VANTAGE TOWERS

Vantage Towers AG: FY21 Preliminary Announcement

17 May 2021

Vantage Towers well positioned to capture future growth opportunities

- Sustained commercial momentum continues across the business:
  - ✓ Delivered c.1,800[1] new tenancies in FY21 with a tenancy ratio of 1.40x, ahead of FY21 pro forma guidance
  - ✓ Deployed c.600[1] sites against our target of 550
  - ✓ Two framework extension agreements signed in Q4, in addition to the new agreements announced at Q3
- Successful listing on the Prime Standard segment of the Frankfurt Stock Exchange completed in March 2021 with a valuation currently implying a market capitalisation of over €13bn
- €2.2bn debut bond offering completed with very strong investor support
- Financial results in line with FY21 pro forma guidance
- Intention to propose a dividend of approximately €280m, in line with guidance
- FY22 guidance announced: revenue €995-€1,010m, EBITDAaL margin broadly stable and recurring free cash flow of €390-€400m. Medium-term targets reaffirmed

Consolidated financial results summary (€m)	FY21 *(unaudited)*
Group Revenue	545
Group Operating Profit	287
Profit Before Tax	218
Cash generated by operations	329

Based on the timing and nature of the carve-out of the European tower infrastructure and formation of the Group assets, two key facts are relevant to consider when reviewing the above results of the Group:

- The consolidated financial performance of the Group reflects the inclusion of a) the Company from May 25, 2020, and as such the results of the German operations; b) the Spain, Portugal, the Czech Republic, Hungary, Romania and Ireland markets, and the 33.2% interest in INWIT from December 17, 2020 following the acquisition of CTHC; c) Vantage Towers Greece from December 22, 2020; and d) the 50% holding in Cornerstone from January 14, 2021.
- In accordance with IFRS 10 Vantage Towers has not included the financial information of the tower assets prior to the date it obtained control. Accordingly, the above table does not contain any comparisons to prior periods.

Consolidated pro forma highlights[2, 3, 4] (€m)	FY20PF *(unaudited)*	FY21PF *(unaudited)*	Movement %
Revenue (ex. pass through)	945	966	+2.2%
Adj. EBITDAaL	513	524	+2.1%
Recurring free cash flow (RFCF)	375	384	+2.4%

Vivek Badrinath, CEO of Vantage Towers AG, commented:

"*After the biggest milestone in our company's history to date - listing on the Frankfurt Stock Exchange - these are our first annual results as a stand-alone company. I am pleased that we have fully delivered on our FY21 operational and financial targets and we remain focused on commercialising our business and delivering our medium-term targets.*

Europe's digital transformation is accelerating, and we are central to its growth. As a 5G super host we are a key enabler for the 5G roll-out. Mobile operators are expanding their networks to manage increasing data traffic, and they value the quality of our grid. This underscores our confidence in the future. We are working to grow our revenues and deliver our efficiency programmes to provide attractive returns for our shareholders and make a significant contribution to better connectivity and the sustainable digitisation of Europe."

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Summary Financial Results

Strong reported financial performance and intention to propose a dividend of ~€280m[5]

During FY21, we generated revenues of €545m, which is comprised of €514m (94.3%) macro site revenue, €16m (2.9%) Energy and other revenue, €12m (2.1%) other rental revenue and €3m (0.6%) of recharged capital expenditure. Macro site revenue is primarily driven by new tenancies and Macro sites. In FY21 c.1,300[1] new non-Vodafone tenancies have been added, of which approximately 860[1] were tenancies from the Active Sharing Arrangement in Spain. Revenue from customers other than Vodafone principally comprised Macro Site revenue. During FY21 we generated revenue of €58m from customers other than Vodafone.

Ground leases are our single largest cost and comprise the rents that we pay to landlords to locate telecommunications infrastructure on their property. For FY21, depreciation on lease-related right of use assets amounted to €120m and the interest on lease liabilities amounted to €28m. Total lease liabilities as at 31 March 2021 were c.€2.0bn.

We incurred other operating expenses of €37m and these were primarily made up of energy costs, transitional services agreements, long-term services agreements and our support agreements. As outlined during our Capital Markets Day and in our IPO Prospectus, we are implementing a number of efficiencies to lower energy consumption and costs including upgrading energy technology using energy-efficient rectifiers, free cooling systems and green solutions such as solar power installations at our sites whilst also migrating our energy model onto a fully remote monitoring and metering system.

The share of profit from equity accounted joint ventures was €10m, with INWIT (Vantage Towers share of profit €15m) and Cornerstone (Vantage Towers share of profit €4m) offset by the amortisation of €9m relating to the associated intangible assets. INWIT added 1k new tenants & 200 new small cell sites during Q4. The INWIT renegotiation and land acquisition programme is underway with 600 agreements executed. The guidance provided on the INWIT dividend was delivered with CY20 dividend of €0.30 per share, with a Vantage Towers share of €96m. Cornerstone performance was in line with expectation with good operational performance.

