



EI TOWERS GROUP

QUARTERLY REPORT AS AT MARCH 31, 2016

EI TOWERS S.p.A.

Via Zanella, 21 - 20851 Lissone (MB)

Tax Code and Registration 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

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CORPORATE BODIES

Board of Directors

Chairman	Alberto Giussani
Chief Executive Officers	Guido Barbieri Valter Gottardi
Directors	Paola Casali Manlio Cruciatti Piercarlo Invernizzi Rosa Maria Lo Verso Michele Pirota Francesco Sironi

Board of Statutory Auditors

Chairman	Antonio Aristide Mastrangelo
Active Auditors	Francesco Vittadini Anna Girello

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

Main Income Statement Data

<i>Euro in millions</i>	Q1 2016	Q1 2015
Revenues	61.5	59.4
EBITDA (*) before non-recurring items	30.8	28.3
EBITDA (*)	30.5	26.5
Operating profit (EBIT)	21.5	17.2
Profit before tax	19.2	15.2
Net profit	12.7	9.9

Main Balance Sheet and Financial Data

<i>Euro in millions</i>	March 31, 2016	December 31, 2015
Net invested capital	749.8	740.2
Shareholders' equity	622.7	609.9
Net financial position	(127.1)	(130.2)

Personnel

	March 31, 2016	December 31, 2015
No. of employees	570	570

Main Indicators

	Q1 2016	Q1 2015
EBITDA (*) before non-recurring items/Revenues	50.1%	47.6%
EBITDA (*)/Revenues	49.6%	44.6%
EBIT/Revenues	35.0%	29.0%
Profit before tax/Revenues	31.2%	25.6%
Net profit/Revenues	20.7%	16.7%
Earning per share (Euro per share)	0.45	0.35
Diluted earning per share (Euro per share)	0.45	0.35

(*) 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").

FOREWORD

The Legislative Decree no. 25 of February 15, 2016, implementing the EU Directive 2013/50 amending Directive 2004/109/EC on information about listed issuers (the so-called Transparency Directive), removed the mandatory publication of the interim report on operations provided for in Art.154-ter, para. 5 of the Legislative Decree no. 58/1998 (“TUF” – the Italian Consolidated Finance Act). In this context of adjustment to the reference regulatory framework, this Interim Report on Operations as at March 31, 2016 (hereinafter also the “Quarterly Report”) has been prepared taking into account the notice no. 7587 of April 21, 2016 of Borsa Italiana – containing clarifications on applicable provisions on issuers listed on the STAR segment – 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.

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

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

This Quarterly Report does not contain all the information required for the Annual Report and, therefore, must be read in conjunction with the Consolidated Financial Statements as at December 31, 2015.

Pursuant to Consob Communication no. DEM 6064296 of July 28, 2006, it should be noted that during the first quarter of 2016 the Group did not execute atypical and/or unusual transactions as defined in the abovementioned Communication.

It should be noted that the economic data related to the first quarter of 2015 have been restated to reflect retrospectively the effects of the final allocation process (Purchase Price Allocation) of acquired assets and liabilities following the acquisition of the company Hightel S.p.A. (now NewTelTowers S.p.A.).

These effects determined, in the first quarter of 2015, higher amortisation in the amount of about € 0.3m and lower taxes in the amount of about € 0.1m compared to what is outlined in the Quarterly Report as at March 31, 2015.

INTERIM REPORT ON OPERATIONS AT MARCH 31, 2016

Summary of Group Results and Operations

The economic and financial results of the first quarter of 2016 are in line with the company plans.

