Infrastrutture Wireless Italiane S.p.A. (INW)

BUY: € 13.40 (+30,84%)

Equity Research Division 30th November, 2021

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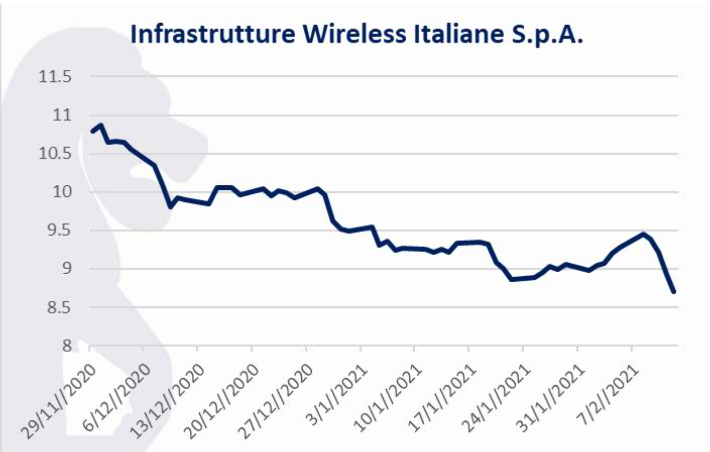
Basic Information

Last Closed Price	€10.28
12M Target Price	€13.45
+/- Potential	+30.92%
Bloomberg Ticker	INW:IM
GICS Sector	Industrials
GICS Sub-Industry	Industrial Services

12 Month Price Performance (Yahoo Finance)



Company Description

Infrastrutture Wireless Italiane S.p.A. is the largest operator in Italy in the wireless infrastructure sector. It builds and operates technological systems and civil structures (such as towers, pylons and poles) that host radio transmission equipment, mainly to provide services to telecommunications operators, as a neutral host. Thanks to the recent acquisition, by merger by incorporation, of VOD Towers, the number of sites has doubled, at over 22,000, allowing the company to provide widespread coverage over the country.

Key Financials

Market Cap	9.866B
Basic Shares O/S	960.2M
52-Wk High	€11.0
52-Wk Low	€8.18
Fiscal Year End	31-Dec-2020

(€ M)	FY18A	FY19A	FY20E	FY21E
Gross Profit	378.5	395.4	750.0	817.5
Gr Rate (%)	6.1	4.5	89.7	9.0
EBITDA	215.7	348.6	691.7	753.7
Margin (%)	56.9	88.2	92.2	92.2
Net Income	140.8	139.2	225.6	2.7
EBIT	200.9	218.9	377.8	93.7
EV/EBITDA	16.9	17.0	21.7	23.3

Key Executives

Giovanni Ferrigo	Chief Executive Officer
Diego Galli	Chief Financial Officer

Summary

Our recommendation is "Buy" because, after our analysis, we have concluded that Inwit's shares are currently underpriced by the market. We obtained a target price of €13,40 trough DCF analysis.

We then checked that value with the analysis of asset-side and equity side market multiples. Inwit's ratios are significantly higher then those of competitors. However by normalizing for growth expectations, shares are correctly priced in. We believe that the reasons behind the difference are to be found in Inwit's higher growth prospects and lower risk. Indeed, with its leading position as a tower operator in Italy, Inwit is positioned to play a key role in the development of digital infrastructure in the country and it will take full advantage of the opportunities from the forthcoming cycle of investment resulting from the funds that the Next Generation EU will be allocating to projects for digitalization, which will create numerous areas of application for wireless infrastructure.

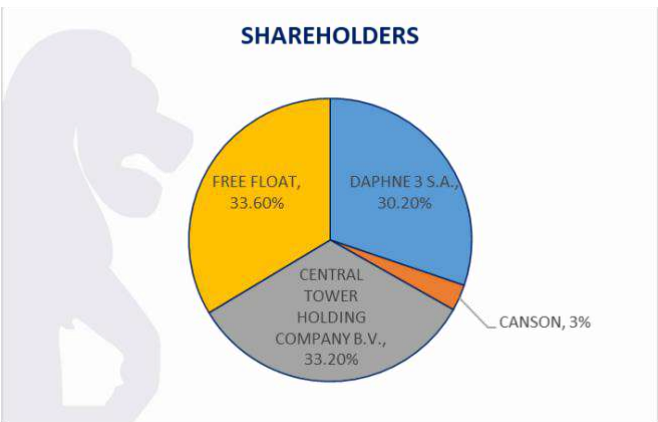
Figure 1. Company Share Performance compared peers (1 year relative performance)

Source: Bloomberg Markets

Figure 2. Recovery and Resilience Plan

Source: Italian Ministry of Finances

Figure 3. Share holders



Source: Minerva Investment Society Est.

