

# GRUPO MAS MOVIL

## Earnings Presentation 1H22

July 29<sup>th</sup> 2022



# MASMOVIL – 1H22 Key Highlights

Growth momentum remains, agreement with Orange signed and NetCo closed



**Definite agreement with Orange reached and signed**  
**Underwriting for €6.6bn also secured**



**MASMOVIL valued at €10.9bn**  
**8.7x 2022E EBITDAaL & 14.9x 2022E EBITDAaL – eCapex<sup>1</sup>**



**Growth continues in 1H22**  
**Proforma Service Revs of €1,324M (+5% YoY; +39% reported)**



**Proforma Adj. EBITDA of €540M (+10% YoY underlying growth<sup>2</sup>)**  
**EBITDA margin of 37%**



**c.3.2M Broadband lines and almost 15M total lines**  
**Fiber footprint reaches 27.5M BUs**



**Proforma Net Debt of €6.4bn<sup>3</sup>**  
**4.3x / 5.3x LTM net leverage on senior secured / total basis**

<sup>1</sup> Multiples proforma including acquisition of Euskaltel (based on EUSKALTEL run-rate synergies)

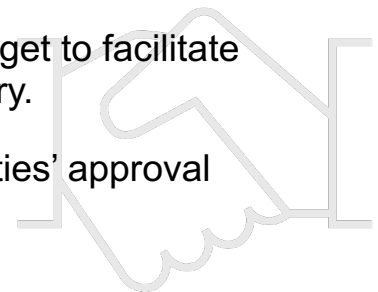
<sup>2</sup> Adjusted for the non-cash impact of PPA from the TOB on MASMOVIL and the homogenization of Euskaltel accounting policy with MASMOVIL's

<sup>3</sup> Proforma for the net proceeds from executed sale of NetCo

# Binding agreement: JV with Orange Spain

Agreement to combine Orange and MASMOVIL Spanish operations signed<sup>1</sup>

- 50-50 Joint Venture co-controlled by MASMOVIL (Lorca JVCO) and Orange
- EV MASMOVIL of €10.9bn: 8.7x 2022E EBITDAaL and 14.9x 2022E EBITDAaL – eCapex<sup>1</sup>
- EV Orange Spain of €7.8bn: 7.2x 2022E EBITDAaL and 37.1x 2022E EBITDAaL – eCapex<sup>2</sup>
- JV is expected to generate relevant synergies of LT run-rate of €450m by the fourth year
- The agreement between the parties includes:
  - A right to trigger an IPO under certain conditions for both parties and,
  - A path-to-control right for Orange to consolidate the combined entity in the case of an IPO
- The transaction is supported by a €6.6 billion incremental debt package (incl. additional undrawn liquidity lines). MASMOVIL's existing debt will remain in place. The package is mainly comprised of bank debt, provided by a strong pool of international banks.
- The JV agreed financial policy includes a 3.5x net debt/EBITDA net leverage target to facilitate an IPO of the JV in the medium term. JV rating expected to be in the BB category.
- Expected closing in second half of 2023 at the latest, subject to relevant authorities' approval

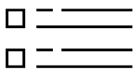


<sup>1</sup> MASMOVIL Portugal not part of transaction; MASMOVIL multiples proforma including acquisition of EUSKALTEL (based on EUSKALTEL run-rate synergies)

<sup>2</sup> ORANGE multiples proforma, post TOTEM carve-out.

# Other Corporate Milestones & Initiatives

## NetCo



- Sale & purchase agreement on Euskaltel's NGN ("EKT Cable") successfully closed
- EKT Cable's buyers are a consortium made up mainly by investors with long standing presence in the Basque Country as well as Euskaltel (as minority shareholder) who created a new company Bidasoa Aggregator ("NetCo")
- MASMOVIL will continue providing O&M and transmission services and owning Backbone and transmission assets
- NetCo will serve MASMOVIL clients and has an agreement to also serve Orange Spain's clients
- MASMOVIL has obtained €580M from the sale of 100% of EKT Cable, of which c.€500M have been used to repay the Asset Bridge Loan. Euskaltel will invest c.€80M for a 49% financial minority stake in Netco

