9M2016 Results Presentation

Rome, 9th November 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

9M2016 Financial Highlights

Financial Highlights

Eur Mln, %	3Q 2015	3Q 2016	% YoY	9M 2015	9M 2016	% YoY
Core Revenues	**53,2**	**54,7**	**2,8%**	**158,3**	**161,3**	**1,9%**
Other Revenues[1]	0,0	0,0		0,2	0,1	
Adj. EBITDA[1]	**28,6**	**30,8**	**7,8%**	**82,3**	**86,4**	**5,1%**
% margin	*53,6%*	*56,3%*		*52,0%*	*53,6%*	
Net Income	**10,4**	**12,9**	**24,3%**	**30,2**	**32,6**	**7,9%**
Capex	**6,9**	**3,6**		**14,0**	**8,3**	
Maintenance [2]	1,9	2,6		8,9	5,9	
% on core revenues	*3,5%*	*4,7%*		*5,6%*	*3,6%*	
Development[2]	5,1	1,0		5,1	2,5	
Cash conversion [3]	*93,5%*	*91,6%*		*89,2%*	*93,2%*	

	2015 YE	9M 2016
Net Debt	**41,6**	**24,5**
Net Debt/1Y rolling Adj. EBITDA	*0,38x*	*0,22x*

- 9M16 Core revenues at € 161,3m, generating a 1,9% growth in a zero-inflation environment
- 9M16 Adjusted EBITDA at € 86,4m, up 5,1%, with margin at 53,6% driven by operating leverage and strict cost control
- 9M16 Net Income at € 32,6m, up 7,9% despite € 3,5m of one-off restructuring costs
- Capex at € 8,3m, including € 2,5m related to development activities (cash conversion at 93,2%)
- Maintenance capex level to remain below the long term Industrial Plan target of 8,5% of core revenues in 2016FY
- Net Debt at € 24,5m, with Net Debt/1Y rolling Adj. EBITDA at 0,22x

(1)"Other revenues" and "Adjusted EBITDA" in 2015 adjusted to reflect the reallocation, starting from 1st of January 2016, of "Reimbursement of expenses" and "Reversal of provisions", previously reported as "Other revenues", to Operating expenses and Provisions respectively. These adjustments are neutral at EBIT level
(2) 2015 Capex breakdown adjusted to reflect a partial reallocation of certain activities (€ 0,2m) from to maintenance to development
(3) Cash conversion= (Adj. EBITDA – Capex) / Adj. EBITDA

Focus on activities with Third-party customers

Beauty contest regional frequencies

- Rai Way's regional partners awarded with new frequencies
- Rai Way and partners to jointly build and manage the new network
- Opportunity to support other awarded local operators in network deployment
- Next steps:
  - MiSE to finalize ranking of broadcasters
  - Definition of contractual agreements with regional partners

FWAPs

- New agreement with Eolo to support WISP network deployment using Rai Way sites
- 6 years contract + six 1-year renewal
- EOLO to bring over-30Mbps connectivity to towns in the most remote areas of Italy (C and D clusters of the UBB Government's Plan)

