



**How did an MVNO become the  
fourth national carrier in Spain?**

Ingenium Mobile 2017 | June 15, Madrid

From

0.5M

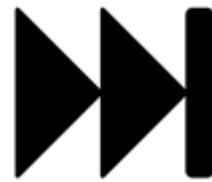
25K

160M

11M

No fixed network

MVNO



to

4.4M mobile customers

120K FBB customers

1,1BN revenues

119M EBITDA

1M FTTH (access to 7M)

85% 4G coverage

IN JUST **24** MONTHS

# THE JOURNEY

**01**

## Acquisition of the **REMEDY PACKAGE**

0.8M FTTH BUs  
Wholesale agreement  
ADSL network  
(83% pop. coverage)  
4G agreement



**02**

## Acquisition of **PEPEPHONE**

0.5M mobile customers  
35k ADSL customers  
64M revenues  
13M EBITDA



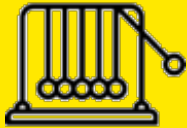
**03**

## Acquisition of **YOIGO**

3.3M customers  
865M revenues  
83M EBITDA  
>800k stores



# THE SECRET SAUCE



## RIGHT MOMENT RIGHT PLACE

Competitive landscape in Spain: from the perfect storm to the most attractive Telco market in Europe



## SOUND BUSINESS PLAN

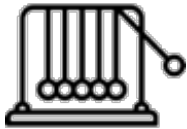
Significant value creation opportunity by combining fixed and mobile assets with a large customer base



## AMAZING TEAM

How come Yoigo and Pepephone were acquired by MASMOVIL a much smaller company?

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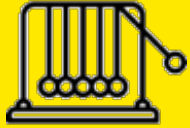
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Significant value creation opportunity by combining fixed and mobile assets with a large customer base



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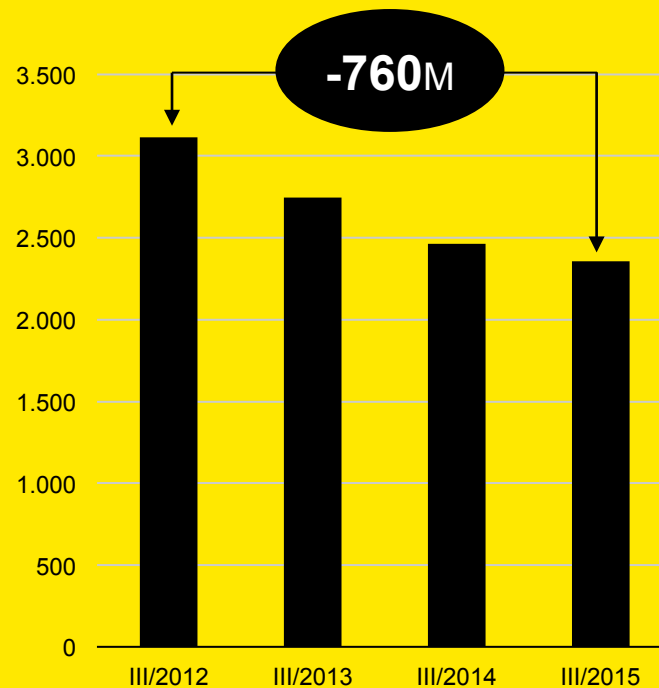
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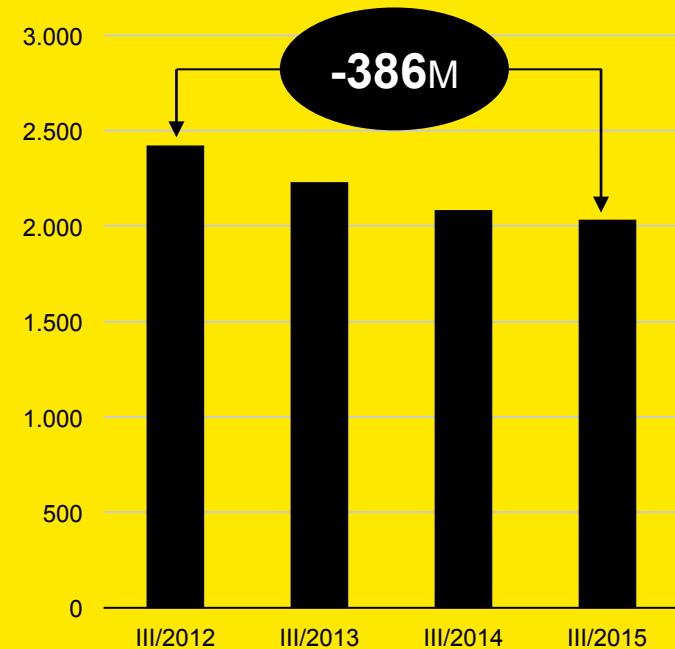
**RIGHT  
MOMENT  
RIGHT  
PLACE**

