

# WIND Telecomunicazioni

9 Months 2011 results

*November 16, 2011*



# Important Notice

*The nine months 2011 financial statements of the WIND Telecomunicazioni S.p.A. group hereby presented include the impact of the spin-off of certain assets within the group perimeter. The economic result of these assets until the date of the spin-off is classified in the P&L in the separate line “Profit/(Loss) from discontinued operations”. In order to ensure full comparability with the new perimeter, the WIND Telecomunicazioni S.p.A. group 9M 2010 accounts have been restated accordingly*

# 9M 2011 Financial highlights

## Revenues

Total revenues increased 1.9% over 9M 2010 to €4,146 mln; service revenues grew 1.6% to €3,962 mln

## EBITDA

EBITDA substantially stable over previous year at €1,588 mln, EBITDA margin at 38.3%

## EBIT

EBIT at € 805 million, down 6.2% over 9M 2010 as a result of increased D&A resulting from growing investments over the last 3 years and impact of capitalized SACs

## Net Result

Net profit of €9 million, declining over 9M 2010, due to EBIT decline and higher P&L taxes due to increase of non-deductible interest costs

## NFI

Net Financial Indebtedness at €8,145 million vs. €8,415 million as of December 2010, Net debt / EBITDA at 3.8x

# 9M 2011 Operational highlights

## Mobile

- Mobile customer base reached 20.8 million with an increase of 6.0% over 9M 2010
- Data ARPU increases by 7.4% to €3.4 representing 21.9% of total mobile ARPU

## Fixed-line

- Fixed-line voice customer at 3.1 million up 6.3% vs. 9M 2010
- Customer mix increasingly shifting to higher value direct subscribers

## Broadband

- Broadband subscribers at 2.07 mln, up 14.8% YoY
- Dual play customers grow double digit 14.2% reaching 1.7 million subscribers

## Italian 4G Spectrum Auction

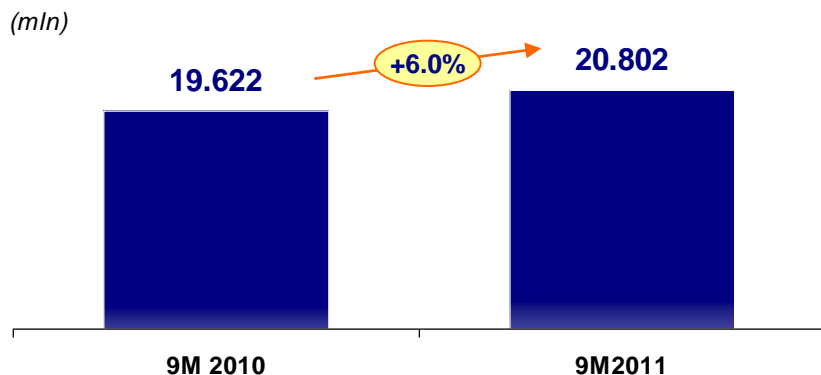
- WIND has been awarded two blocks of spectrum in the 800MHz frequency range and four blocks in the 2,600MHz frequency range. The combination of the acquired 800 MHz and 2,600 MHz blocks will allow WIND to exploit the LTE technology to the maximum performance as well as provide the service with high quality indoor coverage.
- The acquired frequency cost a total of €1.1 billion of which €682 million paid at the beginning of November; the remaining outstanding amount will be payable over five yearly installments starting from end of 2012. The first spectrum payment was funded by €182 mln of cash on hand and €500 million loaned to WIND from Wind Acquisition Finance.

