








GRUPO
MAS
MOVIL

**Guidance Update
(2019 -2021)
&
Agreement with Orange**

October 2019

Key highlights

Positive trading
(also in Q3) and new
network
agreements
with Orange drive
guidance
upgrade for
2019-2021

-  **Orange agreements** cover all of MASMOVIL's future 5G needs, increase our cost efficient FTTH network to 13.2M BUs and generate €40m Opex savings
-  **Future CAPEX uncertainty** eliminated – 5G needs fully addressed and MASMOVIL reaches the end of its fixed and mobile network investment phase
-  **EBITDA guidance increased to €465M for 2019, €570 – 600M for 2020 and €670 – 700M for 2021**
-  Operating FCF forecasted to reach €415 – 445M by 2021, which translates into more than €2 equity FCF per share
-  **Clear visibility on deleverage profile** after having achieved our key network deployment goals

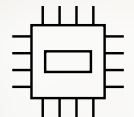
Orange agreements summary

Mobile network



- ✓ **Nation-wide NRA** extended to 2028 plus 5yr option, includes 5G and evolves to network capacity sharing model
- ✓ **5G Virtual Active Sharing** of up to 4,500 sites including top 40 cities (covering 35% of population) and 5G frequency bands without further CAPEX requirement
- ✓ **Radio As A Service option:** IRU on site-by-site basis to use all mobile technologies

FTTH network



- ✓ **Footprint expansion by 5.2M BUs** with optimized cost structure (c.50% reduction in monthly charge)
- ✓ **Hybrid economic model:** upfront CAPEX/BU c. 50% of traditional co-investment with option to get full owner economics by 2030
- ✓ **Vendor financing:** total CAPEX will be booked in 2019 with payments spread over 4 years

Orange agreements implications



Financial

€180M

Covering all CAPEX for FTTH and mobile network

€40M

Net OPEX savings run-rate¹

>20%

ROCE of the operation (excl. additional CAPEX savings)



Qualitative



All 5G functionalities available without incremental CAPEX



Future proof

Long-term network access agreement (10+ years)



