



EZENTiS

RESULTS REPORT 2018 28-Feb-19

2018 HIGHLIGHTS



> 2018 HIGHLIGHTS

REVENUE

€ 440.4 M

+10.4%
Increase vs 2017

EBITDA

€ 30.1 M

6.8% o/revenue
Reflecting the impact of
Argentina and macro framework

NET RESULT

€ -14.7 M

Key non-recurring effects:
- Refinancing (**€-6.5M**)
- Argentina (**€-11.3 M**)
- Labor restructuring (**€-10.3 M**)

OpCF

80%

% EBITDA conversion in cash in 2018

Operating Cash Flow generation
+57% vs 2017
FY Net Cash Flow €6.3M

SPAIN

33%

On total business



Strengthening Euro-based
activity after the acquisition of
EFF from Ericsson

COST OF DEBT

4.75% ↓

The new financing
reduces the cost of corporate
debt from 9% to 4.75%

CONTRACTS

€ 578 M

of renewals and new contracts

+91%
Increase vs 2017

BACKLOG

€ 791 M

of multi-year contracts

1.8x o/revenue
as of December 31, 2018

> KEY FACTORS



MACRO ENVIRONMENT

- Latam currencies **depreciation**, mainly of the Argentine peso (ARS) and Brazilian real (BRL)
- Economic weakness in **Argentina** with investment slowdown, hyperinflation and increase in interest rates up to 80%



BUSINESS

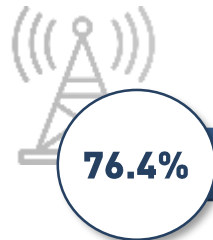
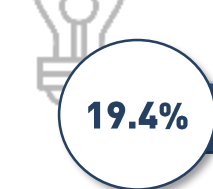

- **Revenues** increase (+ 22.1% with Group´s new perimeter)
- Entry into **landline and mobile networks** in Spain
- **Global** presence: strategic partner/benchmark provider in O & M
- Strategic commercial agreement with **Ericsson** up to 2021
- **Diversification** by industries: Telecommunications (76,4%), Electric Power (19,4%) and Other (4,2%)
- Investment in **competitiveness**: security (HSEQ), fleet renewal, productive synergies and systems



INDEBTEDNESS

- New **€ 90 M** –loan for 6 years
- Average corporate debt interest rate reduction to **4.75%**
- **Non-recurring impact** in 2018 of **€ -6.5 M** as a result of the cancellation of previous debt

> CATALOGUE OF SERVICES

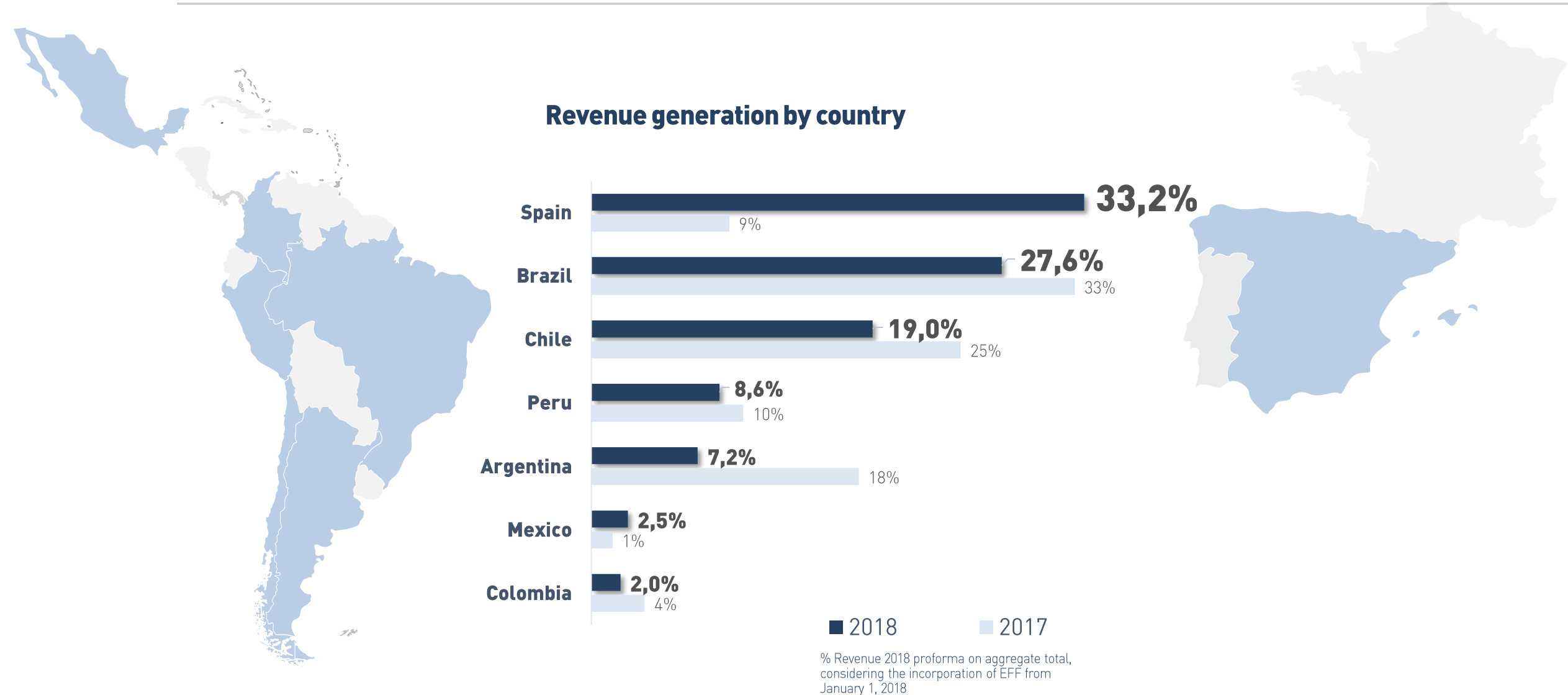
 76.4%	TELECOMMUNICATIONS	BRAZIL	ARGENTINA	CHILE	PERU	SPAIN	COLOMBIA	MEXICO	PORTUGAL ¹
	Fixed Outside Plant	■	■	■	■	■	■	■	
	Services	■	■	■	■	■	■		
	Mobile Outside Plant	■	■	■	■	■	■	■	■
 19.4%	ELECTRICITY								
	Distribution grids	■	■	■	■				
	Commercial services	■	■	■	■				
 4.2%	OTHER								
	Gas, Water, Mining and Oil		■	■					

¹ New services provided in 2019

> MAIN CLIENTS



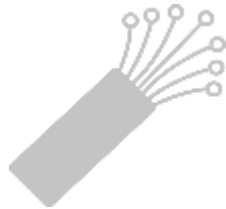
> GROWTH IN SPAIN INCREASES SHARE OF EURO-BASED BUSINESS



> CAPABILITIES

TELECOMMUNICATIONS

Landline networks



- Assessment, design and engineering of fiber-optic communication networks, multi-pair cables and structured cabling
- Installation and maintenance of ADSL networks, optical fibre, FTTX
- Private networks and special projects for businesses
- Support, installation and maintenance of client's equipment.
- Remodelling and recovery of Customer Premise Equipment or "CPE".
- Development of Operation Support Systems (OSS), especially geographic information systems.

