



Press Release

INWIT: BOARD OF DIRECTORS EXAMINED AND APPROVED THE HALF-YEAR FINANCIAL REPORT AS OF 30 JUNE 2016

- ▶ IN THE FIRST SIX MONTHS OF THE YEAR A PROFIT OF 48.6 MILLION EURO WAS POSTED
- ▶ HALF-YEAR REVENUES 164.9 MILLION EURO
- ▶ HALF-YEAR EBITDA 79.7 MILLION EURO
- ▶ NET GROWTH ON THE SECOND-QUARTER PERFORMANCE, COMPARED WITH THE SAME PERIOD OF THE PREVIOUS YEAR
- ▶ PROFIT 2Q'16: 25.1 MILLION EURO (+17.6% YOY)
- ▶ REVENUES 2Q'16: 83.2 MILLION EURO (+5.4% YOY)
- ▶ EBITDA 2Q'16: 40.8 MILLION EURO (+16.7% YOY)
- ▶ NET FINANCIAL DEBT: 82.3 MILLION EURO

PASSED A RESOLUTION FOR A BUSINESS ACCELERATION PLAN THAT ENVISAGES A POTENTIAL INVESTMENT INCREASE OF 150 MILLION EURO ALLOWING FOR A DOUBLE-DIGIT GROWTH OF THE 2016-2018 EBITDA, COMPARED WITH THE PREVIOUS PLAN, ENVISAGING SINGLE-DIGIT GROWTH

- ▶ THE NUMBER OF SITES TO BE BUILT BY 2018 DOUBLES TO 500
- ▶ THE MICROCELLS COVERAGE PLAN WILL BE ANTICIPATED BY TWO YEARS: BY 2018, THERE WILL BE MORE THAN 4,000
- ▶ PRODUCT PORTFOLIO ENRICHED: BACKHAULING WAS INCLUDED WITH THE AIM OF CONNECTING AT LEAST 1,000 TOWERS IN 3 YEARS



Milan, 25 July 2016

The Board of Directors of Infrastrutture Wireless Italiane S.p.A. (INWIT) met today under the chairmanship of Francesco Profumo, and examined and approved the Half-Year Report as of June 30, 2016.

Main Consolidated Results as of June 30, 2016

The 2016 first-half results confirm the progressive increase in both turnover from the main mobile phone operators and in the profitability of the company's infrastructure, with a further increase in the co-tenancy ratio and an additional reduction of the passive rental fees.

Comparison with the previous financial year only considers the figures for the second quarter as the company has only been operative since 1 April 2015.

Revenues for the half year amount to 164.9 million euro (83.2 million euro in 2Q'16, up by 5.4% compared to the same quarter in 2015), of which:

- 126.5 million euro (63.3 million euro in 2Q'16) from the TIM Master Service Agreement;
- 37.6 million euro (19.3 million euro in 2Q'16) from other customers, including mobile operators and other radio network operators;
- 0.8 million euro (0.6 million euro in 2Q'16) from hosting fees on new sites.

EBITDA totalled 79.7 million euro (40.8 million euro in 2Q'16), with a margin on revenues of 48.3%, reflecting, in particular, an increase of tenants on sites and a reduction in leasing costs. The 2Q'16 EBITDA growth versus 2Q'15 is around 6 million euro, amounting to +16.7%.

The Operating profit (**EBIT**) is equal to 73.1 million euro (37.4 million euro 2Q'16, thus showing a 15.8% increase compared to the same quarter in 2015).

The **net profit** of the half year amounts to 48.6 million euro (25.1 million euros in 2Q'16, up by 17.6% compared to the same quarter in 2015).

CAPEX for the half-year totals 11.6 million euro (7.8 million euro in 2Q'16) and includes extraordinary maintenance, the purchase of land and long-term right of usage, the roll-out of traditional (new sites) as well as next-generation (small cells) infrastructure.

The net financial debt at the end of the six-month period amounts to 82.3 million euro.