9M 2011 Operational  
performance

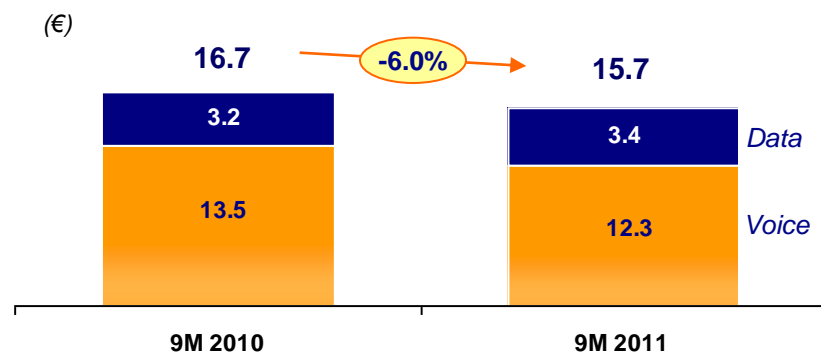


# Mobile Performance

## Customer Base



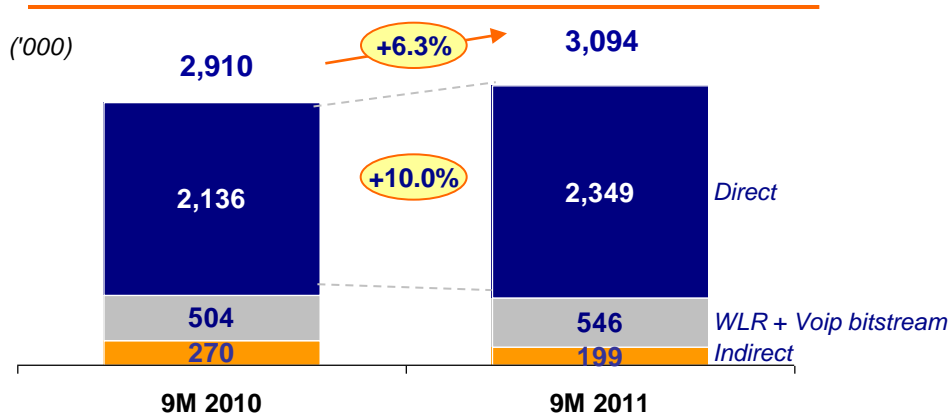
## ARPU



- Mobile customer base continued to grow in 9M 2011 increasing by 6.0% to 20.8 million with a solid trend in net additions (243k in Q3 2011)
- Mobile internet revenues and traditional data revenues continued to grow delivering double digit increases, respectively of 37.0% and 10.0%
- ARPU in 9M 2011 declines 6.0% vs. 9M 2010 as a result of voice ARPU pressure (-9.1%) driven by the 26% cut in mobile termination rates in July 2011 which impacted the full third quarter and accounted for half of the voice ARPU decline, coupled with the growth in data only SIM cards which do not generate voice revenues
- Data ARPU increases 7.4% to €3.4 (21.9% of total ARPU)

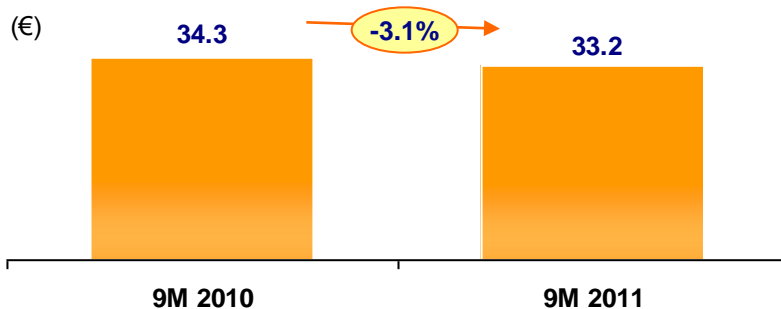
# Fixed-line Performance

## Voice subscribers



- Voice subscribers in 9M 2011 increased by 6.3% to 3.1 million with growth concentrated in the higher value direct subscriber base, which grew 10.0% to 2.35 million
- Subscriber growth in 3Q11 was however impacted by an increase in churn as customers migrated to other operators in order to benefit from their promotions

