

1Q2017 Results Presentation

Rome, 11th May 2017



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

- Aldo Mancino, Chief Executive Officer
- Adalberto Pellegrino, Chief Financial Officer
- Giancarlo Benucci, Head of Corporate Development & IR

1Q17 activity

Broadcasters



- New services for RAI:
 - Agreement for renewal and upgrade of part of radio link equipment in order to allow the reallocation of 3.6-3.8 GHz frequencies
 - Advanced negotiation for tidying up of Mux 1 in selected regions
- Long-term agreement for the operation and maintenance of the TV and radio broadcasting network of the Norba Group and acquisition of Sud Engineering (30 sites)

TLC customers




- Additional tower hosting for Fixed Wired Access Provider equipment to support network roll-out mainly in rural areas
- Ongoing discussion with MNOs to compensate for sites optimization through incentives to extend presence on new sites

Efficiency



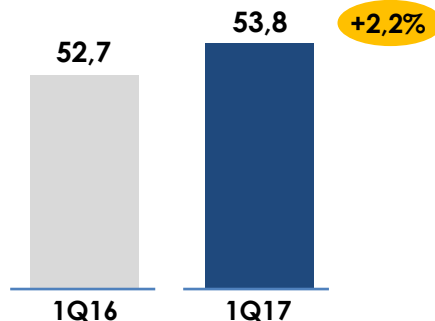
- Voluntary early retirement plan under way
- Optimization of logistic spaces of regional offices

