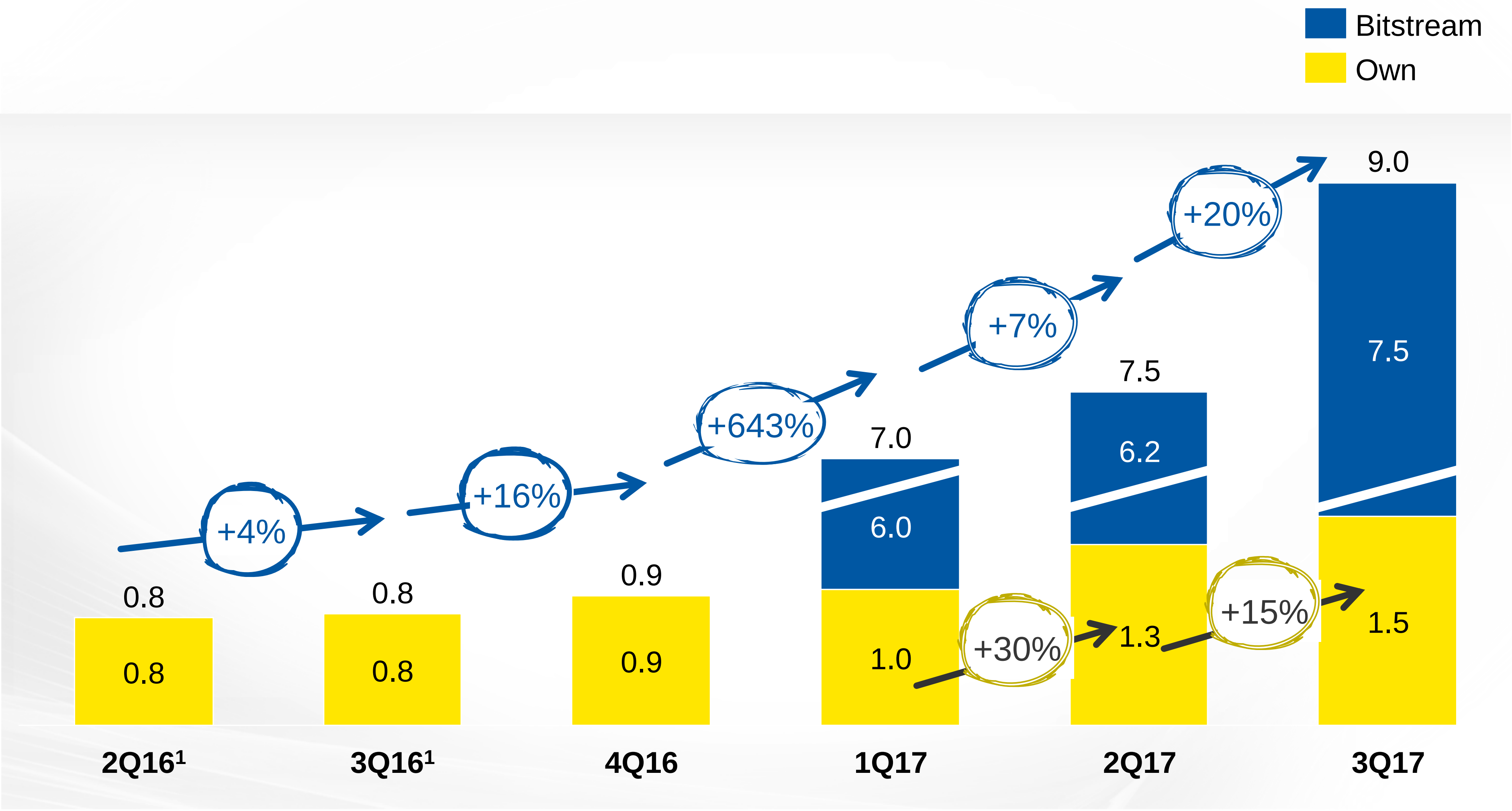
1 Proforma

SOURCE: Company Information

Fibre footprint expansion

MASMOVIL FTTH footprint at 9M Building Units (BUs); 10M BUs expected for YE 2017

Million BUs

