



## **EI TOWERS GROUP**

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# **QUARTERLY REPORT AS AT MARCH 31, 2018**

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**EI TOWERS S.p.A.**

Via Zanella, 21 - 20851 Lissone (MB)

Tax Code and Registration Number

Monza and Brianza Companies' Register: 12916980159

VAT Number: 01055010969

[www.eitowers.it](http://www.eitowers.it)

Company subject to management and coordination activities of Mediaset S.p.A.

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This document is an English translation of an original Italian text. In the event of discrepancies between the original Italian text and this English translation, the original Italian text shall prevail

Professional operating within the prerogatives of Law 4/2013.

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## **CORPORATE BOARDS**

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### **Board of Directors**

Chairman Alberto Giussani

Chief Executive Officer Guido Barbieri

Directors Paola Casali  
Stefano Ferraro  
Anna Girello  
Piercarlo Invernizzi  
Rosa Maria Lo Verso  
Michele Pirotta  
Francesco Sironi

### **Board of Statutory Auditors**

Chairman Antonio Aristide Mastrangelo

Standing Auditors Francesca Meneghel  
Riccardo Massimo Perotta

### **Independent Auditors**

Deloitte & Touche S.p.A.

## FINANCIAL HIGHLIGHTS

### Main Income Statement Data

| <i>Euro in millions</i> | Q1 2018 | Q1 2017 (*) |
|-------------------------|---------|-------------|
| Revenues                | 67.4    | 64.7        |
| Adjusted EBITDA (**)    | 35.1    | 33.2        |
| EBITDA (***)            | 34.6    | 33.0        |
| Operating profit (EBIT) | 25.2    | 23.4        |
| Profit before tax       | 24.5    | 20.9        |
| Net profit              | 17.4    | 14.4        |

### Main Balance Sheet and Financial Data

| <i>Euro in millions</i> | March 31, 2018 | December 31, 2017 |
|-------------------------|----------------|-------------------|
| Net invested capital    | 820.7          | 812.0             |
| Shareholders' equity    | 509.6          | 494.2             |
| Net financial position  | (311.1)        | (317.7)           |

### Personnel

|                  | March 31, 2018 | December 31, 2017 |
|------------------|----------------|-------------------|
| No. of employees | 559            | 557               |

### Main Indicators

|                                            | Q1 2018 | Q1 2017 (*) |
|--------------------------------------------|---------|-------------|
| Adjusted EBITDA (**)/Revenues              | 52.1%   | 51.3%       |
| EBITDA (***)/Revenues                      | 51.3%   | 51.1%       |
| EBIT/Revenues                              | 37.4%   | 36.2%       |
| Profit before tax/Revenues                 | 36.4%   | 32.3%       |
| Net profit/Revenues                        | 25.8%   | 22.2%       |
| Earning per share (Euro per share)         | 0.65    | 0.52        |
| Diluted earning per share (Euro per share) | 0.65    | 0.52        |

(\*) RESTATED

(\*\*) Corresponding to the difference between revenues and operating costs gross of non-monetary expenses related to amortisation, depreciation and write-downs (net of possible value reinstatement) of current and non-current assets, of non-ordinary items relating to business combinations pursuant to IFRS 3, to lay-off incentives for employees and any charges related to atypical and/or unusual transactions as defined in the Consob communication of July 28, 2006 no. DEM 6064293.

(\*\*\*) Corresponding to the difference between revenues and operating costs gross of non-monetary expenses related to amortisation, depreciation and write-downs (net of possible value reinstatement) of current and non-current assets.

## **FOREWORD**

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This Interim Financial Report (hereinafter also "Quarterly Report") has been prepared in conformity with the International Accounting Standards (IAS/IFRS) applicable according to EC Regulation no. 1606/2002 of the European Parliament and Council of July 19, 2002 and, in particular, to IAS 34 – Interim Financial Reporting- and published in line with the policy approved by the Board of Directors on December 14, 2016 disclosed to the market on the same date.

This Quarterly Report has not been subject to an external audit.

The structure and content of the reclassified consolidated accounting tables and the mandatory layouts included in this Quarterly Report are consistent with those used for the preparation of the Annual Report.

