MORGAN STANLEY TMT BARCELONA

November 2016

THE 4TH OPERATOR

FOUR VALUE CREATION OPPORTUNITIES

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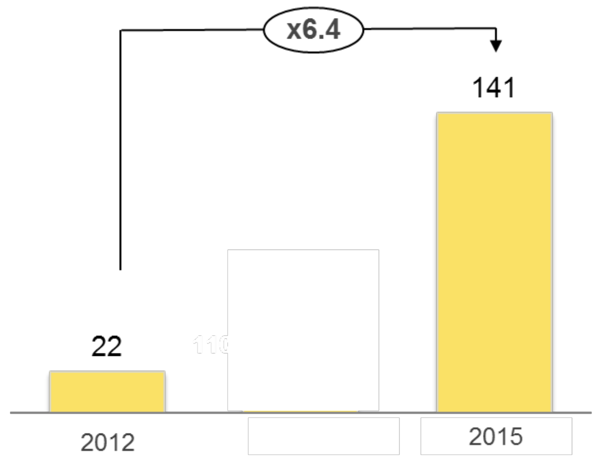
However, MASMOVIL will apply its best efforts to provide information about these and other factors that could affect the projection statements, the business and financial results of the Company, in the documents it submits to the MAB (Mercado Alternativo Bursátil) in Spain. All those who may be interested are invited to consult the said documents.

One of the fastest growing operators in the Spanish market

MÁSMÓVIL

Revenue evolution[1]

Amounts in € millions

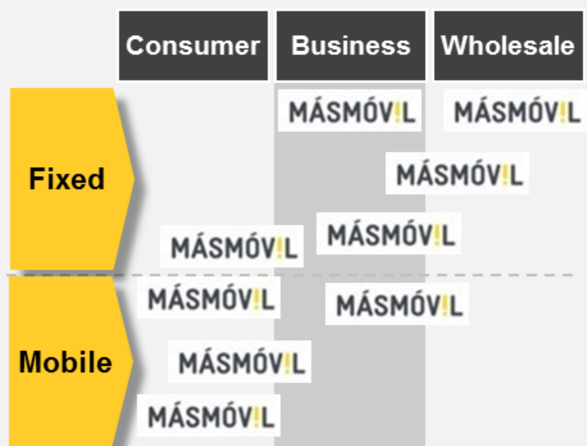


Revenues multiplied by 6.4 in 3 years
(based on a comprehensive offering)

[1] 2015 pro-forma revenues include full year results from Neo and Eml

Build-up phase

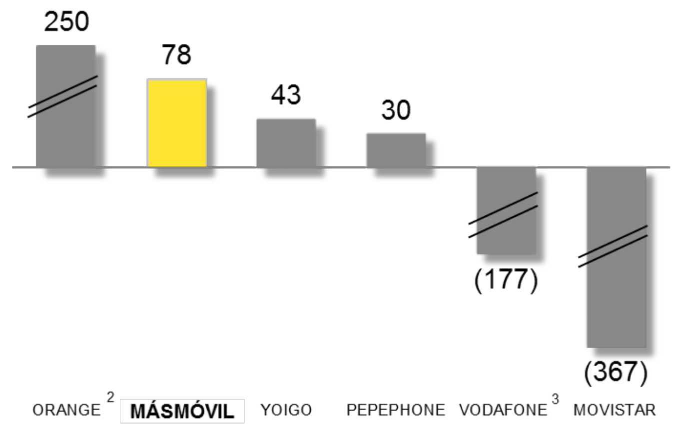
From MVNO to integrated telco through a targeted M&A strategy



- ✓ 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)

Leader also in 2016 YTD with Yoigo and Pepephone

Masmovil Overview

Sound financial structure with strong shareholder commitment

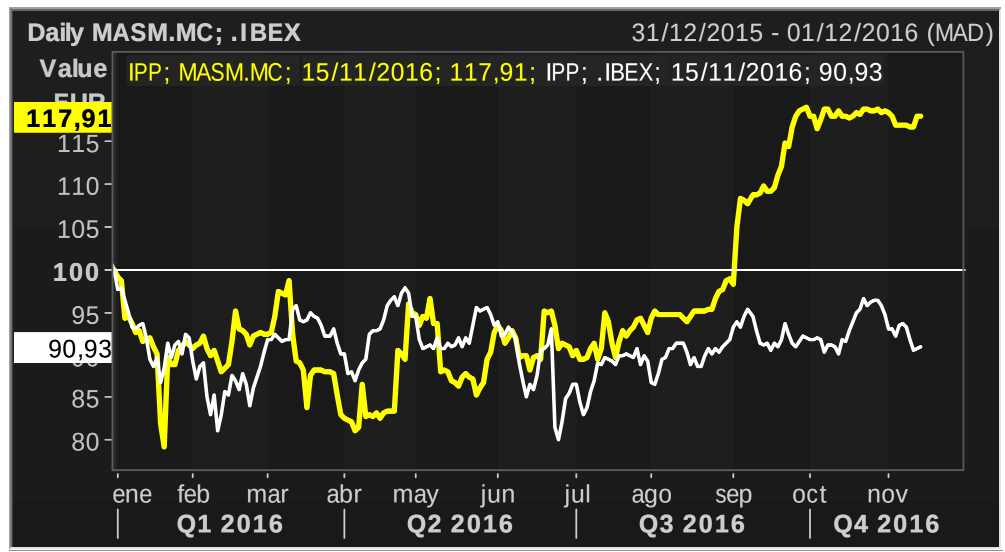
Shareholder structure

Investor	Stake
Providence	18%
Other BoD members	14%
Onchena (Family office)	17%
Other investors >3%	19%
Other sindication pact	1%
Free float	30%
Total	**100%**

- Admission to trading in Spanish MAB in March 2012.
- Spanish MAB´s largest company.
- Plans to list in the Spanish stock market (Mercado Continuo) by June 2017.
- €206Mn raised over the last 24 months:
  - €25Mn capital increase in July 2014.
  - €21Mn capital increase in July 2015.
  - €160Mn capital increase in July 2016.
- **Market Capitalization: >€500Mn.**

- In 2015, MM issued a €27Mn, 5y bond, to finance the acquisition of ADSL assets to Orange. Coupon 5,5%. Maturity June 2020.
- In 2016, MMBB has issued a 30M, 8y project bond, with 5.75% coupon to finance the development of FTTH network
- This was complemented by a 27M€ vendor financing wit the same conditions than the project bond but at 5.0% coupon rate
- Also in 2016, MM has issued a 30M€ promissory note program, which was fully subscribed in its inaugural issue

Solid Share Price Performance (2016 YTD)



Source: Company

Masmovil Overview

Financial Highlights

€ Mn	2013A	2014A	2015A
Net sales	7.8	77.0	130.2
EBITDA	1.1	3.7	10.9
Ebitda Margin	13.8%	4.8%	8.3%
EBT	0.1	(0.7)	(2.0)
Net Income	0.3	0.1	(1.5)
Cash Flow from operations	0.9	(2.0)	11.6
Capex	2.3	14.3	22.1
Total Assets	14.7	126.5	390.8
Intangible assets	4.0	68.1	122.0
Tangible assets	2.2	3.9	96.0
Trade receivables	1.5	29.3	120.8
Cash	4.7	8.8	30.5
Equity	7.6	65.6	90.7
Bank financing	3.7	6.8	13.1
Bond	-	-	27.0
Other liabilities	1.4	9.4	143.2
Deferred income	-	-	68.6
Net debt / Ebitda	0.3x	2.0x	1.5x

Comments

- The significant growth in **revenues** is explained by the incorporation into the perimeter of the group 10 companies in the last 2 years.
- **Intangible assets** include €78Mn goodwill and a €20.2Mn IRU (NPV of the right of use of Jazztel ADSL network).
- **Tangible assets** include the acquisition cost of FTTH (€89Mn).
- **Trade receivables** include the €69Mn payment received early 2016 from Orange/Jazztel from the sale of the IRU on FTTH network.[(1)]
- **Other liabilities** include, amongst others, the payment made to Orange/Jazztel early 2016 from the acquisition of the FTTH assets (€89Mn)[(1)] and the deferred payment to Orange from the acquisition of the IRU over the ADSL assets.

Source: Audited Annual Accounts.
(1) Both amounts have already been netted–off, with a net cash outflow of €20Mn + VAT

Achieving all targets in 2015...

MASMOVIL has reached its financial and operative targets

Achieving all target

Financial Targets[1]	KPI		Achievement	
• Revenues	141 M€	➡	100%	✓
• Gross Profit	48 M€	➡	100%	✓
• EBITDA	12 M€	➡	107%	✓
• EBITDA Margin	8,5%	➡	108%	✓

Operative Targets

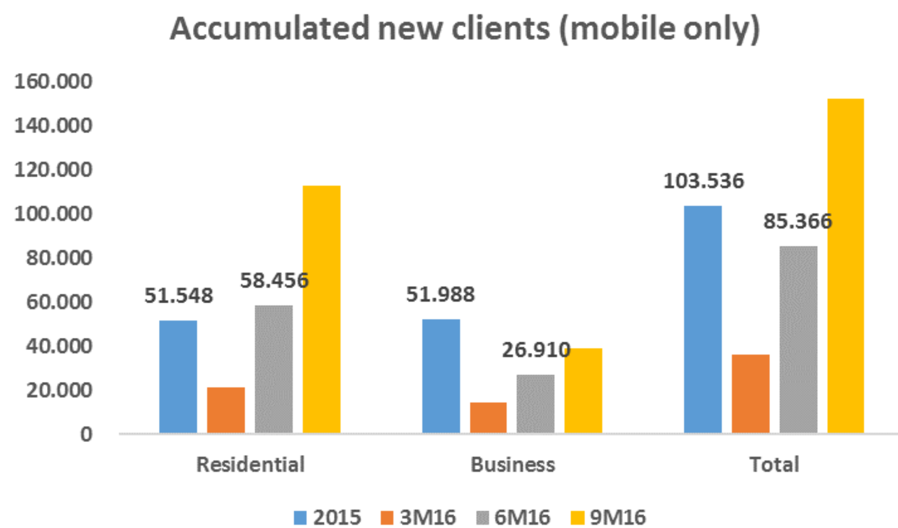
- Successful integration of acquisitions ✓
- Management structure consolidated ✓
- Infrastructure divisions in place and audited ✓
- Broadband launching plan ongoing ✓
- Progressive improvement in all divisions ✓

