



## **Earnings Presentation – 3Q19**

October 30th, 2019

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# MASMOVIL – 9M19 Key Highlights

MASMOVIL continues its strong growth in line with recently upgraded guidance



**Growth** momentum continues with strong 3Q19



**9M19 Service Revenues** of **€1,058M** (+23% YoY)



**9M19 EBITDA** of **€337M** (+40% YoY) and EBITDA margin of 28% (+5pp YoY)



**Broadband & Mobile lines** reach **8.6M**  
Net adds of **131k** in **BB** and **242k** in **mobile postpaid** in **3Q19**



**Fiber footprint** reaches **22.0M** BUs  
**Own/usage rights FTTH network** reaches **13.0M** BUs



**Short and mid-term guidance reiterated**  
**Re-pricing of TLB launched today**

# 2019: Increased Guidance Reiterated

All guidance components on track

**Guidance for 2019      FY19      9M19      On track?**

**Service Revenues**



Growth in Service Revenues

**+24%**  
YoY

**+23%**  
YoY



**Adjusted EBITDA**



Adjusted EBITDA  
(before one-off costs)

**€465M**

**€337M**



**Net Capex**



Net Infrastructure Capex

**€457M**

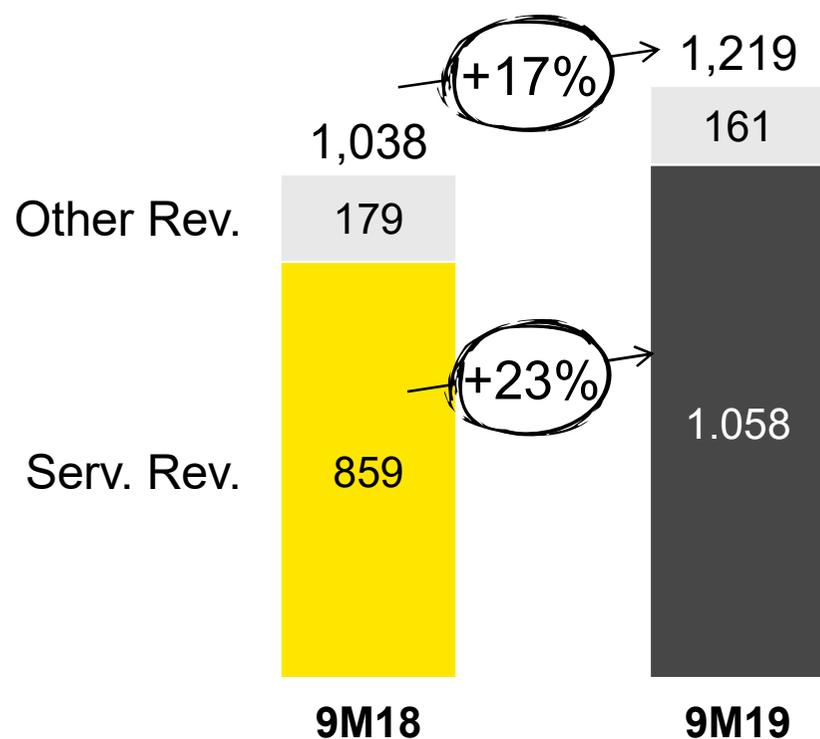
**€390M**



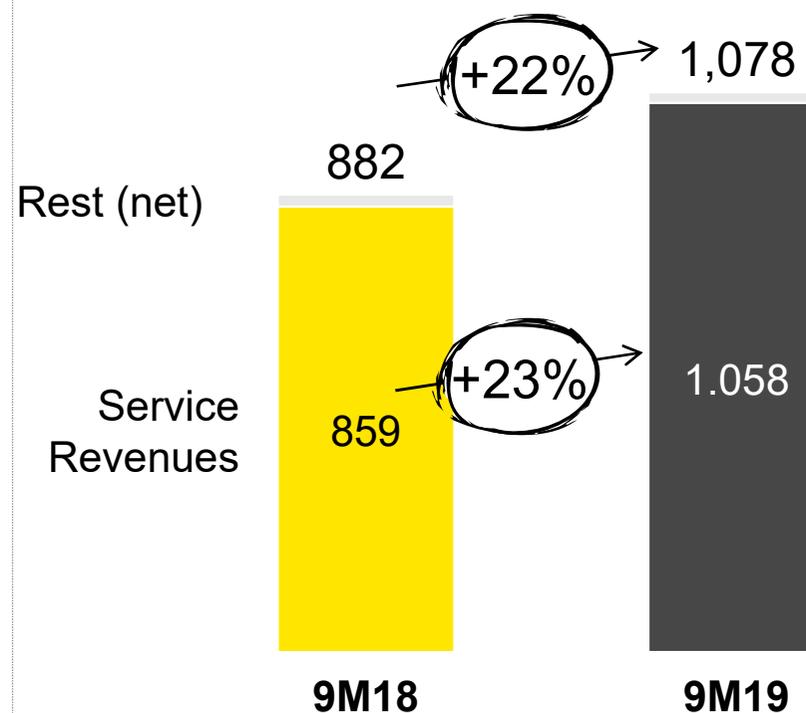
# Revenues 9M19

Service Revenues in 9M19 grew +23% YoY. Net Revenues +22% YoY  
€M

## Revenues



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



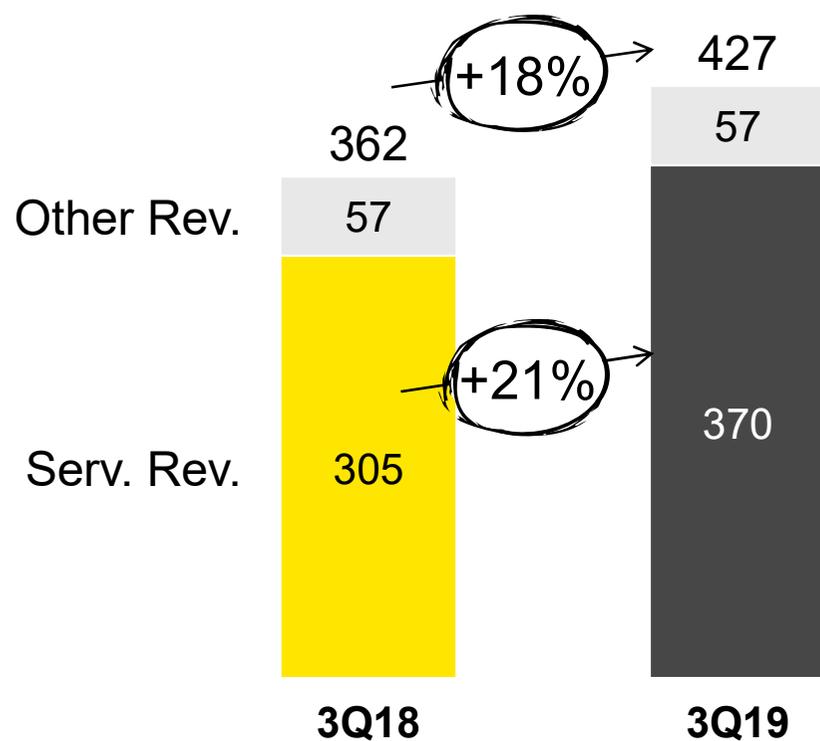
<sup>1</sup> Net Revenues: Service Revenues plus Gross Profit contribution from Equipment and Wholesale Revenues

