

Celebrating 25 years of commitment to the Basque Country, at the helm of the telecommunications sector

Euskaltel has signed over 2,500 million euros in contracts with Basque suppliers since incorporation

- Euskaltel, S.A. was officially incorporated on 3 July 1995 after the privatisation of the telecommunications market in Spain.
- Euskaltel has invested over 1,900 million euros in the fibre optic network in the Basque Country, ranking us alongside Nordic countries as one of the most digitally advanced regions in the European Union.
- In its 25-year trajectory, Euskaltel has contributed over 1,300 million euros to the Basque tax authorities.
- Currently, the Company provides direct employment to 350 employees and indirectly to a further 2,000, and now it has embarked on its expansion across Spain.
- It has dedicated over 125 million euros to supporting institutional, cultural, social and sporting activities in the three Historical Basque Territories. Euskaltel sponsors an average of 200 activities per year.
- The operator, which emerged 25 years ago, is today a publicly listed company that has embarked on its expansion across Spain.
- Over the past quarter century, Euskaltel has grown and evolved, leading the telecommunications sector in the Basque Country and driving the digitalisation of Basque society to place it among the most advanced regions in the European Union in this context.

Bilbao, 2 July 2020. Euskaltel, S.A. was officially incorporated on 3 July 1995 after the privatisation of the telecommunications market in Spain. Euskaltel has celebrated 25 years of trajectory and commitment to the Basque Country, where it has grown and evolved the telecommunications sector. Over this quarter century, Euskaltel has been a driving force of the economy and has entered into contracts with Basque suppliers worth over 2,500 million euros.

It has also invested over 1,900 million euros in the Basque Country fibre optic network, which has enabled the Basque society to come to the forefront of digital development in Europe, alongside the Nordic countries. The Basque Country ranks 5th in the ranking, topped only by Denmark, Finland, Sweden and the Netherlands, whilst the Spanish State ranks in 16th place, according to the Report “Economy and digital society in the Basque Country”, drawn up by the Basque Competitiveness Institute at the University of Deusto- Orkestra. The deployment of the advanced fibre optic network has contributed to providing the right conditions and infrastructures for the Basque Country to roll out the digital economy, both in the private and public sectors, as well as in homes.

It is important to note that, in 2020, Euskaltel has taken the definitive step to reach its goal of bringing the most advanced digital telecommunications services to all municipal areas of the Basque Country via the fibre optic network. Thanks to the new plan rolled out, the operator is now in 150 new municipal areas in the Basque Country and offers its value-added products and services to 200,000 new homes that previously had no or limited access to fibre optic network connectivity. With these new areas factored in, Euskaltel can now offer its services to over 1,200,000 homes in the 241 Basque municipalities with fibre optic network access, in other words, practically all municipal areas in the Basque Country.

Generator of wealth

Thanks to keeping its Headquarters in the Basque Country, Euskaltel has contributed to the generation of stable, quality jobs, technological development and wealth in the Basque Country. Currently, the Company provides direct employment for 350 employees and indirectly to a further 2,000, and annually invests an average of 40 million euros. Additionally, in its 25-year trajectory, Euskaltel has contributed over 1,300 million euros in taxes to the Basque tax authorities. It also provides support each year to over 200 social, cultural, sporting and enterprise entities performing a range of activities in the three Historical Basque Territories. Since its incorporation, Euskaltel has allocated over 125 million euros to support these activities, geared at all areas of Basque society.

It is worthy of note that, from its beginnings, Euskaltel has had shareholders of reference in its ranks. In 2015, with its flotation, Euskaltel contributed to consolidating the Basque Country as an attractive target for international investment, helping strengthen its position as a European region of special interest for foreign investment capital and making Euskaltel an exceptional platform for connecting our country to international investors.

