



## **Earnings Presentation – 1Q20**

May 14<sup>th</sup>, 2020

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# MASMOVIL – 1Q20 Key Highlights

Growth momentum continues and 2020-21 Guidance is confirmed



**Growth** momentum continues in 1Q20 despite restrictions from lockdown



**Service Revenues** of **€401M** (+20% YoY)



**EBITDA** of **€134M** (+27% YoY) and EBITDA margin of 30% (+3pp YoY)



**1.6M Broadband lines and 9.2M total lines**  
Net adds of **119k** in **BB** and **254k** in **mobile postpaid** in 1Q20



**Fiber footprint** reaches **24.4M** BUs  
**Own/usage rights FTTH network** reaches **13.6M** BUs

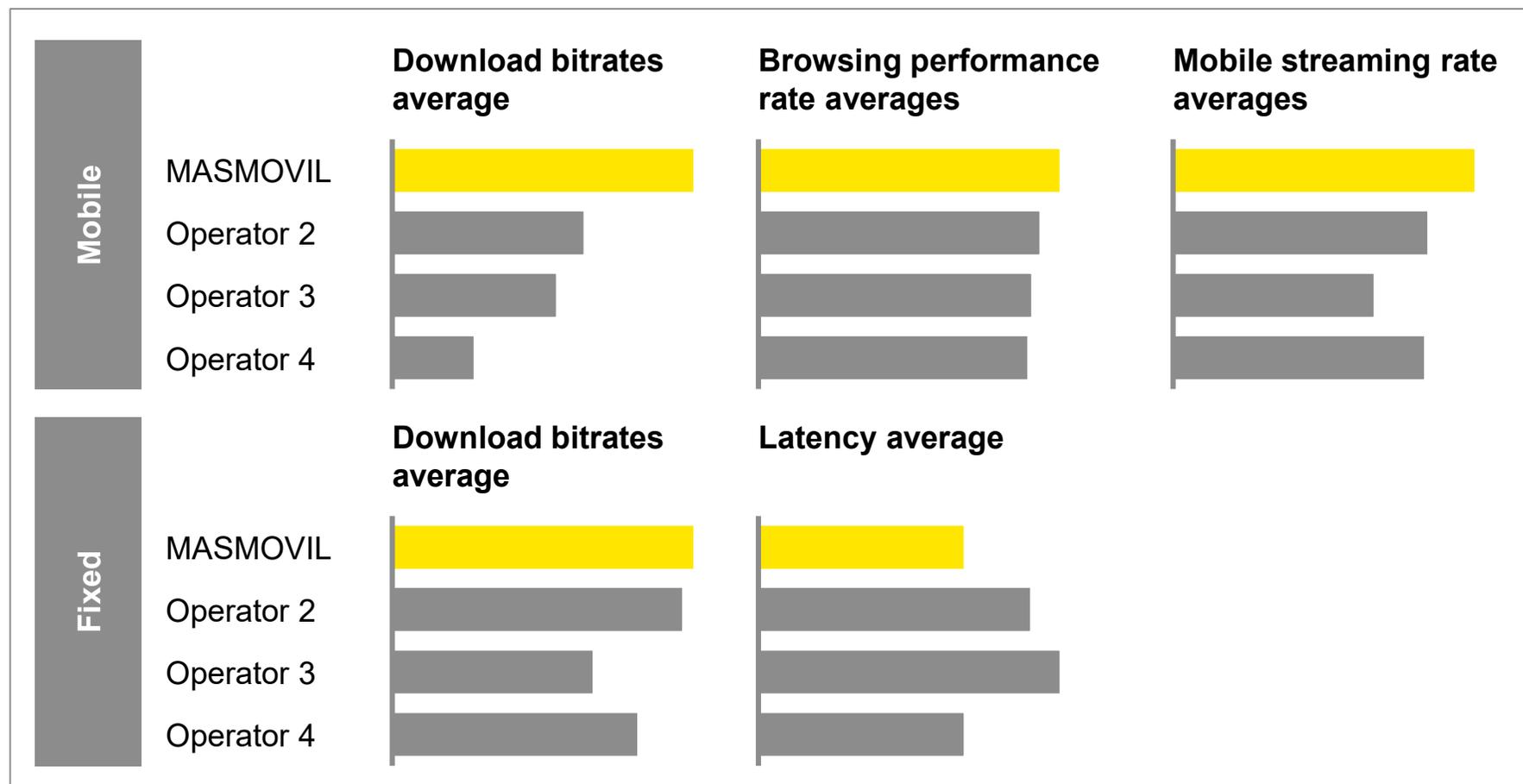


**2020-21 Guidance reiterated despite Covid-19**

# MASMOVIL network performance during Covid19

Our network performance has been best-in-class in Spain during peak of crisis

*“In 1Q20 MASMOVIL on average has outperformed in download speeds”, (NPerf April 2020 Report)*



# Solidarity initiatives in the midst of Covid19

Strong commitment to help and support society in the current crisis

## DONATION OF ONE MILLION FFP2 SANITARY MASKS

Supporting the Government of Spain to protect our health workers



## DONATION OF CONNECTED DEVICES

Mobile handsets, SIM cards and routers for 130 retirement homes and hospitals



## COLLABORATION WITH THE #stopcorona PROJECT

Platform to develop new projects that mitigate the effects of the pandemic



## SOLIDARITY INITIATIVE 'I THINK, THEN I ACT'

Give voice to individual or collective solidarity initiatives



## FREE SERVICES FOR OUR CLIENTS

Free Gigas, minutes, TV content or online services in education, health or entertainment

# 2020 Guidance On track

All guidance components on track

		FY20 Guidance	1Q20 Reported	On track?
<b>Adjusted EBITDA</b> 	Adjusted EBITDA (before one-off costs)	€570M- €600M <sup>1</sup>	€134M	✓
<b>Net Capex</b> 	Net Capex	€295M	€97M	✓
<b>Deleveraging Path</b> 	Net Debt / EBITDA <sup>2</sup>	3.2x	3.2x	✓

