



## COMMUNICATION OF A RELEVANT FACT

### MASMOVIL GROUP

8 November 2018

In accordance with Article 17 of the Regulation (EU) no. 596/2014 on market abuse and Article 228 of the Securities Market Act passed by Legislative Royal Decree 4/2015 of 23 October and concordance rules, we inform about the following Relevant Fact referred to MASMOVIL IBERCOM, S.A. ("**MASMOVIL**", "**MASMOVIL GROUP**" or the "**Company**"):

### RELEVANT FACT

As a continuation of the relevant fact published yesterday (registration number 271293), in relation to the capital increase through an Accelerated Bookbuilding Offering without shareholders' pre-emption rights (the "**Capital Increase**"), MASMOVIL communicates that, upon completion of the bookbuild exercise undertaken by Morgan Stanley & Co. International plc, acting as Sole Global Coordinator and Joint Bookrunner, together with Barclays Bank PLC, Goldman Sachs International, Société Générale and BNP Paribas acting as Joint Bookrunners, the final terms and conditions of the Capital Increase have been set as follow:

- a) The Capital Increase will consist of a total nominal amount of 360,000 euros, through the issuance of 3,600,000 ordinary shares of MASMOVIL with a nominal amount of ten cents (0.10 euros) each, of the same class and series that the ones that are currently in circulation (the "**New Shares**").
- b) The issuance price (par value plus share premium) of the New Shares has been set at the amount of 100 euros per share.
- c) Consequently, the total amount of the Capital Increase (including the par value and the share premium of all the New Shares) will amount to 360,000,000 euros, 360,000 euros corresponding to the nominal amount and 359,640,000 euros corresponding to the share premium. The New Shares will represent 17.6% of the share capital of MASMOVIL before the Capital Increase and a 15.0% of its share capital after the Capital Increase.

It is expected that the New Shares will be admitted to trading on the Stock Exchanges of Madrid, Barcelona, Bilbao and Valencia on Monday, 12 November 2018, so that their ordinary negotiation begins on Tuesday 13 November 2018.

As indicated in the relevant fact published yesterday, ACS, Actividades de Construcción y Servicios, S.A. ("**ACS**") has participated in the Capital Increase, with an order for 700,000 shares out of the total 3.6 million shares to be issued.

The Capital Increase, together with the funds provided by the Company of 120 million euros, allows for the full repurchase of the debt convertible into shares owed to ACS ("**Convertible Debt**"), for a total gross consideration (before deducting ABO commissions, which will be beared by ACS) of 480 million euros (the "**Repurchase**").

As anticipated in the relevant fact published yesterday, the Repurchase and its financing has a positive impact on the Company given that:

- The Repurchase implies a reduction of the dilutive impact of the conversion of the total Convertible Debt of approximately 1.2 million shares (which represents almost 6% of the Shares issued by the Company prior to the Capital Increase, or 5% after the Capital Increase).
- In terms of an increase in fully diluted net profit per share ("**Fully Diluted EPS**"), considering the conversion of all convertible instruments issued by the Company, MASMOVIL estimates the Repurchase will result in a Fully Diluted EPS accretion of 6.1% for 2019 and 5.4% for 2020, based on market analysts' consensus<sup>1</sup>.
- The Repurchase eliminates the potential volatility in the share price which could have resulted from the conversion in full of the Convertible Debt, had the conversion process been followed under the terms of the Convertible Debt, as it would have implied a long period between the announcement of the request for conversion and its effective conversion.
- The financing of the Repurchase is carried out without material changes to the Company's financial leverage (whereby the amount of the cash assets contributed by MASMOVIL in the Repurchase serves to cancel existing debt (Convertible Debt) accounted for 150 million euros in the Company's balance sheet) and with certain improvements to its financial structure, as such cash assets are financed with new fully subordinated debt incurred by the Company.
- The Capital Increase will increase both the Company's free float as well as the liquidity of the MASMOVIL shares, it will allow the entrance of institutional investors in the Company's share capital and will favour the possible incorporation of MASMOVIL shares on national stock exchange indexes.

