



# 9M2023 Results Presentation

14 November 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

## 9M23 FINANCIAL RESULTS

- Strong 9M23 performance:
  - **Revenues** up 10.7% (or **ca. +12% excluding non-recurring effects**) benefitting from **CPI-link** and rising contribution of **regional refarming**
  - Adjusted EBITDA up 19.6%, supported by top-line growth, material **reduction in electricity prices** in 3Q23 vs 3Q22 and **cost control** on other opex; 3Q23 **profitability at the record level of 70%**
  - Development capex at € 19.7m, with lower component related to refarming vs 9M22 (€ 7.7m vs 30.2m, including both RAI and regional networks); investment in **diversification initiatives expected to accelerate** following support from new Board
  - **Recurring FCFE** above € 90m, almost reaching the level generated in the entire 2022

## OPERATING UPDATE

- Assessment of **diversification initiatives** completed: **support from the new Board** to execution
- **Debt refinancing finalized** in October

## OUTLOOK

- **Adjusted EBITDA guidance** for 2023 **raised**
- **New Industrial Plan** under development, **release** expected in **1H24**

# New infra & services projects: progress update

Activity progress: 0% >>> 100%

Project estimated capex



Edge  
CDN



- Technological partner awarded
- Testing in 1H2024; first ready-to-service Edge CDN from 2H2024
- Further “capillarization” based on clients’ performance requirements

~15m  
in the  
next 3y



Edge data  
Centers  
(>3 MW)

**5 Major  
(1.6 MW)**  
(Milan, Turin,  
Venice, Florence,  
Genova)



- Progressive assets availability from end of 2023

**Other  
Major**



- Construction of EDC in Rome awarded
- Other locations: alternative sites to increase size identified

**Other Medium  
& Small EDC**



- Concept design done; roll-out based on edge services demand uptake

~70m



Hyperscale  
data center

**TIER-IV  
scalable DC  
up to ca. 35  
MW IT load,  
with 4  
modules of  
~9 MW each**



- Authorization phase ongoing
- First module construction time (once authorized): 12-18 months