Company Overview

Inwit (INW) offers infrastructures (cabling, spaces for equipment, technological plant for power supply and air-conditioning systems) for developing wireless networks, sensors, IoT and VDS. It is the main Italian owner of cellular communication and broadcast towers controlling over 22,000 of them throughout the national territory. It mainly supports the network coverage of mobile operators, nonetheless the services are also offered to telecommunications operators that use different technologies.

The main shareholders are Vodafone (37.5%) and Telecom Italia (31,97% - through Daphne 3 s.p.a.). Inwit is particularly tied to these two companies through Master Service Agreement contracts expiring in 2028. TIM and Vodafone accounted for more than 80% of the revenues of the company in 2020.

In 2015 the company was set up by Telecom Italia (TIT). On December 19, 2019, INWIT Shareholders' Meeting approved the merger by incorporation of VOD Towers. With this transaction, INWIT has become the largest operator in Italy in the wireless infrastructure sector, whose mission is to support TIM and Vodafone in building the new network for the development of 5G and to provide the entire market access to its infrastructure through its role as a neutral host.

National Recovery and resilience Plan

Italy will receive €191.5 bln of the funds from the Next Generation Eu program by implementing the "National Recovery and Resilience Plan" (PNRR). The plan focuses on digitalization, innovation, competitiveness, turism and culture 4.0 for which it has allocated €40.32 bln.

The company will benefit from this program. Indeed, €6.71 bln will be invested in ultra-fast broadband networks. The key projects of the plan related to Inwit are: "Italia a 1 Giga", for which €4.87 bn are allocated, that aims at speeding up connections throughout the whole country and "Full 5G coverage" (€1 bn): "Connection of schools, hospitals, and minor islands", for which the remaining funds will be allocated.

Surely, the provided stimulus will lead to a higher demand for infrastructures. In order to reach the goals set by the plan in terms of digitalization, the installation of new towers will be required. Telecom and Vodafone could obtain new contracts for 5G coverage thus offering an opportunity for Inwit.

Industry Outlook

Key Highlights

The main challenge for the communication tower sector is the supply chain disruption for basic materials used for the installation of towers. Furthermore, the initial phase of the COVID-19 pandemic has caused labor shortages, thus problems in undertaking maintenance operations. Accordingly, the industry incurred in huge losses with consequent delays in tower construction projects. However, during the pandemic, it has become one of the most essential industries. Their services have been of huge support for people forced at home, by extending the telecommunication services to further run businesses as well as education online. For example, it allowed for smart working even in rural areas, allowing people in lockdown to stay connected. This determined a huge growth in the towers market and overall, the industry is expected to grow at an 8% CAGR during the 2022-26 period.

Figure 4. Telecom Towers in Italy

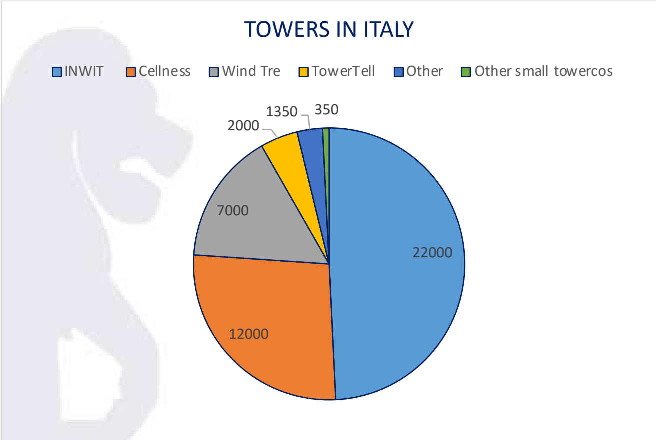
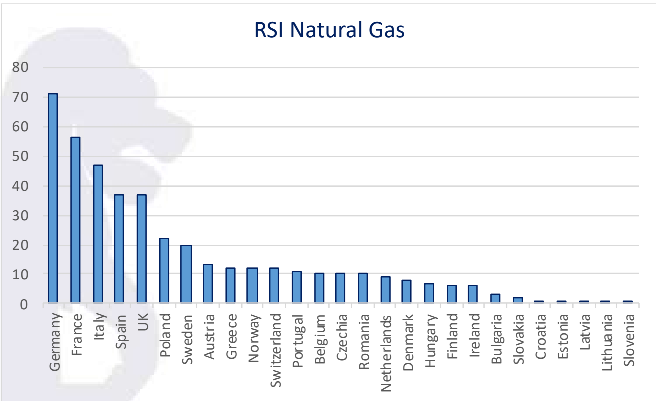


Figure 5. Thousands of Towers per country



Catalysts for growth

The rise of the 5G network is creating a substantial opportunity for the tower market as this innovation will require a raft of new infrastructure to operate.
Also, the global demand for the Internet of Things (IoT) connectivity, increased usage of mobile apps and continuous innovations using cutting-edge technologies have enhanced the quality and speed of delivery of services which has boosted the Telecom Towers Market.
The industry is large, and, in the EU, it is still somewhat fragmented, compared to the US market. The creation of large tower companies through a merger, like the INWIT case, is likely to allow the European tower market to evolve. This evolution could lead to further mergers that could ultimately create an oligopoly similar to the US market, where operators have been able to increase margins (even though regulation will play a key role.)

