



Earnings Presentation – Q1 2019

May 7th, 2019

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MASMOVIL – 1Q19 Key Highlights

MASMOVIL continues its strong growth in 1Q19 and reiterates its guidance



MASMOVIL's strong **growth** momentum continues



Service Revenues reached **€336M** (+27% YoY)



EBITDA of **€105M** (+40% YoY) and EBITDA margin +5pp YoY to 27%



Net adds of **140k** in **BB** and **192k** in **mobile postpaid**
Broadband & Mobile lines reach **8.0M**






Fiber footprint reaches **16.9M** BUs
Own FTTH network increases to **6.4M** BUs



FY2019 EBITDA guidance of **€450M** reiterated

Confidence in 2019: Guidance Reiterated

All guidance components on track

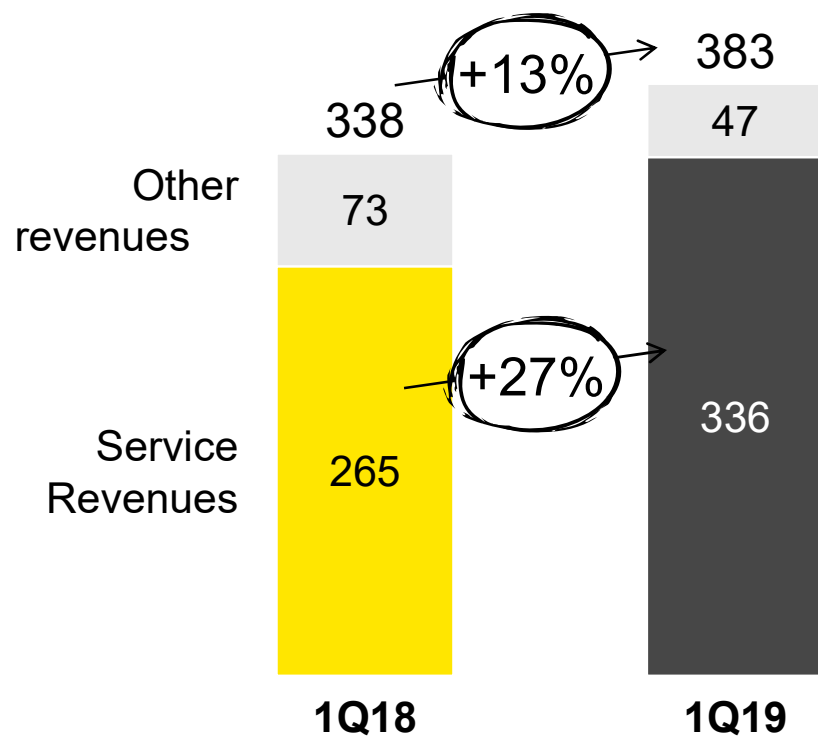
	Guidance for 2019	1Q19	FY19	On track?
 <p>Service Revenues</p>	Growth in Service Revenues	+27% YoY	>22% YoY	✓
 <p>Adjusted EBITDA</p>	Adjusted EBITDA (before one-off costs)	€105M	€450M	✓
 <p>Net Capex</p>	Net Infrastructure Capex	€20M	€230M	✓

Revenues 1Q19

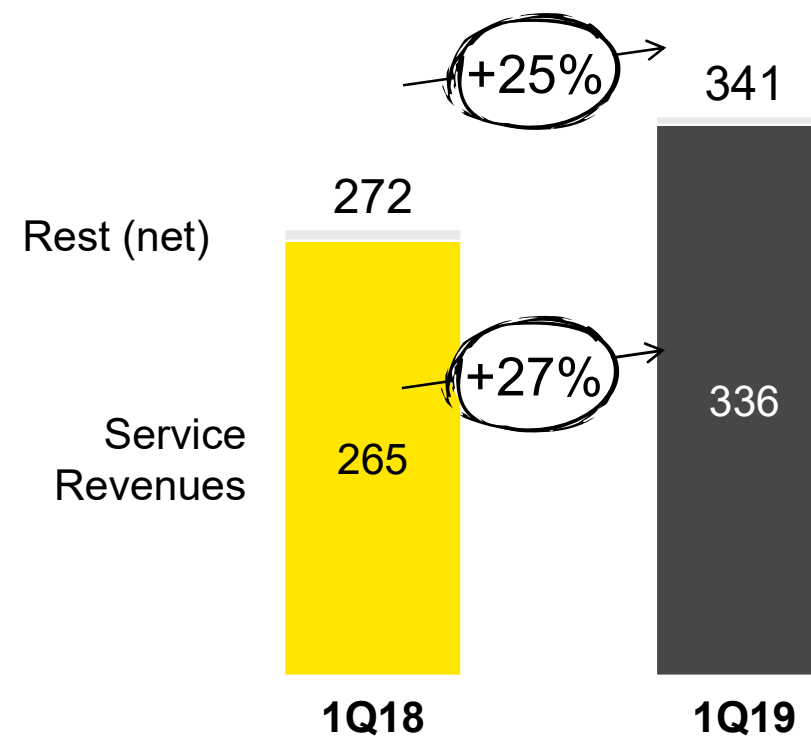
Service Revenues +27% YoY. Net Revenues +25% YoY

