

PRESS RELEASE**BOARD OF DIRECTORS APPROVES
2017 FIRST QUARTER REPORT*****Group continues to grow both revenues and margins***

- **REVENUES up 9% to Euro 13.6 million (Euro 12.4 million in Q1 2016)**
- **EBITDA¹ growth of 22% to Euro 4.2 million (Euro 3.4 million in Q1 2016) - EBITDA margin at 30.7% from 27.4%.**
- **EBIT more than doubles to Euro 1.0 million (Euro 0.4 million in Q1 2016)**
- **Net profit of Euro 1.0 million (Euro 0.5 million in Q1 2016)**
- **Net Cash Position of Euro 8.7 million compared to Euro 8.1 million at December 31, 2016**
- **Commercial orders - Total Contract Value (TCV) - up over 72% to Euro 11.1 million**

Corporate Governance

- **Independence of directors verified**
- **Internal Dealing policy updated**

Milan, May 11, 2017 – The Board of Directors of **Retelit S.p.A.**, in a meeting today chaired by Mr. Dario Pardi, reviewed and approved the 2017 First Quarter Report. The Board of Directors in addition verified the independence of the directors and updated the Internal Dealing policy in line with recent amendments to the Issuers' Regulation.

The Chairman Dario Pardi stated: *“The quarterly results, with significant improvements for all financial indicators on the same period for 2016, confirm the underlying capacity of the company to deliver upon the industrial plan objectives. We are particularly pleased to underline that all core Group areas returned strong results, indicating Retelit’s readiness to accelerate its expansion on the basis of a partnership development and diversification strategy. This promising outlook is supported by major order growth*

¹ Alternative Performance Indicator: EBITDA ((Earning Before Interest Taxes Depreciations and Amortizations) represents an alternative performance indicator not defined by the IFRS but used by the company's management to monitor and evaluate the operating performance of the company itself, not influenced by the volatility due to the effects of the different criteria for determining the taxable income, the amount and characteristics of the capital employed and the related amortization policies. This indicator is defined for Retelit as the Profit / (Loss) of the period before amortization and write-downs of tangible and intangible fixed assets, financial charges and income taxes and income taxes.

which improves future performance visibility. The growth of the corporate ICT infrastructural services division, whose revenues improved by 49% YoY, continued, confirming just two years from its launch not only the company's capacity to respond to market demands, but also its further growth potential. Thanks to its capital strengthening and the capacity to generate value, Retelit can now contribute even more to the Italian ICT ecosystem and play an active role in the sector's ongoing consolidation.

Q1 2017 CONSOLIDATED KEY FINANCIAL HIGHLIGHTS

	Q1 2017 (in Euro thousands)	Q1 2016	cge.
Value of production	13,561	12,402	9%
Value added (1)	5,778	4,980	16%
EBITDA	4,157	3,401	22%
EBIT	991	416	138%
Net profit	988	528	87%
	31/03/2017	31/12/2016	
Parent company shareholders net equity	136,250	135,357	
Average workforce	76.0	76.6	

(1) difference between value of production and purchases of raw materials, external services and other operating costs

INCOME STATEMENT

Consolidated Revenues in Q1 2017 were Euro 13.6 million, compared to Euro 12.4 million in Q1 2016 (approx. +9%). Telecommunication services were up 31% to Euro 12.1 million (Euro 9.2 million in Q1 2016), while network usage rights and maintenance revenues decreased from Euro 3.2 million to Euro 1.5 million. The breakdown of revenues by market was as follows: National Wholesale Euro 5.3 million (39%), International Wholesale Euro 6.7 million (50%), Business Euro 1.5 million (11%).

In the first quarter, commercial operations generated new orders worth Euro 11.1 million (ahead of the industrial plan), up 72% on Euro 6.5 million in Q1 2016. New orders for Euro 5.8 million (52%) derive

from the Domestic Wholesale segment, with Euro 3.2 million (29%) from the International Wholesale segment and Euro 2.1 million (19%) from the Business segment.

