



## Press Release

### **RAI WAY APPROVES THE RESULTS FOR THE NINE MONTHS 2020 WITH KEY FIGURES IN FURTHER IMPROVEMENT**

- **Key results for the nine months ended 30 September 2020 (vs 30 September 2019):**
  - **Core revenues of € 168.0m (+1.4%);**
  - **Adjusted EBITDA of € 104.5m (+3.9%);**
  - **Operating profit (EBIT) of € 70.7m (+0.4%);**
  - **Net income of € 50.8m (+2.3%);**
- **Capex of € 34.2m<sup>1</sup>**
- **Net debt<sup>2</sup> of € 41.3m (compared to € 9.5m at 31 December 2019)**

Rome, 12 November 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 Interim Financial Report for the nine months ended 30 September 2020.

Aldo Mancino, Rai Way CEO stated: *"The third quarter was characterized by an acceleration of development activities and revenues, with EBITDA growing despite a trend of progressive cost normalization after the tangible reduction in the first half of the year due to the COVID-19 emergency. From the operational standpoint, the Company's commitment to the refarming project continues. At national level, the extension of the digital terrestrial network has to date further increased the coverage of the RAI thematic channels and high definition offer.*

*At regional level, in the context of the tenders promoted by the Ministry of Economic Development, Rai Way has been awarded with the rights of use of frequencies in Lombardy and Piedmont, areas characterized by a wide local television offering.*

*The solidity of our business model, already proven in the first phase of the health emergency, allows us to confirm the objectives for 2020 and the commitment to implement our Industrial Plan."*

<sup>1</sup> Excluding investments related to the application of new IFRS 16 Accounting Standard, equal to € 2.8m

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

\*\*\*

## Key results for the nine months 2020

As of 30 September 2020, Company's **core revenues** amount to € 168.0 million, an increase of 1.4% over € 165.7 million for the nine months 2019. Revenues from RAI, equal to € 142.8 million, benefit from the growing contribution from new initiatives for € 7.5 million, underpinned by refarming activities. Revenues from third-party customers amount to € 25.2 million.

**Adjusted EBITDA** amounts to € 104.5 million, an increase of 3.9% over € 100.6 million for the nine months 2019, mainly as a result of higher revenues and operating costs reduction. The margin on revenues reached 62.2% (60.7% in the nine months 2019). Considering the impact of non-recurring expenses (€ 1.1 million in the nine months 2020 compared to € 0.1 million in the nine months 2019), **EBITDA**<sup>3</sup> amounts to € 103.5 million, an increase of 3.0% over € 100.5 million reported in the nine months 2019.

**Operating profit (EBIT)** amounts to € 70.7 million, rising 0.4% over € 70.4 million of the nine months 2019 despite unfavourable one-off factors such as the aforementioned non-recurring charges and the benefit recorded in 2019 from the release of provisions for risks of € 1.6 million.

**Net income** amounts to € 50.8 million, an increase of 2.3% over € 49.7 million of the nine months 2019.

In the nine months 2020, **investments**<sup>4</sup> amount to € 34.2 million, of which € 28.0 million relate to development activities (€ 12.7 million in the nine months 2019, of which € 5.8 million of development activities). In the same period, these investments were accompanied by the purchase of treasury shares for an amount of € 7.7 million as part of the buyback program approved by the Shareholders' Meeting of 24 June 2020 and started in August.

**Net invested capital**<sup>5</sup> amounts to € 205.3 million, with **net debt** of € 41.3 million (including the impact from the application of the IFRS-16 accounting standard for € 36.5 million) compared to € 9.5

<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

million at 31 December 2019, confirming - net of development investments, purchase of treasury shares and payment of dividends - the strong recurring cash flow generation.

## Outlook

The results for the nine months 2020 are in line with the Company's expectations.

Based on the information available to date on the evolution of the Covid-19, as well as in consideration of the resilience demonstrated during the first phase of the emergency, the forecast for 2020 as updated last 30 July is confirmed:

- further growth of Adjusted EBITDA;
- maintenance capex on core revenues ratio lower than in 2019 as a result of the remodulation of certain activities and efficiency actions.

\*\*\*

*Rai Way announces that today, Thursday 12 November 2020 at 5:30pm CET, the results of the nine months 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*

\*\*\*

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.

