



CSR EXECUTIVE REPORT 2018

Message

from the Chairman



Dear Shareholder:

This year we are especially proud of having achieved much more of the participation of Stakeholders in updating the process of identifying non-financial issues. We are aligned with what our clients, employees, shareholders and suppliers expect from us, making sense of our mission: to transform into an outstanding network service provider for telecommunications and energy companies in the markets in which we operate, creating value in a sustainable manner for our clients, workers, shareholders and the communities with which we interact.

For this purpose, we are growing profitably with innovative, efficient and sustainable solutions, attaining the improvement of people's quality of life and the full satisfaction of our clients. We count on the support and confidence of the largest telecommunications and energy companies, with which in 2018 we signed a portfolio worth of more than 790 million euros.

Challenges and achievements are only possible with a great team, and so I am proud to say that our more than 12,000 employees are strongly committed in the day to day of the company. We have an increasingly skilled team with commercial, operational and technological abilities, which we continuously train in order to achieve excellence in our performance. The composition of the staff also reflects the cultural and gender diversity that prevails in a company with a global vision.

Ezentis is committed to the Sustainable Development Goals of the United Nations and, moreover, since 2018 we have been members of the International Social Security Association (ISSA), an association from which we promote preventive measures against work accidents, occupational diseases and other health risks related to work.

I want to thank the utmost commitment of the company management, as well as the Board of Directors and shareholders that make Ezentis a top company, committed to people and the environment, which is heading strongly into the future, generating value for all its stakeholders.

With great regards,
Sincerely,

Guillermo Fernández Vidal
Non-Executive President of Ezentis



Letter from the CEO

When we published our first Corporate Social Responsibility report three years ago, we explained that Ezentis had embarked on a path toward a new phase, more stable, more robust and focused on generating value for its stakeholders. Well, today we can say that the company has completed a key year on the path to becoming what we always wanted to be. Today, our future is better.

Three milestones marked the year 2018:

First, the agreement with Ericsson, according to which we acquired EFF (Excellence Field Factory) and began to operate in the Iberian market. Moreover, we signed a commercial alliance with Ericsson until 2021, which is bearing rewards with the important contracts we have closed in recent months, acquiring a market position for the deployment of new technologies such as 5G.

Another major milestone that marked 2018 was the financing agreement with a group of financial institutions and institutional investors for 90 million euros. This agreement permits us to decrease financial expenses and generate greater value for our shareholders.

Finally, within this transformation process in the company that we always wanted to be, we have launched the digital transformation of all our operations, which will be the impetus that will place us in a privileged position in relation to the market. We signed a strategic agreement with ORACLE for this purpose.

The financial data contained in the CSR report that I present below demonstrates that our commitment to a sustainable environment is fully compatible with the company's growth parameters. Revenue increased to 487 million euros, considering the current perimeter and stimulated by organic growth with the closing and implementation of new contracts, as well as the inorganic, including the results of the EFF purchase, a subsidiary of Ericsson devoted to the operation and maintenance of fixed networks in the Iberian market.

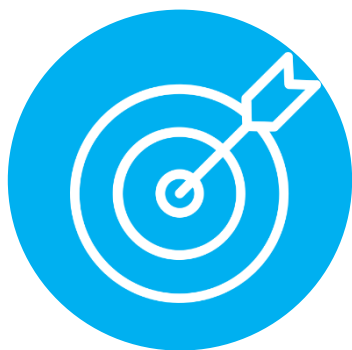
Without a doubt our priority is to generate value and strengthen the confidence of our stakeholders, but without losing the compass of our values: safety in all our operations, trust in our human team, transparency and good governance, closeness to our clients, social commitment and respect for the environment.

To summarize, we performed responsible, committed and sustainable business management in 2018. As in recent years, all the effort is reflected in our third CSR report, in accordance with the reporting standard of the Global Reporting Initiative (GRI) in its SRS Standards version.

Thank you very much to everyone.

Fernando González Sánchez
CEO of Ezentis

ABOUT EZENTIS



MISSION

Our mission is to transform into an outstanding network service provider for telecommunications and energy companies in the markets in which we operate, creating value in a sustainable manner for our customers, workers, shareholders and the communities which with we interact.

VISION

Our vision is to grow profitably with innovative, efficient and sustainable solutions, attaining the improvement of people's quality of life and the full satisfaction of our clients.