€M

Revenues



Net Revenues¹



¹ Net Revenues: Service Revenues plus Gross Profit contribution from Equipment and Wholesale Revenues

SOURCE: Company

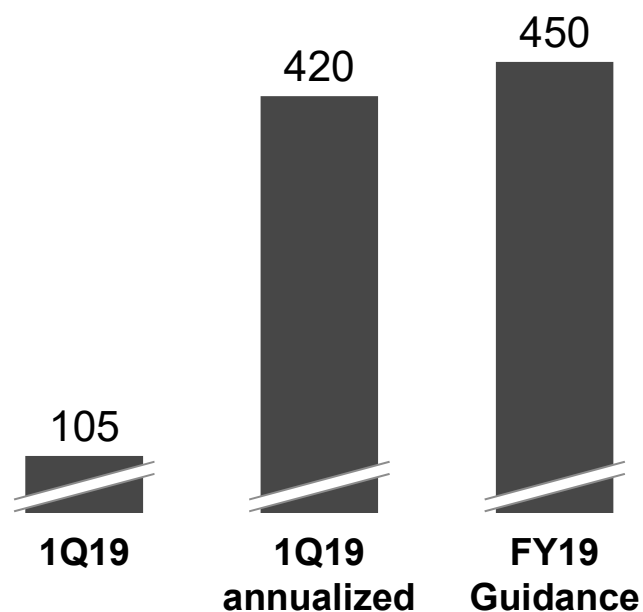
Adjusted EBITDA 1Q19

1Q19 EBITDA of €105M +40% YoY (+28% YoY Pre IFRS16 impact)