Thomas Reisten, CFO of Vantage Towers AG, commented:

> *Vantage Towers is well on track to drive ongoing incremental value for our shareholders and balance our targets of growth, investments and returns with a 60% RFCF dividend payout ratio. We are pleased to re-iterate our medium-term targets and today announce our FY22 guidance: Revenue €995-€1,010m with EBITDAaL margin broadly stable and recurring free cash flow €390-€400m.*

The Management Board aims to distribute an attractive dividend to our shareholders. The targeted payout-ratio amounts to 60% of the sum of the Recurring Free Cash Flow (of the consolidated group) and dividends received from INWIT and Cornerstone. For the financial year ending 31 March 2021, the Management Board intends to propose a dividend of approximately €280m to the 2021 Annual General Meeting.

Balance Sheet, Financing & Liquidity

We successfully issued a €2.2bn inaugural bond offering consisting of €750m 0.000% notes due 2025, €750m 0.375% notes due 2027 and €700m 0.750% notes due 2030. The bonds settled on 31 March 2021 and are rated Baa3 by Moody's and BBB- by S&P.

Following our bond issuance and as at 31 March 2021 our Net Financial Debt was €2bn and our Net Financial Debt to Adjusted EBITDAaL ratio was 3.8x, which was better than our guidance of 4.0x. Our net debt position benefitted from favourable working capital effects from capex payables mainly through our accelerated growth capex programme and an improved operating working capital position as we delivered a better outcome from the stabilisation of our balance sheet during Q4. We expect to maintain an improved working capital position into the medium-term and that net operating working capital will be at 6-8% of revenues at future March year end dates with our current contractual frameworks.

Our capital allocation policy will focus on organic growth and value accretive inorganic investments in order to generate attractive returns for shareholders.

Commercial update

Sustained commercial momentum across the business

Consolidated operational KPIs	FY20PF	FY21PF	Movement %
Macro sites	45.4k	45.7k	+0.7%
Tenancy ratio	1.37x	1.40x	+2.1%

We continue to make good progress across our operational and commercial objectives:

- **Powering Europe's digital transformation:** Vantage Towers' consolidated portfolio increased to 45.7k Macro sites within the 8 consolidated European markets and to 82.2k sites in 10 European markets when also including our co-controlled operations: Cornerstone (UK) and INWIT (Italy)
- **Sustained commercial momentum:** We delivered c.1,800[1] new tenancies in FY21. Of these, c.1,300[1] are non-Vodafone customers and c.660[1] tenancies are non-committed additions, representing a third of tenancies required to deliver our medium-term tenancy ratio of >1.50x
- **Operational targets have been achieved:** We deployed c.600[1] sites against our target of 550. We have successfully begun to capitalise on our lease-up potential with a FY21 tenancy ratio of 1.40x, exceeding FY21 guidance of ~1.38x
- **New agreements signed:** Contracts signed with Eir and Three in Ireland and with AOTEC in Spain, the industry body representing over 150 local operators. An IoT contract has been signed with Sigfox in Germany and two extension framework agreements were signed in Hungary and Romania
- **Margin uplift through efficiencies:** Our programme to optimise ground leases through buyouts or renegotiations is showing encouraging results:
  - ✓ ~200 contracts commercially agreed or signed in Spain
  - ✓ GLBO process is underway in Germany with first contracts agreed
  - ✓ Pilots underway in 4 other countries

Our growth agenda continues at pace. We announced at Q3 that we had signed MNO agreements with Eir and Three in Ireland. These are 10 year initial term contracts, expected to deliver in excess of 250 and 200 incremental tenancies respectively. Our collaboration agreement with AOTEC covers 5 years with an industry body of over 150 local and regional operators in lower density and rural areas.

During Q4 we delivered 140 tenancies to Orange Spain, in Romania we have signed a five year framework contract with STS (Special Telecommunication Services) covering the extension of c.170 tenancies and in Hungary we have signed an inflation-linked framework extension contract with Antenna Hungária, demonstrating our sustainable growth model. Looking forward, the ongoing spectrum auctions in Portugal and the Czech Republic are growth opportunities; we are well placed to capture additional tenancies from potential new entrants and existing MNOs as a result of these auctions.

IoT networks and applications are expanding fast across Europe. We have a strong focus on this area to support our customers and capture the growth of the IoT ecosystem. Our partnership with Sigfox in Germany is a 10 year framework agreement expected to deliver at least 350 tenancies in FY22 and at least further 150 tenancies by December 2023. We are pursuing further IoT opportunities in Greece, Hungary, and Romania. These are excellent examples of our successful collaboration with our customers and partners to enable "Digital Europe" together.

