

MÁSMÓV!L

European Midcap Event "Spring"

Madrid, June 2016

PAVING THE PATH FOR GROWTH

- **Introducing MASMOVIL**
- **Competitive landscape**
- **First value creation opportunity: Broadband and Convergency**
- **Second value creation opportunity: Pepephone & Yoigo**

MASMOVIL at a glance

| | | |
|---|--|--|
| 1 | One of the fastest growing operators in the Spanish market | 950k residential ¹ & 25k business clients €141m revenue ² |
| 2 | Evolving from MVNO to fully integrated operator through a targeted M&A strategy | 10 companies acquired in the last 24 months |
| 3 | Proven experience in broadband services and fiber deployment | 25k ADSL customers 100k FTTH rollout plan pre-remedies |
| 4 | A market challenger with unparalleled customer service | 1GB for 5€/month 95% customer satisfaction |
| 5 | Sound financial structure with strong shareholder commitment | €235m market cap +66% growth in 2015 |
| 6 | Experienced management team and strong corporate governance practices | Team members from Ono, Jazztel, Vodafone and Orange |

Source: MASMOVIL

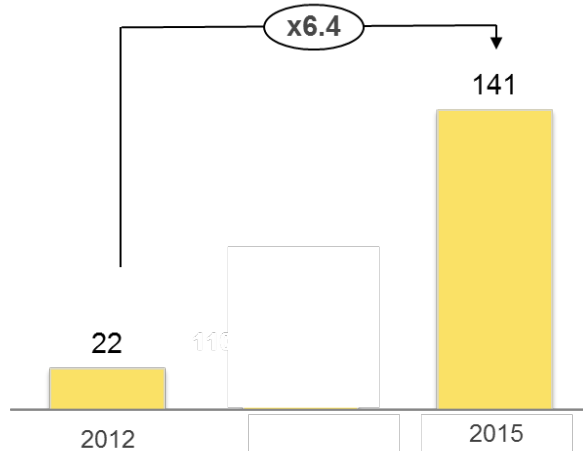
¹ 450k mobile customers and 500k VoIP customers

² 2015E pro-forma results (incl. NEO and Embou)

One of the fastest growing operators in the Spanish market

Revenue evolution¹

Amounts in € millions

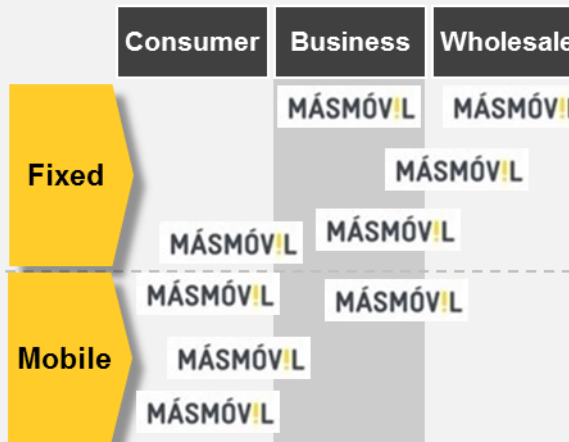


Revenues multiplied by 6.4 in 3 years
(based on a comprehensive offering)

¹ 2015 pro-forma revenues include full year results from Neo and Emi

Build-up phase

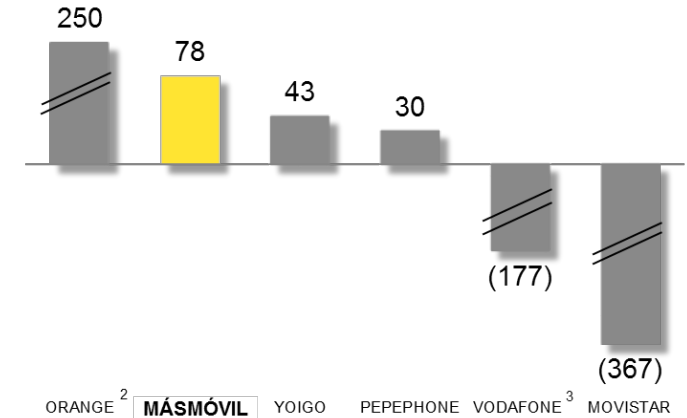
From MVNO to integrated telco through a targeted M&A strategy



- ✓ 10 companies acquired and successfully integrated in the last 24 months
- ✓ Unique alternative player with a multi-segment marketing approach and national coverage

Net portability balance 2015 (mobile)

Thousands of lines



Net portability leader in 2015
(right behind Orange Group)

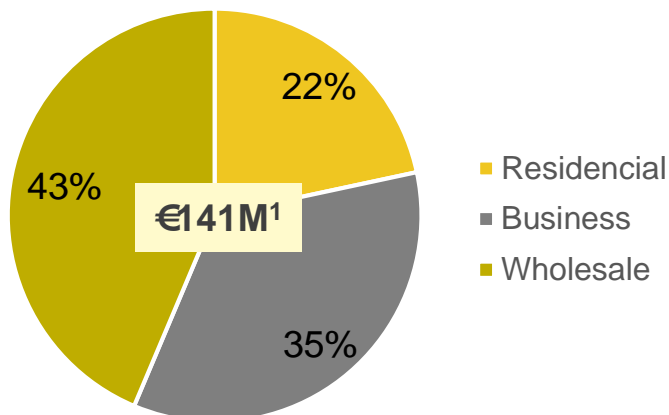
² Orange Group of brands results (Orange brand standalone -181k)

³ Vodafone Group of brands results (Vodafone brand standalone -265k)

With a well-diversified source of revenues and EBITDA

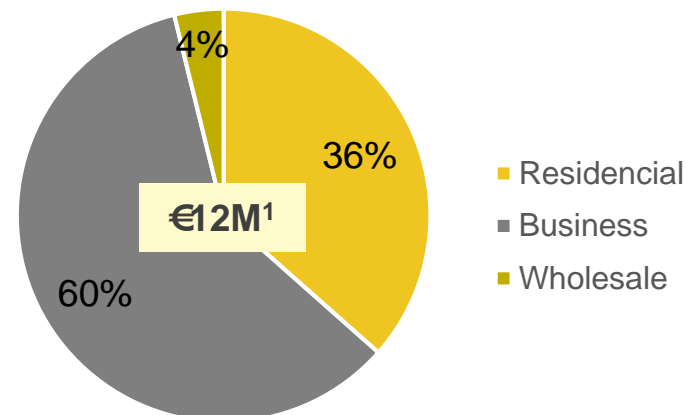
Revenue breakdown by segment

% revenues



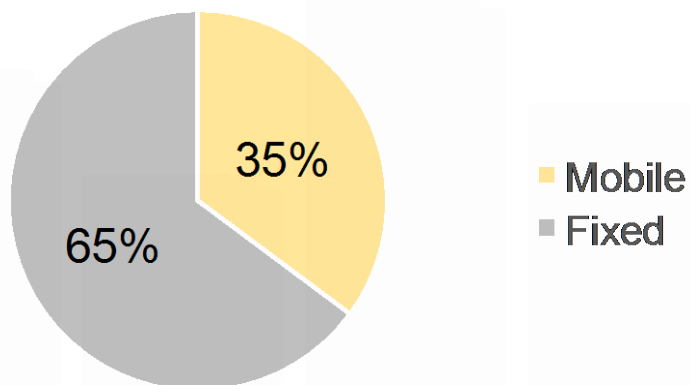
EBITDA breakdown by segment

% EBITDA



Revenue breakdown by service²

% service



Comments

- The **Residencial** and **Business** segments account for 57% of the revenues but 96% of the EBITDA
- Business segment gross margin percentage is around 70%, Residential c50% and Wholesale below 5%
- Mobile services account for 35% of the revenues (excluding wholesale)

¹ 2015 pro-forma Revenue and EBITDA include full year results from Neo, Embou and Youmobile

² Wholesales revenues not included

Achieving all targets in 2015

MASMOVIL has reached its financial and operative targets

**Achieving all
target**

Financial Targets¹

KPI

Achievement

| | | |
|-----------------|----------|--------|
| • Revenues | 141 M€ ➡ | 100% ✓ |
| • Gross Profit | 48 M€ ➡ | 100% ✓ |
| • EBITDA | 12 M€ ➡ | 107% ✓ |
| • EBITDA Margin | 8,5% ➡ | 108% ✓ |

Operative Targets

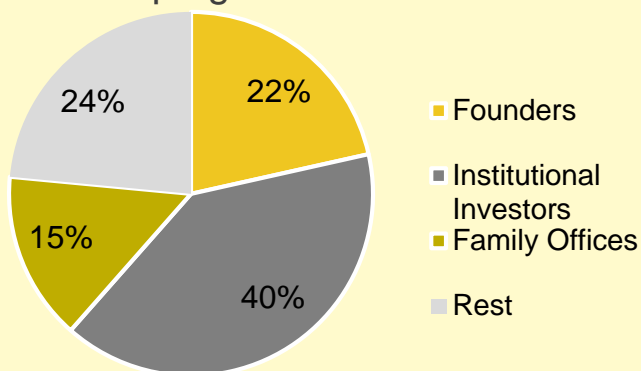
| | |
|---|---|
| • Successful integration of acquisitions | ✓ |
| • Management structure consolidated | ✓ |
| • Infrastructure divisions in place and audited | ✓ |
| • Broadband launching plan ongoing | ✓ |
| • Progressive improvement in all divisions | ✓ |

¹ Data proforma without Youmobile

MASMOVIL shows a sound financial structure and a strong shareholder commitment

Sound financial structure

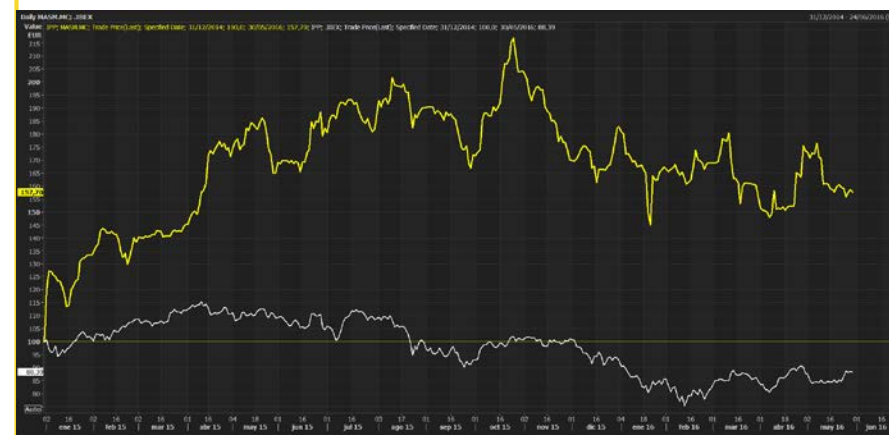
- **Successful fundraising strategy** with more than €70m raised in the last 15 months:
 - €25m capital increase in July 2014
 - €27m senior bond issue in June 2015
 - €21m capital increase in July 2015
- **Strong cash** position (€31.6m, June 2015)
- **Low leverage** ratio (Net debt/EBITDA: 2x)
- Strong **shareholder commitment** with a recent lock-up agreement



