

Results January-December 2016

Cellnex revenues grew 15% to € 707 million in 2016 **EBITDA was € 290 million: up 23%** compared to 2015 and more than the estimated growth forecast for the year. **Recurring net profit up 38%** to € 40 million

- **Recurring leveraged free cash flow for the financial year grew 29% to € 251 million.**
- **36% of revenue and 32.8% of EBITDA are generated outside the Spanish market** (95% of EBITDA was produced in Spain in 2014). **Italy is the second largest market, with revenue of € 239 million (34% of the total).**
- **In 2016 Cellnex has expanded its presence from 2 to 5 countries strengthening its leadership in Europe.**
- **55% of Cellnex's revenue (€ 385 million) comes from the Telecom Infrastructure Services business segment.** Broadcast Infrastructures Services (€ 235 million) contribute 33%, while 12% (€ 87 million) are generated in return for providing Network Services.
- **The customer ratio of the sites increased 6% to 1.62x. Points of Presence (PoPs) grew 4.5% like-for-like** (up 19% including new acquisitions). **DAS nodes rolled out by CommsCon increased by 13% from July 2016.**
- **Net debt at 31 December was € 1,49 billion**, with an annualised debt/EBITDA ratio of 4.6x, which incorporates the more than € 700 million invested in growth operations in Italy, France, the Netherlands and the UK.
- **Our capital structure remains very strong and is protected from market fluctuations:** 86% of the debt is at a fixed rate, with an average cost of 2% and an average maturity of 7 years as of February 2017
- **In February 2017 Cellnex signed an agreement with Bouygues Telecom** to expand the portfolio of sites in France by 3,000, involving an investment of € 854 million. The company also **reported its commercial alliance with JCDecaux in Italy and Spain** to speed up the roll-out of DAS networks and "Small cells" for 4G networks in urban areas.

Barcelona, 17 February 2017. Cellnex Telecom has disclosed its results for the financial year 2016. Revenue stood at € 707 million (+15%) and EBITDA was 290 million (+23%), above the estimates for the year placing it at between +15% and +20%. Comparable net income closed at € 40 million (+38%) compared to € 29 million at the 2015 year end.

Cellnex CEO **Tobías Martínez** praised "the consistency of results which, 20 months on from Cellnex's IPO, have enabled us, quarter after quarter, to fulfil the commitment we made both in terms of organic and inorganic growth." Regarding business operations, Tobias Martinez pointed out that "like-for-like, the results for 2016 confirmed a growth of 4.5% in the amount of equipment (points of presence) rolled out by Cellnex at its sites.

Quarter after quarter we have increased the equipment that we host for our customers by more than 200." This can be seen in the improved customer ratio, currently 1.62 per site, compared to 1.53 in 2015.

This organic growth "must also be projected onto a perimeter that is continually expanding, thereby providing the company with increased potential. I think it is worth pointing out that the company has almost doubled its revenue over the last four years and is now present in five countries, representing a very significant quantitative and qualitative leap. Let us not forget that this is a project in which a presence in several markets also operated by our customers, and scale, are key to the sustainability of the business model."

"Just as important as achieving the necessary size and scale –he continues– is the fact of integrating this growth into the daily life of the company, into its management processes, ensuring compliance and quality service to our customers. In addition to this inorganic growth, we are also showing the market that we are able to continue exploiting the organic growth potential of our service portfolio."

With regard to the growth operations performed during the year, **José Manuel Aisa, Cellnex's CFO**, underlined that "the € 700 million invested in 2016 in Italy, France, Netherlands and the UK, along with € 700 million already invested in 2015 in the portfolio of WIND sites, along with the € 854 million in the agreement signed on 1 February with Bouygues Telecom, clearly show the current dynamics of the sector in Europe. This is also a sign of the attractiveness of the neutral infrastructure operator model and broadens the base of the large network access providers in Europe with which Cellnex is establishing long-term cooperation and partnership agreements. To this we can add the strategic alliance that we closed with JCDecaux just a few days ago to combine our capabilities in Italy and Spain by providing joint integrated solutions that speed up the roll-out and densification of technologies like distributed antenna systems (DAS) or "small cells" which in future will decisively improve the quality and capacity of mobile broadband coverage in urban areas and spaces with large numbers of simultaneous users."

