



HECHOS RELEVANTE

BUSINESS PLAN OF THE NEW EURONA

28 OCTOBER 2016

**CONEXIÓN
REAL
PARA UN
MUNDO REAL**

De conformidad con lo previsto en la Circular 15/2016 del Mercado Alternativo Bursátil (en adelante, Mercado), por medio del presente **EURONA WIRELESS TELECOM, S.A. (en adelante, EURONA)** comunica al Mercado la siguiente información relevante.

DISCLAIMER

This presentation contains forward-looking statements about Eurona. Although we believe these statements are based on reasonable assumptions, they are subject to numerous risks and uncertainties, including matters not yet known to us or not currently considered material by us, and there can be no assurance that anticipated events will occur or that the objectives set out will actually be achieved. Important factors that could cause actual results to differ from the results anticipated in the forward-looking statements include, among others: the success of Eurona's strategy, the effectiveness of Eurona's action plans for human resources, and the success of Eurona's other strategic, operational and financial initiatives, risks related to information and communications technology systems resulting in particular from cyber-attacks, technical failures of or damage caused to networks, loss or theft of data and fraud, health concerns surrounding telecommunications equipment and devices, fiscal and regulatory constraints and changes, and the results of litigation regarding regulations, competition and other matters, the success of Eurona's Spanish and international investments, joint ventures and strategic partnerships in situations in which it may not have control of the enterprise, and in countries presenting additional risk, Eurona's credit ratings, its ability to access capital markets and the state of capital markets in general, exchange rate or interest rate fluctuations, and changes in assumptions underlying the carrying amount value of certain assets and resulting in their impairment.

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INTRODUCTION

INTRODUCTION

- ★ The acquisitions recently carried out by the Company (Hablaya Group¹ and Quantis) brings along a complete new and exciting business model for the New Eurona (“Eurona”).
- ☀ The New Eurona incorporates very attractive features for investors such as:
 - 📶 Improved risk profile, as the Company operates in five differentiated and low correlated business areas (4G-FW, Voice, Satellite, Hotspot and Retail).
 - ✚ Enhanced commercial capabilities that should allow improvements in terms of distribution and penetration of its product offering.
 - ✚ Improved managerial skills, since the acquired companies bring along highly-experienced management teams with successful track records.
 - 💡 More commercial-oriented business structure, with five clear business areas, where each one of them is driven as an individual company owner of its P&L and responsible of its results.
 - 🌸 High cash-generating businesses, although Telco is still in ramp-up phase.
 - ▽ New and self-imposed commitments undertaken by the Company:
 - Reinforced capital position to optimize financial structure and take advantage of inorganic growth opportunities.
 - Reinforced transparency towards the public markets.

1) Includes Hablaya, Sultana and Stoneworks.

DEEPER INTO

THE BLUE OCEANS

WHAT IS EURONA

THE FASTEST BLUE OCEAN TELCO



Remote Areas

- Internet provider with national coverage via satellite technology.
- High speed & quality throughout coverage area and personalized client service at competitive prices.



Small & Medium Cities

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



Public Hotspots

- Multi-connection Internet provider in high saturated public hotspots
- Full service package: network design, deployment and maintenance, providing a customizable software platform and management outsourcing

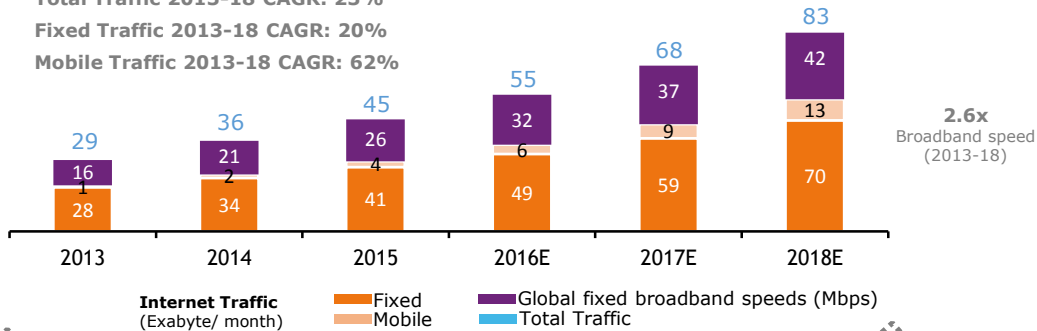
A GROWING OPPORTUNITY

IN A GROWING MARKET

Global upsurge in demand of high speed connectivity everywhere

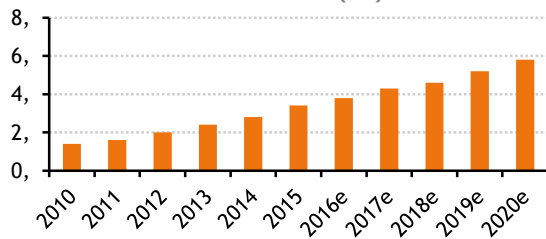
Evolution of Consumer Internet Traffic & Broadband speed

Total Traffic 2013-18 CAGR: 23%
Fixed Traffic 2013-18 CAGR: 20%
Mobile Traffic 2013-18 CAGR: 62%



