



# Results presentation

## 1Q18

3 May 2018



euskaltel

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# 1Q18 key highlights

B2C business stabilized in our three main regions (Euskadi, Galicia and Asturias)



B2B revenue recovering



EBITDA growth from 1Q17 thanks to announced synergies and efficiencies



Expansion plan on track as announced, driving capex growth in the quarter



Recurrent capex in 1Q18 < 17% of revenues



# 1Q18 main figures (statutory data)

## Financial figures

€176.6m +26.6% yoy	Total revenue
€84.2m +23.8% yoy	Adj. EBITDA Adj. EBITDA margin 47.7%
€50.3m +12.3% yoy	OpCF <sup>1</sup> OpCF margin 28.5% <sup>2</sup>
€14.6m +10.9% yoy	Net income

## Residential KPIs

576.0k +0.6k qoq	Fixed subscribers
15.6% -182bps qoq	Churn ratio
€60.4 +0.6% qoq	ARPU global
2,349k +24.5k qoq	Total RGUs

Note: 1. OpCF defined as EBITDA-Capex  
2. Operating Cash Flow margin excluding expansion capex stood at 31.5% of revenue

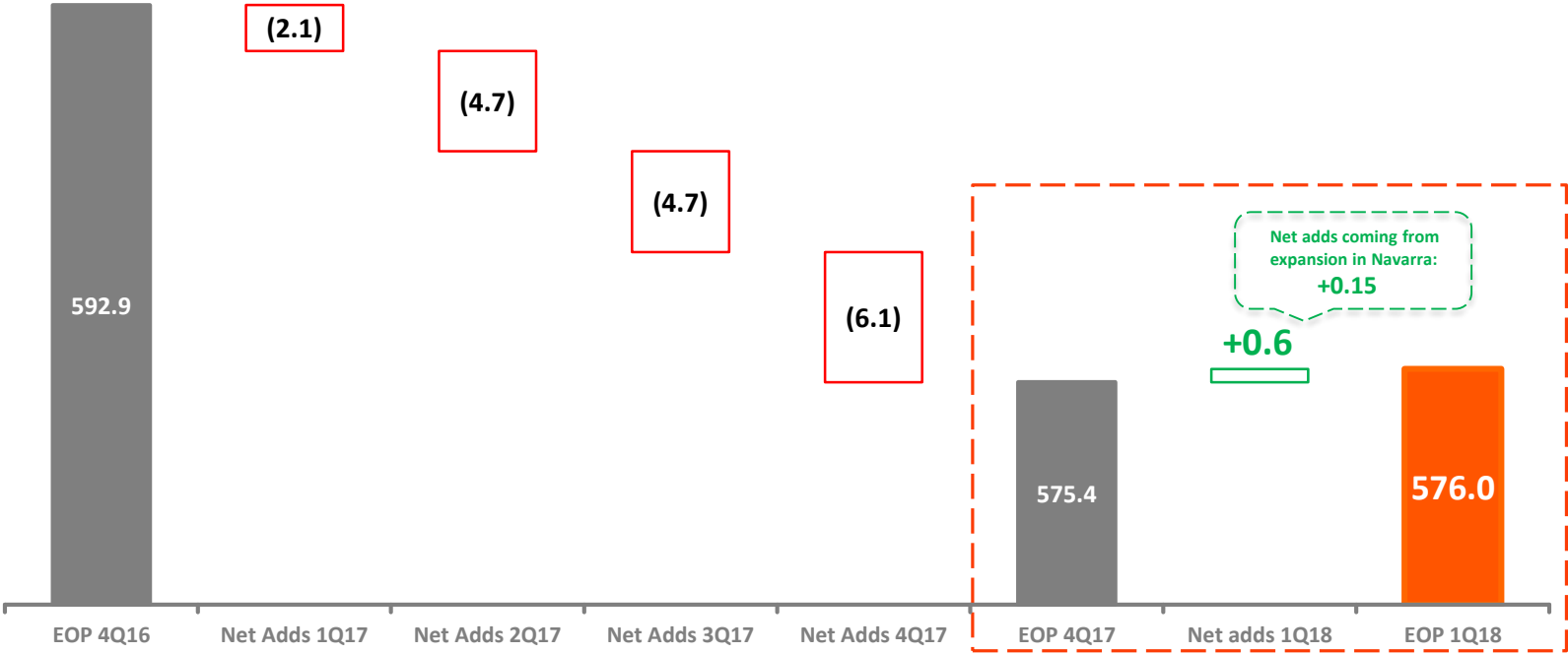
# Operating review

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*Note: all 2017 data shown are **proforma** for including Telecable*

