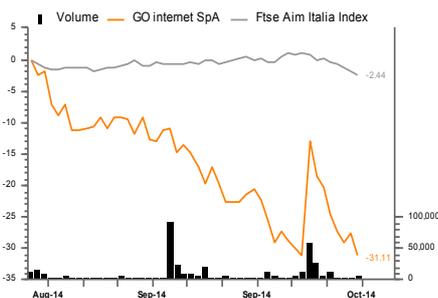


## INITIATING COVERAGE



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Market Data:	10/10/14
Close Price (€)	1.89
52 Wk. High / Low (€)	2.85/ 1.82
Daily Trading Volume (thousand)	-
Price Change: 1 w	-13.6%
Price Change: 1 m	-14.3%
Price Change YTD	-31.1%
Market Capitalization	11.3
Dividend Yield	0.0%

GO Internet S.p.A. (GO), Italian Stock Exchange's new technology play, announced its first-half results according to which the company grew by 48% yoy, from € 1.2mn in 1H2013 to € 1.8mn in 1H2014. Its EBITDA margin improved by 14 p.p. compared to 1H2013 and 1 p.p. compared to FY2013, reaching 34%. Bottom-line was a net loss of € 63thousand. These results are in line with expectations.

We previously stated that GO's unique strategy of focusing more on urban areas - where population density is higher - and less on the digital divide pays off well and accordingly the company succeeds to increase its client base faster than its competitors. By the end of September 2014, GO reached 20,738 active clients, up 32% compared to 15,728 by YE2013. We revised our YE2014 active client estimate slightly down from 24k to 23k due mainly to the number of clients by September-end that came out lower than our previous forecast. We now expect GO's clients to increase by a CAGR of 39% until YE2016. We maintained our ARPU estimate of € 16.50 per month (from retail clients that are 98% of the client mix) for FY2014, increasing it by a CAGR of 3% until YE2016. All in all, we now expect GO to reach a top-line of € 3.98mn (down 2.5% compared to our previous estimate of € 4.08mn) and a net profit of € 0.02mn (down compared to our previous estimate of € 0.26mn) by YE2014.

IPO proceeds of € 5.0mn are to-be-fully invested to increase GO's coverage from the current 8.5% (over the population of Marche and Emilia Romagna) to higher double digits. GO is expected to invest IPO proceeds, as well as the free cash-flow generated from operations, to grow its base station network to an expected 687 base stations by YE2016. Vendor financing, i.e. an average of three years for trade payables, will contribute as well.

GO is among the few investment cases that offer both a top-down and a bottom-up appeal. The company provides ultra-fast (4G) mobile Internet access (in the 3.5 GHz frequency band) in an underpenetrated market which is in need of better-performing and lower-priced services, and considering the fact that Italian households are abandoning the landlines (1.2mn cord-cutters between 2011 and 2013) - the only way fixed broadband (that is ADSL) enters houses- we expect GO to grow the top-line at a CAGR of 47% between 2013 and 2016E. GO also offers a bottom-up appeal: the company is already EBITDA positive and we expect it to grow by 68% until YE2016. We calculate GO's average ROCE to be 19% between 2014E-2016E.

Company shares underperformed the AIM Italia index by 28.7% since the IPO in August 2014. We do not believe the underperformance is justified as the shares are trading at a 20% discount to peers' 2015E EV/EBITDA of 7.7X.

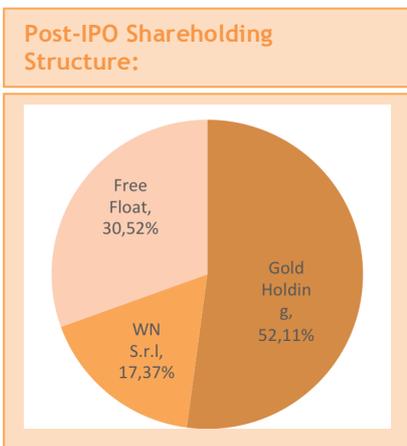
€ 000	Revenues	EBITDA	EBITDA Margin	EBIT	Earnings	Net Margin
2012	1,321	-605	n.m.	-1,114	-934	n.m.
2013	2,674	887	33%	103	-100	n.m.
2014E	3,976	1,450	37%	322	20	1%
2015E	5,770	2,841	49%	1,711	886	15%
2016E	7,900	4,194	53%	2,942	1,705	22%

Source: Company data, KT&P Estimates

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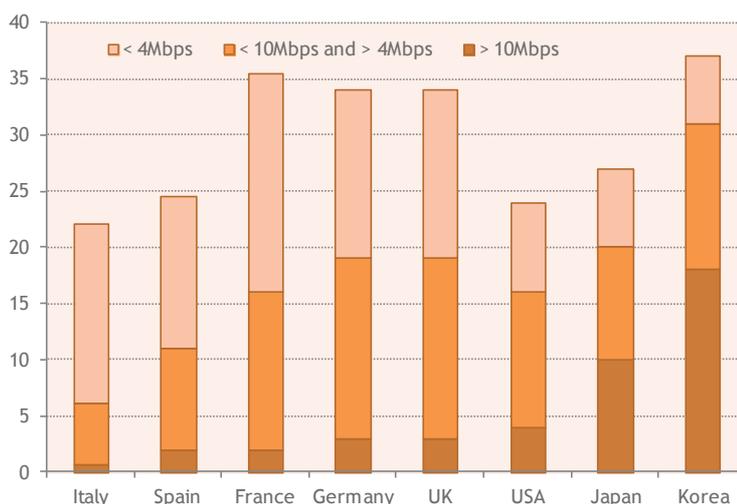
## Investment Highlights Following the IPO and 1H2014 Results



IPO proceeds of € 5.0mn will be re-invested to accelerate GO’s organic growth... GO plans to expand its coverage from 8.5% (over the population of Emilia Romagna and Marche) to higher double digits and IPO proceeds, together with the free cash-flow generated from operations and vendor financing, will enable this organic growth. The management reiterates that in case opportunities arise, they will invest in acquiring the 3.5 GHz license for other Italian regions as well. Today, 30.52% of company shares are publicly trading, 52.11% is held by Gold Holding (owned by Umbria’s Colaiacovo family) and 17.37% held by WN S.r.l. (owned by GO’s top management).

GO is well positioned to capture a large, underpenetrated market... LTE (Long-term Evolution) is a substitute to fixed broadband (like the copper-based ADSL or the fibre-based FTTH) and to other mobile broadband protocols that have lower speeds, and its penetration rate in Italy is currently very low at less than 1%. The number of Italian mobile Internet connections, on the other hand, continues to expand fast, in line with the global trend, with a CAGR of 51% for smart phones and a CAGR of 177% for tablets in the last two years, making mobile broadband more a necessity than an alternative.

**Graph 1: Percentage of Inhabitants Served by Broadband of a Given Effective Speed (Subscriptions per 100 inhabitants)**



*In Italy, the penetration of LTE, the latest standard of mobile broadband, is less than 1%...*

Source: OECD Communications Outlook-2012, Report to President’s Expert Team-Italy2014

The fourth generation (4G) LTE enables ultra-fast (30 Mbps) Internet access, utilizing the 3.5 GHz radio frequency band in Italy, and is therefore a better choice for society’s increasing data speed

ADSL market is destined to contract...



requirements as well. Currently, Italy utilizes the slowest broadband compared to other countries (Graph 1 above), hence, this segment of the market is expected to expand rapidly in the coming years and GO is well-positioned to capture an increasing share of this underserved market.