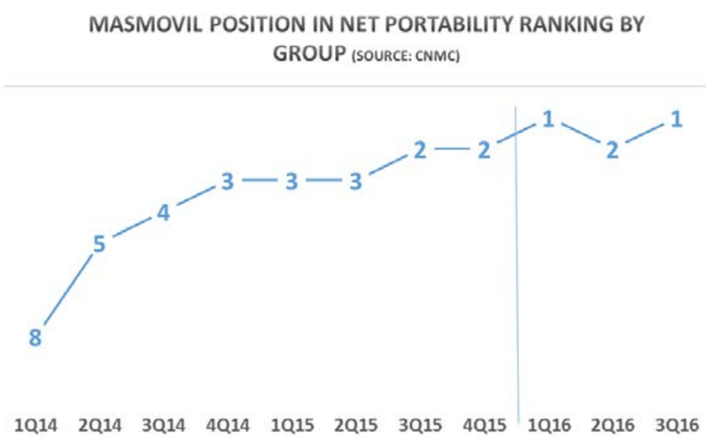
[1] Data proforma without Youmobile

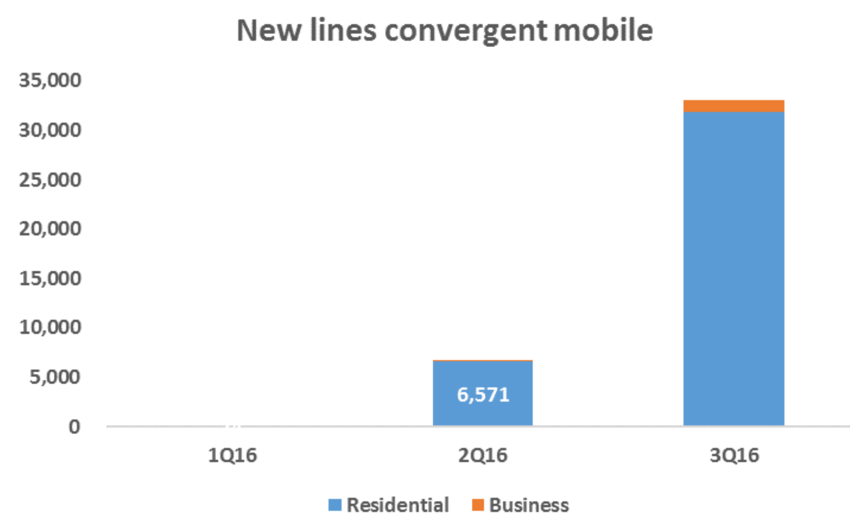
... with solid performance also in 1H16 for MASMOVIL...

Operating results more relevant than financials as they are pre-new Group

- **1H16 financial results quite positive**:
  - Revenues up +23% to 71M€; Gross Profit up +46% to 27M€; EBITDA up +43% to 4.4M€
- **Operating performance strong:**
  - Mobile only clients up +39% YoY, total clients +41%
  - More net adds in 6M16 than in all 2015. Doubling net adds again in 3Q16
  - Leading net portabilities by group YTD (together with Yoigo and Pepephone)
  - Convergence launched successfully in May. Solid progress in 3Q16
- **Global contract with Orange signed**, with significant implications of areas of FTTH, national roaming, and site sharing at both strategic and operational levels







... And for Yoigo

Results as reported by TeliaSonera (pre-acquisition by MASMOVIL)

EUR in millions	2015 Q1	2015 Q2	2015 Q3	2015 Q4	2016 Q1	2016 Q2	2016 Q3
Billed net sales	136	137	143	141	140	147	153
Interconnect	14	14	14	14	14	15	15
Other mobile service revenues	2	2	3	8	1	1	2
Mobile Service revenues	**151**	**153**	**159**	**162**	**155**	**163**	**170**
Fixed Service revenues	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Other Service revenues	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Total Service revenues	151	153	159	162	155	163	170
Total Equipment revenues	46	52	62	66	63	47	48
Total external net sales	**197**	**205**	**221**	**228**	**218**	**210**	**218**
Internal net sales	1	1	1	1	1	1	1
Total net sales	**197**	**206**	**222**	**229**	**218**	**210**	**219**
Net sales growth in local currency excl. acquisitions & disposals, %							
Service revenue growth in local currency excl. acquisitions & disposals %							
EBITDA excl. non-recurring items	**10**	**17**	**25**	**25**	**13**	**28**	**26**
Margin, %	*5,0%*	*8,5%*	*11,3%*	*10,8%*	*0*	*13,4%*	*11,9%*
EBITDA	**10**	**17**	**25**	**25**	**13**	**29**	**26**
Margin, %	*5,0%*	*8,5%*	*11,3%*	*10,8%*	*6%*	*13,7%*	*11,9%*
Mobile							
Post-paid subscriptions ('000)	2.150	2.195	2.221	2.235	2.288	2.315	2.372
Pre-paid subscriptions ('000)	1.313	1.238	1.178	1.109	1.008	946	881
Total subscriptions ('000)	3.463	3.433	3.399	3.344	3.296	3.261	3.253
Post-paid ARPU (EUR/month)	19,4	19,5	19,8	19,8	19,6	20,5	21,0
Pre-paid ARPU (EUR/month)	6,2	6,3	6,8	6,6	6,6	7,0	7,4
Blended ARPU (EUR/month)	14,3	14,6	15,2	15,3	15,5	16,4	17,2
Minutes of use (min/month)	211	220	221	229	235	257	255
Blended churn (%)	35	34	37	33	35	27	30

Overview of the combined group

Creation of the 4th national operator with its own nationwide mobile and fixed line infrastructure and c. ~ 4.6Mn mobile clients

	yoigo	MÁSMÓV!L	pepephone.com	COMBINED GROUP
Mobile operations	**MNO**	**MVNO**	**MVNO**	**"value for money" MNO**
Shareholding structure	76.6% TeliaSonera, ACS (17%), FCC (3.4%), Abengoa (3%)	Listed on Spanish MAB: 40% Institutional Investors, 22% Founders, 15% Family Offices, 23% Others	PepeWorld (90%) and Crisdago (10%)	**Investor / Stake** Providence 18% Other BoD members 14% Onchena (Family office) 17% Other investors >3% 19% Other members sindication pact 1% Free float 30% **Total 100%**
Key Financials	**2015** Revenues 865.5 % Growth 3.4% EBITDA Adj. 79.6 % Margin 9.2%	**2015** Revenues 142.4 % Growth na EBITDA Adj. 12.0 % Margin 8.5%	**2015** Revenues 66.9 % Growth 11.5% EBITDA Adj. 12.7 % Margin 19.0%	**2015** Revenues 1 074.8 % Growth 10.3% EBITDA Adj. 104.3 % Margin 9.7%
# Subs.	c 3.6Mn mobile subs.	c. 500k subscribers	470k mobile subs. and 40k ADSL subs.	Consolidation of MM as the #4 national player with ~ 4.6Mn mobile subscriptions
Mobile Network	Proprietary network (60% coverage, c. 4,700 sites to 4G) + National Roaming Agreement ("NRA") with Telefónica	Orange's network	Telefónica's network	Yoigo's proprietary network + New NRA
Fixed Network	n/a	Proprietary network (ADSL and FTTH) acquired from Orange/Jazztel remedies in 2015 – 750k FFTH and 18.6Mn ADSL BUs	Vodafone's network	Masmóvil's proprietary network & Framework Agreement with Orange

Source: Yoigo / PP / MM 2015

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- **Competitive landscape: growth finally coming back**
- **First value creation opportunity: Broadband and Convergency**
- **Second value creation opportunity: Pepephone & Yoigo**
- **Third value creation opportunity: New NRA**
- **Fourth value creation opportunity: Deleveraging the balance sheet**

Spanish market repair is now an ongoing reality …

2011-2016: a painful but necessary rationalization for the incumbent

TELEFONICA'S PRICING UMBRELLA 2011-2016 EVOLUTION

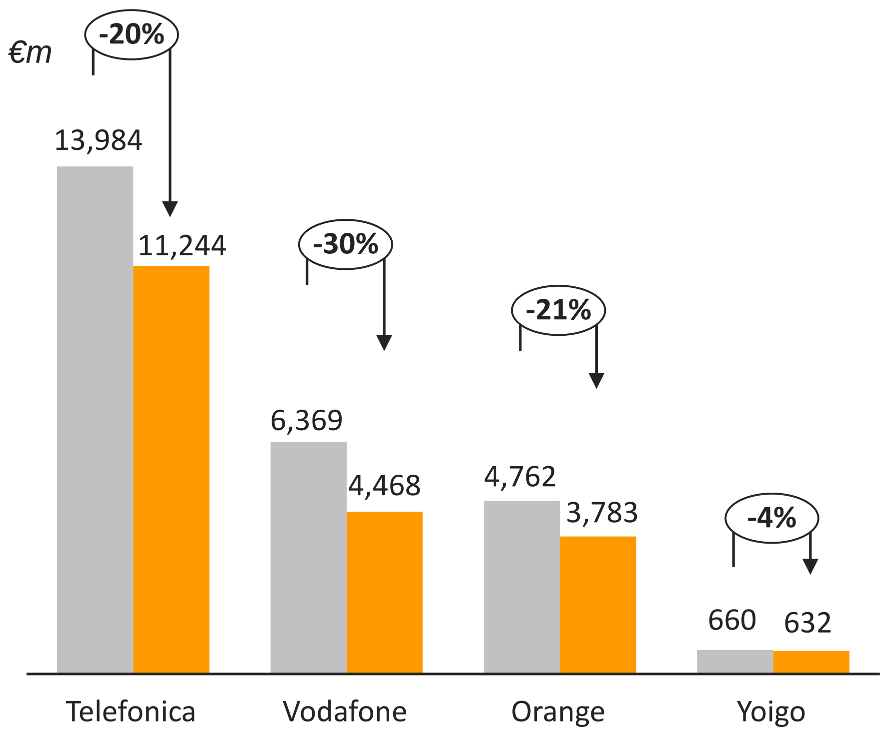
	3Q11		3Q14		2Q15		2Q16
Movistar Fusión		*offer launched in Oct. 12*					
vodafone ono			*Announced March 14* / *Approved July 14*				
Jazztel orange			*announced Sep. 14*		*Approved May. 15*		
LOW END(1) (-59% vs. 2011)	121	-65%	42	+12%	47	+6.5%	50
HIGH END(2) (-51% vs. 2011)	139	-61%	54	+20%	65	+4.6%	68

(1) Low end bundles: 3Q11: ADSL 10 megas + 500 min 500MB - 3Q14: ADSL/FTTH 10 megas + 100 min 500MB and TV web
(2) High end bundles: 3Q11: FTTH 100 megas + 500 min 500MB - 3Q14: FFTH 100 megas + 100 min 500MB and TV web

