

# Junta '18 General de Accionistas

Annual Shareholders'  
Meeting

cellnex





# DATOS CLAVE

Ejercicio 2017

Cellnex Telecom

**1**

**2017 at a glance**

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**2**

**Corporate governance**

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**3**

**Value creation and responsible management**

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**4**

**Key indicators 2017 and Q1 2018**

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**5**

**European consolidation: 2015 - 2018**

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**6**

**“Sharing”: towards 5G**

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**7**

**Conclusions**

**1**

**2017 at a glance**

Income **+12%** (€792M)

EBITDA **+22%** (€355M)

RLFCF **+11%** (€278M)

Organic growth

PoPs **+4%**

Customer ratio **+4%**

Backlog

c. **€16<sup>Bn</sup>**

**20 years' income**

European consolidation (i)

**€1.182<sup>Bn</sup>** in growth

(performed in 2017)

European consolidation (ii)

**+4,000** new sites

in France, Switzerland,  
Netherlands, Spain  
(performed in 2017)

Diversification by markets

**42% income outside  
of ES**

**43% EBITDA outside  
of ES**

Debt structure

Average life **6.4 years**

Average Cost **1,9%**

Debt/Ebitda **5,5x**

Liquidity

(Treasury + credit lines)

c. **€2<sup>Bn</sup>**

Development on the Stock  
Exchange

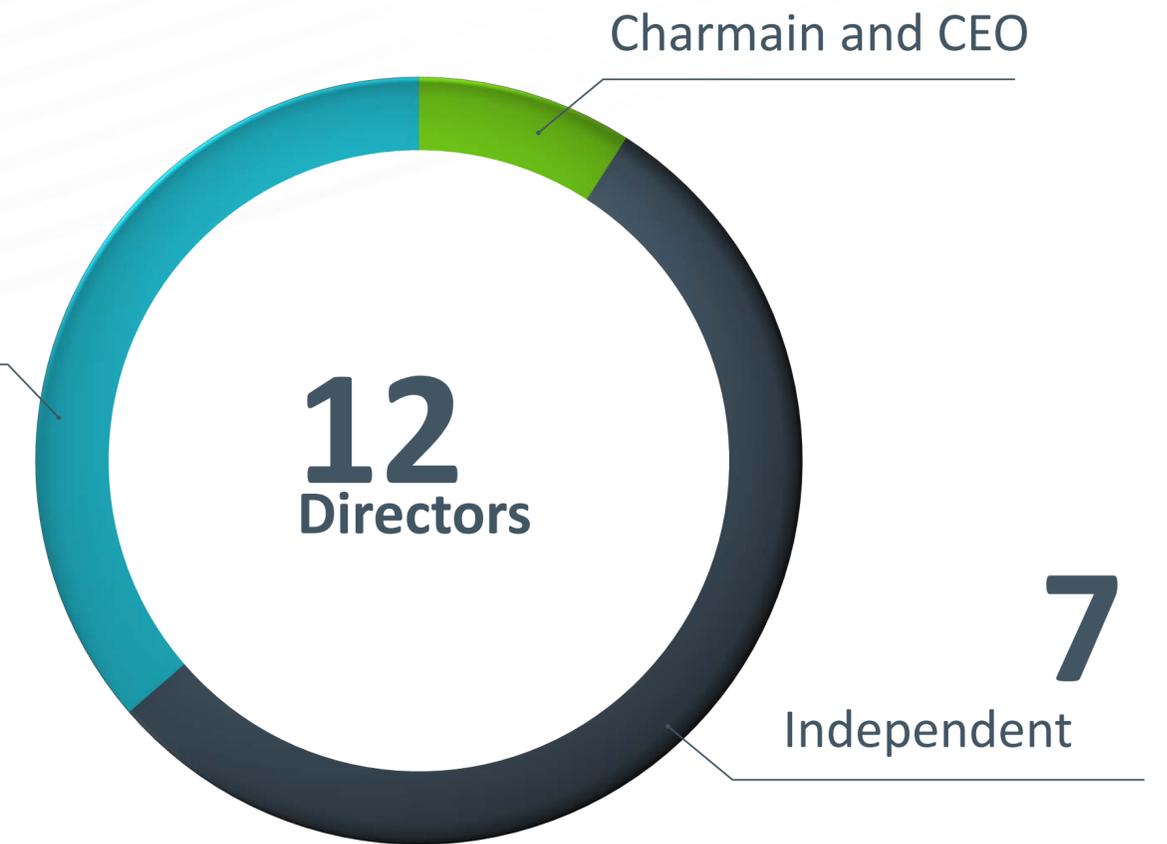
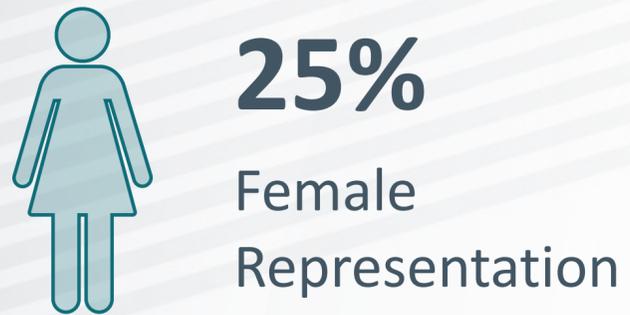
**+56%** in the year 2017

Best value of IBEX 35

# 2 Corporate governance



# Composition of the Board





**Anne Bouverot**

- GSMA General Director (2011-2015).
- CEO of Morpho, a biometrics and cybersecurity company (2015-2017).
- Senior management in companies in the telecommunications sector such as France Telecom/Orange, Global One Communications and Equant.
- Non-executive director of Capgemini and Edenred in France.
- Holds a degree in Mathematics and a PhD in Artificial Intelligence from the École Normale Supérieure in Paris, and a degree in Telecommunications Engineering from Mines Paris Tech.



**María Luisa Guijarro**

- Top management responsibilities in Grupo Telefónica (1996-2016):
  - CEO of Terra España.
  - Director of Marketing and Business Development in Spain.
  - Global Marketing and Sponsorship Manager.
- Member of the Executive Committee of Telefónica in Spain as head of Strategy and Quality.
- She holds a degree in Economics from the Universidad Autónoma de Madrid.

### Compact

- A compact Board (12 members) facilitates decision-making; reinforces involvement and "ownership"; agile and effective.

### Interaction & alignment management

- Share-align vision, objectives, strategy, execution, review.
- Strategy retreats (management & Board).

### Know-how

- A Board with its own profile in terms of business experience, 'seniority' and knowledge of the sector.

### Independence & international

- Committed to the qualitative and decisive weight of the independents (committees and Board); for the internationality reflecting the reality of the European project.

## Corporate Governance

- Assessment of the working of the Board and its Committees by an independent third party.
- Satisfactory result of the assessment considering that the Company follows best practices in terms of Corporate Governance.

## Code of ethics & Compliance

- Approval and implementation of a model for the prevention and detection of crimes.
- Outreach campaign and training in code of ethics and prevention of corruption
  - Awareness-raising: mail-shot, posters, video.
  - Mandatory training test.



**62/64**  
**recommendations**

- **Recommendation 16: proportionality in the representation of proprietary Directors out of the total of non-executive Directors**
  - In 2017 the proprietary directors represented a higher percentage than their capital share: 4 out of 9.
  - In 2018, if the proposals put to this GSM are approved, this proportion will be adjusted: 4 out of 11.
  
- **Recommendation 48: separating the Appointments and Retribution Committee**
  - Not justified due to workload.
  - We would analyse the possibility to decouple these in the light of future developments in the Company.

