# Vantage Towers AG

## FY23 Half Year Results

14 November 2022

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# Our H1 FY23 at a glance

The commercialization of our business continues with 710 net new tenancies in H1, closing tenancy ratio of 1.45x

Ancillary revenue opportunities providing indoor coverage solutions, high-speed broadband internet, and fibre

Over 400 new macro sites delivered in H1 FY23 vs 190 in H1 FY22, acceleration of build in Q2 vs. Q1

GLBO shows strong progress with over 1,500 contracts and commitments across our footprint since inception

We delivered robust top line growth with Group Revenue (ex. pass through) at €523.6m in H1 FY23, a 6.0% YoY growth

We are reaffirming our FY23 guidance and medium-term targets

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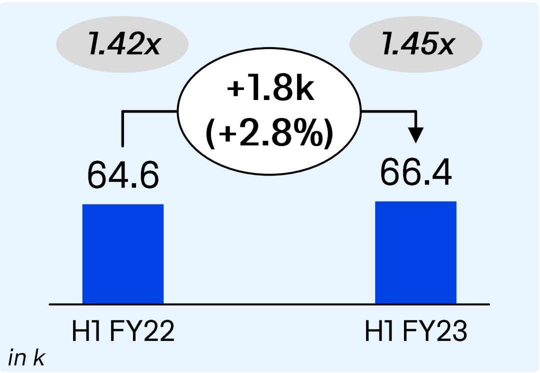
# On track to meet FY23 guidance – more than half of RFCF guidance delivered

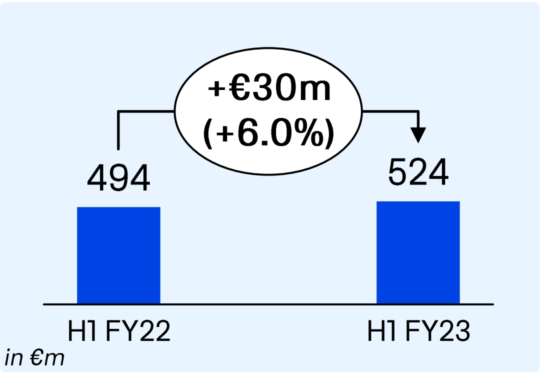
## Our H1 FY23 financials at a glance

- Further commercialisation of our business: Net increase of 710 new tenancies in H1 FY23 resulting in a closing tenancy ratio of 1.45x, more than half-way to our medium-term target of >1.50x (compared to 1.39x at March 2021)
- Group Revenue (ex pass through) and adj. EBITDAaL show strong YoY growth of +6.0% and +1.8% respectively
- H1 FY23 RFCF €220.2m reflecting good adj. EBITDAaL conversion (80.7%) and normalisation of working capital and cash tax payments relative to H1 FY22. Strong basis to deliver FY23 RFCF guidance

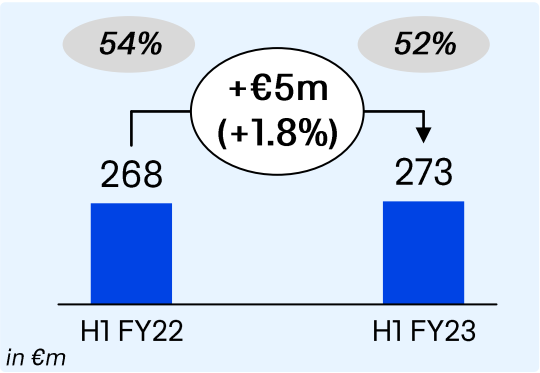
### Tenancies



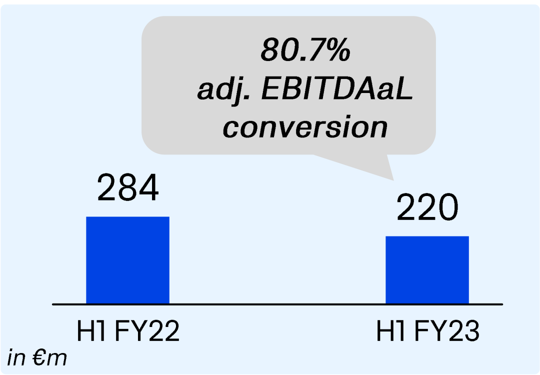

### Group Revenue (ex pass through)




### Adj. EBITDAaL




### RFCF



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# Tenancy ratio at 1.45x – more than halfway to mid-term target

## Commercial highlights in Q2 FY23

### Accelerating a sustainably connected Europe

nowhere NETWORKS

- Agreement to host directional antennas enabling high speed broadband internet on ships

