



# Infrastrutture Wireless Italiane

A Strong Signal

Ready to do better

## 3Q 2015 Financial Results

October 27, 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 3Q 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 3Q 2015 financial information of INWIT does not include comparative information and the 3Q 2015 economic results relate in substance to the six-month period from April 1, 2015 to September 30, 2015.

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

The 6-months 2014 pro forma financial information (6M PF 2014) included in this presentation for comparative purposes was calculated as 50% 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 6-months 2014 (6M 2014) financial information included in this presentation for comparative purposes was calculated as 50% 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.

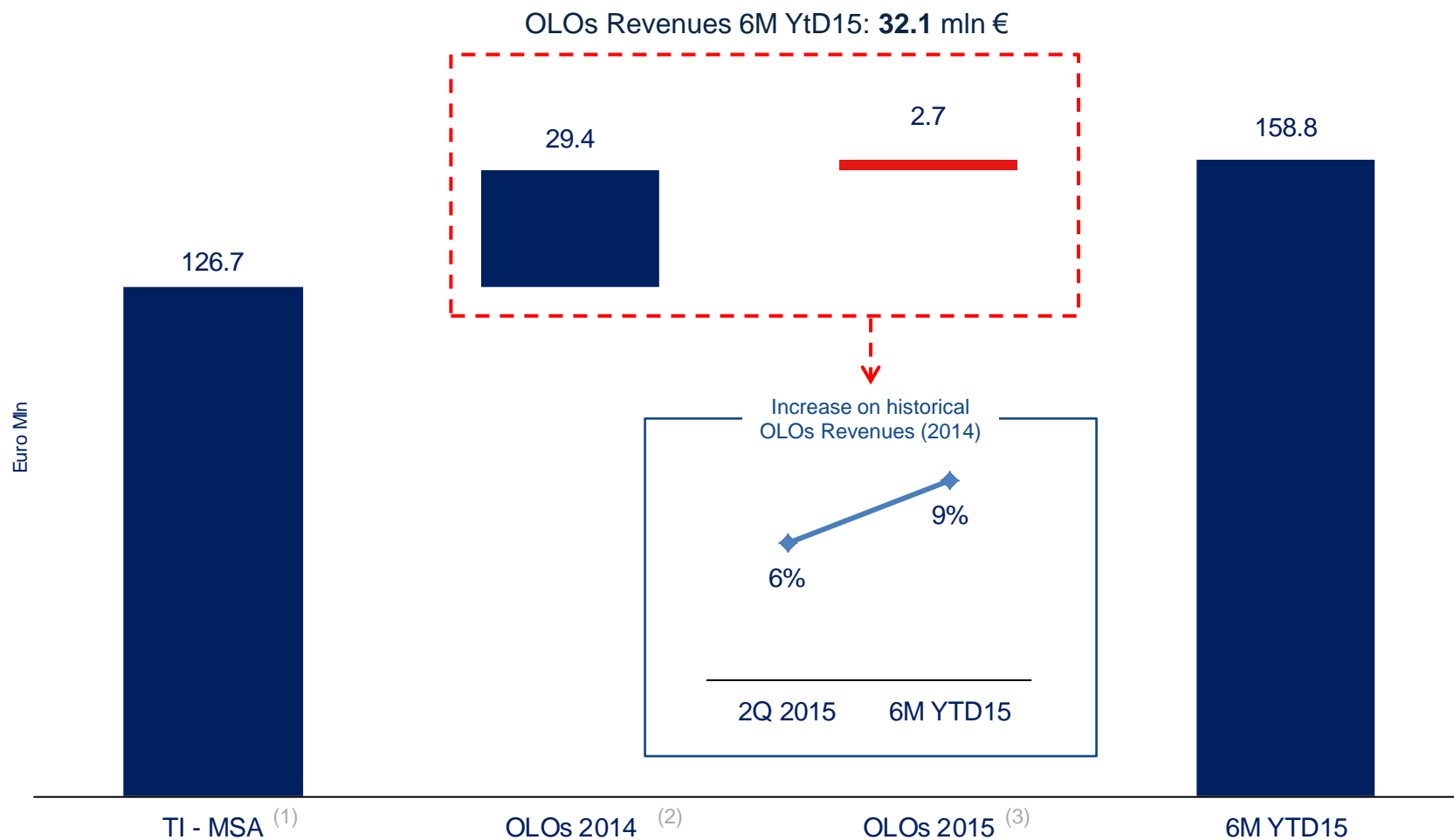
# **3Q 2015 Financial Results Presentation**

**Oscar Cicchetti – CEO**

**Rafael Perrino - CFO**



# Delivering Revenue Growth



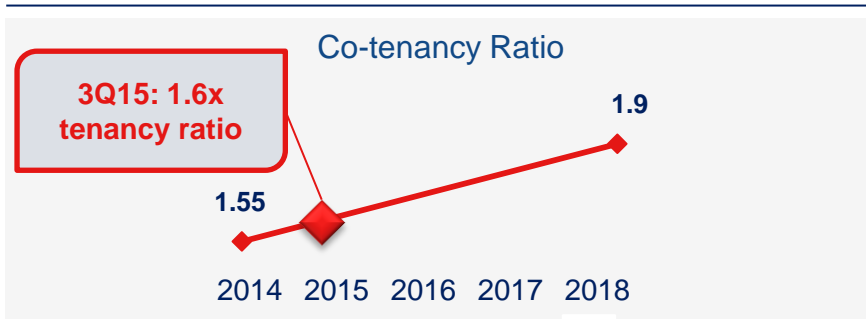
(1) MSA = Master Service Agreement with Telecom Italia

(2) For the purpose of this reconciliation, the 6m 2014 OLOs Revenues data has been calculated as 50% of 2014 OLOs Revenues of the Tower Business prior to the Transfer

