DOMINION

Mid Term Financial Report
1st Semester 2017

27th July 2017

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1st Semester 2017 Results

(€m)	H1 2016	%	H1 2017
Turnover	254.9	+27%	323.0
EBITDA (*)	20.4	+16%	23.6
% EBITDA on Turnover	8.0%		7.3%
EBITA (*)	14.8	+16%	17.2
% EBITA on Turnover	5.8%		5.3%
EBIT (*)	14.1	+6%	15.0
% EBIT on Turnover	5.5%		4.7%
Net Income	8.1		10.0
% Net Income on Turnover	3.2%	+24%	3.1%

(*) EBITDA: Net Operating Income + Depreciation, EBITA: Net Operating Income + Depreciation PPA; EBIT: Net Operating Income

≈26% Growth, excluding FOREX effect, which is an additional **≈1%**.
Considering comparable consolidation perimeters, the organic growth of revenues is **≈9%**, above the strategic guidance of 7%.

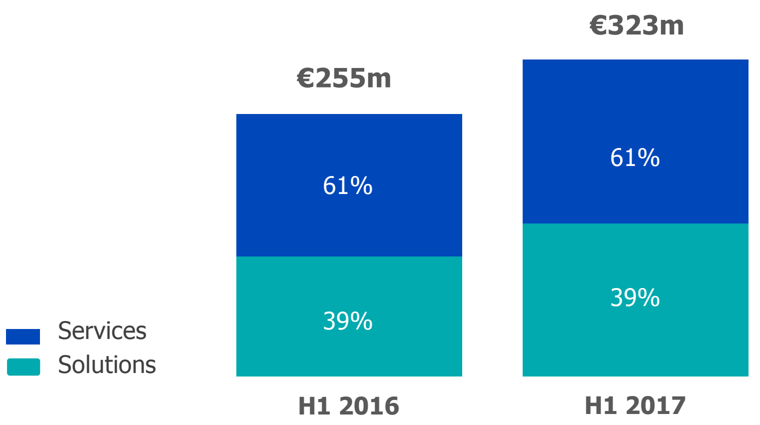
≈16% increase in EBITDA and EBITA respectively, supported by the operating leverage, despite the lower margins of the integrated companies, and our **Smart Innovation** model.

Improved Net Income **(+ 24%)**, after integrating the new companies, and due to the improvement of EBIT and Balance Sheet expenses.

SALES DISTRIBUTION BY SEGMENT

SERVICES
(61%)

Contribution Margin (*): 8.7%



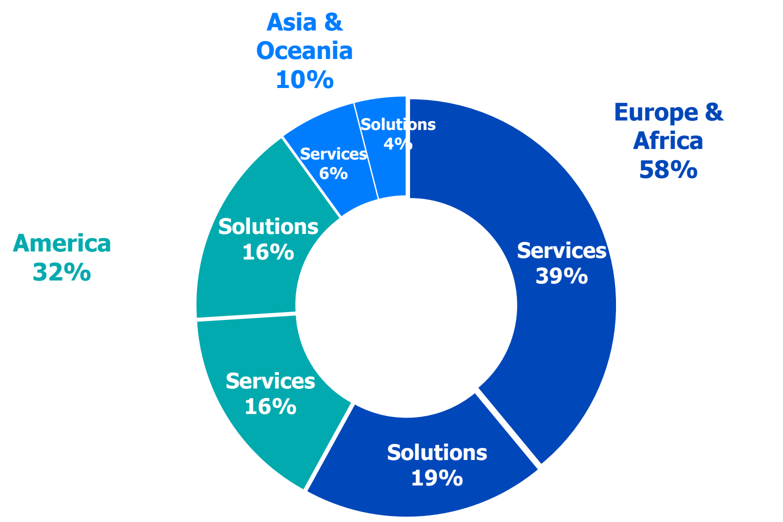
SOLUTIONS
(39%)

