



9M2022 Results Presentation

10 November 2022



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

Key messages on 9M2022

FINANCIAL RESULTS

- **9M2022 top-line up 7,4% (or +6,2% excluding ca. € 2m one-off benefit)** driven by:
 - CPI-link
 - Full impact of the *refarming*-related step-up in RAI contract (effective from 2H2021)
 - Over 9% third-party revenues growth (+17% in 3Q) boosted by new regional MUXes
- **Adj. EBITDA up 5,2% (+€ 5,7m)**, despite severe headwinds from electricity prices (energy bill up € 7,2m vs 9M2021), supported by top-line increase and tight control on other cost items
- **Development capex** level reflects the gradual completion of RAI network upgrade and **rising investments on third-party initiatives** (regional MUXes and new services)

OPERATING

- **Refarming**: activities in 3Q focused on completion of equipment upgrade to T2 on RAI MUX A & B and network improvement of regional MUXes
- Contract with **MNO client renewed for the next 6 years**, with conditions fully in line with the targeted **stabilization path**
- Construction of the first set of **5 Edge Data Centers awarded, with capex expected in line with previous indications**

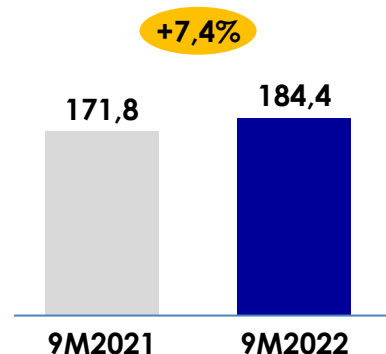
OUTLOOK

- Increased **visibility on 2022 targets** with **stronger expected EBITDA growth** following government relief measures, recent cooldown of electricity prices and mitigating actions; **energy headwind more than offset in 2023** through CPI-link

9M2022 Financial highlights

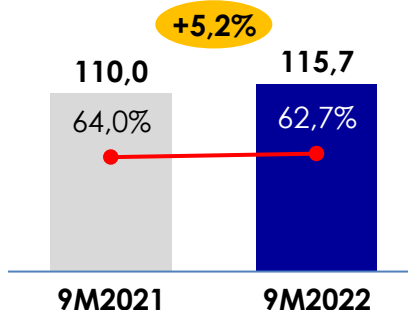
Mln Eur; %  % YoY growth

Core Revenues

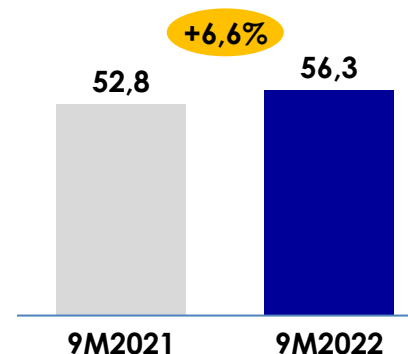


Adjusted EBITDA

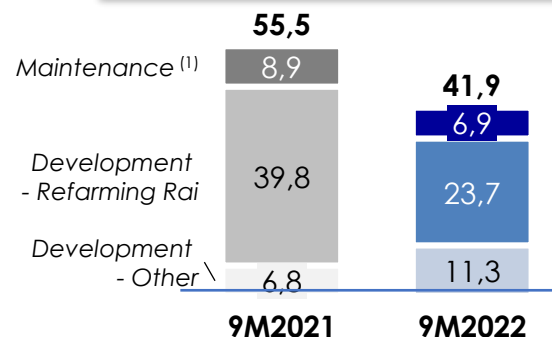
• Adjusted EBITDA margin



Net Income

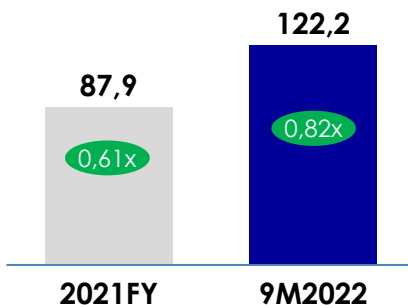


Capex

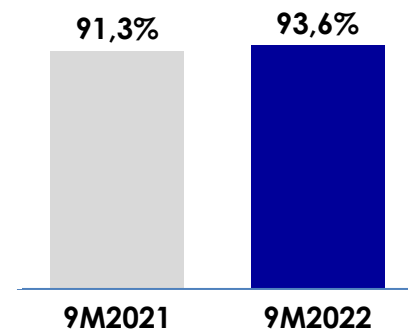


Net debt (Net Cash)