## Portugal



- To be updated shortly

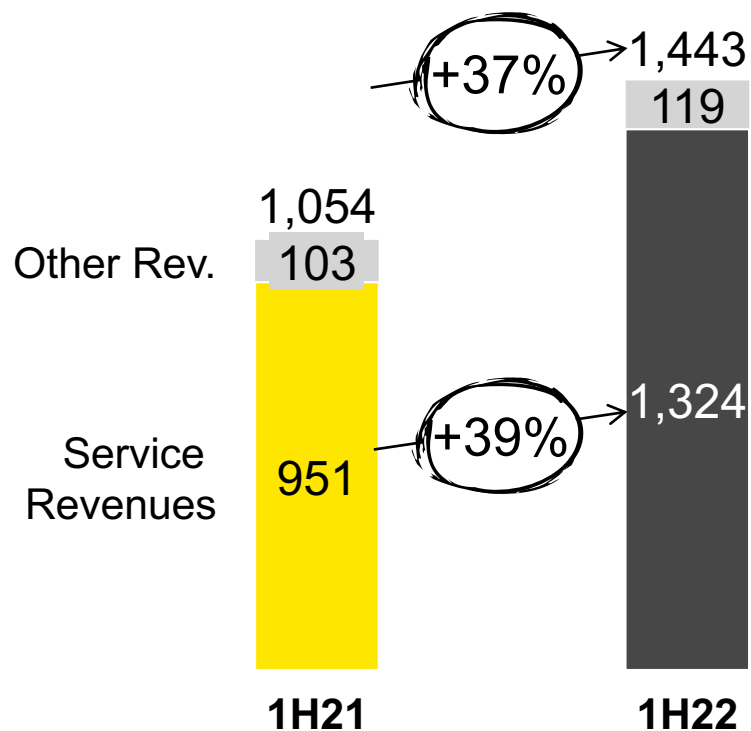
# Revenues 1H22

Reported Revenues +37% YoY. Proforma Revenues +5% YoY

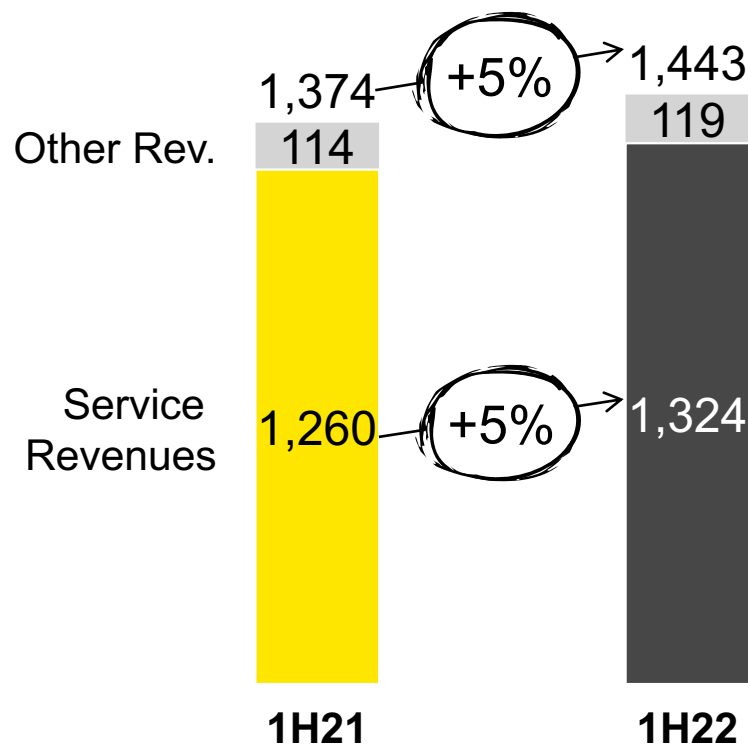
€M

○ % YoY growth

## Reported Revenues



## Proforma Revenues<sup>1</sup>



1. Euskaltel has been consolidated starting August 2021. Proforma figures include Euskaltel's results to facilitate a like-for-like comparison. No consolidation adjustments have been considered. Proforma figures are also adjusted to consider the impact from the August 2021 TV business divestment.

Source: Company

# Proforma EBITDA

1H22 Proforma<sup>1</sup> Adj. EBITDA growth +3%; +10% underlying EBITDA growth<sup>2</sup>

€M

Underlying  
YoY Growth

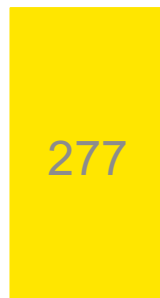
Proforma Adj.  
YoY Growth

+8%

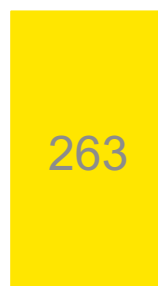
(2%)

