

**Credit Suisse**

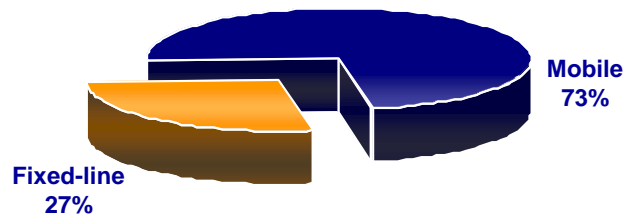
# **European Credit Conference**

*Barcelona – September 2011*

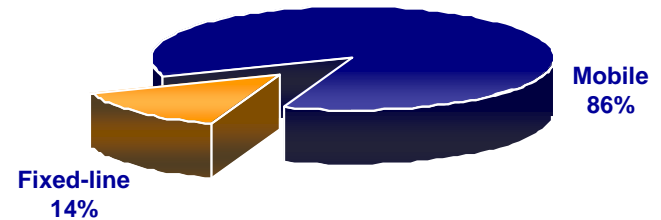


# WIND in a Snapshot

2011 LTM Revenues  
**€5,558 million**



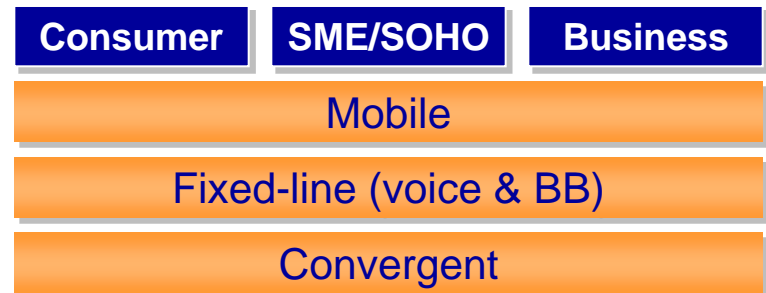
2011 LTM EBITDA  
**€2,113 million**



**38.0% EBITDA LTM margin**

- 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 22.5%
- Consistently outperforming the market

## *A full line service offering*



All financial data is pro-forma for the spin-off of certain assets as part of the VimpelCom - Wind Telecom transaction

