



# 1Q2023 Results Presentation

11 May 2023



## 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.

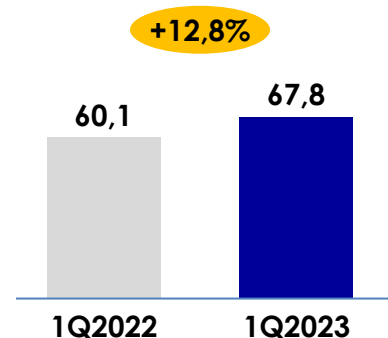
- **Roberto Cecatto**, Chief Executive Officer
- **Adalberto Pellegrino**, Chief Financial Officer
- **Giancarlo Benucci**, Chief Corporate Development Officer

- **Strong 1Q23, in line with expectations:**
  - Revenues up 12,8%, mainly driven by CPI-link and rising contribution from regional *refarming*;
  - EBITDA up 12,4% with profitability at 65,5%, despite unfavorable comparison on energy (1Q22 still benefitting from fixed price contract signed in 2021)
  - 1Q capex historically limited
- **New Board** in place: focus on **execution** and **value creation**
- **Guidance** for the full year **confirmed**

# 1Q2023 Financial highlights

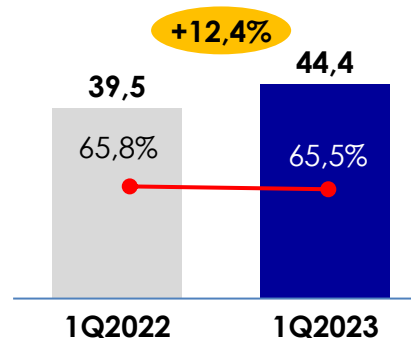
Mln Eur; %  % YoY growth

## Core Revenues

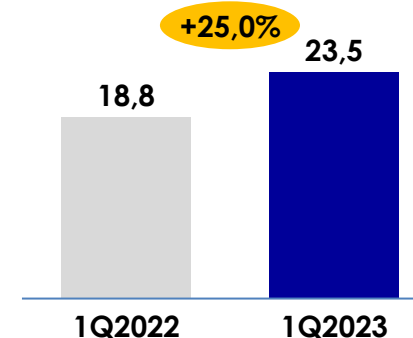


## Adjusted EBITDA

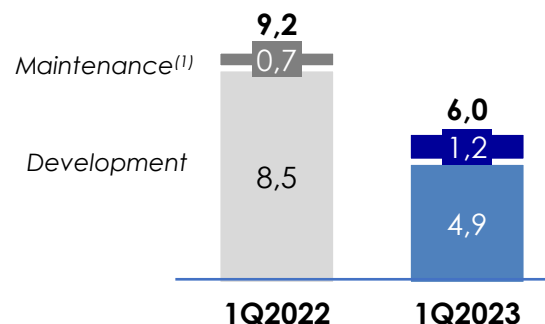
• Adjusted EBITDA margin



## Net Income

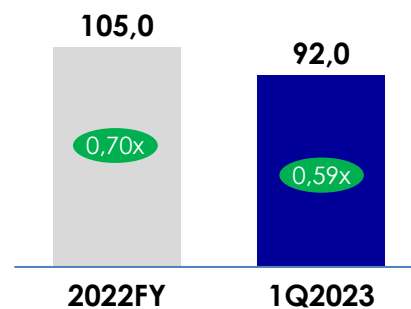


