VANTAGE TOWERS

Vantage Towers AG: Q1 FY22 Quarterly Statement

22 July 2021[1]

Vantage Towers sees continued momentum in Q1 with increasing tenancies and promising new partnerships; on track to meet FY22 guidance

- Sustained commercial momentum across our business:
  - ✓ Delivered more than 200[2] new tenancies in Q1 FY22 resulting in a tenancy ratio of 1.41x (Q4 FY21: 1.40x), continuing the progress towards our medium-term target of >1.5x
  - ✓ Developing commercial opportunities with new partners and customers across our footprint to drive the technological evolution of our services
- Group Revenue (ex. pass through) of €246m in Q1 FY22, implying a 2.1% year-on-year (YoY) growth compared to Q1 FY21 pro forma of €241m
- Vantage Towers entered the SDAX on 21 June 2021
- FY22 guidance unchanged: revenue €995-€1,010m, EBITDAaL margin broadly stable and recurring free cash flow (RFCF) of €390-€400m

Performance summary	Q1 FY22 *(unaudited)*
Macro sites	45.6k
Tenancy ratio	1.41x
Group Revenue ex. pass through (€m)	246
revenue growth year-on-year (YoY)	*2.1%*

Please note: Q1 FY21 macro sites and tenancy ratio are not available.

Vivek Badrinath, CEO of Vantage Towers AG, commented:

After an exciting first year launching our company, activity in FY22 has continued at pace. In the first quarter, we were able to further advance the commercialisation of our business by signing promising new partnerships, which will bring us new tenancies. We recorded revenues (ex pass through) of €246m in Q1 FY22 and continue to remain on track to deliver our guidance and our medium-term targets.

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1 Updated on February 1, 2022.
2 Sites/ tenancies added from 1 April 2021 to 30 June 2021.

Commercial update

Continued commercial momentum across the business

Fully owned segments

30 June 2021	DE		ES		GR		Other European Markets		Consolidated	
	Q4 FY21	Q1 FY22	Q4 FY21	Q1 FY22	Q4 FY21	Q1 FY22	Q4 FY21	Q1 FY22	Q4 FY21	Q1 FY22
Macro sites	19.4k	19.4k	8.7k	8.7k	4.8k	4.8k	12.7k	12.7k	45.7k	45.6k
Tenancy ratio	1.21x	1.21x	1.70x	1.74x	1.65x	1.66x	1.39x	1.40x	1.40x	1.41x
Market position[3]	#2	#2	#2	#2	#1	#1	#2	#2		

Please note: Q4 FY21 is used as a comparative figure, Q1 FY21 macro sites and tenancy ratio are not available.
Due to rounding, the macro site break down does not add up; the decrease in number of sites is mainly driven by the decommissioning of sites in connection with our active sharing agreement in Spain.

In the new financial year (FY22), we have continued to see our commercial story progress thanks to our high-quality grid and powerful value propositions across our European footprint. In particular, we have continued to make good progress across our operational and commercial objectives:

- **Powering Europe's digital transformation:** Vantage Towers' consolidated portfolio remained broadly stable at 45.6k macro sites across the 8 European markets. The increase in new built sites (BTS) was slightly offset by the previously communicated decommissioning of sites, in particular driven by our active sharing agreement in Spain.
- **Continued commercial momentum:** We delivered more than 200[4] tenancies in Q1 FY22, with more than 100[3] of these being non-committed additions. Our overall tenancy ratio has increased from 1.40x in Q4 FY21 to 1.41x in Q1 FY22. In Spain the tenancy ratio has risen from 1.70x to 1.74x in quarter despite the small decline in macro sites[5]. We remain well on track to deliver our medium-term tenancy ratio of >1.50x.
- **Promising commercial opportunities**: In Spain, we have signed a partnership agreement with LineoX[6] and expanded our collaboration with Masmóvil. The agreement with Sigfox Greece is also another important step on our way to becoming a 5G superhost. And moreover, across our footprint we secured further partnership agreements in Greece and the Czech Republic. With these new contracts we are developing commercial opportunities with new partners and customers across our footprint in Europe.
- **Efficiency programme to drive margins:** Our programme to optimise ground leases through buyouts or renegotiations is showing continued progress to date, the following milestones have been achieved:
  - ✓ ~250 agreements commercially agreed or signed in Spain
  - ✓ Germany is accelerating with ~80 contracts agreed
  - ✓ Promising initial results in other European markets with ~60 agreements

