

**JP Morgan Global High  
Yield & Leveraged  
Finance Conference**

*Miami – March 1, 2011*



# WIND in a snapshot

LTM 9M 2010 Revenues  
**€5,851 million**



LTM 9M 2010 EBITDA  
**€2,163 million (1)**

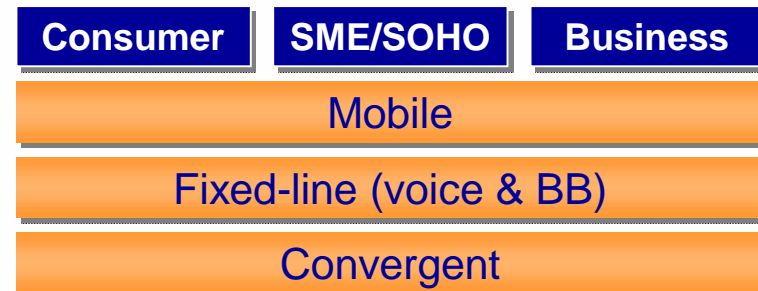


- Largest alternative fully integrated operator in Italy
  - Second largest fixed-line operator in Italy, second largest Broadband provider in Italy
  - Third largest mobile operator in Italy after the two incumbents with a market share of 22%

- Three strong brands



## *A full line service offering*



(1) LTM EBITDA based on 2009 reported EBITDA of €2,064m less 9M 2009 reported EBITDA of €1,538m and add 9M 2010 reported EBITDA of €1,636m

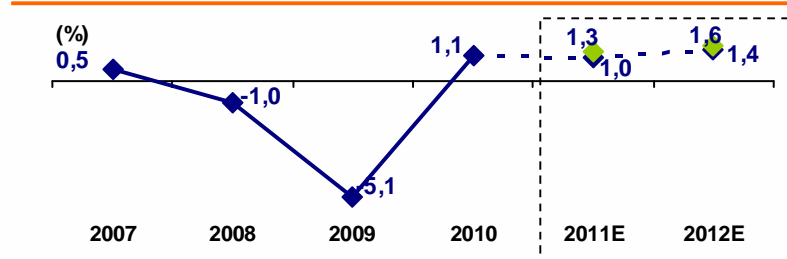


Operating scenario

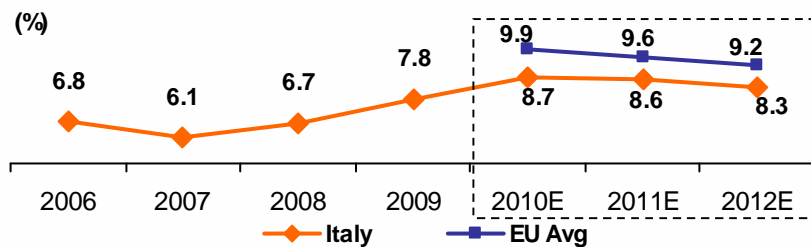


# Macroeconomic scenario

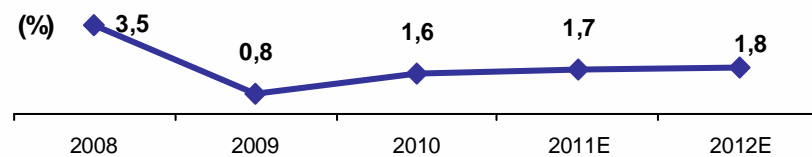
## GDP growth



## Unemployment trend (%)

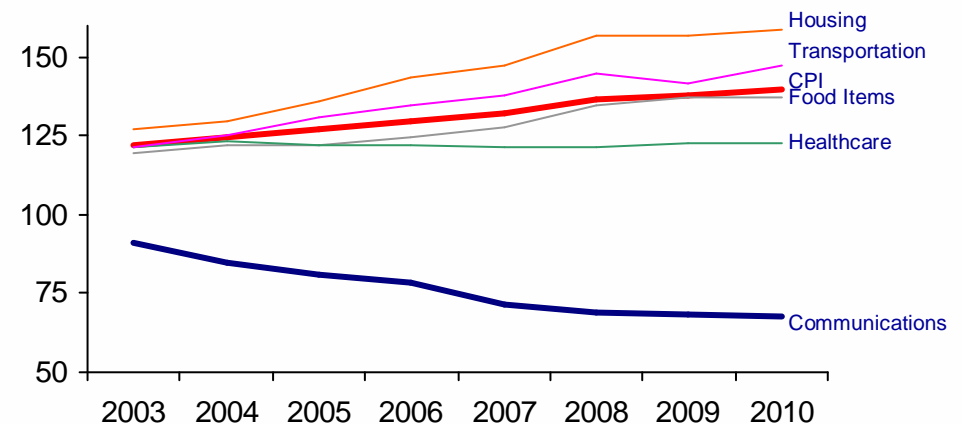


## Inflation rate (%)



- Sharp decline (-5.1%) in GDP growth in '09 followed by anaemic recovery in 2010, expected to remain slow in 2011-2012
- Unemployment trend declining after increase in 2010, still below EU average
- Very low expected inflation (below ECB target of 2%)
- Telecommunication price index continues to decline in countertendency vs. all other sectors

