EI TOWERS GROUP

QUARTERLY REPORT AS AT SEPTEMBER 30, 2014

EI TOWERS S.p.A.
Via Zanella, 21 - 20851 Lissone (MB)
Tax Code and Inscription Number
Monza and Brianza Companies Register: 12916980159
VAT Number: 01055010969
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.

CORPORATE BOARDS

Board of Directors

Chairman	Alberto Giussani
Chief Executive Officers	Guido Barbieri Valter Gottardi
Directors	Manlio Cruciatti Richard Adam Hurowitz Piercarlo Invernizzi Michele Pirotta

Board of Statutory Auditors

Chairman	Antonio Aristide Mastrangelo
Active Auditors	Anna Girello Francesco Vittadini

External Auditing Company	Deloitte & Touche S.p.A.

Main Income Statement Data

Euro in millions	9 months 2014	9 months 2013
Revenues	174.8	174.0
EBITDA (*) before non-recurring items	83.3	80.6
EBITDA (*)	83.0	80.3
Operating profit (EBIT)	51.4	46.8
Profit before tax	45.6	41.0
Net profit	29.3	26.3

Main Balance Sheet and Financial Data

Euro in millions	September 30, 2014	December 31, 2013
Net invested capital	692.5	687.7
Shareholders' equity	585.0	556.5
Net financial position	(107.5)	(131.2)

Personnel

	September 30, 2014	September 30, 2013
No. of employees	588	589

Main Indicators

	9 months 2014	9 months 2013
EBITDA (*) before non-recurring items/Revenues	47.7%	46.3%
EBITDA (*)/Revenues	47.5%	46.1%
EBIT/Revenues	29.4%	26.9%
Profit before tax/Revenues	26.1%	23.6%
Net profit/Revenues	16.8%	15.1%
Earning per share (Euro per share)	1.04	0.93
Diluted earning per share (Euro per share)	1.04	0.93

(*) 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. EBITDA is a measure utilised by the Management of the Group to control and evaluate the company operating trend and it is not applied as accounting measure in the IFRS (“Non GAAP Measure”).

INTRODUCTION

This Interim Financial Report at September 30, 2014 (hereinafter also "Quarterly Report"), has been prepared according to art. 154, part three, of the Legislative Decree 58/1998 and subsequent amendments and to Consob Communication No. DEM/8041082 of April 30, 2008 and 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.

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

The explanatory notes have been prepared in conformity with the minimum contents established by IAS 34 – Interim Financial Reporting. Therefore, the information contained in this Quarterly Report is not the same as that contained in a complete set of Financial Statements prepared according to IAS 1.

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

INTERIM REPORT ON OPERATIONS AT SEPTEMBER 30, 2014

Summary of Group Results and Operations

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

- Revenues amounted to € 174.8m, with a slight increase (+0.4%) compared to the same period of 2013;
- Gross operating margin (EBITDA), excluding non-recurring items for € 0.3m (in line with the data of the first nine months of 2013), equal to € 83.3m compared to € 80.6m in the same period of the previous year, with a growth of 3.3% and a ratio on revenues of 47.7% (46.3% in the first nine months of 2013);
- EBITDA net of non-recurring items was equal to € 83m (€ 80.3m in the first nine months of 2013, with an increase of 3.4%); the ratio on revenues rose from 46.1% to 47.5%;
- Operating profit (EBIT) amounted to € 51.4m, with an increase of 9.8% compared to the data as of September 30, last year (€ 46,8m);
- Operating profitability grew from 29.4% to 26.9%;

- Net profit amounted to € 29.3m, with an increase of 11.2% compared to the data of the first nine months of 2013 (€ 26.3m);
- Earnings per share (EPS) amounted to € 1.04 compared to € 0.93 (data as of September 30, 2013);
- Reduction in the Net Financial Position of € 23.8m compared to end 2013, after having paid taxes for the period amounting to € 23.9m;
- Net invested capital was equal to € 692.5m (€ 687.7m at December 31, 2013).

Significant Events and Operations in the Third Quarter

On July 23, EI Towers S.p.A. signed a framework agreement for the acquisition of Hightel S.p.A., a company which operates towers mainly located in the South of Italy hosting mobile telecommunication operators. The agreement provided for the simultaneous acquisition of 35% of the target company's share capital, carried out by the subsidiary Towertel S.p.A. through the payment on account of € 5m, while the acquisition of the remaining 65% has been completed on October 31, as described in the section Subsequent Events at September 30, 2014.