**3**

**Value creation &  
responsible management**



REVALUATION IPO  
2015-2018

**+54%**  
Cellnex

**-14.3%**  
IBEX35

EXPECTED DIVIDEND\*

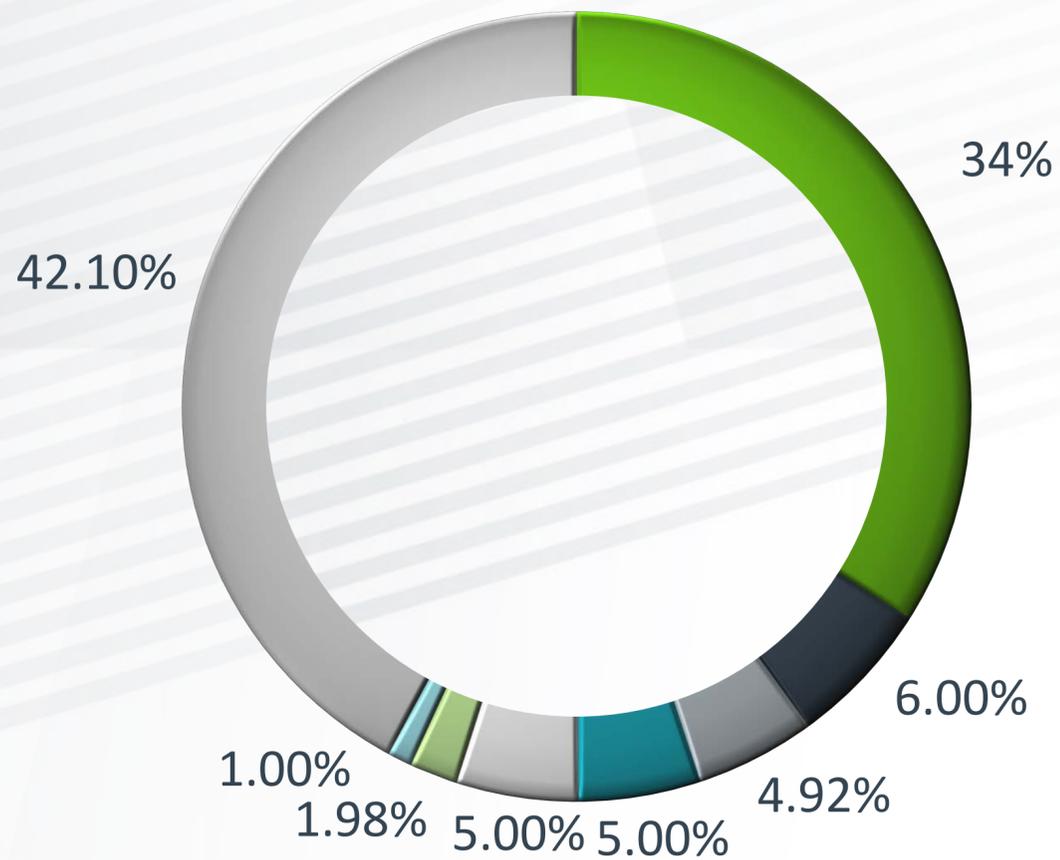
**0.095€/share**

0.044 (on account)  
Payment December 2017

0.051  
Charged to the share  
premium to be approved  
by the board

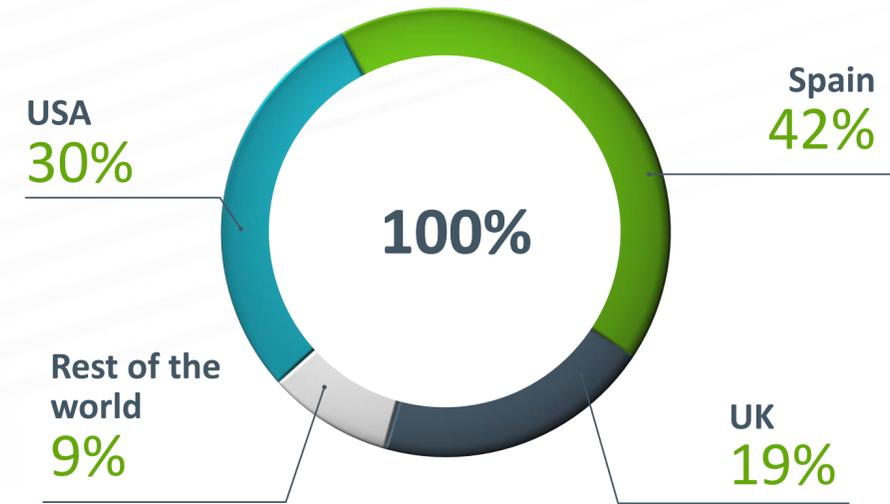
\* In line with inter-annual increase 2017-2019 announced in April 2017.

Significant holdings in Cellnex Telecom (25.05.2018)

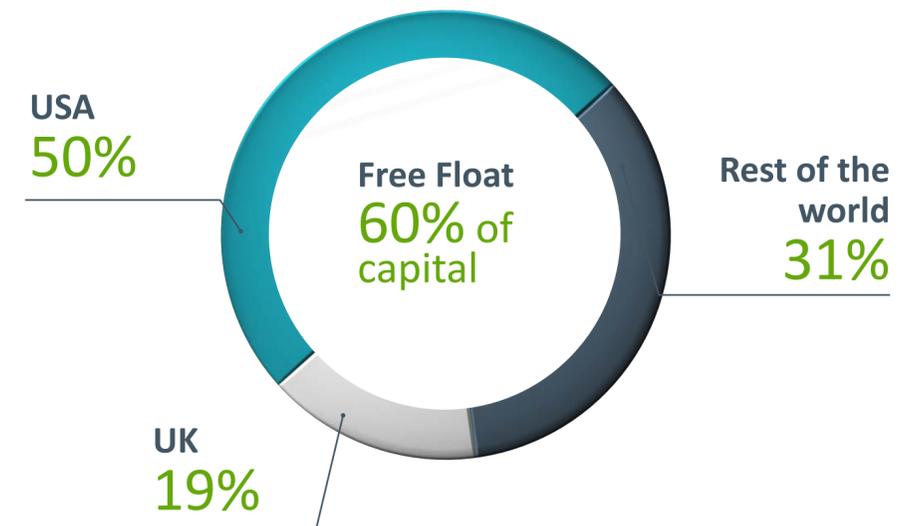


- Abertis
- Blackrock Inc
- MFS
- Criteria Caixa
- Threadneedle Asset Management
- Fidelity International Limited
- 40 North Latitude
- Others

Holdings by geographical origin



Holdings by geographical origin of the Free Float



# Value generated and distributed

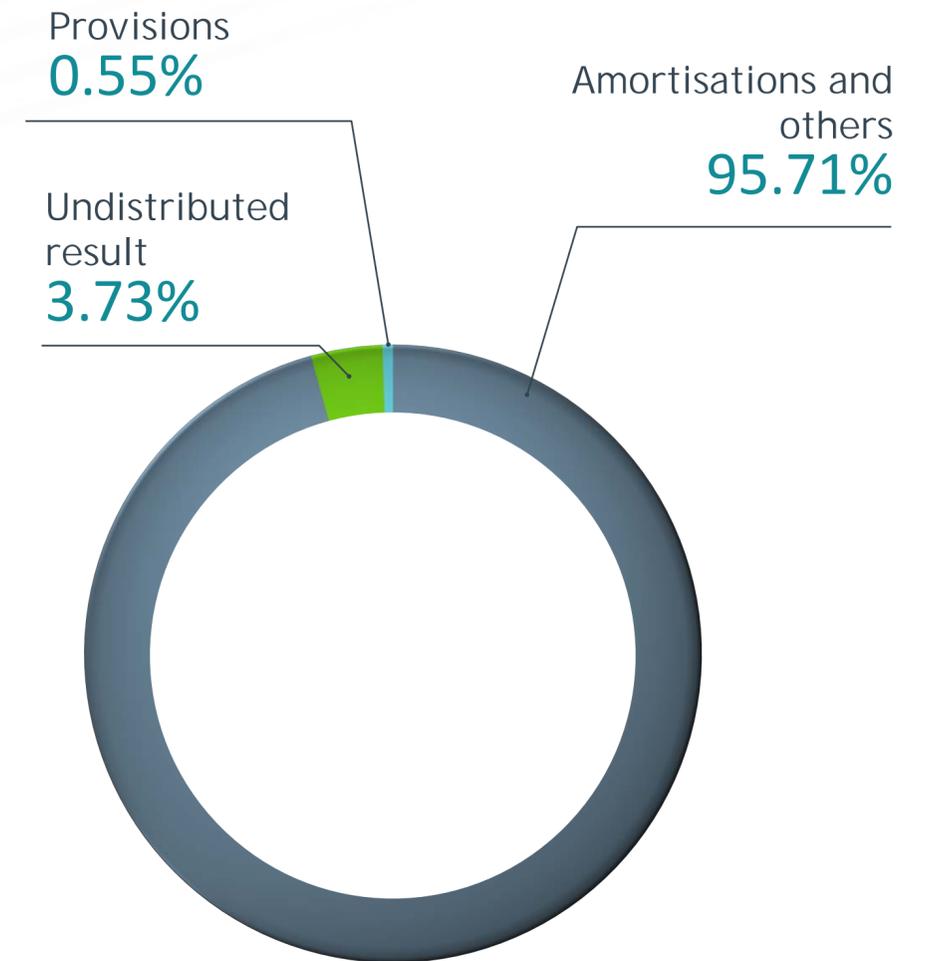
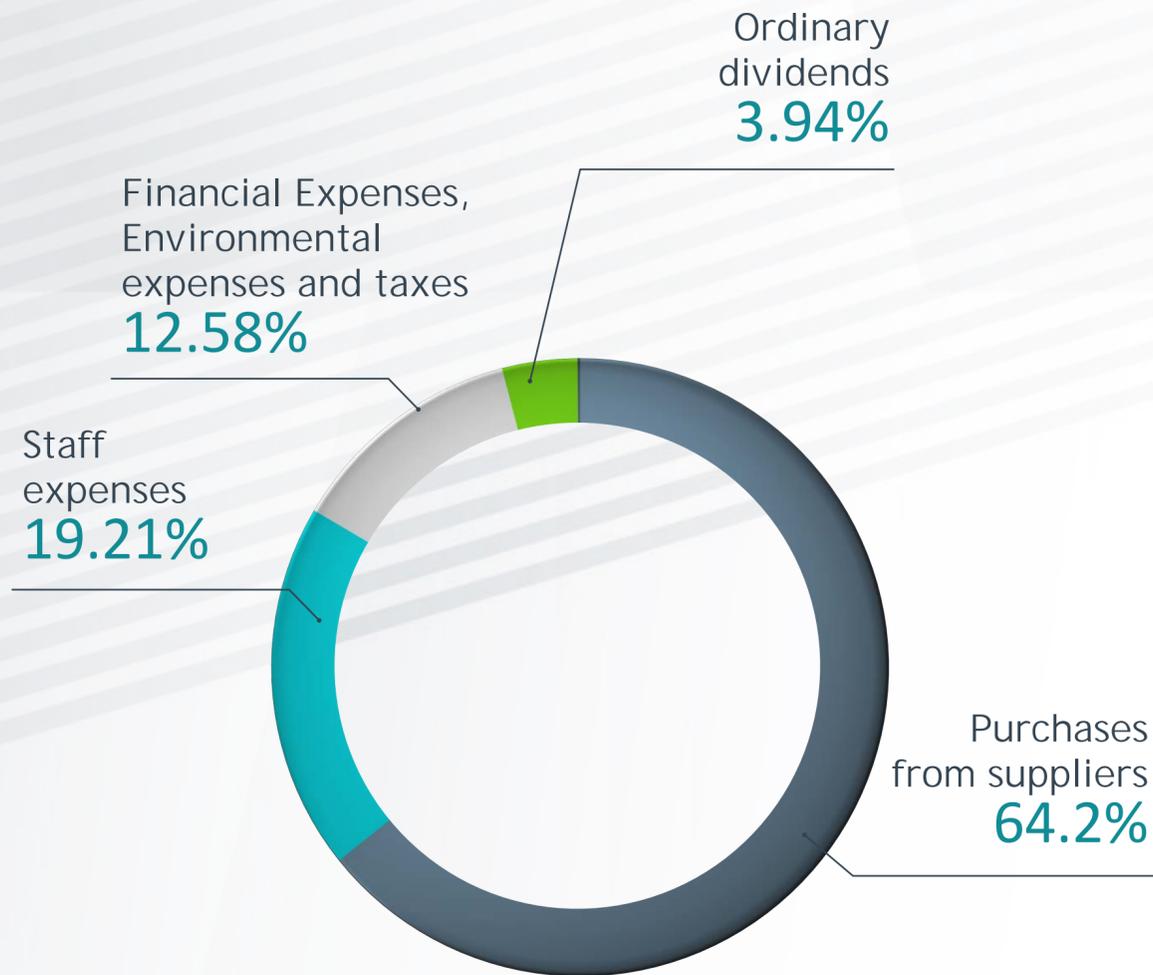
**€558 M**

