Vantage Towers AG FY23 Q1 Trading Update

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FY23 Q1 Trading Update

Vivek Badrinath

Chief Executive Officer, Vantage Towers AG

Welcome

Welcome to our earnings call today. We just announced our Q1 FY23 results this morning so I am looking forward to your questions. Before we jump into the Q&A I will give you a quick summary of the quarter and then we will move on to our customary dialogue in these analyst calls.

Key Highlights

Commercial progress

It is the first quarter of the financial year. Commercially it was successfully with 340 new tenancies. We had a closing tenancy ratio of 1.44 so it has not rounded up to 1.5 but is progressing. It is an active quarter with a number of new commercial deals, including some of the adjacencies. I thought I would mention them because you often ask us what there is beyond tenancies with operators. Things like coverage solutions in Germany and the Czech Republic for DAS's in new buildings with developers that allowed the developer to have state-of-the-art mobile infrastructure. A new fibre sales agent agreement, not with Vodafone but with Lyntia, and a PPDR agreement in Greece are some of the commercial signings of this quarter. An ongoing progression on new opportunities.

In terms of production it remains a difficult operational environment and we are still very much working on our transformation programme. There is ongoing effort there. However, 140 new macro sites in the quarter were delivered in spite of a number of ongoing constraints on supply chain and resource availability on the ground which we continue to work on. At the same time we are working on the resilience of our supply chain and operations. We are expecting these challenges to continue to impact us in this coming year and that is why we are continuing our efforts in improving our operational processes and in taking direct measures with our suppliers, with our employees and with our organisation.

GLBO, we are now at 720 signed contracts or firm agreements. You will remember the definitions. A firm agreement is when we have done all the paperwork and commitments are when we have the handshake with the landlord. There is very little drop-off between firm commitments and finalisation. Ongoing progression at pretty much an analogous rhythm to the previous quarters. We have good expansion across the geographies so a programme that is indeed progression and is an important programme for us in the current inflationary environment.

Financials and guidance

If you look at the revenue which we are disclosing for Q1, excluding pass-through it increased by 6.6% over Q1 2022 to €261.1 million and our non-Vodafone revenue grew by 16.1% compared to prior year so another aspect of our commercialisation that is translating into the numbers. On the back of this we reaffirm our guidance for FY23 and keep it unchanged at revenue growth of 3-5%, EBITDAaL of €550-570 million and recurring free cash flow of €405-425 million. We also reaffirm our medium-term targets looking at our progression in Q1.

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Those are the real highlights. As I often say, there is not that much change quarter-to-quarter but I think the consistency of our actions is what we observe in this quarter. With this I would like to turn it over to you for questions, reminding you that we would like to keep it to one question per analyst so that everyone gets a moment to ask questions. Thank you so much.

Q&A

Robert Grindle (Deutsche Bank): Good morning Vivek and Thomas. It is nice to see a steady quarter. I would like to ask for your thoughts please on the Deutsche Telekom towers deal. I am sure you guys like the multiple but how does this change the way you think about future cooperation? You guys were reported to have been a bidder but have any doors really closed or indeed opened on your side post the news last week? Thank you.

Thomas Reisten (Chief Financial Officer, Vantage Towers AG): First of all, it is not for us to comment on their decision process. I will be a bit mindful about that but remember since the IPO we have said M&A was an optionality. Our guidance, our growth, our trajectory are not premised on achieving one or other M&A transaction. We are scaled enough to absorb our fixed costs in a proper way and to compete as much as we require. We have got leadership positions and grids in the geographies where we operate. Another thing we noted as part of this is that our MSA is very much in market and is working well for us. That was confirmed as a by-product of the process.

Vivek Badrinath: Indeed the multiple is nice and I think what it says is that there is interest in the current context for the kind of assets that we represent with our split of countries but also the type of activities that we are involved in. That is all good stuff, as you said.

