EZENTIS

RESULTS REPORT 2019

28-Feb-2020

> 2019 HIGHLIGHTS

REVENUE
€ 455,2 M

+3,4%
Increase vs 2018

OPERATING CASH
€ 41,6 M

Operating cash generation +73% vs 2018
Net Cash Flow € 3 ,0 M

EBITDA [1]
€ 58,1 M

12,8% o/revenue [1]

NET RESULT
€ 4,0 M

Key Effects:
- Increase in the volume of operations
- Margin Improvement
- Reduction of financial expenses

CONTRACTS
€ 608,8 M

of renewals and new contracts

1,3x o/revenue

BACKLOG
€ 934,4 M

of long-term contracts

2,1x o/revenue

NET DEBT [2]
€ 120,3 M

+ € 30 M financing acquisition branch of activity
+ € 12 M NFD increase

FINANCIAL EXPENSES [2]
-€ 16,3 M

vs 2018

Significant savings in net financial expenses [2]

[1] Comparable EBITDA to 2018 (without considering the effect of IFRS 16) of **€ 39,3 M** (8,6% o/revenue vs 6,8% 2018)
[2] Net debt and financial expenses without impact IFRS 16

> KEY FACTORS

BUSINESS

- Acquisition on September 30 of the branch of activity of external plant for Telefónica in 6 new provinces of **Spain**→ It allows incorporating additional annual revenues of **€ 45 M**, EBITDA of **€ 6,3 M**, of which only corresponding to the last quarter of 2019 has been included.
- Growth in **revenues** (+ 3,4% compared to 2018, + 11,0% proforma with new branch of activity).
- **Consolidation** of the activity in key markets: **Spain, Brazil and Chile** (**87%** of the Group's total income). Classification of assets in Argentina as held for sale.

CONTRACTS

- The strong commercial activity continues **contracts** for **€ 608,8 M** and backlog integration of the **branch of activity acquired for € 130 M**.
- **Renewal** with Telefónica del Perú of the **Customer Loop contract 2019-2023,** with estimated **revenues of € 90 M.**
- **Backlog** of **€ 934,4 M (2,1x o/revenue).**

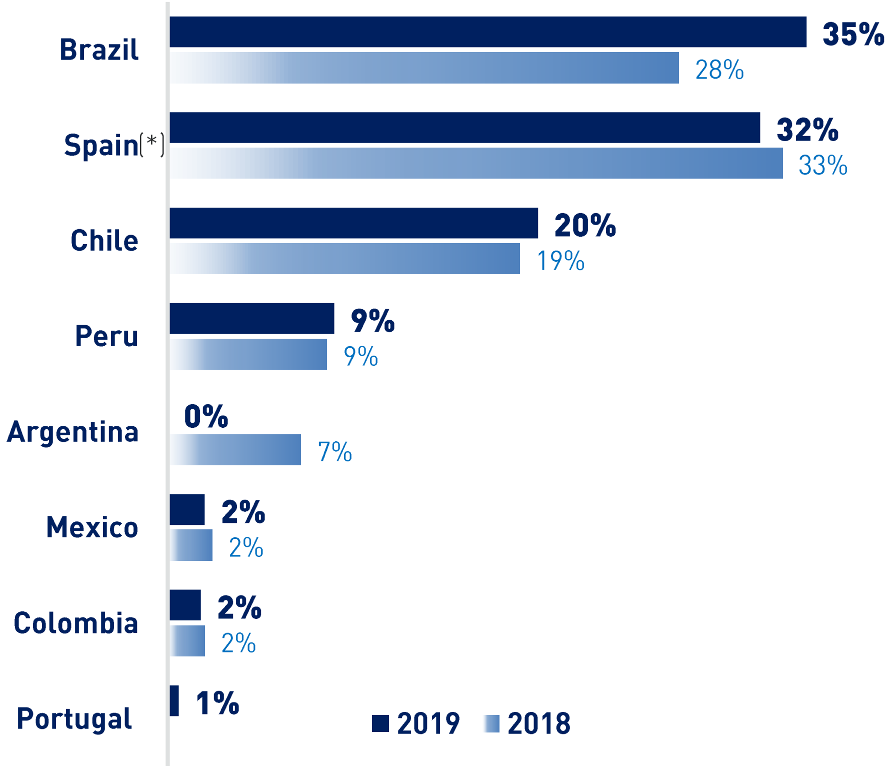
NET DEBT

- **Expansion** of corporate financing in **€ 30 M** for the acquisition of new line of activity in Spain.
- **DFN / EBITDA 2,73x,** after the increase in structural financing, including investment in interest rate hedges amounting to **€ 2,5M, offset by reduction of the rest of the debt and cash generation.**
- Reduction of **net financial expenses** by **€ 16,3 M** compared to 2018, up to **€ 15,2 M** [1]

