July 26, 2019

Sharing for growth

The largest value accretive European towers merger

TIM

INWIT

Safe Harbor

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Key benefits and business rationale from the two deals

Partnership Pillars

Business Combination

INWIT + vodafone Towers

Passive sharing

INWIT ~ 11k towers + vodafone Towers ~ 11k towers

Active sharing

TIM on Vodafone's antennas

Vodafone on TIM's antennas

5G

Key Benefits

For all stakeholders

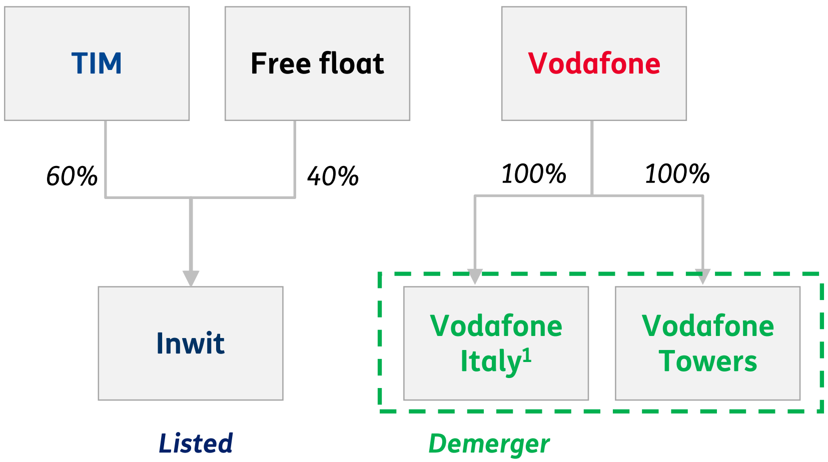
- **Wider network coverage**
  Improvement of national network coverage for TIM and Vodafone as well as for other MNOs thanks to sites freed-up
- **Digital divide and economic growth**
  Reduction of digital disparity for rural areas where fiber access network is limited/unavailable
- **Accelerated innovation cycle**
  Early availability of 5G services and innovative services

Business rationale for TIM and INWIT

- **Improved coverage**
- **Lower time to market**
- **Cost / CAPEX optimization**
- **Increased capital efficiency**
- **€1.4bn+ expected debt reduction for TIM through extraordinary dividend and stake sell down**

Overview of the Transaction Structure (1/2)

Step 1 Set-up of Vodafone Towers



- Vodafone to set-up Vodafone Towers through a demerger of its “tower” business in Italy
- Strong similarity of Inwit and Vodafone Towers reflected in similar valuation

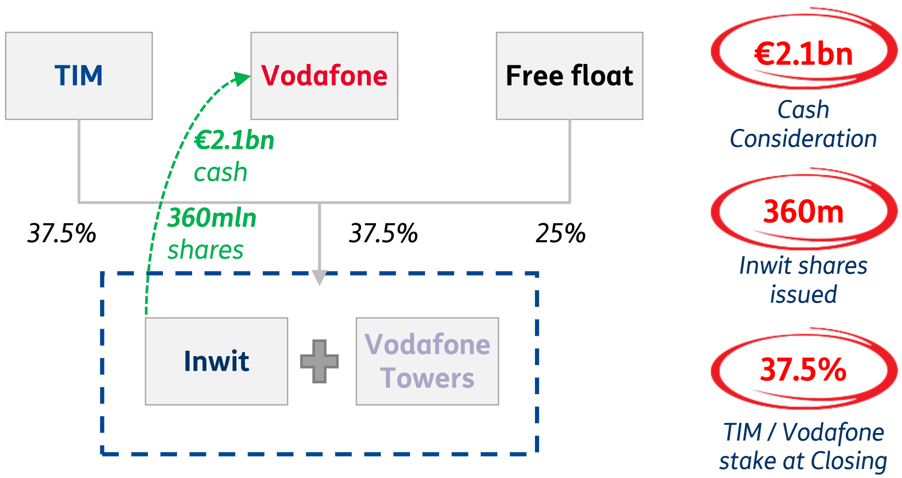
Inwit and Vodafone Towers are Fundamentally Similar