In Spain, Vantage Towers has signed a new 8-year partnership with LineoX that offers them access to up to 9,000 of our existing sites demonstrating the high quality and connectivity of our grid. LineoX will use these sites to offer a number of services including radio links to both its existing and future customers across the country. Another excellent future growth opportunity is with Masmóvil in Spain, where we are expanding our collaboration with them to accelerate the future 5G roll-out and upgrades in both urban and rural areas.

In order to shape the future of our industry, we are also building a strong network across our footprint to further drive the technological evolution of our services and test new products and solutions. In supporting our goal to become a 5G superhost in Europe, we have signed a 10-year contract with Sigfox in Greece. This is expected to deliver 280 additional tenancies over the next three financial years and 180 of these will already be achieved by the end of CY22.

3 Estimated based on total number of macro sites compared to other market participants.
4 Sites/ tenancies added from 1 April 2021 to 30 June 2021.
5 Small reduction in macro sites in Spain is not directly visible due to rounding, so macro sites appear stable at 8.7k sites.
6 LineoX is a wholesale provider of connectivity services and has a network of 10,800 radio links in Spain to provide internet connectivity, especially in those remote areas that cannot be accessed by cable or fibre optics. For more information, please visit the company's website: https://lineox.es/.

Furthermore, we have signed a partnership memorandum in Greece with 5G Ventures SA to support 5G innovations and new business models. Accordingly, selected businesses funded by the Phaistos Investment Fund (managed by 5G Ventures SA) will have access to Vantage Towers' portfolio in Greece to pilot their range of products and services.

Finally, Vantage Towers Czech has signed contracts with four new customers in Q1 FY22. These framework agreements are expected to deliver around 100 new tenancies per customer over the next three years, therefore ~400 tenancies in total in the Czech Republic with the following customers:

- ✓ VanCo: Distributor of telecommunications equipment, microwave links, and products.
- ✓ WIA: Provider of residential and business services with tailor-made solutions.
- ✓ NHK: Installation partner for last-mile connectivity, service and support.
- ✓ CBL - Communication by light: Provider of business services, microwave connections, free and licensed bands.

Summary Financial performance

Financial performance on track

Total Revenue Breakdown in €m[7]	Q1 FY21PF (unaudited)	Q1 FY22 (unaudited)	YoY (%)
Macro site revenue	225	228	1.3%
Other rental revenue	10	11	10.0%
Energy and other revenue	6	7	13.7%
Revenue (ex. pass through)	**241**	**246**	**2.1%**

In the first quarter of this financial year (Q1 FY22), we generated total revenue (ex. pass through) of €246m, an increase of 2.1% compared to the prior year's pro forma figure (Q1 FY21PF) of €241m. Macro site revenue of €228m increased by 1.3% compared to Q1 FY21PF revenue of €225m. Macro site revenue represented 92.9% of total revenue (Q1 FY21PF: 93.5%) with growth being primarily driven by new tenancies and macro sites.

Other rental revenue of €11m (Q1 FY21PF: €10m) increased by 10.0%, whereas energy and other revenue increased by 13.7% from €6m to €7m.

Furthermore, in Q1 FY22 more than 200[8] new non-Vodafone tenancies have been added, of which more than 150 were tenancies in Spain, mainly driven by the active sharing agreement. Revenue from customers other than Vodafone principally comprised macro site revenue. In the first three months of this financial year, we generated revenue of €40m from customers other than Vodafone compared to the prior year pro forma revenue of 38m, an increase of 4.7%.

Segmental Revenues (ex. pass through) in €m	Q1 FY21PF (unaudited)	Q1 FY22 (unaudited)	YoY (%)
Germany	119	120	0.6%
Spain	40	42	7.4%
Greece	32[9]	32	0.8%
Other European Markets	51	52	2.1%
Consolidated	**241**	**246**	**2.1%**

Germany is our largest segment earning total revenue of €120m (Q1 FY21PF: €119m) in Q1 FY22. Revenue in Spain increased by 7.4% during the quarter compared to the prior year from €40m to €42m and Greece generated total revenue of €32m which increased slightly by 0.8% from €32m. Finally, other European Markets generated €52m in the first three months of this financial year increasing by 2.1% YoY from €51m.

