



1H2020 Results Presentation

Rome, 30 July 2020

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.

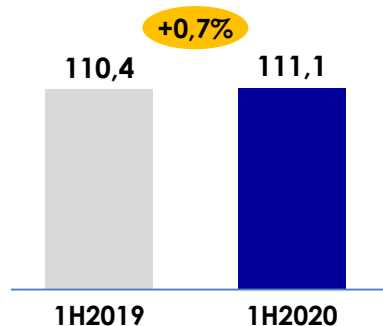
- **Aldo Mancino**, Chief Executive Officer
- **Adalberto Pellegrino**, Chief Financial Officer
- **Giancarlo Benucci**, Head of Corporate Development & IR

- Impact from Covid-19 managed in line with expectations, with the smoother profile of some development activities offset by lower opex and cost saving initiatives
- Positive 1H2020, confirming solidity and resiliency of the business even in a tough environment:
 - Top-line growth supported by new services for RAI, despite a more gradual MUX coverage extension contribution
 - Adjusted EBITDA growing at +3,5% with profitability at 61% (+170 bps)
 - Development investments ramping up driven by refarming
- Update on refarming process
 - Consultation on the criteria regulating the auction for the two additional national MUXes started by AGCOM
 - Tenders for local TV frequencies allocation launched in some Italian regions
- Launch of the share buyback program
- 2020E Adjusted EBITDA guidance confirmed; outlook updated to reflect lower maintenance capex expectations

1H2020 Financial Highlights

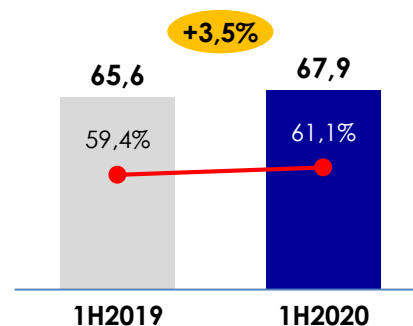
Mln Eur; % ● % YoY growth

Core Revenues

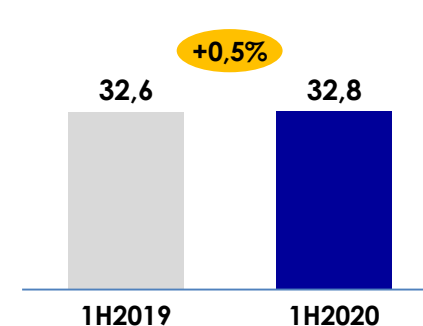


Adjusted EBITDA

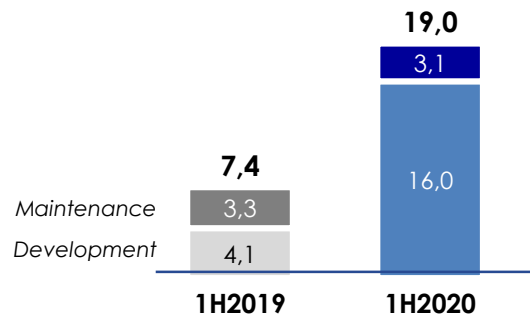
● Adjusted EBITDA margin



Net Income

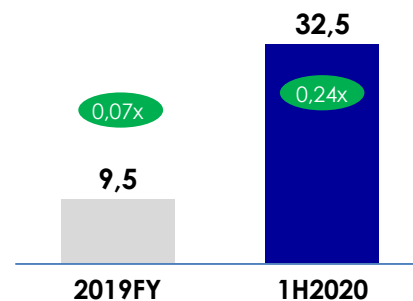


Capex ⁽¹⁾

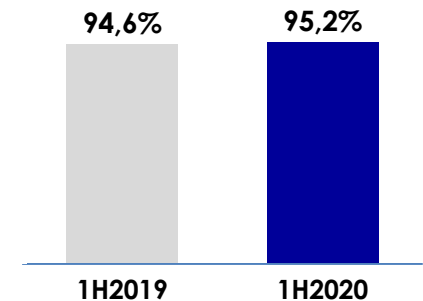


Net debt (Net Cash)