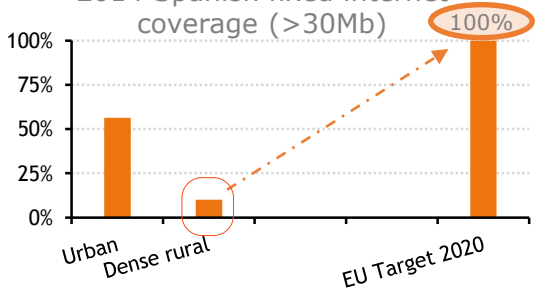
Remote Markets

Global satellite broadband access subscribers (m)



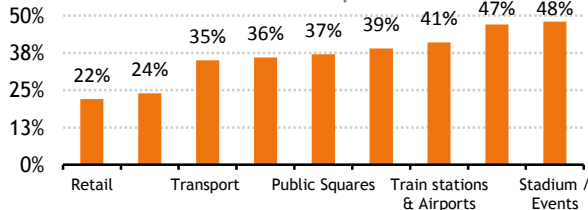
Non Urban Areas

2014 Spanish fixed internet coverage (>30Mb)



Public Hotspots

WiFi CAGR growth (2013-18) in public hotspots



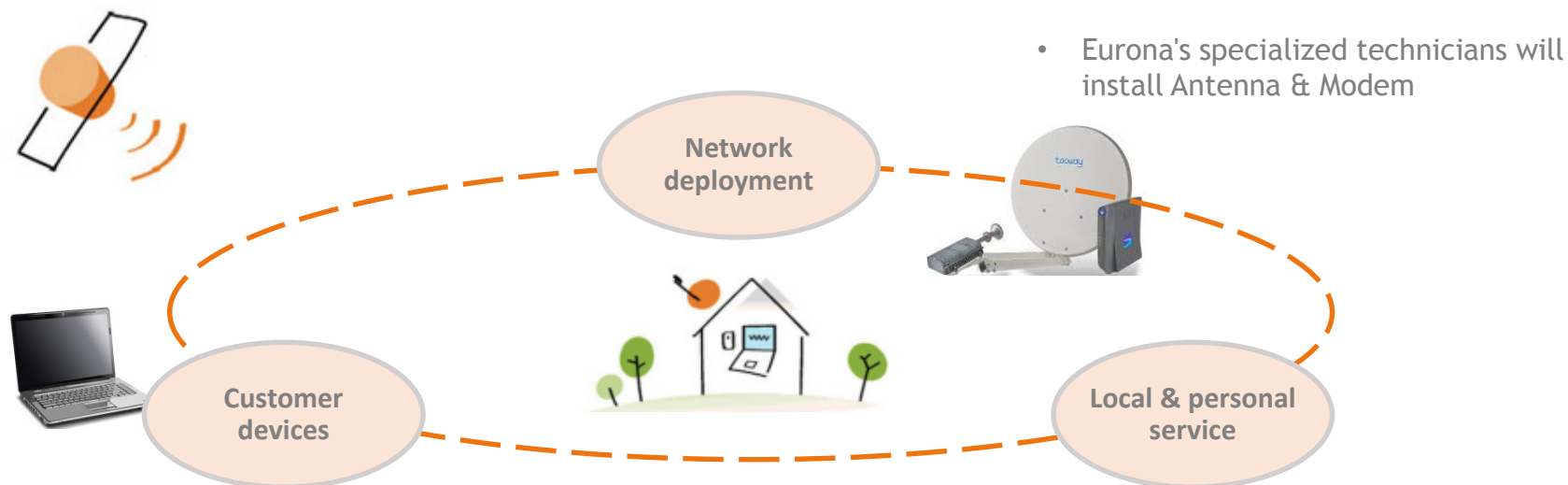
Source: Cisco, Ericsson, NSR, Informe Cobertura Banda Ancha 2014, EU Digital Agenda, Maravedis-Rethink

REMOTE AREAS

Eurna is the #1 satellite retailer in the European residential market with close to 30.000 clients

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

Remote Areas Value Proposal



REMOTE AREAS

STRATEGY FOR THE FUTURE



B2C

- Pursuing the last 200,000 users representing a €120m market in Spain.
- Unlimited service at affordable price.
- Aggressive commercial push.
- Build up strategy in Europa.
- Business structure changing from product reseller to satellite capacity operator.



B2B

- Unlimited capacity for customized products for B2B clients.
- TV Channels.
- Maritime Communications.



