



FY 2017 Results Presentation
22nd March, 2018

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

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

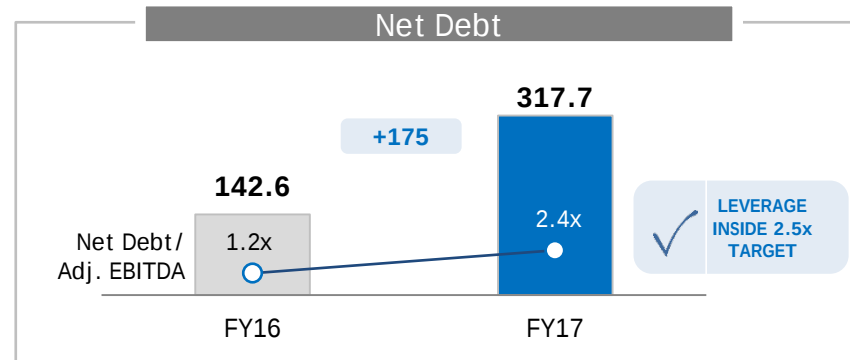
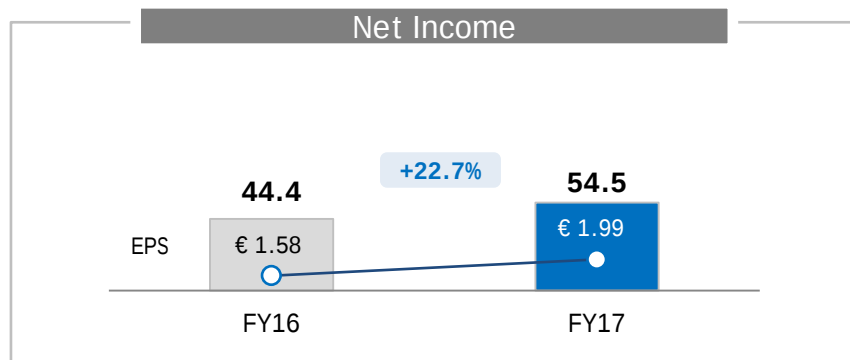
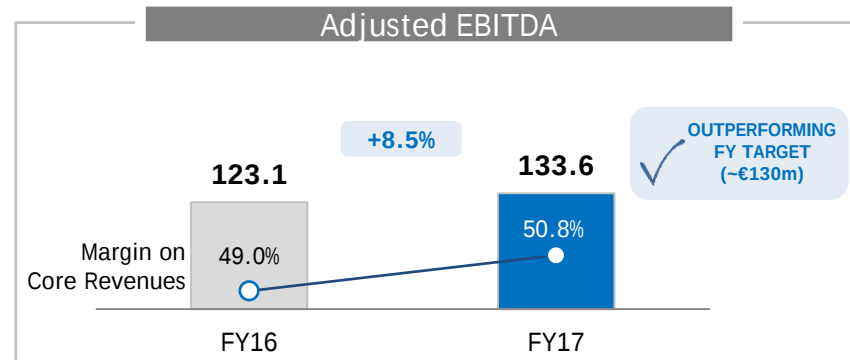
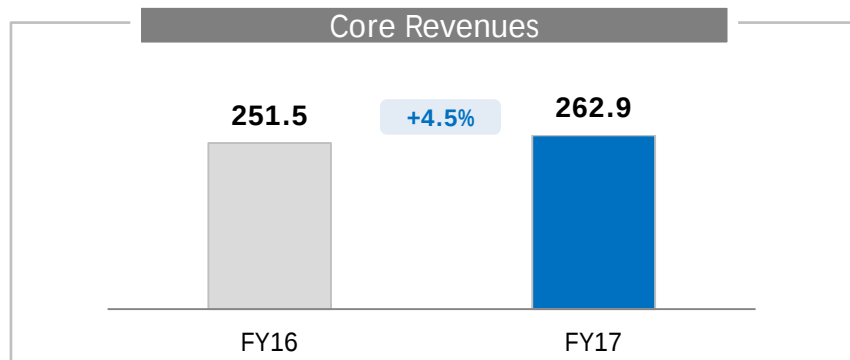
This announcement does not constitute an offer to sell or the solicitation of an offer to buy the securities discussed herein.

