



Press Release

INWIT: Board of Directors examines and approves the interim report on operations as of March 31, 2018
Convening of the Shareholders' Meeting of May 23, 2018 revoked

- ▶ REVENUES: 95.5 MILLION EURO INCLUDING SOME NON-RECURRING INCOME (+6.0% COMPARED WITH THE FIRST QUARTER OF 2017, NET OF ONE-OFF FEES)
- ▶ REVENUES FROM OTHER OPERATORS: 26.4 MILLION EURO (+7.1% COMPARED WITH THE SAME PERIOD OF 2017 NET OF NON-RECURRING INCOME)
- ▶ EBITDA: 55.3 MILLION EURO (+16.0% COMPARED WITH THE FIRST QUARTER OF 2017, NET OF NON-RECURRING INCOME)
- ▶ NET PROFIT: 36.4 MILLION EURO (+12.8% COMPARED WITH THE SAME PERIOD OF 2017, NET OF NON-RECURRING INCOME)
- ▶ RECURRING FREE CASH FLOW: 47.5 MILLION EURO (+94.6% COMPARED WITH THE SAME PERIOD OF 2017, NET OF NON-RECURRING INCOME).

Rome, May 10, 2018

The Board of Directors of Infrastrutture Wireless Italiane S.p.A. (INWIT), meeting today under the chairmanship of Stefano Siragusa, examined and approved the Interim Report on Operations at March 31, 2018.

Main Results at March 31, 2018

In the first three months of the year, the results confirm the gradual increase in both turnover from the main radio operators and the profitability of the infrastructure. These results stem from a further increase in the co-tenancy ratio, the continued containment of passive leasing costs and the gradual growth in revenue from new services. In particular:

Revenues in the first quarter of 2018 amounted to **95.5 million** euro, up **6.0%** from the same period of 2017, net of some non-recurring income (+**10.5%** reported), of which

- 65.2 million euro are from the TIM Group relative to the service contract, the **Master Service Agreement**, for the sites conferred
- 26.4 million euro derived from **third-party revenues** on the towers conferred, benefiting from some non-recurring income as well.
- 3.9 million euro from the impact of hosting **new sites** and **new services**

EBITDA totalled **55.3 million** euro, with a margin on revenues of 56.1%, net of some non-recurring income (57.9% reported), reflecting, in particular, the increase in hosting and the reduction in leasing costs. The value grows by 16% net of non-recurring income (+24.9% reported) compared with the same period of 2017.

Infrastrutture Wireless Italiane S.p.A.

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

Registered Offices: Milan, at Via G. Vasari 19 - 20135 Milan -

Tax Code/VAT Registration Number and Milan Business Register Number 08936640963

Share Capital 600,000,000.00 euro - Certified e-mail (PEC) adminpec@inwit.telecompost.it



Operating profit (EBIT) was **52.1 million euro**, with an increase of 16.7% from the first quarter of last year, net of non-recurring income (26.2% reported).

Net profits for the period recorded a new peak, which totalled **36.4 million euro**, up 12.8% from the first quarter of 2017, net of non-recurring income (+26.4% reported).

The business investments for the period amount to **10.8 million euro** and were directed at acquiring land and building rights and the creation of new Sites and micro-cell coverages.

The Recurring Free Cash Flow stood at **47.5 million euro**, up by 94.6% compared with the same period of 2017, net of non-recurring income (+112% reported), benefiting from a strong EBITDA growth.

Net financial debt totalled **8.9 million euro** (9.9 million euro less than the debt as of March 31, 2017) and equalled less than 0.1 times annualised EBITDA.

*"I am proud to continue growing a company which in recent years has achieved very valuable results – **comments Giovanni Ferigo, CEO of INWIT** – INWIT will continue to strengthen its leadership in the Italian market, attracting increasing numbers of customers by implementing next generation infrastructure to enable the development of 5G, a fundamental stage of which today lies in small cells. In terms of results, the first quarter of the year confirms growth in all the main indicators, which has allowed two-figure growth to be achieved in EBITDA and cash generation to be doubled compared with the same period of the previous year".*

Outlook for the 2018 financial year

In light of the final results at March 31, 2018, the Company confirms the guidelines, already disclosed to the market.

The wireless infrastructure market continues to undergo a transformation process and a growing demand for services from mobile operators and other radio network players.

Mobile Operators are seeing an increase in their Access Points to expand their 4G coverage and prepare for the evolution from 4G to 5G. Fixed Wireless Access providers are increasing their networks to expand coverage and improve the quality of service offered to customers. Other radio players are already in the market and the entrance of new entities specialized in specific product/market segments is expected thanks to the new use cases enabled by 5G.

