



FY2019 Results

February 25th, 2020



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| Main operating and financial KPIs significantly improved in the year

Operating KPIs (FY19 vs FY18)

+8.8k

Mass Market fixed customers net adds¹

+17.7k

Broadband net adds

+46.9k

Postpaid mobile net adds

Customer base grows in the year after two years of losses

Service take up drives convergence in the customer base

Financials (FY19 vs FY18)

-0.9%

Revenue
(YoY growth)

+2.4%

EBITDA
(YoY growth)

+4.0%

OpCF
(YoY growth)

Efficient cost and capex management initiatives drives profitability and higher cash generation

1. Mass market fixed subs = residential fixed subs + SOHO fixed subs (exc. only mobile subs)



| All assets in place for **national expansion**



Efficient unified operational platform: One business, 3 brands



Wholesale network agreements renewed with improved conditions



Agreement to use Virgin brand signed



National expansion business plan to be published next March 10th, 2020

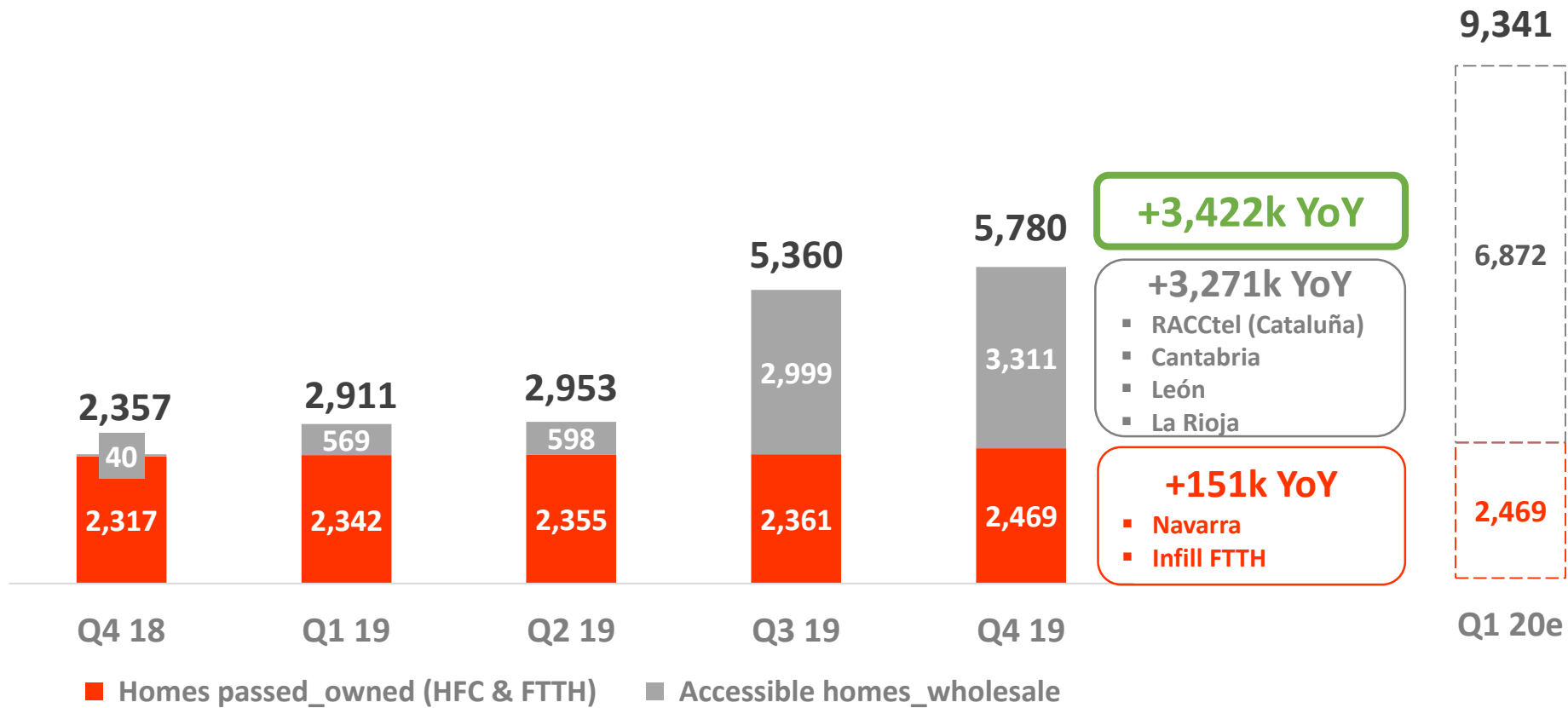


Operating review



Rapid extension of accessible footprint delivers customer growth opportunities

Current footprint (in thousand households)



+3,422k YoY

+3,271k YoY

- RACctel (Cataluña)
- Cantabria
- León
- La Rioja

+151k YoY

- Navarra
- Infill FTTH

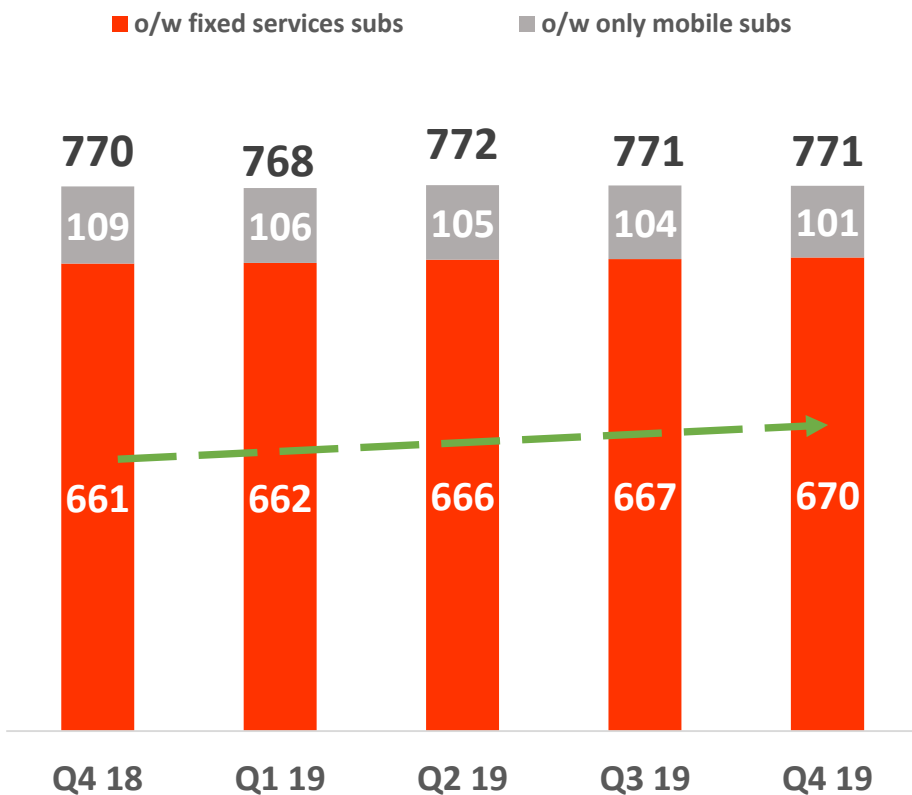
~18m
households
estimated by Q2
2020

Addressable footprint **multiplies** with the addition of accessible households through the Orange agreement and Telefonica's regulated footprint

