



Interview with the  
Chairman and the CEO



# Integrating for Growth

**Despite the continued impact of Covid-19, 2021 has seen a return to economic growth in certain areas around the world. How would you assess the year for Cellnex?**

**BERTRAND KAN** This has been a positive year for Cellnex. We are very pleased with the strong growth in all key financial indicators that the Company has achieved. In terms of business composition, we have made excellent progress with operations in one new country, Poland, and consolidation of our position in several European markets, such as France, Portugal, the Netherlands and Ireland. Moreover, we have continued to expand the scope of our business, starting to provide fibre, active equipment and other services to our clients.

As we saw in 2020, connectivity – and the infrastructure that provides it – is more critical than ever for people, societies and economies and has helped to mitigate the adverse economic impact of the pandemic on businesses and individuals. The increasing reliance on connectivity serves Cellnex well, generally providing greater opportunity for growth and enhanced predictability of our key business indicators.

**The business numbers have again exceeded your forecasts. What has driven this growth?**

**TOBIÁS MARTÍNEZ** As in other years, growth has been driven by both organic and inorganic factors. The consolidation of our operations in five of the six countries in which we acquired assets from CK Hutchison at the end of 2020 and those announced in the early months of 2021 has grown the Company's geographic footprint, with double-digit increases – above 50% – in revenue, EBITDA and recurring cash flow. This growth will continue to have a significant knock-on effect in 2022, when several of these operations will have been part of the Group for a full year.

We have also seen a positive performance in terms of organic growth, which increased to above 5%, demonstrating the strength of our business and strategy.

As our Chairman pointed out, in 2021 we demonstrated our ability to capitalise on the demand for services that are "adjacent" to towers, supporting the needs of our customers in public transport networks, private networks for industry or with DAS and Small Cell technologies in high-density environments. These business lines will continue to support our organic growth over the coming years.

Within this context, at the close of the first half of the year, we revised the key indicators for 2021 upwards, maintaining our long-term guidance, owing to the early completion of some of our acquisitions. Accordingly, we are happy to be able to close the year above expectations.

**Once again, it has not just been a year of consolidation; besides integration of the 2020 acquisitions, in 2021 you announced transactions in Poland, the Netherlands and France, investing almost €9 billion. To what extent does this confirm the trend of splitting infrastructure management from services?**

**BERTRAND KAN** The separation of telecommunications infrastructure and services is driven by a recognition in financial markets of the operating and other efficiencies that can be achieved. Seven years ago, when we were preparing the Cellnex IPO, this model was practically non-existent in Europe, whereas today every mobile network

operator (MNO) in Europe has a strategy for autonomous and separate ownership and/or management of its infrastructure.

With this process, the organisation of the European sector increasingly resembles that in the United States, where cellular towers have been owned and developed separately from services since the introduction of mobile communications in the 1980s. At the outset in Europe, mobile operators chose to own and develop their own towers, typically three or four sets of towers in each country, and that is in the process of being rationalised. Now we are seeing long-term partnerships between mobile and telecommunications infrastructure operators, which create operational efficiencies, minimise intrusion and duplication of towers, help to rationalise investments in networks and accelerate the roll-out and implementation of new mobile technologies. At Cellnex, we accompany and support our customers on this journey.

### And is the window still open?

**TOBIÁS MARTÍNEZ** With the roll-out of 5G infrastructure on the horizon, in Europe there will be around 500,000 sites. Including all the towers that we are currently contracted to build, by 2030 Cellnex will be managing around 130,000 sites. We estimate that the total figure, including the other telecommunications tower operators, of existing and planned sites is currently around 250,000 to 300,000. Therefore, some 200,000 sites are either still owned by mobile operators or remain to be constructed. So yes, in Europe there is still significant room for growth for operators like Cellnex.

### While your business seeks to open up infrastructure for shared use, further expansion in Europe could raise some competition issues. Where are you focusing your efforts? Are you considering taking the leap outside of Europe?

**TOBIÁS MARTÍNEZ** We believe that sharing infrastructure is beneficial for everyone down to the mobile end-customer as it reduces costs. It brings the European sector more in line with accepted practices elsewhere and regulators recognise the benefits. We continue to see good opportunities in Europe, although it will be difficult to maintain the growth that we have achieved in recent years. While we would not rule it out and we have been presented with a number of opportunities, for now the conditions are not in place to consider a move outside Europe.

