



The Euskaltel Group posts a net profit of Euros 14.6 million for the first quarter, up 10.9%

The Group gains customers across all business areas - fixed-line and mobile phone services, broadband and TV -, and increases revenue and profitability following the consolidation of operators in the north of Spain

- *The Group's revenue is up 26.6% to Euros 176.6 million in the first quarter.*
- *EBITDA increased 23.8% to over Euros 84.2 million in the first three months of the year, with a revenue margin of 47.7%.*
- *Operating cash flow rises to Euros 50.3 million, up 12.3% compared to the prior year, and a 28.5% revenue margin, which would rise to 31.5% if the Group's expansion plan was not taken into consideration.*
- *The Euskaltel Group's net profit in the first quarter is Euros 14.6 million, up 10.9% compared to the first quarter of 2017.*
- *Euskaltel, R and Telecable customers have contracts for over 2.3 million products, representing 25,000 new contracts in the last quarter.*
- *The business segment continues to improve, confirming the positive trend seen in the last quarter, with 2.5% growth and revenue increasing to Euros 49.3 million in this period.*
- *The portfolio of high added-value customers on 3P and 4P contracts continues to grow and now stands at 68.6% of all customers. Each customer has a contract for an average of 3.6 products.*
- *Record penetration rates for all products across the customer base: broadband – 85.4%, up 44 basis points-, mobile phones– 78.9%, up 177 basis points -, pay TV – 69.3%, up 97 basis points.*
- *18,000 new mobile phone lines in the first quarter, growing to 933,000 lines.*
- *There are over 6,000 new pay TV customers in the first quarter, increasing to around 400,000 users, thanks to the new 4K Android decoder. The group expects the number of*



TV customers to continue to grow with the introduction of the exclusive Netflix button on TV remote controls.

- ***Over 3,000 contracts for broadband products have been signed in the first quarter, increasing to 492,000 users.***
- ***The fixed-line phone segment continues to record positive net customer registrations, confirming the positive trend announced in the previous quarter.***
- ***The operator has successfully begun expanding into Navarre, where it has opened its first point of sale and has already recorded its first customers.***
- ***In terms of the Group's shareholder remuneration policy, the Board of Directors proposed the distribution of a final dividend to shareholders of Euros 0.278 per share to be paid against 2017 results based on the year's net profit, which should be approved at the General Shareholders' Meeting to be held on 1 June.***
- ***This €0.278 dividend per share reflects a return of 3.9% on the average share price for the last month of 2017 and amounts to a 100% payout of consolidated net profit.***
- ***The Board of Directors agreed to distribute an interim dividend of Euros 0.127 per share, equivalent to Euros 22.7 million, which was paid out on 1 February. The complementary dividend of Euros 0.151 per share, proposed by the Board of Directors, should be approved at the forthcoming General Shareholders' Meeting.***

Bilbao, 3 May 2018. This morning the Euskaltel Group announced its results for the first quarter of 2018, showing 26.6% growth in revenue to reach Euros 176.6 million and a net profit of Euros 14.6 million, 10.9% up on the first quarter of the previous year.

EBITDA amounted to Euros 84.2 million, having risen 23.8%, entailing a revenue margin of 47.7%. Operating cash flow (difference between EBITDA and investments) reached Euros 50.3 million, having grown 12.3% on the previous year, with a 28.5% revenue margin that would be 31.5% setting aside the Group's expansion plan.

In its announcement to investors, the Euskaltel Group's CEO, Francisco Arteche, emphasised that these results reflect in all respects the commitments made to the market: *"We have honoured our market announcement: a net rise in new customers and growth in revenue, EBITDA and profits"*.

The first-quarter balance sheet shows an increase in products and services contracted by customers in all businesses, with 25,000 new contracts, which confirms the positive trend that began in 2017. Euskaltel, R and Telecable have over 2.3 million products contracted by customers. In the words of the Euskaltel Group's CEO, *"the fine performance of products contracted by customers in the first quarter is the result of a successful bundling strategy and a convergent offering of high added-value products that our customers have welcomed and view as a distinctive proposal"*.



As regards the business segment, the performance in the first quarter of 2018 confirms the positive trend that began at the end of the previous year, with 2.5% revenue growth to reach Euros 49.3 million.

Francisco Arteche, the Euskaltel Group's CEO:
“We have honoured our market announcement: we have grown in customers, revenue, EBITDA and profits”

Thanks to the company's convergent strategy, the portfolio of high added-value customers with contracts for 3 and 4 products continues to grow and now accounts for 68.6% of the total customer base, representing an average of 3.6 products contracted per user.