Focus on activities with Third-party customers

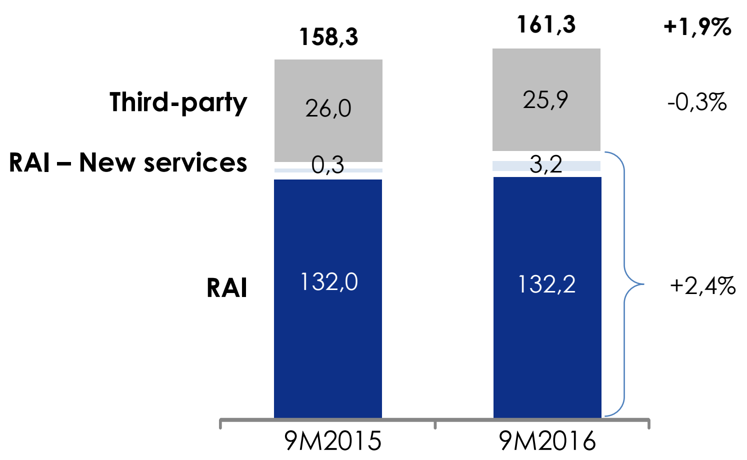
Narrowband IoT services

Asset fit	• Strong fit of Rai Way infrastructure vs. main Low Power Wide Area technologies (population coverage in line of sight from Rai Way sites in a 60-90% range) and easy interconnection with cloud layer
Technology	• Main available LPWA technologies tested, with focus on LoRa protocol • LoRaWAN to offer high performance, network scalability, low cost deployment and possibility to customize solutions on clients' requirements **Main LoRaWAN network operators**: TATA COMMUNICATIONS, orange, bouygues, kpn, swisscom, LACE **Main private network using LoRa**: nke MARINE ELECTRONICS, LA POSTE
Business model	• Rai Way to operate as "Network Operator" offering infrastructure, radio network management and other network services (through partnership) • Different revenues model possible (e.g. revenues sharing with service providers, PPP projects for smart cities,…) • Network flexibility with demand-driven roll-out (national network as sum of local networks)
Market	• Pre-commercial agreement with service providers (smart objects, smart metering, …) for network roll-out in selected areas • Size and timing of IoT opportunity linked to investments of "big" users (municipalities, utilities, other corporations)

Core Revenues

Eur Mln; %

9M Core Revenues

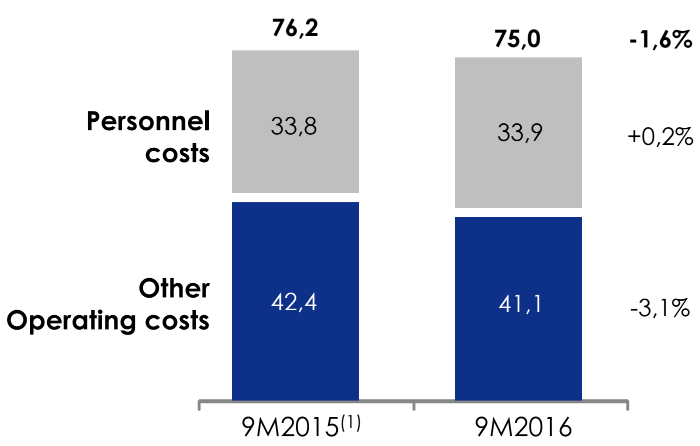


- Revenues from RAI up 2,4% driven by new initiatives
  - ✓ Main contributors to revenues from New services include:
    - Upgrade of contribution network
    - MUX "Francofono"
    - Int'l distribution for Rai Com
  - ✓ One-off projects' contribution of approx. € 1m, mainly related to cyclical events (European Football Cup and Rio Olympic games)
- Third-party revenues broadly stable YoY

Opex

Eur Mln; %

9M Opex (excluding non-recurring)



- Excluding the impact of lower capitalization and different allocation of travel costs[2], further reduction of personnel costs vs. 9M15 (-2,1%) driven by first benefit from voluntary layoff program and optimization of non core items
- Other Operating costs declined by 3,1% vs. 9M15, driven by utilities and intercompany (insourcing of some administrative activities)

(1) 9M2015 Opex adjusted to reflect the reallocation, starting from 1st of January 2016, of "Reimbursement of expenses", previously reported as "Other revenues", to Operating expenses
(2) In 9M2016 travel costs allocated 47,1% to Personnel and 52,9% to Other operating costs. In 9M2015 travel costs allocated 33,4% to Personnel and 66,6% to Other operating costs

