Q1 FY22 Trading update Live Q&A Webcast

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Overview

Vivek Badrinath

Chief Executive Officer, Vantage Towers

Welcome

Good morning, everyone, and welcome to this First Quarter Conference Call for our results for Vantage Towers. I will start with a few opening comments and then we'll swiftly move into Q&A.

Opening Remarks

Main activities

So we announced this morning our Q1 fiscal 2022 results on the back of entering the SDAX in June. And as I mentioned in our full-year results announcement, our focus during this quarter has been unwavering. The development of our commercial activities focus on our operations, and in particular, the ramp-up of our BTS programme across our geographies, and then the pursuit of our efficiency initiatives, amongst which, of course, to focus on our landlords and the ground lease buyout programme. So those have been the main activities that the team has been driving over the quarter.

Financial Performance

This has translated into the following outcomes, so good commercial momentum, 200 additional tenancies. Our tenancy ratio went up to 1.41 and that's on the back of some decommissionings that were forecasted and planned in particular in Spain, linked to the active sharing programmes for which we were compensated through the portfolio management fee. Out of 200 additional tenancies more than 100 of these being non-committed additions in the vocabulary that we have been using across quarters. This means a revenue increase of 2.1%, up to €246 million versus €243 in the similar period last year. Our non-Vodafone revenues are up by 4.7%. So commercial momentum activities to develop the return on these very valuable assets and this very powerful grid that we have across Europe translating into these outcomes in this quarter.

Pipeline

BTS-programme

We have continued to industrialise our BTS programme, wrapping it up, and as usual in the telecoms, there's a lot of activity more in the second half. So, completing the build-up of the annual rollout programme, very happy with progress. And a lot of work going on to scale-up and make more efficiencies inside our BTS programmes, and that's what we have been focusing on during this quarter. Our ground is by our programme has reached 200 agreements signed and progressing well. New geographies stepping up in this programme and good progression overall.

Guidance

This allows us to reiterate and reconfirm our guidance for this year, which I will briefly recall, €995 to €1010, for the revenue line, excluding pass-through, broadly stabling EBITDA margin and RFCF in the €390 to €400 million range. It also allows us to confirm that we are well on track for our medium-term guidance of a tenancy ratio above 1.5, revenues in the mid-single digit, EBITDA in the upper 50s, recurring free cashflow in mid to high single-digit CAGR, 60% recurring free cashflow pay-out on the dividend, and a leverage base for excess as we started.

Summary

With this, I'd like to really turn it over to your questions. This is, I would say, very consistent quarter with what we had said at the financial year reporting, and all the teams have been working very hard throughout the quarter for delivering this performance. I like to remind you as well that we we're aiming for one question per analyst. With this, over to you for any questions. I'm joined as ever by Thomas Reisten, our CFO, and we'll be taking your questions together.

Q&A

Operator: Thank you very much, Vivek. Our first question today comes from Robert Grindel from Deutsche Bank. Robert, please go ahead, your line is now open.

Robert Grindel (Deutsche Bank): Good morning. Hopefully you can hear me okay. Thank you. It sounds like there was great progress on the list of optimisations, and particularly in Germany. If we had have received an EBITDA number this morning, an EBITDA number this morning, would these lease optimisations have benefited during the quarter. And what is the extent of the savings you're getting on the programme? I know it's early days, but that would be helpful. Thank you.

Vivek Badrinath: Thomas, would you like to take that one? I think you've been quite close to the tracking of this.

Thomas Reisten: Yeah. Absolutely. So indeed we are making good progress on the GLBO programme. If you look at the numbers, overall we have indeed made some progress in Spain. Some significant footprint there, 250 agreements now are, actually since the start of the programme commercially agreed or signed in Spain, and in Germany, we are gaining momentum with over 80 contracts agreed. And then the rest of the footprint, we actually are now at about 60 agreements. And that is very much really helping us to achieve our medium-term ambition as we have been actually pointing out of driving our EBITDA after lease's margin up to the high 50s and supporting obviously the initiatives that we actually have put in place in order to manage our overall cost base. In particular, in this case, as you're pointing out obviously on the leases.