Operating Leverage

Continuous margin improvement due to scale effects

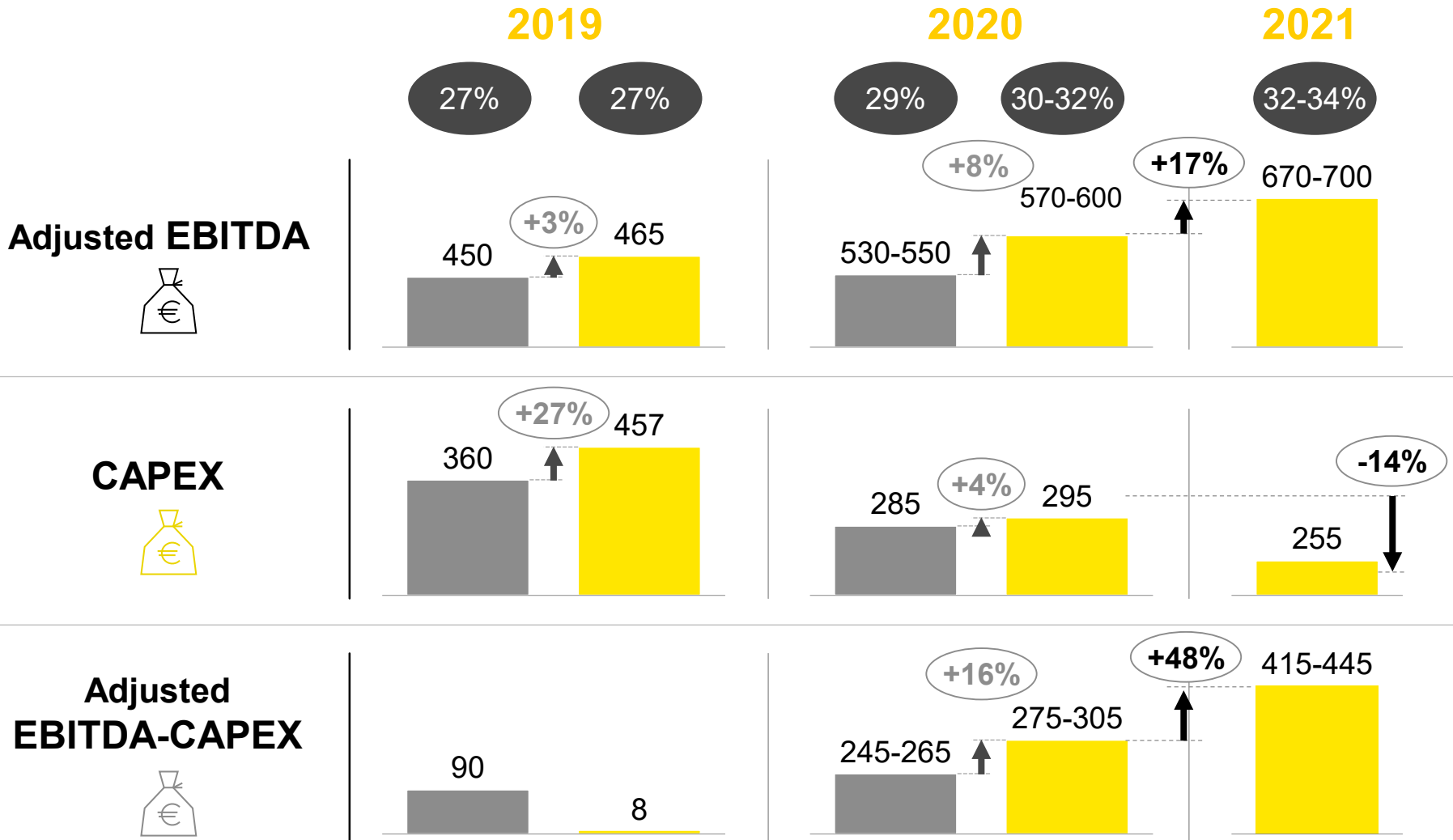
¹ 30 M€ in 2020, 40 M€ in 2021 and onwards

