



Cellnex: One Further Leap Forward

Agreement to acquire Arqiva's TELECOM sites portfolio (c.8,300 sites⁽¹⁾)

October 8, 2019

Largest TowerCo in Europe with up to c.53k sites ⁽¹⁾, out of which c.8k to be executed through BTS programs, whilst remaining truly independent

Significant expansion of European footprint

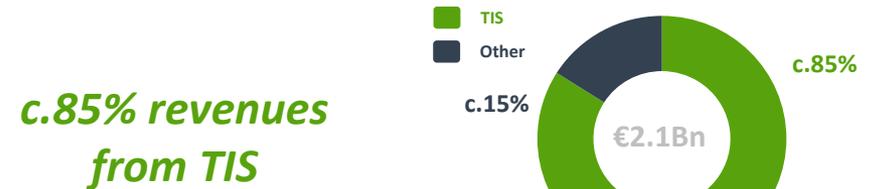


Cellnex vs. Peers (thousand of sites)



Significant Business Risk Diversification

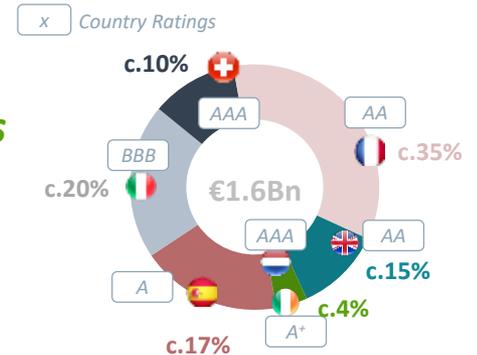
Revenues (Run rate ⁽³⁾)



c.85% revenues from TIS

Adjusted EBITDA (Run rate ⁽³⁾)

c.80% from countries with sovereign rating of at least A



2014 (1) Up to 53k sites assuming that all sites to be transferred or built under our M&A contracts are actually transferred or built, as applicable, by each relevant date. Excluding sites not owned. (2) Including c.7,400 TIS sites acquired from Arqiva and excluding c.900 sites subject to marketing rights (3) Including future contribution from recent deals, plus contracted perimeter as of Q2 2019 (please see slide 4 of the January June 2019 results presentation). Management estimate based on 2018 revenues and Adjusted EBITDA and including run rate revenues and Adjusted EBITDA contribution under our M&A contracts signed to date, respectively, based on the assumption that all sites that may, subject to certain conditions, be transferred or built under Cellnex's acquisition agreements, purchase commitments and build-to-suit programs are actually transferred to Cellnex or built and transferred to Cellnex, as applicable, by each relevant date

Significantly improving our market position in the UK Landmark transaction in a key European market with the potential to unlock additional future opportunities

Executing on equity story

*Focus on core business, current customers
and existing markets*

*Acquiring attractive assets consisting of
pure telecom sites only*

Long-term industrial view

*Attractive conditions to invest in the UK
and gain exposure to one of Europe's
largest economies*

Willingness to strengthen industrial relationship with major MNOs in the UK

*Leveraging on Cellnex's operational
excellence to benefit from secular organic
trends (densification, TfL⁽¹⁾, 5G
partnerships)*

Improving follow-on growth prospects

*Next steps in the market already being
assessed*



Significant contribution to key financial metrics

*c.8,300 sites⁽²⁾, cash out of c. £2.0Bn with
an associated Adjusted EBITDA of
c.£170Mn⁽³⁾ and RLFCF of c. £105Mn⁽³⁾*

Fully compliant with M&A investment criteria

*Fully aligned with Cellnex's strategy and
strict financial discipline, applied equally
to all opportunities currently being
assessed*

(1) Transport for London process

(2) Approximately 7,400 held sites and the rights to market approximately 900 sites

(3) Expected figures in 2020

Key Transaction Highlights

Description

- Cellnex is acquiring 100% of the share capital of a company resulting from a carve-out process from Arqiva ⁽¹⁾, consisting of c.8,300 telecom sites (approximately 7,400 held sites and the rights to market approximately 900 sites):
 - Well distributed, with c.9% of the sites located in urban areas and c.91% in rural and suburban areas
 - Balanced mix of towers located on the ground (c.80%) and rooftops (c.20%)
 - With an initial tenancy ratio of c.1.4x
- Concessions to use street infrastructure in 14 London boroughs, in order to further build our positioning in Small Cells

Key Financials

- Consideration of c.£2.0Bn payable upon completion, subject to certain price adjustments ⁽²⁾
- It is expected to generate an Adjusted EBITDA of c.£170Mn and RLFCF of c.£105Mn in 2020
- Majority of contracts with clients linked to CPI/RPI, with an average duration of c.10 years

Closing

- Subject to the following Conditions Precedent (among others):
 - i) UK merger control clearance
 - ii) No UK “public interest” intervention notice or, if issued, that the Transaction is cleared
 - iii) Release of the target from Competition Commission undertakings
 - iv) Completion of the reorganization and carve-out of the target business and assets
 - v) Obtaining all required consents from Arqiva's finance providers in connection with the Transaction ⁽³⁾
 - vi) Execution of a key agreement with a key client on certain terms agreed with the seller
- Closing expected in H2 2020

Funding

- The acquisition is expected to be financed through a combination of a £2Bn syndicated loan facility ⁽⁴⁾ and available cash reserves. In addition, the Company has approved the launch of a fully-underwritten €2.5Bn Rights Issue, to support this acquisition and Cellnex's busy pipeline
- The Company is actively evaluating market opportunities for an estimated aggregate size of approximately €7Bn, being such opportunities at different stages (while there are projects in an early stage, others are being negotiated on an exclusivity basis with advanced documentation in place or even already signed, such as the present transaction)

(1) Arqiva Services Limited (2) The price will be adjusted, among other things: (i) if a key agreement with a key client is terminated by the latter before November 15, 2019, (ii) if another key contract is not renewed between signing and completion of the Arqiva Acquisition on similar terms as the contract currently has in terms of value, and (iii) if certain remedies are given to the United Kingdom Competition Markets Authority in order to obtain clearance of the Arqiva Acquisition. In addition, there are other price adjustments in order to account for the cash, debt and working capital position of UK Tower Business immediately before the closing of the Arqiva Acquisition. (3) including the release of the target shares and assets from the security perimeter of Arqiva's current financing arrangements (4) Cellnex has entered into a commitment and mandate letter in respect of this proposed facilities agreement

Term	Definition
Adjusted EBITDA	Profit from operations before D&A and after adding back certain non-recurring and non-cash items (such as advances to customers and prepaid expenses)
Adjusted EBITDA margin	Adjusted EBITDA divided by total revenues excluding elements pass-through to customers (mostly electricity) from both expenses and revenues
Build-to-suit (BTS)	Towers that are built to meet the needs of the customer
Customer Ratio	The customer ratio relates to the average number of operators in each site. It is obtained by dividing the number of operators by the average number of Telecom Infrastructure Services sites in the year
DAS	A distributed antenna system is a network of spatially separated antenna nodes connected to a common source via a transport medium that provides wireless service within a geographic area or structure
Maintenance Capex	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
PoP	Points of presence, an artificial demarcation point or interface point between communicating entities. Each tenant on a given site is considered a PoP
RLFCF	Recurring Operating Free Cash Flow plus/minus changes in working capital, plus interest received, minus interest expense paid, minus income tax paid, and minus minorities
TIS	Telecom Infrastructure Services

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