1Q2017 Company Presentation

Disclaimer

Forward-looking Statements contained in this document, particularly the ones regarding any EIT (EI Towers) possible or assumed future performance, are or may be forward-looking statements and in this respect they involve some risks and uncertainties.

EIT actual results and developments may differ materially from the ones expressed or implied by the above statements depending on a variety of factors.

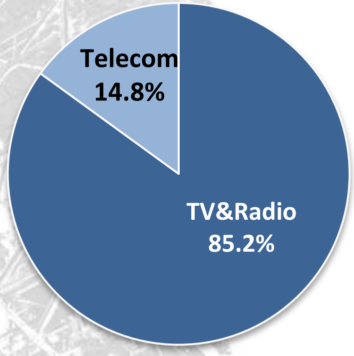
Any reference to past performance of EIT shall not be taken as an indication of future performance.

This announcement does not constitute an offer to sell or the solicitation of an offer to buy the securities discussed herein.

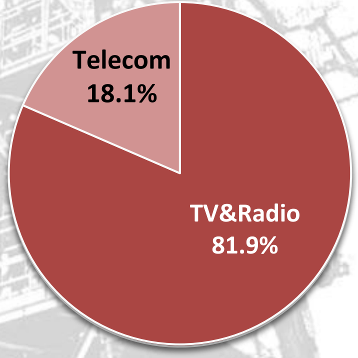
The executive responsible for the preparation of the accounts of EI Towers SpA, Fabio Caccia, declares that, as per art. 2, 154 bis of the Consolidated Finance Law, the accounting information contained in this release corresponds to that contained in the company's formal accounts.

Company Snapshot
Revenues Profile and Geographical Presence

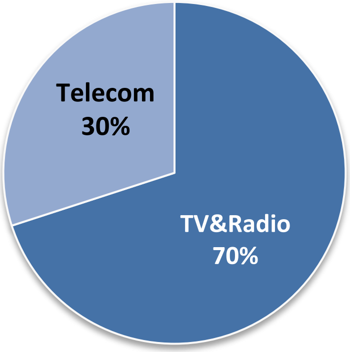
- Breakdown by activity[1]
  - Revenues by mix
    FY2016: €251.5m

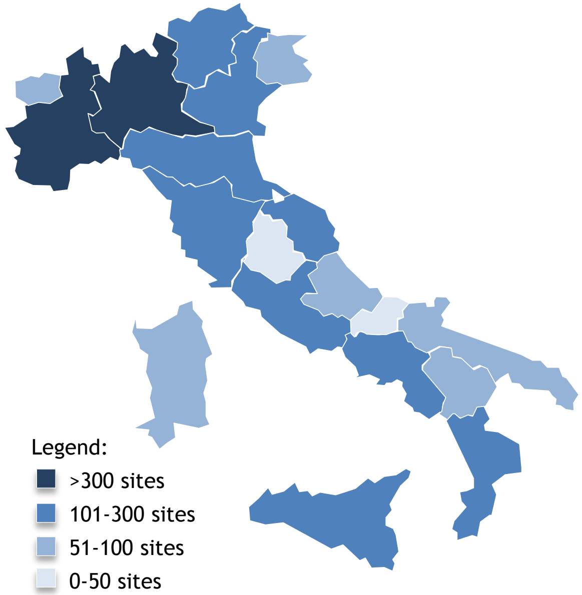


  - EBITDA by mix
    FY2016: €119.6m



- **Current Tower Portfolio**
  >3,300 Sites under management





[1] *Core Revenues*

1Q2017 Highlights

- **Core Revenues at €64.7m (+5.2% yoy)**
  - Growth driven by volumes (mainly M&A activity)
  - Cairo contract contribution
- **First Quarter Adjusted EBITDA at €33.2m (+7.8% yoy)**
  - Result, before extraordinary items, in line with FY2017 guidance
  - Adjusted EBITDA margin at 51.3% (+120 bps vs 1Q2016)
  - Reported EBITDA at €33m
- **Sound Free Cash Flow generation confirmed**
  - Normalized figure, before special dividend and share buy back, at ca €14.6m
  - Special dividend paid €99.7m
  - Share bought back ca €16.3m
  - Net Debt at €244m
  - Net Debt/LTM EBITDA ratio at 2x

TV Broadcasting

- **Mediaset contract**
  - 71.5% on FY16 core revenues
  - 7+7 years duration (July 2018/July 2025)
  - H2/17 window for renewal

- **Cairo contract**
  - Network completed
  - 3+7+10 years duration (2024 window for renewal)
  - €3m revenues in FY16
  - €7m revenues in FY17

- **700 Mhz band**
  - Band not reallocated from tv to mobile before 2020 (with potential 2 years tolerance)
  - Any reallocation of bandwidth below 700Mhz band cannot take place before 2030

Income Statement

Data in €/m	1Q2016*	1Q2017	YoY %
Core Revenues	**61.5**	**64.7**	**5.2%**
Other Revenues	1.2	0.1	
Adjusted EBITDA	**30.8**	**33.2**	**7.8%**
% Margin	*50.1%*	*51.3%*	
One off	-0.3	-0.2	
EBITDA	**30.5**	**33.0**	**8.3%**
D&A, Provision	-9.6	-9.3	**-3.2%**
EBIT	**20.9**	**23.7**	**13.5%**
Financial Expenses	-2.3	-2.5	**8.4%**
Pre-tax Profit	**18.6**	**21.2**	**14.2%**
Taxes	-6.3	-6.6	**5.0%**
% Tax Rate	*33.9%*	*31.2%*	
Net Income	**12.3**	**14.6**	**18.9%**
EPS	**0.44**	**0.53**	**18.9%**

