



2016 full year results

24 February 2017



Consolidated statutory financial results (Profit & Loss items)

Profit & loss items				
	4Q16	4Q16 vs. 4Q15 % change	FY 2016	2016 vs. 2015 % change
Revenue (€m)¹	142.5	+35.7%	572.9	+68%
Residential	93.1	+45.1%	373.1	+73.0%
Business	39.7	+30.8%	166.6	+67.7%
Wholesale	9.7	+19.6%	33.2	+30.6%
Adj. EBITDA² (€m)	71.0	+41.0%	280.6	+68%
Margin (%)	49.8%		49.0%	
Adj. OpCF² (€m)	42.6	+65.0%	184.7	+62.1%
As % of revenue	29.9%		32.2%	
Net income (€m)	17.2	+62.9%	62.1	+759%
EPS (€)			0.41	+759%
CFPS (€)			1.22	+62.1%

Note:

1. Revenue 2015 adjusted in the revenues without margin in Annual Accounts 2016
2. 2015 EBITDA and OpCF adjusted to exclude costs related to the IPO process, debt cancellation and acquisition of R Cable (c.€15.4m)

Key highlights of the year

Strategic highlights

1

Delivery of our announced targets

2

Visible and consistent strategy focused on customer long term value

3

Successful response to aggressive competition

4

Integration synergies on track to deliver increased targets

5

Successful cost and capex management to deliver record-high cash flow metrics

Operational and financial highlights

- 🔥 Growth in **net subs (+1.697)** in the massive market: stable in residential + strong performance in SoHo
- 🔥 **3P/4P penetration up to 66%** driving **record-high ARPU to €58.4** (+€2.3 YoY)
- 🔥 **Over 22k new TV services** and over **74k new mobile lines**
- 🔥 **Contained churn rate at 15.1%** despite aggressive competition
- 🔥 **EBITDA margin at 49%** driven by efficient direct costs management (content and mobile)
- 🔥 **Capex at 16.7% of sales** amid disciplined capex management
- 🔥 **Annual Free cash flow generation of €135m** and **leverage down to 4.2x¹**
- 🔥 **First full dividend at €0.36 per share** implying a **dividend yield of 4.43%²**

Note:

1. Post fully deployed synergies
2. Dividend yield on the volume weighted share price of the last month of 2016 (€8.13)

1 Delivery of our announced targets

€m	FY 2016	Vs. FY 2015 PF	
Revenue	572.9	+1.3% ¹	✓
EBITDA ²	280.6	+5.1%	✓
Operating Cash Flow (€m) <i>As % of revenue</i>	184.7 32.2%	+12.7% +374 bps	✓
Leverage	4.2x	-0.9x	✓

On November 27th, 2015, Euskaltel acquired 100% of the shares in R Cable y Telecomunicaciones Galicia, S.A. As a result of this business combination, a new accounting group including both companies was created. Therefore, consolidated financial information included in this document is presented following Euskaltel's accounting principles regarding consolidation requirements. Therefore:

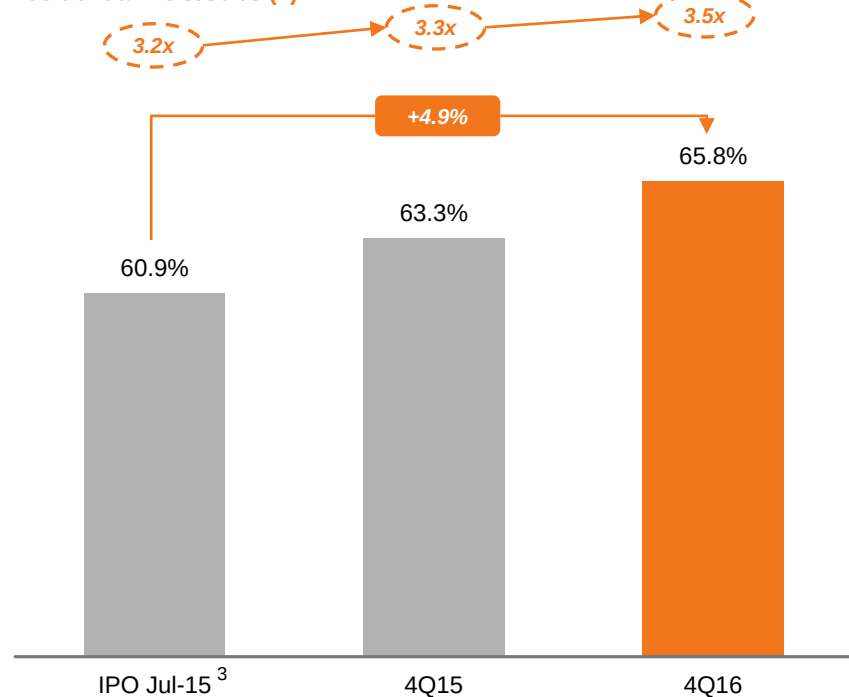
- 🔊 The 4Q15 financial information included in this presentation reflects Euskaltel's standalone performance for that period plus R Cable performance since 27-Nov-2015
- 🔊 The 4Q16 presented financials comprise consolidated financials for Euskaltel and R Cable
- 🔊 Where appropriate in the presentation, the pro forma including non-audited past contribution of R-Cable is added to that of Euskaltel for comparability purposes

Note:

1. % of growth excluding elimination of profit neutral activities
2. 2015 EBITDA adjusted to exclude costs related to the IPO process, debt cancellation and acquisition of R Cable (c.€15.4m)

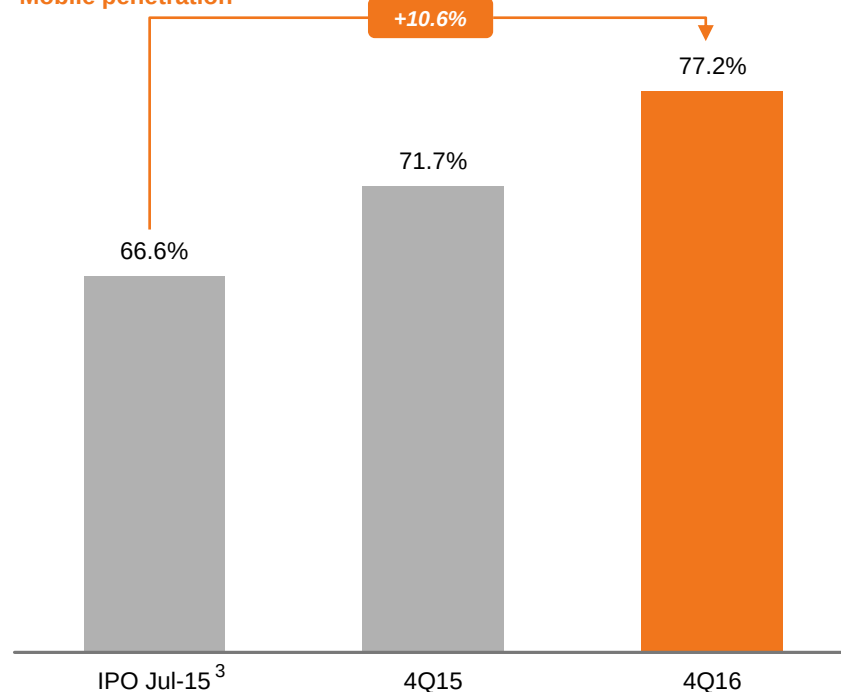
Bundling strategy (3P/4P)¹

Residential RGU/Subs (x)



Successful upselling strategy delivering sustained growth in RGU/subs reaching 3.5x, and 3P/4P penetration of c.66%.

Mobile convergence strategy

Mobile penetration²

Leading convergent strategy which has resulted in capturing c.61K new mobile lines in 2016 (+8.6% YoY) whilst managing host and access costs

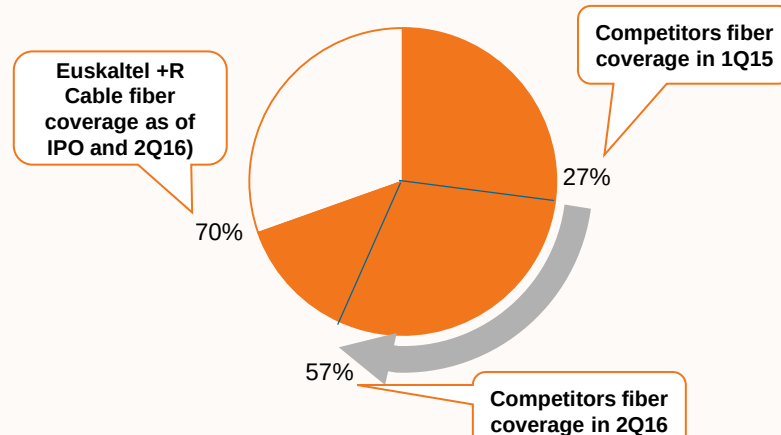
Notes:

1. Residential subs as % of total subscribers
2. Residential mobile subscribers (excluding mobile only) as % of total fixed customers
3. IPO data pro forma to include R Cable

