eurona.net
Internet, donde no llega nadie

grupo eurona
telecom

1. What is Eurona?

Internet connectivity in:

- Remote areas
- Non urban areas
- Public hotspots

What is Eurona?

Eurona is a wireless internet provider for areas where the demand for internet connectivity is unattended

Eurona Telecom Group operates in:

- Remote areas through satellite technology (Ka-band)

- Non urban areas with WiMAX and LTE Advance technology

- Public hotspots with WiFi technology

Three core business lines

Remote areas

- Internet provider with national coverage through satellite technology
- High speed & quality everywhere and personalized client service at competitive prices

Non urban areas

- Internet provider in non urban areas (<10,000 households)
- Ultra fast internet connectivity (30-100Mbps) with LTE / LTE advanced technology and unlimited data offer through licensed 40Mhz in the 3.5GHz band
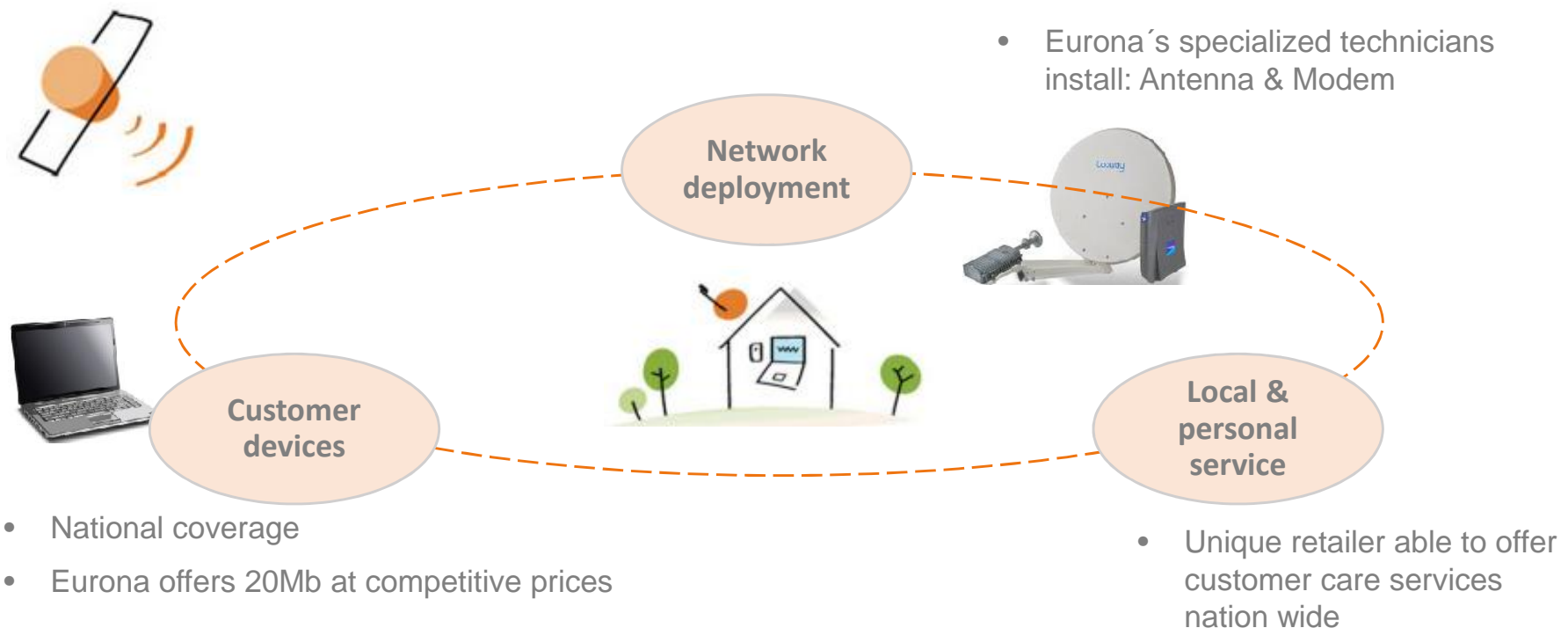
Public hotspots

- Internet multi connection provider in high saturated public hotspots
- We offer the full service package: network design, deployment & maintenance providing a customizable software platform and management outsourcing

Remote areas

Eurona is the **#1 satellite retailer** in the Spanish residential market (**c.60% of market share**) with more than **14,000 clients**

The revolutionary **Ka-Band technology** allows to offer high speed & quality internet connectivity everywhere at competitive prices
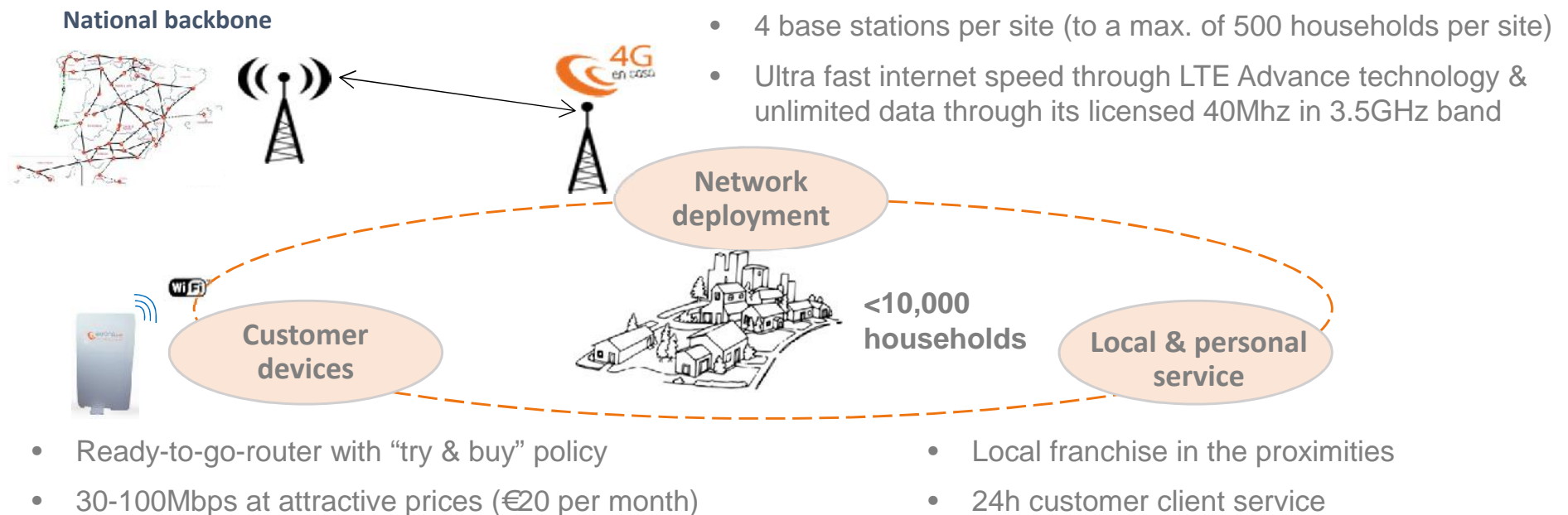
Remote areas proposal

- Eurona´s specialized technicians install: Antenna & Modem

Network deployment

Customer devices

Local & personal service

- National coverage
- Eurona offers 20Mb at competitive prices

- Unique retailer able to offer customer care services nation wide

Non urban areas

"4G at home" product, with the winning LTE / LTE Advance technology, provides ultra fast quality & speed internet connectivity & unlimited data at competitive prices for small populations non urban areas, through its licensed 40Mhz in the 3.5Ghz band

Winning technologies in urban areas (FTTH & 4G Mobile) are not feasible in Eurona´s niche market due to high deployment costs (FTTH) or limited bandwidth (4G Mobile)

Non urban areas proposal

National backbone

- 4 base stations per site (to a max. of 500 households per site)
- Ultra fast internet speed through LTE Advance technology & unlimited data through its licensed 40Mhz in 3.5GHz band

Network deployment

Customer devices

<10,000 households

Local & personal service

- Ready-to-go-router with "try & buy" policy
- 30-100Mbps at attractive prices (€20 per month)

