



Earnings Presentation – Q4 2018

February 28th, 2019

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MASMOVIL – 2018 Key Highlights

MASMOVIL delivers on its revised 2018 guidance and continues to be the market leader in terms of client acquisitions and satisfaction



2018 revised guidance fully met



***Service Revenues of €1.2B (+23% organic growth)
Continued strong growth momentum***



***EBITDA of €330M (+41% organic growth)
EBITDA margin more than doubled over the past 2 years***



2.3M net lines added in FY18, including +1.4M mobile postpaid & broadband







***Fiber footprint reaches 15.2M BUs
Own FTTH network increases to 6.1M BUs***



***2019 guidance of €450M EBITDA & ~€300M OpCF (after maintenance capex)
Cash generation expected to significantly increase in the mid-term***

2018 Revised Guidance Fully Met

MASMOVIL fully delivered its 2018 guidance

Metric	Guidance		2018
	Initial	Revised	Achieved
 Service Revenues Growth in Service Revenues (vs FY17)	+10%	+17%	+17.5%
 Adjusted¹ EBITDA EBITDA	300M€	330M€	330M€
 Subscribers Total Combined Net Increase in Fixed Broadband & Mobile Post-paid Lines	+800K	+1,250k	+1,377K
 Net Capex Net Infrastructure Capex	305M€ +3M FTTH BUs	405M€ +4M FTTH BUs	408M€ +4M FTTH BUs

Guidance updated after deal with Vodafone (1M BUs) and acquisition of 5G spectrum

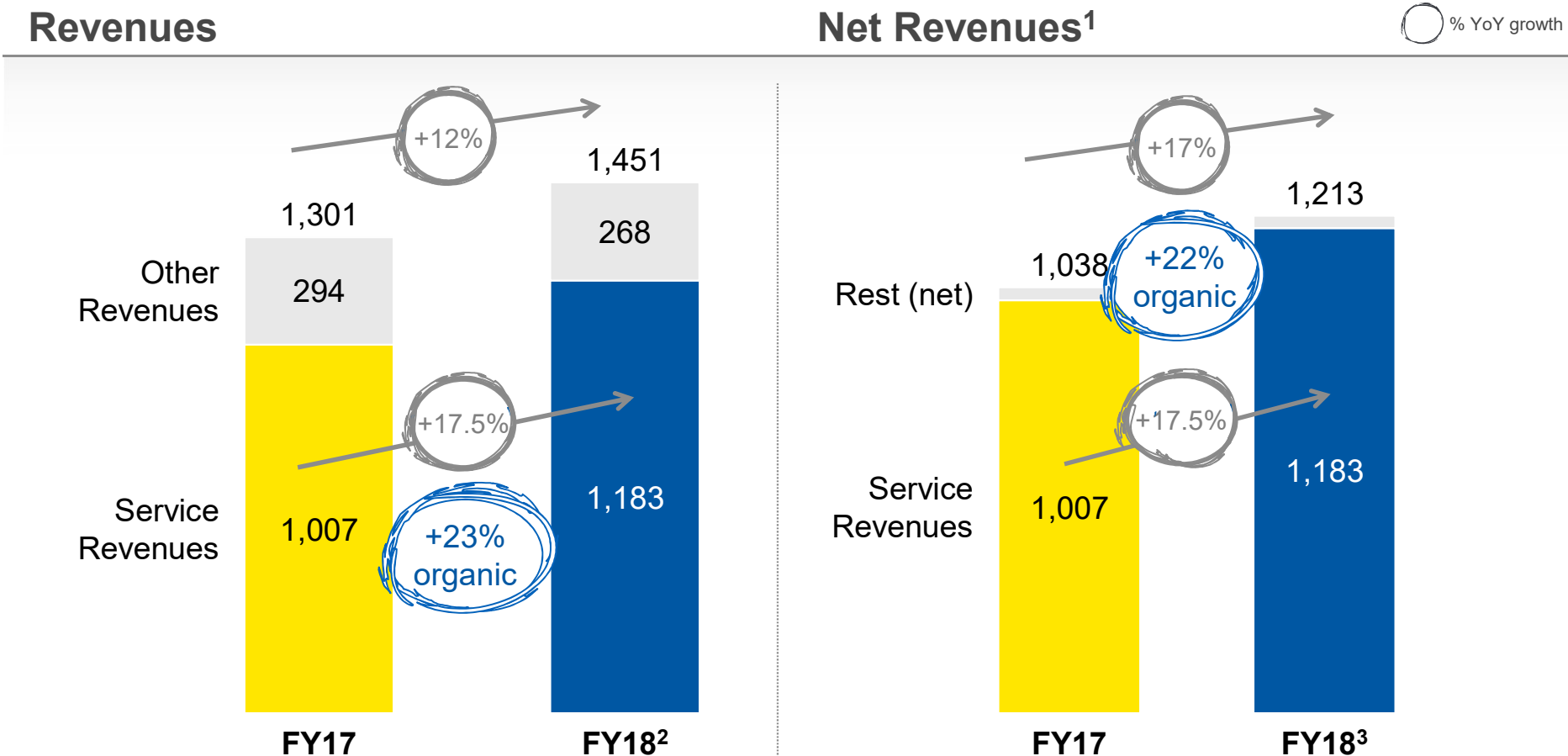
¹ Excluding one-offs due to migration of networks and integration costs
SOURCE: Company

Revenues FY18

Service Revenues +17.5% YoY (+23% organic); Net Revenues +17% YoY (+22% organic)

€M

○ % YoY growth



Note: Organic = Pre-IFRS15 financials to allow like-for-like comparisons

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

2 Total Revenues Pre-IFRS15 of €1,501M (+15%); Service Revenues Pre-IFRS15 of €1,235M (+23%)

3 Net Revenues Pre-IFRS15 of €1,270M (+22%)

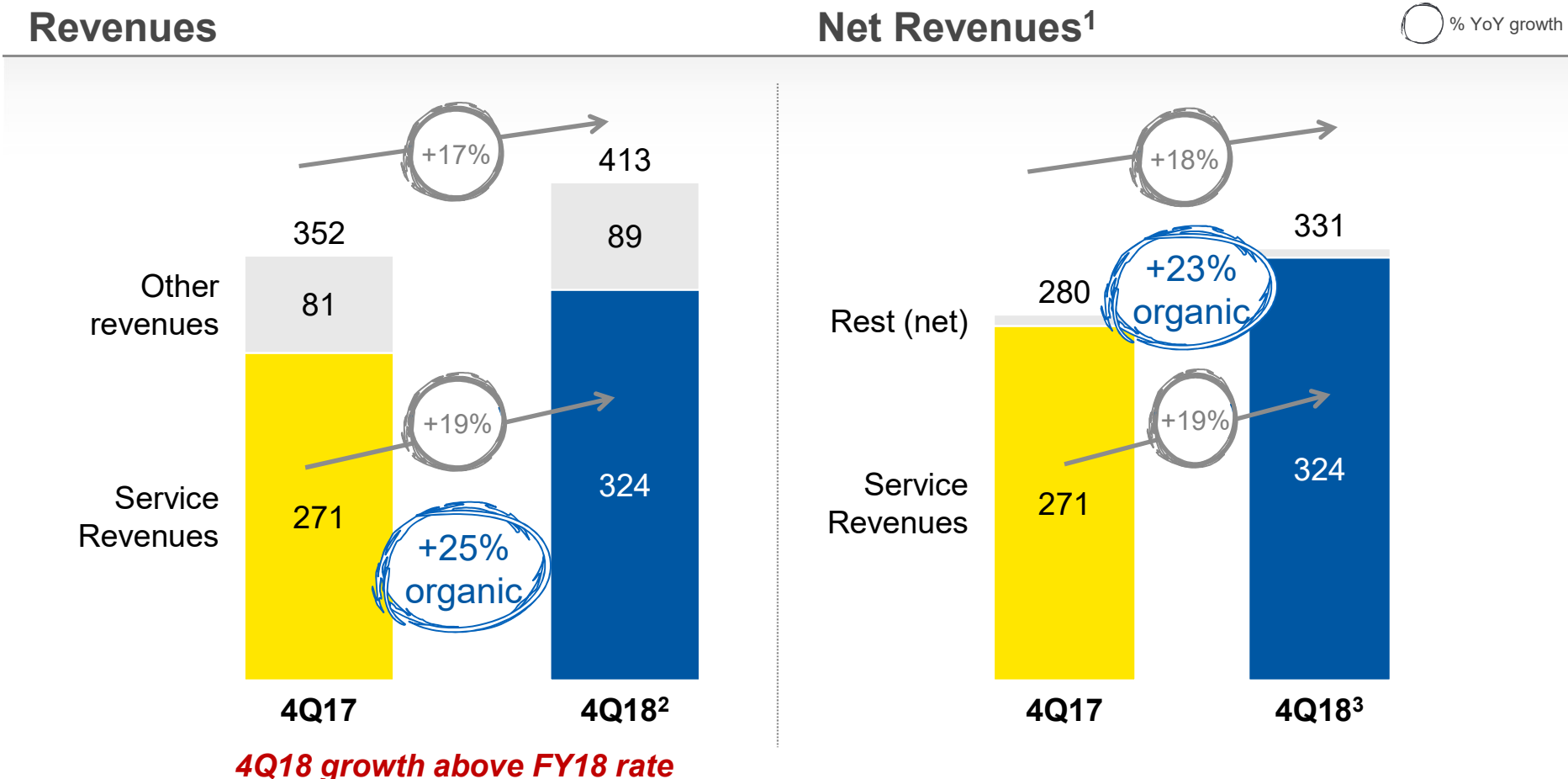
SOURCE: Company

Revenues 4Q18

Service Revenues +19% YoY (+25% organic); Net Revenues +18% YoY (+23% organic)