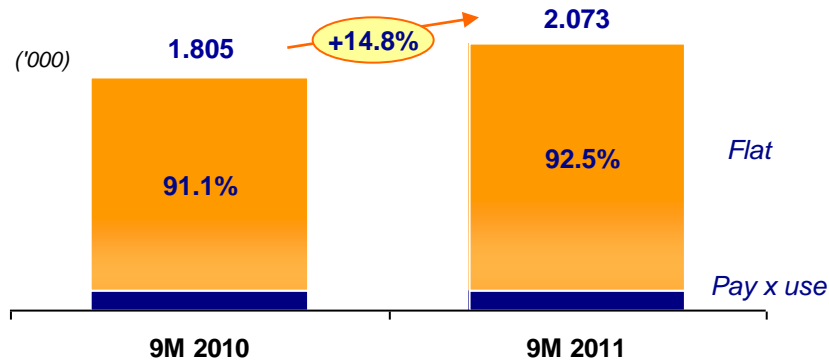
## Total fixed-line ARPU



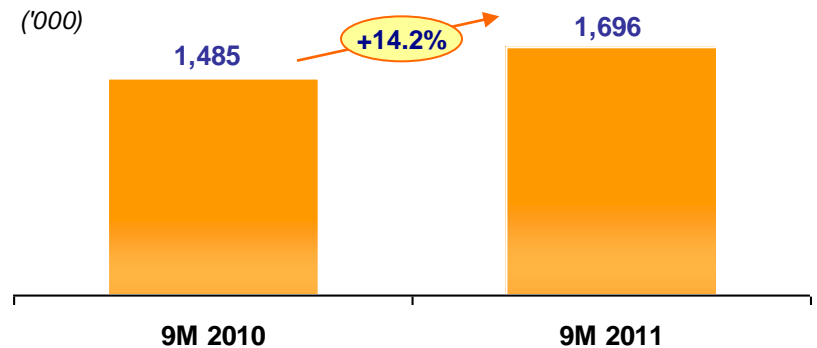
- Fixed-line ARPU declined marginally (-3.1%) over the previous year mainly as a result of the decline in overall traffic caused by fixed to mobile substitution.

# Fixed Broadband Performance

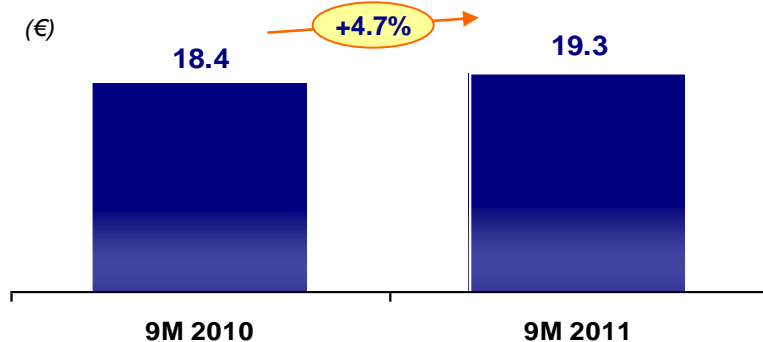
## Broadband Subscribers



## Dual-play CB



## Broadband ARPU



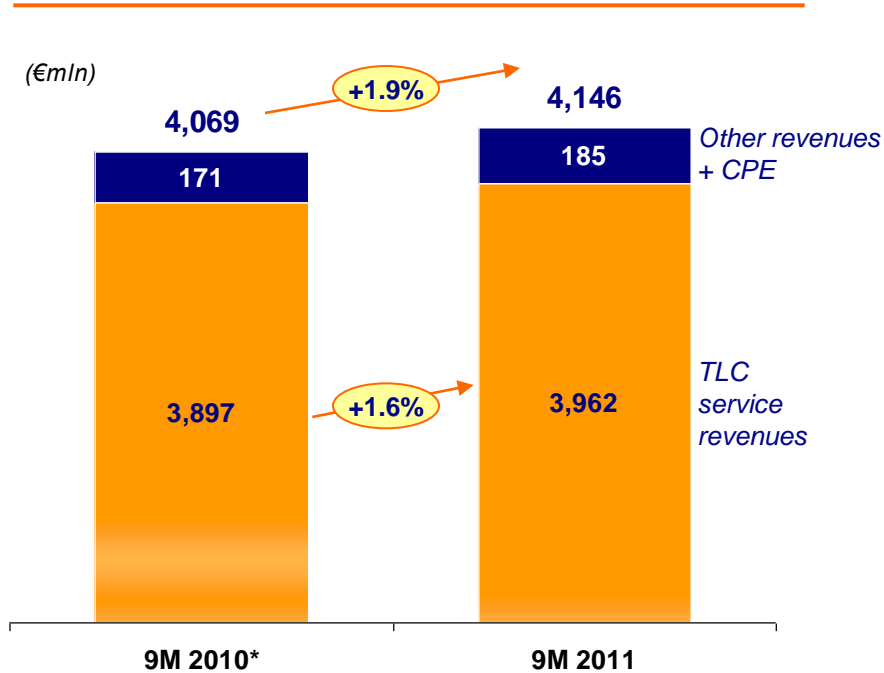
- Broadband subscribers in 9M 2011 continued to grow at a healthy pace approaching 2.1 million subscribers, up 14.8% over the same period of 2010.
- Broadband ARPU increases 4.7% over 9M 2010 to €19.3
- Dual play customer base continued to display a solid growth trend with a 14.2% increase to 1.7 million.

