



2019 Results and Perspectives Presentation

March 2020



Working for the Future

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01



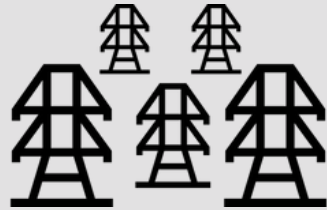
**EZENTIS
TODAY**

6 KEYS DRIVERS



- 60 years of experience and 32 listed on the stock market
- Deployment, Maintenance and Operation of telecommunications and energy infrastructures
- 8 Countries (Spain, Chile and Brazil with 87% of the business)
- Safety and Quality as principles of action
- Strong commitment to Digital Transformation
- Value Creation for stakeholders

INTERNATIONAL REFERENCE IN INFRASTRUCTURE DEPLOYMENT, OPERATION AND MAINTENANCE



Reference provider of deployment, operation and maintenance of telecommunications and energy infrastructure



More than 70% of the activities are done by own means, mitigating and controlling risks and building confidence with the client



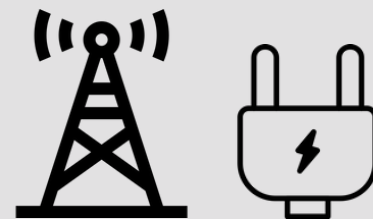
Reference in the industry for safety and quality based on training programs



Strong Financial Performance
2014-2019



Sustainable Business and Business Culture Model



79% of revenues come from the telecommunications sector and 19% from the energy sector



80% of 2019 revenues come from recurring and sustainable activities

12%

TACC Revenue

21%

TACC EBITDA

17%

TACC Backlog

History of sustained and profitable growth 2014-2019

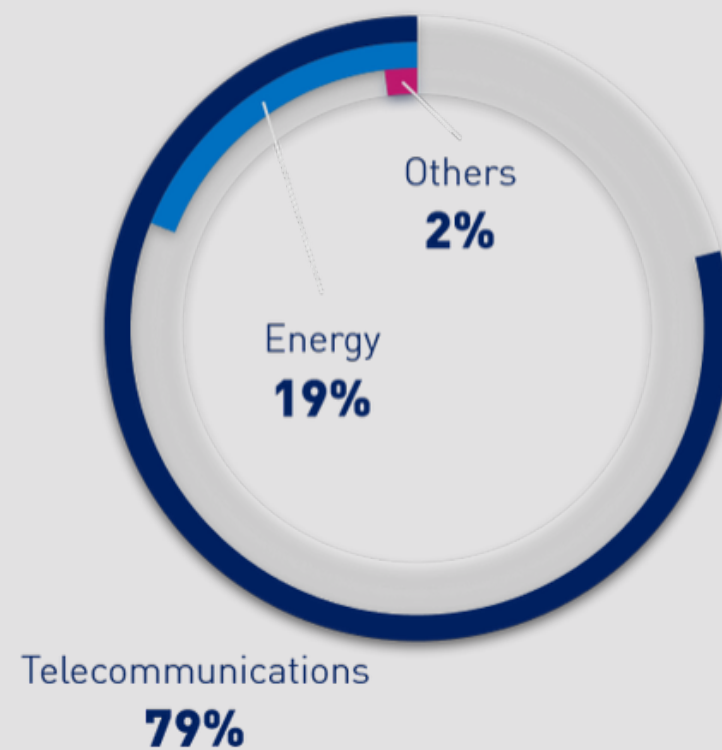
KEY FIGURES

REVENUE
€ 455,2 M

EBITDA
€ 58,1 M

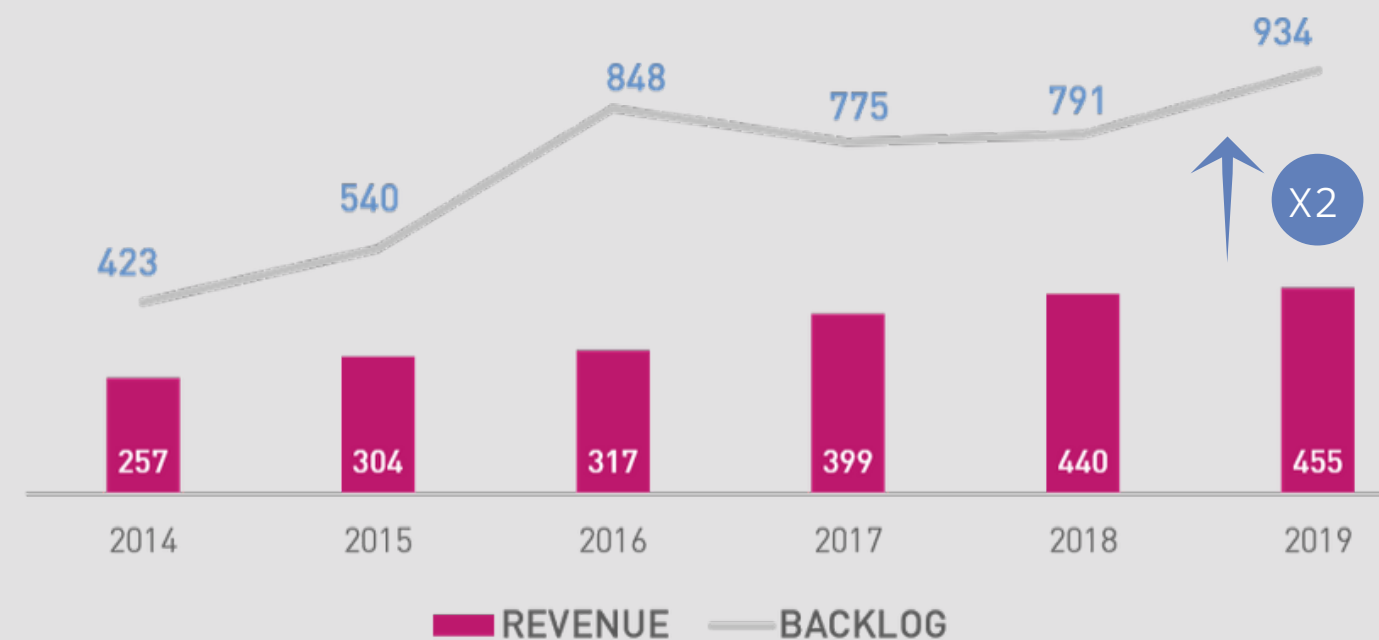
PEOPLE
>12.000

FLEET
>6.000
Vehicles

REVENUE BY
SECTOR

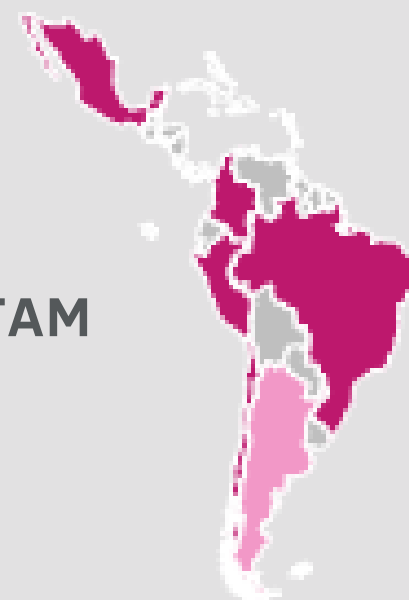
HISTORY OF GROWTH

M€



INTERNATIONAL FOOTPRINT

LATAM



EUROPE



QUALITY AND EFFICIENCY IN THE OPERATION AND MAINTENANCE OF INFRASTRUCTURES - 2019

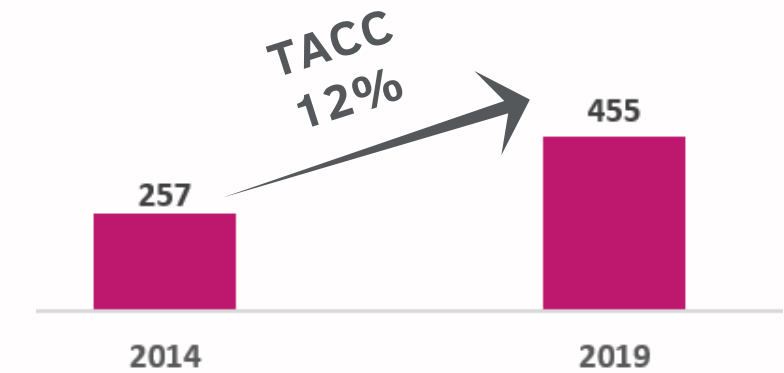
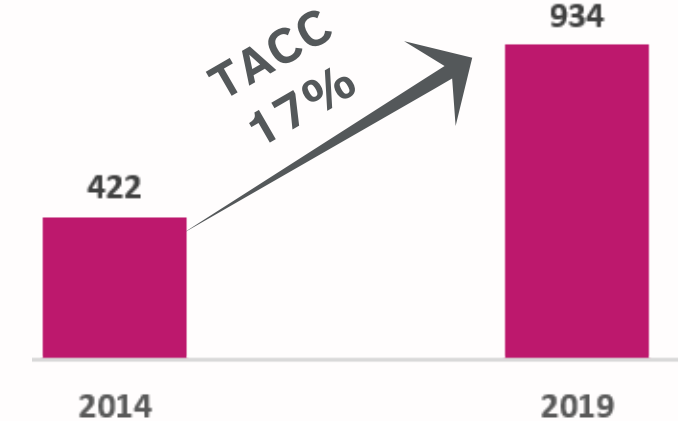
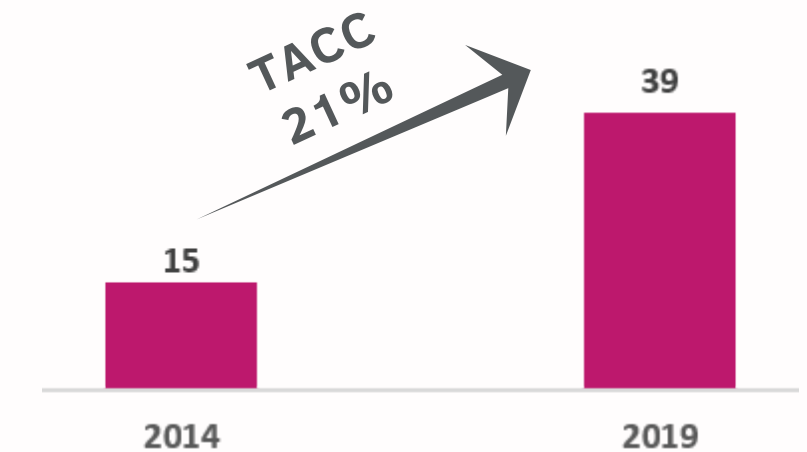
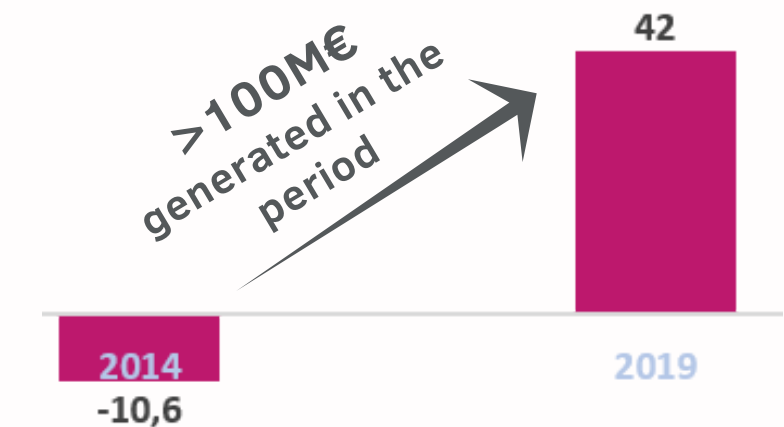
LATAM

IBERIAN
PENNINSULA

- **> 4.190.000 work orders** attended in the **telecommunications** sector and **>1.600.000** in the **energy** sector
- We operate and maintain **>76.000 Telecommunications Towers**, (Spain 26.000 and Brazil 35.000)
- We have deployed optical fiber network to cover **835.000 Building Units**, (Spain and Brazil with >200.000 and >240.000 respectively)
- We have deployed **10.500 Km of Optical Fiber**, (Spain and Brazil with >1.600 and >2.700 km respectively)

EVOLUTION OF FINANCIAL PARAMETERS**KEY STRATEGIES FOR SUSTAINABLE
SUCCESS**

STRATEGIC POSITIONING	Increase in market share, sector and customers
BUSINESS GROWTH	Sustained increase in revenue with an accumulated annual growth rate of 12%
MARGINS IMPROVEMENT	Capacity to increase margins based on density, synergies and digital transformation
DEVELOPMENT/ TRAINING PEOPLE	More than 400.000h of training for employees in Security and Technical Training
CAPITAL ALLOCATIONS TO CREATE VALUE	Corporate acquisitions that fit our strategic objectives

REVENUE**BACKLOG****EBITDA⁽¹⁾****OPERATING CASH⁽²⁾**

(1) Without considering the effect of IFRS 16

(2) Operating cash flow: EBITDA adjusted by operating working capital variations

CORPORATE CULTURE



PURPOSE

Improve the society
quality of life with
innovative and
sustainable solutions



VIEW

Become the reference
infrastructure network
provider



VALUES

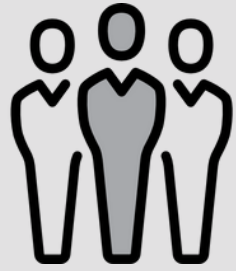
- Trust
- Transparency
- Closeness
- Environmental Respect
- Social Commitment