● Net Debt / Adjusted EBITDA



Cash conversion⁽²⁾

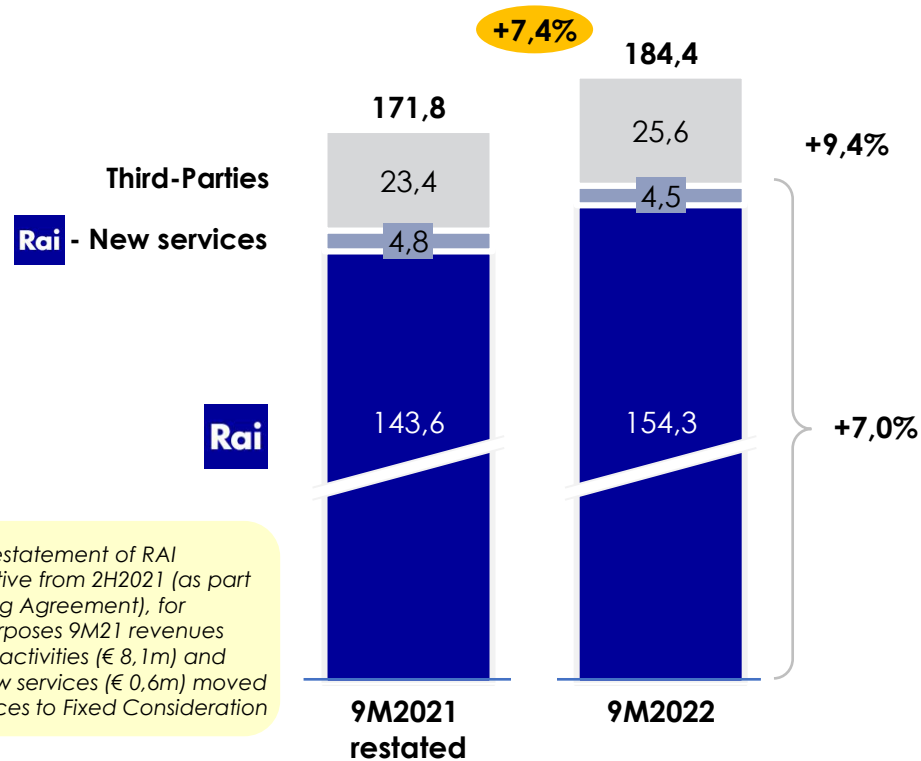


1) Maintenance capex excluding component related to IFRS-16 leasing

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; % ● % YoY growth



Following the restatement of RAI revenues effective from 2H2021 (as part of the Refarming Agreement), for comparison purposes 9M21 revenues from refarming activities (€ 8,1m) and Reclassified new services (€ 0,6m) moved from New Services to Fixed Consideration

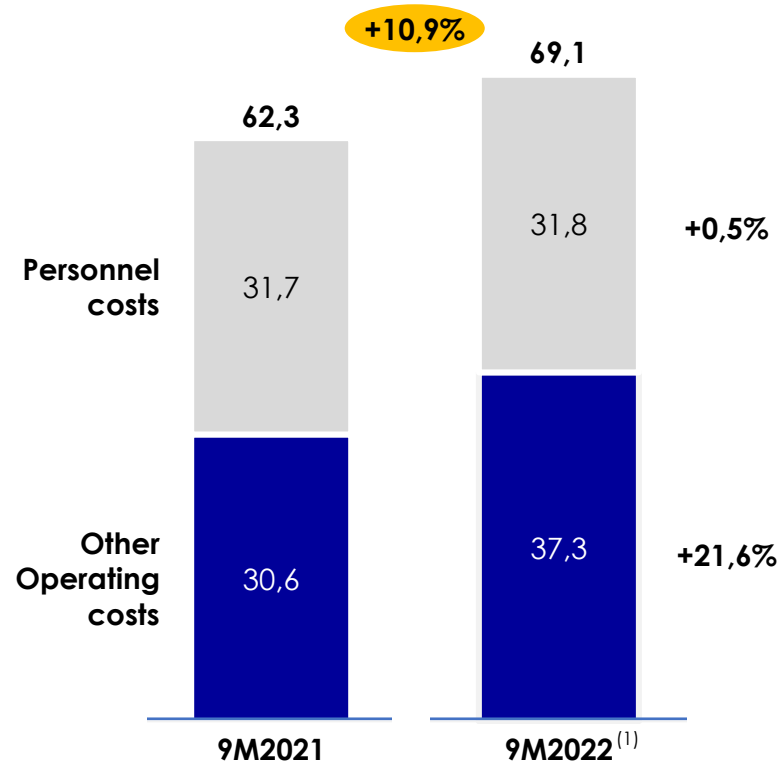


- RAI **Fixed Consideration up 7,5%** (or 6,1% excluding € 2,0m one-off amount paid by RAI in 3Q to terminate a minor service related to an old radio transmission technology) driven by CPI escalator and full impact of *refarming*-related step-up (effective from 2H21)
- Slight reduction in **New Services for RAI** related to the withdrawal from a regional service in the context of refarming
- **Third-party revenues up 9,4% (+17% in 3Q)** driven by rising contribution from **new regional MUXes business**
 - As for other customers, substantially stable performance with progressively lower pressure from MNOs, offset by higher hospitality to other clients (mainly FWA operators)

Opex (excluding non-recurring)

