

ATTACHMENTS TO THE PRESS RELEASE

ALTERNATIVE PERFORMANCE MEASURES

In this press release, in addition to the conventional financial performance measures established by IFRS, certain *alternative performance measures* are presented for a better understanding of the trend of operations and financial condition. These measures should not, however, be construed as a substitute for those required by IFRS.

The alternative performance measures used are described below:

- **EBITDA**

This financial measure is used by the Company as *financial target* in internal presentations (*business plans*) and in external presentations (to analysts and investors). It represents a useful unit of measurement for the evaluation of the Company's operating *performance* in addition to **EBIT**. These measures are calculated as follows:

	December 31, 2018	December 31, 2017
Profit (loss) before tax from continuing operations	196,285	175,506
+ Finance expenses	4,146	4,010
- Finance income	181	301
EBIT - Operating profit (loss)	200,250	179,215
+/- Impairment losses (reversals) on non-current assets	-	-
+/- Losses (gains) on disposals of non-current assets	862	262
+ Depreciation and amortization	14,328	12,501
EBITDA - Operating profit (loss) before depreciation and amortization, Capital gains (losses) and Impairment reversals (losses) on non-current assets	215,440	191,978

- **ESMA net financial debt and INWIT net financial debt.**

The table below shows the ESMA net financial debt of the Company at December 31, 2018, calculated in accordance with paragraph 127 of the recommendations contained in ESMA document no. 319 of 2013, implementing Regulation (EC) 809/2004:

(thousands of euros)		At December 31, 2018	At December 31, 2017
Cash			
Other cash equivalents		104,125	54,360
Securities held for trading		10,036	
Liquidity	(a)	114,161	54,360
Current financial receivables	(b)	8,101	70
Current financial payables			
Current portion of financial payables (medium/long-term)		(40,359)	(40,178)
Other current financial payables			
Current financial debt	(c)	(40,359)	(40,178)
Net current financial debt	d=(a+b+c)	81,903	14,252
Financial payables (medium/long-term)		(130,209)	(59,884)
Bonds issued			
Other non-current financial payables			
Non-current financial debt	(e)	(130,209)	(59,884)
Net financial debt	(d+e)	(48,306)	(45,632)

To monitor the performance of its financial position, INWIT also uses "INWIT net financial debt" as financial measure, which is defined as ESMA net financial debt less receivables and non-current financial assets, where applicable. The calculation of this item at December 31, 2018 is shown below:

(thousands of euros)		At December 31, 2018	At December 31, 2017
ESMA net financial debt		(48,306)	(45,632)
Other financial receivables and other non-current financial assets (*)		218	201
INWIT net financial debt		(48,088)	(45,431)

(*) This accounting item refers to loans granted to certain employees of the Company.

- **Operating free cash flow**

Operating free cash flow is calculated as follows:

(thousands of euros)

	December 31, 2018	December 31, 2017
EBITDA	215,440	191,978
Capex	(62,214)	(55,375)
EBITDA - Capex	153,226	136,603
Change in net operating working capital:	17,997	7,567
<i>Change in trade receivables</i>	(8,223)	(15,276)
<i>Change in trade payables (*)</i>	20,361	33,307
<i>Other changes in operating receivables/payables</i>	5,859	(10,464)
Change in employee benefits	19	1,072
Change in operating provisions and Other changes	(1,014)	590
Operating free cash flow	170,228	145,832

(*) Includes the change in trade payables for amounts due to fixed asset suppliers.

The Separate Income Statements, Statements of Comprehensive Income, Statements of Financial Position and the Statements of Cash Flows as well as the Net Financial Debt of INWIT, herewith presented, are the same as those included in the financial statements of the Company at December 31, 2018 (hereinafter the “2018 Financial Statements”).

SEPARATE INCOME STATEMENTS

(euro)	<i>December 31, 2018</i>	<i>December 31, 2017</i>
Revenues	378,472,164	356,595,997
Acquisition of goods and services	(151,063,464)	(152,199,821)
Employee benefits expenses - Ordinary expenses	(9,235,395)	(7,732,055)
Employee benefits expenses - Expenses related to restructuring and rationalization Ordinary expenses	(165,288)	(1,186,130)
Other operating expenses	(2,568,022)	(3,499,530)
Operating profit before depreciation and amortization, capital gains (losses) and impairment reversals (losses) on non-current assets (EBITDA)	215,439,995	191,978,461
Depreciation and amortization, losses on disposals and impairment losses on non-current assets	(15,189,939)	(12,763,399)
Operating profit (loss) (EBIT)	200,250,056	179,215,062
Finance income	180,709	301,216
Finance expenses	(4,145,484)	(4,009,849)
Profit (loss) before tax	196,285,281	175,506,429
Income taxes	(55,524,386)	(48,765,655)
Profit for the period	140,760,895	126,740,744
Basic and Diluted Earnings Per Share	0.235	0.211