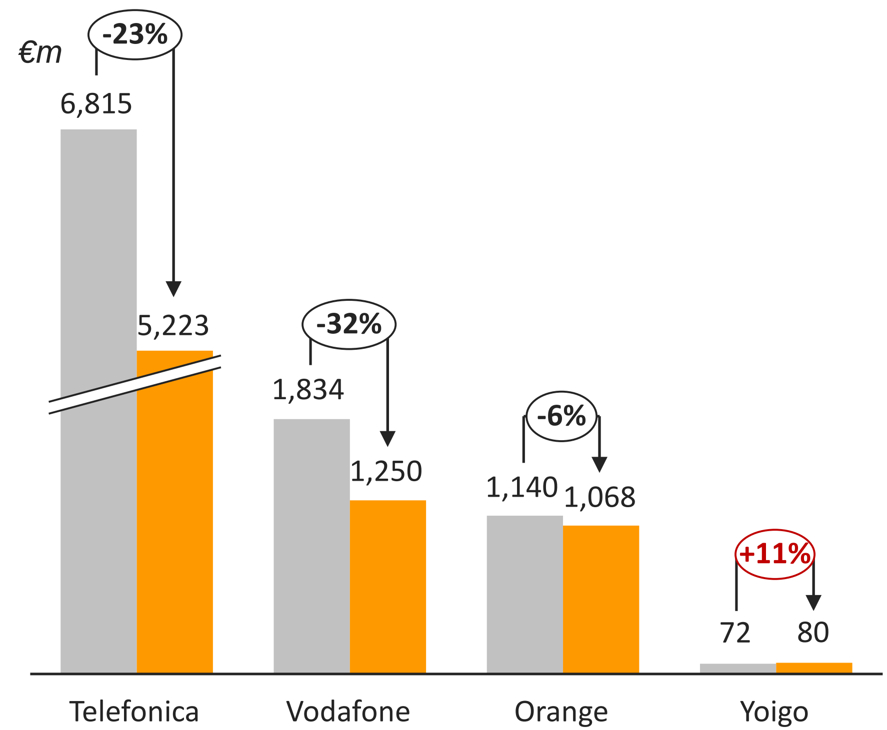
… unlikely to be reverted as players will need time to forget the pain

The Big 3 Operators have lost 6% - 32% of EBITDA during the price war. Yoigo is the only company that has grown EBITDA over this period (+11%)

Service Revenues [1]
2012 - 2015



Total EBITDA
2012 - 2015



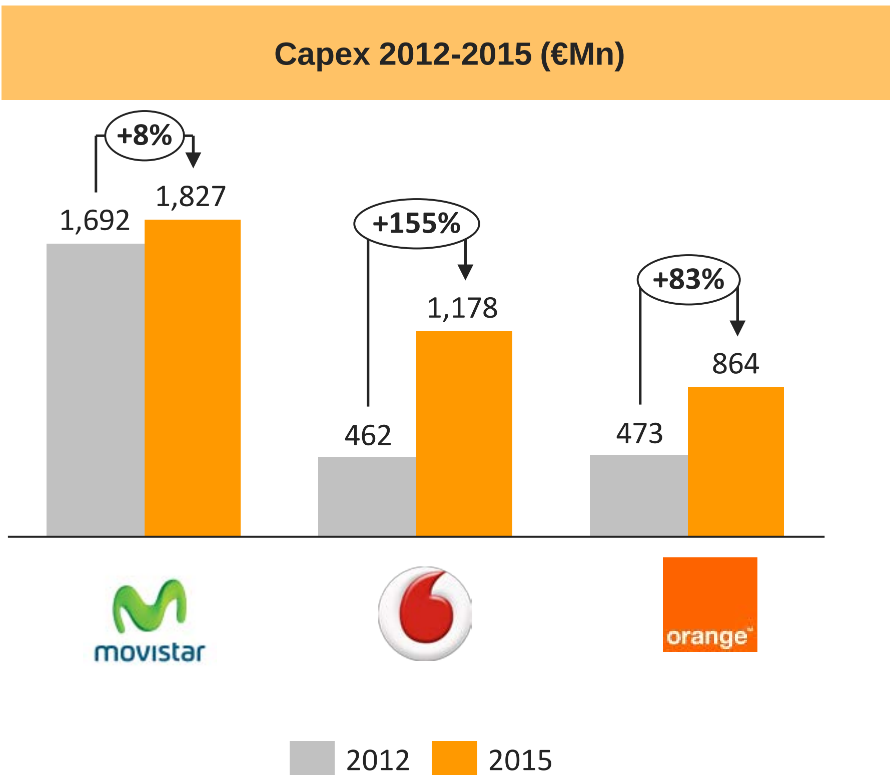
2012 2015

Sources: Operators' annual reports
(1) Service Revenues = Total Revenues – Equipment Sales

Huge investments required to rationalize competitive dynamics…

Increase in Capex / M&A Investments over the last 3 years will need to be amortized and support current focus of Top 3 operators on price increases

- Significant investments made by TEF, Vodafone and Orange in M&A, content, FTTH and LTE network deployment suggest that they each have strong incentives to remain rational with pricing strategy.



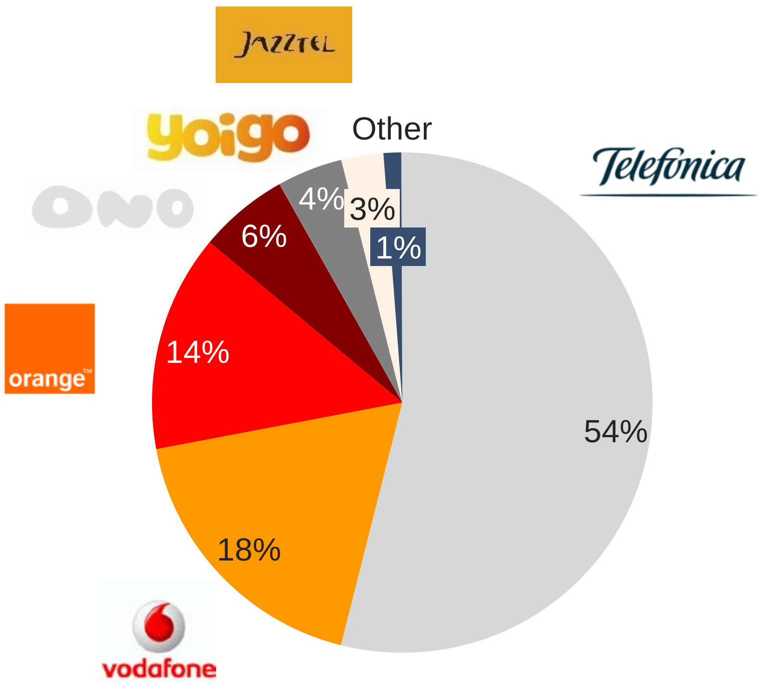
- **The incumbents have spent more than €11bn in consolidating the market:**
  - TEF bought Canal+ for €1Bn in 2014/15
  - Vodafone bought Ono for €7.2Bn in 2014
  - Orange bough Jazztel for €3.3Bn in 2015
- **In addition, they invested €3.3bn in football rights…**
  - Rights to LaLiga were sold for €2Bn to TEF, Vodafone and Orange
  - TEF separately has invested €1.2Bn to buy exclusive. rights for UEFA Champions league, Europe League etc.
- **… with more investments planned to upgrade the current networks:**
  - TEF invested €7.5Bn in NGN[1] between 2010-2014 and plans to invest €3.5Bn in 2016-2017
  - Orange has invested around €1.7bn in FTTH to pass 14Mn households. In Jan 2016 the company announced an investment €400Mn in 4G deployment

Note: Vodafone's financials corresponds to reported fiscal year starting on April 1st and ending on March 31st
Source: Operator's annual reports, press releases, Oliver Wyman analysis
(1) New Generation Network

… that have allowed for increasing market shares …

The price war and the demand for convergent products triggered a consolidation process, which resulted in a much healthier market today. Big 3 operators control today around 95% market share

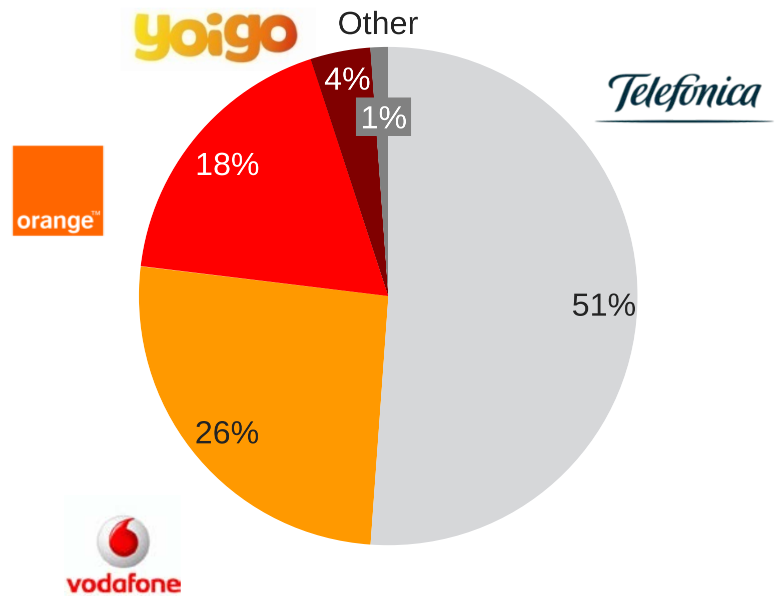
2012 Revenue Market Share (Fixed + Mobile)



Top 3: 86%

Total market: €28Bn

2015 Pro Forma Revenue Market Share (Fixed + Mobile)



Top 3: 95%

Total market: €24Bn

… and the beginning of tariff inflation …

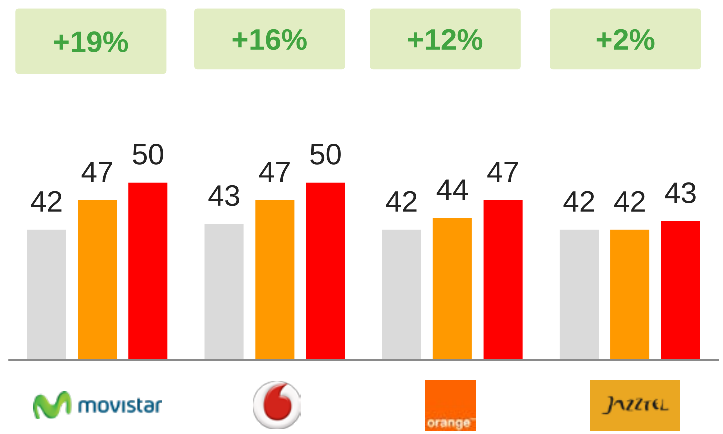
Consolidation and pain of price war has led to price increases. All operators are now focused on generating a return on recent M&A and Capex investments

Convergent bundle benchmark
2016-2015-2014; €/ month

2014Q2 | 2015Q4 | 2016Q2

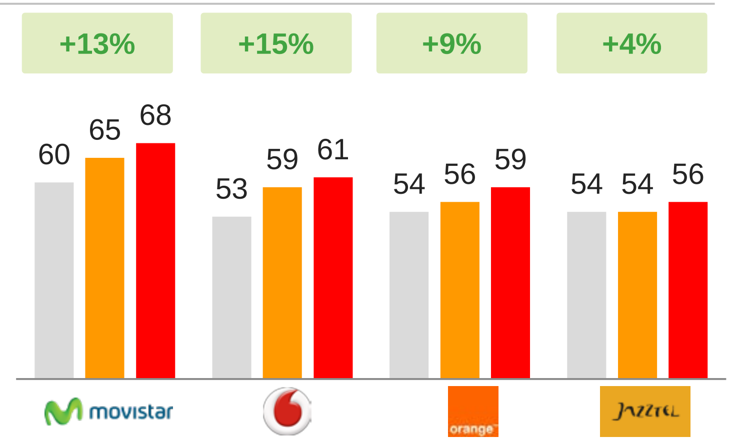
Portfolio improvement vs. 2014

LOW END MOBILE – No TV[1]