[1] Financial expense without considering IFRS 16

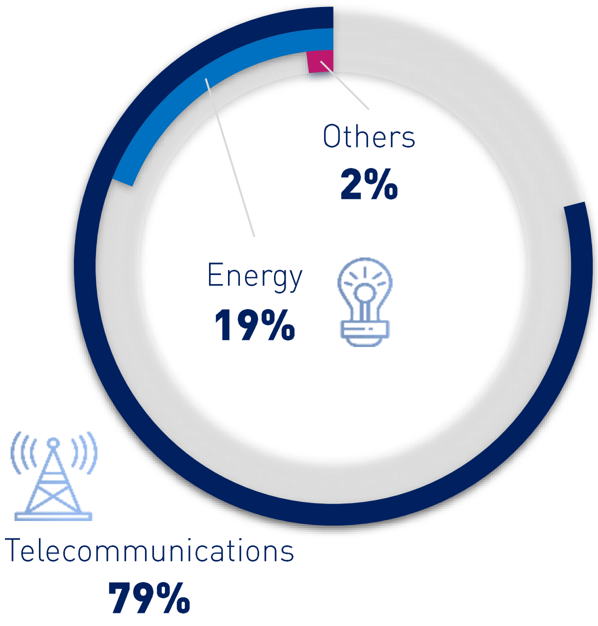
> DIVERSIFIED BY GEOGRAPHIES, SECTORS AND CUSTOMERS

REVENUE BREAKDOWN BY COUNTRY



[(*)] Actual data as of 12-Dec-19. Spain would represent **36,9%** of the group's income considering those contributed by the business line acquired in September 2019

SECTORS



TELECOMMUNICATIONS

Telefónica, Ericsson, orange, TIM, entel, Claro, TELXIUS, américa móvil, MÁSMÓV!L, American Tower, adamo, NOS, Digicel, Embratel, NEC, AT&T, SBA

ENERGY

enel, Light, Naturgy, IBERDROLA, COELBA, CELPE, Enosa, grupo saesa, LUZ DEL SUR, MetroGAS, COORDINADOR ELÉCTRICO NACIONAL, CHILQUINTA energía, ELEKTRO

