

Cellnex Telecom, S.A. and Subsidiaries

Interim Condensed Consolidated
Financial Statements and Interim
Consolidated Directors' Report
for the six-month period ended
30 June 2018 (prepared in accordance
with IAS 34, Interim Financial Reporting),
together with Report on Limited Review

*Translation of a report originally issued in Spanish. In the
event of a discrepancy, the Spanish-language version
prevails.*

Translation of a report originally issued in Spanish. In the event of a discrepancy, the Spanish-language version prevails.

REPORT ON LIMITED REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

To the Shareholders of Cellnex Telecom, S.A.
at the request of the Board of Directors,

Report on the Interim Condensed Consolidated Financial Statements

Introduction

We have performed a limited review of the accompanying interim condensed consolidated financial statements (“the interim financial statements”) of Cellnex Telecom, S.A. (“the Parent”) and Subsidiaries (“the Group”), which comprise the condensed consolidated balance sheet as at 30 June 2018, and the condensed consolidated statement of profit or loss, condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity, condensed consolidated statement of cash flows and explanatory notes thereto for the six-month period then ended. The Parent’s directors are responsible for preparing these interim financial statements in accordance with the requirements of International Accounting Standard (IAS) 34, Interim Financial Reporting, as adopted by the European Union, for the preparation of interim condensed financial information, in conformity with Article 12 of Royal Decree 1362/2007. Our responsibility is to express a conclusion on these interim financial statements based on our limited review.

Scope of Review

We conducted our limited review in accordance with International Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”. A limited review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A limited review is substantially less in scope than an audit conducted in accordance with the audit regulations in force in Spain and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the accompanying interim financial statements.

Conclusion

Based on our limited review, which under no circumstances may be considered to be an audit of financial statements, nothing has come to our attention that causes us to believe that the accompanying interim financial statements for the six-month period ended 30 June 2018 are not prepared, in all material respects, in accordance with the requirements of International Accounting Standard (IAS) 34, Interim Financial Reporting, as adopted by the European Union, for the preparation of interim condensed financial statements, pursuant to Article 12 of Royal Decree 1362/2007.

Emphasis of Matters

We draw attention to explanatory Note 2-a to the accompanying interim financial statements, which indicates that the aforementioned accompanying interim financial statements do not include all the information that would be required for a complete set of consolidated financial statements prepared in accordance with International Financial Reporting Standards as adopted by the European Union and, therefore, the accompanying interim financial statements should be read in conjunction with the Group’s consolidated financial statements for the year ended 31 December 2017. Our conclusion is not modified in respect of this matter.

We draw attention to explanatory Notes 2-b and 4 to the accompanying interim financial statements, which indicate that the aforementioned accompanying interim financial statements include the early adoption of International Financial Reporting Standard (IFRS) 16, Leases, considering 1 January 2017 as the transition date. Consequently, the figures for 2017 differ from those relating to the 2017 financial statements and interim information previously approved and authorised for issue. The quantification of the differences between the criteria applied in the previous period and the current criteria is detailed in explanatory Note 4 to the accompanying interim financial statements. Our conclusion is not modified in respect of this matter.

Report on Other Legal and Regulatory Requirements

The accompanying interim consolidated directors' report for the six-month period ended 30 June 2018 contains the explanations which the Parent's directors consider appropriate about the significant events that took place in that period and their effect on the interim financial statements presented, of which it does not form part, and about the information required under Article 15 of Royal Decree 1362/2007. We have checked that the accounting information in the interim consolidated directors' report is consistent with that contained in the interim financial statements for the six-month period ended 30 June 2018. Our work was confined to checking the interim consolidated directors' report with the aforementioned scope, and did not include a review of any information other than that drawn from the accounting records of Cellnex Telecom, S.A. and Subsidiaries.

Other Matters

This report was prepared at the request of the Board of Directors of Cellnex Telecom, S.A. in relation to the publication of the half-yearly financial report required by Article 119 of the Consolidated Spanish Securities Market Law, approved by Legislative Royal Decree 4/2015, of 23 October, and implemented by Royal Decree 1362/2007, of 19 October.

DELOITTE, S.L.

Ana Torrens Borrás

26 July 2018

Cellnex Telecom, S.A. and Subsidiaries

Condensed Consolidated Interim
Financial Statements and
Consolidated Interim Directors' Report
for the 6-month period ended on
30 June 2018 (prepared in accordance with
IAS 34 "Interim financial reporting").

Translation of a report originally issued in Spanish and of interim condensed consolidated financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Group (see Notes 2 and 23). In the event of a discrepancy, the Spanish-language version prevails.

TABLE OF CONTENTS

Consolidated balance sheet.....	2
Consolidated income statement.....	4
Consolidated statement of comprehensive income.....	5
Consolidated statement of changes in net equity.....	6
Consolidated cash flow statement	7
1. General information.....	9
2. Basis of presentation.....	9
3. Accounting policies and financial risk and capital management	17
4. Issues stemming from the transition to the new standards adopted during the current period	18
5. Business combinations.....	22
6. Property, plant and equipment	23
7. Goodwill and other intangible assets.....	25
8. Investments in associates.....	27
9. Current and non-current financial investments.....	27
10. Trade and other receivables.....	28
11. Cash and cash equivalents.....	30
12. Net equity.....	31
13. Borrowings	36
14. Leases.....	43
15. Trade and other payables.....	45
16. Income tax and tax situation	46
17. Provisions, other liabilities and employee benefit obligations	48
18. Revenue and expenses.....	54
19. Segment reporting	56
20. Related parties.....	61
21. Other disclosures	63
22. Post balance sheet events.....	63
23. Explanation added for translation to English.....	64
Consolidated interim directors' report for the 6-month period ended on 30 June 2018.....	65

CELLNEX TELECOM, S.A. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEET AT 30 JUNE 2018

(Thousands of Euros)

	Notes	30 June 2018	31 December 2017 (*)	1 January 2017 (*)
ASSETS				
NON-CURRENT ASSETS				
Goodwill	Note 7	567,510	566,557	380,217
Other intangible assets	Note 7	1,322,563	1,353,959	1,035,166
Right-of-use assets	Note 14	499,194	453,668	370,903
Property, plant and equipment	Note 6	1,633,370	1,507,259	1,048,445
Investments in associates	Note 8	2,662	3,280	3,551
Financial investments	Note 9	17,700	17,694	11,640
Derivative financial instruments		-	164	-
Trade and other receivables	Note 10	14,132	11,426	7,872
Deferred tax assets		47,155	40,870	39,063
Total non-current assets		4,104,286	3,954,877	2,896,857
CURRENT ASSETS				
Inventories		2,565	1,277	2,023
Trade and other receivables	Note 10	191,186	183,553	119,015
Receivables from associates	Note 20.c	79	78	113
Financial investments	Note 9	921	921	921
Cash and cash equivalents	Note 11	672,381	295,173	192,851
Total current assets		867,132	481,002	314,923
TOTAL ASSETS		4,971,418	4,435,879	3,211,780

This consolidated balance sheet at 30 June 2018 must be read together with the Notes included on pages 9 to 64.

(*) Restated balances. Certain amounts included in the consolidated balance sheet at 31 December 2017 do not relate to those included in the consolidated financial statements for the year ended 31 December 2017, and reflect the adjustments described in Note 2.b.

CELLNEX TELECOM, S.A. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEET AT 30 JUNE 2018

(Thousands of Euros)

	Notes	30 June 2018	31 December 2017 (*)	1 January 2017 (*)
NET EQUITY				
Share capital and attributable reserves				
Share capital	Note 12.a	57,921	57,921	57,921
Treasury shares	Note 12.a	(5,572)	(1,859)	(2,694)
Share premium	Note 12.b	326,917	338,733	338,733
Reserves	Note 12.c	123,769	46,406	8,874
Profit for the period		(30,801)	26,339	39,817
		472,234	467,540	442,651
Non-controlling interests	Note 12.f	136,920	143,053	80,275
Total net equity		609,154	610,593	522,926
NON-CURRENT LIABILITIES				
Bank borrowings and bond issues	Note 13	2,948,451	2,505,301	1,683,960
Lease liabilities	Note 14	331,560	330,989	257,330
Derivative financial instruments	Note 13	484	-	-
Provisions and other liabilities	Note 17.a	219,211	218,461	176,061
Employee benefit obligations	Note 17.b	15,802	5,646	2,496
Deferred tax liabilities		338,353	349,929	290,281
Total non-current liabilities		3,853,861	3,410,326	2,410,128
CURRENT LIABILITIES				
Bank borrowings and bond issues	Note 13	76,380	69,615	17,732
Lease liabilities	Note 14	123,654	84,006	87,789
Employee benefit obligations	Note 17.b	28,405	13,135	6,276
Payables to associates	Note 20.c	-	171	-
Trade and other payables	Note 15	279,964	248,033	166,929
Total current liabilities		508,403	414,960	278,726
TOTAL NET EQUITY AND LIABILITIES		4,971,418	4,435,879	3,211,780

This consolidated balance sheet at 30 June 2018 must be read together with the Notes included on pages 9 to 64.

(*) Restated balances. Certain amounts included in the consolidated balance sheet at 31 December 2017 do not relate to those included in the consolidated financial statements for the year ended 31 December 2017, and reflect the adjustments described in Note 2.b.

CELLNEX TELECOM, S.A. AND SUBSIDIARIES

CONSOLIDATED INCOME STATEMENT CORRESPONDING TO THE 6-MONTH PERIOD ENDED ON 30 JUNE 2018 (Thousands of Euros)

	Notes	6-month period ended on 30 June	
		2018	2017 (*)
Services		421,992	361,663
Other operating income		15,114	16,467
Operating income	Note 18.a	437,106	378,130
Staff costs	Note 18.b	(111,052)	(51,565)
Other operating expenses	Note 18.c	(100,362)	(96,976)
Change in provisions		842	(255)
Losses on fixed assets	Note 6 and 7	(42)	(73)
Depreciation and amortisation	Notes 6, 7 and 14	(196,498)	(159,282)
Operating profit		29,994	69,979
Financial income		805	1,073
Financial costs		(49,857)	(32,710)
Interest expense on lease liabilities	Note 14	(26,553)	(20,516)
Net financial profit		(75,605)	(52,153)
Profit (loss) of companies accounted for using the equity method	Note 19	54	46
Profit before tax		(45,557)	17,872
Income tax	Note 16	13,416	(604)
Consolidated net profit		(32,141)	17,268
Attributable to non-controlling interests	Note 12.f	(1,340)	494
Net profit attributable to the Parent Company	Note 12.e	(30,801)	16,774
Earnings per share (in euros per share):			
Basic	Note 12.e	(0.13)	0.07
Diluted	Note 12.e	(0.13)	0.07

This consolidated income statement corresponding to the 6-month period ended on 30 June 2018 must be read together with the Notes included in pages 9 to 64.

(*) Restated balances. Certain amounts included in this consolidated income statement corresponding to the 6-month period ended on 30 June 2017 do not relate to those included in the condensed consolidated interim financial statements for the year 6-month period ended on 30 June 2017, and reflect the adjustments described in Note 2.b.

CELLNEX TELECOM, S.A. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME CORRESPONDING TO THE 6-MONTH PERIOD ENDED ON 30 JUNE 2018 (Thousands of Euros)

	6-month period ended on 30 June	
	2018	2017 (*)
PROFIT FOR THE PERIOD	(32,141)	17,268
Income and expenses recognised directly in net equity, transferable to the consolidated income statement:		
Variation in cash flow hedges of the Parent Company and fully and proportionately consolidated companies	(467)	508
Total consolidated comprehensive income	(32,608)	17,776
Attributable to:		
- Company shareholders	(31,268)	17,282
- Non-controlling interests	(1,340)	494
Total consolidated comprehensive income	(32,608)	17,776

This consolidated statement of comprehensive income corresponding to the 6-month period ended on 30 June 2018 must be read together with the Notes included in pages 9 to 64.

(*) Restated balances. Certain amounts included in this consolidated income statement of comprehensive income corresponding to the 6-month period ended on 30 June 2017 do not relate to those included in the condensed consolidated interim financial statements for the year 6-month period ended on 30 June 2017, and reflect the adjustments described in Note 2.b.

CELLNEX TELECOM, S.A. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CHANGES IN NET EQUITY CORRESPONDING TO THE 6-MONTH PERIOD ENDED ON 30 JUNE 2018 (Thousands of Euros)

	Share capital	Treasury shares	Share premium	Reserves	Profit for the period	Non-controlling interests	Net equity
At 1 January 2017	57,921	(2,694)	338,733	36,000	39,817	81,424	551,201
Impact of adopting IFRS 16 (Note 4)	-	-	-	(27,126)	-	(1,149)	(28,275)
At 1 January 2017 restated (*)	57,921	(2,694)	338,733	8,874	39,817	80,275	522,926
Comprehensive income for the period	-	-	-	508	16,774	494	17,776
Distribution of 2016 profit	-	-	-	39,817	(39,817)	-	-
Change in scope	-	-	-	-	-	43	43
Treasury shares	-	597	-	518	-	-	1,115
Final dividend	-	-	-	(9,806)	-	-	(9,806)
Foreign exchange reserves	-	-	-	725	-	-	725
At 30 June 2017 (*)	57,921	(2,097)	338,733	40,636	16,774	80,812	532,779
At 1 January 2018 (*)	57,921	(1,859)	338,733	46,406	26,339	143,053	610,593
Impact of adopting IFRS 9	-	-	-	(7,047)	-	-	(7,047)
At 1 January 2018	57,921	(1,859)	338,733	39,359	26,339	143,053	603,546
Comprehensive income for the period	-	-	-	(467)	(30,801)	(1,340)	(32,608)
Distribution of 2017 profit	-	-	-	26,339	(26,339)	-	-
Change in scope	-	-	-	(3,433)	-	-	(3,433)
Treasury shares	-	(3,713)	-	215	-	-	(3,498)
Final dividend	-	-	(11,816)	-	-	(5,943)	(17,759)
Issuance of Convertible Bond	-	-	-	62,480	-	-	62,480
Foreign exchange reserves	-	-	-	(724)	-	1,150	426
At 30 June 2018	57,921	(5,572)	326,917	123,769	(30,801)	136,920	609,154

This consolidated statement of changes in net equity corresponding to the 6-month period ended on 30 June 2018 must be read together with the Notes included in pages 9 to 64.

(*) Restated balances. Certain amounts included in this consolidated statement of changes in net equity corresponding to the 6-month period ended on 30 June 2017 do not relate to those included in the condensed consolidated interim financial statements for the year 6-month period ended on 30 June 2017, and reflect the adjustments described in Note 2.b.

CELLNEX TELECOM, S.A. AND SUBSIDIARIES

**CONSOLIDATED CASH FLOW STATEMENT
CORRESPONDING TO THE 6-MONTH PERIOD ENDED ON
30 JUNE 2018
(Thousands of Euros)**

	Notes	6-month period ended on 30 June	
		2018	2017 (*)
Profit for the period before tax		(45,557)	17,872
Adjustments to profit			
Depreciation	Note 18.e	196,498	159,282
Gains/(losses) on derecognition and disposals of non-current assets		42	73
Changes in provisions		(842)	255
Interest and other income		(805)	(1,073)
Interest and other expenses		76,410	53,226
Share of results of companies accounted for using the equity method	Note 8	(54)	(46)
Other income and expenses		1,467	460
		227,159	230,049
Changes in current assets/current liabilities-			
Inventories		(1,028)	335
Trade and other receivables		(8,754)	(30,551)
Other current assets and liabilities		22,542	27,309
		239,919	227,142
Cash flows generated by operations			
Interest paid		(64,392)	(34,402)
Income tax received/(paid)		(9,403)	(5,421)
Employee benefit obligations and current provisions		20,166	6,843
Total net cash flow from operating activities (I)		186,290	194,162

This consolidated cash flow statement corresponding to the 6-month period ended on 30 June 2018 must be read together with the Notes included in pages 9 to 64.

(*) Restated balances. Certain amounts included in this consolidated cash flow statement corresponding to the 6-month period ended on 30 June 2017 do not relate to those included in the condensed consolidated interim financial statements for the year 6-month period ended on 30 June 2017, and reflect the adjustments described in Note 2.b.

CELLNEX TELECOM, S.A. AND SUBSIDIARIES

**CONSOLIDATED CASH FLOW STATEMENT
CORRESPONDING TO THE 6-MONTH PERIOD ENDED ON
30 JUNE 2018
(Thousands of Euros)**

	Notes	6-month period ended on 30 June	
		2018	2017 (*)
Business combinations and changes in the scope of consolidation	Note 5	(3,542)	-
Purchases of property, plant and equipment and intangible assets	Note 5,6 and 7	(224,391)	(159,029)
Non-current financial investments		(4,236)	(3,779)
Total net cash flow from investing activities (II)		(232,169)	(162,808)
Acquisition of treasury shares		(5,035)	1,115
Issue of equity instruments		62,480	-
Proceeds from issue of bank borrowings	Note 13	297,920	66,427
Bond issue		572,308	407,729
Repayment and redemption of bank borrowings	Note 13	(391,307)	(32,041)
Net repayment of other borrowings		(34,984)	(1,014)
Net payment of lease liabilities		(71,443)	(62,963)
Dividends paid		-	(9,806)
Dividends to-non controlling interests		(998)	-
Dividends received		713	-
Total net cash flow from financing activities (III)		429,654	369,447
Foreign exchange differences		(6,567)	114
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS FROM CONTINUING OPERATIONS (I)+(II)+(III)		377,208	400,915
Cash and cash equivalents at beginning of period	Note 11	295,173	192,851
Cash and cash equivalents at end of period		672,381	593,766

This consolidated cash flow statement corresponding to the 6-month period ended on 30 June 2018 must be read together with the Notes included in pages 9 to 64.

(*) Restated balances. Certain amounts included in this consolidated cash flow statement corresponding to the 6-month period ended on 30 June 2017 do not relate to those included in the condensed consolidated interim financial statements for the year 6-month period ended on 30 June 2017, and reflect the adjustments described in Note 2.b.

Cellnex Telecom, S.A. and Subsidiaries

Notes to the condensed consolidated interim financial statements for the 6-month period ended on 30 June 2018

1. General information

Cellnex Telecom, S.A., (hereinafter, the “Parent Company” or “Cellnex”) was incorporated in Barcelona on 25 June 2008. Its registered office is at Calle Juan Esplandiú nº 11 in Madrid. On 1 April 2015, it changed its name from Abertis Telecom Terrestre, S.A.U. to Cellnex Telecom, S.A.

The Company’s corporate purpose, as set out in its bylaws, includes:

- The establishment and operation of all kinds of telecommunication infrastructures and/or networks, as well as the provision, management, marketing and distribution, on its own account or on account of third parties, of all types of services based on or through such infrastructures and/or networks.
- The planning, technical assistance, management, organisation, coordination, supervision, maintenance and conservation of such installations and services under any type of contractual arrangement allowed by law, especially administrative concessions.

The Parent Company may undertake these activities directly or indirectly through the ownership of shares or equity investments in companies with a similar corporate purpose or in any other manner allowed by law.

Cellnex Telecom, S.A. is the parent of a group of companies engaged in the management of terrestrial telecommunications infrastructures.

These condensed consolidated interim financial statements for the 6-month period ended on 30 June 2018 have been subject to a limited review by the statutory auditor of the Parent Company in accordance with the provisions of Royal Decree 1362/2007, of 19 October. Additionally, those balances corresponding to the financial year ended on 31 December 2017 were duly audited, with a favourable opinion being issued.

2. Basis of presentation

a) Basis of presentation

These condensed consolidated interim financial statements of Cellnex Telecom, S.A. and Subsidiaries for the period ended 30 June 2018, which have been based on the accounting records kept by the Parent Company and by the other companies that make up the Group, were signed by the Directors of the Parent at the meeting of the Board of Directors held on 26 July 2018.

These condensed consolidated interim financial statements were prepared by the Directors of Cellnex in accordance with the provisions of IAS 34 “Interim financial reporting”, and all of the obligatory accounting principles and rules and measurement bases. Accordingly, they present a true and fair view of the equity and consolidated financial position of the Cellnex Group at 30 June 2018, as well as the results of its operations, the consolidated changes in net equity and the consolidated cash flows during the interim period ended on that date.

As has been indicated, this condensed consolidated interim financial information has been prepared in accordance with IAS 34 “Interim financial reporting”, meaning that these condensed consolidated interim financial statements do not include all the information and disclosures that would be required for the complete consolidated financial statements prepared in accordance with the International Financial Reporting Standards adopted by the European Union, and must be read together with the consolidated annual accounts from the financial year ended on 31 December 2017, drawn up in accordance with the existing International Financial Reporting Standards (IFRS) adopted by the European Union, which were approved by the shareholders of the Parent Company on 31 May 2018.

b) Adoption of IFRSs

The accounting policies adopted when preparing these condensed consolidated interim financial statements are consistent with those followed when preparing the Group’s consolidated annual financial statements for the financial year ended on 31 December 2017, with the exception of the adoption of any new standards and interpretations effective from 1 January 2018 and which, if any, have been considered by the Group when preparing these condensed consolidated interim financial statements.

(i) Standards and Interpretations effective during the present year

During the 6-month period ended on 30 June 2018, the new accounting standards which are detailed below have entered into force:

New standards, amendments and interpretations		Obligatory Application in Annual Reporting Periods Beginning On or After:
IFRS 15 – Revenue from Contracts with Customers (issued in May 2014)	New revenue recognition standard (supersedes IAS 11, IAS 18, IFRIC 13, IFRIC 15, IFRIC 18 and SIC 31).	1 January 2018 ⁽¹⁾
IFRS 9 – Financial Instruments (issued in July 2014)	Replaces the requirements in IAS 39 relating to the classification, measurement, recognition and derecognition of financial assets and financial liabilities, hedge accounting and impairment.	1 January 2018
IFRS 16 – Leases (issued in January 2016)	Replaces IAS 17 and the related interpretations. The main change in the new standard is the introduction of a single lessee accounting model which requires a lessee to recognise all leases in the balance sheet (with certain limited exceptions) with an impact similar to the current finance leases (there will be depreciation of the right-of-use asset and a finance cost due to the amortised cost of the liability).	1 January 2019 ⁽²⁾
Amendments to IFRS 2 – Classification and Measurement of Share-based Payment Transactions (issued in June 2016)	Limited amendments to clarify specific matters such as the effects of vesting conditions on the measurement of a cash-settled share-based payment, the classification of share-based payment transactions with net settlement features and certain aspects of modifications to a share-based payment.	1 January 2018

Amendments to IAS 40 – Transfers of Investment Property (issued in December 2016)	The amendment clarifies that an entity shall transfer a property to, or from, investment property when, and only when, there is evidence of a change in use of the property.	1 January 2018
IAS 28 Long-term Interest in Associates and Joint Ventures	Clarification in relation with the option to value at fair value (improvements to the IFRS Cycle 2014 – 2016)	1 January 2018
IFRIC 22 – Foreign Currency Transactions and Advance Consideration (issued in December 2016)	This interpretation determines ‘the date of the transaction’ for the purpose of determining the exchange rate to use in advance consideration transactions in a foreign currency.	1 January 2018

⁽¹⁾ The initial effective date of the IASB for this standard as of 1 January 2017, although the IASB issued a clarification to the standard in which its entry into force was deferred until 1 January 2018.

⁽²⁾ Early adoption is permitted together with IFRS 15.

The Group has applied the aforementioned standards and interpretations since their entry into force, which has not given rise to any significant change in its accounting policies, except for the considerations detailed below:

Adoption of IFRS 15 Revenue from contracts customers

IFRS 15 - Revenue from contracts with customers (IFRS 15) is applicable to annual periods beginning on or after January 1, 2018.

IFRS 15 replaces IAS 18 - Revenue and IAS 11 - Construction Contracts and is based on the principle that income is recognized when the control of a good or service is transferred to the customer. It establishes a five-step process to determine what income should be recognized:

- Identification of contracts with customers
- Identification of separate performance obligations
- Determination of the price of the contract
- Assignment of the overall price to the performance obligations and
- Recognition of the revenue for each performance obligation

The Group has decided to adopt IFRS 15 retroactively, in line with the manner in which the Group has decided to adopt IFRS 16.

The Group has analyzed the different types of transactions through which it has historically generated revenues in order to identify the impact from the adoption of IFRS 15.

The majority of the revenues from the three segments (Telecommunications Infrastructure Services, Broadcasting Infrastructure and Other Network Services) do not include separate performance obligations, and in general terms, the different series of services are substantially the same and have the same transfer pattern to the customer. In cases where several performance obligations are identified, in general all obligations are met over time and in the same period and with the same pattern.

In accordance with the analyses, there is no impact derive from the adoption of IFRS 15.

Adoption of IFRS 9 *Financial Instruments*

On 1 January, 2018, the Group began to apply the new classification and measurement requirements introduced by IFRS 9, Financial Instruments (hereinafter, IFRS 9). The intention of the Group Management is also to adopt IFRS 9 for hedge accounting. The Group Management adopted the standard retrospectively, with the practical expedients allowed under the standard, without re-expressing the comparative figures for the year 2017.

In relation to the financial assets of the Group, once the requirements of the new standard have been initially evaluated, the values for which they are recognized as of 31 December, 2017 should only be modified as a result of the application of the new model of impairment for loans and accounts receivable, in particular for the effect of considering the expected loss in certain customers. The effect to date, after evaluating most of the balances with the Group's customers, amounted to approximately EUR 7 million (amount to be provided for with a charge to reserves as of 1 January, 2018).

In relation to the Group's financial liabilities, given that the new requirements only affect financial liabilities that are designated as at fair value through profit or loss and the Group has no liabilities of this type, IFRS 9 had no effect on these liabilities.

Adoption of IFRS 16 *Leases*

IFRS 16, *Leases* (hereinafter, "IFRS 16") was issued by the IASB in January 2016 and endorsed by the European Union in November 2017. IFRS 16 modifies the fundamentals of accounting by lessees of those contracts that constitute a lease. The adoption of IFRS 16 is mandatory in annual reporting periods beginning on or after 1 January 2019, however, it has been early adopted by the group for the first time for the purposes of preparing the accompanying financial statements.

In accordance with IFRS 16, except in those cases in which the contract refers to a low-value asset or the term of the contract is one year or less, the lessee must:

- 1) Recognize a financial liability equivalent to the current value of the fixed payments to be made during the term of the lease;
- 2) Recognize in the balance sheet an asset for the right to use the corresponding asset, which will be valued taking as reference the amount of the associated financial liability, to which will be added the direct expenses incurred to enter the contract, the payments that have been made in advance, as well as future dismantling costs;
- 3) Reflect in the income statement the depreciation of the recognized asset and the annual financial charge associated with the financial liability (these two items together give the total lease expense associated with the fixed payments reflected in the income statement);
- 4) Reflect the tax effect associated with the difference between the criteria of IFRS 16 and that applicable for tax purposes, both in the balance sheet and in the income statement.

In those cases in which the lease agreements have been incorporated in the context of a business combination, the lease liability will be valued at the present value of the remaining lease payments, as if the lease acquired was a new lease on the date of the acquisition of the business. The right-of-use asset will be recorded for the same amount as the lease liability, adjusted to reflect the favourable or unfavourable terms of the lease with respect to market conditions.

The assets associated with the rights of use will be subject to the corresponding impairment tests, as will the rest of the assets with a defined useful life.

In relation to the statement of cash flows, cash payments for the principal part of the lease liability will be classified as a financing payment.

For the purpose of applying IFRS 16, the Group has applied the practical solution indicated in paragraph C3 of appendix C on transition and effective date, which stipulates that it is not necessary to re-evaluate whether a contract is, or contains a lease on the date of initial application. In addition, the main policies, estimates and criteria used in applying IFRS 16 described below:

- Transition form: the Group has applied IFRS 16 in line with paragraph C5 a) of its Appendix C on transition and effective date, that is, retroactively. The Directors of the Parent Company consider that this option allows for comparative analysis between periods with greater rigor and, also, it also allows the use of discount rates calculated on dates on which the Group entered into leases which, consequently, are directly related to those contracts and consistent with the decision to assume the corresponding conditions at the time.
- Discount rates: the Group has generally applied the interest rate implicit in the lease contracts. In relation to the transition process, contracts prior to 2012 have been valued using an estimated incremental borrowing rate, since the Directors have considered that the determination of the implicit rate in these contracts involved considerably greater difficulty due, among other reasons, to their age. The portfolios of contracts acquired from 2012 onwards have been valued using implicit rates, obtained through a methodology designed for this purpose, in line with the definition of the implicit interest rate of the lease established in IFRS 16.
- Lease term considered for each contract : in relation in particular to the leases of land and buildings in which the Group locates its infrastructures, the term considered for the leases depends mainly on whether the lease contract contains or not unilateral termination clauses and / or renewal (or similar legal rights deriving from the legislation of the countries in which it operates) that grant the Group the right to terminate early or to extend the contracts, as well as whether the contracts with customers associated with the leases allow, or not, the early termination of the lease. The most common types of contracts and the main criteria for determining their term are:
 - For those lease agreements associated with contracts with customers that restrict the ability of Cellnex to terminate leases, the term of the latter is determined by reference to the term of the contract with the customer during which the latter may require Cellnex to maintain the lease. Thus, in those cases in which the contract with the customer has an initial extendable term either by means of the two parties agreeing (Cellnex and the customer), or by means of a unilateral decision by Cellnex, the term considered as reference is the initial term. If the extension of the initial term of the contract with the customer depends exclusively on the latter, the term of the lease also considers the term of the extension. The term of the lease is, in any case, at most, the maximum term during which Cellnex is entitled to use the asset under the lease agreement.
 - For those leases associated with customer contracts that allow Cellnex to terminate the leases, where the Group has a unilateral right to early termination, the lease term is determined as the period of time covered by an option to terminate the lease if the lessee is reasonably certain not to exercise that option.

