

January – March 2017 Results
28th April 2017

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Key Highlights



Location: France
Rural site
3 customers

Continued strong performance in line with market consensus

Consistent delivery on organic growth

*+1% new PoPs in the quarter
(Mar 2017 vs. Dec 2016)*

Securing organic growth for next quarters

*Framework agreement signed with 4th Italian MNO
New agreement for the decommissioning of 400 sites¹*

Confirmation of 2017 financial outlook

Very high cash conversion even without REIT status

84% cash conversion

Continuing to successfully tap bond markets

3 new c.10-year instruments: bond, private placement, bilateral loan

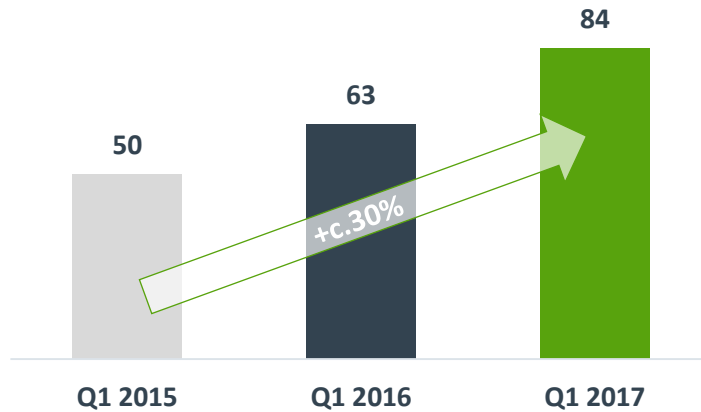
Leading a unique proposition in the tower sector

From MLA to MSA

(1) In the context of an efficiency program providing Opex savings to the MNO

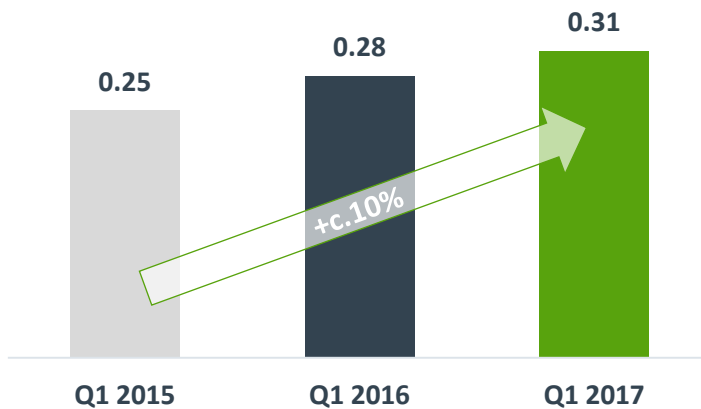
Boosting Adjusted EBITDA and RLFCF per share

Adjusted EBITDA (€Mn)



Adjusted EBITDA CAGR 2015-2017 of c.30%

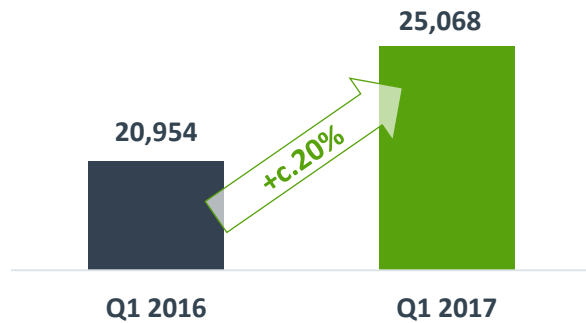
RLFCF per share (€)



