EZENTIS

FIRST HALF 2020 RESULTS PRESENTATION

July 2020





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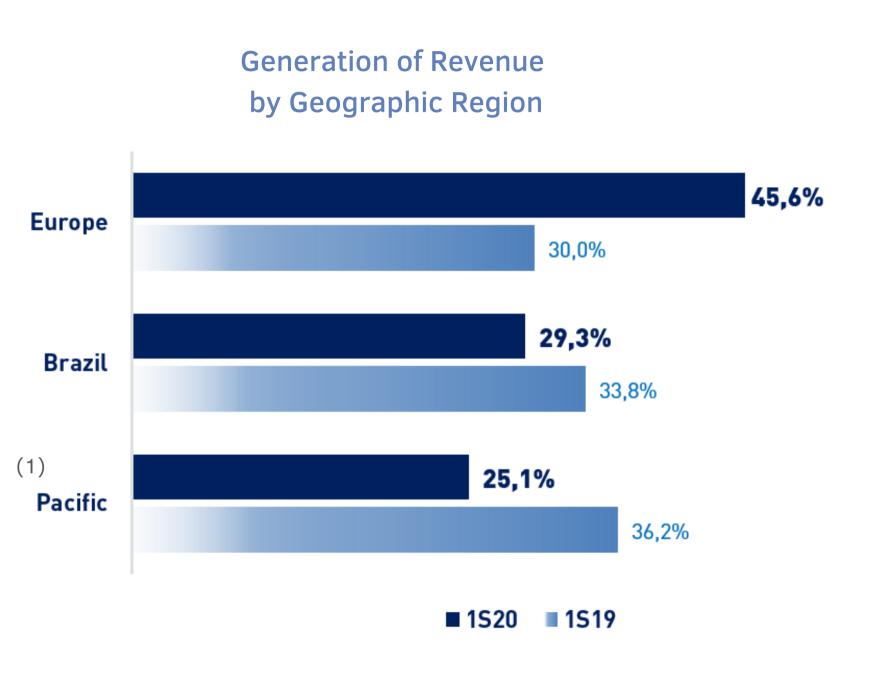


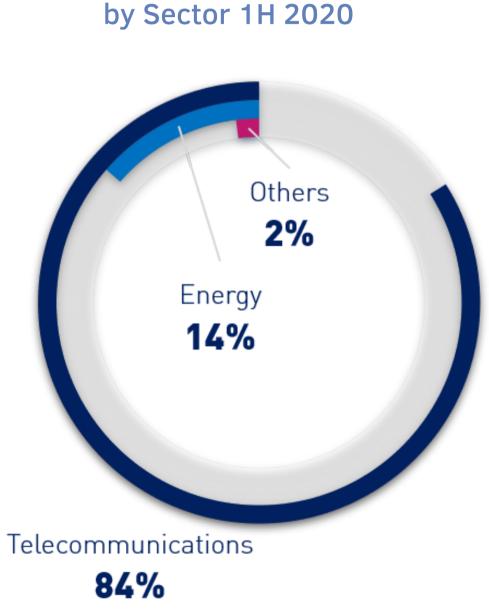
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REVENUE BY GEOGRAPHIC REGION AND SECTOR: GREATER PRESENCE IN EUROPE









Generation of Revenue

(1) Pacific country percentages: Chile: 16.3% FH 2020 / 20.1% FH 2019; Peru: 5.3% FH 2020 / 8.5% FH 2019; Argentina 0.0% FH 2020 / 3.9% FH 2019; Mexico: 1.6% FH 2020 / 1.7% FH 2019; Colombia: 1.9% FH 2020 / 2.0% FH 2019

EZENTIS: LEVERS FOR GROWTH IN MARKETS

GERMANY



✓ Nationwide development of infrastructures with gigabyte networks to cover 100% of homes by 2025

Context

- ✓ Potential FTTH market: general fibre-optic roll-out plan to connect **24 million additional homes** in the period (5 million homes are currently connected)
- ✓ The government is promoting a favourable regulatory framework for investment. Financing with public and private funds

Opportunity for Ezentis

Competitive edge: experience in the development of FTTH infrastructures in Spain, one of the main global markets for the development thereof, as well as in Brazil and the Pacific





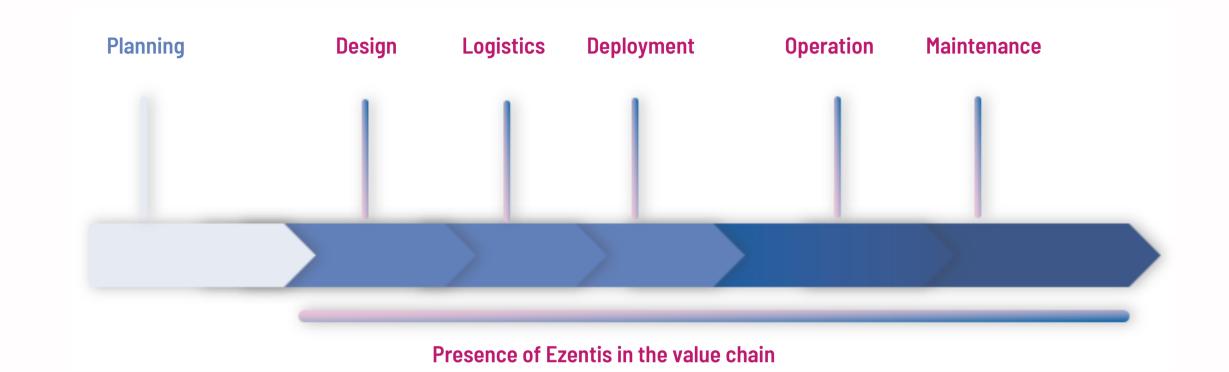
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RESILIENT BUSINESS MODEL

