

GRUPO MAS MOVIL

Earnings Presentation – 2Q20

July 28th 2020

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MASMOVIL – 2Q20 Key Highlights

Growth momentum continues and 2020-21 guidance is confirmed



Growth momentum continues in 2Q20 despite restrictions from lockdown



Service Revenues of **€416M** (+18% YoY)



EBITDA of **€143** (+28% YoY) and EBITDA margin of 32% (+5pp YoY)



1.7M Broadband lines and 10.7M total lines
Net adds of **108k** in **BB** and **153k** in **mobile postpaid** in **2Q20**






Fiber footprint reaches **25.2M** BUs
Own/usage rights FTTH network reaches **13.8M** BUs



2020-21 Guidance reiterated despite Covid-19

2020 Guidance

All guidance components on track

		FY20 Guidance	1H20 Reported	On track?
Adjusted EBITDA 	Adjusted EBITDA (before one-off costs)	€570M- €600M ¹	€277M	✓
Net Capex 	Net Capex ²	€295M	€185M	✓
Deleveraging Path 	Net Debt / EBITDA ³	3.2x	3.5x	✓

1 Guidance excluding Lyca Spain

2 Guidance of €295M refers to net capex excluding net proceeds from the potential sale of an FTTH Network to a NetCo recently announced

3 1H20 Net Debt of €2,294M over a FY20 EBITDA including our mid point guided EBITDA of €585M plus the expected annual pro-forma Lyca Spain contribution

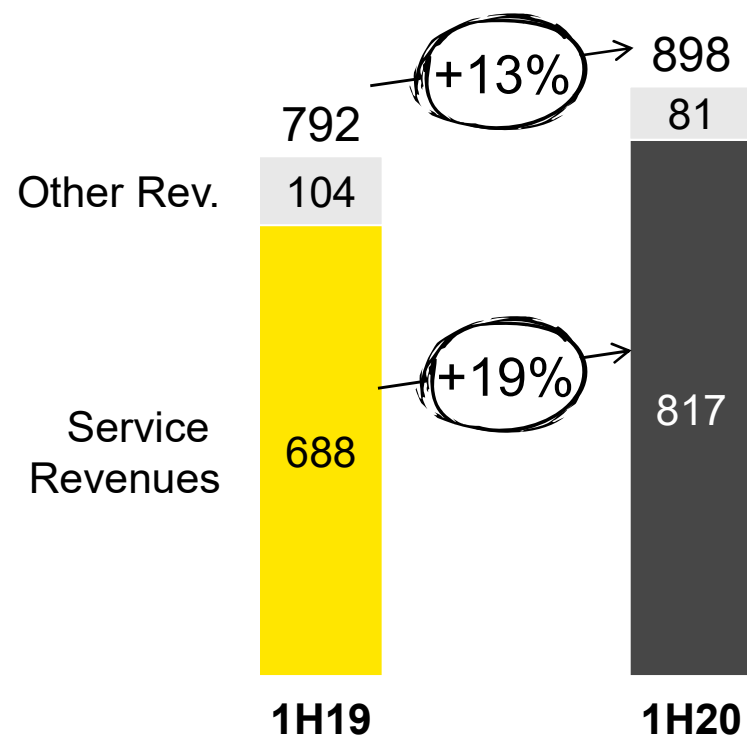
Source: Company

Revenues 1H20

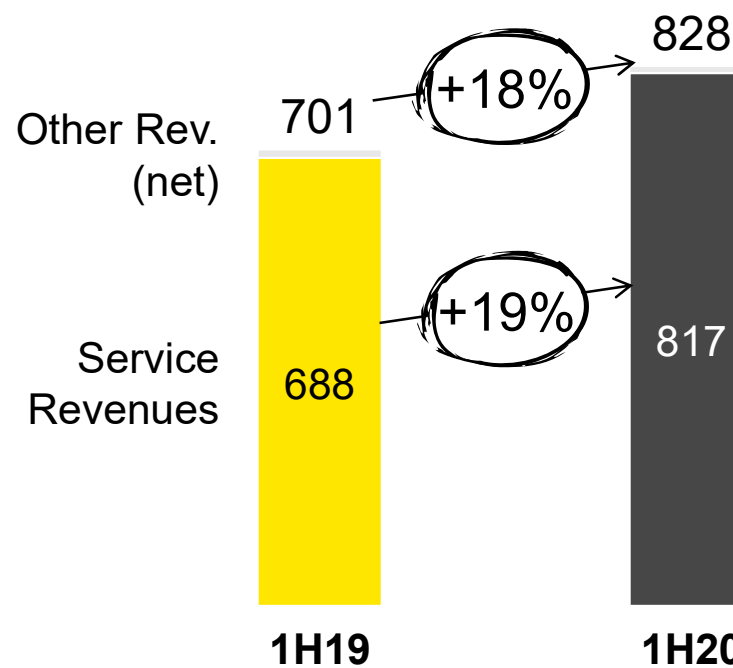
Service Revenues +19% YoY. Net Revenues +18% YoY

€M

Revenues



Net Revenues¹



¹ Net Revenues: Service Revenues plus Gross Profit contribution from Other Revenues

