



Q3 Financial Results Business Plan 21-23 Update

‘Enabling digital growth’

05 November 2020



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The 3Q 2020 and the 9M 2020 financial information of INWIT were prepared in accordance with the International Financial Reporting Standards issued by the International Accounting Standards Board and endorsed by the European Union (designated as “IFRS”).

It worth to remind that the Company has been merged with Vodafone Towers as of 31 March 2020, and thus the interim financial statements AS OF March 31, include 1 day of Vodafone Towers' P&L.

Following the adoption of IFRS 16, INWIT uses the additional alternative performance indicator of EBITDA after Lease ("EBITDAaL"), calculated by adjusting the EBITDA for the ground lease costs. Such alternative performance measure is not subject to audit.

For the Recurring FCF the formula is the following

Recurring Free Cash Flow calculated as EBITDA RECURRING IFRS 16 - ground lease payment - recurring CAPEX + change in net working capital not related to development CAPEX – cash taxes – financial interest payment.

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Q3 highlights: the acceleration has started

Improving Financials

+2%

Q3 Revenue Organic YoY

New Hospitalities

+510

New tenants

New Small Cells/DAS

+600

RUs

New Agreements

- Small cells pilot in main cities with TIM
- Milan new subway
- Philip Morris Plant

Costs Optimization

+800

renegotiations /
land acquisitions

Two Successful Bonds

€1.75 bn

notes issued

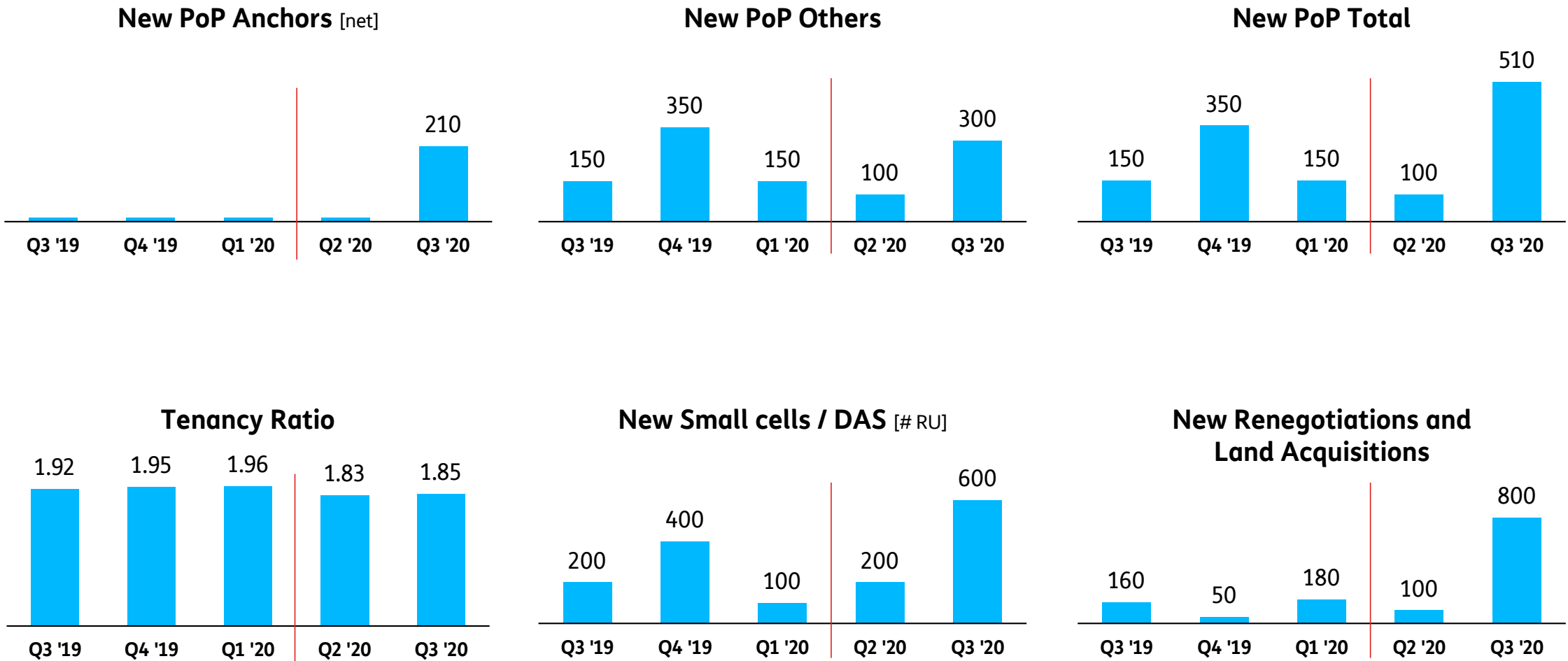
Average cost of debt 1.8%
Debt maturity extended

No significant impact from COVID-19

Technical operations continue without disruption, remote working implemented



Q3 KPIs: step change across the business



Q3: better financials, guidance improved

(€m)	Q2 2020	Q3 2020
Anchors MSA	161.3	163.4
OLOs and others	21.1	20.6
New services	2.1	2.1
Total Revenue	184.4	186.1
Opex	12.9	13.3
EBITDA	171.6	172.8
EBITDA margin	93%	93%
D&A	99.1	95.2
Interests	17.4	20.6
Taxes	16.9	16.7
Net Income	38.1	40.3
Net Income margin	21%	22%
Lease costs	52.6	51.8
EBITDAaL	118.9	121.0
EBITDAaL margin	64%	65%

Q3 organic revenue YoY growth vs Proforma '19

+1.9%

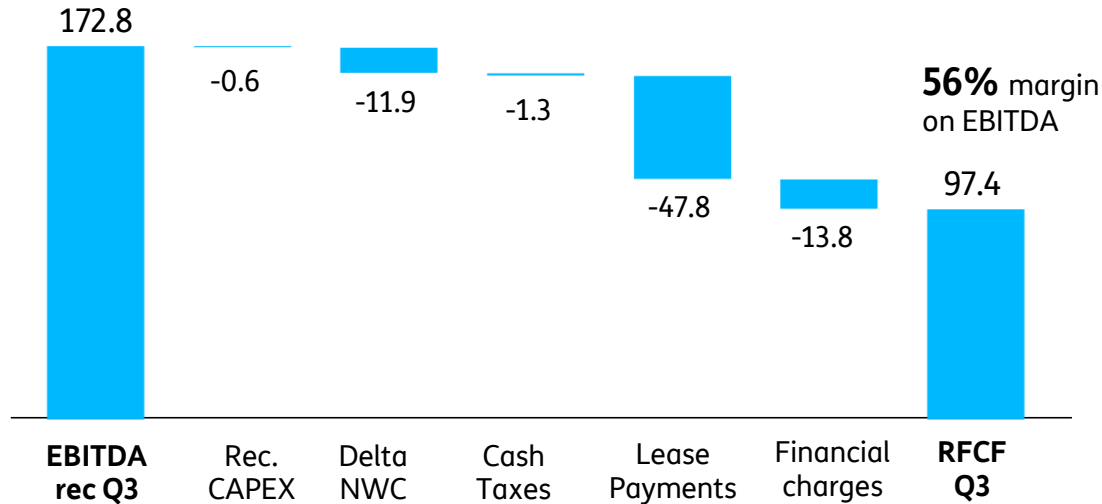


Year-End '20 Guidance improved¹

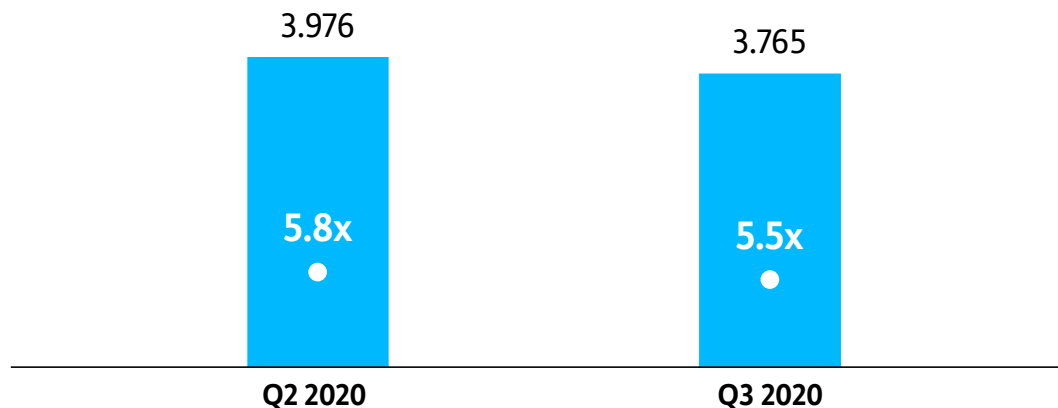
	Old	Update
• Revenue	660-665	top of range
• EBITDA	595-600	> 600
• EBITDAaL	410-415	> 415

Q3: strong cash conversion; enhanced remuneration

RFCF build-up (Q3 2020) [€m]



Net Financial Position [€m] and Leverage Ratio¹



✓ Year-End '20 Guidance improved

	Old	Update
• RFCF	260-265	>265

Dividend Policy

€0.30 DPS to be paid in 2021

Progressive growth +7.5% YoY

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Strong growth and RFCF conversion