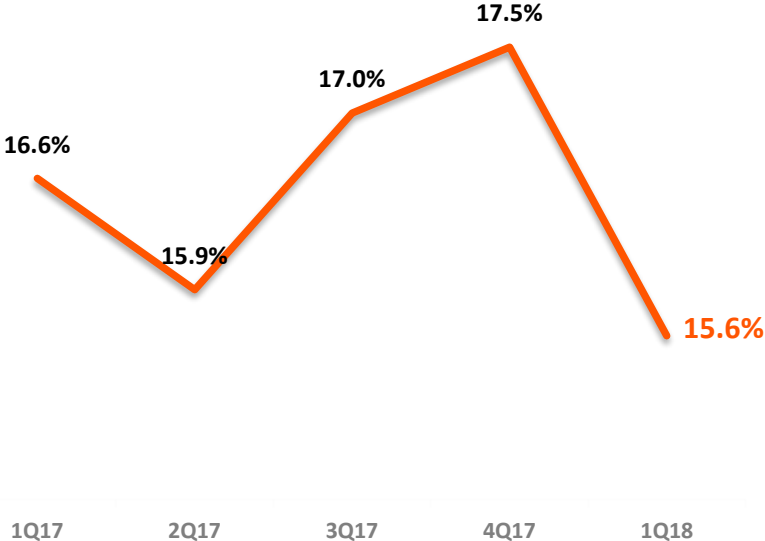
# B2C | Stabilization in fixed customers achieved

## Fixed residential subscribers evolution (000')

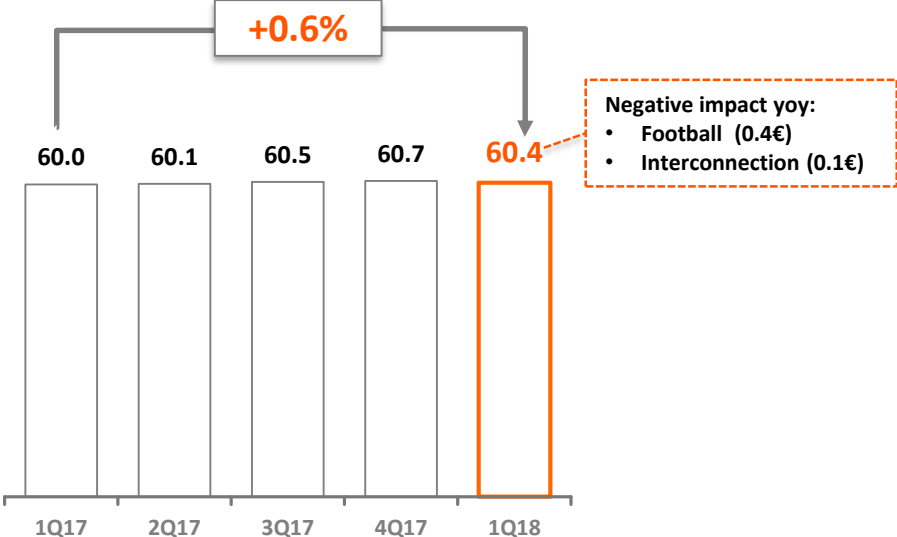


# B2C | Churn improvement in a more rational market

**Churn fixed residential subscribers (% YTD)**

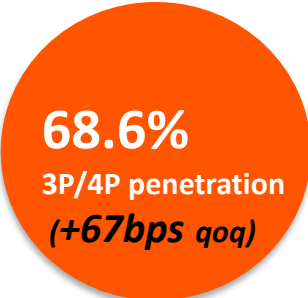
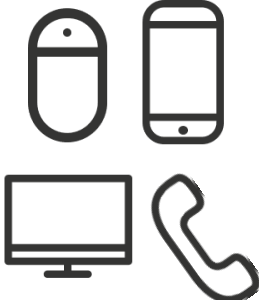


**Residential ARPU (€/month)**



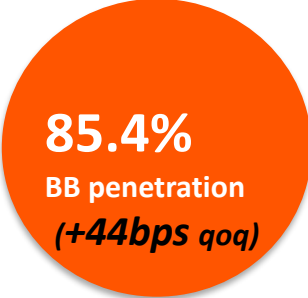
# B2C | Bundling and upselling driving ARPU growth