# Revenues 3Q19

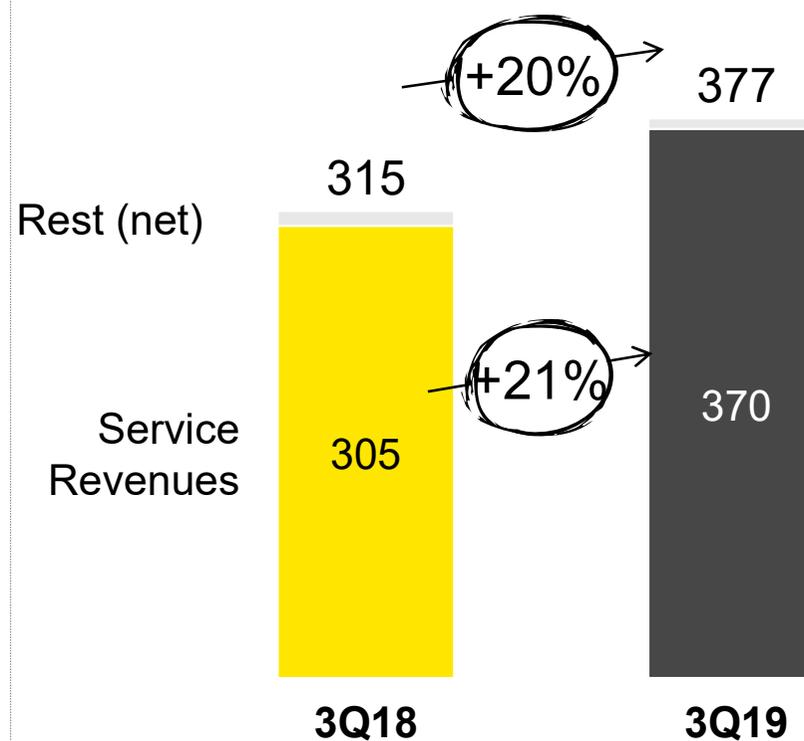
Service Revenues +21% YoY. Net Revenues +20% YoY

€M

## Revenues



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



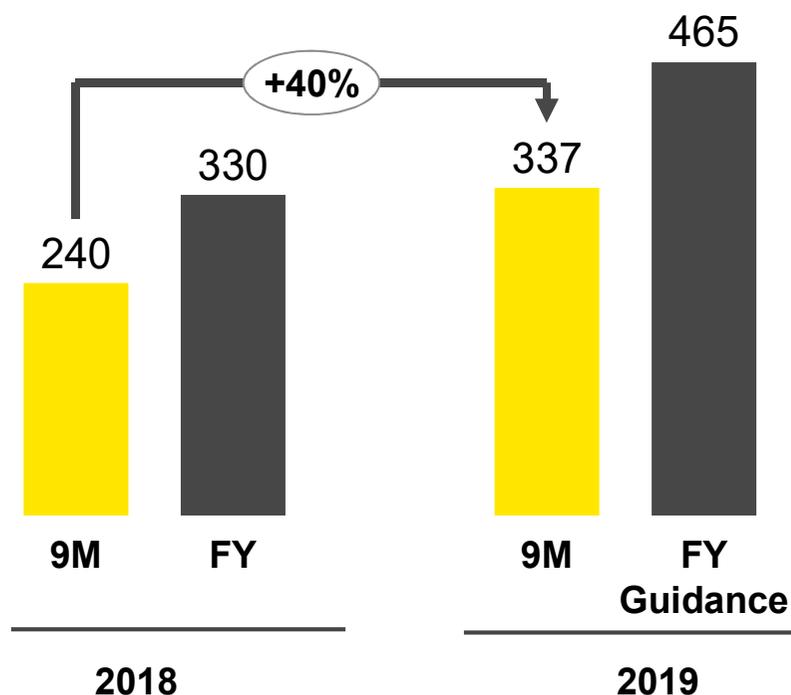
<sup>1</sup> Net Revenues: Service Revenues plus Gross Profit contribution from Equipment and Wholesale Revenues

# Adjusted EBITDA 9M19

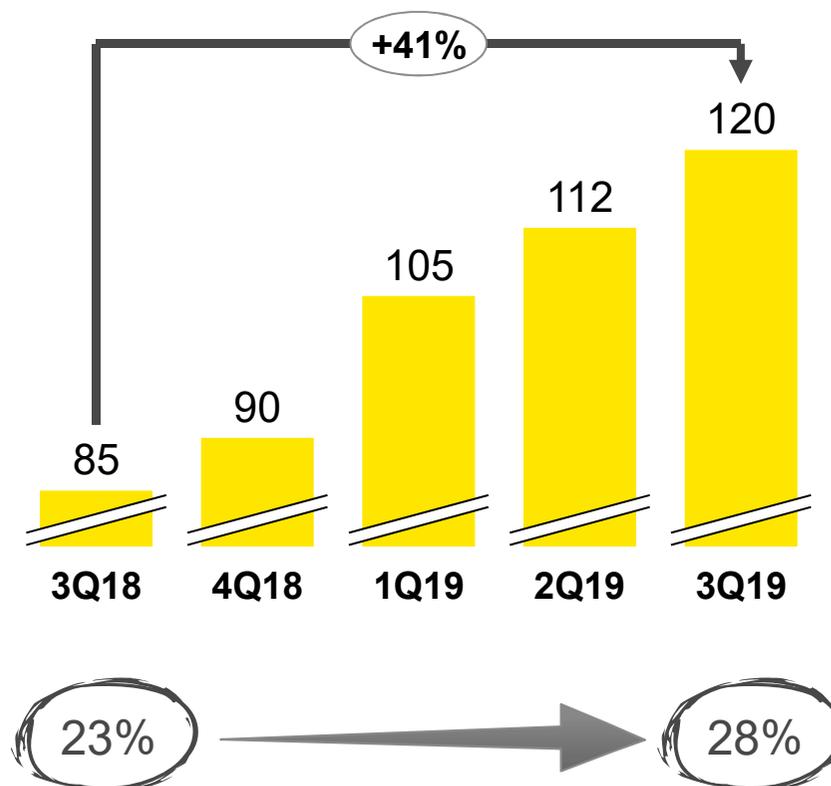
Strong 3Q19 EBITDA of €120M (+41% YoY) drives 9M19 EBITDA to €337M  
€M