We remain focused on our goal of becoming Europe's 5G super host and intend to be at the forefront of enabling future-proof 5G indoor coverage solutions. During Q4, we have signed a new partnership agreement with Delta in Hungary (a system integrator company) focussing on DAS and 5G private networks (Industry 4.0).

Our Strategy and Purpose

We have laid out full details of our strategy, purpose, ESG policy and future plans in our recent IPO Prospectus and related Capital Markets Day presentation, available at www.vantagetowers.com/investors/. Please refer to these materials for further information on Vantage Towers strategy and ESG policy.

Our Guidance

Positive outlook for FY 2022 and medium-term targets reiterated

The below FY21PF results are in line with our FY21PF guidance for Revenue, Adjusted EBITDAaL and RFCF as set out in the Vantage Towers prospectus section 14 dated 8 March 2021 and available at https://www.vantagetowers.com/investors/results-report-and-presentation. Our medium-term targets remain unchanged.

Measure	FY21PF guidance	FY21PF *(unaudited)*	FY22 guidance	Medium-term Targets[6]
Tenancy Ratio for Consolidated Vantage Towers	~1.38x	1.40x	-	>1.50x
Revenue (ex. pass through)	€955-€970m	€966m	€995-€1,010m	Mid-single digit CAGR
Adj. EBITDAaL	€520-€530m	€524m / 54%	EBITDAaL margin broadly stable	High 50s percentage margin (based on Revenue (ex. pass through)
Recurring free cash flow (RFCF)[7]	€375-€385m	€384m	€390-€400m	Mid to high single digit CAGR
Net Financial Debt to Adjusted EBITDAaL	4.0x Net Debt / Adj. EBITDAal	3.8x	-	Flexibility to exceed for growth investment
Net Financial Debt	c.€2.1 billion	€2.0 billion	-	€1bn leverage capacity

For FY22, Vantage Towers will continue to build on the successes of FY21 by driving growth in accordance with our business plan. We will leverage our strong infrastructure network and our programmes to execute the BTS strategy and attract incremental third party tenants. This will translate into continued growth opportunities and expected revenue (exc. pass-through revenues) of €995 to 1,010 million in FY22. This positive trend is expected to deliver mid-single digit revenue growth in line with our previous medium-term guidance.

Our FY22 revenue growth is expected to generate a broadly stable EBITDAaL margin with FY21PF. The Group's expectation to achieve an adjusted EBITDAaL margin in the medium-term in high fifties per cent through operating leverage and optimisation initiatives remains unchanged. As previously stated in our Q3 Results, these initiatives are expected to have an increasing effect over time, but limited impact in FY22.

Furthermore, the Group's ability to generate strong cash flows is expected to improve, with Recurring Free Cash Flow (RFCF) expected to be in the range of €390 to 400 million in FY22. In the medium-term, we expect that the Group's RFCF growth rate will be a mid-to high-single-digit, in line with our previous medium-term guidance.

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1. Sites/ tenancies added from 1 April 2020 to 31 March 2021
2. See basis of preparation on page 7 for further information on pro forma adjustments.
3. The non-IFRS measures presented in the table are defined and reconciled on pages 8-12.
4. During the twelve months ended March 31, 2021, the Group performed a reassessment of its lease portfolio in line with the requirements of IFRS 16. The Company has calculated the impact of the lease reassessment and recognized a EUR 10 million non-cash increase in the sum of pro forma interest on leases and depreciation on right of use assets for the twelve months ended March 31, 2021. The Company has not performed such a reassessment for the twelve months ended March 31, 2020. If the lease reassessment was backdated to April 1, 2019, the Company estimates the corresponding non-cash increase would have been EUR 10 million for the twelve months ended March 31, 2020 on a pro forma basis, which would have resulted in an estimated EUR 10 million decrease in the Group's Adjusted EBITDAaL on a pro forma basis. This adjustment is included in the results for the twelve months ended March 31, 2020 on a pro forma basis.
5. Based on the timing and nature of the carve-out of the European tower infrastructure and formation of the Group assets, two key facts are relevant to consider when reviewing the reported results of the Group:
    - The consolidated financial performance of the Group reflects the inclusion of a) the Company from May 25, 2020, and as such the results of the German operations; b) the Spain, Portugal, the Czech Republic, Hungary, Romania and Ireland markets, and the 33.2% interest in INWIT from December 17, 2020 following the acquisition of CTHC; c) Vantage Towers Greece from December 22, 2020; and d) the 50% holding in Cornerstone from January 14, 2021.
    - In accordance with IFRS 10 Vantage Towers has not included the financial information of the tower assets prior to the date it obtained control. Accordingly, the financials do not contain any comparisons to prior periods.
6. Medium-term guidance on actuals; excluding the UK and Italy.
7. For the purposes of RFCF in the twelve months ended March 31, 2021 on a pro forma basis, no pro forma cash flow statement has been produced and therefore cash cost of leases, tax paid and interest paid have been calculated based on the respective income statement amounts. From FY22 onwards, actual cash paid amounts will be available and used for the calculation of RFCF.