3 Successful response to aggressive competition

Coverage and competition

Commercial response adapted to FTTH deployment

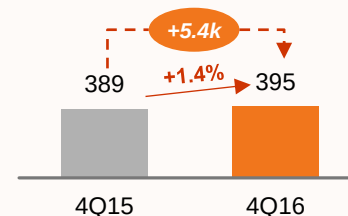


Product intake

Broadband



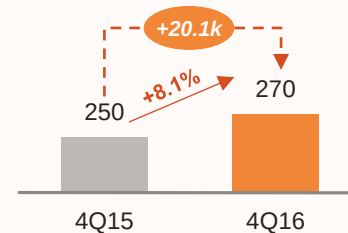
Broadband RGUs



Pay-TV offering



Pay-TV RGUs

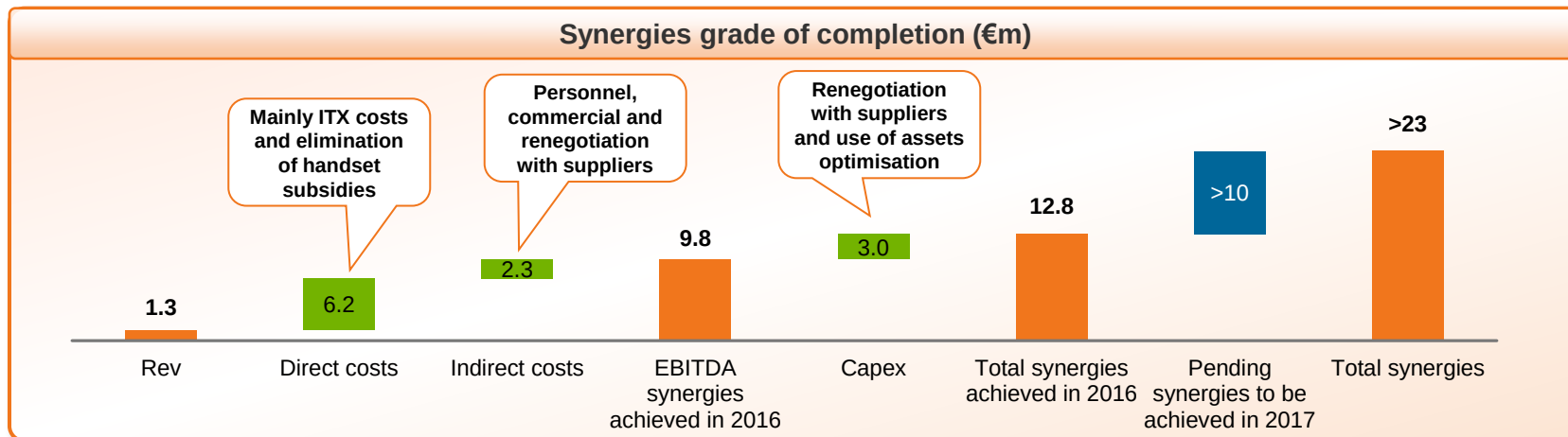
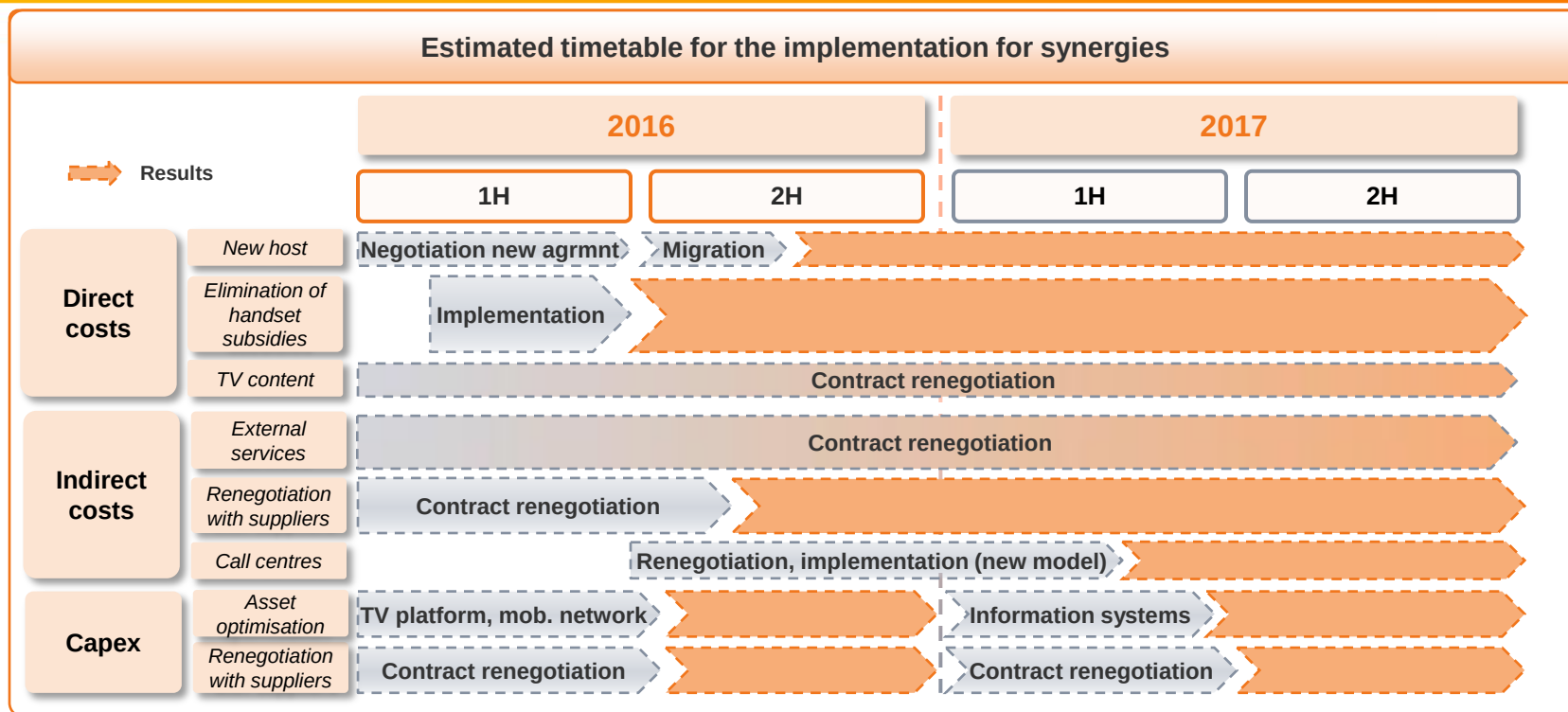


EDONON

tv comigo

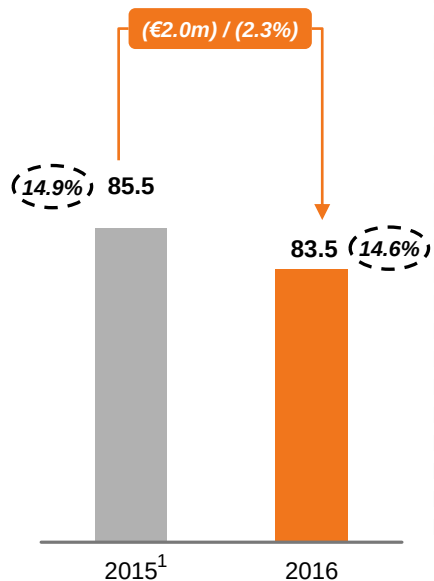


- Our network quality remains a competitive strength, but FTTH deployment has narrowed the gap
- Market share preserved despite aggressive price competition, particularly in the last quarter
- Our speed offering and TV functionalities delivering strong customer satisfaction

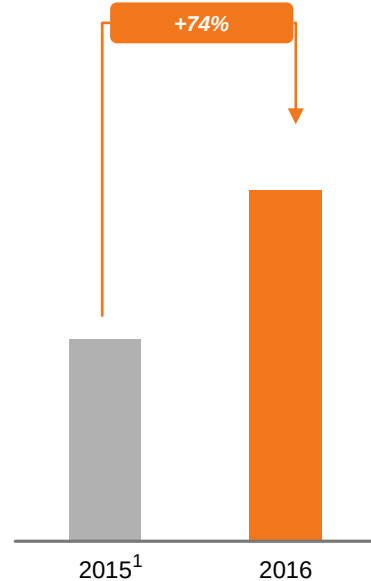


Direct cost management

Direct network costs (€m)



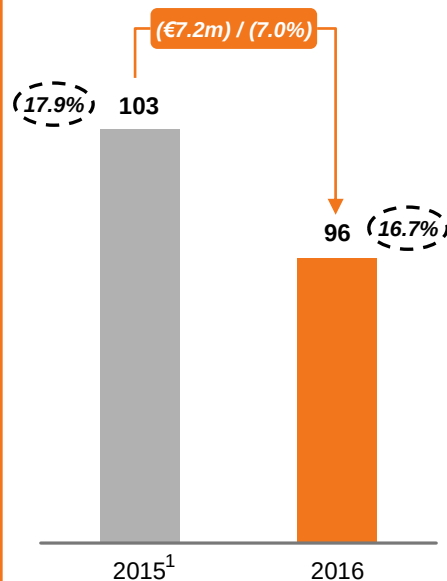
Mobile data traffic



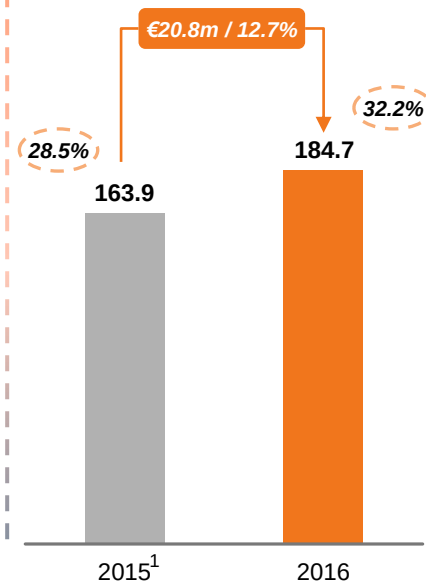
As % of revenue

Capex and cash flow management

Capex (€m)



Operating Cash flow ² (€m)



As % of revenue

As a % of revenue

- Proven ability to contain mobile cost despite significant increase in the # of lines and traffic per line

- Efforts focused on converging R Cable capex level with those of Euskaltel. Overall capex reduction below 17% of revenue in line with guidance
- Operating cash flow margin growth of +374bps in the period

Notes:

- Data pro forma to include R Cable
- Operating Cash Flow calculated as EBITDA-capex

