

# Alticom

Strengthening our footprint in the Netherlands

**Building our presence in the 5G ecosystem**



## Cellnex strengthens its position in the Dutch market complementing its current portfolio...

- Strengthening our relationship with existing clients (85% of revenues from co-location services to telecom operators - MLA)
- Synergetic transaction, with potential for evolution from current Master Lease Agreements to Master Service Agreements
- Increasing our capacity to improve our already high customer ratio in the Netherlands (H1 2017 Cellnex Netherlands = 2.3x)

## ... whilst positioning itself to capture future opportunities arising from 5G...

- 5G pushes for a network change: processing and storage capacity to be located as close as possible to the user through Data Centers for Edge Computing
- Data Centers and Edge Computing is a growing market with a key role in the 5G network architecture (currently 15% of Alticom's revenues)

## ... thus assessing new links of the value chain, following the path initiated by some peers

**Limited investment (€133Mn<sup>1</sup>) offering a compelling valuation (EV/EBITDA = 11x<sup>2</sup>)**  
**Transaction paid with cash in hand**  
**Fully accretive in terms of RLFCF from day one**

## Asset description

- Alticom owns 30 sites in the Netherlands, mainly located in urban and suburban areas
- Alticom's primary activity today consists of co-location services to telecom operators
- Alticom also provides Data Center housing services, with growth expected from a greater adoption of cloud services and new network architectures



## Key financial highlights

- Revenues generated by blue chip clients (telecom operators, with KPN as the main client)
- Long-term, CPI-linked contracts offering high visibility of revenues
  - 10-year contract with main client, 5 years with other clients
- Well contained cost base, most of the sites with no associated ground lease cost
- Expected EBITDA of c.€11.5Mn in 2018, high EBITDA margin of c.70%

1. Enterprise Value on a debt/cash-free basis

2. Adjusting for operating and tax synergies

## Cellnex wants to play a key role and seize the significant opportunities that 5G will bring

### 5G will provide...

- Higher speed
- Higher bandwidth
- Better coverage
- Exponential number of devices
- Improved availability
- Lower latency

### ... for attractive uses...

- Broadband in dense areas
- High user mobility
- Ubiquitous access
- Massive Internet of Things
- Ultra-reliable communications
- Real-time communications

### ... but it will also require...

- Data Center and Edge Computing
- More backhauling
- DAS
- Small Cells
- More spectrum
- Network densification (more PoPs)



## Already taking important steps to become a key 5G industrial partner

Strong engineering and radio planning capabilities



Acquisition of CommsCon – DAS and Small Cells capabilities

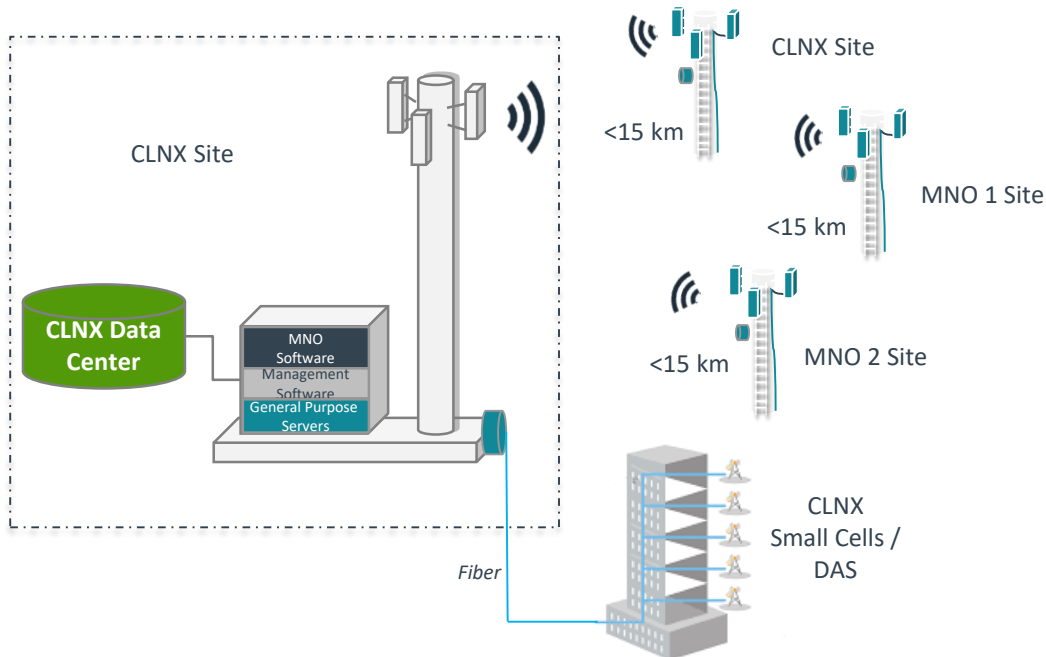


Acquisition of Alticom – Backhauling, Data Centers and Edge Computing capabilities

## 5G will see networks become more “cloud-like” Cellnex has already acquired 5G expertise (CommsCon) and Alticom represents a further step in the acquisition of 5G capabilities

Services that require immediate and uninterrupted connectivity (i.e. autonomous cars) will require low latency<sup>1</sup> communications:

- Close proximity (distance < 15km) between Data Centers<sup>2</sup> and the end user is critical to provide low latency communications
- Data centers combined with Edge Computing<sup>3</sup> brings the possibility to serve higher traffic and faster data processing with lower latency



Data Centers will be located close to the end user in an Edge Computing network architecture

c.55% of telecom sites in the country covered by Alticom’s network

1. Low latency means response time of less than 1 ms
2. A Data Center is a facility composed of networked computers and storage, used to organize, process, store and disseminate large amounts of data
3. Edge Computing is a network architecture aiming at moving storage and computation (Data Centers) closer to end users