~12m  
/MW

~€6m

Capex spent as of 9M23

~€33m

Capex already committed  
(signed contracts) as of 9M23

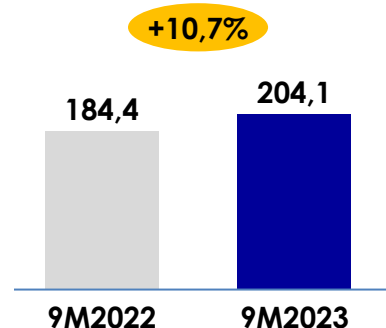
>10%

Estimated unlevered projects  
IRR

# 9M2023 Financial highlights

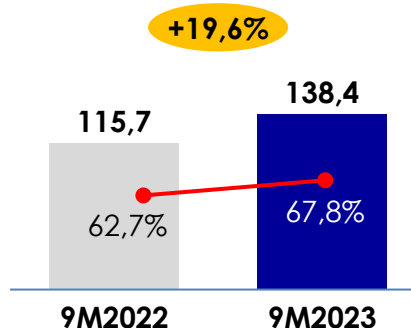
Mln Eur; %  % YoY growth

## Core Revenues

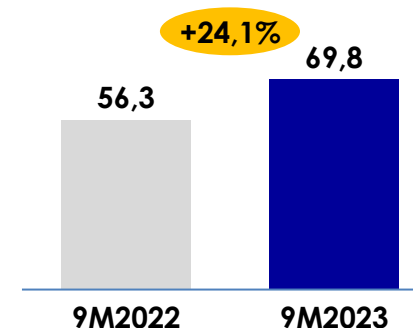


## Adjusted EBITDA

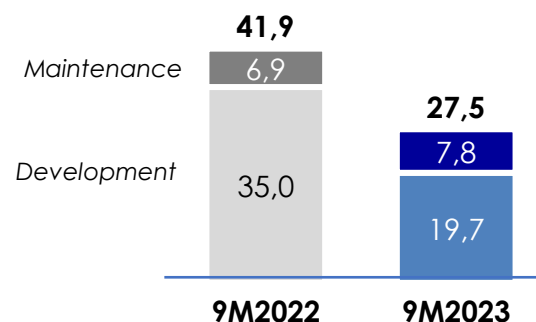
• Adjusted EBITDA margin



## Net Income

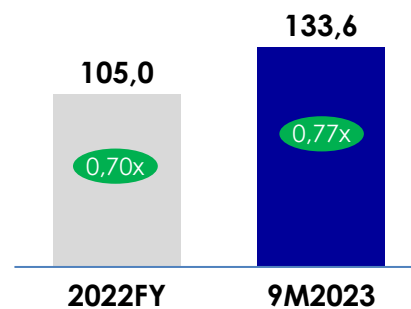


## Capex<sup>(1)</sup>

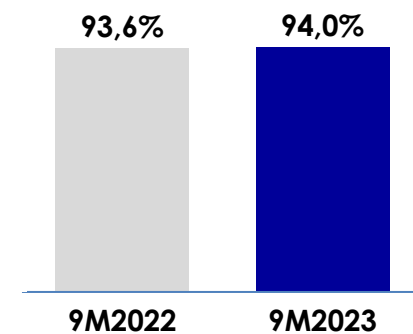


## Net debt (Net Cash)

● Net Debt / LTM Adjusted EBITDA



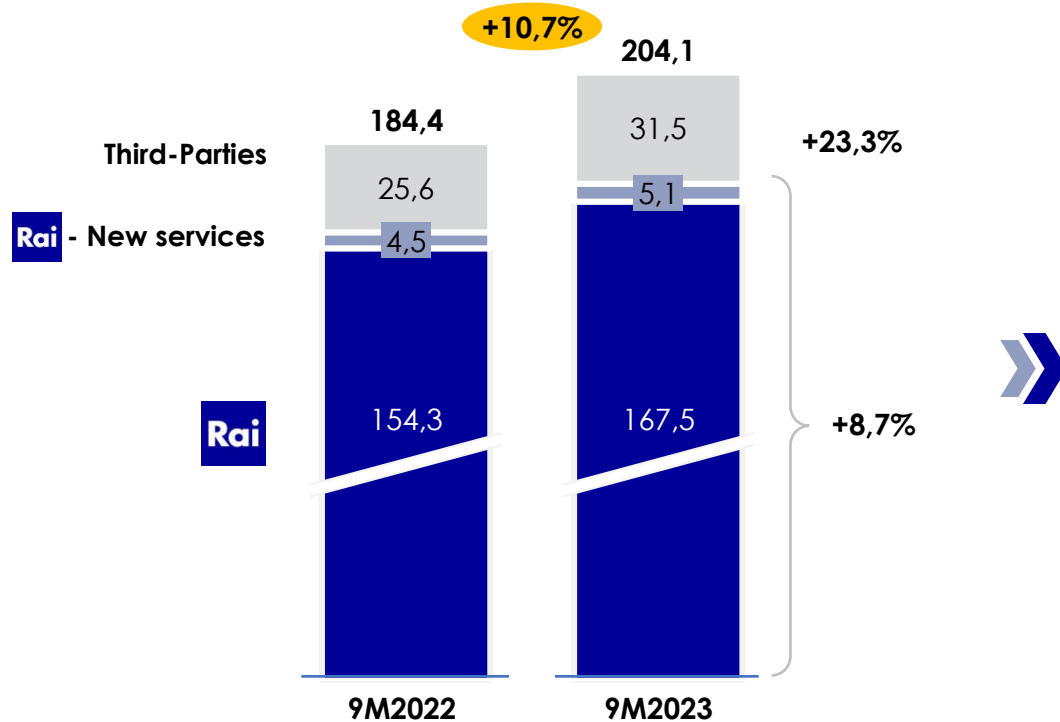
## Cash conversion<sup>(2)</sup>



- 1) Capex excluding component related to IFRS-16 leasing. Development capex figure include € 2,8 million related to fiber IRU, reported under IFRS-16 financial liabilities in the financial statements
- 2) Cash conversion = (Adj. EBITDA after Leases – Maintenance Capex) / Adj. EBITDA after Leases. Leases estimated as sum of leasing right of use depreciation (excl. dismantling) + financial charges on leasing contracts