Adjusted EBITDA Margin

## 9M19 vs. FY19 Guidance<sup>1</sup>



## Quarterly Evolution<sup>1</sup>

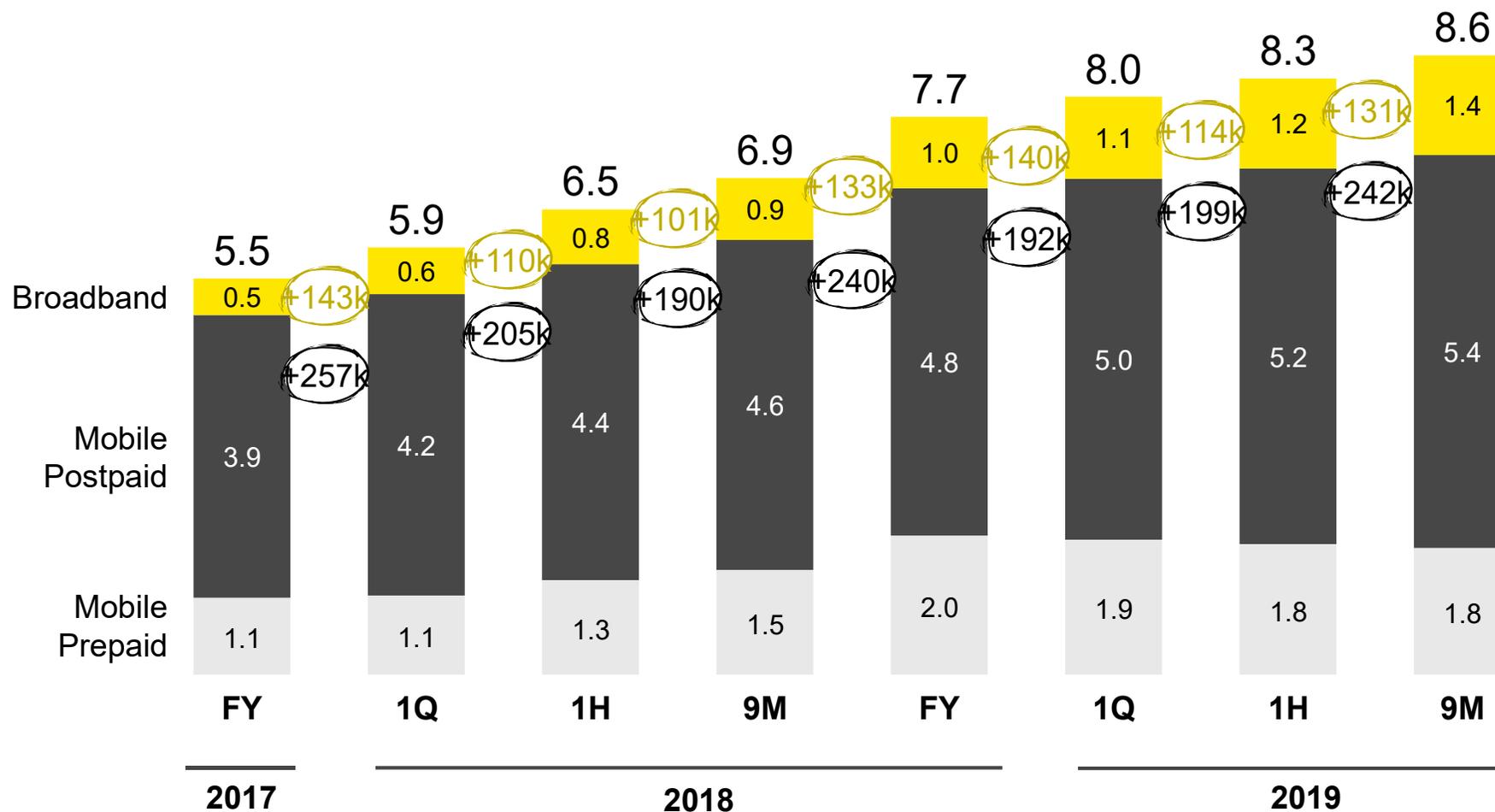


<sup>1</sup> EBITDA Post IFRS16 in 2019. For 2018, EBITDA is shown pre-IFRS16. Pre-IFRS16 EBITDA growth YoY would have been +31% for 3Q19 and +29% for 9M19, respectively

# Evolution of Mobile & Broadband Lines

In 3Q19 MASMOVIL added 131k (+30k vs. 3Q18) BB and 242k postpaid mobile lines (record since 1Q18), reaching 8.6M lines

