

# 2014 – 2017 Strategic Plan

## Madrid Stock Exchange

## Company Overview



Spain

Mexico

Jamaica

Panama

Colombia

Peru

Brazil

Chile

Argentina

- ✓ Founded in 1959
- ✓ Manages development and maintenance services related to infrastructure for utilities and telecommunications companies
- ✓ Focus on LatAm
- ✓ Strategic partner of our clients, with key positioning in the “last mile”
- ✓ 90% of our clients are leaders in their sectors

Telefonica

Claro

entel

Digicel

مديتيل Méditel

edelnor

endesa

EDESUR

celpe  
Grupo Neoenergía

coelba  
Grupo Neoenergía

Light

gasNatural  
fenosa

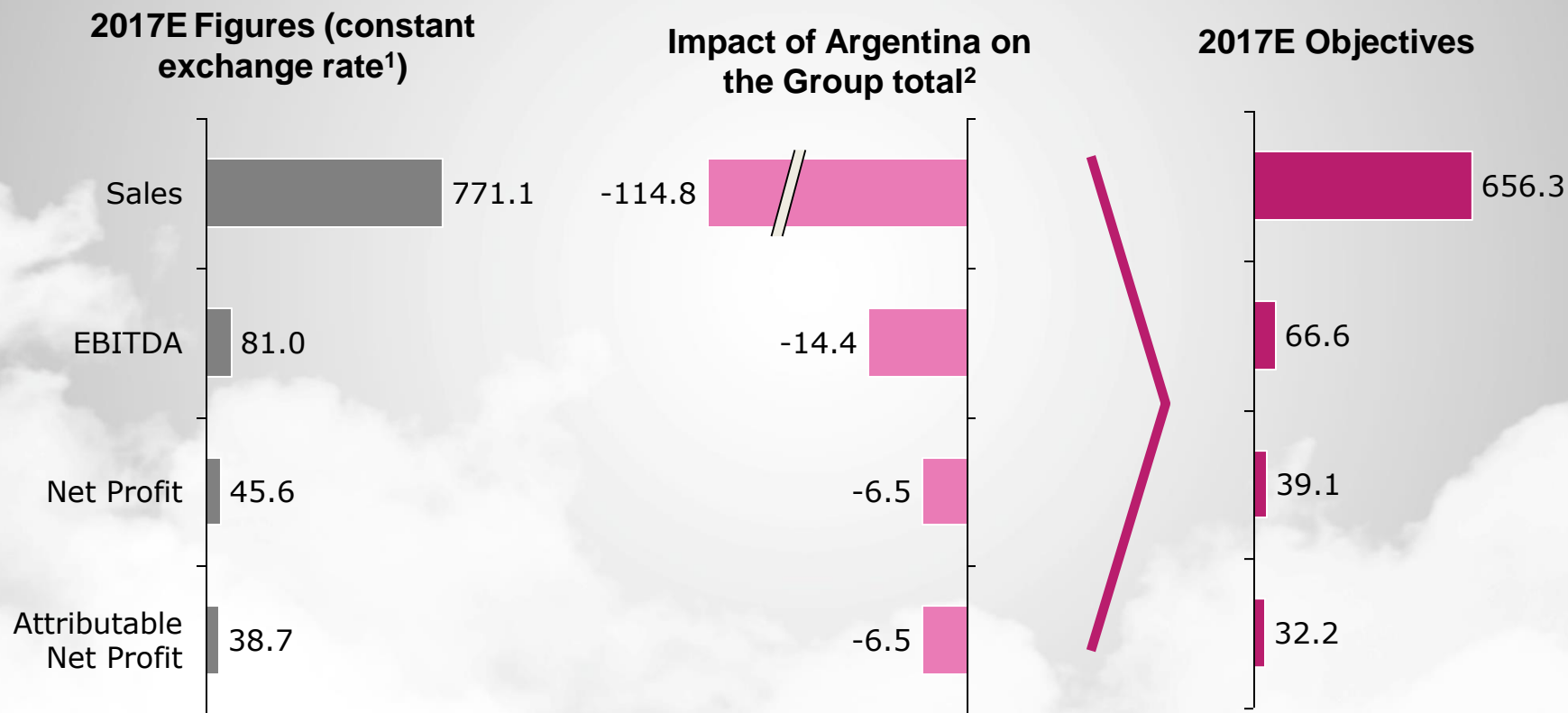
Edenor

Distriluz

AMERICAN TOWER  
CORPORATION

## Impact of Argentina

Millions of Euros

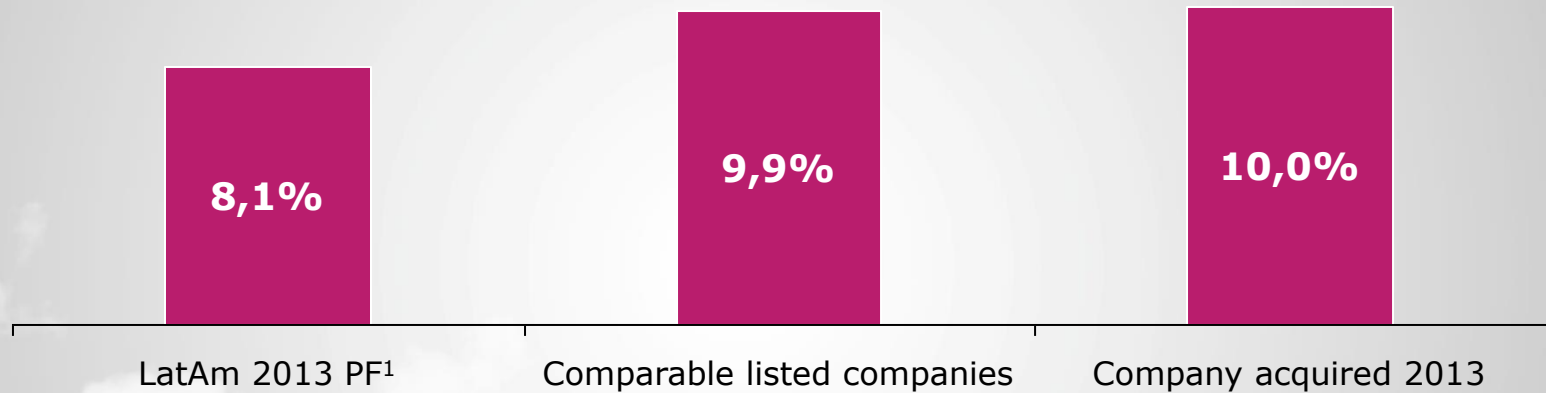


(1) Financial figures of the Group use constant exchange rates for all foreign exchange conversions (average exchange rate for the month of December 2013. Source: Oanda)

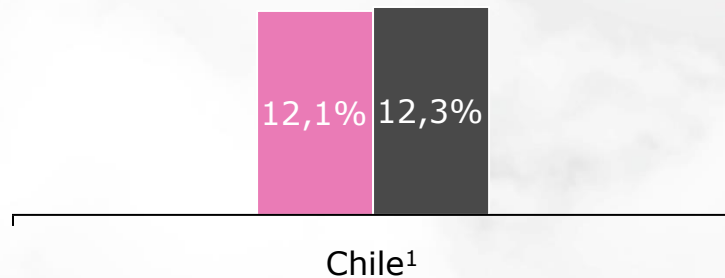
(2) Impact on financial figures of the Group using Bloomberg forward curve for foreign exchange conversion of the business in Argentina