So I don't want to get into individual benefits down at least per lease bases, just reiterating that's a bit commercially-sensitive as we don't want to disclose individual returns in this context, as otherwise, obviously, that might get into the market and be not helpful for the execution of the programme then in the future. But overall, really good commercial momentum in that space, I mean, helping us on the bottom-line management. And as a consequence, we have reiterated that our fiscal year 22 guidance stands, and that we are very confident to achieve the broadly flat EBITDA margin for fiscal year 2022. And then from there onwards well on track to achieve our medium-term ambition.

Robert Grindel: Thank you.

Operator: Thank you very much, Robert. Our next question today comes from Sam McHugh from Exane. Sam, please go ahead, your line is now open.

Sam McHugh (Exane): Okay, thank you. It's good to see you signing these commercial agreements in Spain and Greece and Czech Republic. Wondering if you could just give us an idea about the relative pricing of those agreements versus your current secondary tenant pricing. Just to help us kind of model the longer-term growth from these contracts. Thanks very much.

Vivek Badrinath: Yeah. That's a slightly - that's a very broad question because there's a variety of things there right? Right box, smaller installations. What's nice about it is its second country. So I just want to pull out what comes out of it. I will give comments on each one of them and then we can, that might help you just see a bit the picture. Sigfox, what's definitely interesting, one, it's good numbers of tenancies, and it provides a very interesting service because you're covering a whole country with this. So if you look at Sigfox, 180 tenancies in 22 itself out of 280, but very interestingly it's the second country. And that this is something we can do and develop at base because we have a pan-European view and a good pan-European direction with Sigfox, hence we save a lot of time on negotiating the models and so on. Smaller than a second tenancy, because much I would say it’s significantly smaller footprint on the towers, but a very good operational benefit for us.

If I take things like the tenancies that we're expecting, we're expecting about 400 tenancies in Czech out of the full partnerships that we have signed. Those will typically help to support small-scale ISPs. So what's interesting in this one is, we have realised that the other than mobile operator space, it's actually very buoyant. There's lot of mid-size regionalised opportunities that you can catch-up with that. Now we're a pretty lean organisation. So we do need to stretch ourselves out to reach these players, because we can't be putting Vantage Towers employees in cars, driving across the breadth and width the Czech, to go and identify local ISPs for serving mid-size communities. So we have really expanded that reach. And I think that's the other, I would say idea behind the commercial approach, is really to build a network that accesses these opportunities that otherwise, frankly, are hidden. No mobile operator sees those things because they're just below the radar.

So this means an ISP se - up which typically gives wireless broadband in an area on that kind of spectrum, it will be lower prices to customers than typically mobile connections. But nevertheless, pretty healthy business as well. It's localised within a region and you cover a set of countries. Moreover, it fits our purpose perfectly. We're bringing digital to communities across Europe. So straight down our purpose. LineoX is also interesting, it will depend a lot on size. So there's a full range of those because LineoX is opening our 9,000 sites to a national microwave player in Spain. They've got microwave links across Spain. They need high points to put them on. So that's obviously very sticky for them, especially when you know how microwave line of sight needs to work. Once you're there, you really don't want to move unless someone builds a high rise in the middle. That's pretty much where you are. So LineoX, we're opening 9,000 sites in Spain. We expect good benefits for that because that really gives them the ability to build a national grid.

Variety of things, variety of sizes, comes in small, medium and large. Mass mobile, if you look at mass mobile, that's a straightforward, no partnership. You remember that we had this conversation about, are you getting standardised frameworks with every operator? I've been boringly repeating that every quarter, we add a few. Which means when we sit down with MNOs, other than Vodafone, set up a framework, build a governance where we meet with them on a frequent basis, put in place the duration CPI and so on. So for instance, most familiar, you have CPI, and so we standardise our process.

So what you can see it's a very disciplined execution of MNOs, standardising the frameworks, utmost, other than mobile operators getting pan-European deals at a Sigfox and then smaller, other than mobile operators, getting a commercial channel to reach them. And all those things being executed very well across countries with a lot of sharing. So that's the commercial momentum that's really healthy underlying what we do. And Sonya's team have been very disciplined on this over the last few months.