	'14	**'16**	'14	**'16**	'14	**'16**	'14	**'16**
Voice (Min)	100	**200**	200	200	150	150	200	200
Data (GB)	0.1	**2.0**	0.8	**2.0**	1.0	**2.0**	1.1	**1.5**
FBB (Mbps)	10	**30**	35	**50[2]**	20	**50[2]**	30	**50[2]**

HIGH END MOBILE – No TV[1]

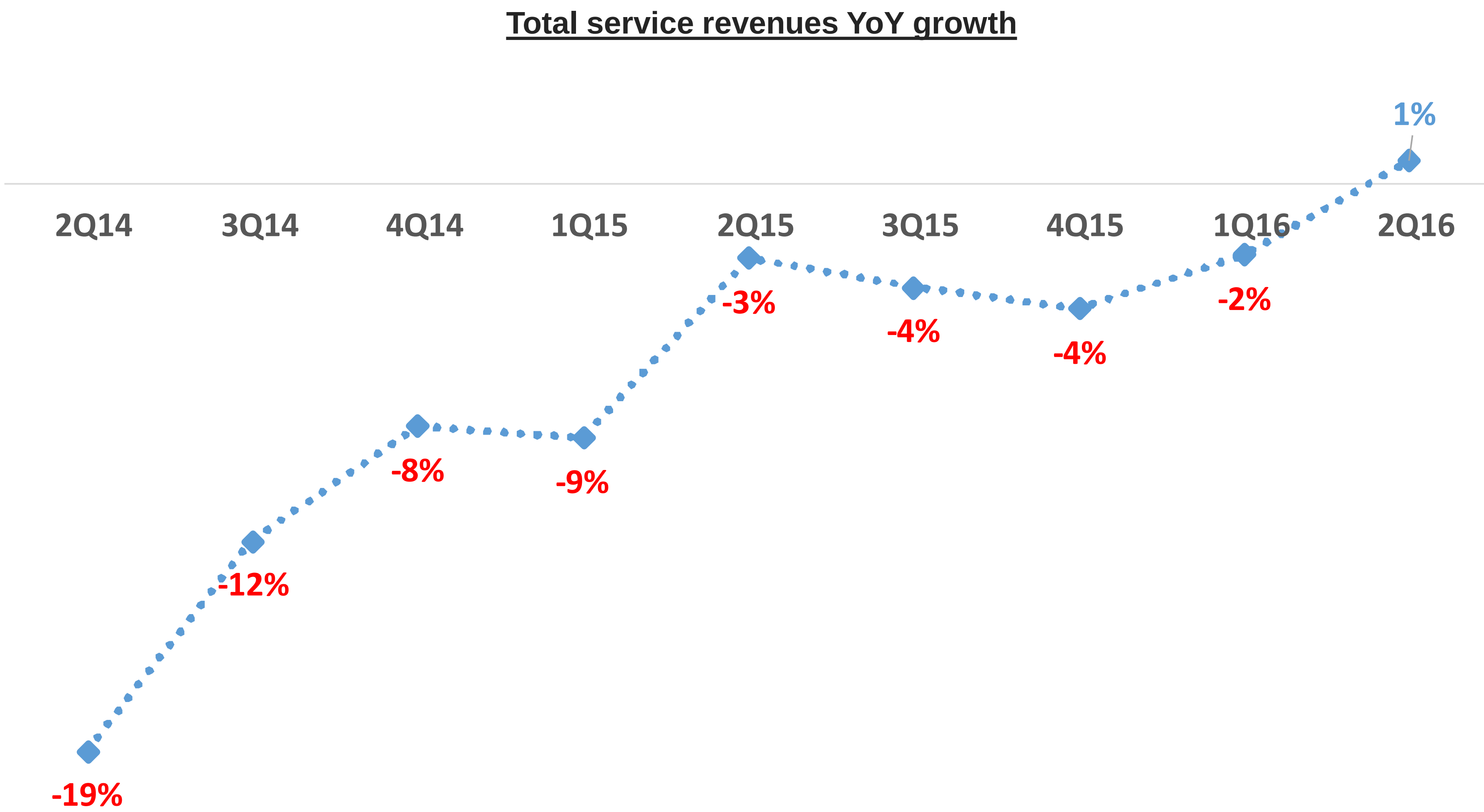


	'14	**'16**	'14	**'16**	'14	**'16**	'14	**'16**
Voice (Min)	Unlimited		Unlimited		Unlimited		Unlimited	
Data (GB)	1.0	**3.0**	2.0	**4.0**	2.0	**4.0**	1.0	**2.5**
FBB (Mbps)	10	**30**	35	**50[2]**	20	**50[2]**	30	**50[2]**

Source: companies' websites. Oliver Wyman analysis
(1) Movistar includes online TV and Yomvi in its convergent bundles; 2. 30 MB outside of FTTH coverage area; 3. 10GB to split between 2 or more lines

… bringing Spanish market finally to grow

Spanish mobile market is healing after years of price war



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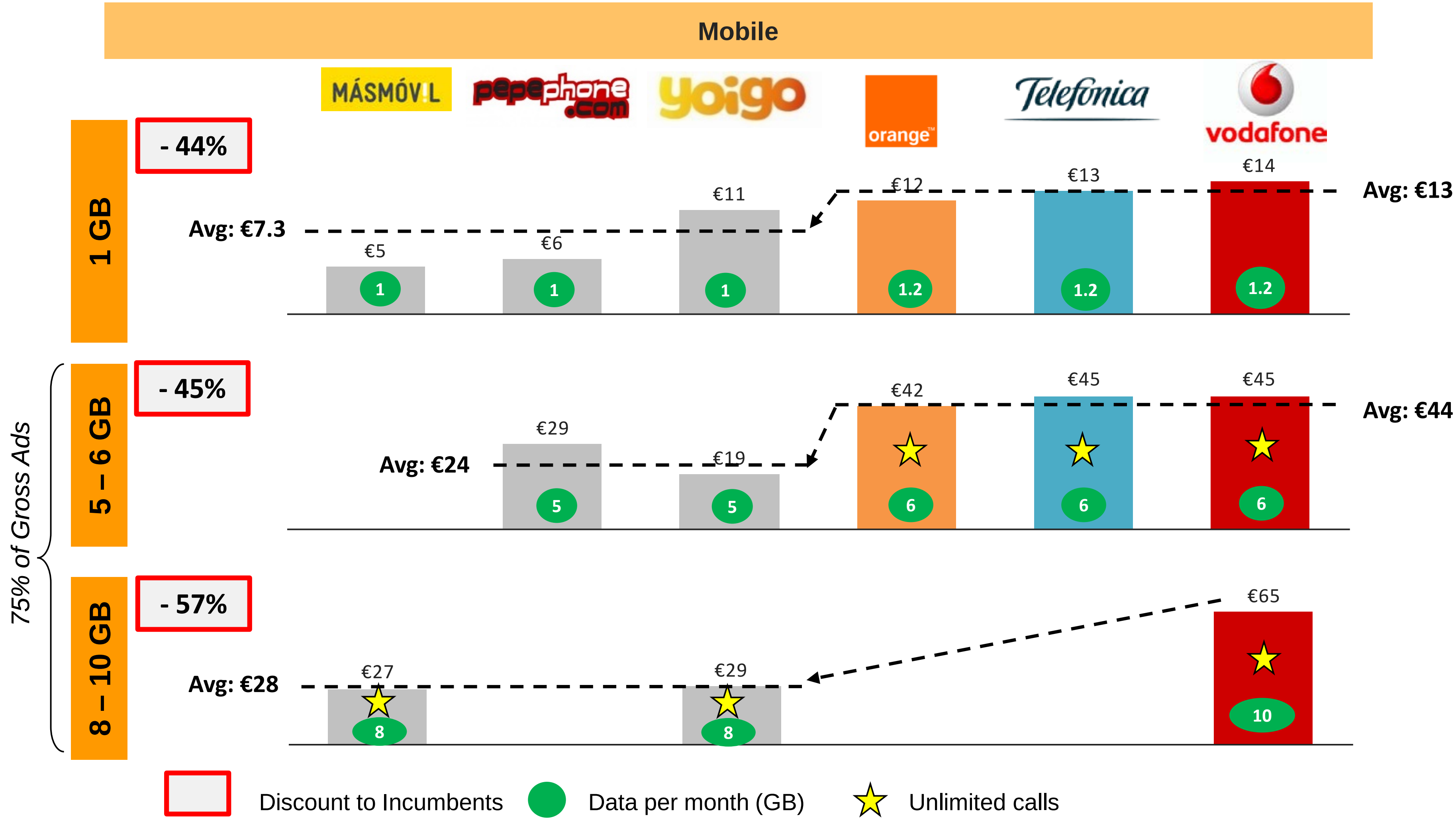
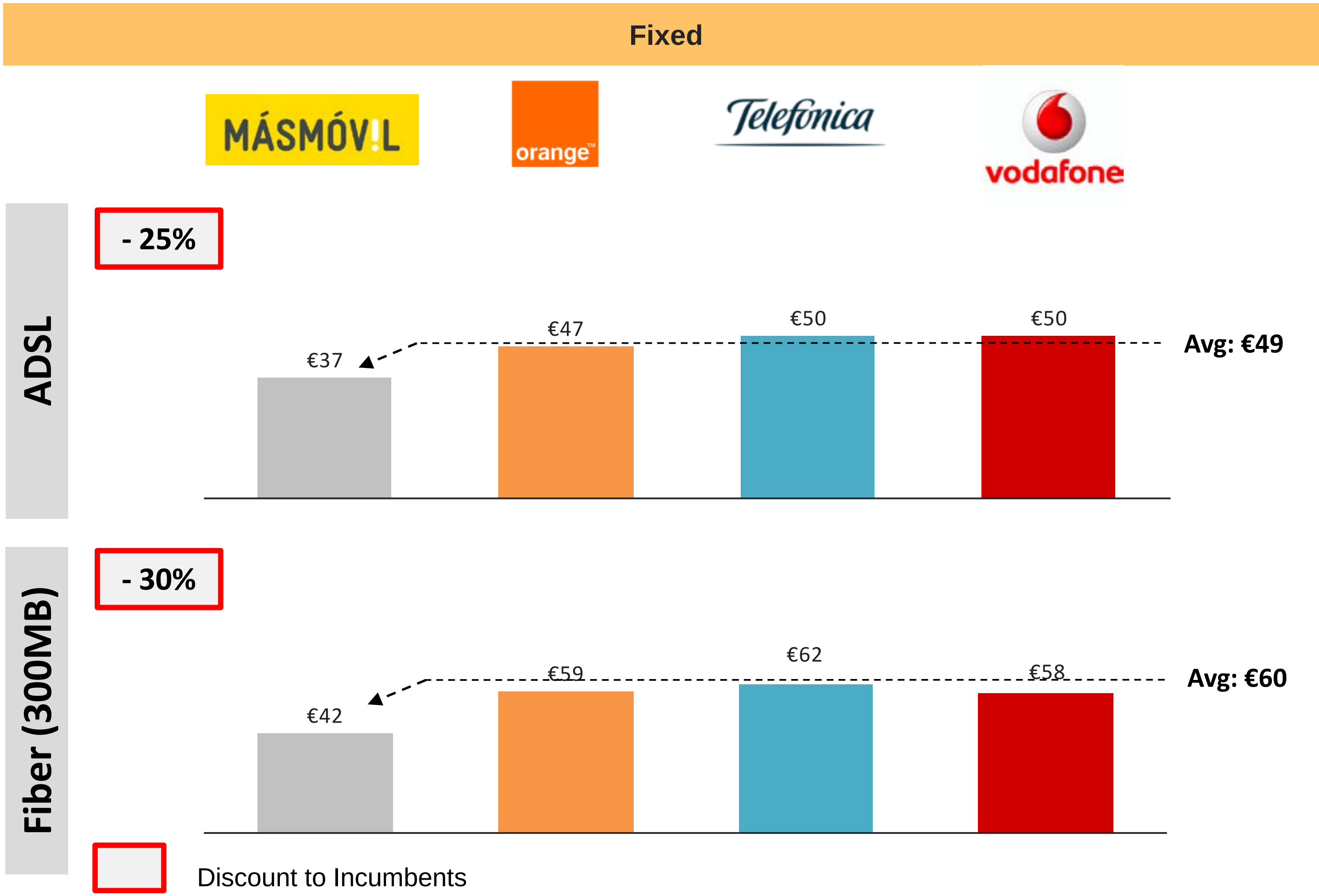
MM is consolidating the now empty value-for-money space in mobile