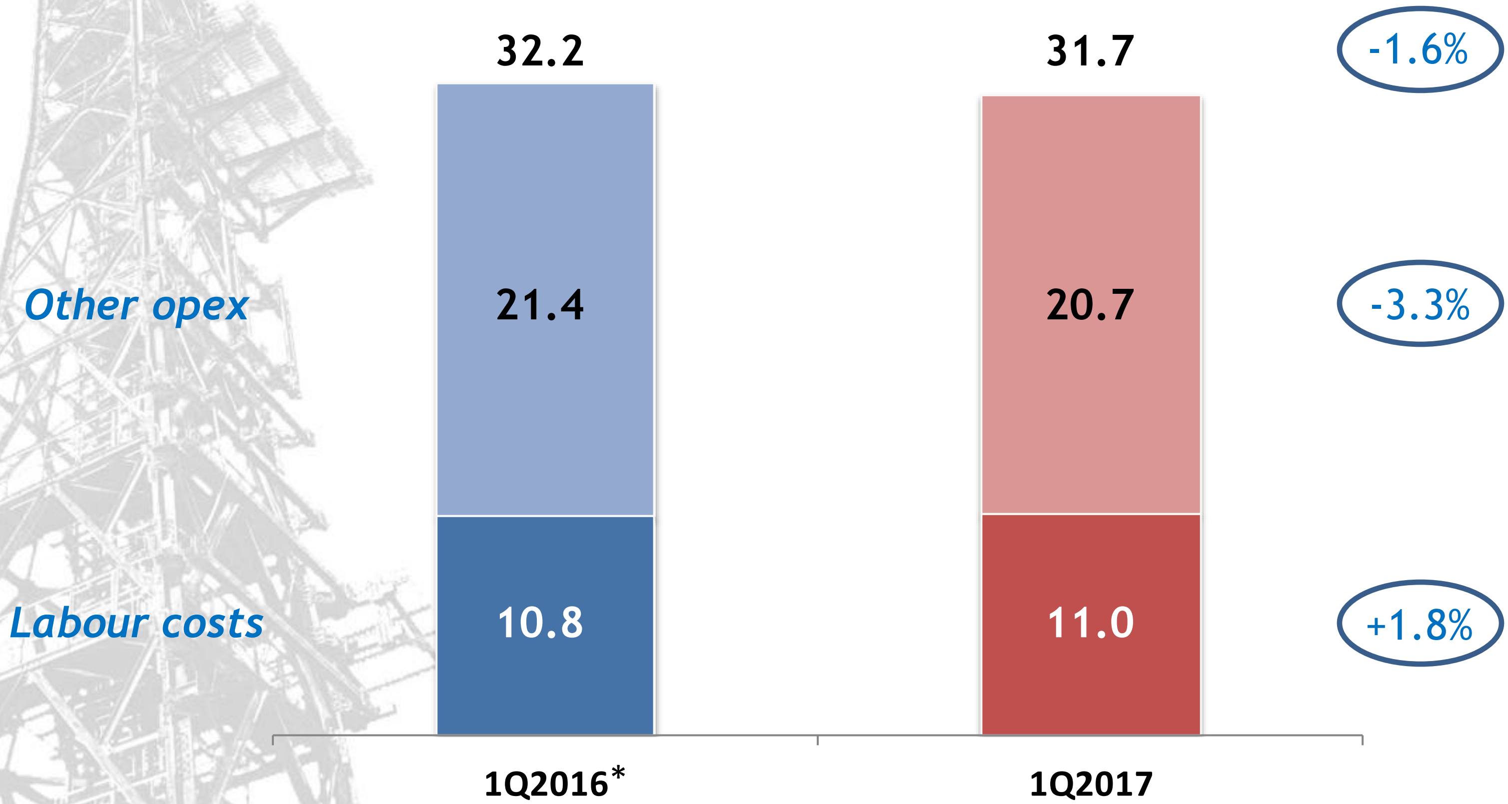
⇨ Growth rate higher than CPI largely thanks to small M&A

⇨ EBITDA growth and margin, net of other revenues, in line with Industrial Plan 2014/18