6 See notes in Appendix.
8 Sites/ tenancies added from 1 April 2021 to 30 June 2021.
9 Incl. 100% of Greece.

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 has recorded a Q1 total revenue[10] of €190.2m for the quarter ending 31 March 2021 and Cornerstone a Q1 total revenue[11] of €112.5m[12] for the quarter ending 30 June 2021.

Our Guidance

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

Our FY22 group outlook, which we published in our preliminary results and our annual report, remains unchanged. Just to reiterate previous guidance and narrative:

Measure	FY22 guidance	Medium-term Targets[13]
Tenancy Ratio for Consolidated Vantage Towers	-	>1.50x
Revenue (ex. pass through)	€995-€1,010m	Mid-single digit CAGR
Adj. EBITDAaL	EBITDAaL margin broadly stable with FY21PF[14]	High 50s percentage margin (based on Revenue ex. pass through)
Recurring free cash flow (RFCF)	€390-€400m	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 revenue growth is expected to generate a broadly stable EBITDAaL margin with FY21PF[14]. 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 €390m to €400m in FY22. In the medium-term, we expect that the Group's RFCF growth rate will be mid-to high-single-digit, in line with our previous medium-term guidance.

10 INWIT results are the INWIT Q1 FY21 results that have been extracted from the INWIT Q1 FY21 Financial Results Investor Presentation available at https://www.inwit.it/en/investors/presentations-and-webcasts/1q21-financial-results/
11 Cornerstone total revenue includes a pass through revenue of €31.3m in total, which consists of recovery of business rates passed through to the tenants and capital expenditure recharges.
12 An average GBP/EUR exchange rate of 1.160149235 used for the period of 1 April 2021 to 30 June 2021.
13 Medium-term targets of the consolidated group excluding the UK and Italy.
14 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.

Appendix

The table "Total Revenue Breakdown in €m" on page 3 and the corresponding paragraphs on page 3 have been updated compared to the first publication of the Q1 FY22 Quarterly Statement of Vantage Towers AG dated 22 July 2021. Previously, Macro site revenue for Q1 FY22 was reported as €233m and the comparative revenue in Q1 FY21PF as €229m. Other rental revenue for Q1 FY22 was reported as €7m and the comparative revenue for Q1 FY21PF as €7m.

The above-mentioned table of "Total Revenue Breakdown in €m" and the corresponding paragraphs on page 3 now include a reclassification of c. €4m from Macro site revenue to Other rental revenue in Q1 for both financial periods to ensure a consistent presentation. Such reclassification has, however, no impact on the total rental revenue or total revenue. Such reclassification has been and will be applied to all subsequent reporting periods and all comparative numbers will be shown accordingly. Due to rounding differences, numbers presented in the above table and the previously reported numbers may not deviate precisely by €4m.

For clarification purposes, the previously reported figures (dated 22 July 2021) were as follows:

Total Revenue Breakdown in €m (previously reported)	Q1 FY21PF (unaudited)	Q1 FY22 (unaudited)	YoY (%)
Macro site revenue	229	233	1.8%
Other rental revenue	7	7	0.9%
Energy and other revenue	6	7	13.7%
Revenue (ex. pass through)	**241**	**246**	**2.1%**

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

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
"CY22"	Calendar year ending 31 December 2022
"Q1 FY21PF"	Pro forma for first quarter ending 30 June 2020
"Q1 FY22"	First quarter ending 30 June 2021
"FY22"	Financial year ending 31 March 2022
"GLBO Programme"	Ground Lease Buy Out Programme
"INWIT"	Infrastrutture Wireless Italiane S.p.A
"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.
"Revenue (ex. pass through)"	Total revenue excluding pass-through recharged capital expenditure. Recharged capital expenditure revenue represents direct recharges to Vodafone of capital expenditure in connection with upgrades to existing sites.
"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.

Pro Forma figures

Q1 FY21PF figures have been based on previously disclosed H1 FY21PF figures, no Q1 FY21PF results have been released before.

Rounding

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