- Local franchise in the proximities
- 24h customer client service

4G at home:
An unbeatable commercial proposition

Ready to go

TRY BEFORE YOU BUY
Try & Buy

UNLIMITED INTERNET
Everywhere with no data restriction
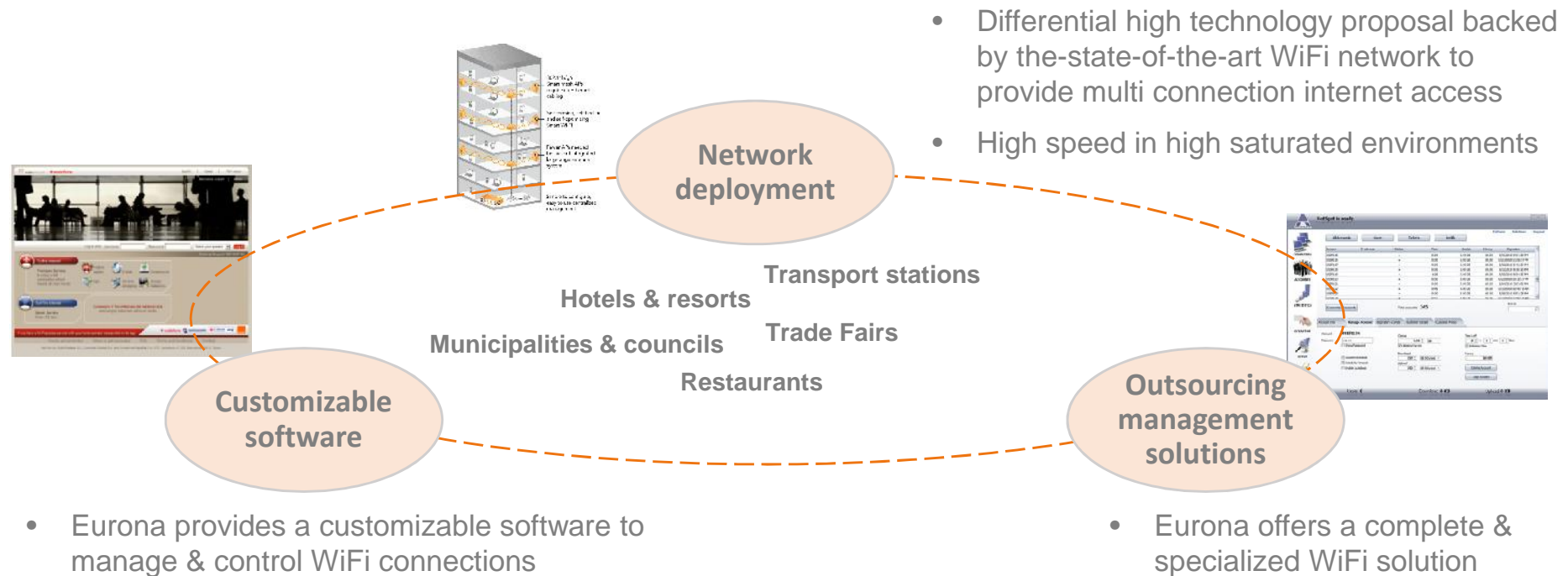
No Telefonica landline fee (€18 / mth)

24/7
Best in class CC & franchisee proximity

Public hotspots

Eurona offers multi-connection internet access in public hotspots. Eurona gets paid for the network design, deployment & maintenance, its customizable software, and network management outsourcing services

The strong know-how in WiFi technology and complete specialized and feasible solution allows Eurona to provide a differential & high technology proposal
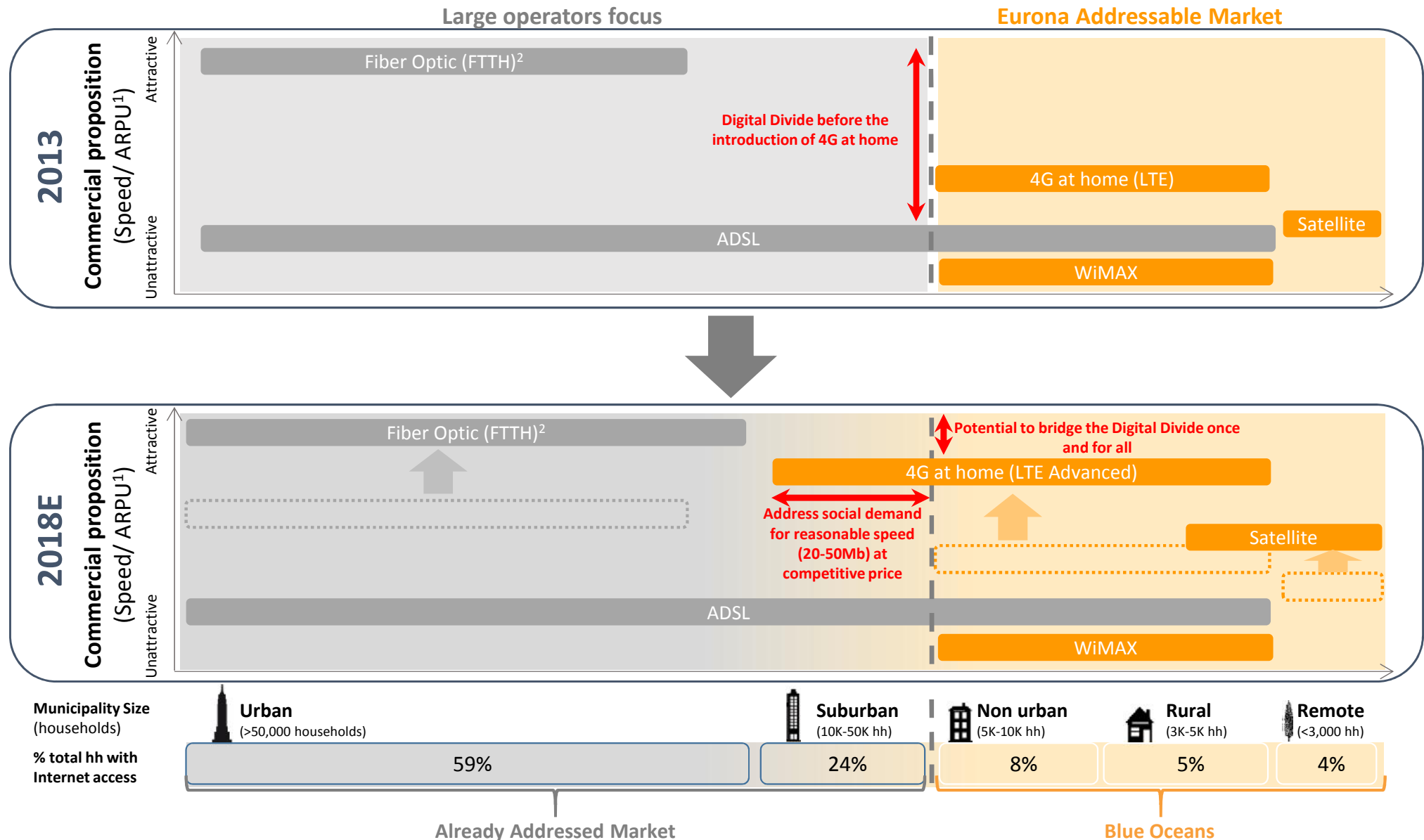
Public hotspots environments proposal

- Differential high technology proposal backed by the-state-of-the-art WiFi network to provide multi connection internet access

- High speed in high saturated environments

Network deployment

Transport stations

Hotels & resorts

Trade Fairs

Municipalities & councils

Restaurants

Customizable software

Outsourcing management solutions

- Eurona provides a customizable software to manage & control WiFi connections

- Eurona offers a complete & specialized WiFi solution

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2. Why Eurona?