EBITDA in the first three months of 2017 totaled Euro 4.2 million, growth of 22% on Euro 3.4 million in the same period of the previous year, with an EBITDA margin of 30.7%. This result benefitted from the revenue increase.

EBIT was Euro 1 million, significantly improving on Q1 2016 (Euro 0.4 million). This result was impacted by a significant increase in amortization and depreciation for a total of Euro 0.3 million.

The net profit in the first quarter was Euro 1 million, compared to Euro 0.5 million in Q1 2016.

BALANCE SHEET

The net cash position was Euro 8.7 million, improving on Euro 8.1 million at December 31, 2016. Group Cash and cash equivalents were Euro 32.0 million compared to Euro 19.5 million at December 31, 2016. This benefitted for Euro 0.4 million from the recognition of the current financial receivable from the fair value measurement at March 31, 2017 of currency derivatives, and includes loans undertaken in the period to fund the AAE-1 project for approx. Euro 21 million, out of a total Euro 30 million agreed with a banking syndicate.

In the first quarter of 2017, investments totaled Euro 4.4 million, of which Euro 2.4 million in infrastructure, Euro 1.8 million in the AAE-1 Strategic Area, with the residual concerning other investments.

Investments in physical infrastructure of Euro 2.4 million mainly concern the construction of client connections and the development of the metropolitan network and the backhaul. The number of sites reached by fiber increased from approx. 3,000 at the end of 2016 to 3,150 at the end March 2017, of which 40 Data Centers of other operators, 2,012 client sites, 639 telecommunication towers and 447 cabinets. The fiber optic infrastructure network has been extended 33 KM since the end of 2016 to 9,860 KM, of which 2,454 KM urban infrastructure.

Of a total estimated investment of approx. Euro 56.3 million, the total investment in the AAE-1 project at March 31, 2017 was Euro 42.9 million, of which Euro 35.8 million (USD 41.1 million) for involvement in the AAE-1 consortium, Euro 2.0 million for the construction of the Bari landing station and Euro 5.0 million for investment in Italian network infrastructure.

OPERATING PERFORMANCE

The **International Wholesale** segment, which with 61 Clients between International carriers and OTT's represents 50% of Group revenues and 29% of total Q1 2017 orders, and in which the Retelit Group has historically been a preferred partner of international operators for so-called B-end connections in Italy, received a further boost with additional order growth. In line with the AAE-1 submarine cable project strategy to expand onto new markets and with new players, operations focused on positioning and developing opportunities on the OTT market were stepped up, through proposals which seek to attract their content to the Italian Data Centers, and in particular the Retelit fiber network. In this regard, at the end of 2016 the first contracts concerning the AAE-1 submarine cable system product (Wet Capacity) were also concluded with the international operator Belgacom International Carrier Services (BICS). The "total contract value", including capacity on the AAE-1 submarine cable system and that on the backhaul from the Bari Landing Station, was Euro 3.6 million (excluding future upgrades scheduled over the coming 18 months for Euro 0.7 million).

The AAE-1 submarine cable is nearing the initial invoicing of services, scheduled for Q2 2017 and is currently undergoing technical testing. 19 international landing stations out of the 20 scheduled (excluding Hong Kong) have been connected and the laying of cable to Singapore had been completed.

The **Domestic Wholesale** segment for Retelit represents, with 129 clients between domestic Carriers, Mobile Operators, OLO's, xSP's and multi-utilities, 39% of revenues and approx. 52% of total orders. This confirmed its continued focus on mobile network operators (e.g. infrastructure to support 4G development), fixed networks, ICT (system integrators) and New Media.

Business segment operations involved the launch of a series of targeted initiatives, while the development of new services based on the Cloud platform also continued, in addition to the extension of Data Center services with the "Smart SaaS Partnership Programme" for companies developing innovative business market solutions. With 171 active clients, in Q1 2017 the Business market represented 11% of revenues and 19% of total orders.

SIGNIFICANT EVENTS IN Q1 2017

On February 17, 2017, Retelit joined the consortium company Open Hub Med (OHM), acquiring 9.52% of OHM's share capital for an investment of approx. Euro 100,000. The operation is part of the strategy to maximize the industrial and commercial potential of the AAE-1 submarine cable.

