



# FY2019 Results

February 25<sup>th</sup>, 2020



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# | Main operating and financial KPIs significantly improved in the year

## Operating KPIs (FY19 vs FY18)

+8.8k	Mass Market fixed customers net adds <sup>1</sup>
+17.7k	Broadband net adds
+46.9k	Postpaid mobile net adds

**Customer base grows** in the year after two years of losses

Service take up drives **convergence** in the customer base

## Financials (FY19 vs FY18)

-0.9%	Revenue (YoY growth)
+2.4%	EBITDA (YoY growth)
+4.0%	OpCF (YoY growth)

Efficient cost and capex management initiatives drives **profitability** and **higher cash generation**

1. Mass market fixed subs = residential fixed subs + SOHO fixed subs (exc. only mobile subs)

## | All assets in place for national expansion

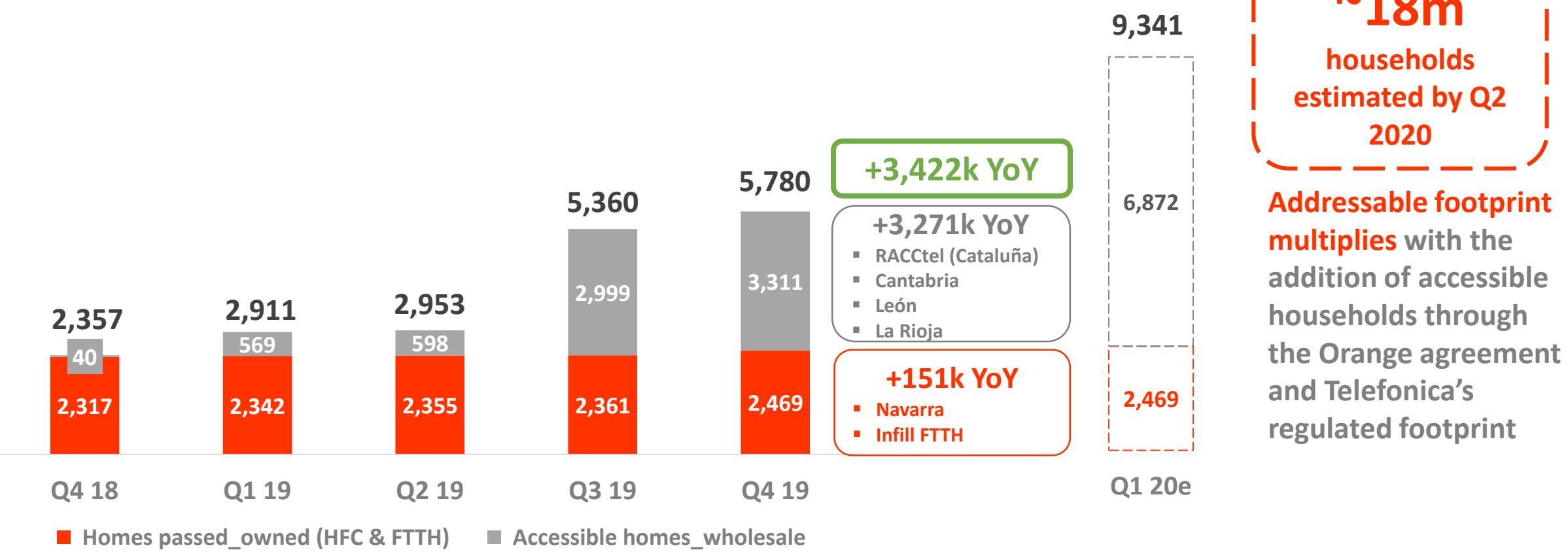
- ✓ Efficient unified operational platform: One business, 3 brands
- ✓ Wholesale network agreements renewed with improved conditions
- ✓ Agreement to use Virgin brand signed
- ✓ National expansion business plan to be published next March 10<sup>th</sup>, 2020



# Operating review

# Rapid extension of accessible footprint delivers customer growth opportunities

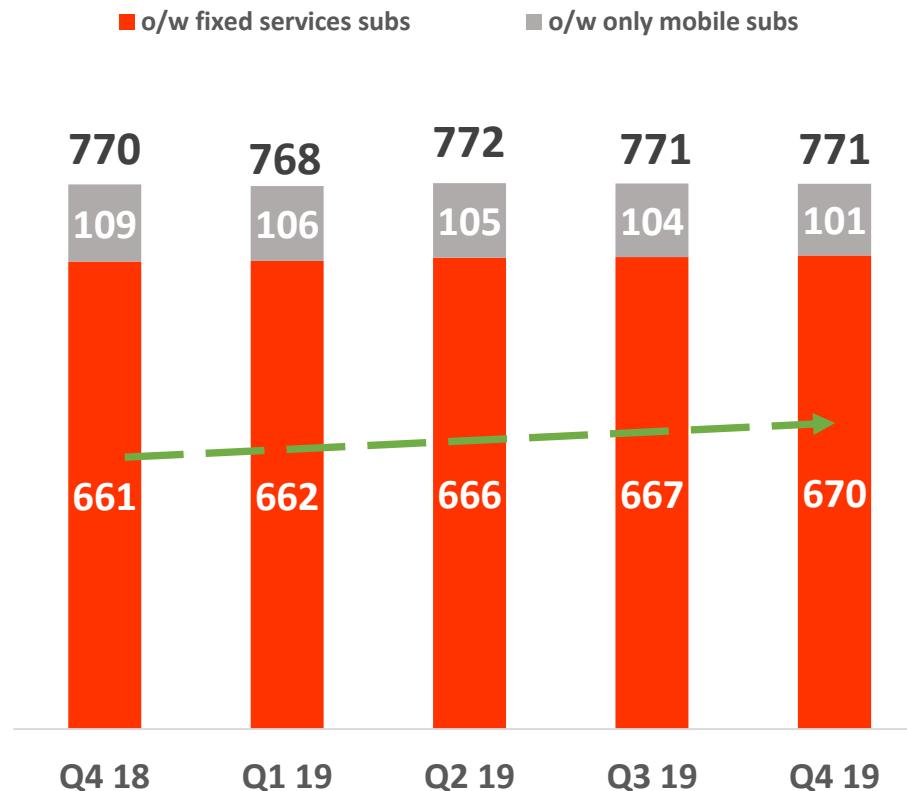
## Current footprint (in thousand households)