Contribution Margin (*): 15.5%

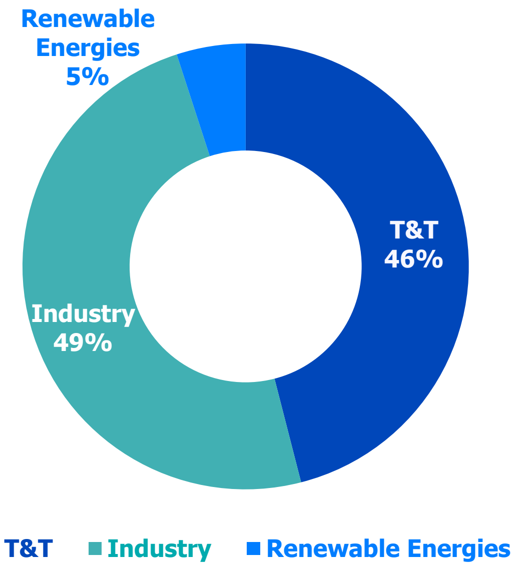
	Services		Total		Solutions		
	H1 2016	**1S 2017**	**H1 2016**	**H1 2017**	**H1 2016**	**H1 2017**	
Turnover	156.2	196.3	254.8	323.0	98.6	126.7	**Turnover**
%	61.3%	**60.8%**			38.7%	**39.2%**	**%**
Contribution Margin	15.15	17.0	32.1	36.6	16.95	19.6	**Contribution Margin**
%	9.7%	**8.7%**	12.6%	**11.3%**	17.2%	**15.5%**	**%**

(*) Contribution Margin: EBITDA before structure and central administration costs

SALES DISTRIBUTION BY GEOGRAPHY



SALES DISTRIBUTION BY ACTIVITY FIELD



BALANCE SHEET

(€m)	December 2016	H1 2017
Fixed Assets	323.5	319.4
Net Working Capital	(116.5)	(102.1)
Total Net Asset	**206.9**	**217.3**
Net Equity	274.6	279.9
Net Financial Debt (*)	(121.7)	(108.1)
Other (Net)	54.0	45.5
Total Net Equity and Liabilities	**206.9**	**217.3**

(*) Net financial debt= Debt with banks and other financial institutions minus cash and equivalents.

(€m)	Q2 2016	%	Q2 2017
Turnover	131.6	**+24%**	162.7
EBITDA (*)	11.1	**+13%**	12.5
% EBITDA on Turnover	8.4%		7.7%
EBITA (*)	8.3	**+10%**	9,1
% EBITA on Turnover	6.3%		5.6%
EBIT (*)	7.9	**+2%**	8
% EBIT on Turnover	6.0%		4.9%
Net Income	4.8	**+17%**	5.6
% Net Income on Turnover	3.6%		3.5%

- ✓ Considering comparable consolidation perimeters, the organic growth of revenues is **≈8%**, above the strategic guidance of 7%.
- ✓ FOREX effect adds **≈0,5%**.

(*) EBITDA: Net Operating Income + Depreciation, EBITA: Net Operating Income + Depreciation PPA; EBIT: Net Operating Income

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Dominion intensifies its focus on the Smart House concept

Acquisition of Phone House España

We take a leading role in the race for the Digitalization of home services

DIGITALIZATION

Convergence

B2B → ← B2C

Consumer at the center of the value chain

VALUE CHAIN CONVERGENCE

INCREASED SERVICES AND CONNECTIVITY

Integration

Smart Data

One-stop-shop

Smart House

One-stop-shop B2C

Phone House: Ideal platform for its development

Phone House

Leading Distributor of value-added services around the sale of mobile terminals and other devices.

- **Smart House** model already in progress → **Multiservice**
- **Multi-operator**
- **Capilarity**
- Final consumer **brand awareness**
- **Omnichannel**