1) Solid business model
2) Strong growth catalyst
3) Top management capabilities
4) Corporate governance awareness

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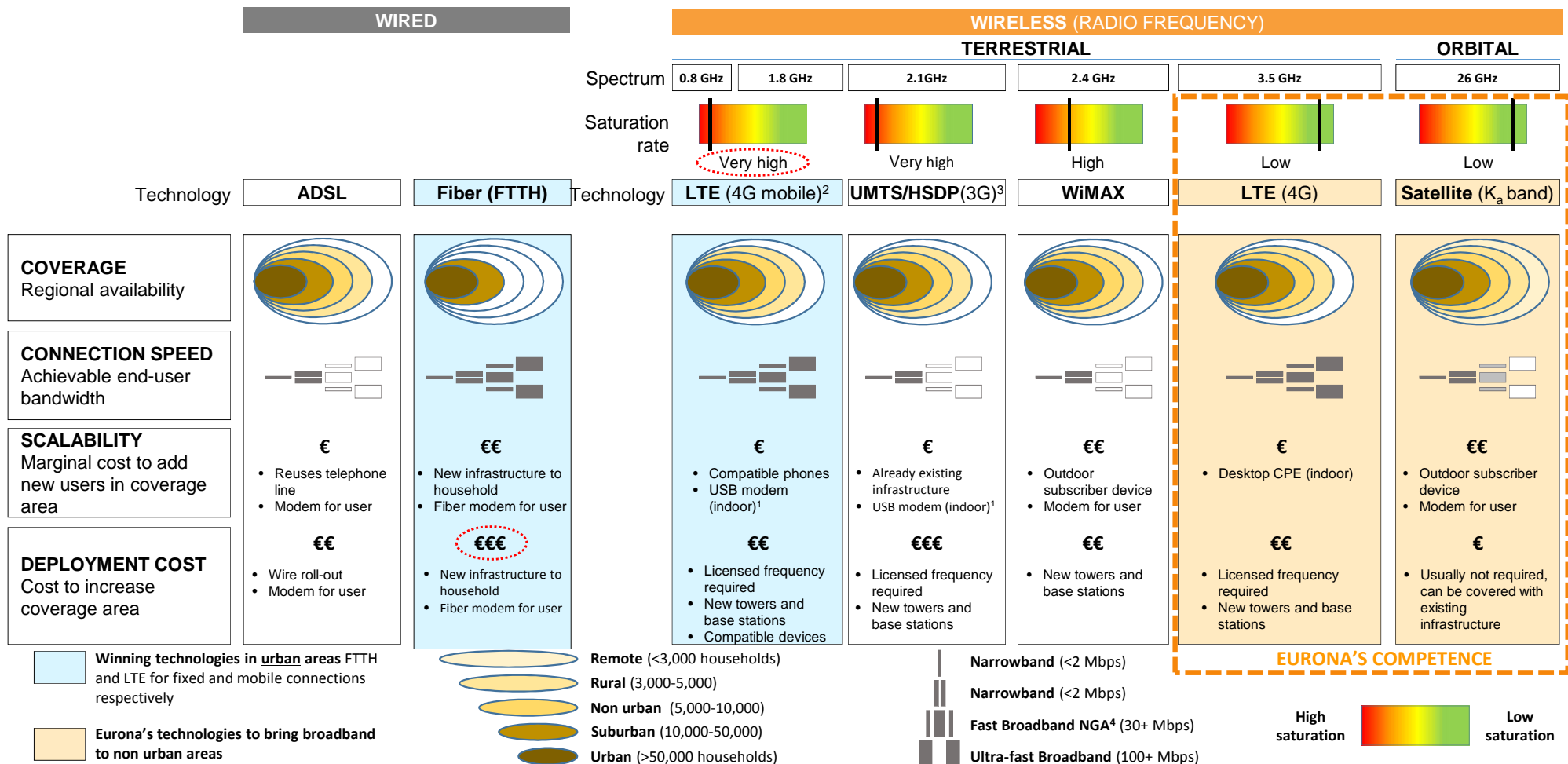
Niche operator focused on bridging the digital divide

Large operators focus   **Eurona Addressable Market**

2013

Commercial proposition (Speed/ ARPU[1])

Attractive → Unattractive

- Fiber Optic (FTTH)[2]
- **Digital Divide before the introduction of 4G at home**
- 4G at home (LTE)
- ADSL
- Satellite
- WiMAX

2018E

Commercial proposition (Speed/ ARPU[1])

Attractive → Unattractive

- Fiber Optic (FTTH)[2]
- **Potential to bridge the Digital Divide once and for all**
- 4G at home (LTE Advanced)
- **Address social demand for reasonable speed (20-50Mb) at competitive price**
- Satellite
- ADSL
- WiMAX

Municipality Size (households)

	Urban (>50,000 households)	Suburban (10K-50K hh)	Non urban (5K-10K hh)	Rural (3K-5K hh)	Remote (<3,000 hh)
% total hh with Internet access	59%	24%	8%	5%	4%

Already Addressed Market   **Blue Oceans**

[1]: Maximum speed offer/ monthly price (price includes mandatory landline fee and activation fee amortized in 24 months;
[2]: FTTH in 2013 only reaches municipalities of +100,000 households (50% of total)

Source: INE, CMT and QMC estimates

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Winning proposal for non urban areas

- Wining technologies for urban regions (FTTH & 4G mobile) are too expensive (FTTH - high deployment costs) or have limited bandwidth (4G Mobile) to satisfy non-urban demand

- Eurona's 4G LTE & 40Mhz band (in the 3.5GHz band) and & Ka Satellite are winning technologies for non urban areas: full coverage, high speed, and low/reasonable price

	WIRED			WIRELESS (RADIO FREQUENCY)				
					TERRESTRIAL			ORBITAL
Spectrum				0.8 GHz / 1.8 GHz	2.1 GHz	2.4 GHz	3.5 GHz	26 GHz
Saturation rate				Very high	Very high	High	Low	Low
Technology	**ADSL**	**Fiber (FTTH)**	Technology	**LTE** (4G mobile)[2]	**UMTS/HSDP**(3G)[3]	**WiMAX**	**LTE** (4G)	**Satellite** (K$_a$ band)
COVERAGE Regional availability								
CONNECTION SPEED Achievable end-user bandwidth								
SCALABILITY Marginal cost to add new users in coverage area	€ • Reuses telephone line • Modem for user	€€ • New infrastructure to household • Fiber modem for user		€ • Compatible phones • USB modem (indoor)[1]	€ • Already existing infrastructure • USB modem (indoor)[1]	€€ • Outdoor subscriber device • Modem for user	€ • Desktop CPE (indoor)	€€ • Outdoor subscriber device • Modem for user
DEPLOYMENT COST Cost to increase coverage area	€€ • Wire roll-out • Modem for user	€€€ • New infrastructure to household • Fiber modem for user		€€ • Licensed frequency required • New towers and base stations • Compatible devices	€€€ • Licensed frequency required • New towers and base stations	€€ • New towers and base stations	€€ • Licensed frequency required • New towers and base stations	€ • Usually not required, can be covered with existing infrastructure

EURONA'S COMPETENCE

- Winning technologies in urban areas FTTH and LTE for fixed and mobile connections respectively

- Eurona's technologies to bring broadband to non urban areas

Remote (<3,000 households)
Rural (3,000-5,000)
Non urban (5,000-10,000)
Suburban (10,000-50,000)
Urban (>50,000 households)

Narrowband (<2 Mbps)
Narrowband (<2 Mbps)
Fast Broadband NGA[4] (30+ Mbps)
Ultra-fast Broadband (100+ Mbps)

High saturation — Low saturation

[1]: Mobile connections can be used at home with a desktop modem that creates a WiFi network
[2]: LTE also operates in band 2.6 GHz; [3]: 3G also operates in band 0.9GHz; [4]: NGA stands for Next generation access

Source: Booz & Company and Eurona

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Multi-technology, multi-supplier and multi-channel

- Wide array of Internet technologies and network infrastructure solutions
- Partnership with winning IT infrastructure suppliers

Remote areas	**Non urban areas**	**Public hotspots**

INFRASTRUCTURE

Multi-technology

Revolutionary Ka-SAT technology (since 2011):
- Orbital satellite solution
- 100% national coverage
- High speed (peak >20Mbps)

Ultra fast LTE & LTE Advanced and WiMax technology:
- 4G technology
- Highest speed (peak >100Mbps)

State-of-the-art WiFi technology & structure
- Multi-point connectivity solution
- High speed (peak >300Mbps)

Multi-supplier

eutelsat

avanti

HUAWEI   Telrad

CISCO   ruckus WIRELESS

ROUTE-TO - MARKET

Multi-channel

Eurona's distributors

Franchise model

Hotels & resorts   Transport   Trade Fairs   Retailers   Municipalities & Councils