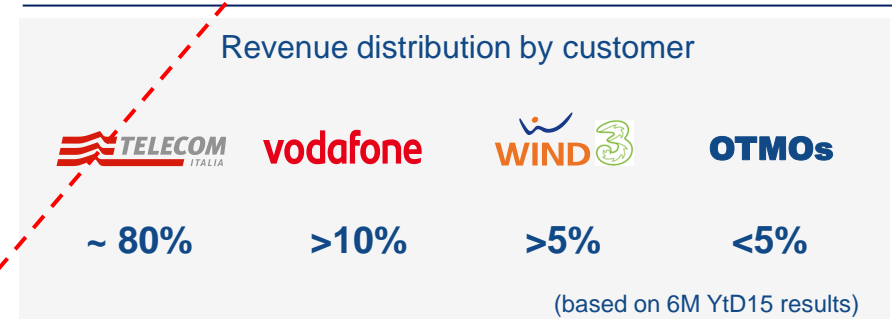
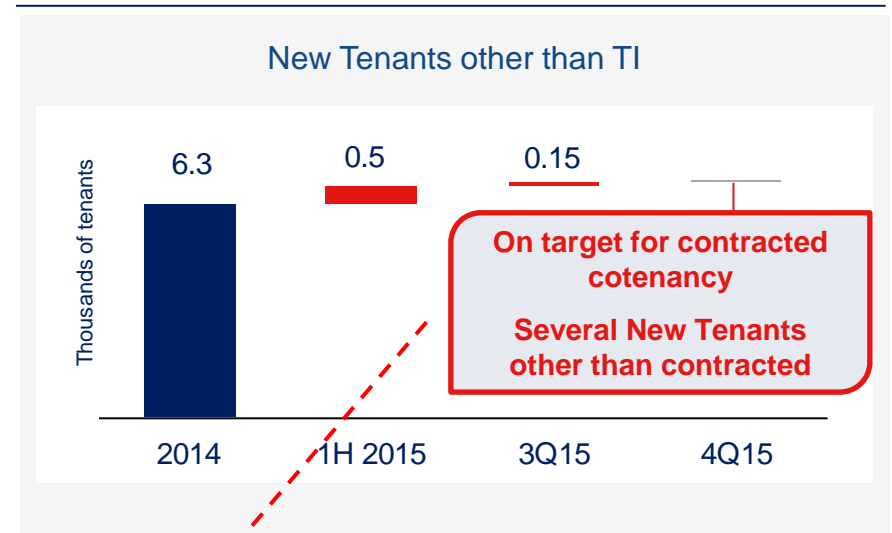
(3) "OLOs 2015" refers to the revenues increase vs. OLOs 2014 mainly due to co-tenancy increase

# Revenue Growth Source # 1: New Tenants

## 4 YEARS OLOs TENANCY PLAN



## NINE MONTH 2015

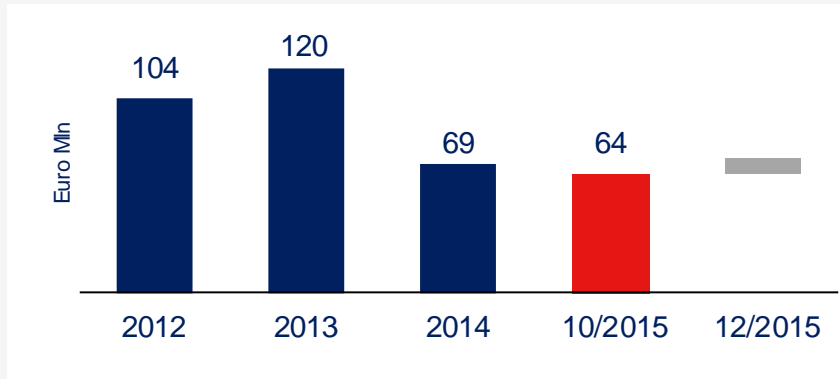


full-year economic impact:  
**4.3 mln €**  
 Additional Revenues deriving from  
 ~0.65 k New Tenants

# Revenue Growth Source # 2: New Sites

## NEW SITES

New sites built by TI / Inwit



## SITES INCREASE IN OCTOBER

### 64 New Sites<sup>(1)</sup>

Capex : ~ 3 mln €  
 Capex per Site ~ 45/50 k €

On Air : Spread over  
 4Q 2015 and 2016

**31** New Sites  
 with only TI as a Tenant

**33** New Sites  
 with TI + an additional Tenant<sup>(2)</sup>

Tenancy Ratio for New  
 Sites is aligned to  
 actual

full-year economic impact:  
**1.4 mln €**  
 Additional Revenues deriving from  
 64 new sites

# Revenue Growth Source # 3: New Business

## HETNET & SMALL CELLS: #1 AGREEMENT

- **# Sites:** 12 small cells based on DAS technology
- **Margin:** Aligned vs. actual
- **Capex per Site:** Lower than macro-site
- **Status:** Sites under construction (on air within end of 2015)
- **Tenants:** High tenancy ratio expected



