



Press Release

INWIT: BOARD OF DIRECTORS EXAMINED AND APPROVED THE INTERIM REPORT ON OPERATIONS AS OF SEPTEMBER 30, 2017

MAIN RESULTS IN THE THIRD QUARTER OF 2017:

- ▶ **NET PROFIT: 32.7 MILLION EURO**
(+ 30.3 % COMPARED WITH THE SAME PERIOD OF 2016)
- ▶ **EBITDA: 48.2 MILLION EURO**
(+ 15.6% COMPARED WITH THE THIRD QUARTER OF 2016)
- ▶ **REVENUES: 88.0 MILLION EURO**
(+ 4.9% COMPARED WITH THE THIRD QUARTER OF 2016)
- ▶ **NET FINANCIAL DEBT: 63.6 MILLION EURO (+6.0 MILLION EURO COMPARED WITH 30 JUNE 2017)**

MAIN RESULTS IN THE FIRST NINE MONTHS OF THE YEAR:

- ▶ **NET PROFIT: 91.8 MILLION EURO**
(+24.6 % COMPARED WITH THE SAME PERIOD OF 2016)
- ▶ **EBITDA: 138.8 MILLION EURO**
(+14.3 % COMPARED TO THE SAME PERIOD OF 2016)
- ▶ **REVENUES: 261.8 MILLION EURO**
(+5.2 % COMPARED WITH THE SAME PERIOD OF 2016)

Milan, November 7, 2017

The Board of Directors of Infrastrutture Wireless Italiane S.p.A. (INWIT), meeting today under the chairmanship of Francesco Profumo, examined and approved the Interim Report on Operations as of September 30, 2017.

Infrastrutture Wireless Italiane S.p.A.

TIM Group - Management and coordination TIM S.p.A. - Registered Office: Milan, Via G. Vasari 19 - 20135 Milan - Tax Code/VAT Registration Number and Milan Business Register Number 08936640963 - Share capital € 600,000,000.00 - certified email adminpec@inwit.telecompost.it



Main Results as of September 30, 2017

In the first nine months of the year, INWIT confirmed the upward trend in its EBITDA resulting from the increasing turnover, driven by a gradual increase in revenues from the main mobile phone operators, and by a fall in passive leasing costs.

In detail, for Q3 2017:

Revenue amounted to **88.0 million euro** (83.9 million euro in Q3'16), up 4.9% on the same quarter of 2016, including:

- 64.5 million euro from the TIM Master Service Agreement;
- 22.3 million euro from other customers, including Italy's leading mobile and other radio network operators;
- 1.2 million euro from new services and hosting on new sites.

EBITDA totalled **48.2 million euro** (41.7 million euro in Q3'16), with a margin on revenues of 54.8%, reflecting the increase in the number of tenants on sites and a reduction in space leasing costs. The Q3'17 EBITDA growth compared to Q3'16 is around 6.5 million euro, amounting to 15.6%.

Net profit for the quarter amounted to **32.7 million euro** (25.1 million euro in Q3'16), up by 30.3% compared with the same quarter of 2016.

Capital expenditure as of September 30, 2017 totalled **29.7 million euro**.

Net financial debt at the end of the quarter was **63.6 million euro**, up by 6 million euro compared to June 30, 2016.

“The Q3 results confirm the solidity of the company’s growth path. The aim of achieving a low teens increase in EBITDA we had set for ourselves in the Plan has been reached for the third quarter running. The revenues have grown because the number of customers choosing our infrastructure is rising and costs are falling thanks to a gradual reduction in leasing fees” - underlines INWIT’s CEO Oscar Cicchetti. “Furthermore, investments in innovative infrastructure like microcells and fibre backhauling provide a guarantee of steady growth for the future as well. All the conditions exist for us to continue making the most of our assets and seizing opportunities arising from the development of next generation wireless networks”.

Outlook for the 2017 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 operators.

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Mobile Operators need to increase access points to support new network architectures and to respond to the growing demand for connections and data traffic resulting from the use of images and video in communication and private and professional applications.

The radio networks of other entities that supply public safety, wireless local loop and Internet of Things services are also growing.

This context, combined with the growing willingness of operators to share infrastructure assets, allows INWIT to continue increasing its traditional business and assert itself in new services, confirming its 2017-2019 investment plan.