9M 2011  
Financials

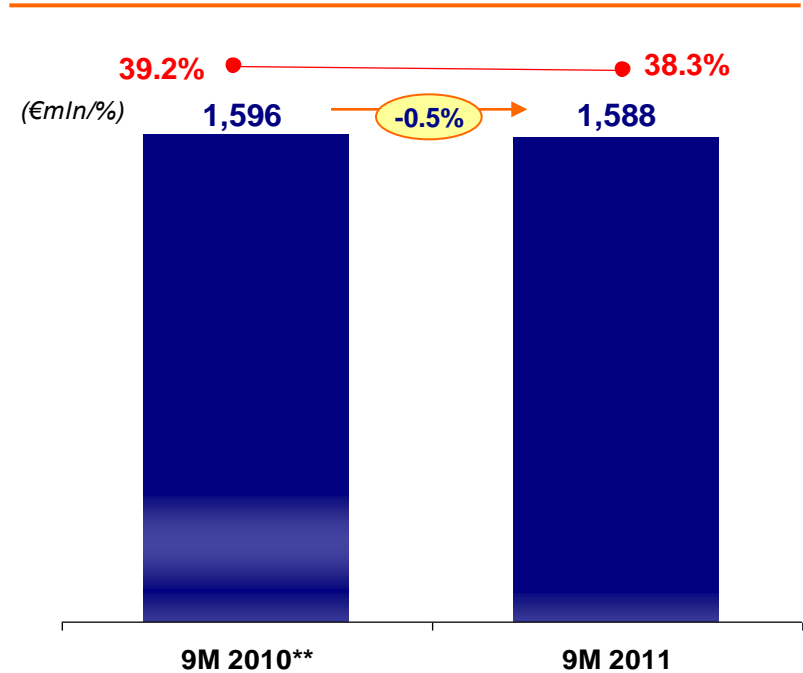


# Revenue and EBITDA Performance

## Total Revenues



## EBITDA / margin



Revenues grew 1.9% over the previous year driven by 1.6% growth in service revenues.

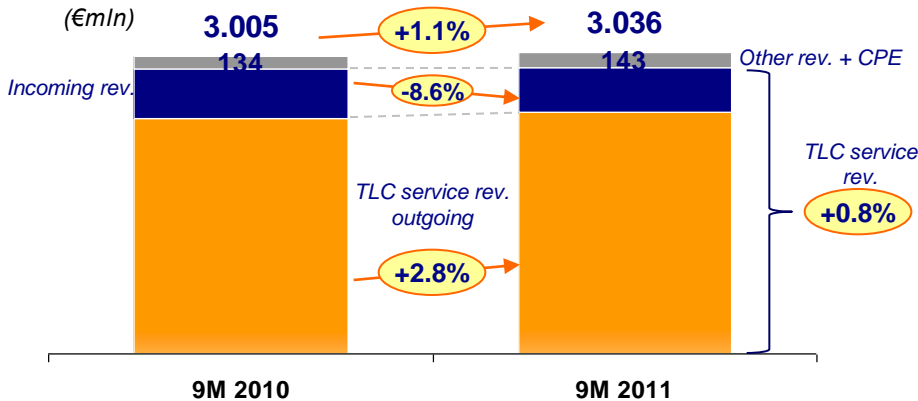
EBITDA was substantially stable over the previous year with an increase in fixed EBITDA being offset by a slight decline in mobile EBITDA

