EI TOWERS GROUP

HALF YEAR REPORT AS AT JUNE 30, 2018

EI TOWERS S.p.A.
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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

Professional operating within the prerogatives of Law 4/2013

CORPORATE BODIES

Board of Directors

Chairman	Alberto Giussani
Chief Executive Officer	Guido Barbieri
Directors	Paola Casali Stefano Ferraro Anna Girello Piercarlo Invernizzi Rosa Maria Lo Verso Michele Pirotta Francesco Sironi

Board of Statutory Auditors

Chairman	Antonio Aristide Mastrangelo
Standing Auditors	Francesca Meneghel Riccardo Massimo Perotta

Independent Auditors	Deloitte & Touche S.p.A.

FINANCIAL HIGHLIGHTS

Main Income Statement Data

Euro in millions	H1 2018	H1 2017 (*)
Revenues	135.4	130.9
Adjusted EBITDA (**)	69.8	66.4
EBITDA (***)	68.5	65.7
Operating profit (EBIT)	49.4	46.3
Profit before tax	48.0	41.4
Net profit	34.1	28.3

Main Balance Sheet and Financial Data

Euro in millions	June 30, 2018	December 31, 2017
Net invested capital	830.8	812.0
Shareholders' equity	470.1	494.2
Net financial position	(360.7)	(317.7)

Personnel

	June 30, 2018	December 31, 2017
No. of employees	555	557

Main Indicators

	H1 2018	H1 2017 (*)
Adjusted EBITDA (**)/Revenues	51.6%	50.8%
EBITDA (***)/Revenues	50.6%	50.2%
EBIT/Revenues	36.5%	35.3%
Profit before tax/Revenues	35.5%	31.6%
Net profit/Revenues	25.2%	21.6%
Earning per share (Euro per share)	1.27	1.03
Diluted earning per share (Euro per share)	1.27	1.03

(*) RESTATED

(**) 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, of non-ordinary items relating to business combinations pursuant to IFRS 3, to lay-off incentives for employees and any charges related to atypical and/or unusual transactions as defined in the Consob communication of July 28, 2006 no. DEM 6064293.

(***) 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.

INTRODUCTION

This Half-Year Report, prepared according to Art.154 part three of the Legislative Decree 58/1998 and subsequent amendments, and to the Issuers' Regulation issued by Consob, includes the Interim Report on Operations, the Half-Year Condensed Consolidated Financial Statements and the Attestation pursuant to Art.154-bis of the Legislative Decree 58/98.

The Half-Year Condensed Consolidated Financial Statements have been prepared 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, and to the measures issued in actuation of Art. 9 of the Legislative Decree no. 38/2005, applying the same accounting standards used for the preparation of the Consolidated Financial Statements at December 31, 2017, except for, if necessary, what described in the Explanatory Notes.

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

The explanatory notes have been prepared in conformity with the minimum contents established by IAS 34 – Interim Financial Reporting, also taking into account the measures given by Consob in its Communication no. 6064293 of July 28, 2006. Therefore, the information contained in this Half Year Report is not the same as that contained in a complete set of Financial Statements prepared according to IAS 1.

It should be noted that the economic data related to the first half of 2017 have been restated to reflect retrospectively the effects of the final allocation process (Purchase Price Allocation) of acquired assets and liabilities following different business combinations.

These effects determined, in the first half of 2017, higher amortisation for € 0.7m and lower taxes for € 0.2m compared to what is outlined in the Half-Year Report as at June 30, 2017.

INTERIM REPORT ON OPERATIONS AS AT JUNE 30, 2018

Summary of Group Results and Operations

The economic and financial results of the first half of 2018 are overall in line with the business plan.

In particular, the main consolidated figures are the following:

- core revenues amounted to € 135.4m, with an increase of 3.4% compared to the same period of the previous year (€ 130.9m);
- EBITDA Adjusted[1], increased by 5.1% to € 69.8m compared to € 66.4m in the same period of the previous year, with an incidence on core revenues of 51.6% (50.8% in the first half of 2017);
- EBITDA amounted to € 68.5m (€ 65.7m in the first half of 2017; equal to 50.6% of revenues (50.2% in the same period of 2017);
- operating profit (EBIT) amounted to € 49.4m, with a growth of 6.8% compared to the figure restated of the first half of last year (€ 46.3m);
- operating profitability grew from 35.3% to 36.5%;
- pre-tax profit was equal to € 48m compared to the figure restated of € 41.4m, with an increase of 16.1%;
- net profit amounted to € 34.1m, with a growth of 20.3% compared to the figure restated of the first half of 2017 (€ 28.3m);
- net financial position negative in the amount of € 360.7m compared to € 317.7m at the end of 2017;
- net invested capital was equal to € 830.8m (€ 812m at December 31, 2017).

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[1] The table below shows the reconciliation between EBITDA and Adjusted EBITDA:

Amounts in Euro thousands	**H1 2018**	**H1 2017**
EBITDA	68,512	65,741
Acquisition charges	1,204	654
Charges on lay-off incentives	126	45
Adjusted EBITDA	**69,842**	**66,440**

Outstanding Events and Operations in the First Half-Year

On March 16, 2018 EI Towers S.p.A. and Cairo Network S.r.l., a company wholly owned by Cairo Communication S.p.A., agreed on the finalisation of the previous agreements signed on January 27, 2015 focusing on the implementation and subsequent multi-year full service technical management (hosting, assistance and maintenance, use of broadcasting infrastructure, etc.) of the national digital terrestrial multiplex of which Cairo Network S.r.l. is holder of the rights of use.

On March 22, 2018 EI Towers S.p.A. signed the renewal of the multi-year contract for the supply of hosting services, assistance and maintenance (full service) with the controlling company Elettronica Industriale S.p.A..

For more details on the aforesaid agreements, please refer to the press releases disclosed to the market on March 22, 2018 and to the financial statements as of December 31, 2017.

During the period the M&A activity has continued with particular focus on the mobile telecommunications segment; in particular, four companies (Isatech S.r.l., Highland S.r.l., AIR.NET S.r.l. and FPR S.r.l.) and assets were acquired for a total investment of € 37.8m.

Analyses of the Results

Below there are given the analyses of the 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 Financial Statement 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 operating 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, in the Consob Communication no. 0092543 of December 3, 2015 and with ESMA 2015/1415 guidelines on alternative performance measures, 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.

The Income Statement information is given for the first half of 2018 and 2017; the Balance Sheet information is given as at June 30, 2018 and December 31, 2017 information referring to the Cash Flow is given for the first half of 2018 and 2017.

Economic Results

The following Consolidated Income Statement tables show the interim results relative to the Adjusted Gross Operating Margin (Adjusted EBITDA), to the EBITDA and to the Operating Result (EBIT).

