

MÁSMÓV!L

**FIRST SEMESTER 2016
EARNINGS PRESENTATION**

October 28th, 2016

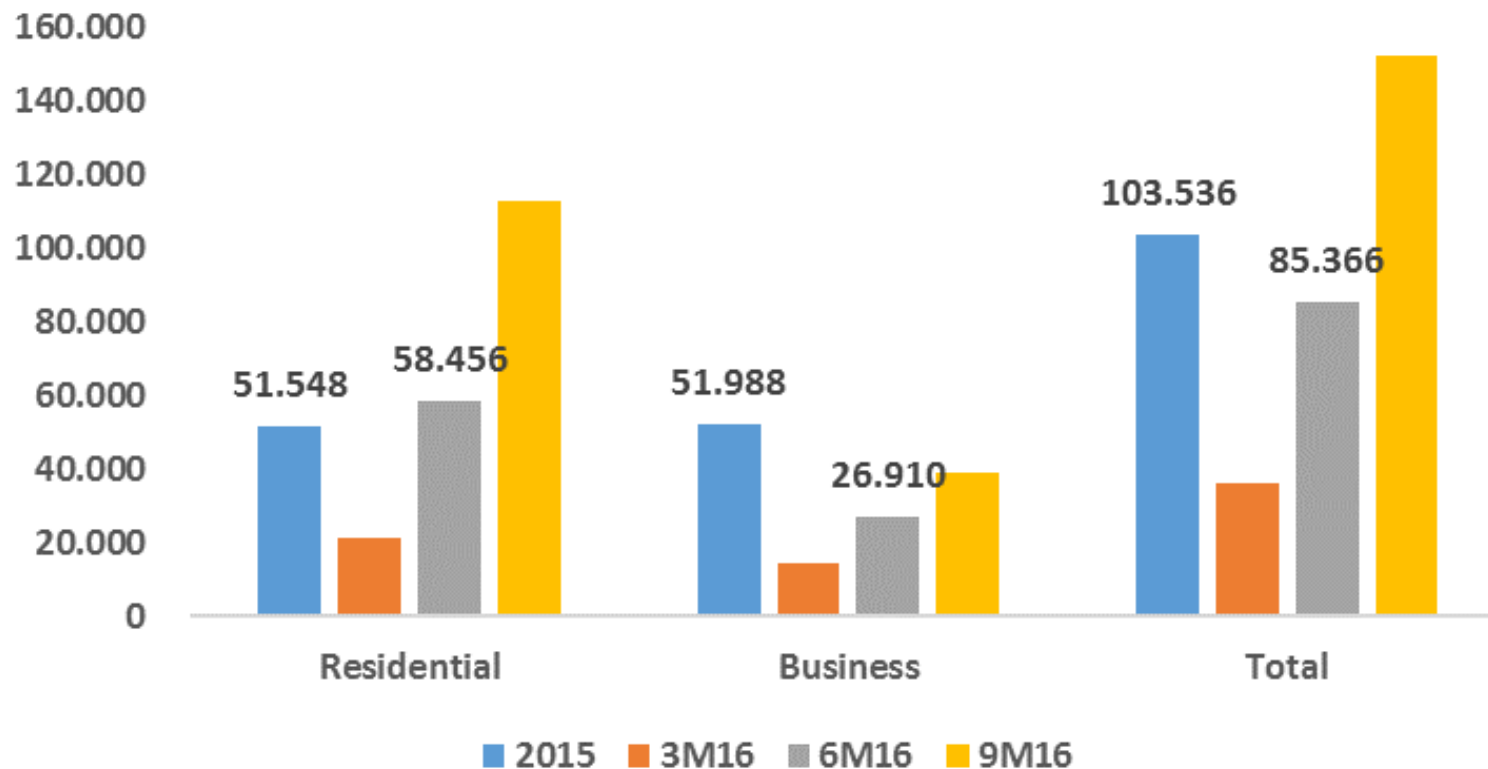
Key messages

- **1H16 financial results quite positive:**
 - Revenues up +23% to 71M€, Gross Profit up +46% to 27M€, EBITDA up +43% to 4.4M€
- **Operating performance strong:**
 - Mobile only clients up +39% YoY, total clients +41%
 - More net adds in 6M16 than in all 2015. Doubling net adds again in 3Q16
 - Leading net portabilities by group YTD (together with Yoigo and Pepephone)
 - Convergence launched successfully in May. Solid progress in 3Q16
- **Global contract with Orange signed**, with significant implications of areas of FTTH, national roaming, and site sharing at both strategic and operational levels