# Core Revenues

Mln Eur; %  % YoY growth

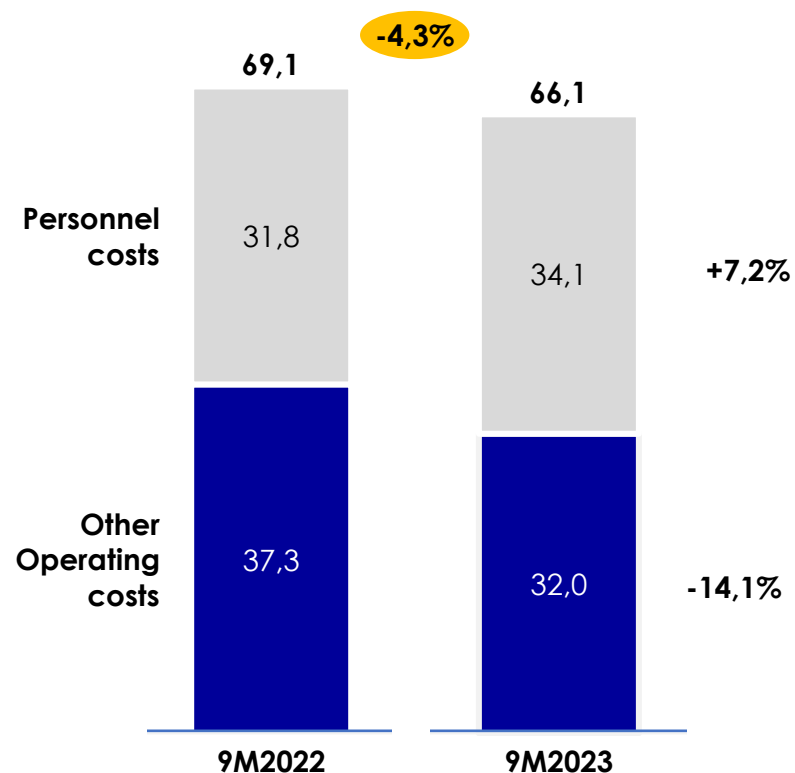


- Excluding non-recurring impacts (e.g. termination of a minor radio service in 3Q22), **RAI fixed consideration** up in line with **CPI**
- **New services to RAI up 11,8%** driven by inflation and a number of small-size projects (e.g. DAB coverage extension, signals transport, ...)

- **New regional MUXes business** boosting **Third-party revenues up 23.3%**
  - As for other customers, growth confirmed above 9% supported by contract escalator and good performance of FWAPs and radio broadcasters

Mln Eur; %

% YoY growth



- Excluding non-core components, **Personnel cost up approx. 4%**
- Approx **14% reduction** of **Other Operating costs**:
  - 9M energy bill down 42% vs. 2022** as a result of sharp **price decline** (especially compared to 3Q22) and **consumption efficiency** (-12%)
  - underlying trend of **other cost items up 6,6%** (or **approx. 4%** net of the expenses related to a government-sponsored project to be covered by funds reported under other income)

	1H22	1H23	Δ	3Q22	3Q23	Δ	9M22	9M23	Δ
Total price (equivalent per MWh)	196	188	-4%	459	189	-59%	283	188	-33%
Consumption (GWh)	38,6	33,4	-14%	19,0	17,2	-10%	57,7	50,6	-12%
Energy bill (€ mln)	7,6	6,3	-17%	8,7	3,3	-63%	16,3	9,5	-42%

1) Average raw energy price paid (€/MWh) Including spread and green energy option (1Q22: ~58; 2Q22: ~252; 1H22: 153; 1Q23: ~160; 2Q23: ~124; 1H23: 142)  
 2) 1Q22 benefitting from raw energy price fixed at 2021 level