VALUES

For the purpose of achieving our objectives we are firmly committed to ethical principles, the safety of people and the quality of our services. The values that define us and establish the course of all our activity are the following:



Trust in our human team

We deem human capital as a key factor for the growth of the Group, investing in its training, safety and well-being, as a means of achieving excellence.



Safety

Nothing is more important than the safety of our employees, clients, subcontractors and the communities where we develop our work, transferring this measure to the entire organization.



Transparency, ethical principles and good governance

Our daily work is governed by utmost respect to our Code of Ethics and Conduct, based on maximum transparency in information and best practices of corporate governance.



Closeness and responsibility with the client

At Ezentis we closely support our clients and attain their trust, based on professional competence, responsibility and the experience of success.



Social commitment and respect for the environment






We firmly believe in the social function of our activity. We enable people to have higher quality access to basic telecommunications services and energy supply. We create the necessary conditions so that economic and business activity can be developed, while simultaneously maintaining maximum respect for the environment.

PRESENT IN 7 COUNTRIES



LATIN AMERICA

- Brazil  
- Chile   
- Peru  
- Argentina   
- Mexico 
- Colombia  

-  Telecommunications
-  Energy
-  Water
-  Gas
-  Engineering services




CONTRIBUTION TO SUSTAINABLE DEVELOPMENT

The presence of Ezentis in these countries is relevant, not only due its contribution to the Group's turnover, but because the company's business model helps solve some of the needs of communities.

Infrastructures are important means that facilitate people's access to basic services. Due to this reason, Ezentis plays a double key role in the communities in which it operates: on the one hand, it maintains networks for the supply of basic services to people and organizations, and on the other, as an intensive activity for professionals, it significantly contributes to the creation of local employment as well as the development of new infrastructures, participating in their deployment.

After the significant growth of the workforce that occurred in 2017 (+7%), in 2018 this upward trend has continued with an increase of 10.5%. We are proud to confirm that, in general terms, the creation of employment and opportunities is a constant in Grupo Ezentis, a direct consequence of the company's good work and everyone who comprises it. In light of the positive development of the contracting, the recent expansion to new territories and the company's backlog, everything indicates that this trend will continue in the coming years.

Taking into account Ezentis' aforementioned global presence, along with the main challenges in terms of sustainable development in each of the member countries of the United Nations included in the SDG Index and Dashboard document (updated to 2018), it can then be seen in the following table that most of the countries in which Ezentis operates present opportunities for improving the quality of telecommunications infrastructures and the creation of employment:

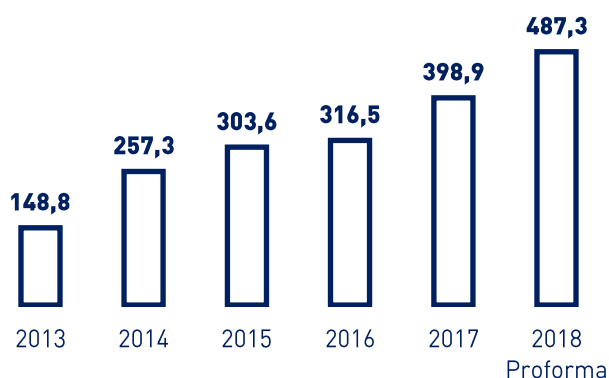
	SDG	Argentina	Brazil	Chile	Colombia	Mexico	Peru	Spain
7 AFFORDABLE AND CLEAN ENERGY 	Access to electricity	100	99.7	100	97.8	99.2	92.9	100
8 DECENT WORK AND ECONOMIC GROWTH 	Unemployment rate	8.7	12.9	6.8	9.0	3.3	3.7	14.5
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE 	Quality of infrastructures	3.3	3.1	4.7	3.1	4.1	3.1	5.5
	Subscriptions to mobile broadband (%)	78.1	88.5	72.1	46.9	58.9	61.6	89.6
	Internet use (%)	71.0	60.9	66.0	58.1	59.5	45.5	80.6

Sources: 2018 SDG Dashboard, United Nations. Macro Data (Studies of the Recoletos Group: Expansion) for the Unemployment data of Chile, Spain and Mexico 2018.

