Euskaltel Group

1Q2019 Results

May 7th, 2019

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Situation of our strategic plan |1Q2019. Positive progress in all our pillars

Best customer experience while maintaining our leadership in residential

- Leading operator in NPS in our markets
- Reinforced leadership in Customer Satisfaction, specially in customer service and technical support
- Sensible positive impact of the 4K STB in satisfaction and loyalty

Back to profitable growth in B2B

- +0.8% total B2B revenue yoy
- +4.7% SMEs + LA revenue yoy
- Growing number of customers in SMEs and LA for fifth quarter in a row
- Both number of SOHO customers and SOHO ARPU stabilized after years of declining

Simplification, Platform integration and digitalisation

- R Cable close to end migration of the CRM and call center systems
- Single system platform and new CRM still in process
- Impact in efficiencies will be relevant by year end 2019

Targeted expansion to boost growth

- In line to meet target of 30k+ customers by year end 2019
- In line to meet target of c. €10m revenue by year end 2019

Highlight |Expansion plan to boost growth

CUSTOMER GAIN

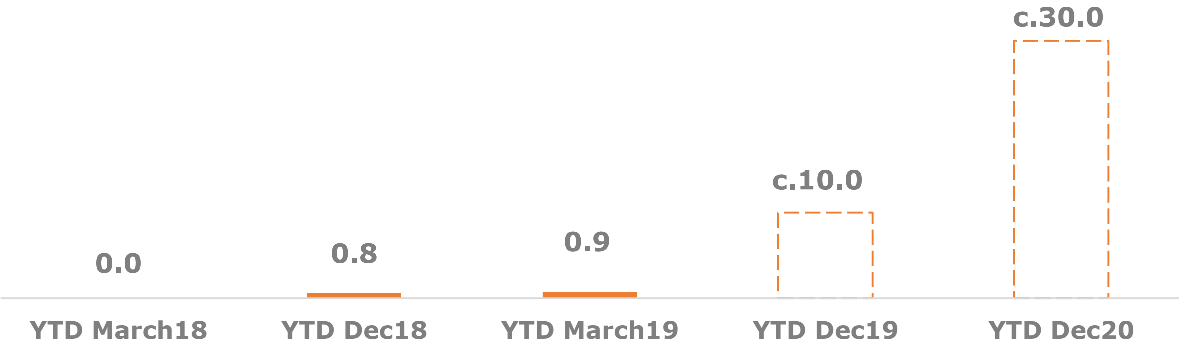
- In line to meet target of 30k customers by year end 2019

ARPU EVOLUTION

- ARPU in new areas evolving better than initially expected
- ARPU after entry promotions to reach €60 per month

REVENUE EVOLUTION (€m)

