Vantage Towers FY23 HY Results Q&A

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Introduction

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Welcome

Good morning, everyone. And welcome to our analyst call that follows our half year results announcement that went out this morning. So we will make this Q&A session as usual. But before that, I just thought I would share a quick update on first of all current events and also some highlights of H1 fiscal 2023.

Key Highlights

So, as you have seen, on 9th November, there was an announcement by Vodafone with GIP and KKR about the creation of a joint venture, which will hold the 81.7% stake in Vantage Towers that Vodafone currently owns, and to launch a voluntary takeover offer in the forthcoming period.

This is a strategic co-control partnership, as Nick Read had announced as being the core scenario or hypothesis that Vodafone wanted to pursue. And it is with long-term investors who have strong expertise in digital infrastructure and share our view of the opportunities that are offered by the sector for long-term growth and value creation.

So the joint venture will launch a voluntary takeover offer for the outstanding Vantage Towers shares for €32 per share, which is a premium of 33% to the IPO price. And we view this as fair as adequate and indeed attractive. And both the Vantage Towers Management Board and the Supervisory Board welcome this creation.

The offer document will only become available in the beginning of December. And we then will publish our reason statement during the first two weeks of the acceptance period. So, for today, there's not much more we can say because that is the next big milestone, voluntary takeover offer comes out early December. We issue on the back of this offer document, a reason statement and then the process continues.

But that is indeed a significant highlight for the company and a big milestone after the previous one, which was, I think, the IPO and a good progression of the value offered to shareholders through this momentary takeover offer.

I will now move back to our more standard agenda of the results and a few highlights of this first half. So we continue on our three tracks:

- Commercialisation;
- Production; and
- Efficiencies.

In particular the GLBO programme. On the first one, 710 net new tenancies in this first half. So we have plugged in 1.45 as tenancy ratio. So we are halfway to what we said at the IPO, which was when we started we were at 1.39, and we want to get above 1.5. And so this is the 1.45 milestone.

In the second quarter, we have added some ancillary revenues, still good commercial momentum, good dialogue with lots of players who are on also areas on the edge of the core

MNO tower tenancy business. Indoor coverage solutions, a bit of high speed broadband, internet and fibre agreements.

We have accelerated our macro site built in the second quarter, added over 400 new macro sites in the first half. We all know the operating environment remains difficult with a number of constraints around our supplies, but we have accelerated. 260 of those sites were in Germany, and our programmes that we have been discussing over the past few quarters are delivering significant steps of improvement, be it on warehousing, be it on organisation, on staffing and on supplier commitments.

If I look at GLBO, we have now reached the 1,500 mark in terms of signed contracts and commitments across the footprint since inception. We have added 220 in the second quarter, so continuing to on that pace of signing up for lease buyouts across our footprint.

If I look at the numbers now, Group revenue up by 6% to €524 million and a €5 million growth in our EBITDA after leases to €273 million, as we continue to ramp up our teams ahead of the revenue creation that is obviously what will ensue from the production and tenancy growth that I mentioned just above.

Our recurring free cash flow stands at €220 million. So that is pretty much halfway mark of the year. And it is a good conversion ratio. 80.7% conversion EBITDA after leases to recurring free cash flow. There is a normalisation of working capital and tax payments relative to the first half of the prior year, which also explains the calendarisation of this recurring free cash flow results.

We have continued to invest on accelerating the built-to-suit programme. We continue to work on the 1&1 rollout, and indeed strengthen our delivery on that jointly with a very good cooperation from Vodafone and focusing on production and delivery.

So, as an outcome of all this and of what we have achieved so far in H1, we are comfortable reaffirming our guidance for fiscal 2023 at revenue growth of 3-5% EBITDA after leases €550 million to €570 million and recurrent free cash flow €405 million to €425 million.

That is the highlights of H1. And with that, I would like to turn it over to Q&A. Let us try to keep it to one question per analyst so that we can rotate and have everyone being able to ask questions.

And with this over to you.

Q&A

David Wright (Bank of America Merrill Lynch): Congratulations on the offer. I am just guessing that you guys are pretty tied up with the offer itself on what you are allowed to say or do around that. But if I could just ask there were some stories about a potential approach to Cornerstone and acquiring the minorities? Are you effectively locked up from not doing anything now until the offer is complete, and/or the actual ownership has changed? So just if you are allowed to comment anything.

