

MÁSMÓV!L

September 2017

THE 4TH OPERATOR
CLEAR VALUE CREATION OPPORTUNITIES

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The information contained herein may include statements regarding intentions, expectations or future projections. All statements other than those based on historical facts are forward-looking statements, including, amongst others, those regarding our financial position, business strategy, management plans and objectives for future operations. Such intentions, expectations or future projections are subject, as such, to risks and uncertainties that could determine what occurs and therefore result in a deviation from the current expectations.

These risks include, amongst others, seasonal fluctuations that can change demand, industry competition, economic and legal conditions, restrictions to free trade and / or political instability in the different markets where the MASMOVIL operates or in the countries where the Group's products and services are distributed.

MASMOVIL does not commit to issue updates or related revisions to future projections included in this Financial Information, expectations, events, conditions or circumstances on which these projections are based.

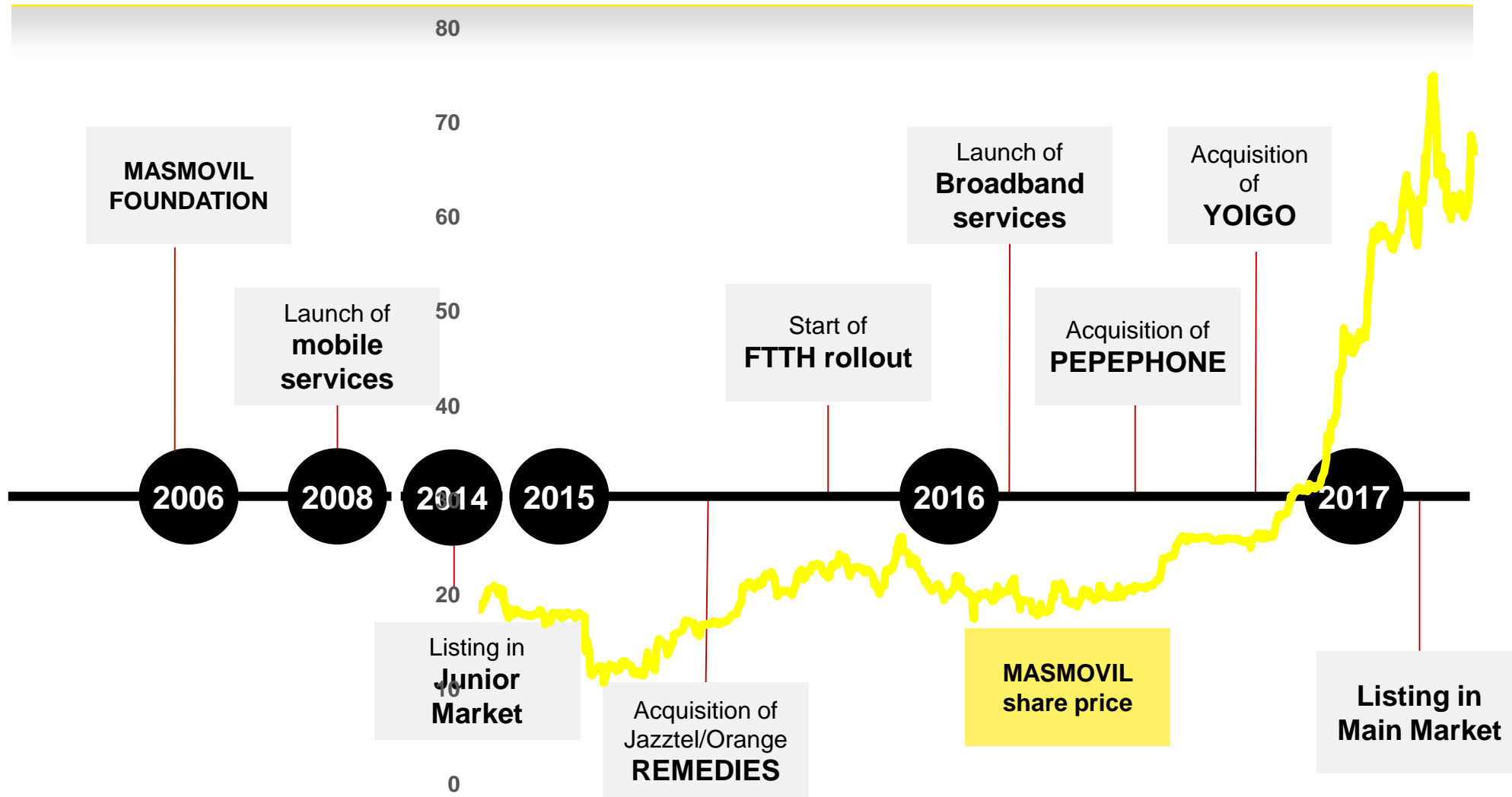
However, MASMOVIL will apply its best efforts to provide information about these and other factors that could affect the projection statements, the business and financial results of the Company, in the documents it submits to the MAB (Mercado Alternativo Bursátil) in Spain. All those who may be interested are invited to consult the said documents.

- **Brief description and history of Masmovil Group**
- **Competitive landscape: growth finally coming back**
- **First value creation opportunity: Broadband and Convergency**
- **Second value creation opportunity: New NRA**
- **Third value creation opportunity: Deleveraging the balance sheet**
- **1H17 Performance & 2017 Guidance**

A bit of history of MASMOVIL

Evolved from a start-up to the 4th telecom operator in Spain

Key milestones



MASMOVIL at a glance

A comprehensive portfolio of services using fixed & mobile networks

Our infrastructure

Infrastructure



Mobile network

85% population coverage
100% 4G upgraded
+2 mobile networks (NRA agreements)



Fixed network

>7 M FTTH BUs
Own network > 1.3 M BUs
+ Wholesale access agreement
>18 M xDSL BUs (wholesale access)



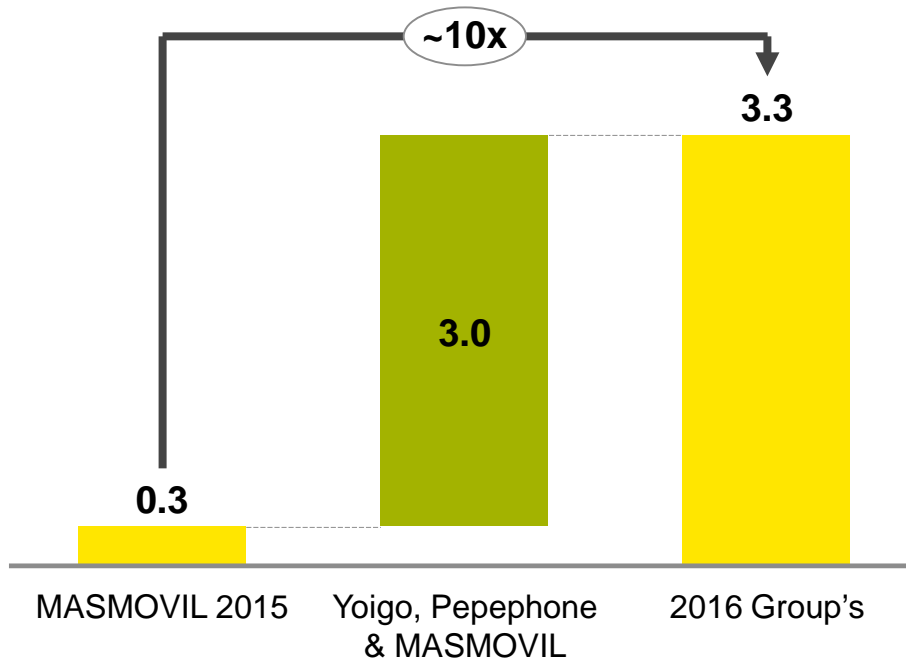
Comprehensive service portfolio

Fixed and mobile services for residential and enterprise customers

2016 the year of the transformation

Acquisitions and entry into the convergent market mark new beginning for the company

2015-2016 Post-Paid Subscriber growth (millions)*



Mobile Market Share

1% → 8.3%

* Total client evolution (incl. prepaid): c.0.5m (2015) to 4.3m (2016)

MÁSMÓVIL
In 2015

- MVNO with price value proposition to customers

+

yoigo
pepephone
.com

- Own mobile network
- + 3.0m post-paid subscribers

MÁSMÓVIL

+

**Broadband
Footprint**

- Remedies from Orange in 2015 (FTTH / ADSL)
- New FTTH wholesale and co-investment contract with Orange

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GRUPO
MASMOVIL

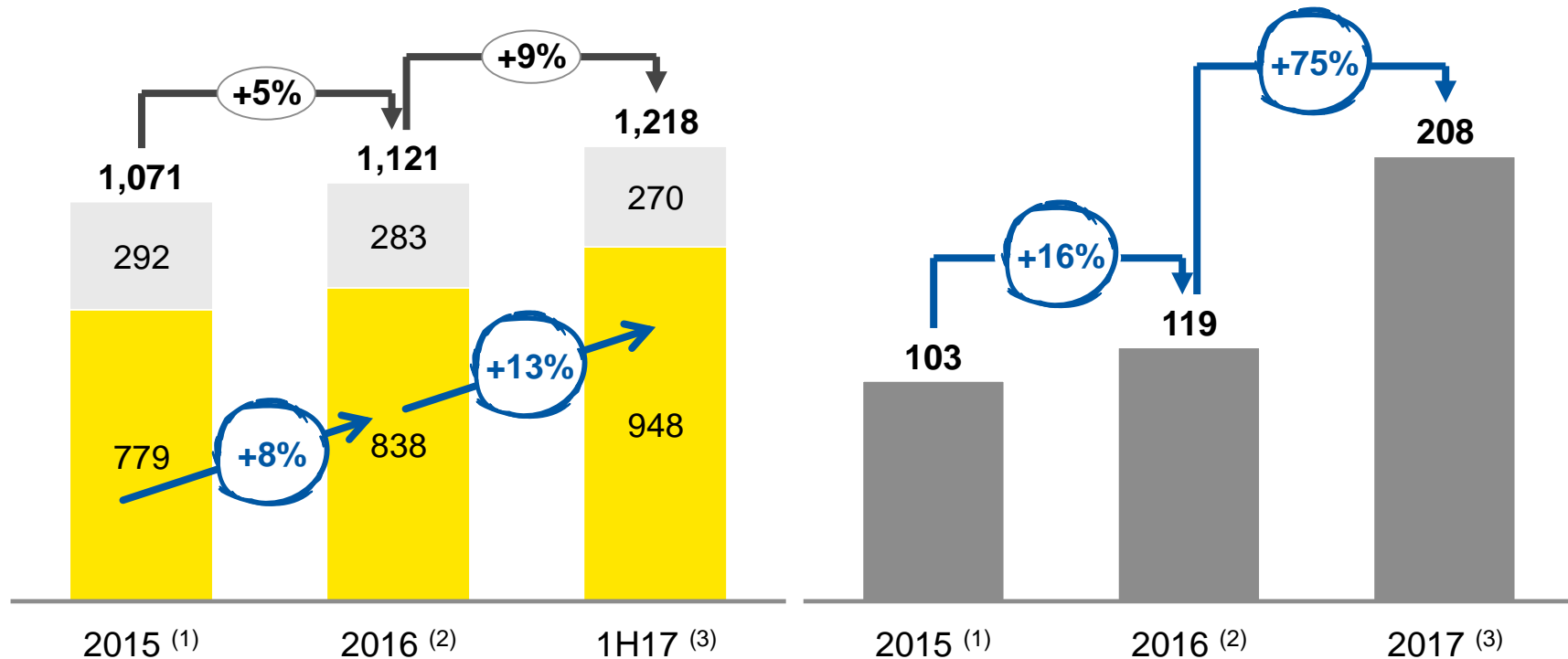
**4th Convergent
Operator in Spain**

Solid financial performance

One of the highest growth rates in Europe in terms of Service Revenues and EBITDA

