



Earnings Presentation – 4Q19

February 28th, 2020

Disclaimer

This document and the conference-call webcast (including the Q&A session) may contain forward-looking statements and information (hereinafter, the “Statements”) relating to MASMOVIL IBERCOM, S.A., or MASMOVIL Group (hereinafter indistinctly, “MASMOVIL”, the “Company” or the “Group”) or otherwise. These Statements may include financial forecasts and estimates based on assumptions or statements regarding plans, objectives and expectations that make reference to different matters, such as the customer base and its evolution, growth of the different business lines and of the global business, market share, possible acquisitions, divestitures or other transactions, Company’s results and other aspects related to the activity and situation of the Company.

The Statements can be identified, in certain cases, through the use of words such as “forecast”, “expectation”, “anticipation”, “aspiration”, “purpose”, “estimates”, “plan” or similar expressions or variations of such expressions. These Statements reflect the current views of MASMOVIL with respect to future events, do not represent, by their own nature, any guarantee of future fulfilment, and are subject to risks and uncertainties that could cause the final developments and results to materially differ from those expressed or implied by such Statements. These risks and uncertainties include those identified in the documents containing more comprehensive information filed by MASMOVIL before the different supervisory authorities of the securities markets in which its shares are listed and, in particular, the Spanish National Securities Market Commission.

Except as required by applicable law, MASMOVIL does not assume any obligation to publicly update the Statements to adapt them to events or circumstances taking place after the date hereof, including changes in the Company's business or business development strategy or any other unexpected circumstance.

This document and the conference-call (including the Q&A session) may contain summarized, non-audited or non-GAAP financial information. The information contained herein and therein should therefore be considered as a whole and in conjunction with all the public information regarding the Company available, including any other documents released by the Company that may contain more detailed information.

Neither this document nor the conference-call (including the Q&A session) nor any of their contents constitute an offer to purchase, sale or exchange any security, a solicitation of any offer to purchase, sale or exchange of any security, or a recommendation or advice regarding any security.

MASMOVIL – FY19 Key Highlights

MASMOVIL growth continues, FY19 guidance met and all financial targets for 2020 – 21 reiterated targets



Growth momentum continues with strong 4Q19



FY19 Service Revenues of **€1,462M** (+24% YoY)



FY19 EBITDA of **€468M** (+42% YoY) and EBITDA margin of 28% (+5pp YoY)



Broadband lines reached 1.5M with 8.9M total lines at FY19
Net adds of **122k** in **BB** and **212k** in **mobile postpaid** in 4Q19



Fiber footprint reaches **23.4M** BUs
Own/usage rights FTTH network reaches **13.4M** BUs



2020-21 guidance reiterated

2019 Revised Guidance Met

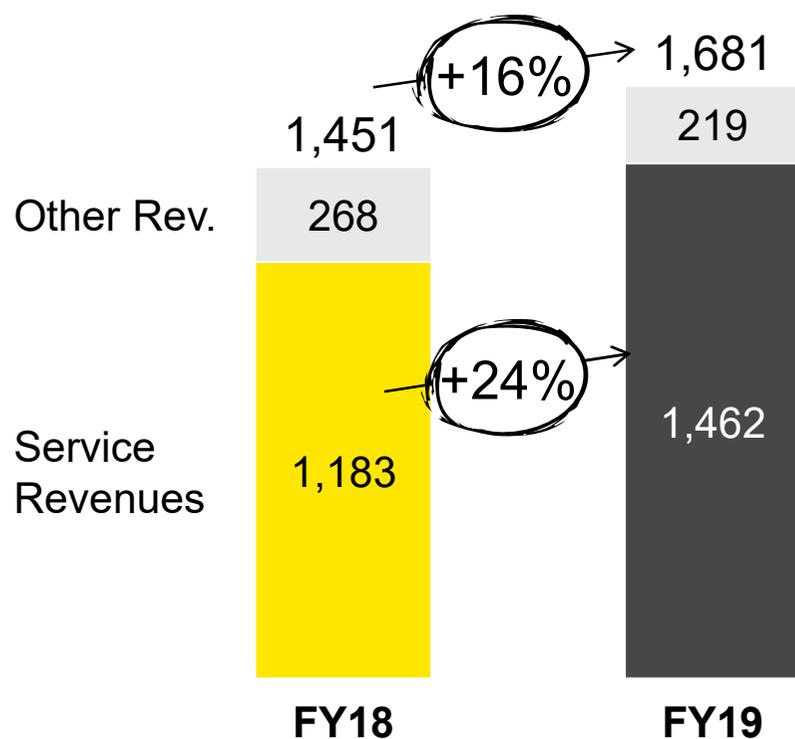
All guidance components on track

		FY19 Guidance	FY19 Reported	On track?
Service Revenues 	Growth in Service Revenues	+24% YoY	+24% YoY	✓
Adjusted EBITDA 	Adjusted EBITDA (before one-off costs)	€465M	€468M	✓
Net Capex 	Net Infrastructure Capex	€457M	€466M	✓
Deleveraging Path 	Net Debt / EBITDA	3.7x	3.5x	✓

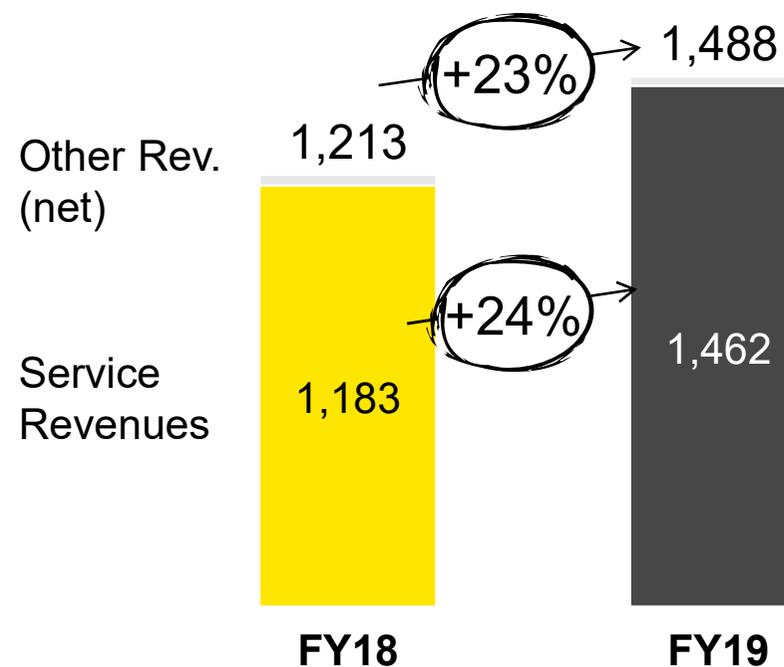
Revenues FY19

Service Revenues in FY19 grew +24% YoY. Net Revenues +23% YoY
€M

Revenues



Net Revenues¹



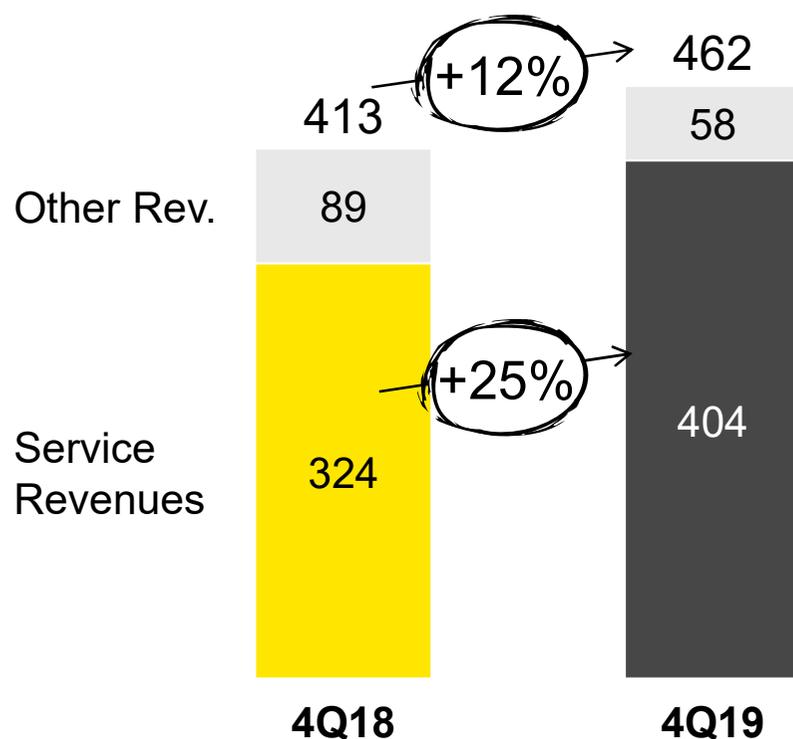
¹ Net Revenues: Service Revenues plus Gross Profit contribution from Other Revenues

