



1H2021 Results Presentation

28 July 2021



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.

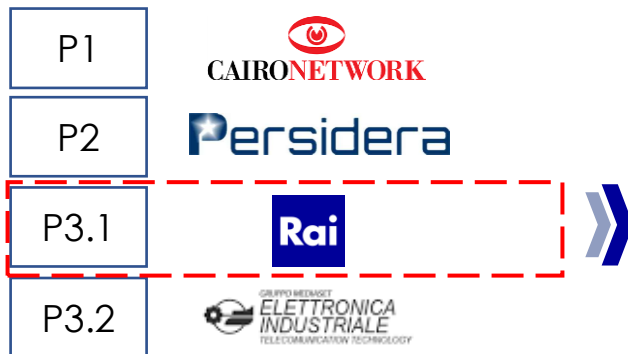
- **Aldo Mancino**, Chief Executive Officer
- **Adalberto Pellegrino**, Chief Financial Officer
- **Giancarlo Benucci**, Chief Corporate Development Officer

- **Positive 1H2021** in line with expectations:
 - Top-line growth (+2,0%) mainly supported by contribution of MUXes coverage extension
 - Adjusted EBITDA up +2,8% with profitability at 61,6% (+50 bps), despite tough comparison vs. 2Q2020 opex level positively impacted by Covid-related measures
 - Development capex supported by *refarming* projects; maintenance level consistent with FY guidance
- Additional ½ MUX capacity awarded to RAI, **confirming base case** scenario for *refarming*
- **New organizational unit created** in charge of developing new infrastructure and services envisaged in the Industrial Plan;
Mr Beltramino joined Rai Way management team as head of the division
- **Guidance** for the full year **confirmed**

Update on refarming

National

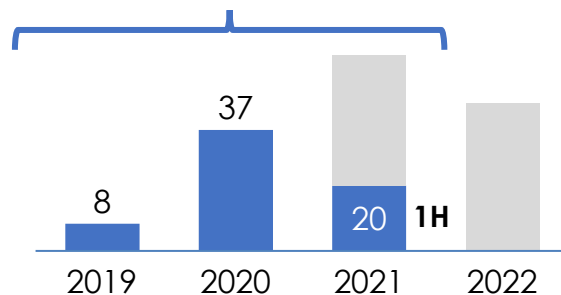
Regulatory: auction outcome



- Refarming base case scenario confirmed, with **3 MUXes managed for RAI**
- **€ 15,8m step-up in Fixed consideration** (on a yearly basis, including contribution from national MUX coverage extension project) effective from 1st of July 2021

Operation

ca. € **65m** spent so far
(out of ca. 150 Mln)



- National MUX coverage extension project completed
- New MPEG4 DTT platforms installation completed
- Reconfiguration of new Macro Regionalized UHF MUX & National MUXes on track to meet the schedule for the different technical areas

Regional



- Areas already awarded to RW as of 1Q21 results presentation*
- New region awarded to RW

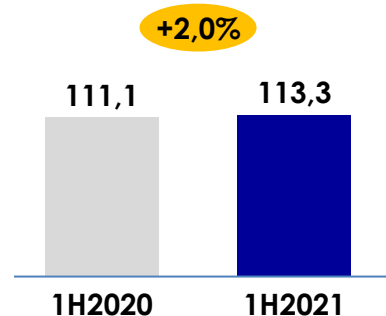
100% success rate in the areas where Rai Way competed

