



# Infrastrutture Wireless Italiane

A Strong Signal

## 2Q 2015 Financial Results Presentation

July 29, 2015

**INWIT**

# Safe harbour

This presentation contains statements that constitute forward looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These statements appear in a number of places in this presentation and include statements regarding the intent, belief or current expectations of the estimates regarding future growth of the business, market share, financial results and other aspects of the activities and situation relating to Infrastrutture Wireless Italiane S.p.A. (INWIT). Such forward looking statements are not guarantees of future performance and involve risks and uncertainties, and actual results may differ materially from those projected or implied in the forward looking statements as a result of various factors. Consequently, INWIT makes no representation, whether expressed or implied, as to the conformity of the actual results with those projected in the forward looking statements.

Forward-looking information is based on certain key assumptions which we believe to be reasonable as of the date hereof, but forward looking information by its nature involves risks and uncertainties, which are outside our control, and could significantly affect expected results. Analysts and investors are cautioned not to place undue reliance on those forward looking statements, which speak only as of the date of this presentation. INWIT undertakes no obligation to release publicly the results of any revisions to these forward looking statements which may be made to reflect events and circumstances after the date of this presentation, including, without limitation, changes in INWIT business or acquisition strategy or planned capital expenditures or to reflect the occurrence of unanticipated events.

The 2Q 2015 financial information of INWIT was 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”).

INWIT was incorporated on January 14, 2015 and the Tower Business was contributed to it from the Telecom Italia Group effective as of April 1, 2015; therefore the 2Q 2015 financial information of INWIT does not include comparative information and the 2Q 2015 economic results relate in substance to the three-month period from April 1, 2015 to June 30, 2015.

Please note that the limited review on the Interim Separate Financial Statement of INWIT as of June 30, 2015 and for the period from January 14, June 30, 2015 has not yet been completed.

The 3-months 2014 pro forma financial information (3M PF 2014) included in this presentation for comparative purposes was calculated as 25% of the pro forma financial information of INWIT for the year ended December 31, 2014 as presented in the IPO prospectus and is unaudited.

The 3-months 2014 (3M 2014) financial information included in this presentation for comparative purposes was calculated as 25% of the annual 2014 financial information of the Tower Business prior to the Transfer to INWIT as presented in the IPO prospectus and is unaudited. The financial information of the Tower Business prior to the Transfer has been calculated on the basis of the Telecom Italia Group accounting records and management accounts used to prepare the Telecom Italia Group consolidated financial statements for the corresponding period and is unaudited.

# Key Recent Milestones

APRIL 2015

COMPANY  
ESTABLISHMENT

**INWIT**



MAY 2015

NEW BOARD

Appointed:

Francesco Profumo, Chairman



Oscar Cicchetti, CEO



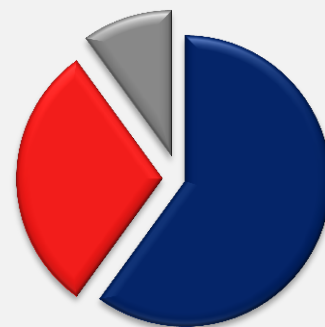
JUNE 2015

IPO

Size: **875 mln €**

Pricing: **3.65€ per share**

**Market Demand**  
totalled ~2bln shares



■ Telecom Italia  
■ Istituzionale  
■ Retail

JUNE 2015

BANK FINANCING:

**5yr maturity**

120 mln € term loan  
all-in **cost 1.33%**

+ 40 mln €  
revolving credit facility



# **2Q 2015 Financial Results Presentation**

**Oscar Cicchetti – CEO**

**Rafael Perrino - CFO**



# INWIT

**LARGEST INDEPENDENT  
PURE TELECOM NETWORK  
INFRASTRUCTURE PLAYER**

**HIGH VISIBILITY ON  
REVENUES**  
*Long Term  
Contracts*

**SOLID CASH  
GENERATION**

**EBITDA  
GROWTH**  
*Cotenancy  
Efficiency*

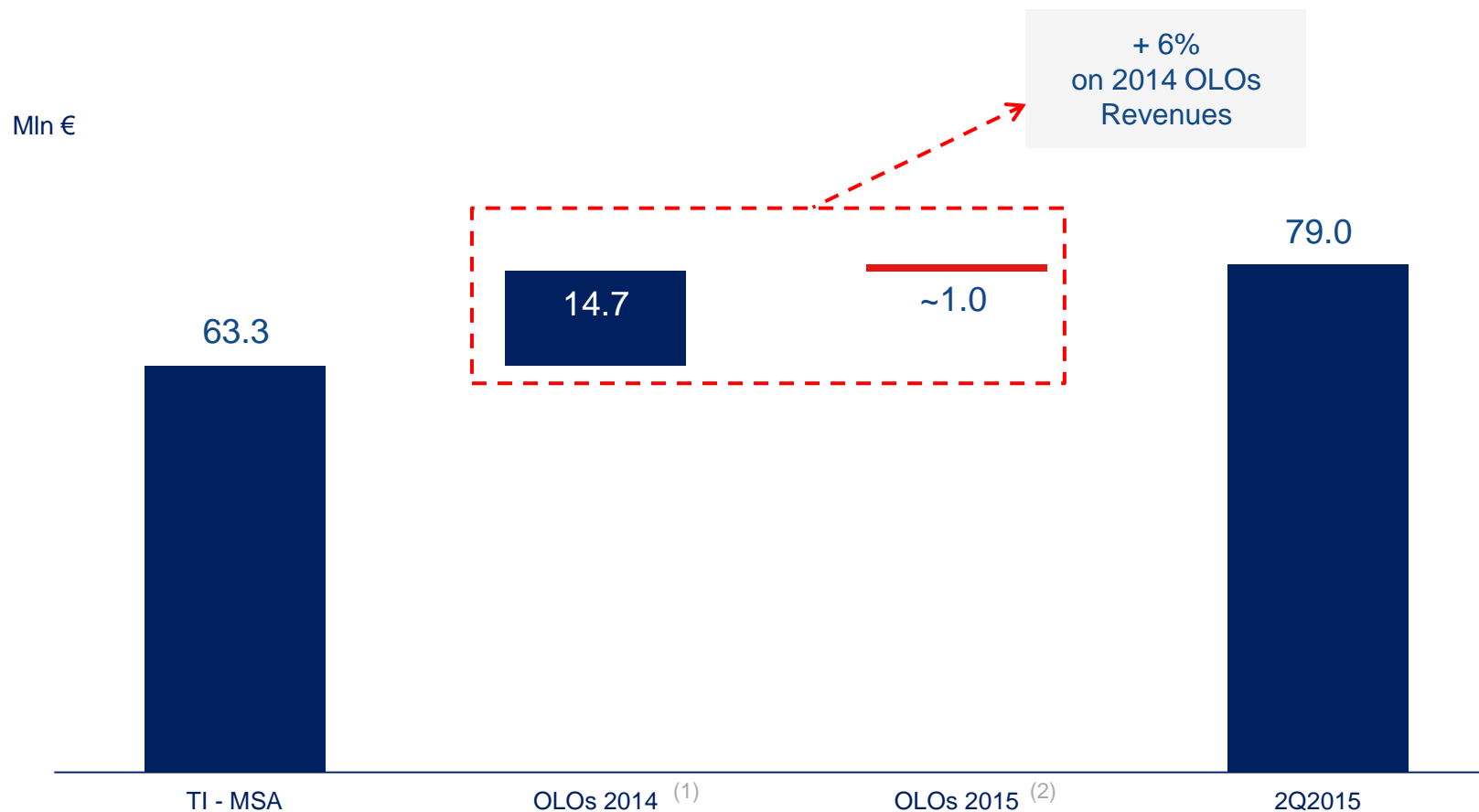
**NEXT GEN.  
WIRELESS  
INFRASTRUCTURES**  
*Small Cells,  
IoT and  
Public Safety*

**POTENTIAL  
UPSIDE**

**M&A  
OPPORTUNITIES**  
*In Country  
Consolidation*

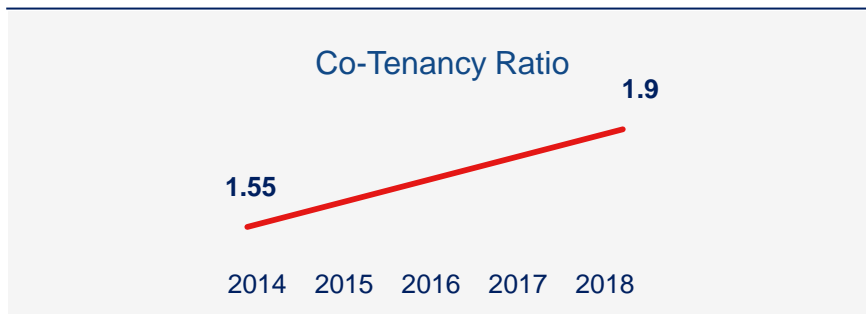
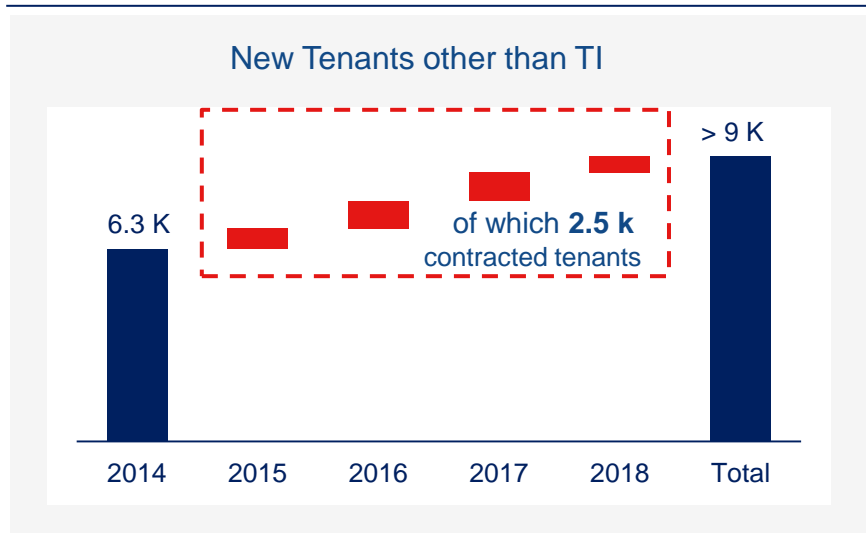
**ORDERLY ON TRACK**