+10%

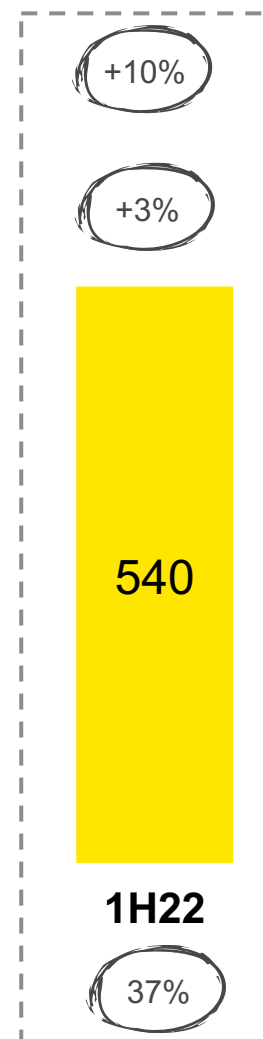
+3%



**1Q22**



**2Q22**



**1H22**

Proforma  
EBITDA  
Margin

38%

37%

37%

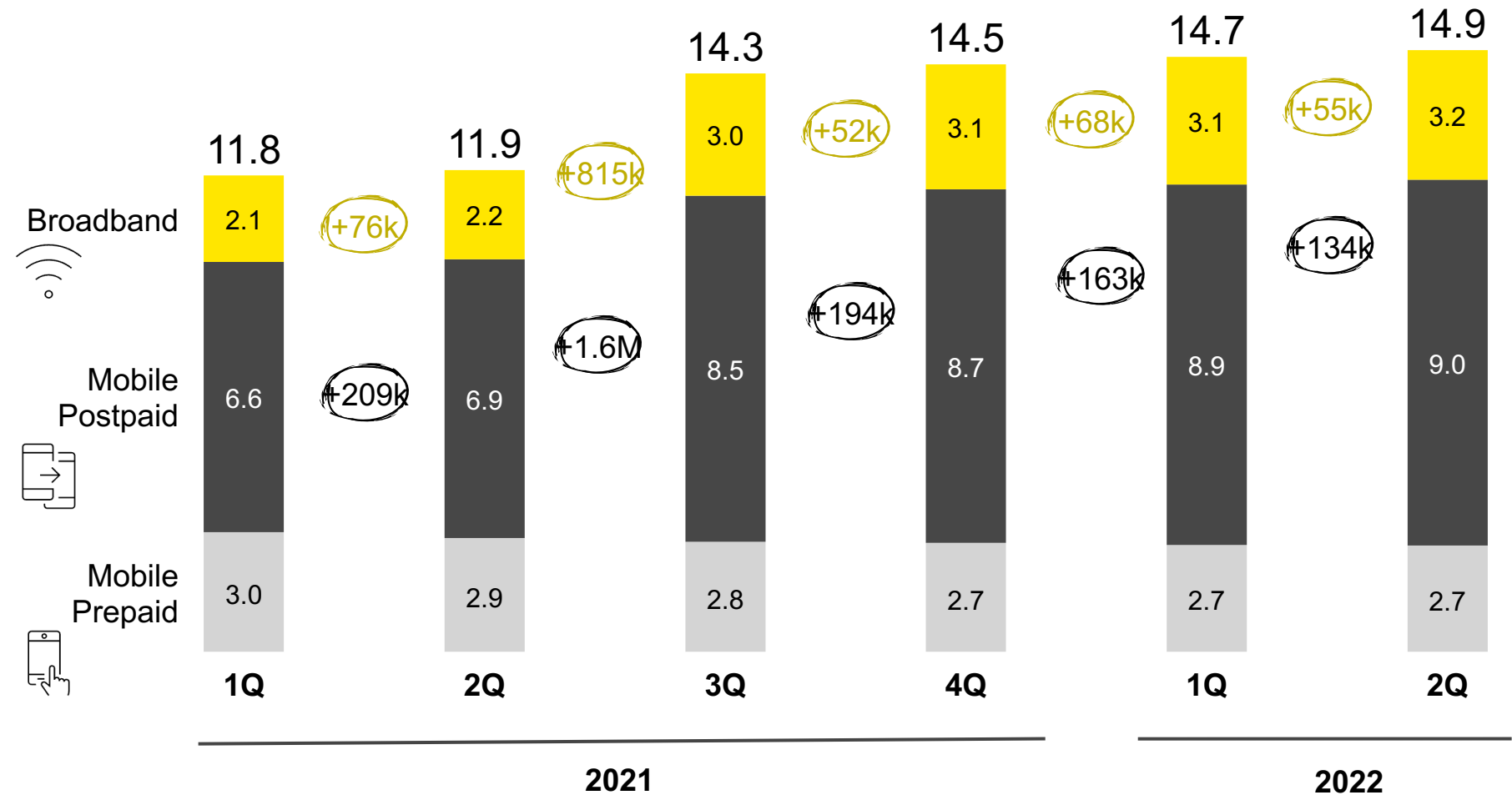
<sup>1</sup> Euskaltel was consolidated since August 2021. Proforma figures include Euskaltel's results for the full year to facilitate a like-for-like comparison. No consolidation adjustments have been considered. Proforma figures are also adjusted to consider a full year impact from the August 2021 TV business divestment.