Mobile networks



- Construction, installation and maintenance of mobile radio base stations for cell phone networks.
- Radio links, micro-wave networks.
- Multi-service network management.
- Development of Operation Support Systems (OSS), especially geographic information systems.

ELECTRIC POWER

Distribution and transmission networks



- Maintenance and installation of transmission and distribution grids.
- Services for high, medium and low voltage lines.
- Commercial services including metering, service cuts and reconnections, non-technical losses (energy thefts), etc.
- Homologation, installation, and management of smart meters.
- Preventive and corrective maintenance of public lighting and buildings.
- Industrial facilities and business centers: energy and lighting.

Substations and processing platforms



- Technical consulting and specialized engineering
- Maintenance and installations of electric substations and transformation platforms.
- Civil and electromechanical works.

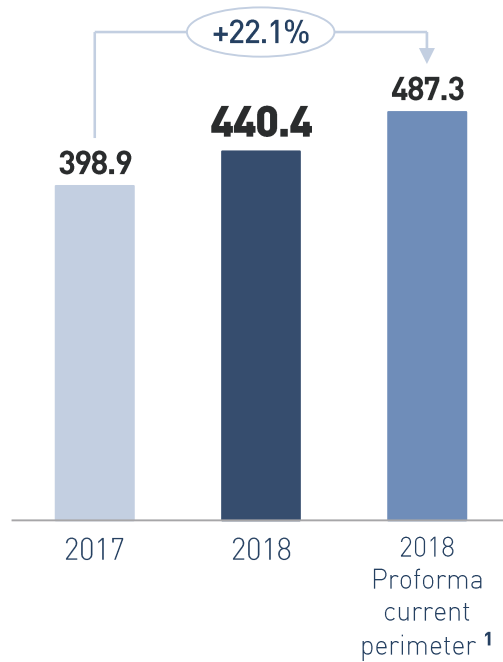
OTHER

- The Company renders operation and maintenance services in water, gas and oil distribution sectors, as well as private networks for the mining sector. Additionally, it renders support services for infrastructure management.

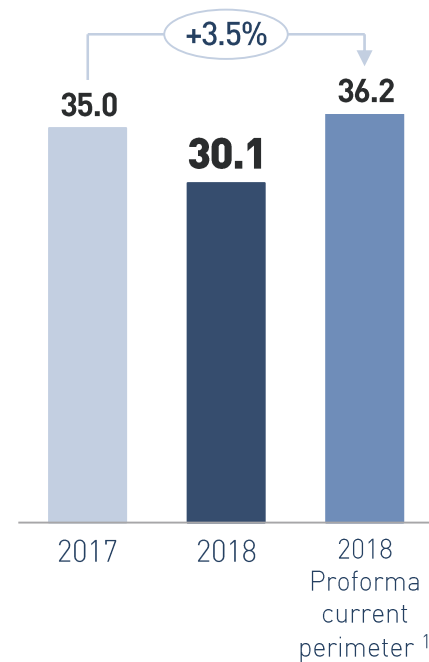
> FINANCIAL RESULTS KEY PERFORMANCE INDICATORS ¹

Millions of Euros

REVENUE

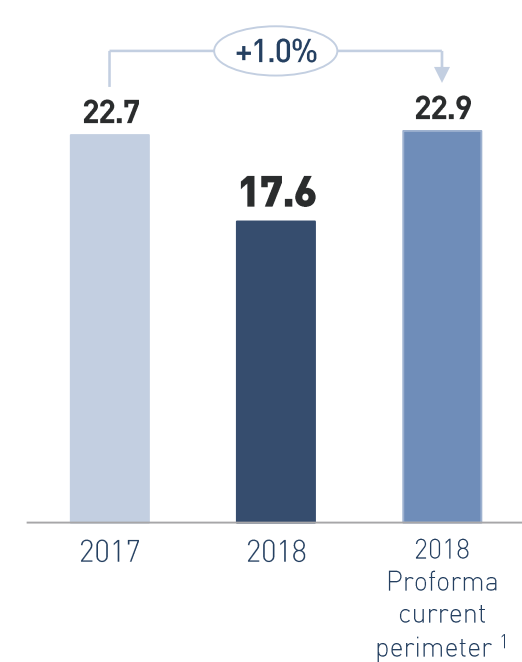


EBITDA



EBITDA Margin 8.8% 6.8% 7.4%

EBIT



EBIT Margin 5.7% 4.0% 4.7%

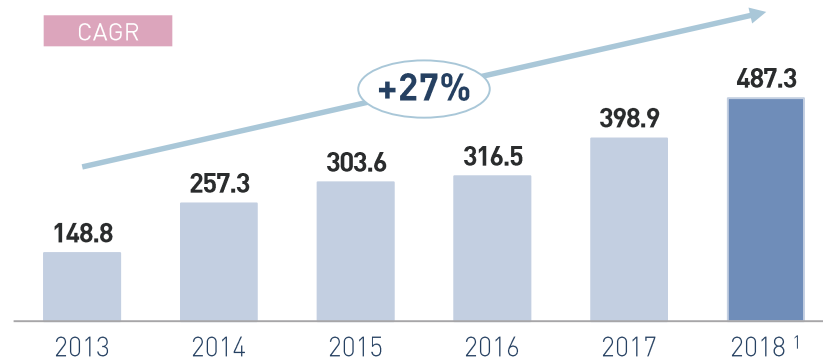
¹ Proforma data considering the incorporation of Excellence Field Factory, S.L. (EFF) from January 1, 2018

