



Press Release

INWIT: BOARD OF DIRECTORS EXAMINES AND APPROVES ANNUAL FINANCIAL REPORT AT DECEMBER 31, 2018

- ▶ REVENUES: 378.5 MILLION EURO (+6.1% VS 2017)
- ▶ REVENUES FROM OTHER OPERATORS: 98.9 MILLION EURO (+12.2% VS 2017)
- ▶ EBITDA: 215.4 MILLION EURO (+12.2% VS 2017). EBITDA MARGIN: 56.9%, UP 3.1 PERCENTAGE POINTS VS 2017
- ▶ NET PROFIT: 140.8 MILLION EURO (+11.1% VS 2017)
- ▶ RECURRING FREE CASH FLOW: 158.3 MILLION EURO (+24.1% VS 2017)
- ▶ PROPOSAL TO DISTRIBUTE A DIVIDEND OF 126.6 MILLION EURO (0.211 EURO PER SHARE)
- ▶ SHAREHOLDERS' MEETING CALLED TO MEET ON MARCH 27, 2019 FOR APPROVAL OF THE 2018 FINANCIAL STATEMENTS
- ▶ SHAREHOLDERS' MEETING CALLED TO MEET ON APRIL 12, 2019 FOR GRANTING OF THE MANDATE OF THE NEW AUDITING FIRM FOR THE PERIOD FROM 2019-2027

Rome, February 18, 2019

The Board of Directors of Infrastrutture Wireless Italiane S.p.A. (INWIT), met today under the chairmanship of Stefano Siragusa and has examined and approved the Company's draft Financial Statements for the year ended December 31, 2018.

Infrastrutture Wireless Italiane S.p.A.

Telecom Italia Group – Telecom Italia S.p.A. Direction and coordination - Registered Offices: Milan, at Via G. Vasari 19 - 20135 Milan - Tax Code/VAT Registration Number and Milan Business Register Number 08936640963
Share Capital 600,000,000.00 euro - Certified e-mail (PEC) adminpec@inwit.telecompost.it

Results at December 31, 2018

INWIT's revenues continued to grow steadily in 2018, driven by a number of initiatives.

- The company **enhanced the value of its own infrastructure assets** by progressively increasing the co-tenancy ratio, average customers per site, up to 1.9 customers per tower.
- It has **become more efficient** by pursuing its plan to decommission Sites, its plan to renegotiate leases and its land acquisition plan.
- Demand for **new sites** was met through the company's creation of its own new infrastructures.
- The **backhauling** process was accelerated and contractualized for all the company sites.
- The Company launched a **multi-operator microcell cover plan** in areas with the highest user and traffic concentration, placing units in railway stations, airports, hospitals, highways, stadiums, shopping malls, universities and the Company's properties.

More specifically, for the year 2018:

Revenues at December 31, 2018 came to **378.5 million euro** (356.6 million euro in 2017), **up by 6.1%** year on year, of which:

- 261 million euro from the service contract with TIM, the Master Service Agreement;
- 98.9 million euro from other clients, including Italy's main mobile operators and other radio network operators;
- 18.6 million euro from hosting on new sites and new services.

In the fourth quarter 2018, at 94.6 million euro revenues were essentially stable on the same period of 2017 (-0.2%).

EBITDA totaled **215.4 million euro** (192 million euro in 2017), up 12.2% on the previous year with an EBITDA margin 56.9%, reflecting the increase in the number of tenants, the growth of new businesses and the reduction in lease costs. At 53.1 million the fourth quarter was stable (-0.1%).

EBIT came to 200.3 million euro in 2018, up 11.7% compared to last year. Fourth-quarter EBIT stood at 49.1 million euro (-1.1% compared to the same period in 2017).

Net profit amounted to **140.8 million euro** (126.7 million euro in 2017), an increase of 11.1% on the 2017 figure.

Recurring Free Cash Flow showed significant growth of **24.1%** compared to December 31, 2017, totaling **158.3 million euro**. The item totaled 29 million euro in the fourth quarter alone.

Business investments at December 31, 2018 stood at **61.8 million euro**, dedicated to new business and new services development (small cell, DAS, backhauling and new sites) and reducing lease costs through land acquisition. Investments in the fourth quarter of 2018 alone totaled 25.6 million euro.

Net financial debt at the end of the year was **48.1 million euro**, an increase of 2.7 million euro compared to December 31, 2017.



“INWIT achieved all its growth targets during 2018, with economic and financial performance in excess of the “guidance” released to the market - said the company’s CEO Giovanni Ferigo. The tenancy ratio, our ability to share the infrastructures among several operators, has increased to 1.9 customers per site, revenues are up as is EBITDA, confirming the strength of the targets we have set in our Three Year Plan, and our ability to generate cash flows has increased. We will fuel our further growth with investments in new towers, extending fiber to our sites, constructing indoor and outdoor coverage with small cells and DAS”.

EVENTS AFTER DECEMBER 31, 2018

INWIT reached an agreement on February 1, 2019 to make its towers available to Iliad to build a mobile telephone infrastructure network using existing technologies up to 4G and also to implement the new 5G system. Iliad will use several of the 11 thousand towers that constitute INWIT's infrastructure, hosting the antennae of other domestic telecom operators. Pursuant to the agreement, which is not exclusive for either party, Iliad will define the number of sites it will request from INWIT, based on its own network design requirements.