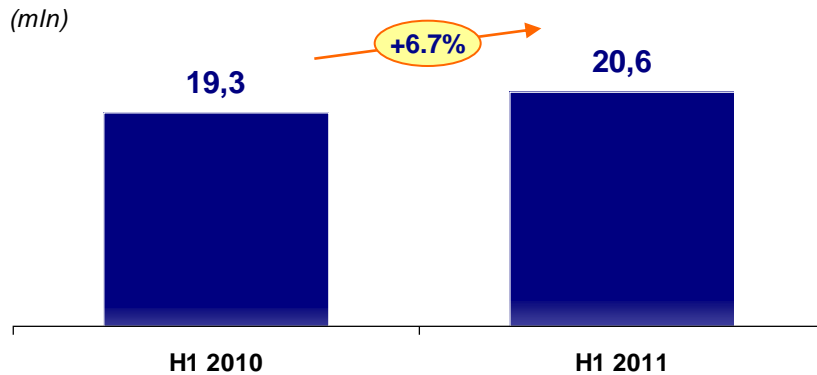


# H1 2011 Operating Performance

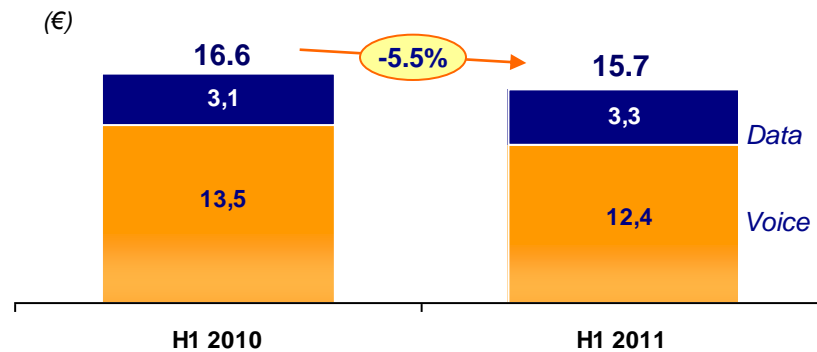


# Mobile Performance

## Customer Base



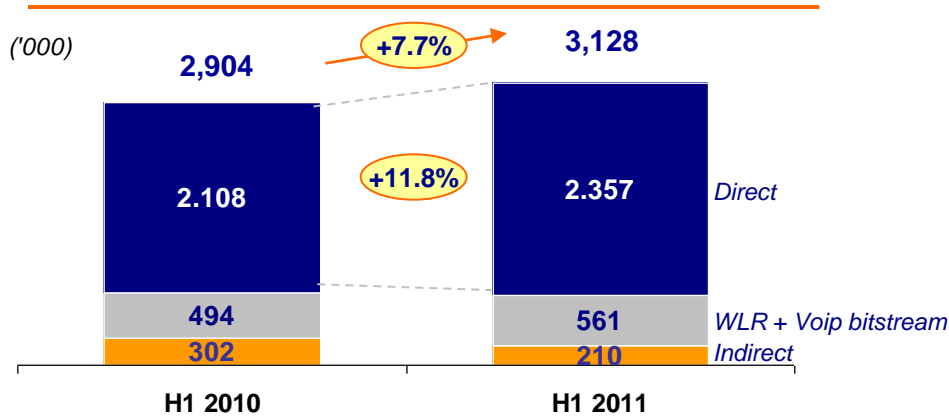
## ARPU



- Solid trend of acquisitions continuing in Q2 2011 with 280k net adds
- Mobile Internet continues to be a driver for a strong growth with revenues increasing 38.5% vs. H1 2010
- ARPU in H1 2011 declines 5.5% vs. H1 2010 as a result of voice ARPU pressure (-8.2%) from the cut in mobile termination rates coupled with the strong growth in data only SIM cards which do not generate voice revenues; net of these impacts the decline would have been approximately -3.5%
- Data ARPU increases 6.2% to €3.3 (21.2% of total ARPU)

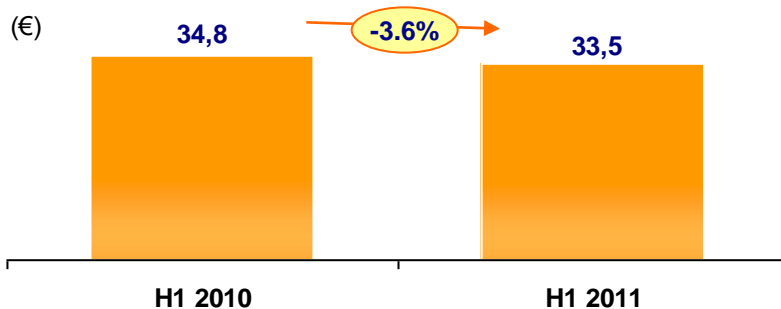
# Fixed-line Performance

## Voice subscribers



- Total subscriber base grows 7.7% to 3.1 million driven by success of direct (+11.8%), and WLR offerings only partially offset by decrease in traditional indirect offerings

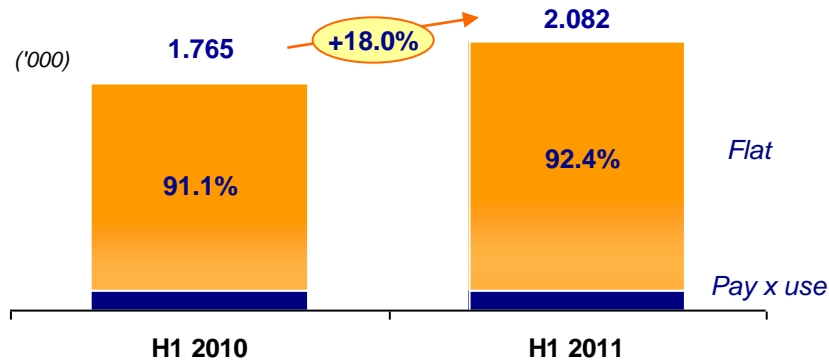
## Total fixed-line ARPU



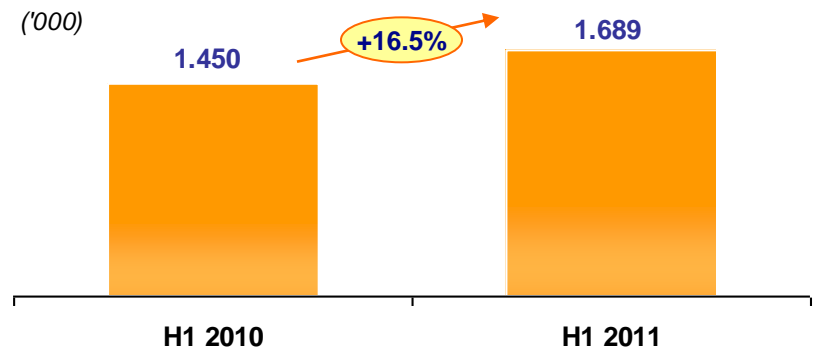
- Total fixed-line ARPU declined due to the impact of interconnection rate cut on voice ARPU coupled with the promotional activities undertaken in the period

