

# **Enel Rises Stake in Wind to 100%**

## **Wind 2002 Results and Strategy**

Rome, 21 March 2003



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# Agenda

1. P. Scaroni: Wind highlights  
Transaction with France Telecom
2. T. Pompei: 2002 Results  
Strategic Plan
3. Q&A

# Wind Highlights

- Strong 2002 results driven by volume growth, ARPU increase and VAS rollout
- Improving regulatory outlook on interconnection prices
- New business plan focused on consolidating existing assets and leveraging current LLU coverage to reduce opex and capex
- Financially independent by end of 2004
- Additional equity injection of €1.0bn to reach financial independence

# Agreement with France Telecom

- Enel will purchase France Telecom's 26.6% of Wind for €1,330 million in cash (implied value for 100% of equity €5.0bn)
- Price includes cancellation of FT call option to raise its stake to 44% and implies over 30% discount to our DCF valuation
- Partial reimbursement mechanism to protect France Telecom in case of cash sale of Wind at higher valuation prior to 12/2004
- Enel will assume FT's portion of the shareholder loan (€173m)

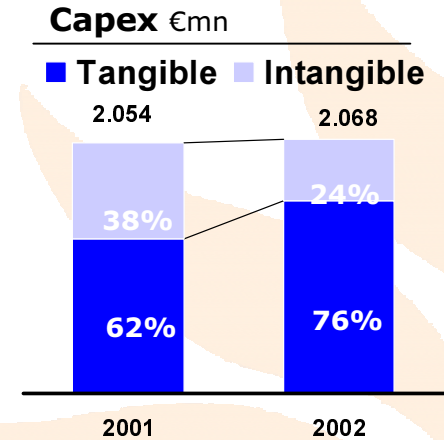
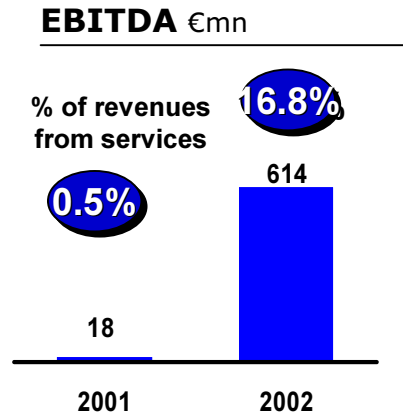
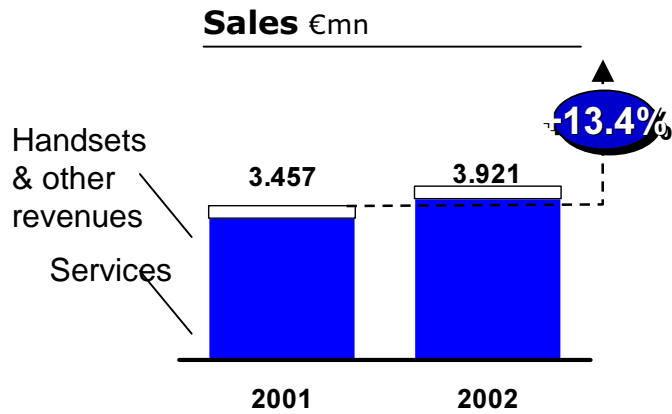
# Transaction Considerations

- FT seller and Enel natural buyer
- Financial investor approach to Wind strengthened
- Significantly increased number of strategic options
- Elimination of current corporate governance limitations
- Increased focus on execution of business plan

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# 2002 Financial Results<sup>1</sup>



## 2002 Revenue Growth

- Mobile up 30% vs 2001
- Mobile data up 70% vs 2001
- Fixed up 4% vs 2001<sup>2</sup>
- Fixed data & internet up 8% vs 2001<sup>2</sup>

## 2002 Infrastructure

- Mobile coverage: 98% of population
- Integration of GRPS system with data network
- Over 18,000 km of backbone and 2,200 km of MAN
- 434 LLU sites installed and equipped (26% of addressable market)