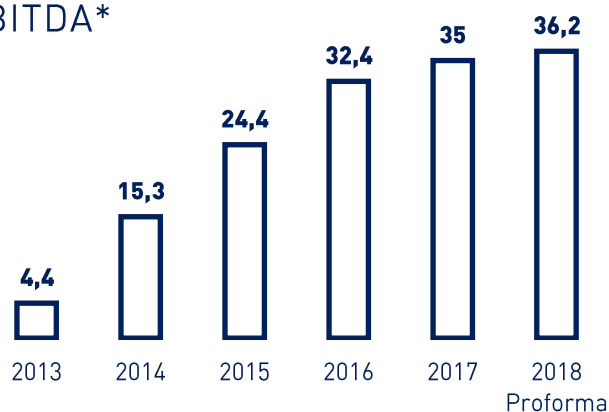
STRENGTHENING OF OUR BUSINESS

The main financial indicators of Ezentis demonstrate clear business growth in recent years:

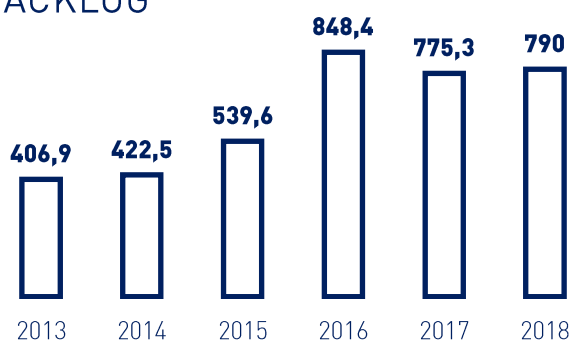
REVENUE*



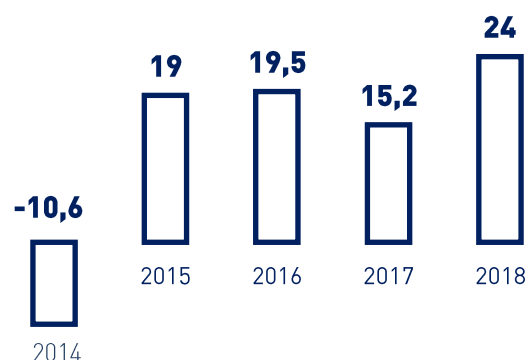
EBITDA*



BACKLOG

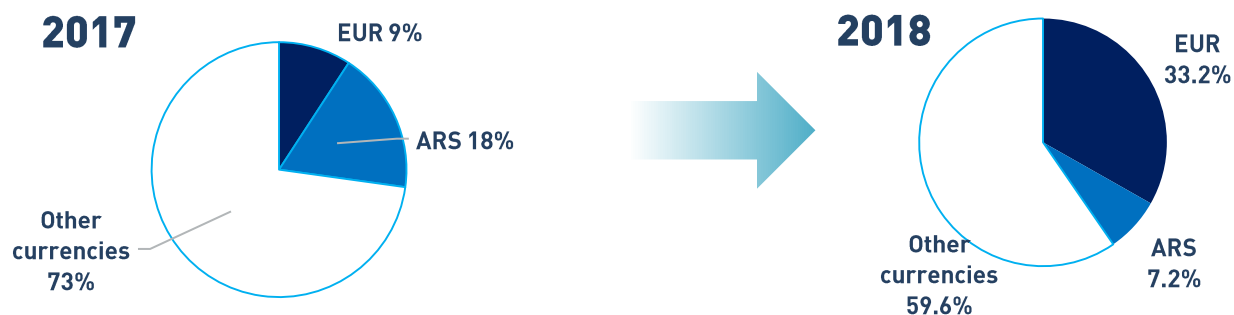


OPERATIONAL CASH FLOW

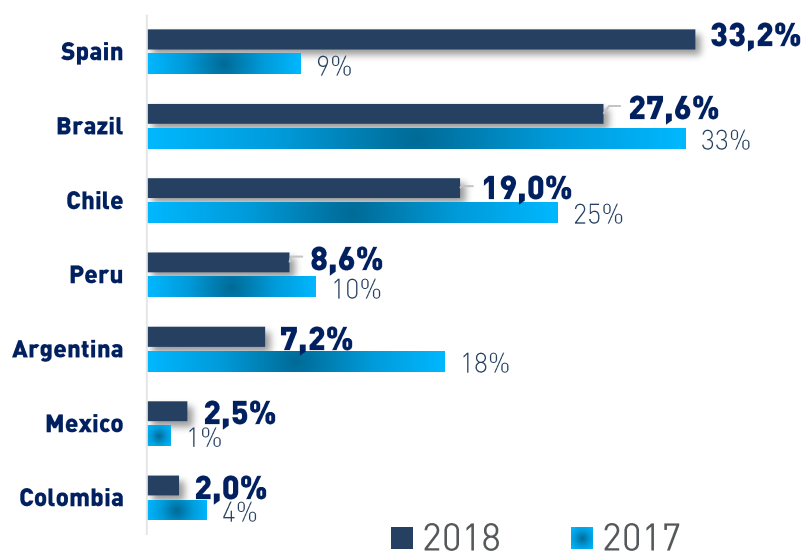


* The data for proforma Revenue and EBITDA 2018 includes the incorporation of EFF, from January 1, 2018

We increase our business in **euros**

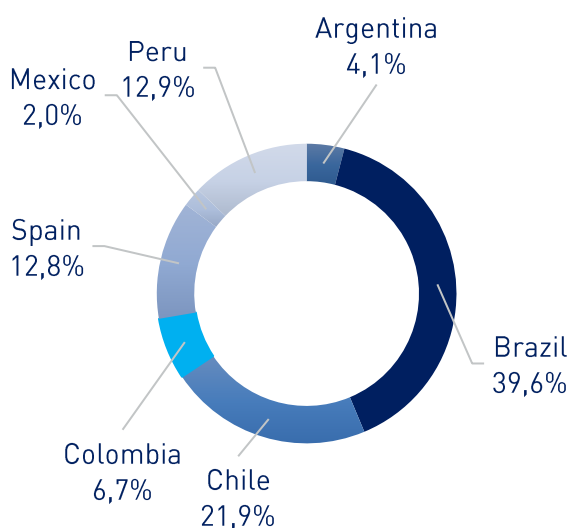


REVENUE GENERATION BY COUNTRY



Graph 1.1: % Revenue in 2018 proforma on aggregate total, considering the incorporation of EFF from 1st January 2018.

JOB CREATION BY COUNTRY



Graph 1.2: % Distribution of own employees on 12/31/2018

The origin and headquarters of the company are found in Spain, a country that currently represents around 33% of total revenue. Altogether, the three main markets (Spain, Brazil and Chile) account for more than 80% of Ezentis' total business. The strong growth, both organic and inorganic (through the acquisition of local companies), has served to position Ezentis as a significant company in Spain and Latin America.

As its presence in other countries increases, the organization of the Group is evolving toward a global feel and culture.