(*) Figures restated due to PPA

1Q2017 Opex

Data in €/m

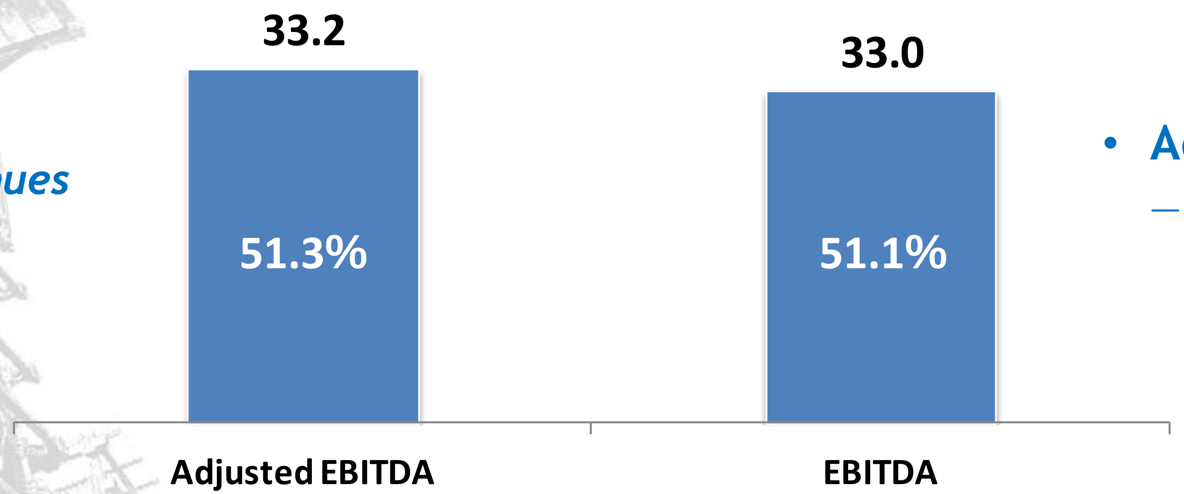


(*) *Figures restated due to PPA*

1Q2017 EBITDA

Data in €/m

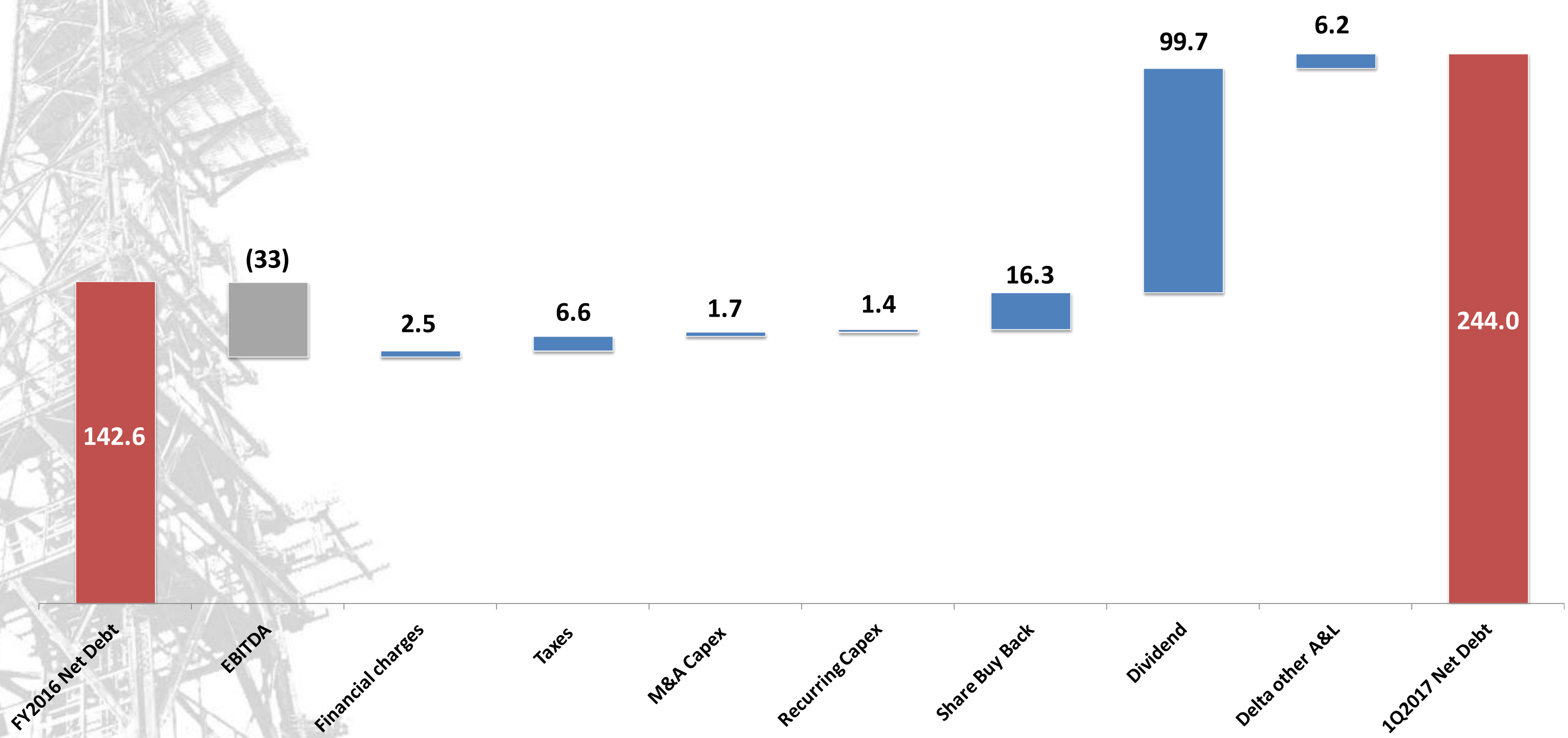
% on Core Revenues



- **Adjustments**
  - M&A cost €0.2m

Net Debt and Cash Flow Bridge

Data in €/m



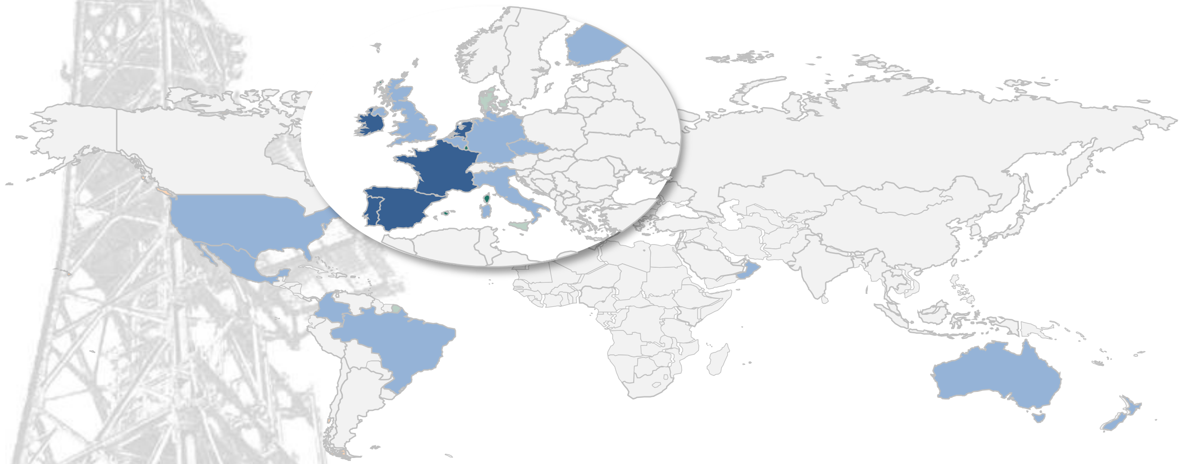
Balance Sheet

Data in €/m	FY 2016*	1Q2017
Non Current Asset	**875.6**	**869.4**
Fixed Asset	371.9	365.7
Goodwill	503.7	503.7
Non Current Liabilities	**-73.2**	**-72.5**
Net Working Capital	**-22.0**	**-16.5**
Net Invested Capital	**780.4**	**780.4**
Net Financial Position	**142.6**	**244.0**
Cash	94.0	18.4
Borrowings	236.6	262.4
Equity	**637.8**	**536.4**

(*) *Figures restated due to PPA*

Update on Nettrotter

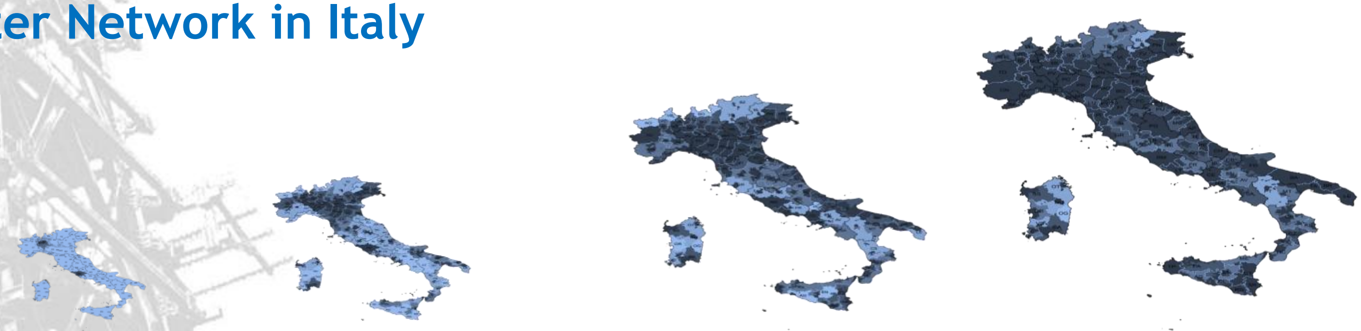
Sigfox Global Reach



Launched country
- France
- Spain
- Netherlands
- Portugal
- Ireland
- Luxembourg

On going country deployment
- Czech Republic
- Denmark
- New Zealand
- Taiwan
- Finland
- Oman
- Mauritius
- Mexico
- Malta
- USA
- Italy
- Germany
- Belgium
- United Kingdom
- Australia
- Brazil
- Singapore
- Colombia