Shareholders with more than 5% stake or BoD presence: 53%; Free float 47%

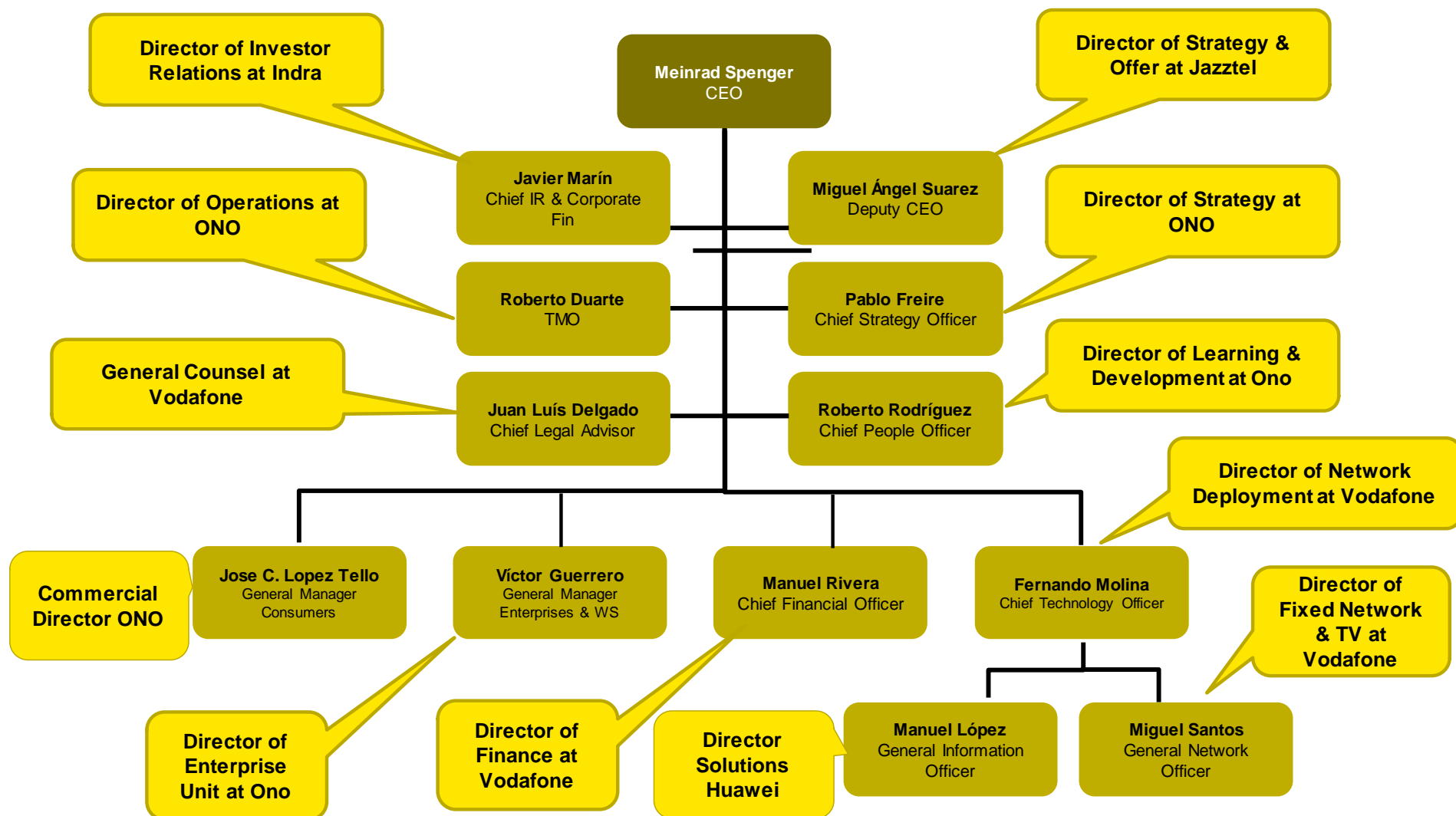
Consistent stock performance

- Admission to trading in March 2012
- Spanish MaB's **largest company**
- Market capitalization: **€225m**
- Share price **growth** of +82% in 2015, outperforming IBEX



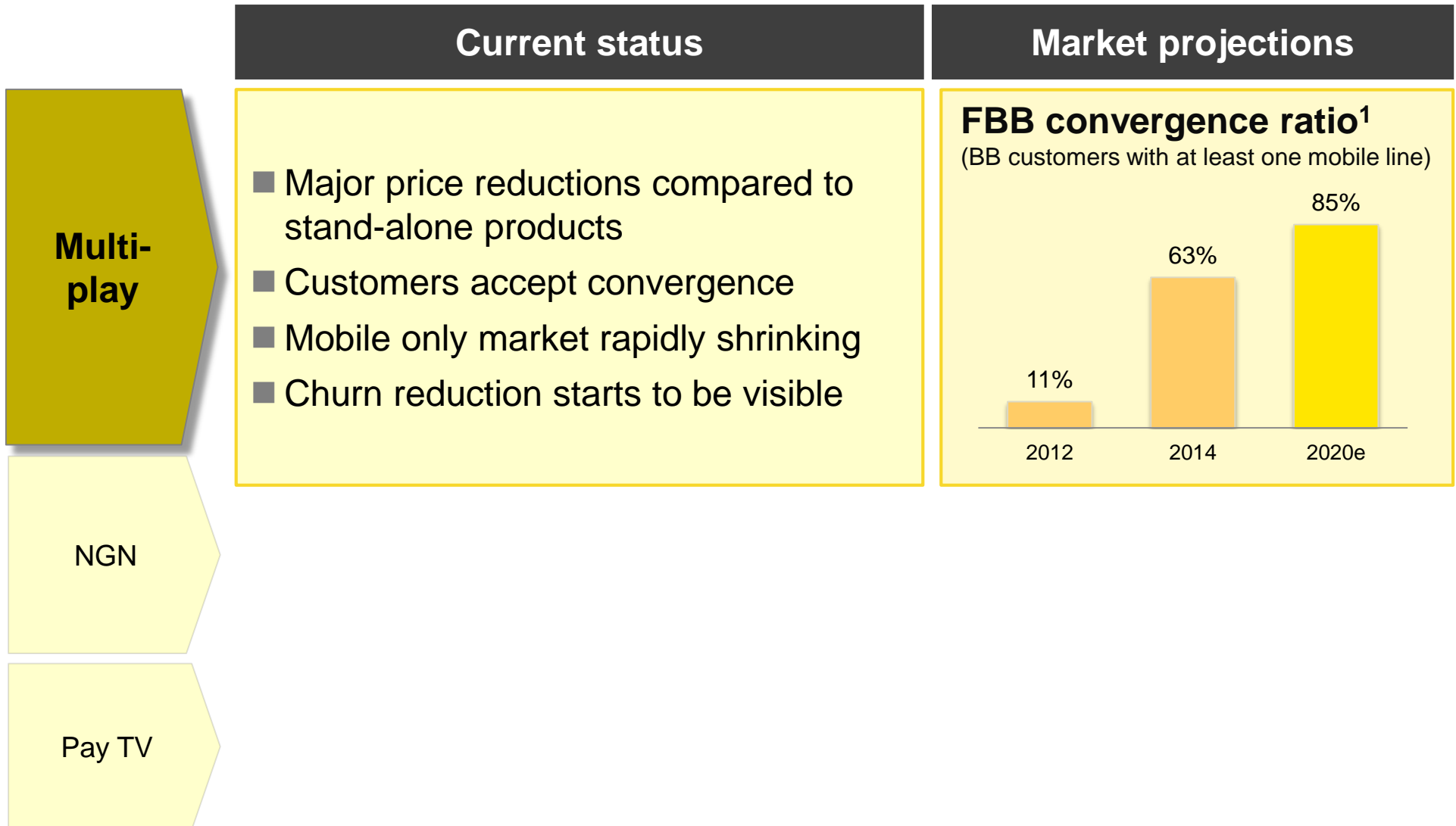
MASMOVIL has strengthened its executive team and governance to face the new massive broadband business opportunity

Experienced management team



- **Introducing MASMOVIL**
- **Competitive landscape**
- **First value creation opportunity: Broadband and Convergency**
- **Second value creation opportunity: Pepephone & Yoigo**

Convergence, NGN fast deployment and Pay TV growth are driving the Spanish Market

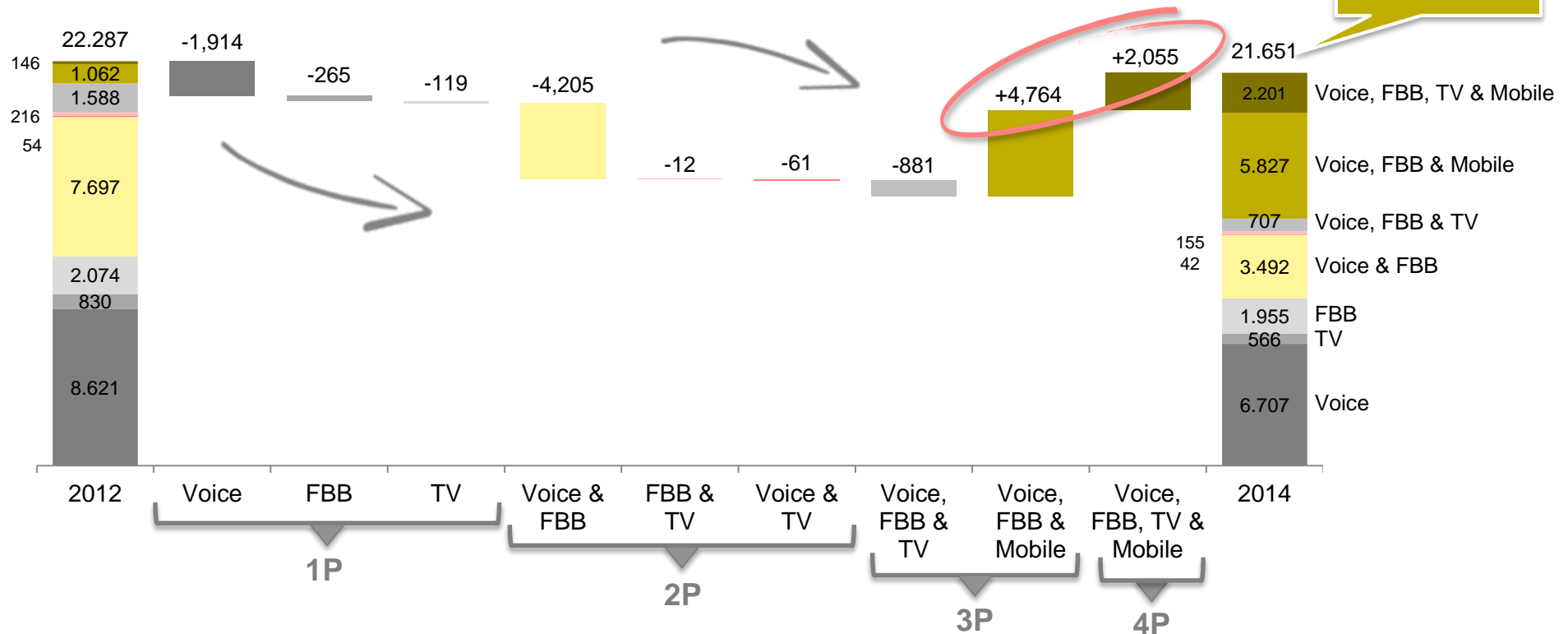


¹ Source CNMC Quarterly Report Q4 2014

The Spanish Market moves quickly towards convergence...

Service bundling evolution 2012-2014

Amounts in thousands of services



- Customers abandon single services (-20%) and traditional 'Voice & FBB' and 'Voice, FBB & TV' bundles (-55%) to embrace the new convergent bundles (x6.6)
- Almost 7 million customers have moved to convergent bundles since 2012

...with “mobile only” players having its own space, but the real potential hidden under a convergent option

| | 2012 ¹ | 2015 ¹ | ... | 2020e ² | |
|-------------------------------|------------------------------|------------------------------|-----|------------------------------|---|
| FBB convergent customers % | 11% | 91% | ... | 95% | ↑ |
| #SIM/ FBB customer | 1.2 | 1.5 | ... | 1.8 | ↑ |
| SIMs in bundles (millions) | 1.8M | 15.2M | ... | 23.7M | ↑ |
| Mobile only market (millions) | 38.1M (o/w 17.8 pre paid) | 25.5M (o/w 13.9 pre paid) | ... | 19.1M (o/w 10.7 pre paid) | ↓ |

¹ Source CNMC Quarterly Report Q4 2014 and MASMOVIL estimates. Business customers not included.