Pro Forma Group Financial Performance

In the IPO prospectus released on 8 March 2021 we published pro forma financial information that illustrated the performance of Vantage Towers as if the reorganisation of the Group had occurred as at 1 April 2019. In this section we have presented comparable pro forma financial information to illustrate the Groups performance as if Vantage Towers had been carved-out from the Vodafone Group for the whole of FY20 and FY21 in order to show a like for like comparison between the FY20 figures published in the prospectus and our performance in FY21.

The Unaudited Pro Forma Financial Information has been prepared for illustrative purposes only and does not purport to be indicative of the results of the Company, its consolidated subsidiaries and its equity accounted investments in INWIT and Cornerstone.

A basis of preparation can be found on page 7. The Alternative performance measures presented in the table below are defined and reconciled on pages 8-12.

Consolidated Vantage Towers Pro Forma (€m)	FY20PF *(unaudited)*	FY21PF *(unaudited)*
Revenue (ex. pass through)	**945**	**966**
Capex recharge revenue	-	4
Revenue	**945**	**970**
Maintenance costs	(35)	(37)
Staff costs	(38)	(40)
Administrative & Other	(58)	(63)
Adj. EBITDA	**814**	**830**
margin (%)	*86%*	*86%*
Capex recharge revenue	-	(4)
Ground lease expense	(301)	(302)
Adj. EBITDAaL[4]	**513**	**524**
margin (%)	*54%*	*54%*
Reversal of non-cash lease adjustment[4]	10	10
Maintenance capex	(29)	(36)
Recurring OpFCF	**494**	**498**
Cash conversion (%)	*96%*	*95%*
(-) Tax paid[8]	(103)	(98)
(-) Interest[9]	(16)	(16)
Recurring free cash flow (RFCF)	**375**	**384**
Net Debt	n/a	**2,001**
Net Financial Debt to Adjusted EBITDAaL	n/a	**3.8x**

8. For the purposes of the pro forma reconciliation, net tax paid on a pro forma basis is calculated taking into account current taxes as well as prepayments to tax authorities in Germany, on a pro forma basis as no pro forma cash flow statement has been produced. Accordingly, amounts disclosed for this measure in future periods will not be strictly comparable to the amounts stated herein, which are being provided for illustrative purposes.
9. For the purposes of the pro forma reconciliation, the pro forma interest paid, excluding interest paid on lease liabilities has been used as a proxy for cash paid as no pro forma cash flow statement has been produced. Accordingly, amounts disclosed for this measure in future periods will not be strictly comparable to the amounts stated herein, which are being provided for illustrative purposes.

Strong like for like pro forma financial performance

We are pleased to announce that our financial performance is in line with the guidance we previously shared. Our pro forma revenue (excl. pass through) grew from €945m to €966m, an increase of €21m (+2.2%). This was driven by the build to suit program in Germany, the active sharing agreement with Orange in Spain and the contractually agreed inflation escalator in our MSAs. Maintenance cost increases (+5.7%) were driven by a backlog of activities in our footprint which was executed in the second half of the year whilst staff costs (+5.3%) as well as administrative & other cost increases (+8.6%) relate to the one off setup of the group. This translated into pro forma adjusted EBITDAaL increasing from €513m to €524m, an increase of €11m (+2.1%), whilst maintaining a stable EBITDAaL margin of 54%.

Our pro forma recurring free cash flow increased from €375m to €384m, an increase of €9m (+2.4%) which is in line with the guidance we previously shared. Whilst our maintenance capex in FY21 has increased from €29m to €36m, €7m (+24%) driven by a catch up effect, this is offset by a lower tax charge which fell from €103m to €98m, a decrease of €5m (-4.9%).

As referenced in our Q3 press release, the finalisation of the carve out of Vantage Towers and completion of the planned IFRS 16 lease reassessment exercise triggered by the new MSAs with Vodafone has resulted in some minor technical restatements to our pro forma financial performance as presented. The impact of the IFRS 16 lease reassessment is an accounting-based increase in our ground lease expense of approximately €10m on an annualised basis. The adjustment is non-cash, and therefore has no impact on our RFCF.

Our financial performance for FY21 sets a solid foundation from which we will continue to build momentum in our commercial operations and efficiency programs. We are confident in delivering our medium-term targets and executing all aspects of our wider strategy.