This is reflected in the definition and implementation of the guidelines, policies, procedures and responsibilities, whose purpose is to homogenize processes and demonstrate the dimensions of a large global company to employees, clients and society in general, which offers job opportunities for approximately 12,000 people around the world, and that operates under the same parameters of values, mission and business vision.

Management model

The core business of Ezentis is mainly focused on the operation and maintenance (O&M) of telecommunications and energy infrastructures in Spain and Latin America. Moreover, the company puts up construction/deployment and engineering (C&E) projects. Other businesses, such as the development of IT solutions for network management, the operation and maintenance of water networks as well as the operation of networks for the mining sector comprise the remainder of the Ezentis project portfolio.

The company's offer is comprised of the following services within its O&M activities related to telecommunications and energy infrastructure:



TELECOMMUNICATIONS

- Fixed external network
- Mobile towers
- Fixed and mobile internal plant
- Customer services
- Operation of Networks for Companies
- Operations Support Systems (OSS)



ENERGY

- Distribution and transmission networks
- Substations and transformation platforms
- Commercial services
- Smart Grids

OUR DIFFERENTIAL VALUE

- Strategic partner for our customers
- Maximization of customer satisfaction
- High quality service upon implementation
- Added value through operational excellence and efficiency
- Safety & Security in all operations