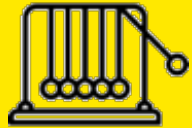
After a perfect storm...

**MOBILE COMMS REVENUES**



**FIXED COMMS REVENUES**





**RIGHT  
MOMENT  
RIGHT  
PLACE**

## After a perfect storm...

### FMC

Major price reductions compared to stand-alone products

*% FBB convergent customers*

**11%**  
2012

**63%**  
2014

**85%**  
2016

### PAY TV

The need to invest in content adds additional pressure on margins

*Pay TV customers*

**4.1M**  
2012

**5.1M**  
2014

**6.1M**  
2016

### NGN DEPLOYMENT

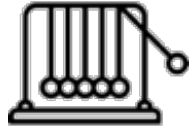
Intensive rollout of FTTH & 4G demands massive investments

*NGN building units*

**13.4M**  
2012







**25.8M**  
2014

**40.1M**  
2016



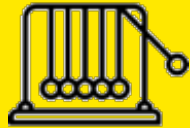
**RIGHT  
MOMENT  
RIGHT  
PLACE**

...comes a calm

Deal	Acquirer	Valuation	Date	Deal rational
		€7,2bn	Mar 2014	Access to HFC footprint
		€1,2bn	Jun 2014	Access to premium content
		€3,2bn	Sep 2014	Access to FTTH footprint