**Due to the fact that Italian households no longer want to keep a landline, the ADSL market is destined to contract and mobile broadband rises to become the best alternative...** During the last two years (between 2011 and 2013) 1.2mn Italian families abandoned their landlines. Today, these families use exclusively mobile phone services. ADSL, on the other hand, enters houses only through the landline network. The households that no longer utilize a fixed telephone line need to find wireless alternatives to ADSL, also because in Italy there are no other fixed broadband alternatives, such as cable. In fact, we see that in the same period (2011-2013) mobile broadband subscribers in Italy increased by 0.7mn. We forecast the number of Italian cord-cutters to increase even further also because the households that have kept a landline in order to utilize the ADSL service are increasingly aware of the wireless options that provide higher speeds at lower costs.

**Having commenced operations only three years ago, in May 2011, GO has an absolute leadership in Marche and Emilia Romagna...** Back in 2008 when, the Italian Ministry of Economic Development auctioned licences for the 3.5 GHz radio frequency band, a total of eight companies provided winning bids for Italy's different regions. In time, with consolidations, only three are left to dominate the country's ultra-fast mobile broadband market, namely GO, Aria and Linkem. Unlike GO, Aria and Linkem started operations on a national scale, and this approach required each of them to invest significantly in licences at the initial stage. GO, on the other hand, acquired the licences for two Italian regions: Marche, which it acquired in 2008 from the government for € 1.1mn, and Emilia Romagna, which it acquired in 2012 from the party that decided to sell off for € 1.1mn. Today GO has 20,738 active clients in Marche and Emilia Romagna, and the company aims to increase this number further by increasing its coverage - which at present stands at 8.5% over the population of the two regions - and accordingly its client base.

**GO's technology path offers its clients a quick and low-cost entry into broadband space...** GO is one of the few companies in the Italian telecoms sector that can credibly claim to better manage the client experience: Its value proposition includes fast Internet access with its self-installable CPE, the subscriber's terminal, which can be easily used by the client without help from a technician, and an extensive after-sales service. In addition, GO's lean and flexible organizational structure enables it to price its services competitively, and so clients are provided with prices lower than other mobile broadband operators as well as lower than ADSL,

which is today the most widely used form of broadband connection in Italy.

**Table 1: Broadband Basic Service Prices (VAT included) by Operator\***

Operator:	Broadband Type:	Service Price (monthly):	Activation Fee:	Modem Fee:
GO	Mobile	€ 18.18	€ 49.90	€ 0
Linkem	Fixed wireless	€ 23.00	€ 100 (or € 50)	€ 0
Aria	Fixed wireless	€ 23.12 (Promo: € 14.95 - first year)	€ 100.83 (Promo: € 0)	€ 0
Telecom Italia	Fixed (ADSL)	€ 36.95	€ 0	€ 1.95
Fastweb	Fixed (Fiber)	€ 37.00	€ 0	€ 0
Tiscali	Fixed (ADSL)	€ 34.95	€ 0	€ 0
Infostrada	Fixed (ADSL)	€ 36.95	€ 0	€ 3.00
Tel-e-Tu	Fixed (ADSL)	€ 29.90	€ 118.00	€ 0
Open Sky	Satellite	€ 33.75	€ 40	

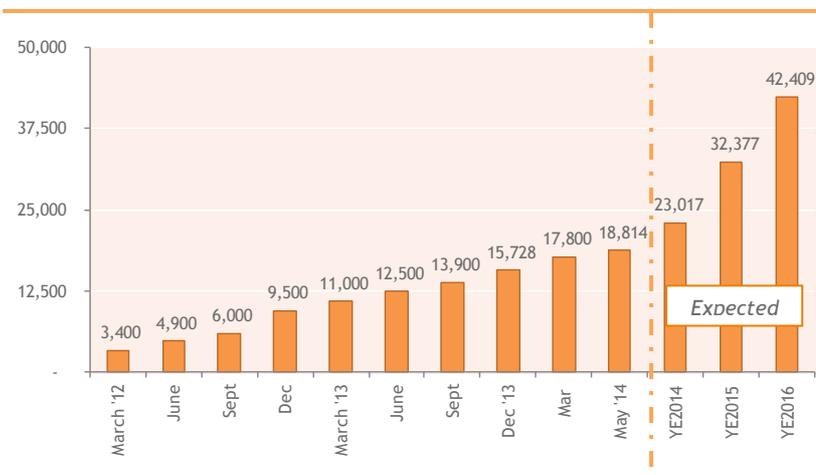
Source: Websites of companies and Segugio.it \*Prices of fixed operators are for Ancona, Marche region. Monthly prices are calculated as average monthly price for a 2-year subscription. Telecom Italia, Fastweb, Tiscali, Infostrada, Tel-e-Tu services also include voice calls.

In the last 2.5 years, GO acquired an average of 657 new clients per month...

GO's annual churn rate is at 4%...

**Strong client growth track record...** GO acquired its clients fast - an average of 657 new clients per month during the last two and a half years- reaching 20,738 active clients by the end of September 2014. As this is an underpenetrated market in need of better-performing and attractively-priced services, we expect the new client acquisition speed to accelerate, also thanks to the brand-recognition GO has successfully achieved. In the standalone case, we forecast 23,017 active clients until YE2014. With continuing investments and the enlargement of the base station network, GO is expected to reach 32,377 active clients by YE2015 and 42,409 by YE2016. The churn rate is forecast to remain at 4%, which is the annual average since the company commenced its operations. ARPU, currently at € 16.24/month for retail clients, which represent 98% of the client mix, is expected to increase gradually - due to the fact that the promotions offered to clients in the initial phase, mainly to promote GO's brand, will gradually end and clients will slowly switch to existing GO prices which are still lower than the competition - reaching € 17.30 by YE2016. We do not anticipate retail ARPU growth to be faster than this as GO's market positioning is for a low-cost broadband provider. However, if a shift occurs in the client mix in favour of business clients that currently have an average ARPU of € 28.73 per month then average overall ARPU may rise as well. Staying on the conservative side, we forecast the client mix to remain at the current 98-2%.

Graph 2: GO's Active Clients



Source: Company Data, KT&P Estimates

Table 2: Expected ARPU (€/month)

Client Type:	May 2014	2014E	2015E	2016E
Retail	16.24	16.50	17.00	17.30
Business	28.73	29.00	29.50	30.00

Source: Company Data, KT&P Estimates

GO is the absolute market leader in Marche and Emilia Romagna...

**Marche and Emilia Romagna together represent around 11% of Italy's GDP...** These two regions hold 10% of Italy's population while generating 11% of the country's GDP. GO has an absolute leadership in providing 4G mobile broadband services in these two regions, where its competitors do not have a significant presence. Another particular feature of these two regions is that their inhabitants move seasonally within the region, spending more time on the coast in summer months. A competitive advantage of GO is that when a GO client moves, he takes with him his easily-portable CPE, which also provides web access at his vacation spot. An ADSL subscription fails to provide such a service. If GO expands its services to other neighbouring regions, such as Tuscany (where currently no 4G mobile broadband operator has a substantial presence) or Umbria - the two of which together account for an additional 7.4% of the country's population and 8% of the country's GDP - then GO will be able to cover almost 1/5<sup>th</sup> of the Italian economy and 17% of the country's population, and the mobility that it would offer to its clients within these regions will increase significantly.

**Focus on urban areas helps GO grow faster...** The 4G mobile broadband operators, when awarded their 3.5 GHz frequency licences, guaranteed a certain level of territorial coverage and a commitment in the digital divide areas. Maintaining these

GO targets crowded urban areas rather than the digital divide, which refers to remote locations not reachable by ADSL...

commitments, GO invested more in urban areas where population density is higher. This helped it grow faster compared to competitors, who more strongly targeted the digital divide zones. Directly in line with this strategy, GO provides its clients wireless indoor CPEs whereas competitors need to provide more outdoor CPEs that have the capacity to cover a wider area. An outdoor CPE not only has higher unit cost but also requires a technician to install (and uninstall) it, both of which increase operating costs. Accordingly, targeting the crowded urban areas helped GO increase its client base faster while keeping the operating expenses relatively low.