In particular, Adjusted EBITDA is the difference between the consolidated revenues and the operating costs, gross of the non-monetary costs relative to depreciation, amortisation, provisions and write-downs (net of any reinstatement of value) of both current and non-current assets, of non-ordinary items relating to business combinations pursuant to IFRS 3, to lay-off incentives for employees and any charges related to atypical and/or unusual transactions as defined in the CONSOB Communication no. DEM 6064293 of July 28, 2006.

The Gross Operating Margin (EBITDA) is the difference between the consolidated revenues and the operating costs, gross of the non-monetary costs relative to depreciation, amortisation, provisions and write-downs (net of any reinstatement of value) of both current and non-current assets.

The Operating Result (EBIT) is obtained by deducting from the EBITDA the non-monetary costs relative to depreciation, amortisation and write-downs (net of any reinstatement of value) of both current and non-current assets.

CONSOLIDATED INCOME STATEMENT *Euro in thousands*	H1 2018		H1 2017 (*)	
Revenues from sales of goods and services	**135,409**	**100.0%**	**130,905**	**100.0%**
Other income and revenues	107		98	
Total revenues	**135,516**		**131,003**	
Operating costs	65,674		64,563	
Adjusted EBITDA	**69,842**	**51.6%**	**66,440**	**50.8%**
Non-ordinary items	(1,330)		(699)	
Gross operating margin (EBITDA)	**68,512**	**50.6%**	**65,741**	**50.2%**
Amortisation, depreciation and write-downs	19,104		19,471	
Operating profit (EBIT)	**49,408**	**36.5%**	**46,270**	**35.3%**
Financial charges, net	(1,397)		(4,905)	
Pre-tax profit (EBT)	**48,011**	**35.5%**	**41,365**	**31.6%**
Income taxes	(13,937)		(13,037)	
Net income	**34,074**	**25.2%**	**28,328**	**21.6%**
(Profit)/loss pertaining to minority interests	32		41	
Net group income	**34,106**	**25.2%**	**28,369**	**21.7%**

(*) RESTATED

Revenues from sales of goods and services amounted in the first six months of the year to € 135,409k, and refer for € 90,826k 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 for the remaining to contracts of use of the infrastructure and supply of services towards other broadcast and wireless telecommunications operators.

Revenues increased by € 4,504k (+3.4%) compared to the same period last year mainly due to the acquisitions made during the period and the starting-up of the contract for the management of the Cairo Communication Group’s network.

Non-ordinary charges amounting to € 1,330k have been recorded during the period concerning in the amount of € 1,204k extraordinary acquisition transactions, including € 529k relating to the acquisition, then not finalised, of the Tower business of Portugal Telecom, included in the item Purchases, services and other costs of the Financial Statements and as regards the remaining € 126k lay-off incentives for employees included in the item Personnel costs of the Financial Statements (€ 699k in the first half of 2017 relating in the amount of € 654k to extraordinary acquisition transactions and in the amount of € 45k to lay-off incentives for employees).

Excluding these charges, total operating costs amounted to € 65,674k, basically in line with the same period of the previous year due to the combined effect of the costs related to the companies acquired in the meantime, which offset the reduction in costs made in the period.

Adjusted EBITDA amounted to € 69,842k, with an increase of 5.1% compared to the first half of 2017 and an incidence on revenues from 50.8% to 51.6%.

EBITDA amounted to € 68,512k (50.6% of revenues) compared to € 65,741k in the first six months of 2017 (50.2% of revenues), with a growth of € 2,771k (+4.2%).

The item amortisation, depreciation and write-downs amounted to € 19,104k and slightly decreased compared to the figure restated in the first half of 2017 (€ 19,471k).

The operating result (EBIT) was equal to € 49,408k (€ 46,270k the figure restated in the same period of 2017); operating profitability grew up to 36.5% compared to the previous 35.3%.

Net financial charges amounted to € 1,397k, with a significant decrease compared to the figure of the first half of 2017 (equal to € 4,905k) as a result of refinancing operations completed in the fourth quarter of 2017 at markedly better conditions in comparison to the previous ones.

Pre-tax result increased to € 48,011k compared to the figure restated of € 41,365k, equal to 35.5% of revenues (31.6% in the same period of 2017).

After accounting for taxes of € 13,937k, calculated on the basis of the estimate of the weighted average rate expected for the full year, the half-year ended with a net profit of € 34,074k, equal to 25.2% of revenues, including € 34,106k attributable to the Group and a loss of € 32k attributable to minority shareholders and referring to the minority interest in Nettrotter S.r.l.

In the same period of the previous year, the restated net income was € 28,328k, equal to 21.6% 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 Net Financial Position, where this latter figure consists of Gross Financial Debt reduced by Cash and Cash Equivalents and by Other Financial Assets.

The details relative to the items in the Financial Statements that form part of the calculation of the Net Financial Position are shown in the following explanatory note no. 4.6.

Therefore, these tables differ compared to 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 Cash and Cash Equivalents and Current Financial Assets that are included in Net Financial Position, and current liabilities, with the exclusion of current financial liabilities that are included in Net Financial Position.

The item Non-recurring liabilities includes the severance fund, deferred tax liabilities and the provisions for risks and charges.

RECLASSIFIED CONSOLIDATED BALANCE SHEET

Euro in thousands	June 30, 2018		December 31, 2017	
Net working capital	(13,282)	-1.6%	(10,797)	-1.3%
Goodwill	511,877		502,332	
Other non-current assets	409,992		399,905	
Non-current liabilities	(77,744)		(79,472)	
Non-current capital	844,125	101.6%	822,765	101.3%
Net invested capital	**830,843**	**100.0%**	**811,968**	**100.0%**
Net financial position	360,663	43.4%	317,739	39.1%
Group shareholders' equity	470,098	56.6%	494,190	60.9%
Minority shareholders' equity	82	0.0%	39	0.0%
Financial position and shareholders' equity	**830,843**	**100.0%**	**811,968**	**100.0%**

The decrease in Net Working Capital compared to December 31, 2017, equal to € 2,485k, is mainly due to a net increase in current liabilities for € 2,262k against a substantial stability of current assets. It should be noted that the balance includes payables for deferred instalments of the price related to business combinations for € 13,726k (€ 14,439k as of December 31, 2017).

The item Goodwill increased as a result of the provisional allocation of a portion of the consideration for the acquisitions made in the first half of 2018.

With regard to the latter, according to IFRS 3, a specific analysis of the consideration paid will be carried out within 12 months of the acquisition date in order to determine the fair value of net assets acquired and liabilities assumed.

If at the end of the evaluation period tangible and intangible assets with finite useful lives are identified, an adjustment of provisional amounts recorded at the acquisition will be carried out with retroactive effect from the acquisition date.

The increase in other non-current assets is basically a consequence of the acquisitions of assets made in the period.

Net debt increased mainly due to the acquisitions of companies and assets and the distribution of dividends, as specified in the comments to the Cash Flow Statement.

In addition, the Shareholders' Equity at June 30, 2018 decreased for this latter reason, partially offset by the profit for the period.

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 half of the current and previous year.