The main consolidated figures of the first quarter of the year are the following:

- Revenues amounted to € 61.5m, with an increase of 3.5% compared to the same period of the previous year (€ 59.4m);
- Gross operating margin (EBITDA), excluding non-recurring items of € 0.3m (€ 1.8m in the first quarter of 2015), amounted to € 30.8m compared to € 28.3m in the same period of the previous year, with a growth of about 8.9% and a ratio on revenues of 50.1% (47.6% in the same period of 2015);
- EBITDA net of non-recurring items amounted to € 30.5m, with an increase compared to the figure of the first quarter of the previous year (€ 26.5m), with a ratio on revenues of 49.6% (44.6% in the first quarter of 2015);
- Operating profit (EBIT) amounted to € 21.5m, with an increase of 25.1% compared to the same period of the previous year (€ 17.2m);
- Operating profitability grew from 29% to 35%;
- Net profit amounted to € 12.7m, with an increase of 28.8% compared to the figure of the first quarter of 2015 (€ 9.9m);
- Net Financial Position of € 127.1m (€ 130.2m at December 31, 2015);
- Net invested capital amounted to € 749.8m (€ 740.2m at December 31, 2015).

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 Accounting 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 oper-

ating 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

	Q1 2016		Q1 2015	
	<i>Euro in thousands</i>			
Revenues from sales of goods and services	61,470	100.0%	59,390	100.0%
Other income and revenues	1,206		47	
Total revenues	62,676		59,437	
Operating costs	31,891		31,177	
EBITDA, excluding non-recurring items	30,785	50.1%	28,260	47.6%
Non-recurring items	(292)		(1,773)	
Gross operating margin (EBITDA)	30,493	49.6%	26,487	44.6%
Amortisation, depreciation and write-downs	8,975		9,288	
Operating result (EBIT)	21,518	35.0%	17,199	29.0%
Financial charges, net	(2,309)		(2,005)	
Pre-tax result (EBT)	19,209	31.2%	15,194	25.6%
Income taxes	(6,470)		(5,302)	
Net income	12,739	20.7%	9,892	16.7%
(Profit)/Loss pertaining to minority interests	11		0	
Net Group Income	12,750	20.7%	9,892	16.7%

Revenues from sales of goods and services in the first three months of the year amounted to € 61,470k and refer in the amount of €44,872k 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 as regards the remaining part to contracts of use of the infrastructure and supply of services towards other broadcast and wireless telecommunication operators. Revenues increased by € 2,080k (+3.5%) compared to the first quarter of 2015, mainly by effect of the acquisitions made last year.

Other income and revenues include a capital gain amounting to € 1,089k related to the sale of a property.

Non-recurring charges amounting to € 292k have been recorded during the period concerning extraordinary acquisition transactions (€ 1,773k in the first quarter of 2015). Excluding these charges, total operating costs amounted to € 31,891k compared to € 31,177k in the same period of the previous year, with an increase largely attributable to costs related to the companies acquired in 2015.

Gross operating margin (EBITDA), excluding non-recurring charges described above, amounted to € 30,785k, with an increase of 8.9% compared to the first quarter of 2015, and an incidence on revenues equal to 50.1% compared to the previous 47.6%.

EBITDA including non-recurring items amounted to € 30,493k (49.6% of revenues) compared to € 26,487k in the first three months of 2015 (44.6% of revenues).

After charging amortisation of € 8,975k, with a slight decrease compared to the figure restated in the first quarter of 2015 (€ 9,288k), the operating result (EBIT) amounted to € 21,518k (€ 17,199k the figure restated in the same period in 2015); operating profitability grew up to 35% compared to the previous 29%.

Net financial charges amounted to € 2,309k, an increase compared to the figure of the first quarter of 2015 (€ 2,005k) due to the lower remuneration of liquidity as a consequence of the reduction in market interest rates compared to the previous period.

Pre-tax result increased to € 19,209k compared to the figure restated of € 15,194k, equal to 31.2% of revenues (25.6% in the same period of 2015).

After accounting for taxes of € 6,470k, calculated on the basis of the estimate of the weighted average rate expected for the full year, the first three months of the year ended with a net profit of € 12,739k, equal to 20.7% of revenues, including € 12,750k attributable to the Group and a loss of € 11k attributable to minority share-holders and referring to the minority interest in the company Nettrotter S.r.l. In the same period of the previous year the restated net income was € 9,892k, equal to 16.7% of revenues.