VALUE CHAIN CONTINUITY







Design, Logistics and Deployment

- Clients focus on their **Core Business** implies increased outsourcing for the stages of design, logistics and roll-out
- Logistics as added value for Deployment and O&M

Operation and Maintenance

- Market: infrastructure stock
- O&M tied to operating costs (OPEX)
- Medium-term contracts: 3-5 years
- Stable margins with incentives for quality and adjusted for inflation

TRENDS AND KEYS FOR THE TELECOMS MARKET

The health crisis has helped to emphasize the value of using communication and digitalization infrastructures to cope with the increased use of teleworking, e-commerce, and online education and leisure

- ✓ Modernization of existing telecoms networks and deployment of new infrastructures to extend them to rural areas. Deployment of 4G and 5G mobile networks
- ✓ **Digitalization** of processes in companies and public authorities as a competitive lever: remote working, e-commerce, health and training
- Security in transactions and data privacy
- Reduction of the digital gap

MARKET KEYS

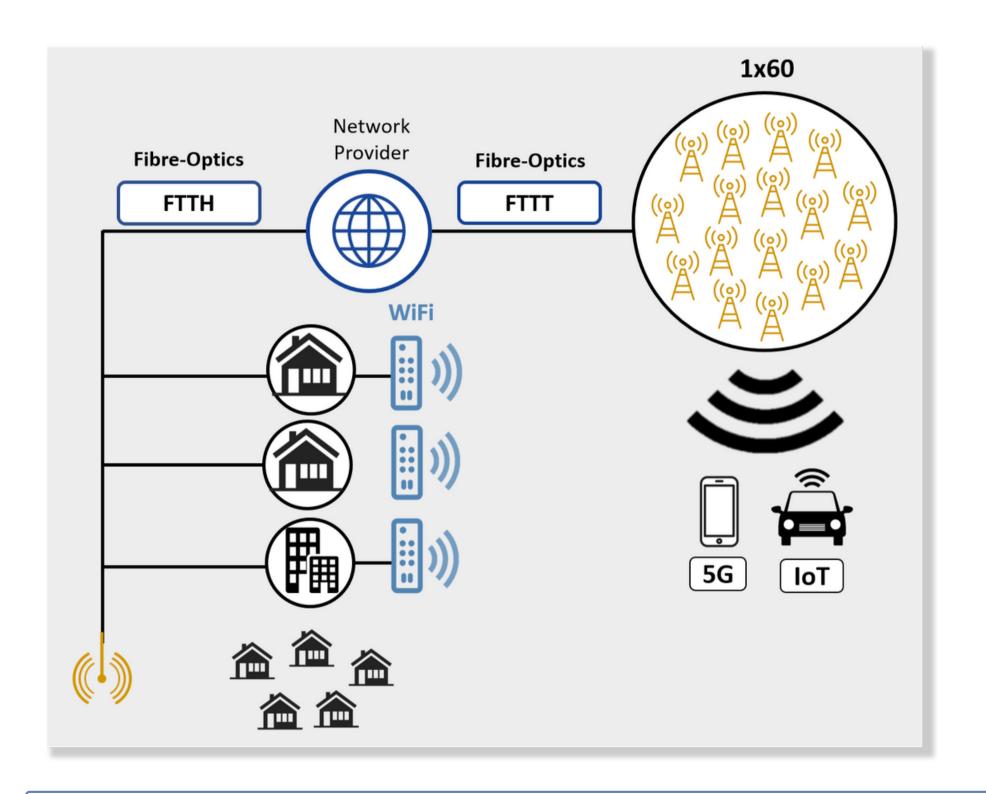
- Deployment and O&M for fiber optic. <15% FTTH penetration rate in Europe
- Deployment and O&M of 4G and 5G (1 per 60 antennas, respectively)
- Removal of obsolete infrastructures
- Digital services





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EZENTIS: LEVERS FOR GROWTH IN TELECOMMUNICATIONS FIBRE-OPTIC AND 5G NETWORKS



EZENTIS: CURRENT BUSINESS





- Roll-out, operation and maintenance of fibre-optics
- **Dismantling** of obsolete infrastructures
- Roll-out of equipment for 4G technology
- Alarms: roll-out and maintenance

EZENTIS: ADDITIONAL BUSINESS





- Network roll-out
 - Installation of towers/cells
 - Fibre to the tower roll-out
- Roll-out of equipment for 5G technology
- Operation and maintenance of the 5G network
 - Towers and fiber-optic network
 - Telecommunications equipment

Greater density: economies of scale, efficiency and margin

TRENDS AND KEYS FOR THE ENERGY MARKET

Energy transition to contain climate change, reduce energy poverty and as a competitive lever for industrial activities and services

- ✓ Need for decarbonization to stop the planet's temperature increase
- Increase in the weight of electricity in the total energy demand in Europe to reach the energy and climate targets set by the EU
- **▼ PNIEC** (National Integrated Energy and Climate Plan) in Spain
- Reduction of energy costs for industrial processes to enable companies to improve their competitiveness

MARKET KEYS

- Target: 59% electrification to meet the demands of the Paris Agreement by 2050
- PNIEC: increase of 42% in the consumption of renewable energy and reduction of emissions by 23%
- Public and private funding in a 10 years period in Spain in electricity grids, renewable generation and energy savings and efficiency