CASH FLOW STATEMENT *Euro in thousands*	H1 2018	H1 2017
Cash flow generated (absorbed) by operating activities	57,723	40,549
Cash flow generated (absorbed) by investing activities	(44,652)	(19,418)
Cash flow generated (absorbed) by financing activities	12,702	(109,002)
Net cash flow for the period	25,773	(87,871)

Cash flow generated by operating activities increased by € 17,174k compared to the first half of 2017, due to an increased operating profitability as well as a lower absorption of net working capital and the absence of outgoings for income taxes, this year paid at the beginning of the third quarter contrary to what occurred in 2017 when the disbursement was made at the end of the second half-year for a total of € 13,382k.

The net flow absorbed by investing activities, equal to € 44,652k, includes financial disbursements in the total amount of € 13,791k for acquisitions of assets and for € 22,107k for business combinations.

Cash flow related to financing activities, positive for € 12,702k, refers to the net balance between the net use of credit lines made during the half-year (€ 68,697k) and the payment of dividends (€ 55,140k) and net interest expense (€ 854k).

Group Employees

The employee ending headcount of the Group at June 30, 2018 amounted to 555 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 in the following explanatory note no. 5.

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 (Article 5, paragraph 8, of the Regulations containing measures regarding transactions with related parties), please refer to the Annual Report as at December 31, 2017. It should be noted that on March 22, 2018, EI Towers S.p.A. signed the renewal of the multi-year contract for the supply of hosting services, assistance and maintenance (full service) with its controlling company Elettronica Industriale S.p.A. (the "Contract"). The duration of the Contract is 7 years, from July 1, 2018 to June 30, 2025, and it will be renewable for a successive period of 7 years, upon renegotiation in good faith between the Parties of the new consideration within the 12 months immediately preceding the expiry date. The overall value of the Contract, for its duration, amounts to € 1,128m (before indexation to the rate of inflation).

Amendment of Article 16 of Consob Regulation 20249/2017 Regarding Markets.

Effective from January 2, 2012 EI Towers S.p.A. is subjected to the management and coordination activity of Mediaset S.p.A.

Also according to Art. 2.6.2, paragraph 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. with the expectations of Art. 16 of Consob Regulation 20249/2017 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 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, paragraph 3, of the Legislative Decree 58/1998, the Corporate Governance Code of Borsa Italiana S.p.A. and Art. 16 of Consob Regulation 20249/2017. 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 on December 14, 2012 resolved to adhere to the opt-out regime envisaged by Art. 70, paragraph. 8 and 71 paragraph 1/bis of the Issuers' Regulation issued by 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, demerger, capital increase by contributions in kind, acquisitions and disposals.

Main Risks and Uncertainties the Group is exposed to

While carrying out its activities, the Group is exposed to external risks and uncertainties, deriving from external factors connected to the general macroeconomic framework or to the specific operating sector in which the activities are carried out, in addition to risks deriving from strategic choices and internal management risks.
Risks and remedy actions have been analyzed in detail in the Interim Report on Operations, in the Financial Statements and Consolidated Financial Statements as at December 31, 2017 to which reference should be made in addition to the section "Business Outlook" of this Report in which possible updates are reported.

Subsequent Events at June 30, 2018

On July 16, 2018, the company 2i Towers S.r.l., pursuant to Art. 102 of the Consolidated Financial Act and to Art. 37, par. 1, of the Issuers' Regulation, disclosed its decision to promote a Voluntary Public Tender Offer on the entire share capital of EI Towers S.p.A..

For all the information regarding this offer, please refer to the communication available on the corporate website of the Offeror www.2itowers.com

Business Outlook

The economic and financial results of the first half are well in line with management expectations. Taking into account the M&A transactions already performed in the period and scheduled in the second half, as well as on the basis of the foreseeable trend to date, the FY Adjusted EBITDA is expected to be slightly higher than € 138m and in line with the updated consensus.

For the Board of Directors

Guido Barbieri, CEO

EI TOWERS GROUP

Consolidated Accounting Tables and

Explanatory Notes

EI TOWERS GROUP

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Euro in thousands)

	Notes	June 30, 2018	Dec.31,2017
ASSETS			
Non current assets			
Property, plant and equipment	4.1	174,551	177,706
Goodwill	4.1	511,877	502,332
Other intangible assets	4.1	218,055	213,527
Investments in associates/joint control companies		713	713
Other financial assets	4.2	10,040	1,924
Deferred tax assets	4.3	6,633	6,035
TOTAL NON CURRENT ASSETS		**921,869**	**902,237**
Current assets			
Inventories		2,289	2,384
Trade receivables	4.4	43,827	47,872
Tax receivables		0	1,058
Other receivables and current assets	4.5	17,327	12,352
Cash and cash equivalents	4.6	34,017	8,244
TOTAL CURRENT ASSETS		**97,460**	**71,910**
TOTAL ASSETS		**1,019,329**	**974,147**

EI TOWERS GROUP

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Euro in thousands)

	Notes	June 30, 2018	Dec.31, 2017
SHAREHOLDERS' EQUITY AND LIABILITIES			
Share capital and reserves			
Share capital		2,826	2,826
Share premium reserve		136,357	144,380
Treasury shares		(66,518)	(66,518)
Other reserves		344,895	346,742
Valuation reserve		(4,108)	(2,897)
Retained earnings		22,540	15,161
Net profit for the period		34,106	54,496
Total group shareholders' equity		**470,098**	**494,190**
Profit/(loss) pertaining to minority interests		(32)	(53)
Share capital and reserves pertaining to minority interests		114	92
Shareholders' equity pertaining to minority interests		**82**	**39**
TOTAL SHAREHOLDERS' EQUITY		**470,180**	**494,229**
Non current liabilities			
Post-employment benefit plans		11,118	11,771
Deferred tax liabilities	4.7	61,031	62,544
Financial liabilities and payables	4.6	364,745	285,408
Provisions for non current risks and charges		5,595	5,157
TOTAL NON CURRENT LIABILITIES		**442,489**	**364,880**
Current liabilities			
Financial payables	4.6	28,484	40,225
Trade payables	4.8	34,307	42,055
Current tax liabilities	4.9	14,984	704
Other financial liabilities	4.6	1,451	350
Other current liabilities	4.10	27,434	31,704
TOTAL CURRENT LIABILITIES		**106,660**	**115,038**
TOTAL LIABILITIES		**549,149**	**479,918**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**1,019,329**	**974,147**

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

	Notes	H1 2018	H1 2017 (*)
Sales of goods and services		135,409	130,905
Other revenues and income		107	98
TOTAL REVENUES		**135,516**	**131,003**
Personnel expenses		22,532	22,382
Purchases, services, other costs		44,472	42,880
Amortisation, depreciation and write-downs		19,104	19,471
TOTAL COSTS		**86,108**	**84,733**
EBIT		**49,408**	**46,270**
Financial expenses		(1,560)	(5,068)
Financial income		163	163
EBT		**48,011**	**41,365**
Income taxes		13,937	13,037
NET PROFIT FOR THE PERIOD		**34,074**	**28,328**
Attributable to:			
- Parent company		34,106	28,369
- Minority interests		(32)	(41)
Earnings per share (Euro):	4.12		
- Basic		1.27	1.03
- Diluted		1.27	1.03

(*) Comparative data of the first half of 2017 differ from those published as a result of the definition of the allocation of the purchase price of companies as required by IFRS 3.

