



## **Earnings Presentation – 1H19**

July 25<sup>th</sup>, 2019

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# MASMOVIL – 1H19 Key Highlights

MASMOVIL continues its strong growth in 1H19 and reiterates its guidance



**Strong growth** momentum continues



**Service Revenues** of **€688M** (+24% YoY)



**EBITDA** of **€216M** (+40% YoY) and EBITDA margin of 27% (+3pp YoY)



**Broadband & Mobile lines** reach **8.3M**  
Net adds of **114k** in **BB** and **199k** in **mobile postpaid** in **2Q19**



**Fiber footprint** reaches **19.8M** BUs  
**Own FTTH network** increases to **7.6M** BUs



**FY2019 EBITDA** guidance of **€450M** reiterated

# Confidence in 2019: Guidance Reiterated

All guidance components on track

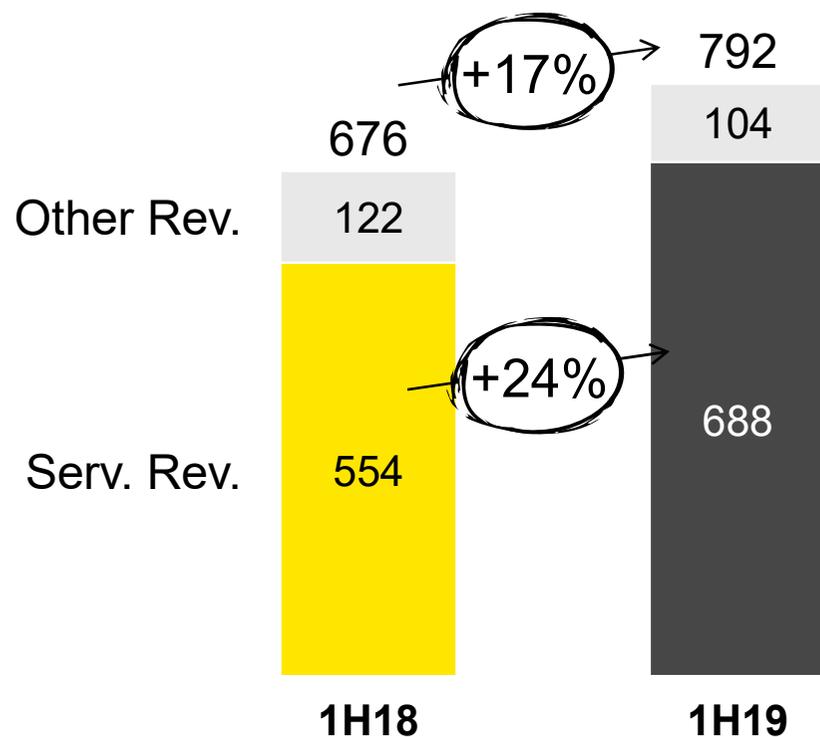
	Guidance for 2019	FY19	1H19	On track?
 <p><b>Service Revenues</b></p>	Growth in Service Revenues	>22% YoY	+24% YoY	✓
 <p><b>Adjusted EBITDA</b></p>	Adjusted EBITDA (before one-off costs)	€450M	€216M	✓
 <p><b>Net Capex</b></p>	Net Infrastructure Capex	€230M	€157M <sup>1</sup>	✓