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 Financial Statement 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 gross operating margin (EBITDA), gross and net of non-recurring items, and to the operating result (EBIT) are shown.

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	Progressive as at September 30th			
	2014		2013	
Euro in thousands				
Revenues from sales of goods and services	**174,766**	**100.0%**	**174,016**	**100.0%**
Other income and revenues	103		769	
Total revenues	**174,869**		**174,785**	
Operating costs	91,588		94,176	
EBITDA, excluding non-recurring items	**83,281**	**47.7%**	**80,609**	**46.3%**
Non-recurring items	(274)		(329)	
Gross operating margin (EBITDA)	**83,007**	**47.5%**	**80,280**	**46.1%**
Amortisation, depreciation and write-downs	31,651		33,494	
Operating result (EBIT)	**51,356**	**29.4%**	**46,786**	**26.9%**
Financial charges, net	(5,760)		(5,769)	
Pre-tax result (EBT)	**45,596**	**26.1%**	**41,017**	**23.6%**
Income taxes	(16,247)		(14,722)	
Net income	**29,349**	**16.8%**	**26,295**	**15.1%**

CONSOLIDATED INCOME STATEMENT	Q3			
	2014		2013	
Euro in thousands				
Revenues from sales of goods and services	**58,209**	**100.0%**	**58,210**	**100.0%**
Other income and revenues	-		197	
Total revenues	**58,209**		**58,407**	
Operating costs	29,412		30,059	
EBITDA, excluding non-recurring items	**28,797**	**49.5%**	**28,348**	**48.7%**
Non-recurring items	-		(180)	
Gross operating margin (EBITDA)	**28,797**	**49.5%**	**28,168**	**48.4%**
Amortisation, depreciation and write-downs	10,523		11,217	
Operating result (EBIT)	**18,274**	**31.4%**	**16,951**	**29.1%**
Financial charges, net	(2,035)		(2,036)	
Pre-tax result (EBT)	**16,239**	**27.9%**	**14,915**	**25.6%**
Income taxes	(6,080)		(5,412)	
Net income	**10,159**	**17.5%**	**9,503**	**16.3%**

Revenues from sales of goods and services in the first nine months of the year amounted to € 174,766k and refer for € 134,622k 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 for the remaining to contracts of use of the infrastructure and supply of services towards other broadcast and wireless telecommunication operators. Revenues increased by € 750k (+0.4%) compared to the same period of 2013, including € 370k for the change in the scope of consolidation following the acquisition of the company Sart S.r.l., subsequently incorporated into Towertel S.p.A. Other income and revenues, equal to € 103k, refer to extraordinary income and to other income.

During the period charges for € 274k related to lay-off incentives for employees and reclassified as non-recurring items have been recorded (€ 329k in the nine months at September 30, 2013). Excluding these charges, total operating costs amounted to € 91,588k, with a decrease of € 2,588k compared to the same period of the previous year.

Gross operating margin (EBITDA), excluding non-recurring charges described above, amounted to € 83,281k, with an increase of 3.3% compared to the first nine months of 2013, with an incidence on revenues equal to 47.7% compared to the previous 46.3%.

EBITDA including non-recurring items amounted to € 83,007k (47.5% of revenues) compared to € 80,280k in the first nine months of 2013 (46.1% of revenues).

After charging amortization, depreciation and write-downs for € 31,651k, with a decrease of € 1,843k compared to the data at September 30, 2013, the operating result (EBIT) amounted to €51,356k, increasing by 9.7% compared to the data of the first nine months of 2013 (€ 46,786k); operating profitability grew up to 29.4% compared to the previous 26.9%.

Net financial charges of the period amounted to € 5,760k, in line with the data of the first nine months of 2013); the item includes € 7,376k related to the share for the period of the existing bond loan measured at amortised cost.

Pre-tax result increased to € 45,596k compared to the data of € 41,017k of the first nine months of 2013, equal to 26.1% of revenues (23.6% in the previous period).

Income taxes for the period, calculated on the basis of the effective tax rate estimated for the year, amounted to € 16,247k compared to € 14,772k at September 30, 2013.

The first nine months of the year ended with a net profit of € 29,349k, with a growth of 11.6% compared to the data of the same period of 2013 (€ 26,295k); the incidence on revenues grew from 16.8% to the previous 15.1%.

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.