Africa Opportunity

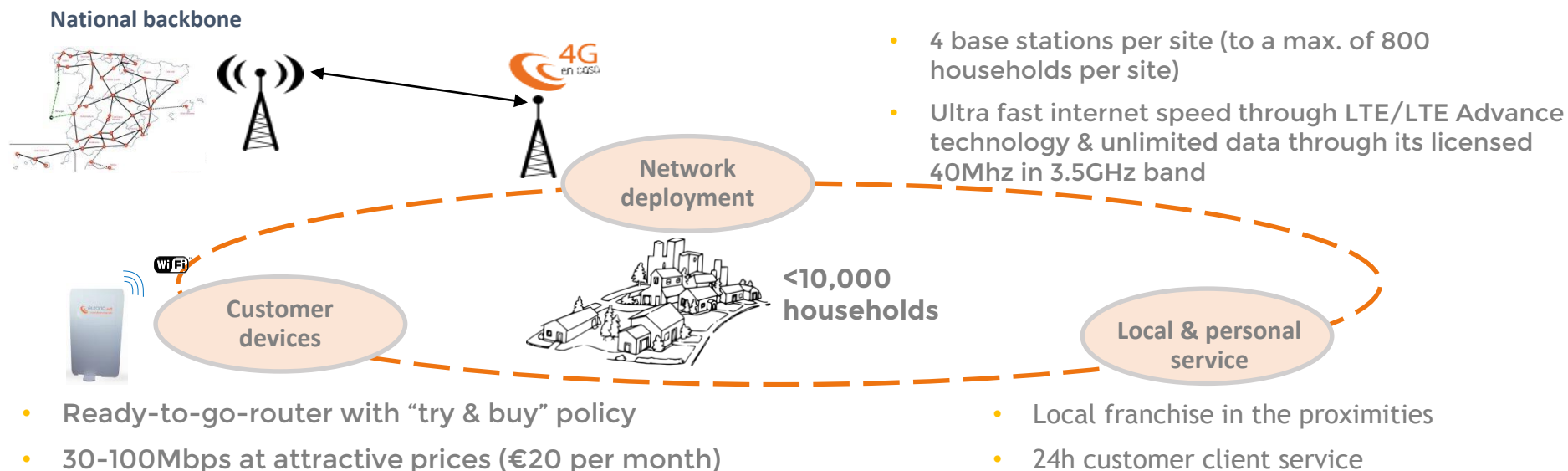
- We have set up a major African satellite project in Morocco (the reference country for the Sub-Saharan and North African regions): 8,000 schools, Hospitals, police stations, etc.
- Clear strategy to foresee large public administration projects in other African countries.

SMALL & MEDIUM CITIES

IN THE SPANISH COAST

- “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 at 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 value proposal



- 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 & Buy



Everywhere with no
data restriction



No Telefonica landline fee
(€18 / mth)



Best in class CC &
franchisee proximity

SMALL & MEDIUM CITIES

IN THE SPANISH COAST

STRATEGY FOR THE FUTURE



SMALL & MED. CITIES

- 4G is the best offer in non-fiber cities along the coast.
- Increasing penetration in actual deployments.
- Increasing presence via Eureka shops.



LONG TERM TOURIST

- Focus on tourists living 9 - 12 months in Spain.
- Broad offer with fixed internet, voice, IPTV and mobile.
- Intensive channel presence.



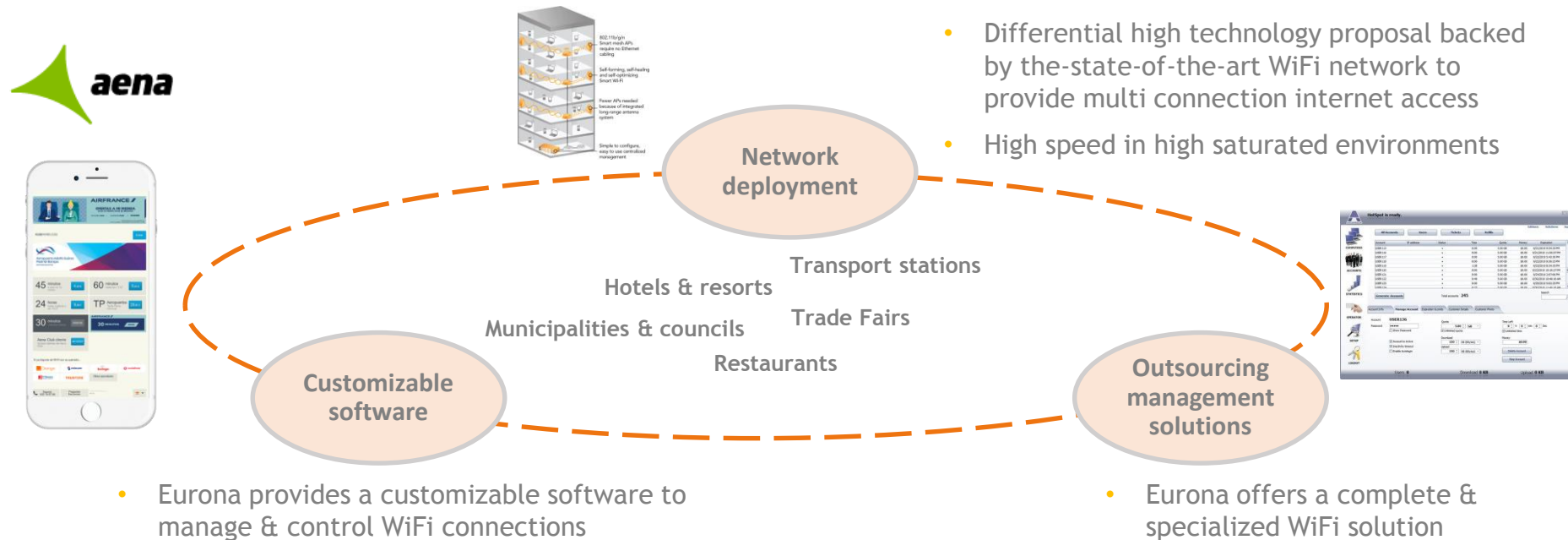
EXPATS

- Prepaid 4G at Home products.
- Voice over IP offer.
- Strongest sales channel presence.