Note: Lyca Spain contributed €6.6M in Total Revenues for 1H20, all in 2Q20

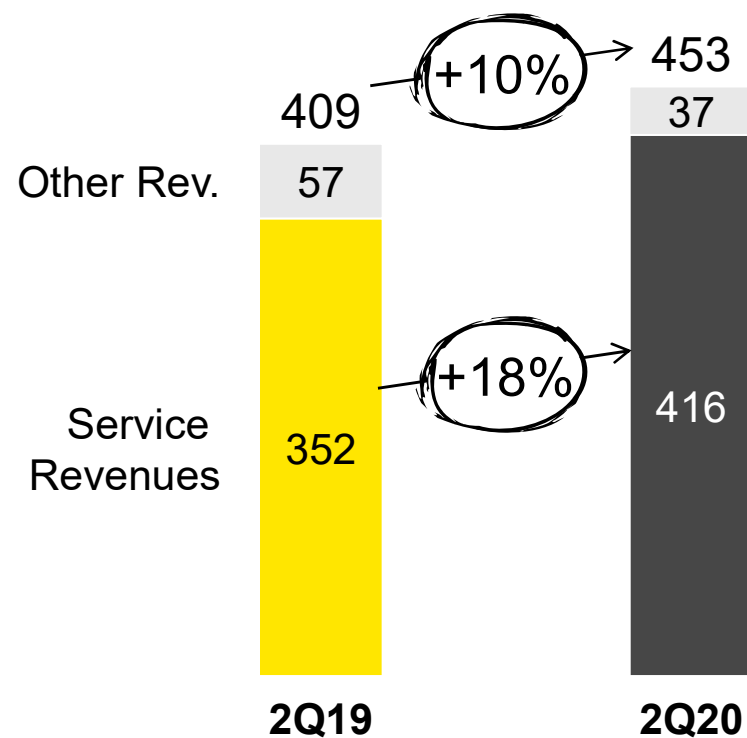
Source: Company

Revenues 2Q20

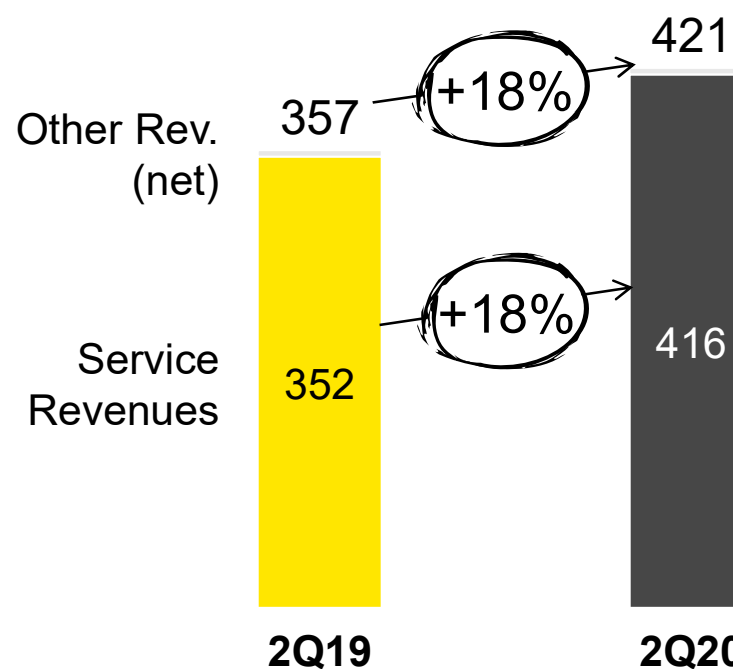
Service Revenues +18% YoY. Net Revenues +18% YoY

€M

Revenues



Net Revenues¹



¹ Net Revenues: Service Revenues plus Gross Profit contribution from Other Revenues

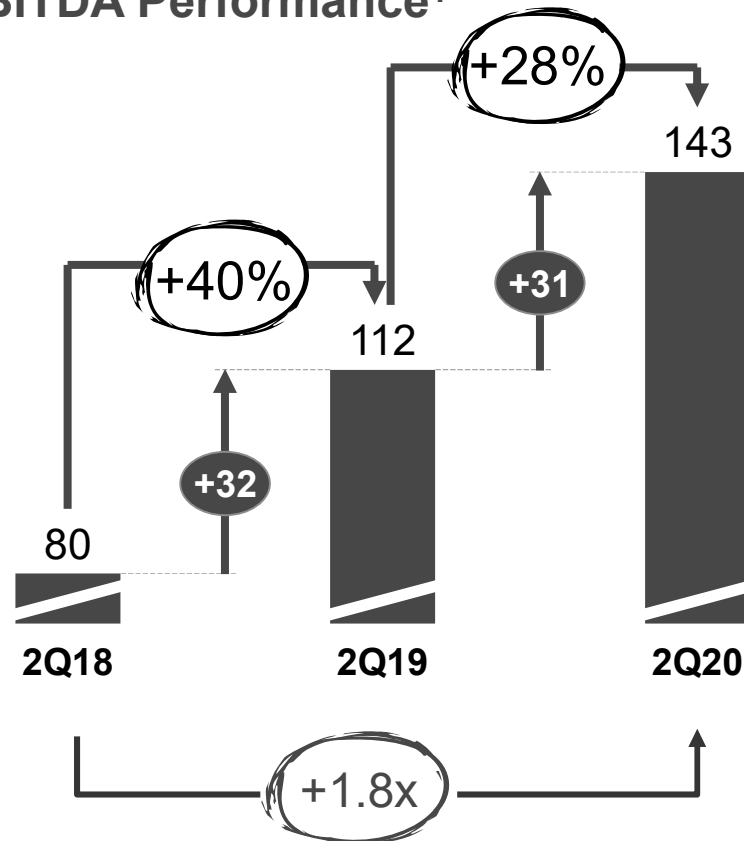
Source: Company

Adjusted EBITDA 2Q20

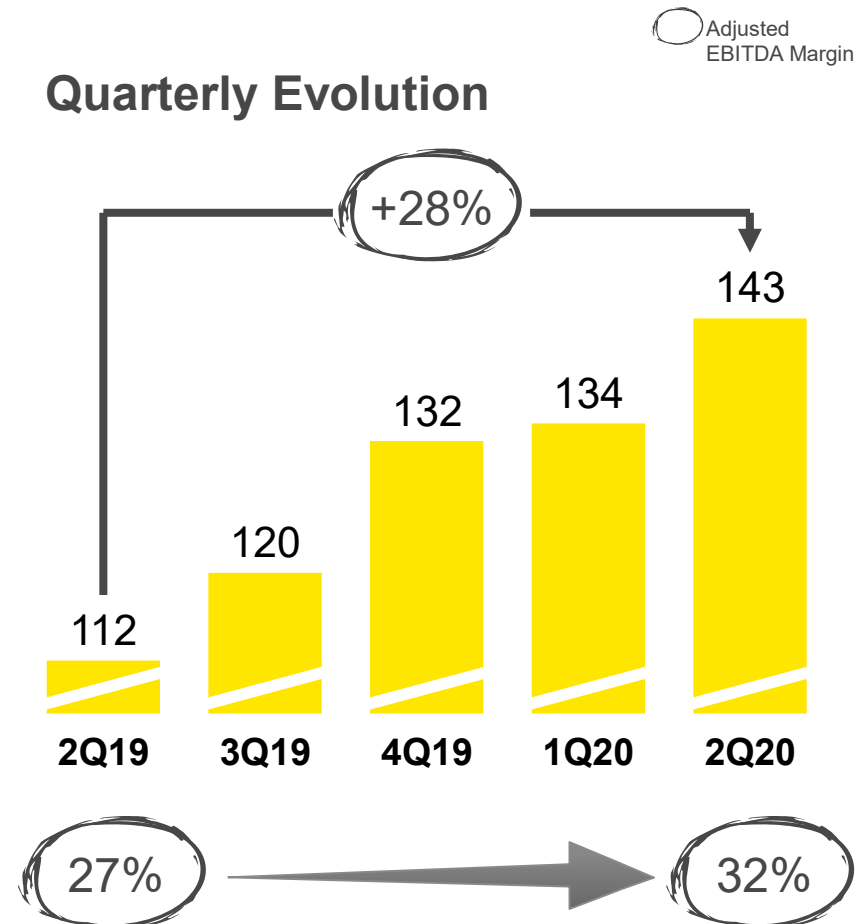
2Q20 EBITDA of €143M (+28% YoY)