As indicated in previous paragraphs, the Group has decided to adopt IFRS 16 retroactively. As a result, those leases that have been renegotiated and have been affected in general by circumstances that have triggered the need to reassess the lease at later dates, have been recalculated on the dates on which the circumstances occurred.

The Group applies the exemption to recognize assets and liabilities relating to assets of low value in leases of assets with a value of less than EUR 5 thousand when newly purchased. In relation to the exemption of short-term leases, this exemption is being used only in relation to secondary or accessory assets.

The impact related to the adoption of IFRS 16 is set out in note 4 of the accompanying interim consolidated financial statements.

(ii) Standards and interpretations issued but not yet in force

At the date of formal preparation of these condensed consolidated interim financial statements, the following standards, amendments and interpretations had been published by the International Accounting Standards Board (IASB) but had not come into force, either because their effective date is subsequent to the date of the consolidated financial statements or because they had not yet been adopted by the European Union.

New standards, amendments and interpretations		Obligatory Application in Annual Reporting Periods Beginning On or After:
Approved for use in the European Union		
Amendments to IFRS 9 – Advance payment characteristics with negative compensation (published in October 2017)	The amendment allows entities to measure at amortized cost some prepaid financial assets with so-called negative compensation.	1 January 2019
Not yet approved for use in the European Union ⁽¹⁾		
IFRS 17 – Insurance contracts (issued in May 2017)	Replaces IFRS 4. Describes the accounting principles for the measurement, valuation, presentation and disclosure of insurance contracts in order for the entity to provide relevant and reliable information that allows users to determine the effect of insurance contracts on the financial statements.	1 January 2021
IFRIC 23 – Uncertainty over Income Tax Treatments (issued in June 2017)	This interpretation clarifies how to apply the IAS 12 registration and valuation criteria when there is uncertainty about the acceptability by the tax authority of a particular tax treatment used by the entity.	1 January 2019
Amendments to IAS 28 – Long-term interests in Joint Ventures (published in October 2017)	The amendments clarify that a company applies IFRS 9 Financial Instruments to long-term interests in a joint venture that forms part of the net investment in the joint venture	1 January 2019
Improvements to IFRSs, 2015 – 2017 Cycle	Modifications to a series of standards.	1 January 2019

Modification of IAS 19 Modification, reduction or liquidation of a plan	In accordance with the proposed amendments, when a change occurs in a defined benefit plan (due to a modification, reduction or liquidation), the entity will use updated hypotheses in the determination of the cost of the services and the net interest for the period after the change of plan.	1 January 2019
---	---	----------------

⁽¹⁾ The status of approval by the European Union of these standards can be checked on the EFRAG website.

c) Presentation currency of the Group

These condensed consolidated interim financial statements are presented in euros, as this is the currency of the main economic area in which the Group operates.

d) Responsibility for the information provided and accounting estimates and judgements made

The preparation of these condensed consolidated interim financial statements requires, as established by IAS 34, the Directors of the Parent Company and the consolidated entities to make certain estimates and judgements in order to quantify certain assets, liabilities, revenue, costs and commitments recorded in them, which do not differ significantly from those taken into account in the preparation of the consolidated annual accounts for the financial year ended on 31 December 2017 set out in its Note 2.d. In this regard, as established by IAS 34, the Income Tax expense has been estimated using the tax rate that it is thought will be applicable to the expected total earnings for the year, i.e., the estimated annual average effective tax rate applied to the earnings before taxes from the interim period.

Apart from the adoption of IFRS 9 and IFRS16 during the 6-month period ended on 30 June 2018, no significant changes have occurred in the estimations made at the 2017 year end.

e) Comparative information

In accordance with International Accounting Standard (IAS) 34 regarding "Interim Financial Reporting", adopted by the European Union, the Management of the Parent Company presents the balance sheet corresponding to the closing date of the immediately preceding financial year (31 December 2017) together with the consolidated balance sheet at 30 June 2018, solely and exclusively for comparative purposes. Moreover, next to each of the items of the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in net equity and the consolidated cash flow statement, the consolidated figures corresponding to the 6-month period ended on 30 June 2018 are presented along with those corresponding to the 6-month period ended on 30 June 2017.

The consolidated balance sheet at 31 December 2017, at 1 January 2017 (and its respective disclosures), the consolidated income statement at 30 June 2017 (and its respective disclosures), the consolidated statement of comprehensive income at 30 June 2017, the consolidated statement of changes in equity and the consolidated statement of cash flows for the period ended 30 June 2017 (included in these interim consolidated financial statements) were restated (with regard to the information contained in the Group's consolidated financial statements at 31 December 2017, and the Group's consolidated interim financial statements at 30 June 2017) as a result of the adoption of IFRS 16 (see Note 2.b.), with retroactive effect from 1 January 2017.

f) Materiality

In deciding what information to disclose in the Notes on the various items of the condensed consolidated interim financial statements or other matters, the Group, in accordance with IAS 34, assessed materiality in relation to these condensed consolidated interim financial statements for the 6-month period ended on 30 June 2018.

g) Consolidation principles

The consolidation principles considered in the condensed consolidated interim financial statements are consistent with those applied in the consolidated annual accounts for the financial year ended on 31 December 2017, which are detailed in Note 2.g thereto.

h) Changes in the scope of consolidation

The most significant changes in the scope of consolidation and in the companies included in it during the 6-month period ended on 30 June 2018 were as follows:

i) Acquisition of Zenon Digital Radio, S.L.

During the first half of 2018, Tradia Telecom, S.A.U. (a subsidiary in which the Group has a 100% stake) acquired, from Palol Inversiones, S.L.U., 100% of Zenon Digital Radio, S.L. ("Zenon") for a total of EUR 2 million. The main corporate purpose of the acquired company, located in Barcelona, includes the commercialization, development, installation and maintenance of TETRA systems (Other Network Services business segment).

ii) Liquidations

Name of the Company	Company with direct shareholding and % acquired/maintained	% Sold/Liquidated by Cellnex	Consolidation method	
Liquidations:				
Shere Group Netherlands BV ⁽²⁾	Shere Midco Ltd	100%	100%	Full
Infr'asset, S.A.S. ⁽³⁾	Cellnex France Groupe, S.A.S.	100%	100%	Full

⁽¹⁾ Liquidation date : 26/04/2018; ⁽²⁾ Liquidation date : 23/04/2018

iii) Other transactions

Also, during the 6-month period ended on 30 June 2018, the following transactions were performed between companies in the scope of consolidation, which, accordingly, did not have an impact on these condensed consolidated interim financial statements:

Transferor	Transferee	Comments	Date
Disposals:			
Cellnex Telecom, S.A.	Cellnex Telecom España, S.L.U.	Transfer of 100% of the ownership interest in Retevisión-I, SAU by Cellnex Telecom, S.A.	14/02/2018
Cellnex Telecom, S.A.	Cellnex Telecom España, S.L.U.	Transfer of 100% of the ownership interest in Tradia Telecom, SAU by Cellnex Telecom, S.A.	14/02/2018
Cellnex Telecom, S.A.	Cellnex Telecom España, S.L.U.	Transfer of 100% of the ownership interest in On Tower Telecom Infraestructuras, SAU by Cellnex Telecom, S.A.	14/02/2018

This contribution to Cellnex Telecom España, S.L.U. of 100% of the shares of Retevisión-I, S.A.U., Tradia Telecom, S.A.U. and On Tower Telecom Infraestructuras, S.A.U. until then owned by Cellnex Telecom, S.A., was made for their carrying amount of EUR 977 million. In turn, Cellnex Telecom, S.A. made an equity contribution to Cellnex Telecom España, S.L.U. for the same amount.

In addition, as at 30 June 2018 Shere Group Limited changed its name to Cellnex UK Limited. Moreover, the company formerly called Cellnex UK Limited changed its name to SGL Reserve.

3. Accounting policies and financial risk and capital management

The accounting policies and valuation standards used when preparing these condensed consolidated interim financial statements are consistent with those used when preparing the consolidated annual accounts for the financial year ended on 31 December 2017, and which are detailed therein, except for the new standards applied from 1 January 2018 which are set out in Note 2.b.

Moreover, during the 6-month period ended on 30 June 2018, the Group has continued managing its activities by taking into account the financial risk and capital management policy set out in Note 4 of the consolidated annual accounts for the 2017 financial year.

The fair value of the financial instruments that are negotiated in active markets are based on market prices at the balance sheet date. The quoted market price used for the financial assets is the current buyer price.

The fair value of the financial instruments which are not quoted on an active market are determined using valuation techniques. The Group uses a variety of methods and uses hypothesis based on market conditions existing at each balance sheet date, incorporating the concept of transfer, such that the credit risks is considered.

4. Issues arising from the transition to the new standards adopted during the current period

As indicated in Note 2.b., these interim consolidated financial statements for the period ended 30 June 2018 are the first to be prepared applying IFRS 9 “Financial Instruments”, IFRS 15 “Revenue from Contracts with Customers” and IFRS 16 “Leases”.

As mentioned in Note 2.b, IFRS 16 was applied on the transition date, 1 January 2017, and the related opening balance sheet was prepared in accordance with this standard for the purpose of providing comparative consolidated financial statements for the year ended 31 December 2017.

The Group adopted IFRS 9, IFRS 15 (no impact) and IFRS 16 as of January 1, 2018, being IFRS 16 the only standard that has derived significant impacts on the Group's consolidated interim financial statements.

The adoption of IFRS 9 has reduced “Trade and Other Receivables” caption and Consolidated Net Equity by 7,047 thousand euros, as of January 1, 2018

Impacts on the comparative information

The reconciliation of the key figures of the Group's consolidated balance sheet and consolidated equity at 1 January 2017 and 31 December 2017, and the consolidated income statement at 30 June 2017 obtained under IFRS before applying IFRS 16 and after applying IFRS 16, is shown below:

Impact on the consolidated balance sheet at 1 January 2017 (transition date)

	Thousands of Euros		
	01/01/2017	Impact of adopting IFRS 16 (Note 2.b)	01/01/2017 Restated
Right-of-use assets	-	370,903	370,903
Trade and other receivables	36,332	(28,460)	7,872
Deferred tax assets	29,181	9,882	39,063
Other non-current assets	2,479,019	-	2,479,019
Non-current assets	2,544,532	352,325	2,896,857
Trade and other receivables	155,039	(36,024)	119,015
Other current assets	195,908	-	195,908
Current assets	350,947	(36,024)	314,923
Total assets	2,895,479	316,301	3,211,780
Net equity	551,201	(28,275)	522,926
Lease liabilities	-	257,330	257,330
Other non-current liabilities	2,153,341	(543)	2,152,798
Non-current liabilities	2,153,341	256,787	2,410,128
Lease liabilities	-	87,789	87,789
Other current liabilities	190,937	-	190,937
Current liabilities	190,937	87,789	278,726
Total net equity and liabilities	2,895,479	316,301	3,211,780

Impact on the consolidated balance sheet at 31 December 2017

	Thousands of Euros		
	31/12/2017	Impact of adopting IFRS 16 (Note 2.b)	31/12/2017 Restated
Right-of-use assets	-	453,668	453,668
Trade and other receivables	55,888	(44,462)	11,426
Deferred tax assets	27,835	13,035	40,870
Other non-current assets	3,448,913	-	3,448,913
Non-current assets	3,532,636	422,241	3,954,877
Trade and other receivables	226,081	(42,528)	183,553
Other current assets	297,449	-	297,449
Current assets	523,530	(42,528)	481,002
Total assets	4,056,166	379,713	4,435,879
Net equity	644,914	(34,321)	610,593
Lease liabilities	-	330,989	330,989
Other non-current liabilities	3,080,298	(961)	3,079,337
Non-current liabilities	3,080,298	330,028	3,410,326
Lease liabilities	-	84,006	84,006
Other current liabilities	330,954	-	330,954
Current liabilities	330,954	84,006	414,960
Total net equity and liabilities	4,056,166	379,713	4,435,879

Impact on the consolidated equity for the period from 1 January 2017 to 30 June 2017

Impact at transition date 01/01/2017	Share capital	Treasury shares	Share premium	Reserves	Profit for the period	Non- controlling interests	1 January 2017
Equity without IFRS 16	57,921	(2,694)	338,733	36,000	39,817	81,424	551,201
Impact:							
IFRS 16	-	-	-	(27,126)	-	(1,149)	(28,275)
Equity under IFRS 16	57,921	(2,694)	338,733	8,874	39,817	80,275	522,926

Accumulated impact at 30/06/2017	Share capital	Treasury shares	Share premium	Reserves	Profit for the period	Non- controlling interests	30 June 2017
Equity without IFRS 16	57.921	(2.097)	338.733	67.762	19.114	82.057	563.490
Impact:							
IFRS 16	-	-	-	(28,275)	(2,340)	(96)	(30,711)
Equity under IFRS 16	57,921	(2,097)	338,733	39,487	16,774	81,961	532,779

Note: The amounts for the adjustments to equity are shown net of the related tax effects, if any, including the amounts both for fully consolidated companies as well as for those accounted for using the equity method, as applicable.

Impact on the consolidated income statement for the six-month period ended at 30 June 2017

	Thousands of Euros		
	30/06/2017	Impact of adopting IFRS 16 (Note 2.b)	30/06/2017 Restated
Operating income	378,130	-	378,130
Operating expenses	(325,131)	16,980	(308,151)
Operating profit	52,999	16,980	69,979
Financial income	1,073	-	1,073
Financial costs	(32,710)	(20,516)	(53,226)
Net financial profit/(loss)	(31,637)	(20,516)	(52,153)
Profit of companies accounted for using the equity method	46	-	46
Profit before tax	21,408	(3,536)	17,872
Income tax	(1,704)	1,100	(604)
Consolidated net profit	19,704	(2,436)	17,268
Attributable to non-controlling interests	590	(96)	494
Net profit attributable to the Parent Company	19,114	(2,340)	16,774

Impact on the consolidated statement of cash flows for the period ended 30 June 2017

	30 June 2017	Impact of adopting IFRS 16	30 June 2017 Restated
Profit for the period before tax	21,408	(3,536)	17,872
Adjustments to profit			
Depreciation	99,703	59,579	159,282
Gains/(losses) on derecognition and disposals of non-current assets	73	-	73
Changes in provisions	255	-	255
Interest and other income	(1,073)	-	(1,073)
Interest and other expenses	32,710	20,516	53,226
Share of results of companies accounted for using the equity method	(46)	-	(46)
Other income and expenses	460	-	460
	153,490	76,559	230,049
Changes in current assets/current liabilities-			
Inventories	335	-	335
Trade and other receivables	(27,648)	(2,903)	(30,551)
Other current assets and liabilities	27,309	-	27,309
	(4)	(2,903)	(2,907)
Cash flows generated by operations			
Interest paid	(13,886)	(20,516)	(34,402)
Income tax received/(paid)	(5,421)	-	(5,421)
Employee benefit obligations and current provisions	(946)	-	(946)
Other receivables and payables	9,470	(1,681)	7,789
Total net cash flow from operating activities (I)	142,703	51,459	194,162

	30 June 2017	Impact of adopting IFRS 16	30 June 2017 Restated
Purchases of property, plant and equipment and intangible assets	(159,029)	-	(159,029)
Non-current financial investments	(15,283)	11,504	(3,779)
Total net cash flow from investing activities (II)	(174,312)	11,504	(162,808)
Sale/(Acquisition) of treasury shares	1,115	-	1,115
Proceeds from issue of bank borrowings	66,427	-	66,427
Bond issue	407,729	-	407,729
Repayment and redemption of bank borrowings	(32,041)	-	(32,041)
Net repayment of other borrowings	(1,014)	-	(1,014)
Net payment of lease liabilities	-	(62,963)	(62,963)
Dividends paid	(9,806)	-	(9,806)
Total net cash flow from financing activities (III)	432,410	(62,963)	369,447
Foreign exchange differences	114	-	114
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS FROM CONTINUING OPERATIONS (I)+(II)+(III)	400,915	-	400,915
Cash and cash equivalents at beginning of period	192,851	-	192,851
Cash and cash equivalents at end of period	593,766	-	593,766

5. Business combinations

No significant business combinations have occurred during the 6-month period ended on 30 June 2018.

As regards the business combinations described in Note 5 of the consolidated annual accounts for the 2017 financial year, considering that IFRS 3 allows the reassessment of the allocation process during a period of one year, as at the current date these business combinations are still provisional.

6. Property, plant and equipment

The changes in this heading in the consolidated balance sheet during the 6-month period ended on 30 June 2018 were as follows:

	Thousands of Euros			Total
	Land and buildings	Plant and machinery and other fixed assets	Property, plant and equipment under construction	
At 1 January				
Cost	1,431,335	522,136	77,690	2,031,161
Accumulated depreciation	(263,054)	(260,848)	-	(523,902)
Carrying amount	1,168,281	261,288	77,690	1,507,259
6-month period				
Carrying amount at beginning of year	1,168,281	261,288	77,690	1,507,259
Change in scope	44	77	-	121
Additions	167,272	11,234	36,950	215,456
Disposals (net)	(24)	(43)	-	(67)
Transfers	36,552	16,261	(52,855)	(42)
Foreign exchange differences	978	2	-	980
Others	437	-	-	437
Depreciation charge	(61,295)	(29,479)	-	(90,774)
Carrying amount at close	1,312,245	259,340	61,785	1,633,370
At 30 June				
Cost	1,637,522	549,102	61,785	2,248,409
Accumulated depreciation	(325,277)	(289,762)	-	(615,039)
Carrying amount	1,312,245	259,340	61,785	1,633,370

The carrying amount recognised under “Land and buildings” includes infrastructures acquired at the centres in which the Group has installed its telecommunications equipment (land, towers and buildings – prefabricated and civil works).

“Plant and machinery and other fixed assets” includes mainly the telecommunications infrastructure network for broadcasting and others network services. It also includes all equipment necessary to ensure the operation of the technical equipment installed in any infrastructure (electrical and acclimatization).

“Property, plant and equipment under construction” includes the carrying amount of those items of property, plant and equipment acquired in the last days of the year that have still not been put into operation.

Movements during the 2018 period

Changes in the scope of consolidation and business combinations

No changes in the scope of consolidation or business combinations have taken place during the 6-month period ended on 30 June 2018.

Signed acquisitions and agreements

At 30 June 2018, in accordance with the agreements reached with Bouygues during 2016 and 2017, Cellnex, through its subsidiary Cellnex France, has committed to acquire up to 5.100 sites that will be gradually transferred to Cellnex up until 2022 (see Note 6 of the 2017 consolidated financial statements). Of the proceeding 5,100 sites, a total of 2,153 sites have been transferred to Cellnex as at 30 June 2018.

During the 6-month period ended, 554 sites have been acquired, for an amount of EUR 150 million.

Property, plant and equipment abroad

At 30 June 2018 and 31 December 2017 the Group had the following net book value of investments in property, plant and equipment located in the following countries:

	Thousands of Euros	
	Net book value	
	30 June 2018	31 December 2017
Italy	201,767	200,215
Netherlands	79,854	84,143
France	656,210	491,175
United Kingdom	9,630	9,703
Switzerland	83,385	90,372
Total	1,030,846	875,608

Change of control clauses

With regards to the Group's acquisitions of infrastructures from mobile telecommunications operators, the agreements signed with the selling parties contain change of control provisions which state that if a competitor of the selling party becomes a controlling shareholder of the relevant company (where control is defined as having (i) more than 50% of shares with voting rights or (ii) the right to appoint or dismiss the majority of the members of the board of directors), the selling party has the right to repurchase the aforementioned infrastructures. In addition, such repurchase right may also be granted in the event that a competitor of the selling party acquires a significant portion of the shares or obtains voting or governance rights which can be exercised in a way that can negatively affect the selling party's interests. Change of control provisions can be triggered both at Cellnex Telecom or at subsidiary level.

Purchase commitments at the end of the period

At the close of the 6-month period ended on 30 June 2018, the Group had purchase commitments for property, plant and equipment amounting to EUR 538,652 thousand (EUR 40,327 thousand at the end of the same period in 2017).

Impairment

As disclosed in Notes 3.a and 3.c of the annual consolidated accounts for 2017, the Group evaluates at the end of every financial year if there is any indication of impairment in value of any asset. If any indications were to exist, the Group will estimate the recoverable amount of the asset, which is taken to be the greater of the fair value of the asset less costs to sell and its value in use.

During the six month period ended 30 June 2018 no indication exists that could lead to the existence of impairment in relation to the tangible assets of the Group.

Other disclosures

Other disclosures at 30 June 2018, the Group did not have significant property, plant and equipment subject to restrictions or pledged as collateral on liabilities.

7. Goodwill and other intangible assets

The changes in this heading in the consolidated balance sheet during the 6-month period ended on 30 June 2018 were as follows:

	Thousands of Euros			
	Goodwill	Intangible assets in tower infrastructure	Computer software and other intangible assets	Total
At 1 January				
Cost	566,557	1,461,195	36,518	2,064,270
Accumulated amortisation	-	(123,344)	(20,410)	(143,754)
Carrying amount	566,557	1,337,851	16,108	1,920,516
6-month period				
Carrying amount at beginning of year	566,557	1,337,851	16,108	1,920,516
Change in scope	-	-	143	143
Additions	-	976	3,625	4,601
Transfers	-	-	42	42
Foreign exchange differences	953	3,500	-	4,453
Amortisation charge	-	(36,971)	(2,711)	(39,682)
Carrying amount at close	567,510	1,305,356	17,207	1,890,073
At 30 June				
Cost	567,510	1,465,671	40,328	2,073,509
Accumulated amortisation	-	(160,315)	(23,121)	(183,436)
Carrying amount	567,510	1,305,356	17,207	1,890,073

Movements during the 2018 period

Changes in the scope of consolidation and business combinations

No changes in the scope of consolidation or business combinations have taken place during the 6-month period ended on 30 June 2018.

Intangible assets abroad

At 30 June 2018 and 31 December 2017, the Group had the following net book value of intangible assets located in the following countries:

	Thousands of Euros	
	Net book value	
	30 June 2018	31 December 2017
Italy	705,257	720,488
Netherlands	551,752	562,411
United Kingdom	138,589	140,628
Switzerland	438,466	441,727
Total	1,834,064	1,865,254

Purchase commitments at the end of the period

At the close of the 6-month period ended on 30 June 2018, the Group had purchase commitments for intangible assets amounting to EUR 240 thousand (EUR 2,174 thousand at the end of the same period in 2017).

Impairment

As indicated in Notes 3.b and 3.c of the consolidated annual accounts for the 2017 financial year, at each reporting date the Group assesses whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required (in the case of goodwill and intangible assets with a defined useful life), the Group estimates the asset's recoverable amount. Recoverable amount is the higher of fair value less costs to sell and value in use.

During the 6-month period ended on 30 June 2018 no evidence has been revealed to suggest the existence of impairment with regards to the goodwill or intangible assets of the Group.

Other disclosures

At 30 June 2018, the Group did not have significant intangible assets subject to restrictions or pledged as collateral on liabilities.

8. Investments in associates

The changes in this heading in the consolidated balance sheet during the 6-month period ended on 30 June 2018 are as follows:

	<u>Thousands of Euros</u>
	<u>2018</u>
At 1 January	3,280
Share of net profit	54
Others	(672)
At 30 June	<u>2,662</u>

The shareholdings in associates accounted for using the equity method are detailed as follows:

	<u>Thousands of Euros</u>	
	<u>Value of the shareholding</u>	
	<u>30 June 2018</u>	<u>31 December 2017</u>
Torre Collserola, S.A.	1,957	2,375
Consortio de Telecomunicaciones Avanzadas, S.A. (COTA)	705	905
Total	<u>2,662</u>	<u>3,280</u>

9. Current and non-current financial investments

The changes in this heading during the 6-month period ended on 30 June 2018 were as follows:

	<u>Thousands of Euros</u>		
	<u>2018</u>		
	<u>Non-current</u>	<u>Current</u>	<u>Total</u>
At 1 January	17,694	921	18,615
Additions	1,473	-	1,473
Charge to the consolidated income statement	-	(1,467)	(1,467)
Transfer	(1,467)	1,467	-
At 30 June	<u>17,700</u>	<u>921</u>	<u>18,621</u>

Current and non-current financial investments relate to the effect of the accounting treatment adopted by the Group in reference to the telecom infrastructures acquired, which are to be subsequently dismantled. These purchases are considered advances to customers and are recognised under these headings (Note 2.d).

The balances of the financial assets are reflected at their face value, there being no significant differences with regards to their fair value.

Additions

Corresponds to the pluri-annual commercial costs assumed by the Group in order to obtain the service provision services agreements with the mobile telephone operators, through the purchase, from these operators, of the telecom infrastructures, the dismantling of which has been agreed to along with the related cost.

Charge to the consolidated income statement

During 2018, in line with the terms of the services agreements entered into with the operators, the corresponding amount of the total paid for the purchase of telecommunications infrastructure, treated as prepayment for the subsequent service agreements, was taken to the accompanying consolidated income statement. At 30 June 2018 this amount was recorded as a reduction to revenues amounting to EUR 1,467 thousand.

Transfers

The transfers from the 2018 period-end are due to the classification under “Current financial investments” of the part that is expected to be charged during the next financial year to the consolidated income statement.

10. Trade and other receivables

The breakdown of this heading in the accompanying consolidated balance sheet at 30 June 2018 and 31 December 2017 is as follows:

	Thousands of Euros					
	30 June 2018			31 December 2017 restated		
	Non-current	Current	Total	Non-current	Current	Total
Trade receivables	-	144,070	144,070	-	113,175	113,175
Allowances for doubtful debts (impairments)	-	(14,283)	(14,283)	-	(7,736)	(7,736)
Trade receivables	-	129,787	129,787	-	105,439	105,439
Other financial assets	5,409	6,133	11,542	4,916	5,048	9,964
Current tax assets	-	19,424	19,424	-	5,941	5,941
Receivables with other related parties (Note 18.d)	-	-	-	-	271	271
Other receivables	8,723	35,842	44,565	6,510	66,854	73,364
Other receivables	14,132	61,399	75,531	11,426	78,114	89,540
Trade and other receivables	14,132	191,186	205,318	11,426	183,553	194,979

Trade and other receivables are shown at amortised cost, which does not differ significantly from their nominal value.

Trade receivables

“Trade receivables” includes outstanding amounts from customers. At 30 June 2018 and 31 December 2017, the account had no significant past-due balances that were not provided for.

The balance of public-sector debtors as at 30 June 2018 and 31 December 2017, amounted to EUR 24,744 thousand and EUR 21,926 thousand, respectively.

At 30 June 2018 the amount utilized under the non-recourse factoring agreements stood at EUR 50 million (EUR 53 million as at 31 December 2017). In this regard, the Group derecognises the receivables sold on a non-recourse basis as it considers that it has substantially transferred the risks and rewards inherent to their ownership to banks. As at 30 June 2018 the limit under the non-recourse factoring agreements stood at 226 million (EUR 243 million as at 2017 year-end).

During 2017, the Group reached a non-recourse factoring agreement in relation to the collection rights that derive from certain administrative recovery procedures, as described in Note 18.c of the accompanying consolidated interim financial statements. At 30 June 2018, the amount utilized under this non-recourse factoring agreement stood at EUR 5.0 million (EUR 14.7 million at 31 December 2017)

Allowances for doubtful debts (write-downs)

The changes in the allowance for doubtful debts during the 6-month period ended on 30 June 2018 were as follows:

	Thousands of Euros
	2018
At 1 January	7,736
Impact of IFRS 9 (see Note 4)	7,047
At 1 January after IFRS 9	14,783
Disposals	136
Net changes	(636)
At 30 June	14,283

Disposals in this period relate to previous balances that were fully provided for, and which the Group decided to completely derecognise, without this having any impact on the accompanying consolidated income statement.

