Vantage Towers

Q3 FY21 | Quarterly results update

15 February 2021

VANTAGE TOWERS

Vantage Towers | Key highlights and progress

High quality portfolio and tenants

- Attractive grid: dense, deep, ample capacity
- #1 or #2 in 9 out of 10 markets
- Highly rated, market-leading anchor tenants
- Industrial approach

Highly secured short and medium-term growth

- Growth ramping-up as committed BTS[1] accelerates
- ~90% of new tenancies highly visible
- Management incentivised to drive non-Vodafone tenancies

Competitive MSA

- Reflects recent market trends
- Attractive partner to MNOs[2]
- "Future fit"
- Enabler of growth

Delivering tenancies and efficiencies

- Strong operating leverage from new tenancies
- Significant lease cost efficiencies potential
- German rooftops an upside to targets

Optimal capital structure and returns

- 4.0x balances growth, investment and returns
- €1bn leverage capacity for organic growth beyond plan or strategic M&A
- 60% dividend payout ratio (incl. €280m for FY21)

Recent progress

High quality portfolio and tenants	Highly secured short and medium-term growth	Competitive MSA	Delivering tenancies and efficiencies	Optimal capital structure and returns
Added clear market leaders in Greece and the UK New framework agreements in Ireland	On track to add ~550 sites in FY21 Reaffirming guidance	Successfully used in Greece and the UK	~1,100 new non-Vodafone tenancies in 9m FY21 GLBO[3] pilots now across 6 markets	Cornerstone: third transaction completed in 12 months Investment grade ratings confirmed and external financing secured
Lower cost of capital	Secure plan, management focus on the upsides and long term growth	Well positioned to win market share	Commercial organisation in place to deliver on upsides	Allows for strategic flexibility

Source: Company information

Notes

1 Build to suit ("BTS")
2 Mobile network operators ("MNOs")
3 Ground lease buyout ("GLBO")

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Q3 FY21 highlights | Building momentum across all value levers

	Targets	Achievements to date
Delivering BTS	• ~550 new sites in FY21	• On track to deliver our FY21 target – ~450 delivered, ~100 sites left
Realising lease-up potential	• Target tenancy ratio of >1.50x in the medium term	• ~1,400 new tenancies in 9m FY21 – of which ~500 non-committed
Building commercial momentum	• Set up commercially successful and independent operations • Execute efficiency initiatives	• Strong commercial momentum – new framework agreements signed with MNOs in Ireland and partnership with Sigfox in Germany – First 2 GLBO pilots showing encouraging progress – TIMS[1] go-live on track
Enhancing business through M&A	• Target leaders with high-quality grids and strong anchor tenants	• Two clear market leaders added to portfolio – Cornerstone – Greece
Strong corporate governance	• Balanced and experienced Supervisory Board led by an independent chair	• Fully appointed diverse Supervisory Board with wide set of relevant skills and experience

Source: Company information

Notes

1 Tower Information Management System

Encouraging commercial progress | New tenants and services

Selected commercial successes in the quarter

MNO hosting

Highlighting our grid's high quality and independence

1. Eir framework agreement
   - 10 year initial term
   - Expected to deliver >250 incremental tenancies
2. Three Ireland framework agreement
   - 10 year initial term
   - Expected to deliver >200 incremental tenancies
3. Collaboration agreement with AOTEC
   - Industry body of more than 150 local and regional operators
   - Lower density and rural areas
   - 5 year initial term

New services

Becoming a 5G superhost and enabling digital solutions across verticals

sigfox

SigFox partnership (IoT)
- 10 year framework contract
- +500 tenancies expected by CY23 end, of which 350+ in FY22

An enabler of 5G technologies across multiple industries, including Healthcare, Manufacturing, eGaming and Agriculture

First 5G neutral host DAS solution for building complex in Prague, Czech Republic

Source: Company information

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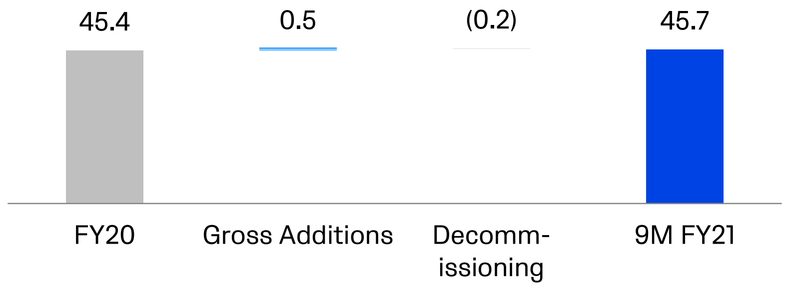
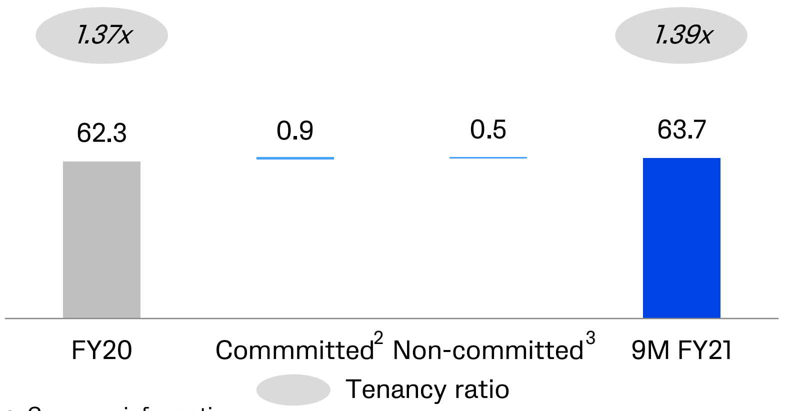
Operational performance | Building site and tenancy momentum