This Quarterly Report does not contain all the information required for the Annual Report and, therefore, must be read in conjunction with the Consolidated Financial Statements as at December 31, 2017.

Pursuant to Consob Communication no. DEM 6064296 of July 28, 2006, it should be noted that during the first quarter of 2018 the Group did not execute atypical and/or unusual transactions as defined in the abovementioned Communication.

It should be noted that the economic data related to the first quarter of 2017 have been restated to reflect retrospectively the effects of the final allocation process (Purchase Price Allocation) of acquired assets and liabilities following different business combinations.

These effects determined, in the first quarter of 2017, higher amortisation in the amount of about € 0.3m and lower taxes in the amount of about € 0.1m compared to what is outlined in the Quarterly Report as at March 31, 2017.

## **INTERIM REPORT ON OPERATIONS AT MARCH 31, 2018**

### **Summary of Group Results and Operations**

The main consolidated figures of the first three months of the year are the following :

- Core revenues amounted to € 67.4m, with an increase of 4.3% compared to the same period of the previous year (€ 64.7m);
- Adjusted EBITDA<sup>1</sup> with a growth of 5.8% came to € 35.1m compared to € 33.2m in the same period of the previous year, with a ratio on revenues of 52.1% (51.3% in the first three months of 2017);
- EBITDA amounted to € 34.6m (€ 33m in 2017), equal to 51.3% of revenues (51.1% in the same period of 2017);
- Operating profit (EBIT) amounted to € 25.2m, with an increase of 7.8% compared to the figure restated of the first three months of last year (€ 23.4m);
- Operating profitability grew from 36.2% to 37.4%;
- Pre-tax profit amounted to € 24.5m compared to the figure restated amounting to € 20.9m, with an increase of 17,4%;
- Net profit amounted to € 17.4m, with an increase of 21.2% compared to the figure of the first three months of 2017 (€ 14.4m);
- Net financial position of € 311.1m compared to € 317.7m at end 2017;
- Net invested capital amounted to € 820.7m, with an increase compared to the figure at December 31, 2017 of € 812m.

### **Significant Events and Operations in the First Quarter**

On March 16, 2018, El Towers S.p.A. and Cairo Network Srl ("Cairo"), a company wholly owned by Cairo Communication S.p.A., agreed on the finalisation of the previous agreements signed on January 27, 2015, focusing on the implementation and subsequent multi-year full service technical management (hosting, assistance and maintenance).

<sup>1</sup> The table below shows the reconciliation between EBITDA and Adjusted EBITDA:

| <i>Amounts in Euro thousands</i> | <b>Q1 2018</b> | <b>Q1 2017</b> |
|----------------------------------|----------------|----------------|
| EBITDA                           | 34,582         | 33,010         |
| Acquisition charges              | 438            | 172            |
| Charges on lay-off incentives    | 98             | -              |
| <b>Adjusted EBITDA</b>           | <b>35,118</b>  | <b>33,182</b>  |

nance, use of broadcasting infrastructure, etc.) of the national digital terrestrial multiplex of which Cairo is holder of the rights of use.

On March 22, 2018, El Towers S.p.A. signed the renewal of the multi-year contract for the supply of hosting services, assistance and maintenance (full service) with the controlling company Elettronica Industriale S.p.A..

For more details on the aforesaid agreements, please refer to the press releases disclosed to the market on March 22, 2018.

During the period the purchasing activity for companies and assets has continued with particular focus on the mobile telecommunications segment, for a total investment of € 20.2m.

### **Analysis of the Results**

Below there are presented the analyses of the Consolidated Income Statement, Balance Sheet and Financial Situation.

The form and contents of the tables of the Income Statement, Balance Sheet and Financial Situation below are shown in a restated format compared to those contained in the subsequent Accounting Tables, for the purpose of highlighting some interim levels of the results and the Balance Sheet and Financial Situation groupings that are believed to be the most significant ones, in order to be able to truly understand the operating performances of the Group. For these balances, even if they are not required by accounting standards, there are also supplied, in conformity with the indications contained in the Consob Communication no. 6064293 of July 28, 2006 and in the Recommendation of the CESR (Committee of European Securities Regulators) of November 3, 2005 (CESR/05-178b) regarding alternative performance indicators, i.e. “Non GAAP Measures”, the descriptions of the criteria used in preparing them and the appropriate notes regarding the references for the items contained in the mandatory tables.