# Delivering Revenue Growth

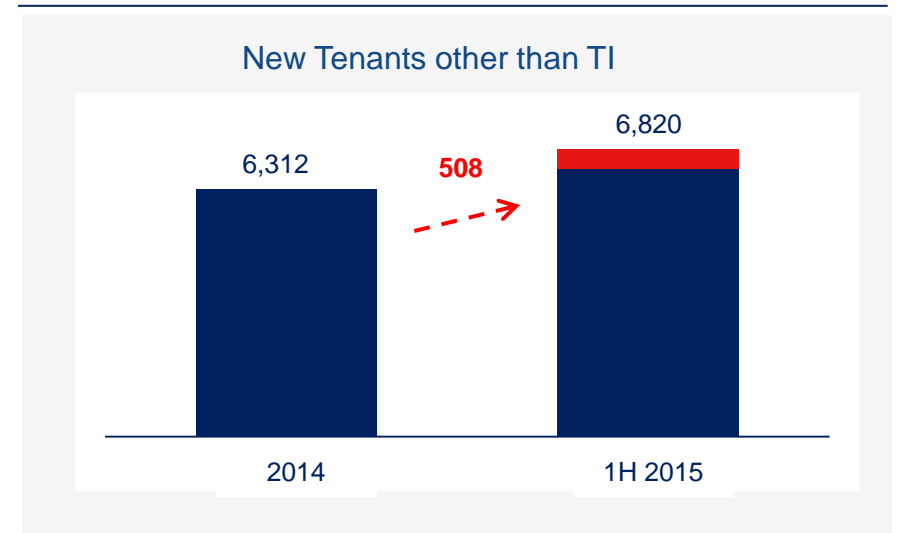


# Revenue Growth Source # 1: New Tenants

## 4 YEARS OLOs TENANCY PLAN



## FIRST HALF 2015

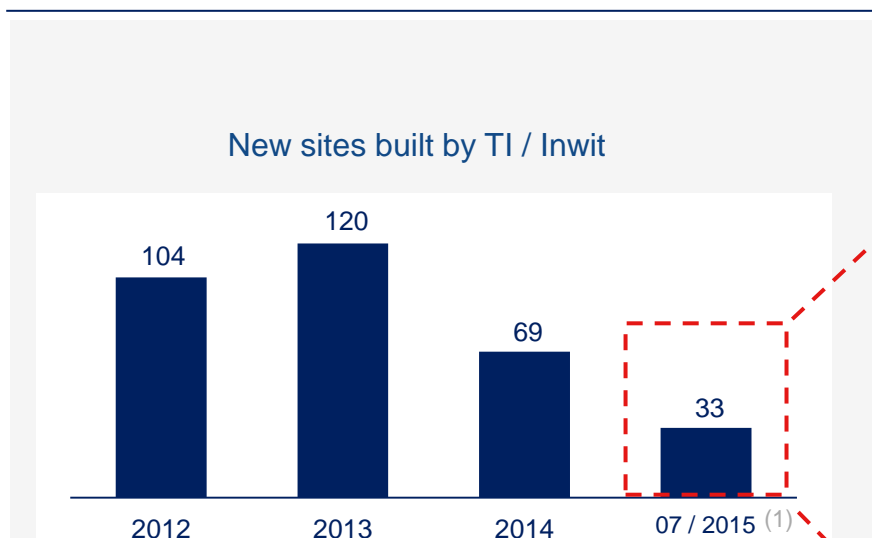


**3.5 mln €**

*Additional Revenues  
2016 full-year economic impact  
(7 k € per tenant)*

# Revenue Growth Source # 2: New Sites

## NEW SITES



## NEW SITES INCREASE IN JULY <sup>(1)</sup>

### 33 New Sites

Capex 1.5 mln €  
 Capex per Site 46 k €

On Air from October 1, 2015

**23**

New sites with TI as a tenant without MSA obligations

**10**

New Sites with TI + an additional tenant with MSA rules

**0.65 mln €**

Additional Revenues

2016 full-year economic impact  
 (20 k € per Site)

**15% IRR**

not including incremental tenancy



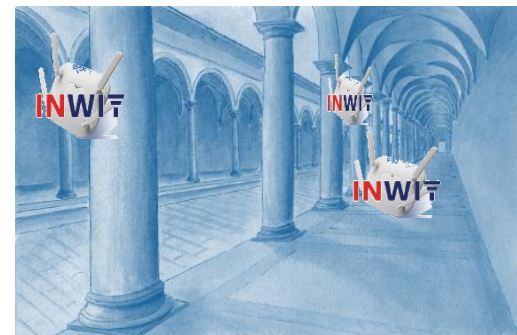
# Revenue Growth Source # 3: New Business

## HETNET & SMALL CELLS

**Cells closer to the customer increase capacity and improve user experience**

In 2019 world wide small cells infrastructures **will serve 24% of Mobile data traffic**  
Equipment **will grow +31% CAGR** in term of revenues and 3 times in term of product shipment  
(Gartner - March 2015)