~500 shops
50% owned
50% franchises

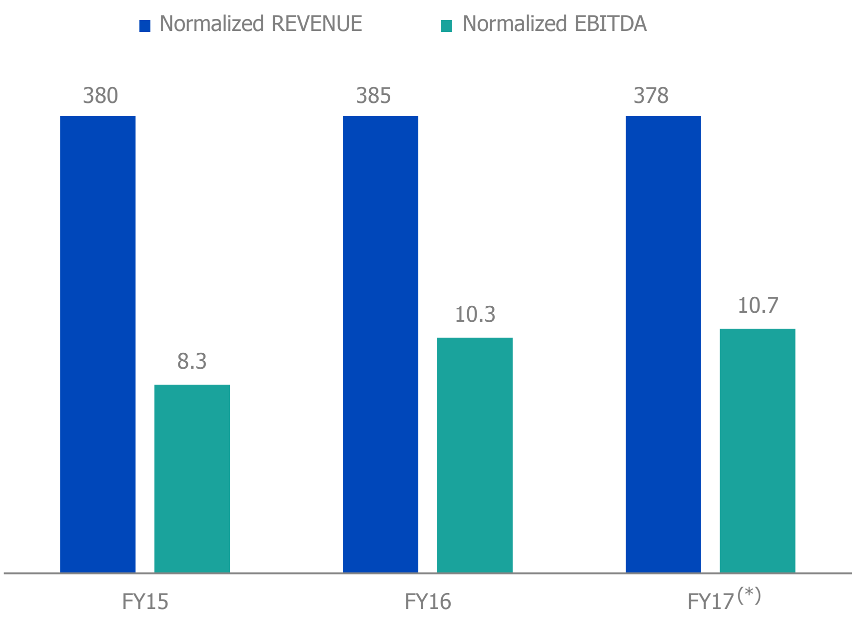
phonehouse.es

35m "footfallers"

30m visits

>10m clients database

Normalized Revenue and Ebitda



(*) Pending Audit definitive closing

Integration in our Smart Innovation model

Digitalization | Diversification | Decentralization | Financial Discipline

Efficiency through knowledge and technology

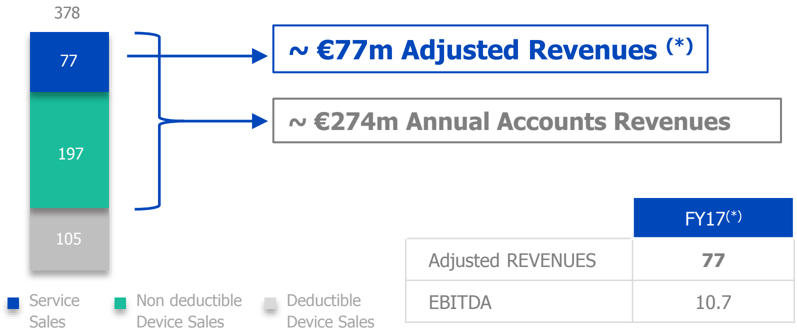
- IT Platforms replacement
- Logistic integration
  - **Sinergies > €2m** for full year (2018).

Internationalization

- "Phone House" brand negotiated for LATAM expansion.
- Suitable market for this business model.

Integration in Dominion P&L Account

- The numbers as a reflection of the company's operations and strategy → **Adjusted Revenues** (*)
- It will be integrated into the **Services** segment and into the **T&T** activity field.
- Adjustment to Dominion's **fiscal year**



	FY17(*)
Adjusted REVENUES	**77**
EBITDA	10.7

(*) Adjusted Revenues = Annual Accounts Revenues - Revenue from unlocked devices

PHONE HOUSE ACCOUNTS NORMALIZATION

TPH + CWS+ SM Accounts
€m

Aggregated Annual Accounts

	FY15A	FY16A	FY17F
Total Revenues	**455**	**444**	**420**
EBITDA	**-7.0**	**10.2**	**13.6**
Amortization	-6.4	-5.0	-4.2
EBIT	**-13.5**	**5.2**	**9.3**
Net Income	**-12.2**	**3.5**	**12.8**

Consolidated Normalized Accounts

	FY15A	FY16A	FY17F
Consolidation adjustments	-45	-51	-40
Same perimeter adjustment (Discontinued Operation)	-29	-8	-2
Normalized REVENUES	**380**	**385**	**378**
Agent role adjustment (in annual accounts)			105
Unlocked devices sales adjustment (in reporting)			197
ADJUSTED REVENUES			**77**
Stand-alone adjustments	9.7	6.5	0.0
One-offs	6.8	-6.2	-3.0
Same perimeter adjustment (Discontinued Operation)	-1.2	-0.2	0.1
Normalized EBITDA	**8.3**	**10.3**	**10.7**

- Three legal entities that did not consolidate.
- Annual accounts pending closing.
- May-to-April fiscal year

Value-creating transaction

VALUE CREATION FOR THE SHAREHOLDER

- **Transaction Multiple <6x Ebitda**
- Fulfillment ratio in 3 years: EV < 3xEbitda
- > **2€m in synergies** in 2018.