Revenues 4Q19

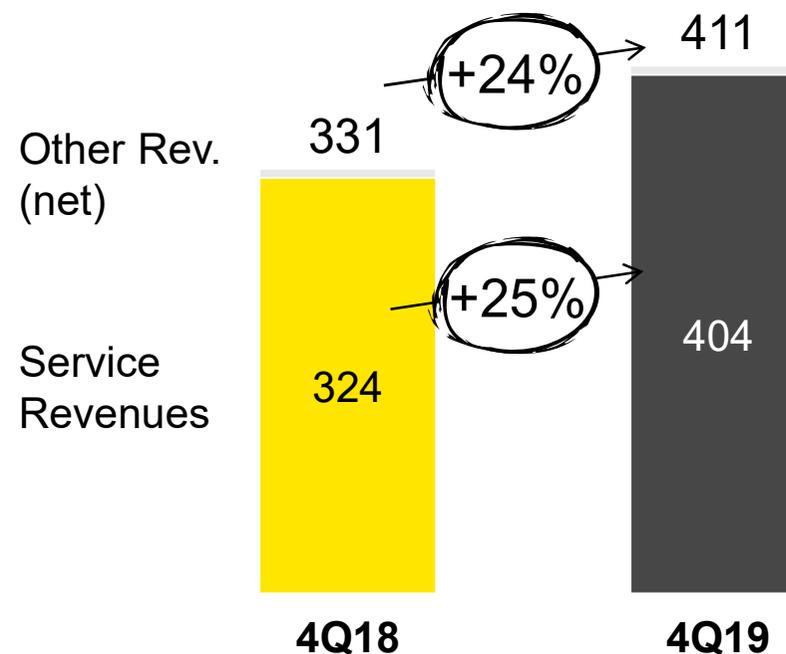
Service Revenues +25% YoY. Net Revenues +24% YoY

€M

Revenues



Net Revenues¹



¹ Net Revenues: Service Revenues plus Gross Profit contribution from Other Revenues

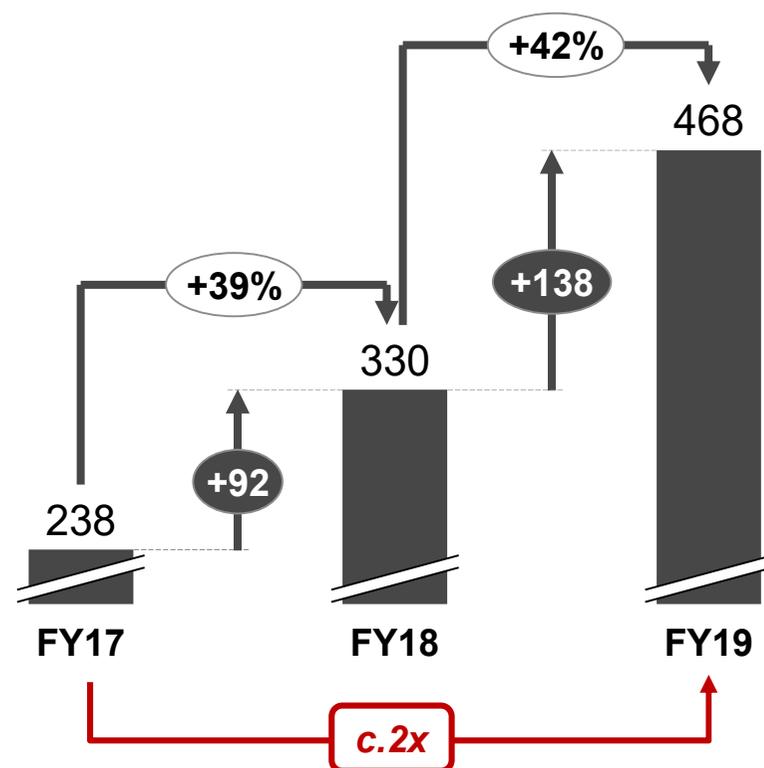
Source: Company

Adjusted EBITDA FY19

Strong 4Q19 EBITDA of €132M (+46% YoY) drives FY19 EBITDA to €468M
€M

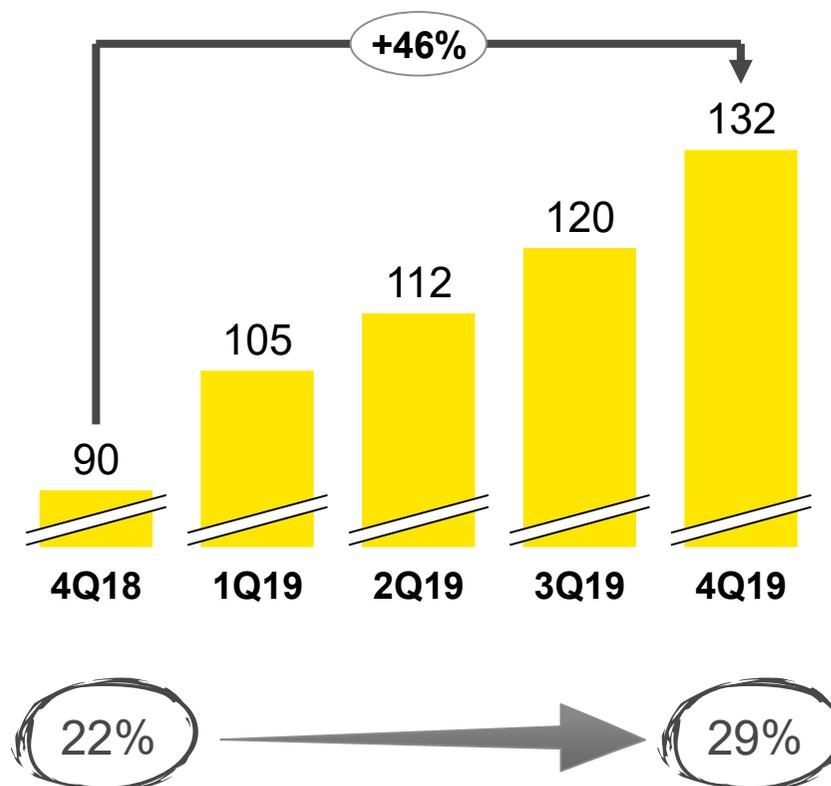
Adjusted EBITDA Margin

EBITDA Performance¹



Adjusted EBITDA almost doubled in 2 years

Quarterly Evolution¹

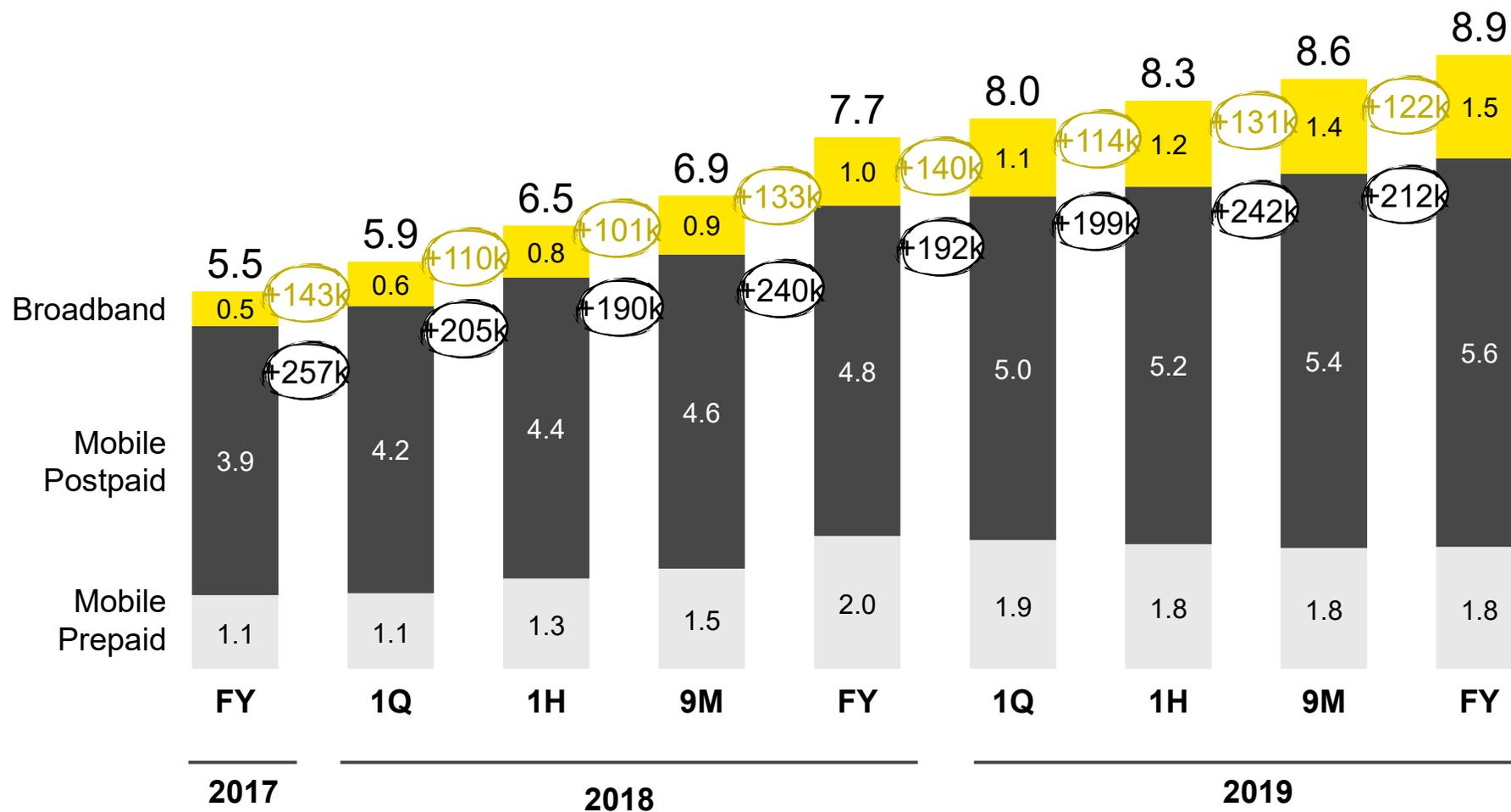


¹ EBITDA Post IFRS16 in 2019. For 2018 and 2017, EBITDA is shown pre-IFRS16. Pre-IFRS16 EBITDA growth YoY would have been +36% for 4Q19 and +31% for FY19, respectively