- **The new MASMOVIL Group is very real:**
 - Both Pepephone and Yoigo deals have now been completed, with financing not only secured, but executed
 - Integration process ongoing at satisfactory speed
 - The new Group has LTM (June 2016) revenues of 1,100M€ & EBITDA of 117M€ (c.11% margin), with at least additional 60M€ of contractual savings already secured
 - 4.3 million clients as of June 2016 (4.5 million as of September 2016)

Mobile only growth accelerating

New residential mobile only clients doubling as of June.....and once again as of September

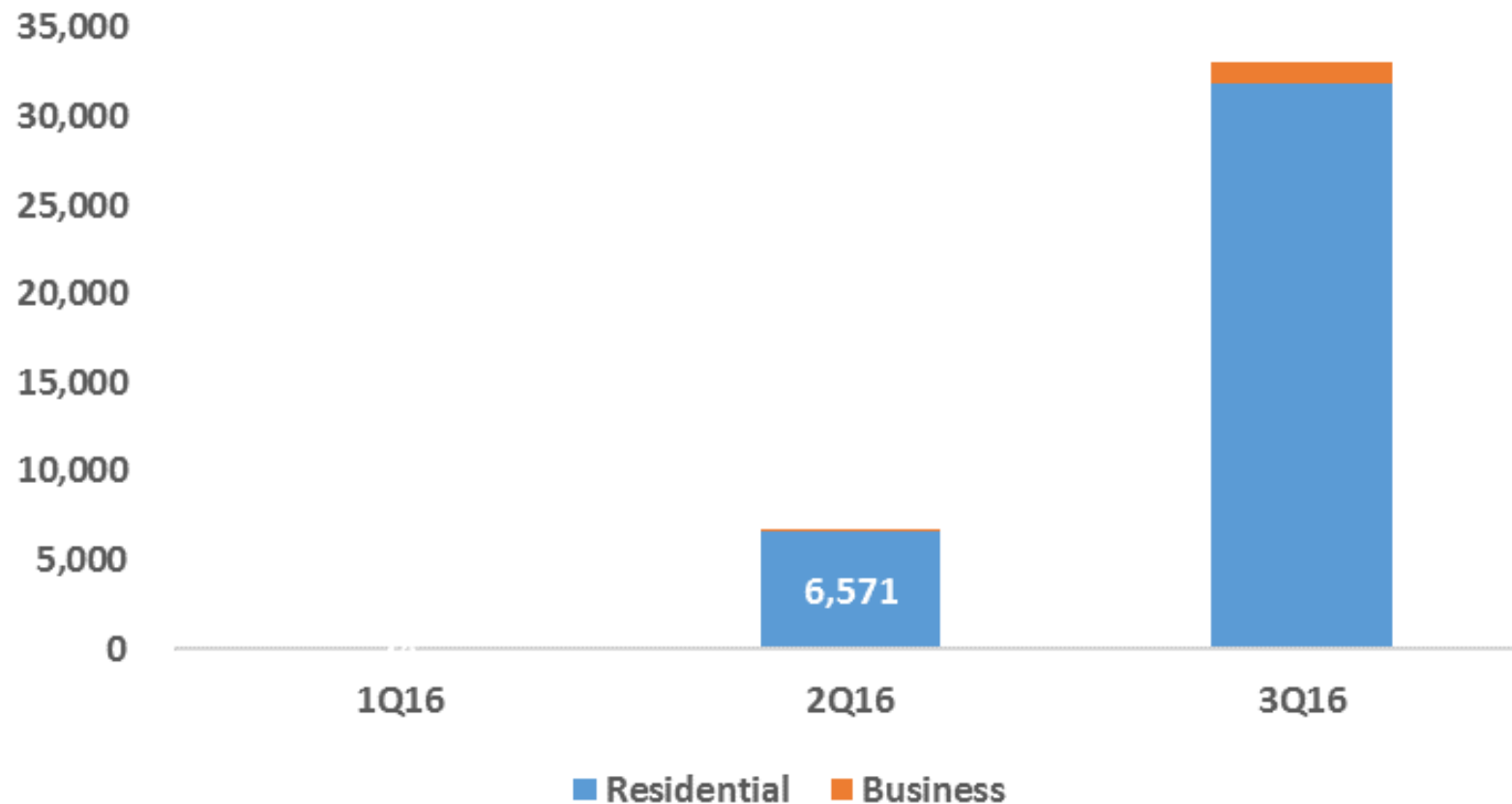
Accumulated new clients (mobile only)