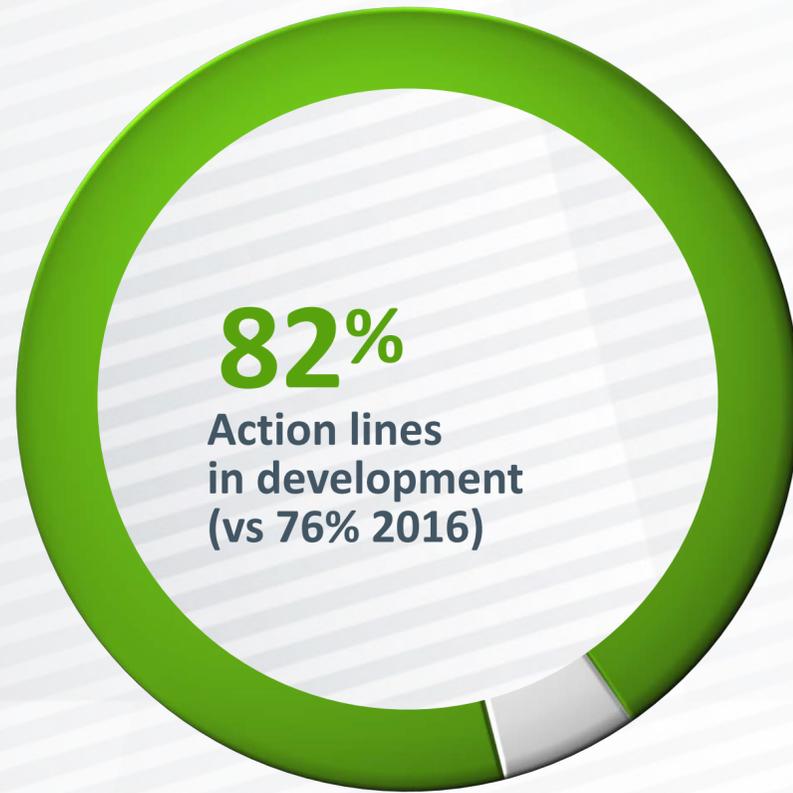
Economic value distributed

**€791M**

**€233 M**

Economic value withheld





Initial lines of action	Percentage	Category	Achievement Percentage	Actions performed
5	100%	Ethical management & good governance	81%	21
6	83%	People development	44%	9
9	100%	Sustainable business development	47%	17
5	40%	Add value to society	22%	9
10	70%	Communication & reporting	62%	13
3	100%	CR governance	54%	13
<b>38</b>				<b>82</b>

### Most relevant actions executed in 2017

- Evaluation by an external consultant of the the Board of Directors's performance.
- Human Resources Integration Plan for newly incorporated companies to Cellnex.
- Establishing annual targets to minimize the carbon footprint.
- Integrated annual report verified by an independent third party (financial & no financial report).
- Cellnex's became of the FTSE4GOOD indice, and was rated "compliant" by "Standard Ethics" rating agency.



FTSE4Good



### Key future actions

- Commitment to support measures to enhance the presence and empowerment of women in the company.
- Adapt the internal processes to integrate the ISO-50001 requirements.
- Define a common framework of Corporate Responsibility for all Group companies.
- Materiality analysis review (master plan 2016 - 2020).