Yoigo pricing at a significant discount to drive demand and market share gains



Pricing in fixed also positioned at a clear discount to peers

Yoigo pricing at a significant discount in fixed to drive demand and market share gains



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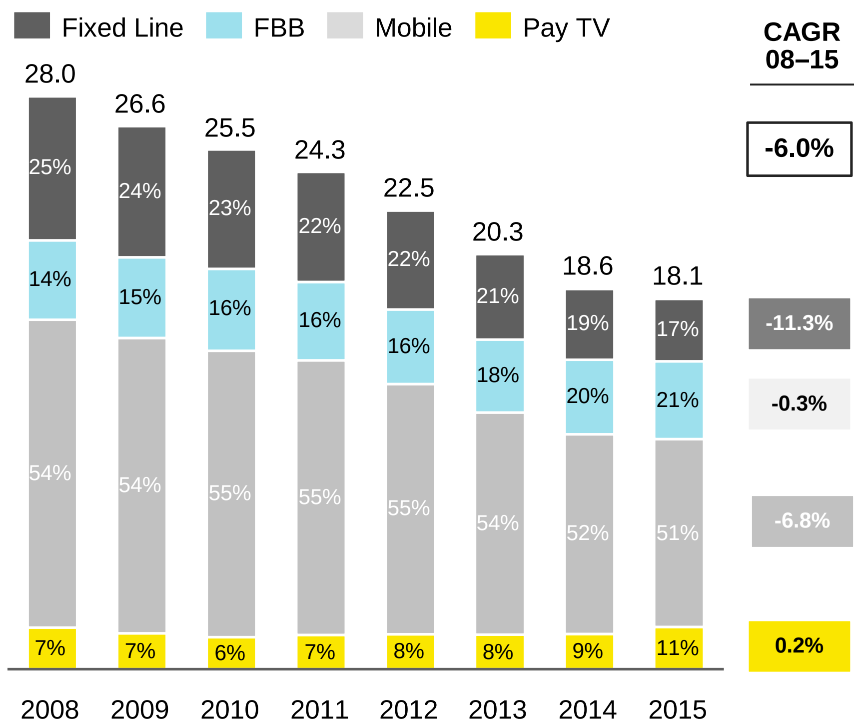
Convergency is the name of the game

Fixed broadband market is the one gaining share

- 08-´14 period with intense price competition. For example, Telefonica introduced in ´12 Fusion offers, combining fixed and mobile products at 50% discount.
- Market has stabilized over the last 2 years. All operators now focus on monetisation of data demand ad well as capex and M&A

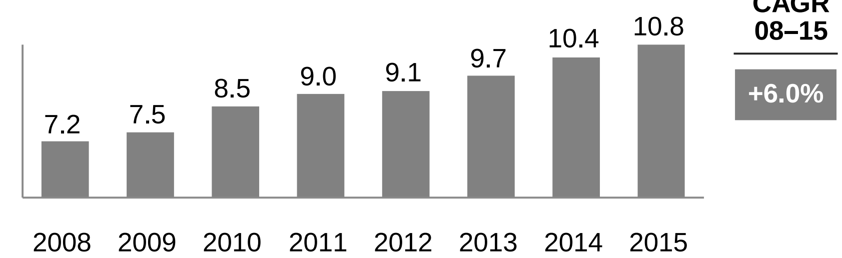
Retail fixed and mobile revenues (Residential and Business)
2008-2015: € Bn



Fixed Broadband Residential subscribers
2008-2015

Penetration[1] (%)

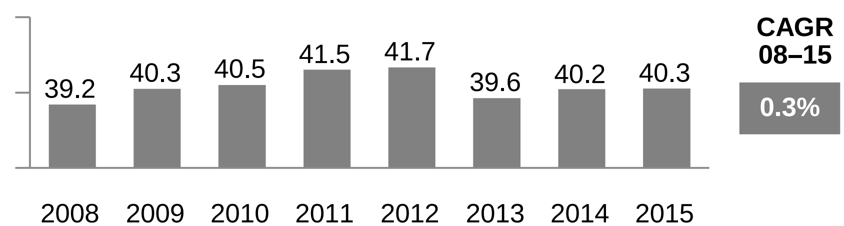
43%	44%	48%	50%	50%	53%	57%	59%



Mobile Residential subscribers
2008-2015

Penetration[2] (%)

85%	87%	87%	89%	89%	85%	87%	87%



While mobile is a saturated market, Fixed Broadband is benefiting from the convergence momentum

Source: CNMC; INE; Oliver Wyman Analysis
1. Subscribers over Household.
2. Subscribers over population.

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

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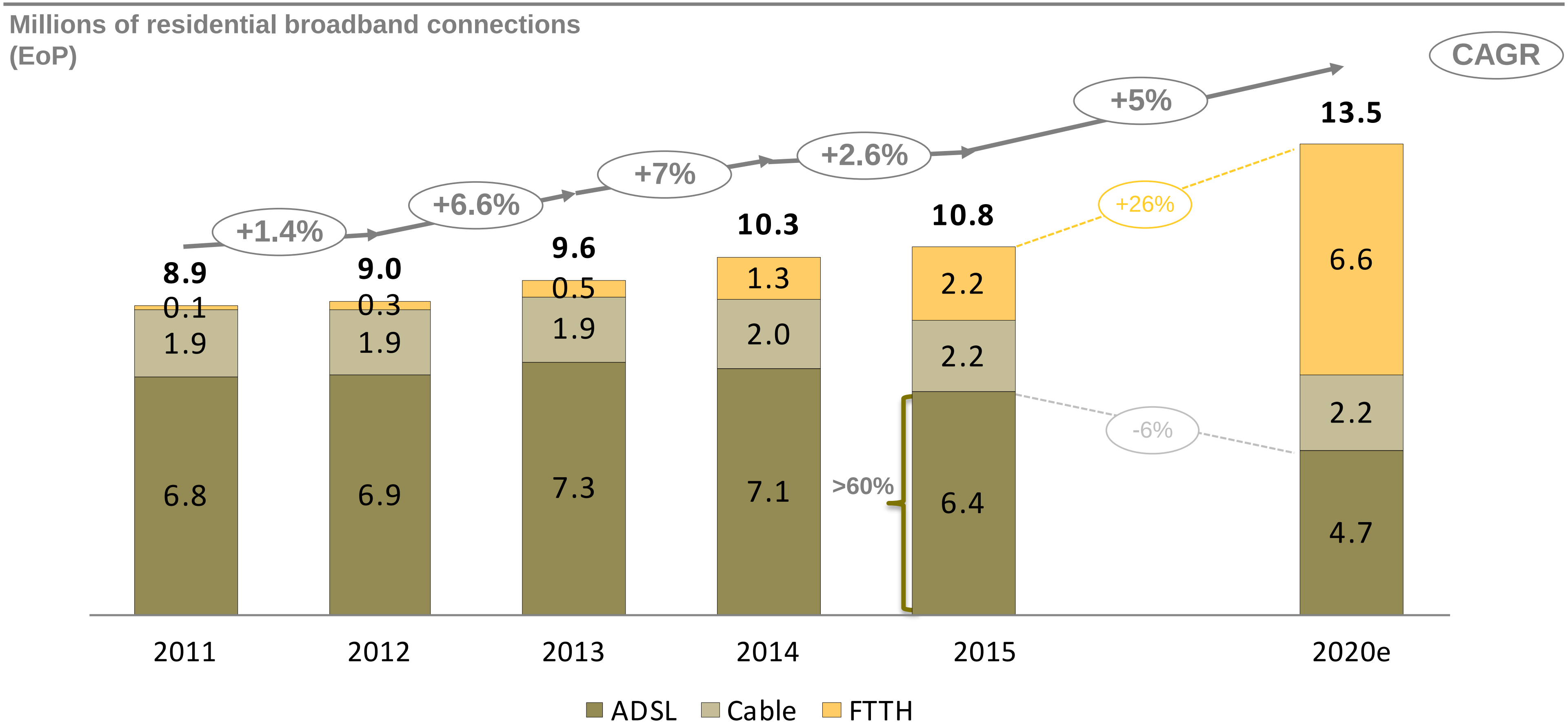
The market keeps growing



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

Source: CNMC, MASMOVIL and Arthur D. Little analysis

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

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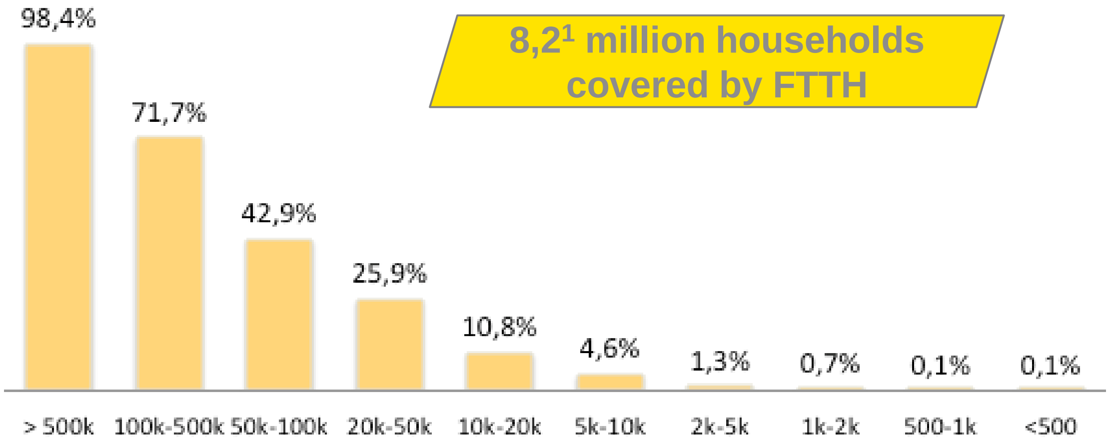
FTTH network coverage by municipality size 2014[1]