Regulation

The sector is highly influenced by Government policies. A positive sign in the Italian market comes from the allocation of 2 billion of funds of the 24 billion set by the PNRR (National Recovery and Resilience Plan, part of the Next Generation EU fund) to support 5G coverage and Ultra Broad Band. Regarding the electromagnetic pollution limits, even though the electromagnetic pollution limits are still way lower compared to the EU average, in the first moment they were expected to be increased but the law proposal did not pass in the Parliament as many coalized against it.
This can become a problem in the near future.

Rivalry

The Towers Market is highly competitive, divided into several local markets. The intense competition in the industry forced many companies to either create their own tower companies or to merge. Many telecom operators such as Deutsche Telekom and Orange are creating mobile tower companies to monetize assets, facilitate network sharing and increase their capacity to invest in more active or core elements of their network infrastructure.
The investment-grade threshold for standalone tower companies, such as Inwit and Cellnex is 6.7x FFO/Net Debt. This compares to 4.0x-4.5x for large European incumbent operators such as Vodafone, Deutsche Telekom and Orange. For this reason, many small EU operators like Iliad, Eircom are selling their tower assets to specialized companies like Inwit, Cellnex. For that matter, Vantage Towers has become operationally independent from Vodafone, and Orange's subsidiary TOTEM will follow. Following this trend, Telefonica sold its towers to American Tower, one of the leaders in the US market, that broke in the EU market with a very big purchase. Also, American investment company KKR has shown its interest in acquiring TIM, which shows that there is a general interest in the industry.

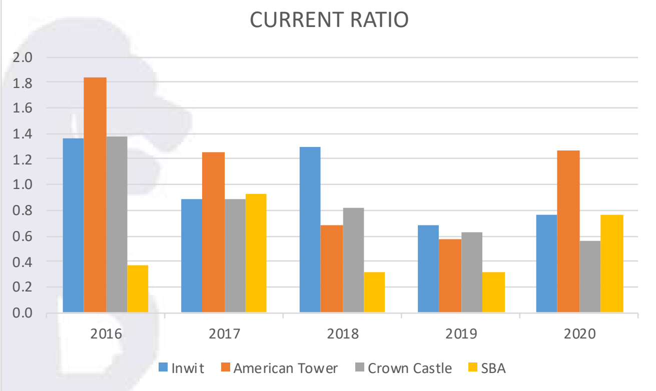
SWOT Analysis

Strengths

Dimension Increase - After the merger with Vodafone Towers, Infrastrutture Wireless Italiane SpA has become the largest operator in wireless communication in Italy, adding 700 systems in tunnels and 42 DAS systems to its approximately 11.000 sites, consolidating its widespread distribution throughout Italy and its coverage in roads and motorways. The increasing dimension of the Firm, which has built 200 new towers and contracted more than 900 new hostings YTD, allows for constant efficiency improvements in a capital-intensive sector like the communication one, and gives the firm a sound contractual power to the point that it is now going to renegotiate lands' leasing contracts.

Sustainability Plan - Another noteworthy characteristic of the Firm is its plan to become a more sustainable business, a plan that has already led to the inclusion into the Refinitiv 2021 D&I Top 100 Index as second company in Italy, 31st worldwide, and second in the sector on a global level. This is usually a good sign as it can attract investors easily.

Figure 6. Liquidity



Source: Minerva Investment Society Est.

Weakness

Geographic Coverage - A possible weakness can be represented by the limited geographic coverage of Inwit business. As a matter of fact, all the operations are carried out in Italy and, given the consideration made before about the Italian telecom market, it is crucial to gain a wide international coverage in order to serve more customers and increase business diversification, especially to overcome possible future local regulatory restrictions.

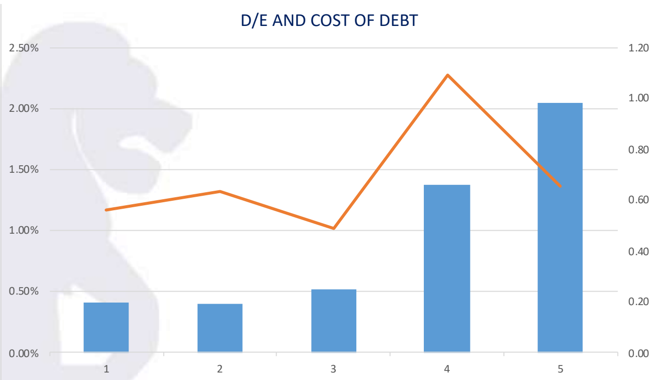
Opportunities

Digitalization Era - The Covid-19 pandemic has led to a general acceleration in the digitalization processes and a significant increase, expected to become a long-term trend, in data traffic on the networks of the Company's main customers.

