

INWIT INTERIM FINANCIAL REPORT AT 30 SEPTEMBER 2019 EXAMINED AND APPROVED BY THE BOARD OF DIRECTORS

- ▶ **REVENUES** FOR THE FIRST 9 MONTHS OF 2019 AMOUNTED TO **292.1 MILLION EUROS**, UP BY **2.9%** COMPARED TO THE SAME PERIOD OF 2018 (+2.6% NET OF ONE-OFF ITEMS, EQUAL TO 4.8 MILLION EUROS).
- ▶ **COMPARABLE EBITDA**, ACCOUNTING STANDARDS BEING EQUAL, AMOUNTED TO **167.7 MILLION EUROS** IN THE FIRST 9 MONTHS OF 2019, WITH AN INCREASE OF **3.3%** (+4.4% NET OF THE ONE-OFF REVENUES AND ONE-OFF COSTS TOTALLING 2.4 MILLION EUROS) COMPARED TO THE FIRST NINE MONTHS OF 2018. IT IS **57.4%** OF REVENUES (57,2% IN THE FIRST NINE MONTHS OF 2018).
- ▶ **COMPARABLE EBIT** IN THE FIRST NINE MONTHS OF 2019, ACCOUNTING STANDARDS BEING EQUAL, AMOUNTED TO **154.8 MILLION EUROS**, UP **2.4%** (+3.5% NET OF ONE-OFF REVENUES/COSTS) COMPARED TO THE SAME PERIOD OF 2018.
- ▶ **COMPARABLE NET PROFIT** OF THE FIRST NINE MONTHS OF 2019 TOTALLED **108.4 MILLION EUROS**, POSTING A **2.5%** INCREASE (+4.1% NOT INCLUDING ONE-OFF REVENUES/COSTS) COMPARED TO THE SAME PERIOD OF THE PREVIOUS YEAR.
- ▶ **RECURRING FREE CASH FLOW** FOR THE PERIOD, CALCULATED NET OF ONE-OFF REVENUES/COSTS, WAS RECOGNISED AT **135.9 MILLION EUROS**, UP **8.2%** COMPARED TO THE FIRST NINE MONTHS OF 2018.
- ▶ **NET FINANCIAL DEBT** (TAKEN FROM ESMA RECOMMENDATIONS) AS AT 30 SEPTEMBER 2019 AMOUNTED TO **730.9 MILLION**. ACCOUNTING STANDARDS BEING EQUAL, NET FINANCIAL DEBT WAS POSTED AT **73 MILLION EUROS**, HIGHER THAN AT THE END OF 2018 (48.3 MILLION EUROS).

Rome, 5 November 2019

The Board of Directors of Infrastrutture Wireless Italiane S.p.A. (INWIT), met today under the chairmanship of Piergiorgio Peluso, and has examined and approved the Interim Financial report at 30 September 2019.

Main results at 30 September 2019

In the first nine months of 2019, INWIT confirmed its trend of a progressive increase in revenues from the leading mobile operators and the profitability of its infrastructure, further increasing the *tenancy ratio*, which went up from 1.86x for the first nine months of 2018 to 1.92x as at 30 September 2019.

The adoption of IFRS16 since the beginning of 2019 has modified the composition of the main economic and financial indicators, precluding immediate comparison with previous period results. The income statement and financial position figures for the first nine months of 2019 prepared in "comparable" terms are also shown in this document to enable a comparison of income and financial data for the first nine months of 2019 with the corresponding period of the previous year; said data were prepared using the previous accounting standards.

In greater detail, the following items are highlighted for the first nine months of 2019:

- In the first nine months of 2019 **REVENUES** amounted to 292.1 million euros (283.9 million euros in the corresponding period of 2018, +2.9%) and include revenues deriving from the service contract with Tim S.p.A. (Master Service Agreement), from third party customers on the transferred towers and the revenues from hosting

Infrastrutture Wireless italiane S.p.A.

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on new sites and of new services. Also included are organic items that, owing to their nature, are non-linear or one-off as regards the MSA contract indemnity clause for the years 2015-18 totalling 4.8 million euros. One-off revenues were also present in the corresponding period of 2018 coming from results of sharing and divesting sites, amounting to 3.9 million euros. Net of those one-off revenues, the comparison with the first nine months of 2019 showed a 2.6% growth.