## Convergence



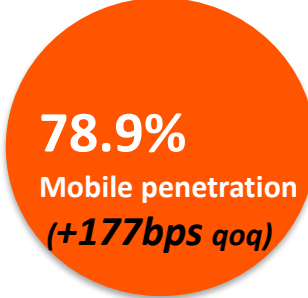
RGUs  
**2,349k**

## Broadband



RGUs  
**492k**

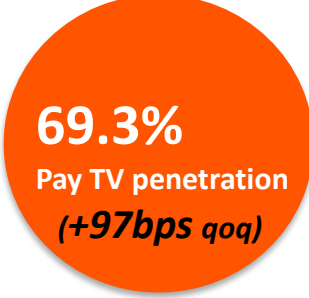
## Mobile



RGUs  
**933k**

*(includes RGUs of 'mobile only' customers)*

## Pay TV



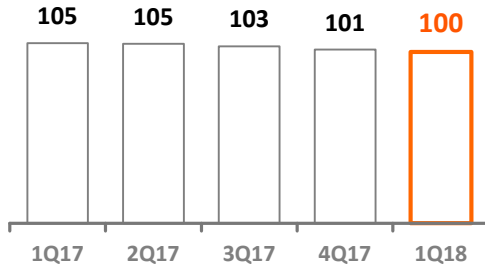
RGUs  
**399k**



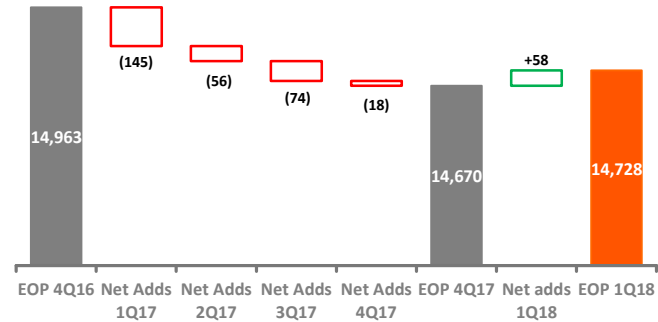
# B2B segment | Strategic partnerships for an improved offer



## Fixed Soho subscribers (000')



## SME and Large accounts subscribers evolution (#)

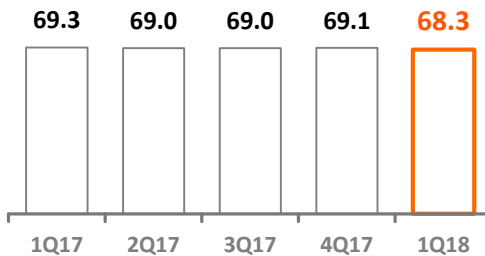


## Strategic alliance with



Francisco Arteche (Euskaltel CEO) and Pilar López (Microsoft Spain chairman)

## Soho ARPU (€/month)



### Negative impact yoy:

- Football (0.5€)
- Interconnection (0.2€)

- During 1Q18 Euskaltel and Microsoft signed a strategic partnership that will allow us to lead the digital transformation of our business clients and institutions, as well as digitally transform ourself
- Euskaltel and Microsoft will work together to identify innovative solutions based on cloud technologies, artificial intelligence, Big Data and the Internet of Things
- This partnership will also contribute to increase the scope of services to our clients



# Financial review

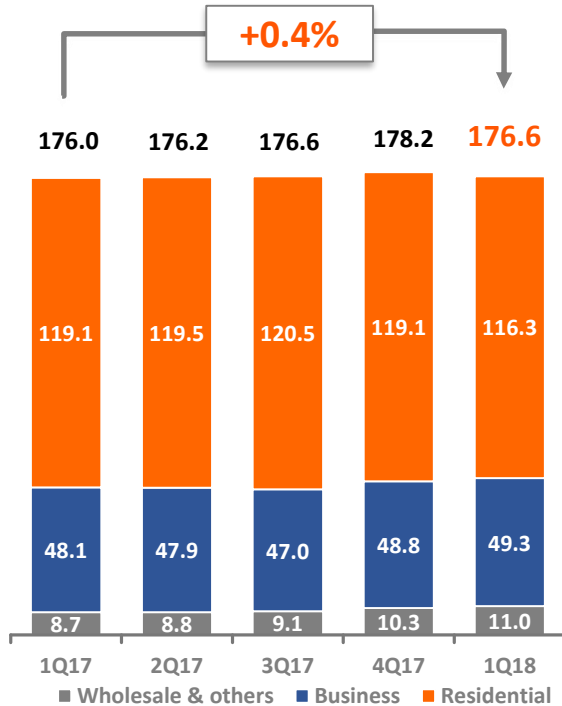
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*Note: all 2017 data shown are **proforma** for including Telecable*