## EBITDA Margins

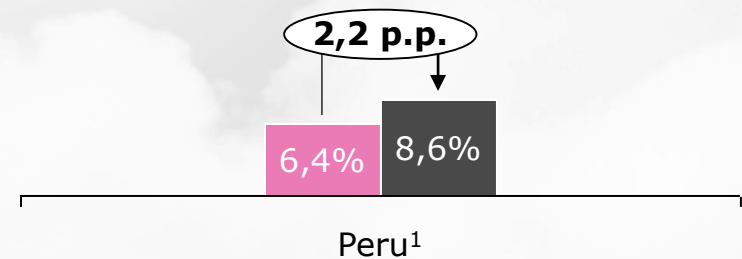
### EBITDA Margin (%) references



### EBITDA Margin (%) Chile: Aligned with Group target



### EBITDA Margin (%) Peru: Relevant improvement between 2013 and 2014



2013PF 2014E

(1) EBITDA Margin Pre management fee

# 2014 – 2017 Strategic Plan

**EZENTiS**

## Current Position and Priorities

### Financial Figures

	2012R	2013PF
Final Portfolio	197	407
Sales	158	203
LatAm Sales	132	186
EBITDA	8	11
EBITDA Margin	5.2%	5.4%
Net Bank Debt	27	23 <sup>1</sup>

Millions of Euros

### Priorities

- ✓ Balance and develop the business in Spain
- ✓ Grow efficiently and increase productivity
- ✓ Take advantage of growth opportunities in LatAm (organic and inorganic)
- ✓ Complete the growth platform with a consolidated business model in the 6 biggest countries in LatAm
- ✓ Focus on strengthening the balance sheet, reducing debt and improving equity and working capital

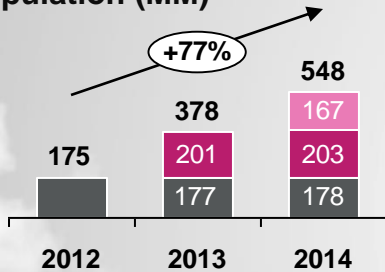
**Market opportunity → strengthen our balance sheet**

(1) Actual figure as of 31 December 2013

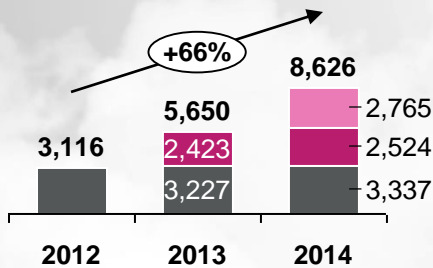
# Geographic Footprint and High Growth Sectors

## GEOGRAPHY

Population (MM)



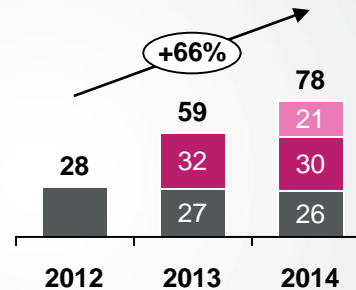
GDP (Bill. USD PPP)



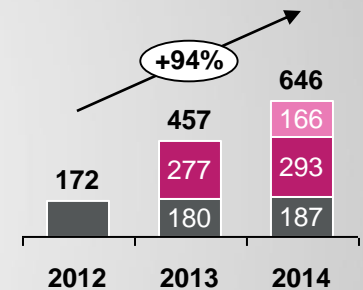
- 2012 Presence (Spain, Argentina, Chile, Peru, Jamaica, Panama and Morocco)
- Growth in 2013 (Brazil)
- Growth in 2014 - 2017 (Mexico and Colombia)
- % CAGR

## TELECOMMUNICATIONS

Fixed Lines (MM)

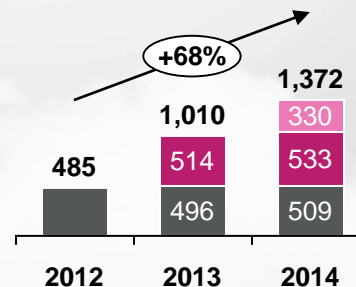


Mobile Lines (MM)

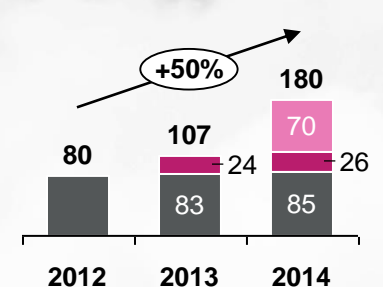


## ELECTRICITY AND GAS

Electricity Consumption (TWh)



Gas Consumption (Mtoe)

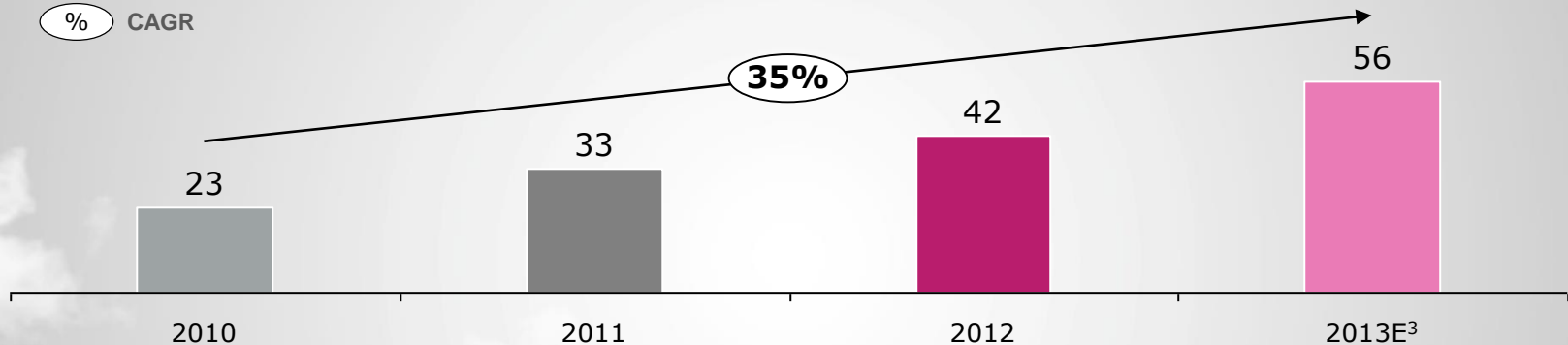


# Positioning in Sectors with Annual Investment of €56,000MM in LatAm

## Investment in Telecommunications and Energy Infrastructure in LatAm<sup>1,2</sup>

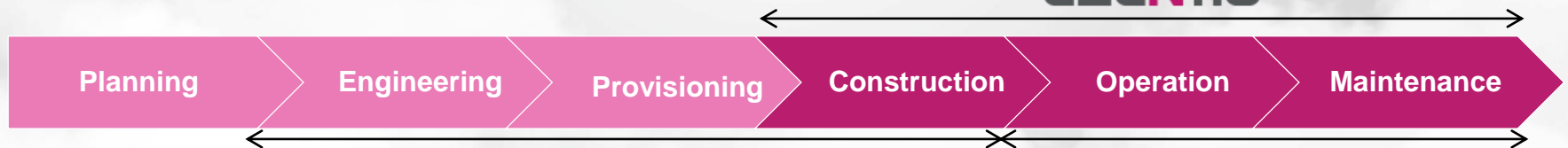
Billions of Euros

○ % CAGR



## Positioning of EZENTiS in infrastructure management

**EZENTiS**



### Infrastructure Deployment (EPC)

- ✓ Market Base: Investments of the year
- ✓ Market function of CAPEX
- ✓ Contracts by project

### Operation and Maintenance (O&M)

- ✓ Market Base: Infrastructure plant
- ✓ Market function of OPEX
- ✓ Recurring multiannual contracts

<sup>(1)</sup> Investment with private participation in Argentina, Brazil, Chile, Colombia, Mexico and Peru. Source: World Bank

<sup>(2)</sup> Source data expressed in USD and converted to Euros using exchange rate from 31 December 2010, 2011, 2012. Source: Oanda