* Frequencies in Lazio and Piedmont awarded at provincial level

1H2021 Financial highlights

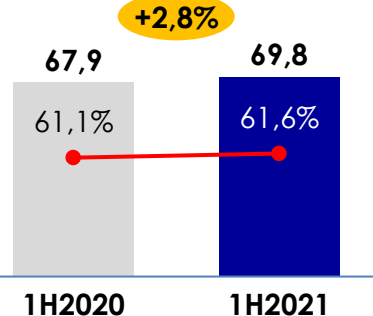
Mln Eur; % % YoY growth

Core Revenues

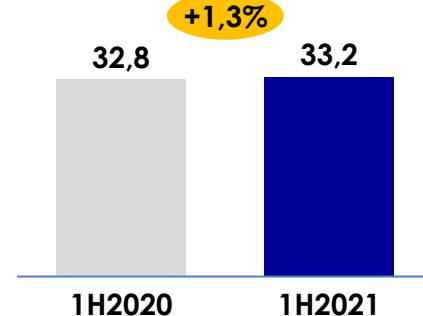


Adjusted EBITDA

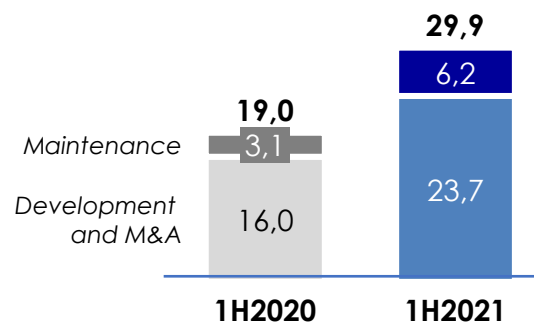
• Adjusted EBITDA margin



Net Income

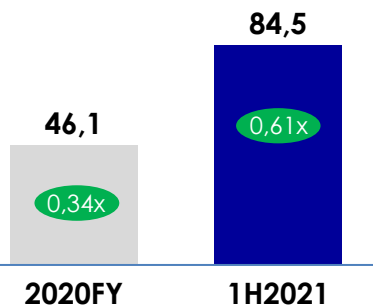


Capex ⁽¹⁾

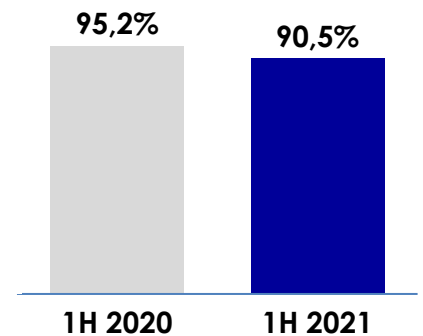


Net debt (Net Cash)

• Net Debt / 1-y rolling Adjusted EBITDA



Cash conversion ⁽²⁾

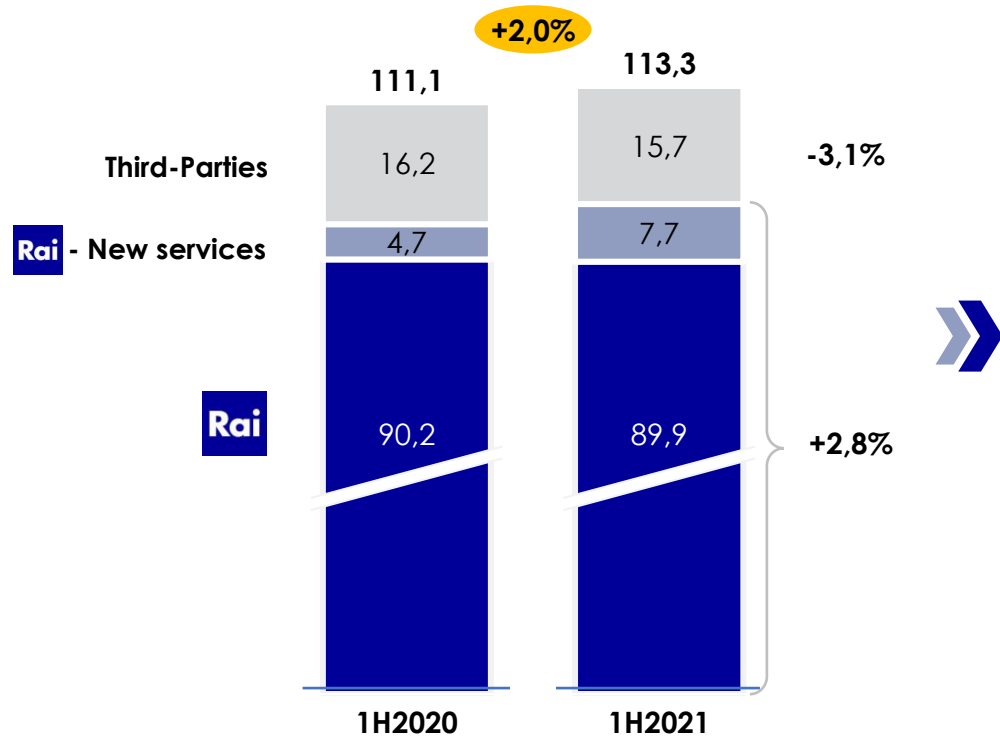


1) Maintenance capex excluding component related to IFRS-16 leasing

2) Cash conversion = (Adj. EBITDA - Leases - Maintenance Capex) / (Adj. EBITDA - Leases). Leases estimated as sum of leasing right of use depreciation (excl. dismantling) + financial charges on leasing contracts