Table 3: CPE Mix of GO versus Competition and the Costs

Operator	Outdoor CPEs	Indoor CPEs
GO	15%	85%
Aria	c. 60%	c. 40%
Linkem	c. 60%	c. 40%
Unit Cost	€ 85	€ 55
Cost to Install	€ 60-70	€ 0
Cost to Uninstall	€ 60-70	€ 0

Source: Company Data

CPE - GO Box:



Average duration of a GO contract is 2 years...

GO reaches its potential clients via a network of 300 affiliated stores and benefits significantly from word-of-mouth marketing... GO affiliates computer or mobile phone stores in the region to sell its services. The dealer, in return for the service it provides, receives a one-time 'dealer fee' on each sale it generates, and this fee is on average equal to the activation fee that the client pays when he subscribes to the service. The company also provides a 'Try & Buy' service, according to which the potential client is provided the GO Box for a 5-day trial, free of charge, after which he can choose whether to sign the standard 2-year GO service contract. The client acquisition rate of Try & Buy in the zones where GO has major coverage is very high, at around 92%. Unlike its competitors, GO does not utilize mass media marketing, but instead utilizes low-cost local marketing tools such as street ads, flyers, social media, events, and most importantly, it benefits significantly from word-of-mouth marketing.

GO places its base stations in urban areas over a large client base, decreasing the investment per client... GO operates a network of 391 base stations (by August 2014) placed over 181 different sites, offering LTE speed up to 30 Mbps. We expect GO to enlarge its base-station network to 428 base stations by YE2014, 556 by YE2015 and 687 by YE2016. From YE2014 onwards, the composition of the base stations is also expected to shift towards LTE-Advanced, which can offer higher speeds, up to 100 Mbps. GO is

Each base station covers a geographical area with a radius of around 3 km.

A Site with 2 base stations:



not expected to upgrade its existing base stations, but instead expects to place the new ones nearby, offering a dual-mode service to clients. With such an upgrade, the service provided by GO and an ADSL provider will be increasingly different. What distinguishes GO from other mobile broadband operators, on the other hand, is the fact that by, operating a lean and flexible structure, GO builds up its sites by itself, which helps it keep related costs low, while the competition - nation-wide operators - have to rely on contractors to install turnkey projects which costs significantly higher. Placing its base stations in urban areas and having grown its client base fast, GO's per client licence investment is also considerably low compared to competition.

Vendor financing is an integral part of GO's business model... GO's vendors are Telrad, Airspan, and Huawei, and the average acquisition cost for a base station and a CPE are € 3,700 and € 55 respectively. GO has a very low payables turnover ratio of 0.3, pointing to an average 3.2 years for trade payables. Vendor financing, therefore, is an integral part of GO's business model and will also support GO's future expansion.

Table 4: Average Capex per Site (with 2 base stations)

Related Costs:	in €:
Base Stations	7,400
Installation	2,000
Electric Equipment	2,500
Advertising	1,500
Site Rent	1,900
Maintenance	180
<b>Total Costs</b>	<b>15,480</b>
Average Payback	12.6months

Source: Company Data

Even though deployment costs for ADSL and mobile broadband are close, ADSL cannot compete with LTE in terms of final pricing... In Italy, all fixed broadband operators are heavily dependent on the incumbent fixed network operator (Telecom Italia). Although the case is similar in most European countries, in Italy the dependence is even more dramatic due to lack of alternatives such as cable. Table 5 below shows a comparison of deployment costs for LTE versus the copper-based ADSL. Even though the fibre coverage in Italy is quite limited - it exists only in large metropolitan areas - we included the costs for fibre-based FTTC and VDSL in the table as well for comparison purposes. Accordingly, fibre-based deployment costs are significantly high whereas ADSL and LTE deployment costs are close, especially in urban areas where GO operates. However, due to the fact that

*In Italy, ADSL operators pay € 17.40 per month to Telecom Italia for each subscriber they serve...*

ADSL operators also need to pay Telecom Italia approximately € 17.40 per month per subscriber served, LTE comes out as the lowest-cost alternative in the broadband space.

**Table 5: Cost per Household to Deploy Broadband Technologies**

In €	Urban	Suburban	Rural
ADSL	40	80	200
FTTC/VDSL	250	500	1,800
FTTH	460	1,150	2,800
LTE	50	110	380

*Source: Report of the President's Expert Team, Italy-2014, EIB-2011*

GO's top-notch management team, with a deep experience in the telecoms industry, is led by Giuseppe Colaiacovo, a well-known Italian industrialist with broad experience in different industries... GO's top management is one of the most experienced management teams in the Italian broadband business. The executive team has been in this business since 2008 and accordingly have strong relations with all parties involved, such as vendors. The CEO (also the CTO) Alessandro Frizzoni, CFO Alessandro Ronchi and the COO Flavio Ubaldi (through his family) today hold a 17.37% share in GO via their WN S.r.L. Umbria's Colaiacovo family holds 52.11% via their Gold Holding, which is also the owner of Colacem (Italy's 3<sup>rd</sup> largest cement producer), the Goldlake Group (a Honduras-based gold mining company), and GDS Sirci (an important producer of plastic tubes in Italy).

A worldwide rise of mobile broadband may occur when most widely-used mobile devices - smart phones and tablets - become compatible with the 3.5 GHz technology... There are already initial examples of LTE chipsets which can be inserted in mobile devices. Qualcomm, for example, recently launched the first 3.5 GHz chipset for smartphones. At the 2014 Barcelona Mobile World Congress, Huawei also introduced its first 3.5 GHz smartphone. A mobile device that carries the chipset can access the LTE mobile network which has favourable prices per bit, especially compared to the prices offered by a 3G operator. Accordingly, related developments in the industry are expected to eventually further increase the mobile device penetration rates. GO, for example, recently made an agreement with a Mobile Virtual Operator, Terra, which includes the introduction of fully mobile devices with fallback to 3G roaming in case 4G connection is not available.

**1H2014 results in line with expectations...** GO recently announced its 1H2014 results according to which its turnover increased by 48% yoy reaching €1.8mn. Even though the results were fully in line with expectations, we revised our FY2014 turnover estimate slightly down (by 2.5%) to € 3.98mn due mainly

to the number of active clients reached by September-end that is a little lower than our previous forecast. EBITDA in 1H2014 was € 0.63mn and we expect it to reach € 1.45mn by YE2014 thanks also to the expected improvements in marginality. 1H2014 bottom-line was a small negative, a loss of € 63thousand, and we estimate the net profit to reach a small positive by year-end (€ 0.02mn).

**Table 6: Summary Income Statement and Balance Sheet**

€ thousand	2012	2013	1H2013	1H2014
Sales	1,321	2,645	1,211	1,794
Other Sales	0	29	49	32
<b>Total Sales</b>	<b>1,321</b>	<b>2,674</b>	<b>1,260</b>	<b>1,826</b>
Service and other Costs	-1,301	-1,170	-669	-861
Personnel Costs	-625	-617	-307	-341
<b>EBITDA</b>	<b>-605</b>	<b>887</b>	<b>284</b>	<b>624</b>
D&A	-509	-784	-329	-506
<b>EBIT</b>	<b>-1,114</b>	<b>103</b>	<b>-45</b>	<b>118</b>
Net Financial Income	-163	-193	-106	-136
<b>PBT</b>	<b>-1,277</b>	<b>-90</b>	<b>-151</b>	<b>-18</b>
Taxes	343	-10	1	-45
<b>Net Income</b>	<b>-934</b>	<b>-100</b>	<b>-150</b>	<b>-63</b>