### **Economic Results**

In the following Consolidated Income Statement table the interim results related to the Adjusted Gross Operating Margin (Adjusted EBITDA), to the Gross Operating Margin (EBITDA) and to the Operating Result (EBIT) are shown.

In particular, Adjusted EBITDA is the difference between the revenues and the operating costs, gross of the non-monetary costs related to depreciation, amortisation and

write-downs (net of any reinstatement of the values) of both current and non-current assets, of non-ordinary items relating to business combinations pursuant to IFRS 3, to lay-off incentives for employees and any charges related to atypical and/or unusual transactions as defined in the CONSOB Communication no. DEM 6064293 of July 28, 2006.

The gross operating margin (EBITDA) is the difference between the consolidated revenues and the operating costs, gross of the non-monetary costs related to depreciation, amortisation and write-downs (net of any reinstatement of the values) of both current and non-current assets.

The operating result (EBIT) is obtained by deducting from the EBITDA the non-monetary costs related to depreciation, amortisation and write-downs (net of any reinstatement of the values) of both current and non-current assets.

## CONSOLIDATED INCOME STATEMENT

|                                                        | Q1 2018 |        | Q1 2017 (*) |        |
|--------------------------------------------------------|---------|--------|-------------|--------|
| Euro in thousands                                      |         |        |             |        |
| Revenues from sales of goods and services              | 67,448  | 100.0% | 64,661      | 100.0% |
| Other income and revenues                              | 12      |        | 92          |        |
| Total revenues                                         | 67,460  |        | 64,753      |        |
| Operating costs                                        | 32,342  |        | 31,571      |        |
| Adjusted EBITDA                                        | 35,118  | 52.1%  | 33,182      | 51.3%  |
| Non-ordinary items                                     | (536)   |        | (172)       |        |
| Gross operating margin (EBITDA)                        | 34,582  | 51.3%  | 33,010      | 51.1%  |
| Amortisation, depreciation, write-downs and provisions | 9,363   |        | 9,616       |        |
| Operating result (EBIT)                                | 25,219  | 37.4%  | 23,394      | 36.2%  |
| Financial charges, net                                 | (692)   |        | (2,504)     |        |
| Pre-tax result (EBT)                                   | 24,527  | 36.4%  | 20,890      | 32.3%  |
| Income taxes                                           | (7,105) |        | (6,521)     |        |
| Net income                                             | 17,422  | 25.8%  | 14,369      | 22.2%  |
| Profit/(loss) pertaining to minority interests         | 15      |        | 16          |        |
| Net Group Income                                       | 17,437  | 25.9%  | 14,385      | 22.2%  |

(\*) RESTATED

Revenues from sales of goods and services in the first three months of the year amounted to € 67,448k and refer in the amount of € 45,395k to the use of transmission infrastructure and assistance and maintenance services, logistics, head end, design



and ancillary services towards the parent company Elettronica Industriale S.p.A. and as regards the remaining part to contracts of use of the infrastructure and supply of services towards other broadcast and wireless telecommunication operators. Revenues increased by € 2,787k (+4.3%) compared to the first quarter of 2017, mainly by effect of the acquisitions made last year and as a consequence of the starting-up of the contract for the management of the Cairo Communication Group's network.

Non-ordinary charges amounting to € 536k have been recorded during the period concerning in the amount of € 438k extraordinary acquisition transactions, included in the item Purchases, services and other costs of the Financial Statements and as regards the remaining amount of € 98k lay-off incentives for employees included in the item Personnel costs of the Financial Statements (€ 172k in the same period of 2017 relating to extraordinary acquisition transactions).

Excluding these charges, total operating costs amounted to € 32,342k, with an increase of 2.4% compared to the same period mainly as a result of the incidence of costs related to the companies acquired in the meantime.

Adjusted EBITDA amounted to € 35,118, with an increase of 5.8% compared to the first three months of 2017, with an incidence on revenues from 51.3% to 52.1%.

EBITDA amounted to € 34,582k (51.3% of revenues) compared to € 33,010k in the same period in 2017 (51.1% of revenues), with an increase of € 1,572k (+4.8%).