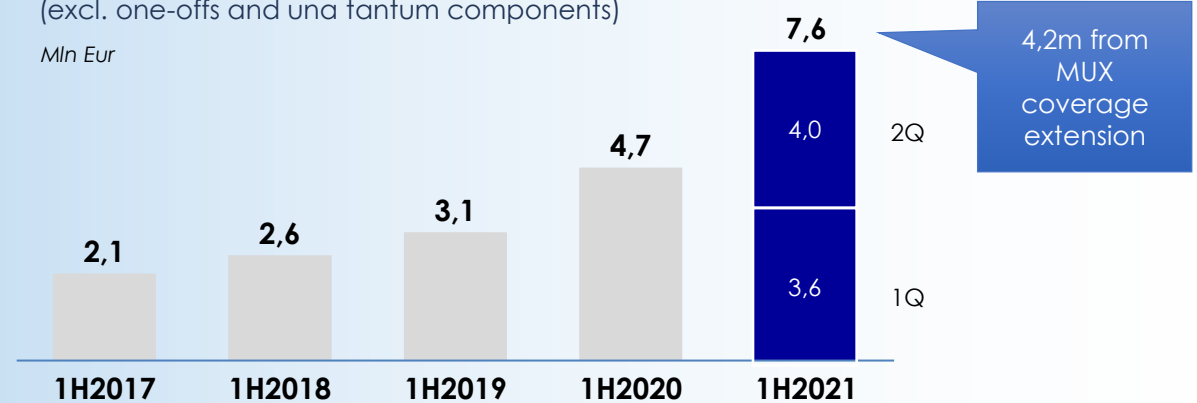
Core Revenues

Mln Eur; % +2,0% % YoY growth



- Contribution from New Services to RAI up €3m driven by MUX coverage extension project and DTH reconfiguration

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



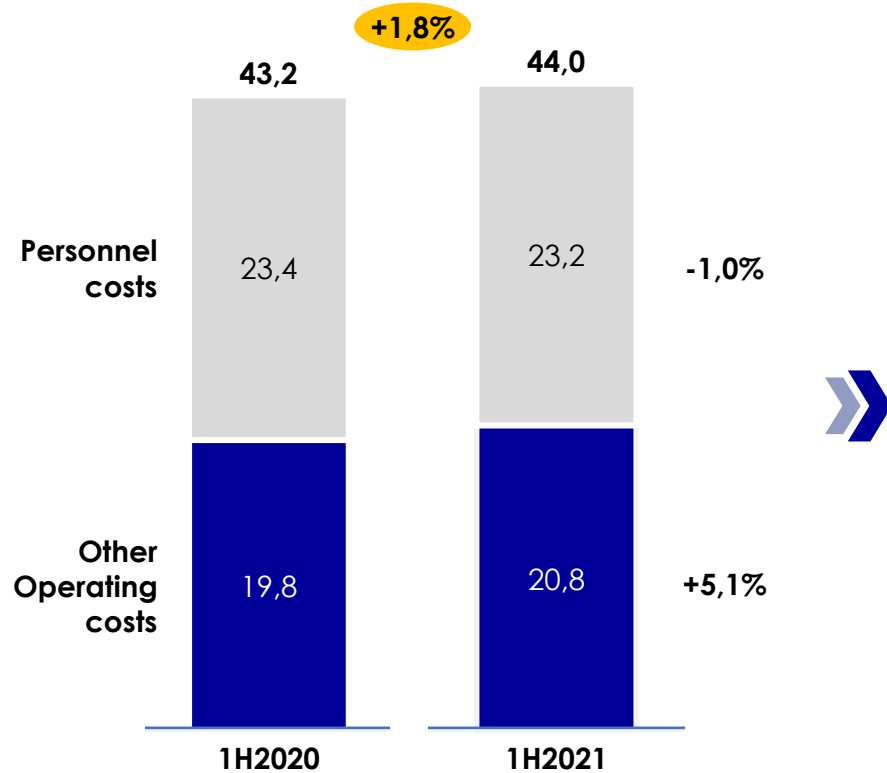
- Third-party revenues mainly impacted by MNOs' rationalization and strong performance of FWA segment

