VANTAGE TOWERS

Vantage Towers AG: Q3 FY22 Quarterly Statement

1 February 2022

Vantage Towers: delivering tenancy acceleration in Q3 and signing a landmark agreement for organic growth in our largest market

- Commercialisation of our business continues successfully
  - ✓ Signed a landmark agreement with 1&1 in Germany for at least 3,800 and potentially up to 5,000 existing sites throughout Germany for the next 20 years
  - ✓ Significant tenancy growth with around 600[1] new tenancies in Q3 FY22 resulting in a tenancy ratio of 1.43x (Q3 FY21PF: 1.39x), continuing the progress towards our medium-term target of >1.5x
- Our Ground Lease Buyout Programme ("GLBO") continues to accelerate with more than 360 signed contracts in Spain and Germany and over 100 signed contracts in Other European Markets since inception; and 390 commitments in the pipeline across our footprint
- Macro site new build ramp up further progressed in Q3 FY22 with ~130 built-to-suit (BTS) compared to 100 in Q1 and 90 in Q2. The execution timing of our BTS programme is currently being impacted mainly by supply chain challenges and will require continued management. The overall planned delivery of the 7,100 sites (BTS) until end of FY26 remains unchanged
- Group Revenue (ex. pass through) of €252m in Q3 FY22, implying a 4.4% year-on-year (YoY) growth compared to Q3 FY21 PF of €241m
- FY22 guidance reaffirmed: Revenue €995-€1,010m, EBITDAaL margin broadly stable and Recurring Free Cash Flow (RFCF) of €405m – €415m

Performance summary	Q3 FY21PF *(unaudited)*	Q3 FY22 *(unaudited)*	YoY Movement
Macro sites	45.7k	45.7k	-
Tenancy ratio	1.39x	1.43x	0.04x
Group Revenue ex. pass through (€m)	241	252	4.4%
	9M FY21PF (unaudited)	9M FY22 (unaudited)	YoY Movement
Group Revenue ex. pass through (€m)	723	746	3.1%

Vivek Badrinath, CEO of Vantage Towers AG, commented:

Q3 was an exciting quarter for Vantage Towers. We delivered more tenancies in Q3 than in the previous two quarters, and the new partnership with 1&1 is an important milestone for organic growth in our largest market. We're delighted to be supporting 1&1's fast roll-out of 5G in Germany, to be signing more other than mobile network operator contracts and being a key player in the sustainable digital transformation of Europe. Across our footprint, the commercialisation of our business further progresses lifting our tenancy ratio and revenue visibility in the medium-term.

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1 Tenancy net additions from 1 October 2021 to 31 December 2021.

Commercial update

Continued commercial momentum across the business

Fully owned segments

31 December 2021	DE		ES		GR		Other European Markets		Consolidated	
	Q3 FY21PF	Q3 FY22	Q3 FY21PF	Q3 FY22	Q3 FY21PF	Q3 FY22	Q3 FY21PF	Q3 FY22	Q3 FY21PF	Q3 FY22
Macro sites	19.4k	19.4k	8.8k	8.6k	4.8k	4.8k	12.7k	12.8k	45.7k	45.7k
Tenancy ratio	1.21x	1.22x	1.68x	1.77x	1.64x	1.68x	1.38x	1.42x	1.39x	1.43x
Market position[2]	#2	#2	#2	#2	#1	#1	#2	#2		

Due to rounding, the macro site breakdown may not cast; the decrease in number of sites is mainly driven by the decommissioning of sites in connection with our active sharing agreement in Spain.

Our latest achievements underpin our ambition of "becoming a 5G superhost in Europe" and demonstrate our ability to attract new MNO and non-MNO customers across our markets. In particular, in the third quarter, we signed a landmark agreement with 1&1 in Germany that underpins our confidence to deliver at the upper end of our medium-term targets. Commercial highlights include:

- **Powering Europe's digital transformation:** Vantage Towers' consolidated portfolio remained broadly stable at 45.7k macro sites across the 8 European markets. The increase in new built sites (BTS) was offset by the previously communicated decommissioning of sites, in particular driven by our active sharing agreement in Spain and other European markets, creating efficiencies in our network. Whilst the BTS programme accelerated in Q3, the macro site build year-to-date has been challenged mainly by supply chain issues. We expect these challenges to persist beyond Q4 FY22 into FY23 and will require continued management. However, our guidance for FY22 is unchanged and the overall planned delivery of 7,100 sites (BTS) until end of FY26 remains unchanged.
- **Long-term partnership for growth in our largest market:** In Germany, we signed a landmark agreement launching a long-term partnership with 1&1 for the provision of passive infrastructure to build Germany's fourth mobile network. Vantage Towers will provide 1&1 at least 3,800 and potentially up to 5,000 existing sites throughout Germany for the next 20 years. The first sites will be provided this year with the aim of delivering at least 3,800 sites by the end of calendar year 2025. The contract has a first term until the end of 2040, with the option for 1&1 to extend until 2060.
- **Efficiency programme:** Our programme to optimise ground leases through buyouts or renegotiations (GLBO) is showing continued progress with the following milestones achieved since inception:
  - ✓ ~360 agreements commercially agreed or signed in Spain
  - ✓ Germany is accelerating with ~235 contracts agreed or signed
  - ✓ Promising initial results in other European markets with ~255 agreements
- **Continued commercial momentum:** in Q3 FY22 we delivered more tenancy growth than in the previous two quarters with around 600[3] tenancy additions, of which more than 570 were non-Vodafone and more than c. 280 non-committed[4]. As a result, in 9M FY22, we added net c. 1,170[5] tenancy additions, of which more than 660 were non-committed gross additions, taking our overall tenancy ratio to 1.43x, underlining the success of the commercialisation of our business.
- **Enabling future-proof 5G indoor coverage solutions:** We remain focused on our goal of becoming Europe's 5G super host. In addition to the Pick Arena, which we announced in the H1 release, we constructed the indoor DAS antenna systems of the MVM Dome in Budapest, Hungary. Both stadiums are official venues for the 2022 Men's European Handball Championships.
- **Diversifying our portfolio across Europe:** We signed a partnership agreement with Signify, a world leader in lighting, to develop a collaborative model for converting outdoor lighting as a wireless communication and citizen service platform across our 8 markets. In December 2021, we started a pilot project in Spain.

2 Estimated based on total number of macro sites compared to other market participants.
3 Tenancy net additions from 1 October to 31 December 2021.
4 Non-committed refers to tenancies that were not already committed in November 2020 at the Capital Markets Day.
5 Tenancy net additions from 1 April to 31 December 2021.

- **Accelerating Europe's digital transformation:** We have good momentum in IoT and continued promising engagements. In Hungary, we signed a new agreement with the Long Range Wide Area Network (LoRaWan) operator, LiteNet, which will bring 130 new tenancies by the end of FY22. Moreover, in Germany, we signed a new MSA with 450 Connect that will support the digitisation of the German energy and water industry, as well as other critical infrastructures with 4G/5G technology and add 150 expected tenancies over the next three years. Furthermore, in the Czech Republic, we signed a framework contract with Miracle Networks that will bring 100 tenancies in the next three years.
- **Exploring greener solutions for powering our towers:** We agreed a strategic partnership with Berlin-based wind energy start-up MOWEA. Together, we will join forces to develop green energy solutions by installing around 752 micro wind turbines on 52 of Vantage Towers' towers in Germany.

Summary Financial performance

Revenue performance on track

Total Revenue Breakdown in €m	Q3 FY21PF (unaudited)	Q3 FY22 (unaudited)	YoY (%)	9M FY21PF (unaudited)	9M FY22 (unaudited)	YoY (%)
Macro site revenue	225	231	2.7%	675	687	1.8%
Other rental revenue	11	9	n.m.	31	31	2.2%
Energy and other revenue	6	12	n.m.	17	27	57.4%
Revenue (ex. pass through)	**241**	**252**	**4.4%**	**723**	**746**	**3.1%**
Capex recharge revenue	2	3	n.m.	2	8	n.m.
Revenue	243	255	4.8%	725	754	4.0%

Due to rounding, numbers presented may not add up precisely to the totals provided

Revenue development accelerated in the third quarter, generating a total revenue (ex. pass through) of €252m. The respective increase of 4.4% was mainly driven by Macro site revenue and Energy and other revenue. Macro site revenue grew 2.7% YoY in the third quarter coming from increased tenancies and our contractual inflation escalators. Moreover, the non-Vodafone revenue of €43m in Q3 FY22 saw an increase of 9.6% YoY.

In 9M FY22, Macro site revenue grew 1.8% YoY to €687m primarily driven by a 6.0% YoY increase in non-Vodafone revenue, which totalled €125m. Energy and other revenue grew by more than 57.4% from €17m to €27m, which was mainly driven by other chargeable services to MNOs.