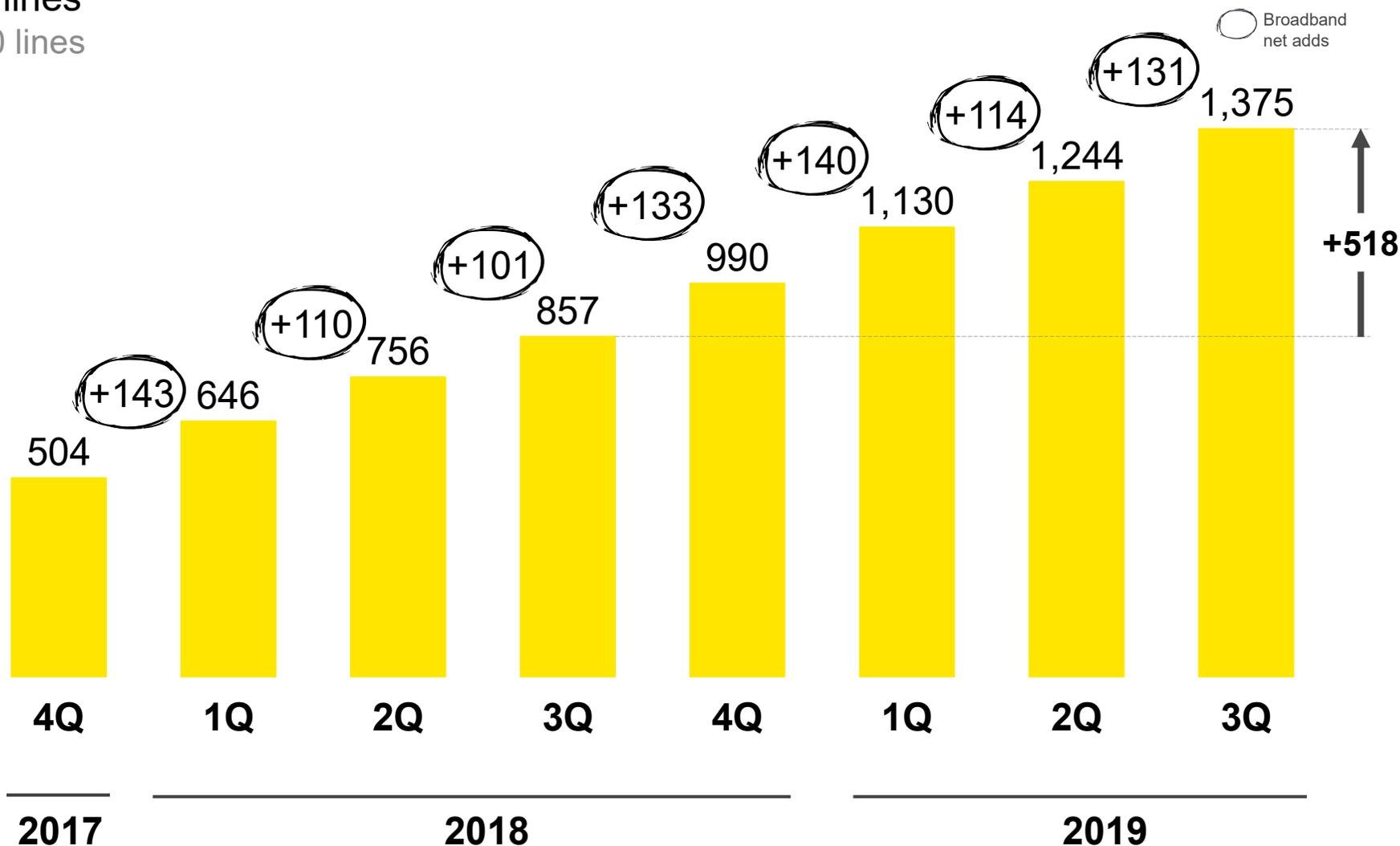
Million lines



# Evolution of Broadband Lines

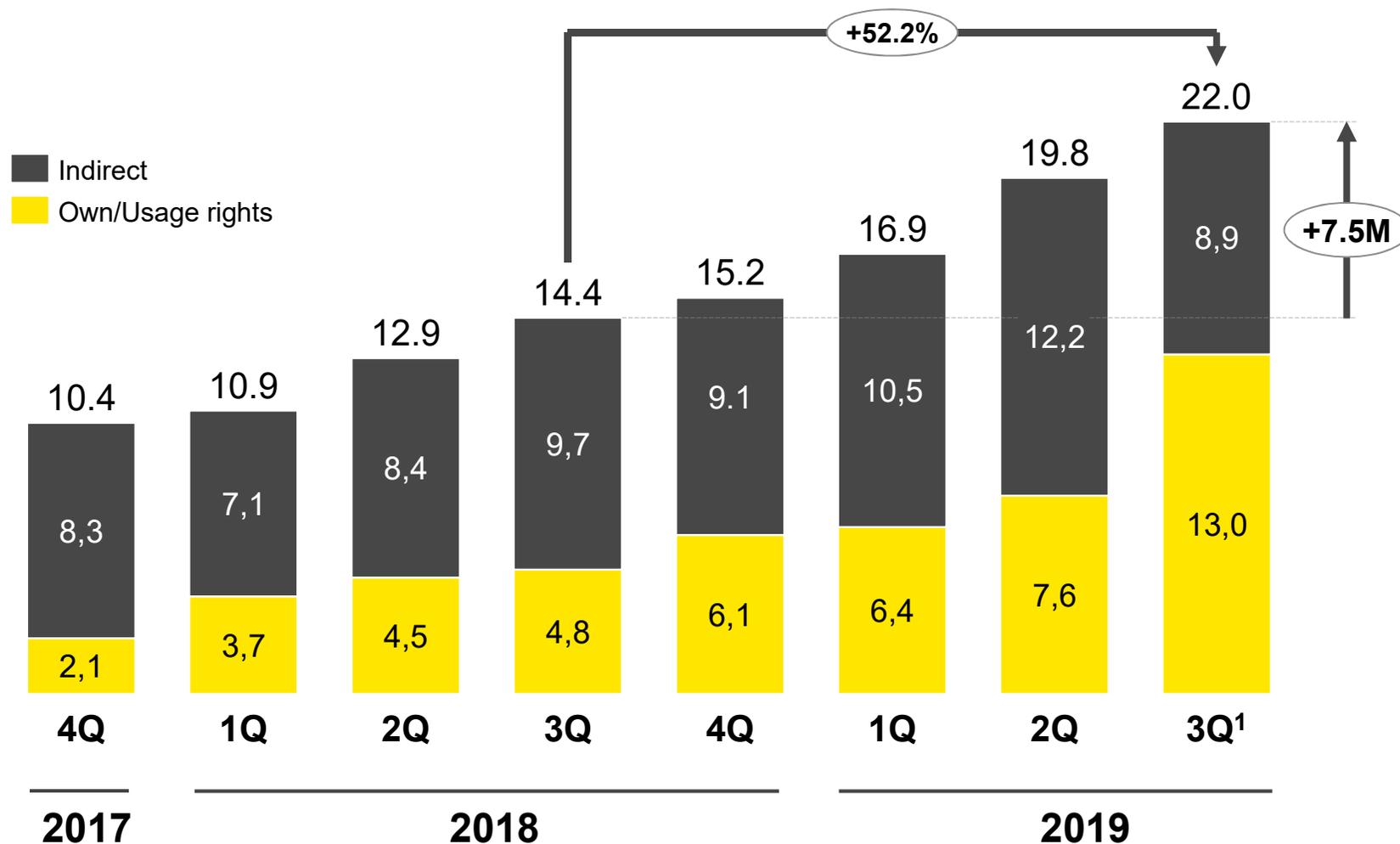
Strong growth in 3Q19 with 131k net adds (>3Q18) resulting in c.1.4M total BB lines

'000 lines



# Fiber Footprint Expansion

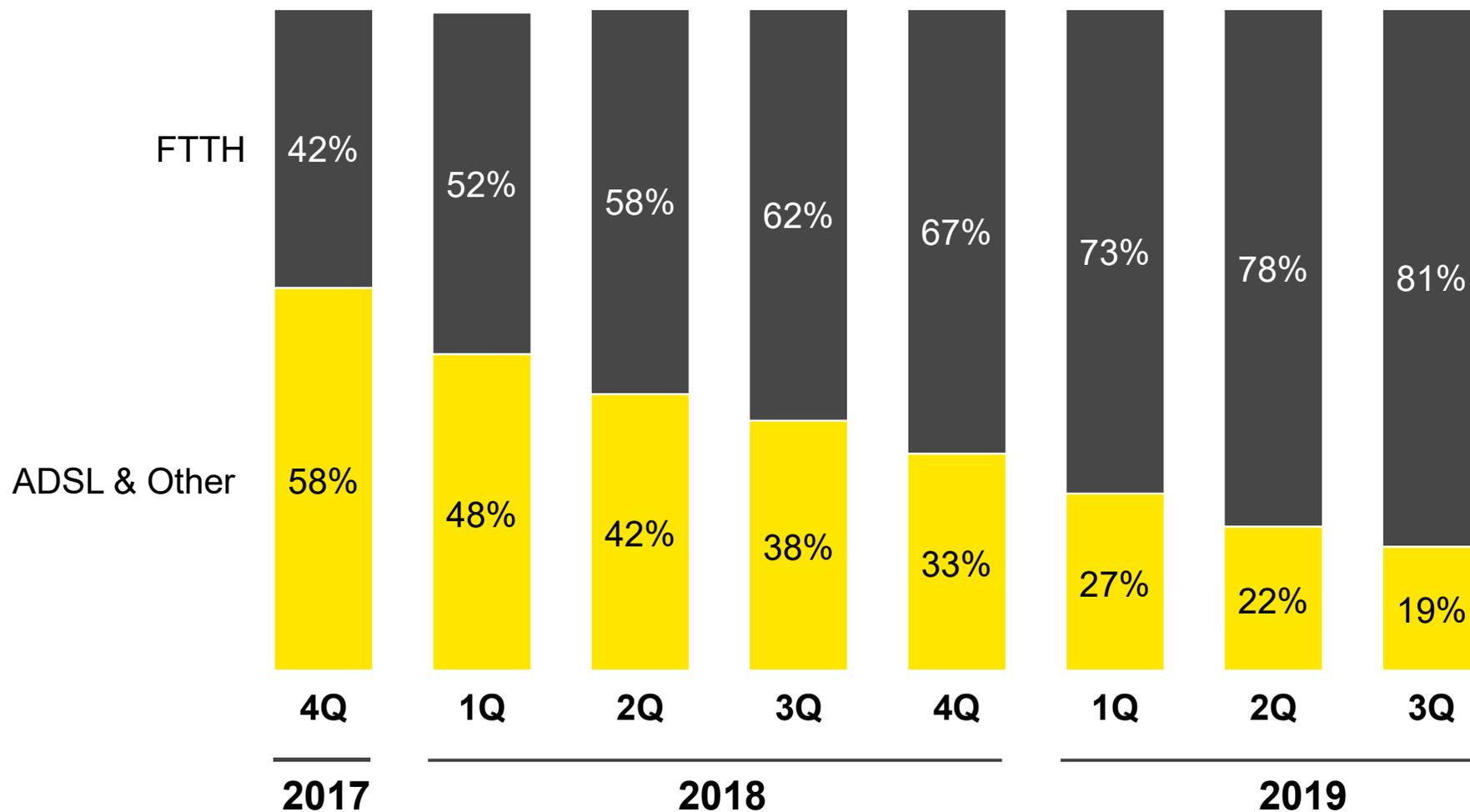
FTTH footprint reaches 22.0M BUs of which 13.0M are own/usage rights BUs  
Million BUs



(1) Proforma for Orange deal announced on Oct 1<sup>st</sup>, 2019 and the sale of c.1M BUs to infrastructure fund (to be closed before year-end)