## Bologna Arcades



## IOT & CAPILLARY NETWORKS

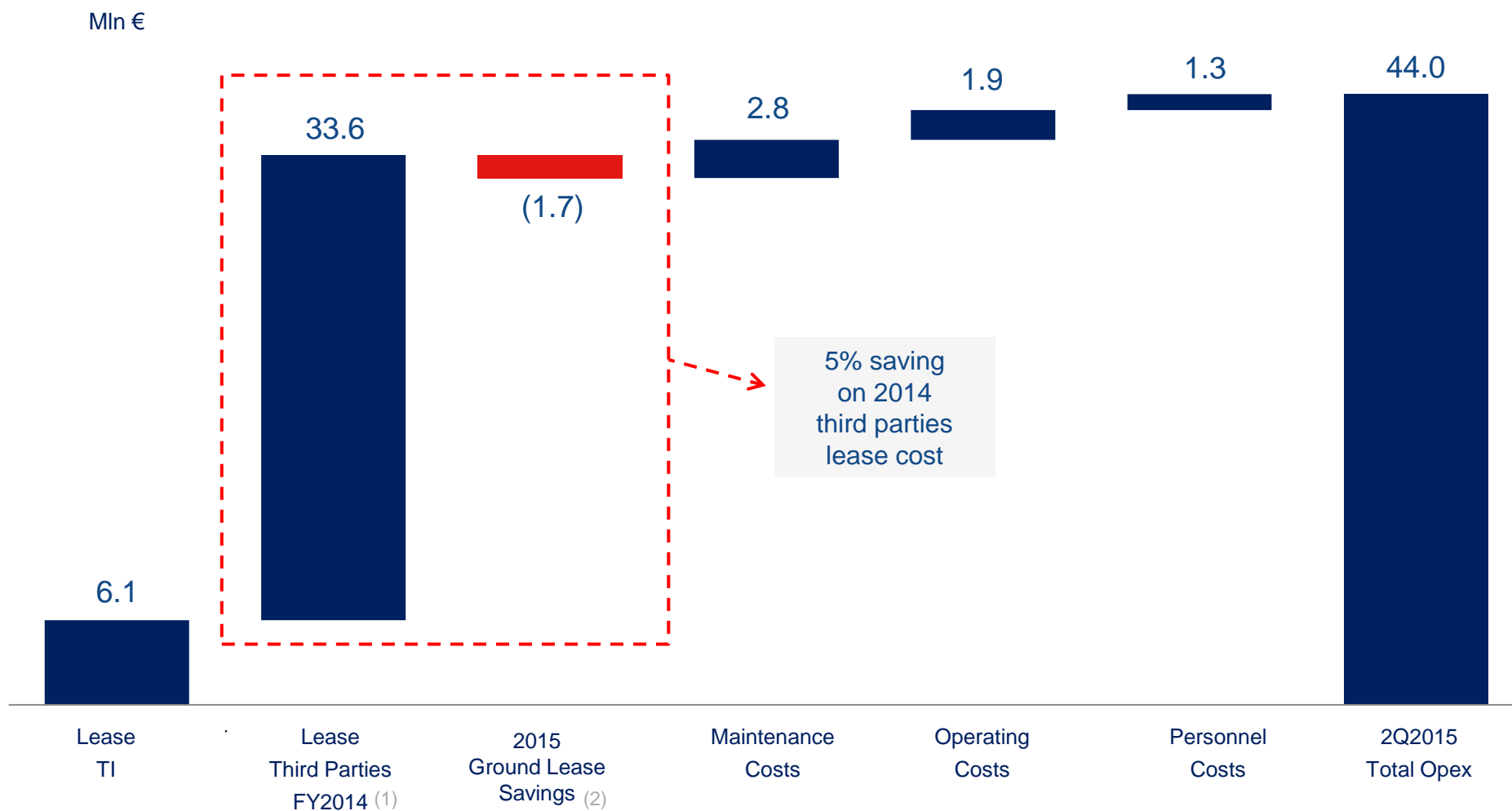
**New Low Power Wide Area Radio Networks will support Internet of everyThing**

~25 bln connected device in 10 years (machine research, GSMA)

Testing of:

- ✓ a Long Range Low Power technology
- ✓ a Platform for Metering Services

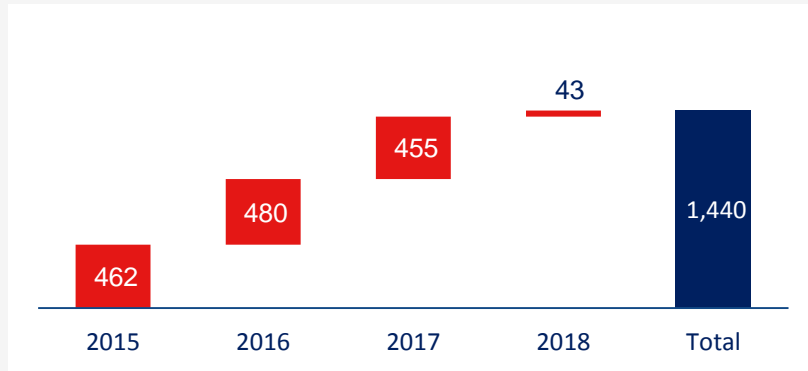
# Delivering Efficiency



# Efficiency Driver # 1: Decommissioning

## 4 YEARS SITE DECOMMISSIONING PLAN

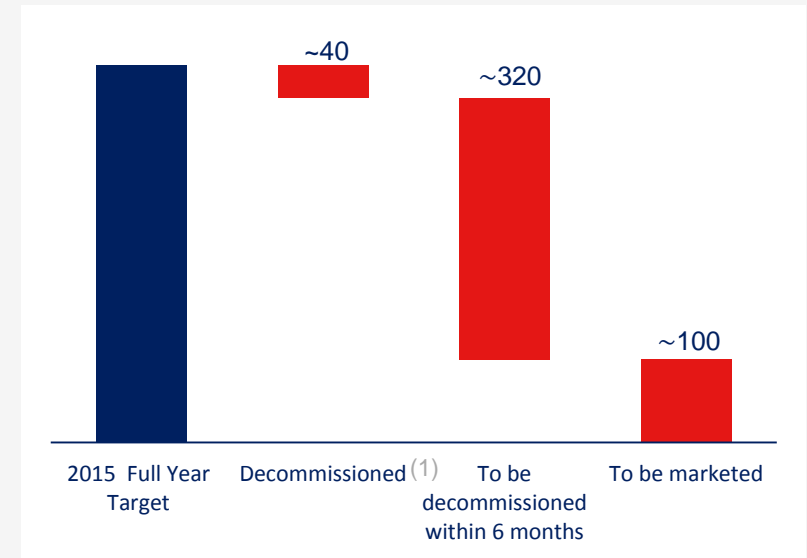
Sites to be decommissioned



1.4 k sites to be decommissioned within 2018 without any revenues impact

## 2015 DECOMMISSIONING PLAN: STATE OF ART

1H 2015 Sites under decommissioning process

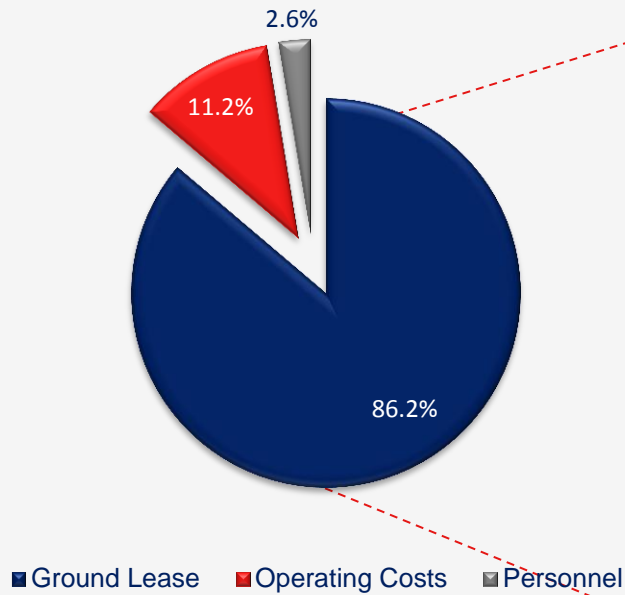


**0.42 mln €**

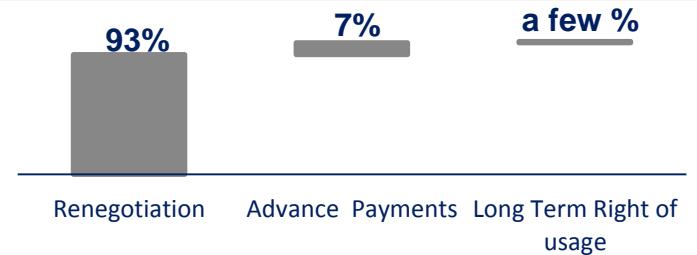
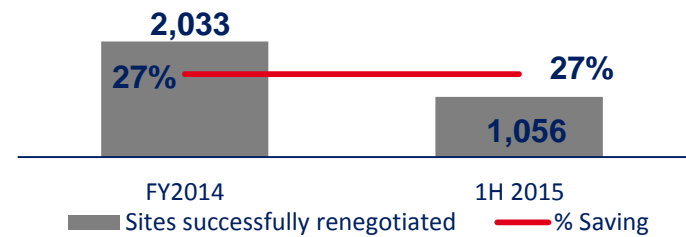
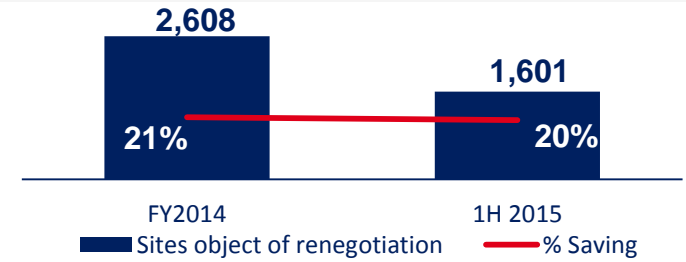
*Opex Savings*  
2016 full-year economic impact  
(10.4 k € per Site)

# Efficiency Driver # 2: Renegotiations

INWIT OPEX BREAKDOWN



FIRST HALF 2015



**4.9 mln €**  
*Opex Savings*  
*2016 full-year economic impact*

# **2Q 2015 Financial Results Presentation**

Oscar Cicchetti – CEO

Rafael Perrino - CFO



# Financial Overview

Inwit started the operations at the beginning of April, after TI's contribution of Tower Business so the Financials as at June 30, 2015 represent the results of a quarter.

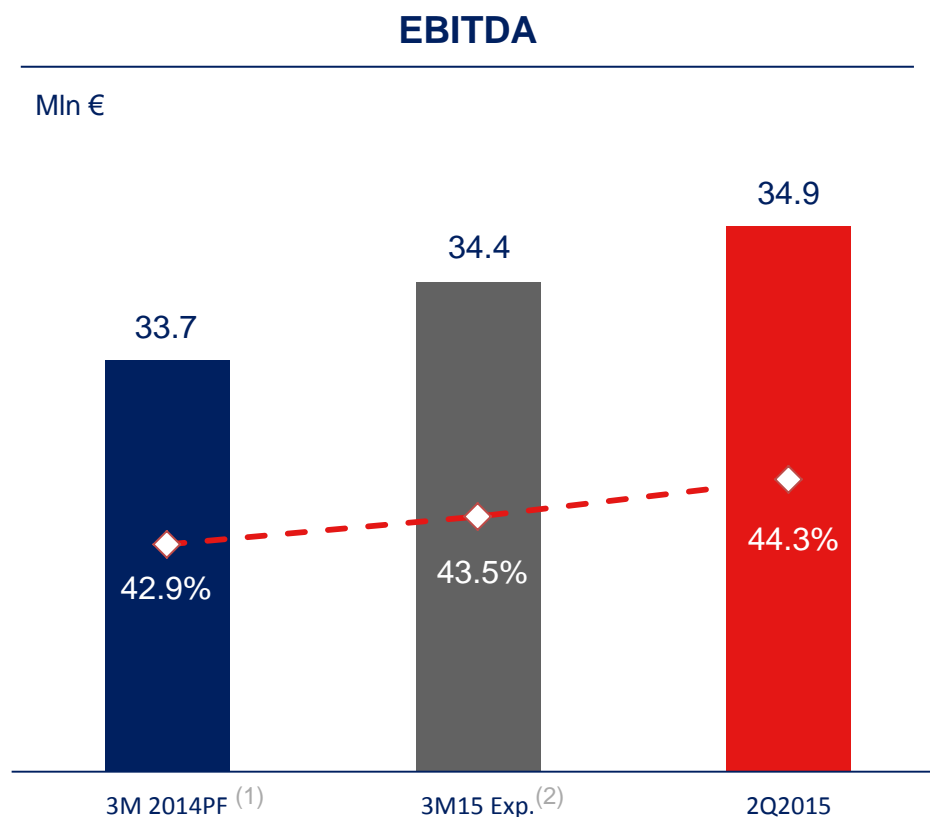
3 month Pro-forma 2014 is used as a reference to analyze the economic performance of the first quarter of activity<sup>(1)</sup>.