APPENDIX

Vantage Towers KPIs – 31 March 2021

	Fully-owned operations									Co-controlled operations		
31 March 2021	**DE**	**ES**	**GR**[10]	**CZ**	**PT**	**RO**	**HU**	**IE**	**Conso-lidated**	**IT**[11]	**UK**[12]	**Aggre-gated**
Macro sites	19.4k	8.7k	4.8k	3.8k	3.5k	2.2k	1.9k	1.3k	45.7k	22.3k	14.2k	82.2k
Tenancy ratio	1.2x	1.7x	1.7x	1.1x	1.2x	2.0x	1.5x	1.6x	1.4x	1.9x	2.0x	1.6x
Market position[13]	#2	#2	#1	#2	#2	#4	#2	#2		#1	#1	
FY21PF Adjusted EBITDAaL	€296m	€66m	€53m	€109m					€524m			

10. Incl. 100% of Greece.
11. Incl. 100% of Macro sites from Italy.
12. Incl. 100% of Macro sites from UK.
13. Estimated based on total number of Macro sites compared to other market participants.

Proforma Financial Information Basis of Preparation

The purpose of the Unaudited Pro Forma Financial Information is to illustrate the performance of Vantage Towers as if the reorganisation of the Group had occurred on as at 1 April 2019.

The Unaudited Pro Forma Financial Information has been prepared for illustrative purposes only and does not purport to be indicative of the results of the Company, its consolidated subsidiaries and its equity accounted investments in INWIT and Cornerstone.

The Unaudited Pro Forma Financial Information for the twelve months ended March 31, 2021 was prepared on the basis of the following financial information:

- Pro forma consolidated income statement for the nine months ended December 31, 2020 extracted from the Vantage Towers prospectus section 10.6 dated 8 March 2021 and available *at* https://www.vantagetowers.com/investors/results-report-and-presentation; and
- Consolidated Group income statement for the three months ended March 31, 2021.

The Unaudited Pro Forma Financial Information for the twelve months ended March 31, 2020 was directly extracted from the Vantage Towers prospectus section 10.6 dated 8 March 2021, available at *https://www.vantagetowers.com/investors/results-report-and-presentation* except for the following change:

- Share of results of equity accounted joint ventures has been moved to be included within operating profit to align with the format of the consolidated income statement. Operating profit has been recalculated to reflect this change.

The annual report and audited financial statements for the year ended 31 March 2021 are expected to be made available on the Company's website in June 2021.

Alternative Performance Measures

The Group presents financial measures, ratios and adjustments that are not required by, or presented in accordance with, IFRS, German GAAP or any other generally accepted accounting principles on a consolidated basis ("**Non-IFRS Measures**") and on a pro forma basis ("**Alternative Performance Measures**" or "**APMs**").

These Non-IFRS Measures on a consolidated basis and Alternative Performance Measures on a pro forma basis should not be considered as an alternative to the consolidated financial results or other indicators of the Group's performance based on IFRS measures. They should not be considered as alternatives to earnings after tax or net profit as indicators of the Group's performance or profitability or as alternatives to cash flows from operating, investing or financing activities as an indicator of the Group's liquidity. The Non-IFRS Measures on a combined basis and Alternative Performance Measures on a pro forma basis, as defined by the Group, may not be comparable to similarly titled measures as presented by other companies due to differences in the way the Group's Non-IFRS Measures on a combined basis and Alternative Performance Measures on a pro forma basis are calculated. Even though the Non-IFRS Measures on a consolidated basis and Alternative Performance Measures on a pro forma basis are used by management to assess ongoing operating performance and liquidity and these types of measures are commonly used by investors, they have important limitations as analytical tools, and they should not be considered in isolation or as substitutes for analysis of the Group's results or cash flows as reported under IFRS

Definitions

Measure	Definition	Relevance of its Use
Adjusted EBITDA	Adjusted EBITDA is operating profit before depreciation on lease-related right of use assets, depreciation, amortization and gains/losses on disposal for fixed assets, share of results of equity accounted joint ventures, and excluding impairment losses, restructuring costs arising from discrete restructuring plans, other operating income and expense and significant items that are not considered by management to be reflective of the underlying performance of the Group.	Management uses Adjusted EBITDA to assess and compare the underlying profitability of the company before charges relating to capital investment, capital structure, tax and leases. The measure is used as a reference point for cross-industry valuation.
Adjusted EBITDAaL	Adjusted EBITDAaL is Adjusted EBITDA less recharged capital expenditure revenue, and after depreciation on lease-related right of use assets and deduction of interest on lease liabilities. Recharged capital expenditure revenue represents direct recharges to Vodafone of capital expenditure in connection with upgrades to existing sites.	Management uses Adjusted EBITDAaL as a measure of underlying profitability to support the capital investment and capital structure of the Company after the cost of leases, which represent a significant cost for Vantage Towers and its peers. The measure is also used as a reference point for valuation purposes across the broader telecommunication sector.
Adjusted EBITDAaL margin	Adjusted EBITDAaL margin is Adjusted EBITDAaL divided by revenue excluding recharged capital expenditure revenue.	Management uses Adjusted EBITDAaL margin as a key measure of Vantage Towers' profitability and as a means to track the efficiency of the business.
Recurring Operating Free Cash Flow	Recurring Operating Free Cash Flow is Adjusted EBITDAaL plus depreciation on lease-related right of use assets and interest on lease liabilities, less cash lease costs and Maintenance capital expenditure. On a pro forma basis cash lease costs are calculated based on the sum of depreciation on lease-related right of use assets and interest on lease liabilities that were incurred by the Group excluding the effects from lease reassessment of the IFRS 16 lease liability and right of use asset on the sum of the associated depreciation on lease-related right of use assets and interest on lease liabilities, which have a non-cash impact in the respective period. Maintenance capital expenditure is defined as capital expenditure required to maintain and continue the operation of the existing tower network and other Passive Infrastructure, excluding capital investment in new Sites or growth initiatives ("**maintenance capital expenditure**").	Management uses Recurring Operating Free Cash Flow as a measure of the underlying cashflow available to support the capital investment and capital structure of the Company.
Recurring Free Cash Flow	Recurring Free Cash Flow is Recurring Operating Free Cash Flow less tax paid and interest paid and adjusted for changes in operating working capital.	Management uses Recurring Free Cash Flow to assess and compare the underlying cash flow available to shareholders, which could be distributed or reinvested in Vantage Towers for growth as well as reference point for cross industry valuation

