



TIM AND VODAFONE SIGN MOBILE NETWORK SHARING PARTNERSHIP AGREEMENTS

CREATING ITALY'S BIGGEST TOWER COMPANY

- TIM and Vodafone announce the signature of agreements for an active network sharing partnership for 5G, for the active sharing of the 4G network and expansion of their existing passive sharing agreement
- The two companies will co-operate on the upgrade of their respective fibre transmission networks for mobile backhaul
- The agreements entered into will enable more efficient deployment of 5G in Italy over a wider geographic area and at a significantly lower cost, with Vodafone and TIM expected to benefit from synergies worth a total of over 800m each over the next 10 years, in addition to an expected annual €200m improvement in new INWIT's EBITDA by 2026 through synergies, commitments and new potential opportunities
- TIM and Vodafone will combine their respective passive networks within INWIT, creating Italy's biggest tower company and the second largest in Europe, with more than 22,000 towers
- TIM and Vodafone will jointly control the new INWIT through equal stakes in the company of 37.5% each, with the option of reducing the stakes down to 25%
- Vodafone will use the proceeds from the transaction to reduce debt
- The transaction will allow TIM to cut debt by more than €1.4bn over time
- The transaction will complete once the necessary consents have been obtained

Rome, 26 July 2019

Following on from the announcement of 21 February 2019, TIM and Vodafone announce that they have today signed agreements for an extension of their existing passive network sharing agreement with INWIT and for an active mobile network sharing partnership.

With reference to active network sharing, the agreement will enable TIM and Vodafone to jointly roll out 5G infrastructure, enabling more efficient deployment of the new technology over a wider geographic area and at a lower cost.

In Vodafone's case, the agreement will result in synergies worth over €800m, in addition to indirect benefits resulting from INWIT's synergies. Vodafone will also receive a consideration of €2,140m and expects to receive over time incremental proceeds over €1bn which it intends to use to cut debt.

TIM is expected to benefit from expected synergies of over €800m, in addition to estimated synergies for the new INWIT in terms of an annual €200m improvement in EBITDA by 2026, through synergies, commitments and new potential opportunities. The transaction is also expected to enable TIM to cut debt by more than €1.4bn over time.

The transaction will significantly reduce the digital divide between the country's major urban centres and rural areas and speed up the development of innovative solutions for businesses.

The two companies will look into the best technical and commercial solutions for the joint deployment of active 5G equipment, excluding major cities, ensuring a broader and more widespread rollout of the new technology across the country. Both companies will continue to separately control their spectrum assets and network quality and functionality, ensuring the flexibility needed to innovate and compete in the market in order to meet the needs of their respective customers.

TIM and Vodafone will pursue active network sharing for their existing 4G networks, in order to facilitate 5G active network sharing. Furthermore, Vodafone and TIM intend to upgrade their respective mobile transmission networks, adding higher capacity optical fibre cables ("Fiber-to-the-Site" or "backhauling"). This would enable customers to fully benefit from 5G's new features, such as faster speeds and low latency, as well as providing greater economies of scale.

At the same time, the two companies will extend their existing passive sharing agreement from the current 10,000 sites to achieve nationwide coverage, with the aim of accelerating and enhancing the deployment of 5G technology and using their network infrastructure more efficiently, both in urban and rural areas.

The agreement also envisages a corporate transaction in several stages, designed to transfer Vodafone's passive network infrastructure to INWIT, which will thus become Italy's biggest tower company, with more than 22,000 towers throughout the country, and the second largest in Europe.

Vodafone will transfer its passive network infrastructure to a new company that will then be merged with and into INWIT. Prior to the merger, INWIT will acquire a stake in the new company so that the shares to be received by Vodafone as a result of the merger will lead Vodafone and TIM to hold equal stakes of 37.5% each in INWIT and have equal governance rights, jointly controlling INWIT under a shareholder agreement.

The parties will enter into a three-year lock-up agreement for their respective stakes and will consider reducing their stakes down to 25% each.

INWIT is currently managed and coordinated by TIM. Following the merger, INWIT will not be subject to management and coordination by Vodafone and TIM, who will jointly control the company.

The transaction is subject to approval by INWIT's non-controlling shareholders at a general meeting (the so-called whitewash procedure) and does not involve a public tender offer for INWIT's shares. In addition, the transaction will not involve the withdrawal of the company's shareholders.

The transaction as a whole will complete once the necessary consents have been obtained.

Luigi Gubitosi, CEO of TIM, said: "Completion of this transaction is key for the country's infrastructure and technological development and will enable us to further accelerate the deployment of 5G, with Italy already among the countries taking a lead in trials of this new technology. Thanks to what will from today become Italy's biggest tower company, we will be able to offer households and businesses privileged access to the technological revolution that has just begun. INWIT will in this way support the country's economic and industrial development, enabling Italy to fully exploit the opportunities offered by the new digital economy"

Aldo Bisio, CEO of Vodafone Italia, said: "This agreement will enable us to step up the rollout of 5G for the benefit of our customers and the community as a whole. 5G has a key role to play in modernising the country. It will provide the technology platform from which to launch innovative new services capable of making business models more efficient and improving productivity throughout the value chain, helping to build a more competitive digital economy. Network sharing reaps the benefits of 5G and at the same time reduces the impact on the environment and lowers rollout costs, allowing more investment in services for customers."

TIM's financial advisors were Banca IMI, Bank of America Merrill Lynch and Goldman Sachs; TIM's legal advisor was Gianni, Origoni, Grippo, Cappelli & Partners; Vodafone's financial advisor was UBS and Vodafone's legal advisor was NCTM.

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