- In line to meet target of c.€10m expansion revenue by year end 2019

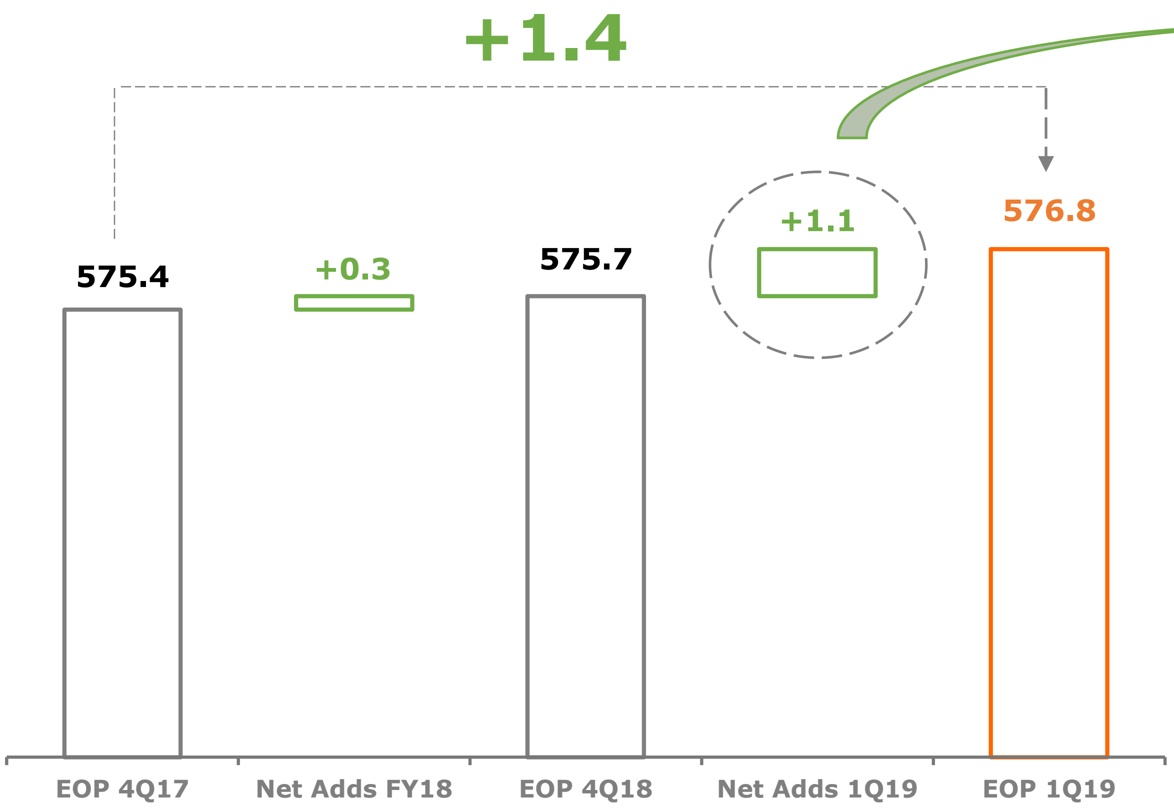


Operating review

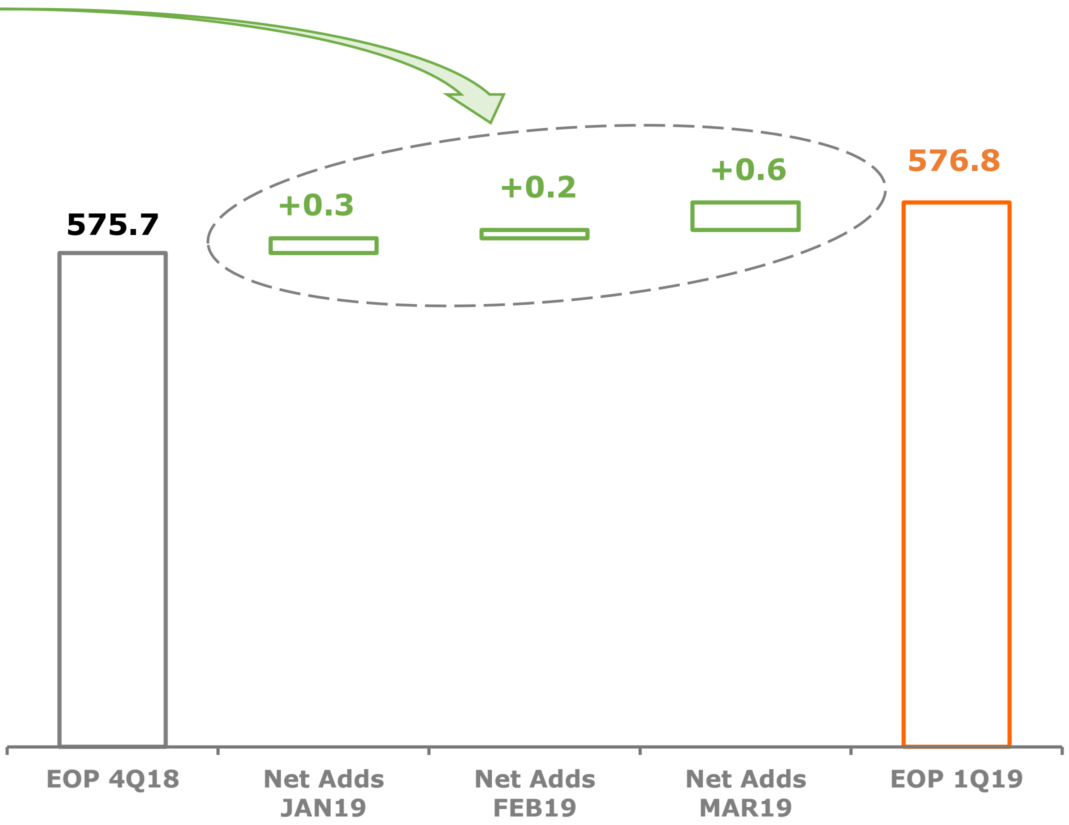
B2C |Positive net adds in the quarter prove the strength of our brands

Fixed residential subscribers growth ('000)

