

Zegona Completes €5BN Vodafone Spain Acquisition  
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Zegona Communications PLC  
31 May 2024

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31 May 2024

### **ZEGONA COMPLETES €5BN ACQUISITION OF VODAFONE SPAIN**

Zegona Communications plc ("Zegona" or the "Company") is pleased to announce the completion of the acquisition of 100% of Vodafone Holdings Europe, S.L.U ("Vodafone Spain") for €5.0 billion.

#### **Advantaged Transaction Terms**

- €5.0 billion valuation 4x FY23 EBITDAaL<sup>1</sup>
- Euskaltel sold for 10.2x, MasMovil valued at 8.7x, Orange at 7.2x EBITDAaL<sup>2</sup>
- €900 million Vodafone financing; €3.9 billion debt facility; 3.0x leverage<sup>3</sup>
- Vodafone Group continues to provide brand and technical services

#### **Vodafone Spain is strategically attractive**

- Vodafone is the No. 3 player in Spain with significant market shares in mobile, broadband and TV
- Scale business with significant cash flow potential: €3.9 billion revenue, €1.3 billion EBITDAaL, €0.4 billion Cash Flow<sup>4</sup>
- Leading integrated operator with strong market positions in both consumer and B2B segments
- Gigabit capable fixed network passing 10.7 million homes with access to 95% of Spanish households
- High quality, market leading, mobile network with 4G/5G spectrum

#### **Opportunity to deliver significant value for Zegona Shareholders**

- Transform the business to deliver exceptional service to customers and attractive returns for investors
- Inject highly experienced senior management team; José Miguel García appointed as CEO
- Stabilise revenues with new commercial initiatives

*Eamonn O'Hare, Zegona's Chairman and CEO, said:*

*"We have now completed the acquisition of Vodafone Spain and look forward to transforming the business and returning it to growth. I am pleased to welcome José Miguel García to lead Vodafone Spain as CEO, reuniting a team that has a proven*

*track record of highly successful operational transformations in Spanish telecoms.*

*"The new 10-year network access agreement signed with Finetwork earlier this week demonstrates our ability to move swiftly on our well-defined strategy. With our proven track record, we are confident we will improve the performance of Vodafone Spain whilst delivering significant value for shareholders."*

#### **Enquiries:**

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#### **New senior management team in place**

With effect from 1 June 2024, José Miguel García is appointed as CEO of Vodafone Spain. José Miguel García has a strong track record of creating value in the Spanish telecommunications market as CEO of Jazztel and CEO of Euskaltel (see below).

The senior management team of Vodafone Spain has now been significantly restructured and simplified. The size of the team has been reduced from 11 to 7, whilst recruiting 4 new high-quality executives.

Jose Miguel García's new senior management team is as follows:

- **Ángel Álvarez**, the new Director of the Consumer Business Unit - former Chief Commercial Officer of Digi Spain
- **Jose Ortiz Martínez**, the new Director of Legal and Regulation - former Legal Director of Jazztel and Euskaltel
- **Berta Álvarez Stuber**, the new Director of Human Resources - former Human Resources Director of Euskaltel
- **Eloy Rodrigo Gil** will remain as Finance Director
- **Jesús Suso** will remain as Director of the Enterprise Business Unit
- **Julia Velasco** will remain as Network Director, but will also now manage IT systems and customer operations

#### **About José Miguel García**

José Miguel García has a strong track record of creating value in the Spanish telecommunications market, including his tenure as CEO of Euskaltel. Under his stewardship and the support of the Zegona team, the business was restructured and fundamentally transformed. The sale of Euskaltel to MasMovil for €3.5 billion delivered an 87% return for Zegona Shareholders<sup>5</sup>.

José Miguel García was also CEO at Jazztel from 2006 to 2015, where he transformed Jazztel into a leading telecommunications brand. He was instrumental in delivering 4x revenue growth during that period. The sale of Jazztel to Orange for €3.4 billion resulted in €2.8 billion of value creation (6x return) during his time as CEO.

#### **Re-admission of Zegona Shares to trading on the LSE's Main Market**

Re-admission of 704,149,410 Zegona Shares, comprising the entire issued share capital of Zegona, to the standard listing segment of the FCA's Official List and to trading on LSE's Main Market for listed securities, is expected to take place at 8.00

a.m. on 3 June 2024 (the trading day following Completion).

### **Extended Newco Lock-in**

As of 31 October 2023, Newco had undertaken to the Company that, amongst other things, Newco would not dispose of any Zegona Shares for a period of six months following Completion (or, if later, until the Corporate Bridge Facility has been repaid or refinanced) (subject to certain limited exceptions).

It has now been agreed, by way of an amendment to the Conditional Subscription and Relationship Agreement, that such lock-in period will be extended to two years following Completion.

Newco appointed four new independent directors upon Completion to replace its existing directors.

### **AGM Notice**

Zegona has today convened its Annual General Meeting for 10 a.m. on 28 June 2024 to take place at the offices of Travers Smith LLP, 10 Snow Hill, London EC1A 2AL.

Formal notice convening the Annual General Meeting and the related circular will be posted on the Company's website shortly and will be sent to shareholders alongside the Annual Report. The documents will also be made available for inspection at: <https://data.fca.org.uk/#/nsm/nationalstoragemechanism>.

### **Accounting Reference Date**

The Board has resolved to change Zegona's accounting reference date to 31 March. Zegona will publish interim financial statements for the six months to 30 June 2024 on or before 30 September 2024 and thereafter will publish annual financial statements for the 15-month period ending 31 March 2025.

### **Notes**

*Unless defined otherwise, capitalised terms in this announcement shall have the same meaning as in Zegona's prospectus dated 13 November 2023.*

1. "EBITDAaL" when referring to Zegona or Vodafone Spain is defined as Vodafone Group Spain segment's reported Adjusted EBITDAaL adjusted in line with Zegona's accounting policy relating to subscriber acquisition costs
2. Based on the relevant company's reported transaction multiples
3. Based on FY23 EBITDAaL
4. Based on FY23. "Cash Flow" is defined as EBITDAaL less capex (accrual) excluding licence and Spectrum fees
5. See return on net invested capital in Zegona's announcement on 29 March 2021

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