Growth and expansion

Its growth as an operator has not only been based on broadening its telecommunications services and growing the business, but also on integrating other companies, such as R in Galicia in November 2015 and Telecable in Asturias in July 2017, to thereby create the Euskaltel Group. Since that time, the Euskaltel Group, with its Euskaltel, R and Telecable brands, has been a leading company in all markets it operates in, serving 800,000 residential and business customers.

In 2020, 25 years after its incorporation, Euskaltel has accomplished one of the most important milestones of its history, taking the definitive step towards its goal of bringing its services to the entire national territory. And it is doing this using a world-renowned telecommunications

brand, Virgin. This expansion plan will enable the Group to access new profitable growth opportunities on which it can base the company's positive growth in customers and profitability. The company therefore will be able to access over 18 million homes in Spain, including its local markets, using its own network or via the wholesale agreements with Orange and Telefónica.

The Group expects the move to expand nationally with the Virgin telco brand, which took its first steps on 20 May, will more than double the current customer base both in terms of fixed and mobile services. The Group therefore expects to multiply its current fixed telecommunications customer base by 2.3, exceeding 1.5 million customers and integrating around 800,000 new fixed-line customers to the base from the markets subject to expansion. In five years' time, 50% of the Group's customer base will come from its current markets and 50% from the remaining 85% of the Spanish market that it hasn't operated in up until now.

Contracts for mobile services are expected to exceed 3 million in 2025, compared to the current 1 million, almost tripling the current number of mobile services provided to users.

Statements from Xabier Iturbe

- *"25 years have passed since that idea became a reality and today, we have become the leading telecommunications Group in the north of Spain. Major factors in our growth in recent years have been our flotation, the integration of R and Telecable and the nationwide expansion under the Virgin telco brand. Over these 25 years, it has become clear that the business project of Euskaltel was not a short-term vision, but rather it was born with a vocation to last", remarks the chairman of the Euskaltel Group, Xabier Iturbe, who also states that "the existence of Euskaltel on the telecommunications market is what opened it up to true competition. Many things have changed, we have evolved, and we continue to grow and expand".*
- *"We sparked a feeling that has grown with us as we watched our company grow: pride. Pride in the people who share the day-to-day work on this project, giving it our best; pride to contribute to help the company grow strong, solid and stable; pride in the company representing and respecting the values that it was born out of; and pride in the company being responsible with its environment and contributing to create jobs, development, well-being and wealth to benefit the society it works for".*

Statements from José Miguel García

- *"Our project was born 25 years ago, aspiring to take on 20% of the Basque market, well, today our aspiration is to bring our services to a market of 18 million people all over Spain".*
- *"We are strongly rooted in our origin, our customers have got us this far and now we want the company to grow from here. Growing is synonymous with vast opportunities for customers, suppliers and shareholders. Better services, bigger investments and more profitability".*

- *“Our social and employment commitment stands firm. And we are proud to say that we are the only telecommunications operator in the country whose decision-making centre is not based in Madrid. Outside Madrid there is also innovative corporate life that can drive the development of the entire country”.*

Euskaltel, from the Basque Country to the World

“Thank you to those who imagined a telecommunications operator for the Basque Country, to the partners whose support made it possible, to the human team that makes it a reality every day, to all the Basque citizens: Our true reason for being”. This is the inscription carved into the stone monument that welcomes visitors to the Euskaltel Group headquarters in the Bizkaia technology park.

This mission statement has guided the 25-year trajectory of the operator that was officially incorporated on 3 July 1995 after the privatisation of the Spanish telecommunications market and benefited from the initial impulse of a very prestigious group of shareholders of sound corporate standing at the helm of several different sectors, such as the Basque Savings Banks and the Basque Government. Shortly afterwards, these were joined by the Mondragón Group, Endesa, and Telecom Italia as technological partner for the launch.