		INWIT	vodafone Towers
Operating Metrics	Sites	~11k	~11k
	Tenants[2]	~20.2k	~18.1k
	Cotenancy ratio	~1.82x	~1.65x
Ownership	% Ownership	60% TIM	100% Vodafone

1. Not part of the transaction.
2. Excluding DAS and Small Cells.

Overview of the Transaction Structure (2/2)

Step 2 Inwit acquisition of a stake in Vodafone Towers and subsequent merger



- Inwit to purchase a 43% participation in Vodafone Towers against the payment of a cash consideration of €2.1bn[1] to balance TIM and Vodafone stakes post merger
- Vodafone Towers to merge into Inwit (merger simultaneous with 43% acquisition: shares acquired are cancelled)
- Vodafone to receive 360m Inwit newly issued shares[2]
- Merger of Inwit and Vodafone Towers subject to "whitewash" procedure[3]
- Payment of an extraordinary dividend up to a maximum of 6.0x Net Debt / EBITDA, consistent with achieving a minimum BB+ credit rating

Capital Structure Optimization

Leverage

- Inwit will optimise its capital structure, in line with comparable listed Tower companies' capital structure and rating profile
- Payment of an extraordinary dividend up to a maximum of 6.0x Net Debt / EBITDA, consistent with achieving a minimum BB+ credit rating

Share-holding

- Joint control by TIM and Vodafone
- 3 years shareholders' agreement
- Lock-up and stand still mechanism to maintain equal stake and control

1. Subject to customary closing adjustments
2. In exchange of the quotas previously held in VOD Towers and not paid by cash consideration (c. 57% of VOD Towers EqV)
3. Approval by Inwit EGM without contrary vote of the majority of shareholders attending the meeting, other than the shareholder holding a majority shareholding. Acquisition's completion conditional to merger completion

Transactions Impacts for TIM – Operating and Financial Benefits

	Status Quo	Post Transaction
FASTER 5G ROLL-OUT		*Planned coverage achieved 4 years ahead*
WIDER 5G COVERAGE	**21%** *Current target @2021*	*5G full national coverage reached by 2025* *Small cells more than trebled*
ENHANCED 4G/5G CAPACITY		*Sharing 4G nodes*
CUMULATIVE CASH-FLOW BENEFITS OVER THE NEXT 10 YEARS		*Over €800m*

Transactions Impacts for TIM – Access to INWIT enhanced value

Access to Improved Cash Generation

Pro-rata REC FCF @2021	~€ 120m	STATUS QUO (60% stake)
Pro-rata REC FCF @2026	>€ 225m	POST TRANSACTION (37.5% stake)

Δ REC FCF @2026 **+87%**

INWIT targeting
recurring FCF Combined
> € 600m
run rate in 2026
(Previous target € 200m at 2021)

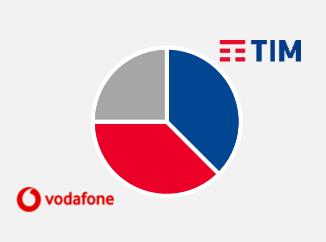
Additional EBITDA run rate at INWIT @ 2026
from synergies, commitments and new potential opportunities

~€ 200m

~ € 75m
TIM pro-quota

Note: All figures shown on a IFRS9/IFRS15 pre-IFRS16 basis.
REC FCF calculated as EBITDA - maintenance capex - normalized ΔWC - taxes - interest.