€M

Adjusted EBITDA Margin

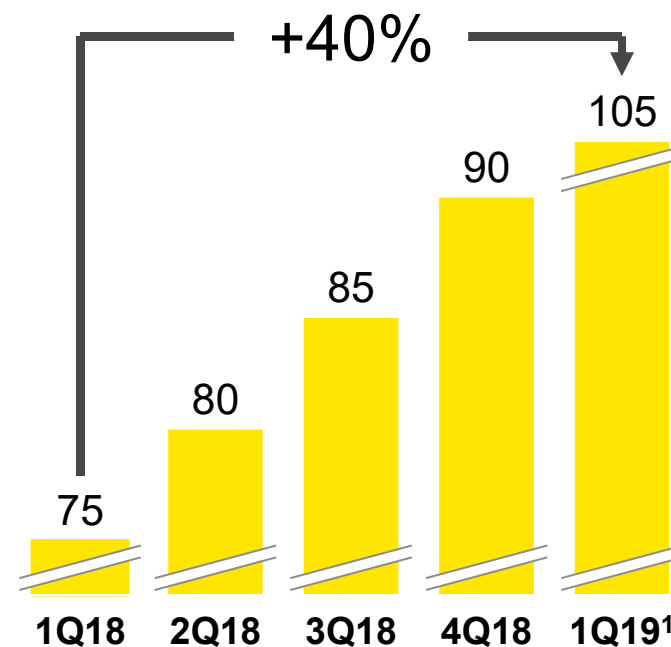
1Q19 vs. FY19 guidance



Adjusted EBITDA Margin

27%

Quarterly Evolution



22%

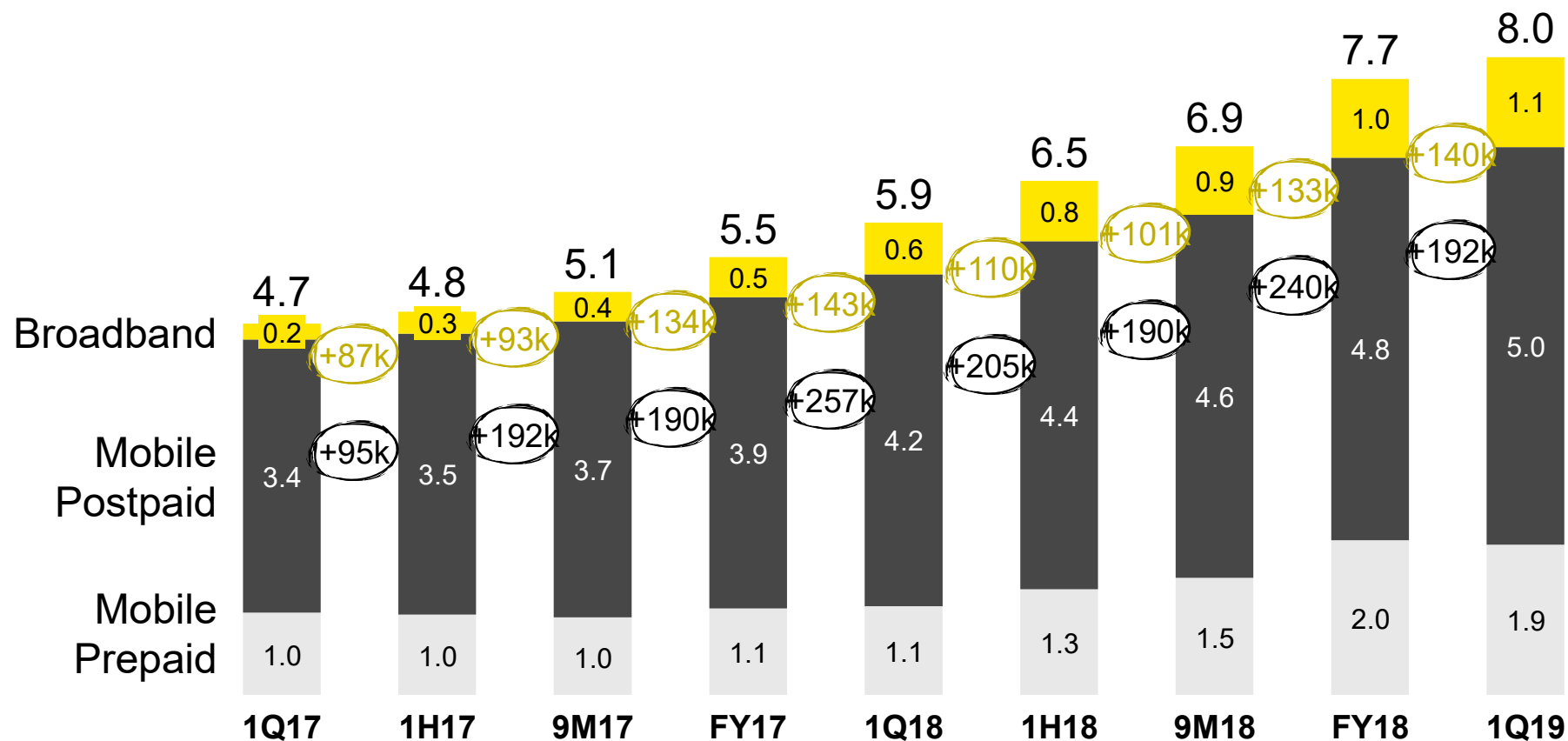


27%

¹ 1Q19 EBITDA pre IFRS15 & IFRS16 reached €107M
SOURCE: Company

Evolution of Mobile & Broadband Lines

In 1Q19 MASMOVIL added 140k BB and 192k postpaid mobile lines, reaching 8.0M lines
Million lines