And just on the basis that you might not be able to answer that, I am going to ask my one question, which is just on the GLBO. You have obviously seen very good momentum. I just wondered, are you finding any change in the responses you are getting, the interest you are getting, as a result of the rapidly changing macro environment? Do you feel like that is bringing more people to the table as they maybe look for a little liquidity or even to sell?

Vivek Badrinath: I will leave the GLBO question for Thomas. As regards to CTIL, well, what I can say, because there is no specific answer to that question. And obviously, the business goes on while transactions happen.

Nevertheless, also in terms of context, the investors have reiterated that they were supportive of the strategy that we are driving, which is focused on BTS on colocations and open access. So that has been reaffirmed, on the fact that we are pursuing some adjacencies, reasonable adjacencies around our core business that I think prove quarter after quarter that there is materiality there.

And indeed, they have reaffirmed that they see value in the pursuit of the continued consolidation of the European tower infrastructure sector. So I cannot give a direct yes or no answer to your question. But what I can say is, there is nothing that precludes in what they have said about the investment continuing to look at Cornerstone. We continue to believe, as a management team, that it is a relevant asset for us, and that consolidating Cornerstone would be a good step for Vantage Towers. That said, the rest of it is, of course, we are in this signing to closing period. So there are obviously some things we cannot talk about.

Thomas Reisten: Absolutely. And then on your other question on GLBO, indeed, opposite GLBO continues to accelerate. We have now got over 1,500 contracts, which again, shows a continuous acceleration as well from the first quarter. And obviously from last year, we are now well above the one-third of the GLBO cases already being signed or committed. So which shows great progress towards actually achieving the 10% buyout ratio that we did flag at the time of the IPO.

What is important to mention that context as well is that we have seen continuous really good growth in Spain. We have continuously seen as well in all of the other markets, very good growth. And then lastly, to mention that in Germany as well, we are now over 430 GLBOs. So you see a really good part of acceleration in Germany there as well.

So then, if you reflect on that where we stand today on GLBO, what we are seeing is that there is some areas where landlords actually are a little bit more leaning forward to sell as well. But I would call it as green shoots in the current economic environment. So it is not that we see this massively coming through, but we see actually some cases now.

Obviously, depending on the economic situation, you will have as well as some cases where landlords are saying, now I do not want to sell anymore, right? So it depends really then on the economy condition. On average, in many cases, actually, we see some green shoots of continuous acceleration being supported as well by the economic environment.

Nevertheless, it is all according to plan. We are seeing first results coming through as well, on the bottom line, and that actually helps us as on our path towards achieving the high 50s percentage margin over the medium term.

Vivek Badrinath: Yeah, just to be fair to the team, I think it is also fair to say that we are getting better at it, that the people on the ground are finding the right angle, the right arguments. They are getting more and more relevant in their conversation with landlords. And I think that is also eking out some more conversion.

Jerry Dellis (Jefferies): In relation to the German white spot programme, is it your current expectation that that will be rolled out to the full extent as you saw it at the time of the IPO? And if I could just sneak in a quick second one in relation to the KKR-GIP agreement. Is there a material adverse condition in that deal, please?

Vivek Badrinath: I am not sure we would give that level of information on the second question. I do not think. That is a question that, if anything, you need to discuss with the signatories, that is we would like to take that from Vodafone.

On the white spot programme, the white spot programme is striked very carefully by the German regulator. We are committed to the sites that we have got on our order form from Vodafone Germany. So we are pushing ahead. I mean that is what we are doing. I mean, there is no change in direction.

There will be adjustments. On the site-by-site basis, sometimes you find that in a certain location, rather than putting one site, you are able to provide coverage from two adjacent places. So it could be two instead of three, those kinds of things, but nothing significant in that respect. I mean, you are seeing when it comes to the programme more when you touch the real life, but the programme itself is – I mean, we have 7,110 sites to produce of which the white spots.

Jerry Dellis: Could it be at all possible that the MNOs has decided that they can fulfil their coverage obligations to point fewer sites than originally envisaged? Do you have any visibility on that?

Vivek Badrinath: Nothing.

Thomas Reisten: There is no changes in the regulatory environment that we can obviously see, or actually have been reported on this.