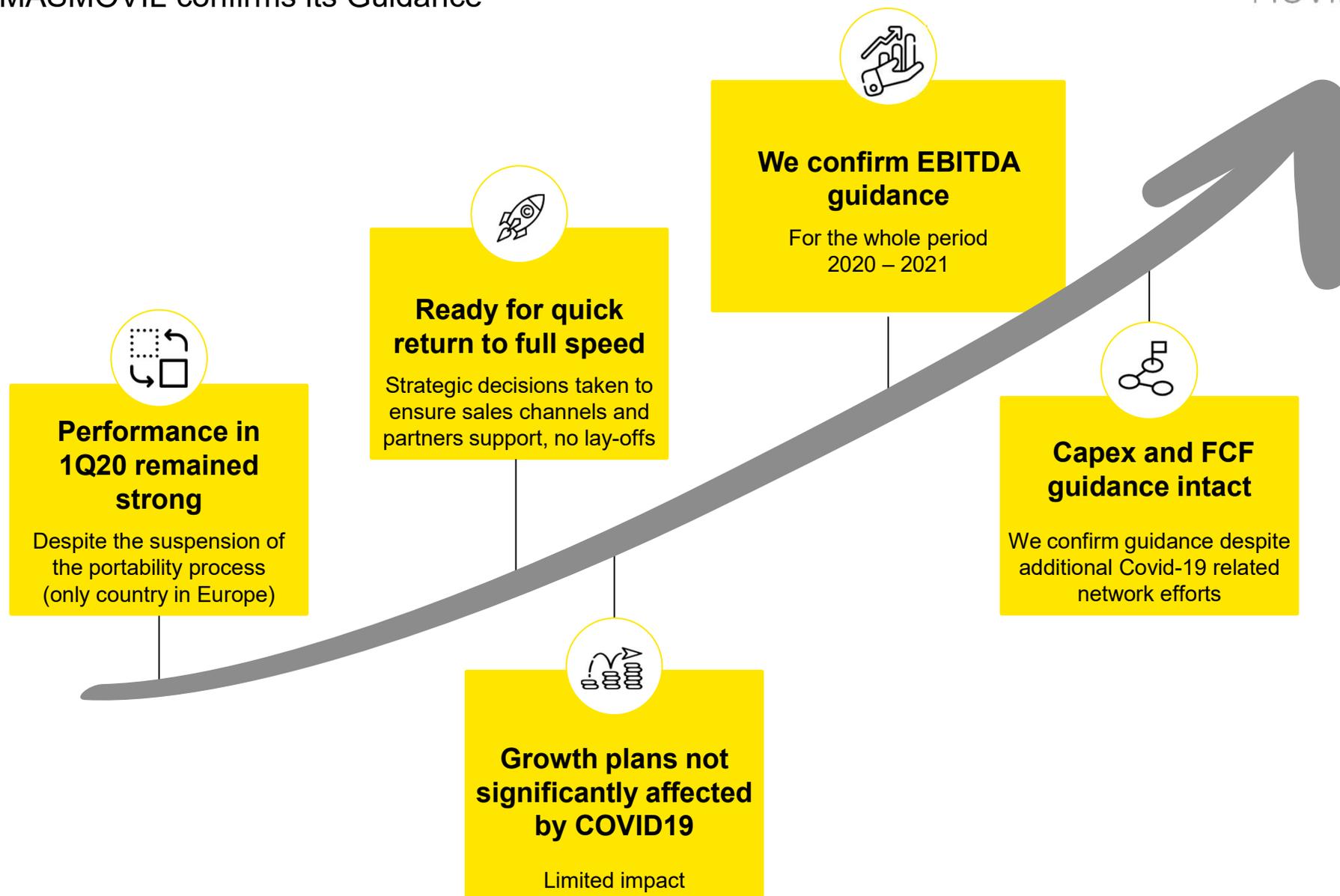
1 €570-600M EBITDA guidance range

2 Net Debt 1Q20 of €1,845M over FY20 Mid point guided EBITDA of €585M. Leverage guidance of 3.2x adjusted for Lyca proforma contribution post synergies

Source: Company

# Recent Trading and Confirmation of Guidance

MASMOVIL confirms its Guidance

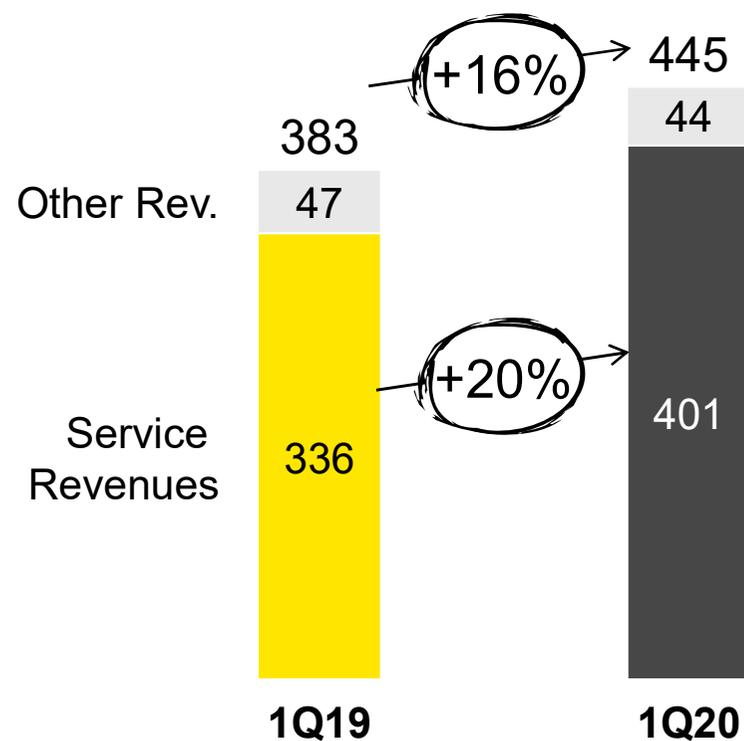


# Revenues 1Q20

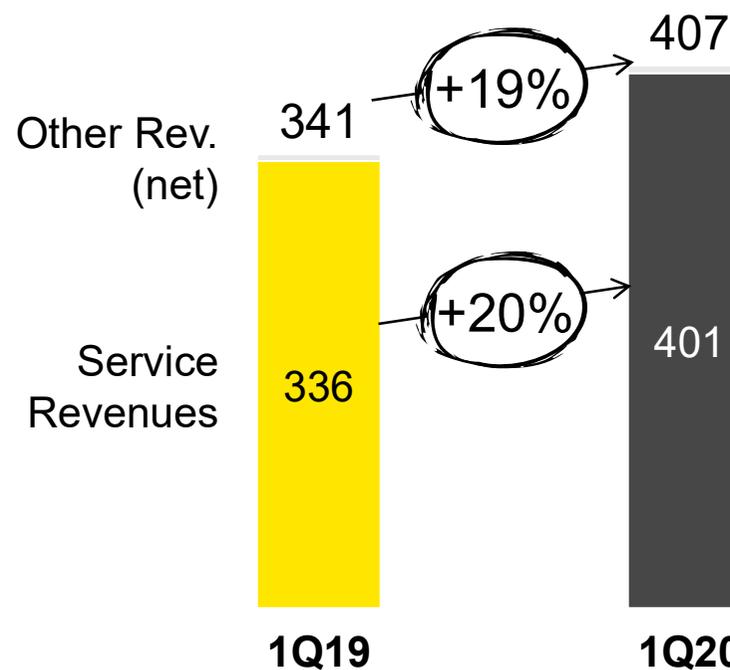
Service Revenues +20% YoY. Net Revenues +19% YoY

€M

## Revenues



## Net Revenues<sup>1</sup>



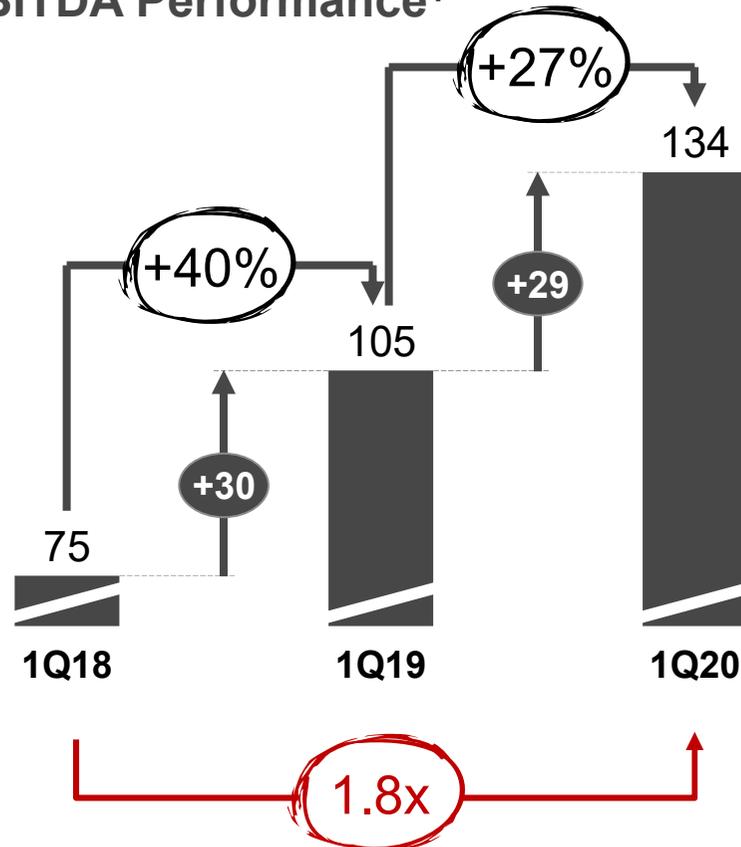
<sup>1</sup> Net Revenues: Service Revenues plus Gross Profit contribution from Other Revenues