# Broadband Access by Technology

FTTH share continues to grow and represents 81% of total broadband base

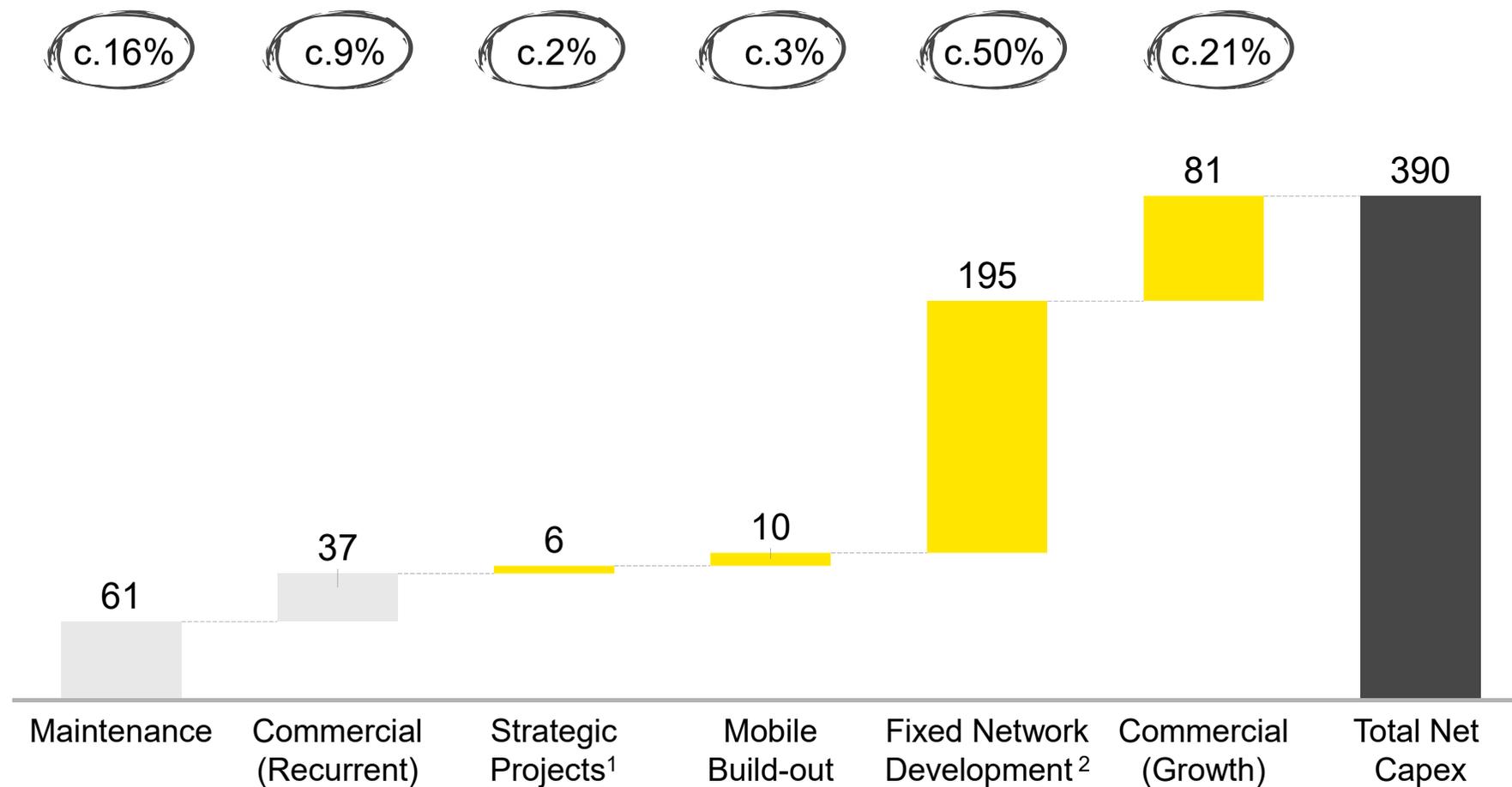


# Capex 9M19

MASMOVIL continues to invest in its own infrastructure and client growth

€M

 % of Total



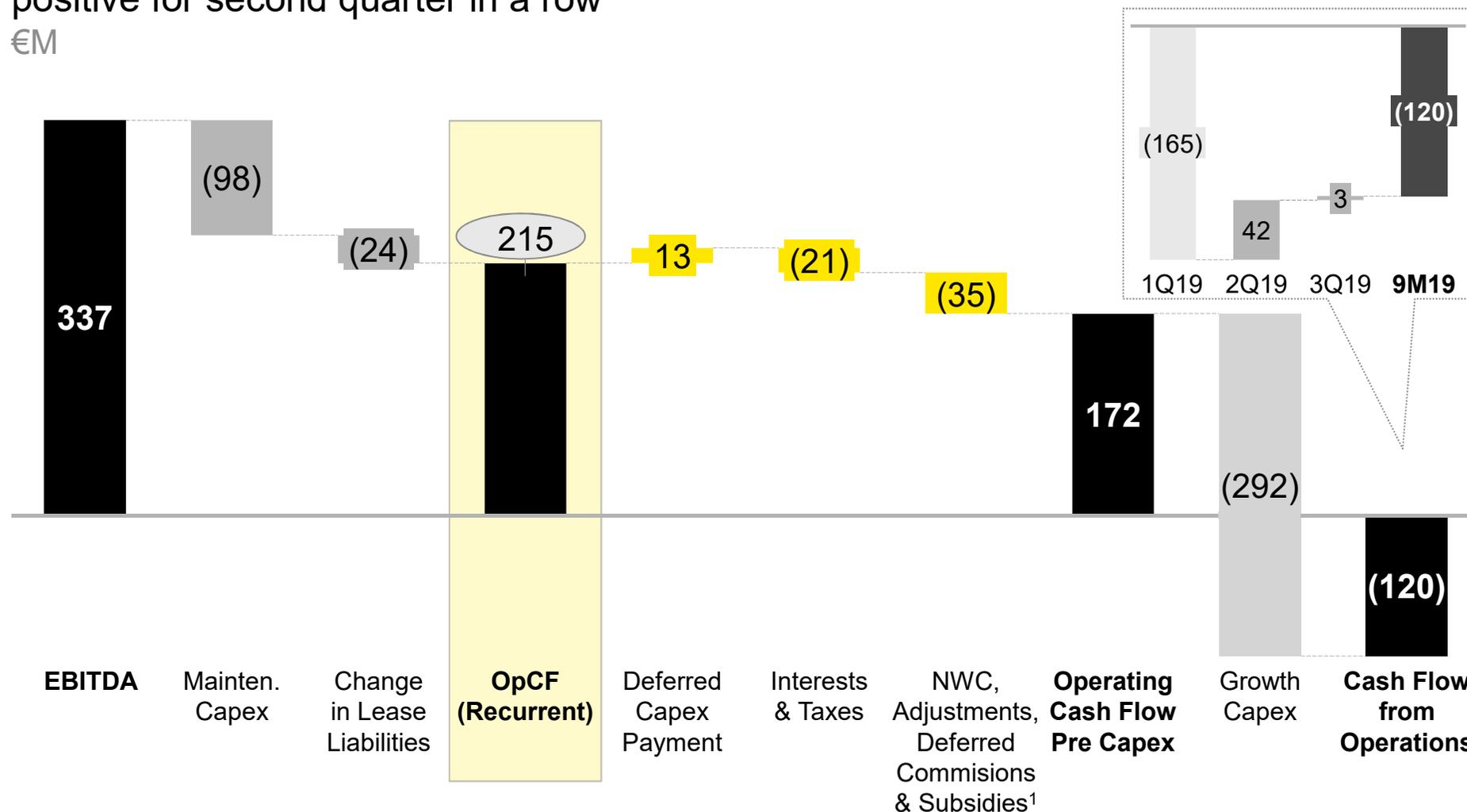
<sup>1</sup> Strategic projects includes areas such as digitalization, cybersecurity, and other specific projects

<sup>2</sup> Includes Transmission and Access. Net of IRU sales.