PUBLIC HOTSPOTS

- **Eurona** offers multi-connection internet access in **public hotspots** and **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** value proposal

Public hotspots environment proposal



PUBLIC HOTSPOTS

STRATEGY FOR THE FUTURE



Caribbean Hotel Resorts

- Commercial push-on on the field
- Corporate growth strategy



Airports

- Spanish model consolidation
- International growth in LatAm



Hotspots 3.0

- ARPU increases in hotels
- New segment: retail

HIGHLIGHTS

HIGHLIGHTS

World's
largest
airport WiFi
network

Largest 4G
LTE-TDD
Network on
3.5 GHz in
Europe

Satellite
largest telco
operator in
Europe and
Africa

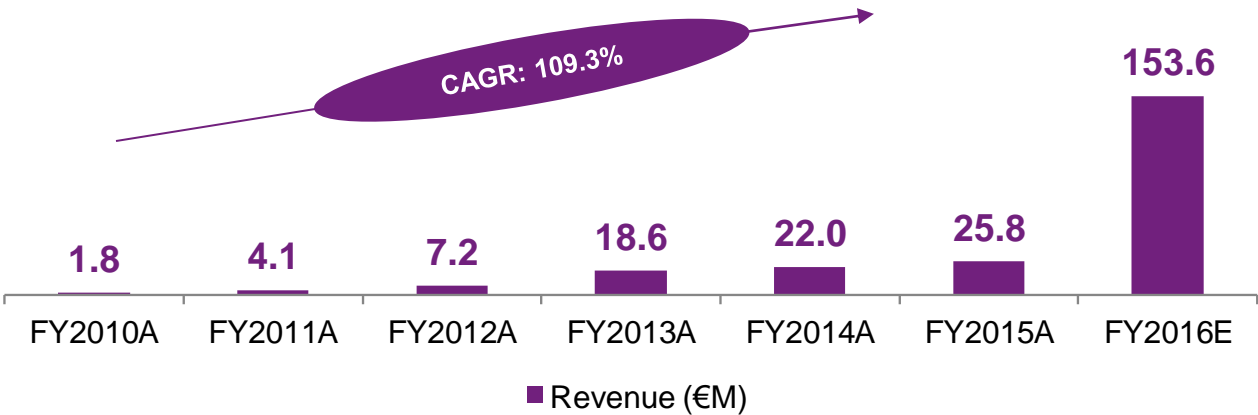
Satellite HUB
Self
management

Development
on WiFi
platform for
Retail Segment

Unbeatable
4G internet
offer with
fiber
capabilities

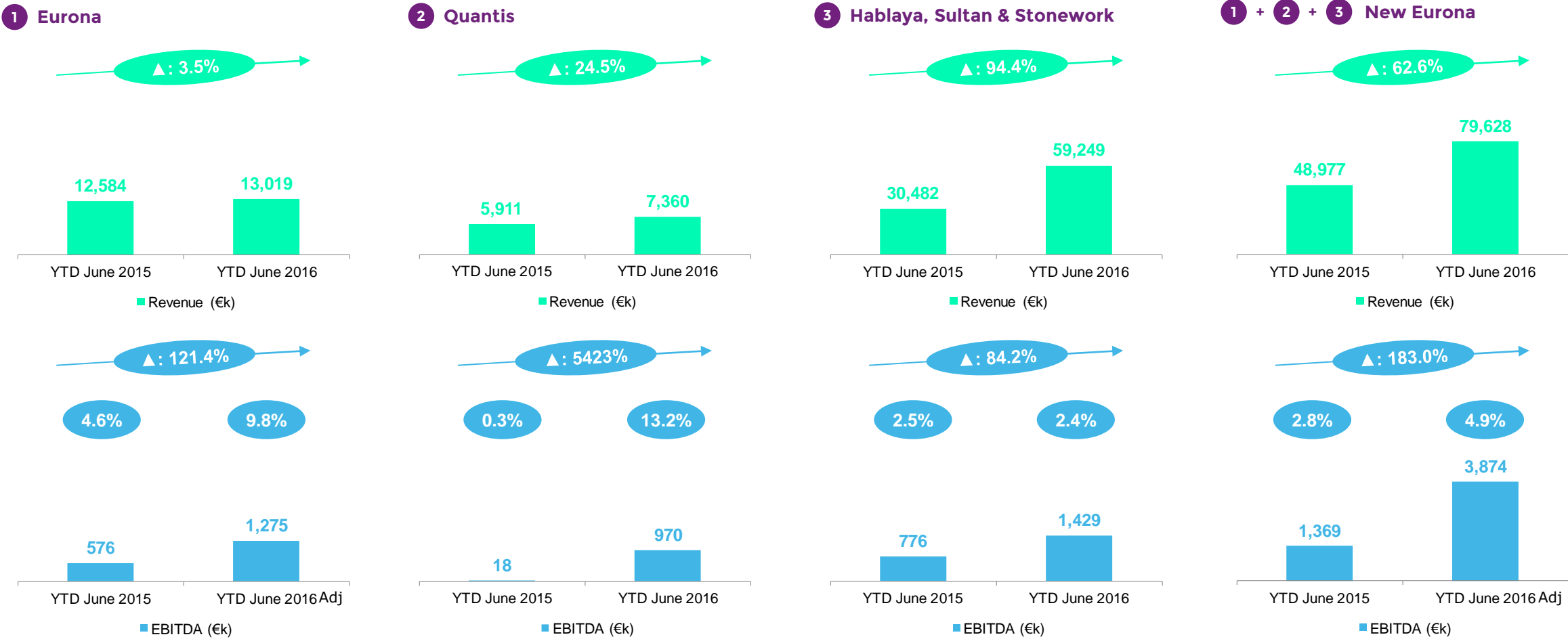
Implement-
ation of first
monetization
platform over
WiFi