Macro sites[1]



Tenancies[1]



Growth

New sites

- **On track to deliver ~550 new sites in FY21**
  - **~350 new macro sites** in Germany in 9m FY21
- Decommissioning under way in Spain and Other European Markets - **no revenue impact** due to portfolio fee mechanism

Tenancies

- **~1.4k new tenants** added in 9m FY21
  - **of which ~1.1k non-Vodafone**
  - **of which ~500 non-committed**
- Already secured a quarter of the non-committed tenancies that were required to achieve our medium term tenancy ratio target of >1.50x

Efficiencies

GLBO

- Performance **in line with expectations in Germany and Spain**
  - ~100 contracts expected to be signed by end of FY21
- **4 new pilots launched** in **Portugal, Czech Republic, Hungary and Ireland**

Source: Company information

Notes

1 Minor restatements made to FY20 and H1 FY21 KPIs (refer to appendix p.15 for further detail on H121)

2 "Committed" tenancies defined as committed new sites, white spots obligations and committed tenancies in Spain and Other European Markets (net of decommissioning) at time of Capital Markets Day

3 "Non-committed" tenancies refers to additional lease-up not committed at Capital Markets Day

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Financial performance | In line with expectations

€m, Mar YE	FY20PF[1,2]	9m FY21PF[1,2]
Revenue (ex. pass through)	**945**	**723**
Capex recharge revenue	-	2
Revenue	**945**	**725**
Maintenance costs	(35)	(28)
Staff costs	(38)	(29)
Administrative & Other	(58)	(48)
Adj. EBITDA	**814**	**620**
margin (%)	*86%*	*86%*
Capex recharge revenue	0	(2)
Ground lease expense[3]	(301)	(224)
Adj. EBITDAaL	**513**	**394**
margin (%)	*54%*	*54%*
Reversal of non-cash lease adjustment	10	6
Maintenance capex	(29)	(23)
Recurring OpFCF	**494**	**377**
Cash conversion (%)	*96%*	*96%*
(-) Tax paid	(103)	(74)
(-) Interest	(16)	(12)
Recurring free cash flow (RFCF)	**375**	**291**
Cornerstone RFCF (50% share)[4] (€m):	**54**	**39**

Performance in line with expectations
- Expect growth to begin to ramp up as BTS programme builds to run-rate and new tenancies begin to contribute

Planned IFRS 16 lease reassessment complete
- IFRS 16 lease liabilities of c.€2.0bn
- Annualised non-cash increase in ground lease expense of c.€10m
- No impact on RFCF

Stable margins in line with expectations
- Expect improvement over medium-term through operating leverage and lease optimisation initiatives
- Initiatives expected to have an increasing effect over time, but limited impact in FY22

External financing secured

Co-controlled JVs update:
- Cornerstone added to portfolio in January 2021
- INWIT next reporting date on 4-Mar-21, dividend payment expected in May-21

Source: Company information

Notes

1 See p.17-19 for definitions of non-IFRS measures and basis of preparation

2 Includes the full estimated impact of the lease term reassessment for FY20PF and 9m FY21PF

3 Reflects impact from completed lease reassessment

4 Based on average EUR / GBP exchange rate of 0.89402 over twelve months ended 31-Mar-20 and 0.90584 over the nine months ended 31-Dec-20; Includes the impact of the revised capitalisation policy for internal staff costs from FY21, see p.17-19 for basis of preparation

VANTAGE TOWERS

Balance sheet update | Net Financial Debt and working capital

Investment grade rating confirmed and external financing secured

Net Financial Debt

- Confirmed investment grade credit ratings from S&P and Moody's
- Confirms €1bn leverage capacity for M&A and other growth investments
- External bank financing secured to refinance intercompany loans
- Target 4.0x Net Financial Debt / Adj. EBITDAaL at end FY21 unchanged
  - Expect Net Financial Debt of c.€2.1bn at Mar-21
- Expected movements from reported Dec-20 to Mar-21 position include:
  - Final Greece payment (€288m, does not impact M&A leverage capacity)
  - Normalisation of working capital