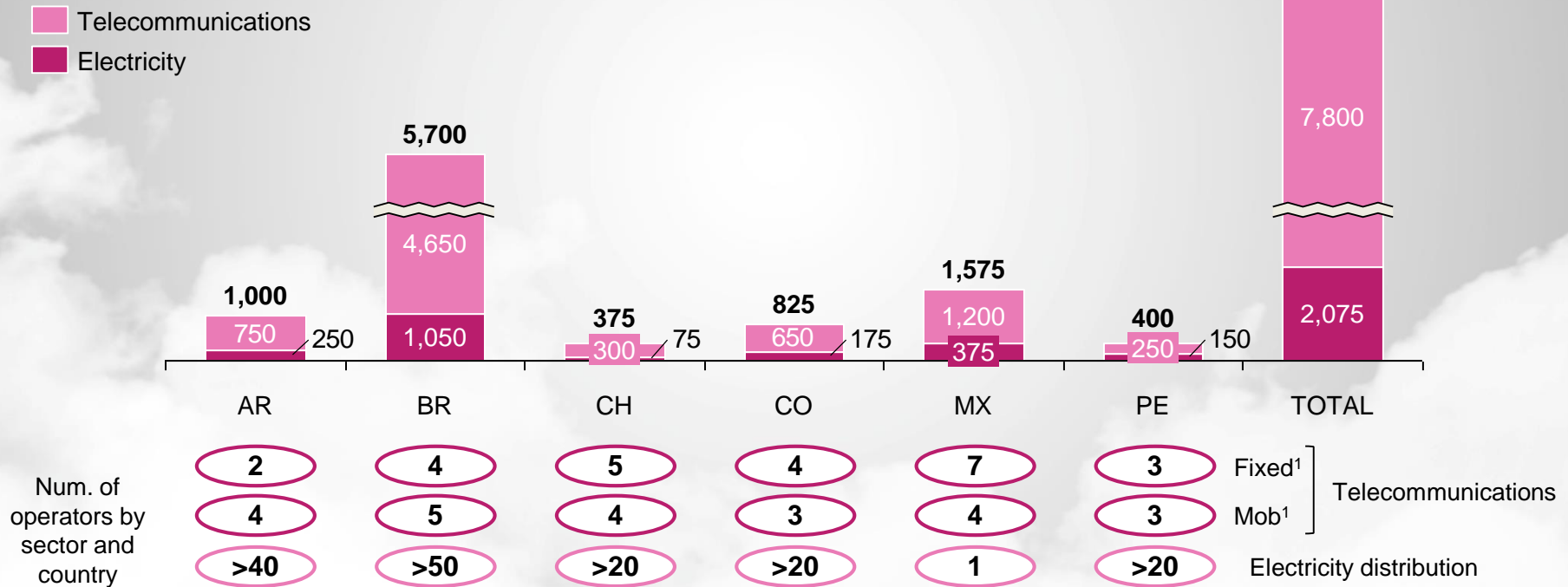
<sup>(3)</sup> Data estimated applying CAGR for each country for 2010, 2011 and 2012



# Infrastructure services market: €10,000MM

## Estimation of the infrastructure services market for telecommunication companies and electricity distributors in LatAm

Millions of Euros



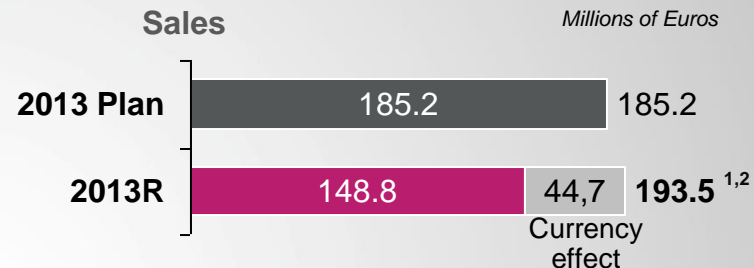
**Fragmented service offering**

(1) Telefónica and América Móvil represent more than 50% of the 48 landline and mobile operators in the indicated countries

# Fulfilment of goals of the 2013-2015 Strategic Plan

## Growth

- ✓ Focus on internationalised, profitable and diversified business
- ✓ 2013 budget objectives met in constant terms



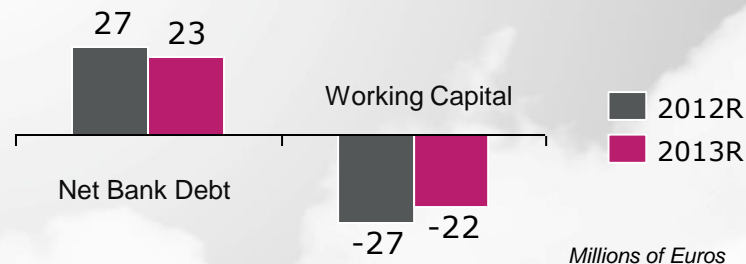
## Restructuring and abandoning unprofitable businesses

### Impact on net profit 2013<sup>3</sup>



## Focus on balance sheet

- ✓ Optimisation of working capital and reduction of debt



## 2013 Focus: Entry into Brazil

<sup>(1)</sup> 2013 sales figure expressed in constant terms, excluding the effect of exchange rate evolution in each country

<sup>(2)</sup> 2013PF sales figure, including acquisitions made in 2013, increases to €202.8MM

<sup>(3)</sup> Extraordinary includes employee severance costs and litigation expenses. Non-recurring includes labour restructuring costs in Tecnología España and other corporate expenses. Non-strategic stake includes deterioration of financial results due to divestment in AMPER and decreased involvement in Vertice 360. Discontinued includes discontinuation of main operations of Telecom España and Elfer

## Starting Point

- ✓ **Focusing on LatAm (91% of sales)**
- ✓ **Selection of businesses that create value for shareholders**
- ✓ **Business development operations capabilities**
- ✓ **Sector-based diversification focused on profitability**
- ✓ **Management team for developing a project in the long term**

# 2014 – 2017 Strategic Plan: Figures and Pillars

## 2014 – 2017 Strategic Plan Objectives<sup>1</sup>

	2013PF	2017E	% CAGR
Sales	203	656	34%
LatAm Sales	186	575	33%
EBITDA	11	67	57%
EBITDA Margin	5.4%	10.1%	4.7 p.p
Bank Debt	35 <sup>2</sup>	21 <sup>3</sup>	
Net Bank Debt	23 <sup>2</sup>	-61 <sup>3</sup>	

Millions of Euros

## Pillars of Growth

- Focus on LatAm
- Focus on telecommunications and electricity in strategic accounts
- Organic and inorganic growth aimed at profitability and diversification
- Technological capability as the differentiating factor for innovation in services
- Long-term commitment and vision of the management team

