



EZENTIS

RESULTS PRESENTATION Q3 2019

07-Nov-2019

> **Q3 2019 HIGHLIGHTS**

<p>REVENUES</p> <p>€ 351.0 M</p>	<p>+10.8%</p> <p>Growth vs Q3 2018</p>	<p>NET CASH FLOW</p> <p>€ 10.0 M</p>	<p>Focus on cash generation</p>
<p>EBITDA¹</p> <p>€ 41.3 M</p>	<p>11.8% o/revenue¹</p>	<p>NET RESULT</p> <p>€ 3.0 M</p>	<p>Key effects</p> <ul style="list-style-type: none"> - Increase in the volume of operations - Margin improvement - Financial expenses decrease
<p>CONTRACTS</p> <p>€ 421.8 M</p> <p>of renewals and new contracts</p>	<p>1.2x o/revenue of Q3 2019</p>	<p>BACKLOG</p> <p>€ 985.0 M</p> <p>of long-term contracts</p>	<p>1.9x o/revenue Of last twelve months ("LTM")</p>
<p>NET DEBT ²</p> <p>€ 114.6 M</p>	<p>+ € 30 M funding for the acquisition of new business line</p> <p>- € 23.4 M decrease of NFD</p>	<p>FINANCIAL EXPENSES ²</p> <p>-€ 8.0 M</p> <p>vs Q3 2018</p>	<p>Significant savings in net financial expenses ²</p>

¹ Comparable EBITDA with Q3 2018 (without IFRS 16) of € 26.9 M (7.7% o/revenue vs 5.7% 2018)

² Net Debt and Financial expenses without IFRS 16 impact

> KEY FACTORS



BUSINESS

- Acquisition of business line of local loop and outside plant for Telefónica's network in 6 Spanish provinces → It allows to enlist additional annual revenues of **€ 45 M** an EBITDA of **€ 6.3 M** and a contracts' backlog of **€ 130 M**.
- Growth in **revenues (+10.8 %** compared to Q3 2018), + 21.4% proforma with new business line).
- **Consolidation** of the activity in key markets: **Spain, Brazil and Chile (85% o/total Group's income)**.



CONTRACTS

- The strong commercial activity continues: **YTD contracts for € 421.8 M** and contracts backlog integration of the business line acquired by **€ 130 M**.
- **Renewal** with Telefónica del Perú of the **Local Loop contract 2019-2023**, with estimated revenue of **€ 90 M**.
- **Backlog** stands at **€ 985.0 M (1.9x o/revenue of last 12 months)**.