The item amortization, depreciation and write-downs amounted to € 9,363k, with a slight decrease compared to the figure restated in the first three months of 2017 (€ 9,616k).

The operating result (EBIT) amounted to € 25,219k (€ 23,394k the figure restated in the same period in 2017); operating profitability grew up to 37.4% compared to the previous 36.2%.

Net financial charges amounted to € 692k, with a significant decrease compared to the figure of the first three months of 2017 (€ 2,504k) as a result of refinancing operations completed in the fourth quarter of 2017 at markedly better conditions in comparison to the previous ones.

Pre-tax result increased to € 24,527k compared to the figure restated of € 20,890k, equal to 36.4% of revenues (32.3% in the same period of 2017).

After accounting for taxes of € 7,105k, calculated on the basis of the estimate of the weighted average rate expected for the full year, the period ended with a net profit of € 17,422k, equal to 25.8% of revenues, including € 17,437k attributable to the Group and a loss of € 15k attributable to minority share-holders and referring to the minority interest in the company Nettrotter S.r.l.

In the same period of the previous year the restated net income was € 14,369k, equal to 22.2% of revenues.

### Balance Sheet and Financial Situation

Below are given the tables of the Condensed Consolidated Balance Sheet shown in a reclassified format for the purpose of highlighting the two macro groupings of Net Invested Capital and the Net Financial Position, where this latter figure consists of the Gross Financial Debt reduced by Cash and Cash Equivalents and by Other Financial Assets.

Therefore, these tables differ from the Balance Sheet layout that is contained in the mandatory tables of the Financial Statements, which have been drafted according to the split between current and non-current assets and liabilities.

The item Net Working Capital includes the current assets (with the exclusion of the cash and cash equivalents and the current financial assets that are included in the Net Financial Position) and current liabilities (with the exclusion of current financial liabilities that are included in the Net Financial Position).

The item Non-recurring liabilities includes the provision for employee severance indemnity, deferred tax liabilities and the provisions for risks and charges.

| RECLASSIFIED CONSOLIDATED BALANCE SHEET                  |                   |        |                   |        |
|----------------------------------------------------------|-------------------|--------|-------------------|--------|
|                                                          | March 31, 2018    |        | December 31, 2017 |        |
|                                                          | Euro in thousands |        |                   |        |
| Net working capital                                      | (12,930)          | -1.6%  | (10,797)          | -1.3%  |
| Goodwill                                                 | 511,183           |        | 502,332           |        |
| Other non-current assets                                 | 400,964           |        | 399,905           |        |
| Non-current liabilities                                  | (78,488)          |        | (79,472)          |        |
| Non-current capital                                      | 833,659           | 101.6% | 822,765           | 101.3% |
| Net invested capital                                     | 820,729           | 100.0% | 811,968           | 100.0% |
| Net financial position                                   | 311,106           | 37.9%  | 317,739           | 39.1%  |
| Shareholders' equity of the Group                        | 509,561           | 62.1%  | 494,190           | 60.9%  |
| Shareholders' equity of minority interests               | 62                | 0.0%   | 39                | 0.0%   |
| Financial position and shareholders' equity of the Group | 820,729           | 100.0% | 811,968           | 100.0% |

The item Goodwill increases as consequence of the provisional allocation of a part of the consideration for the acquisitions made in the quarter.

According to IFRS 3, a specific analysis of the consideration paid will be carried out within twelve months from the acquisition date in order to determine the fair value of net assets acquired and liabilities assumed.

If at the end of the evaluation period tangible and intangible assets with finite useful lives are identified, an adjustment of provisional amounts recorded at the acquisition will be carried out with retroactive effect from the acquisition date.

The Net financial position amounted at March 31, 2018 to € 311,106k, and consists of cash and cash equivalents in the amount of € 25,743k and gross financial debt in the amount of € 336,849k, including € 283,349k with a maturity of over 12 months.

It should be noted that the application of the Accounting Standard IFRS 9 – Financial Instruments, starting from January 1, 2018, led to an increase in provisions for bad debts with a counter entry in a Shareholders' equity reserve and deferred tax assets in the amount of € 2,430k.