A quarter century of telecommunications in the Basque Country – A timeline

For the first three years, from incorporation in 1995 to 1998, Euskaltel's efforts focused on preparing and developing a project that remained pending rulings by the regulatory bodies. Just three years later, after the approval of Law 12/1997 on the Privatisation of the Telecommunications sector and the opening up of competitive trading, **on 23 January 1998, Euskaltel launched its first service.** With 050, Euskaltel launched indirect phone access: users had to dial the prefix 050 to select Euskaltel as their operator for interprovincial and international calls. This milestone marked the end of 80 years of telephone service monopoly in Spain. The first day of operations saw 20,000 calls made, within one month Euskaltel had reached 60,000 customers and by May it had taken over 11% of the market share with 100,000 users.

It was in May of that same year, 1998, when the free internet access service was set up for fixed phone customers (and subsequently for mobile customers also), defining its value offering as the convergent telecommunications operator and placing it as the top operator in the entire Spanish state to offer free access in the Basque Country. Currently, free internet access is offered across the board by the rest of the operators.

A year later, on **25 January 1999**, the **mobile service** was launched and in **May** the **digital cable television** service was introduced. These were years of frenetic activity in which our company was built from the ground up, with the valuable backing of its very committed partners, and with the ambitious goal of competing with cutting-edge international companies. Building a team of professionals, undertaking the technical tasks involved in planning and developing the network and the systems, launching multiple products onto the market, creating the brand... All of this was done in a whirlwind of activity that would never have been possible without the enthusiastic commitment of the entire workforce forming Euskaltel.

Following the timeline, in **January 2001**, Euskaltel started offering customers the option to make **local and metropolitan calls** (preselecting the operator with the 1050 prefix) to great success, with 15,000 new customers signing up for this service in the first month. Much of this was thanks to an advertising campaign that has gone down in the history books as one of the company's most award-winning campaigns and for being the most impactful **advertising launch** Euskaltel has ever had: '**Patxi**'. Originality and humour have been one of the overarching themes in the tone of Euskaltel's advertising campaigns throughout its trajectory.

Later came advanced services that improved and adapted to the new uses that customers have been demanding at each stage of Euskaltel's trajectory. So, in **2004**, Euskaltel became the first operator to launch interactive TV, and in **2014** we presented **Edonon**, the evolution towards a new multi-device TV. Since then, TV can be viewed anywhere at any time, on the computer, tablet or smartphone.

Currently, Euskaltel has a quality fibre optic TV offering. There are two subscription options: TV Ocio and TV Total, with 90 and 120 channels, respectively. In terms of content, offerings include series, documentaries, sports, film, music and kid's programming, etc. In addition to this, **Deco 4K with Android TV** incorporates functionalities and services so that all users can enjoy the new uses offered by the world of television. Services such as Replay (which gives the user full control to go back and watch a programme from the beginning, even if it has already started broadcasting), Replayteka (thousands of content options for the whole family), Te lo perdiste (Euskaltel saves programmes for seven days so that you can revisit and watch them), or search and record options.

It also gives access to a world of apps like Netflix, Amazon Prime Video, etc. All of these features help create a new, easy and intuitive user experience, allowing viewers to enjoy any content they want, whenever they want.

Basque customers continue to give majority backing to the Euskaltel TV offering, the best-value proposal on the market, which has made Euskaltel the leading Digital TV provider in the Basque Country.

WiFi network to stay connected everywhere

Another historical milestone in the evolution of Euskaltel was in **2006** when we became an independent mobile phone operator with our own network, making us the first operator to offer all services through their own networks: fixed and mobile.

Taking advantage of the possibilities of the fibre optic network rolled out throughout the Basque Country, enabling Euskaltel to offer convergent fixed and mobile phone services in conjunction with broadband and digital TV, in **2015 Euskaltel WiFi** was launched, a network of connection points via WiFi technology. This was the operator's response to one of the major

market needs because users want to be connected everywhere without the limitations of mobile data limits.