Barceló   aena   Feria de Madrid   IKEA   Zaragoza

IBEROSTAR

RIU abba   Fira Barcelona   Ajuntament de Barcelona

End-users in unattended areas

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Own infrastructure and engineering capabilities

Engineering capabilities: strong know-how in wireless network deployment, coming from its origins as a pure telecom engineering company (2001-06)

Own infrastructure creates barriers to entry for competitors and allowing for outstanding installation/commissioning schedules and incidents solving for its clients:

Remote areas

- Preferential contracts for use of capacity with major satellites operators

Non urban areas

- Exclusive right to use one of the three licenses in Spain of 40MHz in the 3.5GHz radio frequency band to provide LTE advanced technology nationwide

Public hotspots

- State-of-the-art capabilities in WiFi infrastructure design and deployment is our competitive advantage in a market where WiFi access is becoming a popular demand and lack of quality is the major reason of clients' complaints (i.e. hotels, airports, etc)

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B2C focus and fragmented customer base

- Eurona is focused on B2C broadband connectivity (95% of sales)

- However, there is a strong growth opportunity to penetrate the highly fragmented market of connectivity demand from SMEs, SOHOs or small rural hotels in non urban areas (currently 5% of sales)

Remote areas

Non urban areas

Public hotspots

Cities: <10,000 households
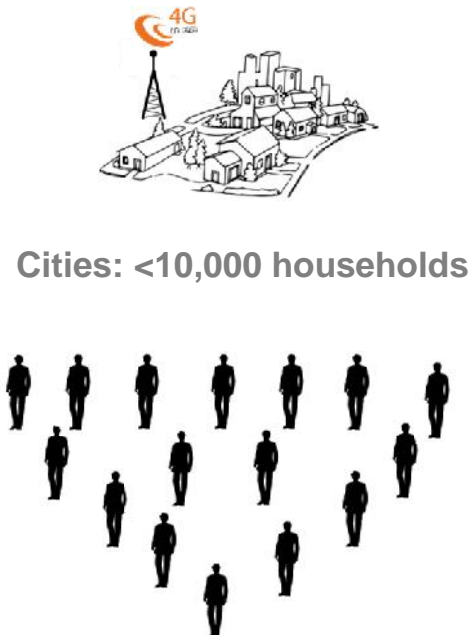
Hotels & resorts
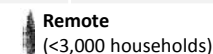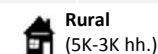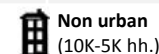
Transport stations

Trade fairs

Cities

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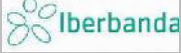
Competitive FWA[1] offer vs. traditional competitors

- **4G at home and satellite products are the best value for money proposition** in both non urban and remote areas in the Spanish market

	Operator	Service price (monthly)	Landline fee	Installation (outdoor device)	Modem fee	Max speed[2]	Download limit	Addressable market
4G at home	eurona	€20	VoIP (optional)	0 €	€59	20-100 Mbps[4]	Unlimited	🏢🏠
WiMAX	Iberbanda	€59	Optional	71.4 €	€0	2 Mbps	Unlimited	🏢🏠
WiMAX	eurona	€24	VoIP (optional)	72.6 €	€30	3 Mbps	Unlimited	🏢🏠
ADSL	movistar	€24	€17	0 €	€0	10 Mbps	Unlimited	🏢🏠
ADSL	vodafone	€18	€18	47.2 €	€0	20 Mbps	Unlimited	🏢🏠
ADSL	orange™	€20	€18	0 €	€0	20 Mbps	Unlimited	🏢🏠
Satellite	eurona	€45	VoIP (optional)	€0	€30	22 Mbps	10 Gb	🏠🌲
Satellite	Quantis	€45	VoIP (optional)	€120	€69	22 Mbps	10 Gb	🏠🌲
Satellite	Iberbanda	€168	n/a	€182	n/a	2 Mbps	n/a	🏠🌲
4G Mobile	movistar	€33	Yes	No	€0	150 Mbps	2.5 Gb	🏢🏠
4G Mobile	vodafone	€33	No	No	€0	150 Mbps	3 Gb	🏢🏠
4G Mobile	orange™	€31	No	No	€0	150 Mbps	2.5 Gb	🏢🏠

🏢 **Non urban** (10K-5K hh.)   🏠 **Rural** (5K-3K hh.)   🌲 **Remote** (<3,000 households)

[1]FWA: Fixed Wireless Access

Source: Eurona and companies public information

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Business scalability with attractive risk-reward (I)

Remote areas (Satellite FWA)	**Non urban areas ("4G at home" FWA)**

Business scalability

- 95% of remote households still lack internet
- Unique domestic player with national coverage and client service
- Commercial cross-synergies with "4G at home"
- Isolated households with unattended connectivity demand are growing in Spain (2nd residence for urban population, permanent residence for wealthy retired tourist, etc…)

- 250 identified small cities (<10,000 households) for infrastructure deployment
- 10% penetration of "4G at home" in these small cities implies increasing x8 the number of customers in 3-4 years
- Best value for money proposition, taking market share from ADSL operators

Risk mitigating factors

- Eurona is a reference partner for satellite operators which are launching next-generation satellites fully specialized in broadband connectivity (i.e. Eutelsat)

- Lower deployment costs per customer in non urban areas vs. ADSL / FTTH (60% and 95% respectively)
- Attractive long term contracts with leading IT infrastructure suppliers (Huawei; Telrad), achieving price discounts, vendor finance, etc…

Catalysts for improving returns

- Business scale enables Eurona to purchase satellite capacity, rather than paying a fee per connected client, that allows to:
  - Achieve better purchasing terms
  - Offer tailor-made proposals
  - Target B2B customers (rural hotels, campings)

- Strong operational leverage with almost no fixed costs:
  - SAC costs fully transferred to franchisee
  - Use of proprietary licensed 3.5GHz bandwidth (no rental of 3rd parties infrastructure)
  - Potential wholesaling of licensed 40Mhz in 3.5GHz band outside "4G at home" deployment areas

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Business scalability with attractive risk-reward (II)

Public hotspots	
WiFi Spain	**WiFi Caribe**

Business scalability

WiFi Spain:
- 7% market share in public hotspots market
- Ongoing negotiations with leading domestic hotel chains and transport operators
- Strong penetration prospects in the largely unattended retail sector
- Fragmented competition being forced out of the market due to quality service issues

WiFi Caribe:
- No presence of large international competitors
- Weak domestic competition
- Leverage on Spanish clients relationship
- M&A opportunities

Risk mitigating factors

WiFi Spain:
- Long-lasting contract relationships with top Spanish public space operators
- Increasing demand for high quality multi-connection services
- Bad WiFi connectivity is becoming a media back-lash for public space operators

WiFi Caribe:
- US $ denominated business
- Clients are wealthy tourists from US and Europe demanding for premium WiFi connectivity services in isolated high standards hotels & resorts
- No relevant country risk

Catalysts for improving returns

WiFi Spain:
- Monetization of current infrastructure through marketing and advertisement revenues
- Leverage widely deployed hotspots infrastructure to enter new promising businesses (smart cities, WiFi areas, internet of things, etc…)

WiFi Caribe:
- ARPUs are >2x higher vs. Spain
- Higher returns in infrastructure design and deployment
- Longer term contracts vs. Spain

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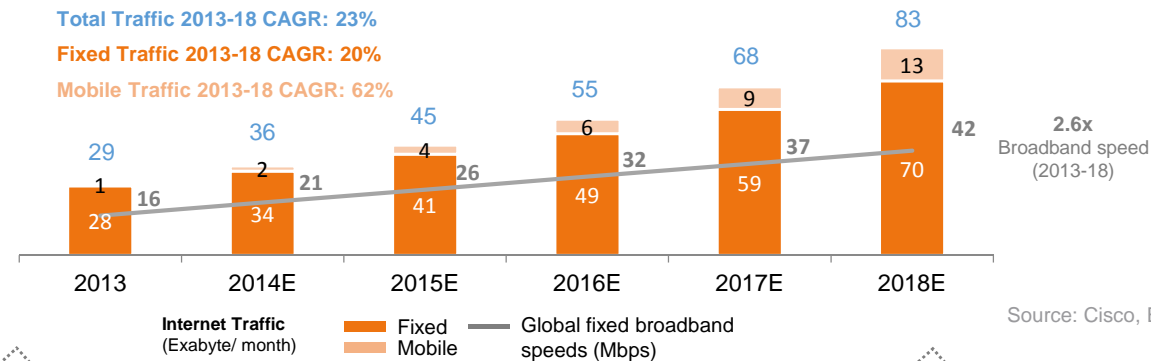# A growing opportunity in a growing market