SENSORES  
DE AGUA



SENSORES  
DE LUZ



SENSORES  
DE GAS



SENSORES DE  
TEMPERATURA



SENSORES  
DE CO2

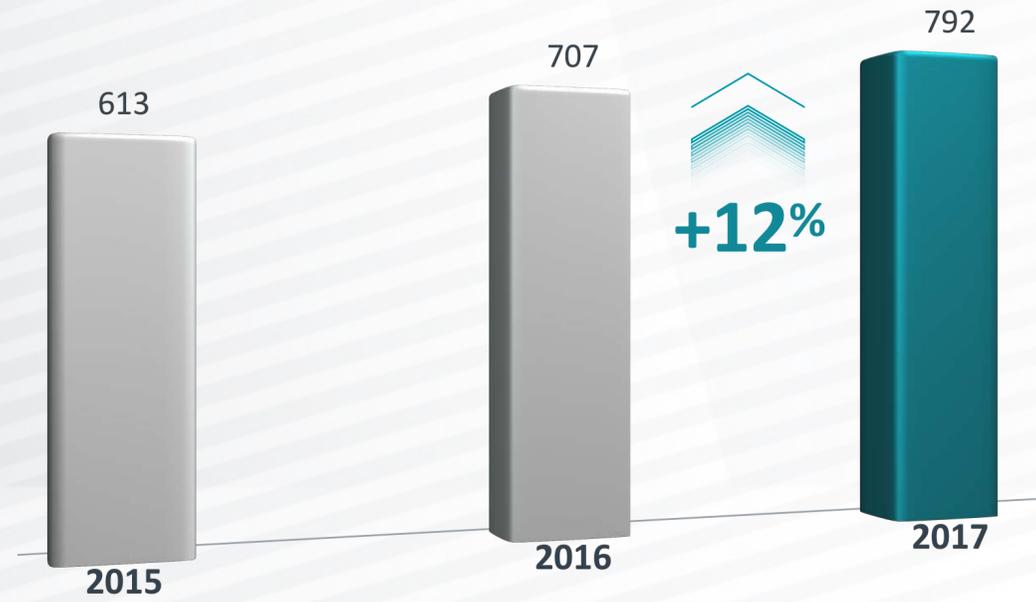


# 4

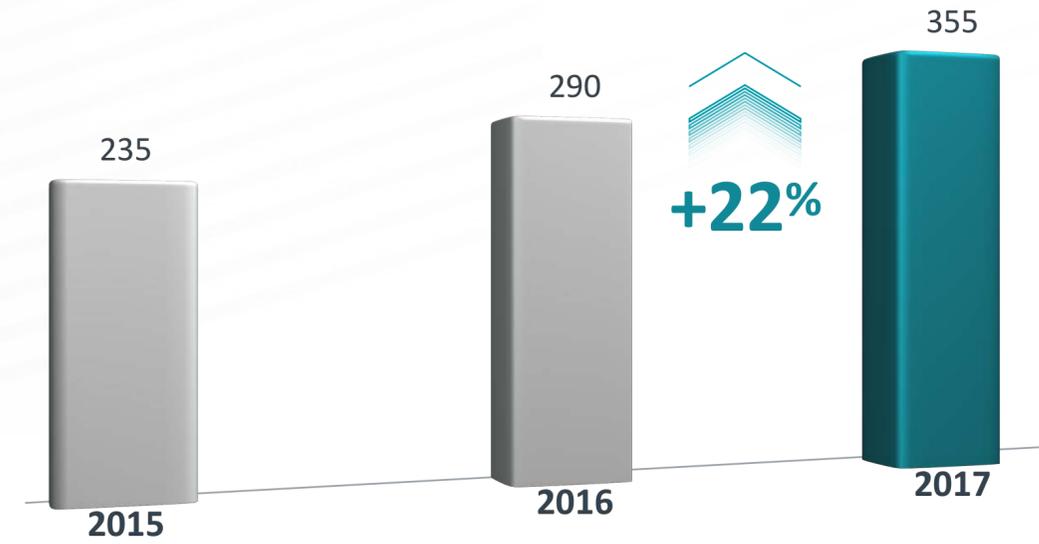
**Key indicators 2017  
+ Q1 2018**

# Financial indicators with double-digit growth

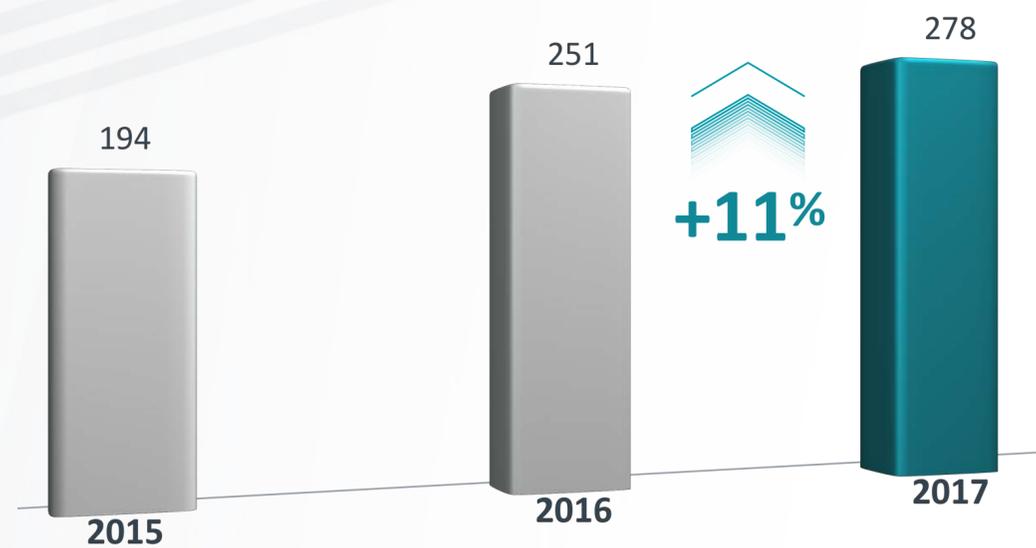
### Income (mill. €)



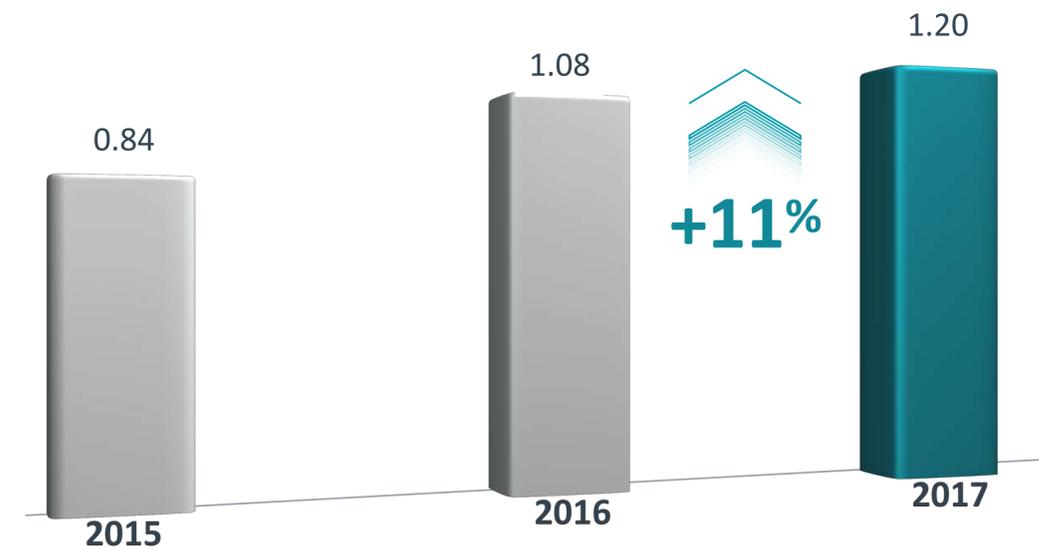
### EBITDA (mill. €)



### RLFCF (mill. €)

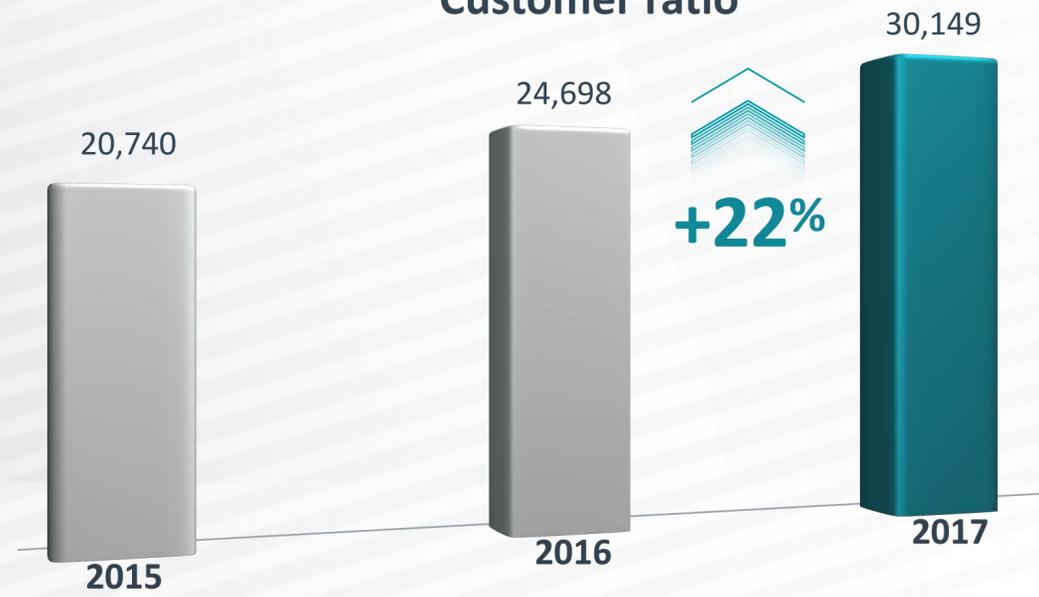


### RLFCF per share (€)

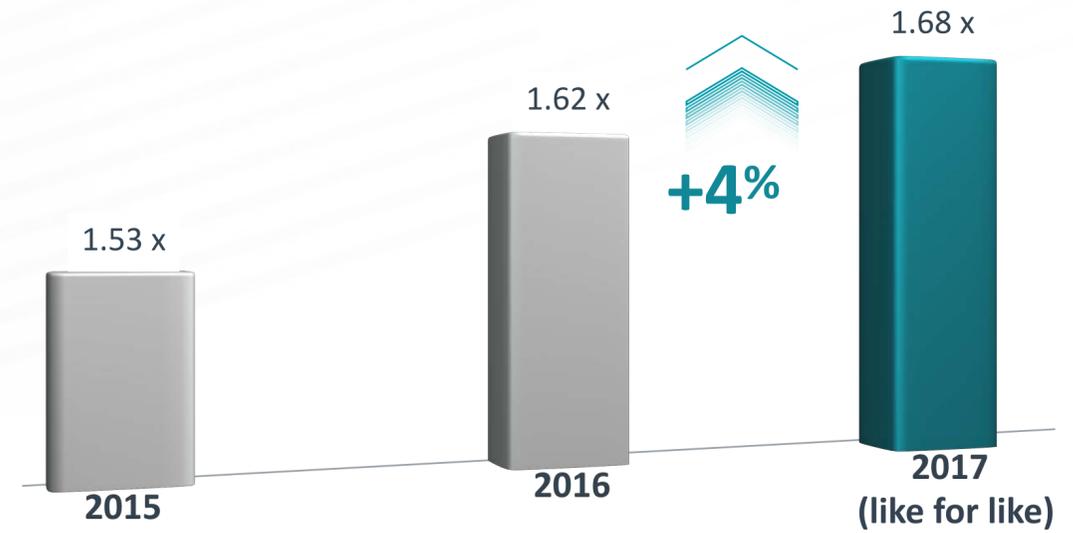


# Business indicators, solid growth

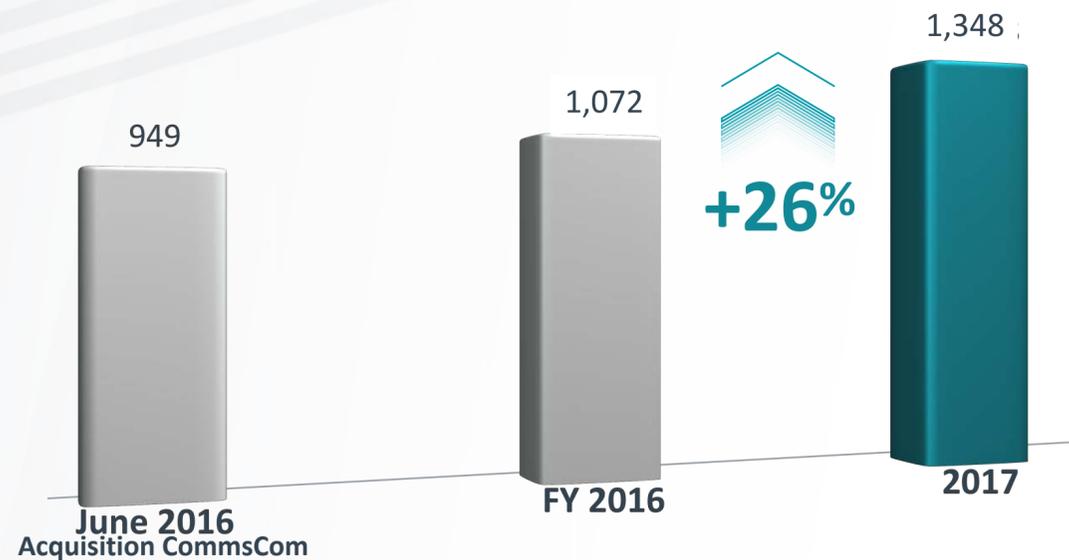
### Points of presence (PoPs) Customer ratio



