

1Q2016 Results Presentation

Rome, 11th May 2016



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.

Rai Way Participants

- Stefano Ciccotti, Chief Executive Officer
- Adalberto Pellegrino, Chief Financial Officer
- Giancarlo Benucci, Head of Investor Relations

1Q2016 Financial Highlights

Financial Highlights

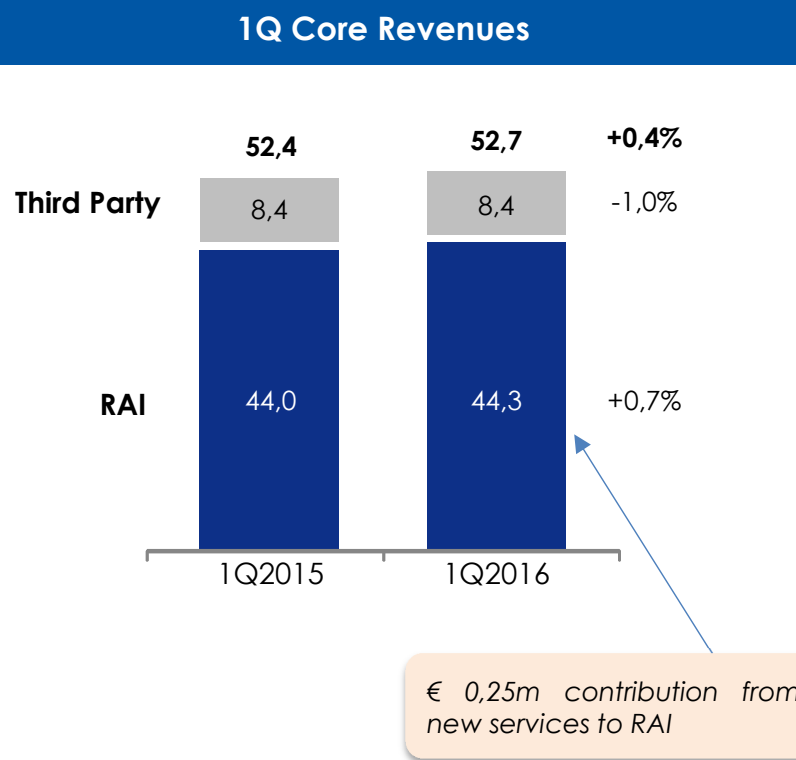
<i>Eur Mln, %</i>	1Q 2015	1Q 2016	% YoY
Core Revenues	52,4	52,7	0,4%
Other Revenues	0,2	0,0	
EBITDA	26,1	27,4	5,0%
% margin	49,7%	52,0%	
Net Income	9,3	10,7	14,9%
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Capex	3,0	2,1	
Maintenance	3,0	1,7	
% on core revenues	5,7%	3,2%	
Development	0,0	0,5	
Cash conversion ⁽¹⁾	88,6%	93,9%	
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	2015 YE	1Q 2016	
Net Debt	41,6	23,0	
Net Debt/1Y rolling Adj. EBITDA	0,38x	0,21x	

- 1Q16 Core revenues at € 52,7m, up 0,4% vs. 1Q15
- 1Q16 EBITDA at € 27,4m, up 5,0% vs. 1Q15, with margin improvement driven by ongoing focus on cost optimization
- 1Q16 Net Income at € 10,7m, up 14,9% vs. 1Q15
- Usual low capex level in 1Q (€ 2,1m, including € 0,5m development capex for new services to RAI)
- Net Debt at € 23,0m, with Net Debt/1Y rolling Adj. EBITDA at 0,21x