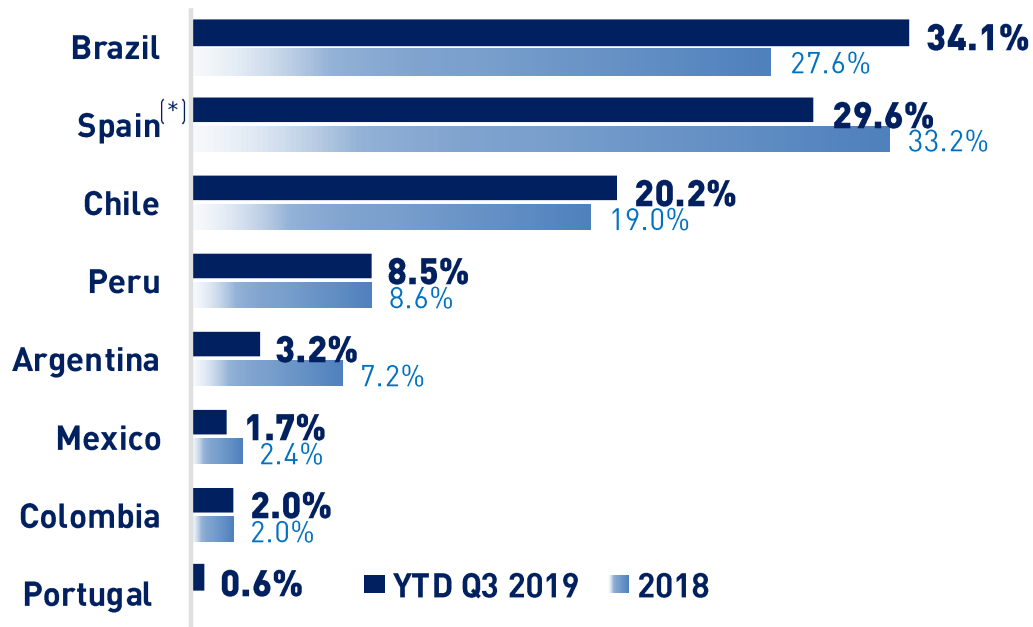
NET DEBT

- **Increase of corporate financing by € 30 M**, to finance the acquisition of new line of activity in Spain.
- **DFN / EBITDA of 2.56x**, after the increase in structural financing, offset by the **reduction of the other debt captions and cash generation**.
- Reduction of **net financial expenses by € 8.0 M**, compared to YTD Q3 2018, up to **€ 10.4 M¹**

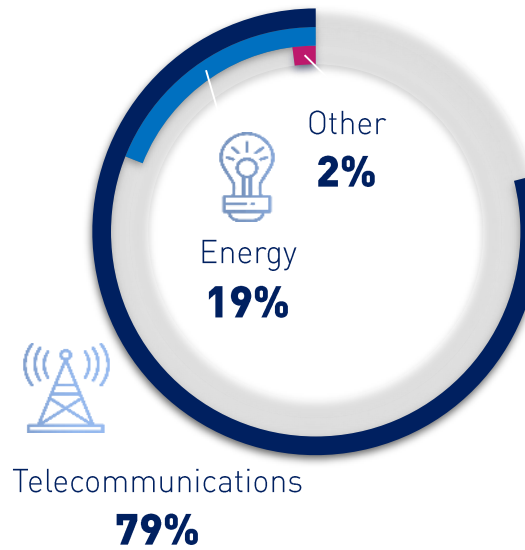
¹ Financial expenses not including the effect of IFRS 16

> DIVERSIFIED BY COUNTRIES, INDUSTRIES AND CLIENTS

REVENUE BREAKDOWN BY COUNTRY



INDUSTRIES



TELECOMMUNICATIONS



ENERGY



OTHER

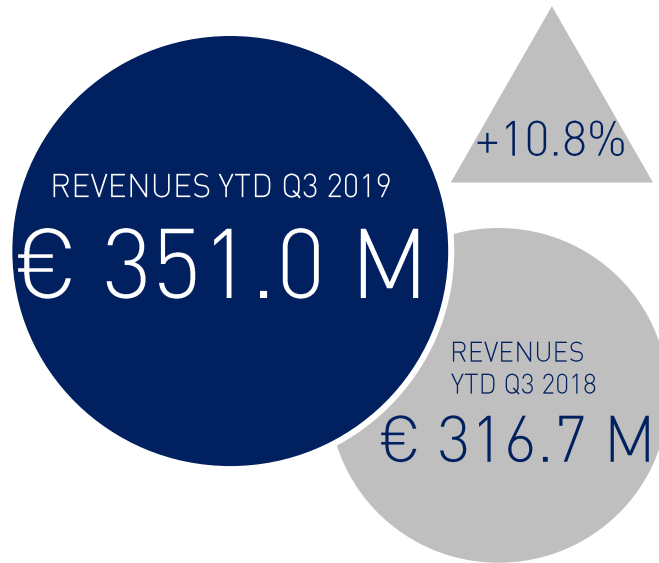


(*) Actuals as of 30-Sep-19. Spain would represent **35.7%** of group's revenue including the business line acquired in September 2019.

