

2024-2027 Industrial Plan

2023FY results and 2024-27 Industrial Plan Analyst Call

26th March 2024

Disclaimer

FORWARD LOOKING STATEMENTS

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Rai Way speakers



Roberto Cecatto, Chief Executive Officer



Adalberto Pellegrino, Chief Financial Officer



Giancarlo Benucci, Chief Corporate Development Officer

Agenda



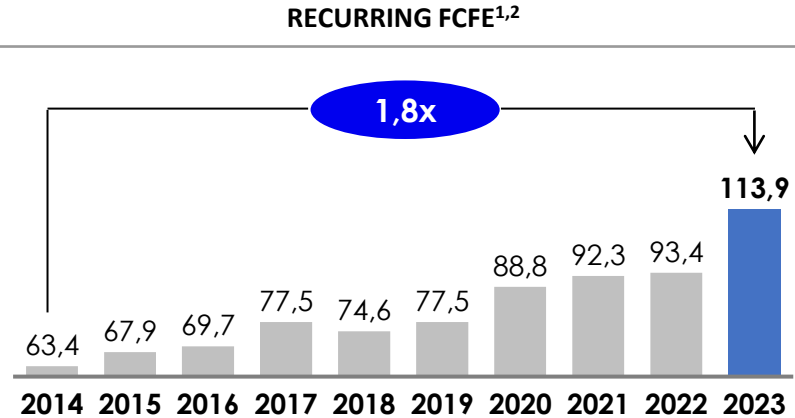
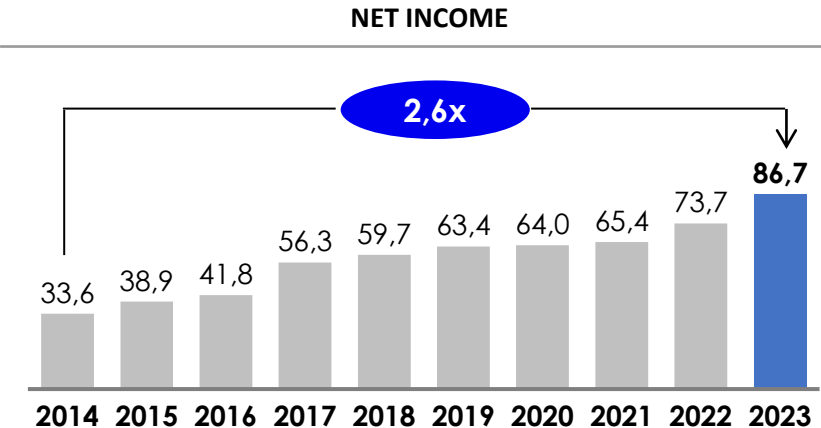
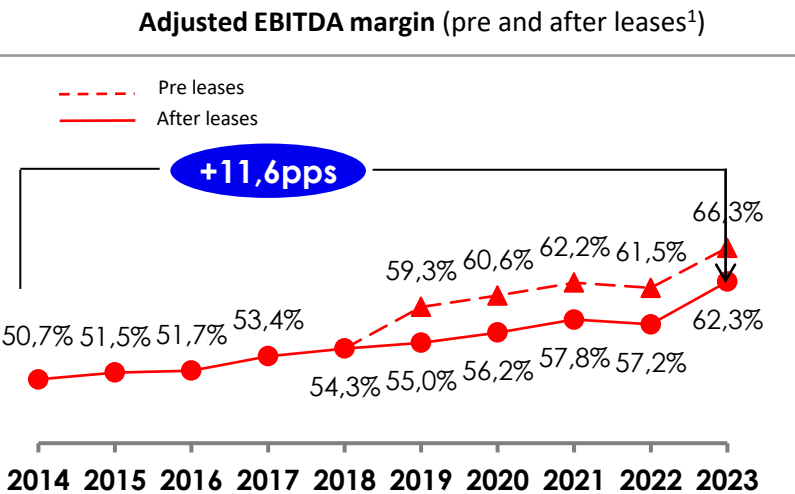
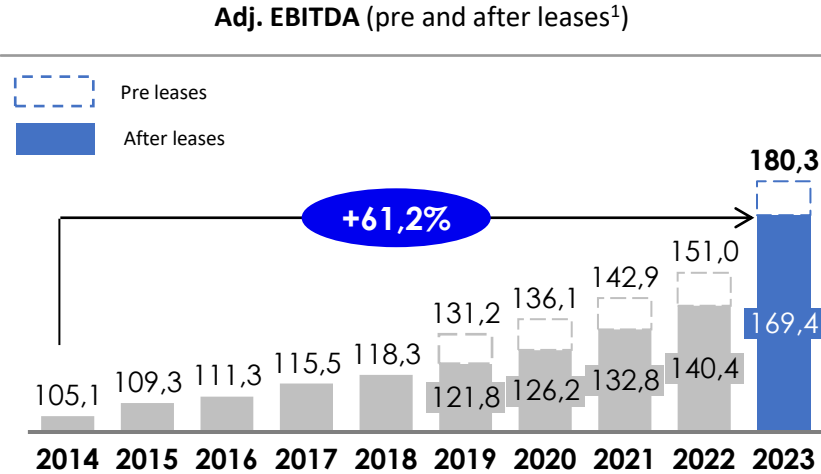
2023FY results



2024-2027 Industrial Plan

Marking the ninth consecutive year of steady growth

Mln Eur; %



1) Recurring FCFE = Adj. EBITDA – Leases – Net Financial Charges – P&L Taxes – Recurring Maintenance Capex. Figure for 2021 restated to exclude a € 1 mln one-off tax benefit
 2) Leases impact estimated as sum of leasing right of use depreciation (excl. dismantling) + financial charges on leasing contracts

