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ZEGONA COMMUNICATIONS PLC ("Zegona")

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Euskaltel Reports Record Profitability and Growth

Euskaltel yesterday published its results for the second quarter of 2020 and associated investor presentation. Highlights for the quarter communicated by Euskaltel included the following:

Strategic Roadmap Targets Exceeded

- Single efficient organisation in place - €40m annual run-rate efficiencies implemented
- Record profitability - Q2 EBITDA within the traditional business of €91.8 million
- Successful launch of National Expansion under the Virgin telco brand - Addressable households increased eightfold to nearly 19 million and record customer additions

Record Customer Growth

Euskaltel's mass market fixed customers increased by 11.3k in the quarter to 782k, with net additions of 4.8k within the traditional business and 6.5k for Virgin, the highest net additions since the company was publicly listed. The number of services delivered to customers also grew by a record amount.

Strong Financial Results and Cash Generation

The impact of Covid-19 on the business was limited, with growth achieved in the main financial metrics. Revenues increased year-on-year for the third consecutive quarter to €171.6m. EBITDA from the traditional business grew by 8.8% to €91.8m, driven by the cost efficiencies which have been delivered. Even after Virgin launch costs, EBITDA grew 3.7% to €87.5m. Euskaltel's operating cash flow grew over 10% to €50.9m, including the investment of €7.4m in the quarter to launch Virgin nationally, representing 29.6% of revenues.

Eamonn O'Hare, Zegona's Chairman and CEO commented: "These results demonstrate the excellent progress being made by the new management team at Euskaltel, combining a focus on operating efficiency within the existing business with driving significant growth through National Expansion under the Virgin brand. The whole team has responded brilliantly to the challenges created by Covid-19, delivering strong results for the business."

Further details on Euskaltel's second quarter 2020 results can be found on the Euskaltel website at <https://www.euskaltel.com/CanalOnline/investors>

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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 holds an equity stake of over 21% in Euskaltel and is led by former Virgin Media executives Eamonn O'Hare and Robert Samuelson.

About Euskaltel

Euskaltel S.A. ("Euskaltel") is the leading converged telecommunications provider in the North of Spain and has recently expanded to offer services nationally. It provides high speed broadband, data rich mobile, advanced TV and fixed communications services to residential and business customers under the Euskaltel, R Cable, Telecable and Virgin telco brands. Euskaltel is a public company traded on the stock markets of Bilbao, Madrid, Barcelona and Valencia.

IMPORTANT NOTICES

Zegona is listed on the standard listing segment of the Official List of the Financial Conduct Authority and the Main Market for listed securities of the London Stock Exchange. This announcement has been prepared in accordance with English law, the Listing Rules and the Disclosure Guidance and Transparency Rules and information disclosed may not be the same as that which would have been prepared in accordance with the laws of jurisdictions outside England.

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