Sam McHugh: That's very helpful colour. And that mass model, is that one for new pops or do you just upgrading existing sites? If I can be cheeky and ask a small follow-up?

Vivek Badrinath: It's where they need stuff. So you guys, they have some level of roll-out in Spain, and we have got this framework that allows us to work with them. The volumes can tell, their network profile might evolve, and we have a very straightforward framework where basically they can order very easily from us and we know what that gives.

Sam McHugh: Great. Thank you.

Operator: Thank you very much, Sam. Our next question today comes from Giles Thorne, from Jefferies. Giles, please go ahead, your line is now open.

Vivek Badrinath: Hi Giles. Good to see you.

Giles Thorne (Jefferies): Morning. Thank you. Hope you can hear me. I wanted to ask about owning active infrastructure. The direction of travel is now set with the Polkomtel deal in Poland for Cellnex. And it's been quite a few months since that deal was announced. So I'm sure the senior leadership team at Vantage have had an opportunity to digest it and talk about it. I'd be interested if I can get an update from you on what you think about that type of model, that type of infrastructure that was there.

Vivek Badrinath: Well, let me try to parse the answer, and indeed, yeah, we have been scratching our heads on this. It would be - it's fair to say we have. Maybe three layers to, three parts to the answer, sorry for being a bit tedious on this. There's the matter of what's the benefit of the tower cone in the active infrastructure. So if there is a financial engineering dimension, I think that needs to be looked at in isolation. Why? Because it is a CapEx model with shorter cycles for active equipment than what we typically do. We have small maintenance CapEx long duration assets. I mean, we do fix and repair a bit, our towers, but it's fair to say that compared to generation changes on radio, it's very different. So and the closer you come to the centre of the network, centre in terms of high traffic, the more action takes place.

And so the ability to rotate and move equipment from the centre to the edge is typically one of the characteristics that operators leverage a lot to manage their CapEx. So you have a big 4G which becomes insufficient for a city centre, but it's very well adapted to a suburb. You do this noria of equipment upgrades and changes, and that's what helps you to manage your network. The other part is - so the financial engineering part, we need to look at the returns taking into account that the CapEx cycles are not the same. So I'd say the math is not quite the same and that's something we need to get our head around.

On the operational side, I am of the view that operators need to be managing the end-to-end quality of service. And that a lot of that is in the features that are activated on the software of the equipment. And that needs to be controlled by those who manage the end customer quality of service. So that's the boundary, I feel it's probably a bridge further than what we want to do. That said, we're currently trying to identify where the value of us operating it, is the greatest. Where is it the greatest when we were able to bring multiple users in a place?

And ideally, where the CapEx cycle is not too choppy, because that's not our forte in terms of changing equipment every three, four or five years, that would be, I would say a departure from our current business model, certainly. When you look at DAS, the answer is, yes, it's relevant. So obviously, we are relevant because we make it easy for three operators to share an infrastructure that is constrained on rural sites. We do believe there is space for tower posts to help operators more, especially when they're trying to share and bring down the cost when they divide. Owning passive is something you need to understand with respect to the rest of our numbers. And they're not the same numbers, they're not the same IRRs, they are not the same, let's say cash titles. And I think there, we have to walk into it with open eyes. That's where the thinking is that this point.

Giles Thorne: Very good. That was it. Thanks for that.

Vivek Badrinath: Thanks, Giles.

Operator: Thank you very much, Giles. Our next question today comes from Giovanni Montalti, from UBS. Giovanni, please go ahead; your line is now open. Giovanni, you might have to unmute your line locally. Giovanni, are you there? Can you please try and unmute your line locally? Okay, let's move on and we can come back to Giovanni in a moment. So our next question today comes from Simon Coles, from Barclays. Simon, your line is now open. Please go ahead

Simon Coles (Barclays): Morning guys, thanks for taking the question. So, you're having quite a lot of momentum with IoT buys and sort of these alternative customers for the towers. And like you said, in the Czech Republic, you are sort of searching far and wide to find any sort of the opportunities. I'm just wondering if you could sort of frame how big an opportunity you actually see all these sorts of alternative customers being in the medium-term. And then maybe you could just sort of remind us, when you set the 2,100 non-connected tenant target in the medium-term, how big a portion was maybe IoT as a contributor? That was it actually considered, or is this all the sort of upside to what we were expecting, say, back in November? Thank you.