## Bologna Arcades



## HETNET & SMALL CELLS: #2 AGREEMENT

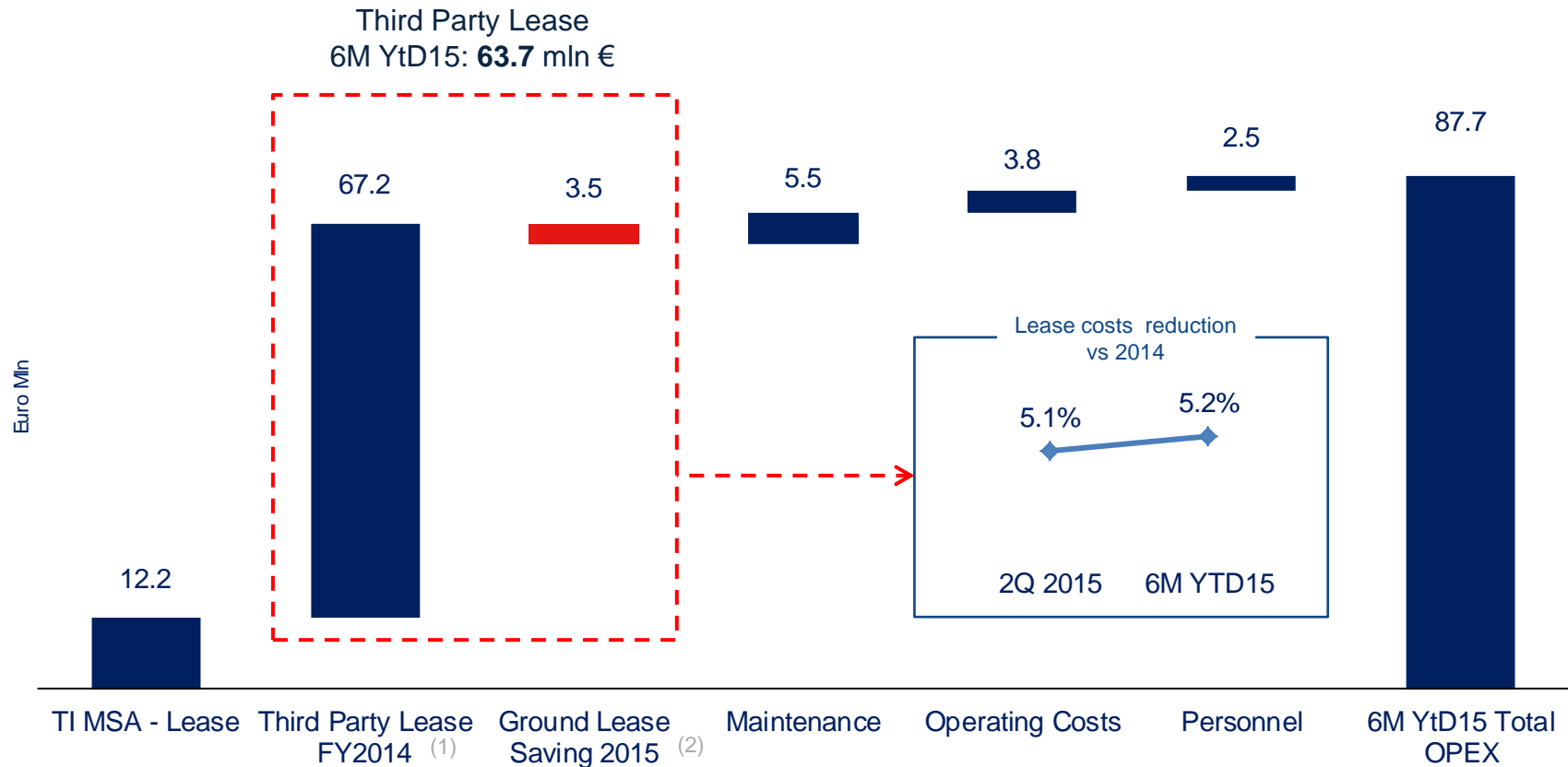
- **# Sites:** 18 small cells based on DAS technology
- **Margin:** Aligned vs. actual
- **Capex per Site:** Lower than macro-site
- **Status:** being designed
- **Tenants:** Agreements with many MNOs in pipeline



## Naples Area



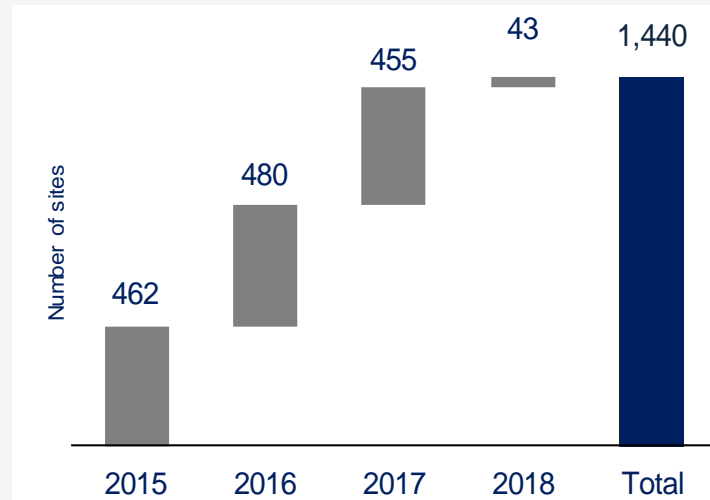
# Delivering Efficiency





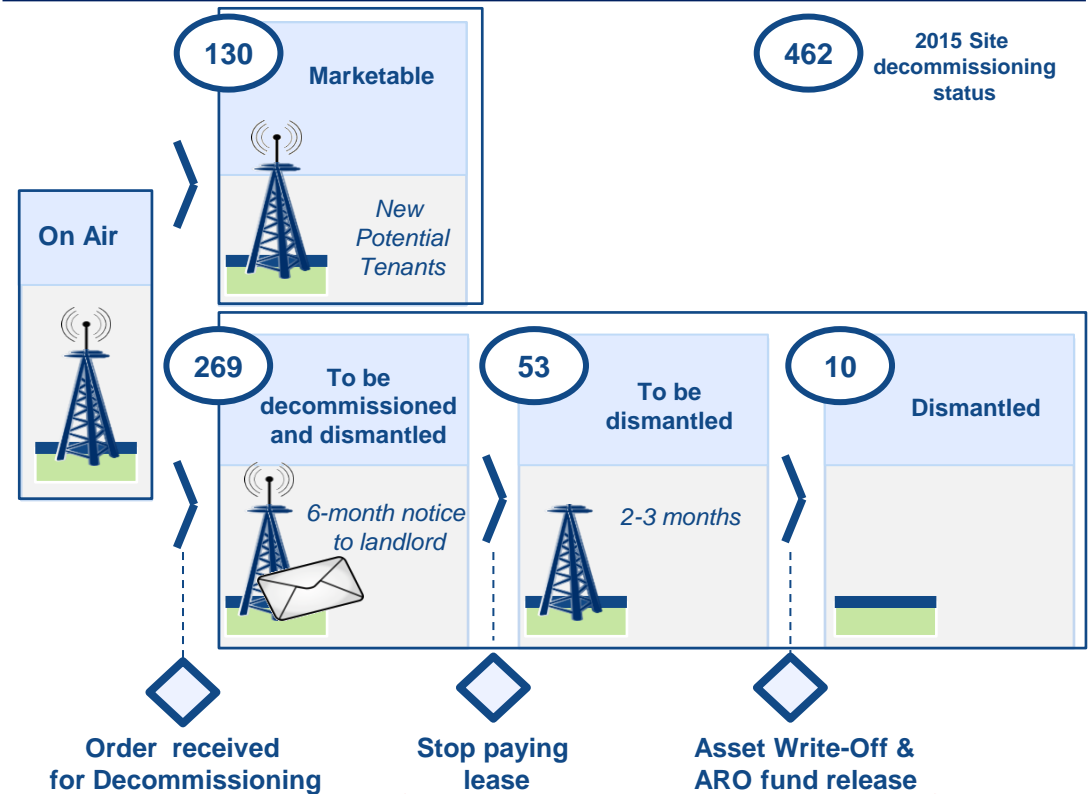
# Efficiency Driver # 1: Site Decommissioning