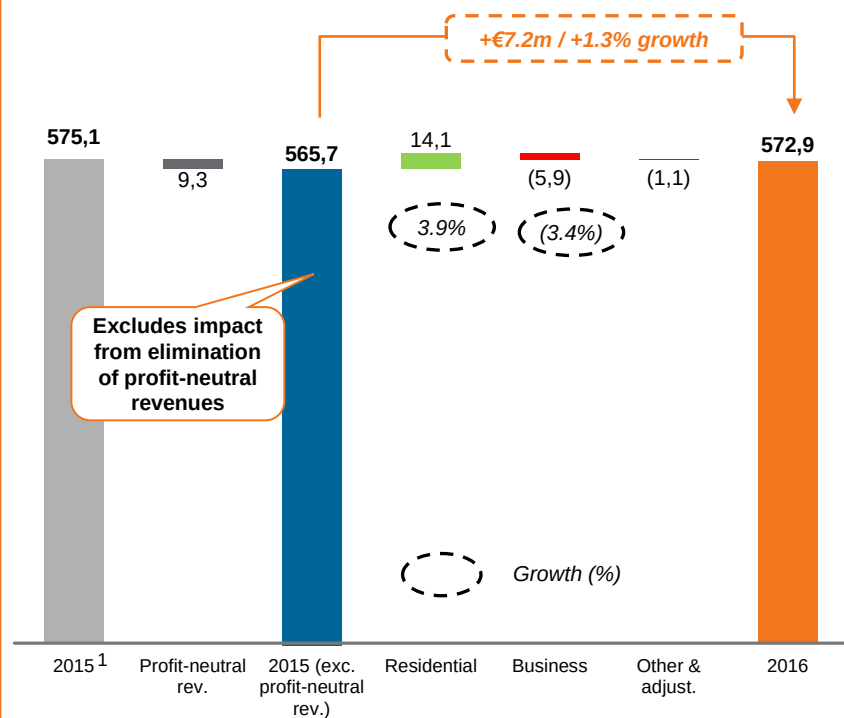


Operational and financial highlights

Note: 2015 figures pro forma to include R Cable for comparison purposes

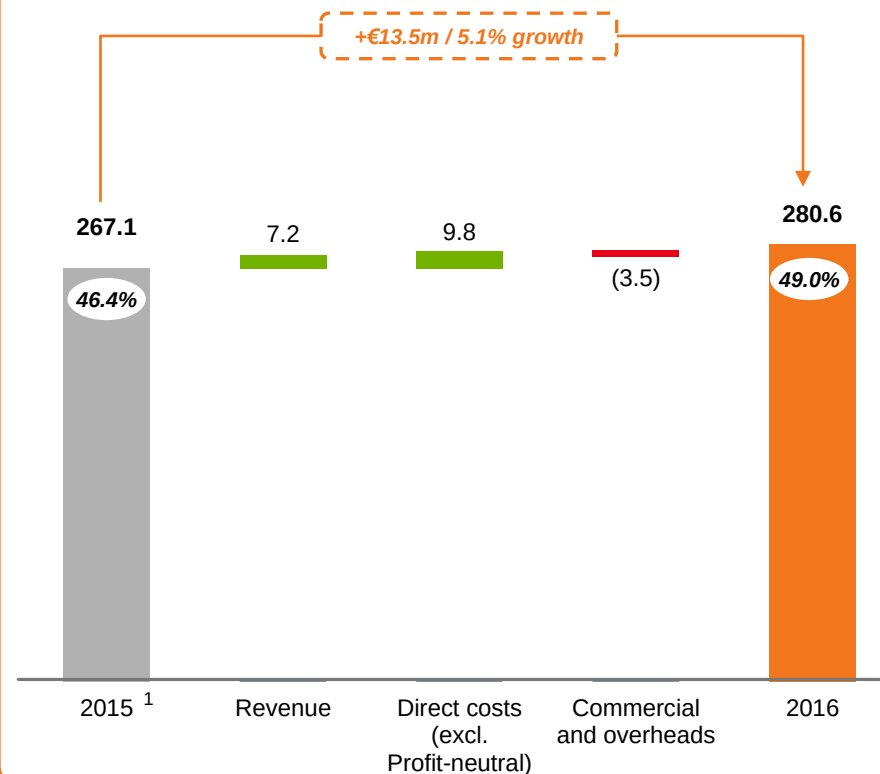
2015 - 2016 revenue and EBITDA bridge

Revenue growth 2015 vs. 2016 (€m)



- 🔥 Growth of the residential segment (+€14.1m) partly offset by decrease in the Business segment (-€5.9m)
- 🔥 €7.2m rev. growth when 2015 profit-neutral revenue are excluded (+1.3%)

EBITDA growth 2015 vs. 2016 (€m)



- 🔥 €13.5m (+5.1%) EBITDA growth driven by revenue increase and an efficient direct cost management
- 🔥 Margin enhancement of 260 bps up to 49.0%

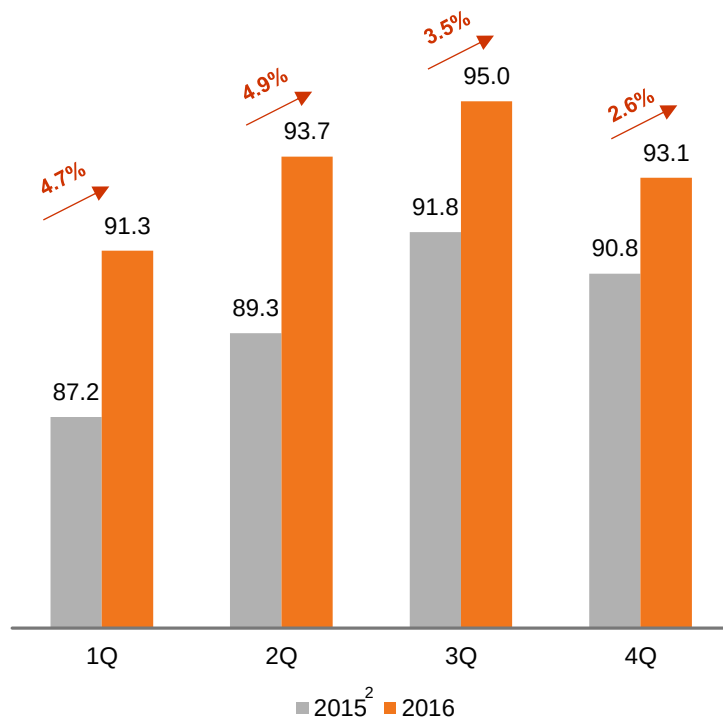
Notes:

1. Data pro forma to include R Cable

Residential and Business segments revenue

Residential revenue

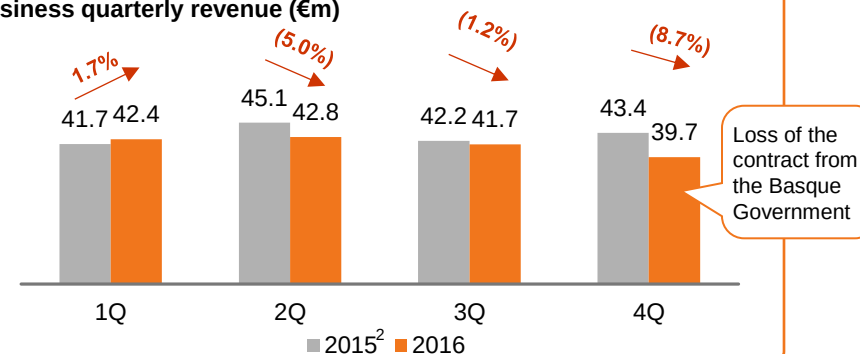
Residential quarterly revenue (€m)



Consistent residential revenue growth +2.6% in the quarter vs. the previous year on the back of stable customer base and increased ARPU

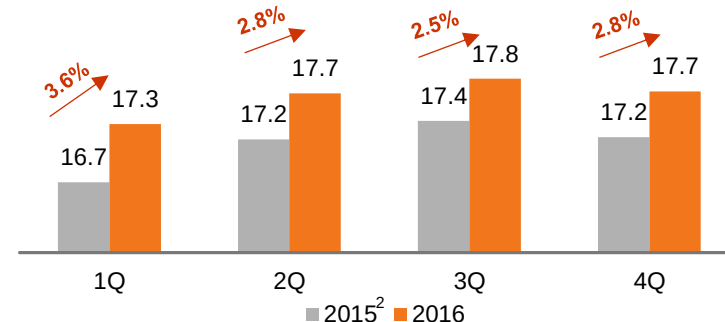
Business segment¹ revenue

Business quarterly revenue (€m)



Zoom in SOHO

SOHO quarterly revenue (€m)



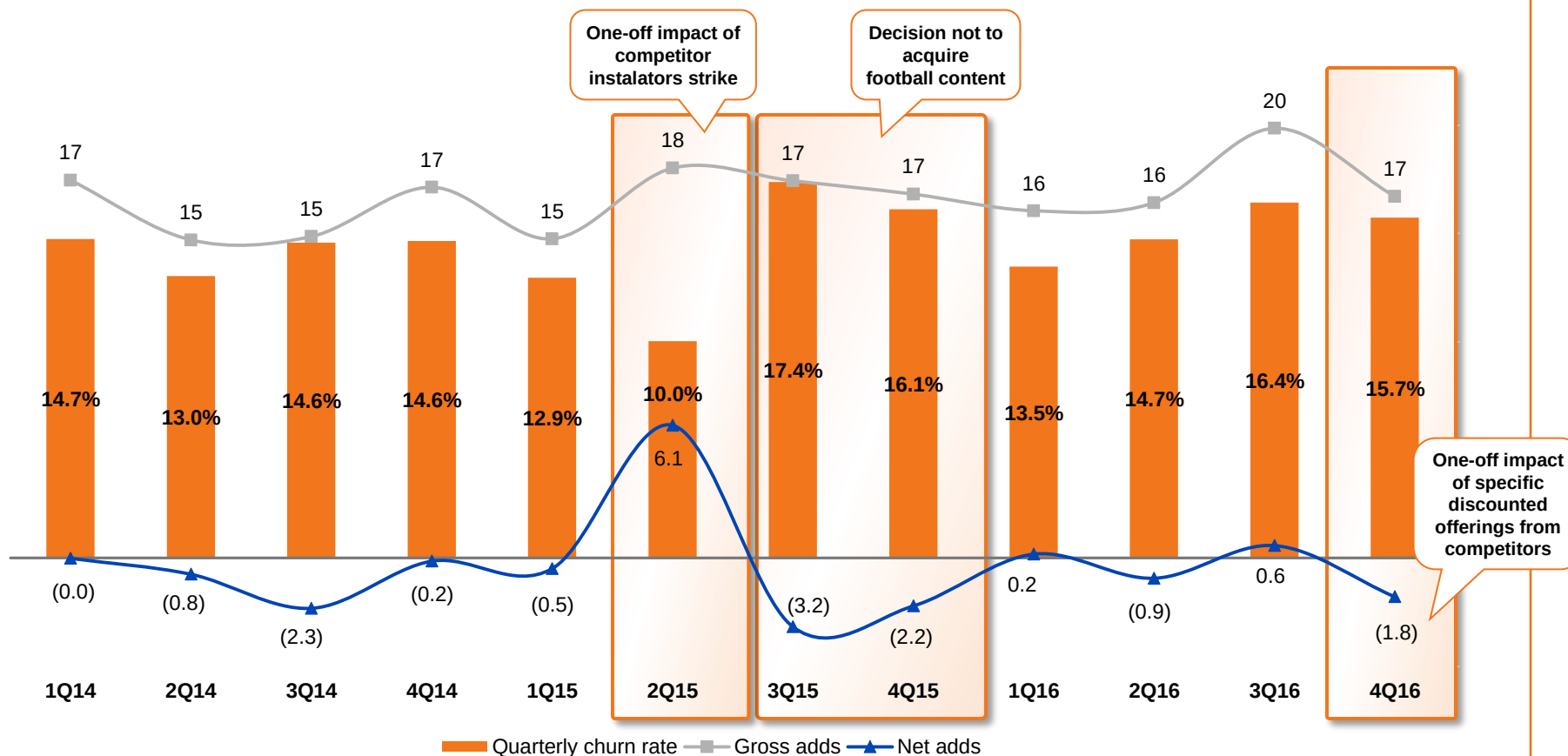
Business segment impacted by loss of Basque government contract
On the positive side, sustained growth in the SOHO sub-segment at c. 3% y-o-y