Working capital

- **Operational working capital**
  - Relates to recurring cash flows (excludes, for example, growth and recharged capex related items)
  - Expected to normalise by end of FY21 to average c.12-15% of revenue (ex. pass through)
  - Single digit €m annual cash outflows expected over medium-term
- **Non-operational working capital**
  - Relates to non-recurring cash flows (e.g. recharged and growth capex)
  - Overall positive near-term cash flow impact as new site capital investment programme ramps up

Source: Company information

Notes

1 Including deposits held for Vantage Towers by Vodafone Group entities (reflected in "Receivables from related parties" in financial statements)

VANTAGE TOWERS

Looking forward | Reaffirming targets

FY21PF Adj. EBITDAaL guidance updated as a result of planned IFRS 16 lease reassessment (non-cash) adjustment

	FY21PF	Medium term targets	Contribution from co-controlled joint ventures (Aggregated)
Tenancy ratio	~1.38x	• >1.50x	
Revenue (ex. pass through)	€955-970m	• Mid-single digit CAGR	
Consolidated Adj. EBITDAaL[1] (excl. INWIT and Cornerstone)	€520-530m	• High 50s percentage margin (based on revenue (ex. pass through))	
Consolidated RFCF[2] (excl. INWIT and Cornerstone)	€375-385m	• Mid to high single digit CAGR	• INWIT: RFCF of ~€700m by FY26[6] • Cornerstone: Mid-single digit CAGR
Dividend	€280m[3]	• Payout ratio: 60% of RFCF (incl. dividends from joint ventures)[4]	• €0.30 DPS for CY20 (VT share: ~€96m) growing to €0.37 by CY23[6] • Cornerstone: 100% of excess cash[7]
Initial leverage	4.0x Net Financial Debt / Adj. EBITDAaL	• Flexibility to exceed for growth investment • €1bn leverage capacity[5]	

Source Company information, INWIT Q3 FY20 presentation

Notes

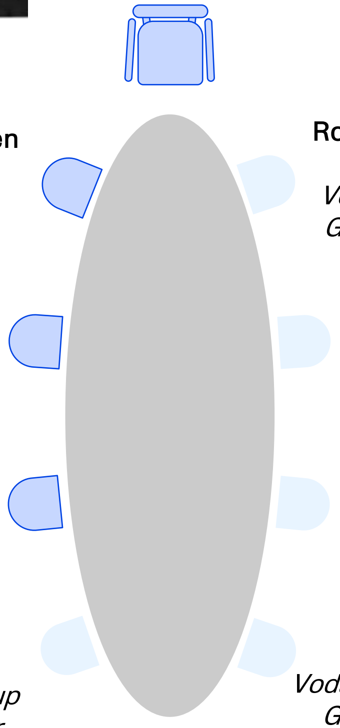
1 FY21PF Adj. EBITDAaL assumes full annualised impact from reassessment of IFRS16 lease term (c.€10m)
2 FY21PF RFCF not impacted by reassessment of IFRS 16 lease term policy (non-cash)
3 To be paid following 2021 AGM
4 Subject to compliance with applicable laws
5 Assuming capacity to invest in organic or inorganic opportunities up to pro forma leverage of 5.5x Net Financial Debt / Adj. EBITDAaL to maintain investment grade rating
6 As communicated by INWIT at its Capital Markets Day on 5 November 2020; based on INWIT accounting policies
7 No dividend in respect of FY21

VANTAGE TOWERS

Supervisory Board appointed

Diverse members with a wide set of relevant skills and experience

Dr. Rüdiger Grube
Independent chair



Katja van Doren
Finance/HR Expertise

Terry Rhodes
TowerCo Expertise

Chuck Green
TowerCo Expertise

Michael Bird
Vodafone Group M&A Director

Rosemary Martin
Deputy Chair
Vodafone Group General Counsel

Johan Wibergh
Vodafone Group CTO

Barbara Cavaleri
Vodafone Italy Finance Director

Pinar Yemez
Vodafone Business & Group Functions HR Director

Denotes independent | *Denotes Vodafone nominee*

Independent Supervisory Board members

Katja van Doren *(Remuneration and Nomination Committee Chair)*

Finance/HR expertise

- CFO and CHRO of RWE Generation SE
- Finance, accounting and tax roles at RWE, Innogy and KPMG

Terry Rhodes

TowerCo expertise

- Co-founded Eaton Towers (African TowerCo) in 2008, sold to AMT in 2019
- Co-founded Celtel in 1998 and served as Deputy CEO

Chuck Green *(Audit, Risk and Compliance Committee Chair)*

TowerCo expertise

- Co-founder of Helios Towers (African TowerCo), IPO'd on LSE in 2019
- Non Executive Director of e.co (South East Asian TowerCo)
- CFO and Global Head of Finance at Crown Castle International