Guidance

€m Margin (%) ¹	Guidance PF 2020	Guidance 2021	Guidance 2023	Growth 2020-2023 [CAGR ¹ on mid-point]
Revenue	750	785-795	920-960	+7.8%
EBITDA	680 91%	715-725 91%	840-880 91%	+8.1%
EBITDAaL	470 63%	510-520 65%	650-690 71%	+12.5%
RFCF	310 ² 41%	355-365 46%	560-600 ³ 62%	+23.2%
DPS ⁴ [€]	0.30	0.32	0.37	+7.5% (YoY 21-23)

Financial progression in line with July-19 guidance for 2026, RFCF target reached almost 3 years earlier

¹ Margin and CAGR based on **mid-point**

² Pro-forma guidance additional vs. July-20 reported guidance

³ Recurring Free Cash Flow includes benefit of tax scheme in 2023

⁴ DPS consistent with updated dividend policy

2021-23: €1.4 bn RFCF devoted to growth & remuneration

Capital allocation

Growth Capex

€0.5 bn

Cumulative 2021-23

Goodwill tax scheme

€0.3 bn

Cash-out in 2021 to
deliver >€160m NPV
in 5 years

Shareholders remuneration

€0.9 bn

Cum cash-out 2021-23,
DPS €0.30 on 2020,
+7.5% onwards

Deleveraging

4.6x

Leverage ratio in 2023
Target to max 6x and
current ratings

Further options

c. **€1 bn**

Headroom in 2023
to capture inorganic
growth or to increase
shareholders remuneration



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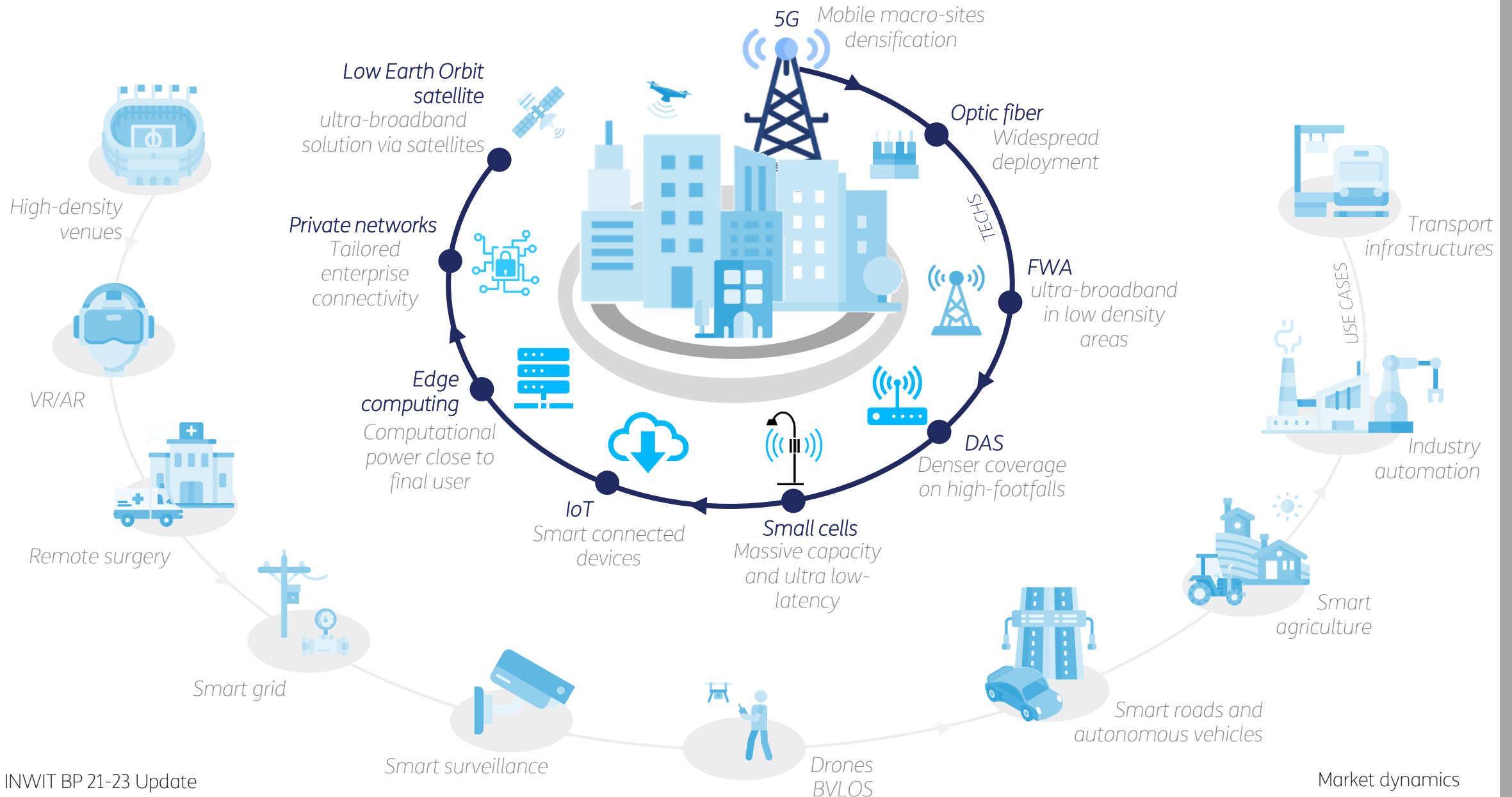
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Massive demand for connectivity served by 5G ecosystem



Towers evolving from passive to digital infrastructure

Towers key distinctive features



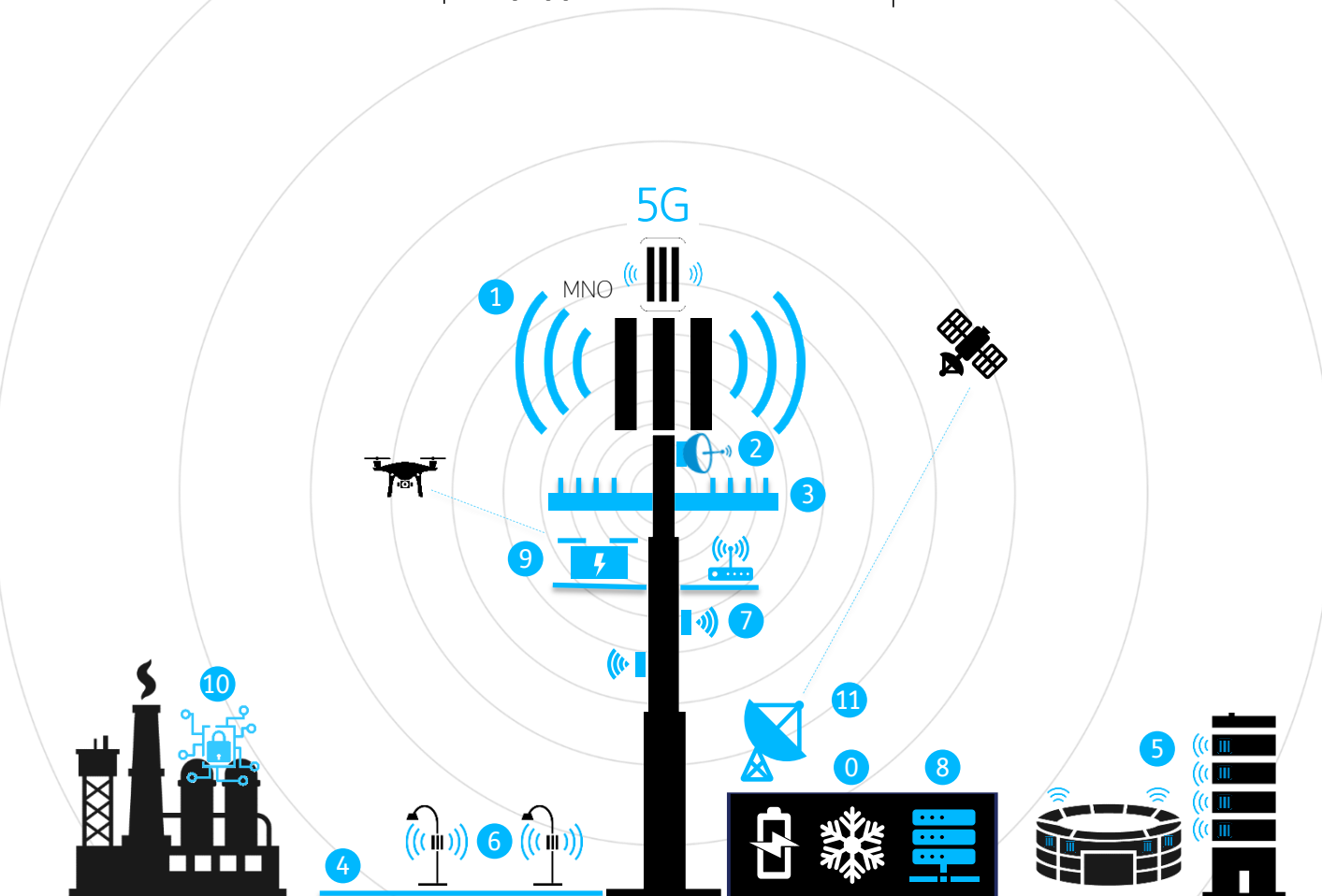
Towers host connectivity antennas as well as fiber



Towers guarantee secure space, with presence of power and cooling



Towers are well-distributed across urban and rural areas



7 IoT sensors / gateways

- Hosting
- LPWA networks
- Data collection

8 Edge and BS hotel

- Hosting infra
- Infra-as-a-Service

9 Drones

- Hosting & recharging
- Navigation support
- Inspection services

10 Campus infrastructures

- Licensed networks
- Unlicensed networks

11 Satellite Infra

- Hosting ground infra
- Backhaul

0 Equipment

- Secured space
- Power
- Cooling

1 MNO antennas

- Hosting

2 FWA antennas

- Hosting

3 mMIMO antennas

- Hosting

4 Fiber Backhaul

- FTTT

5 DAS

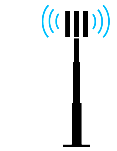
- Indoor, denser cov.