McKay Brothers

- Agreement to provide improved networks for high-frequency trading

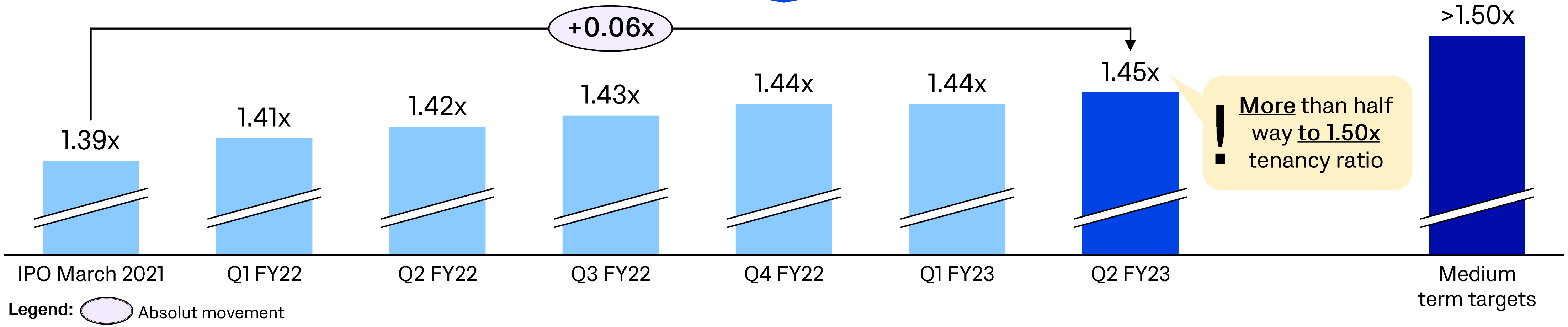
adamo Fibra · Móvil · Fijo

- Colocation agreements with a fibre service provider, to support their fibre network expansion across Spain

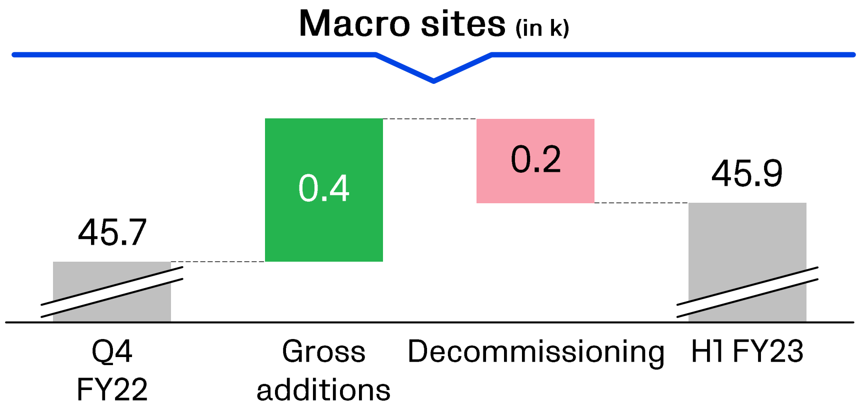
### Increasing momentum for indoor coverage solutions

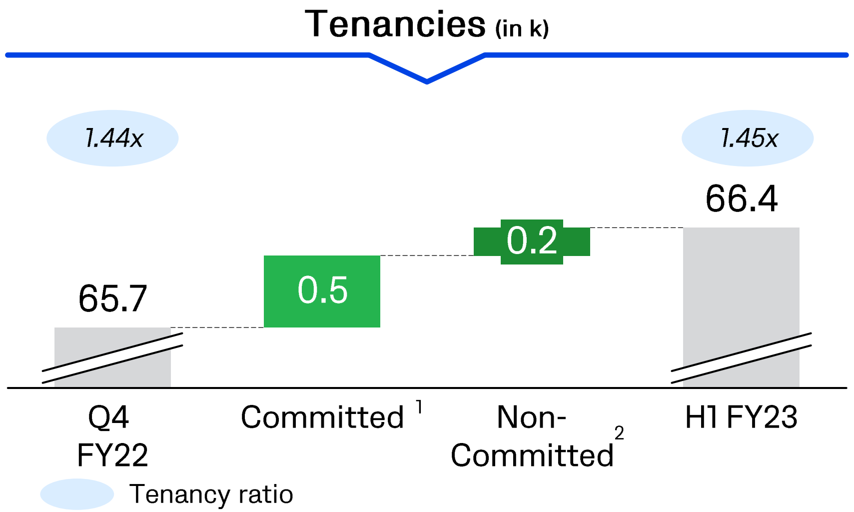
- New colocation agreement for our existing DAS sites
- DAS solutions of the Budapest National Athletics Stadium that has been built for 2023 Athletics World Championship

