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people**



INTEGRATED ANNUAL REPORT **2016**

SUMMARY
Key figures

ALIGNING EXPECTATIONS AND RESULTS

A CONVERSATION WITH CELLNEX CHAIRMAN FRANCISCO REYNÉS AND CEO TOBIÁS MARTÍNEZ. COVERING THE MOST IMPORTANT ASPECTS OF FINANCIAL YEAR 2016 FOR TELECOM CELLNEX



Question: 2016 was the first full year for Cellnex Telecom as a listed, independent company. In your view, what message would best summarise the achievements of the year?

Francisco Reynés: I would highlight the strong alignment between the objectives set and the results achieved. The history of Cellnex continues to embody the outstanding performance of a team maximising our growth options and achieving the right size. For the Company, it is just as important to achieve the right size and scale as it is to integrate this growth into our management processes, ensuring that we can guarantee and deliver quality service to our customers.

Tobías Martínez: The figures bear out what the Chairman has indicated. We closed 2016 with 15% growth in revenue, a 23% increase in EBITDA and a recurring free cash flow that was up 29%, all of which figures reflect the combined effect of the enlarged perimeter and the organic growth in business.

Regarding this last point, the results for 2016 point to 4.5% inter-annual growth in the equipment rolled out in our infrastructures. We increased points of presence in our locations by more than 200 every quarter, placing the customer ratio at 1.62, compared to 1.53 in 2015.

Q: However, after a very positive 2015, the Company's share price has not reflected this positive trend...

FR: I would underline two elements with regard to Cellnex shares. Firstly, the inclusion in the IBEX 35 in June, which has increased the visibility of our shares and has attracted interest from shareholders who tend to focus on selective stock, providing our stock with greater liquidity.

Secondly, it is important to consider the relative performance of the telecommunications sector. The financial year was marked by significant volatility with geopolitical factors increasing uncertainty and influencing share prices. In spite of this, the company performed 14% better than the selective index from May 2015, when Cellnex joined the market, up to the end of 2016.

In this volatile environment it is vital to bring the industrial vision of Cellnex's model to the fore. Our shareholder base is very solid. Some of the reference shareholders have extended their positions as they share this long-term vision; and the consensus of analysts who follow our company maintains a clear recommendation to buy (67%), with a target price well above € 17. The company's fundamentals provide visibility, solidity and predictability.

Q: Cellnex Telecom invested nearly € 1.5 billion in growth operations from 2014 up until the close of 2016. This has diversified its business base and has also expanded its presence in Europe. What is the limit?

TM: In four years we have moved from being virtually a single-product company, focused on the broadcasting business, to become a diversified company in which voice and data mobility transmission infrastructure is the driver of growth and which has already taken the lead, accounting for more than 55% of revenue. We have also gone from being a company focused on a single market to enjoying a presence in five countries with 40% of revenues generated outside Spain.

It is difficult to set the limit. That will be the result of our ability to continue to demonstrate the effectiveness of a business model based on the concept of neutrality and independence. Of the more than 300,000 towers and sites within the 28 European member states, only 11% or 12% of which are run by independent operators, compared to the U.S., where more than 80% of non-urban sites are outsourced, as are almost 35% of the total, if we include the urban ones.

Let us add, in the medium term, what may involve the need to densify the existing network, supplementing it with small cells, which will be a structural element. Only then will it be possible to ensure reliable access to permanent network coverage for applications based on the new 5G standard and the emerging IoT.

Q: If the limit is not in the potential market, it could be in the capacity to finance this growth. What is Cellnex's strategy regarding management of its balance sheet?

FR: Cellnex has a very stable debt structure. The corporate bonds issued in 2015 (€ 600 million) and 2016 (€ 750 million in August and € 65 million in December), will only mature in 2022, 2024 and 2032 respectively. There is a fixed interest rate for 86% of the debt with an average cost of 2.6% at the close of 2016, which is among the lowest of listed companies in Spain. The company also has access to immediate funding lines which, together with its cash and banks position, stands at € 1.8 billion.

