

## **BOARD OF DIRECTORS' MEETING 26<sup>TH</sup> JULY 2016**

### **APPROVAL OF FIRST HALF 2016 RESULTS**

- Core Revenues at €123.8 mln
- Adjusted EBITDA<sup>1</sup> at €60.6 mln (49% on core revenues)
- EBITDA at €58.2 mln
- EBIT at €38.9 mln
- Net Income €22.9 mln
- EPS at €0.81
- Net financial position at €125.1

### **APPROVAL OF DIVIDEND POLICY AND SHARE BUYBACK PROGRAMME**

Lissone 26<sup>th</sup> July 2016 - The Board of Directors of EI Towers S.p.A., which met today under the chairmanship of Alberto Giussani, approved the consolidated results of the first half 2016, a regular dividend policy and a buyback programme.

### **CONSOLIDATED RESULTS OF EI TOWERS GROUP**

- The economic and financial results of the first half 2016 are in line with the guidance disclosed to the market and with the company plans.
- In the first half, core revenues were equal to €123.8 million, reporting an increase (+3.7%) compared to the results of the same period of the previous year, equal to €119.4 million.
- Adjusted EBITDA came to €60.6 million - 49% margin on core revenues - with a growth of 8.9% on the figure of the first half 2015, equal to €55.7 million, recording 230 basis points of margin increase compared to the first half 2015.
- EBITDA amounted to €58.2 million, with an increase of 9.8% compared to the results of the same period of the previous year, which was equal to €53 million.

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<sup>1</sup>Adjusted Ebitda corresponds to the difference between consolidated revenues and operating costs, gross of non-monetary costs related to depreciations, amortizations and write-downs (net of possible revaluation) of current and non-current assets, of non ordinary economic components related to M&A transactions according IFRS3 or layoffs, of any costs related to atypical and/or unusual deals as defined by Consob communication of July 28 2006 n. DEM 6064293.

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

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- EBIT came to €38.9 million, representing 31.4% of core revenues and with a growth of 13.5% on the first half 2015 (equal to €34.3 million).
- Net income, after €4.6 million net financial charges and €11.5 million taxes, came to €22.9 million, representing 18.5% of core revenues and with a growth of 14.7% on the result of the previous year, equal to €19.9 million.
- EPS at €0.81 compared to €0.71 of the first half 2015.
- The Group's net invested capital amounted to €757 million. Shareholders' Equity was equal to €631.9 million and Net Financial Position came to €125.1 million.

### **OUTLOOK**

The economic and financial figures of the first half are overall in line with the management's expectations. In particular, the trend of revenues is still affected by the absence of inflation and by the reduction of services offered to some local tv broadcasters, which are reducing, and in some cases ceasing, their broadcasting activity. These negative effects are balanced by the organic growth of services offered to MNOs, however modest, and by the increase of the service related to the network roll out of the national operator Cairo Network.

In the second half these trends are expected to continue, with an increased reduction of revenues from local television clients, affected by the scheduled reorganization of some frequencies in the North-East of Italy, which should take place in the fourth quarter. Therefore the company will keep on scouting the market in order to find investment opportunities for the acquisition of land and tower portfolios, both in Italy and abroad. On the base of the current trading conditions and of the acquisitions carried out and expected over the year, the management confirms the targets already disclosed to the market.

Standing the low visibility on big M&A transactions in Italy, in order to make the capital structure more efficient and to create value for the shareholders, the Board of Directors approved a regular dividend policy for the distribution of a yearly amount equal to, at least, 100% of consolidated net income and a share buy back programme up to 5% of share capital. The target is to achieve a financial leverage (net debt to EBITDA ratio) of 2.5x at the end of 2018.

### **DIVIDEND POLICY**

The Board of Directors approved a dividend policy aimed at proposing to the Shareholders' Meeting, for the financial years 2016, 2017 and 2018, the distribution of a yearly dividend equal to, at least, 100% of the consolidated net profit.

The proposed dividend distribution and, in general, the Company's ability to distribute the same in the relevant period will in any case remain subject, among others, to the operating and financial results of EI Towers, the market conditions and the required financial flexibility necessary to ensure the achievement of its corporate purpose through targeted acquisitions in Italy and abroad. For this reason, despite the approval of the above mentioned dividend policy, it cannot be assumed that such dividends will actually be distributed and it is not possible to predetermine with certainty the amount.

## **BUYBACK PROGRAMME**

The Board of Directors resolved to adopt a buyback programme to purchase ordinary shares of the Company, within the maximum number allowed by law, pursuant to the authorization given by the ordinary Shareholders' Meeting held on 21 April 2016 (the "Programme").

### ***Purposes of the Programme***

The Programme aims at purchasing shares of the Company, directly or through authorized intermediaries, to set up a so-called "securities warehouse" so that the Company may hold and dispose of the shares for possible use as payment in the context of extraordinary transactions, including the exchange of equity investments, with other persons in the context of transactions of interest to the Company. In consideration of the transitional provisions contained in the Regulation (EU) n. 596/2014 ("MAR"), the Programme will be executed in accordance with the market practice adopted by the Consob with Resolution No. 16839/2009 and, in any case, in compliance with regulations and market practices that may be adopted in execution of MAR.

### ***Maximum number of treasury shares and duration of the Programme***

The Programme relates to maximum No. 1,413,119 shares, representing 5% of the share capital.

As of today, the Company holds 62,526 treasury shares, equal to 0.22% of the share capital, inclusive of 6,000 treasury shares lent to Mediobanca - Banca di Credito Finanziario S.p.A. for exercising the activity of specialist pursuant to Article 2.2.3, Paragraph 4 of the Regulations applicable to the markets organized and operated by Borsa Italiana and the instructions in relation to the Regulations.

