Interview with the Chair and the CEO

Next chapter, a strengthened commitment

Shifting the focus to maximise organic growth

Marco Patuano, CEO, and Anne Bouverot, Chair

What would you say were the main highlights of 2023 for Cellnex?

Anne Bouverot (Chair): 2023 was a year of transformation at Cellnex. At the end of 2022, we announced a next chapter after years of successful mergers and acquisitions. This was a new path, putting further M&A on hold to focus on integrating the various acquisitions and on organic growth. This strategic shift was followed by several notable changes in corporate governance to anchor the new vision. The previous CEO announced his departure at the beginning of 2023, and the Board appointed me as Chair in March 2023. At the AGM held in early June, we announced an expansion of the Board with new members, and the appointment of Marco Patuano as the new CEO. Since then, the company has continued to effectively implement the principles of the next chapter, marked by several unequivocal moves in this direction while delivering strong financial results.

The new roadmap is strongly anchored in delivering organic growth after years of strong expansion. Can you elaborate on where this organic growth will come from?

Marco Patuano (CEO): As a neutral operator of digital infrastructure, Cellnex had been expanding into new geographies, taking advantage of a market demand to offer its services to many operators in many countries. Now we have shifted the focus to accelerate organic growth, gaining scale in the countries where we are already present. Greater scale allows us to focus on what is at the heart of telecommunications, offering our value as an independent infrastructure operator for the expansion of mobile services. For example, this value is visible in the expansion of 5G, which has yet to be fully developed in Europe. 5G will require new infrastructure such as macro-antennas, micro-coverage --the so-called Distributed Antenna Systems (DAS)--, and fibre, not only between the towers, but also for the carriers. We will not get into the fibre business for individual consumers (fibre-to-the-home), but we will invest in some specialised networks, such as security and emergency networks or dedicated networks, as long as they provide scale to the wholesale network.

2023 has posed many challenges from a macroeconomic perspective, with tight monetary conditions and geopolitical tensions fuelling market uncertainty. What do you expect in 2024?

AB: After the shock of the Ukraine war in 2022, which unfortunately continues, and the devastating developments in Israel and Gaza, we do not know what the future holds. However, inflation, which has clearly risen very significantly, now seems to be coming into a more controlled and predictable situation. With inflation rates more contained, we can expect a more positive and less aggressive interest rate policy for 2024. From the interest rate perspective, we see a somewhat better outlook, particularly in the second half of the fiscal year.

One of the key objectives of your new strategy is to secure investment-grade credit ratings. In this environment, the latest divestments will enable you to achieve your 2024 target of reducing leverage to below 7 times EBITDA. What is your projection for leverage?

MP: Our goal is a more prudent capital structure that is resilient and flexible. As the Chair has said, unpredictable events can always be around the corner. At a time when interest rates remain higher than in the recent past, our capital structure still allows us to take full advantage of the opportunities that may arise within our core areas of activity, thus strengthening our scale. Our debt is largely financed at a fixed rate,and we have levers to avoid refinancing anything before 2026, which gives us a high degree of flexibility to face the near future. In terms of ratios, I think it is important to get clearly below the original target of 7 times EBITDA as soon as possible.

In 2023, you anticipated your target of positive free cash flow ahead of the planned 2024 timeframe. What impact does this have on capital allocation? Is it a priority for you to increase profit distribution to shareholders?

MP: Our strategy remains focused on organic growth and gaining flexibility. In terms of shareholder remuneration, once we reach investment grade credit rating and once our abundant investment flow comes to an end, we will progressively have a more significant generation of free cash flow. Our intention is to commit to a dividend that investors can count on, but we will maintain some flexibility to allocate capital to industrial projects or, if appropriate, to increase those shareholder returns through share buybacks or, eventually, extraordinary dividends.

The telecommunications industry in Europe is facing a challenging environment as it continues to invest large amounts of capital in next generation networks. How do you see the sector evolving in the future? How will planned consolidation impact your business?

AB: Telecommunications services are strategic for Europe. It is an essential sector for consumers, the economy, and businesses, so we must do everything we can to offer the best service and ensure the region's digital competitiveness. The situation is very complicated from an economic point of view and very demanding for telecommunications operators. The deployment of new infrastructure, such as 5G or fibre networks, requires significant investment volumes and capital costs. And not only from a financial point of view, but also from a sustainability perspective. It makes no sense to have duplicate networks for the same services, and it is precisely on this point that we will play a key role as a neutral infrastructure provider in the coming years.

MP: It is important to consider that Cellnex can eventually help market consolidation processes across Europe. As the Chair was saying, having a neutral and independent operator can avoid the creation of an anti-competitive scenario. An independent tower operator plays an important, pro-competitive role as a market participant, ensuring equal access to infrastructure, thereby avoiding a reduction in competition from an end-customer point of view.

The company has expanded the board of directors to 13 members and created a new capital allocation committee. What is the rationale for these decisions?