Global upsurge in demand of high speed connectivity everywhere

Evolution of Consumer Internet Traffic & Broadband speed
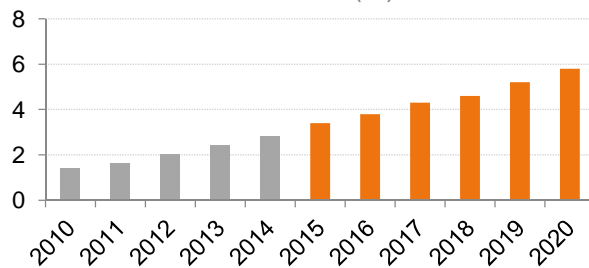
Total Traffic 2013-18 CAGR: 23%
Fixed Traffic 2013-18 CAGR: 20%
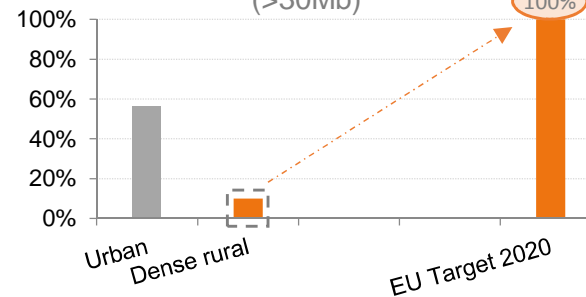Mobile Traffic 2013-18 CAGR: 62%

2.6x Broadband speed (2013-18)

Source: Cisco, Ericsson

Internet Traffic (Exabyte/ month) — Fixed / Mobile — Global fixed broadband speeds (Mbps)

Remote markets

Global satellite broadband access subscribers (m)

Source: NSR

Non urban areas

2014 Spanish fixed internet coverage (>30Mb)

Urban — Dense rural — EU Target 2020

Source: Informe cobertura banda ancha 2014 and EU digital agenda

Public hotspots

WiFi CAGR growth (2013-18) in public hotspots

Retail 22% | Hospitality 24% | Transport 35% | Coffes & restaurants 36% | Public Squares 37% | Outdoor hotzones 39% | Train stations & Airports 41% | Shopping malls 47% | Stadium / Events 48%

Source: Maravedis-Rethink
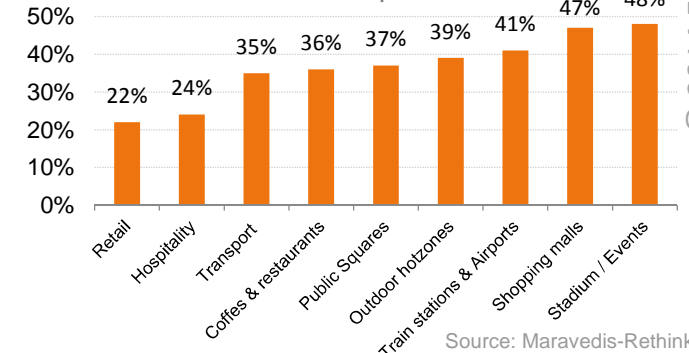
Growth prospects are even higher in less attended market to bridge the digital divide

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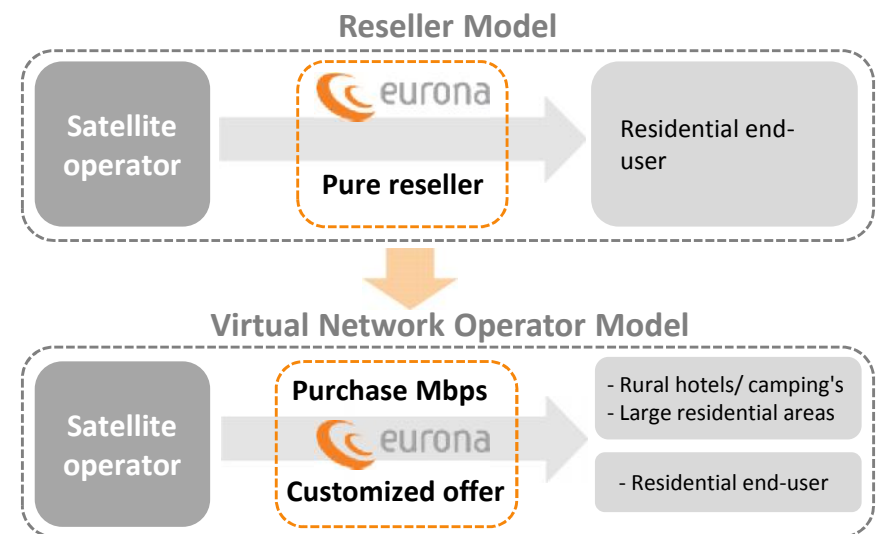
Huge growth potential in remote areas

- **Strong potential to lead the growing broadband satellite market in remote areas, where 95% of remote households still lack internet connectivity,** after Ka-band technology revolution in 2011 which multiplies by 38x the transmission capacity and reduces by 50% the cost of previous technology (Ku-band)

- **1st mover advantage** with c.60% of market share in Spain

- **Opportunity to become a Virtual Network Operator (VNO)** thanks to its large scale & long-lasting relationship with satellite operators (i.e. Eutelsat), achieving better purchasing terms and offering a tailor-made solution not only to residential end-users but also to B2B customers (rural hotels, camping's, etc)

- **Larger customer care network** thanks to our well-established commercial platform in non urban areas

Strong market opportunity in remote areas in Spain
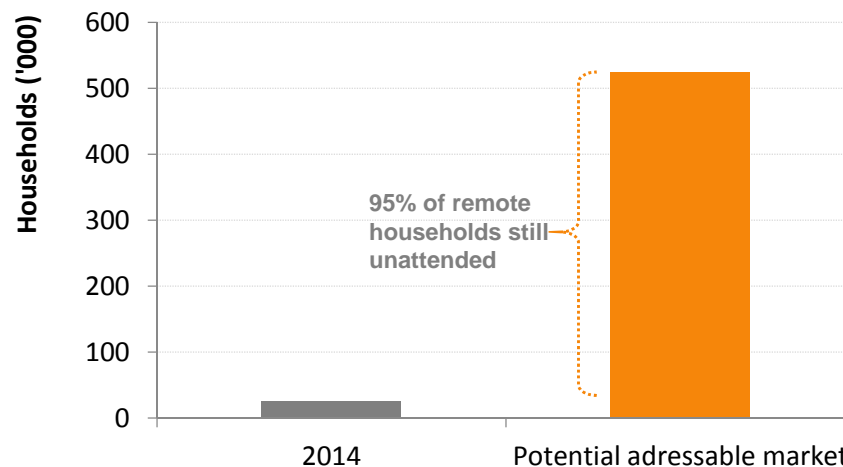
From a reseller to a virtual network operator

Households ('000)

95% of remote households still unattended

2014   Potential adressable market

Source: Eurona estimates and INE public data

Reseller Model

Satellite operator → **eurona** Pure reseller → Residential end-user

Virtual Network Operator Model

Satellite operator → **Purchase Mbps** **eurona** **Customized offer** → - Rural hotels/ camping's - Large residential areas - Residential end-user

Solid business model	**Strong growth catalysts**	Top management capabilities	Corporate governance awareness
1	2	3	4

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Disruptive proposal for non urban areas

- Best value for money product with highly competitive LTE Advanced technology

Operator	Internet fee	Phone fee	Installation costs	Modem fee	Peak speed	Download limit
4G en casa	€20	VoIP optional (€1)	0 €	€59	20-100 Mbps	Unlimited
WiMax Operators	€30-60	VoIP optional (€1)	€70-75	€0	2-5 Mbps	Unlimited
ADSL Operators	€15-25	€18	€0-50	€0-30	3-7 Mbps	Unlimited