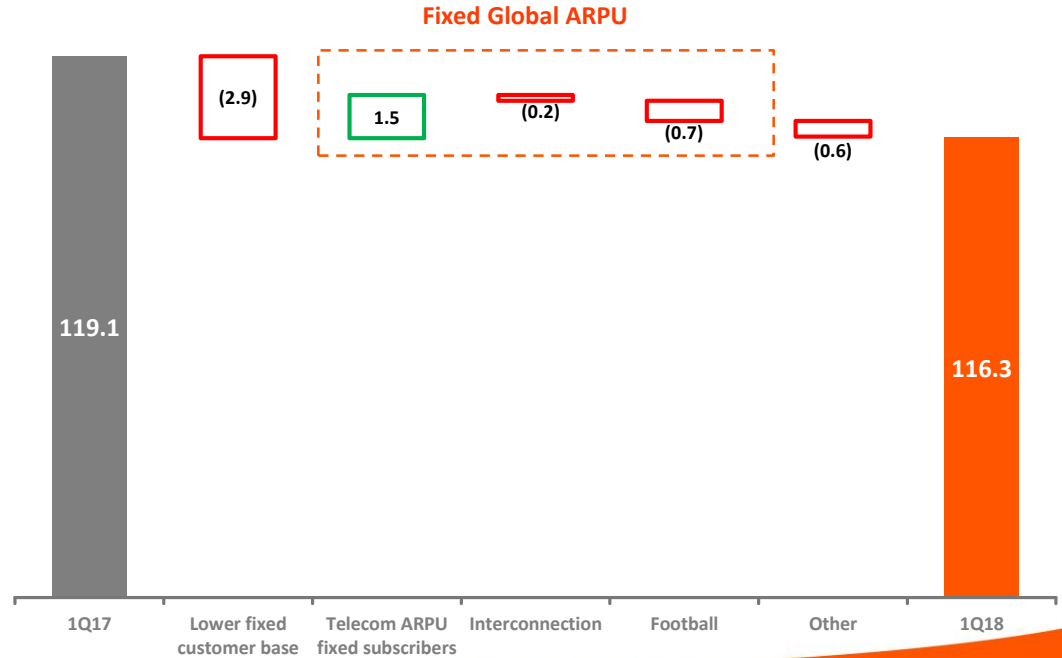
# Top line performance

B2B revenue growth offsetting the impact of less residential customers yoy

Total revenue (€m)



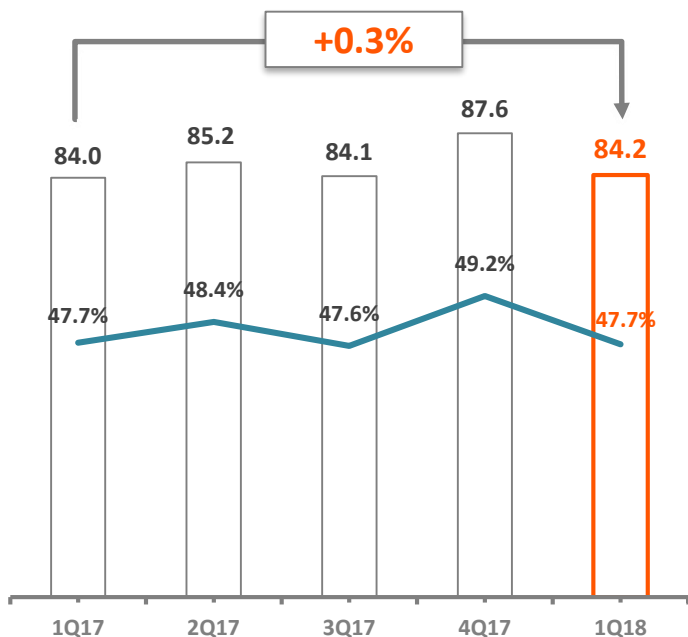
Residential revenue (€m)



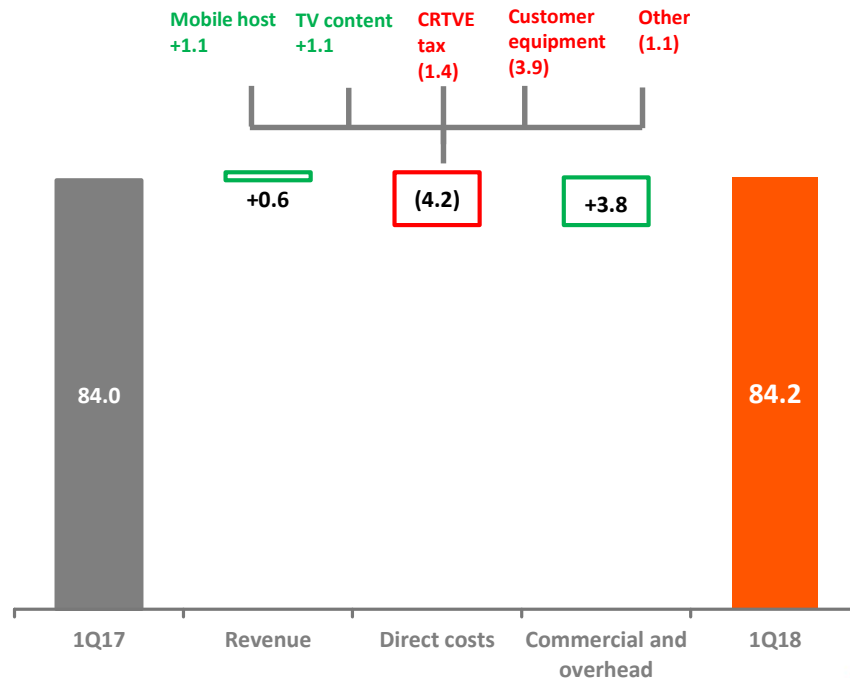
# EBITDA performance

## Continued cost management

Adj. EBITDA (€m) and Adj. EBITDA margin (% over revenues)