Source: Company information

VANTAGE TOWERS

Key takeaways

1. Results in line with expectations
2. Building commercial momentum in the quarter
3. Reaffirming medium-term targets
4. Cornerstone transaction complete
5. High quality diverse Supervisory Board appointed

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Appendix - additional information

VANTAGE TOWERS

Vantage Towers | Segment by segment

€m (unless stated)	Fully-owned segments								Consolidated	
	Germany		Spain		Greece[1]		Other European Markets			
	FY20PF	9m FY21PF	FY20PF	9m FY21PF	FY20PF	9m FY21PF	FY20PF	9m FY21PF	FY20PF	9m FY21PF
Macro sites (#)[2]	19.0k	19.4k	8.9k	8.8k	4.9k	4.8k	12.6k	12.7k	**45.4k**	**45.7k**
Tenancy ratio[2]	1.20x	1.21x	1.60x	1.68x	1.61x	1.64x	1.38x	1.38x	**1.37x**	**1.39x**
Revenue (ex. pass through)	462	357	159	120	126	95	198	151	**945**	**723**
Adj. EBITDAaL	286	219	69	52	52	41	106	82	**513**	**394**
ROpFCF	276	211	64	47	48	38	106	81	**494**	**377**

Source: Company information

Notes

1 Based on 100% ownership

2 Updated following the completion of reorganisation

VANTAGE TOWERS

Balance sheet as at Dec-31-20

€m	31-Dec-20
Non-current assets	**9,238**
Goodwill and intangible assets	3,446
Property, plant and equipment	2,847
Investments in joint ventures	2,918
Deferred tax assets	18
Trade and other receivables	9
Current assets	**1,174**
Receivables due from related parties[1]	1,127
Trade and other receivables	41
Cash and cash equivalents	6
Total Assets	**10,412**
Non-current liabilities	**2,312**
Lease liabilities	1,786
Provisions	309
Post employment benefits	1
Deferred tax liabilities	18
Payables due to related parties	195
Trade and other payables	3
Current liabilities	**3,100**
Lease liabilities	263
Current income tax liabilities	24
Provisions	17
Payables due to related parties[1]	2,633
Trade and other payables	160
Overdrafts	3
Total liabilities	**5,412**
Equity	**5,000**
Net investment of parent	4,945
Non-controlling interest	55
Total equity and liabilities	**10,412**

- Balance sheet reflects actual values at 31-Dec-20. Does not include
  - Cornerstone JV (added post balance date)
  - Final Greece payment (€288m)
  - External debt financing secured (expected to be implemented during Q4 FY21)
  - Normalised working capital balances
- Target Net Financial Debt at Mar-21 of c.€2.1bn (from €1.7bn at 31-Dec-20)

- Fixed assets (excl. IFRS 16 RoU assets) of €795m
- FY20PF D&A of €105m (includes increase of useful economic lives on certain tower assets by 10 to 15 years) (€75m in 9m FY21PF)
- For new assets, towers are assumed to have a useful life of 25 years (other assets typically shorter)

- IFRS 16 lease liabilities of €2,049m
- RoU assets of €2,052m

- See slide 14 for breakdown of gross and Net Financial Debt and net working capital balances

- Expected to have distributable reserves in excess of €6bn to support expected dividend payments

Source: Company information

Notes

1 Payables due to related parties comprised primarily of the €2.3bn intercompany loan to be refinanced through external debt financing. Receivables due from related parties includes €924m of deposits

VANTAGE TOWERS

Balance sheet | Reconciliation

€m		Analysed as			
Current & Non-current working capital related balances[1]	Balance sheet (Dec-20)	Net Financial Debt	Non-cash items	Non-operational NWC[2]	Operational NWC[3]
Receivables due from related parties	1,127	924	11	28	164
Trade and other receivables	50	-	(1)	-	51
Cash and cash equivalents	6	6	-	-	-
Payables due to related parties	(2,828)	(2,602)	(28)	(21)	(177)
Trade and other payables	(163)	-	-	(23)	(140)
Overdrafts	(3)	(3)	-	-	-
Total	**(1,811)**	**(1,675)**	**(18)**	**(16)**	**(102)**

Target c.€2.1bn at Mar-21 (4.0x Net Financial Debt / Adj. EBITDAaL)

Expected to normalise by end of FY21 to average c.12-15% of revenue (ex. pass through)

Source: Company information

Notes

1 The table above represents current and non-current balances

2 Non-operational NWC is expected to increase in line with growth capex

3 Single digit €m annual cash outflows relating to operational net working capital expected over medium term

VANTAGE TOWERS

Further information | Net income and 1H21 KPIs

Revenue to net income

€m, Mar YE	FY20PF[1]	H1 FY21PF[1]	9m FY21PF[1]
Revenue	**945**	**482**	**725**
Maintenance costs	(35)	(16)	(28)
Staff costs	(38)	(19)	(29)
Administrative & Other	(58)	(31)	(48)
Adj. EBITDA	**814**	**416**	**620**
margin (%)	86%	86%	86%
Depreciation on right of use assets	(261)	(120)	(183)
Depreciation on other property, plant and equipment	(105)	(50)	(75)
Operating profit	**448**	**246**	**362**
Margin (%)	47%	51%	50%
Share of net income from joint ventures	15	2	4
Other expense[2]	-	(1)	(25)
Net finance cost	(56)	(39)	(52)
Profit before tax	**407**	**208**	**289**
Taxation[3]	(103)	(48)	(74)
Net income	**304**	**160**	**215**