## Consumer Price Index



Sources: Banca d'Italia, ISTAT, Confindustria, IMF, OECD, Italian Government's *Relazione previsionale e programmatica*, Eurostat

# Regulatory scenario

## LLU

- LLU monthly fee increase approved by AGCOM:
  - **8.70 €/month for 2010** (+2.5% vs. 2009)
  - **9.02 €/month for 2011** (+6.2% vs. 2009)
  - **9.28 €/month for 2012** (+9.3% vs. 2009)
- The 2011 and 2012 increase will be subject to verification by AGCOM of improvement of certain KPIs related to the quality of the copper network provided by the incumbent.

## Mobile Termination Rate

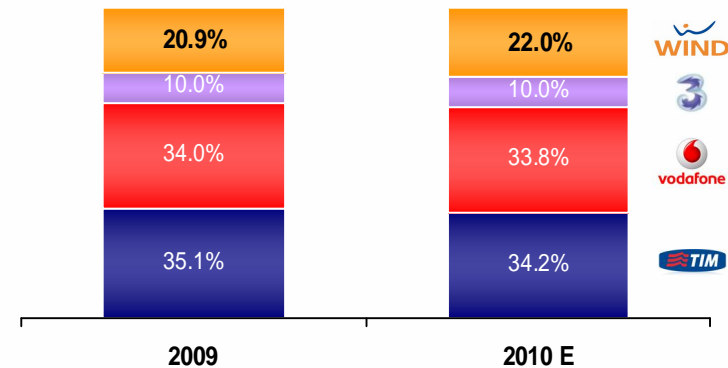
- Established “glide path” until 2012 already in place.
- Symmetry for all operators to be reached in July 2012.
- AGCOM, following the guidance provided on such issues by an EU Recommendation, in December 2010 started the formal proceeding for the revision of the MTR to be imposed on all the undertakings identified as SMP operators.

# Competitive environment - Mobile

## Italian market

- Europe's second largest mobile telecommunications services market in terms of annual revenue.
- One of the highest SIM penetrations in Europe (150%) distorted by use of multiple SIMs per user
- Market is 85% prepaid
- Italy is the first country in the world for Smartphone diffusion.

## Market Share (SIM)\*



## Competitors



- First player to enter the market with historical strong presence in Corporate and High Value Customer segments.
- Market share decrease in recent years.
- Repositioning its offering and use of aggressive pricing and promos.



- Strong International brand recognition and franchise
- Young and cool generation target.
- Has recently reacted to TIM's aggressiveness with aggressive promos.



- Sub-scale operation.
- Price aggressive.
- Strong handset subsidies.

Sources: Ofcom "International Communications Market Report", Bank of America Merrill Lynch, Deutsche Bank, IDC, ISTAT, Company data  
\* Excluding MVNO



# Competitive environment – Fixed and BB

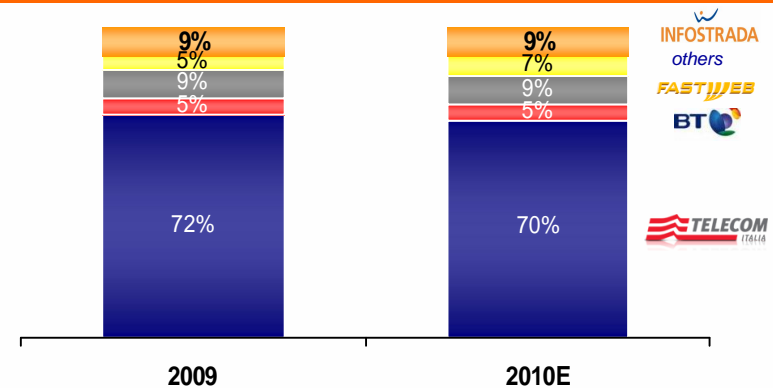
## Italian market

- Europe's fourth largest fixed telecommunications market in terms of annual revenue.
- Italian Broadband market growth driven by:
  - Increase penetration of PC in houses (estimated 59% in 2010).
  - Data-Only offers.
  - Fixed-to-mobile substitution.
- WIMAX virtually inexistent.

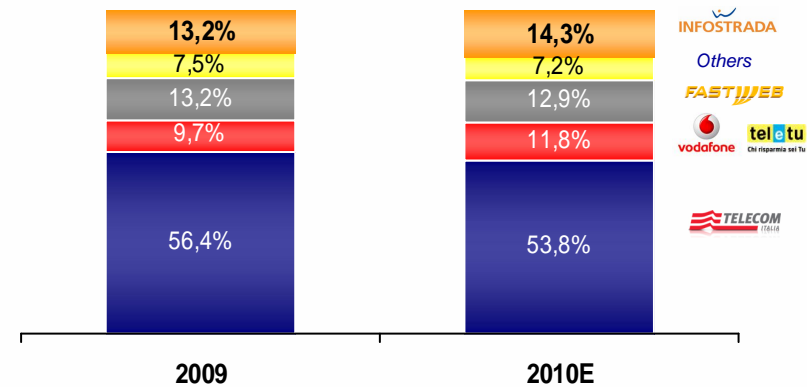
## Competitors

- Telecom Italia: the incumbent with very high market share of lines and revenue
- Vodafone/TeleTu: strong CB growth through use of double brand.
- Fastweb: premium offering positioning in terms of content and price .
- British Telecom: only on Corporate segment.
- Tiscali: subscale operation.

