2015-2019 Industrial Plan presentation

Investor Day

Milan, 29 September 2015

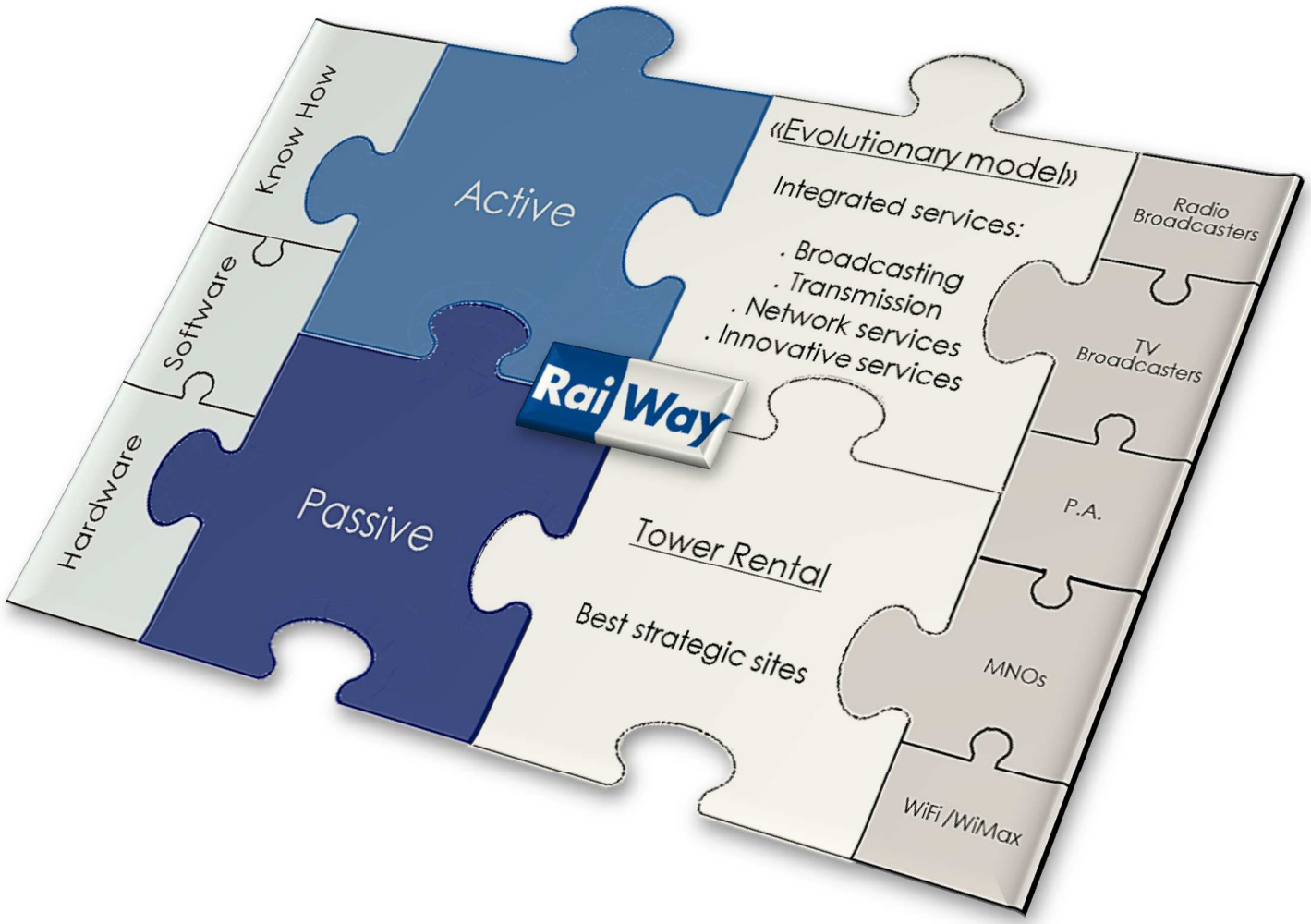
FORWARD LOOKING STATEMENTS

This presentation contains forward-looking statements regarding future events and the future results of Rai Way that are based on current expectations, estimates, forecasts, and projections about the industries in which Rai Way operates, as well as the beliefs and assumptions of Rai Way's management. In particular, certain statements with regard to management objectives, trends in results, margins, costs, rate of return and competition tend to be forward-looking in nature. Words such as "expects," "anticipates," "targets," "goals," "projects," "intends," "plans," "believes," "seeks," and "estimates," variations of such words, and similar expressions, are intended to identify such forward-looking statements. These forward-looking statements are only predictions and are subject to risks, uncertainties, and assumptions that are difficult to predict because they relate to events and depend on circumstances that will occur in the future. Therefore, Rai Way's actual results may differ materially and adversely from those expressed or implied in any forward-looking statements. They are neither statements of historical fact nor guarantees of future performance. Rai Way therefore cautions against relying on any of these forward-looking statements. Factors that might cause or contribute to such differences include, but are not limited to, economic conditions globally, the impact of competition, political, economic and regulatory developments in Italy. Any forward-looking statements made by or on behalf of Rai Way speak only as of the date they are made. Rai Way undertakes no obligation to update any forward-looking statements to reflect any changes in Rai Way's expectations with regard thereto or any changes in events, conditions or circumstances on which any such statement is based.

Executive Summary

- **2015-2019 Industrial Plan**
  - **Rai Way: the Smarter Tower Company**
  - Industrial Plan strategic pillars
  - TV and radio broadcasting market
  - TLC market
  - Focus on efficiency
  - Financials

The Smarter Tower Company



Asset base and know how…

Unique network capillarity

- The only terrestrial network capable of covering over 99% of the population
- Over 2,300 sites dedicated to transmission and broadcasting
- Over 1,800 facilities spread in a capillary way, able to host equipment, as well as more than 150 towers over 50 meters tall
- A national transmission network spread throughout the national territory, integrating different technologies like radio, satellite and fiber optic links
- Unique capillarity in rural areas

Active equipment

- Owned state-of-the art TV and radio broadcasting equipment
- 23 operating facilities (including quality control centers)
- Digitalization process completed in 2012

Satellite reception

Microwave

FM radio transmitter

DAB transmitter

DVB-T transmitter

Combiner

Know how

- Qualified people who have accumulated the vastest and most consolidated broadcasting experience in Italy:
  - Over 600 people with different professional backgrounds and skills
  - Over 70% of these people work in the field

…enable a full service offering…

TV and Radio broadcasting

- Delivers client's television and radio signals to end users using frequencies assigned to the broadcasters
- Digital terrestrial and satellite broadcasting
- Services at local, national and international level
- Turnkey solutions for transmission and broadcasting networks

Transmission

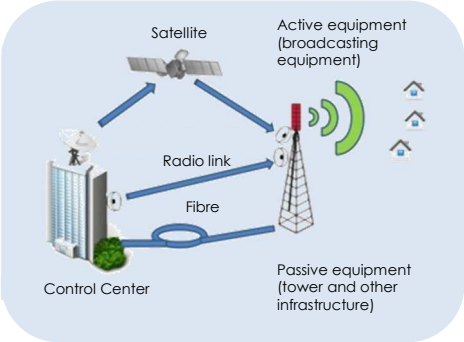
- Interconnects major event venues with Clients' newsrooms and offices
  - Examples:
    - Expo
    - The Venice Film Festival
    - Italian National Football League

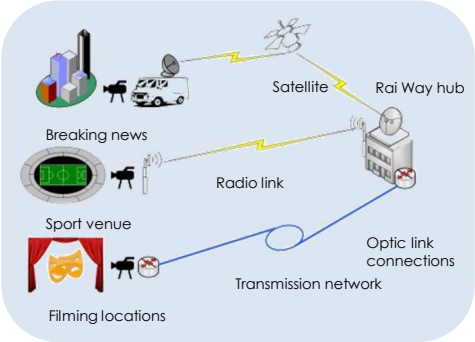
Tower hosting

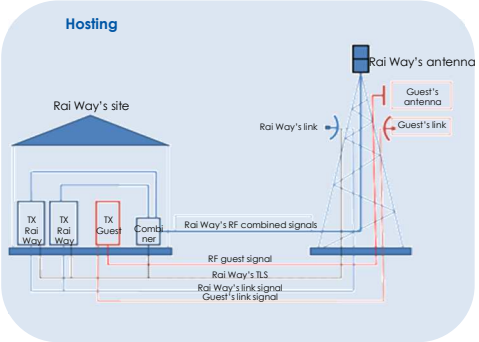
- Provides availability of tower infrastructures for radio transmitters
- Customers include telco operators, public administrations and broadcasters and other various corporations

Network services

- Consulting and technical support services





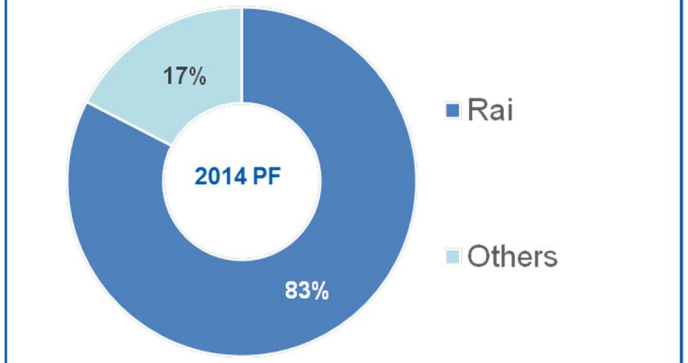


…addressing the demand of different clients

Major Clients in Italy

- **Mobile and other TLC network operators**
- **Television and radio operators**
- **Government agencies and public utility companies**

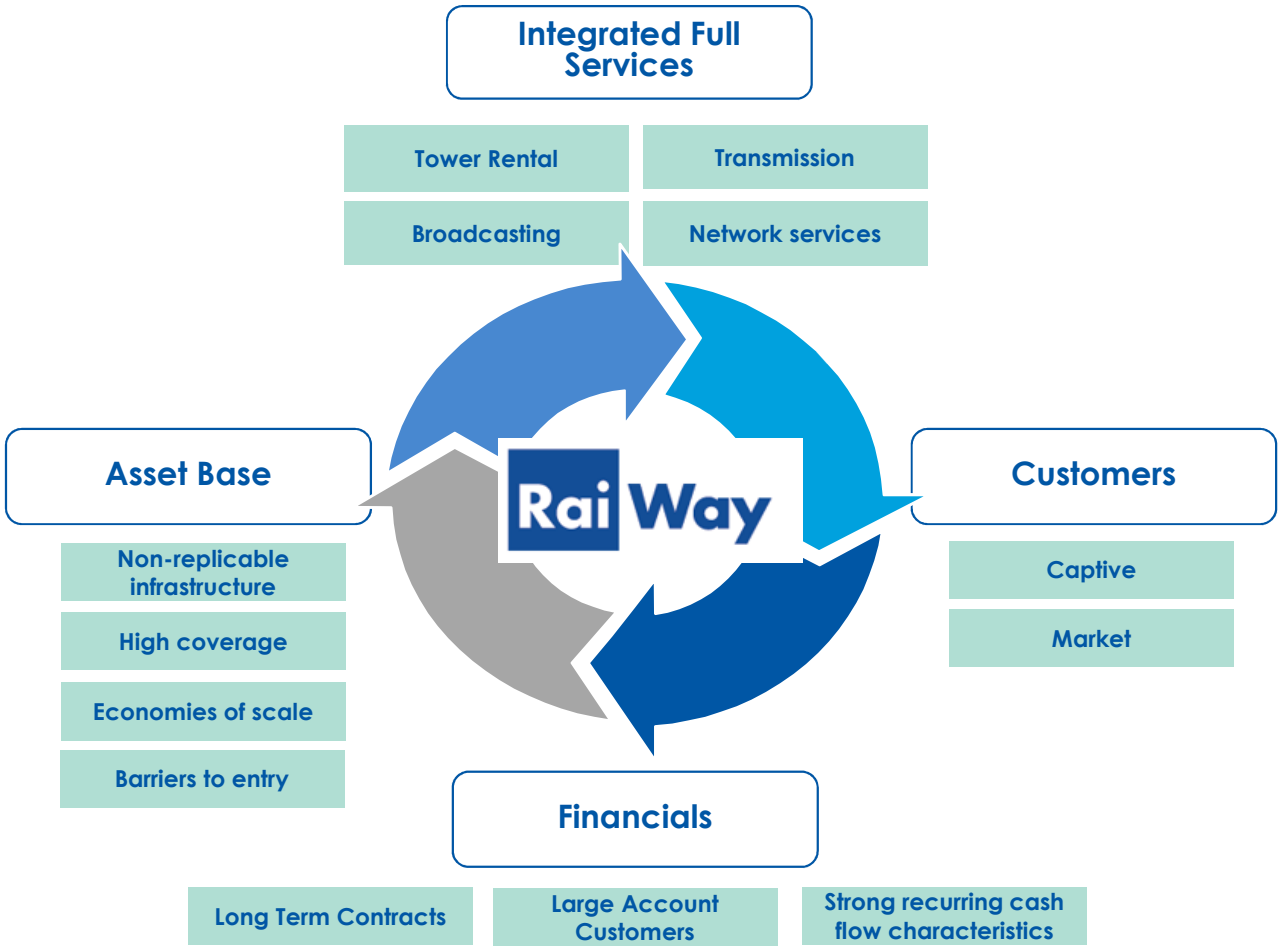
2014 Pro-forma Revenues – Eur/Mln



Customer/service mix

CUSTOMER TYPOLOGY	SERVICES			
RAI	✓	✓		
OTHER BROADCASTERS	✓	✓	✓	✓
TLC OPERATORS		✓	✓	
P.A.& CORPORATE	✓	✓	✓	✓

Business model



Competitive advantages and opportunities

	Competitive advantages	Opportunities
National coverage	A large and capillary broadcasting network. The only operator with a regional MUX	To ensure the maximum coverage in terms of territory and population (more than 99% of population coverage)
Complete Asset base	First operator to install towers. Best sites owned compared with other operators	Strategic assets to achieve a leading position in the market
Management team	High skilled employees with strong competencies	Proven track record in the broadcasting network field
Knowledgeable organization	Over 30 years of experience of the management in the sector	A player into national and international organizations
Broad full integrated service portfolio	A portfolio composed by broadcasting, transmission, tower rental and network services	A wide number of services provided to the users
Full integrated service	Managing television, radio and mobile sector	A large number of customers from different sectors

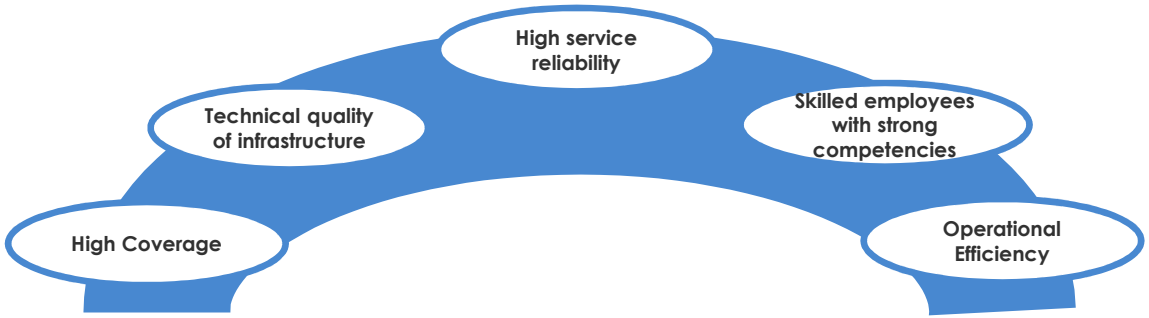
Executive Summary

- **2015-2019 Industrial Plan**

  - Rai Way: the Smarter Tower Company
  - **Industrial Plan: strategic targets**
  - TV and radio broadcasting market
  - TLC market
  - Focus on efficiency
  - Financials

Life before the IPO: goals achieved so far

Main achieved goals



Main realised actions

Switch-off

Termination of switch-off procedure of analogical and digital television signal

DAB+

Implementation of activities connected to the digitalization of some regions in Italy (Trentino Alto Adige)

Business Customers

Development of customer relationship with business clients mainly in TV *co-siting* sub-industry

International Agreements

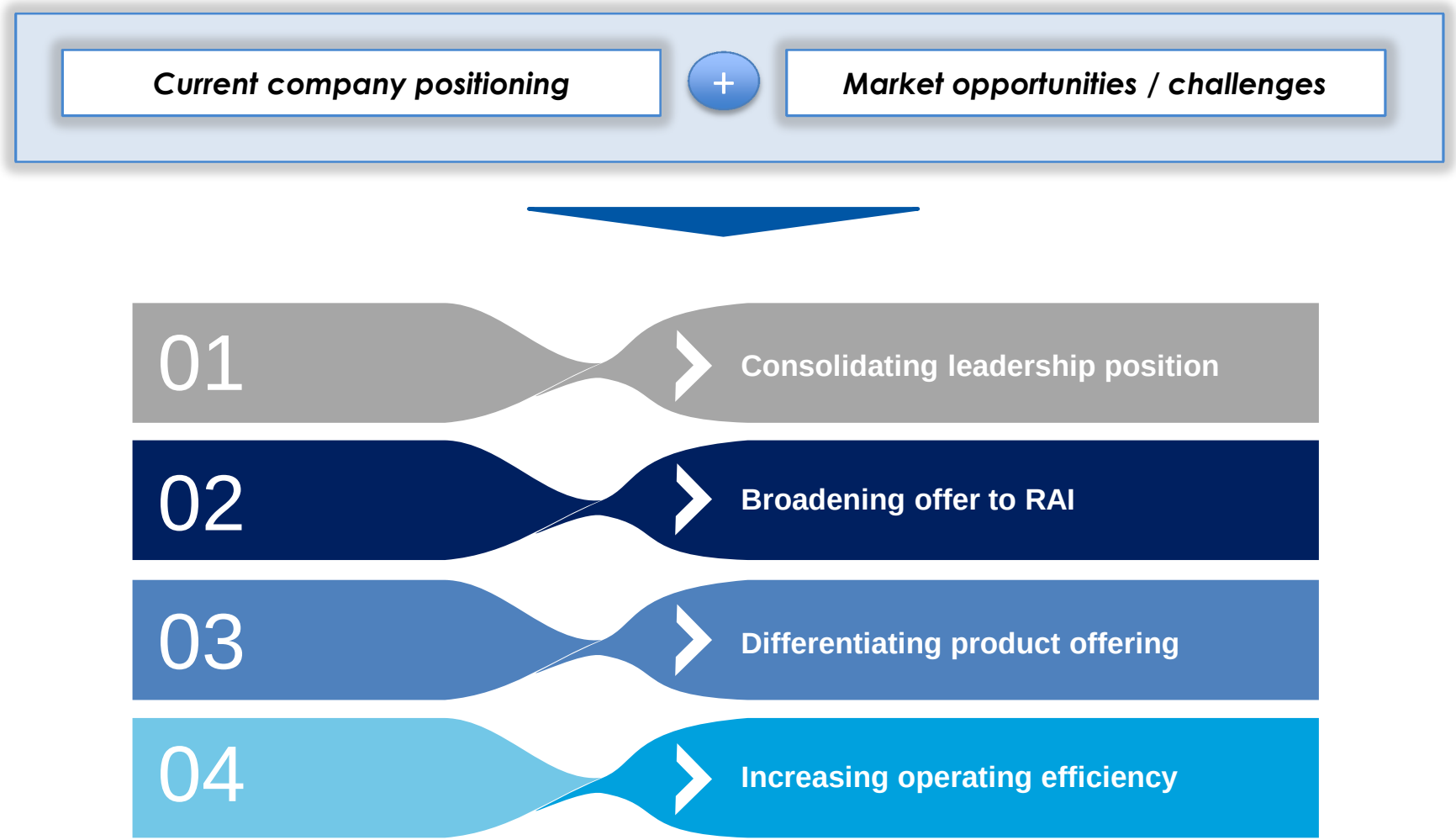
International Training agreements signed for internal technical personnel

…from IPO to date…

Main achieved goals

- Management team completed
- Finalization of first contracts for new services to RAI
- Ongoing upgrade of Rai Way contribution network
- Test of first B2B broadband LTE services
- Recovery of one lost broadcasting customer
- Redesign of organizational model

2015-2019 Industrial Plan: new strategic targets



Executive Summary

- **2015-2019 Industrial Plan**

- Rai Way: the Smarter Tower Company

- Industrial Plan strategic pillars

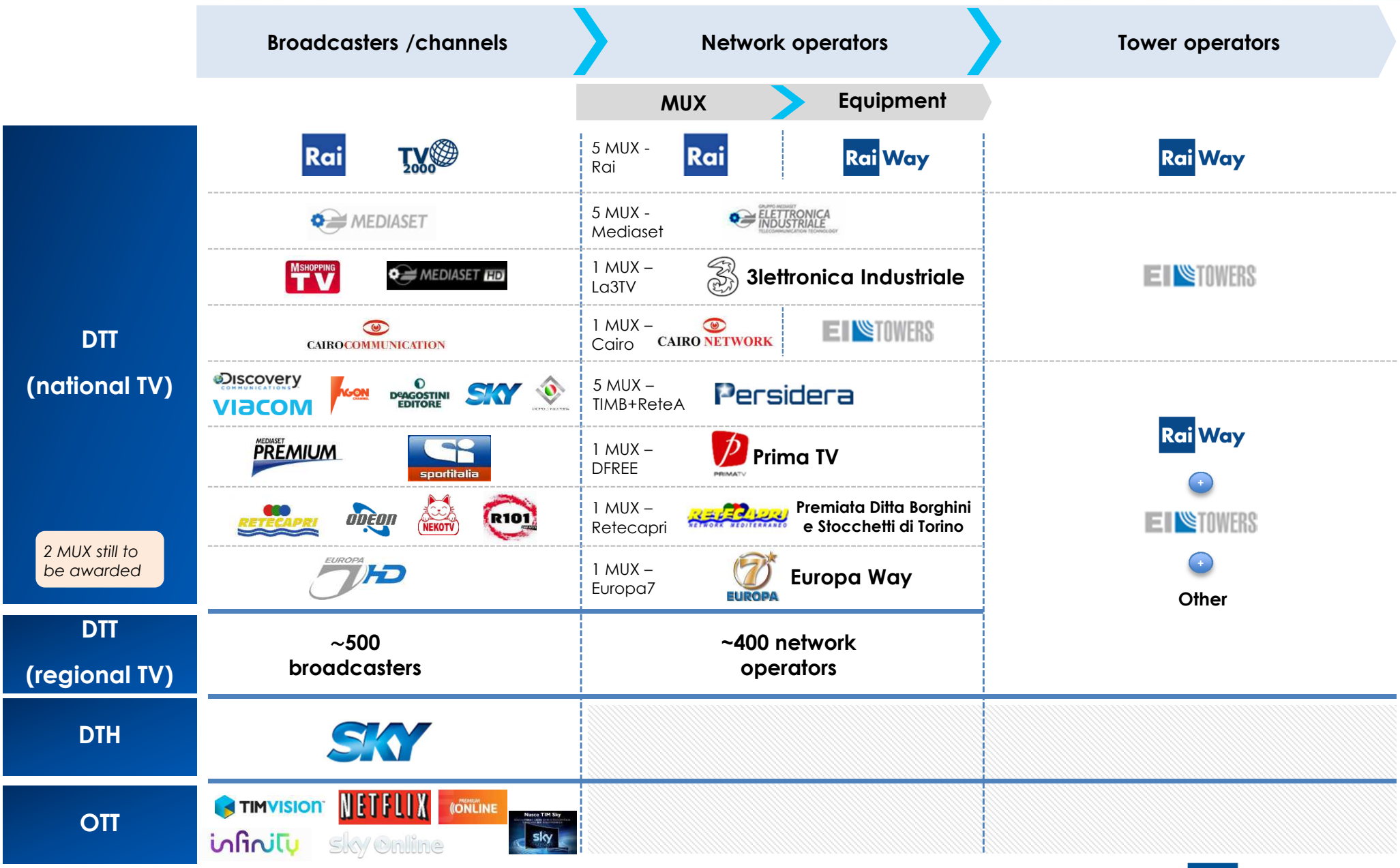
- **TV and radio broadcasting market**
  - **Market trend**