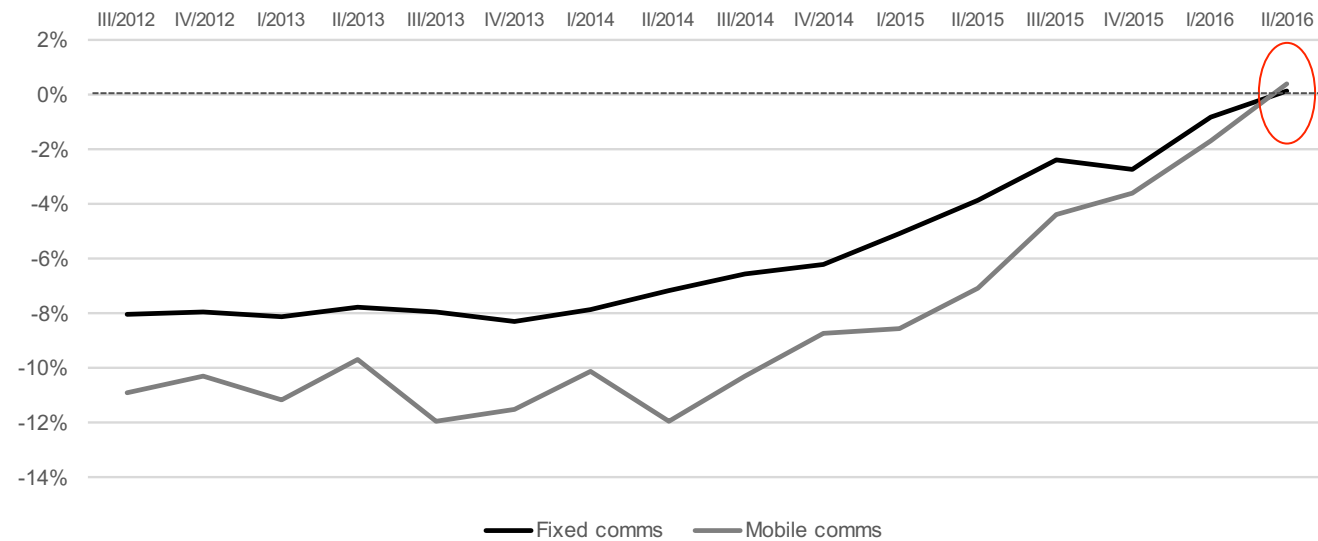
3 DEALS WORTH € **11.6** BILLION



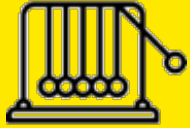


**RIGHT  
MOMENT  
RIGHT  
PLACE**

The most attractive...



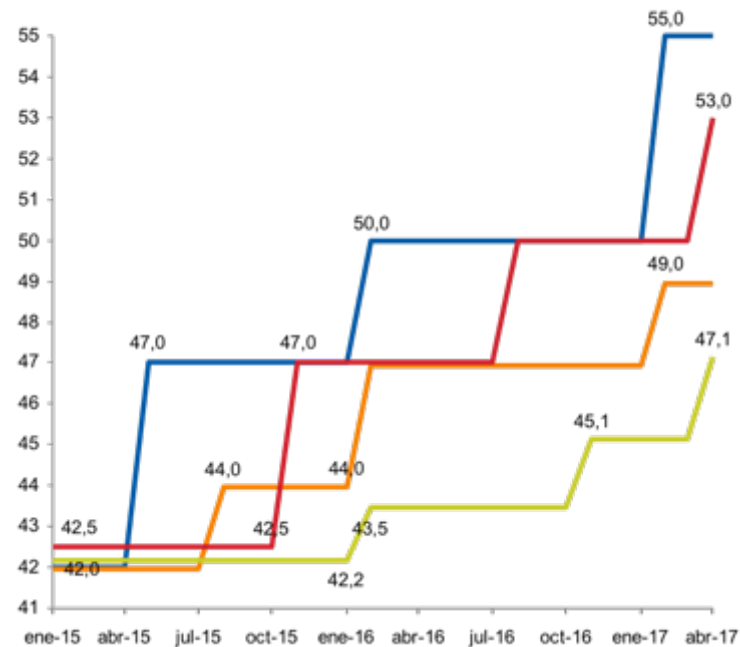
Mobile comms revenues started falling in Q3 2008  
Fixed comms in Q1 2009



**RIGHT  
MOMENT  
RIGHT  
PLACE**

## ...Telco market in Europe

*Key players FMC entry price evolution*



*Top 3 FBB revenue share*

**62%**  
2012

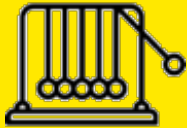
**93%**  
2016

*MVNO market share*

**15%**  
2012

**8%**  
2016

# THE SECRET SAUCE



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## SOUND BUSINESS PLAN

Significant value creation opportunity by combining fixed and mobile assets with a large customer base



## AMAZING TEAM

How come Yoigo and Pepephone were acquired by MASMOVIL a much smaller company?



**SOUND  
BUSINESS  
PLAN**

**1**

**Multi-brand strategy to occupy the value-for-money space**

**2**

**Smart combination of owned and third party networks**

**3**

**Significant merger synergies to be unleashed**

1

## MULTI-BRAND STRATEGY

The logo for Yoigo, featuring the word "yoigo" in a lowercase, rounded font. The "yo" is yellow and the "igo" is orange.