# Fixed Broadband Performance

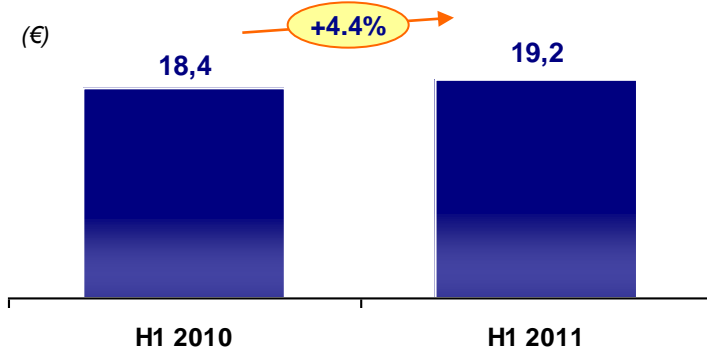
## Broadband Subscribers



## Dual-play CB



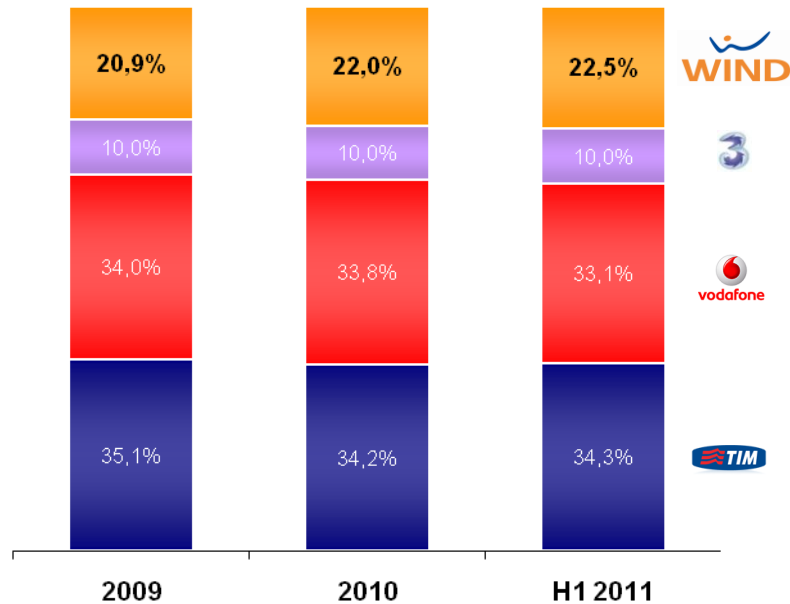
## Broadband ARPU



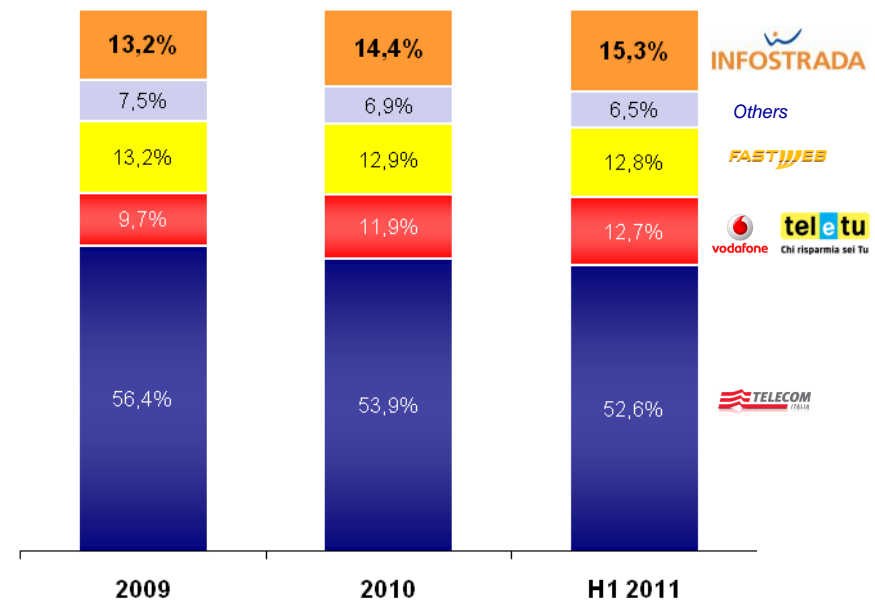
- Strong trend in H1 2011 customer base growth, reaching 2.1 million subscribers recording double digit increase (+18.0%) over H1 2010
- BB ARPU increases 4.4% over H1 2010 to € 19.2
- Dual play customer base grows 16.5% reaching almost 1.7 million subscribers

# Growing Our Market Share

## Mobile Market Share (SIM)\*



## Broadband market shares



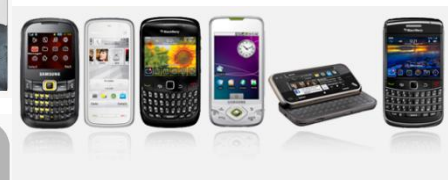
Sources: Ofcom "International Communications Market Report", Bank of America Merrill Lynch, Deutsche Bank, IDC, ISTAT, Company data  
 \* Excluding MVNO