Total Revenues (2015-2017⁽³⁾; M€)

Recurrent EBITDA (2015-2017⁽³⁾; M€)



(1) Aggregated

(2) Proforma

(3) Annualized calculated as 1H17 * 2

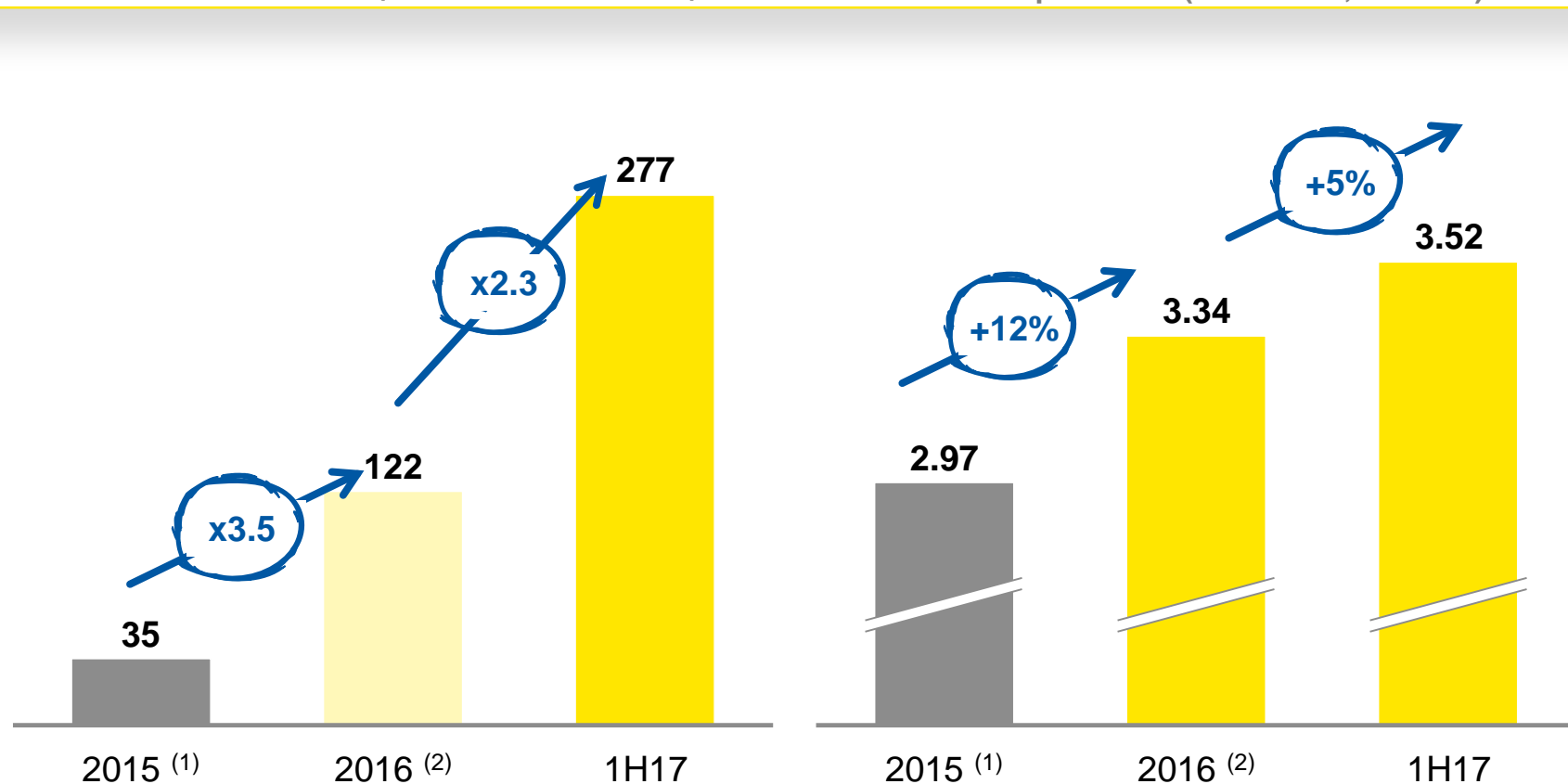
Source: Internal information

Subscriber growth at both mobile & BB

BB accesses increased by x3 in 2016, more than double in 1H17; Mobile postpaid +12% between 2015 and 2016, +5% in 1H17

Broadband accesses (2015-1H17; thousand)

Mobile Postpaid lines (2015-1H17; millions)



(1) Aggregated

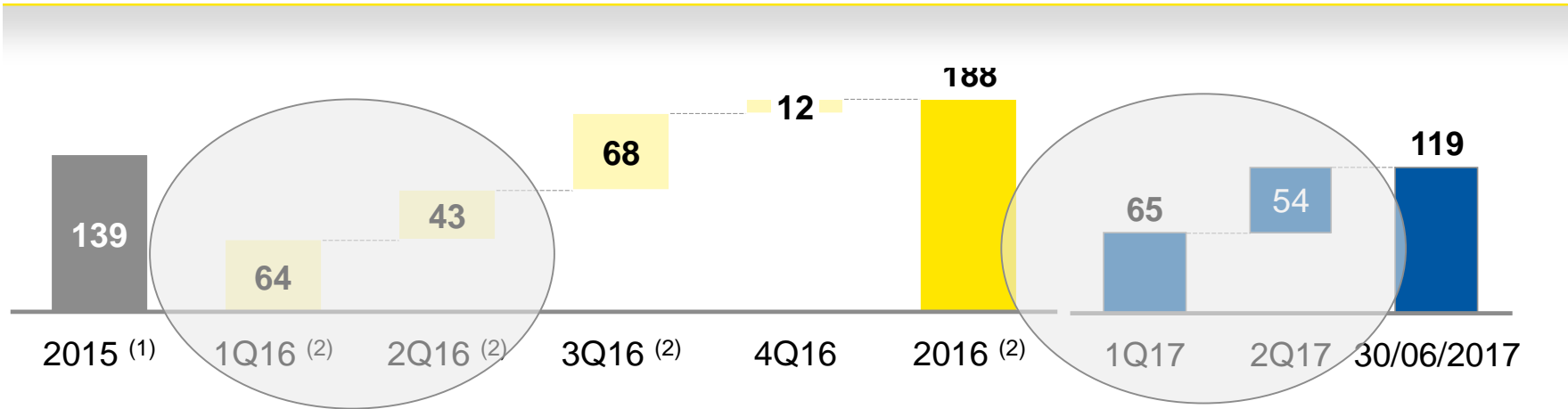
(2) Proforma

Source: Internal information

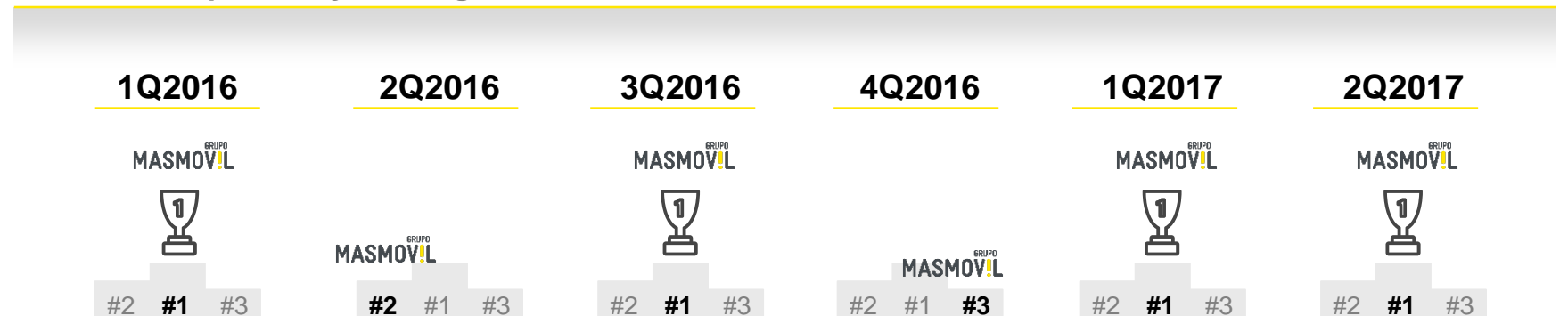
Leading recruiter of mobile subscribers

MASMOVIL is leading the league table for mobile client acquisitions

Net portability (2015-1H17; '000)