<sup>1</sup> Note: Aggregate Wind + Infostrada revenues for all 2001

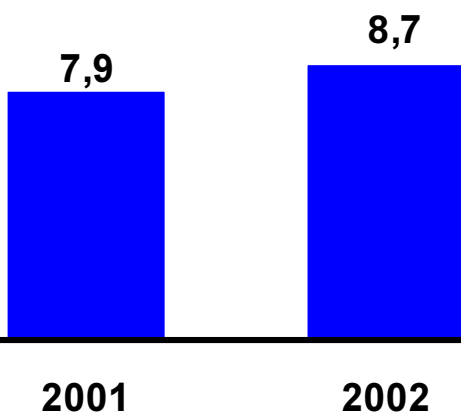
<sup>2</sup> Excluding intercompany Enel



# 2002 Operational Results

## Mobile

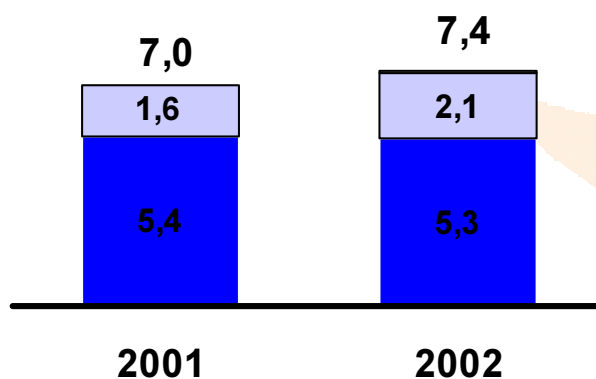
Mn of SIMs



## Fixed

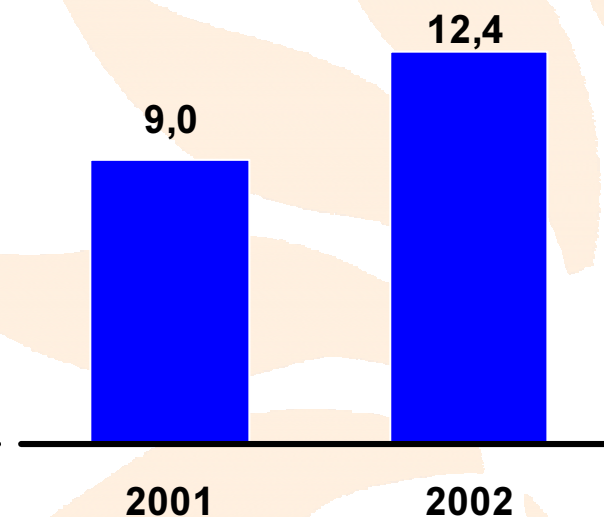
Mn of lines

■ CS    □ CPS    □ LLU



## Internet

Mn of registered users



- Successful migration of Blu customers (c. 450,000 at year-end)
- Leader in Mobile Number Portability with a 46% market share (130,000 customers)
- 8bn minutes of traffic

- Amongst Europe's most successful operators in Local Loop Unbundling
- 1,500 new activations/day
- 18bn minutes of traffic

- Market leader with a growth of 38% on 2001
- 30bn minutes of traffic

Note: Aggregate Wind + Infostrada revenues for all 2001

# Strategy

Mobile

- Increase push on MNP acquisitions
- Narrow ARPU gap with domestic competitors
- Focus on VAS through GSM/GPRS
- UMTS compliant with licence conditions

Fixed & Internet

- Develop LLU customer base while maintaining leadership in indirect services (voice & data)
- Use broadband to position as leading alternative operator
- Fixed - mobile convergence as distinguishing feature

Cost Leadership

- Leverage existing infrastructure (reduce capex)
- Tight control on opex
- Increase in on-net traffic
- Evolve GSM/GPRS network towards most advanced services

# Targets

## Mobile

- Service revenue growth: 15% CAGR to 2005
- ARPU increase: 8% CAGR to 2005
- Market share 2005: 18-20%

## Fixed & Internet

- Service revenue growth<sup>1</sup> 6% CAGR to 2005
- Maintain leadership on internet access
- In 2005 broadband revenues represent c36% of total internet revenues

## Overall

- Financially independent by end 2004
- EBITDA growth > 40% CAGR to 2005
- Euro 1.9bn of cumulated capex in 2003-2005
- Net profit positive by 2005
- 2003-2005 total opex decreasing

<sup>1</sup> Excluding intercompany Enel