# Our Growth Pillars



# Segmentation and Simplicity – 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”



# Segmentation and Simplicity – 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
- Broadband only
- Voice only



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



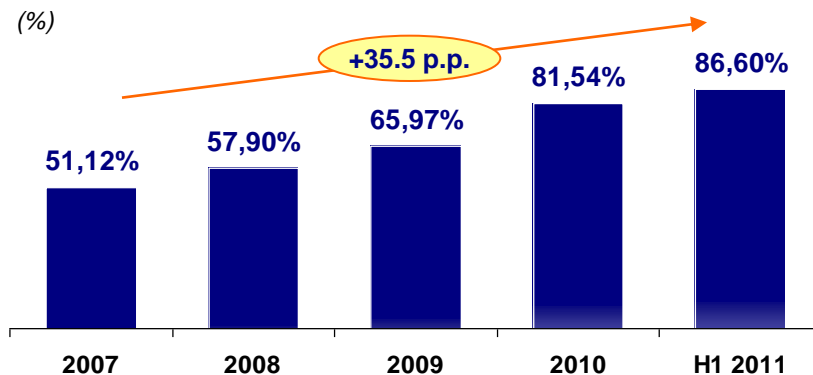
- Leveraging WIND's unique positioning as fully integrated operator through options aimed at utilizing Wind as the unique telecommunication partner for fixed and mobile services



# Mobile Internet and Data Opportunity

- WIND continues to lead the way through a focus on simple and easily understandable tariff plans for data with no hidden costs tailored to specific devices :
- 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).

## HSDPA: % Population coverage

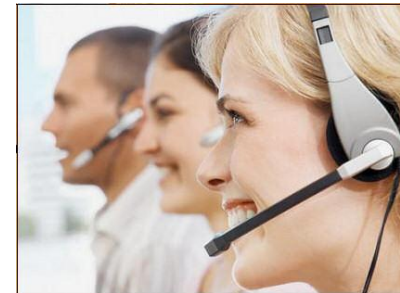


# Maintaining Excellence in Quality

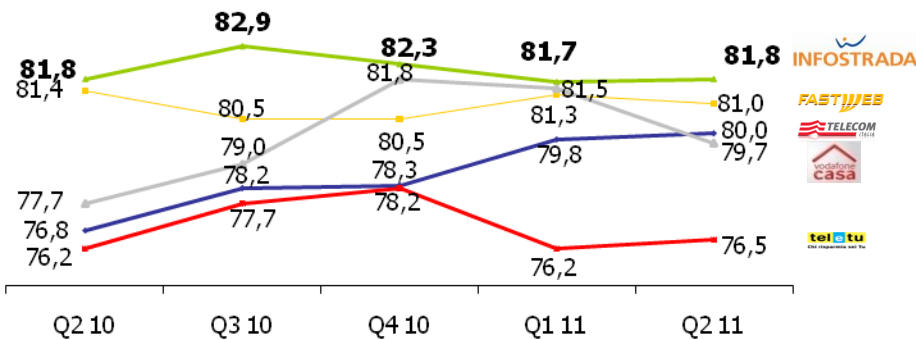
- In addition to being the “best in class” in fixed and mobile customer satisfaction WIND has been awarded the international prize “Les Palmes de la Relation Client 2010” for the best Customer Satisfaction amongst the Italian telecommunication companies



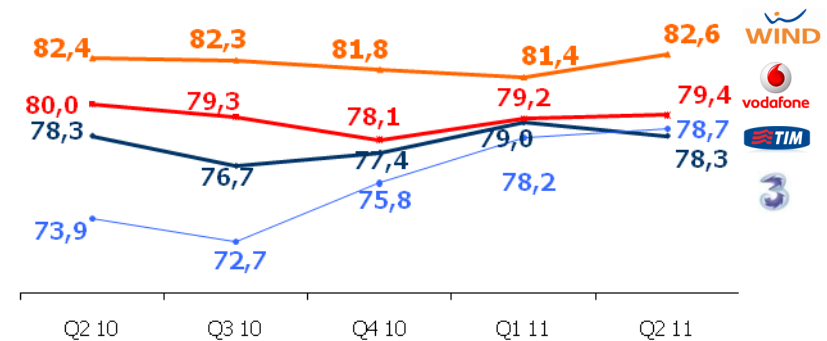
- WIND has opened Customer Care centres in foreign countries in order to better serve its ethnic customer base with mother tongue consultants.