Growth in convergent lines also explosive

Launching during may makes 3Q16 the relevant quarter to look at

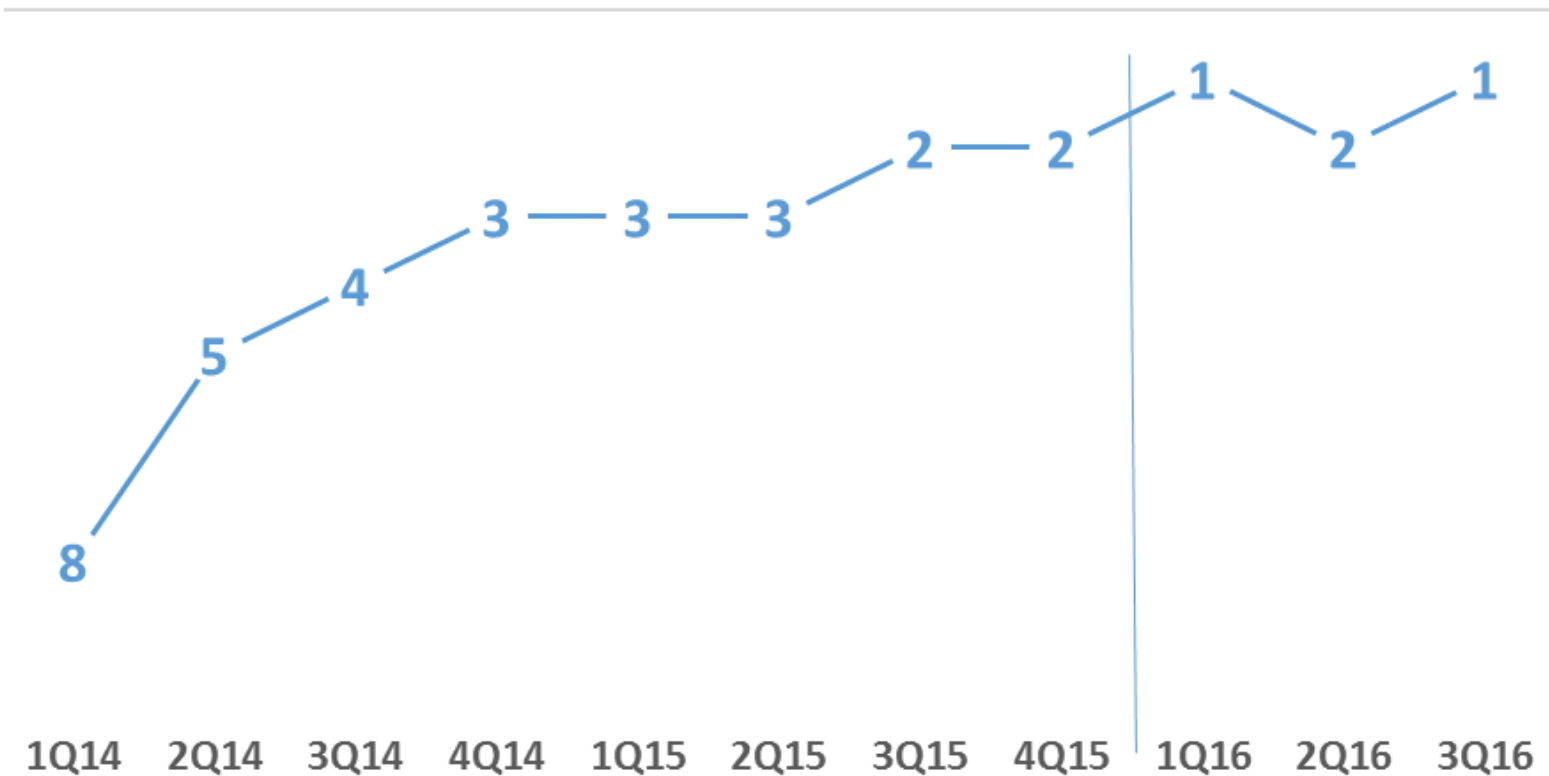
New lines convergent mobile



Leading the net portability league

Masmovil together with Yoigo and Pepehone: Leader in net portabilities in 2016 YTD

MASMOVIL POSITION IN NET PORTABILITY RANKING BY GROUP (SOURCE: CNMC)



Mobile clients exceed 550k at end of quarter

Growing the total client base by 41% YoY

Mobile clients at the end of each quarter ('000)

	1Q15	2Q15	2Q15	4Q15	1Q16	2Q16
Residential	317.9	307.2	314.1	347.0	368.6	405.4
Business	72.2	84.1	98.3	111.7	126.1	138.6
Mobile only	390.1	391.2	412.5	458.7	494.7	544.0
Residential						6.6
Business						0.2
Convergent						6.8
Total mobile clients	390.1	391.2	412.5	458.7	494.7	550.8
Growth vs same period previous year					1Q16	2Q16
Residential					16%	32%
Business					74%	65%