Evolution of Mobile & Broadband Lines

In 4Q19 MASMOVIL added 122k BB and 212k postpaid mobile lines reaching 8.9M total lines

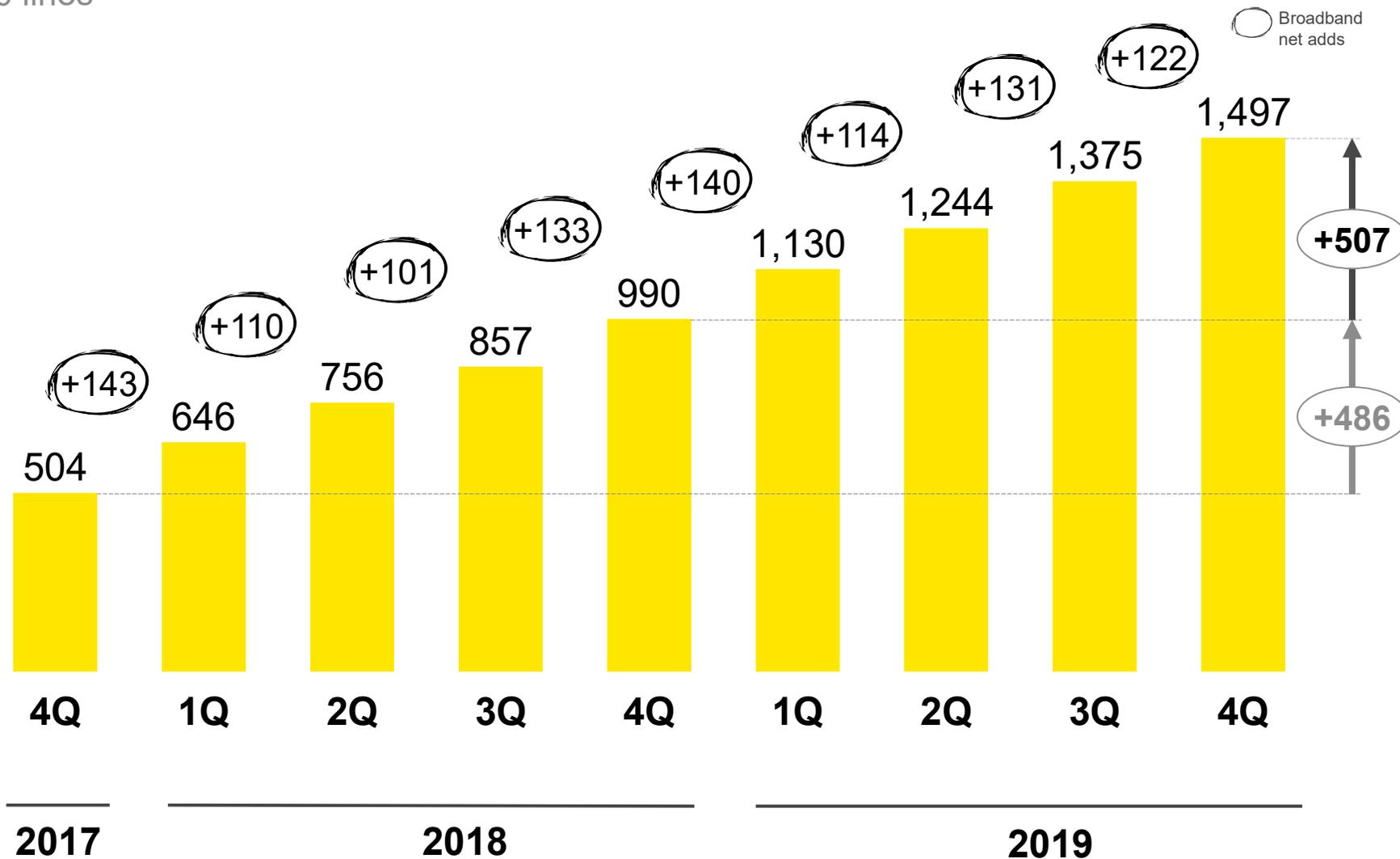
Million lines



Evolution of Broadband Lines

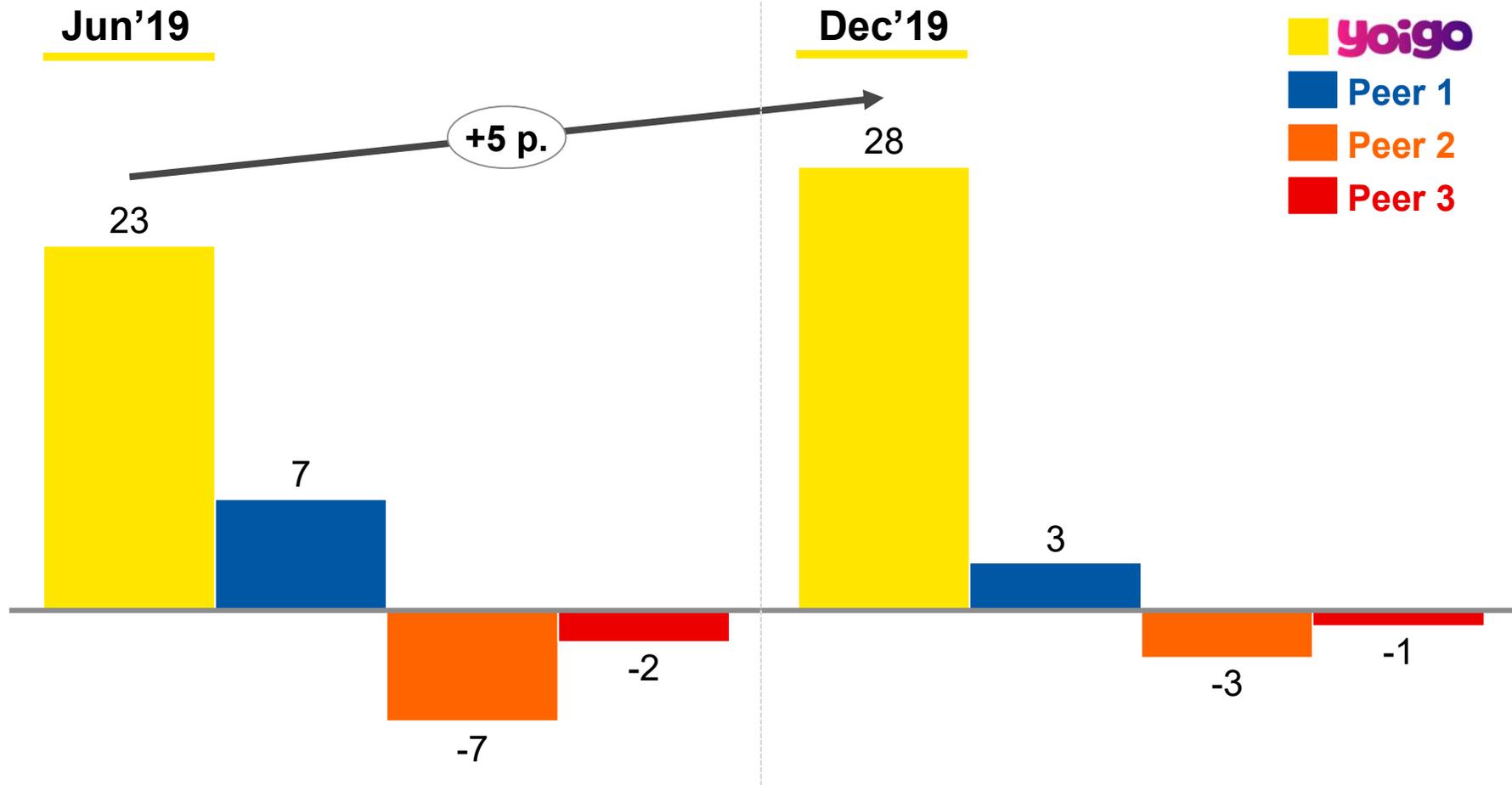
Strong growth in FY19 with 507k net adds resulting in c.1.5M total BB lines

'000 lines



Leadership in Net Promoter Score (NPS)