RLFCF per share CAGR 2015-2017 of c.10%

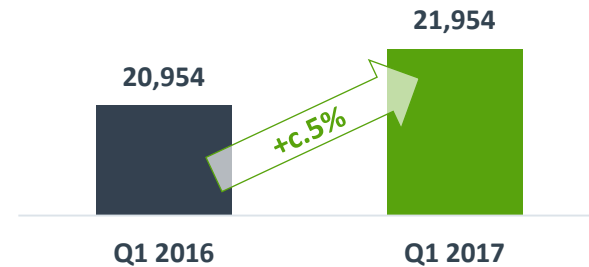
Operating KPIs growing significantly

PoPs evolution – total ⁽¹⁾



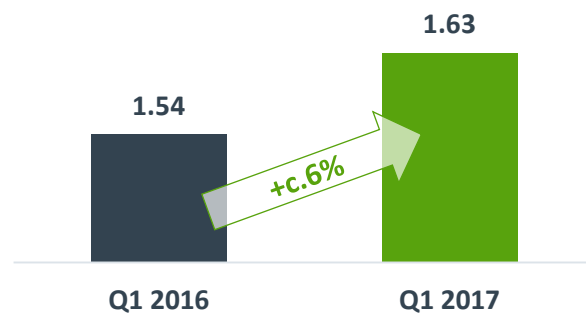
Contribution from organic growth and change of perimeter

PoPs evolution - organic growth ⁽¹⁾



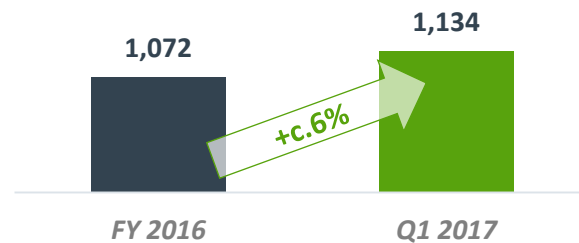
Multi-tenancy due to network densification