Effect of the pandemic on transition plans



Ezentis
is maintaining its
growth strategy in
the energy sector

- The government plans to anticipate and bring forward the PNIEC to 2030 in order to support the reconstruction process
- ✓ Energy companies have offered to maintain or even increase investments in the energy transition as a driving force for economic recovery (80% of planned investment from a total 240 billion euros is private)
- Calls are being made for the government's renewables plan to be brought forward to 2025 in order to accelerate investments
- ✓ Collaboration on the **execution** of the necessary **investments in power grids** both electricity and gas with action in the fields of installation assembly, operation and maintenance
- ✓ In the field of distributed generation, participation in the strong roll-out of two-way self-consumption photovoltaic electricity systems for domestic and industrial clients through supply, installation and maintenance activities
- ✓ Facilitating the roll-out of electric vehicle charging stations across the national network, engaging in the installation and maintenance of these stations
- Ezentis will contribute towards development in this field in every country where it operates

10 | SECTOR / MARKETS | EZENTIS

ATTRACTIVE STRATEGIC POSITIONING



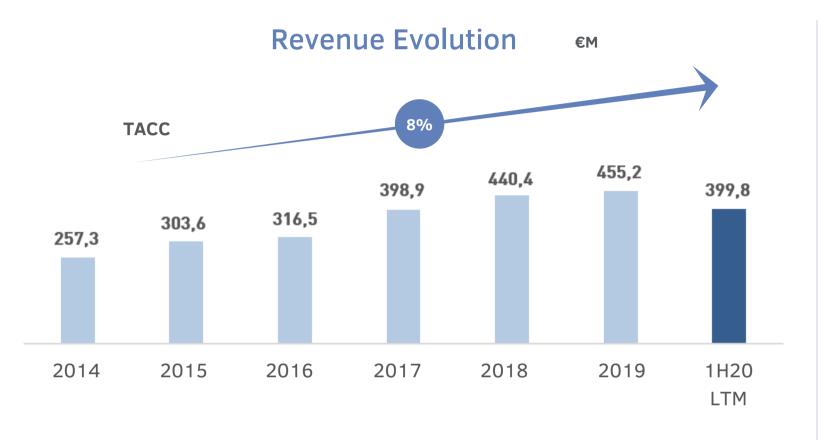
- **60 years of experience** and as benchmark in the market
- ✓ Maximization of volume and recurrence through long-term contracts in diversified markets
- ✓ Robust resilience in the Europe, Brazil and Pacfic markets, and in the Telecoms and Energy sectors
- ✓ Optimization of density in geographical areas to reach the critical size which allows profitability improvement and maximizes economies of scale
- Ready to lead the consolidation of the market due to its history, experience and proven quality

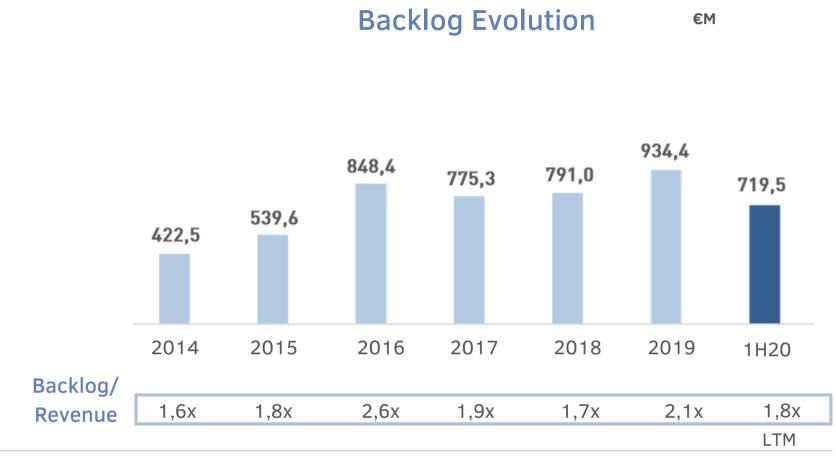




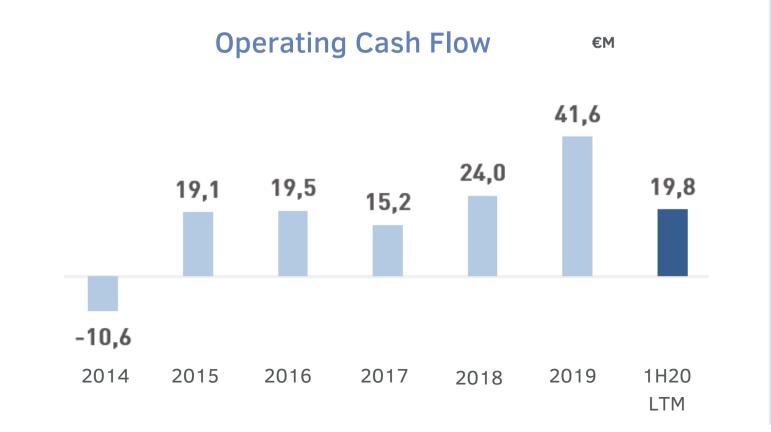
RESILIENT BUSINESS MODEL

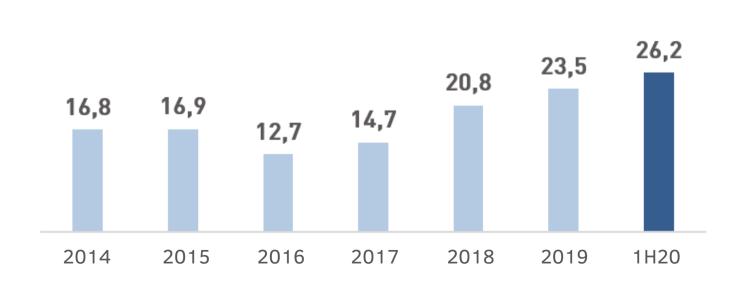






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Final Cash Position

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KEY ASPECTS OF THE BUSINESS MODEL