> STEADY GROWTH TREND

Millions of euros

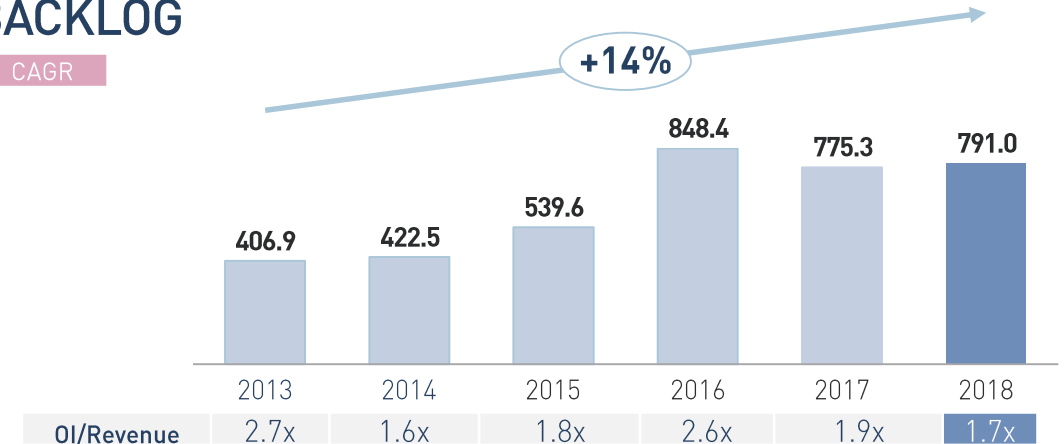
REVENUE

CAGR



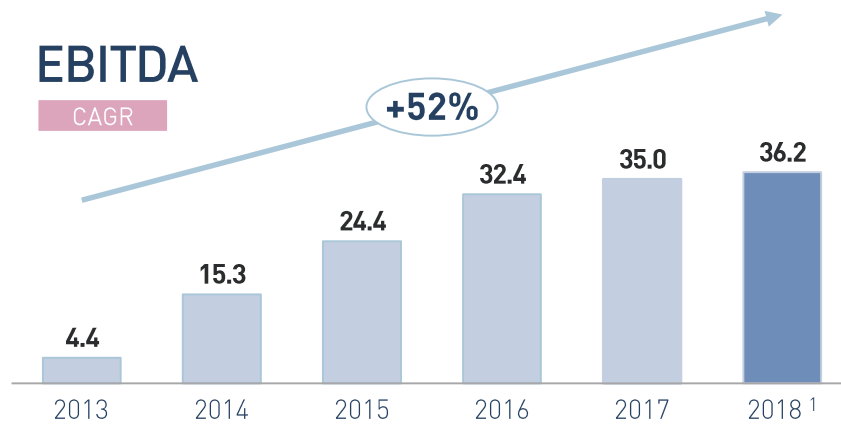
BACKLOG

CAGR



EBITDA

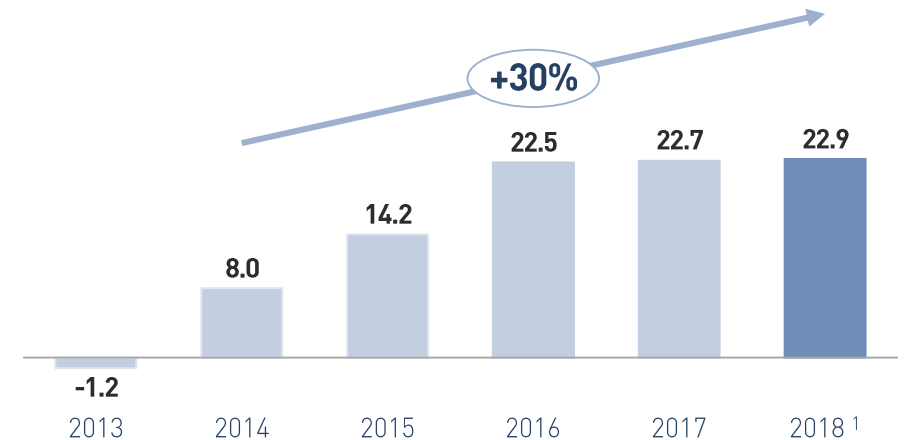
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EBIT

€ / Currency

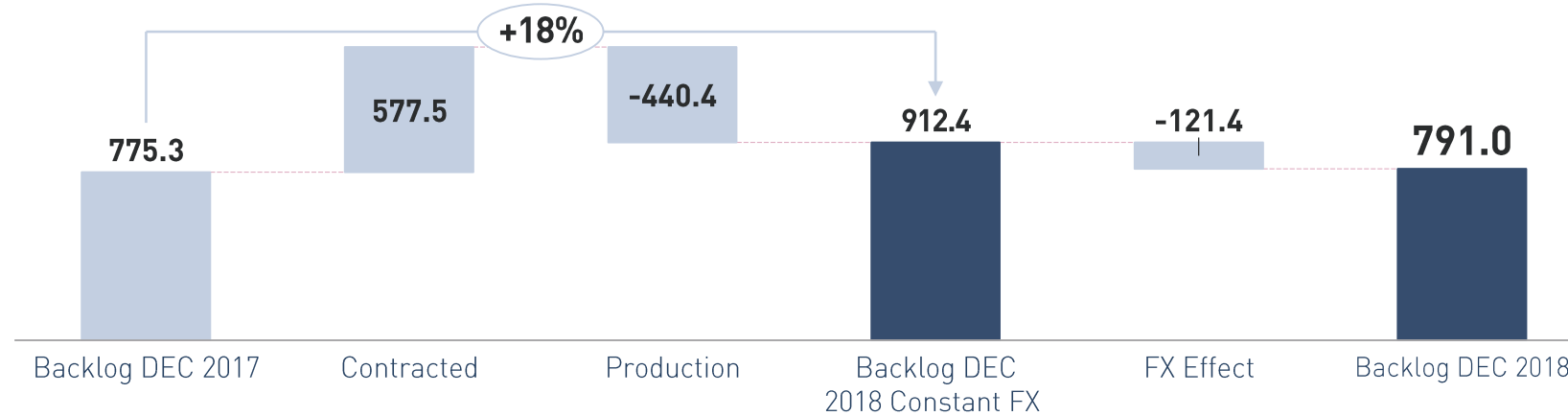
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¹ Proforma data considering the incorporation of EFF from January 1, 2018