TM: With this debt structure, and considering that market trends continue to point to low interest rates, and that the liquidity of debt markets remains high, the first option for funding new operations would be access to borrowing. We would not exclude other instruments, such as bringing on board financial partners, depending on the type of operation.

Q: In a young company like Cellnex, from the point of view of its IPO and its entry into the IBEX 35, rolling out the model of corporate governance and the policies that accompany it is a key concern. What were the milestones in this area in 2016?

FR: We have made the most of our youth to establish a very compact corporate governance right from the outset, with 9 directors, expandable to 13, of which 4 are independents who also chair both of the Board's committees - Audit and Control and Appointments and Remuneration.

We can say that the degree of compliance with the recommendations of the Code of Good Governance is high. We can improve on this even further, and are committed to doing so. At the General Shareholders' Meeting for the Financial Year 2015 we indicated that we planned to increase our base of independent directors, which is already large. This has already happened, and we shall be submitting a proposal to the Shareholders Meeting for FY 2016 to increase the Board to ten members, bringing Marieta del Rivero as a new independent director.

Q: Turning to Good Corporate Governance, you have referred to the formulation of the Corporate Responsibility policy. What progress has been made in this area?

TM: In 2016 we began rolling out the six pillars on which the Corporate Responsibility Master Plan 2016-2020 is built. Here are some figures that show the progress achieved: 76% of the lines of action structuring the Plan are already underway and 34% of the actions have already been achieved.

Our ambition is to gauge our compliance step by step. During 2016 we conducted an internal analysis to compare our progress in relation to some of the leading global sustainability indices, including the Dow Jones Sustainability Index. This allows us to identify our strengths



and weaknesses, and to see where we have an impact. It should also be noted that, according to the information reported to the Carbon Disclosure Project (CDP), Cellnex Telecom was rated as the best Spanish company that had joined the CDP in 2016 to compare the company's progress in sustainability and its environmental impact.

Q: And finally, what can we see in terms of what Financial Year 2017 might hold?

TM: The value proposal of operators like Cellnex can be attractive for network access operators to improve their profitability by reducing their network operation costs by outsourcing it and sharing it through a neutral operator. That trend is hard to reverse and will continue to increase over the coming years; we believe with an organic growth of around 3% -4%. In any case, it is a growth on the basis of a perimeter that can continue to expand via new acquisitions and business lines such as DAS, small cells or solutions associated with connectivity between objects, which are going to increase in volume and weight over the coming years.