The Programme may be implemented in one or more tranches, starting from 1 September 2016 and until the date of the Shareholders' meeting that will approve the financial statements as of December 31, 2016, final term established by the shareholders' resolution of 21 April 2016, being understood that the Board of Directors intends to submit to the Shareholders' meetings - from time to time - the approval of a new authorization, in order to extend the duration of the Programme until the approval of the financial statements as of December 31, 2018, in accordance with the terms and purpose provided by laws and market practices in force from time to time.

### ***Price and maximum value***

According to the resolution passed by the Shareholders' Meeting held on 21 April 2016, it is provided that:

- the purchase price of the shares shall be identified from time to time, having regard to the methods selected to execute the transaction and in respect of legal and regulatory prescriptions as well as admitted market practices in force from time to time, within a minimum-maximum range determined in accordance with the following criteria: (i) the minimum purchase price shall be no more than 20% below the reference price of the shares as registered during the market trading session on the day preceding any individual transaction; (ii) the maximum purchase price shall be no more than 20% above the reference price of the shares as registered during the market trading session on the day preceding any individual transaction;
- in accordance to Article 3, Paragraph 2, of the Delegated Regulation (EU) No. 2016/1052 and to market practices adopted by Consob with Resolution No. 16839/2009, without prejudice to the further limits provided by this resolution, the price for the bids to purchase shall be no greater than the higher of the price of the last independent transaction and the highest

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current price of the independent bid to purchase on the market in which the purchase bids are made.

Considering the average share market price of the last thirty days (25 June 2016 - 25 July 2016) - equal to €45.07 per share - the theoretical financial commitment to purchase the No. 1,413,119 maximum shares under the Programme would be equal to maximum €63.7 million.

***Methods and maximum daily volume of the purchases***

The Program provides the following terms:

- the purchase transactions may be made on regulated markets, in accordance and in compliance with the modalities provided by laws and regulations, including European dispositions, from time to time in force and in particular, but without limitations, with Article 144-bis of the Issuers' Regulation, the Delegated Regulation (EU) No. 2016/1052, as well as the market practice accepted by Consob with Resolution No. 16839/2009;
- the amount of shares purchased on any trading day shall not be more than 25% of the average daily volume of the EI Towers shares traded on the Italian Stock Exchange (Mercato Telematico Azionario).

The transactions executed will be disclosed to the market in accordance with terms and procedures provided by applicable laws.

Finally, in consideration of the transitory provisions of the MAR, the Board of Directors granted the Chief Executive Officers the power to make the amendments or additions which may become necessary or appropriate due to the possible entry into force of new laws and regulations or new market practices, executing the MAR.

The Company will promptly notify the public of any subsequent amendments to the Programme.

*The results of the first half are being disclosed to the financial community today at 6.00 p.m. (Italian time) via conference call. The reference documents will be made available under the Investor Relations section of the website [www.eitowers.it](http://www.eitowers.it)*

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 on the first half 2016 contained in this release corresponds to that contained in the company's formal accounts.

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## EIT GROUP

### CONSOLIDATED INCOME STATEMENT

	IH2016		IH2015 (*)	
<i>Euro in thousand</i>				
Revenues from sale of goods and services	123,835	100.0%	119,368	100.0%
Other income and revenues	1,302		127	
Total Revenues	125,137		119,495	
Operating Costs	64,499		63,818	
Adjusted EBITDA	60,638	49.0%	55,677	46.6%
Non-recurring items	(2,484)		(2,705)	
Gross operating margin (EBITDA)	58,154	47.0%	52,972	44.4%
Amortisation, depreciation	19,275		18,717	
Operating result (EBIT)	38,879	31.4%	34,255	28.7%
Financial charges, net	(4,576)		(4,017)	
Pre-tax result (EBT)	34,303	27.7%	30,238	25.3%
Income taxes	(11,472)		(10,318)	
Net income	22,831	18.4%	19,920	16.7%
(Profit)/Loss pertaining to minority interests	25		0	
Group's net income	22,856	18.5%	19,920	16.7%

(\*) figures restated due to PPA

### CONSOLIDATED RECLASSIFIED BALANCE SHEET

	30 June 2016		31 December 2015	
<i>Euro in thousand</i>				
Net working capital	(20,396)	-2.7%	(34,391)	-4.6%
Goodwill	521,820		516,198	
Other non-current assets	313,427		316,646	
Non-current liabilities	(57,877)		(58,261)	
Fixed assets	777,370	102.7%	774,583	104.6%
<b>Net invested capital</b>	<b>756,974</b>	<b>100.0%</b>	<b>740,192</b>	<b>100.0%</b>
<b>Net financial position</b>	<b>125,078</b>	<b>16.5%</b>	<b>130,247</b>	<b>17.6%</b>
<b>Shareholders' equity</b>	<b>631,882</b>	<b>83.5%</b>	<b>609,906</b>	<b>82.4%</b>
<b>Minority shareholders' equity</b>	<b>39</b>	<b>0.0%</b>	<b>39</b>	<b>0.0%</b>
Financial position and shareholders' equity	756,999	100.0%	740,192	100.0%

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<b>CASH FLOW STATEMENT</b>	<b>IH2016</b>	<b>IH2015 (*)</b>
<i>Euro in thousand</i>		
Cash flow generated (absorbed) by operating activities	47,510	38,610
Cash flow generated (absorbed) by investing activities	(37,659)	(15,385)
Cash flow generated (absorbed) by financing activities	(8,567)	(39,037)
<b>Net cash flow of the period</b>	<b>1,284</b>	<b>(15,812)</b>