## 4 YEARS SITE DECOMMISSIONING PLAN



1.4 k Sites to be decommissioned without impact on revenues within 2018

## 2015 DECOMMISSIONING: STATE OF THE ART



full-year economic impact:

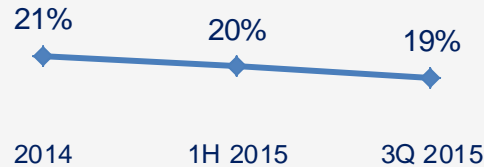
**0.6 mln €**

Opex Savings deriving from decommissioning of ~60 Sites

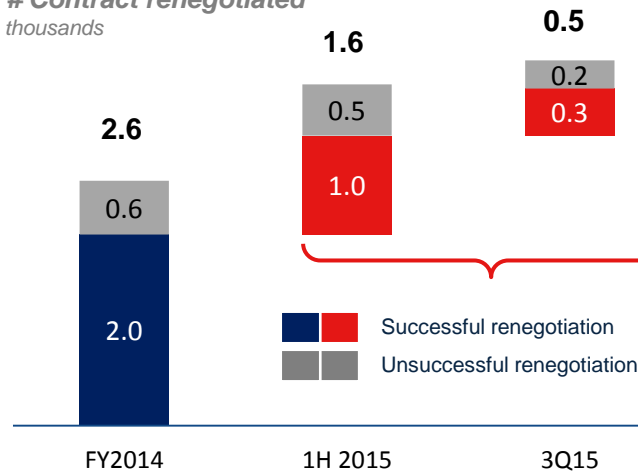
# Efficiency Driver # 2: Lease Renegotiations

## RENEGOTIATION RESULTS

# Average discount on total renegotiated

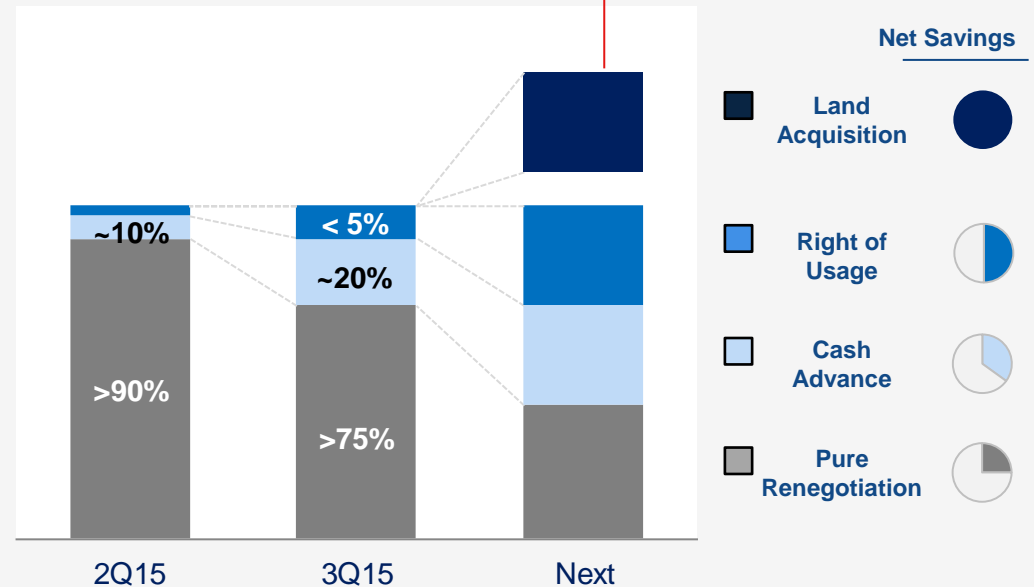


# Contract renegotiated thousands



## RENEGOTIATION AMONG DIFFERENT LEVERS

48 preliminary contracts  
Few hundreds Agreements under negotiation



full-year economic impact:  
**6.4 mln €**  
Opex Savings deriving from  
1.3 k Successful Renegotiations