6 Small cells

- Outdoor, massive cap.

INWIT's distinctive assets

Best-quality assets thanks to first mover advantage



22k+

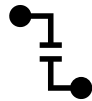
48% market share

Urban 43% of towers; Rural 57%
One tower every 3km



41k tenants

32.2k anchors, 8.8k other parties



1.1k

Own fiber backhaul links

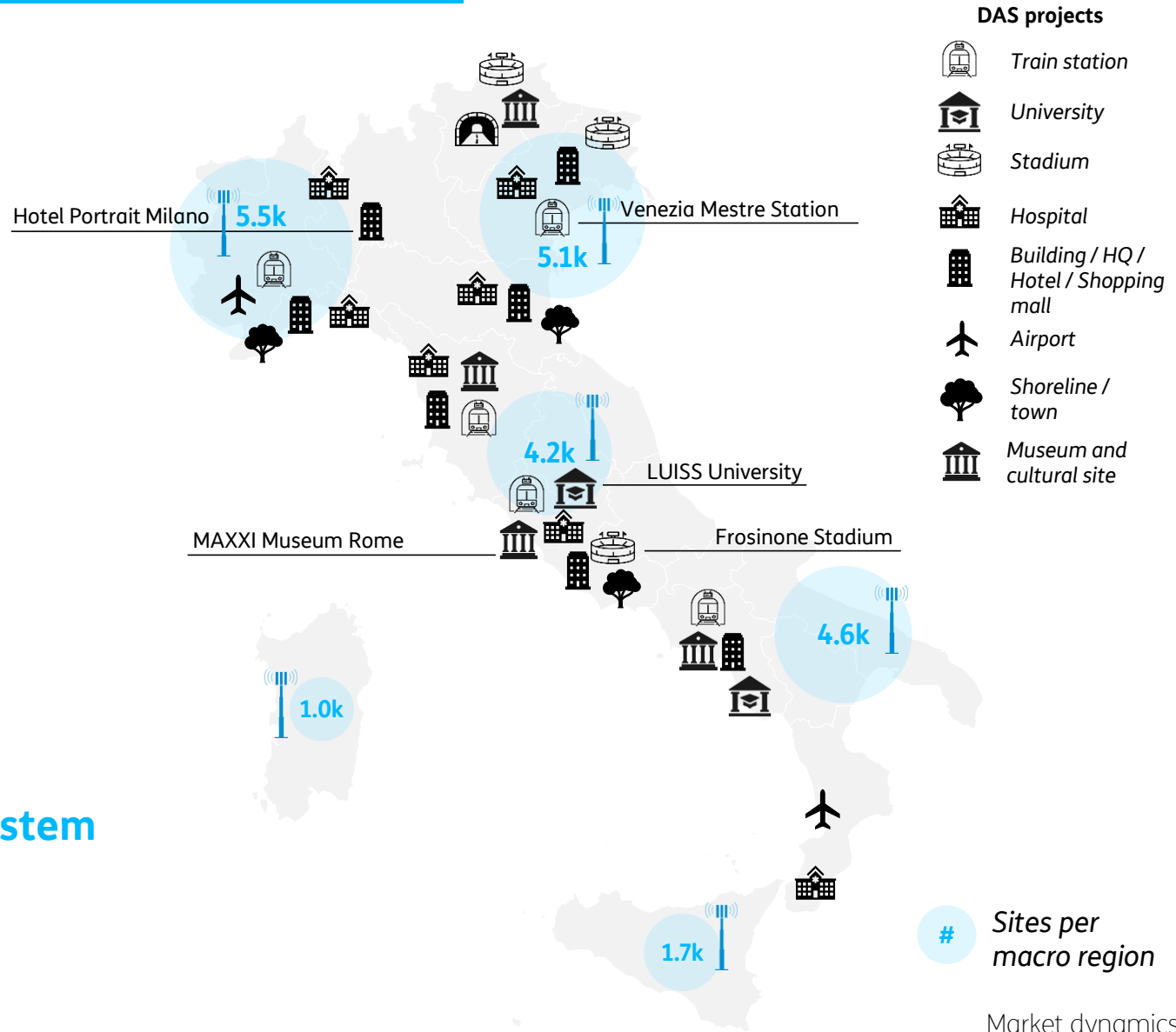


4.3k

RU SC and DAS




200 FTEs; ~ 1k people ecosystem



INWIT benefiting from tech and investment momentum

Market growth drivers

- 
- Infrastructure investments to speed up digitalization in Italy
Industry will benefit from €40bn Next Generation EU funds
 - 5G ultrabroadband networks roll-out acceleration
 - Small cells complementing 5G (massive capacity and ultra-low latency), with DAS providing denser coverage
 - FWA will be a key complement to FTTH roll-out
 - Millions of objects connected via complementary LPWAN & NB-IoT networks to enable digital use-cases
 - Distributed computing power on edge nodes required by advanced digital applications

INWIT best-placed to capture market growth opportunities

- 🕒 Mobile equipment's densification and FWA's coverage as growth drivers in the short term
- 🕒 Development of DAS and small cells markets following 5G take up
- 🕒 IoT and Edge ecosystems in urban (smart city) and rural areas over time

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Strong and sustainable growth driven by 4 pillars

Business Plan 21-23 growth framework and ambitions to 2026

GROWTH PILLARS



ENABLERS



MSA



- MSA with tier-1 anchor clients supporting their transition towards the 5G ecosystem
- 8 years terms, renewable for further periods of 8 years with an «all or nothing» mechanism

FIXED FEE

- CPI linked, with floor at 0%
- ~ €650m pro forma in 2020

CONTRACTUALIZED

Contractualized services related to:

- 1 4.8k new PoPs on 2.4k new sites
- 2 7.9k new PoPs / common grid on existing sites
- 3 Other services: backhauling and small cells / DAS

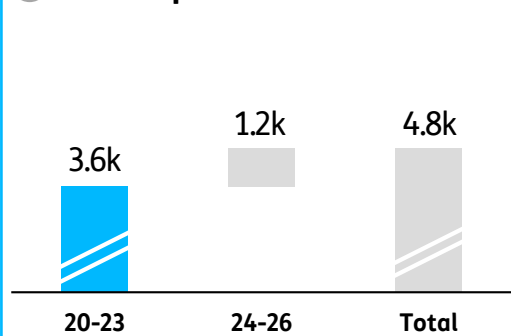
Same value vs. July 19 plan with slightly different mix

PLANNED SERVICES

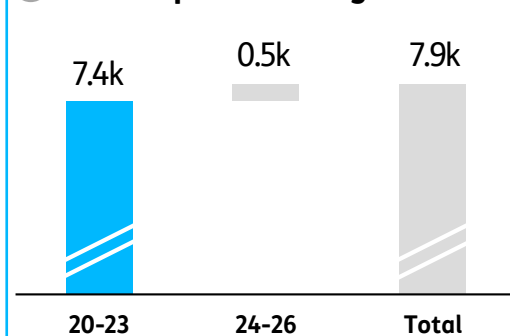
- Preferred supplier for additional services with 'first offer' and 'last call' options
- Ongoing commercial negotiations for contracting new services

commitment

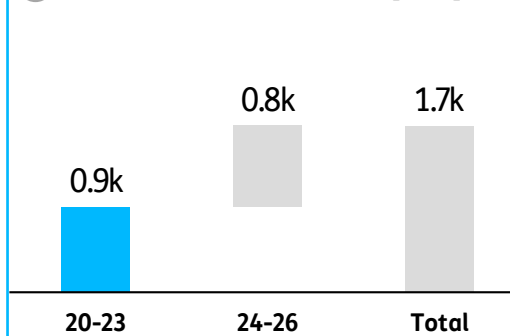
1 New Pops on new sites



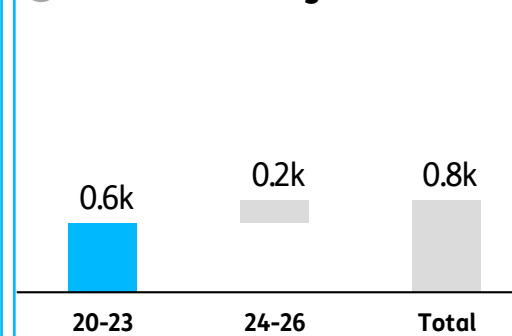
2 New Pops on existing sites



3 New Small cells / DAS [#RU]



3 New Backhauling links



Serve Other Parties demand as neutral host

MNOs

- Inwit is a neutral host with commercial relationship with all players in the market



iliad

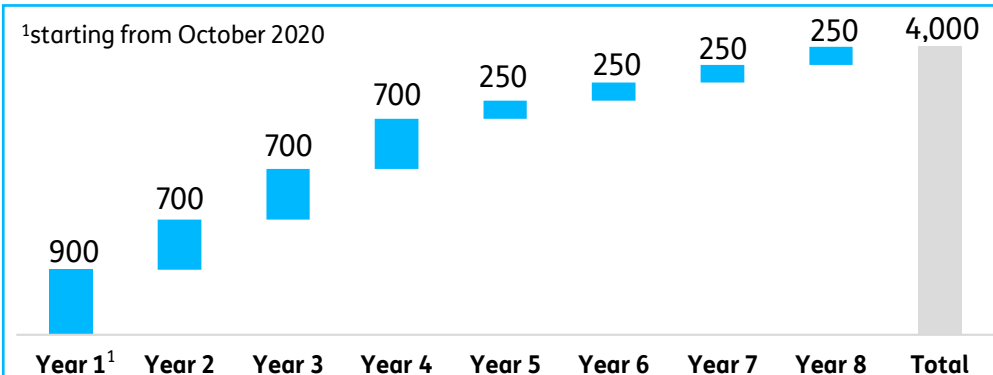
FASTWEB



linkem

open fiber

Remedies (MNOs + FWAs)