National net portability Ranking



(1) Aggregated

(2) Proforma

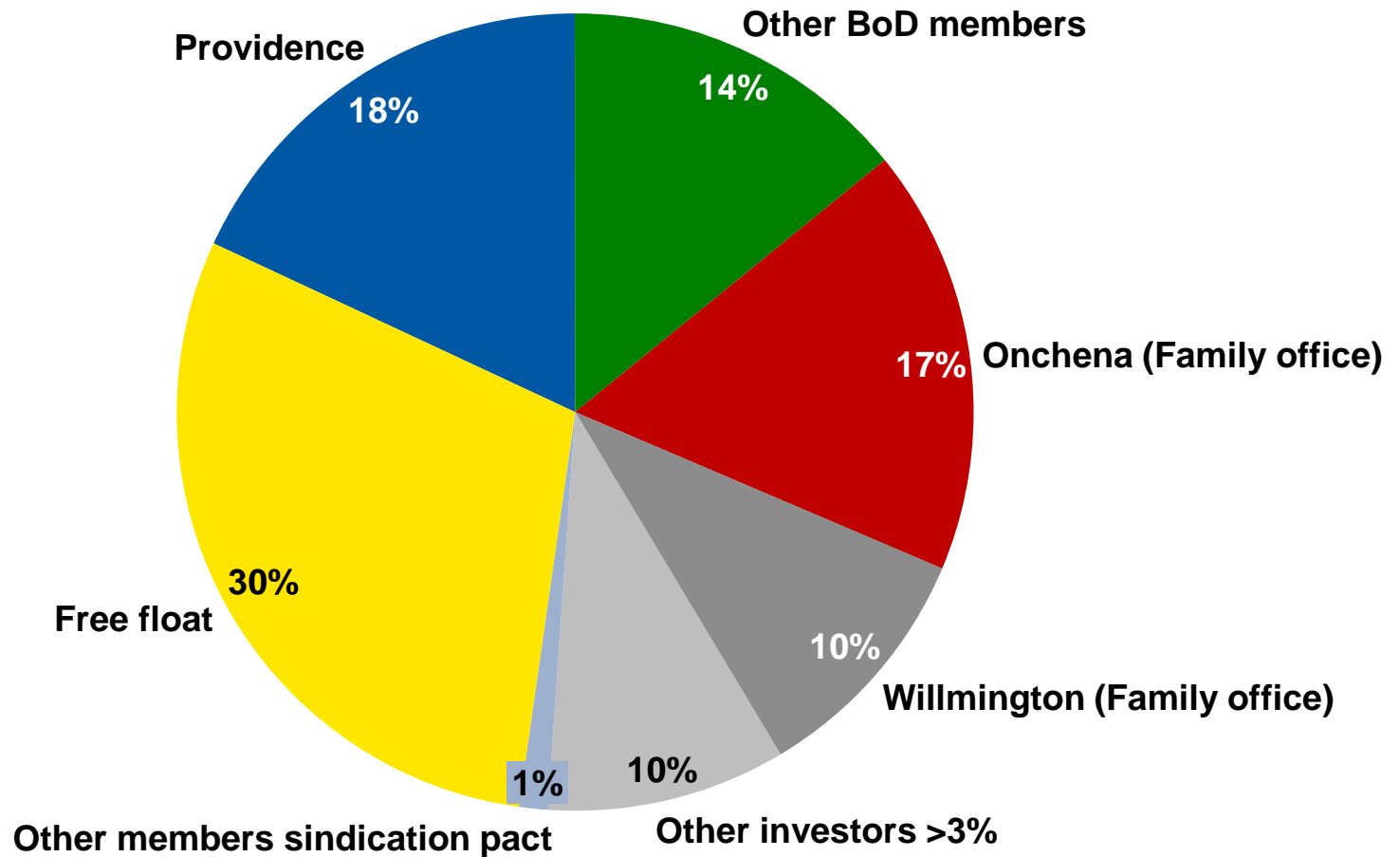
Source: Internal information & CNMC

Supportive shareholding base

Providence is main shareholder from 2016 capital increase

Market Cap : €1,3bn

At 18 sept 2017



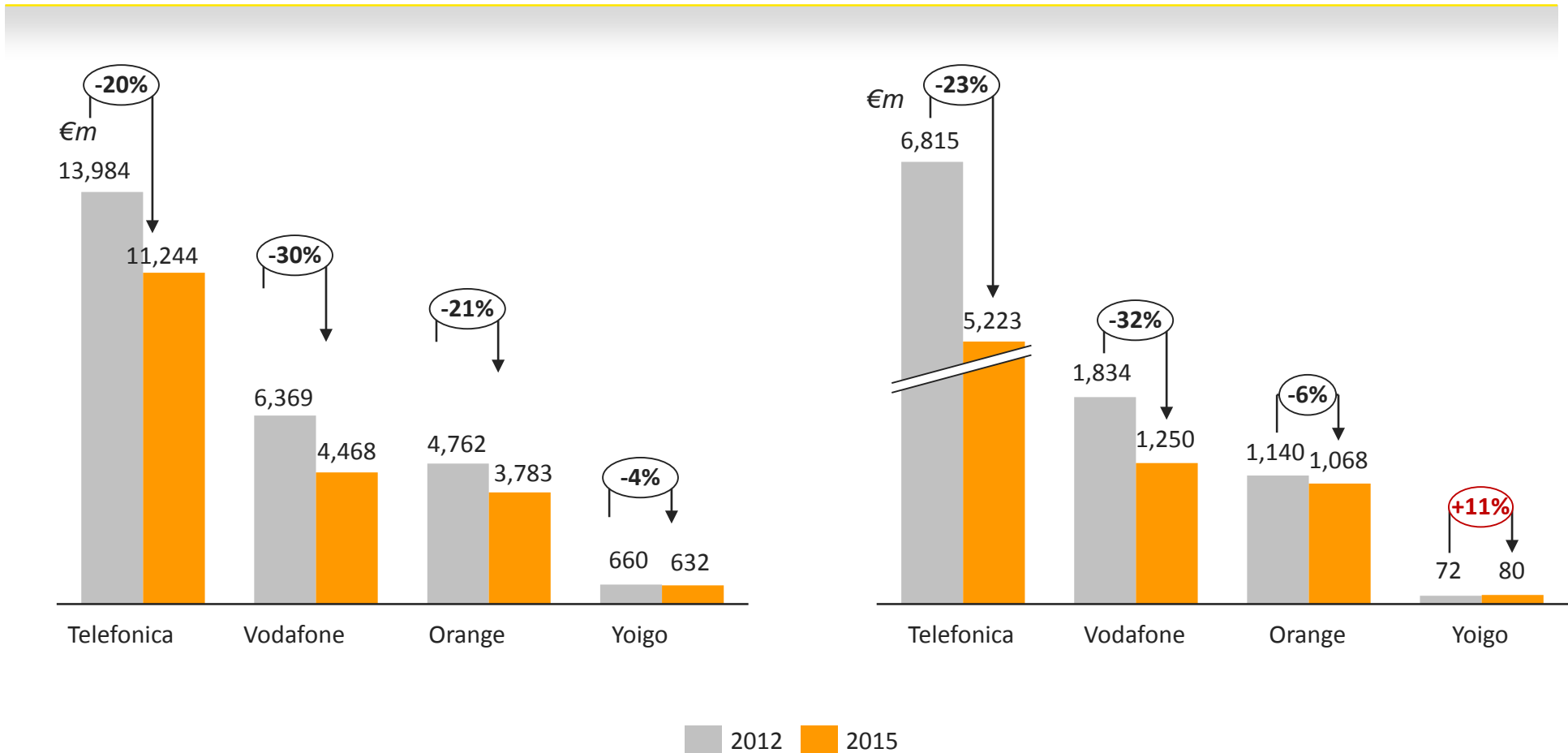
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Spanish market has been very tough in the last years

The Big 3 Operators have lost 6% - 32% of EBITDA during the price war. Yoigo is the only company that has grown EBITDA over this period (+11%)

Service Revenues ⁽¹⁾ (2012 – 2015)

Total EBITDA (2012 – 2015)

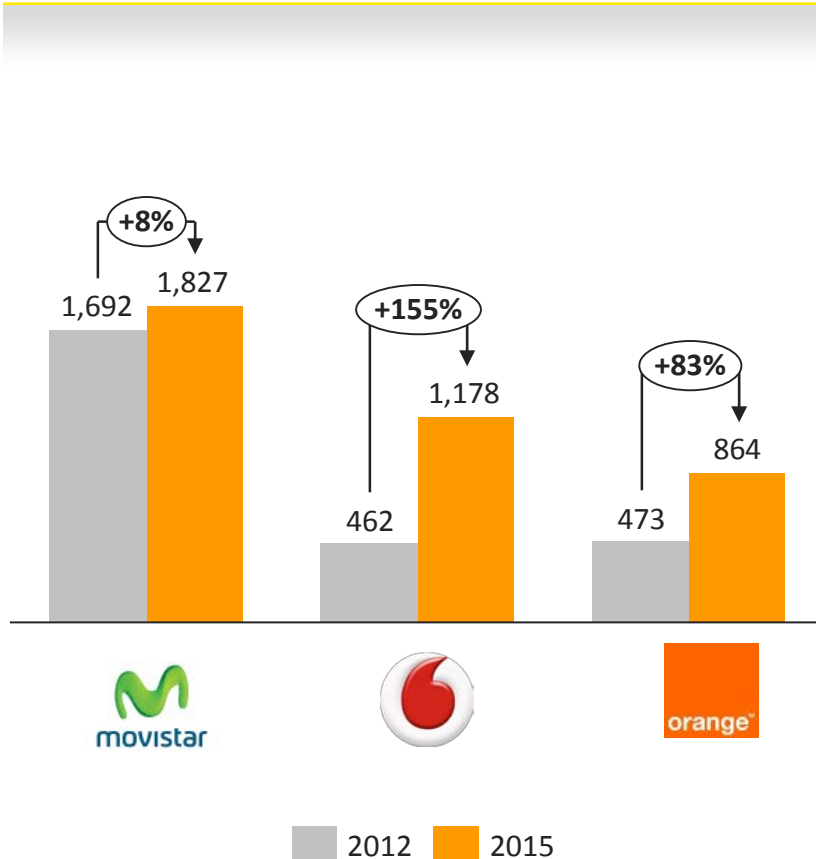


Sources: Operators' annual reports
 (1) Service Revenues = Total Revenues – Equipment Sales

Huge investments made to rationalize competitive dynamics

Increase in Capex / M&A Investments over the last 3 years will need to be amortized

Capex 2012-2015 (€Mn)



- **The incumbents have spent more than €11bn in consolidating the market:**
 - TEF bought Canal+ for €1Bn in 2014/15
 - Vodafone bought Ono for €7.2Bn in 2014
 - Orange bought Jazztel for €3.3Bn in 2015

- **In addition, they invested €3.3bn in football rights...**
 - Rights to LaLiga were sold for €2Bn to TEF, Vodafone and Orange
 - TEF separately has invested €1.2Bn to buy exclusive rights for UEFA Champions league, Europe League etc.

- **... with more investments planned to upgrade the current networks:**
 - TEF invested €7.5Bn in NGN¹ between 2010-2014 and plans to invest €3.5Bn in 2016-2017
 - Orange has invested around €1.7bn in FTTH to pass 14Mn households. In Jan 2016 the company announced an investment €400Mn in 4G deployment

Note: Vodafone's financials corresponds to reported fiscal year starting on April 1st and ending on March 31st

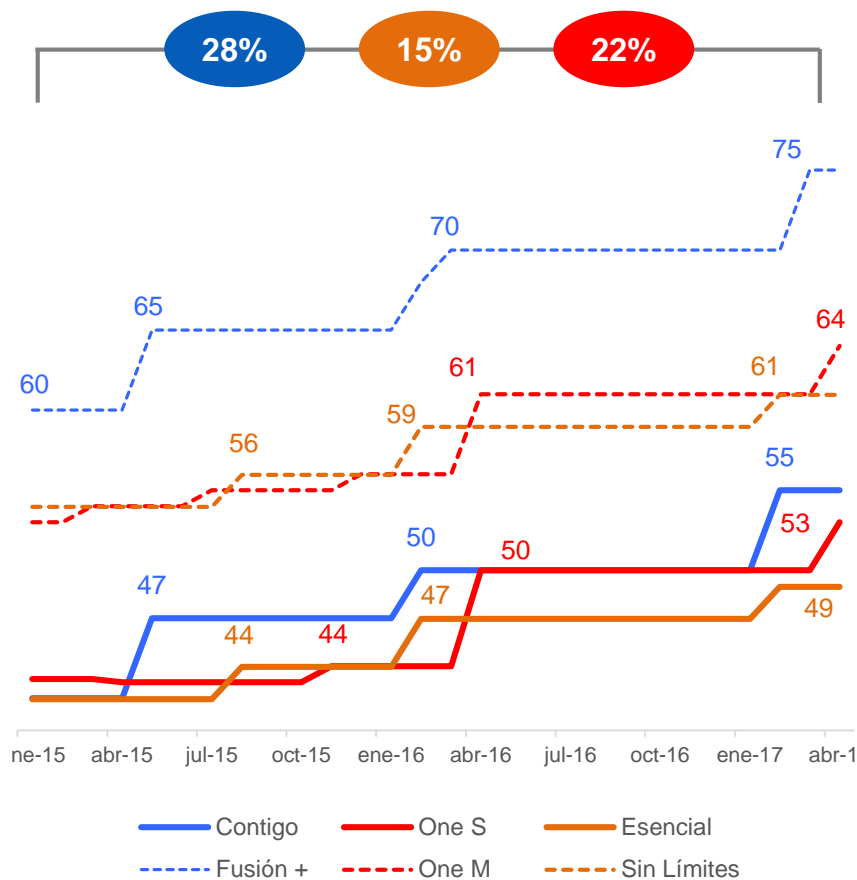
Source: Operator's annual reports, press releases, Oliver Wyman analysis