These market dynamics, combined with the growing willingness of operators to share infrastructure, have driven INWIT to forecast additional growth in its traditional business and a sharp acceleration in new businesses.

Events after March 31, 2018

The INWIT Shareholders' Meeting on April 13, 2018, to approve the financial statements of the Company for 2017, resolved to distribute a dividend of 0.19 euro per ordinary share to the shareholders.

Revocation of the convening notice of the Shareholders' Meeting of May 23, 2018

The Board of Directors

- considering that the Shareholders' Meeting of INWIT of May 23, 2018 was convened on the assumption that the Shareholders' Meeting of the parent company TIM S.p.A. of April 24, 2018 would select the Group Auditor for the period 2019-2027;
- noting that the aforesaid Shareholders' Meeting of TIM did not reach a decision regarding the appointment of the external auditor for the period 2019-2027;

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- having received a communication in which the parent company TIM states that TIM is not in a position to make any statements on the matters included in the agenda for the INWIT Shareholders' Meeting of May 23, given that no decisions were taken on this matter during its own Shareholders' Meeting;

has determined that it is not possible to hold the Shareholders' Meeting of INWIT on May 23, and has therefore revoked the convening notice.

Corporate governance issues

The Board of Directors acknowledged the appointment of Director Luca Aurelio Guarna as Chair of the Control and Risk Committee and Director Filomena Passeggio as Chair of the Nomination and Remuneration Committee.

The Board of Directors also appointed Director Enrico Maria Bignami as Lead Independent Director.

Finally, the Board of Directors has received a communication from the Board of Statutory Auditors stating that, during its meeting of April 18, 2018, it verified that its members fulfilled the requirements to hold their posts and ascertained their independence, particularly in relation to the criteria set forth in the Corporate Governance Code for listed companies.

The economic and financial results of INWIT at March 31, 2018 will be illustrated to the financial community during a conference call scheduled for tomorrow, May 11, 2018 at 2 p.m. (CET). Journalists may listen in to the presentation, without asking questions, by calling: +39 06 33168. The presentation supporting the conference call will be made available in advance in the Investors section of the company website www.inwit.it.

Pursuant to subsection 2, Article 154-bis of the Consolidated Law on Finance, the Manager responsible for preparing the company's accounting documents, Mr Rafael Giorgio Perrino, has declared that the accounting disclosures contained in this press release correspond to the documentary evidence and the accounting books and records.

Disclaimer

INWIT drafts and voluntarily publishes the Interim Reports on Operations for the first and third quarter of each financial year.

The interim financial statements at March 31, 2018 are not audited.

The accounting criteria adopted for the preparation of the Interim financial statements as at March 31, 2017 are standardised with those used in the financial statements at December 31, 2017, with the exception of the adoption of new accounting standards IFRS 15 and IFRS 9, adopted as from January 1, 2018 and which did not have any effect on the financial statements at March 31, 2018.

In addition to the conventional financial performance indicators contemplated under IFRS, INWIT uses certain alternative performance indicators in order to provide a clearer picture of the trend of operations and the company's financial position. The meaning and content of these indicators are explained in the annexes.

Note that the section "Business Outlook for the 2018 financial year", contains forward-looking statements about the INWIT's intentions, beliefs and current expectations with regard to its financial results and other aspects of INWIT's operations and strategies. Readers of this press release should not place undue reliance on such forward-looking statements, as final results may differ significantly from those contained in the above-mentioned forecasts owing to a number of factors, the majority of which are beyond the Company's control.

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ATTACHMENTS TO THE PRESS RELEASE

ALTERNATIVE PERFORMANCE MEASURES

In this Press Release, 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
/-
+ Depreciation and Amortization
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

(*) Includes the change in trade payables for amounts due to fixed asset suppliers.

- **Recurring Free Cash Flow: is determined as EBITDA – Recurring Capex – Change in Net Working Capital– Cash Taxes – Financial expense (income).**

Please note that Recurring Capex refers to ordinary investments made to maintain the existing structure; it does not, therefore, include investments in development.

The Separate Income Statements, Statements of Financial Position and the Statements of Cash Flows as well as the Net Financial Debt of INWIT, herewith presented, are the same as those included in the financial statements of the Company for the period from January 1, 2018 to March 31, 2018.