AB: Cellnex, like many multinational companies, is subject to increasing demands of oversight of the company's activity in both financial and non-financial areas. We also wanted to increase some of the skills and experience on the Board in line with the change in strategy. The Board now has more operational and corporate governance expertise to shape this next chapter, and we are comfortable with both the make up and the size of the Board.

As for the capital allocation committee, it is a priority for Cellnex and something that exists in several companies, particularly in the infrastructure sector, where there are important issues to consider in terms of capital allocation decisions. The committee reviews the management's proposals and suggests recommendations for approval by the Board.

Mr. Patuano, could you explain the rationale behind the new management structure and how it is expected to contribute to the company's long-term objectives?

MP: We have transitioned from a strategy focused on acquisitions to one oriented toward organic growth, which naturally implies a new mission for the headquarters and the countries in which operations are managed. Our organic growth strategy depends on delivery in each of the countries, which now report directly to the CEO. This ensures that the executive team has more direct operational involvement in each country. Fundamentally, this means that the executive team's new role is to set the long-term strategy, benchmark and improve our operations in every country, while pursuing efficiency and an optimal allocation of capital.

The company receives regular recognition for its sustainability actions and 2023 was no different. How do these values fit into your company's strategy?

AB: The company has been working on environmental, sustainability, and governance issues for several years. We have an ESG plan through 2025 that the Board unequivocally supports. Board members have received training on the subject and are asked annually to reaffirm their personal endorsement of the company's ESG strategy. And I think that the market and its surveillance actors, like the several ESG indices, are praising this commitment. In fact, we have just been included in the Dow Jones Sustainability Index (DJSI) for Europe, and Cellnex is the only telecom infrastructure company that is included as a member of any DJSI index. It means as well that Cellnex is on track with the achievement of its ESG KPIs, as they are reflected in this annual report.

MP: The big change managers in all companies must make, is to fully embed ESG criteria into their core strategies, rather than treating them as add-ons or secondary considerations. In other words, ESG policies and actions are an integral part of our strategy. We must reverse the paradigm. How can our strategy contribute to sustainability? ESG policies are not a consequence, they are a goal.

In these months in office, what has surprised you most about the state of Cellnex and its projections?

MP: What has surprised me is the level of opportunity ahead of us. How much we can do, not only to create value for our shareholders, but for the entire stakeholder community. There's a lot we can do. When you look at Cellnex from the outside, you could be tempted to underestimate the power of this project, not only from an economic and financial angle, but also from a social perspective. We play a significant role in empowering communities by supplying and deploying connectivity, which is a source of progress, well-being, inclusion, and competitiveness.

Watch the full interview

What has been your experience since becoming Chair of the Board in March?

AB: One of the first things I did when I started was a series of meetings with shareholders as well as customers, employees, and other stakeholders. What I found is very strong engagement and support for Cellnex and a clear alignment amongst these stakeholders with the new strategy. I believe we are in a good position, with renewed and strengthened governance, with a new CEO leading the strategy, and a united Board under my chairmanship, that acts in the interest of all stakeholders.

Financial key highlights

1	**Key developments during the year**	• A new organisational model fully aligned with Cellnex's Next Chapter objectives • De-leveraging targets unchanged and Cellnex has committed to securing Investment Grade rating by S&P (by 2024 the latest), as well as to maintain itsthe Investment Grade status by Fitch: ◦ c.€730Mn cash proceeds from Nordics deal by Stonepeak ◦ 2,353 sites sold in France for €631Mn. Additional proceeds to be received in 2024 (c.€360Mn) ◦ Sale of the private networks company Edzcom for c.€30Mn ◦ Cellnex to benefit from additional monetization opportunities being assessed • New industrial and synergetic agreement with SFR in France – Reinforcing the partnership by meeting SFR's need to deploy new PoPs on existing and new sites • Extension of Cellnex's FTTT project with Bouygues Telecom in France – Underpinning the relationship by assisting Bouygues with their backhaul and backbone capacity needs whilst providing enhanced edge connectivity • Issuance of a new convertible bond to repay the 2026 convert, (i) extending maturities, (ii) increasing conversion price, and (iii) reducing dilution in terms of FCF per share
2	**Solid performance of key metrics during the year**	• Revenues excluding pass throughs €3,659Mn, +c.15% vs. FY 2022 – of which c.€275Mn organic • Adjusted EBITDA €3,008Mn, +c.14% vs. FY 2022, showing a disciplined approach to OpEx management • RLFCF €1,545Mn, +13% vs. FY 2022; FCF +€150Mn vs. -€1,115Mn FY 2022 • +6.4% organic new PoPs vs. 2022, following strong growth in placements in Portugal and Italy due to new deployments and RAN sharing agreements, and construction of sites in France, Italy and Poland. • 2023 financial outlook met – delivery of all key metrics consistent with guidance • FCF positive in 2023 (upper end of range provided) • Additional visibility on financials from 2024 onwards to be provided at Cellnex's Capital Markets Day on 5 March

