

COMMUNICATION OF A RELEVANT FACT

MASMOVIL GROUP

May 7th, 2019

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

MASMOVIL in exclusive negotiations to sell 933k FTTH BU's for €217.5M and in process to acquire 1M FTTH BU's for €70M

Exclusive negotiations to sell 933k FTTH BU's for €217.5M

Following the receipt of an offer, the Company entered into exclusive negotiations with an international infrastructure investor for the sale of a FTTH network comprising 933k building units ("BU's") it currently owns for a total consideration of 217.5M€. Completion of the sale would be expected to occur by the end of July 2019. Additionally, MASMOVIL would have the right to sell another c.40k BU's derived from a further densification of such network for an additional consideration of c.7.5M€.

The agreement implies that MASMOVIL keeps full ownership of the existing client base under the divested network, for which the transaction would be completely neutral (no action at the client's domicile needs to be undertaken). MASMOVIL currently has a commercial penetration in that network of c.7%.

Further details of the proposed transaction, including the identity of the buyer remain strictly confidential. Greenhill & Co. International LLP acted as independent financial advisor to MASMOVIL for the transaction.

MASMOVIL reaches a new agreement with Orange for FTTH development

Additionally, the Company has reached a new agreement with Orange Spain ("Orange") that allows MASMOVIL to acquire, before the end of the year, an Indefeasible Right of Use ("IRU") during 35 years for a total of 1 million building units ("BU's") for a price of 70M€.

The acquisition of these IRU's will have a positive impact on the profitability of MASMOVIL, as the Company obtains owner economics for the current MASMOVIL's clients located within the acquired BU's. The Company has already achieved a commercial penetration of more than 6% in this network (around 87% of the BU's included in the transaction have been already deployed by Orange).

This agreement complements the previous ones reached between the two companies since the launching of the broadband offer by the Group back in 2016.

The combination of the two transactions is positive for MASMOVIL

- The two transactions have a neutral impact on the size of MASMOVIL's own FTTH network. The Company maintains its target of 8M own FTTH BUs by the end of 2019.

The transactions are neutral also for MASMOVIL in terms of clients, while the area acquired has a slightly more positive uptake trend. They are also neutral on midterm EBITDA on a full year basis.

- The combination of the transactions generates €150M of net proceeds, resulting in a positive Cash Flow from Operations generation in 2019.
- The valuation of €233 per BU implies a total value of c.€1.5Bn for the 6.4M FTTH BU's of MASMOVIL's network

Madrid, May 7th, 2019.

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