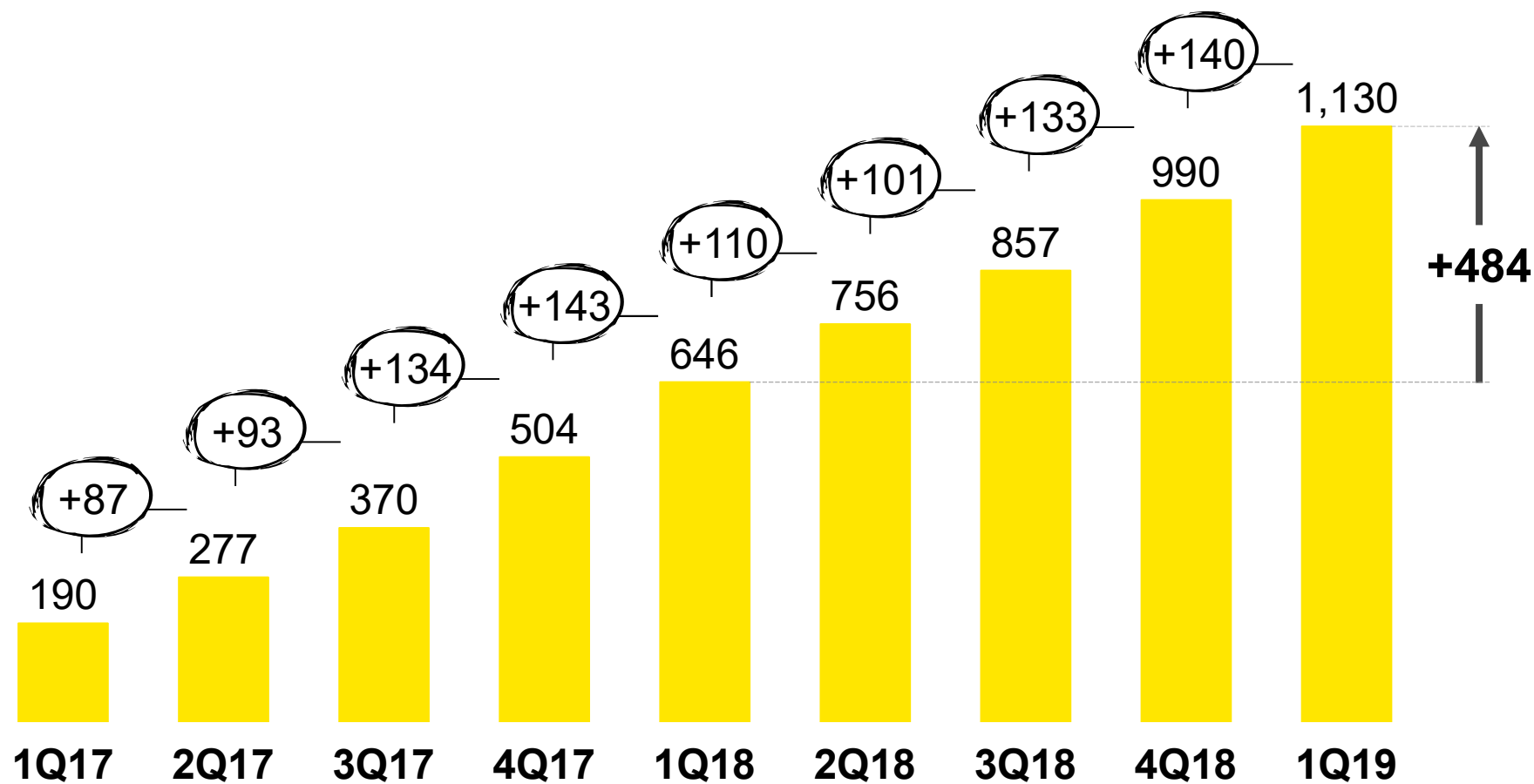


Evolution of Broadband Lines

Strong broadband momentum continued in Q1 with 140k net adds resulting in 1,130k total lines

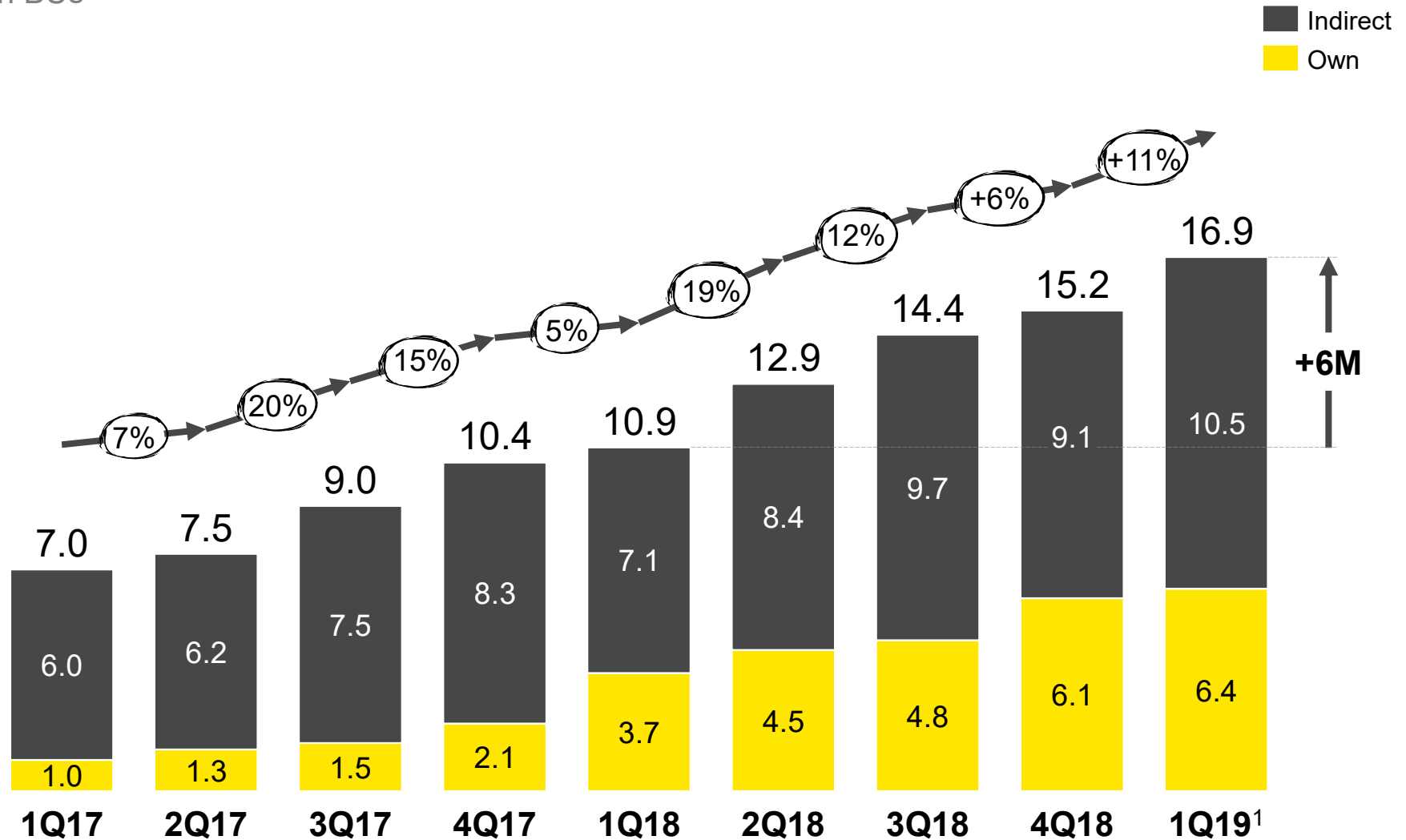
'000 lines

○ Broadband net adds



Fiber Footprint Expansion

In 1Q19 FTTH footprint grew by c.6M BUs YoY, reaching close to 17M total BUs and 6.4M own BUs
Million BUs