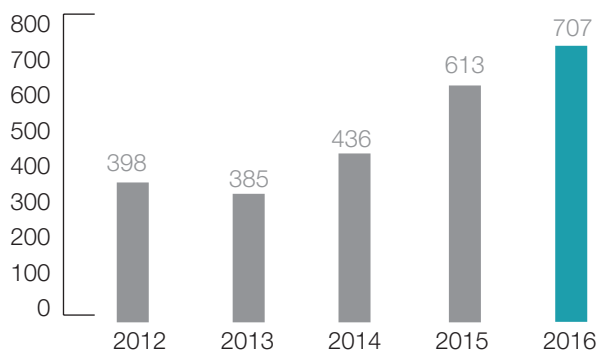
VISION OF 2016



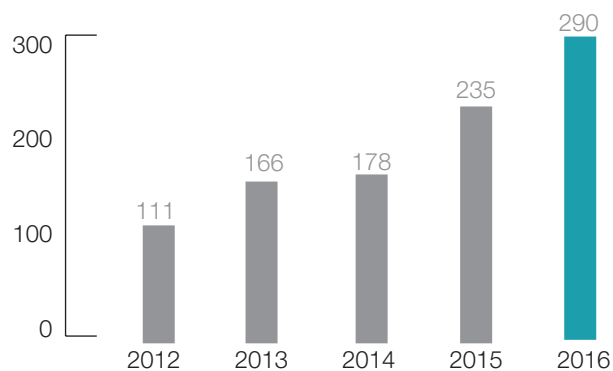
KEY INDICATORS

Business development 2016

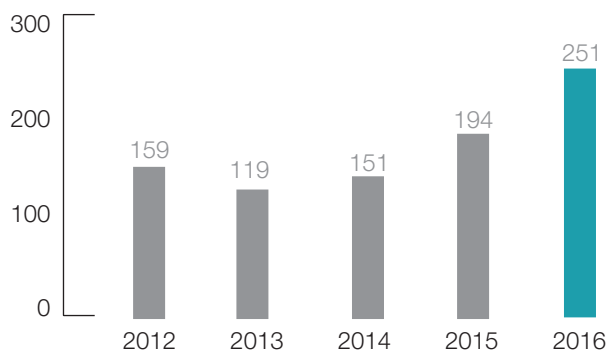
Revenue (€Mn)



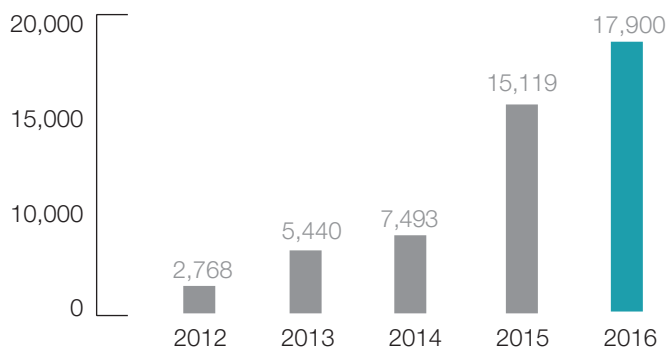
Adjusted EBITDA (€Mn)



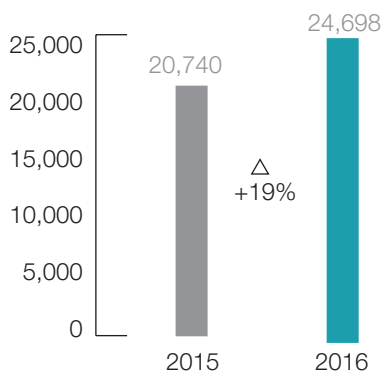
Recurring leveraged free cashflow (€Mn)



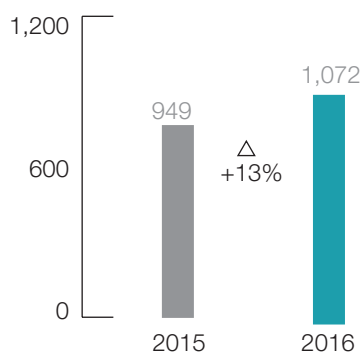
Sites



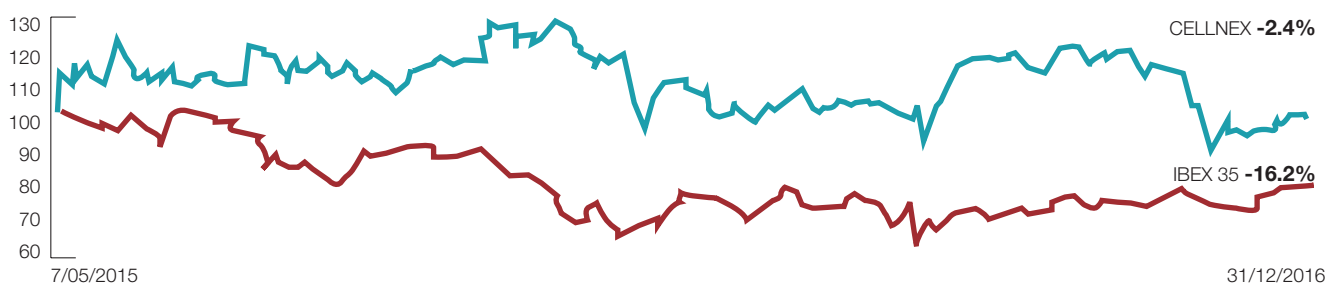
Progression of PoP's (TOTAL)