## Customer satisfaction index - FIXED



## Customer satisfaction index - MOBILE



# Investing in Brand and Distribution

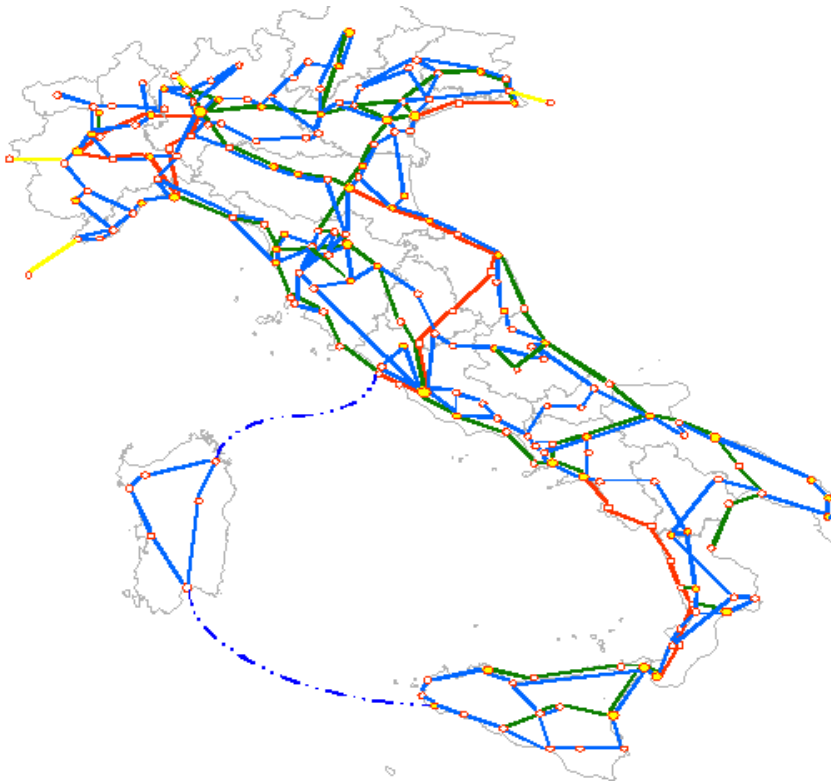
- WIND continues to invest in its distribution through owned shops and franchises which have gone through a comprehensive restyling
- Fixed-line sales through the WIND shops network have increased substantially
- A concept store was opened in top location in Milan in 2010 and in Rome in 2011
- Improved and enlarged agent sales force
- Institutional campaign “Più vicini” (Closer to you) to enhance the brand values of customer intimacy and being part of a community recently renewed to push on the concept of being clear, comprehensible, transparent



# Effective Network Deployment

## National coverage

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## Mobile network

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- GSM network completed: reached **99.7% population coverage** with GPRS/EDGE nationwide coverage
- HSDPA network developed: **86.6% population coverage**, with plans to expand further in line with our competitors, **14.4 Mbps available** in all major Italian cities

## Fixed network

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- **1,208 LLU sites**: c. 54% direct population coverage in all major Italian cities **with plans to further expand the coverage in H2 2011**
- Nationwide WLR utilization in order to cover areas with no LLU coverage

## Backbone

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

# Italian Auctioned Spectrum

	Frequency	Available Slots (2X5 MHz)	Max number of slots per player				Opening bid per slot € Million	Coverage requirement
			WIND	TIM	vodafone	3		
FDD	800 MHz	6	← 3 →		4	353	✓	
	1,800 MHz	3	← 2 →		3	156	X	
	2,600 MHz	12	Total cap of 55MHz per player (eg. 2X20 FDD and 1 slot of TDD)				31	✓
TDD	2,600 MHz	15 - 2 slots MHz					37	✓
	2,000 MHz	15 - 1 slot MHz	← No CAP →			78	X	