€M

○ % YoY growth



Note: Organic = Pre-IFRS15 financials to allow like-for-like comparisons

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

2 Service Revenues Pre-IFRS €338M (+25%), Total Revenues pre IFRS 427M€ (+21%)

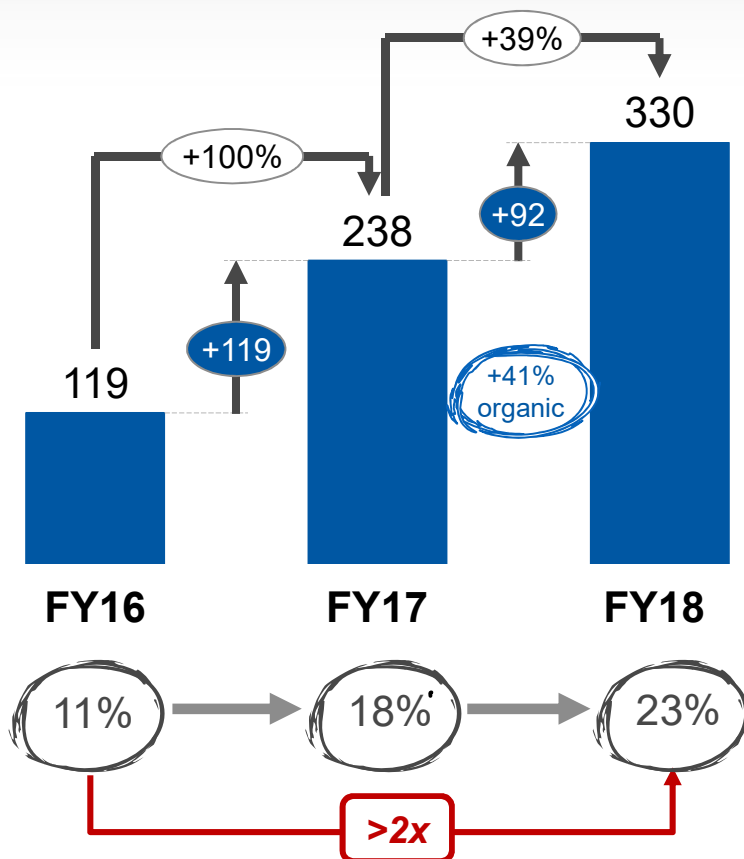
3 Net Revenues Pre-IFRS15 of €345M (+23%)

SOURCE: Company

Adjusted EBITDA 2018

FY18 EBITDA +39% YoY (+41% organic); 4Q18 EBITDA +29% YoY and +6% QoQ
€M

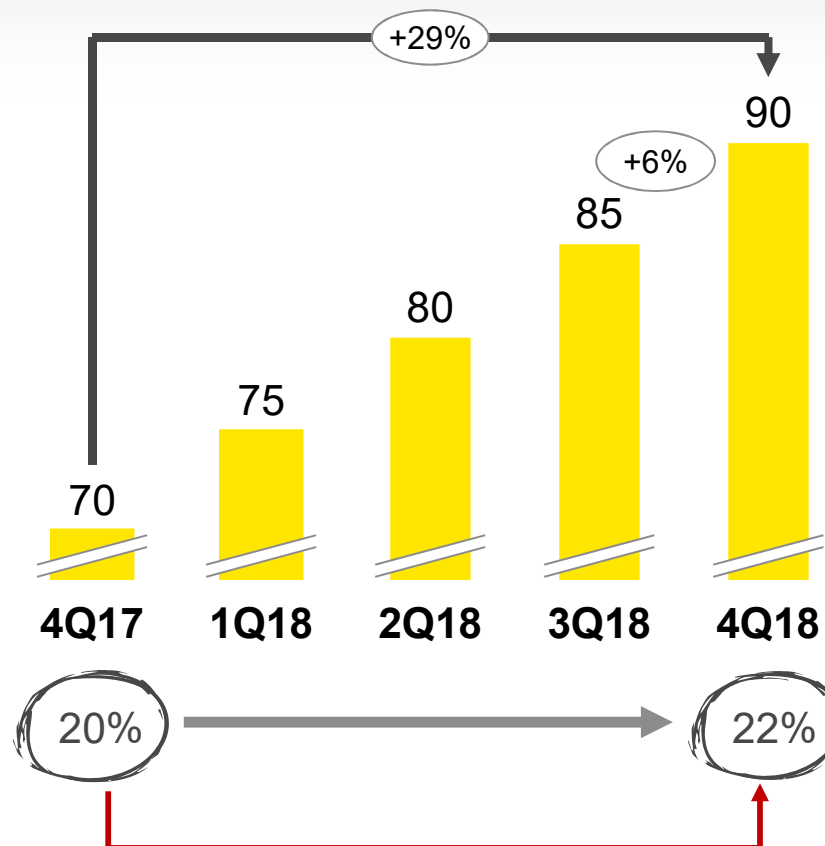
EBITDA Performance¹



EBITDA margin more than doubled in 2 years

Quarterly Evolution¹

Adjusted EBITDA Margin



Consistent €5M quarterly EBITDA growth

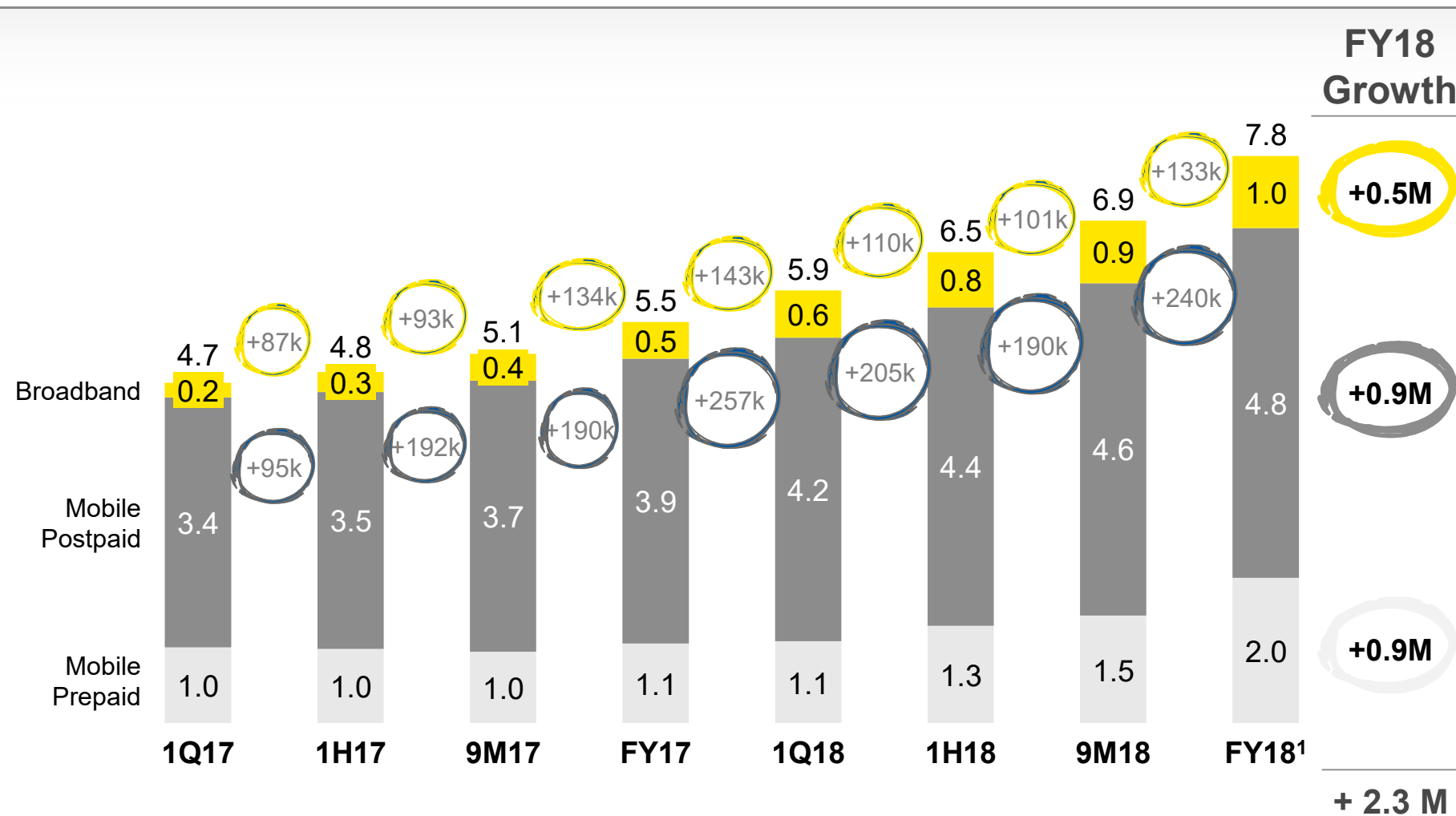
¹ Pre-IFRS15: Q4 EBITDA of €92M (+31% YoY) and FY18 of €336M (+41% YoY Organic Growth)

