Interim Management Report at March 31, 2019

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Interim Management Report

This document has been translated into English for the convenience of the readers.
In the event of discrepancy, the Italian language version prevails

NAME, SHARE CAPITAL AND REGISTERED OFFICE OF THE COMPANY

Name	Infrastrutture Wireless Italiane S.p.A.
Share capital	600,000,000 euros
Registered office	Via G. Vasari 19, Milan *(*)*
Tax code, VAT no. and registration no. in the Register of Companies of Milan	08936640963
Website	www.inwit.it

(*) On May 15, 2019 the Board of Directors resolved to transfer the registered office in Milan from 19 Via Giorgio Vasari to 1 Via Gaetano Negri.

A company subject to the management and coordination of TIM S.p.A. pursuant to articles 2497 and subsequent of the Italian Civil Code.

BOARD OF DIRECTORS

Chairman	Stefano Siragusa *(**)*
CEO	Giovanni Ferigo
Directors	Francesca Balzani (independent) Enrico Maria Bignami (independent) Gigliola Bonino Laura Cavatorta (independent) Mario Di Mauro *(**)* Luca Aurelio Guarna (independent) Agostino Nuzzolo Filomena Passeggio (independent) Secondina Giulia Ravera (independent)
Secretary to the Board	Salvatore Lo Giudice

(**) On May 15, 2019, the Board of Directors appointed Piergiorgio Peluso and Carlo Nardello as Directors, replacing Stefano Siragusa and Mario Di Mauro, who resigned; Mr Peluso was also appointed Chairman.

BOARD OF STATUTORY AUDITORS

Chairman	Stefano Sarubbi
Acting Auditors	Umberto La Commara Michela Zeme
Alternate Auditors	Roberto Cassader Elisa Menicucci

INWIT ACTIVITIES

Infrastrutture Wireless Italiane S.p.A. (hereinafter **"INWIT"** for short, or the "**Company**") operates in Italy in the field of electronic communications infrastructure, and specifically infrastructure devoted to hosting equipment for radio broadcasting, telecommunications, and television and radio signals broadcasting.

INWIT operates in the sector as a result of the transfer from TIM in March 2015 (effective April 1, 2015) of a business unit focused mainly on activities related to the construction and management of the sites' passive infrastructures, generally consisting of civil structures (such as towers, pylons, and poles) and technological systems, necessary to host the transceiver equipment owned by mobile operators and other radio service operators.

The infrastructural operators working in this industry are also called *Tower Companies* or *Tower Operators*. In this context, INWIT stands out for being the largest Italian Tower Operator both in terms of number of sites managed and total sales.

INWIT manages approximately 11,000 sites, with widespread distribution throughout Italy, as a result of over 40 years of work developing the radio-mobile networks by TIM, when it still acted as a monopoly. The technical and operational know-how of the Company is therefore assured by the use of staff with strong specific experience, gained over many years working within TIM.

Key factors of *INWIT competitive* positioning

As well as the widespread distribution and quality of the infrastructure, the key factors of INWIT's competitive positioning mainly concern:

- established relationships with the main radio-mobile operators that recognize the importance of the services offered by INWIT within their own value chain;
- visibility of revenues and significant generation of cash flow, guaranteed by long-term contracts that are renewable upon expiration, historically characterized by a high renewal rate, also considering the high quality of the sites made available;
- contracts safeguarded against inflation;
- technical and managerial know-how, ensured by the use of personnel with consolidated experience gained over years within TIM.

Integrated hosting services

At March 31, 2019, the Company's total revenue derived from its integrated hosting services, consisting in providing (*Tower Rental*) customers with:

- physical spaces on its vertical structures, which can host the radiating systems receiving and transmitting radio signals;
- indoor physical spaces suitable for the installation of customer equipment and the connection of their radiating systems;
- access to the electricity networks and technological systems consisting of power supply systems (including energy backup systems) and air conditioning and/or ventilation systems that ensure the correct operation of customer equipment;
- DAS &Small Cells connectivity services to improve the value proposition of Mobile Operators by optimizing radio coverage and increasing network capacity in high-traffic areas;
- access to the core network with full-fiber backhauling to ensure high throughput for MNOs

Integrated hosting services also include the provision of maintenance, monitoring and security management services of the premises and the technological systems.

With regard to infrastructure sites, [1] which account for approximately 20% of the all sites, INWIT owns the civil structures only, not the technological systems[2]. The latter, as a matter of fact, were not contributed and are still owned by TIM, as they are shared across fixed and mobile networks. Accordingly, the hosting services offered by INWIT at these sites consist only in providing physical space on the vertical support structures.

INWIT's customers are the leading national mobile network operators (MNOs) - Tim, Vodafone and Wind Tre - with which it has entered into long-term contracts to provide hosting services and other radio service operators.

The customers' high profile, their concentration, the multi-year medium-long term duration of the commercial agreements signed with them, and the large volume of the services offered by the Company within the MNO's value chain, are the key aspects of the Company's business.

[1] The infrastructural sites are positioned in properties owned or leased by TIM, in/on which TIM's fixed telephone devices are located.

[2] That is, all equipment owned by the Company consisting of: (i) power system including panels and integrated power substation, complete with backup batteries; (ii) earthing system; (iii) lightning protection system; (iv) air conditioning and/or ventilation system; (v) flight obstacle signaling system, built and/or installed at the sites.

HIGHLIGHTS AL MARCH 31, 2019

The adoption of the IFRS16 accounting standard, described in more detail in the specific paragraph, has changed the composition of the main financial and profitability indicators.
More specifically, for the first quarter of 2019, the following should be noted:

- Revenues amounted to 94,902 thousand euros, a decrease of 0.6% compared to the corresponding period of 2018 (95,521 thousand euros). In the first quarter of 2018 one-off revenues were reported. Net of those items, the comparison with the same period in 2018 shows a 3.6% growth;

- EBITDA amounted to 82,820 thousand euros, up 49.7% compared to the first quarter of 2018 (up 61.1% excluding the aforementioned one-off revenues). This value benefited, in the amount of 29,268 thousand euros, by the adoption of accounting standard IFRS 16 in application of which, with reference to leases reported by the lessee which do not constitute the provision of services, the lease payments are no longer recorded as costs for purchases of goods and services, but must be reported in the statement of financial position as a liability of a financial nature, consisting of the present value of future lease payments, with the right to use the leased asset, amortized over the probable contractual duration, being reflected in the assets. Furthermore, the EBITDA of March 2019 is influenced by the negative impact of non-recurring charges totaling 557 thousand euros (consisting of charges and provisions for early retirements);

- comparable EBITDA for the first quarter of 2019 - calculated using the previous accounting standards - amounted to 53,552 thousand euros (55,539 thousand euros in the first quarter of 2018), down by 1,787 thousand euros (-3.2%) and accounting for 56.4% of revenues (57.9% in the first quarter of 2018; -1.5 percentage points on equal standards);

- EBIT amounted to 51,767 thousand euros with a decrease of 0.7% compared to the same period in 2018 (+ 7.4% excluding the aforementioned one-off revenues); comparable EBIT for the first quarter of 2019 amounted to 49,347 thousand euros (52,124 thousand euros in the first quarter of 2018), down by 2,777 thousand euros (-5.3%) compared to the first quarter of 2018 and accounting for 52.0% of revenues (54.6% in the first quarter of 2018).

- The result for the period amounted to 32,394 thousand euros, down 11.0% compared to the same period in 2018 (-0.2% excluding the aforementioned one-off revenues);

- Industrial investments in the period amounted to 7,619 thousand euros, down by 3,164 thousand euros compared to the same period of 2018 (10,783 thousand euros);

- Net Financial Debt totaled 686,407 thousand euros, including in particular the increase of 668,982 thousand euros deriving from the application of the new accounting standard IFRS 16 (Leasing). Excluding this impact, Adjusted Net Financial Debt was 17,756 thousand euros, a significant improvement compared to December 31, 2018 (48,088 thousand euros).

Financial Highlights

(thousands of euro)	1st Quarter 2019 (a)	1st Quarter 2018 (b)	Change in absolute values c=(a-b)	Change % (c/b)
Revenues	**94,902**	**95,521**	(619)	(0.6)
EBITDA[1]	**82,820**	**55,339**	27,481	49.7
EBITDA Margin	**87.3%**	**57.9%**	*29.4pp*	*29.4pp*
EBIT[1]	**51,767**	**52,124**	(357)	(0.7)
EBIT Margin	**54.5%**	**54.6%**	*(0.1)pp*	*(0.1)pp*
Profit for the period	**32,394**	**36,400**	(4,006)	(11.0)
Operating Free Cash Flow	**59,618**	**36,893**	22,725	61.6%
Capital expenditures (CAPEX) (2)	**7,619**	**10,783**	(3,164)	-29.3%

	03.31.2019	12.31.2018	Change in absolute values
ESMA net financial debt	**686,611**	**48,306**	638,305
INWIT net financial debt	**686,407**	**48,088**	638,319

(thousands of euro)	1st Quarter 2019 comparable (a)	1st Quarter 2018 (b)	Change in absolute values c=(a-b)	Change % (c/b)
Revenues	**94,902**	**95,521**	(619)	(0.6)
EBITDA[1]	**53,552**	**55,339**	(1,787)	(3.2)
EBITDA Margin	**56.4%**	**57.9%**	*(1.5pp)*	*(1.5pp)*
EBIT[1]	**49,347**	**52,124**	(2,777)	(5.3)
EBIT Margin	**52.0%**	**54.6%**	*(2.6)pp*	*(2.6)pp*
Profit for the period	**34,439**	**36,400**	(1,961)	(5.4)

	03.31.2019	12.31.2018	Change in absolute values
ESMA net financial debt	**17,960**	**48,306**	(30,346)
INWIT net financial debt	**17,756**	**48,088**	(30,332)

(1) Details are provided under "Alternative Performance Measures".
(2) (*) Net of consideration received for transfer of fixed assets.

BUSINESS ENVIRONMENT

The infrastructure market for radio networks and those for mobile radio networks in particular, is affected by a deep transformation, characterized by:

- growth in mobile broadband connections and volumes of data traffic, due to the increasingly widespread use of images and video in communications and in personal and professional applications;
- expansion of 4G coverage which represents a fundamental technological discontinuity. Indeed, 4G is the first mobile radio network architecture specifically conceived and designed for data traffic; following closely behind, the rollout of the 5G, will involve the request for new hosting and the complete migration of the full IP Backhaul;
- evolution of mobile radio network architectures which, in order to deliver high speeds and low latencies require a high number of micro-cells that interoperate with macro-cell coverages;
- strategies to reallocate invested capital by operators who tend to outsource and share infrastructure assets and activities when they need to invest to acquire frequencies and develop the networks to cope with competitive changes.

In this scenario, and in order to seize the business opportunities arising from the market environment, INWIT:

- has increased the value of its infrastructural assets, gradually raising the co-tenancy ratio. At March 31, 2019, the value was 1.9x, confirming the December 2018 amount.[(3)]
- has become more efficient by pursuing its plan to renegotiate leases and the land acquisition plan;
- has met the demand for new sites by launching the construction of about 550 new sites at the date of transfer of the business unit;
- has launched a multi-operator microcell coverage plan in places with the highest concentration of users and traffic, reaching 2,600 remote units;
- has modernized its sites, connecting as many as 630 through fiber backhauling.

(3) "Organic" Co-Tenancy ratio calculated as the ratio between the number of tenants as at 31.3.2019 and the number of sites not subject to decommissioning on the same date.

The impact of these strategies in the period ended March 31, 2019 is detailed below.

Increased co-tenancy

As mentioned above, the Company continued to pursue the process aiming at leveraging its assets by increasing the number of customers on existing Sites.

The table below shows the effects of new hosting agreements at March 31, 2019 as compared to the same data at December 31, 2018:

(amounts stated in thousands)		March 31, 2019	December 31, 2018
Number of sites (*)	(a)	10.9	11.0
Number of hostings in place with Tenants (**)	(b)	21.2	20.9
Number of hostings in place with *Tenants*, excluding TIM (***)	(c)	10.30	10.15
Average number of *Tenants* per Site (Tenancy ratio)	(b)/(a)	1.90	1.90

(*) Net of sites being decommissioned and under construction.
(*) Excluding Sites in which the hosting service ceased during the period.
(**)* Number of hostings on the same Site. Please note that each Tenant refers to one hosting per Site only.

As shown in the above table, at March 31, 2019, the average number of operators per site was 1.90x.

Renegotiation of leases with lessors

In the context of containing rental costs and in consideration of the trend in the reference market, a program to renegotiate lease contracts, started in 2015, continued in the first quarter of 2019; this brought the monthly rental costs to an average of approx. 11.4 thousand euros, compared to approx. 14.5 thousand euros at the date of transfer (April 1, 2015).

In the first quarter of 2019, the saving achieved is attributable to targeted actions to contain rental costs, such as the renegotiation of rental contracts and the purchase of land.

INCOME, BALANCE SHEET AND FINANCIAL PERFORMANCE AT MARCH 31, 2019

INWIT voluntarily prepares and publishes the Interim Financial Reports for the first and third quarters of each financial year.

The Interim Report at March 31, 2019 was prepared in accordance with the IFRS accounting standards issued by the IASB and endorsed by the EU; 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 three 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 three months of 2019 with the corresponding period of the previous year; said date 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 "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.

ADOPTION OF ACCOUNTING STANDARD IFRS 16

The main information and a summary of the impacts from application, as of January 1, 2019, of IFRS 16 (Leases) are shown below.

On October 31, 2017, Regulation EU no. 2017/1986 was issued which implemented IFRS 16 (Leases) at the EU level.

IFRS 16 replaces IAS 17 (Leases) and the corresponding interpretations (IFRIC 4 Determine whether an arrangement contains a lease; SIC 15 Operating Leases—Incentives; SIC 27 Evaluating the Substance of Transactions in the Legal Form of a Lease).

As permitted by the accounting standard, Inwit, consistent with the TIM Group, applied the simplified retrospective method, which involves recognizing the cumulative effect of first time application of the standard as adjustment to the shareholders' equity opening balance, while leaving the previous comparative periods unchanged.

Pursuant to IFRS 16, the accounting representation of leases (which do not constitute a provision of services) as lessee requires recognizing a financial liability in the statement of financial position, consisting of the present value of future lease payments, with corresponding recording in assets of the right to use the leased asset.

Leases in which the company is the lessee, already previously classified as finance leases under IAS 17, were left unchanged with respect to the accounting representation required by IAS 17, in full continuity with the past.

On the transition date (January 1, 2019), for leases previously classified pursuant to IAS 17 as operating leases, Inwit, consistent with the TIM Group, applied the simplified retrospective approach, recognizing the financial liability for leases and the corresponding value of the right of use, as measured on the basis of the remaining lease instalments as at the transition date.

IMPACT FROM ADOPTION OF IFRS 16

The following is a reconciliation of the differences between commitments in place as at December 31, 2018 arising from operating leases (in application of IAS 17) and the lease liabilities recognized in the statement of financial position at January 1, 2019 (in application of IFRS 16).

(thousands of euro)

Non-cancellable operating leases as at 12.31.2018 (nominal value)		**92,563**
Land component in real estate finance leases (nominal value)	(a)	282,456
Other contracts and discounted cash flows impact	(b)	403,006
Additional lease liabilities as at 1.1.2019	(a+b)	**685,462**

The following average discount rates were applied to the lease liabilities recognized in the statement of financial position at the date of initial application (January 1, 2019):

- Real Estate 2.14%,
- Land 3.24%
- Base transceiver stations 3.45%

IMPACTS ON THE FINANCIAL POSITION AS AT 1/1/2019 (TRANSITION DATE)

Adoption of the IFRS 16 resulted in greater non-current assets, due to the recording of the "right of use of the leased asset" offsetting greater financial abilities. In detail, the impacts on the main statement of financial position items upon transition are summarized below.

