



Wind Tre, EBITDA* up by 2.9%, solid results in achieving synergies

Key consolidated results at September 30, 2017

Milan, 7th november 2017

- Solid results in achieving synergies: the announced targets are once again confirmed
- EBITDA* of €1,619 million, an increase by 2.9% with the margin reaching 35.0%, +170 bps
- Operating cash flow (EBITDA* - CAPEX) at €877 million, up by 8.9% over the same period of last year
- Total revenue at €4,626 million, -2.1% YoY
- Mobile service revenue at €3,165 million, -3.0% YoY
- Fixed service revenue at €812 million, +1.2% YoY
- Internet revenue and customers increase: mobile data revenue +12.2% YoY, mobile internet customers +1.2% YoY; fixed data revenue +7.2% YoY and broadband customers +2.5% YoY
- Refinancing of the capital structure successfully completed with a significant reduction in annual interest costs and an extension of debt maturities

Jeffrey Hedberg, Wind Tre's CEO, commented: *"In the first 9 months of 2017, EBITDA* has risen and I am pleased with our performance in delivering the synergy targets through the combination of the Wind Tre operations. As pricing pressures continue across the industry, we are absolutely focused on achieving a leadership position at all customer touchpoints while accelerating growth in convergence opportunities. We are investing significant capital to modernize our network, systems, and customer operations to reinforce our commitment to the customer and to develop our digital capabilities for the future. Growth in margin and free cash flow will be our key KPIs moving forward."*

In a market characterized by a strong competitive pressure, Wind Tre posted an increase by 2.9% in EBITDA* in the first nine months of the year thanks to the excellent results in achieving €98 million of OpEx synergies and general cost efficiency initiatives. Synergy target, forecast at €700 million annual run-rate of which €490 million of OpEx, are therefore once again confirmed. In addition, in October Wind Tre successfully completed the refinancing of its entire capital structure, a key step in enabling the company to significantly reduce its annual interest expense by approximately €270 million and extend maturities, boosting cash flow.

Total revenue reached €4,626 million, a decrease by 2.1% over the same period of last year due to a contraction in service revenue amounting to €3,977 million (-2.2%). Mobile service revenue, in particularly due to the persistent competitive pressure in the sector, stood at €3,165 million, a decrease of 3.0% YoY.

Wind Tre at 30 September had 29.8 million mobile customers, with the internet customer base at 19.4 million (+1.2% YoY). Mobile ARPU was flat YoY at €11.3, while data ARPU rose by 6.2% to €5.9, representing approximately 52% of total ARPU.



The WIND consumer brand remained top ranked among telecommunications operators due to “the excellent service it provides to customers at its sales points”, according to the study “The Best in Italy – Service Champions” conducted by the eminent German Institute of Quality and Finance.

Fixed service revenue grew by 1.2% to €812 million; broadband revenue was up by 7.2% YoY thanks to the increasing number of ultra-broadband connections and the wider availability of fiber access. In the broadband segment the customers base rose by 2.5% to 2.4 million, with ARPU up by 4.5% to €21.8.

Fixed direct access customers increased by 1.8% to 2.5 million, with the total number of customers remaining above 2.7 million. Total fixed ARPU increased by 3.2% over the same period of last year to €28.0 thanks to the commercial initiatives taken at the end of 2016 and a higher value customer base.

Group EBITDA* grew by 2.9% YoY to €1,619 million, mainly due to the excellent results achieved from the synergies which amounted to €98 million in the first nine months. EBITDA* margin grew to 35.0%, up by 170 bps over the first nine months of 2016.

Wind Tre CAPEX stood at approximately €740 million in the first nine months of 2017 and were mainly focus on strengthening its fixed and mobile networks and on continuing with the integration and the modernization. The switch to the new unified and strengthened network has already taken place in some Italian cities and leading to an excellent performance in terms of coverage and quality improvement.

In September Wind Tre and Open Fiber signed an agreement to extend their partnership to develop ultra-broadband connectivity services in Fiber To The Home technology for a total of 271 Italian cities. This agreement, already active in the first 13 cities with infrastructure in optic fiber, over the areas included in clusters A and B where around 60% of the Italian population is located. The partnership, which will continue until 2024, encourages the gradual migration of Wind Tre customers to the Open Fiber network.

Wind Tre and Open Fiber also started 5G testing in the cities of Prato and L’Aquila, after having won the Ministry for Economic Development’s competitive notice last September.