1Q17 Financial Highlights

 % YoY growth

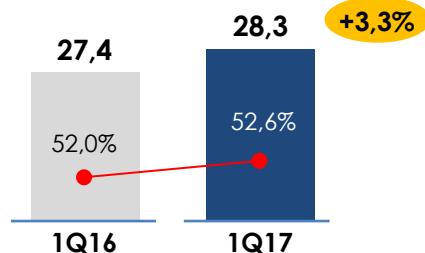
Mln Eur; %

Core Revenues

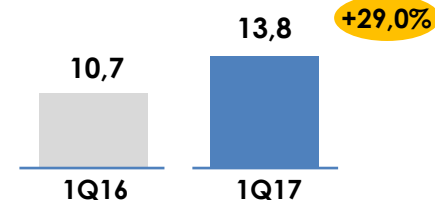


Adjusted EBITDA

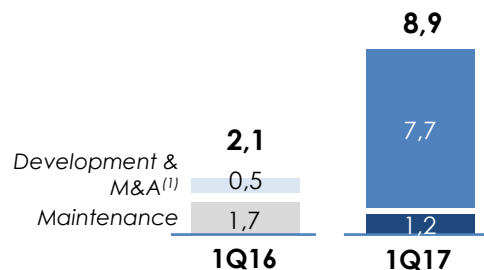
• Adjusted EBITDA margin



Net Income

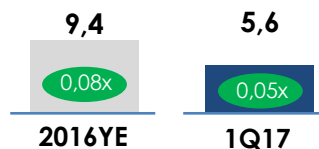


Capex

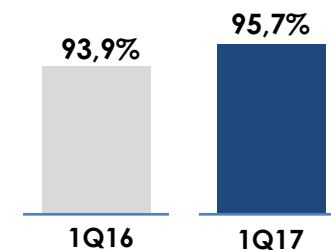


Net debt

● Net Debt / Adjusted EBITDA



Cash conversion⁽²⁾



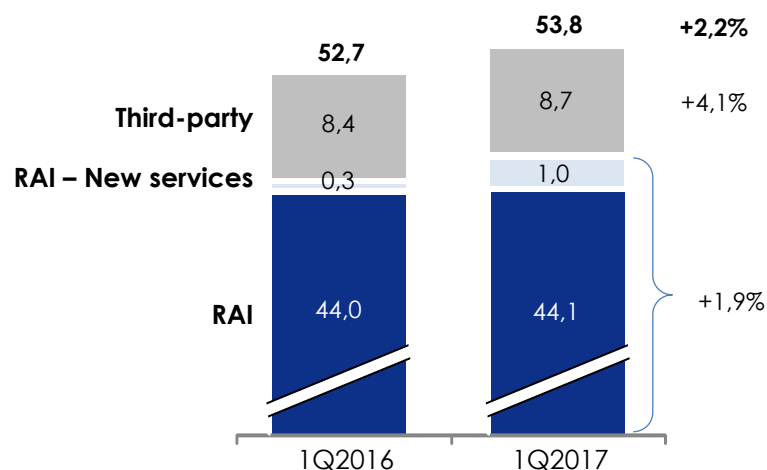
1) M&A capex = equity acquired

2) Cash conversion = (Adj. EBITDA - Maintenance Capex) / Adj. EBITDA

Core Revenues

Eur Mln; %

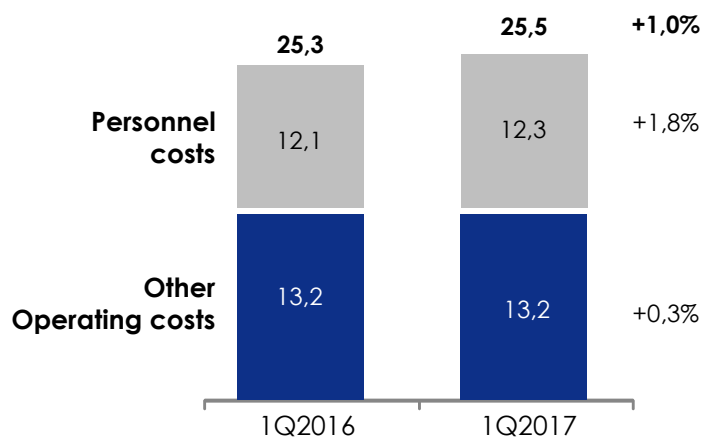
1Q Core Revenues



- Revenues from RAI up 1,9% driven by new initiatives
 - ✓ Main contributors to revenues from New services include:
 - Upgrade of contribution network
 - Extension of satellite broadcasting
 - MUX "Francofono"
 - Int'l distribution for Rai Com
- Excluding non core items, Third-party revenues up 1,8% driven by FWAPs and 1-month contribution of Norba deal

Eur Mln; %

1Q Opex



- Excluding extraordinary items, personnel costs down 1,8% vs. 1Q16 thanks to early retirement plan and optimization of non core items
- Other Operating costs broadly stable vs. 1Q16, with reduction of intercompany offsetting higher energy price and maintenance activity

From Adjusted EBITDA to Net Income

P&L			
<i>Eur Mln, %</i>	1Q 2016	1Q 2017	% YoY
Adj. EBITDA	27,4	28,3	3,3%
% margin	52,0%	52,6%	
One-offs	0,0	0,0	
EBITDA	27,4	28,3	3,3%
% margin	52,0%	52,6%	
D&A ⁽¹⁾	-10,6	-8,2	-23,0%
EBIT	16,8	20,1	20,0%
Net financial expenses	-0,6	-0,5	-21,1%
Pre Tax Profit	16,2	19,7	21,4%
Taxes	-5,5	-5,9	6,7%
% tax rate	34,0%	29,9%	
Net Income	10,7	13,8	29,0%
EPS	0,0393	0,0507	

- 1Q17 EBITDA at € 28,3m, up 3,3% vs. 1Q16, with margin at 52,6%

- Declining trend of D&A (€ -2,4m vs. 1Q16) driven by reduction of Capex vs. "switch-off period" and extension of useful life of certain assets

- 1Q17 tax rate benefits from reduction of IRES rate starting from 1 January 2017

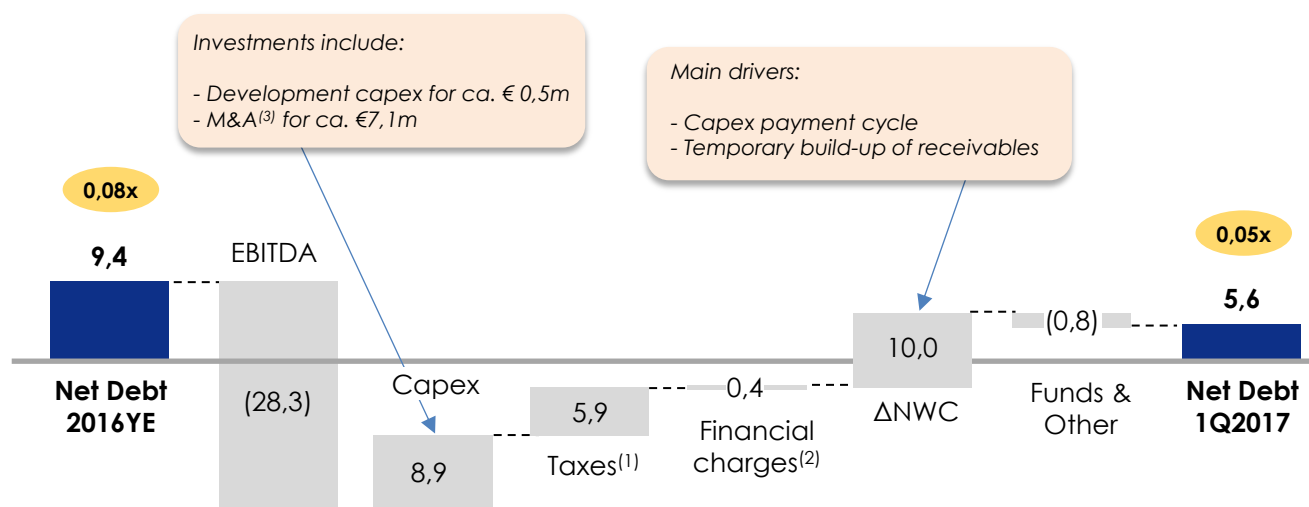
- Net Income at € 13,8m, up 29,0% vs. 1Q16