The company returns to full-year customer growth

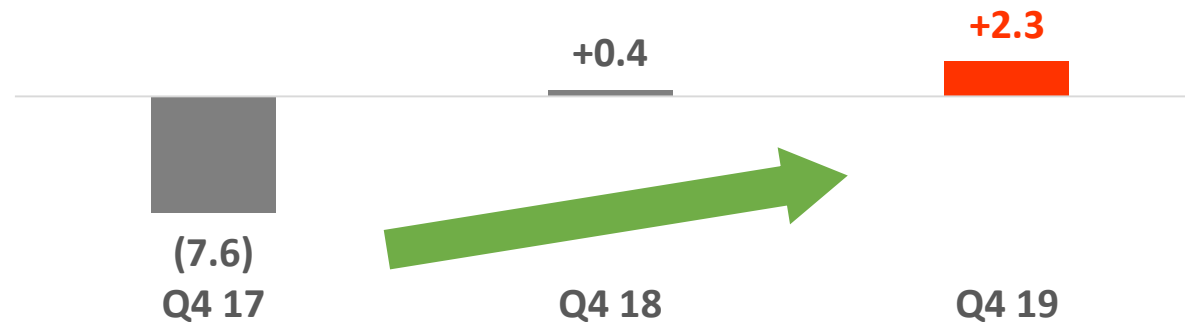


Mass market subscribers¹ (in thousands)

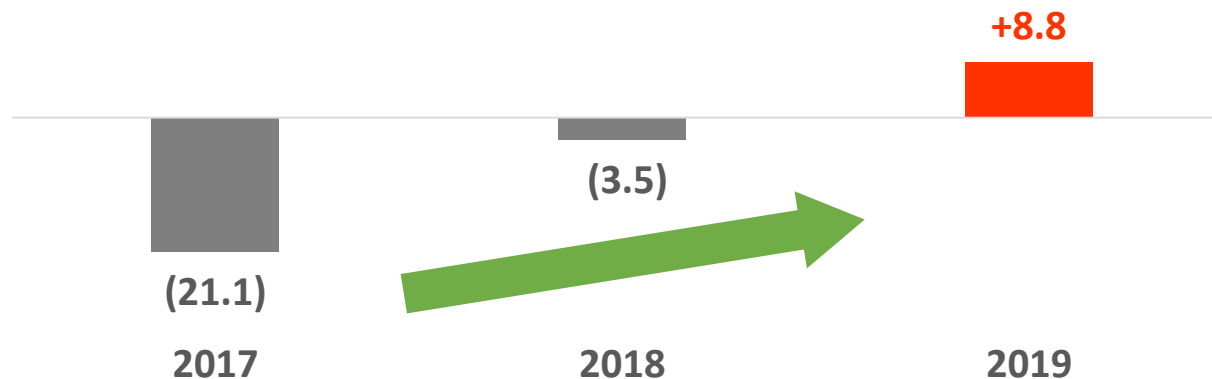


1. Mass market subs = residential subs + SOHO subs + RACC only mobile subs

Mass market fixed net adds per quarter (in thousands)



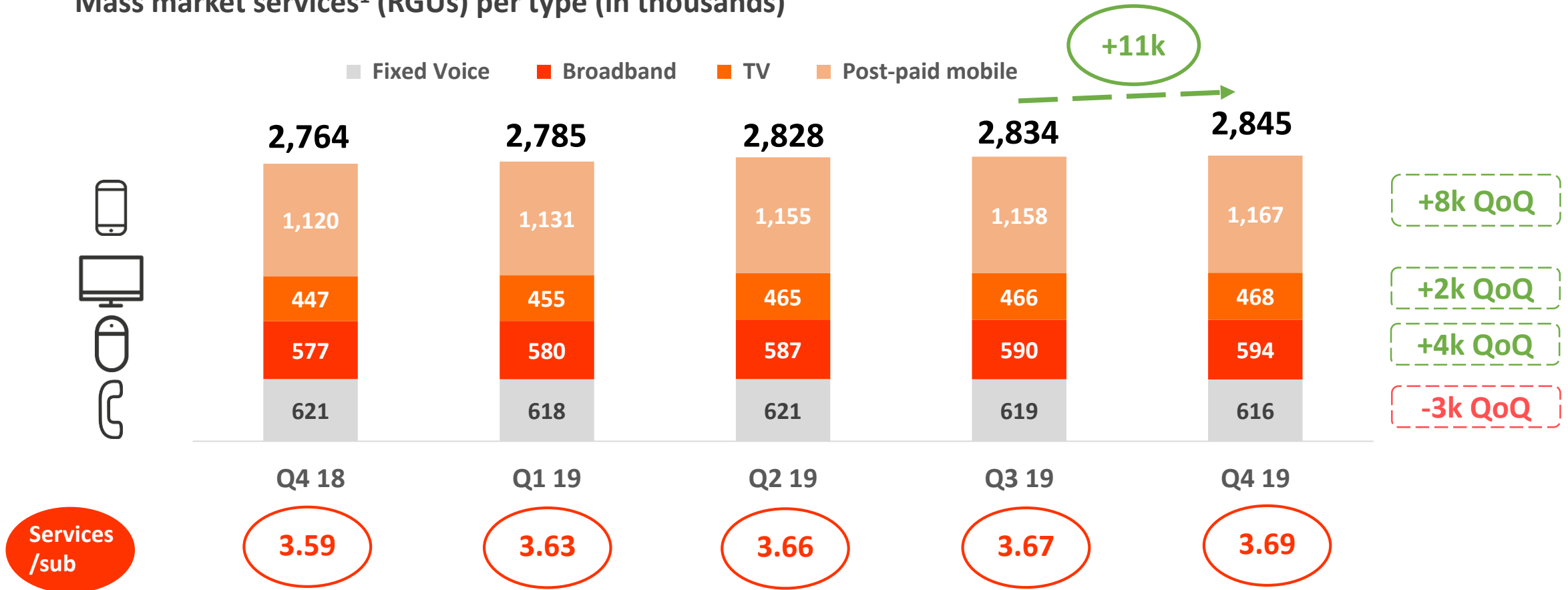
Mass market fixed net adds per year (in thousands)