Growth per quarter

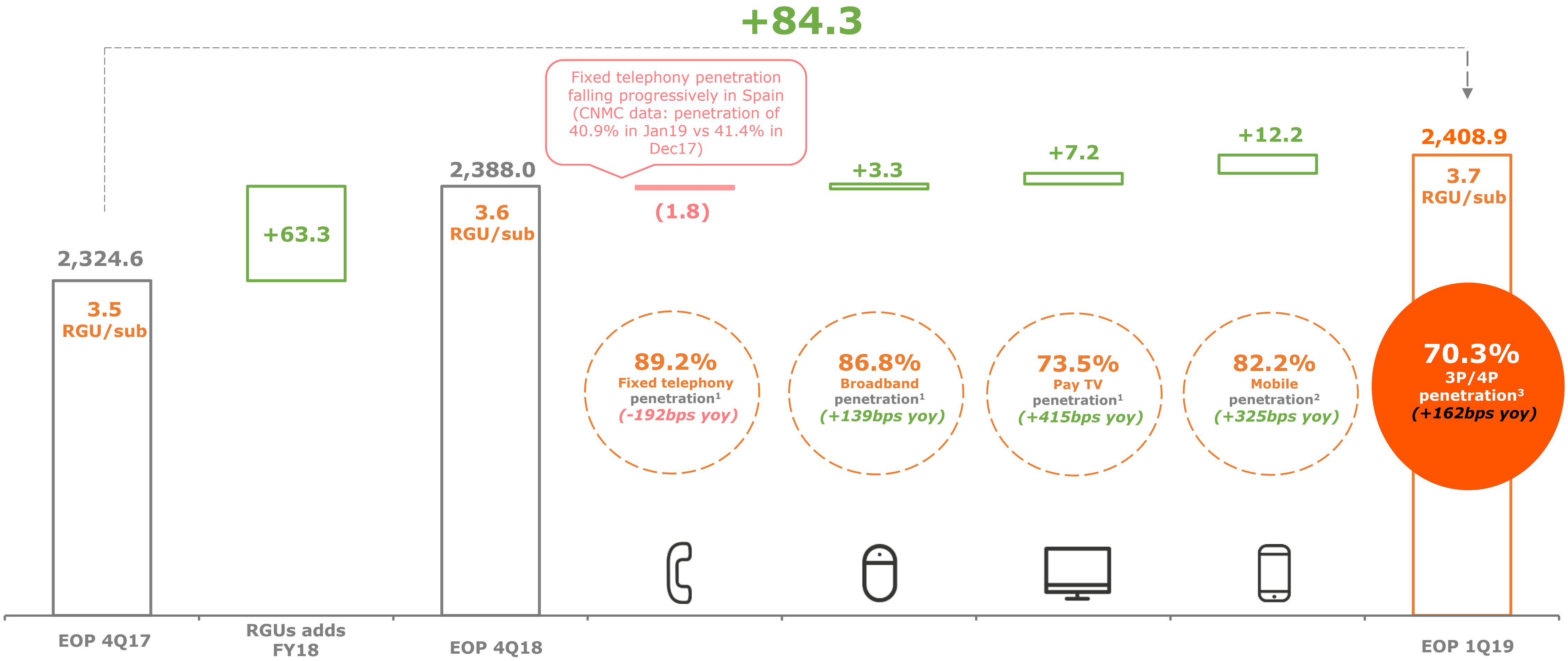


Growth per month



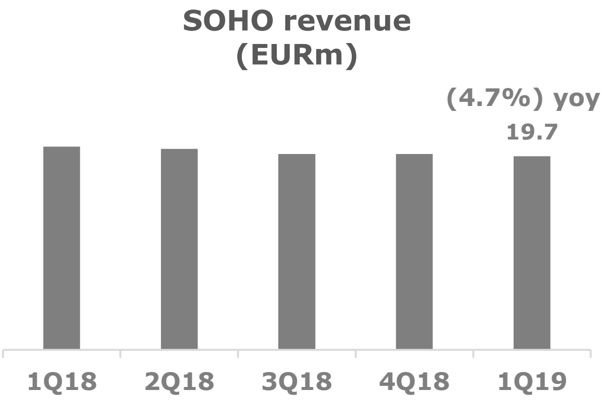
B2C |Becoming more and more convergent

RGUs growth (‘000)