\*\*\*

## 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.

---

**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.*

**For more information:****Investor Relations**

Ph. +39 06 33173973

+39 06 33174815

[investor.relations@raiway.it](mailto:investor.relations@raiway.it)

## Income Statement

| (€m; %)                                    | 3Q19          | 3Q20          | 9M19          | 9M20          |
|--|---------------|---------------|---------------|---------------|
| <b>Core revenues</b>                       | <b>55,3</b>   | <b>56,9</b>   | <b>165,7</b>  | <b>168,0</b>  |
| Other revenues and income                  | 0,0           | 0,0           | 0,1           | 0,0           |
| Purchase of consumables                    | (0,2)         | (0,3)         | (0,8)         | (0,5)         |
| Cost of services                           | (10,0)        | (10,2)        | (30,1)        | (28,5)        |
| Personnel costs                            | (9,6)         | (9,3)         | (32,7)        | (33,7)        |
| Other costs                                | (0,6)         | (0,6)         | (1,7)         | (1,9)         |
| <b>Opex</b>                                | <b>(20,5)</b> | <b>(20,4)</b> | <b>(65,3)</b> | <b>(64,6)</b> |
| Depreciation, amortization and write-downs | (10,7)        | (11,2)        | (31,6)        | (32,7)        |
| Provisions                                 | 0,1           | (0,0)         | 1,6           | (0,0)         |
| <b>Operating profit (EBIT)</b>             | <b>24,2</b>   | <b>25,3</b>   | <b>70,4</b>   | <b>70,7</b>   |
| Net financial income (expenses)            | (0,4)         | (0,3)         | (1,0)         | (0,7)         |
| <b>Profit before income taxes</b>          | <b>23,8</b>   | <b>25,0</b>   | <b>69,4</b>   | <b>70,0</b>   |
| Income taxes                               | (6,7)         | (6,9)         | (19,7)        | (19,2)        |
| <b>Net Income</b>                          | <b>17,1</b>   | <b>18,1</b>   | <b>49,7</b>   | <b>50,8</b>   |
|  |               |               |               |               |
| <b>EBITDA</b>                              | <b>34,8</b>   | <b>36,5</b>   | <b>100,5</b>  | <b>103,5</b>  |
| EBITDA margin                              | 63,0%         | 64,2%         | 60,6%         | 61,6%         |
| Non recurring costs                        | (0,1)         | (0,1)         | (0,1)         | (1,1)         |
| <b>Adjusted EBITDA</b>                     | <b>34,9</b>   | <b>36,6</b>   | <b>100,6</b>  | <b>104,5</b>  |
| Adjusted EBITDA margin                     | 63,2%         | 64,3%         | 60,7%         | 62,2%         |

## Balance Sheet

| (€m)  | 2019FY       | 9M2020       |
|---|--------------|--------------|
| <b>Non current assets</b>                               |              |              |
| Tangible assets   | 177,6        | 185,6        |
| Rights of use for leasing                               | 36,2         | 32,3         |
| Intangible assets                                       | 14,3         | 15,0         |
| Financial assets, holdings and other non-current assets | 1,3          | 1,2          |
| Deferred tax assets                                     | 2,7          | 2,5          |
| <b>Total non-current assets</b>                         | <b>232,1</b> | <b>236,6</b> |
| <b>Current assets</b>                                   |              |              |
| Inventories   | 0,9          | 0,9          |
| Trade receivables                                       | 74,8         | 69,6         |
| Other current receivables and assets                    | 5,0          | 5,0          |
| Current financial assets                                | 0,3          | 0,4          |
| Cash and cash equivalents                               | 30,2         | 15,9         |
| Current tax receivables                                 | 0,1          | 0,1          |
| <b>Total current assets</b>                             | <b>111,2</b> | <b>91,9</b>  |
| <b>TOTAL ASSETS</b>                                     | <b>343,3</b> | <b>328,5</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         | 50,5         |
| Treasury shares   | 0,0          | (7,7)        |
| <b>Total shareholders' equity</b>                       | <b>184,2</b> | <b>164,1</b> |
| <b>Non-current liabilities</b>                          |              |              |
| Non-current financial liabilities                       | 0,3          | 0,2          |
| Non-current leasing liabilities                         | 26,3         | 23,6         |
| Employee benefits                                       | 14,4         | 14,4         |
| Provisions for risks and charges                        | 15,9         | 14,9         |
| 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>53,0</b>  |
| <b>Current liabilities</b>                              |              |              |
| Trade payables  | 54,3         | 38,1         |
| Other debt and current liabilities                      | 34,1         | 37,7         |
| Current financial liabilities                           | 0,2          | 20,9         |
| Current leasing liabilities                             | 13,3         | 12,9         |
| Current tax payables                                    | 0,4          | 1,8          |
| <b>Total current liabilities</b>                        | <b>102,3</b> | <b>111,3</b> |
| <b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>       | <b>343,3</b> | <b>328,5</b> |



