



## Press Release

**INWIT Board of Directors examines and approves the Half Year Financial Report at June 30, 2018.**

- ▶ HALF-YEAR PROFITS OF 188.9 MILLION EURO INCLUSIVE OF ONE-OFF. UP BY 8.7% COMPARED TO THE SAME PERIOD IN 2017 (+6.4% NET OF THE ONE-OFF). IN THE SECOND QUARTER OF 2018 UP BY 6.8% COMPARED TO THE PREVIOUS YEAR.
- ▶ HALF-YEAR EBITDA INCREASED BY 18.7% COMPARED TO THE SAME PERIOD IN 2017 (+14.4% NET OF THE ONE-OFF), REACHING 107.6 MILLION EURO. SECOND QUARTER UP BY 12.8% ON THE PREVIOUS YEAR
- ▶ HALF-YEAR NET PROFITS 70.2 MILLION EURO, UP 18.8% COMPARED TO THE SAME PERIOD OF THE PREVIOUS YEAR (+12.1% NET OF THE ONE-OFF)
- ▶ RECURRING FREE CASH FLOW FOR THE HALF-YEAR AMOUNTS TO 101.4 MILLION EURO, +27.1% COMPARED TO LAST YEAR (+22.1% NET OF THE ONE-OFF). DURING THE SECOND QUARTER ALONE, IT CAME TO 54 MILLION EURO.
- ▶ HALF-YEAR INVESTMENTS AT 26.1 MILLION EURO (UP +77% ON THE SAME PERIOD OF 2017) OF WHICH 15.3 MILLION IN THE SECOND QUARTER ALONE (+94%)
- ▶ NET FINANCIAL DEBT (AS PER ESMA RECOMMENDATIONS) AT JUNE 30 IS 79.7 MILLION EURO (+34 MILLION ON END 2017)
- ▶ INWIT “INDUSTRIAL CONSULTANT” FOR MORGAN STANLEY INFRASTRUCTURE AND HORIZON EQUITY FOR THE PURCHASE AND MANAGEMENT OF 3,000 TOWERS IN PORTUGAL
- ▶ FERIGO: THIRTEENTH CONSECUTIVE QUARTER SHOWING STRONG GROWTH BUT WE ARE ALSO READY FOR THE FUTURE CHALLENGES OF 5G, SMART CITIES AND INTERNET OF THINGS

*Rome, July 23, 2018*

The Board of Directors of Infrastrutture Wireless Italiane S.p.A. (INWIT), met today under the chairmanship of Stefano Siragusa, examined and approved the Half Year Financial Report at June 30, 2018.

### Principal results at 30 June 2018

In the first half of 2018, INWIT confirmed the trend of progressive increases in turnover from the main mobile phone operators, and in the profitability of its infrastructure, further increasing the co-tenancy ratio and continuing with the process of cutting the costs of rental contracts.

#### **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](mailto:adminpec@inwit.telecompost.it)



The **revenues** for the first half-year 2018 were **188.9** million euro and are inclusive of one-off income.

Compared to the 173.8 million of the I half-year 2017 there was an increase of 8.7% (+6,4% net of such income). Highlights:

- **130.5** million euro are from the TIM Group relative to the service contract, the **Master Service Agreement**, for the sites conferred
- **49.9** million euro derived from **third-party revenues** on the towers conferred, benefiting from one-off income as well.
- **8.5** million euro from the impact of hosting **new sites** and **new services**

In the second quarter of 2018 alone, revenues came to 93.4 million euro, up 6.8% on the same period of 2017. Revenues from operators other than TIM and the development of new infrastructural sites contributed towards this result.

**EBITDA** is **107.6** million euro, with a period margin of 56.9% (56% net of the one-off) and making for an increase of 18.7% on the first half of the previous year. (+14.4% net of the one-off) The EBITDA for the second quarter alone was 52.2 million euro, up 12.8% on the same period of 2017.

The operating profit (**EBIT**) came to **100.3** million euro in the first half of the year, with a margin of 53.1% (52.1% net of the one-off) and up 18.6% on the same period of last year (13% net of the one-off) .

In the second quarter alone, EBIT grew by 11.4% on 2017, up to 48.2 million euro.

**Net profits** for the first half of the year came to **70.2** million euro, with a margin of 37.1% (35.8% net of the one-off), up 18.8% on the first half of 2017 (12.1% net of the one-off).

During the second quarter, the net result amounts to 33.8 million euro, up 11.9% on the same period of the previous year.

**Capital expenditure** in the first six months of FY 2018 came to **26.1** million euro with respect to 14.7 million in the first half of 2017, with growth of 77%. In the second quarter alone investments amounted to over 15 million, up by 94% with respect to approximately 8 million in the same period of the previous year.

**Recurring Free Cash Flow** for the half-year totalled **101.4** million euro (27.1% higher than in the same period of 2017) (22.1% net of the one-off). During the second quarter alone, Recurring Free Cash Flow came to 54 million euro.