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

- 1 **Confirmed Mid-Single-Digit Growth in Topline: +4.5% YoY**
- 2 **Solid Operating Momentum on EBITDA, exceeding FY2017 Target**
- 3 **Mediaset Contract Renewed for the Next 7 Years**
- 4 **Share Buyback Completed, Releveraging Program Accomplished**
- 5 **New Outlook for 2018 and Ordinary Dividend**

FY2017 Group Financial Results

Data in €mIn, % YoY

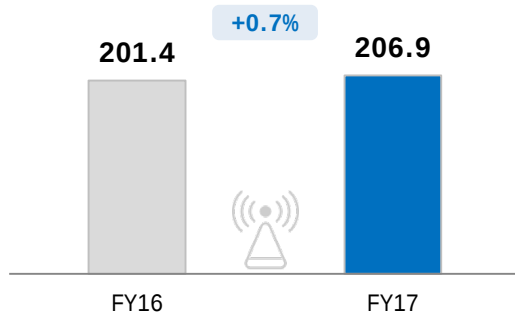


2016 Figures restated due to PPA

Business Performance by Segment

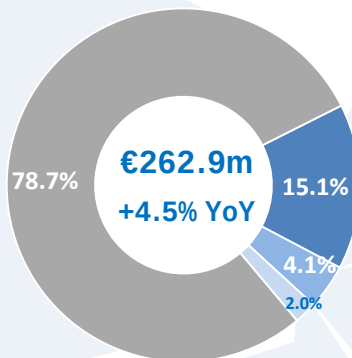
Data in €mln

TV

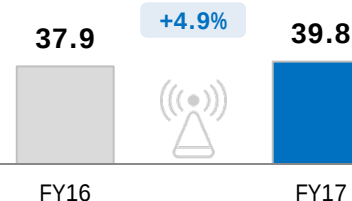


- Low-single digit growth almost in line with CPI

FY17 Core Revenues Breakdown by Segment

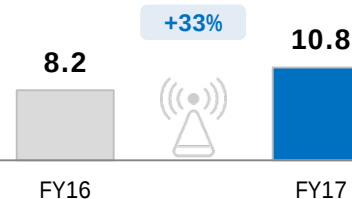


Telco



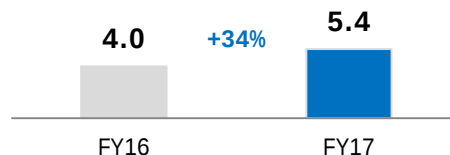
- Mid-single digit growth with some pricing pressure from ongoing renegotiations with MNOs

Radio



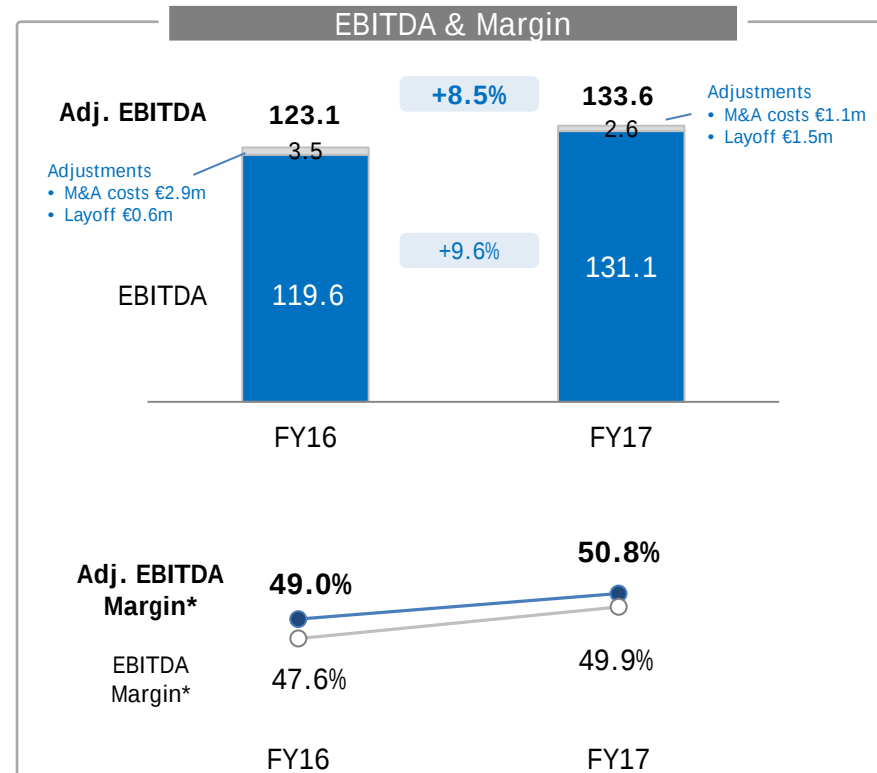
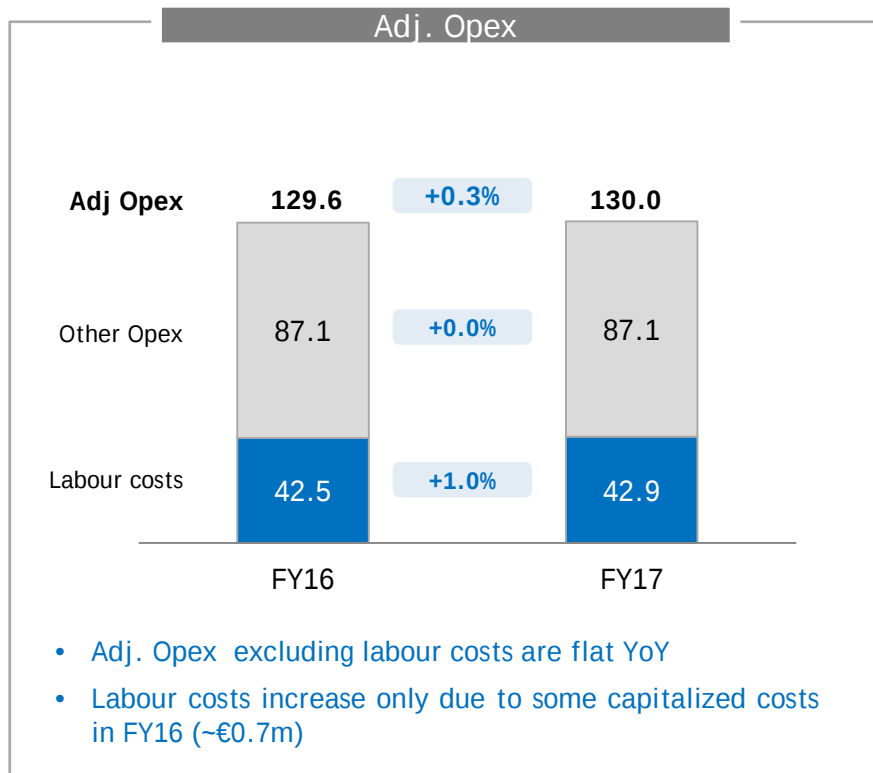
- Double digit growth driven by M&A activity