SOURCE: Auction norm document

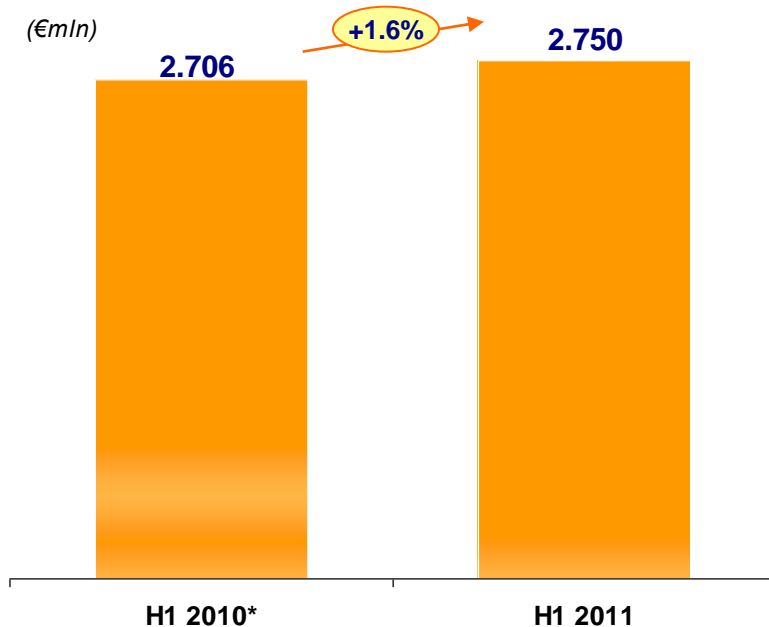


H1 2011 Financial  
Performance

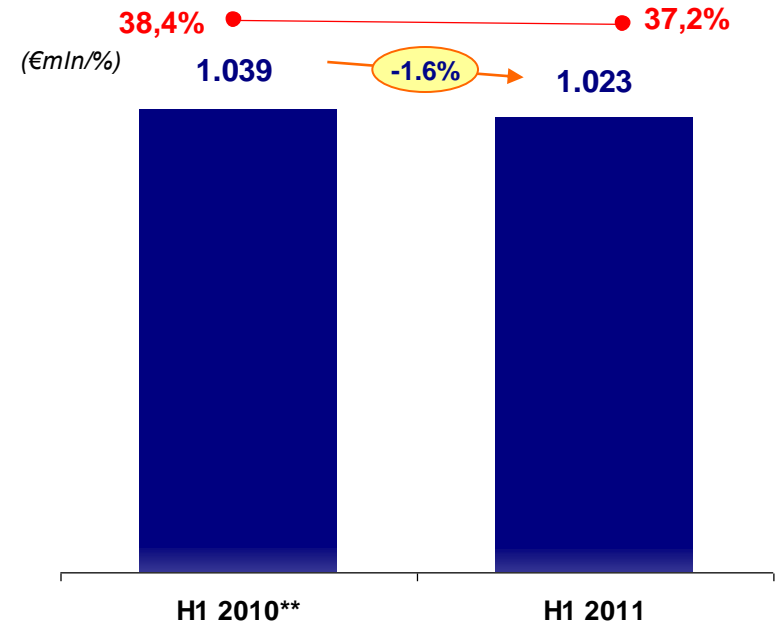


# Revenue and EBITDA Performance

## Total Revenues



## EBITDA / margin



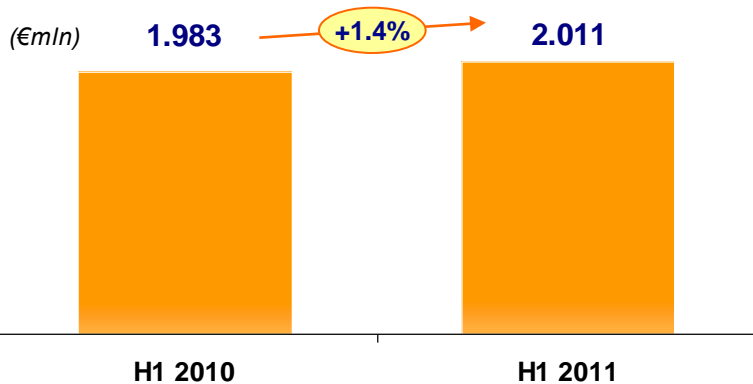
EBITDA marginally down (-1.6%) as a result of higher amounts of certain non organic items recorded in Q2 10 (mainly related to settlements, active penalties and release of previous years over accrued provisions), combined with an increase in monthly access fees on Local Loop Unbundling (LLU) paid to the incumbent and by an increase in bad debt in the fixed-line business. Net of certain non organic items WIND's EBITDA grows 0.8%

\* H1 2010 reported Revenues were € 2,892 mln

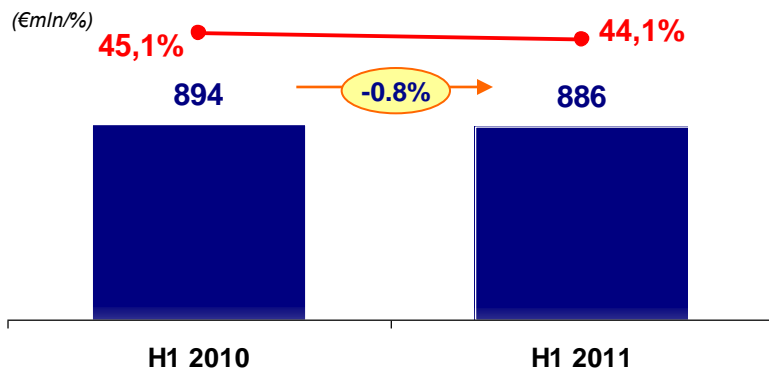
\*\* H1 2010 reported EBITDA was € 1065 mln with an EBITDA margin equal to 36.8%