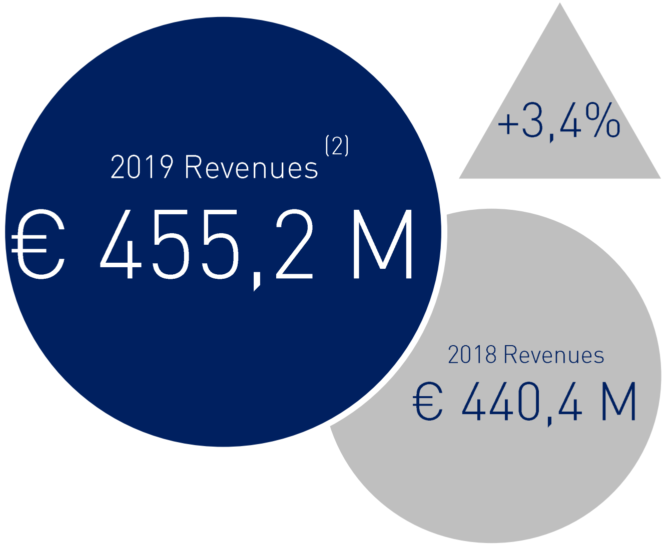
OTHERS

Naturgy, aguas antofagasta, ENAIRE, aena

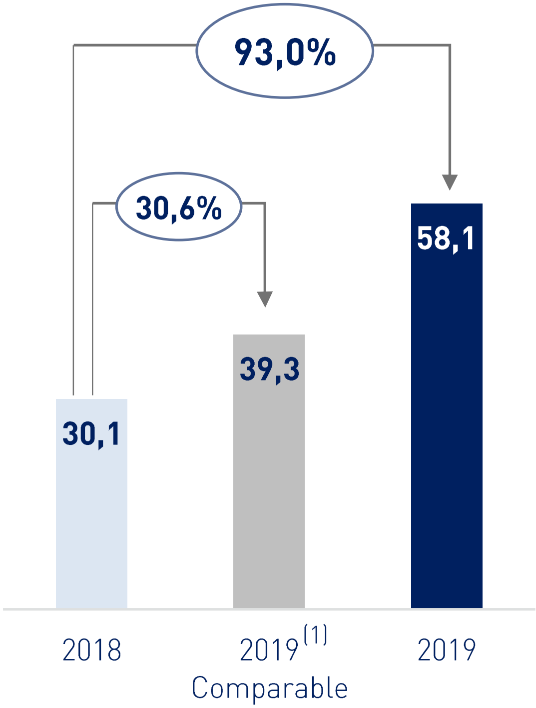
MAIN FIGURES EVOLUTION

Millions of euros

REVENUES



EBITDA



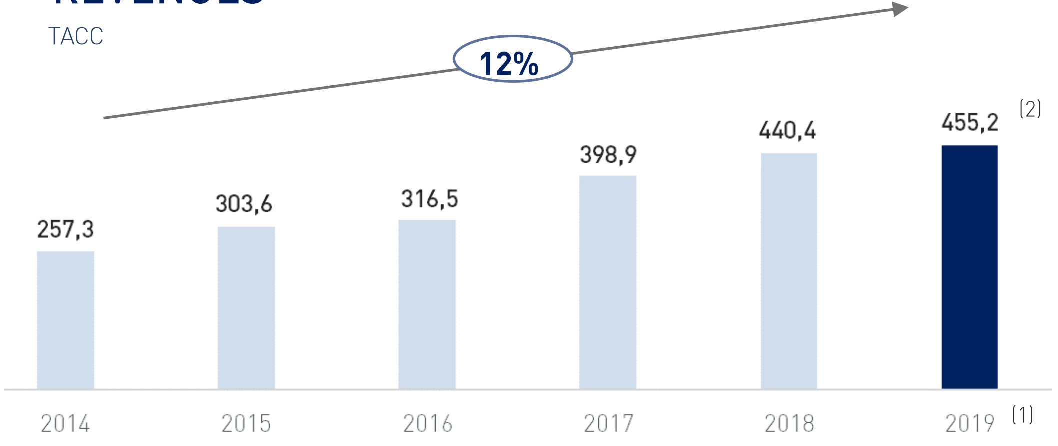
EBITDA Margin	6,8%	8,6%	12,8%

(1) Without considering the effect of IFRS 16 in order to facilitate comparison with 2018
(2) Income of € 466,2 M considering certain contracts of the Argentine subsidiaries of the Group as discontinued operations (IFRS 5)