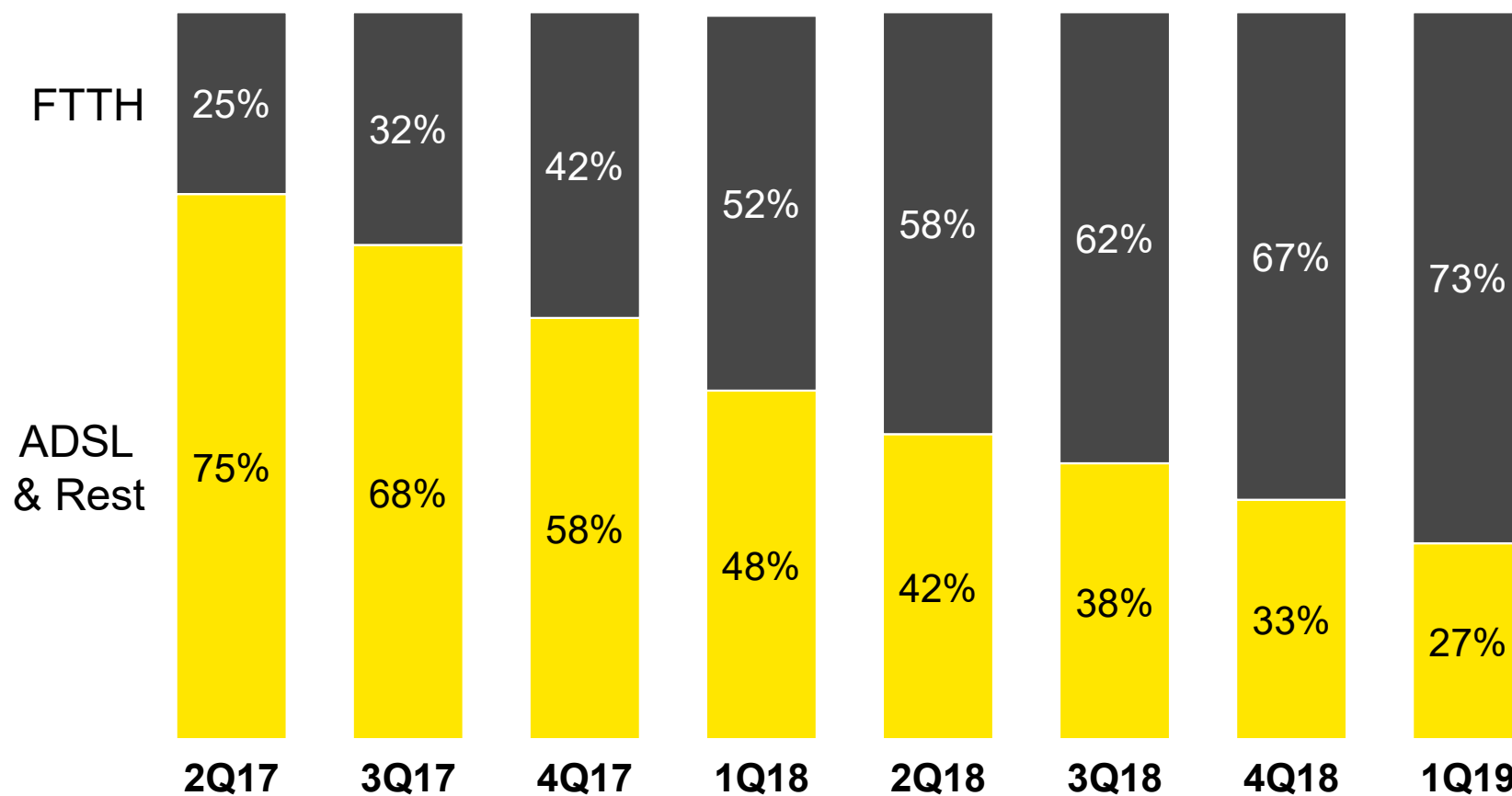


¹ Including the footprint available under Bitstream agreements (including initial Telefónica's NEBA offer)