Revenue Evolution



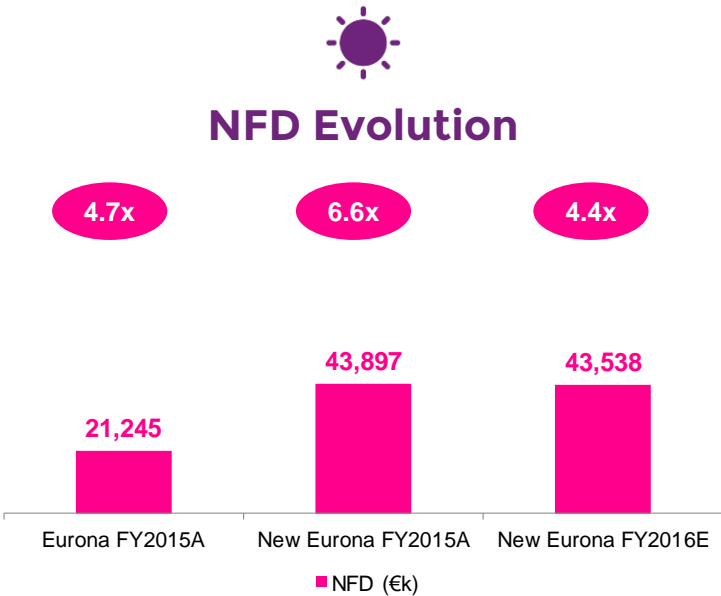
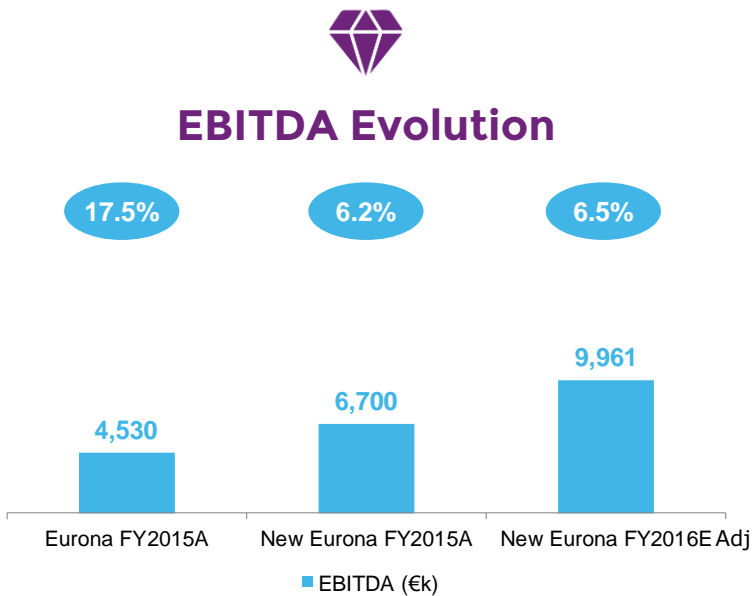
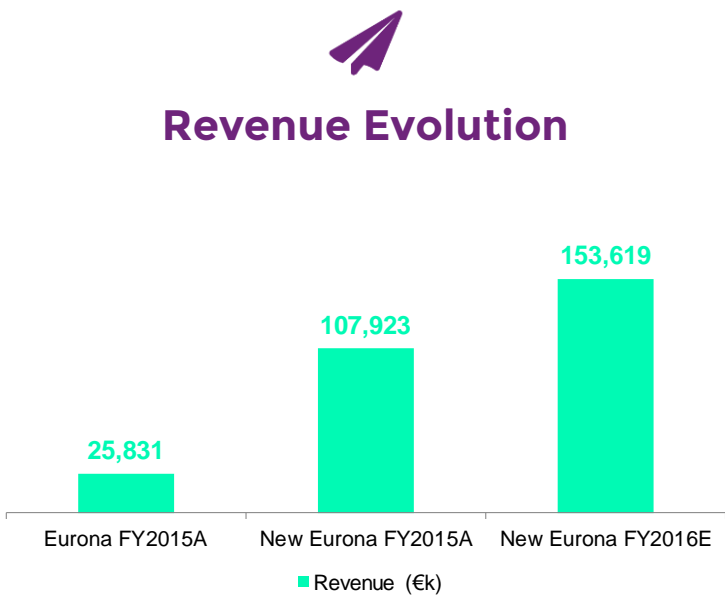
2016: THE YEAR OF CHANGES

FINANCIAL HIGHLIGHTS: JUNE 2015 YTD VS. JUNE 2016 YTD



Note: Adjusted EBITDA for Eurona refers to a one-off expense related to the AENA contract.
New Eurona figures are all pro-forma aggregations. Does not consider any consolidations.

FINANCIAL HIGHLIGHTS: FY2015A VS. FY2016E



▲ % New Eurona 2015 – New Eurona 2016

42.3%

▲ % Eurona 2015 – New Eurona 2016

494.7%

▲ % New Eurona 2015 – New Eurona 2016

48.7%

▲ % Eurona 2015 – New Eurona 2016

119.9%

▲ % New Eurona 2015 – New Eurona 2016

(0.8)%

▲ % Eurona 2015 – New Eurona 2016

104.9%

Note: Adjusted EBITDA for Eurona refers to a one-off expense related to the AENA contract.
New Eurona figures are all pro-forma aggregations. Does not consider any consolidations.