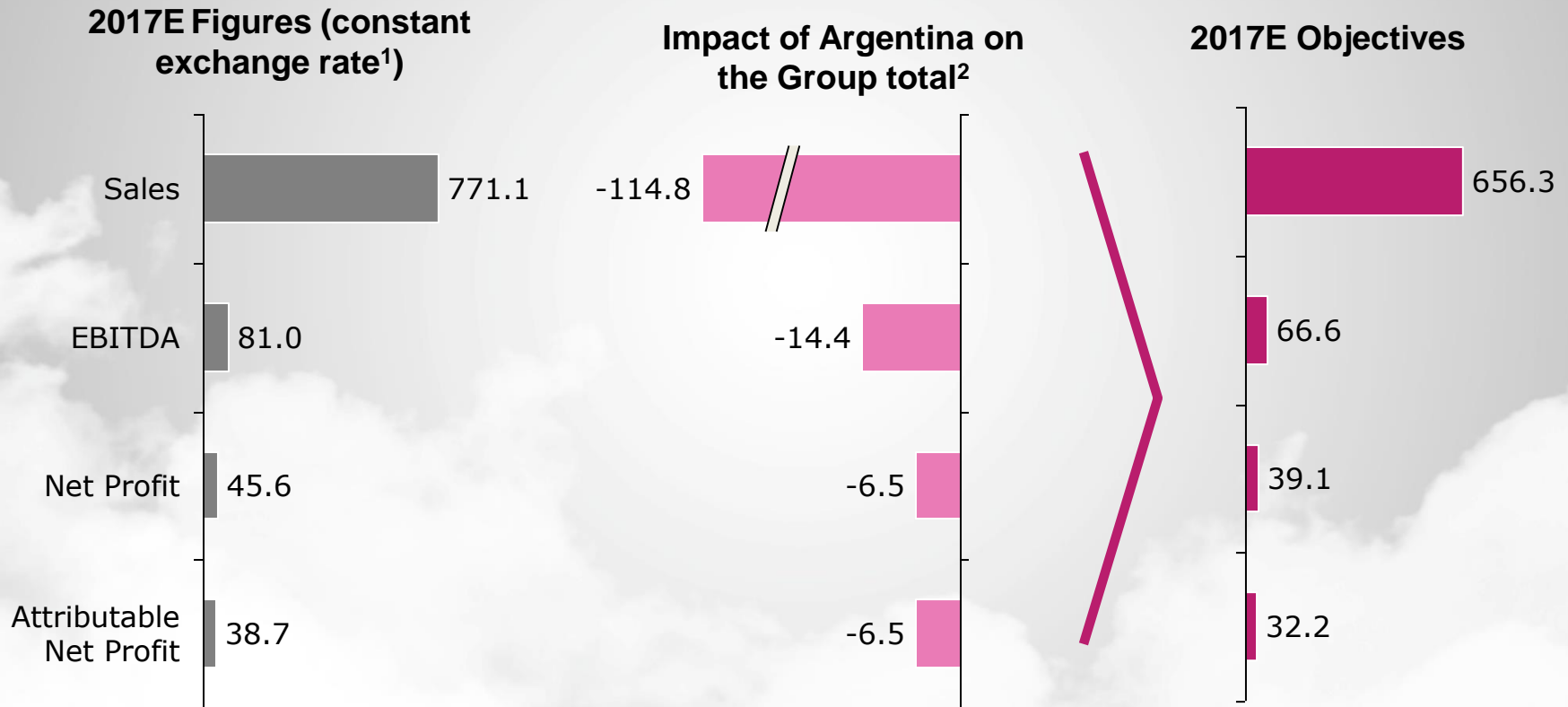
(1) Currency exchange calculated using constant exchange rate (average rate for month of December 2013. Source: Oanda), with the exception of Argentina (forward curve for exchange rate, 02/01/2014. Source: Bloomberg)

(2) Actual figure on 31 December 2013

(3) Does not include debt linked to execution of organic/inorganic opportunities

## Impact of Argentina

Millions of Euros



(1) Financial figures of the Group use constant exchange rates for all foreign exchange conversions (average exchange rate for the month of December 2013. Source: Oanda)

(2) Impact on financial figures of the Group using Bloomberg forward curve for foreign exchange conversion of the business in Argentina

## 2014 – 2017 Strategic Lines

### Growth

- Portfolio based on existing and proven capabilities
- Differentiation model based on being strategic partners of our clients
- Strong organic and inorganic development in LatAm
- Growth with business diversification: geographic, sector and client based

### Efficiency and Quality

- Improvement in operational productivity
- Focus on quality and profitability of contracts
- Sharing of knowledge and best practices
- Efficiency in fixed costs and operating expenses

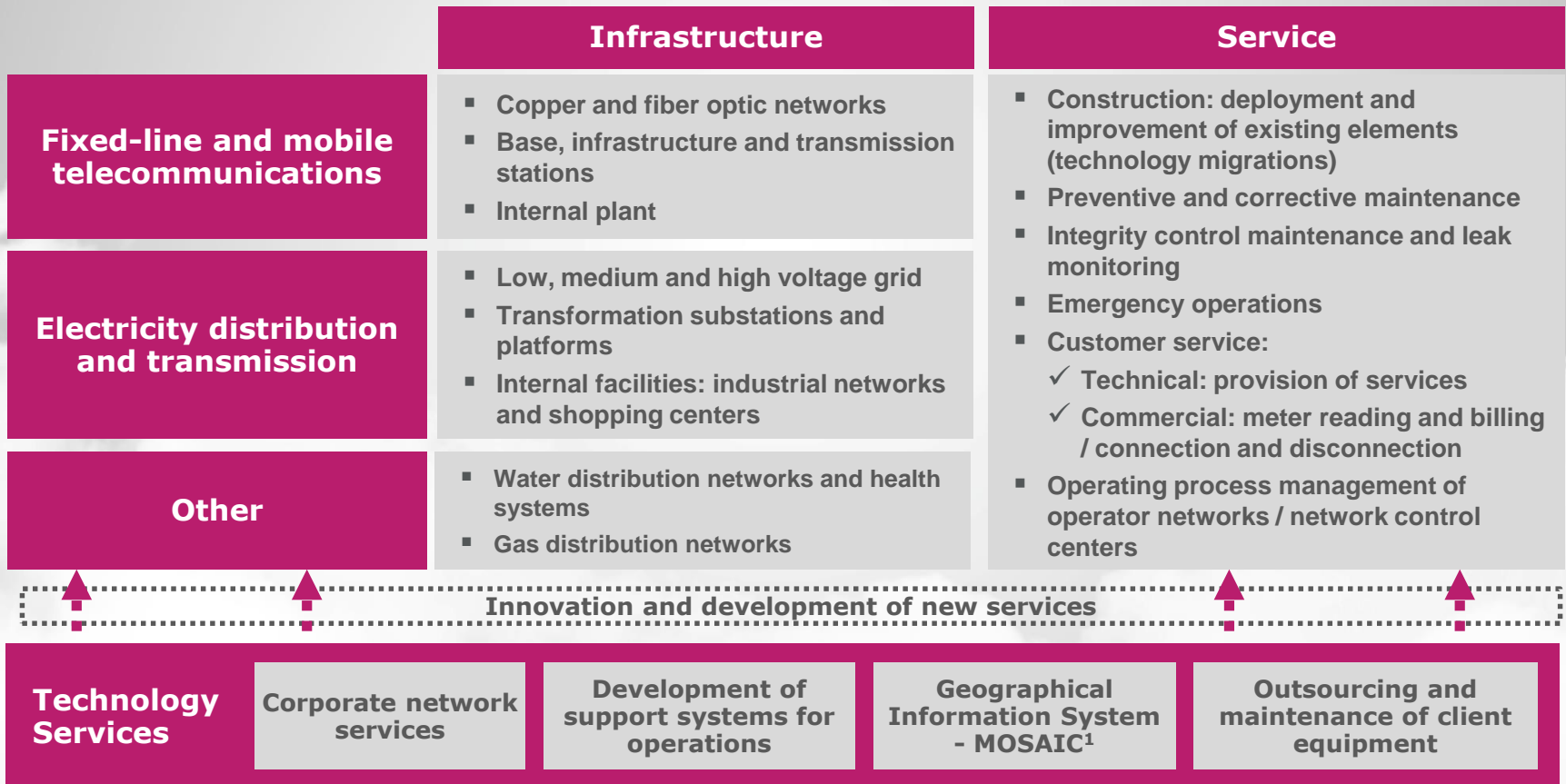
### Financial Optimization

- Improve the balance sheet by bringing in new capital
- Achieve a positive net operating income for the Group
- Improve working capital
- Reduce the Group's net financial debt

Creation of value for shareholders

## Portfolio of Services

■ ■ ■ Growth



(1) Geographical Information System with proprietary technology

## Differentiation Model

■ ■ ■ Growth

### Differential Value

- ✓ **Strategic partnership with our clients**
- ✓ **Maximization of end client satisfaction**
- ✓ **High quality service implementation**
- ✓ **Added value through operational excellence and efficiency**

### Competitive advantage

- ✓ **Experience with large contracts**
- ✓ **Regional presence**
- ✓ **Technological capabilities**
- ✓ **Innovation**