Moreover, in the wireless infrastructure market, the profound transformation process and increased demand for services from mobile operators and other radio network players are continuing to grow. Mobile operators need to increase their service access points to expand their 4G coverage and deploy 5G, finding in INWIT an operator that already has a solid 5G coverage in the Italian territory.

Next Generation Eu - In addition, as mentioned before, it is expected that the business performance will benefit from the improved outlook for the digital, infrasctructure, and technology services thanks to the European funds: the major resources allocated by Next Generation EU can, both directly and indirectly, support INWIT's development, which is excellently positioned as an enabler of the digital transformation currently in motion.

Figure 7. D/E and Cost of Debt



Source: Minerva Investment Society Est.

Threats

Legal Process - The merger between INWIT and Vodafone Towers, which took place in August 2020, has been approved by EU Antitrust Authority after the commitment of INWIT to sell to Iliad, throughout the following 8 years, 4.000 towers. However, this has not happened yet, since INWIT has given to Iliad 800 towers so far, of which only 100 have been incorporated by Iliad because the other 700 are located either in peripheric locations or in areas in which Iliad has already a well-established coverage.

The non-observance of the agreement between the two firms has led Iliad to register a new complaint against INWIT, with potentially negative consequences to the latter.

Financial Analysis

The financial statement analysis has been conducted computing ratios and other measures to evaluate liquidity, solvency, cash conversion cycle and profitability. Some ratios have been computed also for a selected number of peers in order to better understand their values. Overall, compared with the average of its industry, Inwit's financial performance has been satisfactory.

Liquidity:

The Current ratio decreased from 1.4 in 2016 to 0.8 in 2020 (44%). This trend shows a deteriorating ratio due to the fact that current liabilities are growing faster than current assets. However, a considerable part of this decrease can be attributed to the accounting effect of the adoption of IFRS 16 in FY 2019, which requires to recognize substantially all leases on balance sheet. The adoption of the new standard resulted in an increase of €102,433 thousand in current liabilities, and a decrease of €15,233 thousand in current assets. That explains most of the change in the Current ratio from 2018. Comparing Inwit's Current Ratio with the one of other Tower companies (American Tower, Crown Castle and SBA), we can conclude that it is in line with the industry average.

Figure 8. Current Ratio

Current ratio	2016	2017	2018	2019	2020
Inwit	1,4	0,9	1,3	0,7	0,8
American Tower	1,84	1,25	0,68	0,58	1,27
Crown Castle	1,38	0,88	0,82	0,63	0,56
SBA	0,37	0,93	0,31	0,32	0,77
Average	1,2	1	0,8	0,6	0,8

Source: Minerva Investment Society Estimates

Solvency:

The analyzed years are part of a period of considerable change for INWIT's capital structure. On the 31st of March 2020, the acquisition, by merger by incorporation, of VOD Towers Srl was completed for a total consideration of €5,698,682 thousand, of which €2,140,000 thousand paid in cash and €3,558,682 thousand through the issue of 360,200,000 new INWIT ordinary shares. To finance the acquisition, the company had borrowed €1,500,000 thousand trough a temporary loan (Bridge Facility) that was later refinanced with the issue of a €1,000,000 thousand nominal bond due to 2026, with a coupon of 1.875%, and a €750,000 thousand nominal bond due in 2028, with a coupon of 1.625%. In addition, it has taken out a loan with a pool of Italian and international banks for another €1,000,000 thousand, maturing in 5 years. This led to a substantial increase of its debt-to-equity ratio that reached 0.98 in 2020, from 0.66 in 2019. The change is substantial also on the asset side of the balance sheet, in fact, due to the acquisition, goodwill increased by €4,701,014 thousand, reaching €6,112,784 thousand (67% of total assets and 133% of book value of equity) meaning that, without this, total assets would be less than total liabilities. So, the long-term financial stability of the company depends on the ability of the post-merger company to generate enough cash flows to meet all the obligations when they come due. As a result of the low cost of debt, which averaged 1.4% in the last five years, with a high of 2.27% in 2019, the interest coverage ratio in 2020 is still of 4.6, providing some safety regarding the ability of the company to meet its obligations, despite the significant increase in interest expenses that resulted from the change in capital structure. However, under IFRS-based acquisition accounting conventions, most acquisition related costs are not expensed but rather reside on the balance sheet, often with the lion's share shown as goodwill. This means that most acquisition costs are not reflected on the income statement, which is used to calculate the interest coverage ratio. This means that a failure in the benefits from the acquisition, that would result in an impairment of goodwill, could have a negative effect on this number.