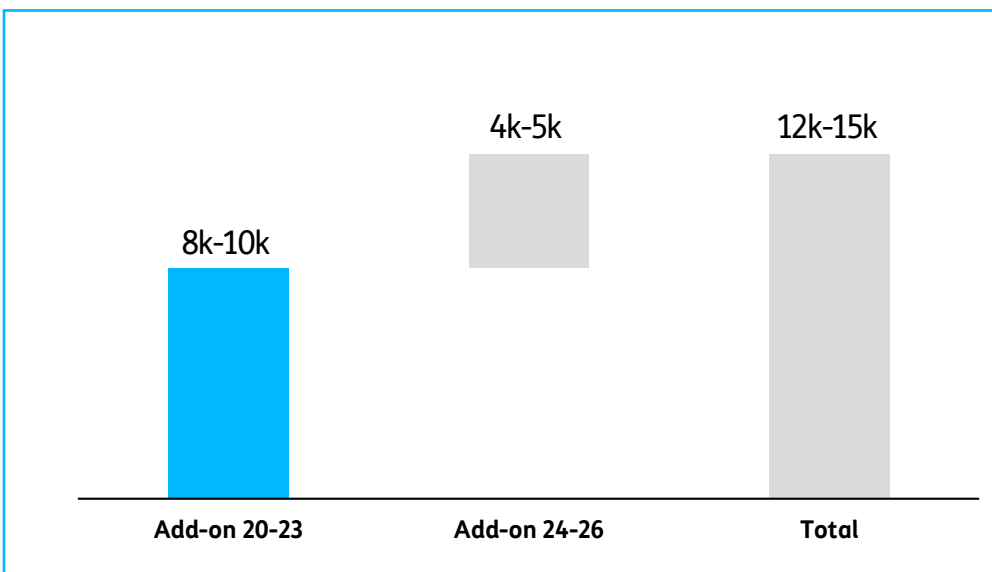


Commitment to the EU Antitrust Authority to select 4k sites in municipalities with >35k inhabitants (“Available Sites”) that Inwit shall make available to MNOs and FWAs at fair, reasonable and non-discriminatory conditions

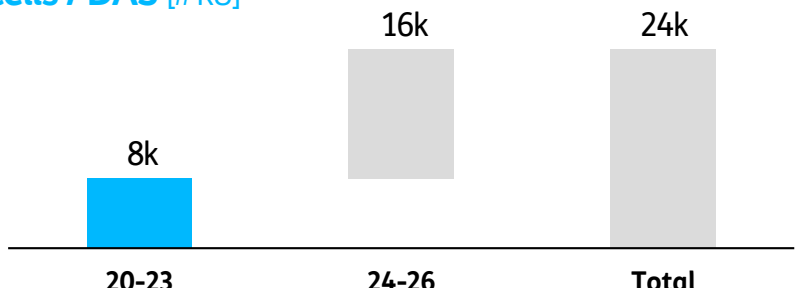
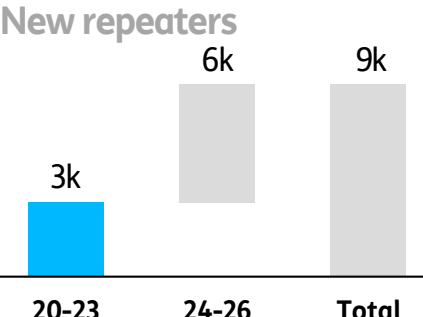
FWAs

- High demand for FWAs to complement 5G and Fiber networks in low density areas

New PoPs other parties (MNOs, FWAs, OTMO) – incl. remedies



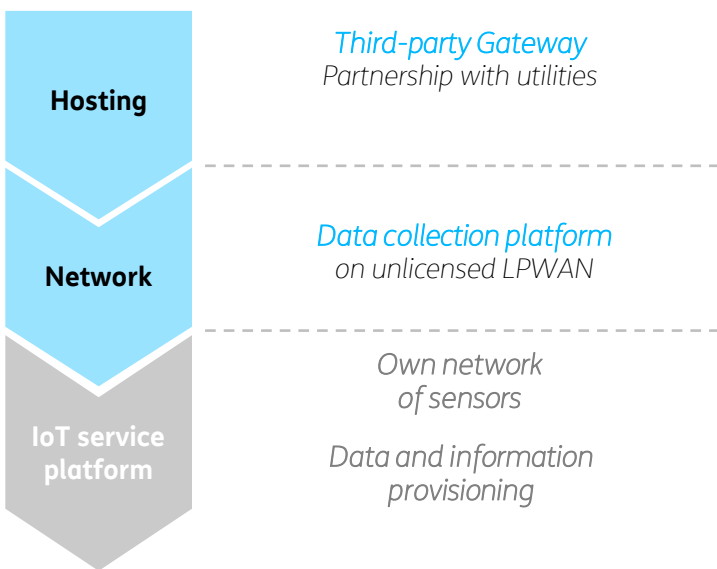
Small Cells/DAS: commercial focus to develop business at scale over time

	DAS		Small Cells	Repeaters																
Focused verticals	mainly indoor denser coverage on high-footfalls		mainly outdoor massive capacity and ultra low latency																	
	Public Administration	Entertainment, Art & Academic	Infrastructure Utilities	Retail																
	Healthcare	Academic	Crowded locations (e.g. squares, central venues)	Banks branches																
	Manufacturing 4.0	Infrastructure Transport																		
Commercial Model	<ul style="list-style-type: none">Commercial model expanding to fees paid also by Location Owners (e.g. firms, university, hospitals) fully or partiallyDedicated sales force - 15 Account Managers and Agency NetworkFocus on infrastructure (e.g. railways, highways, harbors, undergrounds) - also supported by governmental and European funds																			
Business Opportunity	<div>INWIT – New small cells / DAS [# RU]</div> <div>Including commitment</div>  <table><thead><tr><th>Period</th><th>Count</th></tr></thead><tbody><tr><td>20-23</td><td>8k</td></tr><tr><td>24-26</td><td>16k</td></tr><tr><td>Total</td><td>24k</td></tr></tbody></table>			Period	Count	20-23	8k	24-26	16k	Total	24k	<div>New repeaters</div>  <table><thead><tr><th>Period</th><th>Count</th></tr></thead><tbody><tr><td>20-23</td><td>3k</td></tr><tr><td>24-26</td><td>6k</td></tr><tr><td>Total</td><td>9k</td></tr></tbody></table>	Period	Count	20-23	3k	24-26	6k	Total	9k
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20-23	3k																			
24-26	6k																			
Total	9k																			

Pilot innovative services for future growth

IoT

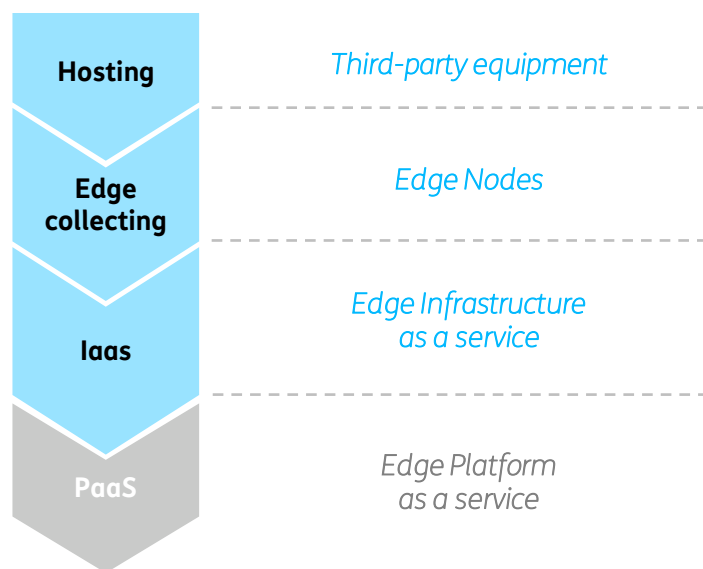
Applications



- LPWAN complementarity to NB-IoT
- Sensors and data will support Smart City
- IoT in rural areas (later 5G)