**Net financial debt** (as per ESMA recommendations) at June 30 is 79.7 million euro, up 34 million euro on end 2017.

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## **AS INDUSTRIAL PARTNER, INWIT WINS THE TENDER COMPETITION WITH MORGAN STANLEY INFRASTRUCTURE AND HORIZON EQUITY FOR THE PURCHASE OF THE 3,000 MEO (FORMERLY PORTUGAL TELECOM) ANTENNAE**

As industrial partner of the successful bidder consortium guided by Morgan Stanley Infrastructure and Horizon Equity Partners, Inwit took part in the tender competition launched by the Altice Group for the sale of the shares of the new company which will manage the 3000 towers of MEO (formerly Portugal Telecom). In this transaction Equita supported Inwit as a financial advisor.

Inwit's role does not envisage the purchase of shares in the new company; it will, however, be making an important contribution as industrial partner. The Italian company has been chosen for the experience accrued over the years spent in the management of mobile telephony infrastructure, which has made it an international level best practice.

Inwit has already operated as advisor in the tender phase, supervising in particular due diligence on the activities, the definition of the business plan of the new towers company and the negotiation of the Master Service.

Agreement, which will regulate relations between the company and the operator MEO for the multi-year site rental. For the activities described, already carried out during the tender competition, Inwit will be awarded a success fee, which will be paid at the time the transaction for the purchase is closed.

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Inwit's work as industrial partner of Morgan Stanley Infrastructure and Horizon Equity will also continue during the launch and management phase, with a contribution made towards management as well as consultancy and support provided by a team of people from the Italian company.

For this post-closing activity, Inwit will be remunerated with a fixed fee and a three-year variable premium linked to the results of the Portuguese company.

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*"In June, Inwit closed its thirteenth consecutive quarter of strong growth - stresses Giovanni Ferigo, Chief Executive Officer - the tenancy ratio has risen, along with our capacity to share antennas between several operators, which has reached 1.85 operators per tower; revenues are up and EBITDA is also up, confirming our three-year plan targets, along with our capacity to generate cash. Our participation in the tender process for the towers in Portugal, called by international partners of the calibre of Morgan Stanley Infrastructure, confirms that our reputation, as well as the market recognition of our experience and our capacity to manage this new business, have now also crossed over national boundaries. We are market leaders and pioneers and we will continue to be such, ready to make the most of the numerous growth opportunities linked with technological development. 5G, but also Smart Cities, through to the Internet of Things: we are ready for any and all of these challenges, building a network of "micro cells" and "DAS" (Distributed Antenna Systems) that can cover the entire national territory and meet any demands made by our customers. These are not proclamations but reality: the first to do so, we are starting to test multi-operator micro cells already prepared for 5G."*

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### Outlook for the 2018 financial year

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 Point of Services to expand their 4G coverage and accomplish the evolution from 4G to 5G.

Fixed wireless access providers are also increasing their networks to expand coverage and improve the quality of service offered to customers.

Other radio players like Internet of Things 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.

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## Corporate governance issues

The Board of Directors resolved to create a Strategy Committee, to be composed of the Chairman of the Board of Directors Stefano Siragusa, the Chief Executive Officer Giovanni Ferigo and Directors Enrico Maria Bignami, Mario Di Mauro and Secondina Giulia Ravera.

The new Committee:

- will ensure support on topics of strategic importance;
- at the request of the Chairman of the Board of Directors and of the Chief Executive Officer, and in coordination with the prerogatives of their duties and powers, will undertake preliminary assessments concerning the strategic choices;
- will supply opinions and formulate recommendation on the business plan proposals to bring to the Board of Directors.

The updated version of the Corporate Governance Principles of the Company and the Regulations for the operation of the Strategy Committee are being published on the company website [www.inwit.it](http://www.inwit.it), in the Governance section.

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The economic and financial results of INWIT at 30 June 2018 will be illustrated to the financial community during a conference call scheduled for today, July 23, 2018 at 6.30 pm (CET). Journalists may listen in to the presentation, without asking questions, by calling: +39 06 33486868. The presentation supporting the conference call will be made available in advance in the Investors section of the company website [www.inwit.it](http://www.inwit.it).

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Pursuant to subsection 2, Article 154-bis of the Consolidated Law on Finance, the Manager responsible for preparing the company's accounting documents, Mr Rafael Giorgio Perrino, has declared that the accounting disclosures contained in this press release correspond to the documentary evidence and the accounting books and records.

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*INWIT drafts and voluntarily publishes the Interim Reports on Operations for the first and third quarter of each financial year.*

*The Half Year Report to June 30, 2018 also includes the condensed Financial Statements to June 30, 2018 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 to 30 June 2018 are subject to a limited audit.*

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*The accounting criteria adopted are the same as those used for the financial statements as at December 31, 2017 with the exception of the adoption of the new accounting standards effective as from January 1, 2018, notably IFRS 9 (Financial Instruments) and IFRS 15 (Revenue from Contracts with Customers).*

*The adoption of these standards had no effect on the condensed interim financial statements as at June 30, 2018.*

*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 trend of operations and the company's financial position. The meaning and content of these indicators are explained in the annex.*

*Note that the section "Business Outlook for the 2018 financial year", contains forward-looking statements about the Company's intentions, beliefs and current expectations with regard to its financial results and other aspects of the Company's operations 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 Company's control.*

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