In terms of what else could happen for us I refer you to the comments made by Vodafone in the previous quarter. Basically, their intention to achieve a co-control position to open a positive future for us and our shareholders moving towards co-control, achieving monetisation of a part of their stake in Vantage Towers and achieving deconsolidation of Vantage Towers so that we de-couple from their balance sheet in effect for further investment. Does that preclude more cooperation? First of all, we get along well with DFMG as a respected peer in this industry and in our industry achieving coverage through third-party tenancies, as you saw in our MSA revision last quarter, but also in the sales of locations that we provide to DFMG for them to provide to their customer Deutsche Telekom are all things that are quite fluid. We have an ongoing dialogue so I do not see anything that precludes us from remaining smart in making sure that capital is deployed in an intelligent way. For the rest, you should never insult the future. I think there are opportunities that may arise at a future point in time but that is not for us to say today.

Andrew Lee (Goldman Sachs): Hi guys, morning. As you said, not a lot changes in a well-run telco quarter-to-quarter so I wanted to talk about maybe how potential risks could be changing. We had, for example, the Telecom Italia CMD a couple of weeks ago and they highlighted an ambition to expand the proportion of active sharing of their network to 20%. I wondered if we could use that as a point to clarify how you think about active sharing risk across your business. Maybe an update on what you hear from your customers on their ambitions and whether that conversation has already happened with Telecom Italia specifically. Thank you.

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Vivek Badrinath: Since Telecom Italia is an INWIT customer and they are listed so I cannot go into depth. However, let me say one thing. This goes deep to the beginning of Vantage Towers. Between friends, this was part of my initial conversation with Nick when we discussed joining Vantage Towers. I said, ‘I am a firm believer in active sharing so we should set up Vantage Towers in such a way that we structure it not to see active sharing as a threat.’ This was important to me because I feel that active sharing is one of the mechanisms by which operators can deploy capital more efficiently. I do not want to be rowing against that current because I think that current is the right one for operators. It is a pretty strong belief point for me and that translated very concretely into a number of things in our MSAs.

First of all there were indeed a couple of active sharing operations already decided when we listed, which were the Spanish one and the Portuguese one. For those we have a portfolio management team which means that for us it is not a headache that they are dismantling sites as they are aggregating sites for network sharing in rural areas. That is all fine. Moreover, structurally in our MSA we have an active sharing premium which means that in effect for us the economic impact of having active sharing put in place, which is efficient for operators, does not harm us too much. In fact, in many cases it is the contrary.

Looking forward active sharing if it optimising the usage of space on towers today I do feel that it is actually a relevant approach for our longer-term ability to grow tenancies. We really try to take that proactive view that active sharing is usually a favourable thing. Then of course there is the strength of our grid which means that when you are looking at active sharing that gets enhanced by either consolidation combinations or stronger shifts in network rollout strategies by operators, we are structurally in a good place because our grid is typically the broader one and has fewer competitors within a close distance. In an active sharing scenario with the kind of assets that we have we tend to be a pretty attractive place to place the grid.

Then to reflect, look at INWIT, look at Cornerstone in the UK, look at Greece. In the end having two operators who actively or passively share depending on the density of traffic on your grid gives you very good resilience on the positioning of your sites. Two operators reshaping their grid at the same time is a massive headache so it increases the stickiness of your grid. Intellectually we give in to active sharing because it also strengthens operators and their ability to deploy more capital in more places. That is the way we have set ourselves up.

Andrew Lee: Can I just ask a very quick follow-up? At what point do you get involved in those active sharing decisions and planning that the operators have? Have you seen any step-up in that amongst your customer base?

Vivek Badrinath: It is first of all a CTO-to-CTO or Chief Network Officer to Chief Network Officer type of dialogue that initiates it. Then they have to come to us to discuss what impact it could have. Active sharing programmes do increase the tenancy ratio overall so it is a healthy conversation to have and to have quite earlier because then you can start to map the sites, optimise the upgrades and all those things get done. Typically this is a collaborative process.

Andrew Lee: Thank you.

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David Wright (Bank of America Merrill Lynch): A question, if you do not mind, on the M&A process. How difficult is it for you to consider M&A when you have an equity currency that is trading at multiples that are quite a way below some of the transactive multiples we have seen? Whether it be Deutsche Telekom, etc does that create a little bit of a block that effectively your equity is trading really quite cheaply into some of these transactions where private buyers are willing to offer higher numbers? Is that a challenge right now? The question I am asking is, was that a bit of a block perhaps when you were talking to Deutsche that your share price was just too low?