Cash Conversion	Cash Conversion is defined as Recurring Operating Free Cash Flow divided by Adjusted EBITDAaL.	Management uses Cash Conversion to assess and compare the capital intensity and efficiency of Vantage Towers.
Net Financial Debt	Net Financial Debt is defined as long-term borrowings, short-term borrowings, borrowings from Vodafone Group companies and mark-to-market adjustments, less cash and cash equivalents and short-term investments and excluding lease liabilities.	Management uses Net Financial Debt to assess the capital structure of Vantage Towers without including the impact of lease liabilities which typically have different types of rights to financial debt and can be impacted by the Company's accounting policies.
Net Financial Debt to Adjusted EBITDAaL	Net Financial Debt to Adjusted EBITDAaL is Net Financial Debt divided by Adjusted EBITDAaL for a rolling 12-month period.	Management uses Net Financial Debt to Adjusted EBITDAaL to assess the indebtedness of Vantage Towers.

Reconciliation of Proforma APMs[14]

Adjusted EBITDA

The table below sets forth the reconciliation of the Group's Alternative Performance Measure Adjusted EBITDA on a pro forma basis to profit for the period in the pro forma income statements for the periods indicated.

	Pro forma basis	*Pro forma* basis	Consolidated basis	*Pro forma* basis
	Twelve months ended March 31, 2020	Nine months ended December 31, 2020	Three months ended March 31, 2021	Twelve months ended March 31, 2021
	(unaudited)	*(unaudited)*	*(unaudited)*	*(unaudited)*
		(EUR millions)		
Profit for the period	**314**	**214**	**60**	**274**
Income tax expense	103	74	24	98
Interest on lease liabilities	30	41	14	55
Other finance costs	16	12	4	16
Other non-operating expenses	–	25	20	45
Operating profit	**464**	**366**	**122**	**488**
Share of results of equity accounted joint ventures.	(15)	(3)	(10)	(13)
Amortisation of intangibles	–	–	2	2
Depreciation on other property, plant and equipment	105	74	31	105
Depreciation on lease-related right of use assets	261	183	64	247
Gains/losses on disposal of property, plant and equipment	–	–	1	1
One-off and other items	–	–	–	–
Adjusted EBITDA	**814**	**620**	**210**	**830**

14. The consolidated financial performance and the pro forma financial information have been prepared under different basis of preparation. The consolidated financial performance of the group reflects the inclusion of a) the Company from May 25, 2020, and as such the results of the German operations; b) the Spain, Portugal, the Czech Republic, Hungary, Romania and Ireland markets, and the 33.2% interest in INWIT from December 17, 2020 following the acquisition of CTHC; c) Vantage Towers Greece from December 22, 2020; and d) the 50% holding in Cornerstone from January 14, 2021. The Unaudited Pro Forma Financial Information is to illustrate the performance of Vantage Towers as if the reorganisation of the Group had occurred on 1 April 2019 and has been prepared by combining the pro forma consolidated income statement for the Nine months ended December 31, 2020 extracted from the Vantage Towers prospectus and the consolidated group income statement for the three months ended March 31, 2021.

Due to the different basis of preparations between consolidated financial performance and the pro forma financial information, no reconciliation between the consolidated financial information and the pro forma financial information has been shown. As such, proforma APMs have been reconciled to a relevant GAAP measure of the of the pro forma financial information.

Adjusted EBITDAaL

The table below sets forth the reconciliation of the Group's Alternative Performance Measure Adjusted EBITDAaL on a pro forma basis to profit for the period in the pro forma income statements for the periods indicated.