## Capex

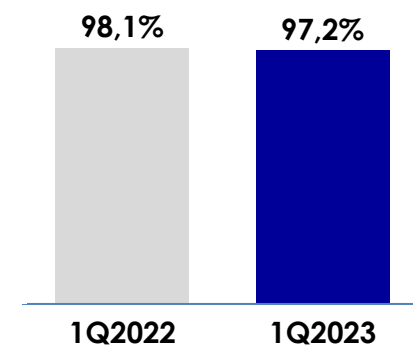


## Net debt (Net Cash)

● Net Debt / Adjusted EBITDA



## Cash conversion<sup>(2)</sup>

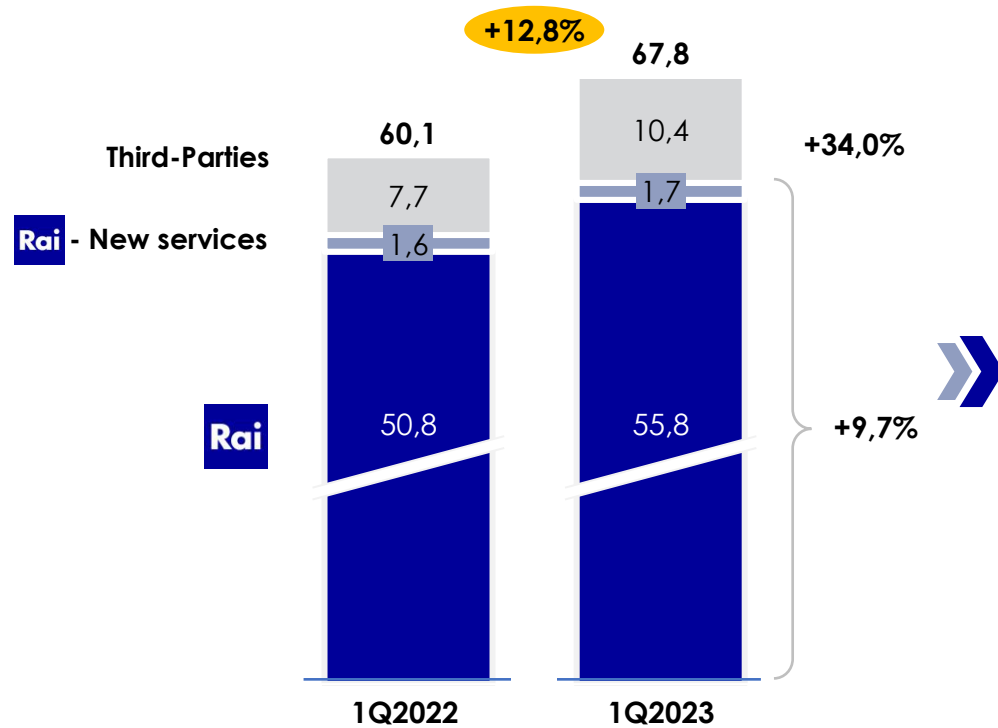


1) Maintenance capex excluding component related to IFRS-16 leasing

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

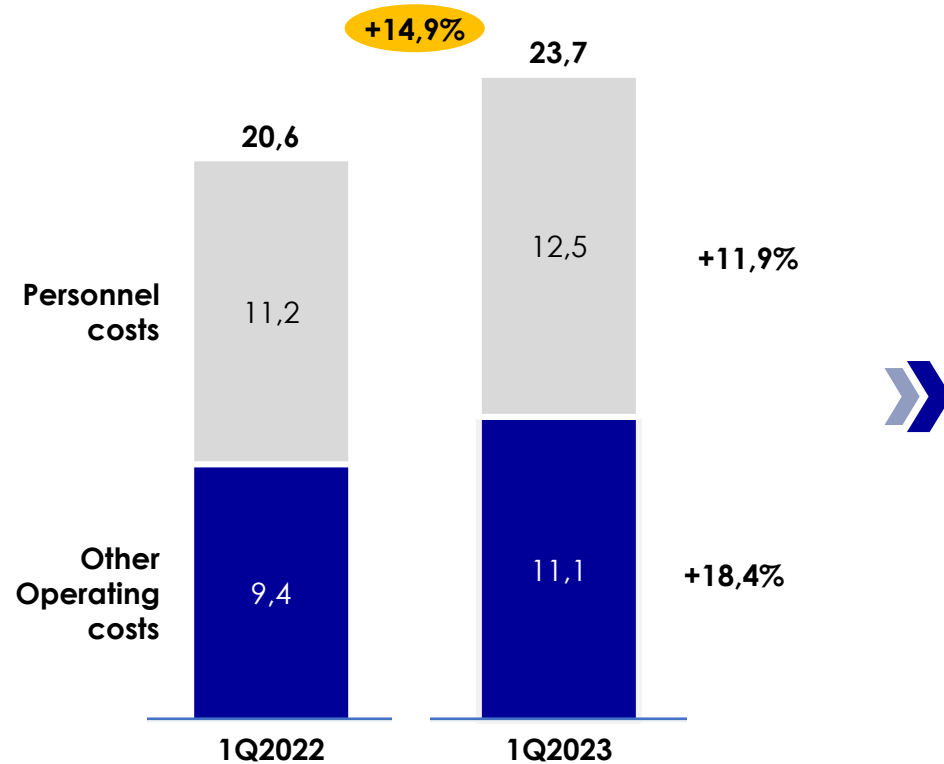


- Rai **up 9,7%** reflecting CPI-indexation and termination of a minor radio service effective from 3Q22
- **Third-party revenues up 34%** boosted by new regional MUXes business, CPI-link and supportive trend of FWAPs and radio broadcasters

# Opex (excluding non-recurring)

Mln Eur; %

% YoY growth



- Excluding non-core items and lower capitalization compared to 2021, **underlying Personnel cost up 3,6%**
- **Difficult comparison on electricity tariffs** in 1Q (total equivalent cost <sup>(1)</sup> per MWh ca 2x YoY), with 1Q22 still benefitting from raw energy price fixed at 2021 level and 1Q23 tax credits partially offset by lower incentives on ancillary charges