€M

EBITDA Performance¹



Quarterly Evolution

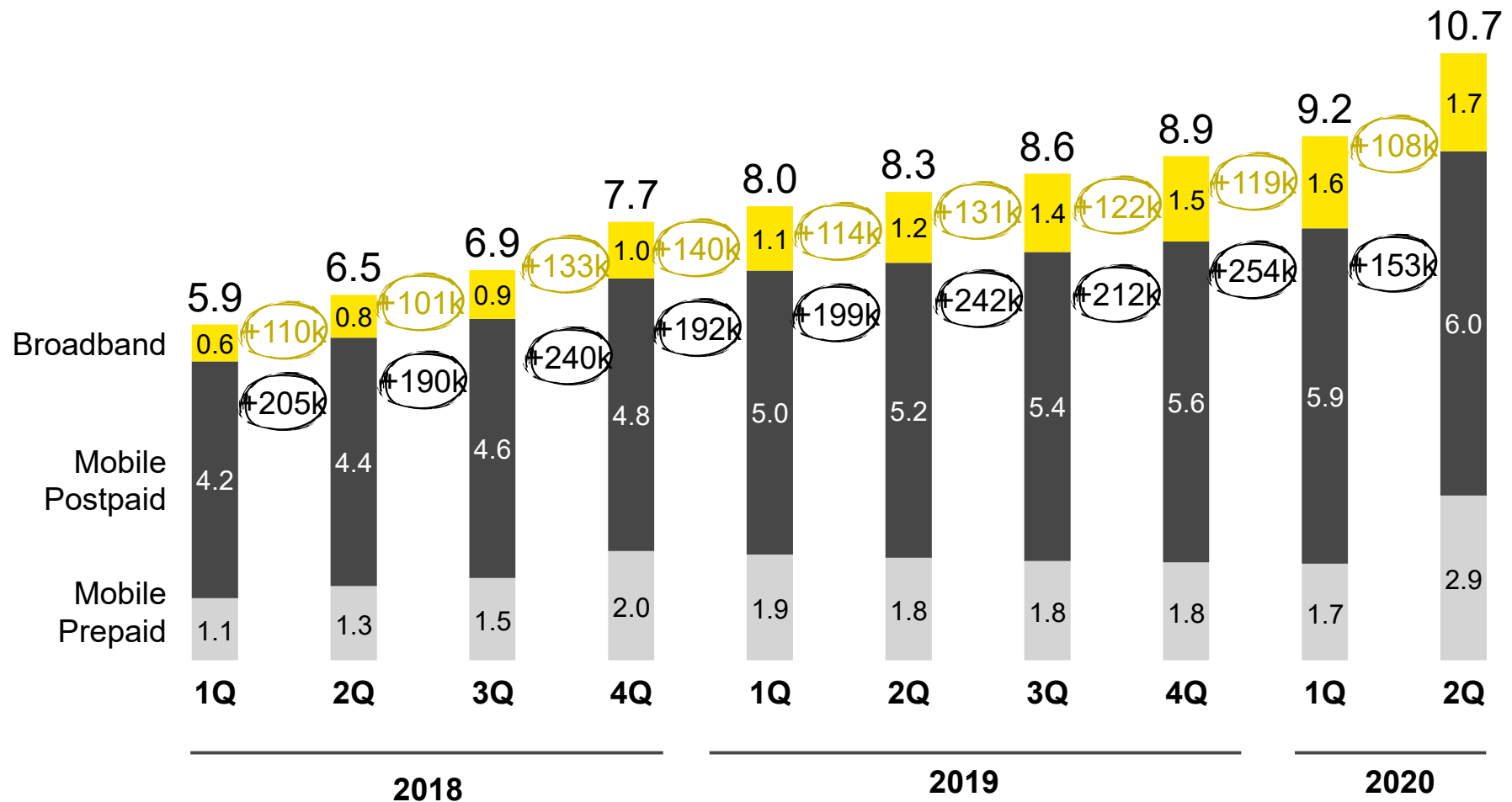


¹ EBITDA Post IFRS16 in 2019 and 2020. For 2018 EBITDA is shown pre-IFRS16.
Note: Lyca Spain contributed €2.6M in EBITDA for 2Q20