Key messages on 2023

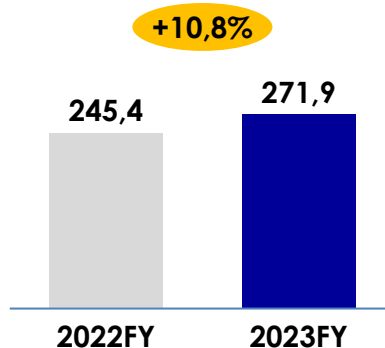
FINANCIAL RESULTS	<ul style="list-style-type: none">• 4Q confirmed the healthy performance of the 9M leading to:<ul style="list-style-type: none">○ Core Revenues up 10,8% (or >12% excluding non-recurring impacts) mainly driven by CPI-link and regional refarming; ~20% growth of Third-parties contribution○ Adjusted EBITDA up 19,4% (margin +475bps at 66,3%) in line with guidance, supported by top-line growth, significant reduction in energy bill and firm cost control on other items○ Development capex at €46m (Third-Party portion >70%), with a marked acceleration in 4Q○ Recurring cash generation up >20% at € 114m• 32,22 €/cent dividend proposed to the AGM, equal to 99,7% pay-out and 6,7% dividend yield⁽¹⁾
OPERATING UPDATE	<ul style="list-style-type: none">• Following confirmed Board support, all diversification projects underway; Hyperscale authorization process moved to next stage• Tower hosting benefitting from healthy demand from FWAPs and radio broadcasters• Debt refinancing finalized• 88% of 2021-23 Sustainability Plan's initiatives successfully completed enabling further enhancement of Company's ESG profile
OUTLOOK	<ul style="list-style-type: none">• Adjusted EBITDA to keep growth trajectory in 2024, despite new infra-related costs and lack of energy tax credit• Development capex level in line with 2023

1) Dividend yield based on market closing price on 22/03/2024 (4,8 €/share)

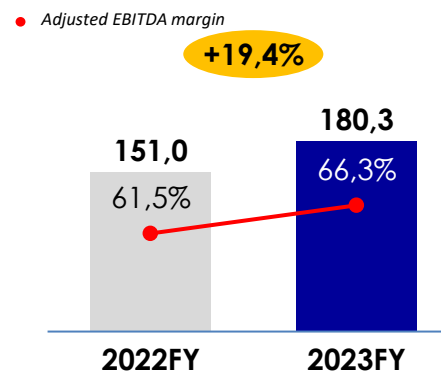
2023FY Financial highlights

Mln Eur; % % YoY growth

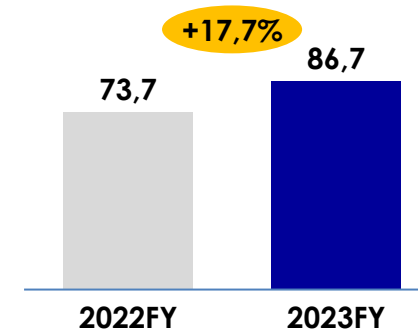
Core Revenues



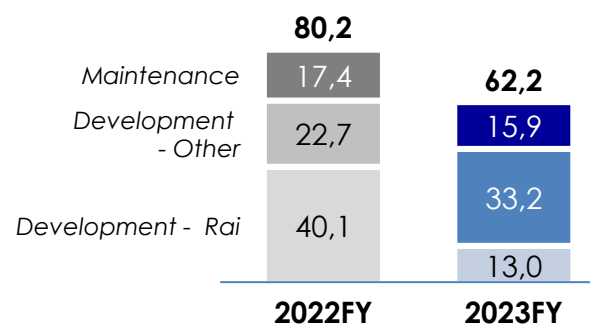
Adjusted EBITDA



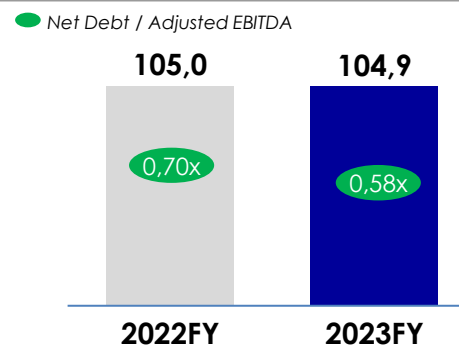
Net Income



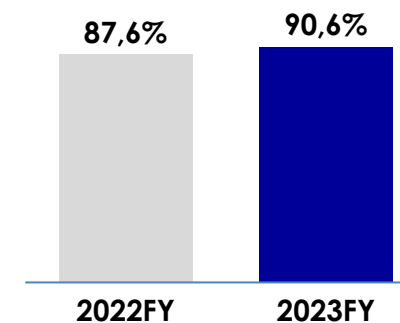
Capex⁽¹⁾



Net debt (Net Cash)