● Net Debt / 1-y rolling Adjusted EBITDA



Cash conversion ⁽²⁾

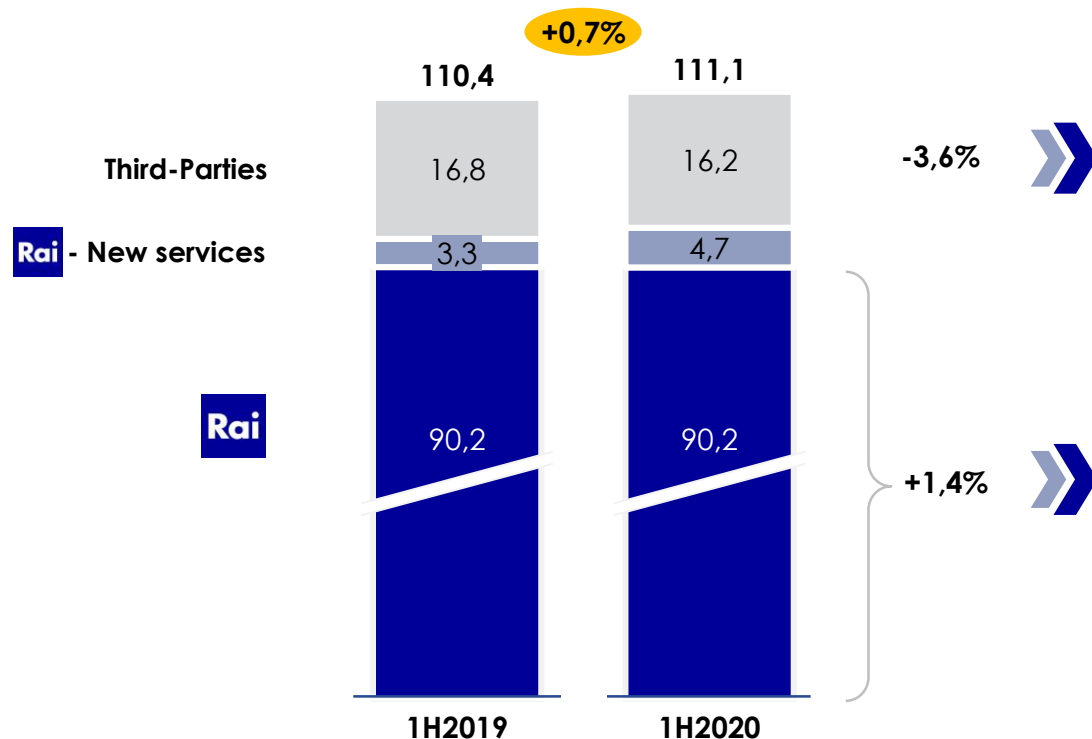


(1) Maintenance capex excluding component related to IFRS-16 leasing

(2) Cash conversion = (Adj. EBITDA – Maintenance Capex) / Adj. EBITDA. All figures before IFRS 16 impact

Core Revenues

Mln Eur; % +0,7% % YoY growth

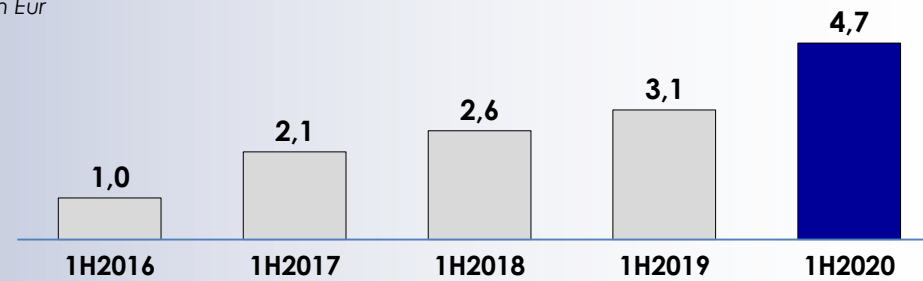


- Third parties evolution in line with anticipated trend
- Customer mix progressively more balanced