<i>Eur Mln, %</i>	3Q2022	3Q2023	% YoY	9M2022	9M2023	% YoY
<b>Core Revenues</b>	<b>63,2</b>	<b>68,2</b>	<b>7,9%</b>	<b>184,4</b>	<b>204,1</b>	<b>10,7%</b>
Other Revenues & income <sup>1)</sup>	0,1	0,1		0,4	0,4	
<b>Adj. EBITDA</b>	<b>37,5</b>	<b>47,6</b>	<b>27,0%</b>	<b>115,7</b>	<b>138,4</b>	<b>19,6%</b>
% margin	59,4%	69,9%		62,7%	67,8%	
Non recurring costs	0,0	0,0		0,0	-3,6	
<b>EBITDA</b>	<b>37,5</b>	<b>47,6</b>	<b>27,0%</b>	<b>115,7</b>	<b>134,8</b>	<b>16,5%</b>
% margin	59,4%	69,9%		62,7%	66,0%	
D&A <sup>2)</sup>	-10,2	-11,6	14,3%	-35,8	-34,3	-4,4%
<b>Operating Profit (EBIT)</b>	<b>27,3</b>	<b>36,0</b>	<b>31,7%</b>	<b>79,8</b>	<b>100,5</b>	<b>25,9%</b>
Net financial income (expenses)	-0,5	-1,2	144,2%	-1,3	-2,9	118,1%
<b>Profit before Income taxes</b>	<b>26,9</b>	<b>34,8</b>	<b>29,7%</b>	<b>78,5</b>	<b>97,6</b>	<b>24,3%</b>
Income Taxes	-7,6	-9,9	30,2%	-22,2	-27,8	24,8%
% tax rate	28,3%	28,4%		28,3%	28,5%	
<b>Net Income</b>	<b>19,3</b>	<b>24,9</b>	<b>29,5%</b>	<b>56,3</b>	<b>69,8</b>	<b>24,1%</b>

**9M2023 Net Income up by 24,1% at € 69,8m despite €3,6m non-recurring costs:**

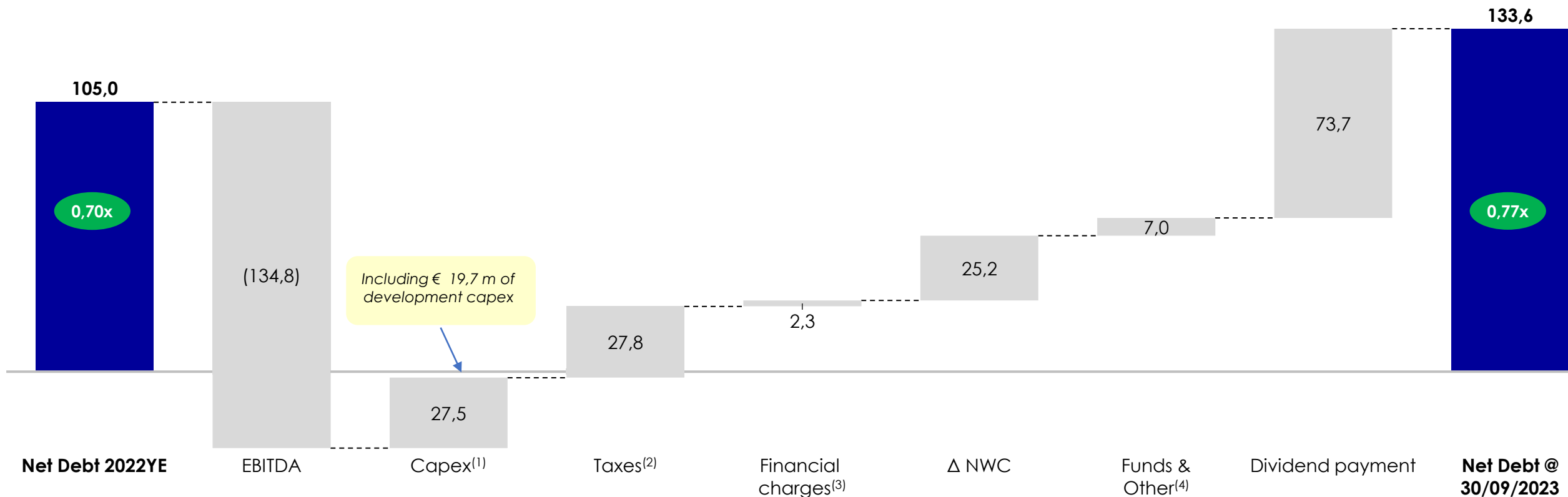
- Significantly higher EBITDA and profitability (ca 70% in the 3Q23)
- Lower D&A as net effect of the termination of the useful life of DVB-T equipment (in 3Q22) and investment activity
- Financial charges up reflecting higher net debt and rising interest rates
- Stable tax rate

# Net Debt bridge

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

**Rai Way**

IFRS-16 Debt 38,4m  
Gross Debt 106,7m  
Cash&Eq<sup>(5)</sup> -11,6m



**9M2023 recurring FCFE<sup>(6)</sup> at ca. € 91m**

1) Excluding component related to IFRS-16 leasing; development capex include € 2,8 million related to fiber IRU, reported under IFRS-16 financial liabilities in the financial statements