(thousands of euro)	12.31.2018 (*)	IFRS 16 impact	1.1.2019 Restated
Assets			
Non-current assets			
Intangible assets	1,450,347	-	1,450,347
Tangible assets	254,577	-	254,577
Right of use on third-party assets	2,632	700,695	703,327
Other non-current assets			
Non-current financial assets	218	-	218
Miscellaneous receivables and other non-current assets	21,672	-	21,672
Deferred tax assets	2,682	-	2,682
Current assets			
Trade and miscellaneous receivables and other current assets	78,176	-15,233	62,943
Financial receivables and other current financial assets	8,101	-	8,101
Current securities and equity investments	10,036	-	10,036
Income tax receivables	1	-	1
Cash and cash equivalents	104,125	-	104,125
Total assets	**1,932,567**	**-**	**2,618,029**
Equity and Liabilities			
Equity			
Share capital	599,788	-	599,788
Reserves	779,068	-	779,068
Profit losses, including the result for the period	169,459	-	169,459
Total Equity	**1,548,305**	**-**	**1,548,305**
Non-current financial liabilities	130,208	583,029	713,237
Miscellaneous payables and other non-current liabilities	108,339	-	108,939
Current liabilities			
Current financial liabilities	40,359	102,433	142,792
Trade and miscellaneous payables and other current liabilities	105,356	-	105,356
Total Equity and Liabilities	**1,932,567**	**-**	**2,618,029**

(*) amounts already reclassified for IFRS 16 purposes.

IMPACT ON THE MAIN SEPARATE INCOME STATEMENT AND STATEMENT OF FINANCIAL POSITION ITEMS FOR THE FIRST QUARTER OF 2019

"Comparable" income statement data and "comparable" statement of financial position data are presented to ensure comparability of income and financial results for the first quarter of 2019 with the corresponding periods of the previous year; said data were prepared according to the previous accounting standards (IAS 17 and related Interpretations).
The impact of IFRS 16 on the main income statement data for the first quarter of 2019 is detailed below.

(thousands of euro)	1st Quarter 2019 (a)	1st Quarter 2019 comparable (*) (b)	Impact new standards (c=a-b)	1st Quarter 2018
Operating costs	(12,082)	(41,350)	29,268	(40,182)
EBITDA	**82,820**	**53,552**	**29,268**	**55,339**
Amortization of rights of use / finance leases	(31,053)	(4,205)	**26,848**	(3,215)
EBIT	**51,767**	**49,347**	**2,420**	**52,124**
Financial charges for rights of use / finance leases	(5,987)	(1,019)	**(4,968)**	(51)
Profit (loss) before tax from continuing operations	**45,780**	**48,328**	**(2,548)**	**51,093**
Income taxes	(13,386)	(13,889)	**503**	(14,693)
Profit (loss) for the period	**32,394**	**34,439**	**(2,045)**	**36,400**

(*) in the comparable first quarter of 2019 the leases signed as from 1.1.2019 continue to be classified as operating leases for the purposes of IAS 17.

The different nature, qualification and classification of expenses, with recognition of the "Amortization of the right of use of the asset" and of "Financial charges for interest associated with the rights of use", instead of the "Costs for use of third-party assets - operating lease payments ", as per IAS 17, had a positive impact on EBITDA of 29,268 thousand euros.

The impact of IFRS 16 on the main statement of financial position data at March 31, 2019 is shown below.

(thousands of euro)	3.31.2019 (a)	3.31.2019 comparable (b)	Impact of new standards (c=a-b)
Assets			
Non-current assets			
Goodwill	1,411,770	1,411,770	-
Intangible assets	41,181	41,181	-
Tangible assets	255,314	255,314	-
Right of use on third-party assets	684,501	2,739	681,762
Other non-current assets	7,222	7,222	-
Total Non-current assets	**2,399,988**	**1,718,226**	**681,762**
Current assets	**256,544**	**272,113**	**-15,569**
Total assets	**2,656,532**	**1,990,339**	**666,193**
Equity and Liabilities			
Equity	**1,454,294**	**1,456,339**	**-2,045**
Non-current liabilities	**810,321**	**252,465**	**557,856**
Current liabilities	**391,917**	**281,625**	**110,292**
Total liabilities	**1,202,238**	**534,090**	**668,148**
Total Equity and Liabilities	**2,656,532**	**1,990,429**	**666,103**

The impact of IFRS 16 on net financial debt is detailed below.

Adjusted net financial debt

(thousands of euro)	3.31.2019	12.31.2018	Change
Adjusted net financial debt	**686,407**	**48,088**	**638,319**
Reversal of additional lease liabilities as at 1.1.2019	(668,851)	-	(668,651)
Adjusted Net Financial Debt (excluding IFRS 16 impact as at 1.1.2019)	**17,156**	**48,088**	**(30,332)**

OPERATING PERFORMANCE IN THE PERIOD

(thousands of euro)	1st Quarter 2019	1st Quarter 2019 comparable	1st Quarter 2018	Change			
				In absolute values	*%*	*In absolute values*	*%*
	a	b	c	(a-c)	(a-c)/c	(b-c)	(b-c)/c
Revenues	94,902	*94,902*	95,521	(619)	-0.6%	(619)	-0.6%
Costs for lease of premises	(2,452)	*(31,720)*	(32,866)	30,414	-92.5%	1,146	-3.5%
Employee benefits expenses - Ordinary expenses	(2,762)	*(2,762)*	(2,095)	(667)	31.8%	(667)	31.8%
Employee benefits expenses - Restructuring and rationalization expenses	(557)	*(557)*	0	(557)	-	(557)	-
Maintenance and other operating and service expenses	(6,311)	*(6,311)*	(5,221)	(1,090)	20.9%	(1,090)	20.9%
Operating profit before depreciation and amortization, capital gains (losses) and impairment reversals (losses) on non-current assets (EBITDA)	**82,820**	***53,552***	**55,339**	**27,481**	**49.7%**	**(1,787)**	**-3.2%**
Amortization, gains/losses on disposals and impairment losses on non-current assets	(31,053)	*(4,205)*	(3,215)	(27,838)	865.9%	(990)	30.8%
Operating profit (loss) (EBIT)	**51,767**	***49,347***	**52,124**	**(357)**	**-0.7%**	**(2,777)**	**-5.3%**
Finance income/(expenses)	(5,987)	*(1,019)*	(1,031)	(4,956)	480.7%	12	-1.2%
Profit (loss) before tax	**45,780**	***48,328***	**51,093**	**(5,313)**	**-10.4%**	**(2,765)**	**-5.4%**
Income taxes	(13,386)	*(13,889)*	(14,693)	1,307	-8.9%	804	-5.5%
Profit for the period	**32,394**	***34,439***	**36,400**	**(4,006)**	**-11.0%**	**(1,961)**	**-5.4%**

The structure of revenues and costs of the Company is largely determined by medium-term and long-term contracts, entered into as client or provider, under established financial terms and conditions. The main income statement items in the first quarter of 2019 are analyzed below:

Revenues

For the first quarter of 2019, these totaled 94,902 thousand euros (95,521 thousand euros in the corresponding period of 2017, -0.6%) 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 on new sites and of new services. Items which by their nature are non-linear or non-recurring in the current period or in the one used for comparison ("one-off") are excluded. They were instead included in the corresponding period of 2018. Net of those one-off revenues, the comparison with the first quarter of 2018 showed a 3.6% growth;

In detail:

(thousands of euro)	1st Quarter 2019	1st Quarter 2018	Change in absolute values	Change %
Revenues from the TIM Group relating to the Master Service Agreement on the transferred sites	65,942	65,250	692	1.1%
One-off revenues for site sharing and site decommissioning results (one-off)	-	3,933	(3,933.0)	-
Revenues from third-party customers on the transferred towers	23,925	22,499	1,426	6.3%
Revenues from hosting on new sites and of new services	5,035	3,839	1,196	31.2%
Total	**94,902**	**95,521**	**(619)**	**-0.6%**
Total (net of 2018 one-off revenues)	**94,902**	**91,588**	**3,314**	**3.6%**

EBITDA

EBITDA amounted to 82,820 thousand euros, with an EBITDA margin of 87.3% on revenues for the period (57.9% in the corresponding period of 2018). Compared to the first quarter of 2018, the increase was 49.7%, which rises to 61.1% when excluding the aforementioned one-off revenues from the comparison. EBITDA was particularly impacted by the change in the line items analyzed below:

- **Costs for lease of premises**

  They amounted to 2,452 thousand euros following the introduction of IFRS 16 as of January 1, 2019; they accounted for 20.3% of cost items with an impact on EBITDA. These consist of areas owned by third parties on which the Sites are situated.

- **Employee benefits expenses - Ordinary expenses**

  The item amounted to 2,762 thousand euros and reflects the organizational structure, which includes 119 employees at March 31, 2019 (compared to 117 employees at December 31, 2018).

- **Employee benefits expenses - Restructuring and rationalization expenses**

  These amounted to 557 thousand euros. These are charges for incentivized redundancies and non-recurring personnel provisions.. This latter item relates to application of art 4 par. 1-7ter of Law no. 92 of 06.28.2012, so-called Fornero Law, envisaging an employee rationalization plan through voluntary early retirement.

- **Maintenance and other operating and service expenses**

  The item amounted to 6,311 thousand euros (5,221 thousand euros in the first quarter of 2018). Maintenance costs are regulated mostly by the Maintenance Agreement entered into with TIM which came into effect starting on the effective date of the transfer.

Depreciation and amortization, losses on disposals and impairment losses on non−current assets

Details are as follows:

(thousands of euro)	1st Quarter 2019	1st Quarter 2018	Change	
			in absolute values	%
Amortization of intangible assets with a finite useful life	**607**	**592**	**15**	**2,50%**
Depreciation of owned tangible assets	**3.404**	**2.502**	**902**	**36,10%**
Amortization of rights of use on third-party assets	**26.934**	**-**	**26.934**	**-**
(Gains)/losses on disposals and impairment losses on non-current assets	**108**	**121**	**-13**	**-10,70%**
Total	**31.053**	**3.215**	**27.838**	**865,90%**

In the first quarter of 2019 the main change is shown under the item "amortization of rights of use on third party assets" following the adoption of IFRS16.

EBIT

EBIT amounted to 51,767 thousand euros, with an EBIT margin of 54.5% on revenues. Compared to the first quarter of 2018, there was a decrease of -0.7%. Excluding the aforementioned one-off revenues from the comparison, growth was 7.4%.

Net financial income/(expense)

This amounted to 5,987 thousand euros. Income amounted to 167 thousand euros and mainly refers to income from the sale of securities for 27 thousand euros and to the IFRS 9 impairment for 134 thousand euros.
Financial expenses amounted to 6,154 thousand euros and their detail is as follows:

(thousands of euro)	1st Quarter 2019	1st Quarter 2018
Interest expenses and other financial expenses		
Interest to banks	277	311
Interest expense for finance leases	4,968	-
Financial fees	57	53
Other financial expenses	852	678
Total	**6,154**	**1,042**

Income taxes

Income tax expense amounted to 13,386 thousand euros and reflect the estimated tax charge on the basis of theoretical rates of 24.0% for IRES and 4.48% for IRAP.

Profit for the period

Profit for the period came to 32,394 thousand euros with a profit margin on revenues of 34.1%. Compared to the first quarter of 2018, there was a decrease of -11.0%, -0.2% excluding the aforementioned one-off revenues.

FINANCIAL POSITION AND CASH FLOWS PERFORMANCE

NON–CURRENT ASSETS

Goodwill: goodwill amounted to 1,411,770 thousand euros (same amount on December 31, 2018).

Other intangible assets: these amounted to 41,181 thousand euros (40,569 thousand euros at the end of 2018).
Industrial investments for the period came to 3,211 thousand euros.

Tangible assets: the item amounted to 255,314 thousand euros (compared to 254,892 thousand euros at December 31, 2018).
Industrial investments for the period came to 4,394 thousand euros.

Rights of use on third-party assets: these amounted to 684,501 thousand euros.
This item is linked to the adoption of IFRS16. Industrial investments for the period came to 14 thousand euros.

For a more detailed analysis, please refer to comments in Notes 5, 6 and 7 of the condensed Financial Statements as at March 31, 2019.

CAPITAL EXPENDITURES

Capital expenditures made in the first quarter of 2019, totaling 7,619 thousand 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 remainder referring to intellectual works, equipment and other assets.

EQUITY

At March 31, 2019, shareholders' equity amounted to 1,454,294 thousand euros, the breakdown of which is as follows:

(thousands of euro)	3.31.2019	12.31.2018
Share capital issued	600,000	600,000
Minus treasury shares	(222)	(222)
Share capital	**599,778**	**599,778**
Share premium reserve	**660,000**	**660,000**
Other reserves and earnings (losses) carried forward, including the result for the period	**121,646**	**119,068**
Legal reserve	*120,000*	*120,000*
Provision for instruments representing net equity	*333*	*266*
Treasury share reserve in excess of nominal value	*(1,215)*	*(1,215)*
Other reserves	*98*	*17*
Retained earnings (losses) including earnings (losses) for the period	**75,300**	**169,459**
Total	**1,454,294**	**1,548,305**

FINANCIAL RESOURCES AND CASH FLOWS

Net financial debt

The table below shows a summary of the net financial debt at March 31, 2019, calculated in accordance with paragraph 127 of the recommendations contained in ESMA document No. 319 of 2013, implementing Regulation (EC) 809/2004. The table also includes the reconciliation of net financial debt calculated according to the criteria established by ESMA and those used by INWIT to monitor its own financial position.

(thousands of euro)	03.31.2019	03.31.2019 comparable	12.31.2018	change	
	a	b	c	(a-c)	(b-c)
A Cash					
B Other cash equivalents	139,882	139,882	104,125	35,757	35,757
C Securities held for trading	4,980	4,980	10,036	(5,056)	(5,056)
D Liquidity (A + B + C)	144,862	144,862	114,161	30,701	30,701
E Current financial receivables	8,109	8,109	8,101	8	8
F Current financial payables	-	-	-	-	-
G Current portion of financial payables (medium/long-term)	(150,997)	(40,705)	(40,359)	(110,638)	(346)
of which :					
- Financial payables within 12 months	(40,613)	(40,613)	(40,275)	(338)	(338)
- Lease liabilities within 12 months	(110,384)	(92)	(84)	(110,300)	(8)
H Other current financial payables	-	-	-	-	-
I Current financial debt (F+G+H)	(150,997)	(40,705)	(40,359)	(110,638)	(346)
Net current financial available funds/(debt) (I+E+D)	1,974	112,266	81,903	(79,929)	30,363
K Medium/long term financial payables	(688,585)	(130,226)	(130,209)	(558,376)	(17)
of which :					
- Financial payables over 12 months	(129,987)	(129,987)	(129,972)	(15)	(15)
- Lease liabilities over 12 months	(558,598)	(239)	(237)	(558,361)	(2)
L Bonds issued	-	-	-	-	-
M Other non-current financial payables	-	-	-	-	-
N Non-Current financial debt (K+L+M)	(688,585)	(130,226)	(130,209)	(558,376)	(17)
O Net financial available funds/(debt) as recommended by ESMA (J+N)	(686,611)	(17,960)	(48,306)	(638,305)	30,346
Other financial receivables and non-current financial assets (*)	204	204	218	(14)	(14)
INWIT Group Net Financial Debt:	(686,407)	(17,756)	(48,088)	(638,319)	30,332

(*) This item refers to loans granted to certain employees of the company at March 31, 2019.