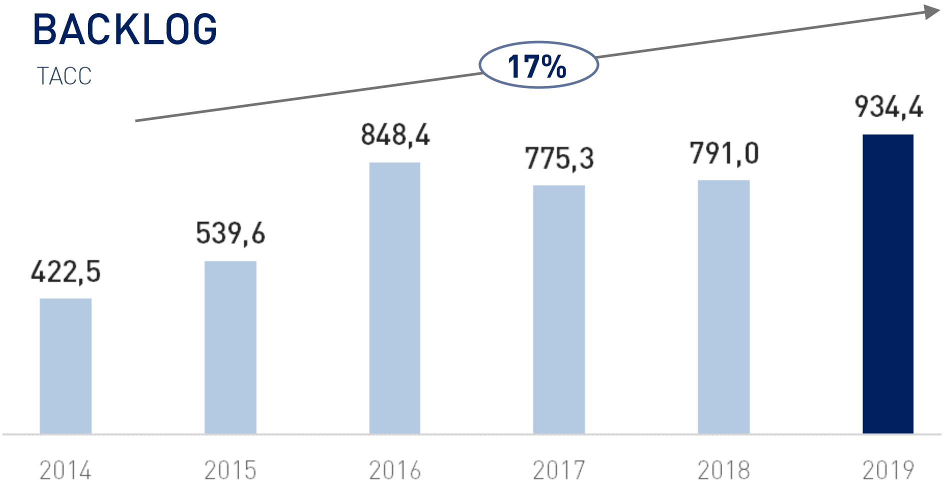
> COSTANT TREND OF SUSTAINED GROWTH

Millions of euros

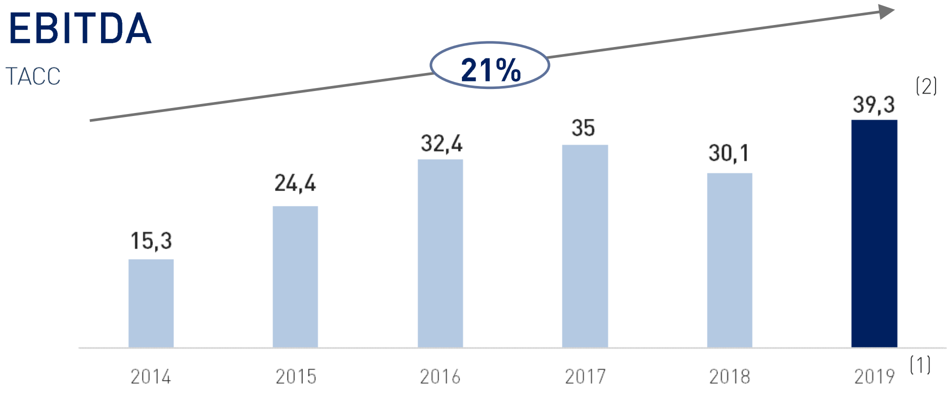
REVENUES



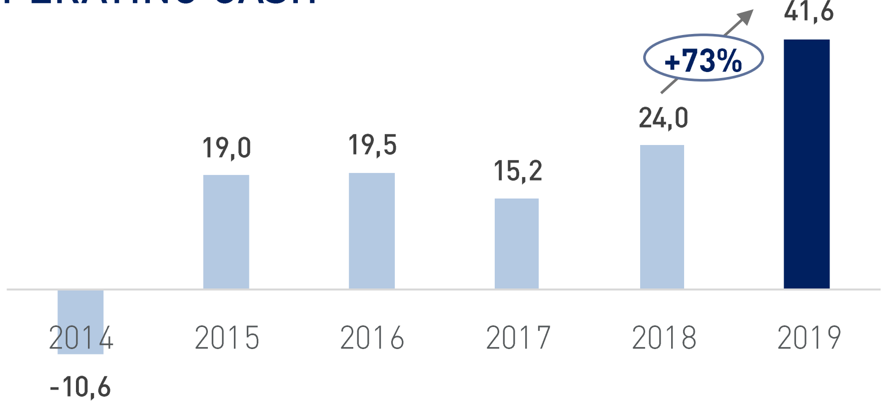
BACKLOG



EBITDA



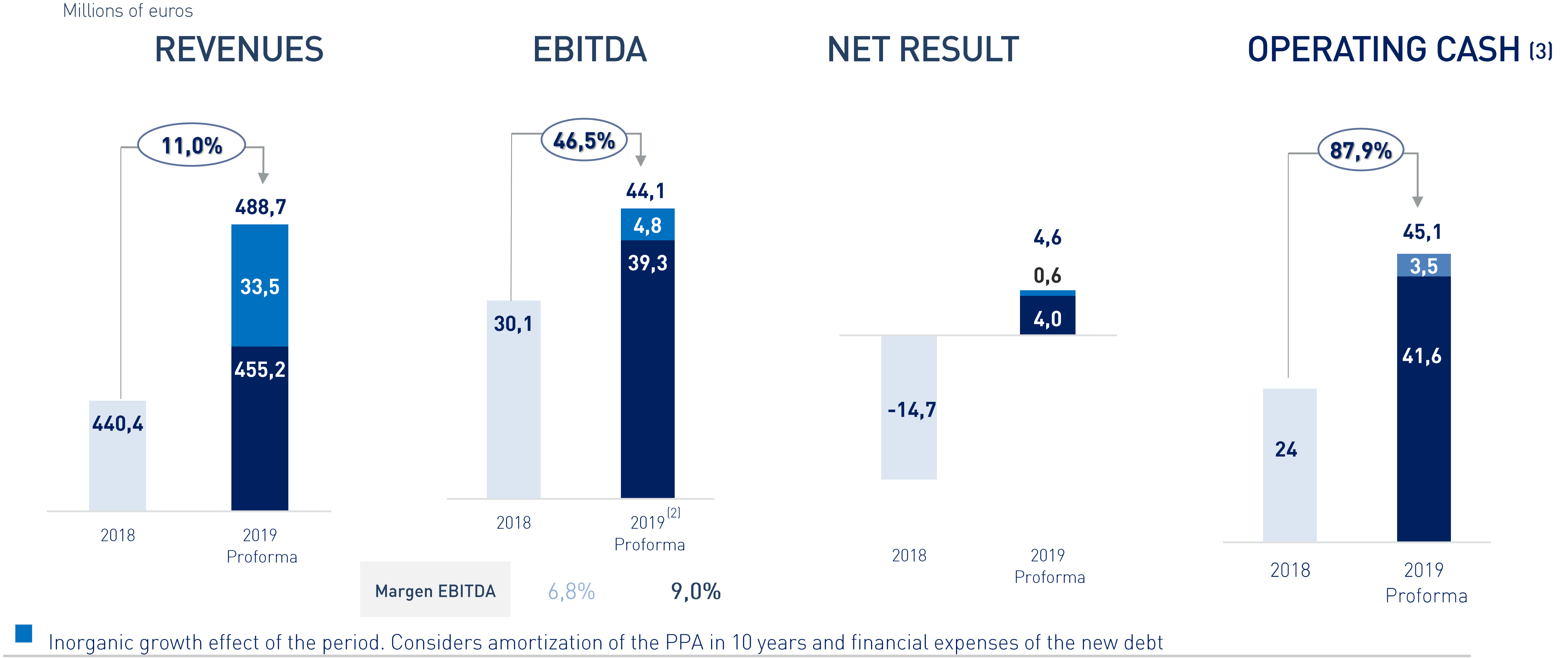
OPERATING CASH (3)



(1) Without considering the effect of IFRS 16 in order to facilitate comparison with 2018
(2) Income of € 466,2 M and EBITDA of € 39,1 M, considering certain contracts of the Argentine subsidiaries of the Group as discontinued operations (IFRS 5)
(3) Flow of operating activities: EBITDA corrected by the variation in operating working capital

> INORGANIC GROWTH IN SPAIN OF THE PERIOD

In September 2019, the Group acquired the business of external plant activity for Telefónica in 6 Spanish provinces. This acquisition incorporates contracts backlog for an amount of € 130 M[1].