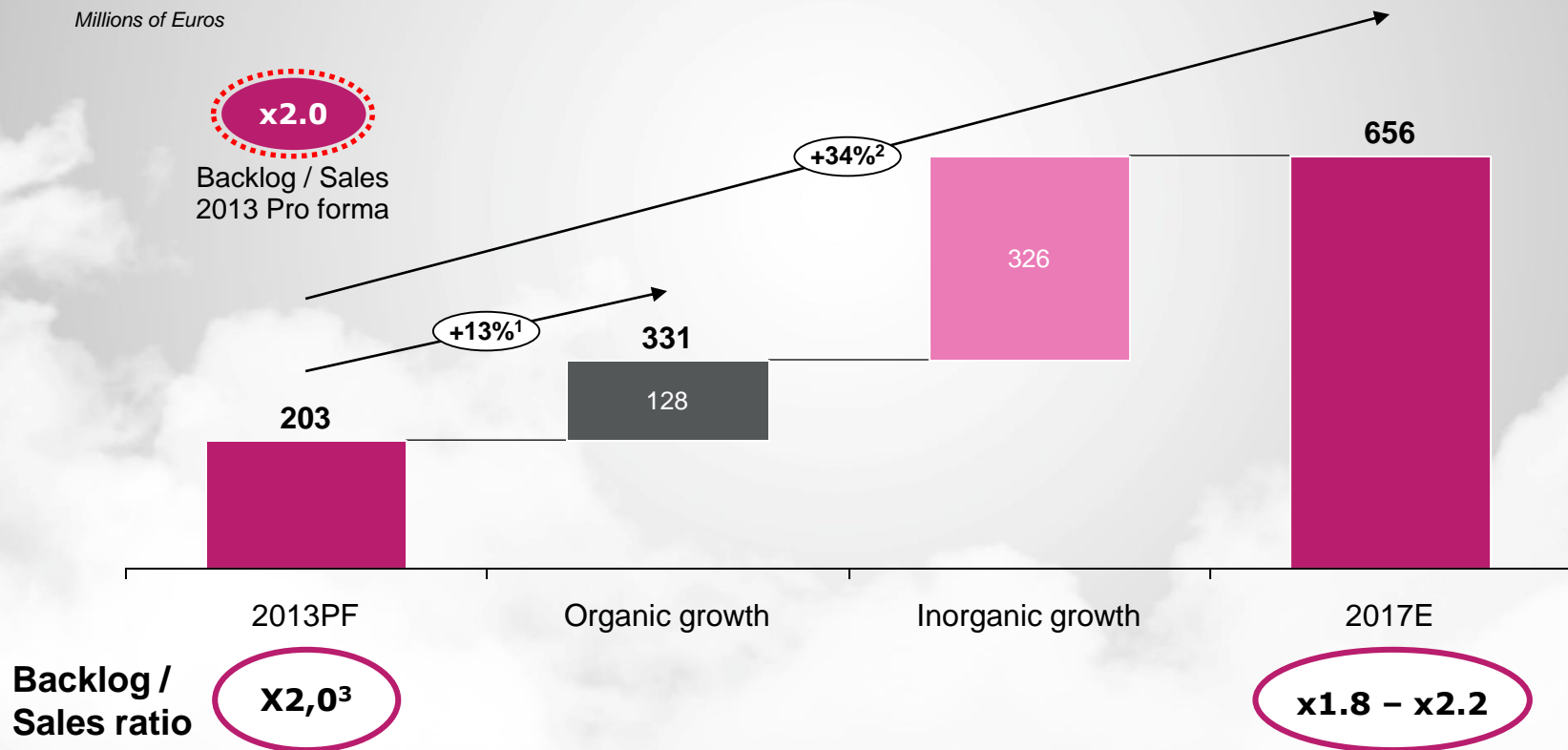


# Organic and Inorganic Growth

■ ■ ■ Growth

## Evolution of Ezentis Group sales from 2013-2017

Millions of Euros



(1) CAGR of the Group's sales figure for the period of 2013PF with respect to organic growth in 2017E

(2) CAGR of the Group's sales figure for the period of 2013PF - 2017E

(3) Calculated based on 2013 Pro forma figures

## Acquisition Selection and Integration Model

■ ■ ■ Growth

### Principle

**Selection of targets**

### Implementation factors

- Prioritise targets with acquisition of majority interest
- EBITDA margin for first year higher than 7.5%
- Debt/EBITDA less than 2x
- EV/EBITDA multiple between 5x-6x

**Local implementation**

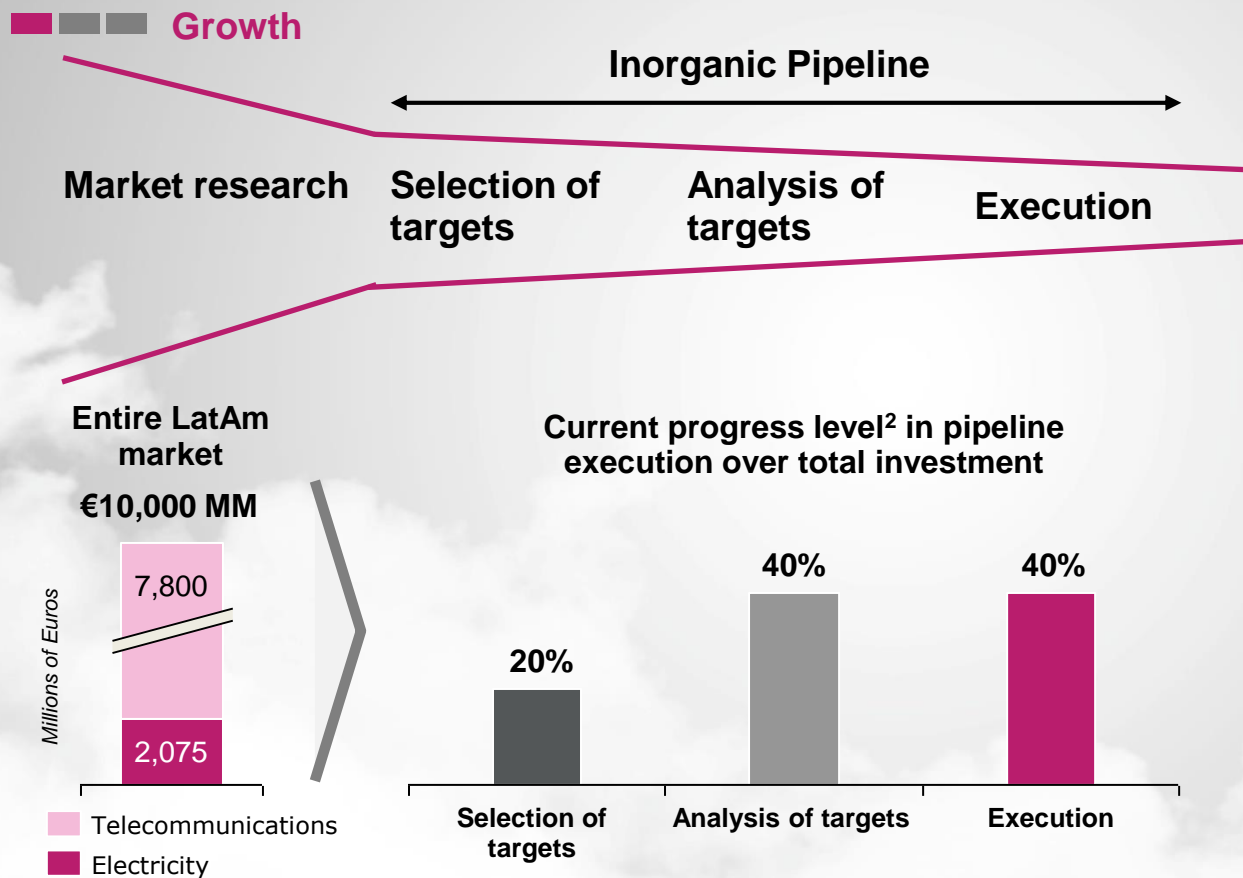
- Selection of talent and companies which have contracts with key clients
- Alignment of local management with EZENTiS through shareholding in EZENTiS, and with the local company through earnout
- Local leadership by managers of the acquired company