We have reached a certain critical mass in Europe, which gives us more choice where to expand, but our size also means that we are scrutinised more. We will seek to maximise our opportunities for consolidation in the markets where we have operations and consider the best options in those where we are not yet present. We study the state of the market in each case and amongst the various factors, analysis of competition is fully integrated into the feasibility assessment of our growth opportunities.

### In 2021, once again you received a very favourable response from investors, this time to the €7 billion rights issue, with more than 99% of the rights taken up by shareholders and 45-times oversubscribed. What's your secret?

**BERTRAND KAN** The secret is our shareholders' trust, which we have earned by delivering on our promises consistently. In this rights issue, they have once again confirmed their support for the team, the prospects for the business and our ability to execute transactions and integrate businesses. We are fortunate to have a base of excellent shareholders, most of whom have been with us since our IPO in 2015 and who have tangibly expressed their support by committing €14.7 billion in our four rights issues. In the past seven years, this has allowed us to invest more than €36 billion in European telecoms infrastructure and build a business that spans 12 countries and has grown six-fold, which would not have been possible without their trust.

### Would you consider further rights issues if opportunities arose?

**TOBIÁS MARTÍNEZ** As evidenced by our choice to raise equity via rights issues in the past, we strongly believe in the mutually beneficial relationship with our shareholders; it's our job to deliver a business with attractive financial performance and the quid pro quo from our shareholders is to provide us with the equity required to do so. While we have no requirements at the moment, going forward we trust that our shareholders will continue to support us with additional equity as long as we propose projects and conditions that are attractive and deliver on our promises. After the latest rights issue, we have the resources to take advantage of opportunities that the market may offer in the foreseeable future. This rights issue was intended for a portfolio of projects costing an estimated €18 billion, of which we have implemented almost €10 billion to date.

More generally, in terms of financing our projects and operations we will continue to manage our balance sheet aggressively, while maintaining our current "investment grade" status with the rating agencies.

### Cellnex has closed another year with a positive stock market performance. How do you assess this sustained effect of the stock's valuation and the confidence that the investment community continues to place in the Company?

**BERTRAND KAN** Financial markets fluctuations are caused by many factors. Within those aspects over which Cellnex has control, we seek to maximise the growth and predictability of the Group's cash flows and believe that this has served as a catalyst for investor interest. To provide greater transparency to investors, this year we also provided the mid-term guidance for 2025, which should give a clearer perspective of our growth and performance. Generally, we aim to ensure that the Group's fundamentals – financial or otherwise – can sustain, and increase, the value that the market assigns to us. In that light, in terms of revenue, EBITDA, recurring cash flow and the number of sites we manage, we have grown six- to seven-fold since the IPO which has driven and underpins our market capitalisation.

### This has also been a very important year in terms of diversification and your role as an industrial partner for your customers that you have often talked about.

**TOBIÁS MARTÍNEZ** Our opportunities for diversification revolve around our infrastructure assets and expertise and the needs of our customers, whom we aim to support as much as possible. In doing so, we are focusing our efforts and capabilities on the assets and services adjacent to and enabled by the telecommunications towers: Fibre connectivity to the tower, active equipment, edge computing, connectivity and coverage of road and rail transport networks, distributed antenna systems (DAS), small cells, private telecommunications networks and communication systems for security and emergency networks all constitute technologies and services that integrate seamlessly with the telecommunications towers and sites that are the core of our business.

It's an integrated vision that in-house we refer to as the Augmented TowerCo. We have a specific example in Poland where, together with our customers from Cyfrowy Polsat Group, we have begun integrated management of the passive and active elements of the telecommunications network, the towers as well as the antennas, which they use to provide services to their end customers.

The evolution towards a model that goes beyond passive management of the infrastructure may become a trend in our sector in Europe, in the same way that passive infrastructure has been outsourced to neutral and independent operators like Cellnex.

**This model seems to be highly scalable, given that your clients include mobile operators in a dozen countries.**

**TOBIÁS MARTÍNEZ** In many cases we are growing alongside our customers, responding to their specific needs. In addition, our diversification policy has driven us to expand our capabilities through very important acquisitions such as Edzcom, a specialist in private networks for industry, ComsCom, operating in the field of DAS and Small Cells systems, Alticom, with extensive experience in the field of data centres, and Xarxa Oberta de Catalunya, specialising in fibre deployment. These companies have enabled us to develop our 5G capabilities, mapped a value-added business model onto our existing infrastructure, and allow us to serve our customers better, always on a shared and neutral basis. As such, our business is highly scalable, making the best possible use of the infrastructure assets that we have acquired over the past few years.