Restated H1 FY21PF[4]

€m, Mar YE	H1 FY21PF
Macro sites	45.7
Tenancies	63.4
Tenancy ratio	1.39x
Revenue (ex. pass through)	**482**
Capex recharge revenue	-
Revenue	**482**
Maintenance costs	(16)
Staff costs	(19)
Administrative & Other	(31)
Adj. EBITDA	**416**
margin (%)	*86%*
Capex recharge revenue	-
Ground lease expense	(150)
Adj. EBITDAaL[3]	**266**
margin (%)	*55%*
Reversal of non-cash lease adjustment	4
Maintenance capex	(14)
Recurring OpFCF	**256**
Cash conversion (%)	*96%*
(-) Tax paid	(48)
(-) Interest	(8)
Recurring free cash flow (RFCF)	**200**

Source Company information
Note
1 Includes the full estimated impact of the lease term reassessment for FY20PF, H1 FY21 PF and 9m FY21PF (c.€10m); lease reassessment impact on both depreciation on right of use assets and finance costs
2 Other expense of €25m are one-off costs related to the operational set-up of Vantage Towers,
3 Based on profit before tax excl. share of net income from joint ventures
4 Restated mostly for the IFRS 16 lease reassessment and phasing effects following the finalisation of reorganisation

VANTAGE TOWERS

Cornerstone | 9m FY21 update

Updated pro forma financials including impact of expected staff capitalisation policy and IFRS 16 lease reassessment

Key financials[1] (£m), Mar-YE	Adjusted FY20PF	Adjusted H1 FY21PF	Adjusted 9m FY21PF
Revenue (ex. pass through)	**280**	**139**	**210**
Pass through revenue[2]	67	38	56
Total revenue	347	177	266
Opex (incl. pass through)	(119)	(63)	(95)
Adj. EBITDA[3]	**228**	**114**	**171**
Adj. EBITDA margin (%)[4]	81%	82%	81%
Recharged capex revenue	0	0	0
Ground lease expense[5]	(121)	(61)	(91)
Adj. EBITDAaL[3]	**107**	**53**	**80**
Adj. EBITDAaL margin (%)[6]	38%	38%	38%
Maintenance capex	(9)	(5)	(8)
Reversal of non-cash lease adjustment	4	3	5
ROpFCF	**102**	**51**	**77**
Cash conversion (%)	95%	96%	96%
Interest[7]	(5)	(3)	(4)
Tax[8]	(2)	(2)	(3)
RFCF	**95**	**46**	**70**

Performance in line with expectations

Minor historical restatements following contribution to Vantage Towers and IFRS 16 lease reassessment

Net Financial Debt of 3.0-4.0x Adj. EBITDAaL expected as working capital normalises

Notes
1 Adjustments, basis of preparation and definitions described on p.17-19
2 Pass through revenue consists of recovery of business rates passed through to the tenants (FY20PF: £67m, H1 FY21PF: £38m, 9m FY21PF: £56m) and recharged capex revenue (FY20PF: £0m, H1 FY21PF: £0m, 9m FY21PF: £0m)
3 Includes the impact of the reassessment of the capitalisation policy for internal staff costs from FY21
4 Adj. EBITDA divided by revenue (ex. pass through)
5 Sum of depreciation of lease-related right-of-use asset and interest expense on lease liability and net interest on finance sublease arrangements. Cornerstone has performed a lease term re-assessment, which has resulted in a minor historical restatement of the pro forma depreciation of lease-related right of use assets and interest on leases
6 Adj. EBITDAaL divided by revenue (ex. pass through)
7 Based on 3.0-4.0x Net Financial Debt / Adj. EBITDAaL. Please see p.17-19 for the definition of Net Financial Debt
8 Effective cash tax rate of 8-9% in FY20PF, H1 FY21PF and 9MFY21PF. These estimations are considering factors such as timing difference between capital allowance and accounting depreciation, one-off positive impact in FY20PF from tax relief on previously disallowed interest cost and utilisation of tax losses carried forward

VANTAGE TOWERS

Basis of preparation (1/3)

Introduction

The financial information presented in this presentation sets out certain summary pro forma consolidated financial results for Vantage Towers for the twelve months ended 31 March 2020, the six months ended 30 September 2020 and as of and for the nine months ended 31 December 2020. The basis of the pro forma information for the consolidated group reflects the historical results of Vantage Towers (including its operations in Germany, Spain, Greece, Ireland, Portugal, Romania, Hungary and Czech Republic). The pro forma results of operations are adjusted for the expected financial impact of the separation of the business from Vodafone Group Plc ("Vodafone"). The impact of commercial agreements, including, amongst others, the Master Services Agreements ("Vodafone MSAs") and Long Term Agreements ("LTAs"), which have been entered into with Vodafone, together with expected incremental running costs of Vantage Towers, are included as if they had been in place throughout the twelve month, six month and nine month periods, respectively.