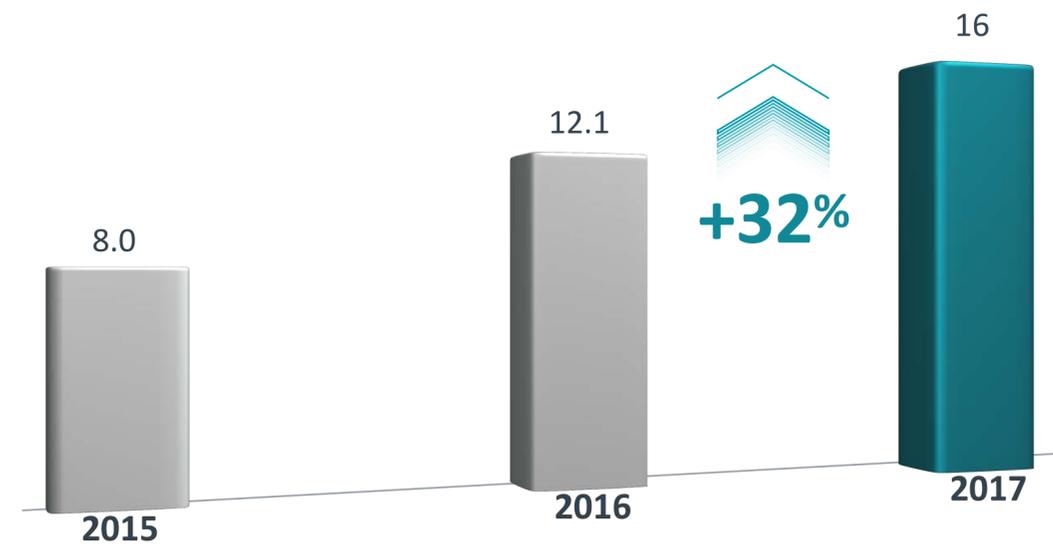
### Customer ratio



### Progression of DAS nodes



### Sales under contract (backlog). €Bn



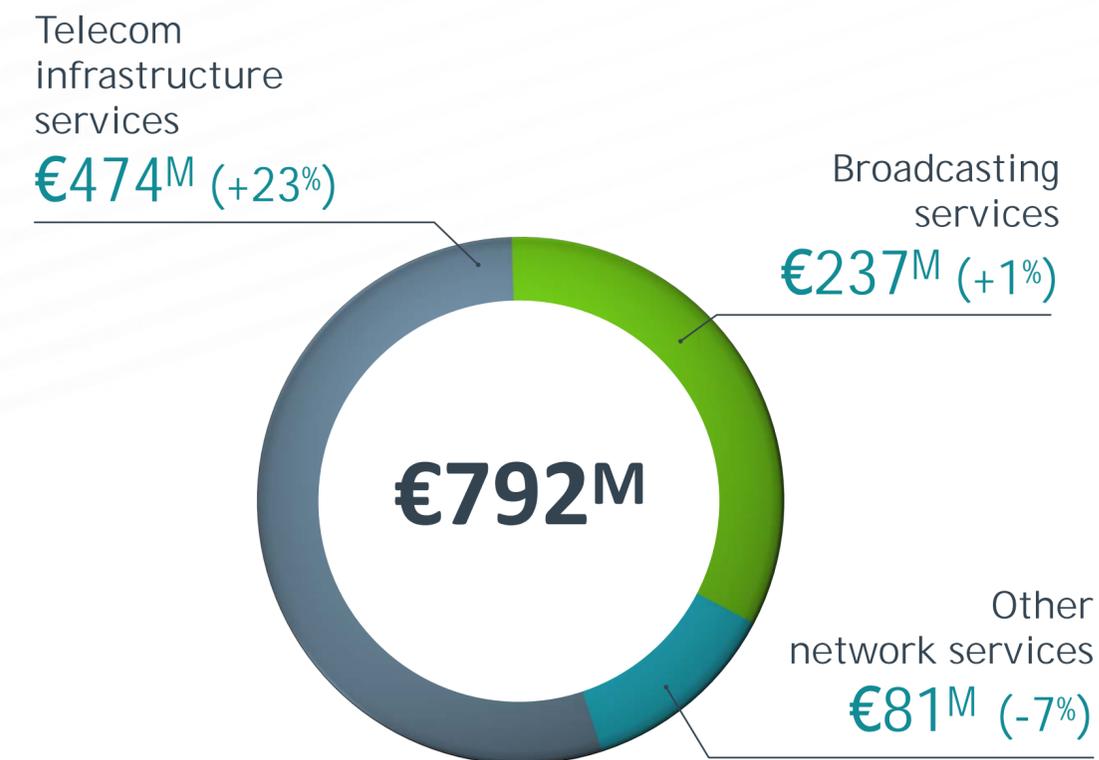
Backlog of c.16<sup>Bn</sup> represents c. 20 years' of revenue

(€Mn)

Dec. 2017

<b>Revenue</b>	<b>792</b>	↑↑↑ <b>+12%</b>
Operating expenses	(438)	
<b>Adjusted EBITDA</b>	<b>355</b>	↑↑↑ <b>+22%</b>
Non-recurring items	(31)	
Amortisations	(225)	
<b>Operative earnings (EBIT)</b>	<b>98</b>	
Net Interests	(68)	
Bond issue cost	-	
Minority interests	2	
Tax (**)	-	
<b>Net Result (Group)</b>	<b>33</b>	

Revenues by business lines



Growth dilutes the net result vs. 2016 which was **€40M**

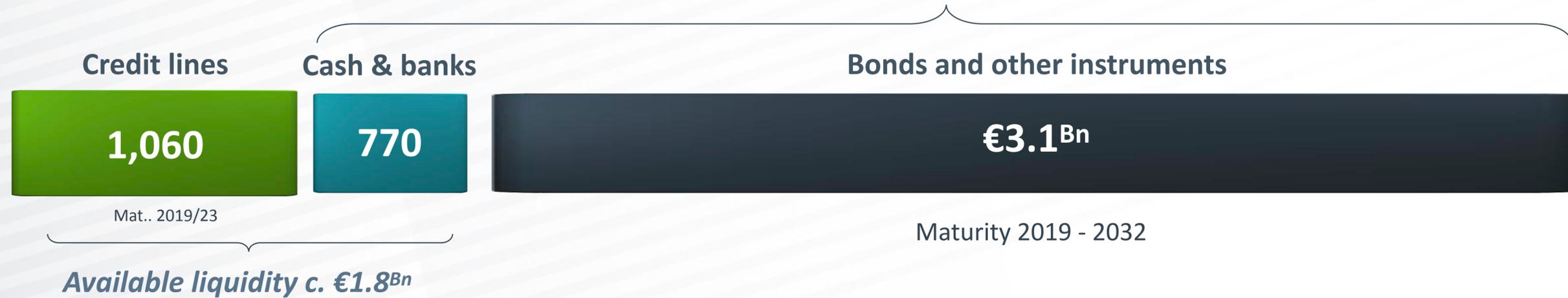
**Amortisations +27%**

**Financial costs +66%**

(\*\*) Taxes: Cellnex's own taxes paid in fiscal 2017 amounted to € 44.1 million. These essentially include taxes on profits, local taxes, fees and the social security business charge.