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.

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 provision for employee severance indemnity, deferred tax liabilities and the provisions for risks and charges.

RECLASSIFIED CONSOLIDATED BALANCE SHEET				
	March 31, 2016		December 31, 2015	
	<i>Euro in thousands</i>			
Net working capital	(24,091)	-3.2%	(34,391)	-4.6%
Goodwill	516,198		516,198	
Other non-current assets	314,850		316,646	
Non-current liabilities	(57,192)		(58,261)	
Non-current capital	773,856	103.2%	774,583	104.6%
Net invested capital	749,765	100.0%	740,192	100.0%
Net financial position	127,083	16.9%	130,247	17.6%
Shareholders' equity of the Group	622,654	83.0%	609,906	82.4%
Shareholders' equity of minority interests	28	0.0%	39	0.0%
Financial position and shareholders' equity of the Group	749,765	100.0%	740,192	100.0%

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 three months of the year.

CASH FLOW STATEMENT	Q1 2016	Q1 2015
	<i>Euro in thousands</i>	
Cash flow generated (absorbed) by operating activities	21,192	17,179
Cash flow generated (absorbed) by investing activities	(18,189)	(4,078)
Cash flow generated (absorbed) by financing activities	2,657	2,595
Net cash flow for the period	5,660	15,696

The net flow absorbed by investing activities, amounting to € 18,189k, includes € 11,485k for business combinations, of which € 8,069k for payments of postponed instalments of price.

Group Employees

The employee ending headcount of the Group at March 31, 2016 amounted to 570 people.

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 herein.

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 (Art. 5, para. 8, of the Regulations containing measures regarding transactions with related parties), please refer to the Annual Report as at December 31, 2015.

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 coordination activity of Mediaset S.p.A.

Also according to Art. 2.6.2, para. 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 Italian 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 Art. 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 Art. 70, para. 8 and Art. 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.

Business Outlook

The economic figures of the first quarter of the year are in line with the management's expectations; therefore, on the base of the current business outlook the economic-financial guidance already disclosed to the market can be confirmed.

For the Board of Directors

Guido Barbieri, CEO

EI TOWERS GROUP

Consolidated Accounting Tables and
Declaration of the Executive Responsible for the Preparation of
Accounting Documents

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

	31/3/2016	31/12/2015
ASSETS		
Non current assets		
Property, plant and equipment	199,830	200,025
Goodwill	516,198	516,198
Other intangible assets	109,138	110,740
Other financial assets	831	830
Deferred tax assets	5,051	5,051
TOTAL NON CURRENT ASSETS	831,048	832,844
Current assets		
Inventories	3,239	2,902
Trade receivables	38,833	26,117
Tax receivables	1,078	1,078
Other receivables and current assets	11,714	9,075
Cash and cash equivalents	109,121	103,461
TOTAL CURRENT ASSETS	163,985	142,633
TOTAL ASSETS	995,033	975,477

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

	31/3/2016	31/12/2015
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	360,551	360,551
Valuation reserve	(2,380)	(2,380)
Retained earnings	56,532	8,764
Net profit for the period	12,750	47,700
Total shareholders' equity	622,654	609,906
Profit/(loss) pertaining to minority interests	(11)	(11)
Share capital and reserves pertaining to minority interests	39	50
Shareholders' equity pertaining to minority interests	28	39
TOTAL SHAREHOLDERS' EQUITY	622,682	609,945
Non current liabilities		
Post-employment benefit plans	11,506	11,744
Deferred tax liabilities	41,926	42,356
Financial liabilities and payables	226,977	226,977
Provisions for non current risks and charges	3,760	4,161
TOTAL NON CURRENT LIABILITIES	284,169	285,238
Current liabilities		
Trade payables	41,429	41,342
Current tax liabilities	7,602	702
Other financial liabilities	9,227	6,731
Other current liabilities	29,924	31,519
TOTAL CURRENT LIABILITIES	88,182	80,294
TOTAL LIABILITIES	372,351	365,532
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	995,033	975,477