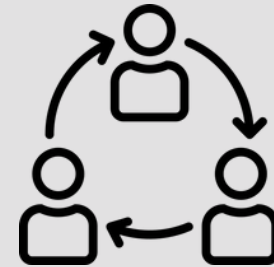
PRINCIPLES

- **Safety**
- **Quality**
- **Sustainability**
- **Profitability**

CULTURE OF SUSTAINABILITY



PEOPLE
a 31/Dec/19
12.455



ROTATION
(voluntary)
14%



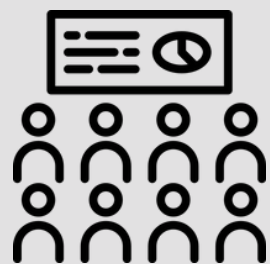
CONTRACTS
(indefinite)
9.809



**YOUNG
PEOPLE**
Up to 45 years
76%



**RETURN AFTER
PERMISSION**
maternity /
paternity
98%



TRAINING
safety and
technical training
+400.000h



PROVIDERS
(local)
98%



PURCHASES
(total to providers)
€ 185 M



FLEET
renewal
CNG vehicles
with ECO label



CDP
Carbon Disclosure Project
C Score

EZENTIS COMMITTED TO SUSTAINABILITY

- Ezentis signed in 2019 the United Nations Global Compact
- Ezentis annually prepares a Sustainability Report following the GRI (Global Reporting Initiative) standards
- Ezentis participates in the annual CDP (Carbon Disclosure Project) questionnaire
- Ezentis is one of the 5 listed companies that fully complies with the CNMV Code of Good Governance

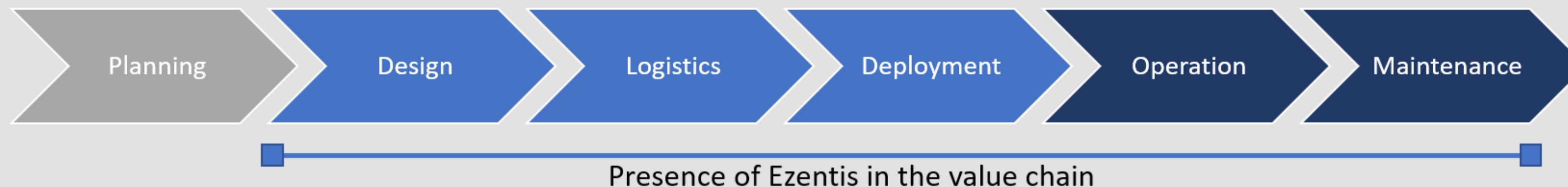
Source: "Corporate governance reports of securities issuers admitted to trading in regulated markets" - CNMV - Fiscal Year 2018, published in October 2019





BUSINESS
MODEL

FOCUS ON DEPLOYMENT, O&M AND OTHER INFRASTRUCTURE ACTIVITIES



- Focus of the clients in their core business that implies greater outsourcing of the design, logistics and deployment phases
- Logistics value added to O&M and Deployment
- Design and deployment based on investment (CAPEX): contracts by project, margin previously agreed

- Market: infrastructure stock
- O&M based on third-party operating expenses (OPEX)
- Medium term contracts: 3-5 years
- Stable margins with incentives for quality and adjustment for inflation

MANAGEMENT MODEL KEYS



DENSITY

2014-2019: TACC Revenue 12%
Concentration in 3 countries (87%)

- Reach the most profitable critical size
- Market consolidation
- Experienced Technicians
- Focus on large business volumes



OPERATIONAL SYNERGIES

2014-2019: incr. EBITDA margin 3 p.p.

- Promote best practices in all countries
- Efficiency in resource management (people and fleet)
- Competitiveness Improvement



INNOVATION

- Digital technology
- Process automation
- Continuous improvement of service level and costs

DIVERSIFIED CUSTOMER BASE

TELECOMMUNICATIONS



ENERGY



OTHERS



✓ Diversified client portfolio, with the main operators and utilities in the sector

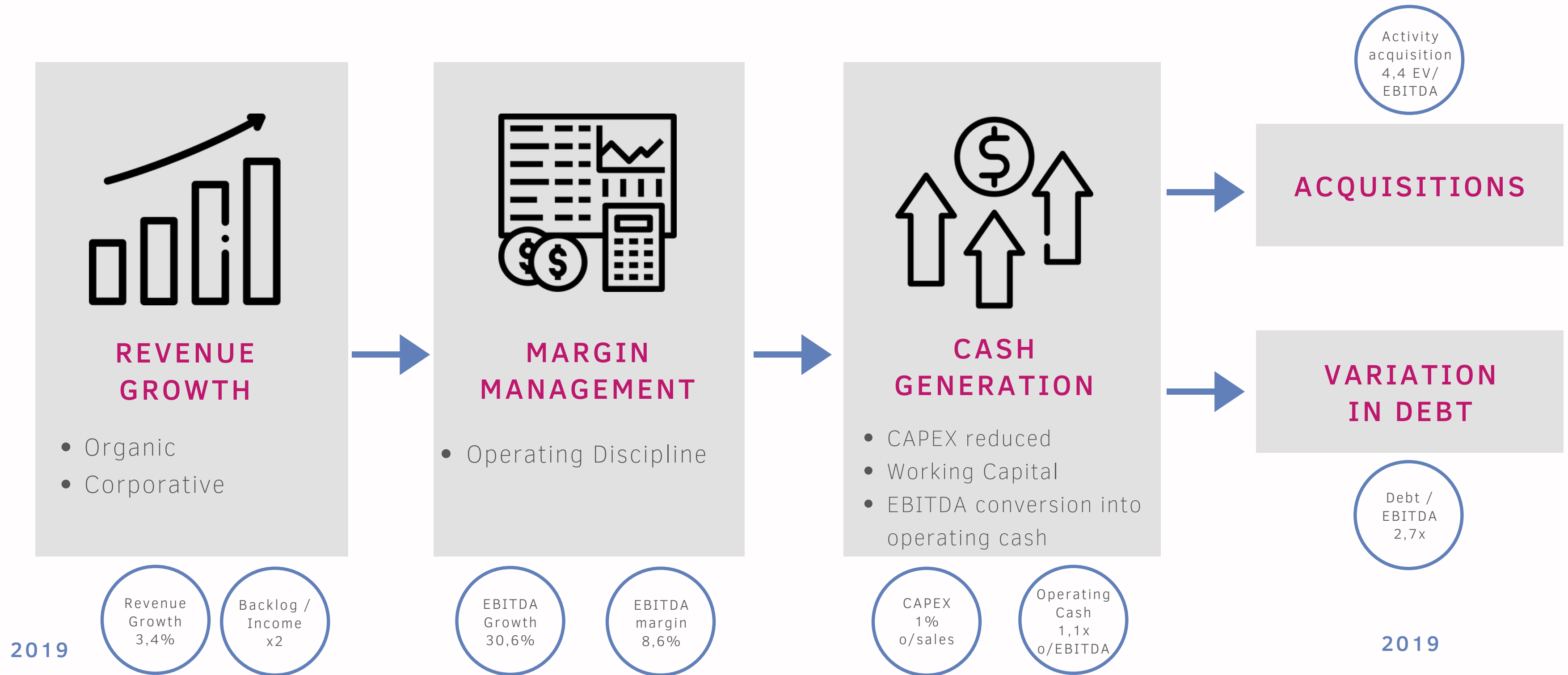
✓ Coverage in its main markets

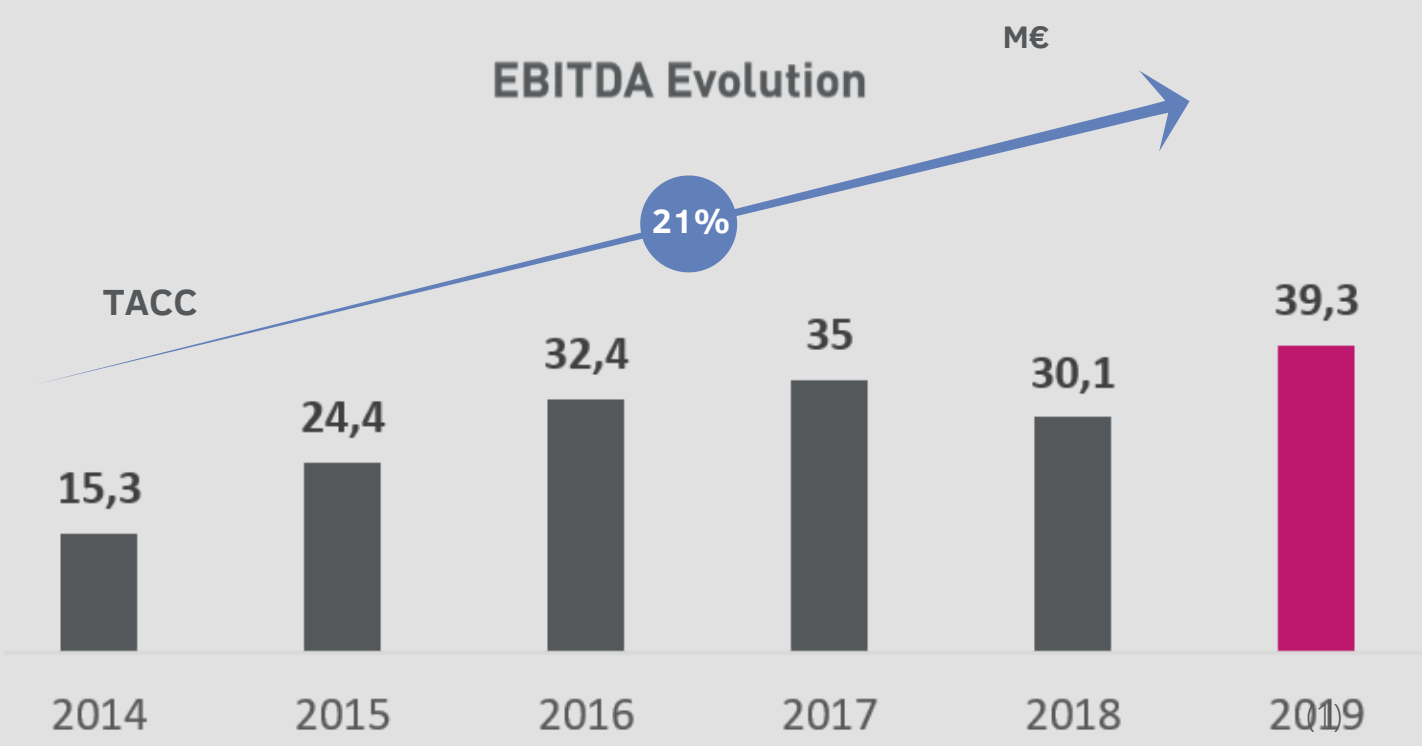
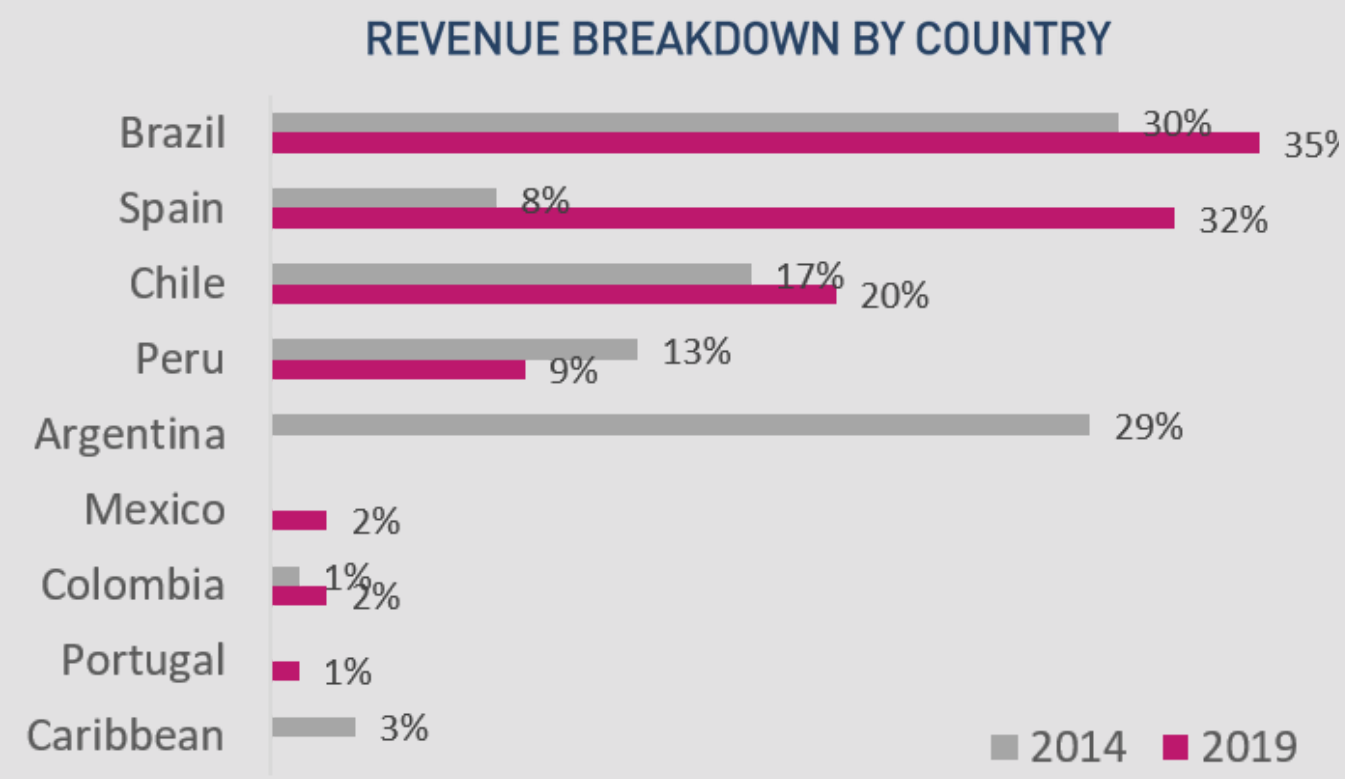
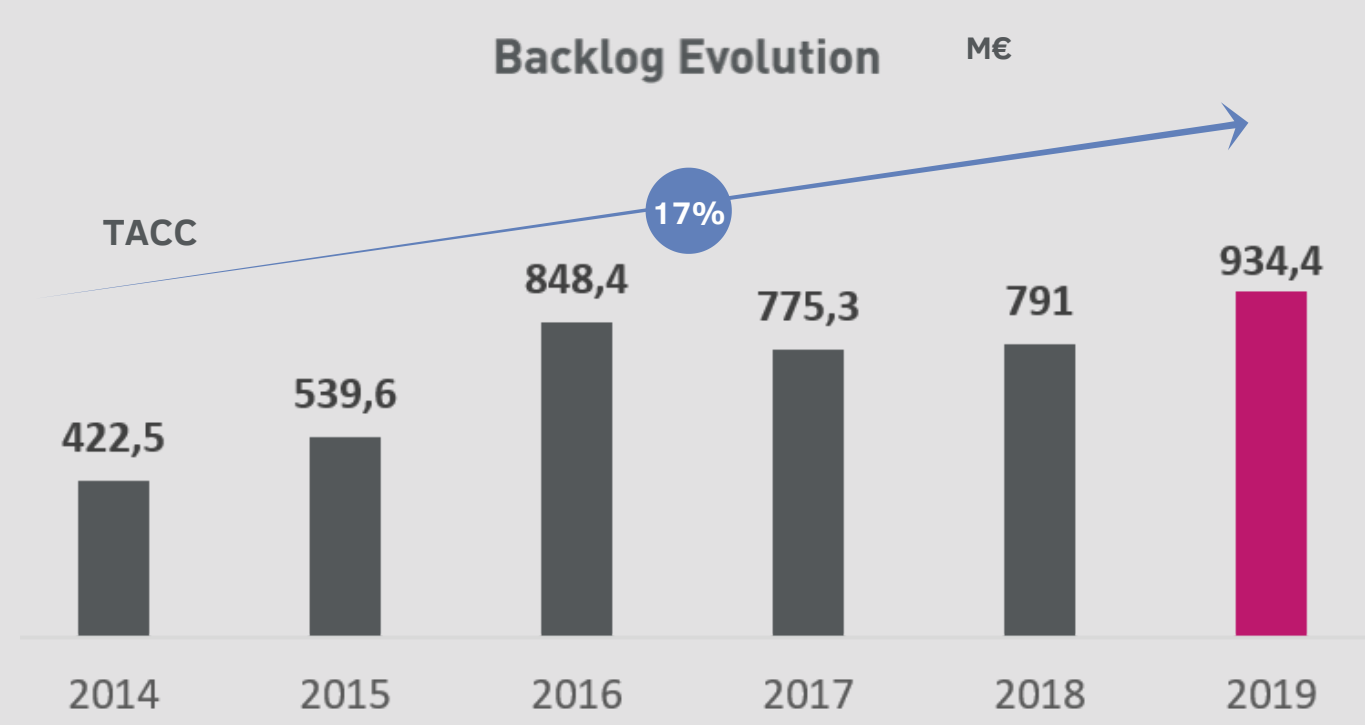
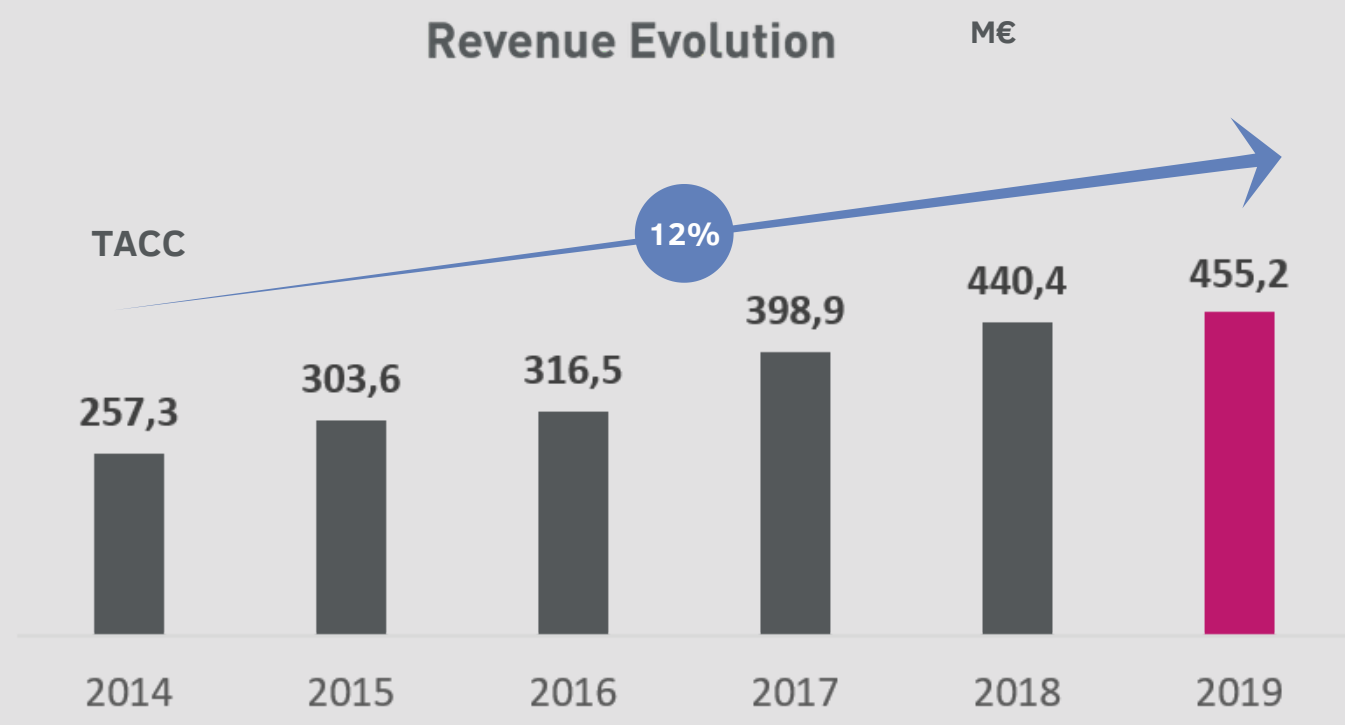
✓ Average 3-5 years Multi-year contracts