<sup>2</sup> Adjusted for the non-cash impact of PPA from the tender offer bid on MASMOVIL and applying the same accounting principles for Euskaltel and MASMOVIL

Source: Company

# Evolution of Mobile & Broadband Lines

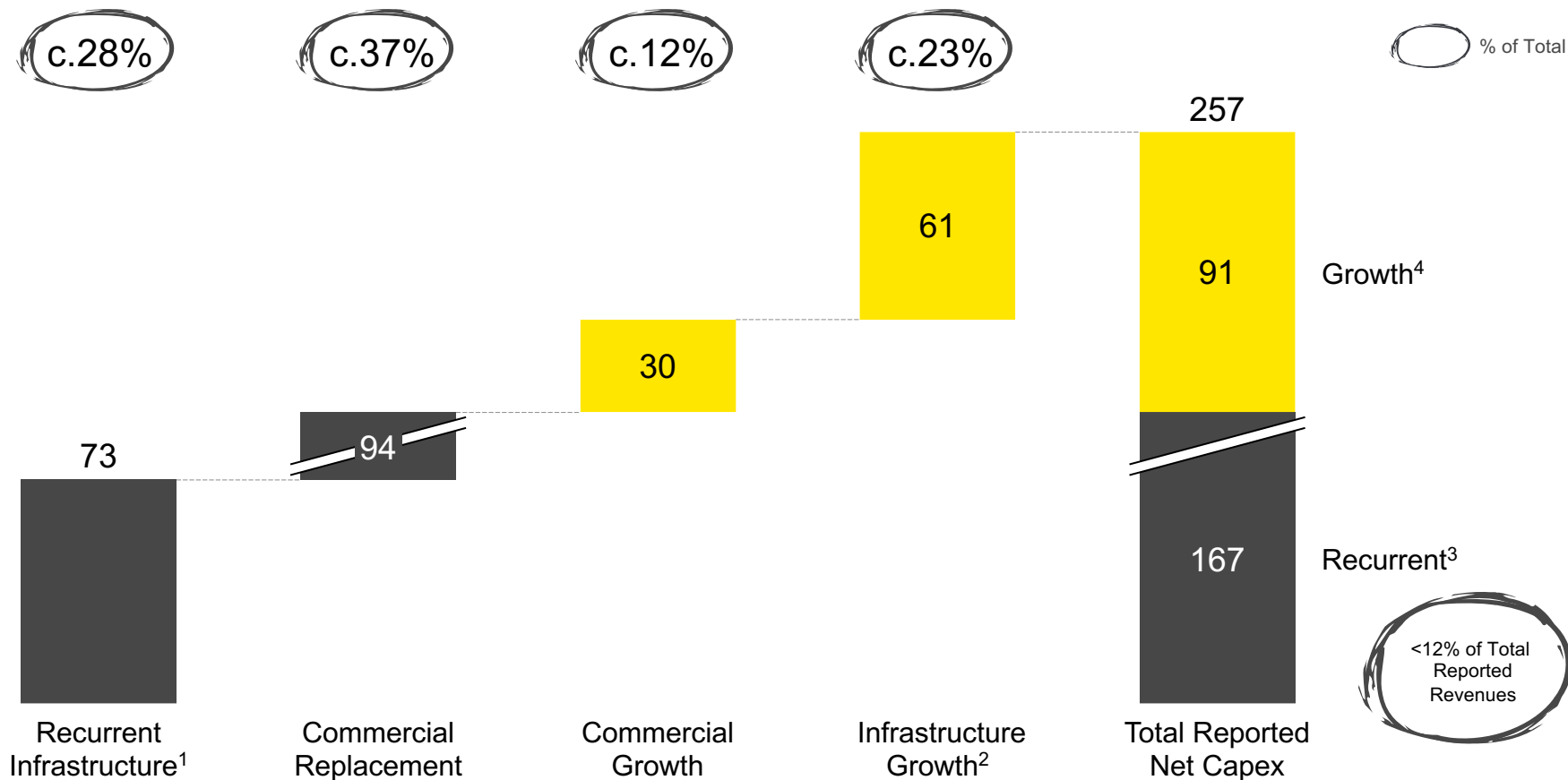
Broadband lines at c.3.2M, mobile postpaid at 9M with total lines at almost 15M  
Million lines



# Reported Net Capex 1H22

Recurrent capex at <12% over total revenues, with infrastructure capex at moderate levels