Net changes relate to changes in the provision recognised under “Changes in provisions” in the accompanying consolidated income statement with regard to the previous year.

Other receivables

At 30 June 2018 and 31 December 2017 “Other receivables” comprises:

- Current tax assets amounting to EUR 23,781 thousand (EUR 40,960 thousand in 2017). At 31 December 2017, it mainly included VAT receivable derived from the acquisition of mobile telecom infrastructures in France and in Spain (see Note 6 of 2017 consolidated financial accounts), that amounted to EUR 24,428 thousand and EUR 8,590 thousand, respectively.
- The PROFITS (coordination) mechanism by which the Group plays the role of coordinator for certain aid programs under the National Plan for Scientific Research, Development and Technological Innovation (PROFIT) granted by the Spanish Ministry for Industry, Tourism and Trade and applies for this aid together with other companies. The Group includes in current and non-current accounts receivable amounts that were previously assigned to third parties amounting to EUR 1,323 thousand (EUR 1,532 thousand in 2017) , received by the Group under the guise of PROFIT grants and refundable loans.

The full amount of PROFIT grants received by the Group (including part of the amount assigned to third parties) is recognised under “Other non-current borrowings” and “Other current borrowings” (see Note 13).

- Other loans with service purchasers that are not strictly considered customers and with other trade debtors not included under other accounts. Advances to creditors, debtors and employees are also recognised under this heading.

There are no significant differences between the carrying amount and the fair value of the financial assets.

11. Cash and cash equivalents

The breakdown of “Cash and cash equivalents” at 30 June 2018 and at 31 December 2017, is as follows:

	Thousands of Euros	
	30 June 2018	31 December 2017
Cash on hand and at banks	502,381	240,157
Term deposits at credit institutions maturing in less than 3 months	170,000	55,016
Cash and cash equivalents	672,381	295,173

12. Net equity

a) Share capital and Treasury shares

i. Share capital

At 30 June 2018 and 31 December 2017, the share capital of Cellnex is represented by 231,683,240 cumulative and indivisible ordinary registered shares of EUR 0.25 par value each, fully subscribed and paid.

In accordance with the notifications about the number of corporate shares made to the National Securities Market Commission, the shareholders who hold significant shareholdings in the share capital of the Parent Company, both direct and indirect, greater than 3% of the share capital at 30 June 2018 and 31 December 2017, are as follows:

Company	% ownership	
	30 June 2018	31 December 2017
Abertis Infraestructuras, S.A.	29.90%	34.00%
Blackrock, Inc. ⁽¹⁾	4.75%	4.99%
MFS Investment Management ⁽²⁾	4.92%	5.11%
Criteria Caixa, S.A.U	5.00%	5.00%
Threadneedle Asset Management Ltd ⁽³⁾	5.00%	4.90%
	49.57%	54.00%

⁽¹⁾ Corresponds to managed collective institutions with a percentage lower than 5%. In addition, there is a total holding of 1.25% (1.06% at the year-end 2017) through financial instruments connected to shares in the Parent Company.

⁽²⁾ MFS Investment Management controls 4.31% of the rights to vote through Massachusetts Financial Services Company (4.51% at the year-end 2017). The remaining collective institutions have a shareholding lower than 3%.

⁽³⁾ Threadneedle Asset Management Ltd controls 5.00% (4.90% at the year-end 2017) of the rights to vote across several investment funds and other accounts. None of the above mentioned funds and/or accounts have a shareholding higher than 3%.

In the context of the tender offer on Abertis ("the tender offer"), during the six-month period ended June 30, 2018, the relevant facts detailed below have taken place, in relation to the shareholding structure of Cellnex:

On March 23, 2018, Atlantia announced it had made a request to Hochtief, subject to the positive outcome of the tender offer, to adopt the appropriate actions for the sale by Abertis of all or part of its 34% stake in Cellnex Telecom, by virtue of the Call Option granted to Atlantia by Hochtief.

Likewise, Atlantia accepted the proposal from Edizione, S.r.L. ("Edizione") dated March 20, 2018, by virtue of which Edizione granted to Atlantia a Put Option on 29.9% of Cellnex share capital, subject to the positive outcome of the tender offer.

On June 5, 2018, Abertis concluded the process of accelerated placement of shares of Cellnex Telecom, S.A. among qualified investors. The placement consisted of a block of 9,499,013 ordinary shares of the Company, representing 4.1% of its issued share capital, at a purchase price of EUR 22.45 per share.

As a result of this placement, at 30 June 2018 Abertis hold ordinary shares of Cellnex Telecom, representing 29.9% of its issued share capital.

Pre-emptive subscription rights in offers for subscription of securities of the same class

On 31 May 2018, the ordinary general shareholder's meeting of Cellnex, pursuant to article 297.1.(b) of the Spanish Companies Act, resolved to delegate in favour of the Parent Company's Board of Directors the faculty to increase the share capital, whether through one or more issuances, up to an amount equivalent to 50% of the Parent Company's share capital on 31 May 2018 (the date of such resolution), until May 2023 (i.e. the authorization has a term of 5 years). This authorization includes the power to exclude the pre-emptive subscription rights of shareholders, in accordance with the provisions of article 506 of the Spanish Companies Act, however, in such case the Board of Directors has the authority to issue up to 20% of the share capital (this limit being included within the maximum limit of 50% referred above).

Furthermore, the ordinary general shareholder's meeting of Cellnex resolved to delegate in favour of the Parent Company's Board of Directors the (also with a term of 5 years, i.e., until May 2023) the faculty to:

- i) issue convertible bonds up to a limit of 20% of the Parent Company's share capital on 31 May 2018 (this limit being also included within the maximum limit of 50% referred above);
- ii) purchase treasury shares up to a limit of 10% of the share capital of the Parent Company.

In addition, the Annual General Meeting (AGM) held on 30 June 2016 approved the modification of the AGM rules in order to adapt the drafting thereof to comply with the modification in article 406 of the Spanish Companies Act, which was altered due to article 45 of the Law 5/2015, such that the Board of Directors has the authority to agree the issuance and placement in regulated markets of bonds, and agree to confer guarantees for the issuance of bonds and the AGM has the authority to agree the issuance of bonds convertible to shares or bonds that offer the bondholders a share in corporate earnings (such authorities can be delegated by the AGM to the Board of Directors.)

ii. Treasury shares

Pursuant to the authorisation granted by the Board of Directors in its meeting of 26 May 2016, Cellnex has made various purchases and sales of treasury shares.

The acquisition of treasury shares has been carried out by means of a liquidity contract ⁽¹⁾ signed by Cellnex on 31 May 2016 with Santander Investment Bolsa, Sociedad de Valores, S.A.U. in order to manage its portfolio of treasury shares. The aforementioned contract was cancelled on May 9, 2018.

⁽¹⁾ Liquidity contract in accordance with the CNMV circular 1/2017 of 26 April covering liquidity contracts for the purpose of their acceptance as market practice.

The number of shares initially subject to the agreement amount to 139,000 shares and the amount transferred to the cash account amounts to EUR 2,000 thousand. During the 6 month period ended 30 June 2018, the Parent Company has registered a profit of EUR 215 thousand (a profit of EUR 518 thousand in the same period in 2017), net of fees and commissions, as a result of these operations and this has been taken as a reserve movement in the consolidated balance sheet.

At 31 December 2017, the number of shares subject to the liquidity contract was 86,758 shares. During the period ended at 30 June 2018, Cellnex carried out discretionary purchases of 250,604 treasury shares regarding the Long Term Incentive Plan “2015-2017” (See Note 17), representing 0.11% of the total shares outstanding, of which 54,330 have been transferred to beneficiaries.

As a result of the operations carried out, the number of treasury shares as at 30 June 2018 amounts to 263,855 shares and represents 0.11% of the share capital of Cellnex Telecom, S.A. (0.04% as at 31 December 2017).

The use of the treasury shares held at 30 June 2018 will depend on the agreements reached by the Corporate Governance bodies.

The movement in the portfolio of treasury shares for the 6 month period ended 30 June 2018 has been as follows:

	Number (Thousands of Shares)	Average Price	Purchases/Sales (Thousands of Euros)
At 1 January 2018	87	21.427	1,859
Purchases	4,365	21.921	95,680
Sales / Others	(4,188)	21.961	(91,967)
At 30 June 2018	264	21.117	5,572

b) Share premium

During the 2013 year-end, as a consequence of the group restructure which involved the contribution of the terrestrial telecommunications business to the Parent Company, the share premium increased by EUR 338,733 thousands.

During the six-month period ended 30 June 2018, a final dividend of EUR 11,816 thousand was declared from the share premium account. (See Note 12.d)

c) Reserves

The breakdown of this account is as follows:

	Thousands of Euros	
	30 June 2018	31 December 2017 restated
Legal reserve	11,584	11,584
Reserve from retained earnings	212,274	48,204
Reserves of consolidated companies	(100,047)	(13,929)
Hedge reserves	(352)	134
Foreign exchange differences	310	413
Reserves	123,769	46,406

(i) Legal reserve

In accordance with the consolidated text of the Spanish Limited Liability Companies Act, 10% of net profit for each year must be transferred to the legal reserve until the balance of this reserve reaches at least 20% of the share capital. The legal reserve may not be distributed to shareholders unless the Company is liquidated.

The legal reserve may be used to increase capital provided that the remaining reserve balance does not fall below 10% of the increased share capital amount.

Apart from the purpose mentioned above, the legal reserve may be used to offset losses unless it exceeds 20% of the capital and no other sufficient reserves are available for such purpose.

At 30 June 2018 and 31 December 2017, the legal reserve had reached the legally established minimum.

iii) Foreign exchange differences

The detail of this line item at 30 June 2018 and 31 December 2017 is as follows:

	Thousands of Euros	
	30 June 2018	31 December 2017
Cellnex Switzerland (CHF)	186	(5)
Shere Subgroup (Sterling)	124	418
Total	310	413

d) Dividends

The determination of the distribution of dividends is carried out based on the company financial statements of Cellnex Telecom, S.A., and within the framework of the commercial legislation in force in Spain.

At 30 June 2018 and 2017 no dividends resulting from the profit from the 2018 or 2017 financial year to that date were distributed.

On 31 May 2018, the General Shareholders' Meeting approved a final dividend for 2017 of EUR 0.051 gross per share, which represents EUR 11,816 thousand. This dividend was charged to the share premium account of Cellnex Telecom, S.A.

Thus, the total dividend distributed for the 2017 financial year was EUR 0.095 gross per share, which represents EUR 22,010 thousand (EUR 20,000 thousand corresponding to the distribution for the 2016 financial year).

e) Earnings per share

The table below shows the basic and diluted earnings per share calculated by dividing the net profit for the year attributable to the shareholders of Cellnex Telecom, S.A. by the weighted average number of shares outstanding during the year, excluding the average number of treasury shares held by the Group.

	Thousands of Euros	
	30 June 2018	30 June 2017 restated
Profit attributable to the Parent Company	(30,801)	16,774
Weighted average number of shares outstanding (Note 12.a)	231,419,699	231,545,097
Basic EPS attributable to the Parent Company (euros per share)	(0.13)	0.07
Diluted EPS attributable to the Parent Company (euros per share)	(0.13)	0.07

f) Non-controlling interests

The balance of this heading in the Group's equity includes the interest of non-controlling shareholders in the fully consolidated companies. Additionally, the balance of "Profit attributable to non-controlling interests" in the consolidated statement of comprehensive income represents the share of non-controlling shareholders in the profit for the period.

The detail of the non-controlling interests at 30 June 2018 and 31 December 2017 is as follows:

	Country	% owned by Cellnex	Thousands of Euros	
			30 June 2018	31 December 2017 restated
Cellnex Switzerland AG subgroup	Switzerland	54%	134,005	140,215
Adesal Telecom, S.L.	Spain	60%	2,915	2,838
			136,920	143,053

The changes in this heading during the six-month period ended 30 June 2018 were as follows:

	<u>Thousands of Euros</u>
	<u>2018</u>
At 1 January restated	143,053
Profit for the period	(1,340)
Dividends	(5,943)
Foreign exchange differences	1,150
At 30 June	136,920

13. Borrowings

The breakdown of borrowings at 30 June 2018 and 31 December 2017 is as follows:

	<u>Thousands of Euros</u>					
	<u>30 June 2018</u>			<u>31 December 2017</u>		
	<u>Non-current</u>	<u>Current</u>	<u>Total</u>	<u>Non-current</u>	<u>Current</u>	<u>Total</u>
Bond issues and other loans	2,404,432	72,226	2,476,658	1,869,145	29,474	1,898,619
Loans and credit facilities	539,781	293	540,074	630,858	2,331	633,189
Derivative financial instruments	484	179	663	-	181	181
Other financial liabilities	4,238	3,682	7,920	5,298	37,629	42,927
Borrowings	2,948,935	76,380	3,025,315	2,505,301	69,615	2,574,916

As at 30 June 2018, Cellnex has increased its gross financial debt (which does not include any debt held by Group companies registered using the equity method of consolidation, "Derivative financial instruments" or "Other financial liabilities") by 484,924 thousand, up to EUR 3,016,732 thousand, mainly due to the financing arrangements described below.

During the period ended at 30 June 2018, Cellnex issued a convertible bond which shows a carrying amount of 540,079 thousand Euros as at 30 June 2018, refinanced the debt placed in Cellnex Switzerland and established a EUR 500 million Euro-Commercial Paper (ECP) Programme. In addition, Cellnex refinanced certain bilateral credit facilities with lower margins and longer maturities.

At the end of the 6-month period, Cellnex's weighted average cost of debt (considering both the drawn and undrawn borrowings) was 1.9% (2.1% as at 30 June 2017) and the weighted average cost of debt (considering only the drawn down borrowings) was 2.2% (2.6% as at 30 June 2017).

All of the Group's borrowings have been arranged under market conditions, therefore their fair value does not differ significantly from their carrying amount.

In accordance with the foregoing and with regard to the financial policy approved by the Board of Directors, the Group prioritises securing sources of financing at Parent Company level. The aim of this policy is to secure financing at a lower cost and longer maturities while diversifying its funding sources. In addition, this encourages

access to capital markets and allows greater flexibility in financing contracts to promote the Group's growth strategy.

As at 30 June 2018 and 31 December 2017, the breakdown of the Group's borrowings (i) by maturity, (ii) by type of debt and (iii) by currency was as follows (excluding debt with companies accounted for using the equity method of consolidation):

(i) *Borrowings by maturity*

30 June 2018

Thousands of Euros

	Limit	Current		Non-current			Total	
		Less than 1 year	Between 1 and 2 years	Between 2 and 3 years	Between 3 and 4 years	Between 4 and 5 years		More than 5 years
Bond issues and other loans	2,532,959	76,690	-	-	-	600,000	1,830,079	2,506,769
Arrangement expenses		(4,464)	(4,649)	(4,846)	(5,056)	(3,964)	(7,132)	(30,111)
Loans and credit facilities	1,624,181	1,217	92,815	625	70,924	300,135	78,375	544,091
Arrangement expenses		(924)	(889)	(748)	(695)	(761)	-	(4,017)
Derivative financial instruments	-	179	-	-	-	-	484	663
Other financial liabilities	-	3,682	1,577	919	687	496	559	7,920
Total	4,157,140	76,380	88,854	(4,050)	65,860	895,906	1,902,365	3,025,315

31 December 2017

Thousands of Euros

	Limit	Current		Non-current			Total	
		Less than 1 year	Between 1 and 2 years	Between 2 and 3 years	Between 3 and 4 years	Between 4 and 5 years		More than 5 years
Bond issues and other loans	1,890,000	32,962	-	-	-	600,000	1,290,000	1,922,962
Arrangement expenses		(3,488)	(3,641)	(3,805)	(3,980)	(3,570)	(5,859)	(24,343)
Loans and credit facilities	1,695,922	3,389	179,725	625	80,625	133,083	240,754	638,201
Arrangement expenses		(1,058)	(1,076)	(936)	(870)	(614)	(458)	(5,012)
Derivative financial instruments	-	181	-	-	-	-	-	181
Other financial liabilities	-	37,629	1,568	1,310	687	694	1,039	42,927
Total	3,585,922	69,615	176,576	(2,806)	76,462	729,593	1,525,476	2,574,916

(ii) Borrowings by type of debt

	Thousands of Euros					
	Notional as of 30 June 2018			Notional as of 31 December 2017		
	Limit	Drawn	Undrawn	Limit	Drawn	Undrawn
Bond issues and other loans	2,532,959	2,532,959	-	1,890,000	1,890,000	-
Loans and credit facilities	1,624,181	543,488	1,080,693	1,695,922	635,852	1,060,070
Total	4,157,140	3,076,447	1,080,693	3,585,922	2,525,852	1,060,070

As at 30 June 2018, the total limit of loans and credit facilities available was EUR 1,624,181 thousands (EUR 1,695,922 thousands as at 31 December 2017), of which EUR 1,273,449 thousands in credit facilities and EUR 350,732 thousands in loans (EUR 1,152,351 thousands in credit facilities and EUR 543,571 thousands in loans as at 31 December 2017).

Furthermore, of the EUR 1,624,181 thousands of loans and credit facilities available (EUR 1,695,922 thousand as at 31 December 2017), EUR 632,681 thousand (EUR 602,172 thousand as at 31 December 2017) can be drawn down either in Euros (EUR) or in other currencies, such as Pound Sterling (GBP), Swiss franc (CHF) and US dollar (USD).

As at 30 June 2018 the total amount drawn down of the loans and credit facilities was EUR 543,488 thousand (EUR 635,835 thousand drawn down as at 31 December 2017).

(iii) Borrowings by currency

	Thousands of Euros	
	30 June 2018 (*)	31 December 2017 (*)
Euro	2,584,313	2,128,520
GBP	170,242	175,316
CHF	304,888	300,435
Borrowings	3,059,443	2,604,271

(*) The amounts shown in the preceding table relate to the cash flows set forth in the contracts, which differ from the carrying amount of the borrowings due to the effect of applying IFRS criteria set down in IAS39 borrowings.

As described in Note 4.a of the 2017 Consolidated Financial Statements, the foreign exchange risk on the net investment of operations of the Group companies denominated in non-Euro currencies is managed by means of borrowings denominated in the corresponding foreign currency.

In this regard, as at 30 June 2018 and 31 December 2017, the Group maintains borrowings in GBP, which act as a natural hedge of the net investment of Cellnex UK (previously Shere Group). These borrowings amount to GBP 150,843 thousand with a Euro value of EUR 170,242 thousand (GBP 155,546 thousand with a Euro value of EUR 175,316 thousand as at 31 December 2017) and are held by means of various credit facilities denominated in GBP. These non-derivate financial instruments are assigned as net investment hedges against the net assets of the Shere UK Group. The maturities of these borrowings are between 2021 and 2023.

In addition, as at 30 June 2018, the Group maintains borrowings in CHF, which act as a natural hedge of the net investment in Cellnex Switzerland. Such borrowings amount to CHF 196,217 thousand with a Euro value of EUR 169,605 thousand (CHF 195,583 thousand with a Euro value of EUR 167,136 thousand at 31 December 2017) and are held by means of various facilities denominated in CHF. These non-derivate financial instruments are assigned as net investment hedges against the net assets of Cellnex Switzerland. The maturity of these borrowings is in 2023.

Furthermore, in the context of the acquisition of Swiss Towers, the Group also maintains through its subsidiary Cellnex Switzerland additional borrowings in CHF amounting to CHF 156,508 thousand with a Euro value of EUR 135,283 thousand (CHF 155,986 thousand with a Euro value of EUR 133,299 thousand at 31 December 2017).

Bond issues and other loans

The detail of the bonds and other financing instruments at 30 June 2018 and 31 December 2017 is as follows:

	Thousands of Euros	
	30 June 2018	31 December 2017
Bond issues	2,433,720	1,898,619
Promissory notes and commercial paper	42,938	-
Bond issues and other loans	2,476,658	1,898,619

i) Euro Medium Term Note Programme – (EMTN) Programme

In May 2015 the Group established an EMTN Programme through the Parent Company. This Programme is registered on the Irish Stock Exchange and is renewed annually. As at 30 June 2018, the EMTN Programme allows the issue of bonds in the aggregate amount of up to EUR 3,000 million and the latest renewal date is May 2018. In March 2016 Cellnex was added to the list of companies whose corporate bonds are eligible for the Corporate Sector Purchase Programme (CSPP) by European Central Bank (ECB).

Since July 2015, under the aforementioned EMTN Programme, Cellnex has issued the bonds described in the table below, all of them addressed to qualified investors:

30 June 2018

During the six-month period ended on 30 June 2018, there have been no changes regarding the issuance of bonds as of 31 December 2017.

31 December 2017

Issue	Initial Duration	Maturity	Fitch / S&P rating	ISIN	Coupon	Initial Notional (Thousands of Euros)	Notional as of 31 December 2017 (Thousands of Euros)
27/07/2015	7 years	27/07/2022	BBB-/BB+	XS1265778933	3.125%	600,000	600,000
10/08/2016	8 years	16/01/2024	BBB-/BB+	XS1468525057	2.375%	750,000	750,000
16/12/2016	16 years	20/12/2032	BBB-/NA	XS1538787497	3.875%	65,000	65,000
18/01/2017	8 years	18/04/2025	BBB-/BB+	XS1551726810	2.875%	335,000	335,000
07/04/2017	9 years	07/04/2026	BBB-/NA	XS1592492125	Eur 6M+2,27% ⁽¹⁾	80,000	80,000
03/08/2017	10 years	03/08/2027	BBB-/NA	XS1657934714	Eur 6M+2,20%	60,000	60,000
Total						1,890,000	1,890,000

⁽¹⁾ Coupon hedged by Interest Rate Swaps. See Derivative financial instruments section.

The bond issues have certain associated costs, customary in this type of transactions, such as arrangement expenses and advisers' fees. These costs amount to EUR 7,896 thousand in relation to the bonds issued for the period ended 30 June 2018, which the Group defers over the life of the bonds and are taken to the consolidated income statement following a financial criteria. In this regard, an amount of EUR 30,111 thousand and EUR 24,343 thousand was deducted from bond issues in the consolidated balance sheet as at 30 June 2018 and 31 December 2017, respectively.

The arrangement expenses and adviser's fees accrued in the consolidated income statement for the period ended 30 June 2018 in relation to the bond issues amounted to EUR 2,128 thousand (EUR 1,597 thousand in 2017).

ii) Convertible bond issues

In January 2018, Cellnex issued a convertible bond which shows a carrying amount of 540,079 thousand Euros as at 30 June 2018. The underlying number of shares of the bond issuance is equivalent to 6.8% of the Company's share capital, based on the initial conversion price of EUR 38.0829 which represented a premium of 70% over the volume weighted average share price on the Spanish Stock Exchange between market opening at the date of issue and pricing of the offering.

The convertible bonds carry a coupon of 1.5% of the notional amount payable annually in arrears. Cellnex may opt to redeem all (but not some) of the bonds on or after 18 July 2022, if the market value of the underlying shares per EUR 100,000 of principal amount of the bonds exceeds EUR 130,000 during a specified period of time, or, at any time, if more than 85% of the aggregate principal amount of the convertible bonds initially issued have been converted and/or redeemed and/or purchased and cancelled. The Issuance is rated BBB- by Fitch. The convertible bonds are trading on the Open Market (Freiverkehr) of the Frankfurt Stock Exchange.

Cellnex has issued the convertible bond described in the table below:

Issue	Initial Duration	Maturity	Fitch / S&P rating	ISIN	Coupon	Balance as at 30 June 2018 (Thousands of Euros)
16/01/2018	8 years	16/01/2026	BBB-/NA	XS1750026186	1.5%	540,079
Total						540,079

Clauses regarding changes of control

The Terms and Conditions of the bonds include a change of control put clause, at the option of bondholders, which could result in its early repayment.

For the bonds issued under the EMTN Programme, the put option can only be triggered if a change of control event occurs and there is a rating downgrade caused by the change of control event (as defined in the Terms and Conditions of the EMTN Programme). For the convertible bond, the put option can only be triggered if a change of control occurs or if a tender offer triggering event occurs (as defined in the Terms and Conditions of the convertible bonds).

In both clauses above, a change of control event is defined as the acquisition of more than 50% of the voting rights in respect of the Parent Company or the right to appoint or dismiss all or the majority of the members of the Parent Company's Board of Directors.

Bonds obligations and restrictions

As at 30 June 2018 and 31 December 2017, the Parent Company has no restrictions regarding the use of capital resources nor has guarantees and the bonds rank pari passu with the rest of the unsecured and unsubordinated borrowings.

iii) Euro-Commercial Paper Programme – (ECP) Programme

In June 2018 the Parent Company established an ECP Programme with the Irish Stock Exchange. The ECP Programme has a limit of EUR 500 million or its equivalent in GBP, EUR, USD and CHF. As at 30 June 2018 the amount utilized under the ECP Programme is 35,000 thousand in GBP with a Euro value of EUR 39,501 thousand and 4,000 thousand in CHF with a Euro value of EUR 3,458 thousand.

Loans and credit facilities

During the 6-month period ended at 30 June 2018, the total limit of loans and credit facilities available was EUR 1,624,181 thousand (EUR 1,695,922 thousand at 31 December 2017), of which EUR 1,273,449 thousand in credit facilities and EUR 350,732 thousand in loans (EUR 1,152,351 thousand and EUR 543,571 thousand respectively at 31 December 2017).

As at 30 June 2018, Cellnex has arranged two credit facilities of EUR 100,000 thousand each with maturities in 2022 and 2023. During the same period, Cellnex has repaid a EUR 50,000 thousand loan and cancelled a EUR 25,000 thousand credit facility.

As at 30 June 2018, Cellnex Switzerland refinanced the CHF 170,000 thousand syndicated facility with a CHF 180,000 thousand syndicated credit facility and a maturity of 5 years (2023). As a result of the refinancing, the new CHF facility does not have any covenants nor share pledges requirements.

As at 31 December 2017 Cellnex signed a loan agreement with the European Investment Bank (EIB) for an amount of EUR 100,000 thousands with an estimated maturity of 12 years. This loan includes an obligation of the Parent Company with regards to its corporate rating. As of the date hereof, Cellnex is in compliance with all its obligations under the EIB agreement.

Clauses regarding changes of control

For the loans and credit facilities entered into by the Parent Company, the change of control trigger is at the Parent Company level and for the syndicated facilities agreement entered into by Cellnex Switzerland, the trigger is at Cellnex Switzerland level and its wholly owned subsidiary, Swiss Towers. In both cases, the change of control provision is triggered when a third party, alone or together with others, acquires either 50% of shares with voting rights, or obtains the right to appoint or dismiss the majority of the members of the Board of Directors of the relevant company.

Loans and credit facilities obligations and restrictions

At 30 June 2018 and 31 December 2017, the Parent Company has no restrictions regarding the use of capital resources derived from the loans and credit facilities.

Submitted guarantees and financial ratios

As at 30 June 2018 and December 2017, all the loans and credit facilities entered into by the Parent Company and its subsidiaries are unsecured and unsubordinated, have no guarantees or shares pledged, rank pari passu with the rest of the unsecured and unsubordinated borrowings, and do not require the Parent Company's nor its subsidiaries to comply with any financial ratio.

Derivative financial instruments

From time to time the Group considers hedging the interest rate risk on the portion of its Euro financing bearing floating interest rates through Interest Rate Swaps (IRS). In a floating-to-fixed IRS, interest rates are swapped so that the Company receives a floating interest rate (Euribor) from the bank in exchange for a fixed interest rate payment for the same nominal amount. The floating interest rate received for the IRS offsets the floating interest rate payment on the borrowings. The end result is a fixed interest rate payment on the hedged borrowings.

In addition, from time to time the Group assesses the need to hedge the foreign exchange risk with the aim of minimising the exposure to possible adverse variations in exchange rates.

The Group determines the fair value of interest rate or foreign exchange derivatives by discounting cash flows on the basis of the implicit Euro interest rate and exchange rate calculated on the basis of market conditions at the measurement date and adjusting this by the bilateral credit risk with the objective of reflecting its own and its counterpart's credit risk.

The Group performs potential interest rate and foreign exchange rate hedging operations in accordance with its risk management policy. These operations are intended to mitigate the effect that changes in interest and exchange rates could have on the future cash flows of the bonds, loans and credit facilities linked to variable interest rates, cash flows in foreign currencies and variations in investments in foreign currencies.

As mentioned above, the bond issued in April 2017 for EUR 80 million and maturing in April 2026 has been hedged with floating-to-fixed IRS, converting the floating rate of the bond in to a fixed rate. The notional amount and the maturity of the IRS match those of the underlying bond. As a result of the contracted IRS the final interest rate on the EUR 80 million bond is 2.945%.