The following table shows the condensed cash flow statement with the indication of cash flows generated or absorbed from operating, investing and financing activities in the first three months of the year.

| <b>CASH FLOW STATEMENT</b>                             | <b>Q1 2018</b> | <b>Q1 2017 (*)</b> |
|--------------------------------------------------------|----------------|--------------------|
| <i>Euro in thousands</i>                               |                |                    |
| Cash flow generated (absorbed) by operating activities | 29,810         | 22,655             |
| Cash flow generated (absorbed) by investing activities | (23,187)       | (5,597)            |
| Cash flow generated (absorbed) by financing activities | 10,876         | (92,634)           |
| <b>Net cash flow for the period</b>                    | <b>17,499</b>  | <b>(75,576)</b>    |

Cash flow generated by operating activities increased compared to the first quarter of 2017 due to an increased operating profitability and a lower absorption of net working capital.

The net flow absorbed by investing activities, amounting to € 23,187k, includes € 6,026k for acquisitions of assets and € 13,803k for business combinations.

The flow related to financing activities, positive in the amount of € 10,876k, refers to the net use of credit lines made during the quarter.

### **Group Employees**

The employee ending headcount of the Group at March 31, 2018 amounted to 559 people.

### **Related Party Transactions**

The transactions carried out with related parties cannot be classed as either atypical or unusual because they fall within the categories of the normal business activities of the Group companies. All these transactions are regulated at arm's length market conditions, taking into account the characteristics of the goods and services supplied.

The detailed information regarding the Income Statement, Balance Sheet and financial impacts of the transactions with related parties, pursuant to IAS 24, are shown herein.

With reference to the periodic disclosure that has to be made by the issuers, according to the Consob Resolution no. 17221 of March 12, 2010 (Art. 5, para. 8, of the Regulations containing measures regarding transactions with related parties), please refer to the Annual Report as at December 31, 2017. It should be noted that on March 22, 2018, EI Towers S.p.A. signed the renewal of the multi-year contract for the supply of hosting services, assistance and maintenance (full service) with its controlling company Elettronica Industriale S.p.A. (the "Contract"). The duration of the contract is 7 years, from July 1, 2018 to June 30, 2025, and it will be renewable for a successive period of 7 years, upon renegotiation in good faith between the Parties of the new consideration within the 12 months immediately preceding the expiry date. The overall value of the contract, for its duration, amounts to € 1,128m (before indexation to the rate of inflation).

#### **Amendment of Art. 16 of Consob Regulation 20249/2017 regarding Markets**

Effective from January 2, 2012 EI Towers S.p.A. is subject to the management and co-ordination activity of Mediaset S.p.A.

Also according to Art. 2.6.2, para. 9, of the Regulation of the Markets Organized and Managed by Borsa Italiana S.p.A., we acknowledge the full conformance of EI Towers S.p.A. to the expectations of Art. 16 of Consob Regulation 20249/2017 since it:

- fulfilled and is regularly fulfilling advertising obligations provided for by Art. 2497-bis of the Italian Civil Code,
- has an autonomous negotiating capacity in relationships with clients and suppliers,
- has no centralized treasury pooling relationship with Mediaset S.p.A.,
- has a Control and Risk Committee which carries out also the functions of the Related Party Committee, and a Remuneration Committee composed exclusively of independent directors according to the criteria of Art. 148, para. 3, of the Legislative Decree 58/1998, of the Corporate Governance Code of Borsa Italiana S.p.A. and of Art. 16 of Consob Regulation 20249/2017. EI Towers

S.p.A. has also a Board of Directors composed of a majority of independent directors.

**Faculty to waive the Obligation to issue an Information Memorandum in the Occasion of Significant Transactions (opt-out)**

According to Art. 3 of Consob Resolution no. 18079 of January 20, 2012, the Board of Directors of El Towers S.p.A. on December 14, 2012 resolved to adhere to the opt-out regime envisaged by Art. 70, para. 8 and Art. 71 para. 1/bis of the Regulations for Issuers Consob no. 11971/99 (and subsequent amendments), using the faculty to waive the obligation to issue an information memorandum in the occasion of significant transactions such as merger, corporate capital splitting, capital increase through non-monetary contribution of assets, acquisitions and disposals.