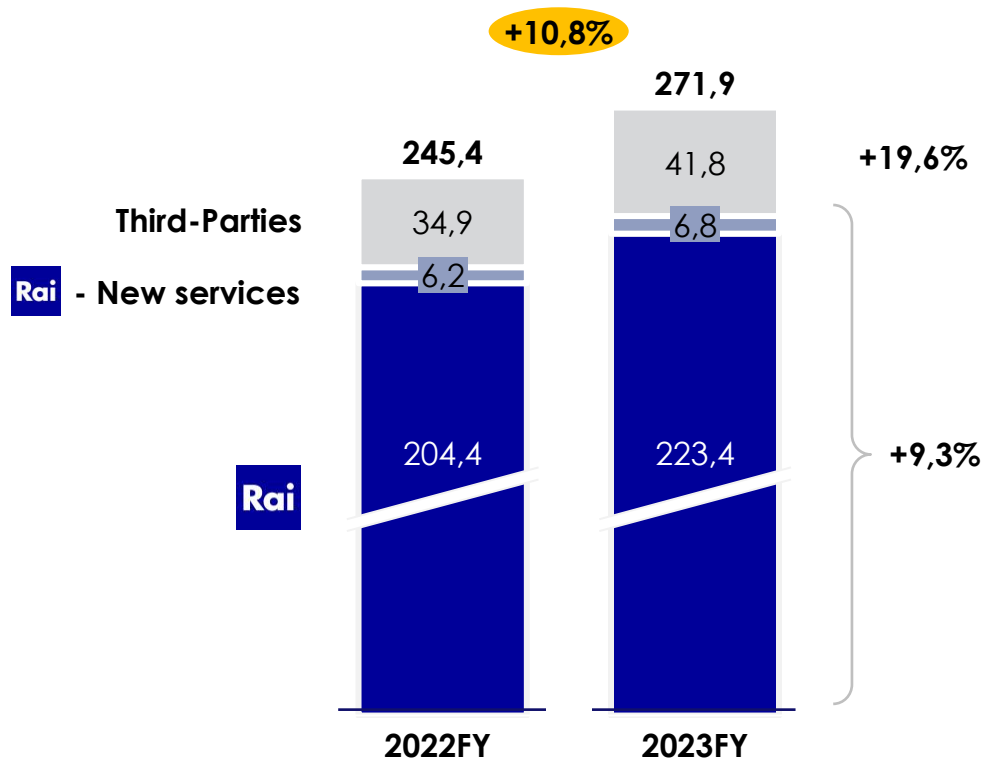


Cash conversion⁽²⁾



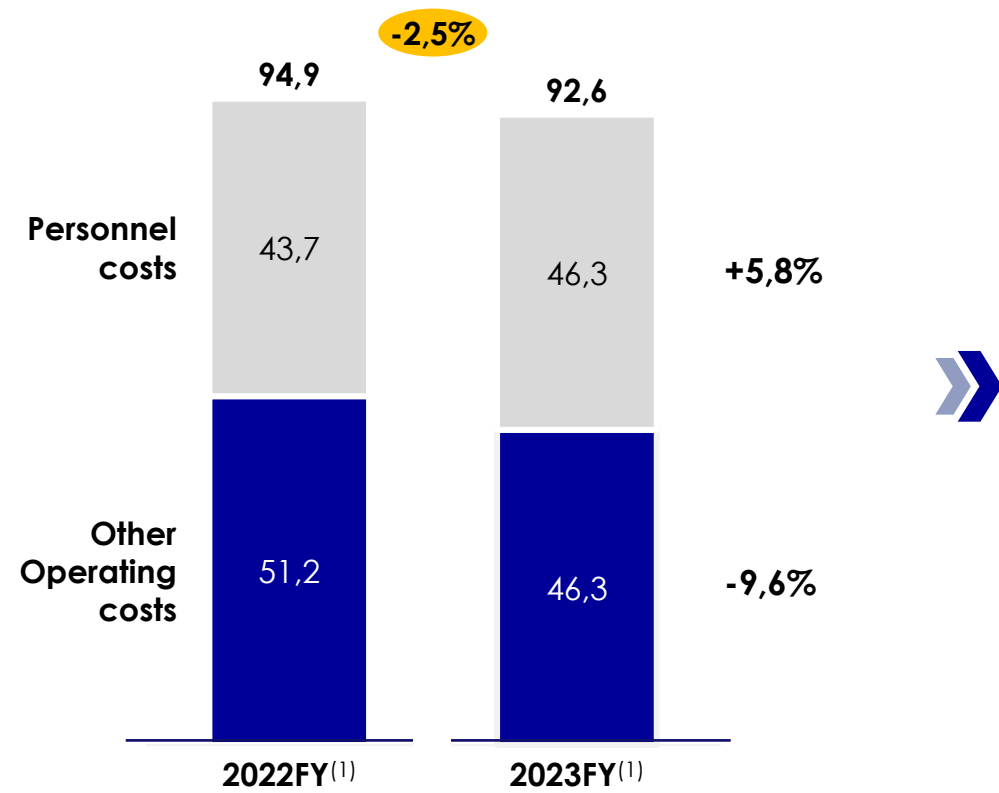
- 1) Capex excluding component related to IFRS-16 leasing. Development capex figure include € 4,8 million related to fiber IRU, reported under IFRS-16 financial liabilities in the financial statements
- 2) Cash conversion = (Adj. EBITDA after Leases – Maintenance Capex) / Adj. EBITDA after Leases. Leases estimated as sum of leasing right of use depreciation (excl. dismantling) + financial charges on leasing contracts

Core Revenues



- 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 by approx. 15%** benefitting from CPI-link and a number of small-size projects (e.g. DAB coverage extension, signals transport, ...)
- **Third-parties up by approx. 20%** driven by **regional refarming, inflation escalator** and healthy performance of **FWAPs** and **radio broadcasters** (both at ca. +20%)

OpEx (excluding non-recurring)



- Excluding non-recurring benefits reported in 2022 and some non-core components, relatively stable underlying personnel cost (and headcount)

- Approx **10% reduction of Other Operating costs**:
 - **energy bill down 37% vs. 2022** as a result of sharp **price decline** (despite lower tax credit and incentives on ancillary tariff component) and **consumption efficiency** (-11%)

	2022FY	2023FY	Δ
Raw energy ⁽¹⁾ price	257	134	-48%
Tax credit impact (equivalent per MWh)	-34	-18	
Ancillary components (equivalent per MWh)	45	75	
Total price (equivalent per MWh)	268	190	-29%
Consumption	75,8	67,4	-11%
Energy bill	20,3	12,8	-37%