SOURCE: Company

Revised 2019-2021 guidance summary

Significant increase in guidance with >415M€ OpCF in 2021; €M

● EBITDA margin ■ Previous ■ Updated

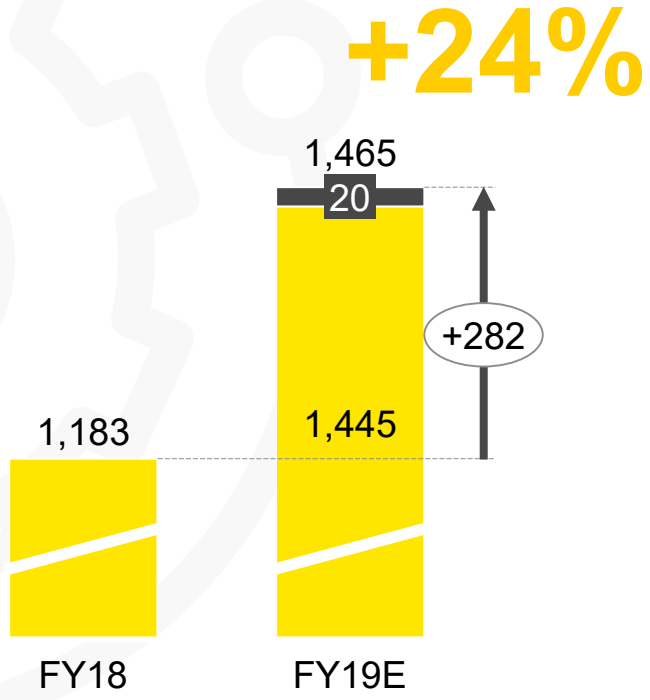


2019 Service Revenues & Adj. EBITDA Guidance

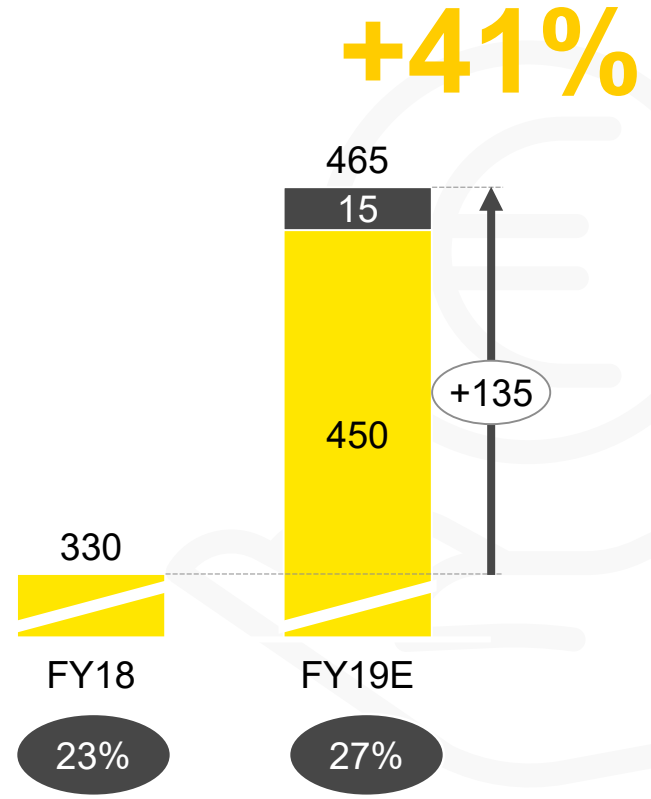