# Mobile Financials

## Total Revenues



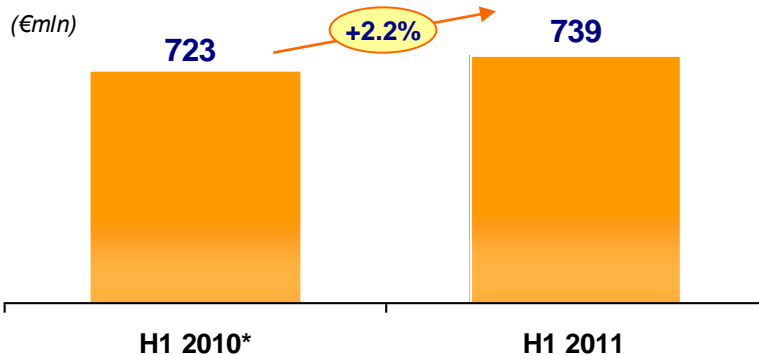
## EBITDA / margin



- Mobile total revenues grew +1.4% over H1 2010, driven by:
  - solid performance in Internet & Data revenues as a result of strong growth in both mobile Internet and traditional data
  - stable voice revenues
- EBITDA marginally down (-0.8%) to € 886 million

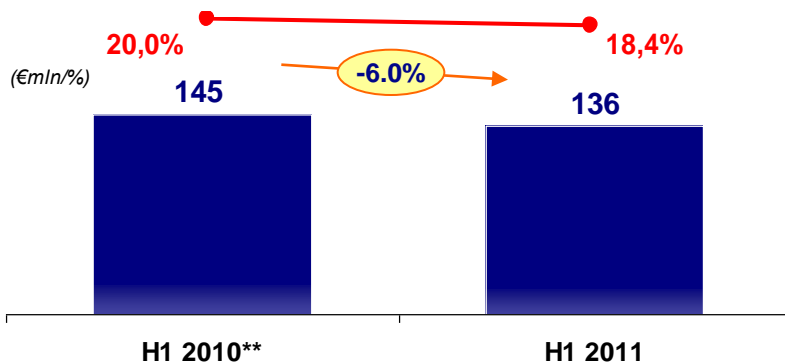
# Fixed-line Financials

## Fixed Total Revenues



- Fixed-line total revenues growth in H1 2011 driven by the strong result in fixed-line consumer segment service revenues growing 6.1%

## Fixed EBITDA / margin



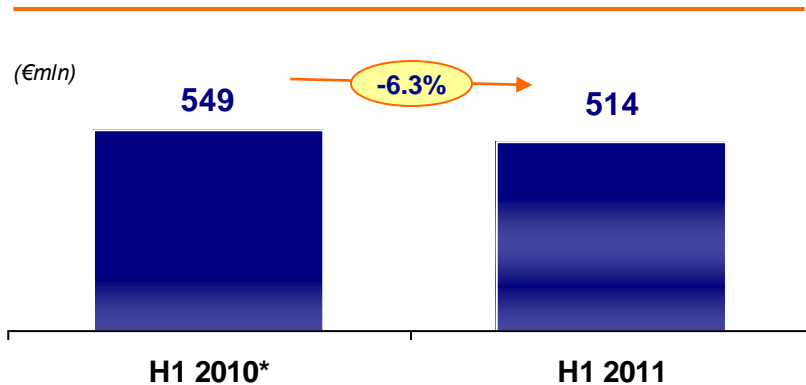
- EBITDA declining 6.0% in H1 2011 compared to H1 2010 mainly due to the increase in monthly access fees on LLU paid to the incumbent, increase in bad debt and impact of certain non organic items

\* H1 2010 reported Fixed-line Revenues were € 909 mln

\*\* H1 2010 reported Fixed-line EBITDA was € 171 mln with an EBITDA margin equal to 18.9%

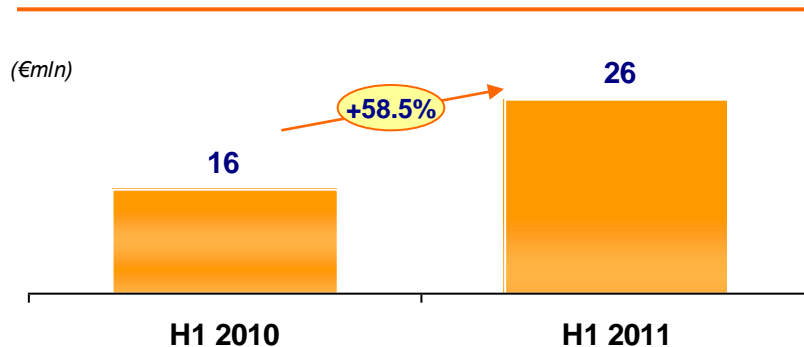
# EBIT and Net Profit

## EBIT



- EBIT trend reflects the marginal decline in EBITDA coupled with impact of more conservative accounting policy on “free of charge” assets for which the benefit is split over the lifetime of the asset instead of being accounted in the first year