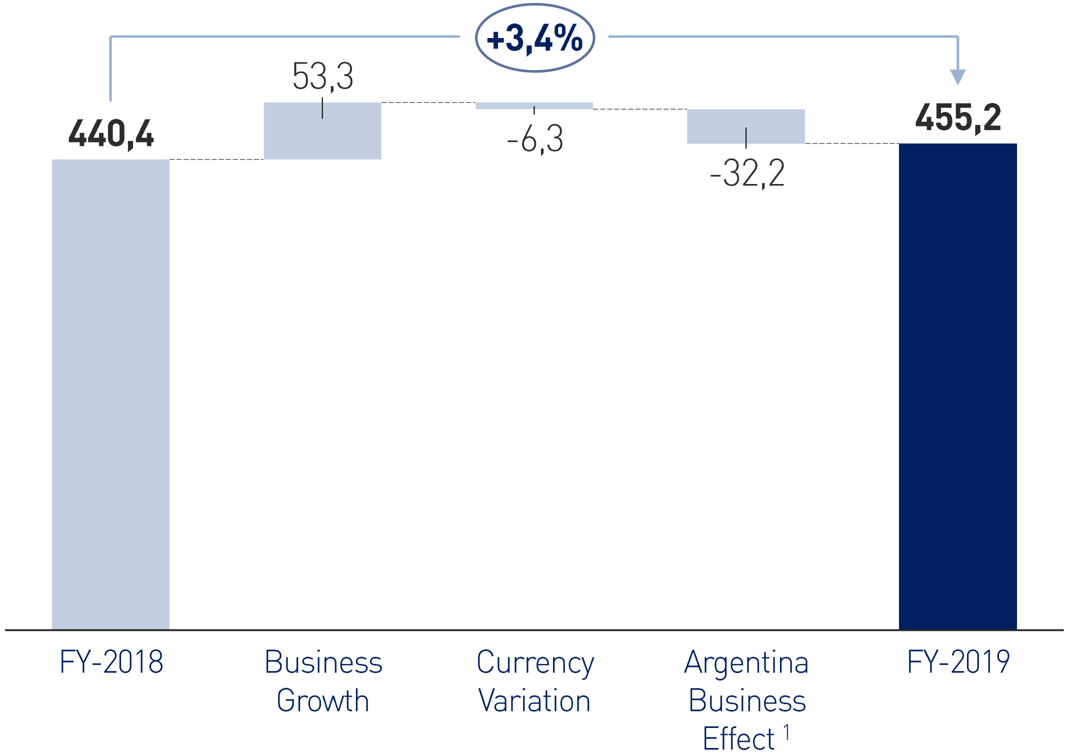


[1] See Relevant Fact of August 5, 2019
[2] Without considering the effect of IFRS 16 in order to facilitate comparison with 2018
[3] Operating Cash: EBITDA corrected for changes in operating capital

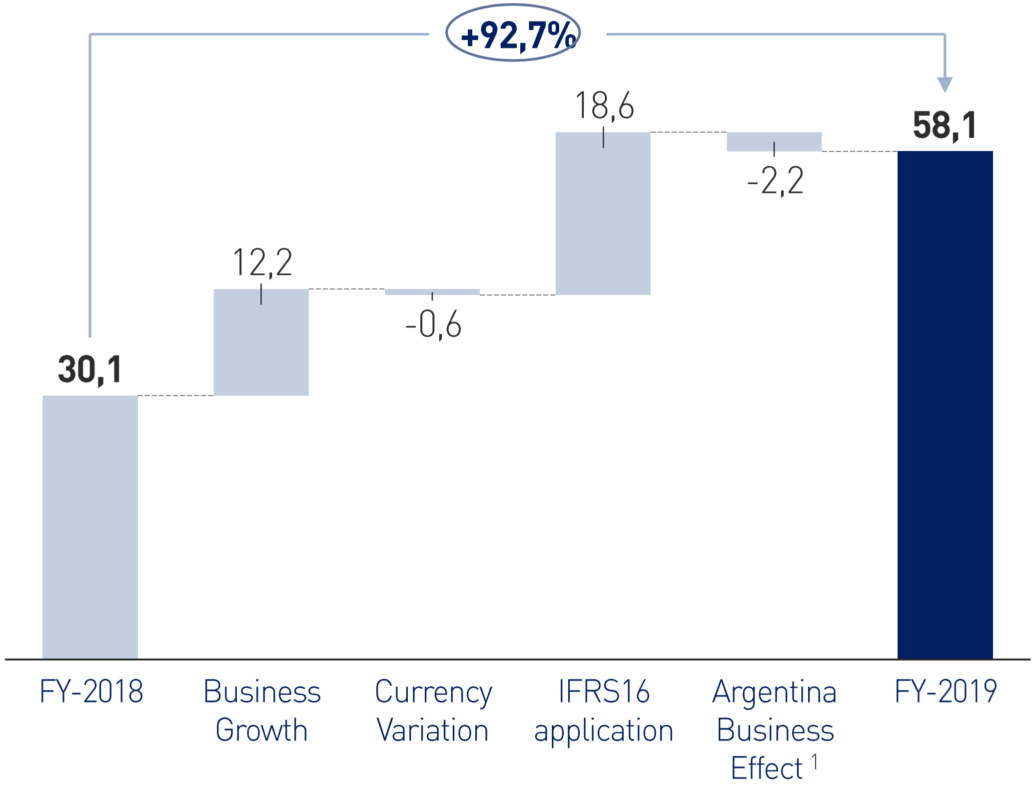
REVENUE AND EBITDA ANALYSIS

Millions of euros

REVENUES



EBITDA



[1] It includes the impact of the business downturn, the currency effect and the hyperinflation effect

KEY INCOME STATEMENT INDICATORS

Millions of €	2019	2018	%
REVENUE	**455,2**	**440,4**	+3,4%
EBITDA	**58,1**	**30,1**	+30,6%
EBITDA Margin	*12,8%*	*6,8%*	+1,8 p.p.
Amortization and provisions	(38,2)	(12,4)	
EBIT	**19,9**	**17,7**	(6,2%)
% EBIT/Revenue	*4,4%*	*4,0%*	-0,4 p.p.
Revenue and financial expenses	(18,5)	(31,5)	(51,7%)
Currency exchanges	(0,3)	(0,2)	
Non-recurring results	(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 the Argentine subsidiaries of the Group as discontinued operations (IFRS 5), as well as the income statement of CYS and Thaumat
[2] Without considering the effect of IFRS 16 in order to facilitate comparison with 2018