SOURCE: Company

Broadband Access by Technology

FTTH share continues to grow and represents 73% of total broadband base

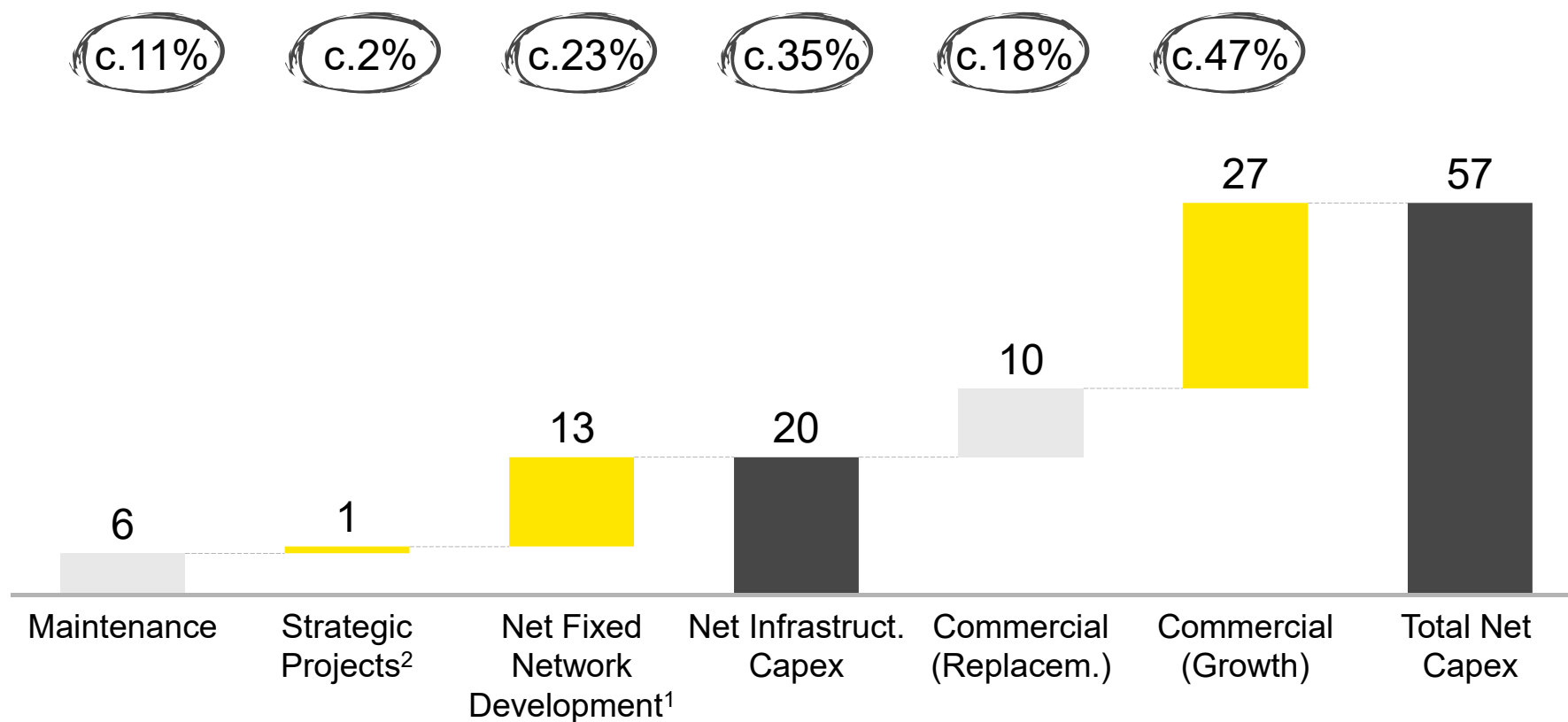


Capex 1Q19

MASMOVIL continues to invest in its own infrastructure and client growth

€M

 % of Total



¹ Includes Core network & VAS, Transmission and Access. Net of IRU sales

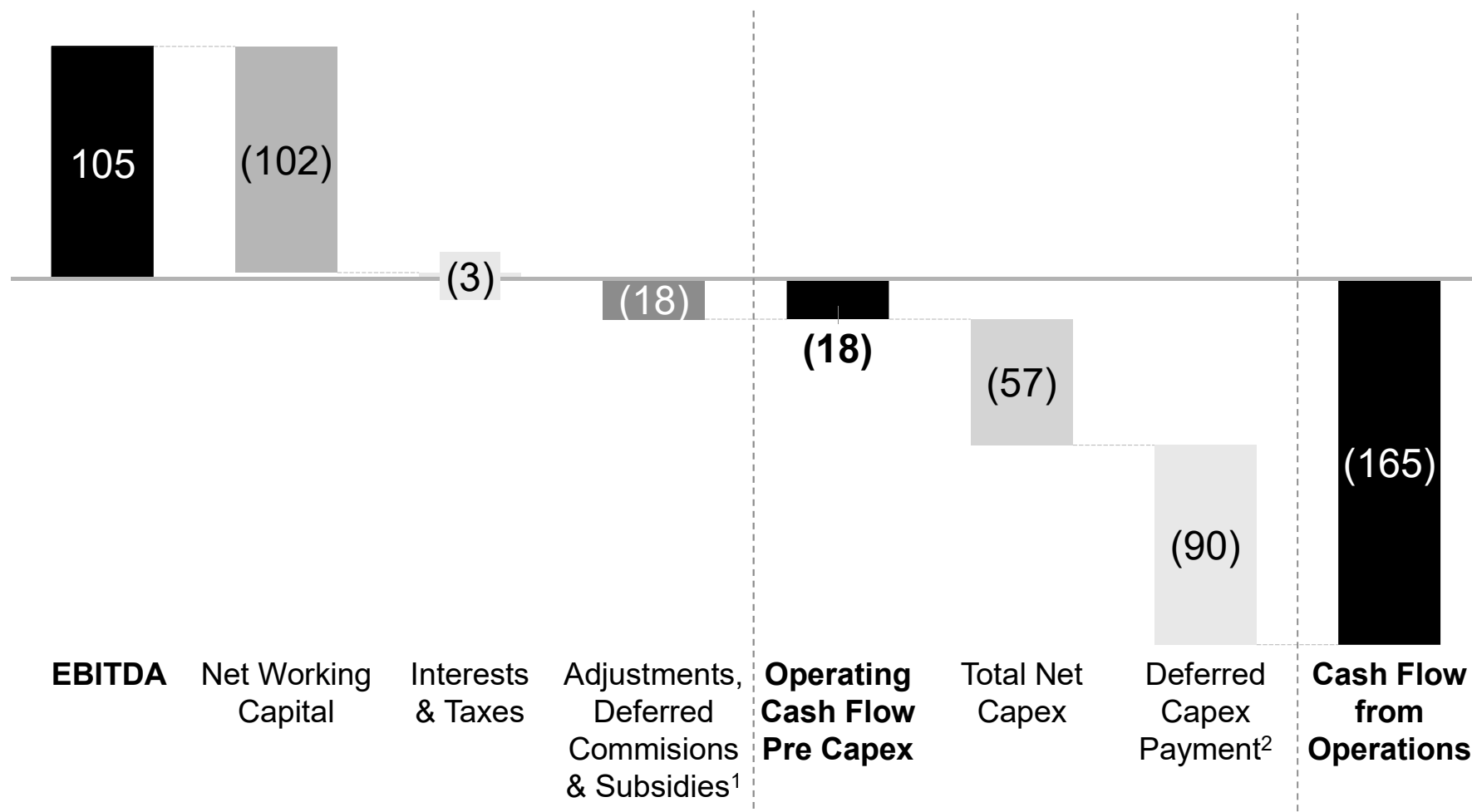
² Strategic projects includes areas such as IT, digitalization, cybersecurity, and other specific projects