Vivek Badrinath: Thomas, would you mind taking the - I mean, I know you've given a bit of a view of the revenue parts so far. If you'd like to take this one?

Thomas Reisten: Yeah, absolutely. So if you start with this part, I mean, of the question, and overall you indeed remember, obviously, the 2,100 was the incremental tenancies we need to achieve over and on top of our committed growth already. So the overall tenancies that we were giving as - that we need to achieve overall in order to achieve our passing 1.5X was 15,500, 2,100 of those are non-committed. And as a consequence, obviously non-Vodafone in that context as well. We have passed through 660 by the year end and have now added, obviously another hundred of those non-committed so really good progress from that perspective. 2,100 overall, and the BTS programme is all mobile network operator. And then if you step back, what are our revenue components and the guidance that we have actually given at that point in time to achieve mid-single digit CAGR over the medium term. I mean the largest component is the build to suit programme. Then it's inflation linkage, and then it's the remaining 2,100 tenancies. So within this, we have always said as well that OTMOs, DAS, small cells, and IoT services did not form a significant part of that guidance overall. So it does indeed in the end, if you will, continue to build this out as a significant element of our business. Actually, help us to obviously drive the growth of revenue and secure the growth of revenue actually on the mid-single digit CARG even stronger.

The Sigfox deal really brought a lot of attention to the IoT community. And I think it's - I mean, they're all trying since they've got a two-level chain. They have an IoT network and then they have to put IoT devices, the ability to cover nationally, like which we are offering to SigFox in Germany and Greece, obviously creates some level of, I would say, stimulation in the IoT market, as well in those geographies from the other IoT providers. So we're getting a lot of in-bound now on this, which is very interesting.

Simon Coles: Yeah. Very interesting. Great. Thanks guys.

Operator: Thank you very much, Simon. Our next question today comes from James Ratzer, from New Street. James, please go ahead, your line is now open.

Thomas Reisten: You might be on mute, actually.

Operator: James, I think you're on mute.

Vivek Badrinath: James, apologies.

Operator: Yes, we can't seem to hear you. Can you just make sure that you've got the right microphone device selected?

Thomas Reisten: I'm afraid not.

Operator: Okay, James, is it all right if we come back to you? Thank you. So our next question today comes from Nick Delfas from Redburn. Nick, please go ahead, your line is now open.

Nick Delfas (Redburn): Thanks very much, I hope you can hear me. Just a quick question on the phasing through the year. So is there any particular reason why Q1 might be different in terms of run rate of new tenancies compared to the rest of the year? Has it got to do with network planning or sort of sales planning annual cycle? Or should we expect the Q1 is quite indicative of the run rate for the year? Thanks.

Vivek Badrinath: Well, no. This is the typical pattern in operators. I mean, there's a bit of a race to spend. I mean, you look at the CapEx lines of operators, you know those better than many. So you know how the cycle works. And so, typically, annual planning, budgeting happens in the end of the year, the ramp, the production pipeline gets built. Of course, we do have acquisition pipeline, but it's fair to say that the risk tends to accelerate in the second half, which is in our interest because we have a big ramp-up of the BTS programme because this is the year where 5G white spots, et cetera, there's much more to produce than has been typically produced in the years prior to 5G and to some of these programmes. So we're ramping up the industrial production and you can expect a higher H2 than, H1, of course, that's the rhythm of this industry. I must admit that when I was running technology in other jobs, it used to drive me crazy that we weren't able to make it more smooth for supply chain efficiency reasons. But I think that was a battle I lost five years in a row. So that's what it is.

Nick Delfas: Okay. Thanks so much.

Operator: Thank you very much, Nick. I'm just going to try and go back to Giovanni, and ask Giovanni to unmute on his mobile please, and your line should now be open. I've just sent a request to unmute.

Giovanni Montalti (USB): Can you hear me now?

Vivek Badrinath: With a bit of an echo, yeah.

Giovanni Montalti: Hello.