Customer ratio ⁽¹⁾



Contribution from organic growth and change of perimeter

DAS nodes evolution ⁽²⁾



Future growth driver of Telecom Infrastructure Services

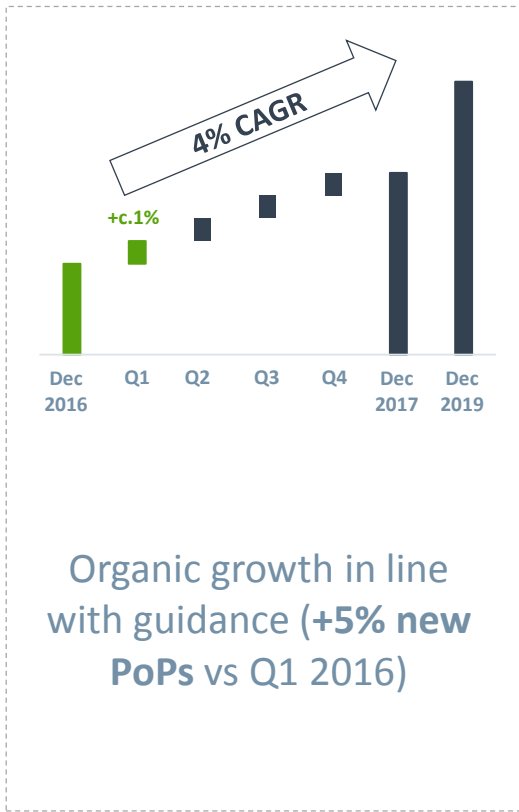
(1) Year on year
(2) Quarter on quarter

Consistent and positive trajectory of organic growth targets

Targets

Q1 2017 Progress

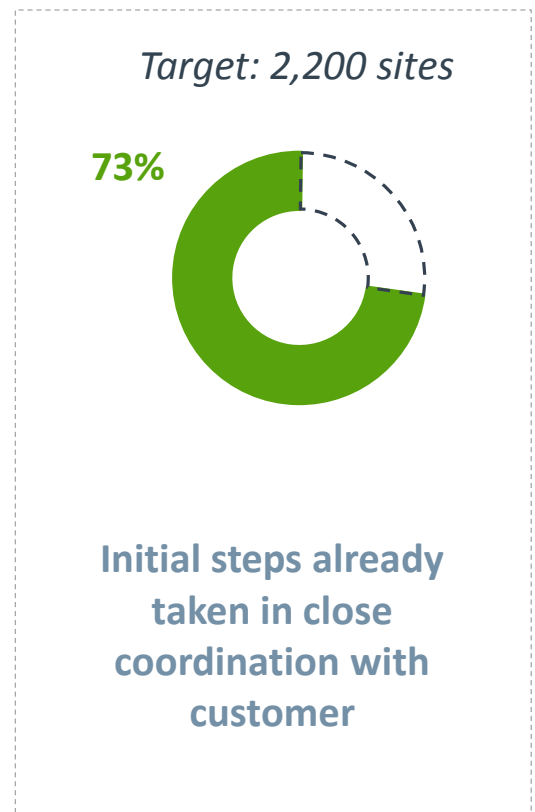
New PoPs 2016-19 ⁽¹⁾



Decommissioning 2016-19



Build to Suit 2016-21 ⁽²⁾



■ Progress as of Dec 2016 ⁽⁴⁾ ■ Progress in the period ⁽⁴⁾

(1) Including organic growth only, at constant perimeter
 (2) Including agreement with Bouygues Telecom announced in February 2017

(3) In the context of an efficiency program providing Opex savings to the MNO
 (4) Contracted

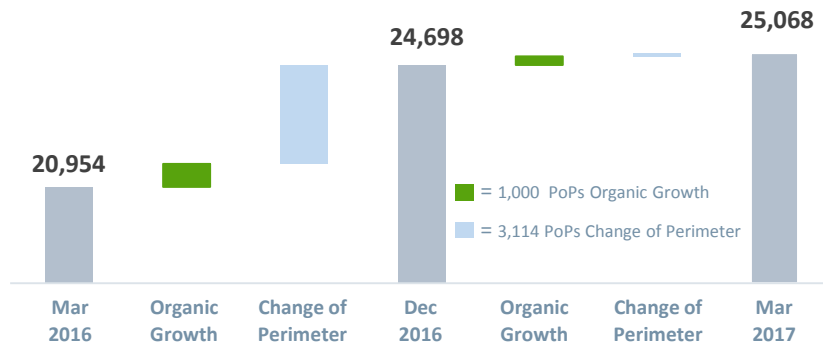
Business Performance

Location: Spain
Urban site
3 customers

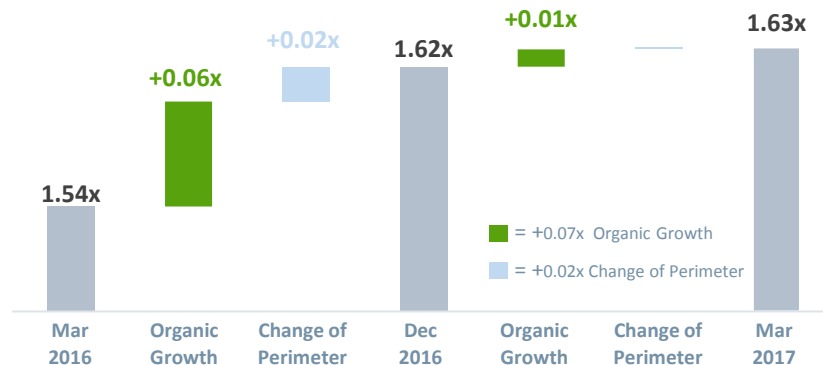
Key Figures

*c.20% growth in terms of PoPs
(of which 5% organic growth - YoY)*

PoPs



Customer Ratio



*Continued commercial activity
creating new revenue streams*

Framework agreement signed with 4th Italian MNO providing full flexibility for its network deployment

New site rationalization project (c.400 sites), in the context of an efficiency program providing Opex savings to the MNO

Strong commercial drive for DAS projects (c.+6% growth in 3 months only)

Contract awarded by T-systems to provide land communications support for Inmarsat's on-board Wi-Fi system in Spain