✓ Renewal of >90% of strategic contracts



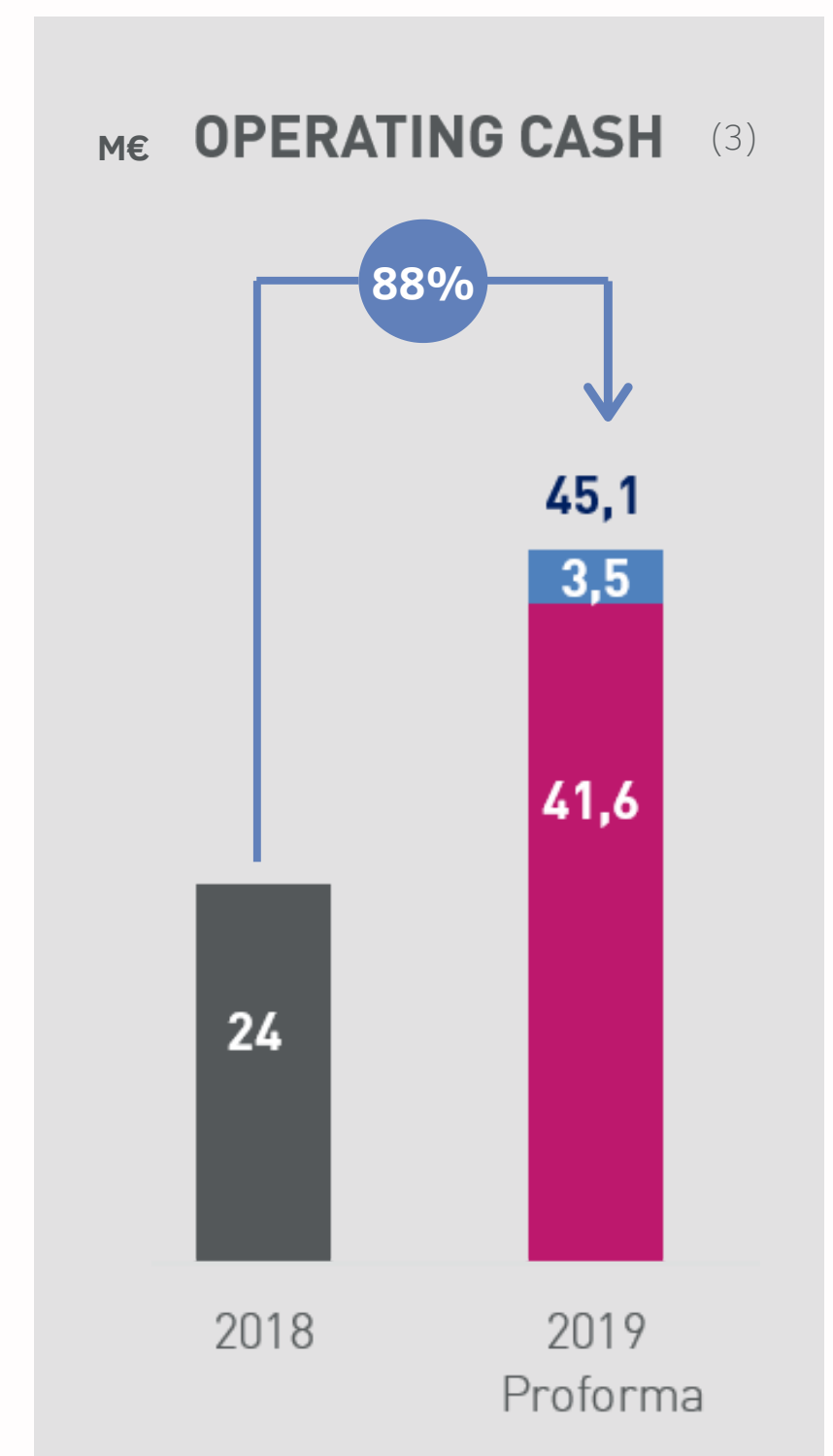
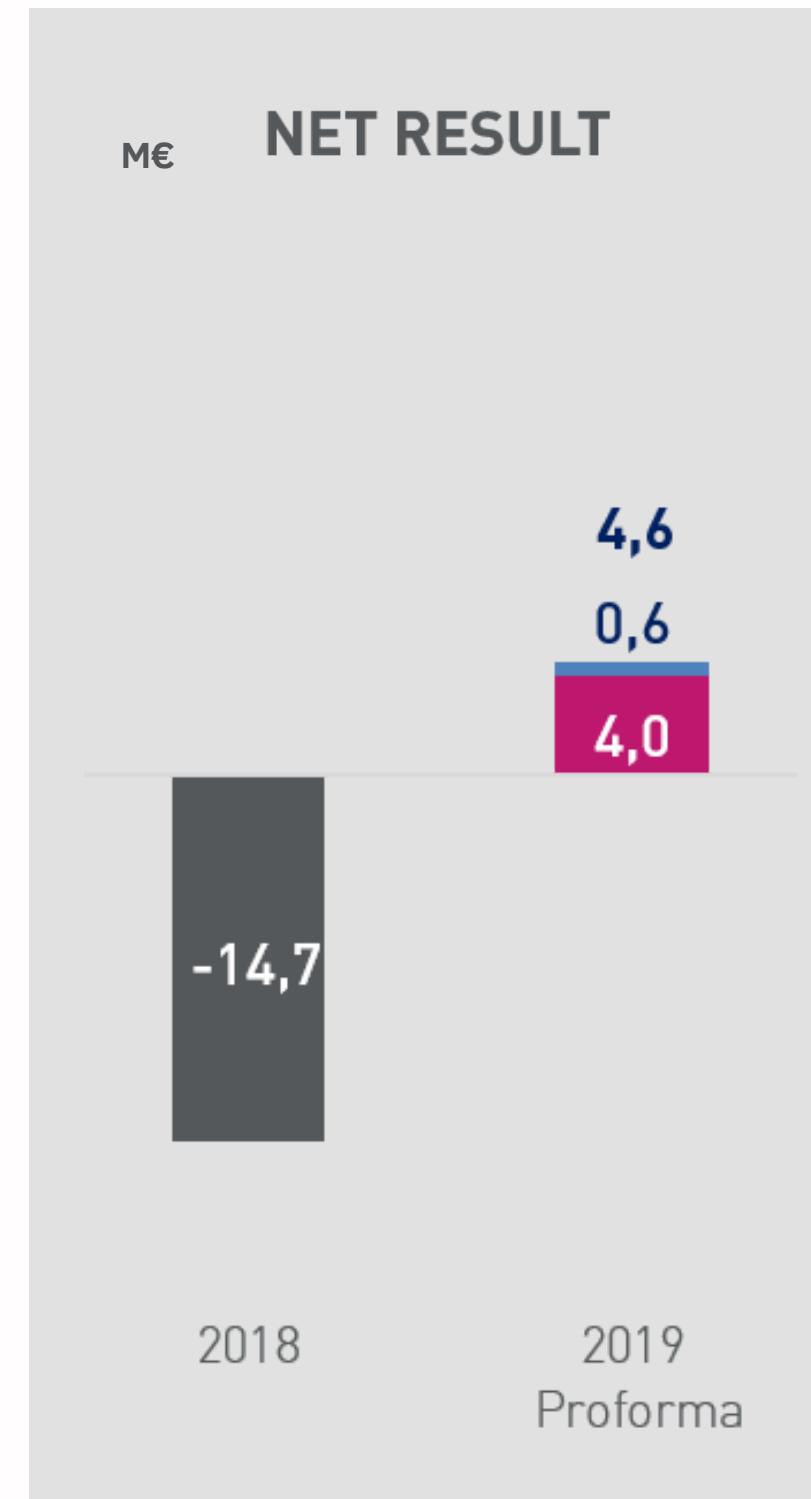
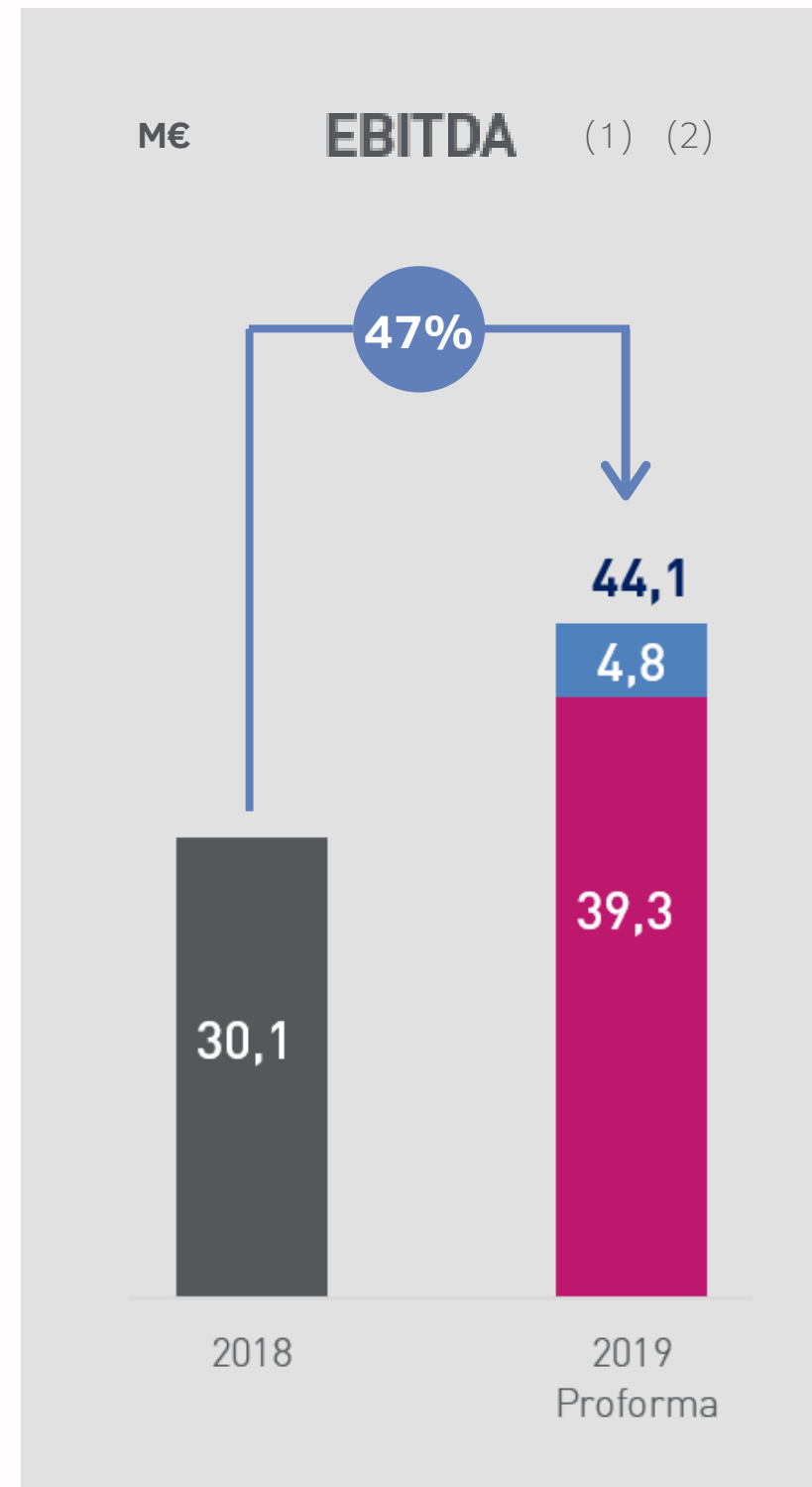
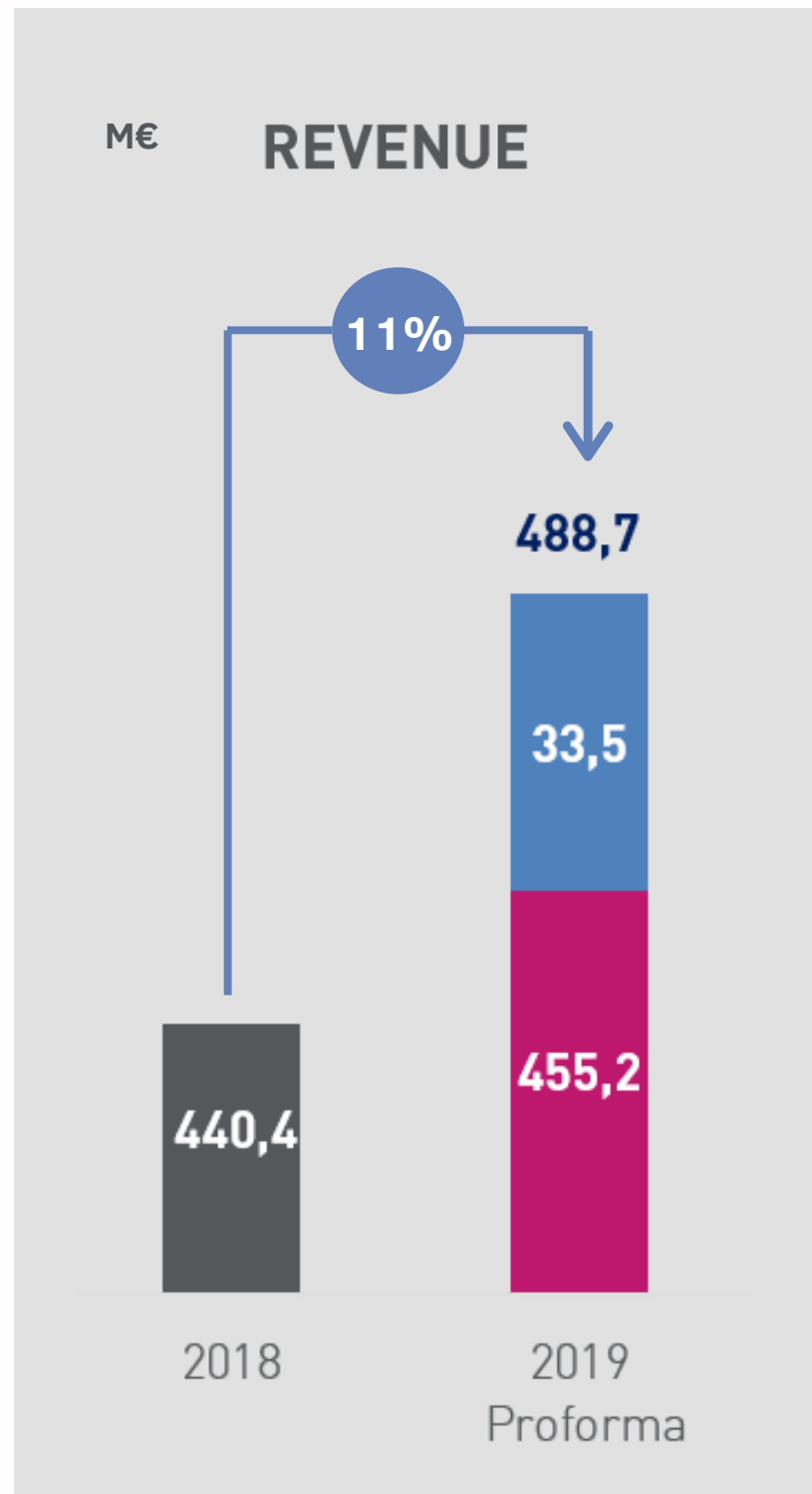
VALUE CREATION WITH A SOLID FINANCIAL MODEL