Vivek Badrinath: So they would have to agree with the German regulator, which, I mean, it is always possible. But look, these sites already host the three operators. And they were listed after a pretty involved process involving the regions on one hand, and then the transport ministry for the way rivers and the roads. I mean, it is quite a scientific programme, right, that it came up with that list.

Thomas Reisten: Yeah. I mean, let us reflect as well even in that theoretical case, that we have no visibility of actually from a regulatory point of view as we speak, that would not change the commitment to us of 7,100 sites. That is a commitment.

Andrew Lee (Goldman Sachs): I just had a question around the decision to go with a financial partner and conscious that part of this is a question really for Vodafone. But maybe thinking about where you go from here. So there has been a trade-off between whether you would work with a financial or a strategic partner in terms of Vodafone selling down its stake. You mentioned that you have similar views in terms of how the European telco landscape will evolve from here. Guessing there have been conversations with potential strategic partners over the last year. So the question really is just where does this decision to sell to a financial partner by Vodafone fell into the JV put you in terms of process of potentially working with strategic partners in different markets, because there is still some of them out there that potentially would be willing to work with you. So just wondered whether, it is similar to Jerry's question, back to him, David's question earlier, whether that is on hold, or whether there is still progress that can be made if you are of a similar strategic mindset to your JV partners?

Vivek Badrinath: Well, yeah. Look, there were scenarios on one-to-one combinations, right, as with DFMG, or us with TOTEM, that were modelled seven, eight months ago, if I recall well. At the beginning of this year, there was a paper called The Last Dance that kind of looked at how these could fit together.

This change in our shareholding will probably force people to go back to the drawing board on what shape or form such a combination would take. That said, I mean, the investors have said that they still see consolidation in the European tower sector as something relevant. So I do not think once again, any of this precludes further combinations as time evolves.

Well, DFMG made their decision. And I think Tim Hoettges was quite explicit when he mentioned it, say, well, it was a time versus cash availability, calendar-led decision making, but that he also felt that there was a lot of relevance into mining with Vantage Towers. So I would say that is out there.

TOTEM is still evolving its strategic outlook. And I think they have got a strategic update in the beginning of 2023. I mean, in the first quarter of calendar 2023. So I expect that they will firm up their views on what they intend to do with their tower assets at that point in time. So I would say the game is still in a certain way. And having two strong infrastructure focused players who obviously have a view that the European tower market is going to consolidate and that they could be part of it, I think, remain leaves quite a few doors open for the future.

Andrew Lee: And that consolidation is cross border. And in country, when you refer to consolidation, you mean both or one in particular?

Vivek Badrinath: Well, I mean, yeah, we have always said in-country is easy to model, and indeed increases the strength of our grid, so always excited and always interested. And then cross-border, because while we always felt – yeah, economies of scale, scope and experience are still there. They are not massive compared to the size of these objects, or let us say of these entities, but they are still relevant. They give us speed and efficiency. And I think that is something that as this industry evolves and professional rises more and more, the ability to consistently drive tower operations at the high level of proficiency across geography will make a difference as well. And that has been our core belief from the beginning.

Emmet Kelly (Morgan Stanley): My question is on built-to-suit. So earlier in the year, you highlighted some supply side constraints that you were facing that were delaying your built-to-suit programme, particularly in Germany. Can you just give us an update on those supply side constraints and maybe just give us a flavour of how we could expect built-to-suit to ramp over the coming, let us say, three to four quarters on a quarterly basis?

Vivek Badrinath: Yeah, I would not give a quarterly breakdown but what I can tell you is we have been very disciplined way executing the various parts of our plan, which are, on the supplies, putting in place to warehouse, pre-ordering the material. So in terms of availability of material, I think I can confidently state alongside Thomas.

Thomas Reisten: Repurchasing of steel, etc. So we have executed on all of that.

Vivek Badrinath: Yeah. So supply of equipment in place. Strengthening of commitments with suppliers, we have coverage for the upcoming quarters for the production that we need.

Strengthening of permitting, still a bit slow, but putting more resources on it. People are coming in. We are hiring people into these positions. That has been one area where we needed to ramp up. We have done that. And we are getting through the permits, both inflow and outflow at higher phases quarter after quarter. So that is in progress.