Miscellaneous



Focus on Profitability

Data in €mIn, % YoY



Income Statement

Data in €mln, % YoY

	FY16	FY17	YoY
Core Revenues	251.5	262.9	4.5%
Other income	1.2	0.8	
Total Revenues	252.7	263.7	4.3%
Adj. Opex	(129.6)	(130.0)	0.3%
Labour Costs	(42.5)	(42.9)	1.0%
% of total Opex	32.8%	33.0%	
Other Opex	(87.1)	(87.1)	0.0%
% of total Opex	67.2%	67.0%	
Adj. EBITDA	123.1	133.6	8.5%
% on Core Revenues	49.0%	50.8%	
One off items	(3.5)	(2.6)	
EBITDA	119.6	131.1	9.6%
% on Core Revenues	47.6%	49.9%	
D&A, Provisions	(44.2)	(41.1)	
EBIT	75.4	90.0	19.3%
% on Core Revenues	30.0%	34.2%	
Financial Expenses	(9.4)	(13.4)	
Pre-tax Profit	66.0	76.6	16.0%
Taxes	(21.7)	(22.2)	
% Tax Rate	32.8%	28.9%	
Net income	44.4	54.4	22.7%
Minorities	0.05	0.05	
Group Net income	44.4	54.5	22.7%
EPS (€)	€ 1.58	€ 1.99	26.5%

➤ Growth rate higher than CPI largely thanks to small M&A and Cairo contribution

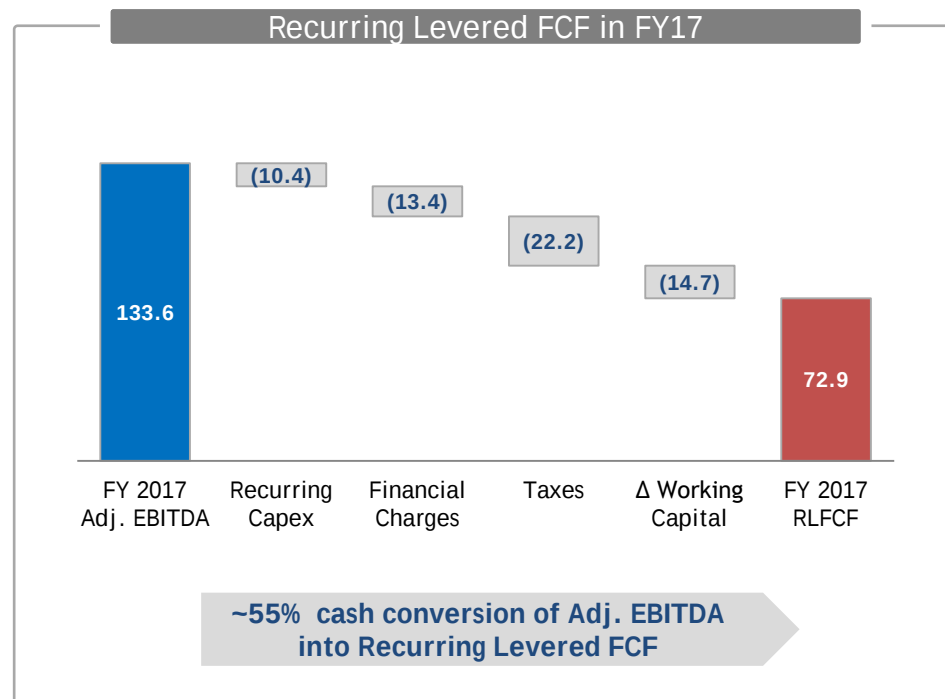
➤ EBITDA growth and margin, net of other revenues, in line with Industrial Plan 2014/18