BUSINESS PLAN

BUSINESS PLAN DRIVERS

✕ 4G at Home

- Complete site deployment by 2019, reaching a total system wide capacity of close to 200k clients.
- Capacity occupancy ramp up until 2020, and thereafter stabilize in the range of 50% - 55%.
- Growth in ARPU is expected until 2018 and thereafter stabilize to constant levels.
- Additional revenue generated from new user subscription fees and franchises.
- Costs incurred on a per site deployed basis.

💬 Hotspot Airport

- Online, Premium and Roaming user conversion rate projected at historic levels, assuming passenger growth in the projected period is consistent with the last 3 year average.
- Online and Roaming ARPU are maintained at historic levels, while Freemium ARPU is expected to grow by c.a. 2.5x as advertising platform is further leveraged upon.
- Principal expenses include annual CANON payable to AENA and connectivity expenses, which are expected to remain constant in the forecast period.

+ Hotspot Hotel Spain

- Fairly negative outlook due to loss of hotel rooms managed during the forecast period and none expected room acquisition. Close to 20% rooms lost under management at the end of the forecast period.
- ARPU is expected to decline until 2018 and thereafter (Tendency in Spain to offer free internet to guests).
- Expenses are expected to decline in line with the decline in number of rooms managed.

♥ Hotspot Hotel Caribe

- Positive outlook due to growing number of rooms (20,000 new rooms in forecast period) and a positively evolving ARPU.
- Higher ARPU driven by new room acquisitions where we expect to charge a premium price for internet connectivity.
- Expenses are driven by the number of rooms under management or as a percentage of total revenue.
- Capex requirement per new room acquired has been fixed throughout the forecast period.

👛 Satellite

- Migration from the reseller model to the higher margin MVNO model via acquisition of capacity (MHz).
- Transformation of cost structure: pay for data usage as opposed to subscription fees and commissions. CPE is now capitalized.
- Stable ARPU during the forecast period and by the end of the forecast period.

▶ Acquisition: Quantis

- Strong growth driven by the entry into the Moroccan market, other markets in Latin America and Africa and the maritime market.
- By 2020, grow existing user base by c.a. 3x and generate 68.1% of revenue outside of Spain.

✿ Acquisition: Hablaya, Sultan & Stonework

- Revenue growth during the projected period has been based on historic evolution. Growth is also driven by the opening of new business lines and activation of R&D.
- Operating expenses and cost of sales are expected to evolve in line with past evolution.



SYNERGIES

Underlying Hypothesis for Revenue Synergies

1 Euraona Products Sold in Hablaya Stores

- ❖ Inclusion of current Euraona portfolio of products into Hablaya stores.

2 Incorporation of Hablaya Store Plan

- ❖ Franchising of part of Hablaya's store network into Euraona points of sales.

3 Quantis: B2C Business in Morocco

- ❖ Distribution of Quantis' satellite products via branches of a local Moroccan entity.

4 Hablaya Products Sold in Euraona's Dist. Channels

- ❖ Cross-selling Hablaya's products through Euraona's currently used distribution channels.

5 Hotspot Commercial Cross-Selling by Sultan

- ❖ Cross-selling commercial hotspot on the basis of roaming agreements with the wholesalers of Sultan.

6 Bundling of Mobile Services

- ❖ Bundling of different products to clients to cover a wider range of necessities.

Underlying Hypothesis for Cost Synergies

7 Satellite Cost Synergies

- ❖ Savings obtained through excess of personal in new in satellite business of the New Euraona.

8 Reduction in Structural Costs

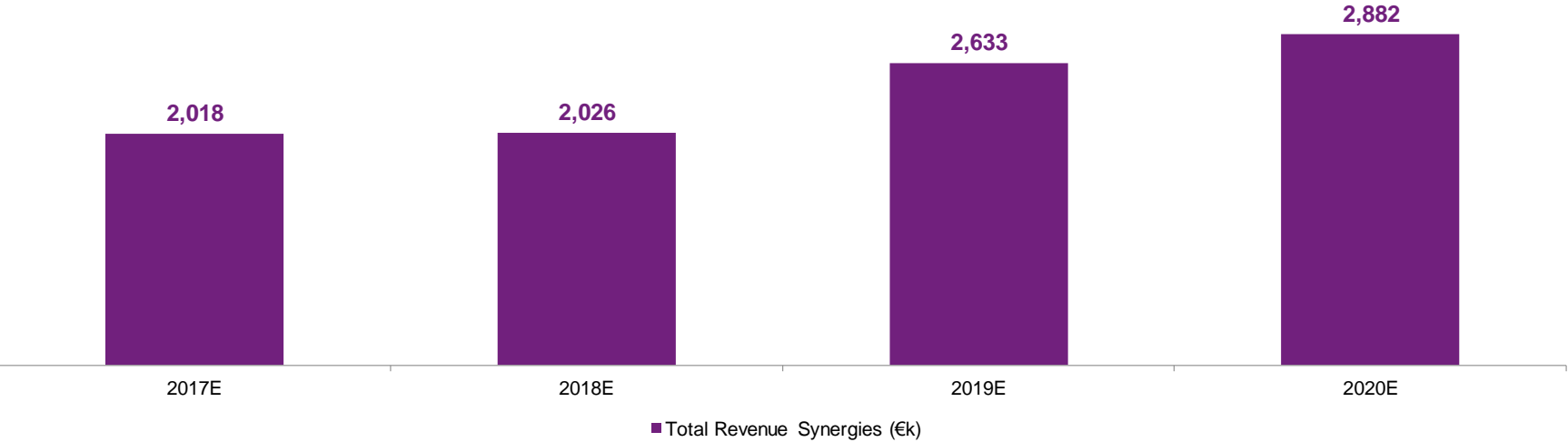
- ❖ Closing down of offices, of the acquired companies, resulting in annual savings.