Figure 9. Solvency

	2016	2017	2018	2019	2020
D/E	0,2	0,19	0,25	0,66	0,98
Cost of debt	0,01	0,01	0,01	0,02	0,01
ICR	44,3	47,2	51,2	9,4	4,6

Source: Minerva Investment Society Estimates

Figure 10. Cash Conversion Cycle

	2016	2017	2018	2019	2020
Days Receivable	31,7	40,7	50,2	61,7	59,01
Days Payables	242,2	559,8	718,8	1026,6	1235,8
Cash Conversion Cycle	-210,5	-519,1	-668,6	-964,9	-1176,8

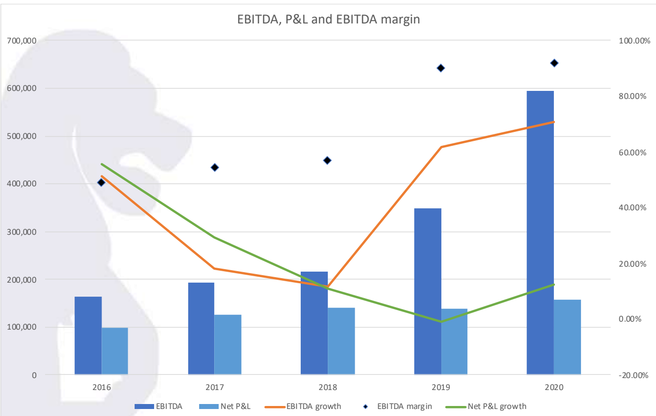
Source: Minerva Investment Society est.

Figure 11. DuPont Analysis

DuPont Analysis	2016	2017	2018	2019	2020	Industry Average
Net Profit Margin (Net Income/Sales)	29,40%	35,50%	37,20%	35,20%	23,60%	8,70%
Asset Turnover (Sales /Total Asset)	0,19	0,2	0,2	0,17	0,11	0,44
Equity Multiplier or Financial Leverage (Total Asset/Common Equity)	1,2	1,19	1,25	1,66	1,98	3
ROE	6,70%	8,45%	9,30%	9,93%	5,14%	11,48%

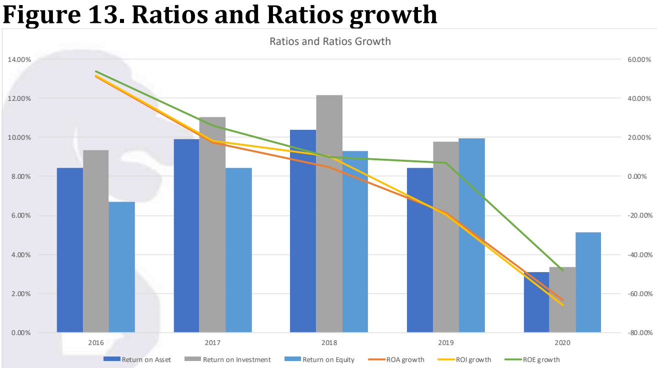
Source: Minerva Investment Society est.

Figure 12. EBITDA, P&L and EBITDA margin



Source: Minerva Investment Society est. and AIDA

Figure 13. Ratios and Ratios growth



Source: Minerva Investment Society est.

Cash Conversion Cycle:
Due to the peculiar nature of the company as service provider, inventory is null. Consequently, the Cash Conversion Cycle is influenced only by days payables and days receivables, and it shows a slightly positive value. This means that the company has a certain balance between incoming payments from clients and payments to suppliers. INWIT's negative cash conversion cycle indicates that it is very good at negotiating the terms of its payables and receivables. As a result, INWIT doesn't have to borrow money in the short term like most companies to cover the cash conversion cycle.

Profitability:
INWIT's profitability performance over the last five years has been above industry average. However, the performance regarding P&L had registered a slightly downward trend, until the 2020 fiscal year, when it took a big hit. EBIT and EBITDA margin, on the other side, remain strong and improving, also in 2020 (despite Covid): in fact INWIT outperforms by a lot the industry in the EBITDA margin metric (92% against a median industry of 40%). P&L are positive and strengthening in the period: despite Covid situation, profits of 2020 are greater than profit of 2019. The company has shown an increasing return on equity (ROE) from 2016 to 2019, from 6,7% to 9,93%. In 2020, due to Covid pandemic, ROE and other profitability ratios, such as ROA and ROI, suffered a lot, showing a significant drop over the previous year. This trend, as shown in figure, is a clear evidence of a reaching-maturity company, with growth rates generally declining, even before the pandemic.
An intuitive analysis of the low values and the decreasing trend can be made by decomposing ROE with DuPont analysis. One of the first explanations might be an extremely low Asset Turnover when compared to median of the industry (-75%) and lower Financial Leverage (-33% approximately). Even though this factor pushes downward ROE, the latter is somewhat stable (excluding 2020 from the analysis): this is due to a much higher Profit Margin Ratio than the industry.

