



## **Earnings Presentation – 1Q 2018**

14<sup>th</sup> of May 2018

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# MASMOVIL – key highlights

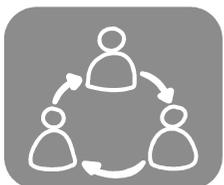
MASMOVIL continues its growth trajectory



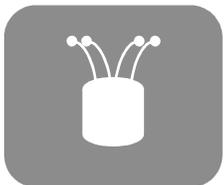
***Growth continues in 1Q18; Service Revenue up +16% yoy  
(+23% yoy organic growth)***



***Profitability expanding with EBITDA of 75M€ (22% Margin)  
Net Income turns positive***



***Record net adds: +400K mobile postpaid + broadband lines***



***Fiber footprint reaches c.11M BU's, with increase of own  
FTTH network by 1.6M BU's***

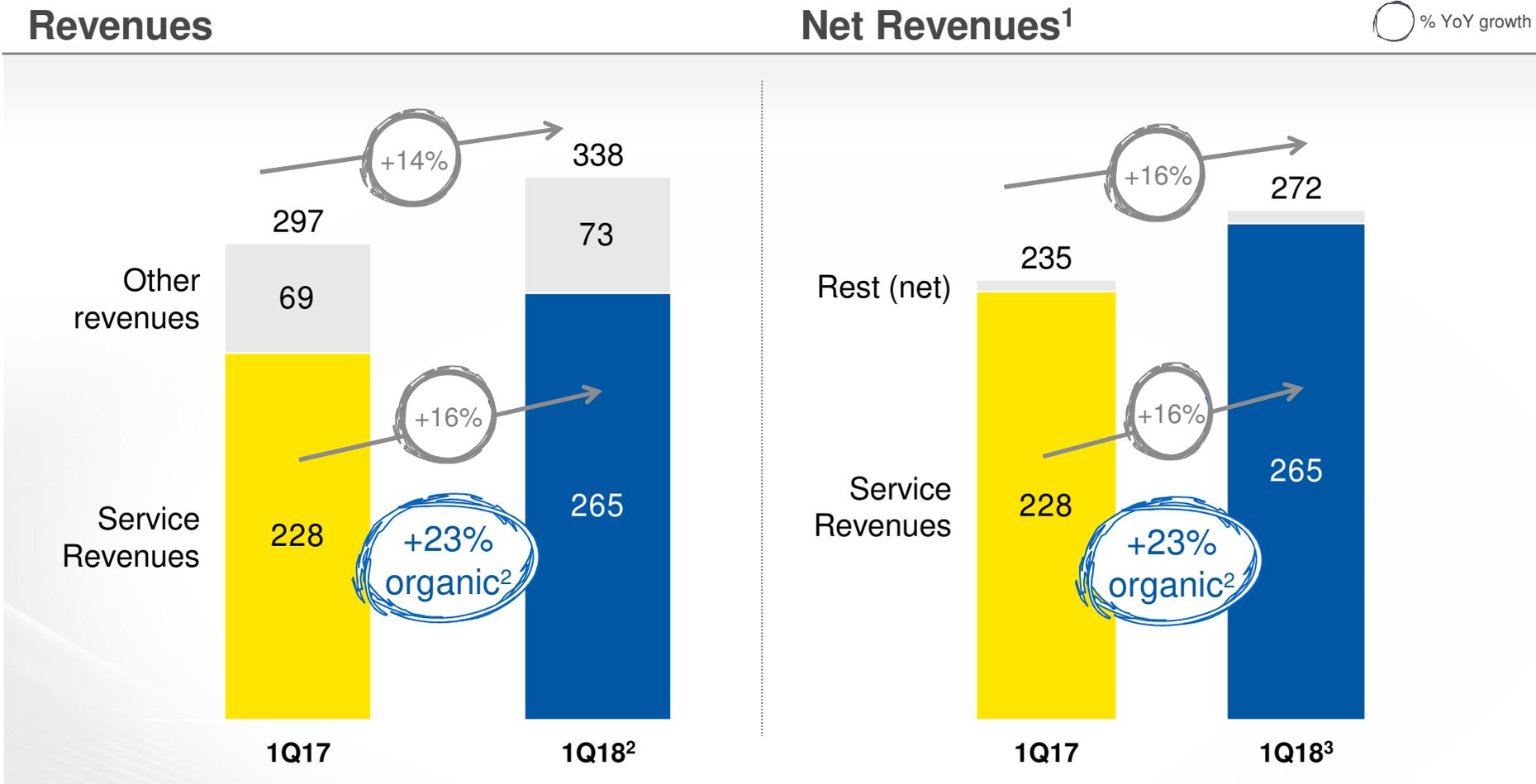


***Reiterated confidence in guidance for FY2018***

# Service Revenues

Service Revenues +16% (+23% organic), Total Revenues +14% and Net Revenues +16% YoY  
1Q17 vs. 1Q18; €M

○ % YoY growth



1 Net Revenues: Service Revenues plus gross profit contribution from Equipment and Wholesale Revenues.

2 Services Revenues Pre-IFRS15 of 280M€ (+23%). Total Revenues Pre-IFRS15 of 352M€ (+19%)

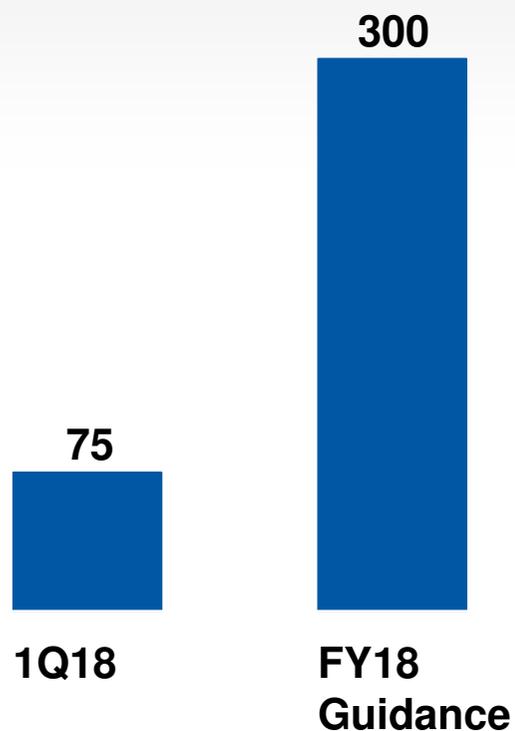
3 Net Revenues Pre-IFRS15 of 287M€ (+22%)