² An assumption is made that the total number of SIMs remains flattish (+1% CAGR 2015-2020) and FBB grows at +4.4%

Convergence, NGN fast deployment and Pay TV growth are driving the Spanish Market

Current status

Market projections

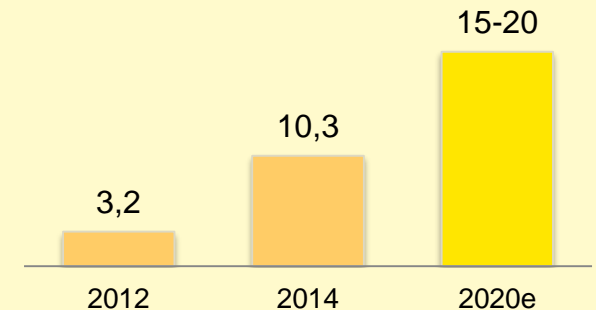
Multi-play

NGN

Pay TV

- Aggressive rollout of FTTH: more than 5¹ million new homes passed in 2014
- Significant network overlap: rollout concentrated in major cities
- 4G/LTE coverage reaches 76%¹ of the population (up from 48% in 2013)

Incumbent FTTH footprint² (M BUs)

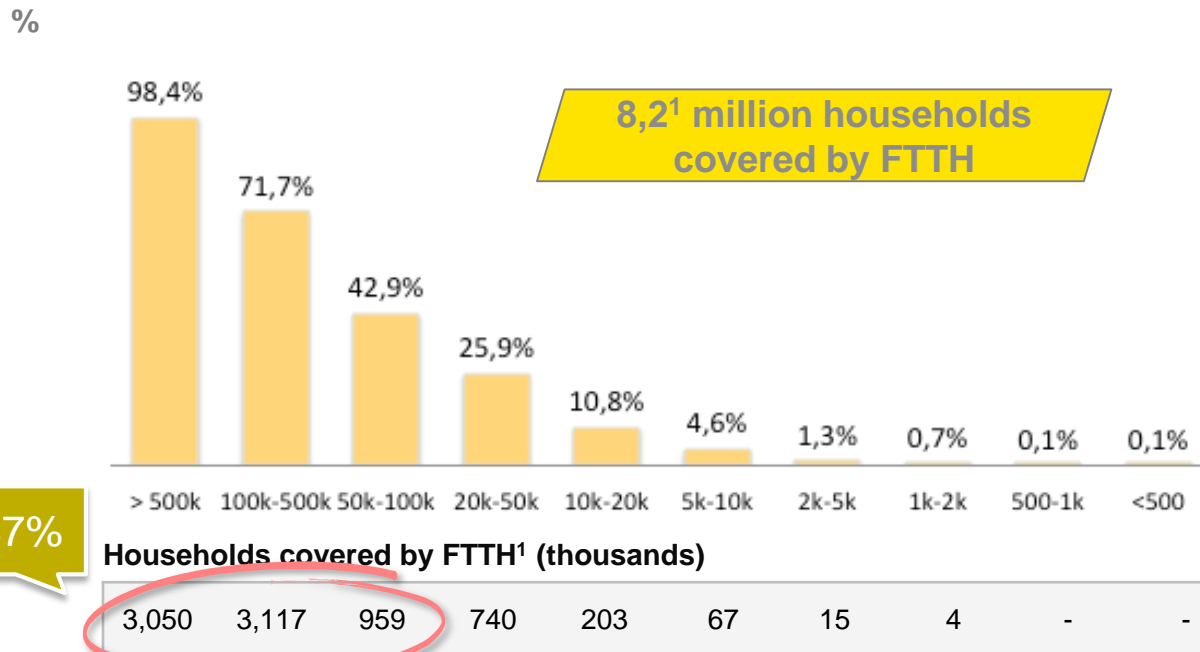


¹ Source CNMC Quarterly Report Q4 2014

² Source Telefonica Quarterly Reports

The main players are all investing in the same areas of big cities MÁSMÓVIL

FTTH network coverage by municipality size 2014¹



Operators rollout plans²

Million Building Units (BUs)

| | 2014 | 2017 |
|-------------------|-------------|--------------|
| Telefonica | 10,1 | 15-20 |
| Jazztel | 3.1 | - |
| Vodafone | 0.8 | 10 |
| Orange | 0.8 | 10 |
| Others | 0.6 | - |
| Total FTTH | 15.4 | 35-40 |
| Ono (HFC) | 7.3 | - |

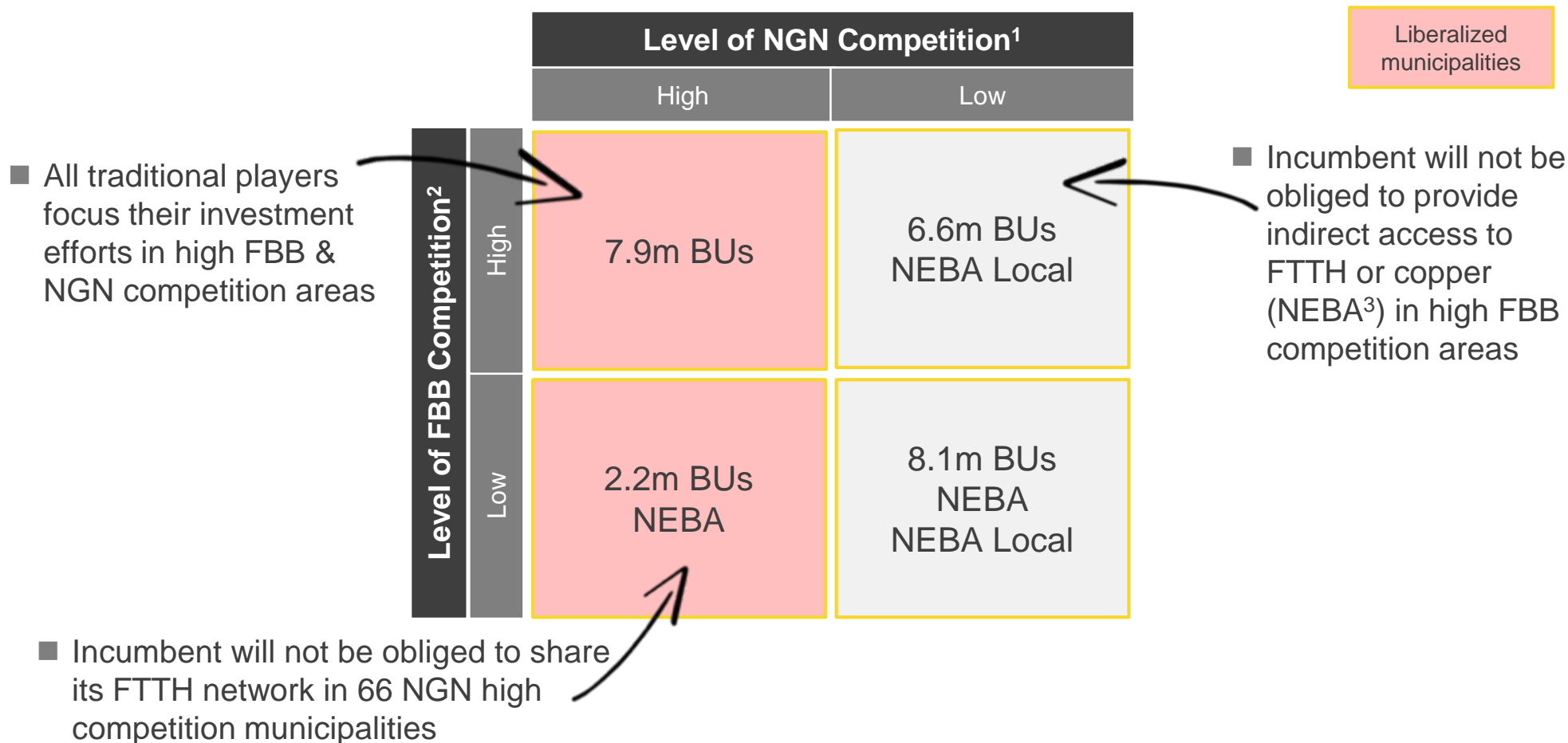
- Operators have reported 15,4¹ million building units covered by FTTH networks by the end of 2014, equivalent to 8,2¹ million households without network overlaps
- 87% of the households covered by FTTH are located in big cities (>50k inhabitants)
- Jazztel's network footprint is highly overlapped with Telefonica's and Vodafone's with Orange's (0.8M)

¹ Source "Broadband Coverage in Spain Report 2015", by SETSI (Ministry of Industry) – See Annex 4

² Source CNMC and declarations to the media

Current dynamics will accelerate the “digital divide” in Spain with all players trying to cover high competition areas

New regulatory framework for broadband markets



¹ Assumption on high NGN: more than three New Generation Networks (NGNs) covering more than 20% of the households individually

² High FBB (fixed broad band): at least two alternative operators with >10% market share each and Telefonica with <50% market share

³ NEBA - Telefonica's reference offer for indirect access to Fibre and Copper

⁴ NEBA Local - Telefonica's reference offer for direct access to Fibre

Convergence, NGN fast deployment and Pay TV growth are driving the Spanish Market

Current status

Market projections

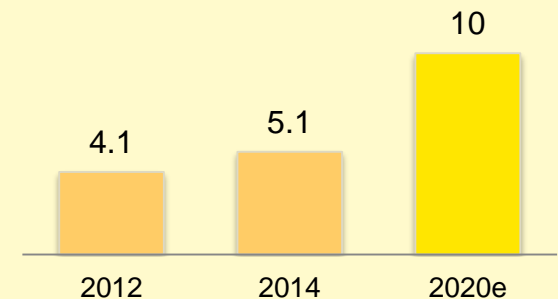
Multi-play

NGN

Pay TV growth

- Incumbent betting hard on premium content and own productions
- 4P bundles more than tripled in 2014
- Netflix launched in October 2015

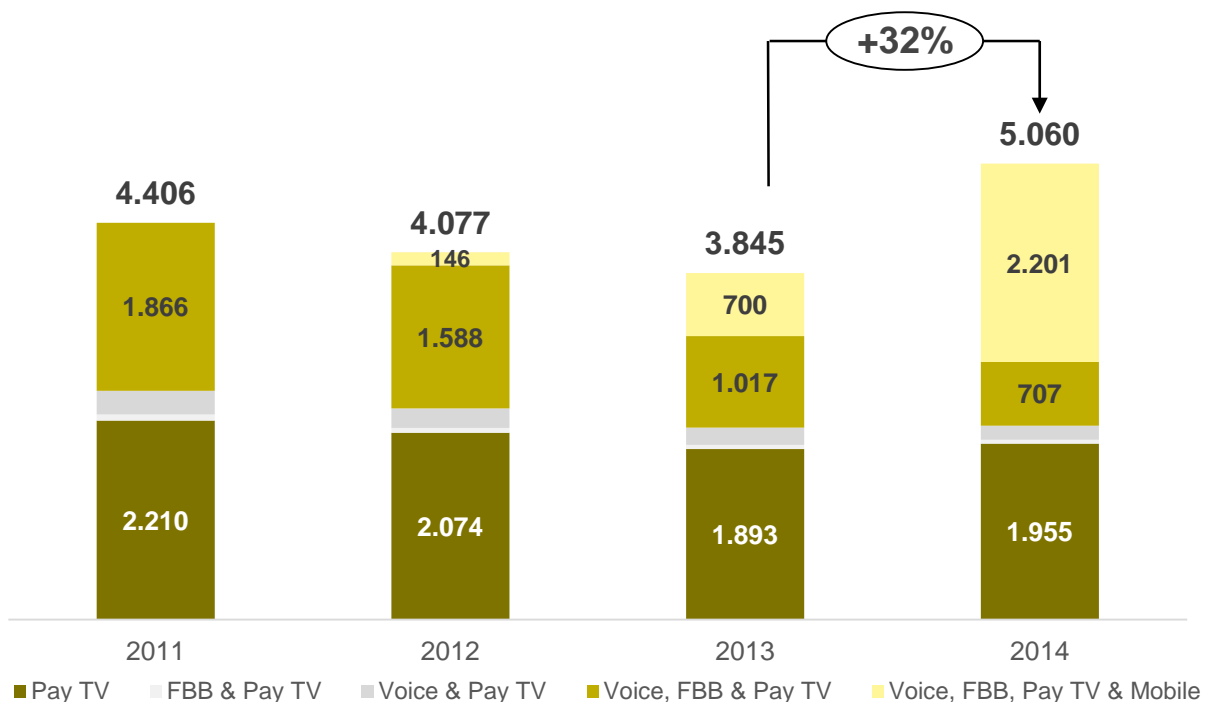
Pay TV subscriptions¹ (M)