### VALUE FOR MONEY

Data abundance at a discounted price

The logo for Másmóvil, featuring the word "MÁSMÓVIL" in a bold, uppercase, sans-serif font. The "MÁ" is dark grey, "SMÓ" is light grey, and "VIL" is dark grey with a yellow exclamation point.

### THE FIGHTER BRAND

No frills services at the lowest price possible

The logo for Pepephone.com, featuring the word "pepephone" in a red, lowercase, sans-serif font with a white outline, and ".com" in a smaller red font below it.

### THE ETHIC OPERATOR

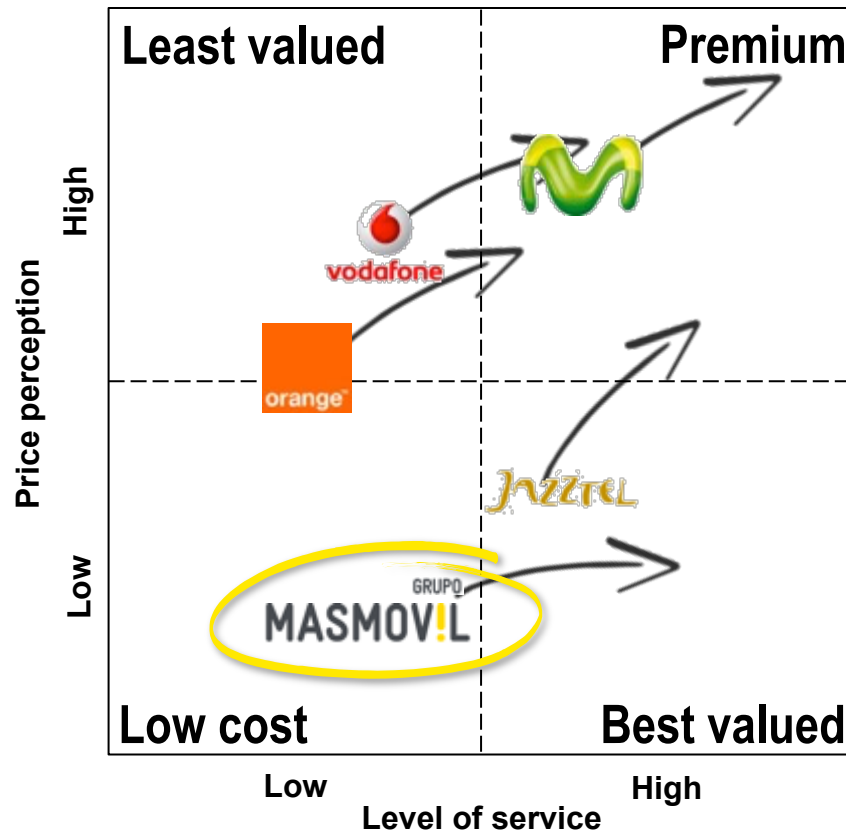
Transparency and fair prices  
no hidden fees



# SOUND BUSINESS PLAN

1

A multi-brand strategy to occupy the empty value-for-money space in the Spanish market





## SOUND BUSINESS PLAN

2

A smart combination of owned and  
third party networks

*The "others" focus*

**90%**

Cities > 100k  
population

**20%**

Cities < 50k  
population

## FTTH DEPLOYMENT



## STRATEGIES

*MASMOVIL focus*

**70%**

Low competition  
areas

**60%**

Cities < 10k  
population



## SOUND BUSINESS PLAN

2

A smart combination of owned and third party networks



Fixed network



Mobile network

*Owned*

1M FTTH BUs

85% population coverage (4.7k sites)

*Third party*

Orange bitstream agreement (7M BUs)

Wholesale ADSL agreement Orange (83%)