<sup>1</sup> Includes €70M in relation to purchase of 1M BUs from Orange in 2Q19

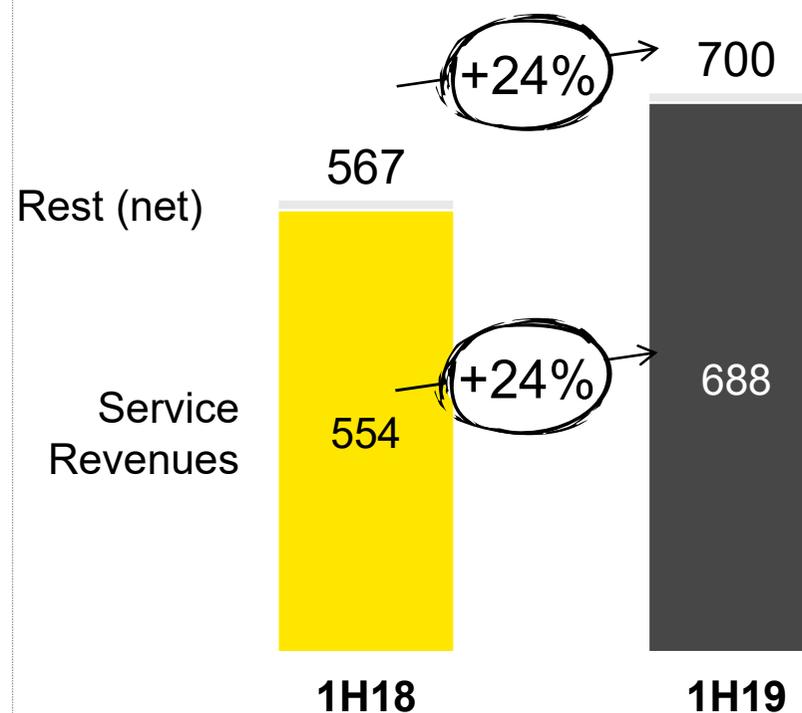
# Revenues 1H19

Service Revenues in 1H19 grew +24% YoY. Net Revenues +24% YoY  
€M

## Revenues



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



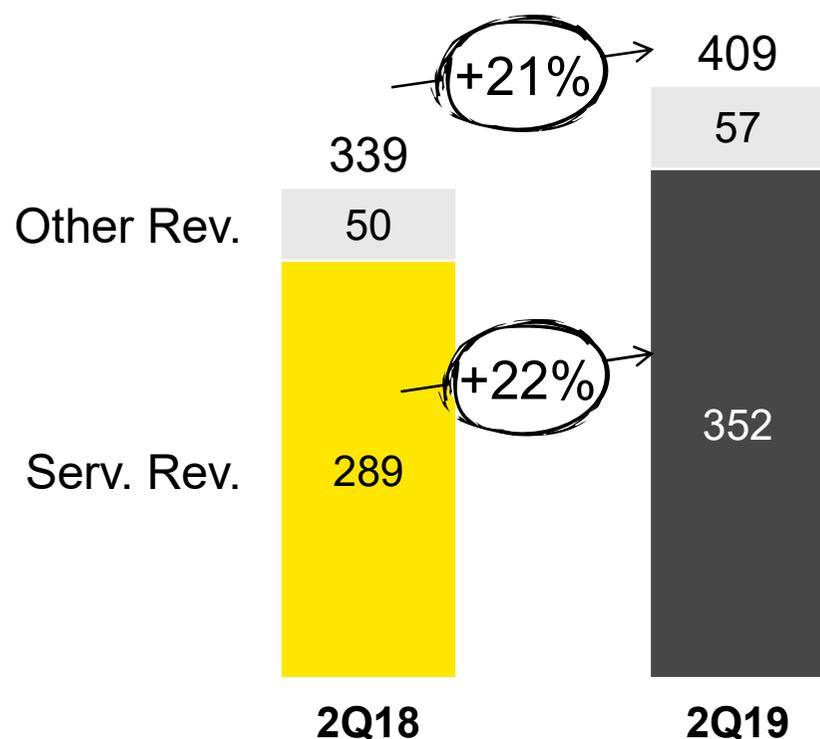
<sup>1</sup> Net Revenues: Service Revenues plus Gross Profit contribution from Equipment and Wholesale Revenues

# Revenues 2Q19

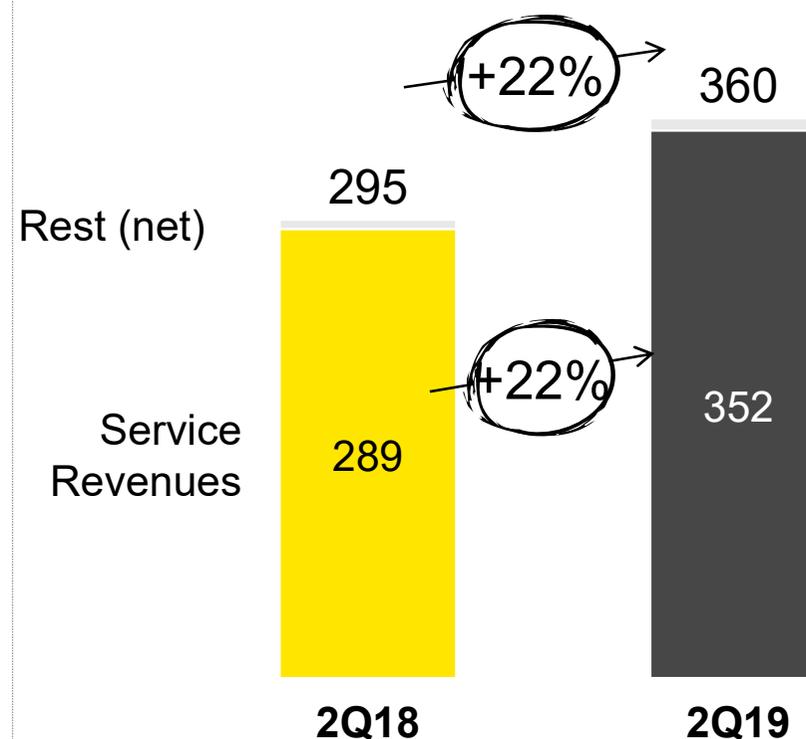
Service Revenues +22% YoY. Net Revenues +22% YoY

€M

## Revenues



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



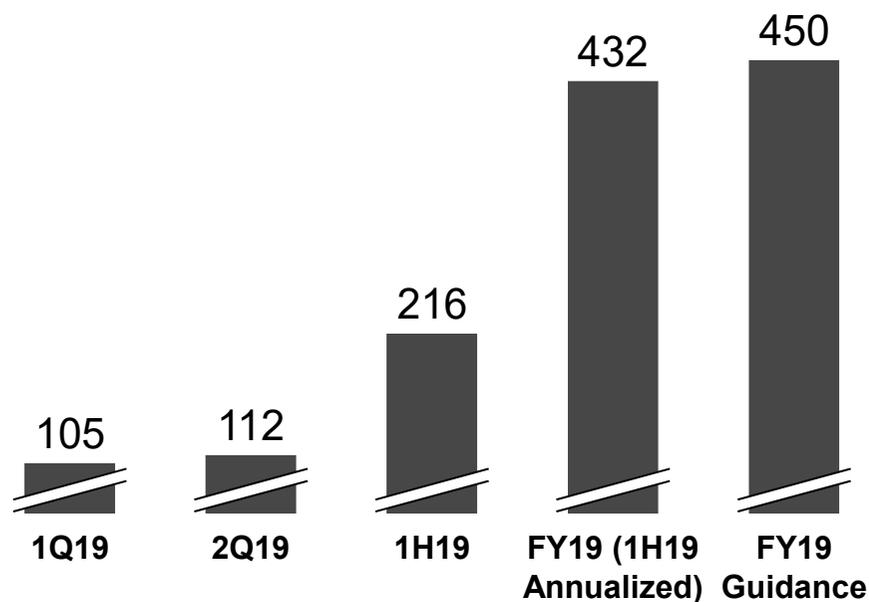
<sup>1</sup> Net Revenues: Service Revenues plus Gross Profit contribution from Equipment and Wholesale Revenues

# Adjusted EBITDA 1H19

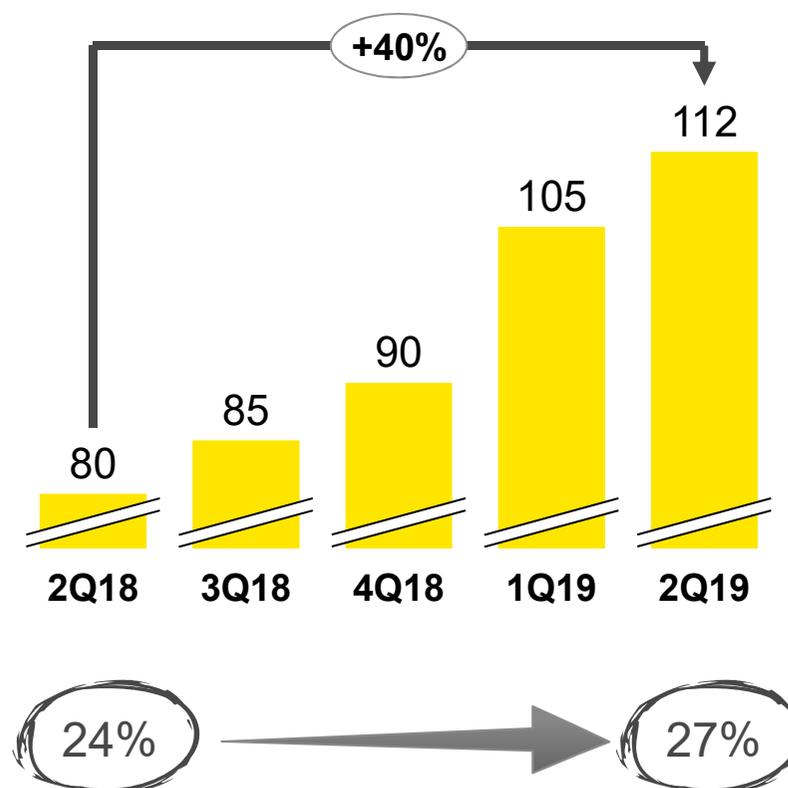
Strong 2Q19 EBITDA of €112M (+40% YoY) drives 1H19 EBITDA to €216M  
€M