- TLC market

- Focus on efficiency

- Financials

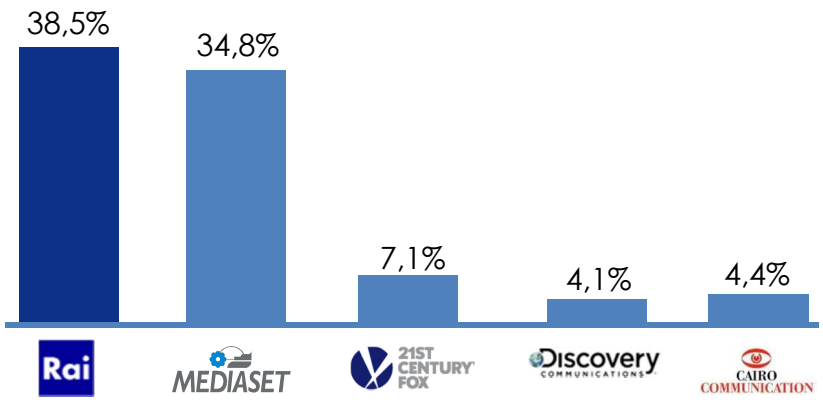
TV broadcasting value chain: main players



Broadcasters

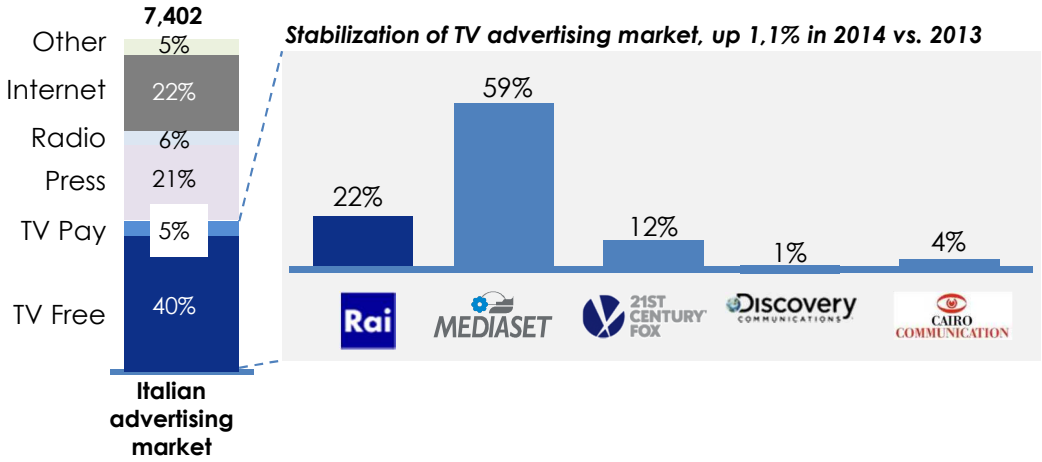
Audience share (1H2015)

TV audience share %, Prime time - source: elaboration on Auditel/Nielsen data



Advertising market share (2014FY)

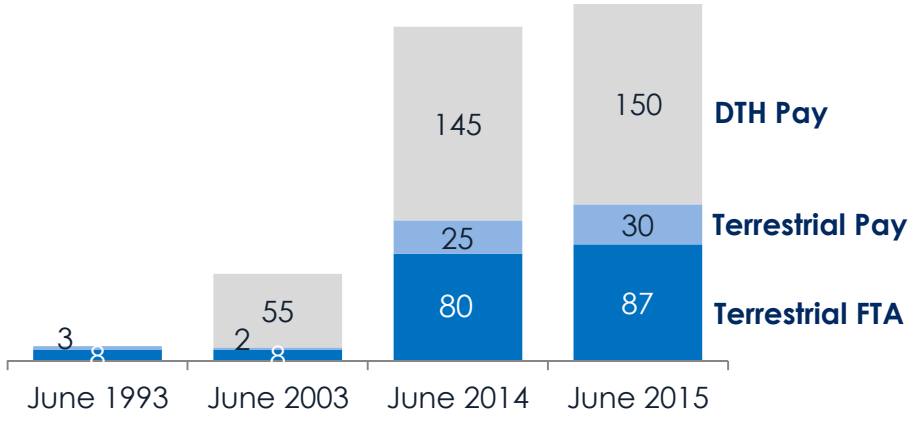
Mln €; % - source: Agcom annual report, Nielsen data



FTA offer (100% of RAI channels) dominates the TV audience, with a share stable at ca. 91-92%

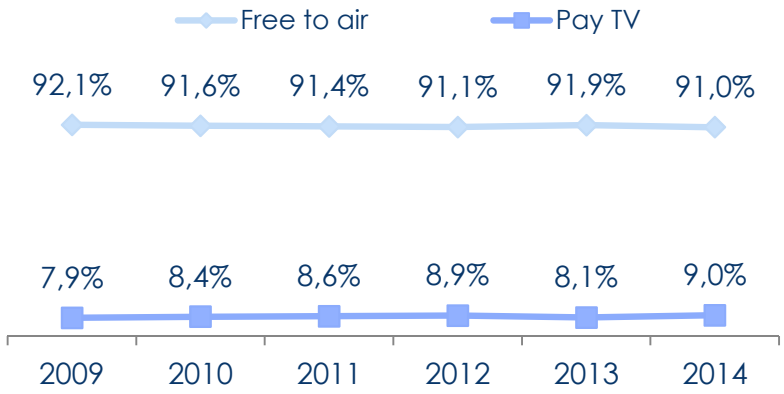
Free-to-air vs. pay-TV: channels

Number of channels – source: company elaboration



Free-to-air vs. pay-TV: audience

Avg daily audience share; 02.00-01.59, 4+ - source: elaboration on Auditel data

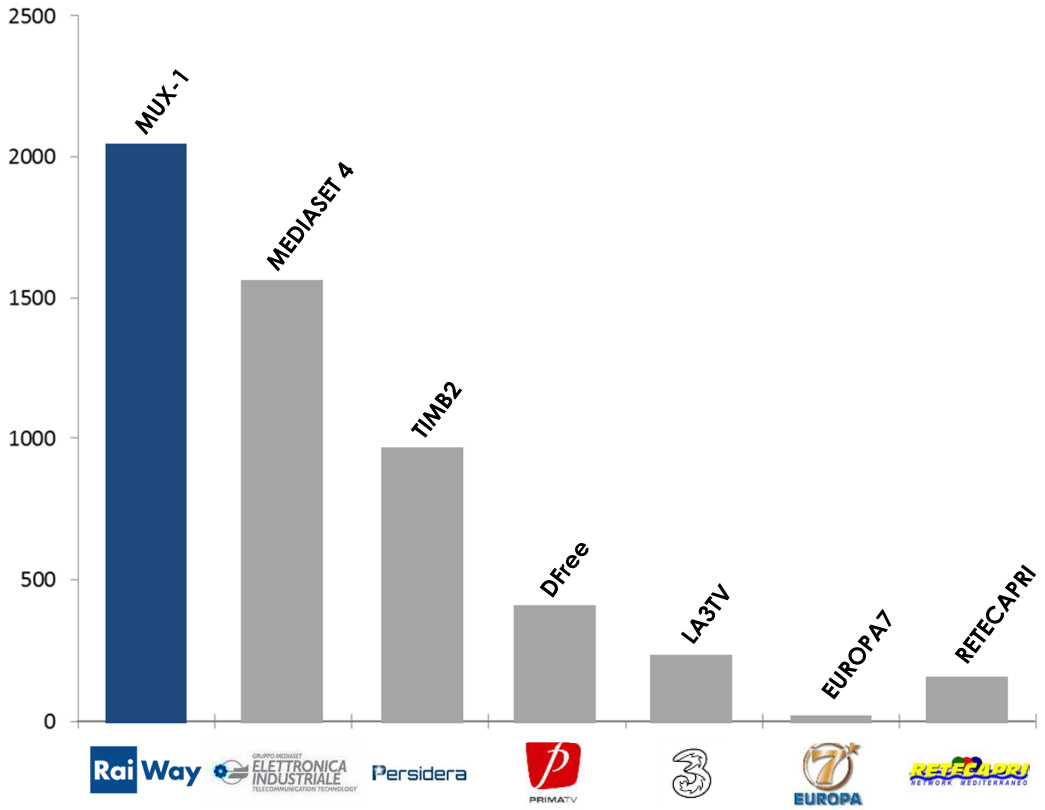


National Network Operators

MUX	Frequencies and TV channels
5 Rai	**MUX Rai 1**: various frequencies; 4SD TV channels **MUX Rai 2:** 546 MHz; 4SD TV channels **MUX Rai 3**: 514 MHz; 5SD TV channels **MUX Rai 4**: 626 MHz; 2SD + 1HD TV channels **MUX Rai 5**: 219,5 MHz;
5 Elettronica Industriale	**MUX Mediaset 1**: 722 MHz; 8 channels **MUX Mediaset 2:** 594 MHz; 7SD + 1HD TV channels **MUX Mediaset 3**: 610 MHz; 4SD + 2HD TV channels **MUX Mediaset 4**: 698 MHz; 6SD TV channels **MUX Mediaset 5**: 754 MHz; 9SD channels
5 Persidera	**MUX TIMB 1**: 682 MHz; 7SD TV channels **MUX TIMB 2:** 786 MHz; 11SD TV channels **MUX TIMB 3**: 690 MHz; 11SD TV channels **MUX Rete A1**: 658 MHz; 7SD TV channels **MUX Rete A2**: 570 MHz; 16SD TV channels
1 PRIMATV	**MUX D-FREE:** 706 MHz; 5SD TV channels
1	**MUX LA3**: 602 MHz; 1SD + 4HD TV channels
1 EUROPA	**MUX Europa 7**: 198.5 MHz; 5SD TV channels
1 RETECAPRI	**MUX Rete Capri**: 762 MHz; 9SD TV channels
1 CAIRO NETWORK	**MUX L3**: 506 Mhz;

Number of installed equipment on main MUX

Source: company elaboration on «AGCOM - Catasto pubblico» data



Regional Network Operators

- Macro-regional (>2 reg.): ~49
- Macro-regional (2 reg.): ~75
- Regional (1 reg.): ~286

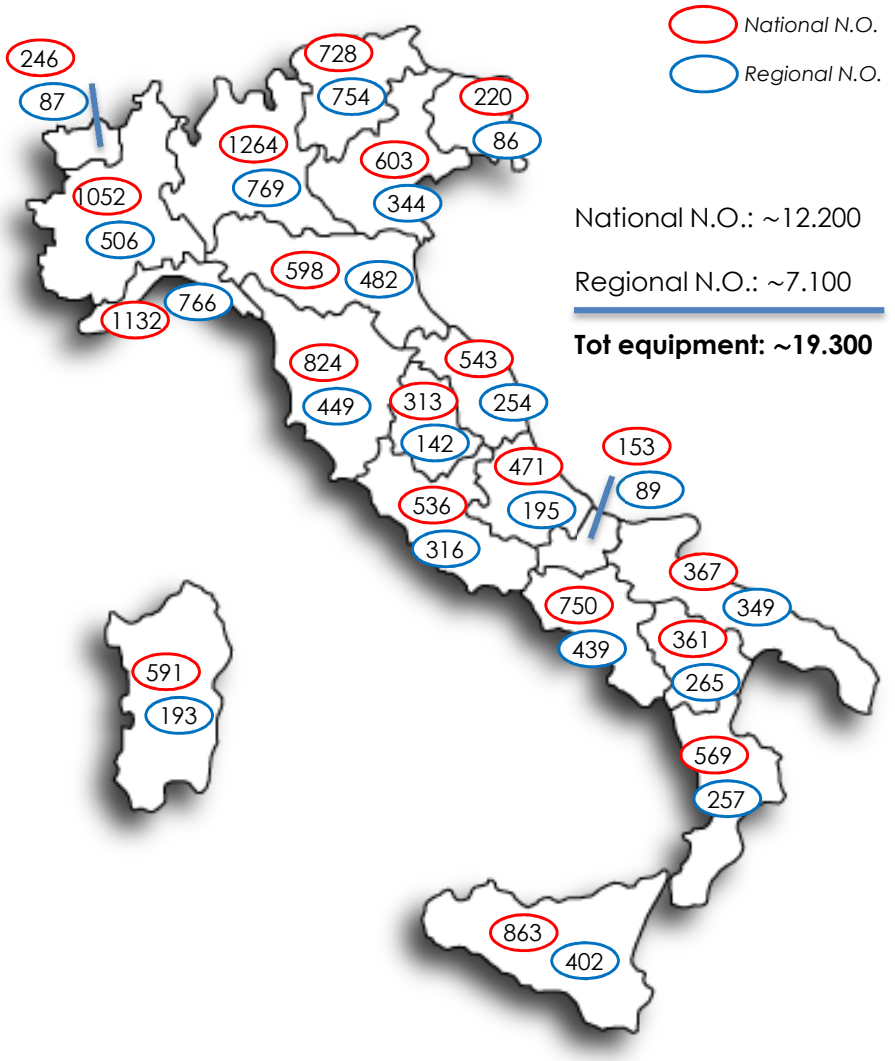
Broadcasters /channels[1] ~500 → **Network operators** ~410 → **MUX** ~470 → **Equipment** ~7.100

Main Regional Network Operators

Network Operator	N of regions	N of MUX	N of installed equipment
RAS	1	4	446
TELENORBA	5	3	328
tivuitalia	19	1	231
telecity	4	3	206
CANALE Italia	15	1	145

- Ca. 410 regional network operators, managing ca. 470 MUX, hosting ca. 500 broadcasters → high level of vertical integration BC + NO
- Few macro-regional network operators with size comparable to minor national operators

Number of installed equipment by region



National N.O.: ~12.200

Regional N.O.: ~7.100

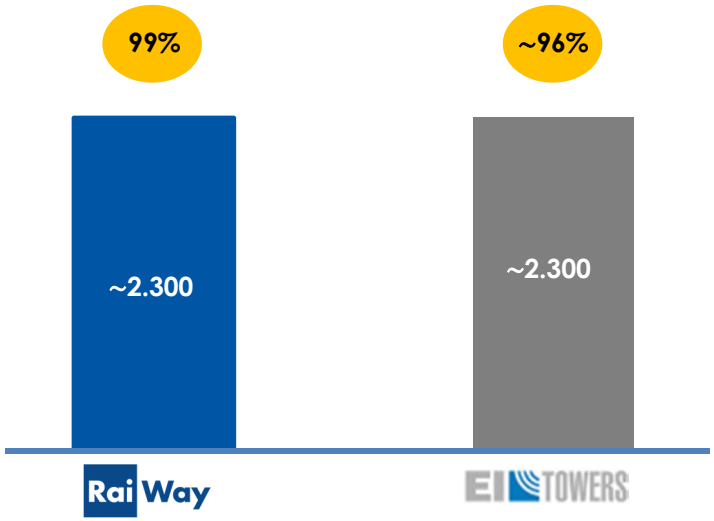
Tot equipment: ~19.300

Source: Elaboration on «AGCOM - Catasto pubblico» data
(1) 2012 data from "Studio Economico del settore televisivo privato italiano" - Confindustria 2014

Broadcasting Tower Companies

2 major players in the market

Population coverage

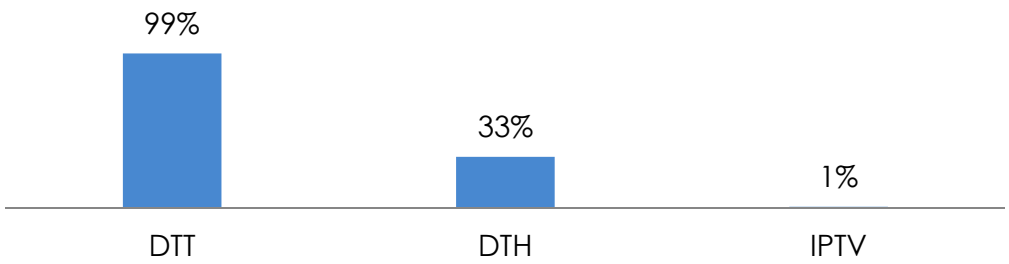


TV Platforms

DTT is by far the key TV broadcasting platform, with stable audience share at around 84%

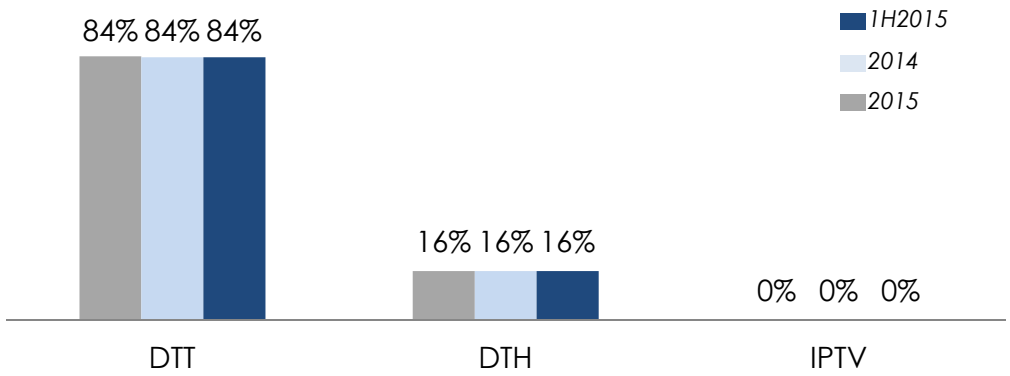
Platform penetration of households (2014)

% - source: Auditel data



Platform audience share

Average daily audience share; % - source: Auditel data



Increasing presence on DTT of traditional DTH-players

	Launch of channels on DTT platform		
	Dec 2009	Jan 2015	Sept 2015
SKY	cielo	sky TG24	MTV MUSIC TELEVISION (acquisition)

	Sept 2010	Nov 2011	Jan 2013	Jan 2015
Discovery COMMUNICATIONS	real time	DMAX	Focus, Giallo, K2, FRISBEE (acquisition)	DEEJAY TV (acquisition)

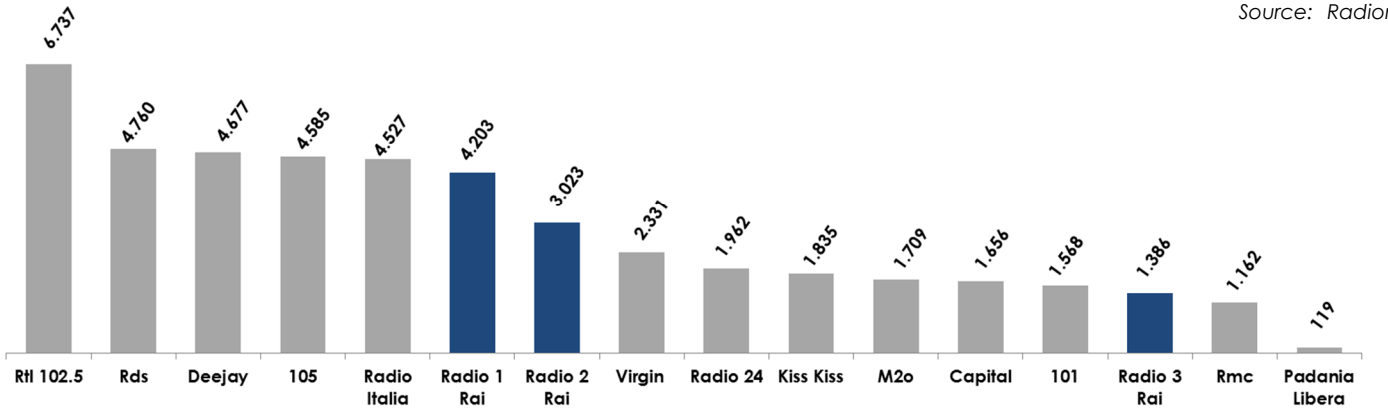
- Audience and advertising share expansion, leveraging on existing structure
- Optimization of use of TV rights

Radio broadcasting market: publishers

- In 1H2015 the Radio market reached a total audience of 34.9m listeners (stable vs. 2013) with a penetration rate of about 67% of the population

Average number of daily radio listeners during 1H2015 for the main Italian radio channels ('000)

Source: Radiomonitor



- The key market players are diversified companies such as Rai, RCS and Gruppo Editoriale l'Espresso
- Rai is the second Radio group in Italy with an advertising market share of c.12% in 1H2015

Market share

Source: Radiomonitor

Group	Radio channels owned	Market Share
RCS MEDIAGROUP	Radio 105, RMC, Virgin	14.5%
Rai	Radio 1, Radio 2, Radio 3, GR Parlamento, Isoradio, Radio FD4, Radio FD5	11.7%
Gruppo Editoriale L'Espresso	Radio Deejay, Capital, M20	11.4%
RTL 102.5	Rtl 102,5	10.1%

