

INWIT: BOARD OF DIRECTORS EXAMINES AND APPROVES THE FINANCIAL REPORT AT 30 JUNE 2020

- ▶ **REVENUES:** UP 46.7% ON THE FIRST HALF OF 2019, TO 287.4 MILLION EUROS. IN IIQ 2020 ALONE, THE RESULT IS 184.4 MILLION EUROS (+82.6%).
- ▶ **EBITDA:** 259.6 MILLION EUROS, UP BY 51.1% ON THE SAME PERIOD OF 2019. FOR IIQ ALONE, THE RESULT IS 171.6 MILLION EUROS (+92.7%).
- ▶ **EBIT:** STANDS AT 129.2 MILLION EUROS, UP BY 17.9% ON H1 2019.
- ▶ **NET PROFITS:** THE PERIOD RESULT COMES TO 71.7 MILLION EUROS, UP 3.5%.
- ▶ **RECURRING FREE CASH FLOW:** UP BY 19.9% ON THE SAME PERIOD OF 2019 TO 129.8 MILLION EUROS.
- ▶ **FERIGO:** “THE NEW INWIT: GROWTH AND MARKET LEADERSHIP. NOW FOR A FOCUS ON SPEEDING UP ORGANIC GROWTH IN SUPPORT OF OPERATORS IN THE COUNTRY’S DIGITISATION”
- ▶ **THE COMPANY HAS REPORTED ITS GUIDANCE FOR FY 2020, REFLECTING THE NEW POST-MERGER PERIMETER:** REVENUES 660-665 MILLION EUROS, EBITDA (EBITDA - LEASE COSTS) 410-415 MILLION EUROS, RECURRING FREE CASH FLOW 260-265 MILLION EUROS.

Rome, 30 July 2020 - The Board of Directors of Infrastrutture Wireless Italiane S.p.A. (INWIT), met today, chaired by Emanuele Tournon, and examined and approved the Financial Report as of 30 June 2020.

Main Results at 30 June 2020

- The results reflect the change in scope following the merger with Vodafone Towers, effective as of 31 March 2020, and the consolidation of the economic-financial results for the whole of the quarter.
- Revenues stood at 287.4 million euros, up 46.7 % on the same period of 2019 (195.9 million euros). Please note that one-off revenues are booked in both the first halves of 2020 and 2019. With reference to the second quarter of 2020, the increase on the same period of 2019 is 83.4 million euros (+82.6%). Revenues mainly derive from the 40,500 hostings of all the main mobile telephony and fixed wireless access operators on the market, as well as from the 3,700 small cell/DAS devices and 1,150 fibre connections;

- EBITDA is 259.6 million euros, **up by 51.1%** on the first half of 2019. This percentage grows to 55.4% if the mentioned one-off revenues are excluded along with the one-off costs relative to the merger with Vodafone Towers - equal to 6.8 million euros. As regards the results of the second quarter alone, the figure booked is 171.6 million euros, up 92.7% on the same period of 2019;
- EBIT is 129.2 million euros, an **increase of 17.9%** on the same period of 2019. Excluding the aforementioned one-off revenues/costs, the increase on the same period of 2019 was instead 23.4%. With reference to the second quarter alone, the increase is 25.4%, with 72.5 million euros;
- the **net profit** for the period stands at 71.7 million euros, **up by 3.5%** on the same period of 2019 (11.2% excluding the aforementioned one-off revenues/costs). For the second quarter alone the result is positive for 38.1 million. The EBIT and net profits were impacted by the increase in amortisation as a result of the significant growth in the value of tangible and intangible fixed assets following the merger with Vodafone Towers;
- **business investments** for the period came to 33.7 million euros, up 14.0 million euros on the first half of 2019 (+71.4%);
- **recurring free cash flow** for the first half of 2020 came to 129.8 million euros, **up 19.9%** on the same period of 2019. During the quarter, Recurring Free Cash Flow grew by 32.5% on the same period of 2019. Recurring free cash flow is impacted by the payment of tax in 2Q, against the payment of the same in 3Q 2019: normalising this effect, Recurring free cash flow records a 70% increase in quarter over the quarter of the previous year;
- **Net financial debt** at 30 June 2020 was 3.976 billion euros, including the component deriving from the application of IFRS16, equal to 1.148 billion euros. As compared with December 2019 (when net debt amounted to 712.1 million euros), the increase is mainly connected to the purchase of the equity investment of 43.4% of Vodafone Towers, equal to 2.140 billion euros, the payment of the extraordinary dividend for 570.0 million euros on 8 April and the payment of the ordinary dividend of 126.7 million euros on 21 May. Finally, the last component of the increase in the debt from December until now is due to the measurement in accordance with IFRS 16 of the lease contracts of Vodafone Towers S.r.l. (439.3 million euros);
- The company recorded post-merger Goodwill in the total amount of 6.113 billion euros, net of the posting of the fair value of intangible assets for 811.2 million euros, the allocation of material assets for 263 million euros and taking into account the deferred tax for 306 million euros;
- The Board of Directors has resolved the project to access the benefits of Italian Legislative Decree no. 185/2008 relative to the tax deductibility of goodwill, which will entail payment of prepaid tax in 2021 and consequent tax deductibility for the next 5 years. The approximate amount of goodwill that will be taxed is 2 billion euros;
- The company has reported its **guidance for FY 2020**, reflecting the new post-merger perimeter: revenues 660-665 million euros, EBITDA (EBITDA - lease costs) 410-415 million euros, recurring free cash flow 260-265 million euros.