Exclusion of pre-emption rights and justification of corporate interest. As it is stated in the relevant fact published yesterday, and with the aim of placing the New Shares among the target investors, the exclusion of shareholders' pre-emption rights was approved as such exclusion was required to carry out the accelerated bookbuilding offering and, in light of the economic and financial advantages of this placement mechanism, by the corporate interest. The report issued by the Board of Directors and the report issued by BDO Auditores, S.L.P. in its capacity as independent expert other than the Company's auditor duly appointed by the Mercantile Registry of Guipúzcoa, are attached hereto.

Clifford Chance, Castañeda Abogados (which holds the secretary of MASMOVIL's Board of Directors) and Evergreen Legal have acted as advisors to the Company and White & Case LLP has acted as legal advisor to the Joint Bookrunners.

In Madrid, 8 November 2018

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<sup>1</sup> BLOOMBERG Research Analyst consensus (7 November 2018)

## Important notice

This announcement contains inside information within the meaning given in EU Regulation N. 596/2014 on market abuse.

This announcement is for informational purposes only and does not intend to be complete, it is subject to changes and is not for release, publication or distribution, directly or indirectly, in or into the United States of America, Australia, Canada, Japan or in any other country or jurisdiction where the disclosure of this information may be restricted by law. This announcement does not constitute or contain an offer to sell nor an offer for the purchase of securities in the United States of America, Australia, Canada, Japan nor any other country or jurisdiction. This announcement does not constitute a request of funds, securities or any other sort of compensation, and no compensation will be accepted as a response to this announcement.

The securities herein referred to have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "**U.S. Securities Act**") or under the applicable securities laws of any state or other jurisdiction of the United States of America. Accordingly, the securities may not be offered, exercised or sold in the United States absent registration or an exemption from registration under the U.S. Securities Act, or in any other country or jurisdiction other than in compliance with the applicable laws of that country or jurisdiction. There will be no public offering of securities in the United States or in any other country or jurisdiction.

No prospectus or offering document has been or will be prepared by MásMóvil Ibercom. S.A. (the "**Company**") in connection with the matters contained in this announcement, including in relation to the offering of its new shares (the "**New Shares**"). Any investment decision in connection with the New Shares must be made on the basis of publicly available information. Such information has not been independently verified. The information contained in this announcement is for background purposes only and does not purport to be full or complete.

This regulatory announcement and any other documents or materials relating to the subject matter of this announcement are addressed to and directed only at: (a) persons in member states of the European Economic Area ("**EEA**") who are "qualified investors" within the meaning of Article 2(1)(e) of the EU Prospectus Directive (Directive 2003/71/EC and amendments thereto, including Directive 2010/73/EU) (the "**Prospectus Directive**") ("qualified investors"); (b) persons in the United Kingdom who are qualified investors and who are (i) investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 as amended (the "**Order**"), or (ii) persons falling within Article 49(2)(a) to (d) ("high net worth companies, unincorporated associations, etc") of the Order; or (c) persons to whom it may otherwise be lawfully communicated (all such persons in (a), (b) and (c) together being referred to as "relevant persons"). This announcement and any other documents or materials relating to the subject matter of this announcement must not be acted on or relied on by persons who are not relevant persons.

Morgan Stanley & Co. International plc, Barclays Bank PLC, Goldman Sachs International, Société Générale and BNP Paribas (together, the "**Managers**"), are acting exclusively for the Company and no-one else. They will not regard any other person as their respective clients and will not be responsible to anyone other than the Company for providing the protections afforded to their respective clients, nor for providing advice in relation to the contents of this announcement or any transaction, arrangement or other matter referred to herein.

Neither the Managers nor the Company nor any of their respective affiliates, directors, employees, advisers or agents accepts any responsibility or liability whatsoever for/or makes any representation or warranty, expressed or implied, as to the truth, accuracy or completeness of the information in this announcement (or whether any information has been omitted from the announcement) or any other information relating to the Company, its subsidiaries or associated companies, whether written, oral or in a visual or electronic form, and howsoever transmitted or made available for any loss howsoever arising from any use of the announcement or its contents or otherwise arising in connection therewith.