Increased service penetration drives a convergent customer base

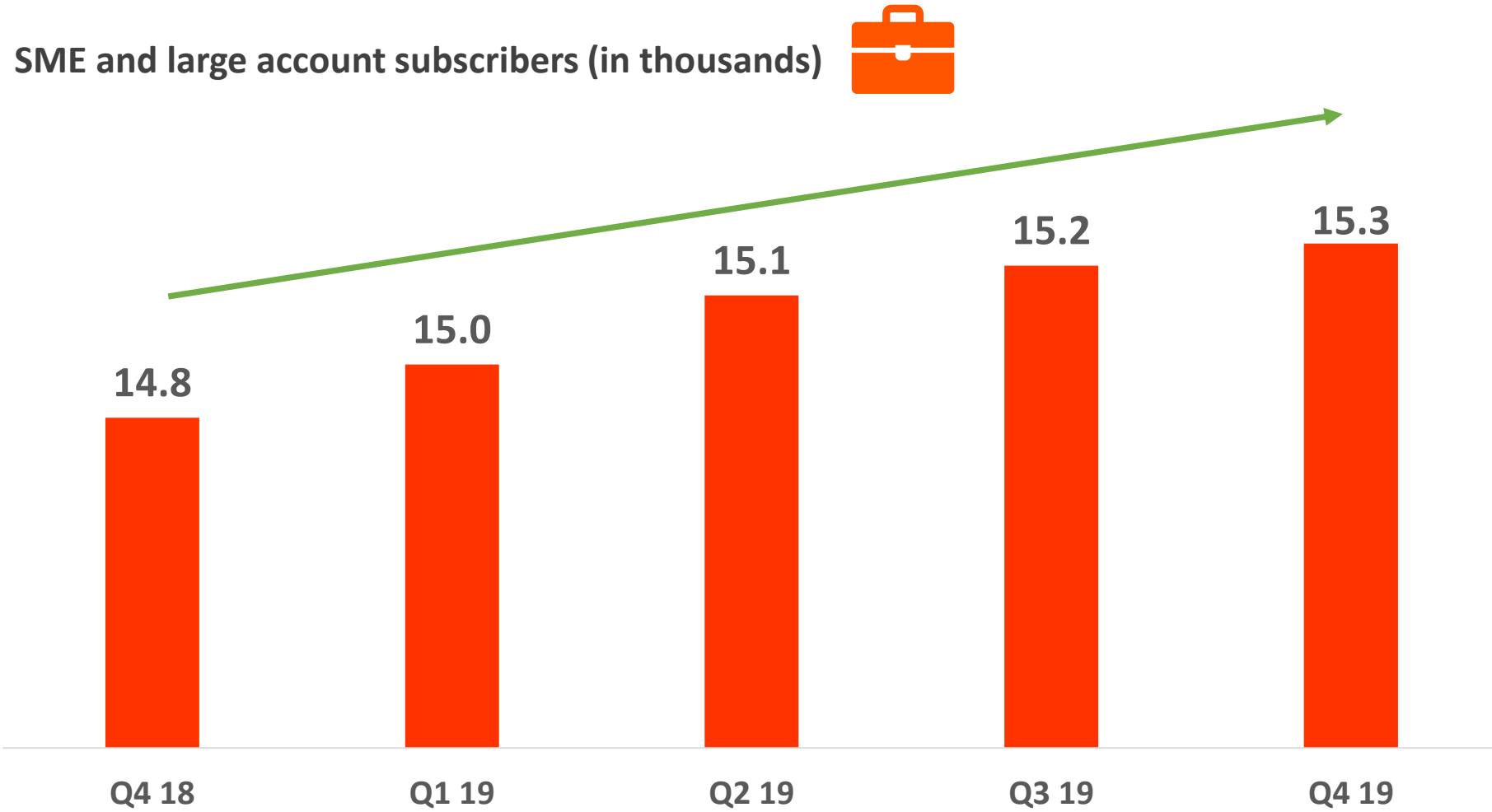
Broadband, mobile and TV services increase by 11k in the quarter

Mass market services¹ (RGUs) per type (in thousands)



1. Mass market services = residential services + SOHO services + RACC only mobile services

| SME and large accounts customer growth continues on a positive trend

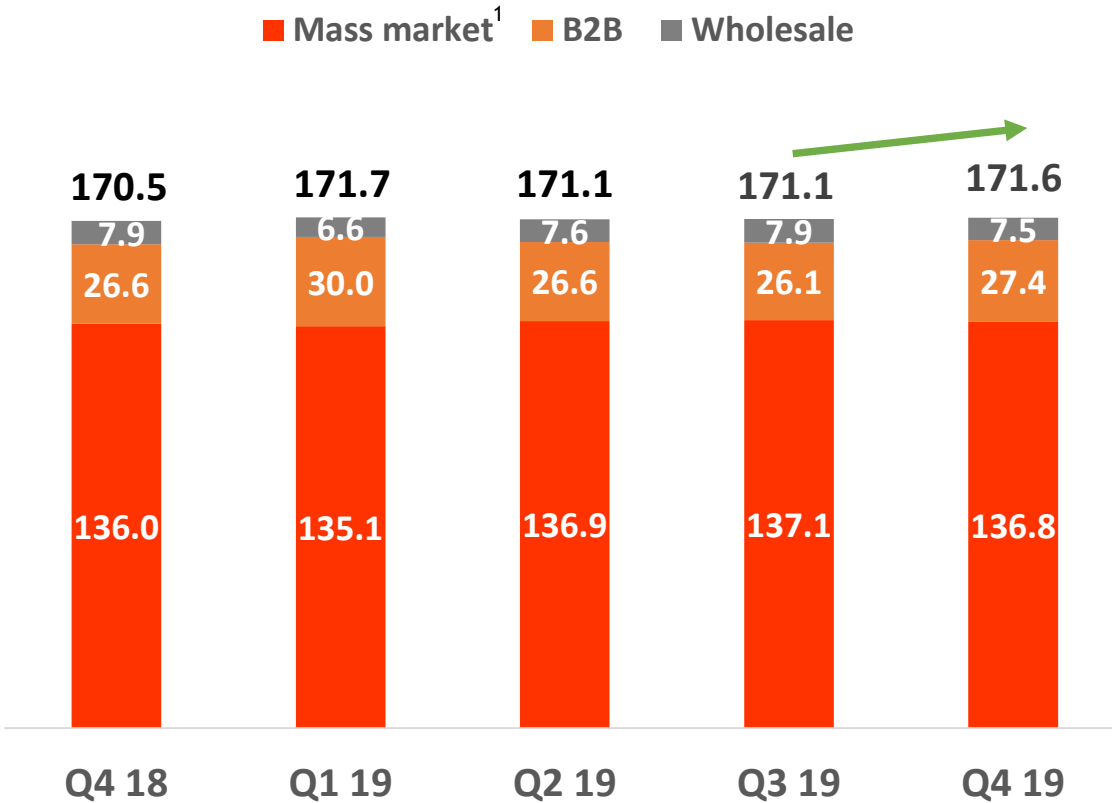


Financial review

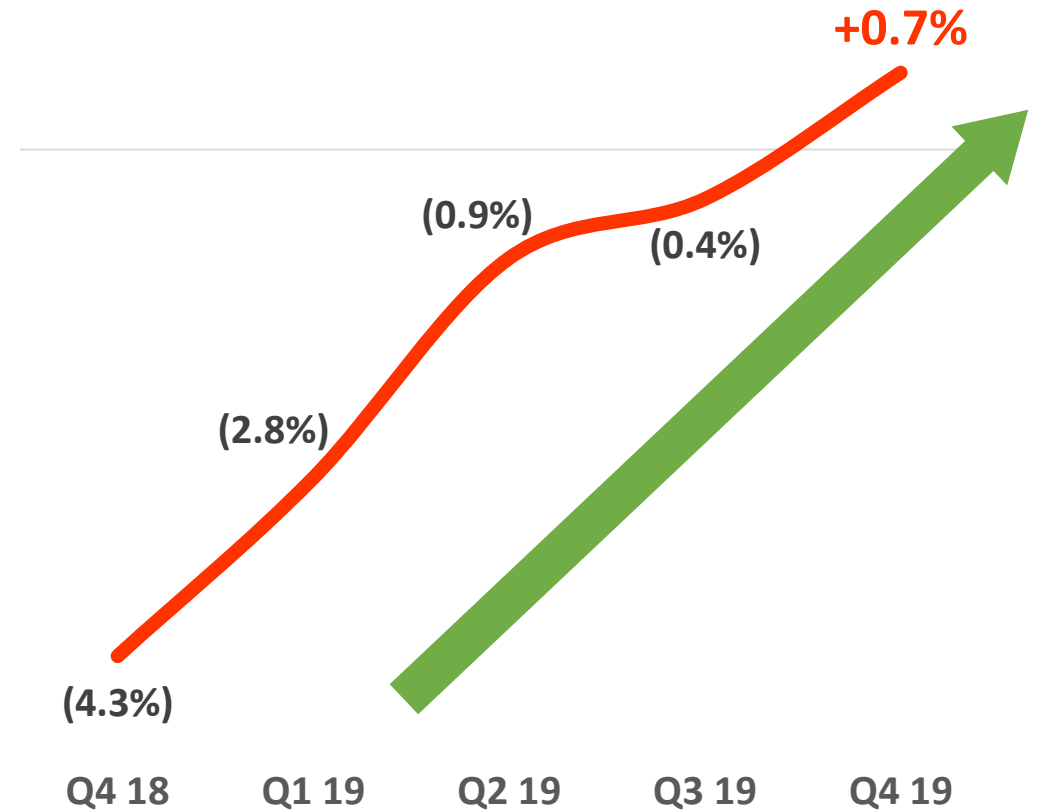


Customer growth drives revenue back to **positive growth in the quarter**

Total revenue breakdown by segment (EURm)