**What has your role been in provision of connectivity in the rail corridors that the European Union is so eager to promote? You seem to be establishing yourselves gradually as the preferred operator in the modernisation of these networks and their expansion.**

**BERTRAND KAN** Railways play a fundamental role in ensuring sustainable transport of passengers and freight and the liberalisation of and government support for the sector is opening interesting opportunities for Cellnex. In Europe we currently manage and are engaged in projects that will provide connectivity to 7,700 kilometres of railway lines (metro and main lines) and more than 500 stations in five countries. In 2021 we have been awarded major concessions in the United Kingdom, France and the Netherlands. We continue to develop our capabilities that will enhance our attractiveness as an industrial partner in the sector.

**Despite the return to growth, GDP projections in many countries have been scaled back and concerns about inflation are rising. To what extent does inflation affect Cellnex' business? Are you particularly concerned by rising energy costs?**

**TOBIÁS MARTÍNEZ** Inflation is always a concern, of course. However, in the case of Cellnex, the price increases that we have seen so far have not had a notable impact. We provide services to our clients under very long-term contracts which, in the majority, include clauses that offer a reasonable degree of protection against increases in inflation.

With regard to the rise in prices for raw materials and especially energy, in the majority of our contracts, energy costs are passed through to the customer. We manage the infrastructure and access to energy, and transparently pass energy costs on to customers.

For our own supplies, we work with contracts agreed and fixed for a very long term, so we have experienced a very limited impact to date. This may change if the inflationary environment persists for the medium- to longer-term.

**BERTRAND KAN** Post-pandemic growth and inflation are more difficult to forecast and it is unclear to what extent current distorting factors, such as the supply chain crisis or rising energy prices, are transitory. Having said that, it's important to bear in mind that Cellnex is mostly an asset business with contracts that generally allow us to compensate for inflation in the pricing of our services. As a result, we are less susceptible to price

movements and, within limits, on balance inflation is helpful to cash flows because of our significant operating leverage.

**With a growth model that relies on access to the debt market, what do you have to say about market conditions? Do you see a risk of an increase in interest rates that could affect your debt structure?**

**TOBIÁS MARTÍNEZ** First of all, we do not expect disruptive changes in interest rates, although it is true that there interest rates have started to increase and that rising inflation is likely to lead to tighter monetary policy. In our case, 88% of our debt is fixed rate and our average debt maturities are around six to seven years, which limits the risk of volatility or an unexpected rise in the cost of borrowing for the foreseeable future and gives us time to adapt our balance sheet strategy to market conditions.

**It seems that your commitment to sustainability has paid off. Cellnex has been rising in sustainability indices, gaining a position – in the case of Sustainalytics – among the five companies in the world with the lowest ESG risks in its sector. What do you have to say about that?**

**BERTRAND KAN** We are very pleased with the recognition that we have received for our commitment to ESG from the main indices. In 2020 we completed our first five-year social responsibility plan, meeting 90% of the targets, and we began 2021 with a new ESG plan. Our 2021-2025 ESG Master Plan identifies 92 specific objectives in six areas that link to Environment and climate change, Social impact and good Governance and correlate with the various United Nations Sustainable Development Goals.

As ESG is at the core of Cellnex' values, we make public commitments, which we renew each year, such as Cellnex's adoption of the United Nations Global Compact and its principles. In addition, we have intensified and improved the reporting process both in-house, to ensure proper governance by the Board of Directors, and in terms of transparency (public disclosure) towards the various interest groups, especially investors, who are increasingly active and interested in monitoring the financial and non-financial aspects of the Group's performance.

From the Board's point of view, we have expanded the responsibilities of the Nomination and Remuneration Committee to include sustainability, thus ensuring high-level supervision of ESG policies executed by the management team. We have also prioritised ESG training and awareness-raising of the Board and the Group's management team.

Finally, I would also highlight the significant emphasis we place on ESG factors in the remuneration of the management team, namely 15% in 2021 and 20% in 2022, and we have also incorporated them into the long-term remuneration parameters.

**Building on the previous question, from the Board's point of view, what would you highlight in terms of good corporate governance practice for 2021?**

**BERTRAND KAN** Governance has been an important focus for the Board since the IPO and also in the past year we have continued to adopt the Good Governance principles as much as possible. Our Board currently has eleven members, eight of which are independent, two represent our two largest shareholders and one is executive, our CEO. The Chairs of the Board as well as the Audit and Risk Management and the Nomination, Remuneration and Sustainability Committees are all independent. Five of the directors, 45%, are female. This diversity extends to country of origin as well, with seven different nationalities represented. In addition, we have adopted a number of measures to strengthen our governance more generally, including appointing an independent chair

to our [Tax Compliance Committee], improving our Ethics and Compliance Committee and aligning the whistleblower channel with European regulations.