Mobile only					27%	39%
Total mobile clients					27%	41%

Solid P&L performance

EBITDA grows 43% despite convergence launch efforts

Profit & Loss Account to EBITDA (€ '000)	1H15	1H16	% Change
Net Revenues	58,030	71,298	23%
Work for own assets	1,169	1,402	20%
Purchases	-40,780	-45,789	12%
Gross Profit	18,419	26,911	46%
Gross Margin	31.7%	37.7%	6.0 p.p.
Other revenues	5	103	n.m.
Personel	-7,095	-10,103	42%
Other operating costs	-8,228	-12,474	52%
EBITDA	3,101	4,437	43%
EBITDA Margin	5.3%	6.2%	0.9 p.p.
Amortization	-4,151	-8,071	94%
EBIT	-1,050	-3,634	n.m.
EBIT Margin	-1.8%	-5.1%	-329%
Financial results	-513	-4,352	n.m.
Earning before Tax	-1,563	-7,986	n.m.
Earning before Tax (% of revs)	-3%	-11%	n.m.
Taxes	-344	-685	n.m.
Net Income before minorities	-1,907	-8,671	n.m.
Net Income before minorities (% of revs)	0	0	n.m.
Conversion diff.	0	10	n.m.
Net Income	-1,907	-8,661	n.m.