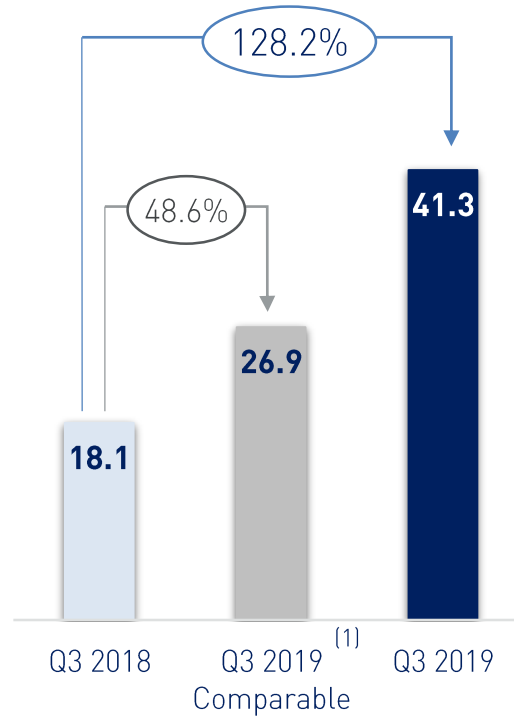
> MAIN FIGURES EVOLUTION

Millions of Euros

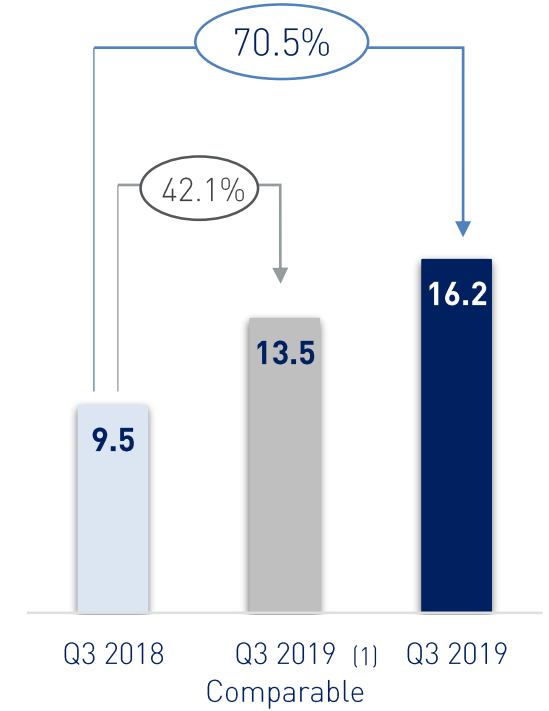
REVENUES



EBITDA



EBIT



EBITDA Margin 5.7% 7.7% **11.8%**

EBIT Margin 3.0% 3.8% **4.6%**

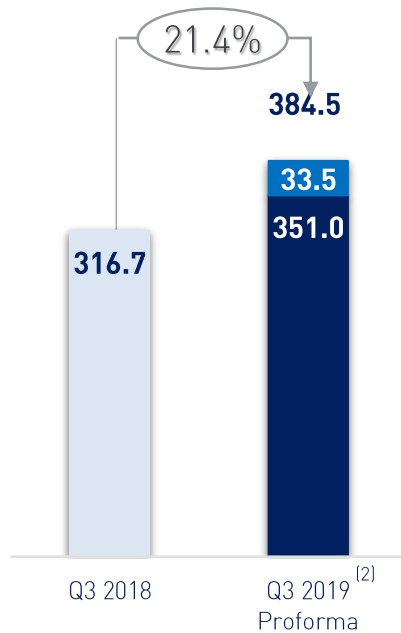
⁽¹⁾ Not including the effect of IFRS 16 or inorganic growth (acquisition of the business line during the period), in order to facilitate comparison with 2018 data

> INORGANIC GROWTH IN SPAIN OF THE PERIOD

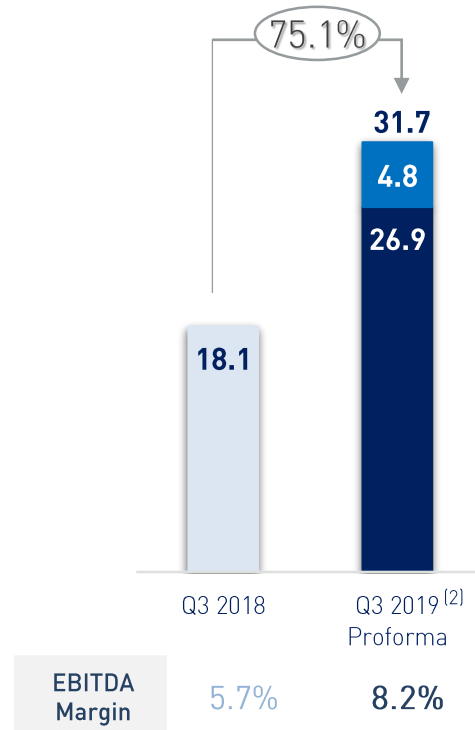
Millions of Euros

In September 2019, the Group acquired the business line of loop and external plant, for Telefónica, in 6 Spanish provinces. The operation incorporates contracts backlog for an amount of € 130 M ⁽¹⁾