¹ Source CNMC Quarterly Report Q4 2014 and Telefonica's declaration to the media

Pay TV bundles evolution 2011-2014

Amounts in thousands









Key developments

- Incumbent:
 - Acquisition of premium content (football, F1, Moto GP)
 - Launch of “Movistar series” (Dec’14)
 - Acquisition of Canal+ (Apr’15)
 - Acquisition of La Liga football rights for €600m (Jul’15)
- Vodafone and Orange launch aggressive football promotions (Liga+ Champions)
- Netflix launched in October

- Vodafone has reached an agreement with TiVo to enhance the smart TV service of ONO
- Orange is offering TV as an add-on to any of its bundles

Margin pressure boosted by convergence, ARPU reductions and need for strong BB presence has led to market consolidation...

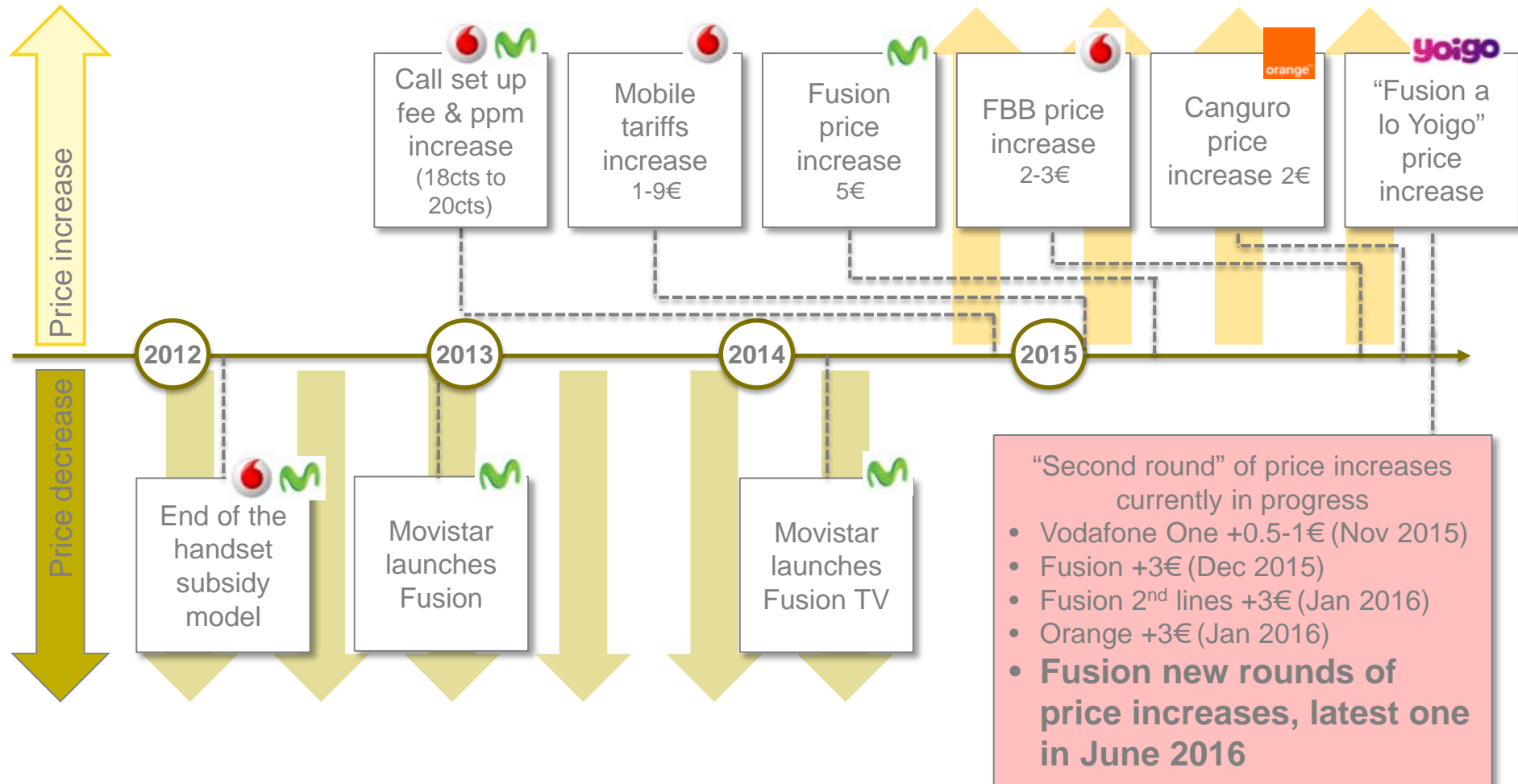
| | Company | Buyer | Valuation ¹ | Acquisition rational | Mkt Share ² |
|------------|---|--|------------------------|--------------------------------------|------------------------|
| Multi-play |  |  | €7,2bn | Access to HFC ³ footprint | 21 % FBB |
| NGN |  |  | €3,4bn | Access to FTTH footprint | 27 % FBB |
| Pay TV |  |  | €1,2bn | Access to premium content | 71% Pay TV |

¹ Source Companies' press releases

² CNMC Quarterly Report Q4 2014 – Customer market share

³ HFC = Cable

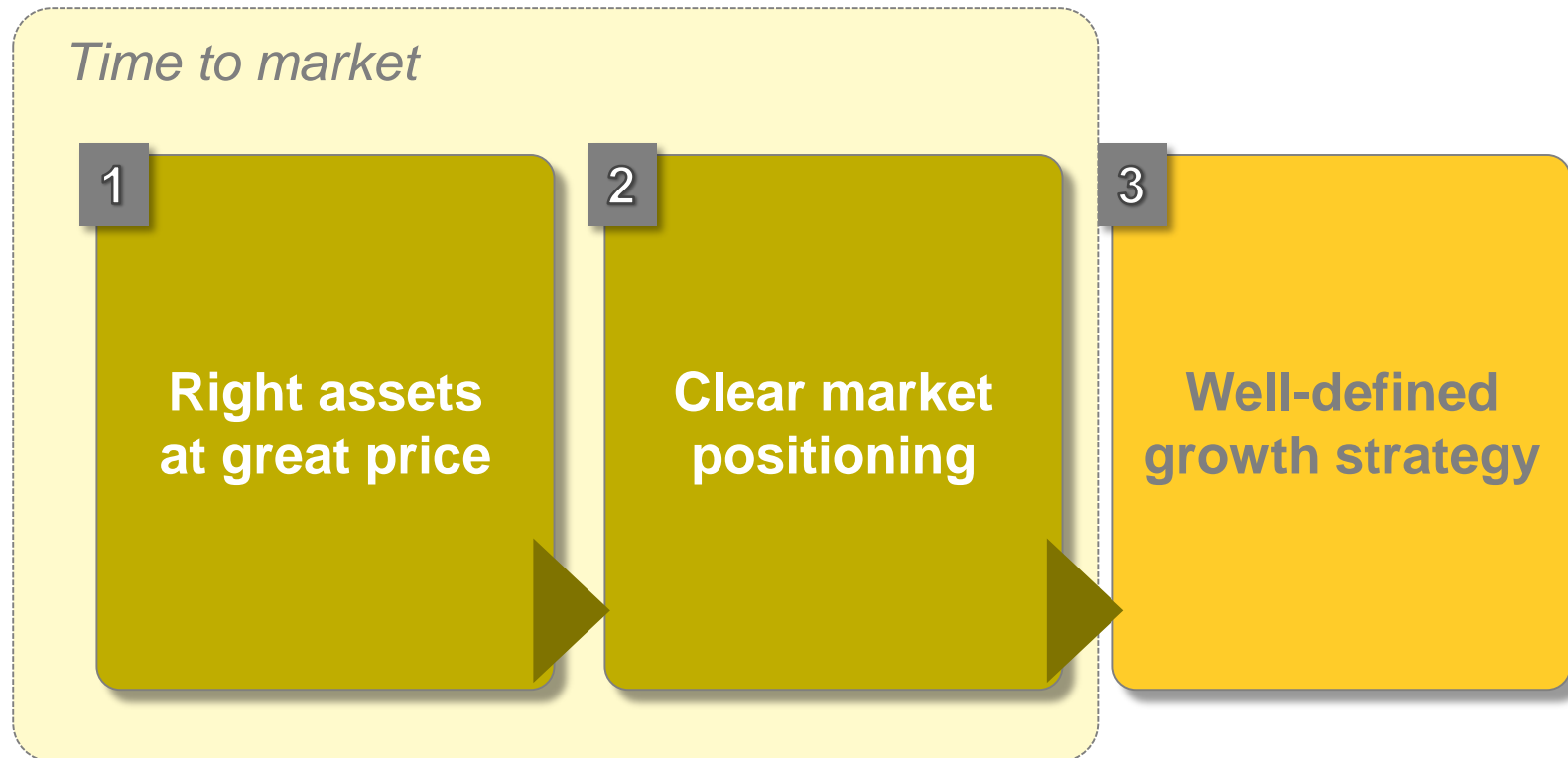
... and lower competition is leading to higher prices for consumers



- **Introducing MASMOVIL**
- **Competitive landscape**
- **First value creation opportunity: Broadband and Convergency**
- **Second value creation opportunity: Pepephone & Yoigo**