SOURCE: Company

Evolution of Mobile & Broadband Lines

In 2018 MASMOVIL added 2.3M lines reaching close to 8M lines including 1M of broadband.

Million lines




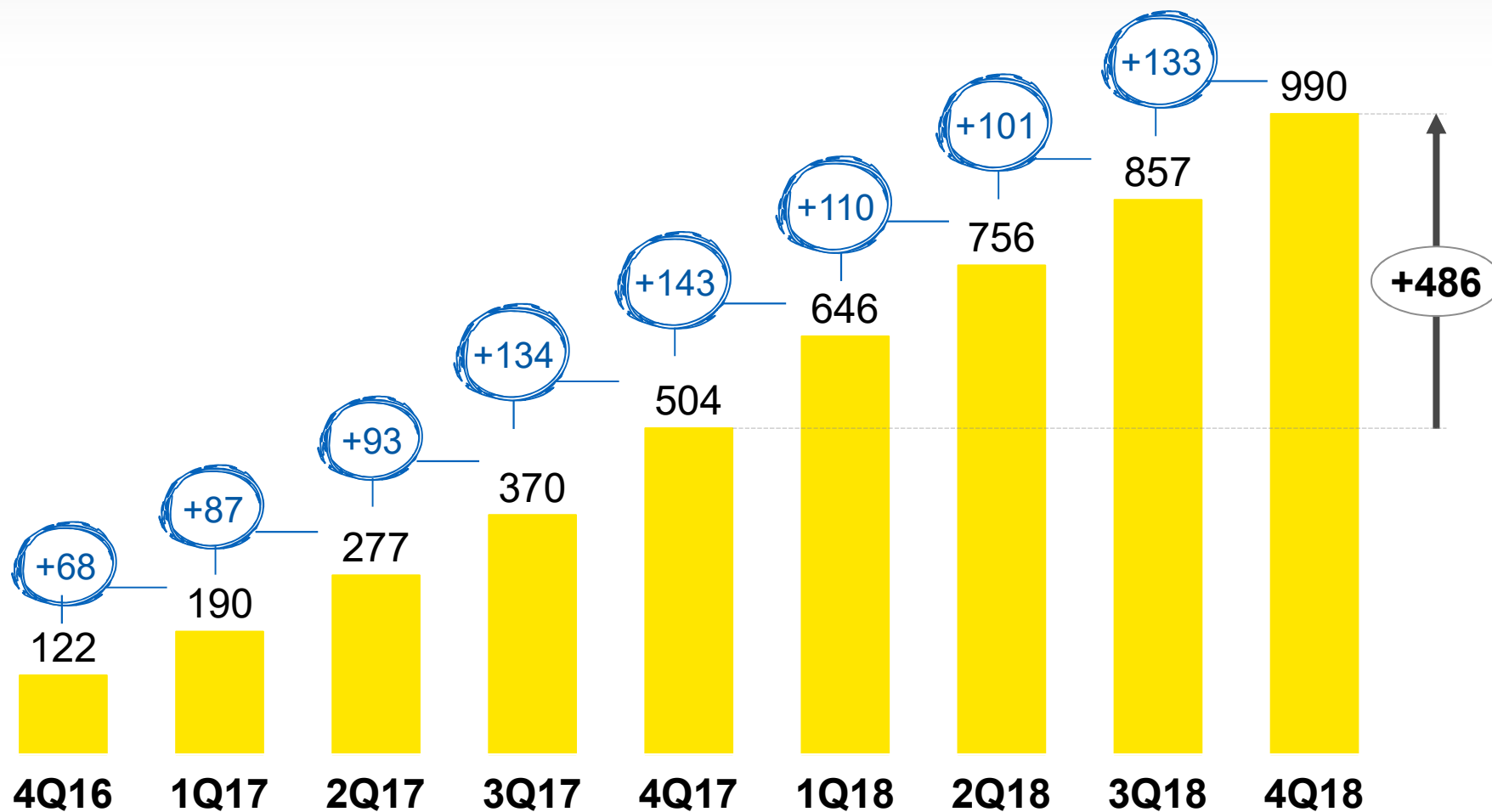
¹ Including mobile prepaid lines of Lebara

SOURCE: Company

Evolution of Broadband Lines

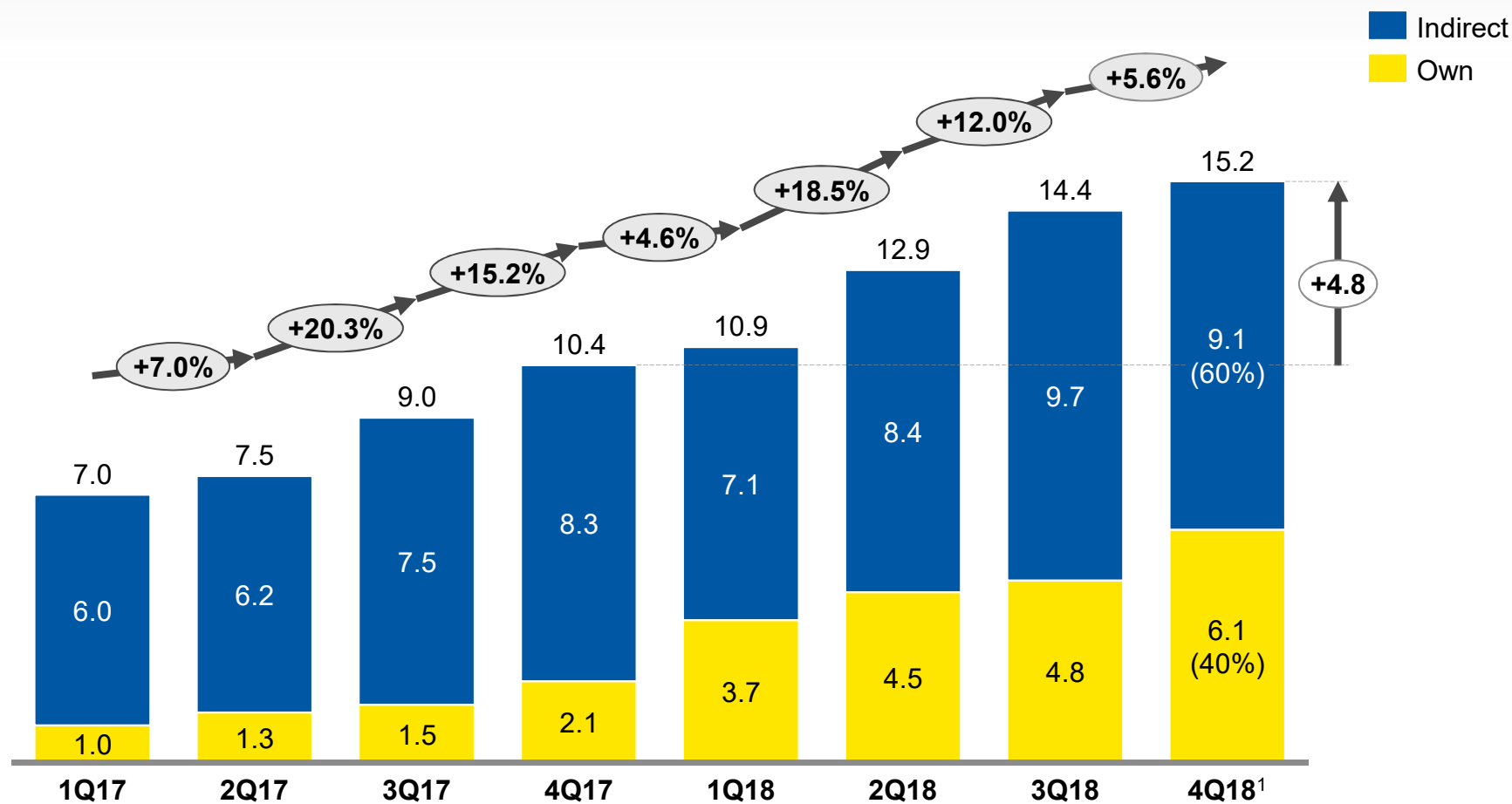
Strong broadband momentum continued in Q4 with 133k net adds resulting in 990k total lines
'000 lines