➤ Higher financial expenses due to accrued interest of annual coupon related to Eurobond early redeemed in December

Focus on Recurring Levered FCF (RLFCF)

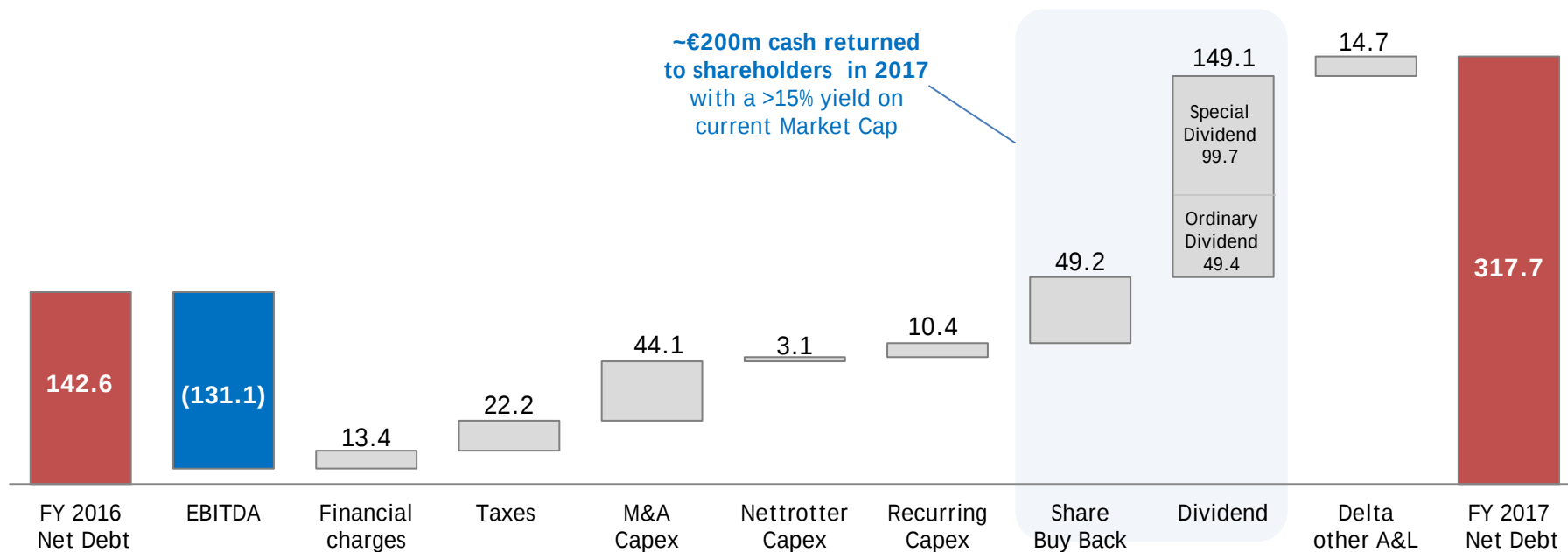
Data in €mln

	FY16	FY17	YoY
Core Revenues	251.5	262.9	4.5%
Adjusted EBITDA	123.1	133.6	8.5%
<i>as % of core revenues</i>	<i>49.0%</i>	<i>50.8%</i>	<i>+1.9pp</i>
Recurring Capex	(10.2)	(10.4)	
Financial Charges	(9.4)	(13.4)	
Taxes	(21.7)	(22.2)	
Δ Working Capital	(18.5)	(14.7)	
Recurring Levered FCF	63.3	72.9	15.2%
<i>as % of core revenues</i>	<i>25.2%</i>	<i>27.7%</i>	<i>+2.6pp</i>
Cash conversion	51.4%	54.6%	+3.1pp



