DOMINION

Mid Term Financial Report
1st Semester 2017

27th July 2017

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1st Semester 2017 Results

(€m)	H1 2016	%	H1 2017
Turnover	254.9	+27%	323.0
EBITDA (*)	20.4	+16%	23.6
% EBITDA on Turnover	8.0%		7.3%
EBITA (*)	14.8	+16%	17.2
% EBITA on Turnover	5.8%		5.3%
EBIT (*)	14.1	+6%	15.0
% EBIT on Turnover	5.5%		4.7%
Net Income	8.1		10.0
% Net Income on Turnover	3.2%	+24%	3.1%

(*) EBITDA: Net Operating Income + Depreciation, EBITA: Net Operating Income + Depreciation PPA; EBIT: Net Operating Income



≈26% Growth, excluding FOREX effect, which is an additional **≈1%**.
Considering comparable consolidation perimeters, the organic growth of revenues is **≈9%**, above the strategic guidance of 7%.



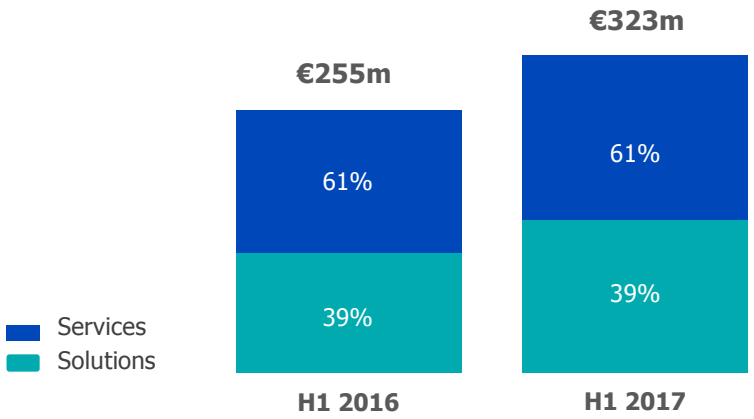
≈16% increase in EBITDA and EBITA respectively, supported by the operating leverage, despite the lower margins of the integrated companies, and our **Smart Innovation** model.



Improved Net Income **(+ 24%)**, after integrating the new companies, and due to the improvement of EBIT and Balance Sheet expenses.

SERVICES
(61%)

Contribution Margin (*): 8.7%



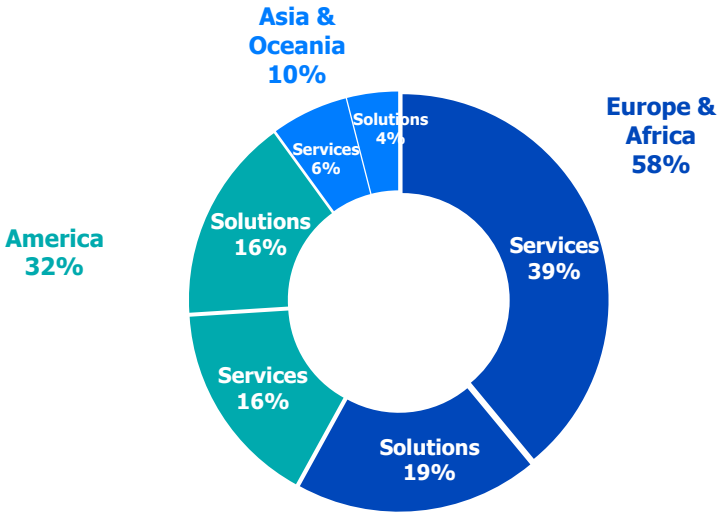
SOLUTIONS
(39%)

Contribution Margin (*): 15.5%

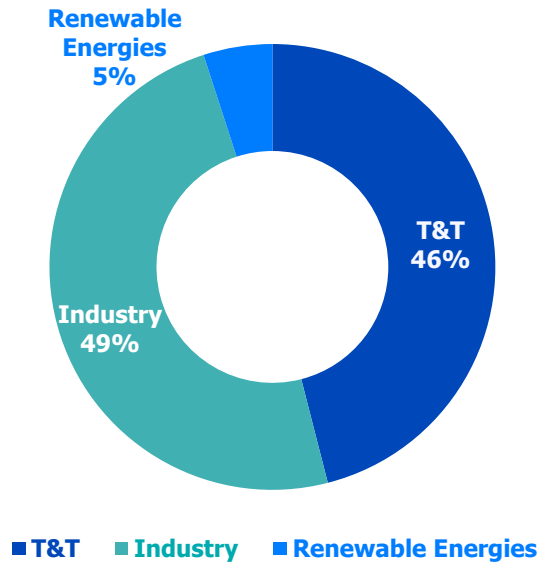
	Services		Total		Solutions		
	H1 2016	1S 2017	H1 2016	H1 2017	H1 2016	H1 2017	
Turnover	156.2	196.3	254.8	323.0	98.6	126.7	**Turnover**
%	61.3%	**60.8%**			38.7%	**39.2%**	**%**
Contribution Margin	15.15	17.0	32.1	36.6	16.95	19.6	**Contribution Margin**
%	9.7%	**8.7%**	12.6%	**11.3%**	17.2%	**15.5%**	**%**