Mln Eur; %

% YoY growth



- Excluding non-core items and lower capitalization compared to 2021, **stable underlying personnel cost**
- Severe headwinds from **electricity bill up € 7,2m vs 9M2021** (€ 6,1m in 3Q only) with impact of energy prices only partially mitigated by government measures (15% reduction of 3Q prices as tax credits, cut in other components) and lower consumption (-14%)
- **Other cost items** positively impacted by certain non-recurring benefits, with **stable underlying trend** supported by mitigating action on discretionary spending



1) Opex net of tax credits related to electricity expenses

Eur Mln. %

	3Q2021	3Q2022	% YoY	9M2021	9M2022	% YoY
Core Revenues	58,4	63,2	8,1%	171,8	184,4	7,4%
Other Revenues & income ⁽¹⁾	0,0	0,1		0,5	0,4	
Adj. EBITDA	40,1	37,5	-6,6%	110,0	115,7	5,2%
% margin	68,7%	59,4%		64,0%	62,7%	
Non recurring costs	0,0	0,0		0,0	0,0	
EBITDA	40,1	37,5	-6,6%	110,0	115,7	5,2%
% margin	68,7%	59,4%		64,0%	62,7%	
D&A ⁽²⁾	-12,5	-10,2	-18,8%	-36,7	-35,8	-2,2%
Operating Profit (EBIT)	27,6	27,3	-1,1%	73,3	79,8	8,9%
Net financial income (expenses)	-0,4	-0,5	15,5%	-1,1	-1,3	18,8%
Profit before Income taxes	27,2	26,9	-1,3%	72,2	78,5	8,7%
Income Taxes	-7,6	-7,6	-0,2%	-19,4	-22,2	14,5%
% tax rate	28,0%	28,3%		26,9%	28,3%	
Net Income	19,6	19,3	-1,7%	52,8	56,3	6,6%

- **9M2022 Net Income up by 6,6% at € 56,3m as a result of:**
 - Higher top-line
 - Lower D&A following the termination of the useful life of DVB-T equipment
 - Tax rate back to normal level (9M21 benefitting from one-off tax relief)

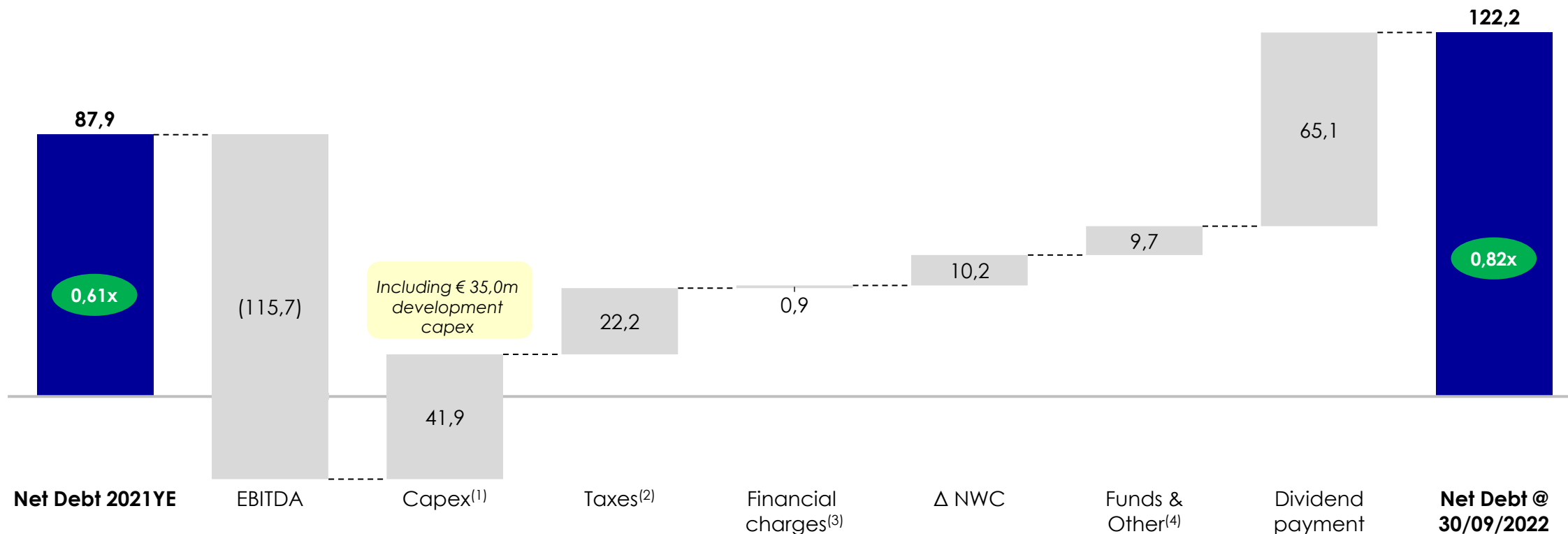
1) Other Revenues and income net of tax credits related to electricity expenses