ONGOING TRANSFORMATION FOR IMPROVING COMPETITIVENESS

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UNIQUE MARKET SITUATION

- ✓ Market concentration
- Opportunities: Teleco/Energy and geographic areas
- ✓ Greater presence in the value chain
- Quality, efficiency and safety as criteria for supplier selection



SUSTAINABLE GROWTH

ONGOING TRANSFORMATION: KEY ISSUES

- Density
- ✓ Operational Synergies
- Innovation

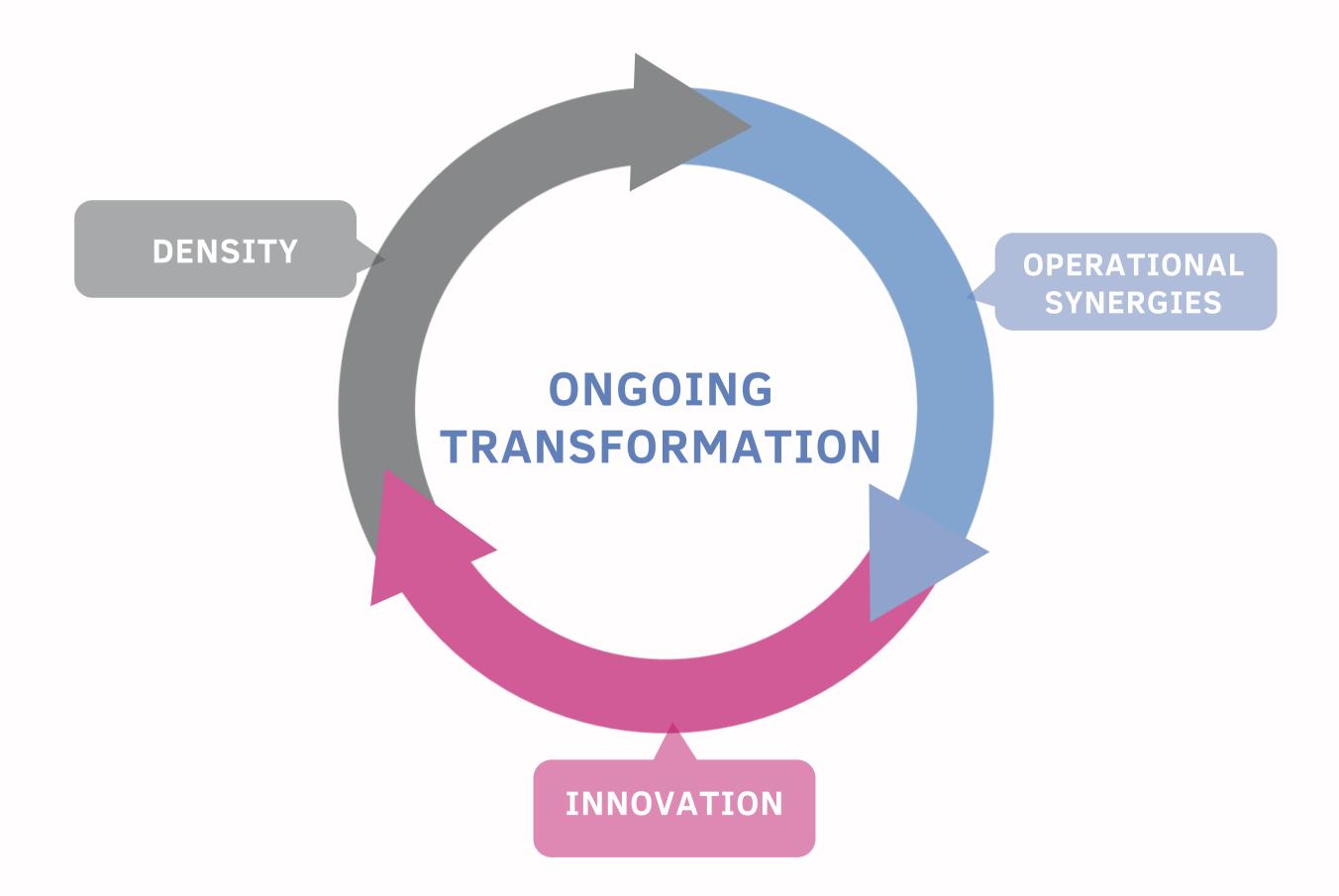


KEY ASPECTS OF THE BUSINESS MODEL

ONGOING TRANSFORMATION: CORE ISSUES





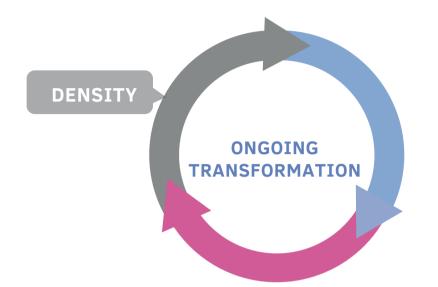


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ONGOING TRANSFORMATION: DENSITY







