



## Press Release

### **INWIT: BOARD OF DIRECTORS EXAMINES AND APPROVES THE ANNUAL FINANCIAL REPORT AT 31 DECEMBER 2017**

#### MAIN RESULTS OF 2017:

- ▶ REVENUES: 356.6 MILLION EURO (+6.9% VS 2016)
- ▶ REVENUES FROM OTHER OPERATORS: 88.1 MILLION EURO (+12.7% VS 2016)
- ▶ EBITDA: 192.0 MILLION EURO (+17.4% VS 2016)
- ▶ EBITDA MARGIN: 53.8%, WITH AN INCREASE IN EXCESS OF 4.8 PERCENTAGE POINTS VS 2016
- ▶ NET INCOME 126.7 MLN EURO (+29.5% VS 2016)
- ▶ CAPEX: 55.4 MILLION EURO (+20.2 MILLION EURO AND +57.4% VS 2016)
- ▶ RECURRING FREE CASH FLOW 127.6 MLN EURO (+18.5 MILLION EURO VS 2016)
- ▶ MORE THAN A THOUSAND REMOTE SMALL CELLS DEPLOYED IN 2017
- ▶ PROPOSAL FOR THE DISTRIBUTION OF DIVIDEND OF 0.19 EURO PER SHARE
- ▶ SHAREHOLDERS' MEETING CALLED FOR 13 APRIL 2018

Milan, 2 March 2017

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 year-end results at 31 December 2017.

#### Main Results at 31 December 2017

During the year, INWIT confirmed the trend of progressive increase in revenues and of growing profitability.

#### **Infrastrutture Wireless Italiane S.p.A.**

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More in detail for 2017:

**Revenues** at 31 December 2017 amounted to **356.6 million euro** (333.5 million euro in 2016), **up 6.9%** on last year's pro-forma figure, including:

- 258.0 million euro from TIM Master Service Agreement;
- 88.1 million euro from other customers, including Italy's leading mobile Operators and other radio network operators;
- 10.5 million euro from hosting activities on new sites, new services and re-use of sites originally earmarked for dismantling.

**EBITDA** totalled **192.0 million euro** (163.6 million euro in 2016), with a margin on revenues of 53.8%, reflecting the increase in the number of tenants, the growth of new businesses and a reduction in lease costs.

2017 EBITDA **grew** by around 28.4 million euros compared with 2016, a **17.4%** increase that represent an overachievement with respect to the guideline communicated to the market ("low teens").

**Net income** amounted to **126.7 million euro** (97.9 million euro in 2016) up by 29.5%.

**Recurring Free Cash Flow** exhibits a significant 17% increase compared to 31 December 2016 for a total amount of **127.6 million euro** (109 million euro in 2016).

**Business investments** at 31 December 2017 amounted to **55.4 million euro**, 90% of which is dedicated to new businesses and new services development (Small cells, DAS, Backhauling and New Sites) or to lease cost reduction through land acquisition.

**Net financial debt** at the end of the year was **45.6 million euro**, up by 11.3 million euro compared to 31 December 2016

*"INWIT, once again, has achieved its economic and financial targets. The improvement seen in all the economic indicators- Chief Executive Officer Oscar Cicchetti stressed - clearly represents our ability to deliver what we promised. Alongside the marked increase in the number of new customers and the further reduction of lease costs, the excellent performance in new businesses stands out, especially the small cells where we deployed more than a thousand remote units in a year. The image of a solid Company with a strong performance in its core business emerges, coupled with the ability to renew its portfolio of infrastructure services, ready to seize all the opportunities that will arise from the radio networks and the business models evolution".*

**In detail for Q4 2017:**

**Revenue** amounted to **94.8 million euro** (84.7 million euro in Q4'16), **up 11.9%** on the same quarter of 2016, including:

- 64.5 million euro from the TIM Master Service Agreement;
- 22.8 million euro from other customers, including Italy's leading mobile and other radio network operators;
- 7.5 million euro from new services, hosting on new sites and from re-use of sites originally earmarked for dismantling.

**EBITDA** totalled **53.2 million euro** (42.2 million euro in Q4'16), with a margin on revenues of 56.1%, reflecting the increase in the number of tenants on sites and a reduction in lease costs. The Q4'17 **EBITDA growth** compared to Q4'16 is around 11.0 million euro, amounting to **26.1%**.

**Net profit** for the quarter amounted to **34.9 million euro** (24.3 million euro in Q4'16), up by 43.8% compared with the same quarter of 2016.

**Capital expenditure** for 4Q'17 totalled **25.7 million euro**.

**EVENTS AFTER DECEMBER 31, 2017**

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There have been no events of any impact since 31 December 2017.

## **OUTLOOK FOR THE 2018 FINANCIAL YEAR**

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

Mobile Operators need to increase Point of Services to expand their 4G coverage and accomplish the evolution from 4G to 5G.

Fixed Wireless Access providers are also increasing their networks to expand coverage and improve the quality of service offered to customers.

Other radio players like IoT or Public Safety providers 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.