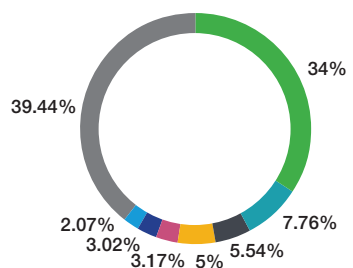
Progression of DAS nodes



Cellnex share vs. IBEX 35

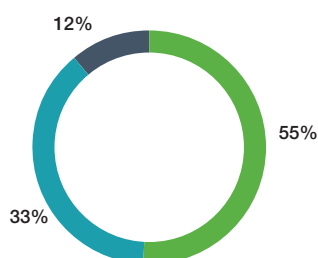


Cellnex shareholder structure



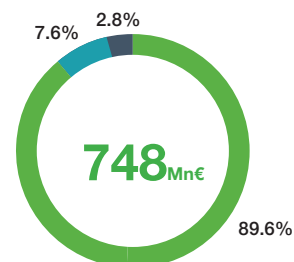
- Abertis Infraestructuras
- Threadneedle Asset Management
- Blackrock INC
- Criteria Caixa
- Schroders PLC
- Cantillon Capital Management
- Fidelity International Limited
- Other shareholders

Turnover



- MNO's infrastructure services
- Broadcasting infrastructure
- Network services

Investment in 2016



- M&A Capex
- Expansion Capex
- Maintenance Capex

Key indicators

1.62

INFRASTRUCTURE
SHARING RATIO

87%

MARKET SHARE IN
BROADCAST SERVICES
IN SPAIN

20%

OF STAFF ARE WOMEN

TRANSPARENCY
IN TRANSPARENCY
REGISTERS OF THE
CNMV, GENERALITAT DE
CATALUNYA AND THE EU

76%

DEGREE OF ROLLOUT
OF THE CSR 2016-2020
MASTER PLAN

10%

INCREASE IN TRAINING
HOURS IN SPAIN

2%

EMISSIONS AVOIDED
IN SPAIN COMPARED
TO THE TOTAL OF 2015
THROUGH ENERGY
EFFICIENCY PROJECTS

**"BEST NEWCOMER
SPAIN" IN CDP 2016**
SUPPLY CHAIN SCORING

MEMBER OF
FTSE4GOOD INDEX

MANAGEMENT MODEL

Strategic challenges facing Cellnex

Transforming from a single-country, single-product company to an international, multi-product company by facing the challenge of adapting:

- Management processes
- Corporated governance
- Organisational culture
- Remodelling and strengthening teams
- Adopting a model to integrate to new acquisitions

Maintaining the internationalisation drive. Consolidating positions in Spain and Italy and exploring realising opportunities in markets like the UK, Germany and France, among others, are the vectors of Cellnex Telecom's organic growth, capitalising on the externalisation dynamics of networks by mobile telephony operators.

Combining growth and consolidation. Closing new agreements with telecoms services operators to provide broadband connectivity, broadcasting and the Internet of Things translates into sustained growth of the sharing ratio and the amount of equipment rolled out in our network of sites.

Meeting expectations: maintaining investor confidence. Cellnex's IPO in 2015 was also a "pact" with shareholders for the Company's future profitability. Meeting that commitment means responding to all the challenges that we face and earning the trust of those who invested in the Cellnex project.

CSR 2016-2020 Master Plan

Action Areas	No. Action lines	Action lines underway	No. Actions	Attainment of the different actions
Ethical management and good governance	7	100%	21	71%
People development	6	67%	9	22%
Sustainable development of the business	9	78%	17	10%
Adding value to society	6	40%	9	0%
Communication and reporting	9	70%	13	54%
Governance of Corporate Responsibility	3	100%	13	46%
TOTAL	40	76%	82	34%