> BACKLOG EVOLUTION

Millions of euros

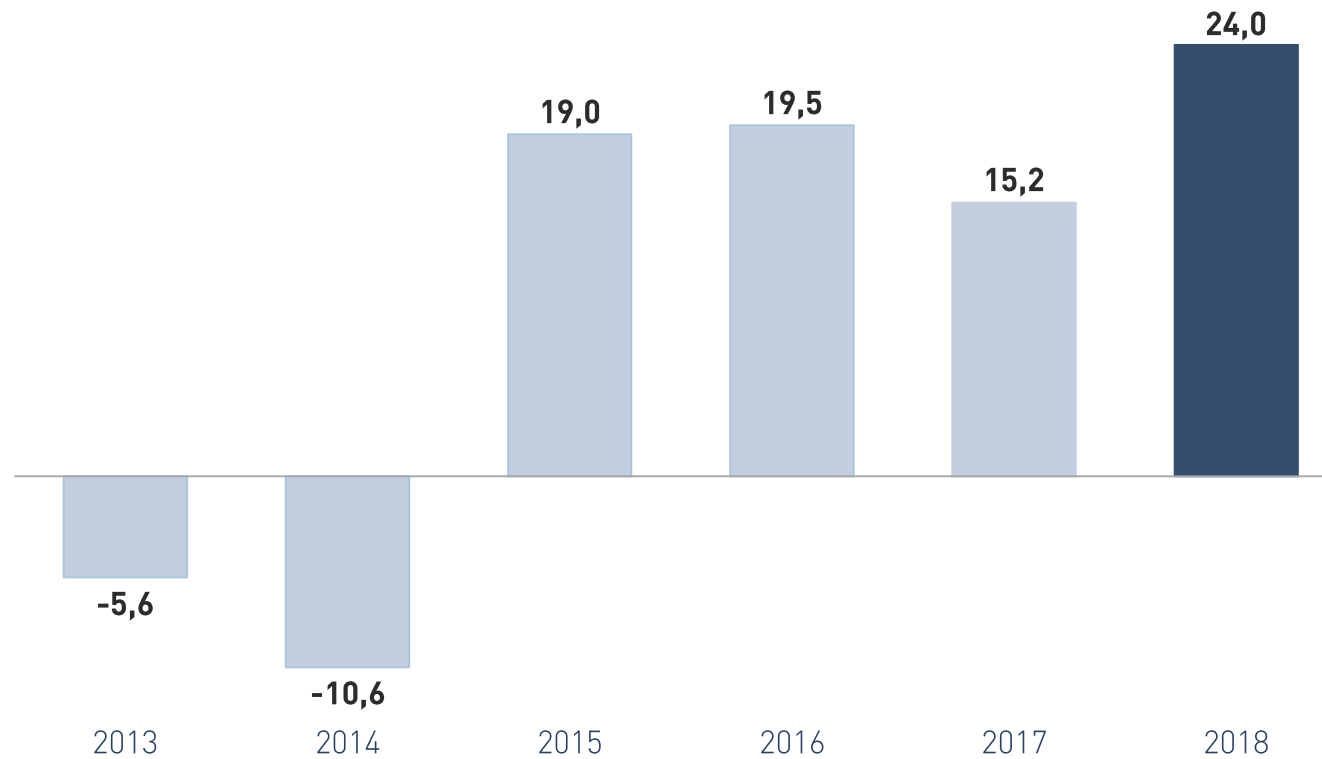


Backlog/ Revenue	1.9x	1.7x
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- Backlog composed of **multi-year contracts (3 - 5 years)** with the leading operators in the telecommunications and electric power industries.
- New contracts and renovations for an amount of **€ 577.5 M** (€302.9 M in 2017)

> OPERATING CASH FLOW EVOLUTION

Millions of euros



- Focus on operating cash flow generation, resulting in an 80% OpCF/EBITDA ratio despite adverse FX

> OUTLOOK

MID-TERM: FOCUS ON RESULTS AND CASH GENERATION

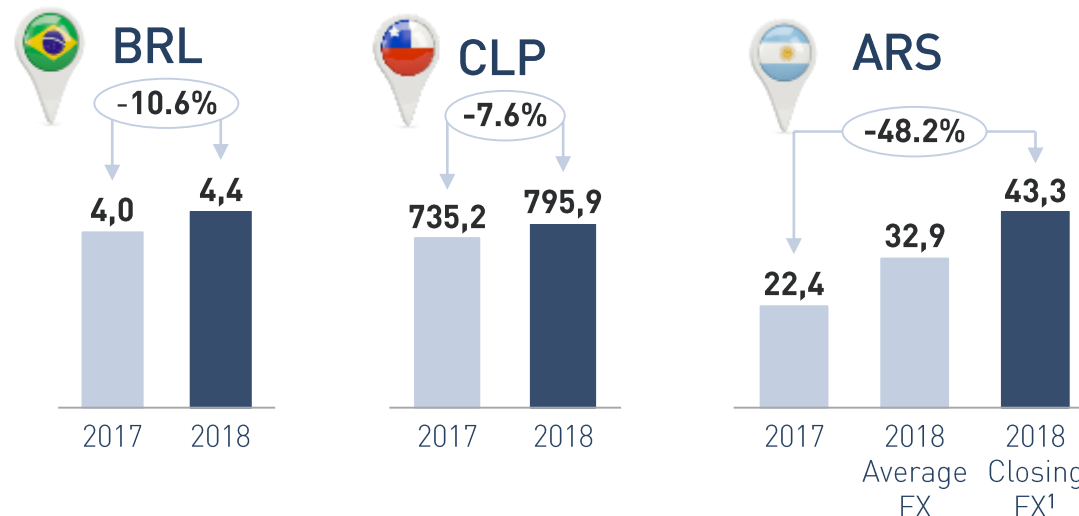
- ✓ **Revenues:** estimated annual organic growth rate of 4%-4.5%
- ✓ **Euro-denominated business** representing 35%-40% o/Group's EBITDA
- ✓ **EBITDA Margin** 8.5%-9.5% o/revenue
- ✓ **Net result** o/Revenue 4%-5%
- ✓ **CAPEX** 1.5%-2% o/revenue
- ✓ **Target Net Financial Debt/ EBITDA** <2x

FINANCIAL INFORMATION

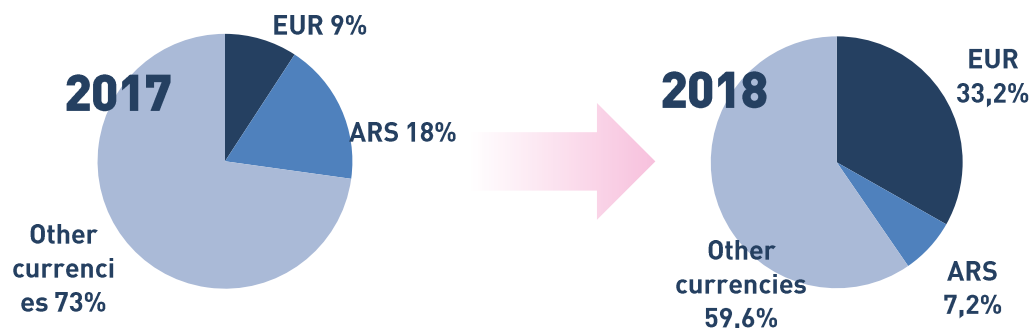


> MACROECONOMIC ENVIRONMENT

€ / Currency, average FX



Increasing our **Euro-based** business



Latam currencies **depreciation**

- 1. Brazil:** Uncertainty prior to the government elections caused a rapid weakening of the Brazilian Real in the third quarter, partially recovered at the end of the year.
- 2. Argentina:** The impact of the sharp depreciation of the Argentinian Peso is further increased by the application of the closing FX in the conversion of the 2018 results.
- 3. Other currencies:** have suffered depreciations of between **2.8%** and **5.9%** in 2018

¹ Exchange rate applicable to the conversion of revenue and expenses for the year in accordance with IAS 29