# The company returns to full-year customer growth

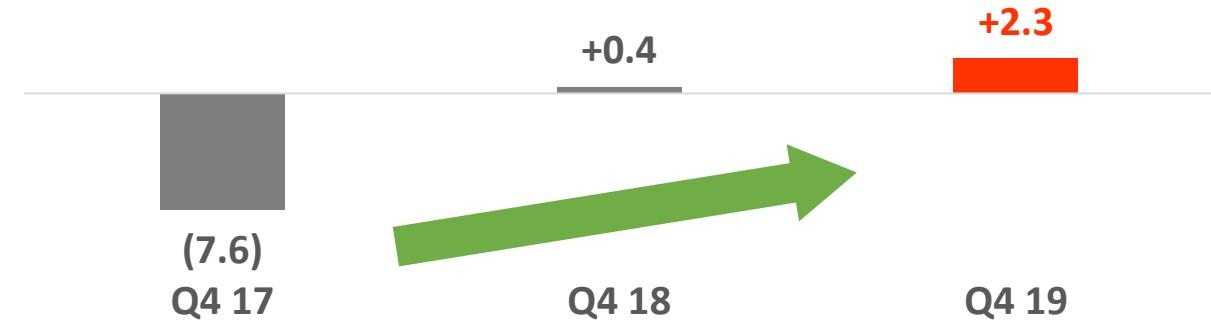


## Mass market subscribers<sup>1</sup> (in thousands)



1. Mass market subs = residential subs + SOHO subs + RACC only mobile subs

## Mass market fixed net adds per quarter (in thousands)



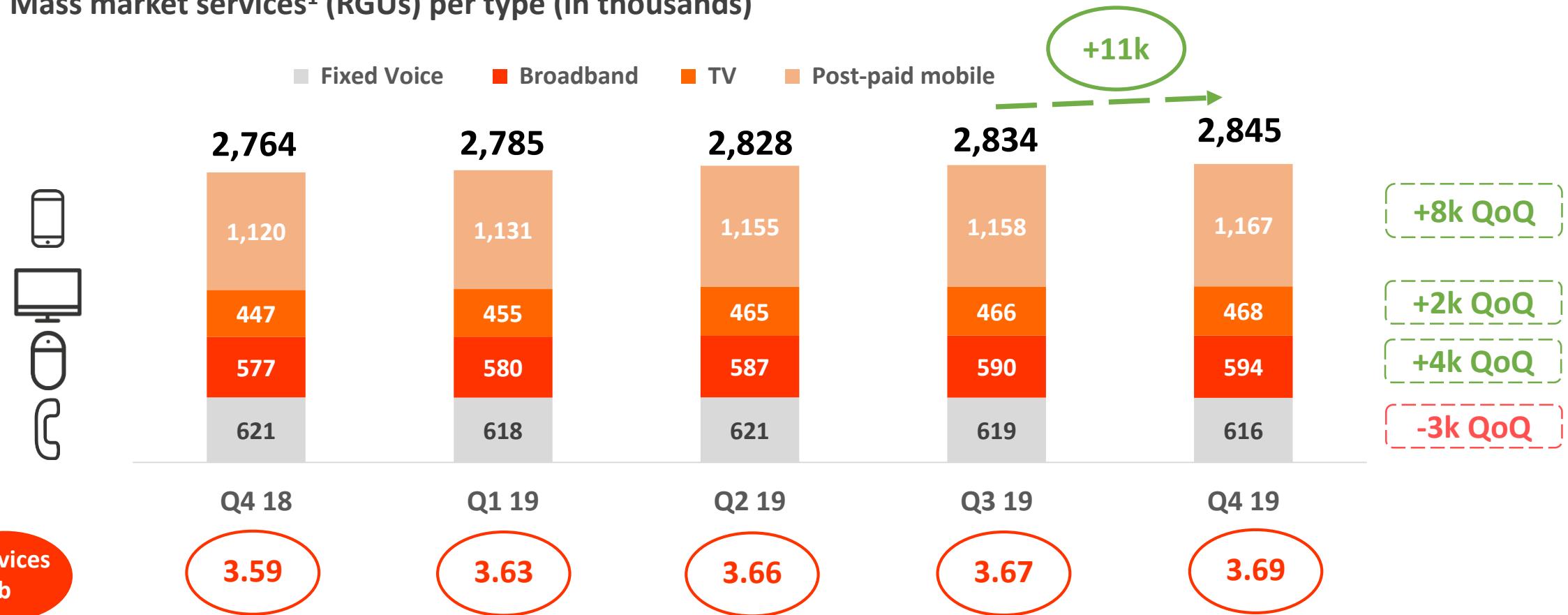
## Mass market fixed net adds per year (in thousands)



# Increased service penetration drives a convergent customer base

Broadband, mobile and TV services increase by 11k in the quarter

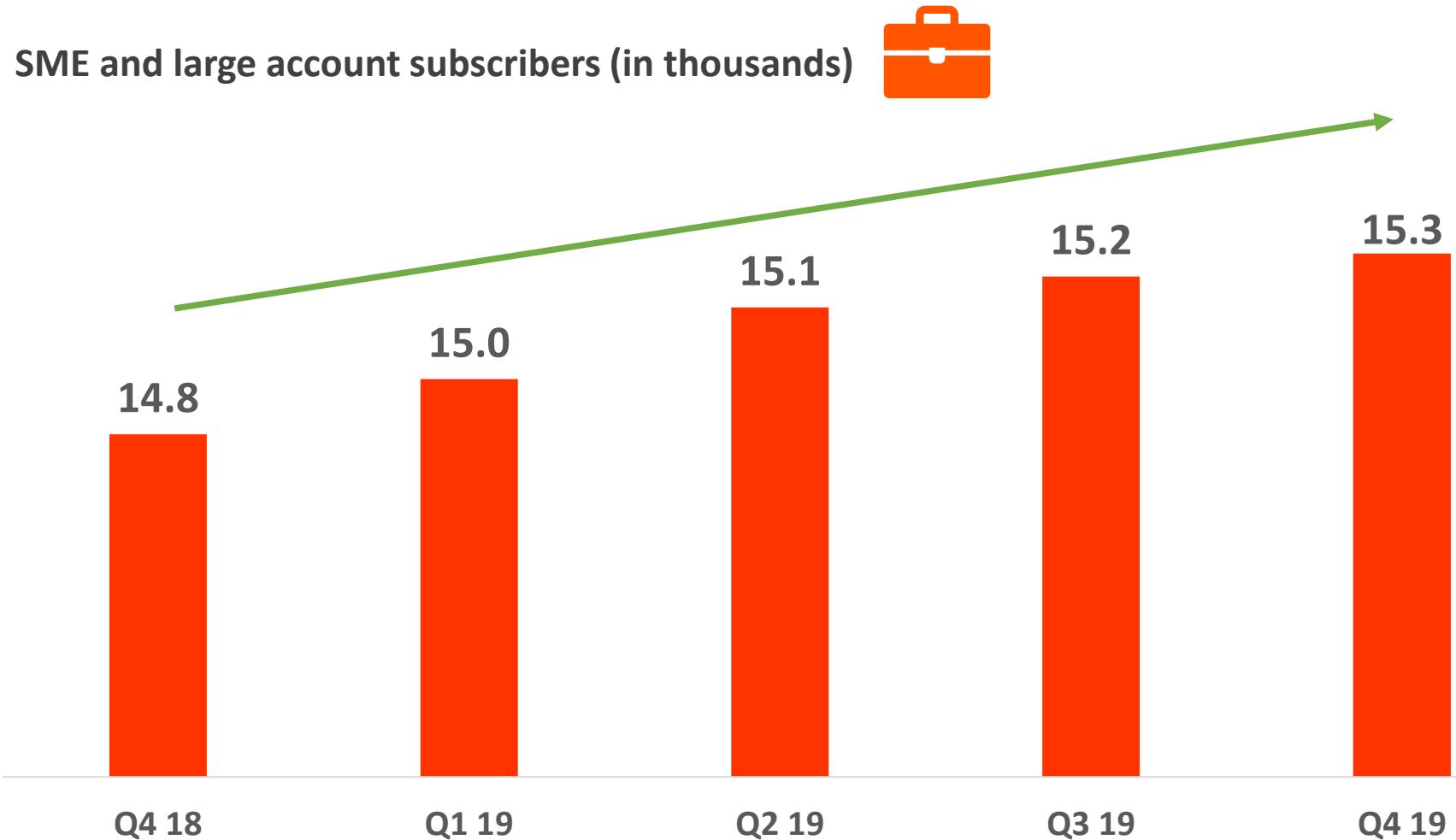
Mass market services<sup>1</sup> (RGUs) per type (in thousands)