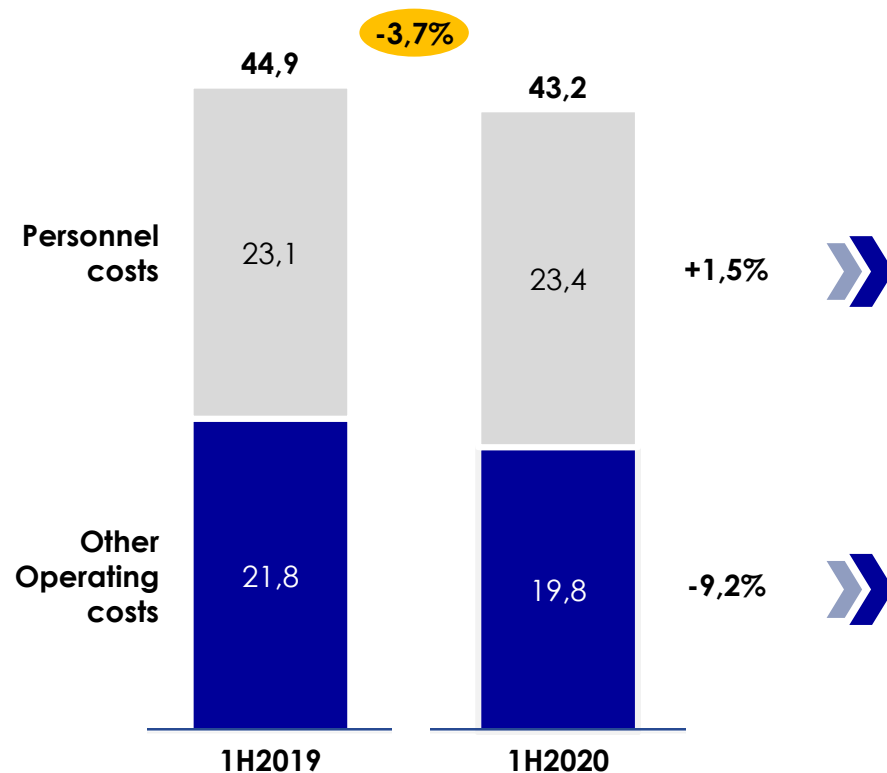
- Negligible benefit from CPI
- New Services up by +50% (excluding una tantum components) supported by refarming related projects and DAB coverage extension

New services recurring contribution (excl. one-offs and una tantum components)

Mln Eur



Mln Eur; % -3,7% % YoY growth



- Excluding non core items and capitalization, personnel cost down -0,6% vs 1H19 driven by impact of Covid-19 on variable components

- Excluding prior year adjustments, Other Opex down -7% mainly due to Covid-19 impact and, residually, savings on Utilities following energy contract renewal

Mln Eur; %

<i>Eur Mln, %</i>	2Q 2019	2Q 2020	% YoY	1H 2019	1H 2020	% YoY
Core Revenues	55,4	55,6	0,3%	110,4	111,1	0,7%
Other Revenues & income	0,0	0,0		0,1	0,0	
Adj. EBITDA	32,8	34,8	6,3%	65,6	67,9	3,5%
% margin	59,2%	62,7%		59,4%	61,1%	
Non recurring costs	0,0	-1,0		0,0	-1,0	
EBITDA	32,8	33,8	3,2%	65,6	67,0	2,0%
% margin	59,2%	60,9%		59,4%	60,2%	
D&A ⁽²⁾	-9,0	-10,9	21,7%	-19,4	-21,5	11,0%
Operating Profit (EBIT)	23,8	22,9	-3,7%	46,2	45,4	-1,8%
Net financial income (expenses)	-0,3	-0,2	-10,8%	-0,6	-0,4	-31,9%
Profit before Income taxes	23,5	22,7	-3,6%	45,6	45,0	-1,3%
Income Taxes	-6,6	-5,9	-10,7%	-13,0	-12,2	-6,0%
% tax rate	28,1%	26,1%		28,5%	27,2%	
Net Income	16,9	16,8	-0,8%	32,6	32,8	0,5%