(*) Contribution Margin: EBITDA before structure and central administration costs

SALES DISTRIBUTION BY GEOGRAPHY



SALES DISTRIBUTION BY ACTIVITY FIELD



(€m)	December 2016	H1 2017
Fixed Assets	323.5	319.4
Net Working Capital	(116.5)	(102.1)
Total Net Asset	**206.9**	**217.3**
Net Equity	274.6	279.9
Net Financial Debt (*)	(121.7)	(108.1)
Other (Net)	54.0	45.5
Total Net Equity and Liabilities	**206.9**	**217.3**

(*) Net financial debt= Debt with banks and other financial institutions minus cash and equivalents.

(€m)	Q2 2016	%	Q2 2017
Turnover	131.6	+24%	162.7
EBITDA (*)	11.1	+13%	12.5
% EBITDA on Turnover	8.4%		7.7%
EBITA (*)	8.3	+10%	9,1
% EBITA on Turnover	6.3%		5.6%
EBIT (*)	7.9	+2%	8
% EBIT on Turnover	6.0%		4.9%
Net Income	4.8	+17%	5.6
% Net Income on Turnover	3.6%		3.5%



- ✓ Considering comparable consolidation perimeters, the organic growth of revenues is **≈8%**, above the strategic guidance of 7%.
- ✓ FOREX effect adds **≈0,5%**.

(*) EBITDA: Net Operating Income + Depreciation, EBITA: Net Operating Income + Depreciation PPA; EBIT: Net Operating Income

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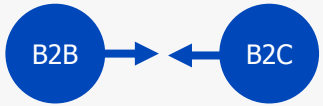
Dominion intensifies its focus on the Smart House concept

Acquisition of Phone House España

We take a leading role in the race for the Digitalization of home services

DIGITALIZATION

Convergence



Consumer at the center of the value chain

VALUE CHAIN CONVERGENCE

INCREASED SERVICES AND CONNECTIVITY

Integration

Smart Data

One-stop-shop

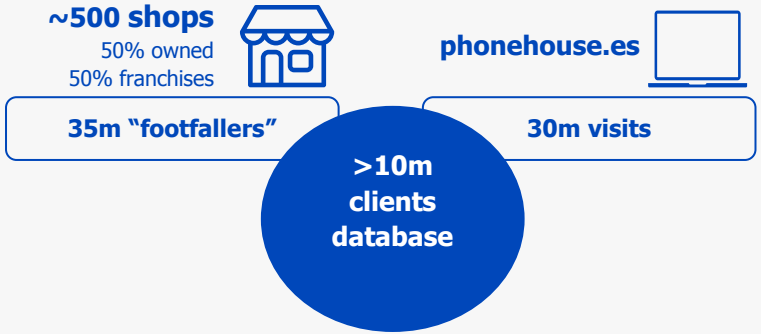
Smart House

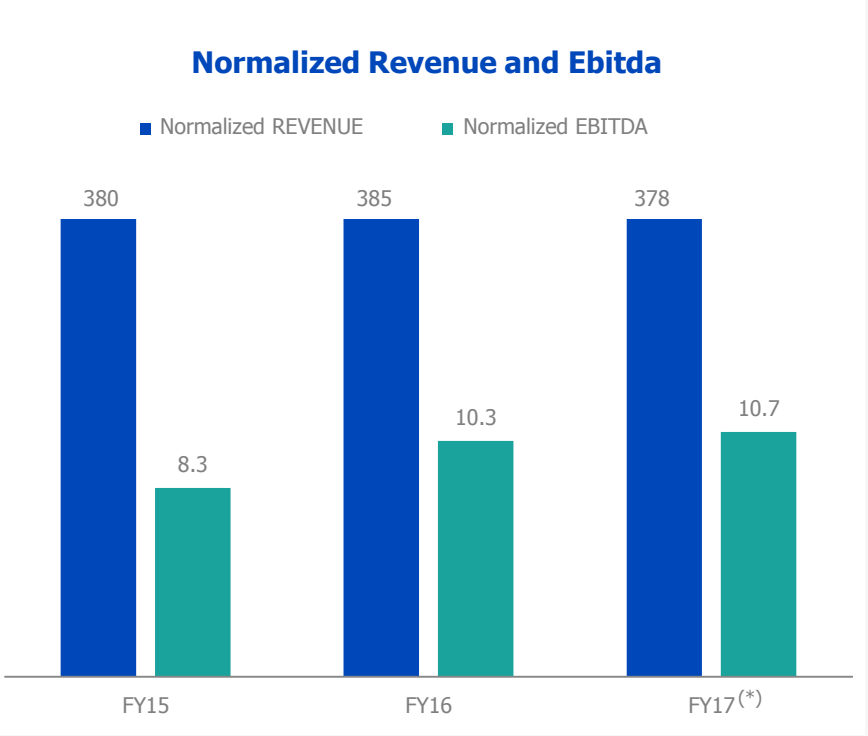
One-stop-shop B2C

Phone House: Ideal platform for its development

Leading Distributor of value-added services around the sale of mobile terminals and other devices.