(1) Including provisions

Cash Flow generation

Net Debt/1y rolling Adj. EBITDA

Eur Mln; %



(1) P&L taxes

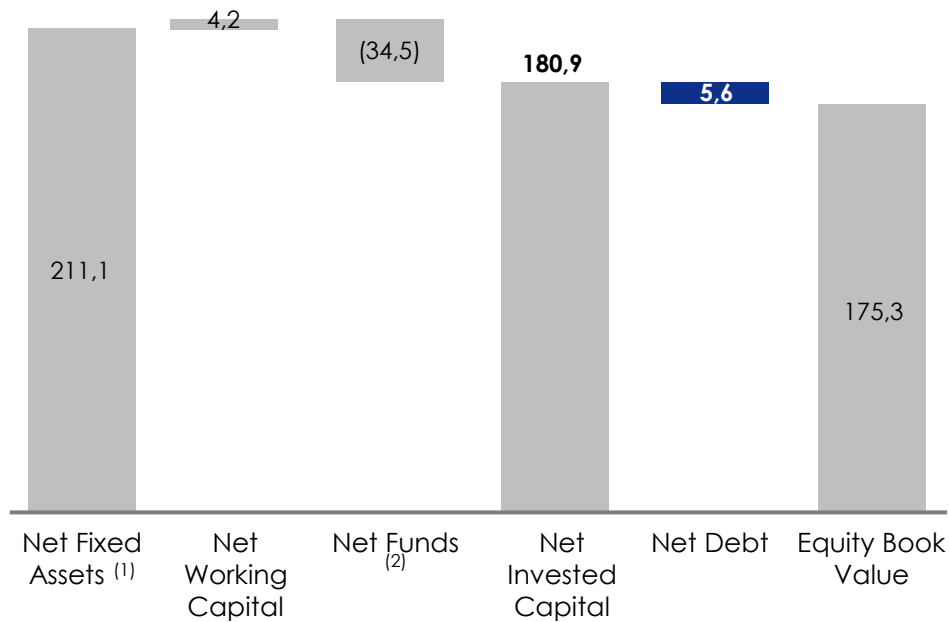
(2) P&L financial charges excluding interests on the employee benefit liability

(3) M&A capex = equity acquired

Balance Sheet

Eur Mln

1Q2017 Balance Sheet



- Conservative capital structure with € 5,6m Net Debt as of March 2017

(1) Including long-term financial items

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

2017 Outlook confirmed

- **ADJUSTED EBITDA**

- 2017 Adjusted EBITDA to continue in the growth trajectory of recent years

- **CAPEX**

- 2017 Maintenance capex to remain in line with long-term target

Q & A session

The background of the slide features a tall, lattice-structured communication tower situated on a hill. The sun is positioned behind the tower, creating a bright, circular flare that illuminates the scene. The overall color palette is a soft, hazy blue, giving the image a serene and professional appearance. The tower's structure is intricate, with various antennas and equipment visible at different levels. The hill it sits on is covered in sparse vegetation, and the background shows more distant hills under a clear sky.

Contacts

Rai Way - Investor Relations



+39 06 331 73973



investor.relations@raiway.it

Upcoming events

<u>Date</u>	<u>Event</u>
27/07/2017	1H17 results
09/11/2017	3Q17 results

Appendix

The background of the slide features a tall, lattice-structured communication tower situated on a hill. The sun is positioned behind the tower, creating a bright, circular flare that illuminates the scene. The overall color palette is a soft, hazy blue, giving the image a serene and technological feel. The tower's structure is intricate, with various antennas and equipment visible. The hill it sits on is silhouetted against the bright sky, and a fence line is visible in the lower-left foreground.