Nettrotter Network in Italy

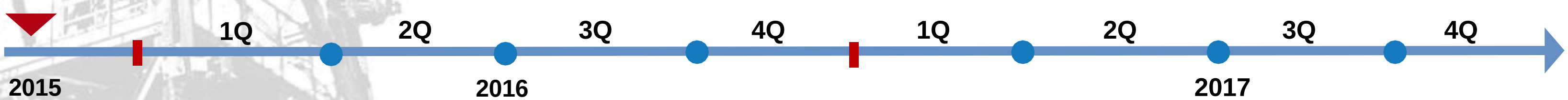


% COVERAGE
- 0 - 19%
- 20 - 49%
- 50 - 69%
- 70 - 84%
- 85 - 100%

I. N. of BASE STATIONS
II. % POPULATION COVERED

START
Oct 2015

I.	80	320	650	~ 1000
II.	15%	59%	77%	88%



Update on Nettrotter

EI TOWERS

Technology and Service

- **Wide Area:**
  - 15-20 km urban outdoor
  - 20-30 Km extra urban outdoor
  - Antijamming
- **Low Power:**
  - Very low devices consumption (25 mW/TX)
  - Long battery life (years)
- **Distictive Features:**
  - National network approach
  - Seamless international service (in all countries covered – currently 31)

Nettrotter Business Models

- **Pure connectivity**
- **Smart object Provider (SOP)**
- **Solution as a Service (SAAS)**

Subject to Profitability Analysis

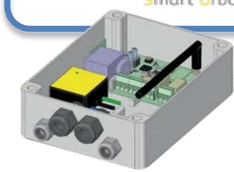
Already available solutions off-the-shelf

ontrack pet

TELENET water

SmartCooler
Always keep it chill

SUL.net
Smart Urban Lighting



Update on Nettrotter

- **Sale orders as of today: €0.7m**

- **Potential revenues**
  - 2017: ~ €1.0m
  - 2018/2019: CAGR ~ 100%

- **Operating break-even*: by the end of 2019**

- **Cumulated Capex: €9.1m by the end of 2017**
  - 2015: €3.2m (mainly BS acquisition)
  - 2016: €1.3m (network roll-out)
  - 2017: €4.6m (final delivery of the network)

(*) *EBITDA*

2017 Outlook

- EBITDA ~ €127m
- Maintenance Capex ~ €12m
- Tax rate ~ 31-32%

A more efficient Capital Allocation

- **2.5x Net Debt/EBITDA in 2018**
  – Target to be likely met 1yr in advance

- **Regular Dividend Policy**
  – Pay out *at the least* 100% Consolidated Net Income
  – 2017 dividend distribution approved: €1.80/share (~3.5% yield)

- **Share Buy Back programme**
  – Up to 5% of Share Capital
  – To date 2.73% of share capital in portfolio (2.51% bought on the market)

- **The proposed capital allocation allows to:**
  – Pursue investment opportunities (small M&A)
  – Maintain financial flexibility

Analysis of the Reference Markets: Broadcast Segment

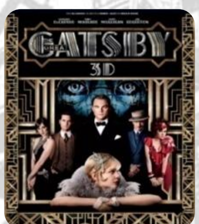
Broadcast Segment

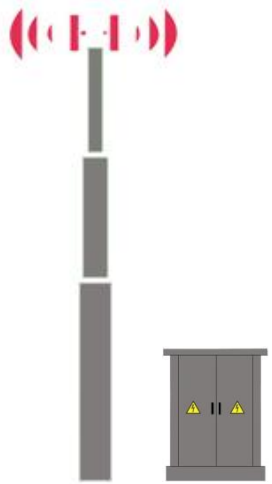
Market Players

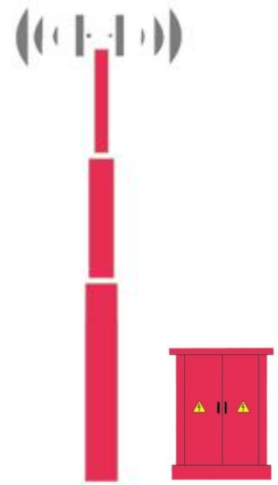
Publishers

Network Operators

Tower Cos





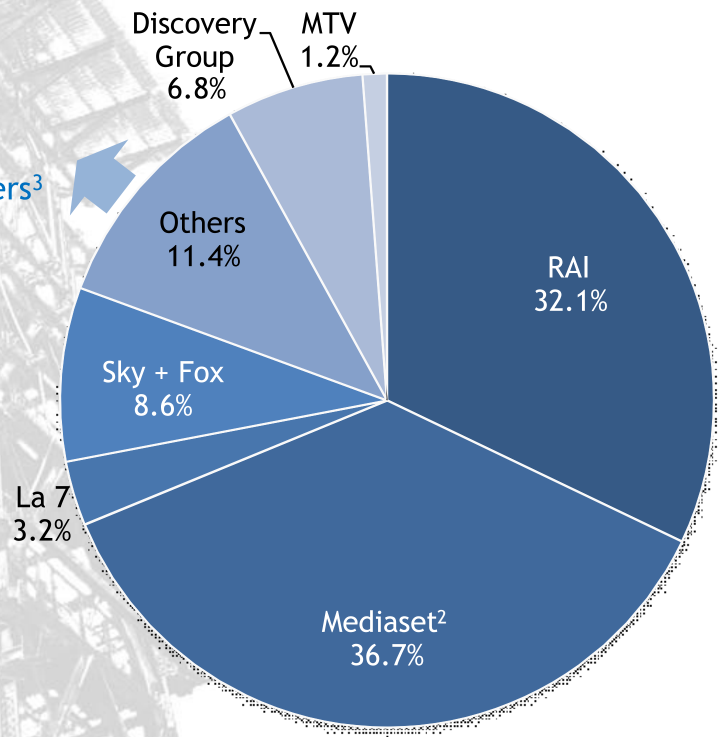


Publishers

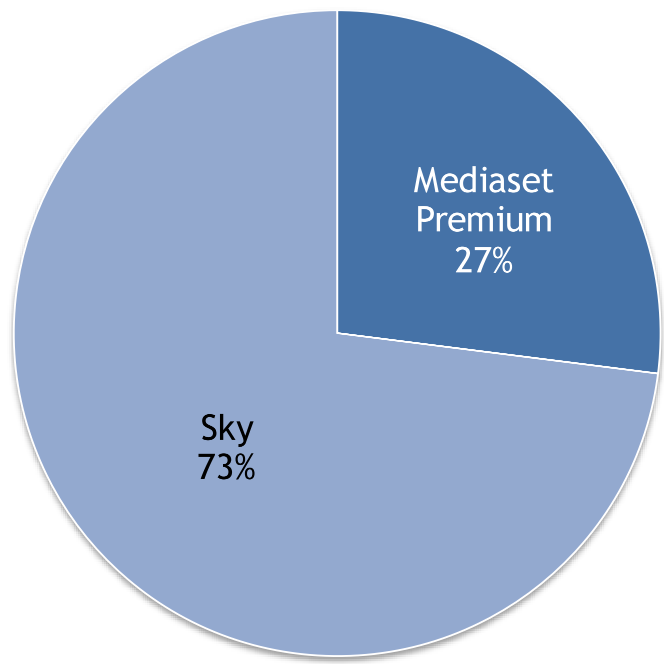
Italian TV Market

- **Audience Share 15-64[1]**

- Eurosport
- US Majors:
  - Disney
  - Universal
  - Turner
  - Sony (AXN)
- BBC
- Italian Publishers[3]