Valuation

Valuation Price Target: €**13,40**

Our analysis followed two main approaches:

- An intrinsic valuation regarding the DCF model (FCFF););
- A relative valuation with market multiple of comparable companies

Figure 14. DCF Valuation summary

DCF valuation	
Risk free rate	1,75%
Cost of equity	5,98%
Cost of debt	3,08%
WACC	4,36%
TV growth rate	0%
Data in millions	
Discounted Cash Flows	3.625,7
Discounted TV	13.921,6
Enterprise value	17.547,3
Net debt	4.681,00
Equity value	12.866,3
Shares outstanding	960,2
Share Target Price	13,40

Source: Minerva Investment Society est

Free Cash Flow to Firm Approach

Between the different indirect valuation methods, we chose the DCF asset side model to conduct the analysis. In discounted cash flow valuation, we begin with the premise that the value of an asset is the present value of the expected cash flows on the asset. With this method we calculated the Enterprise value, the value of the Equity was then computed indirectly by subtracting the net market value of debt from the Enterprise Value. We thought this was the best way to approach the valuation since the recent changes in the debt structure of the company make it difficult to estimate it for the future. Proceeding step by step, the first element we computed was the cost of equity, based on the following assumptions:

- RISK-FREE RATE (1,75%): The average yield on 10-year Italian Bonds was taken as reference;
- EQUITY RISK-PREMIUM (6,00% according to Fernandez's market risk premiums): It measures the extra return that would be demanded by investors for shifting their money from a riskless investment to an average-risk investment.
- BETA (0,68): it represents the specific risks attached to the company, comparing the performance of the market with the performance of the company.

  Next step was computing the cost of debt:

- COST OF DEBT (3,08%): based on the synthetic rating obtained with the interest coverage ratio (A-).

Figure 15. Sensitivity Analisis

		Growth Rate				
		-0,25%	-0,13%	0,00%	0,13%	0,25%
WACC	3,94%	14,3	14,8	15,3	15,9	16,5
	4,14%	13,4	13,9	14,3	14,8	15,4
	4,36%	12,6	13,0	13,4	13,8	14,3
	4,58%	11,8	12,2	12,5	12,9	13,4
	4,81%	11,1	11,4	11,7	12,1	12,5

Source: Minerva Investment Society est

Beta Computation: Beta is a coefficient that expresses how much the return of the security is captured by the return of the market portfolio; in brief, we consider the systemic risk of the security. To compute the Beta we used a bottom-up approach: we first compute the levered beta of the comparable firms, we then use the Hamada's equation to unlever the latter and calculate the average unlevered beta of the sector, and finally, we use the firm-specific debt ratio to get the levered Beta of the Firm.

This bottom-up method has several advantages with respect to the classic approach to estimate the Beta. First, to compute the levered beta of the comparable firms, we run different regressions instead of only one (in the case of the classic approach we run only one regression between the return of the Firm's stocks and the market portfolio) and this lowers the standard error in the estimate of the Beta. Second, we can change, at any time, the leverage structure within the formula to reflect the most current financial situation of the Firm. Finally, we can use this method to also value private firms, illiquid stocks, and start-ups.

Cost of Equity and WACC

We used the Capital Asset Pricing Model (CAPM), a theory based on stock's volatility and level of risk compared to the general market. Thus, we assumed that that the expected cost of capital Ke is:

$$Ke = rf + \beta \times [E(rm) - rf] = 5.98\%$$

Where rf is the expected return of a risk-free asset, $E(rm) - rf$ is the equity risk premium, and β is calculated following the bottom-up approach described above. We calculated also the cost of debt, consistent of the risk free rate (1,75%) and the spread on debt of 1,33%, derived from Damodaran, arriving at a cost of debt of 3,08%. We were then able to calculate the WACC as the weighted average of the cost of equity and cost of (net) debt, resulting in 4,36%.

Moreover, we decided to consider the market capitalization as a proxy of equity and the 3-year average of net debt as a proxy of debt, to acknowledge the "not ordinary" increasing trend of this item.

Findings

In the valuation, we applied a two-stage growth period. Given the positive recovery after the Covid-19 crisis and the recent acquisition, we assumed a 8% growth in revenue for 2021, 7% for 2022 and 2023, and then decreasing of 1% each year until 2026. In the second stage, we considered a stable growth 0% (assuming that the Italian economy will not grow above that in a long term horizon, consistently with historical GDP growth). We then multiplied the 2026 FCF (= €800,1 million) for the discount factor equal to 18,5 (calculated as 1/(WACC*(1+WACC)^5)). The enterprise value is equal to €17.547,3 million, and subtracting the value of debt, equal to €4.681 million, we derived the value of equity equal to €12.866,3 million. Dividing for 960,2 milions of shares outstanding, we arrive at a price per share of €13,40.

Market Multiples Approach

After the first approach, we decided to perform a market multiple analysis in order to check and compare our forecast obtained with the DCF analysis. The objective of the method is to double-check the target price we identified trough the FCFF approach. Hence, we collected data for market multiples of a set of comparables.

We considered both equity and asset side multiples. For the asset side we chose to consider EV/ EBIT, EV/EBITDA and EV/sales. On the equity side we chose to consider the P/E ratio, which shows how much it costs to purchase company's earnings.