Opex (excluding non-recurring)

Mln Eur; %



% YoY growth



2Q most impacted quarter by covid measures in 2020

- Excluding capitalizations, stable underlying personnel cost despite tough comparison (covid-related benefits recorded in 2020) mainly driven by headcount reduction
- In addition to lower reductions from covid-measures vs. 2020, 1H2021 other operating costs mainly impacted by higher maintenance activities

Eur Mln, %

	2Q 2020	2Q 2021	% YoY	1H 2020	1H 2021	% YoY
Core Revenues	55,6	56,8	2,3%	111,1	113,3	2,0%
Other Revenues & income	0,0	0,4		0,0	0,5	
Adj. EBITDA	34,8	35,6	2,2%	67,9	69,8	2,8%
% margin	62,7%	62,6%		61,1%	61,6%	
Non recurring costs	-1,0	0,0		-1,0	0,0	
EBITDA	33,8	35,6	5,2%	67,0	69,8	4,3%
% margin	60,9%	62,6%		60,2%	61,6%	
D&A ⁽¹⁾	-10,9	-12,2	11,7%	-21,5	-24,1	12,2%
Operating Profit (EBIT)	22,9	23,4	2,2%	45,4	45,7	0,6%
Net financial income (expenses)	-0,2	-0,4	70,0%	-0,4	-0,7	65,2%
Profit before Income taxes	22,7	23,0	1,5%	45,0	45,0	-0,1%
Income Taxes	-5,9	-6,7	12,8%	-12,2	-11,8	-3,6%
% tax rate	26,1%	29,0%		27,2%	26,3%	
Net Income	16,8	16,3	-2,5%	32,8	33,2	1,3%

• **1H2021 Net Income up by 1,3% at € 33,2m as a result of:**

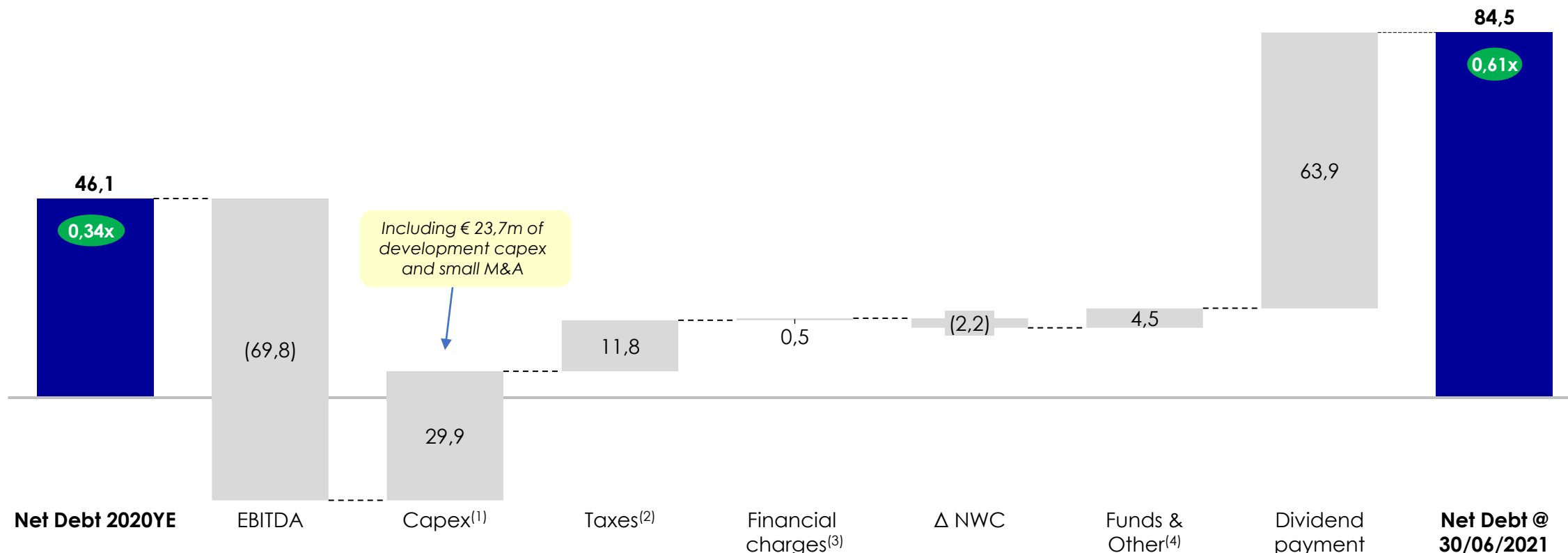
- Higher Adjusted EBITDA, with profitability up 50bps
- Absence of non-recurring costs
- Higher D&A following rising investment activity
- Tax rate at 26,3%, positively impacted by a € 1m one-off Covid-related tax relief already accrued in 1Q