## Fixed market share on revenues



## Broadband market shares



Sources: Ofcom "International Communications Market Report", Bank of America Merrill Lynch, Deutsche Bank, IDC, ISTAT, Company data

Our growth pillars



# Focus on customer needs – Mobile

- Pre-paid “value for money” simple service offering with 3 price plans and scalable options that allows customers to benefit from tailor made solutions to their communication needs.



- Enhancing the “Community” philosophy through on-net offerings/options and off-net bundles

- Ethnic communities served through tailored offerings and dedicated services



- A high end post-paid proposition tailored to the needs of high value customers that includes a bundle of all services (voice, messaging, data and handset) for a fixed monthly fee with no hidden costs and sized based on customer needs: “All Inclusive”



# Focus on customer needs – Fixed

- A simple and straightforward service offering with 3 main price plans that allows the customer to select the best option for the required services:

- Voice+Broadband



**TUTTOINCLUSO**  
ADSL E TELEFONATE SENZA LIMITI  
29,95€/MESE  
FINO AL 2013

- Broadband only



**ABSOLUTE ADSL**  
ADSL SENZA LIMITI E TELEFONATE A 0 CENT/MIN  
19,95€/MESE  
FINO AL 2013

- Voice only



**HAPPY NO LIMIT**  
PARLI IN ITALIA SENZA LIMITI  
21,95€/MESE

- Loyalty, value added services and saving opportunities provided to customers



- Leveraging WIND's unique positioning as fully integrated operator through options aimed at utilizing Wind as the unique telecommunication partner for fixed and mobile services



- WIND recently won the Enel (the national electric company) bid for mobile, fixed line and data services

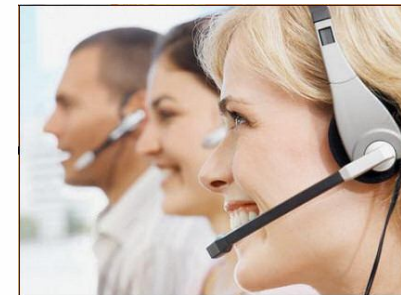
# Mobile Internet and data

- WIND continues to lead the way through a focus on simple and easily understandable tariff plans for data with no hidden costs:
  - The first operator in Italy to introduce time-based mobile Internet offerings (e.g. 50 hours for €9).
  - “always-on” mobile Internet offerings (subject to fair usage policy whereby after a predetermined amount of data downloaded the bandwidth is squeezed).
- Simplified service offering tailored to specific devices:
  - Mobile phone - “always on” offers to browse with Internet No Stop
  - PC/dongles - time based bundles for a fixed monthly fee also including the Internet key offered at a very competitive price
- No issues in network capacity

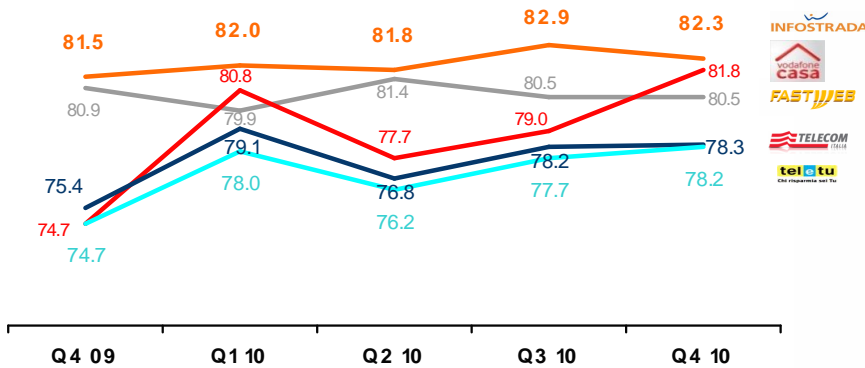


# Leadership in customer satisfaction

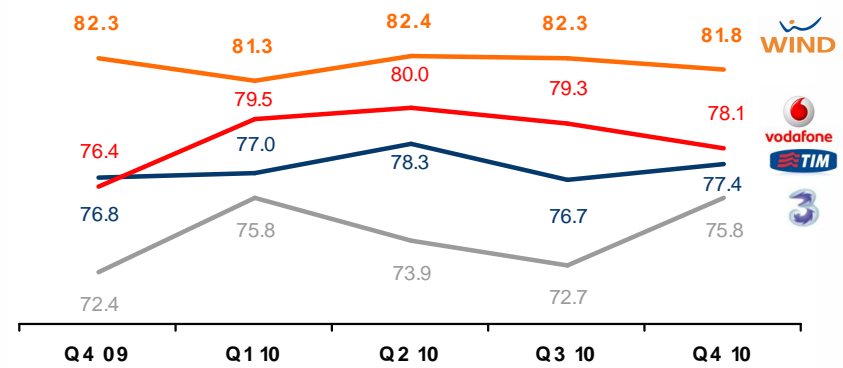
- In addition to being the “best in class” in fixed and mobile customer satisfaction WIND has been awarded the international prize “Les Palmes de la Relation Client 2010” for the best Customer Satisfaction amongst the Italian telecommunication companies
- WIND has opened Customer Care Centres in foreign countries in order to better serve its ethnic customer base with mother tongue consultants.