- **Pay TV: Market Share (subscribers)**



[1] Source: Company elaborations on Auditel data, January-December 2014

[2] Including MS Pay TV

[3] De Agostini/LT Multimedia/L'Espresso Group/Feltrinelli/Class

Network Operators

TV Frequencies Landscape

EI TOWERS

Mediaset 1	Rai Mux 1	Persidera 1 Ex TIMB 1
Mediaset 2	Rai Mux 2	Persidera 2 Ex TIMB 2
Mediaset 3	Rai Mux 3	Persidera 3 Ex TIMB 3
Mediaset 4	Rai Mux 4	Persidera 4 Ex Rete A 1
Mediaset 5	Rai Mux 5	Persidera 5 Ex Rete A 2
5	5	5

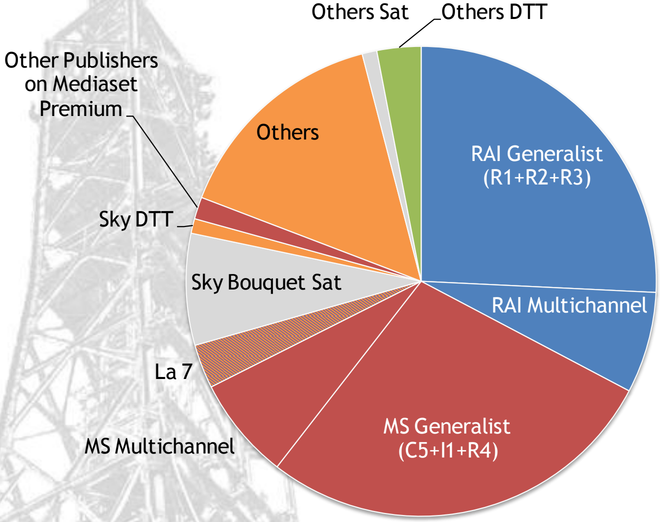
H3G | D Free | Europa 7 | Retecapri | Cairo Network[1]