Edge collecting

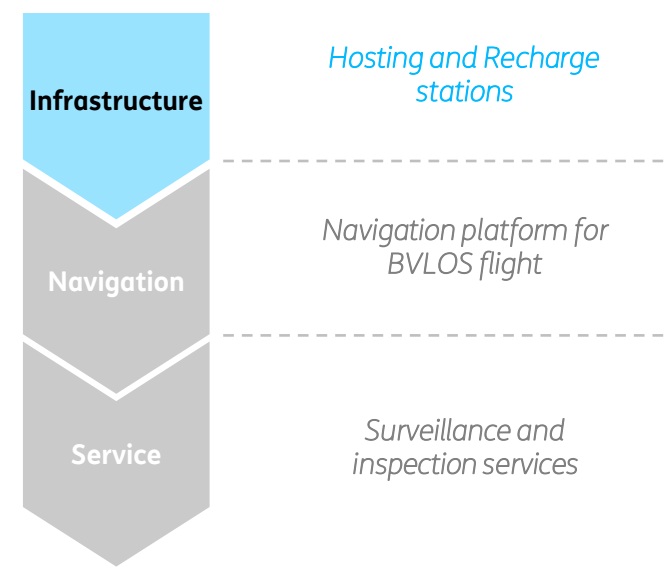
Applications



- Role to support distributed computing power
- Potential to develop evolutive services
- Support telco to virtualize their network C-RAN

Drones

Applications



- Evolution from in-LOS to BVLOS and unmanned flight
- Synergy with the tower coming from being widespread, geo referenced, and equipped with electrical and computational power

- Innovative services are assumed to scale up in the second part of plan (€5 m revenue included in 2023)
 - Domestic inorganic moves into adjacent businesses may support acceleration of growth



New Sustainability Plan – Main activities and targets at 2023

GOVERNANCE

- Sustainability goals in MBO and LTI
- CDP Climate Change questionnaire
- Policy Stakeholder Engagement
- ESG Supplier qualification checklist



PEOPLE

- Policy D&I: 50% of women candidates
- Training: 100% of employees
- H&S: 0 serious injuries
- ISO 45001



ENVIRONMENT

- **Carbon neutral by 2025**
- Renewables: 1.600+ PV plants (4,3+ MWp total capacity)
- Energy efficiency: 1.300+ high efficiency transformers
- 80% waste recycling
- ISO 50001 and ISO 14001



INNOVATION

- Lead on micro-coverage (Small Cell and DAS)
- Digital infrastructure: IoT sensors, backhauling; smart cities, drones
- 3+ partnership per year to develop innovative solutions



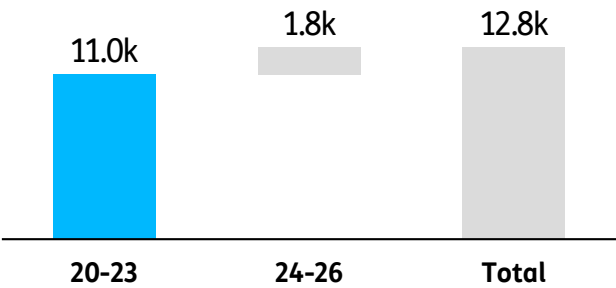
COMMUNITY

- 1+ projects per year to cover communities (smaller municipalities and rural areas)
- 10+ projects per year to cover areas with high social a/o cultural relevance

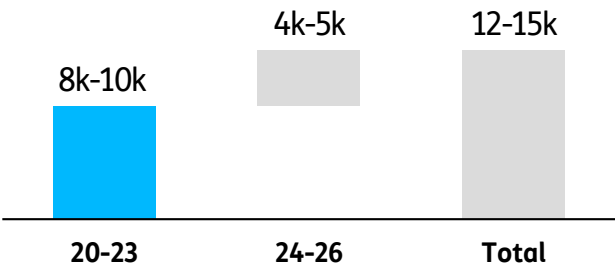


Summarizing KPIs: growth across the board

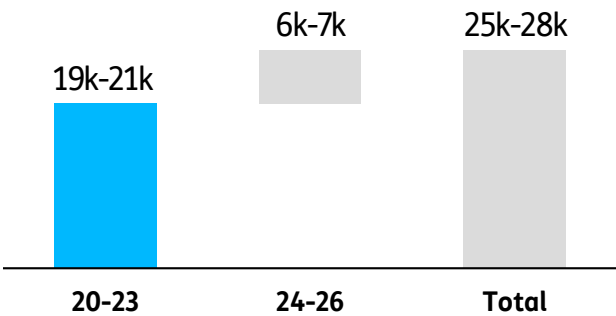
New PoP Anchors



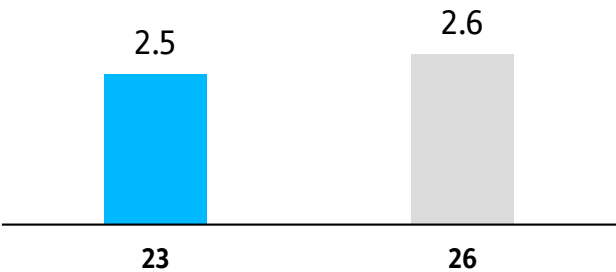
New PoP Others



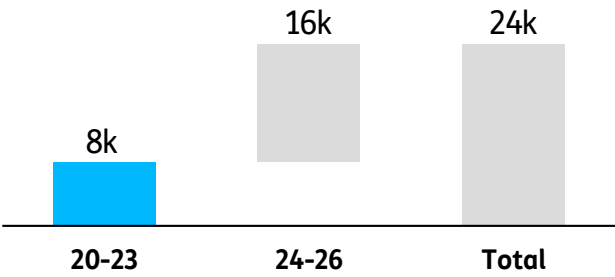
New PoP Total



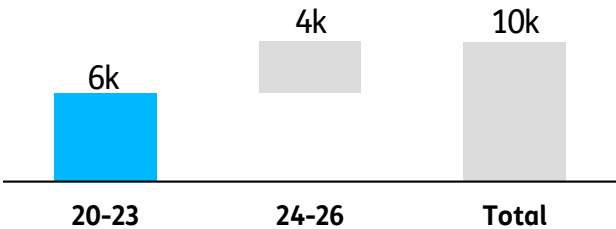
Tenancy Ratio¹



New Small cells / DAS² [#RU]



New Renegotiations and Land Acquisitions



¹tenancy ratio includes equipment related to MNO, FWA and OTMO
²including commitment

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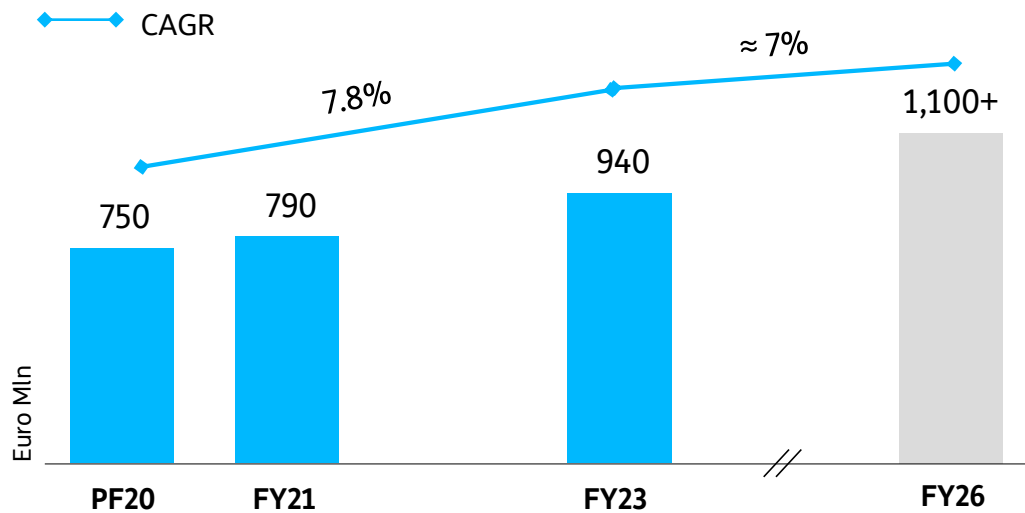
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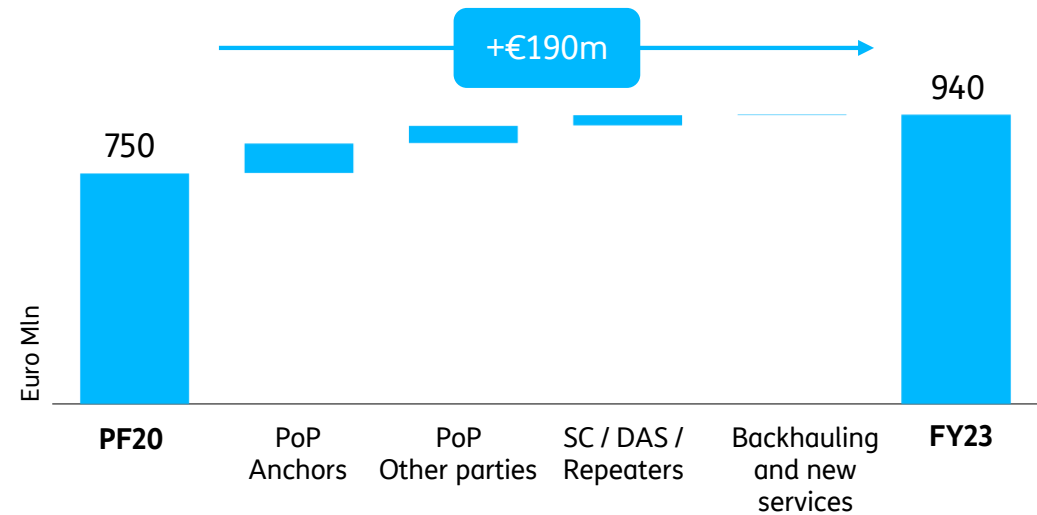