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 (excl. IFRS-16 component) – P&L Taxes (adjusted to exclude benefits from non-recurring opex) – Recurring Maintenance Capex. Leases estimated as sum of leasing right of use depreciation (excl. dismantling) + financial charges on leasing contracts

- Amount: **€ 185m** (vs previous € 170m), of which € 143m Term loan (with **bullet** repayment at maturity) + € 42m Revolving
- Term Loan to be drawn as needed upon borrower's request (€ 101m drawn as of today)
- Tenor: **3 years**
- Interest: **Euribor (0 floor) + 1,10%**
- Commitment fee: 35% of the spread
- One-off fees: 27,5bps upfront fee; 7,5bps coordination fee
- Covenant: **Net Debt / EBITDA  $\leq$  3,0x**
- Lenders: BPER Banca S.p.A., Cassa Depositi e Prestiti S.p.A., Mediobanca S.p.A., UniCredit S.p.A.



**Cash generation and available debt to finance development initiatives**

# 2023 Adjusted EBITDA guidance raised

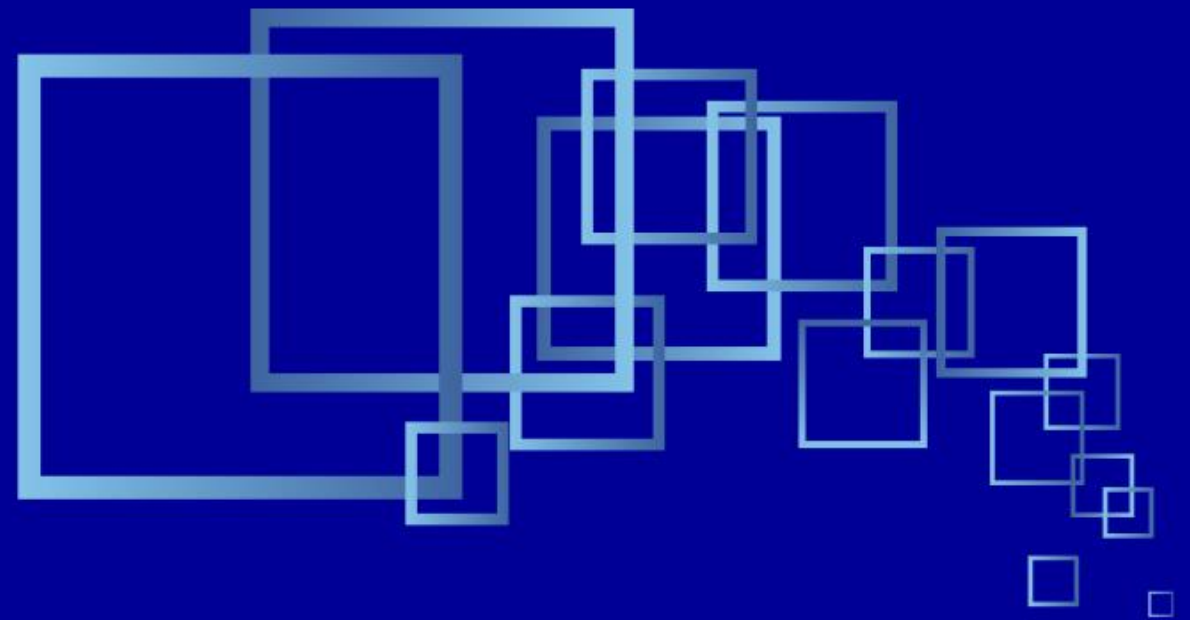
- Outlook based on recent levels of power futures for the rest of 2023<sup>(1)</sup>

Adjusted EBITDA	<b>Growth rate now expected in the «high-teens area»</b>	<ul style="list-style-type: none"><li>- CPI-link</li><li>- Rising contribution from regional refarming</li><li>- Lower energy prices<sup>(1)</sup> and lower consumption</li><li>- Start-up costs related to new infrastructure/services</li></ul>
Capex	<ul style="list-style-type: none"><li>• <b>Maintenance capex broadly stable vs 2022</b></li><li>• <b>Development capex below vs 2022, with different RAI-3<sup>rd</sup> Parties mix</b></li></ul>	<ul style="list-style-type: none"><li>- New infra roll-out (mainly edge &amp; CDN)</li><li>- Backbone upgrade completion</li><li>- Residual refarming investments (both RAI &amp; regional)</li></ul>