2) Including provisions

Net Debt bridge

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

IFRS-16 Debt 36,7m
Gross Debt 101,7m
Cash&Eq⁽⁵⁾ -16,2m



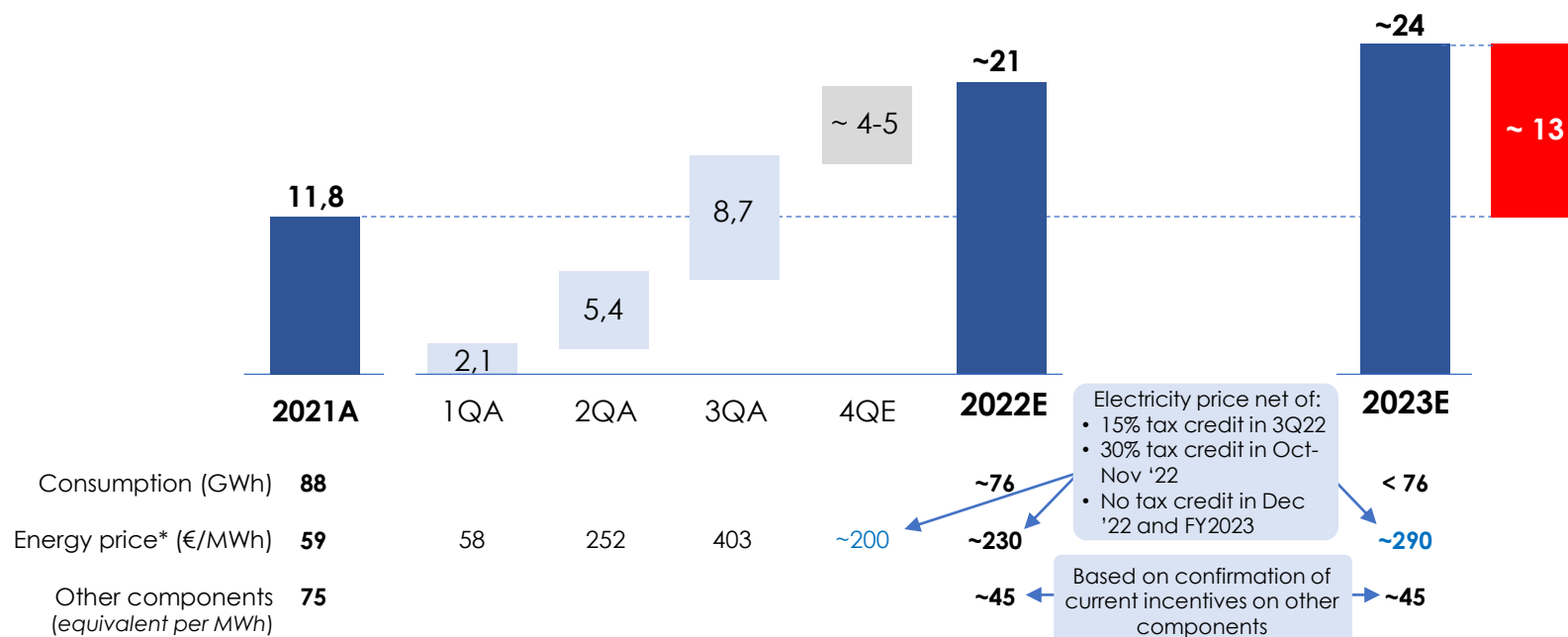
9M2022 recurring FCFE⁽⁶⁾ at ca. € 78m

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) Including current financial assets
6) 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

Electricity prices vs CPI escalator protection (as of 9 November 2022)

ILLUSTRATIVE PURPOSE ONLY

Simulation on impact of electricity prices

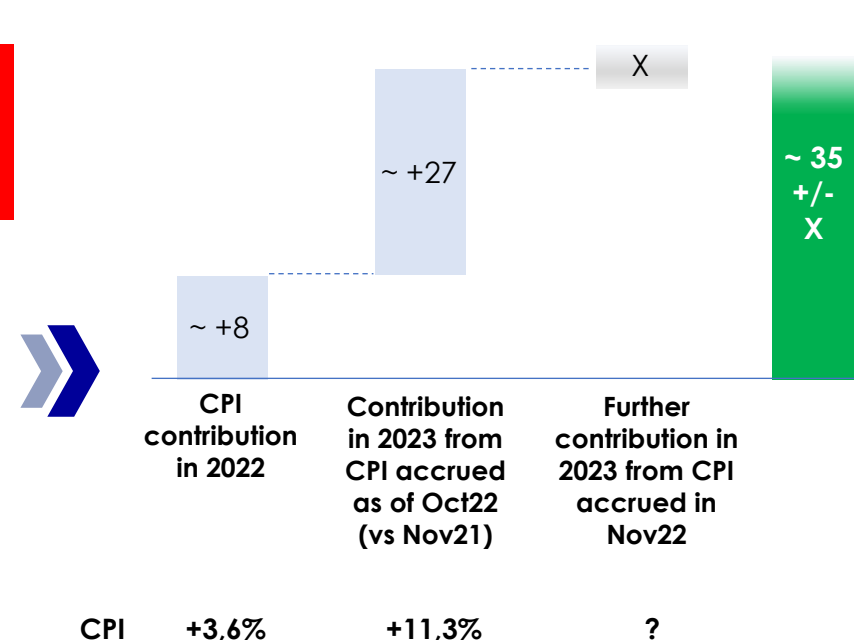


Total electricity price sensitivity

+/- 10 €/MWh resulting in:

- -/+ 0,18m electricity cost in 4Q22
- -/+ 0,70m electricity cost in 2023

CPI contribution to revenues



REVENUES

- Mid-single-digit revenue growth driven by investments in *refarming*, both for RAI and third parties, and CPI

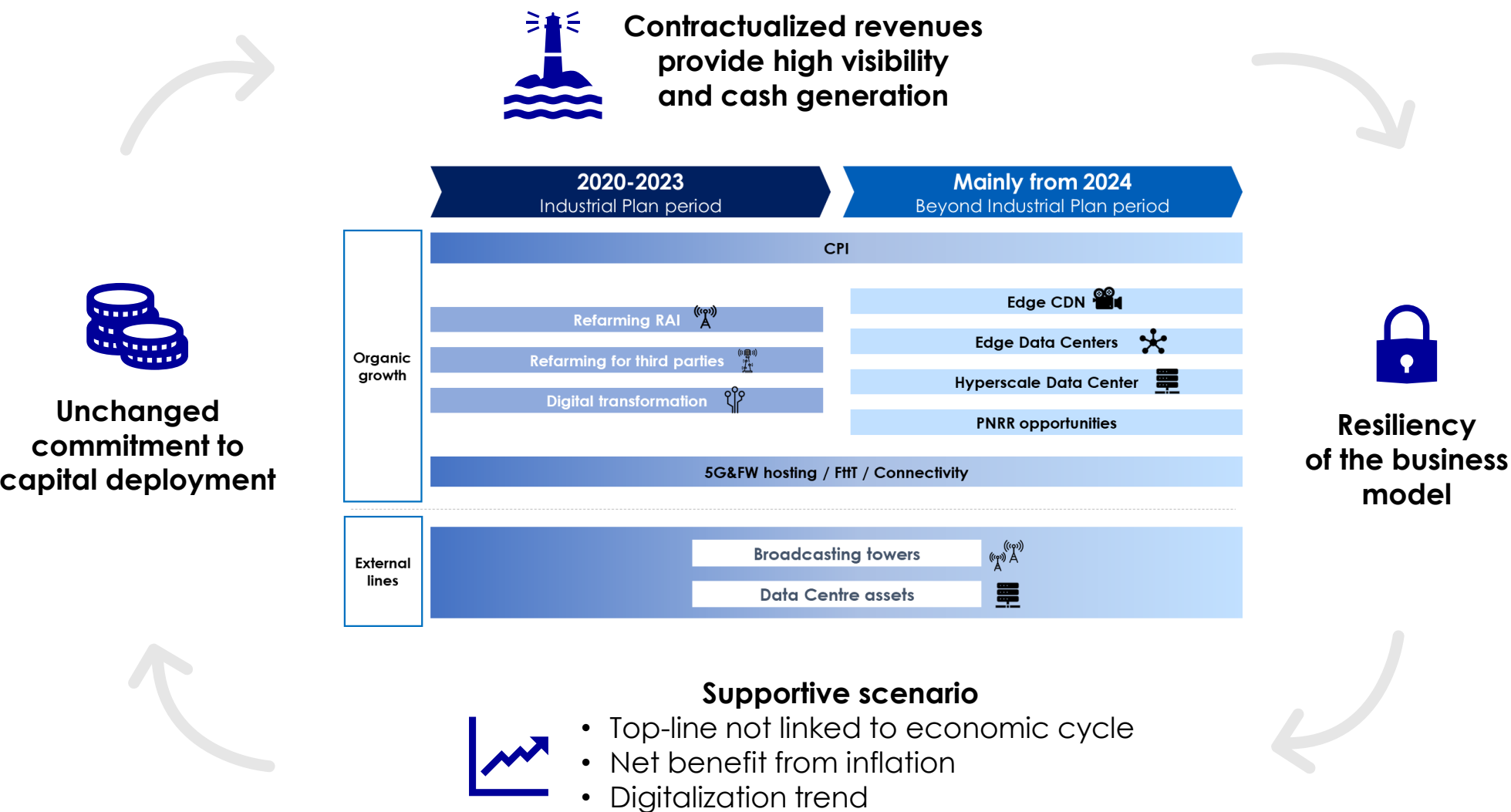
ADJUSTED EBITDA

- Adjusted EBITDA growth now expected stronger following reduction in electricity prices since October, current level of power futures for the rest of the year, government relief measures and effect of mitigating actions on other opex
 - *Power futures remain highly volatile (also for 2023)*
 - *Electricity headwind more than offset next year thanks to CPI-link (due to energy impact on inflation)*