SOURCE: Company

Cash Flow from Operations 1Q19

NWC & deferred payment impacted cash flow in 1Q19; cash generation to improve for rest of the year

€M



¹ Includes impact from IFRS15 (mainly commissions/subsidies deferred) and impact from IFRS16

² Mainly due to the payment from Vodafone co-invest agreement from 4Q18

SOURCE: Company

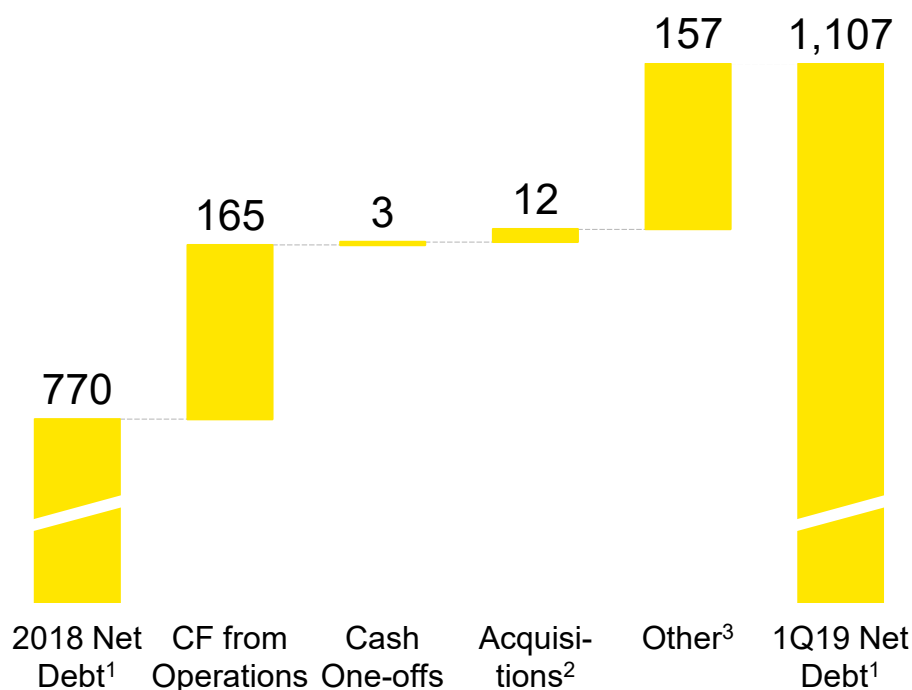
Net Debt 1Q19

Overall net leverage increased due to IFRS16 but remains low at 2.6x Net Debt/Adjusted EBITDA

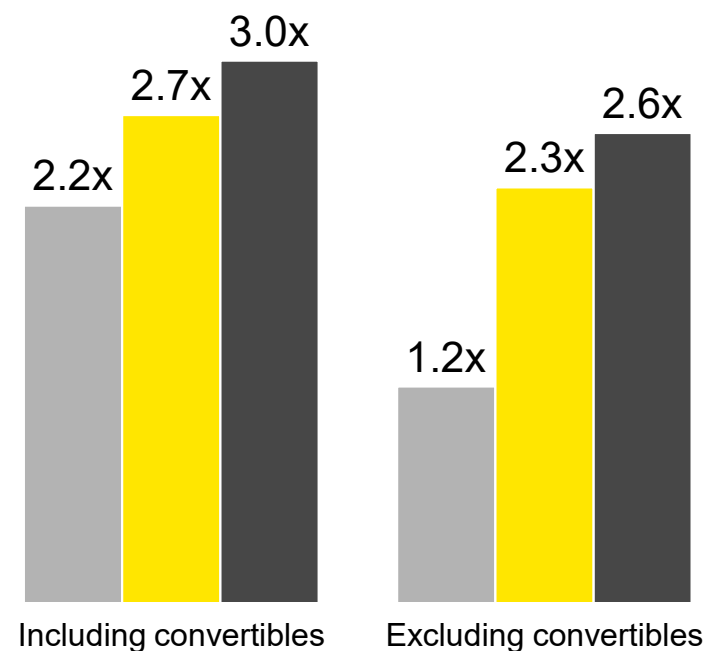
€M

■ FY17 ■ FY18 ■ 1Q19⁵

Change in Net Debt



Net Leverage⁴



¹ Excluding convertibles

² Cash outflow for M&A

³ Majority due to IFRS16 impact and also includes cash interest accrued but yet to be paid