**In a group that over the past five years has integrated multicultural teams in 12 countries, what can you tell us about the involvement or diversity of the workforce?**

**BERTRAND KAN** Equity, diversity and inclusion are absolute priorities for us. Following our expansion, we have been integrating businesses in countries with very different cultures and circumstances. At present, 55 nationalities are represented in Cellnex. We believe that this provides great opportunity for the company and each of our employees. We are very pleased to have a high level of commitment from our people, as evidenced by the fact that volunteer initiatives have increased significantly this year. We have also placed special emphasis on the value of difference through awareness and training campaigns, and are taking steps to integrate generational, cultural, emotional and gender diversity into our organisation.

**How do you assess the first year of the Cellnex Foundation, one of the main examples of your commitment to society?**

**TOBIÁS MARTÍNEZ** It's one of our most important milestones. It combines social responsibility with the aim of giving back to society. We have put the focus on bridging the digital and social divides that may also be caused by a lack of access to connectivity resources that today are a decisive factor for social integration and personal progress. We regard connectivity as a universal right, so our goal is to expand it to reduce inequality.

Among other initiatives, in its first year the Foundation has launched the Cellnex Bridge, a mentoring programme for technology start-ups with a specific social action thrust.

The Foundation has also continued with the 'Youth Challenge' volunteer programme, which began in 2019 under the aegis of Cellnex and whose purpose is to prevent dropouts from school and attract young people at risk of exclusion to Information and Communication Technology (ICT) vocations. With the help of the Cellnex Foundation in 2021 the programme has been extended beyond Spain to include Italy, Portugal and France.

**What do you think are the fundamental challenges you face in 2022?**

**TOBIÁS MARTÍNEZ** The main challenge is to consolidate and integrate the acquisitions that we have completed in recent months. Negotiating and concluding transactions that drive growth is clearly key to our strategy, but the day after is just as important or more so because we integrate not only assets, but organisations and people with different cultures from different countries. We have a specific, group-wide department that coordinates these extremely complex processes. To be specific, in 2021 we've been managing nine parallel integration processes.

Because inorganic growth today needs to transition to organic growth tomorrow, you have to manage it on a day-to-day basis from the start. Bear in mind that with integration processes you also need to develop the different business lines on which the organic growth is built. Once we've integrated the acquisitions, we have to keep expanding the geographic footprint of that business organically.

Secondly, we also have significant commitments for building new sites that will continue to be a very important driver of business in 2022.

Lastly, this year we also intend to consolidate the diversification through the assets adjacent to the towers, which we talked about earlier. This is key to the Group's evolution towards an integrated telecommunications infrastructure operator. Projects related to the connectivity of transport networks and private networks for industry also feature in this set of priorities.

As always, we will also remain open to any growth opportunities that may arise. It will always remain an important challenge to find the right next steps but we are confident that we can continue to deliver for our shareholders.

Descubra la entrevista completa en video en el canal de YouTube de Cellnex:: <https://youtu.be/lvD8Ao5LpvM>



# Integrating for Growth

	Achievement	Target	Target year
<b>Environmental</b>			
Sourcing of renewable electricity (SBT) <sup>1,2</sup>	40%	40% ✓ / 100%	2021 / 2025
Reduction of scope 1 and 2 GHG emissions and scope 3 GHG emissions from fuel and energy-related activities (SBT) <sup>2</sup>	-18%	-70%	2030
Absolute scope 3 GHG emissions from purchased goods and services and capital goods (SBT) <sup>2</sup>	-8%	-21%	2025
<b>Social</b>			
Women in management positions <sup>3</sup>	24%	26% ✓ / 30%	2022 / 2025
Hires of women <sup>3</sup>	47%	45% ✓ / 50%	2022 / 2025
Hires of young talent <sup>3</sup>	29%	30% ✓ / 30%	2022 / 2025
Employee engagement <sup>4</sup>	77%	≥75% ✓ / ≥80%	2022 / 2025
<b>Governance</b>			
Women directors	45%	40% ✓	2022
Non-executive directors	91%	90% ✓	2022
Independent directors	73%	60% ✓	2022
Directors with ESG capabilities and expertise	25%	25% ✓	2022
Nationalities in the BoD	7	≥5 ✓	2022
Cellnex Group employees participating in the ESG annual awareness initiative	100%	100% ✓	2021
Cellnex Group management team participating in the ESG awareness sessions	100%	100% ✓	2021