Evolution of Mobile & Broadband Lines

Net adds of 108k BB and 153k mobile postpaid lines to reach 10.7M total lines

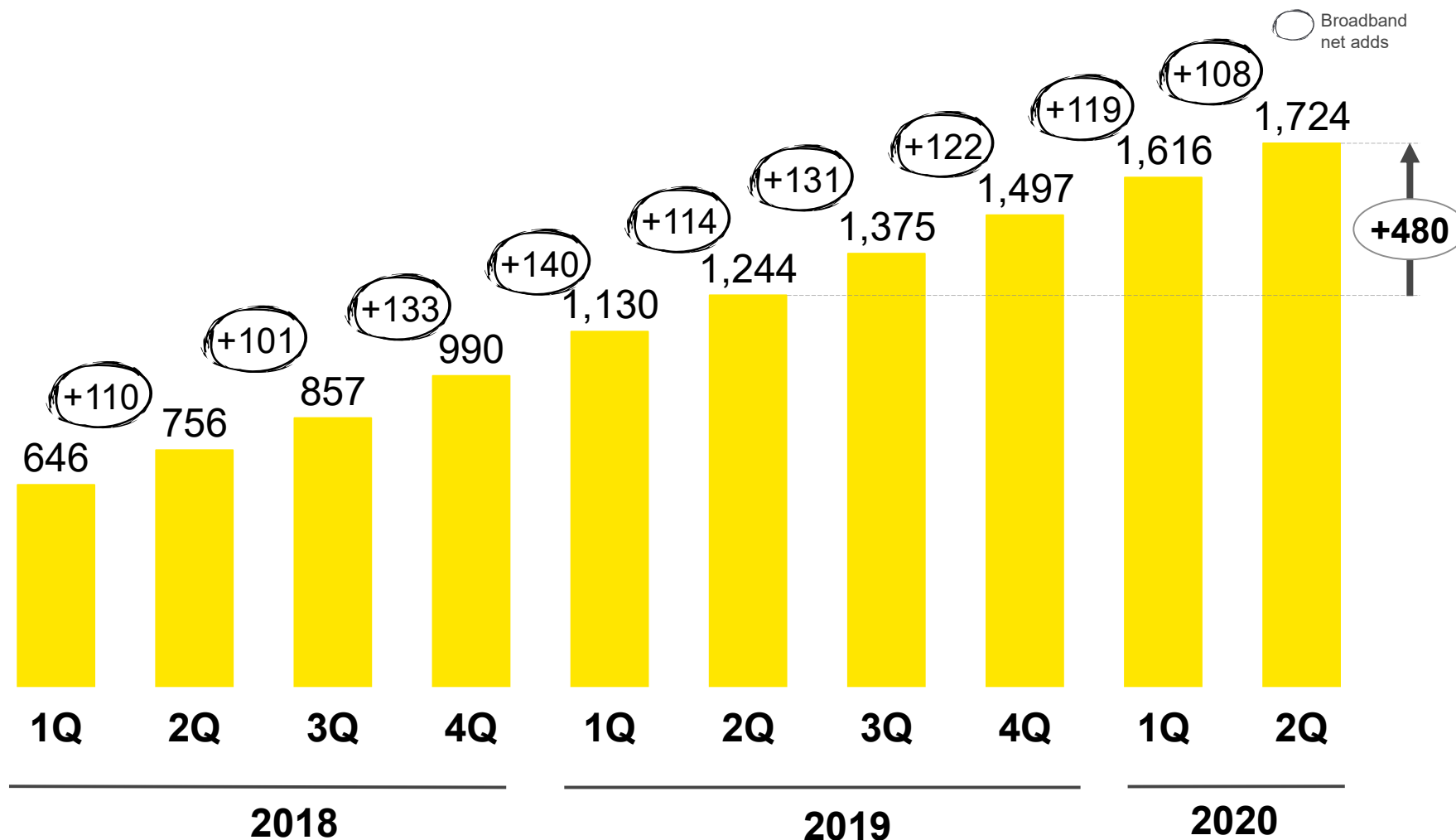
Million lines



Evolution of Broadband Lines

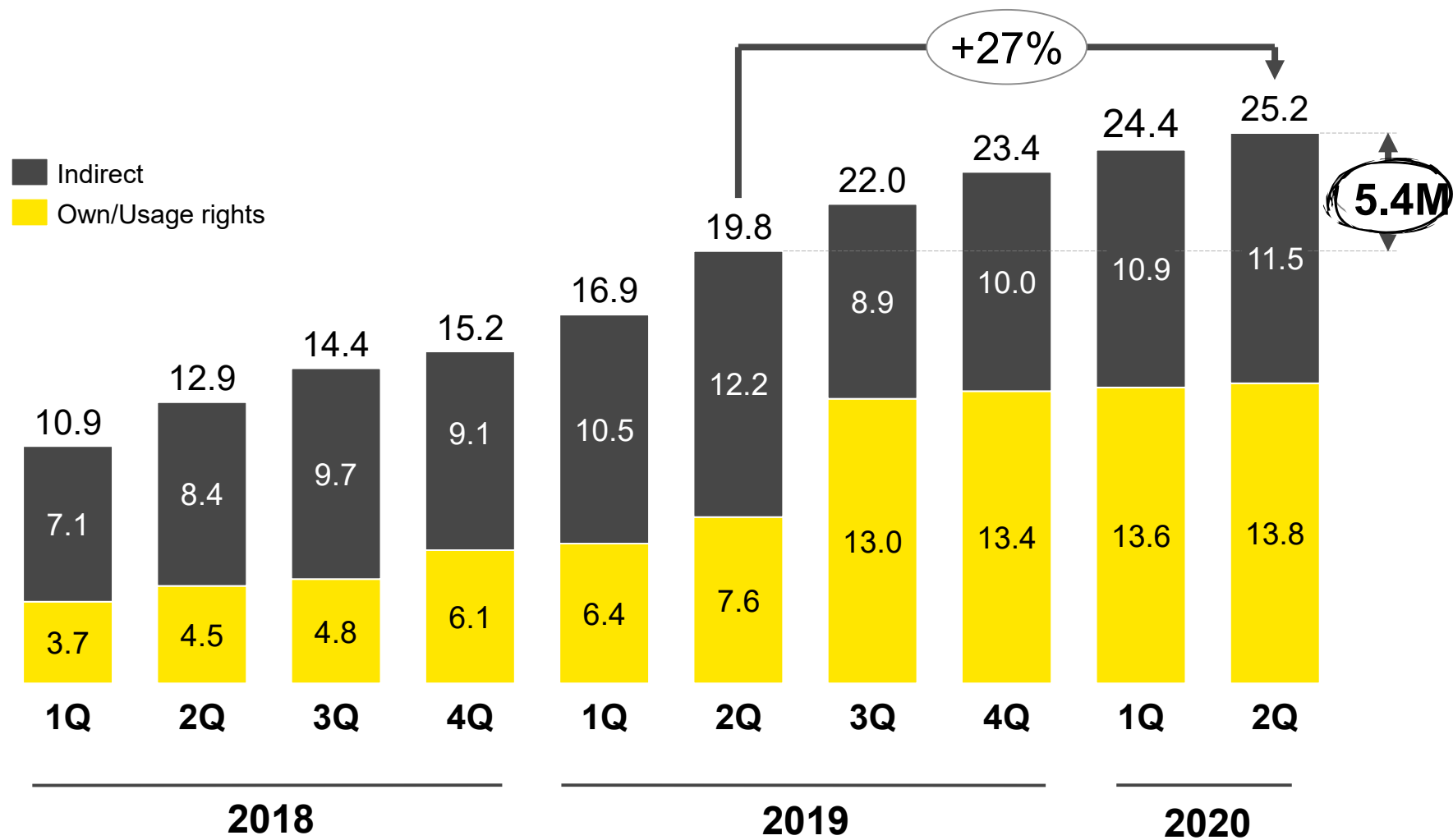
Growth of 108k net adds in 2Q resulting in >1.7M total BB lines