Source: Company

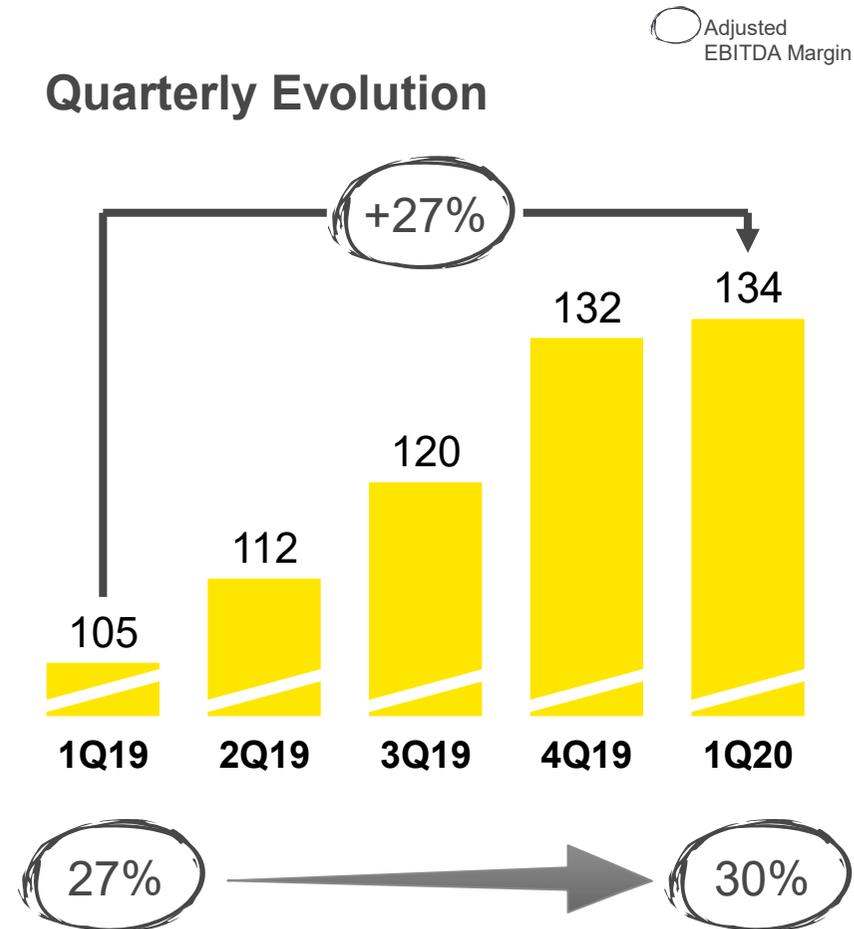
# Adjusted EBITDA 1Q20

1Q20 EBITDA of €134M (+27% YoY)  
€M

## EBITDA Performance<sup>1</sup>



## Quarterly Evolution

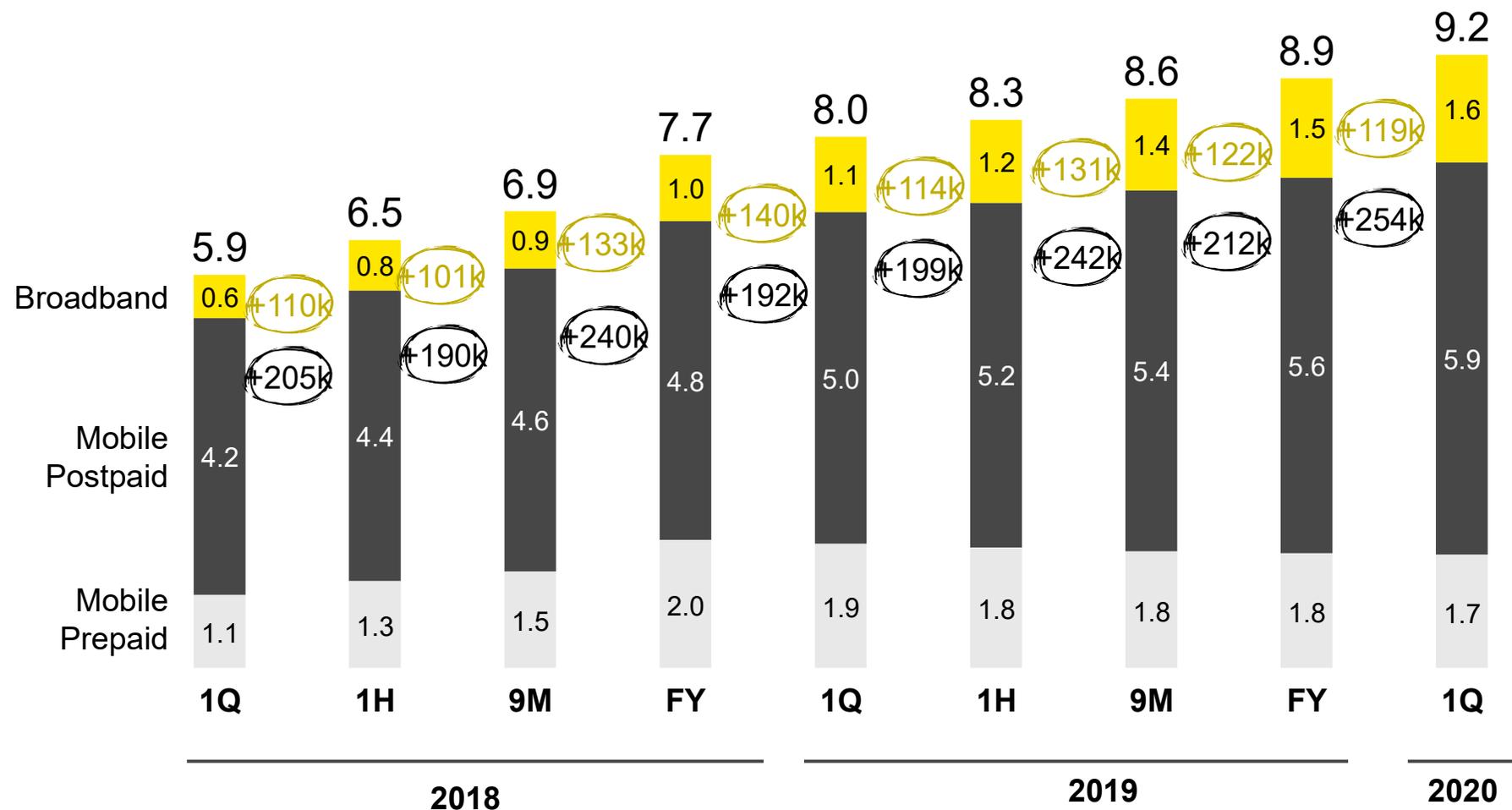


<sup>1</sup> EBITDA Post IFRS16 in 2019 and 2020. For 2018 EBITDA is shown pre-IFRS16.