**Integration into the Group**

- Controlling interest of EZENTiS in the acquired companies
- Financial and legal operations controlled by EZENTiS
- Leverage the trade capacity and M&A capabilities of EZENTiS
- Implementation of best operating practices and technological innovation

**Based on this model, we have entered the telecommunications and electricity sectors in Brazil in 2013**

# Progress in the M&A Process



**Priorities and figures of inorganic growth opportunities**

Geographical priorities



Breakdown by sector and sales of the opportunities

	No. of oppor.	Sales 2014E <sup>1</sup>
Telecom	6	230
Electricity	2	40
<b>Total</b>	<b>8</b>	<b>270</b>

**Inorganic opportunities with a contribution to sales of the Group > €300MM in 2017**

(1) Sales figure shown for targets under M&A process in which Ezentis will have a controlling interest  
 (2) Approximate level of progress

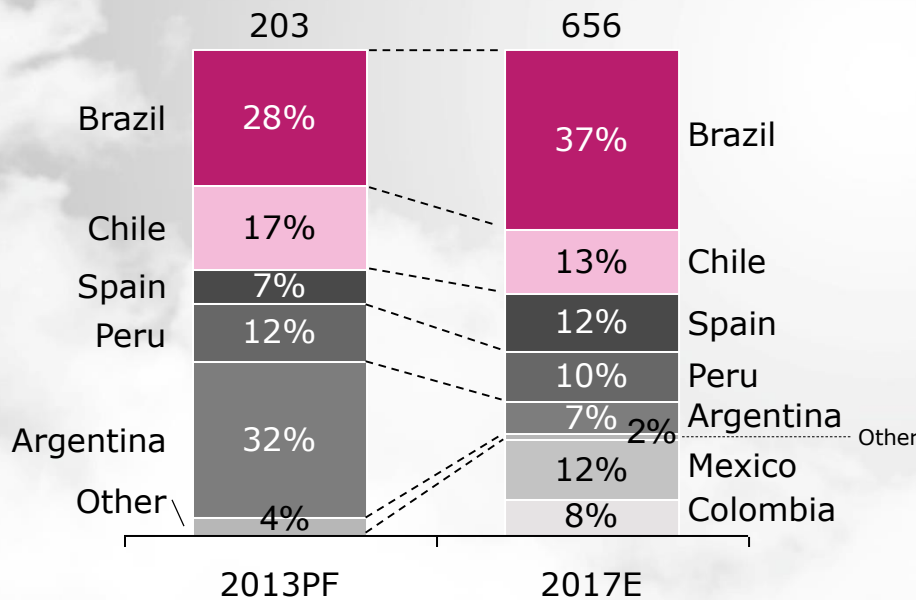
# Diversification by Countries, Sectors and Clients

■ ■ ■ Growth

## Geographical diversification

Projection of sales by country

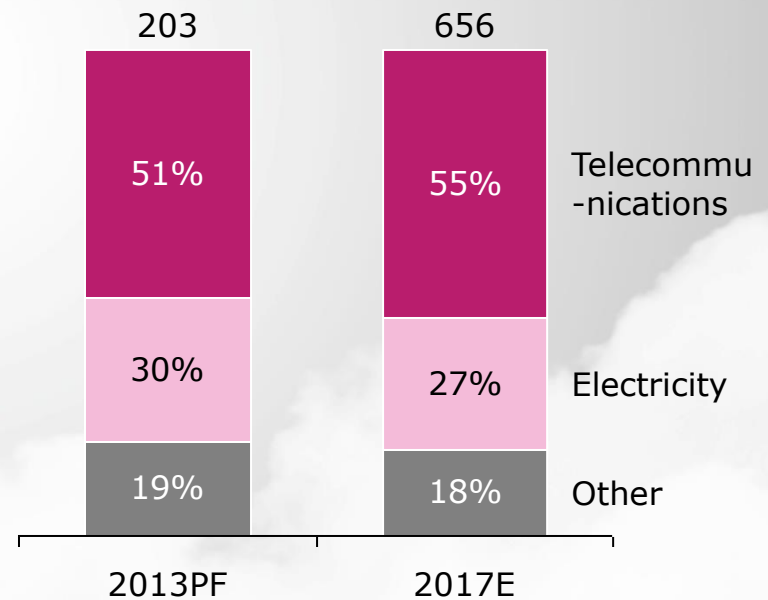
Millions of Euros



## Diversification by sector

Projection of sales by sector

Millions of Euros



**Diversified client portfolio, with regional and global operators**

## Efficiency and Quality Optimisation

■ ■ ■ Efficiency and quality

### Goals

- Increased business profitability
- Increased customer satisfaction
- Increased competitiveness

### Operating factors

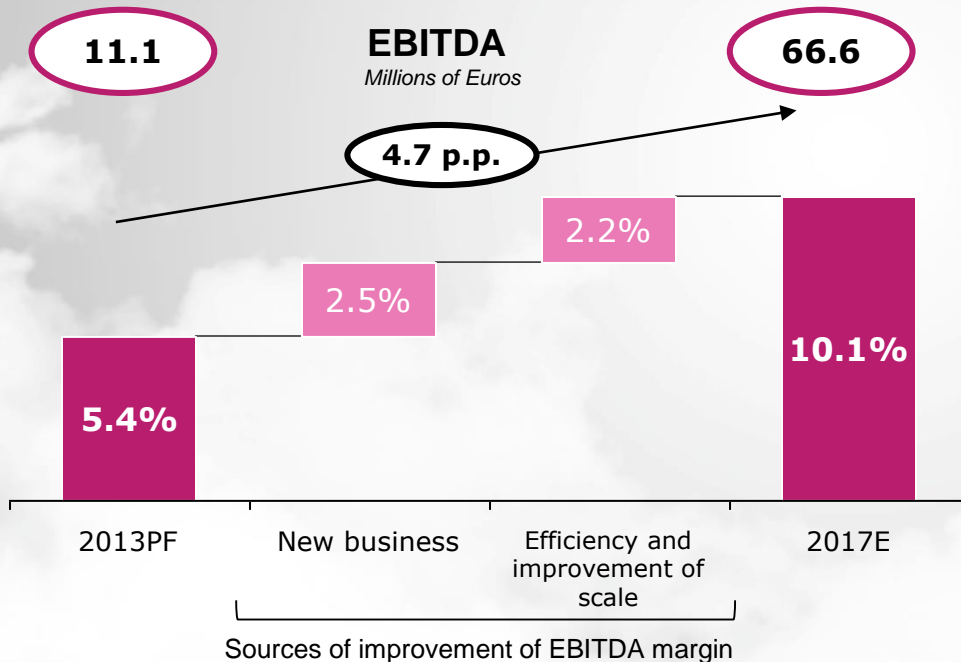
- Productivity of each worker in operations
- Rewards in contracts with clients
- Reduction of operating expenses
- Optimisation of SG&A expenses
- Taking advantage of economies of scale
- Implementation of best practices

Organisational model with common processes and indicators

# Consistent Operational Improvement

■ ■ ■ Efficiency and quality

EBITDA margin: Improvement<sup>1</sup> of EBITDA margin by item in 2013 – 2017



EBITDA margin 2017E objective in line with:

- ✓ Comparable companies: 9.9%
- ✓ Inorganic opportunities: 7.5 -11%
- ✓ Organic opportunities: >10%

**Taking advantage of efficiencies and improvements in business scale**






<sup>(1)</sup> Estimation of incremental contribution to EBITDA margin of 2013PF

## Comparable Listed Companies

■ ■ ■ Efficiency and quality

### Key figures of comparable listed companies

Millions of Euros

	Country	2013 Sales	2013 EBITDA	EBITDA Margin (%)	EBITDA CAGR 08-13 (%)
<b>Quanta Services Inc</b>		4,686	495	10.6%	11.3%
<b>EMCOR Group Inc</b>		4,610	208	4.5%	-3.9%
<b>Dycom Industries Inc</b>		1,156	117	10.1%	6.3%
<b>MYR Group Inc</b>		649	60	9.3%	10.7%
<b>MasTec Inc</b>		3,107	307	9.9%	31.2%