Governance and Dividend policy



37.5% / 37.5%

- Joint control by TIM and Vodafone
- 3 years period shareholders’ agreement
- Lock-up and stand still mechanism to maintain equal stake and control

#13 members

- BoD made up of 13 members
  - 5 members appointed by TIM
  - 5 members appointed by Vodafone
  - 3 members representing other shareholders
  - Key managers jointly appointed

Board and shareholders’ majorities

- The new bylaws will contain a list of reserved matters which will require enhanced majorities to be approved

Targeted Pay-out ratio

- TIM and Vodafone aim at annual pay-out ratio of ~80% of the net income of the year
- However, the actual dividend will be resolved by INWIT BoD taking into account company’s industrial plan, growth opportunities, INWIT rating and expected cash flow generation

INWIT doubling size boosting growth and efficiency

LARGEST TOWERCO IN ITALY

Revenue, EBITDA and Cash Flow more than doubled

MARKET LEADER

MORE TOWERS TO SERVE THE MARKET

Enhanced nationwide presence supporting all market players

NATIONAL CHAMPION

5G DEPLOYMENT PARTNER FOR TIM & VOD

Preferred supplier for sites, small cells and backhauling

5G DEPLOYMENT

LOWER OPERATING RISK

2 anchor tenants vs 1 with long contracts duration

>70% run rate revenues committed[1]

ENHANCED VISIBILITY

EBITDA BOOST

~€ 200m

Additional EBITDA run rate (2026)[1], from synergies, commitments and new potential opportunities