 Broadband net adds



Fiber Footprint Expansion

In 2018 FTTH footprint grew by c.5M BUs including 4M BUs on MASMOVIL's own network
Million BUs

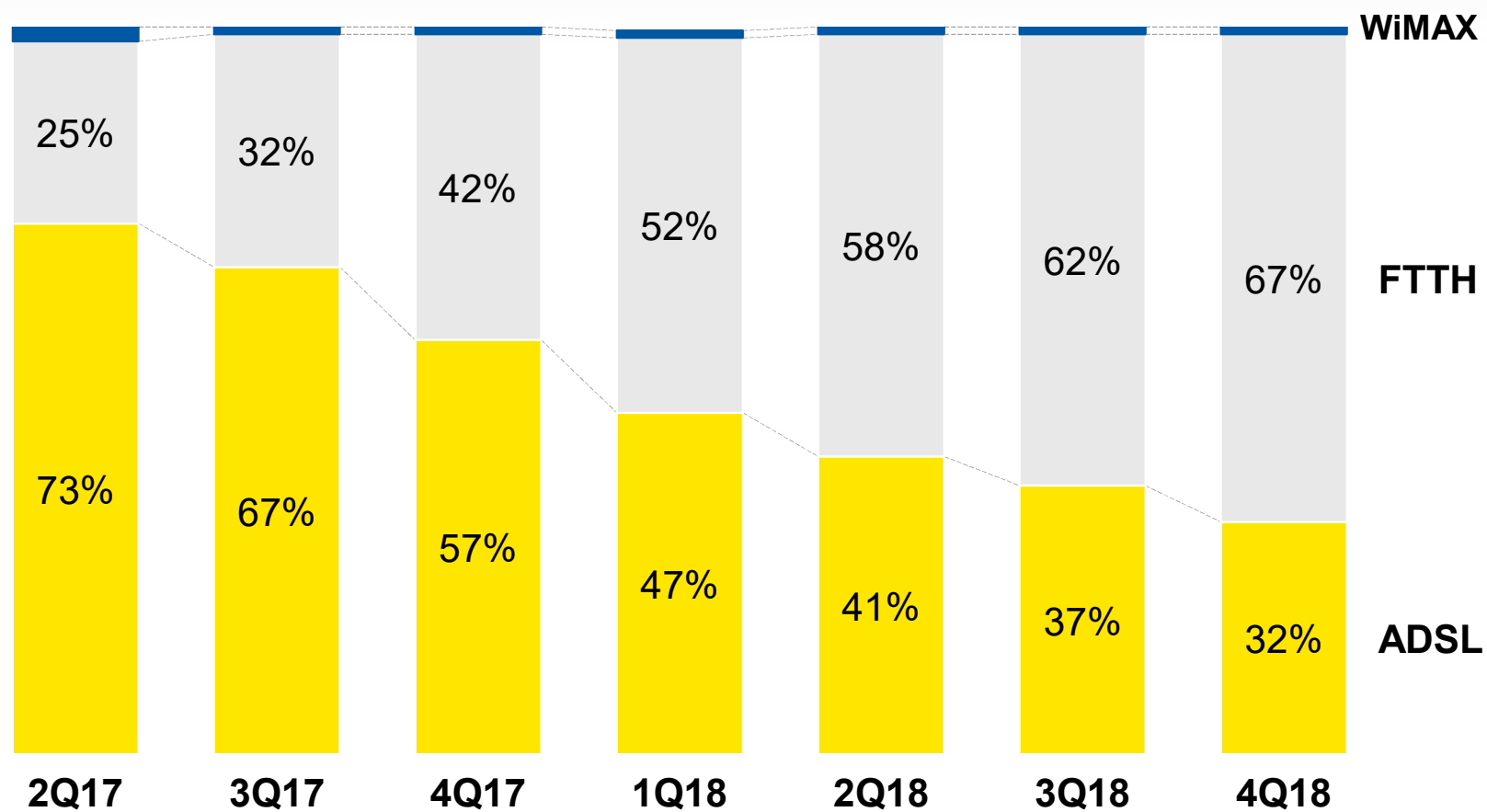


¹ Including the footprint available under Bitstream agreements (including initial Telefónica's NEBA offer) & full contribution of Vodafone agreement (942k BUs)

SOURCE: Internal analysis

Broadband Access by Technology

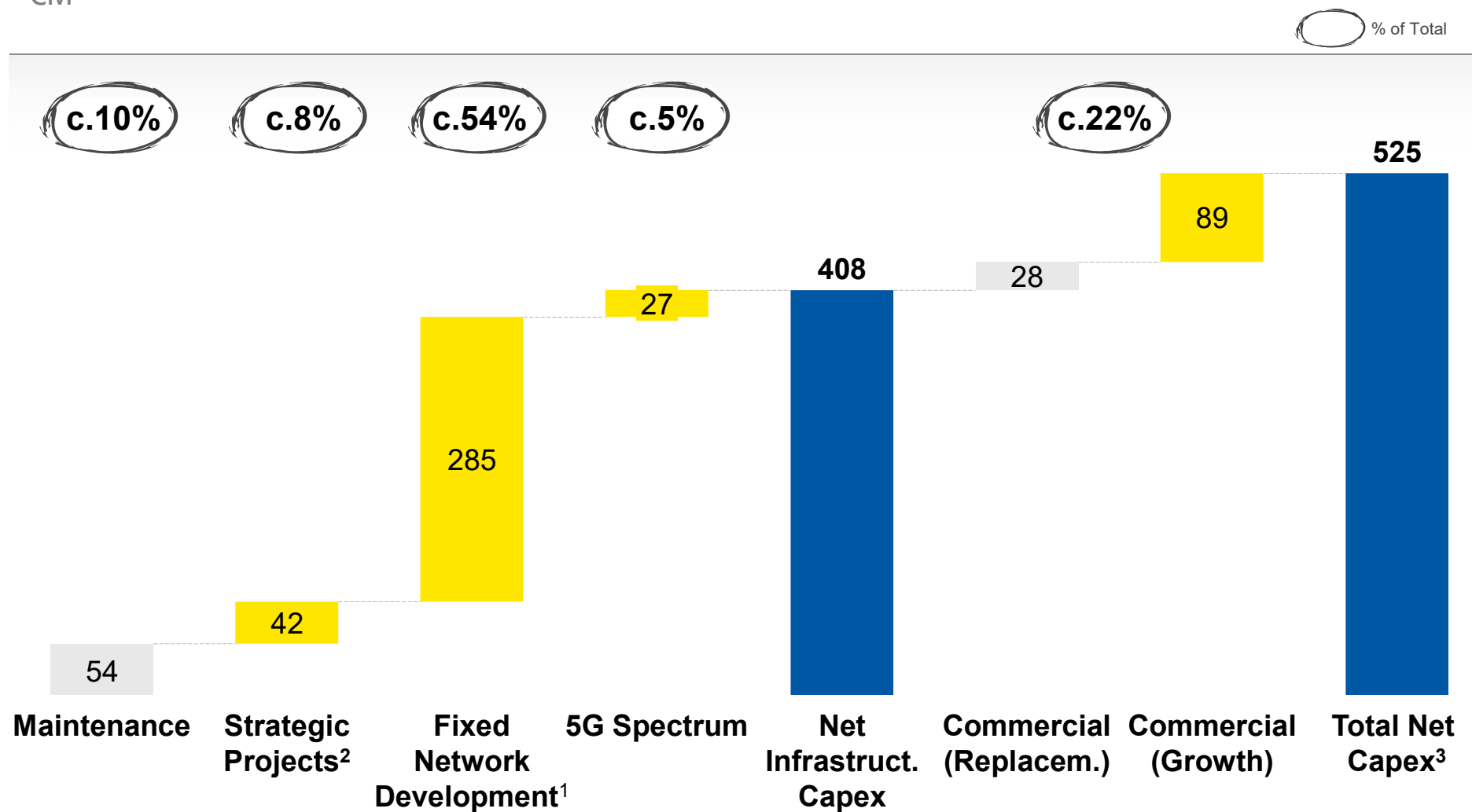
FTTH share continues to grow and represents close to 70% of total broadband base