You can see that out of the outcome of the numbers, we deliver 260 sites in Germany, in this first half, and 400 overall. So the ramp up is effective. It is double what it was last year. So I mean, we are pulling up there the production level.

The most important thing I would say, however, is not in these three, which are very operational decisions that you can make for as a company. It is also the organisation. We have put in place the five regions. The five regional heads are in place. The deployment head is in place. We have a full management team completely constituted as we come to the end of this year, but certainly already having these regional teams, which means you break down the size of the problem into five regions, which is the first key of a proper scaling up exercise.

And you build it up with proximity that is you have permits people, deployment people and acquisition people sitting in the same office, working together on the same portfolio of sites. That is what is giving us the biggest boost. And we can see that in terms of accountability of the team players rather than having one big list of sites to deliver across Germany, now you have got people who are much more focused and closer to the problem. And I think, at the end, all the very scientific stuff that we have put in place on run rate and so on is one thing, but it is also about being able to stare somebody in the eye and say, hey, you owe me two more sites this month, and the month is not over. So you are going to have to deliver them now. That is what we are seeing as a difference.

Robert Grindle (Deutsche Bank): I find the deals were mentioned a few times in the release, including co-locating a rural fibre provider, acting as a selling agent. How is your view on fibre evolving? I think originally you had said, you have build some of your own but not sure you have done any. Would you like to do more on build rather than acting as an agent, perhaps that could be easier post tender?

And a quick follow-up on the CTIL questions. Revenue seems to have accelerated very nicely there. Is that driven by streetworks or something else? And is the delay on CTIL because of the impact of the communications code, which seems to have a very positive impact on the business?

Vivek Badrinath: I will leave the CTIL question for CTIL's chairman, my neighbour. And now on fibre, look, we are opportunistic, that is, if there is fibre available, we do not want to build it. I mean, overbuild for just for a tower is a silly business model. So we do not want to do it. So when we see partnerships, when we see people who are coming close by with their fibre either because they have got FTTH, or because they have got an enterprise type of builds, we are happy to jump on that.

And what matters to us is that our sites are 5G ready, and fibreisable or where fibre can be brought. That is the first order of priority. So if you can tick that box, we do not need to deploy capital, we do not want to deploy capital for just for that.

However, we have identified a number of sites and we are now working on them for what I would call fibre to the last house, which is when you have a site which is a bit outside the city and you need to bring fibre just to that, extending from let us say, the fibreisation of the village or of the urban community just to reach that tower. In that case, we are very open to laying it. And so we are looking at number of business cases there.

And I think that will obviously ramp up as we move forward because those sites will require more 5G and fibre might be a good answer to that when microwaves do not have this.

Thomas Reisten: Okay. On CTIL, Robert, there is actually basically two larger revenue drivers. One is indeed actually more sites, of which actually streetworks is one element, but not the only. There are building sites as well in general. So that drives up revenue. The other thing to keep in mind is as well that the unwind programme continues to roll out, so which adds tenancies as well. And as a consequence, obviously, more revenue grows from that.

So overall, really happy with the continuous progress that we are making in CTIL. And it is a really important asset for us.

Jakob Bluestone (Credit Suisse): Vivek, you mentioned in your opening comments that you saw the €32 offers. I think you said fair, adequate and attractive. I was just wondering if you can maybe expand a little bit on the analysis you guys have done to reach that conclusion?

Vivek Badrinath: I mean, obviously, it is a bit early, because we will be doing a reason statement in the proper way on the back of the full offer documents. So that would be the moment. But we just felt that, as we looked at the offer, it was incumbent on us to give our first impression. The multiple is quite attractive. It is quite similar. If you look at the DFMG transaction, which was not very long ago, you are at 26 times versus they are 27 on a very different country mix. The DFMG deal is majority Germany and a bit of Austria, whereas we have got a broader footprint, including some Eastern European countries, Southern Europe, etc.

So I would argue that if you were to look at it from a country adjusted point of view the 26 compares very, very favourably to the 27 of the recent transaction, which I think was well received by the market.

If you look at the journey that it has allowed from since IPO, it is a 33% uplift of their share price from the 24 to the 32. And all this against the backdrop of the last few months where I would say the whole sector has been rearranging down and the interest rates have been high. And there is an amount of, I would say, correlation between the interest rates and the valuation of TowerCos. So I would say overall.