Given the big difference in Inwit's ratios with those of its competitors, this kind of valuation would be meaningless. Inwit's ratios are a lot higher than those of its competitors. This may imply that stocks are overpriced in a range 40%-200% for each ratio taken into consideration.

However the current share price of the company can be justified by remarkably different profit margins, growth expectations and lower relative risk. In fact, due to the investments that are to be made in Italy in the next periods as projected in the PNRR plan, having a leading position in the country makes Inwit's shares trade at a premium.

This is demonstrated by the standardized ratio PEG, which normalize the relationship between P/E and expected YoY EPS growth. The closer the ratio is to 1, the more the company's growth is priced in. By taking into consideration our EPS growth estimates YoY (33%), the value of Inwit's PEG is 1.013, so correctly priced.

Figure 16. Comparables Multiples

Comparables' Multiples

Comparables	EV/EBIT	EV/EBITDA	EV/REVENUES	P/E
TELEFONICA	19.45	5.97	1.87	18.33
ORANGE SA	11.37	4.56	1.53	6.36
NOS SGPS SA	12.60	2.87	1.26	18.73
RAI WAY SPA	15.97	10.58	6.31	20.72
INWIT	21.52	19.4	12.79	33.44

Exp EPS growth YoY	PEG ratio
33.0%	1.013

Source: Minerva Investment Society Estimates

Figure 17. Comparables Values

Comparables multiple value range

Comparables	EV/EBIT	EV/EBITDA	EV/REVENUES	P/E
MIN	11.37	2.87	1.26	6.36
Q1	12.29	4.14	1.47	15.34
MEAN	14.85	5.99	2.74	16.04
MEDIAN	14.29	5.26	1.70	18.53
Q3	16.84	7.12	2.98	19.23
MAX	19.45	10.58	6.31	20.72

Investment Risks

Country Specific Risk

INWIT operates only in Italy, meaning that there is no geographical diversification. Italy has had an history of political instability. This is especially important considering that the growth of the company is very much related to the efficiency of the public sector in the implementation of the funds coming from the Next Generation EU.

Change in Interest Rate

The possible increase in interests rates due to the rampant inflation, with the consequent possible slow down of the economy (even though the sector is generally non-cyclical) might compromise business target. This can become problematic with the recent increase in debt. Furthermore, the increase in interest rates would also increase the discount rate, impacting the valuation in a negative way.

Telecommunication sector risks

As already mentioned, INWIT is active in an extremely mature and competitive sector that drives prices down. In this kind of business environment, it is hard to keep any kind of margin-related advantage.

Telecommunication sector innovation

Operators have been embracing the new 5G technology. However, the company will be obliged to invest heavily in case a new technology gets into the market.

Disclaimer

Appendix:

Income Statement

€ th	2016	2017	2018	2019	2020
Revenues	**333,508**	**356,597**	**378,472**	**395,396**	**663,408**
Raw, consum. mat. and goods for resale	133	127	211	528	775
Services	17,989	15,962	19,346	25,835	36,818
Use of third parties assets	142,538	136,112	131,507	6,067	2,578
Total personnel costs	6,636	8,918	9,400	11,147	18,177
Total depreciation, amortization and writedowns	13,667	13,849	14,823	129,658	313,842
Provisions fo risks and charges	399	50	150	0	226
Other operating expenses	2,387	2,317	2,149	3,263	9,633
Operating income	179,262	149,759	200,886	218,898	281,359
Interst income	27	169	21	449	19
Interest expense	3,382	3,794	3,920	23,401	61,198
Total extraordinary revenues and charges	-2,369	-130	-702	-366	761
EBT	144,035	175,507	196,285	195,580	220,941
Income tax expense	46,110	48,766	55,524	56,266	64,274
Net Income	**97,925**	**126,741**	**140,761**	**139,314**	**156,667**

Balance Sheet (value in Thousands of €)