Best-in-class organic growth: >7% CAGR

Total Revenue¹



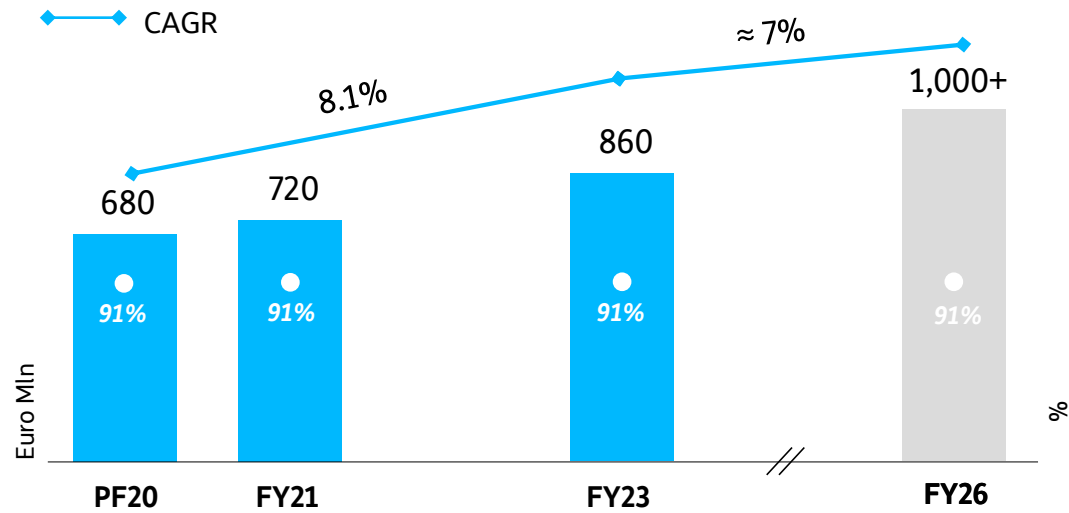
Revenue build-up by product¹



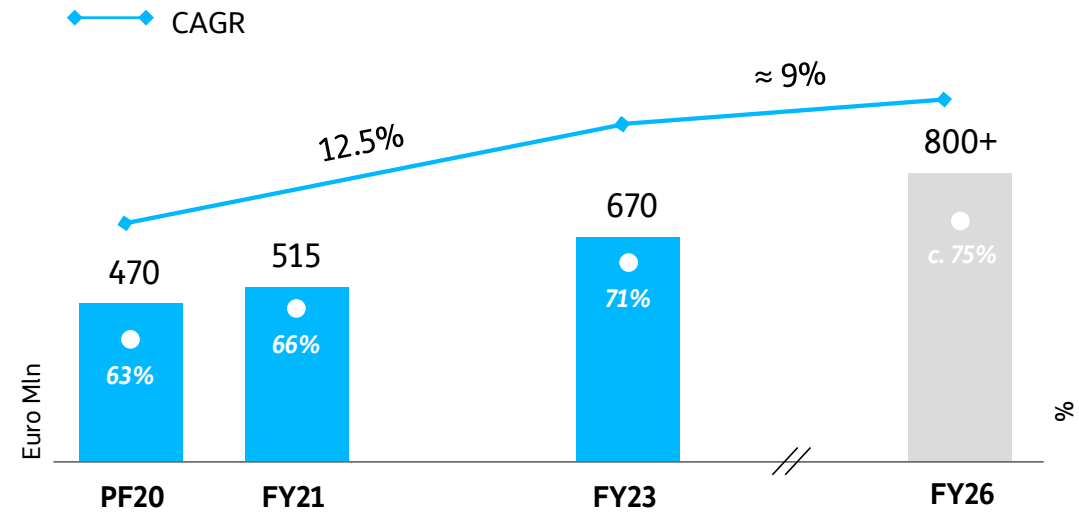
- €100m of total growth committed via contractualized revenue with anchors, including PoP, small cells / DAS and backhauling
- Contractualized revenue from 90% of total revenue in 2020 to 80% in 2023