- underlying trend of **other cost items up 6,6%**

1) OpEx net of tax credits related to electricity expenses

P&L

<i>Eur Mln, %</i>	4Q2022	4Q2023	% YoY	2022FY	2023FY	% YoY
Core Revenues	61,1	67,8	11,1%	245,4	271,9	10,8%
Other Revenues & income ¹⁾	0,1	0,5		0,5	0,9	
Adj. EBITDA	35,4	41,9	18,4%	151,0	180,3	19,4%
% margin	57,9%	61,8%		61,5%	66,3%	
Non recurring costs	0,0	-1,7		0,0	-5,3	
EBITDA	35,4	40,2	13,6%	151,0	174,9	15,8%
% margin	57,9%	59,2%		61,5%	64,3%	
D&A ²⁾	-11,4	-14,7	29,3%	-47,2	-49,0	3,7%
Operating Profit (EBIT)	24,0	25,5	6,1%	103,8	126,0	21,3%
Net financial income (expenses)	-0,7	-1,6	118,3%	-2,1	-4,5	118,2%
Profit before Income taxes	23,3	23,9	2,7%	101,8	121,5	19,4%
Income Taxes	-5,8	-7,0	19,7%	-28,1	-34,8	23,8%
% tax rate	25,1%	29,3%		27,6%	28,6%	
Net Income	17,4	16,9	-3,0%	73,7	86,7	17,7%

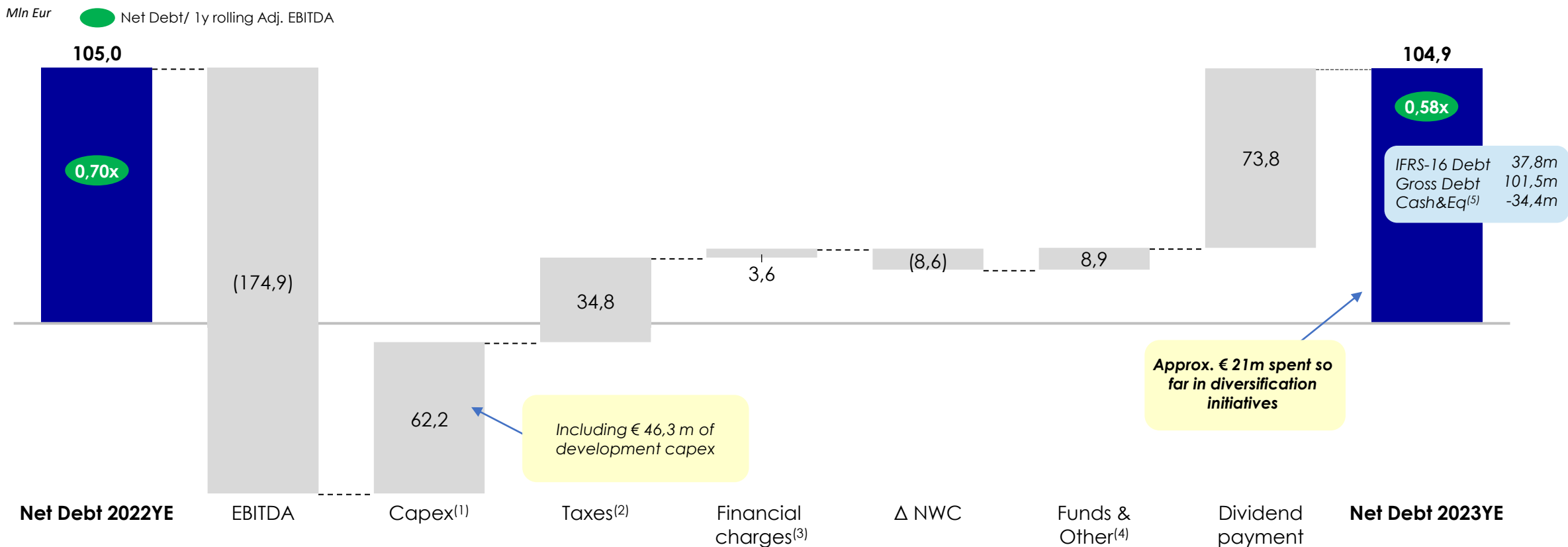
2023FY Net Income up by 17,7% at € 86,7m despite €5,3m non-recurring costs:

- Significantly higher EBITDA (+19,4%) and profitability (+475bps vs 2022)
- Higher D&A following investment activity and provisions
- Financial charges more than doubling reflecting higher interest rates
- Tax rate back to normal level (2022 positively impacted by one-off)

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

2) Including provisions

Net Debt bridge



2023 recurring FCFE⁽⁶⁾ at ca. € 114m

1) Excluding component related to IFRS-16 leasing; development capex include € 4,8 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;