1) Including provisions

Net Debt bridge

Mln Eur ● Net Debt/ 1y rolling Adj. EBITDA

IFRS-16 Debt	34,3m
Gross Debt	56,5m
Cash&Eq	-6,3m



1H21 recurring FCFE⁽⁵⁾ at ca. € 48m, broadly in line with 1H20 despite tough comparison on opex and higher maintenance capex

1) Excluding component related to IFRS-16 leasing

2) P&L taxes

3) P&L financial charges excluding interests on employee benefit liability and interests on leasing contracts

4) Including renewal of leasing contracts and interests on leasing contracts

5) Recurring FCFE = Adj. EBITDA – Leases – Net Financial Charges – P&L Taxes – Recurring Maintenance Capex. Leases estimated as sum of leasing right of use depreciation (excl. dismantling) + financial charges on leasing contracts

- Outlook based on current visibility on the evolution of pandemic emergency

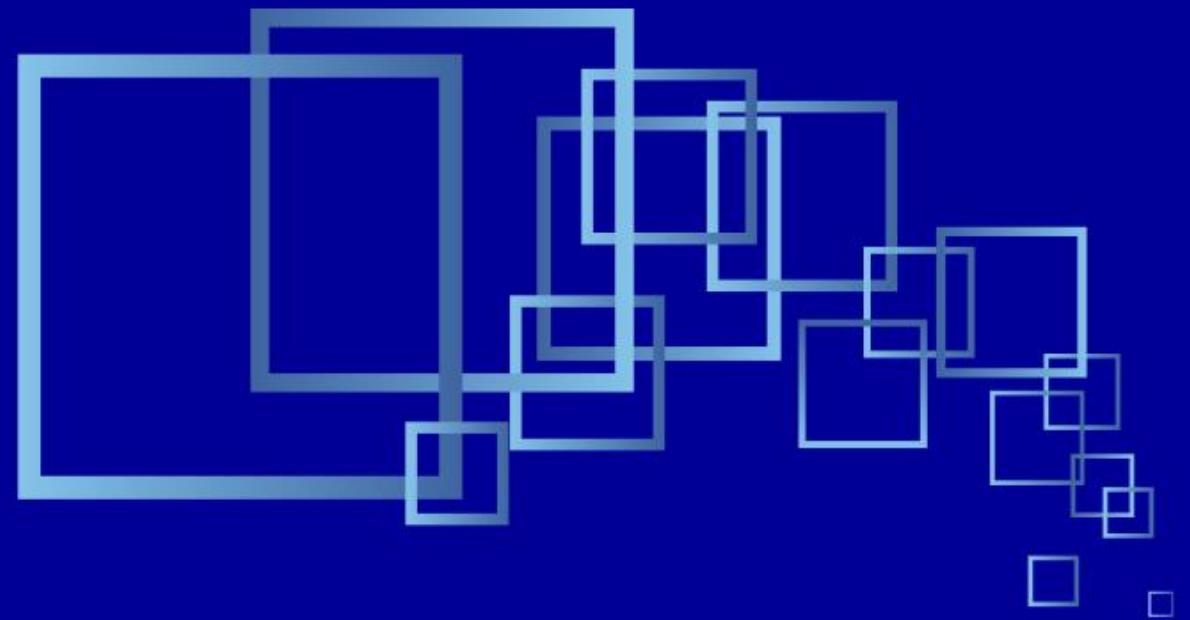
ADJUSTED EBITDA

- **Growth of Adjusted EBITDA** supported by step-up in RAI contract in 2H, although limited by:
 - Tough comparison with 2020 figure, positively impacted by temporary factors mainly related to COVID-19 outbreak
 - Slightly negative CPI recorded in 2020

CAPEX

- **Maintenance capex on core revenues ratio above 2020 figure**; run-rate post-network upgrade confirmed at ca. 6%
- **Development capex above 2020 level**, pushed by *refarming* investments

Q&A session



- Investor Relations



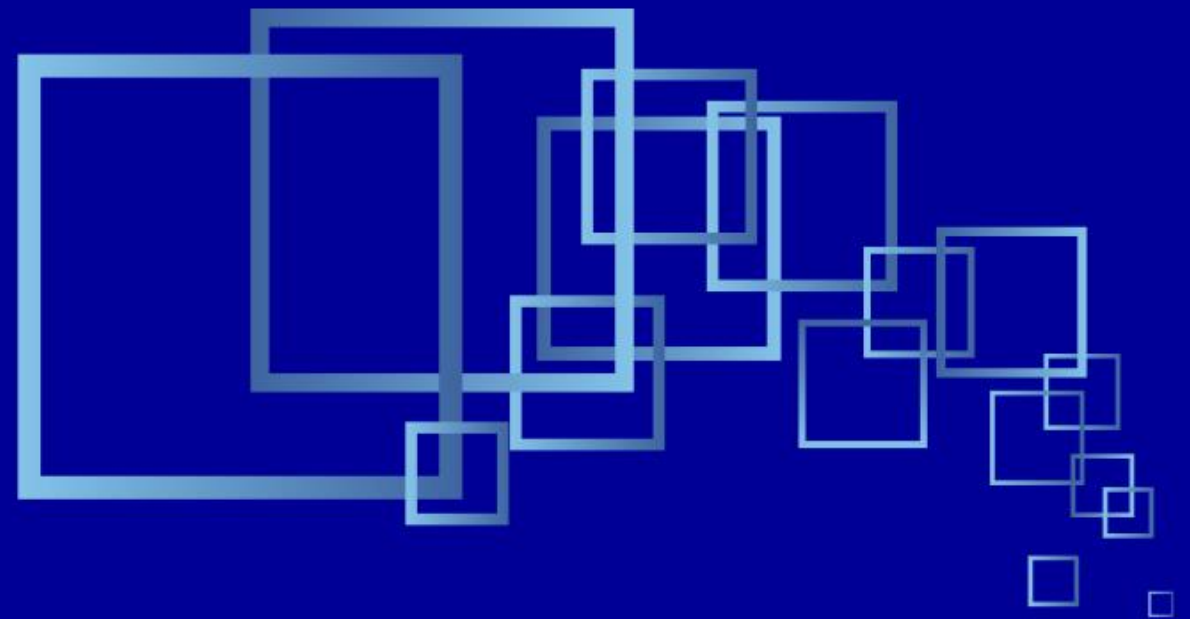
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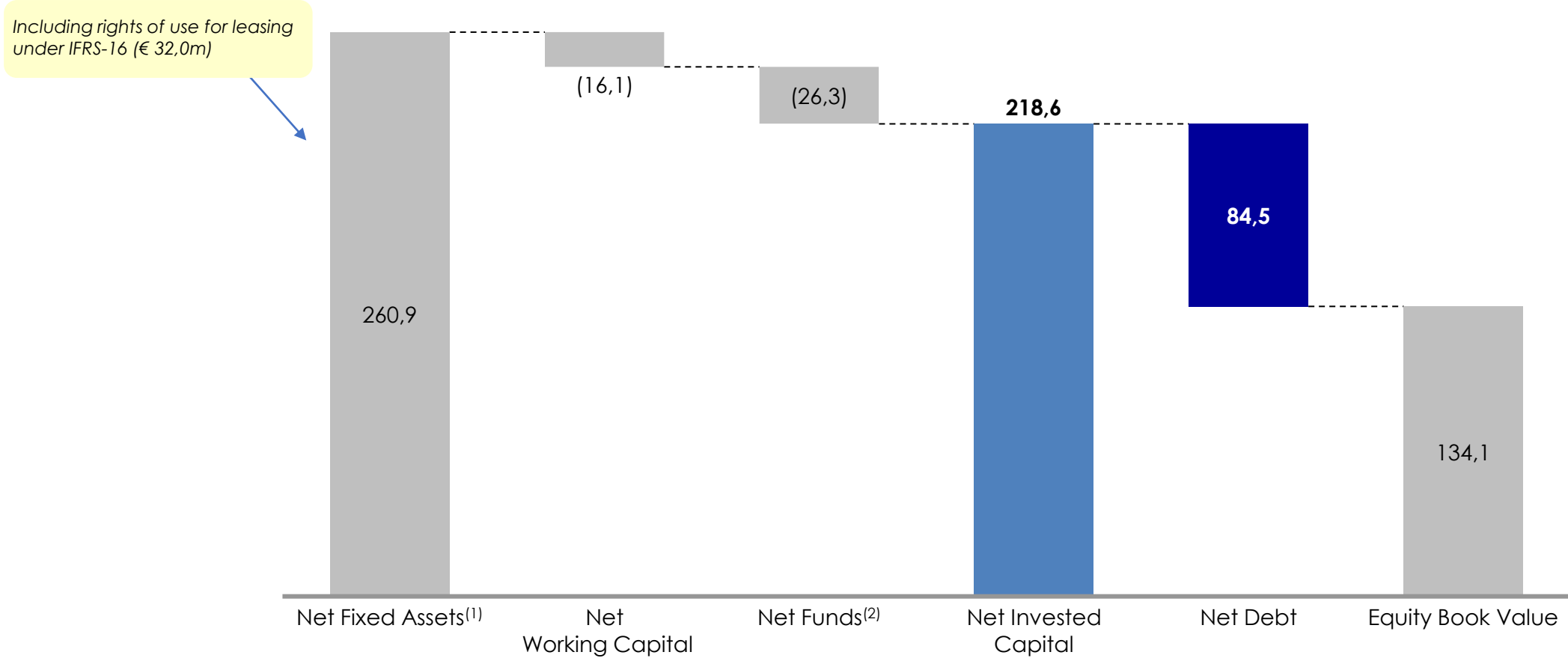
investor.relations@raiway.it