Adjusted EBITDA Margin

## 1H19 vs. FY19 Guidance



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

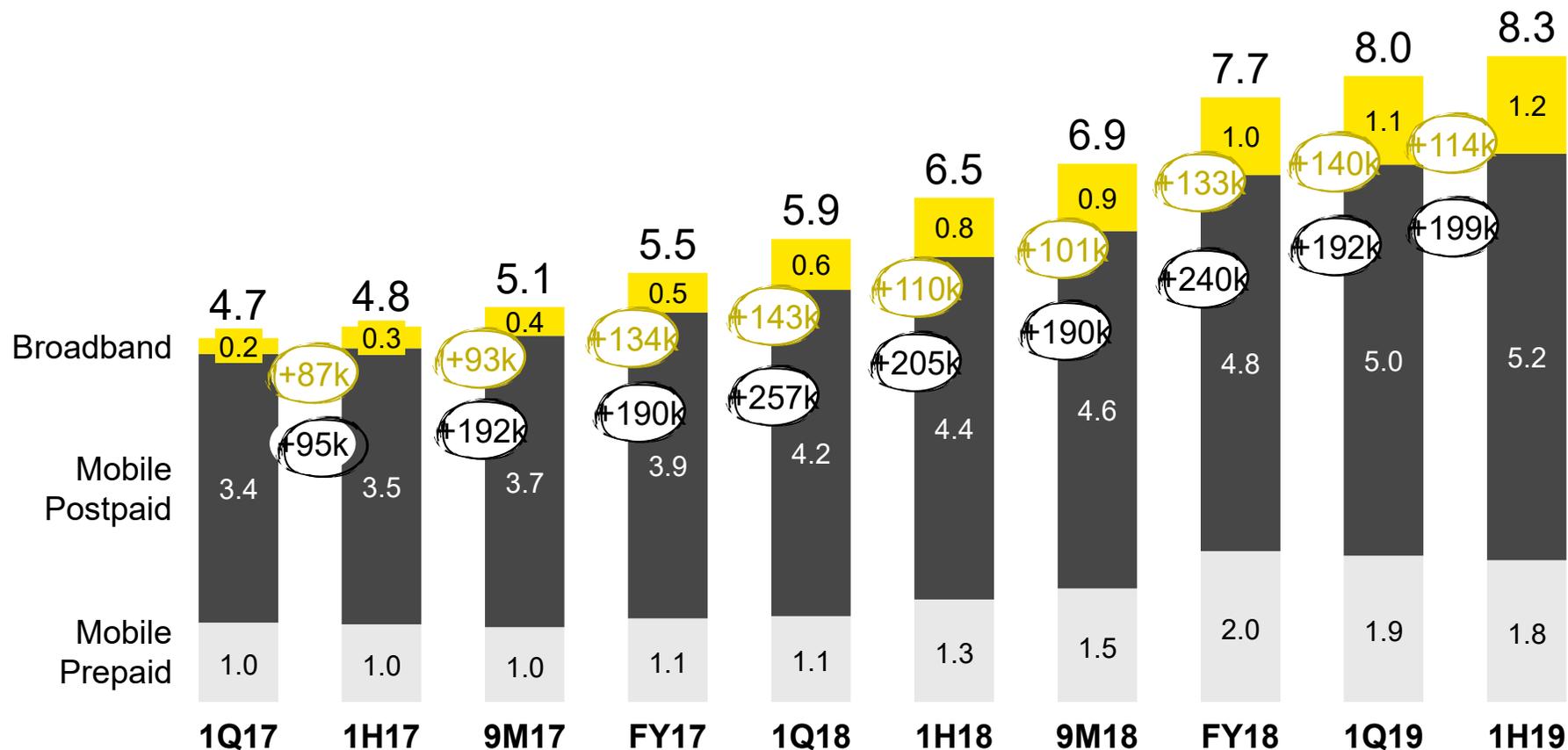


<sup>1</sup> EBITDA Post IFRS16 in 2019. For 2018, EBITDA is shown pre-IFRS16. Pre-IFRS16 EBITDA growth YoY would have been +29% for 2Q19 and +28% for 1H19, respectively

# Evolution of Mobile & Broadband Lines

In 2Q19 MASMOVIL added 114k BB and 199k postpaid mobile lines, reaching 8.3M lines