From Adjusted EBITDA to Net Income

P&L

Eur Mln, %	3Q 2015	3Q 2016	% YoY	9M 2015	9M 2016	% YoY
Adj. EBITDA[1]	**28,6**	**30,8**	**7,8%**	**82,3**	**86,4**	**5,1%**
% margin	*53,6%*	*56,3%*		*52,0%*	*53,6%*	
One-off	0,0	0,0		-0,1	-3,5	
EBITDA[1]	**28,6**	**30,7**	**7,7%**	**82,1**	**83,0**	**1,0%**
% margin	*53,6%*	*56,2%*		*51,9%*	*51,4%*	
D&A[1,2]	-11,7	-10,8	-8,1%	-34,8	-32,2	-7,4%
EBIT	**16,8**	**20,0**	**18,7%**	**47,3**	**50,7**	**7,2%**
Financial expenses	-0,6	-0,5	-0,9%	-1,6	-1,6	2,5%
Pre Tax Profit	**16,3**	**19,4**	**19,3%**	**45,7**	**49,1**	**7,4%**
Taxes	-5,9	-6,5	10,5%	-15,5	-16,6	6,6%
% tax rate	*36,2%*	*33,5%*		*34,0%*	*33,7%*	
Net Income	**10,4**	**12,9**	**24,3%**	**30,2**	**32,6**	**7,9%**
EPS	*0,0382*	*0,0475*		*0,1110*	*0,1197*	

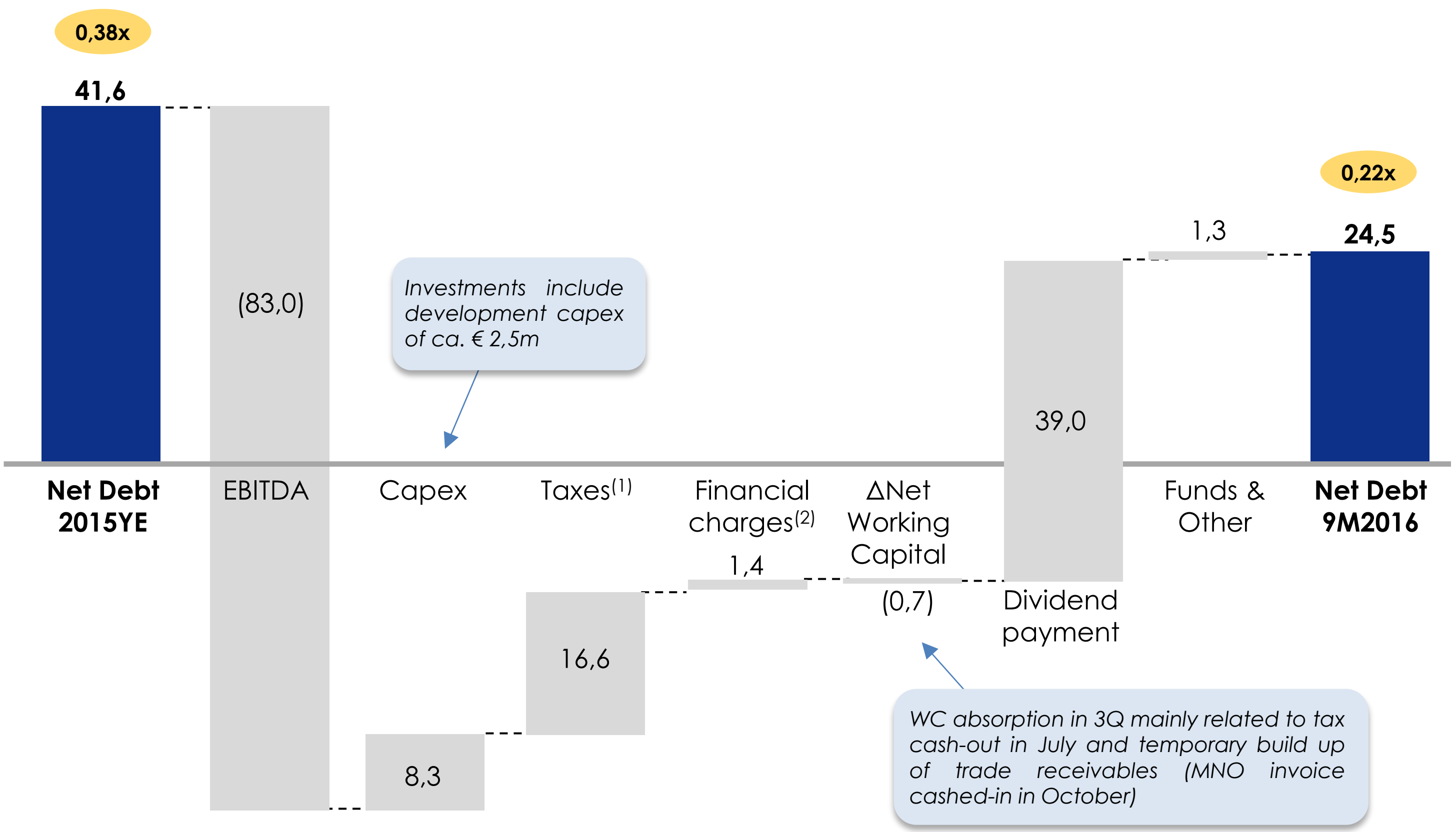
- 9M16 Adjusted EBITDA margin at 53,6% vs. 52,0% in 9M15
- One-off expenses of € 3,5m in 9M16, mainly related to voluntary layoff incentive
- Declining trend of D&A (€ -2,6m vs. 9M15)
- 9M16 tax rate at 33,7%
  - excluding the impact of deferred taxes, underlying equivalent tax rate stable at 32,2%
- 9M16 Net Income at € 32,6m, up 7,9% vs. 9M2015