Yoigo exhibits the best NPS of all peers widening the gap in 2H19



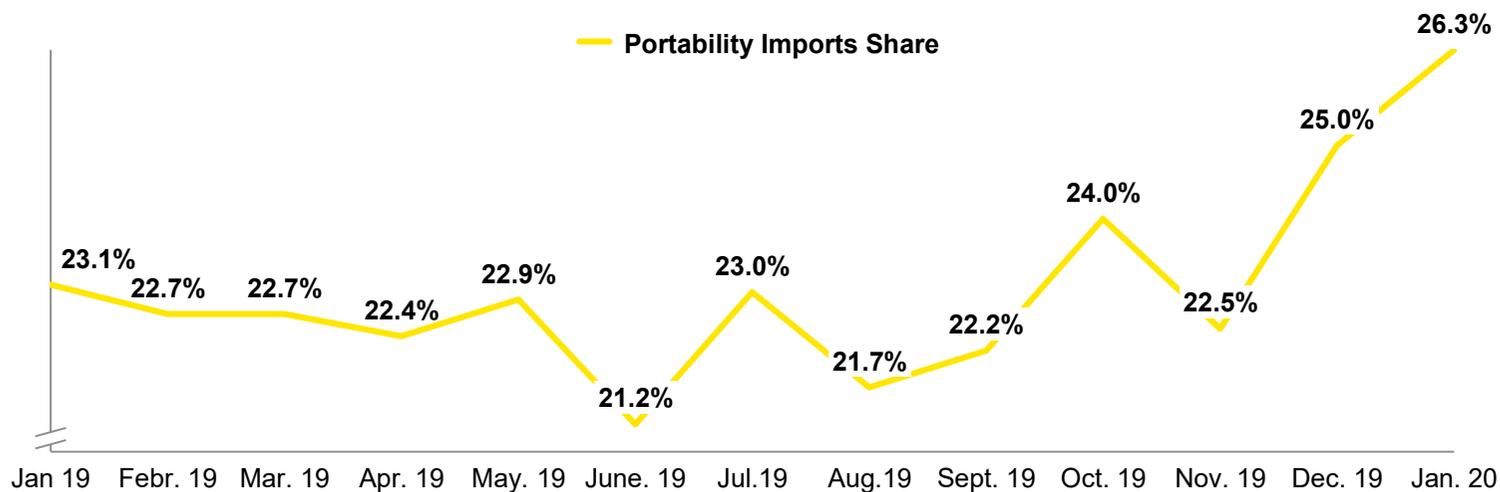
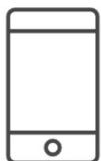
Our client focus is leading to better customer satisfaction

Portability share evolution in 2019

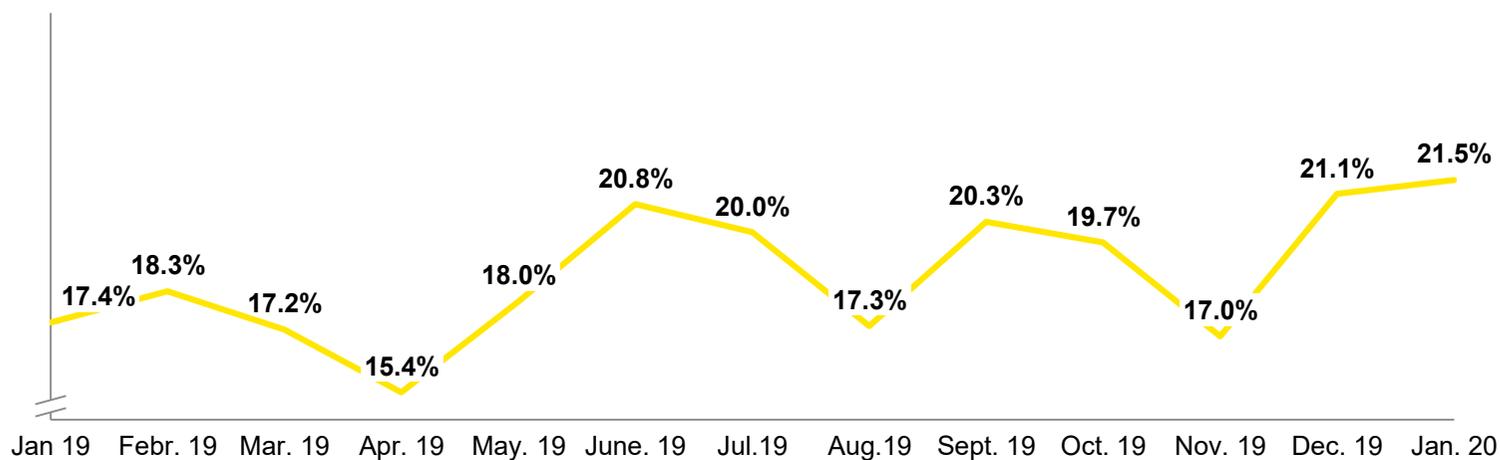
Mobile portability import share above 21% through 2019, with solid start of the year.

Fixed import share shows a growing pattern

Mobile Monthly



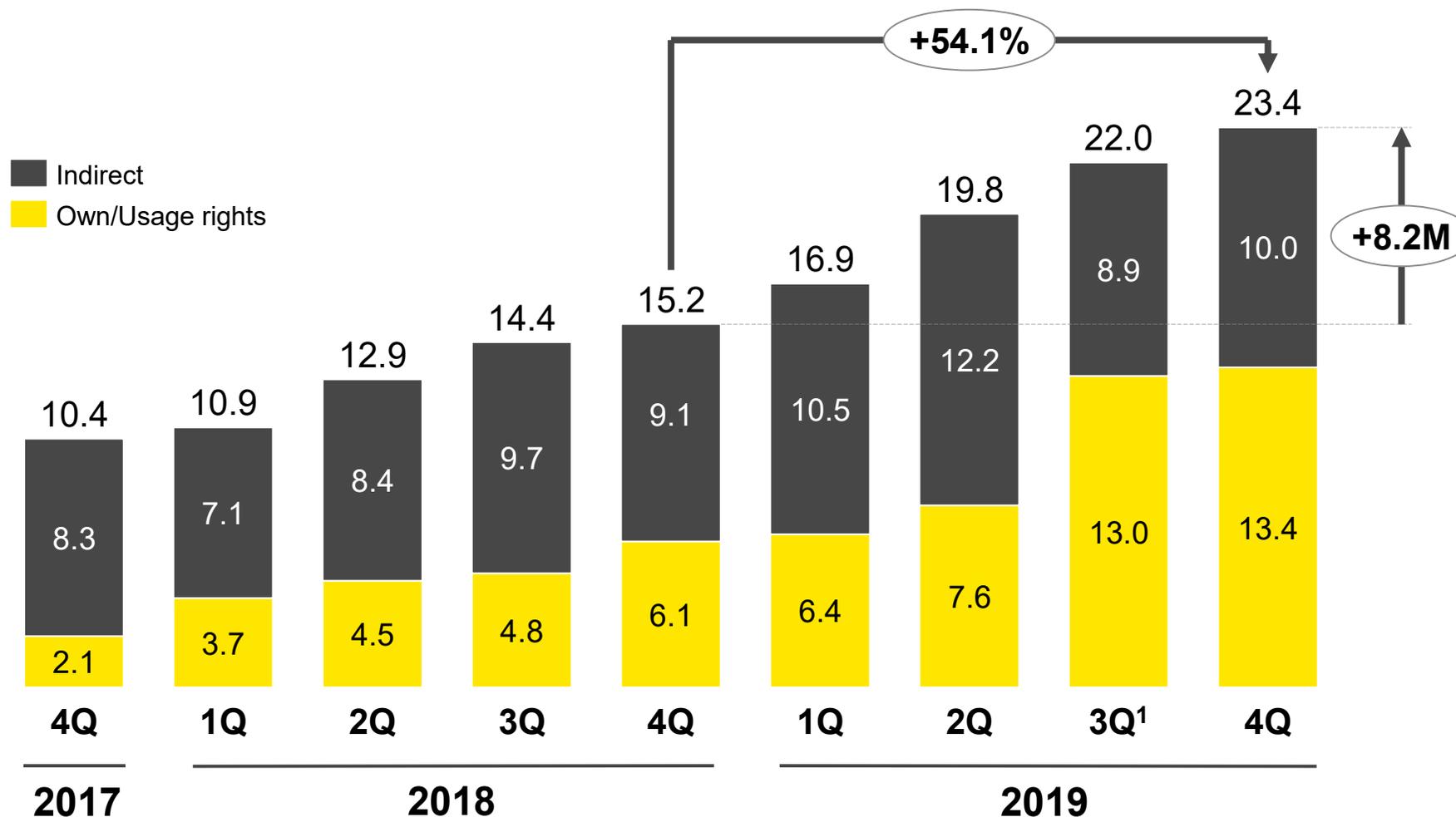
Broadband Monthly



Fiber Footprint Expansion

FTTH footprint reaches 23.4M BUs of which 13.4M are own/usage rights BUs

Million BUs



¹ Proforma for Orange deal announced on Oct 1st, 2019 and the sale of c.1M BUs to Macquarie in 4Q