## Cash Flow Statement

| (€m)   | 3Q2019       | 3Q2020        | 9M2019        | 9M2020        |
|--|--------------|---------------|---------------|---------------|
| <b>Profit before income taxes</b>  | <b>23,8</b>  | <b>25,0</b>   | <b>69,4</b>   | <b>70,0</b>   |
| Depreciation, amortization and write-downs                                     | 10,7         | 11,2          | 31,6          | 32,7          |
| Provisions and (releases of) personnel and other funds                         | 0,9          | 2,3           | 0,8           | 3,0           |
| Net financial (income)/expenses  | 0,3          | 0,2           | 0,9           | 0,5           |
| (Retained earnings)/Losses carried forward - Effect of IFRS adoption           | 0,0          | 0,0           | 0,0           | 0,0           |
| Other non-cash items   | 0,0          | 0,0           | 0,0           | 0,1           |
| <b>Net operating CF before change in WC</b>                                    | <b>35,8</b>  | <b>38,7</b>   | <b>102,7</b>  | <b>106,4</b>  |
| Change in inventories  | 0,0          | 0,0           | 0,0           | 0,0           |
| Change in trade receivables  | (1,2)        | (7,6)         | (9,1)         | 5,2           |
| Change in trade payables   | 3,5          | 2,8           | 0,3           | (16,2)        |
| Change in other assets   | (1,3)        | 0,5           | (1,5)         | 0,0           |
| Change in other liabilities  | 3,4          | 5,3           | 3,5           | 8,0           |
| Use of funds   | (0,0)        | (2,1)         | (0,3)         | (2,5)         |
| Payment of employee benefits   | (0,5)        | (0,4)         | (2,5)         | (1,6)         |
| Change in tax receivables and payables   | 0,0          | 0,0           | 0,2           | (0,1)         |
| Taxes paid   | (22,2)       | (21,7)        | (22,2)        | (21,7)        |
| <b>Net cash flow generated by operating activities</b>                         | <b>17,4</b>  | <b>15,4</b>   | <b>71,2</b>   | <b>77,6</b>   |
| Investment in tangible assets  | (5,1)        | (13,4)        | (12,0)        | (31,5)        |
| Disposals of tangible assets   | (0,0)        | 0,0           | 0,0           | 0,0           |
| Investment in intangible assets  | (0,2)        | (1,8)         | (0,8)         | (2,7)         |
| Disposals of intangible assets   | 0,0          | 0,0           | 0,0           | 0,0           |
| Change in other non-current assets   | (0,0)        | (0,0)         | 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>(5,3)</b> | <b>(15,2)</b> | <b>(12,6)</b> | <b>(34,1)</b> |
| (Decrease)/increase in medium/long-term loans                                  | (0,0)        | 0,0           | (0,1)         | (0,1)         |
| (Decrease)/increase in current financial liabilities                           | (0,4)        | (42,6)        | (0,7)         | 20,8          |
| (Decrease)/increase in IFRS 16 financial liabilities                           | (0,2)        | (2,6)         | (1,2)         | (6,7)         |
| Change in current financial assets   | (0,1)        | (0,0)         | (0,2)         | (0,2)         |
| Net Interest paid  | 0,0          | (0,3)         | (0,1)         | (0,5)         |
| Buyback  | 0,0          | (7,7)         | 0,0           | (7,7)         |
| Dividends paid   | 0,0          | (63,3)        | (59,7)        | (63,3)        |
| Dividends to be paid   | 0,0          | 63,3          | 0,0           | 0,0           |
| <b>Net cash flow generated by financing activities</b>                         | <b>(0,6)</b> | <b>(53,2)</b> | <b>(61,9)</b> | <b>(57,7)</b> |
| <b>Change in cash and cash equivalent</b>                                      | <b>11,5</b>  | <b>(52,9)</b> | <b>(3,4)</b>  | <b>(14,3)</b> |
| Cash and cash equivalent (beginning of period)                                 | 2,3          | 68,8          | 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)                                       | 13,8         | 15,9          | 13,8          | 15,9          |