## Net result



- Net profit in H1 2011 increases +59% to €26 million from €16 million recorded in H1 2010

\* H1 2010 reported EBIT was € 572 mln

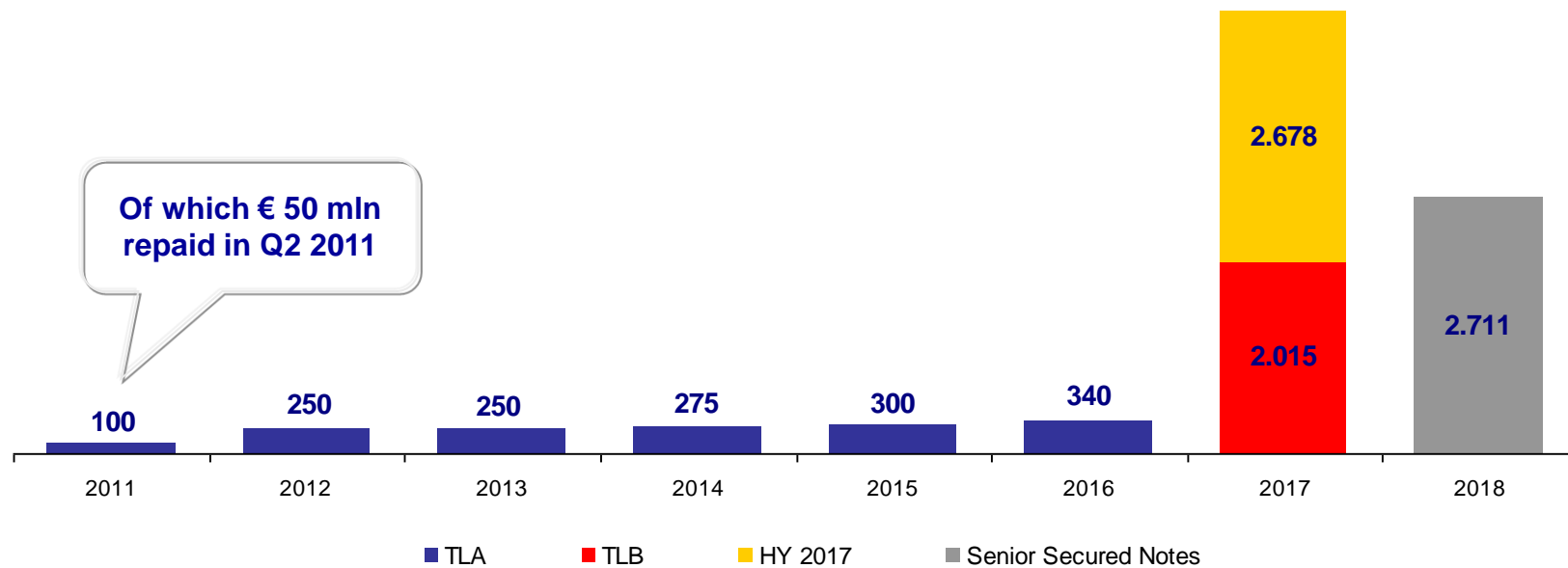
# Capitalisation

(€mIn)	As of December 31, 2010	As of March 31, 2011	As of June 30, 2011	June 30, 2011/ LTM EBITDA proforma
Cash and Equivalents	(406)	(389)	(607)	(0,3x)
Bank Loan	3.397	3.395	3.350	1,6x
<b>Total Bank Debt</b>	<b>2.991</b>	<b>3.006</b>	<b>2.744</b>	<b>1,3x</b>
Senior Secured Notes 2018	2.689	2.671	2.613	1,2x
<b>Total Bank Loan + SSN</b>	<b>5.680</b>	<b>5.677</b>	<b>5.356</b>	<b>2,5x</b>
Senior Notes 2017	2.793	2.620	2.668	1,3x
Financial Receivables	(144)	(145)	(147)	(0,1x)
Derivatives	86	113	196	0,1x
<b>Total Net Debt</b>	<b>8.415</b>	<b>8.265</b>	<b>8.073</b>	<b>3,82x</b>
<i>Cash Net Debt</i>	<i>8.459</i>	<i>8.326</i>	<i>8.017</i>	
<i>Interest Accrued</i>	<i>171</i>	<i>134</i>	<i>168</i>	
<i>Fees to be amortized</i>	<i>(301)</i>	<i>(307)</i>	<i>(307)</i>	
<i>Derivatives MTM</i>	<i>86</i>	<i>113</i>	<i>196</i>	
<b>LTM EBITDA</b>				<b>2.114</b>

NFI WAHF Group (vs. third parties) / EBITDA LTM at 4.25x

# Debt Maturity Profile

€ mln



Thank you

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