€M



1 Includes all maintenance of both fixed and mobile infrastructures, plus IT & spectrum Capex

2 Includes all infrastructure Capex that is not accounted under maintenance infrastructure Capex

3 Includes churn related (replacement) commercial Capex and maintenance infrastructure Capex

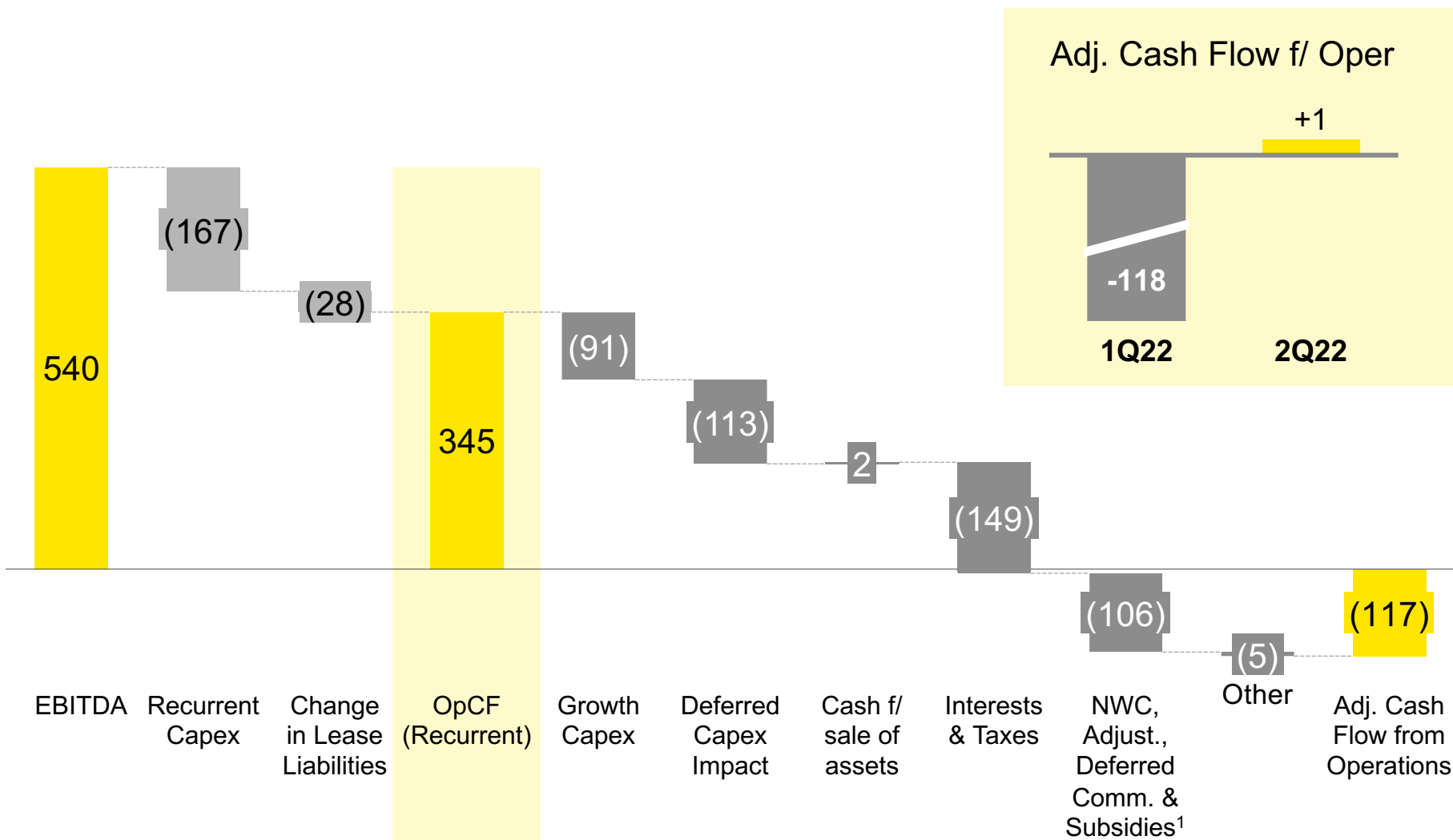
4 Net FTTH network deployment & commercial growth-related capex