Appendix



Balance sheet

Mln Eur



- 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

Detailed summary of Income Statement

(€m; %)	2Q20	2Q21	1H20	1H21
Core revenues	55,6	56,8	111,1	113,3
Other revenues and income	0,0	0,4	0,0	0,5
Purchase of consumables	(0,0)	(0,3)	(0,2)	(0,7)
Cost of services	(8,6)	(9,3)	(18,3)	(18,7)
Personnel costs	(12,5)	(11,3)	(24,4)	(23,2)
Other costs	(0,7)	(0,8)	(1,2)	(1,4)
Opex	(21,8)	(21,7)	(44,2)	(44,0)
Depreciation, amortization and write-downs	(10,9)	(12,2)	(21,5)	(24,2)
Provisions	-	(0,0)	-	0,1
Operating profit (EBIT)	22,9	23,4	45,4	45,7
Net financial income (expenses)	(0,2)	(0,4)	(0,4)	(0,7)
Profit before income taxes	22,7	23,0	45,0	45,0
Income taxes	(5,9)	(6,7)	(12,2)	(11,8)
Net Income	16,8	16,3	32,8	33,2
EBITDA	33,8	35,6	67,0	69,8
EBITDA margin	60,9%	62,6%	60,2%	61,6%
Non recurring costs	(1,0)	-	(1,0)	-
Adjusted EBITDA	34,8	35,6	67,9	69,8
Adjusted EBITDA margin	62,7%	62,6%	61,1%	61,6%