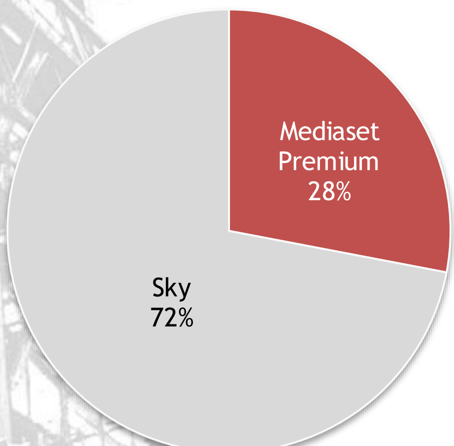
20

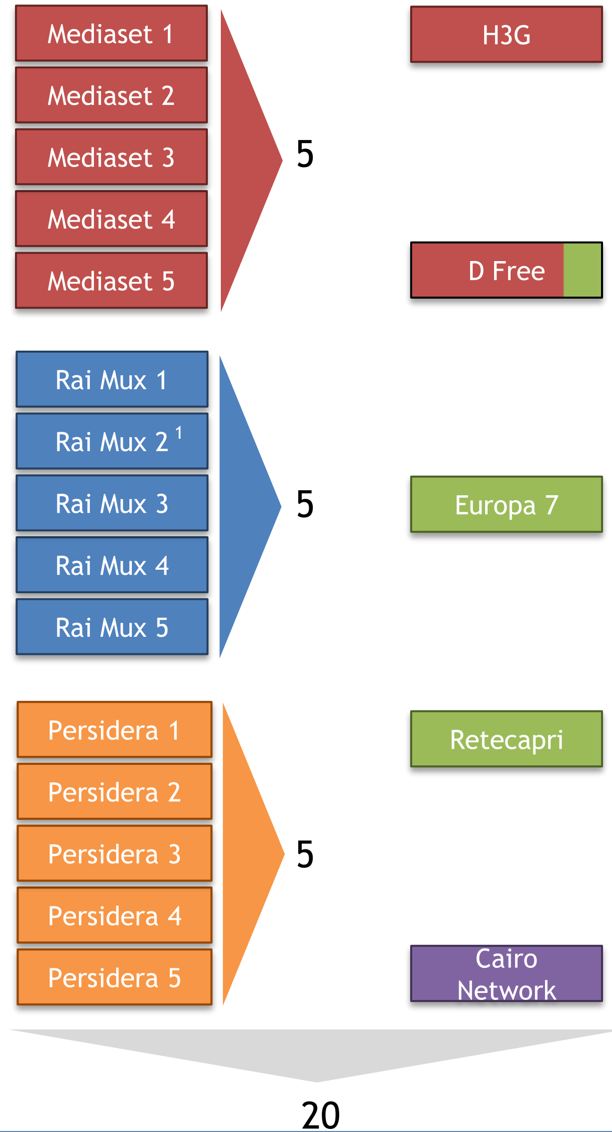
[1] *At regime after 2016/2017*

TV Channels Distribution

Allocation within Multiplexes

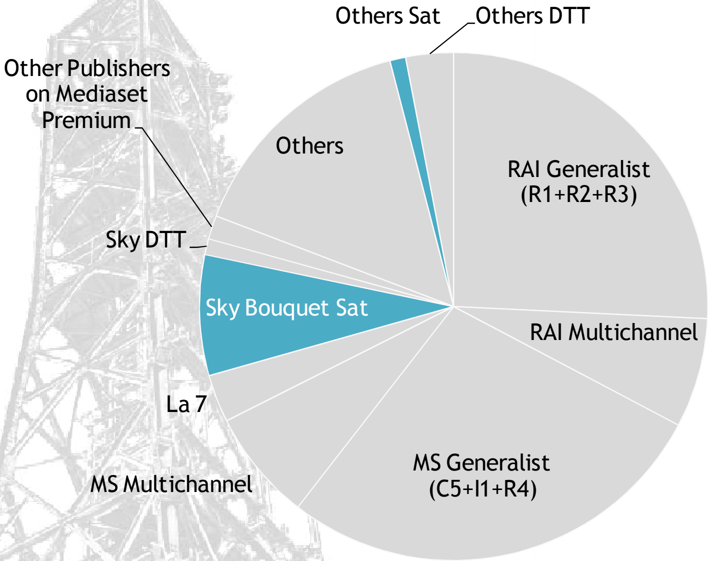


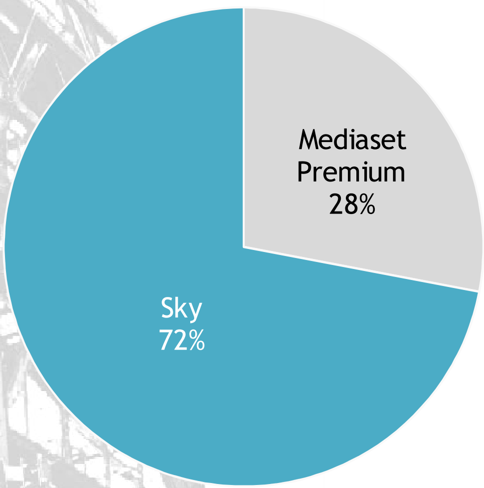




[1] *TV 2000 (Other DTT)*

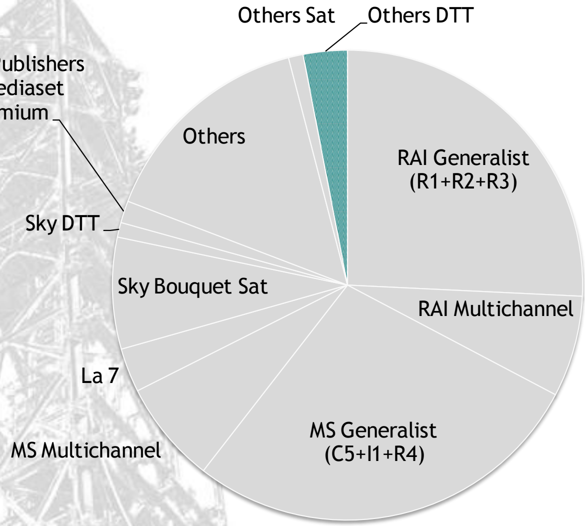
Satellite Offer
Almost Entirely Pay TV-Driven

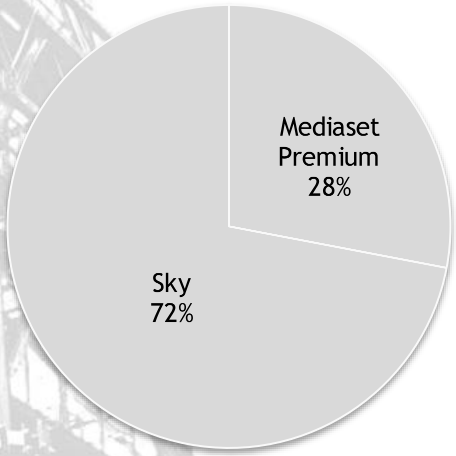


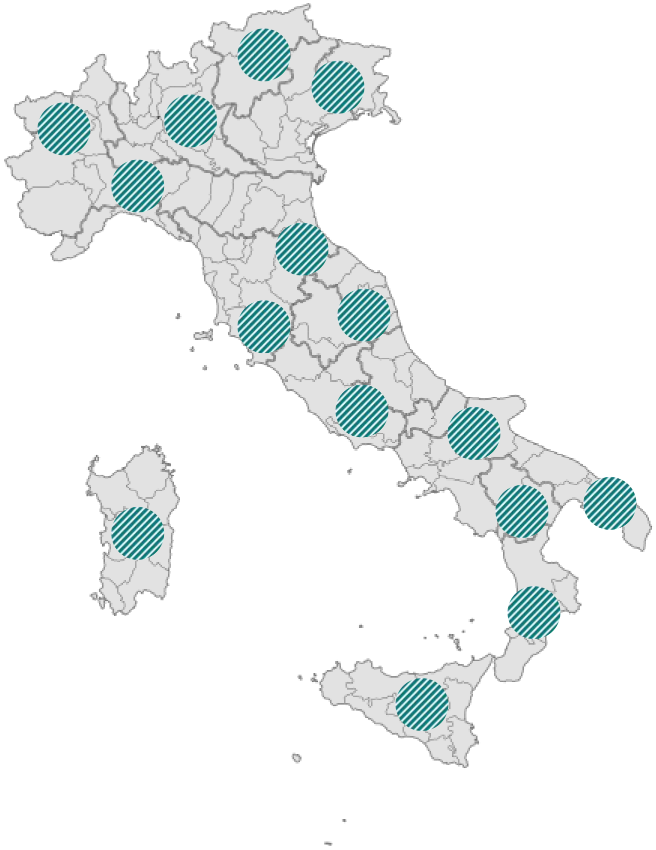


Sky Italia	~4.7m HH
Tivusat	~2.2m HH
	~6.9m HH

Regional Offer
A Patchwork







Efficient Management of Existing Agreements with National TV Players

- Contracts long term visibility

	Interm. Term	**Final Term**
- Mediaset 7+7[1]	*2018*	**2025**
- TIMB 12+6	*2023*	**2029**
- L'Espresso 12+6	*2024*	**2030**
- Cairo 3[2]+7+10	*2024*	**2034**

- Supported by:
  - Stability of distribution patterns
  - Long term predictable technological evolution
  - Long term regulatory stability and visibility

[1] Including 5 MS Muxes + 2 Muxes of third parties
[2] Transitional Phase

Efficient Management of Existing Agreements with National TV Players

EI TOWERS

Distribution platforms penetration

Italian TV Households	~24.5
DTT HH[1]	~23.3m
Penetration %	*~95%*
Satellite HH[2]	~6.9m
Penetration %	*28%*
Broadband TV HH	0.7m
Penetration %	*3%*

of which ~4.7m (68%) is Pay TV

[1] Data referred to potential penetration; 2014E data sourced by IT Media Consulting

[2] Company's estimates; according to IT Media Consulting, DTT "First access" penetration represents around 70% of total population (17.1m HH)

Efficient Management of Existing Agreements with National TV Players

- Going forward, it is extremely **unlikely** to have competition between platforms for the same service. There will rather be **specialization** and **complementarity**