Degree of progress of the Plan in its first year. Action lines and goals started

100%

**ETHICAL
MANAGEMENT
AND GOOD
GOVERNANCE**

67%

**PEOPLE
DEVELOPMENT**

78%

**SUSTAINABLE
BUSINESS
DEVELOPMENT**

40%

**PROVIDING VALUE
TO SOCIETY**

70%

**COMMUNICATION
AND REPORTING**

100%

CR GOVERNANCE

SUSTAINED VALUE CREATION

Value generated and distributed

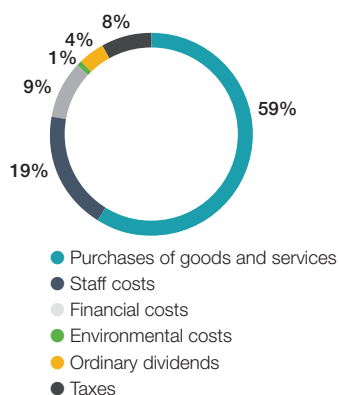
VALUE GENERATED IN 2016 BY CELLNEX WAS € 707 MILLION, DISTRIBUTED MAINLY TO SUPPLIERS, EMPLOYEES, SHAREHOLDERS AND PUBLIC ADMINISTRATION

€ 707 MILLION

ECONOMIC VALUE GENERATED 2016

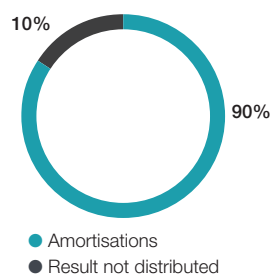
€ 510 MILLION

ECONOMIC VALUE DISTRIBUTED

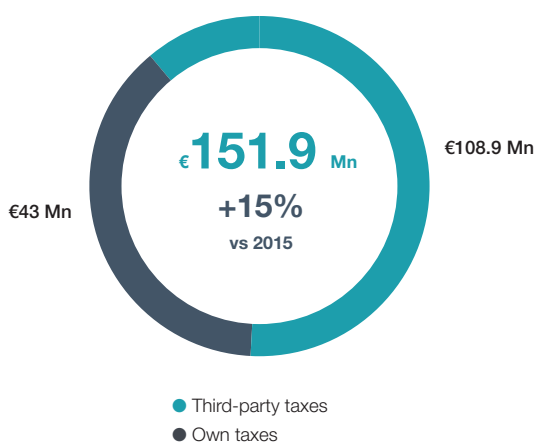


€ 197 MILLION

ECONOMIC VALUE WITHHELD



2016 tax contribution



Country	Own taxes ¹	Third-party taxes ²	Total
Spain	34.7	71.1	105.8
Italy	4.3	36.4	40.7
France	1.4	--	1.4
Netherlands	1.1	0.8	1.9
United Kingdom	1.5	0.6	2.1
Total	43	108.9	151.9

¹ Includes taxes that imply an effective cost for the company (basically include payments for the tax on profits, local taxes, various taxes and social security).

² Includes taxes that do not have an impact on the result but are collected by Cellnex on behalf of the tax administration or are paid on behalf of third parties (basically include the net value added tax, withholdings to employees and third parties and social security employee share).

CORPORATE CULTURE



Vision

European leader in telecommunications infrastructure solutions.



Mission

Generate value for society, customers, shareholders, and all stakeholders, through **innovative, efficient, neutral and quality management** for the provision of shared telecommunications networks and infrastructure through the **drive and development of our staff**.

Values

Commitment

Resolve

Customer focus

Honesty

Innovation

Credibility

Flexibility

Development

Talent management

Specific training programmes

WORKFORCE

1,303

TRAINING

46,353

TOTAL HOURS

Leadership pathway

The aim of this course is to train new managers, acquiring skills and tools to foster strong leadership qualities.

Pathway for project managers

The programme, access to which depends on an assessment, consists of 4 modules:

- Project management
- Management and control of external resources
- Personal effectiveness and time management
- Personal skills and competences

Staff who complete the training can then access the Project Management Programme (PMP) official examination, which is an internationally recognised certificate that validates the competence to act as a project manager, leading and directing projects and teams. To help them to pass this exam, managers are provided with an exam preparation course involving not only classroom sessions but also allowing access to an online tool and a tutorial session to resolve their doubts and provide support in the final preparation of the official examination.