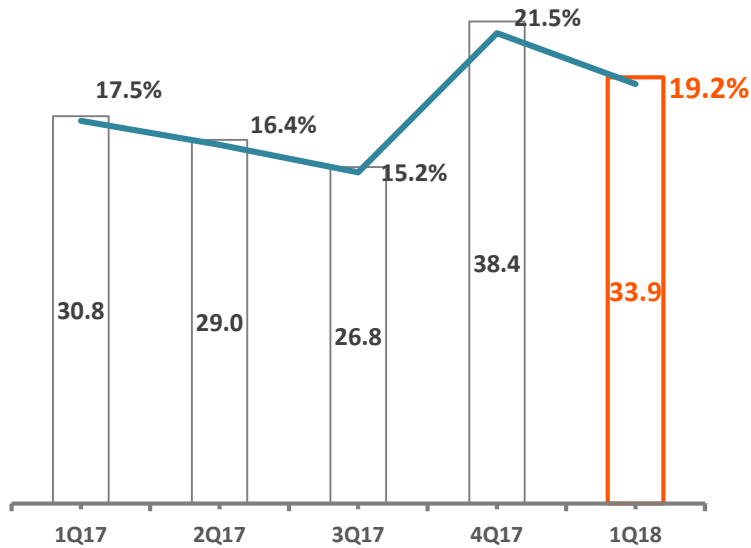
Adj. EBITDA evolution 1Q18 vs 1Q17 (€m)



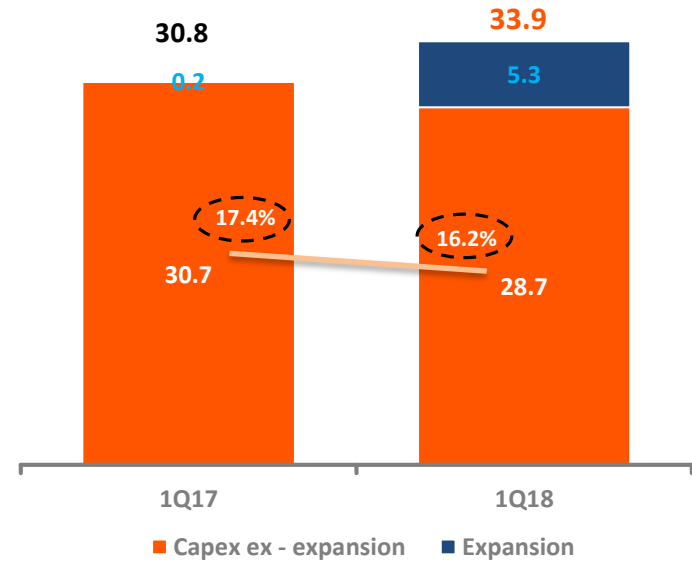
# CAPEX overview

Recurrent capex in line with guidance <17% of revenue

CAPEX (€m) and CAPEX over revenue (%)

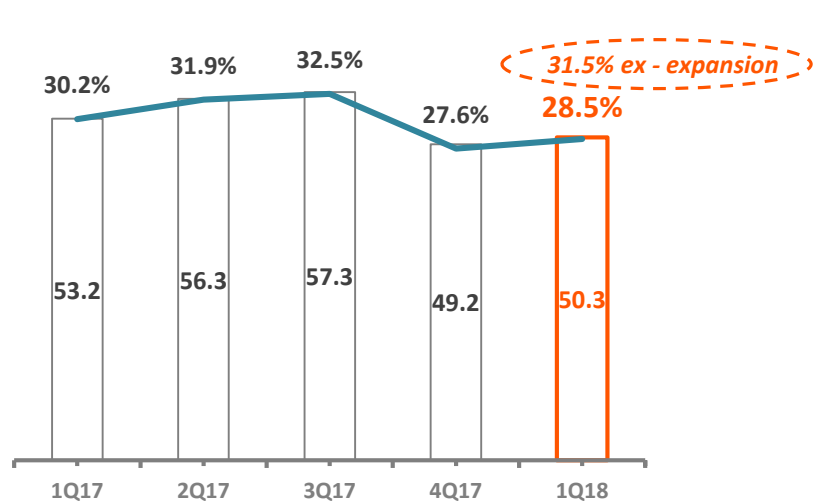


CAPEX breakdown (€m) and CAPEX over revenue (%)