Before Hazan acquisition by Mediaset

TV and radio BC market: opportunities and threats

Regulation-driven	• **Reorganization of regional TV frequencies**	• **Reallocation of frequencies to mobile operators:** - **700 MHz** - **Fixed terrestrial spectrum for radio links**
Technology-driven	• **Increasing customer demand for HD content** • **DAB+ roll-out** • **Transition to DVB-T2**	• **Increasing Broadband / IPTV penetration**
	Capitalize	**De-risk expanding customer base and service offering**

Reorganization of regional TV frequencies (1/2)

- In 2014 AGCOM started a reorganization of regional TV frequencies (frequencies planning)
- AGCOM selected certain channels[1] (6,7,11 VHF and 57, 58, 59, 60 UHF in 700 MHz) to be allocated, on a regional basis, to consortiums of local network operators through a beauty contest

Regional Frequencies Planning

Region	New frequencies to be allocated
PIEMONTE	58
LOMBARDIA	7,11
FRIULI V.G.	60
VENETO	58
MARCHE	58, 60
ABRUZZO	6 (AQ excluded), 58 (AQ only)
MOLISE	7
PUGLIA	24, 58, 60
EMILIA	60 (RN excluded), 6 (RN only)
CAMPANIA	6
BASILICATA	6
CALABRIA	58
SARDEGNA	60

- Awarded network operators to subsequently allocate capacity to local broadcasters selected through a beauty contest, with pricing set by AGCOM (expected below current range of 0,010-0,016 €/Mbps/inhabitant, public consultation under way)
- Next step: MiSE to publish ranking of network operators and broadcasters admitted to frequencies planning/awarding

(1) AGCom delibera n. 402/15/CONS

Reorganization of regional TV frequencies (2/2)

- Within the reorganization process, frequencies interfering with neighbouring countries[1] (76 on a regional basis) excluded from planning and to be compulsorily released by network operators
- Impacted network operators to be compensated through a cash indemnity (€ 50 Mln in total)
- Impacted network operators and broadcasters to be admitted to frequencies planning

Interfering frequencies [1,2]

Region	Frequencies to be released to solve interference issue	Provinces	N. of impacted operators	Max n. of equipment
LIGURIA	43, 45	ALL	2	93
TOSCANA	43, 45	GR, LI, LU, MS, PI	2	10
PIEMONTE	32	BI, NO, VC, VB	1	7
LOMBARDIA	32	BG, CO, CR, LC, LO, MI, MB, PV, SO, VA	3	41
FRIULI V.G.	22, 27, 28, 29, 34, 35, 39, 45, 53	ALL	8	41
VENETO	22, 27, 28, 29, 35, 39, 45, 53	ALL	14	162
MARCHE	21, 23, 28, 29, 31, 33, 34, 39, 41, 45, 53, 59	(23, 33, 34, 41) AP, FM, MC (28, 29, 39) AN, PU (33) AP, FM	6	46
ABRUZZO	21, 23, 31, 33, 34, 41, 45, 51, 53, 59	ALL	11	95
MOLISE	21, 23, 31, 33, 34, 41, 45, 51, 53, 59	ALL	8	44
PUGLIA	21, 22, 23, 28, 31, 33, 34, 41, 45, 51, 53, 59	ALL	20	209
EMILIA	29, 39, 42, 45, 53	(29, 39, 45, 53) BO, FE, FC, MO, RA, RE, RN (42) RN	6	61

Opportunities for Rai Way

Rai	3rd parties
-	- Team-up with consortiums of regional BCs for network development and management

(1) AGCom con Delibera 480/14/CONS
(2) Company elaboration on «AGCOM - Catasto pubblico» data

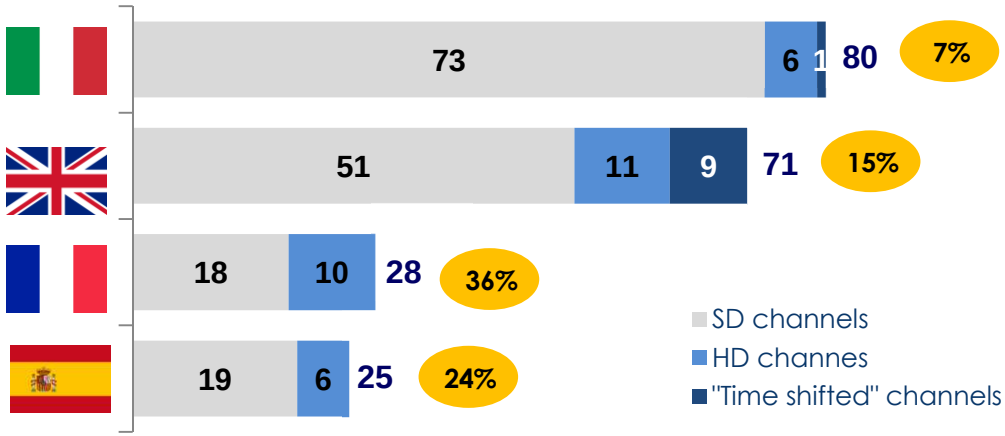
Demand for HD content

- Switch-off to DTT has already significantly improved broadcasting quality
- Increasing customers' / end-users' demand for HD contents
- Italy has the lowest penetration of HD FTA DTT channels compared to other major EU countries
- RAI is implementing:
  - Studios network upgrade to HD
  - Launch of RAI Sport HD channel

Italian market has the lowest penetration of HD FTA channels on DTT

Number of channels – source: RAI elaboration

HD channels in % on total channels



Opportunities for Rai Way

Rai	3rd parties
- Upgrade of transmission network - Extension of MUX coverage	- Demand for new services

DAB+ Digital Audio Broadcasting roll-out

- In 2009 AGCom approved regulation setting out steps for digital radio roll out across Italy:
  - ✓ 1 block to be assigned to national public radio RAI, 2 blocks to national commercial consortiums and additional blocks to local radio consortiums (174-230 MHz band)
  - ✓ National and local multiplexes must carry at least 7 stations each
- Digital roll-out started in Trentino in December 2012 through a pilot project, with regular broadcasting licenses assigned in 2013
- National players, with dedicated block, already reached a significant level of coverage (ca. 68% of population)
- Licenses in new areas/regions to be progressively awarded (plan for 40 regions published in May 2015), allowing local radios consortiums to develop digital network

National players			Coverage	Transmission sites
Rai radio	MUX: 1	Rai is operating in DAB through a dedicated national Multiplex and a non-dedicated regional Multiplex in Trentino Alto Adige	43%	18
DAB CLUB DAB ITALIA	MUX: 1	Consortium (national commercial radio stations) holder of a license for the pilot area Trentino and for a trial license for all the regions in Italy	>65%	27
eurodab ITALIA	MUX: 1	Consortium of 6 stations (RTL 102.5, Radio Guardia Costiera, ViaRadio Digital, Radio Italia, Radio Padania Libera, Radio Vaticana Italia)	Ca. 65%	29

Lincenses awarding		
Date	**Area**	**Status**
Dec12	Trentino	Pilot project
2013	Trentino	Licenses awarded (National: RAI, Club DAB, Eurodab - Local: DBTAA, Digiloc, RAS, DABMedia)
Dec14	Val d'Aosta, Torino/Cuneo, Umbria	Rules published, frequencies to be awarded
May15	40 regions	Plan for frequencies published by AGCom. Consultation started in June

Opportunities for Rai Way

Rai	3rd parties
- Extension of DAB+ coverage	- Team-up with consortiums of local radio broadcasters for network development and management

DAB uses VHF frequencies, which have been already extensively developed and are currently in use by Rai Way, representing a clear competitive advantage compared to peers

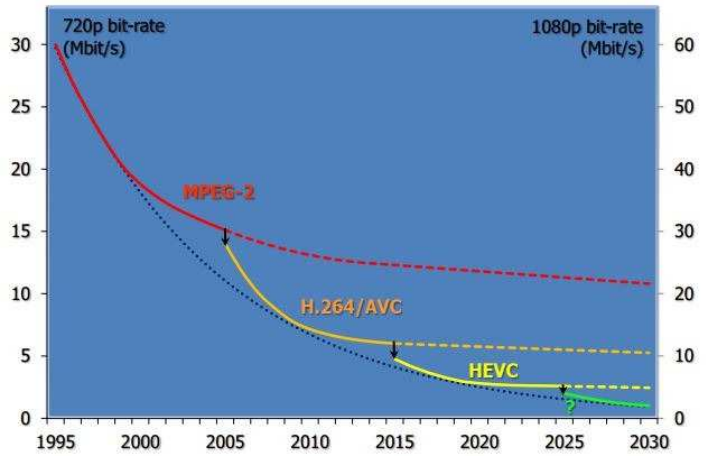
Source: World DMB, 2014

Transition to DVB T2

- The DVB-T2 standard is the evolution of the DVB-T standard currently in use in Italy, aiming at:

  . increasing transmission capacity with the same bandwidth occupancy (up to 50% vs. DVB-T), freeing up frequencies ahead of reallocation to mobile operators
  . improving quality of the video, matching the rising demand for HD contents
  . reducing interference risk

Illustration of Bitrate Trends in Practice



Number of channels per multiplex

DVB T — Approximately 5 SD channels or 2 HD 720p channels

DVB T2 — According to tests carried out for the UK market, 4 HD 720p channels with DVB-T2 H.264 (MPEG4), increasing up to 11 with DVBT-2 H.265 (HEVC)

Requirements for transition to DVB-T2

For broadcasters: investment to upgrade the signal diffusion chain

For end-users: use of a decoder able to receive the new standard

- In accordance with the Italian law (March 2015), all TV and set-top box sold in Italy from the 1st of January 2017 must support DVB-T2, limiting the impact on end-users and facilitating long-term adoption of the new standard

Opportunities for Rai Way

Rai	3rd parties
- Network upgrade	- Demand for new services
- Reduced impact from frequencies reallocation to mobile	

DVB T2 in France

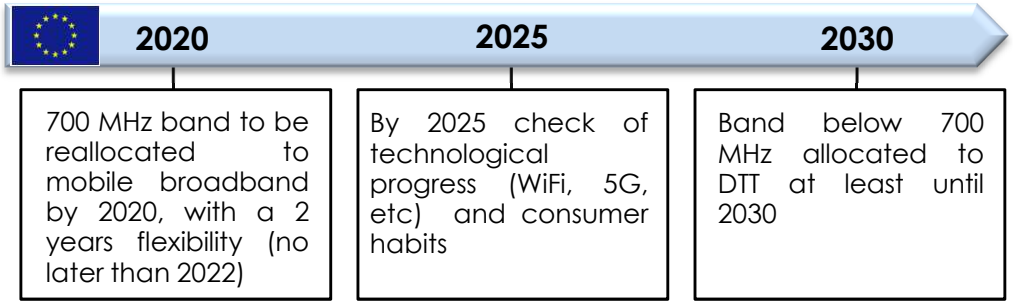
- In 2011, CSA (Conseil Supérieur de l'Audiovisuel) and French government committed to using DVB-T2 and MPEG-4 standards for DTT channels, favoring the development of HD and a more efficient use of broadcast frequencies
- In October 2011, first DVB-T2 tests by TDF in the city of Rennes
- In 2013, CSA recommended to switch to DVB-T2 by 2020 at the latest; mandatory switch to MPEG4 and HEVC compression also recommended
- In May 2014, first tests for Ultra HD transmission on DTT platform using DVB-T2/HEVC standard (e.g. for Roland Garros, launch of Test UHD 1 and Test UHD 2 channels)
- Roadmap to DVB-T2 transition approved by TDF:

	Phase 1: MPEG2 SWITCH-OFF		Phase 2: DVB-T SWITCH-OFF	
	TODAY	APRIL 2016	.....	2020/2022
DVB-T/MPEG2	SD channels	X MPEG2 switch-off		
DVB-T/MPEG4	HD/Premium channels	SD/HD/UHD channels	SD channels	X DVB-T switch-off
DVB-T2/HEVC			HD/UHD channels	SD/HD/UHD channels
	. No Ultra HD channels	. Reduction of MUX from 8 to 6 . Increase of number of HD channels . Launch of Ultra HD channels . 700 Mhz release to mobile . Transition to MPEG4 requiring new receivers for ca. 4 Mln families	. Transmission capacity per MUX up from 25 to 33 Mbps . Transition to DVBT-2 requiring new receivers/TV . Launch of HFR (High Frame Rate)/HDR	

Frequencies reallocation to mobile operators

700 MHz

- According to the Lamy report to the EU Commission (Sept 2014):



- Timeframe to be likely confirmed at the ITU Conference in November 2015
- In Italy, AgCom and MiSE pushing to anticipate 700 MHz reallocation, but no deadline set as of today

Fixed terrestrial frequencies

- AgCom and MiSE planning to reallocate 3,6-3,8 GHz band (currently used for broadcasting radio links) to mobile/TLC operators, limiting the opportunity for broadcasting network operators to expand radio backbone

The reallocation of frequencies to mobile operators might lead to a reduction of the number of channels currently used for TV broadcasting (from 40 to 28) and, consequently, to a reduction of the number of MUX

Mitigating factors

Market	Rai Way
- Required cross-border coordination, likely to be lengthy - Potential transition to DVB-T2 to improve efficient use of spectrum, limiting impact of frequencies reallocation - Italian country-specific issues	- Rai not operating on 700 MHz frequencies - TV broadcaster other than RAI currently representing a limited portion of RAI WAY's revenues → limited impact on current business - RAI MUX5 with limited coverage

700 MHz band reallocation: status in Europe

- Germany, with process completed in June 2015, and France, with structure of the auction published in July 2015, speeding up the process
- Italy to face issues due to country-specific peculiarities

				
Status	Completed in June 2015: • Telefonica (2 x 10 MHz) • Telekom Deutschland (2 x 10 MH) • Vodafone (2x10 MHz)	On 9 July 2015 ARCEP invited operators to the auction	In November 2014 OFCOM decided, after a public consultation, to allocate 700 MHz band to mobile *broadband* Auction to start 2 years before reallocation	700 MHz band currently used by DTT - No cable TV - DTT platform (20 national MUX vs. 6 in UK) heavily reliant on 700 MHz band - Spectrum saturation, no available frequencies for TV - Channels in the 700 MHz band to be allocated to local network operators in the context of regional frequencies planning - Lengthy introduction of DVB-T2
Awarding mechanism	*Multi-round ascending* (SMRA)	*Multi-round ascending* (SMRA)	Auction	
Auction starting price	€75 mln per block	€416 mln per block	-	
Size	6 2x5 MHz blocks	6 2x5 MHz blocks	-	
Awarding period	18 years	20 years	-	
Total value	€ 1 Bln	≥ €2,5 Bln (expected)	-	
Expected auction period	-	November 2015	2016	

IP-TV driven by increasing broadband penetration

Increasing UBB coverage/penetration, targeted by Italian Government's plan

+

Availability of premium contents

- 65,5 Mln subscribers worldwide (2Q15)
- Start of operations in Italy expected in autumn 2015, with DigitalTV Research forecasting ca. 150k subscribers by YE

- Mediaset Premium offer (22 live channels + on demand contents) available online from Sept 2015
- Commercial agreement with TI for distribution on TimVision platform

- Sky Italia offer (150 channels) distributed via TI broadband network, duplicating DTH offer
- TI broadband subscription + My Sky set top box

The take-up of IP-TV, driven by a combination of increasing UBB penetration and availability of premium contents, will offer an alternative (non linear) distribution platform to content providers, leading to a possible reduction in the long term of channels on DTT and MUX occupancy

Mitigating factors

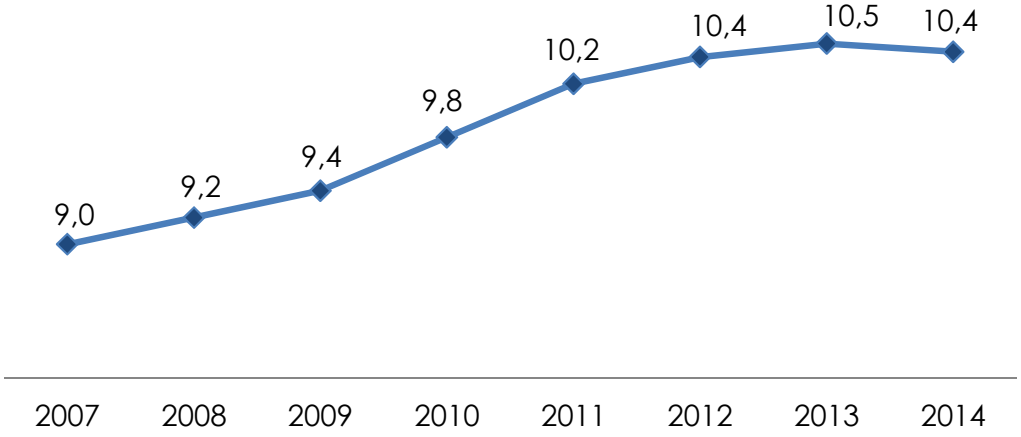
Market	Rai Way
- Devices (laptop/tablet) mainly used as "second screen"	- Main impact on pay-tv / on-demand contents – RAI 100% free-to-air only
- So far limited IP-TV share despite UBB take-up and improved offer	- DTT only platform to guarantee at least 99% coverage
- Platform specialization on on-demand contents	- TV broadcaster other than RAI currently representing a limited portion of Rai Way's revenues
- Italian BC market highly concentrated (RAI+MS: ca. 73% prime time audience and ca. 81% TV advertising share)	

Source: Italian Government, Strategy for ultra broadband and digital growth – March 2015

DTT showing resilience to rising broadband penetration

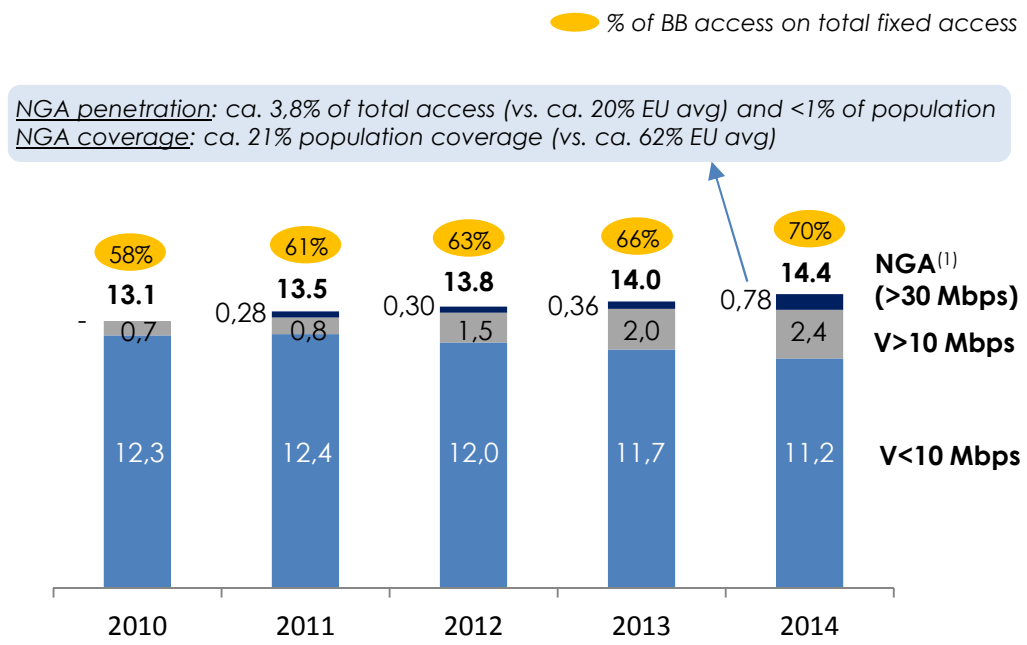
TV viewers

02.00-01.59, Mln viewers 4+ in avg minute – source: elaboration on Auditel data



Broadband penetration

Mln of BB access – source: AGCom, 2015 report; IT Government, "Strategy for UBB and digital growth"



(1) *Next Generation Access: networks based a fiber-fed (or equivalent technology) backhauling close enough to the customer's home in order to provide high-speed and highly-reliable IP-based digital services*

The future of DTT: Ofcom view

The Future of Free to View TV – A discussion document (28 May 2014)

«Our base case remains that DTT will continue to be an important delivery technology for free to view TV over the next decade. We do not currently expect a full switch-off of DTT until post 2030, unless there was significant policy intervention to support a more aggressive timetable for change»

«Current free to view television platforms will only remain popular in the long term if they evolve in terms of the range of content and functionality on offer, in line with wider market developments»

«We believe that industry needs to give further consideration to how it wants the platform to develop moving forward»

Executive Summary

- **2015-2019 Industrial Plan**

- Rai Way: the Smarter Tower Company

- Industrial Plan strategic pillars

- **TV and radio broadcasting market**
  - **Rai Way strategy**

- TLC market

- Focus on efficiency

- Financials

TV & Radio broadcasting market: Rai Way strategy

01 Consolidating Leadership position

- **Increase number of managed MUX:**
  - Leveraging on unique infrastructure, commercial focus and integrated service offering
  - Playing a pivotal role in the local TV spectrum reorganization and in the potential transition to DVB-T2
  - Mitigating the impact of frequencies reallocation to mobile operators / broadcasters migration to OTT platform
  - Improving positioning also ahead of potential changes in market structure
- **DAB+ roll-out (for 3rd parties)**

02 Broadening offer to RAI

- **Upgrade of contribution network**
- **Tidying up of frequencies for MUX1 (interferences issue)**
- **International distribution**
- **MUX Francofono**
- **Roll-out DAB+**
- **MUX 2/3/4 extension of coverage**

03 Differentiating product offering

- **Expand non-DTT traffic (e.g. long distance carrier services), leveraging on enhanced broadband capacity of Rai Way contribution network**

TV & Radio broadcasting market: enabling factors

- Increase sales effort

- Improve service and client management:
  - ✓ Improve setting of broadcasting infrastructures in order to reduce the time-to-market of broadcast services
  - ✓ Implement measures for previsioning improvement
  - ✓ Reduce effort for network management through a new model of production based on remote control and maintenance
  - ✓ Offer services to monitor end-to-end network quality to increase the experience and the confidence of customers

- Intensify implementation of systems to manage multiplatform systems, in particular DAB services

Increase number of managed MUX

- Extend customer base targeting both:

  . national broadcasters

  . local broadcasters, in the context of reorganization of regional TV frequencies

- …leveraging on unique infrastructure, commercial focus and integrated service offering

Technical levers	Commercial levers
• High coverage, technical quality of infrastructure and service reliability	• Commercial agreements with broadcasters / network operators
• Full-HD distribution, also via IP	• Acquisition of local infrastructure
• DVB-T2 coverage development	• Full-integrated-service offering
• Simplified broadcasting networks roll-out	

Broadening offer to RAI: potential initiatives by status

Finalized contracts

- Contribution network upgrade
- RAI Sport HD
- Transmission services for Expo
- International distribution for RAI Com

Advanced negotiations (A)

- MUX "Francofono" for Valle d'Aosta region
- Tidying up of frequencies for MUX1 (channel 25 only)

To be negotiated (B)

- MUX 2/3/4 extension of coverage
- DAB+ roll-out to cover Milan-Trieste and Milan-Naples highways
- Satellite contribution network
- SDH radio link spectrum redefinition

Future initiatives

- Completion of DAB+ roll-out
- Full tidying up of frequencies for MUX1
- Full HD
- Transition to DVB-T2

Not included in 2015-2019 Industrial Plan

New services to RAI: upgrade of contribution network

- The project includes the development of the contribution network of Rai Way through the implementation of a fiber-optic network, in order to meet:
  - ✓ the needs of RAI's Production TV Department resulting from the digitization process of production studios
  - ✓ the need to transport contents in high-definition (news, sports, drama, etc.)