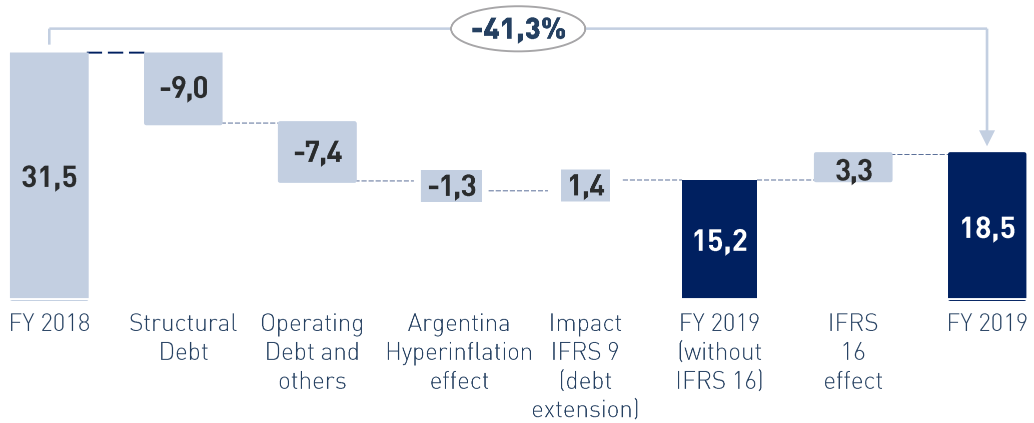
FINANCIAL DEBT

Millions of euros

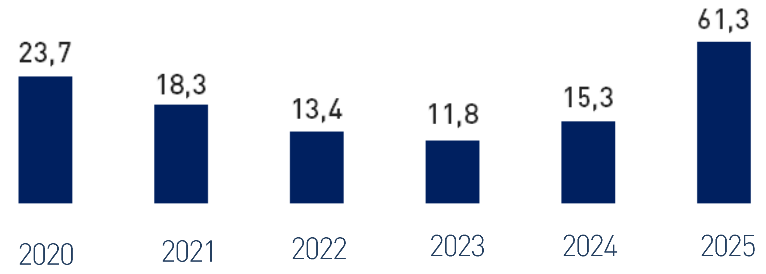
	31-12-19[3]	31-12-18
Net Financial Debt (NFD)	**120,3**	**108,0**
Gross financial debt	143,8	128,8
Cash and other equivalent assets[1]	23,5	20,8
EBITDA LTM Proforma[2]	**44,1**	**36,2**
NFD/ EBITDA Ratio	**2,73x**	**2,98x**

- ✓ Extension of long-term debt for the purchase of business activity (**+ € 30M**) and reduction of other debts (**- € 23,6 M**)
- ✓ New structural debt maturity: 2024→ **2025**
- ✓ Average cost structural debt: **5,6%** [4]

FINANCIAL EXPENSES EVOLUTION



MATURITY SCHEDULE [3]



1 Includes cash, other equivalent liquid assets and deposits in guarantee of financial debts collected within financial investments
2 Proforma EBITDA of the last twelve months ("LTM") including the one corresponding to the new branch of activity acquired in September 2019
3 Without considering the effect of IFRS 16 to facilitate comparison with 2018.
4 Average cost of structural debt in 2019

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**

2019 Operating Cash: **1,1x** o/EBITDA [1]

Capex **1%** o/sales

New financing for the acquisition of the branch of activity

Focus on reducing financial debt

[1] Without considering the effect of IFRS 16 to facilitate comparison with 2018
[2] The changes of "financial debt" and "interest payments and collections" are adjusted for changes in amortized debt
[3] Includes cash, other equivalent liquid assets and deposits in guarantee of financial debts collected within financial investments