Operator: Hello. I can hear you. Giovanni, please go ahead. So we can hear you now. Could you maybe just dial out from the phone so that we don't get the echo?

Giovanni Montalti: Well, I hope that this is decent quality.

Operator: Yeah.

Giovanni Montalti: So, you were already mentioning about the acceleration of activity in H2 for new sites and new tenances. I guess this is going to help also the trend of revenues, let's say to bring it in line with the guidance range. I just wanted to understand your perspective. Also, some acceleration in terms of pricing, on top of the, let's say, the acceleration comes from volume you were reflecting. Thank you.

Vivek Badrinath: Go ahead, Thomas.

Thomas Reisten: I mean, in terms of pricing, obviously we have been given guidance throughout the IPO phase in terms of what others see, how much is an anchor tenancy? What are the typical discounts for country base? We have given a bit of guidance there as well. So I mean, that doesn't really change. I mean, we don't see movements actually from a pricing point of view up or down, for what it's worth, at this stage. So this very much about the volume of, on the one hand tenancies, first-half versus second-half. And secondly, obviously as well, about the volume of bill to suit, first-half versus second half. And then the ramp-up within the year, anyway, in terms of quarter-by-quarter. You've seen us increasing our revenue from Q4 for last fiscal year to Q1 by 1%, quarter-over-quarter, and opposite to 2.1% if you compare all of that to the first quarter last year. So expect that to accelerate throughout the next quarters, and in particular, the first-half to second-half, and Vivek has been discussing.

Giovanni Montalti: If I may follow-up really quickly, the CPI escalators when does it kick in for the different quarters?

Thomas Reisten: So in terms of inflation, the inflation linkage is, obviously, kicks right at the beginning of the year. That's right.

Giovanni Montalti: But is it sort of at the beginning of the year just to confirm, or is it when the contract was signed, so forth? If you've signed the contract in Germany, I don't know, in like two calendar year last year, it would kick into Q2, and then you will have another, you know, CPS escalator for another country kicking in at a different stage. In this incidence, the assets would have contributed in a different stage. I was wondering if the CPI escalators are kicking with the different phasing throughout the year. Thank you.

Thomas Reisten: No, they come in actually throughout the year, that one. And the fact that it's the whole year

Vivek Badrinath: It's an annual process, at the beginning of the financial year.

Giovanni Montalti: Thank you.

Operator: Thank you very much, Giovanni. For our next question today, we're going to try and go back to James Ratzer. So James, please go ahead, your line should now be open.

James Ratzer (New Street): Yes. Hello, can you hear me now?

Operator: Yes. Perfect, we can hear you.

James Ratzer: Thank you, and sorry, I don't know what happened earlier there. So just wanted to follow on from those questions really from Nick and Giovanni, in particular around the German white spot build out, please, for the phasing through the year. I mean, looking at the numbers, it would seem as if there've been almost no tenancies added in Germany in the last two quarters. So you're able to just give some indication of what is going on with the build out phase? Are there a whole bunch of towers that are in the production line that are about to go live? Maybe you can help us both with the spacing of the white spots in Germany through this year. And maybe you can tell us how many actual white spots sites you expected to be added in Germany this fiscal year. Thank you.

Vivek Badrinath: Well, look, the white spots, it's fair to say, they do carry some level of work. I mean, they're typically pretty far out, need electricity and backhaul organised. So they tend to be pretty significant construction projects, per se. They are in remote areas and destined to give broad geographic coverage in areas which do not have it so far. So they are, I would say, typically ground-based towers which have a longer cycle time, need approvals, need permits and so on. Because they're quite visible in the scenery. So they are more back-end loaded into the year. I don't think we have given more detailed breakdown of that, but it's fair to say that that's largely a H2 production matter, so that's the point. The operators have given us their orders for white spots they've been designing because it's a three-player game, so they have to allocate and so on. That process took place in the latter part of last year and the beginning of this year. So it obviously needs to go now to the production pipeline and these are not the shortest of all production pipelines, considering white spots. So expect it back end loaded for white spots, obviously.