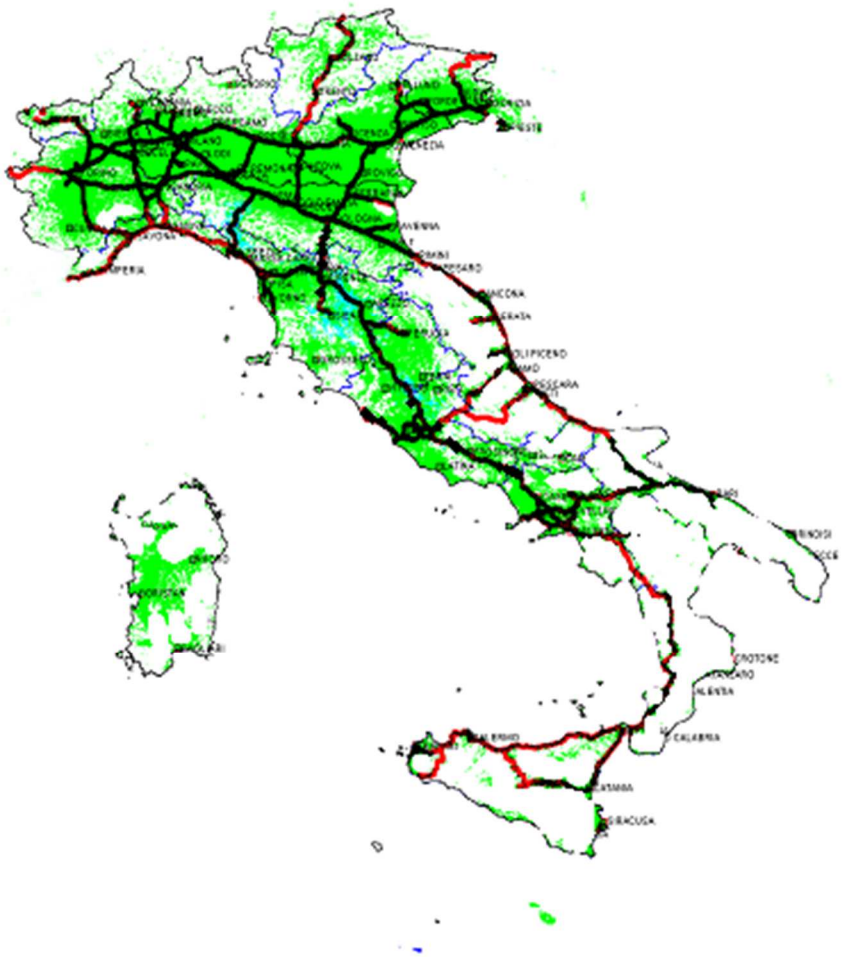
- The project started in 2013, with operational plan synchronizing the upgrade of RAI's production facilities with the implementation of the Rai Way's network infrastructure

- Upgraded contribution network representing the high-capacity platform to develop broadband services offering

New services to RAI: extension of DAB+ coverage

- Project targeting the extension of RAI's DAB+ service coverage throughout the country
- Considering that radio service is mainly enjoyed in car, first step is focused on coverage of the highways and is developed in collaboration with "Autostrade per l'Italia" and Rai Research Centre
- The first goal is to cover the highways Milan-Trieste and Milan-Naples together with the new stretch "Variante di valico", to be opened by "Autostrade per l'Italia" next year

Target DAB+ coverage



New services to RAI: MUX “Francofono”

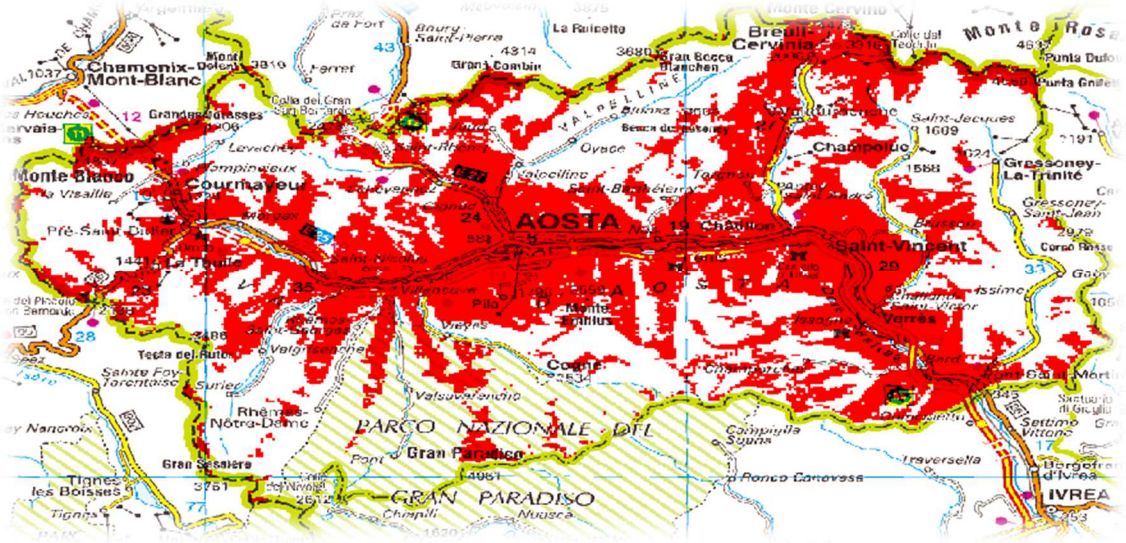
MUX “Francofono”: broadcasting service in Valle D’Aosta region

Coverage and foreign broadcasting networks

Current Rai Way equipment

- ✓ AOSTA GERDAZ, channel 41
- ✓ BLAVY, channel 41
- ✓ COL DE COURTIL, channel 41
- ✓ PLATEAU ROSA, channel 41
- ✓ PONT SAINT MARTIN, channel 41
- ✓ SAINT NICOLAS, channel 41
- ✓ SAINT VINCENT, channel 41
- ✓ TETE D'ARPY, channel 45

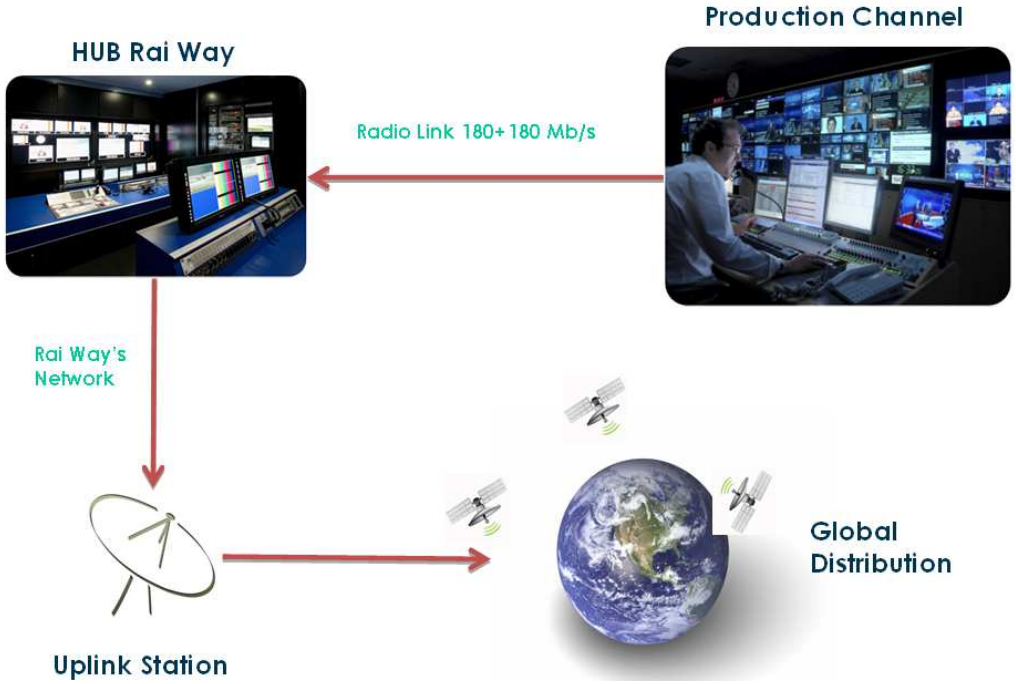
Current coverage: 84,6% of population



Target: extend population coverage to 99% by end of 2015

Differentiating product offering to 3rd Parties

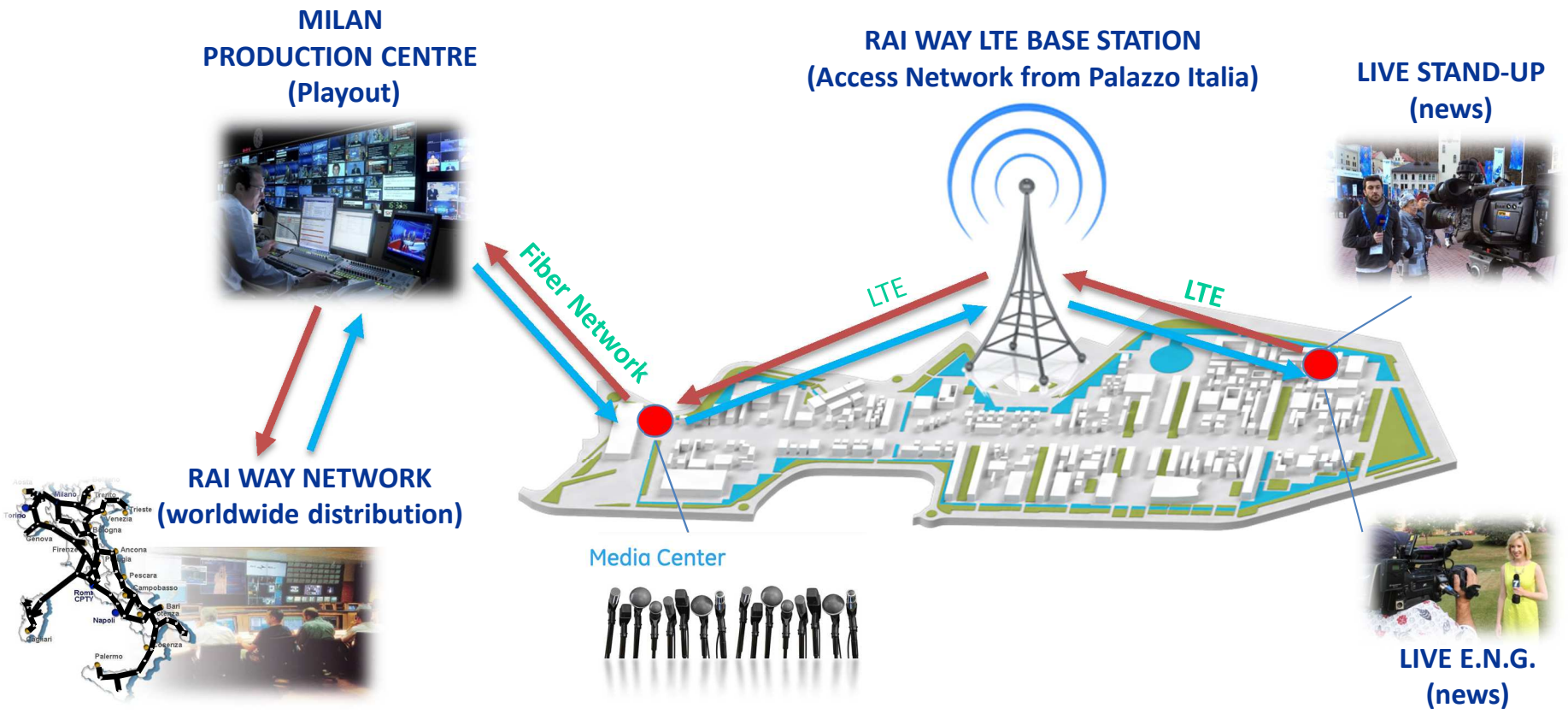
International distribution services on satellite platform (long distance carrier)



- Customer's content acquisition from Rai Way's Hubs distributed on the whole country via High capacity link
- Signal encryption
- Satellite Up-link via Rai Way's network
- Distribution through global satellite network:
  - network already used by Rai Way for the distribution of RAI channels all over the world (Americas, Australia, Asia and Africa)
- Interest from regional broadcasters for content distribution to expat communities

Differentiating product offering to 3rd Parties

Wireless Broadband Transmission services – News content distribution services for EXPO 2015



- Distribution services for Expo 2015 replicable and *scalable:*
  - Wireless LTE-based connection from specific venues to Rai Way site (access to Rai Way contribution network)
  - Content transmission to customer's production center via Rai Way contribution network

Executive Summary

- **2015-2019 Industrial Plan**

  - Rai Way: the Smarter Tower Company
  - Industrial Plan strategic pillars
  - TV and radio broadcasting market
  - **TLC market**
    - **Market trend**
  - Focus on efficiency
  - Financials

Mobile tower market

Main Customers

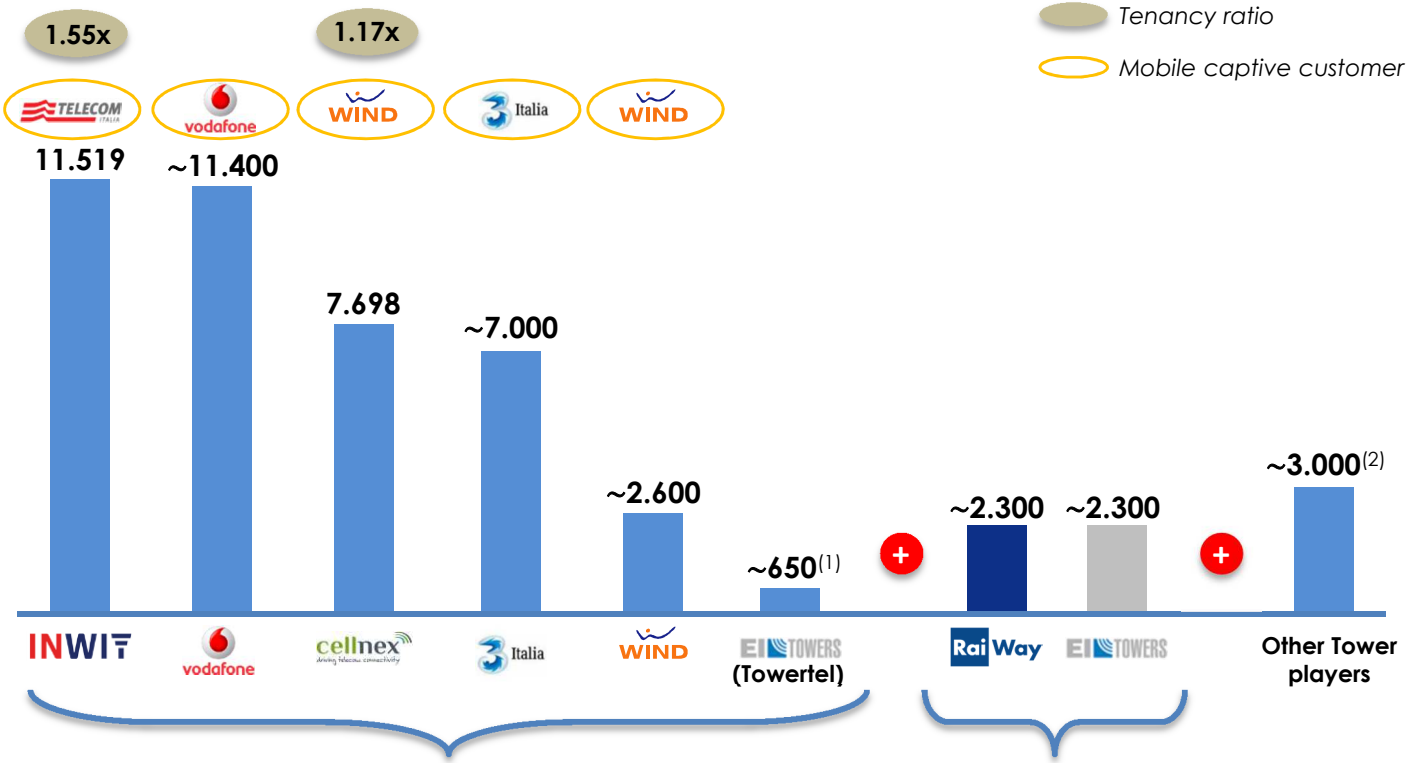
MNO

TELECOM ITALIA · vodafone · WIND · 3 Italia

FWAP

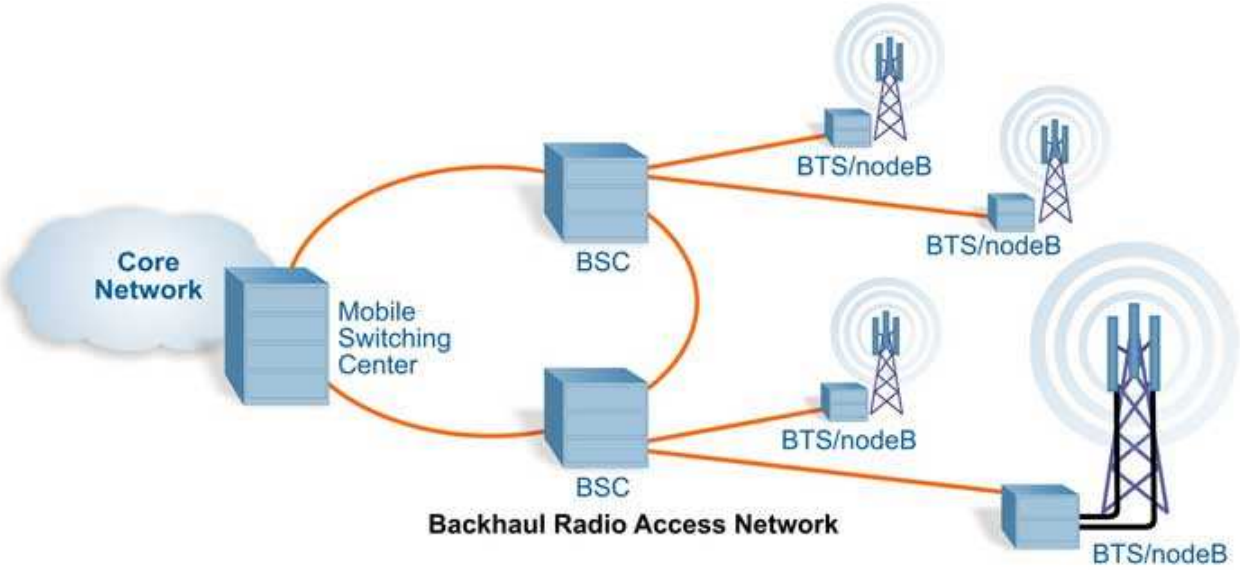
NGI · aria · linkem · Freemax · GO · mandarin

Tower Companies in Italy



(1) *Including Tecnorad Italia SpA acquisition*
(2) *Source: Rai Way tower market assessment*

Tower in the TLC network infrastructure



From BTS/nodeB to antenna

- Wired (copper/fiber)

Core network (backbone)

Backhaul (from BTS/nodeB to backbone)

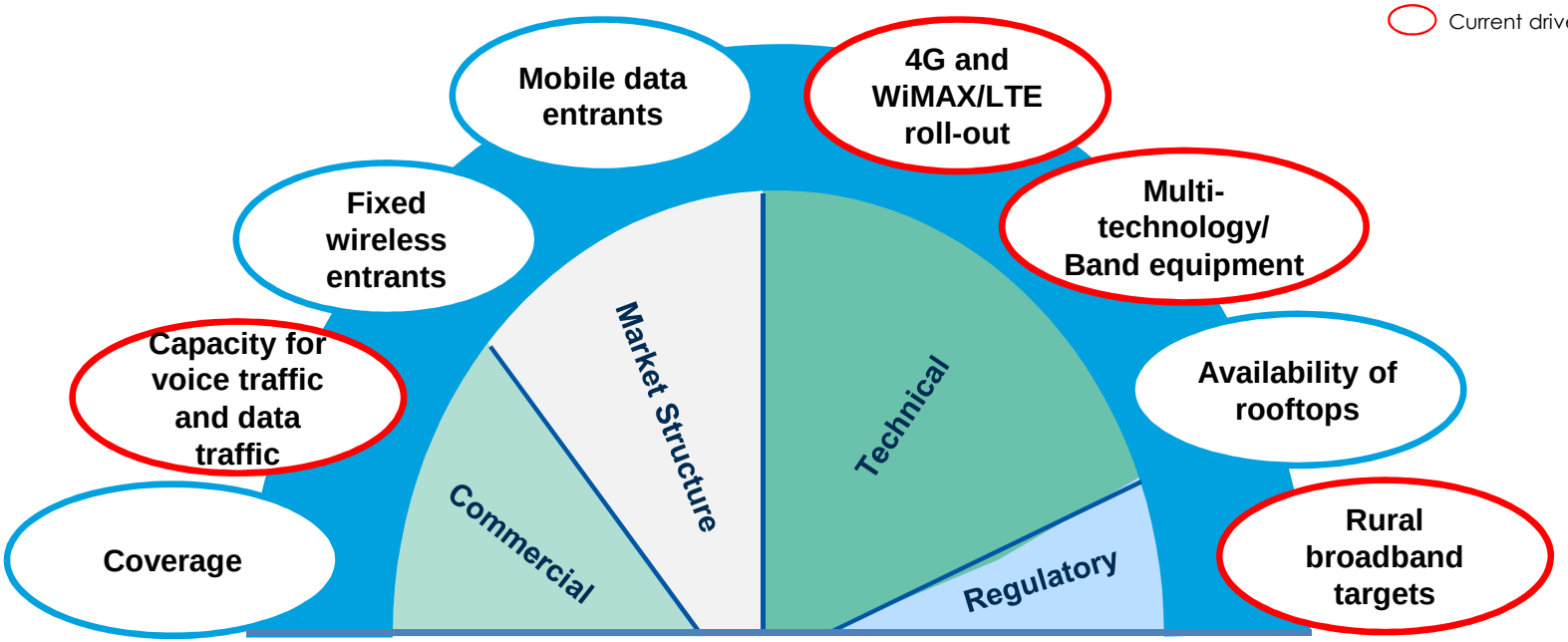
- Radio link
- Microwave
- Wired (copper/fiber)

Source: figure from Omnitron Systems Technology website

Tower demand drivers

Drivers affecting the demand for towers

Source: company elaboration



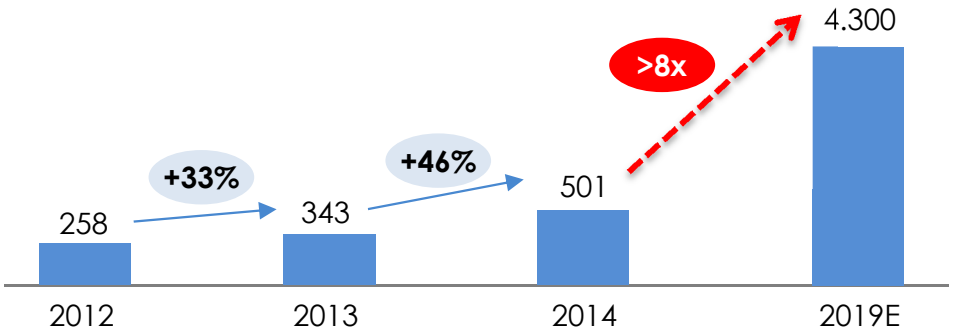
Mobile market trend

Diffusion of bandwidth-intensive services driving the development of networks able to bear increasing traffic…

Data traffic evolution

Source: AGCom – "Osservatorio sulle Comunicazioni" 2015; Cisco - VNI Mobile Forecast

Mobile networks data traffic volume (in Petabytes)



New services

Source: EU commission

4G network roll-out

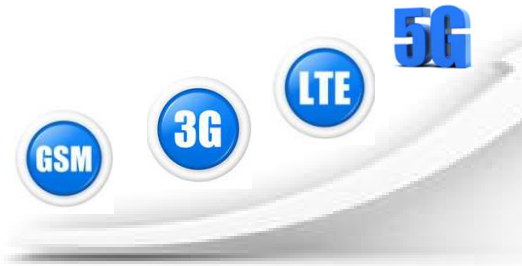
- …. and ongoing 4G network rollout[1]….