- **Smart House** model already in progress → **Multiservice**
- **Multi-operator**
- **Capilarity**
- Final consumer **brand awareness**
- **Omnichannel**





(*) Pending Audit definitive closing

Integration in our Smart Innovation model

Digitalization | Diversification | Decentralization | Financial Discipline

Efficiency through knowledge and technology

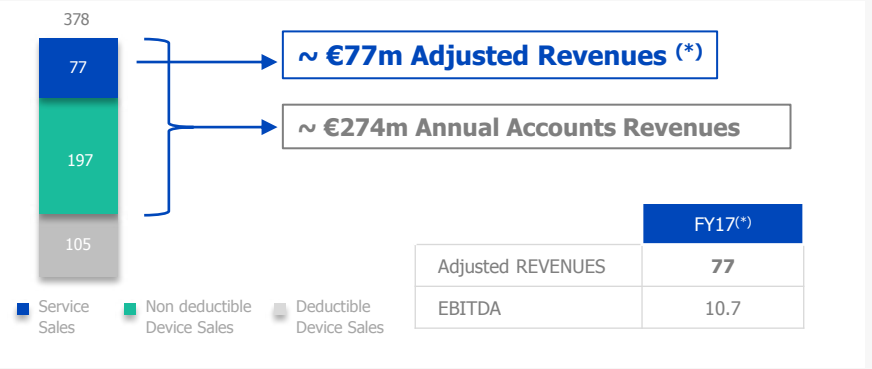
- IT Platforms replacement
- Logistic integration
  - **Sinergies > €2m** for full year (2018).

Internationalization

- "Phone House" brand negotiated for LATAM expansion.
- Suitable market for this business model.

Integration in Dominion P&L Account

- The numbers as a reflection of the company's operations and strategy → **Adjusted Revenues** (*)
- It will be integrated into the **Services** segment and into the **T&T** activity field.
- Adjustment to Dominion's **fiscal year**



	FY17(*)
Adjusted REVENUES	**77**
EBITDA	10.7

(*) Adjusted Revenues = Annual Accounts Revenues - Revenue from unlocked devices

PHONE HOUSE ACCOUNTS NORMALIZATION

TPH + CWS+ SM Accounts

€m

Aggregated Annual Accounts

	FY15A	FY16A	FY17F
Total Revenues	**455**	**444**	**420**
EBITDA	**-7.0**	**10.2**	**13.6**
Amortization	-6.4	-5.0	-4.2
EBIT	**-13.5**	**5.2**	**9.3**
Net Income	**-12.2**	**3.5**	**12.8**

Consolidated Normalized Accounts

	FY15A	FY16A	FY17F
Consolidation adjustments	-45	-51	-40
Same perimeter adjustment (Discontinued Operation)	-29	-8	-2
Normalized REVENUES	**380**	**385**	**378**
Agent role adjustment (in annual accounts)			105
Unlocked devices sales adjustment (in reporting)			197
ADJUSTED REVENUES			**77**
Stand-alone adjustments	9.7	6.5	0.0
One-offs	6.8	-6.2	-3.0
Same perimeter adjustment (Discontinued Operation)	-1.2	-0.2	0.1
Normalized EBITDA	**8.3**	**10.3**	**10.7**

- Three legal entities that did not consolidate.
- Annual accounts pending closing.
- May-to-April fiscal year

Value-creating transaction

VALUE CREATION FOR THE SHAREHOLDER

- **Transaction Multiple <6x Ebitda**
- Fulfillment ratio in 3 years: EV < 3xEbitda
- > **2€m in synergies** in 2018.

TRANSACTION CONDITIONS

- Acquisition of **100%** of TPH + CWS + Smart House capital
- Cash-free & debt-free operation, with an agreed working capital
- Agreed Price: **55 €m in cash**
- Two payments: 2/3 at closing – 1/3 January 2018

NEXT STEPS

- **Competence Authorities** clearance
- Closing Agreement in **September 2017**

We Maintain Our Medium Term Strategy & Guidance based on Adjusted Revenues



STRATEGY

Drivers of growth

- Cross – selling
- Transversality and other organic growth
- **M&A / Inorganic Growth**

Drivers of profitability

- Operational efficiency
- Operational leverage
- Higher value mix (Services/Solutions)

1) Adjusted Revenues = Annual Accounts Revenues - Revenue from unlocked devices
2) EBITDA – CAPEX– NWC Variation– Net Financial Income – Tax payment; (excluding acquisitions)
3) Target NFD/ EBITDA ratio includes potential earn outs.


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