And this is a co-control deal versus a control deal. So when you compare it to recent transactions, when you compare it to, I would say, the sector in general, I would say that led us to that impression that the €32 was very attractive proposition.

Jakob Bluestone: Just in terms of process, when will the Board give a formal recommendation?

Vivek Badrinath: So the offer document will be issued in early December, and then we have 14 days. So we move at pace, both us and the Supervisory Board will have to give their, what is called the reason statement, which is a deeper analysis, looking at the details of the offer itself. And on that basis, we will ensure our position. And we have 14 days to do that after the offer is issued. I do not know if it will take 14 days, but we will do our work. I mean, we have to do that properly.

Sam McHugh (Exane BNP Paribas): On the offer, can you say whether there has been any or where there will be any material changes to the MSA? So obviously, you are saying you think it is a fair offer? Are there any material changes on the MSA?

And then just on the numbers elsewhere. You talked about this €10 million to €15 million of investment this year? What runway are you in terms of incurring those costs in the first half? And are you trending towards the upper or lower end of that €10 million to €15 million at the moment?

Vivek Badrinath: Yeah. So, on the first one, really, I mean, the MSA changes that should be a question more for Vodafone.

So it is a question for Vodafone. And if there is any changes it would be after completion, okay. So we understand is there could be some small adjustments but not anything that we saw that was material to value. And certainly nothing before completion. So I would say the subjects that were in discussion are more adjustments than anything else. So I would not over read into that.

And Thomas, maybe on the €10 million to €15 million and how that transits?

Thomas Reisten: Absolutely. I mean, you have seen in our accounts that there is a ramp up in actually our costs overall. You have seen that in the margin, actually as well. So the €10 million to €15 million, we actually have and got a good chunk of that in the first half and will continue to actually have some in the second half as well. So, overall, I think it is fair to say that what we have actually been saying that is really indeed happening in terms of investing into ramp up.

If I look at the margin overall, I mean, let me make that point as well. You have to take for the first half margin versus the second half margin a few points into account, which is not only the point about the investment, but it is obviously this investment plays a role in it. And as we have said in the past, it is the ramp up for the BTS programme that you have seen actually now producing about 400 sites in the first half. It is the ramp up and the preparation for the 1&1 rollout that continues to be incurred. And that is actually the people cost as well that you have seen, indeed, first half last year, first half this year, actually to increase in our accounts there as well.

So, I mean, staff costs increased from just under €20 million to now about €28 million, as an example, year-on-year, right? So that's the first point to keep in mind.

The second point is you have seen us as well generating revenue growth, overall, excluding pass-through of 6%, whereas the macro site revenue grew by about 4%, so 3.9%. So overall, that means that we have as well incurred some revenue that is at lower margin, but that will normalise throughout the rest of the year as well. So would not have actually as big an impact on a year-on-year point of view there as well. So that is the second point.

The third point, then keep in mind that in the current economic environment, we are as well looking at inflationary trends and see actually short-term, obviously some impact coming through. However, we have taken as well a cautious position on that one in our accounts in the first half.

And then, the fourth point on this is I have mentioned the 400 sites that we have actually been rolling out. So first half was the second half. It is similar to what I have been flagging in the past about this fiscal year and the ramp up, where we are investing to next fiscal year when we actually get the revenue. Off those 400 sites just as an example, if you consider that we obviously have incurred the costs for those sites already, when we brought them up for being actually ready for active installation, in the second half, you are getting the revenue.

So that alone on the 400 sites is a €3 million to €4 million incremental margin boost that you would get in the second half. And that is on the rollout of sites. As Vivek said right at the beginning, we have the 710 tenancies. So there you have a similar effect obviously. So you see that ramp up effect coming through compensating actually obviously the investment point you are making now.

So if you step back from that, we are very confident that we will achieve the margin guidance that we have given of €550 million to €570 million as it stands. So I have read a few comments about do we indicate actually which side of it? No, that is the margin guidance as it stands.

Okay, I hope that clarifies this point as well, a little bit broader. Sorry, I have been elaborating a bit on that.

Sam McHugh: I might try and maybe ask you one small question follow up on the deal. The dividend that you paid was normally it was declared in July last year. Is it right to think of the €32 offer price excluding any dividend that will be declared for FY 2023?