> INCOME STATEMENT

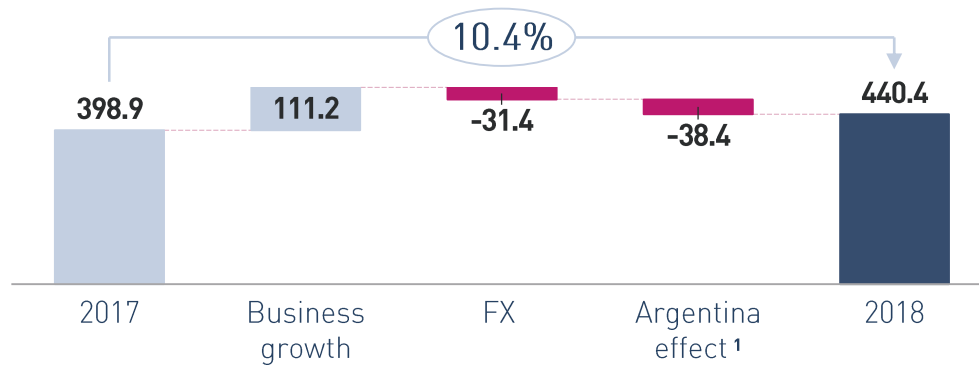
Thousands of Euros	2018	2017
Revenue	440,367	398,935
EBITDA	30,139	35,016
% EBITDA Margin	6.8%	8.8%
Amortization, depreciation, provision charges	(10,402)	(10,140)
PPA Amortization	(2,127)	(2,219)
EBIT	17,610	22,658
% EBIT/Revenue	4.0%	5.7%
Net financial expenses ¹	(31,456)	(25,608)
Variation in hedging instruments	32	(290)
Foreign Exchange differences	(188)	(745)
Non-recurring results	(16,185)	(5,805)
Non-controlling interest and discontinued operations	(2,372)	79
Result before taxes	(32,559)	(9,710)
Taxes	17,862	3,010
Net Result	(14,697)	(6,701)

¹ Includes, in accordance with IAS 29, the effect of hyperinflation accounting in Argentina

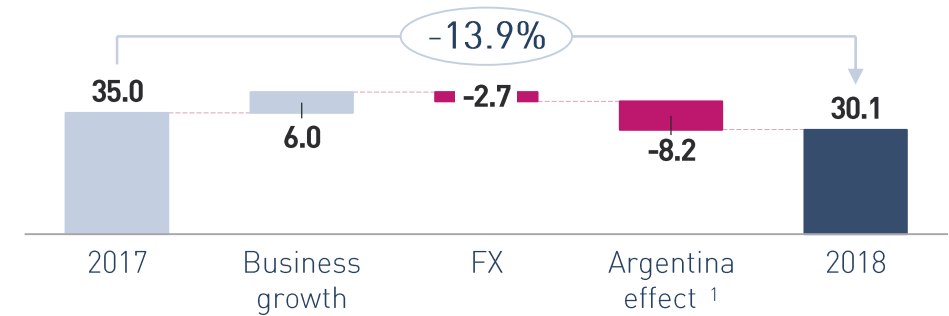
> REVENUE AND EBITDA ANALYSIS

Millions of euros

REVENUE



EBITDA



- Currency depreciation and weakness in **Argentina** dragging down growth in 2018
- Without these impacts, revenues would have increased by **€ 111.2 M** and EBITDA by **€ 6.0 M** vs 2017

¹ Includes business changes and FX impact due to depreciation of ARS and hyperinflation adjustment.

> ARGENTINA



1. Macroeconomic environment: Financial crisis in the country with request for IMF assistance



2. Deceleration of our main clients' investment plans



3. High cost of debt due to interest rates above 80% per year
(↓ to 47% at the end of the year)



4. Hyperinflation situation in accordance with IAS 29.

Millions of euros	2018	2017
REVENUE	33.5	71.9
Net financial expenses ¹	(9.3)	(5.0)
Non-recurring expenses	(7.9)	(1.0)
Net result	(11.3)	2.6

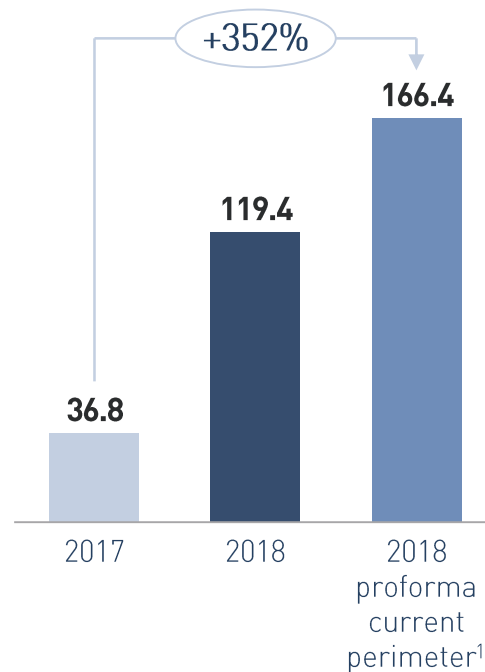
✓ Focus on **strategic clients** (€ 49 M Backlog)

¹ Includes hyperinflation adjustment

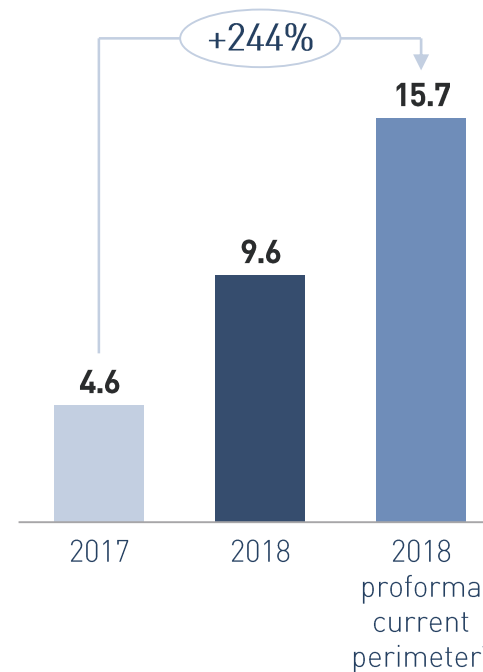
> STRENGTHENING OUR POSITION IN THE SPANISH MARKET