# Evolution of Mobile & Broadband Lines

Net adds of 119k BB and 254k mobile postpaid lines to reach 9.2M total lines

Million lines



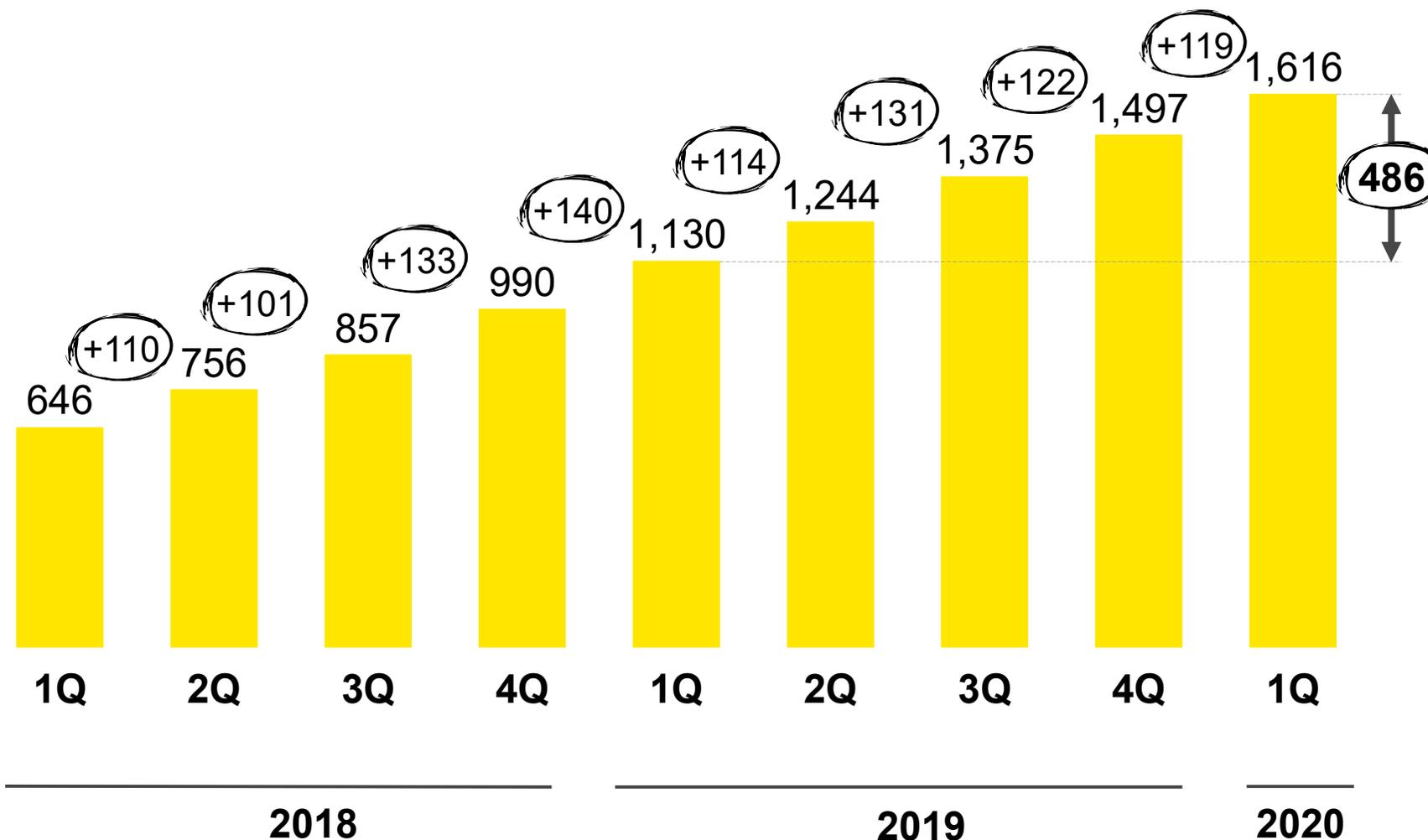
# Evolution of Broadband Lines

Strong growth with 119k net adds in 1Q resulting in >1.6M total BB lines