Note:

1. Includes SOHO, SMEs and Large Accounts
2. 2015 figures include pro forma R Cable result

Residential fixed customer and churn rate evolution over time

Churn and fixed subs¹ customer base evolution²



Net adds in 4Q16 (-1.8k subs) reflecting a specific highly discounted offering from competition. It is expected to be reversed in the coming quarters

4Q16 churn improvement vs. 4Q15 and gross adds in line with cruise level

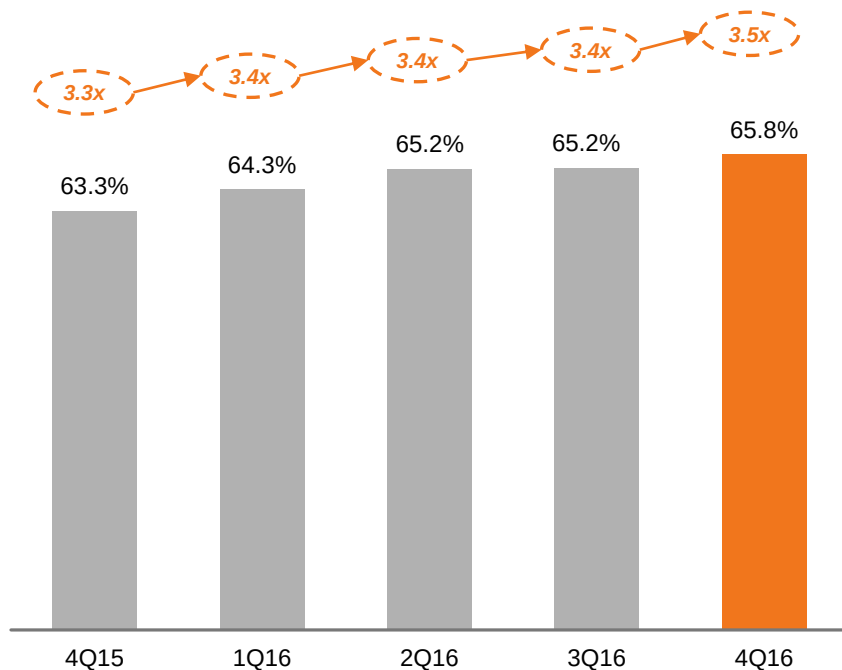
Note:

1. Fixed subs excluding mobile only subscribers
2. Historical figures proforma to include R Cable

Residential ARPU growth as a result of our successful product intake

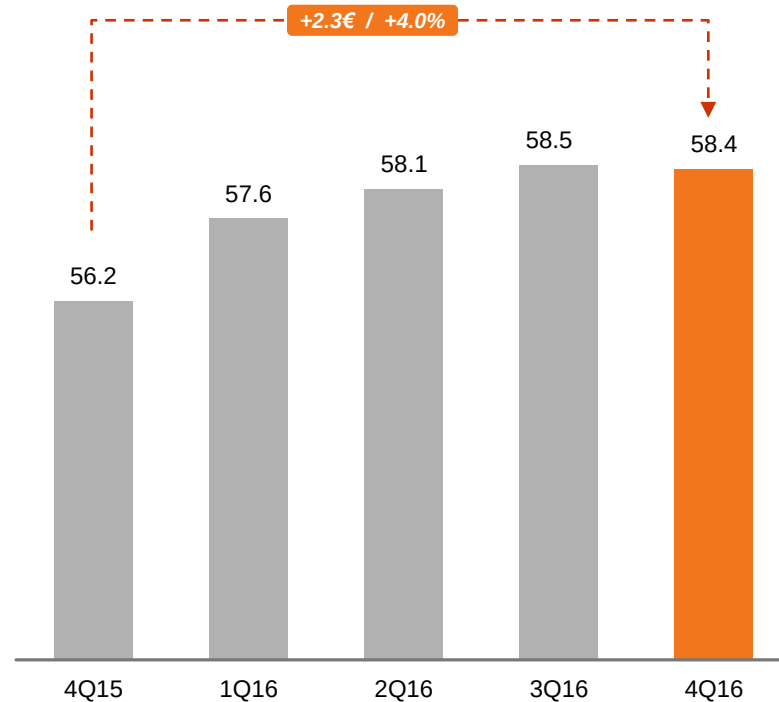
Increased 3P/4P penetration (as % of total subscribers)

Residential RGU/Subs (x)



- Successful upselling strategy delivering sustained growth in RGU/subs reaching 3.5x, and 3P/4P penetration of c.66%

Residential ARPU evolution (€/month)

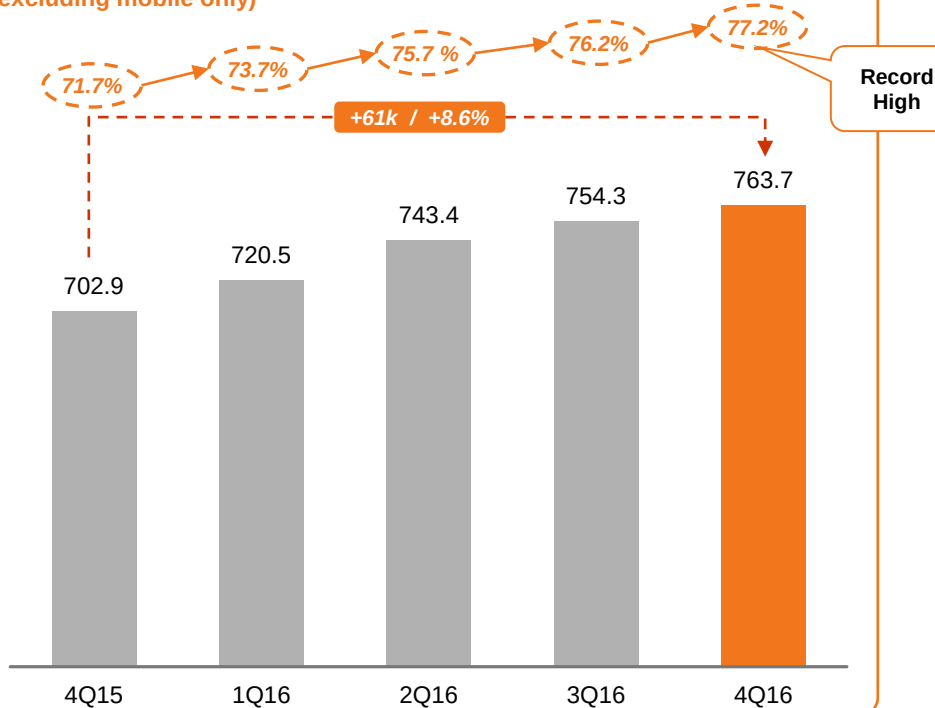


- Growth in RGUs and 3P/4P penetration driving 4% ARPU growth vs. 2015
- Constant ARPU vs. previous quarter on the back of a specific promotion during the last quarter of the year

Continued momentum in the residential segment

Mobile lines and increased mobile penetration

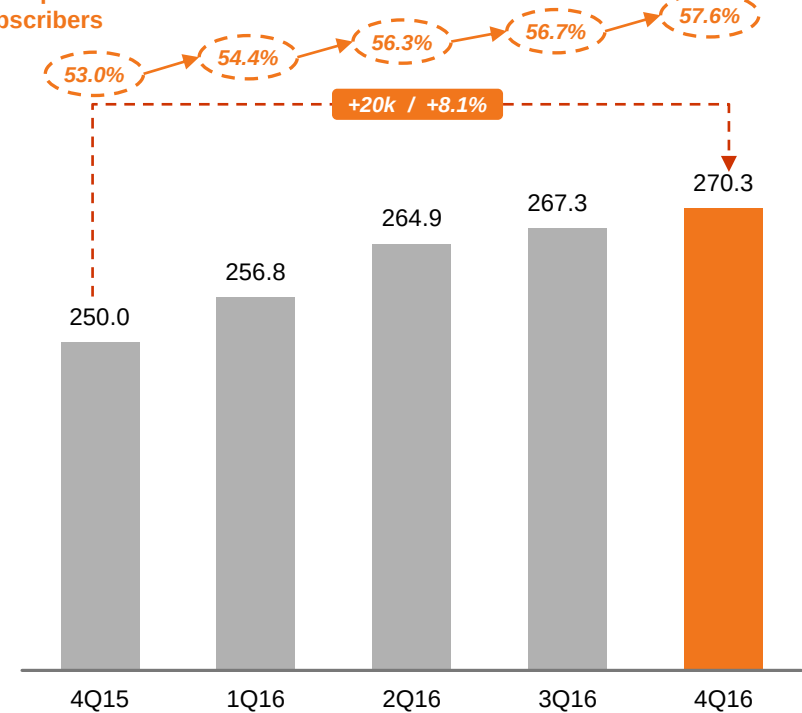
RGUs penetration (as % of fixed customer excluding mobile only)



- 🔥 Growing mobile penetration as a result of our mobility strategy which has resulted in capturing c.61K new mobile lines in the period (+8.6%)

Pay-TV RGUs and penetration

RGUs penetration as % of fixed subscribers

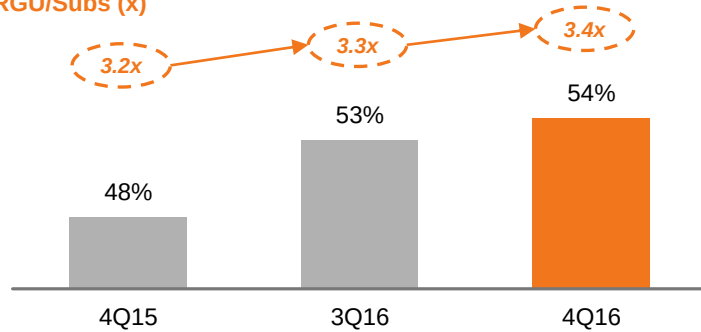


- 🔥 Strong performance of our TV offering with 8.1% growth in TV RGUs in the year and 1.1% in the quarter
- 🔥 Combined generation into our subscriber base, reading 57.6% of total subscribers in 2016 (vs. 53.0% in 2015)