\* 9M 2010 reported total revenues were € 4,355 mln

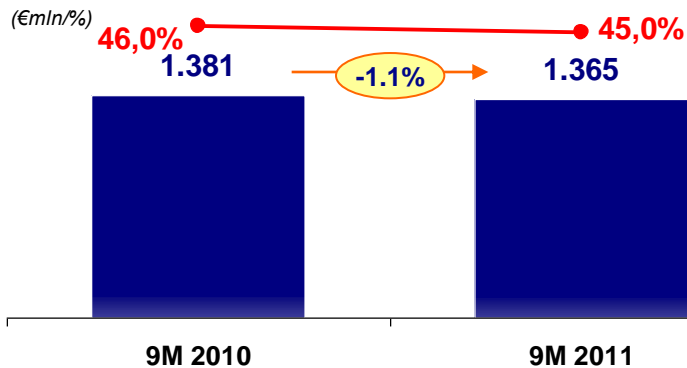
\*\* 9M 2010 reported EBITDA was € 1,636 mln with an EBITDA margin equal to 37.6%

# Mobile Financials

## Total Revenues



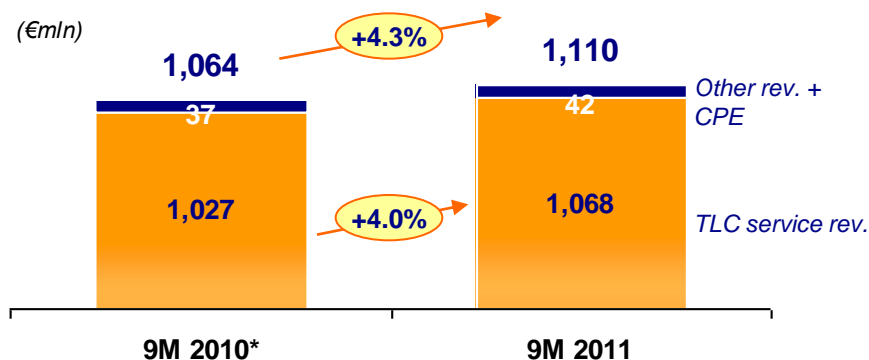
## EBITDA / margin



- Total mobile revenues grew +1.1% over 9M 2010, driven by increase in TLC service revenues, up +0.8%
- Solid performance in Internet & data revenues as a result of strong growth in both mobile Internet and traditional data
- Decline in voice revenues driven mainly by reduction of incoming revenues due to 26% cut in mobile termination rate in July 2011
- Net of incoming revenues mobile TLC service revenues grew 2.8%
- EBITDA marginally down (-1.1%) to €1,365 million mainly driven by increase in commercial costs due to persisting competitive pressure; solid 45.0% margin in 9M 2011

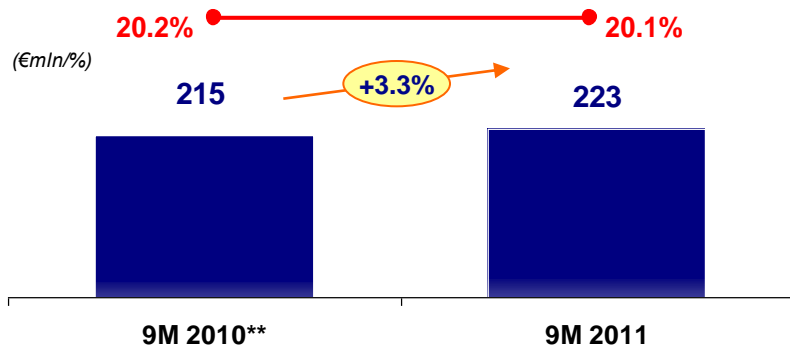
# Fixed-line financials

## Fixed Total Revenues



- Fixed-line total revenues growth in 9M 2011 driven by the strong result in fixed-line consumer segment and solid performance in the broadband market, up 23.3%