	Pro forma basis	*Pro forma* basis	Consolidated basis	*Pro forma* basis
	Twelve months ended March 31, 2020	Nine months ended December 31, 2020	Three months ended March 31, 2021	Twelve months ended March 31, 2021
	(unaudited)	*(unaudited)*	*(unaudited)*	*(unaudited)*
		(EUR millions)		
Profit for the period	**314**	**214**	**60**	**274**
Income tax expense	103	74	24	98
Other finance costs	16	12	4	16
Other non-operating expenses	–	25	20	45
Share of results of equity accounted joint ventures	(15)	(3)	(10)	(13)
Amortisation of intangibles	–	–	2	2
Depreciation on other property, plant and equipment	105	74	31	105
Recharged capital expenditure revenue	–	(2)	(2)	(4)
Gains/losses on disposal of property, plant and equipment	–	–	1	1
One-off and other items	–	–	–	–
Impact of FY20 lease reassessment[i]	(10)	–	–	–
Adjusted EBITDAaL	**513**	**394**	**130**	**524**

Notes:

i. During the twelve months ended March 31, 2021, the Group performed a reassessment of its lease portfolio in line with the requirements of IFRS 16. The Company has calculated the impact of the lease reassessment and recognized a EUR 10 million noncash increase in the sum of pro forma interest on leases and depreciation on right of use assets for the twelve months ended March 31, 2021 on a pro forma basis, EUR 6 million was recognised in the nine months ended December 31, 2020 and EUR 4 million was recognised in the three months ended March 31, 2021. The Company has not performed such a reassessment for the twelve months ended March 31, 2020. If the lease reassessment was backdated to April 1, 2019, the Company estimates the corresponding non-cash increase would have been EUR 10 million for the twelve months ended March 31, 2020 on a pro forma basis. The impact of reassessment had it been back dated to backdated to April 1, 2019 has been included in the above reconciliation.

Recurring Operating Free Cash Flow and Recurring Free Cash Flow

The table below sets forth the reconciliation of the Group's Alternative Performance Measures Recurring Operating Free Cash Flow and Recurring Free Cash Flow to Adjusted EBITDA on a pro forma basis for the periods indicated.

	Pro forma basis	Pro forma basis	Consolidated basis	Pro forma basis
	Twelve months ended March 31, 2020	Nine months ended December 31, 2020	Three months ended March 31, 2021	Twelve months ended March 31, 2021
	(unaudited)	*(unaudited)*	*(unaudited)*	*(unaudited)*
		(EUR millions)		
Adjusted EBITDA	**814**	**620**	**210**	**830**
Recharged capital expenditure revenue	–	(2)	(2)	(4)
Cash cost of leases[(ii)]	(291)	(218)	(74)	(292)
Maintenance capital expenditure	(29)	(23)	(13)	(36)
Recurring Operating Free Cash Flow	**494**	**377**	**121**	**498**
Net tax paid[(iii)]	(103)	(74)	(24)	(98)
Interest paid, excluding interest paid on lease liabilities[(iv)]	(16)	(12)	(4)	(16)
Changes in operating working capital[(v)]	N/A	N/A	N/A	N/A
Recurring Free Cash Flow	**375**	**291**	**93**	**384**

Notes:

i. No cash flow statement has been prepared for the purpose of the pro forma statements. Therefore, a reconciliation from Adjusted EBITDA, which is reconciled to profit for the period on a pro forma basis, has been included.

ii. For the purposes of the unaudited pro forma financial information "cash cost of leases" has been calculated as the sum of depreciation on lease-related right of use assets and interest on lease liabilities that were incurred by the Group on a pro forma basis, excluding the effects from lease reassessment of the IFRS 16 lease liability and right of use asset on the sum of associated depreciation on lease-related right of use assets and interest on lease liabilities. During the twelve months ended March 31, 2021, the Group performed a reassessment of its lease portfolio in line with the requirements of IFRS 16. The Company has calculated the impact of the lease reassessment and recognized a EUR 10 million non-cash increase in the sum of pro forma interest on leases and depreciation on right of use assets for the twelve months ended March 31, 2021. EUR 6 million was recognised in the nine months ended December 31, 2020 and EUR 4 million was recognised in the three months ended March 31, 2021. The Company has not performed such a reassessment for the twelve months ended March 31, 2020. If the lease reassessment was backdated to April 1, 2019, the Company estimates the corresponding non-cash increase would have been EUR 10 million for the twelve months ended March 31, 2020 on a pro forma basis. This adjustment is included in the above reconciliation for the twelve months ended March 31, 2020 on a pro forma basis within cash cost of leases.

iii. For the purposes of the pro forma reconciliation, net tax paid on a pro forma basis is calculated taking into account current taxes as well as prepayments to tax authorities in Germany, on a pro forma basis as no pro forma cash flow statement has been produced. Accordingly, amounts disclosed for this measure in future periods will not be strictly comparable to the amounts stated herein, which are being provided for illustrative purposes.

iv. For the purposes of the pro forma reconciliation, the pro forma interest paid, excluding interest paid on lease liabilities and other non-cash interest costs has been used as a proxy for cash paid as no pro forma cash flow statement has been produced. Accordingly, amounts disclosed for this measure in future periods will not be strictly comparable to the amounts stated herein, which are being provided for illustrative purposes.

v. As a pro forma opening balance sheet has not been prepared, changes in operating working capital are not available for the pro forma results.