Total revenue evolution YoY (%)

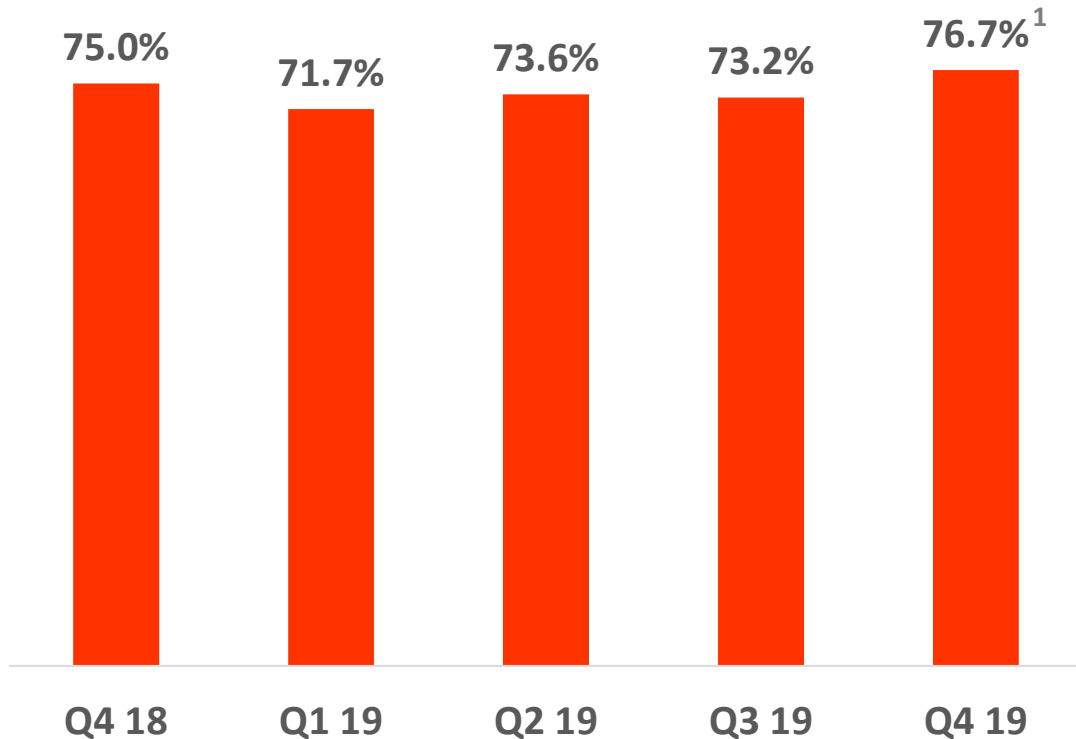


1. Mass market revenue = residential revenue + SOHO revenue + RACC only mobile revenue

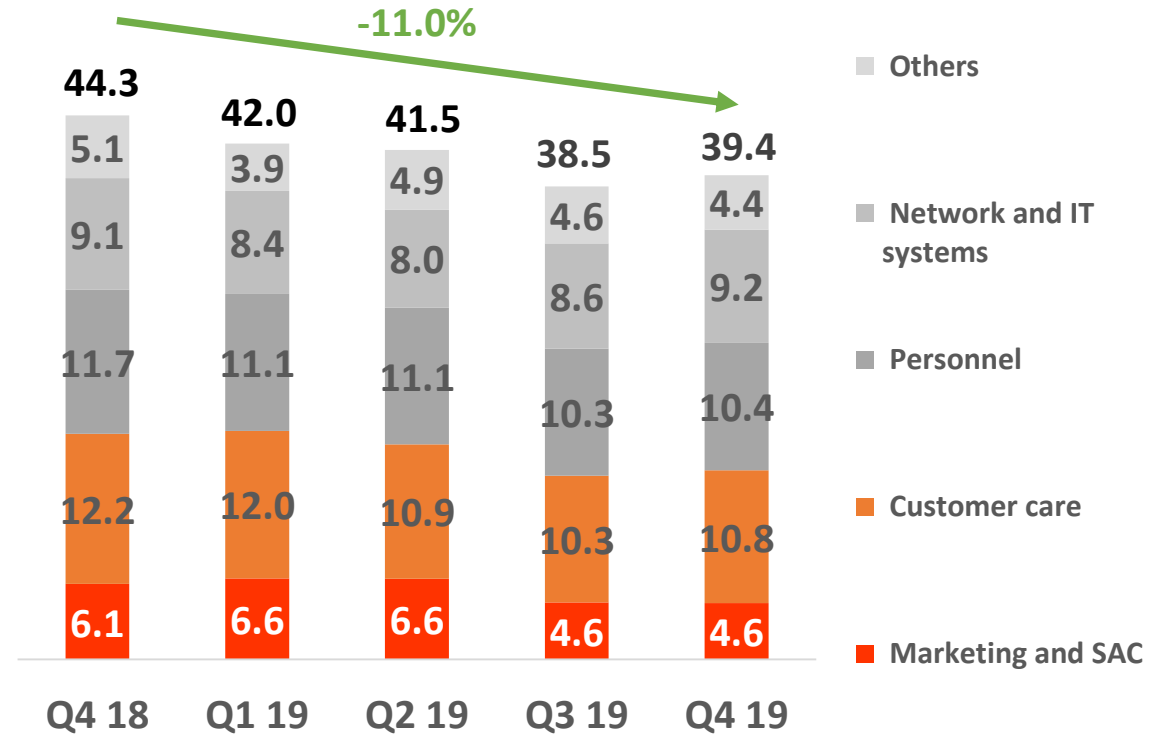


Operating efficiencies allow for a **significant SG&A reduction** in the year

Gross margin (% over revenue)



Selling, general and administrative expenses (EURm)

