



COMUNICACIÓN DE HECHO RELEVANTE

GRUPO MASMOVIL

July 14th 2017

In accordance with article 17 of the Regulations (UE) number 596/2014 on market abuse and article 228 of the Securities Market Act passed by Legislative Royal Decree 4/2015 of October 23 and concordance rules, we inform the market about the following Relevant Fact referred to MASMOVIL IBERCOM, S.A. (“**MASMOVIL**” or the “**Company**” o the “**Group**”).

RELEVANT FACT

This Relevant Fact replaces the former with number 254577 and is made at the request of the CNMV.

On 13-July-2017, the CNMV has verified and approved the prospectus for the listing of the shares of MASMOVIL on the Madrid, Barcelona, Bilbao and Valencia Stock Exchanges (the "Prospectus"), and this Relevant Fact contains additional information that was not included in the Prospectus.

As part of the ongoing review of its capital structure, MASMOVIL has reached an agreement with ACS Telefonía Móvil S.L. ("ACS") for the refinancing of the debt issued as part of the consideration for Xfera Móviles, S.A. (the "Note").

Terms and conditions of the Note are detailed on pages 14, 33, 34, 43, 50, 51, 64, 65, especially from 169 to 172, 194, 197, 270, 275 and 291 of the Prospectus.

The main terms of the new agreement, which modifies the Note signed in October 2016, are summarized below:

- The original Note included a contingent earn-out of up to 80M€ which could potentially be capitalized in 2020 if the Group's consolidated EBITDA reaches 300M€ in 2019. Under the new agreement, the full 80M€ becomes a fixed amount and accrued with immediate effect that is no longer conditional on the Company's EBITDA in 2019.

MASMOVIL's Q1 2017 Balance Sheet reflected already a gross value of 63M€ for the earn-out. In terms of net present value, the full consolidation of the earn-out for its maximum amount of 80M€ increases MASMOVIL's financial debt by 6M€.

As a consequence of the above, the new face value of the Note is therefore now fixed at 200M€, i.e., 120M€ corresponding to the fixed principal plus the newly consolidated 80M€. The amortization schedule, from 2023 until 2029 has not been modified.

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- The variable interest rate of 3% p.a. , which was linked to the evolution of the MASMOVIL's EBITDA, has been fully eliminated. The fixed interest rate has not been modified and remains at 2% pa. The elimination of variable interest, subject to the evolution of the Group's EBITDA, will result in the saving of future cash interest, which the Company estimates at around 12M€ over the next 5 years.
- Under the new agreement, the first demand bank guarantee to be provided by MASMOVIL for the first two years from the signing is now exclusively limited to breach of contractual obligations by MASMOVIL.
- The terms for the conversion of the Note into MASMOVIL shares have been modified. The two previous conversion windows (three years from the initial signing of the Note at a conversion price of €25 per share, followed by an additional three years, that is until Oct 2022, at a conversion price of 40€ per share) have been replaced by a single window until 30-June-2021. The new conditions allow the holder of the Note the conversion into shares at a fixed conversion price of 41.67€ resulting in the issuance of a fixed amount of 4.8 million shares, a figure which is identical to the implied number of shares if conversion happened in the first window under the original Note.

As a consequence of the above, the Note qualifies for "fixed-to-fixed" accounting treatment, since in any conversion scenario the fixed nominal face value of 200M€ will be exchanged for a fixed amount of 4.8M shares.

Based on the above, and according to the applicable accounting rules, effective as of July 13, 2017, any changes in the fair value of the Note should not be recorded in the Company's financial statements through the P&L, contrary to what it has been the case until now. Without prejudice to the foregoing, the final accounting treatment after the refinancing of the Note shall be reviewed, if necessary, by the CNMV.

Madrid, July 14, 2017.



D. Meinrad Spenger
Consejero Delegado de MASMOVIL IBERCOM, S.A.