# Recurrent EBITDA

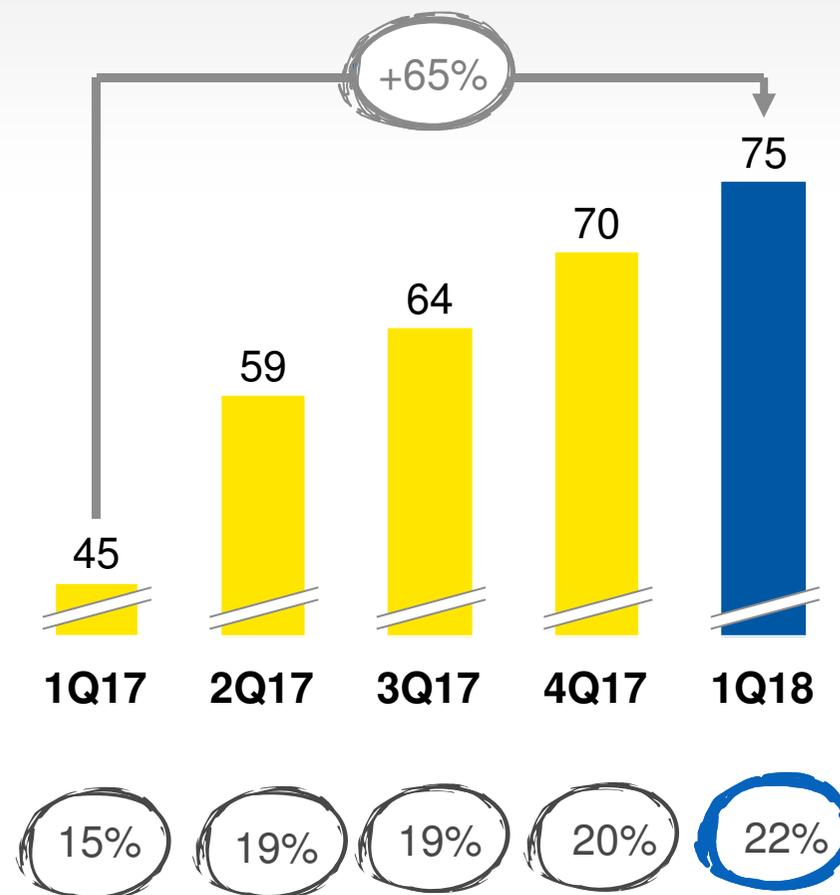
EBITDA grew 65% to 75M€ in 1Q18 YoY and EBITDA margin to 22%.

€M

1Q18 vs. FY18 guidance



Evolution by quarter 2017/ 1Q18<sup>1</sup>



Recurrent EBITDA Margin

22%

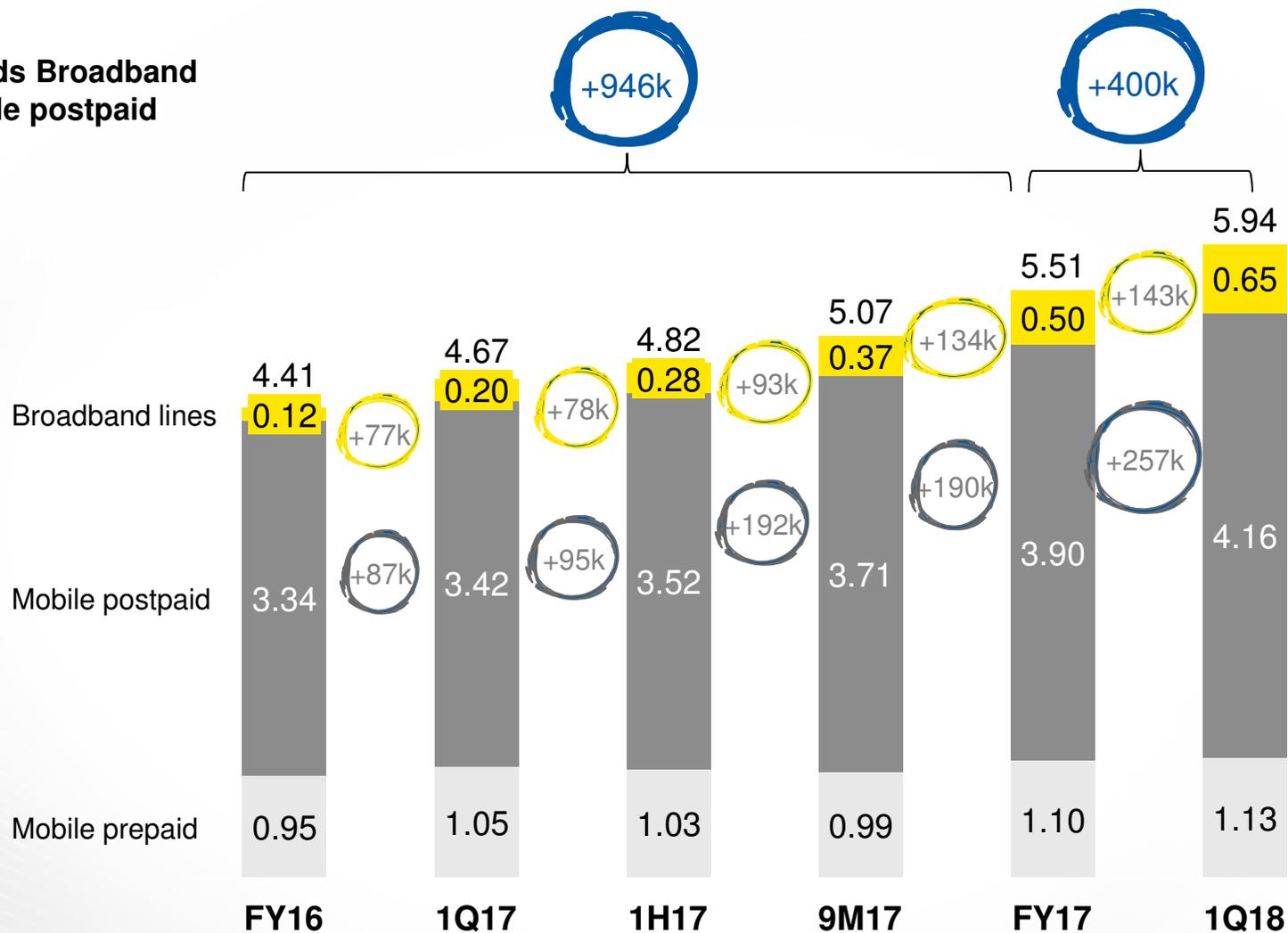
<sup>1</sup> EBITDA 1Q18 Pre-IFRS15 of 71M€ (+57%)