Other financial liabilities

“Other financial liabilities” relates mainly to certain grants awarded (arranged as repayable advances) to other Group companies (Retevisión-I, S.A.U. and Tradia Telecom, S.A.U.) under the Ministry for Industry, Tourism and Trade’s PROFIT programme. According to the technical-financial terms of the grant resolutions, the repayable advances bear no interest (see Note 10).

In addition, during 2017, the Group reached agreements for recourse factoring for a total amount of EUR 35 million at 31 December 2017, in relation to balances for tax receivables. This related to VAT receivable derived from the acquisition of mobile telecom infrastructures in France and in Spain, amounting to EUR 30,325 thousand and current tax assets amounting to EUR 4,402 thousand at 31 December 2017. As at 30 June 2018, no amount has been recorded in this caption of the accompanying balance sheet in relation to the aforementioned, given that the total amount has been collected during the six-month period ended June 30, 2018.

Corporate rating

At 30 June 2018 Cellnex holds a long term “BBB-” (Investment Grade) with negative outlook according to the international credit rating agency Fitch Ratings Ltd. and a long-term “BB+” with stable outlook according to the international credit rating agency Standard & Poor’s Financial Services LLC.

14. Leases

Amounts recognised in the consolidated balance sheet

As of 30 June, 2018 and 31 December, 2017, the amounts recognized in the consolidated balance sheet related to lease agreements are:

	Thousands of euros	
	Net book value	
	30 June 2018	31 December 2017 restated
Right of use		
Sites	471,689	420,300
Offices	12,325	13,476
Satellites	10,988	15,054
Vehicles	2,071	2,666
Concessions	2,121	2,172
Total	499,194	453,668

	Thousands of euros	
	30 June 2018	31 December 2017 restated
Lease liability		
Current	123,654	84,006
Non-Current	331,560	330,989
Total	455,214	414,995

The additions of rights of use during the year 2018 amount to 111,738 thousand euros.

Amounts recognised in the consolidated income statement

As of 30 June, 2018 and 2017, the amounts recognized in the consolidated income statement related to lease agreements are:

	Thousands of euros	
	30 June 2018	30 June 2017 restated
Depreciation and amortisation		
Depreciation Right of Use:		
Sites	(59,602)	(49,158)
Offices	(1,423)	(1,301)
Satellites	(4,066)	(8,216)
Vehicles	(899)	(852)
Concessions	(52)	(52)
	(66,042)	(59,579)
Financial costs		
Interest expense on lease liabilities	(26,553)	(20,516)
Other operating expenses		
Expense related to contracts with low value asset	(835)	(1,847)
Expense related to variable lease payments	(3,275)	(3,246)
	(4,110)	(5,093)

The total amount of cash outflows in relation to lease agreements in 2018 amounts to 97,996 thousand Euros, of which EUR 13,317 thousand relates to cash advances to landlords, 26,553 thousand euros relates to interest payments on lease liabilities and EUR 58,126 thousand relates to payments of lease instalments in the ordinary course of business.

Lease agreements – Cellnex Group as lessee

All of the amounts recognized in the balance sheet correspond to lease agreements in which the Cellnex Group acts as lessee.

The Cellnex Group manages and operates almost all of the sites where it locates its telecommunications infrastructure using lease agreements.

In addition to these sites, the Group has lease agreements related mainly to offices, car parks, vehicles and equipment.

Payments associated with short-term lease agreements are recognized on a straight line basis as an expense in the consolidated profit and loss account. A short-term lease is an agreement with a lease term equal to or less than 12 months.

Likewise, the payments associated with low-value lease agreements are recognized on a straight-line basis as an expense in the consolidated profit and loss account. A low-value contract is considered to be one whose underlying asset has a new value of less than EUR 5 thousand.

15. Trade and other payables

The detail of this heading at 30 June 2018 and 31 December 2017 is as follows:

	Thousands of Euros	
	30 June 2018	31 December 2017
Trade payables	137,110	148,700
Other payables to Government agencies	55,911	42,496
Other payables to related parties (Note 18.d)	-	1,605
Remuneration payable	7,030	10,458
Other payables	79,913	44,774
Trade and other payables	279,964	248,033

There is no significant difference between the fair value and the carrying amount of these liabilities.

At 30 June 2018 and 31 December 2017, “Trade payables” included mainly the amounts payable for trade purchases made by the Group and their related costs.

“Other payables to Government Agencies” includes all balances payable by the Group to the tax authorities.

The most significant balance recognised under “Remuneration payable” relates to the bonus accrued by employees during the 2017, and which the Group will pay if the targets set are met.

Lastly, “Other payables” is formed mainly of payables to non-current asset suppliers.

16. Income tax and tax situation

a) *Tax information*

The sole shareholder of Cellnex Telecom, S.A. up until 7 May 2015, Abertis Infraestructuras, S.A., completed the flotation (IPO) of the aforementioned company on that date. Thus, Cellnex Telecom, S.A became the parent company of a new consolidated tax group for the purposes of Corporation tax in Spain in the 2015 financial year.

Cellnex files consolidated tax returns as the Parent Company of the tax group, the subsidiaries of which are composed of investees at least 75%-owned by it and with tax residence in Spain. The Group companies resident in Italy file consolidated Italian corporation tax returns from 2016 onwards. In addition, the Group companies resident in the Netherlands file consolidated Dutch tax returns, but there are two separate tax groups. The UK companies file Group Relief claims and surrenders as appropriate. The remaining companies included in the consolidation scope file individual corporation tax returns.

During the year ended 31 December 2016, Cellnex Telecom, S.A. became the head of a new consolidated tax group for the purposes of Value Added Tax (VAT) in Spain.

Tax audits and litigation

At 30 June 2018, in general the Group companies had open for review by the tax authorities all the taxes applicable to them for which the statute of limitations period had not expired at that date in each of the jurisdictions where they are located.

No significant impact on equity is expected to arise from different interpretations that could be derived from current tax legislation regarding the other financial years open for review or from any of the inspections underway.

Additionally, during 2015 general inspection activities were opened for Abertis Infraestructuras, S.A. with regards to consolidated Corporation Tax for the 2010 and 2011 financial years and with regards to the Value Added Tax of the group of companies for the period July-December 2011. During the year ended 31 December 2016 the scope of the inspection was extended to include the consolidated corporation tax and value added tax for the group of companies for the 2012 and 2013 financial years.

In this regard, it must be noted that between 2010 and 2013 financial years both Cellnex Telecom, S.A. and its Spanish subsidiaries were subsidiaries of the Abertis consolidated tax group. With regards to value added tax, Adesal Telecom, S.L. was included in the Abertis VAT group during the period between July and December 2011, Adesal Telecom, S.L. and On Tower Telecom Infraestructuras, S.A.U. were included in the VAT group for 2012; and Adesal Telecom, S.L., On Tower Telecom Infraestructuras, S.A.U., Retevisión-I, S.A.U. and Tradia Telecom, S.A.U were included in the VAT group for 2013.

At the date of issue for approval of these condensed consolidated interim financial statements the inspection activities have concluded with no repercussions for Cellnex Telecom, S.A. or its subsidiaries.

b) Corporation tax expense

As established by IAS 34, the income tax expense has been recorded based on the best estimate available of the annual effective taxation rate for the 2018 financial year. This estimate has been made taking into account:

a) The general Corporation Tax rate in the countries where Cellnex conducts its business, which are:

	2018	2017
Spain	25%	25%
Italy ⁽¹⁾	28.82%	28.82%
Netherlands	25%	25%
United Kingdom	19%	19%
France ⁽²⁾	28%/33.3%	33.3%
Switzerland ⁽³⁾	20.4%	20.5%

⁽¹⁾ The standard income tax rate was 28.82% in Italy, which is made up of the IRES (Imposta sul Reddito delle Società) at a rate of 24% and the IRAP (regional business tax in Rome) at a rate of 4.82%.

⁽²⁾ The Finance Bill for 2018 provides for a progressive decrease of the French standard corporate income tax (CIT) rate from 33.1/3% to 25% by 2022. For fiscal years starting on or after 1 January 2018, a 28% CIT rate will apply on the first EUR 500 thousand of taxable income of all entities. Taxable income in excess of EUR 500 thousand will still be subject to a 33.3% CIT rate.

⁽³⁾ The standard income tax rate was 20.5% in Switzerland, which is made up of federal, cantonal and communal (municipal) taxes. Lower rates are available for privileged companies.

b) The existence of tax incentives, such as the reduction in the income derived from certain intangible assets (Income from transfer of know-how) in accordance with the provisions of Law 27/2014 of 27 November, on Corporation Tax, different criteria for the timing of the recognition of revenue and expenses and the existence of non-deductible expenses and deductions for notional interest on capital contributions carried out pursuant to the provisions of Spanish and Italian tax law.

c) Tax losses

As at 30 June 2018 the Group has tax losses from UK companies available for carry forward against future profits, as detailed below:

- Non-trade loan relationship deficit of EUR 11.3 million (EUR 11.3 million at 31 December 2017) which relates to GBP 10.1 million (GBP 10.1 million at 31 December 2017), which is available to offset future non-trade income and capital gains of the company that incurred the loss, and
- Trading losses of EUR 13.4 million (EUR 13.4 million at 31 December 2017) which relates to GBP 11.9 million (GBP 11.9 million at 31 December 2017) which is available to offset against future trading profits generated by the same company that incurred the loss.

In addition, tax losses from Dutch and French companies available for carry forward against future profits, amounts to EUR 1 million and EUR 10 million, respectively (EUR 1 million and EUR 10 million, respectively at 31 December 2017).

The potential deferred tax asset arising on the losses carried forward in the group companies detailed above has not been recognized yet in the accompanying consolidated balance sheet, except for the Dutch tax losses recognized at 30 June 2018 amounting to EUR 0.2 million (EUR 0.2 million in 2017). The aforementioned tax losses do not have an expiration date except for the Dutch tax losses that can be carried forward nine years.

17. Provisions, other liabilities and employee benefit obligations

a) Provisions and other liabilities

The detail of "Provisions and other liabilities" at 30 June 2018 and 31 December 2017 is as follows:

	Thousands of Euros	
	30 June 2018	31 December 2017 restated
Cellnex Switzerland Put Option	63,573	60,839
Asset Retirement Obligation	80,469	78,919
National Competition Committee Sanction	23,000	16,000
Provision for other responsibilities ⁽¹⁾	38,232	50,092
Deferred income and other liabilities	13,937	12,611
Provisions and other liabilities	219,211	218,461

⁽¹⁾ Provision for other responsibilities captures mainly provisions for contingent liabilities made during the Purchase Price Allocation process which are a result of present obligations arising from past events, where the fair value can be reliably measured.

i) Cellnex Switzerland Put Option

During the third quarter of 2017, in relation to the Cellnex Switzerland incorporation, Deutsche Telekom Capital Partners ("DTCP") and Cellnex Telecom, S.A. entered into a put option agreement, in which DTCP has a put option to sell its stake (18%) to Cellnex, payable in cash or in Cellnex Telecom, S.A. shares ("DTCP Put Option"). The price for exercising the DTCP Put Option is calculated using a base of CHF 65 million (with a Euro value of EUR 58 million), increasing by the higher of fair market value and a c.9.3% return per year.

If the DTCP Put Option is exercised, the purchase price for the shares would be calculated according to certain formulae included in the DTCP Put Option agreement, over a maximum period of 5 years. Cellnex may choose to pay the purchase price in case of an exercise either in cash or with Cellnex shares.

As at 30 June 2018 the DTCP Put Option amounted to EUR 64 million (EUR 61 million at 31 December 2017).

During the 6-month period ended at 30 June 2018, EUR 3 million (EUR 0.4 million at 30 June 2017) was recorded in the accompanying consolidated income statement to update the value for the passage of time at c.9.3% per annum.

ii) *Asset Retirement Obligation*

This caption includes the contractual obligation to dismantle and decommission the mobile telecom infrastructures. (See Note 3.o.i of the 2017 consolidated annual accounts).

iii) *National Competition Committee Sanction*

This caption includes the possible sanctions levied by the National Competition Committee (Note 17.c), which have been recorded in the consolidated balance sheet as the cash flow outflow has been estimated as probable.

iv) *Provision for other Responsibilities*

At 30 June 2018, this caption includes the provisions for other liabilities in relation to the business combinations undertaken by the Group relating to the acquisitions of Galata, Commscon, Towerlink Netherlands, Shere Group, Swiss Towers and Alticom amounting to EUR 718 thousand, EUR 260 thousand, EUR 5,425 thousand, EUR 6,532 thousand, 10,084 and 12,800 respectively.

In addition, this provision includes an amount relating to the long term liability derived from the cancellation of the rental contract relating to the building which housed certain corporate offices up to that date. The liability amounts to EUR 2,413 thousands based on the best estimation at the period end date (EUR 3,060 thousand at 31 December 2017).

v) *Deferred Income and Other Liabilities*

This item mainly includes amounts claimed from Group companies in ongoing litigation at the period end and other risks related to management of the Group. The amounts were estimated based on the amounts claimed or stipulated in court rulings issued at the end of each year shown and appealed against by the aforementioned companies.

At 30 June 2018 and 31 December 2017, this caption also includes the recognition of a contingent consideration contemplated in the purchase contract of Commcon for EUR 5 million, which is subject to the achievement of certain long term growth objectives of the company.

b) *Current and non-current employee benefit obligations*

Long Term Incentive Plan ("LTIP")

i) LTIP (2015-2017)

On 10 April 2015 the Long Term Incentive Plan (2015-2017) was approved for certain employees. This plan accrued from May 2015 until 31 December 2017 and has been paid during the six-month period ended on 30 June 2018, when the Group's annual accounts corresponding to the 2017 financial year were approved. The beneficiaries of the Plan were the Chief Executive Officer, the Senior Management and some key employees of the Cellnex Group (up to a maximum of 32 people). The amount to be received by the beneficiaries was determined by the degree of fulfilment of two objectives, each with a weight of 50%:

- The share price appreciation calculated between the initial starting price of the IPO and the average price in the last quarter of 2017, weighted by the volume (“vwap”), following a scale of achievement.
- The attainment of certain performance parameters according to the market consensus and the constant scope of consolidation, following a scale of attainment.

With regards to the LTIP (2015-2017) dated 10 April 2015 for the benefit of certain employees, the weighted average degree of fulfilment of the following two objectives was 111%. For the first objective, which was related to Cellnex share price appreciation, the percentage of attainment was 120% and for the second objective, which was related to the Adjusted EBTIDA figure obtained as at 31 December 2017, the percentage of attainment was 102%.

The cost of the LTIP (2015-2017) for Cellnex was estimated at EUR 7.8 million.

Based on the best possible estimation of the related liability and taking into consideration all the available information, the Group recognised a provision of EUR 7,211 thousand for this item in the short-term of the accompanying condensed consolidated balance sheet as at 31 December 2017.

As at 30 June 2018, the Long Term Incentive Plan (2015-2017) has been fully paid to its beneficiaries, therefore, at this date no provision has been recorded regarding to this Plan.

ii) LTIP (2017-2019)

In addition, on 27 April 2017 the Group approved the LTIP (2017-2019) for certain employees, which is divided into two phases:

- 2017-2018: this accrues from January 2017 until 31 December 2018 and is payable once the Group's annual accounts corresponding to the 2018 financial year have been approved.
- 2018-2019: this accrues from January 2018 until 31 December 2019 and is payable once the Group's annual accounts corresponding to the 2019 financial year have been approved.

The beneficiaries are the CEO, Senior Management and several key employees of the Cellnex Group (up to a maximum of 50 staff). The amount receivable by the beneficiaries will be determined by the degree of fulfilment of certain objectives regarding Cellnex's relative share price performance, and the attainment of certain performance parameters according to the market consensus and the constant scope of consolidation, following a scale of attainment.

The cost of the Long Term Incentive Plan (2017-2019) for Cellnex if it were to reach the maximum level of achievement of the objectives is estimated at approximately EUR 10.6 million.

Based on the best possible estimation of the related liability and taking into consideration all the available information, the Group has recognised a provision of EUR 5.2 million for this item in the long-term of the accompanying condensed consolidated balance sheet as at 30 June 2018 (EUR 2.6 million as at 31 December 2017).

Reorganisation Plan (2018 – 2019)

During the first quarter of 2018, the Group reached an agreement with the workers' representatives of Retevisión-I, S.A.U. and Tradia Telecom, S.A.U. regarding a collective redundancy procedure to conclude up to 180 employment contracts in 2018 and 2019, as detailed below.

On 27 February 2018, these group companies reached an agreement with the workers' legal representatives consisting of income plans for employees of 57 years of age or older as of 31 December 2017 and, on the other hand, lump-sum indemnity payments as a result of the voluntary termination of employment contracts for other employees not included in the annuity plan. The period during which employees could voluntarily participate in the annuity plan ended on 31 May 2018, whereas the period for claiming the lump-sum termination benefits will start on 7 January 2019 and end on 31 January 2019.

This plan fits into the reorganisation process relating to the broadcasting business that is being undertaken by the Group's subsidiary companies. Under this plan, the Group is seeking to adapt its structure to the new business models, which have been widely modernised in recent years with the introduction of equipment, which can be maintained remotely, without the necessity to physically travel to the sites where the equipment is installed.

At 30 June 2018, a provision was recognised for this collective redundancy procedure, with an estimated cost of EUR 55 million. During the first half of 2018, following execution of part of this agreement, 92 employees were made redundant for a cost of EUR 21.7 million.

The movements in 2018 of the provision were as follows:

	Thousands of Euros		
	2018		
	Non-current	Current	Total
At 1 January	-	-	-
Charge to the consolidated income statement	7,968	47,352	55,320
Payments	-	(21,674)	(21,674)
At 30 June	7,968	25,678	33,646

The balance payable at 30 June 2018 associated with this collective redundancy procedure carried out by the Group represent expected payments related to this process, amounting to EUR 8 million and EUR 26 million euros recorded in the long and short term, respectively, of the accompanying consolidated balance sheet.

c) Contingent liabilities

At 30 June 2018, the Group has guarantees with third parties amounting to EUR 57,715 thousand (EUR 73,534 thousand at the close of 2017). These relate mainly to guarantees provided by financial institutions before public authorities in connection with grants and technical guarantees, and before third parties in connection with rental guarantees.

Also, on 19 May 2009, the Board of the National Commission on Markets and Competition (CNMC in Spanish) imposed a fine of EUR 22.7 million on Cellnex Telecom, S.A. (formerly Abertis Telecom, S.A.U.) for abusing its dominant position in the Spanish market for transmitting and broadcasting TV signals, pursuant to article 2 of the Competition Act and article 102 of the Treaty on the Functioning of the European Union. The Group filed an appeal for judicial review with the National Appellate Court against the CNMC fine, which was dismissed in the judgement passed on 16 February 2012. This judgement was appealed to the Supreme Court on 12 June 2012. On 23 April 2015 the appeal was resolved, upholding the appeal and annulling the decision of the CNC with regard to the amount of the fine, ordering the current CNMC to recalculate that amount in accordance with the provisions of law 16/89. The CNMC has issued its decision recalculating the aforementioned amount, reducing it to EUR 18.7 million and this decision was appealed against in the National High Court on 29 September 2016. Based on the opinion of its legal advisers, at 30 June 2018 the Group has recorded a provision for a total of EUR 16 million (EUR 16 million at the close of 2017).

On 8 February 2012, the Board of the National Commission on Markets and Competition (CNMC in Spanish) imposed a fine of EUR 13.7 million on Cellnex Telecom, S.A. (formerly Abertis Telecom, S.A.U.) for having abused its dominant position, pursuant to article 2 of the Competition Act and article 102 of the Treaty on the Functioning of the European Union. The company allegedly abused its dominant position in wholesale service markets with access to infrastructure and broadcast centres of Cellnex Telecom, S.A. for broadcasting DTT signals in Spain, and retail service markets for transmitting and distributing DTT signals in Spain by narrowing margins. On 21 March 2012, the Group filed an appeal for judicial review against the decision of the CNMC with the National Appellate Court, also requesting a delay of payments with regard to the fine until the court passes a ruling on this matter. This delay was granted on 18 June 2012. On 20 February 2015 the National Appellate Court partially upheld the appeal, ordering the CNMC to recalculate the fine as it considered that the criteria used at the time by the CNMC were not appropriate. Notwithstanding the foregoing, on 26 May 2015, an appeal was filed with the Supreme Court against the judgement of the National Appellate Court on the grounds that it is not only about the recalculation of the amount but also that the Group did not break any competition rules. On 23 March 2018, the Supreme Court issued a judgment dismissing the appeal, and is awaiting the return of the file to the CNMC for the recalculation of the sanction. Without prejudice to this, Cellnex Telecom, S.A., is evaluating to appeal it to the Constitutional Court for the judgment issued by the Supreme Court. With regard to these proceedings, at 30 June 2018, the Parent Company's Directors, based on the opinion of their legal advisers, has recognized an amount of EUR 7 million under "change in provisions" of the consolidated income statement for the period (EUR 0 million at 31 December 2017).

Moreover, and because of the spin-off of Abertis Telecom S.A.U. (now Abertis Telecom Satélites, S.A.U.) on 17 December 2013, Cellnex Telecom, S.A. assumed all rights and obligations that may arise from the aforementioned legal proceedings, as they relate to the spin-off business (terrestrial telecommunications). An agreement has therefore been entered into between Cellnex Telecom, S.A. and Abertis Telecom Satélites, S.A.U. stipulating that if the aforementioned amounts have to be paid, Cellnex Telecom, S.A. will be responsible for paying these fines. At 30 June 2018, Cellnex Telecom, S.A. has provided three guarantees amounting to EUR 32.5 million (EUR 32.5 million at the close of 2017) to cover the disputed rulings with the CNMC explained above.

In relation to the digitalization and expansion of the terrestrial television networks in remote rural areas in Spain during the digital transformation process, the European Commission issued a decision concluding that Retevisión-I, S.A.U. and other operators of platforms for transmitting terrestrial and satellite signals had received state aid, in the amount of EUR 260 million, that is contrary to the Treaty on the Functioning of the European Union. The ruling ordered Spain to recover the amount of the aid received. The aid received by Retevisión-I, S.A.U. amounted to approximately EUR 40 million, as estimated by the European Commission, since the Spanish authorities failed to specify the exact amount in the various return processes. In this regard, Retevisión-I, S.A.U., as well as the rest of Public Administrations involved, appealed to the General Court of the European Union against that decision, which was rejected through a Ruling given on 26 November 2015. However, on 5 February 2016 various appeals were filed against this ruling before the European Court of Justice. In this regard, at the end of 2017, the Group recognized an amount of EUR 14.7 million under “change in provisions” of the consolidated income statement. At 30 June 2018, no impact has been recognised in the interim consolidated income statement for the period.

On 20 December 2017, the Court of Justice of the European Union (CJEU) issued a judgment in which, considering one of the appeals filed, it immediately annulled the Commission's decision, *erga omnes*, with the consequence that as of today the decision is annulled by a final judgment and that the recovery obligations incumbent upon the Public Administrations and the obligations of the companies to return the amounts have lapsed.

During the period between the Decision of the European Commission and the Judgment of the Court of Justice of the European Union, the Governments of Aragon, Andalusia and Madrid proceeded to the provisional execution of recoveries of State Aid. As a result of the annulment of the Decision, Retevisión I, S.A.U. has recovered, in March 2018, the amounts corresponding to the Madrid and Aragón Governments. Therefore, as at 30 June 2018, only the amount corresponding to Andalusia remains pending to be received. In this regard, at 30 June 2018, based on the opinion of its legal advisers, the Group has an asset amounting to EUR 5 million in relation to this claim (EUR 14.7 million at 31 December 2017), since the recovery of this amount is considered to be virtually certain.

On 1 October 2014, the European Commission passed a ruling declaring that Retevisión-I, S.A.U. and other operators of platforms for transmitting terrestrial and satellite signals had received government aid in the amount of EUR 56.4 million to finance the digitalisation and expansion of the terrestrial television networks in remote areas of Castilla-La Mancha during the digital transformation process and that such state aid was not compatible with European legislation. The decision ordered Spain (through the regional government of Castilla-La Mancha) to recover the aid prior to 2 February 2015. On 29 October 2015, the Government of Castilla la Mancha began an aid recovery procedure amounting to EUR 719 thousand and this has been opposed, and on 4 July 2016 it was declared that this had lapsed *ex officio*. Regardless of the above, on 15 December 2016 the General Court of the European Union passed a sentence that declined the appeals presented against it. An appeal has been lodged against that judgment on 23 February 2017, and as a result no amount has been provided for because the Group considers that the future appeal before the European Court of Justice will succeed in the same way as the general process described above.

On 28 April 2018, the Court of Justice of the European Union issued a judgment rejecting the appeals filed by Cellnex Telecom, S.A. and Telecom Castilla La Mancha, S.A. Therefore, as at 30 June 2018, the appeal filed by the Kingdom of Spain remains pending. The appeals filed with the European Court of Justice do not hold in abeyance the enforceability of the orders to return the aid.

d) Contingent assets

In December 2014 the Group filed a liability claim for damages incurred due to the shutdown of 9 national DTT channels, as a result of the judgement passed by the Supreme Court rendering the Spanish Council of Ministers' Resolution that awarded the licenses for these channels null and void, since such licenses were considered to be granted without regard to the law and as a result of certain aspects related to the liberation of the digital dividend in the National DTT Technical Plan, approved by Royal Decree 805/2014. Later, on 17 November 2016, an appeal for judicial review by the Supreme Court was filed against the dismissal regarding the claim for damages on behalf of the Council of Ministers. The damage caused was initially quantified at EUR 143 million, and subsequently recalculated to EUR 77 million taking into consideration the length of time these channels were shut down and how the national DTT multiplexes were occupied in the end by the newly awarded parties.

On 21 March 2018, the Supreme Court issued a judgment rejecting the contentious-administrative appeal filed.

18. Revenue and expenses

a) Operating income

The detail of operating income by item during the 6-month period ended on 30 June is as follows:

	Thousands of Euros	
	2018	2017
Services (Gross)	423,639	362,873
Other operating income	15,114	16,467
Advances to customers	(1,647)	(1,210)
Operating income	437,106	378,130

“Other operating income” includes mainly income from re-charging costs related to activities for renting tower infrastructures for site rentals to third parties (pass-through).

“Advances to customers” includes the amortization of amounts paid for sites to be dismantled and their corresponding dismantling costs, which are treated as advances to customers in relation to the subsequent services agreement entered into with the customer (mobile telecommunications operators). These amounts are deferred over the life of the service contract with the operator as they are expected to generate future economic benefits in existing infrastructures.

b) Staff costs

The detail of staff costs by item during the 6-month period ended on 30 June is as follows:

	Thousands of Euros	
	2018	2017
Wages and salaries	(42,588)	(38,670)
Social Security contributions	(9,656)	(8,968)
Pension fund and other personnel-related liabilities and commitments	(56,153)	(1,604)
Other employee benefit costs	(2,655)	(2,323)
Staff costs	(111,052)	(51,565)

c) Other operating expenses

The detail of other operating expenses by item during the 6-month period ended on 30 June is as follows:

	Thousands of Euros	
	2018	2017 restated
Repairs and maintenance	(14,819)	(13,292)
Leases	(4,110)	(5,093)
Utilities	(34,710)	(35,664)
Other operating costs	(46,723)	(42,927)
Other operating expenses	(100,362)	(96,976)

i. Leases

The detail of lease expense by class during the 6-month period ended on 30 June is as follows:

	Thousands of Euros	
	2018	2017 restated
Leases of low-value assets	(835)	(1,847)
Variable lease payments	(3,275)	(3,246)
Lease expense	(4,110)	(5,093)

At 30 June 2018 and 2017, the Group did not recognize gains or losses arising from sale and leaseback transactions by a significant amount.

d) Non-recurring and non-cash expenses

The items "Staff costs" and "Other operating expenses" above, contains (i) certain expenses that are non-recurring, or (ii) certain expenses that do not represent a cash flow, as detailed below:

	Thousands of Euros	
	2018	2017 restated
Costs related to acquisitions ⁽¹⁾	(5,469)	(7,517)
Contract renegotiation ⁽²⁾	(735)	(3,825)
Prepaid expenses ⁽³⁾	-	-
Redundancy provision ⁽⁴⁾	(56,200)	(1,331)
Total	(62,404)	(12,673)

⁽¹⁾ Mainly includes expenses incurred during acquisition processes (non-recurring item).

⁽²⁾ This relates to the cancellation expenses concerning the renegotiation of certain contracts with services providers. This renegotiations took place in order to achieve significant savings in costs over the coming years (non-recurring item).

⁽³⁾ Prior to the adoption of IFRS 16 this item mainly included prepaid ground rental costs, prepaid energy and agency fees incurred to renegotiate rental contracts and which were taken to the consolidated income statement over the life of the corresponding ground lease contract (non-cash item).