  - Tariff comparison expected to reverse in 2Q and 3Q, still benefiting from lower consumption (-12% in 1Q)
- Excluding impact from electricity tariffs and non-recurring items, **Other Operating costs up approx. 5%**

<i>Eur Mln. %</i>	1Q2022	1Q2023	% YoY
<b>Core Revenues</b>	<b>60,1</b>	<b>67,8</b>	<b>12,8%</b>
Other Revenues & income <sup>1)</sup>	0,0	0,3	
<b>Adj. EBITDA</b>	<b>39,5</b>	<b>44,4</b>	<b>12,4%</b>
% margin	65,8%	65,5%	
Non recurring costs	0,0	0,0	
<b>EBITDA</b>	<b>39,5</b>	<b>44,4</b>	<b>12,4%</b>
% margin	65,8%	65,5%	
D&A <sup>2)</sup>	-12,8	-11,1	-13,8%
<b>Operating Profit (EBIT)</b>	<b>26,7</b>	<b>33,4</b>	<b>25,0%</b>
Net financial income (expenses)	-0,4	-0,7	67,2%
<b>Profit before Income taxes</b>	<b>26,3</b>	<b>32,7</b>	<b>24,3%</b>
Income Taxes	-7,5	-9,2	22,4%
% tax rate	28,5%	28,0%	
<b>Net Income</b>	<b>18,8</b>	<b>23,5</b>	<b>25,0%</b>

- 1Q2023 Net Income up by 25,0% at € 23,5m as a result of:
  - Significantly higher EBITDA
  - Lower D&A following the termination of the useful life of DVB-T equipment
  - Limited impact on financial charges from rising interest rates
  - Stable tax rate