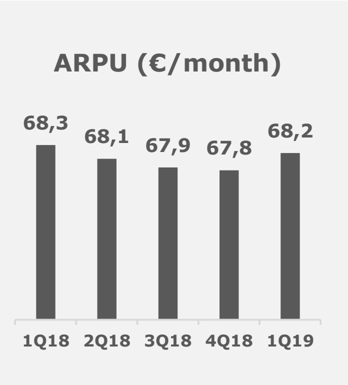


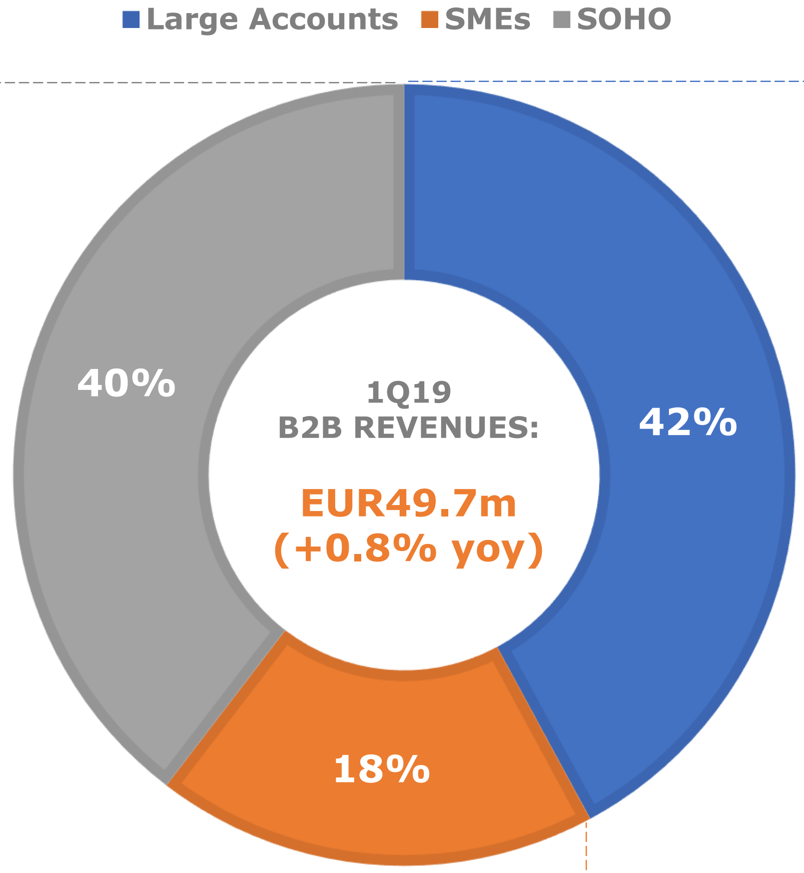
Note: 1. RGUs as % of total fixed customers
2. Residential mobile subscribers (excluding mobile only) as % of total fixed customers
3. Residential subs as % of total subscribers