⁽⁴⁾ Mainly includes the amount recorded as at 30 June 2018 in accordance with the reorganisation plan detailed in Note 17.b of the accompanying interim consolidated financial statements.

e) Depreciation and amortisation charge

The detail of "Depreciation and amortisation" in the consolidated income statement is as follows:

	Thousands of Euros	
	2018	2017 restated
Property, plant and equipment (Note 6)	(90,774)	(69,177)
Right-of-use assets (Note 14)	(66,042)	(59,579)
Intangible assets (Note 7)	(39,682)	(30,526)
Total Depreciation and amortisation	(196,498)	(159,282)

19. Segment reporting

The Group's business segment information included in this note is presented in accordance with the disclosure requirements set forth in IFRS 8, Operating Segments. This information is structured, firstly following a geographic distribution and secondly, by business segment.

Cellnex has recently expanded its business in Europe and its strategic objectives include the continuation of this growth initiative through the acquisition of assets and businesses, along with other growth opportunities both in the countries in which it is currently present and others. In this regard, as the Group continues to acquire sites in existing markets and is continuing to expand into new ones, the Group Management manages the results obtained by geographical location.

In addition, the business segments described below were established based on the organisational structure of the Cellnex Group prevailing as at 30 June 2018 and have been used by Group management to analyse the financial performance of the different operating segments.

The Group has organised its business into three different customer focused units, supported by an operations division and central corporate functions. Income from the provision of services relates mainly to:

- Telecom Infrastructure Services which consists of providing a wide range of integrated network infrastructure services which allows access to the Group's wireless infrastructure to mobile network operators and other wireless and broadband telecommunications network operators, which in turn, allows the operators to offer their own telecommunications services to its customers.
- Broadcasting Infrastructure activities, which consist of the distribution and transmission of television and FM radio signals, as well as the operation and maintenance of radio broadcasting networks, the provision of connectivity for media content, OTT radio broadcasting services (over-the-top multi-screen services) and other services. The broadcasting infrastructure activities were created in 2001 with the acquisition of Tradia Telecom, S.A.U. and the acquisition of Retevisión-I, S.A.U. in 2003.
- Other Network Services, including connectivity services for telecommunications operators (other than broadcasting operators), radio communication, operation and maintenance services, commercial services, Smart Cities/IoT ("Internet of Things") and other services.

Methodology and bases for Segment Reporting

The segmental reporting below is based on monthly reports drawn up by Group management and is generated by the same information system used to obtain all the accounting data at Group level.

Operating income of the corresponding segment corresponds to the ordinary revenues directly attributable to each segment and do not include interest income or dividends.

The majority of assets employed and underlying costs are derived from a shared network common to all operating business units. An allocation of such assets and costs to the business areas is not performed as part of the normal financial information reporting process used by the Group's Management for decision-making, and Management is of the opinion that additional segmental reporting would not provide meaningful information for decision making.

The Management Committees are the maximum decision making authority. These committees evaluate the Group's performance based on the operating profit of each company, which are not the same as the above business areas.

Segmental reporting is set out below:

Thousands of Euros							
2018							
	Spain	Italy	Netherlands	France	Switzerland	Other countries	Total
Operating income	229,189	126,207	22,256	27,550	27,164	4,740	437,106
Operating expenses	(156,422)	(39,070)	(4,765)	(5,810)	(3,334)	(1,213)	(210,614)
Depreciation and amortization	(67,287)	(62,875)	(17,286)	(24,347)	(21,470)	(3,233)	(196,498)
Net Interest	(53,298)	(12,266)	(439)	(4,571)	(5,209)	178	(75,605)
Profit of companies accounted for using the equity method	54	-	-	-	-	-	54
Income tax	13,891	(2,552)	1,756	544	(236)	13	13,416
Consolidated net profit	(33,873)	9,444	1,522	(6,634)	(3,085)	485	(32,141)
Attributable non-controlling interest	85	-	-	-	(1,425)	-	(1,340)
Net profit attributable to the Parent Company	(33,958)	9,444	1,522	(6,634)	(1,660)	485	(30,801)

Thousands of Euros						
2017 restated						
	Spain	Italy	Netherlands	France	Other countries	Total
Operating income	229,183	122,413	14,473	7,407	4,654	378,130
Operating expenses	(104,126)	(39,789)	(1,285)	(2,253)	(1,416)	(148,869)
Depreciation and amortization	(70,311)	(67,928)	(10,958)	(6,897)	(3,188)	(159,282)
Net Interest	(38,288)	(11,441)	(502)	(1,805)	(117)	(52,153)
Profit of companies accounted for using the equity method	46	-	-	-	-	46
Income tax	(1,786)	549	407	172	54	(604)
Consolidated net profit	14,718	3,804	2,135	(3,376)	(13)	17,268
Attributable non-controlling interest	255	239	-	-	-	494
Net profit attributable to the Parent Company	14,463	3,565	2,135	(3,376)	(13)	16,774

There have been no significant transactions between segments during 2018 or 2017.

The Group has one customer that exceed 10% of its revenue. The total income from this customer for the 6-month period ended on 30 June 2018 amounted to EUR 103,269 thousand. On 30 June 2017, the Group had two customers that exceeded 10% of its total revenue. The total income from these customers amounted to EUR 139,990 thousand.

The assets and liabilities of each segment at 30 June 2018 and 31 December 2017 are as follows:

	Thousands of Euros						
	30 June 2018						
	Spain	Italy	Netherlands	France	Switzerland	Other countries	Total
Goodwill and other intangible assets	56,009	705,257	551,752	-	438,466	138,589	1,890,073
Right-of-use assets	195,131	173,389	9,050	77,537	41,747	2,340	499,194
Tangible fixed assets	602,524	201,767	79,854	656,210	83,385	9,630	1,633,370
Other non-current assets	67,272	13,148	1,095	462	(375)	47	81,649
Total non-current assets	920,936	1,093,561	641,751	734,209	563,223	150,606	4,104,286
Total current assets	683,939	80,240	35,893	17,434	45,106	4,520	867,132
TOTAL ASSETS	1,604,875	1,173,801	677,644	751,643	608,329	155,126	4,971,418
Borrowings and bond issues	2,813,770	-	-	-	134,681	-	2,948,451
Lease liabilities	161,419	75,906	7,708	64,201	20,244	2,082	331,560
Other non-current liabilities	100,761	186,159	141,853	(1,087)	118,437	27,727	573,850
Total non-current liabilities	3,075,950	262,065	149,561	63,114	273,362	29,809	3,853,861
Borrowings and bond issues	76,380	-	-	-	-	-	76,380
Lease liabilities	48,835	46,900	1,001	16,135	10,373	410	123,654
Other current liabilities	33,359	71,575	11,608	171,277	34,665	(14,115)	308,369
Total current liabilities	158,574	118,475	12,609	187,412	45,038	(13,705)	508,403
TOTAL LIABILITIES	3,234,524	380,540	162,170	250,526	318,400	16,104	4,362,264

Thousands of Euros

	31 December 2017 restated						
	Spain	Italy	Netherlands	France	Switzerland	Other countries	Total
Goodwill and other intangible assets	55,261	720,488	562,411	-	441,727	140,629	1,920,516
Right-of-use assets	186,934	139,832	9,802	69,142	45,489	2,469	453,668
Tangible fixed assets	631,651	200,215	84,143	491,175	90,372	9,703	1,507,259
Other non-current assets	59,338	12,284	1,908	3	(160)	61	73,434
Total non-current assets	933,184	1,072,819	658,264	560,320	577,428	152,862	3,954,877
Total current assets	293,789	50,616	24,909	60,848	45,387	5,453	481,002
TOTAL ASSETS	1,226,973	1,123,435	683,173	621,168	622,815	158,315	4,435,879
Borrowings and bond issues	2,374,722	-	-	-	130,579	-	2,505,301
Lease liabilities	167,505	73,467	7,370	56,122	24,257	2,269	330,990
Other non-current liabilities	93,185	189,053	145,778	(1,046)	118,695	28,371	574,036
Total non-current liabilities	2,635,412	262,520	153,148	55,076	273,531	30,640	3,410,327
Borrowings and bond issues	47,550	-	-	21,735	331	(1)	69,615
Lease liabilities	34,935	21,796	1,906	14,238	10,722	409	84,006
Other current liabilities	149,645	51,602	6,533	22,374	34,910	(3,725)	261,339
Total current liabilities	232,130	73,398	8,439	58,347	45,963	(3,317)	414,960
TOTAL LIABILITIES	2,867,542	335,918	161,587	113,423	319,494	27,323	3,825,287

The information by business segment is set out below:

	Thousands of Euros			
	2018			
	Broadcasting infrastructure	Telecom Infrastructure Services	Other Network Services	Total
Services (Gross)	116,386	268,819	38,434	423,639
Other income	-	15,114	-	15,114
Advances to customers	-	(1,647)	-	(1,647)
Operating income	116,386	282,286	38,434	437,106

	Thousands of Euros			Total
	Broadcasting infrastructure	Telecom Infrastructure Services	Other Network Services	
	2017			
Services (Gross)	120,956	202,451	39,466	362,873
Other income	-	16,467	-	16,467
Advances to customers	-	(1,210)	-	(1,210)
Operating income	120,956	217,708	39,466	378,130

20. Related parties

a) *Directors and Senior Management*

The remuneration earned by the Parent Company's directors in the 6-month period ended on 30 June 2018 was as follows:

- i. The members of the Board of Directors received EUR 625 thousand for exercising the duties in their capacity as directors of Cellnex Telecom, S.A. (EUR 510 thousand in the same period in 2017).
- ii. For performing senior management duties, the Chief Executive Officer received EUR 613 thousand, corresponding to fixed and variable remuneration (EUR 560 thousand in the same period in 2017) and EUR 350 thousand for the achievement of the multi-annual objectives established in the "Long Term Incentive Plan" (2017-2019) (175 thousand euros in the same period in 2017). See Note 17.b.
- iii. In addition, the Chief Executive Officer of Cellnex Telecom, S.A. received, as other benefits, contributions made to cover pensions and other remuneration in kind in the amount of EUR 88 thousand and EUR 7 thousand, respectively (EUR 88 thousand and EUR 7 thousand in the same period in 2017).

Cellnex Telecom defines Senior Management as executives that perform management duties and report directly to the Chief Executive Officer. Fixed and variable remuneration for the 6-month period ended on 30 June 2018 for members of Senior Management amounted to EUR 1,407 thousand (EUR 1,238 thousand in the same period in 2017) and EUR 762 thousand for the achievement of the multi-annual objectives established in the "Long Term Incentive Plan" (2017-2019) 268 thousand euros in the same period in 2017). See Note 17.b.

In addition, members of Senior Management received, as other benefits, contributions made to cover pensions and other remuneration in kind to the amount of EUR 62 thousand and EUR 76 thousand, respectively. In the same period in 2017 they received EUR 102 thousand and EUR 102 thousand, respectively.

The Group had agreements with one member of the Senior Management linked to certain executives employed by the company.

Additionally, in accordance with the Group's Remuneration Policy for the 2017, 2018 and 2019 fiscal years, a multi-year incentive plan was approved linked to the achievement of the Group's three-year plan objectives for the same period.

The Parent Company has taken out an executives and directors civil liability policy for the members of the Board of Directors, the Chief Executive Officer and all the directors of the Cellnex Telecom group at a cost amounting to EUR 60.2 thousand at 30 June 2018 (61.2 in the same period in 2017).

b) Other disclosures on Directors

In accordance with the article 229 of the Spanish Limited Liability Companies Law, the directors have reported that neither they nor any persons related to them are involved in any situations that may lead to a direct or indirect conflict with the Company's interests.

c) Associates companies

As of June 30, 2018, and December 31, 2017 the Group does not hold balances for significant amounts with associates companies.

For its part, during the six-month period ended that date, no significant transactions have been undertaken with associates companies.

d) Other related parties

Other related parties, in addition to the Abertis Group companies and associates, include shareholders (and their subsidiaries) of Cellnex Telecom, S.A. that exercise significant influence over it, those with a right to appoint a director and those with a stake above 3% (see Note 12.a).

During 2017, there was a change of control in CaixaBank whereby Criteria Caixa (a significant shareholder of Cellnex) no longer exercises control over CaixaBank. In this regard, as of 30 June 2018, CaixaBank no longer has the status of a related company of Cellnex. However, in accordance with the disclosures required by the IFRSs, the transactions carried out with CaixaBank during the 6-month period ended on 30 June 2017 are detailed below.

In addition to the dividends paid to shareholders, the breakdown of the balances held and transactions performed with significant shareholders is as follows:

i. Financing and retirement obligations

The main transactions carried out by the Group with related parties at 30 June 2017 relate to payments to VidaCaixa, S.A Seguros y Reaseguros and SegurCaixa Adeslas, S.A. de Seguros Generales y Reaseguros in the amount of EUR 806 thousand and EUR 42 thousand, respectively for termination benefits and contributions to pension plans and life insurance policies.

ii. Services rendered and received

The Group has an agreement with Hispasat, S.A., whereby the latter provides shared capacity services for certain satellite transponders over the entire life of the transponders, which is expected to last until 31 December 2022.

In addition to the aforementioned, during the six-month period ended June 30, 2018 and 2017 no significant transactions with related parties have been undertaken.

The Group carries out all its transactions with related parties on an arm's length basis. Also, given that transfer prices are adequately documented, the Group's Directors consider that there are no significant risks that could give rise to material liabilities in the future.

iii. Other

As of June 30, 2018, the Group does not hold balances for significant amounts with related parties.

21. Other disclosures

a) Average number of employees

The average number of employees at Cellnex and its subsidiaries during the period, broken down by gender, is as follows:

	June 2018		June 2017	
Male	1,102	78%	1,060	79%
Female	312	22%	275	21%
	1,414	100%	1,335	100%

b) Seasonality

The Group's revenues from services do not exhibit a significant cyclical or seasonal pattern.

22. Post balance sheet events

Tax audit and litigation

On July 3, 2018, the Company received notice of initiation of tax audit for the concepts Corporate Income Tax (consolidated group), corresponding to the 2015 and 2016 fiscal years, and Value Added Tax, corresponding to the periods between April and December 2015 (individual) and 2016 (VAT group). Besides, the Corporate Income Tax and Value Added Tax for fiscal year 2014 and the Value Added Tax for the first quarter of fiscal year 2015 will also be audited by the Tax Authorities due to the fact that Abertis Group (former shareholder of the Company) received notice of initiation of tax audit for the concepts Corporate Income Tax (consolidated group) and Value Added Tax (VAT group) for fiscal years 2014, 2015 and 2016.

The Company considers that no significant impacts derived from the tax audit will be revealed, nor will possible interpretative differences in the tax legislation.

Changes in shareholders structure

On July 12, 2018, Abertis has sold to Connect S.p.A. ("Connect") 69,273,289 ordinary shares in Cellnex, which represent 29.9% of the total share capital of the latter, at a price of 21.50 euros per share. Connect is a subsidiary fully controlled by Sintonia S.p.A., a subholding company wholly owned by Edizione S.r.l. ("Edizione").

Thus, Edizione is positioned as a reference shareholder in Cellnex Telecom, S.A., holding a 29.9% stake in its share capital.

Acquisition of Xarxa Oberta de Comunicació i Tecnologia de Catalunya, S.A ("XOC")

In July 2018, Cellnex has reached an agreement for the acquisition of 100% of the share capital of Xarxa Oberta de Comunicació i Tecnologia de Catalunya, S.A ("XOC") from Imagina, a subsidiary of the Mediapro Group. The enterprise value of the transaction has amounted to approximately EUR 34 million.

The XOC is a concessionary company dedicated to the management, maintenance and construction of the fiber optic network of the Generalitat de Catalunya, and the expiration date of the concession is 2031. The completion of the transaction is expected to take place during the second half of 2018.

23. Explanation added for translation to English

These condensed consolidated interim financial statements are presented on the basis of the regulatory financial reporting framework applicable to the Group (see Note 2.a). Certain accounting practices applied by the Group that conform to that regulatory framework may not conform with other generally accepted accounting principles and rules.

Barcelona, 26 July, 2018

Cellnex Telecom, S.A. and Subsidiaries

Consolidated interim directors' report for the 6-month period ended on 30 June 2018

INFORMATION REQUIRED UNDER ARTICLE 262 OF THE SPANISH COMPANIES ACT

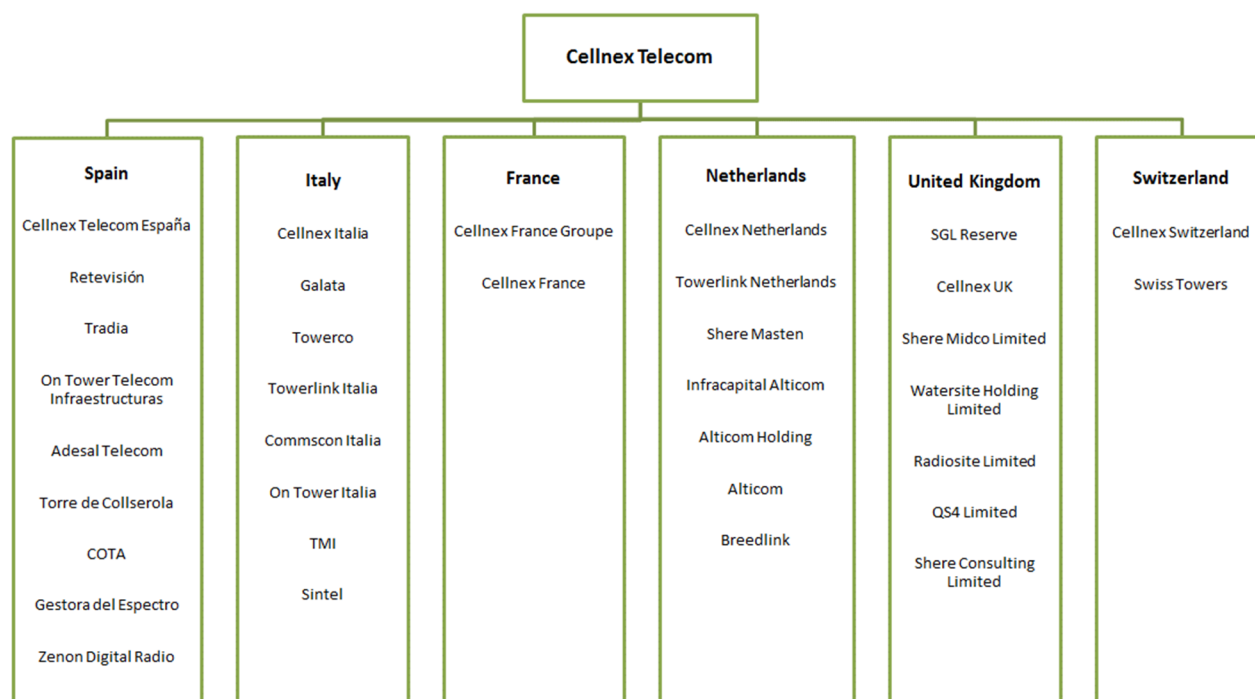
1.1 Situation of the Group

Cellnex Telecom, S.A. (a company listed on the Barcelona, Bilbao, Madrid and Valencia Stock Exchanges) is the Parent of a Group in which in some cases it is the sole shareholder and in others it is the majority shareholder of the companies heading the various lines of business and geographical markets in which the Group operates.

The Cellnex Group provides services related to infrastructure management for terrestrial telecommunications through the following business segments:

- Telecom Infrastructure Services
- Broadcasting Infrastructure
- Other Network Services

The organisational structure of the Cellnex Group at 30 June 2018 is summarised as follows:



The detail of the Group's subsidiaries and associates at 30 June 2018 and of the percentages of ownership is shown in Appendixes I and II, respectively, to the consolidated financial statements for the year ended 31 December 2017. In addition, Note 2.h of these consolidated interim financial statements includes the changes in the scope of consolidation during the first half of 2018.

Today, Cellnex has successfully become the leading neutral⁽¹⁾ European telecommunications infrastructure operator with a large number of infrastructures located in Italy, Spain, France, the Netherlands, the UK and Switzerland. This business model is based on innovative, efficient, sustainable, independent and quality management to create value for its shareholders, customers, employees and all stakeholders. In addition, the Group is the main Broadcasting Infrastructure provider in Spain with a majority share in the national and regional markets.

The Group's business presents significant barriers to entry into its main markets, mainly due to its difficult-to-replicate total asset base of 22,035 sites and 1,416 nodes, which make a total of 23,451 infrastructures.

Cellnex is listed on the Spanish stock markets and is part of the Ibex 35, as well as other international indexes such as the FTSE4Good and Standard Ethics.

Strategy based on solid milestones

European consolidation

The ongoing internationalisation process means Cellnex is now present in 6 countries in Europe which has enabled it to diversify its geographical risk and permits it to adapt its operations to make better use of the opportunities. In this regard, at 30 June 2018, 47% of operating income and 50% of Adjusted EBITDA were generated outside the Spanish market.

During the first half of 2018, Cellnex continues to make progress in the consolidation of the Group's corporate structure that has made it possible to move towards a global, integrated, customer-oriented and people-led company.

The new organisational vision of the Group aims to meet the needs of international growth and the expansion of the company into other new countries. To achieve this objective, the configuration of the new organisational structure was based on three fundamental principles:

1. An integrated Group based on the model of a company that shares values and principles of action, rather than a conglomerate of subsidiaries.
2. A global company with an equally global vision and maintaining a strong customer orientation.
3. An organisation in which people, and the processes on which they rely, practice leadership and apply best practices.

In line with these principles, the new organisational model introduces a (corporate) matrix structure and a more operational structure oriented to each business unit (country), so that the activities of the countries and businesses are aligned with the corporate business guidelines.

⁽¹⁾ Neutral: without mobile network operator as a shareholder having (i) more than 50% of the voting rights or (ii) the right to appoint or dismiss the majority of the members of the board.

Governance model

The structure of the governing bodies and the decision-making process constitute other strengths of the Group. This structure is described in detail in the Annual Corporate Governance Report (ACGR) for 2017, which forms part of this Directors' Report for 2017.

The governance model is based on the Board of Directors and the various committees, and the top priorities are achieving transparency and implementing the best international good corporate governance practices.

During the first half of 2018, Cellnex continued working to implement and consolidate the best corporate governance practices, covered essentially in the Code of Good Corporate Governance for Listed Companies approved by the Spanish National Securities Market Commission (CNMV) on 18 February 2015. Consequently, this alignment governs the rules that regulate the workings of the company's governing bodies, the highest instance of which is the Board.

On 31 May, 2018, the AGSM approved the enlargement of the Board of Directors from 10 to 12 members, and the appointment of María Luisa Guijarro and Anne Bouverot as new independent directors. In this regard, Cellnex's Board will now have seven independent directors, representing nearly 60% of the Board, which is above the threshold set in the recommendations of Good Corporate Governance for Listed Companies.

Furthermore, with the appointment of these two new directors, Cellnex continues to make progress in gender diversity in its highest corporate governance body. The appointment of Marieta del Rivero as an independent director had been ratified at the previous year's AGSM. Now, with three female directors, women represent 25% of the Board.

Strategic Plan: promoting growth and efficiency

Cellnex identifies four key strategic challenges on which the company aimed to focus, in an attempt to respond to the aim of sustained growth (diversification and internationalisation) and sustainable growth (capability to manage and integrate this growth) to ensure the competitiveness and attractiveness of the project in both the medium and the long term. These challenges consist of:

- Transforming the Group from a national single-product company into an international and multi-product one, through the challenge of adaptation.
- Maintaining the momentum towards the internationalisation. Consolidate positions in Spain, Italy and France and explore and exploit opportunities in markets such as the Portugal, Germany and others.
- Combining growth and consolidation. Conclude new agreements with large and small MNOs which translates into sustained growth of the customer ratio and number of POPs located in our sites.
- Meeting expectations: maintaining investor confidence.

During the first half of 2018, Cellnex has worked to achieve the above-mentioned challenges, in line with the actions and initiatives promoted during the previous year.

Efficiency Plan 2016 -2019

Cellnex initiated in 2016 a new efficiency plan for the three years ending in 2019 that focuses on the business segment "Telecom Infrastructure Services" in relation to ground leases. It is estimated that this efficiency plan will have generated approximately EUR 14 million of annual savings by the end of 2019.

1.2 Significant events in 2018

The main highlights in the 6-month period ended on 30 June 2018 are as follows:

Telecom Infrastructure Services

Main investments

At 30 June 2018, in accordance with the agreements reached with Bouygues during 2016 and 2017, Cellnex France has committed to acquire up to 5,100 sites that will be gradually transferred to Cellnex up until 2022. Of the proceeding 5,100 sites, a total of 2,153 sites have been transferred to Cellnex as at 30 June 2018.

During the 6-month period ended, 554 sites has been transferred for an amount of EUR 150 million.

Small Cells and DAS

Cellnex designs, installs and manages infrastructures based on Small Cells and DAS (Distributed Antenna System) that allow all mobile operators to offer mobile broadband connectivity in areas with high footfall and equally high demands for coverage, such as football stadiums, shopping centres, underground lines and city centres.

Forecasts in Europe indicate that the five most populous countries in the European Union, which include Spain, are to roll out between 200,000 to 500,000 small cells up to 2020. In Spain, this figure will range from 30,000 to 75,000 small cells.

In Spain, since July 2017, the new Atlético de Madrid stadium became the first multi-operator and multiband stadium in Spain, where Cellnex rolled out a DAS (Distributed Antenna System), a network of shareable small-cells. The roll-out of this infrastructure in the football stadium improves user experience and avoids the outages in capacity and communication that usually occur in areas of high connectivity demand due to the large number of simultaneous users, and allows to respond to future demand for increased data traffic.

The solution model developed for the Club Atlético de Madrid is replicable to all facilities or areas with a high demand for connectivity, such as hospitals, shopping centres, office buildings or high footfall urban areas.

In Italy, Cellnex already offers this type of service in Milan's San Siro and Turin's Juventus football stadiums; the Milan, Genoa and Brescia underground; Milan Malpensa airport; high-speed tunnels; and Milan's historical centre.

5G technology in Europe

During the first half of 2018, Cellnex has presented the first Multi-operator connectivity solutions prepared for 5G in the 5G FORUM, the key event for boosting technology and services around the fifth generation of mobile telephony, held in Spain.

The current mobile communications ecosystem will undergo an unparalleled revolution with the arrival of 5G, providing better quality, faster connectivity able to manage unprecedented volumes of data. This will require greater densification of the networks, with greater capillarity, and minimum latency. The current level of consumption per user will increase four to five-fold by 2020, with multimedia content the main driver of this increase in traffic.

5G is key to developing the Internet of Things (IoT), the autonomous vehicle, industry 4.0, e-health and smart cities. In this sense, the networks rolled out by Cellnex Telecom guarantee that all mobile operators can offer their broadband connectivity services in optimal coverage conditions. In addition, it is also scalable and is therefore to respond to increased future demand for data traffic. DAS and small cells already facilitate high-quality mobile broadband connectivity and respond to environments where saturation previously affected the service due to the high demand.

In this regard, Cellnex is leading the way in 5G development in Europe and is working on the development of several European projects that are paving the way for the roll-out of 5G networks and services:

- **5G-City:** a project funded by the European Commission within the Horizon 2020 programme that aims to evaluate 5G technologies through very specific pilot projects in European cities such as Barcelona, Bristol and Lucca. The idea is to validate different usage cases provided by a neutral operator.
- **Veo5G:** a project coordinated by Cellnex and funded by CDTI, which aims to provide the basis for a neutral operator or infrastructure provider to be able to supply their 5G infrastructure to third parties.
- **5GON:** a project funded by the Generalitat de Catalunya to develop a 5G multi-operator solution for validating services in the Neutral Operator field.
- **RESISTO:** a European H2020 project aiming to protect critical telecommunications infrastructures in terms of prevention, detection, mitigation and response.
- **V2XArch:** a project funded by the Ministry of Energy, Tourism and Digital Agenda for designing a complete autonomous connected vehicle platform, including a validation trial in the field.
- **FLEXNET:** a European Celtic-Plus project coordinated by Cellnex and funded by CDTI, oriented towards surveillance and emergencies.
- **LEAN:** a European Celtic-Plus project funded by the Ministry of Energy, Tourism and Digital Agenda that aims to use 5G technologies to provide access to Broadband Internet in rural areas in emerging countries.

Cellnex in cooperation with Sigfox in Switzerland

During the first half of 2018, Cellnex, through its subsidiary Cellnex Switzerland, and Heliot, Sigfox's operator in Switzerland, have signed an agreement to roll out the first global IoT (Internet of Things) network operated in Switzerland.