**Business Outlook**

The economic figures of the first quarter of the year are in line with the management's expectations; therefore, on the base of the current business outlook the economic-financial guidance already disclosed to the market can be confirmed.

For the Board of Directors

Guido Barbieri, CEO

## **EI TOWERS GROUP**

Consolidated Accounting Tables  
and Explanatory Notes

**EI TOWERS GROUP**  
**INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
*(Euro in thousands)*

|                                                   | March 31, 2018   | Dec. 31, 2017  |
|---------------------------------------------------|------------------|----------------|
| <b>ASSETS</b>                                     |                  |                |
| <b>Non current assets</b>                         |                  |                |
| Property, plant and equipment                     | 181,658          | 177,706        |
| Goodwill                                          | 511,183          | 502,332        |
| Other intangible assets                           | 210,699          | 213,527        |
| Investments in associates/joint control companies | 713              | 713            |
| Other financial assets                            | 1,261            | 1,924          |
| Deferred tax assets                               | 6,633            | 6,035          |
| <b>TOTAL NON CURRENT ASSETS</b>                   | <b>912,147</b>   | <b>902,237</b> |
| <b>Current assets</b>                             |                  |                |
| Inventories                                       | 2,455            | 2,384          |
| Trade receivables                                 | 48,117           | 47,872         |
| Tax receivables                                   | 1,341            | 1,058          |
| Other receivables and current assets              | 19,671           | 12,352         |
| Cash and cash equivalents                         | 25,743           | 8,244          |
| <b>TOTAL CURRENT ASSETS</b>                       | <b>97,327</b>    | <b>71,910</b>  |
| <b>TOTAL ASSETS</b>                               | <b>1,009,474</b> | <b>974,147</b> |

**EI TOWERS GROUP**  
**INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
*(Euro in thousands)*

|                                                              | March 31, 2018   | Dec. 31, 2017  |
|--------------------------------------------------------------|------------------|----------------|
| <b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>                  |                  |                |
| <b>Share capital and reserves</b>                            |                  |                |
| Share capital                                                | 2,826            | 2,826          |
| Share premium reserve                                        | 144,380          | 144,380        |
| Treasury shares                                              | (66,518)         | (66,518)       |
| Other reserves                                               | 344,895          | 346,742        |
| Valuation reserve                                            | (3,116)          | (2,897)        |
| Retained earnings                                            | 69,657           | 15,161         |
| Net profit for the period                                    | 17,437           | 54,496         |
| <b>Shareholders' equity of the Group</b>                     | <b>509,561</b>   | <b>494,190</b> |
| Profit/(loss) pertaining to minority interests               | (15)             | (53)           |
| Share capital and reserves pertaining to minority interests  | 77               | 92             |
| <b>Shareholders' equity pertaining to minority interests</b> | <b>62</b>        | <b>39</b>      |
| <b>TOTAL SHAREHOLDERS' EQUITY</b>                            | <b>509,623</b>   | <b>494,229</b> |
| <b>Non current liabilities</b>                               |                  |                |
| Post-employment benefit plans                                | 11,690           | 11,771         |
| Deferred tax liabilities                                     | 61,789           | 62,544         |
| Financial liabilities and payables                           | 283,349          | 285,408        |
| Provisions for non current risks and charges                 | 5,009            | 5,157          |
| <b>TOTAL NON CURRENT LIABILITIES</b>                         | <b>361,837</b>   | <b>364,880</b> |
| <b>Current liabilities</b>                                   |                  |                |
| Financial payables                                           | 53,168           | 40,225         |
| Trade payables                                               | 40,229           | 42,055         |
| Current tax liabilities                                      | 8,735            | 704            |
| Other financial liabilities                                  | 332              | 350            |
| Other current liabilities                                    | 35,550           | 31,704         |
| <b>TOTAL CURRENT LIABILITIES</b>                             | <b>138,014</b>   | <b>115,038</b> |
| <b>TOTAL LIABILITIES</b>                                     | <b>499,851</b>   | <b>479,918</b> |
| <b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>            | <b>1,009,474</b> | <b>974,147</b> |