(1) "Adjusted EBITDA" and "D&A" in 2015 adjusted to reflect the reallocation, starting from 1st of January 2016, of "Reversal of provisions", previously reported as "Other revenues", to Provisions. These adjustments are neutral at EBIT level
(2) Including provisions

Cash Flow generation

Net Debt/1y rolling Adj. EBITDA

Eur Mln; %

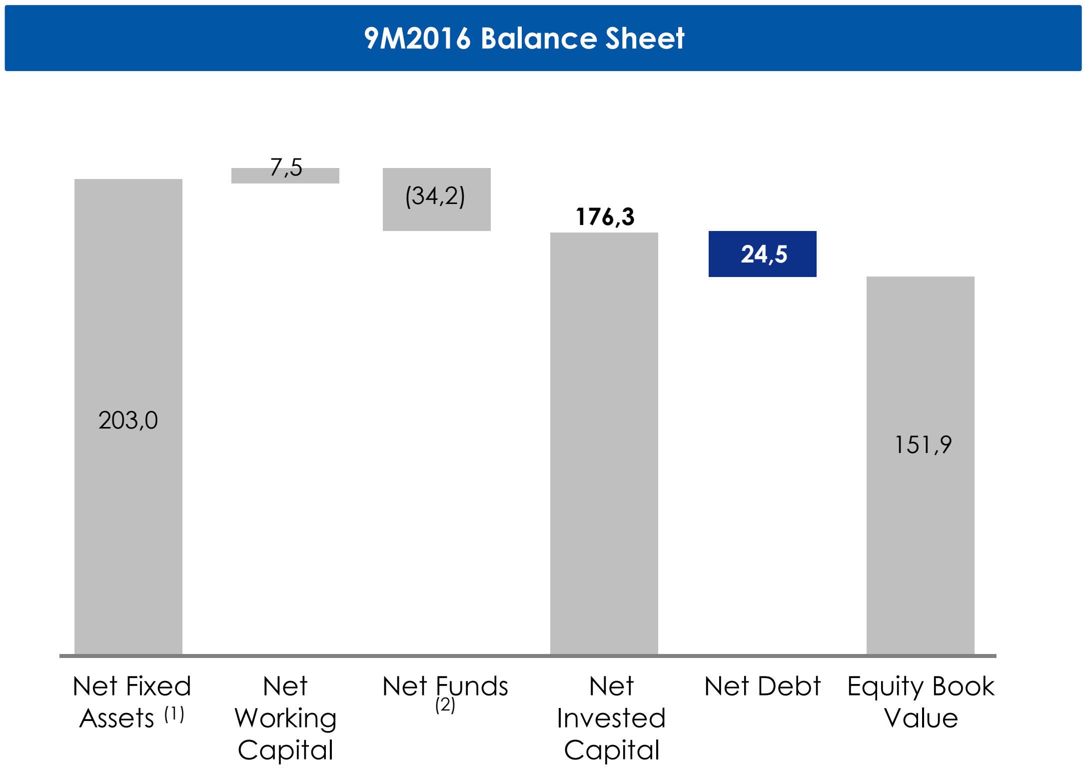


- 9M16 cash generation pre-dividend payment of € 56,1m

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

Balance Sheet

Eur Mln



(1) Including long-term financial items
(2) Net funds include employee termination indemnities , provision for risks and deferred taxes

2016 Outlook updated

- **EBITDA**
  - 2016 Adjusted EBITDA expected at ~ € 110m

- **Capex**
  - 2016 Maintenance capex on revenues **below 8,5%**
  - Maintenance capex level expected to remain around long term target of 8,5% of core revenues going forward

Q & A session

Contacts

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Appendix

Detailed summary of Income Statement

(€m; %)	3Q15	3Q16	9M15	9M16
Core revenues	**53.2**	**54.7**	**158.3**	**161.3**
Other revenues[1]	0.0	0.0	0.2	0.1
Purchase of consumables	(0.3)	(0.2)	(0.9)	(0.9)
Service costs[1]	(13.6)	(13.2)	(39.0)	(37.7)
Personnel costs	(9.9)	(9.7)	(33.8)	(37.2)
Other costs	(0.8)	(0.8)	(2.7)	(2.7)
Opex	**(24.7)**	**(24.0)**	**(76.4)**	**(78.5)**