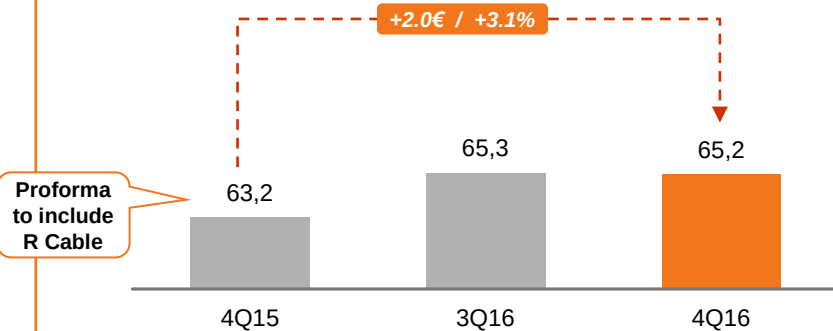
Business segment KPIs

SOHO increased 3P/4P penetration (as % of total subscribers)

SOHO RGU/Subs (x)

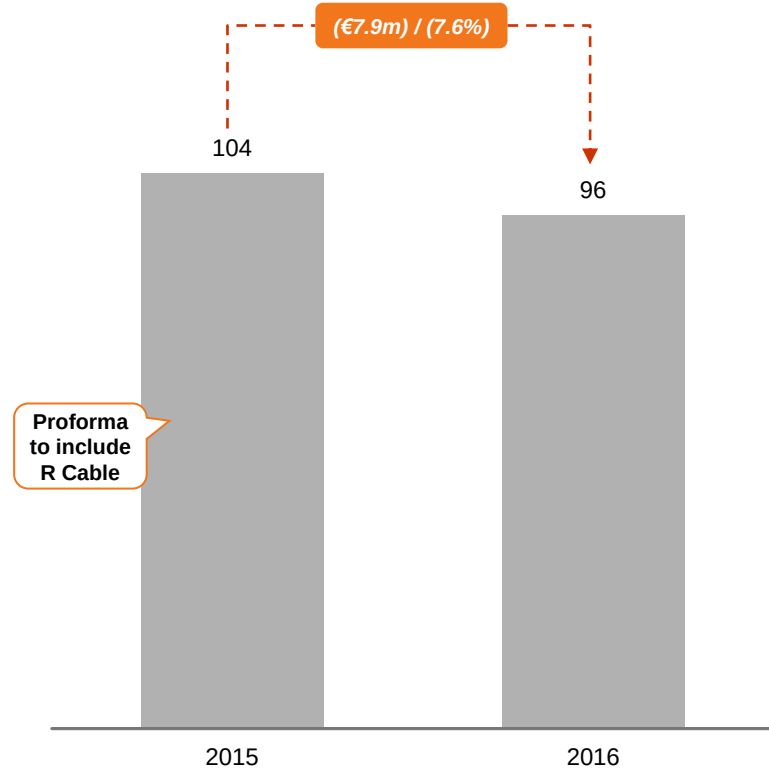


SOHO ARPU evolution (€/month)



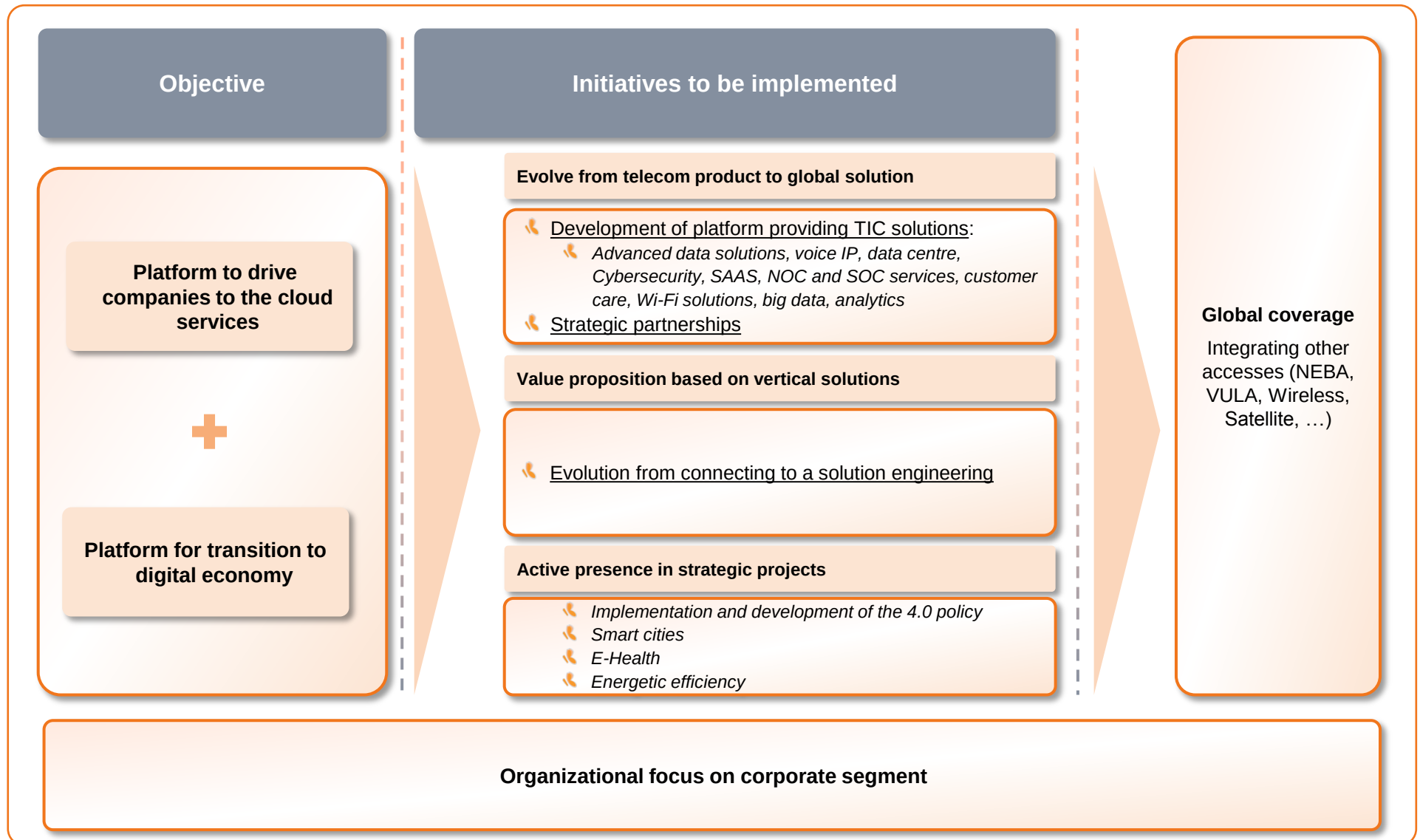
- Similarly to the residential segment, SOHO performance shows a steady growth in RGU per subscriber (3.4x in 4Q16) and 3P/4P bundle penetration (54%) hence driving ARPU up by 3.1% in the year

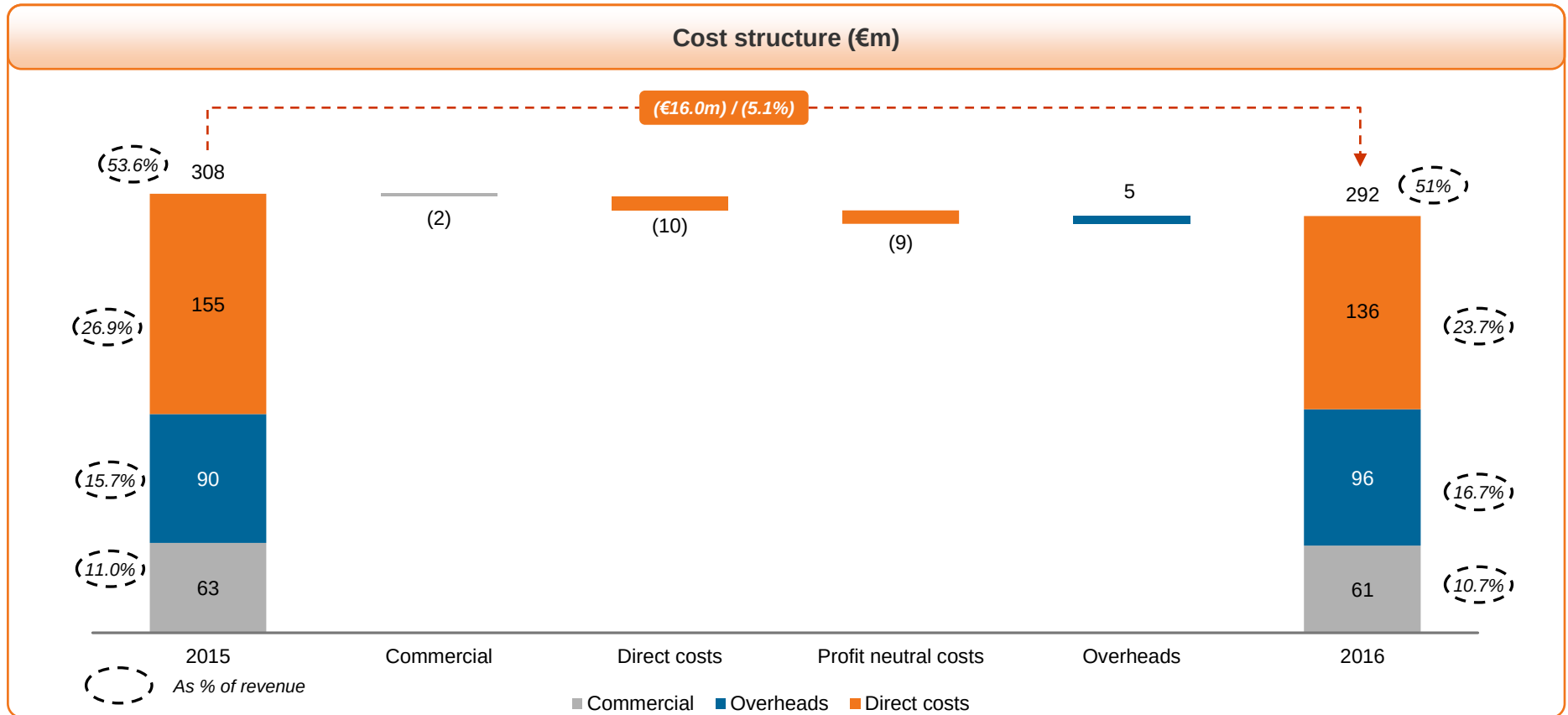
SME and large account revenue (€m)



- Revenue from SME and LA down by 7.6% impacted by the loss of the contract from the Basque Government
- Additionally, definition of a mid-term strategy to create a fully integrated value added offering moving beyond connectivity (cloud, security, tools) through own developments and win-win partnerships