National Roaming agreement Orange

National Roaming agreement Telefonica





## **SOUND BUSINESS PLAN**

**3**

Significant merger synergies waiting  
to be unleashed



### **OPTIMIZATION OF NETWORK COSTS**

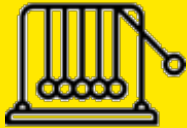
Migration of MASMOVIL &  
Pepephone mobile traffic to  
Yoigo's network



### **CROSS SELLING OF FIXED SERVICES**

Cross selling of fixed  
services to Yoigo mobile only  
customers to reduce churn

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## AMAZING MANAGEMENT TEAM

**15**

Average years of  
experience in the  
industry

**90%**

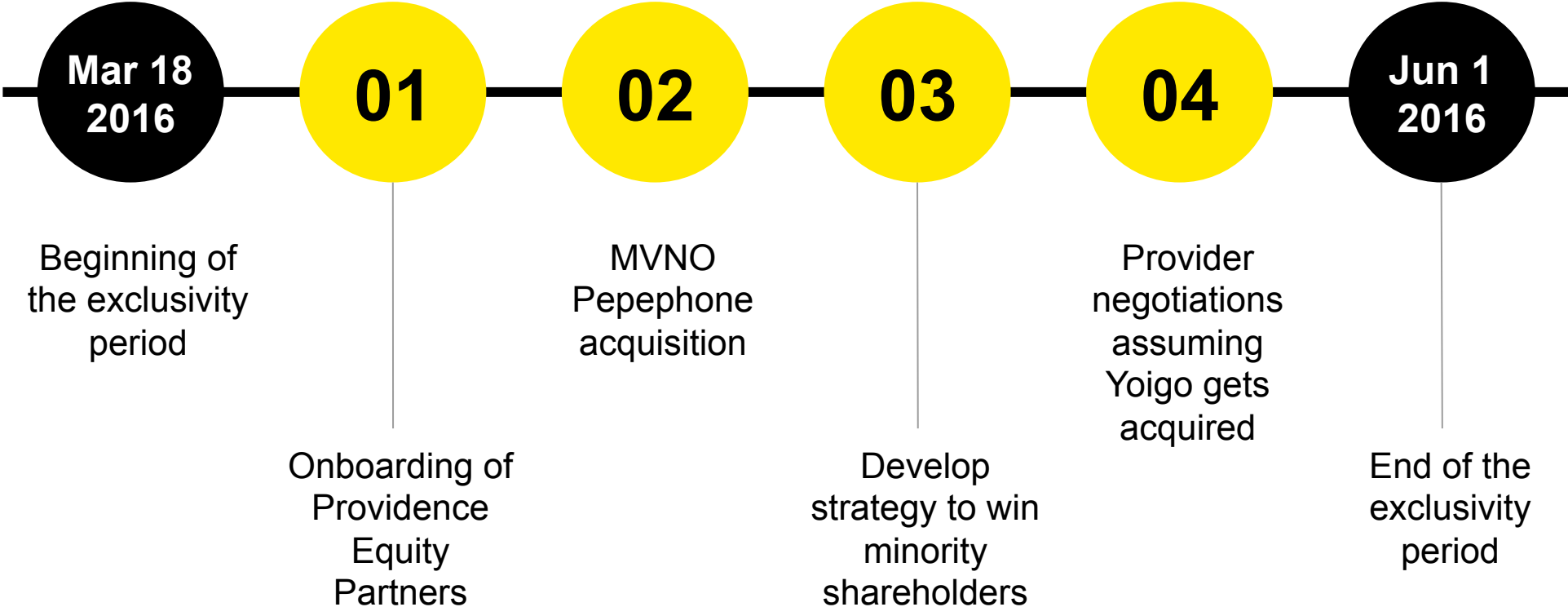
Held the same  
position at another  
Telco company

**75%**

Have worked  
together  
previously



# Never take no for an answer



20 days  
after the end of the  
exclusivity period  
MASMOVIL announced the  
acquisition of YOIGO

**GRUPO**  
**MASMOV!L**