The most significant elements of the Company's growth path included in the 2017-2019 Plan are the following:

- An increase in the co-tenancy ratio, which in this quarter rose to 1.80x from the previous 1.70x during the same period of 2016, and which is expected to continue growing in the coming quarters.
- The continuation of the cost efficiency plan with the rationalisation of sites, renegotiation of rental contracts and the purchase of land that hosts its installations.
- The development of new business ventures, supported by investments in the creation of new sites, micro-coverage and fibre backhauling.

The results achieved and the investment plan adopted to date confirm a gradual growth in operating performance, consistent with the dynamics described in the Plan for 2017-2019.

Events after September 30, 2017

There have been no events of any impact since 30 September 2017.

Corporate governance issues

The Board of Directors appointed Mr. Venanzio Iacozzili as non-Executive Director of the Company to replace Elisabetta Colacchia, who resigned on 31 July this year.

Director Iacozzili does not own any shares issued by the Company and will remain in office until the next Shareholders' Meeting. His CV is available on the Company's website at www.inwit.it.

[The Board approved the adoption of the Group Regulations, intended to define the reference context in which TIM's direction and coordination activities applicable to all of the Group's subsidiaries is carried out, setting out the principles, limits, reach and procedural arrangements.

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The document will be made available on the Company's website at www.inwit.it, in the Governance/Governance System section.]

INWIT economic and financial results at September 30, 2017 will be illustrated to the financial community during a conference call scheduled for tomorrow November 8, 2017 at 10:30 (CET). Journalists may listen in to the presentation, without asking questions, by calling: +39 06 33168. The presentation supporting the conference call will be made available in advance in the Investors section of the company website www.inwit.it.

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.

Disclaimer

This press release contains forward-looking information on INWIT events and results, based on the industry current expectations, estimates and projections and on its management current views. By its very nature, such information entails risks and uncertainties as it depends on the occurrence of future events. Actual results might significantly differ from those announced due to multiple factors, including: global economic trends, competitive scenarios and political, economic and regulatory developments in Italy.

Note that the financial information relating to INWIT's third quarter 2017 contained in this document is drawn from the INWIT Interim Report on Operations as of September 30, 2017, drawn up in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board and approved by the European Union (defined as "IFRS"). This Interim Report is not subject to audit.

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ATTACHMENTS TO THE PRESS RELEASE

The Separate Income Statements, 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 for the period from January 1, 2017 to June 30, 2017.

SEPARATE INCOME STATEMENT

(thousands of euro)	1.1 - 30.9. 2017	1.1 - 30.9. 2016
Revenues	261.813	248.822
Acquisition of goods and services	(113.536)	(121.318)
Employee benefits expenses - Ordinary expenses	(5.712)	(4.740)
Employee benefits expenses - Expenses related to restructuring and rationalization	(1.064)	-
Other operating expenses	(2.679)	(1.344)
Operating profit before depreciation and amortization, capital gains (losses) and impairment reversals (losses) on non-current assets (EBITDA)	138.822	121.420
<i>of which: impact of non-recurring items</i>	<i>(1.064)</i>	<i>-</i>
Amortization, gains/losses on disposals and impairment losses on non-current assets	(9.281)	(10.238)
Operating profit (loss) (EBIT)	129.541	111.182
<i>of which: impact of non-recurring items</i>	<i>(1.064)</i>	<i>-</i>
Finance income	253	17
Finance expenses	(3.065)	(2.717)
Profit (loss) before tax	126.729	108.482
<i>of which: impact of non-recurring items</i>	<i>(1.064)</i>	<i>-</i>
Income tax	(34.898)	(34.731)
Profit for the period	91.831	73.751
<i>of which: impact of non-recurring items</i>	<i>(761)</i>	<i>-</i>
Basic and Diluted Earnings Per Share	0,153	0,123

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STATEMENTS OF FINANCIAL POSITION