**EI TOWERS GROUP**  
**INTERIM CONSOLIDATED STATEMENT OF INCOME**  
*(Euro in thousands)*

|                                            | Q1 2018       | Q1 2017 (*)   |
|--------------------------------------------|---------------|---------------|
| Sales of goods and services                | 67,448        | 64,661        |
| Other revenues and income                  | 12            | 92            |
| <b>TOTAL REVENUES</b>                      | <b>67,460</b> | <b>64,753</b> |
| Personnel expenses                         | 11,297        | 11,008        |
| Purchases, services, other costs           | 21,581        | 20,735        |
| Amortisation, depreciation and write-downs | 9,363         | 9,616         |
| <b>TOTAL COSTS</b>                         | <b>42,241</b> | <b>41,359</b> |
| <b>EBIT</b>                                | <b>25,219</b> | <b>23,394</b> |
| Financial expenses                         | (751)         | (2,592)       |
| Financial income                           | 59            | 88            |
| <b>EBT</b>                                 | <b>24,527</b> | <b>20,890</b> |
| Income taxes                               | 7,105         | 6,521         |
| <b>NET PROFIT FOR THE PERIOD</b>           | <b>17,422</b> | <b>14,369</b> |
| Attributable to:                           |               |               |
| - Parent company                           | 17,437        | 14,385        |
| - Minority interests                       | (15)          | (16)          |
| <b><u>Earnings per share (Euro):</u></b>   |               |               |
| - Basic                                    | 0.65          | 0.52          |
| - Diluted                                  | 0.65          | 0.52          |

(\*) RESTATED

**EI TOWERS GROUP**  
**INTERIM CONSOLIDATED CASH FLOW STATEMENT**  
*(Euro in thousands)*

|                                                                     | Q1 2018         | Q1 2017 (*)     |
|---------------------------------------------------------------------|-----------------|-----------------|
| <b>CASH FLOW FROM OPERATING ACTIVITIES:</b>                         |                 |                 |
| Operating profit                                                    | 25,219          | 23,394          |
| + Depreciation, amortisation and write-downs                        | 9,363           | 9,616           |
| + Change in trade receivables                                       | (1,992)         | (10,860)        |
| + Change in trade payables                                          | (2,129)         | 966             |
| + Change in other assets and liabilities                            | (651)           | (461)           |
| <b>Net cash flow from operating activities [A]</b>                  | <b>29,810</b>   | <b>22,655</b>   |
| <b>CASH FLOW FROM INVESTING ACTIVITIES:</b>                         |                 |                 |
| Investments in tangible assets                                      | (7,909)         | (3,105)         |
| Investments in intangible assets                                    | (773)           | (3)             |
| Changes in payables for investing activities                        | (1,085)         | (1,274)         |
| (Increases)/decreases in other financing activities                 | (37)            | (5)             |
| Business combinations net of cash acquired                          | (13,383)        | (1,210)         |
| <b>Net cash flow from investing activities [B]</b>                  | <b>(23,187)</b> | <b>(5,597)</b>  |
| <b>CASH FLOW FROM FINANCING ACTIVITIES:</b>                         |                 |                 |
| Changes in treasury shares                                          | -               | (16,319)        |
| Changes in financial liabilities                                    | 10,866          | 23,407          |
| Payment of dividends                                                | -               | (99,705)        |
| Interests (paid)/received                                           | 10              | (17)            |
| <b>Net cash from financing activities [C]</b>                       | <b>10,876</b>   | <b>(92,634)</b> |
| <b>CHANGE IN CASH AND CASH EQUIVALENTS [D=A+B+C]</b>                | <b>17,499</b>   | <b>(75,576)</b> |
| <b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD [E]</b> | <b>8,244</b>    | <b>93,988</b>   |
| <b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD [F=D+E]</b>   | <b>25,743</b>   | <b>18,412</b>   |