## Fixed EBITDA / margin



- EBITDA increased 3.3% in 9M 2011 compared to 9M 2010. Margin stable driven by organic growth offset by increase in bad debt resulting from lengthening of collection periods

\* 9M 2010 reported Fixed-line Revenues were € 1.350 mln; 9M 2010 reported Fixed-line TLC Service Revenues were € 1.316 mln

\*\* 9M 2010 reported Fixed-line EBITDA was € 256 mln with an EBITDA margin equal to 18.9%

# P&L Highlights

(€ mln)	9M 2011	9M 2010	Change %	9M 2010 reported
Revenue	4,065	3,994	1.8%	4,282
Other revenue	81	75	7.6%	73
<b>Total Revenue</b>	<b>4,146</b>	<b>4,069</b>	<b>1.9%</b>	<b>4,355</b>
<b>EBITDA</b>	<b>1,588</b>	<b>1,596</b>	<b>(0.5)%</b>	<b>1,636</b>
D&A	(782)	(737)	(6.1)%	(742)
<b>EBIT</b>	<b>805</b>	<b>859</b>	<b>(6.2)%</b>	<b>895</b>
Financial Income and expenses	(669)	(677)	1.2%	(675)
<b>EBT</b>	<b>137</b>	<b>182</b>	<b>(25.0)%</b>	<b>219</b>
Income Tax	(134)	(105)	(27.2)%	(117)
Profit/(Loss) from discontinued operations	6	25	(76.9)%	-
<b>Net result</b>	<b>9</b>	<b>102</b>	<b>(91.4)%</b>	<b>102</b>

- EBIT trend reflects the marginal decline in EBITDA coupled with impact of higher D&A charges in relation to the growing investments made over last 3 years and in relation to capitalization of SACs
- Net profit in 9M 2011 decreases to €9 million as a result of EBIT decline and higher P&L taxes due to increase of non-deductible interest costs