The main items of ESMA net financial debt are described below:

Other cash and cash equivalents

At March 31, 2019, this item amounted to 139,882 thousand euros.

Cash is held in bank and postal current accounts and bank deposit accounts with the following characteristics:

- maturities: investments can be converted into cash within three months in the case of bank and intercompany deposit accounts, and at any time in the case of cash held in current accounts;
- counterparty risk: investments have been made with investment-grade leading banking institutions (123,571 thousand euros) and with the Group (16,308 thousand euros). There are also 3 thousand euros in checks andcash in hand;
- Country risk: investments were made in Italy, in Luxembourg and in the UK.

Securities held for trading

There are also 4,980 thousand euros (nominal value) in government securities issued by the Italian Republic, available for sale (BTPs). These securities were lent (*Stock Lending*) to a major banking counterparty in order to increase the return on investment.

Financial debt (current and non-current)

Non-current and current financial liabilities (gross financial debt) were broken down as follows:

(thousands of euro)		3.31.2019	12.31.2018
Financial payables (medium/long-term):			
Amounts due to banks		59,987	59,972
Payables to group companies		70,000	70,000
Leasing liabilities		558,598	237
Total non-current financial liabilities	**(a)**	**688,585**	**130,209**
Financial payables (short-term):			
Amounts due to banks		40,418	40,141
Payables to group companies		195	134
Leasing liabilities		110,384	84
Total current financial liabilities	**(b)**	**150,997**	**40,359**
Total Financial liabilities (Gross financial debt)	**(a+b)**	**839,582**	**170,568**

Medium / long-term financial payables included:

- syndicated loan signed by the Company in May 2015 with Mediobanca - Banca di Credito Finanziario S.p.A., Intesa Sanpaolo S.p.A. and UniCredit S.p.A., which has been partially repaid and expires in May 2020. The residual medium/long term value as at 03.31.2019 was 20,040 thousand euros; This loan provides for an amortized repayment plan. The debt maturing in the next 12 months is reported in the short-term financial payables item;
- The 40,000 thousand euros Term Loan concluded on 11.26.2018 with Banca Popolare di Sondrio with a 5-year maturity and bullet redemption;
- the item payables to group companies refers to the 70,000 thousand euros loan to repay the bullet granted by TI Finance SA, the TIM Group finance company , which expires in December 2022;
- finance lease liabilities mainly arose from adoption of the IFRS16. The short-term portion is reported in short-term financial payables. This item also includes finance leases for industrial vehicles (239 thousand euros) accounted for using the financial method established by IAS 17. The short-term portion is reported in short-term financial payables.

CASH FLOWS

The table below summarizes the main transactions that had an impact on the change in net financial debt during the period:

(thousands of euro)	1st Quarter 2019	1st Quarter 2018	Change
EBITDA	**82,820**	**55,339**	**27,481**
Purchases of tangible and intangible assets and rights of use on third-party assets for the period (*)	(15,569)	(10,783)	*(4,786)*
Change in net operating working capital:	**(7,949)**	**(7,576)**	**(373)**
Change in trade receivables	(16,148)	(16,957)	*809*
Change in trade payables (**)(**)	6,754	4,613	*2,141*
Other changes in operating receivables/payables	1,445	4,768	*(3,323)*
Change in provisions for employee benefits	570	(30)	*600*
Change in operating provisions and Other changes	(254)	(57)	*(197)*
Operating free cash flow	**59,618**	**36,893**	**22,725**
% of EBITDA	**72.0%**	**66.7%**	**82.7%**
Flow from acquisition of investments	-	(180)	*180*
Flow from financial income and charges	(5,987)	(1,031)	*4,956*
Change in other non-current assets	-	375	*(375)*
Leasing liabilities	(689,465)	-	*(689,465)*
Other non-monetary changes	(2,471)	666	*(3,137)*
Increase in ESMA net financial debt	**(638,305)**	**36,723**	**(675,028)**

(*) Net of considerations received for transfer of assets.
(**) Includes the change in trade payables for amounts due to fixed asset suppliers.

Recurring Free Cash Flow

The recurring free cash flow - calculated as detailed below - amounted to 43,258 thousand euros, down by 8.7% compared to the same period of 2018.

The following table shows the details of the items concerned:

(thousands of euro)	1st Quarter 2019	1st Quarter 2018	Change	
			in absolute values	%
EBITDA	**82,820**	**55,339**	**27,481**	**49.7%**
Recurring investments	-	-	-	-
payment of income taxes	-	-	-	-
payment of financial expenses	(653)	(493)	*(160)*	*32.4%*
Change in Trade Working Capital:	(11,216)	(12,210)	*994*	*-8.1%*
Change in trade receivables	(16,148)	(16,957)	*809*	*-4.8%*
Change in trade payables (*)	4,932	4,747	*185*	*3.9%*
Change in operating receivables/payables	1,028	4,768	*(3,740)*	*-78.4%*
Change in provisions for employee benefits	570	(30)	*600*	-
Lease Payment	(29,292)	-	*(29,292)*	-
Recurring Free Cash Flow	**43,258**	**47,374**	**(4,116)**	**-8.7%**

(*): with the exclusion of the change in payables for assets

Lease payments include the finance lease payments paid in the first quarter of 2019.

DETAILED TABLES

INWIT's Interim Management Report at March 31, 2019 was drafted in accordance with Section 154–ter (Financial Reports) of Italian Legislative Decree no. 58/1998 (Consolidated Finance Act) and subsequent amendments and additions, and prepared in accordance with the international accounting principles issued by the International Accounting Standards Board and approved by the European Union (defined as the "IFRS") and with the measures adopted in implementation of Section 9 of Italian Legislative Decree no. 38/2005.

The Interim Management Report at March 31, 2019 includes:

- the Interim Management Report;
- the condensed financial statements of Infrastrutture Wireless Italiane S.p.A. at March 31, 2019;

In addition to the conventional financial performance measures established by IFRS, INWIT uses certain alternative performance measures are presented for the purpose of a better understanding of the trend of operations and of the Company's financial situation. In particular, the alternative performance indicators refer to: EBITDA, EBIT, net financial debt, INWIT's net financial debt, and Operating Free Cash Flow.

The chapter "Business outlook for the year 2019" contains forward-looking statements related to the management's intentions, beliefs, or current expectations regarding the financial performance and other aspects of the Company's operations and strategies.

Readers of this Report are reminded not to place undue reliance on forward-looking statements, in that actual results may differ significantly from forecasts owing to numerous factors, the majority of which are beyond the Company's control.

Separate Income Statement

(thousands of euro)	1st Quarter 2019	1st Quarter 2018
Revenues	94,902	95,521
Acquisition of goods and services	(8,199)	(37,375)
Employee benefits expenses - Ordinary expenses	(2,762)	(2,095)
Employee benefits expenses - Restructuring and rationalization expenses	(557)	-
Other operating expenses	(564)	(712)
Operating profit before depreciation and amortization, capital gains (losses) and impairment reversals (losses) on non-current assets (EBITDA)	**82,820**	**55,339**
Of which : Impact of Non-recurring Items	*(557)*	-
Amortization, gains/losses on disposals and impairment losses on non-current assets	(31,053)	(3,215)
Operating profit (loss) (EBIT)	**51,767**	**52,124**
Of which : Impact of Non-recurring Items	*(557)*	-
Financial income	167	11
Financial expenses	(6,154)	(1,042)
Profit (loss) before tax	**45,780**	**51,093**
Of which : Impact of Non-recurring Items	*(557)*	-
Income taxes	(13,386)	(14,693)
Profit for the period	**32,394**	**36,400**
Of which : Impact of Non-recurring Items	*(398)*	-
Basic and Diluted Earnings Per Share	0.054	0.061

Statement of Comprehensive Income

Pursuant to IAS 1 (*Presentation of Financial Statements*), the Statement of Comprehensive Income, which includes the Profit (Loss) for the period, as per the Separate Income Statement, also includes the other changes in Net Equity other than those connected to transactions with Shareholders.

(thousands of euro)		1st Quarter 2019	1st Quarter 2018
Profit for the period	**(a)**	**32,394**	**36,400**
Other items of the Statement of Comprehensive Income			
Other items that will not subsequently be reclassified in the Separate Income Statement		-	-
Remeasurements of employee defined benefit plans (IAS 19):			
Actuarial gains (losses)		-	-
Net fiscal impact		-	-
Total other items that will not subsequently be reclassified in the Separate Income Statement	**(b)**	**-**	**-**
Other items that will subsequently be reclassified in the Separate Income Statement		-	-
Total other items that will subsequently be reclassified in the separate income statement		-	-
Total other items of the Statement of Comprehensive Income	**(d=b+c)**	**32,394**	**36,400**
Total Comprehensive income for the period	**(e=a+d)**	**32,394**	**36,400**

Items of the consolidated statement of financial position

Assets

(thousands of euro)	3.31.2019	12.31.2018
Assets		
Non-current assets		
Intangible assets		
Goodwill	1,411,770	1,411,770
Intangible assets with a finite useful life	41,181	40,569
Tangible assets		
Property, plant and equipment	255,314	254,892
Rights of use on third-party assets	684,501	325
Other non-current assets		
Non-current financial assets	204	218
Miscellaneous receivables and other non-current assets	7,018	21,672
Deferred tax assets	-	2,682
Total Non-current assets	**2,399,988**	**1,732,128**
Current assets		
Trade and miscellaneous receivables and other current assets	95,344	78,176
Financial receivables and other current financial assets	8,109	8,101
Current securities and equity investments	4,980	10,036
Income tax receivables	8,229	2
Cash and cash equivalents	139,882	104,125
Total Current assets	**256,544**	**200,440**
Total assets	**2,656,532**	**1,932,568**

Equity and Liabilities

(thousands of euro)	3.31.2019	12.31.2018
Equity		
Share capital issued	*600,000*	*600,000*
Minus: treasury shares	*(222)*	*(222)*
Share capital	599,778	599,778
Share premium reserve	660,000	660,000
Legal reserve	120,000	120,000
Other reserves	1,646	(932)
Retained earnings (losses) including earnings (losses) for the period	75,300	169,459
Total Equity	**1,454,294**	**1,548,305**
Liabilities		
Non-current liabilities		
Employee benefits	2,269	2,223
Deferred tax liabilities	10,629	-
Provisions for Risks and Charges	100,263	99,111
Non-current financial liabilities	688,585	130,209
Miscellaneous payables and other non-current liabilities	8,575	7,004
Total Non-current liabilities	**810,321**	**238,547**
Current liabilities		
Current financial liabilities	150,997	40,359
Trade and miscellaneous payables and other current liabilities	231,898	104,562
Income tax payables	9,022	795
Total current Liabilities	**391,917**	**145,716**
Total liabilities	**1,202,238**	**384,263**
Total Equity and Liabilities	**2,656,532**	**1,932,568**

Cash flow statement

(thousands of euro)		1st Quarter 2019	1st Quarter 2018
Cash flows from operating activities:			
Profit for the period		32,394	36,400
Adjustments for:			
Depreciation and amortization, losses on disposals and impairment losses on non-current assets		31,053	3,215
Net change in deferred tax assets and liabilities		13,311	14,693
Change in provisions for employee benefits		570	(30)
Change in trade receivables		(16,148)	(16,957)
Change in trade payables		4,932	4,747
Net change in miscellaneous receivables/payables and other assets/liabilities		1,176	5,034
Other non-monetary changes		(2,430)	735
Cash flows from operating activities	**(a)**	**64,858**	**47,837**
Cash flows from investing activities:			
Total purchases of tangible and intangible assets and rights of use on third-party assets for the period (*)		(15,569)	(10,783)
Change in amounts due to fixed asset suppliers		*1,822*	*(134)*
Total purchases of tangible and intangible assets and rights of use on third-party assets on a cash basis		(13,747)	(10,917)
Change in financial receivables and other financial assets		5,062	(5,175)
Deferred payment for acquisition of control in companies		-	(180)
Other changes in non-current assets		1	365
Cash flows used in investing activities	**(b)**	**(8,684)**	**(15,907)**
Cash flows from financing activities:			
Change in current and non-current financial liabilities		(20,417)	-
Cash flows used in financing activities	**(c)**	**(20,417)**	**-**
Aggregate cash flows	**(d=a+b +c)**	**35,757**	**31,930**
Net cash and cash equivalents at beginning of the period	**(e)**	**104,125**	**54,360**
Net cash and cash equivalents at end of the period	**(f=d+e)**	**139,882**	**86,290**

On November 6, 2017, Regulation EU no. 2017/1990 was issued which implemented at the EU level certain amendments to IAS 7 (Cash Flow Statement). For this purpose please note that the liabilities arising from financing activities solely concern monetary movements. No change of this type was recorded in the first quarter of 2019.

EVENTS SUBSEQUENT TO MARCH 31, 2019

See the specific Note "Events subsequent to March 31, 2019" to the condensed Financial Statements at 3.31.2019.

POSITIONS OR TRANSACTIONS RESULTING FROM ATYPICAL AND/OR UNUSUAL OPERATIONS.

In accordance with Consob Communication DEM/6064293 of July 28, 2006, during the first quarter, no atypical and/or unusual transactions occurred as defined by the Communication.

SIGNIFICANT NON-RECURRING EVENTS AND TRANSACTIONS

Pursuant to Consob Communication no. DEM/6064293 of July 28, 2006, below is the information on the impact on INWIT's economic, financial and equity results of non-recurring events and operations at March 31, 2019. The non-recurring effects on Equity and Profit (Loss) for the period are expressed net of tax impacts:

The impact on the individual item of the separate income statement of non-recurring items is as follows:

(thousands of euro)	1st Quarter 2019	1st Quarter 2018
Charges related to restructuring and rationalization processes	(557)	-
Impact on Operating profit before depreciation and amortization, capital gains (losses) and impairment reversals (losses) on non-current assets (EBITDA)	**(557)**	**-**
Impact on Operating profit (loss) (EBIT)	**(557)**	**-**
Impact on Profit (loss) before tax	**(557)**	**-**
Income taxes on non-recurring items	159	-
Impact on the Profit (Loss) of the Period	**(398)**	**-**

BUSINESS OUTLOOK FOR THE YEAR 2019[4]

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 specialize in specific product/market relationships through the innovative use models enabled by 5G. These market dynamics, together with the growing willingness of operators to share network infrastructure elements, lead INWIT to expect further growth in traditional business and a strong acceleration in new business.

(4) The chapter "Business outlook for the year 2019" contains forward-looking statements related to the Company's intentions, beliefs, or current expectations regarding the financial performance and other aspects of the Company's operations and strategies. Readers of this Report are reminded not to place undue reliance on such forward-looking statements, in that actual results may differ significantly from forecasts owing to numerous factors, the majority of which are beyond the Company's control.

MAIN RISKS AND UNCERTAINTIES

The business outlook for 2019 could be affected by risks and uncertainties caused by a multitude of factors, the majority of which are beyond INWIT's control.
The main risks concerning the business activities of the Company, which may impact, even significantly, on the ability to achieve the objectives set by the management, are presented below.