	2014YE	Target
TIM	77%	95% coverage by 2017
vodafone	76%	>90% coverage by 2016
WIND	37%	Undisclosed
3	36%	Undisclosed

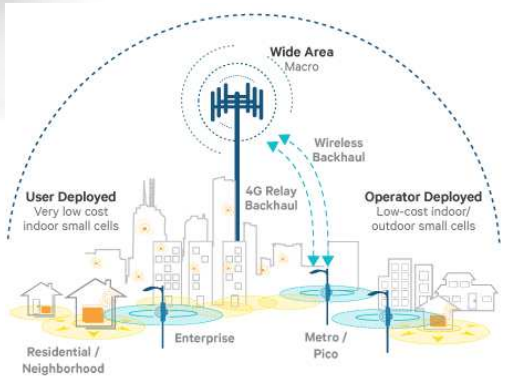
- …likely focused on rural areas

Future network evolution

Source: figure from Qualcomm website



Etherogeneous Network

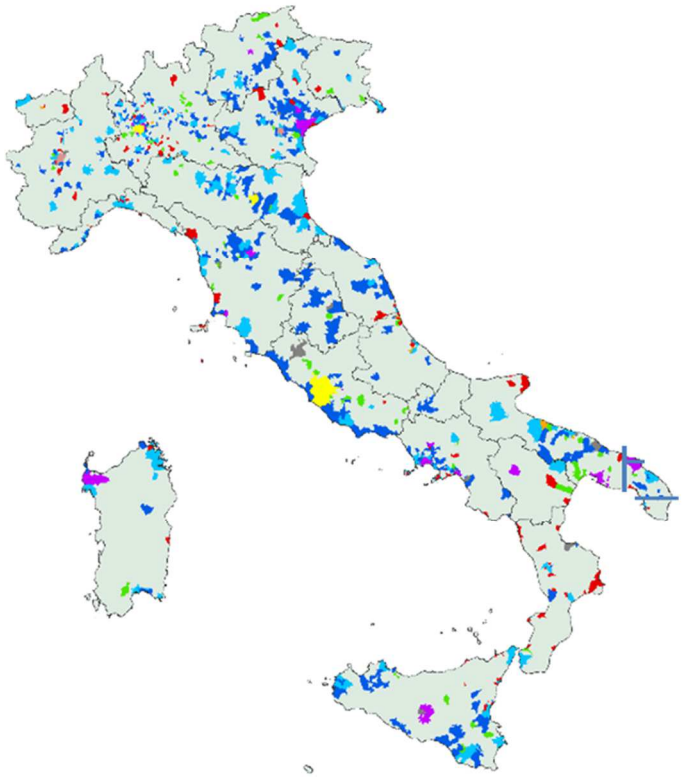


(1) Source: Inwit IPO prospectus, 2015

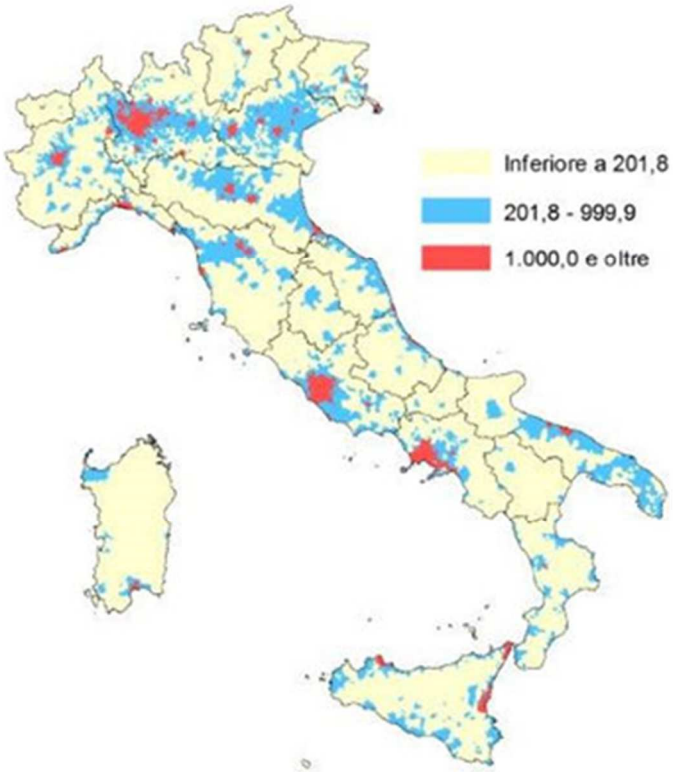
4G network roll-out: expected evolution

LTE coverage as of 1H2014

Source: Osservatorio Ultra BB 2014, Between



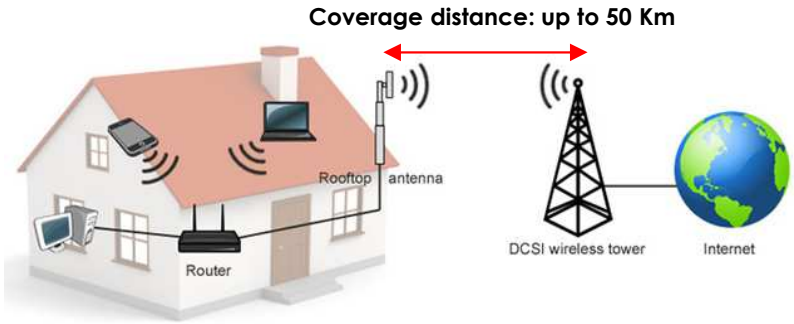
Population density in Italy



- Network roll-out starting from densely populated area (urban) in order to maximize coverage
- Further coverage expansion involving rural areas, main location of broadcasting towers

Other TLC market trend: Fixed Wireless Access

- BTC and BTB offer, with main focus on rural areas
- Speed currently up to 30 Mbps, with plan to reach up to 50 Mbps driven by evolution of modulation technology
- Using both licensed (3,4-3,6 GHz) and unlicensed spectrum (5,4 GHz)
- 3,4-3,6 GHz band auction completed in Feb 2008: 35 licenses (14 national + 21 regional) awarded for ca. 136 € Mln, expiring in 2023
- Potential future awarding of additional spectrum (in the 2-6 GHz band, likely 3,6-3,8 GHz)
- FWA technology to contribute to ultra-broadband coverage target set by the Italian Government (in particular in rural areas)

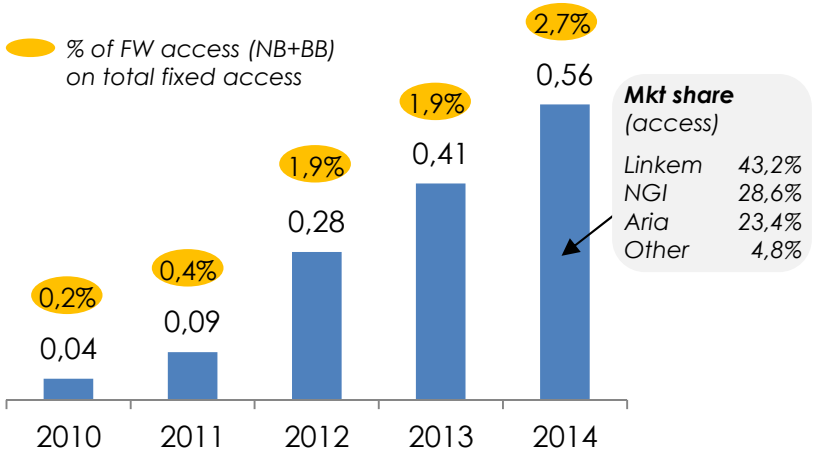


NGI aria linkem

FREEMAX GO mandarin

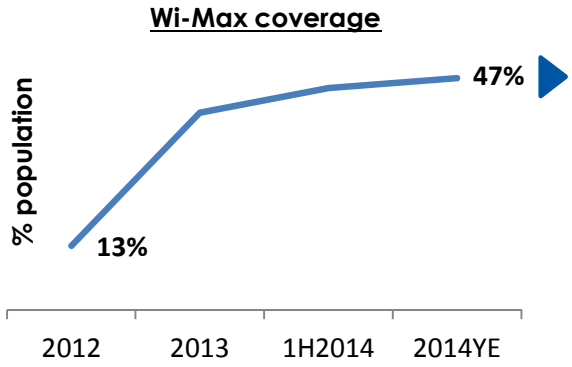
FWA penetration

Mln of access – source: AGCom, 2015 report

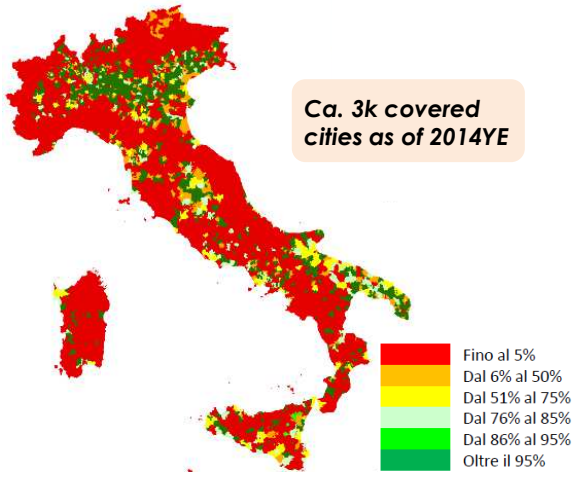


FWA operators investing to expand coverage

Source: Osservatorio Ultra BB 2014, Between; Digital Agenda for Europe, European Commission, AGCom, 2015 report



In 2014 FWA operators increased investments in fixed assets by ca. 14%, at around 90 Mln Eur



TLC market: opportunities and threats

- MNOs' network coverage extension (tenancy)
- Development of multi-layer network: small cells, DAS
  (built-to-suit…but mostly in metro areas)
- FWA providers increasing market share (tenancy)
- Take-up of new broadband services

- Pressure on MNOs' profitability, with increasing focus on hosting cost reduction
- Customers' consolidation (although reducing MNO's price competition and pressure on profitability)
- MNOs' site-sharing agreements
- Competition from new entrants (Inwit, Cellnex), limiting built-to-suit opportunities

Executive Summary

- **2015-2019 Industrial Plan**

- Rai Way: the Smarter Tower Company

- Industrial Plan strategic pillars

- TV and radio broadcasting market

- **TLC market**

  - **Rai Way strategy: the Fiber to the Tower option**

- Focus on efficiency

- Financials

TLC market: Rai Way strategy

01 Consolidating Leadership position

- **Stimulate latent demand in order to support MNO's and selected FWAP's network roll-out (mainly in rural areas)**

03 Differentiating product offering

- **Value Added Services (maintenance, technical consultancy)**
- **«On site» connectivity for business customers (small cells in collaboration with fiber network providers)**
- **Expand offering to broadband services**

TLC market: enabling factors

- Lead time reduction
- Sales effort and customer relationship management
- Improve hospitality service, by enhancing the role of Rai WAY in simplifying, optimizing and expanding the coverage of networks used by mobile and wireless operators
- Incentivizing pricing policy on new sites for existing customers
- **Enhance network wireless capacity in order to improve commercial appeal and intercept the demand for bandwidth-intensive services**

Upgraded contribution network + Fiber to the Tower

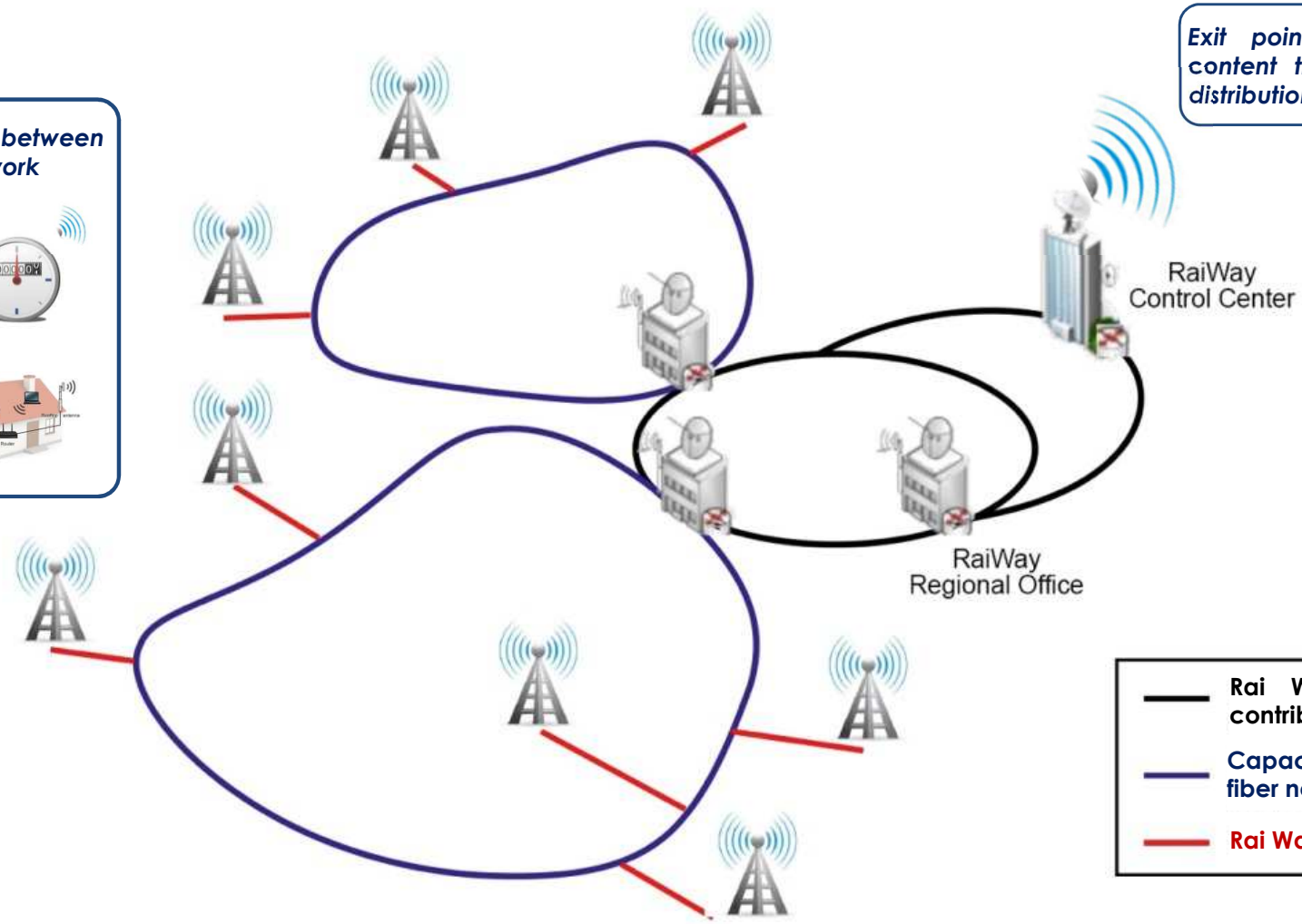
Fiber to the Tower option

What	• Extend the upgraded contribution network with availability of high capacity at the site/tower • Tower as wireless interface between users and core network • Global data transmission/distribution from Rai Way Hub (open network as a differentiating factor) • New broadband services offering both as wholesale operators (resources for third parties) and direct B2B TLC operator
Where	• Towers covering areas with high demand of network services (both big and small towns) to test commercial appeal • Demand-driven coverage extension
How	• Between 2015 and 2016 new fiber optic contribution network will increase traffic capacity (vs. radio link and/or satellite-based network), allowing Rai Way to offer to RAI and other customers transport services in Full HD and Ultra HD from each regional office • The availability of the new contribution network (Rai Way's high capacity backbone) facilitates the development of the FttT model

Rai Way high capacity network

Wireless interface between users and core network

Exit point for global content transmission / distribution



Rai Way fiber optic contribution network

Capacity rented from fiber network operators

Rai Way investment in FttT

Fiber to the Tower: why?

Rai Way strategy in the TLC market

Upgraded contribution network + Fiber to the Tower

01 Consolidating Leadership position

- Stimulate latent demand in order to support MNO's and selected FWAP's network roll-out (mainly in rural areas)

- **Increase towers' appeal for TLC customers (increasing available bandwidth)**

03 Differentiating product offering

- VAS (maintenance, technical consultancy)
- «On site» connectivity for business customers (small cells in collaboration with fiber network providers)
- Expand offering with broadband services

- **Enable new broadband services offering**

  . Wholesale operator (e.g. backhauling to MNOs and FWAP)
  . Direct B2B TLC operator (e.g. smart metering)

- **Support Government in implementing BB plan**

\+

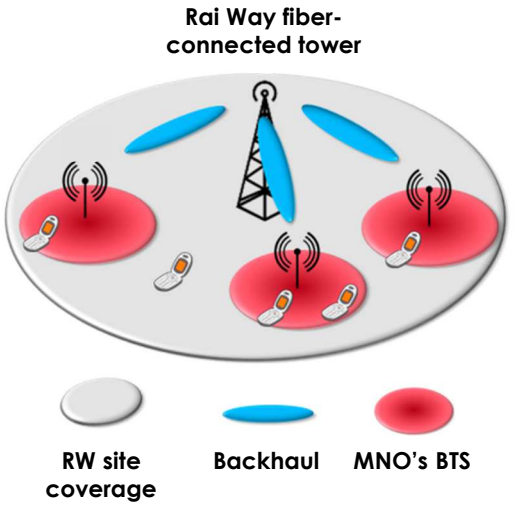
04 Increasing operating efficiency

- **Reduce power consumption**
- **Reduce cost for satellites**

Enabled broadband services

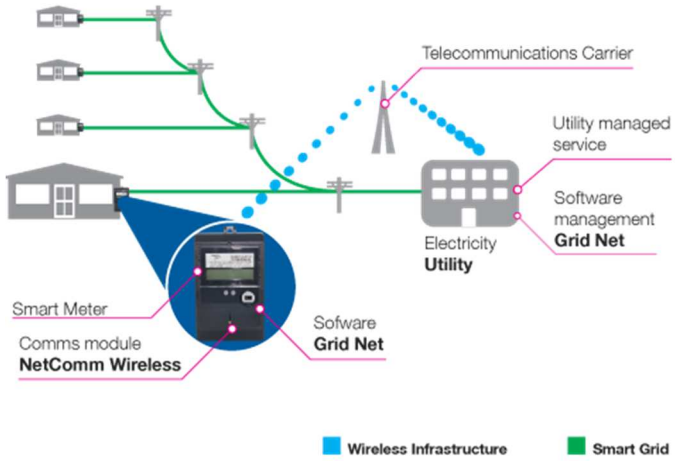
Backhauling services for TLC customers

- Wholesale bandwidth provider
- Extend high capacity mobile network to areas where fixed telecom services are low-quality or non-existent



Smart metering

- Connect smart meter devices, that record in real time the energy consumption (electric, gas, water, etc etc) of a building, to the data center's network
- Remote control of modules for smart metering thanks to efficient communication protocols



Source: figures from MiWaveS and NetCommWireless websites

Fiber to the Tower: possible support to Government BB plan

Coverage target

POPULATION COVERAGE TARGET	2014	2018	2020
ITALY			
Population coverage with at least 30 Mbps	21%	75%	100%
Population coverage with at least 100 Mbps		40%	up to 85%
EUROPE			
Population coverage with at least 30 Mbps	62%		100%
Population coverage with at least 100 Mbps			50%

Technological neutrality

- Adopt the most cost-effective technology:
  - Fiber (FttH, FttB, FttC)
  - LTE
  - FWA
  - Satellite
- Fixed primary network (up to the cabinet) optimized for radio stations connection (wireless broadband offering up to 30 Mbps)