Source: Eurona public data and company public information

- **Unbeatable commercial proposition:** client friendly and based on proximity
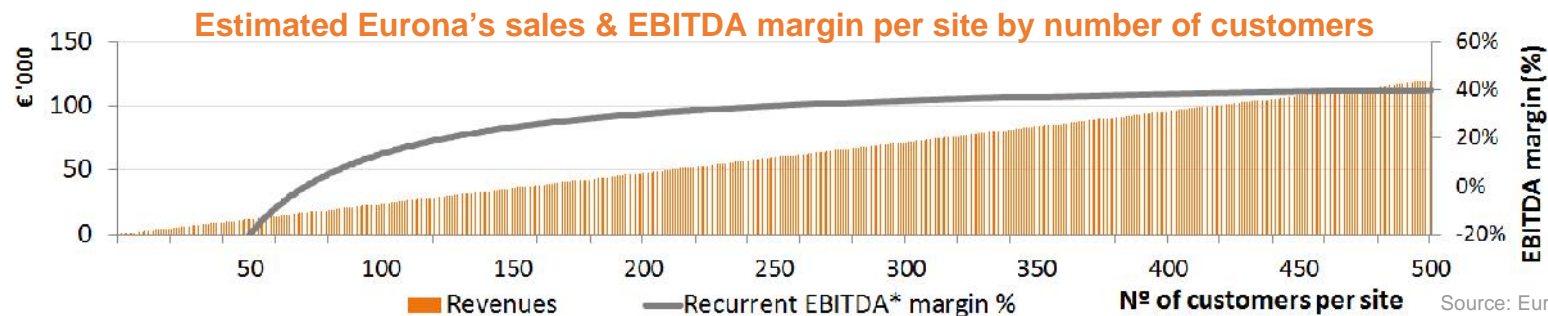
Ready-to-go & Portable connection	**Try & Buy**	**No landline fee (€18 savings)**	**Best in class CC & franchisee proximity**

- **Business scalability with limited capex:** target to deploy infrastructure to 250 small cities in Spain

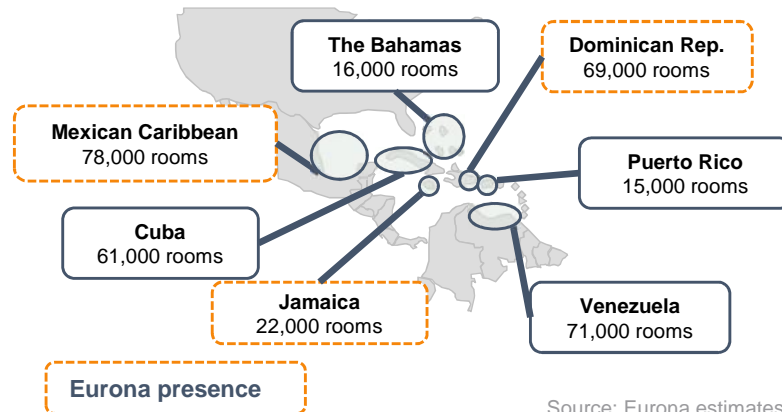- **Innovative business model with strong operational leverage:**

Estimated Eurona's sales & EBITDA margin per site by number of customers

Revenues — Recurrent EBITDA* margin %   Nº of customers per site

Source: Eurona estimates

(*) Recurrent EBITDA excludes one off revenues and costs related to new customers;

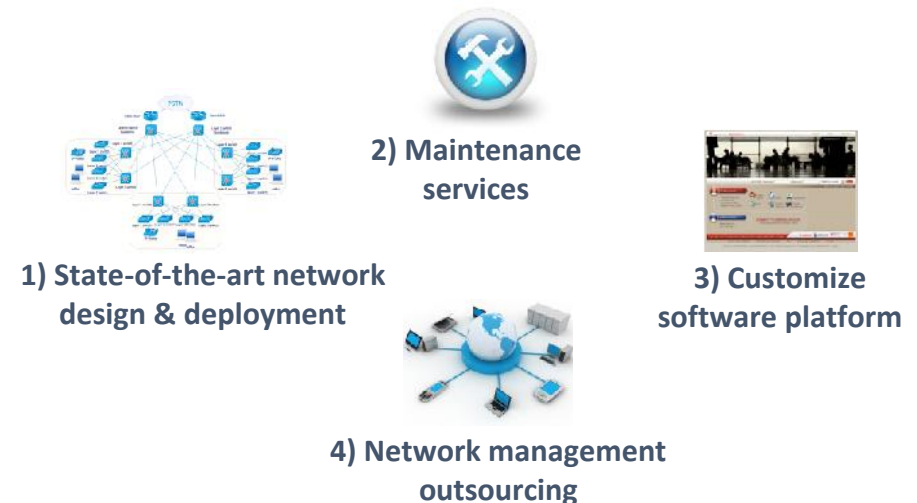© 2014 Eurona Wireless Telecom, S.A.

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Strong potential in WiFi for Caribbean hotels

- Huge opportunity (>500k rooms) in large 5 & 4 stars hotel & resorts in the Caribbean region: hotel & resorts with more >1,000-rooms require state-of-the-art WiFi network solutions

- Captive & resilient end customers demanding high speed & quality WiFi solution, which allows higher ARPUs per room

- Unique independent operator with the "full package" IT solution

- Opportunity to access large chains going in hand with Spanish large chains

Huge 5 & 4 hotel & resort market in the Caribbean region: >500k rooms

The Bahamas
16,000 rooms

Dominican Rep.
69,000 rooms

Mexican Caribbean
78,000 rooms

Puerto Rico
15,000 rooms

Cuba
61,000 rooms

Jamaica
22,000 rooms

Venezuela
71,000 rooms

Eurona presence

Source: Eurona estimates

Full package solution

2) Maintenance services

1) State-of-the-art network design & deployment

3) Customize software platform

4) Network management outsourcing

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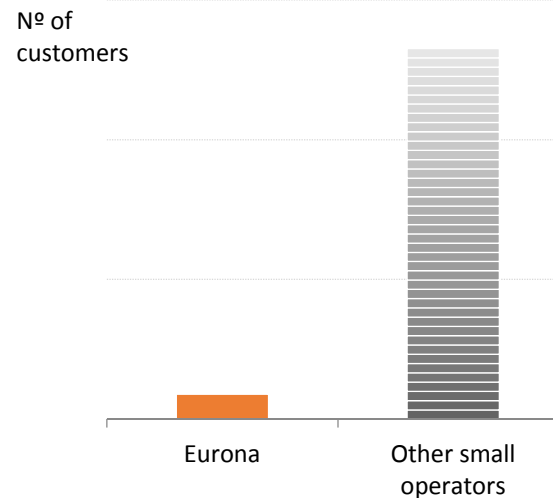grupo eurona telecom

Buy & Build opportunity in a fragmented market

- Eurona is best positioned player to create the leading FWA and WiFi alternative operator in Spain for low-attended markets ("blue oceans"): unique business platform, solid balance sheet and access to capital markets

- Leading position in satellite and room for organic and non-organic growth in non urban areas and public hotspots
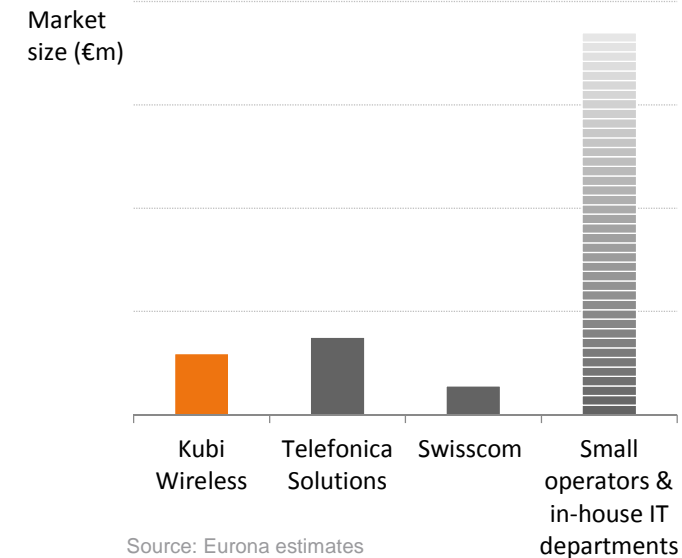
Remote areas (Spain)