€ thousand	2012	2013	1H2013	1H2014
Cash and Cash Equivalents	16	128	128	30
Trade Receivables	272	588	588	498
Inventories	447	166	166	771
Other Current Assets	1,002	925	925	727
<b>Current Assets</b>	<b>1,737</b>	<b>1,807</b>	<b>1,807</b>	<b>2,026</b>
Tangible Assets	3,012	4,132	4,132	4,069
Intangible Assets	2,389	2,404	2,404	2,405
Other Non-current Assets	246	216	216	385
<b>Non-Current Assets</b>	<b>5,647</b>	<b>6,752</b>	<b>6,752</b>	<b>6,859</b>
<b>TOTAL ASSETS</b>	<b>7,384</b>	<b>8,559</b>	<b>8,559</b>	<b>8,885</b>
Trade Payables	1,553	1,955	1,955	2,058
Financial Debt	923	1,681	1,681	1,478
Other Short-term Liabilities	280	250	250	442
<b>Short-Term Liabilities</b>	<b>2,756</b>	<b>3,886</b>	<b>3,886</b>	<b>3,978</b>
Financial Debt	4,245	4,368	4,368	4,663
Deferred Taxes	38	35	35	40
Other Long-term Liabilities	93	112	112	114
<b>Long-Term Liabilities</b>	<b>4,376</b>	<b>4,515</b>	<b>4,515</b>	<b>4,817</b>
<b>Shareholders' Equity</b>	<b>252</b>	<b>158</b>	<b>158</b>	<b>90</b>

We expect GO to grow its revenues at a CAGR of 43% between 2013-2016E and the main driver of growth is expected to be the rapid increase in the client base... We believe the retail business will continue to maintain its 98% share in the client mix and we forecast the ARPU from this segment to grow gradually at a CAGR of 3.2% in the next two years. GO aims to maintain its low-cost positioning in the market as its proposition is a 'low-cost entry to the broadband space'. Therefore we do not assume a faster increase in ARPU. We did not include in our model a possible entrance into a new Italian region, by acquiring the required licence, however, the IPO proceeds may help realize this geographical expansion. Now that three years have passed since it commenced its operations, GO will fully benefit from brand-recognition in all its operating regions.

Go is already EBITDA positive... GO already reached breakeven at operating level during 2013, its third year of operations. We modelled a 68% CAGR of EBITDA between 2013-2016E. Consequently, the EBITDA margin is expected to improve by 20 p.p. in the same period and EBITDA per average active client is forecast to grow from € 70 in 2013 to € 83 in 2014E, to € 103 in 2015E and to € 112 in 2016E. In terms of capital expenditure, we modelled GO to invest € 4.6mn until YE2016 to enlarge its base station network and to acquire new clients.

**Table 7: Summary Income Statement Estimates**

€ thousand	2014E	2015E	2016E
Total Sales	3,976	5,770	7,900
EBITDA	1,450	2,841	4,194
D&A	-1,128	-1,130	-1,252
EBIT	322	1,711	2,942
Net Income	20	886	1,705

Source: KT&P estimates

We view GO's long-term fundamentals as attractive... As an investment case, it has a top-down appeal due to the fact that it is operating in a rising industry where penetration rates at the moment are significantly low. It also displays a bottom-up appeal as the company is already FCF positive and is expected to generate bottom-line profit in 2014E. GO's average expected ROCE between 2014E-2016E is at 19%. The advantage of being a regional operator is that growth can be supported by profitability, whereas nationwide operators seem to grow at the expense of profitability.

**RISKS:**

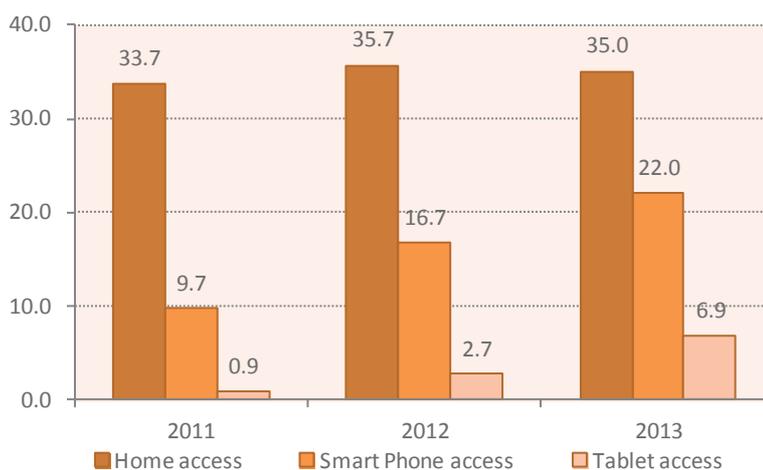
- Internet penetration in Italy is still low, at 58%, and the aging population - with more than 20% of the population over 65years old - is not helping.
- Italy's broadband penetration is also low, at around 23%, and most broadband operators are competing to acquire this 23% of the population.
- Technological shifts may negatively affect GO's market positioning.
- Aria and Linkem may speed up their investments and this could increase competition.
- Competitors could impair GO's pricing ability. Any reduction in GO's prices may negatively affect its margins.
- Customer growth rates could be lower-than-expected.
- 3.5 GHz technology compatible devices may not materialize as expected.

## Industry Overview

*Single Internet access is rapidly becoming the new trend...*

Mobile Internet is expected to be the convergence point of all present and future digital technologies... A recent study (by McKinsey Global Institute) anticipates that by 2025, almost 80% of Internet access worldwide will occur through mobile devices. In Italy, mobile penetration has increased significantly in the past two years, with smartphone and tablet users growing at a CAGR of 51% and 177% respectively. With the increasing usage of personal mobile devices, 'single Internet access' is rapidly becoming the new trend. Accordingly we require mobile broadband access more and more for our laptops, smartphones, tablets, Kindles, handheld game consoles, smart watches, as well as for our car and home electronics.

**Graph 3: Italian Internet Users by Category - No. of connections (mn)**



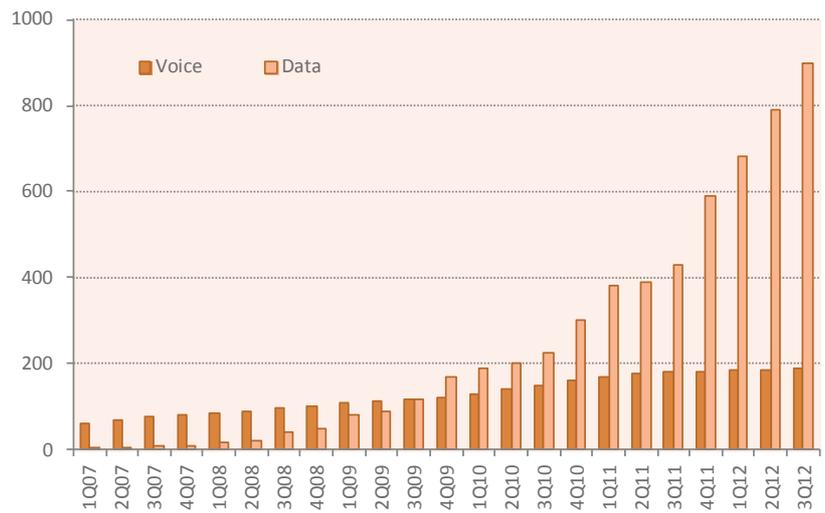
Source: Audiweb Trends

**Need for Speed...** With the spread of Internet in every aspect of life, users expect data download speeds to increase enabling them to easily enjoy multimedia content, realize high-definition audio and video streaming, utilize podcasts and file casts, play online games, do social networking, download applications, generate and publish video-based content and watch real-time broadcasts. Consequently the amount of data carried over mobile networks is increasing dramatically (Graph 4), calling for higher technologies. An Ericsson report estimates that mobile data traffic is almost doubling each year, due partly to increasing new users but mainly to the rising data traffic of an average user. Fourth Generation (4G) LTE currently enables speeds up to 30 Mbps, which is significantly higher than traditional ADSL services. It also offers an asymmetric

The 3.5 GHz frequency band in Italy is exclusively allocated to mobile broadband operators, and therefore is not subject to interference...

