Wind Tre: synergies supporting EBITDA* margin growth. Fixed ultra-broadband strengthening. Stable cash flow

Key consolidated results as of June 30, 2018

Rome, 1st august 2018

- Significant synergies achieved in the first half of the year, for a cumulative value of €245 million with EBITDA* at €995 million. EBITDA* margin at 35.9%, up 60 bps**. EBITDA including integration costs, stable at €935 million, -0.9% YoY**

- Operating cash flow (EBITDA* - CAPEX) stable YoY at €535 million

- Financial expenses totaled €202 million in the period, reduced by over 40% YoY, as a result of the refinancing of the capital structure completed in November 2017

- Market competitive pressure remained high in the first half of the year, especially in the mobile segment, driving total revenue at €2,771 million (-10.1%), with service revenue at €2,418 million, down 7.9%** YoY

- Total mobile customers reached 28.6 mllion, 67% of which using data services. Total fixed line customers totalled 2.7 million; FTTx customers tripled YoY

-The partnership with ZTE continues, following the lift of the ban in early July. ZTE will work alongside Ericsson on the consolidation and modernization of Wind Tre network

Jeffrey Hedberg, Wind Tre's CEO, commented: "As expected, the first half of 2018 remained challenging with extremely competitive market conditions as evidenced in the continued erosion of our top line, particularly within the consumer mobile segment. Nevertheless, the new leadership team is making good progress in fixing the basics and we are pleased to report that Wind Tre has achieved synergies resulting in a cumulated amount of €245 million, thereby sustaining our EBITDA margin growth. At the same time, thanks to the positive effects of the refinancing of our capital structure, we have obtained a reduction of more than 40% of financial expenses for the period. We remain committed to delivering our synergy targets while achieving a leadership position across all of our customer touch points. Following the lifting of the U.S. Department of Commerce Denial Order on ZTE in early July, the partnership with ZTE is back on track and, in the meantime, we have agreed with Ericsson to become our second vendor to accelerate the consolidation and modernization of our mobile network. I am confident that we are executing well against our plan in building a successful foundation to deliver for our customers, shareholders and team in the future."

The telecommunications market remained extremely competitive in the first half of the year, particularly in the mobile segment, where price pressure was intensified by the new entrant. The main operators responded with the low cost offers of the their second brands. In this framework, Wind Tre maintained its rational approach to the market pushing on the "community" value for the WIND brand and on the "generosity" value for the 3 brand and kept the focus on synergies achievement to offset the top-line pressure. The cumulative value of OpEx synergies was €245

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million in the first half of 2018, corresponding to a run-rate of over €280 million. Thanks to synergies, the EBITDA*
margin reached 35.9%, up 60 bps**. EBITDA* amounted to €995 million decreasing by 8.5%**; EBITDA including integration costs was stable at €935 million, -0.9%** YoY.

Operating cash flow (EBITDA* - CAPEX) stable year on year at €535 million. Investments totaled €459 million in the first half of the year mainly aimed at consolidating and modernizing Wind Tre integrated mobile network. At the beginning of July, following the lift of the ban issued last April towards ZTE by the U.S. Commerce Department, Wind Tre decided to continue the partnership with ZTE alongside with a new agreement signed with
Ericsson.

Total revenue was €2,771 million, -10.1% YoY, as a consequence of the strong competitive pressure in the market. Service revenue was €2,418 million, (-7.9%** YoY), mainly due to the negative performance in the mobile segment. Customer premises equipment revenue decreased by 15.5% YoY, despite the good result in the fixed line segment.

Total mobile customers of Wind Tre amounted to 28.6 million, out of which 67% used data services. Mobile ARPU was €10.6/month, slightly down YoY, with the mobile data component stable at €5.7/month. Mobile service revenue amounted to €1,901 million (-8.8% YoY), due to the competitive pressure impacting both customer base and ARPU, which have been impacted from the slow down of the network modernization.
Total fixed line customers amounted to 2.7 million, with over 2.5 million direct access customers (+1.1% YoY) and ultra-broadband customers exceeding 26% of direct customer base, tripled YoY. Fixed ARPU was €27.0/month. Fixed service revenue decreased by 2.0% at €579 million mainly due to the reduction of other revenue accounted in 2017.
Financial expenses decreased from €339 million to €202 million year on year, a reduction of over 40%, thanks to the positive effects of the refinancing of the capital structure completed in November 2017.
Please note: H1 2018 financial data are reported in accordance IFRS 15.H1 2018 figures based on IAS 18 standard are used for like for like comparison purposes, where needed
* EBITDA before integration costs. H1 2018 integration costs of approximately €60 million, H1 2017 integration costs of approximately €140 million
**At constant accounting principles

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