Initiatives in place to boost the business segment

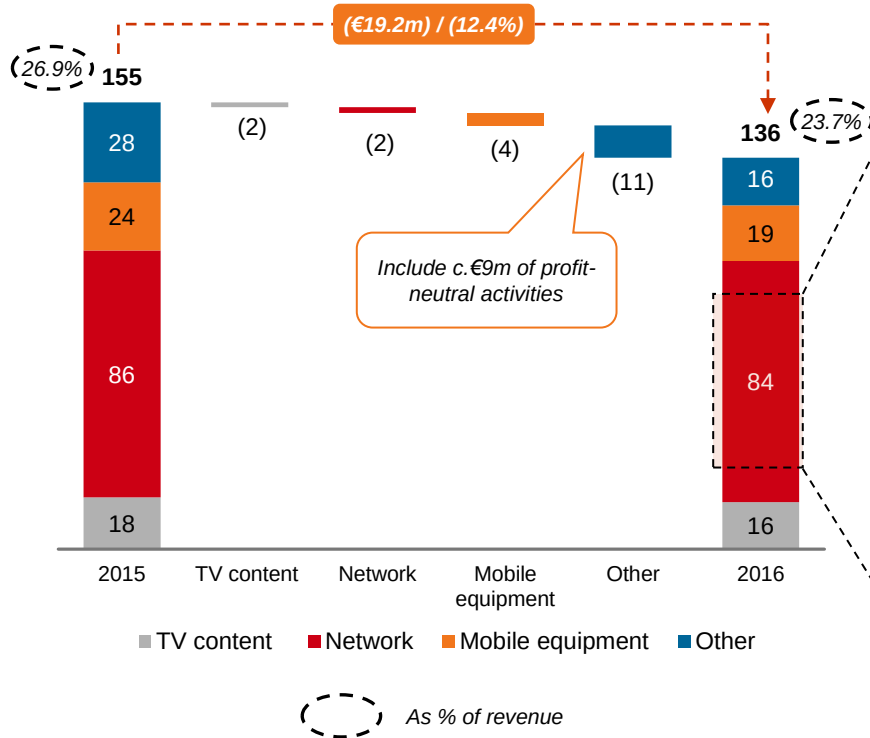




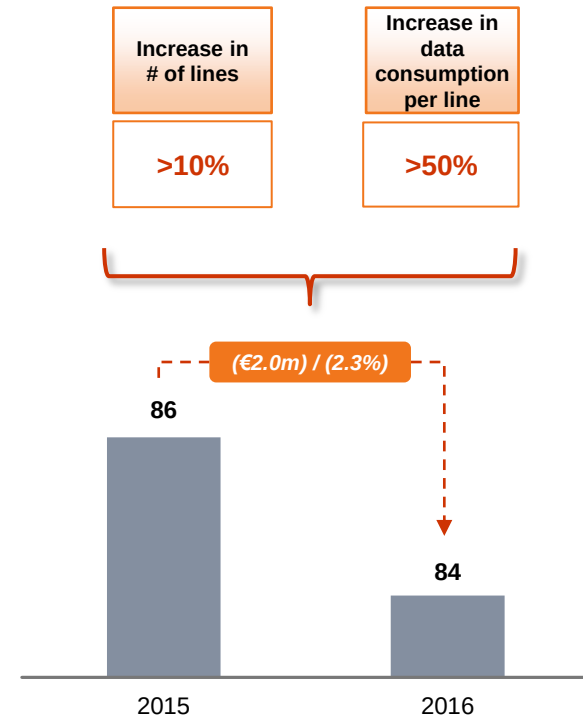
- 🔧 Cost base reduction by €16m on the back of efficient management of commercial (-3.1%) and direct costs (-12.4%), partially offset by an increase in overheads (+6.0%)
- 🔧 As a result, EBITDA margin has improved by 260bps reaching 49.0% in 2016

Direct cost management

Direct cost structure (€m)



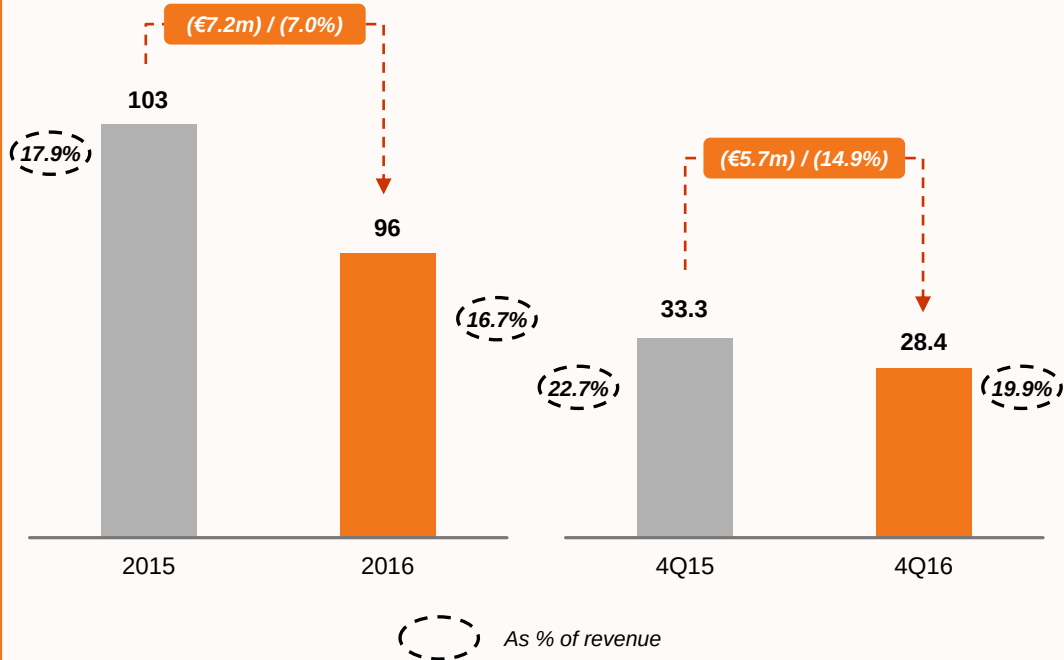
Focus on network cost evolution: Host



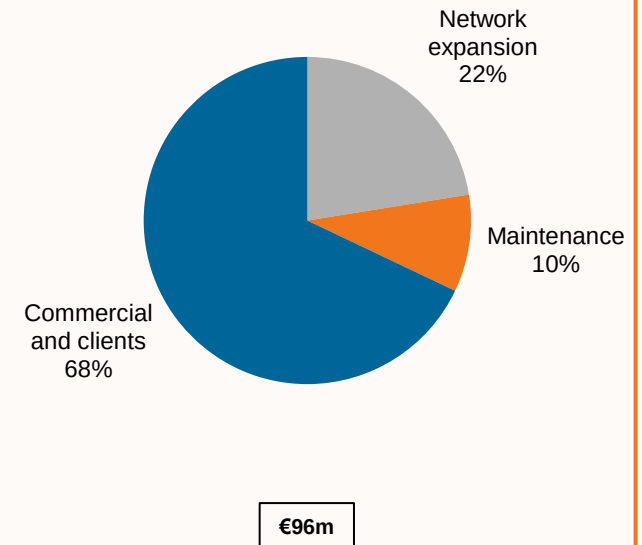
- Efficient direct cost management deriving in a reduction of c. €10m (exc. elimination of profit-neutral activities) mainly driven by a decrease in costs associated to TV content, Network and Mobile equipment
- As a result of the integration in to the same host contract, network costs decreased by 2.3% despite increase in the number of mobile lines >10% and the average data consumption per line >50%

Consolidated capex

Capex (€m)

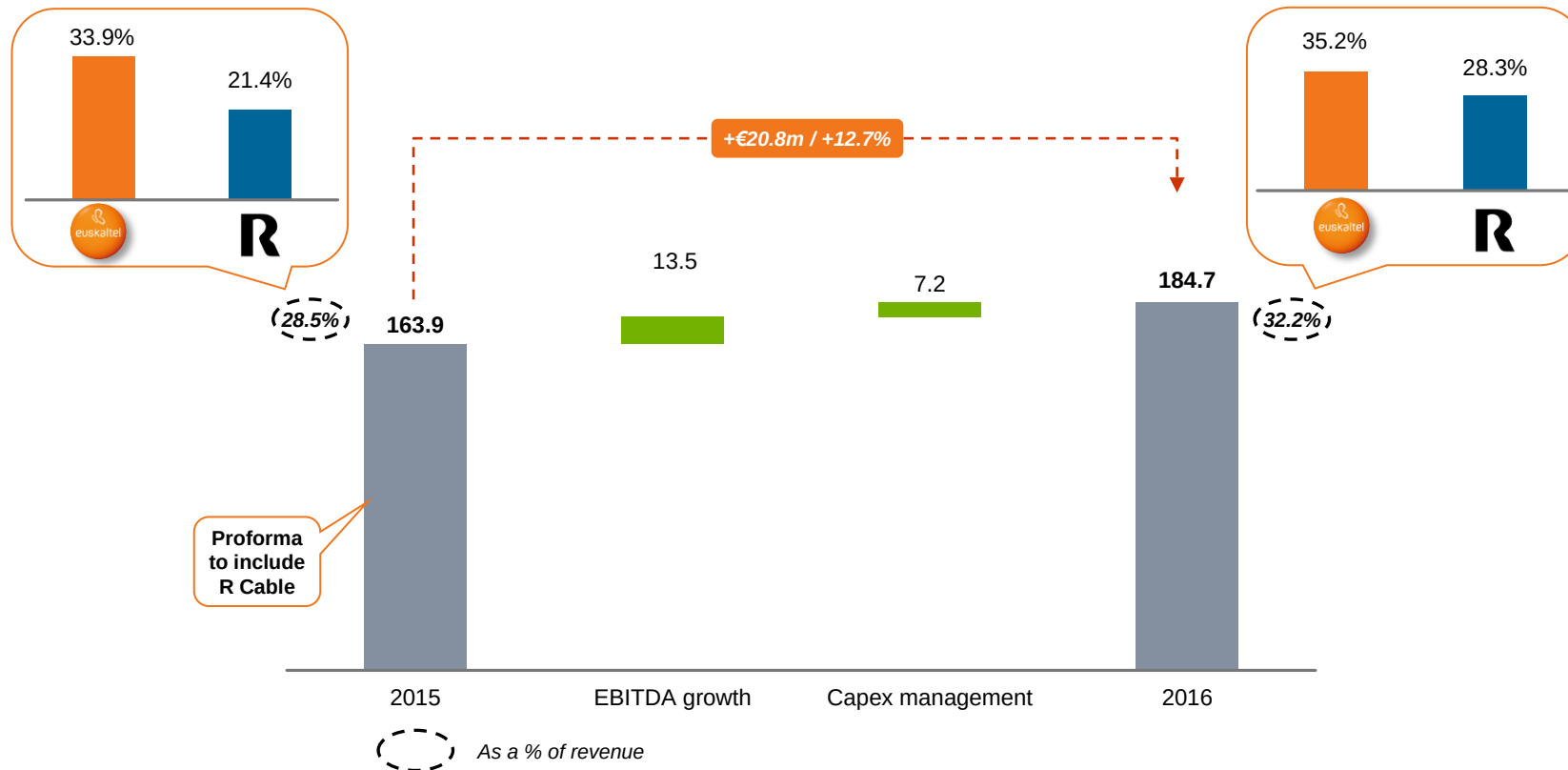


2016 Capex by category



Significant capex reduction of c.7% in the year (c.15% vs. the quarter of the previous year) deriving from the rationalization of R Cable investments mainly in mobile network core integration and supplier renegotiation to bring its level close to that of Euskaltel