## Customer satisfaction index - FIXED



## Customer satisfaction index - MOBILE



# Investing in brand and distribution

- WIND continues to invest in its distribution through owned shops and franchises which have gone through a comprehensive restyling
- Fixed-line sales through the WIND shops network have increased substantially
- A concept store was opened in top location in Milan in 2010, Rome will open in coming months
- Improved and enlarged agent sales force
- New institutional campaign “Più vicini” (Closer to you) to enhance the brand values of customer intimacy and being part of a community



# Effective network deployment

## National coverage



## Mobile network

- GSM network completed: reached **99.7% population coverage** with GPRS/EDGE nationwide coverage
- HSDPA network developed: **75.2% population coverage**, with plans to expand further in line with our competitors, 14.4 Mbps available in all major Italian cities

## Fixed network

- **1,141 LLU sites**: c. 54% direct population coverage in all major Italian cities with plans to further expand the coverage
- Nationwide WLR utilization in order to cover areas with no LLU coverage

## Backbone

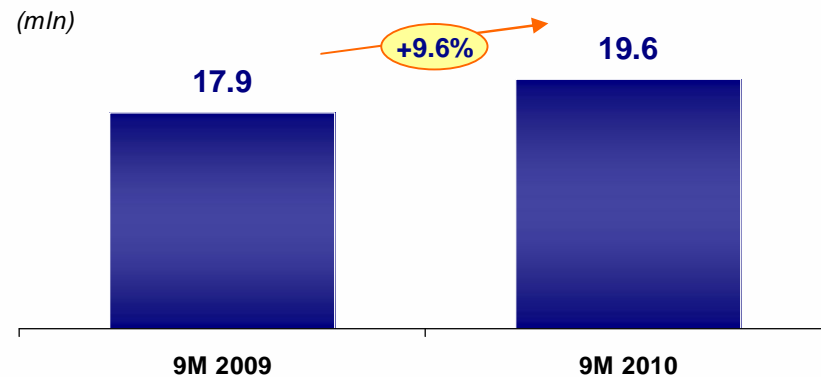
- Solid **fibre optic backbone** supporting both fixed and mobile businesses

9M 2010  
Operating and  
Financial  
Performance



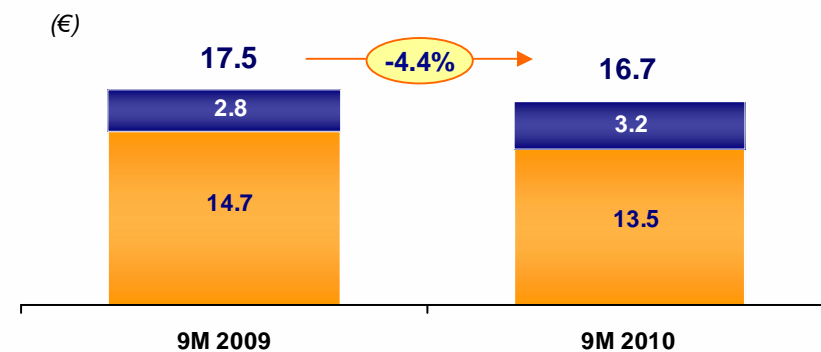
# Mobile Performance

## Solid Growth in Customer Base



- Solid trend of acquisitions continuing in quarter with 360k net adds
- Impressive growth of Mobile Internet (+59.2%) driven by simple and intuitive tariff structure

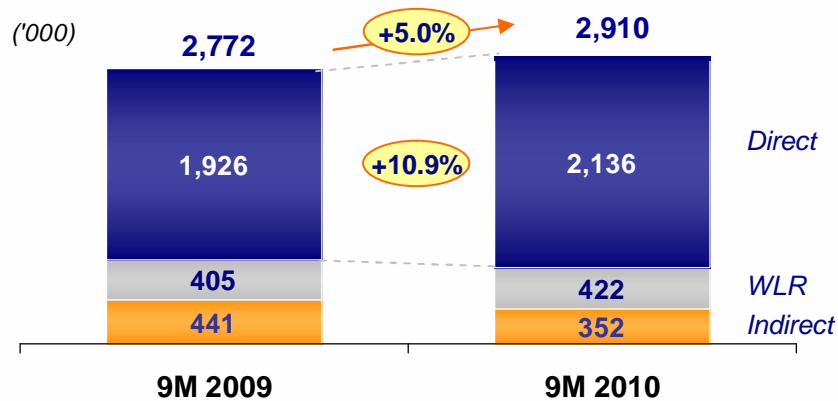
## Voice ARPU decline



- Voice ARPU declines as a result of termination rate cut (est. impact of -€0.4) coupled with significant growth of mobile internet subscribers with data only SIMs
- Data ARPU increases to 19.1% of total ARPU (€3.2), driven by strong growth in traditional data and mobile Internet boom

