

General Shareholders' Meeting 2017

Cellnex GSM highlights KPIs, expansion in Europe, and cash flow visibility

- The Shareholders' Meeting approved the results for financial year 2016, in which **the main business indicators exceeded market expectations:**
 - **Income:** € 707 million (+15%)
 - **EBITDA:** € 290 million (+23%)
 - **Recurring free cash flow:** € 251 million (+29%)
 - **Business diversification:** 55% of revenues from telecommunications infrastructure and services; 33% from broadcasting; 12% from network services
 - **Geographical diversification:** 36% of revenue and 33% of EBITDA is generated outside Spain, 34% of revenue in Italy
 - **Net debt:** € 1.499 billion (annualized debt/EBITDA 4.6x).
 - **Investment performed:** € 748 million (€ 670 million applied to growth in Europe)
 - **Cellnex on the stock market:** +18% vs. IBEX 35 since May 2015
 - **In the last two years, Cellnex has committed more than € 2 billion in investments in growth projects in Europe. In 2016 the company closed new acquisitions in Italy (CommsCon), France (Bouygues sites), Netherlands (Protelindo and Shere Group) and the United Kingdom (Shere Group)**
 - The GSM **approved the enlargement of the Board from 9 to 10 members, formalising the appointment of Marieta del Rivero as a new Independent Director.** 50% of Cellnex's directors are independents
 - The Board has agreed the nomination of **Bertrand Boudewijn Kan**, independent director and current chair of the Audit and Control Committee, as **Vice-Chairman of the Board**
 - It also approved **the distribution of dividends for the financial year 2016:** € 0.086325 (€ 0.044 on account + € 0.042325 complementary). **The dividend for FY 2017 will grow by 10%**
 - **The Q1 data presented on 28 April reinforce the company's growth trend, which will remain well above a double-digit figure**
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Barcelona, 27 April 2017. Cellnex Telecom today held its 2017 General Shareholders' Meeting ("GSM"), at which it approved the Financial Statements and Management Report for financial year 2016. The GSM is the first at which Cellnex presented figures for its first full year following its spin-off from Abertis through its IPO, placing 66% of its capital on the stock exchange, in May 2015. Furthermore, Cellnex (CLNX: MC) joined the selective IBEX 35 Spanish stock market index in June 2016. Since it had its debut on the continuous market in May 2015, Cellnex's shares have achieved an accumulated revaluation of 14.5% compared to the -3.6% of the IBEX 35.

In an interview published in the Company's Integrated Annual Report, which is also viewable on the corporate website at <https://www.youtube.com/watch?v=kBVu723H26s&feature=youtu.be>, Cellnex Chairman Francisco Reynés and CEO Tobias Martinez underlined some of the highlights of Financial Year 2016 that were examined by the General Shareholders' Meeting.

Business and organic growth

"I would highlight the strong alignment between the objectives set and the results achieved" said **Francisco Reynés**. "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."

"The figures bear out what the Chairman has indicated" confirmed **Tobias Martinez**. "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 a 4.5% growth in 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."

Stock market

With reference to the performance of Cellnex shares on the stock market, **Reynés stated**: "I would underline two elements concerning Cellnex shares in 2016. Firstly, the inclusion in the IBEX 35 index in June, which has provided more visibility to our shares and has attracted interest from shareholders who tend to focus on selective stocks, providing our shares 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." Up until the close of trading on 26 April 2017, the differential relative to IBEX 35 was 18% in Cellnex's favour.

Mr Reynés continued: "In this volatile environment it is essential 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."

Growth in Europe, realities and potential

"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," **explained Tobias Martinez**. "We have also gone from being a company focused on a single market to enjoying a presence in five countries with 36% of revenues generated outside Spain."

"It is difficult to set the limit," **continued Cellnex's CEO**. "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% 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 the small cells of the distributed antenna systems (DAS), 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."

Balance and financial structure

"Cellnex has a very stable debt structure," **said the Chairman of Cellnex**. "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, are higher than 2 billion euros."

"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," **said Tobias Martinez**, "the first option for funding new operations would be access to borrowing, although we would not exclude other instruments, such as bringing on board financial partners, depending on the type of operation."