## Tenancy ratio since IPO



# Progressing the roll-out of new macro sites in Q2




## Growth

### New sites

- **Over 400 new macro sites** delivered in H1 FY23 vs. 190 in H1 FY22 and 320 in H2 FY22
- In Germany, **260 new sites** in H1 FY23
- **Acceleration in Q2** with 260 new sites vs. 140 new sites in Q1 FY23
- We continue to closely manage the new macro site build (BTS) programme and undertake direct measures to accelerate production and manage cost

### Tenancies

- **Added 710 net new tenancies in H1 FY23** (vs. 570 in H1 FY22)
  - of which more than 200 are non-committed net additions
- H1 FY23 **tenancy ratio at 1.45x**
- **More than halfway** to deliver our medium-term tenancy ratio **target of >1.50x**

## Efficiencies

### GLBO

- **GLBO programme progressing with over 1,500 sites signed or committed in total**
  - Germany with ~430
  - Spain with ~430
  - Other markets with ~640

**Notes**

1 "Committed" tenancies defined as committed new sites, white spots obligations and committed tenancies

2 "Non-committed" tenancies refers to additional lease-up not committed at Capital Markets Day (Nov-20)

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# Delivered robust top-line growth of 6.0% in H1 FY23

## Vantage Towers P&L H1 FY23

| *in €m* | H1 FY22 | H1 FY23 | YoY in % |
|---|---|---|---|
| 1 **Group Revenue** | **499.2** | **533.3** | **6.8%** |
| Capex recharge revenue | 5.1 | 9.7 | |
| **Group Revenue (ex. pass through)** | **494.1** | **523.6** | **6.0%** |
| Maintenance costs | (20.1) | (21.3) | |
| Staff costs | (19.5) | (28.3) | |
| Other operating expenses | (32.2) | (39.9) | |
| **Adj. EBITDA** | **427.4** | **443.8** | **3.8%** |
| *margin (%)* | *85.6%* | *83.2%* | |
| Capex recharge revenue | (5.1) | (9.7) | |
| Ground lease expense | (154.5) | (161.3) | |
| 2 **Adj. EBITDAaL** | **267.7** | **272.7** | **1.8%** |
| *margin (%)* | *54.2%* | *52.1%* | |

## Comment

1

**Group Revenue:**

- Group Revenue (ex. pass-through) grew 6.0% YoY in H1 FY23, mainly driven by 'Macro site' and 'Energy and other' revenue
- Macro site revenue grew 3.9% YoY in H1 FY23 accelerating in Q2 (+4.5%) vs. Q1 (+3.4%) driven by our contractual inflation escalators and tenancy growth
- 'Energy and other' revenue grew from €15.1m to €27.7m, mainly driven by other chargeable services to MNOs in H1 FY23

2

**Adj. EBITDAaL:**

- As previously communicated, we expect to invest €10-15m in our business in FY23 to ramp up our BTS programme, to facilitate 1&1's access on our existing sites, and build out our supporting teams, all ahead of the corresponding revenue contribution from FY24 onwards
- In H1 FY23, our adj. EBITDAaL increased 1.8% YoY with a corresponding margin of 52.1%.
- Our ground lease expenses increased by 4.4% YoY to €161.3m reflecting our macro site and tenancy growth alongside inflation escalators, which were partly offset by savings from the GLBO programme.

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# We stay confident to meet FY23 RFCF guidance

## Vantage Towers P&L H1 FY23

| in €m | H1 FY22 | H1 FY23 | YoY in % |
|---|---|---|---|
| **Adj. EBITDA** | **427.4** | **443.8** | **3.8%** |
| Capex recharge revenue | (5.1) | (9.7) | |
| Cash cost of leases | (120.8) | (126.6) | |
| Maintenance Capex | (12.9) | (10.6) | |
| 3 **Recurring OpFCF** | **288.6** | **296.8** | **2.8%** |
| Change in Operating Working capital | 11.0 | (33.2) | |
| Tax paid | (14.7) | (40.3) | |
| Interest paid | (0.5) | (3.1) | |
| 3 **Recurring Free Cash Flow (RFCF)** | **284.4** | **220.2** | |