# Reported Cash Flow From Operations 1H22

Recurrent Operating Cash Flow €345M, with neutral CF f/ Oper. in 2Q22

€M



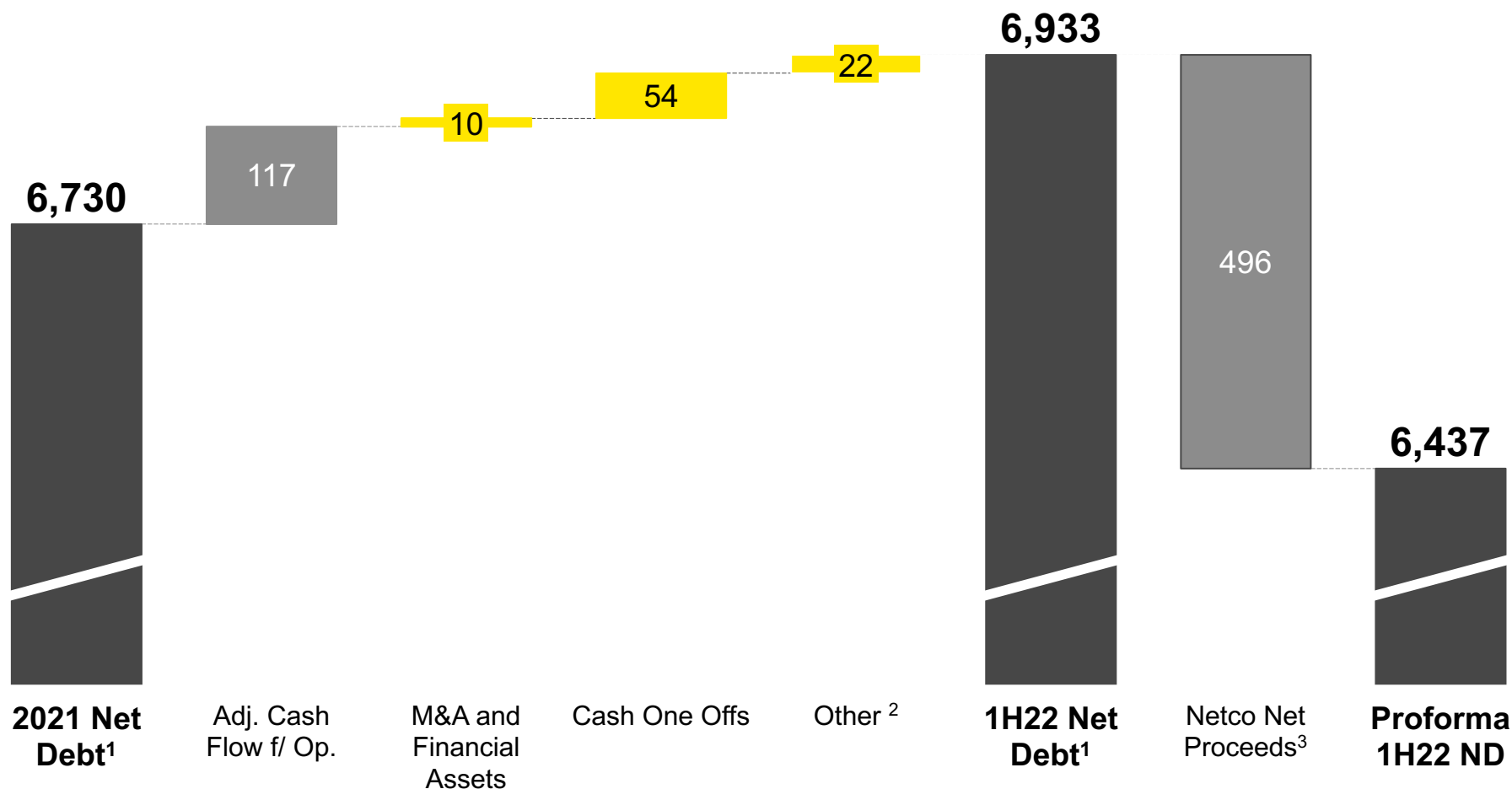
<sup>1</sup> Includes IFRS15

Source: Company

# Change in Reported Net Debt 1H22

Net debt proforma for the sale of Netco reached €6.4bn

€M



<sup>1</sup> As per Company's calculations, includes asset disposal bridge, excludes IFRS16 financial leases adjustment

<sup>2</sup> Includes other accrued debt and interest in B/S

<sup>3</sup> Deal already closed and cashed in July 2022

Source: Company

# 1H22 Net Debt & Leverage<sup>1</sup>: Nominal view

Total Net Debt LTM<sup>1</sup> leverage of 5.3x and 4.3x on Senior Secured basis

(€m)	1H22
TLB	3,200
Senior Secured Notes	2,350
Senior Unsecured Notes	500
RCF	50
Commercial paper	317
Asset bridge loan	0
M&A deferred payments	64
Other debts	99
Other Debts (grants, deposits and guarantees)	13
Finance leases	235
Cash & Equivalents	-31
<b>Total Net Debt (for leverage)</b>	<b>6,797</b>
LTM Structuring EBITDA	1,276
<b>Total Net Debt LTM Leverage</b>	<b>5.3</b>
Senior Secured Net Debt	5,569
<b>Senior Secured Net Debt LTM Leverage</b>	<b>4.3</b>

Note: The above net debt is nominal (vs. accounting in previous slide) and includes debt from leases

1: LTM Adjusted EBITDA plus synergies, run rate and NetCo Adj.