But very big numbers in the production machine that we track on a very regular and systematic basis, so there are lots of pieces in motion. We have done a lot of changes to the production process, also to accelerate it and deliver in a good lead-time reduction. So that's what we're focusing on. That's the ramp-up that we have been talking about for this year. It's all those things that we're putting in place operationally across our system.

And on the other hand, on call locations in Germany, we're growing with all tier-one MNOs as well in terms of co-location. So that's progressing and we're putting up those tenancies, they will ramp up as well during the year. They've also got an annual planning cycle. So that's typically once again, more back-end loaded, I guess, than average.

James Ratzer: And do you think you might be able to get 500 to 600 white spot sites built this year in Germany, or is that maybe a little bit optimistic?

Vivek Badrinath: I'm not sure, I'd comment on that here. We have got the shovels in hand, so let's dig it properly.

James Ratzer: I thought I'd try to ask, but no. Thank you for that, that's great.

Operator: Thank you very much, James. Our next question today comes from Emmett Kelly, from Morgan Stanley. Emmett, please go ahead, your line is now open.

Emmett Kelly (Morgan Stanley): Yes. Good morning everybody. I just have a thematic question, if I may please. I've seen a couple of interesting rail coverage contracts signed in the sector over the last few months. I'm sure you've seen Cellnex sign some big rail contracts here in the UK. They're looking to do work with TFL to finally bring us some coverage on the tube. And I'm sure you saw Deutsche Funkturm signed a deal I think with Deutsche Bahn, in Germany as well. Is this an area where you believe you can maybe win incremental business for maybe macro-sites, DAS, small cells, et cetera? Is the scenario focussed for Vantage for the moment?

Vivek Badrinath: Indeed it is commercially, and we are entering into dialogues with railway companies. And I think it's promising for two reasons. One, as you know, decarbonation means fewer short-term flights. So more reliance on rail. One of the advantages of rail is the opportunity to be connected during travel. So that's, I think a very positive development. There is strong governmental pressure to improve coverage across railway lines, which means that this often difficult relationship between railway companies and mobile operators, I think there is a real push to resolve those issues. And there is a win-win there because the railway companies are going to have to upgrade their mobile systems for their own security needs. For the specific railway specific radio systems, they are going to need more sites. Those sites can be in codes dual use partly for the internal needs of the railway operator and partly for customers. So I think there is indeed opportunity along the railway lines. We see this as well in the recovery funds and the connected Europe Funds that the European Union is launching, and we feel that those could be opportunities for us to pursue. So we are engaging very actively with railways across our geographies. These are longer-term projects usually. It always takes time because permissions along railways tend to always take longer to obtain, there are security issues, et cetera. So these are not short-term projects, but they are indeed part of our story. So we're very much on that. Very relevant indeed.

Emmett Kelly: Thank you.

Vivek Badrinath: And I do have a Chairman of the Supervisory Board who happened to run the Deustche Bahn for some years. And so he's also very, I mean, he's teaching us a lot about how it works on the railway side and what the constraints are on both sides. Very beneficial to us.

Operator: Thank you very much, Emmett. Our next question comes from David Wright from Bank of America, Merrill Lynch. David, please go ahead.

David Wright (Bank of America, Merrill Lynch): Hello guys. I assume you can hear me. So my question follows James'. Now, I think there might be a detail that sort of accounts for some of the tenancy movements in Germany and specifically that revenue line, I think it's 0.7%. And the obvious question is, inflation should mean that Germany is growing at least 1%. And I suspect some of the net-zero movements and tenancies is down to O2D, who I think has actually removed some tenancies. So that accounts for the net-zero, as opposed to maybe, gross adds on your side. So what I wanted to know is, is that dynamic? How material was it in terms of tenancies, as they complete their network rollout integration, I should say? And should we expect that to continue in Q2, Q3, Q4 or not? And if so, what materiality? Thank you.