# 3Q 2015 Financial Results Presentation

Oscar Cicchetti – CEO

Rafael Perrino - CFO



# Financial Overview

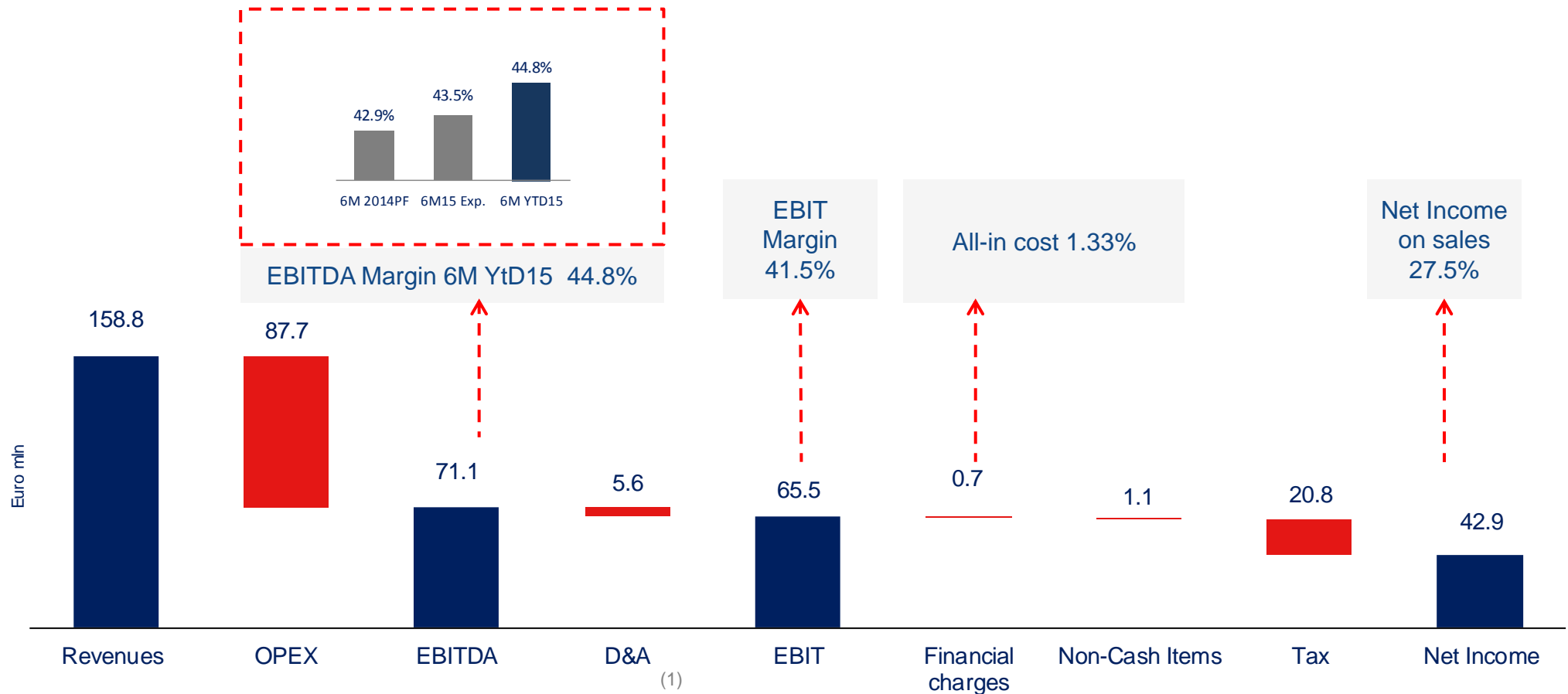
Inwit started operations at the beginning of April, after TI's contribution of Tower Business so the Financials as at September 30, 2015 represents the results of a quarter.

6 month Pro-forma 2014 is used as a reference to analyze the economic performance of the business in the first six months. <sup>(1)</sup>

	6M YtD15			3 Months				
	2015	2014 PF	% YoY	3Q 2015	2Q 2015	% QoQ	2014 PF	% YoY
<b>Revenues</b>	<b>158.8</b>	<b>157.0</b>	1.1%	<b>79.8</b>	<b>79.0</b>	1.1%	<b>78.5</b>	1.7%
<b>Opex</b>	<b>87.7</b>	<b>89.7</b>	-2.2%	<b>43.6</b>	<b>44.1</b>	-1.1%	<b>44.8</b>	-2.8%
<b>EBITDA</b>	<b>71.1</b>	<b>67.3</b>	5.6%	<b>36.2</b>	<b>34.9</b>	3.5%	<b>33.7</b>	7.6%
<i>EBITDA margin</i>	45%	43%	+2 pp	45%	44%	+1 pp	43%	+2 pp
<b>EBIT</b>	<b>65.5</b>	<b>62.3</b>	5.2%	<b>33.3</b>	<b>32.2</b>	3.4%	<b>31.1</b>	6.9%
<i>EBIT margin</i>	41%	40%	+2 pp	42%	41%	+1 pp	40%	+2 pp
<b>Net Income</b>	<b>42.9</b>	<b>41.0</b>	4.6%	<b>21.7</b>	<b>21.3</b>	1.8%	<b>20.5</b>	5.5%
<i>Net Income/Revenues</i>	27%	26%	+1 pp	27%	27%	+0 pp	26%	+1 pp
<b>CapEx</b>	<b>-1.9</b>			<b>0.0</b>				
<i>Capex/Revenues</i>	1.2%			0.0%				
<b>EBITDA - Capex</b> <sup>(2)</sup>	<b>69.2</b>			<b>36.2</b>				
<i>Cash Conversion</i>	97.3%			100.0%				
<b>Net Debt</b>	<b>-60.1</b>			<b>-60.1</b>				

