



## Press Release

### **RAI WAY APPROVES RESULTS OF THE FIRST HALF 2020 WITH AN IMPROVEMENT IN PROFITABILITY**

- **Key results for the half-year ended 30 June 2020 (vs. 30 June 2019):**
  - **Core revenues of € 111.1m (+0.7%);**
  - **Adjusted EBITDA of € 67.9m (+3.5%);**
  - **Operating profit (EBIT) of € 45.4m (-1.8%);**
  - **Net income of € 32.8m (+0.5%);**
- **Capex of € 19.0m<sup>1</sup>**
- **Net debt<sup>2</sup> of € 32.5m (compared to € 9.5m at 31 December 2019), including € 63.3m of debt relating to the dividend approved by the Shareholders' Meeting of 24 June and paid on 29 July**
- **Launch of the share buyback program**

Rome, 30 July 2020 – The Board of Directors of Rai Way S.p.A. (Rai Way) met today under the chairmanship of Giuseppe Pasciucco examined and unanimously approved the Company's Financial Statements for the half-year ended 30 June 2020.

Aldo Mancino, CEO of Rai Way stated: *"The results of the first half of the year prove the solidity and resilience of our business model even in the difficult context due to the COVID-19 health emergency, faced by the Company ensuring the continuity of activities while paying due attention to all safety needs. Solidity and continuity which, together with the usual attention to cost containment, allow to confirm the profitability targets for 2020, as well as the commitment to implement the initiatives envisaged in the new industrial plan approved last March, including, in particular, the coverage extension of digital terrestrial television networks and their reorganization to allow the release of 5G*

<sup>1</sup> Excluding investments related to the application of new IFRS 16 Accounting Standard, equal to € 1.2m

<sup>2</sup> Net Debt including the effect of the application of the IFRS-16 accounting standard

frequencies. In addition, the forthcoming launch of the buyback program confirms the Company's confidence in its future prospects and the attention paid to Shareholders' remuneration."

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## Key Results at 30 June 2020

The Company's **core revenues** amount to € 111.1 million for the semester ended 30 June 2020, an increase of 0.7% over € 110.4 million in the first half 2019. Revenues from RAI, equal to € 94.9 million, benefit from the progressive contribution from new initiatives for € 4.7 million. Revenues from third-party customers amount to € 16.2 million.

**Adjusted EBITDA** amounts to € 67.9 million, an increase of 3.5% over € 65.6 million in the first half 2019, mainly as a result of higher revenues and the focus on containing operating costs. The margin on revenues reached 61.1% (59.4% in the first half 2019). Considering the impact of non-recurring expenses (€ 1.0 million in the first half 2020 while absent in the first half 2019), **EBITDA**<sup>3</sup> amounts to € 67.0 million, representing an increase of 2.0% over € 65.6 million of the first half 2019.

**Operating profit (EBIT)** amounts to € 45.4 million, 1.8% lower than the € 46.2 million in the first half 2019, mainly due to one-off factors such as the aforementioned non-recurring expenses and the benefit reported in 2019 from the release of provisions for risks of € 1.5 million.

**Net income** amounts to € 32.8 million, slightly up compared to the first half 2019 figure of € 32.6 million.

**Capex**<sup>4</sup> amount to € 19.0 million at 30 June 2020, of which € 16.0 million relate to development activities (€ 7.4 million in the first half 2019, of which € 4.1 million of development activities).

**Net invested capital**<sup>5</sup> amounts to € 186.2 million, with **net debt** of € 32.5 million (including the impact from the application of the IFRS-16 accounting standard for € 38.0 million) compared to € 9.5 million at 31 December 2019. It should be noted that the figure at 30 June 2020 includes the debt

<sup>3</sup> The Company defines EBITDA as profit for the year adjusted by the following items: (i) income taxes, (ii) financial charges, (iii) financial income, (iv) accruals to provisions for risks, (v) amortisation and depreciation and (vi) write-downs of receivables

<sup>4</sup> Excluding component related to IFRS-16 Leasing

<sup>5</sup> Net invested capital is calculated as the sum of fixed capital, working capital and non-current financial assets

for the dividend approved on 24 June and subsequently paid on 29 July for € 63.3 million, net of which the net debt would have improved, confirming the strong cash generation in the first half.

## **Outlook**

The results for the first half 2020 confirmed a limited impact from the COVID-19 emergency. Based on the information available to date, the Company confirms the forecast for 2020 of further growth in Adjusted EBITDA while maintenance capex on core revenues ratio is now expected to be lower than in 2019 as a result of the remodulation of certain activities and efficiency actions.

Should the actual evolution of the COVID-19 emergency differ from what is foreseeable at present, the Company maintains the possibility of updating its outlook for the current year.

## **Launch of the share buyback program**

Rai Way announces the launch, as from 5 August 2020, of a share buyback program, following the resolution of the Shareholders' Meeting held on 24 June 2020, whose main contents have already been communicated to the market on the same date (the “**Program**”).

### *Purpose of the Program*

The Program is aimed at the purchase of Rai Way's treasury shares for the purpose of investing liquidity in the medium and long term, optimizing the capital structure, as well as creating a portfolio of treasury shares that can then be deployed for uses deemed to be the interest of the Company, including the servicing of stock incentive plans or the issuing of bonus shares to shareholders.

### *Maximum amount allocated to the Program*

Purchases may be made up to a maximum total amount of Eur 20,000,000.00, at a price that shall be neither lower nor higher by more than 20% of the official stock exchange price recorded by Borsa Italiana S.p.A. in the session preceding each individual transaction and, in any case, at a price that is not higher than the highest between the price of the last independent transaction and the highest current independent bid price on the Mercato Telematico Azionario organized and managed by Borsa Italiana (“**MTA**”).