(1) New Generation Network

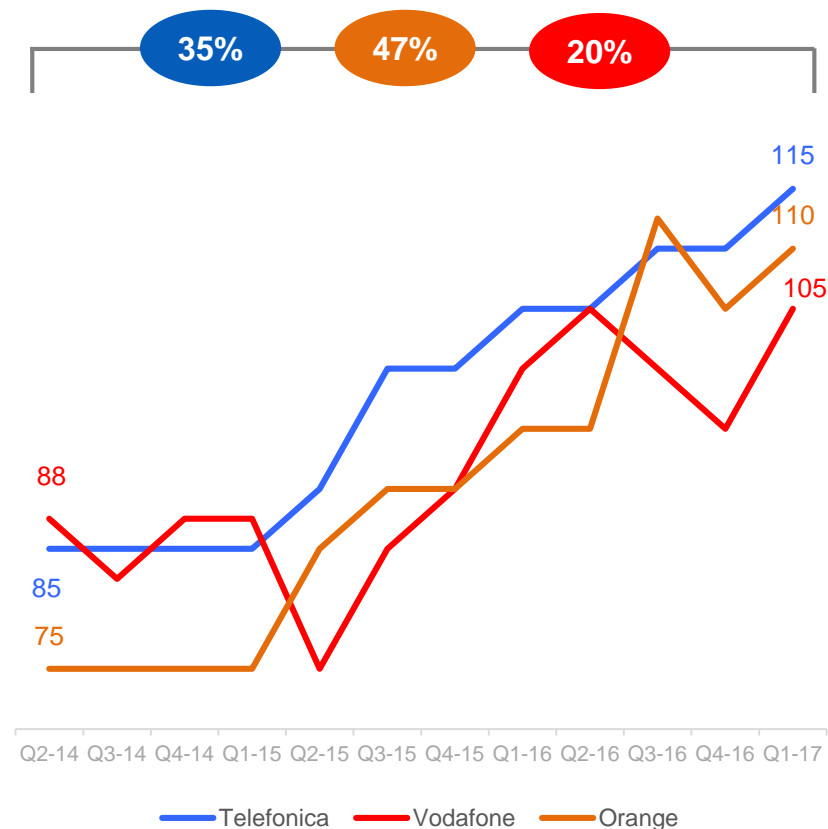
... that have allowed for tariff inflation

Operators focused on generating a return on M&A and Capex investments through pricing

Low-end 3P & 4P bundles price evolution (€/month)



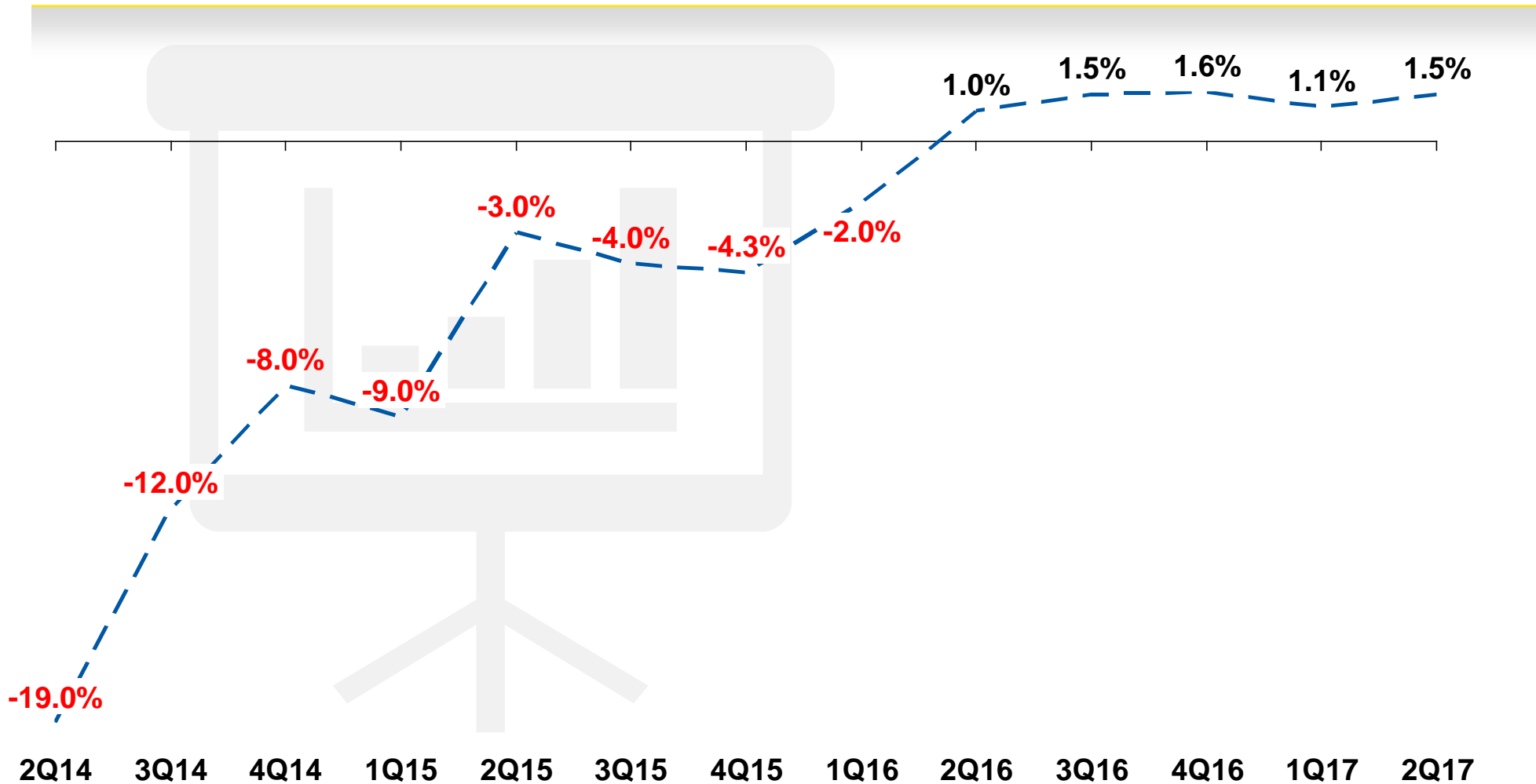
High-end 4P bundles price evolution (€/month)



... and thus service revenue recovery

Service revenue growth turning positive after a painful period of decline

Service Revenues Spanish Telco Market (2Q14 – 2Q17)



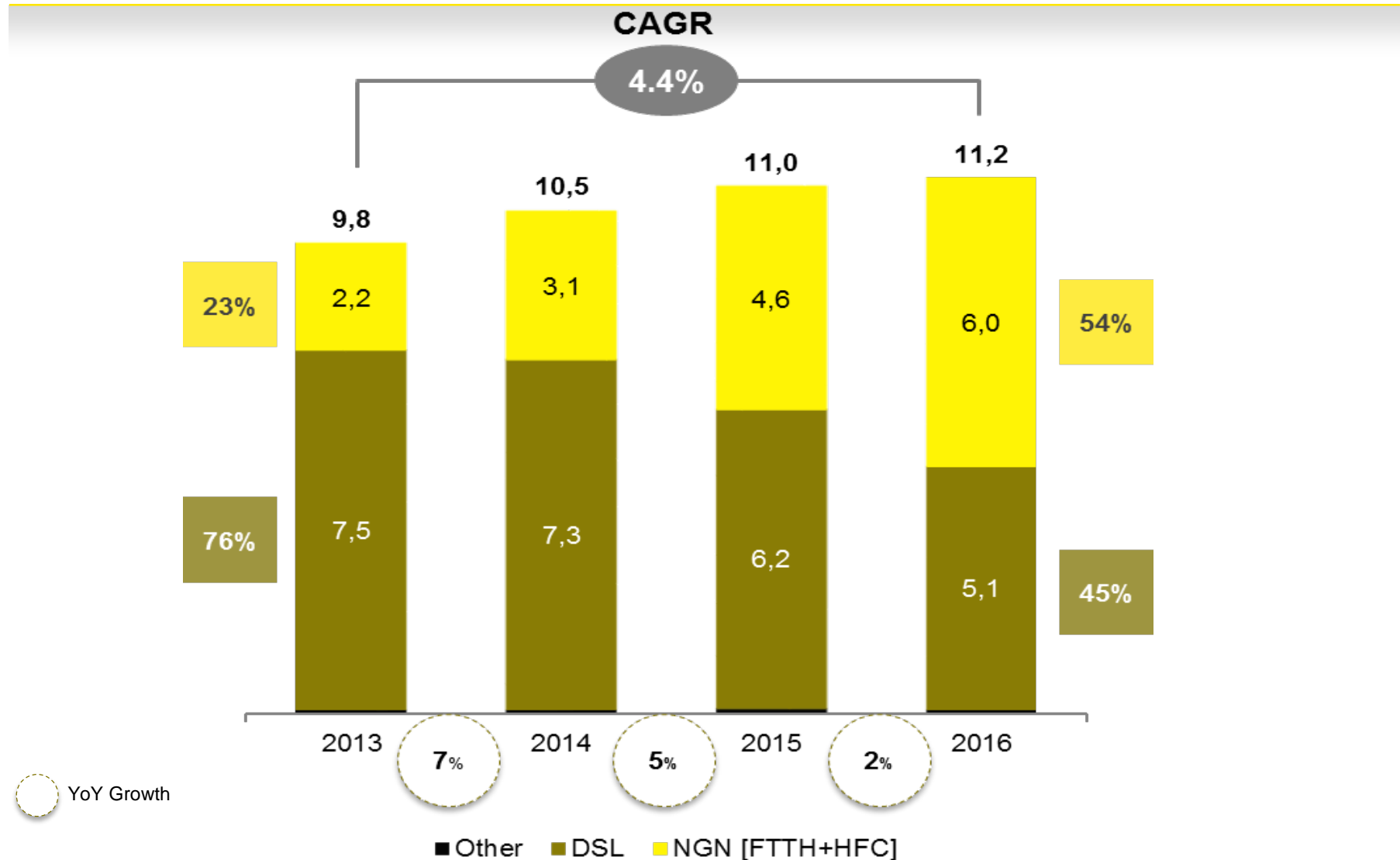
Source: Internal analysis and estimate & CNMC

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FBB market evolution by technology

Spanish customers are rapidly embracing FTTH

Residential FBB customers evolution (Millions)