Net Debt and Cash Flow Bridge

Data in €mln

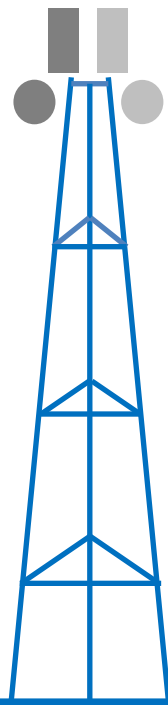


Reclassified Balance Sheet

Data in €mln

	FY16	FY17
Non current Assets	875.7	902.2
Fixed Assets	371.9	399.9
Goodwill	503.8	502.3
Non current Liabilities	(73.3)	(79.5)
Net Working Capital	(22.0)	(10.8)
Net Invested Capital	780.4	812.0

	FY16	FY17
Net Financial Position	142.6	317.7
Cash	(94.0)	(8.2)
Borrowings	236.6	326.0
Equity	637.8	494.2
Group shareholders' Equity	637.8	494.2
Net Financial Position + Equity	780.4	812.0



Small M&A

# sites	107
Pro forma EBITDA	~€3.3m
Implied Multiple	~8.5x
Enterprise Value	€28.3m

Land Acquisition & Property Consolidation

# sites	149
Pro forma EBITDA	~€2.0m
Implied Multiple	~7x
Enterprise Value*	€15.1m

Total - FY 2017

Pro Forma EBITDA	~€5.3m
Implied Multiple	~8x
Enterprise Value	€43.4m

Upfront payment	~€0.7m
M&A Capex	€44.1m

In 2018, additional €3-4m EBITDA expected from M&A activity

Land and Small M&A activity still an important driver for growth

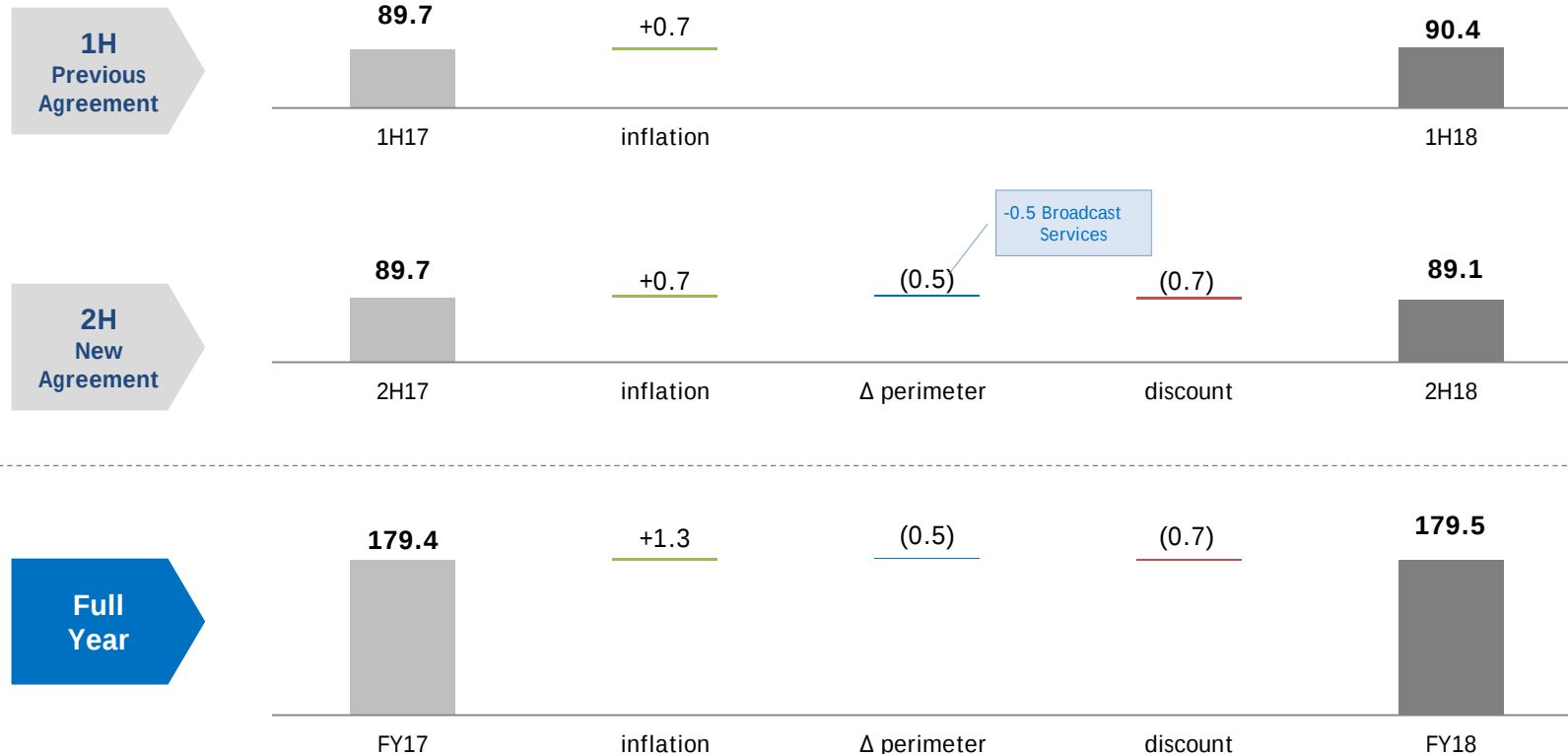
* Including M&A related costs

Key Highlights:

- Master Service Agreement with Elettronica Industriale (Mediaset) renewed for the next 7 years, from July 2018 to July 2025
- Agreed some perimeter adjustments, potentially almost neutral on EBITDA:
 - Carve-out of H3G contract, directly managed by EI Towers from Nov. 2019
 - Insourcing of some activities by Elettronica Industriale (e.g. Master Control Room, Head End)
- At constant perimeter, revenue straightline decrease of ~€10m over the entire duration of the agreement, potentially offset by inflation for the entire amount: very smooth and predictable glide path over the 7 year period, leading to an annual decrease of €1.4m, before inflation
- Higher level of disaggregation in the services description and related consideration
 - Despite higher level of detail, consideration is linked to the nature of the services and is not allocated on a “per Mux basis”
 - Refarming scenarios are addressed: each service/consideration has an explicit correlation (algorithm) to the number of Muxes under management potentially lost (see page 17)

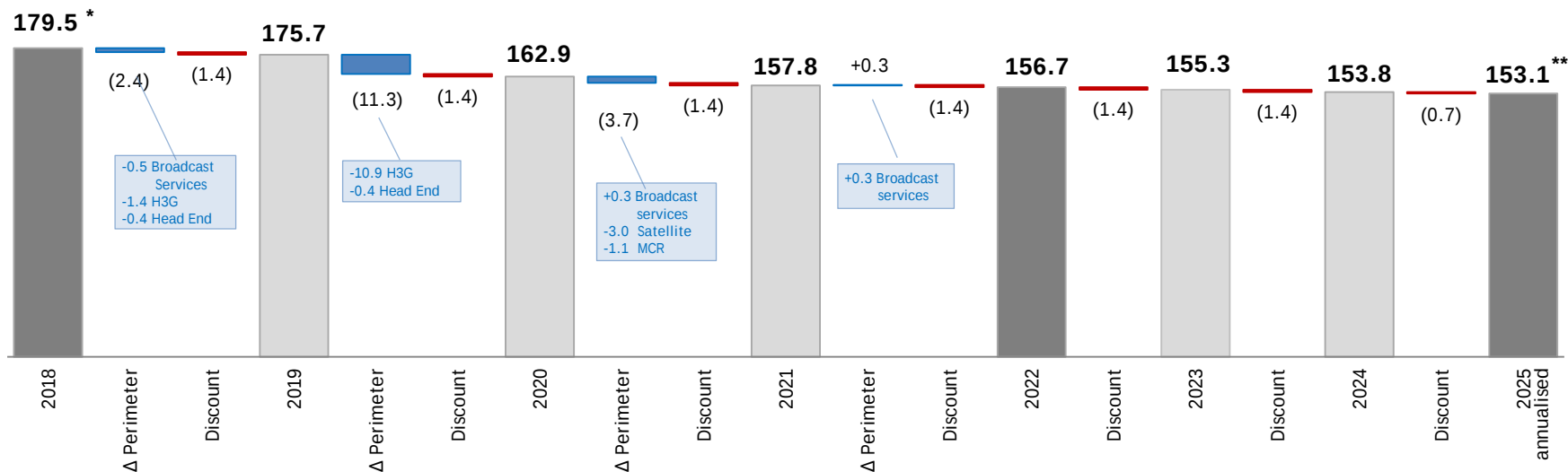
Revenues from Mediaset - Bridge 2018 vs 2017

Data in €mln



Revenues from Mediaset 2018-2025

Data in €mln, figures before inflation



(*) 2018 includes €90.4m from existing agreement

(**) 2025 annualised figure

(1/2)

End Revision

The diagram illustrates the broadcast production and distribution workflow, divided into two main parts: the production chain and the distribution network.