Thomas Reisten: Yeah. I mean, I think, is it excluding dividend? And this depends really on the calendarisation and the closing I guess ultimately.

Usman Ghazi (Berenberg): I just had a question 1&1 contract, please. I guess it has been a few months now since the contract started. Could you talk about how in your view the contract is going and whether there have been any things that you can take? I mean learnings that you can take from the initial implementation of the contract in terms of acceleration going forward? And is there any hiccups that you have seen in terms of landlord acceptance or any other issues that you have seen through this contract that, where you think you need to put more resources to accelerate the build?

Vivek Badrinath: So we are putting resources and we are working very actively with 1&1. It is a new programme, right, for everybody in the chain. So we are getting lots of things sorted out step by step. I would say in terms of landlord acceptance per se, it is work. I mean, you need to show them the drawings. They need to get comfortable that what you are putting is adequate, etc. But these are pretty standard rollouts.

And it is neither the first nor the last country where 5G 3.5 gigahertz equipment will be installed to be in 5G across geographies. So just needs to be processed. It is also fair to say that the other three operators have also been quite active on the rooftops. So there is a lot of, I would say, work going on, new adjustments, people putting equipment both for their network, or in our case, for the new entrants. That is all a lot of work that we are putting resources on.

We have increased the resourcing on this just, as Thomas mentioned, to hit the right speeds. And, yeah, we are making progress month after month. So it is a learning curve. I mean, it is a learning curve for everybody involved.

Nick Delfas (Redburn): Just going back to your question on the point about the extra costs for the 1&1 contract. So in the half year, the staff costs were up €8 million. And presumably, there is some other costs as well. So is it correct to say that the costs are at the high end of the €10 million to €15 million that you talked about? And is that all staff or there were some other costs as well that have been added this year to fulfil that contract?

Thomas Reisten: Yeah. So, I mean, obviously, if you compare first half last year to first half this year, you actually have a bit of an effect of the ramp up that was anyway there for the ramp up of the organisation after the IPO, which had actually continued as well. So it is not the entire €8 million that actually falls into this camp, so of the €10 million to €15 million actually that we have been flagging for this fiscal year.

But I think, overall, you can assume that we have already incurred a good chunk that is a proportionate chunk actually in the first half, and actually there will be some more costs coming through in the second half. But overall, the €10 million to €15 million would be flagged. We have assumed obviously then, as well, the up to 150 basis points. That was what we have said when we were giving the guidance and that is incorporated in the guidance, 150 basis points.

Nick Delfas: And just thinking ahead, and you probably may not be a public company by then. But all this means that in FY 2024, you should be seeing EBITDAaL growth ahead of revenue?

Thomas Reisten: Absolutely. So you see incur of costs upfront, just like the effect I have explained just a moment ago when Sam asked actually the question on the first half versus second half, you are seeing as well, the benefits of new build-to-suit and new tenancies, whether that is actually from other customers or actually as well, obviously, then from 1&1 coming through and generating actually the revenue growth as well for next year, where as you have incurred the costs in this year.

And I mean, so it is basically obviously a constant ramp up when you are accelerating, whether that is from a year-on-year perspective or in year indeed.

Luigi Minerva (HSBC): Yeah. Just so one question on the transaction, i.e., it is about the bonds. So my question is whether Vantage is going to be able to keep its existing bonds, or if the change in control close will trigger the early repurchase of the existing bonds? And in that case, how would you fund it? Would you issue new bonds to repurchase the existing ones?

And then, if I may, just a very quick one on the numbers. It is 260 sites in Germany in H1 in the presentation. Can you give us the split between Q1 and Q2, if possible?

Vivek Badrinath: Maybe on the bonds, do you want to?

Thomas Reisten: Yeah. So on the bonds, I mean, this is actually too early to draw a conclusion on that one. So whether the change of control clause in the bond documentation actually will be drawn at this point in time, we cannot actually say that this is or it is not.

Overall, I mean, just I think we need to let the transaction come to a close, and then we will take the appropriate action at that point in time, obviously, in accordance to the refinancing that will be available at that stage, in case, this actually would happen.

Luigi Minerva: Okay. So, Thomas, can ask you if there is a rating targeted once the transaction is completed?