Growth by business line. Improved ratios at the sites. Investments 2016

By business line, Telecom Infrastructure Services contributed 55% of revenue with € 385 million, marking a year-on-year increase of 27% and reflecting the combination of organic growth and expansion of the perimeter.

Activity in the **Broadcast Infrastructure Services contributed 33%** of revenue with € 235 million, an increase of 4.5% year on year, already reflecting the positive impact of the inclusion of six new TV channels in Spain since the end of April 2016.

Meanwhile the **Other Network Services** business segment, which is focused on security and emergency service networks and solutions for smart urban infrastructure (IoT and Smart Cities) provided 12% of revenue with € 87 million, up 2% compared with 2015.

At 31 December 2016 Cellnex Telecom had a total of 16,828 sites (7,739 in Italy, 7,415 in Spain, 725 in the Netherlands, 371 in France and 578 in the UK), plus 1,072 DAS and Small Cells nodes managed by CommsCon in Italy, a figure that has increased 13% since the acquisition of the company in June 2016.

The organic growth of the Points of Presence at sites on a like-for-like basis was 4,5% compared to 2015, while the customer ratio per site was 1.62x, up from 1.53 in December 2015 (+6%). This is a reflection of business activity, with the signing of new service agreements with mobile telephone operators, telecoms operators and audiovisual communications groups in both Italy and Spain.

Investments for the period exceeded € 700 million: 19m correspond to the acquisition of CommsCon in Italy; **109 million** to the purchase of the 261 Protelindo sites in the Netherlands; **147 million** to 500 Bouygues Telecom

towers in France; and **393 million** for the acquisition of Shere Group, which provided 1,004 new sites (540 in the UK and 464 in the Netherlands).

€ 78 million were spent on maintaining installed capacity, as well as investments linked to generating new revenue and greater efficiency and improving operating costs by renegotiating contracts relating to the sites in which the mobile infrastructures managed by the company are located, comprising 995 renegotiations in 2016.

Debt structure: long-term; rates protected against fluctuations; access to liquidity; stable rating with bonds eligible for the ECB corporate bond purchasing programme.

As at February 2017, Cellnex maintained a **stable, long-term debt structure, with an average life of its debt equating to seven years, an average annual cost of circa 2%, and with 86% referenced to a fixed rate**. Cellnex Telecom's debt is not subject to any type of covenants.

On 1 August 2016 the company issued a corporate bond for € 750 million maturing in January 2024 and with a coupon of 2.375%. This was Cellnex's second bond issue on the debt capital markets, following the one issued in July 2015 for € 600 million, which matures in 2022. In December 2016 Cellnex closed a private placement transaction with qualified investors for € 65 million, a coupon of 3.875% and a maturity of 16 years. In January 2017, Cellnex issued its fourth bond for € 335 million, with a coupon of 2.875%, maturing in 2025.

"The combination of Cellnex's access to the capital markets and the cash and available credit lines totalling 1.8 billion as of February 2017 guarantees that the company has the capacity to benefit from growth opportunities, while extending the maturity profile of its debt and exploiting current low interest rates in anticipation of any rate rises that may occur" said **Cellnex CFO José Manuel Aisa**. Cellnex faces no significant maturities until 2022, when the bond issued in July 2015 will fall due.

The company's net debt as at 31 December 2016 stood at € 1,49 billion compared with € 927 million as at 31 December 2015, representing an increase of € 572 million that reflects the growth operations completed in the year, totalling € 670 million. The annualised net debt/EBITDA ratio was 4.6x as at 31 December 2016 compared to 3.7x in December 2015. **Jose Manuel Aisa**, underlines "how the strength and predictability of the cash flows allow for a quick deleveraging at 0,6x ratio every year."