- Achieving the most profitable critical size to enable profitability improvement and economies of scale to be maximised
- Market consolidation Ezentis is involved in the market consolidation process due to its proven history, experience and quality
- ✓ Focus on large business volumes Maximisation of volume and recurring business through long-term contracts in diversified markets

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KEY ASPECTS OF THE BUSINESS MODEL

ONGOING TRANSFORMATION: OPERATIONAL SYNERGIES









- Integration of companies and structures into Shared Services and Logistics Centres by territory
- Development of centres of excellence for the roll-out of fibreoptics: FTTH Excellence Centre
- Consolidation of the Control Tower model for managing operation and maintenance
- Centralisation of Dispatching



- Increased flexibility for the structure, greater efficiency in resources
- Adaptation of expenditures to revenues
- In coordination with social stakeholders / governments / clients
- Reduction of 2,279 people

Restructuring of the organisational structure: € 7,5 M

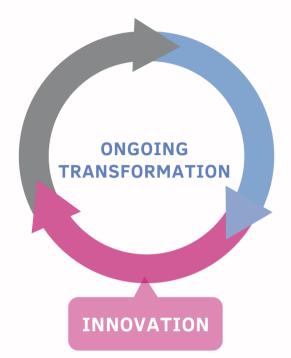
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KEY ASPECTS OF THE BUSINES MODEL

ONGOING TRANSFORMATION: INNOVATION







- Proc
 - ✓ Process automation

Digital technology

✓ Ongoing improvement in the level of service and costs

PRAXIS Project

ORACLE Tool

More exhaustive control of resources, quality and safety audits, and reporting incidents in real time

FLEET Project

PULPOMATIC Tool

Monitoring the use and refuelling of fuel, GPS vehicle positioning, speed control and verification of programmed routes

FINANCIAL Project

SAP Tool

Digital tools that improve quoting, treasury management, asset accounting, purchase and logistics records, billing and reporting





RESULTS

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GROUP BUSINESS

FIRST HALF 2020



TELECOMMUNICATIONS AND ENERGY BUSINESS

Normal development of activity while adapting to the needs of demand

BUSINESS IMPACTED BY COVID-19

Governmental restrictions imposed in certain countries

Telecommunications:

- Domestic installation and maintenance
- Telephony service portability limitation

<u>Energy:</u>

Energy disconnection and reconnection business

Economic impact: revenue decrease of 13.6% at constant exchange rate and of 23.3% at current exchange rate

MAIN FIGURES 1H 2020





REVENUE

€ 182.6 M

-23.3% o/1H2019

BACKLOG

€ 719.5 M

multi-annual contracts

1.8x o/revenue last 12 months (LTM)

EBITDA

€ 17.8 M

-39.5% o/1H2019

EBITDA MARGIN

9.8%

vs 12.4% in 1H2019

FINAL CASH POSITION

€ 26.2 M

NET DEBT 3.3x

vs 2.4x in 2019

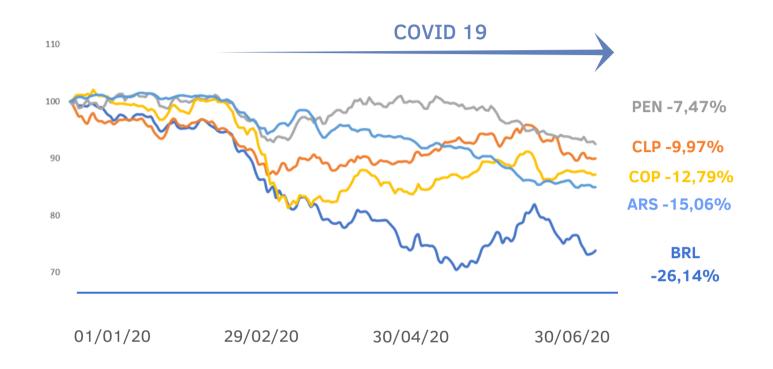
TRENDS IN LATIN AMERICAN CURRENCIES

- ✓ Depreciation of Latin American currencies against the Euro since the start of the pandemic
- Greater impact on revenues in Brazil and Chile.
 Other currencies have a lesser weight on revenue
 (Peru 5.3% Colombia 1.9% and Argentina 0.0%)
- ✓ Our business model:
 - Natural coverage of income and expenditure in local currencies
 - Increased generation of revenues in Euros (Europe = 46% o/1H 2020)
 - Inflation and interest rate trends in Brazil and the Pacific allow for cost control
 - Most contracts are tied to inflation