SOURCE: Company

# Evolution of mobile postpaid + broadband lines

Record growth to reach c.6 million lines. Broadband and postpaid lines up by 400k in 1Q18

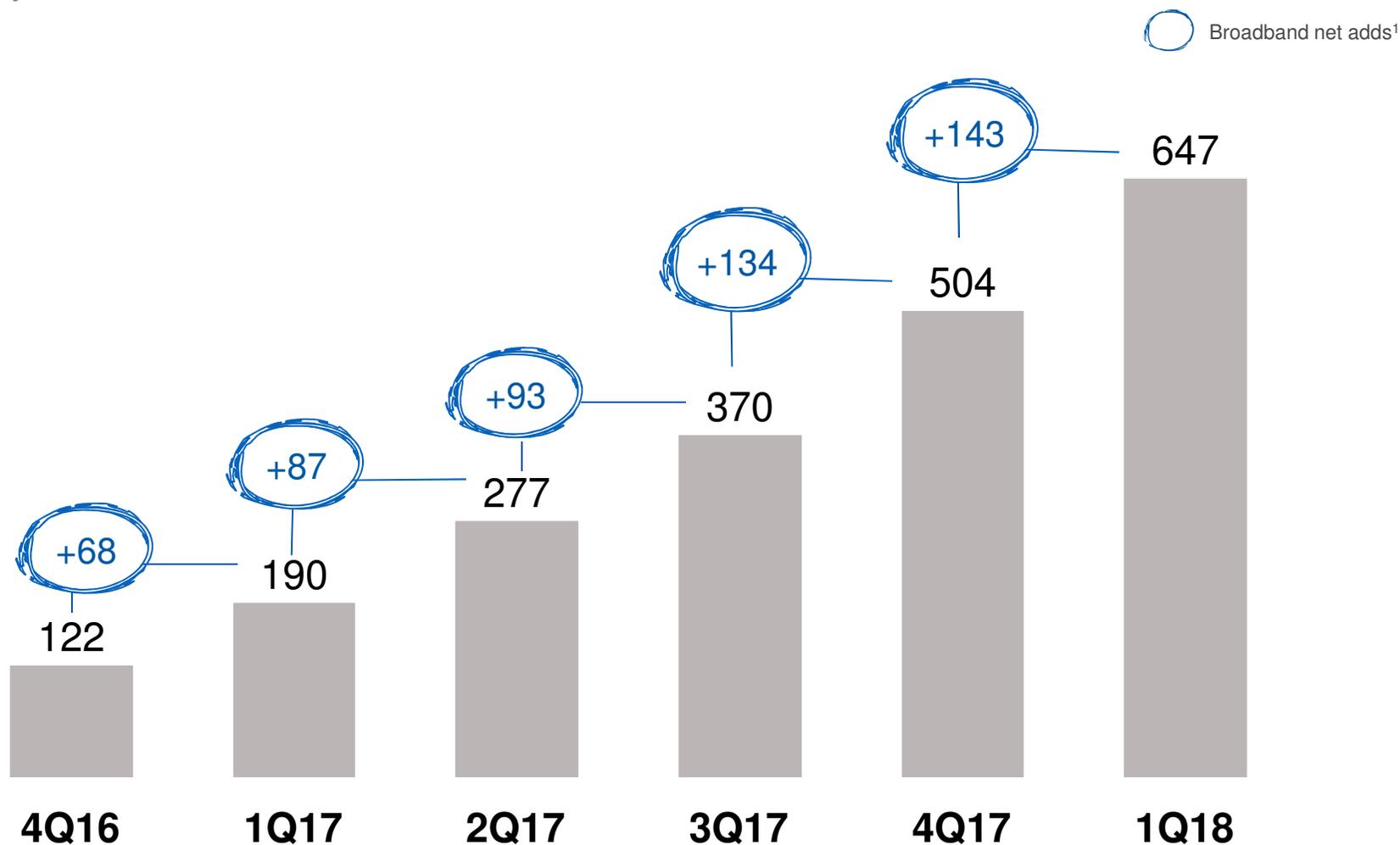
Net adds Broadband + Mobile postpaid



# Net growth in BB lines accelerated in all quarters

MASMOVIL added 143k net broadband lines in 1Q18 reaching a total of 647k lines