Reconciliations of consolidated Non-IFRS Metrics

Net Financial debt

The table below sets forth the calculation of the Group's Non-IFRS measure Net Financial Debt from the Consolidated statement of financial position as of March 31, 2021.

	Consolidated Basis
	As of March 31, 2021
	(unaudited)
	(EUR millions)
Bonds	(2,187)
Commercial paper	–
Bank loans	–
Cash collateral liabilities	–
Overdrafts	–
Borrowings from related parties	–
Borrowings included in Net Financial Debt	**(2,187)**
Cash and cash equivalents	22
Cash deposits held with related parties	165
Other financial instruments	–
Mark to market derivative financial instruments	(1)
Short term investments	–
Total cash and cash equivalents and other financial instruments	**186**
Net Financial Debt	**(2,001)**

Glossary

"Active Equipment"	The customers' equipment used to receive and transmit mobile network signals.
"BTS"	Build-to-suit arrangements which corresponds to committed new build site programs and related services that have been contracted.
"Company"	Vantage Towers AG
"Consolidated Vantage Towers"	The European tower infrastructure business in Germany, Spain, Greece, Portugal, Romania, Czech Republic, Hungary and Ireland in which Vantage Towers has a controlling interest.
"Cornerstone"	Cornerstone Telecommunications Infrastructure Limited
"FY21"	Financial year ending 31 March 2021
"FY22"	Financial year ending 31 March 2022
"FY20PF"	Pro forma for the year ending 31 March 2020
"FY21PF"	Pro forma for the year ending 31 March 2021
"GLBO Programme"	Ground Lease Buy Out Programme.
"INWIT"	Infrastrutture Wireless Italiane S.p.A
"IoT"	Internet of Things
"Macro sites"	The physical infrastructure, either ground-based ("Ground Based Tower" or "GBT") or located on a building ("Rooftop Tower" or "RTT") where communications equipment is placed to create a cell in a mobile network including streetworks and long-term mobile sites.
"Maintenance capital expenditure"	Capital expenditure required to maintain and continue the operation of the existing tower network and other Passive Infrastructure, excluding capital investment in new Sites or growth initiatives.
"MSA"	Master services agreement
"Passive Infrastructure"	An installation comprising a set of different elements located at a Site and used to provide support to the Active Equipment.
"Reorganisation"	Means the process by which the Vantage Towers Group was established
"Site"	The Passive Infrastructure on which Active Equipment is mounted as well as its physical location.
"Tenancy ratio"	The total number of tenancies of Vantage Towers divided by the total number of Macro sites.

Disclaimer on forward looking statements

This announcement contains "forward-looking statements" with respect to Vantage Towers' results of operations, financial condition, liquidity, prospects, growth and strategies. Forward-looking statements include, but are not limited to, statements regarding objectives, targets, strategies, outlook and growth prospects, including guidance for the financial year ending March 31, 2022, medium-term targets, new site builds, tenancy targets and the tenancy pipeline; Vantage Towers' working capital, capital structure and dividend policy; future plans, events or performance, economic outlook and industry trends.

Forward-looking statements are sometimes, but not always, identified by their use of a date in the future or such words as "will", "could", "may", "should", "expects", "intends", "prepares" or "targets" (including in their negative form or other variations). By their nature, forward-looking statements are inherently predictive, speculative and involve risk and uncertainty because they relate to events and depend on circumstances that may or may not occur in the future. There are a number of factors that could cause actual results and developments to differ materially from those expressed or implied by these forward-looking statements. All subsequent written or oral forward-looking statements attributable to Vantage Towers or any member of the Vantage Towers Group, or any persons acting on their behalf are expressly qualified in their entirety by the factors referred to above. No assurances can be given that the forward-looking statements in this document will be realised. Any forward-looking statements are made of the date of this announcement. Subject to compliance with applicable law and regulations, Vantage Towers does not intend to update these forward-looking statements and does not undertake any obligation to do so.

References to Vantage Towers are to Vantage Towers AG and references to Vantage Towers Group are to Vantage Towers AG and its subsidiaries unless otherwise stated.

Rounding

Due to rounding, numbers presented may not add up precisely to the totals provided and percentages may not precisely reflect the absolute figures.

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