Vivek Badrinath: Yeah, you're right. That this is the tail of the E Plus TEF merger. So there are some sites where some level of decommissioning happens. So you're spot-on. That's one of the main reasons for the net decrease on sites. And I would say that is the tail of that programme that's been running for quite a few years. Thomas, I don't know if we have given more colour on that so far but -

Thomas Reisten: Yeah. So I think it's fair to say that underlying, we actually would achieve a pretty good growth, which is there, so, I mean, in this case, if you correct for that, it's approximately 1.5% underlying growth. So that obviously means that you are growing faster than the inflation linkage. However, overall, as we were saying, the acceleration is going to happen and as Vivek was saying, these tendencies are a bit of an on- off effect at the tail end of this consolidation project that is happening between Telefonica and the Eplus network. So as a consequence, going forward, the healthy underlying gross growth is expected to then obviously on the net basis again.

David Wright: I see. So it's not far off that percentage point of dragging in Q1 for Germany, A little bit lower. are we talking, you know, a similar magnitude in Q2 and back to zero and H2, because I think that would, that would definitely accelerate for quite a step change in the growth. What, how should we expect that phasing, Thomas, So if you can give us any guidance?

Thomas Reisten: Yeah. So I think the guidance I can give to you is really that we will actually see a revenue acceleration happening throughout Q2, and then in particular, the second half. So, if you think about this as an ongoing correction, we might have some impact there, which is still in the first half. And then from there onwards, to see the net growth hopefully going to come through. Then again, and then that's what we are expecting. So as a consequence, that will add you to our guidance of achieving fiscal year 22, staying somewhere in terms of the range at €995 million up-to €1.01 billion of revenue. So in terms of phasing, this is the tail-end. So we don't expect that much of incrementald tenancy losses actually to come through throughout the year.

David Wright: I see. So if we're just thinking about next quarter and just phasing our expectations of H1 versus full year EBITDAaL margin, we should expect a similar story. So the H1 are arguably a little bit lighter but then stronger. And H2 as an exit rate into 2023 onwards.

Thomas Reisten: Well, we haven't really given, obviously in the first quarter, the EBITDAaL margin, but I can tell you that what we are seeing is that we are making really good progress on our efficiency programmes. And as a consequence, we are actually confident, very confident that we will achieve our guidance on staying broadly flat year-on-year on our EBITDA margin. In terms of phasing, you've seen us being successful on the GLBO programme. I can tell you that it's the other cost efficiency programmes in the maintenance space we are making actually, as well progress in that space. So as a consequence, they will continue to add and growingly add throughout the year.

David Wright: I see. Yeah. I'm just sort of thinking about sort of expectations that - the H1 margin might be, a bit like the Q1 growth likes the full year, implies full year revenue growth and it feels like the H1 margin could potentially like the full year margin guidance. I'm just thinking about phasing just to manage our expectations into the next quarter, but that's useful Thomas thank you very much.

Thomas Reisten: Yeah. But I mean, they don't necessarily connect to the - in all cases to the revenue line. Right. So I would not actually at this point in time say that there's a drag on the EBITDAaL margin. I would be careful with that statement, not saying -

David Wright: Very good, Thomas. Thank you very much.

Operator: Thank you very much, David. And that was actually our last question for today. So, I am now going to hand back to Vivek and Thomas to close.

Vivek Badrinath: Thank you very much. And thanks for all your questions and your interest in this warm summer period for our business. So as you can see, we're really focusing on the big areas that indeed make the difference between, I would say, tower activity inside an operator and an independent, multi-country, pan-European, tower company. So using the scale that we have to develop commercially, both big deals, I would say, are multi-country deals. Also deepening the reach of our commercial activity. On the operational side, ramping up and industrialising our build to suit plans, which indeed will ramp-up over the year, into the second-half. And executing well on our landlord activities. All three things that give meaning to the fact that we are indeed an infrastructure-focused, open access player, with many customers. 4.7% growth on non-Vodafone revenues, which also shows that we are indeed able to sell and sell well and grow with our non - beyond Vodafone into the broader market.

So, a very execution-focused quarter indeed, where things are moving well and progressing into the second quarter. We'll be meeting again for the, we have our AGM next week, and we will meet again for the half-year where we will be providing a more fulsome disclosure slightly closer to the full-year one. So you will see a few more, a deeper set of numbers at that point in time. And with this, I'd like to thank you. And if you're taking some time-off during the summer, wish you a very pleasant holiday period, staying safe and enjoying the summer. Thank you very much.

[END OF TRANSCRIPT]