1. Mass market services = residential services + SOHO services + RACC only mobile services

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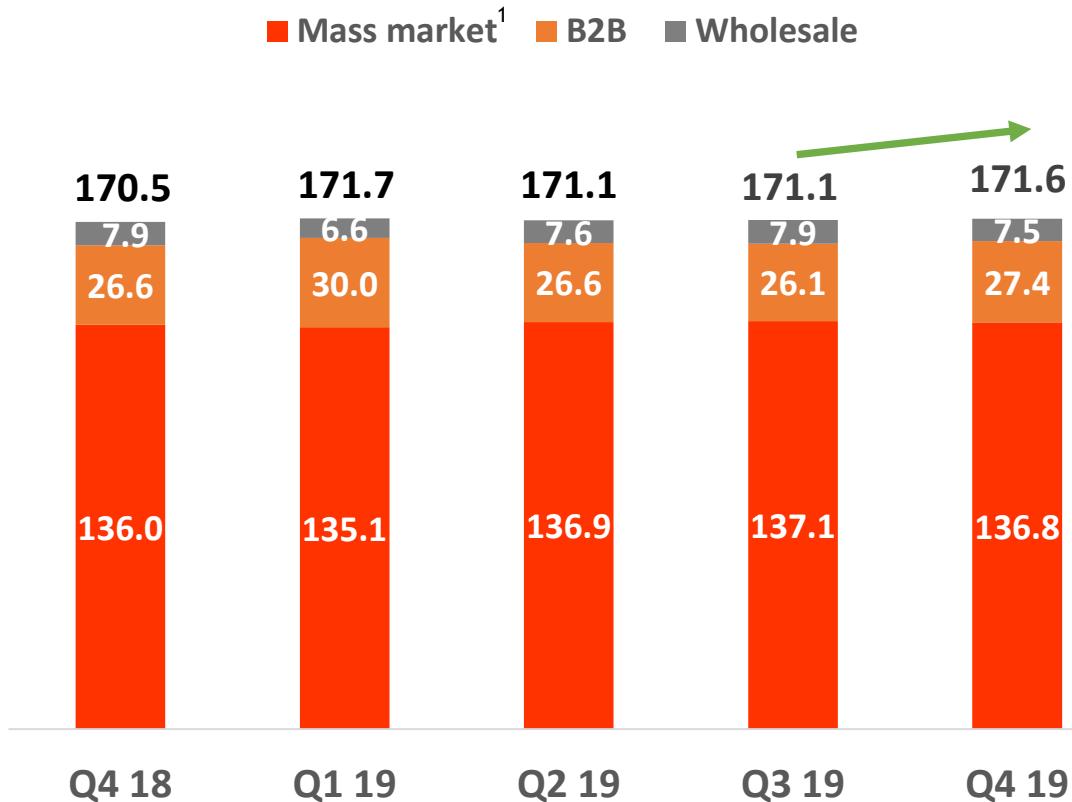
# | SME and large accounts customer growth continues on a positive trend



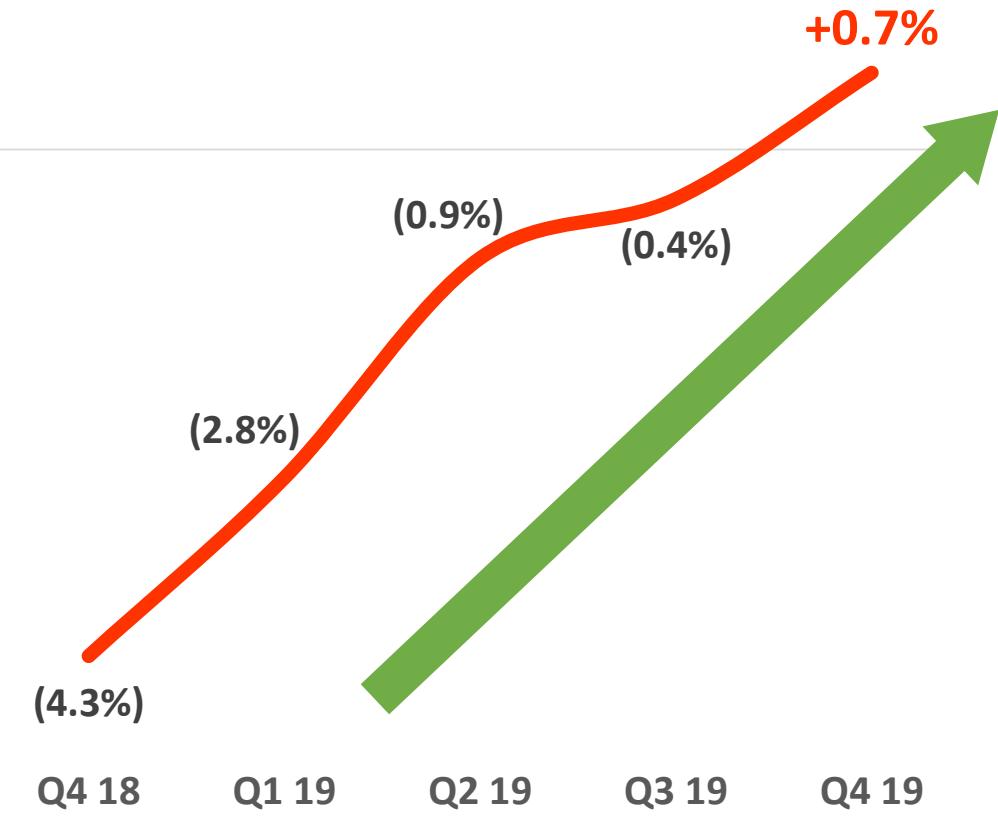
# Financial review

# Customer growth drives revenue back to positive growth in the quarter

Total revenue breakdown by segment (EURm)



