January - September 2015 Results

23rd October 2015

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Business Performance
January – September 2015

Performance on track to meet the company's financial guidance supported by strong organic growth

Telecom Site Rental

Strong performance driven by organic growth

- +6% in POPs vs. December 2014 despite summer period

Tower decommissioning associated with Volta project on track (95% completed)

Active conversations with MNOs on network rationalization projects

- At least 2,000 towers

New framework agreements to be signed with regional operators

Broadcast Infrastructure

National MUX tender process on track, 6 new TV channels already awarded by Spanish Government

- 1.75 MUX, c.€35Mn per year **IF** service from 1st January 2016

57 new radio stations

Network Services & Others

New agreement on the sale of Tetra terminals

- €4Mn in 2015

The Spanish Government has opened bidding procedures for Smart City projects

Additional value creation levers

Positive progress on the efficiency program

- To be presented at full year 2015 results

New measures implemented to reshuffle tax management

Business Performance
Main KPIs

	DEC 2013	DEC 2014	JUN 2015	SEP 2015
Number of Sites (at period end)	**5,440**	**7,493**	**15,140**	**15,127**
Spain	5,440	7,172	7,432	7,418
Italy	0	321	7,708	7,709
Tenancy ratio	**1.71**	**1.81**	**1.50**	**1.51**
Tenancy ratio Spain	1.71	1.77	1.86	1.88
Tenancy ratio Italy	0	2.39 [1]	1.23	1.23
Customers and revenues				
Revenue per site (thousands of euros)	14.0	23.0	25.5	26.0
% Revenues from Telecom Site Rental	10%	24%	44%	48%
Broadcast Infrastructure				
Number of national DTT MUXs operated	8.00	6.50	5.25	5.25
Maintenance CAPEX/Revenues	**3.5%**	**3.0%**	**0.7%**	**1.4%**

New tenants & decommissioning driving up tenancy ratio

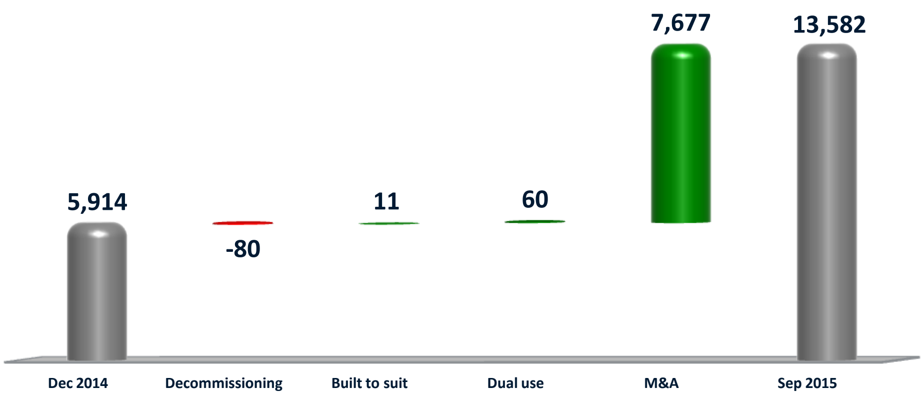
Impact of recent acquisitions

Low maintenance Capex for the period, expected to reach normalized levels as of year end

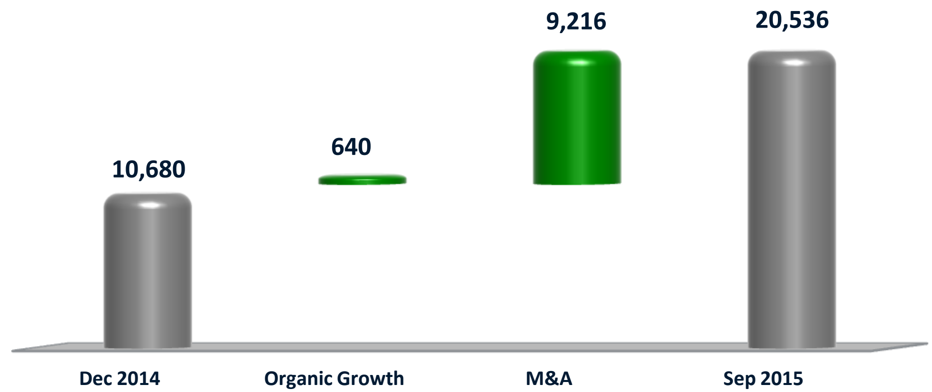
[1] Galata is only considered in both Tenancy ratio and Number of sites in 2015