(1) Without considering the effects of IFRS16

PROFORMA RESULTS POST-ACQUISITION OF THE NEW EXTERNAL PLANT ACTIVITY

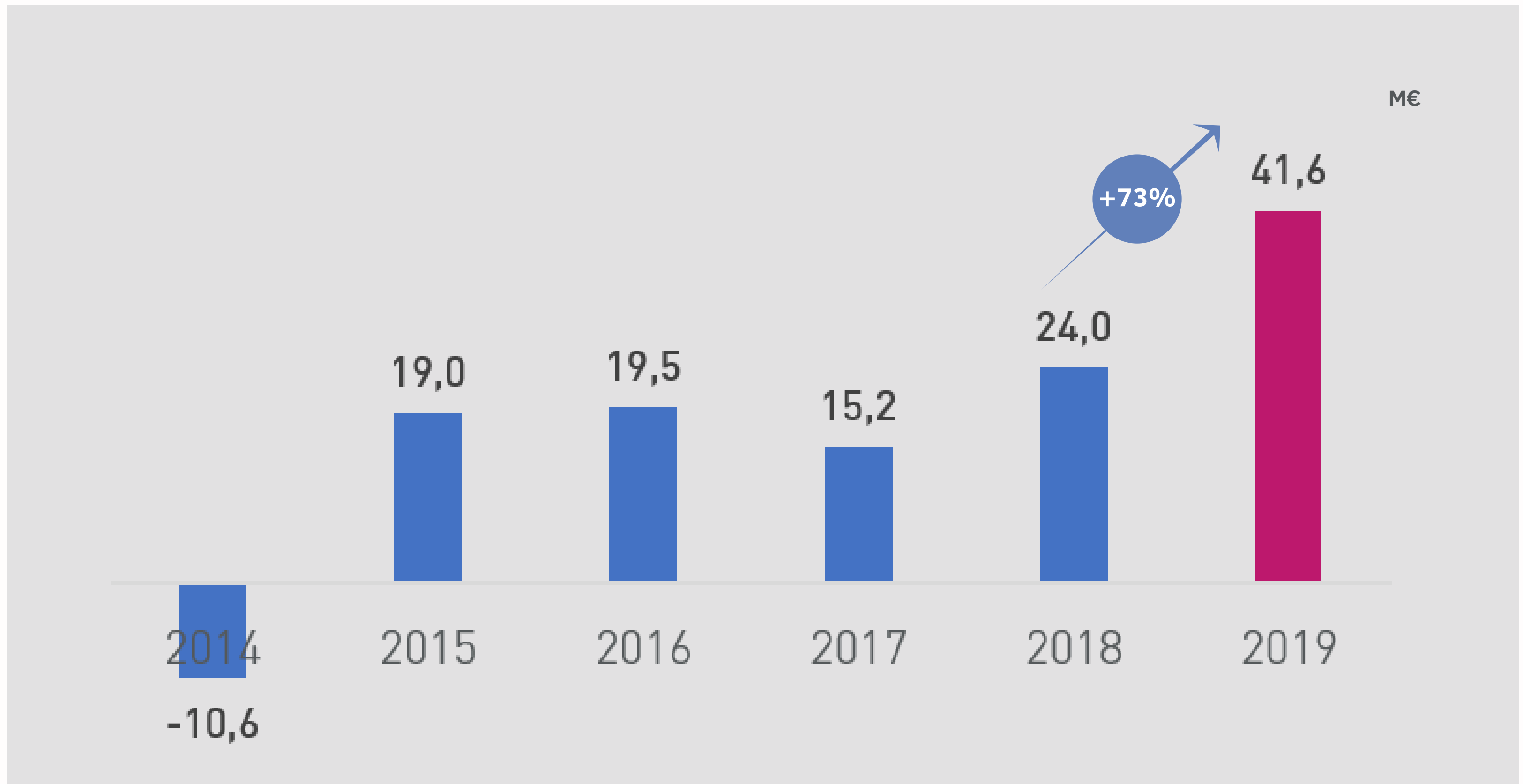


(1) Proforma EBITDA margin: 9,0%

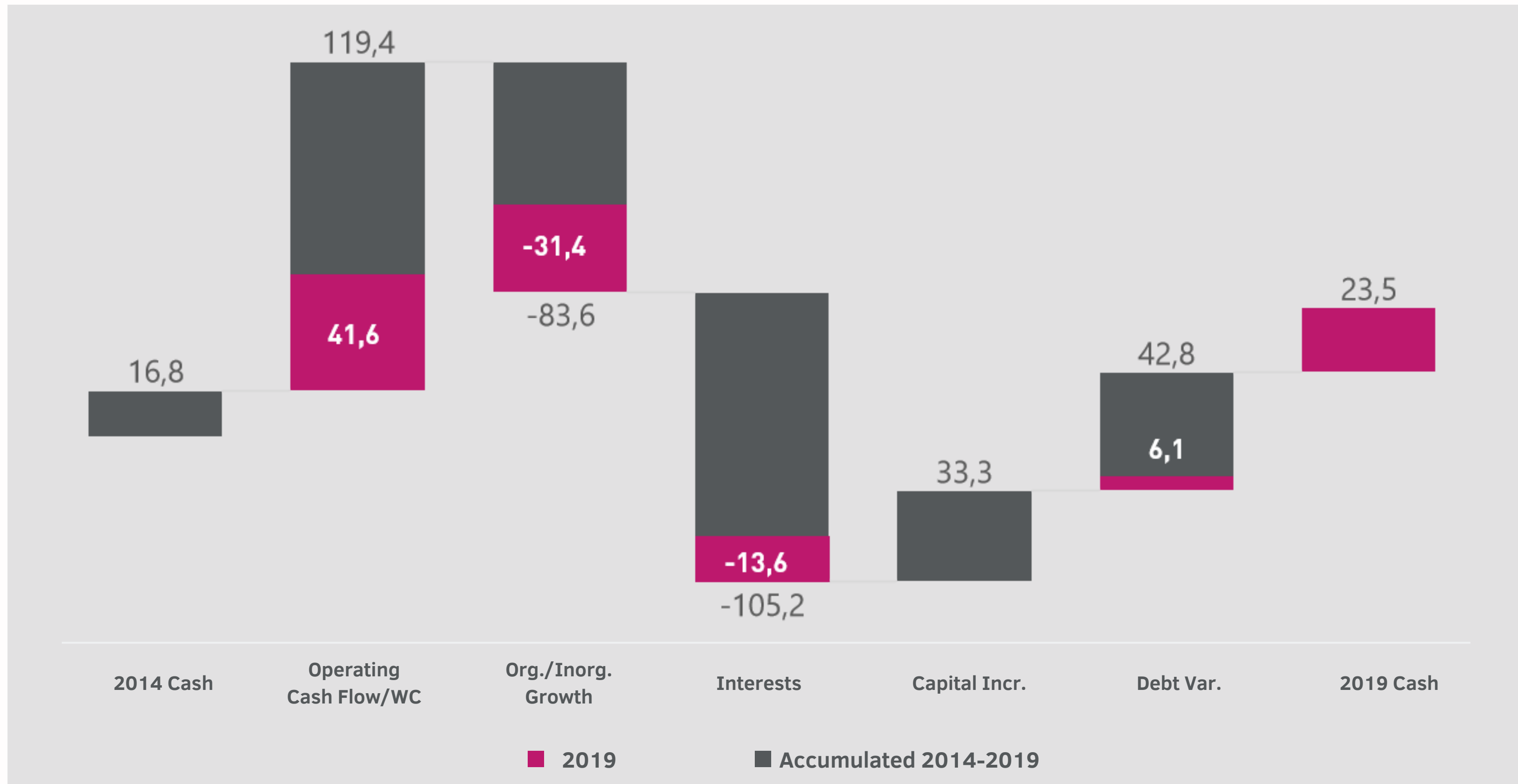
(2) Without considering the effects of IFRS16