# Fixed-line Performance

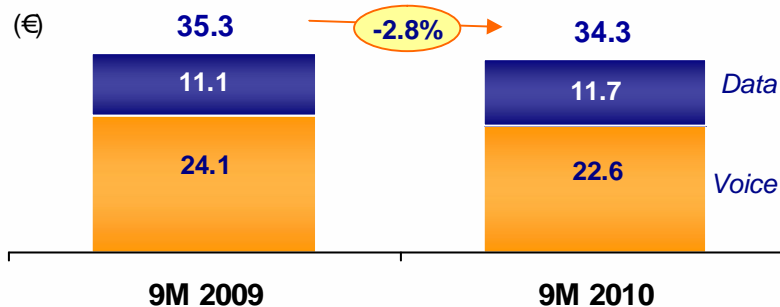
## Voice subscribers



- Total subscriber base grows 5.0% to over 2.9 million driven by success of direct, bitstream and WLR offerings only partially offset by decrease in traditional indirect

- Growth continues in both incoming and outgoing traffic

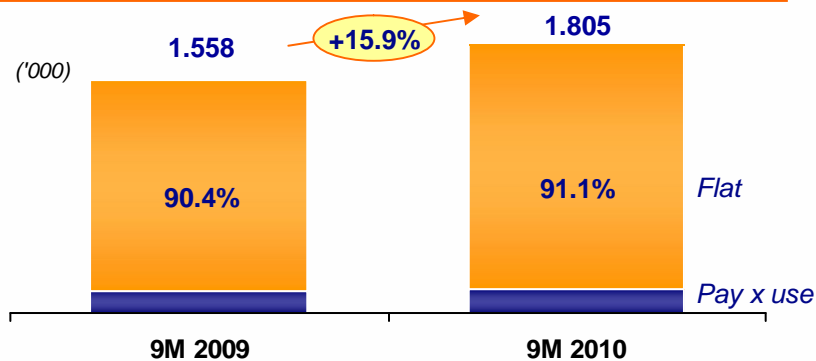
## Fixed-line ARPU



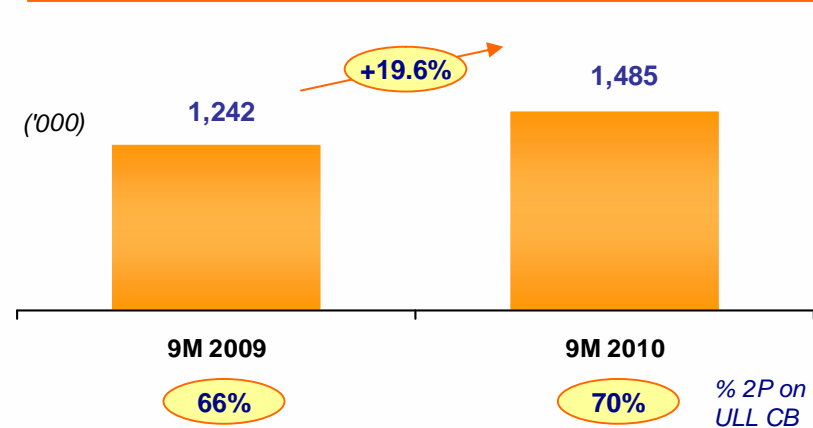
- Voice ARPU reduction due to interconnection rate decline coupled with increase in promotional activities, data ARPU increases 5.0%