(1) Cash conversion= (Adj. EBITDA – Maintenance Capex) / Adj. EBITDA

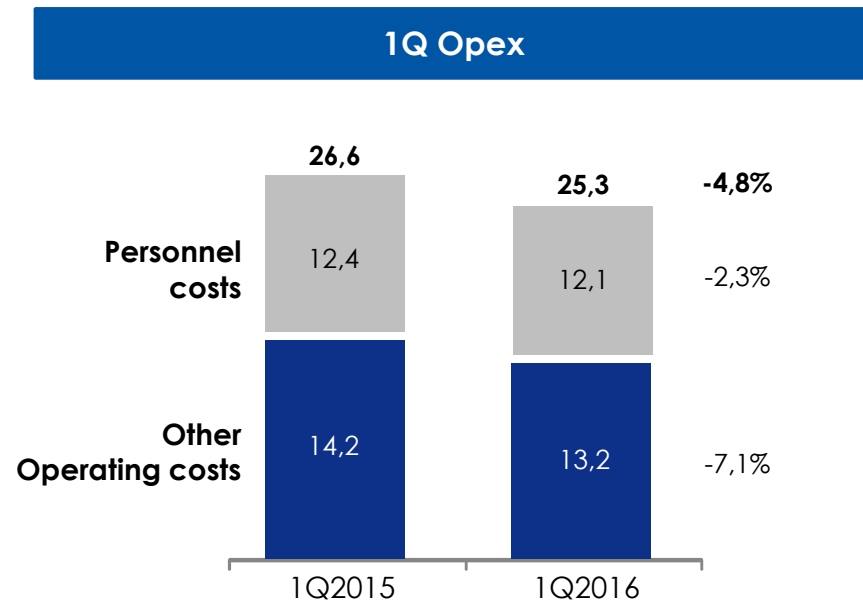
Core Revenues

Eur Mln; %



- No impact from CPI
- Increase in revenues from RAI driven by new services
 - Contribution from new initiatives to increase in coming quarters driven by completion of “Upgrade of contribution network” and finalization of new contracts
- Excluding non recurring impacts, Third Party revenues flat in 1Q
 - Growing tower rental services to Fixed Wireless Access Providers

Eur Mln; %



- Personnel costs down 2,3% vs. 1Q15 driven by higher capitalization and optimization of non core items
- Other Operating costs declined by 7,1% vs. 1Q15, mainly driven by:
 - Utilities, thanks to favorable comparison basis (benefit of new energy supply contract from 2H15) and oil price reduction
 - Other costs, benefiting from reduction of travel expenses and external costs

From Adjusted EBITDA to Net Income

P&L			
<i>Eur Mln, %</i>	1Q 2015	1Q 2016	% YoY
EBITDA	26,1	27,4	5,0%
% margin	49,7%	52,0%	
D&A ⁽¹⁾	-11,7	-10,6	
EBIT	14,4	16,8	16,7%
Financial expenses	-0,5	-0,6	
Pre Tax Profit	13,9	16,2	16,6%
Taxes	-4,6	-5,5	
% tax rate	33,0%	34,0%	
Net Income	9,3	10,7	14,9%
EPS	0,0342	0,0393	

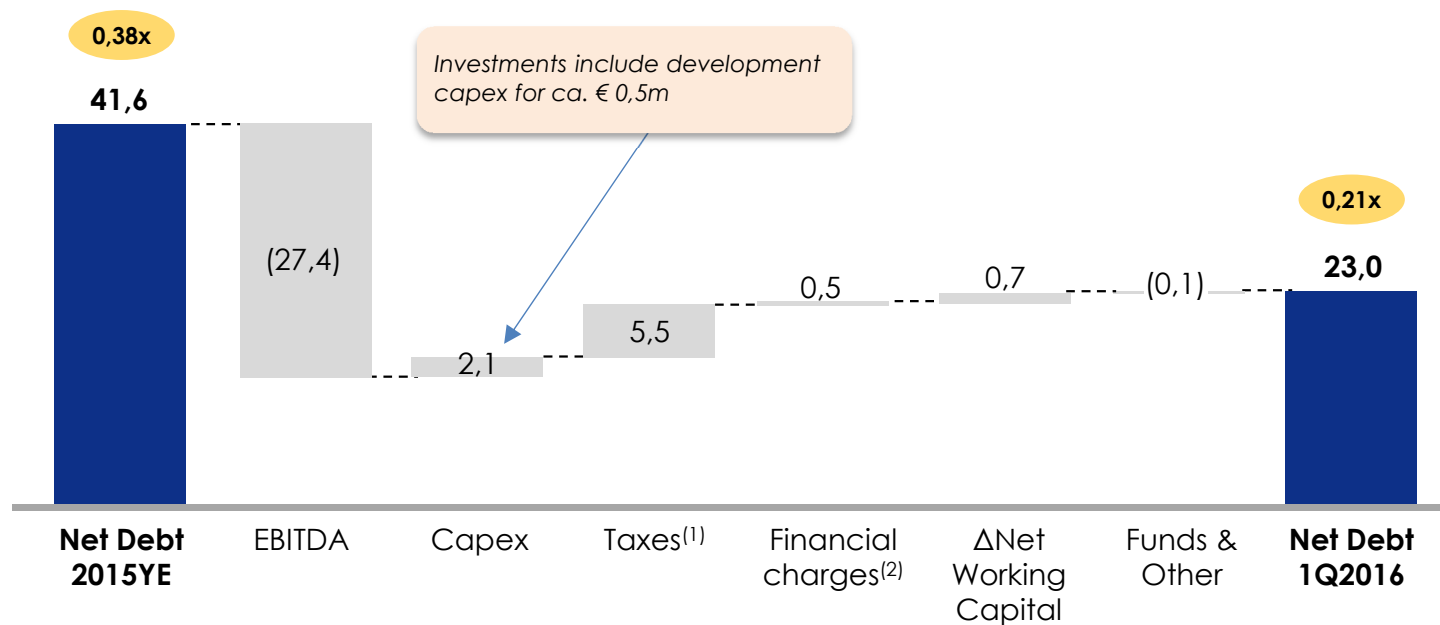
- 1Q16 EBITDA at € 27,4m, up 5,0% vs. 1Q15, with a margin of 52,0% (49,7% in 1Q15)
- Declining trend of D&A (€ -1,1m vs. 1Q15) mainly resulting from reduction of Capex vs. "switch-off period"
- 1Q16 tax rate at 34,0%
 - excluding the impact of deferred taxes, underlying equivalent tax rate at 32,1%
- Net Income at € 10,7m, up 14,9% vs. 1Q15

