COMMUNICATION OF A RELEVANT FACT

MASMOVIL GROUP

April 1st, 2019

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 to repurchase Providence convertible in full and to refinance its existing debt.

MASMOVIL ("**Company**") has reached an agreement with PLT VII MC S.a.r.l. ("**Providence**") for a full repurchase of its convertible debt (the "**Convertible**") in MASMOVIL (the "**Repurchase**").

The Company will finance the Repurchase with debt and equity financing fully underwritten by Goldman Sachs and BNP Paribas (the "**Banks**"). As part of these financing facilities the Company will also refinance the majority of its existing outstanding debt (the "**Refinancing**") (together the "**Transaction**").

1. REPURCHASE OF THE PROVIDENCE CONVERTIBLE

- The Repurchase of the Convertible, for a total amount of €883M, will be structured in two tranches:
    - The first tranche includes the repurchase of 40% of the Convertible for a price of €351M, which is payable on May 7th, 2019.
    - The second tranche includes the repurchase of the remaining 60% of the Convertible for a price of €533M, which is payable on December 20th, 2019.
    - The final price of the second tranche is subject to a price adjustment, which will depend on the future evolution of the Company's share price through December 19, 2019. The maximum amount of the price adjustment is ±€60M based upon a c.20% variation (up and down) vs. a reference price of €18.45.
- As a reminder, the Convertible is currently entitled to 43M shares, or 51M shares at maturity in October 2024 given its PIK interest feature. It is also entitled to €36M of aggregate cash interest over its remaining life. The Repurchase eliminates 100% of the dilution associated with the maximum 51M potential share issuance.

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- As part of the Transaction, Providence will invest €120M in the form of a common equity capital increase at a share price of €18.45[1], representing a c.3% premium to the market close as of March 28, 2019.
- In addition to its new investment, Providence will retain its existing c.3% stake in MASMOVIL's common equity and will remain on the Board of Directors. The two stakes combined represent a c. 8% stake in MASMOVIL and Providence therefore will continue to be one of the Company's largest shareholders.
- MASMOVIL's total number of shares outstanding pro-forma for the Transaction will be 127M, representing a c.22% reduction[2] vs. its current number of fully diluted shares outstanding of 163M.

2. OVERVIEW OF NEW FUNDING

The Refinancing of MASMOVIL's current capital structure for a total amount of €890M and the Repurchase of the Convertible for a total amount of €883M, as detailed above, will be funded with the following financing facilities which have been fully underwritten by the Banks:

- €1,450M of covenant-lite Term Loan B ("TLB") priced at an expected E+350bps. The TLB Loan has no required amortization and matures in 7 years (2026).
- €200M of preferred equity, which is expected to be replaced with common equity through an accelerated book build offering ("ABO") within the next 9 months.

In addition, MASMOVIL raised €120M of common equity from Providence in the form of 6.5M newly issued shares. Providence has agreed to a lock-up on all its shares for 12 months maximum or 6 months post the planned ABO.

The Transaction will result in initial net leverage of 4.1x annualized Q1 2019 Adjusted EBITDA[3] currently estimated to be €105M[4]. This is forecast to be reduced to c.3.0x EBITDA by the end of 2020 driven by MASMOVIL's continued strong operating momentum.

Finally, the Company has also secured €280M of undrawn financing, mainly capital expenditure (€150M) and revolving credit facilities (€100M) from the financing Banks.

3. IMPACT OF THE REFINANCING AND THE REPURCHASE OF THE CONVERTIBLE

The Transaction is expected to deliver a number of materially positive benefits to the Company and its shareholders including:

- ***Repurchase of Convertible achieved on attractive terms for the Company; 11% EPS accretive in 2020***
    - MASMOVIL estimates the Transaction will result in EPS accretion of c.6% in 2019, c.11% in 2020, and c.14% in 2021 based on Bloomberg complied broker consensus forecast EPS.
    - The Repurchase has been achieved at an attractive price, which is c.7% below fair value[5] of €953M and c.12% below the Convertible's nominal value at maturity of €1,005M.[6]

[1] YTD volume-weighted average share price ("VWAP") until March 21, 2019
[2] Based on 163M fully dilutes shares pre Transaction, a reduction from the Providence Convertible of 43M shares, and 6.5M new common shares issued to Providence
[3] Adjusted EBITDA (post IFRS16) excludes non-recurring extraordinary or exceptional items
[4] MASMOVIL expects to add more than 133k net broadband lines in Q1 2019
[5] Independently assessed by EY
[6] Calculated as the sum of the current market value of the underlying shares, future PIK shares, and cash dividends
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- The Repurchase materially reduces the potential dilutive impact of the Convertible of c.43M underlying shares currently (or c.51M shares if the Convertible were outstanding until maturity). Accordingly, the current amount of fully diluted shares outstanding will be reduced by c.22%, from 163M shares to 127M shares.

- ***MASMOVIL's significant share buy-back and Providence's €120M new investment underpins confidence in MASMOVIL's growth story***
  - The combination of the significant share repurchase by the Company and Providence's re-investment is a positive signal by both parties of their continued belief in MASMOVIL's future growth potential.
- ***The Transaction will provide MASMOVIL with long-term, efficient financing to support its growth strategy***
  - The weighted average maturity of the debt structure will double to 7 years, with no mandatory debt amortization until 2026.
  - The new Term Loan B has no maintenance covenants, which offers significant flexibility to the Company on attractive terms. It will also provide access to the institutional lending market which is deeper and more easily accessible than the commercial bank market, the Company's historical source of financing.
  - The €280M of committed but undrawn capex and liquidity facilities will ensure the Company's ability to continue investing behind its growth initiatives.
  - The Transaction results in a significant reduction in MASMOVIL's overall cost of capital by replacing the high cost Convertible and subordinate debt with largely low-cost Term Loan B.

Goldman Sachs and BNP Paribas are the global coordinators of the transaction. Freshfield, Fried Frank, Evergreen and Castañeda Abogados have acted as legal advisors.

Madrid, April 1st, 2019.

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MASMOVIL IBERCOM, S.A.

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