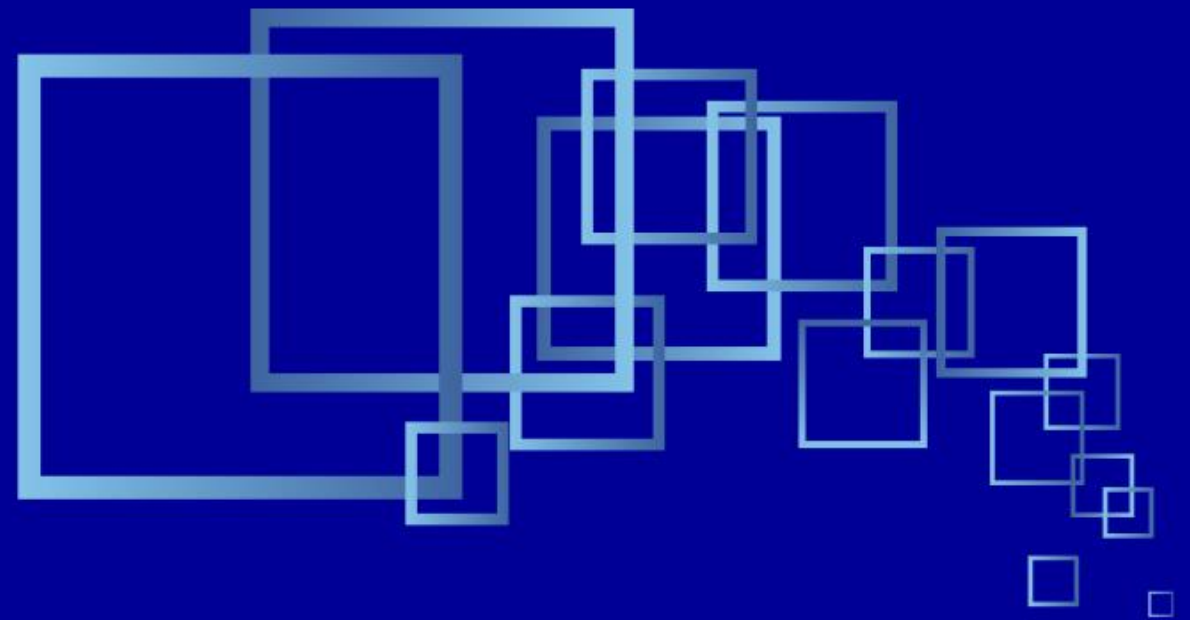
CAPEX

- Maintenance Capex in line with Industrial Plan figure for 2022
- Development capex – focused on *refarming* activities and deployment of new services – now expected in line with 2021 level to reflect slight delays from some suppliers