The pro forma results relating to Vantage Towers Greece are based on the historical results of the tower assets contributed by Vodafone-Panafon Hellenic Telecommunications Company S.A ("Vodafone Greece") and Wind Hellas Telecommunications SA ("Wind Hellas") and reflect the commercial arrangements (including the Master Services Agreements) between Vantage Towers Greece, Vodafone Greece and Wind Hellas, and certain expected incremental costs of Vantage Towers Greece on a standalone basis, as if they had been in place for 100% of both businesses throughout the twelve month period and nine month period respectively. In addition, Vantage Towers holds Vodafone's equity stakes in Infrastrutture Wireless Italiane S.p.A ("INWIT") and Cornerstone Telecommunications Infrastructure Limited ("Cornerstone"). Selected financial information in relation to Cornerstone is set out separately. These investments are classified as equity accounted joint ventures and will therefore not be included in consolidated Adjusted EBITDA measures for financial reporting purposes. The financial information presented herein has been neither audited nor reviewed by Vodafone or Vantage Towers' independent auditors and may be subject to change.

Pro forma financial information for Consolidated Vantage Towers

Historical financial information for the twelve months ended 31 March 2020

The summary historical financial information used as the basis for the pro forma financial information for the twelve months ended 31 March 2020 contained herein has been prepared by extracting the directly attributable revenues and costs of the infrastructure assets to be included in Vantage Towers from the accounting records of Vodafone. The financial statement line items that can be directly identified are:

- Revenues from tenants other than Vodafone;
- Costs which are directly attributable to the tower infrastructure assets, such as energy, maintenance, depreciation of property, plant and equipment ("PPE") and lease costs recognised under IFRS 16; and
- The non-current PPE assets and related asset retirement obligations.

The same accounting policies and measurement principles as were applied by Vodafone in preparing its consolidated financial information for inclusion in its Annual Report for the year ended 31 March 2020 have been used for the preparation of the historical financial information, which forms the basis of the pro forma financial information. This includes IFRS 16 "Leases" which was adopted by Vodafone on 1 April 2019.

Historical financial information for the six months ended 30 September 2020

The summary historical financial information used as the basis for the pro forma financial information for the six months ended 30 September 2020 contained herein is derived from the accounting records of the markets that demerged during the period from the following dates:

- Vantage Towers S.L.U ("Vantage Towers Spain") – 1 April 2020;
- Vantage Towers GmbH ("Vantage Towers Germany") – 25 May 2020;
- Vantage Towers Limited ("Vantage Towers Ireland") – 1 June 2020;
- Vodafone Towers Portugal S.A. ("Vantage Towers Portugal") – 16 July 2020; and
- Vantage Towers s.r.o. ("Vantage Towers Czech Republic") – 1 September 2020.

Historical financial information as of and for the nine months ended 31 December 2020

The summary historical financial information used as the basis for the pro forma financial information as of and for the nine months ended 31 December 2020 contained herein is derived from the accounting records of the markets that demerged during the period from the dates set out above for the markets that demerged during the six months ended 30 September 2020 and from the following dates for the remaining markets:

- Vodafone Towers Hungary (Vodafone Magyarország zrt) ("Vantage Towers Hungary") – 1 November 2020;
- Vodafone Towers Romania S.R.L. ("Vantage Towers Romania") – 13 November 2020;
- Vodafone Greek TowerCo – 17 November 2020 (followed by the Group's 62% acquisition of Vantage Towers Greece on 23 December 2020, which contained the assets of both Vodafone Greek TowerCo and Wind Hellas Greek TowerCo respectively); and
- the Group's investment in the joint venture of Infrastrutture Wireless Italiane S.p.A ("INWIT") – 19 November 2020.

VANTAGE TOWERS

Basis of preparation (2/3)

Pro forma adjustments

Pro forma financial adjustments have then been made to present what the material effects of the separation of Vantage Towers from Vodafone would have had on the historical financial information if Vantage Towers had existed in the structure set out in the introduction above for the twelve months ended 31 March 2020, the six months ended 30 September and as of and for the nine months ended 31 December 2020. The main adjustments that have been made in preparing the pro forma financial information arise from:

- Revenue from Vodafone based on the terms of the relevant Vodafone MSA that are/will be in place for each market. This adjustment includes the anchor tenant rental income from Vodafone.
- Costs required to run Vantage Towers on a standalone basis. This adjustment includes charges for local Vodafone markets, such as maintenance and other support services, and group services and other contractual arrangements covering, inter alia, maintenance and insurance costs.
- Employment and other general and administrative costs.