# Broadband Performance

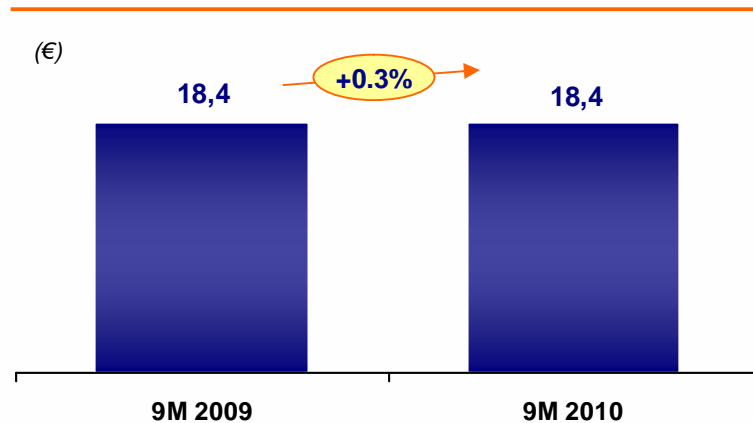
## Broadband Subscribers



## Dual-play CB



## Broadband ARPU



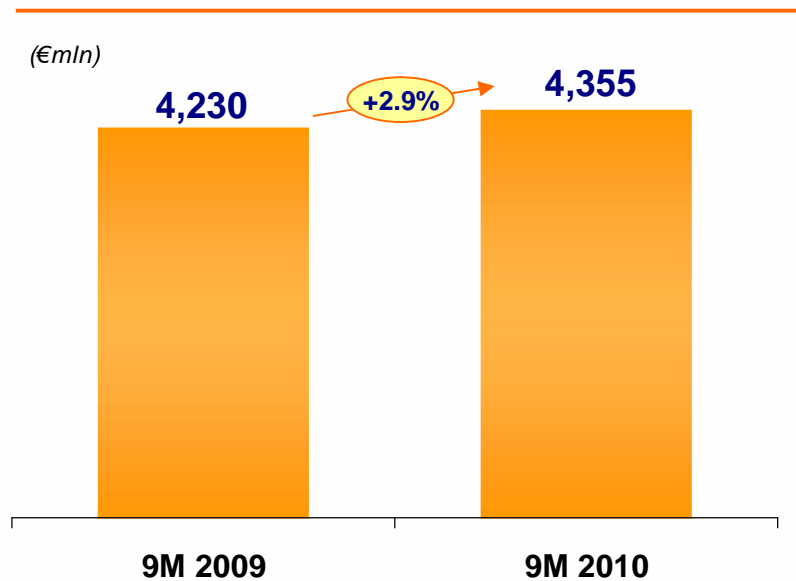
- Strong growth in customer base exceeding 1.8 million subscribers, with 41k net adds in Q3 2010
- Acquisition momentum remains strong driven by success of single play broadband and dual-play offerings
- BB ARPU stable over 9M 2009

9M 2010  
Financials

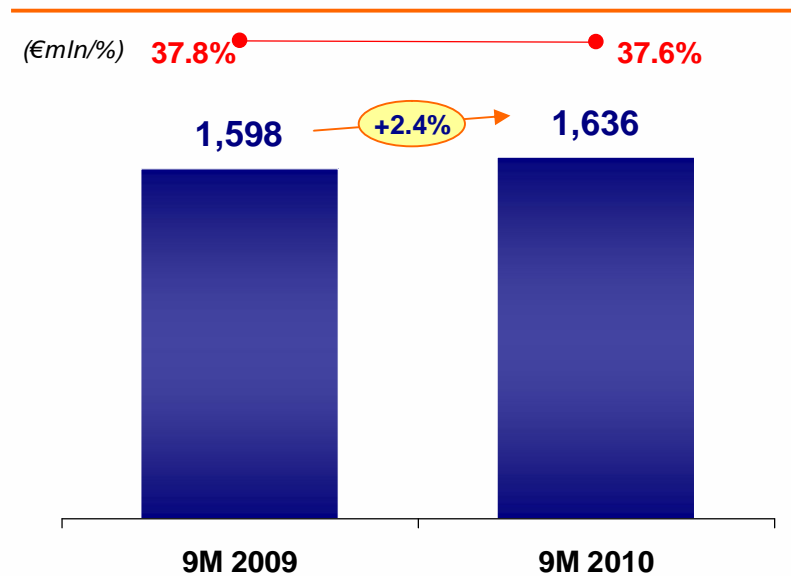


# Revenue and EBITDA Performance

## Total Revenues



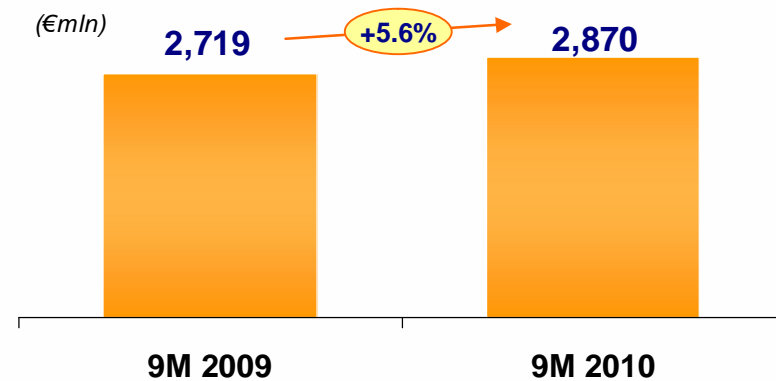
## EBITDA / margin



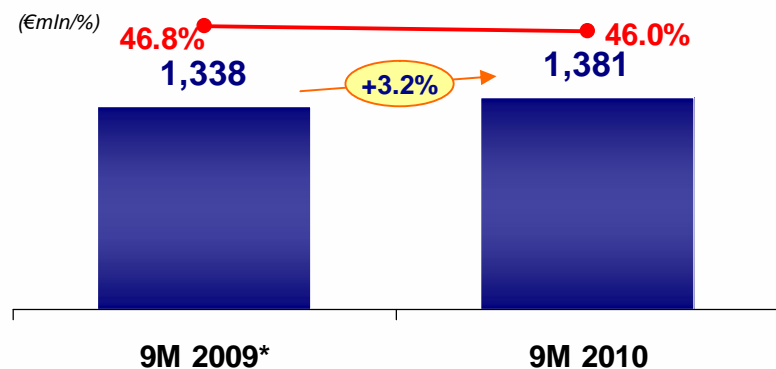
- Starting from January 1, 2010, WIND has revised its approach to certain customer acquisition costs, which are now capitalised over a period of 18 months, in line with best market practice; 9M 2009 reported EBITDA was €1,538mln, with an increase of +6.4% in 9M 2010