Strong improvement of EBITDAaL, above 70% margin

EBITDA and EBITDA margin¹

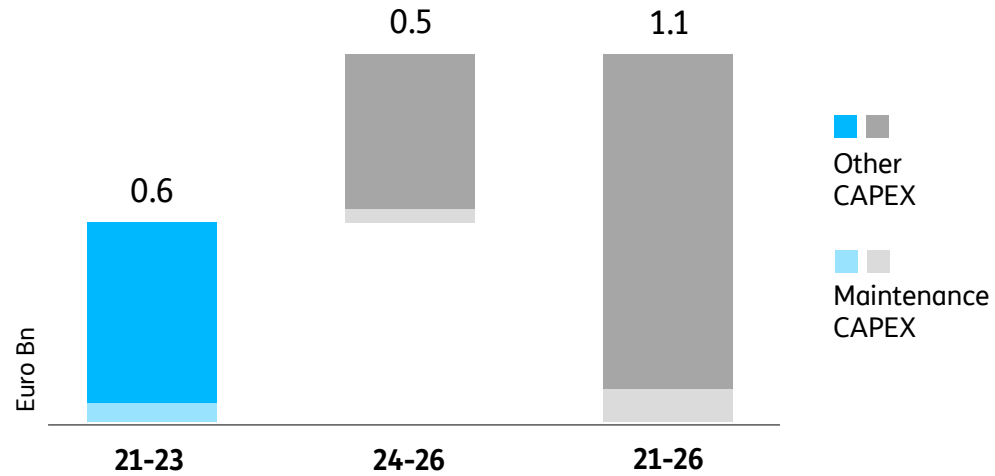


EBITDAaL and EBITDAaL margin¹

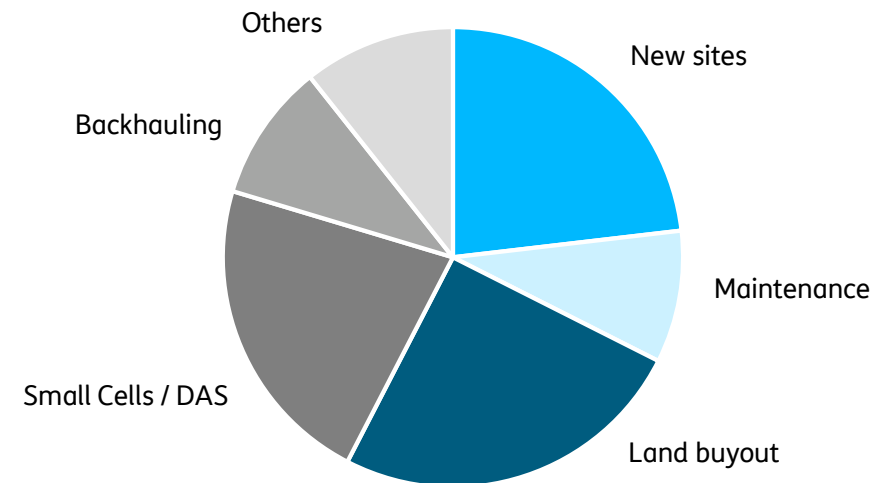


Investment: €0.6 bn plan to sustain strong growth

CAPEX cumulative 2021-2026

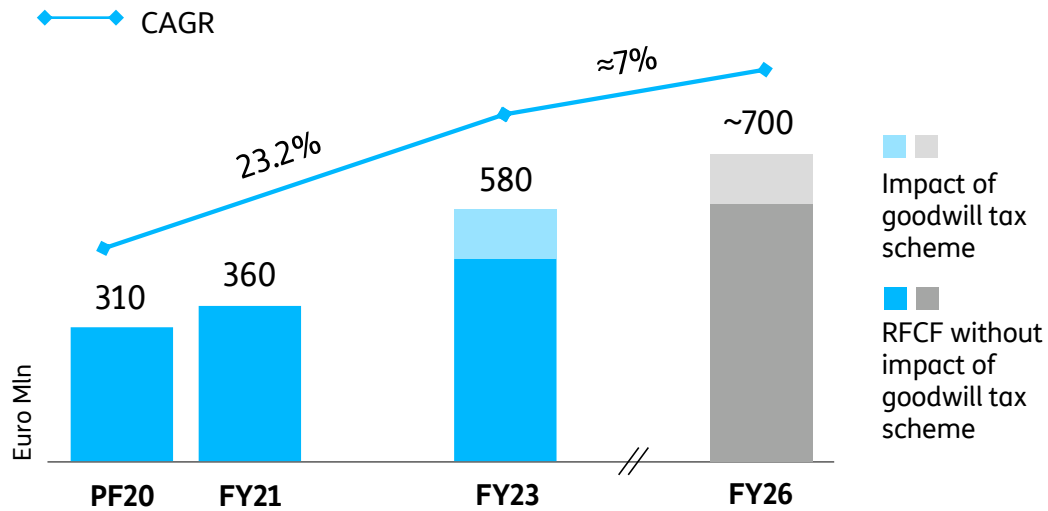


CAPEX 2021-2023 indicative breakdown

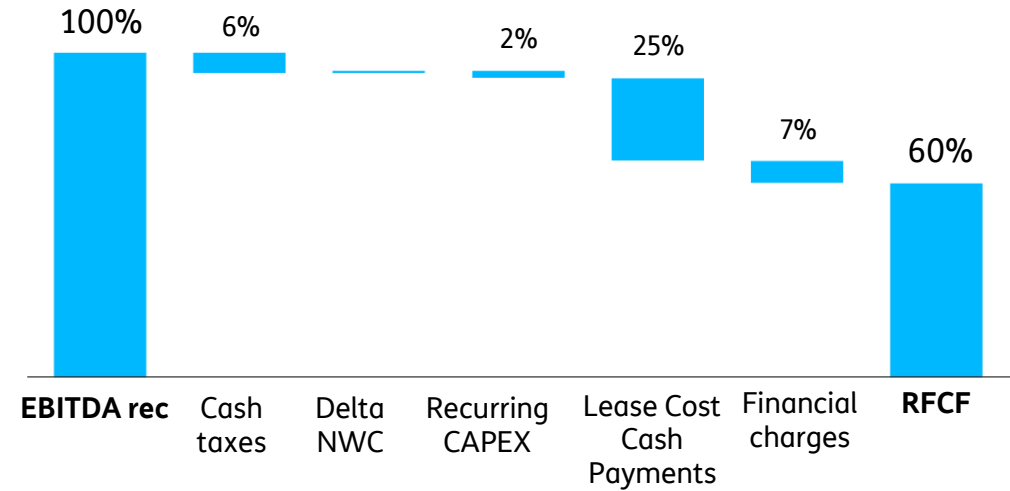


RFCF: €1.4 bn cumulative in 3 years

RFCF¹

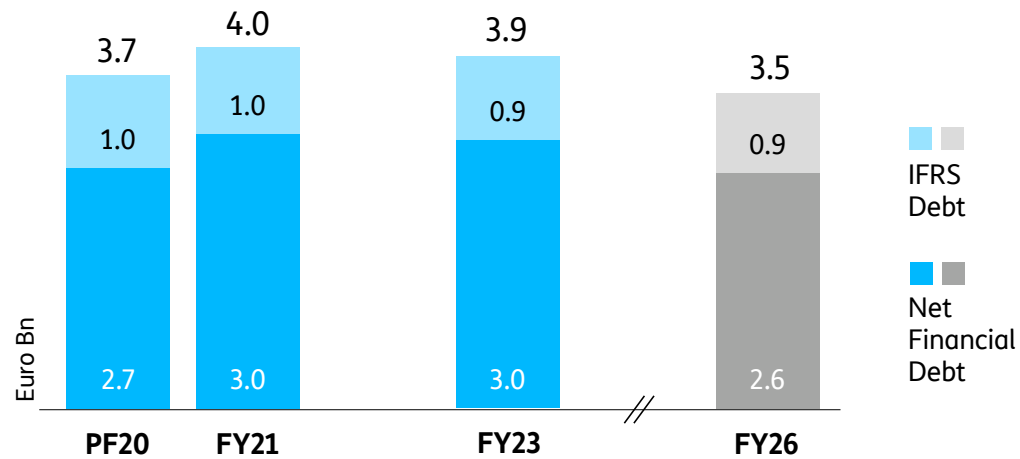


RFCF build-up (average 2021-23)¹

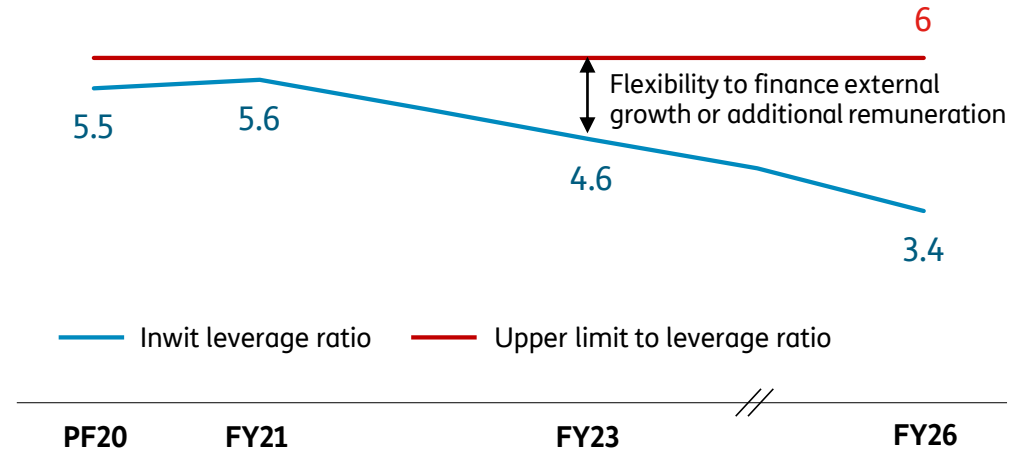


Debt: rapid deleveraging to 4.6x by 2023

Net Financial Debt



Leverage ratio¹



- Following the two successful Note Issues, the Cost of Debt is 1.8% and average maturity extended at 5.8 years
- First refinancing in 2025
- Leverage target max 6x; gradually gaining flexibility to finance external growth or additional remuneration from 2022

July 2019 Merger Plan guidance improved

<u>2026 targets</u>	Guidance July 2019	BP Update Nov 2020		Guidance July 2019	BP Update Nov 2020
Revenue 2026	> €1 bn	> €1.1 bn	Anchor tenants (cum new PoPs)	+12.5k	+12.8k
CAGR to 2026	5-7%	> 7%	New sites (cum)	+1.9k	+2.4k
RFCF 2026	> €0.6 bn	c. €0.7 bn ¹	SC / DAS at 2028 [# RU]	32.5k ³	33k
Synergies EBITDA ² 2026	€200 m	€200 m	Backhauling at 2027 (cum)	5.0k	5.0k

¹ Includes €114m benefit of goodwill tax scheme

² EBITDA pre IFRS 16 application (Guidance July 2019) and EBITDAaL (BP Update Nov 2020)

³ of which 30.0k by 2026, plus 2.5k by 2028

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Enabling digital growth

1. Step change in Q3
2. Strong position to capture 5G/digitalization opportunities
3. Focus on strong and sustainable **organic** growth
4. Attractive shareholders remuneration
5. Consistent deleveraging allowing to capture additional optionalities

KEY FACTS 2021-23

INWIT

+7.8%

Revenue CAGR

€1.4 bn

Cumulative RFCF

€0.9 bn

Cumulative dividends

€1 bn

Headroom by 2023



■ Thank you

Q&A session

Q3 Financial Results

Business Plan 21-23 Update

Giovanni Ferigo

CEO

Diego Galli

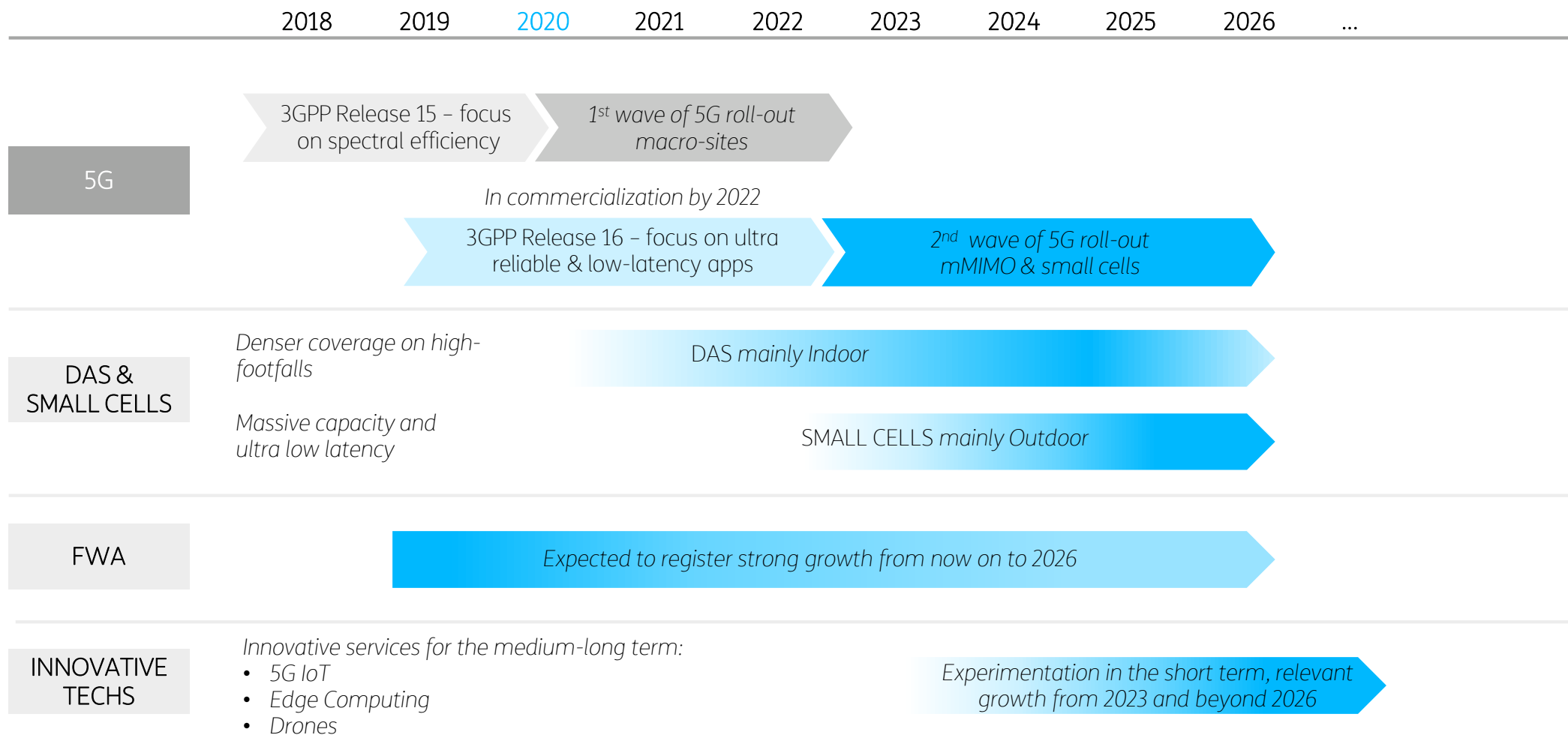
CFO



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07 ANNEXES

5G is ready to start, pushing the growth of other techs



Public investments will support the development of digital infrastructure in the next years (e.g. Recovery Fund)