The roll-out of this IoT network will be performed over more than 350 Cellnex sites in Switzerland, with an initial expected coverage of 50% of the inhabitants, aiming to reach 90% in 2019.

HELIO's IoT network hosted by Cellnex is using Sigfox technology and as such stands out for its efficiency through ultra-low energy costs, enabling the viability of certain usage cases that were not feasible until now because of high implementation, operation or maintenance costs. It also stands out for its level of security and reliability in the face of potential inhibition or interference attempts.

The Swiss IoT network will be the second one rolled out by Cellnex on a Sigfox technology. Since 2015, the company has the first IoT-oriented network, which provides service throughout the Spanish territory, with a national coverage of 93% of the population through more than 1,500 sites. More than 1 million devices are already connected and use the IoT network of Cellnex in Spain on a daily basis, providing water telemetry, security, waste management or tracking services, among others. This type of IoT network, based on the technology of the French operator Sigfox, has already been implemented successfully in 45 countries over the world.

Telecom Infrastructure Services ("TIS") site portfolio

The Group now has a unique portfolio of assets, which have enabled new business opportunities to be developed through the sharing of the infrastructure necessary in the roll out of 4th generation mobile telephones, involving the decommissioning of duplicated infrastructure.

The TIS site portfolio at 30 June 2018 is summarised below:

Framework Agreement	Project	Nº of Sites acquired	Beginning of the contract	Contract term in years (2)
Telefónica	Babel	1,000	2012	10+10+5
Telefónica and Yoigo (Xfera Móviles)	Volta I	1,211	2013	10+10+5 (Telefónica) Until 2030+8 (Yoigo)
Telefónica	Volta II	530	2014	10+10+5
Business combination	TowerCo purchase	321	2014	Until 2038
Telefónica and Yoigo (Xfera Móviles)	Volta III	113	2014	10+10+5 (Telefonica) Until 2030+8 (Yoigo)
Telefónica	Volta Extended I	1,090	2014	10+10+5
Neosky	Neosky	10	2014	10+10+5
Telefónica	Volta Extended II	300	2015	10+10+5
Business combination	Galata purchase	7,377	2015	15+15 (Wind)
Business combination	Protelindo purchase	261	2012	+15 (KPN)
			2016	+12 (T-Mobile)
Bouygues	Asset purchase (3)	371	2016	20+5+5
		129	2017	20+5+5
		1,098	2017	15+5+5+5
		554	2018	15+5+5+5
Business combination	Shere Group purchase	1,042	2011	+15 (KPN)
			2015	+10 (T-Mobile)
			2015	+15 (Tele2)
Business combination	On Tower Italia purchase	11	2014	9+9 (Wind)
			2015	9+9 (Vodafone)
K2W	Asset purchase	32	2017	Various
Business combination	Swiss Towers purchase	2,239	2017	20+10+10 (Sunrise Telecommunications)
Business combination	Infracapital Alticom subgroup purchase	30	2017	Various
Others Spain	Asset purchase	45	2017	15+10
		78	2018	15+10
Masmovil Spain	Asset purchase	551	2017	18+3
		85	2018	6+7
Linkem	Asset purchase	211	2018	10+10
Business combination	TMI purchase	3	2018	Various
Business combination	Sintel purchase	15	2018	Various
Shared with broadcasting business		1,823		
“Build to Suit” and others (1)		121		

(1) “Build to Suit”: towers that are built to meet the needs of the customer. It does not include the “BTS” programs committed with Bouygues and Sunrise at the closing of the M&A projects.

(2) Some of these contracts have clauses which prohibit partial cancellation and can therefore only be cancelled for the entire portfolio of sites (typically termed “all or nothing” clauses). In case of renewal, the price may be similar to the previous one, or different.

⁽³⁾ In accordance with the agreements reached with Bouygues during 2016 and 2017, at 30 June 2018 Cellnex has committed to acquire up to 5.100 sites that will be gradually transferred to Cellnex up until 2022 (see Note 6 of these interim consolidated financial statements). Of the preceding 5.100 sites, a total of 2,152 sites have been transferred to Cellnex as at 30 June 2018 (as detailed in previous table).

Broadcasting Infrastructure

The broadcasting infrastructure business is the Group's second area of activity by turnover, and the largest in Spain. The company is the only operator offering nationwide coverage of the DTT service.

The value-creation model, in the broadcasting infrastructure business, is based on sharing the transmission network between broadcasters who do not have their own networks, such as mobile telephony operators.

Its services consist of distribution and transmission of television and radio signals, and the operation and maintenance of broadcasting networks, provision of connectivity for media content, over-the-top (OTT) broadcasting and other services. Through the provision of broadcasting services, Cellnex has developed unique know-how that has helped to develop the other services in its portfolio.

In addition, Cellnex has established the strategic objective of positioning itself as a leader in 4K Ultra High-Definition Video technology. This technology provides an image with a resolution that is significantly better than High Definition (1280 x 720), up to sixteen times higher.

At the end of the first quarter of 2017, the UHF Decision of the European Parliament and the Council of the European Union regulating the use of the Spectrum band 470 - 790 MHz for the next decade was published, being mandatory for all the Member States of the European Union. It is a balanced decision as it ensures that terrestrial TV will maintain the priority use of the Sub700 MHz band (470 - 694MHz) at least until 2030 and, at the same time, allocates the 700 MHz band (694 - 790 MHz) to the services mobile. The UHF Decision provides a realistic timetable for both the Broadcast industry, offering long-term security in the use of spectrum and for the investments to be made, and for the mobile industry that will have the 700MHz band within a reasonable time horizon (2020 with possibility to delay it 2 years with justified reasons). The Decision also suggests that Member States should compensate for the costs arising from the forced migration of services related to spectrum reallocation.

On 29 June, 2018, the "Roadmap for the authorization process of the 700 MHz frequency band for the provision of wireless broadband electronic communications services" was published. This was mainly possible as a result of the growing consensus in the sector, which was reflected in the results of the public consultation held a few months before. Regarding the 700MHz band (694 - 790MHz), the Roadmap foresees finalizing the MHz release process before 30 June, 2020, in accordance with the schedule established in the EU regulations. For the bandwidth below 700 MHz (470-694 MHz), the Roadmap will include availability guarantees, at least until 2030.

The Road Map also proposes the approval of a series of standards in the next six months that will drive the migration process of the current TDT emissions in the 700Hz bandwidth. These include the approval of a new National Technical Plan for Digital Terrestrial Television that will maintain the current supply of the service and the current number of national and regional multiples, as well as the compensation scheme compatible with the EU regime for the necessary adaptations both in buildings and broadcasters' transmission equipment.

In this sense, during 2018, the Group continues with its work of collaboration with the Administration in relation to the Roadmap, as well as in the research and implementation of technical improvements, both in the provision of Digital Terrestrial Television services (DTT), as in the on-line distribution of audiovisual content. Among such technological advances, the interactivity of the Hybrid DTT, or the quality improvement provided by the Ultra High Definition (UHD - Ultra High Definition) stand out. In addition to the 4K broadcasts on DTT, the Group will announce during the next months the latest developments in Hiberbate DTT (HbbTV).

In relation to the above, the Group is the technological provider of the HbbTV of LOVEStv, the new audiovisual platform of DTT developed by the public radio broadcaster RTVE and the two large Spanish private radio broadcasting groups, Atresmedia and Mediaset Spain. This platform will allow the viewer to see the contents of the last week from the television, as well as viewing programs from the beginning even if they have already started.

Cellnex Telecom has worked together with broadcasters and developers in the implementation of the necessary solutions for these new audiovisual services, since Cellnex meets the conditions that make it the right partner, given its technological capacity and extensive knowhow in OTT platform services and HbbTV. Additionally, Cellnex operates as a neutral agent and is an international reference in forums that work in the development of the audiovisual sector HbbTV Association, DVB, EBU, BNE.

Finally, it should be noted that on 20 December 2017, the EU Court of Justice annulled the European Commission Decision adopted in June 2013, which ordered the recovery of state aid granted by Spain to the operators of DTT in areas extending coverage up to 98% of the Spanish population. The immediate consequence for Cellnex Telecom, as contractor for some of the tenders for extension of coverage, is that the company no longer has to refund any amounts to the Administrations, and where the refund had already been made, the Administration must return the amounts to Cellnex.

Other Network Services

The connectivity of objects is set to grow very significantly in the near future. The Internet of Things (IoT) network is based on a model that connects physical objects and keeps them integrated in a network. The Group's commitment to developing this technology today and in the near future is an evidence. In this regard, Cellnex's position as the majority global operator of IoT has become consolidated with more than one million objects connected in Spain's largest network dedicated to the Internet of Things.

This activity will continue to grow in the security market through our main customer in the home, people and vehicles sector. In addition to this, most development is occurring in the water metering and smart city services markets.

1.3 Business performance and results

The 6-month period ended on 30 June 2018 highlights the strong alignment between the objectives set and the results achieved, given that the Group considers as a key element the integration of this growth into its management processes, ensuring that it can guarantee and deliver quality service to customers.

Alternative Performance Measures

An Alternative Performance Measure (APM) is a financial measure of historical or future financial performance, financial position, or cash flows, other than a financial measure defined or specified in the applicable financial reporting framework.

Cellnex believes that there are certain APMs, which are used by the Group's Management in making financial, operational and planning decisions, which provide useful financial information that should be considered in addition to the financial statements prepared in accordance with the accounting regulations that applies (IFRS-EU), in assessing its performance. These APM are consistent with the main indicators used by the community of analysts and investors in the capital markets.

In this sense, and in accordance with the provisions of the Guide issued by the European Securities and Markets Authority (ESMA), in force since July 3rd, 2016, on the transparency of Alternative Performance Measures, Cellnex below provides information concerning those APMs it considers significant: **Adjusted EBITDA**; **Gross and Net Financial Debt**; **Maintenance, Expansion and M&A CAPEX**; and **Recurring leveraged free cash flow**.

The definition and determination of the aforementioned APMs are disclosed in the accompanying consolidated financial statements, and therefore, they are validated by the Group auditor (Deloitte).

(i) **Adjusted EBITDA**

Relates to the “Operating profit” before “Depreciation and amortisation charge” and after adding back (i) certain non-recurring items (such as cost related to acquisitions and contract renegotiation) or (ii) certain non-cash items (such as advances to customers and prepaid expenses).

The Company uses Adjusted EBITDA as an operating performance indicator as it is considered a measure that best represents the cash generation of its business units and which is widely used as an evaluation metric among analysts, investors, rating agencies and other stakeholders. At the same time, it is important to highlight that Adjusted EBITDA is not a measure adopted in accounting standards and, therefore, should not be considered an alternative to cash flow as an indicator of liquidity. Adjusted EBITDA does not have a standardized meaning and, therefore, cannot be compared to the Adjusted EBITDA of other companies.

The criteria used to calculate the Adjusted EBITDA is different from the previous year due to the adoption of new accounting standards as detailed in Note 4 of these consolidated interim financial statements.

The Company presents comparative financial information from previous year as detailed in Note 2.e of these consolidated interim financial statements.

As at 30 June 2018 and 2017, respectively, the amounts are as follows:

	Thousands of Euros	
	30 June 2018	30 June 2017 restated
Broadcasting infrastructure	116,386	120,956
Telecom Infrastructure Services	282,986	217,708
Other Network Services	37,734	39,466
Operating income	437,106	378,130
Staff costs	(111,052)	(51,565)
Repairs and maintenance	(14,619)	(13,292)
Leases	(4,110)	(5,093)
Utilities	(34,710)	(35,664)
General and other services	(46,123)	(43,255)
Depreciation and amortisation charge	(196,498)	(159,282)
Operating profit	29,994	69,979
Depreciation and amortisation	196,498	159,282
Non-recurring expenses	62,404	12,673
Advances to customers	1,647	1,210
Adjusted operating profit before depreciation and amortisation charge (Adjusted EBITDA)	290,543	243,144

Non-recurring expenses and advances to customers are set out below (see in Note 18 d. of the accompanying interim consolidated financial statements):

	Thousands of Euros	
	30 June 2018	30 June 2017 restated
Costs related to acquisitions ⁽¹⁾	5,469	7,517
Contract renegotiation ⁽²⁾	735	3,825
Prepaid expenses ⁽³⁾	-	-
Advances to customers ⁽⁴⁾	1,647	1,210
Redundancy provision ⁽⁵⁾	56,200	1,331
Total non-recurring expenses and advances to customers	64,051	13,883

⁽¹⁾ Mainly includes expenses incurred during acquisition processes (non-recurring item).

⁽²⁾ This relates to the cancellation expenses concerning the renegotiation of certain contracts with services providers. This renegotiations took place in order to achieve significant savings in costs over the coming years (non-recurring item).

⁽³⁾ Prior to the adoption of IFRS 16 this item mainly included prepaid ground rental costs, prepaid energy and agency fees incurred to renegotiate rental contracts and which were taken to the consolidated income statement over the life of the corresponding ground lease contract (non-cash item).

⁽⁴⁾ Includes the amortization of amounts paid for sites to be dismantled and their corresponding dismantling costs. These costs are treated as advances to customers in relation to the subsequent services agreement entered into with the customer (mobile telecommunications operators). These amounts are deferred over the life of the service contract with the operator as they are expected to generate future economic benefits in existing infrastructures (non-cash item).

⁽⁵⁾ Mainly includes the amount recorded as at 30 June 2018 in accordance with the reorganisation plan detailed in Note 17.b of the accompanying interim consolidated financial statements.

(ii) **Gross financial debt**

The Gross Financial Debt corresponds to “Bond issues and other loans”, “Loans and credit facilities” and “Lease liabilities”, which does not include any debt held by Group companies registered using the equity method of consolidation, “Derivative financial instruments” and “Other financial liabilities”.

The criteria used to calculate the Gross financial debt is different from the previous year due to the adoption of new standards as detailed in Note 4 of these consolidated interim financial statements.

The Company presents comparative financial information from previous year as detailed in Note 2.e of these consolidated interim financial statements.

According to the above, its value as at 30 June 2018 and 31 December 2017, respectively, is as follows:

	Thousands of Euros	
	30 June 2018	31 December 2017 restated
Bond issues and other loans (Note 13)	2,476,658	1,898,619
Loans and credit facilities (Note 13)	540,074	633,189
Lease liabilities (Note 14)	455,214	414,995
Gross financial debt	3,471,946	2,946,803

(iii) Net financial debt

Relates to “Gross financial debt” minus “Cash and cash equivalents”

Together with Gross Financial Debt, the Company uses Net Financial Debt as a measure of its solvency and liquidity as it indicates the current cash and equivalents in relation to its total debt liabilities. From the net financial debt, common used metrics are calculated such as the “Annualised Net Debt / Annualised Adjusted EBITDA” which is frequently used by analysts, investors and rating agencies as an indication of financial leverage.

The criteria used to calculate Net financial debt is different from the previous year due to the adoption of new standards as detailed in Note 4 of these consolidated interim financial statements.

The Company presents comparative financial information from previous year as detailed in Note 2.e of these consolidated interim financial statements.

The “Net financial debt” at 30 June 2018 and 31 December 2017 restated is detailed in Section 1.4. of the accompanying consolidated interim directors’ report for the 6-month period ended on 30 June 2018.

(iv) Capital expenditures

Maintenance capital expenditures

Corresponds to 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.

Expansion capital expenditures

Includes site adaptation for new tenants, ground leases (cash advances and land acquisitions), built-to-suit (Bouygues and Sunrise programmes), and other efficiency measures associated with energy and connectivity, that generates additional adjusted EBITDA.

M&A capital expenditures

Corresponds to investments in shareholdings of companies as well as significant investments in acquiring portfolios of sites (asset purchases).

The criteria used to calculate the Capital expenditures is the same as the previous year.

Total capital expenditure for the period ended 30 June 2018 and 2017, including property, plant and equipment, intangible assets, advance payments on ground leases and business combinations are summarised as follows:

	Thousands of Euros	
	30 June 2018	30 June 2017
Maintenance capital expenditures	13,097	10,089
Expansion capital expenditures	81,063	22,926
M&A capital expenditures	152,394	127,051
Total investment	246,554	160,066

(v) Recurring leveraged free cash flow

The Company considers that the recurring leveraged free cash flow is one of the most important indicators of its ability to generate stable and growing cash flows which allows it to guarantee the creation of value, sustained over time, for its shareholders.

The criteria used to calculate the recurring leveraged free cash flow is different from the previous year due to the adoption of new standards as detailed in Note 4 of these consolidated interim financial statements.

The Company presents comparative financial information from previous year as detailed in Note 2.e of these consolidated interim financial statements.

At 30 June 2018 and 2017 the Recurring Leveraged Free Cash Flow ("RLFCF") was calculated as follows:

	Thousands of Euros	
	30 June 2018	30 June 2017 restated
Adjusted EBTIDA ⁽¹⁾	290,543	243,144
Payments of lease instalments in the ordinary course of business and interest payments ⁽²⁾	(84,679)	(71,975)
Maintenance capital expenditures ⁽³⁾	(13,097)	(10,089)
Changes in current assets/current liabilities ⁽⁴⁾	12,760	(2,907)
Net payment of interest ⁽⁵⁾	(37,839)	(13,886)
Income tax payment ⁽⁶⁾	(9,403)	(5,421)
Net dividends to non-controlling interests ⁽⁷⁾	(285)	-
Recurring leveraged free cash flow (RLFCF)	158,000	138,866
Expansion Capex ⁽⁸⁾	(43,397)	(22,926)
Expansion Capex (Build to Suit programs) ⁽⁹⁾	(37,666)	-
M&A Capex (cash only) ⁽¹⁰⁾	(150,874)	(127,051)
Non-Recurrent Items (cash only) ⁽¹¹⁾	(27,878)	(6,714)
Net Cash Flow from Financing Activities ⁽¹²⁾	501,382	432,410
Other Net Cash Out Flows ⁽¹³⁾	(22,359)	(13,670)
Net Increase of Cash⁽¹⁴⁾	377,208	400,915

- (1) Adjusted EBITDA: Profit from operations before D&A and after adding back (i) certain non-recurring items (such as cost related to acquisitions (€5Mn), contract renegotiation (€1Mn) and Redundancy Provisions (€56Mn)) or (ii) certain non-cash items (such as advances to customers (€2Mn), which include the amortisation of amounts paid for sites to be dismantled and their corresponding dismantling costs).
- (2) Corresponds to interest payments on lease liabilities (€26Mn) and payments of lease instalments in the ordinary course of business (€58Mn). See Note 14 of the accompanying Consolidated Interim Financial Statements.
- (3) Maintenance capital expenditures: investment 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.
- (4) Changes in current assets/current liabilities (see the relevant section in the Consolidated Statement of Cash Flows Statement for the period ended 30 June 2018), following the same methodology used in 2017.
- (5) Net payment of interest corresponds to the net of "Interest paid" and "interest received" in the accompanying Consolidated Cash Flows Statement for the period ended 30 June 2018), following the same methodology used in 2017. The amount corresponds to interest payments (€38Mn), which do not include "Interest payments on lease liabilities" (€26Mn) (see Note 14 of the accompanying consolidated financial statements).
- (6) Income tax payment (see the relevant section in the accompanying Consolidated Cash Flows Statement for the period ended 30 June 2018), following the same methodology used in 2017.
- (7) Corresponds to the net of "Dividends to non-controlling interests" and "Dividends received" in the accompanying Consolidated Cash Flows Statement for the period ended 30 June 2018, following the same methodology used in 2017.
- (8) Expansion capital expenditures: Ground leases (€21Mn) of which €13Mn corresponds to "cash advances to landlords" (See Note 14 of the accompanying Consolidated Interim Financial Statements) and €8Mn to land acquisitions; and efficiency measures associated with energy and connectivity (€6Mn). It also includes early site adaptation to increase the capacity of sites, following the same methodology used in 2017. Thus, it corresponds to investments related to business expansion that generates additional adjusted EBITDA.
- (9) Build to Suit committed with Bouygues Telecom and Sunrise, at the moment of the closing of the M&A project; following the same methodology used in 2017.
- (10) M&A capital expenditures (cash only): Investments in shareholdings of companies as well as significant investments in acquiring portfolios of sites (asset purchases), after integrating into the consolidated balance sheet mainly the "Cash and cash equivalents" of the acquired companies and the contribution of minority shareholders.
The amount resulting from: (3)+(8)+(9)+(10) corresponds to "Total Investment" (see caption "Capital Expenditures" in the accompanying Consolidated Interim Financial Statements for the period ended 30 June 2018) and; also mainly corresponds to "Total net cash flow from investing activities" (see the relevant section in the accompanying Consolidated Cash Flows Statement for the period ended 30 June 2018), following the same methodology used in 2017.
- (11) Consists of "non-recurring expenses and advances paid to customers" that have involved cash movements, which correspond to "Costs related to acquisitions", "Contract renegotiations" and "Redundancy payments".
- (12) Mainly corresponds to "Total net cash flow from financing activities" (see the relevant section in the Consolidated Cash Flow Statement for the period ended 30 June 2018), following the same methodology used in 2017.
- (13) Mainly corresponds to "Foreign exchange differences" (see the relevant section in the Consolidated Cash Flow Statement for the period ended 30 June 2018), payment related to the Long Term Incentive Plan (2015-2017) (see Note 17.b of the accompanying Interim Consolidated Financial Statements) and other items, following the same methodology used in 2017.
- (14) "Net (decrease)/increase in cash and cash equivalents from continuing operations" (see the relevant section in the Consolidated Cash Flow Statement for the period ended 30 June 2018), following the same methodology used in 2017.

Revenues and Results

Income from operations for the 6-month period ended on 30 June 2018 reached EUR 437 million, which represents an 16% increase over the same period in 2017. This increase was mainly due to the expansion of the above-mentioned telecom infrastructure services for mobile network operators.

Telecom Infrastructure Services' income increased by 30% to EUR 283 million due to the acquisitions performed during the second half of 2017. This business segment is characterised by solid growth driven by increasing demand for wireless data communication services, and by the growing interest of mobile network operators (MNO) in developing high quality networks that fulfil their consumers' needs in terms of uninterrupted coverage and availability of wireless bandwidth (based on new Long-Term Evolution "LTE" technologies), in the most efficient way. In recent years the Group consolidated its infrastructure network and long-term strategic relationships with its main customers, the mobile network operators. In addition to its current portfolio Group's Management has identified several potential acquisitions which are currently being analysed following its demanding capital deployment criteria. The Group owns a high-quality asset portfolio which is made up of selective assets in Spain, Italy, the Netherlands, France, the United Kingdom and Switzerland and performs the

subsequent streamlining and optimisation of the tower infrastructure for Telecom Infrastructure Services. Its main added value proposals in this line of business consist of providing services to additional mobile network operators in its towers and therefore streamlining the customer's network. By increasing the ratio of customers to infrastructures, the Group will generate additional income with very little additional costs. This network streamlining may generate significant efficiencies for the Group and for the MNOs.

With regard to the Broadcasting Infrastructure business, income amounted to EUR 116 million which represents a 4% decrease compared with the same period in 2017.

Broadcasting Infrastructure activities are characterised by predictable, recurring and stable cash flows. Although this is a mature business in Spain, broadcasting activities have shown considerable resilience to adverse economic conditions, such as those experienced in Spain in recent years, this is due to the fact that the Group's income does not depend directly on macroeconomic factors, but rather on the demand for radio and television broadcasting services by broadcasting companies.

Other Network Services decreased its income by 4%, to EUR 38 million. This constitutes a specialised business that generates stable cash flows with attractive potential for growth. Taking into account the critical nature of the services in which the Group collaborates, its customers require in-depth technical know-how that is reflected in the demanding service level agreements. The Group considers that it has a privileged market presence and geographical distribution, established relationships with government agencies and excellent infrastructure for emergencies and public services. The Group's aim is to maintain long-term relationships with its customers maximise the renewal rate of its contracts and expand its business through new contracts.

All of the above has helped boost operating income and operating profit, with the latter also being impacted by the measures to improve efficiency and optimise operating costs.

In line with the increase in revenue, Adjusted EBITDA was 20% higher than the same period in 2017, as a result of the business combinations and assets acquired during the second half of 2017, which reflects the Group's capacity to generate cash flows on a continuous basis.

Operating profit decreased by 57% compared with the same period in 2017 mainly due to the reorganisation plan agreed during the first quarter of 2018 in order to adjust the workforce in its Spanish subsidiaries Tradia and Retevisión, which manage the terrestrial television infrastructure network.

Taking into account these considerations, the consolidated loss attributable to shareholders on 30 June 2018 stood at EUR 31 million.

Consolidated cash flow generation

The reconciliation of the caption “Net payment of interest” from the consolidated cash flow statement corresponding to the period ended on 30 June 2018 and 2017, with the “net interest expense” in the financial statements is as follows.

Net Payment of Interest

	Thousands of Euros	
	30 June 2018	30 June 2017
Interest Income	805	1,073
Interest Expense	(76,410)	(53,226)
Bond & loan interest accrued not paid	26,296	21,570
Put Options – non-cash	2,734	2,225
Amortised costs – non-cash	9,483	1,765
Interest accrued in prior year paid in current year	(27,300)	(7,809)
Net payment of interest as per the Consolidated Statement of Cashflows	(64,392)	(34,402)

1.4 Liquidity and Capital Resources

Net financial debt

The “Net financial debt” at 30 June 2018 and 31 December 2017 is as follows:

	Thousands of Euros	
	30 June 2018	31 December 2017 restated
Gross financial debt ⁽¹⁾	3,471,946	2,946,803
Cash and cash equivalents (Note 11)	(672,381)	(295,173)
Net financial debt	2,799,565	2,651,630

⁽¹⁾ As defined in Section 1.3. of the accompanying consolidated interim directors’ report for the 6-month period ended on 30 June 2018.

At 30 June 2018, the net bank financial debt amounted to EUR 2,800 million (EUR 2,652 million in 2017), including a consolidated cash and cash equivalents position of EUR 672 million (EUR 295 million in 2017). The ratio of net financial debt to Adjusted annualised EBITDA amounts to 4.8x⁽³⁾ (5.3x in 2017 restated).

⁽³⁾ The ratio is calculated as 12-month forward-looking Adjusted EBITDA (see outlook 2018), divided by net debt 2018.

Net financial debt evolution

Net Debt Evolution (including accrued interest)	Thousands of Euros	
	30 June 2018	30 June 2017 restated
Beginning of Period	2,651,630	1,844,573
Recurring leveraged free cash flow	(158,000)	(138,866)
Expansion Capex	43,397	22,926
Expansion Capex (Build to Suit programs)	37,666	-
M&A Capex (cash only)	150,874	127,051
Non-Recurrent Items (cash only)	27,878	6,714
Other Net Cash Out Flows	22,359	13,670
Payment of Dividends ⁽¹⁾	-	9,806
Treasury Stock ⁽²⁾	5,035	(1,115)
Equity associated with the issuance of convertible bond	(62,480)	-
Net repayment of other borrowings ⁽³⁾	34,984	1,014
Change in Lease Liabilities ⁽⁴⁾	40,219	14,271
Accrued Interest Not Paid and Others (non-cash)	6,003	10,848
End of Period	2,799,565	1,910,892

- (1) "Dividends paid" (see the relevant section in the Consolidated Cash Flow Statement for the period ended 30 June 2018), following the same methodology used in 2017.
- (2) "Purchase of treasury shares" (see the relevant section in the Consolidated Cash Flow Statement for the period ended 30 June 2018), following the same methodology used in 2017.
- (3) "Net repayment of other borrowings" (see the relevant section in the Consolidated Cash Flow Statement for the period ended 30 June 2018), following the same methodology used in 2017.
- (4) Changes in "Lease liabilities" long and short term of the accompanying Consolidated Balance Sheet as of 30 June 2018.

Liquidity availability

The breakdown of the available liquidity at 30 June 2018 and 31 December 2017 is as follows:

	Thousands of Euros	
	30 June 2018	31 December 2017
Available in credit facilities (Note 13)	1,080,693	1,060,070
Cash and cash equivalents (Note 11)	672,381	295,173
Available liquidity	1,753,074	1,355,243

As at 30 June 2018, Cellnex weighted average cost of debt (considering both the drawn and undrawn borrowings) was 1.9% (2.0% as at 31 December 2017)

Regarding the Corporate Rating, at 30 June 2018, Cellnex holds a long term “BBB-“ (investment grade) with negative outlook according to the international credit rating agency Fitch Ratings Ltd. and a long-term “BB+” with stable outlook according to the international credit rating agency Standard & Poor’s Financial Services LLC.

1.5 Main risks and uncertainties

The Cellnex Telecom Group has implemented a risk management model that has been approved and is monitored by the Audit and Control Committee, and is applicable to all business and corporate units in countries where the Group operates. The risk management model is aimed at effectively ensuring that the Group’s objectives are achieved.