(3) Operating cash: EBITDA adjusted by operating working capital changes

STRONG INCREASE IN OPERATING CASH GENERATION

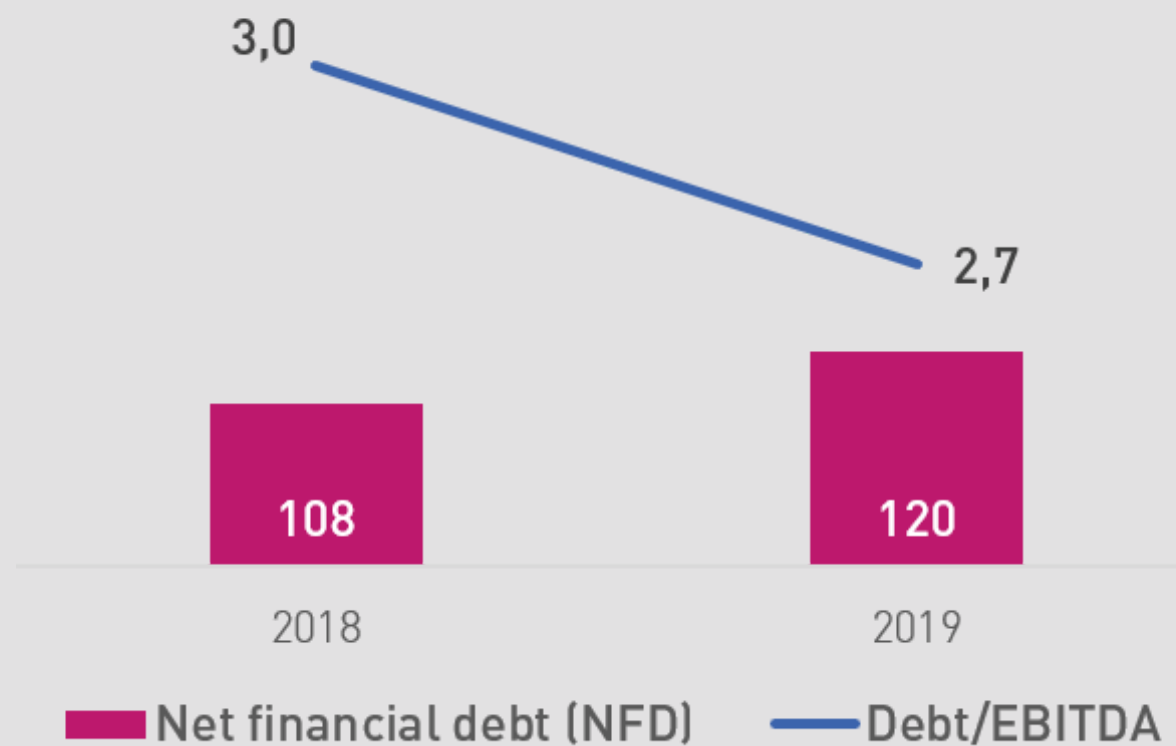


€ 120 M OF CASH GENERATION IN THE LAST 5 YEARS

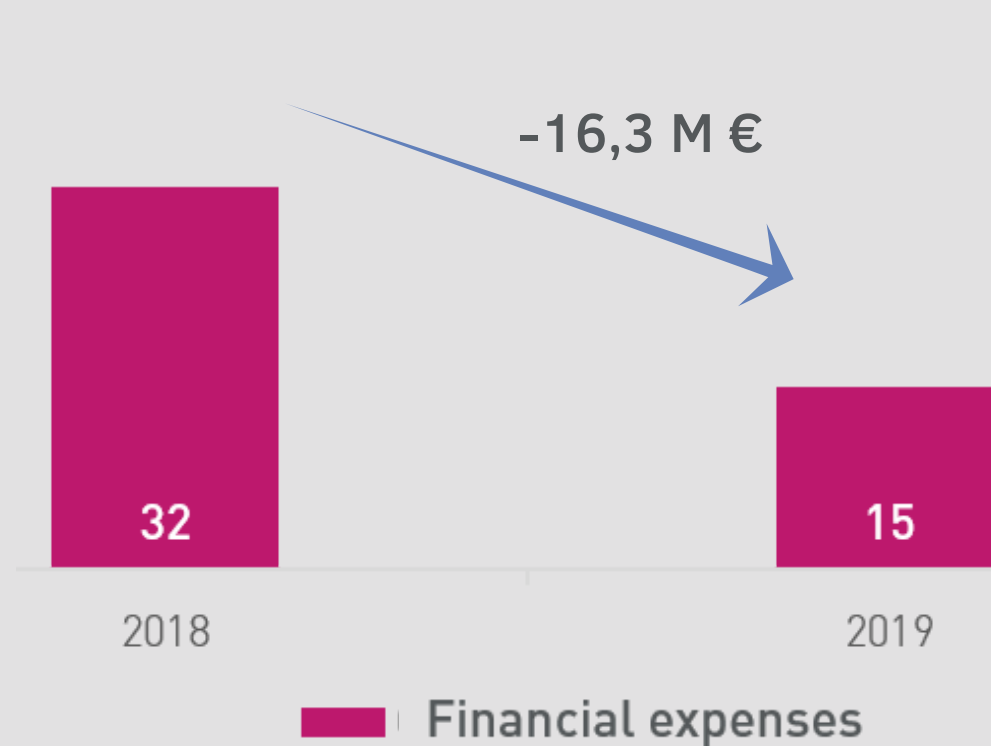


EFFICIENT FINANCIAL DEBT MANAGEMENT

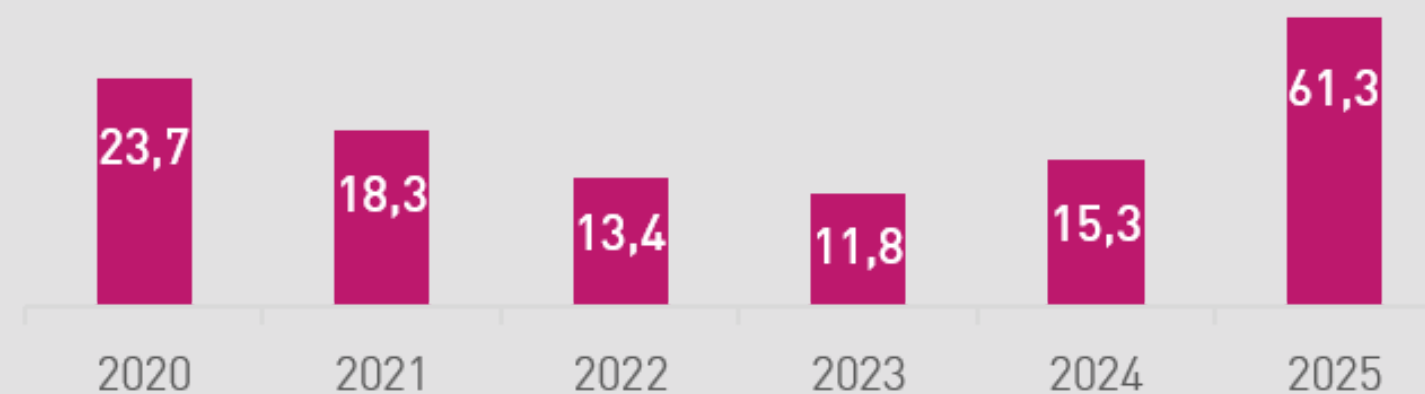
Net Financial Debt Evolution



Evolution of Net Financial Expenses (1)



Debt Maturity Schedule



(1) Without considering the effect of IFRS16



OUTLOOK

GROWTH DRIVERS



TELECOMMUNICATIONS



79%

Operation and maintenance of telecommunications network infrastructure



ENERGY



19%

Planning, engineering, implementation and maintenance of electricity systems



OTHERS



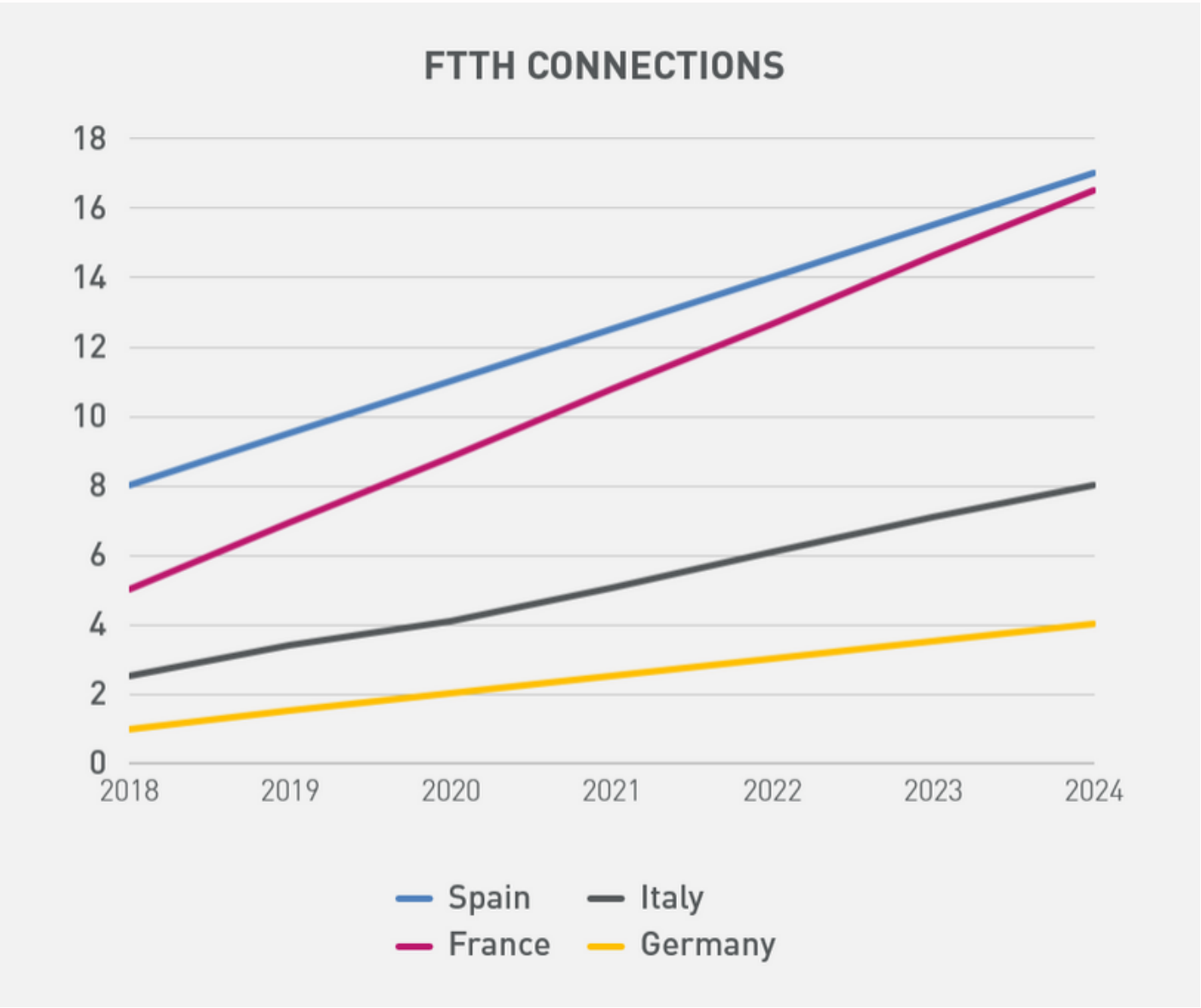
2%

Implementation and management of multiservice networks (gas, water ...)