The increase in the contracting of services and products in the residential segment has led to a record penetration rate: 85.4% of customers have broadband (44 basis points above the previous period), 78.9% have a mobile phone (up 177 basis points) and 69.3% have pay TV (up 97 basis points).

Growth in customers in all segments

First-quarter growth is attributable a sound performance in all segments. Mobile telephony has reaffirmed its leading position with a total of 18,000 new lines to reach 933,000 lines.

As regards pay TV, over 6,000 new customers in the quarter confirm the success of initiatives and products such as the new Deco 4K Android. Nearly 400,000 users currently enjoy the additional TV services offered by Euskaltel, which will soon include a special button to access Netflix content through the TV's remote control.

Broadband products contracted grew by over 3,000 in the first three months of 2018 to reach 492,000 users, while fixed-line services again achieved a high net increase, confirming the growth trend observed in the previous quarter in all the Group's business segments.

This growth has been boosted by the expansion process in Navarre, where Euskaltel has already opened its first point of sale in the town of Ansoain and has begun to sell the latest fixed-line, mobile, broadband and television products and services, the first customers in the region having already signed up.

In the first quarter, the Group continued the network quality and capacity modernisation process that began in 2017, having focused on upgrading the network standard from Docsis 3.0 to Docsis 3.1. This upgrade will provide additional speed, products and services for customers in the Basque Country, Galicia and Asturias.



Shareholder remuneration

As regards the Group's shareholder remuneration policy, the Board of Directors proposed the payment of a final dividend to shareholders of Euros 0.278 per share out of the net profit for 2017, which has to be approved by the General Shareholders' Meeting.

This dividend of Euros 0.278 per share entails a yield of 3.9% on the average share price for the last month of 2017 and is equivalent to a 100% payout of consolidated net profit.

The Board of Directors agreed to distribute an interim dividend of Euros 0.127 per share, equivalent to Euros 22.7 million, which was paid out on 1 February. The complementary dividend of Euros 0.151 per share, proposed by the Board of Directors, has to be approved by the forthcoming General Shareholders' Meeting.

CEO's view

When announcing the first-quarter results, Francisco Arteche summarised the Euskaltel Group's performance as follows: *“We have won new customers in all business areas (fixed-line, mobile, broadband and television services) and we have grown in revenue and profitability following the consolidation of the operators in the north of Spain, as we announced to the market”*.

“Our first-quarter results show that we have begun to reap the rewards of all the work and initiatives undertaken in recent months, in terms of both commercial and organisational integration. We are convinced that the transformation that we announced to the market and is in progress will make us a much more competitive operator”, he highlighted.

With his sights set on upcoming challenges, the Euskaltel Group's CEO said that “they remain highly demanding as regards the net increase in customers and revenue growth, sustainable growth in the business segment, the simplification and unification of business processes and, above all, the improvement of our customers' experience, placing special emphasis on offering the best Television service and the best Broadband experience (including WiFi at home and in the street), as well as becoming the best partner to accompany businesses and institutions in their digital transformation”.

Grupo Euskaltel



About the Euskaltel group

Euskaltel is the leading telecommunications group in convergent offerings in northern Spain. The company has strong territorial ties and a well-founded commitment to the Basque Country, Galicia and Asturias, where it operates via Euskaltel, R and Telecable.

The Euskaltel Group employs 705 professionals, indirectly providing over 4,200 jobs in the Basque Country, Galicia and Asturias. The Group offers services to a market of 6 million people, meeting the needs of around 800,000 residential customers and companies, providing 2.4 million services on a daily basis. The Group is the leading fibre-optic provider (broadband, phone services, pay TV and convergent telecommunications services), it has the largest WiFi network in the Basque Country, Galicia and Asturias with over 436,000 access points and it is a mobile phone operator with its own 4G licence, rolling out a proprietary network thanks to the LTE licence.

As a telecommunications operator, its business sustainability is based on its human resources and its commitment to society. The group's customer and supplier-oriented focus, its Good Governance policy, responsible environmental management, social activity, customer service in the language they choose and, generally speaking, management excellence, are the foundations upon which its business is built.

The Euskaltel Group undertakes a large number of social and institutional projects by forming partnerships that are aligned with its strategy in order to continue being a caring, committed company with a clear vocation, and to form a part of the technological progress being made in its markets, the Basque Country, Galicia and Asturias.

For this reason the Group takes part in innovative public-private programmes as a solutions and communications services provider and works in different fields focusing on creating a cross-cutting ecosystem that includes educating young people in new digital skills and taking part in digital entrepreneurship programmes organised by the government. All of this enriches its value proposition in the market by providing solutions for companies and individuals in fields such as digital households, cybersecurity, health-related telemonitoring, Big Data, IoT and smartcities, etc.

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