Following support from the Board, investments in diversification initiatives to accelerate in coming quarters

1) Average level of raw energy price for FY2023 (excluding spread, green energy option and effect of tax credits) assumed at ca. 130 €/MWh

## Q&A session



## - Investor Relations



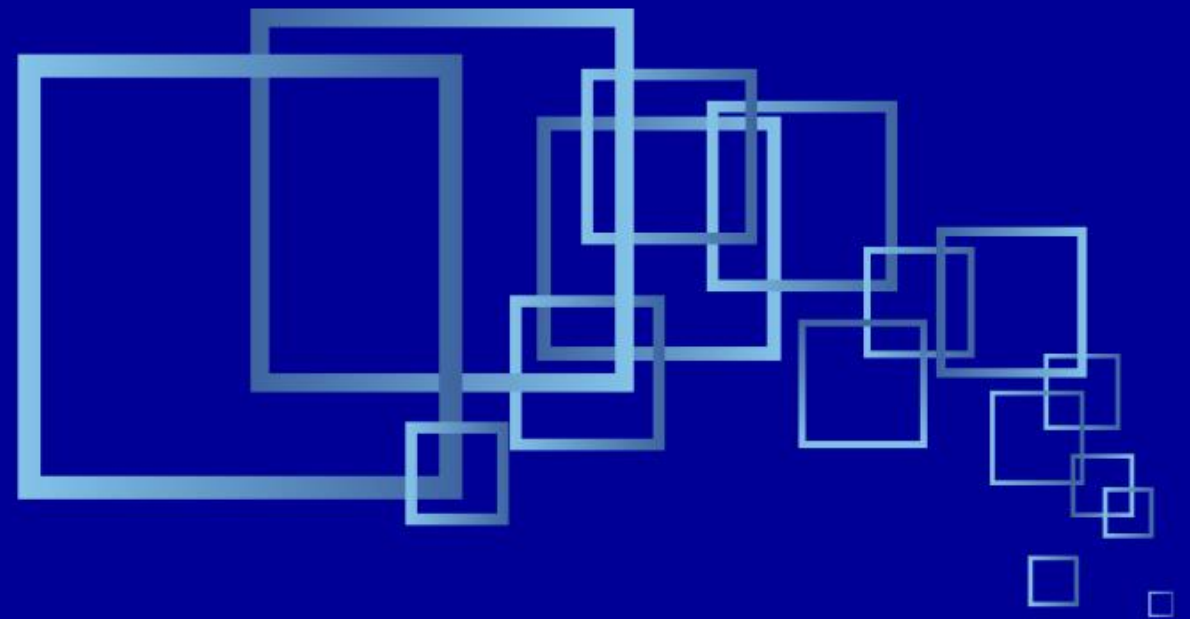
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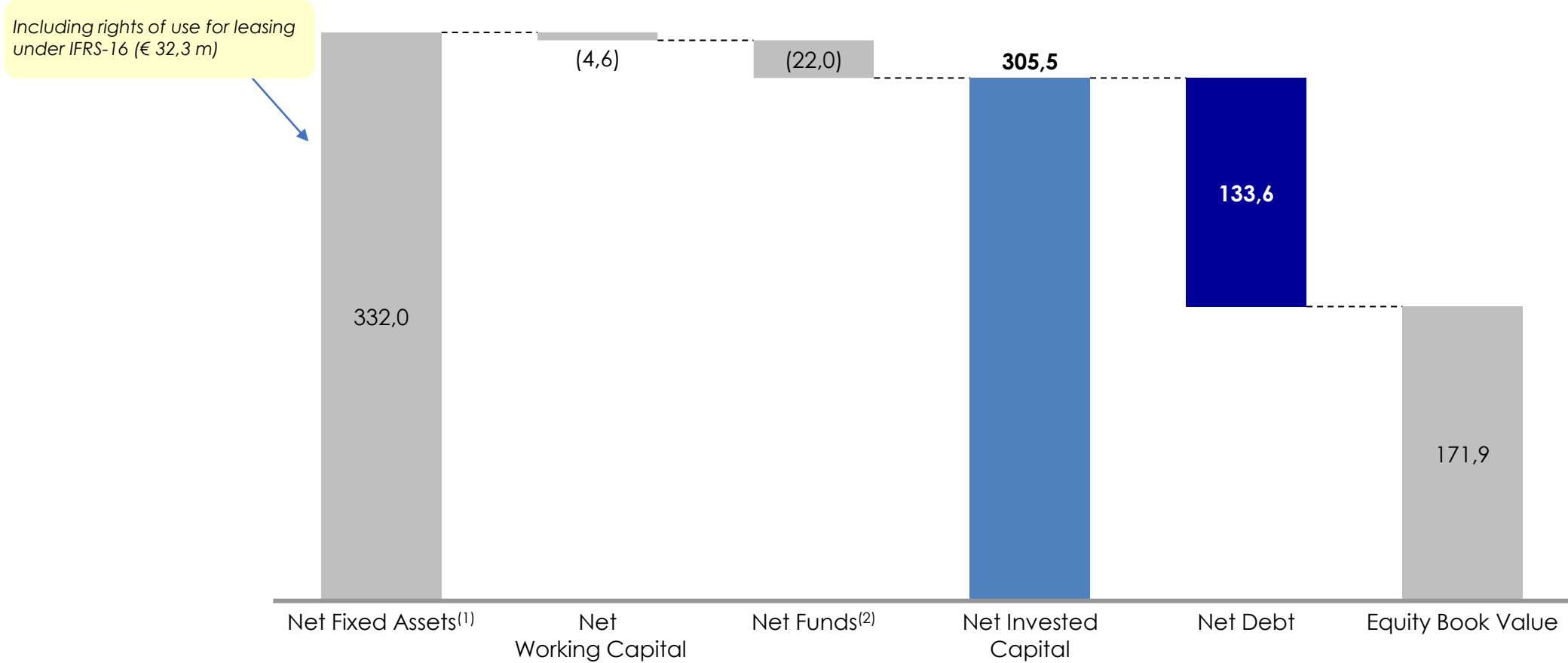
[investor.relations@raiway.it](mailto:investor.relations@raiway.it)