STATEMENTS OF COMPREHENSIVE INCOME

(euro)		<i>December 31, 2018</i>	<i>December 31, 2017</i>
<i>Profit for the period</i>	(a)	140,760,895	126,740,774
<i>Other components of the Statement of Comprehensive Income</i>			
Other components that will not subsequently be reclassified in the income statement		-	-
<i>Remeasurements of employee defined benefit plans (IAS19):</i>			
Actuarial gains (losses)		57,872	70,209
Net fiscal impact		(13,889)	(16,850)
<i>Total other components that will not subsequently be reclassified in the income statement</i>	(b)	43,983	53,359
Other components that will not subsequently be reclassified in the income statement		-	-
Total other components that will subsequently be reclassified in the Separate Income Statements	(c)	-	-
<i>Total other components of the Statement of Comprehensive Income</i>	(d=b+c)	43,983	53,359
<i>Total Comprehensive income for the period</i>	(e=a+d)	140,804,878	126,794,133

STATEMENTS OF FINANCIAL POSITION

Assets

(euro)	<i>At December 31, 2018</i>	<i>At December 31, 2017</i>
Assets		
Non-current assets		
Intangible assets		
Goodwill	1,411,770,320	1,411,770,320
Intangible assets with a finite useful life	40,568,644	26,548,916
Tangible assets		
Property, plant and equipment	254,891,760	222,336,325
Leased assets	325,198	
Other non-current assets		
Non-current financial assets	218,020	200,878
Miscellaneous receivables and other non-current assets	21,672,284	14,493,560
Deferred tax assets	2,681,673	2,798,307
Total Non-current assets	1,732,127,899	1,683,148,306
Current assets		
Trade and miscellaneous receivables and other current assets	78,176,586	73,280,611
Financial receivables and other current financial assets	8,101,063	69,688
Current securities and equity investments	10,035,723	
Income tax receivables	1,186	-
Cash and cash equivalents	104,124,959	54,360,006
Total Current assets	200,439,517	127,710,305
Total Assets	1,932,567,417	1,810,858,611

Equity and Liabilities

(euro)	At December 31, 2018	At December 31, 2017
Equity		
Issued capital	600,000,000	600,000,000
Less Treasury shares	(222,118)	
Share capital	599,777,882	
Additional paid-in capital	660,000,000	660,000,000
Legal reserve	120,000,000	120,000,000
Other reserves	(931,704)	(37,603)
Retained earnings (losses) including earnings (losses) for the period	169,459,128	142,698,232
Total Equity	1,548,305,306	1,522,660,629
Liabilities		
Non-current liabilities		
Employee benefits	2,222,994	2,387,811
Deferred tax liabilities	-	-
Provisions	99,111,084	97,268,838
Non-current financial liabilities	130,208,617	59,884,084
Miscellaneous payables and other non-current liabilities	7,003,942	2,426,858
Total Non-current liabilities	238,546,637	161,966,891
Current liabilities		
Current financial liabilities	40,359,035	40,178,370
Trade and miscellaneous payables and other current liabilities	104,561,706	84,420,058
Current income tax payables	794,733	1,632,663
Total Current liabilities	145,715,474	126,231,091
Total liabilities	384,262,111	288,197,981
Total Equity and Liabilities	1,932,567,417	1,810,858,611

STATEMENTS OF CASH FLOWS

(euro)	December 31, 2018	December 31, 2017
Cash flows from operating activities:		
Profit for the period	140,760,896	126,740,774
Adjustments for:		
Depreciation and amortization, losses on disposals and impairment losses on non-current assets	15,189,939	12,763,399
Net change in deferred tax assets and liabilities	102,634	(1,584,473)
Change in provisions for employee benefits	18,805	1,071,714
Change in trade receivables	(8,223,155)	(15,275,961)
Change in trade payables	6,787,421	13,656,313
Net change in miscellaneous receivables/payables and other assets/liabilities	4,195,000	(25,043,000)
Other non-monetary changes	3,154,783	2,020,554
Cash flows from operating activities	(a) 161,986,323	114,349,320
Cash flows from investing activities:		
Total purchase of intangible and tangible assets on an accrual basis (*)	(62,214,000)	(55,375,000)
Change in amounts due to fixed asset suppliers	13,575,000	19,649,000
Total purchase of intangible and tangible assets on a cash basis	(48,639,000)	(35,726,000)
Change in financial receivables and other financial assets	(18,068,240)	34,000
Deferred payment for the acquisition of control in subsidiaries or other businesses	(180,000)	(1,763,000)
Cash flows used in investing activities	(b) (66,887,240)	(37,455,000)
Cash flows from financing activities:		
Change in current and non-current financial liabilities	70,103,197	(19,933,292)
Purchase of treasury shares	(1,437,328)	-
Dividends paid	(114,000,000)	(88,200,000)
Cash flows used in financing activities	(c) (45,334,131)	(108,133,292)
Aggregate cash flows	(d=a+b+c) 49,764,953	(31,238,972)
Net cash and cash equivalents at beginning of the period	(e) 54,360,006	85,598,979
Net cash and cash equivalents at end of the period	(f=d+e) 104,124,959	54,360,006