CONSOLIDATED BALANCE SHEET

Thousand of Euros	31-Dec-19	31-Dec-19 [1]	31-Dec-18		31-Dec-19	31-Dec-19 [1]	31-Dec-18
Assets				*Equity and liabilities*			
				Equity	**14.314**	**15.930**	**32.038**
Non-current assets	**195.377**	**169.887**	**133.053**	**Non-current liabilities**	**160.309**	**145.179**	**115.405**
Tangible and intangible assets	131.270	105.780	82.039				
Long-term financial investments	17.830	17.830	17.207	Financial debt	135.223	120.093	100.695
Deferred tax assets	46.277	46.277	33.807	Other non-current liabilities	25.086	25.086	14.710
Current assets	**183.635**	**183.635**	**189.411**	**Current liabilities**	**204.389**	**192.413**	**175.021**
Inventories	23.929	23.929	20.425				
Trades and other receivables [2]	136.203	136.203	148.230	Financial debt	35.690	23.714	28.118
Cash and cash equivalents [3]	23.503	23.503	20.756	Other current liabilities [4]	168.699	168.699	146.903
TOTAL	**379.012**	**353.522**	**322.464**	**TOTAL**	**379.012**	**353.522**	**322.464**

[1] Without considering the effect of IFRS 16 to facilitate comparison with 2018. The application of this standard has an impact of **€ 25.490 K** in tangible and intangible assets, **€ 11.976 K** in current financial debt and working capital and **€ 15.130 K** in non-current financial debt.

[2] Includes the amount of the heading "Non-current assets held for sale" for an amount of **€ 7.037 K** and **€ 6.750 K**, as of December 31, 19 and December 31, 18, respectively.

[3] It includes cash, other equivalent liquid assets and "financial assets" that basically correspond to deposits in guarantee of financial debts for an amount of **€ 1.649 K** and **€ 1.679 K**, as of December 31, 19 and December 31, 18, respectively.

[4] It includes the amount of the "Liabilities linked to non-current assets held for sale" amount of **€ 3.585 K** and **€ 3.346 K**, as of December 31, 19 and December 31, 18, respectively.

> MEDIUM-TERM OUTLOOK COMMUNICATED IN 2018

Goals	Progression in 2019
• **Annual growth:** expected income organically 4-4,5% per year	Already reached
• **Business weight:** in euros of 35% -40% of the total group	Already reached
• **EBITDA margin**: 8,5% -9,5% o/revenue	Already reached
• **Net result:** 4% -5% o/revenue	In progress
• **CAPEX:** 1,5% -2% o/revenue	Already reached
• **Net financial debt** target / EBITDA <2x	In progress
• Market **consolidation** enables growth opportunities	New activity branch integration

> HALF-TERM OUTLOOK 2022-2023

Goals

The strategic positioning of Ezentis allows us to take advantage of the opportunities that are being presented in the Telecommunications and Energy sectors, and allows us to expand the medium-term goals:

- Diversification by Geography: 65% -70% Europe
- Diversification by Sector: 60%-65% Telecommunications
  40%-35% Energy
- Revenue € 1.000 M (x2)
- EBITDA Margin: 8,0%-9,0%
- Debt Ratio: <2x EBITDA
- Financing Cost: <4,5%

Note: CAPEX 1% -1,5% o/sales. EBITDA conversion into operating cash 50% -60%

> IMPACT OF IFRS 16 LEASES

1. General criteria: only applies to contracts with expected duration> 1 year, previously classified as operating leases
2. The affected lease agreements correspond to the fleet of vehicles and buildings of offices, warehouses and equipment

Indicator	Impact	Impact description	2019 Effect
Asset	↑	Increase, because of recognition of "right-of-use asset".	**+25,1 M**
Financial liability	↑	Increase, by recognition of a "lease liability IFRS 16" derived from the recognition of "rights-of- use related to leases"	**+27,1 M**
Working Capital	↓	Decrease, due to the recognition of the short-term portion of the "lease liability IFRS 16"	**-12,0 M**
EBITDA	↑	Increase, because the cost of the rent is recognized as amortization charge and interest expense instead of "Other operating expenses"	**+18,8 M**
Operating result	↑	Increase, because the cost of the rent is recognized as amortization charge and part as interest expense	**+3,3 M**
Financial result	↓	Decrease, because the cost of the rent is recognized as amortization and interest expense instead of "Other operating expenses"	**-3,3 M**
Tax effect	—	Not relevant, as it refers, in all significant aspects, to deductible expenses within the calcultation of the Corporate Tax provision	—
Net result	—	Not significant, as the effect on the operating result is offset by the effect on financial result, without a significant impact on the Corporate Tax provision	—

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