Quarterly evolution 4Q16-1Q18; 1,000 lines

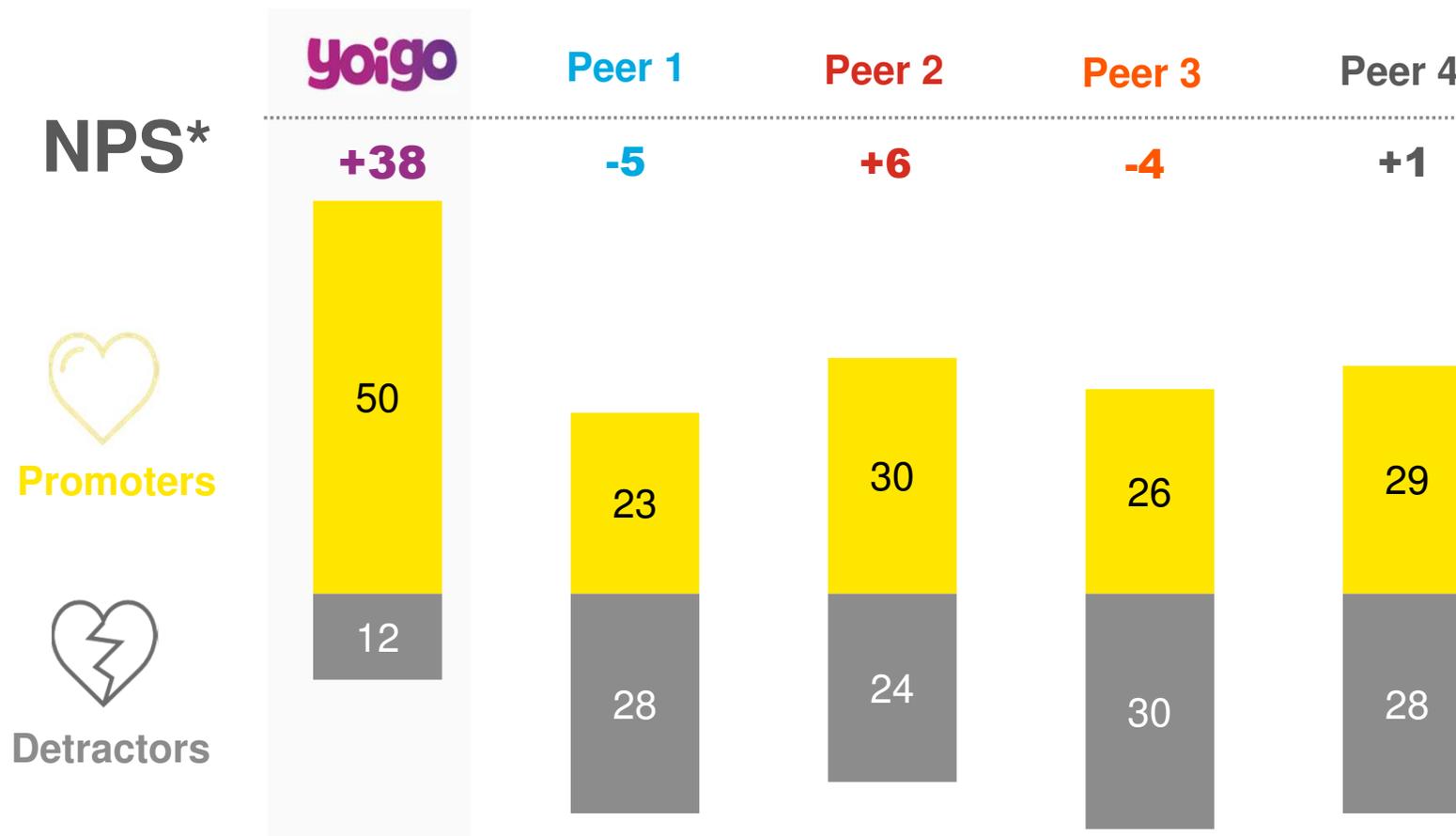


<sup>1</sup> Without WiMAX

SOURCE: Company, CNMC

# Leadership in Net Promoter Score (NPS) 1Q18

Yoigo has the best NPS of all peers, reflecting highest customer satisfaction

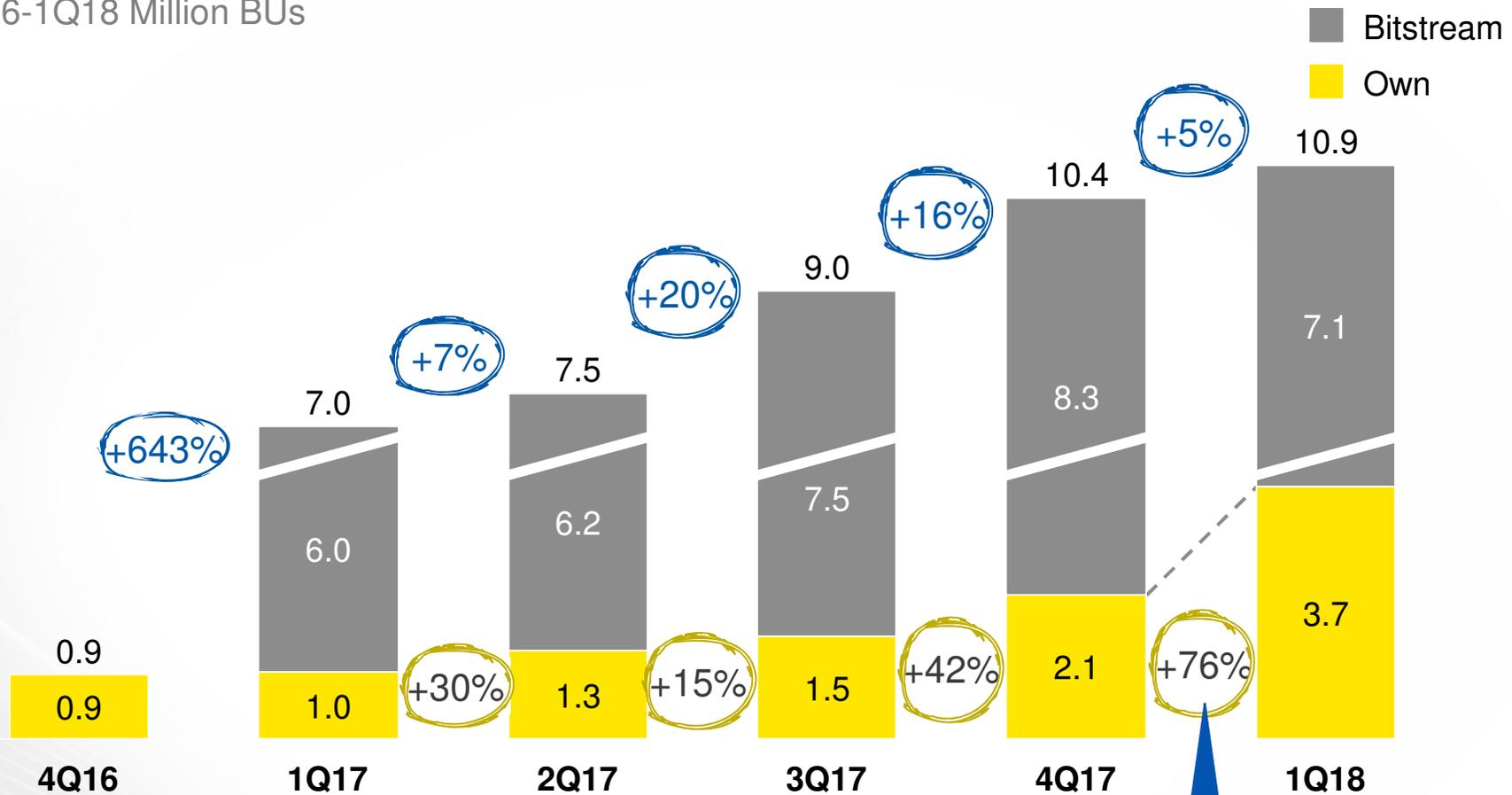