FTTH MARKET GROWTH

✓ **<15% penetration** rate of FTTH (Fiber To The Home) in Europe with high growth potential

Source: IDC

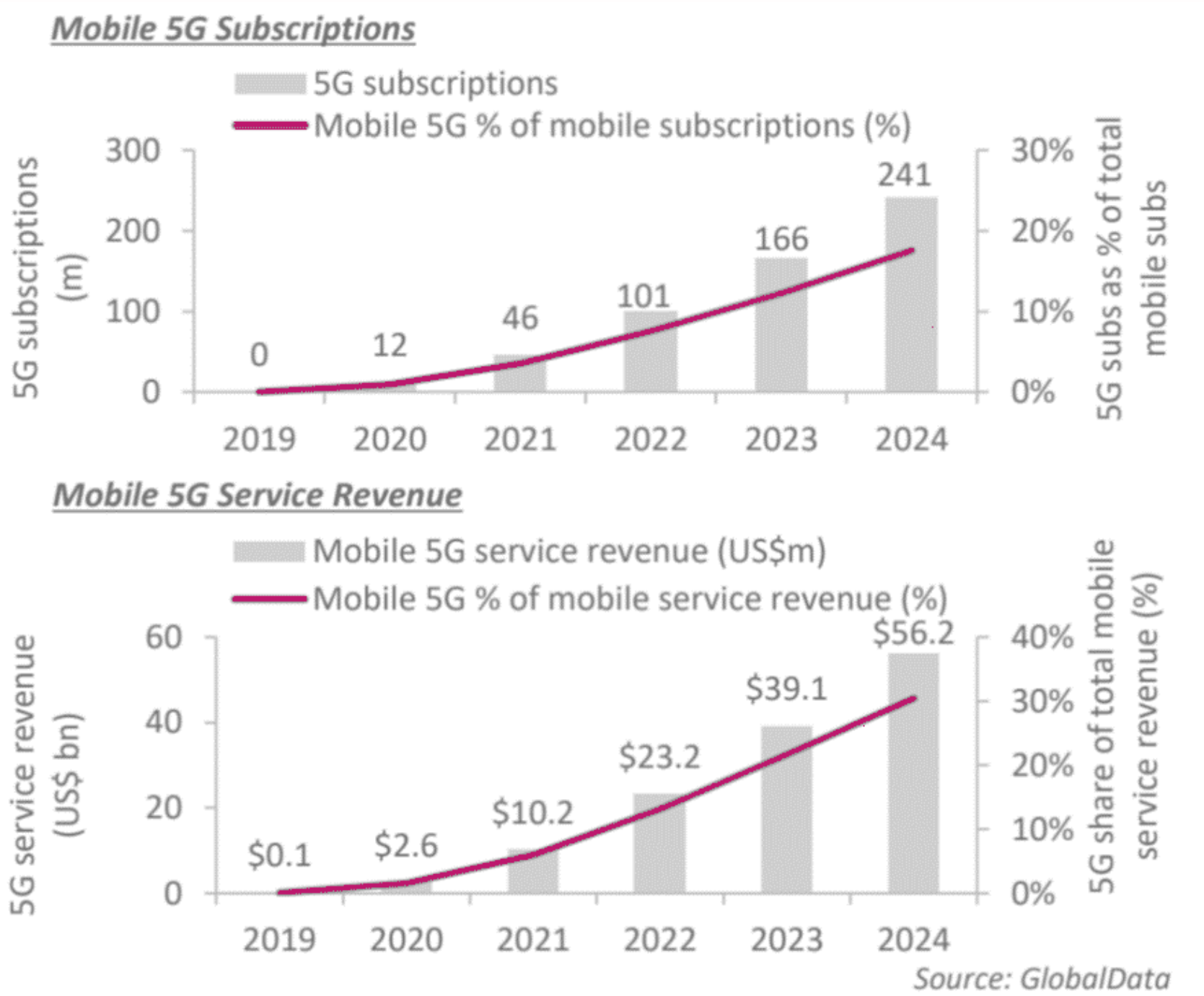


Source: 2019 Global Data





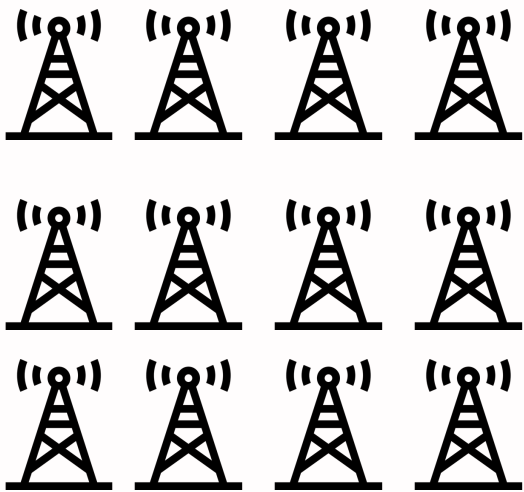
Estimates of 5G Mobile Telephony - Europe 2019-2024



Strong Deployment for 5G Coverage



4G



5G

1x60 Antennas

Coverage	4G Macro Cells	5G Micro Cells
Example Square Miles	1	1
Cell per Square Mile (City)	1	60
Fiber Miles Backhaul / Site	1-5	8
Fiber Miles / Square Mile	1-2	480

Source: Fiber Broadband Associations

Technology requires infrastructure. Technology advances at a much higher rate than infrastructure requirements



TELECOMMUNICATIONS GROWTH POTENTIAL

EZENTIS TODAY 2019

> 4.190.000 Work Orders Attended

Maintenance 75,000 Sites

836 Sites Deployments

Deployed optical fiber to cover
835.000 Building Units

Deployed 10.500 Km of optical fiber

Dismantling of 25 sites

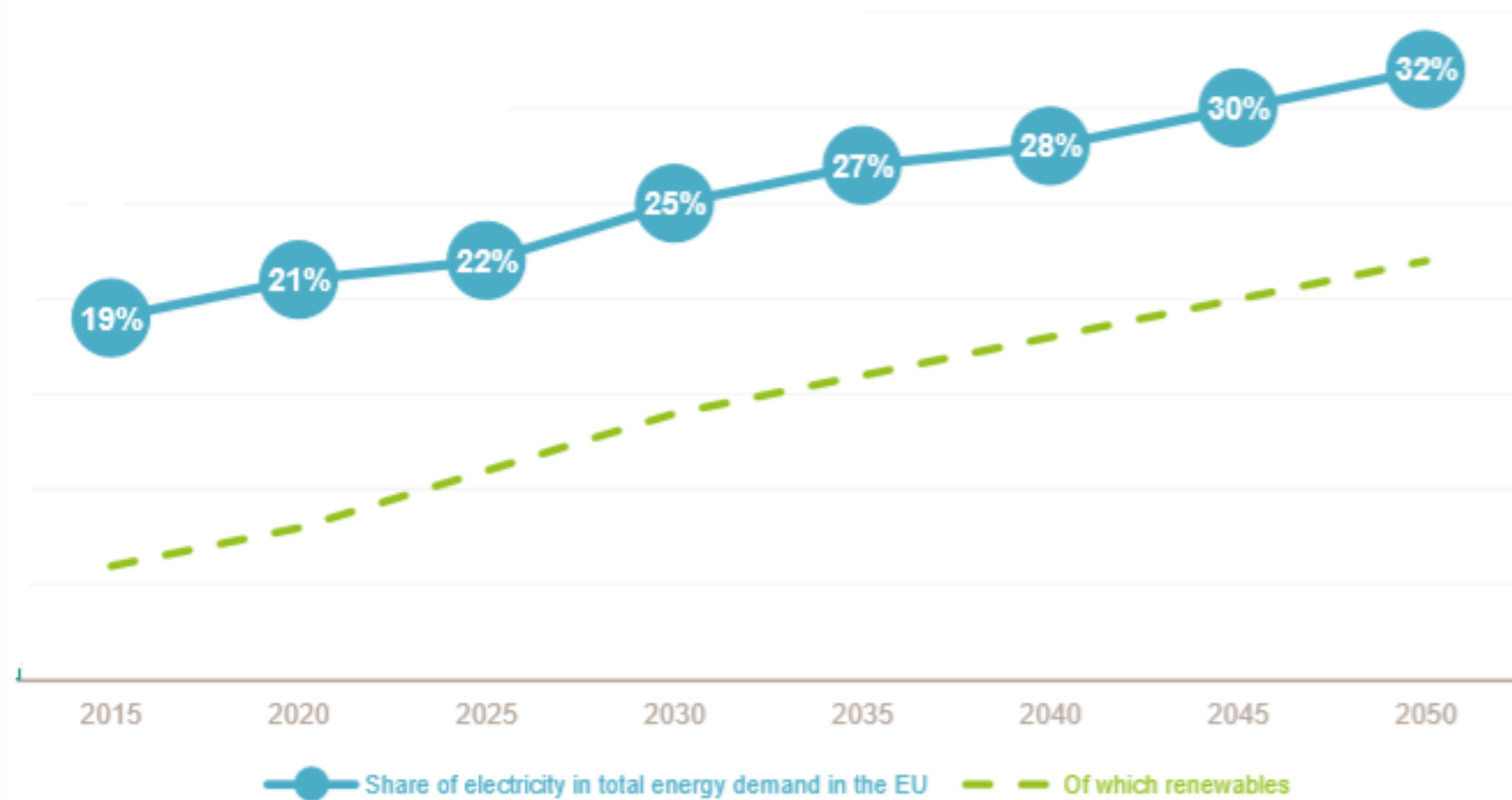
FUTURE EZENTIS

- Optical Fiber Deployment and O&M
- 5G deployment and O&M
- Dismantling of obsolete infrastructure

WORKING FOR THE FUTURE



Weight of electricity over total energy demand in Europe



Source: International Energy Agency, energy mix in the European Union, ETP 2DS scenario, 2017



- ✓ **€ 1.115 B** of average annual investment between 2021 and 2030 to achieve the energy and climate targets set by the EU

Source: European Commission

- ✓ **32%** of the weight of electrical energy over the total energy demand in the EU established by 2050

THE SPANISH MARKET OFFERS A GREAT OPPORTUNITY



CLIMATE CHANGE CONTAINMENT

- Necessary need to decarbonize to avoid the increase of the planet's temperature



CLIMATE EMERGENCY

- PNIEC (National Integrated Energy and Climate Plan) sets the emission reduction by 23% and increase the final consumption of renewable energy by 42%

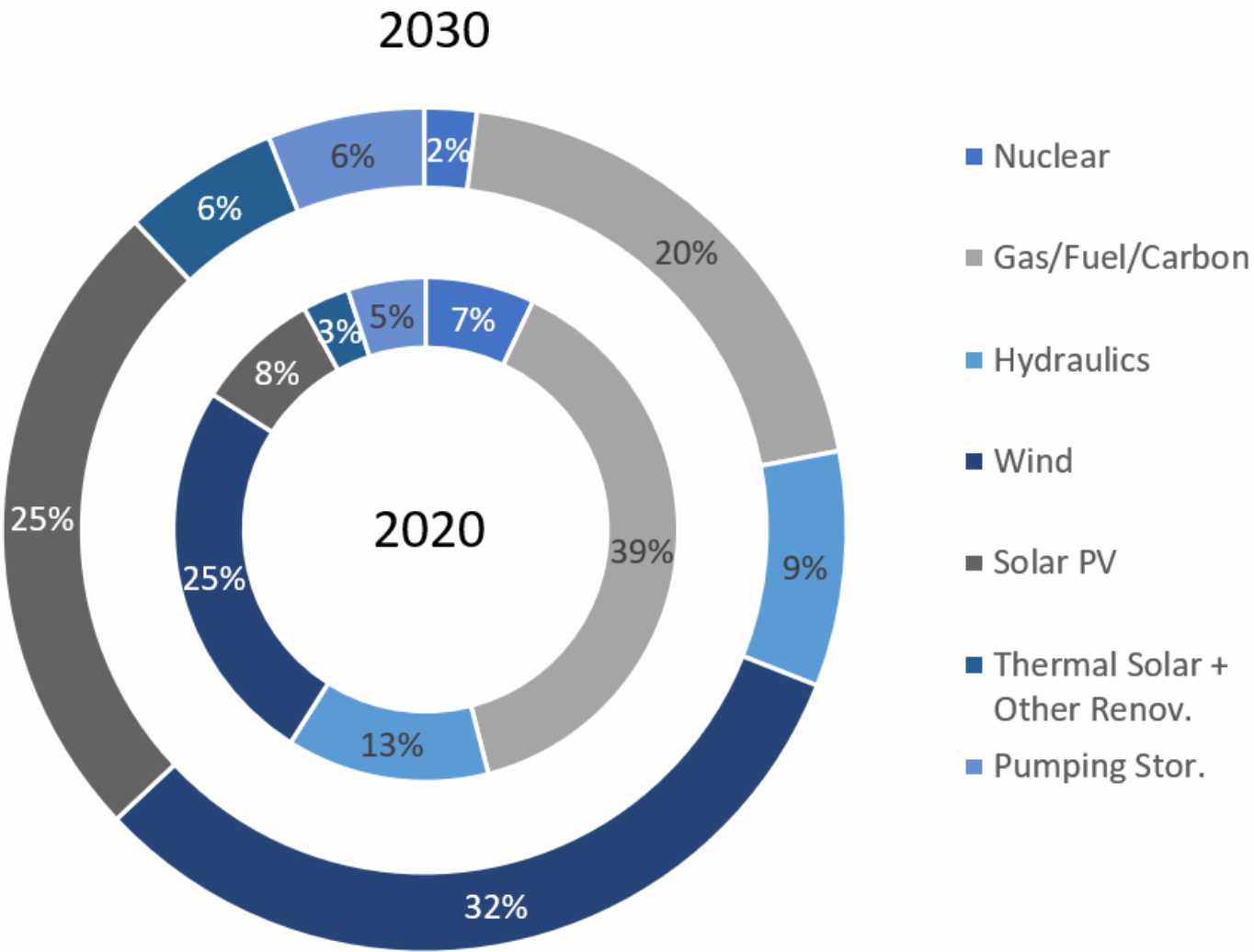


10-YEAR ELECTRIFICATION PLAN

- Investment in electricity networks € 5.800 M/year
- Investment in renewable generation € 9.100 M/year
- Investment in Savings and energy efficiency € 8.300 M/year
- Investment in other measures € 800 M/year



Energy Source Consumption Estimates in Spain 2020-2030



Source: PNIEC

EZENTIS ACCOMPANIES THE UTILITIES BUSINESS MODEL

CUSTOMERS

MULTI-SERVICE BUSINESS MODEL

TELECOMMUNICATIONS



GAS

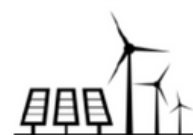


DISTRIBUTION NETWORKS

WATER



RENEWABLE



The electric and oil companies evolve their business model towards a multiservice model, offering communication, electricity and gas services in an integrated way

EVOLUTION TO
MULTISERVICES

EZENTiS

MULTI-SERVICE BUSINESS MODEL

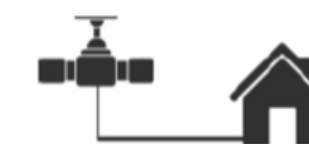
TELE
COMMUNICATIONS



ENERGY NETWORK
DISTRIB.