Corporate Governance and CSR

"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 in doing so," **said Francisco Reynés**. "At the General Shareholders' Meeting for the financial year 2015 we indicated that we planned to increase our base of independent directors, who already make up a significant proportion of the board (four out of nine). 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 in the new independent director Marieta del Rivero."

"In 2016 we began rolling out the six pillars on which the Corporate Responsibility Steering Plan 2016-2020 is built," **explained CEO Tobias Martinez in relation to CSR**. "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."

Magnitudes and key indicators for financial year 2016

By business line, the Telecommunications services and infrastructures contributed 55% of revenues, with € 385 million, a 27% increase compared to 2015 that reflects the combination of organic growth and expansion of the perimeter.

Activity in **audiovisual infrastructure and broadcasting services accounted for 33%** of income, at € 235 million, a year-on-year increase of 4.5% and showing the positive impact of the inclusion of six new TV channels in Spain from the end of April 2016.

Meanwhile, the business focused on **security and emergency service networks and solutions for smart urban infrastructure management (IoT and Smart cities) contributed 12%** of revenue, totalling € 87 million, up 2% on the close of 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 the 1,072 nodes (DAS and Small Cells) managed by CommsCon in Italy, a figure that has grown by 13% since the acquisition of the company in June 2016.

Organic growth of points of presence at sites on a like-for-like basis was 4.5% year on year, while the ratio of customers per site was 1.62x, up from 1.53x in December 2015 (+6%).

Investments for the period were in excess of € 700 million: € 19 million correspond to the acquisition of CommsCon in Italy; **€ 109 million** to the purchase of the 261 sites from Protelindo in the Netherlands; **€ 147 million** to the 500 Bouygues Telecom towers in France; and **€ 393 million** for the acquisition of Shere Group, which added a further 1,004 sites (540 in the UK and 464 in the Netherlands).

€ 78 million were applied to maintaining installed capacity, investments related to new revenue generation and efficiency improvements.

Debt structure at the end of 2016

The company's net debt at 31 December stood at € 1.499 billion compared to € 927 million at the end of 2015, representing an increase of € 572 million that reflects the growth operations closed during the year to the tune of € 670 million. The annualised net debt/EBITDA ratio was 4.6x compared to 3.7x in December 2015.

On 30 March 2016 Cellnex Telecom bonds were added to the list of **corporate bonds eligible as collateral by the European Central Bank in monetary policy operations**.

In April 2017, Cellnex maintains a **stable, long-term debt structure, with an average lifespan of seven years, an average cost of approximately 2,1% while 84% is at a fixed rate**. Cellnex Telecom's debt is not subject to any *covenants*. At the moment the Shareholders' Meeting is held in April 2017, the combination of cash and banks and available credit lines provide Cellnex access to immediate liquidity for an amount higher than 2 billion euros.

Outlook for 2017

The forecasts for 2017 based on the current perimeter suggest:

- growth in recurring free cash flow of over 10%
- EBITDA in a range between € 330 and 340 million
- a dividend that will grow by 10% compared to 2016

Furthermore, along with the analysis of the inorganic growth opportunities that the European market will continue to offer in the coming years, Cellnex Telecom's organic growth axes are:

- streamlining redundant locations: up to 2000 from 2016 to 2019
- building new sites in coordination with network access operators in areas that so require: up to 2,200 in the period 2016-2021
- annual growth of 3 - 4% like-for-like in the number of points of presence (PoPs) at the company's sites during the period 2016-2019.

About Cellnex Telecom

Cellnex Telecom is Europe's leading independent operator of wireless telecommunications infrastructure, with a total portfolio of 18,000 sites (at 31 December 2016). Cellnex operates in Spain, Italy, the Netherlands, France and the United Kingdom.

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 sustainability and CDP (Carbon Disclosure Project) indices.

Cellnex classifies its activities into three areas: Mobile telephony infrastructures; audiovisual broadcasting networks; security and emergency service networks and solutions for smart urban infrastructure and services management (smart cities and the "Internet of Things" (IoT)).

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