



Press Release

INWIT: BOARD OF DIRECTORS EXAMINES AND APPROVES THE HALF-YEAR FINANCIAL REPORT AT 30 JUNE 2017

- ▶ REVENUES: 173.8 MILLION EURO (+5.4% COMPARED TO THE FIRST HALF OF 2016)
- ▶ REVENUES FROM OTHER OPERATORS: 43.0 MILLION EURO (+14.3% COMPARED TO THE SAME PERIOD OF 2016)
- ▶ EBITDA: 90.6 MILLION EURO (+13.7% COMPARED TO THE FIRST HALF OF 2016)
- ▶ EBITDA MARGIN: 52.1% WITH AN INCREASE OF 3.8% COMPARED TO THE SAME PERIOD OF 2016
- ▶ PROFITS: 59.1 MILLION EURO (+21.6% COMPARED TO THE FIRST HALF OF 2016)

Milan, 25 July 2017

The Board of Directors of Infrastrutture Wireless Italiane S.p.A. (INWIT), which met today under the chairmanship of Francesco Profumo, examined and approved the Half-Year Report at 30 June 2017.

Main Results at 30 June 2017

In the first half of the year, the results confirm the steady increase in both turnover from the leading mobile radio operators and in the profitability of the company's infrastructure, with the co-tenancy ratio further increasing and the passive rental cost-cutting activity continuing.

In the first half of 2017, revenues totalled 173.8 million euro, (up 5.4% from the same period of 2016), of which:

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Telecom Italia Group - Telecom Italia S.p.A. Direction and coordination

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

EBITDA totalled **90.6 million euro**, with a 52.1% margin on revenues reflecting the increase in the number of tenants on sites and the reduction in leasing costs. In the first half of 2017, the EBITDA growth, was approximately 10.9 million euro (+ 13.7%) compared to the same period of 2016.

Operating profit (EBIT) was **84.6 million euro** (a 15.7% increase compared to the first half of 2016).

The net profit for the half-year totalled **59.1 million euro** (21.6% higher than in the same period of 2016).

In the half-year 2017, capital expenditure totalled **14.7 million euro** (up 3.1 million euro vs the same period in 2016) and included the acquisition of land and building rights, as well as the creation of new infrastructure, both traditional (new sites) and new generation (small cells).

Net financial debt at the end of the half-year totalled **57.6 million euro** (24.7 million euro less than the debt at 30 June 2016), equalling 0.3 times the annualised EBITDA.

“This half-year’s results confirm the soundness of our business and the viability of our growth path” – **commented Oscar Cicchetti, Chief Executive Officer of INWIT**. “We are convinced that in the transition from 4G to 5G, operators will increasingly need traditional and innovative wireless infrastructures, and INWIT wants to seize all present and future opportunities to support operators as they develop radio networks and to invest in the construction of new sites, micro-cell coverage systems, and fibre connections”.

Outlook for Financial Year 2017

The mobile radio infrastructure market is undergoing a major transformation, triggered by the growth in broadband connections, as a result of the increasingly widespread use of images and videos in both communications and personal and professional applications. This increase in demand requires 4G coverage expansion, and an evolution in the architecture of the mobile radio networks that, to deliver high speeds and low latencies, will require a high number of cells and microcells.

In that context, as well as implementing the planned growth in hosting contracts, and continuing the process of rationalising and releasing value from its assets, INWIT intends to invest in the development of its infrastructure and, in particular, in the creation of new sites, micro-coverage, land acquisition and fibre backhauling.

Against such a backdrop and consistently with the trend described in the 2017-2019 Plan, we envisage a step-wise improvement in operational performance as a result of the actions illustrated above.

Corporate Governance Issues

The Board of Directors has approved:

- the new “Inside information and insider dealing Policy” to replace the previous “Policy for the internal management and public disclosure of inside information” - which sets out the principles and rules governing INWIT’s internal management and public disclosure of - inside information, as defined by the law, and governs the list of people having access to it. It also regulates the Company’s activities with respect to its obligations concerning internal dealing;

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- some amendments to the Policy regulating transactions with related parties regarding operational aspects.