Despite COVID19 & portability suspension: +25k Broadband Net Adds in April

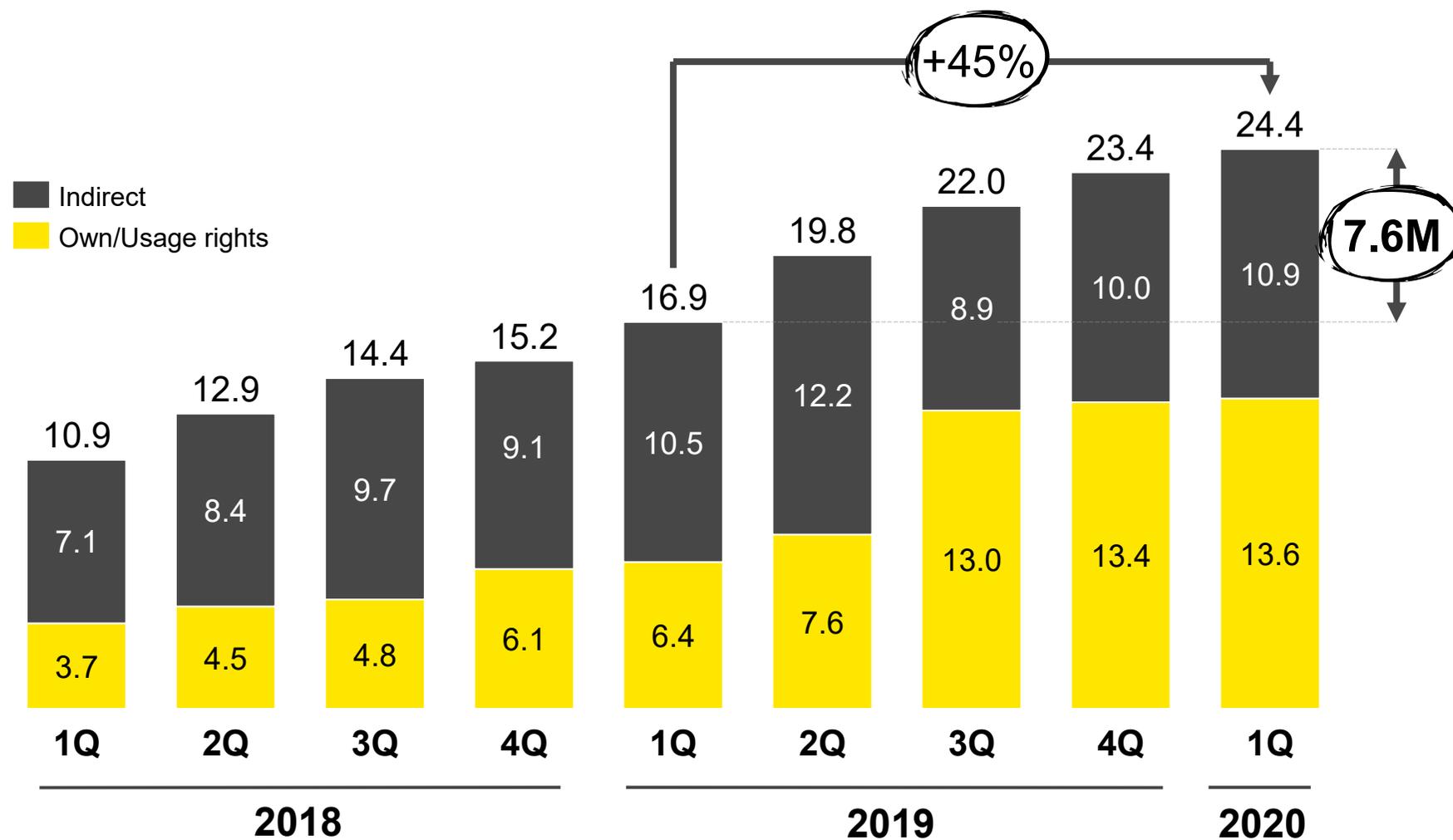
'000 lines

○ Broadband net adds



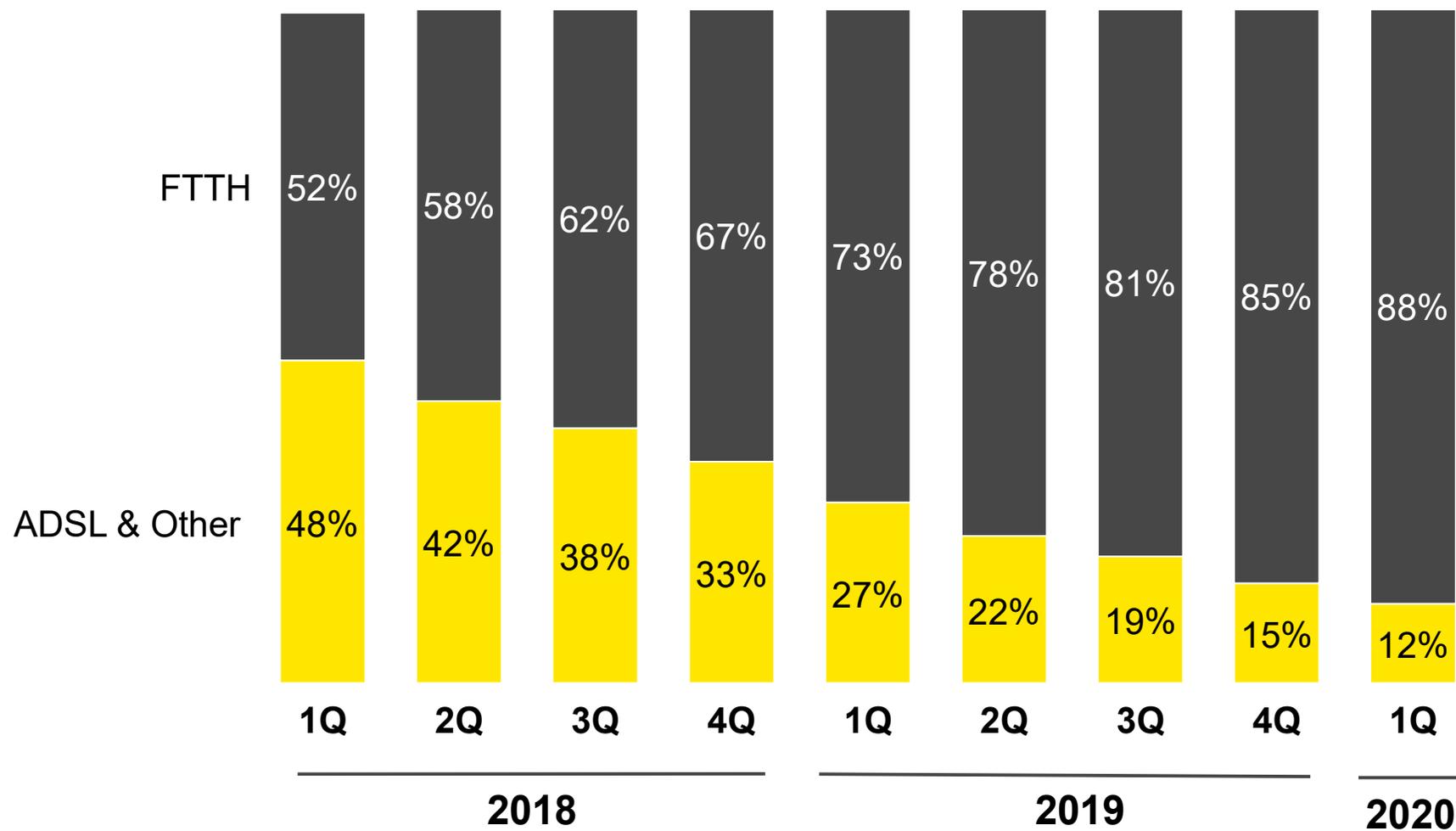
# Fiber Footprint Expansion

FTTH footprint reaches 24.4M BUs of which 13.6M are own/usage rights BUs  
Million BUs