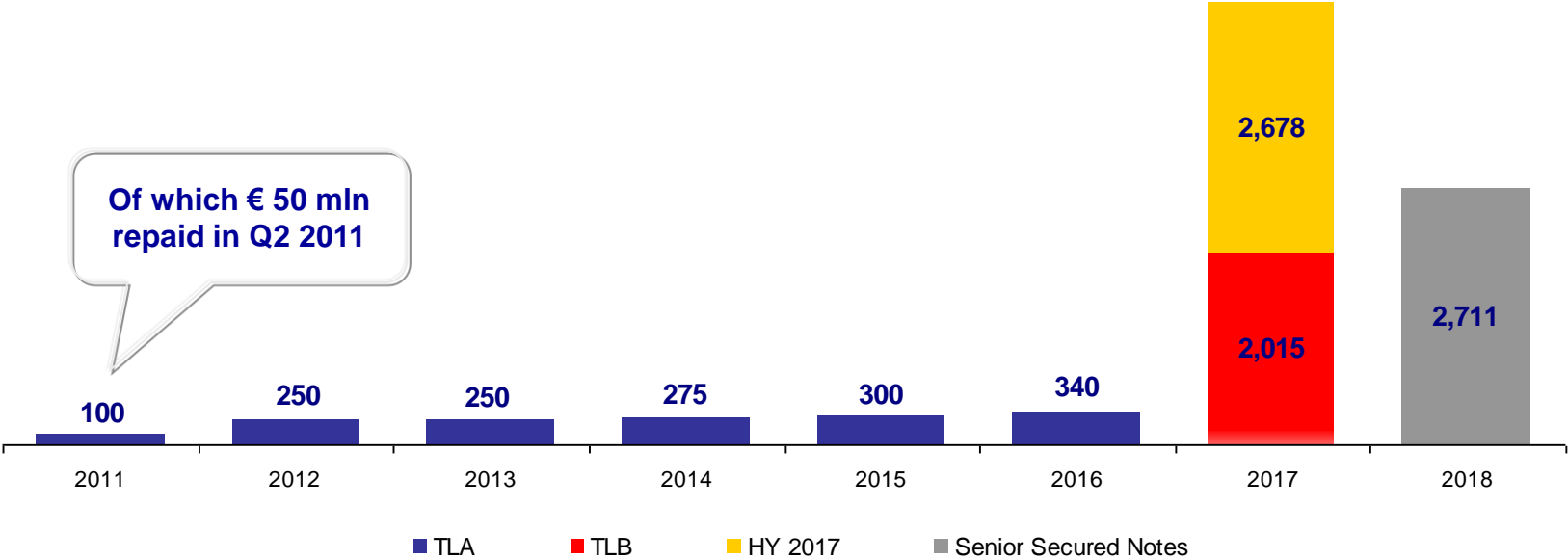
# Capitalisation

(€mIn)	As of December 31, 2010	As of June 30, 2011	As of Sept 30, 2011	Sept 30, 2011/ LTM EBITDA proforma
Cash and Equivalents	(406)	(607)	(600)	(0.3x)
Bank Loan	3,397.3	3,350	3,352	1.6x
<b>Total Bank Debt</b>	<b>2,991</b>	<b>2,744</b>	<b>2,752</b>	<b>1.3x</b>
Senior Secured Notes 2018	2,689	2,613	2,728	1.3x
<b>Total Bank Loan + SSN</b>	<b>5,680</b>	<b>5,356</b>	<b>5,481</b>	<b>2.6x</b>
Senior Notes 2017	2,793	2,668	2,693	1.3x
Financial Receivables	(144)	(147)	(148)	(0.1x)
Derivatives	86	196	120	0.1x
<b>Total Net Debt</b>	<b>8,415</b>	<b>8,073</b>	<b>8,145</b>	<b>3.8x</b>
<i>Cash Net Debt</i>	<i>8,459</i>	<i>8,017</i>	<i>8,182</i>	
<i>Interest Accrued</i>	<i>171</i>	<i>168</i>	<i>144</i>	
<i>Fees to be amortized</i>	<i>(301)</i>	<i>(307)</i>	<i>(300)</i>	
<i>Derivatives MTM</i>	<i>86</i>	<i>196</i>	<i>120</i>	
<b>LTM EBITDA</b>				<b>2,122</b>

NFI WAHF Group (vs. third parties) / EBITDA LTM at 4.3x

# Debt maturity profile

€ mln



# DISCLAIMER

*This presentation is provided to you (each referred to hereafter as a “Recipient”) for information purposes only and should not be relied upon by the Recipients and no liability, responsibility, or warranty of any kind is expressed, assumed or implied by WIND for the accuracy, inaccuracy, interpretation, misinterpretation, application, misapplication, use or misuse of any statement, claim, purported fact or financial amount, prediction or expectation (together referred to as “Information”) and does not constitute an offer to sell shares or other securities or the solicitation of an offer to buy shares or other securities, nor shall there be any offer or sale of shares or other securities in any jurisdiction in which such offer or sale would be unlawful prior to registration or qualification under the securities laws of such jurisdiction.*

*In addition, we also draw each Recipients attention to the fact that this presentation contains “forward-looking statements” regarding WIND and its future business. Such statements are not historical facts and may include opinions and expectations about management’s confidence and strategies as well as details of management’s expectations of new and existing programs, technology and market conditions. Although WIND believes its opinions and expectations are based on reasonable assumptions, these forward-looking statements are subject to numerous risks and uncertainties, not all of which will be exhaustively explored in this presentation or elsewhere. Accordingly, the Recipients should not regard such statements as representations as to whether such anticipated events will occur nor that expected objectives will be achieved. The Recipients are reminded that all forward-looking statements in this presentation are made so on the date hereof and for the avoidance of doubt WIND does not undertake to update any such statement made to reflect events or circumstances after the date hereof or to reflect the occurrence of unanticipated events. For the avoidance of doubt, WIND does not accept any liability in respect of any such forward-looking statements.*