Cluster, target and incentives

CLUSTER A	CLUSTER B	CLUSTER C	CLUSTER D
Le 15 città più popolose e le aree industriali	**Ca 1130 comuni**	**Ca 2650 comuni**	**Ca 4300 Comuni** (di cui circa 300 già oggetto dell'intervento pubblico in corso)
15 % della popolazione	**45% della popolazione**	**24% della popolazione**	**13% della popolazione**
Upgrade da 30 a 100 mbps	**Upgrade** da 30 a 100 mbps	**Upgrade** da 2 a 100 mbps	**Upgrade** da 2 a 30 mbps
Defiscalizzazione e accesso al credito agevolato	**Defiscalizzazione** e accesso al credito agevolato	**Defiscalizzazione** e accesso al credito agevolato	**Defiscalizzazione** e accesso al credito agevolato
No fondo perduto. Intervento realizzato esclusivamente dal mercato	Minimo impiego di **risorse pubbliche a fondo perduto**	**Risorse pubbliche a fondo perduto** proporzionalmente maggiore rispetto al cluster B	**Il pubblico interviene realizzando** direttamente l'infrastruttura di sua proprietà

Size and target for each cluster depending on the magnitude of private investments (public investments targeted at 7 Bln €)

Potential role for Rai Way

- In Cluster D – including ca. 4.300 cities, 2,3 Mln buildings and 15% of population, mainly in southern Italy and rural areas – investments not economically viable for private operators
- Direct public investment to upgrade connectivity from 2 to 30 Mbps in Cluster D: ca. 1 Bln Eur (Government's estimate)
- Consistently with the principle of technological neutrality, target to be possibly achieved through wireless technology (limiting investments vs. FttX)
- Wireless solutions would require infrastructure with high backhauling capacity (Fiber to the Tower)
- Potential benefit from government incentive (e.g. tax-relief on investments, subsidized loans, …)
- Potential model for Rai Way:
  - Hosting
  - Wholesale access

Source: Italian Government, Strategy for ultra broadband and digital growth – March 2015

Fiber to the Tower: Int'l players expanding capacity (1/2)

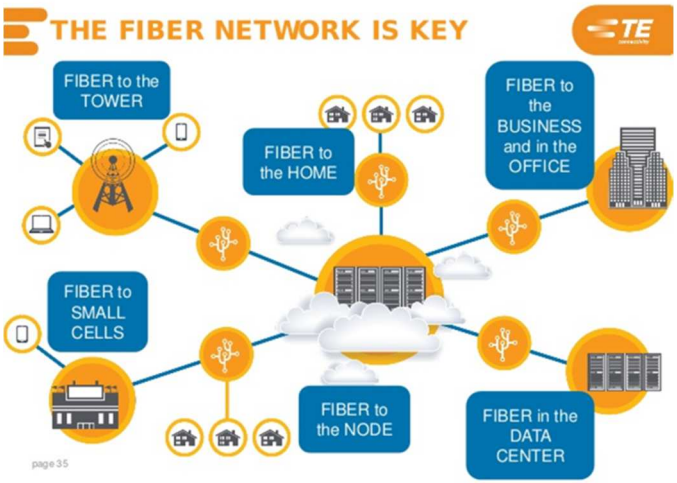
- TDF deploying its own ultra high-speed network for TV and radio transmission
- Ca. 5.000 km of fiber optic with the ability to carry large data volumes
- TDF to provide access to the ultra high-speed network for IT and telecoms firms
- In addition to enabling transmission of DTT programs, TDF's ultra high-speed network will facilitate archiving of sensitive data (e.g. e-health, medical imaging etc.), file-sharing, video conferencing, e-commerce, etc.

"Today, businesses, particularly in sparsely populated regions, must work with digital so as to improve competitiveness. With the deployment of its network, TDF becomes part of the very high-speed broadband technology panel in France thereby fostering the emergence of new services such as e-health, e-education, e-government and e-training etc"(1)

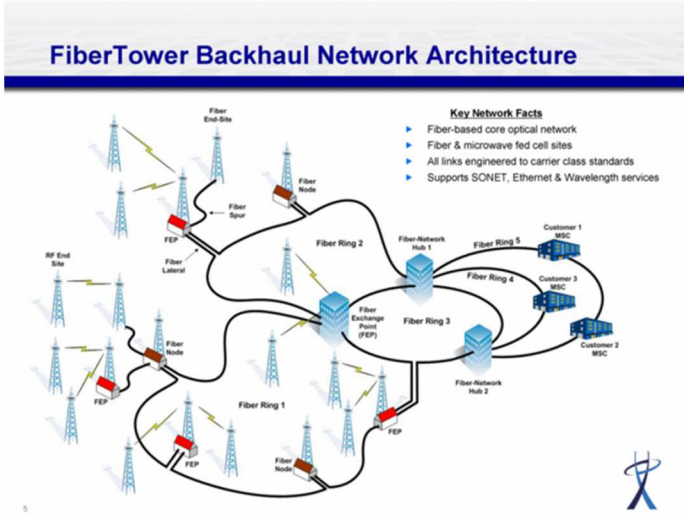
(1) Source: TDF Company website

Fiber to the Tower: Int'l players expanding capacity (2/2)

TE Connectivity



FiberTower Corporation



Crown Castle – Quanta FN

Crown Castle owns or has rights to ca. 16,000 miles of fiber *to strengthen its position in small cell networks deployment and to expand presence in many of the top U.S. metropolitan markets*

HOUSTON, April 30, 2015 -- Crown Castle announced today that it has entered into a definitive agreement to acquire Quanta Fiber Networks, Inc. ("Sunesys") for approximately $1.0 billion in cash. Sunesys, a wholly owned subsidiary of Quanta Services, is a fiber services provider that owns or has rights to nearly 10,000 miles of fiber in major metropolitan markets across the United States, including Los Angeles, Philadelphia, Chicago, Atlanta, Silicon Valley, and northern New Jersey, with approximately 60% of Sunesys' fiber miles located in the top 10 basic trading areas ("BTAs").

Arqiva - Virgin

- Arqiva increased the capacity and speed of its network after ISP Virgin Media Business completed the build of new fiber optic network to link all 40 of its sites across the country

- The new "data superhighway" (Arqnet2) network provides Arqiva capacity to expand and support TV, with rising demand for HD and 3D content), 4G based mobile broadband networks and new services offering (Small cells, IoT, Smart metering, Smart water, Smart grid)

Source: companies website

Executive Summary

- **2015-2019 Industrial Plan**

  - Rai Way: the Smarter Tower Company
  - Industrial Plan strategic pillars
  - TV and radio broadcasting market
  - TLC market
  - **Focus on efficiency**
  - Financials

Focus on efficiency: Rai Way strategy

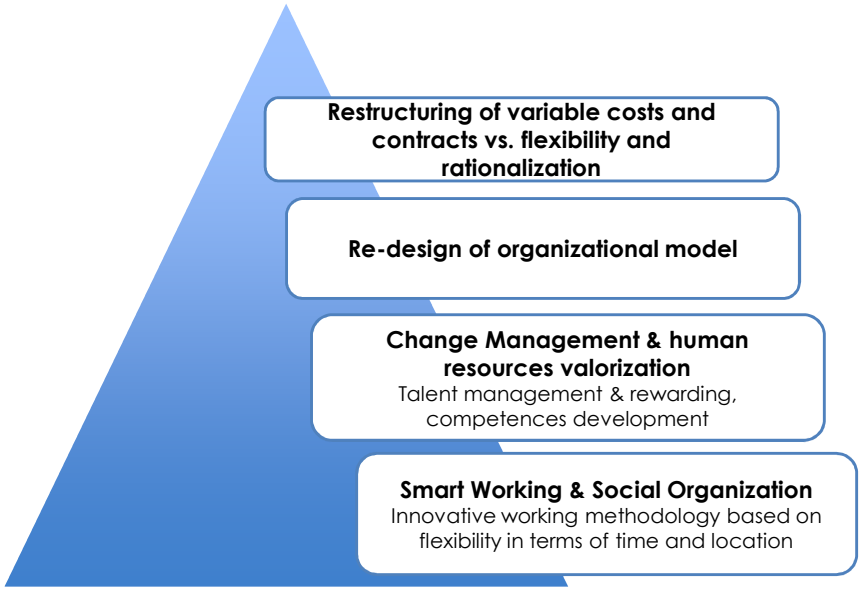
04 Increasing operating efficiency

- **OPEX**
  - Rents optimization
  - Intercompany cost reduction
  - Energy management
  - Organizational improvement
- **CAPEX**
  - Reduction of investments on active equipment

Focus on efficiency : enabling factors

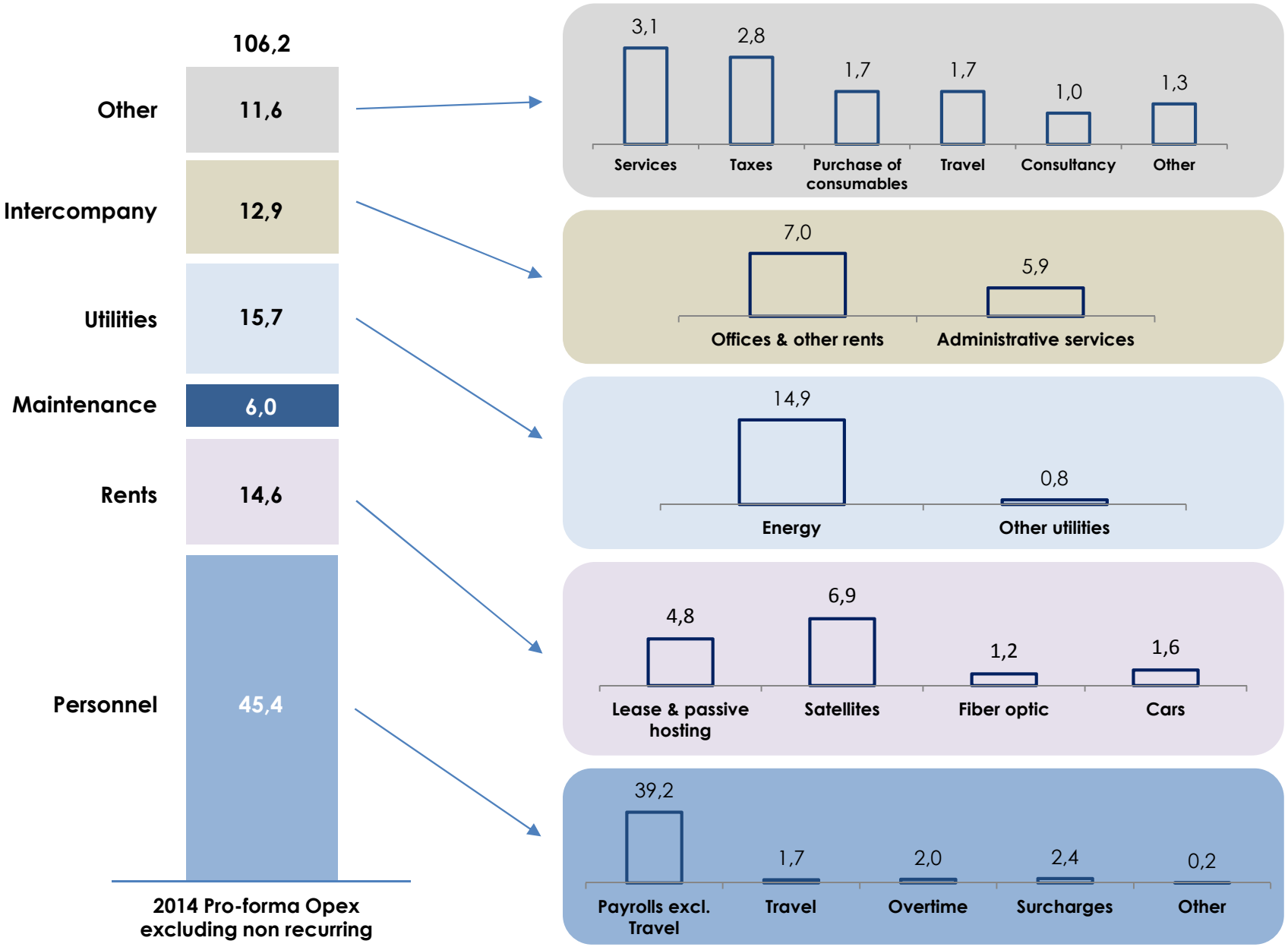
- Procurement process & procedures
  - Improvement of procurement processes in order to reduce time and resources
  - Evolution of procurement rules

- Organization
  - Re-design of organizational model consistently with company growth prospect, human resources valorization and cost structure rationalization
  - Change Management initiatives focused on core competence, leadership, innovation and digital awareness



- Reporting & Analysis management systems
  - Integrated evolution of the whole managing support systems

2014 Opex: the starting point

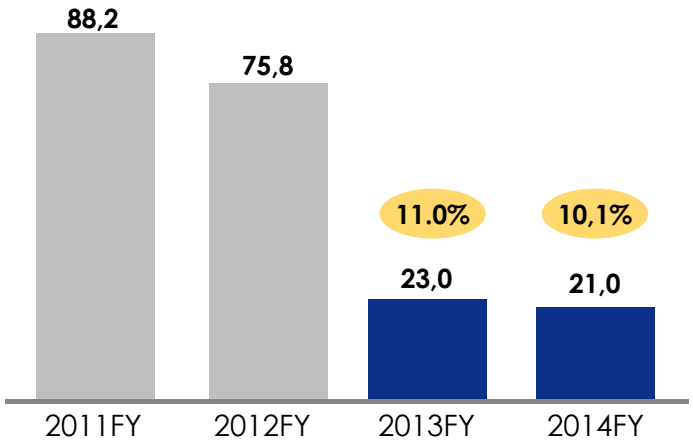


2014 Maintenance Capex: the starting point

% of PF core revenues

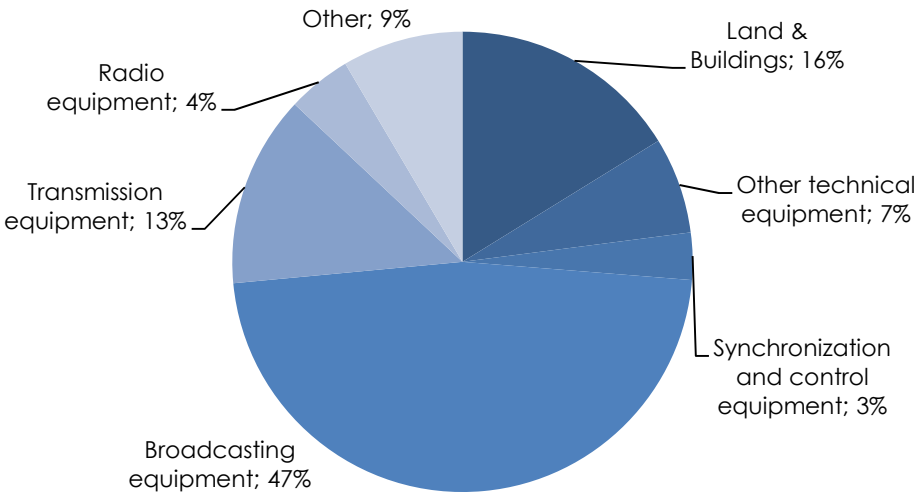
Capex evolution

Mln Eur; %



2014 Net Fixed Assets breakdown by asset category

%



- Maintenance capex currently in a 10-11% range on total revenues
- Broadcasting equipment representing approximately 47% of Net Fixed Assets

Main areas of efficiencies (1/2)

Cost item	Optimization potential	Actions
Intercompany		- Optimization of spaces in regional offices through efficient use of Rai Way technical sites and other services currently outsourced to RAI
Energy		- Benefit from energy price reduction in 2015/17 related to new energy contract in place from April 2015 - Stable energy consumption in the Industrial Plan period, with efficiency measures on network offsetting increase related to new initiatives
Maintenance		- Maintenance activities already largely internalized - Maintenance costs related to large contracts with leading suppliers

Main areas of efficiencies (2/2)

Cost item	Optimization potential	Actions
Rents		- Technical rents: radio transmission network optimization - Civil rents: optimization of spaces in local offices leased from third parties favoring use of Rai Way regional offices and technical sites
Personnel		- Headcount rightsizing consistent with re-design of organizational model and strengthening of core areas - Optimization of non core personnel cost components (e.g. travel expenses)
Maintenance Capex		- Rationalization of investments on active equipment - Prioritization of investments with positive impact in terms of opex reduction

Asset portfolio management

- Rai Way asset portfolio includes 19 fully owned, non-operating sites (ex-MW/SW sites)
- Valorization / disposal options under assessment

Impact not included in 2015-2019 Industrial Plan

- 2 major sites:
  - Roma - Prato Smeraldo, located in Rome, with an extension of 28,8 hectares

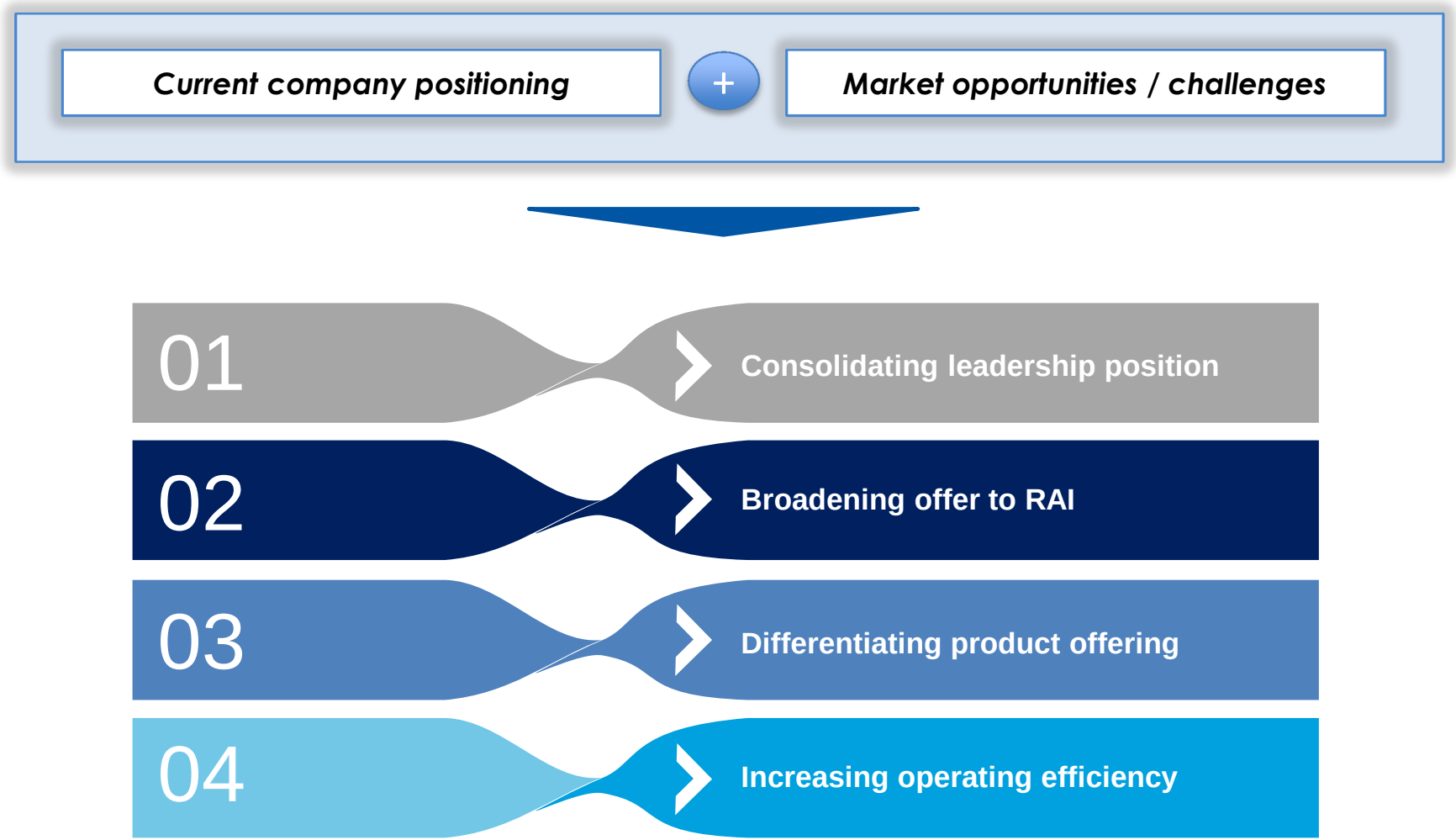
  - Roma - Santa Palomba, located in Rome and Pomezia, with an extension of 24,5 hectares

Executive Summary

- **2015-2019 Industrial Plan**

  - ***To recap: Rai Way strategy***

2015-2019 Industrial Plan: new strategic targets



Rai Way: current company positioning

- **Listed company…**
- **…managing the most capillary broadcasting tower network in Italy and a national transmission network with upgraded broadband capacity**
- **…operating the broadcasting network for RAI, integrating passive infrastructure with ownership of active equipment and deep technical know-how**
- **…offering a full-integrated-service to TV and radio broadcasters, TLC operators and public administration**
- **…actively pursuing growth opportunities**

Market trend: main opportunities and challenges

TV AND RADIO BROADCASTING

- Need for network development and management, related to reorganization of TV frequencies
- Technology driven demand/opportunities (HD, DVB-T2, DAB+)

- Reallocation of frequencies to mobile operators
- Increasing appeal of alternative platform

TLC

- MNOs and FWAPs coverage extension
- Take-up of new wireless broadband services

- MNOs consolidation and site sharing agreements
- Competition from tower portfolios now open to the market

TOWER MARKET STRUCTURE

- Potential for short to medium term market consolidation

2015-2019 Industrial Plan: Rai Way strategy

TV AND RADIO BROADCASTING

Consolidate market leadership, mitigating the potential impact of technological/regulatory development and strengthening positioning in case of changes in market structure

- Increase the number of managed MUX expanding activities with national and local broadcasters and drive DAB+ roll-out
- Develop new services for RAI, matching client requirements in terms of product, technology and regulation
- Enlarge and differentiate product offering, leveraging on enhanced broadband capacity

ASSETS PORTFOLIO

Actively manage assets portfolio

- Participate market consolidation
- Valorization/disposal of non-operating sites (19 ex-MW/SW sites)

TLC

Enhance wireless capacity of the network in order to improve commercial appeal and intercept demand for broadband services

