



## COMMUNICATION OF A RELEVANT FACT

### MASMOVIL GROUP

March 2<sup>nd</sup>, 2020

In accordance with article 17 of the Regulations (UE) number 596/2014 on market abuse and article 228 of the Securities Market Act passed by Legislative Royal Decree 4/2015 of October 23 and concordance rules, we inform the market about the following Relevant Fact referred to MASMOVIL IBERCOM, S.A. ("**MASMOVIL**" or the "**Company**" or the "**Group**").

### RELEVANT FACT

#### **MASMOVIL acquires virtual mobile operator Lycamobile Spain**

On Friday February 28<sup>th</sup>, after stock market closing, MASMOVIL has signed an agreement for the acquisition of Lycamobile, S.L.U. ("Lyca"), a virtual mobile operator in Spain operating under the Lycamobile brand. MASMOVIL has also entered into an agreement for the use of the Lycamobile brand in Spain for the long term. The acquisition is subject to the authorization of Antitrust Authorities.

Lyca is a virtual mobile operator specialized in the pre-paid segment, that started its operations in Spain in 2010, reaching around 1.5 million lines at the end of December 2019, with an ARPU above €7.

Lyca has 85 employees, mainly in commercial and technical functions, who are expected to be incorporated into MASMOVIL. Lyca generated in 2019 revenues of approximately €132 million and EBITDA of approximately €45 million.

MASMOVIL estimates that the acquisition of Lyca will allow the combined business to generate synergies (mainly through reduction of mobile network costs and headquarter cost allocations) that will result in a proforma annual EBITDA post-synergies of c.€75M. The time to synergies is expected to be short with €70M EBITDA already expected for 2021.

MASMOVIL will pay cash consideration of approximately €372 million for the acquisition of Lyca on a debt free transaction basis. Such consideration is subject to customary working capital adjustments, which will take place at closing.

# MASMOVIL

The payment will be spread in three installments of €307 million to take place at closing, €30 million in six months after closing and a final payment of €35 million twelve months after closing. The transaction is expected to be funded by bank debt that has been committed by two leading international financial institutions.

The total cash consideration could thus result in an initial EV/EBITDA multiple of 8.2x pre-synergies and c.5x post-synergies, without a material increase in the Group leverage profile (leverage is currently expected to increase by 0.2x on a pro forma post-synergies basis).

The operation of Lyca is not expected to require any relevant additional capital expenditure for MASMOVIL, and thus the EBITDA generated by the transaction is expected to fully translate into Operating Cash Flow, resulting therefore in an EV/EBITDA-CAPEX multiple of c.5x.

Net of cost of funding and taxes, the acquisition of Lyca is expected to generate approximately €52 million of additional pro forma Equity FCF, which represents approximately 20% of the current €2.0 per share 2021 Equity FCF guidance.

The acquisition of Lyca reinforces MASMOVIL's position in the prepaid segment in Spain and comes on the heels of the acquisitions of Llamaya and Lebara, in early 2017 and late 2018, respectively. In the case of Llamaya, the initial EBITDA expectation at the time of the acquisition has been doubled, while Lebara is also on a good way to achieve the targeted EBITDA expansion.

In this transaction Pérez Llorca has acted as MASMOVIL's legal advisor, while EY has performed the legal, tax, labor and compliance due diligence, and BNP Paribas has been MASMOVIL's financial advisor.

Madrid, March 2<sup>nd</sup>, 2020

D. Meinrad Spenger  
CEO MASMOVIL IBERCOM, S.A.



### *Forward Looking Statements*

*This announcement contains statements reflecting assumptions, expectations, projections, intentions or beliefs about future events that are intended as “forward-looking statements,” particularly those statements concerning expectations regarding synergies, results and leverage of the combined business. A number of risks and uncertainties could cause the Group’s actual results to differ materially from current projections, forecasts, estimates and expectations relating to the Group. Any or all of these forward-looking statements may turn out to be wrong. They can be affected by inaccurate assumptions or by known or unknown risks, uncertainties and other factors, many of which are beyond the Group’s control.*