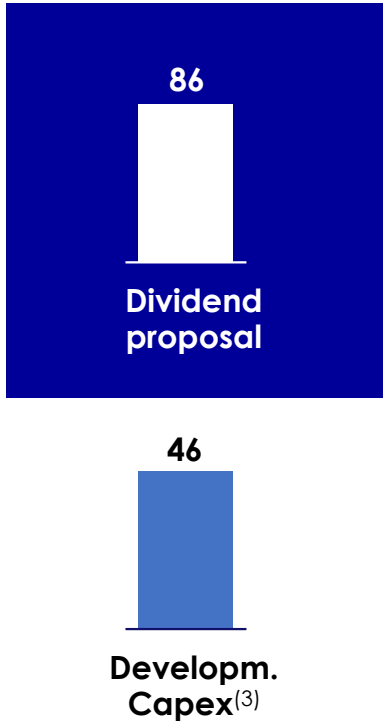
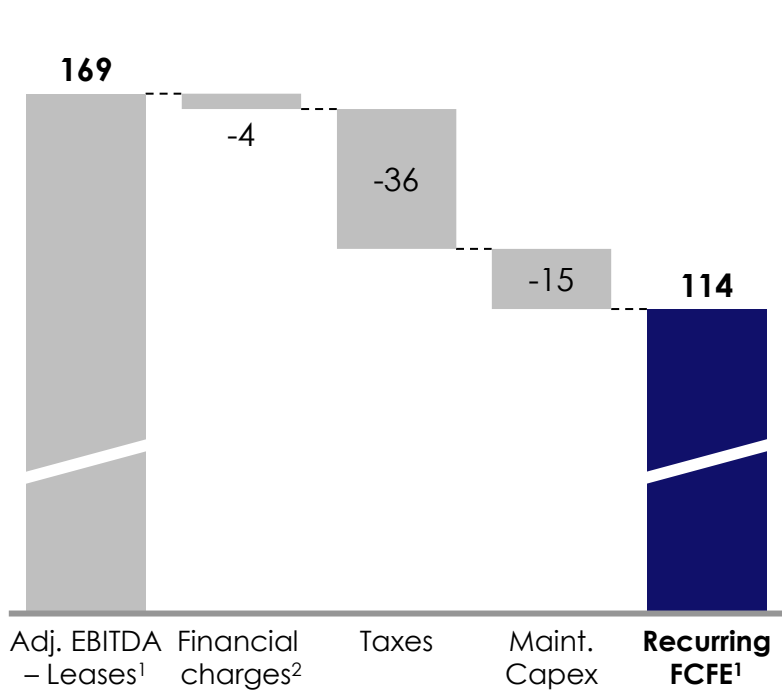
4) Including renewal of leasing contracts and interests on leasing contracts;

5) Including current financial assets

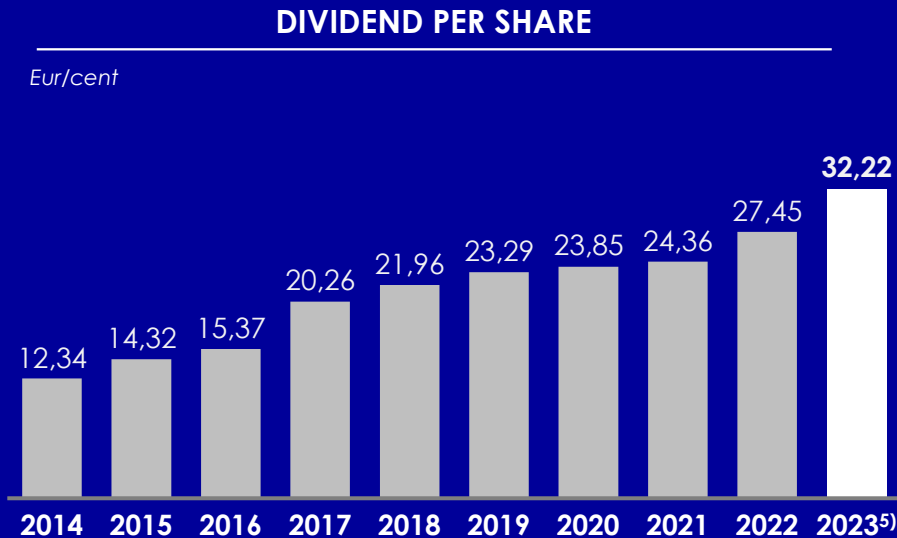
6) Recurring FCFE = Adj. EBITDA – Leases – Net Financial Charges (excl. IFRS-16 component) – P&L Taxes (adjusted to exclude benefits from non-recurring opex) – Recurring Maintenance Capex.

Leases estimated as sum of leasing right of use depreciation (excl. dismantling) + financial charges on leasing contracts

2023 Recurring cash generation and dividend proposal



- ### Dividend proposal
- Dividend proposal of 32,22 €cent/share (pay-out ratio of 99,7% of Net Income), with a dividend yield⁴) of 6,7%
 - Including the proposed dividend for 2023, approx. € 582m distributed to Shareholders since listing (72,5% of IPO market cap)

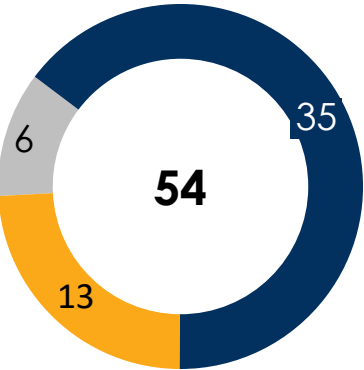


1) Recurring FCFE = Adj. EBITDA – Leases – Net Financial Charges – P&L Taxes – Recurring Maintenance Capex. Leases estimated as sum of leasing right of use depreciation (excl. dismantling) + financial charges on leasing contracts
2) P&L financial charges excluding interests on employee benefit liability and interests on leasing contracts
3) Development capex include € 4,8 million related to fiber IRU, reported as IFRS in the financial statements
4) Dividend yield based on market closing price on 20/03/2024 (4,79 €/share)
5) Dividend proposal

Sustainability Plan 2021-2023: targets achieved



- ✓ Increased coverage of the entire DTT network as part of the **refarming process**
- ✓ - **26.4%** of EE consumption vs. 2020 values
- ✓ **100%** purchased **renewable energy**
- ✓ **Gender Equality Certification**
- ✓ **Sustainable Supply Chain Policy**



88% of completed initiatives (including recurring/compliance initiatives)