# Broadband Access by Technology

FTTH share continues to grow and represents 88% of total broadband base

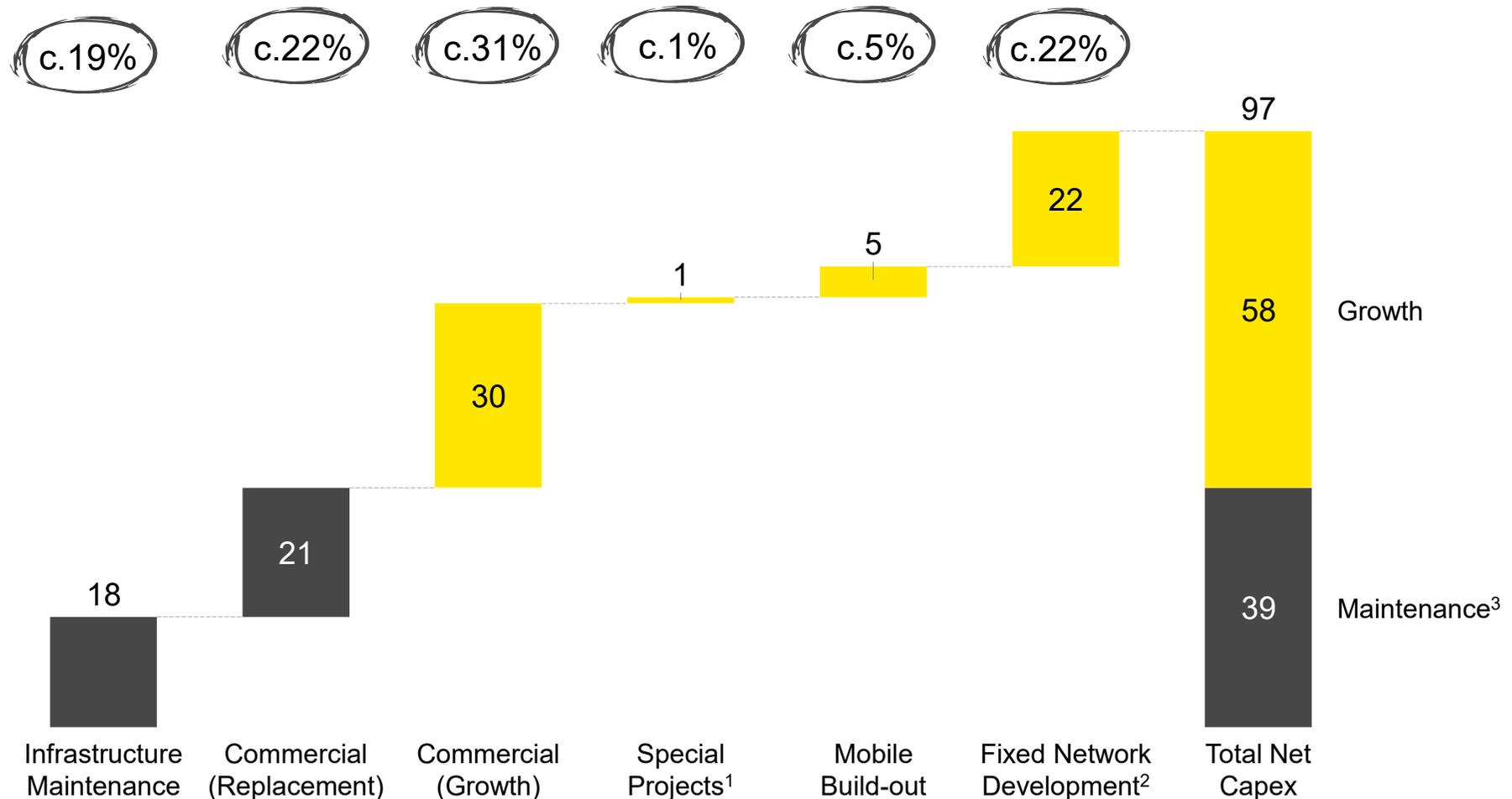


○ % of Total

# Capex 1Q20

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

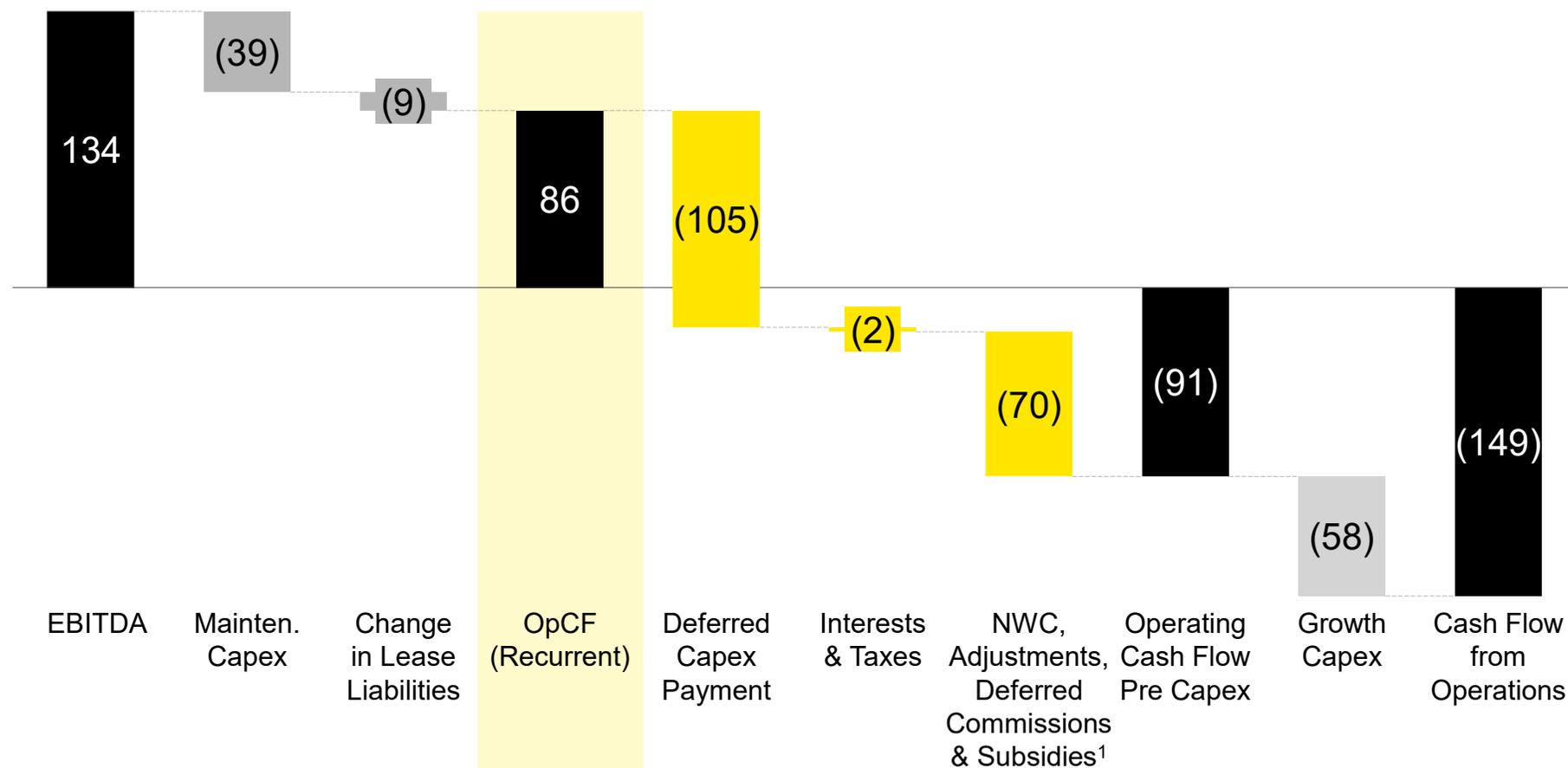
3 Includes churn related (replacement) commercial capex and maintenance infrastructure Capex