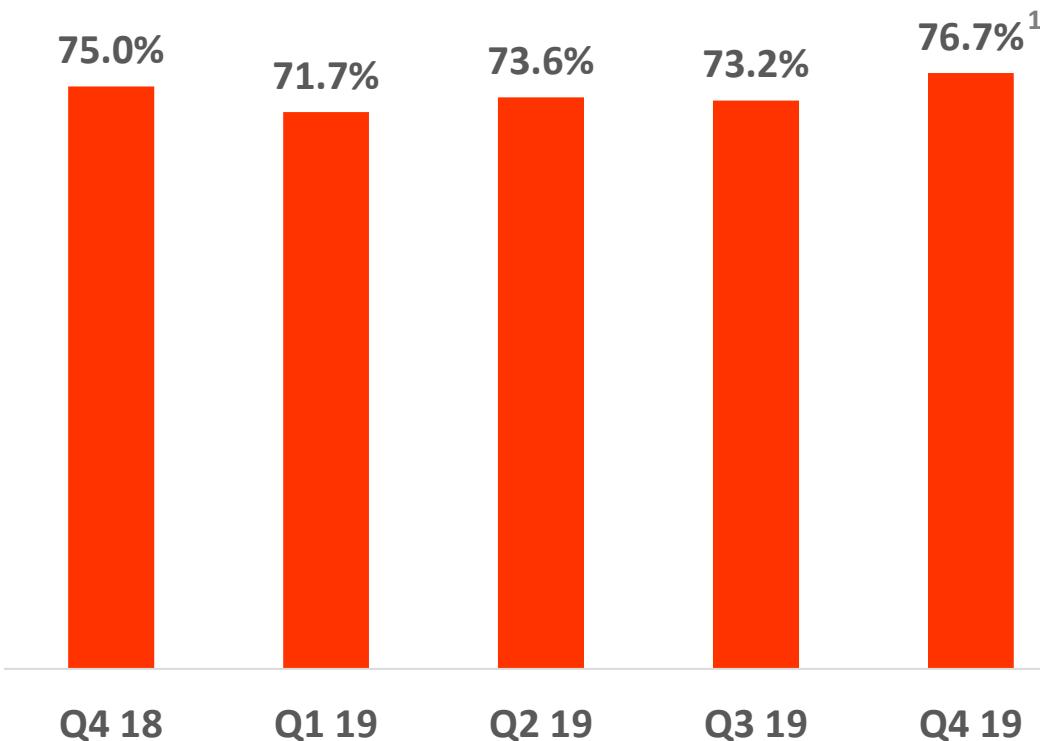
Total revenue evolution YoY (%)



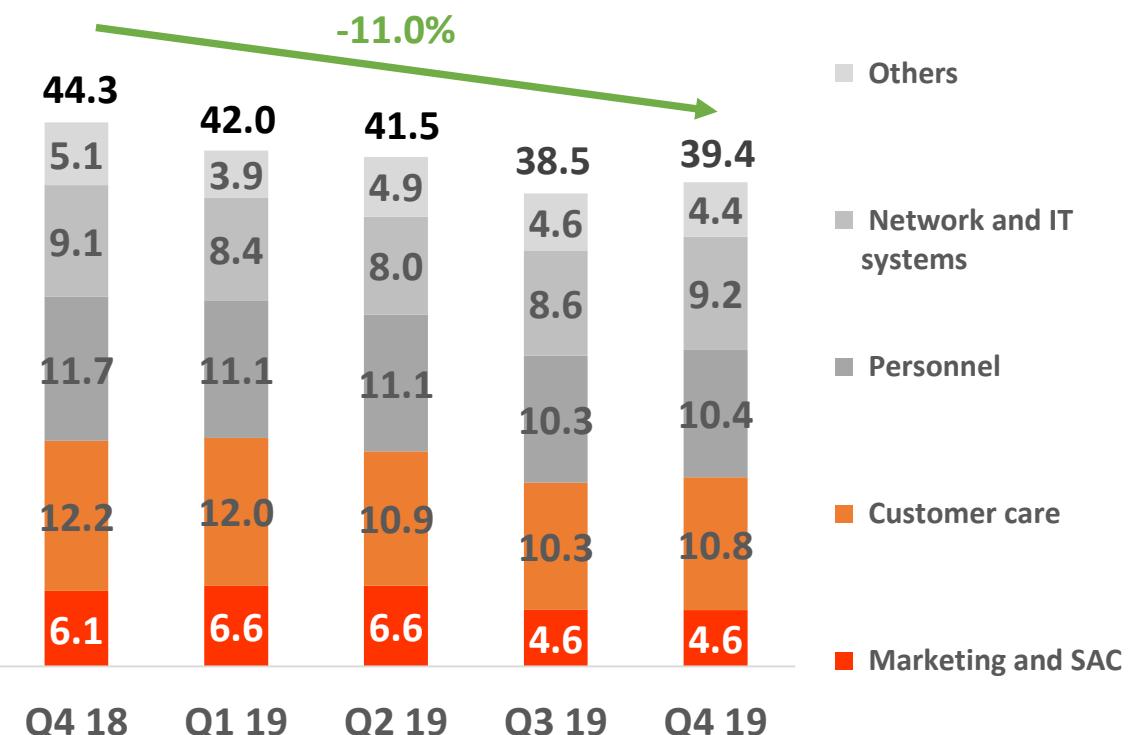
1. Mass market revenue = residential revenue + SOHO revenue + RACC only mobile revenue

# Operating efficiencies allow for a significant SG&A reduction in the year

Gross margin (% over revenue)



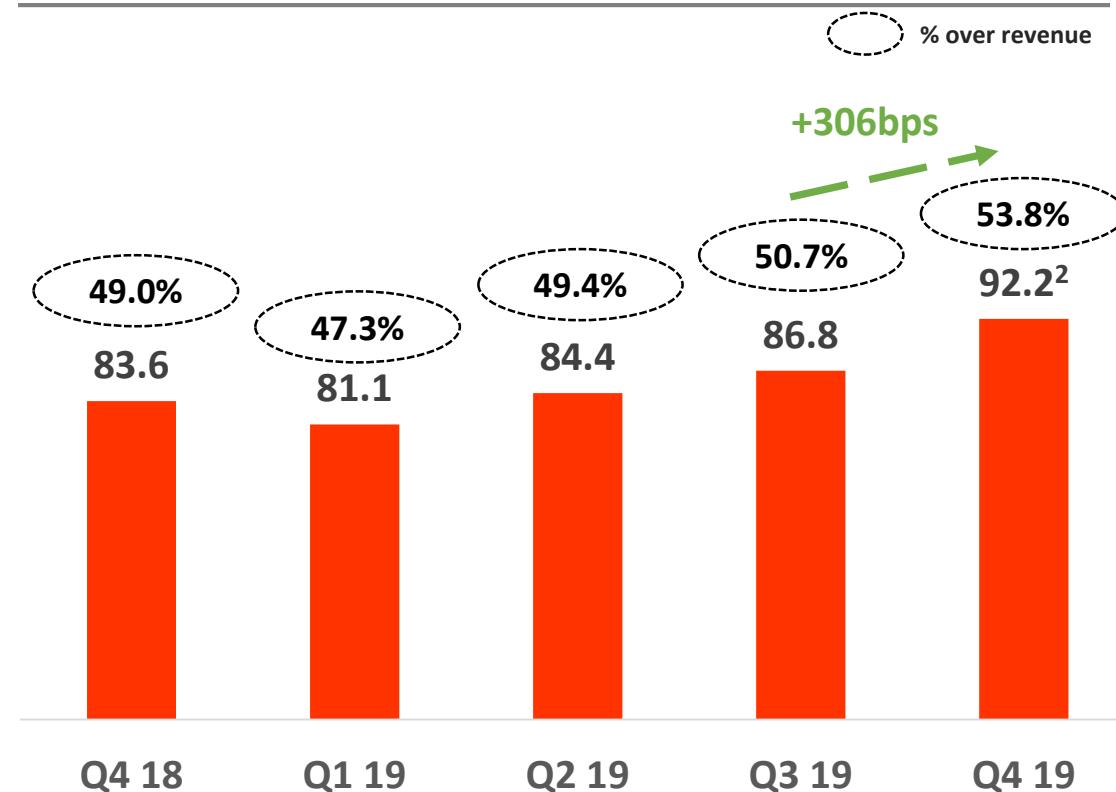
Selling, general and administrative expenses (EURm)