Environmental	Social	Governance
Committed to achieve carbon neutrality by 2035 and Net-zero by 2050	Cellnex has increased its visibility to be known as a great employer: Employer Branding Strategy created	Cellnex conducted a mid-term review of the ESG Master Plan, updating the actions defined and establishing new actions and strategic lines for the second half of the implementation period (2023 - 2025)
Publication of the fourth Environment and Climate Change Report with the goal of increasing transparency in environmental performance	Progress in social objectives, recognised externally: Included in the Bloomberg Gender Equality Index 2023, in the S&P Global Sustainability Yearbook 2023 as an Industry Mover, and in 2024, as a Member in the Sustainability Yearbook 2024	Cellnex conducted a comprehensive GAP analysis of the requirements of the new CSRD directive
The Environment and Climate Change Policy was updated in 2023 based on biodiversity recommendations from the Dow Jones Sustainability Index and the 2023 CDP Climate Change questionnaire	Organisational restructuring designed to enhance efficiency and impact way of working and Governance Model	The amendment of the Directors' Remuneration Policy was approved during the 2023 Annual General Shareholders' Meeting
Updated its Energy Transition Plan as part of its ESG Master Plan considering the current energy context	Employee Engagement survey assessed periodically in all Cellnex Group	In 2023, Cellnex consistently improved its overall score in the sustainability ratings, thus reaching all-time highs
Drafted a TNFD report to assess its dependencies and impacts on Natural Capital, prioritising assets and identifying risks and opportunities related to nature	Cellnex updated its Statement on Slavery and Human Trafficking, firmly denouncing all exploitative labour practices, including child labour, and committing to prevent such practices in its operations and supply chain	Two innovative policies were revised to enhance the ethical framework of Cellnex's body of law: the Disciplinary System and the Function of Criminal Responsibility
Cellnex met its renewable electricity consumption target	Global Customer Service has improved its efficiency worldwide through a standardized model, leading to the introduction of the Billing Industrial Model as an additional step in the future unified approach	Several corporate policies were approved or updated in 2023: Procurement, Conflict of Interest, Gifts and Hospitality, Environment and Climate Change and Directors' Remuneration
A comprehensive global mobility survey was conducted, laying the groundwork for the development of mobility plans tailored to the specific needs of Cellnex offices in Spain and Italy	The Cellnex Foundation has launched the third edition of Cellnex Bridge, a programme with the aim of continuously supporting startups with a high social impact through technology and connectivity	The Business Continuity Framework was fully defined in 2023, along with the analysis, design, and implementation phases
Cellnex remains on the CDP A-List for the fifth consecutive year, maintaining its leading position in the sector, ranking higher than the previous year compared to the sector and global companies	Cellnex continued to work on its EDI strategy, which is integrated into the company's business strategy. Several awareness campaigns and workshops were launched, such as "Cultural Diversity Awareness"	The Global Integrated Management System and Information Security Management System were consolidated in 2023, maintaining the geographical scope and expanding by three companies

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Growing with a long-term sustainable environmental approach

Climate change [1]

	Target year	Target		2023
Sourcing of renewable electricity[2]	2025	100%	→	77%
Reduction of scope 1 and 2 GHG emissions and scope 3 GHG emissions from fuel and energy-related activities	2030	(70)%	↑	(83)%
Reduction of absolute scope 3 GHG emissions from purchased goods and services and capital goods	2025	(21)%	→	(14)%
Reduction of the carbon footprint (scope 1, 2 and 3) [3]	2035	Carbon neutral	→	(51)%

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Boosting our talent, being diverse and inclusive

People

	Target year	Target		2023
Women in management positions[4]	2025	30%	↑	30%
Career advancement for women[4]	2025	40%	↑	52%
% of appointments of international Directors at HQ	2025	60%	↑	80%
% of appointment of international employees at HQ	2025	40%	→	33%
Employee engagement	2025	≥70%	→	64%

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Showing what we are, acting with integrity

Corporate Governance

	Target year	Target		2023
Women directors	2025	40%	↑	54%
Non-executive directors	2025	90%	↑	92%
Independent directors	2025	60%	↑	69%
Directors with ESG capabilities and/or expertise	2025	75%	↑	100%
Different nationalities in the BoD	2025	≥5	↑	7

(1) KPIs reported on an annual basis. Carbon footprint KPIs are compared to the base year FY20 verified by an external certified entity.

(2) Electricity target (Scope 2) refer to the energy directly managed by Cellnex. Data calculated according to SBT and GHG Protocol methodology applied to the financial perimeter.

(3) By 2035, Cellnex will offset the residual emissions that can not be reduced, with the aim of being carbon neutral by 2035 and Net-zero by 2050.

(4) According to FY20 perimeter, companies acquired due to M&A will be included after 3 years of its intake.