Capex FY18

MASMOVIL continues to invest in its own infrastructure and client growth

€M



1 Includes Core network & VAS, Transmission and Access.

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

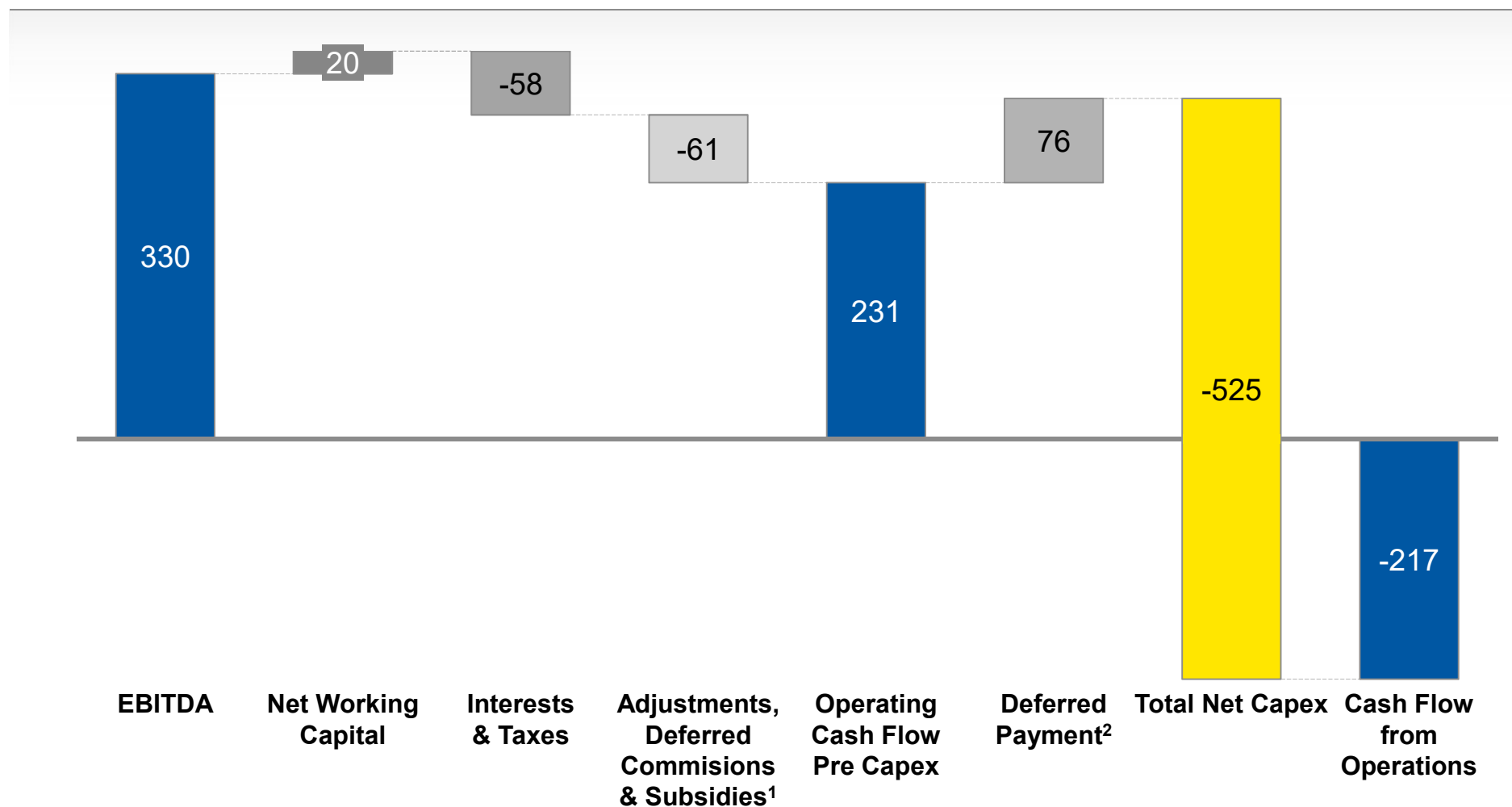
3 Net of IRU sales.

SOURCE: Company

Cash Flow from Operations FY18

Growth related Capex impacted Cash Flow from Operations in 2018

€M



¹ Mainly commissions/subsidies deferred under IFRS15

² Capex as of FY18 still to be paid, mainly Vodafone agreement

SOURCE: Company

Net Debt FY18

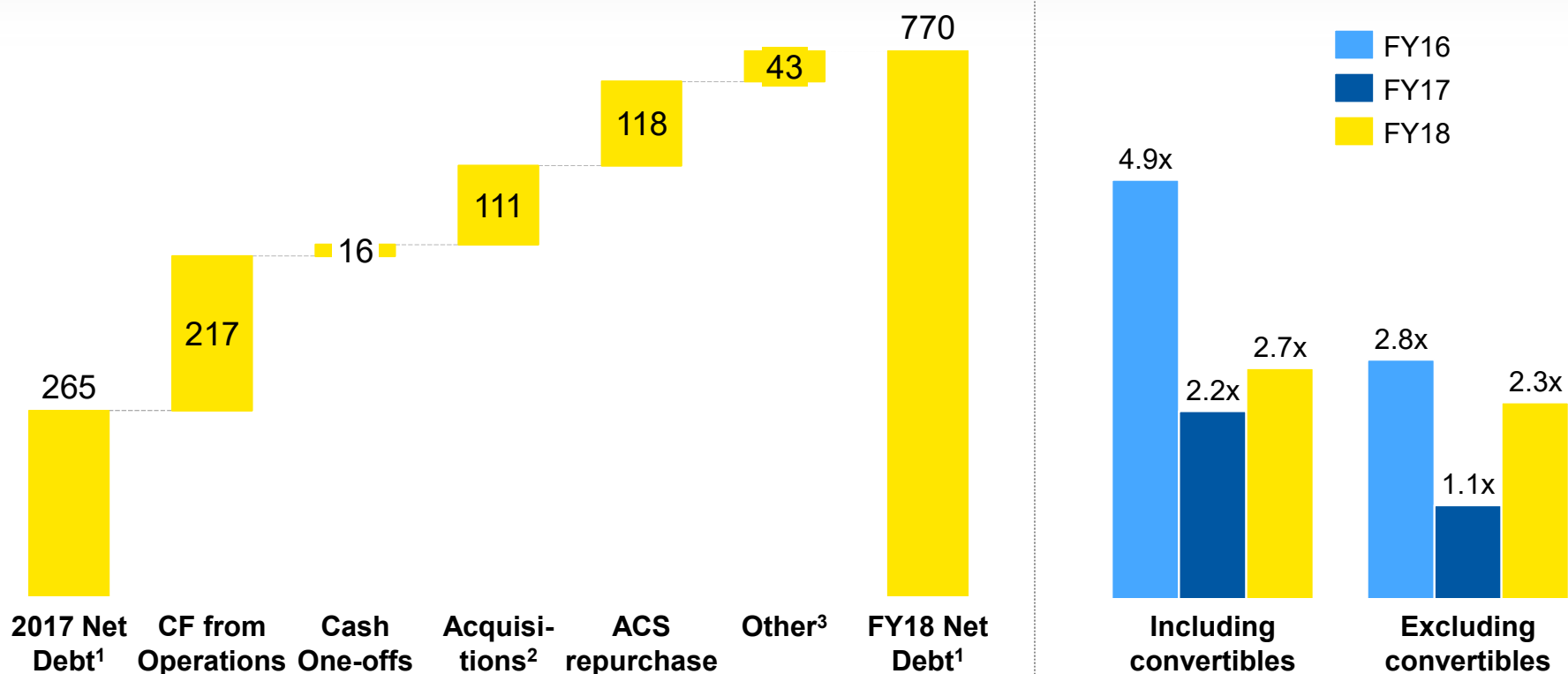
Overall net leverage remains low at 2.3x Net Debt/Adjusted EBITDA

€M

Change in Net Debt



Net Leverage⁴



1 Excluding convertibles

2 Cash outflow for M&A and 5G spectrum





3 Includes PIK interest on junior debt and cash interest accrued but yet to be paid

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

SOURCE: Company

2018 Revised Guidance Fully Met

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¹ Excluding one-offs due to migration of networks and integration costs
SOURCE: Company