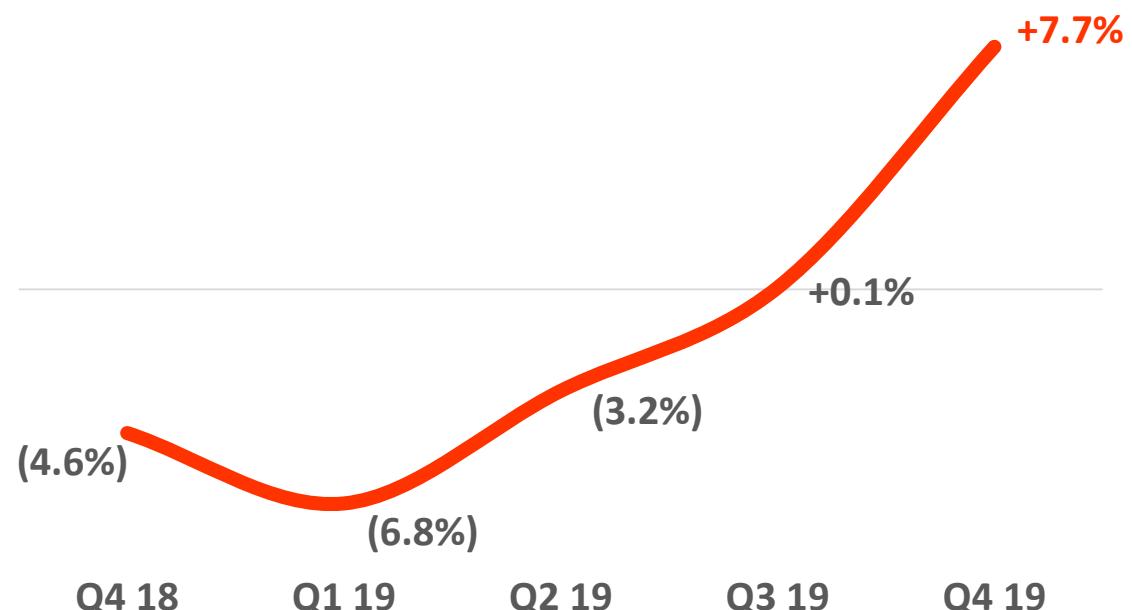
1. Gross margin includes €6.9 million of one-offs mainly from the renewal of the Orange wholesale agreement

# EBITDA continues on a positive trend and posts a second quarter of **positive growth**

EBITDA<sup>1</sup> (EURm)

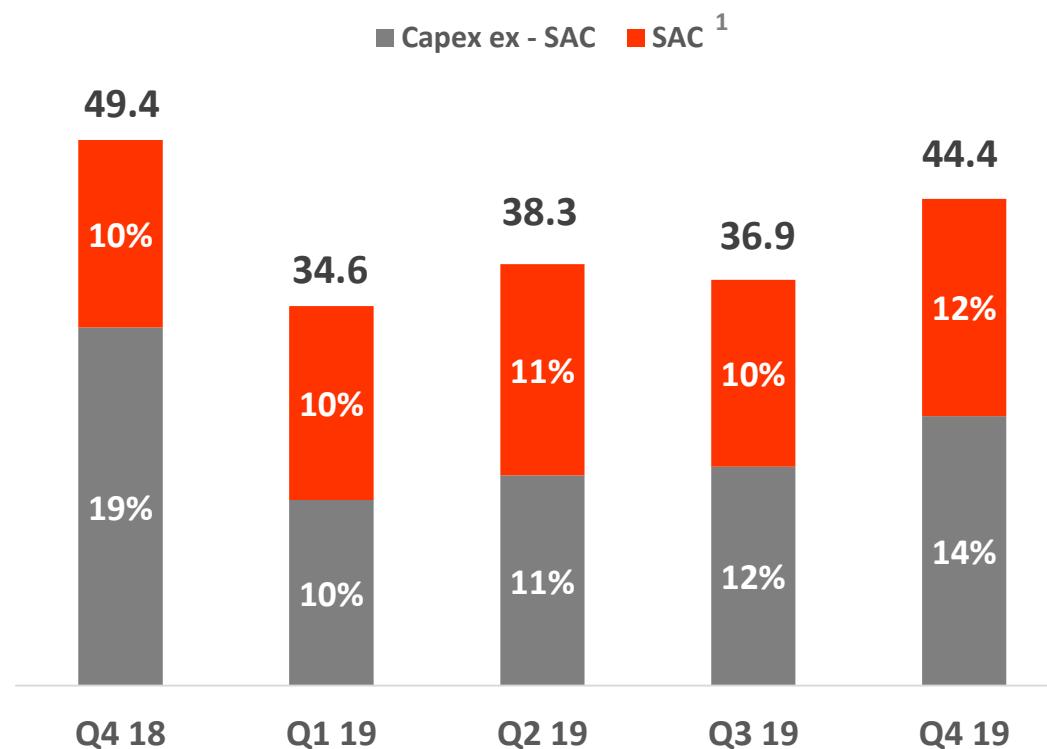


Total EBITDA evolution<sup>3</sup> YoY (%)