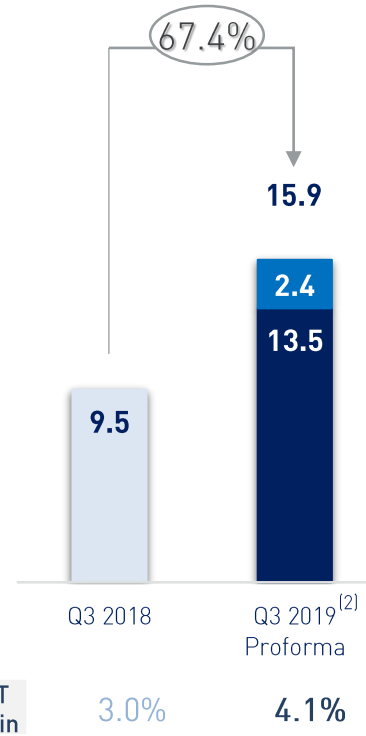
REVENUES



EBITDA



EBIT



NET RESULT



■ Inorganic growth effect of the period. Includes amortization of the PPA in 10 years and financial expenses of the new debt used for the acquisition.

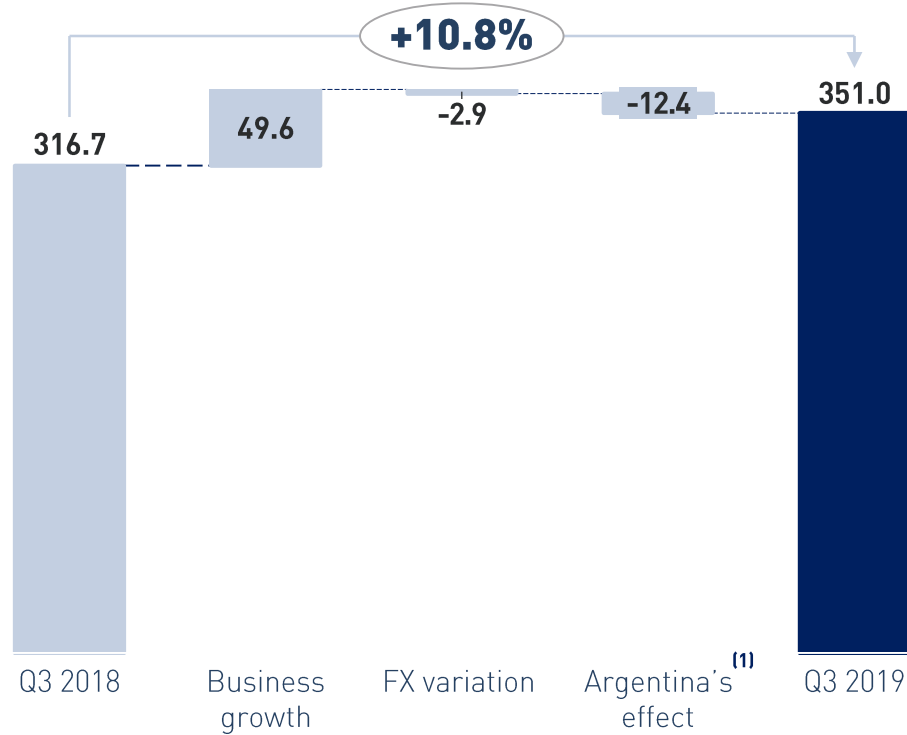
⁽¹⁾ See Relevant Fact of August 5, 2019

⁽²⁾ Not including the effect of IFRS 16 or inorganic growth (acquisition of the line of activity of the period), in order to facilitate comparison with 2018 data