"The half-year positive results confirm the solidity of our business and allow us to speed up our growth plan." - commented Oscar Cicchetti, Chief Executive Officer of INWIT. "In the first half of 2016, the revenues increased as did the number of customers hosted on our sites with co-tenancy reaching the level of 1.67x. The cost reduction plan continued and the EBITDA margin was one of the "best-in-class", at around 48.3%. The results achieved thus far and the prospects of



increased demand for wireless infrastructure led us to follow an acceleration path that includes a potential increase of our investments in the three-year period by a further 150 million euro, which will enable us to enrich our offer, strengthen the relationship with our customers, fully value our high-quality assets and accelerate the growth of our margins and our value.”

Business Plan acceleration

In light of the good results achieved in the first half of 2016 and the industrial outlook, the Board of Directors has approved a business acceleration path that includes a potential investment increase for the 2016-18 period, which will translate into the acceleration of INWIT's growth plan, with a further growth of the **EBITDA** expected to be double digit.

In particular, **about 150 million euro** of the potential additional investments are expected over the 2016-2018 period, focused on three areas:

- Construction of more than 500 new sites to match the expected demand by TIM and other Operators due to the 4G coverage plans;
- Deployment of at least 4,000 **small cells** to improve the quality of coverage in high-density traffic areas and to be ready for 5G requirements. These initiatives translate into an anticipation at 2018 of the 2020 target.
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- Inclusion of fibre backhauling in the company service portfolio in line with many other Towercos.

Expected development for FY 2016:

The mobile infrastructure market is affected by a transformation process caused by a growing number of broadband connections, due to the increasingly widespread use of images and videos both for personal and business purposes. Such an increase in demand requires further expansion of 4G coverage as well as the enhancement of mobile network architectures, that need a high number of cells and microcells to provide high speed and low latencies.

Within such a framework, besides enforcing the growth plan included in the agreements already signed, INWIT wishes to continue its rationalization and asset enhancement process, as well as invest in infrastructure development and in particular in acquisition of lands and long term right of usage, new sites, small cells, fiber backhauling with an investment acceleration for Small Cells, land acquisition and Backhauling.

Infrastrutture Wireless Italiane S.p.A.

TIM Group- Registered Offices: Milan, Via G. Vasari 19 – 20135 Milan - Tax Code/VAT Registration Number and Milan Business Register Number 08936640963 - Share capital € 600,000,000.00 - PEC adminpec@inwit.telecompost.it



Within this particular framework and in line with the above-mentioned actions in the 2016-2018 Plan, a gradual improvement of the operating performance due to the above action is expected.

The consolidated economic and financial results of the Inwit Group as of June 30, 2016 will be illustrated to the financial community during a conference call scheduled for tomorrow 26 July 2016 at 12 pm (CET). Journalists may listen to the conference call, without asking questions, by calling: +39 06 33168.

The presentation to support the conference call will be made available in advance in the Investors section of the company website www.inwit.it.

Pursuant to sub-section 2, Article 154-bis of the Consolidated Law on Finance, the Manager responsible for preparing the corporate accounting documents, Rafael Giorgio Perrino, has declared that the accounting disclosures contained in this press release correspond to the data records, accounting books and accounts entries.

Disclaimer

This press release contains predictions of events and future results of INWIT that are based on the current expectations, estimates and projections regarding the sector in which INWIT operates and on the current opinions of its management. These elements have by their nature a component of risk and uncertainty, because they depend on future events taking place. It should be noted that the actual results may differ, in some cases significantly, from those announced due to a multiplicity of factors, including: global economic conditions, competition impact, and political, economic and regulatory developments in Italy. It should be noted that the Company was incorporated on 14 January 2015 and became operative on 1 April 2015 and the data relating to the corresponding period of the previous year (half-year report at 30 June 2015) only includes 3 months of operation, and is therefore not useful for comparative purposes.

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ATTACHMENTS TO THE PRESS RELEASE

The consolidated Income Statements, consolidated Statements of Financial Position and the Consolidated Statements of Cash Flows as well as the Net Financial Debt of INWIT, herewith presented, are the same as those included in the consolidated financial statements of the Company for the period from January 1, 2016 to June 30, 2016.

To such extent, please note that the audit work (Limited Review) by our independent auditors on the 2016 Consolidated Interim Financial Statements for the period ended June 30, 2016 have not yet been completed.