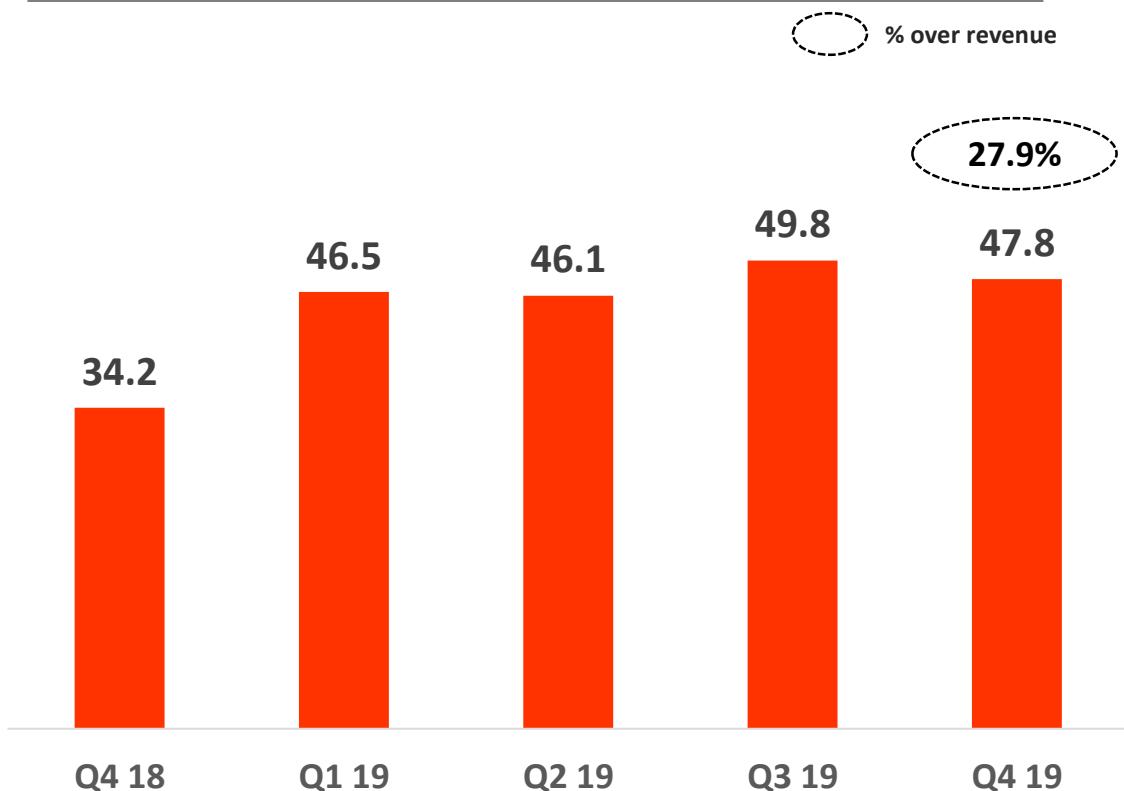


# | Cash flow generation grows more than 4% in 2019 vs 2018

**Capex (EURm and as % of revenue)**



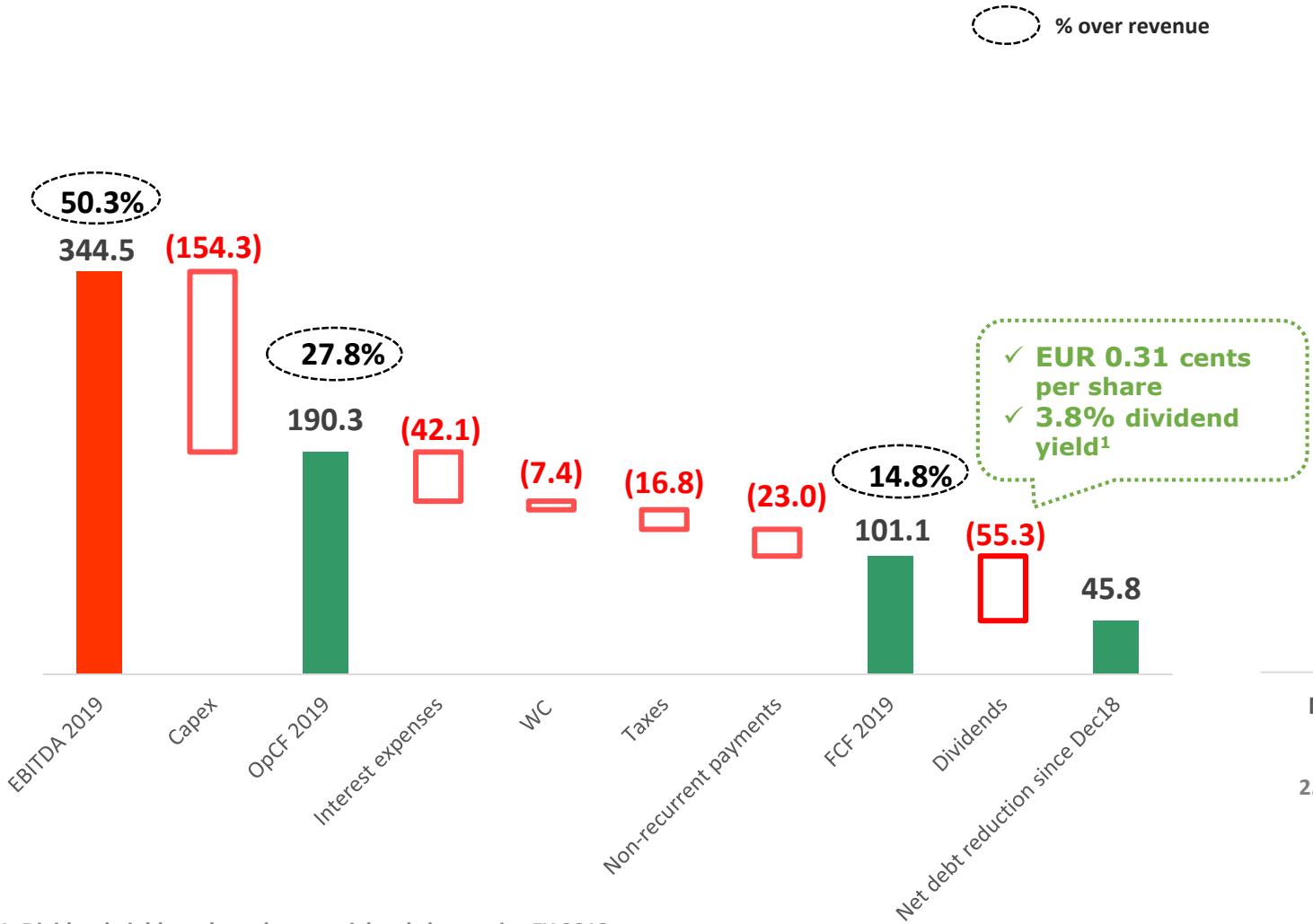
**OpCF (EBITDA – capex) (EURm)**



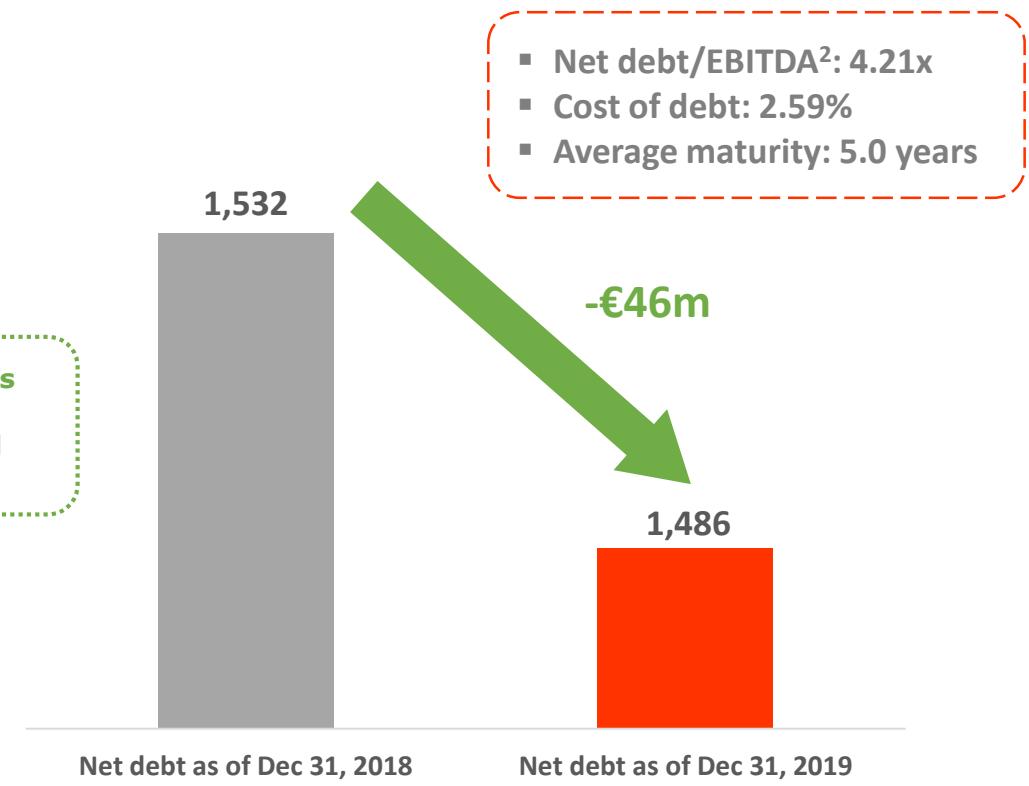
1. SAC capex includes commercial costs and customer equipment