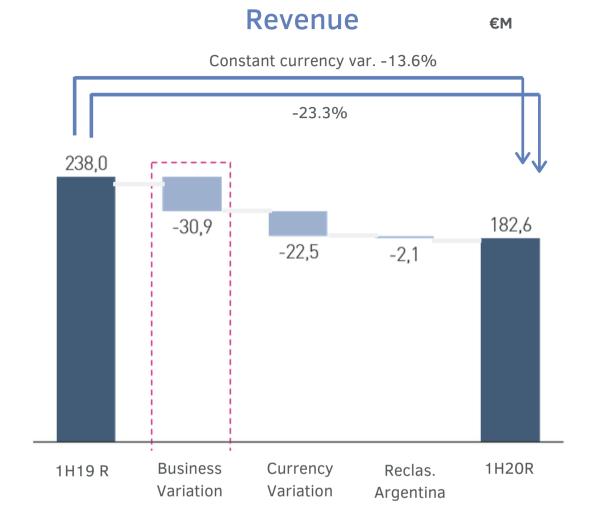


2020 Exchange Rate Trends - Base 100



REVENUE AND EBITDA TRENDS



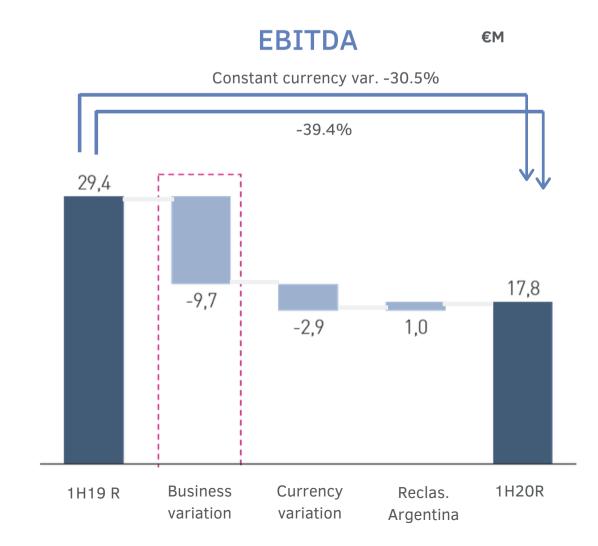


Less domestic installation and maintenance business, telephony portability limitation and energy "disconnection and re-connection" restrictions due to the health emergency situation

The revenue reduction when disregarding the currency effect stands at 13.6%

Gradual cost adaptation

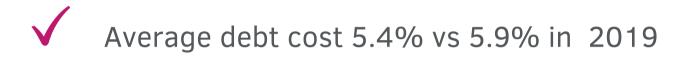
The EBITDA reduction when disregarding the currency effect stands at 30.5%



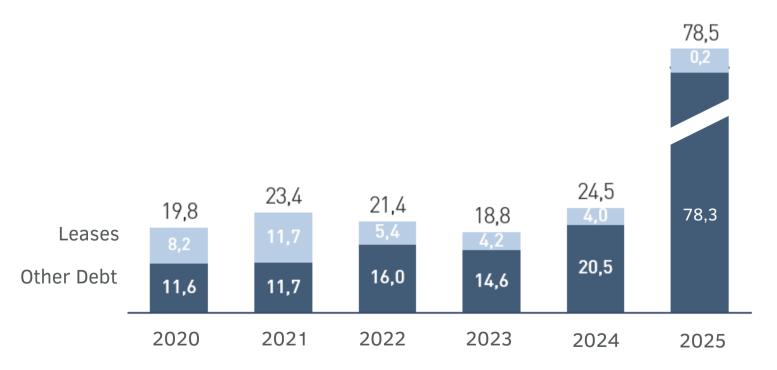
NET FINANCIAL DEBT: MAIN MATURITY IN 2025

	1H20	2019 FY
Net Financial Debt (NFD)	160.2	147.4
Gross financial debt	186.4	170.9
Cash and other equivalent assets	26.2	23.5
NFD/EBITDA Ratio	3.3x	2.4 x

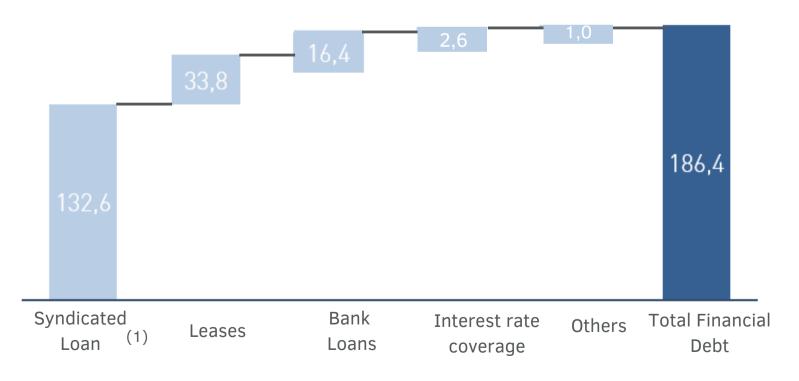




Maturities Calendar as from 1H20



Debt Composition 1H20



PROFIT AND LOSS ACCOUNT 1H2020





	1H20	1H19
Revenue	182,6	238,0
EBITDA	17.8	29.4
EBITDA Margin	9.8%	12.4%
Depreciation and amortization charges	(19.3)	(16.6)
EBIT	(1.5)	12.8
Revenue and financial expenses	(8.2)	(8.5)
Currency exchanges	0.2	0.3
Non-recurring results	(7.5)	(2.0)
Non-Controlling Interests, discontinued operations and non-strategic investments	1.1	(1.2)
Taxes	2.0	0.1
Net Result	(13.9)	1.5



SOLID GENERATION OF OPERATING CASH FLOW

CASH FLOW LAST 12 MONTHS / 1H20

	CF LTM Q3 19-Q2 20	CF 1H20
EBITDA	46.5	17.8
Changes in working capital and other movements	(17.1)	(3.6)
Recurring Operating Cash Flow	29.3	14.3
Movements for non-recurring results	(9.5)	(6.7)
Operating Cash Flow	19.8	7.6
Inorganic growth payments	(27.5)	-
Acquisition of property, plant & equipment, and intangible assets (CAPEX) (6.7)		(2.3)
Cash flow from investing	(34.2)	(2.3)
Financing inorganic growth	30.0	-
Changes in financial debts, net	(2.5)	9.4
Collection and payment of interests, net	(17.8)	(8.7)
Cash flow from financing	9.7	0.7
Total net cash flow	(4.6)	6.0
Initial net financial position	35.1	23.5
Net increase/(decrease) in cash and cash equivalents	(4.6)	6.0
Exchange differences	(4.3)	(3.3)
Final net financial position	26.2	26.2