11% of initiatives to be completed within the 2024-2027 Sustainability Plan

81% of quantitative targets achieved

In progress Completed Recurring

ESG Rating



Feb. 2024
Score: **A-**

Previously B- Management



Feb. 2024
Score: **BBB**

Previously BBB



Gen. 2024
Score: **46/100 73°**

Previously 53/100 81°



Mar. 2023
Score: **10,9 – Low risk**

Previously 6,6 - Negligible



Jun. 2023
Score: **57/98 – 41,8/100**

Previously 44/86 [45,5/100]

Outlook for 2024

- Outlook based on current level of power futures for 2024⁽¹⁾

Adjusted EBITDA	<i>Further growth of Adjusted EBITDA although limited by new infra costs and lack of energy tax credits</i>	<ul style="list-style-type: none">- CPI-link (+0,7% for RAI contract)- Rising contribution from DAB extension and regional refarming- Higher expected energy tariff due to lack of tax credits⁽¹⁾- Costs related to new infrastructure/services, partially offset by lower other opex
Capex	<ul style="list-style-type: none">• <i>Maintenance capex on sales slightly above recurring normalized level</i>• <i>Development capex in line with 2023 level</i>	<ul style="list-style-type: none">- Maintenance includes extraordinary renovation of some towers- Large majority of development capex devoted to diversification and other Third-Party / internal projects

1) Average level of raw energy price for FY2024 (excluding spread, green energy option and effect of tax credits) assumed at ca. 95 €/MWh. Total average energy tariff (equivalent per MWh, including raw energy, spread, green option and ancillary components) assumed at ca. 203 €/MWh

Agenda



2023FY results



2024-2027 Industrial Plan

1. Assets and Market Analysis

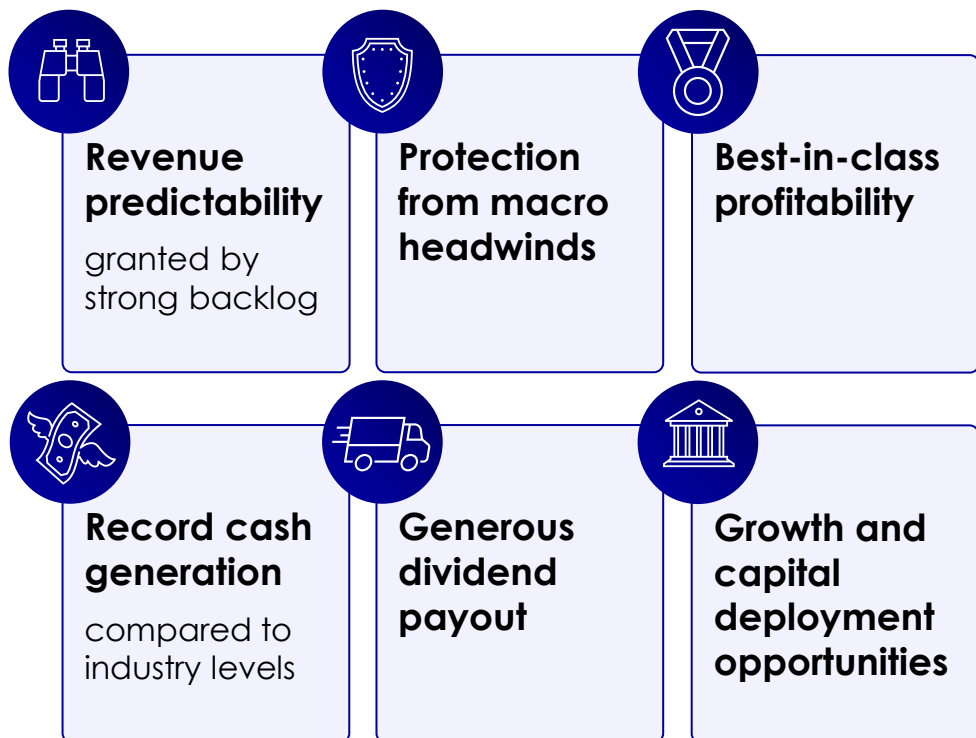
Industrial positioning to support value, priorities to support execution



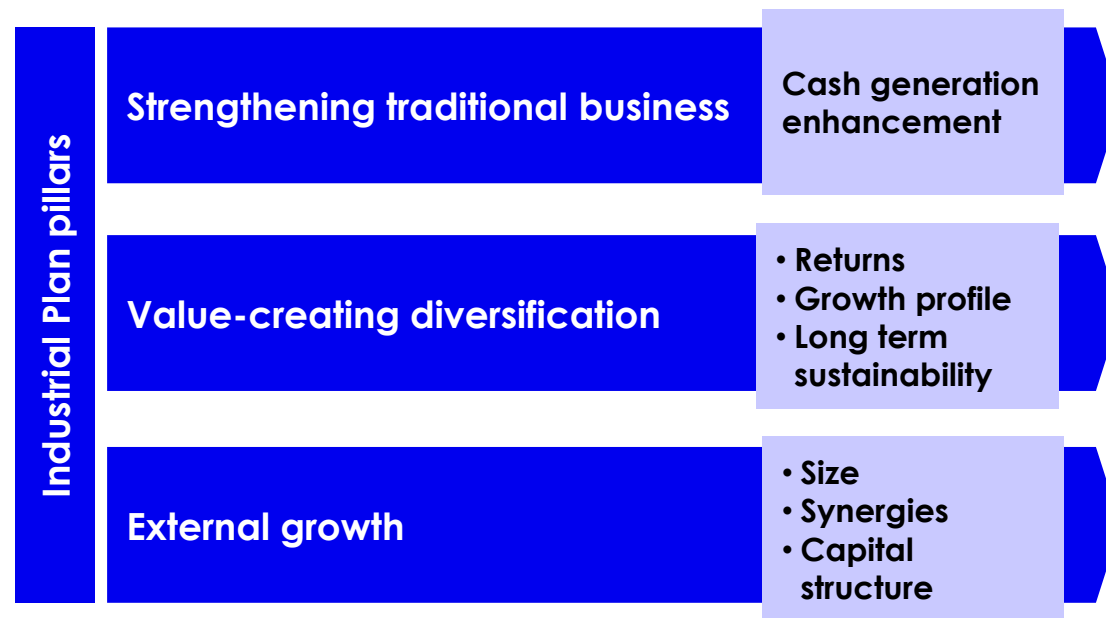
Industrial Plan compatible with both stand-alone and consolidation scenarios