Millions of euros

REVENUE



EBITDA

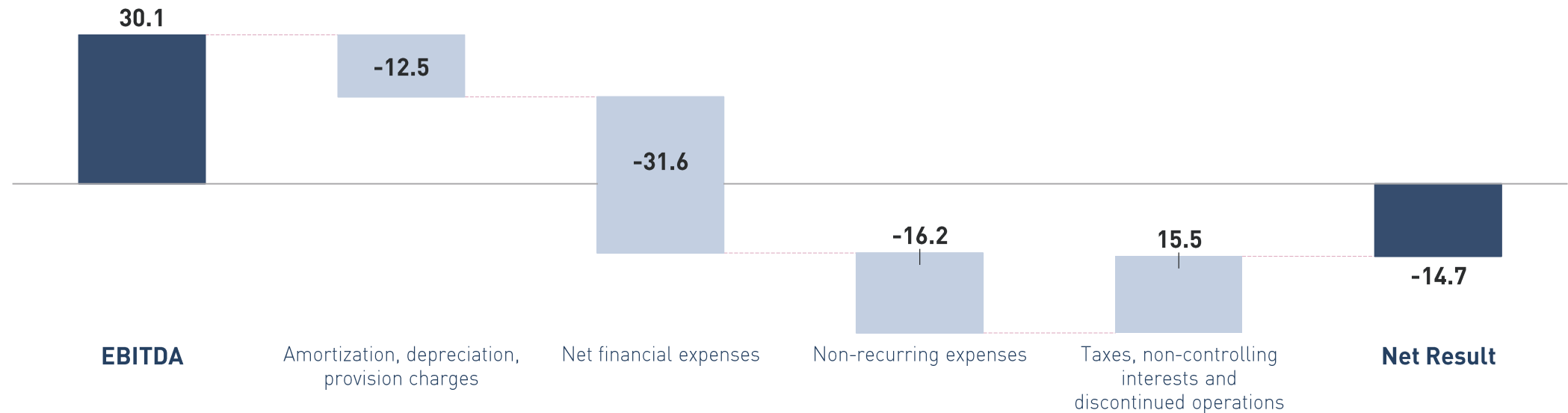


- Entry into **landline and mobile telecommunication network industries** in Spain through the acquisition of **EFF**
- **Strengthening Euro** based business, rebalancing the currency basket
- **Client's** portfolio diversification, with access to new operators in the Telecom sector
- Commercial agreement with **Ericsson**, allowing us to improve our position towards the deployment of **5G** networks
- Enhancing the value of **tax losses carry forward 'DTAs'** in Spain by incorporating a company with a solid profitable outlook

¹ Proforma data considering the incorporation of EFF from January 1, 2018, without consolidation adjustments

> NET RESULT 2018

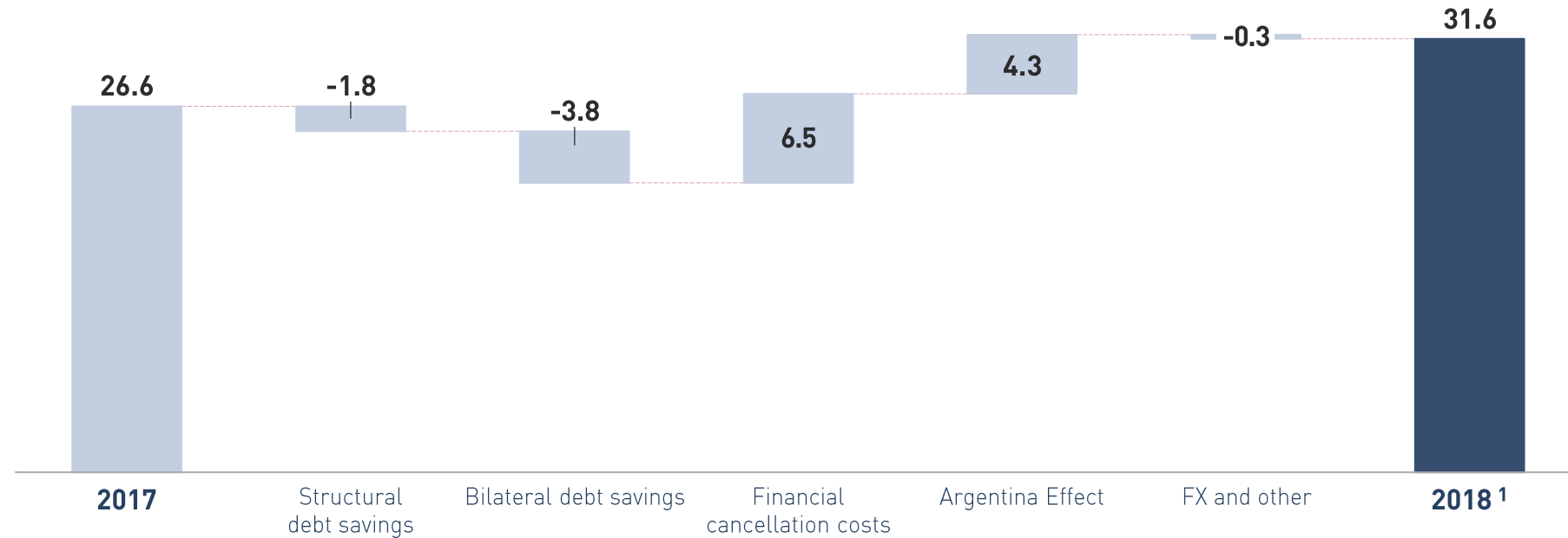
Millions of euros



- **Non-recurrent** items mainly linked to labor restructuring in order to capture synergies in the productive model for an amount of **€ -10.3 M** and assets impairment, especially in **Argentina** amounting **€ -4.8 M**
- Taxes include tax losses carry forward (‘DTAs’) due to tax consolidation scope in Spain.

> FINANCIAL EXPENSES

Millions of euros



- Savings in financial costs of **€ -5.6 M** due to interest rate reductions and new financing structure
- Non-recurring items as interest rates in **Argentina (€ -4.3 M)** and the early cancellation of **Highbridge financing (€ -6.5 M)** have had significant impacts

¹ Proforma data considering the incorporation of EFF from January 1, 2018, without consolidation adjustment