**Our client focus is leading to better customer satisfaction**

\* Difference between promoters (9,10) and detractors (1-6)  
SOURCE: GfK 1Q18

# Fiber footprint expansion

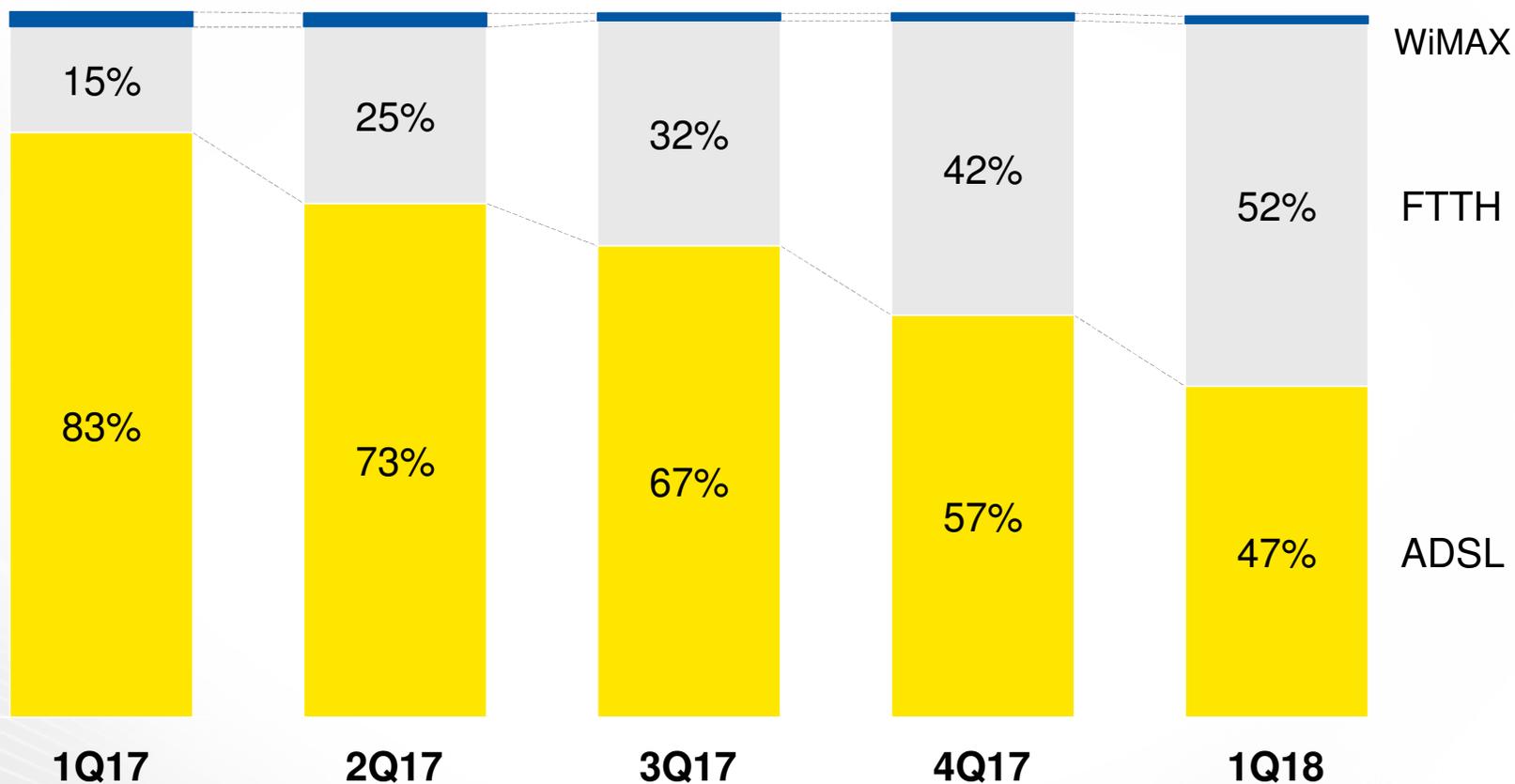
MASMOVIL FTTH footprint of 10.9M Building Units (BU's) in 1Q18 (>11M BU's in April '18) with significant increase of own FTTH footprint (+76%) to 3.7 M BU's  
4Q16-1Q18 Million BUs