Vivek Badrinath: Fact, private investors have developed or have constructed tools that allow them to approach these transactions at these multiples. That is just factual. The Deutsche opportunity is probably of a different nature. If it had been a combination in a way it is notional because the multiple discussion you are comparing apples to pears. You are comparing an industrial project with a different cycle and a different decision cycle to a cash operation. I think that comparison is of a different nature.

If I look at recent opportunities that we envisaged or looked at or smaller deals that happened across Europe in the recent months I would argue that if we had wanted to we had the ability to and the prices that were put forward were within reach for us on cash transactions. For an outsized type of operation like this one I think the reasoning is a bit different. For an individual tower sale in a given country, be it on or off our footprint, I would say we still have the firepower and ability to act on this.

David Wright: If I might just follow up on Cornerstone, I think when we did the IPO there was always a sense that you had these two outsized associate holdings with INWIT and Cornerstone. Obviously INWT has gone its own direction but it always seemed strange that over time you were the obvious buyer for Cornerstone but we have just not seen any progress with that at all. I am sure it is an asset you would love to bring into the consolidated financials. Is it just not for sale or is there any reason that that deal is not manifesting right now?

Vivek Badrinath: We cannot comment for the seller. We have been as clear as you have just been. We feel we are a natural buyer. We take very good care of it. We have shown in Greece that we are able to have two anchor tenants who are competitors and treat them equitably and fairly. We believe that consolidating Cornerstone would indeed be a favourable outcome for us. We have been as transparent and public as I am today both to Telefónica and Liberty on this matter. It is probably a timing topic but that said nothing is getting broken. Cornerstone is doing well. They have had a pretty good quarter.

Thomas Reisten: The commercialisation of Cornerstone is working well. They are actually on a good track from a cost efficiency point of view to leverage the application of the code that we were discussing as well at the time of the IPO. Overall they are developing absolutely in the right direction and it is an attractive asset. We are definitely interested.

Vivek Badrinath: The two shareholders are aligned in supporting the operations going forward so I think we are in a good space but this situation is not damaging the asset. The headline is still the same. We are interested, ready to consolidate, happy to do so and love the asset. That is clear.

David Wright: Okay, thank you gentlemen.

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Usman Ghazi (Berenberg): Hi everyone and thanks for the opportunity. The question I wanted to focus on is you commented at the full year results that financial year 2023 was going to be an investment year. You highlighted three strands of the programme which was upgrading sites to enable tenancies including designs and landlord agreements, rollout of the 1&1 contract and investing into headcount to drive the 1&1 and VPS acceleration. I wanted to ask if you could provide an update into these three strands and how they are going in the context of your comment that there are issues obviously with regards to implementation. That would be helpful, thank you.

Thomas Reisten: We have reconfirmed with the Q1 release our guidance for fiscal year 2023 and said as well that we are on good track to achieve our medium-term targets. Whilst this is obviously a quarter where we do not talk about the costs that much this gives you the insight that we are on track to achieve fiscal year 2023 guidance. I think that is what you do see. On the one hand obviously with the further commercialisation of the business that is happening by looking at the tenancy growth that we have been pointing out in this quarter. On the other hand it is also fair to say that these investments are going on as well and we continue to accelerate this throughout this fiscal year. You have seen our BTS growth in the first quarter coming in which is part of that acceleration that we have been talking about. On top of that the other two impacts are related to preparation for 1&1 which we continue to do to plan as well. Secondly then ramping up our headcount where we are putting a lot of effort into growing our teams and consequently these impacts will actually be there, as we have been saying, at the full year results. They have been included in our guidance as well.

Vivek Badrinath: To give a bit of operational colour on top, we are very active on the upgrade programmes, both for 5G for operators across the footprint which is a lot and those numbers are pretty high. Indeed we are consuming those resources, getting landlord agreements and getting the designs and plans done so that we can add the extra capacity, rooftops and ground-based, to get the capacity out both for the 5G and new spectrum rollouts and for 1&1. That is moving well.