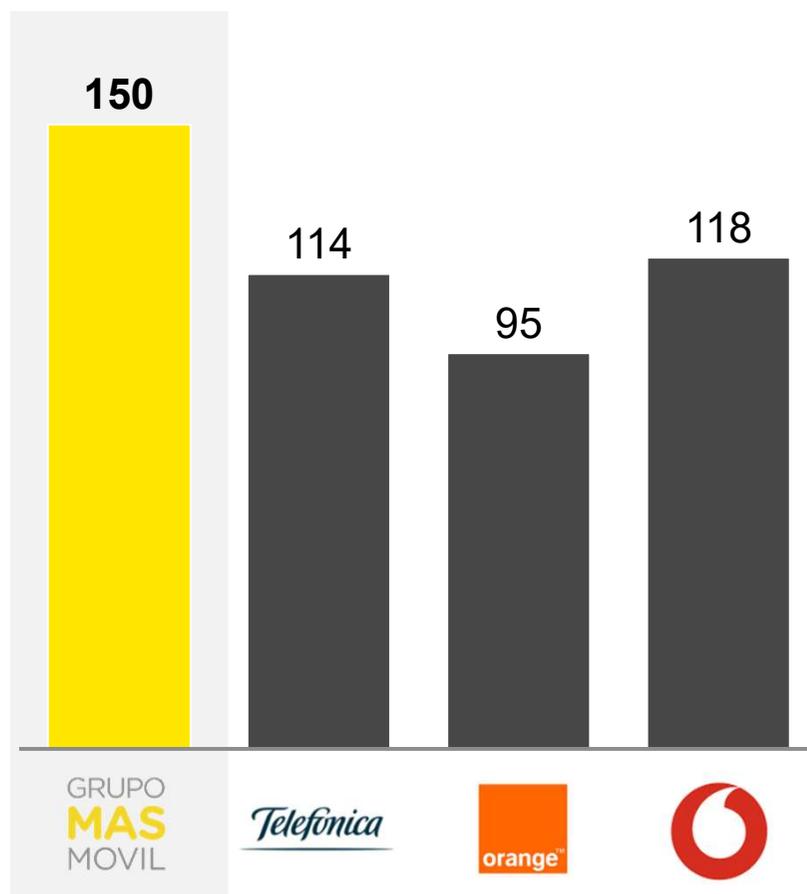
Source: Company

FTTH network quality rankings

MASMOVIL offers the best FTTH network speed

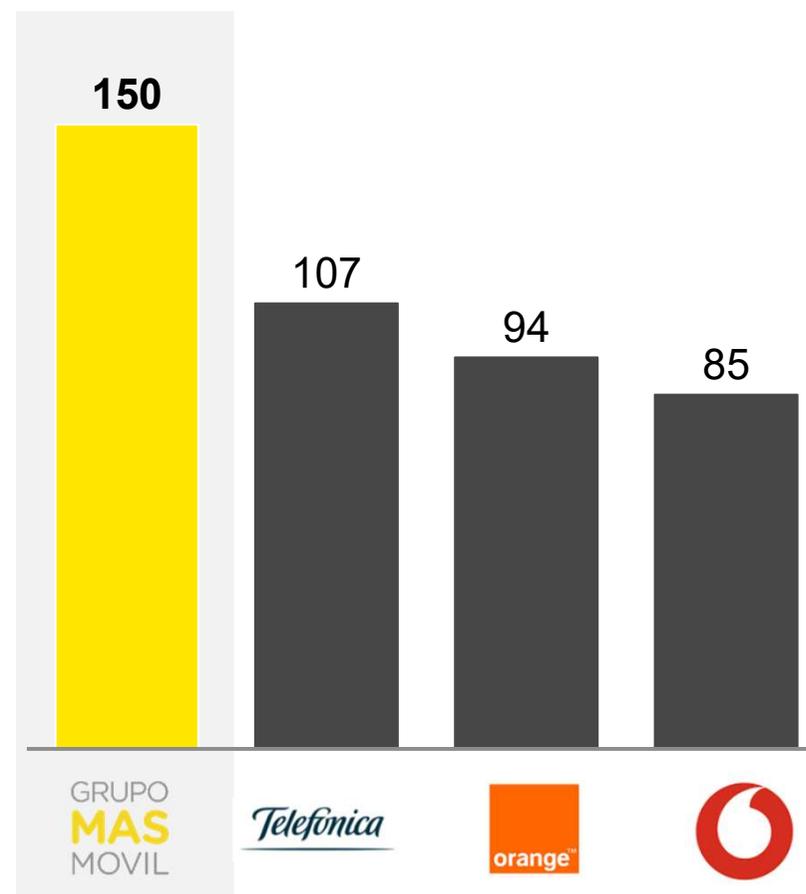
Download speed

Mb/s



Upload speed

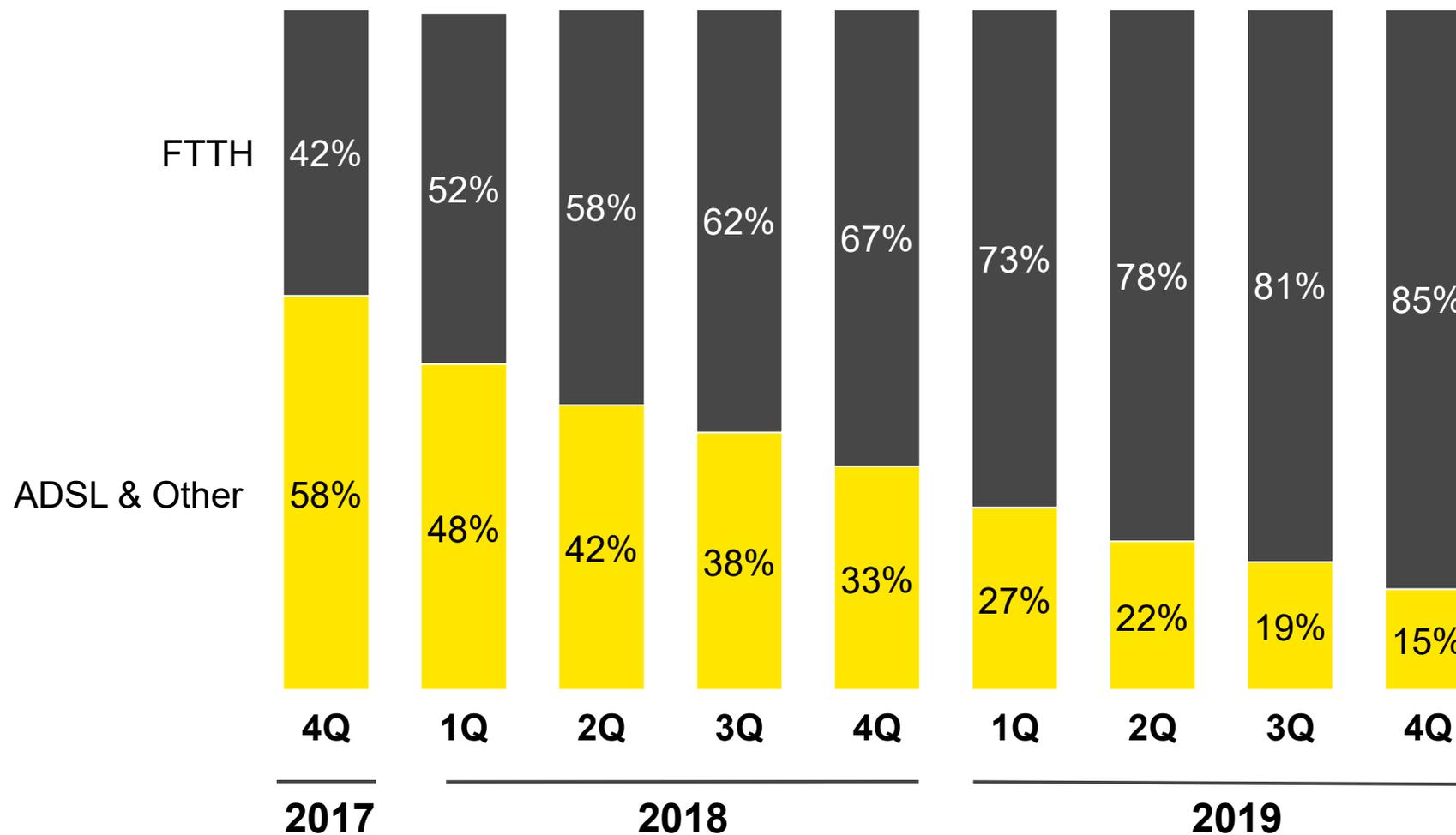
Mb/s



Source: Study nPerf of Jan 2020 (Covering Jan – Dec 2019) <https://bit.ly/2SfGuSF> based on 1.6 million tests that measures average performance of data connections; MASMOVIL also leads in latency

Broadband Access by Technology

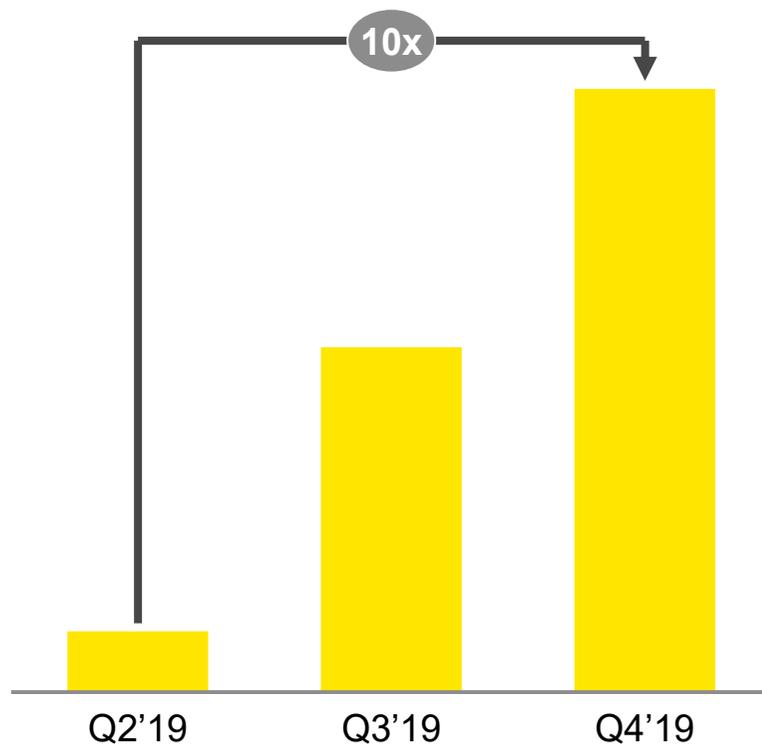
FTTH share continues to grow and represents 85% of total broadband base