Finally, the Board of Directors has acknowledged that as of 31 July 2017 the Head of the Business Support Department, Mrs Silvia Ponzoni, a Key Manager of the Company, will terminate her employment at INWIT based on a consensual agreement. The Company would like to thank Mrs Ponzoni - who does not hold shares in INWIT - for her professional contribution.

Starting from 1 August 2017, the new Head of the Business Support Department will be Mr Andrea Balzarini who has been identified as a Key Manager of the Company by the Board of Directors. The curriculum vitae of Mr Balzarini - who has stated that he does not own shares in INWIT - is attached to this press release.

The Inside information and insider dealing Policy and the updated version of the Policy regulating transactions with related parties will be made available on the Company website at www.inwit.it, in the Governance/Governance System section.

The consolidated economic and financial results of the INWIT Group at 30 June 2017 will be illustrated to the financial community during a conference call scheduled for today at 5.30 pm (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.

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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.

To such extent, please note that the audit work (Limited Review) by our independent auditors on the 2017 Interim Financial Statements for the period ended June 30, 2017 have not yet been completed.

SEPARATE INCOME STATEMENT

(thousands of euro)	1st Half 2017	1st Half 2016
Revenues	173,832	164,873
Acquisition of goods and services	(76,076)	(81,371)
Employee benefits expenses - Ordinary expenses	(3,931)	(3,214)
Employee benefits expenses - Expenses related to restructuring and rationalization	(821)	-
Other operating expenses	(2,398)	(579)
Operating profit before depreciation and amortization, capital gains (losses) and impairment reversals (losses) on non-current assets (EBITDA)	90,606	79,709
<i>of which: impact of non-recurring items</i>	<i>(821)</i>	<i>-</i>
Amortization, gains/losses on disposals and impairment losses on non-current assets	(6,042)	(6,634)
Operating profit (loss) (EBIT)	84,564	73,075
<i>of which: impact of non-recurring items</i>	<i>(821)</i>	<i>-</i>
Finance income	104	14
Finance expenses	(1,947)	(1,784)

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Profit (loss) before tax	82,721	71,305
<i>of which: impact of non-recurring items</i>	<i>(821)</i>	<i>-</i>
Income tax	(23,639)	(22,702)
Profit for the period	59,082	48,603
<i>of which: impact of non-recurring items</i>	<i>(588)</i>	<i>-</i>
Basic and Diluted Earnings Per Share	0.098	0.081

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STATEMENTS OF FINANCIAL POSITION

Assets

(thousands of euro)	6.30.2017	12.31.2016
Assets		
Non-current assets		
Intangible assets		
Goodwill	1,411,770	
Intangible assets with a finite useful life	16,932	13,463
Tangible assets		
Property, plant and equipment	198,169	193,028
Other non-current assets		
Non-current financial assets	219	216
Miscellaneous receivables and other non-current assets	18,969	16,685
Deferred tax assets	-	1,231
Total Non-current assets	1,646,059	1,636,393
Current assets		
Trade and miscellaneous receivables and other current assets	70,625	51,894
Financial receivables and other current financial assets	9,068	89
Income tax receivables	-	-
Cash and cash equivalents	53,359	85,599
Total Current assets	133,052	137,581
Total Assets	1,779,111	1,773,974

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(thousands of euro)	6.30.2017	12.31.2016
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	75,040	104,158
Total Equity	1,454,974	1,484,067
Liabilities		
Non-current liabilities		
Employee benefits	2,473	1,835
Deferred tax liabilities	21,175	-
Provisions	95,690	95,190
Non-current financial liabilities	79,827	99,763
Miscellaneous payables and other non-current liabilities	685	1,601
Total Non-current liabilities	199,850	198,389
Current liabilities		
Current financial liabilities	40,215	20,233
Trade and miscellaneous payables and other current liabilities	82,026	69,239
Income tax payables	2,046	2,046
Total current Liabilities	124,287	91,518
Total Liabilities	324,137	289,907
Total Equity and Liabilities	1,779,111	1,773,974