People and Knowledge: a smart organization to be best in class in both execution and innovation

ORGANIZATION

- Integration finalized by Q1 2021
- Best practices through the 'best of both' approach
- Organization mirrors company goals

Focused execution

MAKE OR BUY

- Lean organization
- Best balance between internal and external resources
- Refresh the full vendors portfolio
- New vendor mgt system & process

Effective and Agile

CAPABILITIES

- Inject fresh resources to source digital capabilities
- Update skillset of commercial workforce (shift from a captive market to a competitive one)
- Solid R&D agreements with universities and research institutions

Inwit as a hub for open innovation

INCENTIVES

- Short term Functional: Operational KPI's (e.g. new tenants)
- Short term general: Financials | Sustainability | Compliance
- Long term: Relative TSR | FCF | Sustainability |

Right balance: short vs long | operational vs strategic

Digital operations: three-pillar approach to drive revenue effectiveness and cost rationalization

DIGITAL READINESS

- **E2E process digital coverage**
 - Revision of current IT systems to extend their capabilities and coverage across the organization
- **Data Driven** Organization
 - Introduction of Business Intelligence systems and Data Lake

DIGITAL ASSET MODEL

- **BIM** and existing **assets conversion**
 - Creation of a unique and updated digital interface to support all the internal processes from asset design to maintenance
- **Digital Twin**
 - Development of an integrated asset image database for real time simulation of operations spanning across the entire asset lifecycle

AI & AUTOMATION

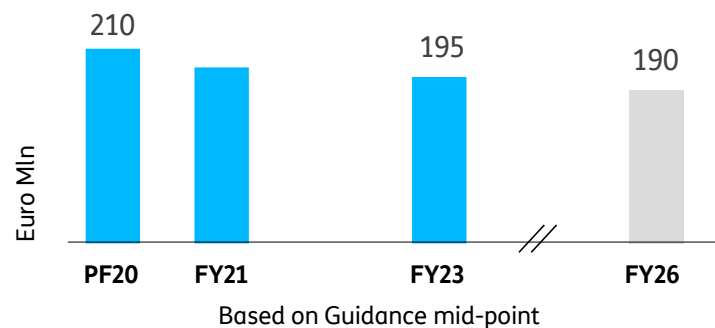
- Automatic **data acquisition** (Doc, CAD)
- **Predictive Maintenance**
- Image recognition and maintenance through **drones**
- EM analysis through **Machine Learning**
- OM performance improvement through **process mining**

8 Resource Optimization

Ground lease costs

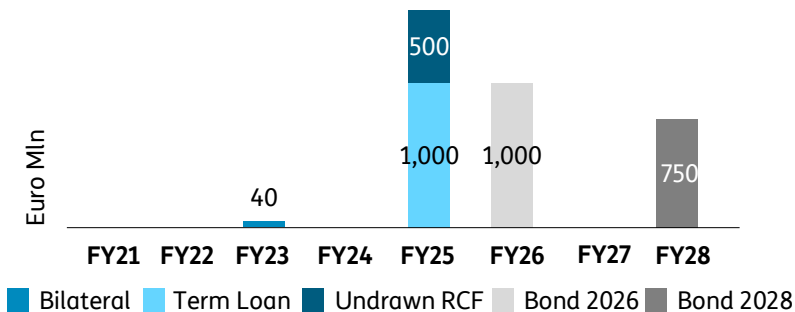
Cost reducing by:

- Dedicated team and programs:
 - Land buy out
 - Continuous renegotiation cycles



Interests

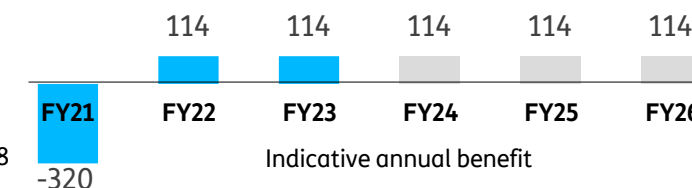
- €1.75bn bond notes
- Bank facilities refinanced
- Cost of debt 1.8%
- Next liquidity wall in 2025
- Maturity up to 5.8 years



Taxes

Goodwill tax scheme

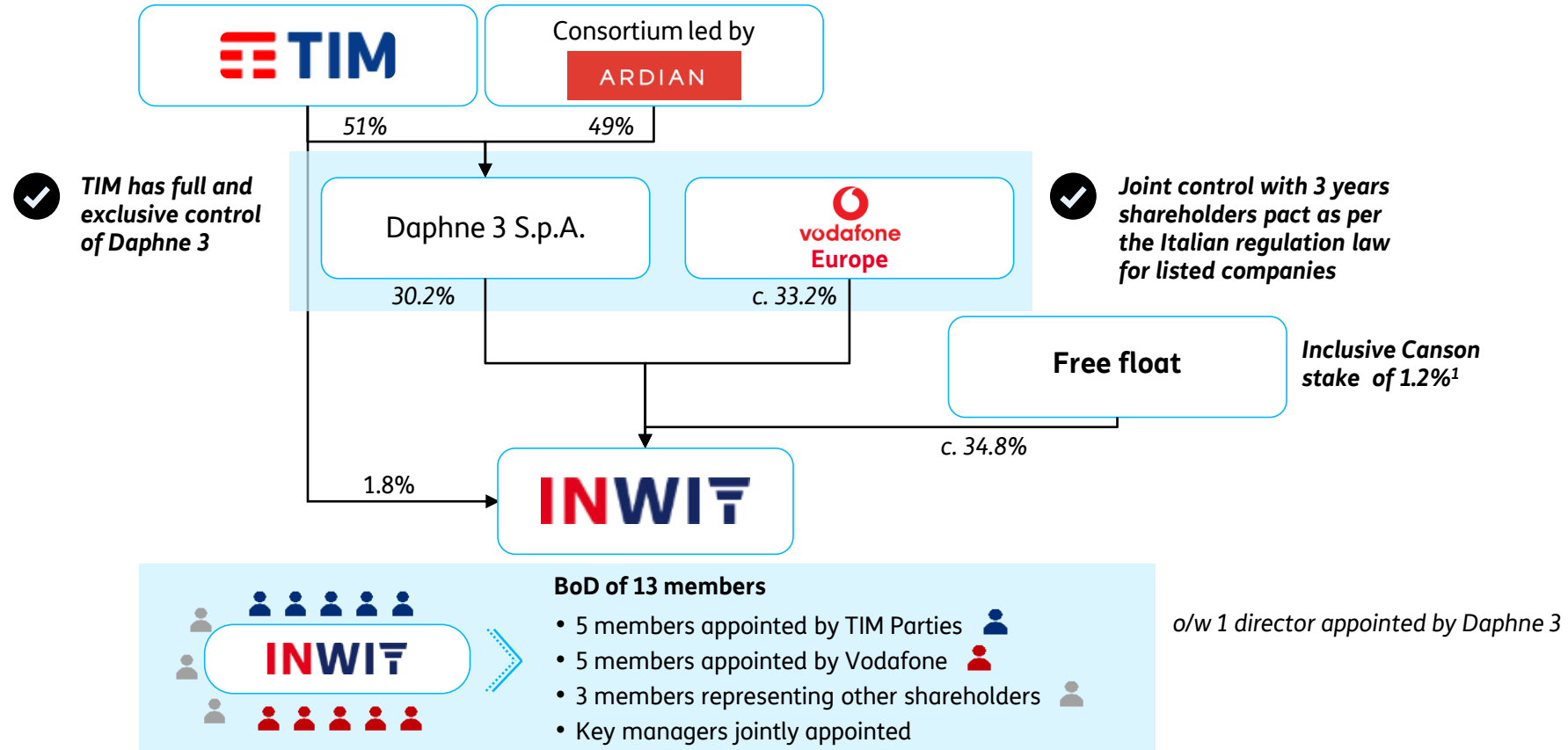
- €320m upfront payment
- €570m cash tax benefit in 5 years (22-26)
- NPV €150m; IRR +20%



Solid and committed shareholding structure

Ownership evolution

- **June 2015:** Inwit listed (TIM retained a 60% stake)
- **March 2020:** completion of merger with Vodafone Towers (37.5% stake for each of Vodafone and TIM)
- **April 2020:** Vodafone and TIM placed a 9% stake via Accelerated Bookbuilding
- **October 2020:** TIM and Ardian finalised a transaction which consists of the purchase by a consortium of institutional investors led by Ardian of a 49% stake in Daphne 3, a newly-established holding company controlled by TIM, to which TIM has transferred a 30.2% stake in the share capital of INWIT



More questions?
Ask Investor Relations

Emanuela Martinelli

Head of Finance & Investor Relations

emanuela.martinelli@inwit.it

ir@inwit.it