Source: Company

# Cash Flow From Operations 1Q20

Recurrent Operating Cash Flow €86M

€M

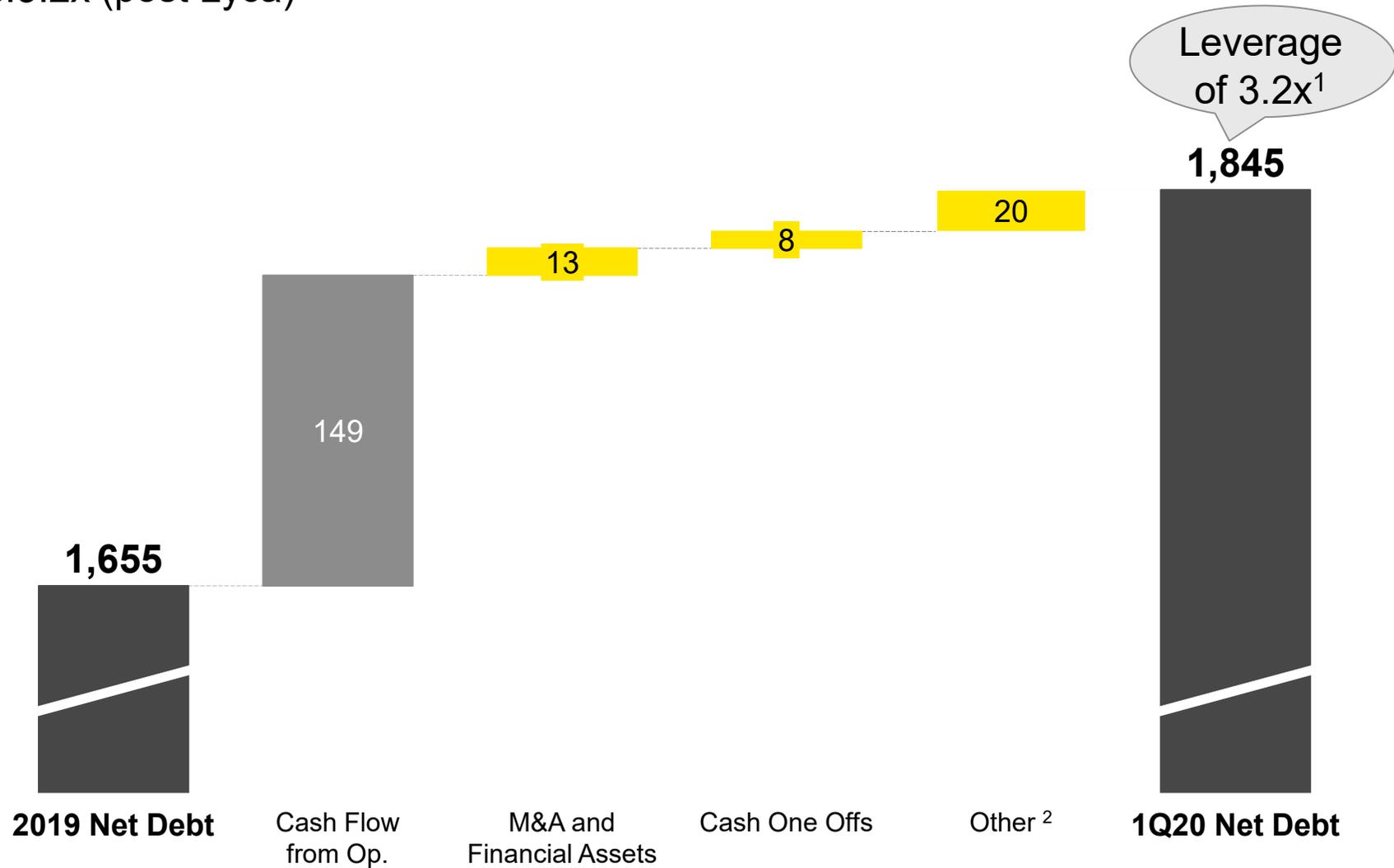


<sup>1</sup> Includes IFRS15  
Source: Company

# Change in Net Debt 1Q20

Net Leverage reached 3.2x in line with expectations and our FY20 guidance of c.3.2x (post Lyca)

€M



<sup>1</sup> 1Q20 Net Debt of €1,845M over FY20 Mid point guided EBITDA of €585M

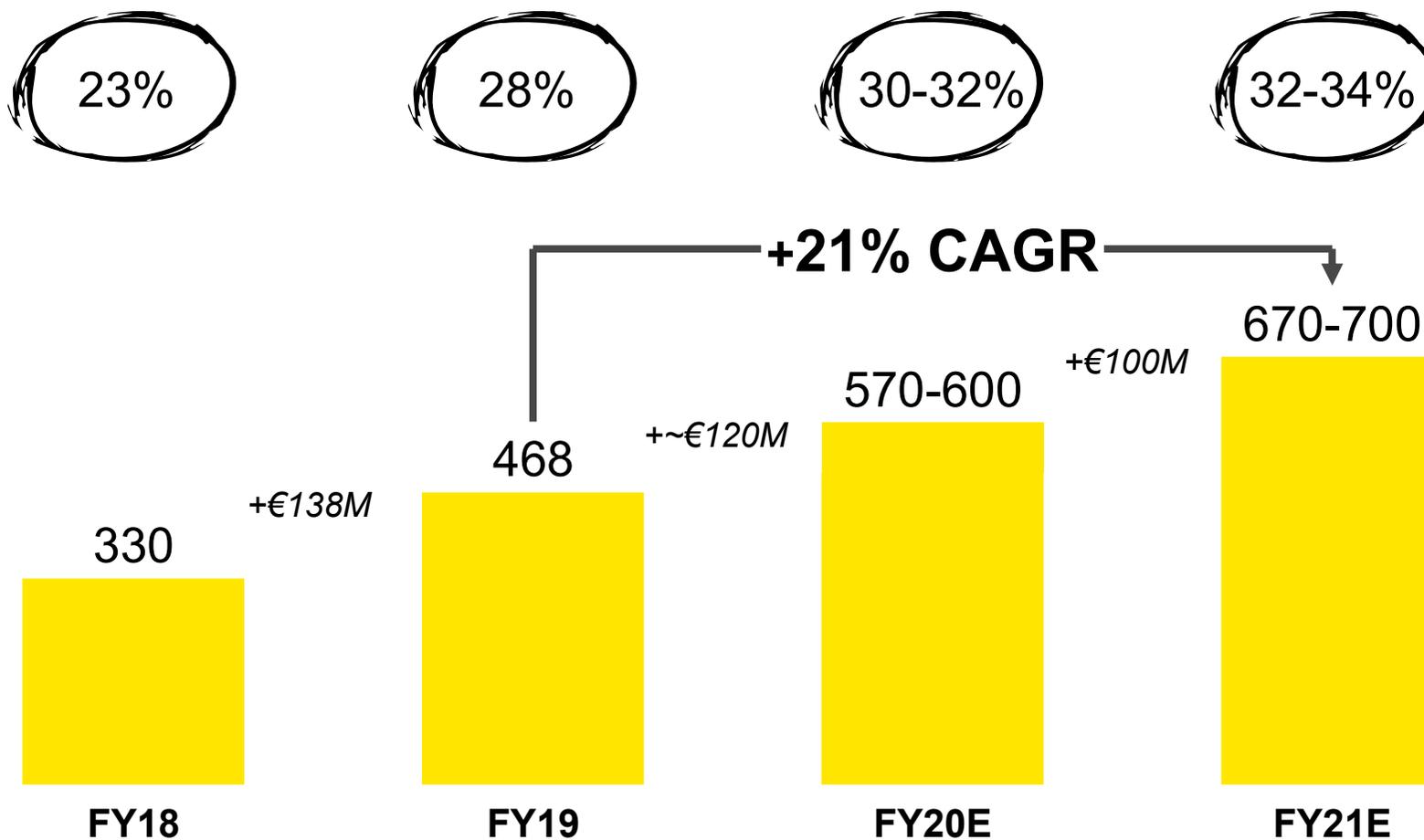
<sup>2</sup> Includes other accrued debt in B/S