- **Reported EBITDA** was recognised at 255.7 million euros and benefitted from application of IFRS 16 for the amount of 88.0 million euros. In 2019, there were also some one-off costs pertaining to the Daphne project (integration with Vodafone Towers) that totalled 2.4 million euros.
- **Comparable EBITDA**, calculated based on the accounting standards similar to those adopted in 2018, amounted to 167.7 million euros or 57.4% of revenues for the period (57.2% in the corresponding period of 2018). Compared to the first nine months of 2018, the increase was 3.3%, which rises to 4.4% when excluding the aforementioned one-off revenues/costs from the comparison.
- **Reported EBIT** amounted to 157.9 million euros, including a positive impact of 3.1 million euros after IFRS 16 was applied.
- **Comparable EBIT** for the first nine months of 2019 was posted at 154.8 million euros or 53% of revenues (53.2% in the corresponding period of 2018). In terms of absolute values, the increase was 2.4% compared to the first nine months of 2018. This increase rose to 3.5% after excluding the one-off revenues/costs from the comparison.
- **Reported NET PROFIT** for the period amounted to 98.9 million euros or 33.8% of revenues.
- **Comparable NET PROFIT** totalled 108.4 million euros or 37.1% of revenues. Compared to the first nine months of 2018, this rose by 2.5% (4.1% after excluding the one-off revenues/costs).
- **RECURRING FREE CASH FLOW** for the first nine months of 2019 - calculated net of both one-off revenues/costs (at EBITDA level) and the one-off payable not yet paid (Change in trade payable) - came to 135.9 million euros, showing 8.2% growth on the same period of 2018 (also determined considering EBITDA net of one-off revenues).
- **CAPITAL EXPENDITURES** made in the first nine months of 2019, totaling 35.1 million euros, refer to the purchase of land, land use rights, extraordinary maintenance, development of small cells, implementation of backhauling and construction of new infrastructures. The amount is slightly lower than that of the first 9 months of 2018 (-1.1 million euros).
- The **NET FINANCIAL DEBT** (based on ESMA recommendations) totalled 730.9 million as at September 30, 2019. Accounting standards being equal, net financial debt was posted at 73 million euros, higher than the end of 2018 when the figure was recognised at 48.3 million euros.

“The figures of the nine months of 2019 confirm that INWIT's industrial performance continues to guarantee the company's growth. INWIT was, and still is, busy with finalising the long-term partnership agreement with Tim and Vodafone, which will soon lead to the birth of the number one infrastructure operator in Italy”, said the CEO Giovanni Ferigo. “This new company will have the resources and capacity to support the development of 5G and the new wireless technologies while supporting the projects of all the subjects operating in the sector and allowing the country to confirm its leadership role in mobile telephony that it has won in recent years”.

Outlook for 2019

The wireless infrastructure market is continuing its profound transformation and demand for services from mobile operators and other radio network operators is growing.

Mobile Operators must increase their Service Access Points to expand 4G coverage and prepare for the transition from 4G to 5G. Wireless Fixed Access providers are also expanding their networks to increase coverage and improve the quality of service offered to customers.

Other radio network operators such as IoT and "Public Safety" providers are already on the market and new entrants are expected to specialise in specific product/market relationships through the innovative use models enabled by 5G.

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These market dynamics, combined with the growing willingness of operators to share network infrastructure elements, lead INWIT to expect, as previously communicated, further growth in traditional business and a strong acceleration in new businesses.

With reference to the Vodafone Towers integration operation, please refer to the Press Release published on 26 July 2019.

INWIT's economic and financial results at 30 September 2019 will be presented to the financial community during a conference call to be held today 5 November 2019 at 18:00 (Italian time). Journalists can follow the presentation by telephone, but shall be unable to ask questions, by connecting through: +39 06 33444. The presentation in support of the conference call will be provided in advance on the company's website www.inwit.it, in the Investors section.

Rafael Giorgio Perrino, the manager responsible for preparing the company's financial reports, hereby declares, pursuant to paragraph 2, article 154-bis of the Consolidated Law on Finance, that the accounting information contained in this press release corresponds to the company's results, books and accounting records.

INWIT voluntarily prepares and publishes the Interim Financial Reports for the first and third quarters of each financial year. The Interim Management Report at September 30, 2019 includes the condensed Financial Statements at September 30, 2019 prepared in compliance with the IFRS accounting standards issued by the IASB and implemented by the EU and, in particular, with IAS 34 Interim Financial Statements, the figures reported are unaudited. Starting from January 1, 2019 Inwit has applied the IFRS 16 (Leasing) by adopting the simplified retrospective method upon transition, the income statement and financial position figures for the first nine months of 2019 prepared in "comparable" terms are also shown in this document to enable a comparison of income and financial data for the first nine months of 2019 with the corresponding period of the previous year; said data were prepared using the previous accounting standards, and in particular IAS 17 was applied to account for leases as lessee, along with the distinction between operating and finance leases. The detailed effects of adopting the new accounting standard on the balances at January 1, 2019 are explained in the Interim Management Report at September 30, 2019 in the "Adoption of the new IFRS 16 standard (Leasing)" chapter. Note lastly, that the chapter "Business outlook for the year 2019" contains forward-looking statements related to management's intentions, beliefs, or current expectations regarding the financial performance and other aspects of the Company's operations and strategies. Readers of this press release are cautioned not to place undue reliance on these forward-looking statements as the actual results may differ materially from those contained in those forward-looking statements as a result of a number of factors, most of which are not within the Group's control.

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