Strategy and ambitions confirmed in current environment



Q&A session



- Investor Relations



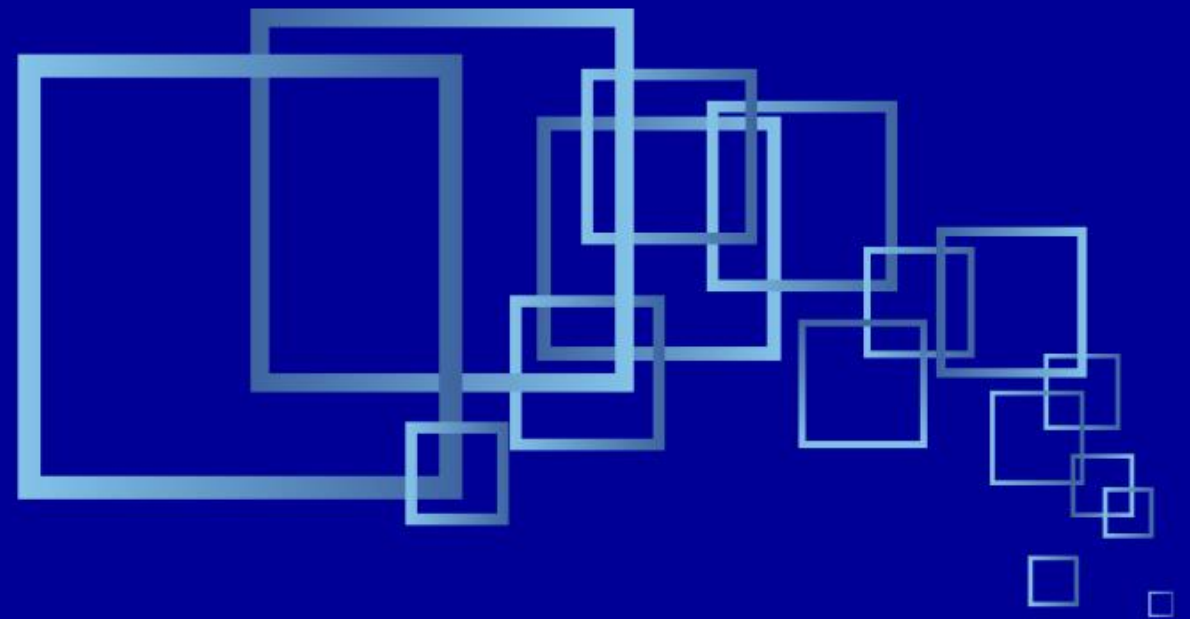
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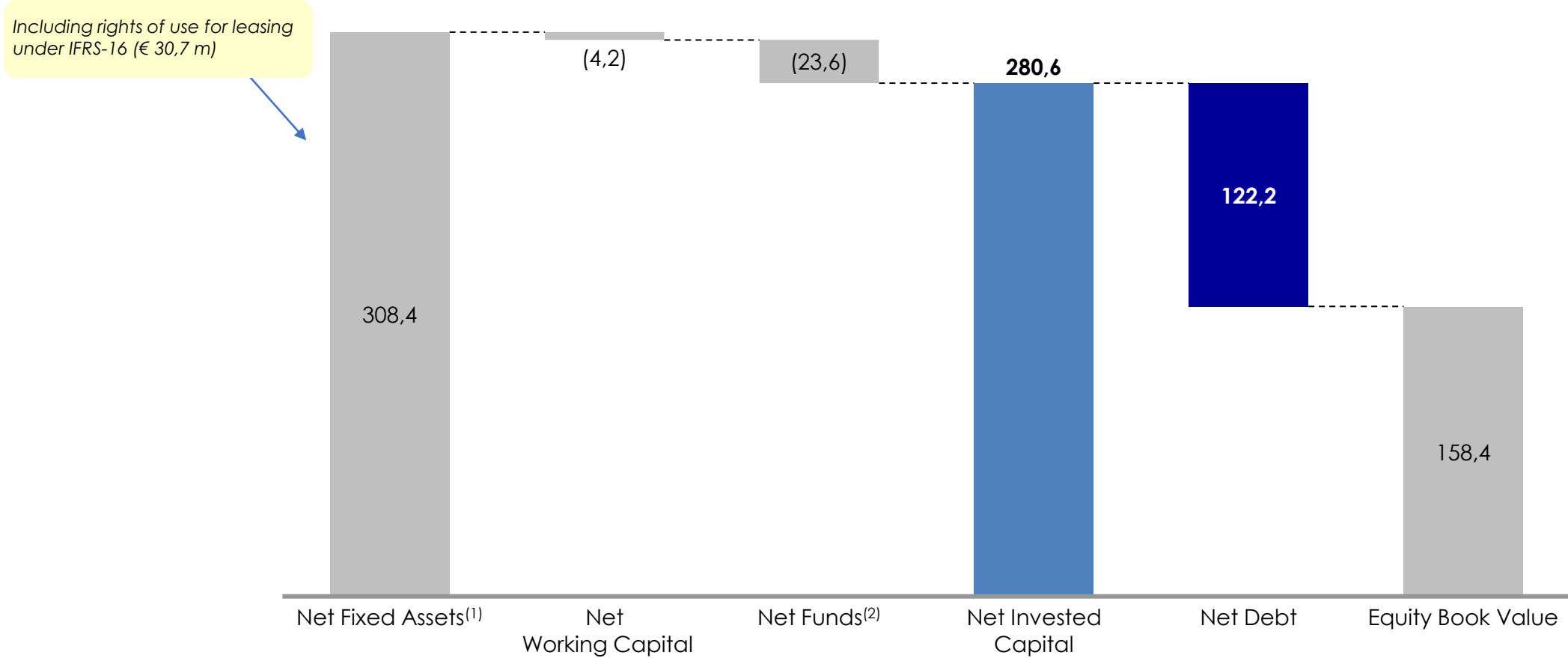
investor.relations@raiway.it

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; %)	3Q21	3Q22	9M21	9M22
Core revenues	58,4	63,2	171,8	184,4
Other revenues and income ¹	0,0	1,5	0,5	1,8
Purchase of consumables	(0,3)	(0,4)	(1,0)	(1,0)
Cost of services ²	(8,8)	(16,5)	(27,6)	(35,7)
Personnel costs ²	(8,5)	(9,5)	(31,7)	(31,8)
Other costs	(0,7)	(0,6)	(2,0)	(1,9)
Opex	(18,3)	(27,1)	(62,3)	(70,5)
Depreciation, amortization and write-downs	(12,5)	(10,2)	(36,7)	(35,9)
Provisions	0,0	-	0,1	0,0
Operating profit (EBIT)	27,6	27,3	73,3	79,8
Net financial income (expenses)	(0,4)	(0,5)	(1,1)	(1,3)
Profit before income taxes	27,2	26,9	72,2	78,5
Income taxes	(7,6)	(7,6)	(19,4)	(22,2)
Net Income	19,6	19,3	52,8	56,3
EBITDA	40,1	37,5	110,0	115,7
<i>EBITDA margin</i>	68,7%	59,4%	64,0%	62,7%
Non recurring costs	-	-	-	-
Adjusted EBITDA	40,1	37,5	110,0	115,7
<i>Adjusted EBITDA margin</i>	68,7%	59,4%	64,0%	62,7%