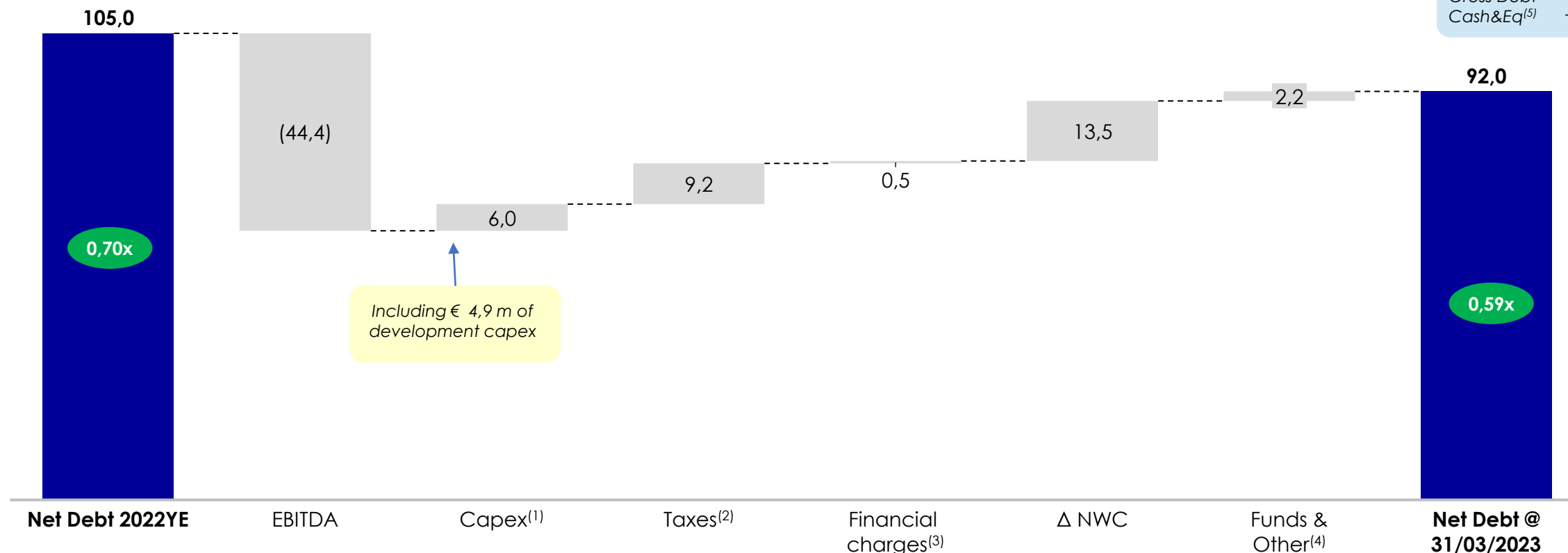
1) Other Revenues and income net of tax credit related to electricity expenses Including provisions; 2) including provisions



# Net Debt bridge

Mln Eur      Net Debt/ 1y rolling Adj. EBITDA

IFRS-16 Debt	39,4m
Gross Debt	102,2m
Cash&Eq <sup>(5)</sup>	-49,6m



**1Q2023 recurring FCFE<sup>(6)</sup> at ca. € 31m**

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

# Guidance 2023 confirmed

- Outlook based on recent levels of power futures for 2023<sup>(1)</sup>

## Adjusted EBITDA

**Growth rate  
in the mid-teens area**

- CPI-link
- Rising contribution from regional refarming
- Lower energy prices<sup>(1)</sup> and lower consumption
- Start-up costs related to new infrastructure/services