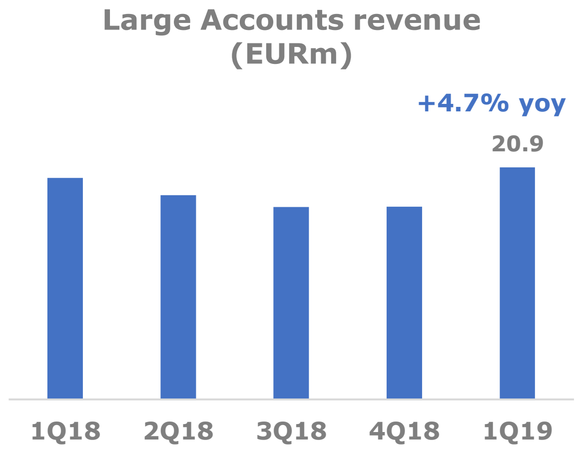
B2B | Trends improving steadily

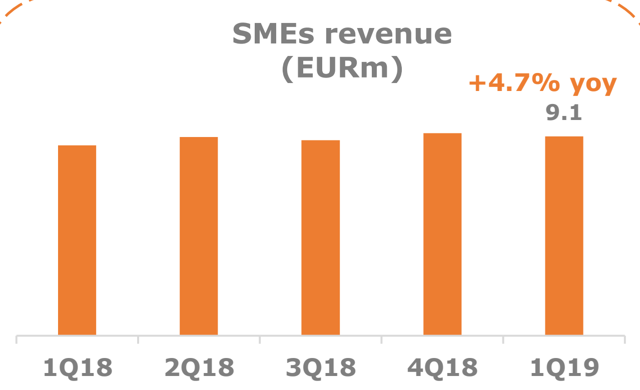


SOHO KPIs





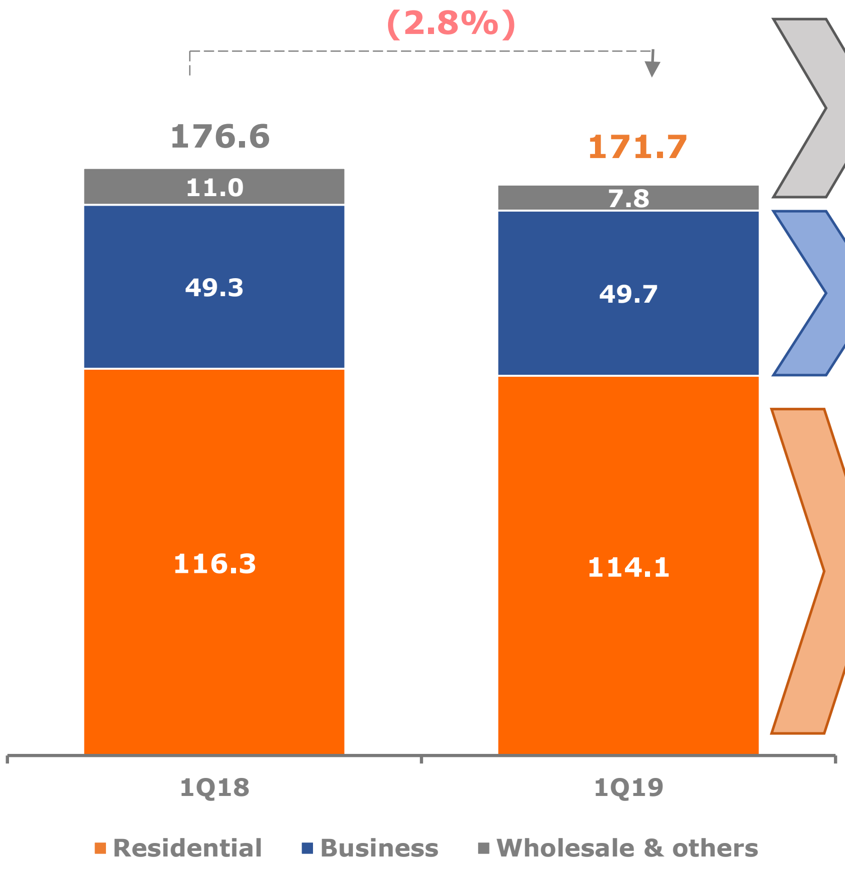




Financial review

Top line yoy performance

Total revenue (€m)

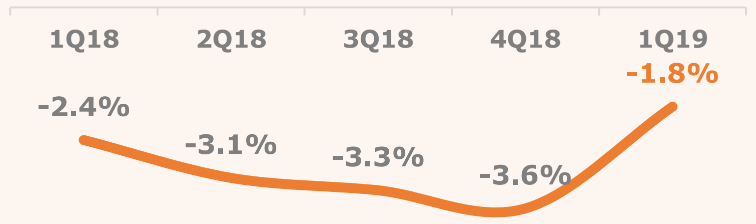


- Less 'wholesale&other' revenue explained by one-offs:
  - Tougher comparison base because of IFRS15 application in 1Q18
  - Sale of subsidiary CINFO

- Growth in B2B revenue thanks to the success of the new strategy in SMEs and L.A.

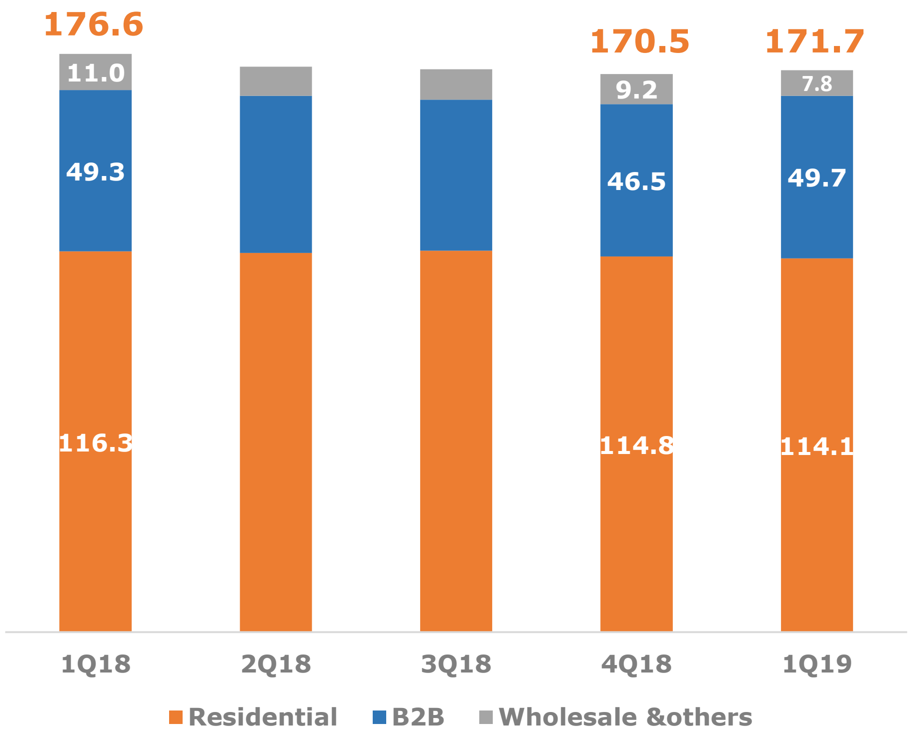
- Stability in the residential customer base
- Revenue coming from expansion not relevant yet (less than €1M in the quarter)
- Competitive pressure impacted residential ARPU evolution

Residential revenue evolution yoy (%)