Nº of customers

x2

Eurona | Quantis | Other small operators
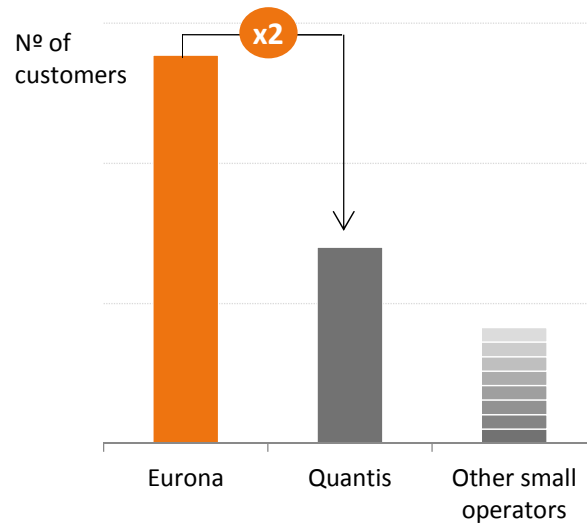
Source: Eurona estimates

Non urban areas (Spain)

Nº of customers

Eurona | Other small operators

Source: Eurona estimates and INE public data

Public hotspots (Spain)

Market size (€m)

Kubi Wireless | Telefonica Solutions | Swisscom | Small operators & in-house IT departments

Source: Eurona estimates

- Successful track-record in integrating smaller local operators
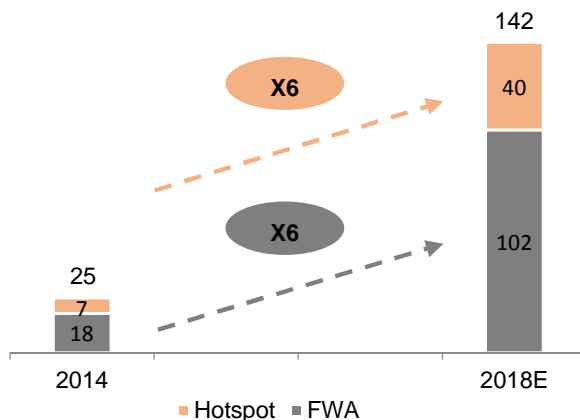
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Promising Business Plan

Eurona is not a start-up business: recurrent EBITDA of c.€3m and positive contribution of each core business line

We expect to achieve >€140m sales by 2018 with strong margins (>30% EBITDA margins) and attractive returns (ROCE > 20%), based on:
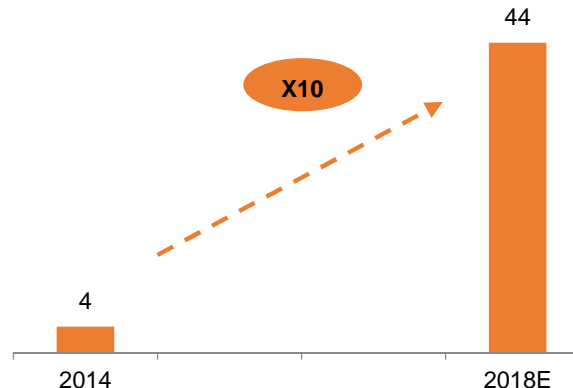
- Strong expansion in 4G at home division with limited capex & above-average EBITDA margins

- Potential opportunity in the Hotspots business to expand in LatAm Hotel resorts (specially in Mexico, Jamaica and Dominican Republic) and consolidate its position in Spain by leveraging current software platform and monetize it through advertising and marketing revenues

- Lead the growing satellite business to B2C in Spain
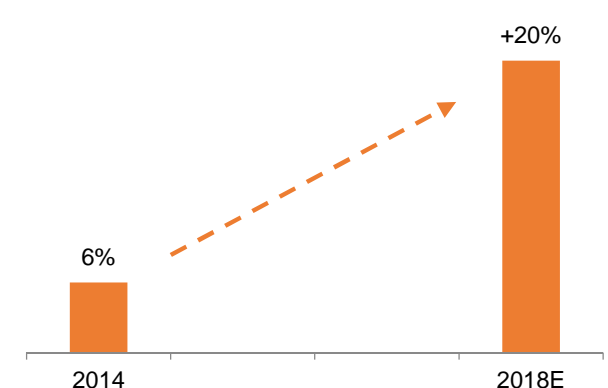
Eurona's Business plan 2014-2018E

Sales growth (2014-2018E)

142
40
X6
X6
102
25
7
18
2014   2018E
■ Hotspot ■ FWA

EBITDA growth (2014-2018E)

44
X10
4
2014   2018E

ROCE (2014-2018E)

+20%
6%
2014   2018E

Source: Eurona estimates

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Additional growth by monetizing our network

Plenty of alternatives to generate additional revenues and increasing margins:
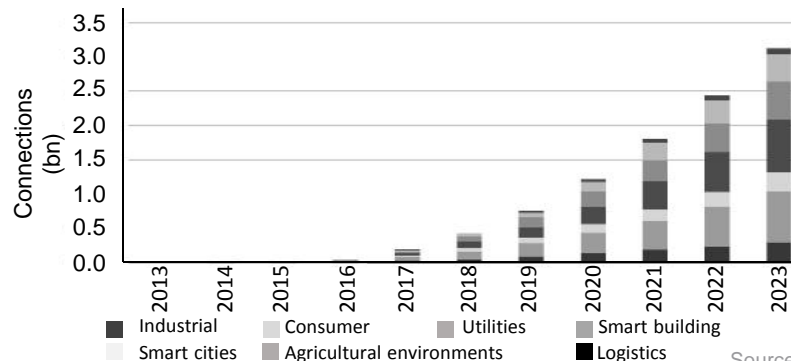
- **Wholesaling our proprietary license of 40Mhz** in the 3.5GHz band in urban areas to large mobile operators which face increasing capacity constraints in their highly saturated bands. In 2014 in Japan, the 3.5GHz band has already been awarded by large mobile operators (i.e. Softbank), pushing mobile manufacturers to release compatible devices (see graph)

- **Eurona Digital:** potential to monetize our WiFi hotspots business by wholesaling marketing data from its networks and promote advertising revenues

- **WiFi roaming & offloading revenues** by renting our hotspots network to leading telecom operators which provide WiFi connectivity to their customers

- **Internet of things (IofT):** strong opportunity to rent our hotspot network or 40Mhz license and providing management services of IofT connections

Total number of devices compatible with 3.5Ghz band
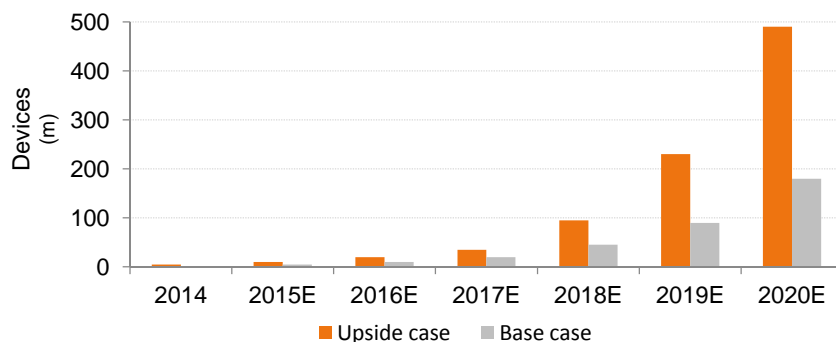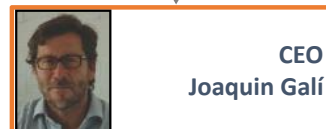