On February 20, 2017, e-via as part of a temporary consortium (RTI) presented an offer for Lot 2 (Friuli-Venezia Giulia and the Autonomous Province of Trento) of the Infratel tender relating to High-speed Broadband.

In February 2017, in partnership with BICS a new 100 Gbps connectivity product the “Bari-Europe Backhaul” was launched, an innovative high capacity and low latency network solution connecting Europe - through Bari - to Singapore and Hong Kong using the AAE-1 submarine cable system. A new backhaul product, managed end-to-end, utilizing different sections to satisfy high capacity and low latency connectivity demand from Asia, the Middle East and Africa to Europe through Retelit’s AAE-1 Italian landing station in Bari. As part of the partnership BICS acquired from Retelit 60 Gbps of submarine capacity of the AAE-1 cable.

As part of the loan undertaken for the AAE-1 Cable system investment signed in 2016 with a banking syndicate for a total maximum amount of Euro 30 million, comprising two credit lines respectively of a maximum Euro 21 million (line A) and a maximum Euro 9 million (line b), on March 24, 2017 the company was granted the option by the banks to extend the availability of line B from March 31, 2017 to December 31, 2017.

SUBSEQUENT EVENTS

On April 4, 2017, the company signed with the same banking syndicate a plain vanilla Interest Rate Swap (IRS). This is a non-speculative derivative product hedging future interest rate movements on the loan for a total of Euro 21 million concerning 100% of line A.

On April 27, the Shareholders’ AGM of Retelit S.p.A. approved the separate financial statements and reviewed the Group consolidated financial statements at December 31, 2016. The AGM, in accordance with Articles 123-ter, paragraph 6 of Legislative Decree No. 58/1998 and 84-quarter of the Issuers’ Regulation, in addition approved the First Section of the “Remuneration Report”, which outlines the remuneration policy for senior directors and executives adopted by the Company.

On the same date, Retelit announced the appointment of Federico Protto, Chief Executive Officer and General Manager of the company, by the Shareholders’ Meeting of MIX (Milan Internet eXchange), the biggest Italian Internet Exchange and among the leaders in Europe in terms of traffic carried, to the Board of Directors of MIX. This appointment confirmed the commitment of Retelit to increasingly contribute to the Italian ICT ecosystem.

OUTLOOK FOR THE CURRENT YEAR

On March 15, 2017, the Board of Directors approved the 2017-2020 Industrial Plan update, extending it to 2021. The extension of the Industrial Plan to 2021 is testament to the growth strategy and forecasts better results for the final years of the plan than previously announced thanks to the increased revenues generated from commercialization of the AAE-1 submarine cable and expected Wholesale synergies.

Operations in the initial months of 2017 were in line with the Industrial Plan - which forecasts for 2017 revenues in a range between Euro 60 and 63 million, EBITDA between Euro 20 and 23 million and EBIT of between Euro 6 and 9 million. At balance sheet level, investments are estimated in a range of between Euro 25 and 28 million, with a Net Cash Position of between Euro 20 and 23 million.

CORPORATE GOVERNANCE

The Board of Directors of Retelit S.p.A., also on the basis of the documentation completed by the interested parties, assessed the independence of its members as per Article 147-ter, paragraph 4 and Article 148, paragraph 3 of the Consolidated Finance Act, in addition to Article 3 of the Self-Governance Code for listed companies. Following this verification, the independence of the following four directors was confirmed: Laura Guazzoni, Annunziata Magnotti, Laura Rovizzi and Carla Sora.

The Board of Directors also updated the Internal Dealing policy in line with the amendments made to the Issuers' Regulation with CONSOB motion No. 19925 of March 22, 2017, in force since April 29, 2017, in enactment of Regulation (EC) No. 596/2014 upon market abuse.

This press release contains forward-looking statements concerning plans, opinions or current Group expectations in relation to results and other aspects of the activities and strategies of the Group. Readers of this press release should not place an undue reliance on such forward-looking statements as results may differ significantly from such forecasts due to a number of factors, most of which are outside of the Group's control.