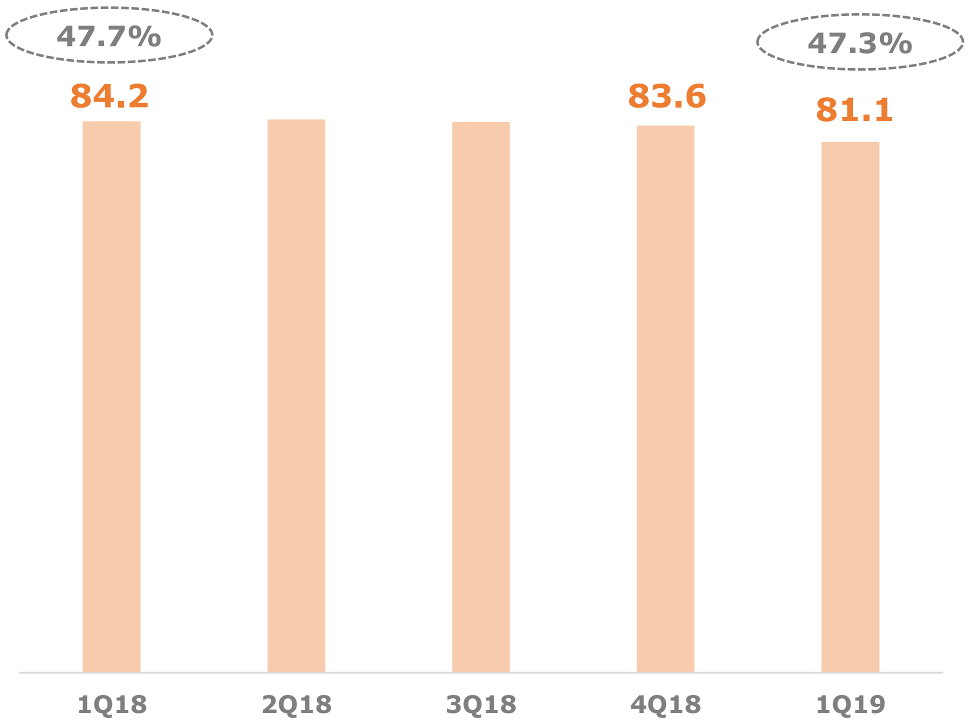


Top line and EBITDA quarterly performance

Total revenue (€m)

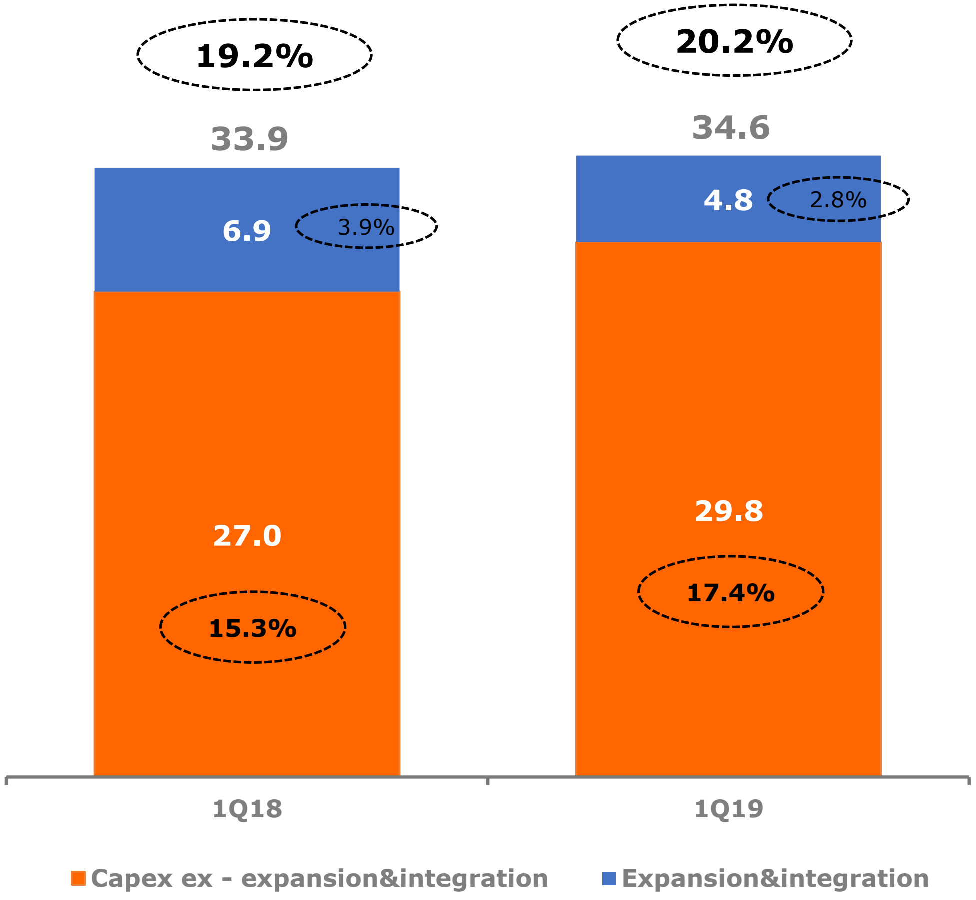


EBITDA (€m) and EBITDA margin (% over revenue)