Million lines

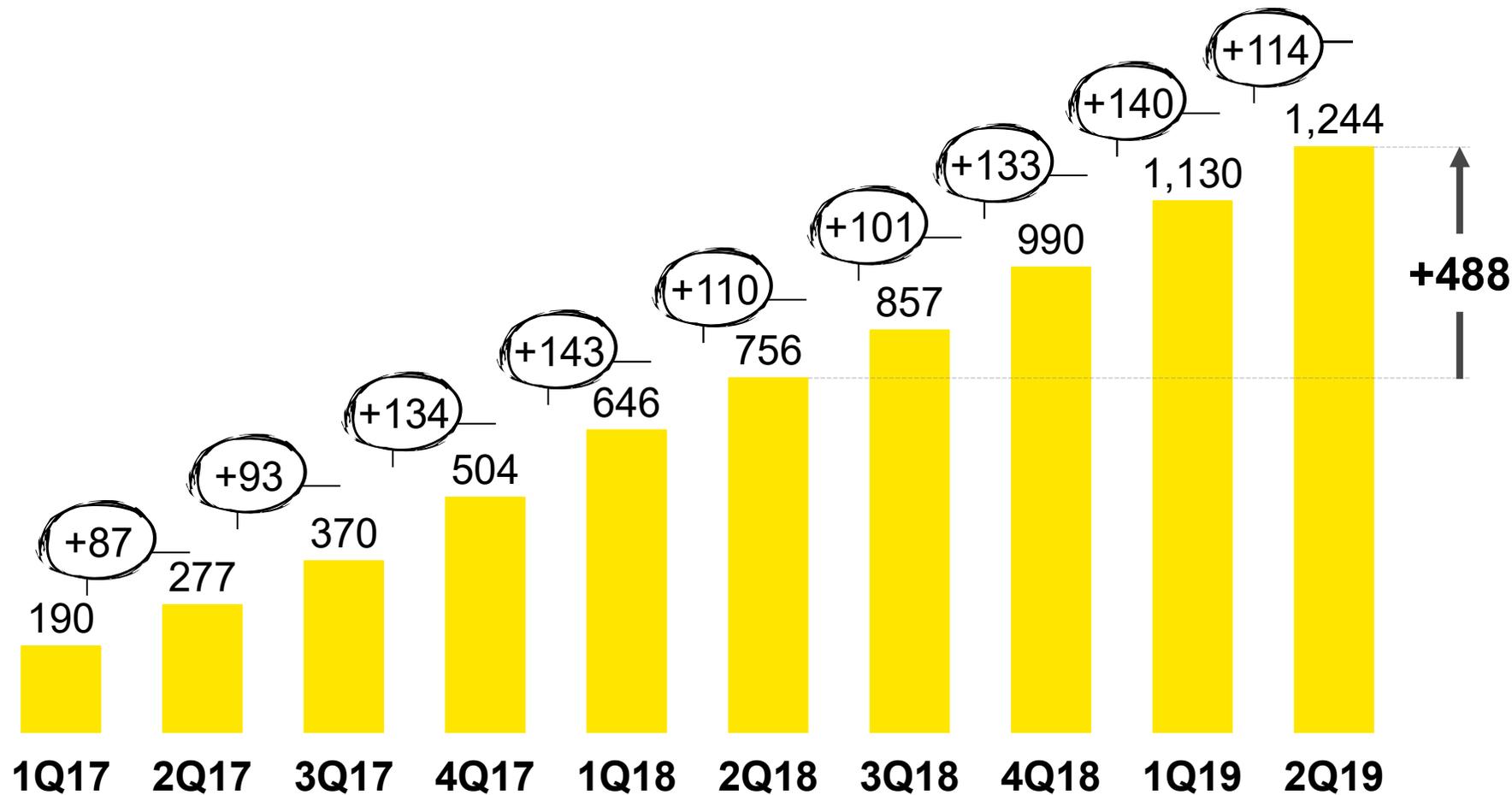


# Evolution of Broadband Lines

Strong growth in 2Q19 with 114k net adds (>2Q18) resulting in >1.2M total BB lines

'000 lines

○ Broadband net adds

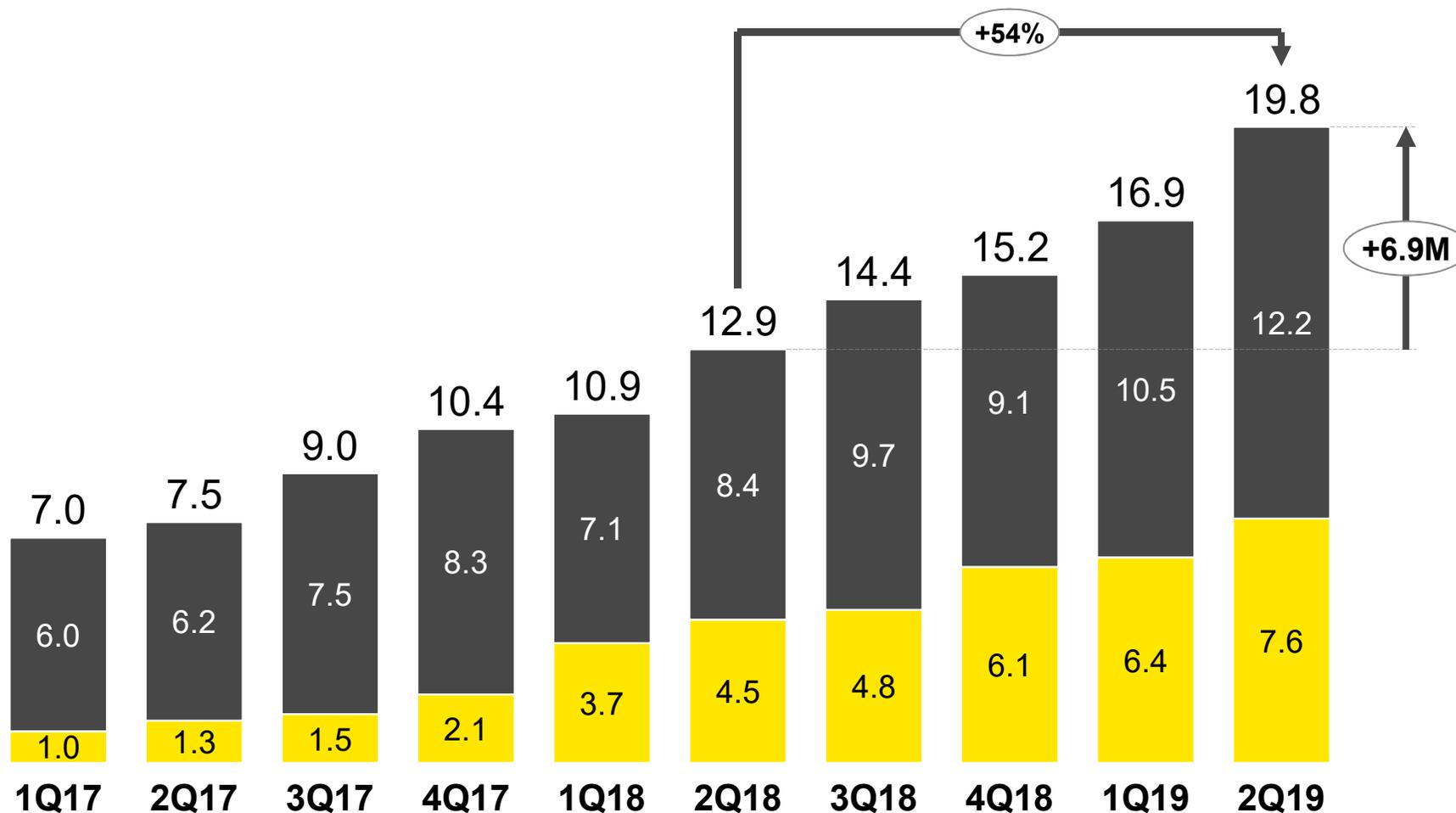


# Fiber Footprint Expansion

FTTH footprint grew by 6.9M BUs YoY, reaching 19.8M BUs of which 7.6M are own BUs