The risk factors concerning the Company

Risks associated with the concentration of the Company's revenues on a limited number of customers
Due to the concentration of the Company's customers, any issues in commercial relations with key customers could result in significant adverse effects on its earnings, balance sheet, and financial position.
The main customers are TIM S.p.A., with which the Company entered into an MSA, and the two main MNOs in Italy other than TIM (Vodafone Omnitel B.V. and Wind Tre S.p.A.), with which the Company has signed hosting services agreements. With respect to these agreements it should be noted that there is no certainty that they will continue or that they will be renewed upon expiration. Furthermore, even in case of renewal there is no certainty that the Company may be able to obtain contractual conditions that are at least comparable to those of the agreements in effect.
At any rate, the relationships with the Company's Customers are governed by multi-year commercial agreements, which are renewed automatically. Specifically, pursuant to the MSA, TIM may not terminate the Agreement before the end of an initial 8-year term. Part of the increase in Tenants has been guaranteed by TIM pursuant to the aforementioned MSA (2,381 Tenants in the 2015-2018 period).
As part of its organizational processes, the Company has implemented a monitoring process for expiring agreements, and is also focused on Complementary Businesses (Small Cell).
In addition to the above, as a result of the concentration of revenues, the Company is also potentially exposed to credit risk arising from the possibility that its trading partners are not capable or able to meet their obligations.
Any interruption of the relationships with key customers, inability to renew existing contracts upon expiration, or possible default by one of its commercial counterparts could have negative effects on the activities and on the income, balance sheet, and financial position of the Company.

Risks associated with the MSA
Given the importance of the agreement stipulated with TIM (MSA) in terms of the Company's revenues, the latter's balance sheet, income, and financial position could be adversely affected should TIM exercise the right to withdraw from the agreement or the option not to renew it, or should increases in the costs borne by the Company not be offset by the consideration due from TIM.
At any rate, pursuant to the MSA, TIM may not terminate the Agreement before the end of an initial 8-year term.

Risks associated with the outsourcing of some services
With respect to the *outsourcing* to TIM of maintenance services which the Company is required to provide under the MSA, it should be pointed out that any interruption in the relationships with the contractual parties, the inability to renew existing contracts upon expiration, or any default by one of the counterparties, could have negative effects on the activities and on the income, balance sheet, and financial position of the Company.

Risks related to management and coordination by TIM

The Company is part of the TIM Group and is subject to management and coordination by the latter in accordance with Articles 2497 and following of the Italian Civil Code. Without prejudice to the above, it should be noted that the Company can operate (i) in a condition of operational independence, to the extent appropriate to its status as a listed company and in compliance with the best practices followed by listed companies, and in any case with the rules of proper market functioning, through the revenues it generates from its customers and use of its own expertise, technology, and human and financial resources, and (ii) in a condition of broad managerial autonomy with respect to all operations (strategic planning, general management guidelines, extraordinary corporate transactions, communication of information, personnel and compensation policies, treasury transactions).

With specific reference to strategic planning, it is pointed out that the Company prepares its industrial plan in full autonomy and notifies it to TIM for the purpose of preparing the plan of the Group, to which INWIT belongs. TIM formulates guidelines, comments and observations that are not binding on the Company. Without prejudice to the above, it should be noted that in view of the commitments undertaken under the MSA, the Company is subject to certain operational constraints.

Risks associated with the Company’s ability to block a takeover

In view of the interest held by its controlling shareholder TIM and the regulatory framework in which the Company operates, a takeover can be blocked.

Risks related to potential conflicts of interest by some of the Directors

This risk is related to potential conflicts of interest arising from the fact that some members of the Board of Directors hold positions in companies that are part of the chain of control of the Company.

Risks related to key personnel

Any interruption in the employment relationship between the Company and its key personnel could have an adverse effect on the Company’s income, balance sheet, and financial situation.

The results achieved by the Company also depend on the contribution of certain individuals who hold significant positions within the Company and have significant experience in the industry in which the Company is engaged (including, specifically, the CEO, the Head of "Administration, Finance and Control and Business Support", the Head of "Marketing & Sales" and the Head of "Technology & Operations").

Risks associated with Related Party Transactions

The Company has engaged and is engaged in significant relations with TIM and with the senior management. These transactions have provided and provide, as appropriate, benefits arising from the use of shared services and skills, Group synergies and common financial policies which, in the opinion of the Company, are regulated by terms in line with market conditions. Nevertheless, there is no certainty that, if these transactions had been carried out with third parties, such parties would have negotiated and entered into the respective contracts, or performed the same transactions, at the same terms and conditions and in the same manner.

Risks related to the Company losing the authorization to conduct its activity

The activity carried out by the Company is subject to the issuance of special authorizations pursuant to the applicable regulations in effect.

In the event the general authorization is not renewed upon expiration or is revoked by the Ministry or the Authority should the Company fail to comply with the conditions and specific obligations provided for in the Electronic Communications Code, the Company would no longer be able to continue operating as a network operator for the installation and provision of Passive Infrastructure, which would result in significant adverse effects on its income, balance sheet, and financial situation.

Risks related to ownership of the rights to use the frequencies assigned to mobile network operators

The Company's activity is not linked to authorizations concerning the rights to use frequencies, which are held by mobile telephone operators on the basis of tender, awarding, and renewal procedures independently of the Company.

The Company's business depends on the ability of its mobile telephone operator customers to preserve their rights to use the frequencies and to renew the related authorizations. There is no certainty that in the long term, telephone operator customers will be able to retain ownership of the frequencies in relation to which the Company provides its services or that the frequencies currently held by such customers will be again allocated to them in the future.

Risks related to the contractual and administrative structure of the Sites

Given the importance of the Company's network infrastructure in the conduct of its business, any adverse events for such infrastructure could have negative effects on the income, balance sheet, and financial situation of the Company.
With regard to the Sites there is a risk that the lease, sublease and/or concession for use agreements are not renewed, the Company being thus obliged to restore the land to its original condition, or the risk that any renewals are not obtained on terms at least comparable to those in place, with negative impact on the profitability of Site operations and consequently on the financial position, earnings and cash flows of the Company.

Risks related to the Company's inability to implement its development strategy

In the event the Company is unable to successfully implement one or more of its development strategies, there may be negative effects on its activities and on its income, balance sheet, and financial situation. The Company's ability to increase its revenues and improve profitability also depends on the successful implementation of its strategy. The Company's strategy is based, among other things, on the following elements:

- leveraging the assets of existing Sites by maximizing the co-tenancy ratio;
- rationalization of operating costs;
- development of new services consistent with its core business;
- expansion of the number of Sites in line with developments in demand.

In addition, any future amendments to the legislation applicable to the industry in which the Company and/or the Company's customers operate, including specifically any imposition of stricter limits to EMC emissions, could have adverse effects on the activities and on the income, balance sheet, and financial situation of the Company.

Risks related to the Loan Agreement

The Loan Agreement signed on May 8, 2015 between the Company and UniCredit S.p.A., Mediobanca - Banca di Credito Finanziario - S.p.A. and Intesa Sanpaolo S.p.A. provides for a series of general commitments and positive and negative covenants undertaken by the Company, which, although in line with market practice for loans of similar amounts and nature, may restrict its operations. For additional information see Note 10 “Financial liabilities (current and non-current)” to the condensed Financial Statements at March 31, 2019.

Risks related to costs for restoring the Sites and potentially inadequate provision for restoration costs

As part of its activity following decommissioning of the site, the Company must dismantle the infrastructure and restore the site to its original condition if this is envisaged by any legal or constructive obligation in the lease relating to the areas/buildings where the infrastructure is located. In this regard it should be noted that, as a rule, the leases provide for the Company’s obligation to dismantle and restore the site to its original condition. The valuation of the provision for restoration costs is affected both by the expected unit restoration costs and by the inflation/discount rates, which are beyond the Company's control and whose changes may adversely affect the income and balance sheet situation of the Company.
Without prejudice to the above, the provisions recognized in the Financial Statements at March 31, 2019 were considered adequate by the Company at the date of completion of this document.

Risks related to court and administrative proceedings and to potentially inadequate provisions.

Any adverse outcome in the principal legal proceedings in which the Company is involved, for amounts significantly higher than those for which provision has been made, could have negative effects on the Company’s activities and on its income, balance sheet, and financial situation.

Without prejudice to the above, the provisions recognized in the Financial Statements at March 31, 2019 were considered adequate by the Company at the date of completion of this document.

Risk factors related to the industry in which the Company operates

Risks associated with the operation of existing sites, the identification of new sites suitable for the development of the Company's projects, and the issuance and/or revocation of administrative authorizations.

Any failure or delay in obtaining authorizations and permits for the Company, as well as their subsequent withdrawal, could lead to negative effects on the Company's operations and, consequently, on its income, balance sheet, and financial situation.

Risks related to the effects on infrastructure of natural disasters or other force majeure events

The proper operation of the infrastructure is essential for the Company's activity and to provide services to its customers. Although the Company believes that it has adequate insurance coverage in place to compensate any damage caused by natural disasters or other force majeure events, and has developed operating procedures to be followed should such events occur, any damage to part or all of the towers of the Company or, more generally, to its Sites, resulting from natural disasters or other force majeure events, could hamper or, in some cases, prevent the Company's normal operations and its ability to continue to provide services to its customers.

Risks related to the discontinuation of Site activities

The Company relies on infrastructure to provide its services and, more generally, to conduct its business; by its very nature, this infrastructure is subject to interruptions or other malfunctions caused, among other things, by prolonged power outages, security issues, or suppliers' defaults. Any network outage, access by unauthorized persons, and security breach or other failures of the Company's technical infrastructure or any actions taken in order to deal with or prevent them, could lead to significant additional costs for the Company, or prevent its operation, with possible negative effects on the Company's activities and on its income, balance sheet, and financial situation.

Risks related to technical and technological developments

The Company's inability to identify technical solutions capable of addressing market changes and future needs could have a negative impact on the income, balance sheet, and financial situation of the Company.

Risks related to increased competition

The Italian market is characterized by a limited number of national and international competitors in the business sectors in which the Company operates. It is possible that, considering the growth prospects of the industry, certain international or national operators that own towers and are already present in adjacent sectors, start activities in competition with the Company, by expanding their business, thereby increasing the level of competition in the industry; this would engender pressure on prices and declining margins. Such circumstances may affect the development plans of the Company, its pricing policy and its revenues, with negative effects on the activities and the income, balance sheet, and financial situation of the Company.

Risks related to environmental and health protection

The Company is subject to comprehensive regulation on the protection of the environment and human health at the national and EU level. Although the Company is committed to be constantly in compliance with the applicable legislation, any violations of applicable environmental laws may result in adverse effects on the income, balance sheet, and financial situation of the Company.

Risks associated with the reference regulatory framework in relation to the activities carried out by the Company's customers

The activities of Company's customers are subject to complex regulations at national and EU level, especially with regard to environmental and administrative matters; in this context, the numerous regulatory requirements imposed by the relevant authorities are very important due to the indirect impact that customers' non-compliances could have on the Company's activities. Specifically, mobile phone operators hosted at the Company's sites are subject to regulations aimed at protecting people and the environment from exposure to electromagnetic fields.

Any infringement of the legal and regulatory framework applicable to the Company's customers could have a negative impact on the income, balance sheet, and financial situation of the customers and, indirectly, of the Company.

Risks associated with the possible contraction of customer demand for the Company's services

The Company offers integrated hosting services to its customers, with the aim of covering the entire value chain of the hosting business, in accordance with the business model adopted: from pure leasing of the equipment all the way to the services supporting the operation and maintenance of such equipment. Any contraction of customer demand for the services provided by the Company, even when due to contingent reasons, could have a negative impact on the Company's income, balance sheet, and financial situation.

Risks related to global economic conditions

Any contraction of customer demand for the services provided by the Company, linked to the persistent global economic and financial crisis, could have a negative impact on the Company's income, balance sheet, and financial situation.

Risks related to the costs for the construction of the Passive Infrastructure

The development and implementation of the passive infrastructure requires the Company to incur capital expenditures. Any significant increase in the costs for the development and construction of the Company's Passive Infrastructure could have a negative impact on its income, balance sheet, and financial situation.

CORPORATE BODIES AT MARCH 31, 2019

BOARD OF DIRECTORS

On April 13, 2018, the current Board of Directors was appointed, consisting of 11 directors, which will remain in office until the Shareholders' Meeting called to approve the financial statements for the year ending December 31, 2020.

Also on April 13, 2018 the Board of Directors appointed Stefano Siragusa Chairman of the Board of Directors and Giovanni Ferigo CEO and General Manager.

The Company's Board of Directors is now composed as follows:

Chairman	Stefano Siragusa *(**)*
CEO and General Manager	Giovanni Ferigo
Directors	Francesca Balzani (independent) Enrico Maria Bignami (independent) Gigliola Bonino Laura Cavatorta (independent) Mario Di Mauro *(**)* Luca Aurelio Guarna (independent) Agostino Nuzzolo Filomena Passeggio (independent) Secondina Giulia Ravera (independent)

(**) On May 15, 2019, the Board of Directors appointed Piergiorgio Peluso and Carlo Nardello as Directors, replacing Stefano Siragusa and Mario Di Mauro, who resigned; Mr Peluso was also appointed Chairman.

All board members are domiciled for the positions they hold in INWIT at the registered office of the Company in Via G. Vasari 19.

The Board of Directors, which comprises a majority of independent directors, complies with the provisions contained in art. 16 of Consob Market Regulation and with the recommendations of the Corporate Governance Code issued by Borsa Italiana.

Also on April 13, 2018 the Board of Directors renewed the Internal Committees.

Their composition is therefore the following:

- **Control and Risk Committee:** composed of the Directors: Luca Aurelio Guarna (Chairman), Francesca Balzani and Secondina Giulia Ravera
- **Nomination and Remuneration Committee**: composed of the Directors: Filomena Passeggio (Chairman), Enrico Maria Bignami and Laura Cavatorta.

On May 10, 2018 the Board of Directors appointed the Director Enrico Maria Bignami Lead Independent Director.

On July 23, 2018 the Board of Directors resolved to set up a Strategic Committee, calling on the Chairman of the Board of Directors Stefano Siragusa, the Chief Executive Officer Giovanni Ferigo and the Directors Enrico Maria Bignami, Mario Di Mauro and Secondina Giulia Ravera to be its members

BOARD OF STATUTORY AUDITORS

The April 13, 2018 Shareholders' Meeting appointed the Board of Statutory Auditors, which will remain in office until the Shareholders' Meeting called to approve the financial statements at December 31, 2020.

The Board of Statutory Auditors of the Company is now composed as follows:

Chairman	Stefano Sarubbi
Acting Auditors	Umberto La Commara
	Michela Zeme
Alternate Auditors	Roberto Cassader
	Elisa Menicucci

INDEPENDENT AUDITORS

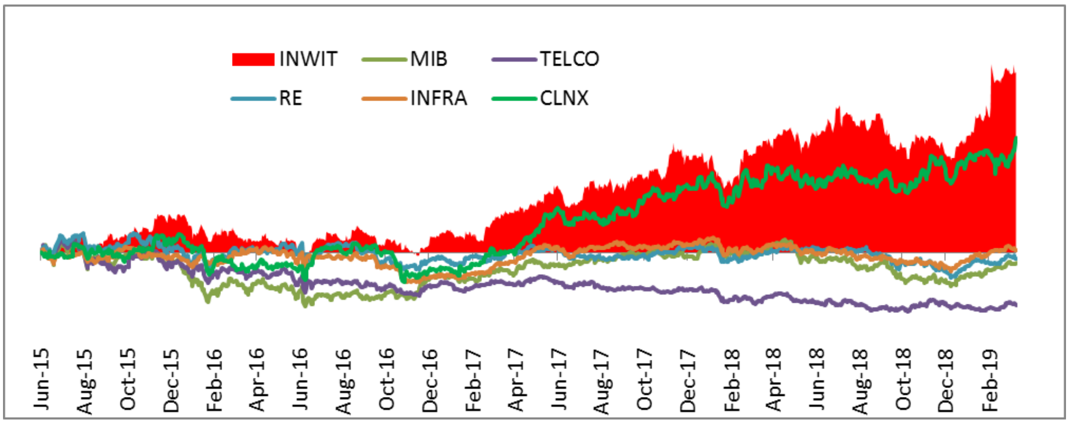
The Shareholders' Meeting held on February 27, 2015 appointed the audit firm PricewaterhouseCoopers S.p.A. to audit the Company's financial statements for the nine-year period 2015-2023.