The 2017 First Quarter Report is not audited and is available according to the applicable legal conditions at the registered office and on the Investor Relations section of the Company's website www.retelit.it

Mr. Fabio Bortolotti, as Executive Officer for Financial Reporting, declares, in accordance with paragraph 2 of Article 154-bis of the CFA, that the accounting information contained in this press release corresponds to the underlying accounting documents, records and accounting entries.

The 2017 first quarter results will be illustrated on May 11, 2017 at 5.30 PM in a conference call involving the Chairman of the Company, Dario Pardi and the Chief Executive Officer, Federico Protto.

The details for participation in the conference call are as follows:

- for Italy: +39 02 805 88 11
- for the United Kingdom: + 44 121 281 8003
- for the United States (local number): +1 718 7058794

The support documents will be made available on the website at the beginning of the conference call.

Retelit Group

Retelit is a major Italian provider of data and infrastructure services to the telecommunications market and has been listed on the Milan Stock Exchange since 2000, joining the STAR segment on September 26, 2016. The company's fiber optic infrastructure at December 31, 2016 covers over 9,860 kilometers (equivalent to approx. 220,000 km of fiber-optic cables, of which 64,000 Km located in MAN), connecting 9 Urban Networks and 15 Data Centers across Italy. It has over 3,150 On-Net sites, of which 2,012 customer sites, 639 telecommunication towers, 447 cabinets and 40 Data Centers, the Retelit network also extends beyond Italy: thanks to the partnership with BICS it has access to the largest European PoP's, including Frankfurt, London, Amsterdam and Paris. Retelit is member of AAE-1 (Africa-Asia-Europe-1), the submarine cable system connecting Europe to Asia through the Middle East, reaching 19 Countries, from Marseille to Hong Kong, owning a landing station in Bari. These valuable assets make Retelit a perfect technological partner for TLC and ICT operators and businesses, providing on demand a complete range of high-quality, reliable and safe solutions. Services range from ultra-broadband fiber optic internet connection to the Cloud and network and VPN services to colocation solutions, with approx. 10,400 square meters of equipped and secure fiber optic connected spaces, for the outsourcing of Data Center services and the satisfaction of disaster recovery and business continuity needs. Retelit's Carrier Ethernet services are in addition Metro Ethernet Forum (MEF) certified.

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The Income Statement, Balance Sheet and Cash Flow Statement of the Retelit Group are attached.

Consolidated Income Statement

(thousands of Euro)	Q1 2017	Q1 2016
Revenues	13,513	12,341
Other income	48	61
Total revenues and operating income	13,561	12,402
Purchase of raw materials and services	(6,591)	(6,184)
Personnel costs	(1,621)	(1,579)
Other operating costs	(1,192)	(1,239)
EBITDA	4,157	3,401
Amortisation, depreciation and write-downs of tangible and intangible assets	(3,166)	(2,896)
Other provisions and write-downs	-	(89)
EBIT	991	416
Financial income	113	167
Financial charges	(54)	(55)
Other provisions and write-downs	(25)	-
PRE-TAX PROFIT	1,025	528
Income taxes	(37)	-
Deferred taxes	-	-
Net profit for the period	988	528
Parent Company net profit	988	528
Minority interest net profit/(loss)	-	-
Profit/(loss) recognised to Net Equity not to be recognised to the Income Statement		
Profit/(loss) recognised to Net Equity to be recognised to the Income Statement		
Comprehensive profit for the period	988	528