# Mobile Financials

## Mobile TLC service revenue



## Mobile EBITDA / margin

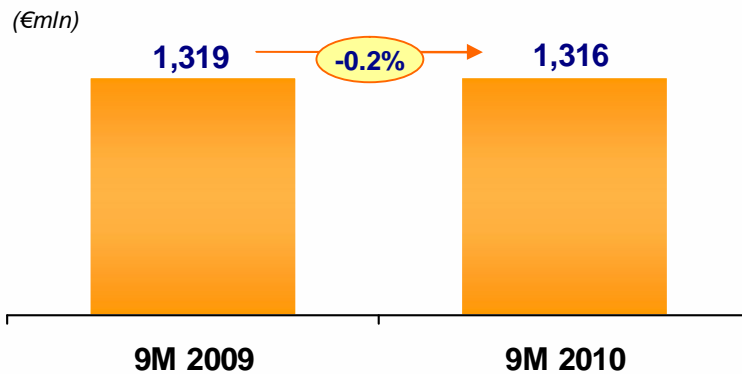


- Mobile service revenue grew +5.6% over 9M 2009, driven by:
  - Increase in voice revenues (+2.6% YoY) mainly driven by outgoing traffic
  - Solid performance in Internet & Data revenues (+25.7% YoY)
- EBITDA growth of 3.2% driven by solid top line performance coupled with commercial push on selected market segments (HVC post-paid)

\* 9M 2009 Mobile reported EBITDA was €1,324 mln, 9M 2010 growth over 9M 2009 4.3%

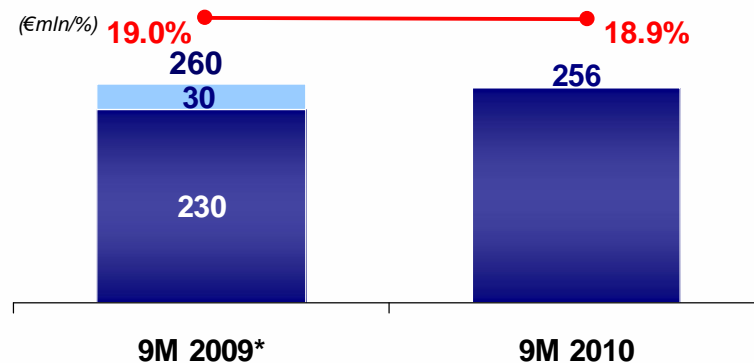
# Fixed-line Financials

## Fixed TLC service revenue



- Fixed-line service revenues stable over 9M 2009, with strong results in fixed-line consumer service revenues, increasing by 4.1% over 9M 2009, driven by ULL and Broadband customers, offset by decline in revenues from International traffic and wholesale activity with negligible impact on EBITDA

## Fixed EBITDA / margin

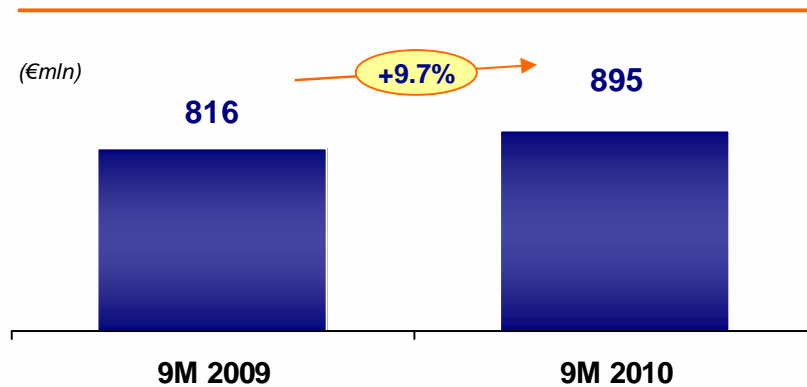


- EBITDA stable including €30 mln of non recurring revenues for settlements in 9M 2009. Net of this impact underlying EBITDA growth is 11%

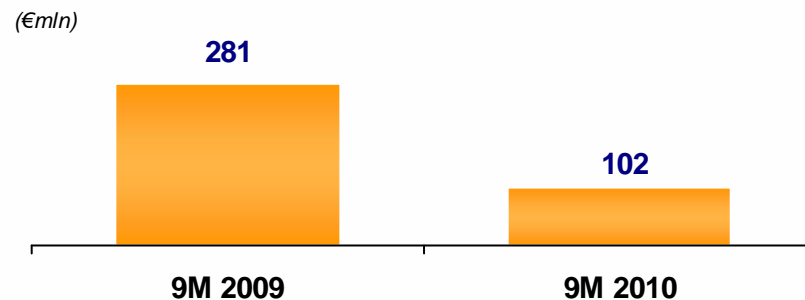
\* 9M 2009 Fixed-line reported EBITDA was €213 mln, 9M 2010 grows 19.7% over 9M 2009