# Balance and financial position (March 2018)

Net debt 31.03.2018: c. €2.3<sup>Bn</sup>  
Net debt / EBITDA: 5.6x

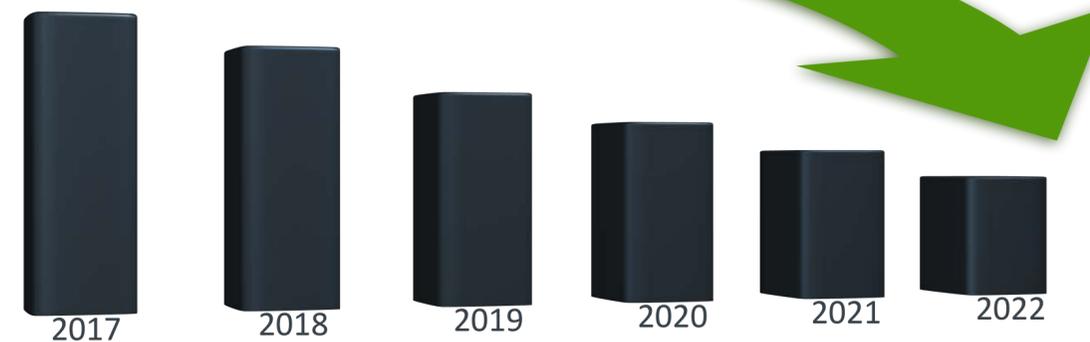


Average cost of debt drawn down: 2.2%  
Average cost of total debt drawn down / not: 1.9%  
Annual life of the debt: 6.1 years

Solid, growing and predictable cash flows that allow rapid deleveraging (including all performed projects)



Net debt/ EBITDA:  
**-0.6x**  
per year



# Application of the investments for the FY

**€1.182<sup>Bn</sup>**

**Investment in M&A**  
(main operations)

**Expansion Capex**

**Maintenance Capex**

**€1.017<sup>Bn</sup>**

**€140<sup>M</sup>**

**€25<sup>M</sup>**

Swiss Towers (Switzerland)	<b>€404<sup>M</sup></b>
Alticom (Netherlands)	<b>€129<sup>M</sup></b>
“Sites” Bouygues (France)	<b>€309<sup>M</sup></b>
Acquisition 10% Galata (Italy)	<b>€88<sup>M</sup></b>

Infrastructure telecom services	<b>€89<sup>M</sup></b>
Efficiencies	<b>€51<sup>M</sup></b>

## Close Q1 2018 VS Q1 2017

- Revenue €217<sup>M</sup> (+15%)
- EBITDA €101<sup>M</sup> (+20%)
- RLFCF €78<sup>M</sup> (+10%)
- Comparable result: €11<sup>M</sup> (=2017)

## Improvement of indicators

- PoPs +24% (+4% organic)
- Customer Ratio 1.68 (+3%)
- DAS nodes +20%

## Perspectives 2018 (12 months)

- EBITDA €405 - €415<sup>M</sup> (+15%)
- RLFCF +10%
- Dividend +10% vs 2017

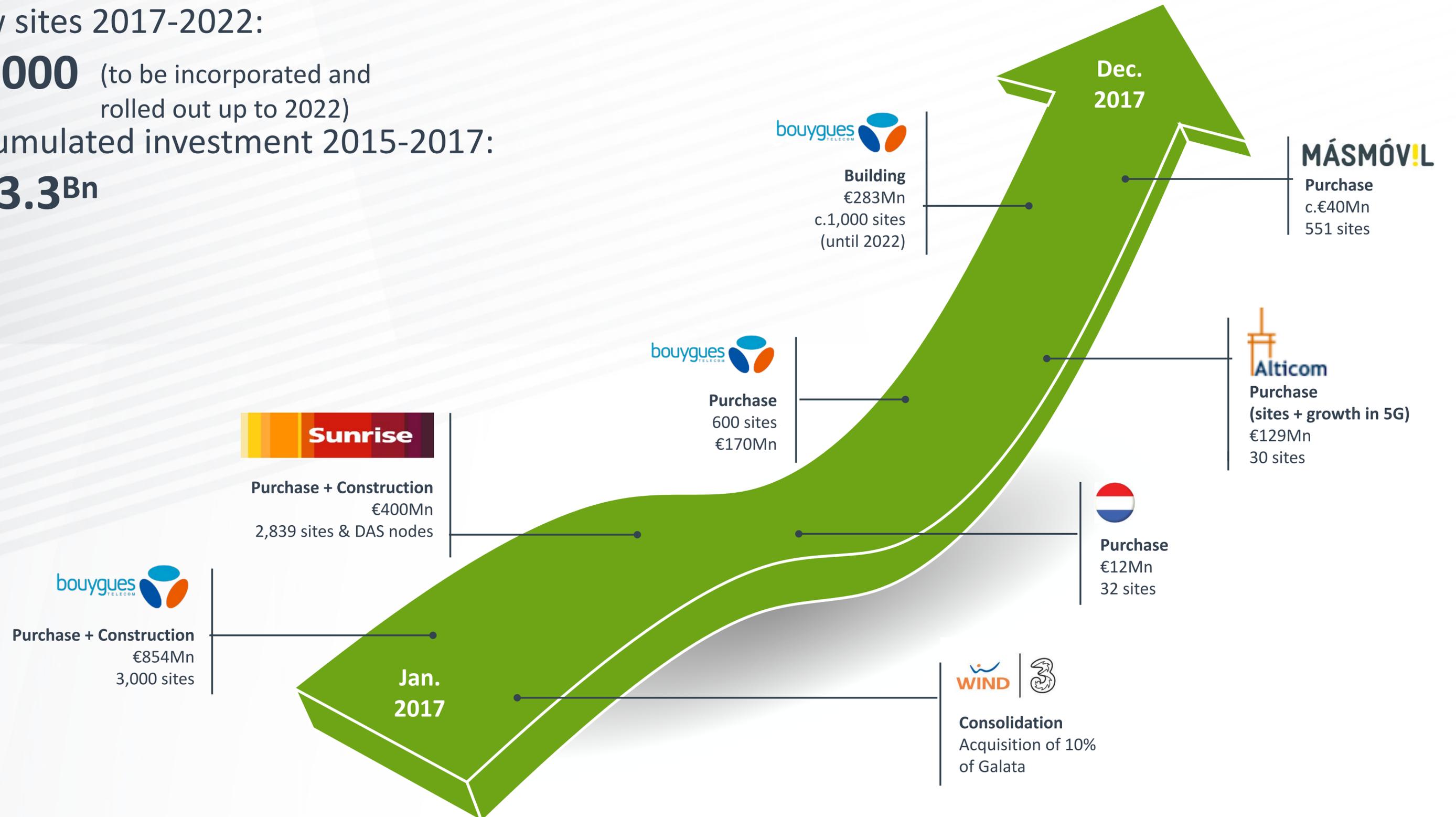
**5**

**European consolidation  
2015 - 2018**

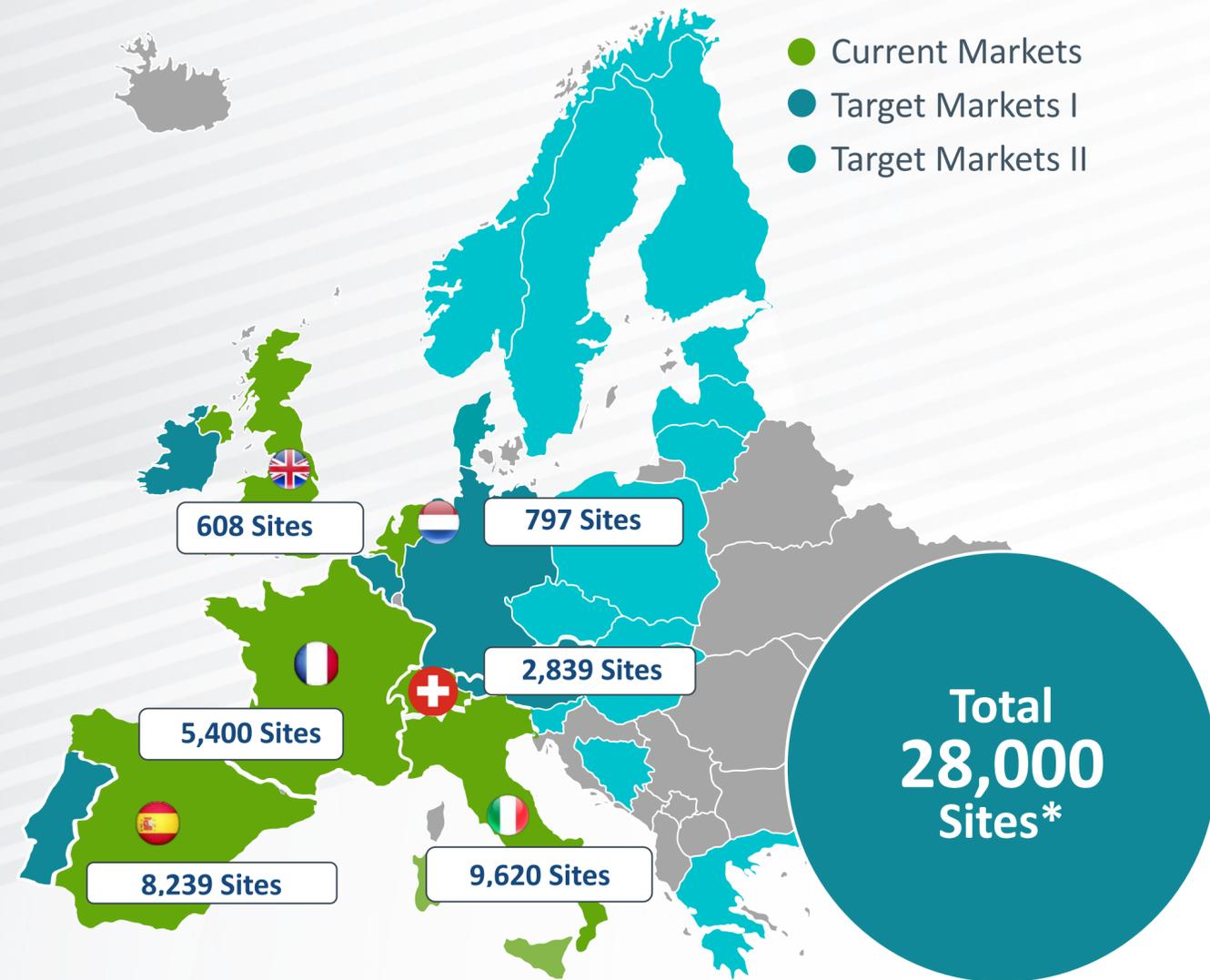
# European consolidation: 2015 - 2018

## Projects closed in 2017

- New sites 2017-2022:  
**+8,000** (to be incorporated and rolled out up to 2022)
- Accumulated investment 2015-2017:  
c. **€3.3Bn**