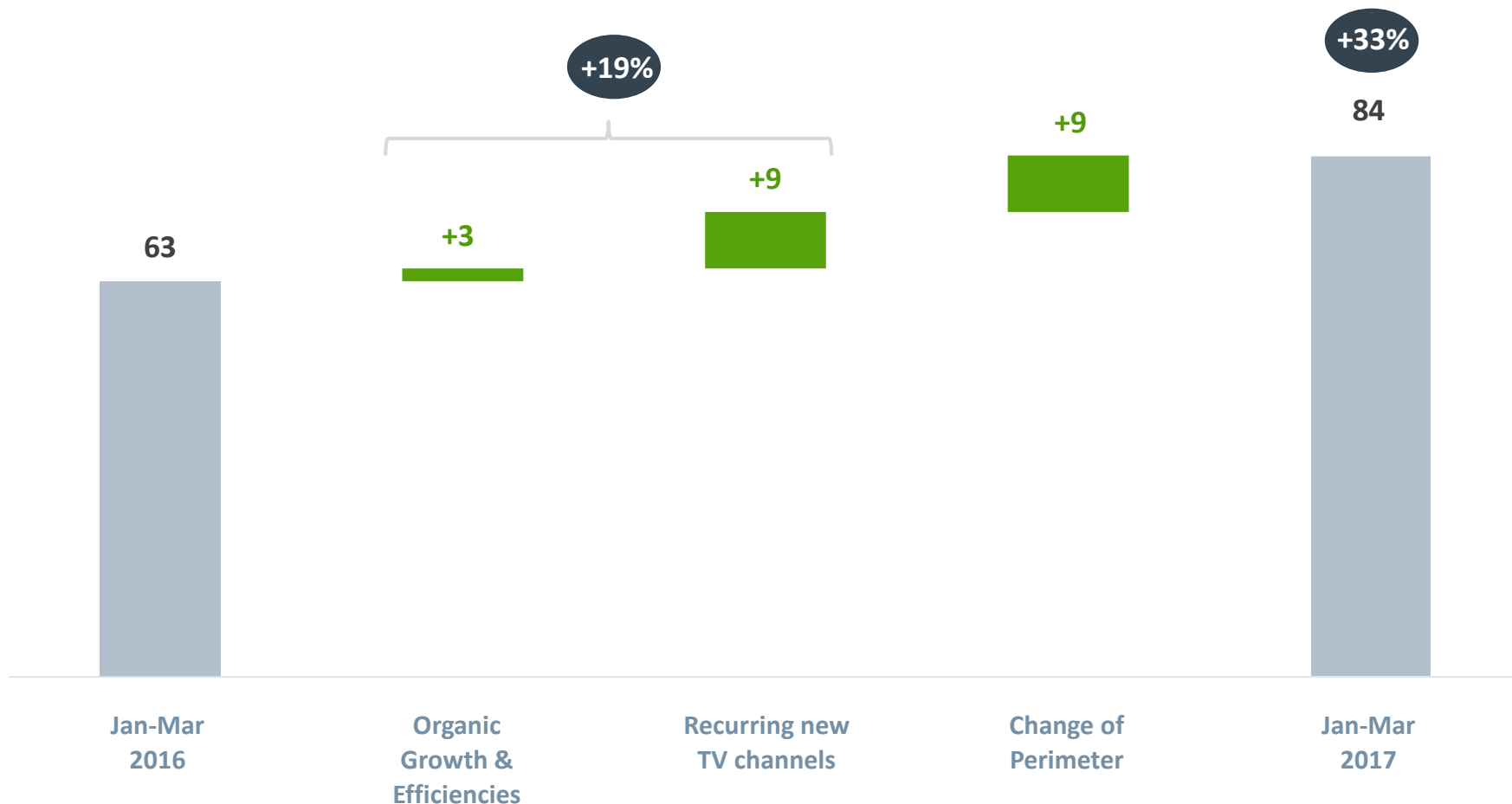


700 MHz spectrum allocation for mobile communications from June 2020 to June 2022 ⁽¹⁾. Sub-700 MHz band secured for DTT at least until 2030. Cellnex expects to maintain the current number of national MUXs, while benefiting from future 5G rollout