Source: Company

# 2020-21 Adjusted EBITDA<sup>1</sup> Guidance Reiterated

Sustainable profitable growth  
€M

○ Adj. EBITDA  
Margin

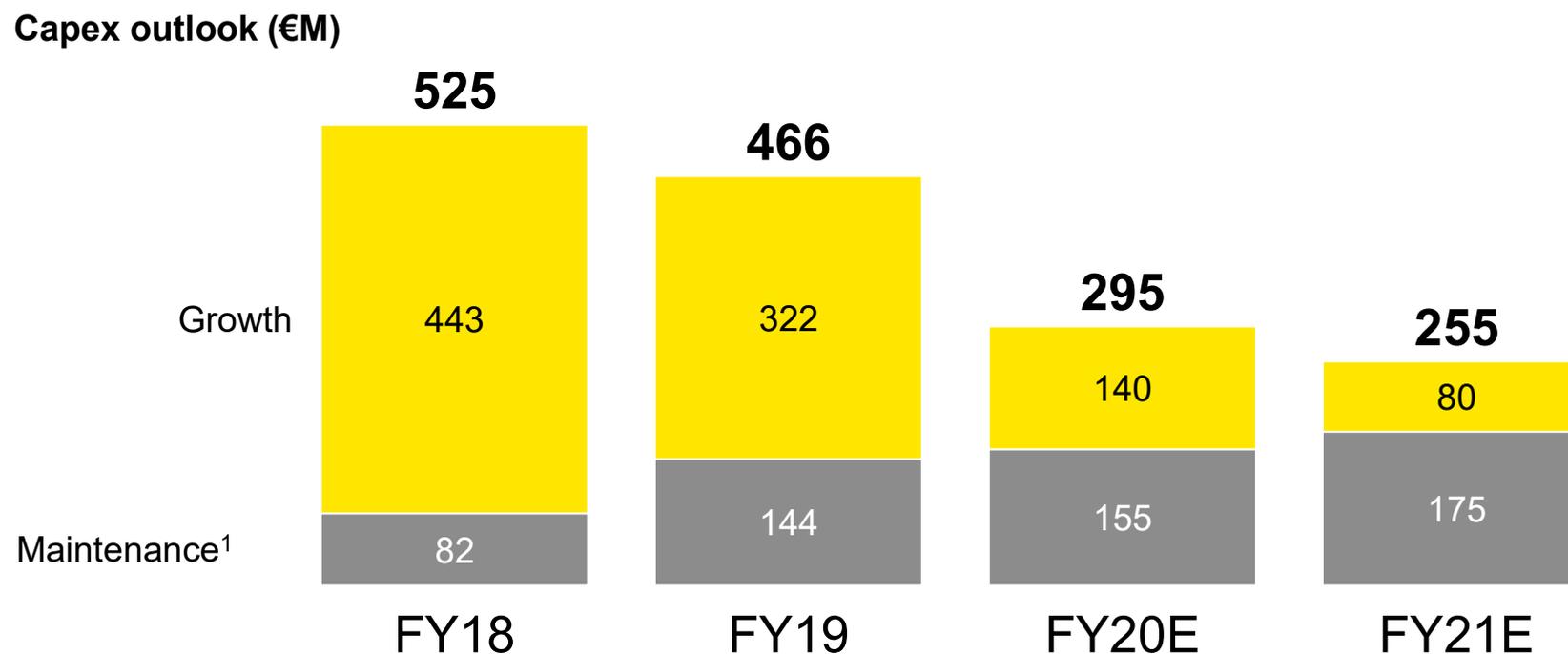


<sup>1</sup> FY18 is pre-IFRS16. Following years are post-IFRS16  
Source: Company

# 2020-21 Net Capex Outlook Reiterated

Capex plans intact despite slight additional investment due to Covid-19

 Cost optimized FTTH Network

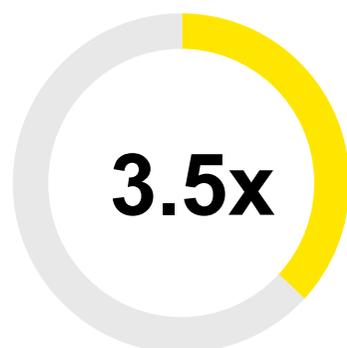


<sup>1</sup> Includes churn related (replacement) commercial capex and maintenance infrastructure Capex

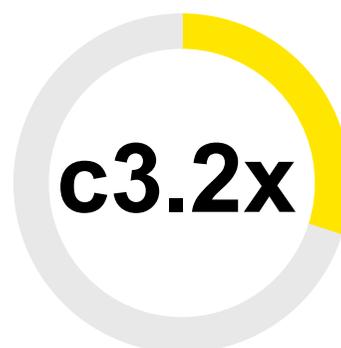
Source: Company

# 2019-2021 Clear Deleveraging Path Reiterated

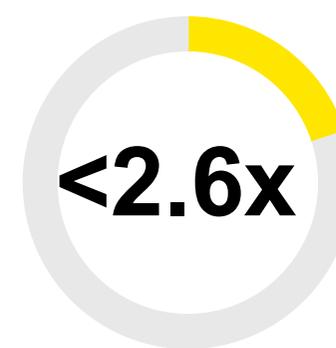
Guidance for 2020 leverage<sup>1</sup> reflects expected completion of Lyca deal<sup>2</sup>



FY19



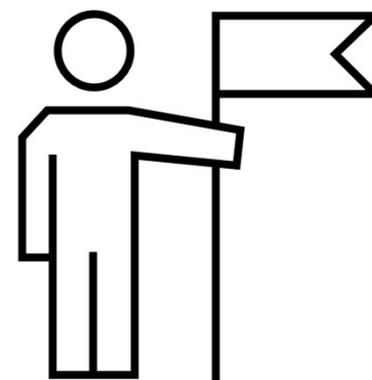
FY20



FY21

<sup>1</sup> 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  
<sup>2</sup> 2020 guidance remains intact but is adjusted to reflect expected completion of Lyca acquisition in 2H20, an on FY proforma post full synergies basis  
 Source: Company

# 2021 Equity Free Cash Flow Target Reiterated



**>€2.0**

per share

Based on Adj EBITDA guidance and without vendor  
finance for FTTH agreement

Source: Company

# Appendix



# Net Debt Overview

Net Leverage reached 3.2x<sup>1</sup>

€M

	1Q19	1Q20	Delta 1Q20 vs. 1Q19
Short-term commercial paper	50	170	120
TLB	-	1,419	1,419
Senior debt	784	195	(589)
Bonds	28	28	0
Junior debt	102	-	(102)
Debt with Providence	134	-	(134)
IFRS 16	149	156	7
Other debts	29	71	42
Cash & cash equivalents	(35)	(195)	(160)
<b>Net Debt</b>	<b>1,241</b>	<b>1,845</b>	<b>604</b>
<i>x Adjusted EBITDA<sup>(1)</sup></i>	<i>2.6x</i>	<i>3.2x</i>	
Providence convertible	(134)	-	134
ACS convertible	-	-	-
<b>Net Debt (excl. convertibles)</b>	<b>1,107</b>	<b>1,845</b>	<b>738</b>
<i>x Adjusted EBITDA<sup>(1)</sup></i>	<i>2.6x</i>	<i>3.2x</i>	

<sup>1</sup> Leverage calculated as Net debt over Mid Point of Adjusted EBITDA guidance (585M€)

# P&L

MASMOVIL reported Adjusted Net Income of €33M for 1Q20

€M

	1Q19 Reported	1Q20 Reported	Growth (%) Rep. vs. Rep.
Ingresos de Servicio	336	401	20%
Otros ingresos	47	44	-8%
<b>Ingresos</b>	<b>383</b>	<b>445</b>	<b>16%</b>
Otros ingresos operativos	21	16	-23%
Coste de ventas	(266)	(294)	11%
Otros gastos operativos	(33)	(33)	1%
<b>EBITDA ajustado</b>	<b>105</b>	<b>134</b>	<b>27%</b>
Gastos no recurrentes	(4)	(8)	<i>n.m.</i>
<b>EBITDA Reportado</b>	<b>101</b>	<b>125</b>	<b>24%</b>
Depreciación/amortización	(56)	(73)	30%
<b>EBIT Reportado</b>	<b>45</b>	<b>52</b>	<b>16%</b>
Gasto financiero neto	(20)	(20)	0%
<b>BAI</b>	<b>24</b>	<b>32</b>	<b>30%</b>
Impuesto sobre beneficios	(3)	(10)	<i>n.m.</i>
<b>Resultado neto Reportado</b>	<b>22</b>	<b>22</b>	<b>0%</b>
Suma de los "Ajustes"	15	11	-24%
<b>Resultado neto Ajustado</b> <sup>(1)</sup>	<b>37</b>	<b>33</b>	<b>-10%</b>

<sup>1</sup> Please see in the next table the list of adjustments

Source: Company

# Adjusted Earnings Per Share

MASMOVIL reported Adjusted EPS of €0.25 on a fully diluted basis for 1Q20  
€M

	1Q20
<b>Reported Net Income/(Loss)</b>	<b>21.6</b>
Operating one-offs	8.2
Amortization of acquired customer base & brand	7.3
Management incentive plans (SAR)	(0.2)
Tax impact of "Adjustments"	(3.8)
<b>Adj. Net Income/(Loss)</b>	<b>33.0</b>
Number of shares (million)	131.7
<b>Adj. EPS (€)</b>	<b>0.25</b>