Industrial activities

During this half-year, INWIT continued to develop its business:

- it has increased the number of hostings on its own sites by 250 units;
- it has met the demand for new sites by starting the construction of approximately 70 new sites;



- it has continued with the plan for multi-operator microcell coverage in the locations with the highest concentration of users and traffic, developing more than 300 devices;
- it has developed services for its customers, connecting 250 sites through backhauling in fibre;
- it has continued to improve its efficiency by pursuing the plan to renegotiate rental contracts and purchase land;

The company is focused on supporting the country's digital development, helping mobile operators in developing the 5G network quickly and efficiently and in enabling the development of innovative solutions for indoor and outdoor micro-coverage (as shown by the recent agreements with Luiss and Portrait Milano of the Ferragamo group).

“INWIT closes its first quarter after the integration with Vodafone Towers showing growth and consolidating its undisputed leadership position on the Italian market of infrastructures for wireless telecommunications. We see this as a solid starting point – commented CEO Giovanni Ferigo – on which to build progressive, organic growth of our business. We have the know-how and the people to speed up in the innovation and development of new infrastructures, whether new towers, DAS micro coverage systems or backhauling in fibre of our sites. The results achieved and the agreements we are stipulating, like the recent ones with Portrait Milano of the Ferragamo group and LUISS university, showing INWIT's role in supporting the country's digitisation, proposing the infrastructural solutions best suited to telecommunications operators to the benefit of the industries looking to develop their business by investing in new technologies. We believe that 5G and the other wireless technologies are a great opportunity by which to stimulate the economy and, more generally, to improve the life of the Italians. Technology and sustainability can coexist and we will be the first to make sure they do”.

Corporate governance

The Board of Directors has checked that the requirements of integrity and independence prescribed by current legislation and the Corporate Governance Code of Borsa Italiana are met by the Director **Angela Maria Cossellu**, appointed by the Shareholders' Meeting held on 28 July 2020 (already appointed by co-opting on 23 April 2020).

The Board has also supplemented the members of the Control and Risk Committee and Related Party Committee, confirming Angela Maria Cossellu as a member of such and as Chairman of the Control and Risk Committee.

Outlook for the 2020 financial year

With the merger of Vodafone Towers S.r.l., Inwit has become the biggest Italian operator in the sector and will have the mission of supporting TIM and Vodafone Italia S.p.A. in creating the new network for the development of 5G, while also guaranteeing that the whole market has access to its infrastructure thanks in particular to the spaces vacated by the joint project between TIM and Vodafone Italia S.p.A.

Meanwhile, the wireless infrastructure market continues to undergo a profound transformation process and 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 accomplish the evolution from 4G to

Infrastrutture Wireless Italiane S.p.A.

Registered Offices: Milan, at Via G. Negri 1 - 20123 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



5G. Fixed Wireless Access providers are also increasing their networks to expand coverage and improve the quality of service offered to customers.

Other radio network players like IoT or Public Safety providers are already in the market and the entrance of new entities specialized in specific product/market segments is expected thanks to the new use cases enabled by 5G. These market dynamics, combined with the growing willingness of operators to share infrastructure, have driven INWIT to forecast additional growth in its traditional business and a sharp acceleration in new businesses.

At present, in connection with the COVID-19 health emergency, the company has not recorded any significant negative impacts on performance and the related economic and financial results. Nevertheless, it is not unreasonable to suppose that the economy will contract, with potentially negative effects on the economic situation of the country.

The company is mapping the risks linked to COVID-19 and assessing the occurrence of events subject to said risks, which are unlikely to occur in view of the industrial sector in which it operates – telecommunications – which is one of the least impacted by the pandemic and by the company's business model, characterised by low volatility, the cyclical nature of the existing hostings and long-term contracts.

INWIT has taken all action necessary to combat and contain COVID-19 contagion, aiming to guarantee the protection of the health and safety of the company's workers. The company has envisaged agile working for the entire population, it has stipulated healthcare insurance at the company's expense for all employees in the event they should catch the coronavirus and it has guaranteed the sanitisation and adjustment of the workplace premises, in line with the safety protocols and regulations issued by the Government. To make our contribution to the country in coping with the health crisis of the pandemic, INWIT has also offered operators free activation of indoor mobile cover in 18 hospitals, many of which located in the worst-struck zones, thanks to the DAS infrastructures.

The economic and financial results of INWIT at 30 June 2020 will be illustrated to the financial community during a conference call scheduled for tomorrow, 31 July 2020 at 11 a.m. (CET). Journalists may listen in to the presentation, without asking questions, by calling: +39 0633444. The presentation to support the conference call will be made available in advance in the Investors section of the company website www.inwit.it.

Pursuant to sub-section 2, Article 154-bis of the Consolidated Law on Finance, the Manager responsible for preparing the corporate accounting documents, Diego Galli, has declared that the accounting disclosures contained in this press release correspond to the documentary evidence and the accounting books and records.



INWIT draws up and publishes Interim Reports on Operations for the first and third quarters of each year on a voluntary basis.

The Half Year Financial Report to 30 June 2020 includes the Interim Managing Report and the Condensed Financial Statements at 30 June 2020, prepared in accordance with the IFRS accounting standards issued by the IASB and endorsed by the EU and, in particular, with IAS 34 Interim Financial Reporting. The condensed Financial Statements at 30 June 2020 are audited.

Also note that the paragraph "Business Outlook for the year 2020" contains forward-looking statements regarding intentions, beliefs or current expectations of the Group in relation to the financial results and other aspects of the Group's activities and strategies. Readers of this press release should not place undue reliance on such forward-looking statements, as final results may differ significantly from those contained in the above-mentioned forecasts owing to a number of factors, the majority of which are beyond the Group's control.

INWIT

Press Office

pressoffice@inwit.it

INWIT

Investor Relations

ir@inwit.it