The details relative to the items in the Financial Statements that form part of the calculation of the Net Financial Position are shown in the following explanatory note no. 4.3.

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 severance fund, deferred tax liabilities and the provisions for risks and charges.

RECLASSIFIED CONSOLIDATED BALANCE SHEET				
Euro in thousands	September 30, 2014		December 31, 2013	
Net working capital	(12,370)	-1.8%	(33,402)	-4.9%
Goodwill	457,857		454,231	
Other non-current assets	304,795		325,196	
Non-current liabilities	(57,801)		(58,320)	
Non-current capital	704,851	101.8%	721,107	104.9%
Net invested capital	**692,481**	**100.0%**	**687,705**	**100.0%**
Net financial position	**107,479**	**15.5%**	**131,247**	**19.1%**
Shareholders' equity	**585,002**	**84.5%**	**556,458**	**80.9%**
Financial position and shareholders' equity of the Group	692,481	100.0%	687,705	100.0%

The increase in net working capital compared to December 31, 2013 is mainly due to the increase in trade receivables of € 10,345k and to the decrease in supplier payables of € 4,955k and in current tax payables (€ 6,242k), resulting from the net balance between taxes paid for the period (balance of taxes for 2013 and tax advances for 2014) and provisions for current taxes.

The increase in goodwill is basically a consequence of the provisional allocation of a part of the consideration for the acquisition of Sart S.r.l.. 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 decrease in other non-current assets is a consequence of the depreciation of tangible and intangible assets accounted for the period, which were higher than the investments made. The net financial position improved in the period by € 23,768k thanks to the operating cash flow and the containment of maintenance capital expenditure.

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 nine months of the year and of the previous year.

CASH FLOW STATEMENT *Euro in thousands*	9 monts 2014	9 months 2013
Cash flow generated (absorbed) by operating activities	49,220	50,430
Cash flow generated (absorbed) by investing activities	(17,130)	(6,453)
Cash flow generated (absorbed) by financing activities	(10,353)	(58,985)
Net cash flow for the period	21,737	(15,008)

Cash flow generated by operating activities, equal to € 49,220k, includes € 23,931k of current income taxes paid in the period.
The net flow absorbed by investing activities, equal to € 17,130k, includes € 8,425k related to the acquisition of the company described above, net of cash acquired. Investments accounted as tangible and intangible assets amounted to € 5,241k.
Cash flow related to financing activities is basically due to the payment of the coupon of the existing bond loan made during the period.

Group Employees

The employee ending headcount of the Group at September 30, 2014 amounted to 588 people (589 people at September 30, 2013).

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 in the following explanatory note no. 5.

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 (article 5, paragraph 8, of the Regulations containing measures regarding transactions with related parties), please refer to the Half-Year Report as at June 30, 2014.

Amendment of Art. 37 of Consob Regulation 16191/2007 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, paragraph 13, 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. 37 of Consob Regulation 16191/2007 since it:

- fulfilled and is regularly fulfilling advertising obligations provided for by art. 2497-bis of the 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. 37 of Consob Regulation 16191/2007. 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 article 3 of Consob Resolution no. 18079 of January 20, 2012, the Board of Directors of EI Towers S.p.A. on December 14, 2012 resolved to adhere to the opt-out regime envisaged by articles 70, para. 8 and 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.

Subsequent Events at September 30, 2014

Following the framework agreement signed on July 23, by EI Towers S.p.A., on October 31, Towertel S.p.A. completed the acquisition of the remaining 65% of Hightel S.p.A.'s share capital by paying a second advance on the price of € 6.2m. The final price of the acquisition will be determined by the end of this year, on the basis of parameters that are currently being verified. Hightel S.p.A. holds 100% of Torre di Nora S.r.l.'s capital.

Business Outlook

The economic and financial results of the first nine months of the year are in line with the company plans.

On the base of the information available today, it is possible to confirm for the whole financial year the guidance already disclosed to the market, in particular the achievement of an EBITDA close to € 110m.