'000 lines



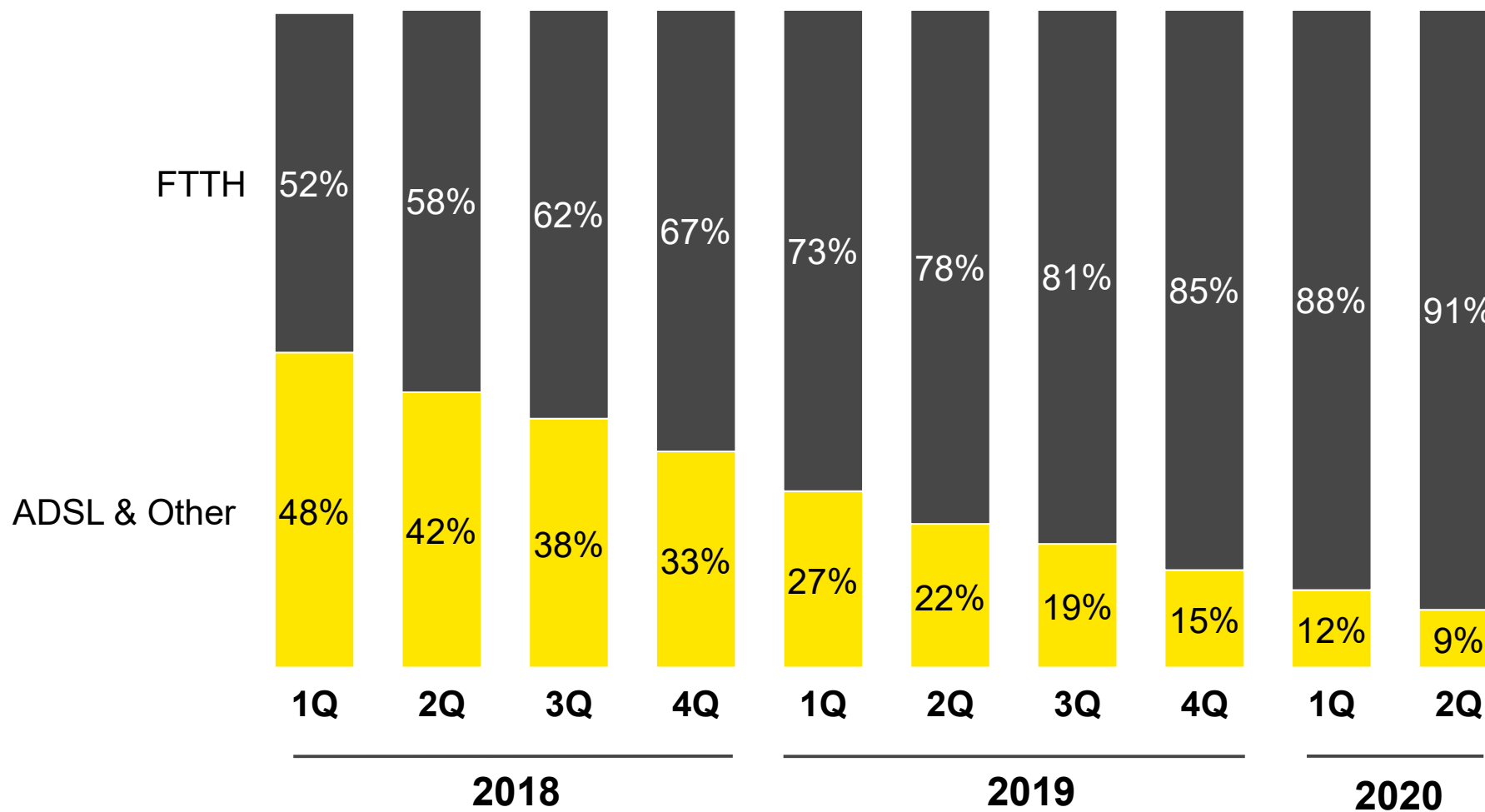
Fiber Footprint Expansion

FTTH footprint reaches 25.2M BUs of which 13.8M are own/usage rights BUs
Million BUs



Broadband Access by Technology

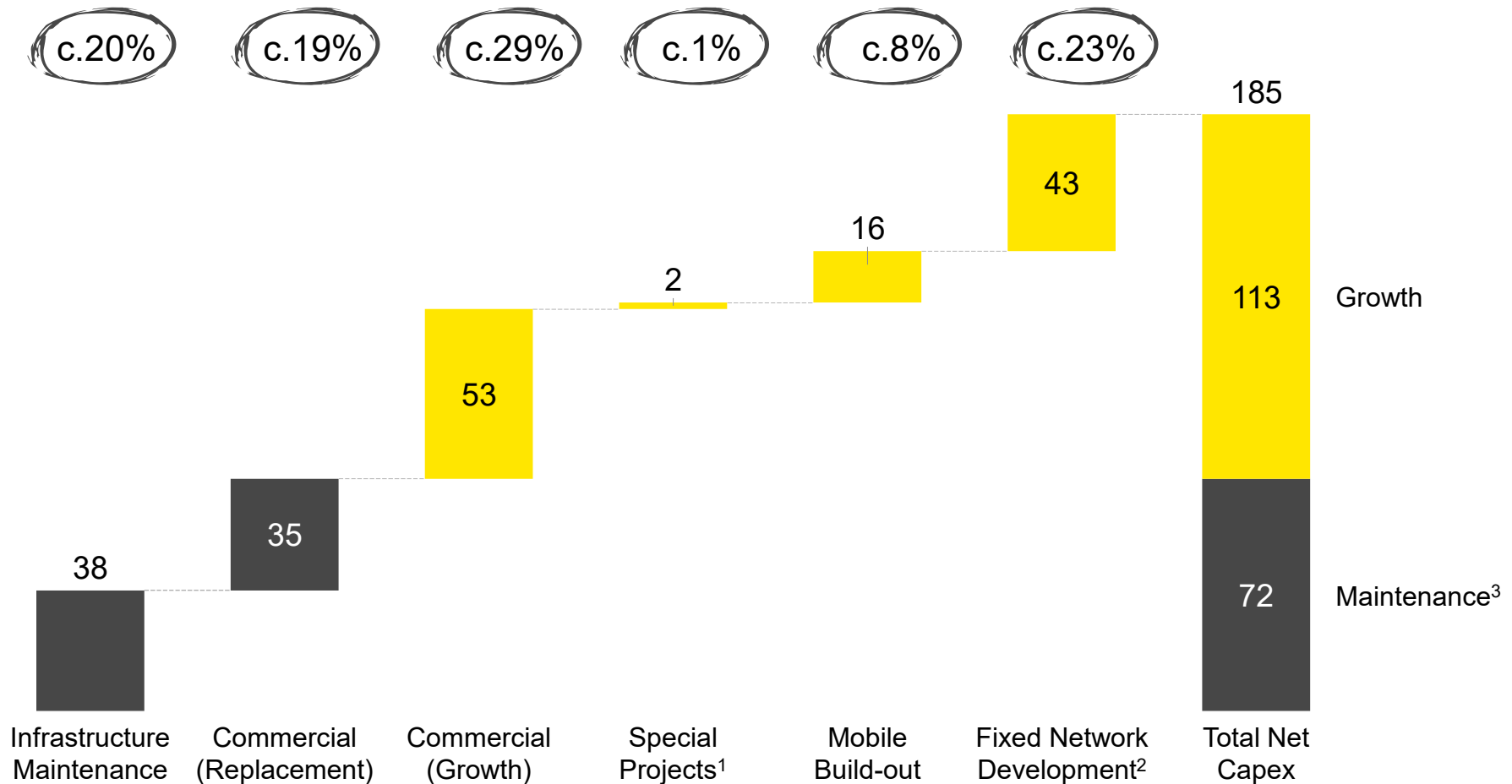
FTTH share continues to grow and represents 91% of total broadband base