January – September 2015 Growth
Tenancy Ratio

Sites[1]



PoPs



Tenancy Ratio

+6% new PoPs during the first 9 months of 2015, compared to December 2014

Organic growth, decommissioning, built to suit and dual use contribute 0.09x to tenancy ratio

M&A activity dilutes tenancy ratio by 0.39x, mainly due to Galata (1.17x initially)

[1] For Tenancy Ratio purposes, only sites from where Telecom Site Rental services are provided

Financial Performance
Income Statement

	SEP 2014	SEP 2015
Broadcast Infrastructure	185	173
Telecom Site Rental	75	216
Network Services & Others	58	64
Revenues	**318**	**453**
Staff Costs	-62	-68
Repairs and Maintenance	-15	-20
Rental Costs	-34	-91
Utilities	-19	-43
General and Other Services	-56	-55
Operating Expenses	**-186**	**-277**
Adjusted EBITDA	**132**	**176**
% Margin	*42%*	*39%*
Non-recurring items	0	-16
Depreciation & amortization	-65	-119
EBIT	**67**	**41**
Net Interest [1]	-8	-13
Bond issue costs [2]	0	-7
Results from Associates	1	0
Corporate Income Tax	-18	-3
Non-Controlling Interests	0	1
Net Profit Attributable to the Parent	**42**	**19**
Maintenance CAPEX	**3**	**6**
Expansion CAPEX	**11**	**19**

Shutdown of 9 DTT channels in 2014 (-€24Mn), partly offset by DTT simulcast in 2015 (+€12Mn)

Telecom Site Rental up due to acquisitions

Flat OPEX when compared to same period last year Increase due to M&A and growth (+€82Mn) and pass-through costs (+€9Mn)

Non-recurring items include Galata acquisition fees (€8Mn), bond issue costs (€3Mn), IPO costs (€2Mn), Tobin Tax (€1Mn), advances to customers (€1Mn) and prepaid energy expenses (€1Mn)

Strong Adjusted EBITDA growth (+33% increase)

Net interest expense well contained

Taxes reflect new management measures (see annex)

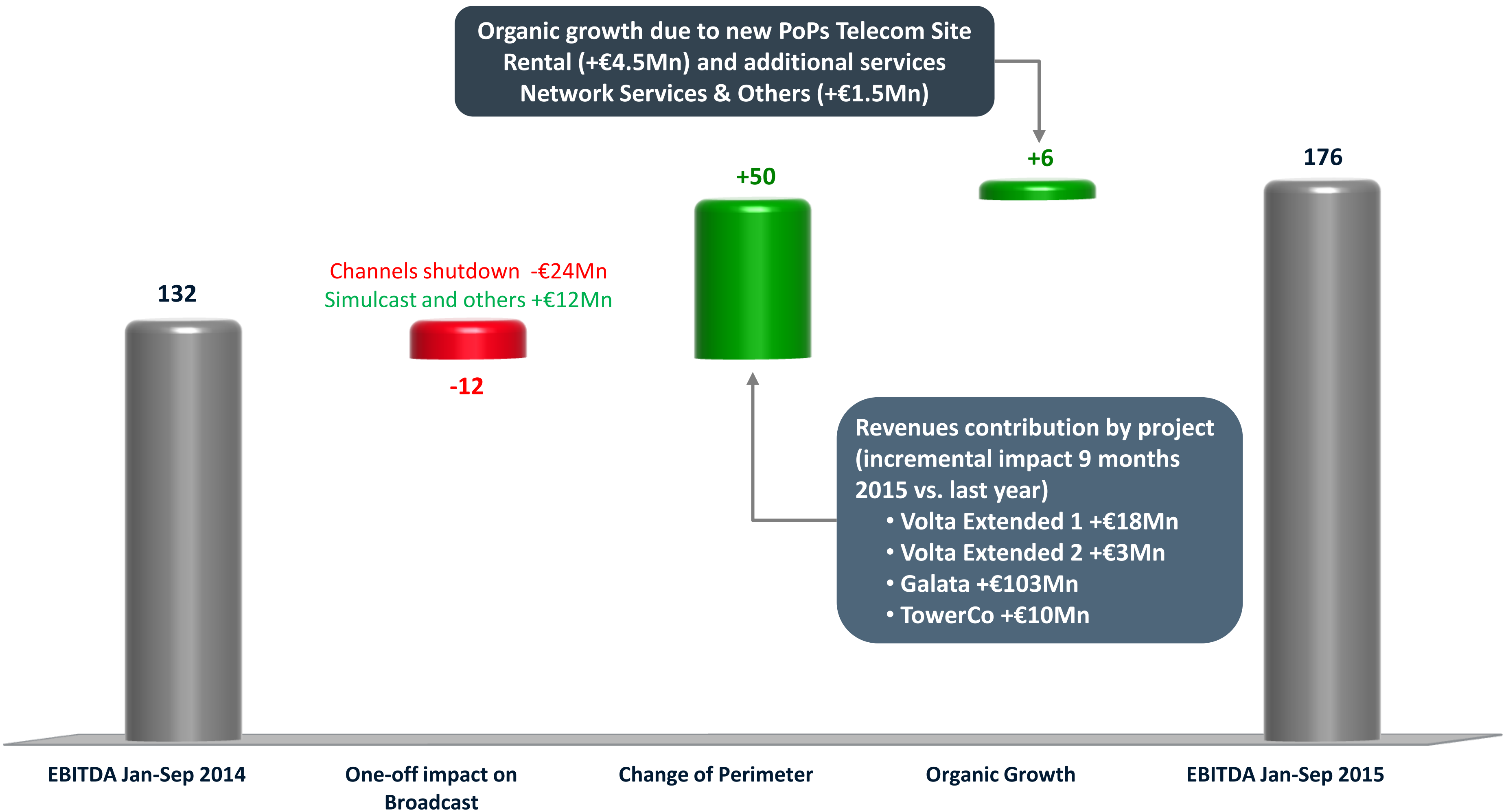
Recurrent Net Profit as of September 2015 €35Mn, after adding back financing costs and non-recurring items (both items after taxes)