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)

	Notes	30/9/2014	31/12/2013
ASSETS			
Non current assets			
Property, plant and equipment	4.1	196,683	216,066
Goodwill	4.1	457,857	454,231
Other intangible assets	4.1	95,826	102,632
Investments in associates/joint control companies	4.2	5,478	28
Other financial assets		611	558
Deferred tax assets		6,197	5,912
TOTAL NON CURRENT ASSETS		**762,652**	**779,427**
Current assets			
Inventories		2,701	3,105
Trade receivables		28,201	17,856
Other receivables and current assets		7,164	4,851
Cash and cash equivalents	4.3	122,810	101,073
TOTAL CURRENT ASSETS		**160,876**	**126,885**
TOTAL ASSETS		**923,528**	**906,312**

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

	Notes	30/9/2014	31/12/2013
SHAREHOLDERS' EQUITY AND LIABILITIES			
Share capital and reserves			
Share capital		2,826	2,826
Share premium reserve		194,220	194,220
Treasury shares		(1,845)	(1,845)
Other reserves		352,488	320,723
Valuation reserve		(2,039)	(1,218)
Retained earnings		10,003	8,814
Net profit for the period		29,349	32,938
TOTAL SHAREHOLDERS' EQUITY		**585,002**	**556,458**
Non current liabilities			
Post-employment benefit plans		12,407	11,409
Deferred tax liabilities		42,185	43,636
Financial liabilities and payables	4.3	226,193	225,208
Provisions for non current risks and charges		3,209	3,275
TOTAL NON CURRENT LIABILITIES		**283,994**	**283,528**
Current liabilities			
Financial payables	4.3	0	432
Trade payables		25,048	30,003
Current tax liabilities		9,424	15,666
Other financial liabilities	4.3	4,096	6,680
Other current liabilities		15,964	13,545
TOTAL CURRENT LIABILITIES		**54,532**	**66,326**
TOTAL LIABILITIES		**338,526**	**349,854**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**923,528**	**906,312**

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

	Notes	9 months 2014	9 months 2013
Sales of goods and services		174,766	174,016
Other revenues and income		103	769
TOTAL REVENUES		**174,869**	**174,785**
Personnel expenses		32,434	31,801
Purchases, services, other costs		59,428	62,704
Amortisation, depreciation and write-downs		31,651	33,494
TOTAL COSTS		**123,513**	**127,999**
EBIT		**51,356**	**46,786**
Financial expenses		(7,510)	(6,593)
Fianancial income		1,750	824
EBT		**45,596**	**41,017**
Income taxes		16,247	14,722
NET PROFIT FOR THE PERIOD		**29,349**	**26,295**
Earnings per share (Euro):	4.4		
- Basic		1,04	0,93
- Diluted		1,04	0,93

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

	9 months 2014	9 months 2013
CONSOLIDATED NET PROFIT(A):	**29,349**	**26,295**
Total comprehensive gains/(losses) recognized in the Income Statement		
Effective portion of gains/(losses) on hedging instruments (cash flow hedge)	-	-
Total comprehensive gains/(losses) not recognized in the Income Statement	-	**-**
Actuarial gains/(losses) on defined benefit plans	(1,111)	(62)
Tax effetcs	305	17
TOTAL OTHER COMPREHENSIVE INCOME /(LOSS) NET OF TAX EFFECTS (B)	**(806)**	**(45)**
TOTAL COMPREHENSIVE INCOME (A+B)	**28,543**	**26,250**

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

	9 months 2014	9 months 2013
CASH FLOW FROM OPERATING ACTIVITIES:		
Operating profit	51,356	46,786
+ Depreciation, amortisation and w rite-dow ns	31,651	33,494
+ Change in trade receivables	(10,345)	(6,455)
+ Change in trade payables	(4,955)	(8,158)
+ Change in other assets and liabilities	5,444	(4,251)
- income tax paid	(23,931)	(10,986)
Net cash flow from operating activities [A]	**49,220**	**50,430**
CASH FLOW FROM FINANCING ACTIVITIES:		
Investments in tangible assets	(4,947)	(3,601)
Investments in intangible assets	(294)	169
Goodw ill	(40)	(395)
Changes in payables for investing activities	(3,283)	(2,492)
(Increases)/decreases in other financing activities	(141)	(134)
Business combinations net of cash acquired	(8,425)	-
Net cash flow from investing activities [B]	**(17,130)**	**(6,453)**
CASH FLOW FROM FINANCING ACTIVITIES:		
Changes in financial liabilities	(2,584)	18,481
Payment of dividends	-	(11,844)
Net change in other financial assets/liabilities	(53)	(64,247)
Interests (paid)/received	(7,716)	(1,375)
Net cash from financing activities [C]	**(10,353)**	**(58,985)**
CHANGE IN CASH AND CASH EQUIVALENTS [D=A+B+C]	**21,737**	**(15,008)**
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD [E]	**101,073**	**21,687**
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD [F=D+E]	**122,810**	**6,679**