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

	Q1 2016	Q1 2015
Sales of goods and services	61,470	59,390
Other revenues and income	1,206	47
TOTAL REVENUES	62,676	59,437
Personnel expenses	10,783	11,015
Purchases, services, other costs	21,400	21,935
Amortisation, depreciation and write-downs	8,975	9,288
TOTAL COSTS	41,158	42,238
EBIT	21,518	17,199
Financial expenses	(2,495)	(2,502)
Financial income	186	497
EBT	19,209	15,194
Income taxes	6,470	5,302
NET PROFIT FOR THE PERIOD	12,739	9,892
Attributable to:		
- Parent company	12,750	9,892
- Minority interests	(11)	0
<u>Earnings per share (Euro):</u>		
- Basic	0.45	0.35
- Diluted	0.45	0.35

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

	QI 2016	QI 2015
CASH FLOW FROM OPERATING ACTIVITIES:		
Operating profit	21,518	17,199
+ Depreciation and amortisation	8,975	9,288
+ Change in trade receivables	(12,716)	(14,592)
+ Change in trade payables	87	2,224
+ Change in other assets and liabilities	3,328	3,178
- income taxes paid	-	(118)
Net cash flow from operating activities [A]	21,192	17,179
CASH FLOW FROM INVESTING ACTIVITIES:		
Investments in tangible assets	(3,481)	(1,960)
Investments in intangible assets	(281)	(38)
Changes in payables for investing activities	(2,942)	(879)
(Increases)/decreases in other financial assets	-	190
Business combinations net of cash acquired	(11,485)	(1,391)
Net cash flow from investing activities [B]	(18,189)	(4,078)
CASH FLOW FROM FINANCING ACTIVITIES:		
Changes in financial liabilities	2,496	2,486
Interests (paid)/received	161	109
Net cash from financing activities [C]	2,657	2,595
CHANGE IN CASH AND CASH EQUIVALENTS [D=A+B+C]	5,660	15,696
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD [E]	103,461	133,917
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD [F=D+E]	109,121	149,613

EI TOWERS GROUP
RELATED PARTY TRANSACTIONS
(Euro in thousands)

	Revenues	Costs	Financial income / (charges)	Trade receivables	Trade payables	Other receivables/ (payables)
CONTROLLING ENTITIES						
Mediaset S.p.A.	-	(17)	-	-	(21)	-
R.T.I. S.p.A.	75	(577)	-	92	(748)	-
Elettronica Industriale S.p.A.	44,872	(129)	-	203	(218)	-
Total controlling entities	44,947	(723)	-	295	(987)	-
AFFILIATED ENTITIES						
Publitalia '80 S.p.A.	4	-	-	1	-	-
Videotime S.p.A.	32	(121)	-	39	(55)	-
MedioBanca S.p.a.	-	(11)	-	-	-	34
Milan Entertainment S.r.l.	-	(5)	-	-	-	5
Monradio S.r.l.	102	-	-	131	-	-
Promoservice Italia S.r.l.	-	-	-	-	-	-
Mediaset Premium SpA	-	-	-	-	(2)	-
Total affiliated entities	138	(137)	-	171	(57)	39
EXECUTIVES WITH STRATEGIC RESPONSIBILITIES	-	262	-	-	-	(63)
COMPLEMENTARY SOCIAL SECURITY FUND	-	-	-	-	-	(126)
OTHER RELATED PARTIES	64	(38)	-	213	(6)	-
TOTAL RELATED PARTIES	45,149	(636)	-	679	(1,050)	(150)

DECLARATION OF THE EXECUTIVE RESPONSIBLE FOR THE PREPARATION OF ACCOUNTING DOCUMENTS

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