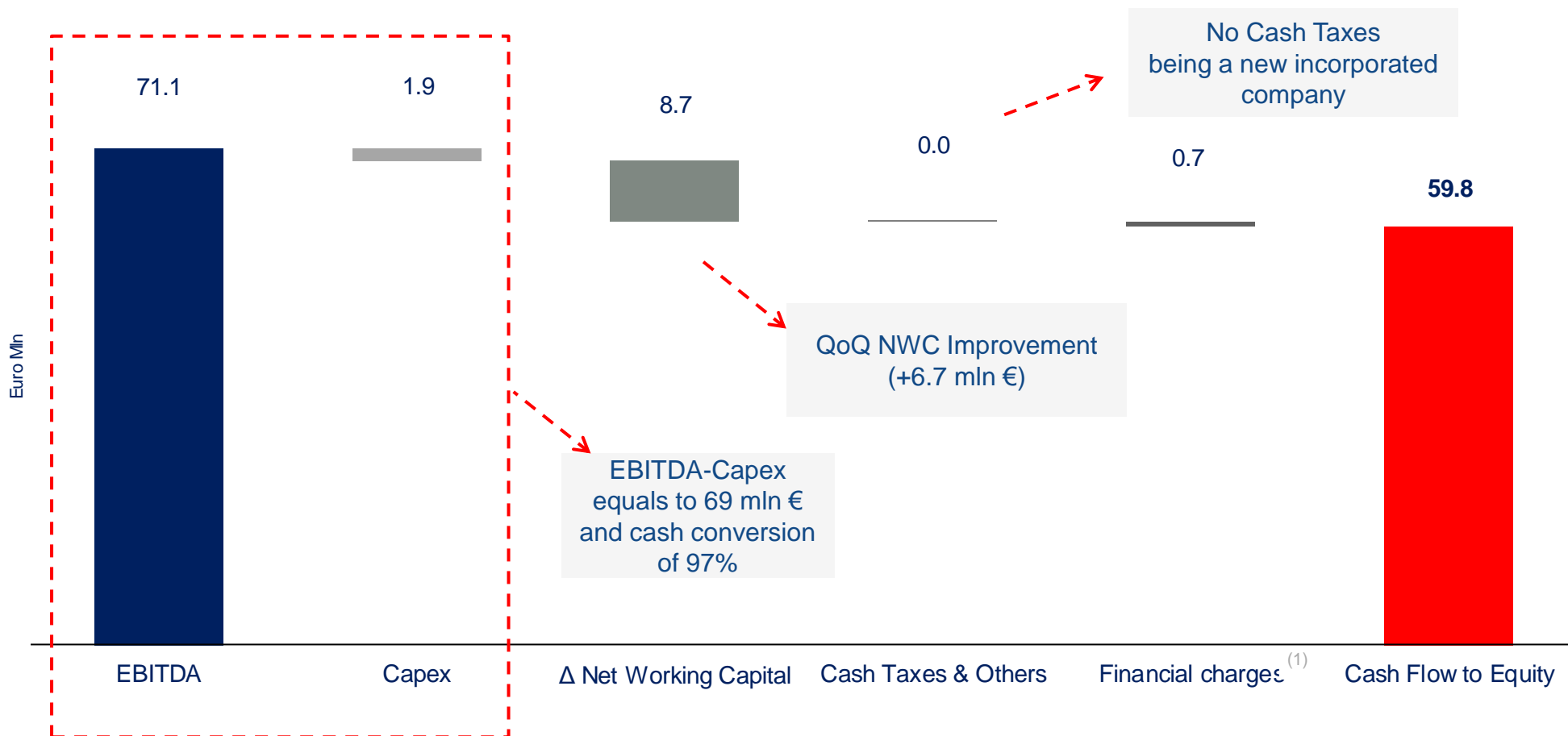
**3.75 mln € extraordinary Maintenance Capex already ordered, to be incurred in 2015**