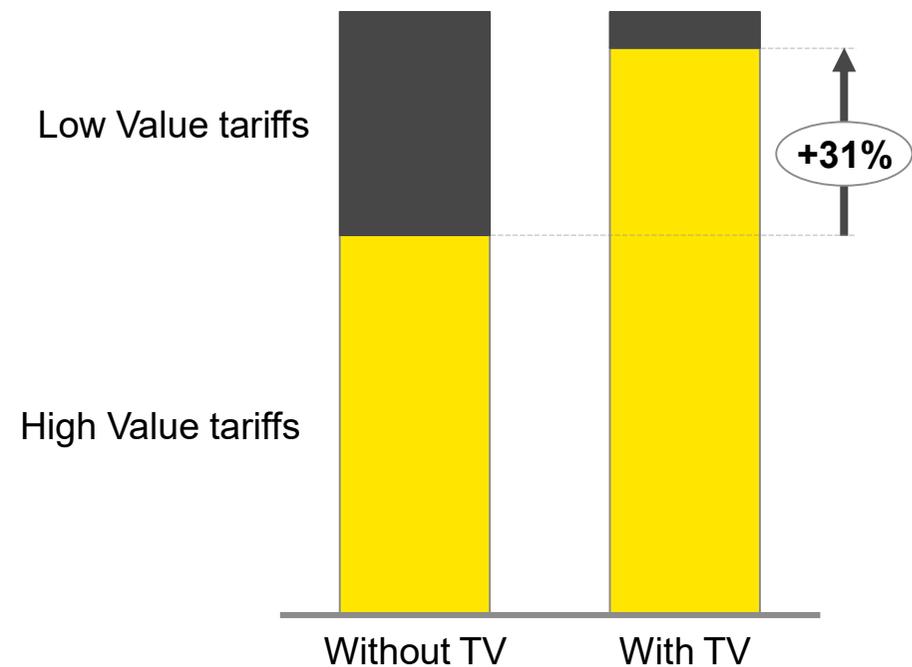
AgileTV Sales Evolution

TV sales have grown exponentially exceeding 100k lines with TV as of YE19 and triggering an improved tariff mix

TV Sales (thousands lines with TV)



Lines with TV¹ tariff mix, Yoigo customers (3P)



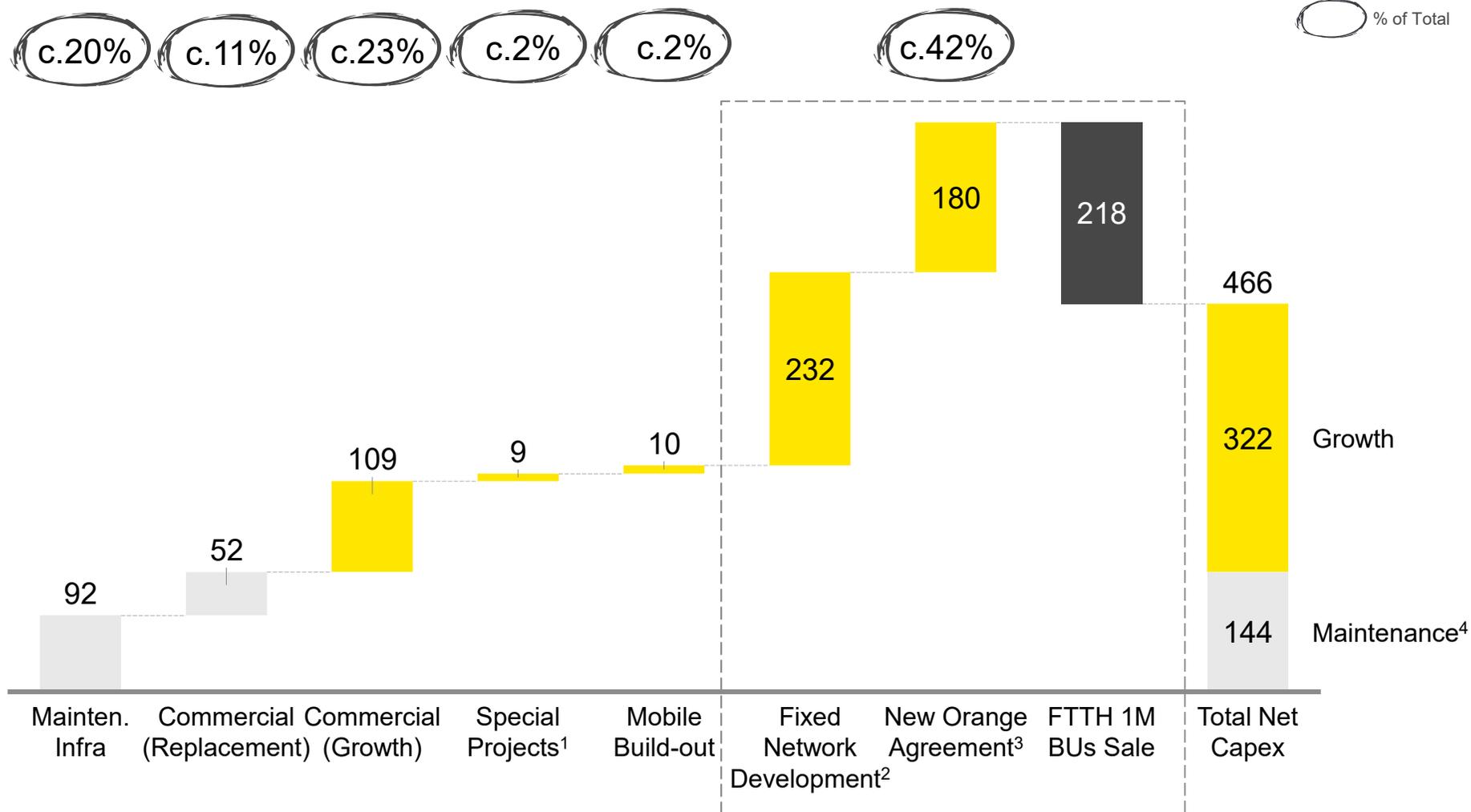
¹ Agile TV platform

Capex FY19

MASMOVIL continues to invest in its own infrastructure and client growth

€M

 % of Total



1 Special projects includes areas such as digitalization, cybersecurity, and other specific projects

2 Includes Transmission and Access, net of IRU sales

3 Acquisition of 5.2 M FTTH BUs usage rights (on NPV terms)

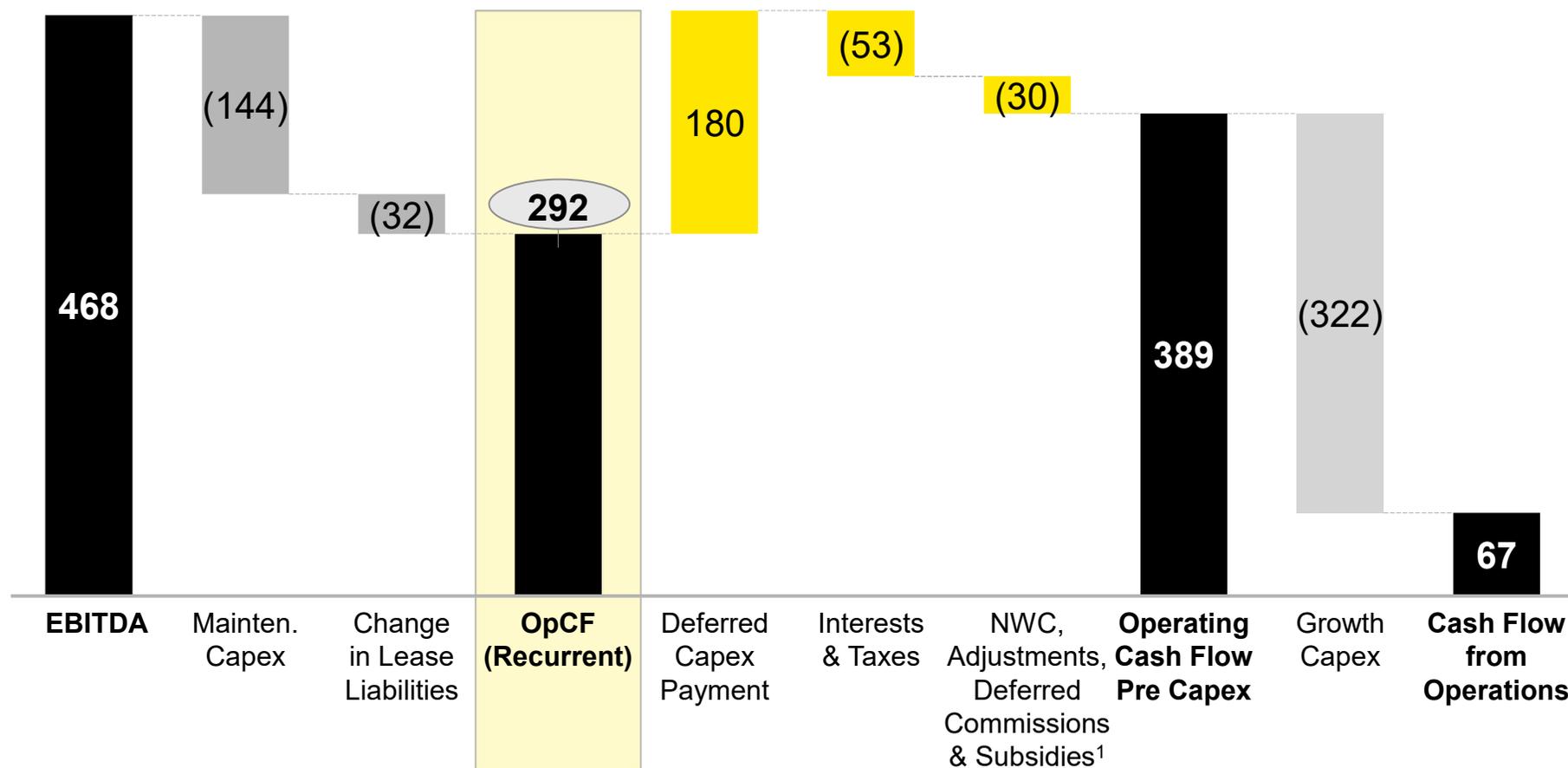
4 Includes churn related (replacement) commercial capex and maintenance infrastructure Capex