Expansion Capex includes simulcast

[1] €13Mn net interest = €9Mn cash Interest + €4Mn accrued interest not paid and amortized upfront fees

[2] €7Mn bond issue costs = €3.5Mn interest rate swap settlement and others + €3.5Mn upfront costs linked to old capital structure on Balance Sheet before refinancing process

Financial Performance
Adjusted EBITDA



Financial Performance
Recurring Levered FCF (RLFCF)

cellnex
driving telecom connectivity

	SEP 2014	DEC 2014	SEP 2015	Var
Adjusted EBITDA	**132**	**178**	**176**	33%
Maintenance Capex[1]	-3	-13	-6	
Recurring Operating FCF	**129**	**165**	**170**	32%
Cash Conversion	*98%*	*93%*	*96%*	
Change in Working Capital	21	31	-5	
Interest Paid	-6	-7	-9	
Cash Tax[2]	-15	-38	-12	
Recurring Levered FCF	**129**	**151**	**145**	12%
Cash Conversion	*98%*	*85%*	*82%*	
Non-M&A Expansion Capex[3]	-11	-22	-19	
M&A Expansion Capex	-165	-243	-737	

The company maintains its high cash conversion ratios:
- **>95% Recurring Operating FCF**
- **>80% Recurring Levered FCF**

Strong growth vs. same period last year

Strict control on working capital . Change vs. last year expected to be neutral by year end

Implementation of new tax management measures, full year 2015 cash tax expected to be similar to the first 9 months of 2015

M&A Capex linked to acquisition of Galata (€693Mn) and Volta Extended Phase II (€44Mn)

First shareholder remuneration to be submitted for approval at November Board of Directors. This distribution has to be commensurate with our leverage profile, our growth strategy and the net profit generated

[1] Investments in existing assets primarily linked to keeping sites in good working order, but excluding investment in increasing site capacity
[2] Cash Tax higher than P&L Tax due to unwinding of deferred tax associated to Galata (amortization of intangible assets not deductible)
[3] Capital expenditure related to the expansion of our business that generates additional income, including: build-to-suit sites, decommissioning investment, adaptation of site rental infrastructure, land acquisitions and urban telecom infrastructure and broadcasting services

Financial Performance
Balance Sheet / Net debt

	DEC 2014	SEP 2015
Tangible & intangible fixed assets	905	1,749
Goodwill	45	116
Total fixed assets	**950**	**1,865**
Current assets	**191**	**193**
Cash and cash equivalents	**91**	**75**
TOTAL ASSETS	**1,232**	**2,133**
Total Equity	**501**	**517**
Bank borrowings	421	449
Bond issues	0	595
Other liabilities	309	572
Total liabilities	**731**	**1,616**
TOTAL EQUITY AND LIABILITIES	**1,232**	**2,133**
Bank borrowings	421	449
Bond issues	0	595
Cash and cash equivalents	-91	-75
NET DEBT [1]	**330**	**969**
Adjusted NET DEBT/EBITDA for covenant ratio [2]	**1.7x**	**3.7x**