9 Reduction in Operation Cost for Satellite Clients

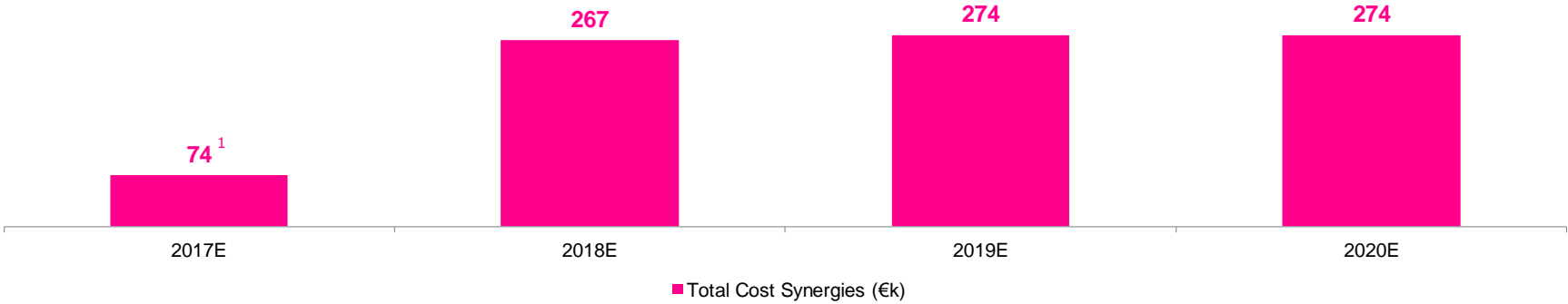
- ❖ Savings on all existing clients through better agreements with satellite providers.

REVENUE & COST SYNERGIES


Revenue
Synergies




Cost
Synergies



Total Synergies
Value 17E - 20E

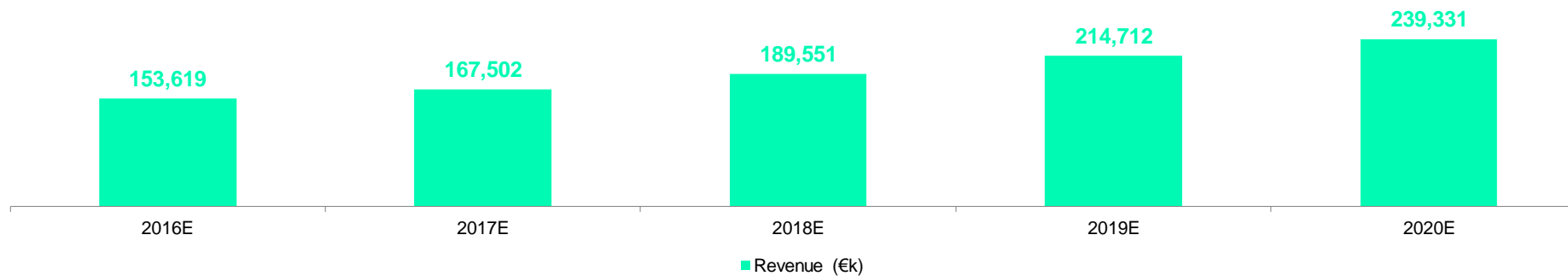
€9.6m

€0.9m

1) One-off severance payment of €180,000 negatively impacts cost synergies in 2017E.