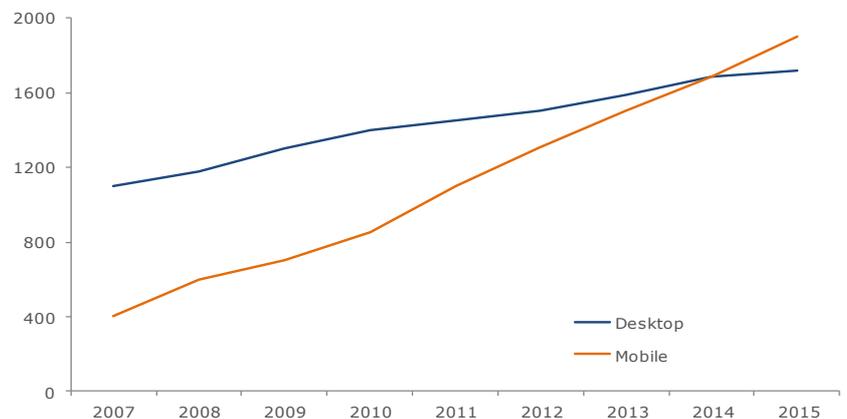
uplink/downlink but in an abundant spectrum, which is the 3.5 GHz spectrum in Italy. One further advantage is that LTE supports fast-moving digital devices, meaning that connection remains uninterrupted and rapid while also travelling. With an upgrade to LTE-Advanced, mobile broadband providers in Italy may increase the speeds up to 100Mbps.

Graph 4: Global Mobile Traffic - Voice vs. Data (2007-2012)



Source: Ericsson

Graph 5: Number of Global LTE Users



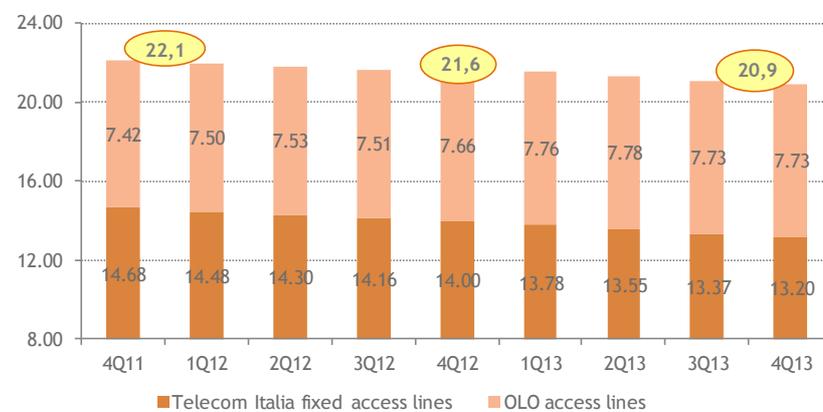
Source: Business Insider, Citeworld

5% of Italians became cord-cutters, now using exclusively mobile phone services...

**Households are abandoning landlines...** It is a worldwide trend that households no longer want to utilize fixed landlines. In Italy, during the last 2 years (2011-2013) a significant 5% (1.2 million Italian households) of users abandoned landlines (Graph 6 below) and now utilize exclusively mobile phone services. Fixed broadband like ADSL, on the other hand, enters houses only through the landline

telephone network. As a result, an increasing number of Italian households will require wireless broadband for their connections.

**Graph 6: Decline of Fixed Landlines in Italy (mn people)**



Source: AGCOM Quarterly Telecommunication Markets Observatory

**Table 8: Internet in Italy Today**

In Italy:	
Total Population	62 mn (2013 Estimated)
Population Growth Rate	0.34% per year
15-64 years / Total Population	66%
Internet penetration	58% (35.5 mn people)
Fixed Landline Owners by YE13	20.9 mn (down 1.2 mn b/w YE11-YE13)
Total DSL Internet Access	13.2 mn (up a mere 0.7% b/w YE11-YE13)
Ex-DSL Internet Access (including WiMax, LTE)	0.7 mn (up 75% b/w YE11-YE13)

Source: Wikipedia, AGCOM Quarterly Telecommunication Markets Observatory

*The society is more and more in need of uninterrupted and high-speed mobile Internet access...*

The new generation is abandoning the traditional voice and messaging services... The new generation is not only more mobile, but also utilizes more advanced technologies. They increasingly utilize VoIP (Voice-over-Internet Protocol) applications, such as Microsoft's Skype or Google's GoogleTalk, that also enable video calls. According to a European Commission report dated 2008, 18% of EU15 residents utilize Internet phone services, and we believe this percentage has increased significantly since then. 2011 data shows that annual growth of Skype subscribers in Western Europe is at 9%. In addition to the switch to VoIP calling, traditional SMS messaging is also increasingly replaced by free IP-based messaging, such as WhatsApp, Apple's iMessage, or Facebook messaging. As a result, society is more and more in need of uninterrupted mobile Internet access and the LTE standard of mobile broadband provides these services at the speed required with lower costs per bit, making it in return even more appealing to utilize mobile devices.

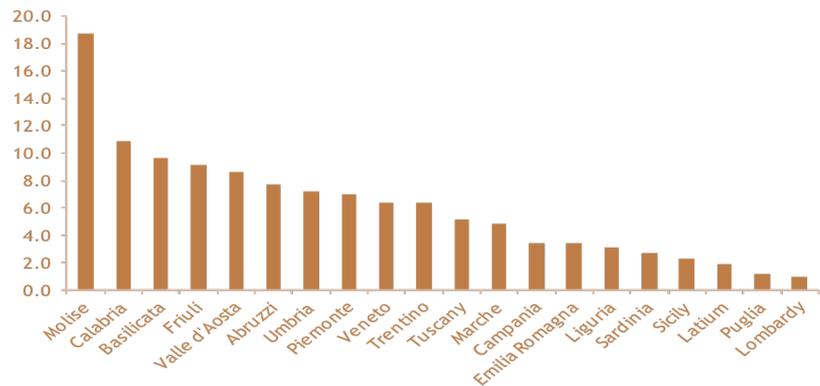
**Table 9: Broadband Technologies in Italy: Fixed versus Wireless**

Broadband Type:		Data Speeds:	How and Where:	
Fixed	DSL, ADSL	2-20 Mbps	Provides connection through the telephone network. DSL uses the higher frequency band of the phone line without preventing the normal use of the line for voice calls. DSL (2 Mbps and higher) penetration in Italy is at 23%.	
	VDSL, FTTC, FTTH and other fibre-based standards	(VDSL may provide speeds up to 52Mbps)	Provides fast fixed broadband, using optical fibres. Fibre coverage is limited in Italy, available only in major cities. Total fibre subscriptions are at 300k.	
	Cable	<i>There is no Cable in Italy</i>		
Wireless	WiFi	6-600 Mbps	By using a wireless router, WiFi is connected to the wider Internet via DSL. Its handicap is that its service range is short, at around 250 metres.	
	WiMax	30-40 Mbps	Alternative to DSL. This is not the mobile version; it is the wireless WiMax protocol.	
	Satellite	2 Kbps-1 Gbps	Optimal for very remote areas. However it is a very expensive form of broadband Internet access.	
	Mobile Broadband	2G (GSM, GPRS, EDGE etc.)	Up to 237Kbps	The very first mobile data services were introduced during the 2G period.
		3G (UMTS, UMTS HSPA, etc.)	Up to 16Mbps	3G is primarily a voice provider.
	4G (HSPA, Mobile WiMax, LTE, LTE Advanced)	Up to 100Mbps	The fastest mobile broadband. This is where GO provides its services	

Source: KT&P Illustration, Wikipedia, EU Communications Committee Report

**Mobile broadband is the least-expensive solution for the Digital Divide...** In Italy, around 4% of the population - 2.4mn people - live in the digital divide, i.e. the areas not reached by the ADSL service, and mobile broadband is their best connection option. They can also choose satellite services but, as seen in Table 1 on page 3, satellite costs are much higher than LTE.