Source: Company.

**Thanks a lot and see you all next quarter!**



# Appendix



# Income Statement Summary

€M

(€M)	1H21 Reported	1H21 Proforma	1H22 Reported	Growth Reported	Growth Proforma
Service Revenues	951.3	1,259.6	1,323.8	39%	5%
Other revenues	103.2	114.9	119.1	15%	4%
<b>Revenue</b>	<b>1,054.4</b>	<b>1,374.5</b>	<b>1,442.8</b>	<b>37%</b>	<b>5%</b>
Other operating revenue	31.3	40.9	69.1	121%	69%
Cost of sales	-639.3	-802.2	-886.1	39%	10%
Other operating expenses	-68.9	-88.0	-85.9	25%	-2%
<b>Adjusted EBITDA</b>	<b>377.5</b>	<b>525.1</b>	<b>540.0</b>	<b>43%</b>	<b>3%</b>
Net one-offs	-14.9	-26.1	-20.2	35%	-23%
Capital gain on sale of assets and loss impairment	226.8	226.8	1.7	-99%	-99%
<b>Reported EBITDA</b>	<b>589.4</b>	<b>725.8</b>	<b>521.5</b>	<b>-12%</b>	<b>-28%</b>
Depreciation and amortization	-262.6	-382.4	-461.9	76%	21%
<b>Reported EBIT</b>	<b>326.8</b>	<b>343.4</b>	<b>59.7</b>	<b>-82%</b>	<b>-83%</b>
Net financial expenses	-92.0	-115.6	-182.3	98%	58%
<b>Reported Profit before taxes</b>	<b>234.8</b>	<b>227.8</b>	<b>-122.6</b>	<b>nm</b>	<b>nm</b>
Income tax	-50.4	-43.1	35.6	<b>nm</b>	<b>nm</b>
<b>Income / Loss from continuing operations</b>	<b>184.4</b>	<b>184.8</b>	<b>-87.0</b>	<b>nm</b>	<b>nm</b>
Result from discontinued operations	0.0	0.0	22.6	<b>nm</b>	<b>nm</b>
<b>Income / Loss for the period</b>	<b>184.4</b>	<b>184.8</b>	<b>-64.4</b>	<b>nm</b>	<b>nm</b>
<b>Loss for the period attributable to:</b>					
Equity holders of the Parent	185.3	191.2	-65.4	<b>nm</b>	<b>nm</b>
Minority shareholders	0.9	6.4	-1.0	<b>nm</b>	<b>nm</b>
<b>Income / Loss for the period</b>	<b>184.4</b>	<b>184.8</b>	<b>-64.4</b>	<b>nm</b>	<b>nm</b>

# Cash Flow Statement Summary

€M

(Million €)	1H22
Adjusted EBITDA	540
NWC, Adjustments, Deferred Commissions and Subsidies	(106)
Payments from lease liabilities (IFRS16)	(28)
Net Financial expenses	(148)
Corporate tax	(1)
<b>Cash Flow from operations before Capex</b>	<b>256</b>
Accrued Net Capex	(257)
Payments for previous periods Capex	(113)
Cash from sale of assets (includ. special projects)	2
<b>Cash Flow from Capex</b>	<b>(368)</b>
Other	(5)
<b>Adjusted Cash Flow from operations</b>	<b>(117)</b>
One-offs	(54)
<b>Cash Flow from operations</b>	<b>(171)</b>
M&A	(10)
Financing	61
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>(121)</b>

# Net Debt Structure: Reported view

M€

(€m)	1H22
TLB	3,093
Senior Secured Notes	2,336
Senior Unsecured Notes	495
RCF	51
Commercial paper	317
LT Bridge Loans	496
M&A deferred payments	64
Other bank debt, grants, deposits & guarantees	112
<b>Total Gross Debt (as per Company's calculations)</b>	<b>6,964</b>
Cash & Equivalents	31
<b>Group's Net Debt (as per Company's calculations)</b>	<b>6,933</b>
Net proceeds from Netco deal	-496
<b>Proforma Group's Net Debt (as per Company's calc.)</b>	<b>6,437</b>

Source: Company

Please note that previous figures are calculated excluding some debts, mainly debts without cash interest charges or with shareholders, and €235M of financial leases under IFRS16 accounting practices