Consolidated Balance Sheet

(thousands of Euro)	31/03/2017	31/12/2016
Non-current assets:		
Tangible assets		
Network infrastructure	107,908	107,877
Other fixed assets	1,278	1,239
Tangible assets in progress	38,749	36,992
Total property, plant and equipment	147,934	146,109
Intangible assets		
Concessions, licenses, trademarks & similar rights	20,767	21,371
Other intangible assets	500	500
Total intangible assets	21,267	21,871
Non-current financial assets	100	-
Deferred tax assets	7,200	7,200
Other non-current assets	473	457
Total other non-current assets	7,773	7,657
TOTAL NON-CURRENT ASSETS	176,975	175,637
Current assets:		
Current financial assets	5,672	5,751
Trade receivables, other receivables and other current assets	22,222	21,882
Tax receivables, VAT receivables and current direct taxes	402	1,134
Cash and cash equivalents	32,039	19,459
TOTAL CURRENT ASSETS	60,335	48,226
TOTAL ASSETS	237,309	223,863
Shareholders' equity:		
Share capital issued	144,235	144,330
Net equity reserves and net result	(7,985)	(8,973)
Net equity and net result	136,250	135,357
TOTAL NET EQUITY	136,250	135,357
Non-current liabilities:		
Non-current financial liabilities	19,774	11,037
Post-employment benefits and employee provisions	1,384	1,392
Provisions for risks and future charges	2,713	2,690
Deferred non-current revenues	33,251	33,333
TOTAL NON-CURRENT LIABILITIES	57,121	48,453
Current liabilities:		
Current financial liabilities	3,926	888
Trade payables and other financial liabilities	36,937	35,990
<i>of which related parties</i>	1,284	1,049
Tax payables, VAT payables and current direct taxes	193	17
Deferred current revenues	2,882	3,157
TOTAL CURRENT LIABILITIES	43,937	40,054
TOTAL LIABILITIES	237,309	223,863

Cash Flow Statement

(thousands of Euro)	31/03/2017	31/03/2016
CASH FLOW FROM OPERATING ACTIVITIES:		
Net profit	988	528
<i>Adjustments for:</i>		
Amortisation & Depreciation	3,166	2,896
Doubtful debt provision		60
Changes in post-employment benefit provisions	(9)	39
Change in Provisions for risks and charges	22	(70)
Interest and charges matured	(60)	(113)
Interest and other financial charges received/(paid)	(25)	(32)
Income taxes	37	
(Gain)/loss on divestments		
CASH FLOW GENERATED FROM OPERATING ACTIVITIES	4,120	3,310
(Increase)/Decrease trade receivables and other financial assets	(340)	(4,496)
(Increase)/Decrease tax receivables, VAT receivables and direct taxes	732	(1)
Increase/(Decrease) trade payables and deferred revenues	4,968	1,691
Increase/(Decrease) tax payables, VAT payables and current direct taxes	138	532
NET CHANGES IN CURRENT ASSETS AND LIABILITIES AND OTHER CHANGES	5,499	(2,273)
CASH FLOW GENERATED FROM OPERATING ACTIVITIES	9,619	1,037
CASH FLOW FROM INVESTING ACTIVITIES		
Investments in tangible assets (excluding AAE-1)	(2,252)	(3,208)
Investments in AAE-1 project	(1,757)	(6,934)
Change due to monetary effects of investments	(4,379)	4,933
Investments in intangible assets	(378)	(202)
Net investments in other non-current assets	(16)	(66)
CASH FLOW ABSORBED BY INVESTING ACTIVITIES	(8,782)	(5,477)
CASH FLOW FROM FINANCING ACTIVITIES		
Net (Increase)/Decrease financial assets	1,523	1,077
New loan issue	10,315	5,351
(Repayment) of loans		
Change in share capital and reserve	(94)	(383)
CASH FLOW GENERATED FROM FINANCING ACTIVITIES	11,744	6,045
TOTAL CASH FLOWS	12,580	1,605
CASH & CASH EQUIVALENTS AT BEGINNING OF PERIOD	19,459	12,400
CASH AND CASH EQUIVALENTS AT END OF PERIOD	32,039	14,005

Net Financial Position

	31/03/2017	31/12/2016
A. Cash	32,039	19,459
D. Liquidity	32,039	19,459
E. Current financial receivables	398	562
G. Current portion of non-current debt	3,926	888
I. Current debt	3,926	888
J. Net current financial debt I-E-D	(28,511)	(19,134)
K. Non-current bank payables	19,774	11,037
N. Non-current debt	19,774	11,037
O. Net debt J+N	(8,736)	(8,095)