Source: GTI report
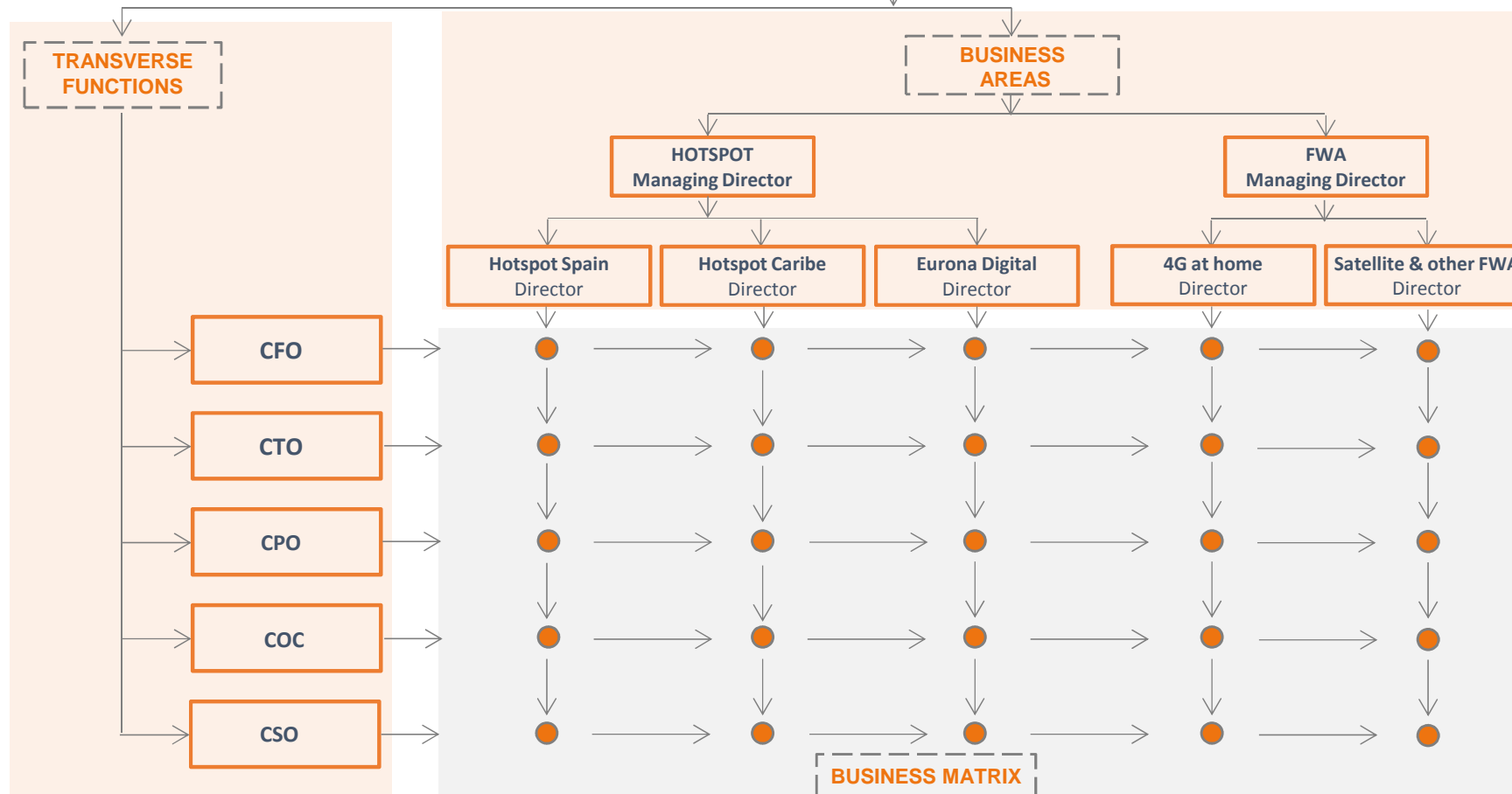
IofT: low-power wide area (LPWA) connections

Source: Analysys Mason

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Experienced management team

- A multi-disciplinary, young, highly complementary team with strong track-record and experience

CHAIRMAN
Jaume Sanpera
Business Development & Corporate Relationship

CEO
Joaquin Galí

- Matrix structure which favors know-how transfer and the integration of the different business areas

TRANSVERSE FUNCTIONS

BUSINESS AREAS

HOTSPOT
Managing Director

FWA
Managing Director

| Hotspot Spain Director | Hotspot Caribe Director | Eurona Digital Director | 4G at home Director | Satellite & other FWA Director |

CFO

CTO

CPO

COC

CSO

BUSINESS MATRIX

Transverse functions: CFO (Financials); CTO (Technology); COC (Customers); CPO (Product); CSO (Systems)

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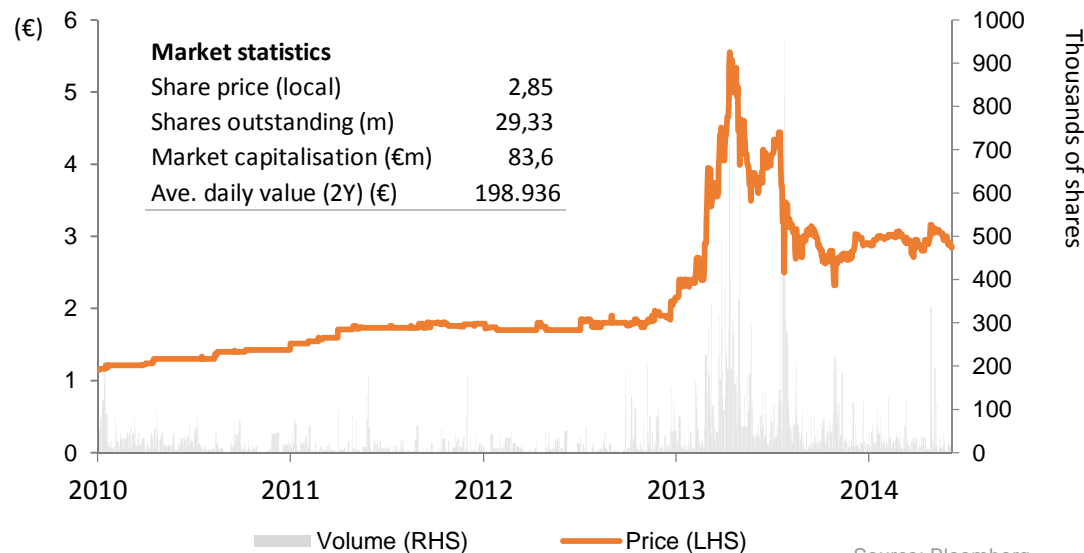# Corporate Governance to replicate best practices in regulated stock markets

- Despite being listed in a non-regulated stock market (MAB), Eurona is committed to set up the Corporate Governance standards of companies listed in main European Stock Markets

- Within year 2015, Eurona will take the following initiatives:

  - Reduce executive board members from 4 to 2 (chairman & CEO) to reinforce the separation of management and board functions: already executed

  - Entry of 3 new independent directors with strong sector background to reinforce decision making process and support strategic growth ambition

  - Reduce board members from 10 to 7 (2 executives, 2 shareholder representatives and 3 independents) to improve efficiency in strategic discussions and decisions making process

  - Reinforcement of the Audit and Remuneration Committee and creation of a new Strategic Committee (chaired by independent directors)
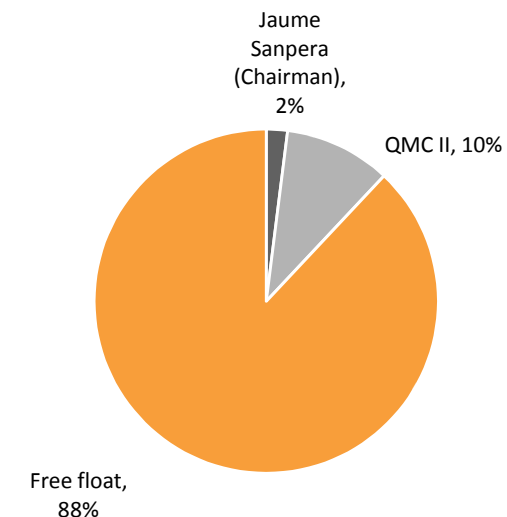
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Attractive shareholder structure

- **Significant shareholder free float** (88% of the capital)

- **Presence of a relevant friendly activist institutional investor, QMC II fund** (managed by N+1 AM), with c.10% of the capital

- **Independent altnet operator**, without an industrial shareholder which could limit our strategy

- **Strong alignment of interests between management and shareholders** through an attractive long term incentive plan linked to both share price performance and growth

- One of the listed companies in the MAB with higher **stock market liquidity** (average traded daily volume of €200k over the last 2 years)

Share price performance since IPO

Market statistics	
Share price (local)	2,85
Shares outstanding (m)	29,33
Market capitalisation (€m)	83,6
Ave. daily value (2Y) (€)	198.936

Volume (RHS)   Price (LHS)

Source: Bloomberg

Shareholder structure

Jaume Sanpera (Chairman), 2%

QMC II, 10%

Free float, 88%

Source: Public information data

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