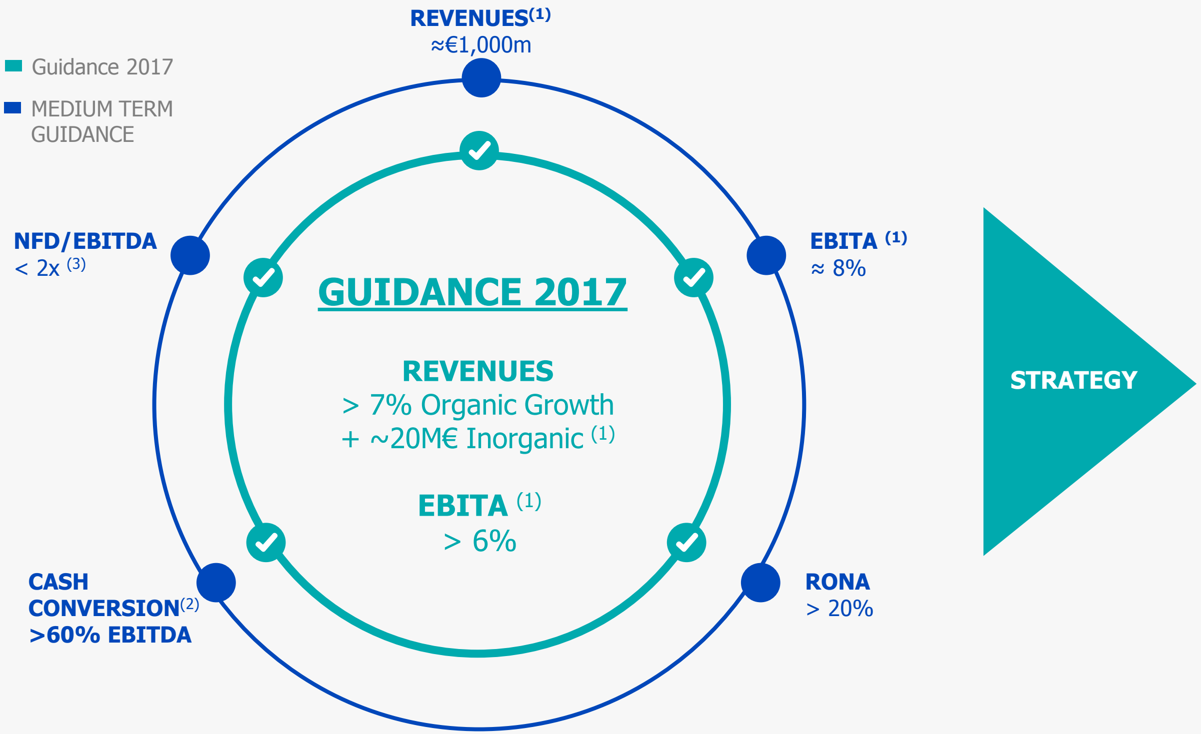
TRANSACTION CONDITIONS

- Acquisition of **100%** of TPH + CWS + Smart House capital
- Cash-free & debt-free operation, with an agreed working capital
- Agreed Price: **55 €m in cash**
- Two payments: 2/3 at closing – 1/3 January 2018

NEXT STEPS

- **Competence Authorities** clearance
- Closing Agreement in **September 2017**

We Maintain Our Medium Term Strategy & Guidance based on Adjusted Revenues



Drivers of growth

- Cross – selling
- Transversality and other organic growth
- **M&A / Inorganic Growth**

Drivers of profitability

- Operational efficiency
- Operational leverage
- Higher value mix (Services/Solutions)

1) Adjusted Revenues = Annual Accounts Revenues - Revenue from unlocked devices
2) EBITDA – CAPEX– NWC Variation– Net Financial Income – Tax payment; (excluding acquisitions)
3) Target NFD/ EBITDA ratio includes potential earn outs.

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