Source: Company

Cash Flow From Operations FY19

Recurrent Operating Cash Flow close to €300M with positive Cash Flow from Operations exceeding our recently upgraded guidance

€M



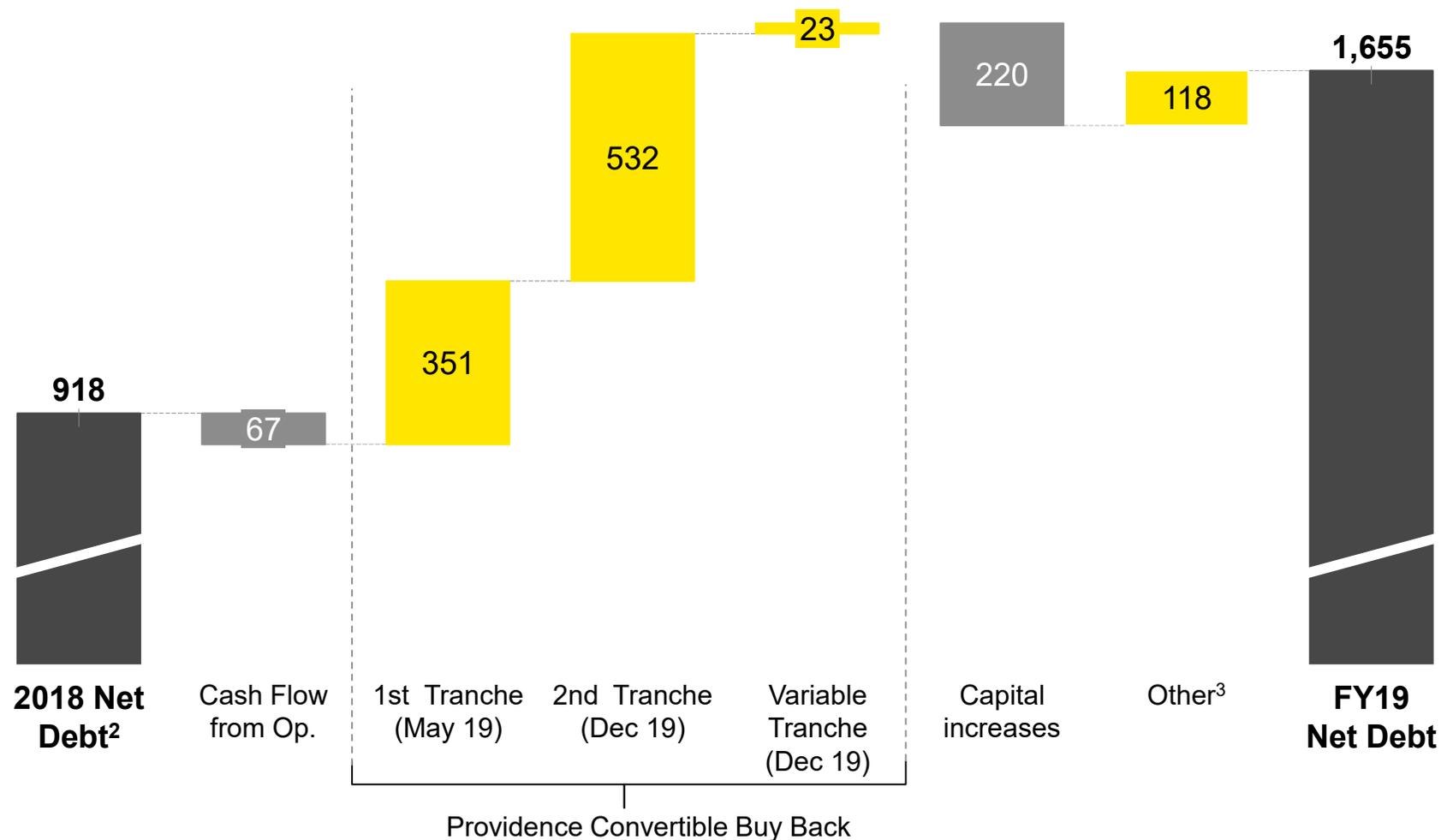
¹ Includes impact from IFRS15 (mainly deferred commissions/subsidies)

Source: Company

Change in Net Debt FY19

Net Leverage reached 3.5x¹ and below our 3.7x guidance

€M



1 FY19 Net Debt of €1,655M over FY19 Adjusted EBITDA of €468M

2 Excluding convertibles

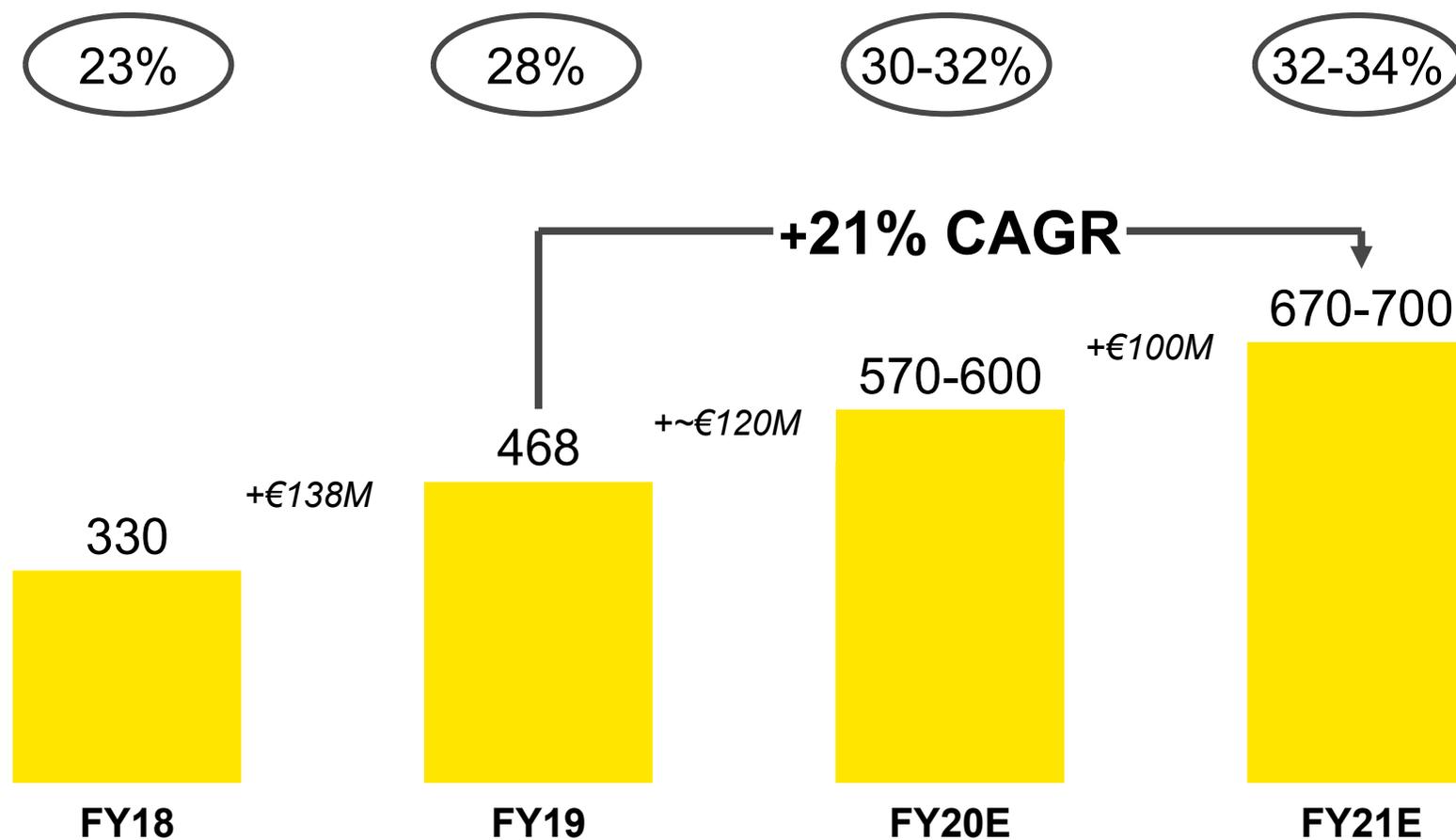
3 Includes mainly payments related to M&A, cash one offs, other corporate stakes and early redemption of senior and junior debt