Source: Bloomberg on 03-19-2014

Note: Exchange rate used is 1.39199 USD/EUR

Median	9.9%	10.7%
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## Achieve a Solid Financial Position

### ■ ■ ■ Financial optimization

- Improve the Group's balance sheet with new incoming capital
- Achieve a positive net operating income
- Improve working capital management and profitability:
  - ✓ Reduce work certification times
  - ✓ Improve client collection management
- Reduce net financial debt of the Group



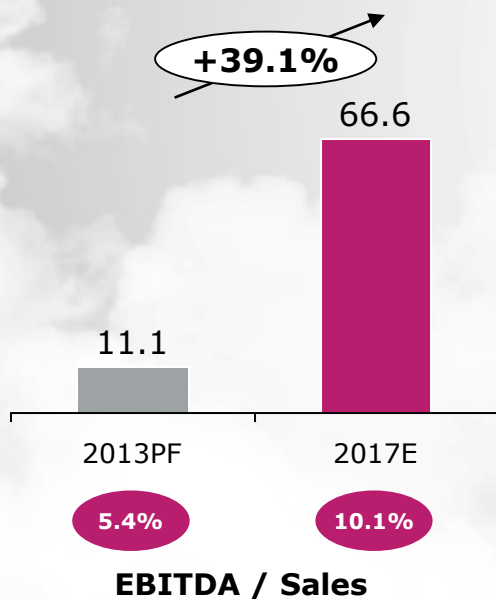
# Income Statement

■ ■ ■ **Financial optimisation**

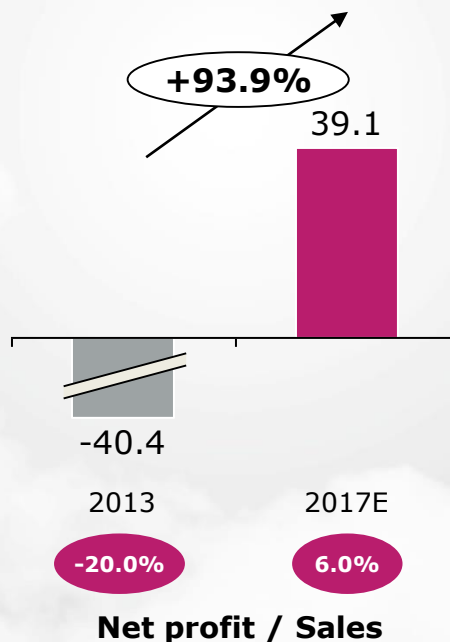
## Key income statement figures

Millions of Euros

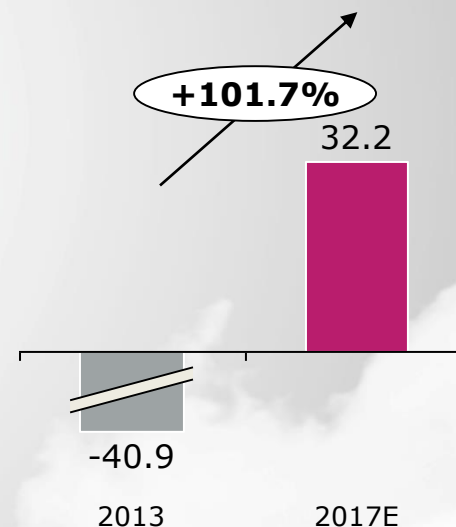
### EBITDA



### Net profit



### Attributable net profit



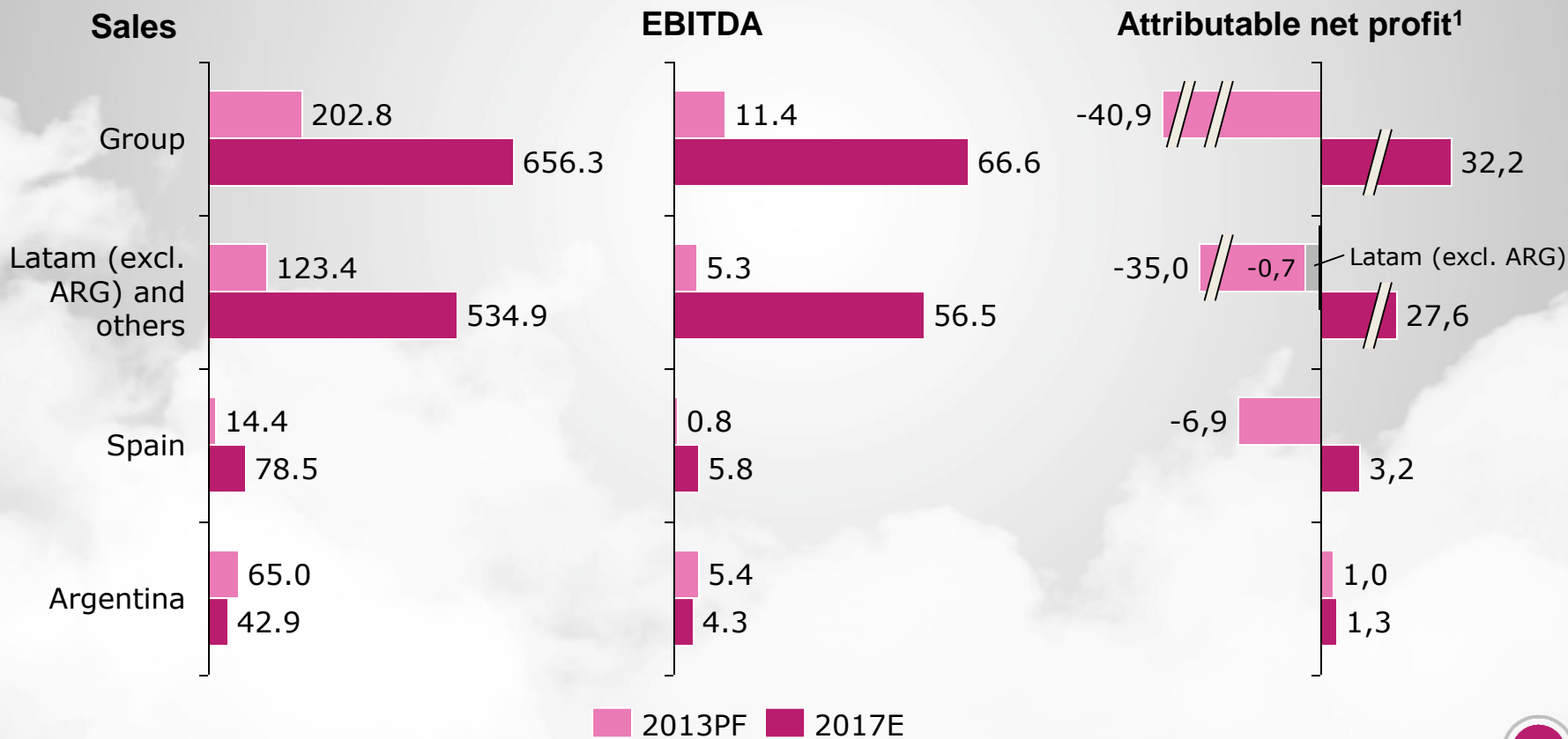
Note: aggregate P&L for the business units and Corporation

(%) CAGR

## Key Figures by Region

Financial optimisation

Millions of Euros



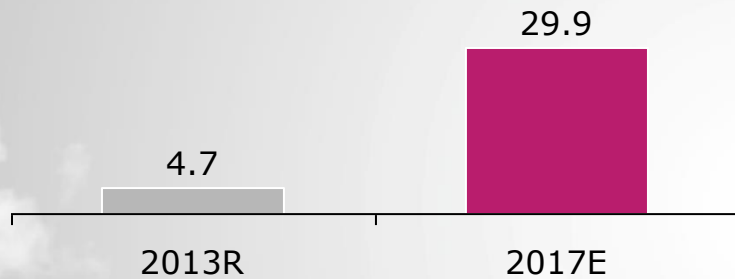
(1) Actual 2013 figures as of 31 December 2013