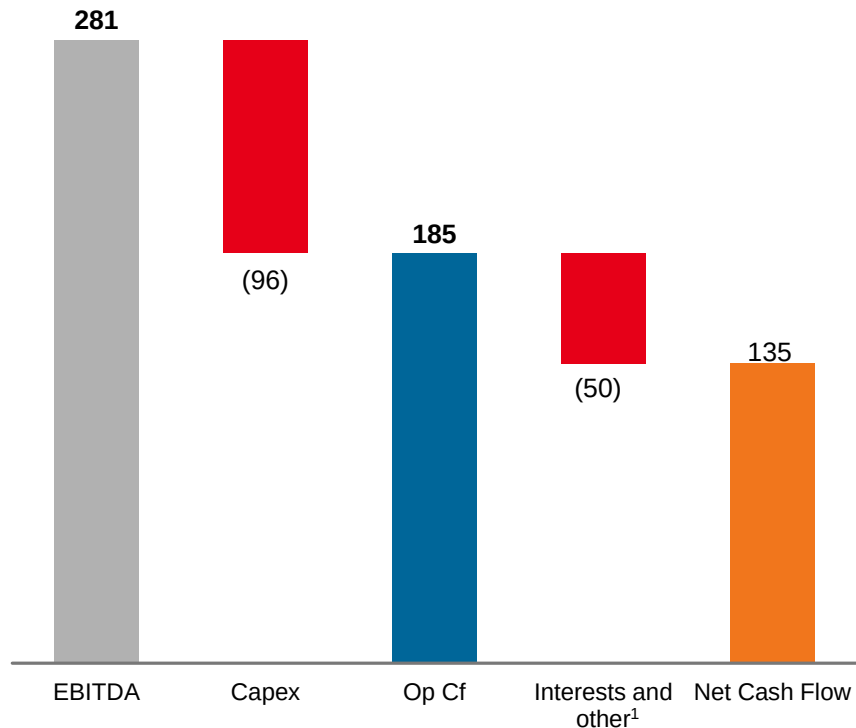
OpCF growth 2015 - 2016 (€m)



- Improved OpCF as percentage of sales from 28.5% to 32.2%
- Euskaltel's OpCF as percentage of sales increased by 122bps, while R Cable grew by c.690bps

Strong de-leverage according to plan

2016 Free Cash flow



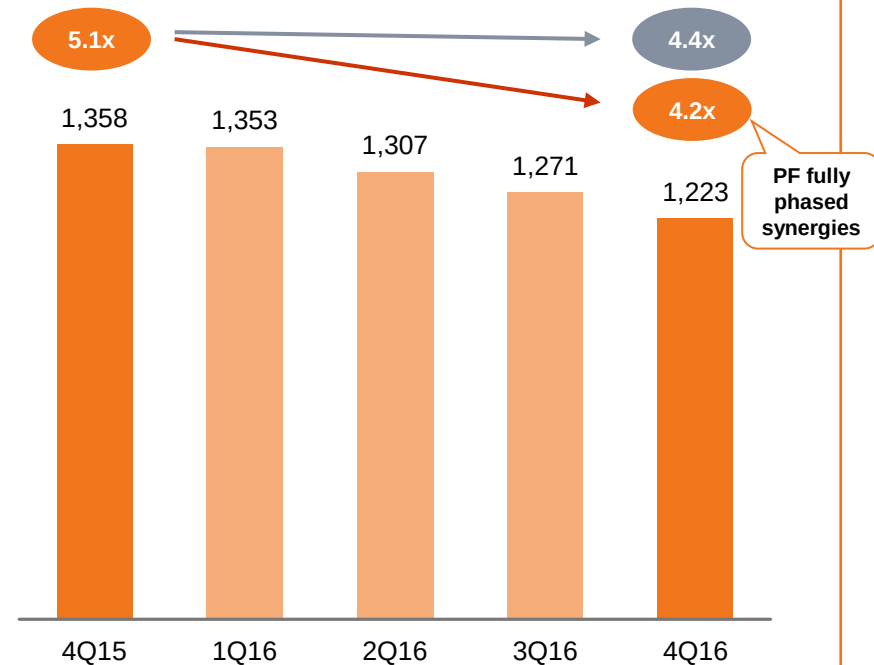
- ✂ Cash flow after debt service generated during the period amounts to €135m allowing for dividend distribution
- ✂ Equity free cash flow amounts to €134 implying an EFCF yield of 10.85%²

Note:

1. Includes financial expenses, WC requirements, taxes and other
2. EFCF yield on the volume weighted share price of the last month of 2016 (€8.13)

Net debt (€m)

Leverage evolution (ND / LTM EBITDA)



- ✂ Strong cash generation resulting in consistent deleverage with net debt / EBITDA ratio standing at 4.2x

Guidance for 2017-2019

1	Revenue	- Overall revenue growth: CAGR 2-3% - Residential growth to balance the effect in B2B in the short term. B2B regaining momentum since 2018
2	EBITDA	EBITDA margin to grow by 100 bps to reach 50%
3	Capex	- To stay in the 16% revenue range - Additional integration and/or expansion capex below €10m
4	Free Cash Flow	CAGR High single digit
5	Leverage	Between 3x-4x at the end of the period
6	Dividend	Double digit annual growth
7	M&A	- Constantly looking for new M&A opportunities which should respect two principles: - Accretive in cash flow per share for Euskaltel's shareholders - Maintain ND / EBITDA leverage within reasonable limits



Appendix I - Euskaltel 2016 consolidated results and KPIs

Euskaltel Statutory accounts - KPIs (i/ii)

Residential		Quarterly								FY	
KPIs	Unit	1T15	2T15	3T15	4T15	1T16	2T16	3T16	4T16	2015	2016
Homes passed	#	872.053	873.254	876.937	1.699.073	1.700.847	1.703.361	1.703.941	1.707.558	1.699.073	1.707.558
Household coverage	%	85%	85%	85%	65%	65%	65%	65%	65%	85%	65%
Residential subs	#	295.360	300.751	298.419	545.502	547.009	548.069	548.945	546.040	545.502	546.040
o/w fixed services	#	278.051	282.890	279.353	471.664	471.837	470.895	471.463	469.662	471.664	469.662
as % of homes passed	%	31,9%	32,4%	31,9%	27,8%	27,7%	27,6%	27,7%	27,5%	27,8%	27,5%
o/w mobile only subs	#	17.309	17.861	19.066	73.838	75.172	77.174	77.482	76.378	73.838	76.378
o/w 1P(%)	%	17,6%	17,3%	17,5%	21,9%	21,7%	21,6%	21,9%	21,7%	21,9%	21,7%
o/w 2P(%)	%	24,8%	21,5%	19,3%	14,8%	14,0%	13,3%	12,9%	12,5%	14,8%	12,5%
o/w 3P(%)	%	35,5%	36,6%	36,6%	29,6%	29,0%	27,8%	27,0%	26,4%	29,6%	26,4%
o/w 4P(%)	%	22,1%	24,6%	26,5%	33,7%	35,3%	37,3%	38,2%	39,4%	33,7%	39,4%
Total RGUs	#	918.120	968.023	982.290	1.809.720	1.836.291	1.868.347	1.881.701	1.891.653	1.809.720	1.891.653
RGUs/sub	#	3,1	3,2	3,3	3,3	3,4	3,4	3,4	3,5	3,3	3,5
Residential churn fixed customers	%	14,8%	12,2%	13,9%	14,8%	13,5%	14,1%	14,9%	15,1%	14,8%	15,1%
Global ARPU fixed customers	€/month	55,15	55,50	55,75	56,00	57,59	58,10	58,52	58,44	56,00	58,44
Fixed Voice RGUs	#	278.516	283.341	279.792	467.181	467.280	467.292	465.362	462.827	467.181	462.827
as % fixed customers	%	100,2%	100,2%	100,2%	99,0%	99,0%	99,2%	98,7%	98,5%	99,0%	98,5%
BB RGUs	#	218.391	224.361	222.288	389.456	391.733	392.722	394.738	394.810	389.456	394.810
as % fixed customers	%	78,5%	79,3%	79,6%	82,6%	83,0%	83,4%	83,7%	84,1%	82,6%	84,1%
TV RGUs	#	124.729	127.660	127.802	250.191	256.783	264.899	267.325	270.333	250.191	270.333
as % fixed customers	%	44,9%	45,1%	45,7%	53,0%	54,4%	56,3%	56,7%	57,6%	53,0%	57,6%
Postpaid lines	#	296.484	332.661	352.408	702.892	720.495	743.434	754.276	763.683	702.892	763.683
Postpaid customers	#	165.411	185.203	194.926	412.247	422.737	433.513	436.737	438.953	412.247	438.953
as % fixed customers (only mobile excluded)	%	53,3%	59,2%	63,0%	71,7%	73,7%	75,7%	76,2%	77,2%	71,7%	77,2%
Mobile lines / customer	#	1,8	1,8	1,8	1,8	1,8	1,8	1,7	1,7	1,7	1,7