The BTS programme we are ramping up people. We are reorganising and putting in place stronger regional organisations. That hiring process is progressing. It takes time. Some people need to still come in and get into the headcount but the hirings are done. It is more a question of their transitioning into our organisation. The operational stretch that we have is more with the end of the process linked to subcontractors in the construction space or availability on the supply chain of some of the equipment. All this preparation work, landlords, planning, etc is moving at a good pace. It is a sequential process. You need landlords, you need plans, you need permits and then you need construction and foundation laying or steelwork construction. The stretch we are seeing is more towards the end of the chain at this point. Some of it on permitting, some of it at the construction phase but the part that we control by adding resources is moving up.

Usman Ghazi: I just wanted to follow up on that comment by Vivek. We have seen in Germany that there is an infrastructure law that has been put in place now which has been agreed which eases the permitting issues on fibre and on 5G. Does that incrementally help this year or will it take time? Related to this question on implementation or execution of the BTS, we have seen Deutsche Telekom's tower company at least able to execute at quite a high pace relative to the other tower cos in Germany. Are there any lessons for Vantage in

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that implementation or is it just a more mature company and therefore they have deeper relationships on permitting, etc that are helping them? Any colour on that would be helpful, thanks.

Vivek Badrinath: First of all, they have built up their capacity over their years and they have been around for a long time as a tower business unit until the recent transaction. I think it is the maturity of their processes. We believe that the re-engineering that we are doing of our organisation points in the same direction. There is no magic there. Not that we copied them but they are doing best practice and these best practices are known in the industry. That is what we are putting in place. Standardisation of our towers, the IT support for our operations to ensure very direct tracking of everything so that things do not get lost in the various multiple steps that lead to the construction and a regional organisation. There they have a strength which is that they have a very deep regional anchoring due to their history and due to the work that they have done to have strong regional organisations liaising very closely with municipalities.

The recent evolution of regulation in Germany is indeed favourable. It does stop short of imposing it to the regions because that remains in the prerogative. The permitting is not federal. It is more of an impulse that is given. We think it is favourable. I think it sends the right message across the country that holding back on 5G is not the right thing to do which I think will strengthen our hand in those conversations we have with local authorities. Everybody needs to give by default approval yet. I think there is still some more maturing to be done. I guess these regulatory changes need to reach each and every individual function who then gives permits to imbibe it and then shift their behaviours and approach.

Usman Ghazi: Thank you, that is very helpful colour. Thanks.

Jerry Dellis (Jefferies): Hi, good morning. Thank you very much for taking my question. I have a question on Germany please. We understand that 1&1's current intention is to deploy a fixed wireless access solution without hand-off across maybe 1,000 sites by the end of the year in order to fulfil regulatory coverage requirements. I wondered what the implications of this are from your side. Does that soak up a lot of resource that could be deployed more lucratively in other areas? If 1&1 is not exactly incentivised to be pushing the fixed wireless access solution commercially very hard, does that have implications for the monetisation that you will see from 1&1 during 2022? Thank you.

Vivek Badrinath: No, we are one of their suppliers and we have orders that link to the contract that we have with them. They have signed for 3,800 sites over a certain calendar of delivery which is not for us to give. It is their rollout. We are not really supposed to give breakdowns on that.

Thomas Reisten: What we said is that there is a ramp-up over the first two years achieving run rate at a later stage not dissimilar to our own BTS programme. Albeit obviously with a bit of a delay but that is basically continuing to be the case. We have the 3,800 guaranteed and up to 5,000 as an optionality on co-locations with 1&1.

Vivek Badrinath: The point that you are making has not changed our conversation with them. We are executing on the programme that we have with t

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Thomas Reisten: Ultimately potentially an indication of how they are intending to use the collaboration that we have with them and the orders that we have with them. It does not affect us.

Jerry Dellis: This technical solution that they deploy in 2022 does not affect, for example, the macro site revenue that you would be booking.

Vivek Badrinath: No, they pay per site.

Thomas Reisten: Our deal is very clear on the per site basis

Jerry Dellis: Thank you and could I maybe just follow up on the macro site revenue that you reported across the group today which was about 3%? Is that the sort of level that you believe you can hold through the full year or should we anticipate that scaling up?