OUTLOOK FOR THE 2019 FINANCIAL YEAR

The wireless infrastructure market continues to undergo a profound transformation process and there is a growing demand for services from mobile operators and other radio network players.

Mobile Operators need to increase their Service Access Points to expand their 4G coverage and prepare for the transition from 4G to 5G.

Wireless Fixed Access providers are also expanding their networks to extend coverage and improve the quality of service offered to customers.

Other radio players like IoT or Public Safety providers are already in the market and new entities specialized in specific product/market segments are expected to enter the market because of the new use cases enabled by 5G. These market dynamics, together with the growing willingness of operators to share network infrastructure elements, lead INWIT to expect further growth in traditional business and a strong acceleration in new business.

CORPORATE GOVERNANCE

The Board of Directors has ensured its compliance with the requirements applicable to its composition as a board and the independence requirements pursuant to the Borsa Italiana Code of Conduct and article 148 of the Consolidated Law on Finance (TUF) with regard to six of its eleven directors (Francesca Balzani, Enrico Maria Bignami, Laura Cavatorta, Luca Aurelio Guarna, Filomena Passeggio and Secondina Giulia Ravera).

The Board was also notified by the Board of Statutory Auditors that, in its meeting held on February 16, 2019, it also ensured that the requirements for its offices continued to be met and ascertained the independence of each of its members, including according to the criteria of the Italian Corporate Governance Code for Listed Companies. It also completed the self-evaluation process of the operation of the body itself.



The Board of Directors has updated the list of the Company's key executives, who are Gabriele Abbagnara, the Marketing & Sales Department Manager, replacing Emilio Maratea. Gabriele Abbagnara's resume can be viewed on the website www.inwit.it/la-societa/struttura-organizzativa. Mr. Abbagnara does not hold any INWIT stock.

The Board of Directors has approved the Declaration of non-financial information, provided for the first time on a voluntary basis by the Company.

The Board of Directors has appointed Salvatore Lo Giudice as the Secretary of the Board of Director . Mr. Lo Giudice is the Director of Legal, Corporate Affairs & Compliance.

SHAREHOLDERS' MEETING CALLED

The Board of Directors resolved to call a Shareholders' Meeting on March 27, 2019 (single convocation) at the Rozzano auditorium (Milan), at viale Toscana 3, to discuss the Financial Statements for the year ended December 31, 2018.

FINANCIAL STATEMENTS The Shareholders' Meeting will be asked to approve the financial statements of INWIT S.p.A., which show a net profit of 140.8 million euro.

ALLOCATION OF THE PROFITS

A proposal will be made to the Shareholders' Meeting to distribute the net profits for 2018 to the shareholders in the form of a dividend, of 0.211 euro per each of the 600,000,000 ordinary shares totaling 126.6 million euro and the remaining amount of 14.2 million euro will be brought forward. The pay-out ratio of 89.9% is in line with that of 2017. The amounts will be payable to entitled parties as of Wednesday, April 17, 2019 (payment date), based on the share deposit accounts at the end of the record date of Tuesday, April 16, 2019; the coupon date will be Monday, April 15, 2019.

REPORT ON REMUNERATION

The Report on Remuneration will be presented to shareholders in accordance with Article 123-ter of Legislative Decree no. 58 of February 24, 1998. The Shareholders' Meeting will be asked to express a non-binding opinion on the first section of the report on the Company's policy on the remuneration of the members of the Board of Directors and the key managers with strategic responsibilities for FY2019.

The Board of Directors also resolved to call a **Shareholders' Meeting on April 12, 2019 (single convocation)** at the Rozzano auditorium (Milan), at viale Toscana 3, to discuss:

- the consensual termination of the audit mandate granted to PricewaterhouseCoopers S.p.A. for the financial years from 2015 to 2023
- the assignment of the mandate to the new audit firm for the nine years from 2019-2027, pursuant to the recommendation of the Board of Statutory Auditors.



FINANCIAL COMMUNITY CONFERENCE CALL

The earnings and financial results of INWIT at December 31, 2018 will be presented to the financial community during a conference call scheduled February 22 at 4:30 PM (CET). Journalists may listen in to the presentation, without the possibility of asking questions, by calling: +39 06 33486868

The presentation accompanying the conference call will be made available in advance in the Investors section of the company website www.inwit.it.

The manager responsible for preparing the corporate financial reports, Rafael Giorgio Perrino, declares, pursuant to paragraph 2, article 154-bis of the Consolidated Law on Finance, that the accounting disclosures contained in this press release correspond to the Company's documents, accounting records and entries.

Disclaimer

This press release contains predictions of events and future results of INWIT that are based on current expectations, estimates and projections regarding the sector in which INWIT operates and on the current opinions of its management. These elements have by their nature a component of risk and uncertainty, because they depend on future events taking place. It should be noted that actual results may differ, in some cases significantly, from those announced due to a multiplicity of factors, including global economic conditions, the impact of competition, and political, economic and regulatory developments in Italy.

In addition to the conventional financial performance indicators contemplated under IFRS, INWIT uses certain alternative performance indicators in order to provide a clearer picture of the Company's performance and financial position. Specifically, these alternative performance indicators are EBITDA and ESMA net financial debt. Their meanings are illustrated in the Report on Operations at December 31, 2015.

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