Depreciation and amortization	(11.7)	(10.8)	(35.1)	(32.1)
Provisions[1]	0.0	(0.0)	0.2	(0.2)
Net Operating profit	**16.8**	**20.0**	**47.3**	**50.7**
Net Finance income (expenses)	(0.6)	(0.5)	(1.6)	(1.6)
Profit before income taxes	**16.3**	**19.4**	**45.7**	**49.1**
Income taxes	(5.9)	(6.5)	(15.5)	(16.6)
Profit for the year	**10.4**	**12.9**	**30.2**	**32.6**

	3Q15	3Q16	9M15	9M16
EBITDA[1]	**28.6**	**30.7**	**82.1**	**83.0**
EBITDA margin	*53.6%*	*56.2%*	*51.9%*	*51.4%*
Non recurring expenses	0.0	(0.0)	(0.1)	(3.5)
Adjusted EBITDA[1]	**28.6**	**30.8**	**82.3**	**86.4**
Adjusted EBITDA margin	*53.6%*	*56.3%*	*52.0%*	*53.6%*

(1) 3Q2015 and 9M2015 figures adjusted to reflect the reallocation, starting from 1st of January 2016, of "Reimbursement of expenses" and "Reversal of provisions", previously reported as "Other revenues", to Operating expenses and Provisions respectively. Adjustments are neutral at Net Operating profit level

Summary of Balance Sheet

(€m)	2015FY	9M2016
Non current assets		
Tangible assets	224,5	200,7
Intangible assets	1,8	1,9
Non-current financial assets	0,5	0,5
Non-current tax assets	4,5	4,1
Total non-current assets	**231,3**	**207,1**
Current assets		
Inventories	1,0	0,9
Trade receivables	70,3	79,6
Other receivables and current assets	4,5	5,2
Current financial assets	0,3	0,4
Cash	78,9	65,9
Tax assets	0,5	0,3
Total current assets	**155,5**	**152,4**
TOTAL ASSETS	**386,8**	**359,5**