On 30 March 2016 Cellnex Telecom joined the list of **corporate bonds eligible as collateral by the European Central Bank in monetary policy operations**. This action falls within the framework of the Corporate Sector Purchase Programme (CSPP), which on 10 March 2016 completed the Asset Purchase Programme (APP) previously deployed by the ECB.

Cellnex Telecom's bond issues maintained their "investment grade" rating from Fitch (BBB- with stable outlook), confirmed by the agency itself some days ago after the company reported its planned new investments in France.



Outlook 2017

Above and beyond the operations involving an extension of the Group's consolidation perimeter, such as the agreement reached this February with Bouygues Telecom, which will have limited visibility in 2017 because of the timeframe for performance set at two years (for incorporating 1,800 sites) and five years (for building 1,200 new sites), the forecasts for 2017 based on the current perimeter indicate:

- growth in recurring free cash flow in excess of 10%
- EBITDA to be in the range € 330 Mn – € 340 Mn
- Dividend to grow 10% over 2016

Also, in addition to the analysis of inorganic growth opportunities that will continue to arise on the European market in the coming years, Cellnex Telecom's focus for organic growth includes:

- rationalising redundant sites: up to 2,000 between 2016 and 2019
- building new sites in coordination with network access operators in areas that may require this: up to 2,200 in the period 2016-2021
- New PoPs (points of presence) annual growth, like for like, between 3%-4% in the period 2016-2019

About Cellnex Telecom

Cellnex Telecom is Europe's leading independent operator of wireless communications infrastructure, with a total portfolio of close to 18,000 infrastructures (data valid on 31 December 2016). Cellnex operates in Spain, Italy, the Netherlands, France and the UK.

The company is listed on the continuous market of the Spanish stock exchange and is part of the selective IBEX 35 and EuroStoxx 600 indices. It is also part of the FTSE4Good and CDP (Carbon Disclosure Project) sustainability indices.

Cellnex classifies its activities into three areas: Telecom Infrastructure Services; Broadcast Infrastructure Services; Other Network Services, which include security and emergency service networks and solutions for smart urban infrastructure and service management (smart cities and the "Internet of Things" (IoT)).



Appendix 1

Income Statement and Balance Sheet

	2015	2016	
Telecom infrastructure services	303	385	
Broadcast infrastructure	225	235	
Other Network Services	85	87	
Revenues	613	707	+15%
Operating costs	(378)	(417)	
EBITDA	235	290	+23%
Non-recurring items	(18)	(26)	
Depreciation & amortisation	(154)	(177)	
Operating profit	63	87	
Net interest	(20)	(41)	
Bond issue costs	(7)	(5)	
Non controlling interests	(1)	(1)	
Corporate income Tax	(7)	(1)	
Recurring net profit	29	40	+38%
One off "non cash" impact linked to Corp.Tax Rate in Italy	19		
Net profit attributable	48	40	

	DEC 2015	DEC 2016
Non current assets	1,807	2,545
Fixed Assets	1,518	2,084
Goodwill	216	380
Other financial assets	73	81
Current assets	219	351
Debtors and other current assets	168	158
Cash and cash equivalents	51	193
TOTAL ASSETS	2,027	2,985
NET EQUITY	537	551
Non current liabilities	1,290	2,153
Bond issues	593	1,398
Borrowings	377	279
Deferred tax liabilities	183	290
Other creditors & provisions	137	187
Current liabilities	199	191
TOTAL LIABILITIES	2,027	2,985
Net Debt	927	1,499
Annualised Net Debt/Annualised Adjusted EBITDA	3,7x	4,6x

Appendix 2

Significant events for FY 2016 (January to December)

February

- **Orange and Cellnex Telecom rolled out the largest network of 4G Small Cells in Barcelona**, in cooperation with the City Council.