Production Chain: A sequence of five chevron-shaped boxes representing the stages of production:

- Broadcast Services** (Blue chevron)
- Production / Post Production** (Red chevron)
- Playout** (Red chevron) with subtext: *(Adv/Subtitles, Brands/Logos Insertion)*
- Head End** (Red chevron) with subtext: *Compression / encoding of the signal*
- Synchronisation for distribution** (Blue chevron)

Distribution Network: A grey cloud-like area containing three distribution methods:

- satellite** (represented by a satellite icon)
- radiolinks** (represented by a radio tower icon)
- Optical Fiber Network** (represented by a fiber optic cable icon)

Arrows indicate the flow from the production chain into the distribution network, and then to the final destination:

Signal Diffusion (represented by a radio tower icon with signal waves)

Timeline: Below the production chain, a timeline shows the sequence of events:

- Two parallel horizontal lines (blue and red) represent the timeline.
- Blue boxes labeled **EIT** (Event Information Table) are placed on the blue line.
- Red boxes labeled **Mediaset** are placed on the red line.
- Red dots and blue dots mark the positions of the EIT and Mediaset events along the timeline.

Today

Sport/News/Light entert. event

EIT

MI

RM

Production Campus

EIT

From 1 Jan 2021 (not earlier)

Sport/News/Light entert. event

EIT

MI

RM

Production Campus

EIT

Mediaset

Contact point

3 Satellite

- Effective from 1/1/2021 (not earlier). Mediaset can lease, directly from satellite providers, capacity on 13°E transponder for DTH reception of its channels (part of the Tivusat offer, reaching ~4% of population not covered by DTT)
- EIT, at expiration of its current agreement with Eutelsat for the equivalent service, shall not renew such agreement. EIT shall continue to provide uplink services
- Revenues decline shall be offset by cost savings