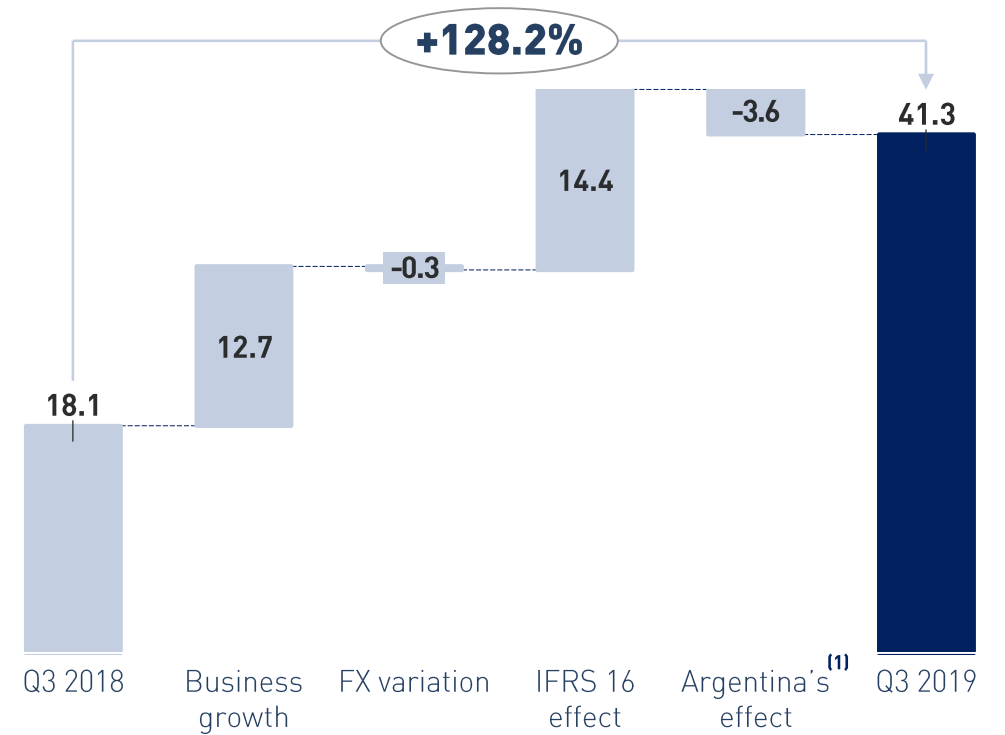
> REVENUE AND EBITDA'S ANALYSIS

Millions of Euros

REVENUES



EBITDA



⁽¹⁾ Includes the impact of the business decrease, the effect of the depreciation of Argentinian peso (ARS) and the effect of hyperinflation

> KEY INCOME STATEMENT INDICATORS

Millions of €	Q3 2019	Q3 2019¹	Q3 2018	%
REVENUE	351.0	351.0	316.7	+10.8%
EBITDA	41.3	26.9	18.1	+48.6%
EBITDA Margin	11.8%	7.7%	5.7%	+34.1%
Amortization and provisions	(12.2)	(12.2)	(7.1)	
Amortization IFRS 16	(11.7)	-	-	
Amortization PPA	(1.2)	(1.2)	(1.5)	
EBIT	16.2	13.5	9.5	+42.1%
<i>% EBIT/Revenue</i>				
Revenue and financial expenses	(13.1)	(10.4)	(19.4)	
Variation in financial instruments	-	-	1.0	
Currency exchanges	0.3	0.3	0.3	
Non-recurring results ²	(3.0)	(3.0)	(2.3)	
Non-Controlling Interests, discontinued operations and non-strategic investments	(1.7)	(1.7)	-	
Taxes	4.3	4.3	9.1	
Net Result	3.0	3.0	(1.8)	

¹ Not including the effect of IFRS 16 in order to facilitate the comparison with 2018

² Non-recurring results include personnel restructuring costs by **€ 2.3 M** and Argentina's effect

> KEY BALANCE SHEET INDICATORS

<i>Millions of €</i>	30-Sep-19	30-Sep-19¹	31-Dec-18
Total assets	387.5	366.3	322.5
Net financial debt	137.3	114.6	108.1
Equity	22.2	23.6	32.0
Working Capital ¹	(9.9)	0.5	14.4

¹ Not including the effect of IFRS 16 to facilitate comparison with 2018. The recognition of short-term debt for the application of this standard has an impact of **€ -10.4 M** on net financial debt and working capital .