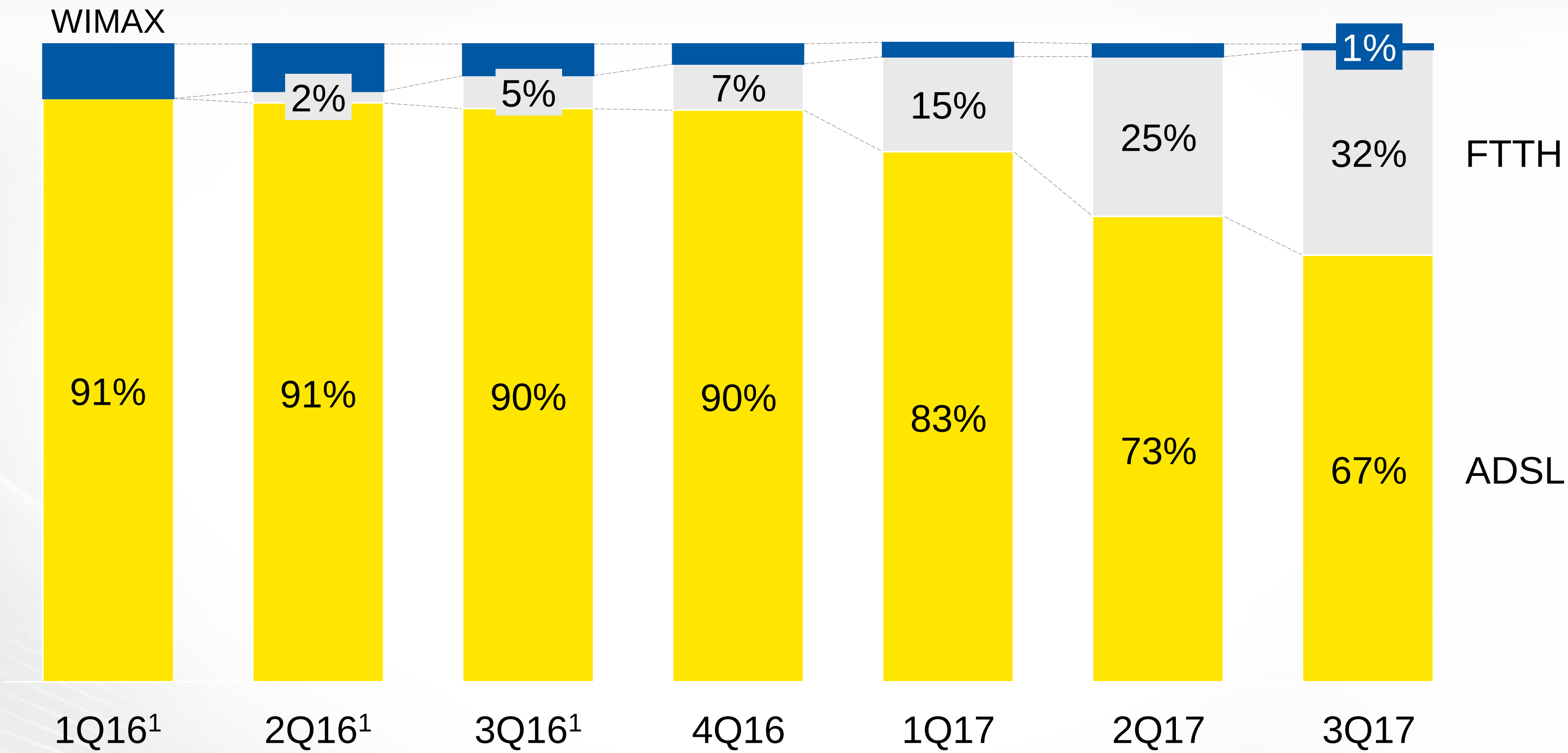


1 Proforma

SOURCE: Company Information

Broadband access split by technology

FTTH represents now almost one third of total broadband base
1Q16-3Q17