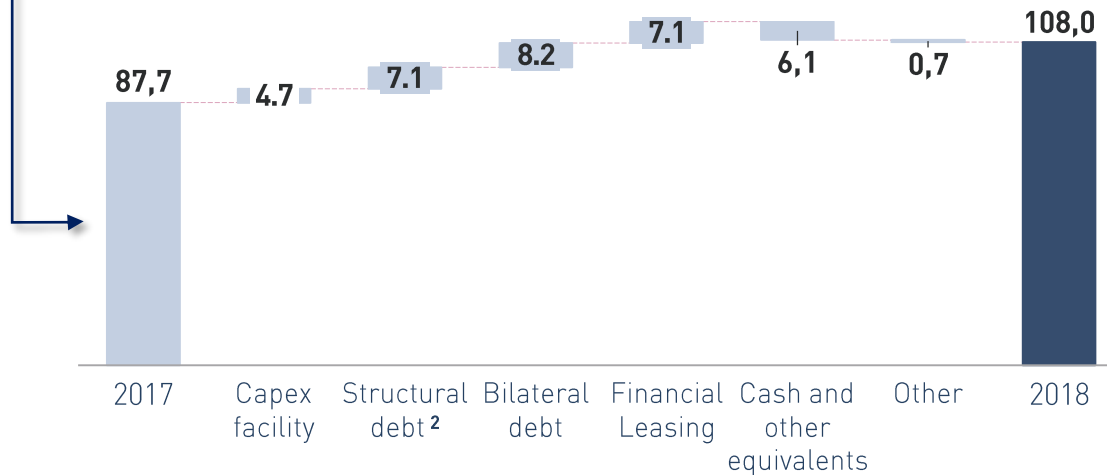
> BALANCE SHEET

Thousand of Euros	2018	2017		2018	2017
<i>Assets</i>			<i>Equity and liabilities</i>		
Non-current assets	129,204	128,628	Equity	33,468	31,620
Tangible and intangible assets	82,039	67,199	Non-current liabilities	111,767	117,382
Non-current financial assets	17,207	48,823	Bank borrowings and other financial liabilities	100,695	81,199
Deferred tax assets	29,958	12,606	Provisions	6,534	31,013
Current assets	190,957	150,886	Other non-current liabilities	4,538	5,170
Inventories	20,616	10,982	Current liabilities	174,926	130,512
Trades and other receivables	149,585	131,231	Bank borrowings and other financial liabilities	28,117	21,225
Cash and cash equivalents, and other current assets	20,756	8,671	Trade payables and other current liabilities	143,756	107,310
TOTAL	320,161	279,514	Provisions	3,053	1,977
Working Capital	16,031	20,374	TOTAL	320,161	279,514

> FINANCIAL DEBT

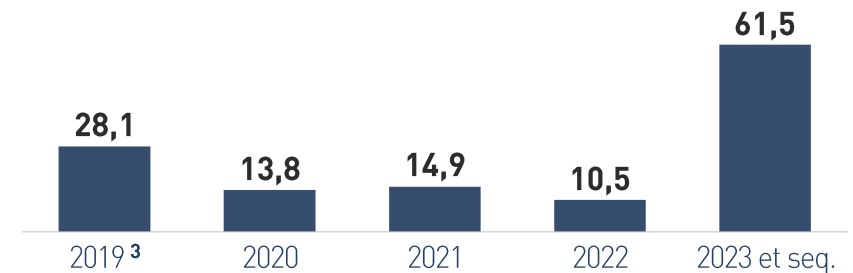
Millions of euros

	2018	2017
Net Financial Debt (NFD)	108.0	87.7
Gross financial debt	128.8	102.4
Cash	19.1	7.9
Other cash equivalent assets ¹	1.7	6.8
EBITDA Proforma	36.2	35.0
FND/ EBITDA Ratio	3.0x	2.5x



- NFD increase linked to business growth
- Maturity extension of structural debt : 2020 → **2024**
- Strengthening cash position: **+ € 11.2 M**
- Average cost of structural debt: 9% → **4.75%**

MATURITIES SCHEDULE



¹ Includes Highbridge guarantee deposit by € 6M canceled in 2018

² Amount mainly allocated to the cancellation expenses of the previous debt and structuring of the new debt

³ Includes renewable short-term financing lines

> CASH FLOW STATEMENT

Millions of euros	2018	
EBITDA	30.1	
Changes in working capital	8.5	
Other movements in operating activities, net	(14.6)	
Operating Cash flow	24.0	→ Operating Cash Flow 80% o/EBITDA
Investment in inorganic growth	(7.0)	
Acquisition of Property, plant & equipment (CAPEX)	(7.5)	
Cash Flow from investing	(14.5)	→ Organic Capex 1.5% o/revenue
Variation in debts ¹	25.2	
Interests payments and collection	(28.24)	
Cash Flow from financing	(3.2)	→ Changes in financial debt mainly due to business growth
Total net cash flow	6.3	
Beginning balance of cash and cash equivalents	14.7 ²	
Net increase in cash and cash equivalents	6.3	
Exchange differences on cash and cash equivalents in FX	(0.7)	
Ending balance of cash and cash equivalents	20.8	

¹ Variation of gross debt adjusted by the amortized cost variation

² Includes Highbridge guarantee deposit by € 6M canceled in 2018

MAIN PROJECTS 2018



> BRAZIL

Construction and maintenance of electric power grid in the Northeast of Brazil for **Neoenergía**

Project design, construction, and preventive, corrective and emergency maintenance of distribution networks.

Customer service, broadband and fiber optics network outside plant for **TIM**

Contract for the metropolitan regions of Rio de Janeiro and Salvador de Bahía with the Brazilian subsidiary of Telecom Italia, which allows us to consolidate our position with one of the leading operators in the market in that country.

Operation and maintenance of telecommunication towers for **Telxius**

This contract allows us to expand our area of operation with the client, adding the Southeast and South regions to the current Northeast region of the country and increasing the scope of the activity in more than 1,200 mobile towers.

Construction and maintenance of electric power grid in Rio de Janeiro for **Light**

Ezentis is positioned as a strategic supplier for the electric power concessionaire company in Rio de Janeiro State, increasing the volume of activity.



Duration
3 years



28.2
Millions of euros



Duration
3 years



54.9
Millions of euros



Duration
3 years



75,000
Global cell towers number
operated and maintained
for our customers



Duration
3 years



30
Millions of euros

> CHILE

Installation of wireless and satellite access services for **Entel**

Installation of services to clients, related with access technology in copper, GPON fiber optics, wireless and satellite. Notably the Wireless Home service consisting of satellite TV and mobile communications.



Duration
3
years



22.7
Millions of euros

Development and maintenance of power distribution grids for **Saesa**

Operation, maintenance and works services in distribution grids and energized lines.



Duration
5
years



23
Millions of euros

Works on transmission wires and enlargements of substations for **CEN**

Works on transmission lines in 66kv and enlargements of Substations in the Maule region for the National Electrical Coordinator (CEN)



Duration
18 months



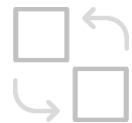
7
Millions of euros

> **SPAIN**

Acquisition of Excellence Field Factory
(**EFF**)

Acquisition of the company EFF, managing operation and maintenance of landline and mobile networks in Spain, as well as the engineering and design of FFTH networks through the "FTTH Excellence Center".

Ericsson becomes the main shareholder of Ezentis with 9.6%.



Transaction's price
€29.5M



Commercial agreement
in the Iberian market up
to **2021**

Landline networks contracts with
Telefónica

Closing of two loop-contracts for the supply of services and deployment of the fiber optic network.

These contracts strengthen the strategic positioning of Ezentis in the fiber area, allowing to diversify and increase the customer base in telecommunications.