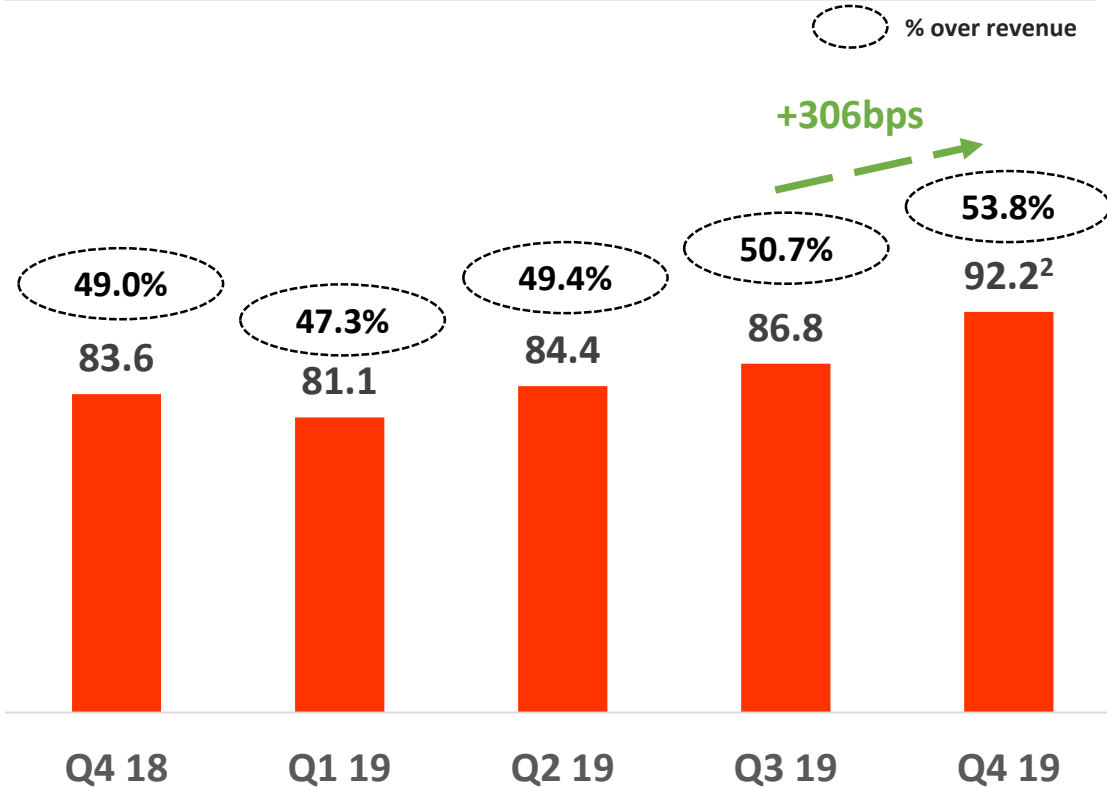


1. Gross margin includes €6.9 million of one-offs mainly from the renewal of the Orange wholesale agreement

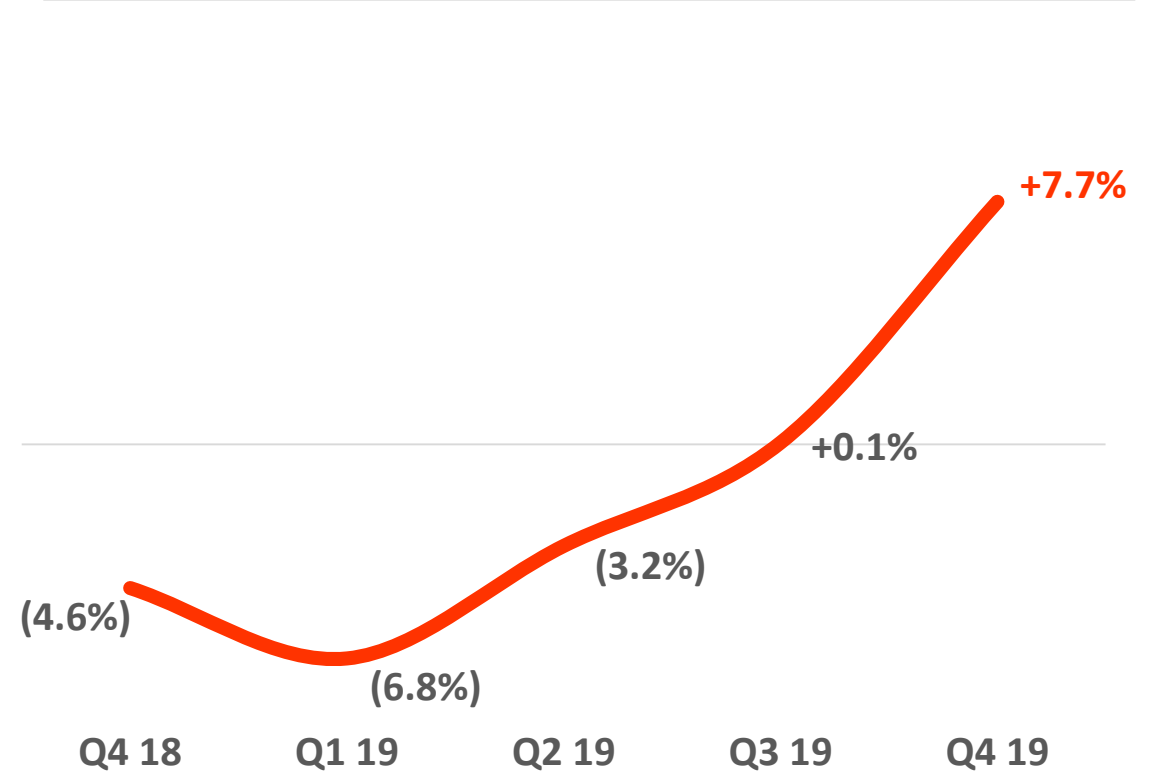


EBITDA continues on a positive trend and posts a second quarter of **positive growth**

EBITDA¹ (EURm)



Total EBITDA evolution³ YoY (%)



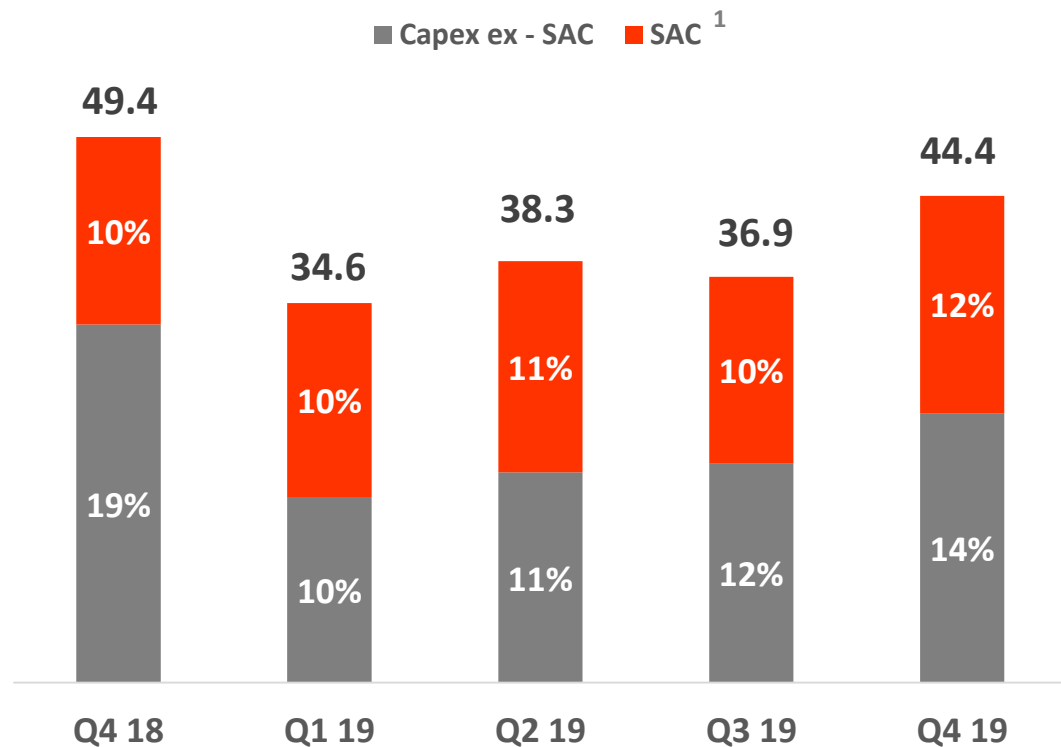
1. EBITDA definition as per 'alternative performance measures': EBIT + depreciation and amortization +/- impairment + other non recurrent results
2. EBITDA includes €6.9 million of one-offs mainly from the renewal of the Orange wholesale agreement