(1) According to European Parliament legislative resolution of 15th March 2017

Adjusted EBITDA

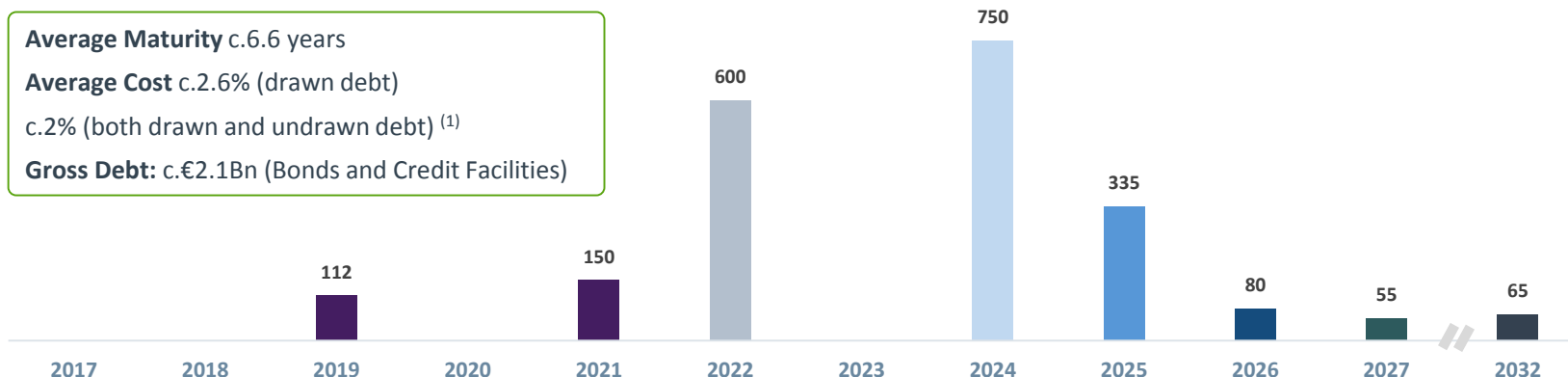
*Adjusted EBITDA growth of +33%,
with +19% organic growth*



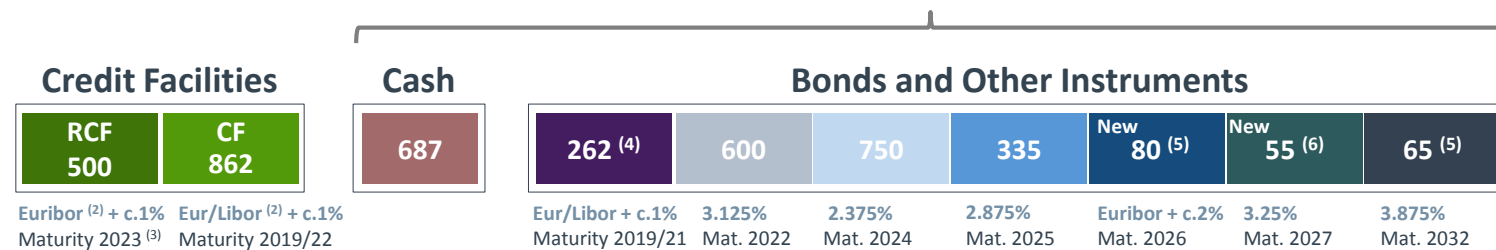
Figures in €Mn

Financial Structure as of April 2017

Ample liquidity - cash at hand and available debt amount to c.€2Bn
First significant refinancing in 2022



Net debt c.€1.5Bn



Available liquidity c.€2Bn

(1) Considering current Euribor rates; cost over full financing period to maturity
 (2) RCF Euribor 1M; Credit facilities Euribor 1M and 3M; floor of 0% applies
 (3) Maturity 5 years with 2 extensions of 1 year to be mutually agreed

(4) Includes c.€150Mn debt in GBP; natural hedge investment in Shere Group (UK)
 (5) Private placement (6) Bilateral loan
 Figures in €Mn

Q1 2017 Business Performance

Recurring Levered Free Cash Flow (RLFCF)

Strong cash conversion of Adjusted EBITDA into RLFCF of 84%

Figures in €Mn	Mar 2016	Mar 2017	
Telecom Infrastructure Services	92	109	
Broadcast Infrastructure	52	61	
Other Network Services	22	20	
Revenues	165	189	+15%
Staff Costs	-24	-25	
Repairs and Maintenance	-6	-7	
Rental Costs	-40	-40	
Utilities	-16	-18	
General and Other Services	-17	-16	
Operating Costs	-102	-105	
Adjusted EBITDA	63	84	+33%
<i>% Margin</i>	<i>41%</i>	<i>46%</i>	
Maintenance Capex	-2	-4	
Change in Working Capital	5	0	
Interests Paid	-1	-9	
Tax Paid	0	0	
RLFCF	66	71	+7%