Balance Sheet changes:

- Mainly due to the impact of Galata acquisition
- Minimal goodwill in purchase price allocation

Detail of debt as of 30 September:

Bond (net of costs)	€595Mn
Syndicated debt	€200Mn
Revolving credit facility	€250Mn (limit €300Mn)

Total leverage expected for FY 2015 below our long-term target of 4x Net debt/EBITDA

Off-Balance Sheet Items: Factoring

- Limit: €107Mn
- Draw Down: €58Mn

[1] Excluding PROFIT grants and loans

[2] Exclusively for the purposes of the financial ratio of the syndicated debt in place before the refinancing process. See Annual Accounts 2014 for calculation methodology

Financial Outlook
Guidance for FY 2015 RLFCF

Adjusted EBITDA	Full Year 2015 Adjusted EBITDA guidance of c.€235Mn confirmed
Maintenance Capex	c.3.5% of total revenues
Working Capital	Tending to neutral
Interests paid	Similar amount as in first semester expected for the second half of the year
Cash Tax	Similar amount as in first semester expected for the second half of the year
Net debt	Net debt as of September 2015 slightly below full year market consensus

Key Highlights for the Period

1. Continued strong performance driven by organic growth (+6% PoP) in Telecom Site Rental
2. Active conversations with MNOs on network rationalization projects and new framework agreements to be signed
3. National MUXs tender process on track, new TV channels already awarded by Spanish Government
4. FY 2015 Adjusted EBITDA guidance (c.€235Mn) confirmed
5. Efficiency program definition on track and new tax management measures implemented
6. First dividend to be submitted for approval in Q4 2015

Appendix

Tax Management (1/2)

Some European countries are encouraging capital injections and undistributed earnings

1 *Notional Interest Deduction (NID)*

What is the NID?	• The NID is a tax incentive that allows a notional deduction computed as a percentage of “new equity” injected into companies • The NID essentially aims at equalizing the tax treatment of debt and equity
How is the NID rate established?	• The rate is determined yearly on the basis of treasury bonds’ yield plus a spread
What is the NID position in the context of European taxation?	• NID regimes have been accepted by EU institutions (Commission and Courts) • Recent tax guidelines launched by the OECD have excluded NID from the scope of measures seen as “tax erosion”
How long will the NID be available for?	• Since NID aims at equalizing the tax treatment of debt and equity as well as stimulating equity investments into companies, it is expected that NID will be a long-lasting measure to enhance the capital structure of companies

2 *Capitalization Reserve*

What is the Capitalization Reserve?	• Aims to strengthen net equity by keeping retained earnings undistributed
How is Capitalization Reserve calculated?	• Allows for a tax deduction of 10% of the increase in net equity in a particular tax year • The company needs to maintain this net equity increase during the following five years and book a non distributable reserve for the same amount

Tax Management (2/2)

3 *Patent Box*

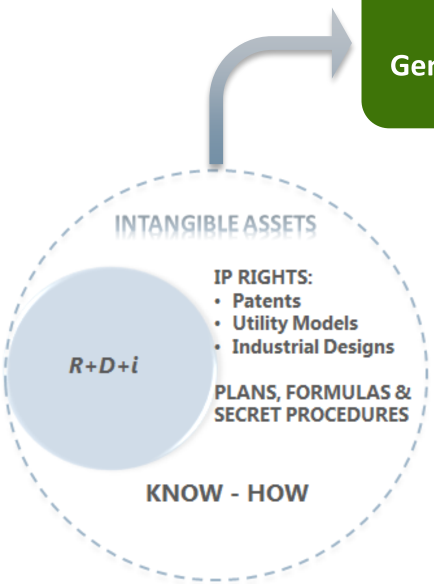
Transference of Intangible Assets

LICENSOR
Generation of Knowledge

CONTRACT

LICENSEE
Exploitation of Knowledge

Fees



Solid construction base
Based on R&D projects

Illustrative example

Licensor			Licensee	
INCOME:	1,000,000		EXPENSE:	-1,000,000
Tax Base Reduction:	-600,000	(60%)		
Base:	400,000		Base:	-1,000,000
Tax rate:	25%		Tax rate:	25%
Taxation:	**-100,000**		**Taxation:**	**250,000**

CONSOLIDATE TAX BENEFIT: 150,000 (15%)