- Increase towers' appeal for TLC customers to consolidate business with MNO's
- Support network roll-out of selected FWAPs
- Expand offering to broadband services
- Contribute to Government UBB plan

OPERATIONS

Improve operating efficiency

- Intercompany: offices and parking space optimization
- Rents: technical and civil rents optimization
- Personnel: organization re-design and rightsizing
- Capex: rationalization of investments on active components

Executive Summary

- **2015-2019 Industrial Plan**

  - Rai Way: the Smarter Tower Company
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  - TV and radio broadcasting market
  - TLC market
  - Focus on efficiency
  - **Financials**

Main assumptions

Main assumptions

- CPI

	2015	2016	2017	2018	2019
CPI	**0,20%**	**1,00%**	**1,25%**	**1,25%**	**1,25%**

- RAI: new services for ca. €47 Mln cumulated investments with a top-line contribution of ca. €10 Mln in 2019
- Third Parties: new services for ca. €5 Mln cumulated investments (including development/management of 1 additional regional MUX)
- Opportunistic initiatives (progressive implementation of Fiber to the Tower option + small M&A): ca. € 15 Mln cumulated investments with expected EBITDA contribution of ca. € 1,5 Mln(1)
- Valorization/disposal of non-operating sites: impact not included

(1) Revenues contribution from opportunistic initiatives assumed equal to EBITDA

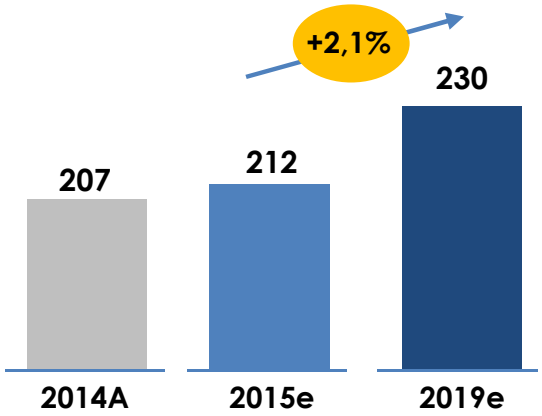
Financial highlights

CAGR 2015-19

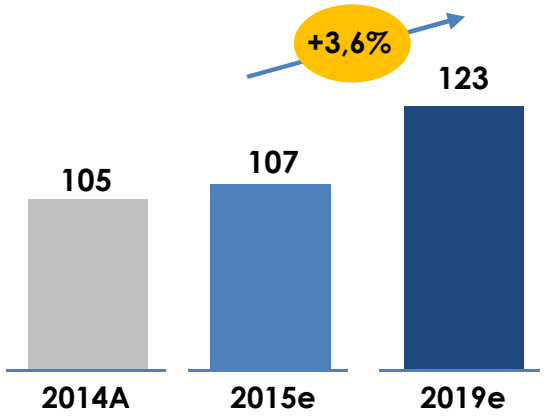
Maintenance capex / Revenues

Mln Eur; %

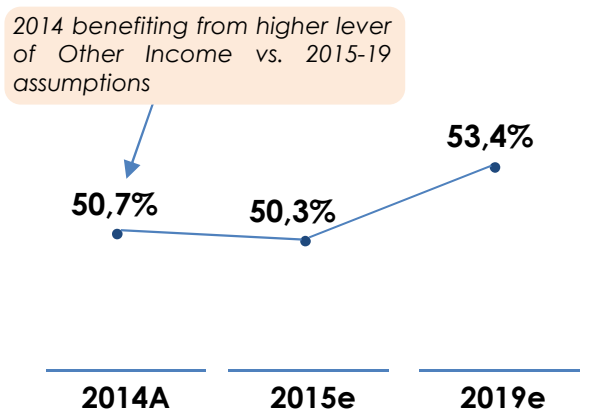
Revenues



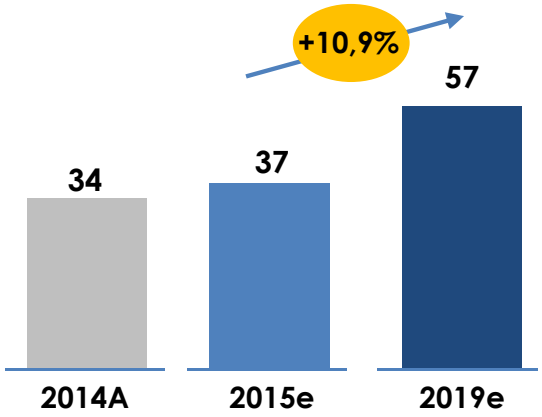
Adjusted EBITDA(1)



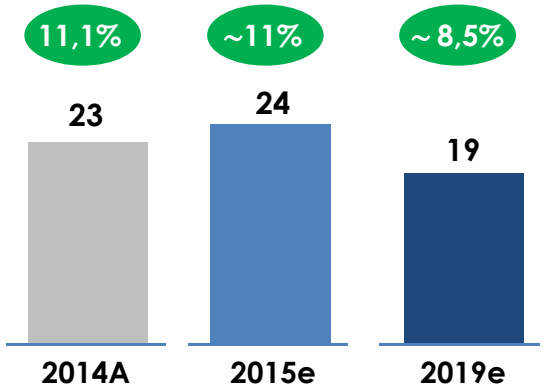
Adjusted EBITDA margin(1)



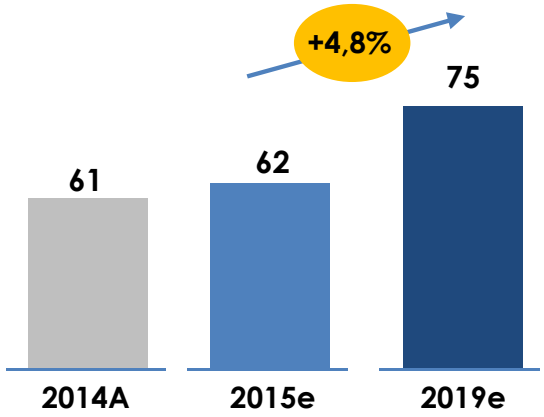
Net Income



Maintenance Capex



Normalized FCFE(2)



(1) EBITDA pre-non recurring costs in 2014 and 2015. 2019 not including any non recurring cost

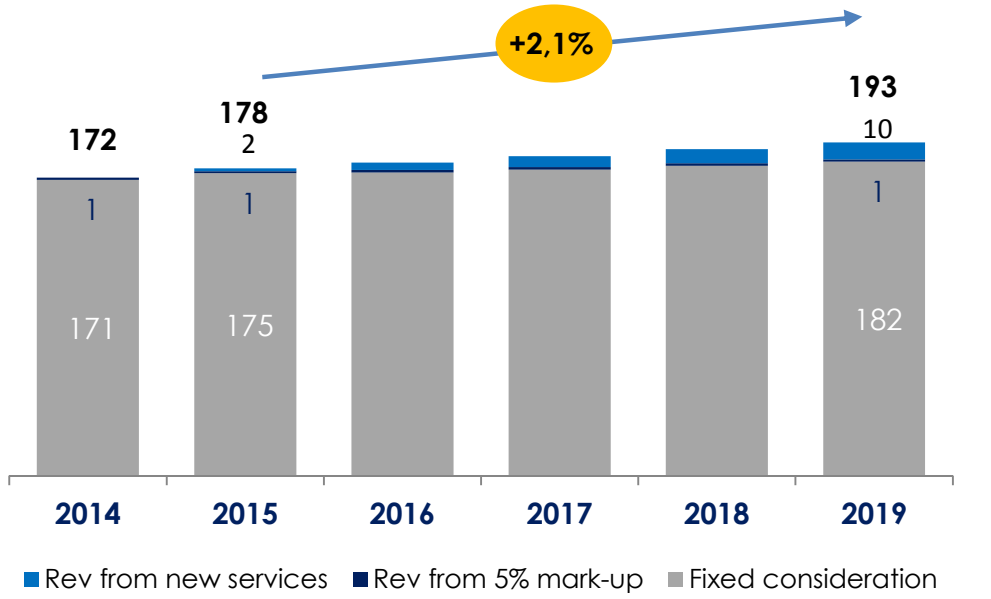
(2) Normalized Equity Free Cash Flow (FCFE) defined as Adjusted EBITDA - Net financial charges - P&L Taxes (2015 adjusted by impact of restructuring cost) – Maintenance Capex

Revenues from RAI

CAGR 2015-19

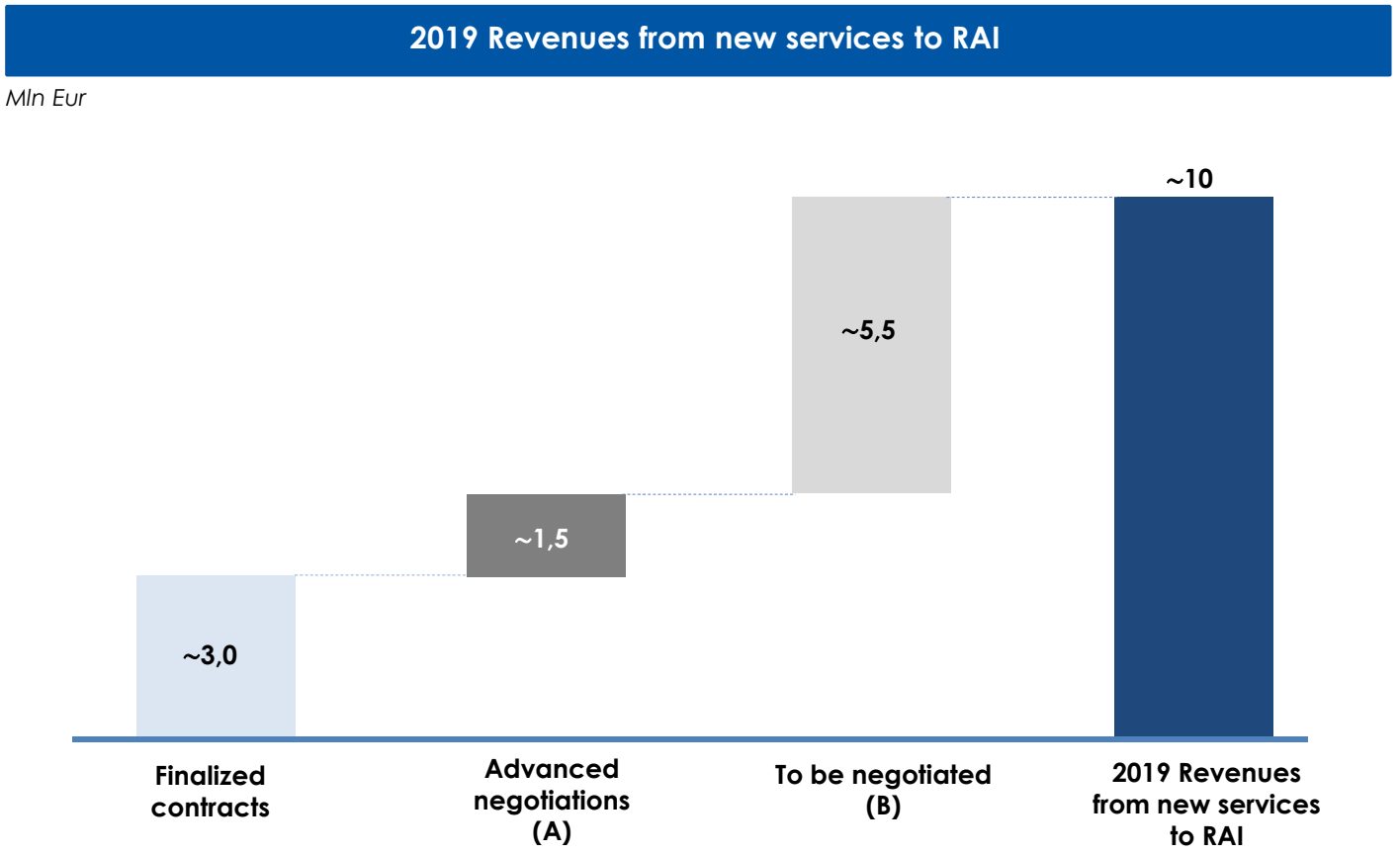
Revenues from RAI

Mln Eur; %



- Total Revenues from RAI at ca. €193 Mln in 2019, with a 2015-19 CAGR of 2,1%
  - Fixed consideration linked to inflation
  - Revenues from 5% mark-up stable at ca. €1 Mln
  - Revenues from new services to RAI amounting to ca. €10 Mln in 2019

Revenues from new services to RAI

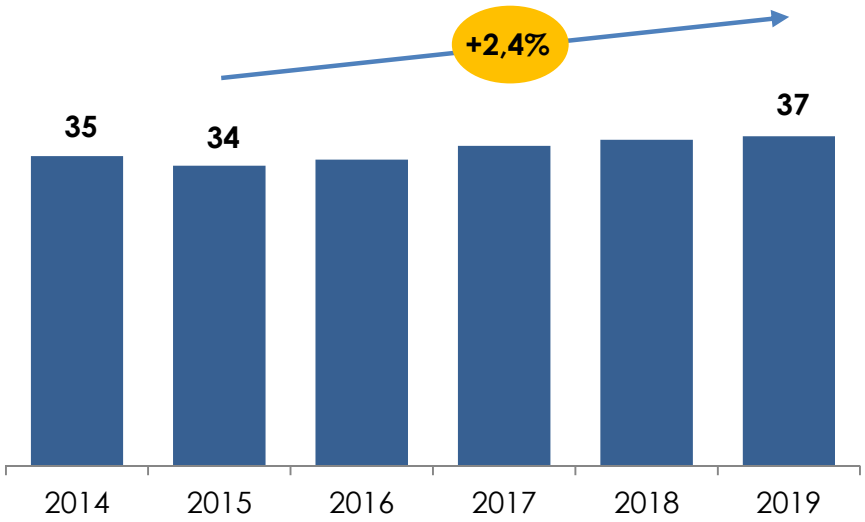


Revenues from 3rd parties

CAGR 2015-19

Revenues from 3rd parties

Mln Eur; %



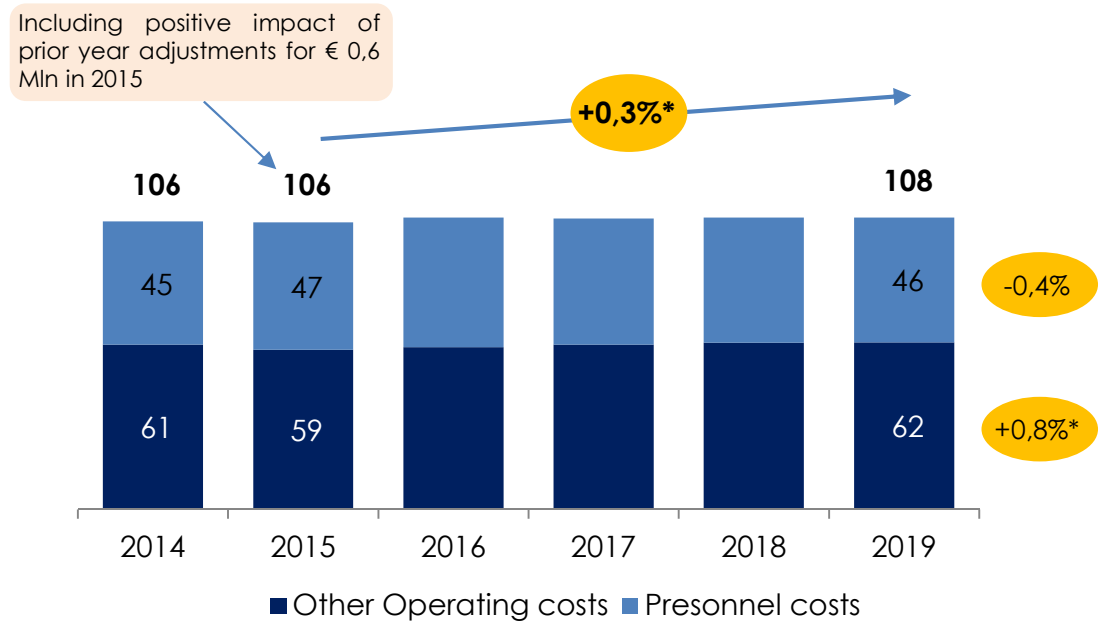
- Total Revenues from 3rd Parties at ca. €37 Mln in 2019, with a 2015-19 CAGR of 2,4%
- Commercial focus on broadcasting customers and benefit from inflation almost fully offsetting sites optimization operated by other clients (mainly MNOs)
- Growth driven by positive contribution of:
  - New services for 3rd parties, in both broadcasting (regional MUX, DAB+, int'l distribution, etc) and TLC (broadband services) segment
  - Opportunistic initiatives (Fiber to the Tower and small M&A)

Opex

CAGR 2015-19

Operating expenses (excluding restructuring costs)

Mln Eur; %



- Broadly stable operating expenses in 2015-19 period (+0,3% CAGR*):
  - Personnel costs trend driven by headcount rightsizing (even through economic incentives to leaving the Company on a voluntary basis) and strengthening of core areas
  - Efficiency measures on rents and intercompany partially offsetting growth related to new initiatives (mainly maintenance and energy)
- Low single digit restructuring costs related to efficiency plan expected in 2016-2017

** 2015-19 CAGR excluding impact of prior year adjustments recorded in 2015*

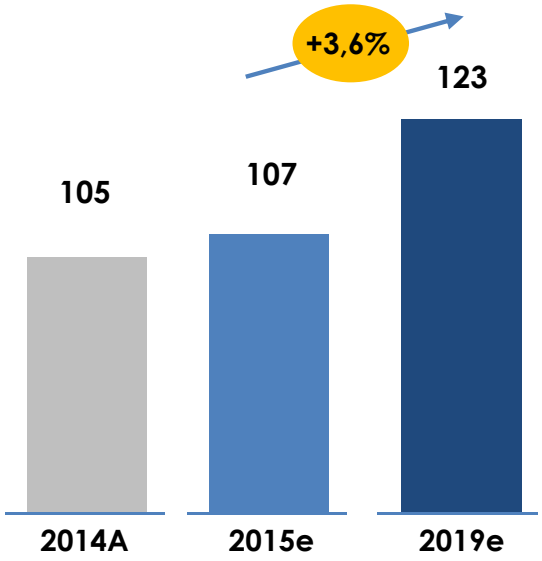
Adjusted EBITDA evolution

CAGR 2015-19

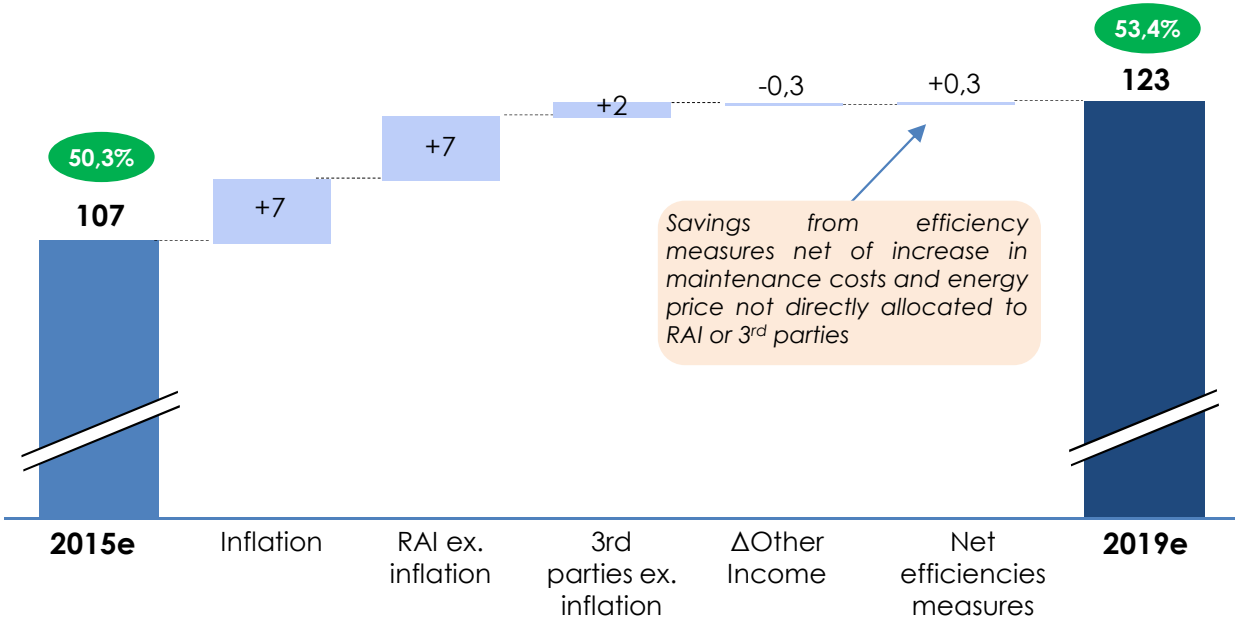
% margin on revenues

Mln Eur; %

Adjusted EBITDA



2015-19 Adjusted EBITDA evolution

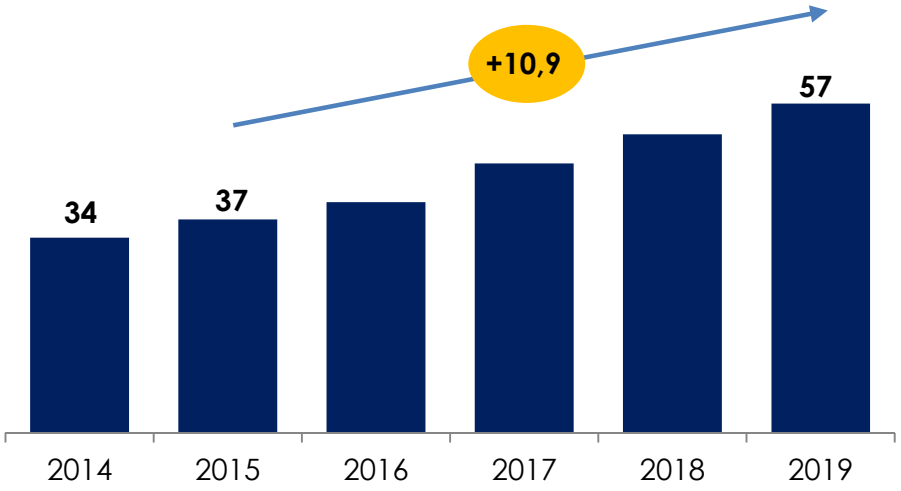


Net Income

CAGR 2015-19

Net Income

Mln Eur; %

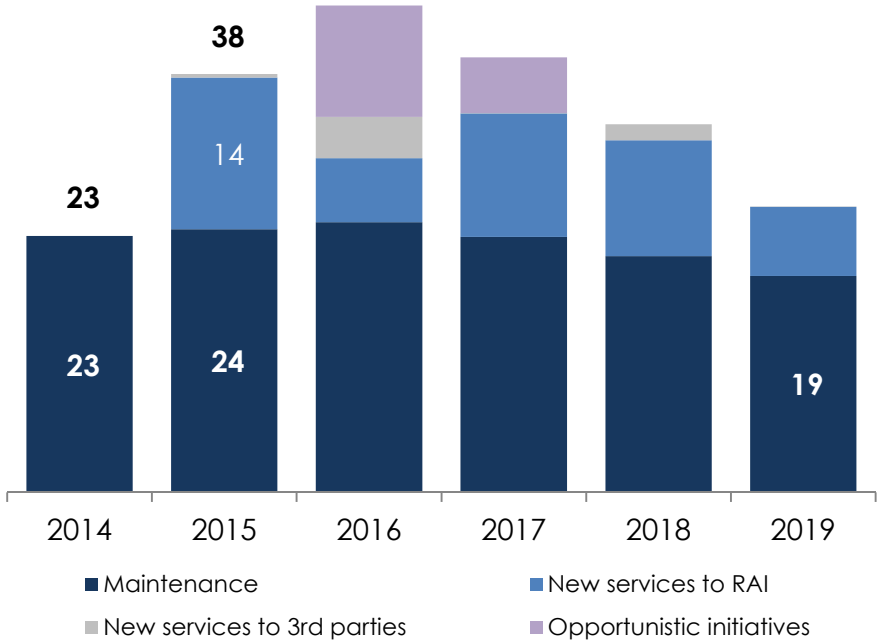


- Net Income benefiting from:
  - EBITDA growth
  - Progressive D&A decline, resulting from reduction of Capex vs. "switch-off period"