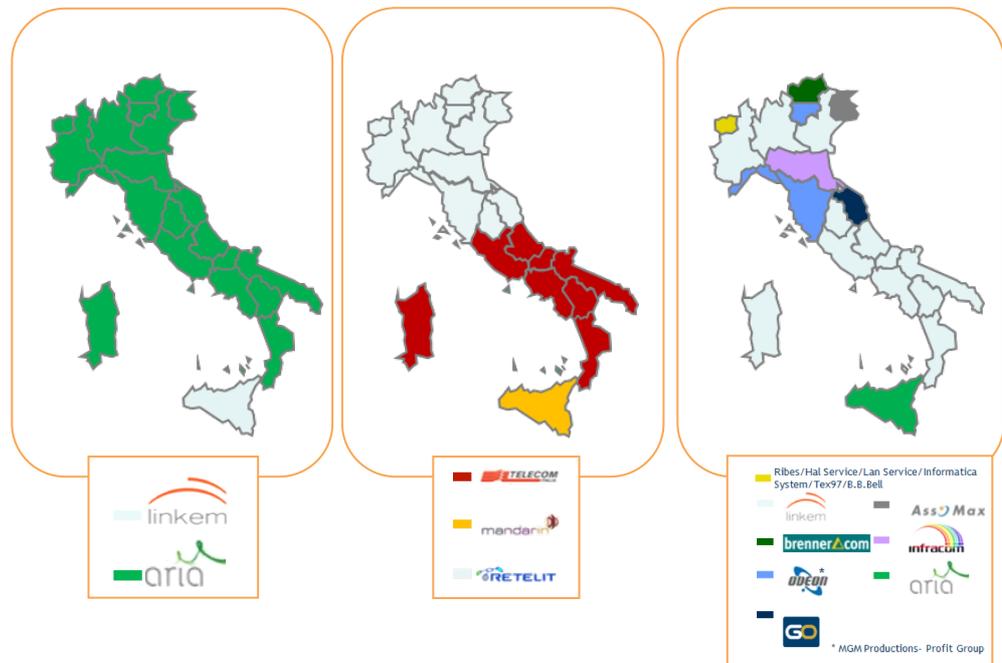
Graph 7: Net\* Digital Divide in Italy (% values)



Source: Italian Ministry of Economic Development \*Areas covered by neither fixed nor mobile broadband.

The Italian government, back in 2008, held the auction to grant the licences - called the WiMax licences - to operate the country's 3.5 GHz frequency band. Each Italian geographical region had three operators who were awarded different GHz blocks: Pot A for 3,437-3,458 GHz, Pot B for 3,458-3,479 GHz and Pot C for 3,479-3,500 GHz and there were a total of eight winners who obtained the licences for a period of 15 years until 2023. GO was then awarded the Marche licence, for which it paid € 1.1mn.

Graph 8: Italian WiMax Licences - Pots A, B and C



Source: Italian Ministry of Economic Development

All parties who acquired the licences had to guarantee territorial coverage and a specific commitment to digital divide areas (later on, in late 2012, these operators would need to self-certify the level of their commitment). In the years that followed consolidations took place because some awarded parties decided to resell their licences as they would not be able to meet their commitments. Together with these consolidations, the total number of parties holding a 3.5 GHz frequency licence across Italy fell to three. In this same period, GO acquired the licence for Emilia Romagna from Infracom for € 1.1mn.

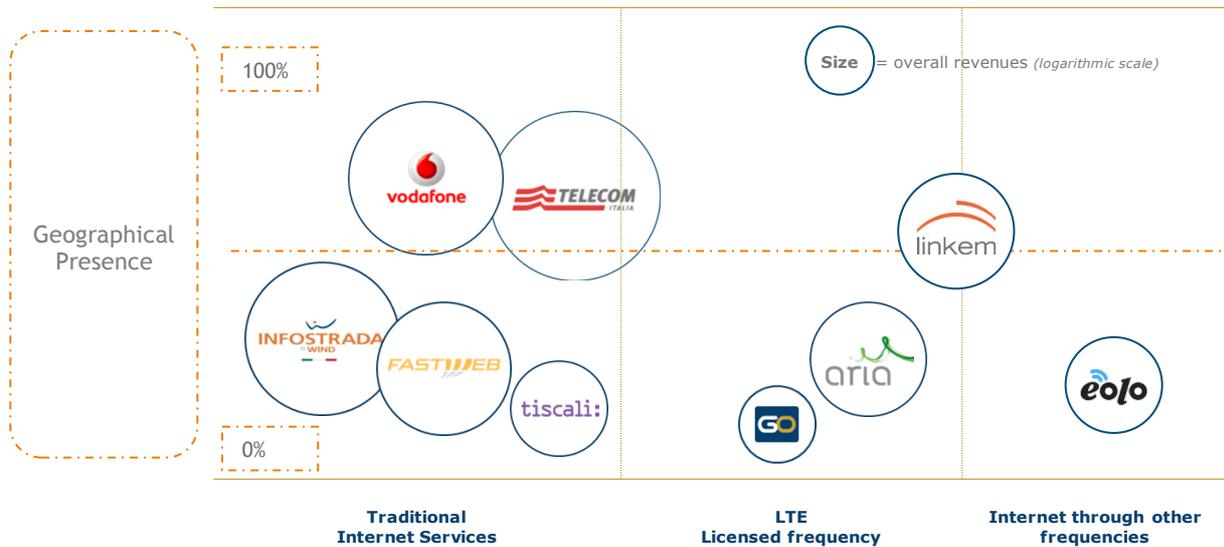
**Competitive Landscape:** Today GO has two competitors: Aria and Linkem. (Three executive team members of GO - the CEO, the CFO and the COO - were actually among the founders of Aria. They started the firm, raised capital and managed it until 2011. Due to some divergence on strategic decisions, the team left Aria. Later, in early 2012, they joined GO to manage and grow the company.) Today both Aria and Linkem hold the WiMax licences for all Italian regions and therefore operate on a national scale. This not only required making a bulk initial investment to acquire the licences, but also led to a more complex operation with higher operating costs, which makes it harder for them to price their services competitively. Even though both competitors hold the 3.5 GHz licences for the regions where GO operates - Marche and Emilia Romagna - their presence in these regions is almost insignificant.

**Table 10: Italy's 4G Mobile Broadband Operators (May 2014 figures)**

Operator:	Geography:	Months in Operation	# of Sites:	# of Customers	Average New Customer / Month / Site
GO	Regional	36	180	18,814	2.9
Aria	National	60	660	87,900	2.2
Linkem	National	60	1200	129,000	1.8