(€m)	2015FY	9M2016
Equity		
Share capital	70,2	70,2
Legal reserves	8,1	10,1
Other reserves	37,1	37,0
Retained earnings	43,9	34,6
Total equity	**159,3**	**151,9**
Non-current liabilities		
Non-current financial liabilities	90,6	60,8
Employee benefits	20,3	20,2
Provisions for risks and charges / Allowances	18,4	18,1
Other non-current liabilities	0,0	0,0
Non-current tax liabilities	0,0	0,0
Total non-current liabilities	**129,3**	**99,0**
Current liabilities		
Commercial debt	37,2	38,2
Other debt and current liabilities	28,3	38,5
Current financial liabilities	30,2	30,0
Tax liabilities	2,5	1,9
Total current liabilities	**98,3**	**108,6**
TOTAL NET EQUITY AND LIABILITIES	**386,8**	**359,5**

Summary of Cash Flow Statement

(€m)	3Q2015	3Q2016	9M2015	9M2016
Earnings before taxes	**16.3**	**19.4**	**45.7**	**49.1**
Depreciation and amortization	11.7	10.8	35.1	32.1
Provisions and others	0.0	0.6	(1.2)	1.9
Net financial Income	0.6	0.5	1.6	1.5
Other non-monetary items	0.0	0.0	0.0	0.0
Net operating CF before change in WC	**28.6**	**31.2**	**81.1**	**84.5**
Change in inventories	0.0	0.0	(0.1)	0.1
Change in accounts receivable	(10.4)	(12.2)	(11.6)	(9.3)
Change in accounts payable	5.5	3.1	(0.1)	1.0
Change in other assets	(0.2)	0.1	(1.0)	(0.8)
Change in other liabilities	7.5	(11.5)	9.5	(3.4)
Use of funds	(0.1)	(0.3)	(0.2)	(0.6)
Payment of employee benefits	(0.1)	(0.5)	0.4	(3.1)
Change in tax credit/liabilities	(0.6)	15.9	(1.1)	14.7
Taxes paid	0.0	(16.5)	(12.4)	(17.5)
Net operating cash flow	**30.3**	**9.3**	**64.6**	**65.7**
Investment in tangible assets	(6.8)	(3.4)	(13.7)	(8.0)
Sale of tangible assets	0.0	0.0	0.1	0.1
Investment in intangible assets	(0.2)	(0.1)	(0.3)	(0.3)
Sale of intangible assets	0.0	0.0	0.0	0.0
Financial lease cash-out	0.0	0.0	0.0	0.0
Financial lease cash-in	0.0	0.0	0.0	0.0
Change in other non-current assets	0.0	0.0	0.0	0.0
Change in non-current financial assets	0.0	(0.0)	0.0	(0.0)
Interest received	0.0	0.0	0.1	0.0
Investing cash flow	**(6.9)**	**(3.5)**	**(13.8)**	**(8.2)**
(Decrease)/increase in long-term debt	(14.9)	(15.1)	10.1	(30.1)
(Decrease)/increase in current liabilities	15.3	(0.0)	30.3	(0.3)
Change in current financial assets	0.1	(0.2)	0.3	(0.1)
Interest paid	(0.5)	(0.6)	(1.3)	(1.1)
Dividends paid	0.0	0.0	(33.6)	(39.0)
Financing cash flow	**0.0**	**(15.9)**	**5.8**	**(70.5)**
Change in cash and cash equivalent	23.4	(10.1)	56.6	(13.0)
Cash and cash eq (Beg. of Period)	47.8	76.0	14.7	78.9
Cash and cash eq (End of Period)	71.2	65.9	71.2	65.9