Pathways for in-house trainers

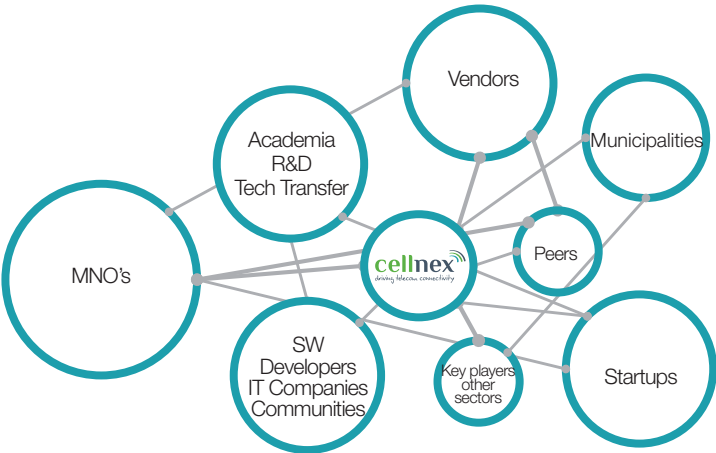
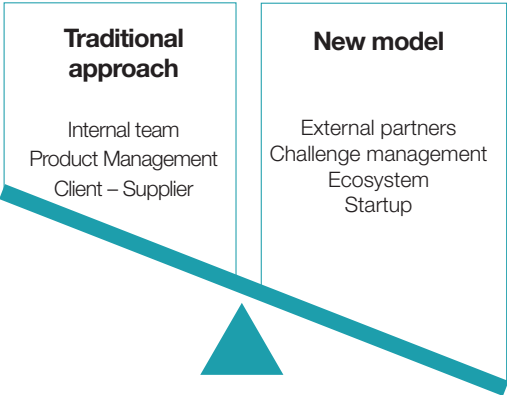
This project aims to prepare employees for their role as Internal Trainers.

Languages

Language grants included in the Cellnex Telecom training grants programme.

INNOVATION MODEL

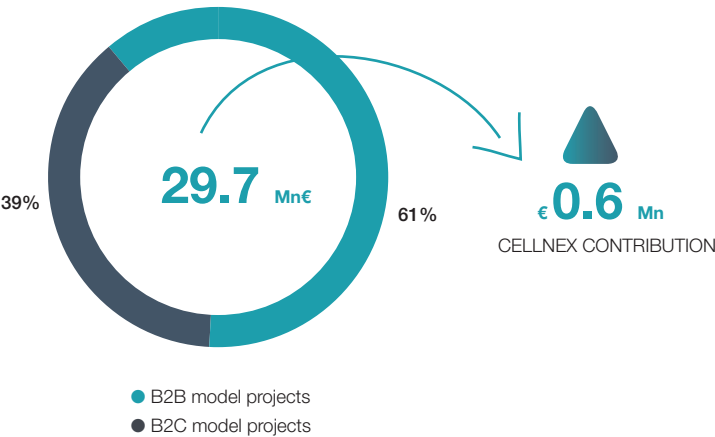
New innovation model

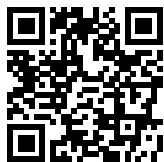


Innovation and entrepreneurship

CELLNEX MONITORS THE GROWTH AND MATURATION OF INNOVATIVE COMPANIES WITH A FOCUS ON ICT TECHNOLOGIES AND PROJECTS IN DIGITAL AND MOBILITY ENVIRONMENTS

Caixa Capital TIC II FCR investment fund





mobile

tablet

PC

Full report available

<http://informeannual2016.cellnexttelecom.com/en/>



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Contact information

Av. Parc Logístic, 12-20. Edificio A. 08040 – Barcelona

www.cellnexttelecom.com

Telephone: 935678910

cellnex@cellnexttelecom.com