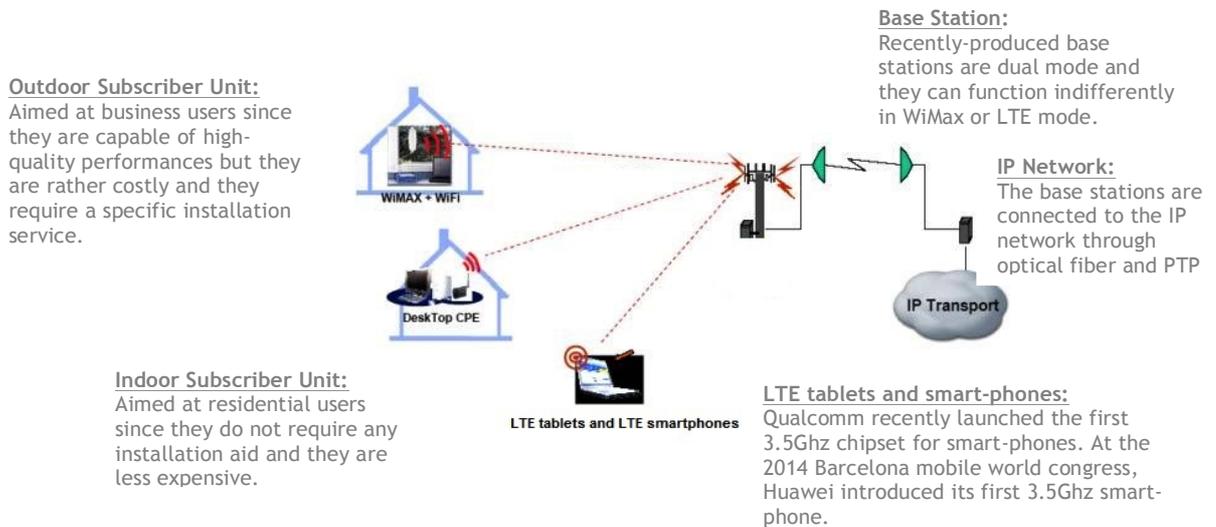
Source: Company Data

Graph 9: Overall Competitive Landscape



Source: Company Illustration

Graph 10: 4G Operating Mode Overview

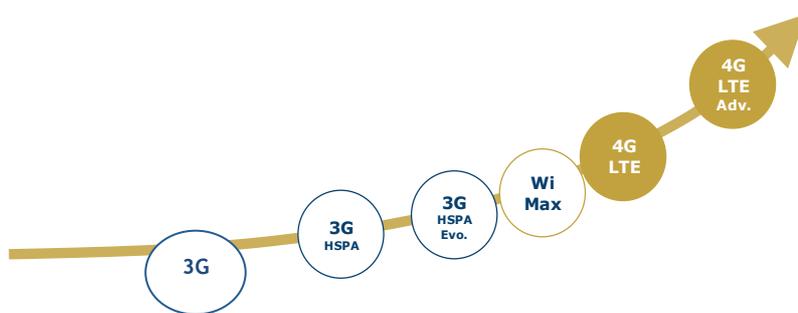


Source: Company Illustration

**4G versus 3G: Not yet competitors...** Although the LTE standard is a more developed version of the 3G, their market positioning is significantly different, and accordingly they are not yet interchangeable. The services provided by 3G, using protocols such as UMTS HSPA, are different because 3G is primarily a voice provider. The 3G licence, and consequently its frequency, is significantly more expensive compared to a 4G licence and frequency (For example, Italy's Tre - the mobile phone operator - paid approximately € 1bn for its 3G licence in 2000, whereas Aria -

the 4G LTE operator - paid € 42mn for the 3.5 GHz licences to cover all Italy). To be a mobile phone service provider, the operator has to cover the nation as a whole whereas an LTE operator can simply build up sites to cover a select number of people.

#### Graph 11: Evolution of Mobile Internet



Source: Company Illustration

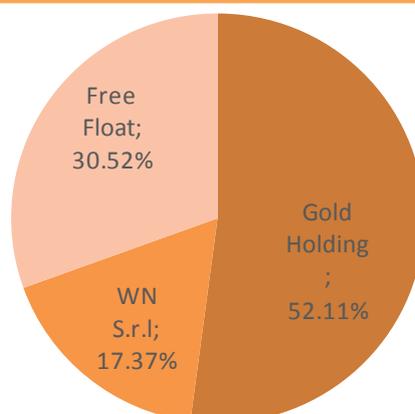
Firstly, a 3G network is highly complex, whereas an LTE network is much easier to build and operate. As a result, the price of downloading data in 3G is almost 10 times more expensive than in 4G (to download 1 GB data costs around € 5 in 3G whereas the same amount of data costs € 0.50 in 4G). 4G is not competing directly with 3G, even though it provides Internet connection services to mobile phones and tablets as well. Its target market is the everyday - not occasional - internet users for personal and/or business reasons, and consequently 4G's real competitor in Italy is ADSL.

## Company and Business Model

**Early Years (2002-2011):** GO was established in 2002, first as a wholesale phone traffic reseller. Within this period, in 2008, the Italian government held the auction to sell the WiMax licences to three operators for each Italian region and GO was awarded the 3.5 GHz frequency licence for the Marche region.

**Mobile Internet Years (2011-...):** In 2011, with the involvement of the new management team - which also made a 25% investment in the ownership structure (17.37% post-IPO) - GO was transformed into a mobile broadband operator. The new team had a significant background both in the Italian and international telecoms industry and was among the pioneers in the Italian mobile broadband business. Immediately after re-launching the company as a mobile broadband operator, in 2012 GO management also had the opportunity to acquire another WiMax licence for the Emilia Romagna region from the party who was awarded by the government. After taking advantage of this opportunity, and managing a fast-growth operation since then, GO has today become a prominent mobile broadband operator in Italy.

**Graph 12: Post-IPO Ownership Structure**



Source: Company Data

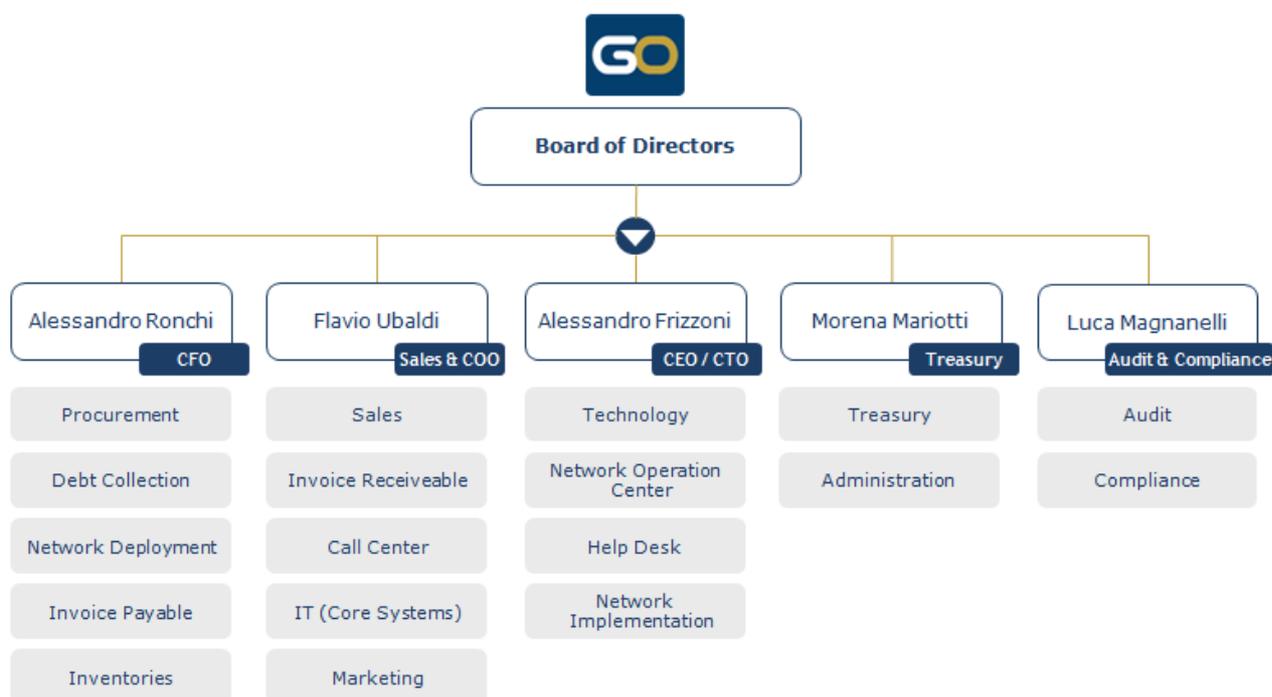
Umbria's Colaiacovo family holds the remaining 52.11% of GO shares via their Gold Holding, which is also the owner of Colacem (Italy's 3<sup>rd</sup> largest cement producer), Goldlake Group, (a Honduras-based gold mining company), and GDS Sirci (an important producer of plastic tubes in Italy).