Significant increase in own FTTH footprint due to new co-invest agreement with Orange

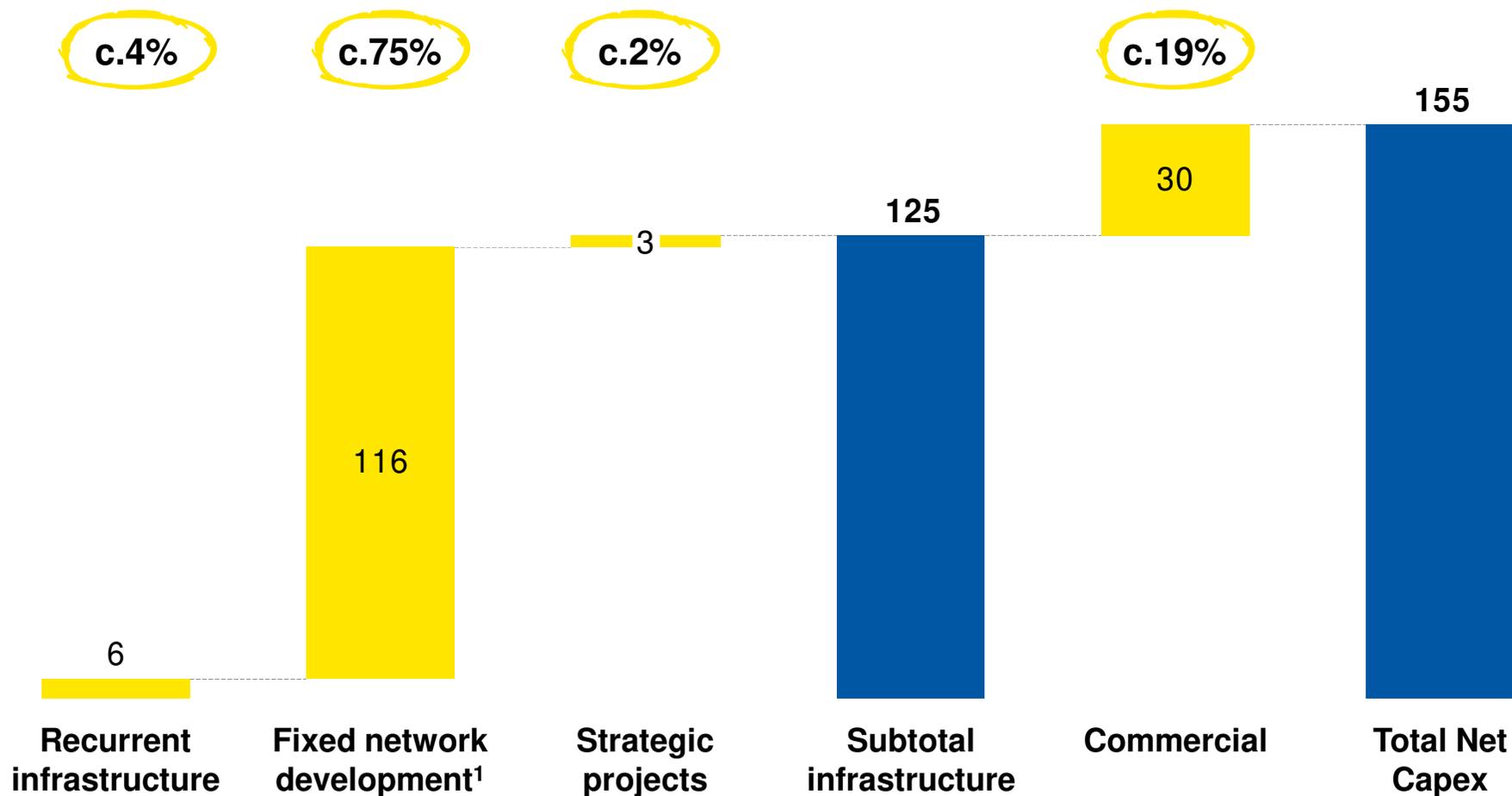
# Broadband access split by technology

FTTH share is growing and represents for the first time more than 50% of total broadband base  
1Q17-1Q18