# Cash generation

## OpCF<sup>1</sup> (€m) and OpCF margin (% over revenue)



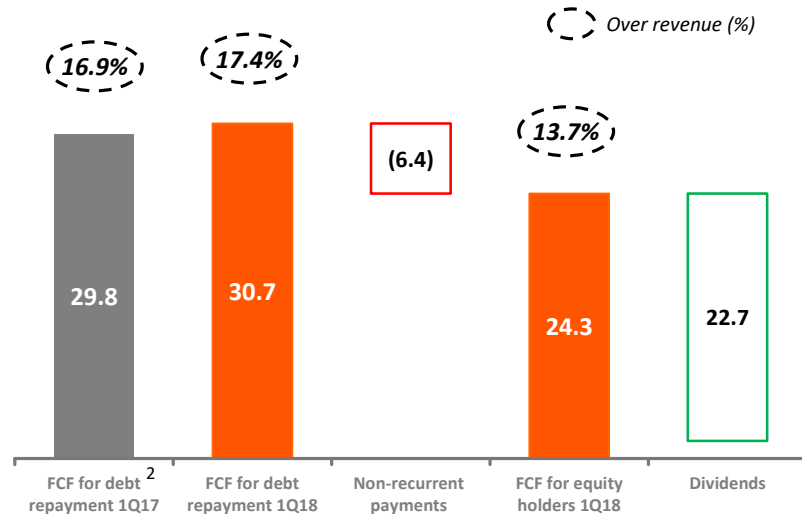
### Net Debt

€1,605m

### Net Debt/EBITDA<sup>3</sup>

4.5x

## Cash allocation (€m)



### Average Cost of Debt

2.8%

### Average Maturity

5.2 years

Note:

1. Operating Cash Flow calculated as EBITDA-capex
2. Free Cash Flow calculated as 'EBITDA-capex-working capital requirements & others-financial interests-taxes'
3. Post fully deployed synergies

# Thank you



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# Q&A



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# Appendix I

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## Euskaltel Group 1Q 2018 consolidated statutory results and KPIs

*Note: FY2017 figures include Telecable data from 01-August-2017 to 31-December-2017*

# Euskaltel Group consolidated - KPIs (i/ii)

Residential		Annual		Quarterly				
KPIs	Unit	2016	2017	1Q17	2Q17	3Q17	4Q17	1Q18
Homes passed	#	1,707,558	2,166,001	1,708,468	1,709,771	2,163,919	2,166,001	2,222,026
Household coverage	%	65%	70%	65%	65%	70%	70%	70%
Residential subs	#	546,040	660,946	544,351	540,510	669,591	660,946	660,758
o/w fixed services	#	469,662	575,354	468,944	465,477	581,412	575,354	575,970
as % of homes passed	%	27.5%	26.6%	27.4%	27.2%	26.9%	26.6%	25.9%
o/w mobile only subs	#	76,378	85,592	75,407	75,033	88,179	85,592	84,788
o/w 1P (%)	%	21.7%	19.5%	21.2%	20.9%	19.8%	19.5%	19.2%
o/w 2P (%)	%	12.5%	12.5%	12.3%	12.4%	12.6%	12.5%	12.2%
o/w 3P (%)	%	26.4%	26.3%	26.0%	25.9%	26.8%	26.3%	25.5%
o/w 4P (%)	%	39.4%	41.7%	40.6%	40.8%	40.8%	41.7%	43.2%
Total RGUs	#	1,891,653	2,324,640	1,904,783	1,899,532	2,338,345	2,324,640	2,349,101
RGUs / sub	#	3.5	3.5	3.5	3.5	3.5	3.5	3.6
Residential churn fixed customers	%	15.1%	17.4%	16.1%	15.3%	16.9%	17.4%	15.6%
Global ARPU fixed customers	€/month	58.44	59.99	58.57	58.68	59.55	59.99	60.36
Fixed Voice RGUs	#	462,827	527,908	459,968	453,821	537,982	527,908	524,758
as fixed customers	%	98.5%	91.8%	98.1%	97.5%	92.5%	91.8%	91.1%
BB RGUs	#	394,810	488,708	396,310	392,646	492,257	488,708	491,786
as fixed customers	%	84.1%	84.9%	84.5%	84.4%	84.7%	84.9%	85.4%
TV RGUs	#	270,333	393,356	274,408	274,139	393,606	393,356	399,381
as fixed customers	%	57.6%	68.4%	58.5%	58.9%	67.7%	68.4%	69.3%
Postpaid lines	#	763,683	914,668	774,097	778,926	914,500	914,668	933,176
Postpaid customers	#	438,953	529,459	443,892	445,746	530,783	529,459	539,305
as fixed customers (only mobile excluded)	%	77.2%	77.1%	78.6%	79.6%	76.1%	77.1%	78.9%
Mobile lines / customer	#	1.7	1.7	1.7	1.7	1.7	1.7	1.7