INDUSTRIAL GROWTH

OPTIMAL CAPITAL STRUCTURE

Up to a maximum of 6x net debt/EBITDA
subject to a minimum BB+ rating

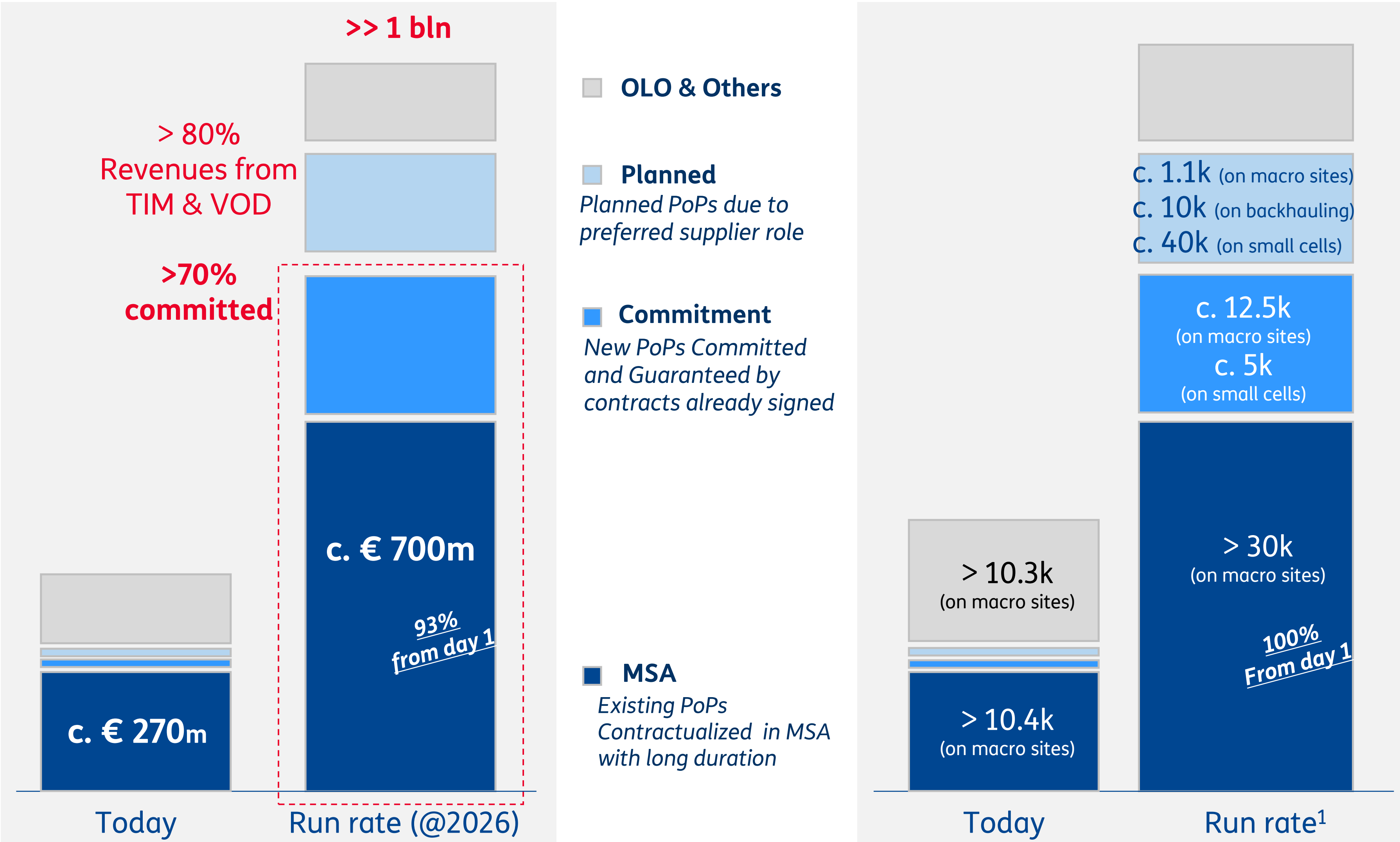
FINANCIAL OPTIMISATION

1. Run rate refers to 2026 since the vast majority of the commitment shall have been already deployed

Visibility strongly enhanced through contractualized business

Annual Revenues

Customers (#)



1. 2026 , except for small cells committed (10 years)

Committed services from TIM and Vodafone

		Additional EBITDA run rate 2026	*New tenants*	
Contractualized		**c. € 110m**	***c. 12.5k** macro-sites* ***c. 5.0k** small cells*	
New Tenants	New PoPs on existing sites	**c. € 30m[1]**	***c. 3.2 k***	**Limited MSA exit for TIM & VOD** • 290 PoPs each for each term of 8 years • 400 PoPs each, without any economic impact for Inwit[3]
	Common Grid on Existing Sites	**c. € 35m**	***c. 5.5 k***	
New sites		**c. € 30m[1]**	***c. 3.8 k***	**Minimum co-tenancy** (guaranteed): 2.0x; IRR >>10%
Small cells/DAS		**c. € 10m[1,2]**	***c. 5 k***	**Minimum co-tenancy** (guaranteed): 2.0x; IRR >>10%

1. Volumes contractualized in the MSA (83% guaranteed), INWIT, TIM and VOD can amend the mix between the three categories, provided that economic impact generated by the initiatives is unchanged
2. Deployment in 10yrs
3. Offset by contractualized rebates to TIM & VOD

Additional planned services

		Additional EBITDA run rate 2026	
Planned Services		**c. € 95m**	

INWIT will be TIM & Vodafone preferred supplier[1]

Preferred supplier	**New Sites**	*Ready to support TIM and Vodafone deployment plan*	
	Small cells/DAS	**c. € 60m**	*30k remotes in 2026 (20k more when compared with existing 10k target at 2021)*
	Backhauling	**c. € 15m**	*c. 5 k sites with fiber backhauling*

Decommissioned & refurbished *New tenants hosted on sites freed up by TIM or Vodafone*	**c. € 20m**[2]	*1.1 k PoPs*

1. Until they retain a stake of at least 25% (min 8 years)
2. INW will assess whether to dismantle the site or host new parties depending on economic trade-off

Financing fully committed

€ 2.5bn loan

- € 1.0bn 5yr term loan
- € 1.5bn 18+6m bridge to bond

Estimated CoD:
< 2% all-in cost

Plus € 0.5bn revolving facility

> 2.5x oversubscribed

Targeting > €600m recurring FCF by 2026

Cash Out:
€ 2.1bn to acquire 43% of VOD Towers

Newly issued shares to VOD:
360m

Transaction subject to "whitewash procedure"

Recurring FCF Combined

> € 600m

run rate in 2026

(Previous target € 200m at 2021)

More questions?
Ask Investor Relations

INWIT

Michele Vitale
Head of Investor Relations

michele.vitale@inwit.it

f: +39 06 44084 320

TIM

Carola Bardelli
Head of Investor Relations

carola.bardelli@telecomitalia.it

f: +39 06 3688 3145