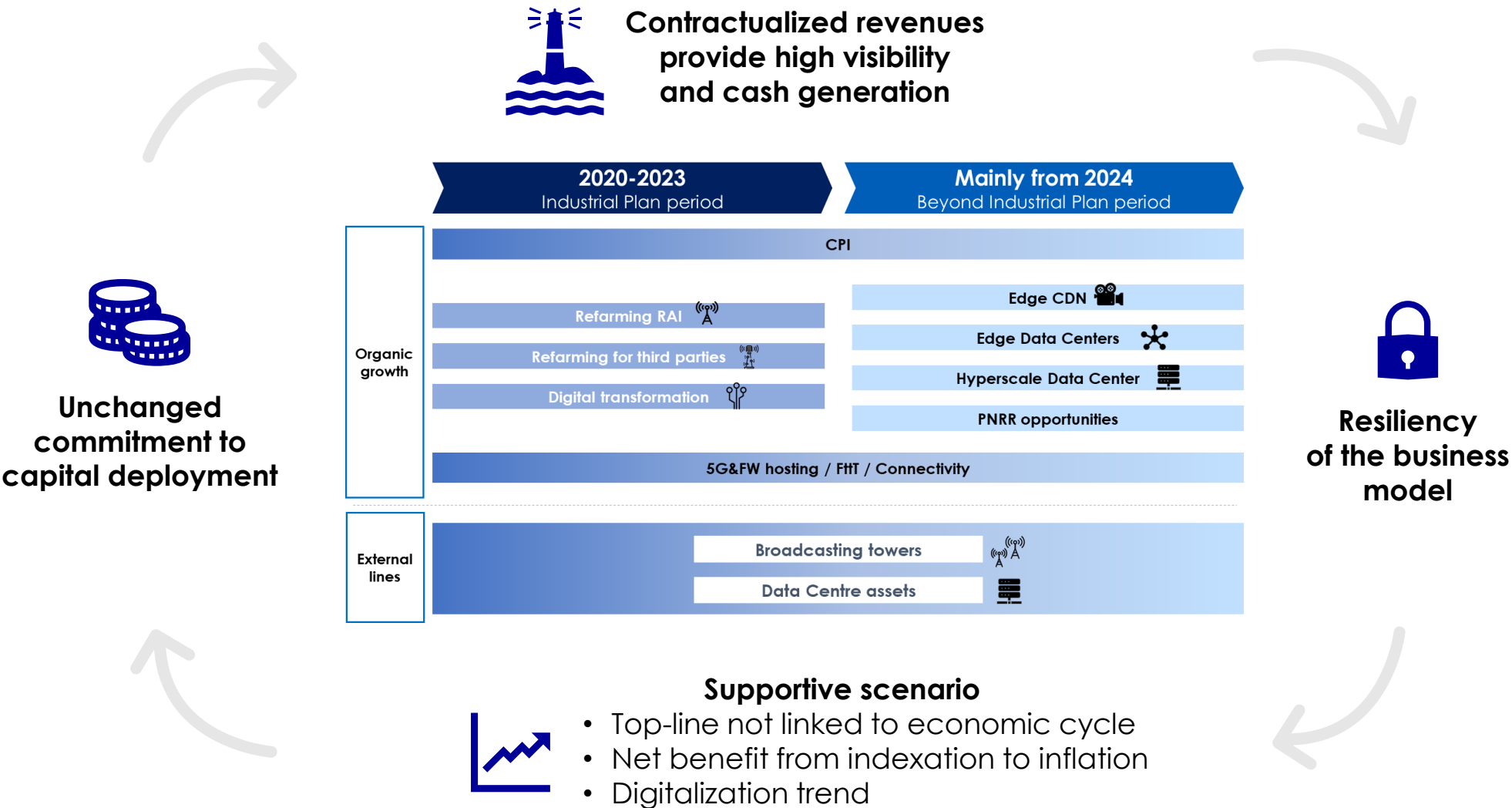
## Capex

- **Maintenance capex broadly stable vs 2022**
- **Development capex broadly stable vs 2022, but with different RAI-3<sup>rd</sup> Parties mix**

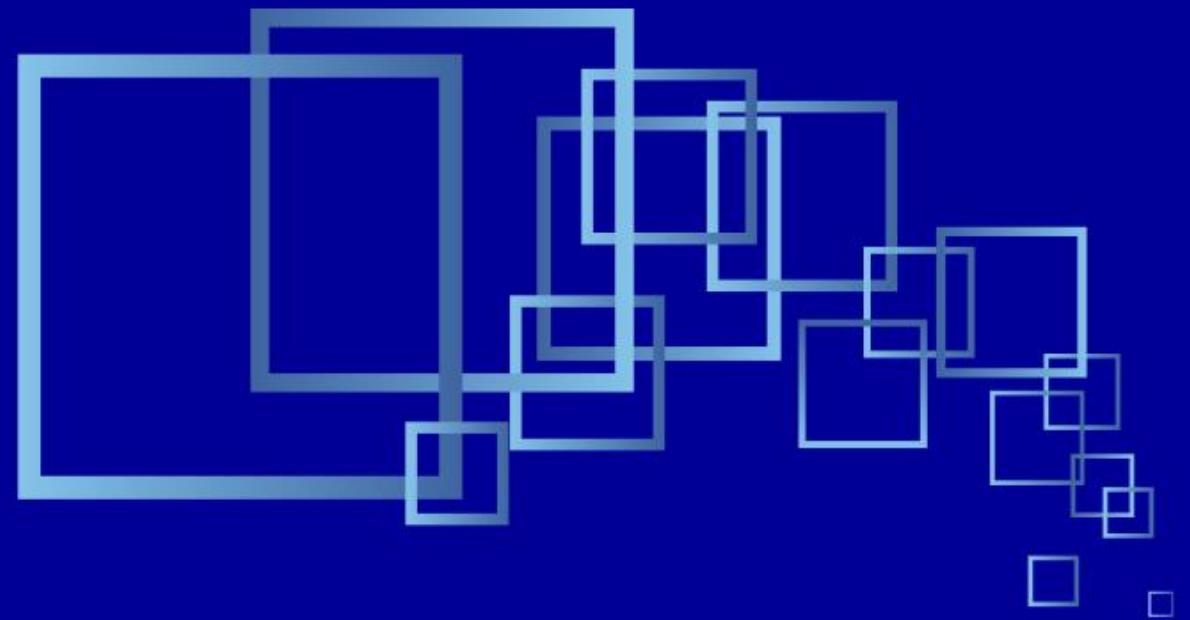
- New infra roll-out (mainly edge & CDN)
- Backbone upgrade completion
- Residual refarming investments (both RAI & regional)