- Telecom Infrastructure Services up due to organic growth and acquisitions
- Broadcast revenues up due to the switch-on of new TV channels in Q2 2016
- Like-for-like Opex flat when compared to Q1 2016; increase associated with change of perimeter partly offset by efficiency plan
- Maintenance Capex below trend down to phasing
- Working capital trending to neutral
- Cash interest up due to coupons paid in the period
- Taxes reflect payment schedule in the period

Q1 2017 Business Performance

Balance Sheet and Consolidated Income Statement

Balance Sheet (€Mn)

	Dec 2016	Mar 2017
Non Current Assets	2,545	2,524
Fixed Assets	2,084	2,056
Goodwill	380	380
Other Financial Assets	81	87
Current Assets	351	727
Debtors and Other Current Assets	158	175
Cash and Cash Equivalents	193	552
Total Assets	2,895	3,251
Net Equity	551	564
Non Current Liabilities	2,153	2,471
Bond Issues	1,398	1,728
Borrowings	279	268
Deferred Tax Liabilities	290	287
Other Creditors & Provisions	186	188
Current Liabilities	191	216
Total Liabilities	2,895	3,251
(2) Net Debt	1,499	1,462
Annualized Net Debt / Annualized Adjusted EBITDA	4.6x	4.3x

Net debt/Adjusted EBITDA ⁽¹⁾ reaches 4.3x

- PPA processes lead to fixed assets allocation, with only marginal impact on incremental goodwill
- Cash up due to the new bond issuance in January 2017

(1) Including full year Adjusted EBITDA contribution of transactions announced in 2016 and 2017

(2) Excluding PROFIT grants and loans

Income Statement (€Mn)

	Mar 2016	Mar 2017
Revenues	165	189
Operating Costs	-102	-105
Non-recurring items	-3	-8
Depreciation & amortisation	-41	-49
Operating profit	19	26
(3) Net Interest	-7	-15
Corporate Income Tax	-1	0
(4) Non-Controlling Interests	0	0
Net Profit Attributable	11	11

- Net interests up due to coupon associated with new bonds and debt formalization expenses

(3) Please see Excel backup file for the reconciliation of net interest (P&L) to interests paid (cash)

(4) Non controlling interests in Galata (10%) and Adesal (40%)

Summary

1 Continued strong performance in line with market consensus

- 20% growth in terms of new PoPs (of which 5% organic growth)
- Adjusted EBITDA +33%
- RLFCF +7%

2 Securing future organic growth

- Framework agreement signed with 4th Italian MNO
- New agreement for the decommissioning of 400 sites

3 2017 financial outlook reiterated

- Adjusted EBITDA [€330Mn-€340Mn]
- RLFCF growth >10%










Frequently Asked Questions

Location: Italy
Rural site
2 customers

Frequently Asked Questions

What is Cellnex's cash conversion profile?

Cellnex's cash conversion is higher than that of peers (both US and EU) even without REIT status

2016		Peer 1 	Peer 2 	Peer 3 	Peer 4 	Peer 5 	Peer 6 
Adjusted EBITDA	100%	100%	100%	100%	100%	100%	100%
(1) Maintenance Capex	3%	1%	2%	7%	3%	2%	1%
(2) Interests paid	2%	4%	3%	2%	3%	4%	0%
(1) Taxes paid	2%	0%	1%	10%	9%	1%	16%
Change WC	Positive	Positive	Negative	Positive	Negative	Negative	Negative
RLFCF conversion	87%	82%	76%	76%	64%	62%	56%

*Taxes paid similar to US peers due to positive impact of management measures
Cellnex has one of the most attractive financing terms among peers*

(1) As of % of total revenues - FY 2016

(2) As of % of total debt – End 2016

Frequently Asked Questions

What are Cellnex's competitive advantages vs. new entrants in Europe?

1 Tailored-made MSA stemming from deep knowledge of our customers' needs

- Wide array of services
 - 4G, DAS, Small Cells, fiber to the tower, future 5G, ...
 - Site engineering and adaptation, radio planning, ...
 - Network optimization (decommissioning, build to suit, ...)
- Demanding KPIs and Service Level Agreements
 - Aligned with our customers' objectives
- Accounting: MSA to be considered Opex (no lease - IFRS 16 impact)

2 Neutrality

3 Industrial and long-term approach

4 Strong credentials with our customers in Europe

Cellnex understands its customers' needs and has the proven ability to find tailored solutions

Frequently Asked Questions

Opportunities for Cellnex arising from MNOs consolidation?