Adj. EBITDA guidance increased to 465M€; €M

■ Previous ■ Improved
● Adjusted EBITDA margin

Service Revenues



Adjusted EBITDA



2019 CAPEX

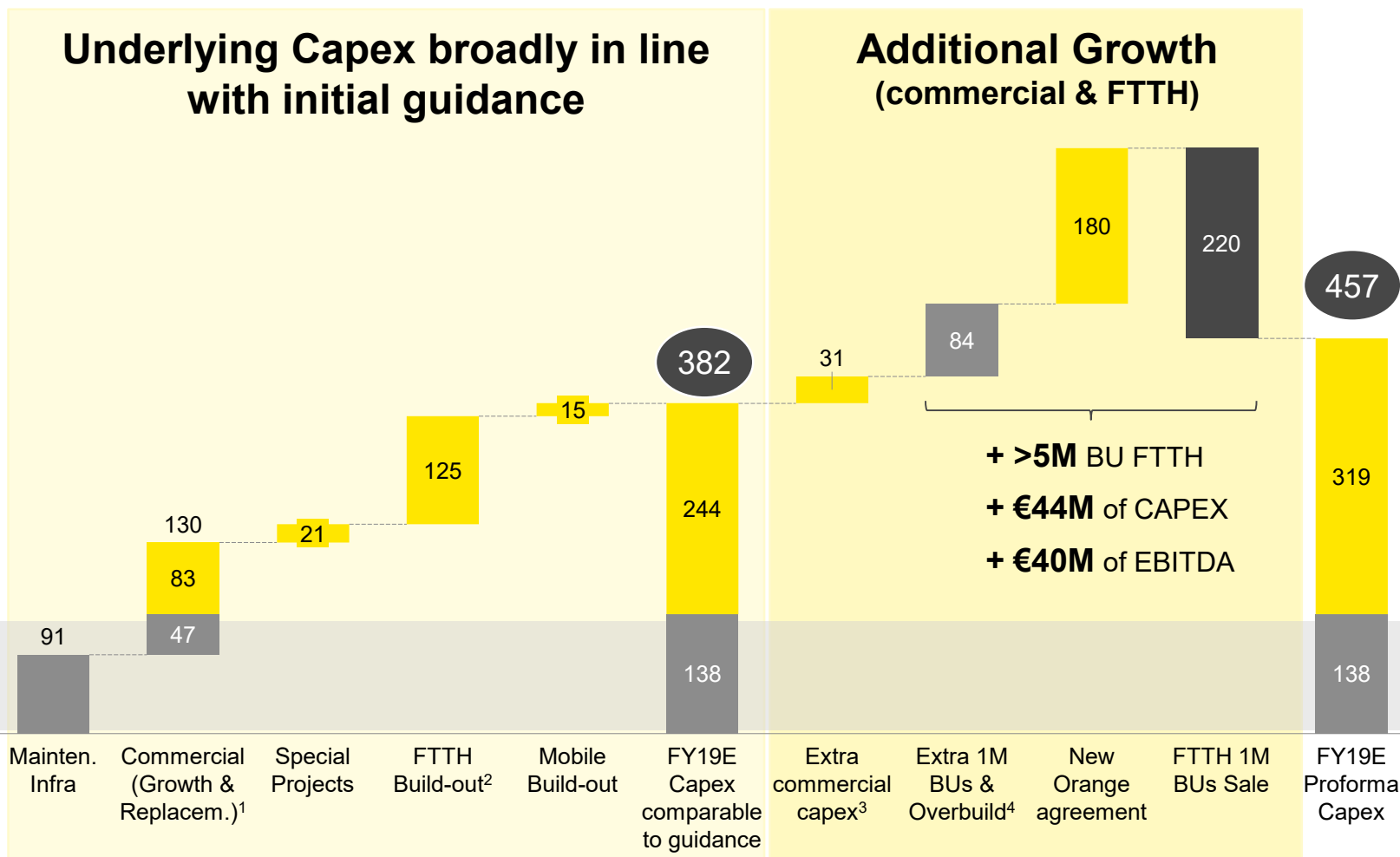
Net additional FTTH Capex of c€44M to generate €40M of annual EBITDA; €M