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

	H1 2018	H1 2017 (*)
CONSOLIDATED NET PROFIT(A):	**34,074**	**28,328**
Comprehensive gains/(losses) recognized in the Income Statement	**(1,211)**	
Effective portion of gains/(losses) on hedging instruments (cash flow hedge)	(1,211)	-
Tax effects	-	
Comprehensive gains/(losses) not recognized in the Income Statement	**-**	-
Actuarial gains/(losses) on defined benefit plans	-	-
Tax effects	-	-
TOTAL OTHER COMPREHENSIVE INCOME /(LOSS) NET OF TAX EFFECTS (B)	**(1,211)**	**-**
TOTAL COMPREHENSIVE INCOME (A+B)	**32,863**	**28,328**
attributable to:		
- owners of the parent	32,895	28,369
- minority interests	(32)	(41)

(*) Comparative data of the first half of 2017 differ from those published as a result of the definition of the allocation of the purchase price of companies as required by IFRS 3.

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

	H1 2018	H1 2017 (*)
CASH FLOW FROM OPERATING ACTIVITIES:		
Operating profit	49,408	46,270
+ Amortisation, depreciation and write-downs	19,104	19,471
+ Change in trade receivables	2,309	(8,496)
+ Change in trade payables	(8,063)	(1,214)
+ Change in other assets and liabilities	(5,035)	(2,100)
- income taxes paid	-	(13,382)
Net cash flow from operating activities [A]	**57,723**	**40,549**
CASH FLOW FROM INVESTING ACTIVITIES:		
Investments in tangible assets	(6,564)	(5,792)
Investments in intangible assets	(12,103)	(2,588)
Changes in payables for investing activities	(4,062)	(1,537)
(Increases)/decreases in other financial assets	184	(64)
Business combinations net of cash acquired	(22,107)	(9,437)
Net cash flow from investing activities [B]	**(44,652)**	**(19,418)**
CASH FLOW FROM FINANCING ACTIVITIES:		
Changes in treasury shares	-	(27,328)
Changes in financial liabilities	68,697	76,357
Dividend payment	(55,141)	(149,142)
Interests (paid)/received	(854)	(8,889)
Net cash from financing activities [C]	**12,702**	**(109,002)**
CHANGE IN CASH AND CASH EQUIVALENTS [D=A+B+C]	**25,773**	**(87,871)**
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD [E]	**8,244**	**93,988**
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD [F=D+E]	**34,017**	**6,117**

(*) Comparative data of the first half of 2017 differ from those published as a result of the definition of the allocation of the purchase price of companies as required by IFRS 3.

EI TOWERS GROUP
INTERIM CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
(Euro in thousands)

	Share capital	Share premium reserve	Legal reserve and other reserves	Treasury shares	Actuarial reserve	Other valuation reserves	Retained earnings (accumulated losses)	Profit/ (loss) for the period	**TOTAL EQUITY OF THE GROUP**	**TOTAL EQUITY OF MINORITY INTERESTS**	**TOTAL SHAREHOLDERS' EQUITY**
Balance at January 1, 2017	**2,826**	**194,220**	**408,490**	**(17,459)**	**(3,076)**	**-**	**8,309**	**44,405**	**637,715**	**42**	**637,757**
Net profit for 2016	-	-	-	-	-	-	6,851	(6,851)	-	-	-
Dividend distribution	-	(49,840)	(61,748)	-	-	-	-	(37,554)	(149,142)	-	(149,142)
Buy-back of treasury shares	-	-	-	(27,328)	-	-	-	-	(27,328)	-	(27,328)
Other movements	-	-	-	-	-	-	-	-	-	50	50
Comprehensive income/(loss)	-	-	-	-	-	-	-	28,868	28,868	(41)	28,827
Balance at June 30, 2017	**2,826**	**144,380**	**346,742**	**(44,787)**	**(3,076)**	**-**	**15,161**	**28,868**	**490,114**	**51**	**490,185**
ACQUISITION PPA EFFECT								**(499)**	**(499)**		**(499)**
Balance at June 30, 2017	**2,826**	**144,380**	**346,742**	**(44,787)**	**(3,076)**	**-**	**15,161**	**28,369**	**489,615**	**51**	**489,666**
Balance at January 1, 2018	**2,826**	**144,380**	**346,742**	**(66,518)**	**(3,210)**	**313**	**15,161**	**54,496**	**494,190**	**39**	**494.229**
Net profit for 2017	-	-	-	-	-	-	7,379	(7,379)	-	-	-
Dividend distribution	-	(8,023)	-	-	-	-	-	(47,117)	(55,140)	-	(55,140)
Buy-back of treasury shares	-	-	-	-	-	-	-	-	-	-	-
Other movements	-	-	(1,847)	-	-		-	-	(1,847)	75	(1,772)
Comprehensive income/(loss)	-	-	-	-	-	(1,211)	-	34,106	32,895	(32)	32,863
Balance at June 30, 2018	**2,826**	**136,357**	**344,895**	**(66,518)**	**(3,210)**	**(898)**	**22,540**	**34,106**	**470,098**	**82**	**470,180**

EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED HALF YEAR REPORT AT JUNE 30, 2018

1. Basis of preparation

For these Interim Condensed Consolidated Financial Statements, prepared according to IAS 34 – Interim Financial Reporting – there have been applied the same accounting standards and valuation criteria that were used to draw up the Consolidated Financial Statements at December 31, 2017, to which reference should be made, with the exception of the impairment tests that are aimed at ascertaining any losses in value of capitalised assets that, in the absence of indicators, events and phenomena that would be such as to change the valuations that had been done in the past, are usually carried out at the time of the drafting of the Annual Report, a time when there is available all the necessary information in order to be able to carry out this process completely.

In addition, for the purposes of the half-year report at June 30, 2018 the actuarial valuation of defined benefits plans (Employee severance indemnities – Italian TFR) has not been updated.

These Half-Year Condensed Consolidated Financial Statements do not contain all the information and explanatory notes required for the Annual Report and must therefore be read together with the Consolidated Financial Statements as at December 31, 2017.

These Half-Year Condensed Consolidated Financial Statements have been prepared on the going concern basis. Directors have assessed that there are no significant uncertainties (as described in the paragraph 25 of IAS 1) on the going concern.