# Cash Flow From Operations 9M19

Despite significant Growth Capex, cash flow from operations remains positive for second quarter in a row

€M

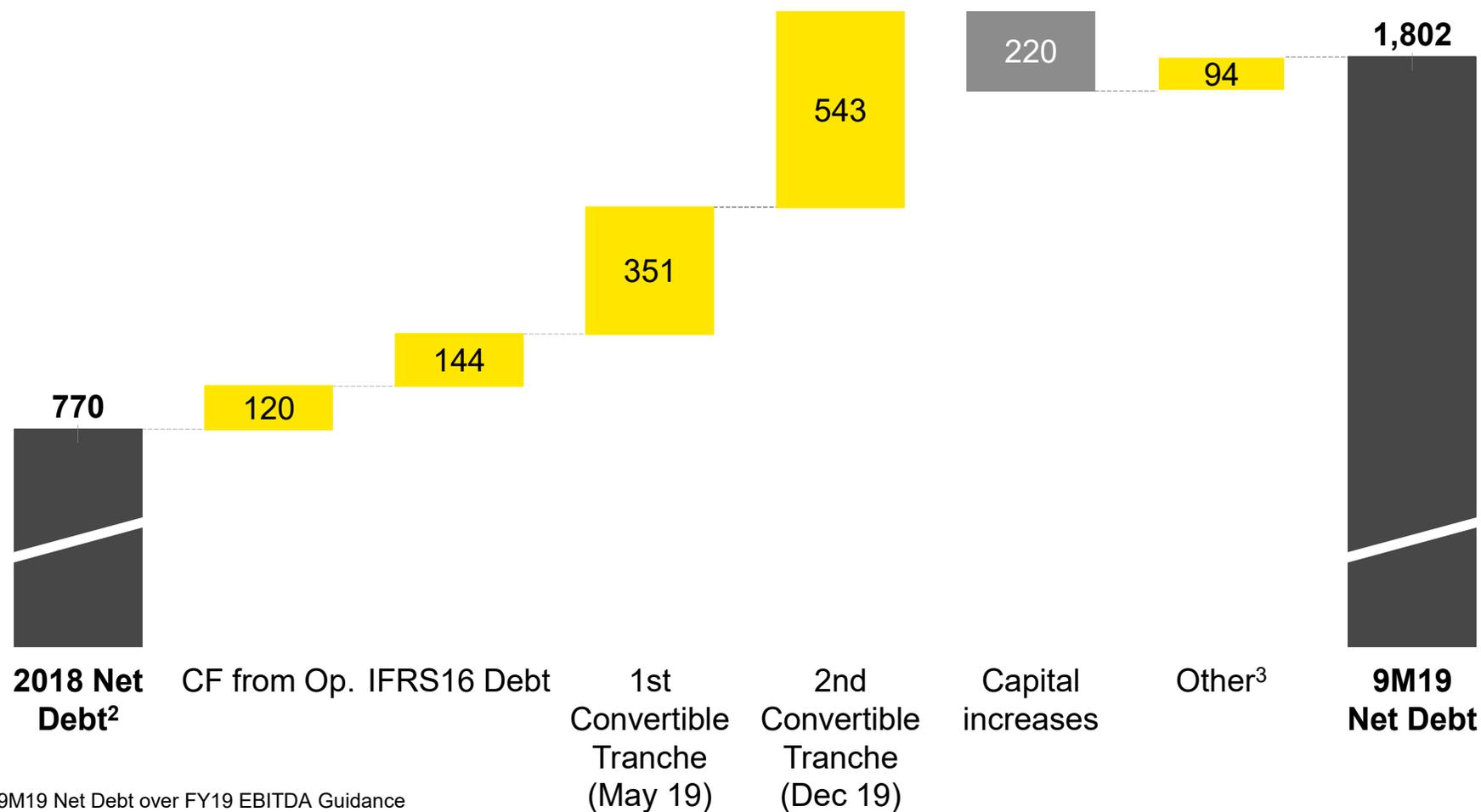


<sup>1</sup> Includes impact from IFRS15 (mainly deferred commissions/subsidies) and IFRS16

# Change in Net Debt 9M19

Proforma Net Leverage increased in line with Guidance mainly due to repurchase of convertible to around 3.8x<sup>1</sup>

€M



<sup>1</sup> 9M19 Net Debt over FY19 EBITDA Guidance

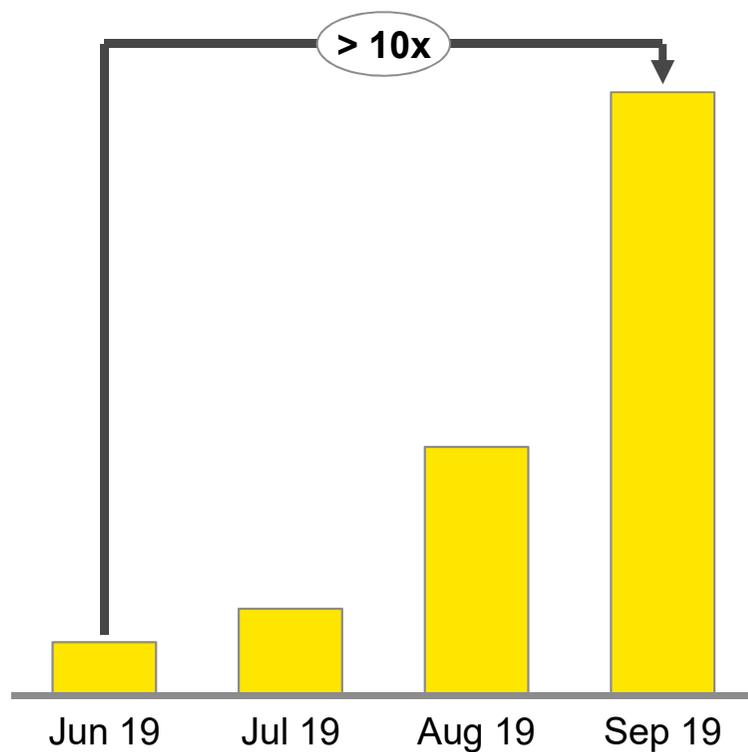
<sup>2</sup> Excluding convertibles and pre-IFRS16

<sup>3</sup> Includes mainly payments related to M&A, other corporate stakes and early redemption of senior and junior debt