1 Remedies

Consolidation deals are usually subject to regulatory restrictions, such as divesting some of the assets or giving back spectrum, which can be acquired by a new operator (e.g. Italy)

2 New services and technologies

Allocation of new spectrum can offer additional opportunities for tower companies because of the associated required investment and rollout needs by mobile operators

3 Optimization / Efficiency

This process can trigger the potential consolidation of sites into a single grid, the need for a shared backhaul, and the integration of operations and maintenance activities

Revenues are protected by contract from the potential impact of already known mergers

Cellnex is well positioned to design an optimal network, acquire new assets and provide further services to the newly merged companies

Frequently Asked Questions

How is equity IRR calculated?

1 Revenues

- MSA with anchor customer
- Plus prudent organic growth assumptions

2 Opex & Capex

- Management reflecting industrial expertise

3 Equals cash flows generated by the project

4 Project financing at local level (Non-recourse)

- Debt level supported by project cash flows
- Actual financing terms provided by Cellnex's banks

5 Working capital, optimum tax structure

Dividend Discount Model valuation

Low double digit equity IRR on a stand-alone basis

No second transaction is factored into the model

Frequently Asked Questions

How do inflation and interest rates impact Cellnex?

If both inflation and interest rates increase, Cellnex will benefit from a positive impact on RLFCF

1 Impact from rising inflation?

- c.100% revenues linked to inflation
- Opex to remain flat for the duration of efficiency plan (and at constant perimeter)
- Adjusted EBITDA goes up ▲

2 Impact from rising interest rates?

- Long term maturities (c.7 years)
- c.86% debt at fixed rates
- Available debt at attractive terms

3 Leading to RLFCF accretion ▲ +€15Mn

Example:

- Assuming revenues €700Mn, Opex €400Mn therefore Adjusted EBITDA €300Mn
- Current debt structure
- Impact if inflation and interest rates increase +300 bps

		Increase	
• Revenues	€700Mn	→ +€21Mn	+3%
• Opex	€400Mn	→ +0Mn	flat
• Adj. EBITDA	€300Mn	→ +€21Mn	+7%
<hr/>			
• Interest expense		-€6Mn	
• RLFCF		+€15Mn	

Frequently Asked Questions

What is DAS and Small Cells business model?

Most common business models

Business model 1 (BM1):
Standard density venues

Venue owner pays a fee to Cellnex to provide and manage the service

€

Cellnex invests in Capex and assumes the OPEX of managing the DAS

€

Service fee from MNO to Cellnex

Typical venues BM1
Indoor Small Cells
Shopping Centres
Hospitals
Skyscrapers

Venue owners/managers provide rights to Cellnex to commercialise their venues

Cellnex deploys and manages the DAS system in the venue

MNOs connect to Cellnex DAS system

Business model 2 (BM2):
High density venues

Cellnex pays a rental fee to the venue owner

€

Cellnex invests in Capex and assumes the OPEX of managing the DAS

€

Service fee from MNO to Cellnex

Typical venues BM2
Outdoor Small Cells
Stadiums
Subways
Airports

What is DAS and Small Cells business model?

Typical magnitudes

Stadiums



NODES # of nodes [50- 150]

CAPEX €8k – €18k per node

Public transport



NODES # of nodes [2- 4] / station

CAPEX €12k – €22k per node

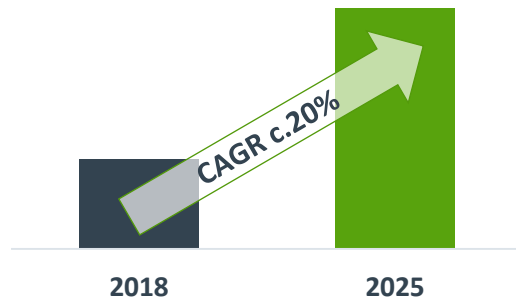
Shopping centres and skyscrapers



NODES # of nodes [5- 20]