%



Σ 87%

Households covered by FTTH[1] (thousands)

3,050	3,117	959	740	203	67	15	4	-	-

Operators rollout plans[2]

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 15,4[1] million building units covered by FTTH networks by the end of 2014, equivalent to 8,2[1] 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)

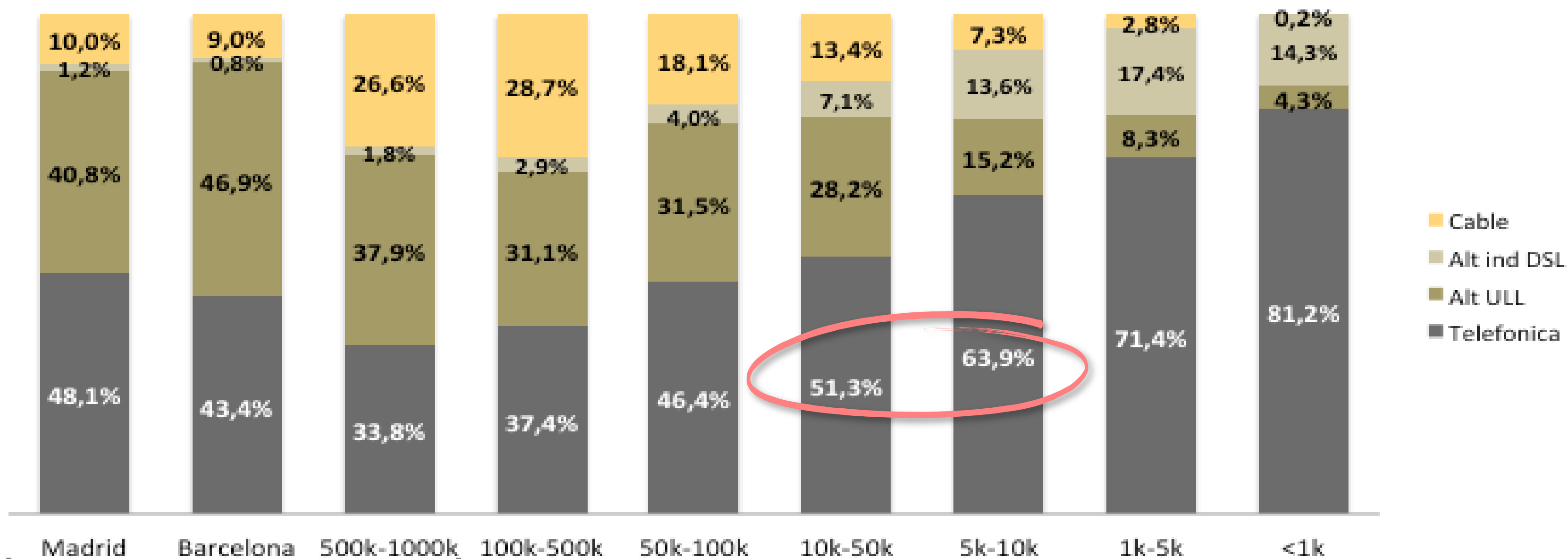
[1] Source "Broadband Coverage in Spain Report 2015", by SETSI (Ministry of Industry) – See Annex 4

[2] Source CNMC and declarations to the media

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

Market share by municipality size

%



	Madrid / Barcelona / 500k-1000k	100k-500k	50k-100k	10k-50k	5k-10k	1k-5k	<1k
# Households not covered by FTTH (k)	50	1.230	1.276	3.795	1.393	1.678	621

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

Source “Broadband Coverage in Spain Report 2015”, by SETSI (Ministry of Industry)

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

FTTH network

- Acquisition of **720-750k FTTH BUs** located in 13 densely populated urban areas in Spain (Madrid, Barcelona, Valencia, Seville & Malaga)
- Orange will operate the network for a transition period of 12 months

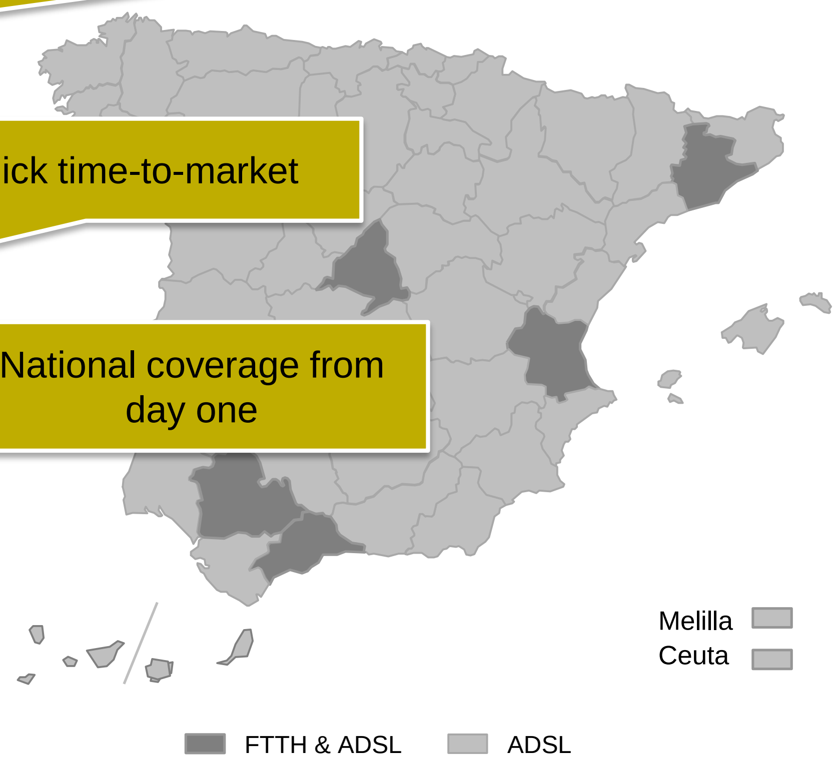
ADSL network

- **Bitstream access to Jazztel's ADSL network** (18.6m BUs) with interconnection in a single national concentration point
- Duration: 8 years (initial 4 years with option to extend by 4 years)

FTTH footprint equivalent to Orange and Vodafone pre-merger

Quick time-to-market

National coverage from day one



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

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	Economic terms	Estimated market value
FTTH network	■ MASMOVIL pays network to Orange ■ Orange pays IRU[1] (max. 40% of the network capacity) to MASMOVIL Gross Price: €89m; IRU: €69m; **Net Price: €20m** ■ MASMOVIL/Orange **share maintenance costs** in proportion to the client number	■ 720-750k BUs acquired ■ Estimated market unitary cost per BU of €130-140 ■ **Estimated reposition value €100m**
ADSL network	■ MASMOVIL pays cost orientated monthly access fee per line (allows gross margin in line with traditional players) ■ Additional fixed payments for access to the whole ASDL network and eventual investments (amount depends on market evolution)	■ Investments to access to 1,123 exchanges ■ DSL equipment costs ■ Backbone connectivity costs ■ **Estimated network reposition value €400m[2]**

Gross Price	€89m
IRU	€69m
Net Price	**€20m**

Substantially lower than indirect access regulated costs

Beneficial for MASMOVIL: similar OPEX to an incumbent player from the first customer

[1] IRU (indefeasible right of use) for 35 years

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

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Yoigo has managed to thrive in a convergent market…

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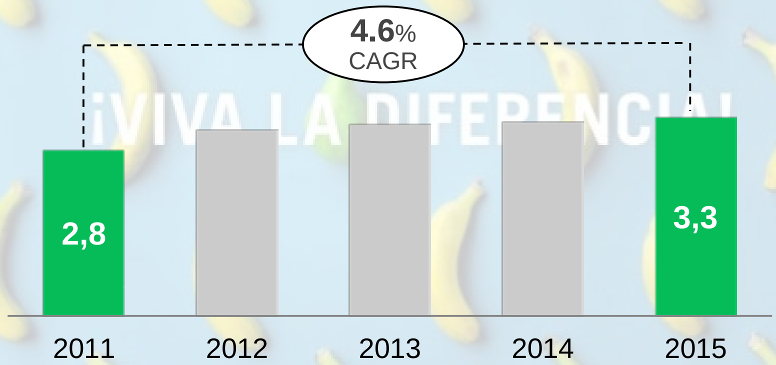
Fourth mobile operator in the Spanish market

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.)	x2.2[2] YoY	Negative in 2014

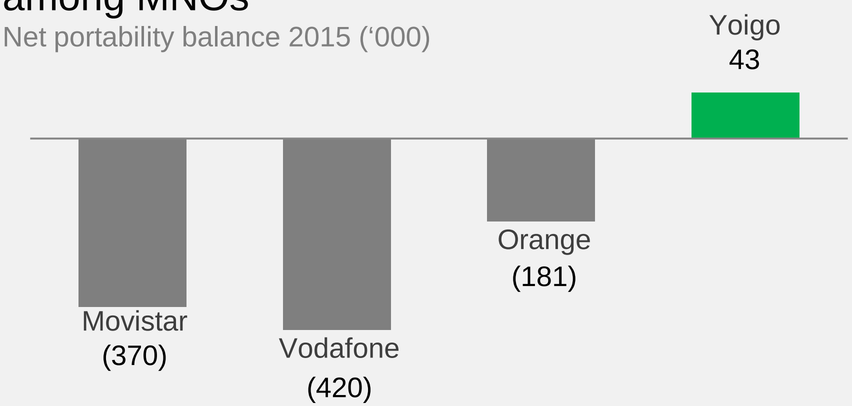
[1] Billed traffic evolution

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

… by focusing on high-value customers

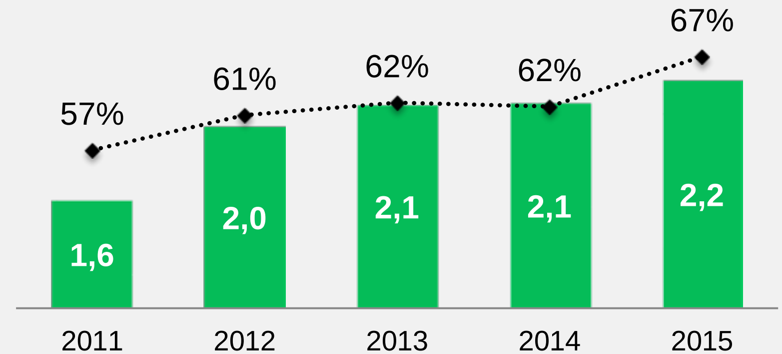
Leading mobile portability among MNOs[1]