MANAGER RESPONSIBLE FOR PREPARING THE CORPORATE FINANCIAL REPORTS

The Board of Directors confirmed Rafael Giorgio Perrino (Administration, Control & Risk Management Manager Company) manager responsible for preparing the financial reports of INWIT during its meeting held on April 13, 2018 and, subsequently, at its meeting on November 6, 2018 - following changes to the organizational structure.

INFORMATION FOR INVESTORS

Following completion of the Global Offering, on June 22, 2015, INWIT shares were listed on the MTA of Borsa Italiana at a price of 3.65 euro per share.
The following chart shows the performance of the stock in the period comprised between the start of trading and March 31, 2019.

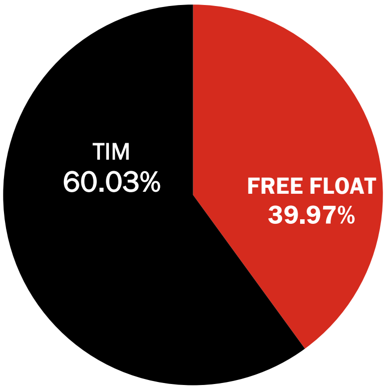


INWIT SHARE CAPITAL AT MARCH 31, 2019

Share capital	600,000,000 euros
Number of ordinary shares (without nominal value)	600,000,000
Market capitalization (based on average prices between 1/1/2019 and 31/3/2019)	4,170.5 million euros

SHAREHOLDERS

Shareholders' structure at March 31, 2019:



TREASURY SHARES

On November 15 , 2018 222,118 treasury shares were purchased through Mediobanca - Banca di Credito Finanziario S.p.A. These shares represent 0.037% of the share capital used by INWIT to service the Long Term Incentive Plan 2018-2020.

The cash outlay was 1,437 thousand euros and the shares were purchased at an average market value of Euro 6.46 per share.

The shares are deposited in a securities account held by Inwit S.p.A. with Intesa Sanpaolo S.p.A.

The company does not hold shares of the Parent, not did it purchase or sell them, either directly or through trust companies or third parties.

WAIVER OF THE OBLIGATION TO PUBLISH DISCLOSURE DOCUMENTS FOR EXTRAORDINARY OPERATIONS

On February 27, 2015 the Board of Directors of INWIT resolved to adopt the opt-out regime provided by article 70 paragraph 8 and article 71, paragraph 1-bis of Issuers' Regulation and exercised the option to waive the obligations to publish disclosure documents required under Annex 3B of the aforementioned Regulation in the event of significant transactions.

RELATED PARTY TRANSACTIONS

Pursuant to Article 5, paragraph 8, of Consob Regulation no. 17221/2010 concerning "transactions with related parties" and to the subsequent Consob Resolution no. 17389/2010, in 2018 there were no transactions of major significance, as defined by Article 4, paragraph 1(a) of the aforementioned regulation, or any other transactions with related parties, that had any significant impact on the Company's financial position or results for the first quarter of 2019.

Related party transactions, when not dictated by specific laws, were usually conducted at arm's length; the transactions were subject to an internal procedure (available for consultation on the Company's website at the following address: www.inwit.it, Governance section) which establishes procedures and time scales for verification and monitoring.

The information on related parties required by Consob Communication DEM/6064293 of July 28, 2006 is presented in the financial statements and in the Note "Related Parties" to the condensed Financial Statements at March 31, 2019.

ALTERNATIVE PERFORMANCE MEASURES

In this Management Report at March 31, 2019 of the INWIT Company, in addition to the conventional financial performance measures established by IFRS, certain *alternative performance measures* are presented for purposes of a better understanding of the Company's trend of operations and financial condition. Such measures, which are also presented in other periodical financial reports (annual and interim) should, however, not be construed as a substitute for those required by IFRS.

The alternative performance measures used are described below:

- **EBITDA:** this financial indicator is used by the Company as a financial target in internal presentations (business plans) and in external presentations (to analysts and investors). It represents a useful unit of measurement to assess the Company's operating performance in addition to **EBIT**. These measures are calculated as follows:

Profit (loss) before tax from continuing operations	
+	Financial expenses
-	Financial income
EBIT - Operating profit (loss)	
+/-	Impairment losses (reversals) on non-current assets
+/-	Losses (gains) on disposals of non-current assets
+	Amortization and depreciation
EBITDA - Operating profit (loss) before depreciation and amortization, Capital gains (losses) and Impairment reversals (losses) on non-current assets	

- **Net Financial Debt ESMA and Net Financial Debt INWIT**: the Net Financial Debt ESMA of the Company is calculated in accordance with the provisions of paragraph 127 of the recommendations contained in ESMA document No. 319 of 2013, implementing Regulation (EC) 809/2004, as shown below:

A Cash
B Other cash equivalents
C Securities held for trading
D Liquidity (A + B + C)
E Current financial receivables
F Current financial payables
G Current portion of financial payables (medium/long-term)
H Other current financial payables
I Current financial debt (F+G+H)
J Net current financial debt (I+D+E)
K Medium/long term financial payables
L Bonds issued
M Other non-current financial payables
N Non-Current financial debt (K+L+M)
O Net financial debt (J+N)

To monitor the performance of its financial position, INWIT also uses "INWIT net financial debt" as a financial indicator; it is defined as the ESMA net financial debt less receivables and non-current financial assets, where applicable.

ESMA net financial debt
Other financial receivables and non-current financial assets (*)
INWIT Net financial debt

(*) This accounting item refers to loans granted to certain employees of the company.

- **Operating Free Cash Flow:** calculated as follows:

EBITDA
Capital expenditure
EBITDA - Capex
Change in trade receivables
Change in trade payables (*)
Other changes in operating receivables/payables
Change in provisions for employee benefits
Change in operating provisions and Other changes
Change in net operating working capital:
Operating free cash flow

(*) Except trade payables for investment activities

Condensed financial statements of Infrastrutture Wireless Italiane S.p.A. at March 31, 2019

This document has been translated into English for the convenience of the readers.
In the event of discrepancy, the Italian language version prevails

Contents

CONDENSED FINANCIAL STATEMENTS OF INFRASTRUTTURE WIRELESS ITALIANE S.P.A. AT MARCH 31, 2019

STATEMENT OF FINANCIAL POSITION

Assets

(thousands of euro)	Notes	3.31.2019	*of which related parties*	12.31.2018	*of which related parties*
Assets					
Non-current assets					
Intangible assets					
Goodwill	4)	1,411,770		1,411,770	
Intangible assets with a finite useful life	5)	41,181		40,569	
Tangible assets					
Property, plant and equipment	6)	255,314		254,892	
Rights of use on third-party assets	7)	684,501		325	
Other non-current assets					
Non-current financial assets		204		218	
Miscellaneous receivables and other non-current assets	8)	7,018		21,672	
Deferred tax assets		-		2,682	
Total Non-current assets		**2,399,988**		**1,732,128**	
Current assets					
Trade and miscellaneous receivables and other current assets	8)	95,344	*26,945*	78,176	*24,916*
Financial receivables and other current financial assets		8,109	*8,004*	8,101	*8,001*
Current securities and equity investments		4,980		10,036	
Income tax receivables		8,229		2	
Cash and cash equivalents		139,882	*16,308*	104,125	*12,965*
Total Current assets		**256,544**		**200,440**	
Total assets		**2,656,532**		**1,932,568**	

Equity and Liabilities

(thousands of euro)	Notes	3.31.2019	*of which related parties*	12.31.2018	*of which related parties*
Equity	9)				
Share capital issued		*600,000*		*600,000*	
Minus: treasury shares		*(222)*		*(222)*	
Share capital		599,778		599,778	
Share premium reserve		660,000		660,000	
Legal reserve		120,000		120,000	
Other reserves		1,646		(932)	
Retained earnings (losses) including earnings (losses) for the period		75,300		169,459	
Total Equity		**1,454,294**		**1,548,305**	
Liabilities					
Non-current liabilities					
Employee benefits		2,269		2,223	
Deferred tax liabilities		10,629		-	
Provisions for Risks and Charges		100,263		99,111	
Non-current financial liabilities	10)	688,585	*133,456*	130,209	*70,000*
Miscellaneous payables and other non-current liabilities	12)	8,575	*6,949*	7,004	*5,742*
Total Non-current liabilities		**810,321**		**238,547**	
Current liabilities					
Current financial liabilities	10)	150,997	*20,723*	40,359	*134*
Trade and miscellaneous payables and other current liabilities	12)	231,898	*147,430*	104,562	*65,350*
Income tax payables		9,022		795	
Total current Liabilities		**391,917**		**145,716**	
Total liabilities		**1,202,238**		**384,263**	
Total Equity and Liabilities		**2,656,532**		**1,932,568**	

SEPARATE INCOME STATEMENT

(thousands of euro)	Notes	1st Quarter 2019	of which related parties	1st Quarter 2018	of which related parties
Revenues	12)	94,902	*72,183*	95,521	*74,195*
Acquisition of goods and services	13)	(8,199)	*(2,103)*	(37,375)	*(6,992)*
Employee benefits expenses - Ordinary expenses		(2,762)	*(317)*	(2,095)	*(341)*
Employee benefits expenses - Restructuring and rationalization expenses		(557)		-	
Other operating expenses		(564)	*(3)*	(712)	*(3)*
Operating profit before depreciation and amortization, capital gains (losses) and impairment reversals (losses) on non-current assets (EBITDA)		**82,820**		**55,339**	
Of which : Impact of Non-recurring Items	18)	*(557)*		-	
Amortization, gains/losses on disposals and impairment losses on non-current assets	14)	(31,053)		(3,215)	
Operating profit (loss) (EBIT)		**51,767**		**52,124**	
Of which : Impact of Non-recurring Items	18)	*(557)*		-	
Financial income	15)	167	*4*	11	
Financial expenses	15)	(6,154)	*(529)*	(1,042)	
Profit (loss) before tax		**45,780**		**51,093**	
Of which : Impact of Non-recurring Items	18)	*(557)*		-	
Income taxes		(13,386)		(14,693)	
Profit for the period		**32,394**		**36,400**	
Of which : Impact of Non-recurring Items	18)	*(398)*		-	
Basic and Diluted Earnings Per Share		0.054		0.061	

STATEMENT OF COMPREHENSIVE INCOME

(thousands of euro)		1st Quarter 2019	1st Quarter 2018
Profit for the period	**(a)**	**32,394**	**36,400**
Other items of the Statement of Comprehensive Income			
Other items that will not subsequently be reclassified in the Separate Income Statement		-	-
Remeasurements of employee defined benefit plans (IAS 19):			
Actuarial gains (losses)		-	-
Net fiscal impact		-	-
Total other items that will not subsequently be reclassified in the Separate Income Statement	**(b)**	**-**	**-**
Other items that will subsequently be reclassified in the Separate Income Statement		-	-
Total other items that will subsequently be reclassified in the separate income statement		-	-
Total other items of the Statement of Comprehensive Income	**(d=b+c)**	**32,394**	**36,400**
Total Comprehensive income for the period	**(e=a+d)**	**32,394**	**36,400**

CHANGES IN NET EQUITY

Changes in net equity from January 1, 2018 to March 31, 2018

(thousands of euro)	Share capital	Share premium reserve	Other reserves and earnings (losses) carried forward, including the result for the period	**Total Equity**
Amounts at January 1, 2018	**600,000**	**660,000**	**262,660**	**1,522,660**
Total Comprehensive income for the period	-	-	36,400	36,400
Dividends approved	-	-	-	-
Other changes	-	-	186	186
Amounts at March 31, 2018	**600,000**	**660,000**	**299,246**	**1,559,246**

Changes in net equity from January 1, 2019 to March 31, 2019

(thousands of euro)	Share capital	Treasury share reserve in excess of nominal value	Share premium reserve	Other reserves and earnings (losses) carried forward, including the result for the period	**Total Equity**
Amounts at January 1, 2019	**599,778**	**(1,215)**	**660,000**	**289,742**	**1,548,305**
Total Comprehensive income for the period	-		-	32,394	32,394
Dividends approved	-	-	-	(126,553)	(126,553)
Other changes	-	-	-	148	148
Amounts at March 31, 2019	**599,778**	**(1,215)**	**660,000**	**195,731**	**1,454,294**

CASH FLOW STATEMENT

(thousands of euro)		1st Quarter 2019	1st Quarter 2018
Cash flows from operating activities:			
Profit for the period		32,394	36,400
Adjustments for:			
Depreciation and amortization, losses on disposals and impairment losses on non-current assets		31,053	3,215
Net change in deferred tax assets and liabilities		13,311	14,693
Change in provisions for employee benefits		570	(30)
Change in trade receivables		(16,148)	(16,957)
Change in trade payables		4,932	4,747
Net change in miscellaneous receivables/payables and other assets/liabilities		1,176	5,034
Other non-monetary changes		(2,430)	735
Cash flows from operating activities	**(a)**	**64,858**	**47,837**
Cash flows from investing activities:			
Total purchases of tangible and intangible assets and rights of use on third-party assets for the period (*)		(15,569)	(10,783)
Change in amounts due to fixed asset suppliers		*1,822*	*(134)*
Total purchases of tangible and intangible assets and rights of use on third-party assets on a cash basis		(13,747)	(10,917)
Change in financial receivables and other financial assets		5,062	(5,175)
Deferred payment for acquisition of control in companies		-	(180)
Other changes in non-current assets		1	365
Cash flows used in investing activities	**(b)**	**(8,684)**	**(15,907)**
Cash flows from financing activities:			
Change in current and non-current financial liabilities		(20,417)	-
Cash flows used in financing activities	**(c)**	**(20,417)**	**-**
Aggregate cash flows	**(d=a+b+c)**	**35,757**	**31,930**
Net cash and cash equivalents at beginning of the period	**(e)**	**104,125**	**54,360**
Net cash and cash equivalents at end of the period	**(f=d+e)**	**139,882**	**86,290**

(*) of which related parties:

(thousands of euro)	1st Quarter 2019	1st Quarter 2018
Total purchases of tangible and intangible assets and rights of use on third-party assets for the period	192	2,225

On November 6, 2017, Regulation EU no. 2017/1990 was issued which implemented at the EU level certain amendments to IAS 7 (Cash Flow Statement). For this purpose please note that the liabilities arising from financing activities solely concern monetary movements. No change of this type was recorded in the first quarter of 2019.

NOTE 1 - FORM, CONTENT, AND OTHER GENERAL INFORMATION

FORM AND CONTENT

These interim financial statements of Infrastrutture Wireless Italiane S.p.A. (hereinafter "**INWIT**", or the "**Company**") for the period from January 1, 2019 to March 31, 2019 (hereinafter the **"Interim Financial Statements at March 31, 2019**") were drawn up on the assumption of corporate continuity (for further details, see Note 2 "Accounting Standards"), in accordance with the International Financial Reporting Standards issued by the International Accounting Standards Board and approved by the European Union (defined as the "**IFRS**") and with the legal and regulatory provisions in force in Italy (in particular, the measures adopted in implementation of Section 9 of Italian Legislative Decree no. 38 of 28 February 2005).

INWIT was incorporated on January 14, 2015, is controlled by TIM S.p.A. (hereinafter also "**TIM**" or the "**Parent Company**"), is domiciled in Italy, with registered office at via Giorgio Vasari 19, Milan, and is organized in accordance with the laws of the Italian Republic.