1) Average level of raw energy price for 2023 (excluding spread, green energy option and effect of tax credits) at ca. 150 €/MWh.  
Source for raw energy futures price: European Energy Exchange website; data as of 10/05/2023

# Strengths in the current environment



## Q&A session



## - Investor Relations



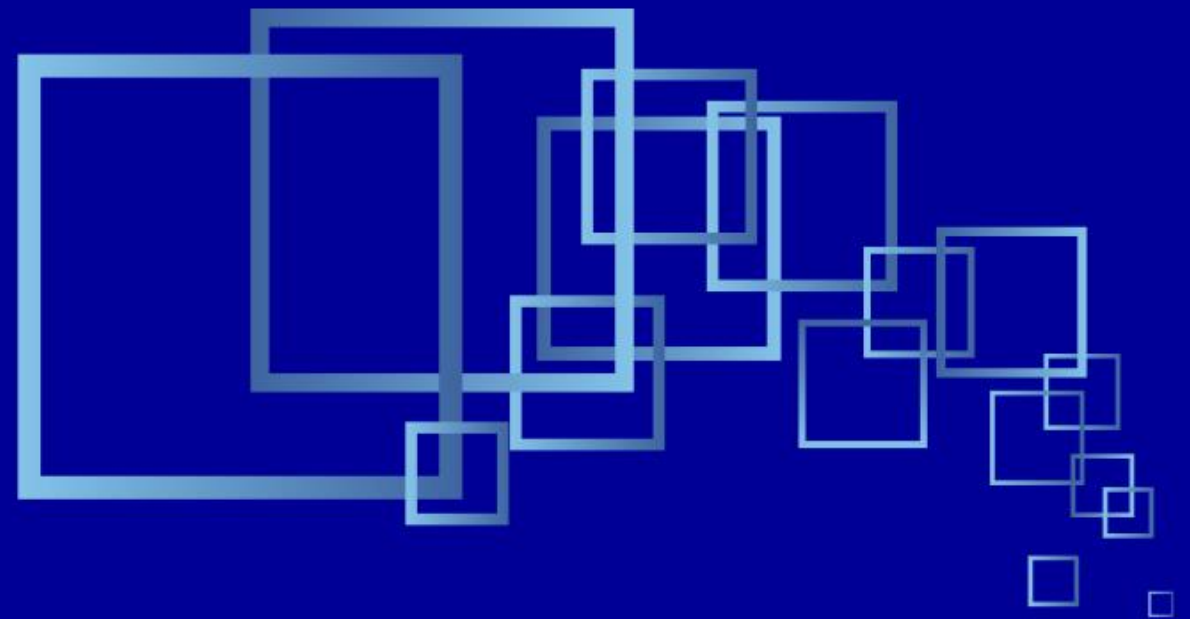
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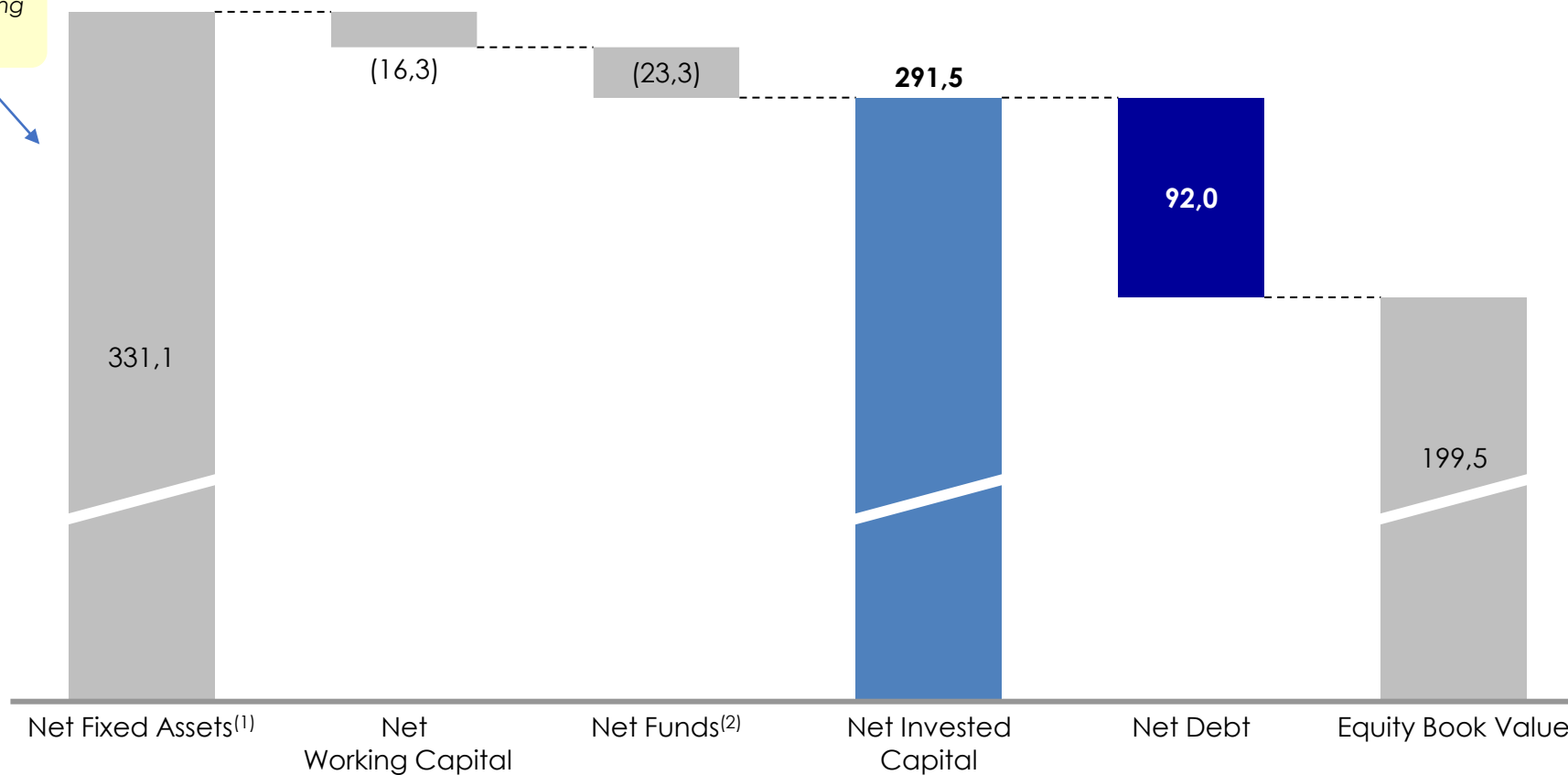
# Appendix