Geographical Breakdown

	Sep 2014	Sep 2015 Spain	Sep 2015 Italy	Sep 2015
Broadcast Infrastructure	185	173	0	173
Telecom Site Rental	75	96	120	216
Network Services & Others	58	64	0	64
Revenues	**318**	**333**	**120**	**453**
Staff Costs	-62	-64	-4	-68
Repairs and Maintenance	-15	-19	-1	-20
Rental Costs	-34	-41	-50	-91
Utilities	-19	-22	-21	-43
General and Other Services	-56	-54	-1	-55
Operating Costs	**-186**	**-200**	**-77**	**-277**
Adjusted EBITDA	**132**	**133**	**43**	**176**

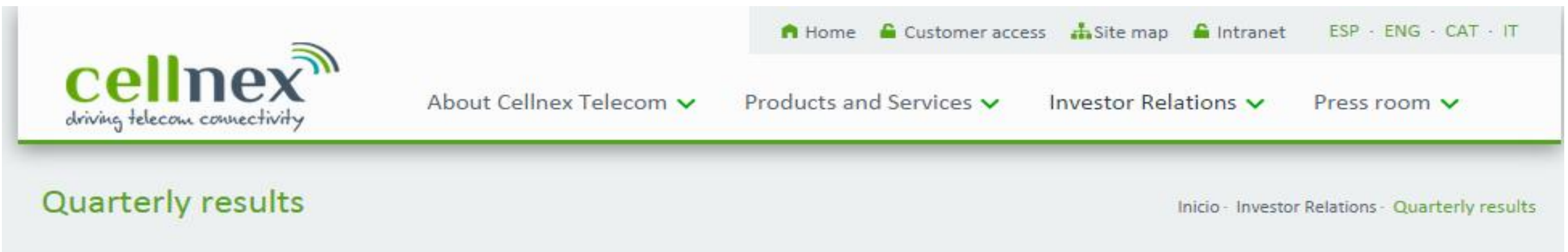
TowerCo €10Mn
Galata €33Mn

Galata Full Year c.€62Mn

Definitions

Term	Definition
Advances to customers	The amounts paid for sites to be dismantled and the estimated future decommissioning costs relate to deferred commercial costs for the purpose of entering into an agreement with the relevant MNO that will generate future economic benefit in our pre-existing infrastructure. These amounts are therefore considered as a deferred commercial cost on account of future income from our customers. The term used to describe these deferred costs on our consolidated balance sheet is "advances to customers"
Adjusted EBITDA	Profit from operations before D&A and after adding back noncash items (such as advances to customers) and non-recurrent items
Anchor tenant	Anchor tenants are telecom operators from which the Company has acquired assets
Built-to-Suit	Process of building up sites on behalf of one or more telecom operators who will then use those sites under site rental agreements
Digital Dividend	Release by the Spanish government of 800 MHz band of frequencies previously used by DTT for mobile use to the benefit of 4G/LTE service provider as a result of the reallocation of spectrum, which was completed on March 31, 2015 and which reduced the number of MUXs from eight to seven at a national level
DTT	Digital terrestrial television
Galata	Stock purchase agreement between Cellnex and Wind for the acquisition of 90% of the capital stock of Wind's wholly owned subsidiary Galata for a cash consideration of €693Mn
Maintenance Capex	Capex in relation to maintenance investments in existing tangible or intangible assets, such as investment in infrastructure, equipment and information technology systems, and are primarily linked to keeping sites in good working order, but which excludes investment in increasing the capacity of sites
MUX	Multiplex, a system of transmitting several messages or signals simultaneously on the same circuit or channel
Non-M&A Expansion Capex	Expansions to the network of tower infrastructure for site rental, equipment for radio broadcasting, the broadcasting of network services and other, and the radio communications network in pre-existing projects that generate additional income
PoP	Points of presence, an artificial demarcation point or interface point between communicating entities. Each tenant on a given site is considered a PoP
Rationalization	Process consisting on decommissioning one site and moving equipment to another one, so that out of two sites only one remains
RLFCF	Recurring Operating Free Cash Flow plus/minus changes in working capital, plus interest received, minus interest expense paid and minus income tax paid
Recurring Operating FCF	Adjusted EBITDA minus Maintenance Capex
Simulcast	Broadcasting of programs or events across more than one medium, or more than one service on the same medium, at exactly the same time
Tenancy Ratio	Average number of PoPs per site, taking into account changes in the consolidation perimeter

Additional information available on Investor Relations section of Cellnex' website



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