EI TOWERS GROUP
INTERIM CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
(Euro in thousands)

	Share capital	Share premium reserve	Legal reserve and other reserves	Treasury shares	Actuarial reserve	Valuation reserve	Retained earnings (accumulated losses)	Profit/ (loss) for the period	**TOTAL SHAREHOLDERS' EQUITY**
Balance at January 1, 2013	**2,826**	**206,533**	**320,833**	**(1,845)**	**(1,128)**	**245**	**(15,444)**	**23,644**	**535,664**
Coverage of previous losses from Assembly resolution	-	(12,314)	(4,977)	-	-	-	17,292	-	0
Allocation of 2012 net profit	-	-	4,834	-	-	-	6,966	(11,800)	-
Dividend distribution	-	-	-	-	-	-	-	(11,844)	(11,844)
Stock option	-	-	33	-	-	(27)	-		7
Comprehensive income/(loss)	-	-	-	-	(45)	-	-	26,295	26,250
Balance at September 30, 2013	**2,826**	**194,220**	**320,723**	**(1,845)**	**(1,173)**	**218**	**8,814**	**26,295**	**550,078**
Balance at January 1, 2014	**2,826**	**194,220**	**320,723**	**(1,845)**	**(1,436)**	**218**	**8,814**	**32,938**	**556,458**
Allocation of 2013 net profit	-	-	31,750	-	-	-	1,188	(32,938)	-
Stock option	-	-	15	-	-	(15)	-	-	-
Comprehensive income/(loss)	-	-	-	-	(806)	-	-	29,349	28,543
Balance at September 30, 2014	**2,826**	**194,220**	**352,488**	**(1,845)**	**(2,242)**	**203**	**10,003**	**29,349**	**585,002**

EXPLANATORY NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS AT SEPTEMBER 30, 2014

1. Drafting criteria

In these Interim Condensed Consolidated Financial Statements, drawn up according to what is established by IAS 34 – Interim Financial Statements –, there have been applied the same accounting standards and valuation criteria that were used to draw up the Consolidated Financial Statements at December 31, 2013, to which reference should be made, with the exception of the impairment tests that are aimed at ascertaining any losses in value of capitalised assets that, in the absence of indicators, events and phenomena that would be such as to change the valuations that had been done in the past, are usually carried out at the time of the drafting of the Annual Report, a time when there is available all the necessary information in order to be able to carry out this process completely. Starting from the 2013, actuarial valuations to determine Employee benefit funds are calculated on a six-monthly basis.

This Interim Condensed Consolidated Report does not contain all the information and explanatory notes required for the Annual Report and must therefore be read together with the Consolidated Financial Statements as at December 31, 2013.

This Interim Condensed Consolidated Report has been prepared on the going concern basis. Directors have assessed that there are no significant uncertainties (as described in the paragraph 25 of IAS 1) on the going concern.

The preparation of the Interim Condensed Consolidated Report requires the implementation of estimates and assumptions which have effect on the value of revenues, costs, assets and liabilities in the balance sheet and on the information related to possible assets and liabilities at the date of the Interim Report. In case these estimates and assumptions, which are based on the better valuation issued by the management at the date of this Quarterly report, should in the future differ from the real situation, they are properly reviewed in the period in which the situation has changed. For a more detailed description of the Group's most significant evaluation processes, reference should be made to the chapter - Uses of estimates of the Consolidated Financial Statements at December 31, 2013.

Income taxes for the accounting period were calculated based on the best estimate of the weighted average tax rate expected for the whole financial year.

The values of the items in the Consolidated Financial Statements are shown in thousands of Euro, except where otherwise indicated.

2. New accounting standards, interpretations and amendments applicable from January 1, 2014

The Group applied the following accounting standards, interpretations and amendments starting from January 1, 2014.