Underlying Capex broadly in line with initial guidance

Additional Growth (commercial & FTTH)

Growth

Maintenance



1 Based on around 400K net adds implicitly embedded within FY19 initial guidance

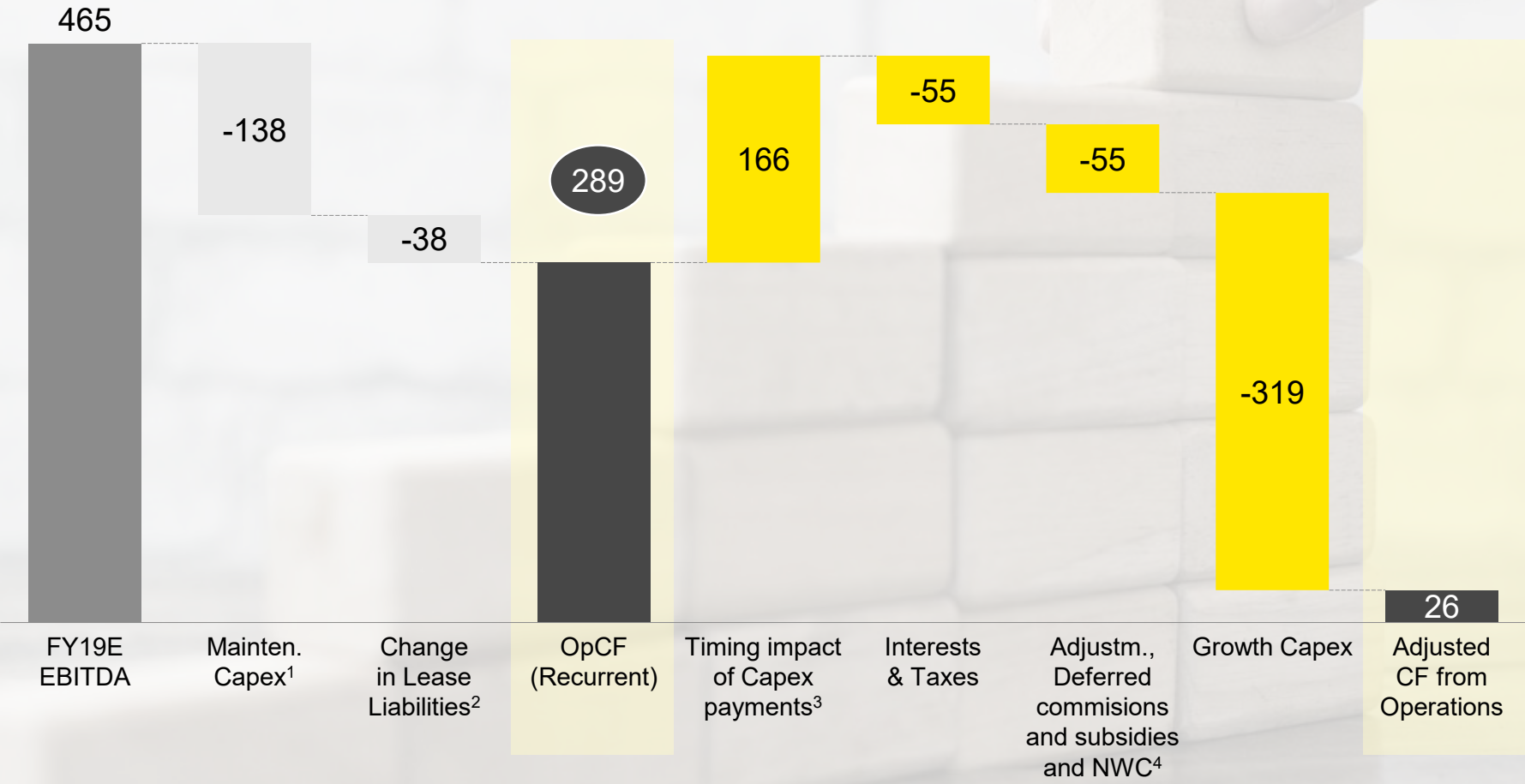
2 Based on reaching the expected own network of 8M BUs as per FY19 initial guidance