	2020	2019	2018	2017	2016
ASSETS					
TOTAL INTANGIBLE FIXED ASSETS	6.875.247	1.422.815	1.452.339	1.438.318	1.425.233
TOTAL TANGIBLE FIXED ASSETS	1.952.058	995.704	255.217	222.337	193.028
TOTAL FINANCIAL FIXED ASSETS	1.495	235	218	201	216
TOTAL FIXED ASSETS	**8.828.800**	**2.418.754**	**1.707.774**	**1.660.856**	**1.618.477**
TOTAL RECEIVABLES	135.988	96.183	64.855	52.568	30.859
TOTAL FINANCIAL ASSETS	0	1.401	13.000	8.565	10.139
TOTAL LIQUID FUNDS	120.207	65.169	101.161	45.795	75.460
TOTAL CURRENT ASSETS	**256.195**	**162.753**	**179.016**	**106.928**	**116.458**
TOTAL ACCRUED INCOME AND PREPAID EXPENSES	**431**	**10.917**	**45.777**	**43.074**	**39.039**
TOTAL ASSETS	**9.085.426**	**2.592.424**	**1.932.567**	**1.810.858**	**1.773.974**
SHAREHOLDERS' FUNDS					
Capital stock	599.963	599.778	599.778	600.000	600.000
Share premium reserve	3.691.703	660.000	660.000	660.000	660.000
Legal reserve	120.000	120.000	120.000	120.000	120.000
Other reserves	-424	-805	-932	-38	6.141
Retained earnings (losses)	12.571	42.906	28.698	15.957	0
Profit (loss) for the year	156.667	139.314	140.761	126.741	97.925
TOTAL SHAREHOLDERS' FUNDS	**4.580.480**	**1.561.193**	**1.548.305**	**1.522.660**	**1.484.066**
Taxation (including deferred taxation)	277.390	0	0	0	0
Other provisions	220.961	101.656	99.111	97.269	95.190
TOTAL PROVISIONS FOR RISKS AND CHARGES	**498.351**	**101.656**	**99.111**	**97.269**	**95.190**
SEVERANCE INDEMNITY RESERVE	**2.643**	**1.791**	**2.223**	**2.388**	**1.835**
LIABILITIES					
Bonds	11.497	0	0	0	0
Bonds beyond 12 months	1.738.736	0	0	0	0
Due to banks	1.530	13.927	40.141	40.178	20.232
Due to banks - beyond 12 months	1.030.200	69.943	59.972	59.884	99.763
Due to other lenders	158.643	109.734	218	0	0
Due to other lenders - beyond 12 months	893.014	482.539	237	0	0
Due to suppliers	69.261	74.398	44.031	32.780	16.432
Due to associated companies	69.304	37.158	49.522	41.923	40.079
Due to associated companies -beyond 12 months	0	126.128	75.742	1.537	896
Tax payable	15.078	1.439	1.380	2.117	4.718
Due to social security institutions	1.396	531	652	361	351
Due to social security institutions - beyond 12 months	136	428	224	223	1
Other payables	7.573	2.765	2.534	2.467	3.689
Other payables beyond 12 months	541	0	0	0	0
TOTAL PAYABLES	**3.996.909**	**918.990**	**274.653**	**181.470**	**186.162**
TOTAL ACCRUED EXPENSES AND DEFERRED INCOME	**7.043**	**8.794**	**8.275**	**7.071**	**6.721**
TOTAL LIABILITIES AND SHAREHOLDERS' FUNDS	**9.085.426**	**2.592.424**	**1.932.567**	**1.810.858**	**1.773.974**

Valuation

€ million	2021	2022	2023	2024	2025	2026	Terminal value
Revenue	817.50	882.90	953.53	1,020.28	1,081.50	1,135.57	
EBITDA	753.74	814.03	879.16	940.70	997.14	1,047.00	
% margin	*92.20%*	*92.20%*	*92.20%*	*92.20%*	*92.20%*	*92.20%*	
(-) D&A	660.00	686.16	714.41	741.11	765.60	787.23	
EBIT	93.74	127.87	164.74	199.59	231.54	259.77	
(-) Tax on EBIT	-27.0	-36.8	-47.4	-57.5	-66.7	-74.8	
NOPAT	66.74	91.05	117.30	142.11	164.86	184.95	
(-) CapEx	-118.8	-128.3	-138.6	-148.3	-157.2	-165.0	
(+) D&A	660.00	686.16	714.41	741.11	765.60	787.23	
(-) Δ NWC	-7.3	-7.9	-7.7	-7.3	-6.7	-7.1	
FCFF	600.64	640.94	685.43	727.66	766.60	800.07	800.1
discount factor	*1.00*	*0.96*	*0.92*	*0.88*	*0.84*	*0.81*	*18.5*
DCF	600.64	614.11	629.23	640.03	646.05	646.03	14783.2

Income Statement (€ millions)	2020A	2021E	2022E	2023E	2024E	2025E	2026E
Revenue	**750,0**	**810,0**	**866,7**	**927,4**	**983,0**	**1032,2**	**1073,4**
Operating Expenses	-58,3	-72,9	-78,0	-83,5	-88,5	-92,9	-96,6
EBITDA	691,7	737,1	788,7	843,9	894,5	939,3	976,8
Depreciation and Amortization	-313,8	-324,0	-346,7	-370,9	-393,2	-412,9	-429,4
Amoritisation PPA		-333,0	-333,0	-333,0	-333,0	-333,0	-333,0
EBIT	377,8	80,1	109,0	140,0	168,3	193,4	214,5
Interest	-60,0	-97,2	-104,0	-111,3	-118,0	-123,9	-128,8
EBT	317,8	-17,1	5,0	28,7	50,4	69,5	85,6
Taxes	-92,2	5,0	-0,7	-4,3	-8,1	-11,8	-14,6
Net Income	**225,6**	**-12,1**	**4,3**	**24,4**	**42,3**	**57,7**	**71,1**