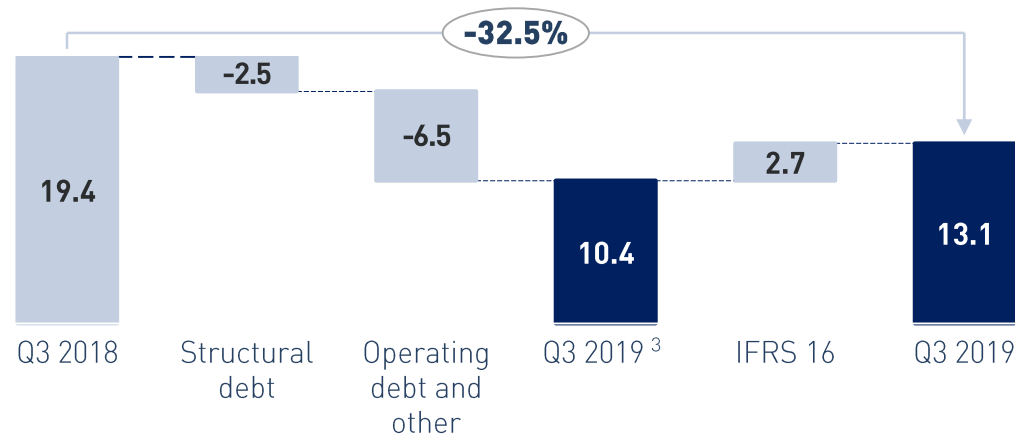
> FINANCIAL DEBT

Million of Euros

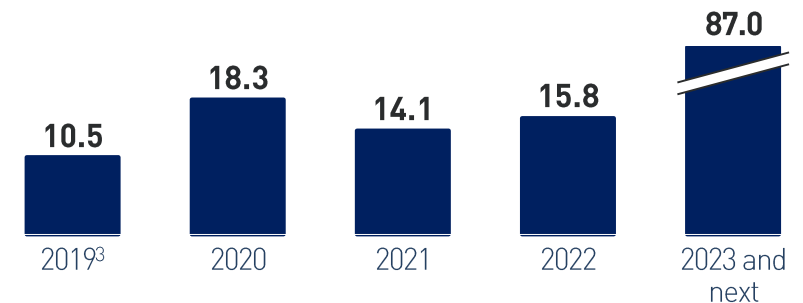
	30-Sep-19 ³	31-Dec-18
Net Financial Debt (NFD)	114.6	108.0
Gross financial debt	145.7	128.8
Cash and other equivalent assets ¹	31.1	20.8
EBITDA LTM Proforma²	44.8	36.2
NFD/ EBITDA Ratio	2.56x	2.98x

- ✓ Extension of long-term debt for the acquisition of business line **(+ € 30 M)** and reduction of other debts **(- € 13.1 M)**
- ✓ Focus on cash generation **(+ € 10.3M)**
- ✓ New structural debt maturity: 2024 → **2025**
- ✓ Average cost of structural debt: **5.6%**

FINANCIAL COSTS EVOLUTION



MATURITY SCHEDULE³



¹ Includes cash, other equivalent liquid assets and deposits in guarantee of financial debts collected within financial investments.

² Proforma EBITDA of the last twelve months ("LTM") and including the incorporation of the new business line acquired in September 2019

³ Not including the effect of IFRS 16 in order to facilitate the comparison with 2018

> CONSOLIDATED CASH FLOW STATEMENT

Millions of Euros	Q3 2019	
COMPARABLE EBITDA ¹	26.9	
Changes in working capital	23.1	
Other movements in operating activities, net	(11.3)	
Operating Cash Flow	38.7	→ Operating Cash Flow Q3 2019: 1.4x o/EBITDA ¹
Payments related to inorganic growth	(27.5)	
Acquisition of property, plant & equipment, and intangible assets (CAPEX)	(3.7)	→ Capex 1% o/revenues
Changes in financial investments	0.5	
Cash flow from investing	(30.7)	
Funding related to inorganic growth	30.0	→ New financing for the acquisition of the line of activity
Changes in financial debts, net ²	(16.2)	→ Focus on financial debt decrease
Collection and payment of interests, net	(11.8)	
Cash flow from financing	2.0	
Total net cash flow	10.0	
Initial net financial position ³	20.8	
Net increase in cash and cash equivalents	10.0	
Exchange differences	0.3	
Final net financial position ³	31.1	

¹ Not including the effect of IFRS 16 to facilitate comparison with 2018.