3. EBITDA evolution excluding the impact of IFRS 16 (€10.1m in the year) from the comparison

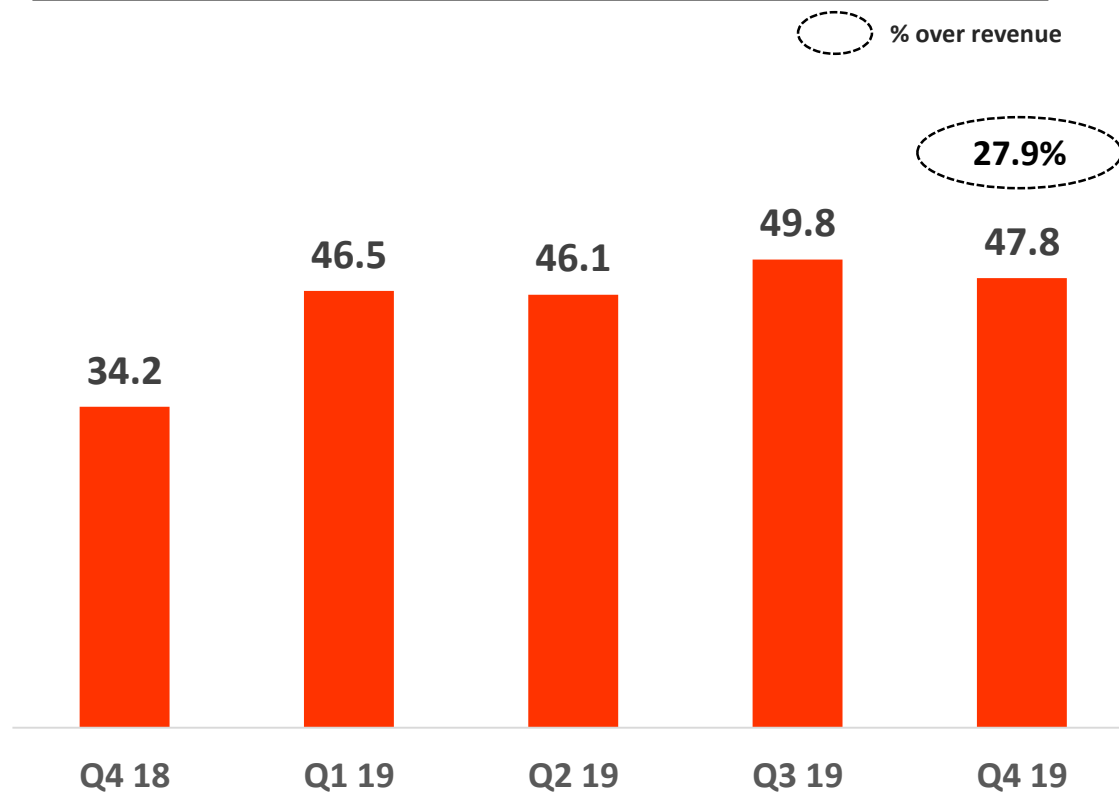


| Cash flow generation grows more than 4% in 2019 vs 2018

Capex (EURm and as % of revenue)



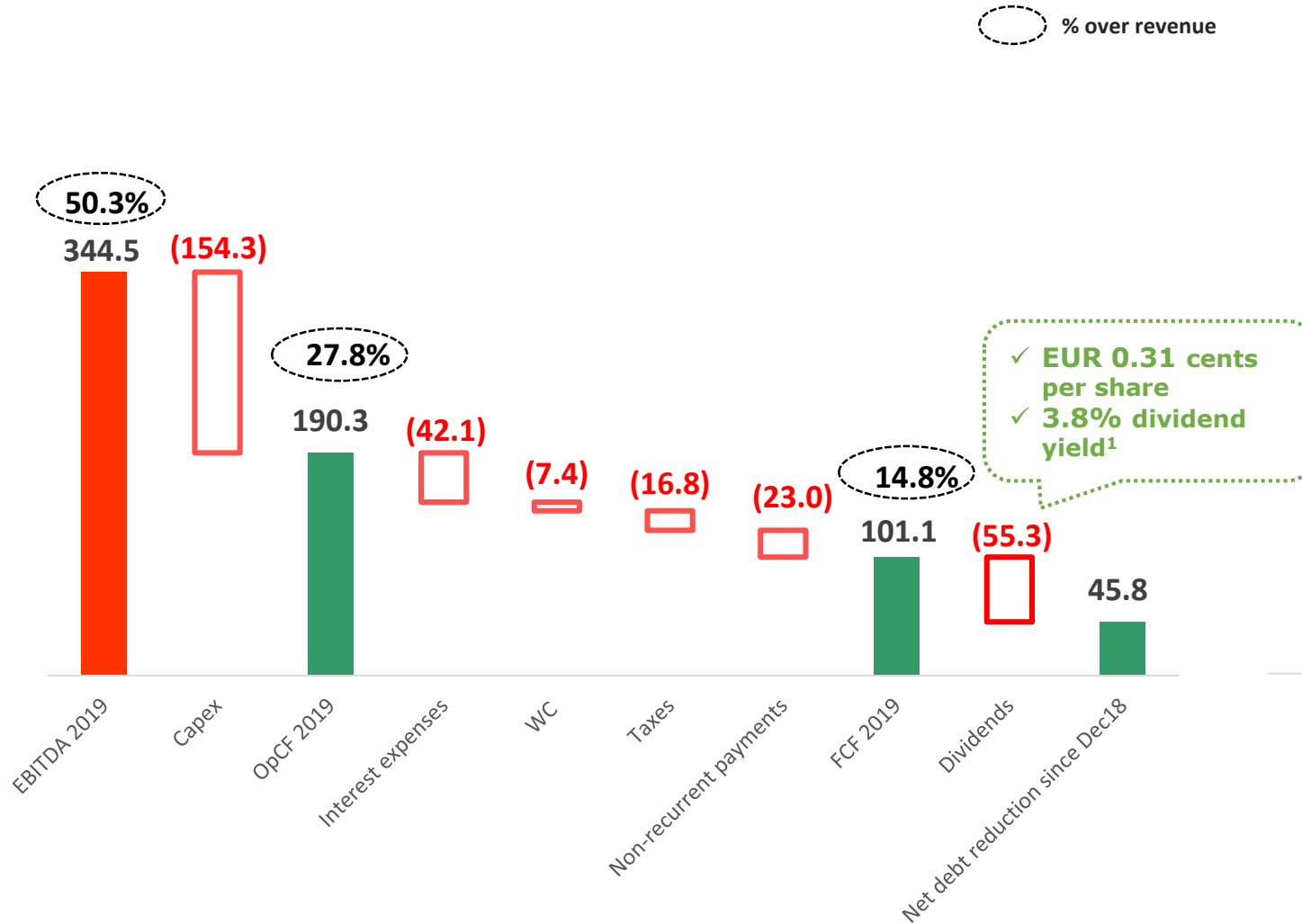
OpCF (EBITDA – capex) (EURm)