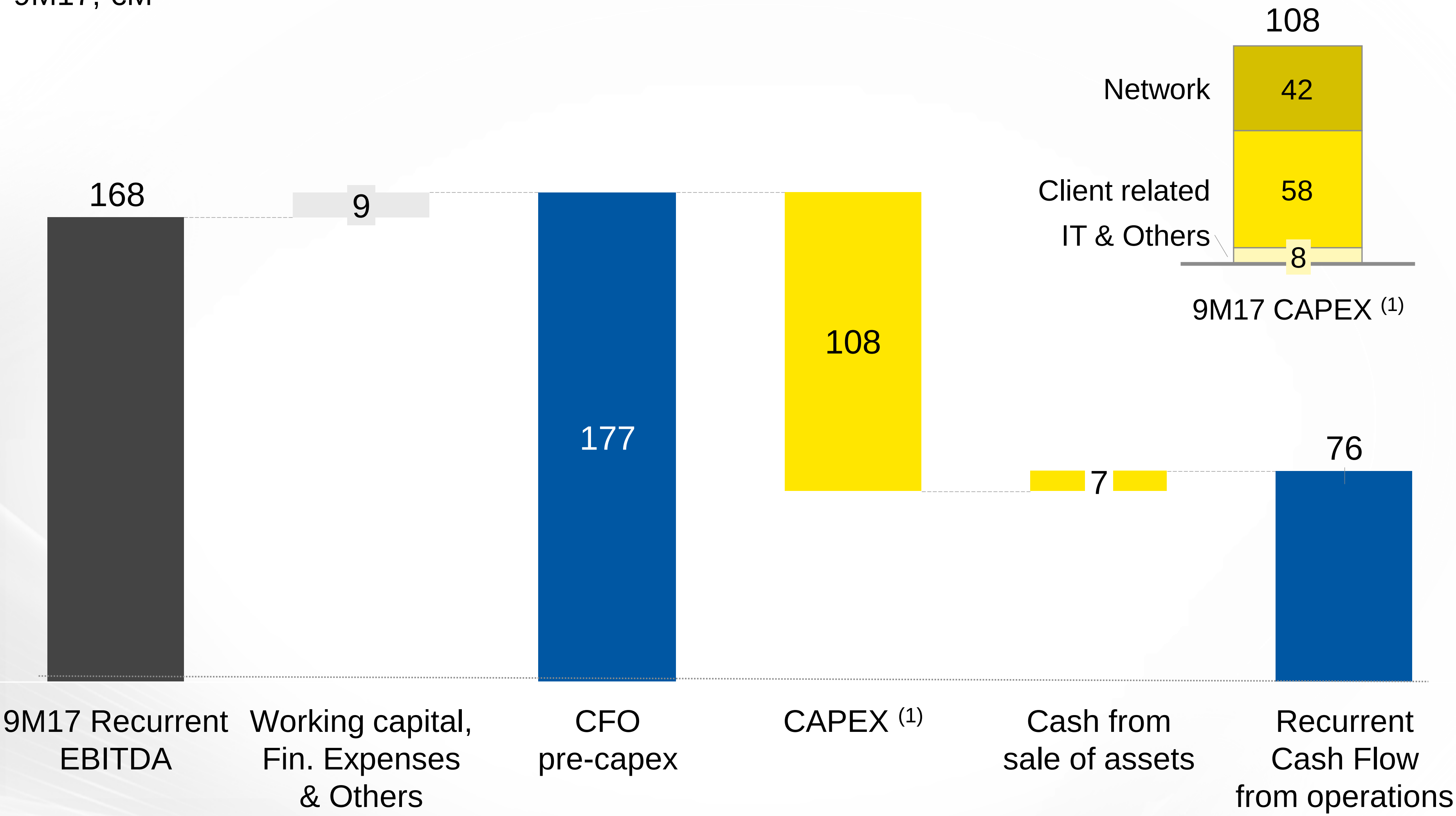


1 Aggregated

SOURCE: Company Information; CNMC

Cash Flow from operations post CAPEX

MASMOVIL invested 108M€ CAPEX (1) in 9M17, with 42M€ devoted to network deployment
9M17; €M