OTHERS
GAS



WATER



Ezentis is the reference company in the maintenance, operation and deployment of electrical, telecommunications, gas and water infrastructure

STRONG POTENTIAL GROWTH BASED ON THE DEVELOPMENT OF THE ENERGY SECTOR

EZENTIS TODAY

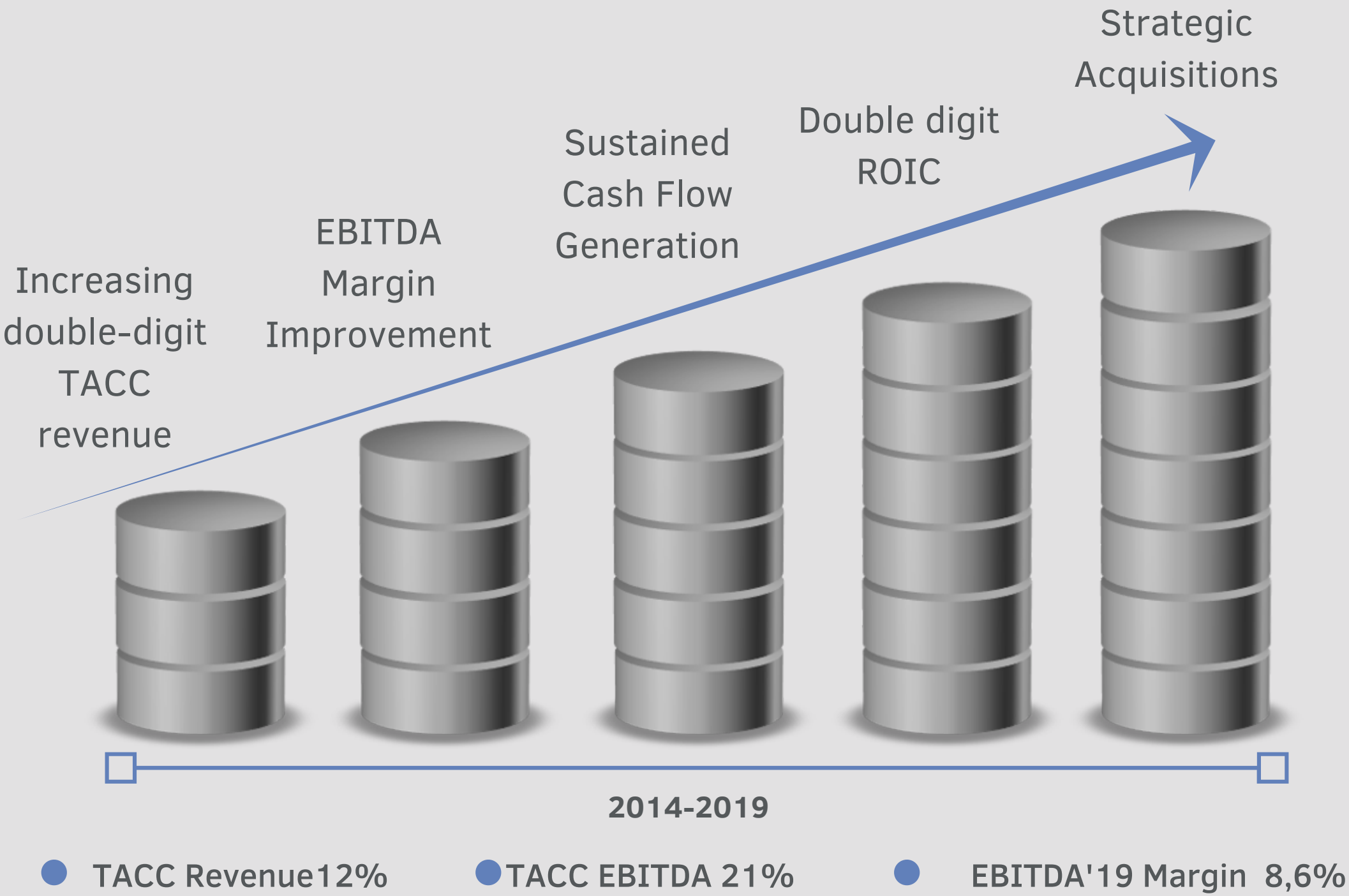
- >1.600.000 Work Orders Attended
- O&M and deployment of electricity distribution networks
- Substation assembly
- Smart Grid
- Energized services
- Deployment and maintenance of lighting networks

FUTURE EZENTIS

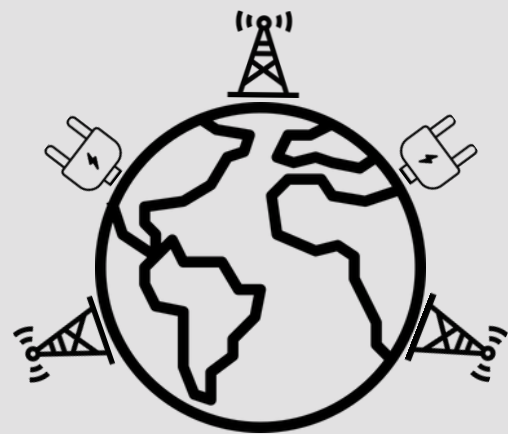
- Being a relevant agent in the deployment, operation and maintenance of energy assets and in the strong electrification process in Spain and Europe
- Being a reference partner for the main energy companies of the continent

WORKING FOR THE FUTURE

VALUE CREATION



KEY OBJECTIVES FOR 2022-2023 BASED ON STRONG STRATEGIC POSITIONING



DIVERSIFICATION

GEOGRAPHY

65% - 70%

EUROPE

SECTOR

60% - 65%

TELECOMMUNICATIONS



GROWTH

REVENUE

€ 1.000 M
(x2)



FINANCIAL

EBITDA MARGIN

8,0% - 9%

DEBT RATIO

< 2x EBITDA

FINANCING COST

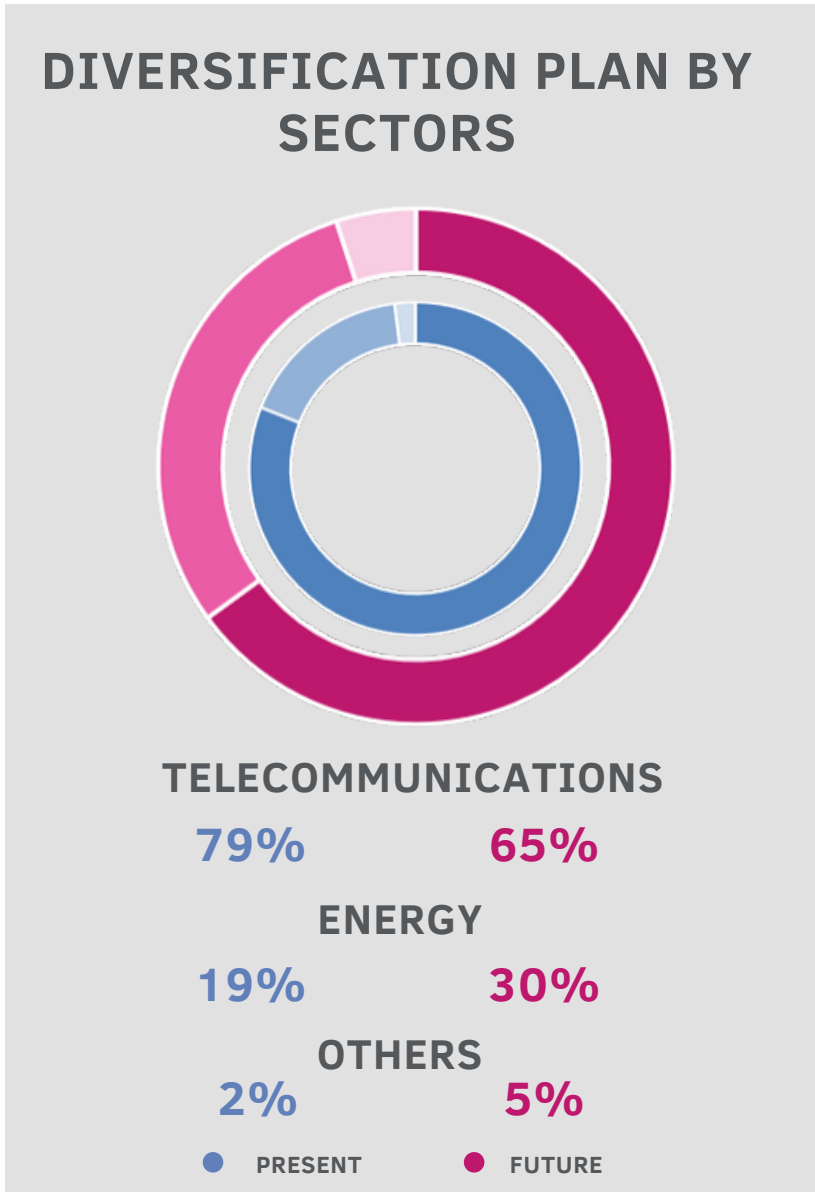
< 4,5%

✓ The **strategic positioning** of Ezentis allows us to take advantage of the opportunities in the Telecommunications and Energy sectors, and **allows us to expand the medium-term goals**



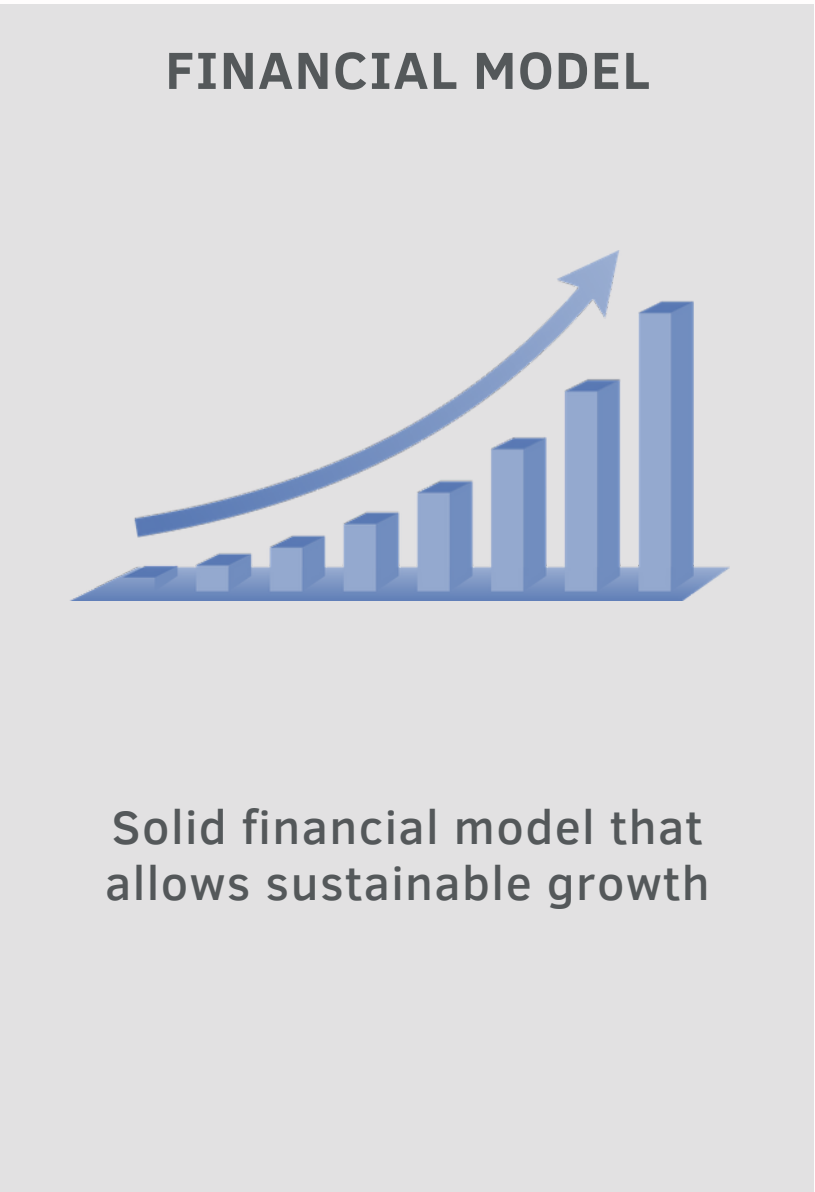
CONCLUSIONS

KEY FUTURE STRATEGIES FOR SUSTAINABLE AND PROFITABLE GROWTH



BUSINESS MODEL

- ✓ Multi-Sector Supplier focused on the **Deployment, Operation and Maintenance of Infrastructures**
- ✓ **Key actor** for the proper functioning of telecommunications and energy networks



RESILIENCE AND MARKET FLEXIBILITY AS A FUNDAMENTAL PRINCIPLE



STRATEGIC LINES

- Growth
- Safety, Quality and Efficiency
- Financial Optimization
- Selective Acquisition Policy according to our strategic objectives

COMPETITIVE ADVANTAGES

- Know How in Big Contracts
- Geographic Concentration
- Technological Capabilities
- Multi-Sector Supplier
- Skilled Labor

GROWTH DRIVERS

- Focus on Quality and Profitability of Contracts
- Diversification by Sectors
- Strategic Partner of our clients
- Organic and Inorganic Growth
- Margin Improvement
- Cash Generation Model