Mln €	2Q 2015	3m 2014 PF <sup>(1)</sup>	% YoY
<b>Revenues</b>	<b>79.0</b>	<b>78.5</b>	<b>0.6%</b>
<b>Opex</b>	<b>44.0</b>	<b>44.8</b>	<b>-1.9%</b>
<b>EBITDA</b>	<b>34.9</b>	<b>33.7</b>	<b>3.8%</b>
<i>EBITDA margin</i>	<i>44.3%</i>	<i>42.9%</i>	
<b>EBIT</b>	<b>32.2</b>	<b>31.1</b>	<b>3.6%</b>
<i>EBIT margin</i>	<i>40.8%</i>	<i>39.7%</i>	
<b>Net Income</b>	<b>21.3</b>	<b>20.6</b>	<b>3.7%</b>
<i>Net Income/Revenues</i>	<i>26.7%</i>	<i>26.2%</i>	
<hr/>			
<b>CapEx</b>	<b>1.9</b>		
<i>Capex/Revenues</i>	<i>2.4%</i>		
<b>EBITDA - Capex</b>	<b>33.5</b>		
<i>Cash Conversion<sup>(2)</sup></i>	<i>94.6%</i>		
<b>Net Debt</b>	<b>-102.5</b>		

## 2Q2015 KEY HIGHLIGHTS

- **Revenues** at 79.0 mln € (+0.6% vs.3m 2014 Pro Forma)
- **EBITDA** at 34.9 mln € (+3.8% vs.3m 2014 Pro Forma), EBITDA Margin 44.3%
- **Net Income** at 21.3 mln € (+3.6% vs. 3m 2014 ProForma)
- **Capex** at 1.9 mln € drives to a Cash Conversion of 94.6%
- **Net Financial Debt** reduced to 102.5 mln €  
Net Debt/EBITDA (*annual base*) ratio lower than 0.75x

# EBITDA Margin Trended Upwards

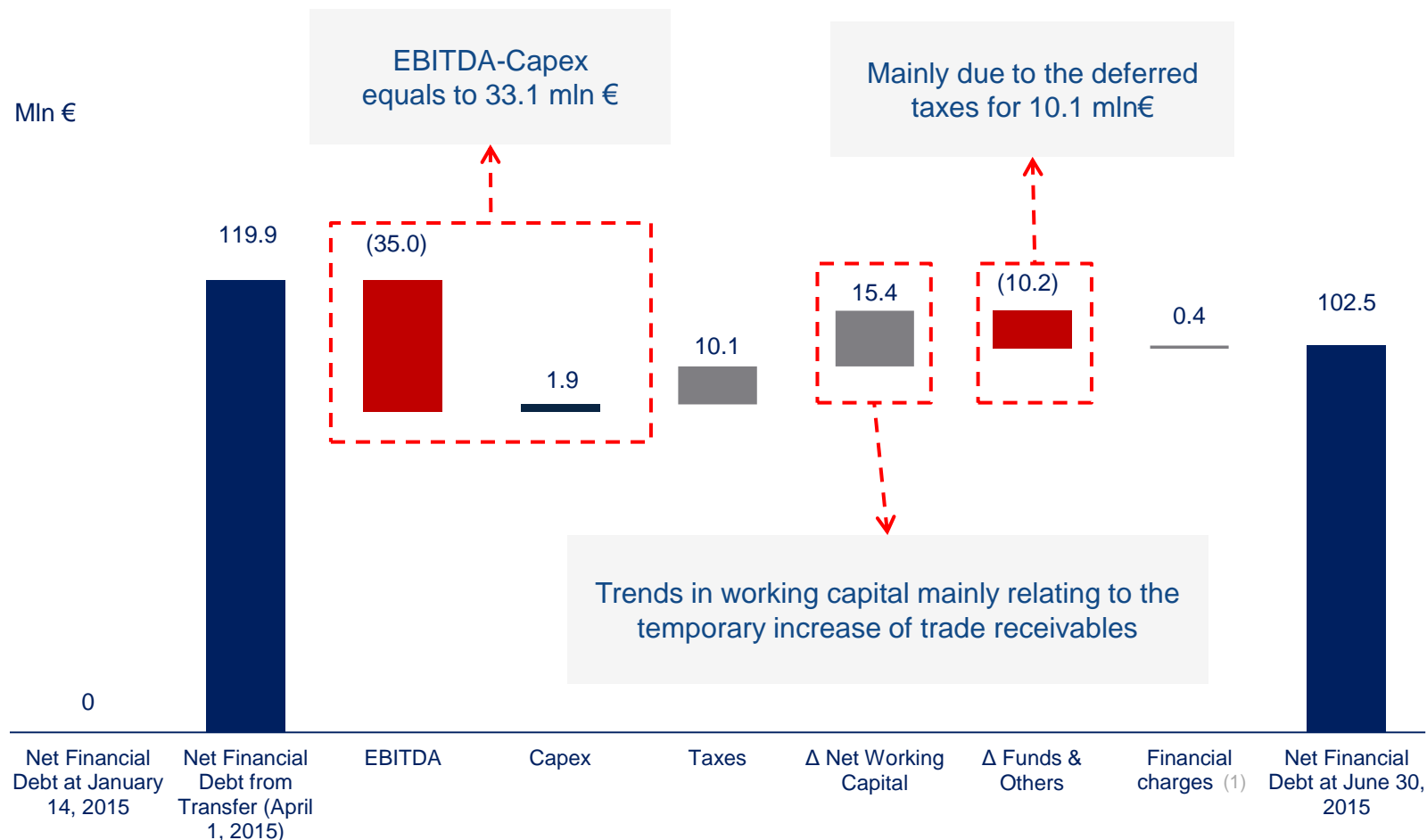


**103.3 mln €**

*expected EBITDA for the 9-month period*

*Based on the 2Q15 results, the estimate expected level of EBITDA reported on the IPO prospectus dated on 5 June 2015, is confirmed*