# P&L (6M YtD15)



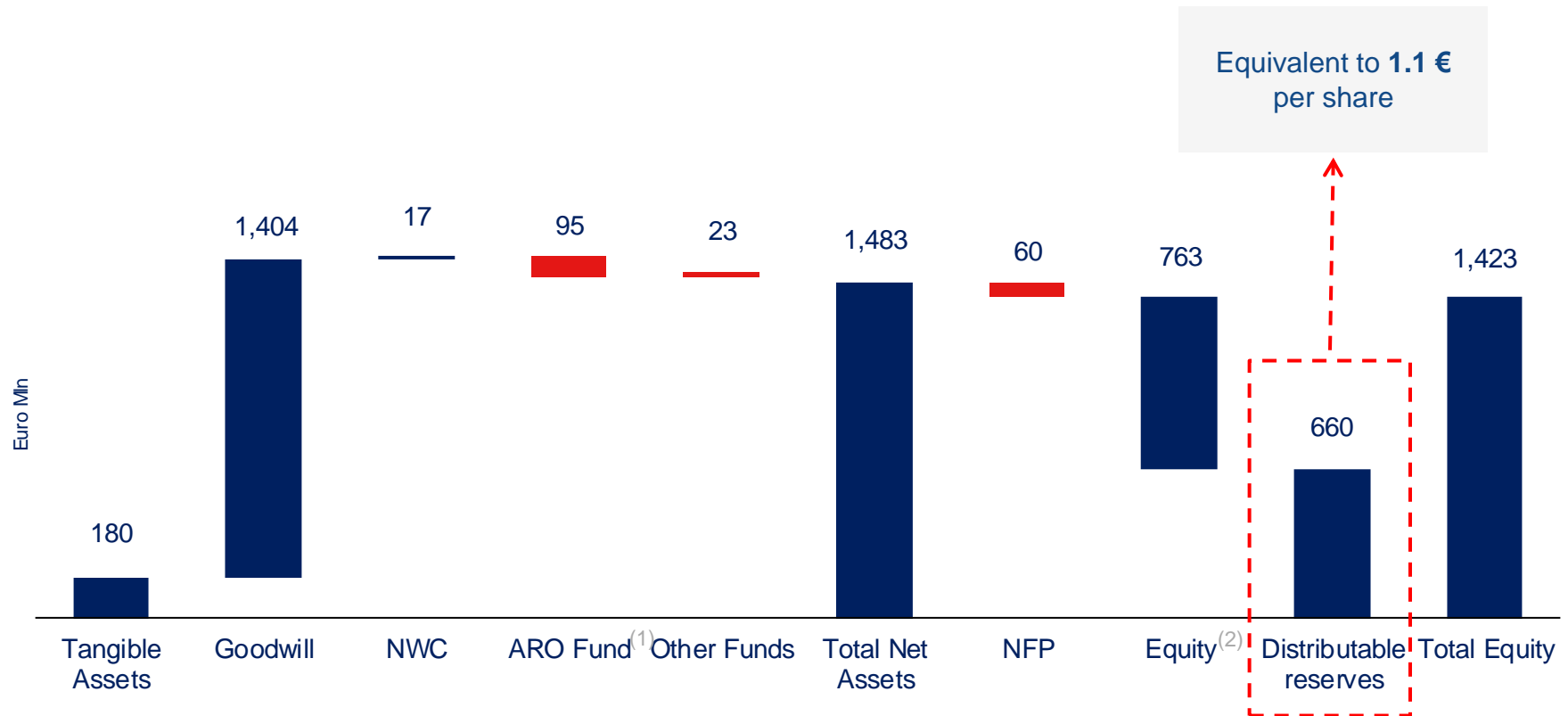
**42.9 mln €**  
Net Income 6M YtD15

# Cash Flow Generation (6M YtD15)



**59.8 mln €**  
CFE (Cash Flow to Equity)<sup>(2)</sup>

# Balance Sheet (at 30 sept 2015)



**60.1 mln €**  
*Net Debt at September 30, 2015*  
**< 0.4x**  
*Net Debt / EBITDA ratio*

**Thank You**

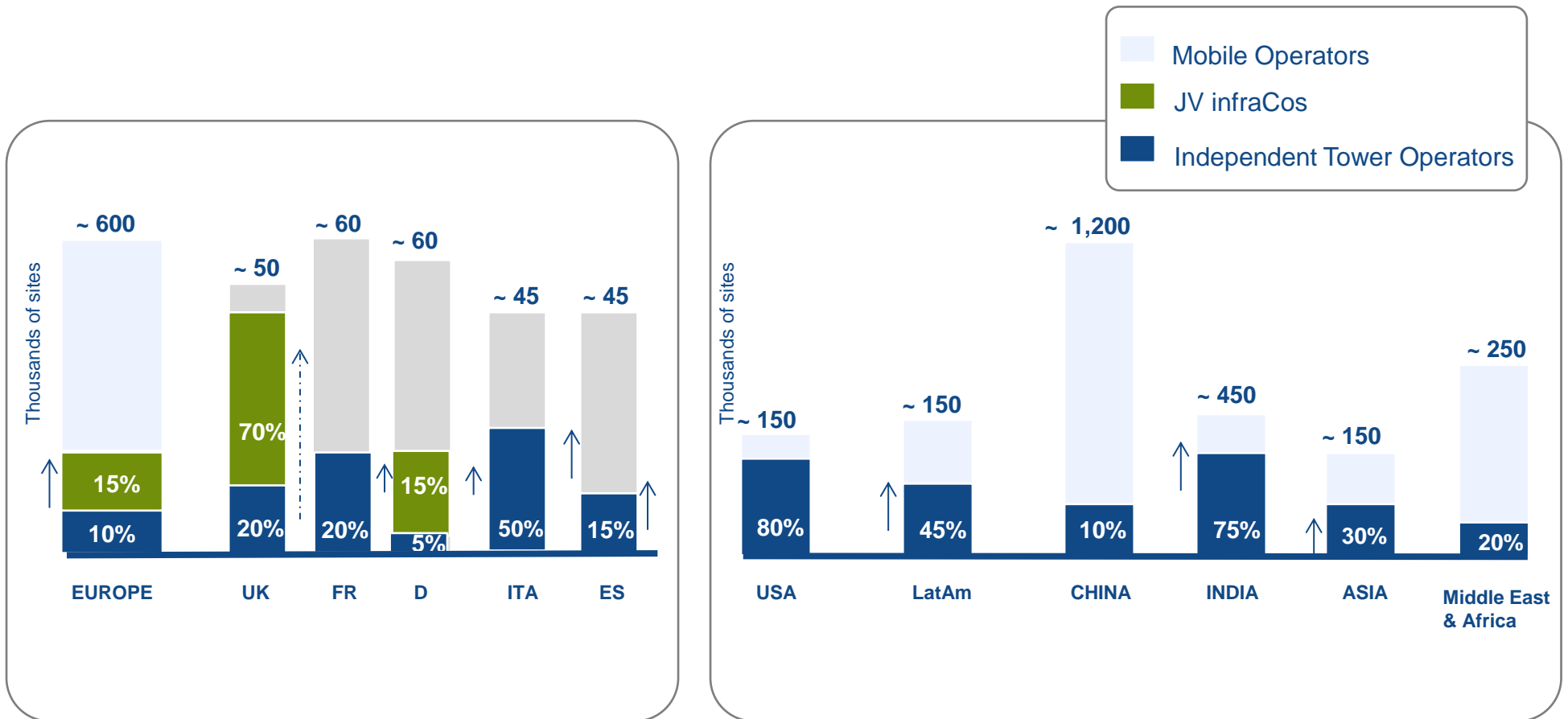
**Q&A session**





**Back Up**

# World Tower Market Overview



**> 20 Tower Companies**

*Independent Tower Operators in Europe*

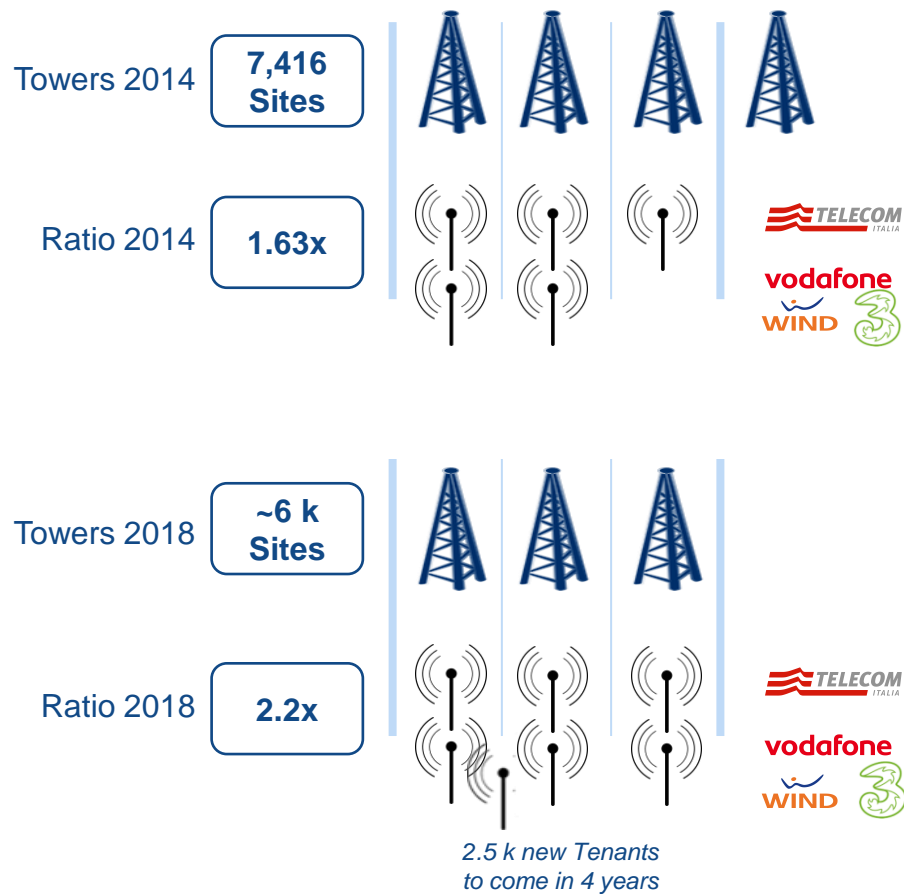
**> 150 k Towers**

*Worldwide Tower transactions over the last 3 yrs*

# Inwit Tower Portfolio

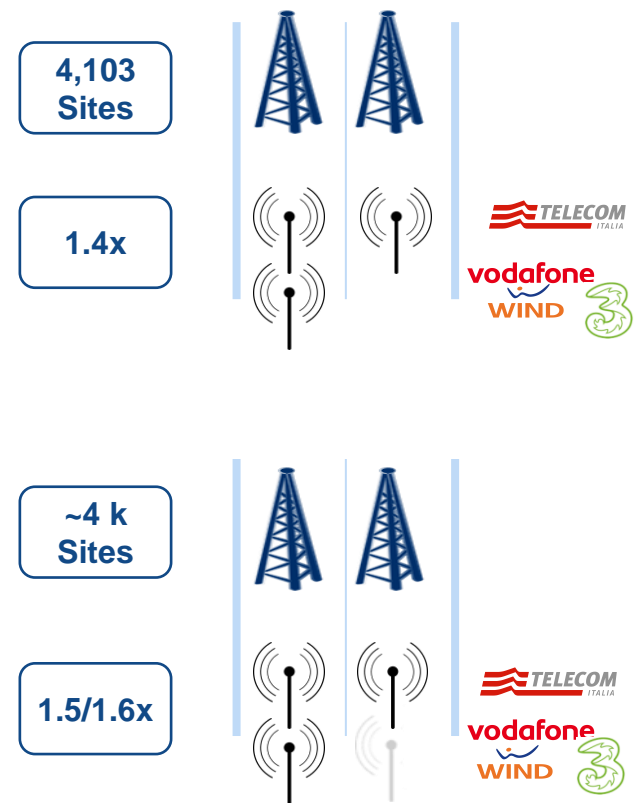
## “A” SITES

“A” Sites located in low density population areas, predominantly with less than 50 k inhabitants



## “B” SITES

“B” Sites located in high density population areas, predominantly with more than 50 k inhabitants



# Inwit Pillars

## SOLID CASH GENERATION

### HIGH VISIBILITY ON REVENUES

- Long Term Contracts (> 80% of revenues from a 24 years contract with TI)
- New contracted tenancy (2.5 k Tenants - guarantee)
- Commercial tenancy growth

### EBITDA GROWTH

- Efficiency through decommissioning (1.4 k tower – guarantee)
- Efficiency through renegotiation (advance payment, ..., land acquisition)

## POTENTIAL UPSIDE

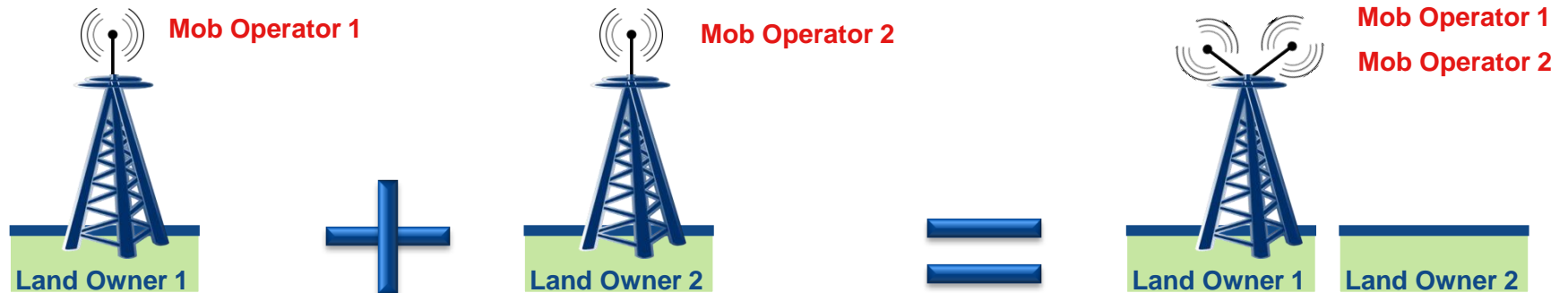
### NEXT GEN. WIRELESS INFRASTRUCTURES

- Sharing Infrastructure (Small Cells, DAS, ...)