## Generation of Cash and Evolution of Debt

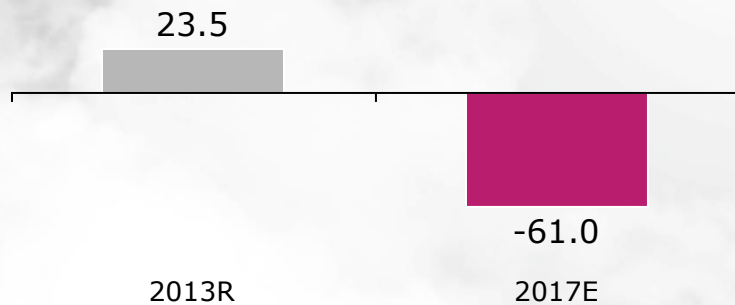
■ ■ ■ **Financial optimisation**

Millions of Euros

### Cash flow



### Net bank debt



2013R

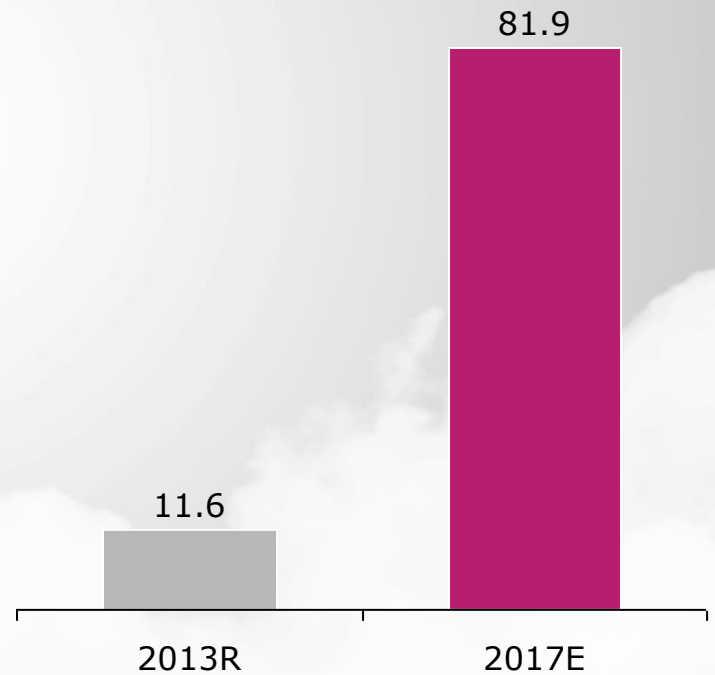
**2,1x<sup>1</sup>**

2017E

**-0,9x**

### Net bank debt / EBITDA

### Cash at year end



<sup>(1)</sup> Ratio calculated based on 2013PF EBITDA figure

## 2017 Key Figures

**EZENTiS**

*Millions of Euros*

**Sales**

**656**

**EBITDA Margin**

**10.1%**

**Net Bank Debt**

**-61**

**Cash flow at year-end**

**82**

 Current presence  New markets 2014 - 2017

**More value for the shareholder: Our commitment.**

## Exchange Rates (Bloomberg forward curve for Argentina, constant currency for other countries)

		2013	2014Q1	2014Q2	2014Q3	2014Q4	2015	2016	2017
Country	Currency	Rate / €	Rate / €	Rate / €	Rate / €	Rate / €	Rate / €	Rate / €	Rate / €
Argentina	ARS	0.1154	0.0978	0.0861	0.0796	0.0742	0.0527	0.0401	0.0314
Chile	CLP	0.0014	0.0014	0.0014	0.0014	0.0014	0.0014	0.0014	0.0014
Peru	PEN	0.2580	0.2580	0.2580	0.2580	0.2580	0.2580	0.2580	0.2580
Brazil	BRL	0.3106	0.3106	0.3106	0.3106	0.3106	0.3106	0.3106	0.3106
Jamaica	JMD	0.0071	0.0071	0.0071	0.0071	0.0071	0.0071	0.0071	0.0071
Panama	USD	0.9573	0.9573	0.9573	0.9573	0.9573	0.9573	0.9573	0.9573
Morocco	MAD	0.1045	0.1045	0.1045	0.1045	0.1045	0.1045	0.1045	0.1045
Mexico	Mex	0.0553	0.0553	0.0553	0.0553	0.0553	0.0553	0.0553	0.0553
Colombia	Col	0.0004	0.0004	0.0004	0.0004	0.0004	0.0004	0.0004	0.0004

## **Disclaimer**

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Press Release

*April 2 of 2014*

**The Company presents the Strategic Plan 2014-2017 to investors at the Stock Exchange in Madrid**

**Ezentis plans to triple its sales in three years until amounting 656 million euro in 2017**

- **The company plans to combine organic growth and acquisitions of companies offering services for the infrastructure of fixed and mobile telecommunications sectors, transport and distribution of electricity, water and gas, focusing on Colombia, Mexico and Brazil.**
- **It will finance part of its growth plan with a capital increase of at least EUR 50 million, to be proposed at the forthcoming General Shareholders Meeting.**
- **The group estimates to improve its EBITDA to 66.6 million, to a cumulative annual growth rate of 39%.**
- **The Strategic Plan of Ezentis discounts the business of Argentina by a 73%.**

Ezentis will present this morning to investors the Strategic Plan 2014-2017, which aims to triple sales of the company in the aforementioned period until reaching 656 million euros at the end of 2017.

The company, which will fund part of the plan through a coming capital increase expected to be between 50 and 80 million euros, aims to combine organic and inorganic growth in order to increase sales in the next three years at a cumulative annual rate of 34%.

Ezentis, que pretende consolidar su apuesta estratégica por Latinoamérica con adquisiciones en Colombia, México y Brasil estima en su plan que puede incrementar sus ventas en Latinoamérica hasta los 575 millones de euros en el horizonte de los próximos tres años.

Ezentis, which pursues to consolidate its strategic commitment to Latin America with acquisitions in



Colombia, Mexico and Brazil, foresees in its plan that it can increase sales in Latin America until 575 million euros in the next three years.

The projection planned regarding geographical diversification of sales reinforces Brazil as the main market, from a current weight of 28% of sales to a 37%, followed by Chile (13%), Spain and Mexico (12% respective), Peru (10%), and Colombia (8%) at the end of 2017. For its part, Argentina recorded a substantial reduction in its current weight (32%), reaching around 7% at the end of the third year of the plan. Ezentis has discounted business in Argentina by a 73%, due to its currency exchange.

The 2014-2017 Strategic Plan to be presented to investors at the Stock Exchange of Madrid by the Executive Chairman of Ezentis, Manuel García-Durán, and CEO, Fernando González, also includes among its provisions, improved Ebitda up 66.6 million euros, and a gradual recovery in net profit to 32 million euros at the end of 2017.

To Ezentis Executive Chairman, Manuel García-Durán *"our commitment is to create value for shareholders through a plan that aims to broaden the focus of the company in Latin America using our differential values: vocation to be strategic partners with our customers, technological capacity and regional presence. "*

And by his side, the CEO of Ezentis, Fernando González, said that the 2014-2017 Strategic Plan *"intends to continue advancing in the financial and asset optimization of the company, through the entry of new capital, reduction of the net debt of the group and the achievement of a positive operating net income. "*

*Ezentis is an entrepreneurial group with presence in nine Latin American countries, whose goal is to improve the quality of life of people in over 15 million homes, through total satisfaction of the telecommunications, energy, and water operators in the region. Ezentis bases its vision on two solid pillars: innovation and social corporate responsibility, because by working to improve work and workers' productivity it is able to guarantee greater satisfaction of its clients, greater security for their workers, and a positive environmental impact.*