- ✓ EBITDA conversion rate in recurring business Cash Flow: 63% in LTM and 80% in 1H20
- √ Variation in average periods vs December 2019
 - Reduction of the average payment period by 6.7%
 - Reduction of the average cash transformation period by 7.1%
- ✓ Non-recurring operating cash flow due to transformation of the productive model
- ✓ CAPEX 1.0%-1.5% o/sales
- ✓ Significant reduction to the financial cost
- √ Final net financial position of € 26.2 M

VISIBILITY AT 2020



- ✓ Revenue and backlog will develop with an expected increase in business in 2H2O
- ✓ Ongoing transformation: increased productivity and cost efficiency. Adaptation of expenditure to revenue trends



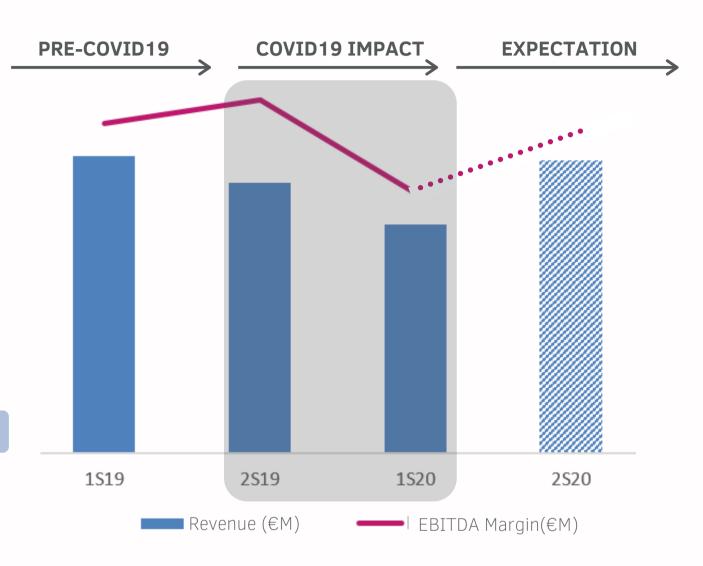
GRADUAL RECOVERY OF THE MARGIN IN 2H20

First half:

✓ Moderate impact from the emergency situation in the first quarter that has increased in the second quarter, the greatest impact of which took place in April and May (IM and energy segments), recovery in June

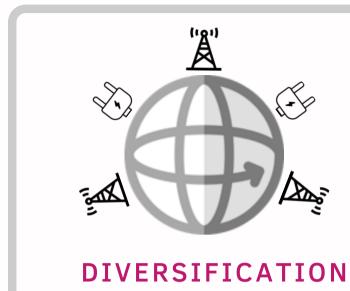
Second half:

✓ Gradual recovery of business in all business segments. Geographically, this is being reflected in Europe by an increase in revenue and in all business indicators from June. The Brazil and Pacific markets are expected to develop along the same lines but at a later date



The information on this slide is not a profit forecast or estimate by Ezentis but rather its expectations on future trends of a merely aspirational and programmatic nature that reflect current expectations, current and past trends and the expected development of business in the market where the Company operates and that, at any event, may not take place or may be subject to variation and/or alteration as a result of possible future events

OUTLOOK FOR 2022-2023



GEOGRAPHY

65% - 70% EUROPE

SECTOR

60% - 65%

TELECOMMUNICATIONS



REVENUE

€ 1,000 M (x2)



FINANCIAL

(1)

EBITDA MARGIN

8% - 9%

BORROWING RATIO

< 2x EBITDA

FINANCING COST

< 4,5%



The strategic position of Ezentis enables the opportunities presenting themselves in the Telecommunications and Energy sectors to be harnessed

(1) Without considering the effect of IFRS16

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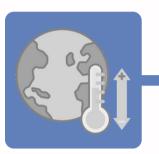


SUSTAINABILITY



GOBERNANCE

- Publication of a new **Sustainability Policy**
- Creation of a **Sustainability** Committee
- Publication of a Progress Report in response to the commitment made to the **Global Compact**
- Updates to the **Materiality Analysis**



ENVIRONMENT

FOCUSED ON SUSTAINABILITY

- Publication of a new Climate **Change Policy**
- Inclusion of the climate change risk in the company's Risk Map
- Review of the Carbon Footprint Calculation procedure



STAKEHOLDERS

- Strengthened relationship with **Clients** through sustainability
- Search for alignment of criteria with ESG Investors
- Increased environmental awareness initiatives with **Employees**

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CONTRIBUTION TO THE GLOBAL HEALTH CRISIS

We are working to improve connectivity in people's homes and in business, an essential factor for economic sustainability and for society as a whole

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COMMITTED TO SUSTAINABILITY

SUSTAINABILITY PLAN UP TO 2022



- Approval of suppliers with regard to sustainability criteria
- Safety audits of contractors and subcontractors
- ✓ Commitment to zero accidents
- ✓ 60% of fleet with alternative fuel in 2022