## **CORPORATE GOVERNANCE ISSUES**

The Board of Directors has ascertained that the board as a whole continues to meet the composition requirements, and that eight of the fifteen Directors (Paola Bruno, Primo Ceppellini, Cristina Finocchi Mahne, Alessandro Foti, Giuseppe Gentili, Luca Aurelio Guarna, Filomena Passeggio and Paola Schwizer) meet the independence requirements set forth in the Borsa Italiana Corporate Governance Code and art. 148 of the Consolidated Law on Finance. The Chairman, Francesco Profumo, is only classified as independent pursuant to the Consolidated Law on Finance.

## **CALL OF THE SHAREHOLDERS' MEETING**

The Board of Directors has resolved to call the Shareholders' Meeting for 13 April 2018 (single call) at the Rozzano auditorium (Milan) viale Toscana no. 3, to pass resolutions with regard to the Financial Statements at December 31, 2017, on the allocation of profits, the Report on remuneration, the long-term share-based incentive plan, authorisation to serve the aforesaid incentive plan through the purchase and disposal of treasury shares as well as the renewal of the Board of Directors and the Board of Statutory Auditors.

## **FINANCIAL STATEMENTS**

The Shareholders' Meeting will be asked to approve the financial statements of INWIT S.p.A., which show a net profit of 126.7 million euro.

## **ALLOCATION OF PROFITS**

A proposal will be made to the Shareholders' Meeting to allocate the net profits for 2017 to the distribution to Shareholders by way of a dividend in the amount of 0.19 euro for each of the 600,000,000 ordinary shares for a total amount of 114.0 million euro, carrying the residual part, equal to 12.7 Million euro, forward. The pay-out ratio of 89.95% is in line with that of 2016. The amounts will be payable in favour of entitled parties as from May 23, 2018 (payment date), on the basis of the evidence of the share deposit accounts at the end of the record date of May 22, 2018, while the coupon date will be May 21, 2018.

## **REPORT ON REMUNERATION**

The report on remuneration will be presented to shareholders in accordance with Article 123-ter of Legislative Decree no. 58 of 24 February 1998. The Shareholders' Meeting will be asked to express a non-binding opinion on the first section of the report on the Company's policy on the remuneration of the members of the Board of Directors and the key managers with strategic responsibilities for FY2018.

## **LONG TERM SHARE-BASED INCENTIVE PLAN**

The Shareholders' meeting is invited to approve the long-term, share-based incentive plan restricted to the Chief Executive Officer of INWIT who will be appointed subsequent to the renewal of the Board of Directors, Managers with

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Strategic Responsibilities and the other managers of the Company having a critical role identified by the Board of Directors. The plan envisages the allocation of ordinary shares free of charge, in a variable number depending on the level of achievement of predetermined performance parameters over the period 2018-2020.

A dedicated disclosure document about the initiative will be made available to the public within the terms provided by current legislation together with an explanatory report by the Directors to the Shareholders' meeting.

#### **AUTHORISATION TO PURCHASE AND DISPOSE OF TREASURY SHARES**

To serve the long-term, share-based incentive plan the Shareholders' meeting will be called on to authorise the purchase and disposal of Company treasury shares amounting to approximately 0.07% of the share capital, for a maximum total amount of 2,300,000 euro.

#### **APPOINTMENT OF THE BOARD OF DIRECTORS**

The appointment of the new Board of Directors is the first since the Company shares were listed and will take place on the basis of slates as described in the call notice and illustrated in the Directors' report available on the Company website at [www.inwit.it/assemblea](http://www.inwit.it/assemblea) from March 3, 2018 onwards.

Pursuant to Consob Market regulations, the Board of Directors must be composed of a majority of Directors with the requisites of independence as per the Consolidated Law on Finance and the Corporate Governance Code of listed companies which the Company is party to.

Shareholders with a share of at least 1% of capital with voting rights may present slates pursuant to the Consob resolution no. 20273 of January 24, 2018. In addition, pursuant to the Bylaws, at least one-third of the Directors must belong to the gender least represented.

The Board of Directors' explanatory report contains a number of recommendations concerning the composition, remuneration and duration of the term of office of the new Board, as well as the managerial and professional figures whose presence is deemed opportune.

#### **APPOINTMENT OF THE MEMBERS OF THE BOARD OF STATUTORY AUDITORS**

The appointment of the new Board of Statutory Auditors is also the first since the Company shares were listed and will take place on the basis of slates presented by shareholders as described in the call notice and illustrated in the report available on the Company website at [www.inwit.it/assemblea](http://www.inwit.it/assemblea) from March 3, 2018 onwards.

As regards the candidates to be proposed for the office of Statutory Auditor, shareholders with a share of at least 1% of capital with voting rights may present slates pursuant to the Consob resolution no. 20273 of January 24, 2018. In addition, pursuant to the Bylaws on an equal representation of sexes, at least one Standing Auditor and one Alternate Auditor should belong to the gender least represented.

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The economic and financial results of INWIT at 31 December 2017 will be illustrated to the financial community during a conference call scheduled for 7 March 2017 at 5 pm (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](http://www.inwit.it).

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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 documentary evidence and the accounting books and records.

**Disclaimer**

*This press release contains predictions of events and future results of INWIT that are based on 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, the impact of competition, and political, economic and regulatory developments in Italy.*

*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. More specifically, alternative performance indicators refer to EBITDA and ESMA net financial debt. The meaning is explained in the Report on operations as of 31 December 2015.*

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