## Comment

3

**Recurring Free Cash Flow:**

- Recurring Operating Free Cash flow (OpFCF) increased from €288.6m to €296.8m (+2.8% YoY)
- Recurring Free Cash Flow (RFCF) stood at €220.2m in H1 FY23 reflecting good adj. EBITDAaL conversion (80.7%) and normalisation of working capital and cash tax payments relative to H1 FY22.
- Overall, our **guidance for RFCF for FY23 remains unchanged** at €405-425m and we have already delivered more than half in H1 FY23

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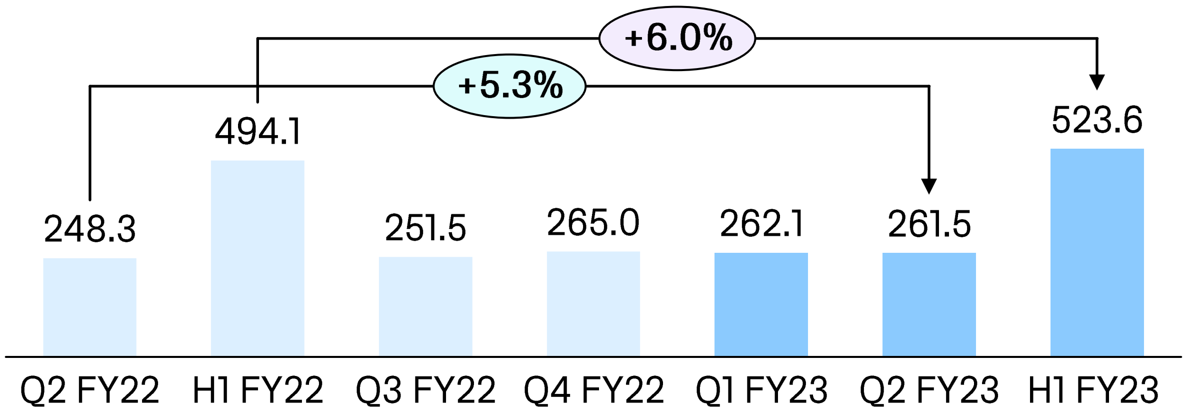
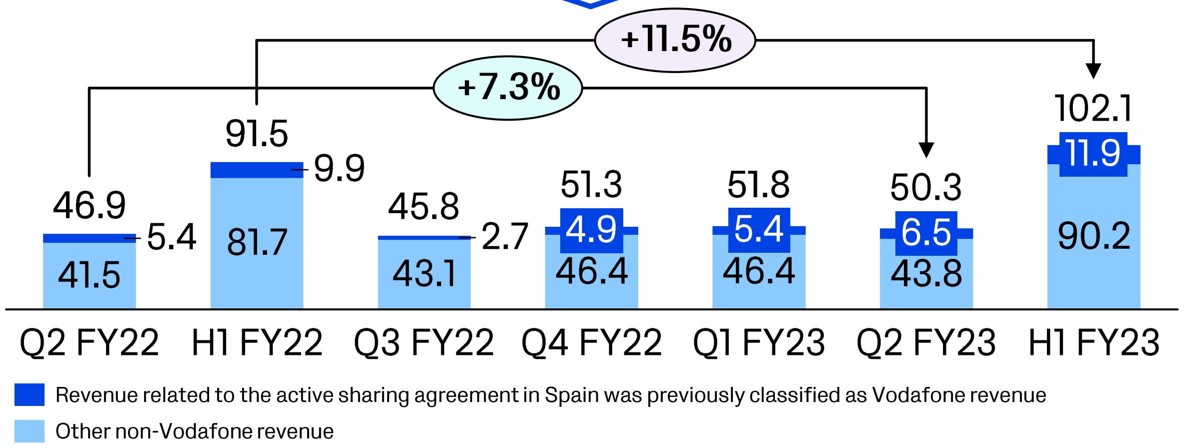
# Consistent development of our Non-Vodafone revenue up 11.5% YoY in H1 FY23

## Group Revenue (ex. pass through) (in €m)




## Non-Vodafone revenue[1] (in €m)




## Comment

- **H1 FY23 Group Revenue (ex. pass through)** of **€523.6m (+€29.5m, +6.0% YoY)** driven by:
  - Inflation escalator
  - Tenancy growth
  - Other chargeable services to MNOs
- Over 95% of our revenue is linked to inflation

- **Non-Vodafone revenue** increased to **€102.1m in H1 FY23** vs. H1 FY22 **(+€10.6m, +11.5% YoY)**, demonstrating the quality of our network and attractiveness to other partners

**Notes:**

1 Revenue related to the active sharing agreement in Spain was previously classified as Vodafone revenue and is now non-Vodafone revenue

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# INWIT and Cornerstone delivered on their targets