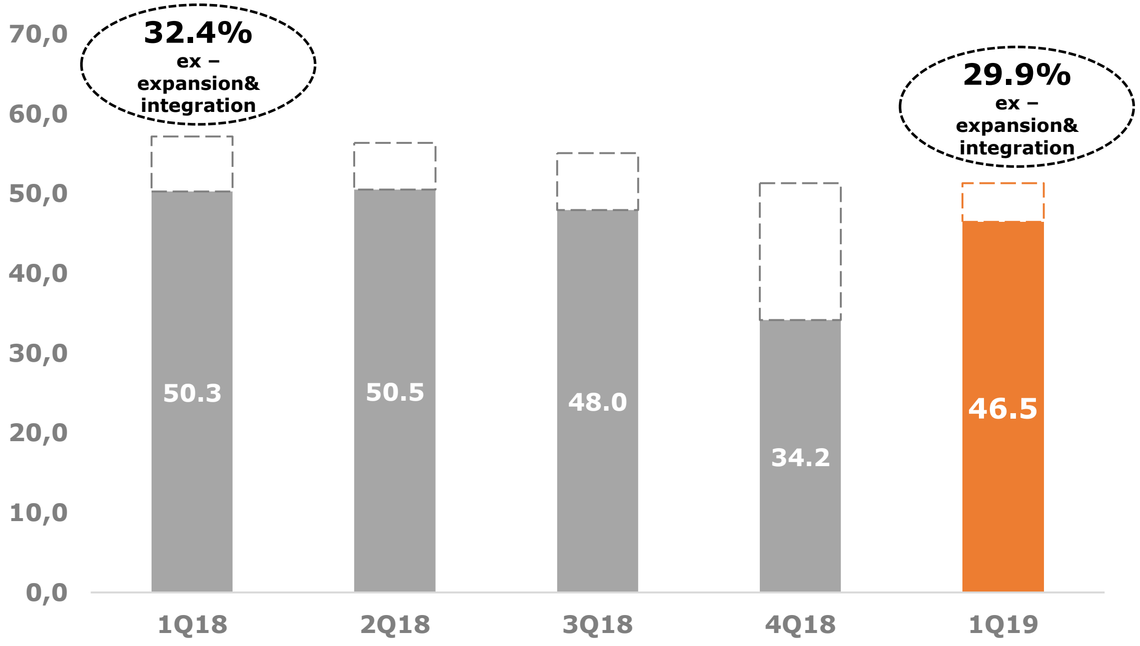


CAPEX and OpCF[1] overview

CAPEX breakdown (€m) and CAPEX over revenue (%)



OpCF (€m) and OpCF over revenue (%)



Net Debt (at 31 March 2019)

€1,567m

Average Cost of Debt

2.58%

Note: 1. OpCF defined as EBITDA-Capex


euskaltel

Q&A

euskaltel R telecable

Grupo Euskaltel

Appendix

Euskaltel Group 1Q 2019 consolidated results and KPIs

Euskaltel Group consolidated - KPIs (i/ii)

Residential		Annual		Quarterly				
KPIs	Unit	2017PF	2018	1Q18	2Q18	3Q18	4Q18	1Q19
Homes passed	#	2,166,001	2,357,323	2,222,026	2,230,073	2,306,030	2,357,323	2,910,747
Household coverage	%	70%	71%	70%	70%	70%	71%	-
Residential subs	#	660,946	658,172	660,758	662,501	657,909	658,172	657,364
o/w fixed services	#	575,354	575,664	575,970	578,503	573,648	575,664	576,756
as % of homes passed	%	26.6%	26.4%	25.9%	26.7%	26.4%	26.4%	26.3%
o/w mobile only subs	#	85,592	82,508	84,788	83,998	84,261	82,508	80,608
o/w 1P (%)	%	19.5%	18.6%	19.2%	18.7%	19.1%	18.6%	18.2%
o/w 2P (%)	%	12.5%	11.7%	12.2%	12.0%	11.9%	11.7%	11.5%
o/w 3P (%)	%	26.3%	22.9%	25.5%	24.8%	24.0%	22.9%	22.1%
o/w 4P (%)	%	41.7%	46.8%	43.2%	44.5%	45.0%	46.8%	48.2%
Total RGUs	#	2,324,640	2,387,989	2,349,101	2,381,419	2,363,292	2,387,989	2,408,908
RGUs / sub	#	3.5	3.6	3.6	3.6	3.6	3.6	3.7
Residential churn fixed customers	%	17.5%	17.0%	15.6%	14.9%	16.6%	17.0%	17.0%
Global ARPU fixed customers	€/month	60.69	59.93	60.36	60.02	60.13	59.93	59.18
Fixed Voice RGU's	#	527,908	516,169	524,758	525,459	516,453	516,169	514,387
as% fixed customers	%	91.8%	89.7%	91.1%	90.8%	90.0%	89.7%	89.2%
BB RGU's	#	488,708	497,135	491,786	496,045	492,732	497,135	500,448
as% fixed customers	%	84.9%	86.4%	85.4%	85.7%	85.9%	86.4%	86.8%
TV RGU's	#	393,356	416,718	399,381	408,252	406,911	416,718	423,871
as% fixed customers	%	68.4%	72.4%	69.3%	70.6%	70.9%	72.4%	73.5%
Postpaid lines	#	914,668	957,967	933,176	951,663	947,196	957,967	970,202
Postpaid customers	#	529,459	549,955	539,305	547,636	544,575	549,955	554,485
as% fixed customers (only mobile excluded)	%	77.1%	81.2%	78.9%	80.1%	80.2%	81.2%	82.2%
Mobile lines / customer	#	1.7	1.7	1.7	1.7	1.7	1.7	1.7