# Capex 1Q18

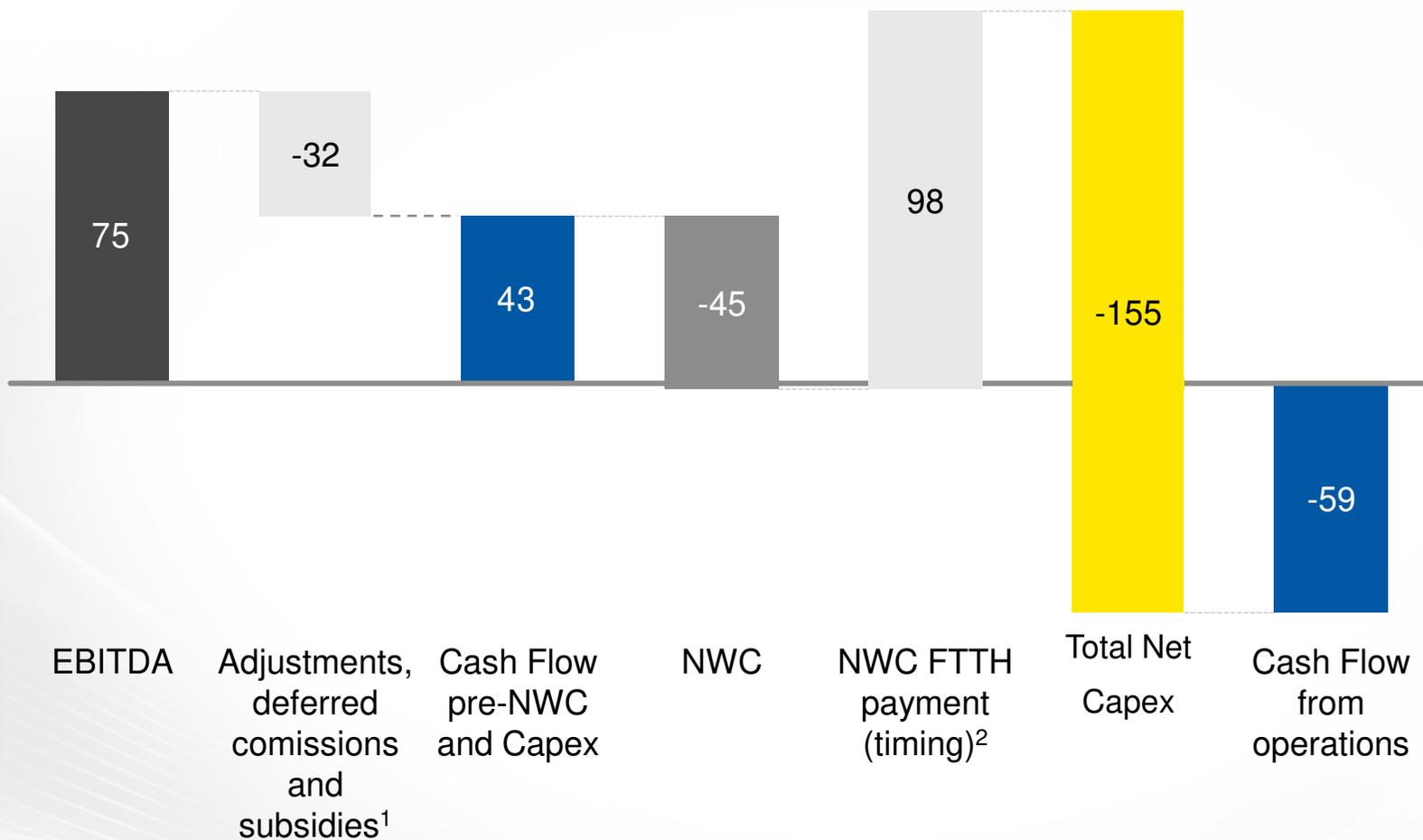
MASMOVIL invested 155M€, mainly for the expansion of its own FTTH network; c.75% dedicated to fixed network development and c.19% for commercial Capex 1Q18; €M



<sup>1</sup> Net of the sale of IRUs. Related to increase of own FTTH network by 2.1 M BU's to a total of 3.7 M BUs

# Cash Flow from operations

Generated 43M€ pre-investment and NWC  
1Q18; €M



(1) Includes mainly IFRS-driven non cash adjustments, taxes and interest.

(2) FTTH-related working capital inflow due to timing effects of payments

# Change in Net Debt and Net Debt / EBITDA

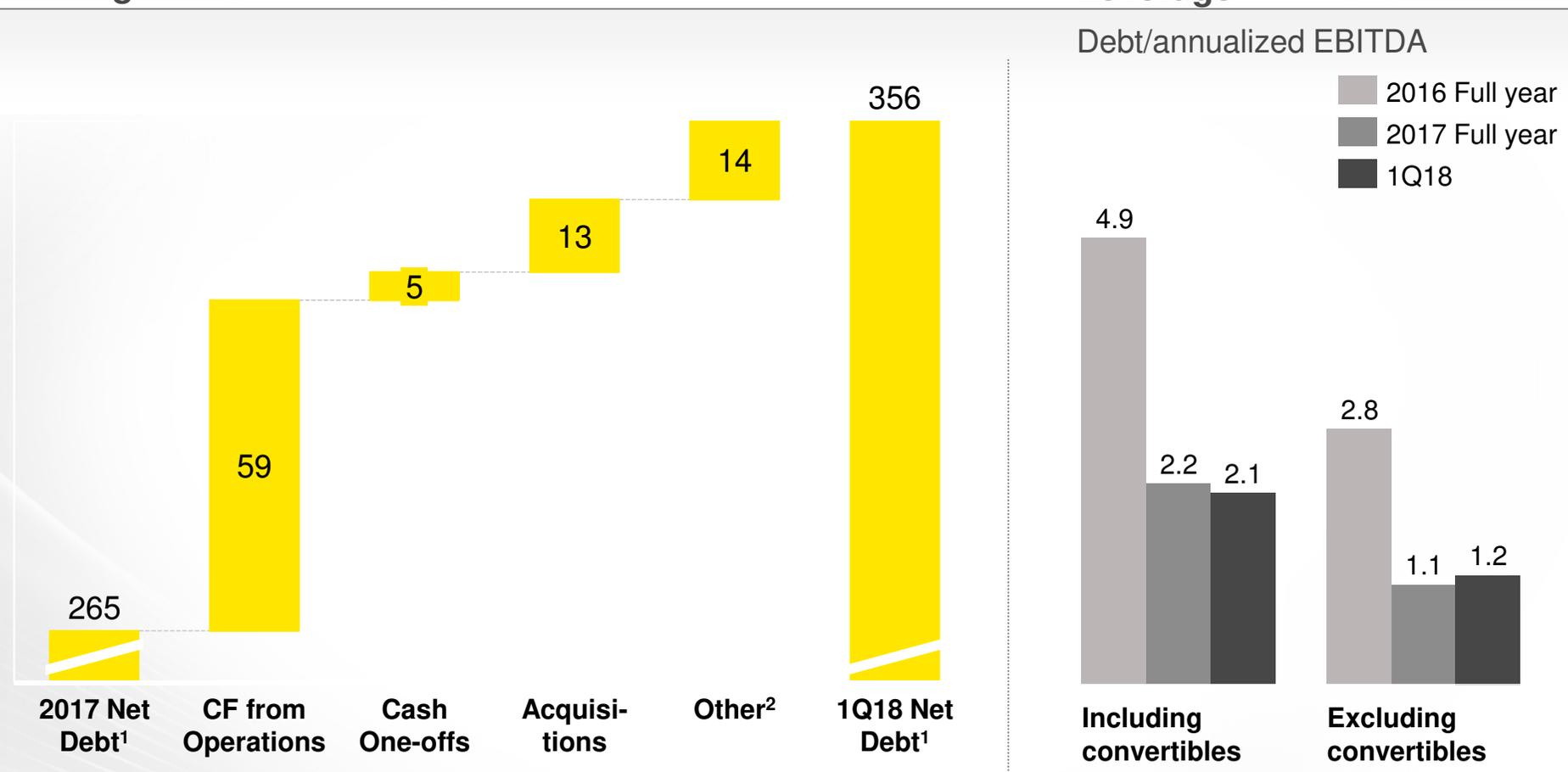
Overall leverage remains low at 1.2x (excluding convertibles)