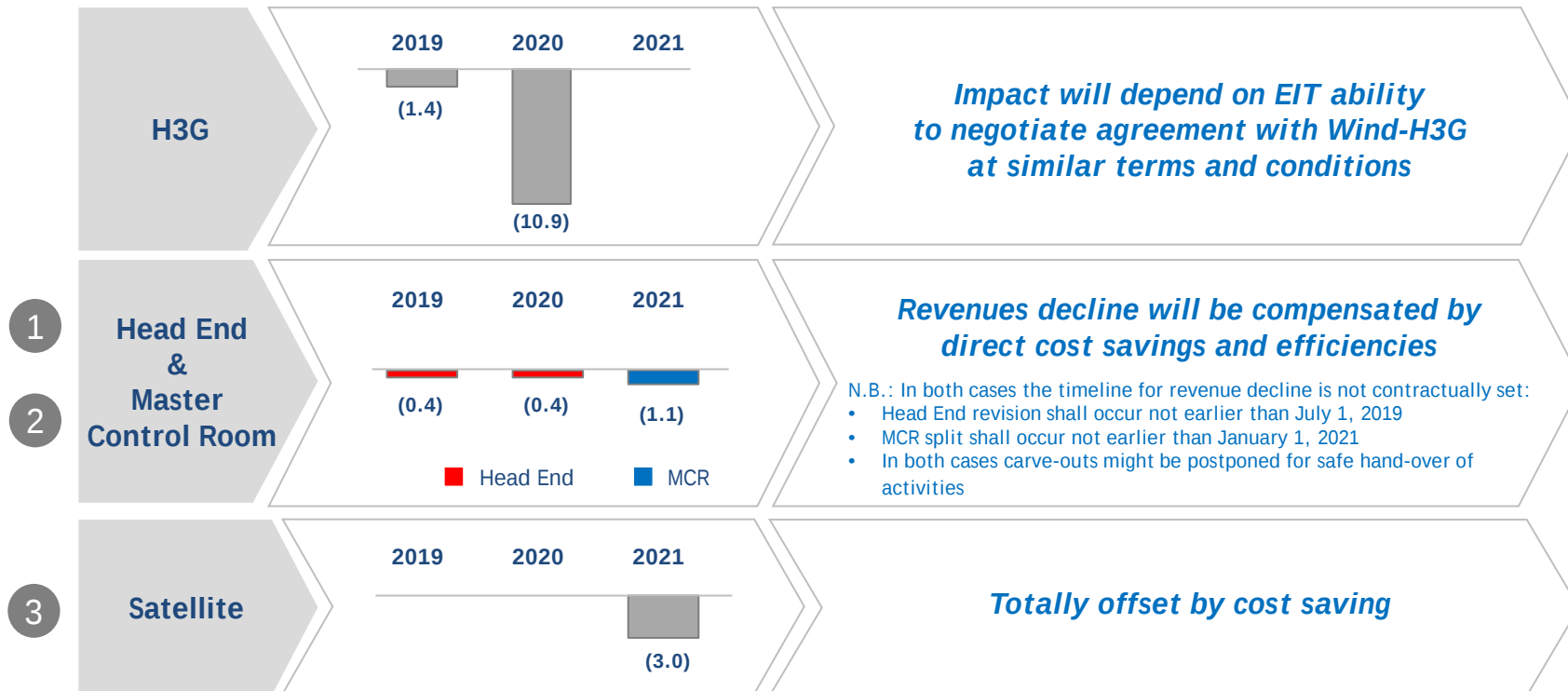


Impact on EBITDA of Delta Revenues

Data in €mln

Delta Revenues

Impact on EBITDA



MSA Contract Activities and Exposure to MUX

		Correlation to # of MUXes managed
Hosting	Hosting Services	Medium / Low
Assistance and Maintenance	- Routine Maintenance and Emergency Maintenance - Equipment Monitoring & Supervision, Quality Control - Equipment Storage, Migration, Installation, Colocation & Test	Medium/Low Low Medium
Trasmission Infrastructure	- Satellite Distribution - Satellite Diffusion (tivùsat) - Contribution: - Optical Fiber Network (M-Tube) - Contribution & Distribution - Satellite & Fly Contribution - Broadcast Services	Medium/High n.m. * Null*** Null*** Null***
Head End	Head End	n.m.**
Design	- Network Design/Engineering - Supervision and Advisory on Technological Evolution	Medium
Power&Energy	Energy	High

Envisaged impact: ~ €11.5m in case of 2 Muxes under management lost
EBITDA impact mitigated by direct costs reduction and efficiency plans

* To be carved out (effective not earlier than 1/1/2021)

** To be carved out (effective not earlier than 1/7/2019)

*** FY2018 total value: €35m

Original Agreement with Cairo

Background

On 27 January 2015 EI Towers signed the agreements with Cairo for the construction and subsequent management (“Full Service”) of a new national TV Network

The agreements envisaged:

- a) A transitional phase, during which construction, commissioning and first years of operation of the MUX will take place, which will run from the date of signature until 31 December 2017, and a phase of the MUX management at regime with a length of 17 years (2018-2034), with the right of free withdrawal for Cairo since January 1st, 2025
- b) A guaranteed coverage at regime at least equal to 94% of the population, aligned to national MUXs with the highest coverage
- c) Set of technical annexes, KPI, SLA (“Service Level Agreements”) and criteria to calculate penalties, consistent with the service levels guaranteed

-
- In 2H2016 Cairo started to simulcast LA7/La7d on the Mux managed by EIT
 - In January 2017 Cairo switched off La7/La7d on Persidera Mux
 - During 2017 EIT and Cairo were not able to agree upon:
 - Formal test and acceptance by Cairo of the Mux managed by EIT
 - Set of criteria to measure SLA and KPI related to network coverage

Revised Agreement with Cairo

- On 16th March 2018, Cairo and EI Towers revised the original agreement signed on 27th January 2015
- Acceptance by Cairo of the network delivered by EI Towers and settlement of overdue payments by Cairo
- Agreed a rigorous set of new criteria to test the network quality on a regular basis
- Agreed a set of additional obligations for EI Towers (i.e. 50 additional sites already built/agreed + further 60 sites) to enhance coverage by year-end 2018
- Annual fee to EI Towers reduced by €0.3m, from €16.3m to €16.0
- Revision of the amount fees to reflect a higher participation by EI Towers to entrepreneurial risk related to the incomplete exploitation by Cairo of the available bandwidth on the MUX, in case of lower market demand

Annual fees to EIT

Original Agreement

Revised Agreement

2018-2022

- Max. €16.3m
- Min. €12.3m (max. €4m charge to reflect up to 40% participation to entrepreneurial risk)

- Max. €16.0m
- Min. €10.0m (max. €6m charge to reflect up to 60% participation to entrepreneurial risk)

2023-2027

- Max. €16.3m
- Min. €12.3m (max. €4m charge to reflect up to 40% participation to entrepreneurial risk)

- Max. €16.0m
- Min. €10.5m (max. €5.5m charge to reflect up to 55% participation to entrepreneurial risk)

2028-2034

- Max. €16.3m
- Min. €12.3m (max. €4m charge to reflect up to 40% participation to entrepreneurial risk)

- Max. €16.0m
- Min. €11.0m (max. €5.0m charge to reflect up to 50% participation to entrepreneurial risk)

Operational Update

In FY17 solid performance, in particular on Radio and TLC businesses

Mediaset contract renewed ensuring long-term visibility to Group revenues

Preliminary guidelines on 700MHz refarming expected by June 2018

Financial Outlook

FY2018: Adj. EBITDA in line with Business Plan 2014-2018 and with current consensus

Proposed an Ordinary Dividend of €2.05/share with 101% payout on net income

Leverage stable with current levels (~2.5x Net Debt/EBITDA)



In absence of big M&A deals, financial flexibility is kept to:

Capital Allocation

Continue to invest in Small M&A and Land acquisition

Return Cash to Shareholders through Dividends

Explore international opportunities

For more information please contact:

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