CONCLUSIONS





Cash position of € 26 M in 1H20

Backlog with visibility at 1.8 years

Increased competitiveness through our transformation programme

Market undergoing consolidation with sound levers for growth

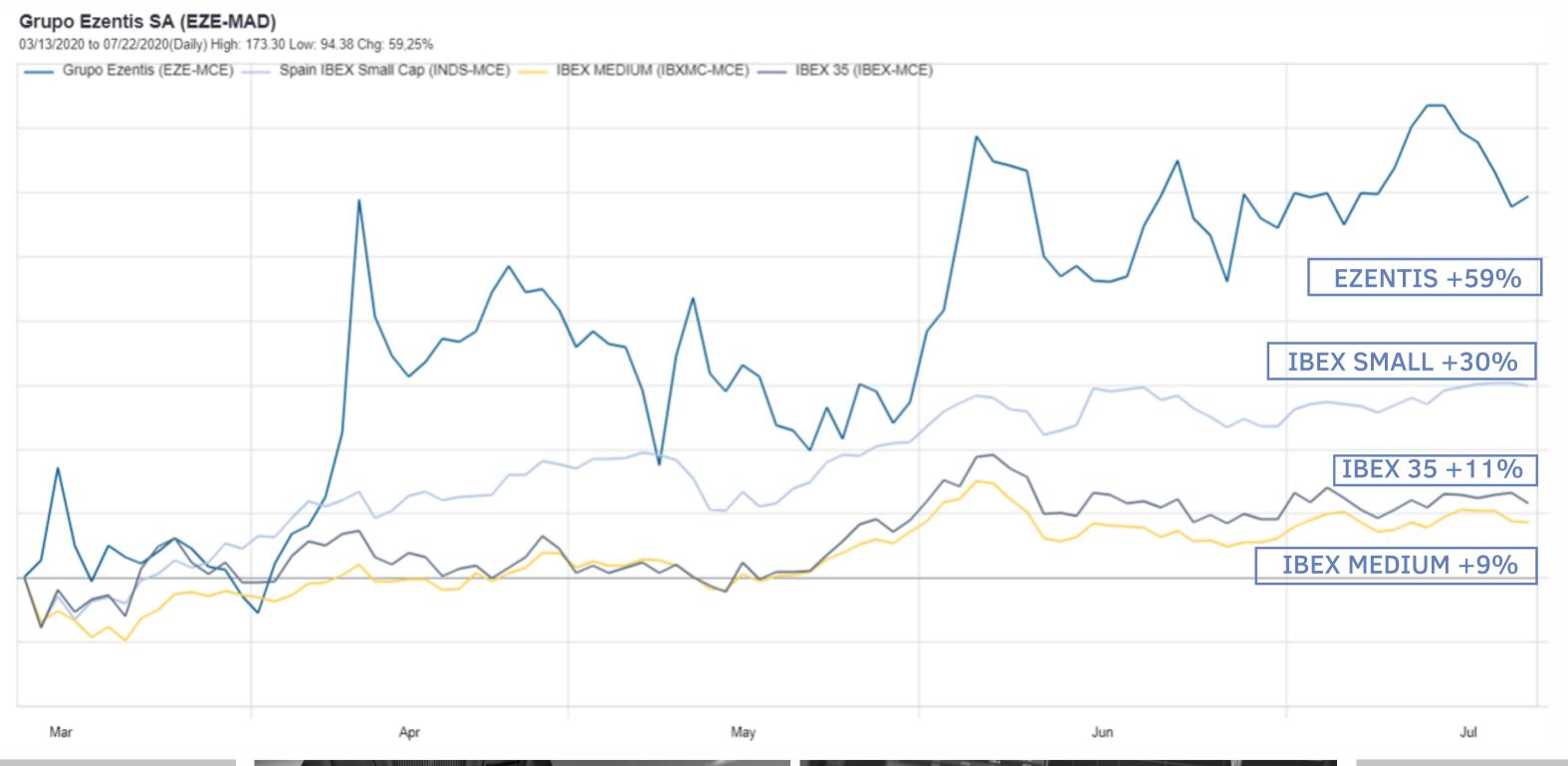
Outlook for 2022-2023

WE ARE GRATEFUL TO ALL OUR EMPLOYEES FOR THEIR COMMITMENT TO MAINTAINING THE ESSENTIAL TELECOMS

AND ENERGY SERVICES



SHARE VS INDICES DURING THE COVID-19 CRISIS PERIOD









CONSOLIDATED BALANCE SHEET 1H20

\in M	1H20	2019		1H20	2019
			Equity (1)	(12.868)	14.312
Non-current assets	183.480	195.377	Non-current liabilities	170.679	160.309
Tangible and intangible assets	117.785	131.270	Financial debt	133.867	120.093
Long-term financial investments	17.067	17.830	Lease liabilities IFRS 16	16.804	15.130
Deferred tax assets	48.628	46.277	Other non-current liabilities	20.008	25.086
Current assets	160.397	183.634	Current liabilities	186.066	204.390
Assets held for the sale	893	7.037	Liabilities associated with assets held for the sale	1.780	3.585
Inventories	24.694	23.929	Financial debt	25.644	23.714
Trades and other receivables	108.620	129.165	Lease liabilities IFRS 16	10.074	11.976
Cash and cash equivalents	26.190	23.503	Other current liabilities	148.568	165.115
TOTAL	343.877	379.011	TOTAL	343.877	379.011

(1) Equity of the individual company Grupo Ezentis S.A.at 1H2O stands at € 130.5 M





LEGAL WARNING

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