€M

## Change in net debt



## Leverage<sup>3</sup>



1 Excluding convertibles

2 Includes PIK interest on junior debt, and cash interest accrued but yet to be paid.

3 Leverage calculated as Net debt excluding convertibles divided by annualized Recurrent EBITDA (1Q18 x 4 or 300M€)

SOURCE: Company

# Confidence in 2018 guidance reiterated

We reiterate confidence in FY18 targets given 1Q18 performance.

	Guidance for 2018	1Q18	On track?
 <p><b>Service Revenues</b></p>	Growth in Service Revenues of more than 10% vs. FY17	+16% YoY	✓
 <p><b>Recurrent EBITDA</b></p>	Recurrent EBITDA (before one-off costs) of 300M€	75M€	✓
 <p><b>Subscribers</b></p>	Total combined net increase in fixed broadband lines and mobile post-paid lines by more than 800k	+400k	✓
 <p><b>Net Capex</b></p>	Net Infrastructure Capex of 305M€	125M€	✓

# Appendix



# Net debt calculation

Leverage<sup>1</sup> increases at 1.2x Recurrent EBITDA (excluding convertibles)

Million €

	FY16	FY17	1Q18	1Q18-FY17
Short-term commercial paper	30	16	1	(15)
Senior debt	347	407	524	118
Bonds	57	33	28	(5)
Junior debt	96	106	107	1
Providence convertible	102	115	119	4
ACS convertible	144	139	142	3
Other debts	41	23	17	(6)
Cash & Equivalents	(236)	(320)	(321)	(1)
<b>Net debt as per Company</b>	<b>582</b>	<b>519</b>	<b>617</b>	<b>99</b>
Providence convertible	(102)	(115)	(119)	(4)
ACS convertible	(144)	(139)	(142)	(3)
<b>ND per Company excl. Converts</b>	<b>336</b>	<b>265</b>	<b>356</b>	<b>91</b>
<b>Leverage (x Recurrent EBITDA)</b>	<b>2.8</b>	<b>1.1</b>	<b>1.2</b>	

<sup>1</sup> Leverage calculated as Net debt excluding convertibles divided by annualized Recurrent EBITDA (1Q18x4 for 1Q18 or 300M€)

# P&L

MASMOVIL achieved EBITDA of 75M€ and adjusted Net Income of 27.2M€ in 1Q18

Million €

	1Q17	1Q18 <sup>1</sup>	Growth
Service Revenue	228.4	265.2	16%
<b>Revenue</b>	<b>296.9</b>	<b>337.9</b>	<b>14%</b>
Other operating revenue	7.6	14.2	87%
Cost of sales	(231.1)	(243.9)	6%
Other operating expenses	(28.0)	(33.1)	18%
<b>Recurrent EBITDA</b>	<b>45.4</b>	<b>75.0</b>	<b>65%</b>
Net one Offs	(5.0)	(5.3)	8%
Reported EBITDA	40.4	69.7	72%
Depreciation and amortization	(28.4)	(35.1)	23%
Reported EBIT	12.0	34.6	189%
Net financial expenses	(49.5)	(19.2)	n.a.
Reported Profit before taxes	(37.5)	15.4	n.a.
Income tax	(4.3)	(7.3)	69%
Reported net Income/(Loss)	(41.8)	8.1	n.a.
Sum of the "Adjustments"	39.0	19.0	-51%
<b>Adjusted Net Income/(Loss)<sup>2</sup></b>	<b>(2.8)</b>	<b>27.2</b>	<b>n.a.</b>

1 Post-IFRS figure

2 Please check *Adjusted earnings per share* slide to obtain the list of adjustments or in the earning release document, page 10 (table 5.3)

# Adjusted earnings per share (fully diluted)

Adjusted Earnings per Share on a fully diluted basis (33.5 million shares) reached 0.81€ in 1Q18

Million €, Except EPS

	1Q18
<b>Reported Net Income/(Loss)</b>	<b>8.1</b>
Operative One-offs	5.3
Amortization of acquired customer base and brand	6.4
Management incentive plans (SAR)	2.9
Interest on Providence and ACS convertibles	10.7
Tax impact of "Adjustments"	(6.3)
<b>Adjusted Net Income/(Loss), fully diluted</b>	<b>27.2</b>
Fully diluted number of shares (million)	33.5
<b>Adjusted EPS, fully diluted, €</b>	<b>0.81</b>