March

- **Cellnex Telecom announced it would set up a "corporate excellence" centre in Italy**, which will cover the entire Group. The launch of this Rome-based centre is a sign of Cellnex's long-term commitment with Italy and reflects the degree of preparation and professionalism of the teams of Galata and TowerCo, the Group's companies in Italy.
- **Cellnex Telecom and Italian investment fund F2i** presented a binding offer which, if accepted by Telecom Italia, could acquire up to 100% of the shares of Inwit, one of Italy's main operators of telecommunications infrastructure, which has 11,500 sites in the country. Telecom Italia controls 60% of Inwit's shares.
- **The European Central Bank incorporated Cellnex Telecom bonds into the high-quality corporate bonds purchase programme** launched by the ECB itself under its Asset Purchase Programme, which aims to inject liquidity into the European economy.

May

- **Cellnex Telecom disclosed the agreement with Indonesian infrastructure operator Protelindo** for the acquisition of Protelindo Netherlands, which operates 261 sites on Dutch soil. The operation involves an investment of € 109 million.

June

- **The IBEX 35 Technical Advisory Committee approved Cellnex's entry into the main stock index of the Spanish market.** The company's shares were incorporated into the index at the meeting on 20 June.
- Through its subsidiary Cellnex Italia, s.r.l., **Cellnex Telecom closed the acquisition of CommsCon, involving an investment of € 18.65 million.** Commscon is an Italian operator providing solutions for mobile broadband coverage based on "small cells" and DAS (distributed antenna systems) technology in large open and closed spaces frequented by a large number of people.
- **On 30 June Cellnex Telecom held its Shareholders' Meeting corresponding to the financial year 2015.** This was the first Shareholders' Meeting since the company's IPO in May 2015.

July

- **Cellnex Telecom announced an agreement with Bouygues Telecom to initially acquire 230 telecommunications towers in France.** This represented an investment of € 80 million, opening the door to the

company in the French market. Both companies are working on a second phase that could increase the number of sites acquired to 500.

August

- **On 1 August** Cellnex Telecom issued a corporate bond for € 750 million maturing in January 2024 and with a coupon of 2.375%.

September

- On 16 September, in the wake of the agreement announced in July, **Cellnex closed the purchase of 230 telecommunication towers from Bouygues Telecom in France.**
- On 29 September the company **announced an agreement with Arcus Infrastructure Partners to acquire 100% of Shere Group**, an infrastructure operator that manages 1,004 sites - 464 in the Netherlands and 540 in the UK. **The operation involves an investment of € 393 million.**

October

- On 11 October **Cellnex Telecom closed the acquisition of Shere Group**, with assets in the Netherlands and the United Kingdom, for € 393 million.
- On 18 October Cellnex received the award for best Spanish company in Italy in 2016 from the Chamber of Commerce in Italy.
- On 25 October the CDP (Carbon Disclosure Project) world sustainability index acknowledged Cellnex Telecom as the "Best newcomer Spain". The best Spanish company that joined the index in 2016.

December

- 1 December saw the **completion of the second phase of the agreement reached with Bouygues Telecom in July**, confirming the addition of a second package of 270 sites to the initial 230. In total 500 sites were acquired from Bouygues Telecom.
- 14 December marked the announcement of the extension of the agreement in Italy with Linkem, a supplier of network broadband access through the wireless loop without a landline, allowing the company to roll out its equipment on the network of 8,000 towers operated by Cellnex in Italy.

2017 (significant events outside FY 2016)

- On 19 January the managers of the FTSE4GOOD sustainability index announced that Cellnex Telecom had been incorporated into that index, valuing the quality in managing risks associated with environmental, social and corporate governance factors.
- On 1 February Cellnex Telecom and Bouygues Telecom reached a global agreement that will allow Cellnex France to incorporate up to 3,000 new sites involving a total investment of € 854 million.

- On x February, JCDecaux and Cellnex announced their commercial alliance in Italy and Spain to speed up the roll-out of DAS networks and "Small cells" to improve the capacity and quality of 4G coverage (and 5G in the future) in urban areas.
- In February Fitch confirms that Cellnex Telecom's debt issues maintain the "investment grade" rating at BBB- with a stable outlook. S&P confirms the BB+ rating with a stable outlook too.

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