The main risks to the fulfilment of the Group’s objectives are as follows:

Risk related to the industry and the business where the Group operates

- i) *Risk related to the environment in which the Group operates and risks stemming from the specific nature of its business*

The Group’s business includes the provision of services through its three different segments: (i) Telecom Infrastructure Services, (ii) Broadcasting Infrastructure and (iii) Other Network Services. Any factor adversely affecting the demand for such services could potentially have a material adverse impact on its business, prospects, results of operations, financial condition and cash flows.

Through the Telecom Infrastructure Services segment, the main business activity, the Group facilitates access to the spectrum (mainly owned by its customers), by means of providing access to telecom and broadcast wireless infrastructures, through its connectivity services as well as the related passive and active infrastructure to external MNOs and broadcasters, typically under mid- and long-term contracts. Therefore, the Telecom Infrastructure Services segment is highly dependent on the demand for such infrastructures and a decrease in such demand may adversely affect the Group’s business.

In the Broadcasting Infrastructure activity, the demand for the Group’s communications depends on the coverage needs from its customers, which, in turn, depend on the demand for TV and radio broadcast by their customers.

Likewise, for the Other Network Services segment, the demand for connectivity, PPDR networks, O&M, Smart City and IoT services depends on the demand from public administrations as well as entities operating in the private and public sectors.

The willingness of the Group’s customers to utilize its communications infrastructures, contract its services, or renew or extend existing contracts on its communications infrastructures on the same terms, can be affected by numerous factors, including, among others:

- increased use of network sharing, roaming or resale arrangements by MNOs;
- mergers or consolidations among the Group’s customers such as MNOs;
- the ability and willingness of MNOs to maintain or increase capital expenditures on network infrastructure;
- the financial condition of the Group’s customers, including the availability or cost of capital;
- governmental licensing of spectrum or restrictions on or revocations of spectrum licenses;
- changes in electromagnetic emissions’ regulations;
- changes in demand for TV and radio services and consumption habits (channels, etc.) by end consumers, including the level of multimedia content consumption;

- significant increases in the attrition rate of customers or decreases in overall demand for broadcast space and services, caused by, among others, the adoption of new digital patterns by customers and the obsolescence of the products and services rendered by the Group's companies;
- a decrease in consumer demand for wireless telecom and broadcasting services due to economic, political and market/regulatory conditions, disruptions of financial and credit markets or other factors, including inflation, zoning, environmental, health or other existing government regulations or changes in the application and enforcement thereof, as well as taxes/customs duties levied on the Group's services;
- the evolution of the advertising business' revenue in the media sector, and especially, TV, internet and radio;
- changes in connectivity to the internet;
- an increase in demand for private networks;
- the evolution of public internet;
- changes in the data traffic demand worldwide as well as changes in data transmission prices and speed;
- the availability or capacity of the Group's infrastructure or associated land interests where the infrastructure is located;
- the location of the Group's wireless infrastructure;
- changes in, or the success or failure of, the Group customers' business models;
- delays or changes in the deployment of next generation wireless technologies or the failure by the Group to anticipate the development of new wireless technologies;
- technological advances and development of alternative technologies that the Groups does not currently use, such as the development of satellite-delivered and optical fibre-delivered radio and video services and internet TV;
- the existence of alternative providers of the Group' services or, alternatively, the self-provision of services by the Group's customers;
- the willingness of the Group's current or future customers to make contractual arrangements with it under the current terms and conditions; and
- the Group's customers' desire to renegotiate its agreements with them or to adversely amend current contractual arrangements (especially those relating to broadcasting services as some of them should be renewed on or before 2021 , and other network services).

As a result of these factors the Group's customers may scale back their need or demand for its services which could materially and adversely affect the degree of utilization of the capacity of the Group's communications infrastructures and its network and connectivity development services, which could have a material adverse effect on the Group's business, prospects, results of operations, financial condition and cash flows.

To reduce its exposure to risks as a result of the environment in which it operates, the Group pursues a selective international expansion plan, diversification and growth policy, fostering understanding with Government Agencies to develop infrastructures. In addition, it has continued to implement an efficiency plan in order to streamline operating investments and expenditures.

ii) Risk of increasing competition

The Group may experience at any time increased competition in certain areas of activity from established and new competitors. The industry is competitive and customers have access to alternatives in telecom infrastructure services and other network services, whereas for broadcasting TV the alternatives are more limited. Where the Group acts as a provider of services, competitive pricing from competitors could affect the rates and services income. In addition, competition in infrastructure services could also increase the cost of acquisition of assets and limit the Group's ability to grow its business. Moreover, the Group may not be able to renew existing services agreements or enter into new services agreements. The higher prices for assets, combined with the competitive pricing pressure on services agreements, could make it more difficult to achieve return on investment criteria.

Increasing competition for the acquisition of infrastructure assets or companies in the context of the Group's business expansion, which could make the acquisition of high quality assets significantly more costly. Some competitors are larger than the Group and may have greater financial resources, while other competitors may apply investment criteria with lower return on investment requirements. In addition, if the Group could not compete effectively with its competitors or anticipate or respond to its customer's needs or customer's sentiment, the Group could lose existing and potential customers, which could reduce its operating margins and have a material adverse effect on the Group business, prospects, results of operations, financial conditions and cash flows.

iii) Risk of infrastructure sharing

While the Group believes the neutral carrier model presents certain advantages and there is a growing trend of externalization of the provision of wireless communications infrastructure, extensive sharing of site infrastructure, roaming or resale arrangements among wireless service providers as an alternative to using the Group's services may cause entering new service agreements to slow down if carriers utilize shared equipment (either active or passive) rather than deploy new equipment, or may result in the decommissioning of equipment on certain existing sites because parts of the customers' networks may become redundant.

Any potential merger, integration or consolidation of the Group's customers would likely result in duplicate or overlapping networks, which may result in the termination or non-renewal of customer contracts (for example where they are co-customers on an infrastructure) and in the loss of commercial opportunities resulting in a lower number of potential customers for the Group. These two scenarios could materially and adversely affect revenues from the Group's wireless infrastructure and its commercial prospects.

In addition, customers' consolidation may result in a reduction in their total future capital expenditures because their expansion plans may be similar. Both MNOs' and broadcasters' consolidation could decrease the demand for the Group wireless infrastructure, which in turn could have a materially adverse effect on the Group's business, prospects, results of operations, financial condition and cash flows.

Finally, the service agreements with anchor customers may include framework agreements by which the parties agree to further acquisitions or construction of infrastructures over a defined period of time. Such framework agreements may or may not be implemented due to a potential integration or consolidation of the Group's customers. Moreover, customers could decide not to pursue such agreements due to a change in their business strategy. If these circumstances occurred, there is no guarantee that the Group may have enough contractual protection in order to be compensated for such changes, which in turn could have a material adverse effect for the Group.

- iv) *The expansion or development of Group business, including through acquisitions or other growth opportunities, involve a number of risks and uncertainties that could adversely affect operating results or disrupt operations*

It is an integral part of the Group strategy to continue driving growth through the acquisition of assets, entities or minority interests, joint ventures, mergers and other arrangements in the countries where the Group currently operates or elsewhere, which could require, among other matters, to obtain additional indebtedness, the issuance of shares to finance such acquisitions or other growth opportunities. Group's growth strategy is linked, among other factors, to the capacity to successfully decommission and build new infrastructures. In the ordinary course of the business, the Group reviews analyses and evaluates various potential transactions, assets, interests, activities or potential arrangements that the Group believes may add value to the business or the services it provides. Failure to timely identify growth opportunities may adversely affect the expansion or development of the Group business.

In certain occasions sellers of infrastructure assets may be reluctant to enter into joint venture, mergers, disposal or other arrangements with the Group due to, among other reasons, the accounting impact of the transaction in their financial statements. Therefore the Group is not only exposed to the accounting impact of a transaction on itself but also to that of its prospective clients.

Moreover, the Group's ability to grow its portfolio of assets in a particular market or jurisdiction could be limited by anti-trust or similar legislation. Even if compliant with anti-trust legislation the Group may not be able to consummate such transactions, undertake such activities or implement new services successfully due to disruptions in its activities, increased risk of operations, or due to the loss of its neutral position as a result of an MNO having obtained either (i) more than 50% of the voting rights or (ii) the right to appoint or dismiss the majority of the members of the board. Any of previously-mentioned events could negatively impact the Group's business and its prospects.

The Group is subject to a series of risks and uncertainties, including failing to obtain the expected returns and financial objectives, increased costs, assumed liabilities, the diversion of managerial attention due to acquisitions and potential structural changes such as mergers or consolidations of its competitors.

Any international expansion initiative is subject to additional risks such as the laws, regulations and complex business practices. Furthermore, there are additional risks associated with doing business internationally, including changes in a specific country's or region's political or economic conditions, inflation or currency devaluation, expropriation or governmental regulation restricting foreign ownership or requiring reversion or divestiture, increases in the cost of labour (as a result of unionisation or otherwise), power and other goods and services required for the Group's operations and changes in consumer price indexes in foreign countries.

Achieving the benefits of new acquisitions depends in part on timely and efficiently integrating operations, communications, infrastructure portfolios and personnel. Integration may be difficult and unpredictable for many reasons, including, among other things, differing systems and processes, cultural differences, customary business practices and conflicting policies, procedures and operations. In addition, integrating businesses may significantly burden management and internal resources, including the potential loss or unavailability of key personnel.

The potential acquisition of minority interests in other companies that manage telecom infrastructure or similar companies or the entry by the Group into joint ventures or other arrangements where it does not have control over the investment vehicle, could result in not achieving the expected rate of return on the relevant investment. Such event may occur if the interests of other shareholders are not the same as the Group's, because the underlying business does not perform as expected or because of an impairment in the value of such investment among other reasons.

As a result, the Group's foreign operations and expansion initiatives may not succeed as expected and may materially and adversely affect its business, prospects, results of operations, financial condition and cash flows.

v) *Operational risks*

The sector where the Group develops its activities is characterized by rapid technological changes and it is essential to be able to offer the products and services demanded by the market and to select the appropriate investments.

The development and implementation of new technologies designed to enhance the efficiency of wireless networks or new technologies developing alternative network solutions (either broadcasting infrastructure or alternative technologies to the network services provided), or changes in the Group customers' business models, could reduce the need for infrastructure-based wireless services, reduce the need for broadcasting or network services, decrease demand for the Group's infrastructure space or reduce rates or other fees obtained in the past. In this regard, the Group faces the risk that its customers may not adopt the technologies the Group invests in. For example, as communication technologies continue to develop, competitors may be able to offer wireless telecom infrastructure products and services that are, or that are perceived to be, substantially similar to or better than those offered by the Group, or offer technologies that provide similar functionality with competitive prices and with comparable or superior quality.

The Group cannot be certain that existing, proposed or as yet undeveloped technologies (including, for example, "Small Cells", DAS, 5G or wide spectrum radio) will not become dominant in the future and render the technologies and infrastructure the Group currently uses obsolete. Should the Group's competitors develop and commercialize new technologies designed to improve and enhance the range and effectiveness of wireless telecom networks, it could significantly decrease demand for existing infrastructure. The Group's business and growth prospects could be jeopardized if it was not able to promptly identify and adapt to shifting technological solutions and/or if it failed to acquire or develop the necessary capabilities and expertise to meet the clients' changing needs. The development and implementation of new services with a significant technological component is also subject to inherent risks that the Group may not be able to overcome.

In addition, customers of the Group's services may reduce the budgets they may have allocated to the Group's telecom infrastructure, broadcasting infrastructure or other services, as the industry constantly invests in the development and implementation of new technologies or because of changes in their business model. Examples of these technologies include spectrally efficient technologies, which could reduce the Group customers' network capacity needs and as a result could reduce the demand for infrastructure-based wireless services.

Moreover, certain Small Cell-based complementary network technologies, in which the Group is actively working, could shift a portion of its customers' investments away from the traditional infrastructure-based networks, which may reduce the need for MNOs to add more equipment at communication infrastructures. Moreover, the emergence of alternative technologies could reduce the need for infrastructure-based broadcast or network services. For example, the growth in the delivery of wireless communications, radio and video services by direct broadcast satellites could materially and adversely affect demand for the Group's infrastructure services. Further, a customer may decide to no longer outsource infrastructures or otherwise change its business model, which would result in a decrease in the Group's revenue.

In the Broadcasting Infrastructure activity, DTT is the method most widely used to transmit TV signals in Europe but an eventual unexpected increase in Spain of the use of alternative distribution platforms (such as satellite, cable or IPTV) or the growth and deployment of Wi-Fi network could reduce the Group's current business volume. In the Other Network Services activity the Group uses, among other technologies, TETRA

services technology or radio links to deliver its services, and the use of alternative technologies could reduce its revenues and limit potential future growth. The development and implementation of any of these and similar technologies, as well as of new products and technologies, may render some of the products and services offered by the Group obsolete which could have a material adverse effect on its business, prospects, results of operations, financial condition and cash flows.

vi) Risks related to maintaining the rights over land where the Group's infrastructures are located.

The Group's real property interests relating to its infrastructures consist primarily of ownership interests, fee interests, easements, licenses and rights-of-way. A loss of these interests at a particular infrastructure may interfere with the Group's ability to operate infrastructures and generate revenues. In the context of acquisitions, the Group may not always have the ability to access, analyse and verify all information regarding titles and other issues prior to completing an acquisition of infrastructures and the absence of title or other issues can affect the Group's rights to access and operate an infrastructure.

The Group owns the majority of the telecommunications infrastructures it operates; however, the vast majority of the land where the infrastructures are located is operated and managed via lease contracts, sub-lease contracts or other types of contracts with third parties. Thus, for various reasons, the property owners could decide not to renew, or to adversely amend the terms of, the ground lease contracts with the Group. In particular, the increasing presence of ground lease aggregators may negatively affect the Group ability to renew those contracts under commercially acceptable terms. For instance, the Group could lose its rights over the land, the land could be transferred to third parties or reversion of assets may be mandatory at the end of the relevant concession period. The Group also has long-term rights to use third party infrastructures and the non-compliance with its obligations would lead to the loss of the right to use these infrastructures. Lastly, in the future the Group must revert back to the corresponding government authorities certain assets under the terms of certain concession agreements.

The Group's inability to protect its rights to use the land where the infrastructures are located may have a material adverse effect on its business, prospects, results of operations, financial condition and cash flows.

Likewise, and in line with the Group's industry peers that operate telecom or broadcasting infrastructure, the Group may not always have all the necessary licenses and permits of its infrastructure assets. The lack of necessary licenses, property titles and permits could give rise to monetary fines and, as an interim measure, the authorities could order that the affected equipment or infrastructures be sealed-off or even decommissioned until the required authorization or license is obtained. Criminal liability could also arise in certain circumstances.

To minimise these risks, the Group has specific control policies, procedures, plans and systems for each area which are periodically reviewed and updated by specific external auditors for each area (financial reporting, quality, occupational risks, etc.). The Group also continually monitors and analyses its insurable risks and has implemented an insurance programme to ensure a level of coverage and risk in keeping with the policies that have been introduced.

vii) Risks inherent in the businesses acquired and the Group's international expansion.

Despite actively pursuing the internationalization of the Group's business as a mean of risk exposure diversification, the Group still concentrates its activities mainly in two markets: Spain and Italy, whose economies are showing signs of improvement after a period of economic and financial uncertainty. The Group cannot assure, however, that this improvement will be sustained or that other countries where it operates will not experience further difficulties in the future.

The Group's customers in Spain and Italy represent a significant portion of its revenues, especially exposing it to risks specific to these countries. Adverse economic conditions may have a negative impact on demand for the services provided and on the customers' ability to meet their payment obligations. In periods of recession, such as the one experienced by Spain and Italy in recent years, the demand for the Group's services also tends to decline, adversely affecting its results of operations. The challenging economic conditions in Spain and Italy in recent years have affected the financial condition of the Group's clients, and have impacted demand for wireless communication and wireless infrastructure as well as the revenues generated by advertising in the media, and have adversely affected all of the Group's lines of activity.

Likewise, as the Group is now present in new countries, it is directly exposed to each of such countries political and economic situations, and may be adversely affected by their potential instability. The Group is unable to predict how the economic and political cycle in such locations will develop in the short-term or the coming years or whether there will be a deterioration in political stability.

In addition, the financial situation and political instability, geopolitical tensions in the Middle East, trade tensions between USA and China, growth of anti-EU political parties as well as emerging political forces in member states of the EU with alternative economic policies and priorities, concerns about independence movements within the EU and Spain, and military and terrorist actions in Europe and elsewhere in the world could affect the economic situation in the EU and elsewhere, and could have a material adverse effect on the Group's business, prospects, results of operations, financial condition and cash flows.

Because of the Group growing presence in the UK, it faces the risk of political and economy uncertainty derived from UK's decision to leave the EU. The timing of, and process for, the negotiations and the resulting terms of the UK future economic, trading and legal relationships are uncertain.

Due to the Group growing presence in other European countries, it is also increasing its exposure to other global economic and political events. Changes in the international financial markets' conditions pose a challenge to the Group ability to adapt to them as they may have an impact on its business. Growing public debt, reduced growth rates and any measures of monetary policy that may be implemented in the future in the credit markets all could affect the Group's business. A change in any of these factors could affect the Group's ability to access the capital markets and the terms and conditions under which it can access such markets, which could have a material adverse effect on the Group business, prospects, results of operations, financial condition and cash flows.

In addition to the abovementioned risks related to carrying out the Group activities internationally, it may be exposed to the following risks:

- changes to existing or new tax laws or international tax treaties, methodologies impacting the Group's international operations, or fees directed specifically at the ownership and operation of communications infrastructures or its international acquisitions, which may be applied or enforced retroactively; also in the interpretation of the changes in the benefits derived from royalties (i.e. Patent Box) or local taxes
- tax authorities could interpret the laws in a different way than Cellnex (for example the interpretation of scope of RETT⁽¹³⁾ – Real Estate Transfer Tax);

- laws or regulations that tax or otherwise restrict repatriation of earnings or other funds or otherwise limit distributions of capital;
- changes in a specific country's or region's political or economic conditions, including changes in the government, political goals, inflation, deflation or currency devaluation;
- changes in governmental priorities, including subsidies offered by one or more jurisdictions; expropriation or governmental regulation restricting foreign ownership or requiring reversion or divestiture;
- material infrastructure security issues;
- increases in the cost of labor (as a result of unionization or otherwise), power and other goods and services required for the Group's operations;
- price setting or other similar laws for the sharing of active and passive infrastructure;
- uncertain rulings or results from legal or judicial systems, including inconsistencies among and within laws, regulations and decrees, and judicial application thereof, which may occasionally be enforced retroactively, and delays in the judicial process;
- changes in consumer price indexes in foreign countries; and
- force majeure events affecting any or several countries in which the Group carry out its activities.

viii) Risk associated with significant agreements signed by the Group that could be modified due to change of control clauses

Material contracts entered into by Group companies could be modified or terminated if a change of control clause is triggered. A change of control clause may be triggered if a third party, either alone or in conjunction with others, obtains "control" (which is generally defined as having (i) more than 50% of shares with voting rights or (ii) the right to appoint or dismiss the majority of the members of the board of directors) of the relevant Group company. A change of control clause may be capable of being triggered at Parent Company level or at the level of the relevant subsidiary that has entered into the contract. In certain contracts, the definition of control, and therefore of a change of control, makes specific reference to the applicable law of the relevant country.

Both the Group bonds and bank financing contracts include certain change of control clauses which could trigger an early repayment under the respective debt contract. With regards to the material contracts entered into by Group companies with anchor customers, the triggering of a change of control provision is generally limited to the situation where the acquiring company is a competitor of the anchor customer. In such circumstances, the anchor customer may be granted an option to buy back assets (generally the infrastructures where they are being serviced). In addition, such buy back option may also be granted in the event that a competitor of the anchor customer acquires a significant portion of the shares or obtains voting or governance rights which can be exercised in a way that can negatively affect the anchor customer's interests. Finally, buy back options may also be exercised in case of a manifest breach by a Group company of its contractual obligations under the services agreements with its customers.

⁽¹³⁾ – RETT (Real Estate Transfer Tax) is a tax levied on the transfer of legal or beneficiary title to real estate assets. This tax is calculated on the gain between the fair value of the real estate asset transferred and the transaction price.

If a change of control clause included in any of the Group's material contracts is triggered, it may materially and adversely affect the Group's business, prospects, results of operations, financial condition and cash flows.

ix) Risk related to the non-control of certain subsidiaries

Although Cellnex has full control and a 100% stake in the vast majority of its subsidiaries, Cellnex has made and may continue to make equity investments, which may include minority investments, in certain strategic assets managed by or together with third parties, including governmental entities and private entities.

Investments in assets over which Cellnex has no partial, joint or total control are subject to the risk that the other holders of interest in the assets (making use their minority rights), who may have different business or investment strategies than Cellnex or with whom it may have a disagreement or dispute, may have the ability to independently make or block business, financial or management decisions, such as the decision to distribute dividends or appoint members of management, which may be crucial to the success of the project or Cellnex's investment in the project, or otherwise implement initiatives which may be contrary to its interests, creating impasses on decisions and affecting its ability to implement the foreseen strategy. Additionally, the approval of other shareholders or partners may be required to sell, pledge, transfer, assign or otherwise convey Cellnex's interest in such assets. Alternatively, other shareholders may have rights of first refusal or rights of first offer in the event of a proposed sale or transfer of Cellnex's interests in such assets. These restrictions may limit the price or interest level for Cellnex's interests in such assets, in the event it wants to dispose such interests.

Cellnex's partners may become insolvent or file for bankruptcy at any time, or fail to fund their share of any capital contribution that might be required. Finally, Cellnex's partners in existing or future projects may be unable, or unwilling, to fulfil their obligations under the relevant shareholder agreements or may experience financial or other difficulties that may adversely affect Cellnex's investment in a particular joint venture. This may result in litigation or arbitration procedures generating costs and diverting Cellnex's management team from their other managerial tasks. In certain of Cellnex's joint ventures, it may also be reliant on the particular expertise of its partners and, as a result, any failure to perform Cellnex's obligations in a diligent manner could also adversely affect the joint venture. If any of the foregoing were to occur, Cellnex's business, prospects, results of operations, financial condition and cash flows could be materially and adversely affected.

x) Risks related to execution of Cellnex's acquisition strategy

Cellnex' strategy includes the aim to strengthen and expand its operations, among others, through acquisitions. This strategy of growth through acquisitions may expose Cellnex to operational challenges and risks, such as the need to identify potential acquisition opportunities on favourable terms. It also may expose Cellnex to other risks such as the diversion of management's attention from existing business or the potential impairment of acquired intangible assets, including goodwill, as well as the incurrence of liabilities or other claims from acquired businesses.

Prior to entering into the agreements for acquisitions, Cellnex generally performs due diligence in respect of a proposed investment, but such inspection is limited by nature. The assets acquired by Cellnex may be subject to hidden material defects that were not apparent or discovered or otherwise considered by it at the time of acquisition. To the extent Cellnex or other third parties underestimated or failed to identify risks and liabilities associated with an acquisition, it may incur, directly or indirectly, in unexpected liabilities, such as defects in title, an inability to obtain permits enabling Cellnex to use the underlying infrastructure as intended, environmental, structural or operational defects or liabilities requiring remediation. Failure to

identify any defects, liabilities or risks could result in Cellnex having acquired assets which are not consistent with its investment strategy which are difficult to integrate with the rest of the portfolio or which fail to perform in accordance with expectations, and/or adversely affect Cellnex's reputation, which, in turn, could have a material adverse effect on its business, prospects, results of operations, financial condition and cash flows.

Generally, if Cellnex cannot identify, implement or integrate attractive acquisition opportunities on favourable terms or at all, it could adversely impact its ability to execute the foreseen growth strategy.

xi) Regulatory and other similar risks

Risks related to changes in tax and legal regulations and socio-political changes are also significant given that the Group carries out an activity subject to government regulations, as well as the regulatory framework applicable in the European Union ("EU") which some of them could be applied or enforced retroactively, on the manner in which the Group carries out its business. The main rules applicable to the Group and its customers include the availability and granting of licences for use of the spectrum, the rates for its use, and the commercial framework for the sale of terrestrial radio broadcasting assets and the obligations imposed on the Group by the Spanish competition authorities in relation to its broadcasting infrastructure activities.

Moreover, environmental and health regulation imposes additional costs and may affect the Group's results of operations. In the countries in which the Group operates, it is subject to environmental laws and regulations, as well as to the EU laws and regulations, concerning issues such as damage caused by air emissions, noise emissions and electro-magnetic radiation. These laws can impose liability for non-compliance, are increasingly stringent and may in the future create substantial environmental compliance liabilities and costs.

Public perception of possible health risks associated with cellular and other wireless communications technologies could affect the growth of wireless companies, which could in turn slow down the Group's growth. In particular, negative public perception of these health risks could undermine the market acceptance of wireless communications services, increase opposition to the development and expansion of telecom infrastructures and lead to price increases of the infrastructure services where the infrastructures are located. The potential connection between radio frequency emissions and certain negative health or environmental effects has been the subject of substantial study by the scientific community in recent years and numerous health-related lawsuits have been filed against wireless carriers and wireless device manufacturers. If a scientific study or court decision in the jurisdictions in which the Group operates or elsewhere resulted in a finding that radio frequency emissions pose health risks to consumers, it could negatively impact the Group's customers and the market for wireless services, which could materially and adversely affect the Group's business, prospects, financial condition, results of operations and cash flows. The Group insurance coverage may not be sufficient to cover all or a substantial portion of any liability it may have.

The Group's services are affected by the current electromagnetic emission rules applicable in terms of limiting the emissions coming from equipment of the Group's customers hosted by the Group. Despite the fact that the radio emitting equipment is held by us, the Group's customers are liable for the emissions of their own equipment. In the event such rules were amended against the Group's interest, they could limit its growth capacity and may adversely affect its business, prospects, results of operations, financial condition and cash flows.

The Group mitigates the risks to which it is exposed from possible regulatory changes through coordination in the relevant areas to ensure that prevailing local legislation is adhered to and that it is able to anticipate regulatory changes.

xii) Litigation

The Group is subject to the risk of legal claims and proceedings and regulatory enforcement actions in the ordinary course of business and otherwise. The results of legal and regulatory proceedings cannot be predicted with certainty. The Group cannot guarantee that the results of current or future legal or regulatory proceedings or actions will not materially harm the Group's business, prospects, financial condition, results of operations or cash flows, nor can it guarantee that it will not incur losses in connection with current or future legal or regulatory proceedings or actions that exceed any provisions that it may have set aside in respect of such proceedings or actions or that exceed any available insurance coverage, which may have a material adverse effect on the Group's business, prospects, results of operations, financial condition and cash flows.

xiii) Risk related to the shareholding of the Issuer

As at date of approval for issue of these interim consolidated financial statements, Cellnex's largest shareholder is Abertis Infraestructuras, S.A. ("Abertis") with an aggregate shareholding of 29.9%. In the context of the ongoing voluntary takeover bid over the shares of Abertis, certain call and put option rights over Abertis' shareholding in Cellnex have been granted and exercised, pursuant to which, subject to the positive outcome of the takeover bid, Abertis would cease to be a significant shareholder of Cellnex transferring its 29.9% shareholding in Cellnex to Edizione.

The potential new significant shareholder of the Issuer would have a significant influence over those matters requiring shareholders' approval, including the appointment and dismissal of the members of the board of directors, the payment of dividends, changes in the issued share capital and the adoption of amendments to the bylaws. There can be no assurance that the new potential significant shareholder will act in a manner that is in Cellnex's best interests, which could adversely affect the Group's business, prospects results of operations, financial condition and cash flows.

In addition, in the event that the new potential significant shareholder acquires a shareholding in the company representing 30% or more of the voting rights of Cellnex it may have to launch a mandatory takeover bid pursuant to the Spanish Royal Decree 1066/2007, of 27 July, on Takeover Bids. Furthermore, should the new potential significant shareholder or any third party obtain "control" of Cellnex, the change of control clauses contained in certain material contracts entered into by the Group may be triggered, which may materially and adversely affect the Group's business, prospects, results of operations, financial condition and cash flows.

Risk related to the financial information

xiv) Financial information, fraud and compliance risks

The Group's operations are also subject to anti-bribery and anti-corruption laws and regulations that govern and affect where and how its business may be conducted. The Group has established certain systems to monitor compliance with applicable laws and regulations and it will provide training to its employees to facilitate compliance with such laws and regulations.

The Cellnex Group has a code of conduct (Ethics' Code) approved by the Board of Directors. The corporation prepares an Ethics' Code Framework which is adapted in each country by way of the drawing up of a local ethics regulation which combines observance of corporate guidelines with the specific features certain countries may have on particular matters. The Ethics' Code is communicated to all employees, is available on the corporate intranet and forms part of the training received by new staff. In addition, other mechanisms exist to ensure awareness by employees.