The figures at March 31, 2019 are compared with the figures from the statement of financial position at December 31, 2018; The figures from the separate income statement and from the statement of comprehensive income are compared with the figures for the corresponding periods of the previous financial year. The financial reports and the reports on changes in net equity are compared with those for the corresponding periods of the previous financial year.

The Company's financial year-end is December 31.

The interim Financial Statements at March 31, 2019 were prepared in accordance with the general cost principle, except for the initial entering of financial assets and liabilities for which the application of the fair value principle is compulsory; also, they were prepared in Euros. The values expressed in the notes to these financial statements are expressed in thousands of Euro, unless otherwise indicated.

Publication of the Financial Statements at March 31, 2019 was approved by the Board of Directors' meeting on May 15, 2019.

FINANCIAL STATEMENT STRUCTURE

The structure of the Financial Statements is in keeping with that provided for by IAS 1; Specifically:

- the statement of financial position has been prepared by classifying assets and liabilities according to the "current and non-current" principle;
- the separate Income Statement has been prepared by classifying operating costs according to their nature, in that this method of reporting is deemed better capable of representing the Company's specific business, complies with internal reporting methods, and is in line with practices in the industrial sector in question.
  The Income Statement includes, in addition to EBIT (Operating Earnings), the alternative performance indicator called EBITDA (operating earnings before amortization, depreciation, gains/(losses), and Impairment reversals (losses) on non-current assets).
  Specifically, the Company utilizes EBITDA, in addition to EBIT, as a financial target in internal presentations (business plans) and external presentations (to analysts and investors); the indicator represents a useful unit of measurement for the evaluation of INWIT's operating performance.
  EBIT and EBITDA are calculated as follows:

Profit (loss) before tax from continuing operations	
+	Financial expenses
-	Financial income
+/-	Expenses (income) from investments
EBIT - Operating profit (loss)	
+/-	Impairment losses (reversals) on non-current assets
+/-	Losses (gains) on disposals of non-current assets
+	Amortization and depreciation
EBITDA - Operating profit (loss) before depreciation and amortization, Capital gains (losses) and Impairment reversals (losses) on non-current assets	

- the Statement of Comprehensive Income includes, besides the earnings (losses) for the period, as per the separate income statement, the other changes in Net Equity other than those connected to transactions with Shareholders;
- the statement of Cash Flows was prepared by showing the cash flows deriving from operating activities in accordance with the "indirect method", as allowed by the IAS 7 (Statement of financial position).

SEGMENT REPORTING

An operating segment is a component of an entity:
- that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity);
- whose operating results are reviewed periodically by the top operating level of the entity (the Board of Directors for INWIT) in order to adopt decisions concerning the resources to be allocated and to assess the results; and
- for which discrete financial information is available.

The Company has identified only one operating segment (which also represents the level at which the goodwill is monitored by management and will be tested for impairment). Specifically, the management information note prepared and made available to the Board of Directors for the aforementioned purposes considers the business activity carried out by INWIT as a distinct entity; therefore, no information by segment is presented in the financial statements. The geographical area coincides almost entirely with the territory of Italy.

NOTE 2 - ACCOUNTING POLICES

The main accounting policies and the most significant valuation criteria utilized to write these financial statements are described briefly hereafter.

GOING CONCERN

The interim Financial Statements at March 31, 2019 have been prepared on a going concern basis as there is the reasonable expectation that the Company will continue its operational activities in the foreseeable future (and in any event with a time horizon of more than twelve months).

ACCOUNTING CRITERIA

The accounting criteria adopted to prepare the interim financial statements at March 31, 2019 are consistent with those utilized for the yearly financial statements to December 31, 2018, to which reference is made, with the exception of the adjustments required by the nature of the interim measurements.

Furthermore, in the interim financial statements at March 31, 2019, income taxes for the period are calculated according to the best possible estimate based on available information and on a reasonable forecast of performance up to the end of the tax period. Conventionally, the income tax liabilities (current and deferred) on the profit for the interim period are recorded, net of advances and tax receivables (excluding receivables for which refunds have been requested) as well as deferred tax assets, and classified as an adjustment to "Deferred tax liabilities"; if the balance between deferred tax assets and deferred tax liabilities is an asset it is conventionally recognized in "Deferred tax assets".

USE OF ACCOUNTING ESTIMATES

The preparation of the separate financial statements and related notes, in accordance with the IFRS, requires company management to make estimates and assumptions based also on subjective judgments, past experience and hypotheses considered reasonable and realistic in relation to the information known at the time of the estimate. Such estimates have an effect on the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, as well as the amount of revenues and costs during the period. Actual results could thus differ, even significantly, from such estimates owing to possible changes in the factors considered in the determination of such estimates. Estimates are reviewed periodically.

With regard to the most important accounting estimates, please refer to those illustrated in the annual financial statements at December 31, 2018.

NEW STANDARDS AND INTERPRETATIONS INCORPORATED BY THE EU AND IN EFFECT SINCE JANUARY 1, 2019

Pursuant to IAS 8 (Accounting Policies, Changes in Accounting Estimates and Errors), the IFRS in effect since January 1, 2019 are indicated and briefly described hereafter.

IFRS 16 (Leases)

On October 31, 2017, Regulation EU no. 2017/1986 was issued which implemented IFRS 16 (Leases) at the EU level. IFRS 16 replaces IAS 17 (Leases) and the corresponding interpretations (IFRIC 4 Determine whether an arrangement contains a lease; SIC 15 Operating Leases—Incentives; SIC 27 Evaluating the Substance of Transactions in the Legal Form of a Lease).

For leases, the new standard provides, save for limited exceptions, that the right of use be recognized under intangible assets, against the financial liability which consists of the current value of future lease payments.

Upon first adoption, for leases previously classified pursuant to IAS 17 as operating leases, the company intends to apply the simplified retrospective approach, recognizing the financial liability for leases and the corresponding value of the right of use measured on the basis of the remaining lease instalments on the transition date.

Contracts that fall under the scope of application of IFRS 16 mainly involve leases of the sites housing the company's infrastructures.

The Company adopted the following options with respect to the options and exemptions afforded by IFRS 16:

- IFRS 16 is not generally applicable to intangible assets, short term contracts (i.e. those with a duration of less than 12 months) or if the unit value is low;
- the right of use and the financial liabilities that are relative to the leases are classified under specific items of the statement of financial position;
- contracts with similar features are measured using a single discount rate;
- Leases that had previously been measured as financial leases pursuant to IAS 17 will retain the previously recognized values.

The effects of the application of IFRS 16 on the statement of financial position at January 1, 2019 are summarized in the following notes to these interim Financial Statements.

The impact on the income statement as at March 31, 2019 is summarized below:

(thousands of euro)	3.31.2019
EBITDA	**29,268**
Amortization of rights of use / finance leases	(26,848)
EBIT	**2,420**
Financial expenses	(4,968)
Profit (loss) before tax	**(2,548)**
Income taxes	(503)
Profit for the period	**(2,045)**

The impact on the statement of financial position as at March 31, 2019 is summarized below:

(thousands of euro)	3.31.2019
Rights of use on third-party assets	681,762
Total non-current assets	**681,762**
Other current assets	(15,569)
Total current assets	**(15,569)**
Total assets	**666,103**

(thousands of euro)	3.31.2019
Equity	**(2,045)**
Non-current finance lease liabilities	558,359
Deferred tax liabilities	(503)
Total non-current liabilities	**557,856**
Current finance lease liabilities	110,292
Total current liabilities	**110,292**
Total liabilities	**666,103**

IFRIC 23 – Uncertainty on the treatment of income taxes

On October 23, 2018, Regulation EU no. 2018/1595 was issued which implemented IFRIC 23 - Uncertainty over income tax treatments.

Amendments to IFRS 9: Prepayment features with negative compensation

On March 22, 2018 Regulation EU no. 2018/498 was issued which implemented several amendments to IFRS 9 - Financial instruments.

Improvements to the IFRS (2015–2017 cycle)

On March 14, 2019 Regulation EU no. 2019/412 was issued which implemented several amendments to IAS 12 - Income taxes, IAS 23 - Borrowing costs, IFRS 3 - Business combinations and IFRS 11 - Joint arrangements.

IAS 28 (Investments in associates and joint ventures)

On February 8, 2019 Regulation EU no. 2019/237 was issued which implemented several amendments to IAS 28 - Investments in associates and joint ventures.

IAS 19 (Employee Benefits)

On March 13, 2019 Regulation EU no. 2019/402 was issued which implemented several amendments to IAS 19 - Employee Benefits.

The adoption of these amendments/interpretations had no impact on the Financial Statements at March 31, 2019.

NEW STANDARDS AND INTERPRETATIONS ISSUED BY THE IASB BUT NOT YET APPLICABLE

At the date of these interim financial statements, the following Standards/Interpretations have been issued by the IASB but are still not applicable.

	Mandatory application starting from
New Standards/Interpretations not yet incorporated by the EU	
Amendments to IFRS 3 Business Combinations	1/1/2020
Amendments to IAS 1 and IAS 8: definition of materiality	1/1/2020
Amendments to the references to the "Conceptual Framework" in the IFRS	1/1/2020
IFRS 17: Insurance contracts	1/1/2021

NOTE 3 - FINANCIAL RISK MANAGEMENT

During its everyday operations, the Company may be exposed to the following financial risks:

- market risk: deriving from exposure to the fluctuation of rates, linked to the financial assets generated and to the financial liabilities assumed;
- credit risk: representing the risk of non-fulfillment of obligations undertaken by the counterparty with regard to the Company's liquidity investments;
- liquidity risk: connected with the need to meet short-term financial commitments.

MARKET RISK

The market risk consists in the possibility that changes of the interest and exchange rates or of the rating of the counterparts with which liquidity is utilized, could impact negatively on the value of the assets, liabilities, or expected cash flows.

Interest rate risk

At March 31, 2019 the Company's financial debts were:

- 60 million euros for the financial debt deriving from the loan agreement stipulated with Mediobanca – Banca di Credito Finanziario S.p.A., Intesa Sanpaolo S.p.A. and UniCredit S.p.A.;
- the financial debt from the TI Finance loan agreement of 70 million euros;
- the 40 million euros bank debt from the loan agreement with Banca Popolare di Sondrio

which bear interest at a fixed rate.

The Company therefore does not need derivative contracts to mitigate the risk arising from interest rate fluctuations.

Exchange rate risk

The Company operates exclusively in Euros; therefore, it is not exposed to exchange rate risk.

CREDIT RISK

The Company's exposure to credit risk consists of the potential losses that could derive from the failure of the counterparts, both commercial and financial, to fulfill the obligations undertaken. Such exposure mainly stems from general economic and financial factors, the potential occurrence of specific insolvency situations of some borrowers and other more strictly technical-commercial or administrative factors. The maximum theoretical exposure of the Company to credit risk is the book value of the financial assets and trade receivables recorded in the financial statements.

The Company's main customer is TIM, which, during the reference period of these condensed financial statements, generated revenues of 71,958 thousand euros (75.8% of total revenues at March 31, 2019). The other customers of the Company are the leading national mobile operators with which the Company has entered into multi-year contracts to provide hosting services.

Therefore, the Company is exposed to the risk of concentration of revenues and to credit risk arising from the possibility that its commercial counterparts are not capable or able to meet their obligations. The possible default by one of its commercial counterparts could involve negative effects on the income, balance sheet, and financial situation of the Company. With regard to counterparty risk, formalized procedures to valuate and assess the reliability of commercial partners are adopted to manage the credit.

LIQUIDITY RISK

To meet its liquidity needs the company has available a revolving credit line of 40 million euros granted in May 2015 by Mediobanca – Banca di Credito Finanziario S.p.A., Intesa Sanpaolo S.p.A. and UniCredit S.p.A.. It is available until May 8, 2020 and can be used for working capital and to cover general cash requirements. At March 31, 2019, this credit line was completely unused and is therefore fully available to the company.

ASSETS AND LIABILITIES BY CATEGORY

For the purpose of providing information to allow a comparison between the book value and fair value of the financial instruments (required by IFRS 7), it is pointed out that the following assumptions were made to determine the fair value:

- for variable-rate loans: the nominal repayment amount has been assumed;
- for trade payables and receivables and for current financial assets and liabilities, it is believed that their book value is a reasonable approximation of their fair value.

The table below shows the assets and liabilities at March 31, 2019 on the basis of the categories provided for by IAS 9.

Carrying amount for each IFRS 9 class of financial asset/liability at March 31, 2019

(thousands of euro)		3.31.2019	Amounts recognized in the financial statements pursuant to IFRS 9			
			Amortized cost	*Cost*	*Fair value recognized in equity*	*Fair value recognized in the income statement*
ASSETS						
Non-current assets						
Non-current financial assets						
of which loans and receivables		204	*201*			
	(a)	**204**	***204***			
Current assets						
Trade and miscellaneous receivables and other current assets						
of which loans and receivables		65,632	*65,632*			
Financial receivables and other current financial assets						
of which loans and receivables		8,109	*8,109*			
Securities other than equity investments		4,980			*4,980*	
Cash and cash equivalents		139,882	*139,882*			
	(b)	**218,603**	***213,623***		***4,980***	
Total	**(a+b)**	**218,807**	***213,827***		***4,980***	
LIABILITIES						
Non-current liabilities						
Non-current financial liabilities						
of which liabilities at amortized cost		688,585	*688,585*			
	(c)	**688,585**	***688,585***			
Current liabilities						
Current financial liabilities						
of which liabilities at amortized cost		150,997	*150,997*			
Trade and miscellaneous payables and other current liabilities						
of which liabilities at amortized cost		86,185	*86,185*			
	(d)	**237,182**	***237,182***			
Total	**(c+d)**	**925,767**	***925,767***			

NOTE 4 – GOODWILL

At March 31, 2019, goodwill amounted to 1,411,770 thousand euros, unchanged compared to December 31, 2018.

(thousands of euro)	12.31.2018	Other changes	3.31.2019
Goodwill	1,411,770	-	1,411,770
Total	**1,411,770**	**-**	**1,411,770**

In accordance with IAS 36, goodwill is not subject to amortization, but is tested for impairment at least annually or more frequently if specific events or circumstances arise leading to the presumption of such impairment.

Specifically, at March 31, 2019 no external or internal events were identified that would justify a new impairment test and the amounts of goodwill attributed to the cash-generating units identified were therefore confirmed, corresponding to the carrying amount of the Company's invested operating capital.

NOTE 5 – INTANGIBLE ASSETS WITH A FINITE USEFUL LIFE

Compared to December 31, 2018, these have increased in value by 612 thousand euro, and are characterized by the following composition and variation:

(thousands of euro)	12.31.2018	Adoption of IFRS 16	Additions	Amortization and depreciation	Other changes	3.31.2019
Patent rights and utilization of intellectual property	1,656		-	(236)	-	1,420
Other intangible assets	29,321		100	(371)	2,368	31,418
Irrevocable rights of use	1,992	(1,992)	-	-	-	-
Intangible assets under development and advances	7,600		3,111	-	(2,368)	8,343
Total	**40,569**	**(1992)**	**3,211**	**(607)**	**-**	**41,181**

Investments for the period of 3,211 thousand euros mainly refer to the purchase of land usage rights (1,716 thousand euros).