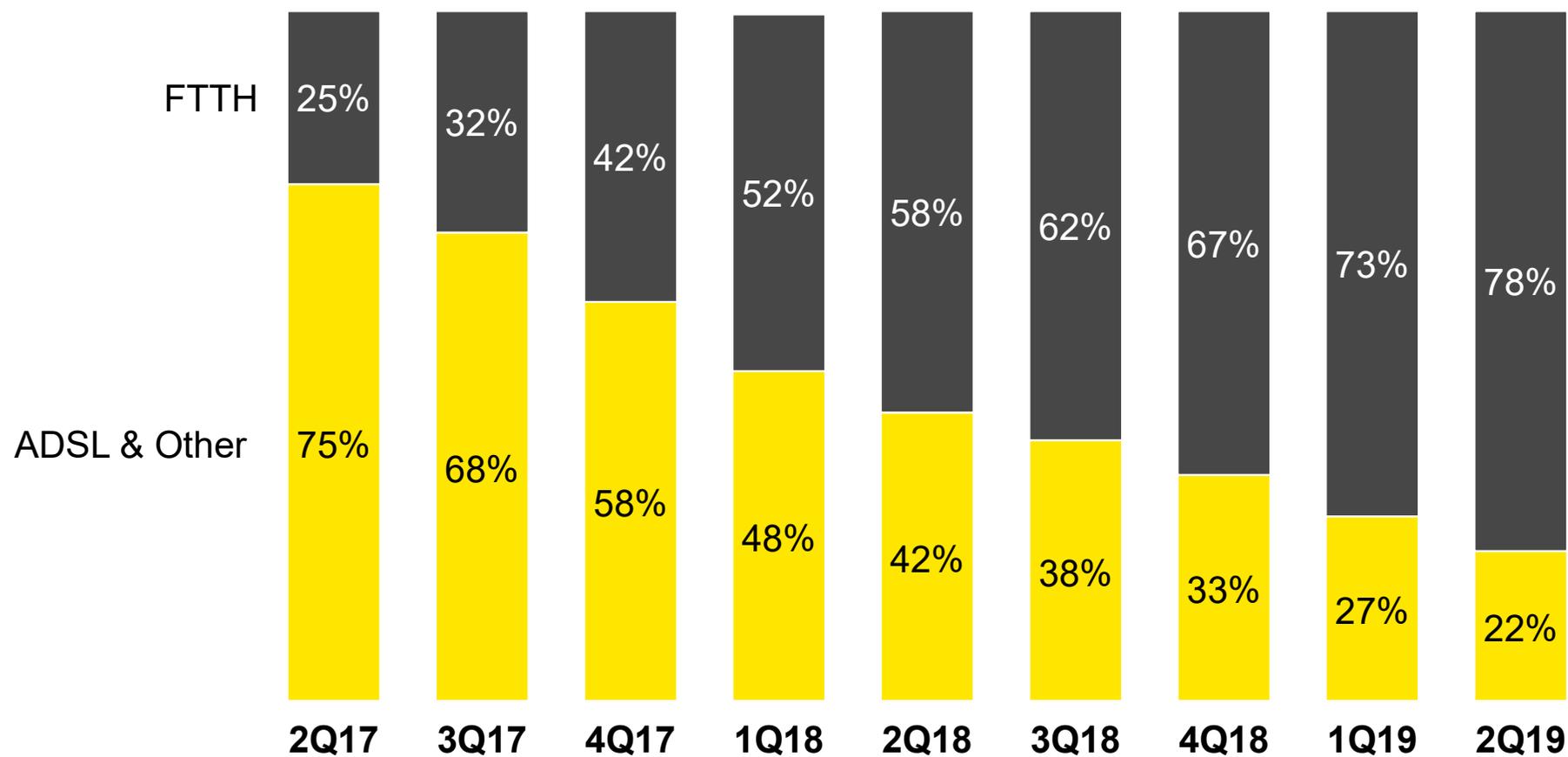
Million BUs

■ Indirect  
■ Own



# Broadband Access by Technology

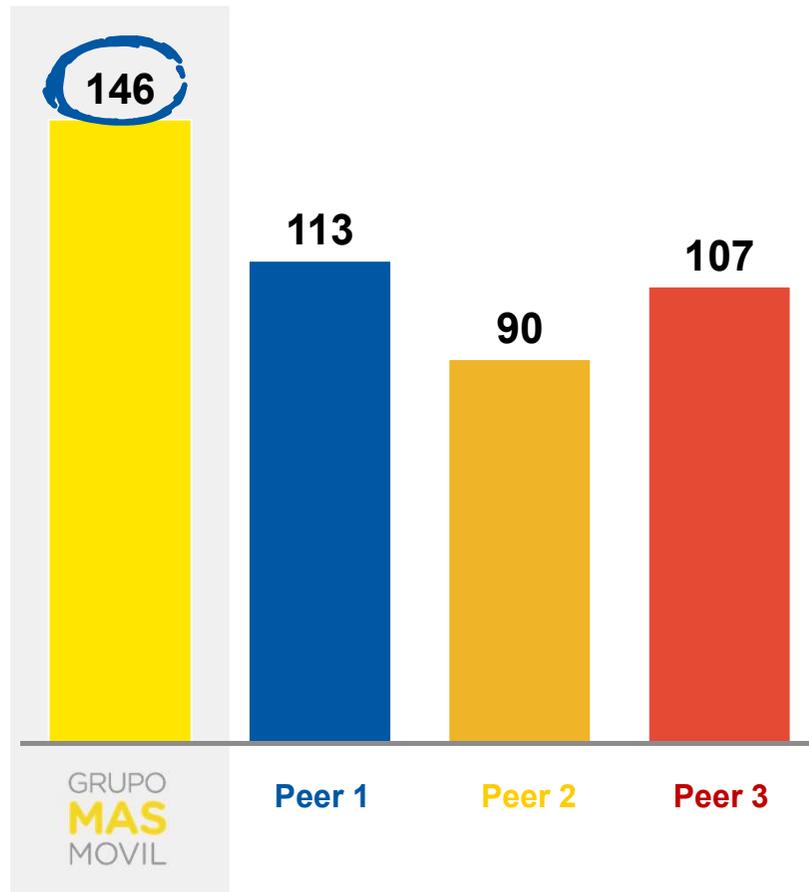
FTTH share continues to grow and represents 78% of total broadband base