The Group has created a corporate compliance function to improve compliance with the Group's Ethics' Code, implemented through specific regulations for each country and the establishment of whistle-blowing channels and the supervision of oversight and control measures to prevent criminal acts. The main values and principles included in the Ethics' Code are: integrity, honesty, transparency, loyalty, commitment to and defence of Group interests, and responsibility in all actions. The Ethics' Code includes among its fundamental principles the commitment to strictly comply with the obligation of the Group to offer reliable financial information prepared in accordance with applicable regulations, and the responsibility of its employees and management to ensure this is so, both by correctly carrying out of their functions and by notifying the governing bodies of any circumstance which might affect that undertaking.

To mitigate risks relating to financial reporting and to ensure the reliability of such information, the Group has established an Internal Control over Financial Reporting System (ICFRS). The Group has a corporate risk control unit that is responsible for carrying out tests to verify compliance with the policies, manuals and procedures defined for the ICFRS, and for validating the effectiveness of controls in place to mitigate the risks related to these processes.

However, there can be no assurance that any policies and procedures established by the Group will be followed at all times or effectively detect and prevent all violations of the applicable laws and regulations in every jurisdiction in which one or more of the Group employees, consultants, agents, commercial partners, contractors, sub-contractors or joint venture partners are located. As a result, the Group could be subject to penalties and reputational damage if its employees, agents, suppliers or business partners take actions in violation of the compliance systems as well as violate any anti-corruption or anti-bribery laws. Violations of such laws may also lead to other consequences such as the early termination of the financing contracts, which, together with the above, could materially and adversely affect the Group business, prospects, financial conditions, results of operations and/or cash flows.

xv) *Expected contracted revenue (backlog)*

Expected contracted revenues from the service agreements (backlog) represents management's estimate of the amount of contracted revenues that the Group expects will result in future revenue from certain existing contracts. This amount is based on a number of assumptions and estimates, including assumptions related to the performance of a number of the existing contracts at a particular date but do not include adjustments for inflation.

One of the main assumptions for calculating backlog is the automatic renewal of contracts for services with the Group's anchor customers. Such contracts have renewable terms including, in some cases, 'all or nothing' clauses that only allow the renewal of the entire portfolio of the relevant project (not the renewal of a portion thereof) on terms that are generally pre-agreed and may result in an increase or a decrease in price, within certain parameters. In some instances, the contracts for services may be cancelled under certain circumstances by the customer at short notice without penalty.

The Group definition of backlog may not necessarily be the same as that used by other companies engaged in similar activities. As a result, the amount of the Group backlog may not be comparable to the backlog reported by such other companies. The realization of the Group backlog estimates is further affected by the performance under its contracts. The ability to execute the Group's backlog is dependent on its ability to meet the clients' operational needs, and if the Group was unable to meet such needs, the ability to execute the backlog could be adversely affected, which could materially affect the Group's business, prospects, financial condition, results of operations and cash flows. There can be no assurance that the revenue projected in the Group's backlog will be realized or, if realized, will result in profit. Contracts for services are occasionally modified by mutual consent. Because of potential changes in the scope or schedule of the services the Group provide to its clients, the Group cannot predict with certainty when or if its backlog will be realized. Even where a project proceeds as scheduled, it is possible that the client may default and fail

to pay amounts owed to the Group. Delays, payment defaults or cancellations could reduce the amount of backlog currently estimated, and consequently, could inhibit the conversion of that backlog into revenues, which would in turn materially affect the Group business, prospects, financial condition, results of operations and cash flows.

Financial risks

xvi) Foreign currency risk

As the Group reporting currency is the euro, fluctuations in the value of other currencies in which borrowings are instrumented and transactions are carried out with respect to the euro may have an effect in future commercial transactions, recognized assets and liabilities, and net investments in foreign operations.

Furthermore, since 2016 the Group also operates and holds assets in the UK and in Switzerland following completion of the Swiss Towers Acquisition, both countries outside de Eurozone. The Group is therefore exposed to foreign currency risks and in particular to the risk of currency fluctuation in connection with exchange rate between the euro, the pound sterling and the Swiss franc. The Group strategy for hedging foreign currency risk in investments in non-euro currencies tends towards a full hedge of this risk, and must be implemented over a reasonable period of time depending on the market and the prior assessment of the effect of the hedge. This hedge can be instrumented via derivatives or borrowings in local currency, which act as a natural hedge.

Although the majority of the Group transactions are denominated in euros, the volatility in converting into euro agreements denominated in pound sterling and Swiss francs may have negative consequences to the Group, affecting its overall business, prospects, financial condition, results of operations and/or cash flow generation.

xvii) Interest rate risk

The Group is exposed to interest rate risk through its current and non-current borrowings.

Borrowings issued at floating rates expose the Group to cash flow interest rate risk, while fixed-rate borrowings expose the Group to fair value interest rate risk. Additionally any increase in interest rates would increase Group finance costs relating to variable-rate indebtedness and increase the costs of refinancing existing indebtedness and issuing new debt.

The aim of interest rate risk management is to strike a balance in the debt structure which makes it possible to minimise the volatility in the consolidated income statement in a multi-annual setting.

The Group can use derivative financial instruments to manage its financial risk, arising mainly from changes in interest rates. These derivative financial instruments are classified as cash flow hedges and recognised at fair value (both initially and subsequently). The required valuations were determined by analysing discounted cash flows using assumptions mainly based on the market conditions at the reporting date for unlisted derivative instruments (see Note 13 of the accompanying consolidated financial statements).

As at 30 June 2018 there are financing granted from third parties covered by interest rate hedging mechanisms (see Note 13 of the accompanying interim consolidated financial statements).

xviii) Credit risk

Each of the Group's main business activities (Telecom Infrastructure Services, Broadcasting Infrastructure and Other Network Services) obtain a significant portion of revenues from a limited number of customers, many of which are long-term customers and have high-value contracts with the Group.

The mobile network operators are the Group's main customers in the Telecom Infrastructure Services; television and radio broadcasting operators are the main clients in the broadcasting infrastructure; and certain central, regional and local government authorities, emergency and security forces, the public service sector and telecommunications operators are the main customers in its activities relating to Other Network Services.

The Group is sensitive to changes in the creditworthiness and financial strength of its main customers due to the importance of these key customers to the overall revenues. The long-term nature of certain Group contracts with customers and the historically high renewal ratio of these contracts helps to mitigate this risk.

The Group depends on the continued financial strength of its customers, some of which operate with substantial leverage and some of them are not investment grade or do not have a credit rating.

Given the nature of the Group's business, it has significant concentrations of credit risk, since there are significant accounts receivable as a result of having a limited number of customers. To mitigate this credit risk, the Group has in place contractual arrangements to transfer this risk to third parties via non-recourse factoring of trade receivables in which case the Group would not retain any credit risk.

The credit risk also arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, and other debt, including unsettled receivables and committed transactions.

The loss of significant customers, or the loss of all or a portion of the Group's expected services agreements revenues from certain customers and an increase in the Group's level of exposure to credit risk, or its failure to actively manage it, could have a material adverse effect on the Group's business, prospects, results of operations, financial condition and cash flows.

xix) Liquidity risk

The Group carries out a prudent management of liquidity risk, which involves maintaining cash and having access to a sufficient amount of financing through established credit facilities as well as the ability to settle market positions. Given the dynamic nature of the Group's businesses, the policy of the Group is to maintain flexibility in funding sources through the availability of committed credit facilities. Due to this policy the Group has available liquidity c. EUR 2,000 million, considering cash and available credit lines, as at the date of approval for issue of these interim consolidated financial statements, and has no immediate debt maturities (the maturities of the Group's financial obligations are detailed in Note 13).

As a consequence of the aforementioned the Group considers that it has liquidity and access to medium and long-term financing that allows the Group to ensure the necessary resources to meet the potential commitments for future investments.

However, the Group may not be able to draw down or access liquid funds in a sufficient amount and at a reasonable cost to meet its payment obligations at all times. Failure to maintain adequate liquidity levels may materially and adversely affect the Group business, prospects, results of operations, financial

conditions and/or cash flows, and, in extreme cases, threaten the Group future as a going concern and lead to insolvency.

xx) Inflation risk

A significant portion of the Group's operating costs could rise as a result of higher inflation. Further, most of the Group's infrastructure services contracts are indexed to inflation. As a consequence, its results of operations could be affected by inflation and/or deflation.

xxi) Risk related to Group indebtedness

The Group's indebtedness may increase, from time to time, due to potential new acquisitions, fundamental changes to corporate structure or joint ventures and issuances made in connection with any of the foregoing. The Group present or future leverage could have significant negative consequences, including:

- Placing the Group at a possible competitive disadvantage to less leveraged competitors and competitors that may have better access to capital resources, including with respect to acquisitions and forcing the Group to forego certain business opportunities.
- Requiring the dedication of a substantial portion of cash flow from operations to service the debt, thereby reducing the amount of cash flow available for other purposes, including, among others, capital expenditures and dividends.
- Requiring the Group to issue debt or equity securities or to sell some of its core assets, possibly not on the best terms, to meet payment obligations.
- Accepting financial covenants in the financing contracts such as: debt limitation, cash restriction, pledge of assets, amongst others.
- Affecting the Group current corporate rating with a potential downgrade from a rating agency, which can make obtaining new financing more difficult and expensive.
- Requiring the Group to early repay the outstanding debt in the event that the relevant change of control clause is triggered

As at 30 June 2018, all the loans and credit facilities entered into by the Parent Company and its subsidiaries are unsecured and unsubordinated, have no guarantees or shares pledged, rank *pari passu* with the rest of the unsecured and unsubordinated borrowings, and do not require the Parent Company's nor its subsidiaries to comply with any financial ratio. However, it should be noted that the Group has a cross default clause in certain contracts.

A comprehensive list of risks to which the Group is exposed can be found in the public information released as at the date of the approval for issue of these interim consolidated financial statements.

1.6 Use of financial instruments

During the 6-month period ended on 30 June 2018 the Group followed the policy for the use financial instrument in Note 4 of the consolidated financial statements for the year ended on 31 December 2017.

1.7 R&D activities

Cellnex innovation is closely linked to its strategy, and this is embodied in its mission to be a company that generates value for society, customers and shareholders, through innovative, efficient, neutral and high-quality management in delivering service and providing technological solutions. This commitment to R&D+i represents

one of the main challenges for Cellnex in the current global context, which is characterised by its strong innovative component and global social reality that is strongly linked to the digital world and communication technologies.

In 2018, the innovation model implemented during 2016 and 2017 was consolidated, based on integrating and flexible processes, as well as the standardisation of development in the innovation business, comprising two types of project:

- Technological surveillance, based on an evaluation of the current technological context to identify potential new opportunities for the company.
- R&D+i activities, consisting mainly of research, development and the creation of new solutions.

This model also embodies a cross-cutting approach, in which working procedures are defined for multidisciplinary teams and enhanced cooperation with the stakeholders that deal with Cellnex. Some examples of stakeholders are: technology start-ups, universities and key players from other sectors.

Notably, the innovation model, based on three pre-defined stages, is focused not only on developing new business and/or products, but also on developing incremental improvements to current services and products. In this regard, we have seen a significant increase in customer satisfaction.

This improvement is driving Cellnex to continue working in line with the target of mainstreaming innovation and working with internal and external multidisciplinary teams.

1.8 Corporate Responsibility Master Plan

In 2016, the Board of Directors approved the Corporate Responsibility (CR) policy, which includes Cellnex's CR strategy and commitment to the application of best practices in the countries in which it operates and on the basis of international reference standards. This commitment is developed in the company's 2012-2020 CR Master Plan, which constitutes the reference framework and the tool for systematising the strategic objectives, monitoring indicators and the actions and programmes underway for each of the axes of the Plan.

The CR Plan incorporates the best experiences of the Cellnex group companies as well as new proposals for building a better organisation day by day. With this Master Plan, Cellnex aims to create an instrument bringing together all the company's ethical, environmental and social initiatives, further establishing a long-term vision, setting commitments in accordance with internationally recognised standards that place it on the same level as the major infrastructure companies operating in Europe, specifically in the telecommunications sector. This plan also aims to improve two-way dialogue between Cellnex and all stakeholders, especially the company's staff team, customers, suppliers and contractors, administrations, shareholders, the community and partners in shared projects.

In 2017, Cellnex Telecom published a declaration on Slavery and Human Trafficking Statement in response to the United Kingdom Modern Slavery Law, which condemns any practice of labour exploitation and pledges to prevent it both in its activity and its supply chain. This commitment is developed through the Group's Corporate Responsibility Policy, which sets basic guidelines and lines of action in this area. Likewise, Cellnex's Code of Ethics expresses its commitment to complying with human rights and expresses its total rejection of child labour and forced or compulsory labour, and undertakes to respect freedom of association and collective bargaining. In the supply chain, Cellnex evaluates its most critical suppliers in terms of human rights on an annual basis. In addition, in 2017 Cellnex drew up the Purchase Policy that establishes the obligation for its suppliers to comply with protection and respect for Human Rights and to be familiar with the Code of Ethics and share it with its employees and subcontractors.

As at June 2018, the company converted the EUR 500,000 thousand RCF into a sustainable loan. The interest rate for this Facility is partially based on Sustainalytics' ESG rating of the company. Sustainalytics is a leading provider of environmental, social and governance (ESG) research and ratings to investors globally.

1.9 Employees

During 2016, the Group implemented a "talent management" model aligned with the business strategy in Spain, which remains in force during the current year.

Taking the "Corporate Mission" as a premise, the Group defined a leadership model and competencies for each position in Spain, as well as an evaluation model to discover the talent of our employees and align the development of each of them to the required model as an essential component to achieving business results.

For the development of our employees, the 70/20/10 learning model was implemented, where each employee is responsible for his or her own development and his or her line manager is responsible for providing the appropriate support. The commitment of Cellnex lies in providing the means necessary for this to be successful and to achieve this, we built and distributed to all employees in Spain our "Guide to the Development of Competencies", a guide with more than 100 activities to help to develop competences through actions "70: on the job" and "20: social training". Currently, almost 100% of employees have an Individualized Development Plan 70/20/10.

In order to manage all the talent processes, an integral management tool was also implemented (denominated "the hub"). This details the profile, the professional preferences of each employee. Evaluating and developing the talent are some of its functionalities, all aimed at contributing to the engagement of the staff who make up the Group. With this in mind, the Group has the firm conviction that corporate success lies in the motivation and enthusiasm of its human resources.

Also, it should be noted that annually specific development programs are carried out for different groups, such as annual leadership programs, internal certification of project managers and development programs for our network of internal trainers. In addition, the training plan is aligned with the requirements of the business, where contents such as prevention of occupational risks, skills, computer tools, equipment, technologies, etc. make up that plan.

All this allows the Group to develop talent indicators that minimize the subjectivity of the employee's evaluation and allow the Group to observe and compare the development during a certain time span, as well as to analyse the different actions performed.

2.0 Other Information

Shareholder Remuneration

On 31 May 2018, in accordance to the Parent Company's Dividend Policy, the Board of Directors, pursuant to the authority granted by resolution of the General Shareholders' Meeting, approved a final dividend for 2017 of EUR 0.051 gross per share, which represents EUR 11,816 thousand. This dividend was charged to the share premium account of Cellnex Telecom, S.A.

Thus, the total dividend distributed for the 2017 financial year was EUR 0.095 gross per share, which represents EUR 22,010 thousand (EUR 20,000 thousand corresponding to the distribution for the 2016 financial year).

The payment of the dividends will be made on the specific dates to be determined in each case and will be duly announced.

Notwithstanding the above, the Company's ability to distribute dividends depends on a number of circumstances and factors including, but not limited to, net profit attributable to the Company, any limitations included in financing agreements and Company's growth strategy. As a result, such circumstances and factors may modify this Dividend Policy. In any case, any future amendment on this policy will be duly announced.

The Dividend Policy aims at keeping the appropriate balance between, shareholder remuneration, Company's profit generation and Company's growth strategy, ensuring an adequate capital structure.

Business outlook

Following a year marked by the international consolidation and expansion of the Group, with the acquisitions executed in 2017, during 2018 the Group will continue to analyse investment and growth opportunities that comply with the strict profitability and discipline requirements that the Group applies to all its investments.

The Group will maintain its focus on the potential investments in markets where it currently operates as well as other European markets in which investment opportunities are present and comply with its requirements. The priority continues to be to grow in the Telecom Infrastructure Services segment, for which there are clearly two growth paths:

1. Organic growth, in the countries in which the Group operates, reaching service agreements with new customers that need to develop and implement their own network, along with agreements with current customers, offering services that allow them to rationalise their networks and optimise costs, through the dismantling of duplicate infrastructures and building new infrastructures in strategic sites that could offer service to one or more customers. This growth allows the Group to increase its ratio of customers by infrastructure and work with the operators to complete the deployment of 4G, reduce areas with no signal coverage and extend network densification.
2. Inorganic growth which is comprised of the acquisition of companies in the same sector as well as asset deals mainly from mobile network operators, such that, once acquired, the Group can offer additional services to the operators.

With this growth strategy the Group pursues the following objectives: increase its customer base, diversify geographically in countries with strong credit ratings, create a European platform to deliver organic growth, be ready for the implementation of 5G networks and, as a result, its improve business risk profile.

In terms of day to day operations the Group will continue consolidating recent acquisitions, maintaining permanent contact with its customers from all business segments in order to improve and extend the services currently offered and to ensure the renewal of all contracts under the most advantageous conditions for all parties.

This outlook for the Group, along with the ongoing efforts to improve efficiency, allows it to expect higher on-going operating returns.

No new risks or uncertainties are expected other than those noted above that are inherent to the business or those indicated in the accompanying interim consolidated financial statements for the 6-month period ended on 30 June 2018. Nonetheless, the Group has strived and will continue to strive to optimise its management control over operating costs and investments.

Future prospects. The great opportunity of the Digital Single Market and 5G

Cellnex is playing an important role in achieving the objectives of the Digital Single Market Strategy. An example of this is that, in 2017, Cellnex received a loan of EUR 100 million from the European Investment Bank (EIB) for the development of mobile telecommunications infrastructure in Spain and Italy. The agreement is supported by the European Fund for Strategic Investments, the central pillar of the Investment Plan for Europe, known as the "Juncker Plan". Specifically, Cellnex plans to deploy new telecommunications sites in rural and urban environments, as well as DAS nodes, which will be located at points of high demand for mobile broadband communications. This funding is crucial to prepare mobile networks for the arrival of 5G, which will help to comply with the Digital Single Market Strategy, one of whose objectives is for at least one city in each EU Member State to be able to offer 5G services by 2020.

Market figures: Cellnex on the stock market

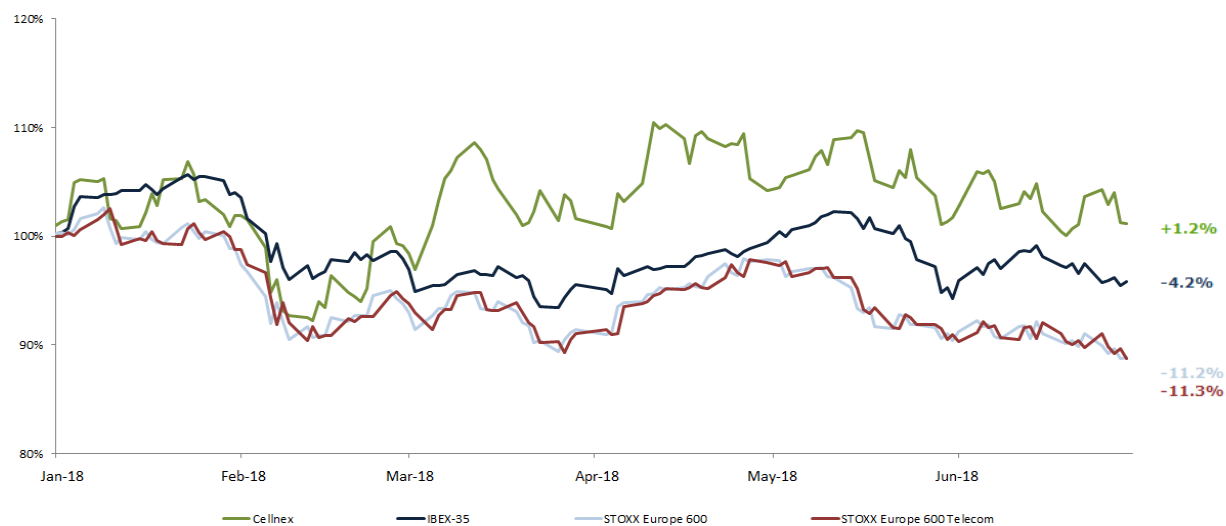
On 20 June 2016, the IBEX 35 Technical Advisory Committee approved Cellnex Telecom's (CLNX: SM) inclusion in the benchmark index of Spain's stock exchange, the IBEX 35, which brings together the principal companies on the Spanish stock exchange in terms of capitalisation and turnover. This milestone brought with it a broadening of the shareholder base, giving Cellnex higher liquidity and making it more attractive to investors. At present Cellnex has a solid shareholder base and the majority consensus of analysts who follow our company - 61% - is a recommendation to buy.

Cellnex's share capital amounts to EUR 57,921 thousand and is divided into 231,683,240 ordinary shares with a nominal value of EUR 0.25 each, of a single class and series, fully subscribed and paid up. Each share carries one vote.

Cellnex's share price experienced a 1% increase during the first half of 2018, closing at EUR 21.6 per share. The average volume traded has been approximately 939 thousand shares a day. The IBEX 35, the STOXX Europe 600 and the STOXX Europe 600 Telecom decreased by 4%, 11% and 11% respectively during the same period.

Cellnex's market capitalization stood at EUR 5,004 million at the 6-month period ended on 30 June 2018, 54% higher than at start of trading on 7 May 2015, compared to a 14% drop in the IBEX 35 in the same period.

The evolution of Cellnex shares during the 6-month period ended 30 June 2018, compared to the evolution of IBEX 35, STOXX Europe 600 and STOXX Europe 600 Telecom, is as follows:



The detail of the main stock market indicators of Cellnex in 30 June 2018 and 31 December 2017 is as follows:

	30 June 2018	31 December 2017
Number of shares	231,683,240	231,683,240
Stock market capitalisation at period/year end (millions of euros)	5,004	4,946
Share price at close (EUR/share)	21.60	21.35
Maximum share price for the period (EUR/share)	23.58	21.77
Date	11/04/2018	19/12/2017
Minimum share price for the period (EUR/share)	19.70	13.16
Date	13/02/2018	31/01/2017
Average share price for the period (EUR/share)	21.95	17.76
Average daily volume (shares)	938,607	1,087,014

Treasury shares

In accordance with the authorisation approved by the Board of Directors, at 30 June 2018 the Company held 263,855 treasury shares (0.11% of its share capital). The use to which the treasury shares will be put has not been decided upon and will depend on such resolutions as might be adopted by the Group's governing bodies.

During the first half of 2018, the treasury shares transactions carried out, are disclosed in Note 12.a to the accompanying interim condensed consolidated financial statements.

Environment

Cellnex has an Environmental Policy based on respecting the environment, protecting and preserving biodiversity, using renewable energies, mitigation and adaptation to climate change, and contributing to sustainable development through the efficient use of resources, as well as promoting preventive and mobility actions.

Thus, not only does Cellnex base its activity on the principles of sustainability and responsibility, but has also defined Sustainable Business Development as one of the basic pillars of its CR Master Plan. This involves the company committing to sustainability, environmental preservation and efficiency by setting goals, and more specifically by implementing concrete actions and programmes for all the companies of the Group.

The Sustainable Business Development pillar is defined on the basis of the following goals, each of which consists of several specific actions:

- 1) Putting environmental management of Cellnex in Spain at the same level as the rest of the companies in the Cellnex group;
- 2) Promoting Energy Efficiency, increasing the use of renewable energy as much as possible and fostering the implementation of efficiency measures at the company's premises;
- 3) Committing to sustainable mobility;
- 4) Developing a carbon management framework in Spain to include the strategic perspectives to be worked on and focused on a set of actions, framed in different lines of management, that must be approved, funded and implemented to achieve the carbon management objectives established;
- 5) Minimising the risks and fostering the business opportunities derived from climate change identified in relation to Cellnex Telecom's activity in Spain;
- 6) Progressively reducing the carbon footprint in Spain and Italy;
- 7) Protecting and respecting the ecosystems affected by Cellnex's activity;
- 8) Promoting a sustainable culture within the Cellnex organisation; Measuring and communicating environmental performance and reporting this on an annual basis in international organisations (CDP, GRI, DJSI, UNGC, FSTE, etc.).

Within the organisation's environmental objectives defined in 2017, there were 26 goals established for improving or mitigating environmental impacts. Sixteen of these have been implemented, and the rest are almost implemented or in the process of completion.

Post balance sheet events

Tax audit and litigation

On July 3, 2018, the Company received notice of initiation of tax audit for the concepts Corporate Income Tax (consolidated group), corresponding to the 2015 and 2016 fiscal years, and Value Added Tax, corresponding to the periods between April and December 2015 (individual) and 2016 (VAT group). Besides, the Corporate Income Tax and Value Added Tax for fiscal year 2014 and the Value Added Tax for the first quarter of fiscal year 2015 will also be audited by the Tax Authorities due to the fact that Abertis Group (former shareholder of the Company) received notice of initiation of tax audit for the concepts Corporate Income Tax (consolidated group) and Value Added Tax (VAT group) for fiscal years 2014, 2015 and 2016.

The Company considers that no significant impacts derived from the tax audit will be revealed, nor will possible interpretative differences in the tax legislation.

Changes in shareholders structure

On July 12, 2018, Abertis has sold to Connect S.p.A. ("Connect") 69,273,289 ordinary shares in Cellnex, which represent 29.9% of the total share capital of the latter, at a price of 21.50 euros per share. Connect is a subsidiary fully controlled by Sintonia S.p.A., a subholding company wholly owned by Edizione S.r.l. ("Edizione").

Thus, Edizione is positioned as a reference shareholder in Cellnex Telecom, S.A., holding a 29.9% stake in its share capital.

Acquisition of Xarxa Oberta de Comunicació i Tecnologia de Catalunya, S.A ("XOC")

On July 6, 2018, Cellnex has reached an agreement for the acquisition of 100% of the share capital of Xarxa Oberta de Comunicació i Tecnologia de Catalunya, S.A ("XOC") from Imagina, S.A. ("Imagina"), a subsidiary fully owned by Mediapro, S.A. The enterprise value of the transaction has amounted to approximately EUR 34 million. The XOC is a concessionary company dedicated to the management, maintenance and construction of the fiber optic network of the Generalitat de Catalunya, and the expiration date of the concession is 2031. The completion of the transaction is expected to take place during the second half of 2018.

Other documents of a public nature

At the date of issue of the accompanying consolidated interim financial statements, information of a public nature is available, which must be read in conjunction with this Consolidated interim directors' report for the 6-month period ended on 30 June 2018, and which is detailed below on a non-exhaustive illustrative basis:

- Universal Registration Document (<https://www.cellnextelecom.com/en/investor-relations/emisiones-y-opas/>)
- Prospectus Offer of Sale and Admission to Negotiate Shares of Cellnex Telecom, S.A.U (<https://www.cellnextelecom.com/en/investor-relations/7838-2/>).
- Supplement to the informative prospectus for the sale and admission to trading of shares of Cellnex Telecom, S.A.U. (<https://www.cellnextelecom.com/en/investor-relations/7838-2/>).
- Euro Medium Term Note Program (EMTN) Base Prospectus (<https://www.cellnextelecom.com/en/investor-relations/emisiones-y-opas/>).
- Euro-Commercial Paper Programme (<https://www.cellnextelecom.com/en/investor-relations/emisiones-y-opas/>).
- Ratings Rating Agencies (<https://www.cellnextelecom.com/en/rating-eng/>).
- Report of the Board of Directors on Convertible Bonds (<https://www.cellnextelecom.com/en/investor-relations/emisiones-y-opas/>).
- Auditor's Report on Convertible Bonds (<https://www.cellnextelecom.com/en/investor-relations/emisiones-y-opas/>).
- Corporate Policies (<https://www.cellnextelecom.com/>).
- Press releases (<https://www.cellnextelecom.com/en/press-room/news/>).
- Relevant Facts (<https://cellnextelecom.com/en/investor-relations/relevant-facts/>).

Explanation added for translation to English

These financial statements are presented on the basis of the regulatory financial reporting framework applicable to the Group in Spain (see Note 2.a of the accompanying consolidated financial statements). Certain accounting practices applied by the Group that conform with that regulatory framework may not conform with other generally accepted accounting principles and rules.

Barcelona, 26 July, 2018