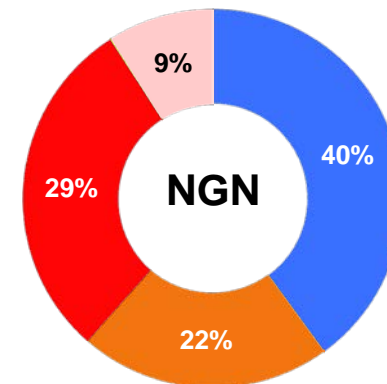
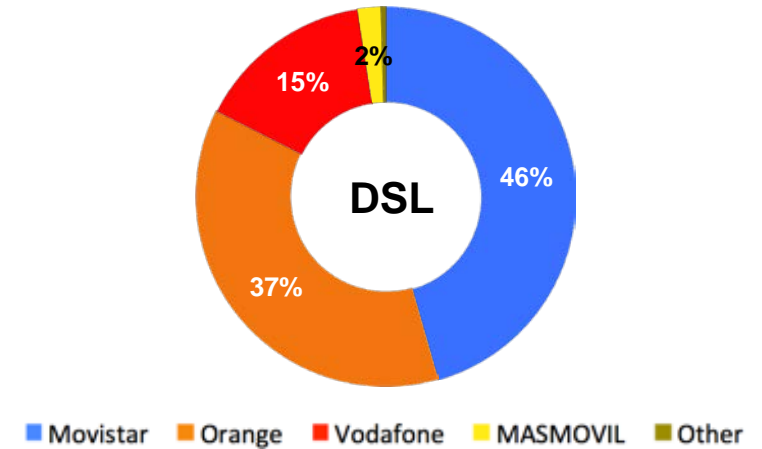
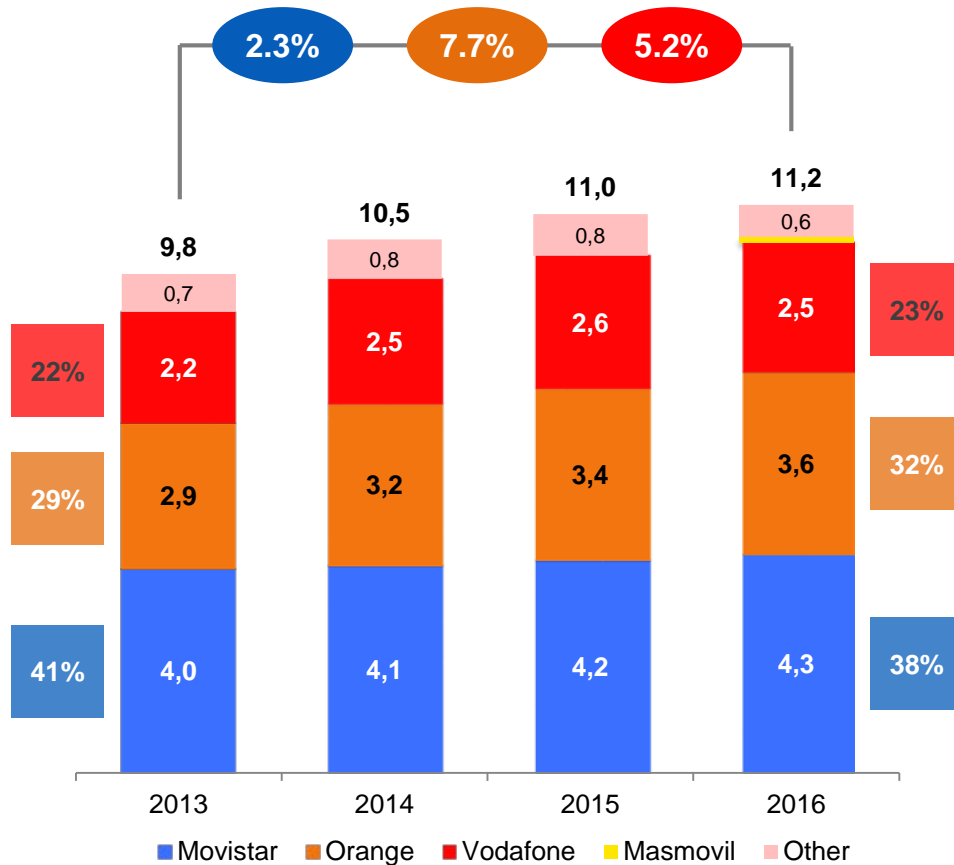


Residential FBB market share evolution

Movistar has lost 3 p.p. market share mainly in favor of Orange

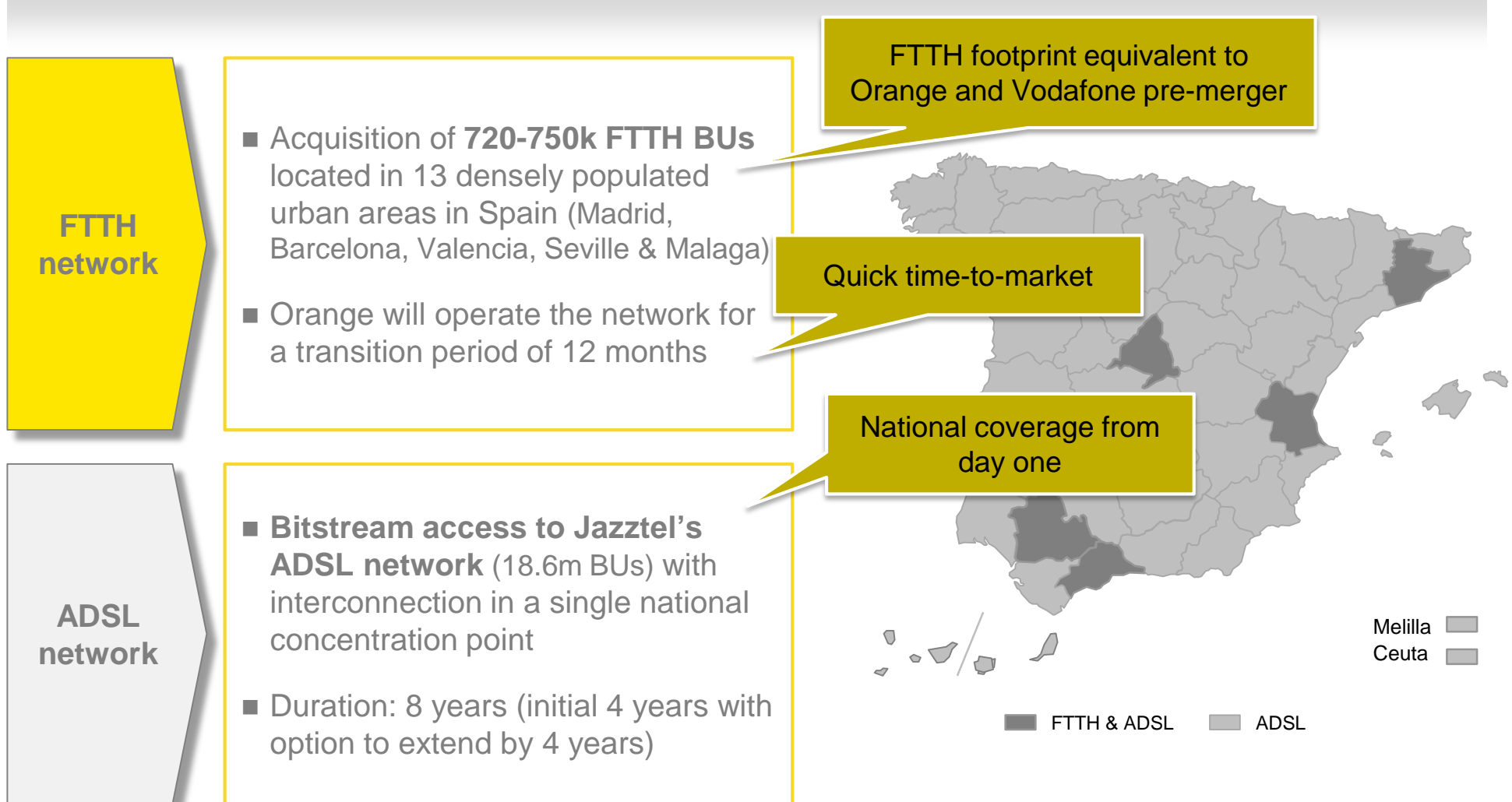
Residential FBB market share evolution (Millions)

Residential FBB market share by technology (Q4-2016)



The remedies was the first step to compete effectively in the Spanish broadband market...

MASMOVIL's FTTH and xDSL footprint on day one



... with FTTH footprint from day one thanks to the Remedies...

MASMOVIL's FTTH coming from the remedies

Description	<ul style="list-style-type: none">■ Acquisition of FTTH network with c.825k FTTH BUs passed (could reach up to 1,000k)■ BU located in 13 densely populated urban areas in Spain (Madrid, Barcelona, Valencia, Seville & Malaga)■ Network capable of serving 70% of such BUs at the same time■ Orange could operate the network for a transition period of 12 months until MASMOVIL takes over
Transaction	<ul style="list-style-type: none">■ MASMOVIL pays €89m to Orange for FTTH network■ Orange pays €69m to MASMOVIL for IRU (max. 40% of the network capacity) on network■ Net price of €20m compares to €100m network replacement cost (approx. €130/€140 per BU)
Economics	<ul style="list-style-type: none">■ MASMOVIL/Orange share maintenance costs proportionally to their respective clients in the network (which implies that Orange pays initially all maintenance costs)■ Orange to assume minimum of 40% of network maintenance■ ORANGE might develop additional BUs in MASMOVIL network to reach approx. 1,000k BUs (at similar cost per BU to MASMOVIL than initial 730k, i.e. €27 per BU)

... full national coverage with xDSL ...