Capex 1H20

MASMOVIL continues to invest in its own infrastructure and client growth

€M



1 Special projects includes areas such as digitalization, cybersecurity, and other extraordinary projects

2 Includes Transmission and Access, net of IRU sales

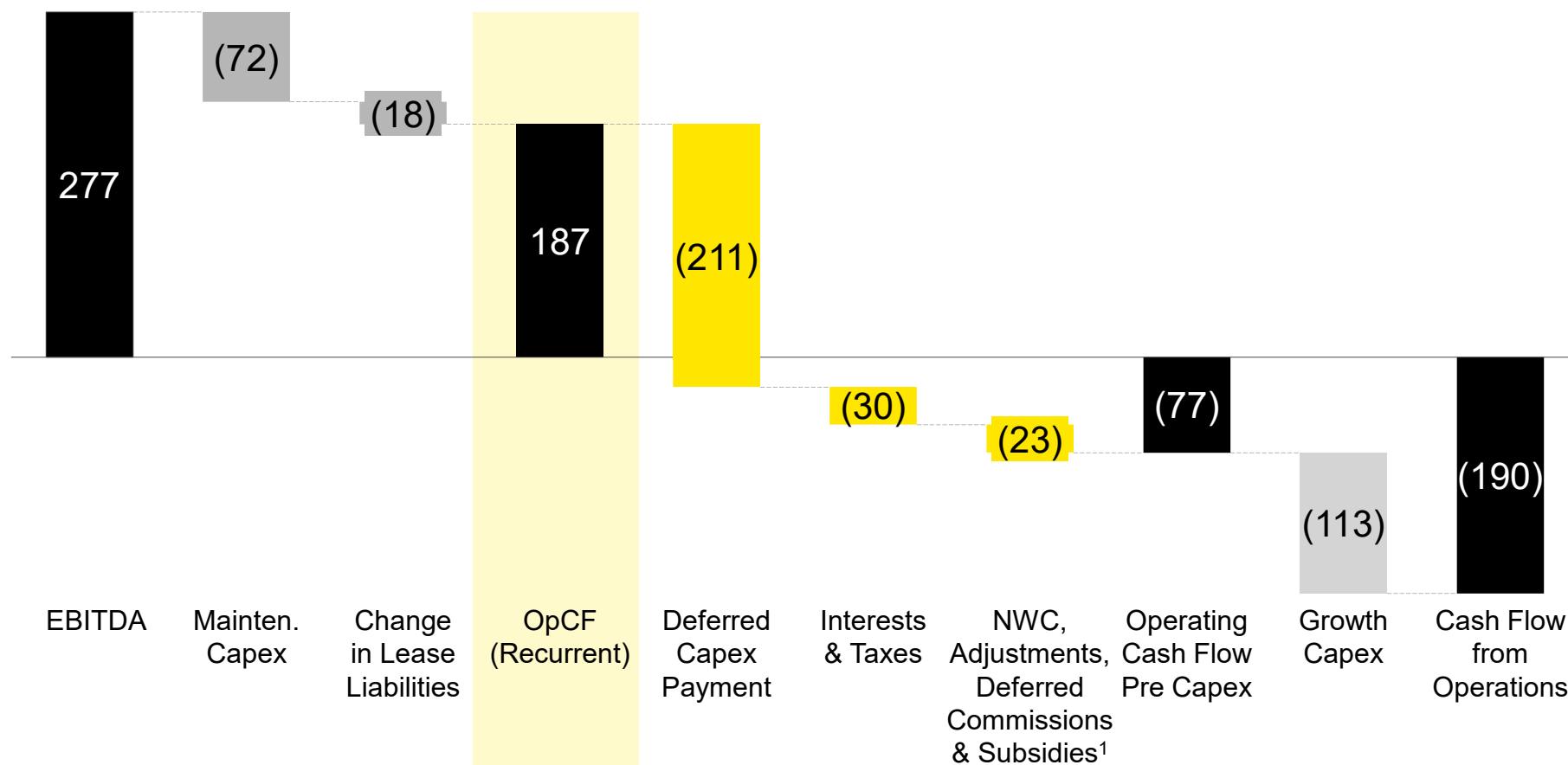
3 Includes churn related (replacement) commercial capex and maintenance infrastructure Capex