² Gross debt variation adjusted for changes in amortized debt

³ Includes cash, other equivalent liquid assets and deposits in guarantee of financial debts collected within financial investments.

> CONSOLIDATED BALANCE SHEET

Thousand of Euros	30-Sep-19	30-Sep-19 ¹	31-Dec-18		30-Sep-19	30-Sep-19 ¹	31-Dec-18
<i>Assets</i>				<i>Equity and liabilities</i>			
Non-current assets	186,350	165,103	133,053	Equity	22,207	23,588	32,038
Tangible and intangible assets	128,719	107,472	82,039	Non-current liabilities	154,248	141,977	115,405
Long-term financial investments	17,461	17,461	17,207	Financial debt	134,809	122,538	100,695
Deferred tax assets	40,170	40,170	33,807	Other non-current liabilities	19,439	19,439	14,710
Current assets	201,151	201,151	189,411	Current liabilities	211,046	200,689	175,021
Inventories	24,581	24,581	20,425	Financial debt	33,517	23,160	28,118
Trades and other receivables ²	145,496	145,496	148,230	Other current liabilities ⁴	177,529	177,529	146,903
Cash and cash equivalents ³	31,074	31,074	20,756	TOTAL	387,501	366,254	322,464
TOTAL	387,501	366,254	322,464				
Working Capital	(9,895)	462	14,390				

¹ Not including the effect of IFRS 16 to facilitate comparison with 2018. The application of this standard has an increase of € 21,247 thousand in tangible and intangible assets, € 10,357 thousand in current financial debt and working capital and € 12,271 thousand in non-current financial debt.











² Includes the amount of the caption "Assets held for sale" for an amount of 4,627 and 6,750 thousand euros, as of 30-Sep-19 and 31-Dec-18, respectively.

³ Includes cash, other equivalent liquid assets and "Financial assets" that mainly correspond to deposits in guarantee of financial debts in the amount of € 2,766 and € 1,679 thousand, as of 30-Sep-19 and 31-Dec-18, respectively.

⁴ Includes the amount of the caption "Liabilities associated to assets held for sale" of € 3,595 and € 3,346 thousand, as of 30-Sep-19 and 31-Dec-18, respectively.

> IMPACT OF IFRS 16 LEASES

1. General criteria: only applies to assets with expected duration > 1 year, previously classified as operating leases
2. The affected lease contracts correspond to the fleet of vehicles and to office buildings, warehouses and computer equipment

Indicator	Impact	Impact description	Q3 2019 Effect
Asset		Increase, because of recognition of "right-of-use asset".	+21.2 M
Financial liability		Increase, by recognition of a "lease liability IFRS 16" derived from the recognition of "rights-of-use related to leases"	+22.6 M
Working Capital		Decrease, due to the recognition of the short-term portion of the "lease liability IFRS 16"	-10.4 M
EBITDA		Increase, because the cost of the rent is recognized as amortization charge and interest expense instead of "Other operating expenses"	+14.4 M
Operating result		Increase, because the cost of the rent is recognized as amortization charge and part as interest expense	+2.7 M
Financial result		Decrease, because the cost of the rent is recognized as amortization and interest expense instead of "Other operating expenses"	-2.7 M
Tax effect		Not relevant, as it refers, in all significant aspects, to deductible expenses within the calculation of the Corporate Tax provision	
Net result		Not significant, as the effect on the operating result is offset by the effect on financial result, without a significant impact on the Corporate Tax provision	

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EZENTIS

Avenue Hytasa, 12, 2nd floor, door 20
ZP 41006 Sevilla, Spain
T +34 902 40 60 82 E Investor.relations@ezentis.com