# Balance sheet

Mln Eur

Including rights of use for leasing under IFRS-16 (€ 32,6 m)



- 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; %)	1Q22	1Q23
<b>Core revenues</b>	<b>60,1</b>	<b>67,8</b>
Other revenues and income <sup>1</sup>	0,0	0,9
Purchase of consumables	(0,3)	(0,3)
Cost of services	(8,4)	(10,9)
Personnel costs	(11,2)	(12,5)
Other costs	(0,7)	(0,6)
<b>Opex</b>	<b>(20,6)</b>	<b>(24,3)</b>
Depreciation, amortization and write-downs	(12,8)	(11,1)
Provisions	-	-
<b>Operating profit (EBIT)</b>	<b>26,7</b>	<b>33,4</b>
Net financial income (expenses)	(0,4)	(0,7)
<b>Profit before income taxes</b>	<b>26,3</b>	<b>32,7</b>
Income taxes	(7,5)	(9,2)
<b>Net Income</b>	<b>18,8</b>	<b>23,5</b>
<b>EBITDA</b>	<b>39,5</b>	<b>44,4</b>
EBITDA margin	65,8%	65,5%
Non recurring costs	-	-
<b>Adjusted EBITDA</b>	<b>39,5</b>	<b>44,4</b>
Adjusted EBITDA margin	65,8%	65,5%

