

MASMOVIL agrees to repurchase Providence Convertible Bond in full and refinances its existing debt, doubling its maturity

- Providence will remain an important shareholder of the Group with an 8% stake and retain its presence on the Board of Directors
- The transaction removes the significant dilution effect of the convertible (16% after the transaction) and is expected to improve EPS by 11% in 2020.
- The repurchase by MASMOVIL of more than 26% of its shares, together with the reinvestment by Providence of €120M in the Company, are clear demonstrations of confidence in the continued growth of MASMOVIL.

Madrid, 1st of April 2019.- [MASMOVIL Group](#) (“MASMOVIL”, the “Company” or the “Group”) has reached an agreement with Providence Equity Partners L.L.C. (“Providence”) for the repurchase of an outstanding convertible bond owned by funds advised by Providence since 2016. **The Company will finance this through a capital increase and debt issuance that are fully underwritten by Goldman Sachs and BNP Paribas.**

This transaction is part of a refinancing process for the Group’s existing debt, which will allow MASMOVIL to finance its continued growth in an efficient manner.

“We are very pleased to have closed these two transactions, which allow us to provide shareholders with a lower than anticipated dilution as well as an increase in earning per share. This will also provide the Company with a strengthened financial structure that enables us to continue leading the growth of the telecommunications market in Spain”, said Meinrad Spenger, CEO of MASMOVIL.

“We are thrilled to have supported Meini and his talented management team achieve such tremendous success for MASMOVIL, and we are also pleased to have made another long term commitment to the Company,” said John Hahn, Senior Managing Director at Providence.

Repurchase of the convertible bond in two tranches and a reinvestment of Providence in the Company

The repurchase of the Providence convertible will take place for a total amount of **€883M and will be carried out in two tranches. The first one corresponding to 40% of the total debt will be paid on May 7, 2019, for a price of €351M. The second tranche for the remaining 60%, will have an amount of €533M payable on December 20 2019.**

As part of this transaction and as a demonstration of confidence in MASMOVIL and its continued growth potential, Providence will reinvest **€120M at a price per share of €18,45.**

In addition, Providence will maintain its current 3% stake in the capital of the Group, remain on the Board of Directors and continue to be one of the main shareholders of the Company with **8% of the capital of MASMOVIL** (including the agreed capital increase).

With this transaction, MASMOVIL will repurchase more than 26% of its fully diluted shares (43M shares). In addition, it avoids a 16% dilution post-transaction including a total capital increase of 17M shares, of which 7M have already been subscribed by Providence (26M shares over the total of 137M shares of the transaction).

As a consequence and after this operation, MASMOVIL will be able to restructure the last tranch of the convertible debt it signed in the framework of the Yoigo acquisition after the repurchases made in 2016, 2017, and 2018 by Abengoa, FCC and ACS, respectively.

Refinancing of the Group and strong debt reduction in the short term

MASMOVIL Group has reached an agreement with **Goldman Sachs and BNP Paribas to refinance this purchase (€883M) and practically all of the Group's existing debt (€890M) with advantageous conditions, increasing the maturity and reducing the cost, which promotes the Group's ability to continue investing and financing its growth with the following facilities:**

- **1,450M€ of covenant-lite Term loan with no required amortization and maturity in 7 years (2026), doubling its maturity.**
- **€200M of preferred equity, which is expected to be replaced with common equity through an accelerated book build offering ("ABO") within the next 9 months.**

The Company has also secured €280M of undrawn capital expenditure and revolving credit facilities from the banks.

Finally, the Company has communicated its intention to reduce its debt significantly in the short term. The transaction will result in an initial net leverage of c.4.1x annualized Q1 2019 Adjusted EBITDA currently estimated to be €105M. This is forecast to be reduced to 3.0x EBITDA by the end of 2020 driven by MASMOVIL's continued strong operating momentum.

Important benefits for the Company and its shareholders

The repurchase of the convertible bond from Providence and the refinancing of MASMOVIL's existing debt will provide important benefits to the Company and its shareholders:

- **Reduction of the dilution of current shareholders by 16%.**
- **MASMOVIL estimates the transaction will result in EPS accretion of 6% in 2019, 11% in 2020, and 14% in 2021, based on broker consensus forecast EPS.**
- **The Repurchase has been achieved at an attractive price, which is 12% below the convertible's theoretical nominal value of €1,005M and 7% below the fair value provided by EY in their "fairness opinion".**
- **The weighted average maturity of the debt structure will double to 7 years, which will allow MASMOVIL to continue leading its growth in the spanish market and investing in the deployment of its own networks.**

- **The transaction results in a significant reduction in MASMOVIL's overall cost of capital by replacing the high cost convertible with largely low-cost term loan.**

Goldman Sachs and BNP Paribas are the global coordinators of the transaction. Freshfield, Evergreen, Fried Frank and Castañeda Abogados have acted as legal advisors.

About MASMOVIL Group

MASMOVIL Group is the fourth telecommunications operator in Spain, offering services for fixed line telephone, mobile phone services, and internet broadband for home use, companies and operators under its principle brands: Yoigo, Pepephone, MASMOVIL, Lebara y Llamaya.

The Group holds a fixed infrastructure of Fibra/ADSL and mobile 3G and 4G. At present it is capable to serve more than 15.2 million of homes with optic fiber and 18 million more with ADSL. Its 4G mobile network covers 98.5% of the Spanish population. The Group has more than 8 million customers in Spain.

MASMOVIL Group has received the 2018 award ADSL as the "[Best Fiber Operator](#)" from the Grupo Informatico. In addition, it has been nominated for the award as the "[Revelation Company of the year](#)" within the Business Awards of the Grupo Vocento.

Additionally, it is the operator with the fastest fiber network in Spain during 2018 according to a study by the company, [nPerf](#), and the operator with the fastest 3G+4G aggregated mobile network in Spain, according to a study by the company, [Tutela](#). It also has obtained the highest rating for Spanish mobile operators from its customers satisfaction according to the "2017 Index of Client Experience", prepared by the consultor Stiga.

About Providence Equity Partners

Providence is a premier global asset management firm with approximately \$40 billion in aggregate capital commitments. Providence pioneered a sector-focused approach to private equity investing with the vision that a dedicated team of industry experts could build exceptional companies of enduring value. Since the firm's inception in 1989, Providence has invested in more than 180 companies and has become a leading equity investment firm focused on the media, communications, education and information industries. Providence is headquartered in Providence, RI, and also has offices in New York and London. For more information, please visit www.provequity.com.

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For more information.

Fernando Castro +34.656.160.378

fernando.castro@masmovil.com

Conrad Harrington +44.7912.647.473

charrington@sardverb.com