SOHO		Annual		Quarterly				
KPIs	Unit	2016	2017	1Q17	2Q17	3Q17	4Q17	1Q18
Subs	#	89,322	101,378	88,945	88,676	103,279	101,378	100,038
o/w 1P (%)	%	29.7%	26.7%	28.7%	28.0%	26.9%	26.7%	26.3%
o/w 2P (%)	%	16.4%	14.7%	15.9%	15.5%	14.9%	14.7%	14.2%
o/w 3P (%)	%	39.7%	39.3%	40.1%	40.5%	39.7%	39.3%	38.8%
o/w 4P (%)	%	14.2%	19.4%	15.2%	15.9%	18.5%	19.4%	20.7%
Total RGUs	#	300,713	353,641	303,168	303,886	358,274	353,641	352,206
RGUs / sub	#	3.4	3.5	3.4	3.4	3.5	3.5	3.5
Soho churn fixed customers	%	20.3%	22.2%	24.1%	22.4%	21.9%	22.2%	22.1%
Global ARPU Fixed customers	€/month	65.2	67.04	65.1	64.9	66.1	67.0	68.3

SMEs and Large Accounts		Annual		Quarterly				
KPIs	Unit	2016	2017	1Q17	2Q17	3Q17	4Q17	1Q18
Customers	#	11,193	14,670	11,084	11,042	14,688	14,670	14,728

# Euskaltel Group consolidated – Consolidated statutory financials (ii/ii)

Selected financial information		Annual		Quarterly				
	Unit	2016	2017	1Q17	2Q17	3Q17	4Q17	1Q18
<b>Total revenue</b>	€m	<b>572.9</b>	<b>622.2</b>	<b>139.5</b>	<b>139.8</b>	<b>164.7</b>	<b>178.2</b>	<b>176.6</b>
<i>Y-o-y change</i>	%	164.0%	8.6%	-1.6%	-3.0%	14.0%	25.1%	26.6%
o/w residential	€m	373.1	416.5	92.5	93.2	111.7	119.1	116.3
<i>Y-o-y change</i>	%	173.0%	11.6%	1.2%	-0.5%	17.5%	27.9%	25.7%
o/w Business	€m	166.6	170.5	39.0	38.6	44.1	48.8	49.3
<i>Y-o-y change</i>	%	167.7%	2.4%	-8.1%	-9.7%	5.9%	23.0%	26.4%
o/w Wholesale and Other	€m	33.2	35.2	8.1	8.0	8.9	10.3	11.0
<i>Y-o-y change</i>	%	130.6%	6.0%	0.1%	2.5%	15.2%	6.4%	37.1%
<b>Adjusted EBITDA</b>	€m	<b>280.6</b>	<b>306.9</b>	<b>68.0</b>	<b>69.9</b>	<b>81.4</b>	<b>87.6</b>	<b>84.2</b>
<i>Y-o-y change</i>	%	168.0%	9.4%	-1.5%	-0.6%	16.0%	23.3%	23.8%
<i>Margin</i>	%	49.0%	49.3%	48.8%	50.0%	49.4%	49.2%	47.7%
<b>Capital expenditures</b>	€m	<b>(95.9)</b>	<b>(108.8)</b>	<b>(23.3)</b>	<b>(22.9)</b>	<b>(24.1)</b>	<b>(38.4)</b>	<b>(33.9)</b>
<i>Y-o-y change</i>	%	180.5%	13.4%	7.3%	-4.4%	10.9%	35.0%	45.9%
<i>% total revenues</i>	%	-16.7%	-17.5%	-16.7%	-16.4%	-14.7%	-21.5%	-19.2%
<b>Operating Free Cash Flow</b>	€m	<b>184.7</b>	<b>198.1</b>	<b>44.8</b>	<b>46.9</b>	<b>57.3</b>	<b>49.2</b>	<b>50.3</b>
<i>Y-o-y change</i>	%	162.1%	7.3%	-5.6%	1.4%	18.3%	15.5%	12.3%
<i>% total revenues</i>	%	32.2%	31.8%	32.1%	33.5%	34.8%	27.6%	28.5%
<b>Net Income</b>	€m	<b>62.1</b>	<b>49.6</b>	<b>13.2</b>	<b>7.9</b>	<b>11.8</b>	<b>16.7</b>	<b>14.6</b>

# Appendix II

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Proforma results and KPIs (for full year consolidation of Telecable)