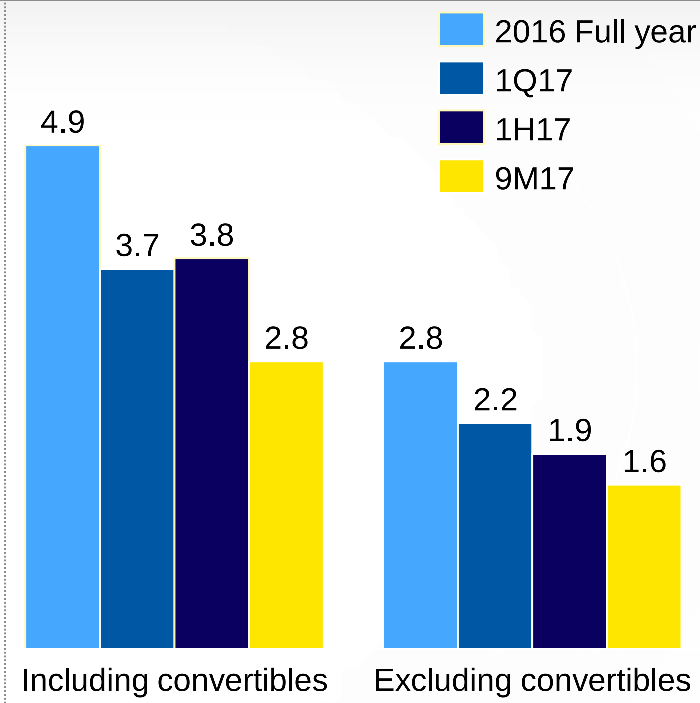
(1) Capex after taking into account the sale of IRU's
SOURCE: Company Information

Change in Net Debt and Net Debt / EBITDA

Overall leverage down to 1.6x (excl. convertibles)
€M

Change in net debt

Leverage[1]
Debt/ Annualized EBITDA



1 Annualized EBITDA: 1Q17x4 for 1Q17 or 180M€, 1H17x2 for 1H17 or 208M€ and for 9M17 the 2017 updated Recurrent EBITDA guidance of 235M€
2 Excluding convertibles
3 Includes PIK interest on junior debt, cash interest accrued but yet to be paid and the Pepehone and Llamaya penalties paid in 3Q17

SOURCE: Company Information

Updated and increased 2017 guidance

Given the positive performance of the business, MASMOVIL increases its 2017 guidance: Recurrent EBITDA expected to almost double vs. 2016; growth of Service Revenues 80% above original guidance

		Original	Updated
Subscribers	• Total combined net increase in fixed broadband lines and mobile post-paid lines by …	500k	800k
Service Revenues	• Growth in Service Revenues vs 2016 Proforma Service revenues (838M€) of …	>10%	18%
Recurrent EBITDA	• Recurrent EBITDA (before one-off costs) from 119M€ in 2016 to …	>200M€ (>+70%)	235M€ (c.+100%)

SOURCE: Company Information

APPENDIX

Net Debt Calculation

MÁSMÓV!L

Net debt slightly down vs 2Q17. Leverage down to 1.6x Recurrent EBITDA (excluding convertibles)

(Million €)	FY16	1Q17	1H17	9M17	9M17-1H17
Short term commercial paper	30	30	30	25	-5
Senior debt	347	348	341	342	1
Bonds	57	97	98	96	-2
Junior debt	96	100	101	102	1
Providence convertible	102	105	108	111	3
ACS convertible	144	180	289	140	-149
Other debts	41	37	26	31	5
Cash & Equivalents	(236)	(218)	(203)	(216)	(13)
Net debt as per Company	**582**	**679**	**790**	**631**	**-159**
Providence convertible	(102)	(105)	(108)	(111)	(3)
ACS convertible	(144)	(180)	(289)	(140)	149
ND per Company excl. Converts	**336**	**394**	**393**	**380**	**-13**
Leverage (x Recurrent EBITDA)[1]	2.8	2.2	1.9	1.6	