BUSINESS PLAN 2017E - 2020E

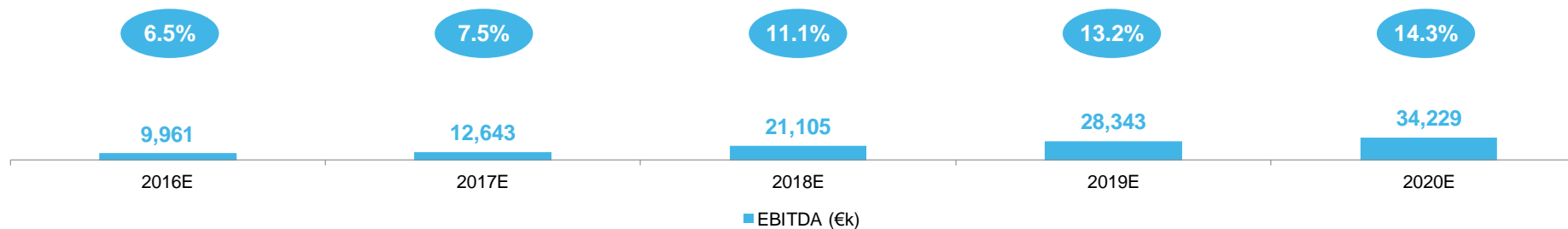
Revenue Evolution



CAGR
2016E - 2020E

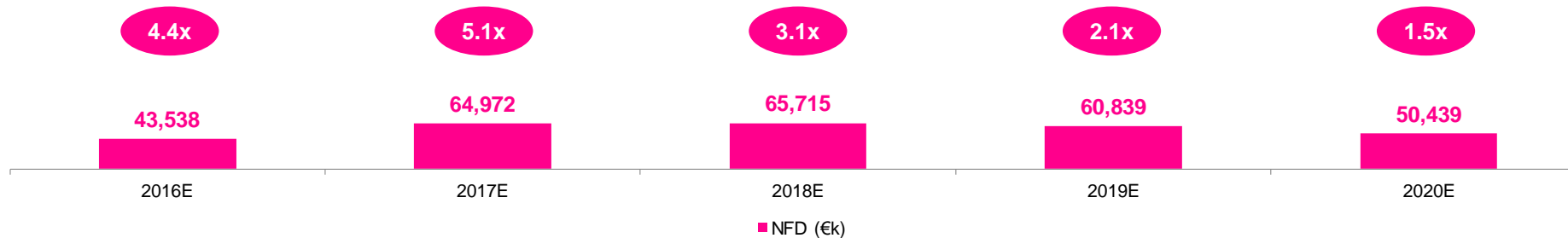
11.7%

EBITDA Evolution



36.2%

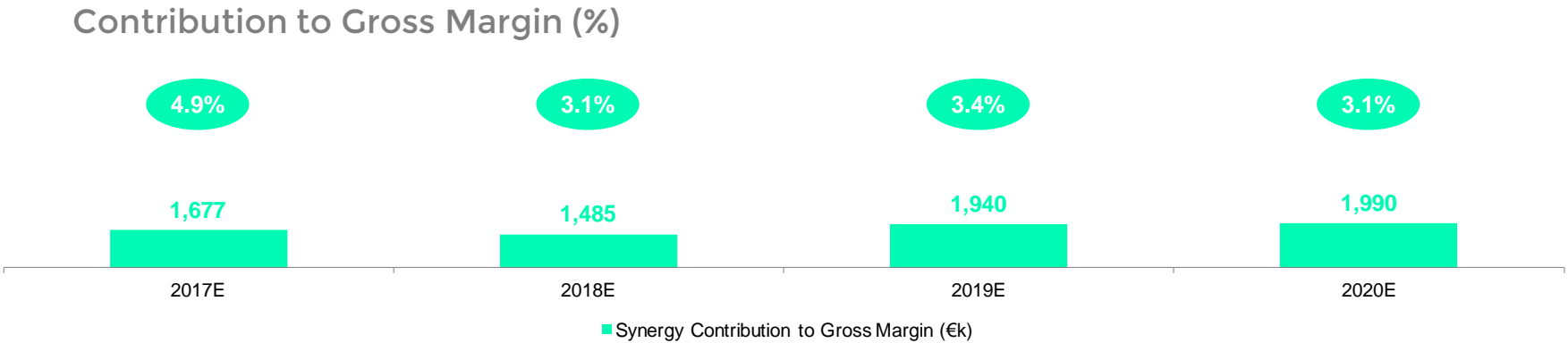
NFD Evolution



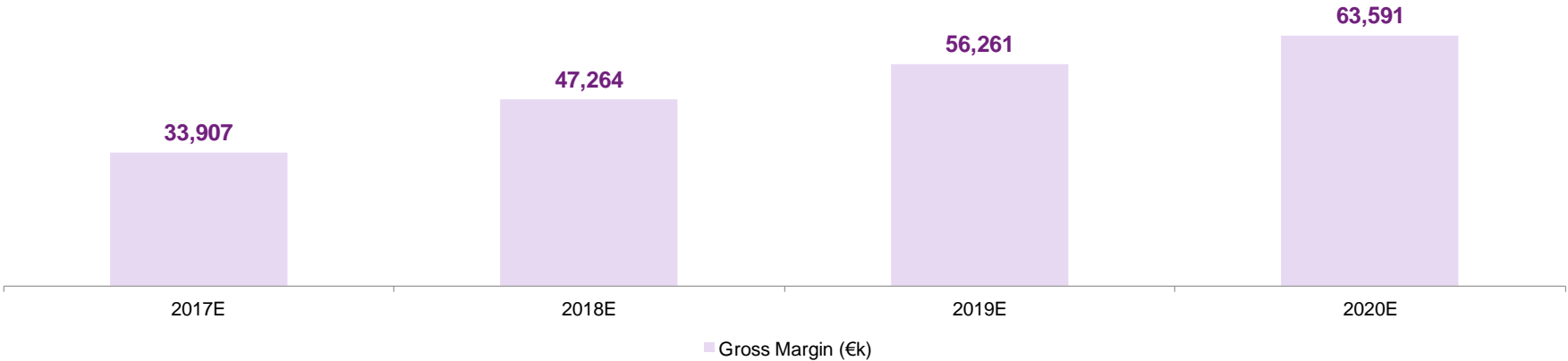
3.7%

CONTRIBUTION OF SYNERGIES TO GROSS MARGIN

★
Synergies
Contribution
to G. Margin



⚡
Gross Margin
Evolution of
New Eurona



Total Contribution
To GM 17E - 20E

€7.1m

CAGR
2017E - 2020E

23.3%

CONCLUSIONS

CONCLUSIONS

- ◈ Although the current financial structure is sustainable, there is full commitment towards its reinforcing.
- ✕ Currently the sector is undergoing a consolidation process. New Eurona is already working on several potential opportunities that will adjust perfectly to the new structure and will create further value to current shareholders.
- ✚ In order to achieve the aforementioned goals, Eurona is going to launch a fundraising process in the coming weeks.
- ✕ In principle, Eurona is seeking strategic partners and engaged financial investors willing to go along with this exciting journey to conquer the **blue ocean**.

INVESTOR RELATIONS

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