# EBIT and Net Profit

## EBIT



## Net result



- EBIT grows 9.7% as a result of solid EBITDA performance coupled with reduction of D&A charges
- Net profit declines to €102 million from €281 million in 9M 2009 as a result of higher interest charges, in relation to HY bond transaction in July 2009, and higher impact of income taxes due to partial non-deductible interest costs

# Refinancing

## **Refinance of existing:**

- senior bank debt including undrawn RCF
- second Lien
- 2015 unsecured HY Notes

## **With new:**

- €3.5bn Senior Credit Facilities + €400mln RCF (undrawn)
- €2.7bn Senior Secured Notes (7<sup>3</sup>/<sub>8</sub>% € tranche and 7<sup>1</sup>/<sub>4</sub>% USD tranche)

## **Obtained consents with vast majority from existing HY and PIK holders on:**

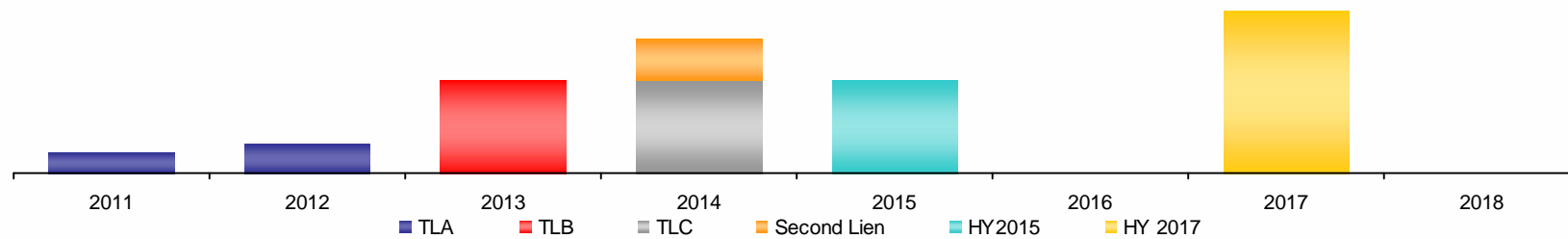
- Waiver of change of control
- Refinancing with senior debt

## **Benefits for WIND:**

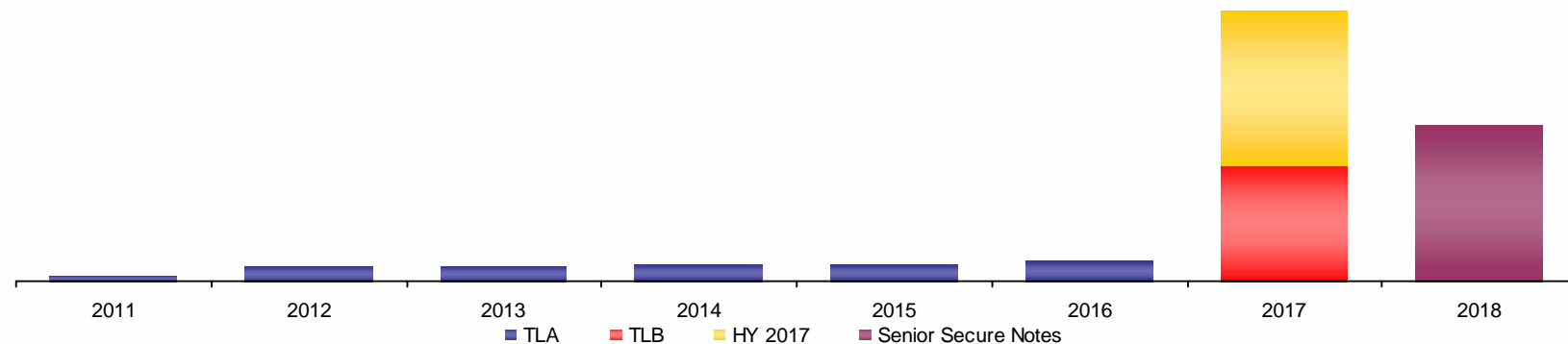
- Significant improvement of maturity profile
- Reduction in average cost of debt

# WIND debt maturity profile

## Maturity schedule pre refinancing



## Maturity schedule post refinancing



# FY 2010 Results

- The growth trend recorded in the previous quarters of 2010 is expected to be confirmed at the end of the year with results in the upper end of the guidance; performance trend is confirmed also in the first weeks of 2011
- Operational performance very strong in Q4 2010 in mobile and especially in fixed-line
- YE 2010 net result will be impacted by one-off refinancing costs in relation to the refinancing completed in November 2010

Thank you

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