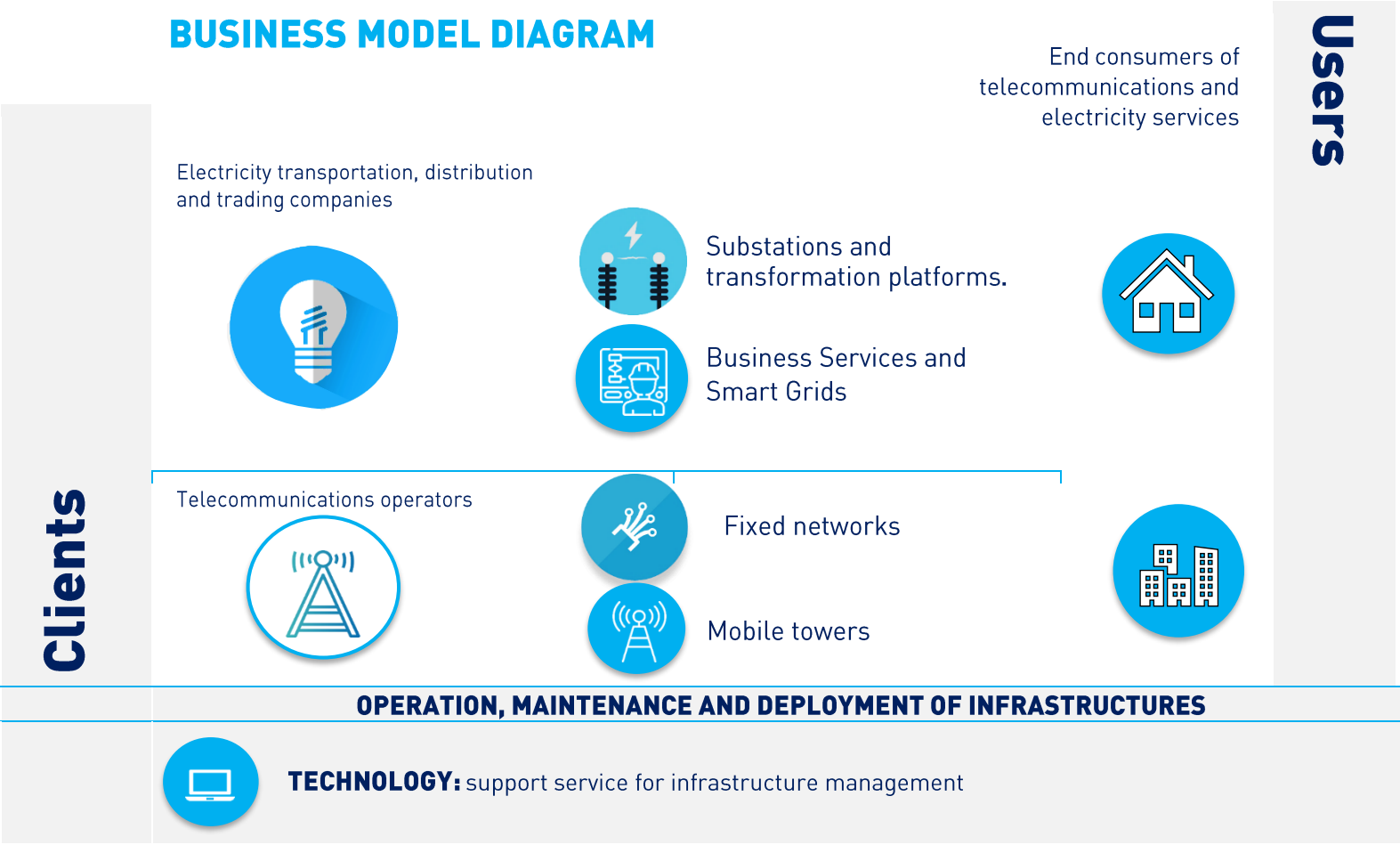
OUR COMPETITIVE ADVANTAGES

- Experience with large contracts
- Regional presence
- Technological capabilities
- Innovation