The preparation of the Half-Year Condensed Consolidated Financial Statements requires the implementation of estimates and assumptions, which have effect on the value of revenues, costs, assets and liabilities in the balance sheet and on the information related to possible assets and liabilities at the date of the Half-Year Report. In case these estimates and assumptions, which are based on the better valuation issued by the management at the date of this Half-Year Report, should in the future differ from the real situation, they are properly reviewed in the period in which the situation has changed. For a more detailed description of the Group's most significant evaluation processes, reference should be made to the chapter - Uses of estimates of the Consolidated Financial Statements at December 31, 2017.

Income taxes for the accounting period were calculated based on the best estimate of the weighted average tax rate expected for the whole financial year.

The values of the items in the Consolidated Financial Statements are shown in thousands of Euro, except where otherwise indicated.

2. New accounting standards, interpretations and amendments applicable from January 1, 2018.

- Standard **IFRS 15 – *Revenue from Contracts with Customers*** (published on May 28, 2014 and completed with additional clarification published on April 12, 2016) which replaced the standards IAS 18 – Revenue and IAS 11 – Construction Contracts, and the interpretations IFRIC 13 – Customer Loyalty Programmes, IFRIC 15 – Agreements for the Construction of Real Estate, IFRIC 18 – Transfers of Assets from Customers and SIC 31 – Revenues-Barter Transactions Involving Advertising Services. The standard sets out a new framework for revenue recognition, that will apply to all contracts with customers except for those that fall within the scope of other IAS/IFRS standards as leases, insurance contracts and financial instruments. The key steps in accounting revenues according to the new framework are:
    - Identify the contract(s) with a customer;
    - Identify the performance obligations in the contract;
    - Determine the transaction price;
    - Allocate the transaction price to the performance obligations in the contract;
    - Recognize revenue when (or as) the entity satisfies a performance obligation.

  The new standard is applied by the Group beginning on or after January 1, 2018 and has not given rise to any effects on the consolidated half-year report.

- Standard **IFRS 9 – *Financial Instruments*** (published on July 24, 2014) which replaces IAS 39, and in particular:
    - Introduces new requirements for classification and measurement of financial assets and liabilities;
    - Concerning the impairment model, the new standard requires that the estimation of credit losses is carried out on the basis of an expected losses impairment model (and not on an incurred losses model provided for by IAS 39) by using supportable information, available without unreasonable changes or efforts which include historical data, both current and future;
    - Introduces the new general hedge accounting model (increase in the types of transactions eligible for hedge accounting, change to the accounting method for forward contracts and option when included in an hedging relationship, changes to the effectiveness test).

  The new standard is applied by the Group from January 1, 2018 and, on first-time adoption, the Group opted for the modified retrospective method. As a result, no changes have been made on the financial statements for comparison purposes and the changes arising from the first-time application are included in shareholders' equity. According to IFRS 9, the adoption of the Expected Credit Loss method for the trade receivables impairment has led to an increase of the bad debts reserve of € 2,430k, offset by shareholders' equity reserve and deferred tax asset.

- Amendment to **IFRS 2 "Classification and measurement of share-based payment transactions"** (published on June 20, 2016), which contains clarifications in relation to the accounting of the effects of vesting conditions in the presence of cash-settled share-based payments, the classification of share-based payments with net settlement features and the accounting for modifications of the terms and conditions of share-based payments modifying the classification from cash-settled to equity-settled. The changes have been applied for annual periods beginning on or after January 1, 2018. The adoption of this amendment has not given rise to any effects on the consolidated half-year report of the Group.

- Document **"Annual Improvements to IFRSs: 2014-2016 Cycle",** published on December 8, 2016 (including IFRS 1 First-Time Adoption of International Financial Reporting Standards - Deletion of short-term exemptions for first-time adopters, IAS 28 Investments in Associates and Joint Ventures – Measuring investees at fair value through profit or loss: an investment-by-investment choice or a consistent policy choice, IFRS 12 Disclosure of Interests in Other Entities – Clarification of the scope of the Standard). The improvements partly integrate pre-existing standards. Most changes have been applied for annual periods beginning on or after January 1, 2018. The adoption of these amendments has not given rise to any effects on the consolidated half-year report of the Group.

- Amendment to **IAS 40 "Transfers of Investment Property"** (published on December 8, 2016). The amendments clarify transfers of property to, or from, investment property. More specifically, an entity shall reclassify a property into, or out of, investment properties only when there was an evident change in use of the property. A change in management's intentions for the use of a property by itself does not constitute evidence of a change in use. These changes have been applied for annual periods beginning on or after January 1, 2018. The adoption of these amendments has not given rise to any effects on the consolidated half-year report of the Group.

- Interpretation **IFRIC 22 "Foreign Currency Transactions and Advance Consideration"** (published on December 8, 2016). The interpretation is intended to provide guidelines for transactions that are denominated in a foreign currency where the entity recognises a non-monetary prepayment asset or deferred income liability, in advance of the recognition of the related asset, expense or income. The document provides guidance on how an entity shall determine the date of the transaction, and consequently, the spot rate of exchange to be used when transactions in a foreign currency occur in which the payment is made or received in advance. IFRIC 22 has been applied for annual periods beginning on or after January 1, 2018. The adoption of this interpretation has not given rise to any effects on the consolidated half-year report of the Group.

IFRS and IFRIC accounting principles, amendments and interpretations approved by the European Union, not yet obligatorily applicable and not early adopted by the Group at June 30, 2018

- Standard **IFRS 16 – Leases** (published on January 13, 2016), which will replace the standard IAS 17 – Leases, and the interpretations IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases—Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The new standard provides a new definition of lease and introduces the criterion based on the right of use of an asset to distinguish between lease contracts and contracts for providing services, identifying as discriminating factors: the identification of the asset, the right of substitution of the asset, the right to obtain substantially all the economic benefits from that use and the right to direct the asset's use underlying the contract.
  The standard establishes a single recognition and measurement model of lease contracts for the lessee providing for the recognition of the leased asset also operating under assets against a financial liability, providing the possibility not to recognize as a lease contracts concerning "low-value assets" (namely lease contracts concerning assets with value lower than Euro 5,000) and leases with a lease term of 12 months or less. On the contrary, this Standard does not include significant changes for lessors. The standard is effective for annual periods beginning on or after January 1, 2019. Earlier application is permitted. In the Directors' opinion, the application of IFRS 16 is expected to impact on amounts and on related disclosure provided in the consolidated financial statements of the Group; to this end, a project for the implementation of the new standard has recently been started providing for an initial phase of detailed analysis of contracts and accounting effects and a second phase of implementation and adjustment of administrative processes and accounting system. Since the aforesaid activities are at an early stage and given the complexity of the issues to be addressed, it is not possible at present to provide an estimate of the qualitative and quantitative impact of the new principle expected by directors on the date of first application.

- Amendment to **IFRS 9 "Prepayment Features with Negative Compensation** (published on October 12, 2017). This document specifies that instruments carrying a prepayment could fulfil the "SPPI" test also in the event of "reasonable additional compensation" to be paid in case the prepayment is a "negative compensation" for the lender. The standard is effective for annual periods beginning on or after January 1, 2019. Earlier application is permitted. In the Directors' opinion, the adoption of these changes is not expected to significantly impact on the consolidated financial statements of the Group.