Detailed summary of Consolidated Income Statement

(€m; %)	1Q16	1Q17
Core revenues	52,7	53,8
Other revenues	0,0	0,0
Purchase of consumables	(0,3)	(0,3)
Service costs	(12,0)	(12,1)
Personnel costs	(12,1)	(12,3)
Other costs	(0,9)	(0,8)
Opex	(25,3)	(25,5)
Depreciation and amortization	(10,6)	(8,2)
Provisions	0,0	0,0
Net Operating profit	16,8	20,1
Net Finance income (expenses)	(0,6)	(0,5)
Profit before income taxes	16,2	19,7
Income taxes	(5,5)	(5,9)
Profit for the year	10,7	13,8
EBITDA	27,4	28,3
EBITDA margin	52,0%	52,6%
Non recurring expenses	0,0	0,0
Adjusted EBITDA	27,4	28,3
Adjusted EBITDA margin	52,0%	52,6%

Summary of Consolidated Balance Sheet

(€m)	2016FY	1Q2017
Non current assets		
Tangible assets	205,2	200,5
Intangible assets	2,2	10,2
Financial assets, holdings and other non-current assets	0,5	0,5
Non-current tax assets	5,0	4,0
Total non-current assets	212,8	215,1
Current assets		
Inventories	0,9	0,9
Trade receivables	67,0	81,5
Other receivables and current assets	4,4	6,1
Current financial assets	0,2	0,2
Cash	81,3	72,1
Tax assets	0,3	0,4
Total current assets	154,1	161,2
TOTAL ASSETS	366,9	376,3

(€m)	2016FY	1Q2017
Equity		
Share capital	70,2	70,2
Legal reserves	10,1	10,1
Other reserves	37,0	37,0
Retained earnings	44,3	58,0
Total equity	161,5	175,3
Non-current liabilities		
Non-current financial liabilities	60,7	45,7
Employee benefits	18,7	19,0
Provisions for risks and charges / Allowances	18,8	19,4
Other non-current liabilities	0,0	0,0
Non-current tax liabilities	0,0	0,0
Total non-current liabilities	98,2	84,1
Current liabilities		
Commercial debt	41,2	35,0
Other debt and current liabilities	33,6	47,4
Current financial liabilities	30,3	32,2
Tax liabilities	2,2	2,3
Total current liabilities	107,2	116,9
TOTAL NET EQUITY AND LIABILITIES	366,9	376,3

Summary of Consolidated Cash Flow Statement

(€m)	1Q2016	1Q2017
Earnings before taxes	16,2	19,7
Depreciation and amortization	10,6	8,2
Provisions and others	0,6	0,9
Net financial Income	0,5	0,4
Other non-monetary items	0,0	0,0
Net operating CF before change in WC	27,9	29,2
Change in inventories	0,0	0,0
Change in accounts receivable	(11,2)	(14,4)
Change in accounts payable	(2,7)	(7,6)
Change in other assets	(1,3)	(1,7)
Change in other liabilities	11,0	8,7
Use of funds	(0,1)	(0,0)
Payment of employee benefits	(0,6)	(0,5)
Change in tax credit/liabilities	(1,8)	(0,9)
Taxes paid	0,0	0,0
Net operating cash flow	21,3	12,7
Investment in tangible assets	(2,1)	(1,7)
Sale of tangible assets	0,0	0,0
Investment in intangible assets	(0,1)	(0,0)
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 holdings	0,0	0,0
Change in non-current financial assets	0,0	0,0
Interest received	0,0	0,0
Companies consolidation	0,0	(7,2)
Investing cash flow	(2,1)	(8,9)
(Decrease)/increase in medium/long-term debt	(15,0)	(15,0)
(Decrease)/increase in current financial liabilities	(0,1)	1,9
Change in current financial assets	(0,3)	(0,0)
Interest paid	(0,5)	(0,3)
Dividends paid	0,0	0,0
Financing cash flow	(15,8)	(13,4)
Change in cash and cash equivalent	3,4	(9,6)
Cash and cash equivalent (beginning of period)	78,9	81,3
Cash and cash equivalent of newly consolidated companies (beginning of period)	0,0	0,4
Cash and cash equivalent (End of Period)	82,3	72,1