MASMOVIL's xDSL from the remedies

Description	<ul style="list-style-type: none"> ■ MASMOVIL buys an IRU on Jazztel's xDSL network ■ Bitstream access to Jazztel's xDSL network that reaches 18.6m Bus (1,123 exchanges)
Transaction	<ul style="list-style-type: none"> ■ MASMOVIL pays to Orange €29m for unlimited ports ■ Orange agrees to expand the network when required ■ Extension: 8 years (initial 4 years with option to extend by 4 years). ■ Payment for IRU back loaded (30% repaid in first 4 years and 70% in last 4 years) ■ VAT is financed by Orange for the 8 years of the contract
Economics	<ul style="list-style-type: none"> ■ Orange grants interconnection in a single national concentration point ■ MASMOVIL pays Orange: <ul style="list-style-type: none"> ■ Monthly access fee per line of €10.64 (in line with cost supported by traditional players) ■ Set-up fee of €39.2 per customer ■ Cancellation fee of €24.9 per customer

... complemented now with our own development and the global agreement with Orange

We have continued to expand the footprint from the “remedies”

...reaching c.950k BU's by the end of 2016



The global agreement with Orange has three elements

NRA

- Renegotiation of national roaming prices for the New Masmovil Group, becoming the main source of contract renegotiation savings

Site Sharing

- Agreement for site sharing with competitive economics, allowing for a flexible management of mobile network expansion

FTTH

- Co-Invest1 agreement with Orange implies a total footprint of 800-1,000k BU's by 2019
- Co-Invest2 agreement allows Masmovil to increase footprint with additional optional BU's by 2019
- Bitstream agreement on Orange FTTH network

...with bitstream agreement as key piece for commercial strategy

MASMOVIL's bitstream agreement with Orange

Description

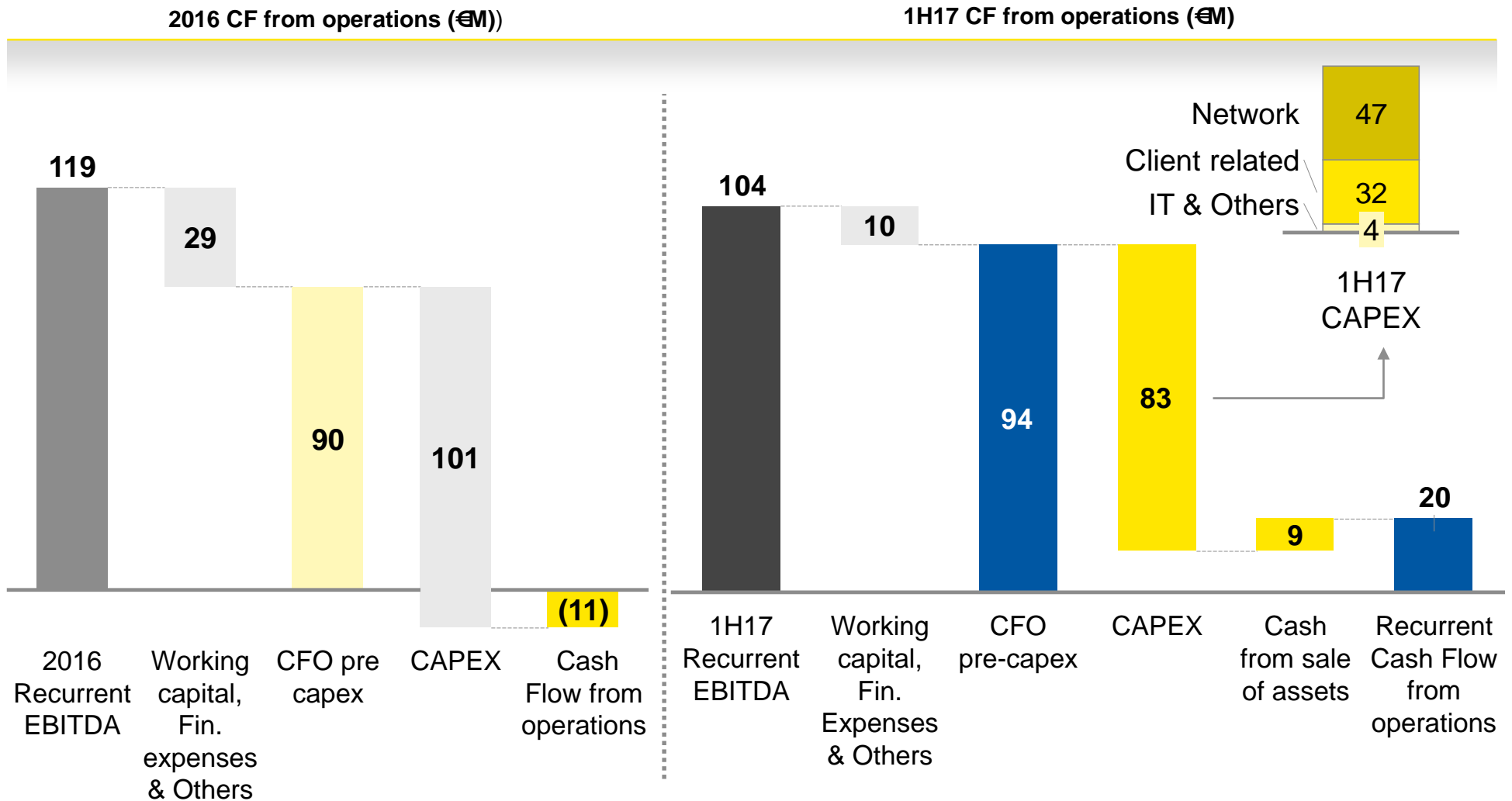
- VULA-like service (transmission costs not included)
- Access to all **Orange** FTTH footprint including liberalized cities
- Maximum of 250k customers in liberalized cities (first 3 years)

Transaction

- Duration: 10 years
- Access to full current and future network
- Limit: 250,000 in liberalized area (66 big cities) in first 3 years after signing.
 - This limit will hardly apply in praxis.
- Monthly price per customer with nominal prices (w/o discounts) always below regulated prices (VULA), and at economically interested levels
- Voucher: A voucher available for discount on FTTH services 2018-19

All CF from operations invested in CAPEX

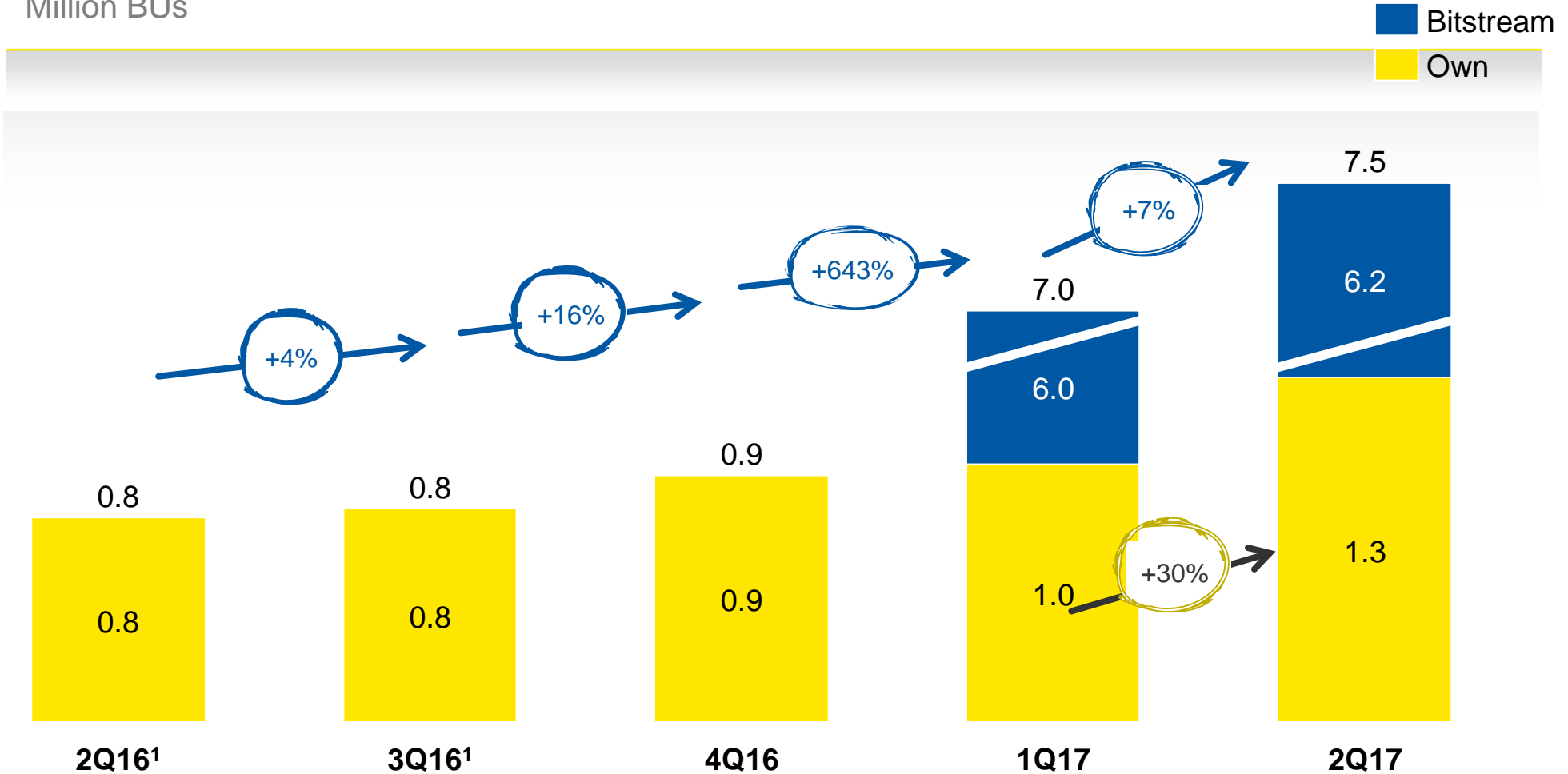
MASMOVIL continues to invest in the development of infrastructure



Source: Internal information

Fibre footprint expansion

MASMOVIL FTTH footprint at 7.5 million Building Units (BUs). Targeting 10M for end 2017
Million BUs



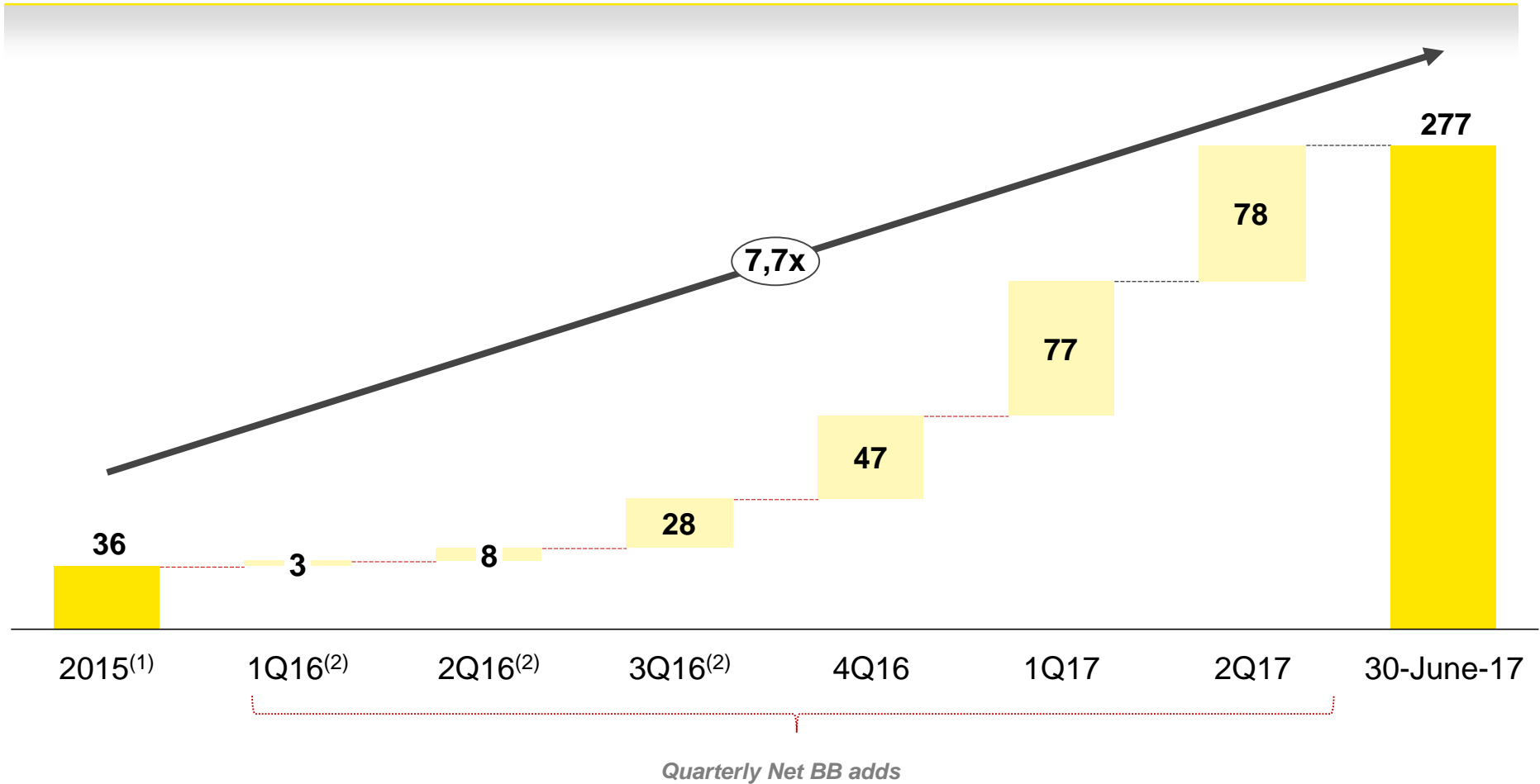
1 Proforma

SOURCE: Internal Information

Convergent launch fuels operating momentum

Broadband net adds have been accelerating each quarter

Broadband subscribers (2015-1H17; '000)