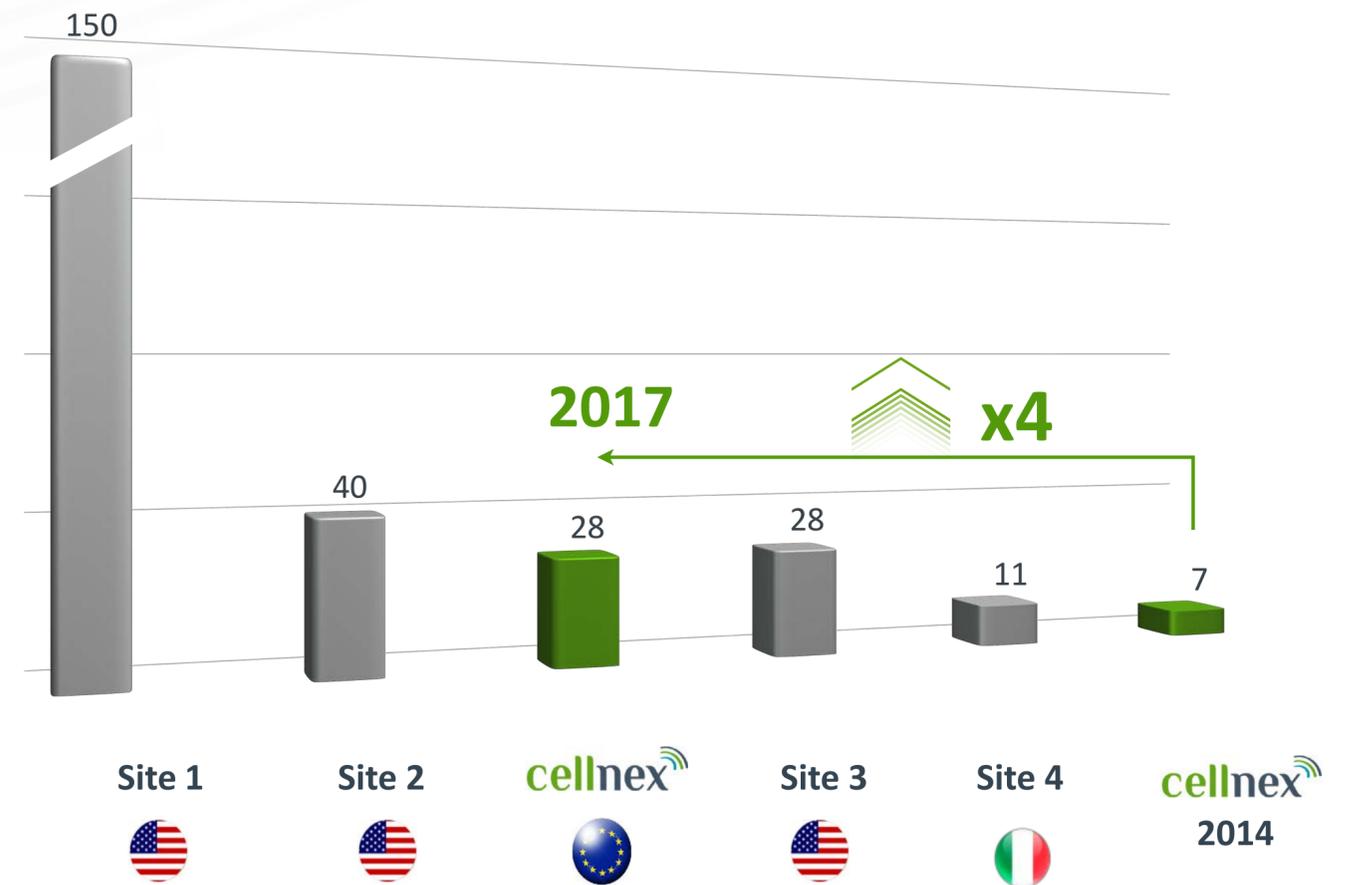
# European consolidation: 2015 - 1Q2018



- Includes 2017 acquisitions
- Italy: Includes DAS nodes from CommsCon
- Spain: Includes towers for broadcasting & DAS nodes
- Includes sites for roll-out already contracted

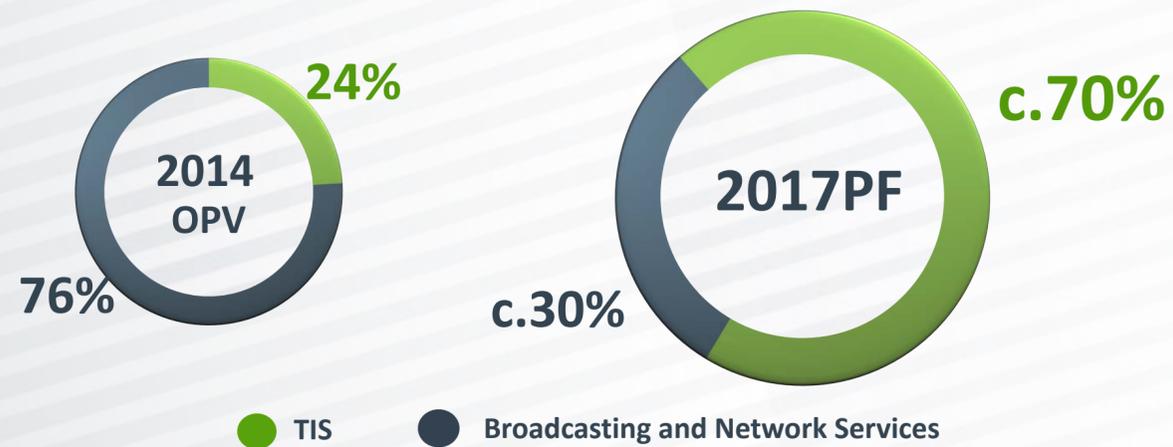
\* Including roll-outs and incorporations committed up to 2022.

## Cellnex vs. Peers (thousands of sites)

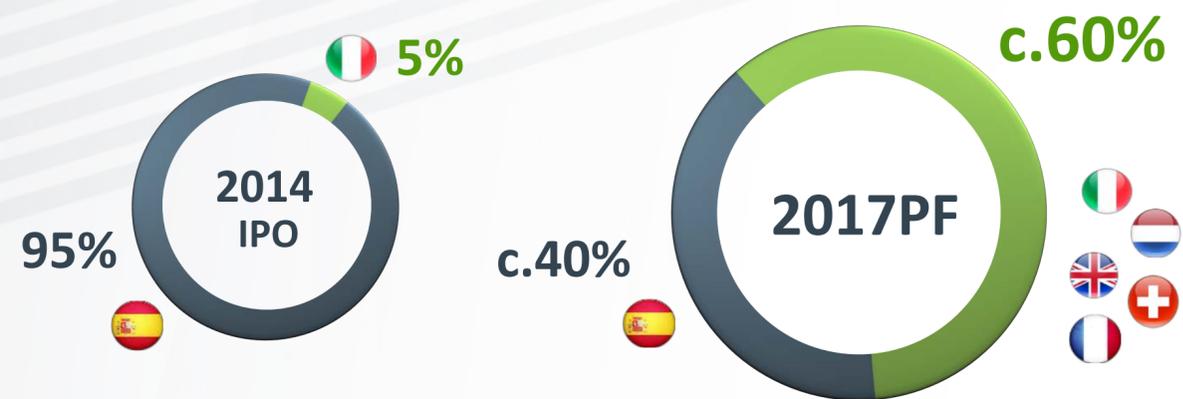


# Diversification of revenues by business lines and contribution to EBITDA by country

## Income contribution by business lines



## Contribution to EBITDA by countries



The proforma includes the annualised contribution of acquisitions in 2017, including the roll-out of sites committed up to 2022.