- On May 12, 2011 the IASB issued the standard IFRS 10 – *Consolidated financial statements* which will substitute the IAS 27 – *Consolidated and separate financial statements,* for the part relating to the financial statements and SIC-12 *Consolidation – Special purpose entities (vehicle companies).* The previous IAS 27 has been renamed Separate financial statements and governs the accounting of investments in the separate financial statements. The main changes introduced by the new standard are as follows:
  - IFRS 10 establishes a single control model that applies to all entities. That change removes the inconsistences between the previous IAS 27 (focused on control) and SIC 12 (focused on risks and rewards);
  - IFRS 10 includes a new and more robust definition of control that contains three elements: (a) power over an investee; (b) exposure , or rights, to variable returns from its involvement with the investee; (c) ability to use its power over the investee to affect the amount of the investor's return;
  - IFRS 10 requires an investor, in order to determine its control on an investee, to focus on the activities that significantly affect the returns of the investee;
  - IFRS 10 requires only voting rights need to be considered in assessing control, that is those exercisable when significant decisions on the investee need to be made;
  - IFRS 10 provides additional application guidance regarding situations in which control is difficult to assess, including de facto control, potential voting rights, situations in which the investor with decision-making rights needs to determine whether it is acting as principal or agent, etc.

  In general terms, the application of IFRS 10 requires a significant level of opinion on a certain number of application aspects.

  The standard is effective retrospectively for annual periods beginning on or after January 1, 2014 and did not impact the consolidation area of the Group.

- On May 12, 2011 the IASB issued the standard IFRS 11 – Joint arrangements which will substitute the IAS 31 – Investments in joint ventures and SIC-13 – *Jointly controlled entities* – Transfer in kind by parties participating in control. The new standard, without prejudice to the criteria to determine whether joint control exists, outlines the accounting criteria by entities that jointly control an arrangement depending on the rights and obligations arising from the arrangement rather than on the legal form of the entity, distinguishing between joint venture and joint operation. Under IFRS 11, the existence of a separate vehicle is not a sufficient condition for a joint arrangement to be classified as a joint venture. Concerning joint ventures, whereby the parties have rights only to the net assets relating to the arrangement, the standard establishes as single method of accounting in the consolidated financial statements the net equity method. Concerning joint operations, whereby the parties have rights to the assets and obligations for the liabilities relating to the arrangement, the standard establishes that the pro rata share of the assets, liabilities, expenses and revenue arising from a joint operation is recognized directly in the consolidated financial statements (and in the separate financial statements).

The new standard is effective retrospectively for annual periods beginning on or after January 1, 2014.

In general terms, the application of IFRS 11 requires a significant level of opinion in certain corporate sectors concerning the distinction between joint venture and joint operation. Following the issuance of the new standard IFRS 11, IAS 28 – Investments in associates and joint ventures has been issued to include within its application, from the date the standard is effective, also investments in joint ventures. The adoption of this new standard did not impact the Group's consolidation area.

- On May 12, 2011 the IASB issued the standard IFRS 12 – *Disclosures of interests in other entities* which is a new and complete standard on additional disclosures required in consolidated financial statements for each type of investment, including subsidiary companies, joint ventures, associate companies and structured vehicles. The standard is effective retrospectively for annual periods beginning on or after January 1, 2014. The adoption of this new standard did not impact the information provided in the explanatory note to the Group's consolidated financial statements.
- On December 16, 2011 the IASB issued some amendments to IAS 32 – *Financial instruments*: presentation, to clarify the application of some criteria for offsetting financial assets and liabilities in IAS 32. These amendments are effective retrospectively for annual periods beginning on or after January 1, 2014.

The adoption of this new standard did not impact the Group's consolidated financial statements.

- On June 28, 2012 the IASB published the document *Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance (Amendments to IFRS 10, IFRS 11 and IFRS 12)*. The document clarifies the transition rules reported in IFRS 10 *Consolidated financial statements*, IFRS 11 *Joint Arrangements* and IFRS 12 *Disclosure of Interests in Other Entities*. These amendments shall apply, along with the reference standards, from January 1, 2014.
- On October 31, 2012 amendments to IFRS 10, IFRS 12 and IAS 27 "Investment Entities" have been issued. The amendments introduce an exception for investment entities to the consolidation of subsidiaries, except for a subsidiary that provides investment-related services or activities. In accordance with these amendments, the investment entity shall measure its investments in subsidiaries at fair value. The following components have been set out for the definition of an investment entity to access the exception:
    - obtains funds from one or more investors for the purpose of providing those investor(s) with investment management services;
    - commits to its investor(s) that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both;
    - measures and evaluates the performance of substantially all of its investments on a fair value basis.

  These amendments shall apply, along with the reference standards, from January 1, 2014. The adoption of these amendments did not impact the Group's consolidated financial statements.

