

16 July 2019

ZEGONA COMMUNICATIONS PLC ("Zegona")

**ZEGONA ANNOUNCES OPERATIONAL IMPROVEMENTS FOLLOWING APPOINTMENT
OF NEW EUSKALTEL CEO**

Zegona is pleased to provide an update on the operational improvements at Euskaltel, following the appointment of José Miguel García as Chief Executive Officer and the appointment of two key Zegona executives as proprietary directors. Earlier this year, Zegona significantly increased its ownership stake in Euskaltel and is now its largest shareholder.

José Miguel García was appointed as CEO of Euskaltel Group by the Board of Directors with unanimous agreement on 5 June 2019, and his appointment was overwhelmingly endorsed by shareholders at the Extraordinary Shareholder Meeting on 10 July 2019. At the same shareholder meeting, Zegona's Chief Executive Officer Eamonn O'Hare and Chief Operating Officer Robert Samuelson were also approved as proprietary directors on Euskaltel's Board.

In his first month as CEO, José Miguel has made a fast start with significant progress in implementing a new plan for the business. Highlights include:

Integrating three operating companies into one business. This is designed to simplify operations and reduce costs. A new organisation structure is already in place, with key hires on board and a 25% reduction in the senior executive team. This has created clearer accountability for results and a stronger and more agile leadership. José Miguel is also creating a single technical platform, whilst integrating the sales strategies of the three brands, taking best practice from each and expanding the more efficient on-line/direct channels.

Improving the customer proposition. Focus on reducing churn and enabling ARPU growth. A new mobile offer has been launched in partnership with Samsung, giving customers a high-quality handset and large data allowances at highly attractive rates. The product offerings across Euskaltel's three brands are also being harmonised for the first time. This reduces complexity and facilitates the launch of new developments. A carefully targeted 'more-for-more' price rise has also been implemented.

Expanding Nationally. With its more efficient operating platform, a new highly-experienced management team, and the option of utilising the Virgin brand, the company is well-placed to grow in the 85% of Spanish households where it currently does not compete. Winning a small share of this large and growing market will be transformative for the company's financial performance. Detailed planning has commenced, and discussions initiated with key partners.

Euskaltel's new CEO and strategy have been well received by local and national Spanish media, with significant press coverage. To communicate the positive media sentiment to its investors, Zegona will provide regular updates of key articles through its website (www.zegona.com) and a new Twitter account (@Zegona_Comms). To get things started, examples of recent news articles are now available from the [Zegona News Room](#).

Eamonn O'Hare, CEO of Zegona, commented: "With José Miguel now running the Euskaltel business and our greater influence on the board, we are confident the company's new direction will drive value for Zegona shareholders. In addition, I have no doubt our investors will benefit from incremental gains as the market reflects on Zegona's recent positive broker coverage and addresses the almost 30% upside to our look-through value¹."

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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 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, and is led by former Virgin Media executives Eamonn O'Hare and Robert Samuelson.

About Euskaltel

Euskaltel is the leading converged telecommunications provider in the North of Spain, with a network covering nearly 2.3 million households. It provides high speed broadband, data rich mobile, advanced TV and fixed communications services to residential and business customers under the Euskaltel, R Cable and Telecable brands. Euskaltel is listed on the Madrid stock exchange.

¹ Look-through value is defined as the market value of Zegona's equity stake in Euskaltel plus the value of its net cash balance and other assets