3 Extra capex driven by higher than initially expected subscriber growth (500k vs. 400k) and set-top box offering

4 1M extra BUs acquired from Orange plus 200k BU's overbuilt on top of the 8M BU's of guidance

2019 Cash Flow from Operations

MASMOVIL expects to generate positive CF from Operations in 2H19 and also in FY19; €M



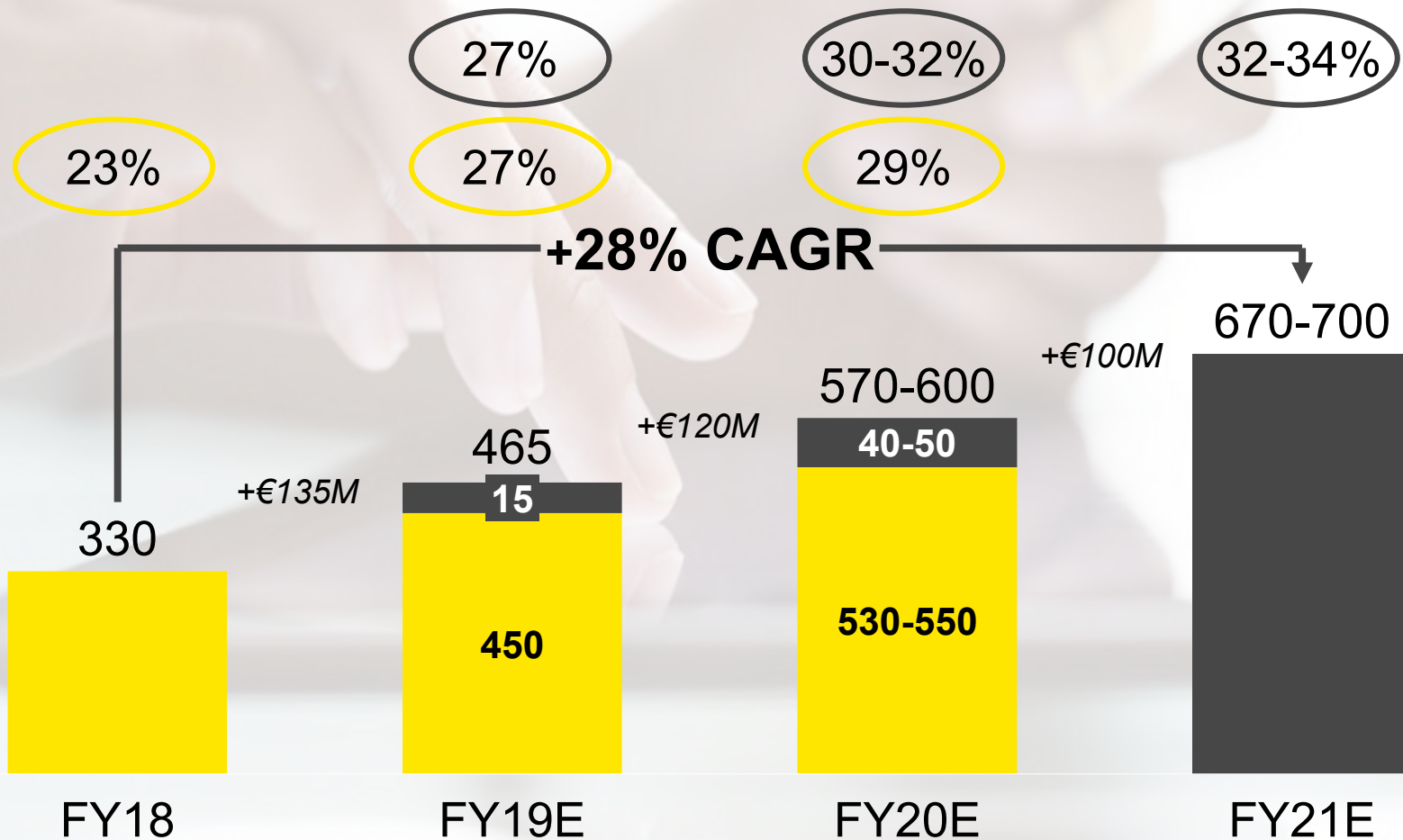
1 Includes churn related (replacement) commercial capex and maintenance infrastructure capex
 2 Including IFRS16 leases
 3 Including mostly payments of €65M deferred from 2018 and €250M Capex deferred from two new Orange agreements signed in 2019
 4 Mainly due to commissions/subsidies deferred under IFRS15