Value creation opportunity for MASMOVIL

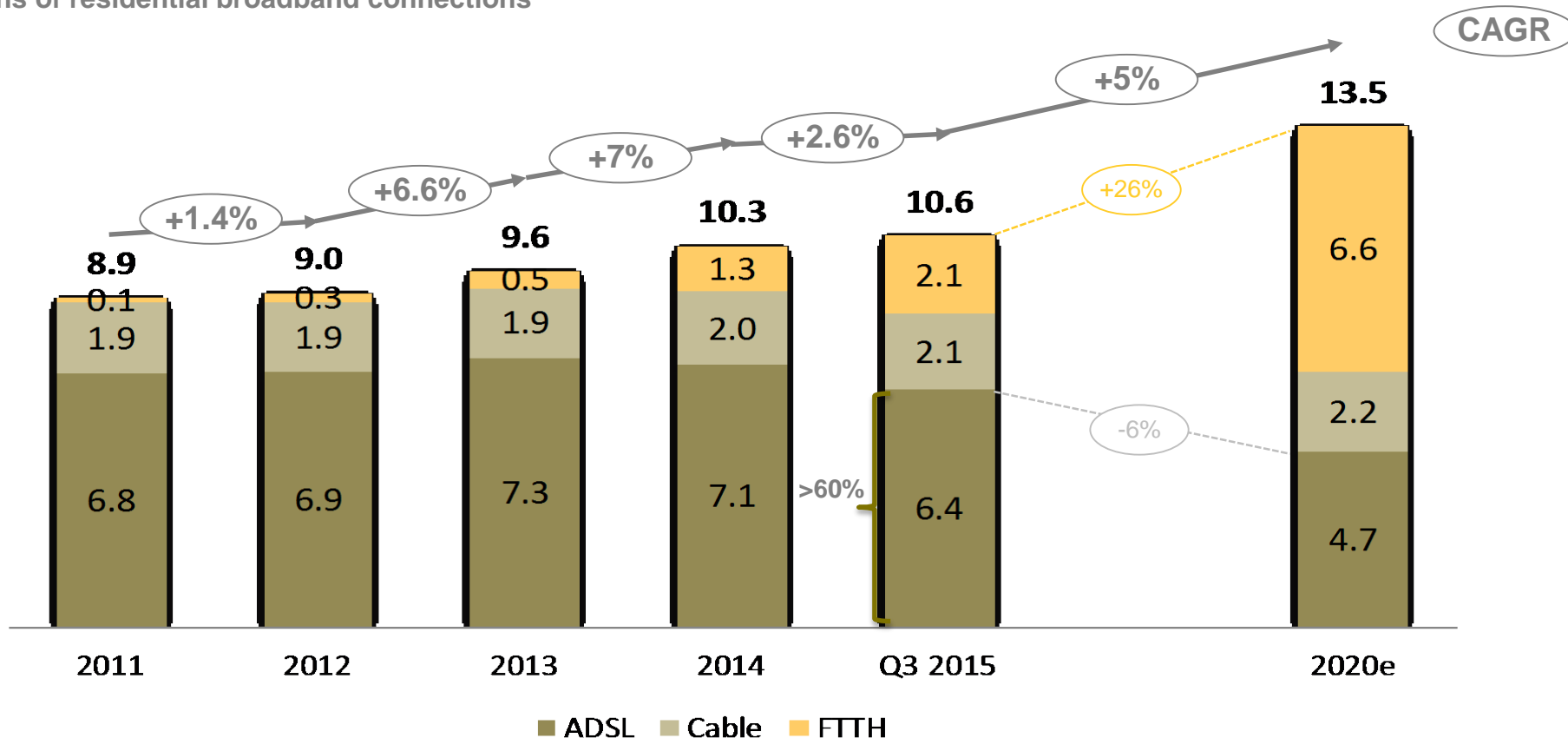
The Spanish broadband penetration is still lagging behind EU28 average, the broadband market is growing at a fast pace and it is expected to continue growing in the next years



The timing to jump into the BB arena is right. There is plenty of room for growth in a market expanding by 5% p.a. to 2020

The market keeps growing

Millions of residential broadband connections (EoP)



■ ADSL will be gradually replaced by New Generation Networks (NGNs) in the coming years but it will be still a relevant access technology

Value creation opportunity for MASMOVIL

The Spanish broadband penetration is still lagging behind EU28 average, the broadband market is growing at a fast pace and it is expected to continue growing in the next years



The remedies, unique assets to overcome barriers to entry the Telecoms Industry

Barriers that restrict entry

- The **high fixed costs** and the existence of **economies of scale**, imply that a new entrant must serve a large share of the market to be profitable

- The remedies allow MASMOVIL to deploy its network at **a fraction of the cost** of traditional players
- Most of the LLU costs are **variable** and comparable to an incumbent player

MASMOVIL does not need a large number of customers to be profitable

Barriers that slow entry

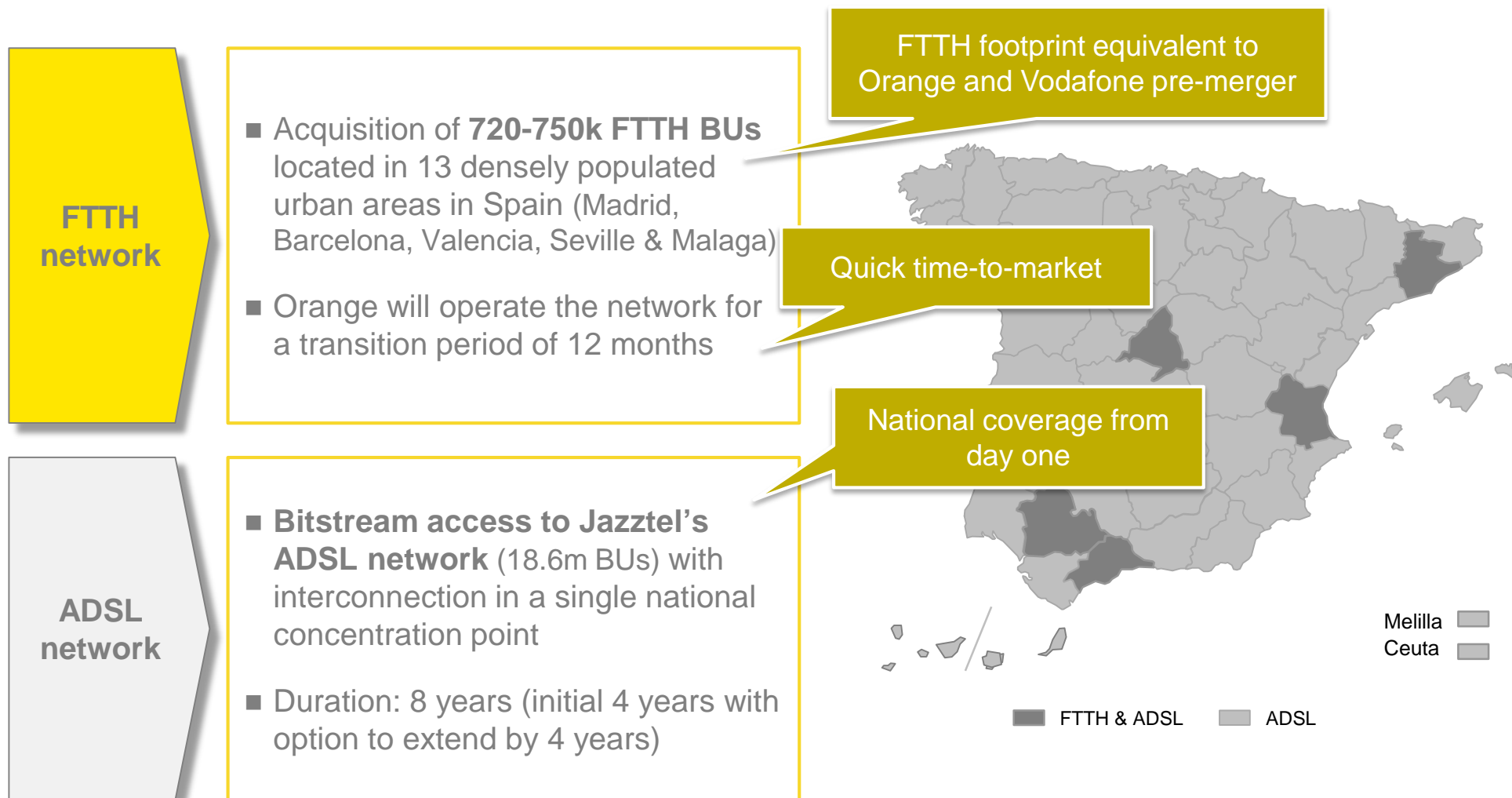
- Deploying a telecommunications network with national coverage **takes a lot of time**
- Developing the operational skills needed to manage complex networks is a **long process**

- MASMOVIL will have access to **720-750k FTTH BUs** and **national coverage** with LLU from day one
- Orange will operate the network for a transition period of 12 months if needed

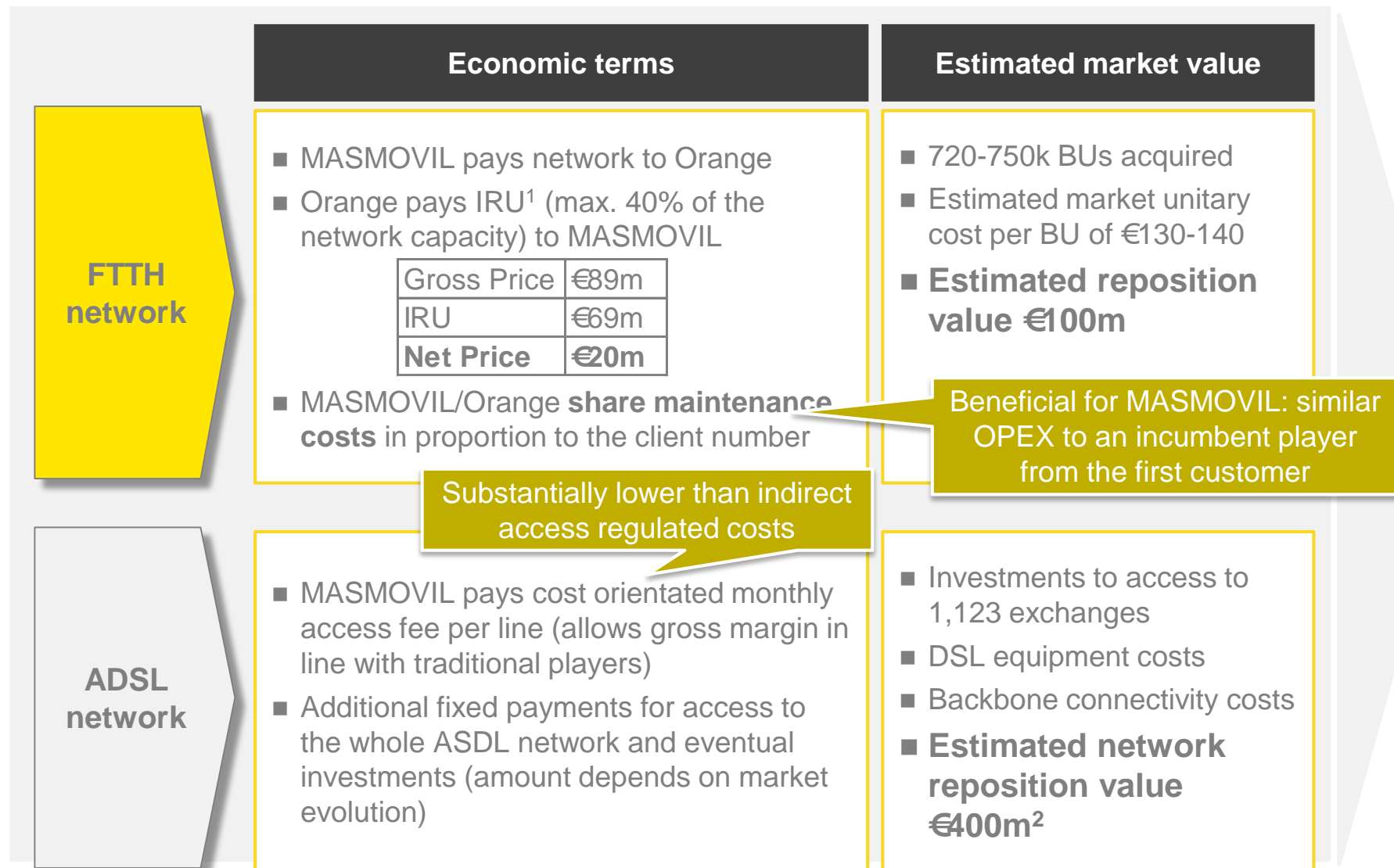
MASMOVIL will be ready to compete as equals from day one

The remedies ensure that MASMOVIL has the right assets to compete effectively in the Spanish broadband market...