# Cash generation allows for significant debt reduction in the year

## 2019 cash allocation (EURm)



## 2019 net debt (EURm)



1. Dividend yield on the volume weighted share price FY 2019

# | 2019 has been a year of achievements for the company



**Operational improvements** being implemented and delivering results



First year in the last three of **customer base growth**



**Revenue and EBITDA** are back to quarterly year-on-year growth



Improved EBITDA and stable capex drive **strong cash flow generation**



Continued **deleveraging path** as a result of cash generation



All assets are in place for the launch of **national expansion**



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# Q&A



# Appendix

Euskaltel Group FY2019 consolidated results and KPIs



# Euskaltel Group consolidated - KPIs (i/iii)

Mass market		Annual		Quarterly							
		2018	2019	Q1 18	Q2 18	Q3 18	Q4 18	Q1 19	Q2 19	Q3 19	Q4 19
KPIs	Unit										
Homes passed_owned (HFC & FTTH)	#	2,317,385	2,468,822	2,222,026	2,230,073	2,268,286	2,317,385	2,341,655	2,355,173	2,360,891	2,468,822
Accessible homes_wholesale	#	39,938	3,310,812			38,476	39,938	569,092	598,061	2,999,183	3,310,812
Mass market subs <sup>1</sup>	#	770,143	771,074	777,141	778,132	772,298	770,143	767,863	771,855	771,376	771,074
o/w fixed services subs	#	660,914	669,671	663,949	666,281	660,487	660,914	661,950	666,492	667,376	669,671
o/w only mobile subs	#	109,229	101,403	113,192	111,851	111,811	109,229	105,913	105,363	104,000	101,403
Total services (RGUs) <sup>2</sup>	#	2,764,099	2,845,271	2,730,720	2,765,593	2,743,941	2,764,099	2,784,519	2,827,928	2,833,873	2,845,271
Fixed Voice	#	620,857	615,781	633,208	633,432	622,942	620,857	618,245	621,213	619,046	615,781
Broadband	#	576,720	594,393	573,125	577,657	573,613	576,720	580,329	586,978	590,077	594,393
TV	#	446,664	468,333	427,457	437,595	436,517	446,664	454,992	464,848	466,273	468,333
Post-paid mobile	#	1,119,858	1,166,764	1,096,930	1,116,909	1,110,869	1,119,858	1,130,953	1,154,889	1,158,477	1,166,764
Services (RGUs) per subscriber	#	3.59	3.69	3.51	3.55	3.55	3.59	3.63	3.66	3.67	3.69
Global ARPU fixed customers (quarterly standalone)	€/month	60.98	60.46	61.42	60.76	61.30	60.43	60.33	60.35	60.72	60.42

SMEs and Large Accounts		Annual		Quarterly							
		2018	2019	Q1 18	Q2 18	Q3 18	Q4 18	Q1 19	Q2 19	Q3 19	Q4 19
KPIs	Unit										
Customers	#	14,827	15,263	14,728	14,785	14,801	14,827	14,960	15,133	15,208	15,263

1. Mass market subs = residential subs + SOHO subs + RACC only mobile subs
2. Mass market services = residential services + SOHO services + RACC only mobile services

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

Profit and Loss Statement		Unit	Annual		Quarterly					
			2018	2019	Q1 18	Q2 18	Q3 18	Q4 18	Q1 19	Q2 19
<b>Total revenue</b>		€m	<b>691.6</b>	<b>685.5</b>	<b>176.6</b>	<b>172.7</b>	<b>171.9</b>	<b>170.5</b>	<b>171.7</b>	<b>171.1</b>
Y-o-y change		%	-2.2%	-0.9%	0.4%	-2.0%	-2.7%	-4.3%	-2.8%	-0.9%
o/w Mass market revenue <sup>1</sup>		€m	550.0	545.8	138.4	137.7	137.8	136.0	135.1	136.9
Y-o-y change		%	-3.7%	-0.7%	-3.0%	-3.6%	-4.0%	-4.2%	-2.4%	-0.6%
o/w B2B revenue		€m	109.0	110.0	28.6	27.5	26.3	26.6	30.0	26.6
Y-o-y change		%	3.5%	0.9%	9.5%	4.9%	2.8%	-3.0%	4.7%	-3.4%
o/w Wholesale and Other revenue		€m	32.6	29.6	9.6	7.5	7.8	7.9	6.6	7.6
Y-o-y change		%	6.4%	-9.3%	33.8%	2.8%	3.7%	-10.5%	-31.2%	2.2%
<b>Gross margin</b>		€m	<b>511.9</b>	<b>505.8</b>	<b>127.8</b>	<b>131.1</b>	<b>125.2</b>	<b>127.9</b>	<b>123.1</b>	<b>125.9</b>
% of total revenue		%	74.0%	73.8%	72.4%	75.9%	72.8%	75.0%	71.7%	73.6%
Selling, General & Admin. Expenses (SG&A)		€m	(175.5)	(161.3)	(43.6)	(46.6)	(41.1)	(44.3)	(42.0)	(41.5)
o/w marketing and SAC		€m	(23.8)	(22.4)	(5.3)	(6.5)	(5.8)	(6.1)	(6.6)	(6.6)
o/w customer care		€m	(48.5)	(44.1)	(11.9)	(12.2)	(12.1)	(12.2)	(12.0)	(10.9)
o/w personnel		€m	(45.5)	(42.9)	(11.3)	(11.2)	(11.3)	(11.7)	(11.1)	(10.3)
o/w network and IT systems		€m	(37.9)	(34.1)	(10.9)	(11.1)	(6.8)	(9.1)	(8.4)	(8.0)
o/w others		€m	(19.8)	(17.8)	(4.2)	(5.5)	(5.0)	(5.1)	(3.9)	(4.9)
<b>Adjusted EBITDA</b>		€m	<b>336.4</b>	<b>344.5</b>	<b>84.2</b>	<b>84.5</b>	<b>84.1</b>	<b>83.6</b>	<b>81.1</b>	<b>84.4</b>
% of total revenue		%	48.6%	50.3%	47.7%	49.0%	48.9%	49.0%	47.3%	49.4%
Y-o-y change		%	-1.3%	2.4%	0.3%	-0.8%	0.0%	-4.6%	-3.7%	-0.1%
Depreciation and Amortization		€m	(194.8)	(202.7)	(48.8)	(50.6)	(48.2)	(47.2)	(50.2)	(51.0)
Extraordinary items		€m	(11.8)	(21.0)	(2.9)	(3.6)	(1.4)	(3.8)	(2.9)	(7.6)
Net financial expenses		€m	(48.2)	(49.3)	(12.9)	(11.3)	(11.9)	(12.1)	(12.6)	(12.1)
<b>Net profit before taxes</b>		€m	<b>81.7</b>	<b>71.5</b>	<b>19.5</b>	<b>19.0</b>	<b>22.6</b>	<b>20.5</b>	<b>15.4</b>	<b>13.7</b>
Taxes		€m	(18.9)	(9.5)	(4.9)	(4.8)	(4.9)	(4.3)	(3.4)	(2.8)
<b>NET PROFIT</b>		€m	<b>62.8</b>	<b>62.0</b>	<b>14.6</b>	<b>14.2</b>	<b>17.7</b>	<b>16.3</b>	<b>11.9</b>	<b>11.0</b>
										<b>20.1</b>