Summary of Balance Sheet

(€m)	2020FY	1H2021
Non current assets		
Tangible assets	200,9	211,5
Rights of use for leasing	32,5	32,0
Intangible assets	15,9	15,5
Financial assets, holdings and other non-current assets	2,1	1,9
Deferred tax assets	2,8	3,0
Total non-current assets	254,2	264,0
Current assets		
Inventories	0,9	0,8
Trade receivables	62,6	65,1
Other current receivables and assets	4,2	4,6
Current financial assets	0,7	0,6
Cash and cash equivalents	4,1	5,7
Current tax receivables	0,1	0,1
Total current assets	72,4	76,9
TOTAL ASSETS	326,6	340,8

(€m)	2020FY	1H2021
Shareholders' Equity		
Share capital	70,2	70,2
Legal reserves	14,0	14,0
Other reserves	37,1	37,2
Retained earnings	63,5	32,6
Treasury shares	(20,0)	(20,0)
Total shareholders' equity	164,8	134,1
Non-current liabilities		
Non-current financial liabilities	15,1	56,0
Non-current leasing liabilities	23,9	23,4
Employee benefits	13,2	12,4
Provisions for risks and charges	16,3	16,9
Total non-current liabilities	68,5	108,7
Current liabilities		
Trade payables	45,5	40,2
Other debt and current liabilities	36,0	45,9
Current financial liabilities	0,3	0,5
Current leasing liabilities	11,5	11,0
Current tax payables	0,0	0,5
Total current liabilities	93,3	98,1
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	326,6	340,8

Summary of Cash Flow Statement

(€m)	2Q2020	2Q2021	1H2020	1H2021
Profit before income taxes	22,7	23,0	45,0	45,0
Depreciation, amortization and write-downs	10,9	12,2	21,5	24,2
Provisions and (releases of) personnel and other funds	(0,2)	0,9	0,7	1,7
Net financial (income)/expenses	0,2	0,3	0,3	0,6
Other non-cash items	0,1	0,1	0,1	0,1
Net operating CF before change in WC	33,6	36,5	67,7	71,6
Change in inventories	0,0	0,0	0,0	0,0
Change in trade receivables	27,2	12,4	12,7	(2,6)
Change in trade payables	(12,5)	(6,6)	(19,0)	(5,3)
Change in other assets	1,5	1,3	(0,4)	(0,4)
Change in other liabilities	(3,8)	(6,5)	2,7	(0,9)
Use of funds	(0,2)	(0,1)	(0,4)	(0,1)
Payment of employee benefits	(0,6)	(0,7)	(1,1)	(1,8)
Change in tax receivables and payables	(0,1)	(0,0)	(0,1)	(0,0)
Taxes paid	-	(0,7)	-	(0,7)
Net cash flow generated by operating activities	45,1	35,7	62,2	59,9
Investment in tangible assets	(9,5)	(15,1)	(18,1)	(28,1)
Disposals of tangible assets	-	0,0	-	0,2
Investment in intangible assets	(0,8)	(0,7)	(0,9)	(0,8)
Disposals of intangible assets	-	0,0	-	0,0
Change in other non-current assets	0,1	0,0	0,1	0,0
Change in non-current financial assets	-	0,0	-	0,1
Business combination	-	(1,0)	-	(1,0)
Net cash flow generated by investment activities	(10,3)	(16,8)	(19,0)	(29,6)
(Decrease)/increase in medium/long-term loans	(0,1)	40,9	(0,1)	40,9
(Decrease)/increase in current financial liabilities	63,4	0,2	63,4	0,0
(Decrease)/increase in IFRS 16 financial liabilities	(3,7)	(3,8)	(4,1)	(5,3)
Change in current financial assets	(0,1)	(0,1)	(0,1)	(0,1)
Net Interest paid	(0,2)	(0,3)	(0,2)	(0,4)
Dividends paid	-	(63,9)	-	(63,9)
Dividends to be paid	(63,3)	-	(63,3)	-
Net cash flow generated by financing activities	(4,0)	(27,0)	(4,6)	(28,7)
Change in cash and cash equivalent	30,9	(8,2)	38,6	1,7
Cash and cash equivalent (beginning of period)	37,9	13,9	30,2	4,1
Cash and cash equivalent (end of period)	68,8	5,7	68,8	5,7