# Proforma (for full year consolidation of Telecable) – KPIs (i/ii)

Residential		Quarterly				
KPIs	Unit	1Q17	2Q17	3Q17	4Q17	1Q18
Homes passed	#	2,160,946	2,162,408	2,163,919	2,166,001	2,222,026
Household coverage	%	70%	70%	70%	70%	70%
Residential subs	#	679,432	675,130	669,591	660,946	660,758
o/w fixed services	#	590,764	586,094	581,412	575,354	575,970
as % of homes passed	%	27.3%	27.1%	26.9%	26.6%	25.9%
o/w mobile only subs	#	88,668	89,036	88,179	85,592	84,788
o/w 1P (%)	%	19.7%	19.5%	19.8%	19.5%	19.2%
o/w 2P (%)	%	12.5%	12.6%	12.6%	12.5%	12.2%
o/w 3P (%)	%	27.4%	27.2%	26.8%	26.3%	25.5%
o/w 4P (%)	%	40.4%	40.8%	40.8%	41.7%	43.2%
Total RGUs	#	2,358,696	2,356,503	2,338,345	2,324,640	2,349,101
RGUs / sub	#	3.5	3.5	3.5	3.5	3.6
Residential churn fixed customers	%	16.6%	15.9%	17.0%	17.5%	15.6%
Global ARPU fixed customers	€/month	60.01	60.14	60.55	60.69	60.36
Fixed Voice RGUs	#	557,948	550,424	537,982	527,908	524,758
as% fixed customers	%					
BB RGUs	#	498,112	494,209	492,257	488,708	491,786
as% fixed customers	%					
TV RGUs	#	397,641	396,182	393,606	393,356	399,381
as% fixed customers	%					
Postpaid lines	#	904,995	915,688	914,500	914,668	933,176
Postpaid customers	#	529,069	533,501	530,783	529,459	539,305
as% fixed customers (only mobile excluded)	%	74.5%	75.8%	76.1%	77.1%	78.9%
Mobile lines / customer	#	1.7	1.7	1.7	1.7	1.7

SOHO		Quarterly				
KPIs	Unit	1Q17	2Q17	3Q17	4Q17	1Q18
Subs	#	105,281	104,757	103,279	101,378	100,038
o/w 1P (%)	%	27.8%	27.2%	26.9%	26.7%	26.3%
o/w 2P (%)	%	15.3%	14.9%	14.9%	14.7%	14.2%
o/w 3P (%)	%	40.2%	40.5%	39.7%	39.3%	38.8%
o/w 4P (%)	%	16.7%	17.4%	18.5%	19.4%	20.7%
Total RGUs	#	361,257	361,797	358,274	353,641	352,206
RGUs / sub	#	3.4	3.5	3.5	3.5	3.5
Soho churn fixed customers	%	24.2%	22.7%	22.1%	22.3%	22.1%
Global ARPU Fixed customers	€/month	69.3	69.0	69.0	69.1	68.3

SMEs and Large Accounts		Quarterly				
KPIs	Unit	1Q17	2Q17	3Q17	4Q17	1Q18
Customers	#	14,818	14,762	14,688	14,670	14,728

# Proforma (for full year consolidation of Telecable) – Financials (ii/ii)

Selected financial information		Quarterly				
	Unit	1Q17	2Q17	3Q17	4Q17	1Q18
<b>Total revenue</b>	€m	<b>176.0</b>	<b>176.2</b>	<b>176.6</b>	<b>178.2</b>	<b>176.6</b>
<i>Y-o-y change</i>	%	-1.0%	-1.9%	-1.6%	0.0%	0.4%
o/w residential	€m	119.1	119.5	120.5	119.1	116.3
<i>Y-o-y change</i>	%	1.8%	0.2%	0.1%	-0.2%	-2.4%
o/w Business	€m	48.1	47.9	47.0	48.8	49.3
<i>Y-o-y change</i>	%	-6.5%	-7.1%	-7.0%	0.4%	2.5%
o/w Wholesale and Other	€m	8.7	8.8	9.1	10.3	11.0
<i>Y-o-y change</i>	%	-5.0%	-0.3%	5.2%	1.2%	26.5%
<b>Adjusted EBITDA</b>	€m	<b>84.0</b>	<b>85.2</b>	<b>84.1</b>	<b>87.6</b>	<b>84.2</b>
<i>Y-o-y change</i>	%	-1.8%	-1.9%	-2.3%	0.9%	0.3%
<i>Margin</i>	%	47.7%	48.4%	47.6%	49.2%	47.7%
<b>Capital expenditures</b>	€m	<b>(30.8)</b>	<b>(29.0)</b>	<b>(26.8)</b>	<b>(38.4)</b>	<b>(33.9)</b>
<i>Y-o-y change</i>	%	4.9%	-0.3%	-5.8%	12.0%	10.1%
<i>% total revenues</i>	%	-17.5%	-16.4%	-15.2%	-21.5%	-19.2%
<b>Operating Free Cash Flow</b>	€m	<b>53.2</b>	<b>56.3</b>	<b>57.3</b>	<b>49.2</b>	<b>50.3</b>
<i>Y-o-y change</i>	%	-5.4%	-2.7%	-0.6%	-6.4%	-5.4%
<i>% total revenues</i>	%	30.2%	31.9%	32.5%	27.6%	28.5%