

2 January 2025

## **Vodafone Spain and MasOrange sign FibreCo contract**

Zegona Communications plc (LSE: ZEG) (“Zegona”) is pleased to announce Vodafone Holdings Europe, S.L.U. (“Vodafone Spain”) and MasOrange, S.L. (“MasOrange”) (together the “Parties”) have today entered into a binding contract to create a new fibre network company in Spain (“FibreCo”).

FibreCo will bring together network assets of Vodafone Spain and MasOrange to create a 100% fibre-to-the-home (“FTTH”) network covering 12.2 million premises across Spain. This will be the largest and most highly developed FibreCo in Europe, benefiting from having virtually all its FTTH network already built and with nearly 40% existing network utilization, providing FTTH services to over 4.5 million<sup>1</sup> Vodafone Spain and MasOrange customers. These customers will have access to the leading high-speed FTTH network in Spain, with FibreCo ensuring the rapid adoption of new technologies such as XGSPON. Vodafone Spain will use FibreCo to provide services to its existing and future retail and wholesale customers within FibreCo’s footprint. The network will be a benchmark for sustainable development, meeting high ESG standards including delivering significant energy savings through more efficient use of network assets.

The FibreCo is expected to have a run-rate EBITDA of circa €480 million after 3 years<sup>2</sup>. The Parties have recently launched a process to bring a third-party financial investor into the share capital of FibreCo, which will lead to MasOrange retaining 50% ownership, Zegona expected to hold 10% and the financial investor 40%. Initial interest from investors is strong, reflecting the high quality and utilisation of FibreCo, its already built FTTH infrastructure and the multi tenant nature of the company. As a result, we expect FibreCo to be a highly valued asset commanding a significant valuation premium.

In November 2024, Zegona announced it had signed binding contracts with Telefónica de España (“Telefonica”) to create a new fibre network company covering 3.6 million premises across Spain and to renew its fibre wholesale access contract with improved terms. The combination of these transactions with the new FibreCo with MasOrange completes the transformation of Vodafone Spain’s fixed line strategy, delivering full FTTH services nationally.

The transaction is subject to customary regulatory approvals. FibreCo completion together with the introduction of the third-party investor is expected by the end of the first half of 2025.

Eamonn O’Hare, Chairman and CEO of Zegona, commented “Entering this FibreCo partnership with MasOrange, alongside our recently announced agreements with Telefonica, transforms Vodafone Spain’s fixed line strategy. The combination will give guaranteed access to a future-proof all fibre national network with attractive economic terms and will enable substantial cost savings across the business. Monetising these two FibreCos is expected to deliver very significant Zegona proceeds, generating the ability to reduce leverage and provide a return of capital to shareholders.”

### **Enquiries**

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### **About Zegona**

Zegona was established in 2015 with the objective of investing in businesses in the European Telecommunications, Media and Technology sector and improving their performance to deliver attractive shareholder returns. Zegona is led by former Virgin Media executives Eamonn O’Hare and Robert Samuelson. On 31 May 2024, Zegona completed the 100% acquisition of Vodafone Spain for €5.0 billion.

### **About Vodafone Spain**

Vodafone Spain is a national provider of fixed, mobile and TV services in Spain, serving consumer, business and public administration customers. It was acquired by Zegona in May 2024.

### ***About MasOrange***

MasOrange provides fixed, mobile and TV services for residential and business customers across Spain and is the market leader by number of customers. MasOrange was formed in 2024 through the combination of Orange Spain and MasMovil and is owned 50% by Orange Group and 50% by Lorca JVco Ltd, which is majority owned by Providence, Cinven and KKR.

1 Customer number including Vodafone Spain customers to be transferred from current Telefonica wholesale service to FibreCo

2 Based on Zegona's projections for FibreCo