VALUE CHAIN



BUSINESS MODEL DIAGRAM

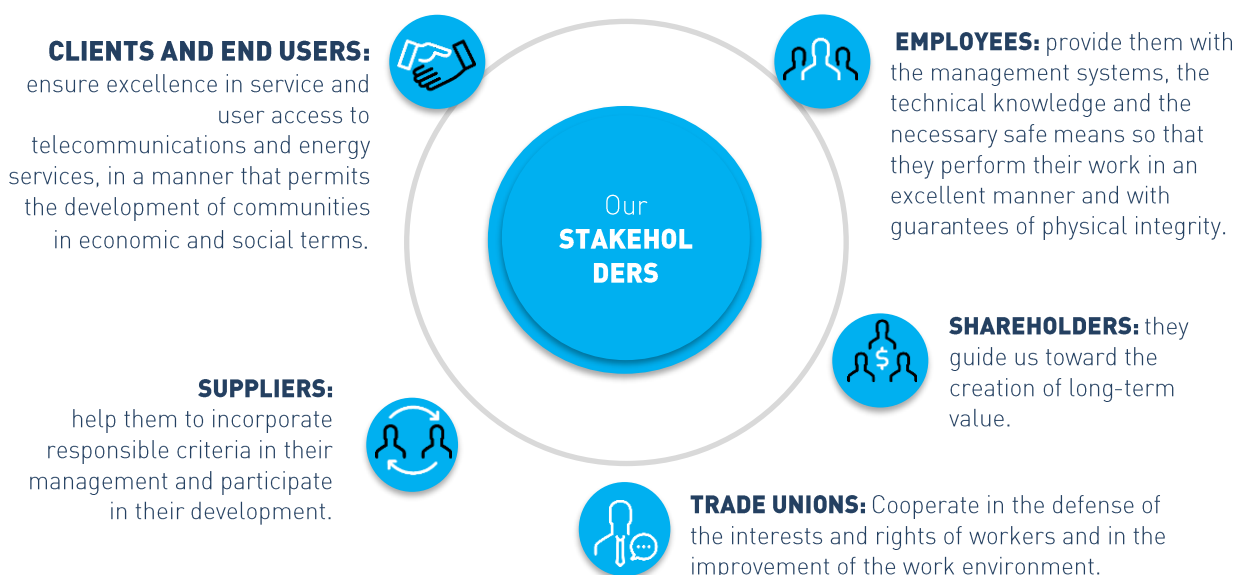


OUR STAKEHOLDERS

The business model of Ezentis is not the exclusive property of the company, but in the hands of stakeholders to which it is related and key in the process of creating value in the short, medium and long term.

The activity of Ezentis cannot be understood without the role played by its clients and end users, its professionals, its shareholders, financiers and its suppliers.

For this reason, Ezentis maintains a firm commitment to all this, which translates to:



RELATIONSHIP WITH OUR STAKEHOLDERS

SHAREHOLDERS

- Quarterly results presentations
- App Investor Relations (IR)
- General Shareholders' Annual Meeting
- Participation in the identification of relevant non-financial matters for Ezentis

EMPLOYEES

- Ezentis Comunica App
- Communications channel Ezentis Comunica (email)
- Participation in the identification of non-financial matters relevant to Ezentis

TRADE UNIONS

- Periodic meetings
- Negotiation of collective agreements
- Participation in the identification of non-financial matters relevant to Ezentis

SUPPLIERS

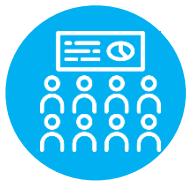
- Fluid and constant communication (mail, physical and telephone meetings)
- Participation in the identification of non-financial matters relevant to Ezentis

CLIENTS AND FINAL USERS

- Fluid and constant communication (mail, physical and telephone meetings)
- Participation in the identification of non-financial matters relevant to Ezentis

Governance bodies

GENERAL MEETING OF SHAREHOLDERS



100% of the agenda items were approved in the 2018 General Meeting of Shareholders (GMS)



The proposed resolutions of the 2018 GMS were approved by at least **97.90%** of the attending corporate groups

BOARD OF DIRECTORS

50%
INDEPENDENT

40%
WOMEN

15
MEETINGS IN 2018

87%
Attendance at total votes during the year

2
EXECUTIVES

5
INDEPENDENT

2
PROPRIETARY

1
OTHER EXTERNAL



DELEGATED EXECUTIVE COMMITTEE

EXECUTIVES
20%

PROPRIETARY
20%

INDEPENDENT
40%

OTHER EXTERNAL
20%



AUDIT AND COMPLIANCE COMMITTEE

INDEPENDENT
66.67%

PROPRIETARY
33.33%



NOMINATION AND REMUNERATION COMMITTEE

INDEPENDENT
100%

COMMITTEES

Corporate Social Responsibility:

a corporation with a firm approach

The management of Corporate Social Responsibility (CSR) is conceived as the basis governing the relations of Ezentis with its Stakeholders and so its goal is to be a transversal element in the organization at an internal level, as well as a tool of communication and transparency in relation to the external level.