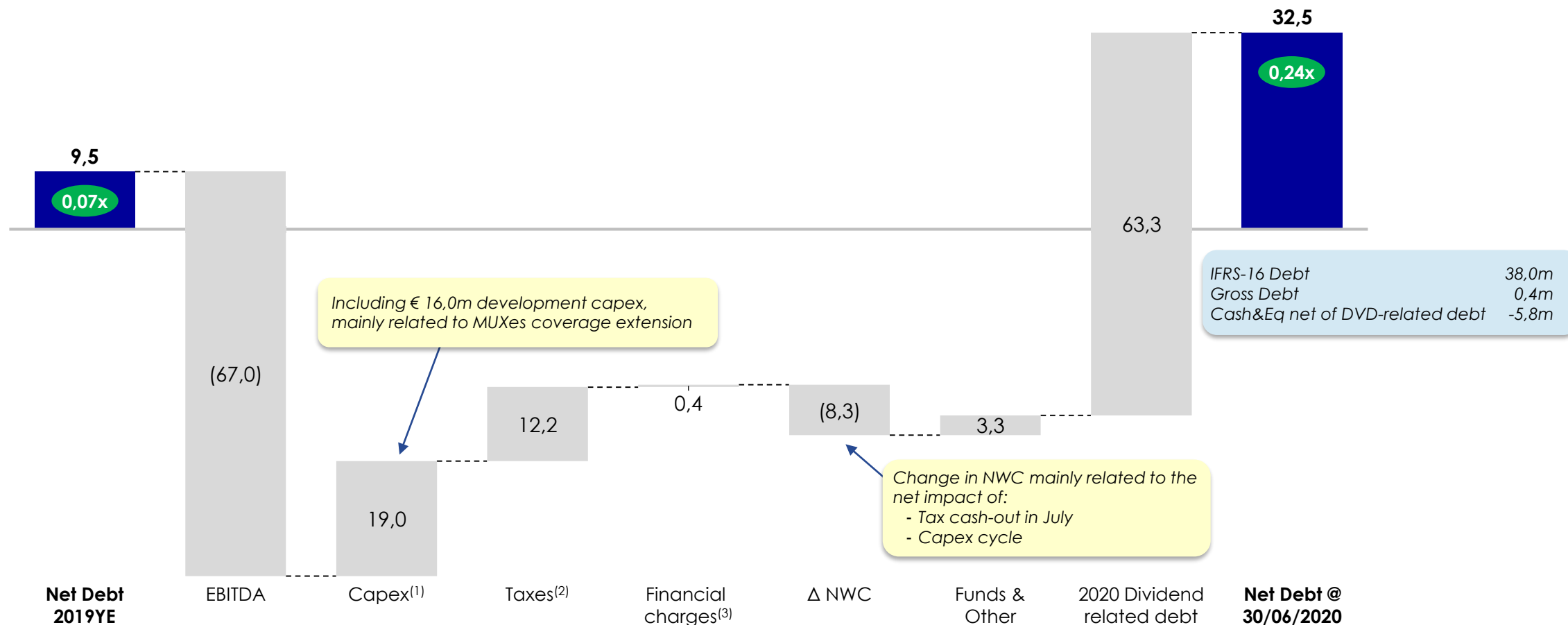
- 1H2020 Net Income up by 0,5% at € 32,8m as a result of:
 - Higher top-line
 - Improved profitability with margin above 61%
 - € 1,0m one-off costs in 1H2020
 - Higher D&A also following rising investment activity and 1H2019 figure positively impacted by € 1,5m release of provisions
 - Tax rate at 27,2% mainly benefitting from a Covid-related tax relief