1 Energy targets refer to the energy directly managed by Cellnex (Scope 2). Data calculated according to SBT and GHG Protocol methodology applied to FY21 perimeter.  
 2 Compared to the base year 2020 verified by an external certified entity.  
 3 According to FY20 perimeter, excluding Edzcom. Intake due to M&A will be included after 3 years after the integration's year.  
 4 Corporate, Denmark, France, Ireland, Netherlands, Portugal, Spain and United Kingdom

## Actions 2021

## Next steps

# E

Establishment of specific objectives and milestones for the reduction of emissions validated by the Science Based Targets Initiative (SBTI) aligned with a 1.5°C scenario

Application of the Internal Carbon Price Common Claims Management Procedure for the entire Company by 2023

According to the recommendations of the TCFD, 9 risks & opportunities derived from climate change have been identified, thanks to the analysis of climate scenarios carried out in 2020

Identify and assess the impact on biodiversity and natural capital

# S

Approval of the Code of Conduct for Suppliers

Obtain the Great Place to Work certification

Development of the Smart Working project: a constructive culture with a human approach, a results-oriented team and a collaborative and cohesive work environment. "Definition of the Cellnex Wellbeing Model"

Study of the natural capital contribution of Cellnex

Unified global customer survey ("Customer Engagement Survey") for all business units

Continue to promote digital skills and create educational and social projects adapted to the challenges of the digital world

Creation of the Cellnex Foundation and launch of Cellnex Bridge: the first acceleration program for startups with social impact of the Cellnex Foundation

Calculate the return on investment associated with innovation and R&D projects linked to the SDGs by 2023

# G

The deployment of the Cellnex Industrial Model consists of a common way of working, replicable, scalable, homogeneous and that allows rapid growth

Extend the variable remuneration associated with the company's performance in ESG topics to all employees

Update of the Environmental, Social and Governance Policy and Creation of the ESG Committee

Strategic Global Security Plan 2022-2025

Achievement the recommendation established in the CNMV Good Governance Code on gender diversity and independent members on the Board of Directors

Deployment of the Integrated management system and implementation of international certifications for the entire Group

Variable remuneration of Senior Management linked to the company's performance in ESG criteria

## Strong operational and financial performance exceeding all key metrics in 2021 RLFCF growth >60% vs. guidance 50%

### Consistent and sustainable organic growth

- +6.2% new PoPs vs. FY 2020
- Framework agreement with a new entrant in a Cellnex market
- Extension of BTS programs +c.5k sites
- Neutrality leading to stronger partnerships with clients: BT service agreement extended until 2040<sup>(1)</sup>
- 2021-2025 efficiency plan on track

### Strong financial performance

- Revenues €2,536Mn, + 58% vs. FY 2020
- Adjusted EBITDA €1,921Mn, +63% vs. FY 2020
- RLFCF €981Mn, +61% vs. FY 2020

### Fully funded and hedged

- c.87% debt fixed and c.13% linked to Euribor (at historical lows)
- Liquidity €8.6Bn, firepower fully funded
- Flexible capital structure: no covenant, no pledge or guarantee
- Average interest rate in 2022 expected to be lower than in 2021

### M&A gaining momentum

- Tailored growth deals<sup>(2)</sup> with existing clients in France and Portugal (extending BTS program, new acquisitions, FTTT<sup>(3)</sup>...)
- Reducing rooftop mix in France to execute Hivory's remedies<sup>(4)</sup>
- Potential swap of minority stakes – acquisition of Iliad's minorities in France and Poland in exchange for plans to open capital of certain business units

### Rock-solid cash flows allowing Cellnex to beat 2021 guidance<sup>(5)</sup>

- RLFCF growth >60% (vs. guidance +c.50%) despite Hivory contributing 2 months only<sup>(5)</sup>
- 2022 guidance implying strong growth in key metrics
- 2025 guidance reiterated

## Making the most of current market conditions: own shares >1% Cellnex's share capital

(1) Current Master Site Services Agreement due to end in 2030 will be renewed on an 'all or nothing' basis for an additional period of 10 years

(2) Please see slide 14 of the 2021 results presentation for more information;

(3) Fiber-to-the-Tower

(4) Subject to antitrust approval

(5) Hivory transaction (closed end of October) has contributed 2 months in 2021 vs. guidance assumed 3 months