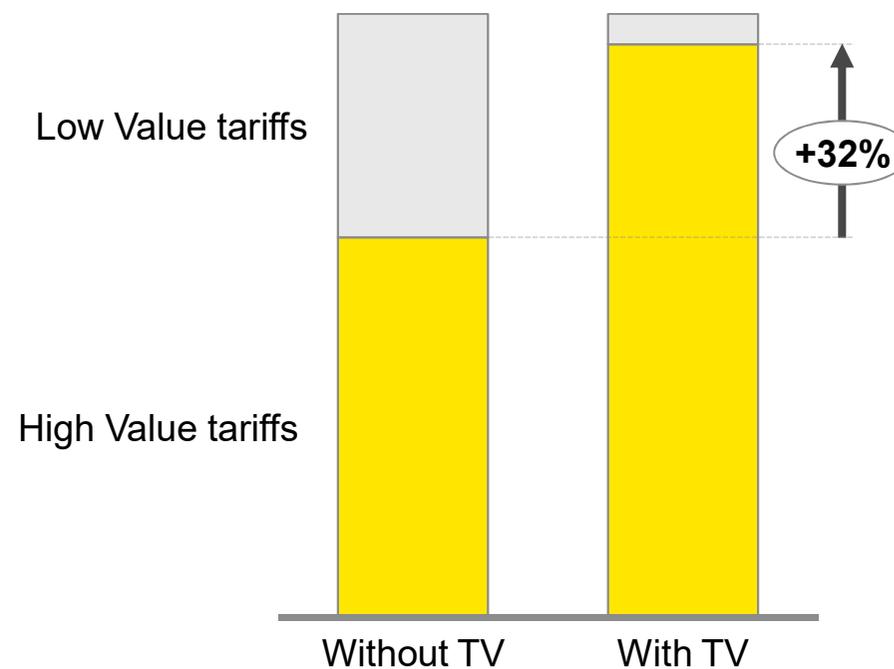
# AgileTV Sales Evolution

TV sales have grown exponentially triggering an improved tariff mix

**TV Sales (thousands)**



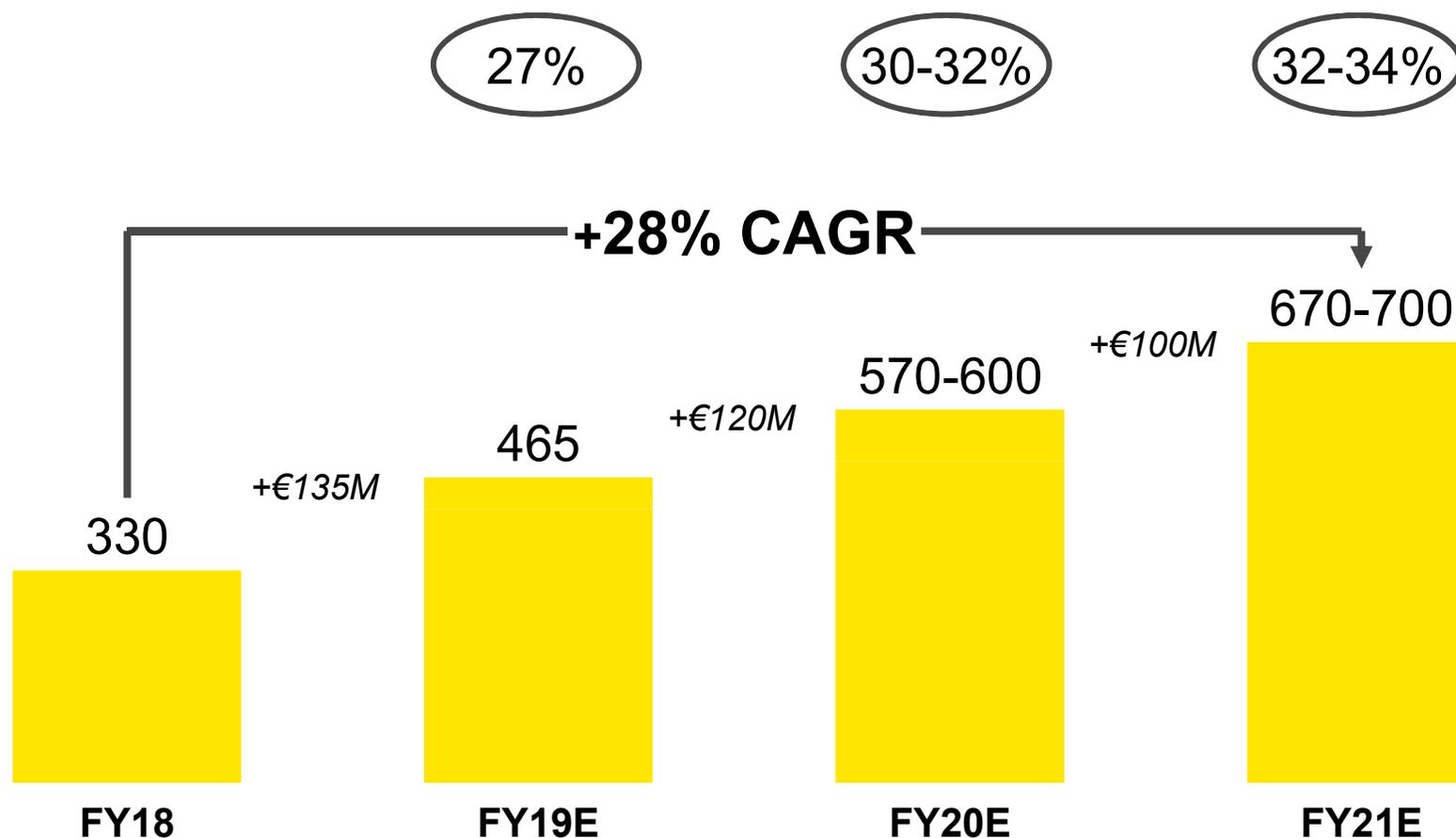
**TV<sup>1</sup> customers tariff mix (3P)**



# 2019-21 Adjusted EBITDA<sup>1</sup> Guidance Reiterated

Operating leverage enables to grow EBITDA margin to 32 - 34% in 2021  
€M

○ Adj. EBITDA Margin



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

# 2019-21 Net Capex Outlook Reiterated

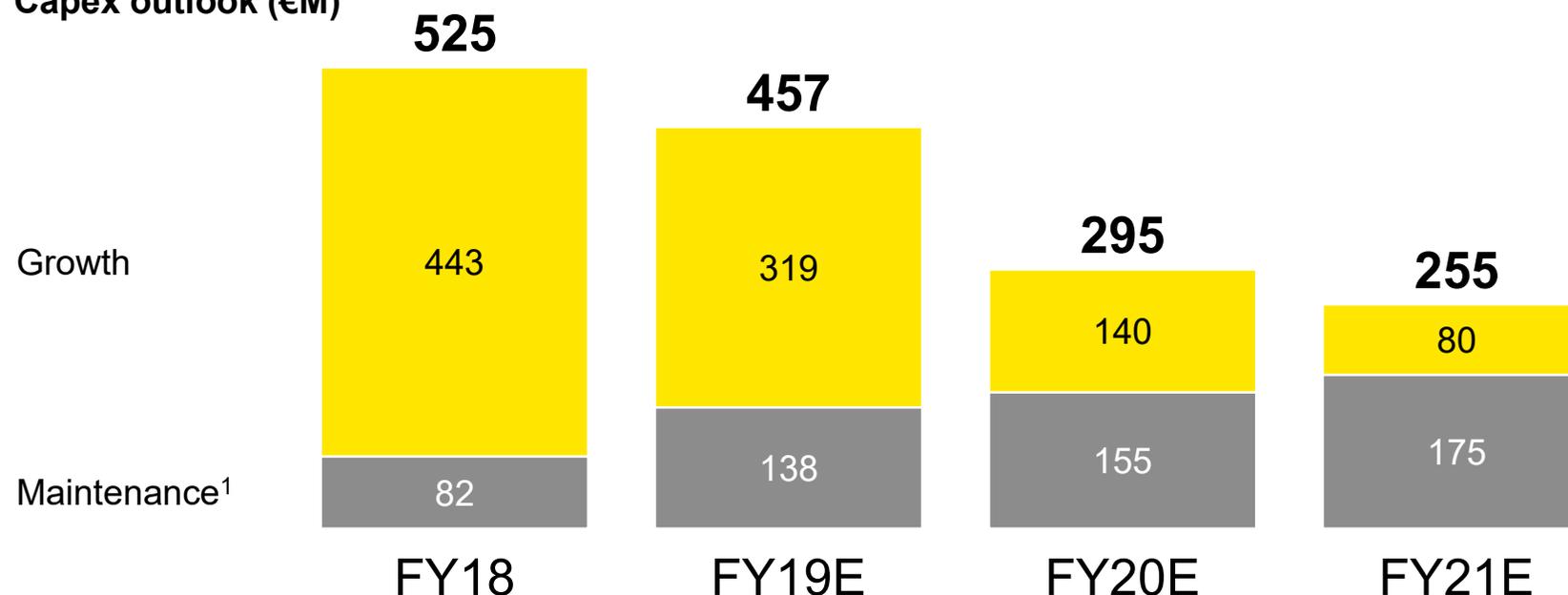
Orange agreement eliminates Capex uncertainty and allows for reduced future net capex profile