- Sharing Networks (IoT, GSM, ...)
- Vertical Solutions (Public Safety, ...)

### M&A OPPORTUNITIES

- In-Country Consolidation (Synergies, ...)
- Cross-Country Operation

# Consolidation and potential decommissioning



(+) Rev from mob op 1

(-) Lease cost with Land Owner 1

(-) Maintenance for site 1

(+) Rev from mob op 2

(-) Lease cost with Land Owner 2

(-) Maintenance for site 2

(+) Rev from mob op 1

(+) Rev from mob op 2

(-) Lease cost with Land Owner 1

(-) Maintenance for site 1

Site 1

Site 2

EBITDA Benefits

SITE

■ Site dismantling costs

LAND LORD

■ Agreement with location owner 1 to receive new tenants

■ Advance Notice to location owner 2 (6 months lease costs)

MOBILE OPERATOR

■ Agreement with TI to accept new tenants (contract obligation on A sites)

■ Permissions to move mob op 2 antennas (i.e. by offering a reduction in hosting cost)

■ Neutralizing moving antenna costs (in charge at Mob Op 2)

Present only in case of deal with a Tower Operator - Part of the overall negotiation in case of deal with a Mobile Operator

NO MORE Lease cost with Land Owner 2

NO MORE Maintenance Cost on site 2

# Small Cells Demand Evolution

## NEED FOR DENSIFICATION

- High increase of data users and usage
- Limits on traffic and contemporary user per macro-cell

## SMALL-CELLS vs MACRO-CELLS

- Macro-cells need for umbrella coverage
- Small-cells closer to final customer (higher throughput, lower jitter, less density per cell)