(1) Including provisions

Cash Flow generation

Net Debt/1y rolling Adj. EBITDA

Eur Mln; %



- 1Q16 cash generation of ca. € 18,7m
- Capex level reflects typical distribution of maintenance activities throughout the year

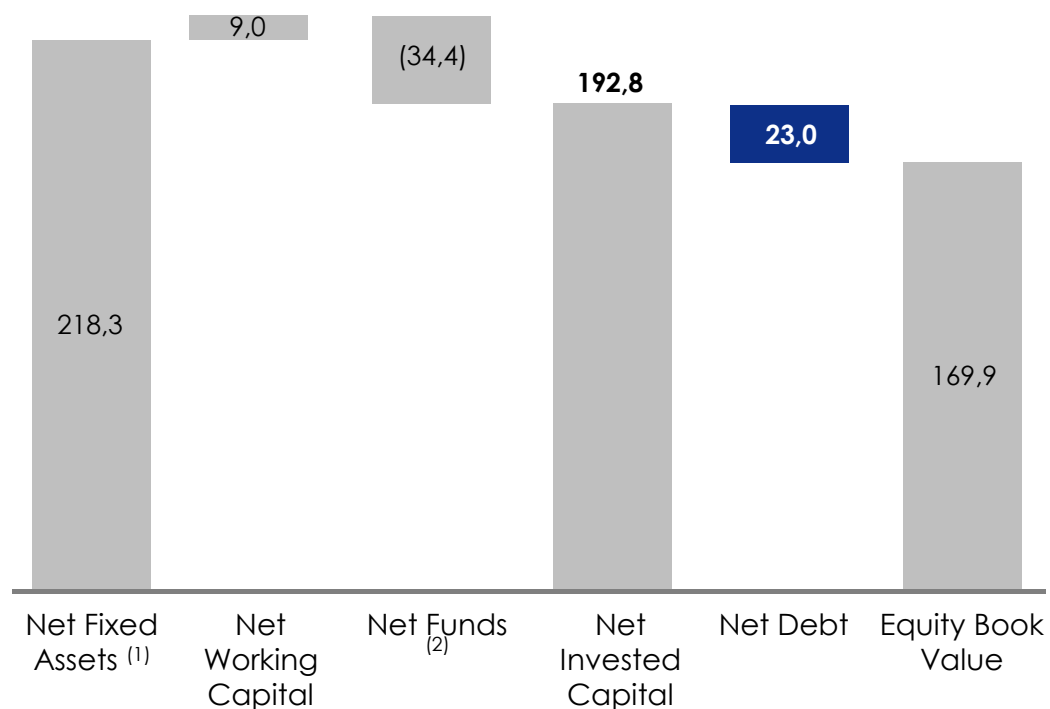
(1) P&L taxes

(2) P&L financial charges excluding interests on the employee benefit liability

Balance Sheet

Eur Mln

1Q2016 Balance Sheet



- Conservative capital structure with € 23,0m Net Debt as of March 2016:

- 0,21x Net Debt/1y-rolling Adj. EBITDA
- 0,14x Net Debt/Equity book value

(1) Including long-term financial items

(2) Net funds include employee termination indemnities , provision for risks and deferred taxes

2016 Outlook confirmed

- **EBITDA**

- 2016 Adjusted EBITDA expected at ~ € 110m

- **Capex**

- 2016 Maintenance capex on revenues below 10%

Q & A session



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Upcoming events

<u>Date</u>	<u>Event</u>
28/07/2016	1H16 results
09/11/2016	3Q16 results

Appendix

The background of the slide features a faded, light blue image of a tall communication tower situated on a hill. The sun is shining from behind the tower, creating a bright, circular flare effect. The overall color palette is a soft, monochromatic blue.