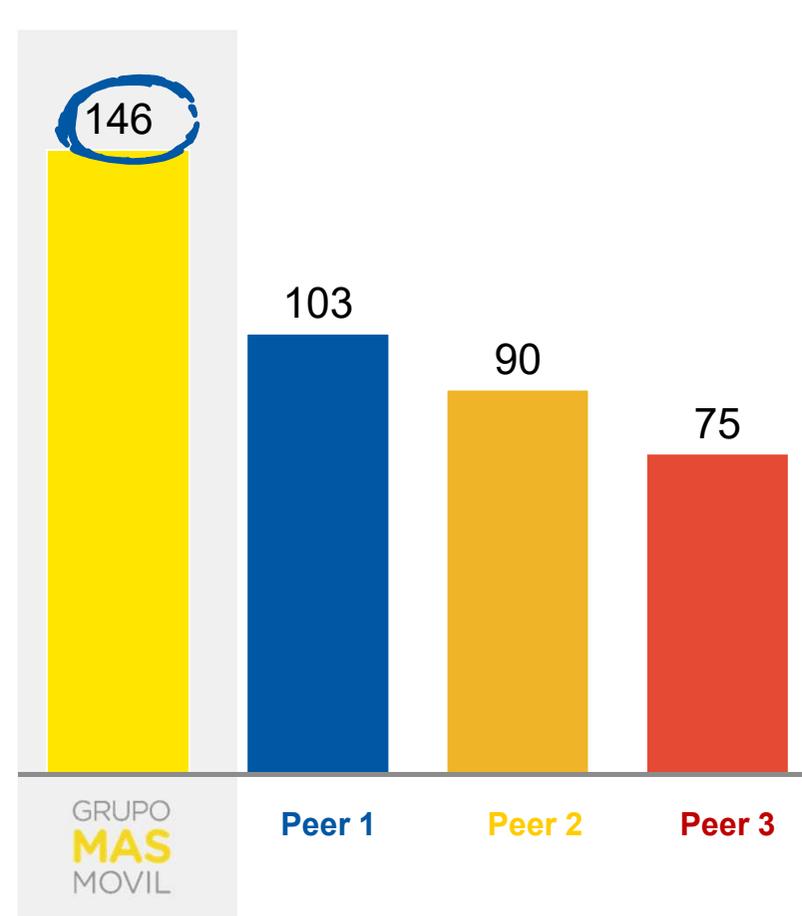
# FTTH network quality rankings

MASMOVIL offers again the best FTTH network speeds compared to peers

Download speed (Mb/s)



Upload speed (Mb/s)



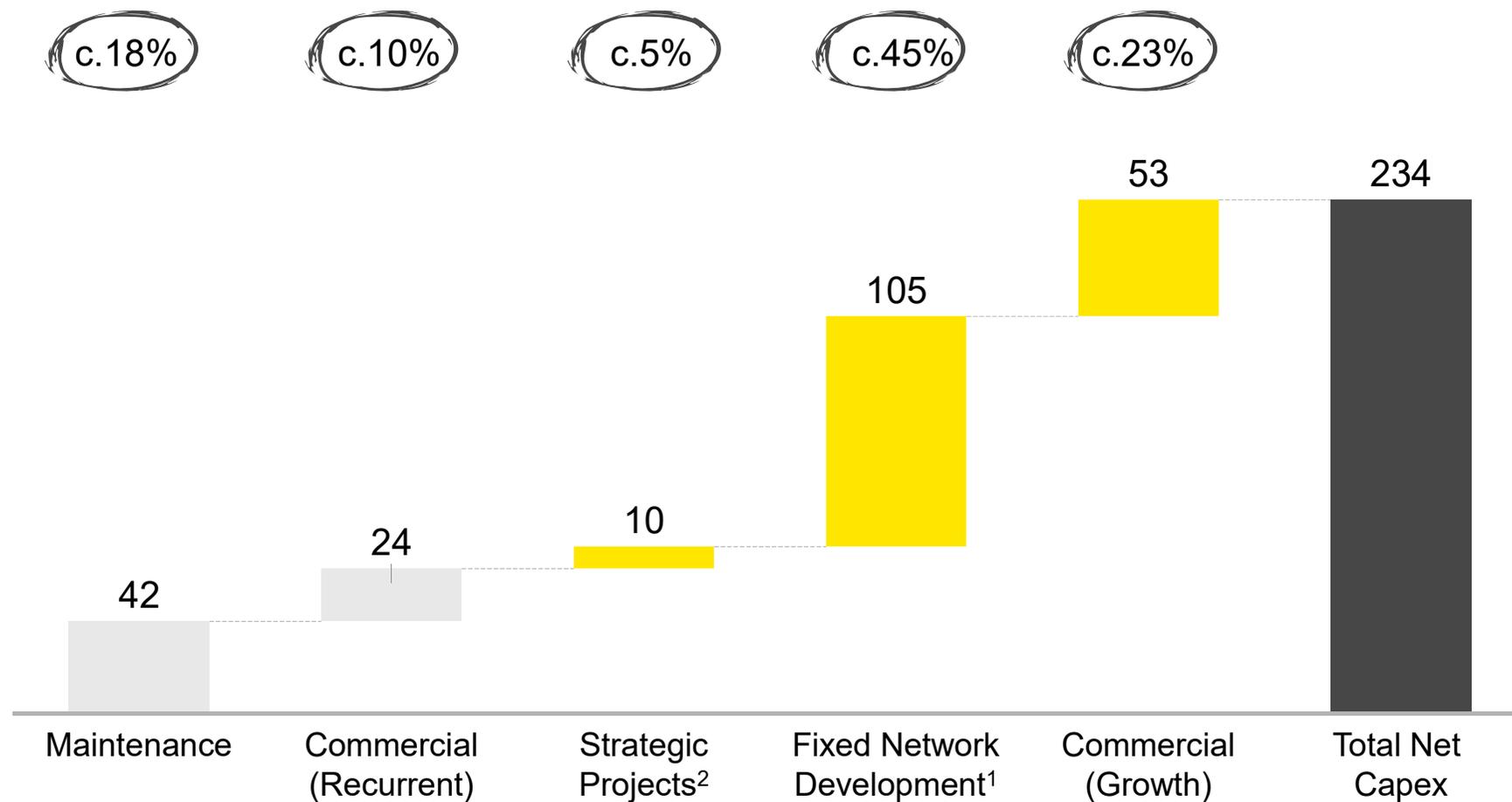
SOURCE: nPerf Study of July 2019 (Covering January – July 2019) based on 813k tests that measures maximum capacity of data connections; MASMOVIL also leads in latency