Net portability balance 2015 ('000)



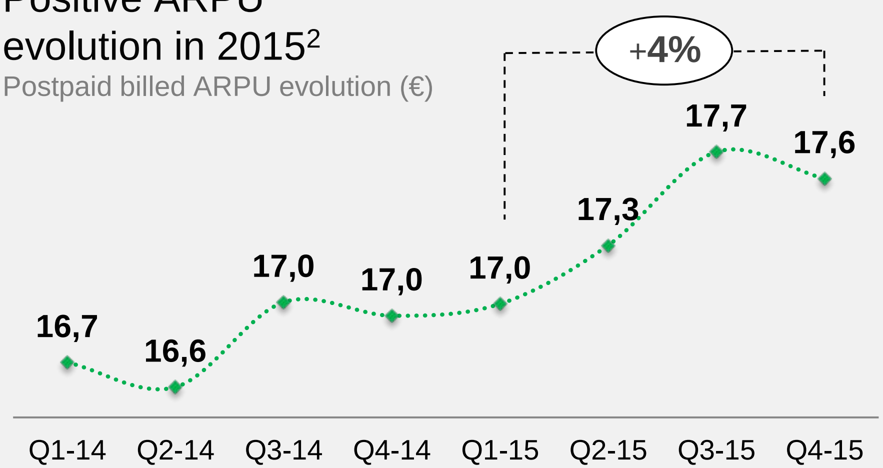
Successfully growing its postpaid customer base[2]

Postpaid customers (million) / Postpaid %



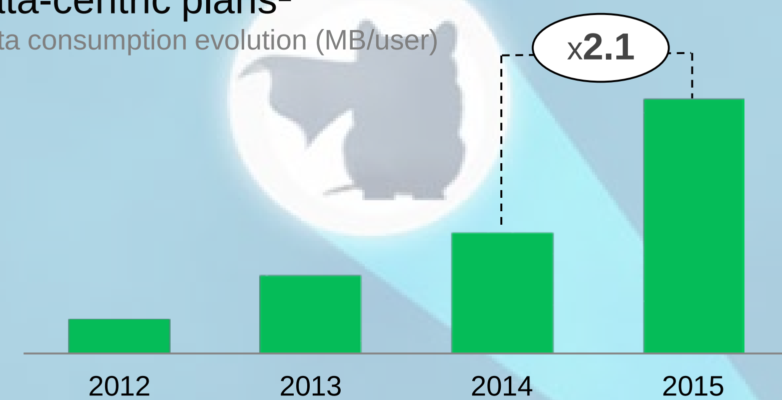
Positive ARPU evolution in 2015[2]

Postpaid billed ARPU evolution (€)



Industry leading data-centric plans[2]

Data consumption evolution (MB/user)



[1] Source CNMC
[2] Based on company information

Yoigo: Value accretive transaction

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Transaction multiples and value creation	€612m[1] Enterprise value (EV) — Post direct cost savings: x5.3 EV/2015 EBITDA[2]; x8.1 EV/2015 OpFCF[2] ✓ 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	✓ Envisaged financing structure 30-50% equity and equity-like
Conditions	✓ Subject to satisfactory Antitrust clearance
Timeline	✓ Closing expected in H2 2016

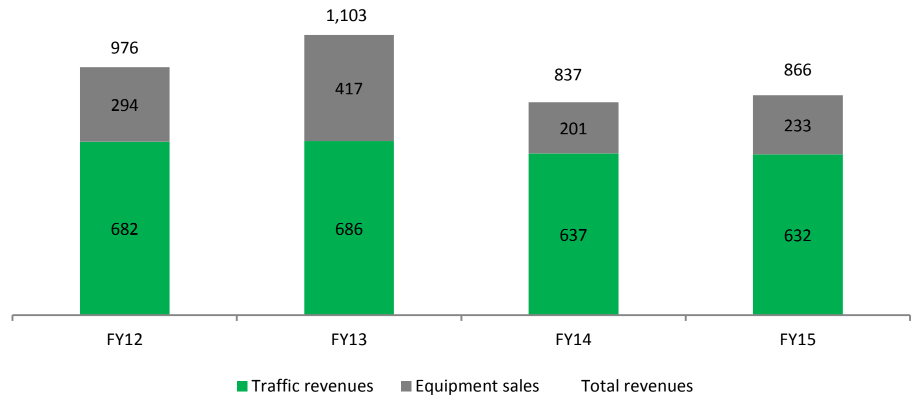
[1] An additional earn-out of up to €96m will be paid in 2020 if the company reaches €300m 2019 EBITDA (no payment due under €210m EBITDA)
[2] Adjusted for run-rate cost savings as made public in deal announcement release without additional synergies

Yoigo Overview

Revenues and EBITDA recent evolution

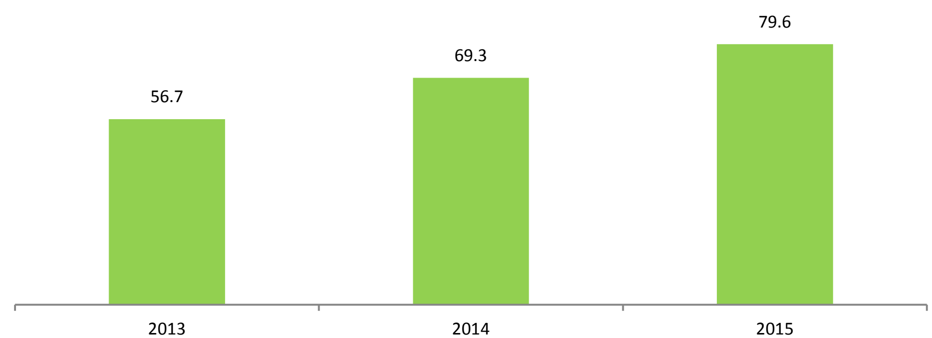
Revenues breakdown (´000)

- Total traffic revenues decreased from €682Mn in FY12 to €632Mn in FY15 due to:
  - Decrease in interconnection revenues as a result of the fall in regulated interconnection prices.
  - Decrease in VAS revenues as the popularity of these services has declined since FY13.
- Traffic contribution margin increased by 6.3 p.p. from 72.2% in FY12 to 78.5% in FY14 as a result of:
  - decreasing interconnection and national roaming tariffs.
  - increased use of Yoigo's own network. Contribution margin decreased by 3 p.p. to 75.5% in FY15 due to higher roaming costs driven by data traffic (volume effect) and also higher prices.



Recurrent EBITDA

- Yoigo's recurrent EBITDA has grown substantially throughout the period, increasing from €56.7Mn in FY13 to €69.3Mn and €79.6Mn in FY14 and FY15 respectively
- This growth has been mainly driven by a contraction in SAC and SRC costs (decreasing by €57.7Mn and €30.7Mn in FY14 and FY15, respectively), primarily attributable to:
  - (i) lower gross adds
  - (ii) a decrease in handset subsidies
  - (iii) introduction of a new handset financing model ("Cuota 25")



Yoigo Overview

Financial Highlights

€ Mn	2013	2014	2015
Total Revenues	1.102.7	837.4	865.5[(1)]
Recurrent EBITDA	56.7	69.3	79.6
Gross Margin	314.2	346.1	351.1
Ebitda Margin	5.1%	8.2%	9.2%
EBT	(22.2)	(21.8)	2.4
Net Income	(15.7)	(80.2)	2.7
Cash flow from Operations	167.9	(50.8)	83.2
Capex	(54.3)	(36.6)	(42.9)
Total Assets	1,190.3	1,009.3	1,005.7
Fixed assets	865.1	812.2	781.3
Trade receivables	229.3	116.1	105.3
Cash	89.3	60	95.9
Net Equity	(118.8)	(199.0)	(197.5)
Net debt (ex PPL/IRU)	69.4	(35.0)	(5.2)

Comments

- **Total revenues decreased in 2014** after discontinuing the Handset subsidizing model with a positive effect in the gross margin (reduced SAC expenditures).
- **EBITDA margin** has expanded consistently in the last years
- Excluding the PPL (and also the transmission IRU capitalized), the company is basically debt free as of the end of 2015

(1) Financial model includes within revenues €1.7Mn of "other operating revenues".

Pepephone A strong brand that attracts valuable and loyal customers

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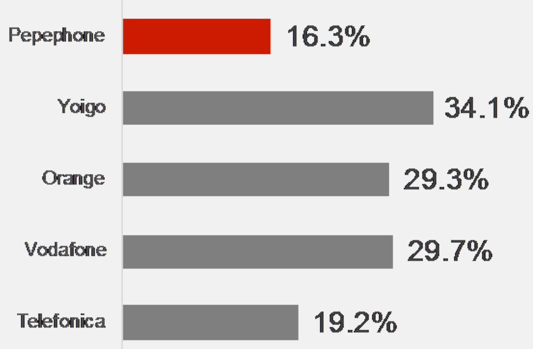
Stable customer base with the lowest churn in the industry[1]

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

- **2007** :: Founded by Spanish tour operator Globalia
- **2012** :: Feb 2012 :: Current shareholders enter the Company
- **2013** :: Apr 2013 :: Launch of ADSL services through an agreement with Vodafone
- **2014** :: Sep 2014 :: New MVNO agreement with Telefonica signed
- Nov 2014 :: Migration to Telefonica network starts
- Dec 2014 :: Launch of new “Ratoncito” 4G tariffs
- **2015** :: May 2015 :: End of 4G migration
- Sep 2015 :: Pepephone starts selling electricity to its customers

[1] Source: Companies quarterly results reports and Pepephone management

Pepephone, also value accretive transaction

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Value creation	Post direct cost savings €158m — Enterprise value (EV) x6.6 — EV/2015 adj EBITDA[1] x6.6 — EV/2015 adj OpFCF[1] ✓ 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	✓ 50% Debt / 50% Equity
Conditions	✓ Subject to satisfactory anti-trust approvals and confirmatory due diligence
Timetable	✓ Closing expected in H2 2016

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

Pepephone Overview

Financial Highlights

€ Mn	2011A	2012A	2013A	2014A	2015E
Net sales	16.7	29.2	51.1	60.0	66.9
EBITDA	(0.0)	0.9	7.2	9.2	12.7
Gross Margin	-	-	33.7%	32.0%	33%
Ebitda Margin	n.a.	3.1%	14.1%	15.3%	19.0%
EBT	(0.4)	0.4	6.1	7.9	13.3
Net Income	(0.3)	0.3	4.3	5.5	9.5
Cash Flow from operations	-	-	5.7	7.3	9.3
Capex	0.0	1.7	1.2	0.3	0.3
Cash dividends	-	-	3.7	4.4	9.9
Total Assets	5.4	8.5	9.7	10.7	10.8
Fixed assets	-	-	2.9	1.9	1.7
Trade receivables	-	-	5.7	6.0	6.9
Cash	-	0.6	0.7	2.7	1.7
Equity	0.8	1.0	2.2	3.2	3.2
Gross debt	-	2.1	1.3	0.4	0.0
Net debt / Ebitda	n.a.	1.7x	0.1x	n.a.	n.a.