2019 Service Revenues and EBITDA Guidance

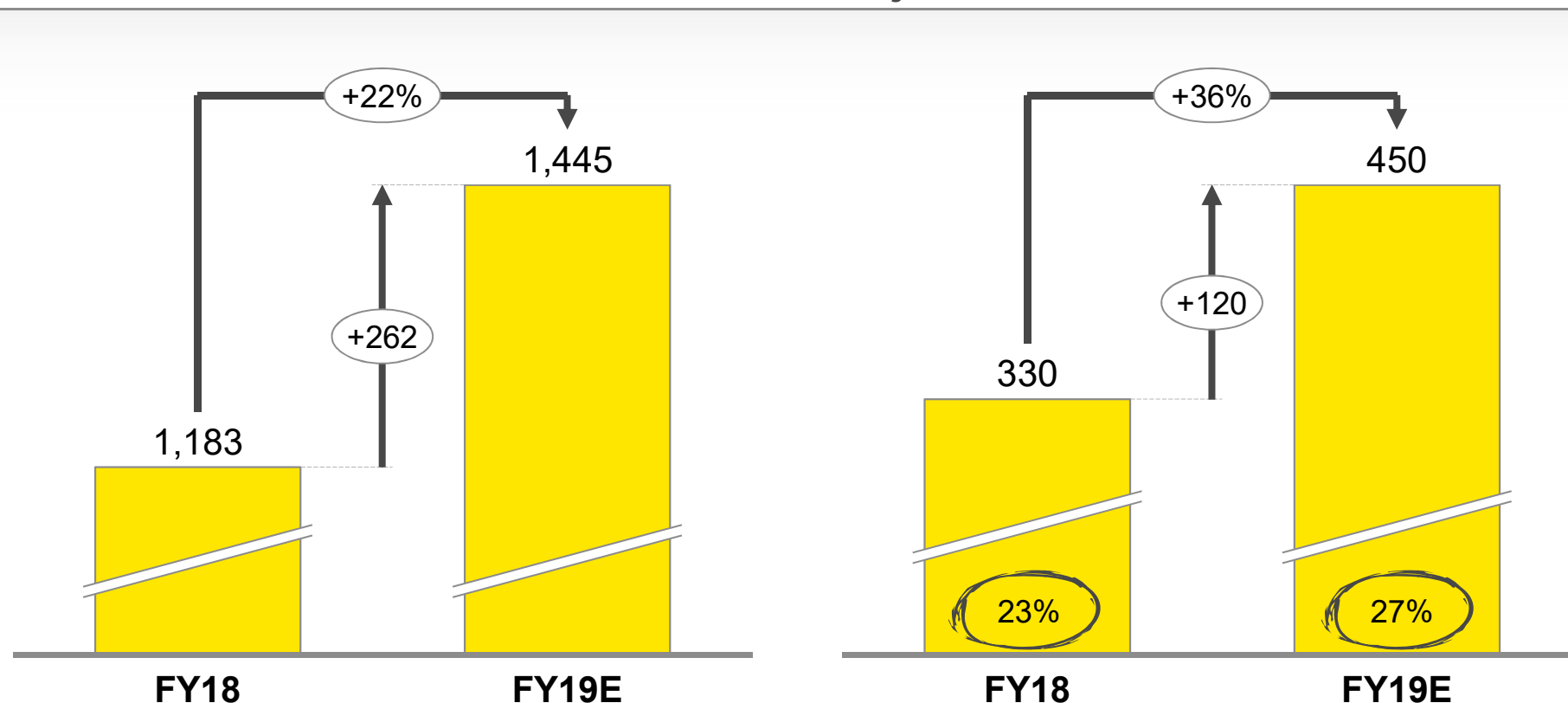
Strong growth momentum forecasted to continue in 2019

€M

Service Revenues

Adjusted EBITDA

Adjusted EBITDA Margin

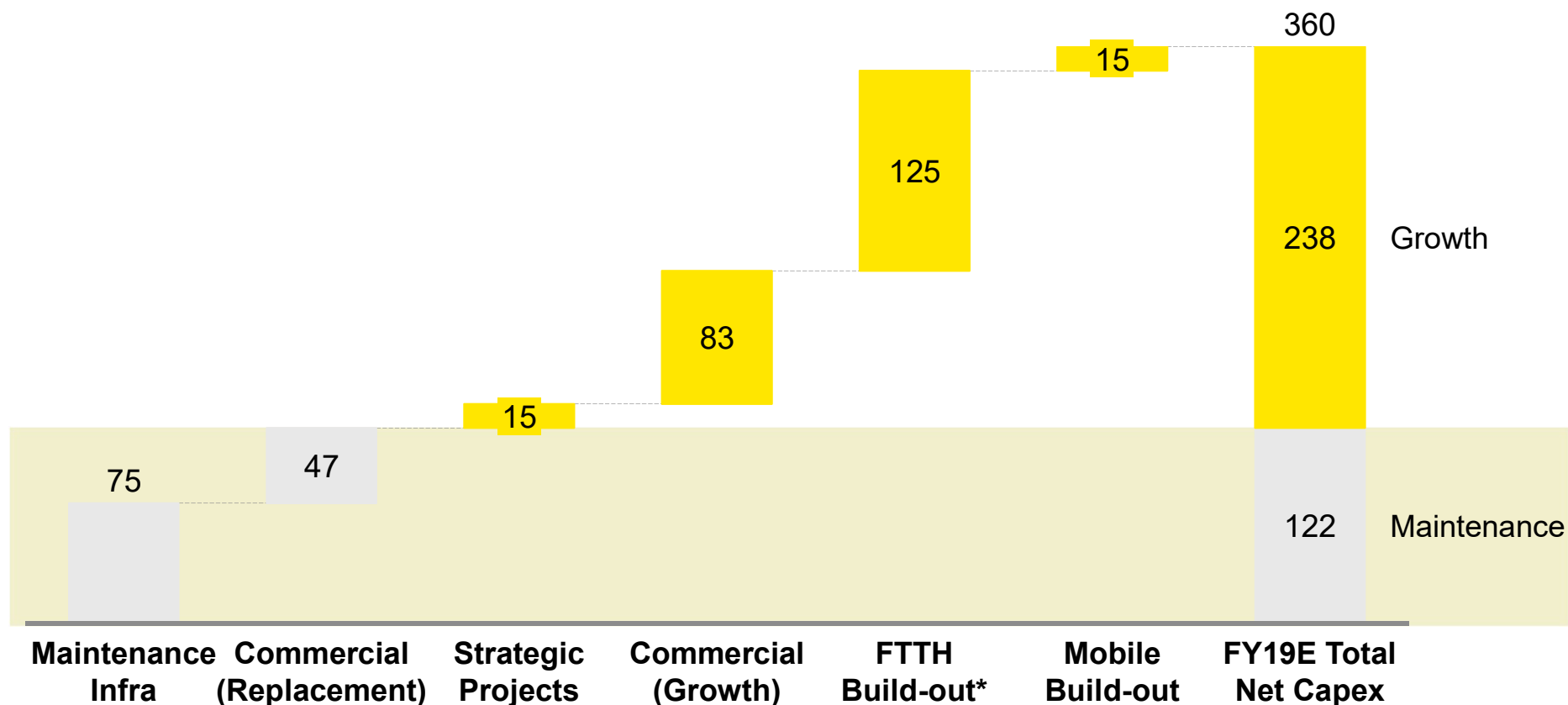


- FY19 negatively impacted by newly implemented IFRS15/16 accounting standards (-€65M Service Revenues and -€10M EBITDA impact)

2019 Capex Outlook

MASMOVIL to invest €238M to support continued network build-out and customer growth

€M



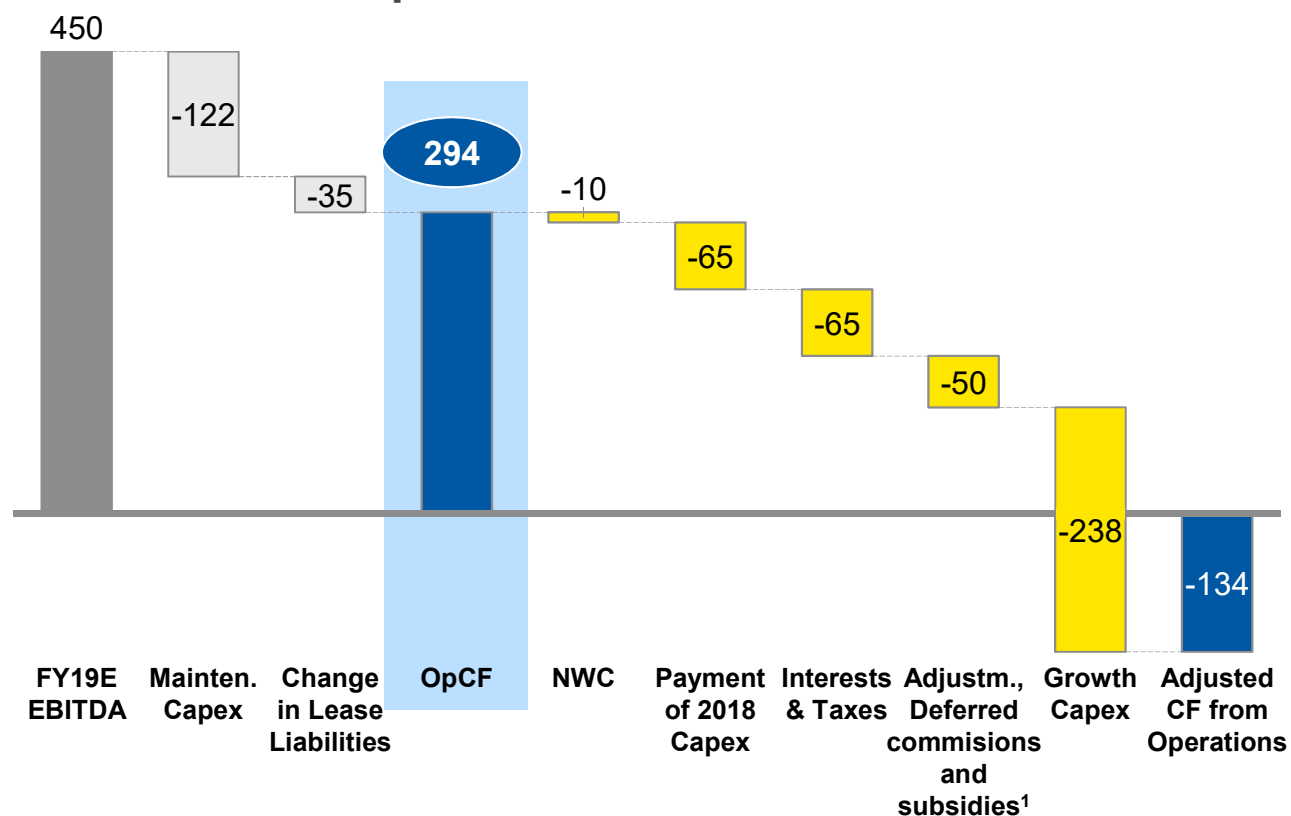
Commercial Capex illustratively split between the amount required to maintain the existing subscriber base (i.e. to replace churners) and the amount supporting MASMOVIL's continued subscriber growth