Table 11: Board of Directors

Member	Role:
Giuseppe Colaiacovo	Chairman
Alessandro Frizzoni	CEO, CTO
Alessandro Ronchi	CFO
Luca Magnanelli	Audit & Compliance
Morena Mariotti	Treasury
Maurizio Tosti	Member
Walid Bounassif	Independent Member

Source: Company Data

Graph 13: GO's Organizational Structure



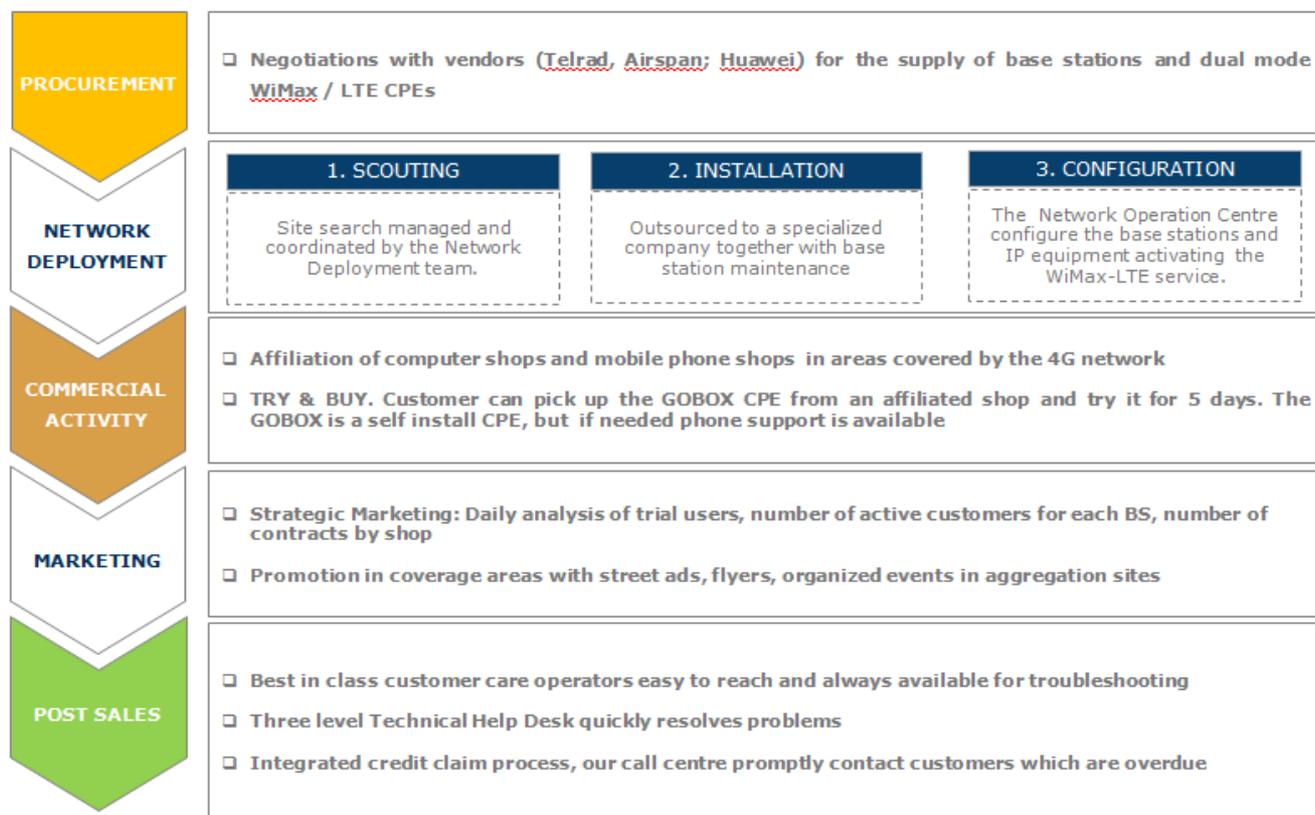
Source: Company Data

GO maintains a lean organizational structure with only nine direct employees. The rest of the team, a total of 26 people, is outsourced via contracts.

As GO's top management has long been operating in Italy's mobile broadband business, their relations with equipment suppliers (base stations, CPEs) are very well-established. GO's self-sustaining organic growth, will offer management stronger bargaining power over its suppliers. The most challenging part of GO's business

model, on the other hand, is the site search for new network deployments. Finding the optimal locations, securing the location's availability and arranging rent agreements is a significant process, also because the best possible location of each site is a prerequisite for best client services.

Graph 13: GO's Business Model



Source: Company Illustration

Final sales to clients are developed by computer or mobile phone stores located in the coverage zones and affiliated to GO. These stores earn a one-time 'Dealer's Fee' (of € 45 on average) per sale generated. GO is one of the few companies in the Italian telecoms industry that credibly claims to better manage the client experience, also due to the fact that after-sales activity is an essential part of GO's offer. The company's Call Centre is located in Romania and is managed by Italian-speaking employees who provide a premium service.

GO provides low cost entry to the broadband space, and accordingly offers prices that are competitive compared to the prices of its rivals. It has three different types of subscription for retail clients, and five different plans for business clients. The duration of a GO contract is two years and the subscriber pays the fee every two months in advance.

Graph 14: GO's Price Offer

Type of Offering:	Description:	Price (with VAT):
<b>GO FAMILY FLAT</b>	Free loan for use for Indoor CPE Unlimited web access up to 7MB	€ 18.18 / month
<b>GO FAMILY FLAT</b>	Free loan for use for Outdoor CPE Unlimited web access up to 7MB	€ 19.90 / month
<b>GO FAMILY SENZA LIMITI</b>	Unlimited phone calls and web access Free and unlimited phone calls all over Italy	€ 25.24 / month
<b>GO BUSINESS Basic</b>	Unlimited web access up to 7MB	€ 20.00 / month
<b>GO BUSINESS Plus</b>	Unlimited web access up to 7MB Guaranteed min. band speed of 128 Kbps (up and down)	€ 25.00 / month
<b>GO BUSINESS Super</b>	Unlimited web access up to 7MB Guaranteed min. band speed of 128 Kbps (up and down) 1 static public IP	€ 50.00 / month
<b>GO BUSINESS Max</b>	Unlimited web access up to 7MB Guaranteed min. band speed of 128 Kbps (up and down) 1 static public IP	€ 80.00 / month
<b>GO BUSINESS Summer</b>	Special tariffs for the May-Sept period, activated by choosing one of the above solutions	

Source: Company Data

## APPENDIX

Company Name	Exchange	Market Cap (€)	EV/EBITDA 2014	EV/EBITDA 2015	P/E 2014	P/E 2015
Sprint Corp.	NYSE	18,124	7.4x	6.9x	n.m.	n.m.
WirelessGate, Inc.	Tokio	301	39.3x	16.4x	65.3x	27.4x
Eurona Wireless Telecom, S.A.	Madrid	48	n.a.	n.a.	n.a.	n.a.
Bigair Group Limited	Australian Stock Exchange	94	9.7x	7.4x	21.3x	16.6x
<b>Average peer group</b>			<b>14.1x</b>	<b>7.7x</b>	<b>21.6x</b>	<b>11.0x</b>
<b>Go internet</b>	<b>AIM Italy</b>	<b>11.4</b>	<b>12.1x</b>	<b>6.2x</b>	<b>n.m.</b>	<b>12.7x</b>

Source: Factset

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