1. SAC capex includes commercial costs and customer equipment

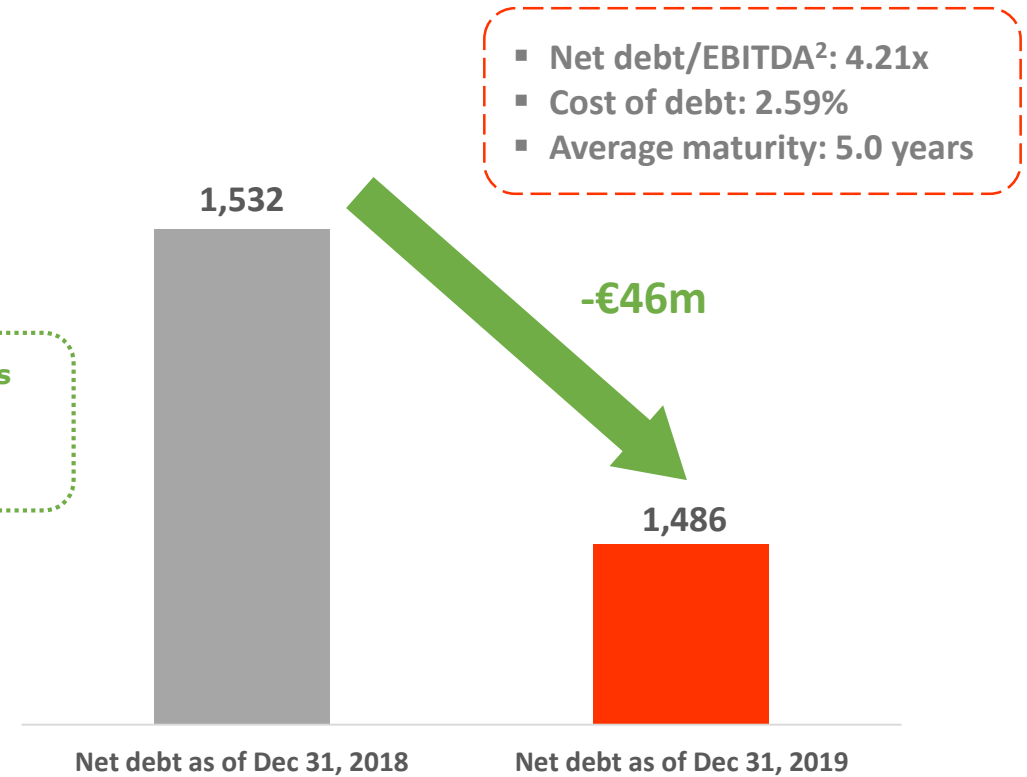
Cash generation allows for **significant debt reduction** in the year

2019 cash allocation (EURm)



1. Dividend yield on the volume weighted share price FY 2019

2019 net debt (EURm)



2. EBITDA adjusted by identified potential synergies



| 2019 has been a **year of achievements** for the company



Operational improvements being implemented and delivering results



First year in the last three of **customer base growth**



Revenue and EBITDA are back to quarterly year-on-year growth



Improved EBITDA and stable capex drive **strong cash flow generation**



Continued **deleveraging path** as a result of cash generation



All assets are in place for the launch of **national expansion**



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Q&A



Grupo Euskaltel

Appendix

Euskaltel Group FY2019 consolidated results and KPIs



Euskaltel Group consolidated - KPIs (i/iii)

Mass market		Annual		Quarterly							
KPIs	Unit	2018	2019	Q1 18	Q2 18	Q3 18	Q4 18	Q1 19	Q2 19	Q3 19	Q4 19
Homes passed_owned (HFC & FTTH)	#	2,317,385	2,468,822	2,222,026	2,230,073	2,268,286	2,317,385	2,341,655	2,355,173	2,360,891	2,468,822
Accessible homes_wholesale	#	39,938	3,310,812			38,476	39,938	569,092	598,061	2,999,183	3,310,812
Mass market subs ¹	#	770,143	771,074	777,141	778,132	772,298	770,143	767,863	771,855	771,376	771,074
o/w fixed services subs	#	660,914	669,671	663,949	666,281	660,487	660,914	661,950	666,492	667,376	669,671
o/w only mobile subs	#	109,229	101,403	113,192	111,851	111,811	109,229	105,913	105,363	104,000	101,403
Total services (RGUs) ²	#	2,764,099	2,845,271	2,730,720	2,765,593	2,743,941	2,764,099	2,784,519	2,827,928	2,833,873	2,845,271
Fixed Voice	#	620,857	615,781	633,208	633,432	622,942	620,857	618,245	621,213	619,046	615,781
Broadband	#	576,720	594,393	573,125	577,657	573,613	576,720	580,329	586,978	590,077	594,393
TV	#	446,664	468,333	427,457	437,595	436,517	446,664	454,992	464,848	466,273	468,333
Post-paid mobile	#	1,119,858	1,166,764	1,096,930	1,116,909	1,110,869	1,119,858	1,130,953	1,154,889	1,158,477	1,166,764
Services (RGUs) per subscriber	#	3.59	3.69	3.51	3.55	3.55	3.59	3.63	3.66	3.67	3.69
Global ARPU fixed customers (quarterly standalone)	€/month	60.98	60.46	61.42	60.76	61.30	60.43	60.33	60.35	60.72	60.42

SMEs and Large Accounts		Annual		Quarterly							
KPIs	Unit	2018	2019	Q1 18	Q2 18	Q3 18	Q4 18	Q1 19	Q2 19	Q3 19	Q4 19
Customers	#	14,827	15,263	14,728	14,785	14,801	14,827	14,960	15,133	15,208	15,263

1. Mass market subs = residential subs + SOHO subs + RACC only mobile subs
2. Mass market services = residential services + SOHO services + RACC only mobile services



Euskaltel Group consolidated – Consolidated financials (ii/iii)