Assets

(thousands of euro)	30.9.2017	31.12.2016
Assets		
Non-current assets		
Intangible assets		
Goodwill	1.411.770	
Intangible assets with a finite useful life	20.697	13.463
Tangible assets		
Property, plant and equipment	206.142	193.028
Other non-current assets		
Non-current financial assets	222	216
Miscellaneous receivables and other non-current assets	19.857	16.685
Deferred tax assets	-	1.231
Total Non-current assets	1.658.688	1.636.393
Current assets		
Trade and miscellaneous receivables and other current assets	81.547	51.894
Financial receivables and other current financial assets	9.156	89
Income tax receivables	2.552	-
Cash and cash equivalents	47.741	85.599
Total Current assets	140.996	137.581
Total Assets	1.799.684	1.773.974

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Equity and Liabilities

(thousands of euro)	30.9.2017	31.12.2016
Equity		
Share capital	600.000	600.000
Share premium reserve	660.000	660.000
Legal reserve	120.000	120.000
Other reserves	(66)	(91)
Retained earnings (losses) including earnings (losses) for the period	107.789	104.158
Total Equity	1.487.723	1.484.067
Liabilities		
Non-current liabilities		
Employee benefits	2.508	1.835
Deferred tax liabilities	33.741	-
Provisions	96.549	95.190
Non-current financial liabilities	79.852	99.763
Miscellaneous payables and other non-current liabilities	675	1.601
Total Non-current liabilities	213.325	198.389
Current liabilities		
Current financial liabilities	40.597	20.233
Trade and miscellaneous payables and other current liabilities	58.039	69.239
Income tax payables	-	2.046
Total current Liabilities	98.636	91.518
Total Liabilities	311.961	289.907
Total Equity and Liabilities	1.799.684	1.773.974

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CASH FLOW STATEMENT

(thousands of euro)	1.1 - 30.9.2017	1.1 - 30.9.2016
Cash flows from operating activities:		
Profit for the period	91.831	73.751
Adjustments for:		
Depreciation and amortization, losses on disposals and impairment losses on non-current assets	9.281	10.238
Net change in deferred tax assets and liabilities	34.964	25.494
Change in provisions for employee benefits	924	147
Change in trade receivables	(12.439)	(16.206)
Change in trade payables	3.554	16.012
Net change in miscellaneous receivables/payables and other assets/liabilities	(47.117)	(42.554)
Other non-monetary changes	1.599	1.729
Cash flows from operating activities	(a) 82.597	68.611
Cash flows from investing activities:		
Total purchase of intangible and tangible assets on an accrual basis (*)	(29.720)	(21.583)
<i>Change in amounts due to fixed asset suppliers</i>	7.757	2.792
Total purchase of intangible and tangible assets on a cash basis	(21.963)	(18.791)

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Change in financial receivables and other financial assets		(9.073)	(91)
Acquisition of control in subsidiaries or other businesses, net of cash acquired		-	(5.939)
Deferred payment for the acquisition of control in subsidiaries or other businesses		(1.763)	-
Proceeds from sale/repayment of intangible, tangible and other non-current assets		89	55
Other non-current assets changes		2	(38)
Cash flows used in investing activities	(b)	(32.708)	(24.806)
Cash flows from financing activities:			
Change in current and non-current financial liabilities		453	450
Dividends paid		(88.200)	(56.700)
Cash flows used in financing activities	(c)	(87.747)	(56.250)
Aggregate cash flows	(d=a+b+c)	(37.858)	(12.445)
Net cash and cash equivalents at beginning of the period	(e)	85.599	71.833
Net cash and cash equivalents at end of the period	(f=d+e)	47.741	59.388

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NET FINANCIAL DEBT

(thousands of euro)	30.9.2017	31.12.2016
A. Cash		
B. Other cash equivalents	47.741	85.599
C Securities held for trading	-	-
D Liquidity (A + B + C)	47.741	85.599
E. Current financial receivables	9.156	89
F Current financial payables	-	-
G Current portion of financial payables (medium/long-term)	(40.597)	(20.233)
H. Other current financial payables	-	-
I Current financial debt (F+G+H)	(40.597)	(20.233)
J Net current financial debt (I+D+E)	16.300	65.455
K Medium/long term financial payables	(79.852)	(99.763)
L Bonds issued	-	-
M Other non-current financial payables	-	-
N Non-Current financial debt (K+L+M)	(79.852)	(99.763)
O Net financial debt as recommended by ESMA (J+N)	(63.552)	(34.308)
Other financial receivables and other non-current financial assets	222	216
INWIT Net financial debt	(63.330)	(34.092)

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