

COVID-19 update

Euskaltel reinforces its services during the COVID-19 situation and maintains its national expansion plan schedule

- The Euskaltel Group's main objective is to guarantee the highest level of service while maintaining the safety of workers and customers
- Euskaltel is carrying out COVID-19 government restrictions whilst offering high quality and increased level of service to its customers in order to help them cope with the isolation measures
- More than 90% of the workers in the company's call centres are already teleworking
- The schedule of its national expansion plan is not expected to be affected by the current Government confinement measures (to end April 11th)
- Euskaltel wishes to thank all the people in its team for their dedication and commitment in such an exceptional moment

Bilbao, March 30th, 2020. Euskaltel continues to operate normally during the COVID 19 situation and maintains the schedule of its national expansion plan. The company is operating with the highest levels of health and safety measures with the aim of avoiding health risks to its workers, customers and suppliers in full compliance with the strict Government COVID-19 restrictions.

Customer services:

To assist in the isolation measures imposed to customers, Euskaltel has implemented initiatives to increase the level of service at no additional cost. These measures include:

- Offering all its TV children channels free of charge.
- Offering all cinema specialized channels at no additional cost.
- Offering mobile customers a free bonus of 30 Gb of mobile data per month.
- Increasing data allowances to customers with special needs.

- Providing access to its TV app to all those hospitalized.

B2B business:

Special B2B customer service and technical support platforms have been established to support teleworking services for customers and Euskaltel has defined contingency plans with customers to assist in connectivity-related issues.

Commercial managers are keeping customers informed of all issues that could affect their services on a 24-hour basis.

Health and safety measures:

The Group has taken all the necessary health and safety measures to guarantee the health of its workers and customers and the continuity of the service:

- The company has created a Continuity Committee chaired by the CEO who meets on a daily basis to guarantee the continuity of the company's operations.
- Nearly 100% of employees are teleworking, and platforms and IT systems have been sized to guarantee it.
- More than 90% of customer care platform employees are teleworking, and the company guarantees optimal working conditions for the rest.
- The company maintains 70% of its stores open to meet the service requirements requested by the Government, with safeguarding measures in store to protect customers and staff.
- Euskaltel's IT systems suppliers are teleworking and any specific access and connectivity issues have been resolved without delay.
- Critical activities for the continuity of the business have been identified, and those in charge of these activities have been located in different geographical locations.

Euskaltel has sites in the Basque Country, Galicia and Asturias, with ample redundancy, geographic diversification, IT facilities and experienced teleworking personnel.

On March 20th, 2020, the company committed and signed an agreement with the main national telecommunications operators and the Government to ensure user connectivity.

Network activity:

In recent days, network traffic has increased significantly:

- Fixed broadband traffic has increased by 40%.
- Mobile voice traffic has increased by 50%.
- Mobile data traffic has remained stable due to the use of WiFi at home.
- Television consumption has increased by 30% and on-demand consumption by nearly 20%.

A team of 800 people are working on a daily basis to expand existing capacity and to ensure continued network robustness to manage the traffic increase.

The company's network is operating normally, enabling these large traffic increases to be delivered without any major network disruptions.

On March 15th, the company led, along with the rest of the national telecommunications operators, an initiative to advise customers on the rational use of telecommunications networks during the confinement period.

Operations and finance:

On March 17th the Government announced the cancellation of nationwide number portability during the State of Emergency imposed by the Government in March 14th and ending on April 11th.

The cancellation of number portability as well as the isolation measures have resulted in a significant reduction in commercial activity. The customer base has remained stable to date as a result of the reduced customer addition and disconnection activity.

The company has not experienced any significant disruption in the activity of its suppliers nor in its supply chain.

As long as the current end date of the State of Emergency in Spain is maintained (April 11th), the company does not consider necessary to alter the schedule of the commercial launch of its Virgin-branded national services, which is expected for the second quarter of the year.

The company has already successfully connected a number of customers nationwide as part of its technical testing processes, prior to the commercial launch of this service.

To date, the company has not experienced any significant impact on its main financial metrics. The company continues to monitor financial trends in order to ascertain any business impacts.

The efficiencies and improvements implemented in recent quarters allow the company to face these challenges with confidence. In the fourth quarter of 2019 the company reported 2,300 new fixed customers, revenues increasing 0.7% compared to the same quarter of the previous year and operating cash flow of 28% of revenue, and has continued to generate operating cash flow during the first months of 2020.

As of December 31st, 2019, the company had 98 million euros of available cash and 150 million euros available in its Revolving Credit Facility, maturing in 2023. Euskaltel has a reduced cost of debt, at 2.55% as of December 31st, 2019, with the average debt maturity period being 5.0 years.