#### Maximum number of shares to be purchased and volumes

The purchases will involve fully paid-in ordinary shares of Rai Way, up to a maximum number of treasury shares not exceeding 10% of the share capital (maximum limit provided for by the aforesaid Shareholders' resolution) and without prejudice to the aforementioned maximum total amount of € 20 million.

The daily purchase volumes will not exceed 25% of the average daily trading volume of Rai Way shares in the 20 trading days prior to the purchase dates.

Purchases will be made on the MTA market of Borsa Italiana in order to ensure equal treatment of shareholders.

It should be noted that as of today Rai Way does not hold any treasury shares in its portfolio.

#### Duration of the program

Purchases of shares must be made within 18 months from the date of the Shareholders' resolution of 24 June 2020.

#### Arrangements through which the purchases may be made

In order to execute the Program, Rai Way has appointed Intesa Sanpaolo - IMI Corporate & Investment Banking, a qualified intermediary that will take decisions on purchases in full independence, also in relation to the timing of the transactions, and in compliance with daily price and volume limits consistent with the authorization granted by the aforementioned Shareholders' Meeting.

Pursuant to the aforementioned authorization resolution of 24 June 2020, purchases will be made (i) in accordance with the combined provisions of article 132 of the Legislative Decree no. 58 of February 24, 1998 (as amended) and article 144-bis of the Issuers' Regulation adopted by Consob with resolution no. 11971 of May 14, 1999 (as amended), and (ii) in compliance with EU and national legislation on market abuse (including Regulation (EU) 596/2014 and Delegated Regulation (EU) 2016/1052).

The Company is not obliged to execute the Program, which may be suspended, interrupted or modified at any time, for any reason and without notice, in accordance with applicable laws and regulations. Any subsequent changes to the aforesaid Program shall be promptly communicated by Rai Way to the public, in the manner and terms provided for by applicable regulations.

The transactions performed will be disclosed to the market within the terms and in the manners provided for by the regulations in force.

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*Rai Way announces that today, Thursday 30 July 2020 at 5:30pm CET, the results of the first half 2020 will be presented to the financial community via conference call.*

*The presentation supporting the conference call will be made available in advance on the Company's website [www.raiway.it](http://www.raiway.it), in the Investor Relations section.*

*To take part in the conference call:*

*Italy: +39 02 8020911 - UK: +44 1 212818004 - USA: +1 718 7058796*

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The manager in charge of preparing the corporate accounting documents, Adalberto Pellegrino, declares, pursuant to article 154-bis of the Consolidated Finance Law (TUF), that the accounting information in this release corresponds to the underlying accounting documents, books and entries.

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**Disclaimer**

This release contains forward-looking statements on the future events and results of Rai Way that are based on current expectations, estimates and forecasts about the sector in which Rai Way operates and on management's current opinions. By their nature these items contain an element of risk and uncertainty as they depend on the occurrence of future events. The actual results could differ, even materially, from those stated for a variety of reasons such as: global economic conditions, the effect of competition and political, economic and regulatory developments in Italy.

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**Rai Way S.p.A.**

*Rai Way manages and develops the terrestrial broadcast infrastructure which carries the television and radio signals of RAI, Italy's national public broadcasting company, and provides services to its business customers. Rai Way has an extensive experience and technological, engineering and organizational know-how in the Italian media and broadcast infrastructure market. Such a unique expertise, together with the skills and ongoing training of its around 600 employees, makes Rai Way an ideal partner for any companies and entities seeking for integrated solutions to develop their network and transmit their signals. Rai Way operates throughout the national territory and can rely on its headquarters in Rome, 21 local network centers and more than 2,300 sites across Italy.*

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## Income Statement

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

## Balance Sheet

(€m)	2019FY	1H2020
<b>Non current assets</b>		
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
<b>Total non-current assets</b>	<b>232,1</b>	<b>232,0</b>
<b>Current assets</b>		
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
<b>Total current assets</b>	<b>111,2</b>	<b>137,7</b>
<b>TOTAL ASSETS</b>	<b>343,3</b>	<b>369,7</b>
<b>Shareholders' Equity</b>		
Share capital	70,2	70,2
Legal reserves	14,0	14,0
Other reserves	37,1	37,1
Retained earnings	62,9	32,4
<b>Total shareholders' equity</b>	<b>184,2</b>	<b>153,7</b>
<b>Non-current liabilities</b>		
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
<b>Total non-current liabilities</b>	<b>56,9</b>	<b>53,6</b>
<b>Current liabilities</b>		
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
<b>Total current liabilities</b>	<b>102,3</b>	<b>162,4</b>
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>	<b>343,3</b>	<b>369,7</b>



## Cash Flow Statement

(€m)	2Q2019	2Q2020	1H2019	1H2020
<b>Profit before income taxes</b>	<b>23,5</b>	<b>22,7</b>	<b>45,6</b>	<b>45,0</b>
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
<b>Net operating CF before change in WC</b>	<b>33,6</b>	<b>33,6</b>	<b>67,0</b>	<b>67,7</b>
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
<b>Net cash flow generated by operating activities</b>	<b>29,0</b>	<b>45,1</b>	<b>53,7</b>	<b>62,2</b>
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
<b>Net cash flow generated by investment activities</b>	<b>(4,7)</b>	<b>(10,3)</b>	<b>(7,3)</b>	<b>(19,0)</b>
(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)
<b>Net cash flow generated by financing activities</b>	<b>(59,2)</b>	<b>(4,0)</b>	<b>(61,3)</b>	<b>(4,6)</b>
<b>Change in cash and cash equivalent</b>	<b>(34,9)</b>	<b>30,9</b>	<b>(14,9)</b>	<b>38,6</b>
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