# Capex 1H19

MASMOVIL continues to invest in its own infrastructure and client growth

€M

 % of Total



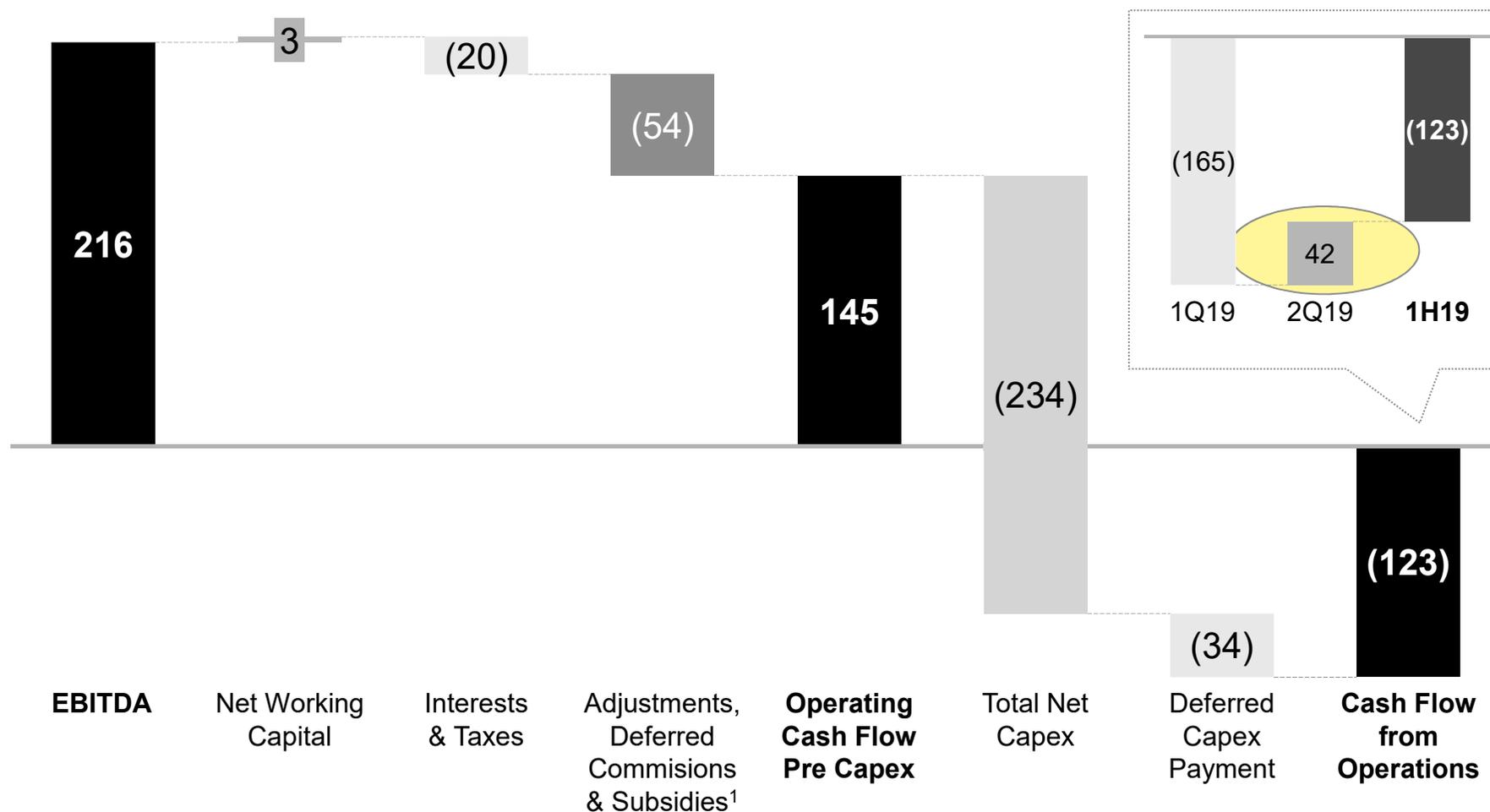
<sup>1</sup> Includes Transmission and Access. Net of IRU sales. Includes €70M from purchase of 1M BUs from Orange in 2Q19

<sup>2</sup> Strategic projects includes areas such as digitalization, cybersecurity, and other specific projects

# Cash Flow from Operations 1H19

Growth Capex impacted cash flow from operations in 1H19, however 2Q19 turns positive