(1) Including provisions

Cash flow generation

Mln Eur; %

Net Debt/ 1y rolling Adj. EBITDA



(1) Excluding component related to IFRS-16 leasing

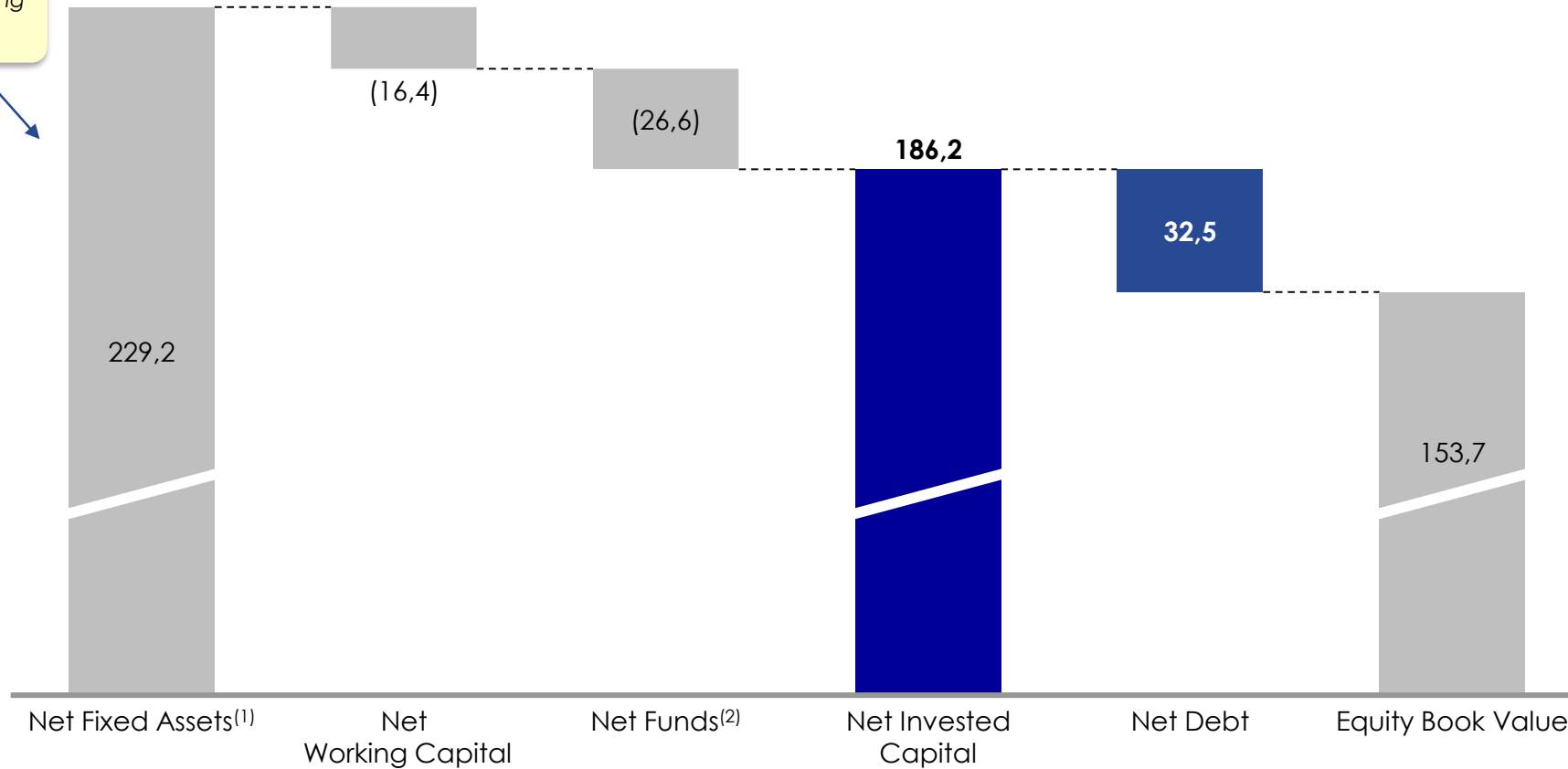
(2) P&L taxes

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

Balance sheet

Mln Eur; %

Including rights of use for leasing under IFRS-16 (€ 30,8m)



(1) Including long-term financial items and the rights of use for leasing introduced from 2019 with the application of IFRS 16
(2) Net funds include employee termination indemnities, provision for risks and deferred taxes

Buyback program included in the 2020-23 Industrial Plan and approved by the Shareholders' Meeting held on 24th of June

- Starting date: 5 August 2020
- Max amount: € 20m
- Program duration: within max 18 months from 2020 Shareholders' Meeting approval (December 2021)
- Broker: Intesa Sanpaolo - IMI Corporate & Investment Banking
- Disclosure obligations: monthly update on the progress of the program

The results for the first half 2020 confirmed a limited impact on the Company from the COVID-19 emergency

ADJUSTED EBITDA

- Further organic **growth** of **Adjusted EBITDA**

CAPEX

- **Maintenance capex as a percentage of core revenues** expected below **2019** figure
- **Rising Development capex**, mainly related to *refarming* process

Q&A session

- Investor Relations



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Upcoming Events

Date	Event