[1] Leverage calculated as Net debt excluding convertibles divided by annualized Recurrent EBITDA (1Q17x4 for 1Q17 or 180M€, 1H17x2 for 1H17 or 208M€ and updated Recurrent EBITDA guidance for 9M17 or 235M€)

SOURCE: Company Information

P&L

MASMOVIL achieved an EBITDA of 168M€ and an adjusted Net Income of 45M€ in 9M17

(Million €)	9M16 (1)	9M17	Growth	3Q16 (1)	3Q17	Growth
Revenue	**819.7**	**949.2**	**16%**	**281.5**	**340.0**	**21%**
Other operating revenue	4.0	22.1	n.a.	0.7	7.6	n.a.
Cost of sales	(649.1)	(714.7)	10%	(218.8)	(252.8)	16%
Other operating expenses	(84.4)	(88.2)	5%	(29.0)	(30.8)	6%
Recurrent EBITDA[1]	**90.2**	**168.4**	**87%**	**34.4**	**64.1**	**86%**
One Offs	(4.1)	(21.8)	n.a.	(4.1)	(6.1)	n.a.
SAR	-	(2.4)	n.a.	-	(1.1)	n.a.
Reported EBITDA	86.1	144.2	67%	30.3	56.9	88%
Depreciation and amortization	(67.0)	(90.5)	35%	(21.8)	(31.8)	46%
Reported EBIT	19.1	53.8	181%	8.5	25.1	195%
Net financial expenses[3]	(13.3)	(187.8)	n.a.	(5.6)	(15.6)	n.a.
Reported Profit before taxes	5.8	(134.1)	n.a.	2.9	9.5	n.a.
Income tax	(6.0)	(14.0)	n.a.	(3.9)	(6.2)	n.a.
Reported Net Income/(Loss)	(0.2)	(148.1)	n.a.	(1.0)	3.3	n.a.
Sum of the "Adjustments"	3.2	193.2	n.a.			
Adjusted Net Income/(Loss)[2]	**2.8**	**45.1**	**16x**			

1. Proforma
2. See page 17 for details on adjustments
3. In Q3, 150M€ of the accounting value of the ACS hybrid valuation has been reverted to shareholders equity

Source: Company information

Accounting treatment of ACS convertible

Accounting P&L non-cash effect of the ACS hybrid valuation reverted to shareholders equity in 3Q17 through the Balance Sheet (not through P&L)

- The 9M17 income statement includes a non-cash charge of 141M€ linked to the ACS convertible.
- This convertible was considered until July 13th, 2017 to be a hybrid instrument under IFRS rules and accordingly any increase in the market value of the shares underlying the convertible are charged to earnings. This accounting treatment under IFRS rules was different to that applied for the Providence convertible, which is not considered to be a hybrid instrument.
- On July 13th, 2017 the Company re-negotiated the terms of the ACS convertible so that the accounting treatment under IFRS is to be consistent between both convertible instruments.
- As a result, post July 13th, 2017, there are no further non-cash financial charges foreseen.
- Additionally, also as a result of the re-negotiation, the Company has reclassified in 3Q17 as shareholders equity, thereby increasing book equity and reducing financial debt, a total of 150M€ of such non-cash financial charges.

SOURCE: Company Information

Adjusted Earnings per Share (fully diluted)

Adjusted Earnings per Share on a fully diluted basis (33 million shares) reached 1.36€ in 9M17

(Million €) (except EPS)	**9M17**
Reported Net Income/(Loss)	**(148.1)**
Accounting impact of ACS convertible	140.6
Reported Net Income excl. ACS convert	**(7.5)**
One-offs	21.8
Amortization of acquired customer base & brand	15.9
Management incentive plans (SAR)	2.4
Interest on Providence and ACS convertibles	27.3
Tax impact of "Adjustments"	(14.8)
Adjusted Net Income/(Loss) fully diluted	**45.1**
Fully diluted number of shares (million)	33.1
Adjusted EPS (fully diluted) (€)	**1.36**

SOURCE: Company Information