Source: Company

Cash Flow From Operations 1H20

Recurrent Operating Cash Flow €187M

€M

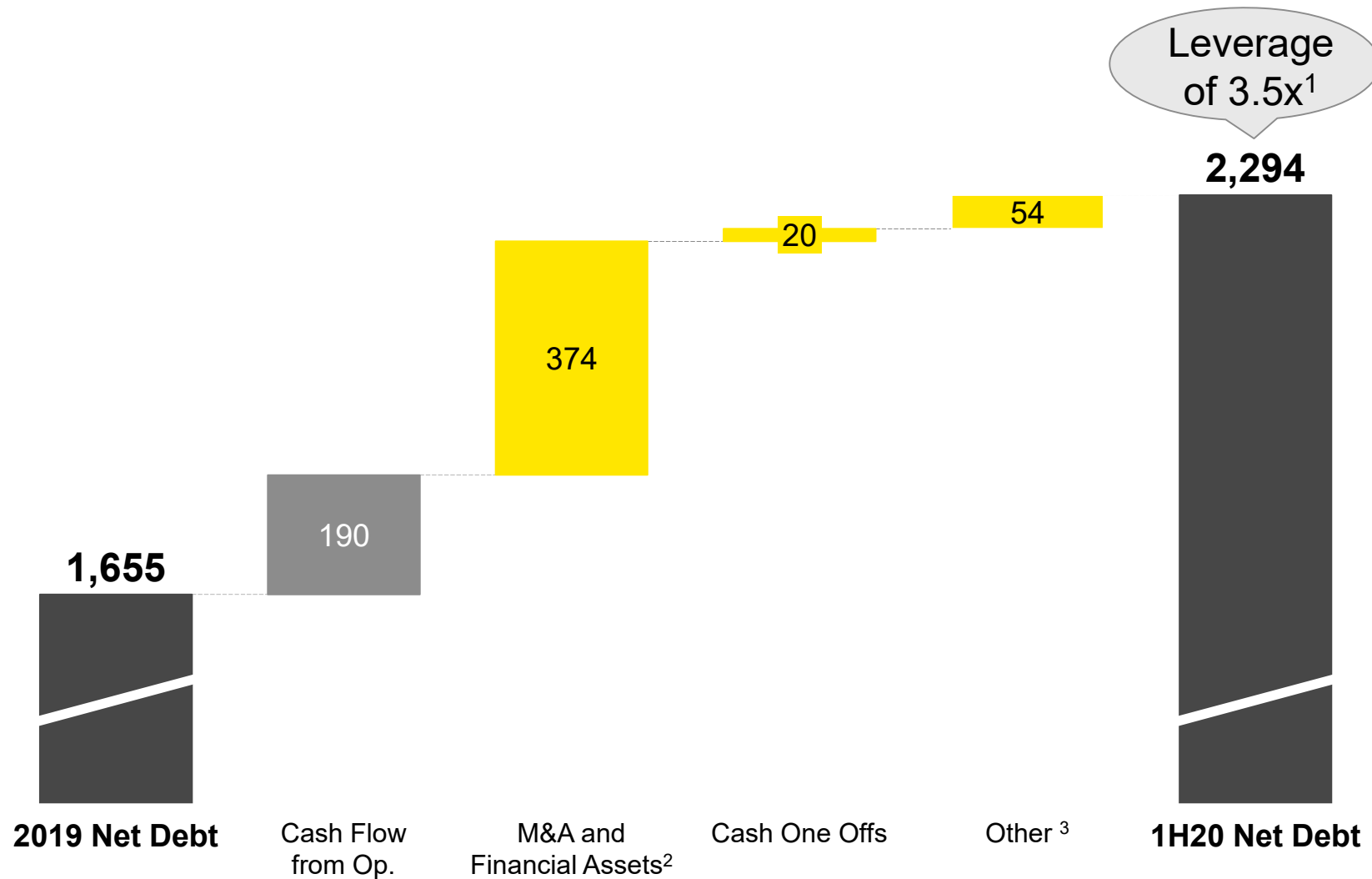


¹ Includes IFRS15
Source: Company

Change in Net Debt 1H20

Net Leverage reached 3.5x post Lyca Spain

€M



1 1H20 Net Debt of €2,294M over a FY20 EBITDA including our mid point guided EBITDA of €585M plus the expected annual pro-forma Lyca Spain contribution

2 Mostly due to Lyca Spain acquisition

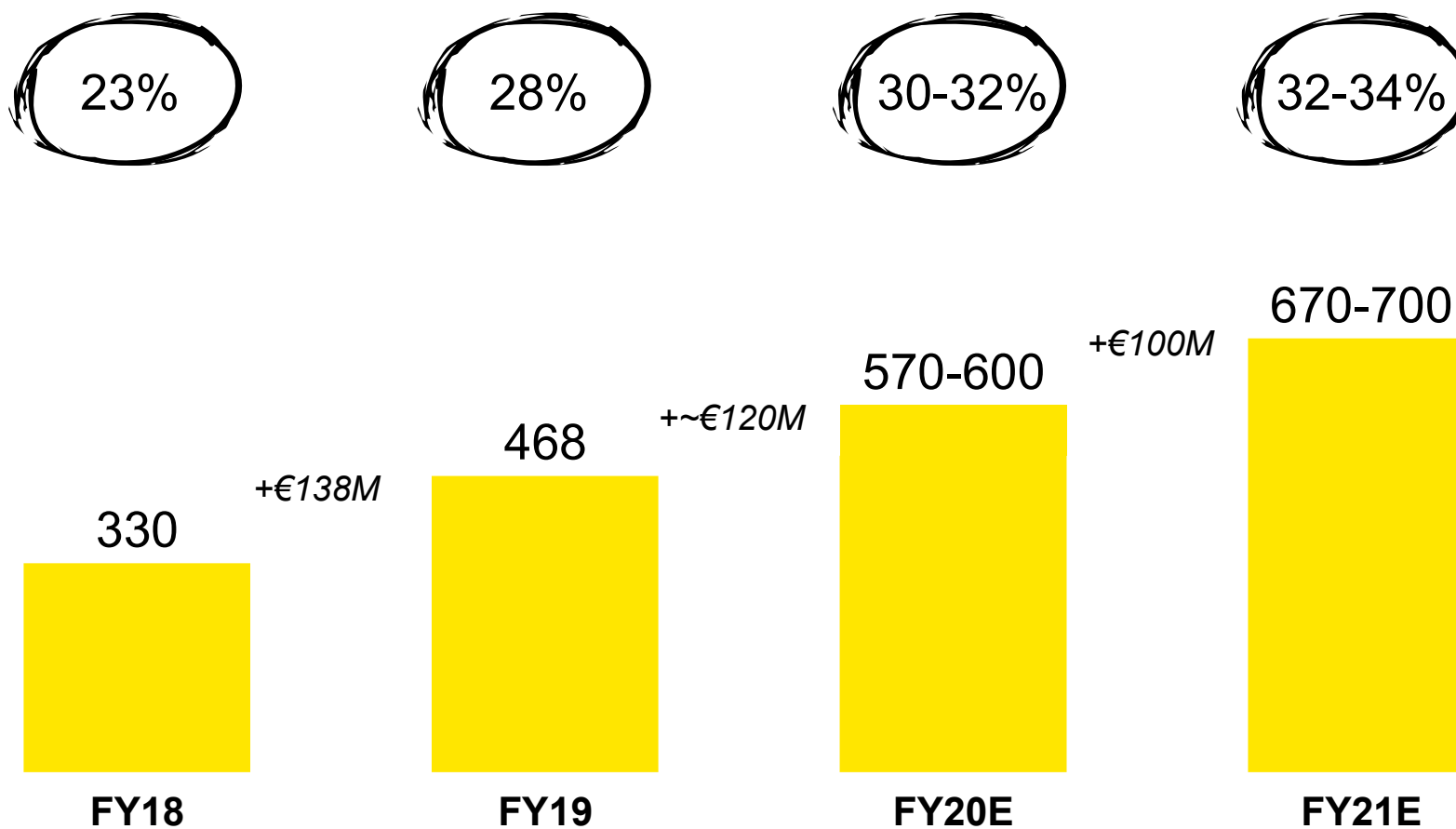
3 Includes other accrued debt in B/S including the impact from Financial Leases (IFRS16)