Profit and Loss Statement		Annual		Quarterly							
	Unit	2018	2019	Q1 18	Q2 18	Q3 18	Q4 18	Q1 19	Q2 19	Q3 19	Q4 19
Total revenue	€m	691.6	685.5	176.6	172.7	171.9	170.5	171.7	171.1	171.1	171.6
Y-o-y change	%	-2.2%	-0.9%	0.4%	-2.0%	-2.7%	-4.3%	-2.8%	-0.9%	-0.4%	0.7%
o/w Mass market revenue ¹	€m	550.0	545.8	138.4	137.7	137.8	136.0	135.1	136.9	137.1	136.8
Y-o-y change	%	-3.7%	-0.7%	-3.0%	-3.6%	-4.0%	-4.2%	-2.4%	-0.6%	-0.5%	0.5%
o/w B2B revenue	€m	109.0	110.0	28.6	27.5	26.3	26.6	30.0	26.6	26.1	27.4
Y-o-y change	%	3.5%	0.9%	9.5%	4.9%	2.8%	-3.0%	4.7%	-3.4%	-0.6%	2.8%
o/w Wholesale and Other revenue	€m	32.6	29.6	9.6	7.5	7.8	7.9	6.6	7.6	7.9	7.5
Y-o-y change	%	6.4%	-9.3%	33.8%	2.8%	3.7%	-10.5%	-31.2%	2.2%	1.8%	-4.7%
Gross margin	€m	511.9	505.8	127.8	131.1	125.2	127.9	123.1	125.9	125.2	131.6
% of total revenue	%	74.0%	73.8%	72.4%	75.9%	72.8%	75.0%	71.7%	73.6%	73.2%	76.7%
Selling, General & Admin. Expenses (SG&A)	€m	(175.5)	(161.3)	(43.6)	(46.6)	(41.1)	(44.3)	(42.0)	(41.5)	(38.5)	(39.4)
o/w marketing and SAC	€m	(23.8)	(22.4)	(5.3)	(6.5)	(5.8)	(6.1)	(6.6)	(6.6)	(4.6)	(4.6)
o/w customer care	€m	(48.5)	(44.1)	(11.9)	(12.2)	(12.1)	(12.2)	(12.0)	(10.9)	(10.3)	(10.8)
o/w personnel	€m	(45.5)	(42.9)	(11.3)	(11.2)	(11.3)	(11.7)	(11.1)	(11.1)	(10.3)	(10.4)
o/w network and IT systems	€m	(37.9)	(34.1)	(10.9)	(11.1)	(6.8)	(9.1)	(8.4)	(8.0)	(8.6)	(9.2)
o/w others	€m	(19.8)	(17.8)	(4.2)	(5.5)	(5.0)	(5.1)	(3.9)	(4.9)	(4.6)	(4.4)
Adjusted EBITDA	€m	336.4	344.5	84.2	84.5	84.1	83.6	81.1	84.4	86.8	92.2
% of total revenue	%	48.6%	50.3%	47.7%	49.0%	48.9%	49.0%	47.3%	49.4%	50.7%	53.8%
Y-o-y change	%	-1.3%	2.4%	0.3%	-0.8%	0.0%	-4.6%	-3.7%	-0.1%	3.2%	10.4%
Depreciation and Amortization	€m	(194.8)	(202.7)	(48.8)	(50.6)	(48.2)	(47.2)	(50.2)	(51.0)	(51.1)	(50.4)
Extraordinary items	€m	(11.8)	(21.0)	(2.9)	(3.6)	(1.4)	(3.8)	(2.9)	(7.6)	(5.2)	(5.3)
Net financial expenses	€m	(48.2)	(49.3)	(12.9)	(11.3)	(11.9)	(12.1)	(12.6)	(12.1)	(12.4)	(12.1)
Net profit before taxes	€m	81.7	71.5	19.5	19.0	22.6	20.5	15.4	13.7	18.0	24.4
Taxes	€m	(18.9)	(9.5)	(4.9)	(4.8)	(4.9)	(4.3)	(3.4)	(2.8)	1.0	(4.3)
NET PROFIT	€m	62.8	62.0	14.6	14.2	17.7	16.3	11.9	11.0	19.0	20.1

1. Mass market revenue = residential revenue + SOHO revenue + RACC only mobile revenue



Euskaltel Group consolidated – Consolidated financials (iii/iii)

Cash Flow Statement		Annual		Quarterly							
	Unit	2018	2019	Q1 18	Q2 18	Q3 18	Q4 18	Q1 19	Q2 19	Q3 19	Q4 19
EBITDA	€m	336,4	344,5	84,2	84,5	84,1	83,6	81,1	84,4	86,8	92,2
Capex	€m	(153,5)	(154,3)	(33,9)	(34,0)	(36,1)	(49,4)	(34,6)	(38,3)	(36,9)	(44,4)
% of total revenue	%	-22,2%	-22,5%	-19,2%	-19,7%	-21,0%	-29,0%	-20,2%	-22,4%	-21,6%	-25,9%
Operating Cash Flow	€m	182,9	190,3	50,3	50,5	48,0	34,2	46,5	46,1	49,8	47,8
% of total revenue	%	26,4%	27,8%	28,5%	29,3%	27,9%	20,0%	27,1%	27,0%	29,1%	27,9%
Interests	€m	(40,0)	(42,1)	(8,3)	(11,8)	(10,6)	(9,3)	(12,3)	(9,3)	(11,4)	(9,1)
Working Capital	€m	11,9	-7,4	(15,6)	2,1	0,0	25,5	(32,0)	15,2	1,1	8,4
Taxes	€m	(15,1)	(16,8)	5,7	(3,2)	(7,6)	(9,9)	(6,8)	(2,6)	(1,0)	(6,4)
Others	€m	(15,8)	(23,0)	(7,9)	(4,0)	(2,2)	(1,7)	(5,9)	(7,7)	(5,3)	(4,2)
Free Cash Flow	€m	124,0	101,1	24,3	33,6	27,5	38,6	(10,5)	41,8	33,3	36,5
Dividends	€m	(49,6)	(55,3)	(22,7)	-	(26,9)	-	(25,0)	-	(30,3)	-
Net debt variation	€m	74,4	45,8	1,6	33,6	0,6	38,6	(35,5)	41,8	3,0	36,5
NET DEBT	€m	1.532,1	1.486,3	1.604,9	1.571,3	1.570,7	1.532,1	1.567,5	1.525,8	1.522,8	1.486,3

Balance Sheet		Annual		Quarterly							
	Unit	2018	2019	Q1 18	Q2 18	Q3 18	Q4 18	Q1 19	Q2 19	Q3 19	Q4 19
Non-current Assets	€m	2.721,0	2.749,0	2.748,7	2.737,1	2.725,1	2.721,0	2.779,1	2.765,1	2.754,5	2.749,0
Intangible assets	€m	1.335,7	1.324,2	1.345,8	1.338,6	1.337,5	1.335,7	1.332,7	1.329,5	1.324,9	1.324,2
Tangible assets	€m	1.252,4	1.288,8	1.268,8	1.259,4	1.248,7	1.252,4	1.312,2	1.302,7	1.292,9	1.288,8
Financial assets	€m	7,8	8,9	7,6	8,5	8,3	7,8	9,1	9,0	8,4	8,9
Deferred tax assets	€m	125,1	127,1	126,5	130,6	130,7	125,1	125,1	123,8	128,3	127,1
Current Assets	€m	177,7	168,2	141,1	145,3	164,4	177,7	144,1	149,5	158,8	168,2
Inventories	€m	6,0	4,2	4,5	4,3	4,0	6,0	5,7	6,4	6,1	4,2
Trade and other receivables	€m	64,3	65,8	76,6	70,2	65,6	64,3	66,6	62,5	71,4	65,8
Cash and cash equivalents	€m	107,4	98,2	60,0	70,9	94,8	107,4	71,8	80,6	81,3	98,2
TOTAL ASSETS	€m	2.898,7	2.917,3	2.889,8	2.882,4	2.889,5	2.898,7	2.923,3	2.914,6	2.913,4	2.917,3
Total Shareholders' Equity	€m	974,9	982,0	978,7	966,3	983,5	974,9	987,3	967,9	986,8	982,0
Non-current Liabilities	€m	1.562,2	1.533,9	1.695,0	1.592,4	1.675,3	1.562,2	1.619,7	1.554,7	1.558,6	1.533,9
Long term debt	€m	1.447,3	1.369,0	1.579,8	1.482,9	1.565,1	1.447,3	1.444,9	1.388,5	1.390,1	1.369,0
Provisions	€m	-	-	1,3	-	-	-	-	-	-	-
Other non-current liabilities	€m	114,9	164,9	114,0	109,5	110,2	114,9	174,8	166,2	168,5	164,9
Current Liabilities	€m	361,6	401,4	216,1	323,7	230,7	361,6	316,3	392,0	367,9	401,4
Short term debt	€m	154,1	195,3	67,5	126,8	68,9	154,1	154,4	185,5	192,1	195,3
Trade and other payables	€m	207,5	206,1	148,6	196,9	161,8	207,5	161,9	206,5	175,8	206,1
Total Liabilities	€m	1.923,8	1.935,3	1.911,1	1.916,1	1.906,0	1.923,8	1.936,0	1.946,7	1.926,5	1.935,3
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	€m	2.898,7	2.917,3	2.889,8	2.882,4	2.889,5	2.898,7	2.923,3	2.914,6	2.913,4	2.917,3