Customer Loop Global
Contract
Lasting for up to **2022**
including extension of 2 years



Deployment of fiber optic
networks
Duration up to the end of
2019

Implementation of technology equipment
for **Ericsson**

Following the commercial agreement with Ericsson for the supply of design services, planning, deployment, installation and maintenance of fixed network infrastructures and field maintenance for mobile networks. This contract consolidates our position for the future deployment, maintenance and operation of 5G networks.



Duration
3 years



Future basis for the deployment
of **5G** technology

> MEXICO

Preventive and corrective maintenance for **Telefónica**

Renewal of the contract for preventive and corrective maintenance of sites, engine rooms and the fiber optic network, expanding the presence of Ezentis from two to four regions, which covers half of the country, including Mexico City.



Duration
3 years



50%
of Telefonica's
network

APPENDIXES



> FX EVOLUTION

AVERAGE FX RATES

Net Result Statement and Backlog

CLOSING FX RATES

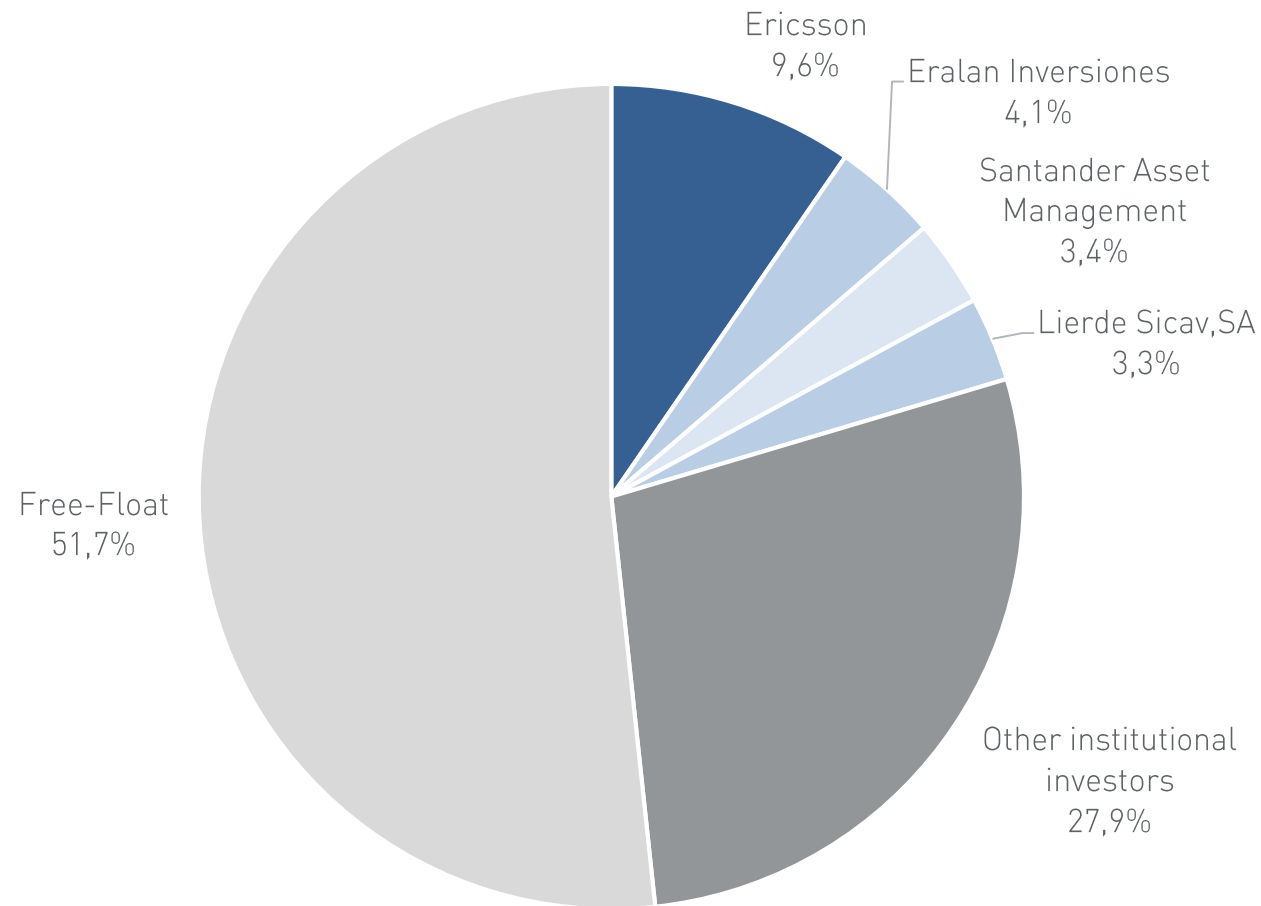
Balance Sheet

	AVERAGE FX 2017	AVERAGE FX 2018	Appreciation / (Depreciation)	CLOSING FX DEC 2017	CLOSING FX DEC2018	Appreciation / (Depreciation)
ARGENTINA (ARS)/€	18.8	43.29	-56.6%	22.42	43.29	-48.2%
BRAZIL (BRL)/€	3.6	4.3	-16.1%	3.97	4.44	-10.6%
CHILE (CLP)/€	736.0	757.1	-2.8%	735.21	795.89	-7.6%
COLOMBIA (COP)/€	3,347.6	3,488.2	-4.0%	3,578.7	3,720.9	-3.8%
MEXICO (MEX)/€	21.3	22.7	-5.9%	23.60	22.49	4.9%
PERU (PEN)/€	3.7	3.9	-4.0%	3.95	3.86	2.3%

Source: Central Banks and Oanda

¹ Closing exchange rate used for the conversion of the balance sheet and average FX for the net results statement and Backlog, except for the Argentine subsidiaries that have been considered the FX at the end of the period in accordance with IAS 29

> OWNERSHIP STRUCTURE



Number of shares: 331,172,000

¹ Source: Spanish Securities and Exchange Commission (www.cnmv.es)

> BOARD OF DIRECTORS

Non-Executive Chairman **Mr. GUILLERMO JOSÉ FERNÁNDEZ VIDAL**

CEO **Mr. FERNANDO GONZÁLEZ SÁNCHEZ**

Senior Vicepresident and Lead Director **Mr. ENRIQUE SÁNCHEZ DE LEÓN GARCÍA**

Directors **Mr. CARLOS MARIÑAS LAGE**

Mrs. ANA MARÍA SÁNCHEZ TEJEDA

Mr. PEDRO MARÍA AZCÁRATE PALACIOS

Mrs. EMMA FERNÁNDEZ ALONSO

Mrs. LAURA GONZÁLEZ-MOLERO

Mrs. CARMEN GÓMEZ DE BARREDA

Mr. ALFONSO ALONSO DURÁN

Board Secretary **Mr. JORGE DE CASSO PÉREZ**

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