Key levers to unlock Rai Way's full potential addressed

Pillars of Rai Way's equity story



2024-27 Industrial Plan: addressed value levers



Best-in-class and diversified asset portfolio underpinning a leading role as media distribution services and integrated digital infrastructure provider



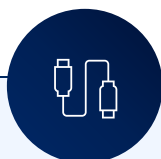
Towers

- 2,300 broadcast towers



Broadcast networks

- 3 national MUX for RAI
- 8 regional MUXes
- 7 national radio networks for RAI



Transmission network

- 6,000km Fiber backbone
- Radio links
- Satellite systems



Data centers

- Network of interconnecte d edge DCs
- 1 hyperscale DC in Rome (under authorization)



Edge CDN

- Capillary CDN for low latency video/data distribution



Control Centers

- 2 NOC for transmission network and diffusion
- 1 SOC



Land & Real estate



Distributed workforce

- ~600 employees, half of which across the territory



Client portfolio

- Media, telco, corporate, and PA clients to leverage for diversification (cross selling)



- **Best broadcast infrastructure**
- **Carrier-neutral, state of the art, integrated infrastructure one-stop-shop for clients' networks and data hosting**
 - **National footprint**

The latest trends in media and digital infrastructure markets confirm the rationale behind the development guidelines

Media Services

- **Video consumption** going up, driven by strong OTT platform growth
 - **Video broadcasting:** DTT resilience, confirming view on platform coexistence; broadcast network operators market structure stable following refarming conclusion
 - **Video streaming:** traffic volumes expected to keep growing as younger population increases media consumption
- **Radio:** market growing steadily post-pandemic, with sizeable opportunities to expand DAB network coverage

Trends



Digital infrastructure

Tower and hosting market still defined by growth opportunities:

- **5G** macro network expansion ongoing (in rural areas) with polarization on captive towerco
- **FWA** network growth, helped by Piano Italia 1 Giga
- Demand from **other client types** (radio x DAB, IoT, ISP, ...)
- **TLC** clients **under pressure**, with risks linked to access network / operator consolidation
- **TowerCos:** established spin-off practice to leverage synergies and push to diversification



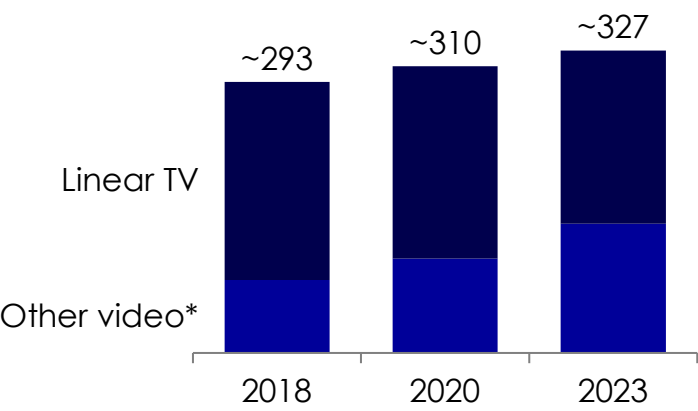
Data centers:

- **Demand growth** due to **data traffic increase**, **cloud adoption**, **new tech** (AI, IoT, Big Data) and **GDPR**; low latency applications require widespread distribution
- **Offer in Italy still limited** vs potential **fragmented**, and geographically bound