- On May 29, 2013 the IASB issued some amendments to IAS 36 – *Impairment of assets – Recoverable amount disclosures for non-financial assets.* The changes resulted from the decision to require additional disclosures about the measurement of the recoverable amount of assets, including goodwill, or cash-generating units, with a recoverable amount based on fair value less costs of disposal, only for assets or cash-generating units for which an impairment loss was recognized or reversed during the year. The changes are effective retrospectively for annual periods beginning on or after January 1, 2014. The adoption of this new standard did not impact the Group's consolidated financial statements.

- On June 27, 2013 the IASB issued amendments to IAS 39 "Financial instruments: recognition and measurement – Novation of derivatives and continuation of hedge accounting". The objective of the proposed amendments is to introduce a narrow scope exception to the requirements for the discontinuation of hedge accounting in IAS 39. Specifically, they propose an exception in circumstances when an existing hedging derivative is required to be novated to a Central Counterparty (CCP) as a consequence of newly introduced laws or regulations. The changes are effective retrospectively for annual periods beginning on or after January 1, 2014. The adoption of these amendments did not impact the Group's consolidated financial statements.
- On May 20, 2013 IFRIC interpretation 21 – *Levies* has been published. The interpretation clarifies when an entity should recognize a liability to pay a levy imposed by governments, other than income taxes, in its financial statements. The standard addresses both the accounting for liabilities to pay levies that are within the scope of IAS 37 - *Provisions, Contingent Liabilities and Contingent Assets*, as well as for liabilities whose timing and amount is certain. The adoption of this new interpretation did not impact the Group's consolidated financial statements.

The Group has not early adopted any other standards, interpretation or improvements issued or essentially issued but not yet effective.

3. Main corporate operations and changes in the consolidation area

The partial demerger of the subsidiary Towertel S.p.A. (broadcasting business unit) into EI Towers S.p.A., approved in 2013 by the respective Boards of Directors, became effective on January 1, 2014.

On January 22, 2014 Towertel S.p.A. withdrew from the capital of the company Tecnoimpianti Sas, formerly held for the 50%, through the partial, non-proportional demerger of the aforesaid Tecnoimpianti Sas and the award to Towertel S.p.A. of sales contracts for hosting services to radio and TV operators.

The purchase of 100% of Società Assistenza Ripetitori Televisivi S.r.l. was finalized by Towertel S.p.A. on February 28, 2014. The company was subsequently merged into Towertel S.p.A.

On July 23, 2014 Towertel S.p.A. acquired 35% of Hightel S.p.A.'s capital, which in turn holds 100% of the company Torre di Nora S.r.l. The remaining 65% of the capital was acquired after the end of the third quarter.

4. *Comments on the main changes in the assets and liabilities*

4.1 Other intangible and tangible assets

Euro in thousands	December 31, 2013	Changes in the consolidation area	Increases	Decreases	Amortisation	September 30, 2014
Goodwill	454,231	3,587	40	-	-	457,857
Other intangible assets	102,632	-	315	(21)	(7,100)	95,826
Tangible assets	216,066	221	5,214	(267)	(24,551)	196,683

The changes in the consolidation area refer to the acquisition, carried out in the first quarter, of Società Assistenza Ripetitori Televisivi S.r.l. In particular, the increase in goodwill is a consequence of the provisional allocation of a part of the consideration for the acquisition. 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 increase in tangible assets mainly refers to ongoing investments on towers.

The other intangible assets are mainly referable to the value of customer relations.

4.2 Investments in associates and joint ventures

The item, amounting to € 5,478k (€ 28k at December 31, 2013), increased following the acquisition of 35% of Hightel S.p.A.'s capital, as commented above.

4.3 Net Financial Position

The breakdown of the Consolidated Net Financial Position is given below as required by the Consob communication no. 6064293 of July 28, 2006 showing the current and non-current net financial debt of the Group.

	Sept. 30, 2014	**Dec. 31, 2013**
Cash in hand and cash equivalents	10	14
Bank and postal deposits	122,800	101,059
Securities and other current financial assets	-	-
Total Liquidity	**122,810**	**101,073**
Current Financial Assets	-	-
Due to banks	-	(432)
Current portion of non-current financial debt	(4,096)	(6,618)
Payables and other current financial liabilities	-	(62)
Current Financial Debt	**(4,096)**	**(7,112)**
Current Net Financial Position	**118,714**	**93,961**
Due to banks	-	-
Corporate bond	(226,193)	(225,208)
Payables and other non-current financial liabilities	-	-
Non-current Financial Debt	**(226,193)**	**(225,208)**
Net Financial Position	**(107,479)**	**(131,247)**

The item Bank and postal deposits refers to liquidity held in banks, partly invested in time deposits in order to obtain larger remuneration compared to current accounts, the lending rates of which are currently close to zero.