IFRS accounting standards, amendments and interpretations not yet approved by the European Union.

Up to the time of the present half-year report the competent bodies of the European Union had not yet completed the approval process necessary for the application of the above amendments and standards.

- On May 18, 2017 the IASB published the standard **IFRS 17 – Insurance Contracts** which is intended to replace the standard IFRS 4 – Insurance Contracts.

  The objective of the new standard is to ensure that an entity provides relevant information that faithfully represents rights and obligations arising from insurance contracts issued. The IASB developed this standard to remove inconsistencies and weaknesses of existing accounting policies, providing a single principle-based framework to take account of all types of insurance contracts, including reinsurance contracts that an insurer holds. The standard is effective for periods beginning on or after 1 January 2021, with earlier adoption permitted, only for entities applying IFRS 9 – Financial Instruments and IFRS 15 – Revenue from Contracts with Customers. In the Directors' opinion, the adoption of this standard is not expected to significantly impact on the consolidated financial statements of the Group.

- On June 7, 2017 the IASB published the interpretative document **IFRIC 23 – Uncertainty over Income Tax Treatments**. This document addresses the uncertainties over income tax treatments to be adopted.

  The document lays down that uncertainties as regards the determination of deferred tax liabilities and deferred tax assets are recorded in the financial statements when it is probable that the entity will pay or recover the amount concerned. In addition, the document does not contain any new disclosure requirements. Instead, it highlights that the entity shall determine whether it will be necessary to provide information on the considerations by the management and related to the uncertainty concerning the recording of taxes, in accordance with IAS 1.

  The new interpretation is effective for annual periods beginning on or after January 1, 2019 but earlier application is permitted. The directors do not expect a significant effect on the consolidated financial statements of the Group from the adoption of this interpretation.

- Amendment to **IAS 28 "Long-term Interests in Associates and Joint Ventures"** (published on October 12, 2017)". This document clarifies that an entity applies IFRS 9, including its impairment requirements, to long-term interests in an associate or joint venture to which the equity method is not applied. The amendment is effective for annual periods beginning on or after January 1, 2019, but earlier application is permitted. The directors do not expect a significant effect on the consolidated financial statements of the Group from the adoption of these amendments.

- Document **"Annual Improvements to IFRSs 2015-2017 Cycle",** published on December 12, 2017 (including IFRS 3 Business Combinations and IFRS 11 Joint Arrangements – Remeasurement of previously held interest in a joint operation, IAS 12 Income Taxes – Income tax consequences of payments on financial instruments classified as equity, IAS 23 Borrowing costs Disclosure of Interests in Other Entities – Borrowing costs eligible for capitalisation) which incorporate the changes to some standards within their annual improvement process. The changes are effective for annual periods beginning on or after January 1, 2019, but earlier application is permitted. The directors are conducting an assessment of the possible effects of the introduction of the amendment related to IFRS 3, while the application of other amendments is not expected to impact on the consolidated financial statements of the Group.

- Amendment to **IAS 19 "Plant Amendment, Curtailment or Settlement"** (published on February 7, 2018). The document clarifies that an entity might have to recognise a defined benefit plan amendment (i.e. curtailment or settlement). The amendments require the entity to update its assumptions and remeasure net liability and asset resulting from the plan. The amendments clarify that after the occurrence of such an event, an entity is required to use the updated assumptions to determine current service cost and interest for the remainder of the annual reporting after such an event. The amendments are effective for annual periods beginning on or after January 1, 2019, but earlier application is permitted. The directors do not expect a significant effect on the consolidated financial statements of the Group from the adoption of these amendments.

- Amendment to **IFRS 10 and IAS 28 "Sales or Contribution of Assets between an Investor and its Associate or Joint Venture".** This document has been published in order to solve the current conflict between IAS 28 and IFRS 10 related to the recognition of a gain or loss resulting from the sale or contribution of non-monetary assets to a joint venture or associate in return of an equity stake. The IASB deferred indefinitely the application of this amendment. The directors do not expect a significant effect on the consolidated financial statements of the Group from the adoption of these changes.

3. Main corporate operations and changes in the consolidation area

The following tables summarize the consideration paid, the fair value of acquired assets and assumed liabilities at the acquisition date of the operations made in the first half of year 2018:

Isatech Srl

Net acquired assets	Carrying values of the acquired company at the date of acquisition (provisional allocation)
Other intangible assets	
Tangible assets	59
Deferred tax assets/(liabilities)	-
Other assets/(liabilities)	(208)
Financial assets/(liabilities)	5
Total net acquired assets (a)	**(144)**
Minority shareholders' interests (b)	-
Total net assets acquired pro-rata (a-b)	**(144)**
Total acquisition cost	**6,044**
Goodwill	**6,187**
Cash and cash equivalents acquired	5
Purchase price	6,044
Portion of price not paid at June 30, 2018	725
Net cash flows absorbed by the acquisition	**5,314**

Highland Srl

Net acquired assets	Carrying values of the acquired company at the date of acquisition (provisional allocation)
Other intangible assets	
Tangible assets	1,546
Deferred tax assets/(liabilities)	-
Other assets/(liabilities)	3,674
Financial assets/(liabilities)	201
Total net acquired assets (a)	**5,421**
Minority shareholders' interests (b)	-
Total net assets acquired pro-rata (a-b)	**5,421**
Total acquisition cost	**7,042**
Goodwill	**1,622**
Cash and cash equivalents acquired	201
Purchase price	7,042
Portion of price not paid at June 30, 2018	0
Net cash flows absorbed by the acquisition	**6,841**

AIR.NET Srl

Net acquired assets	Carrying values of the acquired company at the date of acquisition (provisional allocation)
Other intangible assets	
Tangible assets	200
Deferred tax assets/(liabilities)	-
Other assets/(liabilities)	(46)
Financial assets/(liabilities)	1
Total net acquired assets (a)	**155**
Minority shareholders' interests (b)	-
Total net assets acquired pro-rata (a-b)	**155**
Total acquisition cost	**1,125**
Goodwill	**969**
Cash and cash equivalents acquired	1
Purchase price	1,125
Portion of price not paid at June 30, 2018	135
Net cash flows absorbed by the acquisition	**989**

FPR Srl

Net acquired assets	Carrying values of the acquired company at the date of acquisition (provisional allocation)
Other intangible assets	
Tangible assets	5
Deferred tax assets/(liabilities)	-
Other assets/(liabilities)	(31)
Financial assets/(liabilities)	37
Total net acquired assets (a)	**11**
Minority shareholders' interests (b)	-
Total net assets acquired pro-rata (a-b)	**11**
Total acquisition cost	**779**
Goodwill	**768**
Cash and cash equivalents acquired	37
Purchase price	779
Portion of price not paid at June 30, 2018	78
Net cash flows absorbed by the acquisition	**664**

For the preparation of this half-year report, the allocation of the consideration on assets acquired has not been defined yet and therefore the difference between the consideration and the net accounting assets has been provisionally recognized as Goodwill pursuant to FRS 3.