CONSOLIDATED INCOME STATEMENTS

(Thousands of euro)	Period from 1 January to 30 June 2016
Revenues	164.873
Acquisition of goods and services	(81.371)
Employee benefits expenses	(3.214)
Other operating expenses	(579)
Operating profit before depreciation and amortization, capital gains (losses) and impairment reversals (losses) on non-current assets (EBITDA)	79.709
Depreciation and amortization and impairment and losses on disposal of non-current assets	(6.634)
Operating profit (EBIT)	73.075
Finance income	14
Finance expenses	(1.784)
Profit (loss) before tax	71.305
Income tax expense	(22.702)
Profit for the period	48.603
Basic and Diluted Earnings Per Share	0,081

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

ASSETS

(Thousands of euro)	At 30 June 2016
Assets	
Non-current assets	
Intangible assets	
Goodwill	1.411.765
Intangible assets with a finite useful life	6.940
Tangible assets	
Property, plant and equipment	188.746
Other non-current assets	
Non-current financial assets	118
Other non-current assets	14.619
Total non-current assets	1.622.188
Current assets	
Trade and miscellaneous receivables and other current assets	55.723
Financial receivables and other current financial assets	41
Cash and cash equivalents	37.628
Total Current assets	93.392
Total Assets	1.715.580

EQUITY AND LIABILITIES

(Thousands of euro)	At 30 June 2016
Equity	
Share capital	600.000
Additional paid-in capital	660.000
Legal reserve	120.000
Other reserves	(121)
Accumulated profit	54.836
Total Equity	1.434.715
Liabilities	
Non-current liabilities	
Employee benefits	1.725
Deferred tax liabilities	12.354
Provisions	99.908
Non-current financial liabilities	119.714
Miscellaneous payables and other non-current liabilities	724
Total Non-current liabilities	234.425
Current liabilities	
Current financial liabilities	229
Trade and miscellaneous payables and other current liabilities	46.211
Total Current liabilities	46.440
Total Liabilities	280.865
Total Equity and Liabilities	1.715.580

STATEMENT OF CASH FLOWS

(Thousands of euro)	Period from 1 January to 30 June 2016
Cash flows from operating activities:	
Profit for the period	48.603
Adjustments for:	
Depreciation and amortization	6.634
Change in deferred tax liabilities	13.465
Change in employee benefits	258
Change in trade receivables	(2.513)
Change in trade payables	10.340
Net change in miscellaneous receivables/payables and other assets/liabilities	(36.973)
Other non-monetary changes	800
Cash flows from operating activities	40.614
Cash flows from investing activities:	
Total purchase of intangible and tangible assets on an accrual basis	(11.643)
<i>Change in amounts due to fixed asset suppliers</i>	(542)
Total purchase of intangible and tangible assets on a cash basis	(12.185)
Change in financial receivables and other financial assets	(55)
Total purchase of shareholdings	(5.939)
Cash proceeds from the sale of fixed assets	55
Change in other non-current assets	(41)
Cash flows used in investing activities	(18.165)
Cash flows from financing activities:	
Change in current and non-current financial liabilities	46
Dividend payout	(56.700)
Cash flows used in financing activities	(56.654)
Aggregate cash flows	(34.205)
Net cash and cash equivalents at beginning of the period	71.833
Net cash and cash equivalents at end of the period	37.628

NET FINANCIAL DEBT

(Thousands of euro)	At 30 June 2016
Cash	
Other cash equivalents	37.628
Securities held for trading	
Liquidity	37.628
Current financial receivables	41
Current financial payables	
Current portion of financial payables (medium/long-term)	(229)
Other current financial payables	
Current financial debt	(229)
Net current financial debt	37.440
Financial payables (medium/long-term)	(119.714)
Bonds issued	
Other non-current financial payables	
Non-Current financial debt	(119.714)
Net financial debt as recommended by ESMA	(82.274)
Other financial receivables and other non-current financial assets(*)	118
INWIT Net financial debt	(82.156)

(*) This item relates to loans granted to certain employees of the company in force at 30 June 2016.