(1) Aggregated

(2) Proforma

Source: Internal information

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NRA driving EBITDA margin expansion

Substantial EBITDA savings to be achieved in 2017



Previous situation

- Even though Yoigo has invested in its own network, the company still has to rely on a roaming partner to provide nationwide coverage
- Both Masmovil and Pepephone are MVNOs and therefore do not have their own network to carry the traffic
- The focus of the companies is more on sales and marketing as opposed to maintaining network infrastructure

NRA Provider 2016



% of Data Traffic Carried by Roaming Partner

c.40%

100%

100%

Impact of new NRAs

Substantial savings!

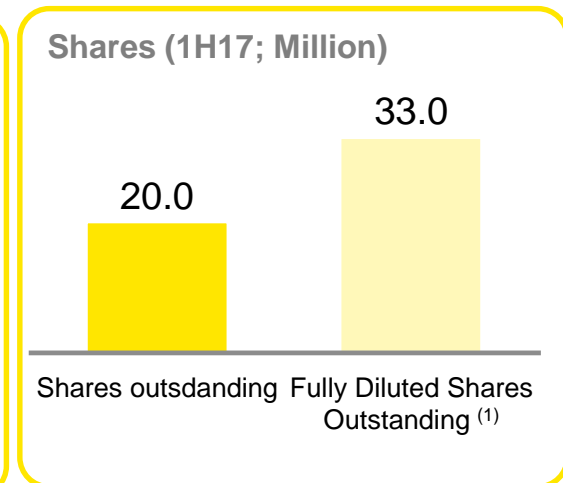
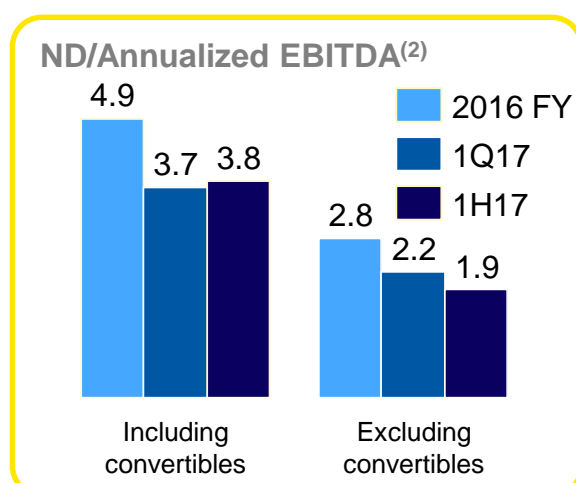
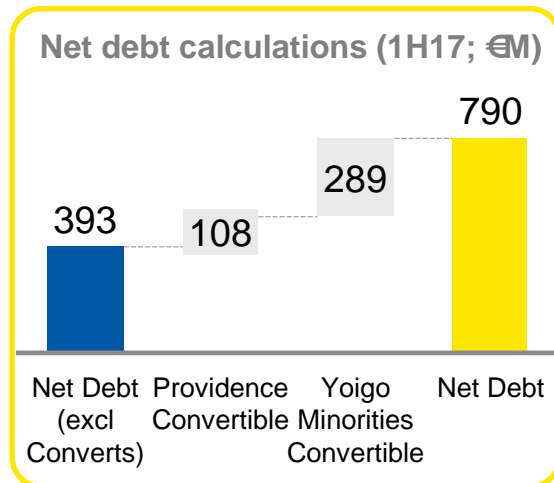
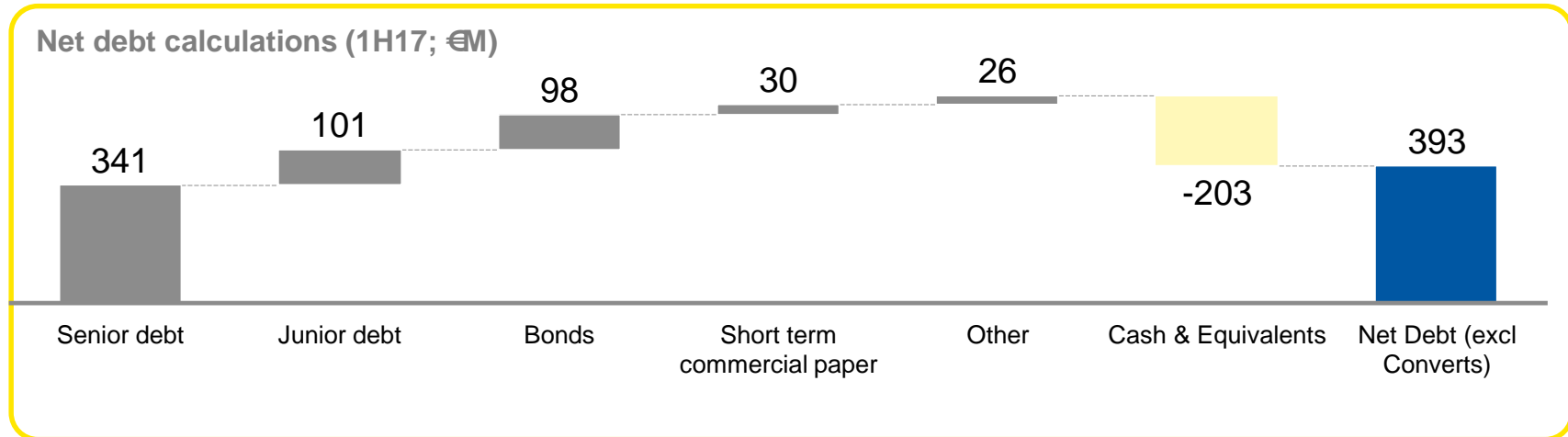
New NRAs will reduce total host costs to network partners by more than €60m in 2017



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Leverage non-demanding; sharp reduction in 2017 MASMOVIL

ND of 790M€ down to 393M€ if “deep-in-the-money” converts excluded; fully diluted shares up to 33.0M



(1) Calculated based on average number of shares plus conversion of outstanding convertibles plus the exercise of MASMOVIL ESOP

(2) Annualized EBITDA: for 1Q17 = 1Q17*4; for 1H17=1H17*2

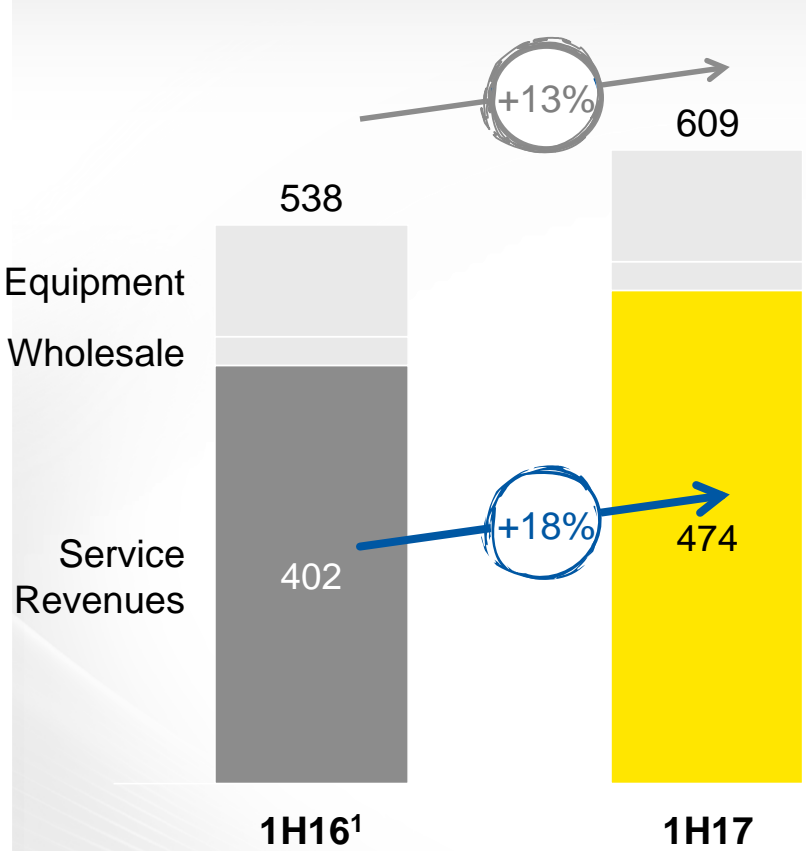
Source: Internal information

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Service revenues 1H17

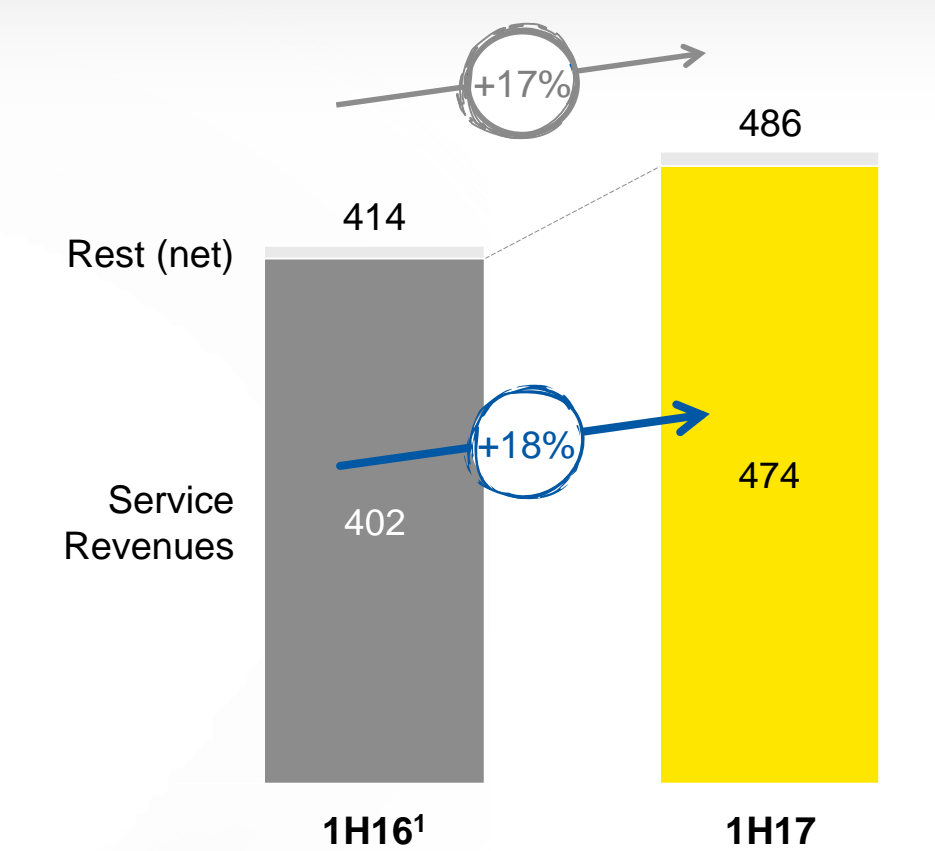
Service revenues +18%, Total revenues +13% and Net revenues +17% yoy 1H16-1H17; €M