Comments

- **Revenues have more than triple** in 5 years, due to:
- (i) increase in customer base of Voice and Data and
- (ii) increase in ADSL revenues.
- The strong business model, jointly with a **lean cost structure** (with c.20 employees) has allowed PP to reach an Ebitda margin c.20% (from negative Ebitda in 2011).
- The company has **no financial debt**.
- **Strong cash flow generator**, with very limited WC and Capex needs.

Source: Company / Audited Annual Accounts.

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New NRA could bring significant cost savings

	Yoigo	MÁSMÓVIL	pepephone.com
Why do you need an NRA?	▪ Even though Yoigo has invested in its own network, the company still has to rely on a roaming partner to provide nationwide coverage	▪ Both Masmovil and Pepephone are MVNOs and therefore do not have their own network to carry the traffic ▪ The focus of the companies is more on sales and marketing as opposed to maintaining network infrastructure	
Current NRA Provider	Telefonica	orange	Telefonica
% of Data Traffic Carried by Roaming Partner	40%	100%	100%
LTM June 2016 current host costs	c.>€110m +	c.>€10m +	c.>€35m[1]
	= **Approx. >€155m**		
Total Payment to new operator (2017 - 20 Avg.)	**Substantial savings**		

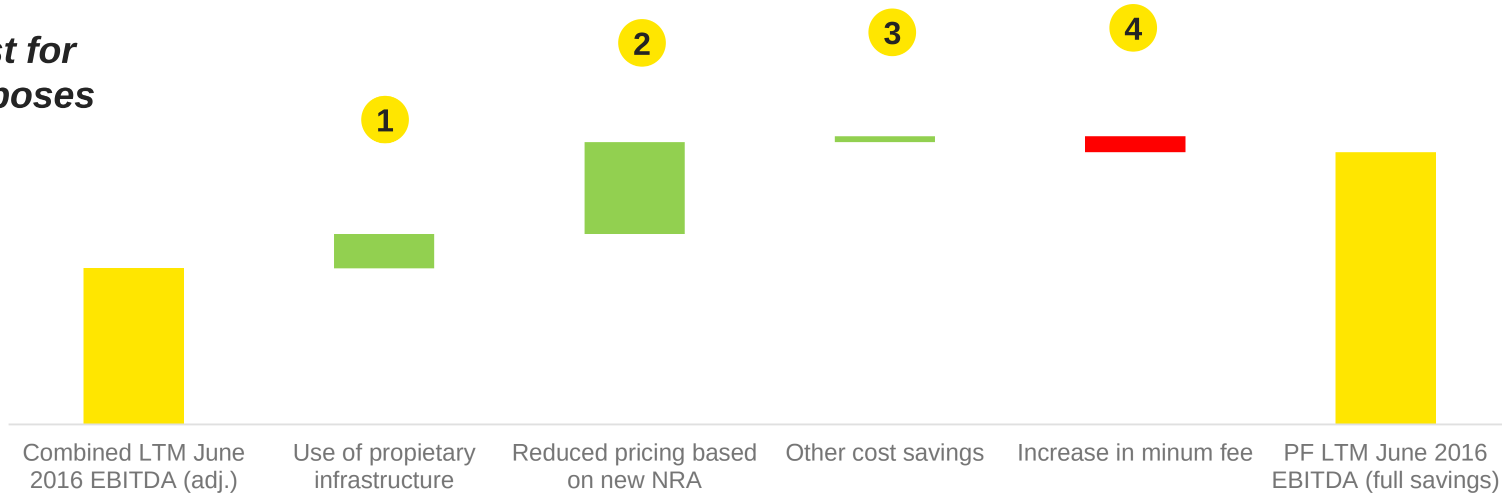
New NRA will reduce total host costs to network partners significantly. Most of the cost savings are realized within the next 12 months and the full net savings within the next 2 years

(1) Does not include ADSL related payments

… which could push pro-forma EBITDA

Increase in pro-forma EBITDA driven by contractual savings under the new NRA

The chart is just for illustrative purposes



1

- This cost savings are driven by the use of proprietary infrastructure belonging to Yoigo and insourcing of MVNO traffic to MM and PP

2

- The new group wide NRA with Orange is more economical compared to the current NRAs of the three companies. These savings are contractual and will be fully realizable by 2019 when PP fully transitions to this new contract

3

- PP and MM have two separate DSL wholesale agreements with Vodafone and Orange respectively. The pricing of the Orange agreement is more favourable compared to the Vodafone contract (€10.6 per subscriber fee under Orange/MMBB Vs EUR ~20 under Vodafone). Post merger, PP subscribers could be transitioned to the Orange/MMBB contract. Moreover, Yoigo's 2G network could be shut-down, resulting in additional expected maintenance costs savings

4

- Minimum fee structure set by the new NRA contract, with minimum fee increases each year

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- **Fourth value creation opportunity: Deleveraging the balance sheet**

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Combined transaction Sources & Uses

SOURCES	€Mn	%	USES	€Mn
Equity	160.0	15%	Yoigo Equity Value	563.0
Convertible note	165.0	19%	PP Equity Value	158.0
Junior debt	95.5	11%	Yoigo Syndicated Facility	101.0
Senior Facility + Bank Guarantee	356.1	42%	Transaction costs	25.0
Cash on Yoigo B/S used in the transaction (estimate) (1)	70.4	12%		
Total Sources	847.0	100%	Total Uses	847.0
RCF (undrawn)	30.0			

(1) Cash on balance sheet post-transaction amounts to €30m

Net Debt calculations are done assuming a worst case scenario

Effective net debt varies depending on Yoigo's minority shareholders' conversion

- As part of the Yoigo transaction, Yoigo's minority shareholders (ACS, FCC and Abengoa) received long term subordinated convertible for €165.5m. Within the first 2 years, each minority shareholder has additionally the option to cash out the convertible and that right is secured by a Bank Guarantee

PF recourse debt	Scenario 0 All convert	Scenario 1 Abengoa	Scenario 2 All sellers
Cash	(33.5)	(33.5)	(33.5)
Senior	42.2	42.2	42.2
Senior	148.4	148.4	148.4
Yoigo´s shareholders convertible note	0.0	21.2	165.5
Existing MM Bond, Promisory N. & Bank debt	85.8	85.8	85.8
Other	74.1	74.1	74.1
Total Senior Debt	**350.5**	**371.7**	**516.0**
Total Senior Net Debt	**317.0**	**338.2**	**482.5**
Junior Debt	95.5	95.5	95.5
Total Debt	**446.0**	**477.2**	**611.5**
Total Recourse Net Debt	**412.5**	**433.7**	**578.0**

However, scenario 2 is the one assumed in the senior debt financing

The calculation of the opening leverage is therefore depending on the assumed behavior of the Yoigo's Minority Shareholders:

- **Scenario 0:** No cash out to Yoigo shareholder s
- **Scenario 1:** €21Mn cash out to Abengoa. Most likely scenario
- **Scenario 2:** €165.5Mn cash out to all Yoigo's shareholders. This is extremely unlikely as we believe that minority shareholders of Yoigo will wait and see for 2 years how the company performs in the interim rather than cashing out and giving up the upside potential of their convertible

MMBB has issued 30M€ of project bonds, 20M€ of vendor finance (plus additional 27M€ still undrawn), all none-recourse. MM has launched a 30M€ promissory note program

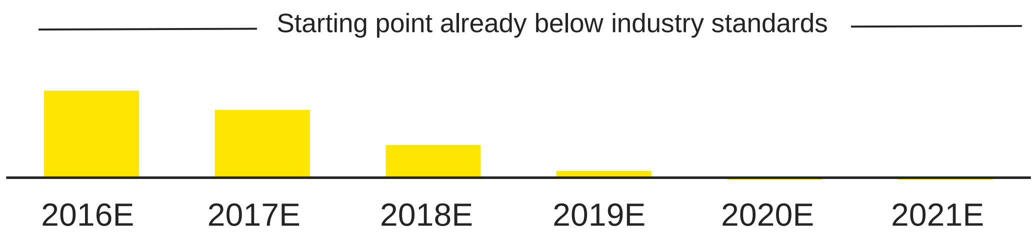
Probability of enforcement of the guarantee during the first two years is certainly limited, given the strong incentives factored within the convertible note structure that they would lose:

- **€96Mn potential earn-out subject to consolidated 2019 EBITDA test**
- **Variable interest rate remuneration subject to future EBITDA evolution (on top of the fixed interest)**
- **Conversion option into Masmovil shares and benefit from expected growth perspectives**

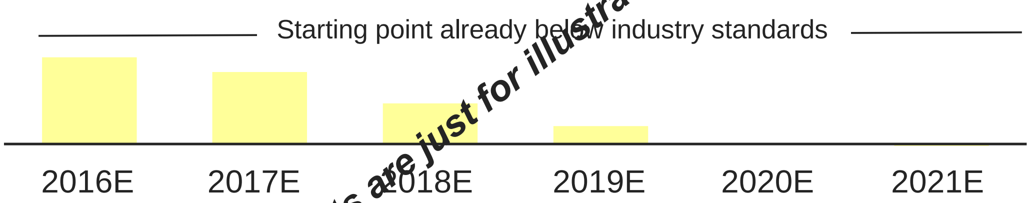
Steep deleveraging curve steep and robust interest coverage

Financing Case deleverages fully by 2020

Senior Net Debt / PF EBITDA

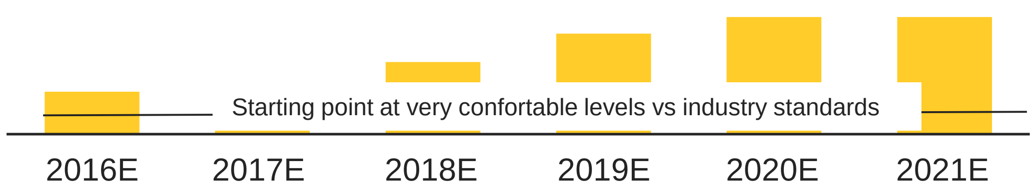


Total Net Debt / PF EBITDA



The charts are just for illustrative purposes

PF EBITDA / Interest Expenses



The Financing Case shows a **quick deleveraging profile** even though:

- Assumptions are quite conservative (e.g. limited growth of Yoigo's postpaid subscribers despite current momentum)
- No income synergies or other potential cost savings other than contract secured mechanicals cost savings have been taken into account
- The Financing Case conservatively assumes the worst case in terms of Minority Shareholders' cash out:
  - Cash out is modelled at the end of the year 2
  - This effectively translate into maximum possible interest payments throughout the 2 years