SOHO		Quarterly								FY	
KPIs	Unit	1T15	2T15	3T15	4T15	1T16	2T16	3T16	4T16	2015	2016
Subs	#	47.136	47.932	47.775	88.163	88.301	89.014	89.076	89.322	88.163	89.322
o/w 1P(%)	%	32,1%	30,3%	29,7%	28,5%	31,7%	30,8%	30,4%	29,7%	32,3%	29,7%
o/w 2P(%)	%	23,9%	21,9%	20,4%	27,0%	18,4%	17,5%	16,9%	16,4%	19,6%	16,4%
o/w 3P(%)	%	32,9%	35,2%	36,9%	33,9%	38,1%	38,9%	39,3%	39,7%	37,4%	39,7%
o/w 4P(%)	%	11,1%	12,6%	13,0%	10,6%	11,8%	12,8%	13,3%	14,2%	10,8%	14,2%
Total RGUs	#	147.585	155.881	158.589	278.314	285.111	292.888	296.335	300.713	278.314	300.713
RGUs/sub	#	3,1	3,3	3,3	3,2	3,2	3,3	3,3	3,4	3,2	3,4
SOHO churn fixed customers	%	19,3%	17,6%	17,8%	19,7%	22,3%	21,4%	20,5%	20,3%	19,7%	20,3%
Global ARPU fixed customers	€/month	64,4	65,1	65,4	65,3	64,9	65,0	65,3	65,2	65,3	65,2

SME and Large Accounts		Quarterly								FY	
KPIs	Unit	1T15	2T15	3T15	4T15	1T16	2T16	3T16	4T16	2015	2016
Customers	#	5.041	5.072	5.053	11.518	11.486	11.254	11.224	11.193	11.518	11.193

Euskaltel Statutory accounts - KPIs (ii/ii)

Selected financial information

	Unit
Total revenue	€m
<i>Y-o-y change</i>	%
o/w residential	€m
<i>Y-o-y change</i>	%
o/w Business	€m
<i>Y-o-y change</i>	%
o/w Wholesale and Other	€m
<i>Y-o-y change</i>	%
o/w Other Profit Neutral Revenues	€m
<i>Y-o-y change</i>	%
Adjusted EBITDA	€m
<i>Y-o-y change</i>	%
<i>Margin</i>	%
Capital expenditures	€m
<i>Y-o-y change</i>	%
<i>% total revenues</i>	%
Operating Free Cash Flow	€m
<i>Y-o-y change</i>	%
<i>% EBITDA</i>	%
RDI	€m

Quarterly								FY	
1Q15	2Q15	3Q15	4Q15	1Q16	2Q16	3Q16	4Q16	2015	2016
79.6	82.1	82.7	105.0	141.8	144.2	144.4	142.5	349.4	572.9
				78.2%	75.7%	75%	35.7%		164.0%
49.0	50.8	51.7	64.2	91.3	93.7	95.0	93.1	215.7	373.1
				86.3%	84.5%	83.7%	45.1%		173.0%
22.8	23.4	22.8	30.3	42.4	42.8	41.7	39.7	99.3	166.6
				86.3%	82.5%	83.1%	30.8%		167.7%
5.6	5.6	6.2	8.1	8.0	7.8	7.7	9.7	25.4	33.2
				44.3%	39.1%	24.8%	19.6%		130.6%
2.2	2.3	2.0	2.4	-	-	-	-	8.9	-
				-100.0%	-100.0%	-100.0%	-100%		0.0%
37.7	38.3	40.6	50.4	69.1	70.3	70.2	71.0	167.0	280.6
				83.2%	83.4%	72.7%	41.0%		168.0%
47.4%	46.7%	49.2%	48.0%	48.7%	48.7%	48.6%	49.8%	49.2%	49.0%
(9.1)	(9.2)	(10.3)	(24.6)	(21.6)	(24.1)	(21.8)	(28.4)	(53.1)	(95.8)
				137.8%	161.6%	111.8%	15.7%		180.4%
-11.4%	-11.2%	-12.4%	-23.4%	-15.2%	-16.7%	-15.1%	-19.9%	-23.4%	-16.7%
28.6	29.1	30.4	25.8	47.5	46.2	48.4	42.6	113.9	184.7
				65.9%	58.6%	59.5%	65.2%		162.2%
75.9%	76.0%	74.7%	51.2%	68.7%	65.7%	69.0%	60.0%	68.2%	65.8%
1.2	(19.7)	15.1	10.6	14.6	15.6	14.7	17.3	7.2	62.2

🔗 The 4Q15 financial information reflects Euskaltel's standalone performance for that period plus R Cable performance since 27-Nov-2015

🔗 The 4Q16 presented financials comprise consolidated financials for Euskaltel and R Cable

P&L 2016 - Quarterly

EUR in million	2016				
	Q1'16	Q2'16	Q3'16	Q4'16	FY'16
Residential	91,3	93,7	95,0	93,1	373,1
Corporate	42,4	42,8	41,7	39,7	166,6
Wholesale & Others	8,0	7,8	7,7	9,7	33,2
Revenue	141,8	144,2	144,4	142,5	572,9
COGS	(33,8)	(35,6)	(36,7)	(29,4)	(135,5)
Gross profit	108,0	108,6	107,7	113,1	437,4
Selling expenses	(15,1)	(15,3)	(14,2)	(16,5)	(61,1)
Overhead	(23,8)	(23,0)	(23,2)	(25,6)	(95,7)
EBITDA (adjusted)	69,1	70,3	70,2	71,0	280,6
D&A	(36,6)	(37,3)	(37,6)	(39,1)	(150,6)
EBIT	32,4	33,0	32,6	32,0	130,0
Interest expense	(11,9)	(12,3)	(12,3)	(11,3)	(47,9)
Extraordinary items	(0,8)	(1,7)	(1,2)	(1,2)	(4,9)
PROFIT BEFORE INCOME TAX	19,7	19,0	19,0	19,4	77,2
Income tax expense	(5,1)	(3,4)	(4,3)	(2,2)	(15,0)
NET PROFIT FOR THE PERIOD	14,6	15,6	14,7	17,2	62,1

Disclaimer

This presentation (the "Presentation") has been prepared and is issued by, and is the sole responsibility of Euskaltel, S.A. ("Euskaltel" or "the Company"). For the purposes hereof, the Presentation shall mean and include the slides that follow, any prospective oral presentations of such slides by the Company, as well as any question-and-answer session that may follow that oral presentation and any materials distributed at, or in connection with, any of the above.

The information contained in the Presentation has not been independently verified and some of the information is in summary form. No representation or warranty, express or implied, is made by Euskaltel or its affiliate R Cable and Telecommunications Galicia, S.A. ("R Cable" and, together with Euskaltel, the "Euskaltel Group"), nor by their directors, officers, employees, representatives or agents as to, and no reliance should be placed on, the fairness, accuracy, completeness or correctness of the information or opinions expressed herein. None of Euskaltel nor R Cable, nor their respective directors, officers, employees, representatives or agents shall have any liability whatsoever (in negligence or otherwise) for any direct or consequential loss, damages, costs or prejudices whatsoever arising from the use of the Presentation or its contents or otherwise arising in connection with the Presentation, save with respect to any liability for fraud, and expressly disclaim any and all liability whether direct or indirect, express or implied, contractual, tortious, statutory or otherwise, in connection with the accuracy or completeness of the information or for any of the opinions contained herein or for any errors, omissions or misstatements contained in the Presentation.

Euskaltel cautions that this Presentation contains forward looking statements with respect to the business, financial condition, results of operations, strategy, plans and objectives of the Euskaltel Group. The words "believe", "expect", "anticipate", "intends", "estimate", "forecast", "project", "will", "may", "should" and similar expressions identify forward-looking statements. Other forward-looking statements can be identified from the context in which they are made. While these forward looking statements represent our judgment and future expectations concerning the development of our business, a certain number of risks, uncertainties and other important factors, including those published in our past and future filings and reports, including those with the Spanish Securities and Exchange Commission ("CNMV") and available to the public both in Euskaltel's website (www.euskaltel.com) and in the CNMV's website (www.cnmv.es), as well as other risk factors currently unknown or not foreseeable, which may be beyond Euskaltel's control, could adversely affect our business and financial performance and cause actual developments and results to differ materially from those implied in the forward-looking statements. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements due to the inherent uncertainty therein.

The information contained in the Presentation, including but not limited to forward-looking statements, is provided as of the date hereof and is not intended to give any assurances as to future results. No person is under any obligation to update, complete, revise or keep current the information contained in the Presentation, whether as a result of new information, future events or results or otherwise. The information contained in the Presentation may be subject to change without notice and must not be relied upon for any purpose.

This Presentation contains financial information derived from Euskaltel's audited consolidated financial statements for the twelve-month period ended 31 December 2016; Euskaltel's unconsolidated audited financial statements for the twelve-month period ended 31 December 2016 and 31 December 2015; R Cable's individual audited financial statements for the twelve-month period ended 31 December 2016 and 31 December 2015. Financial information by business areas is presented according to internal Euskaltel's criteria as a result of which each division reflects the true nature of its business. In addition, the Presentation contains Euskaltel's unaudited quarterly financial information for 2015 and 2016 by business areas prepared according to internal Euskaltel's criteria. These criteria do not follow any particular regulation and can include internal estimates and subjective valuations which could be subject to substantial change should a different methodology be applied.

Market and competitive position data in the Presentation have generally been obtained from industry publications and surveys or studies conducted by third-party sources. There are limitations with respect to the availability, accuracy, completeness and comparability of such data. Euskaltel has not independently verified such data and can provide no assurance of its accuracy or completeness. Certain statements in the Presentation regarding the market and competitive position data are based on the internal analyses of Euskaltel, which involve certain assumptions and estimates. These internal analyses have not been verified by any independent source and there can be no assurance that the assumptions or estimates are accurate. Accordingly, no undue reliance should be placed on any of the industry, market or Euskaltel's competitive position data contained in the Presentation.

You may wish to seek independent and professional advice and conduct your own independent investigation and analysis of the information contained in this Presentation and of the business, operations, financial condition, prospects, status and affairs of Euskaltel and R Cable. Euskaltel is not nor can it be held responsible for the use, valuations, opinions, expectations or decisions which might be adopted by third parties following the publication of this Presentation.

No one should purchase or subscribe for any securities in the Company on the basis of this Presentation. This Presentation does not constitute or form part of, and should not be construed as, (i) an offer, solicitation or invitation to subscribe for, sell or issue, underwrite or otherwise acquire any securities, nor shall it, or the fact of its communication, form the basis of, or be relied upon in connection with, or act as any inducement to enter into any contract or commitment whatsoever with respect to any securities; or (ii) any form of financial opinion, recommendation or investment advice with respect to any securities.

The distribution of this Presentation in certain jurisdictions may be restricted by law. Recipients of this Presentation should inform themselves about and observe such restrictions. Euskaltel disclaims any liability for the distribution of this Presentation by any of its recipients.

By receiving or accessing to this Presentation you accept and agree to be bound by the foregoing terms, conditions and restrictions.