€M

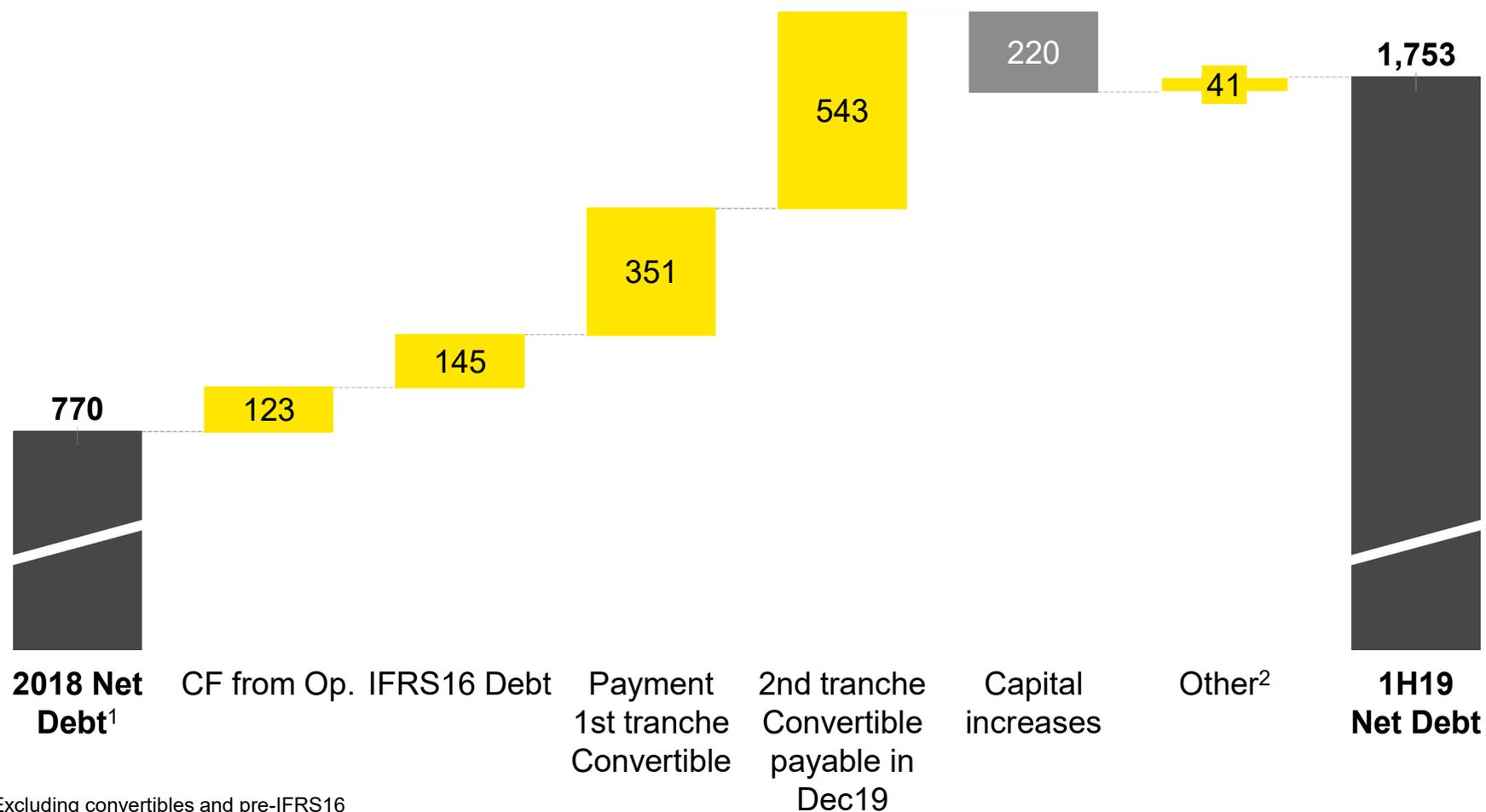


<sup>1</sup> Includes impact from IFRS15 (mainly deferred commissions/subsidies) and IFRS16

# Change in Net Debt 1H19

Net leverage increased in line with Guidance mainly due to repurchase of convertible to c.4.0x

€M



1 Excluding convertibles and pre-IFRS16

2 Includes mainly payments related to M&A, other corporate stakes and early redemption of senior and junior debt

# Appendix



# Net Debt Overview

Net leverage at 4.0x Net Debt/Adjusted EBITDA post repurchase of Providence convertible

€M

	FY18	1H19	Delta 1H19 vs. FY18
Short-term commercial paper	-	50	50
Senior debt	680	1,211	531
Bonds	28	28	1
Junior debt	120	-	(120)
Debt with Providence	131	543	412
IFRS 16	148	145	(3)
Other debts	41	34	(7)
Cash & cash equivalents	(98)	(258)	159
<b>Net Debt</b>	<b>1,050</b>	<b>1,753</b>	<b>704</b>
<i>x Adjusted EBITDA<sup>(1)</sup></i>	<i>2.7x</i>	<i>4.0x</i>	

1 Net leverage calculated as Net Debt divided by Annualized Adjusted EBITDA.

# P&L

MASMOVIL reported Adjusted Net Income of €54M for 1H19

€M

	1H18	1H19	Growth (%)
Service Revenues	554	688	24%
Other revenues	122	104	-15%
<b>Revenue</b>	<b>676</b>	<b>792</b>	<b>17%</b>
Other operating revenue	24	41	69%
Cost of sales	(477)	(552)	16%
Other operating expenses	(69)	(64)	-7%
<b>Adjusted EBITDA</b>	<b>155</b>	<b>216</b>	<b>40%</b>
Net one-offs	(7)	(7)	<i>n.m.</i>
SAR	-	-	
<b>Reported EBITDA</b>	<b>148</b>	<b>210</b>	<b>42%</b>
Depreciation and amortization	(73)	(123)	<i>n.m.</i>
<b>Reported EBIT</b>	<b>74</b>	<b>87</b>	<b>17%</b>
Net financial expenses	(36)	(134) <sup>(2)</sup>	<i>n.m.</i>
<b>Reported Profit before taxes</b>	<b>39</b>	<b>(47)</b>	<i>n.m.</i>
Income tax	(0)	14	<i>n.m.</i>
<b>Reported Net Income/(Loss)</b>	<b>38</b>	<b>(34)</b>	<i>n.m.</i>
Sum of the "Adjustments"	32	88	<i>n.m.</i>
<b>Adjusted Net Income/(Loss)<sup>(1)</sup></b>	<b>71</b>	<b>54</b>	<b>-23%</b>

NOTE: 1H19 EBITDA pre-IFRS16 growth YoY would have been +28%

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

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

# Adjusted Earnings Per Share

MASMOVIL reported Adjusted EPS of €0.41 on a fully diluted basis for 1H19  
€M

	1H19
<b>Reported Net Income/(Loss)</b>	<b>(34)</b>
Operative one-offs	7
Amortization of acquired customer base & brand	13
Management incentive plans (SAR)	4
Non-cash impact convertible purchase	93
Tax impact of "Adjustments"	(29)
<b>Adj. Net Income/(Loss)</b>	<b>54</b>
Number of shares (million)	131.7
<b>Adj. EPS (€)</b>	<b>0.41</b>