# Disclaimer

- This document and the conference-call webcast (including the Q&A session) (the “Presentation”) 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”, “believe”, “could”, “foresee”, “intend”, “may”, “will”, “continue”, “ongoing”, “potential”, “predict”, “project”, “target”, “seek”, “should” or “would” or similar expressions or variations of such expressions or by discussions of strategies, plans, objectives, targets, goals, future events or intentions. These Statements include matters that are not historical facts and 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 securities are listed. The Statements appear in a number of places throughout this Presentation and include statements regarding the Group’s intentions, beliefs or current expectations concerning, among other things, its results of operations, financial condition, liquidity, prospects, competition in areas of its business, outlook and growth prospects, strategies and the industry in which the Group operates. By their nature, forward-looking statements involve known and unknown risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Forward-looking statements are based on potentially inaccurate assumptions and are not guarantees of future performance and the Group’s actual results of operations, financial condition and liquidity and the development of the industry in which the Group operates may differ materially from those made in or suggested by the forward-looking statements contained in this Presentation due to various risks and uncertainties. In addition, even if the Group’s results of operations, financial condition and liquidity, and the development of the industry in which it operates are consistent with the forward-looking statements or projections contained in this Presentation, those results or developments may not be indicative of results or developments in subsequent periods
- 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 Presentation 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

# Disclaimer

- THIS PRESENTATION DOES NOT CONSTITUTE OR FORM PART OF, AND SHOULD NOT BE CONSTRUED AS, ANY OFFER, INVITATION OR RECOMMENDATION TO SELL OR SUBSCRIBE FOR, UNDERWRITE OR OTHERWISE ACQUIRE, ANY SECURITIES OF THE COMPANY OR A SUCCESSOR ENTITY OR ANY SUBSIDIARY OR AFFILIATE RELATED, DIRECTLY OR INDIRECTLY, TO THE COMPANY, NOR SHOULD IT OR ANY PART OF IT FORM THE BASIS OF, OR BE RELIED UPON IN CONNECTION WITH, ANY INVESTMENT DECISION, ANY CONTRACT TO PURCHASE OR SUBSCRIBE FOR ANY SECURITIES OF THE COMPANY, NOR SHALL IT OR ANY PART OF IT FORM THE BASIS OF OR BE RELIED UPON IN CONNECTION WITH ANY CONTRACT OR COMMITMENT WHATSOEVER. THIS PRESENTATION IS INTENDED TO PROVIDE A GENERAL OVERVIEW OF THE BUSINESS AND OPERATIONS OF THE GROUP AND DOES NOT PURPORT TO DEAL WITH ALL ASPECTS AND DETAILS IN RESPECT THEREOF. ANY OFFER OF SECURITIES OF THE COMPANY WILL BE MADE BY MEANS OF A PROSPECTUS THAT WILL CONTAIN DETAILED INFORMATION ABOUT THE COMPANY AND ITS MANAGEMENT, AS WELL AS FINANCIAL STATEMENTS. ANY PERSON CONSIDERING THE PURCHASE OF ANY SECURITIES OF THE COMPANY MUST INFORM HIMSELF INDEPENDENTLY BASED SOLELY ON SUCH PROSPECTUS (INCLUDING ANY SUPPLEMENT THERETO) AND ADVICE FROM ITS OWN LEGAL, ACCOUNTING AND TAX ADVISERS AS IT DEEMS RELEVANT. THIS INFORMATION IS BEING MADE AVAILABLE TO YOU SOLELY FOR YOUR INFORMATION AND BACKGROUND AND IS SUBJECT TO AMENDMENT WITHOUT NOTICE. THIS INFORMATION (OR ANY PART OF IT) MAY NOT BE COPIED, REPRODUCED OR REDISTRIBUTED, PASSED ON, OR THE CONTENTS OTHERWISE DIVULGED, DIRECTLY OR INDIRECTLY, TO ANY OTHER PERSON (EXCLUDING THE RELEVANT PERSON'S PROFESSIONAL ADVISERS) OR PUBLISHED IN WHOLE OR IN PART FOR ANY PURPOSE
- This Presentation does not constitute an offer to sell securities or the solicitation of an offer to buy securities in the United States, nor shall there be any offer or sale of securities in any jurisdiction in which such offer or sale would be unlawful prior to registration or qualification under the securities laws of such jurisdiction. Any securities offered by the Company will not be registered under the U.S. Securities Act of 1933, as amended (the "Securities Act") or any applicable state or local laws and may not be offered or sold in the United States absent registration under the Securities Act or an applicable exemption from registration. Neither this document nor any related presentation nor any copy thereof may be taken or transmitted or distributed, directly or indirectly, into the United States, other than to qualified institutional buyers under Rule 144A under the Securities Act.