* Based on 1.9M BUs

2019 FCF & Leverage Guidance

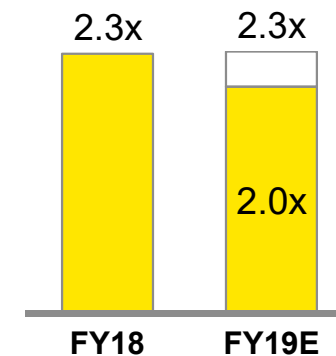
In 2019 MASMOVIL forecasts to generate close to €300m OpCF
€M

Cash Flow from Operations 2019



Leverage

□ Debt-like items²
■ Net Debt (Excl. Convert)



¹ Mainly due to commissions/subsidies deferred under IFRS15

² Including IFRS16 leases and spectrum obligations

³ Includes churn related (replacement) commercial capex and maintenance infrastructure capex

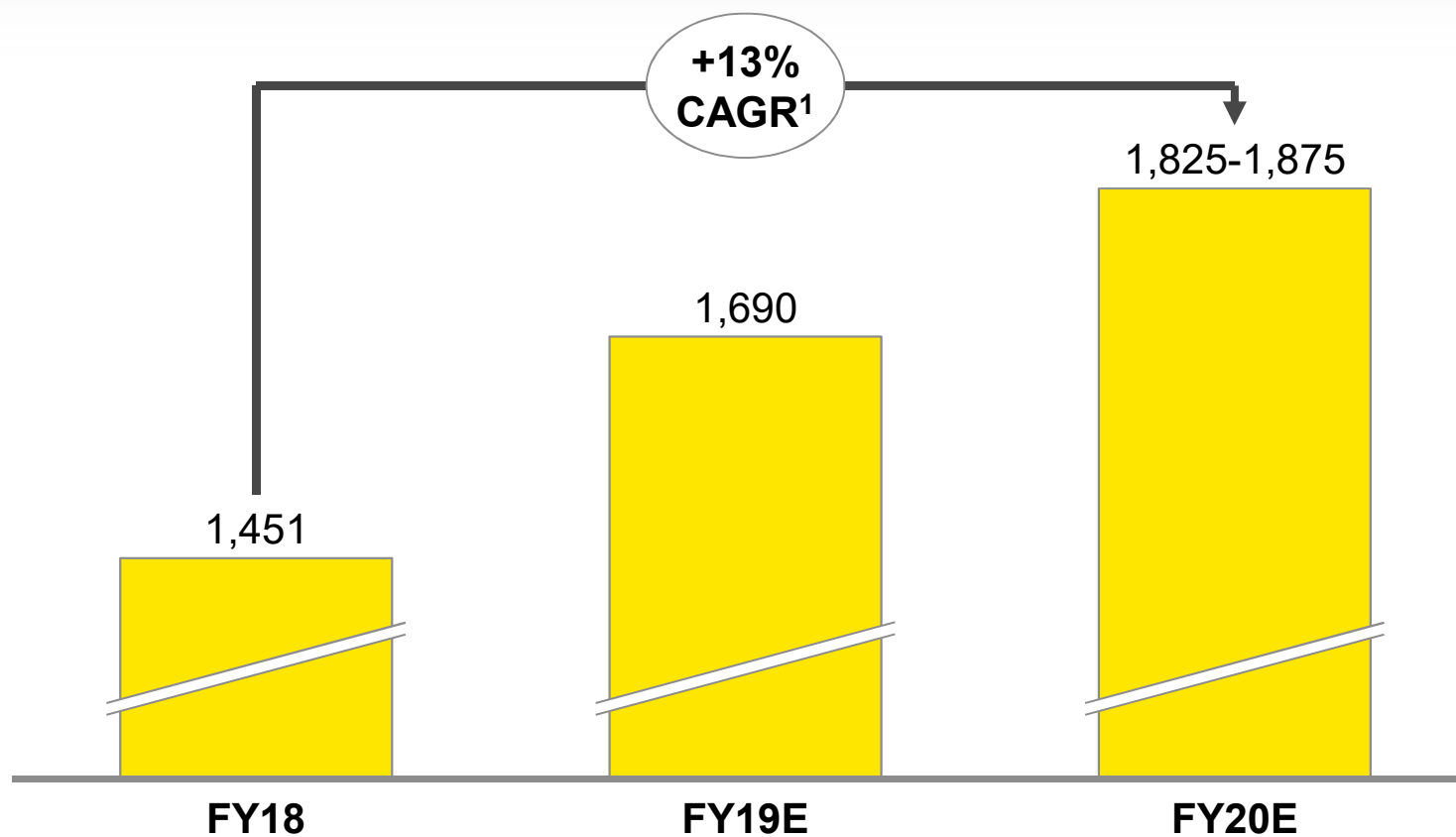
SOURCE: Company

2020 Total Revenues

Total Revenues expected to grow double digit to 2020

€M

Total Revenues



1 2018-21 CAGR calculated at mid point

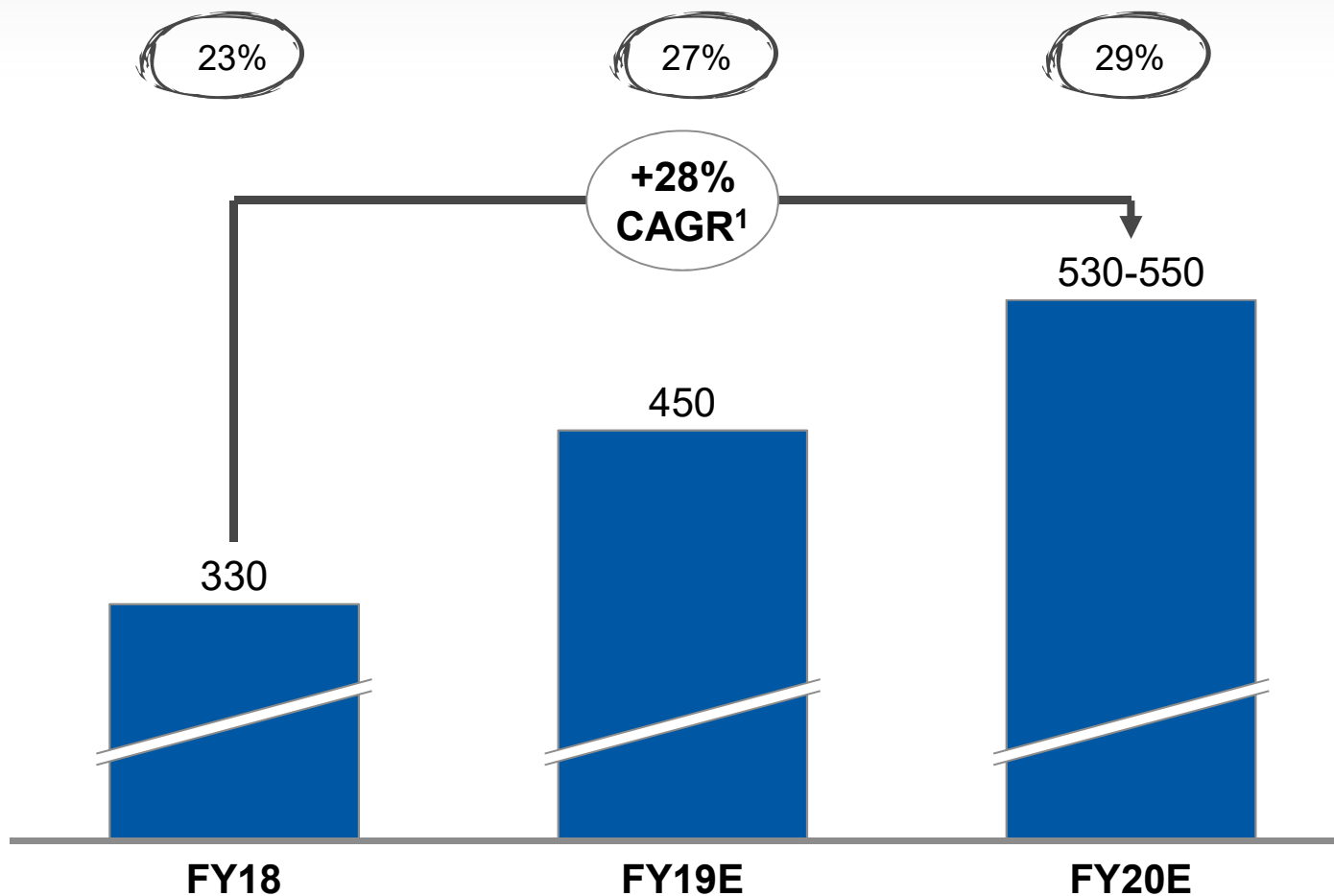
SOURCE: Company

2020 EBITDA Guidance

Adjusted EBITDA forecasted to reach between €530-550M in 2020
€M

Adjusted EBITDA

Adjusted EBITDA Margin¹



¹ 2018-21 CAGR and EBITDA Margin calculated at mid point
SOURCE: Company

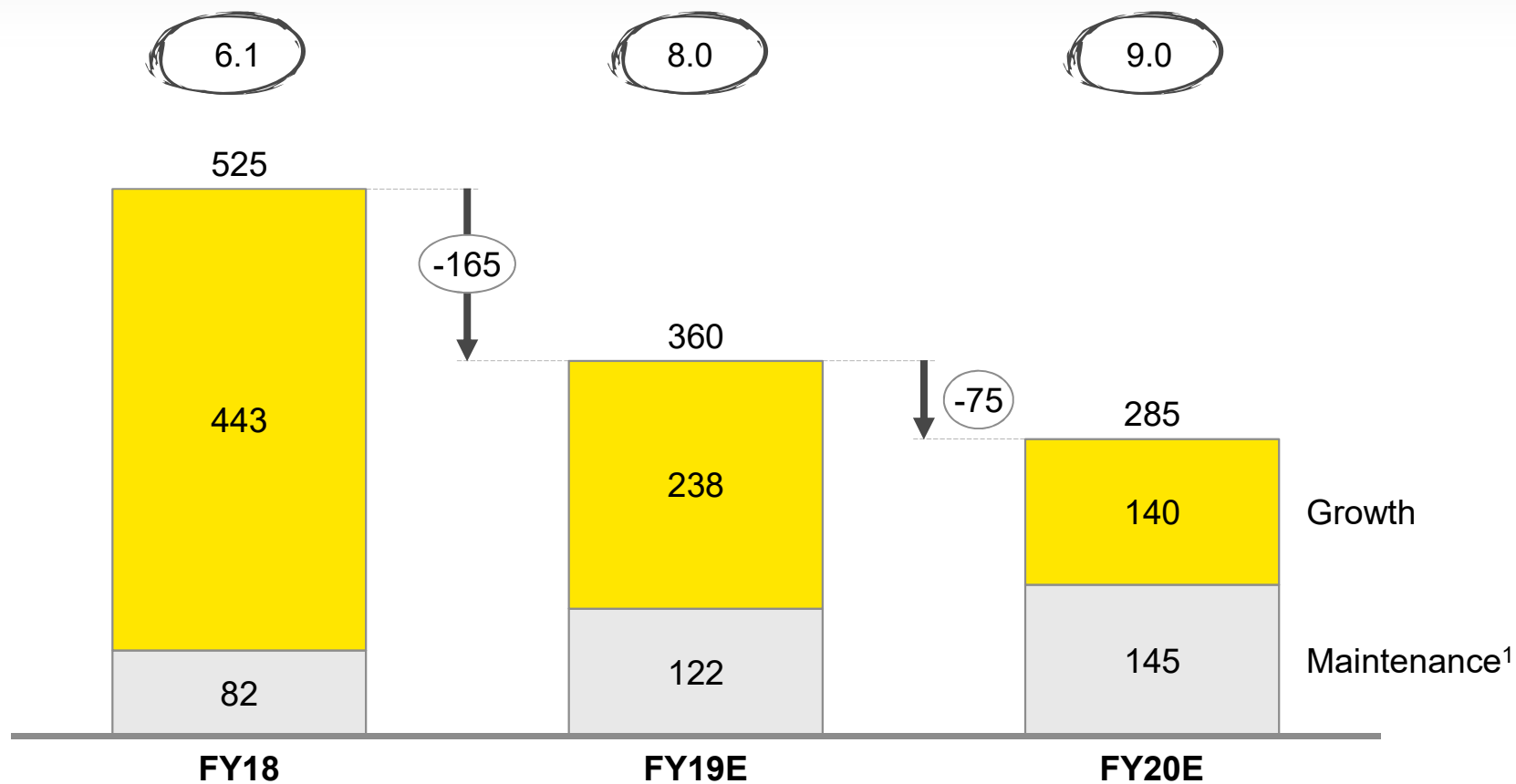
2020 Capex Outlook

MASMOVIL to reduce Capex to below €300M by 2020

€M

Total Net Capex

MBUs Own
FTTH



¹ Includes churn related (replacement) commercial capex and maintenance infrastructure capex

SOURCE: Company

Appendix



Net Debt Overview

Overall net leverage remains low at 2.3x Net Debt/Recurrent EBITDA

€M

€M	FY16	FY17	FY18	Delta FY18 vs. FY17
Short-term commercial paper	30	16	-	(16)
Senior debt	347	407	680	273
Bonds	57	33	28	(6)
Junior debt	96	106	120	14
Providence convertible	102	115	131	16
ACS convertible	144	139	-	(139)
Other debts	41	23	41	18
Cash & cash equivalents	(236)	(320)	(98)	222
Net Debt	582	519	901	383
Providence convertible	(102)	(115)	(131)	(16)