# Cash Flow Generation

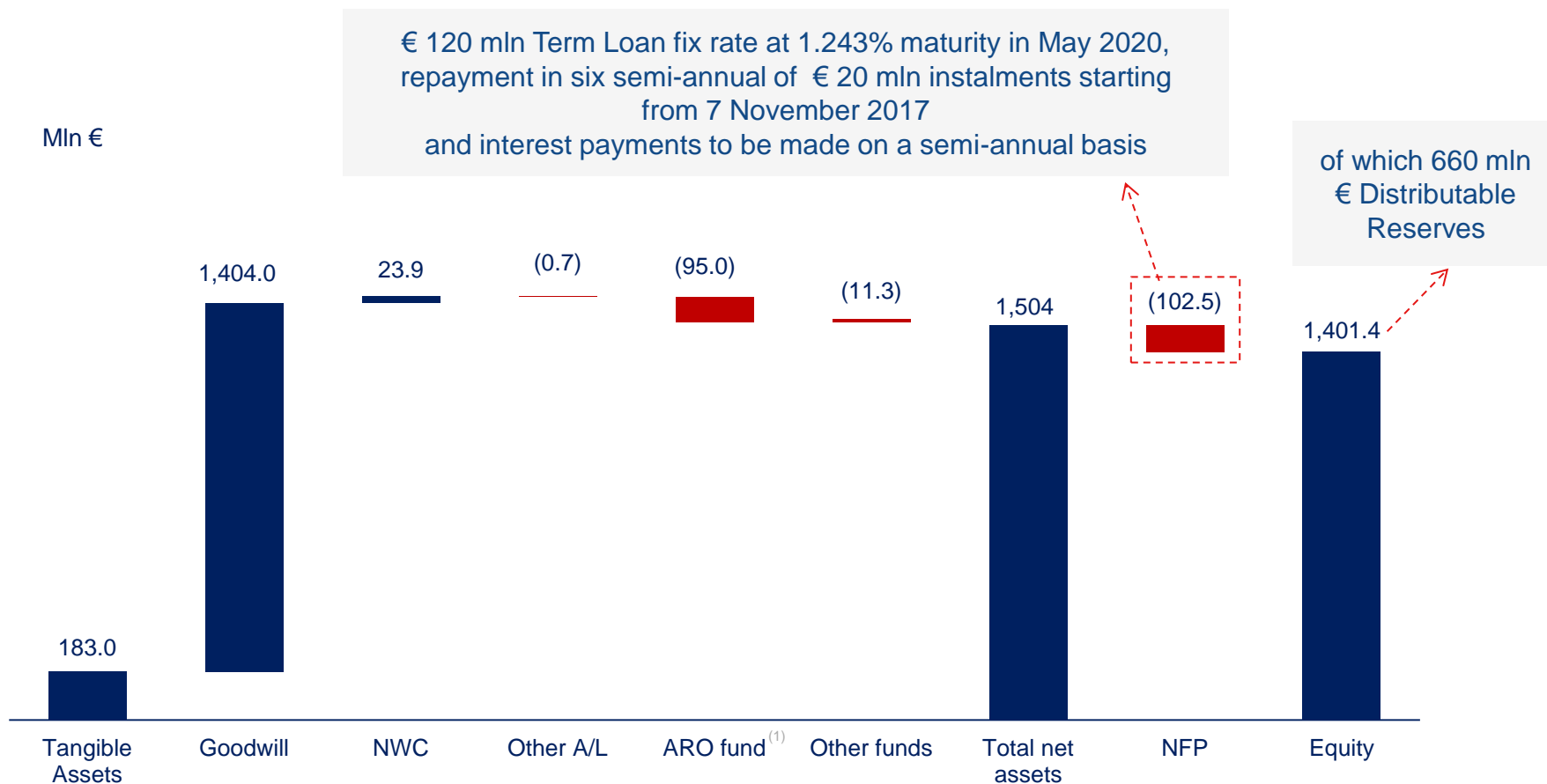


**17.4 mln €**

*Generated cash flow*



# Balance Sheet



**102.5 mln €**  
*Net Debt at June 30, 2015*

**< 0.8x**  
*Net Debt/EBITDA ratio*

# 2Q 2015 Financial Results Presentation

Back Up



# INWIT – Separate Income Statement

(Thousands of euro)

Period from January 14, 2015 to June  
30, 2015

<b>Revenues</b>	78.964
Acquisition of goods and services	(42.361)
Employee benefits expenses	(1.260)
Other operating expenses	(396)
<b>Operating profit before depreciation and amortization, capital gains (losses) and impairment reversals (losses) on non-current assets (EBITDA)</b>	<b>34.947</b>
Depreciation and amortization	(2.696)
<b>Operating profit (EBIT)</b>	<b>32.251</b>
Finance income	7
Finance expenses	(869)
<b>Profit before tax</b>	<b>31.389</b>
Income tax expense	(10.076)
<b>Profit for the period</b>	<b>21.313</b>
Basic/Diluted earnings per share	0,065

# INWIT – Statement of Financial Position

## Assets

(Thousands of euro)

At June 30, 2015

	At June 30, 2015
<b>Assets</b>	
<b>Non-current assets</b>	
Goodwill	1.404.000
Intangible assets with finite useful life	1.850
Property, plant and equipment	181.125
Non-current financial assets	58
Deferred tax assets	41
<b>Total Non-current assets</b>	<b>1.587.074</b>
<b>Current assets</b>	
Trade and miscellaneous receivables and other current assets	53.751
Current income tax receivables	2
Current financial receivables and other current financial assets	11
Cash and cash equivalents	17.084
<b>Total Current assets</b>	<b>70.848</b>
<b>Total Assets</b>	<b>1.657.922</b>