<sup>1)</sup> Other Revenues and income include tax credits related to electricity expenses



# Summary of Balance Sheet

(€m)	2022FY	1Q2023
<b>Non current assets</b>		
Tangible assets	280,8	278,2
Rights of use for leasing	33,4	32,6
Intangible assets	19,5	19,7
Financial assets, holdings and other non-current assets	0,9	0,9
Deferred tax assets	1,8	2,1
<b>Total non-current assets</b>	<b>336,4</b>	<b>333,4</b>
<b>Current assets</b>		
Inventories	0,8	0,8
Trade receivables	66,2	84,9
Other current receivables and assets	2,5	4,6
Current financial assets	1,5	1,2
Cash and cash equivalents	35,2	48,3
Current tax receivables	0,1	0,1
<b>Total current assets</b>	<b>106,2</b>	<b>139,9</b>
<b>TOTAL ASSETS</b>	<b>442,6</b>	<b>473,3</b>

(€m)	2022FY	1Q2023
<b>Shareholders' Equity</b>		
Share capital	70,2	70,2
Legal reserves	14,0	14,0
Other reserves	38,2	38,0
Retained earnings	73,7	97,2
Treasury shares	(20,0)	(20,0)
<b>Total shareholders' equity</b>	<b>176,2</b>	<b>199,5</b>
<b>Non-current liabilities</b>		
Non-current leasing liabilities	22,6	21,2
Employee benefits	10,0	10,0
Provisions for risks and charges	15,1	15,4
Other non-current liabilities	0,3	0,3
<b>Total non-current liabilities</b>	<b>48,0</b>	<b>46,9</b>
<b>Current liabilities</b>		
Trade payables	60,5	50,5
Other debt and current liabilities	38,5	54,2
Current financial liabilities	101,5	102,2
Current leasing liabilities	17,6	18,1
Current tax payables	0,4	1,9
<b>Total current liabilities</b>	<b>218,4</b>	<b>227,0</b>
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>	<b>442,6</b>	<b>473,3</b>

# Summary of Cash Flow Statement

(€m)	1Q2022	1Q2023
<b>Profit before income taxes</b>	<b>26,3</b>	<b>32,7</b>
Depreciation, amortization and write-downs	12,8	11,1
Provisions and (releases of) personnel and other funds	0,4	0,9
Net financial (income)/expenses	0,4	0,7
Other non-cash items	0,0	0,1
<b>Net operating CF before change in WC</b>	<b>40,0</b>	<b>45,4</b>
Change in inventories	-	0,0
Change in trade receivables	(8,1)	(18,6)
Change in trade payables	(7,2)	(10,0)
Change in other assets	1,1	(2,2)
Change in other liabilities	6,8	7,9
Use of funds	(0,1)	(0,2)
Payment of employee benefits	(1,0)	(0,5)
Change in tax receivables and payables	(0,0)	-
<b>Net cash flow generated by operating activities</b>	<b>31,5</b>	<b>21,8</b>
Investment in tangible assets	(9,1)	(4,8)
Investment in intangible assets	(0,1)	(1,2)
Change in other non-current assets	0,0	(0,0)
Change in non-current financial assets	0,0	-
<b>Net cash flow generated by investment activities</b>	<b>(9,2)</b>	<b>(6,0)</b>
(Decrease)/increase in current financial liabilities	(0,0)	-
(Decrease)/increase in IFRS 16 financial liabilities	(3,4)	(2,5)
Change in current financial assets	(0,1)	0,2
Net Interest paid	(0,2)	(0,1)
Dividends paid	-	(0,2)
<b>Net cash flow generated by financing activities</b>	<b>(3,7)</b>	<b>(2,6)</b>
<b>Change in cash and cash equivalent</b>	<b>18,7</b>	<b>13,2</b>
Cash and cash equivalent (beginning of period)	17,2	35,2
Cash and cash equivalent (end of period)	36,0	48,3