Source: Company

2020-21 Adjusted EBITDA Guidance¹

Sustainable profitable growth
€M

○ Adj. EBITDA
Margin

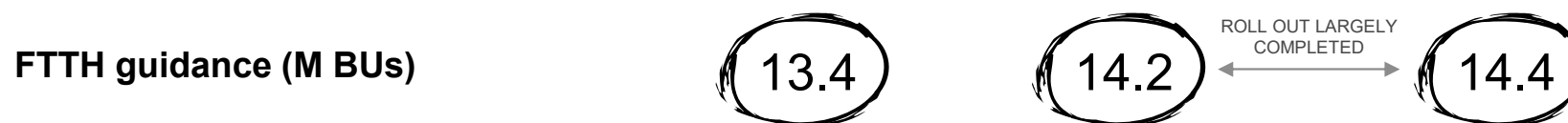


¹ FY18 is pre-IFRS16. Following years are post-IFRS16
Source: Company

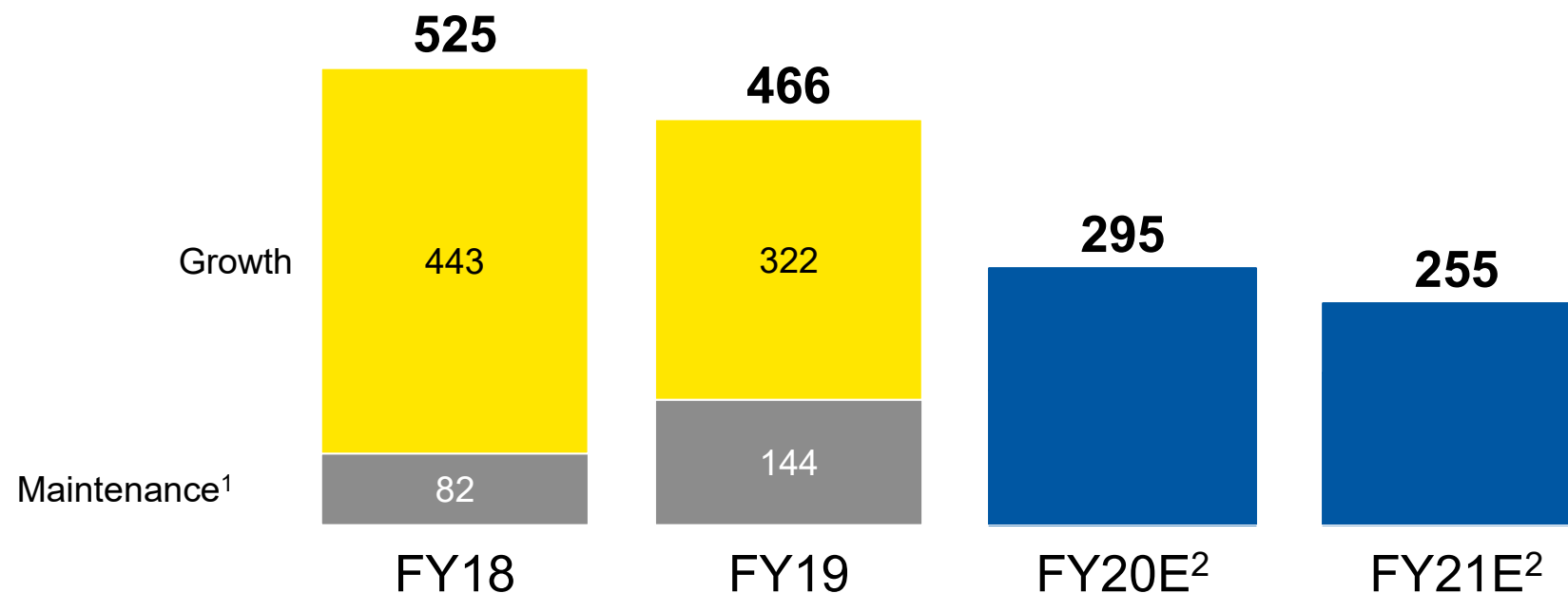
2020-21 Net Capex Outlook

Capex plan for 2020 adjusted for the offer from infra fund

 Cost optimized FTTH Network



Capex outlook (€M)

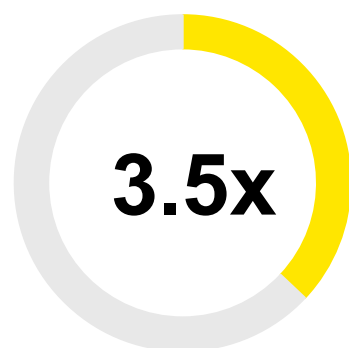


¹ Includes churn related (replacement) commercial capex and maintenance infrastructure Capex

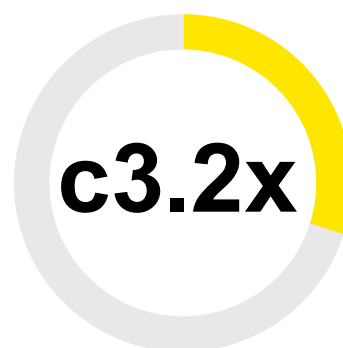
² The potential sale of the FTTH network might have a positive impact, reducing the Net Capex figure, depending how the roll-out and sale calendar is executed. For FY20E expected net Capex after project Uclés could reach €170M

2019-2021 Clear Deleveraging Path Reiterated

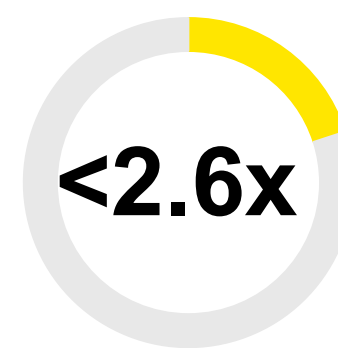
Guidance for 2020 leverage¹ reflects completion of Lyca Spain deal²



FY19



FY20



FY21

¹ Based on Adj EBITDA guidance and without FTTH vendor finance into financial net debt. Including it, leverage would go up by 0.2x in FY20 and 0.1x in FY21
² 2020 guidance already captures the net debt from the completion of Lyca Spain acquisition in 2Q20 and its annual proforma EBITDA contribution
 Source: Company

Appendix



Net Debt Overview

Net Leverage reached 3.5x¹

€M

	FY19	1H20	Delta 1H20 vs. FY19
Short-term commercial paper	100	170	70
TLB	1,408	1,412	4
Senior debt	-	673	673
Bonds	28	0	(27)
IFRS 16	147	191	44
Other debts	35	94	60
Cash & cash equivalents	(63)	(248)	(185)
Net Debt	1,655	2,294	638
<i>x Adjusted EBITDA⁽¹⁾</i>	<i>4.0x</i>	<i>3.5x</i>	

¹ 1H20 Net Debt of €2,294M over a FY20 EBITDA including our mid point guided EBITDA of €585M before Lyca Spain plus the expected €75M annual pro-forma Lyca Spain contribution

Source: Company

P&L

MASMOVIL reported Adjusted Net Income of €73M for 1H20

€M

	1H19 Reported	1H20 Reported	Growth (%) Rep. vs. Rep.
Service Revenues	688	817	19%
Other revenues	104	80	-23%
Revenue	792	898	13%
Other operating revenue	41	27	-36%
Cost of sales	(552)	(584)	6%
Other operating expenses	(64)	(63)	-2%
Adjusted EBITDA	216	277	28%
Net one-offs	(7)	(20)	<i>n.m.</i>
Capital gain sale of assets and loss impairment	-	(8)	<i>n.m.</i>
Reported EBITDA	210	249	19%
Depreciation and amortization	(123)	(154)	25%
Reported EBIT	87	95	10%
Net financial expenses	(134)	(90)	-33%
Reported Profit before taxes	(47)	5	<i>n.m.</i>
Income tax	14	(4)	<i>n.m.</i>
Reported Net Income/(Loss)	(34)	1	0%
Sum of the "Adjustments"	88	72	<i>n.m.</i>
Adjusted Net Income/(Loss) ⁽¹⁾	54	73	36%

¹ Please see in the next table the list of adjustments

Source: Company

Adjusted Earnings Per Share

MASMOVIL reported Adjusted EPS of €0.56 on a fully diluted basis for 1H20
€M

	1H20
Reported Net Income/(Loss)	1.5
Operating one-offs	19.6
Capital gain sale of assets and loss impairment	7.7
Amortization of acquired customer base & brand	21.8
Management incentive plans (SAR)	46.9
Tax impact of "Adjustments"	(24.0)
Adj. Net Income/(Loss)	73.4
Number of shares (million)	131.7
Adj. EPS (€)	0.56