Thomas Reisten: What we have said is on the overall revenue the guidance is between 3% and 5%. You have seen us actually in this quarter, Q1, achieving actually a growth rate of 6.6% year-on-year. However, you do need to keep in mind on that that this is on the baseline of a relatively slow growth quarter one in fiscal year 2022. Do not take the same growth rate actually into account on a linear fashion throughout the year because obviously we have accelerated our growth within fiscal year 2022 from quarter-to-quarter as well. You will have that lapping effect obviously this fiscal year. If I step back still there was as well some one-offs in the first quarter. Actually it is a catch-up more than a one-off where we have energy revenue charged to other customers that we have in this quarter. Even if you correct for that you will actually get to a growth rate oof 5.4% so still showing really good progress towards this year's guidance as well as coming towards the medium-term ambition. Having said that, actually do not take this in a linear way. Nevertheless really good progress to achieve our fiscal year 2023 guidance.

Vivek Badrinath: With all the percent it takes the main thing to remember is with the results of Q1 we are comfortable with reconfirming our guidance of 3-5% for the year and that is where we stand.

Jerry Dellis: Thank you.

Sam McHugh (Exane): Morning guys, nice to see you both. Just following up from that last question actually, the energy and other revenues doubled in 1Q excluding that one-off you mentioned. When you look at those revenues for the rest of this year should we expect them to now be at this as the new normal level of €12-13 million a quarter or as energy hedges and other stuff rolling off through the year? Do you expect energy and other revenues to start ramping up? How is that different or is that the same as you anticipated in the guidance at the beginning of the year? I do not know if there is much movement in it. Is it right to think about all of these revenues as pretty much zero margin? Thanks very much.

Thomas Reisten: Yes, if I start first of all with what you should expect actually for the future quarters to come in this line. Let us remind ourselves as well that this is not only energy revenue that we have seen. For instance, in the fourth quarter last year it was these reverse services through reverse LTAs as well as back to Vodafone that we have in this line as well. That is a relatively large chunk of the revenue in this line too. Let us keep that in mind that is not only related to MSA.

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Now, having said that obviously whilst we had this catchup at the last year and the poorer numbers assume that this is not going to be as lumpy going forward. We are actually now obviously recognising this much more on a quarterly basis so indeed as you were pointing out Sam this is a bit more stable revenue that we should be expecting in that space. If we then point at the overall energy situation you know that this is actually a pass-through for us. If you think about how this is going to develop going forward there might be some increase but I do not think we will actually see them in our numbers as a huge impact over the next quarters.

Just to answer your question Sam on margins since they are passed through broadly on the energy side and lower margins on the reverse services, indeed the margin of these revenues is lower than our margin.

Vivek Badrinath: They are good for the business. They are good for our relationship with the operators. It increases our revenues to them so it is still a good thing to do. Even if it is not the core business of renting towers from them.

Sam McHugh: Then the €3 million catchup would it be right to assume that that also had a €3 million associated opex in Q1 as well?

Thomas Reisten: We do not do EBITDAaL in Q1 but what I can tell you is that the margin on this revenue is relatively lower. This might not be actually a completely low margin. The €3 million is cost is too high for €3 million revenue top but it is just lower margin revenue than the core business.

Sam McHugh: Very clear, thank you.

Georgios Ierodiaconou (Citigroup): Good morning and thank you for taking my question. It is a follow-up on M&A and also your process of finding a partner. I am curious if you could give us an indication of the timing of any agreement that you are envisaging. It has already been over a year since the IPO. Is there a period on which you want to find this opportunity, get it consolidated and then have the capacity to deploy your balance sheet and everything else that comes with that? Linked to that I wanted to hear your views about one of your major shareholders being involved in the Deutsche Telekom tower deal. How should we be thinking about that? Do you think there is still the possibility to engage with Deutsche Telekom at a later stage and still pursue some of your objectives there? Thank you.

Vivek Badrinath: Your first question is more a question to be directed to Vodafone but I think they have been super-consistent quarter-on-quarter to say they wanted to achieve co-control, monetisation and deconsolidation. I think the intent is there. They are disclosing their results early next week so I would say that that question on calendar, etc they are in the driving seat on that because it is their shares. I think the direction of travel has been made abundantly clear by Nick Read on this matter. This is indeed their intent to achieve these three items.