Revenues



Net Revenues²

○ % YoY growth



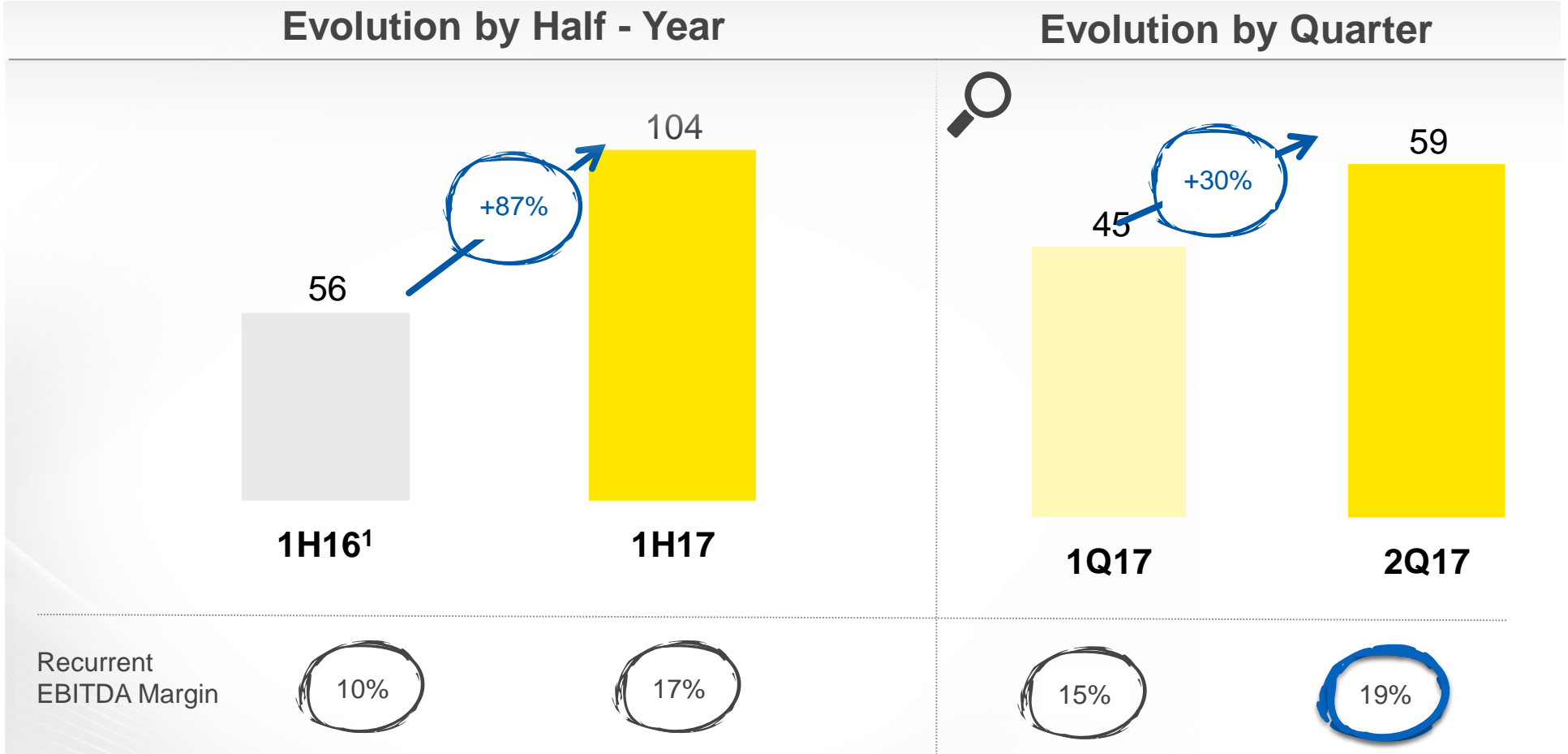
1 Proforma

2 Net Revenues: Service revenues plus gross profit contribution from Equipment and Wholesale revenue

SOURCE: Internal Information

Recurrent EBITDA growth

Operating momentum, synergies and NRA savings driving EBITDA margin to 19% for 2Q17
€M

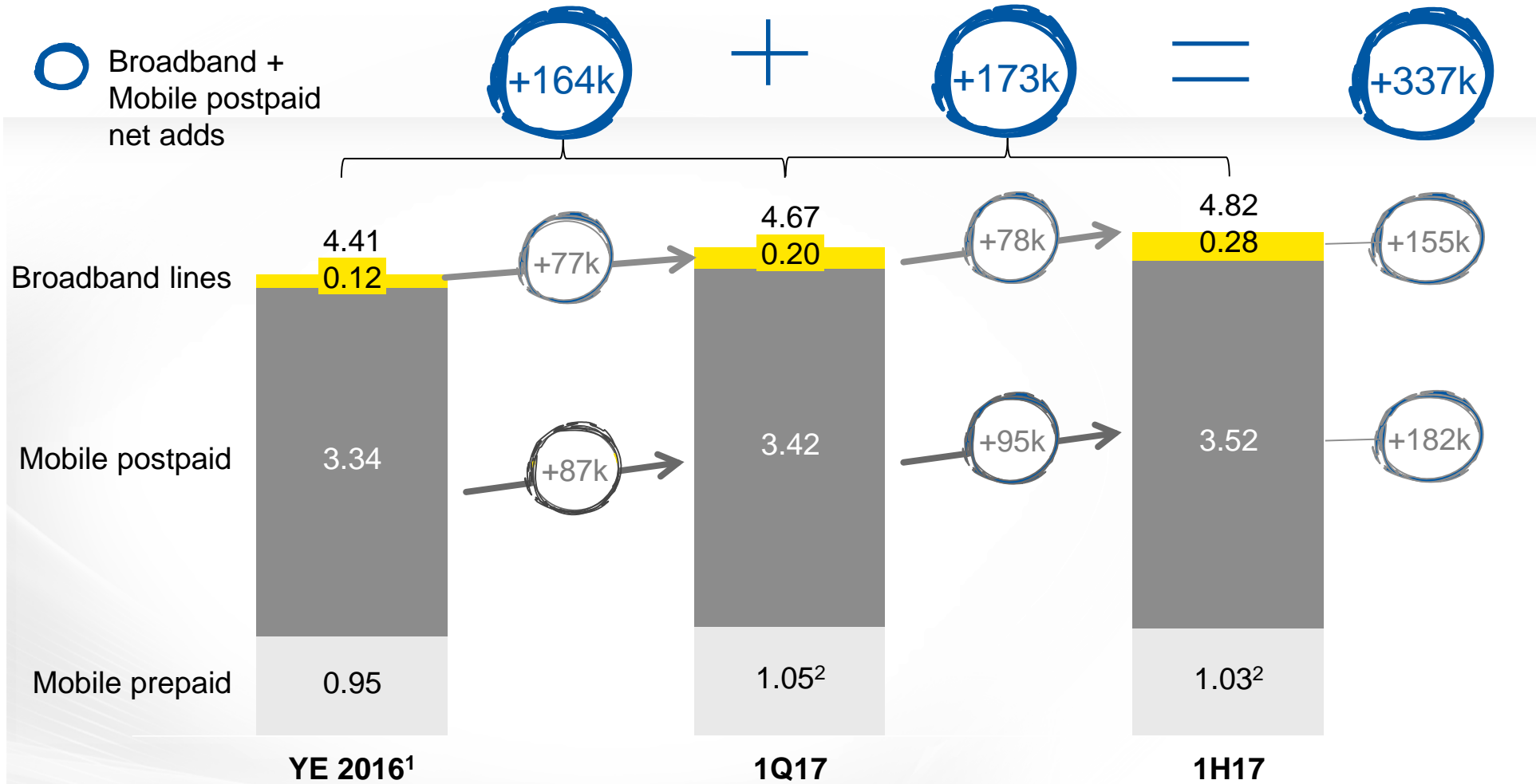


1 Proforma

SOURCE: Internal Information

Evolution of mobile postpaid + broadband lines

Broadband and postpaid lines up by 337k in 1H17 with slight acceleration in 2Q17 vs 1Q17
 Million lines



1 Proforma

2 Includes Llamaya (ethnic MVNO)

SOURCE: Internal Information, CNMC

Near term focus areas

Solidifying our position as the 4th Operator in Spain

Assure Excellent Customer Service

Increase ARPU through Convergence

Develop Coherent Brand Strategy

Integrate Yoigo and Pepephone

Continue Expansion of FTTH Network

Realize Synergies

Long term strategy

Strengthen our position as the 4th Operator in Spain

Clients First

Design our actions, product and services with a clear customer first focus

Value Creation

Create value in the market and for the client through convergence and innovative service propositions

Brand Variety

Effectively address different segments in Spain through current portfolio of brands

Digital Leader




Establish MASMOVIL as digital leader

Network Coverage

Continue to increase mobile and FTTH network coverage using partnership agreements and own deployment

Increased confidence in 2017 guidance

Given 1H17 earnings, MASMOVIL has increased its confidence in the 2017 guidance
 The company will provide an update prior or concurrently with the release of the Q3 results

	Guidance for 2017	1H17	On track?
Subscribers 	<ul style="list-style-type: none"> Total combined net increase in fixed broadband lines and mobile post-paid lines by 500k 	337k	✓
Service Revenues 	<ul style="list-style-type: none"> Growth in Service Revenues of more than 10% vs 2016 Proforma Service revenues (838M€) 	+18% YoY	✓
Recurrent EBITDA 	<ul style="list-style-type: none"> Growth in Recurrent EBITDA (before one-off costs) from 119M€ in 2016 to more than 200M€ (>70% growth) 	209M€ ¹	✓

¹ Annualized EBITDA: 1H17 x 2
 SOURCE: Internal Information