- 1) Other Revenues and income include tax credits related to electricity expenses
 2) 9M2021 expenses amounting to c. € 92k reclassified from personnel costs to service costs

Summary of Balance Sheet

(€m)	2021FY	9M2022
Non current assets		
Tangible assets	244,5	260,5
Rights of use for leasing	31,5	30,7
Intangible assets	17,2	15,3
Financial assets, holdings and other non-current assets	1,4	1,9
Deferred tax assets	3,0	1,8
Total non-current assets	297,7	310,1
Current assets		
Inventories	0,8	0,8
Trade receivables	67,8	77,2
Other current receivables and assets	3,9	3,5
Current financial assets	0,5	0,6
Cash and cash equivalents	17,2	15,6
Current tax receivables	0,1	0,1
Total current assets	90,4	97,8
TOTAL ASSETS	388,0	407,9

(€m)	2021FY	9M2022
Shareholders' Equity		
Share capital	70,2	70,2
Legal reserves	14,0	14,0
Other reserves	37,3	38,0
Retained earnings	64,4	56,2
Treasury shares	(20,0)	(20,0)
Total shareholders' equity	165,9	158,4
Non-current liabilities		
Non-current financial liabilities	69,0	101,0
Non-current leasing liabilities	21,4	21,2
Employee benefits	12,3	10,3
Provisions for risks and charges	17,2	15,1
Total non-current liabilities	119,9	147,5
Current liabilities		
Trade payables	51,7	43,9
Other debt and current liabilities	35,2	40,1
Current financial liabilities	0,2	0,7
Current leasing liabilities	15,1	15,5
Current tax payables	0,1	1,9
Total current liabilities	102,2	102,0
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	388,0	407,9

Summary of Cash Flow Statement

(€m)	3Q2021	3Q2022	9M2021	9M2022
Profit before income taxes	27,2	26,9	72,2	78,5
Depreciation, amortization and write-downs	12,5	10,2	36,7	35,9
Provisions and (releases of) personnel and other funds	(0,9)	0,9	0,9	0,3
Net financial (income)/expenses	0,4	0,4	1,0	1,2
Other non-cash items	(0,0)	0,1	0,1	0,2
Net operating CF before change in WC	39,2	38,4	110,9	116,1
Change in inventories	0,0	0,0	0,1	0,0
Change in trade receivables	(11,7)	(9,1)	(14,3)	(9,6)
Change in trade payables	2,5	4,1	(2,8)	(8,1)
Change in other assets	0,2	(1,4)	(0,2)	0,4
Change in other liabilities	5,6	4,8	4,7	8,2
Use of funds	(0,2)	(0,1)	(0,3)	(0,9)
Payment of employee benefits	(0,6)	(0,6)	(2,4)	(2,3)
Change in tax receivables and payables	(0,0)	(0,1)	(0,0)	(0,1)
Taxes paid	(21,2)	(21,3)	(21,8)	(22,9)
Net cash flow generated by operating activities	13,9	14,9	73,8	80,7
Investment in tangible assets	(25,0)	(0,0)	(53,1)	(40,7)
Disposals of tangible assets	(0,2)	(0,0)	0,0	0,0
Investment in intangible assets	(0,6)	(0,0)	(1,4)	(1,2)
Disposals of intangible assets	-	(0,0)	0,0	(0,0)
Change in other non-current assets	0,0	0,0	0,0	0,0
Change in non-current financial assets	0,0	0,0	0,1	0,1
Business combination	-	-	(1,0)	-
Net cash flow generated by investment activities	(25,7)	(0,0)	(55,3)	(41,7)
(Decrease)/increase in medium/long-term loans	-	-	40,9	32,0
(Decrease)/increase in current financial liabilities	15,1	0,1	15,1	0,3
(Decrease)/increase in IFRS 16 financial liabilities	(2,4)	(1,1)	(7,7)	(6,9)
Change in current financial assets	0,2	(0,1)	0,1	(0,3)
Net Interest paid	(0,1)	(0,2)	(0,5)	(0,7)
Dividends paid	(0,1)	(0,0)	(64,0)	(65,1)
Net cash flow generated by financing activities	12,7	(1,3)	(16,0)	(40,7)
Change in cash and cash equivalent	0,8	13,5	2,5	(1,6)
Cash and cash equivalent (beginning of period)	5,7	17,7	4,1	17,2
Cash and cash equivalent (end of period)	6,5	31,2	6,5	15,6