The adjustments set out above are based on the commercial arrangements that have been entered into between Vantage Towers and other members of the Vodafone group, and with Wind Hellas in Greece, and the expected future costs of Vantage Towers, and are subject to potential change. These changes might result from amendments to the proposed portfolio of assets and equity investments to be held by Vantage Towers, the scope and pricing of services supplied by Vantage Towers, the actual incremental costs of Vantage Towers, changes to accounting policies and related estimates and other potential business developments. The pro forma results exclude any one-off costs in relation to the separation of Vantage Towers from Vodafone. The post-demerger financial information has been combined with historical results for the pre-demerger periods for the above markets to give results for the respective periods.

Pro forma historical financial information for INWIT

Vodafone transferred its 33.2% stake in INWIT into Vantage Towers on 19 November 2020. This stake is equity accounted by Vantage Towers. The merger of Vodafone Towers Srl ("Vodafone Towers Italy") and INWIT was effective from 31 March 2020 (the "INWIT Transaction"). The financial information presented in respect of INWIT for the 12 months ended 31 March 2020 is directly extracted from the INWIT prospectus dated 10 June 2020, is prepared in accordance with EU-IFRS and with the legal and regulatory provisions in force in Italy (in particular, the measures adopted in implementation of Section 9 of Italian Legislative Decree no. 38 of 28 February 2005). Lease costs have been derived from the INWIT prospectus and INWIT's CY19 Annual Report. The pro forma income statement in the INWIT prospectus represents INWIT's financial performance for the 12 months ended 31 December 2019 combined with the Vodafone Towers Italy carve out financial information and adjusted to reflect the performance of the combined group as though the INWIT Transaction had taken place as at 1 January 2019. The pro forma adjustments include adjustments to reflect the MSA between Telecom Italia S.p.A. ("TIM"), Vodafone Italia S.p.A. ("Vodafone Italy") and INWIT, as if it had been in place for the full year presented, and adjustments to align the Vodafone Towers Italy carve out financial information to INWIT's accounting policies and adjustments for one-off and standalone costs.

The financial information presented in respect of INWIT for the 6 months ended 30 September 2020 is directly extracted from the INWIT Q3 2020 results announcement as the sum of INWIT's Q2 and Q3 results, based on INWIT's accounting policies. The financial information presented in respect of INWIT for the 9 months ended 31 December 2020 is based on INWIT's disclosures on pro forma revenue and pro forma EBIT for INWIT and Vodafone Towers Italy on a combined basis for the nine-month period ended 30 September 2020, as disclosed in INWIT's interim report as at 30 September 30 2020. The financial information for the 12 month, six month and nine month periods is adjusted on a pro forma basis for the purchase price allocation exercise performed by Vodafone Group following the acquisition of its stake in INWIT on 31 March 2020, in line with IFRS 3.

Pro forma financial information for Cornerstone

Historical financial information for the twelve months ended 31 March 2020

The summary historical financial information used as the basis for the pro forma financial information for the twelve months ended 31 March 2020 contained herein has been extracted from the Cornerstone Annual Report for the year ended 31 March 2020 and adjusted for Vantage Towers' accounting policies and measurement principles and certain pro forma adjustments.

Historical financial information for the six months ended 30 September 2020 and the nine months ended 31 December 2020

The summary historical financial information used as the basis for the pro forma financial information for the six months ended 30 September 2020 and the nine months ended 31 December 2020 contained herein is derived from Cornerstone's accounting records and adjusted Vantage Towers' accounting policies and measurement principles and certain pro forma adjustments.

VANTAGE TOWERS

Basis of preparation (3/3)

Cornerstone Pro forma and accounting policy adjustments

The same accounting policies and measurement principles as were applied by Vantage Towers in preparing its condensed combined interim income statement for the six months ended September 30, 2020 and three months ended December 31, 2020 have been used for the preparation of the pro forma financial information. Pro forma adjustments have then been made to present the material effects of the application of MSAs that will be in place for the twelve months ended 31 March 2020 , for the six months ended 30 September 2020 and for the nine months ended 31 December 2020. These adjustments reflect the revenue from the anchor tenants based on the terms of the MSAs that are in place, including the anchor tenant rental income from Vodafone UK and O2 UK. A further pro forma adjustment has been made to reflect a reassessment of Cornerstone's lease portfolio as at 1 January 2021 in line with IFRS 16 arising from implementation of the MSAs between Cornerstone and Vodafone UK and Cornerstone and Telefónica UK, which has been applied from 1 April 2020.