SOHO		Annual		Quarterly				
KPIs	Unit	2017PF	2018	1Q18	2Q18	3Q18	4Q18	1Q19
Subs	#	101,378	97,002	100,038	99,667	98,754	97,002	96,524
o/w 1P (%)	%	26.7%	25.7%	26.3%	25.7%	25.8%	25.7%	25.1%
o/w 2P (%)	%	14.7%	12.6%	14.2%	13.4%	13.1%	12.6%	12.3%
o/w 3P (%)	%	39.3%	37.9%	38.8%	38.6%	38.4%	37.9%	37.4%
o/w 4P (%)	%	19.4%	23.8%	20.7%	22.2%	22.7%	23.8%	25.2%
Total RGUs	#	353,641	349,028	352,206	355,535	352,723	349,028	350,579
RGUs / sub	#	3.5	3.6	3.5	3.6	3.6	3.6	3.6
Soho churn fixed customers	%	22.3%	20.4%	22.1%	20.7%	20.1%	20.4%	21.4%
Global ARPU Fixed customers	€/month	69.12	67.84	68.32	68.06	67.90	67.84	68.18

SMEs and Large Accounts		Annual		Quarterly				
KPIs	Unit	2017PF	2018	1Q18	2Q18	3Q18	4Q18	1Q19
Customers	#	14,670	14,827	14,728	14,785	14,801	14,827	14,960

Euskaltel Group consolidated – Consolidated financials (ii/ii)

Selected financial information	Unit	2017PF	2018	1Q18	2Q18	3Q18	4Q18	1Q19
		Annual		Quarterly				
Total revenue	**€m**	**707.0**	**691.6**	**176.6**	**172.7**	**171.9**	**170.5**	**171.7**
Y-o-y change	%	-1.1%	-2.2%	0.4%	-2.0%	-2.7%	-4.3%	-2.8%
o/w residential	€m	478.3	463.4	116.3	115.8	116.5	114.8	114.1
Y-o-y change	%	0.4%	-3.1%	-2.4%	-3.1%	-3.3%	-3.6%	-1.8%
o/w Business	€m	191.8	189.9	49.3	47.9	46.2	46.5	49.7
Y-o-y change	%	-5.1%	-1.0%	2.5%	0.0%	-1.7%	-4.7%	0.8%
o/w Wholesale and Other	€m	37.0	38.4	11.0	8.9	9.2	9.2	7.8
Y-o-y change	%	0.2%	3.8%	26.5%	1.0%	0.8%	-10.4%	-29.0%
Adjusted EBITDA	**€m**	**341.0**	**336.4**	**84.2**	**84.5**	**84.1**	**83.6**	**81.1**
Y-o-y change	%	-1.3%	-1.3%	0.3%	-0.8%	0.0%	-4.6%	-3.7%
Margin	%	48.2%	48.6%	47.7%	49.0%	48.9%	49.0%	47.3%
Capital expenditures	**€m**	**(124.9)**	**(153.5)**	**(33.9)**	**(34.0)**	**(36.1)**	**(49.4)**	**(34.6)**
Y-o-y change	%	3.1%	22.9%	10.1%	17.4%	34.8%	28.7%	2.0%
% total revenues	%	-17.7%	-22.2%	-19.2%	-19.7%	-21.0%	-29.0%	-20.2%
Operating Free Cash Flow	**€m**	**216.1**	**182.9**	**50.3**	**50.5**	**48.0**	**34.2**	**46.5**
Y-o-y change	%	-3.6%	-15.3%	-5.4%	-10.3%	-16.3%	-30.6%	-7.5%
% total revenues	%	30.6%	26.4%	28.5%	29.3%	27.9%	20.0%	27.1%