I did note a comment by Tim Höttges in his call on the DT transaction that was reasonably complementary of us and the fact that indeed there is some industrial logic. Right now this transaction has just happened so maybe it is a bit early to try to speculate about anything further. However, if you ask me whether there is anything that precludes further consolidation or deeper partnerships on an industrial basis with Deutsche Telekom I do not

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see anything that precludes it if the shareholders of all parties are interested in doing so. There is no news on this. Does it make it impossible? No. Is it certain? No. Is it possible? Yes. I think that is where we stand at this point. That is as much as I can say to you Georgios on this because it is all pretty forward-looking.

Georgios Ierodiaconou: Thank you.

Luigi Minerva (HSBC): Good morning guys, thanks for the opportunity. I just wanted to ask you about the revenue growth in this quarter because if I compare it on a quarter-by-quarter basis it is actually -1%. I presume this is down to the sites being decommissioned in this quarter but I was wondering if you can please give more colour on that. Thank you.

Vivek Badrinath: No, looking quarter-on-quarter in our business is probably not the way to look at it because it is actually a number of puts and takes or one-offs. Put on your brand new glasses Thomas and walk us through the minuses and pluses for last quarter just to put Luigi at ease.

Thomas Reisten: Yes, exactly. Pointing a bit in the direction that we had before in terms of looking at the fourth quarter and what I see we did do in the fourth quarter. There was the overall situation that we had a very strong fourth quarter and there were two effects that were making it even stronger. One being actually the reverse LTAs that we had the catchup and the strong charging in the fourth quarter. The services back to Vodafone as an example were at relatively low margins. Then secondly obviously there was as well really a €1 billion catchup. We were looking into the incremental revenue that we have not billed earlier in the year. That is why the fourth quarter was a particularly strong quarter from a growth point of view. If you take that out and we look at the underlying quarter-on-quarter revenue growth from the -1.1 you are actually getting 2.6% actually. That is much more representative of our quarter-on-quarter growth and continuous acceleration of our revenue growth that we have been seeing as well over the course of the last year. Take that into account and these are the main effects that you are seeing in that space.

Luigi Minerva: Thank you.

James Ratzer (New Street Research): Vivek and Thomas, good morning. If possible just to come back to the trends you are seeing in Germany, you have had some separate questions about the BTS programme and what 1&1 are doing. I was wondering if I could try to put it all together. In Q1 you reported 340 tenancy additions across the Group. It looks like given the rounding issues that around 130 of those are in Germany. Firstly, does that seem to be the correct number for the adds in Germany in Q1? Can you give us some help on how that could phase through the rest of this year? It sounds like you are increasingly conservative or cautious on just how the BTS build will pan out this fiscal year to supply chain issues. Could it be that about 130 tenancy adds in Germany remain stable at that level for the next few quarters or should we expect a more imminent acceleration when putting together BTS and 1&1? Thank you.

Vivek Badrinath: 1&1 is yet to come in terms of tenancies. The full thing is ahead of us. BTS we are working very hard to strengthen our delivery. It is fair to say this year is tense indeed but we are driving towards achieving our run rate by the end of this year. That is what we are targeting. You could expect that the second part of the year has those two

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effects, the improvement of the BTS delivery and the 1&1 tenancies coming in, to look forward to. That would be the summary.

Thomas Reisten: Exactly. What we have said is obviously that this acceleration was a year of investment indeed as we are investing into the further acceleration of the BTS programme and the 1&1 preparation and rollout. These affects you will see continuously adding to the acceleration throughout the year.

James Ratzer: Is that a linear acceleration through the year or is this really something that is very back-end loaded towards Q4?

Thomas Reisten: We expect this not to be entirely back-end loaded towards Q4 but at the same time it will not be linear either.

James Ratzer: Okay, clear, thank you.