CAPEX €10k – €20k per node

- Pricing: typical revenues per node €3k-€6k per year
- Typical customer ratio for a DAS system c.3 MNOs (Commscon's ratio today 2.7x)
- Every DAS node feeds 10-15 antennae, whereas 1 small cell is equivalent to 1 antenna



According to ABI Research, **revenues** associated with **DAS/Small Cells in-building** wireless systems **will grow c.20% per year (CAGR 2018-2025)**

Cellnex's DAS/Small Cells activity is expected to grow at a similar rate from 2018

Term	Definition
Adjusted EBITDA	Profit from operations before D&A and after adding back certain non-recurring and non-cash items (such as advances to customers and prepaid expenses)
Adjusted EBITDA margin	Excludes elements pass-through to customers (namely electricity and in some cases ground rental) from both expenses and revenues
Advances to customers	Advances to customers include 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
Anchor customer	Anchor tenants are telecom operators from which the Company has acquired assets
Backhauling	In a telecommunications network the backhaul portion comprises the intermediate links between the backbone network and the subnetworks. Cell phones communicating with a single cell tower constitute a subnetwork and the connection between the cell tower and the rest of the network begins with a backhaul link
Backlog	Represents management's estimate of the amount of contracted revenues that Cellnex 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 relates to the contract renewals, and in accordance with the consolidated financial statements for the year ended 2016, contracts for services have renewable terms including, in some cases, 'all or nothing' clauses and in some instances may be cancelled under certain circumstances by the customer at short notice without penalty.
Build to suit	Towers that are built to meet the needs of the customer
Customer Ratio	The customer ratio relates to the average number of carriers in each site. It is obtained by dividing the number of carriers by the average number of Telecom Infrastructure Services sites in the year. Same as tenancy ratio
DAS	A distributed antenna system is a network of spatially separated antenna nodes connected to a common source via a transport medium that provides wireless service within a geographic area or structure
DTT	Digital terrestrial television
Expansion Capex	Investment to the network of tower infrastructures, equipment for radio broadcasting, network services, cash advances, land acquisitions and other that generate additional Adjusted EBITDA
Maintenance Capex	Investments in existing tangible or intangible assets, such as investment in infrastructure, equipment and information technology systems, and are primarily linked to keeping sites in good working order, but which excludes investment in increasing the capacity of sites

Term	Definition
M&A investment	Investments in shareholdings of companies as well as significant investments in acquiring portfolios of sites (asset purchases)
MLA	Master Lease Agreement
MNO	Mobile Network Operator
MSA	Master Service Agreement
MUX	Multiplex, a system of transmitting several messages or signals simultaneously on the same circuit or channel
Node	A node receives the optical signal from the BTS venue and transforms it into radio frequency signal and then transfers it to antennas after amplifying it
ONS	Other Network Services, same as Network Services and Others
OpCo	Operating Company
PoP	Points of presence, an artificial demarcation point or interface point between communicating entities. Each tenant on a given site is considered a PoP
Rationalization	Process consisting on decommissioning one site and moving equipment to another one, so that out of two sites only one remains
RLFCF	Recurring Operating Free Cash Flow plus/minus changes in working capital, plus interest received, minus interest expense paid and minus income tax paid
Recurring Operating FCF	Adjusted EBITDA minus Maintenance Capex
Simulcast	Broadcasting of programs or events across more than one medium, or more than one service on the same medium, at exactly the same time
TIS	Telecom Infrastructure Services, same as Telecom Site Rental

Additional information available on Investor Relations section of Cellnex's website



The screenshot shows the top navigation bar of the Cellnex website. The logo is on the left, and the navigation menu includes: Home, Customer access, Site map, Intranet, ESP, ENG, CAT, IT. Below the navigation bar, there are dropdown menus for: About Cellnex Telecom, Products and Services, Investor Relations, and Press room. The main content area features the heading "Q1 2017 Results" and a link to a "Backup Excel File" with an Excel icon. To the right, contact information for "Investors & Shareholders" is provided, including the address, phone number, and email. At the bottom, logos for CDP and FTSE4Good are shown, along with the text "Cellnex Telecom is part of the ESG indices".

cellnex
driving telecom connectivity

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Q1 2017 Results

 *Backup Excel File*

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