Thomas Reisten: Well, there is obviously interaction with rating agencies in order to obviously understand the position now, but it is indeed still too early to make an announcement on or actually have a comment on that one. So I ask for your kind understanding on it.

Vivek Badrinath: And on the Q1 versus Q2, out of the 400 total footprint – and I am not focusing on Germany, I do not have that breakdown at hand – it was 140 in Q1 versus 260 in Q2. And from memory, it is quite broadly the same across other Q's. And so if apply it to Germany, you are not going to be very off. So it is a ramp up. I mean, for sure. We feel it.

James Ratzer (New Street Research): I had a question about what happens now, if shareholders actually do not accept the offer? I mean, the shares are trading above the €32 price. So I just wanted to understand what would happen if Vodafone triggers the profit and loss domination agreement, but they are unable to exercise a full squeeze out of the minorities? Could you run through the process of how the dividend would be set for minority shareholders in that situation? I mean, we have seen this in other situations like KDG, where the minority shareholders were still able to actually get quite an attractive dividend post deal that was restruck after the transaction. So just would like to understand how the process would work for that dividend calculation, if minorities decide not to accept the offer, and there is no squeeze out?

Thomas Reisten: It is a bit early to comment. I mean, it's a regulated process that involves auditors giving a report. I mean, all that will happen if there is a domination agreement that needs to be put in place. That will happen at the EGM at that point in time. And those parameters will be clear to the shareholders when they have to vote. But that is at that point in time if I am understanding.

Vivek Badrinath: Yes. I mean, we need to receive the offer document, obviously, and then we will form obviously a final view on that one. But nevertheless, we have given actually our support already on the basis of the information subject to this offer document that we have seen so far. And I mean, I think this question then ultimately is a point that would have to come back to the shareholders.

James Ratzer: Do you know though for your minority shareholders, presumably your key function on whether your Board and independent directors so decide to recommend the offer mean what would actually be the process by which that calculation is done? I understand you cannot give us a number. But is it done as a payout of earnings, a payout of cash flow? Payout of the profit and loss domination agreements, just like to understand what the process by which the calculation will be done?

Thomas Reisten: The calculation of the fixed –

James Ratzer: Of the dividend for the minorities.

Thomas Reisten: In case there is one on an ongoing basis, you mean?

James Ratzer: Absolutely, yes. If there are minorities, how could we work what the dividend they will receive would be?

Thomas Reisten: I mean, I think, first of all, obviously, this depends on the success of the offer document, right, ultimately. So whether there is an ongoing minority or not. I mean, that is, I think, too early to say at this point in time. So in case, obviously, we get some more clarity on it – I think this is a question really that then would have to be asked at that point in time and more by the shareholder intent at this stage.

Vivek Badrinath: It is an auditor set dividend policy that becomes the rule that that I do not want to step ahead of.

Thomas Reisten: Yeah, but this is actually only in case the offer document actually on the offer would not be successful in its entirety, right? So I think it is too early to speculate on that.

James Ratzer: Would that be guidance on that in the offer document itself to help shareholders make up their decision?

Thomas Reisten: I would assume that the offer document is comprehensive enough, indeed, actually, for shareholders to make their decision.

Vivek Badrinath: Yeah, it will tell them what happens if there is a domination agreement, what is the impact on them and what is the benefit. So I think that is when we will get all that.

Thomas Reisten: Absolutely. We have not seen it yet. So there is a few things that obviously, we will have to come back once we see the offer document.

Vivek Badrinath: Yeah. So first of all, thank you very much for your questions and your interested in Vantage Towers. I guess, you can see we have kept course focused on commercialisation with a number of new deals and tenancies focused on ramping up our BTS programme, which remains one of the more attractive dimensions of Vantage Towers, and certainly the GLBO programme, which in the current environment is extremely relevant for our profitability improvements.

So we have held that course and we are able to reconfirm our guidance for this year. We are very much on track, both in terms of revenue, EBITDAaL and recurring free cash flow. And I think that is worth highlighting, of course, the transaction and in particular the offer document, which will be followed by our reason statement are the next big events of that process. And once again, we welcome this evolution for our company, which is a very significant milestone in its journey.

With this, thanks so much for your attention, and wish you a very good day.

Thomas Reisten: Thank you very much.

[END OF TRANSCRIPT]