MASMOVIL's FTTH and xDSL footprint on day one



... reaching national coverage in fixed and mobile services from day one at an attractive price



¹ IRU (indefeasible right of use) for 35 years

² Source: El Economista and Expansión (27/07/15)

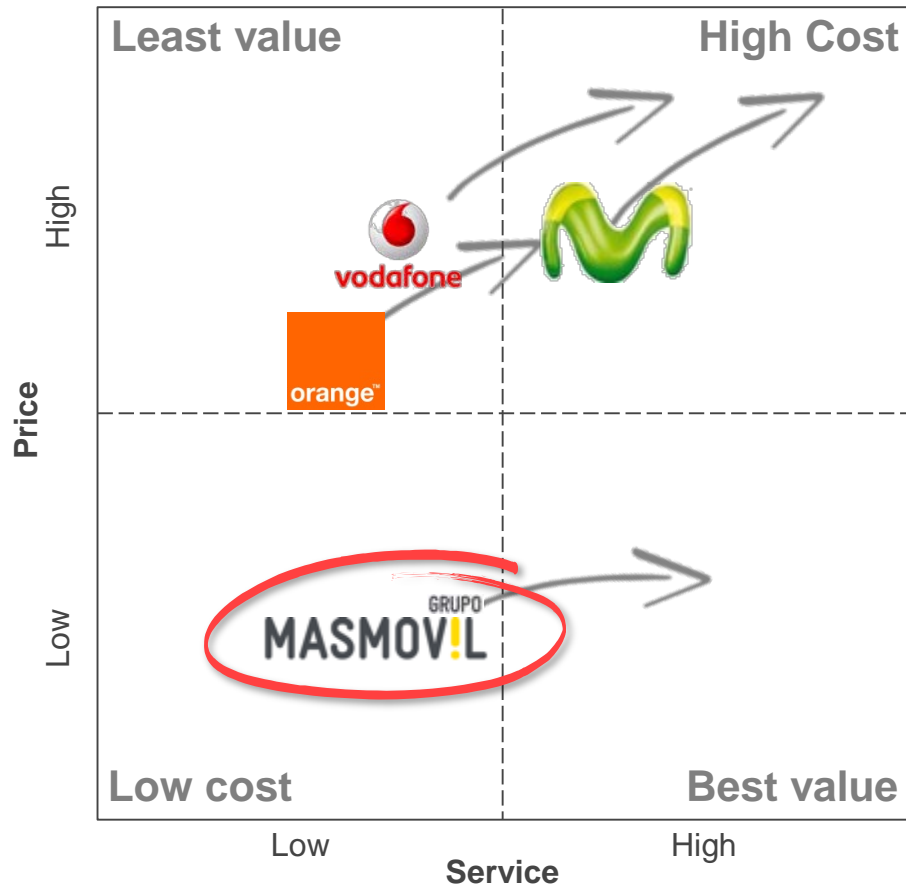
Value creation opportunity for MASMOVIL

The Spanish broadband penetration is still lagging behind EU28 average, the broadband market is growing at a fast pace and it is expected to continue growing in the next years



Major players trying to compete for the price premium space. MASMOVIL with opportunity to occupy the “value for money” throne

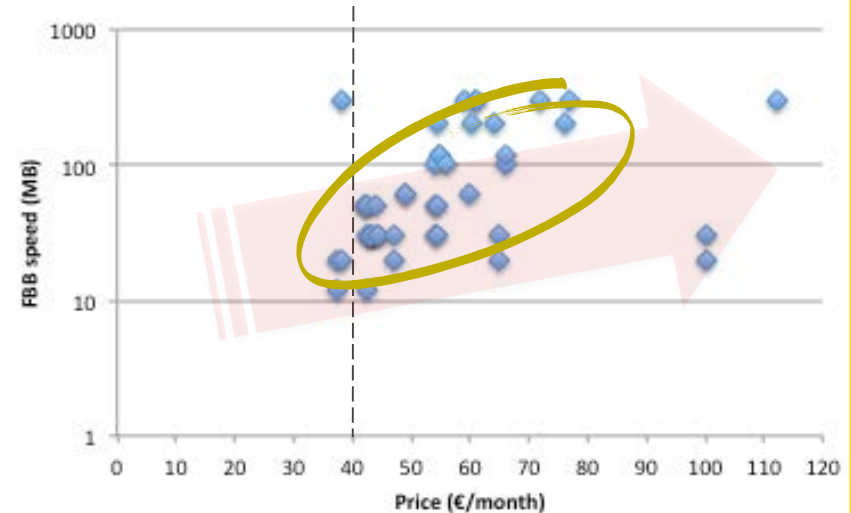
Telco market value matrix



Market dynamics

- Market changes drive prices up
- Heavy structural costs and investments in NGN will force traditional players to focus in the high end of the price spectrum to accelerate investment recovery

Price points analysis (Jun 2015)



Value creation opportunity for MASMOVIL

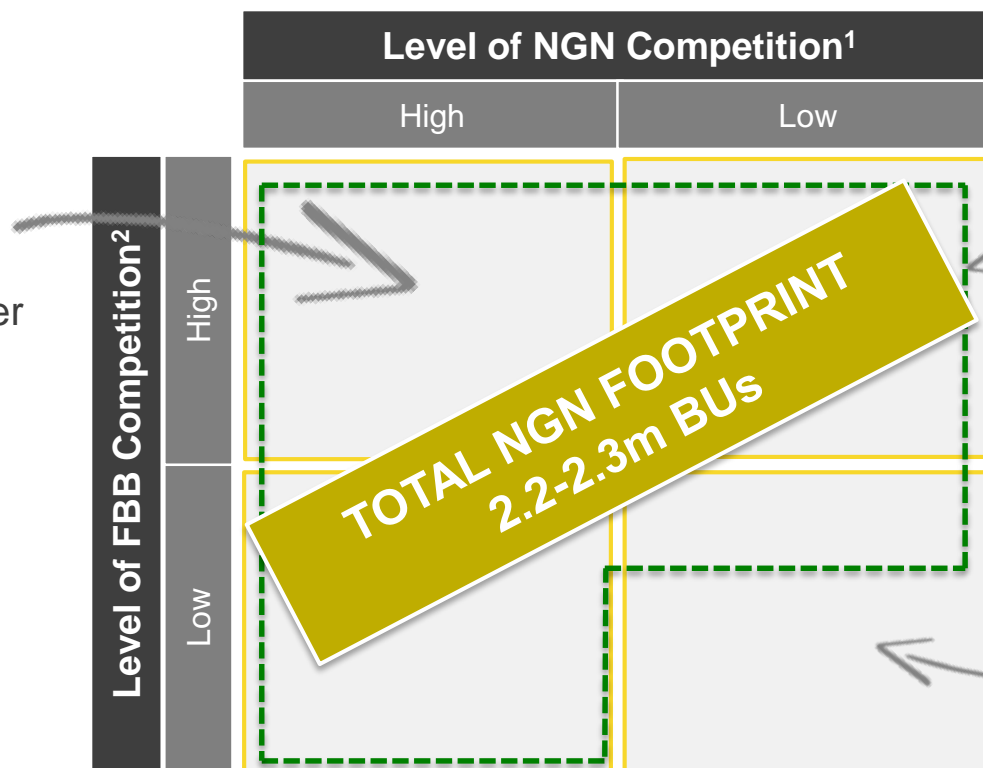
The Spanish broadband penetration is still lagging behind EU28 average, the broadband market is growing at a fast pace and it is expected to continue growing in the next years



MASMOVIL will expand its NGN footprint through co-investment agreements and its own deployment

FTTH footprint 2018

- BU's acquired through the remedies plus development of FTTH network under co-invest approach



- MASMOVIL with bitstream access to Jazztel's xDSL network (**18.6m lines**) to compete on a national basis from day one

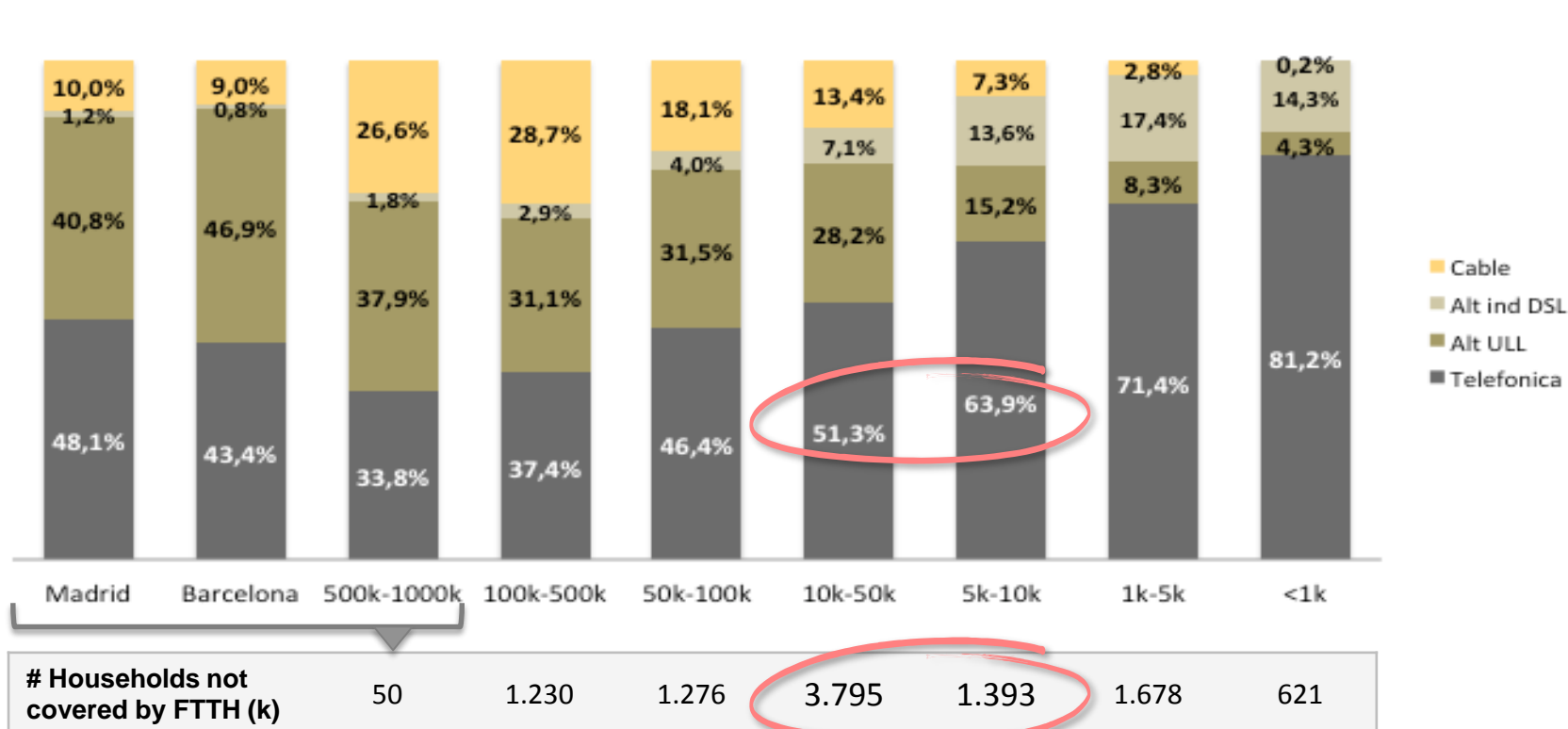
- MASMOVIL will rollout 500k FTTH BUs on its own in low competition areas

¹ Assumption on high NGN: more than three New Generation Networks (NGNs) covering more than 20% of the households individually

² High FBB: at least two alternative operators with more than 10% market share each and Telefonica holding less than 50% market share