○ Cost optimized FTTH Network

FTTH guidance (M BUs)



Capex outlook (€M)

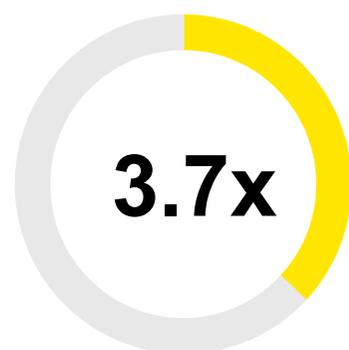


<sup>1</sup> Includes churn related (replacement) commercial capex and maintenance infrastructure Capex

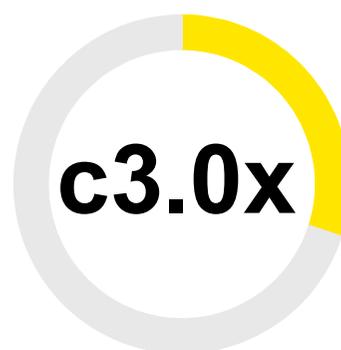
SOURCE: Company

# 2019-2021 Clear Deleveraging Path Reiterated

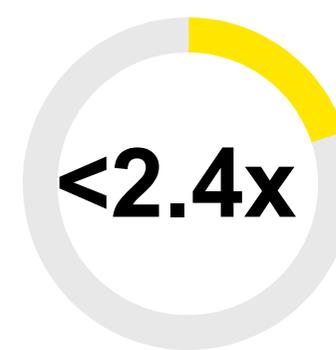
MASMOVIL to delever<sup>1</sup> to c.3x by YE 2020 and <2.4x by YE 2021



FY19



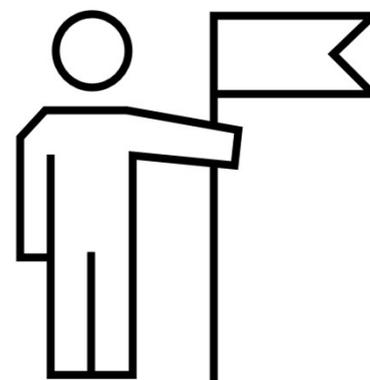
FY20



FY21

<sup>1</sup> Based on Adj EBITDA guidance and without vendor finance for FTTH agreement into financial net debt. Including it, FY20 leverage would go up by 0.2x in FY20 and by 0.1x in FY21.  
SOURCE: Company

# 2021 Equity Free Cash Flow Target Reiterated



**>€2.0**

per share

# Appendix



# Net Debt Overview

Proforma Net Leverage increased in line with Guidance mainly due to repurchase of convertible to around 3.8x<sup>1</sup>

€M

	FY18	9M19	Delta 9M19 vs. FY18
Short-term commercial paper	-	50	50
Senior debt	680	1,223	543
Bonds	28	27	(0)
Junior debt	120	-	(120)
Debt with Providence	131	545	413
IFRS 16	148	144	(5)
Other debts	41	36	(5)
Cash & cash equivalents	(98)	(223)	125
<b>Net Debt</b>	<b>1,050</b>	<b>1,802</b>	<b>752</b>
<i>x Adjusted EBITDA <sup>(1)</sup></i>	<i>3.2x</i>	<i>3.8x</i>	
Providence convertible	(131)	-	131
ACS convertible	-	-	-
<b>Net Debt (excl. convertibles)</b>	<b>918</b>	<b>1,802</b>	<b>883</b>
<i>x Adjusted EBITDA <sup>(1)</sup></i>	<i>2.8x</i>	<i>3.8x</i>	

<sup>1</sup> Leverage calculated as Net debt over Adjusted EBITDA for 2018 and over FY19 EBITDA Guidance

# P&L

MASMOVIL reported Adjusted Net Income of €84M for 9M19

€M

	9M18 Restated	9M18 Reported	9M19 Reported	Growth (%) Rep. vs. Rep.
Service Revenues	859	859	1,058	23%
Other revenues	179	179	161	-10%
<b>Revenue</b>	<b>1,038</b>	<b>1,038</b>	<b>1,219</b>	<b>17%</b>
Other operating revenue	34	34	54	60%
Cost of sales	(687)	(730)	(845)	16%
Other operating expenses	(103)	(103)	(92)	-10%
<b>Adjusted EBITDA<sup>(1)</sup></b>	<b>282</b>	<b>240</b>	<b>337</b>	<b>40%</b>
Net one-offs	(11)	(11)	(12)	<i>n.m.</i>
<b>Reported EBITDA</b>	<b>271</b>	<b>228</b>	<b>325</b>	<b>42%</b>
Depreciation and amortization	(147)	(115)	(190)	<i>n.m.</i>
<b>Reported EBIT</b>	<b>124</b>	<b>114</b>	<b>135</b>	<b>19%</b>
Net financial expenses <sup>(2)</sup>	(70)	(55)	(160)	<i>n.m.</i>
<b>Reported Profit before taxes</b>	<b>54</b>	<b>58</b>	<b>(25)</b>	<i>n.m.</i>
Income tax	(1)	(2)	4	<i>n.m.</i>
<b>Reported Net Income/(Loss)</b>	<b>54</b>	<b>57</b>	<b>(21)</b>	<i>n.m.</i>
Sum of the "Adjustments"	45	50	106	<i>n.m.</i>
<b>Adjusted Net Income/(Loss)<sup>(3)</sup></b>	<b>98</b>	<b>106</b>	<b>84</b>	<b>-21%</b>

1 9M19 EBITDA pre-IFRS16 growth YoY would have been +29%

2 Including non-cash financial expenses of €93M related to the one-off non-cash accounting derived from the convertible bond acquisition in 2Q19

3 Please see Adjusted Earnings per Share slide or earnings release document to obtain the list of adjustments

# Adjusted Earnings Per Share

MASMOVIL reported Adjusted EPS of €0.64 on a fully diluted basis for 9M19  
€M

	9M19
<b>Reported Net Income/(Loss)</b>	<b>(21)</b>
Operative one-offs	12
Amortization of acquired customer base & brand	21
Management incentive plans (SAR)	9
Non-cash impact convertible purchase	99
Tax impact of "Adjustments"	(35)
<b>Adj. Net Income/(Loss)</b>	<b>84</b>
Number of shares (million)	131.7
<b>Adj. EPS (€)</b>	<b>0.64</b>