Aware of the importance it holds for the company, in 2018 the company continued along the path of previous years with the consolidation of the basic pillars of CSR management on which the company must work, and internalized these values at all levels of responsibility.

One issue of special relevance is that the commitment acquired by Ezentis for the adequate management and expansion of the Corporate Responsibility culture is pushed by the Senior Management and the Board of Directors itself, not only through the spectrum of compliance with applicable regulatory frameworks, but with a strategic vision and response to the expectations of all Stakeholders.

Faced with the challenge of establishing Corporate Social Responsibility as the key cohesive mechanism of all the individuals participating in the creation of value and managing the expectations of different stakeholders, the Company has considered it necessary to include the measures and advances in the non-financial issues on the agenda of the Management and Business Committees.

The following outline summarizes the objectives the company has established along with the degree of their achievement, as well as the following steps with which Ezentis intends to continue with its Corporate Social Responsibility project.

ACHIEVEMENTS 2018	OBJECTIVES 2019	FOLLOWING STEPS
✓ Preparation of the second Corporate Social Responsibility Report 2017	✓ Preparation of the third CSR Report 2018	Consolidation of the non-financial reporting process
✓ Monitoring of the CSR Management Plan (2017-2020)	✓ Monitoring of the CSR Management Plan (2017-2020)	Monitoring of the CSR Management Plan (2017-2020)
✓ Second fiscal year of response to CDP questionnaire (2017)	✓ Third fiscal year of response to CDP questionnaire (2018)	Improve the result of the CDP questionnaire
✓ Update of Non-Financial Materiality Study		Prepare the information systems before the possible review of an independent third party
✓ Goal achieved		

THIRD CSR REPORT

Since its beginning Ezentis has developed initiatives with employees and the local community, on occupational safety and the protection of the natural environment in all the regions where it operates. However, until the preparation of the first CSR Report 2016, there was no external communication tool for performance in any of these elements beyond the information transmitted to clients in the contracting processes.

This third Corporate Social Responsibility Report (2018) has the objective of serving as the continuation and improvement of the work begun in the past and attempting to show more clearly and exhaustively how the company performs the management and monitoring of its most relevant environmental, social and environmental (ESG) issues.

Following the recommendations of the Code of Good Corporate Governance (CNMV), the report is subject to the approval of the Board of Directors, and, moreover, as established in our Regulations of the Board, it is presented along with other contents at the General Shareholders Meeting.

MONITORING OF THE CSR MANAGEMENT PLAN (2017-2020)

Like other areas of company management, CSR requires the establishment of specific policies and measures with the goal of achieving objectives distributed throughout varying temporal scenarios.

After its approval in 2017, the initial execution phase of the CSR Management Plan (2017-2020) has focused on three specific areas:

- Health & Safety Management
- Management of Human Capital
- Quality and Clients

Each of these areas involves specific measure that will be finalized throughout 2019 and 2020, and on which there will be reports in a timely manner in the following reporting periods.

SECOND YEAR OF RESPONSE TO THE CDP QUESTIONNAIRE

For Ezentis, the perception and opinion of investors is key in its growth and international expansion strategy. For this reason, the Company is responding to all the information requirements that demonstrate its transparent management, and not only in strictly financial matters.

An example of this is the completion, for the second time, of the Carbon Disclosure Project (CDP) questionnaire on Climate Change, one of the tools investors adopt as a reference in their decisions.

Non-Financial issues relevant to Ezentis

As a starting point for defining the contents of the CSR Report and the measures of the CSR Management Plan (2017-2020), Ezentis performed its first analysis in 2017 of the most relevant issues of the company, considering the opinion of its main stakeholders.

In 2018 this materiality study was updated following the recommendations of the Global Reporting Initiative (GRI) for the preparation of Corporate Responsibility Reports, and its periodic updating is linked to the strategic priorities of the Company at all times.