The Current portion of non-current financial debt includes the share for the period of the interests on the bond loan measured at amortized cost.

The item Corporate bond includes the measurement at amortized cost of the existing bond loan.

4.4 Earnings per share

The calculation of earnings per share (EPS) is based on the following data:

	9 months 2014	9 months 2013
Net profit for the period (Euro in thousands)	29,349	26,295
Weighted average number of ordinary shares (without own shares)	28,199,851	28,199,851
Basic EPS (Euro)	1.04	0.93
Weighted average number of ordinary shares for the diluted EPS computation	28,199,851	28,199,851
Diluted EPS (Euro)	1.04	0.93

Earnings per share are calculated by dividing the Group's net profit by the weighted average number of shares in circulation during the period, net of treasury shares.

Diluted earnings per share are calculated by taking into account in the calculation the number of shares in circulation and the potential diluting impact of the assignment of treasury shares to the beneficiaries of stock option plans already due.

5. Related-party transactions

In the following summary table the details at September 30, 2014,related to each company that is the counterpart of these transactions are given for the main Income Statement/Balance Sheet groupings, which are identified pursuant to IAS 24 and grouped by the main transaction types.

	Revenues	Costs	Financial income / (charges)	Trade receivables	Trade payables	Other receivables/ (payables)
CONTROLLING ENTITIES						
Mediaset S.p.A.	-	(46)	1,113	-	(23)	(173)
R.T.I. S.p.A.	225	(2,010)	-	65	(697)	-
Elettronica Industriale S.p.A.	134,622	(62)	-	249	(266)	-
Total controlling entities	**134,847**	**(2,118)**	**1,113**	**314**	**(986)**	**(173)**
AFFILIATED ENTITIES						
Publitalia '80 S.p.A.	43	-	-	1	-	-
Videotime S.p.A.	167	(363)	-	-	(53)	-
MedioBanca S.p.a.	-	(34)	-	-	-	11
Milan Entertainment S.r.l.		(4)				5
Monradio S.r.l.	363	-	-	442	-	-
Promoservice	-	-	-	-	-	-
Total affiliated entities	**573**	**(401)**	**-**	**443**	**(53)**	**16**
EXECUTIVES WITH STRATEGIC RESPONSIBILITIES	**-**	**(798)**	**-**	**-**	**-**	**(150)**
COMPLEMENTARY SOCIAL SECURITY FUND	**-**	**-**	**-**	**-**	**-**	**(123)**
OTHER RELATED PARTIES	**205**	**(4)**	**-**	**235**	**(6)**	**35**
TOTAL RELATED PARTIES	**135,625**	**(3,321)**	**1,113**	**992**	**(1,045)**	**(395)**

Revenues and trade receivables from controlling companies are mainly referable to hosting, assistance and maintenance services, logistics, use of transmission infrastructure, head end and engineering design, and revenues concerning broadcast equipment installation services. Financial income refers to the current account relationship existing with Mediaset S.p.A.

Costs and trade payables to parent companies are mainly imputable to EDP services and personnel administrative services, other services and leases invoiced from RTI S.p.A., a company controlling Elettronica Industriale S.p.A.

Revenues and trade receivables from associates relate to hosting and maintenance services to Monradio S.r.l. and leases of equipped areas at the regional offices to Videotime S.p.A.; costs and trade payables due to associates are mainly attributable to leases (Videotime S.p.A.) and to specialist services on the Italian market (MTA – Mercato Telematico Azionario) provided by Mediobanca S.p.A..

Data related to other related parties include relationships with some companies and joint ventures mainly carrying out activities connected to the operating management of TV signal transmission.

6. Personal guarantees given and commitments

With reference to personal guarantees given and existing commitments at September 30, 2014, no significant changes are reported compared to December 31, 2013.

7. Transactions arising from atypical and/or unusual operations

Pursuant to Consob Communication of July 28, 2006 No. DEM 6064296, it is underlined that during the third quarter of 2014 the Group has not put in place any atypical and/or unusual operations, as these are defined by the aforesaid Communication.

The Company Executive responsible for the preparation of the company accounting documents of EI 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