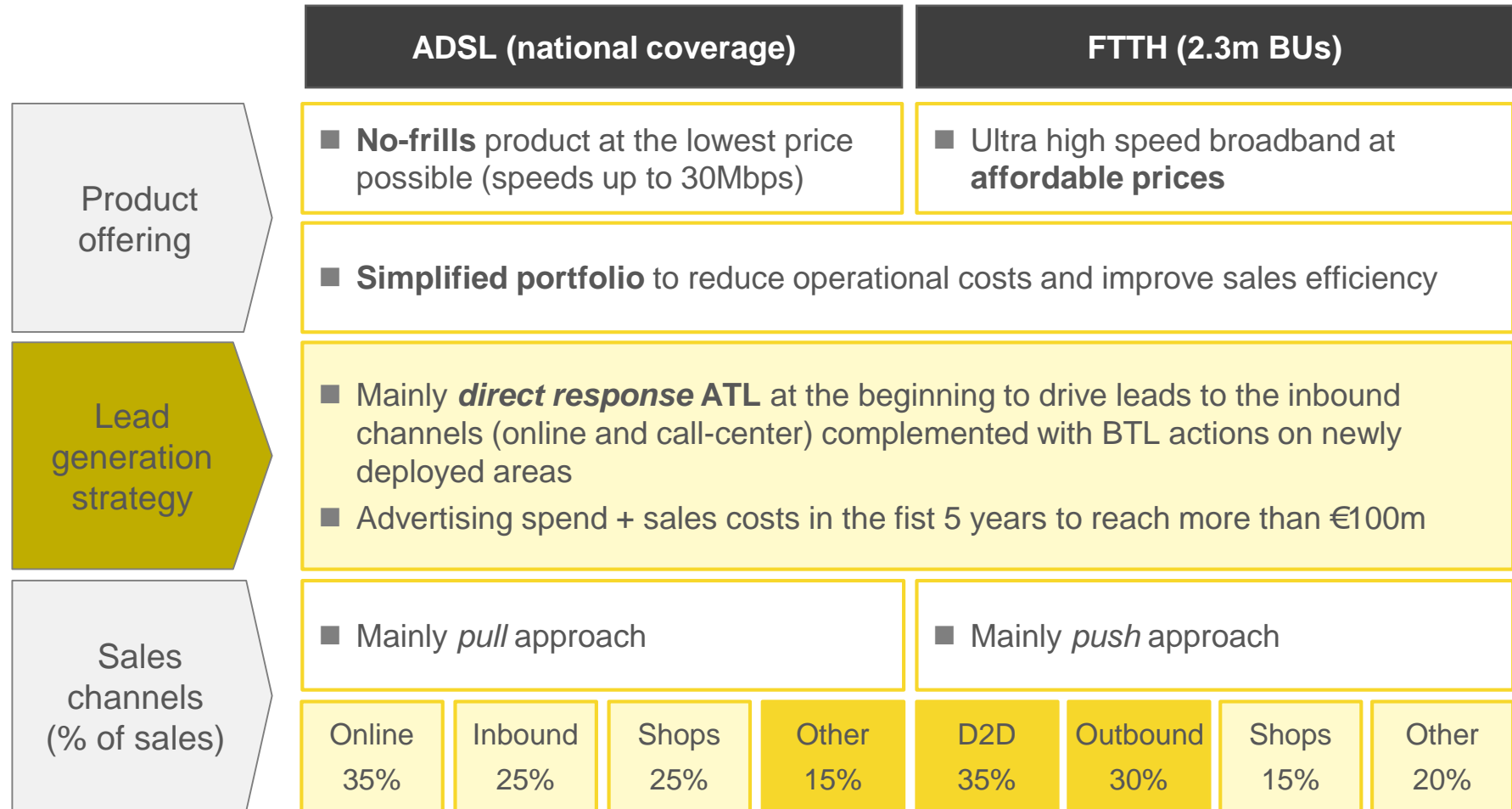
MASMOVIL will focus its own FTTH rollout in small cities where FTTH roll out lacks and competition is less intense...

Market share by municipality size



There are more than 5M households not covered by FTTH in municipalities with population between 5k to 50k where national players (eventually with exception of the incumbent) are not yet focusing

... with a differential go-to-market strategy



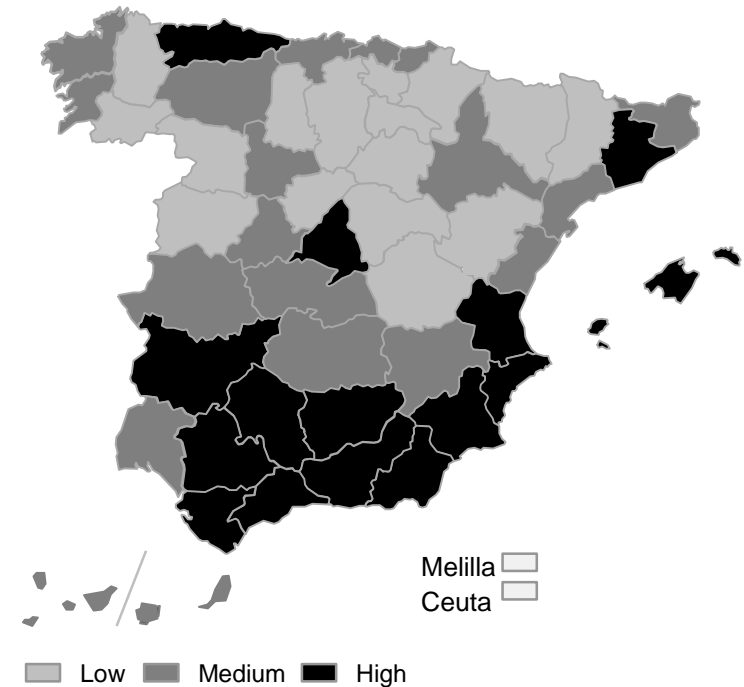
Pull channels

Push channels

Store design sample



Distribution intensity by province



- Commercial presence in all Spanish provinces with special strength in coastal areas
- More than 300 sales distribution partners across the whole country
- 57% of total points of sale are located in towns with populations of less than 50,000 inhabitants

NGN footprint to reach 2.3 million in 2018

Addressable BUs per year

Thousands

Similar footprint than Orange or Vodafone pre respective mergers

720-750

1,500-1,550

2,000-2,050

2,250-2,300

Similar footprint than Euskaltel, R and Telecable all together

2015E

2016E

2017E

2018E

■ Remedies

■ Co-invest

■ MASMOVIL deployment

- By 2018 MASMOVIL will have access to 2.2-2.3m business NGN BUs
 - 720-750k from remedies initially (network expected to grow up 800k BUs)
 - 1,000k in 3 years as result of co-investment agreements
 - 500k of MASMOVIL deployment plan in next 2 years

Project financing structure already in place

| | | Amount (€m) | Status |
|---|---|----------------|--------|
| 1 | Cash End of 2014 | 9 | ✓ |
| 2 | Senior Bonds Raised in July 2015 | 27 | ✓ |
| 3 | Vendor financing Network deployment | 74 | ✓ |
| 4 | New financing LoI/Engagement letter | 65 | ✓ |
| 5 | Cash generated by the business 2015-2018 | 84 | ✓ |
| | | Σ 259 | |

■ Attractive financing terms

- Debt financed
- Cash available upon request
- Back-loaded payments
- Low interest rates (weighted interest 3%)
- Limited warranties

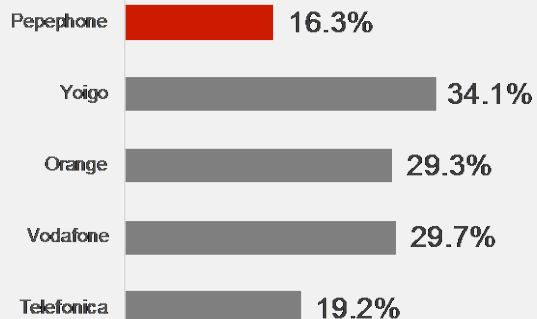
- 67% is already secured/in advanced stage (points 1 to 4); rest to be served from business
- Given the fact that €142m of the capex is success/client based, the plan can be considered fully funded

- **Introducing MASMOVIL**
- **Competitive landscape**
- **First value creation opportunity: Broadband and Convergency**
- **Second value creation opportunity: Pepephone & Yoigo**

A strong brand that attracts valuable and loyal customers

Stable customer base with the lowest churn in the industry¹

Postpaid customers and churn rate H1 2015 (%)



Strong brand image driving sales to the online channel

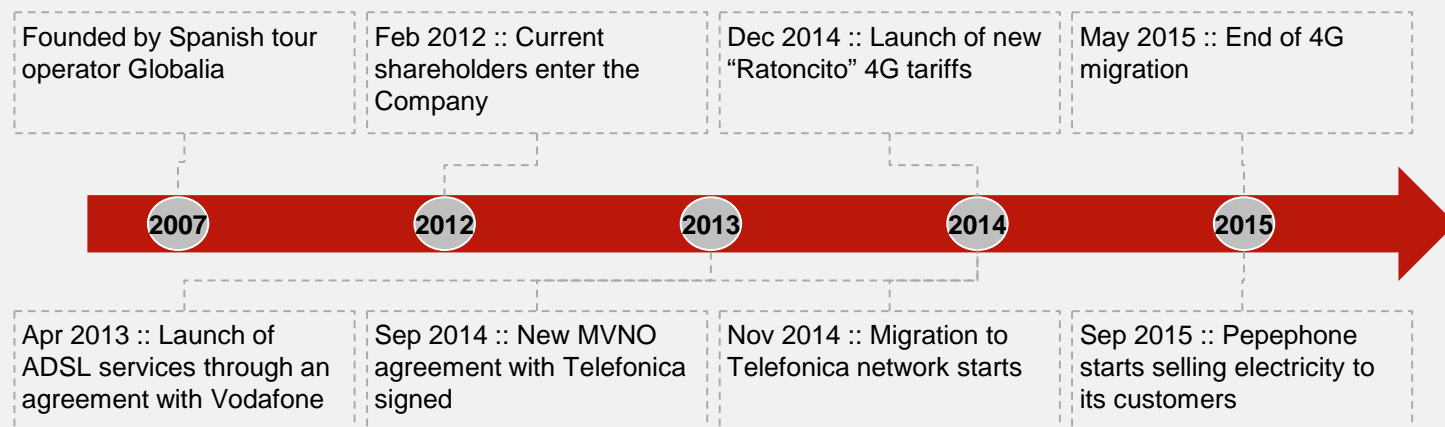
100% onshore customer care (Mallorca)

- ✓ Customer satisfaction award - Mobile (OCU)
- ✓ TMT most loved brand (FACUA)
- ✓ Best valued TMT company for customer engagement (ZenitOptimedia)

Online channel sales H1 2015

c.80%

Key milestones



¹ Source: Companies quarterly results reports and Pepephone management

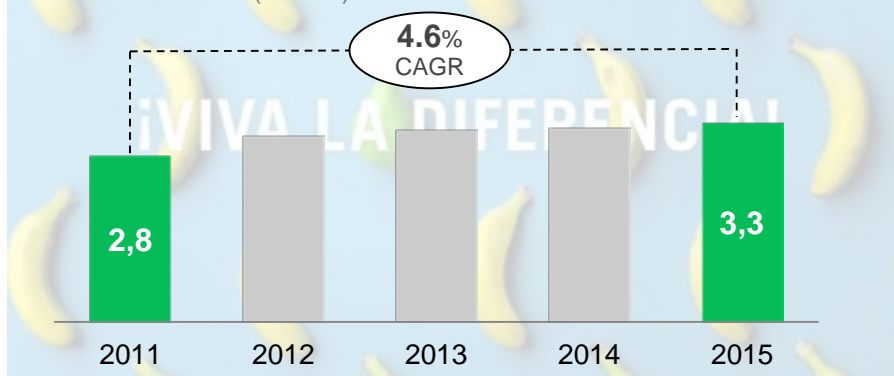
| | | | |
|----------------|--|--|---|
| Value creation | Post direct cost savings | | |
| | $\frac{€158m}{\text{Enterprise value (EV)}}$ | $\frac{x6.6}{\text{EV/2015 adj EBITDA}^1}$ | $\frac{x6.6}{\text{EV/2015 adj OpFCF}^1}$ |
| | <ul style="list-style-type: none"> ✓ The transaction unlocks significant value for MASMOVIL's shareholders ✓ EPS and FCF accretive deal from first year of operations ✓ NPV of estimated cost synergies of c.€95-115m after integration costs | | |
| Financing | <ul style="list-style-type: none"> ✓ 50% Debt / 50% Equity | | |
| Conditions | <ul style="list-style-type: none"> ✓ Subject to satisfactory anti-trust approvals and confirmatory due diligence | | |
| Timetable | <ul style="list-style-type: none"> ✓ Closing expected in H2 2016 | | |

¹ Adjusted for run-rate synergies achieved in the third full year following completion and before integration costs

Yoigo has managed to thrive in a convergent market...