(\*) RESTATED

**EI TOWERS GROUP**  
**RELATED PARTY TRANSACTIONS**  
*(Euro in thousands)*

|                                                   | Revenues      | Costs        | Financial<br>income /<br>(charges) | Trade<br>receivables | Trade<br>payables | Other<br>receivables/<br>(payables) |
|---------------------------------------------------|---------------|--------------|------------------------------------|----------------------|-------------------|-------------------------------------|
| <b>CONTROLLING ENTITIES</b>                       |               |              |                                    |                      |                   |                                     |
| Mediaset S.p.A.                                   | -             | (17)         | -                                  | -                    | (23)              | -                                   |
| R.T.I. S.p.A.                                     | 95            | (356)        | -                                  | 61                   | (847)             | (60)                                |
| Elettronica Industriale S.p.A.                    | 45,395        | (112)        | -                                  | 216                  | (126)             | -                                   |
| <b>Total controlling entities</b>                 | <b>45,490</b> | <b>(485)</b> | <b>-</b>                           | <b>277</b>           | <b>(996)</b>      | <b>(60)</b>                         |
| <b>AFFILIATED ENTITIES</b>                        |               |              |                                    |                      |                   |                                     |
| Publitalia '80 S.p.A.                             | -             | -            | -                                  | -                    | -                 | -                                   |
| Videotime S.p.A.                                  | -             | -            | -                                  | -                    | -                 | -                                   |
| Videotime Produzioni S.p.A.                       | 32            | (121)        | -                                  | 33                   | (202)             | 54                                  |
| MedioBanca S.p.a.                                 | -             | (11)         | (78)                               | -                    | -                 | (29,943)                            |
| Milan Entertainment S.r.l.                        | -             | -            | -                                  | -                    | -                 | -                                   |
| Monradio S.r.l.                                   | 152           | -            | -                                  | 162                  | -                 | -                                   |
| Radio Studio 105 SpA                              | 126           | -            | -                                  | 118                  | -                 | -                                   |
| Virgin Radio Italy SpA                            | 90            | -            | -                                  | 97                   | -                 | -                                   |
| Radio Engineering CO S.r.l.                       | 151           | -            | -                                  | 176                  | -                 | (8)                                 |
| Radio Subasio s.r.l.                              | 8             | -            | -                                  | 9                    | (2)               | (1)                                 |
| Radio Aut s.r.l.                                  | 1             | -            | -                                  | 3                    | -                 | -                                   |
| Consorzio Colle Maddalena                         | 64            | -            | -                                  | 192                  | -                 | -                                   |
| Mediaset Premium SpA                              | -             | -            | -                                  | 3                    | -                 | -                                   |
| <b>Total affiliated entities</b>                  | <b>624</b>    | <b>(132)</b> | <b>(78)</b>                        | <b>793</b>           | <b>(204)</b>      | <b>(29,898)</b>                     |
| <b>ASSOCIATED ENTITIES</b>                        |               |              |                                    |                      |                   |                                     |
| Società Funive della Maddalena                    | -             | (12)         | -                                  | -                    | (12)              | -                                   |
| <b>Total associated entities</b>                  | <b>-</b>      | <b>(12)</b>  | <b>-</b>                           | <b>-</b>             | <b>(12)</b>       | <b>-</b>                            |
| <b>EXECUTIVES WITH STRATEGIC RESPONSIBILITIES</b> | <b>-</b>      | <b>(197)</b> | <b>-</b>                           | <b>-</b>             | <b>-</b>          | <b>(1,402)</b>                      |
| <b>COMPLEMENTARY SOCIAL SECURITY FUND</b>         | <b>-</b>      | <b>-</b>     | <b>-</b>                           | <b>-</b>             | <b>-</b>          | <b>(128)</b>                        |
| <b>OTHER RELATED PARTIES</b>                      | <b>-</b>      | <b>(31)</b>  | <b>-</b>                           | <b>30</b>            | <b>(3)</b>        | <b>1</b>                            |
| <b>TOTAL RELATED PARTIES</b>                      | <b>46,114</b> | <b>(857)</b> | <b>(78)</b>                        | <b>1,100</b>         | <b>(1,215)</b>    | <b>(31,487)</b>                     |

## DECLARATION OF THE EXECUTIVE RESPONSIBLE FOR THE PREPARATION OF ACCOUNTING DOCUMENTS

*The Company Executive responsible for the preparation of the company accounting documents of El Towers S.p.A., Fabio Caccia, herewith declares, pursuant to paragraph 2, article 154, second part, of the Consolidated Finance Act that the accounting information contained in this document corresponds to the contents of accounting documents, books and postings of the company.*

For the Board of Directors  
Guido Barbieri, CEO