Capex

Capex

Mln Eur

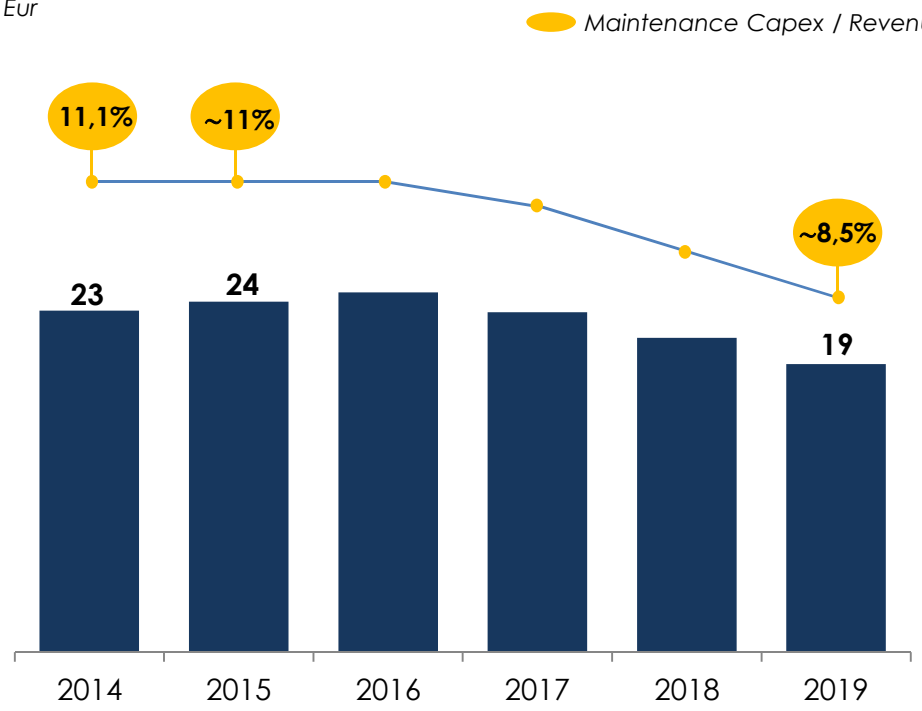


- 2015-19 Capex plan includes:
  - Maintenance
  - Development, related to:
    - New services to RAI
    - New services to 3rd parties
    - Opportunistic initiatives

Maintenance Capex

Maintenance capex evolution

Mln Eur

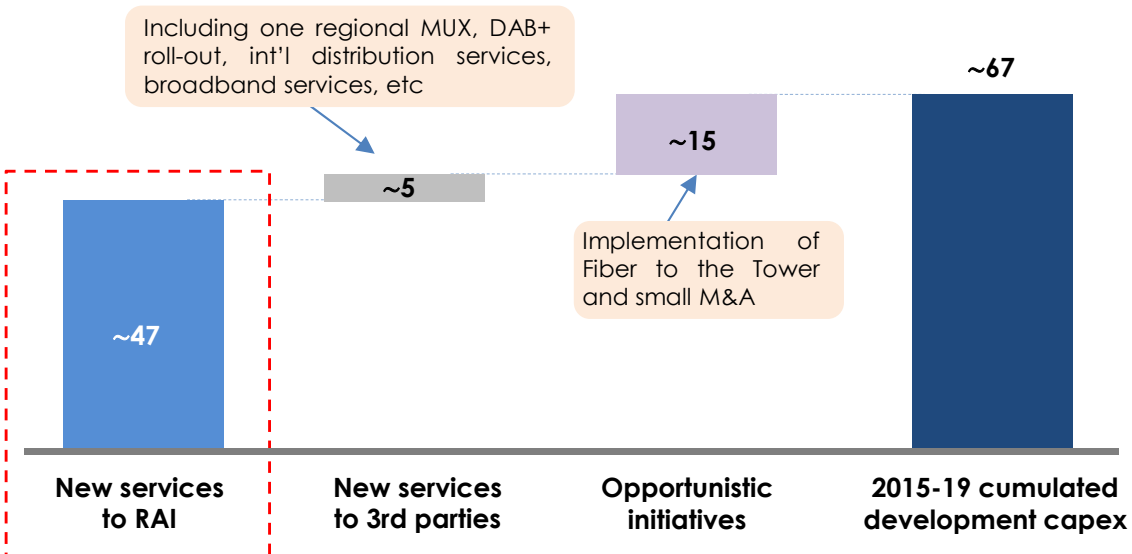


- Optimization of maintenance capex / revenues ratio to ca. 8,5% in 2019, mainly driven by rationalization of investments on active equipment

Development Capex

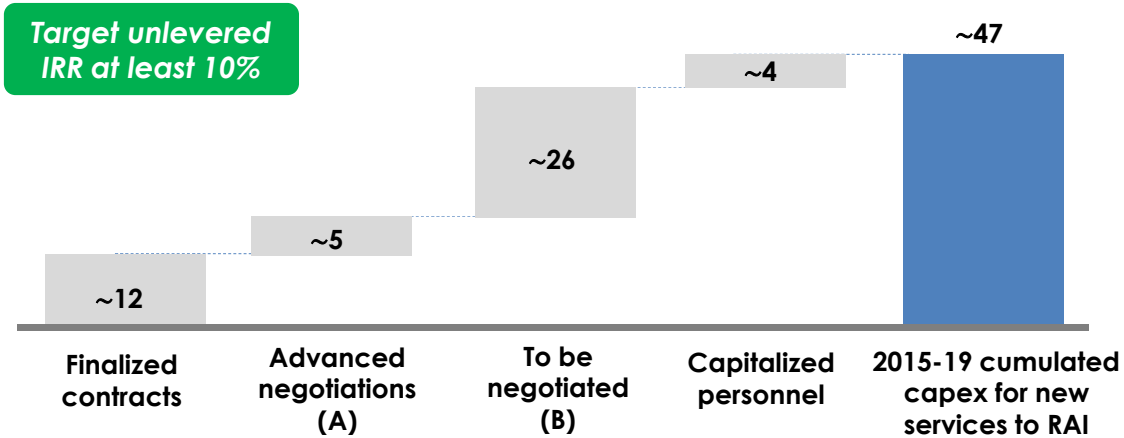
Mln Eur

2015-19 cumulated Development Capex



Details of New services to RAI

Target unlevered IRR at least 10%

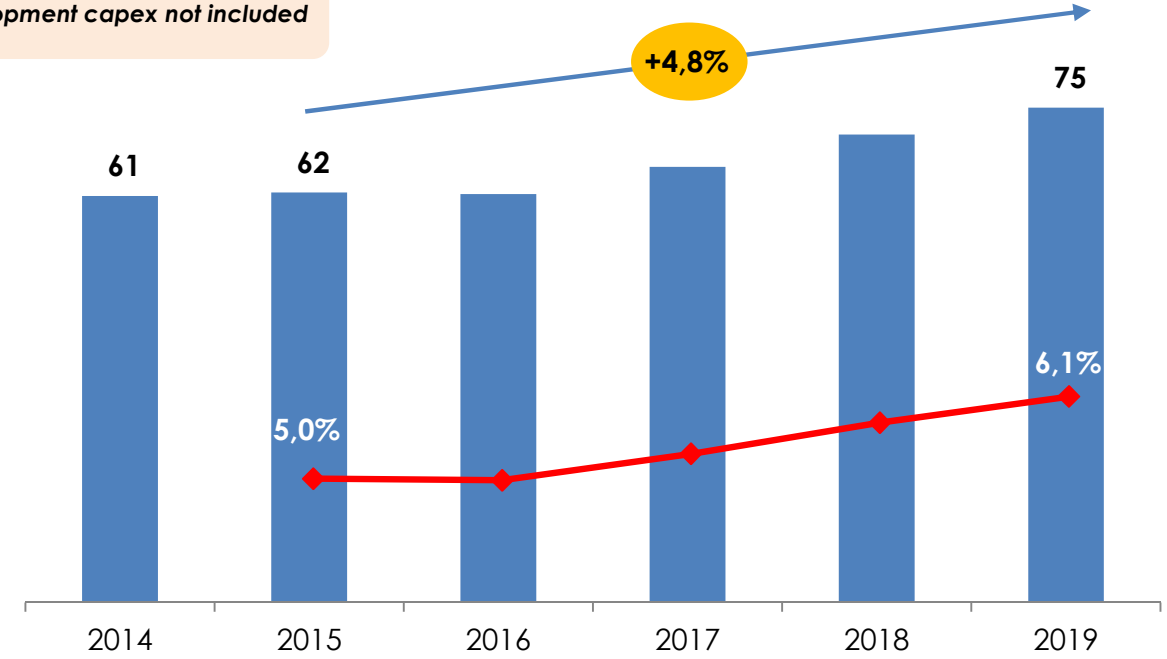


Cash generation

Normalized FCFE[1] and Normalized FCFE yield[2] evolution

Mln Eur; %

Development capex not included



(1) *Normalized Equity Free Cash Flaw (FCFE) defined as Adjusted EBITDA - Net financial charges - P&L Taxes (adjusted by impact of restructuring cost) – Maintenance Capex*

(2) *Yield based on closing share price of 24/09/2015 of 4,524 €/share*

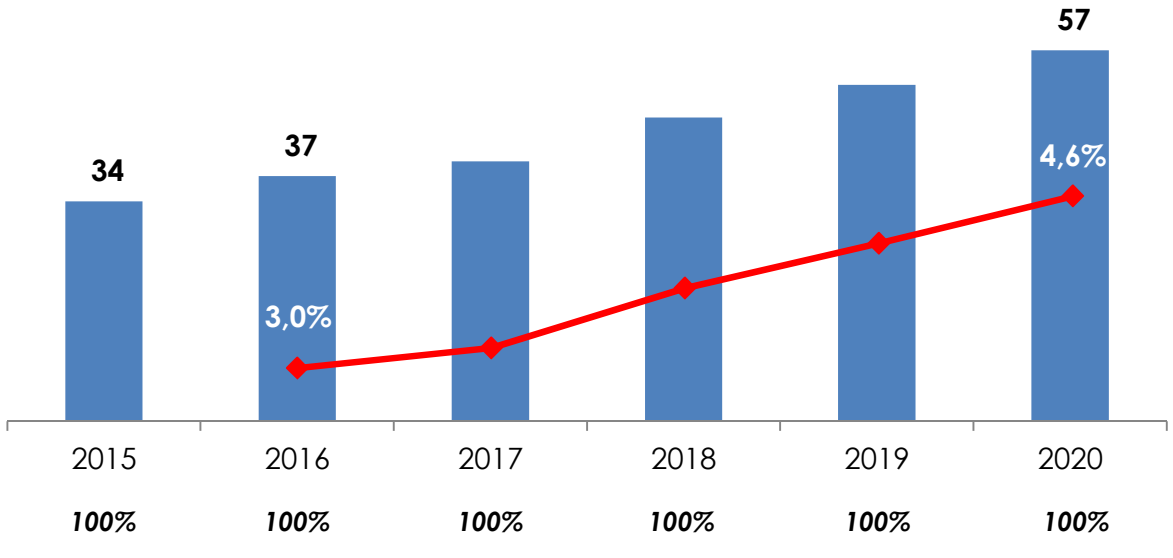
Dividend policy

- Proposed dividend policy: **pay-out ratio equal to 100% of Net Income**

- Resulting dividend yield[1] in a 3-5% range, broadly in line with infrastructure sector

Dividend and dividend yield[1] evolution

Mln Eur; %



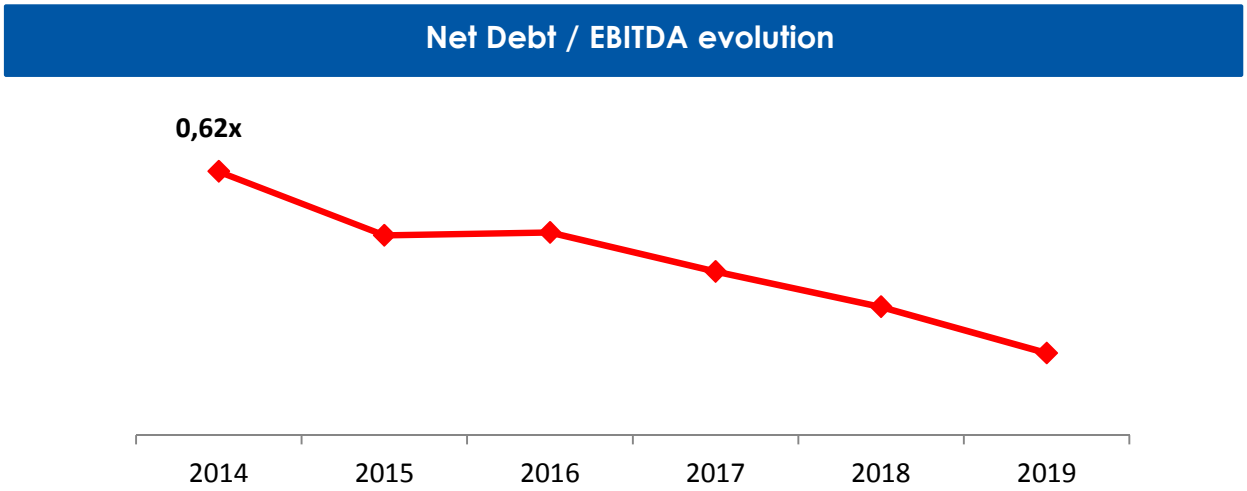
Pay-out on prior year Net Income	2015	2016	2017	2018	2019	2020
	100%	***100%***	***100%***	***100%***	***100%***	***100%***

- In the medium-long term, dividend yield asymptotic to normalized FCFE yield (D&A converging to maintenance capex → Net Income converging to normalized FCFE)

(1) Yield based on closing share price of 24/09/2015 of 4,524 €/share

Capital structure

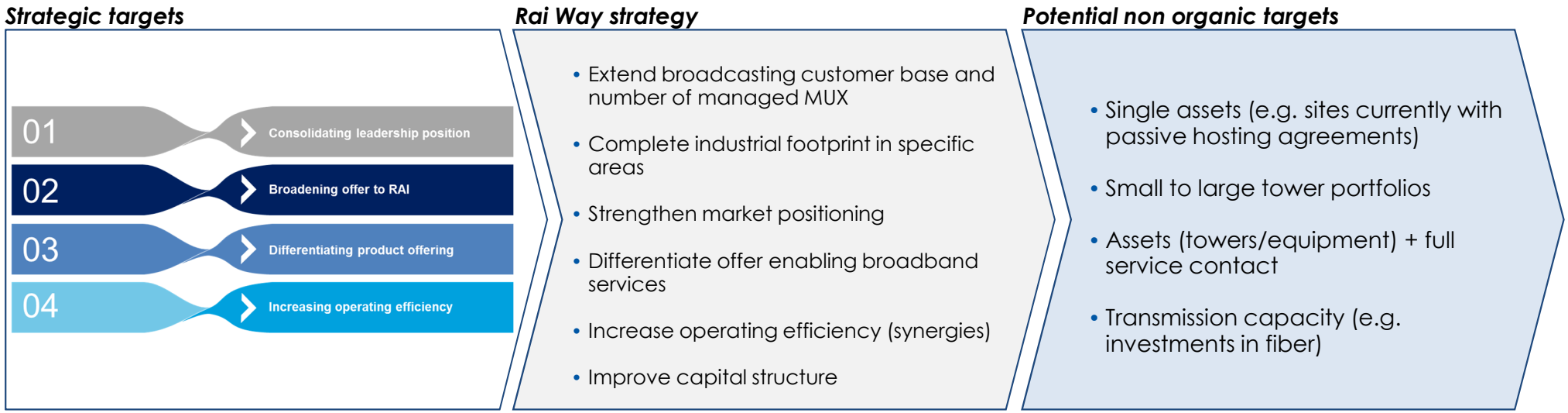
- Also including cash-out for development capex and dividends, leverage is expected to decrease in the period



- Strong financial flexibility to catch market opportunities
- Business model (top-line visibility and cash generation) comfortable with higher level of debt
- Potential releverage mainly through M&A
- Should M&A not materialize, technicalities for enhanced distribution to shareholders under assessment

Approach to opportunistic initiatives

- Approach to opportunistic initiatives matching two main criteria:
  - Consistent with company strategic targets
  - Value-accretive



- Target: Eur 15 Mln included in the Industrial Plan, with full financial flexibility to scale up in case of additional market opportunities

Approach to non organic opportunities: rationale

TV AND RADIO BROADCASTING

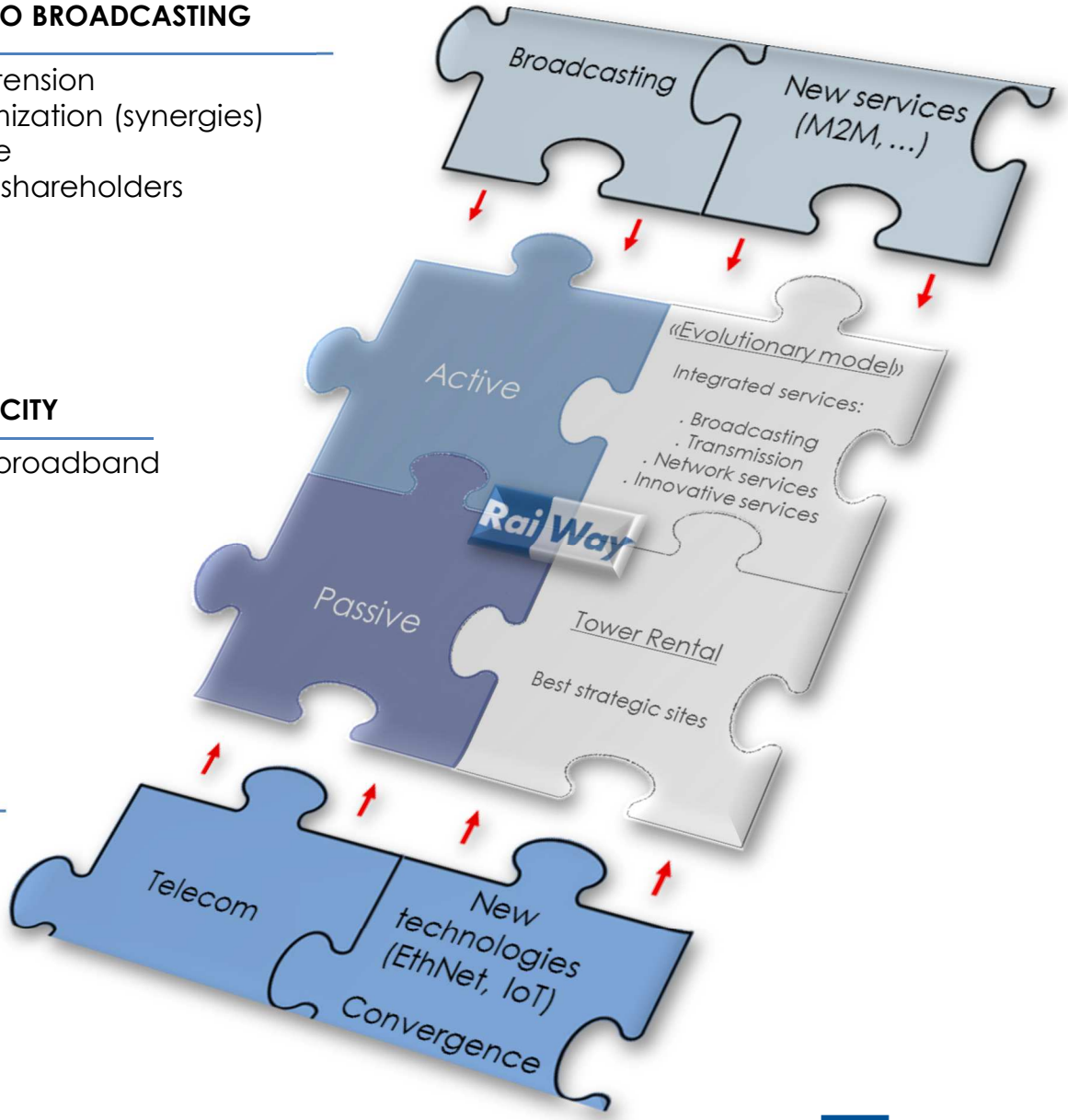
- Customer base extension
- Infrastructure optimization (synergies)
- Economies of scale
- Value creation for shareholders

TRANSMISSION CAPACITY

- Differentiate offer enabling broadband services
- Strengthen market positioning

TLC

- Integration with MNOs' network
- Infrastructure optimization (synergies)
- Offer diversification
- Growth profile enhancement
- Fixed-mobile and TLC-media convergence



Q&A

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