4. Comments on the main changes in the assets and liabilities

4.1 Intangible and tangible assets

Euro in thousands	Dec. 31, 2017	Changes in the consolidation area	Increases	Decreases	Amortisation	June 30, 2018
Goodwill	502,332	9,545	-	-	-	511,877
Other intangible assets	213,527	-	12,113	(10)	(7,575)	218,055
Tangible assets	177,706	1,810	6,697	(133)	(11,529)	174,551

The item Goodwill increased as a result of the provisional allocation of part of the consideration for the acquisitions made in the first half of 2018 for € 9,545k.
The increase in tangible assets includes for € 1,810k the assets of the companies acquired in the half-year, and for the remaining part technical investments in apparatuses and equipment related to the broadcasting network, purchases of land, and towers.
In the case of the latter, the Group also took over active contracts related to land and towers acquired and therefore part of the investment made has been allocated, for € 10,700k, to the item Customer relations included in Intangible assets.
It should also be noted that, on the account of the Group's performance in line with the forecasts made and the basic parameters used for impairment tests at December 31, 2017, which did not experience significant fluctuations, there was no evidence of impairment indicators and therefore the results of the test carried out previously are still considered valid.

4.2 Other financial assets

This item mainly includes guarantee deposits and the amounts paid as advance payments of acquisitions; in particular, the increase compared to December 31, 2017 refers to advances made for the acquisition of companies and business units.

4.3 Deferred tax assets

The item Deferred tax assets amounted to € 6,633k and corresponds to deferred tax assets determined based on temporary differences between the value recorded in the balance sheet and corresponding values recognized for fiscal purposes, mainly attributable to the Provision for doubtful trade and other receivables.

4.4 Trade receivables

Trade receivables amounted to € 43,827k (€ 47,872k at December 31, 2017), including € 1,397k from related parties (€ 986k at December 31, 2017), as described in detail in note 5.
Short-term trade receivables have been recorded net of Provision for doubtful receivables of € 11,427k (€ 9,244k at December 31, 2017); the increase in the provision for doubtful receivables is attributable to the first-time adoption of IFRS 9, net of uses made in the period.

4.5 Other receivables and current assets

The item Other receivables and current assets mainly includes VAT receivables (€ 2,295k) and tax receivables (€ 551k), advance payments to suppliers (€ 882k) and to employees for business trips (€ 226k), in addition to prepayments and accrued income (€ 11,622k).

4.6 Net Financial Position

The breakdown of the Consolidated Net Financial Position is given below as provided for by the Consob communication no. 6064293 of July 28, 2006 showing the current and non-current net financial debt of the Group.

	June 30, 2018	Dec. 31, 2017
Cash in hand	13	11
Cash and cash equivalents	34,004	8,233
Securities and other current financial assets	-	-
Total Liquidity	**34,017**	**8,244**
Current financial receivables	-	-
	-	**-**
Current payables due to banks	(15,000)	(27,001)
Current portion of non-current financial debt	(13,484)	(13,224)
Payables and other current financial liabilities	(1,451)	(350)
Current financial debt	**(29,935)**	**(40,575)**
Current Net Financial Position	**4,082**	**(32,331)**
Non-current payables due to banks	(364,511)	(285,408)
Corporate bond	-	-
Payables and other non-current financial liabilities	(234)	-
Non- current financial debt	**(364,745)**	**(285,408)**
Net Financial Position	**(360,663)**	**(317,739)**

The item Cash in hand refers to the cash on hand at the reference date at the headquarter or local offices.

The item Cash and cash equivalents consists of the credit balances of the bank current accounts of the Group's companies.

The item Current payables due to banks includes the short-term exposure to the banking system for Hot Money lines.

The Current portion of non-current financial debt includes the existing short-term share of bank loans for a nominal amount of € 379m.

The item Payables and other current financial liabilities includes in the amount of € 196k liabilities for finance leases, in the amount of € 121k a third-party financing held by the company EIT Radio S.r.l. and the remaining amount goes to the current share related to the fair value of derivatives (Interest Rate Swap) stipulated to hedge the risk from interest rate changes.

The item Non-current payables due to banks includes the shares with a maturity over 12 months of abovementioned bank loans.

The item Payables and other non-current financial liabilities includes the non-current share related to the fair value of existing Interest Rate Swaps.

4.7 Deferred tax liabilities

The item Deferred tax liabilities amounted to € 61,031k (€ 62,544k as of December 31, 2017) and corresponds to deferred tax liabilities determined based on temporary differences between the value recorded in the balance sheet and corresponding values recognized for fiscal purposes.

4.8 Trade payables

This item was made up as follows:

- Due to suppliers equal to € 33,584k (€ 40,050k as of December 31, 2017) mainly referring to purchases concerning the supply of goods and services for the management of infrastructures;
- Due to related parties equal to € 723k (€ 2,005k as of December 31, 2017). Reference should be made to note 5.

4.9 Tax payables

This item, amounting to € 14,984k, represents the debt of the companies of the Group to the tax authorities for IRES (Corporate tax) and Irap (Regional Corporate Tax).

4.10 Other current liabilities

The item, equal to € 27,434k, includes accrued charges and deferred income of € 5,693k, payables to employees of € 3,119k and other payables of € 18,622, including the amounts payable to the assignors of companies and assets amounting to € 13,727k.

4.11 Income statement

For a close examination of changes occurred refer to what described in detail in the Interim Report on Operations.

4.12 Earnings per share

The calculation of basic and diluted earnings per share (EPS) is based on the following data:

	H1 2018	H1 2017
Net profit for the period (Euro in thousands)	34,106	28,369
Weighted average number of ordinary shares (without own shares)	26,897,837	27,557,000
Basic EPS (Euro)	1.27	1.03
Weighted average number of ordinary shares for the diluted EPS computation	26,897,837	27,557,000
Diluted EPS (Euro)	1.27	1.03

Earnings per share are calculated by dividing the Group's net profit by the weighted average number of shares in circulation during the period, net of treasury shares.

Diluted earnings per share are calculated by taking into account in the calculation the number of shares in circulation and the potential diluting impact of the assignment of treasury shares to the beneficiaries of stock option plans already due.

5. Related party transactions

In the following summary table the details related to each company that is the counterpart of these transactions are given for the main Income Statement/Balance Sheet groupings, which are identified pursuant to IAS 24 and grouped by the main transaction types.