⁴ Leverage calculated as Net Debt excl. convertibles divided by annualized Adjusted EBITDA of €420M. As of year-end 2018 only Providence convertible is outstanding

⁵ Includes IFRS16 impact

SOURCE: Company

Benefits of Providence Convert Repurchase

Reduced overhang, value accretive and resulting in a more efficient and flexible capital structure

- 1** Immediately accretive with >10% EPS accretion in 2020
- 2** Removes convertible overhang of 43M shares
126.7M shares post Providence reinvestment
- 3** Convertible repurchased at attractive price:
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
Extension of maturities without repayments until 2026
- 6** Balanced & efficient long-term financing to support growth.
Quick deleveraging to 3.7x at YE19 and 3.0x by YE20

Execution of Two FTTH Network Transactions

This twofold transaction leverages the appetite from infra funds for FTTH networks without affecting our FTTH footprint, customer penetration or EBITDA

		Sale ¹	Acquisition ²
Key Facts	Building Units	933K	1,000K
	Consideration	€217.5M	€70.0M
	Value/BU	€233	€70
Other Details	Timetable	July 19	December 2019
	Penetration³	Similar customer penetration	
	EBITDA impact	Similar on Full Year Basis	

¹ Sale to an international infrastructure fund. MASMOVIL has also the right to sell another c.40k BU's from further network densification for another c.7.5M€

² Acquisition of IRU's from Orange.

³ Current client number of MASMOVIL within the underlying BU's

Overview of FTTH Network Transactions

Transactions neutral on footprint, clients and EBITDA. Positive on cash flow and valuation

No Change in Network Scale

- Transactions neutral for scale of FTTH network
- MASMOVIL maintains its target of 8M own FTTH BU's by YE19

Attractive Price

- Sales price of sold network at 3.5x of cost of new deployment
- Valuation of 233€/BU (would imply 1,500M€ value for 6.4M BU's)

Positive Cash Flow

- Transactions generate cash flow €150M of net proceeds
- Results in positive cash flow generation in 2019

No Change in Clients Number

- Similar subscriber penetration in the two areas
- A slightly more positive uptake trend in new network

No EBITDA impact

- Slight negative impact in 2019, but MASMOVIL confirms guidance
- The transactions are neutral for midterm EBITDA

Appendix



Net Debt Overview

Overall net leverage at 2.6x Net Debt/Adjusted EBITDA

€M

€M	FY17	FY18	1Q19	Delta 1Q19 vs. FY18
Short-term commercial paper	16	-	50	50
Senior debt	407	680	784	104
Bonds	33	28	28	0
Junior debt	106	120	102	(18)
Providence convertible	115	131	134	2
ACS convertible	139	-	-	-
IFRS 16	-	-	149	149
Other debts	23	41	29	(12)
Cash & cash equivalents	(320)	(98)	(35)	(63)
Net Debt	519	901	1,241	340
Providence convertible	(115)	(131)	(134)	(2)
ACS convertible	(139)	-	-	-
Net Debt (excl. convertibles)	265	770	1,107	337
<i>x Adjusted EBITDA ⁽¹⁾</i>	<i>1.1x</i>	<i>2.3x</i>	<i>2.6x</i>	

1 Net leverage calculated as Net Debt excl. convertibles divided by Annualized Adjusted EBITDA. As of year-end 2018 only Providence convertible is outstanding

SOURCE: Company

P&L

MASMOVIL reported Adjusted Net Income of €37M for 1Q19

€M

€M	1Q18	1Q19	Growth
Service Revenues	265	336	27%
Other revenues	73	47	(35%)
Revenue	338	383	13%
Other operating revenue	14	21	45%
Cost of sales	(244)	(266)	9%
Other operating expenses	(33)	(33)	0%
Adjusted EBITDA	75	105	40%
Net one-offs	(5)	(4)	
Reported EBITDA	70	101	45%
Depreciation and amortization	(35)	(56)	
Reported EBIT	35	45	30%
Net financial expenses	(19)	(20)	
Reported Profit before taxes	15	24	59%
Income tax	(7)	(3)	
Reported Net Income/(Loss)	8	22	168%
Sum of the "Adjustments"	19	15	
Adjusted Net Income/(Loss) ⁽¹⁾	27	37	36%

¹ Please see Adjusted Earnings per Share slide or earnings release document to obtain the list of adjustments

Adjusted Earnings Per Share

MASMOVIL reported Adjusted EPS of €0.29 on a fully diluted basis for 1Q19

M€, unless otherwise stated	1Q19
Reported Net Income/(Loss)	21.8
Operative one-offs	3.7
Amortization of acquired customer base & brand	7.0
Management incentive plans (SAR)	5.6
Interest on Providence	3.8
Tax impact of "Adjustments"	(5.0)
Adj. Net Income/(Loss)	36.9
Fully diluted number of shares (million)	126.7
Adj. EPS (fully diluted,€)	0.29