1. Mass market revenue = residential revenue + SOHO revenue + RACC only mobile revenue



# Euskaltel Group consolidated – Consolidated financials (iii/iii)

Cash Flow Statement		Unit	Annual		Quarterly							
			2018	2019	Q1 18	Q2 18	Q3 18	Q4 18	Q1 19	Q2 19		
EBITDA	€m	336.4	344.5		84.2	84.5	84.1	83.6	81.1	84.4	86.8	92.2
Capex	€m	(153.5)	(154.3)		(33.9)	(34.0)	(36.1)	(49.4)	(34.6)	(38.3)	(36.9)	(44.4)
% of total revenue	%	-22.2%	-22.5%		-19.2%	-19.7%	-21.0%	-29.0%	-20.2%	-22.4%	-21.6%	-25.9%
Operating Cash Flow	€m	182.9	190.3		50.3	50.5	48.0	34.2	46.5	46.1	49.8	47.8
% of total revenue	%	26.4%	27.8%		28.5%	29.3%	27.9%	20.0%	27.1%	27.0%	29.1%	27.9%
Interests	€m	(40.0)	(42.1)		(8.3)	(11.8)	(10.6)	(9.3)	(12.3)	(9.3)	(11.4)	(9.1)
Working Capital	€m	11.9	-7.4		(15.6)	2.1	0.0	25.5	(32.0)	15.2	1.1	8.4
Taxes	€m	(15.1)	(16.8)		5.7	(3.2)	(7.6)	(9.9)	(6.8)	(2.6)	(1.0)	(6.4)
Others	€m	(15.8)	(23.0)		(7.9)	(4.0)	(2.2)	(1.7)	(5.9)	(7.7)	(5.3)	(4.2)
Free Cash Flow	€m	124.0	101.1		24.3	33.6	27.5	38.6	(10.5)	41.8	33.3	36.5
Dividends	€m	(49.6)	(55.3)		(22.7)	-	(26.9)	-	(25.0)	-	(30.3)	-
Net debt variation	€m	74.4	45.8		1.6	33.6	0.6	38.6	(35.5)	41.8	3.0	36.5
NET DEBT	€m	1,532.1	1,486.3		1,604.9	1,571.3	1,570.7	1,532.1	1,567.5	1,525.8	1,522.8	1,486.3
Balance Sheet		Unit	Annual		Quarterly							
			2018	2019	Q1 18	Q2 18	Q3 18	Q4 18	Q1 19	Q2 19		
Non-current Assets	€m	2,721.0	2,750.3		2,748.7	2,737.1	2,725.1	2,721.0	2,779.1	2,765.1	2,754.5	2,749.0
Intangible assets	€m	1,335.7	1,324.2		1,345.8	1,338.6	1,337.5	1,335.7	1,332.7	1,329.5	1,324.9	1,324.2
Tangible assets	€m	1,252.4	1,288.8		1,268.8	1,259.4	1,248.7	1,252.4	1,312.2	1,302.7	1,292.9	1,288.8
Financial assets	€m	7.8	8.9		7.6	8.5	8.3	7.8	9.1	9.0	8.4	8.9
Deferred tax assets	€m	125.1	128.3		126.5	130.6	130.7	125.1	125.1	123.8	128.3	127.1
Current Assets	€m	177.7	173.6		141.1	145.3	164.4	177.7	144.1	149.5	158.8	168.2
Inventories	€m	6.0	4.2		4.5	4.3	4.0	6.0	5.7	6.4	6.1	4.2
Trade and other receivables	€m	64.3	71.1		76.6	70.2	65.6	64.3	66.6	62.5	71.4	65.8
Cash and cash equivalents	€m	107.4	98.2		60.0	70.9	94.8	107.4	71.8	80.6	81.3	98.2
<b>TOTAL ASSETS</b>	<b>€m</b>	<b>2,898.7</b>	<b>2,923.9</b>		<b>2,889.8</b>	<b>2,882.4</b>	<b>2,889.5</b>	<b>2,898.7</b>	<b>2,923.3</b>	<b>2,914.6</b>	<b>2,913.4</b>	<b>2,917.3</b>
Total Shareholders' Equity	€m	974.9	982.8		978.7	966.3	983.5	974.9	987.3	967.9	986.8	982.0
Non-current Liabilities	€m	1,562.2	1,536.2		1,695.0	1,592.4	1,675.3	1,562.2	1,619.7	1,554.7	1,558.6	1,533.9
Long term debt	€m	1,447.3	1,369.0		1,579.8	1,482.9	1,565.1	1,447.3	1,444.9	1,388.5	1,390.1	1,369.0
Provisions	€m	-	-		1.3	-	-	-	-	-	-	-
Other non-current liabilities	€m	114.9	167.2		114.0	109.5	110.2	114.9	174.8	166.2	168.5	164.9
Current Liabilities	€m	361.6	404.9		216.1	323.7	230.7	361.6	316.3	392.0	367.9	401.4
Short term debt	€m	154.1	194.8		67.5	126.8	68.9	154.1	154.4	185.5	192.1	195.3
Trade and other payables	€m	207.5	210.1		148.6	196.9	161.8	207.5	161.9	206.5	175.8	206.1
Total Liabilities	€m	1,923.8	1,941.1		1,911.1	1,916.1	1,906.0	1,923.8	1,936.0	1,946.7	1,926.5	1,935.3
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>€m</b>	<b>2,898.7</b>	<b>2,923.9</b>		<b>2,889.8</b>	<b>2,882.4</b>	<b>2,889.5</b>	<b>2,898.7</b>	<b>2,923.3</b>	<b>2,914.6</b>	<b>2,913.4</b>	<b>2,917.3</b>