12/11/2020	3Q20 results

Appendix

Detailed summary of Income Statement

(€m; %)	2Q19	2Q20	1H19	1H20
Core revenues	55,4	55,6	110,4	111,1
Other revenues and income	0,0	0,0	0,1	0,0
Purchase of consumables	(0,3)	(0,0)	(0,6)	(0,2)
Cost of services	(10,6)	(8,6)	(20,0)	(18,3)
Personnel costs	(11,1)	(12,5)	(23,1)	(24,4)
Other costs	(0,6)	(0,7)	(1,1)	(1,2)
Opex	(22,6)	(21,8)	(44,9)	(44,2)
Depreciation, amortization and write-downs	(10,5)	(10,9)	(20,9)	(21,5)
Provisions	1,5	0,0	1,5	0,0
Operating profit (EBIT)	23,8	22,9	46,2	45,4
Net financial income (expenses)	(0,3)	(0,2)	(0,6)	(0,4)
Profit before income taxes	23,5	22,7	45,6	45,0
Income taxes	(6,6)	(5,9)	(13,0)	(12,2)
Net Income	16,9	16,8	32,6	32,8
EBITDA	32,8	33,8	65,6	67,0
EBITDA margin	59,2%	60,9%	59,4%	60,2%
Non recurring costs	0,0	(1,0)	0,0	(1,0)
Adjusted EBITDA	32,8	34,8	65,6	67,9
Adjusted EBITDA margin	59,2%	62,7%	59,4%	61,1%

Summary of Balance Sheet

(€m)	2019FY	1H2020
Non current assets		
Tangible assets	177,6	180,2
Rights of use for leasing	36,2	33,9
Intangible assets	14,3	13,9
Financial assets, holdings and other non-current assets	1,3	1,2
Deferred tax assets	2,7	2,9
Total non-current assets	232,1	232,0
Current assets		
Inventories	0,9	0,9
Trade receivables	74,8	62,0
Other current receivables and assets	5,0	5,5
Current financial assets	0,3	0,4
Cash and cash equivalents	30,2	68,8
Current tax receivables	0,1	0,1
Total current assets	111,2	137,7
TOTAL ASSETS	343,3	369,7