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CASH FLOW STATEMENT

(thousands of euro)	1st Half 2017	1st Half 2016
Cash flows from operating activities:		
Profit for the period	59,082	48,603
Adjustments for:		
Depreciation and amortization, losses on disposals and impairment losses on non-current assets	6,042	6,634
Net change in deferred tax assets and liabilities	22,398	13,465
Change in provisions for employee benefits	896	258
Change in trade receivables	(18,359)	(2,513)
Change in trade payables	14,180	10,340
Net change in miscellaneous receivables/payables and other assets/liabilities	(5,695)	(36,973)
Other non-monetary changes	1,066	800
Cash flows from operating activities	(a) 79,610	40,614
Cash flows from investing activities:		
Total purchase of intangible and tangible assets on an accrual basis (*)	(14,743)	(11,643)
<i>Change in amounts due to fixed asset suppliers</i>	1,575	(542)
Total purchase of intangible and tangible assets on a cash basis	(13,168)	(12,185)
Change in financial receivables and other financial assets	(8,982)	(55)

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Acquisition of control in subsidiaries or other businesses, net of cash acquired		-	(5,939)
Deffered ^b payment for the acquisition of control in subsidiaries or other businesses		(1,643)	-
Proceeds from sale/repayment of intangible, tangible and other non-current assets		88	55
Other non-current assets changes		3	(41)
Cash flows used in investing activities	(b)	(23,702)	(18,165)
Cash flows from financing activities:			
Change in current and non-current financial liabilities		46	46
Dividends paid		(88,194)	(56,700)
Cash flows used in financing activities	(c)	(88,148)	(56,654)
Aggregate cash flows	(d=a+b+c)	(32,240)	(34,205)
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)	53,359	37,628

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NET FINANCIAL DEBT

(thousands of euro)	6.30.2017	12.31.2016
A. Cash		
B. Other cash equivalents	53,359	85,599
C Securities held for trading	-	-
D Liquidity (A + B + C)	53,359	85,599
E. Current financial receivables	9,068	89
F Current financial payables		-
G Current portion of financial payables (medium/long-term)	(40,215)	(20,233)
H. Other current financial payables		
I Current financial debt (F+G+H)	(40,215)	(20,233)
J Net current financial debt (I+D+E)	22,212	65,455
K Medium/long term financial payables	(79,827)	(99,763)
L Bonds issued		-
M Other non-current financial payables		-
N Non-Current financial debt (K+L+M)	(79,827)	(99,763)
O Net financial debt as recommended by ESMA (J+N)	(57,615)	(34,308)
Other financial receivables and other non-current financial assets	219	216
INWIT Net financial debt	(57,396)	(34,092)

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Andrea Balzarini - Business Support

Andrea Balzarini

Head of Business Support in INWIT

Born on September 19th, 1970

August 1, 2017 he is nominated Head of Business Support function for INWIT s.p.a.

From the establishment of the company until May 2015 he was a member of the Company's Board of Directors.

On March 16th, 2003 he was hired by TELECOM ITALIA S.p.A. in the Finance, Administration and Control department, joining the Finance team. In November 2006 he is appointed Head of Group Treasury and Capital Markets. On October 1st, 2009 he is appointed Head of Corporate Finance within the Finance function of the Administration Finance and Control Department.

On May 30th, 2011 he is appointed Head of Finance within the Administration, Finance and Control & International Development department. On November 19th, 2014 he is appointed Head of FINANCE and INSURANCE within the Administration, Finance and Control department, responsible for ensuring financial planning, treasury and financial risk management, for raising financial resources on national and international markets, for holding relationships with banks and rating agencies, for the execution and management of insurance plans and relevant claims as well as for financial activities related to national and international acquisitions and disposals at Group level.

On July 1st, 2002 he is assistant to the CFO at OLIVETTI s.p.a.

On December 16th, 2000 he works at financial planning at PIRELLI INTERNATIONAL in London.

On September 1st, 1999 he works at financial planning and control at PIRELLI FINANCE in Basel (CH).

On September 1st, 1996 he joins Pirelli Group, in PIRELLI S.p.A at the ECONOMIC DEPARTMENT.

He graduated in Economics at L. Bocconi University in 1995.

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