Nowadays, Euskaltel has the largest WiFi access point network (180,000 points in the Basque Country) and an attractive mobile phone offering, with its own frequencies on the 2.6GHz LTE/4G bandwidth, which makes it the most comprehensive mobile broadband available on the market (WiFi Network+4G+3G). With these actions, Euskaltel's strategic commitment to mobile services is clear, offering high-speed access anywhere via its fibre optic network.

In 2015, the year of its 20th Anniversary, Euskaltel became listed on the continuous market. The Company's flotation enabled it to underpin its growth strategy in the telecommunications sector and proved the significant interest among the investor community in its position of leadership on the market and its future growth potential.

In 2019, British group Zegona, a significant shareholder in the Group, increased its stake in the capital of Euskaltel, making it the top shareholder in the Group and leading the growth strategy. Since then, the Euskaltel Group has undertaken a roadmap that culminates in its expansion throughout the entirety of Spain.

Euskaltel today

Euskaltel has gone from offering indirect access calls only in its first days as an operator, to now offering advanced telecommunications services to the residential and corporate market. In its traditional territories, it is the leading provider of mobile phone, digital subscription TV and broadband internet.

The company provides ICT solutions to cover its customers' full communication cycle with a wide range of technological services including Internet, fixed-line and mobile phones, digital TV and broadband, digital transformation processes, Artificial Intelligence, IoT (the Internet of Things) solutions, technology for Smart Cities and Industry 4.0.

Commitment and Social Responsibility throughout these 25 years

The history of Euskaltel has played out in parallel with Basque society, responding to its telecommunications needs at all times with the technological services and products required. It is a major achievement for a Basque company to have reached this level of leadership, even more so in what is probably one of the most competitive sectors in the economy, and in competition with major international operators.

Much of what has been achieved has to do with the interconnection with Basque society through actions of collaboration, sponsorship and partnership in all areas, building a brand that is inextricably linked to the territory, the people, the associations, the social, cultural, business organisations, etc., with the Basque language as the vehicle of communication with its customers.

We must not forget another of the driving forces behind Euskaltel is its Social Responsibility: Euskaltel Fundazioa, set up in 1999 with the mission to create and promote connection between people and businesses in the context of Information and Communication Technology

use. A significant part of its activity is the now consolidated Encounters network formed over all these years in the Basque Country and, recently, in Galicia also.

Euskaltel-Euskadi and the “Marea Naranja”

Another of the elements of this social responsibility has been the creation of “Marea Naranja” (the orange tidal wave), a milestone reached in 2000 to support the Euskaltel-Euskadi cycling team in major races. Painting the hard shoulders of the race routes orange was as appreciated as the sporting wins of the cycle team itself. The Marea Naranja has been sustained by the cycling fans and the sponsorship of the Euskaltel-Euskadi cycle team for 19 years. A backing which, after a 6 year break, came back on board in 2020. The fans of this sport have been very much looking forward to this, since the Euskaltel-Euskadi team is a very special player, with its roots firmly set in the heart of the Basque Country, representing the values of effort, the spirit of sacrifice, honour, commitment, noble struggle and teamwork.

This year the emotional connection of the Marea Naranja has been revitalised, despite the difficult conditions caused by the pandemic which ended up postponing many races. To mark this, Euskaltel has given its customers the opportunity to get a t-shirt, emblazoned in Basque, with the inspiration to revive a collective sentiment.



25
URTE / AÑOS

zurekin a tu lado

Zure lehen mugikorra izan ginen.	Fuimos tu primer móvil.
Abiadura handiko zure lehen konexioa.	Tu primera conexión de alta velocidad.
Zure lehen telebista digitala.	Tu primera tele digital.
Zure kaleko doako lehen wifia.	Tu primer WiFi gratis en la calle.
Zure lehen Android TV deskodetzailea...	Tu primer Deco Android TV...
25 urte daramatzagu zure ondoan, eta zurekin ospatu nahi dugu	Llevamos 25 años a tu lado y hoy queremos celebrarlo contigo

Euskaltel – Communication Department
comunicacion@euskaltel.com