# 6

**“Sharing”: towards 5G**

# Growing investment in infrastructure

An explosion of “connectivity”  
In 2020  
**50Bn**  
Connected objects

Data traffic growth  
**more than +600%**  
in 5 years

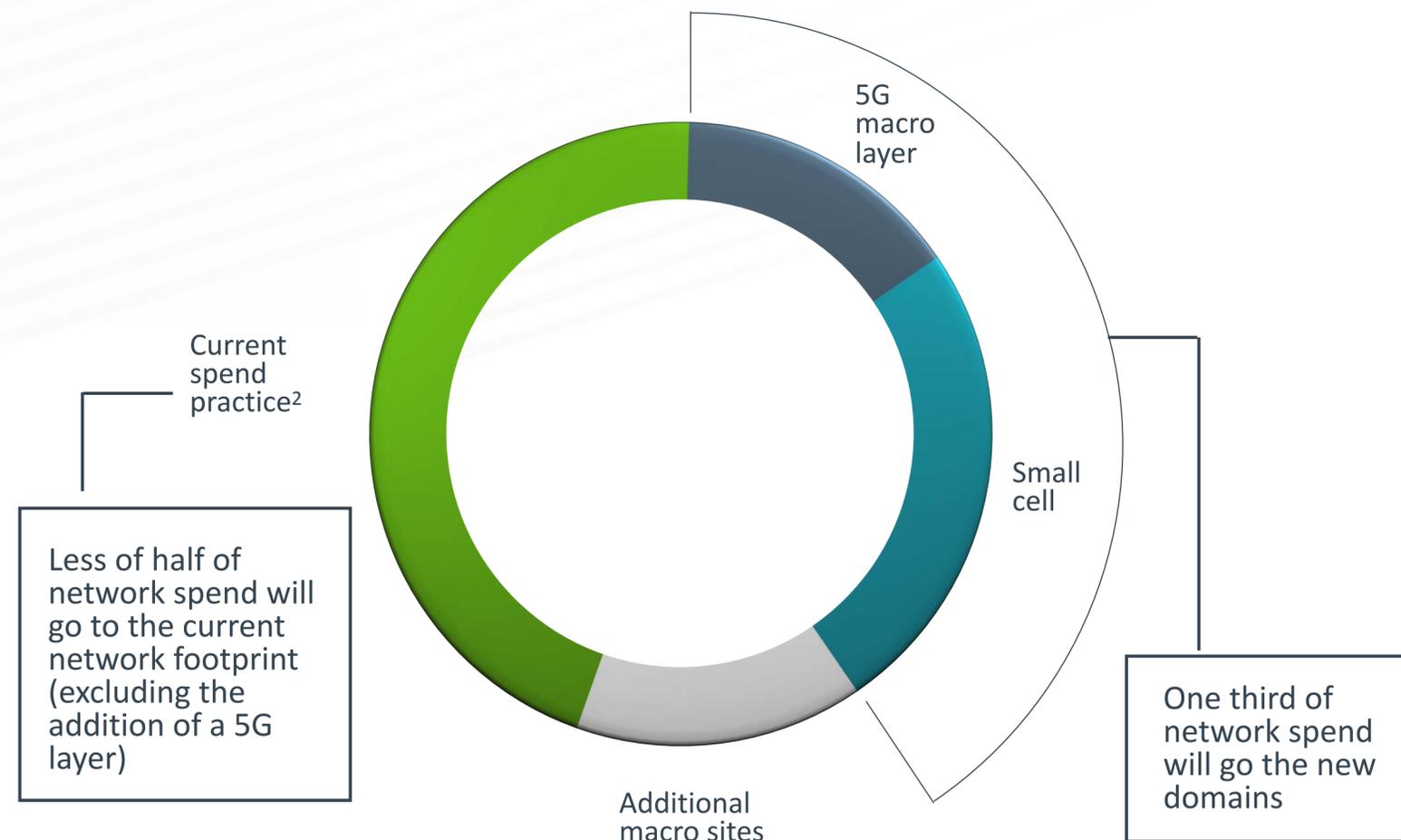
Latency up to  
**1** millisecond  
Up to **100** times faster than 4G

**x10**  
Densification:  
10 small cells by “macrocell” urban

Frequencies higher =  
- radio coverage  
**+ infrastructure density**

The 5G layer, small cell, and additional macro sites will represent a greater proportion of network spend between 2020 and 2025<sup>1</sup>.

Scenario assumes 35% annual data growth.



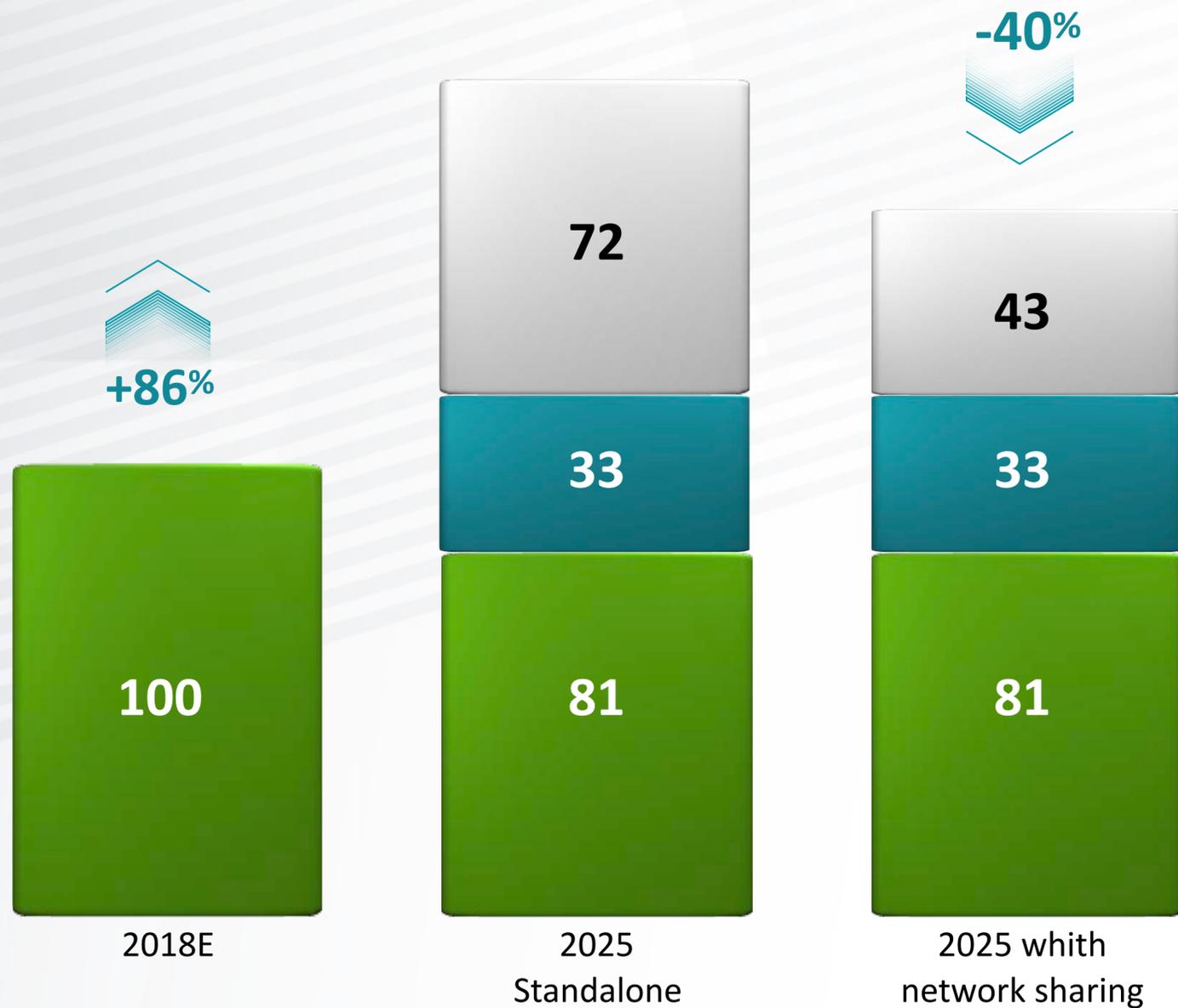
<sup>1</sup> TCO includes capital expenditures and operational expenditures for RAN and transmission but not core networks. Data are based on 3 operators in a European country. Results are rounded.

<sup>2</sup> TCO of current network footprint, including capacity LTE & LTE-Pro upgrades.

# Growing investment in infrastructure

Sharing can reduce the cost of 5G roll-out by 40%.

Scenario assumes 35% annual data growth.



## Evolution of the total cost of access to the network<sup>1</sup>

- 5G associated infrastructure
- Additional macro sites
- Current spend practice

<sup>1</sup> Total cost of ownership includes both operational and capital expenditure.

Source: McKinsey analysis



WANDA METROPOLITANO

FILPE LUIS THOMAS KOKE GRI SAUL F. TORRES CARRASCO

# 7

## Conclusions

## ...with a vision and culture that are...

- Entrepreneurial
- Industrial
- Innovative

## ...with a focus on performance...

- 2015-2018: c. +€3.3<sup>Bn</sup> investment in growth
- From 1 to 6 countries
- x4 No of sites
- +4% organic growth

## ... which creates value

- **For its customers:**  
+ efficiency (sharing)
- **For its shareholders:**  
+56% since 2015 (ex-dividend) and visibility of flows (backlog €16 Bn)
- **For its employees:**  
a project of professional growth and projection
- **For society:**  
speeding up digital connectivity and inclusion

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## Proposed resolutions

### Annual accounts and management report 2017

1. Approval of individual and consolidated annual accounts
2. Approval of the proposed application of profits
3. Approval of the Management Board's management
4. Approval to distribute dividend against the issue premium

### Corporate governance

5. Approval of the change to Directors' pay
6. Approval of the members of the Board of Directors. Appointments, ratifications and re-elections

### Delegations to the Board

7. Delegation to the Board faculty of increase of the share capital
8. Delegation to the Board of the faculty to issue bonds, debentures and fixed income securities convertible into shares
9. Authorisation for the Board to acquire own shares
10. Delegation of powers to formalise all agreements

### Remunerations

11. Voting on the Annual Directors Remuneration Report

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