PRESS RELEASE
Lissone, March 22, 2018

RENEWAL OF THE LONG-TERM MASTER SERVICE AGREEMENT BETWEEN EI TOWERS S.P.A. AND MEDIASET GROUP

Lissone, March 22, 2018 - EI Towers S.p.A. (hereinafter "EIT") announces that the long term Master Service Agreement (hereinafter the "Agreement") with Elettronica Industriale S.p.A. (Mediaset Group, hereinafter "EI") for hosting services, assistance and maintenance of the digital networks (full service) has been renewed with effect from July 1, 2018 until June 30, 2025.

With the renewal of the Agreement, the parties took into account the important technological evolutions in the transmission equipment for the digital networks and the start, as envisaged by the Italian Budget Law 2018, of the gradual migration of the transmissions from DVB-T technology to DVB-T2 technology and of the transition to 5G technology (the so-called refarming of the 700MHz band).

As a consequence, the services covered by Agreement and the new considerations have been modified in accordance with the above-mentioned technological and regulatory changes. It was therefore decided to (i) define the technical specifications related to each service more precisely and (ii) agree on the changes in the consideration relating to the potential modifications related to each kind of service, starting from the renewal date.

The total consideration of the Agreement amounts to €1,128 million (before adjustment for inflation), with the following breakdown by year:

2018 (2nd half):	89.1 milioni di Euro
2019:	175.7 milioni di Euro
2020:	162.9 milioni di Euro
2021:	157.8 milioni di Euro
2022:	156.7 milioni di Euro
2023:	155.3 milioni di Euro
2024:	153.8 milioni di Euro
2025 (1st half):	76.8 milioni di Euro

The new considerations agreed are the result of:

- A linear reduction of €1.4 million on yearly basis (€10 million over the entire duration of the Agreement);
- small adjustments to broadcast services for an overall net amount of €0.4 million spread over 2018-2022 period;
- reduction (if any) of the considerations due to potential changes of the single kind of service provided, and in particular:
  - in case of partial termination by EI of the Head End service, in relation to some Muxes managed, effective from July 1, 2019, a reduction of the annual consideration for €0.9 million, which will be offset by direct cost savings and efficiencies;

- in case of partial termination by EI of the Master Control Room (MCR) service – in relation to the management of the traffic of the video signal in the production campuses of Milan and Rome - effective from January 1, 2021, a reduction of the annual consideration for €1.1 million, which will be offset by direct cost savings and efficiencies;
- in case of termination by EI from the Satellite Tv broadcasting service (DTH broadcasting of Mediaset channels on Tivùsat platform), effective from January 1, 2021, a reduction of the annual consideration for €3.0 million, offset by an equal reduction of operating costs;

Moreover, at the expiration of the term of the current Agreement between EI and H3G (November 2019), the overall annual consideration for the full service management of H3G's Mux, shall decrease by a net amount of €12.3 million. EIT shall negotiate the renewal of the Agreement for the full service management directly with H3G. If the Agreement is renewed at the same terms and conditions, such lower revenues of EIT from EI may be offset by revenues from H3G;

The Agreement provides for mechanisms which allow to address the expected impacts of the complex framework of the regulatory and technological evolution following the 700 Mhz Band refarming (frequencies will be allocated to MNOs).
The services covered by the Agreement, ultimately unchanged save for the small changes in the perimeter described above, have been disaggregated with a higher level of detail, in order to:

- define the technical specifications related to each service more precisely;
- envisage from the start the possible changes in the consideration related to the single service modified.

In particular, considering the possible reduction of the number of the Muxes managed due to Refarming, the Agreement defined the level of correlation between each kind of service/related consideration and the possible reduction of the Muxes. The correlation is null for the so-called Broadcast Services (contribution services), higher for the hosting and maintenance services and for other ancillary services. Basing on these methods of calculation, already defined today, the maximum reduction of the total annual consideration can be estimated to be around €11.5 million in the event of: (i) loss of two Muxes under management from July 2022; (ii) population coverage equivalent to the current coverage for the other Muxes. The impact on margins may be furtherly mitigated by direct cost savings and adequate plans to improve efficiency.

At the expiration, the Agreement shall be renewable for a further period of 7 years, after a renegotiation of the new consideration in good faith between the Parties in the 12 months prior to the expiration date.

The renewal of the Agreement confirms the solid and strategic nature of the industrial and commercial relation with Mediaset Group; it offers a wide visibility on the trend of the long-term revenues of EI Towers and it addresses the precisely the impacts of the Refarming process.

Please note that Elettronica Industriale S.p.A., direct controlling company of EI Towers, is a a related party of the Company pursuant to Consob regulations, adopted with resolution n. 17221 on 12.3.2010, regarding transactions with related parties. The transaction with Elettronica Industriale qualifies as transaction with related parties of greater relevance and it benefits from the exclusion set forth in art. 13, par. 3, letter c) of the Consob Regulations on related parties (Regular transaction), pursuant to the Procedure on the subject adopted by the Company. The transaction was approved today by the Board of Directors, after consulting the Company's

Related Party Committee which examined it on March 20, 2018 and agreed on its qualification pursuant to the current regulations.

Per maggiori informazioni si prega di contattare:

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