The summary pro forma financial results for Cornerstone for the twelve months ended 31 March 2020, the six months ended 30 September 2020 and the nine months ended 31 December 2020 have been further adjusted for changes to Cornerstone's staff capitalisation methodology that will result in an adjustment to the capitalisation rate going forward. This is captured through the reallocation of costs from capex to opex and estimated £12m, £7m and £10m reduction in pro forma Adj. EBITDA and pro forma Adj. EBITDAaL in FY20PF, H121PF and nine months ended 31 December 2020 respectively.

KPIs and financial terms

A number of Alternative Performance Measures ("APMs") are presented in this presentation, which are used in addition to IFRS statutory performance measures. These APMs, which are not considered to be a substitute for or superior to IFRS measures, provide stakeholders with additional helpful information on the performance of the business.

Adjusted EBITDA is operating profit before depreciation on lease-related right of use assets, depreciation, amortization and gains/losses on disposal for fixed assets, 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.

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.

Recurring Operating Free Cash Flow ("ROpFCF") 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").

Recurring Free Cash Flow ("RFCF") is OpFCF less tax paid and interest paid and adjusted for changes in operating working capital.

Net Financial Debt is defined as long-term borrowings, short-term borrowings, borrowings from Vodafone Group companies and mark-to-market adjustments, less cash and cash equivalents and short-term investments and excluding lease liabilities.

Net Financial Debt to Adjusted EBITDAaL is Net Financial Debt divided by Adjusted EBITDAaL for a rolling 12-month period.

Cash Conversion is defined as Recurring Operating Free Cash Flow divided by Adjusted EBITDAaL.

Other key terms

Macro sites are the physical infrastructure, either ground-based or located at the top of a building, where communications equipment is placed to create a cell in a mobile network. Macro sites include streetworks and long term mobile sites.

Tenancy ratio is the total number of tenancies (including active sharing tenancies) on Vantage Towers' macro sites divided by the total number of macro sites. Active sharing tenancies are when a customer shares its active equipment on a site with a counterparty under an active sharing agreement.

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Disclaimer

Forward-looking statements

This presentation contains “forward-looking statements” with respect to Vantage Towers' (Vantage Towers AG (formerly Vantage Towers GmbH) and together with its subsidiaries, "Vantage Towers") operational performance, including the number of new BTS sites it expects to deploy in FY21, its medium-term tenancy ratio target, and its cost efficiency targets; its financial performance in FY21 and its medium-term targets, including its revenue, Adjusted EBITDAaL, ROpFCF and leverage targets; its FY21 dividend; and the expected financial performance of Vantage Towers' co-controlled joint ventures. Forward-looking statements include, but are not limited to, statements regarding objectives, targets, strategies, outlook and growth prospects; new site builds; committed new tenancies; and economic outlook, industry and legislative 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 persons acting on its 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.

Important Information

This presentation contains certain summary pro forma financial information of Vantage Towers for the 12 months ended 31 March 2020, the six months ended 30 September 2020 and the nine months ended 31 December 2020, as well as certain financial information related to Cornerstone (together, the “PF Financial Information”) as well as financial information from INWIT and Cornerstone. For a description of the basis of preparation of the PF Financial Information, please see “Basis of Preparation” above. The PF Financial Information has been prepared for illustrative purposes only and, by its nature, addresses a hypothetical situation and does not, therefore, represent Vantage Towers' or Cornerstone’s actual results of operations. Such information may not, therefore, give a true picture of Vantage Towers' or Cornerstone’s results of operations nor is it indicative of its results. The PF Financial Information is subject to change. This presentation also contains non-IFRS financial information which Vantage Towers' management team believes is valuable for understanding the performance of Vantage Towers. For a description of this information, please see “KPIs and financial terms” above.

In this presentation, Vantage Towers presents certain alternative performance measures, including but not limited to revenue (excluding pass through revenue), Adjusted EBITDA, Adjusted EBITDAaL, ROpFCF, RFCF, cash conversion and Net Financial Debt to Adjusted EBITDAaL that in each case are not recognised under International Financial Reporting Standards (“IFRS”). These non-IFRS measures are presented as Vantage Towers believes that they and similar measures are widely used in the markets in which it operates as a means of evaluating a company’s operating performance and financing structure. They may not be comparable to other similarly titled measures of other companies and are not measurements under IFRS or other generally accepted accounting principles, nor should they be considered as substitutes for the information contained in the financial statements included in this presentation.

This presentation does not purport to contain all information required to evaluate Vantage Towers and/or its financial position. Financial information in this presentation is unaudited and certain financial information (including percentages) has been rounded according to established commercial standards. Certain market positioning data about Vantage Towers included in this announcement is sourced from third party sources. Third party industry publications, studies and surveys generally state that the data contained therein have been obtained from sources believed to be reliable, but that there is no guarantee of the fairness, quality, accuracy, relevance, completeness or sufficiency of such data. Such research and estimates, and their underlying methodology and assumptions, have not been verified by any independent source for accuracy or completeness and are subject to change without notice. Accordingly, Towers expressly disclaims any responsibility for, or liability in respect of, such information and undue reliance should not be placed on such data.

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