SEPARATE INCOME STATEMENT

(thousands of euro)	1st Quarter 2018	1st Quarter 2017
Revenues	95,521	86,427
Acquisition of goods and services	(37,375)	(38,156)
Employee benefits expenses	(2,095)	(1,999)
Other operating expenses	(712)	(1,957)
Operating profit before depreciation and amortization, capital gains (losses) and impairment reversals (losses) on non-current assets (EBITDA)	55,339	44,315
Amortization, gains/losses on disposals and impairment losses on non-current assets	(3,215)	(2,984)
Operating profit (loss) (EBIT)	52,124	41,331
Finance income	-	1
Finance expenses	(1,042)	(969)
Profit (loss) before tax	51,093	40,363
Income tax	(14,693)	(11,472)
Profit for the period	36,400	28,891
Basic and Diluted Earnings Per Share	0.061	0.048

STATEMENTS OF FINANCIAL POSITION

Assets

(thousands of euro)	3.31.2018	12.31.2017
Assets		
Non-current assets		
Intangible assets		
Goodwill	1,411,770	1,411,770
Intangible assets with a finite useful life	30,209	26,549
Tangible assets		
Property, plant and equipment	225,869	222,336
Other non-current assets		
Non-current financial assets	251	201
Miscellaneous receivables and other non-current assets	20,200	19,494
Deferred tax assets	-	2,798
Total Non-current assets	1,688,299	1,683,148
Current assets		
Trade and miscellaneous receivables and other current assets	87,827	73,280
Financial receivables and other current financial assets	96	70
Financial receivables and other current financial assets	5,099	-
Income tax receivables	1	-
Cash and cash equivalents	86,290	54,360
Total Current assets	179,313	127,710
Total Assets	1,867,612	1,810,858

Equity and Liabilities

(thousands of euro)	3.31.2018	12.31.2017
Equity		
Share capital	600,000	600,000
Share premium reserve	660,000	660,000
Legal reserve	120,000	120,000
Other reserves	148	(38)
Retained earnings (losses) including earnings (losses) for the period	179,098	142,698
Total Equity	1,559,246	1,522,660
Liabilities		
Non-current liabilities		
Employee benefits	2,363	2,388
Deferred tax liabilities	11,895	-
Provisions	97,766	97,269
Non-current financial liabilities	59,905	59,884
Miscellaneous payables and other non-current liabilities	3,438	2,426
Total Non-current liabilities	175,367	161,967
Current liabilities		
Current financial liabilities	40,489	40,178
Trade and miscellaneous payables and other current liabilities	90,877	84,420
Income tax payables	1,633	1,633
Total current Liabilities	132,999	126,231
Total Liabilities	308,366	288,198
Total Equity and Liabilities	1,867,612	1,810,858

CASH FLOW STATEMENT

(thousands of euro)	1st Quarter 2018	1st Quarter 2017
Cash flows from operating activities:		
Profit for the period	36,400	28,891
Adjustments for:		
Depreciation and amortization, losses on disposals and impairment losses on non-current assets	3,215	2,984
Net change in deferred tax assets and liabilities	14,693	11,472
Change in provisions for employee benefits	(30)	119
Change in trade receivables	(16,957)	(22,077)
Change in trade payables	4,747	2,608
Net change in miscellaneous receivables/payables and other assets/liabilities	5,034	1,031
Other non-monetary changes	735	630
Cash flows from operating activities	(a) 47,837	25,658
Cash flows from investing activities:		
Total purchase of intangible and tangible assets on an accrual basis (*)	(10,783)	(6,846)
<i>Change in amounts due to fixed asset suppliers</i>	(134)	(1,222)
Total purchase of intangible and tangible assets on a cash basis	(10,917)	(8,068)
Change in financial receivables and other financial assets	(5,175)	(9,927)
Deffered payment for the acquisition of control in subsidiaries or other businesses	(180)	(1,643)
Other non-current assets changes	365	1
Cash flows used in investing activities	(b) (15,907)	(19,637)
Cash flows from financing activities:		
Change in current and non-current financial liabilities	-	-
Cash flows used in financing activities	(c) -	-
Aggregate cash flows	(d=a+b+c) 31,930	6,021
Net cash and cash equivalents at beginning of the period	(e) 54,360	85,599
Net cash and cash equivalents at end of the period	(f=d+e) 86,290	91,620

NET FINANCIAL DEBT

(thousands of euro)	3.31.2018	12.31.2017
A. Cash		
B. Other cash equivalents	86,290	54,360
C Securities held for trading	5,099	-
D Liquidity (A + B + C)	91,389	54,360
E. Current financial receivables	96	70
F Current financial payables	-	-
G Current portion of financial payables (medium/long-term)	(40,489)	(40,178)
H. Other current financial payables		
I Current financial debt (F+G+H)	(40,393)	(40,178)
J Net current financial debt (I+D+E)	50,996	14,252
K Medium/long term financial payables	(59,905)	(59,884)
L Bonds issued	-	-
M Other non-current financial payables	-	-
N Non-Current financial debt (K+L+M)	(59,905)	(59,884)
O Net financial debt as recommended by ESMA (J+N)	(8,909)	(45,632)
Other financial receivables and other non-current financial assets (*)	251	201
INWIT Net financial debt	(8,658)	(45,431)

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