Emmet Kelly (Morgan Stanley): Good morning Vivek, good morning Thomas. Good to see everybody this morning. I have a question please on Germany, like everybody else it seems. My question is on converting the rooftops to multi-tenant sites. I asked this question to Thorsten Langheim of Deutsche Telekom last week and he indicated that maybe they can add some tenants around the edge of their rooftops. Can you maybe just give us a little bit of anecdotal support about what you are doing to convert these rooftops? How easy it is, how it is working out with the permits and if there is much incremental cost on converting these rooftops to multi-tenants. Thank you.

Vivek Badrinath: For some time it was a theological debate on Germany. How can rooftops be shared? Whether the nature of rooftops can be shared or not shared, was the argument. First of all, across Europe we have countries with 1.3 and 1.4 tenancy ratios on rooftops and it does not look like it is a physical possibility. The second thing is in Germany on rooftops you do have a number of rooftops which have multiple tenants, albeit on separate contracts so they are counted as separate build-outs or separate rooftops when in fact they are two sides of the same roof. I would say we need to puncture the theological debate. Can you put more than the equipment of one operator on a roof in Germany? Yes, like anywhere else in the world. I think we should start with that.

I think Thorsten Langheim in his statements, which I did think was interesting, was a slight evolution of the tack on that one, that indeed when you are starting to do multi-pole it makes things easier. Basically that is the kind of stuff we do and I do not want to give you anecdotal evidence but I can give you really the approach that we are taking from an industrial point of view. You take a rooftop. If you need to just add a bit of equipment for one operator you can fit it within the setup in many cases. That is what has been done over the years and that was done by operators in countries other than Germany concurrently. Okay, I need one more antenna, yes, I can fit it and it can go on the pole in the second position or the top position or whatever it is. If you want to do more the right approach is indeed to move towards multi-pole. Instead of having one pole which has two operators, for instance, you put three poles with three sectors and two operators for one sector of each operator on each one of the poles. That is the redesign that you try to achieve which is one example of an efficient design that is also future-proof.

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Since it is future-proof the capex that goes into it, which anyways is significantly less than on a ground-based but is a bit of cement and metalwork on the rooftop, is something that delivers very good returns. It is a good capex to incur. We stand by our position that there are designs that are efficient for this. You still have to take into account the EMF so a very cramped rooftop remains a constraint but when I look around there are a number of rooftops which are more than enough space. They are the width of the building so they are not that small. You can definitely fit three poles that provide coverage. I would say it is not as easy as on a ground-based tower. Not all sites are conducive to it but there is definitely potential to increase rooftop tenancies and we see nothing that disproves that at this point.

Thomas Reisten: If I may add as well Emmet, we have the cost impact already in the last fiscal year as well to prepare an opposite one-off stand what is the potential actually for the 1&1 deployment that we have gone through. At that point in time it was well-communicated and this is what we did in order to be prepared. We obviously did do technical feasibility studies. We did spend money on that. We did spend money EMF and feasibility analyses as well. We did actually have discussions with landlords about our ability to actually host a second tenant as well. All of that led us to a large-scale programme to understand the feasibility to be able to commit to the 3,800 sites. That preparation led us into this year of investment where the €10-15 million of incremental opex that we were talking about at the full year results as well and up to 15 basis points EBITDAaL margin, is now transferred into getting the EMF certificate. Doing this final step of actually finalising that work, getting the technical drawings and concluding the contract. This is a continuation of the work that we actually started in the last year in preparation for the 1&1 rollout. This acceleration is going to happen and the vibe of it obviously because of the rollout pattern is going to be moved up.

Emmet Kelly: Super, that is clear. Thank you.

Vivek Badrinath: Thank you very much everyone for your attention and your questions. Once again it was a steady quarter with commercial activity and a lot of work on the production side. Some good commercial deals came in with new opportunities so very much in line with what we would like to achieve. We are reconfirming our guidance for the year. As you can see from the revenue trends with all the points that Tom has made, the ability to reconfirm our 3-5% guidance for this year and indeed reaffirming EBITDAaL and free cash flow both for this year and for the medium-term. I would say that is pretty much the summary before you probably take some well-deserved summer holidays for some of you. Wishing you a good summer period and see you again for our first half which will be in early October. Thank you very much.

[END OF TRANSCRIPT]

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