## INWIT[1]

- INWIT delivered revenues of €417.7m (33.2% share: €138.7m) and an adj. EBITDAaL of €282.8m (33.2%-share: €93.9m) in H1 CY22[2]
- +1.2k new tenants and 170 new sites bringing the total number of macro sites to 23k and the tenancy ratio to 2.1x in H1 CY22[2]
- +650 land renegotiations and buyouts
- CY2022 guidance reiterated

## Cornerstone

- Cornerstone delivered revenues of €228.9m (50% share: €114.5m) and an adj. EBITDAaL of €62.8m (50%-share: €31.4m) H1 FY23[3]
- Lease agreements renewal under the ECC Code progressing as planned
- Performance in line with our expectations

### INWIT reconfirmed guidance

- €0.32 DPS for CY21 (VT share: ~€103m) growing by 7.5% per year to €0.37 by CY23[4]
- RFCF of ~€700m by CY26[4]

### FY22 guidance

INWIT expects revenue and EBITDAaL to increase in a high single-digit to low double digit range keeping the margin stable whereas RFCF is expected to increase by 34% (mid-point of the guidance)

### Reaffirmed guidance for Cornerstone

- FY22 dividend of €18m received in May; progressive dividend expected for FY23
- Cornerstone: Mid-single digit RFCF CAGR

RFCF and dividend targets reaffirmed

**Notes**

1 Shareholder agreement with INWIT ended as of August 2022
2 01 January – 30 June 2022
3 01 April – 30 September 2022
4 As communicated by INWIT in its FY21 results presentation and its annual report published ; based on INWIT accounting policies

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# We reaffirm our guidance

| | FY22 Outcome | FY23 Guidance | Medium term targets[1] |
|---|---|---|---|
| Tenancy ratio | 1.44x | | >1.50x |
| Group Revenue (ex. pass through) | €1,011m | 3.0%-5.0% YoY | Mid-single digit CAGR growth |
| Consolidated Adj. EBITDAaL (excl. INWIT and Cornerstone) | 54% | €550m-€570m | High 50s percentage margin (based on Group Revenue ex. pass through) |
| Consolidated RFCF (excl. INWIT and Cornerstone) | €415m | €405m-€425m | Mid to high single digit CAGR |
| Dividend | €319m | | Payout ratio: 60% (RFCF plus dividends[2] from investments) |
| Initial leverage | 3.5x Net Financial Debt/Adj. EBITDAaL | | Flexibility to exceed for growth investment ~€1bn leverage capacity[3] |

**Notes**

1 Guidance is relative to FY2021, excluding INWIT and CTIL
2 Dividends from INWIT and Cornerstone; subject to compliance with applicable laws
3 Assuming capacity to invest in organic or inorganic opportunities up to leverage of 5.5x Net Financial Debt / Adj. EBITDAaL to maintain investment grade rating

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# Appendix

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# Key performance indicators by segment

| €m (unless stated) | Fully-owned segments: Germany H1 FY22 | Germany H1 FY23 | Spain H1 FY22 | Spain H1 FY23 | Greece H1 FY22 | Greece H1 FY23 | Other European Markets H1 FY22 | Other European Markets H1 FY23 | Consolidated H1 FY22 | Consolidated H1 FY23 |
|---|---|---|---|---|---|---|---|---|---|---|
| Macro sites (#) | 19.4k | 19.6x | 8.6k | 8.5k | 4.8k | 4.9k | 12.8k | 13.0k | **45.6k** | **45.9k** |
| Tenancy ratio | 1.22x | 1.24x | 1.75x | 1.81x | 1.66x | 1.70x | 1.40x | 1.43x | **1.42x** | **1.45x** |
| Revenue (ex. pass through) | 240.6 | 254.1 | 83.4 | 91.8 | 65.4 | 70.1 | 104.6 | 107.7 | **494.1** | **523.6** |
| Adj. EBITDAaL | 147.9 | 145.1 | 38.3 | 43.3 | 25.7 | 27.8 | 55.8 | 56.5 | **267.7** | **272.7** |
| ROpFCF | 164.3 | 167.1 | 38.4 | 42.2 | 29.1 | 28.6 | 56.8 | 58.8 | **288.6** | **296.8** |

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# Disclaimer

**Forward-looking statements**

This presentation 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, 2023, 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 realized. Any forward-looking statements are made of the date of this announcement. Subject to compliance with applicable law and regulations, Vantage Towers does not intend to update these forward-looking statements and does not undertake any obligation to do so.

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

**Rounding**

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

# Key contacts

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