

31 July 2024

Zegona Communications plc

Vodafone Spain and Telefonica agree terms to create a joint FibreCo

Zegona Communications plc (LSE: ZEG) (“**Zegona**”) is pleased to announce Vodafone ONO, S.A.U. (“**Vodafone Spain**”) and Telefonica de Espana, S.A.U. (“**Telefonica**”) (together the “**Parties**”) have signed a confidential non-binding term sheet setting out the proposed key terms to create a new fibre network company (“**FibreCo Transaction**”).

The FibreCo Transaction will involve Vodafone Spain and Telefonica creating a joint fibre network company in Spain (“**FibreCo**”). This will cover approximately 3.5 million premises and will provide fibre access services to both companies within this footprint. The initial ownership split of the FibreCo between the Parties will be based on their customer numbers within the footprint. The Parties plan to bring a third-party financial investor into the share capital of the new company. Telefonica is expected to retain majority ownership and Zegona to retain 10%.

The new FibreCo will provide access to the highest quality fibre optic network and support the rapid adoption of new technologies, benefiting Vodafone Spain and Telefonica customers. This network will be a benchmark for sustainable development, meeting high ESG standards through energy savings.

The combination of this new FibreCo with Telefonica (3.5 million premises) and the recently announced MasOrange FibreCo¹ (11.5 million premises) will give Vodafone Spain cost efficient access to extensive all-fibre networks across Spain. These networks will deliver market leading high-speed services with the most advanced technologies.

The proposed transaction is subject to final agreement between the Parties and any required regulatory approvals.

Eamonn O’Hare, Chairman and CEO of Zegona, commented “Creating a new FibreCo in partnership with Telefonica is another key milestone in our plan to transform Vodafone Spain. This transaction fully complements the MasOrange FibreCo we announced last week and gives Vodafone Spain guaranteed access to future-proof networks with attractive economics. Moving Vodafone Spain to these new FibreCo structures is expected to create significant incremental value for all Zegona stakeholders.”

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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 Telefonica

Telefonica is one of the largest international telecoms operators and is the leading player in the Spanish market with a very advanced fibre network.

Note 1: On 24th July 2024, Zegona Communications plc announced Vodafone ONO, S.A.U. and MasOrange, S.L. had signed a confidential non-binding term sheet to create a joint fibre network company covering c.11.5 million premises in Spain