Source: Company

2020-21 Adjusted EBITDA¹ Guidance Reiterated

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

○ Adj. EBITDA Margin



¹ FY18 is pre-IFRS16. Following years are post-IFRS16

Source: Company

2020-21 Net Capex Outlook Reiterated

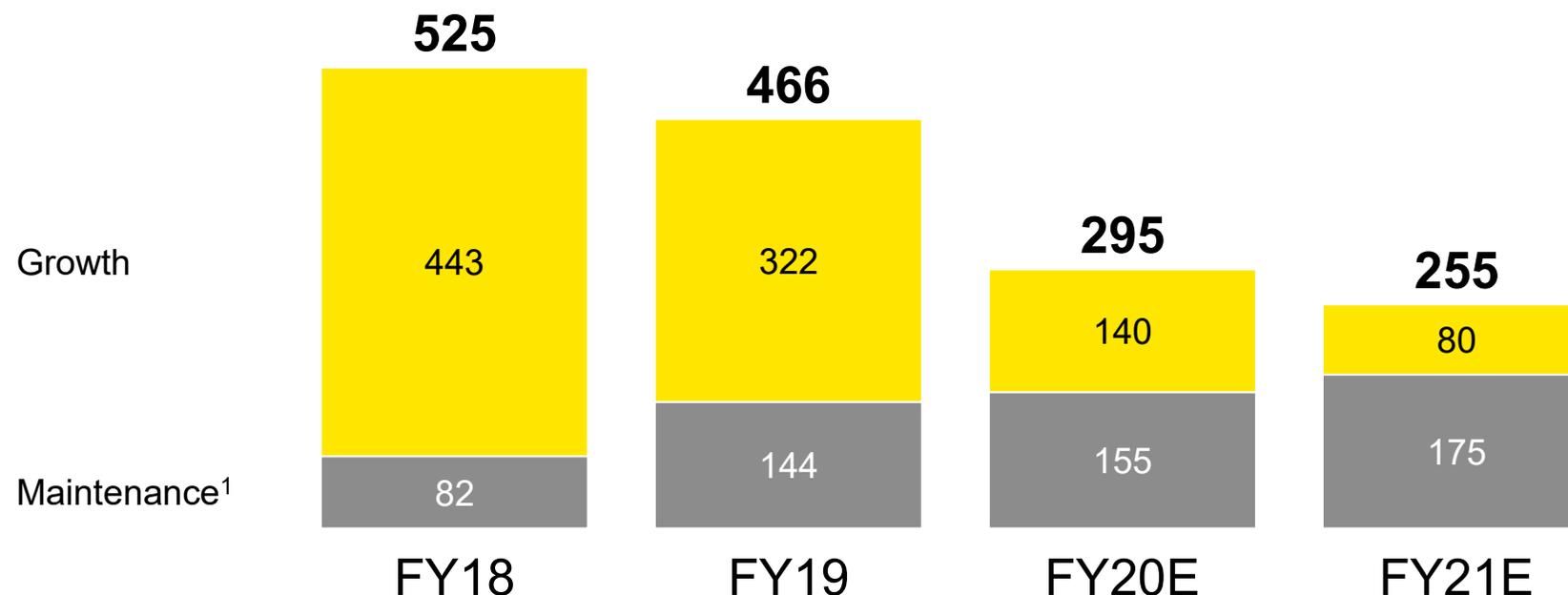
Orange agreement eliminates Capex uncertainty and allows for reduced future net capex profile

 Cost optimized FTTH Network

FTTH guidance (M BUs)



Capex outlook (€M)

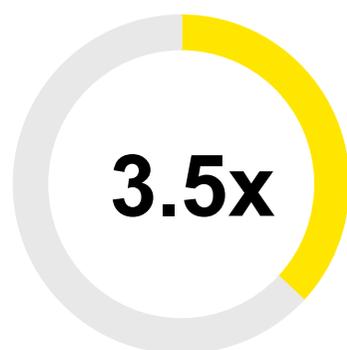


¹ Includes churn related (replacement) commercial capex and maintenance infrastructure Capex

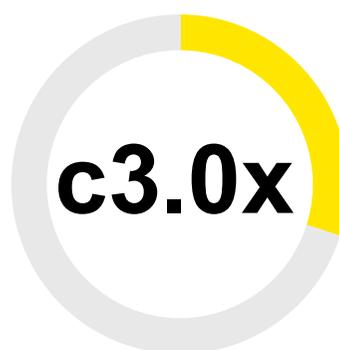
Source: Company

2019-2021 Clear Deleveraging Path Reiterated

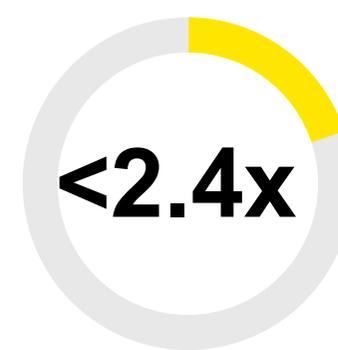
Faster than expected deleverage in 2019 with <2.4x expected by YE 2021¹



FY19



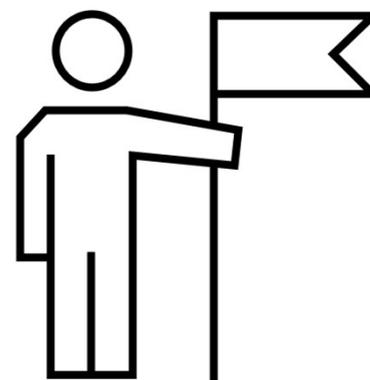
FY20



FY21

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

2021 Equity Free Cash Flow Target Reiterated



>€2.0

per share

Based on Adj EBITDA guidance and without vendor
finance for FTTH agreement

Source: Company

Appendix



Net Debt Overview

Net Leverage reached 3.5x¹ and below our 3.7x guidance

€M

	FY18	FY19	Delta FY19 vs. FY18
Short-term commercial paper	-	100	100
Senior debt	680	1,408	728
Bonds	28	28	0
Junior debt	120	-	(120)
Debt with Providence	131	-	(131)
IFRS 16	148	147	(1)
Other debts	41	35	(6)
Cash & cash equivalents	(98)	(63)	(36)
Net Debt	1,050	1,655	606
<i>x Adjusted EBITDA⁽¹⁾</i>	<i>2.7x</i>	<i>3.5x</i>	
Providence convertible	(131)	-	131
ACS convertible	-	-	-
Net Debt (excl. convertibles)	918	1,655	737
<i>x Adjusted EBITDA⁽¹⁾</i>	<i>2.4x</i>	<i>3.5x</i>	

¹ Leverage calculated as Net debt over Adjusted EBITDA

Source: Company

P&L

MASMOVIL reported Adjusted Net Income of €154M for FY19

€M

	FY18 Restated	FY18 Reported	FY19 Reported	Growth (%) Rep. vs. Rep.
Service Revenues	1,183	1,183	1,462	24%
Other revenues	268	268	219	-18%
Revenue	1,451	1,451	1,681	16%
Other operating revenue	47	47	65	38%
Cost of sales	(967)	(1,026)	(1,150)	12%
Other operating expenses	(142)	(142)	(128)	-10%
Adjusted EBITDA ⁽¹⁾	389	330	468	42%
Net one-offs ⁽²⁾	(17)	(17)	94	<i>n.m.</i>
Reported EBITDA	372	313	562	80%
Depreciation and amortization	(214)	(161)	(272)	69%
Reported EBIT	158	152	290	91%
Net financial expenses ⁽³⁾	(94)	(74)	(225)	204%
Reported Profit before taxes	64	78	65	-16%
Income tax	(4)	(7)	28	<i>n.m.</i>
Reported Net Income/(Loss)	61	71	93	32%
Sum of the "Adjustments"	65	65	61	-6%
Adjusted Net Income/(Loss) ⁽⁴⁾	125	135	154	14%

1 FY19 EBITDA pre-IFRS16 YoY growth would have been +22%

2 Including book gain related to the sale of the FTTH network in 4Q19

3 Including non-cash financial expenses of €99M related to the one-off non-cash accounting derived from the convertible bond acquisition in 2Q19

4 Please see in the next table the list of adjustments

Source: Company

Adjusted Earnings Per Share

MASMOVIL reported Adjusted EPS of €1.17 on a fully diluted basis for FY19
€M

	FY19
Reported Net Income/(Loss)	93
Operating one-offs ⁽¹⁾	(94)
Amortization of acquired customer base & brand	27
Management incentive plans (SAR)	40
Non-cash impact convertible purchase ⁽²⁾	108
Tax impact of "Adjustments"	(20)
Adj. Net Income/(Loss)	154
Number of shares (million)	131.7
Adj. EPS (€)	1.17

1. Including book gain related to the sale of the FTTH network in 4Q19 (€144M), cash one-offs (-€18M) and CPE write-offs
 2. Mainly related to the one-off accounting loss derived from the Providence convertible bond acquisition in 2Q19
- Source: Company