	Revenues	Operating costs	Financial income/ (charges)	Trade receivables	Trade payables	Other receivables/ (payables)
CONTROLLING ENTITIES						
Mediaset S.p.A.	-	(33)	-	-	(20)	-
R.T.I. S.p.A.	190	(714)	-	61	(544)	(40)
Elettronica Industriale S.p.A.	90,826	(264)	-	206	(141)	-
Total controlling entities	**91,016**	**(1,011)**	**-**	**268**	**(705)**	**(40)**
AFFILIATED ENTITIES						
Publitalia '80 S.p.A.	-	-	-	-	-	-
Videotime Produzioni S.p.A.	64	(242)	-	39	-	,
MedioBanca S.p.a.	-	(45)	(173)	-	-	(65,052)
Milan Entertainment S.r.l.	-	-	-	-	-	-
Monradio S.r.l.	303	-	-	296	-	-
Radio Studio 105 SpA	255	-	-	238	-	-
Virgin Radio Italy SpA	175	-	-	145	-	-
Radio Engineering CO S.r.l.	366	-	-	157	-	(13)
Radio Subasio s.r.l.	18	(1)	-	13	-	-
Radio Aut s.r.l	2	-		3	-	-
Consorzio Colle Maddalena	128	-	-	206	-	-
Mediaset Premium SpA	-	-	-	3	-	-
Total affiliated entities	**1,311**	**(288)**	**(173)**	**1,100**	**-**	**(65,065)**
ASSOCIATED ENTITIES						
Società Funivie della Maddalena	-	(12)	-	-	(12)	-
Total associated entities	**-**	**(12)**	**-**	**-**	**(12)**	**-**
EXECUTIVES WITH STRATEGIC RESPONSIBILITIES	**-**	**(300)**	**-**	**-**	**-**	**(130)**
PENSION FUNDS	**-**	**-**	**-**	**-**	**-**	**(249)**
OTHER RELATED PARTIES	**-**	**(43)**	**-**	**30**	**(6)**	**1**
TOTAL RELATED PARTIES	**92,327**	**(1,654)**	**(173)**	**1,397**	**(723)**	**(65,483)**

Revenues and trade receivables from parent companies are mainly referable to hosting, assistance and maintenance services, logistics, use of transmission infrastructure, head end and engineering design, as well as to revenues concerning broadcast equipment repair services.

Costs and trade payables to parent companies are mainly imputable to EDP services and personnel administrative services, other services and leases given from RTI S.p.A., a company controlling Elettronica Industriale S.p.A..

Revenues and trade receivables from affiliated entities are relative to hosting and maintenance services to Monradio S.r.l. and radio companies belonging to the Mediaset Group; costs and trade payables due to affiliated entities are mainly attributable to leases (Videotime Produzioni S.p.A.) and to specialist services on the Italian market (MTA – Mercato Telematico Azionario) provided by Mediobanca S.p.A..

It should be noted that the item Other payables to associated companies mainly includes:

- the share related to Mediobanca S.p.A. of the financing for a nominal amount of € 270m, recorded in the financial statements by applying the method of amortised cost;
- the financing for a nominal amount of € 35m with the same Mediobanca S.p.A., recorded in the financial statements by applying the method of amortised cost.

Data related to other related parties include relationships with some associations mainly carrying out activities connected to the operating management of TV signal transmission.

6. Personal guarantees given and commitments

With reference to personal guarantees given and existing commitments at June 30, 2018 no significant changes are reported compared to December 31, 2017.

7. Transactions arising from atypical and/or unusual operations

Pursuant to Consob Communication of July 28, 2006 no. DEM 6064296, it is underlined that during the first half of 2018 the Group has not put in place any atypical and/or unusual operations, as these are defined by the aforesaid Communication.

For the Board of Directors

Guido Barbieri, CEO

EI TOWERS GROUP

Attestation of the Half Year Condensed Financial Statements pursuant to Article 154-bis of the Legislative Decree 58/98

Attestation of the Half-Year Condensed Financial Statements pursuant to article 154, part two, of the Legislative Decree 58/98

1. The undersigned Guido Barbieri, Chief Executive Officer, and Fabio Caccia, the Assigned Executive for the drafting of the company accounting documents of EI Towers S.p.A., attest, also taking into account what is lead down by article 154, part two, paragraphs 3 and 4 of the Legislative Decree of February 24, 1998 no. 58:

- the adequacy relative to the characteristics of the Group and
- the effective application

of the administrative and accounting procedures for building up the Half-Year Condensed Financial Statements, during the first half of 2018.

2. The evaluation of the adequacy of the administrative and accounting procedures for building up the Half-Year Condensed Financial Statements as at June 30, 2018 was carried out based on the rules and methodologies defined by EI Towers S.p.A. in line with the model *Internal Control – Integrated Framework* issued by the *Committee of sponsoring Organizations of the Treadway Commission* which represents a body of general reference principles for the system of internal controls that is generally accepted at international level.

3. Furthermore, it is also attested that:

3.1 the Half Year Condensed Consolidated Financial Statements:

- reflect the balances in the books and the accounting postings;
- are drawn up in conformity with the applicable International Accounting Standards recognized within the European Community, pursuant to the regulation (EC) no. 1606/2002 of the European Community and Council of July 19, 2002 and in particular to IAS 34 – Interim Financial Reporting, as well as with the measures issued to actuate article 9 of the Legislative Decree no. 38/2005;
- are suitable and appropriate in order to give a true and fair view of the Balance Sheet, Income Statement and Financial situations of the Issuer;

3.2 the Interim Report on Operations contains references to the significant events occurred during the first six months of the year and to their incidence on the half year condensed financial statements, together with the description of the main risks and uncertainties for the remaining six months of the year, in addition to information on significant transactions with related parties.

Lissone - July 24, 2018

For the Board of Directors	The Assigned Executive for the drafting
The Chief Executive Officer	of the company accounting documents
Guido Barbieri	Fabio Caccia

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REPORT ON REVIEW OF THE HALF-YEARLY CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

To the Shareholders of
EI Towers S.p.A.

Introduction

We have reviewed the accompanying half-yearly condensed consolidated financial statements of EI Towers S.p.A. and subsidiaries (the "EI Towers Group"), which comprise the interim consolidated statement of financial position, the interim consolidated statement of income, interim consolidated statement of comprehensive income, interim consolidated cash flow statement, interim consolidated statement of changes in equity and the related explanatory notes as of June 30, 2018. The Directors are responsible for the preparation of the half-yearly condensed consolidated financial statements in accordance with the International Accounting Standard applicable to the interim financial reporting (IAS 34) as adopted by the European Union. Our responsibility is to express a conclusion on the half-yearly condensed consolidated financial statements based on our review.

Scope of Review

We conducted our review in accordance with the criteria recommended by the Italian Regulatory Commission for Companies and the Stock Exchange ("Consob") for the review of the half-yearly financial statements under Resolution n° 10867 of July 31, 1997. A review of half-yearly condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (ISA Italia) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying half-yearly condensed consolidated financial statements of the EI Towers Group as at June 30, 2018 are not prepared, in all material respects, in accordance with the International Accounting Standard applicable to the interim financial reporting (IAS 34) as adopted by the European Union.

DELOITTE & TOUCHE S.p.A.

Signed by
Patrizia Arienti
Partner

Milan, Italy
August 1, 2018

This report has been translated into the English language solely for the convenience of international readers.