LINEAR

DTT/Satellite

NON LINEAR

Fixed/Mobile broadband

Efficient Management of Existing Agreements with National TV Players

- **Analogue switch off** was completed on July 4th, 2012

- **Current standard for Digital Terrestrial Broadcasting: DVB-T**
  - Adopted standard for Video of SD programs → MPEG-2/HD programs → MPEG-4
  - Perspective standard for Video of HD programs → HEVC

- **Transition to DVB-T2 already on the way**
  - Since 2012 newly installed TV transmitters are “DVB-T2 ready” (they can broadcast with both standards) → Network evolution to DVBT-2 can smoothly follow substitution for obsolescence (~7÷10 years)

- **It is unlikely to see full transition to DVB-T2 before 2022÷2024**

N.B. No Capex for Tower Cos (e.g. EI Towers)…

…and not even significant Capex for network operators (Mediaset is upgrading in parallel with substitution/new network operators are already deploying T2 ready networks)

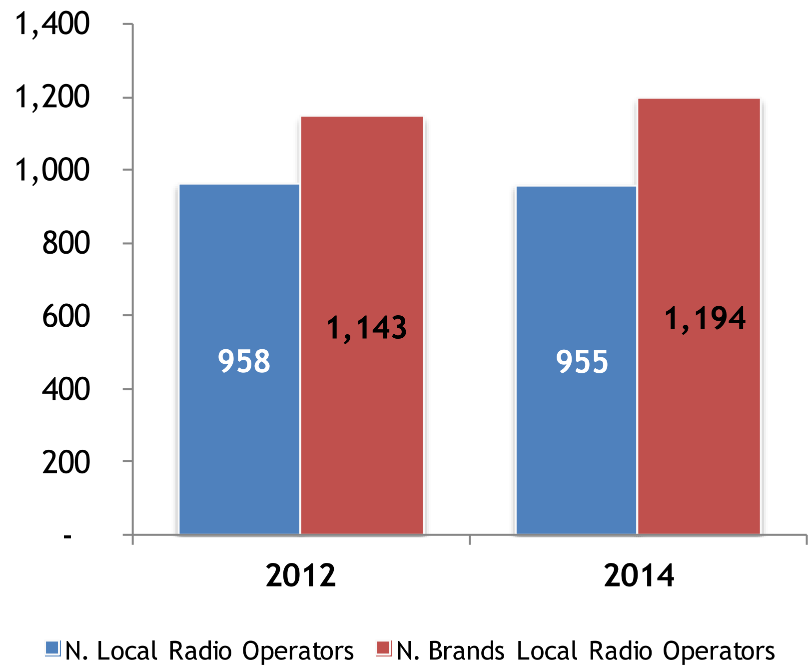
Radio Broadcast

NATIONAL RADIO OPERATORS

Operators	Brands
1. RAI	
2. MONRADIO	
3. ASS. RADIO MARIA	
4. FINELCO - RADIO STUDIO 105	
5. FINELCO - VIRGIN RADIO	
6. FINELCO - RMC ITALIA	
7. RTL 102,500 HIT RADIO	
8. RADIO ITALIA	
9. RADIO KISS KISS	
10. ELEMEDIA	
11. CENTRO DI PRODUZIONE	
12. RADIO DIMENSIONE SUONO	
13. IL SOLE 24 ORE	
14. RADIO PADANIA LIBERA	

- **Stable number of operators**

LOCAL RADIO OPERATORS



- **Stable number of operators**
- The number of commercial brands is rising: +51 brands equal to +4% (2014 vs. 2012)

Radio Broadcast

- Radio audience is still, and will likely be for many years to come, terrestrial through herzian waves
- Internet radio is widely available for in-house and fixed reception, but most of the audience is in cars → **current infrastructure is not replaceable**
- Radio transmission is still mainly **analogue**: DAB is being deployed, but no switch over is foreseen

Business Plan Financials

Business Plan Financials
Key Assumptions & Perimeter

- **EI Towers Revenue contracts are CPI-linked and almost entirely adjusted to Year-End CPI**

- **Italian CPI Assumptions:**
  - YE2014E (FY2015E Revenues): 0%
  - YE2015E (FY2016E Revenues): 0.75%
  - YE2016E (FY2017E Revenues): 1.0%
  - YE2017E (FY2018E Revenues): 1.0%

- **Business Plan Activity Perimeter:**
  - **Including:**
    - Cairo Mux contract
    - Development of 100 new mobile TLC sites by Towertel
    - 3 "Mom and Pop" tower portfolios acquisitions (Hightel, 1 mobile, 1 broadcast)
  - **Excluding:**
    - 4 "Mom and Pop" tower portfolios in the radar screen (3 mobile, 1 broadcast)
    - Development of new mobile TLC sites under the Hightel frame agreement
    - Transformational M&A in mobile/broadcasting segments

Business Plan Financials

Revenues Segment Projected Growth

- **Revenues 2014/18E CAGR[1] by segment:**
  - National TV Broadcasters: ~+2%[2]
  - National Radio: flat
  - Mobile Network Operators: ~+7%[3]
  - Other TLC Technologies (Wi-Fi, Wi-Max): ~+5%
  - Local TV & Radio, Others: ~-1%

Total Revenues 2014/18E CAGR ~+3%

[1] *CAGR based on FY2013 actual figures*

[2] *Under the hypothesis that current contract with main TV national client (Mediaset Group) will be renewed at same terms and conditions*

[3] *Hightel acquisition consolidated, excluding the contract for the development of new sites*