# 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; %)	3Q22	3Q23	9M22	9M23
<b>Core revenues</b>	<b>63,2</b>	<b>68,2</b>	<b>184,4</b>	<b>204,1</b>
Other revenues and income <sup>1</sup>	1,5	0,1	1,8	1,6
Purchase of consumables	(0,4)	(0,3)	(1,0)	(0,9)
Cost of services	(16,5)	(9,6)	(35,7)	(30,4)
Personnel costs	(9,5)	(10,0)	(31,8)	(37,5)
Other costs	(0,6)	(0,7)	(1,9)	(2,1)
<b>Opex</b>	<b>(27,1)</b>	<b>(20,6)</b>	<b>(70,5)</b>	<b>(71,0)</b>
Depreciation, amortization and write-downs	(10,2)	(11,6)	(35,9)	(34,3)
Provisions	-	-	0,0	-
<b>Operating profit (EBIT)</b>	<b>27,3</b>	<b>36,0</b>	<b>79,8</b>	<b>100,5</b>
Net financial income (expenses)	(0,5)	(1,2)	(1,3)	(2,9)
<b>Profit before income taxes</b>	<b>26,9</b>	<b>34,8</b>	<b>78,5</b>	<b>97,6</b>
Income taxes	(7,6)	(9,9)	(22,2)	(27,8)
<b>Net Income</b>	<b>19,3</b>	<b>24,9</b>	<b>56,3</b>	<b>69,8</b>
<b>EBITDA</b>	<b>37,5</b>	<b>47,6</b>	<b>115,7</b>	<b>134,8</b>
EBITDA margin	59,4%	69,9%	62,7%	66,0%
Non recurring costs	-	-	-	(3,6)
<b>Adjusted EBITDA</b>	<b>37,5</b>	<b>47,6</b>	<b>115,7</b>	<b>138,4</b>
Adjusted EBITDA margin	59,4%	69,9%	62,7%	67,8%

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

# Summary of Balance Sheet

(€m)	2022FY	9M2023
<b>Non current assets</b>		
Tangible assets	280,8	278,5
Rights of use for leasing	33,4	32,3
Intangible assets	19,5	20,6
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>334,5</b>
<b>Current assets</b>		
Inventories	0,8	0,8
Trade receivables	66,2	80,2
Other current receivables and assets	2,5	3,8
Current financial assets	1,5	0,8
Cash and cash equivalents	35,2	10,7
Current tax receivables	0,1	0,1
<b>Total current assets</b>	<b>106,2</b>	<b>96,4</b>
<b>TOTAL ASSETS</b>	<b>442,6</b>	<b>430,9</b>