ACS convertible	(144)	(139)	-	139
Net Debt (excl. convertibles)	336	265	770	505
<i>x Adjusted EBITDA ⁽¹⁾</i>	2.8x	1.1x	2.3x	

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

SOURCE: Company

P&L

MASMOVIL reported Adjusted Net Income of €135M for 2018

€M

€M	FY17	FY18 ⁽¹⁾	Growth	4Q17	4Q18 ⁽¹⁾	Growth
Service Revenues	1,007	1,183	17%	271	324	19%
Other revenues	294	268	(9%)	81	89	10%
Revenue	1,301	1,451	12%	352	413	17%
Other operating revenue	32	47	48%	10	14	36%
Cost of sales	(978)	(1,026)	5%	(263)	(297)	13%
Other operating expenses	(117)	(142)	21%	(29)	(39)	36%
Adjusted EBITDA	238	330	39%	70	90	29%
Net one-offs	(22)	(17)		2	(6)	
Reported EBITDA	216	313	45%	71	84	18%
Depreciation and amortization	(124)	(161)		(33)	(46)	
Reported EBIT	92	152	65%	38	38	0%
Net financial expenses	(234)	(74)		(46)	(19)	
Reported Profit before taxes	(142)	78		(8)	19	
Income tax	39	(7)		53	(6)	
Reported Net Income/(Loss)	(103)	71		45	14	
Sum of the "Adjustments"	199	65		6	15	
Adjusted Net Income/(Loss)⁽²⁾	97	135	40%	52	29	

1 Post-IFRS figures

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

SOURCE: Company

Adjusted Earnings Per Share

MASMOVIL reported Adjusted EPS of €0.83 on a fully diluted basis for 2018

M€, unless otherwise stated	FY18
Reported Net Income/(Loss)	70.6
Operative one-offs	17.4
Financial one-offs	(28.3)
Amortization of acquired customer base & brand	24.1
Management incentive plans (SAR)	32.3
Interest on Providence and ACS debts	40.8
Tax impact of "Adjustments"	(21.6)
Adj. Net Income/(Loss)	135.2
Fully diluted number of shares (million)	163.4
Adj. EPS (fully diluted,€)	0.83