Fourth mobile operator in the Spanish market

Mobile customers (million)



State-of-the-art mobile network infrastructure



- ✓ Spectrum holdings within the 1,800MHz and 2.1GHz band
- ✓ Fully 4G upgraded network with c.4,700 sites (c.85% population coverage)
- ✓ c.800 exclusive Yoigo stores

Sound financial track record

Revenues
€865m

+1.4%¹
YoY

+5.4%¹
4-year CAGR%

EBITDA
€83m
(9.4% of rev.)

+11.6%
YoY

+15.7%
4-year CAGR%

OpFCF
€34m
(4.2% of rev.)

x2.2²
YoY

Negative
in 2014

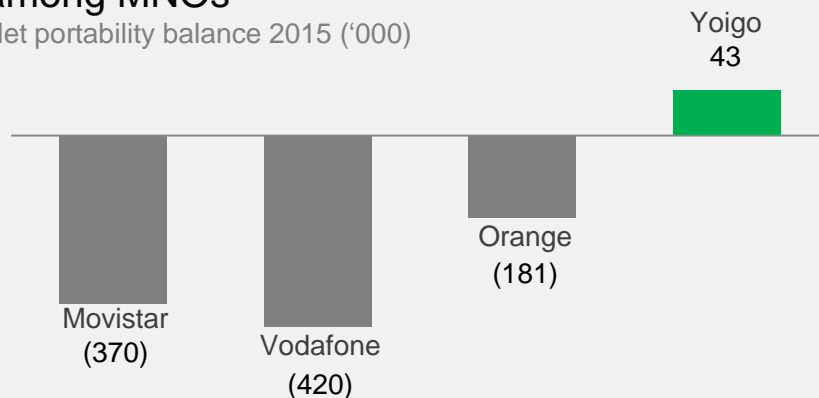
¹ Billed traffic evolution

² Recurrent OpFCF in 2015 is €64m growing from €29.6m in 2014

... by focusing on high-value customers

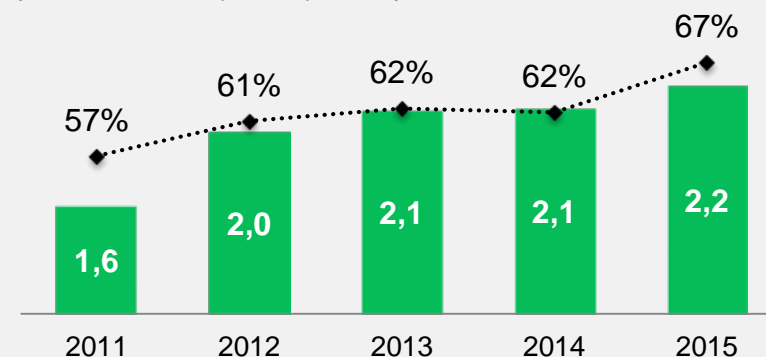
Leading mobile portability among MNOs¹

Net portability balance 2015 ('000)



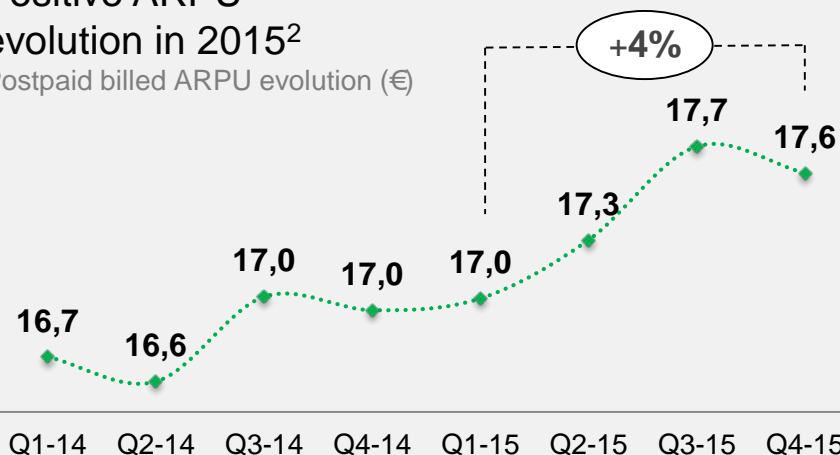
Successfully growing its postpaid customer base²

Postpaid customers (million) / Postpaid %



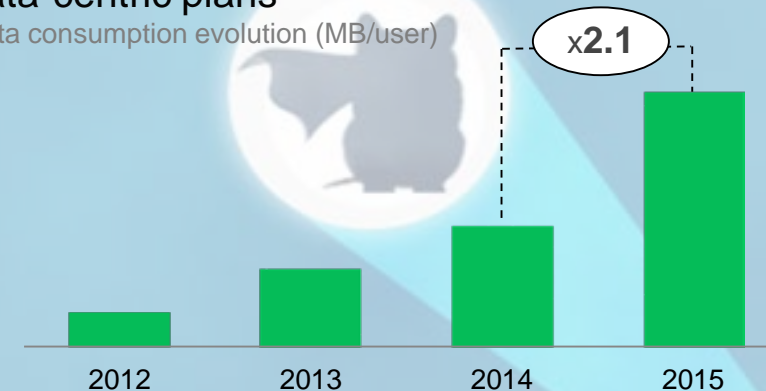
Positive ARPU evolution in 2015²

Postpaid billed ARPU evolution (€)



Industry leading data-centric plans²

Data consumption evolution (MB/user)



¹ Source CNMC

² Based on company information

| | |
|--|--|
| Transaction multiples and value creation | <div> <div> <div>€612m¹</div> <div>Enterprise value (EV)</div> </div> <div> <div>Post direct cost savings</div> <div> <div>x5.3</div> <div>EV/2015 EBITDA²</div> </div> <div> <div>x8.1</div> <div>EV/2015 OpFCF²</div> </div> </div> </div> <ul style="list-style-type: none"> ✓ Appealing transaction multiples on financial terms ✓ Significant value creation by combining fixed and mobile assets with a large customer base ✓ EPS and FCF accretive deal from first year of operations |
| Financing | <ul style="list-style-type: none"> ✓ Envisaged financing structure 30-50% equity and equity-like |
| Conditions | <ul style="list-style-type: none"> ✓ Subject to satisfactory Antitrust clearance |
| Timeline | <ul style="list-style-type: none"> ✓ Closing expected in H2 2016 |

¹ An additional earn-out of up to €96m will be paid in 2020 if the company reaches €300m 2019 EBITDA (no payment due under €210m EBITDA)

² Adjusted for run-rate cost savings 2019 without additional synergies

Transaction Rationale (I)

Transaction will help consolidate MM as the 4th national player, with more than 4Mn Mobile clients and c. 60k ADSL clients in 2015, creating a group with the relevant infrastructure and with the ability to commercialize a TMT convergent offer

- Sharing Yoigo's and MM infrastructure within the group companies will unlock significant cost savings with limited execution risks:

- MM and PP will benefit from using Yoigo's mobile network, a fully 4G network with c.4,700 sites, covering c.85% of population (which traduces in a real c.60% traffic coverage).
- PP, who provides ADSL services through Vodafone's network, will benefit from using MM ADSL assets.

Annual Savings network sharing, excluding Yoigo

€31.4Mn

1- Utilization of Yoigo's own network

| | Current Situation | Current NRA Cost | Saving source | | |
|-------|---|------------------|--|--|---------|
| YOIGO | <ul style="list-style-type: none"> C. 3.8Mn mobile clients Own network covering 60% of traffic | - | - | | N.A. |
| MM | <ul style="list-style-type: none"> C. 0.5Mn mobile clients Traffic through Orange network No breach of Orange NRA contract if the network used is owned by the group | €11.6Mn | <ul style="list-style-type: none"> Moving to Yoigo Network Savings of c. 60% of Orange NRA costs | | €7Mn |
| PP | <ul style="list-style-type: none"> C. 0.5Mn mobile clients Traffic through Telefónica network Contract binding until June 2018 | €34.8Mn | <ul style="list-style-type: none"> Moving to Yoigo Network Savings of c. 60% of Telefónica NRA costs | | €20.9Mn |

2- Utilization of MM ADSL network by Pepephone

| | | | | | |
|----|---|--------|---|--|--------|
| PP | <ul style="list-style-type: none"> C. 40k ADSL clients Traffic through Vodafone network Possibility to quit the contract by paying €250k penalty | €8.3Mn | <ul style="list-style-type: none"> Moving to MM ADSL Network Monthly access fee of 11.6€/month/user Vs 20.5€/month/user | | €3.5Mn |
|----|---|--------|---|--|--------|

* From June 2018, assuming that the new NRA is not signed with Telefónica.

Transaction Rationale (II)

The utilization of own network, along with the savings estimated under the new NRA would unlock relevant savings by 2019

- Yoigo's network covers c. 60% of traffic. The remaining 40% of traffic is covered through Telefónica's network, being the terms of this service regulated under a National Roaming Agreement. The cost of this service in 2015 amounted to €94Mn and it is estimated to reach €119Mn in 2016.
- This NRA contract ends in December 2016



Annual Savings
new NRA



3- New National Roaming Agreement / Co – investment agreement

| PURPOSE | <p>Decrease current NRA cost</p> <p>Increase hedge to higher data consumption</p> |
|---------|--|
| NEW NRA | <ul style="list-style-type: none"> 1) Considerations <ul style="list-style-type: none"> ▪ Fixed cost: The new contract will allow for a much higher GB of data allowance with an implicit cost per GB significantly lower. ▪ Variable cost: if data consumption goes above allowance, cost would increase though in a more favorable basis compared to the current NRA agreement (terms can not be disclosed, but the cost reduction could be material). ▪ According to MM estimates, with 60% of traffic going through Yoigo's network, a NRA with the new basket allowance should be enough to cover annual consumption until the second half of 2018 (this considers no additional sites are installed and thus hedge remains at current 60% level). ▪ To increase Yoigo's current traffic coverage and increase hedge over 60% to mitigate risk derived from increase in consumption levels, Yoigo might invest in new sites. 2) Co-investment agreement: <ul style="list-style-type: none"> ▪ By deploying new sites, they would cover more traffic and would reduce traffic that goes through a third party network, mitigating risk of increase in variable costs in case consumption goes over new allowance. ▪ Capex requirements: This expansion Capex will be financed with cash generated or via leasing. ▪ Opex: annual lease payment to new host partner are reasonable considering overall savings |

Conclusions: MASMOVIL is well prepared for the challenger role and to creates value for its clients and shareholders

- MASMOVIL is a **solid enterprise** with
 - a **proven organic and inorganic growth track record**
 - an **experienced management team**
- MASMOVIL has acquired through the remedies the **right assets at a great price** to compete effectively in the Spanish market from day one with **national coverage**
- Current market dynamics support our strategy with
 - **value-for-money proposition** not properly covered by peers
 - a good opportunity to expand our footprint both in high competition areas through **co-investment agreements** and low population density areas where competition is less intense
- By joining efforts with **Pepephone and Yoigo**, the Group will **strengthen its competitive position** in the Spanish telecom industry as the fourth player, becoming a **relevant player** in the future development of the industry



European Midcap Event "Spring"

Madrid, June 2016

PAVING THE PATH FOR GROWTH