Segmental Revenues (ex. pass through) in €m	Q3 FY21PF (unaudited)	Q3 FY22 (unaudited)	YoY (%)	9M FY21PF (unaudited)	9M FY22 (unaudited)	YoY (%)
Germany	118	122	3.0%	356	362	1.6%
Spain	42	44	4.3%	121	127	4.8%
Greece	31	34	8.3%	94	99	5.1%
Other European Markets	50	53	5.3%	151	157	4.0%
Consolidated (ex. pass through)	**241**	**252**	**4.4%**	**723**	**746**	**3.1%**

Germany, our largest segment, grew 3.0% YoY in Q3 FY22, mainly driven by non-Vodafone revenue and other than MNO (OTMO) contracts. In our second largest market Spain, revenue compared to the prior year increased by 4.3% during the third quarter driven by the active sharing agreement and tenancy growth. Greece showed the strongest growth across the markets in Q3 FY22 with revenue growing 8.3% YoY to €34m. This positive development was mainly driven by tenancy growth and increased service revenue chargeable to MNOs. The Other European Markets generated a total revenue of €53m in the third quarter, increasing by 5.3% YoY.

Vantage Towers co-controlled joint ventures

The Group's co-controlled joint ventures and joint operations include INWIT (33.2%) and Cornerstone (50%). The financial performance of our equity investments in INWIT and Cornerstone are in line with expectations.

INWIT delivered an increase for each of the main financial metrics compared to the prior year, with revenue growth accelerating in the third quarter of 2021 and tenancies growing by 10%. INWIT delivered total revenue[6] of €198m for the third quarter ended 30 September 2021 and €581m for the first nine months of the year. Revenue growth came from the progressive impact of new tenancies contracted in previous quarters.

Cornerstone delivered a Q3 total revenue[7] of €114m[8] and a 9M revenue of €339m for the period ended 31 December 2021. The revenue growth was driven by an increase in macro sites of 263.

Our Guidance

We confirm our outlook for FY22 as well as our medium-term targets

Our FY22 group outlook remains unchanged.

Measure	FY22 guidance	Medium-term Targets[9]
Tenancy Ratio for Consolidated Vantage Towers	-	>1.50x
Group Revenue (ex. pass through)	€995-€1,010m	Mid-single digit CAGR
Adj. EBITDAaL	EBITDAaL margin broadly stable with FY21PF[10]	High 50s percentage margin (based on Revenue ex. pass through)
Recurring free cash flow (RFCF)	€405-€415m	Mid to high single digit CAGR
Net Financial Debt to Adjusted EBITDAaL	-	Flexibility to exceed for growth investment
Net Financial Debt	-	€1bn leverage capacity

For FY22, we expect revenue (ex. pass through revenues) of €995 to €1,010m, delivering mid-single digit revenue growth, in line with our medium-term targets.

Our FY22 group revenue growth is expected to generate a broadly stable EBITDAaL margin with FY21PF[10]. The Group's expectation to achieve an adjusted EBITDAaL margin in the medium-term of high fifties per cent through operating leverage and optimisation initiatives remains unchanged. As stated before, these initiatives are expected to have an increasing effect over time, but limited impact in FY22.

Furthermore, we expect recurring Free Cash Flow (RFCF) to be in the range of €405-€415m in FY22. In the medium-term, we expect that the Group's RFCF growth rate will be mid-to high-single-digit.

As previously stated, the agreement with 1&1 underpins our confidence to deliver at the upper end of our medium-term targets. In particular, our mid-term tenancy ratio target of >1.5x is now highly secured as a result of the additional 3,800 tenancies contracted with 1&1, delivering increased revenue growth visibility for the Group.

6 INWIT results are the INWIT Q3 FY21 results that have been extracted from the INWIT Q3 FY21 Financial Results Press Release available at https://www.inwit.it/en/investors/presentations-and-webcasts/3q21-financial-results/
7 Cornerstone total revenue includes a pass through revenue of €79.1m in total, which consists of recovery of business rates passed through to the tenants and capital expenditure recharges.
8 An average GBP/EUR exchange rate of 1.16937 used for the period of 1 April 2021 to 31 December 2021.
9 Medium-term targets of the consolidated group excluding the UK and Italy.
10 EBITDAaL margin in FY21PF was 54%. See preliminary results announcement: https://www.vantagetowers.com/sites/tower-co-v2/files/2021-05/fy21-vantage-towers-preliminary-results-announcement-english.pdf.

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.

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
"DAS"	Distributed Antennae System
"FY22"	Financial year ending 31 March 2022
"GLBO Programme"	Ground Lease Buy Out Programme
"INWIT"	Infrastrutture Wireless Italiane S.p.A
"IoT"	Internet of Things
"LoRa WAN"	Long Range Wide Area Network
"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
"OTMO"	Other than mobile network operator (MNO) customers
"Passive Infrastructure"	An installation comprising a set of different elements located at a Site and used to provide support to the Active Equipment.
"Q3 FY21PF"	Pro forma for third quarter ended 31 December 2020
"Q3 FY22"	Third quarter ended 31 December 2021

"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.
"9M FY21PF"	Pro forma for nine months ended 31 December 2020
"9M FY22"	Nine months ended 31 December 2021

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.