NOTE 6 – TANGIBLE ASSETS

PROPERTY, PLANT AND EQUIPMENT, OWNED

Compared to December 31, 2018, these have increased in value by 422 thousand euros, and are characterized by the following composition and variation:

(thousands of euro)	12.31.2018	Adoption of IFRS 16	Additions	Disposals	Amortization and depreciation	Other changes	3.31.2019
Land	26,259	-	73	-	-	909	27,241
Plant and equipment	187,263	-	1,162	(108)	(3,392)	8,810	193,735
Manufacturing and distribution equipment	16	-	-	-	(1)	(1)	14
Other goods	449	(315)	7	-	(11)	-	130
Construction in progress and advance payments	40,905	-	3,152	-	-	(9,863)	34,194
Total	**254,892**	**(315)**	**4,394**	**(108)**	**(3,404)**	**(145)**	**255,314**

Capital expenditures made in the reporting period, amounting to 4,394 thousand euros, mainly refer to the purchase of land for 1,275 thousand euros, to the development of new sites for 970 thousand euros and to the development of Small Cells for 1,515 thousand euros.

During the period disposals of Sites amounted to 108 thousand euro.

The gross carrying amounts and accumulated depreciation at March 31, 2019 are detailed as follows:

(thousands of euro)	Gross Value at 3.31.2019	Accumulated impairment losses	Depreciation Provision	Net Value at 3.31.2019
Land	27,241	-	-	27,241
Plant and equipment	197,128	-	(3,392)	193,735
Manufacturing and distribution equipment	15	-	(1)	14
Other goods	141	-	(11)	130
Construction in progress and advance payments	34,194	-	-	34,194
Total	**258,719**	-	(3,404)	**255,314**

The property, plant, and equipment are not subject to liens, mortgages, or other charges.

NOTE 7 - RIGHT OF USE ON THIRD-PARTY ASSETS

Following adoption of IFRS16, the breakdown of the item was as follows:

(thousands of euro)	12.31.2018	Adoption of IFRS 16	Additions	Lease increases	Amortization and depreciation	Other changes	3.31.2019
Rights of use on civil and industrial land and buildings	-	699,402	-	7,916	(26,839)	-	680,479
Rights of use on plant and equipment	-	3,600	14	-	(72)	143	3,685
Rights of use on other assets	-	359	-	-	(23)	1	337
Total	**-**	**703,361**	**14**	**7,916**	**(26,934)**	**144**	**684,501**

Capital expenditures made during the period, amounting to 14 thousand euros, mainly refer to the acquisition of IRU transmission capacity.

The gross carrying amounts and accumulated depreciation at March 31, 2019 are detailed as follows:

(thousands of euro)	Gross Value at 3.31.2019	Accumulated impairment losses	Depreciation Provision	Net Value at 3.31.2019
Rights of use on civil and industrial land and buildings	707,318	-	(26,839)	680,479
Rights of use on plant and equipment	3,758	-	(73)	3,685
Rights of use on other assets	360	-	(23)	337
Total	**711,436**	**-**	**(26,935)**	**684,501**

NOTE 8 – TRADE AND MISCELLANEOUS RECEIVABLES AND OTHER ASSETS (NON CURRENT AND CURRENT)

The item "Trade and miscellaneous receivables and other current and non-current assets” is detailed in the following table:

(thousands of euro)		12.31.2018	*of which IFRS 9 Financial Instruments*	Adoption of IFRS 16	Other changes during the period	3.31.2019	*of which financial instruments IFRS 9*
Miscellaneous receivables and other non-current assets							
Prepaid expenses		21,672	-	-	(14,654)	7,018	-
	(a)	**21,672**	-	**-**	**(14,654)**	**7,018**	-
Trade receivables							
Receivables from customers		28,219	*28,219*	-	12,994	41,213	*41,213*
Receivables from the Parent Company		21,265	*21,265*	-	3,154	24,419	*24,419*
	(b)	**49,484**	***49,484***	**-**	**16,148**	**65,632**	**65,632**
Miscellaneous receivables and other current assets							
Other receivables		1,064	-	-	1,742	2,796	-
Receivables and Prepaid Expenses from the Parent Company		3,540	-	-	(1,760)	1,780	-
Prepaid expenses		24,088	-	(15,233)	16,281	25,136	-
	(c)	**28,692**	-	**-**	**16,263**	**29,712**	-
Total	**(a+b+c)**	**99,848**	***49,484***	**(15,223)**	**17,757**	**102,362**	**65,632**

Receivables from customers relate to hosting services.

Receivables from Parent Company mainly refer to the recovery of costs for services provided.

Non-current and current prepaid expenses refer to rents paid in advance for the lease of land and buildings on /in which the Passive Infrastructures are located . The long-term portion of these prepaid expenses is recorded as "Miscellaneous receivables and other non-current assets".

The **Receivables and Prepaid Expenses from the Parent Company** mainly refer to Group VAT receivables.

The book value of trade and miscellaneous receivables and other current and non-current assets is considered a reasonable approximation of their respective fair value.

NOTE 9 - EQUITY

At March 31, 2019, shareholders' equity amounted to 1,454,294 thousand euros, the breakdown of which is as follows:

(thousands of euro)	3.31.2019	12.31.2018
Share capital issued	600,000	600,000
Minus treasury shares	(222)	(222)
Share capital	**599,778**	**599,778**
Share premium reserve	**660,000**	**660,000**
Other reserves and earnings (losses) carried forward, including the result for the period	**121,646**	**119,068**
Legal reserve	*120,000*	*120,000*
Provision for instruments representing net equity	*333*	*266*
Treasury share reserve in excess of nominal value	*(1,215)*	*(1,215)*
Other reserves	*98*	*17*
Retained earnings (losses) including earnings (losses) for the period	**75,300**	**169,459**
Total	**1,454,294**	**1,548,305**

At March 31, 2019 the share capital, fully subscribed and paid up, consisted of 599,777,882 ordinary shares outstanding without par value.

BENEFIT PLANS IN THE FORM OF EMPLOYEE STOCK OPTIONS

The Provision for instruments representing net equity of 333 thousand euro refers to:

- the general stock option plan (19 thousand euros) in existence within the TIM Group and subscribed to by a number of employees who transferred to Inwit;
- the 2014-2016 stock option plan (15 thousand euros) launched by the TIM Group and subscribed to by a number of employees who transferred to Inwit;
- The LTI plan (299 thousand euros) at March 31, 2019 is used for long-term retention and incentive purposes, as these apply to the managers and the personnel of the Group.

NOTE 10 – FINANCIAL LIABILITIES (NON-CURRENT AND CURRENT)

Non-current and current financial liabilities (gross financial debt) were broken down as follows:

(thousands of euro)		12.31.2018	Adoption of IFRS 16	Other changes during the period	3.31.2019
Financial payables (medium/long-term):					
Amounts due to banks		59,972	-	15	59,987
Leasing liabilities		237	583,029	(24,668)	558,598
Other financial payables		70,000	-	-	70,000
Total non-current financial liabilities	**(a)**	**130,209**	**583,029**	**(24,653)**	**688,585**
Financial payables (short-term):					
Amounts due to banks		40,141	-	276	40,417
Leasing liabilities		84	102,433	7,867	110,384
Other financial payables		134	-	62	196
Total current financial liabilities	**(b)**	**40,359**	**102,433**	**8,205**	**150,997**
Total Financial liabilities (Gross financial debt)	**(a+b)**	**170,568**	**685,462**	**(16,448)**	**839,582**

The **amounts due to banks** refer to:

- the long-term portion of the syndicated loan agreement signed by the Company in May 2015 for 120 million euros with Mediobanca - Banca di Credito Finanziario S.p.A., Intesa Sanpaolo S.p.A. and UniCredit S.p.A., with repayment starting from November 2017 and ending in May 2020. The total amount is 60,024 thousand euros.
- the loan agreement signed in November 2018 with Banca Popolare di Sondrio for 40 million euros, bullet repayment on maturity on December 1, 2023.

Finance lease liabilities refer to leases accounted for pursuant to IFRS 16, which has come into force on January 1, 2019.

Other financial payables refer to the "Term Loan" loan granted by TI Finance SA, the TIM group financial company, totaling 70 million euros with bullet repayment in December 2022.

"COVENANTS", "NEGATIVE PLEDGES" AND OTHER CONTRACTUAL CLAUSES IN EFFECT AT MARCH 31, 2019

The banking loan agreements include some general pledges and covenants, both positive and negative, in line with market practice for loans of similar amounts and nature.
The banking loan agreement and the intercompany loan both contain a cross-default clause on the Company's debt, but not a cross-default clause linked to TIM Group companies and an exchange control clause.
Furthermore, in the banking loan agreement, there is clause relating to the termination of the main MSA agreement; these events entitle the lenders to ask INWIT for compulsory early repayment.
Lastly, at March 31, 2019, no covenant, negative pledge clause or other clause relating to the above-described debt position, had in any way been breached or violated.

NOTE 11 – NET FINANCIAL DEBT

The table below shows the Company's net financial debt at March 31, 2019, calculated in accordance with paragraph 127 of the recommendations contained in ESMA document No. 319 of 2013, implementing Regulation (EC) 809/2004.
The table also includes the reconciliation of net financial debt calculated according to the criteria established by ESMA and those used by INWIT to monitor its own financial position.

(thousands of euro)	3.31.2019 (*)	12.31.2018
A Cash		
B Cash and cash equivalents	139,882	104,125
C Securities held for trading	4,980	10,036
D Liquidity (A + B + C)	**144,862**	**114,161**
E Current financial receivables	8,109	8,101
F Current financial payables	-	-
G Current portion of financial payables (medium/long-term)	(150,997)	(40,359)
H Other current financial payables		
I Current financial debt (F+G+H)	**(150,997)**	**(40,359)**
J Net current financial debt (I+D+E)	**1,974**	**81,903**
K Medium/long term financial payables	(688,585)	(130,209)
L Bonds issued	-	-
M Other non-current financial payables	-	-
N Non-Current financial debt (K+L+M)	**(688,585)**	**(130,209)**
O Net financial debt as recommended by ESMA (J+N)	**(686,611)**	**(48,306)**
Other financial receivables and other non-current financial assets (**)	204	218
INWIT net financial debt	**(686,407)**	**(48,088)**

(*) As regards the effects of related party transactions on Net Financial Debt, reference should be made to the specific table included in the Note "Related Parties".

(*) This item refers to loans granted to certain employees of the Company at March 31, 2018.

NOTE 12 - TRADE AND MISCELLANEOUS PAYABLES AND OTHER (NON-CURRENT AND CURRENT) LIABILITIES

The item was composed as follows at March 31, 2019:

(thousands of euro)		12.31.2018	*of which IFRS 9 Financial Instruments*	Other changes during the period	3.31.2019	*of which IFRS 9 Financial Instruments*
Miscellaneous payables and other non-current liabilities						
Payables and Deferred Income to the Parent Company		5,742	-	1,207	6,949	-
Payables to social security agencies		224	-	396	620	-
Deferred income		1,038	-	(32)	1,006	-
	(a)	**7,004**	**-**	**1,571**	**8,575**	**-**
Trade payables						
Payables to suppliers		44,031	*44,031*	5,177	49,208	*49,208*
Payables to the Parent Company		43,350	*43,350*	(6,373)	36,977	*36,977*
	(b)	**87,381**	***87,381***	**(1,196)**	**86,185**	***86,185***
Miscellaneous payables and other current liabilities						
Payables and Deferred Income to the Parent Company		6,172	-	76,374	82,546	-
Deferred income		7,237	-	1,380	8,617	-
Payables to social security agencies		652	-	(269)	383	-
Tax payables		585	-	(134)	451	-
Other current liabilities		1,761	-	51,430	53,191	-
	(c)	**16,407**	-	**128,781**	**145,188**	-
Income tax payables		795	-	8,227	9,022	-
	(d)	**795**	**-**	**8,227**	**9,022**	**-**
Total	**(a+b+c+d)**	**111,587**	***87,381***	**137,383**	**248,970**	***86,185***

Payables to suppliers refer mainly to the supply of electrical power and rents due.

Payables to the Parent Company amounted to 126,472 thousand euros and mainly refer to commercial transactions for ordinary and extraordinary maintenance (36,977 thousand euros), service contracts and the construction of new sites, as well as sundry items which comprised a current portion (82,546 thousand euros) mainly for dividends payable (76,002 thousand euros) and a non-current portion (6,949 thousand euros), which mainly refer to the tax consolidation.

Tax payables mainly refer to regional and municipal surtaxes and to registration fees.

Other current liabilities mainly refer to payables for dividend distribution (50,551 thousand euros) and payables to personnel (1,670 thousand euros).

The book value of trade and miscellaneous payables and other current liabilities is considered a reasonable approximation of their respective fair value.

NOTE 13 - REVENUES

Revenues amounted to 94,902 thousand euros, broken down as follows:

(thousands of euro)	1st Quarter 2019	1st Quarter 2018
Revenues		
Revenues from TIM	71,958	73,980
Revenues from third parties	22,944	21,541
Total	**94,902**	**95,521**

The item includes the revenues attributable to the period and relate to services provided in the course of ordinary business.

Revenues from TIM amounted to 71,958 thousand euros, or 75.8% of total revenues for the period and refer mainly to the so-called "Integrated service" regulated by the Master Service Agreement, which includes making available on the Sites: (i) physical spaces where TIM equipment can be installed; (ii) power supply systems that can ensure the correct power supply of the TIM equipment; air conditioning systems must also be able to guarantee comfortable working conditions to the personnel engaged in the Site; (iii) monitoring and security services of the areas and of power and air conditioning systems and (iv) management and maintenance services.

The item **Revenues from third parties**, amounting to 22,944 thousand euros, refers essentially to hosting services offered by the Company to Italian mobile operators. Relationships with these operators are regulated by long-term trade agreements (typically for a three or six year term and option for renewal).

NOTE 14 – ACQUISITION OF GOODS AND SERVICES

The item amounted to 8,199 thousand euros and breaks down as follows:

(thousands of euro)		1st Quarter 2019	1st Quarter 2018
Purchases of materials and goods for resale	**(a)**	**197**	**13**
Costs for services			
Maintenance		1,633	1,286
Professional services		1,219	718
Other service expenses		2,356	2,044
	(b)	**5,208**	**4,048**
Lease and rental costs			
Lease and rental costs		*32,062*	*33,314*
Application of IFRS 16		*(29,268)*	*-*
	(c)	**2,794**	**33,314**
Total	**(a+b+c)**	**8,199**	**37,375**

The decrease in costs for **Acquisition of goods and services** mainly reflects the application of IFRS16.

NOTE 15 - AMORTIZATION, GAINS/LOSSES ON DISPOSALS AND IMPAIRMENT LOSSES ON NON-CURRENT ASSETS

Amortization, gains/losses on disposals and impairment losses on non-current assets amounted to 31,053 thousand euros, and are composed as follows:

(thousands of euro)		1st Quarter 2019	1st Quarter 2018
Amortization of intangible assets with a finite useful life	(a)	607	592
Depreciation of owned tangible assets	(b)	3,404	2,502
Amortization of rights of use on third-party assets	(c)	26,934	-
(Gains)/losses on disposals and impairment losses on non-current assets	(d)	108	121
Total	(a+b+c+d)	31,053	3,215

The increase in the item **Amortization of rights of use on third-party assets** reflects the application of IFRS16.

NOTE 16 – FINANCIAL INCOME AND EXPENSES

FINANCIAL INCOME

Income amounted to 167 thousand euros and mainly refers to income from the IFRS 9 impairment for 134 thousand euros.

FINANCIAL EXPENSES

Financial expenses amounted to 6,154 thousand euros and break down as follows:

(thousands of euro)	1st Quarter 2019	1st Quarter 2018
Interest expenses and other financial expenses		
Interest to banks	277	311
Interest expense for finance leases	4,968	-
Financial fees	57	53
Other financial expenses	852	678
Total	**6,154**	**1,042**

The other financial expenses chiefly refer to the adjustment of the provision for restoration charges (526 thousand euros).