Objectives of the process:

- To turn our Stakeholders into participants in the process and be aware of their expectations.
- Focus the necessary efforts and resources to those issues most relevant to the Company.
- Establish priorities in the definition of specific measures in each management area (CSR Management Plan 2017-2020).
- Define the contents of external reports on non-financial information, from the management and performance in each issue.

The main phases of the analysis are the following:

PHASE 1

Identification of relevant issues for the company and its stakeholders, and the first approximation of the impacts on the value chain.

PHASE 2

External assessment of relevant issues

Consult the different Stakeholders of the company and analyze the reporting practices in the sector.

PHASE 3

Internal prioritization of issues

Conducting interviews with the heads of the different subsidiaries and management areas that are part of the company.

PHASE 1

Identification of relevant issues

As the starting point of the Materiality Analysis, a list of non-financial issues is adopted based on the universal reporting standards in this issue (SASB and GRI) and adapted to the Ezentis business model.



Sustainability Accounting Standards Board (SASB)
Sector document "Engineering & Construction Services"



GRI reporting standard: "GRI Standards"
Document "Sustainability Topics for Sectors"

PHASE 2

External assessment

The external assessment phase is subdivided into three independent processes:

- Consultations to Stakeholders (shareholders, trade unions, suppliers, subcontractors, clients and employees)
- Analysis of companies in the sector
- Analysis of reference opinion creators

PHASE 3

Internal prioritization of relevant issues

Prioritization of issues identified by senior managers appointed in each of the countries in which Ezentis operates.

RELEVANT ASPECTS

- 1 Business ethics, transparency and compliance
- 2 Corporate governance and risk management
- 3 Occupational safety
- 4 Attraction, development and retention of talent
- 5 Human and labor rights
- 6 Socioeconomic impacts in the local community
- 7 Relationship with clients and users
- 8 Supply Chain
- 9 Climate change and energy efficiency

Relevance	
External	Internal
88%	100%
87%	89%
100%	96%
87%	66%
88%	71%
67%	52%
67%	69%
62%	56%
67%	35%

MATERIALITY MATRIX



Ezentis 2018 in numbers

Main financial indicators



Revenue

€ 440.4 M

+10.4% Growth vs 2017



Ebitda

€ 30.1 M

+6,8 % s/ revenue, reflecting Argentina's impact and macro environment



Net revenue

€ -14.7 M

Non-recurring key effects:

Refinancing (€ -6.5M)

Argentina (€-11.3 M)

Labor structuring (€ -10.3 M)



Spain

33%

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

People



Employees at 12/31

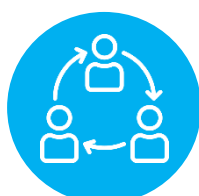
12,848

Young staff in 2018

+5.8%

Women in staff

10%



Employee turnover

13%

Return after maternity / paternity leave

97%

Permanence of the employee who applied for maternity / paternity leave in 2017

84%



Nr. of Indefinite Contracts

9.883

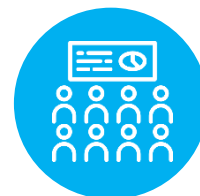
Local contracting

98%

Employees within collective agreements

76,2%

Safety



Health & Safety training

+345.000h

2018 Severity index

1,74 energy

0,62 telecom

Business



Contracts

€ 578 M

of renewals and new contracts

+91% contracts value vs 2017



Operating Cash Flow

80%

% EBITDA conversion in Operating Cash Flow

Operating Cash Flow + 57% vs 2017



Backlog

€791 M

of multi-year contracts

1.8x s/revenue at 12.31.18



Cost of debt

4.75 %

The new financing reduces the cost of corporate debt of 9%

Environment

Energy consumption

558.698 GJ

Emissions

37.987 TCO_{2e}

Local Community

Projects contributing to social development and employability:

- Agreement with the National Learning Service - SENA (Colombia)
- Agreement with the National Industrial Learning Service - SENAI (Brazil)

Compliance

- Code of Ethics and Conduct (Global)
- Claims Channel (Global)
- Crime Prevention Model (Spain)
- AECA Award for Business Transparency
- Internal regulations on corporate governance

Clients

Satisfied clients

89%

Reception of responses

42%

Suppliers

Local suppliers

99%

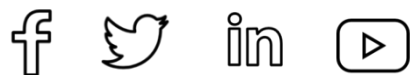
Total purchases from suppliers

180.3 M €



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