# INWIT – Statement of Financial Position

## Equity and Liabilities

(Thousands of euro)

At June 30, 2015

<b>Equity</b>	
Share capital	600.000
Share premium	660.000
Legal reserve	120.000
Other reserves	69
Profit for the period	21.313
<b>Total Equity</b>	<b>1.401.382</b>
<b>Liabilities</b>	
<b>Non-current liabilities</b>	
Employee benefits	1.221
Deferred tax liabilities	10.095
Provisions	95.009
Non-current financial liabilities	119.619
Miscellaneous payables and other non-current liabilities	765
<b>Total Non-current liabilities</b>	<b>226.709</b>
<b>Current liabilities</b>	
Current financial liabilities	17
Trade and miscellaneous payables and other current liabilities	29.814
<b>Total Current liabilities</b>	<b>29.831</b>
<b>Total Liabilities</b>	<b>256.540</b>
<b>Total Equity and Liabilities</b>	<b>1.657.922</b>

# INWIT – Statement of Cash Flows

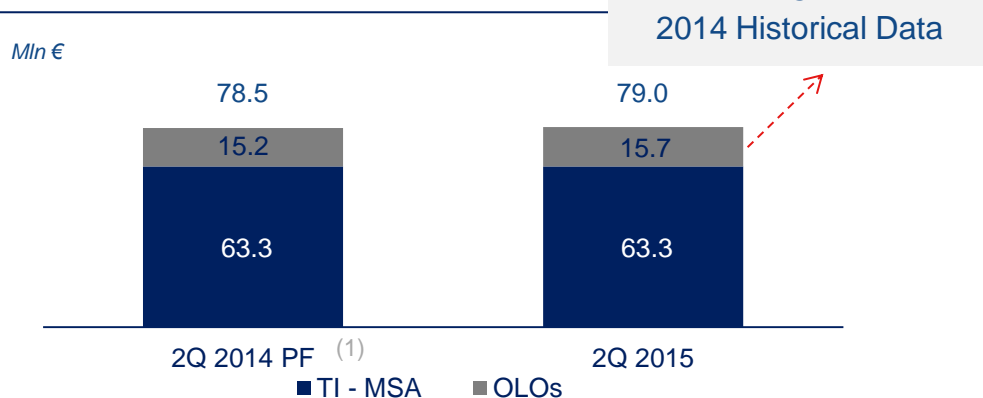
(Thousands of euro)

Period from January 14, 2015  
to June 30, 2015

	Period from January 14, 2015 to June 30, 2015
<b>Cash flows from operating activities:</b>	
Profit for the period	21.313
Adjustments for:	
Depreciation and amortization	2.696
Net change in deferred tax assets	10.095
Change in provisions for employee benefits	(2)
Change in trade receivables	(29.401)
Change in trade payables	11.189
Net change in miscellaneous receivables/payables and other assets/liabilities	1.446
Change in other non-cash items	69
<b>Cash flows from operating activities</b>	<b>17.405</b>
<b>Cash flows used in investing activities:</b>	
Purchase of intangible assets on an accrual basis	(1.903)
Change in amounts due to fixed asset suppliers	1.903
Total purchase of intangible and tangible assets on a cash basis	-
Change in financial receivables and other financial assets	(7)
<b>Cash flows used in investing activities</b>	<b>(7)</b>
<b>Cash flows used in financing activities:</b>	
Change in current financial liabilities and other	(119.983)
Proceeds from non-current financial liabilities (including current portion)	119.619
<b>Cash flows used in financing activities</b>	<b>(364)</b>
<b>Total cash flows</b>	<b>17.034</b>
Net cash and cash equivalents at beginning of the period	50
Net cash and cash equivalents at end of the period	17.084

# Revenues and Opex

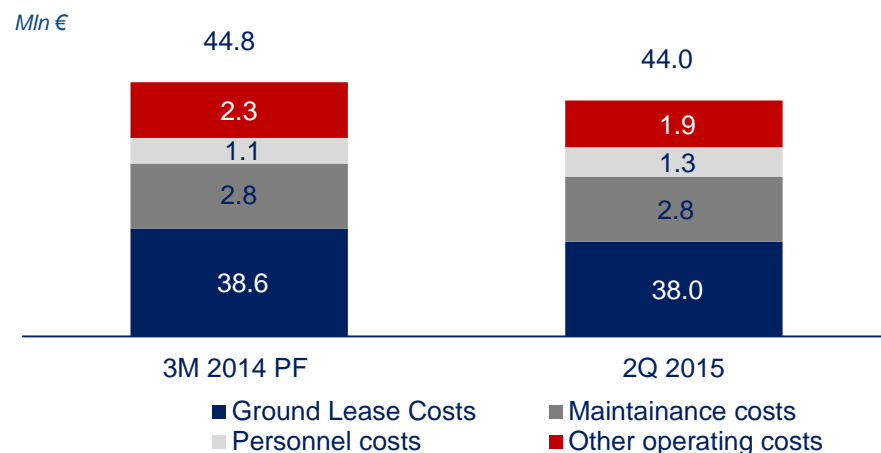
## CORE REVENUES



## REVENUES GROWING AT +0.6% vs. 3M 2014PF

- Third Party Revenues increased by 2.5% vs. 3M 2014 PF due to new tenants
- Revenues from TI based on Master Service Agreement

## OPEX



## OPEX DECLINED BY 1.8% VS. 3M 2014PF

- Ground lease expenses declined by 1.5%, specifically Third parties ground lease expenses declined by 1.7%
- Maintenance costs amount to 2.8 mln €, in line with pro-forma figure
- 2Q 2015 Personnel Cost at 1.3 mln €, driven by the ongoing recruitment plan
- Decline in other operating costs due to cost containment during the first quarter