NOTE 17 – CONTINGENT LIABILITIES, COMMITMENTS AND GUARANTEES

MAIN DISPUTES AND PENDING LEGAL ACTIONS

The only civil dispute in which the Company was involved as at March 31, 2019 concerned the compensation claim for occupation of buildings on which the base transceiver station is located, restoration of the original condition of places and damages.
In relation to the progress of the aforementioned legal case and based on the information available at the time of closing these Financial Statements, a total amount of 150 thousand euros has been allocated to the risk provision.

COMMITMENTS AND GUARANTEES

With regard to guarantees issued by banks or insurance companies to owners of the land where the infrastructure is located, INWIT has undertaken to reimburse all sums that for any reason whatsoever the bank or the insurance company were to bear due to failure to comply with contractual obligations, the Company waiving any objection or opposition, including any legal action.

NOTE 18 - RELATED PARTIES

The Group identified the following related parties, in accordance with the criteria defined by IAS 24 – (*Financial statements disclosures concerning related party transactions*).

- TIM;
- INWIT and TIM'S executive managers with strategic responsibilities; and
- other companies controlled by TIM and/or in which TIM has an interest, including through members of its senior management.

The tables summarizing the balances of related party transactions in absolute amounts and as a percentage of the corresponding values of the separate income statement, statement of financial position and cash flow statement are shown below. Related party transactions, when not dictated by specific laws, were conducted at arm's length. The transactions were subject to an internal procedure (available for consultation on the website www.inwit.it), which establishes procedures and time scales for verification and monitoring.

Although said agreements were settled at normal market conditions, there is no guarantee that, if they had been entered into by or with third parties, the latter would have negotiated and concluded them at the same conditions and by the same methods.

Items of the consolidated statement of financial position

The effects of the transactions with related parties on the items of the statement of financial position at March 31, 2018 and December 31, 2018 are shown below:

STATEMENT OF FINANCIAL POSITION LINE ITEMS AT 12.31.2018

(thousands of euro)	Total (a)	Related Parties Parent Company	Senior management	Other related parties	Total related parties (b)	As a % of the financial statements item (b)/(a)
NET FINANCIAL DEBT						
Cash and cash equivalents	**104,125**	2,964	-	10,001	12,965	*12.5%*
Financial receivables (short-term)	**8,101**	-	-	8,001	8,001	*98.7%*
Non-current financial liabilities	**(130,209)**	-	-	(70,000)	(70,000)	*53.7%*
Current financial liabilities	**(40,359)**	-	-	(134)	(134)	*0.3%*
Total net financial debt	**(48,088)**	**2,964**	**-**	**(52,132)**	**(49,168)**	***102.2%***
OTHER STATEMENT OF FINANCIAL POSITION LINE ITEMS						
Miscellaneous trade receivables and other current assets	**78,176**	24,805	-	111	24,916	*31.9%*
Miscellaneous payables and other non-current liabilities	**(7,004)**	(5,742)	-	-	(5,742)	*82.0%*
Miscellaneous trade payables and other current liabilities	**(103,788)**	(49,522)	(638)	(15,190)	(65,350)	*63.0%*

STATEMENT OF FINANCIAL POSITION LINE ITEMS AT 3.31.219

(thousands of euro)	Total (a)	Related Parties Parent Company	Senior management	Other related parties	Total related parties (b)	As a % of the financial statements item (b)/(a)
NET FINANCIAL DEBT						
Cash and cash equivalents	**139,882**	2,307	-	14,001	16,308	*11.7%*
Financial receivables (short-term)	**8,109**	-	-	8,004	8,004	*98.7%*
Non-current financial liabilities	**(688,585)**	(63,456)	-	(70,000)	(133,456)	*19.4%*
Current financial liabilities	**(150,997)**	(20,527)		(196)	(20,723)	*13.7%*
Total net financial debt	**(686,407)**	**(81,676)**	**-**	**(48,191)**	**(129,867)**	***18.9%***
OTHER STATEMENT OF FINANCIAL POSITION LINE ITEMS						
Miscellaneous trade receivables and other current assets	**95,344**	26,199	-	746	26,945	*28.3%*
Miscellaneous payables and other non-current liabilities	**(8,575)**	(6,949)	-	-	(6,949)	*81.0%*
Miscellaneous trade payables and other current liabilities	**(231,898)**	(119,523)	(369)	(27,538)	(147,430)	*63.6%*

In net financial debt, cash and cash equivalents consist mainly of the intragroup current account (2,307 thousand euros) held with the Parent Company, while the remainder consists of a deposit that can be liquidated in 3 months from TI Finance SA (14,001 thousand euros).

Medium/long-term and short-term financial payables to the Parent refer to the adoption of IFRS 16, while those to other related parties, refer to the loan granted by TI Finance SA (70,196 thousand euros).

Short-term financial receivables refer to a deposit with TI Finance SA (euro 8,004 thousand) with maturity of more than three months.

Receivables from the Parent Company (26,199 thousand euros) mainly include the assessments relating to the recouping of electrical energy costs. Trade receivables from related parties (746 thousand euros) are mainly made up of receivables from Persidera S.p.A. relating to leases for hosting services.

Payables to the Parent Company (126,472 thousand euros) consist of trade payables (36,977 thousand euros), non-current miscellaneous payables and other liabilities (6,949 thousand euros) and current miscellaneous payables and other liabilities (82,546 thousand euros). Trade payables mainly refer to service contracts, site restoration and routine and extraordinary maintenance carried out on sites and other services. Miscellaneous non-current payables mainly refer to the tax consolidation. Miscellaneous current payables mainly refer to the payable arising from dividend distribution.

Payables to Senior Management (amounting to 369 thousand euros) refer to amounts payable to key management personnel of the Company.

Payables to other related parties (27,538 thousand euros) mainly consist of trade payables to Telenergia S.r.l. for electricity.

Items of the income statement

The effects of the transactions with related parties on the items of the income statement at March 31, 2019, and for the corresponding period of the previous financial year, are the following:

ITEMS OF THE INCOME STATEMENT AT 3.31.2018

(thousands of euro)	Total (a)	Parent Company	Senior management	Other related parties	Total related parties (b)	*As a % of the financial statement item (b)/(a)*
Revenues	**95,521**	73,980	-	215	74,195	*77.7%*
Acquisition of goods and services	**(37,375)**	(6,960)	-	(32)	(6,992)	*18.7%*
Employee benefits expenses - Ordinary expenses	**(2,095)**	(24)	(317)	-	(341)	*16.3%*
Other operating expenses	**(712)**	(3)	-	-	(3)	*0.4%*

ITEMS OF THE INCOME STATEMENT AT 3.31.2019

(thousands of euro)	Total (a)	Parent Company	Senior management	Other related parties	Total related parties (b)	*As a % of the financial statement item (b)/(a)*
Revenues	**94,902**	71,958	-	225	72,183	*76.1%*
Acquisition of goods and services	**(8,199)**	(2,058)	-	(45)	(2,103)	*25.6%*
Employee benefits expenses - Ordinary expenses	**(2,762)**	(4)	(313)	-	(317)	*11.5%*
Other operating expenses	**(564)**	(3)	-	-	(3)	*0.5%*
Financial income	**167**	-	-	4	4	*2.4%*
Financial expenses	**(6,154)**	(380)	-	(149)	(529)	*8.6%*

Revenues from the Parent Company (71,958 thousand euros) refer mainly to rental revenues ensuing from the Master Service Agreement. Revenues from Other related parties (225 thousand euros) refer to rental revenues from Persidera S.p.A.

Purchases of materials and services from the Parent Company (2,058 thousand euros) mainly refer to maintenance services (1,229 thousand euros), outsourced services (118 thousand euros), telephone costs (140 thousand euros) and other service costs (460 thousand euros). Purchases of materials and services from other related parties (45 thousand euros) mainly refer to outsourced services from H.R. Services and to maintenance services from Olivetti.

Employee benefits expense for senior management (313 thousand euros) mainly refer to compensation due to Company key managers.

Financial income related to other related parties (4 thousand euros) refers to interest income on financial receivables from TI Finance SA.

Financial expenses to the Parent Company (380 thousand euros) refer to interest expense on finance leases. Financial expenses related to other related parties (149 thousand euros) refers to interest expense on financial payables to TI Finance SA.

Items of the Statement of financial position

The effects of the transactions with related parties on the items of the statement of financial position at March 31, 2019, and for the corresponding period of the previous financial year, are the following:

ITEMS OF THE STATEMENT OF FINANCIAL POSITION AT 3.31.2018

(thousands of euro)	Total (a)	Related Parties				
		Parent Company	Senior management	Other related parties	Total related parties (b)	*As a % of the financial statement item (b)/(a)*
Operating activities:						
Change in trade receivables	**(16,957)**	(15,770)	-	(228)	(15,998)	*94.3%*
Change in trade payables	**4,747**	(3,939)	-	9,534	5,595	*117.9%*
Net change in miscellaneous receivables/payables and other assets/liabilities	**5,034**	5,386	(148)	132	5,370	*106.7%*

ITEMS OF THE STATEMENT OF FINANCIAL POSITION AT 3.31.2019

(thousands of euro)	Total (a)	Related Parties				
		Parent Company	Senior management	Other related parties	Total related parties (b)	*As a % of the financial statement item (b)/(a)*
Operating activities:						
Change in trade receivables	**(16,148)**	(3,154)	-	(635)	(3,789)	*23.5%*
Change in trade payables	**4,932**	(3,603)	-	12,088	8,485	
Net change in miscellaneous receivables/payables and other assets/liabilities	**1,176**	77,581	(269)	260	77,572	-%

The table shows a significant change in the first quarter of 2019 which reflects the increase in miscellaneous payables to the Parent in relation to dividends payable.

REMUNERATION OF KEY MANAGERS

The remuneration recorded on an accrual basis in respect of key managers amounted to 313 thousand euro.

The short-term compensation is paid during the financial year to which it refers and, in any case, within the six months following the end of the financial year (the entitlements related to the 2019 MBO will be paid during the second quarter of 2020).

The contributions paid in to defined contribution plans (Assida, Fontedir) on behalf of key managers, amounted to 6 thousand euro.

The Company's "key managers", that is, those who have the power and responsibility to plan, manage, and control, directly or indirectly, the Company's activities, including the directors, are identified as follows:

INWIT SPA	
Directors:	
Giovanni Ferigo	CEO
Managers:	
Andrea Balzarini	Head of Administration, Finance and Control & Business Support
Elisa Patrizi	Head of Technology & Operations
Gabriele Abbagnara	Head of Marketing & Sales, appointed as key manager by the Board of Directors

NOTE 19 – SIGNIFICANT NON-RECURRING EVENTS AND TRANSACTIONS

Pursuant to Consob Communication no. DEM/6064293 of July 28, 2006, below is the information on the impact on INWIT's economic, financial and equity results of non-recurring events and operations at March 31, 2019. The non-recurring effects on Equity and Profit (Loss) for the period are expressed net of tax impacts:

The impact on the individual item of the separate income statement of non-recurring items is as follows:

(thousands of euro)	1st Quarter 2019	1st Quarter 2018
Charges related to restructuring and rationalization processes	(557)	-
Impact on Operating profit before depreciation and amortization, capital gains (losses) and impairment reversals (losses) on non-current assets (EBITDA)	**(557)**	**-**
Impact on Operating profit (loss) (EBIT)	**(557)**	**-**
Impact on Profit (loss) before tax	**(557)**	**-**
Income taxes on non-recurring items	159	-
Impact on the Profit (Loss) of the Period	**(398)**	**-**

NOTE 20 – POSITIONS OR TRANSACTIONS RESULTING FROM ATYPICAL AND/OR UNUSUAL OPERATIONS.

In accordance with Consob Communication DEM/6064293 of July 28, 2006, during the first quarter, no atypical and/or unusual transactions occurred as defined by the Communication.

NOTE 21 – EVENTS SUBSEQUENT TO MARCH 31, 2019

On May 15, 2019, the Board of Directors appointed Piergiorgio Peluso and Carlo Nardello as non-executive Directors; they will remain in office until the next Shareholders' Meeting, replacing Stefano Siragusa and Mario Di Mauro, who resigned.
Piergiorgio Peluso was appointed Chairman of the Board of Directors, without executive powers.
The Board also filled out the vacancies in the Strategic Committee by appointing Piergiorgio Peluso and Carlo Nardello.
For logistical reasons, the Board of Directors resolved to transfer the registered office in Milan from 19 Via Giorgio Vasari to 1 Via Gaetano Negri.

NOTE 22 – INFORMATION ON DIRECTION AND COORDINATION ACTIVITY

In accordance with Article 2497 et seq. of the Italian Civil Code regarding transparency in the direction and coordination of the Company, it is noted that such activities are carried out by TIM S.p.A. In exercising such activity:

- TIM S.p.A. did not in any way adversely affect the interests of the Company.
- Complete transparency was assured with respect to inter-company transactions, such as to enable all those who have an interest to verify the observance of the above principle.
- Transactions with TIM S.p.A., and with its related parties, were carried out with a view to improving efficiency and in line with market practices.

Also in accordance with Article 2497 bis of the Italian Civil Code, a summary is provided of the key items contained in the financial statements at December 31, 2018 of TIM S.p.A., the company that exercises direction and coordination activities.

TIM S.p.A. prepares the consolidated financial statements.

Statement of Financial Position

(millions of euro)	**12.31.2018**
Intangible assets	30,680
Tangible assets	12,476
Other non-current assets	12,049
Total Non-current assets	**55,205**
Current assets	**5,956**
Discontinued operations/Non-current assets held for sale	**-**
Total assets	**61,161**
Equity	**18,138**
Share capital	*11,656*
Reserves	*2,094*
Retained earnings (accumulated losses), including profit (loss) for the year	*4,388*
Non-current financial liabilities	24,777
Employee benefits	1,503
Deferred tax liabilities	3
Provisions	579
Miscellaneous payables and other non-current liabilities	3,006
Total Non-current liabilities	**29,868**
Current liabilities	**13,155**
Total liabilities	**43,023**
Total Equity and Liabilities	**61,161**

Income statement

(millions of euro)	Financial Year 2018
Revenues	13,902
Operating profit before depreciation and amortization, capital gains (losses) and impairment reversals (losses) on non-current assets (EBITDA)	**5,608**
Operating profit (loss) (EBIT)	**(241)**
Income (expenses) from investments	71
Financial income	1,177
Financial expenses	(2,427)
Profit (loss) before tax from continuing operations	**(1,420)**
Income taxes	(434)
Profit (loss) before tax from continuing operations	**(1,854)**
Profit (loss) from discontinued operations/Non-current assets held for sale	0
Profit (loss) for the year	**(1,854)**

The highlights of the Parent Company, reported in the summary statement pursuant to Article 2497-bis of the Civil Code, have been taken from the Separate Financial Statements for the year ended December 31, 2018. For an adequate, full understanding of the trend of operations and financial situation of TIM S.p.A. at December 31, 2018, and of the Company's net result in the financial year to that date, see the financial statements which, together with the report by the independent auditors, is available as provided for by law.

The information shown is available in full and original form by logging on to the TIM Group website: www.telecomitalia.com.

DECLARATION BY THE MANAGER RESPONSIBLE FOR PREPARING THE COMPANY'S FINANCIAL REPORTS

The manager responsible for preparing the corporate financial reports declares, pursuant to paragraph 2, art. 154-bis of the Consolidated Law on Finance, that the accounting disclosure contained in the Interim Report at March 31, 2019 of the INWIT Group corresponds to the Company's documents, accounting records and entries.

The Manager Responsible for Preparing
the Company's Financial Reports

Rafael Giorgio Perrino