(€m)	2022FY	9M2023
<b>Shareholders' Equity</b>		
Share capital	70,2	70,2
Legal reserves	14,0	14,0
Other reserves	38,2	37,8
Retained earnings	73,7	69,9
Treasury shares	(20,0)	(20,0)
<b>Total shareholders' equity</b>	<b>176,2</b>	<b>171,9</b>
<b>Non-current liabilities</b>		
Non-current leasing liabilities	22,6	21,0
Employee benefits	10,0	10,0
Provisions for risks and charges	15,1	14,1
Other non-current liabilities	0,3	0,3
<b>Total non-current liabilities</b>	<b>48,0</b>	<b>45,4</b>
<b>Current liabilities</b>		
Trade payables	60,5	36,8
Other debt and current liabilities	38,5	49,9
Current financial liabilities	101,5	106,7
Current leasing liabilities	17,6	17,4
Current tax payables	0,4	2,8
<b>Total current liabilities</b>	<b>218,4</b>	<b>213,6</b>
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>	<b>442,6</b>	<b>430,9</b>

# Summary of Cash Flow Statement

(€m)	3Q2022	3Q2023	9M2022	9M2023
<b>Profit before income taxes</b>	<b>26,9</b>	<b>34,8</b>	<b>78,5</b>	<b>97,6</b>
Depreciation, amortization and write-downs	10,2	11,6	35,9	34,3
Provisions and (releases of) personnel and other funds	0,9	(0,8)	0,3	1,1
Net financial (income)/expenses	0,4	1,1	1,2	2,8
Other non-cash items	0,1	0,1	0,2	0,4
<b>Net operating CF before change in WC</b>	<b>38,4</b>	<b>47,0</b>	<b>116,1</b>	<b>136,1</b>
Change in inventories	0,0	-	0,0	0,0
Change in trade receivables	(9,1)	(5,0)	(9,6)	(14,3)
Change in trade payables	4,1	(8,1)	(8,1)	(23,7)
Change in other assets	(1,4)	(0,1)	0,4	(1,3)
Change in other liabilities	4,8	(15,8)	8,2	(11,9)
Use of funds	(0,1)	(0,3)	(0,9)	(0,6)
Payment of employee benefits	(0,6)	(0,4)	(2,3)	(1,7)
Change in tax receivables and payables	(0,1)	(0,0)	(0,1)	(2,2)
Taxes paid	(21,3)	-	(22,9)	-
<b>Net cash flow generated by operating activities</b>	<b>14,9</b>	<b>17,3</b>	<b>80,7</b>	<b>80,3</b>
Investment in tangible assets	(15,2)	(7,9)	(40,7)	(20,3)
Disposals of tangible assets	(0,0)	-	0,0	-
Investment in intangible assets	(0,5)	(1,6)	(1,2)	(4,3)
Disposals of intangible assets	(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	-	0,1	-
<b>Net cash flow generated by investment activities</b>	<b>(15,6)</b>	<b>(9,5)</b>	<b>(41,7)</b>	<b>(24,7)</b>
(Decrease)/increase in medium/long-term loans	-	-	32,0	-
(Decrease)/increase in current financial liabilities	0,1	(1,0)	0,3	3,7
(Decrease)/increase in IFRS 16 financial liabilities	(1,1)	(1,0)	(6,9)	(8,8)
Change in current financial assets	(0,1)	(0,4)	(0,3)	(0,4)
Net Interest paid	(0,2)	(0,1)	(0,7)	(1,0)
Dividends paid	(0,0)	-	(65,1)	(73,7)
<b>Net cash flow generated by financing activities</b>	<b>(1,3)</b>	<b>(2,4)</b>	<b>(40,7)</b>	<b>(80,1)</b>
<b>Change in cash and cash equivalent</b>	<b>(2,1)</b>	<b>5,4</b>	<b>(1,6)</b>	<b>(24,5)</b>
Cash and cash equivalent (beginning of period)	17,7	5,4	17,2	35,2
Cash and cash equivalent (end of period)	15,6	10,7	15,6	10,7