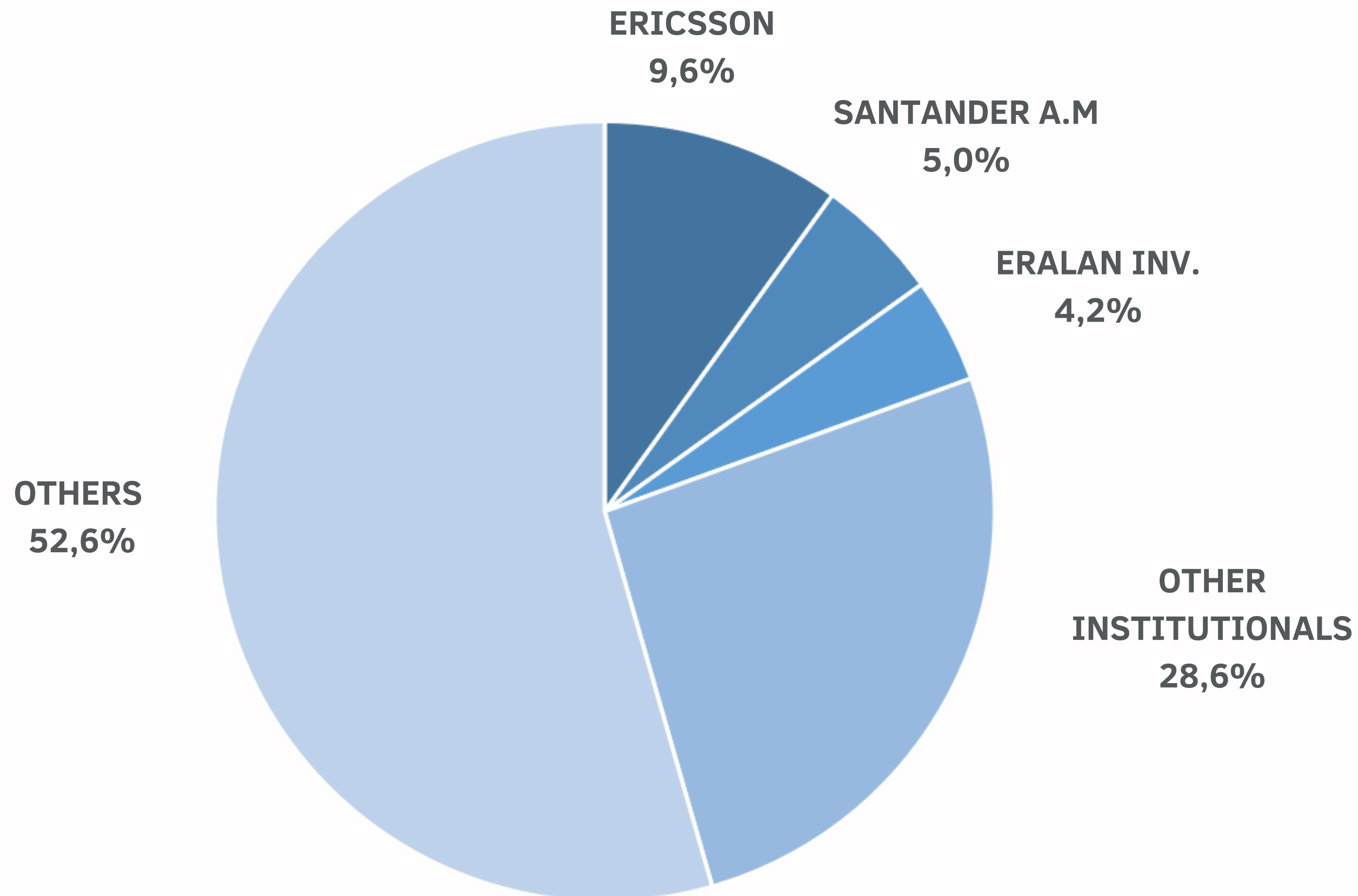


STOCK
INFORMATION

CAPITALIZATION EVOLUTION



SHAREHOLDER STRUCTURE





ANNEX: P&L ACCOUNT

Millions of €	2019	2018
REVENUE	455,2	440,4
EBITDA	58,1	30,1
EBITDA Margin	12,8%	6,8%
Amortization and provisions	(38,2)	(12,4)
EBIT	19,9	17,7
<i>% EBIT/Revenue</i>	<i>4,4%</i>	<i>4,0%</i>
Revenue and financial expenses	(18,5)	(31,5)
Currency exchanges	(0,3)	(0,2)
Non-recurring results ⁽¹⁾	(4,8)	(16,2)
Non-Controlling Interests, discontinued operations and non-strategic investments	(3,4)	(2,4)
Taxes	11,1	17,9
Net Result	4,0	(14,7)

(1) Income statement for fiscal year 2019 considers certain contracts of Argentine subsidiaries of the Group as discontinued operations (IFRS 5), as well as the income statement of CYS and Thaummat



ANNEX: CONSOLIDATED CASH FLOW STATEMENT

Millions of Euros	2019
COMPARABLE EBITDA ¹	39,3
Changes in working capital	21,7
Other movements in operating activities, net	(19,4)
Operating Cash Flow	41,6
Payments related to inorganic growth	(27,5)
Acquisition of property, plant & equipment, and intangible assets (CAPEX)	(4,6)
Changes in financial investments	0,7
Cash flow from investing	(31,4)
Funding related to inorganic growth	30,0
Changes in financial debts, net ²	(23,6)
Collection and payment of interests, net	(13,6)
Cash flow from financing	(7,2)
Total net cash flow	3,0
Initial net financial position ³	20,8
Net increase in cash and cash equivalents	3,0
Exchange differences	(0,3)
Final net financial position ³	23,5

(1) Without considering the effect of IFRS 16

(2) The changes of “financial debt” and the “payments and collections of interest” are adjusted by the variation of amortized cost and the effect of IFRS9

(3) Includes cash, other equivalent liquid assets and deposits in guarantee of financial debts included under financial investments



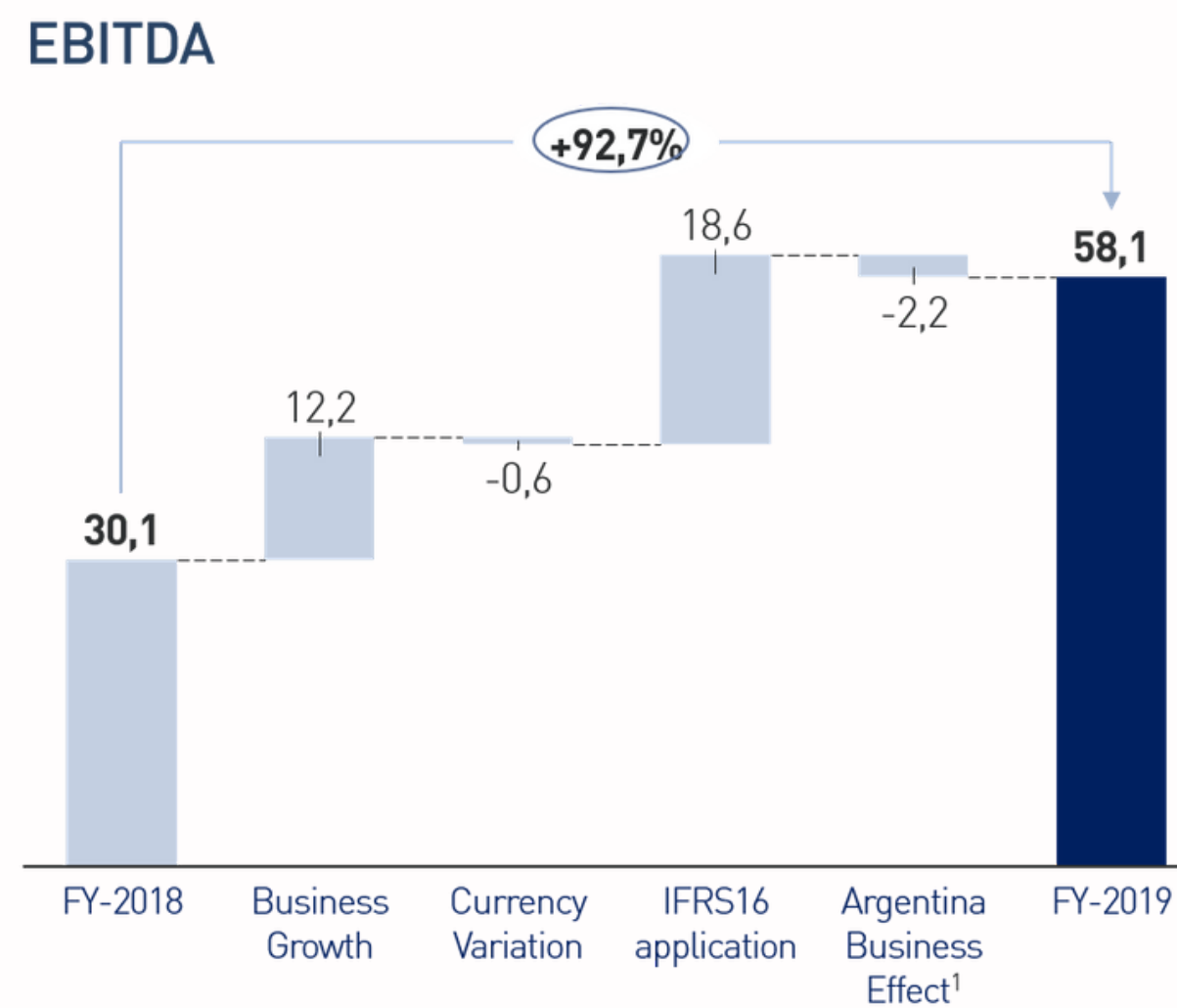
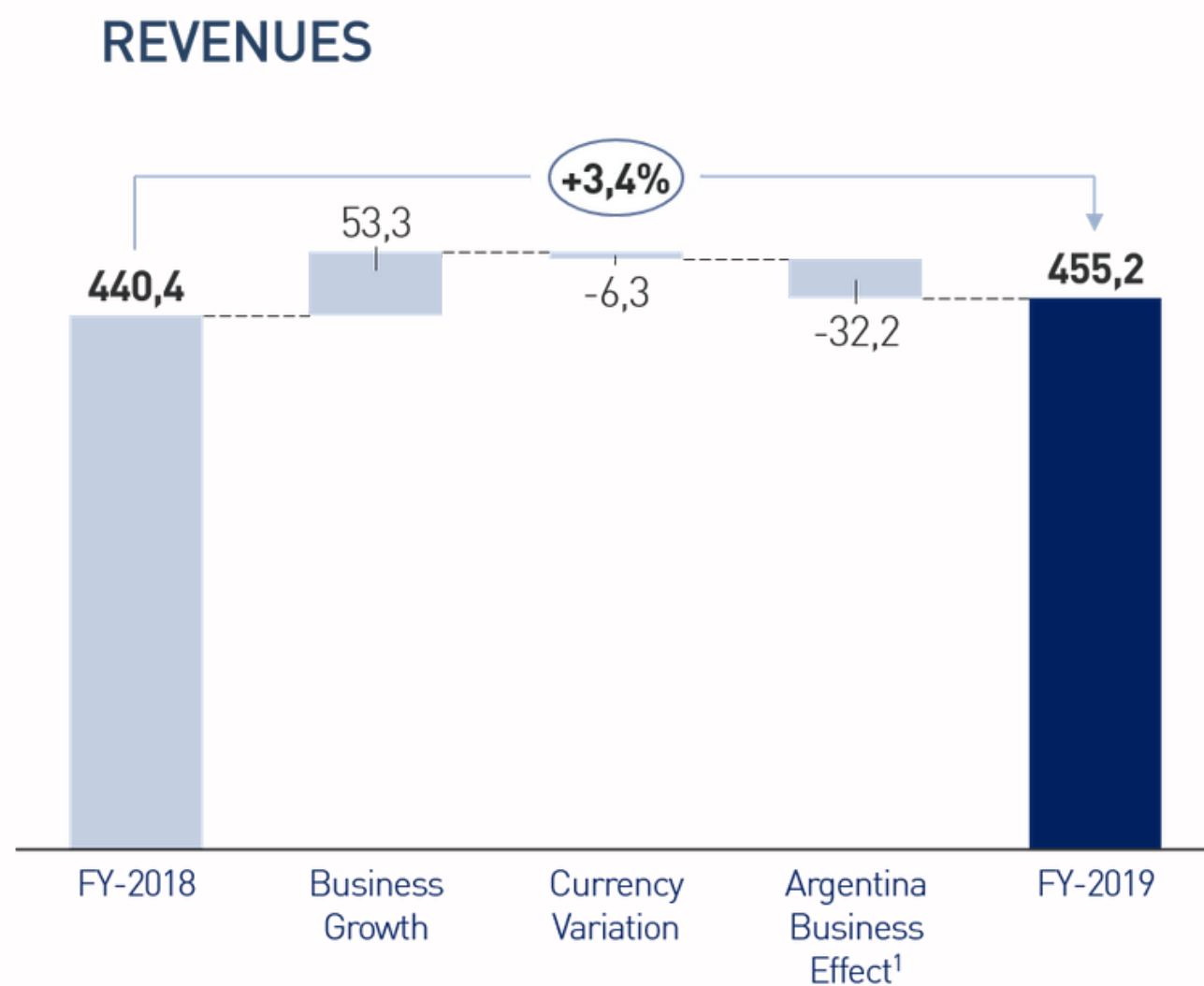
ANNEX: CONSOLIDATED BALANCE

Thousand of Euros	31-Dec-19	31-Dec-18
Assets		
Non-current assets	195.377	133.053
Current assets	183.635	189.411
TOTAL	379.012	322.464

	31-Dec-19	31-Dec-18
Equity and liabilities		
Equity	14.314	32.038
Non-current liabilities	160.309	115.405
Current liabilities	204.389	175.021
TOTAL	379.012	322.464



ANNEX: CUMULATIVE INCOME AND EBITDA ANALYSIS VS 2018



(1) It includes the impact of the business downsize, the currency effect, the effect of the application of IFRS 16 and the effect of hyperinflation

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Working For The Future

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