Detailed summary of Income Statement

(€m; %)	1Q15	1Q16
Core revenues	52.4	52.7
Other revenues	0.2	0.0
Purchase of consumables	(0.3)	(0.3)
Service costs	(13.0)	(12.0)
Personnel costs	(12.4)	(12.1)
Other costs	(0.9)	(0.9)
Opex	(26.6)	(25.3)
Depreciation and amortization	(11.7)	(10.6)
Provisions	0.0	0.0
Net Operating profit	14.4	16.8
Net Finance income	(0.5)	(0.6)
Profit before income taxes	13.9	16.2
Income taxes	(4.6)	(5.5)
Profit for the year	9.3	10.7
EBITDA	26.1	27.4
<i>EBITDA margin</i>	49.7%	52.0%
Non recurring expenses	0.0	0.0
Adjusted EBITDA	26.1	27.4
<i>Adjusted EBITDA margin</i>	49.7%	52.0%

Summary of Balance Sheet

(€m)	2015FY	1Q2016
Non current assets		
Tangible assets	224.5	216.0
Intangible assets	1.8	1.8
Non-current financial assets	0.5	0.5
Non-current tax assets	4.5	4.2
Total non-current assets	231.3	222.5
Current assets		
Inventories	1.0	1.0
Trade receivables	70.3	81.5
Other receivables and current assets	4.5	5.7
Current financial assets	0.3	0.4
Cash	78.9	82.3
Tax assets	0.5	0.3
Total current assets	155.5	171.3
TOTAL ASSETS	386.8	393.8

(€m)	2015FY	1Q2016
Equity		
Share capital	70.2	70.2
Legal reserves	8.1	8.1
Other reserves	37.1	37.0
Retained earnings	43.9	54.6
Total equity	159.3	169.9
Non-current liabilities		
Non-current financial liabilities	90.6	75.7
Employee benefits	20.3	20.3
Provisions for risks and charges / Allowances	18.4	18.3
Other non-current liabilities	0.0	0.0
Non-current tax liabilities	0.0	0.0
Total non-current liabilities	129.3	114.3
Current liabilities		
Commercial debt	37.2	34.5
Other debt and current liabilities	28.3	43.8
Current financial liabilities	30.2	29.9
Tax liabilities	2.5	1.3
Total current liabilities	98.3	109.6
TOTAL NET EQUITY AND LIABILITIES	386.8	393.8

Summary of Cash Flow Statement

(€m)	1Q2015	1Q2016
Earnings before taxes	13.9	16.2
Depreciation and amortization	11.7	10.6
Provisions and others	0.0	0.6
Net financial Income	0.5	0.5
Other non-monetary items	0.0	0.0
Net operating CF before change in WC	26.1	27.9
Change in inventories	0.0	0.0
Change in accounts receivable	(21.2)	(11.2)
Change in accounts payable	(0.8)	(2.7)
Change in other assets	(1.1)	(1.3)
Change in other liabilities	9.6	11.0
Use of funds	(0.1)	(0.1)
Payment of employee benefits	(0.3)	(0.6)
Change in tax credit/liabilities	(0.9)	(1.8)
Taxes paid	0.0	0.0
Net operating cash flow	11.5	21.3
Investment in tangible assets	(2.9)	(2.1)
Sale of tangible assets	0.0	0.0
Investment in intangible assets	(0.0)	(0.1)
Sale of intangible assets	0.0	0.0
Financial lease cash-out	0.0	0.0
Financial lease cash-in	0.0	0.0
Change in other non-current assets	0.0	(0.0)
Change in non-current financial assets	0.0	0.0
Interest received	0.0	0.0
Investing cash flow	(2.9)	(2.1)
(Decrease)/increase in long-term debt	25.0	(15.0)
(Decrease)/increase in current liabilities	14.7	(0.3)
Change in current financial assets	0.5	(0.1)
Interest paid	(0.4)	(0.5)
Dividends paid	0.0	0.0
Financing cash flow	39.8	(15.8)
Change in cash and cash equivalent	48.3	3.4
Cash and cash eq (Beg. of Period)	14.7	78.9
Cash and cash eq (End of Period)	63.0	82.3