Business Plan Financials
Profit & Loss Headlines

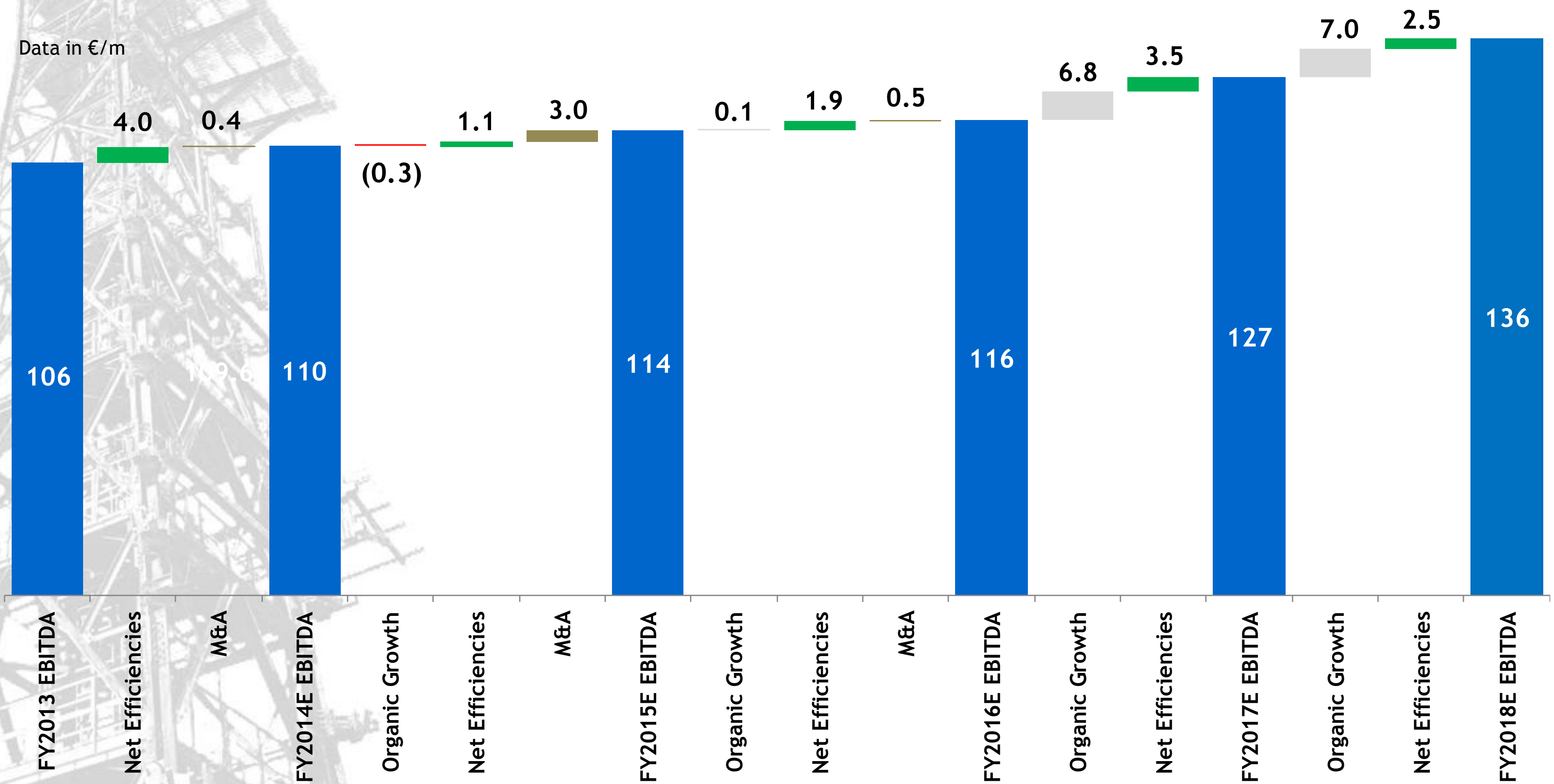
- **Steady margin accretion, notwithstanding the low CPI assumptions**

Data in €/m	2013	2014E	2015E	2016E	2017E	2018E	CAGR 2014-18E[1]
Revenues	233	234	241	244	253	264	3%
EBITDA	106	110	114	116	127	136	5%
margin%	*45%*	*47%*	*47%*	*48%*	*50%*	*52%*	
EBIT	58	67	73	76	89	101	12%
CPI Assumptions			-	*0.75%*	*1.0%*	*1.0%*	

[1] CAGR based on FY2013 actual figures

Business Plan Financials
EBITDA Bridge[1]

- **Total Net Efficiencies: ~€13, of which:**
  - €4m in 2014E (31% of Total)
  - €9m cumulated in 2015E-18E (69% of Total)



[1] *EBITDA absolute values are rounded figures*

Business Plan Financials
EBITDA Growth Breakdown

- EBITDA will grow by ~€30m over the Business Plan period (FY2014-18E), driven by:
  - Organic Growth[1]: ~€13.6m
    - In a very low CPI scenario, EBITDA organic growth will be mainly concentrated in the last two years
  - Visible "Mom and Pop" M&A transactions, contributing almost ~€4m
  - Net Cost Efficiencies: ~€13m
- Search for new efficiencies will be a continuous effort in order to enhance the cash flow profile of the Company

[1] *Including Cairo contract under a base case scenario (penalty of €2m) and the development of 100 new TLC sites by Towertel*

Business Plan Financials

More Colour on Efficiencies

- **In the first two years of activity**, EI Towers was able to deliver 2012-16E old Business Plan efficiency targets three years ahead on schedule:
  - **€15m of P&L Net Efficiencies**
  - **Strong Ordinary Capex Reduction**
    - Old target 2012-16E: €20m per annum
    - FY2013: €10.2m

- FY2014 will show the continuous focus on G&A/Opex/Ordinary Capex
  - EBITDA guidance: ~€110m (benefitting from €4m of additional efficiencies vs FY2013)
  - <u>New Ordinary Capex Guidance: €11m</u>

- **Current and future actions over the new Business Plan time horizon will be more surgical and will keep on addressing Opex/Ordinary Capex**
  - **<u>Fine tuning on Opex (supply of Goods and Services) and Ordinary Capex</u>**
  - **<u>Analysis focused on other cost categories (e.g. technology)</u>**

Business Plan Financials
Cash Flow Profile

- **"EBITDA-Ordinary Capex", one of the most important metrics, will grow up to €125m with a 6% CAGR**

Data in €/m	2013	2014E	2015E	2016E	2017E	2018E	CAGR 2014E-18E[1]
EBITDA	**106**	**110**	**114**	**116**	**127**	**136**	**5%**
ORDINARY CAPEX	**(10)**	**(11)**	**(12)**	**(12)**	**(12)**	**(11)**	
DEVELOPMENT CAPEX		-	(7)	(1)	-	-	
M&A CAPEX		(22)	(11)	-	-	-	
TOTAL CAPEX	(10)	(34)	(30)	(13)	(12)	(11)	
EBITDA - CAPEX	95	76	84	103	115	125	
EBITDA - ORDINARY CAPEX	**95**	**99**	**101**	**104**	**115**	**125**	**6%**

$$\underbrace{95 \quad \cdots \quad 125}_{+32\%}$$

[1] *CAGR based on FY2013 actual figures*

Glossary

Adjusted EBITDA corresponds to the difference between consolidated revenues and operating costs, gross of non-monetary costs related to depreciations, amortizations and write-downs (net of possible revaluation) of current and non-current assets, of non ordinary economic components related to M&A transactions according IFRS3 or layoffs, of any costs related to atypical and/or unusual deals as defined by Consob communication of July 28 2006 n. DEM 6064293.

EBITDA is the difference between consolidated revenues and operating costs, gross of non monetary costs related to depreciations, amortizations and write-down (net of possible revaluations) of current and non current assets. It is a measure used by the Group management to monitor and evaluate the Company performance and it is not applied as an accounting measure within the IFRS standards ("Non GAAP Measure").

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