2019-21 Adjusted EBITDA¹ Guidance

Operating leverage enables to grow EBITDA margin to 32% - 34% in 2021; €M

○ Adj. EBITDA Margin

■ Previous Guidance
■ Updated Guidance



(1) FY18 is pre-IFRS16. Following years are post-IFRS16

SOURCE: Company

2019-21 Capex Outlook

Orange agreement eliminating Capex uncertainty and allowing for a declining net capex profile

○ Cost optimized FTTH Network

Updated FTTH guidance (M BUs)

13.2

14.2

14.4

ROLL OUT LARGELY COMPLETED

Previous FTTH guidance (M BUs)

6.1

8.0

9.0

Capex outlook (€M)

525

457

295

255

Growth

443

319

140

80

Maintenance¹

82

138

155

175

FY18

FY19E

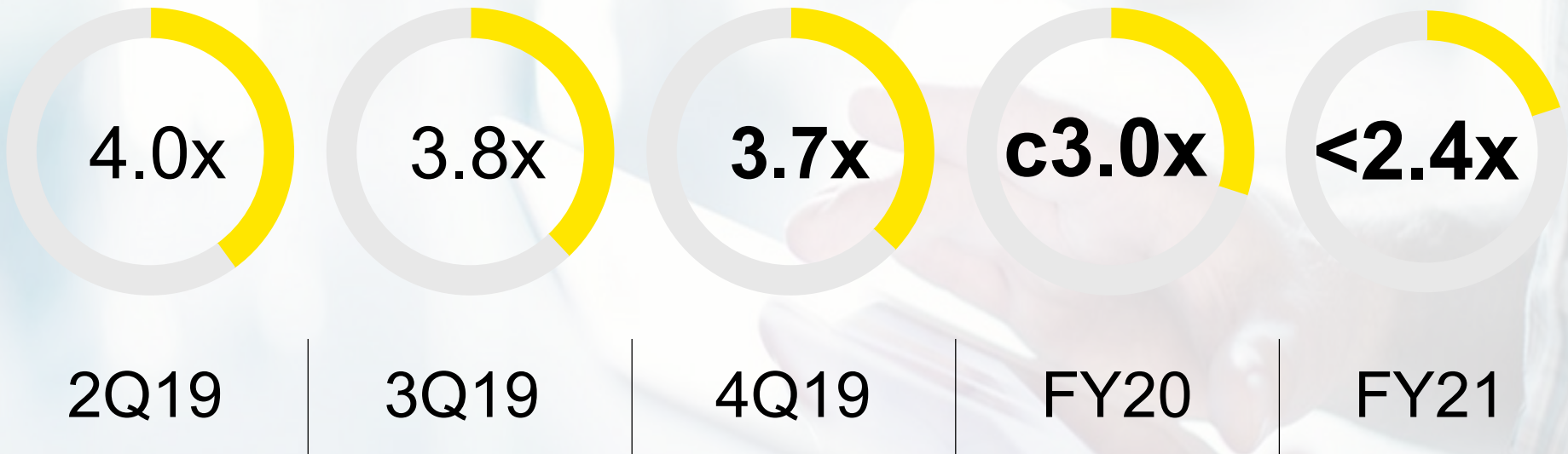
FY20E

FY21E

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

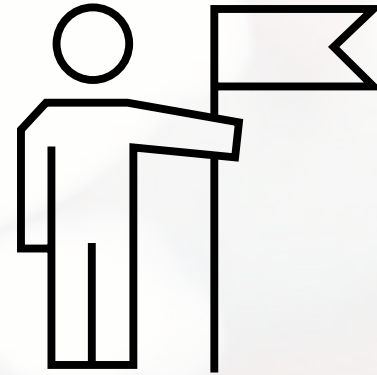
2019-2021 Clear Deleveraging Path

MASMOVIL to delever¹ to c.3x by YE 2020 and <2.4x by YE 2021



1: Based on Adj EBITDA guidance and without vendor finance for FTTH agreement into financial net debt. Including it, FY20 leverage would go up by 0.2 in FY20 and by 0.1x in FY21.
SOURCE: Company

2021 Equity Free Cash Flow Target



>€2.0

per share

Disclaimer

This document and the conference-call webcast (including the Q&A session) may contain forward-looking statements and information (hereinafter, the “Statements”) relating to MASMOVIL IBERCOM, S.A., or MASMOVIL Group (hereinafter indistinctly, “MASMOVIL”, the “Company” or the “Group”) or otherwise. These Statements may include financial forecasts and estimates based on assumptions or statements regarding plans, objectives and expectations that make reference to different matters, such as the customer base and its evolution, growth of the different business lines and of the global business, market share, possible acquisitions, divestitures or other transactions, Company’s results and other aspects related to the activity and situation of the Company.

The Statements can be identified, in certain cases, through the use of words such as “forecast”, “expectation”, “anticipation”, “aspiration”, “purpose”, “estimates”, “plan” or similar expressions or variations of such expressions. These Statements reflect the current views of MASMOVIL with respect to future events, do not represent, by their own nature, any guarantee of future fulfilment, and are subject to risks and uncertainties that could cause the final developments and results to materially differ from those expressed or implied by such Statements. These risks and uncertainties include those identified in the documents containing more comprehensive information filed by MASMOVIL before the different supervisory authorities of the securities markets in which its shares are listed and, in particular, the Spanish National Securities Market Commission.

Except as required by applicable law, MASMOVIL does not assume any obligation to publicly update the Statements to adapt them to events or circumstances taking place after the date hereof, including changes in the Company's business or business development strategy or any other unexpected circumstance.

This document and the conference-call (including the Q&A session) may contain summarized, non-audited or non-GAAP financial information. The information contained herein and therein should therefore be considered as a whole and in conjunction with all the public information regarding the Company available, including any other documents released by the Company that may contain more detailed information.

Neither this document nor the conference-call (including the Q&A session) nor any of their contents constitute an offer to purchase, sale or exchange any security, a solicitation of any offer to purchase, sale or exchange of any security, or a recommendation or advice regarding any security.