- Revenue line up +23% despite revs decline at wholesale división
- Gross profit up +46% with direct costs under control albeit material growth in both MOU and DOU during the period
- Disproportionate growth in Personnel and Other operating costs due to launching of convergence (c3M€ extra costs)
- However, EBITDA grows 43% and EBITDA margin expands 90bp to 6.2%
- Adjusting for extra costs (that have no impact on revenues yet) results in c9% EBITDA margin

Cash from operations generation capacity up

More than 7M€ operating cash flow in 1H16 vs just 1M€ one year ago

Cash Flow Statement (€ '000)	1H15 (1)	1H16 (2)	1H16 (3)	Dif. (3-1)
Earnings b/ Taxes	(1,907)	(8,671)	(8,925)	(7,018)
D&A	4,151	8,071	8,071	3,920
Financial result	464	4,383	4,383	3,919
Other adjustments to earnings	883	1,119	1,119	236
Total adjustments to earnings	5,498	13,573	13,573	8,075
Change in current capital	(1,778)	88,289	6,869	8,647
Payments/Collections of interest	(507)	(2,566)	(4,382)	(3,875)
CF f/ Operations	1,306	90,625	7,135	5,829
Intangible capex	(738)	(6,052)	(6,052)	(5,314)
Tangible capex	(1,629)	(8,531)	(8,531)	(6,902)
Subsidies, etc	178	306	306	128
Net Capex	(2,189)	(14,277)	(14,277)	(12,088)
FCF	(883)	76,348	(7,142)	(6,259)
Financial investments	(1,162)	(60,787)	(787)	375
Other financial assets	(8,354)	-	-	8,354
CF f/ Investments	(9,516)	(60,787)	(787)	8,729
Issuance of shares	1,365	-	-	(1,365)
Other payments/collections from equity	-	(1,405)	(1,405)	(1,405)
Fin Entities	6,055	8,483	8,483	2,428
Other payments/collections f/ fin. Instr.	25,817	(45,770)	(22,280)	(48,097)
CF f/ Financing	33,237	(38,692)	(15,202)	(48,439)
Change in Cash & Equivalents	22,838	(23,131)	(23,131)	
Initial Cash & Equivalents	8,802	30,498	30,498	
Final Cash & Equivalents	31,640	7,367	7,367	

- CF from operations significantly up on better NWC Management
- Capex effort materially up as Company builds up on innovation and FTTH network development
- Reported CF Statement adjusted to provide clearer picture:
 - Payment of 69M€ plus VAT adjusted out of NWC and Other payments f/ fin. instruments (payments related to Remedies, without operational Reading)
 - 60M€ of very short term financing from shareholders used as pre-payments for M&A taken out of both Financial investments and Other payments f/ fin. Instruments
 - Net debt at the end of the semester reaches 139M€ (including the 60M€ due to shareholders, already repaid as of October)

The new MASMOVIL Group is now a reality

Deal are completed and financed; integration process ongoing

- Both Pepephone and Yoigo deals have now been completed
- Financing for the transactions not only secured, but executed
- Integration process ongoing at satisfactory speed
 - Top Management structure communicated
 - Workstream teams already operational and taking decisions

Investor	Stake
Providence	18.0%
Other BoD members	14.5%
Onchena (Family office)	17.1%
Other investors >3%	18.3%
Other members syndication pact	1.20%
Free float	31.0%
Total	100.0%

- Global contract with Orange signed, with significant implications of areas of FTTH, national roaming, and site sharing
- The new MASMOVIL Group is an entity with LTM (June 2016) figures of:
 - Revenues of around 1,100M€
 - EBITDA of 117M€ (EBITDA margin of c.11%), with at least additional 60M€ of contractual savings already secured
 - 4.3 million clients as of June 2016 (4.5 million as of September 2016)

Client portfolio New MASMOVIL Group ('000)

	1H16			9M16		
	Mobile	Residential BB	Total Clients	Mobile	Residential BB	Total Clients
Group	4,288	47	4,336	4,427	78	4,505