The Managers and any of their affiliates may take up a portion of the New Shares as a principal position and, in that capacity, may retain, purchase, sell, offer to sell, or otherwise deal for its or their own account(s) in such securities, any other securities of the Company or other related investments in connection with the shares of the Company or otherwise. In addition, certain of the Managers or their affiliates may enter into financing agreements and swaps with investors in connection with which such Managers (or their affiliates) may, from time to time,

acquire, hold or dispose of the shares of the Company. Accordingly, references in this announcement to the New Shares being offered or otherwise dealt with should be read as including any offer to, or dealing by, the Managers or any of them and any of their affiliates acting in such capacity. The Managers do not intend to disclose the extent of any such investment or transaction otherwise than in accordance with any legal or regulatory obligation to do so.

This announcement contains (or may contain) certain forward-looking statements with respect to certain of the Company's current expectations and projections about future performance, anticipated events or trends and other matters that are not historical facts. These forward-looking statements, which sometimes use words such as "aim", "anticipate", "believe", "intend", "plan", "estimate", "expect" and words of similar meaning, include all matters that are not historical facts and reflect the directors' beliefs and expectations and involve a number of risks, uncertainties and assumptions that could cause actual results and performance to differ materially from any expected future results or performance expressed or implied by the forward-looking statement. These statements are subject to unknown risks, uncertainties and other factors that could cause actual results to differ materially from those expressed or implied by such forward-looking statements. Statements contained in this announcement regarding past trends or activities should not be taken as a representation that such trends or activities will continue in the future. The information contained in this announcement is subject to change without notice and, except as required by applicable law, neither the Company nor the Managers, nor their respective affiliates, assume any responsibility or obligation to update publicly or review any of the forward-looking statements contained herein. You should not place undue reliance on forward-looking statements, which speak only as of the date of this announcement. Any indication in this announcement of the price at which shares of the Company have been bought or sold in the past cannot be relied upon as a guide to future performance. No statement in this announcement is or is intended to be a profit forecast or profit estimate or to imply that the earnings of the Company for the current or future financial years will necessarily match or exceed the historical or published earnings of the Company. The price of the New Shares and the income from them may go down as well as up and investors may not get back the full amount invested on disposal of such shares. Past performance is no guide for future performance and persons reading this announcement should consult an independent financial adviser.

### **Information to distributors**

Solely for the purposes of the product governance requirements contained within: (a) EU Directive 2014/65/EU on Markets in Financial Instruments, as amended ("**MiFID II**"); (b) Articles 9 and 10 of Commission Delegated Directive (EU) 2017/593 supplementing MiFID II; and (c) local implementing measures (together, the "**MiFID II Product Governance Requirements**"), and disclaiming all and any liability, whether arising in tort, contract or otherwise, which any "manufacturer" (for the purposes of the MiFID II Product Governance Requirements) may otherwise have with respect thereto, the New Shares have been subject to a product approval process, which has determined that such shares are: (i) compatible with an end target market of retail investors and investors who meet the criteria of professional clients and eligible counterparties, each as defined in MiFID II; and (ii) eligible for distribution through all distribution channels as are permitted by MiFID II (the "**Target Market Assessment**").

Notwithstanding the Target Market Assessment, distributors should note that: the price of the New Shares may decline and investors could lose all or part of their investment; the New Shares offer no guaranteed income and no capital protection; and an investment in the New Shares is compatible only with investors who do not need a guaranteed income or capital protection, who (either alone or in conjunction with an appropriate financial or other adviser) are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses that may result therefrom. The Target Market Assessment is without prejudice to the requirements of any contractual, legal or regulatory selling restrictions in relation to the offer. Furthermore, it is noted that, notwithstanding the Target Market Assessment, the Managers will only procure investors who meet the criteria of professional clients and eligible counterparties.

For the avoidance of doubt, the Target Market Assessment does not constitute: (a) an assessment of suitability or appropriateness for the purposes of MiFID II; or (b) a recommendation to any investor or group of investors to invest in, or purchase, or take any other action whatsoever with respect to the New Shares.

Each distributor is responsible for undertaking its own Target Market Assessment in respect of the New Shares and determining appropriate distribution channels.