(€m)	2019FY	1H2020
Shareholders' Equity		
Share capital	70,2	70,2
Legal reserves	14,0	14,0
Other reserves	37,1	37,1
Retained earnings	62,9	32,4
Total shareholders' equity	184,2	153,7
Non-current liabilities		
Non-current financial liabilities	0,3	0,2
Non-current leasing liabilities	26,3	24,0
Employee benefits	14,4	14,3
Provisions for risks and charges	15,9	15,1
Other non-current liabilities	0,0	0,0
Deferred tax liabilities	0,0	0,0
Total non-current liabilities	56,9	53,6
Current liabilities		
Trade payables	54,3	35,3
Other debt and current liabilities	34,1	47,4
Current financial liabilities	0,2	63,6
Current leasing liabilities	13,3	14,0
Current tax payables	0,4	2,1
Total current liabilities	102,3	162,4
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	343,3	369,7

Summary of Cash Flow Statement

(€m)	2Q2019	2Q2020	1H2019	1H2020
Profit before income taxes	23,5	22,7	45,6	45,0
Depreciation, amortization and write-downs	10,5	10,9	20,9	21,5
Provisions and (releases of) personnel and other funds	(0,7)	(0,2)	(0,1)	0,7
Net financial (income)/expenses	0,2	0,2	0,5	0,3
(Retained earnings)/Losses carried forward - Effect of IFRS adoption	0,0	0,0	0,0	0,0
Other non-cash items	0,0	0,1	0,0	0,1
Net operating CF before change in WC	33,6	33,6	67,0	67,7
Change in inventories	(0,0)	0,0	0,0	0,0
Change in trade receivables	6,8	27,2	(7,9)	12,7
Change in trade payables	(3,1)	(12,5)	(3,2)	(19,0)
Change in other assets	(0,7)	1,5	(0,2)	(0,4)
Change in other liabilities	(6,1)	(3,8)	0,0	2,7
Use of funds	(0,3)	(0,2)	(0,3)	(0,4)
Payment of employee benefits	(1,5)	(0,6)	(2,0)	(1,1)
Change in tax receivables and payables	0,2	(0,1)	0,2	(0,1)
Taxes paid	0,0	0,0	0,0	0,0
Net cash flow generated by operating activities	29,0	45,1	53,7	62,2
Investment in tangible assets	(4,2)	(9,5)	(6,8)	(18,1)
Disposals of tangible assets	(0,0)	0,0	0,0	0,0
Investment in intangible assets	(0,5)	(0,8)	(0,6)	(0,9)
Disposals of intangible assets	0,0	0,0	0,0	0,0
Change in other non-current assets	0,1	0,1	0,1	0,1
Change in non-current financial assets	(0,0)	0,0	0,0	0,0
Net cash flow generated by investment activities	(4,7)	(10,3)	(7,3)	(19,0)
(Decrease)/increase in medium/long-term loans	(0,1)	(0,1)	(0,1)	(0,1)
(Decrease)/increase in current financial liabilities	(0,1)	63,4	(0,4)	63,4
(Decrease)/increase in IFRS 16 financial liabilities	0,8	(3,7)	(0,9)	(4,1)
Change in current financial assets	(0,0)	(0,1)	(0,1)	(0,1)
Net Interest paid	(0,1)	(0,2)	(0,1)	(0,2)
Dividends paid	(59,7)	0,0	(59,7)	0,0
Dividends to be paid	0,0	(63,3)	0,0	(63,3)
Net cash flow generated by financing activities	(59,2)	(4,0)	(61,3)	(4,6)
Change in cash and cash equivalent	(34,9)	30,9	(14,9)	38,6
Cash and cash equivalent (beginning of period)	37,2	37,9	17,2	30,2
Cash and cash equivalent of newly consolidated companies (beginning of period)	0,0	0,0	0,0	0,0
Cash and cash equivalent (end of period)	2,3	68,8	2,3	68,8