Video consumption going up, driven by OTT & mobile fruition

Video consumption (minutes/day), adults (18+) in Italy

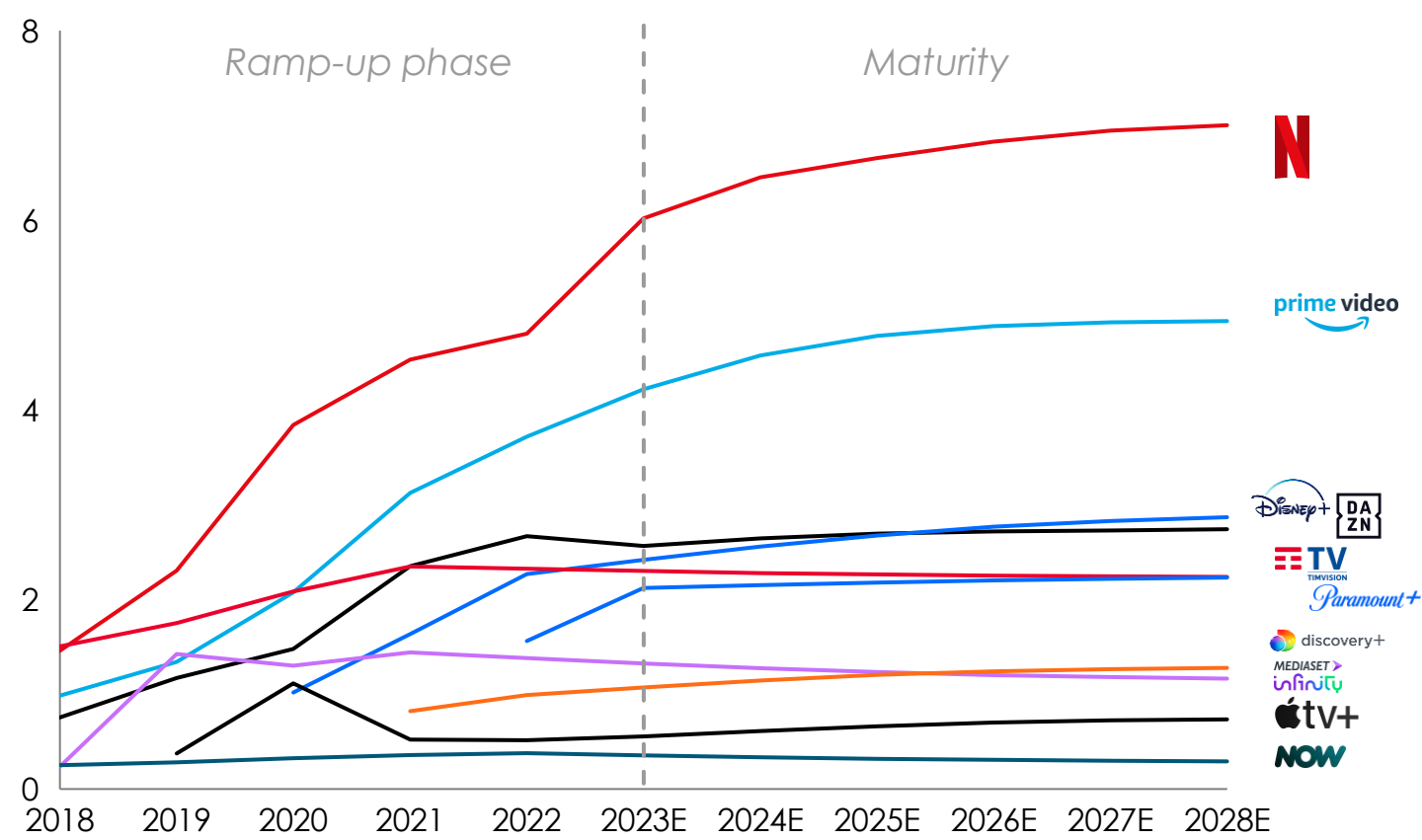


Key messages

Media consumption growth driven by OTT and mobile

Forecasted slow down in **OTT platform subscription** growth with expected player **consolidation**

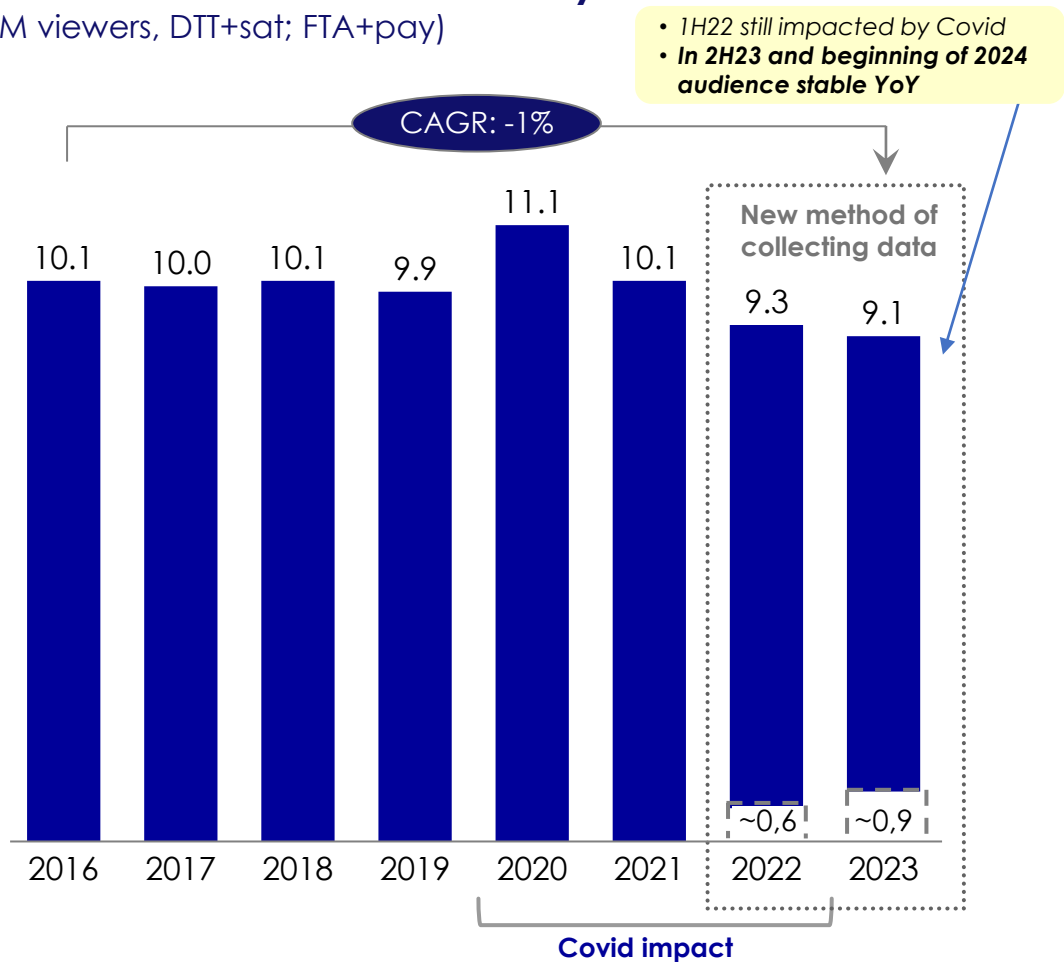
Growth of streaming subscriptions in Italy (M)



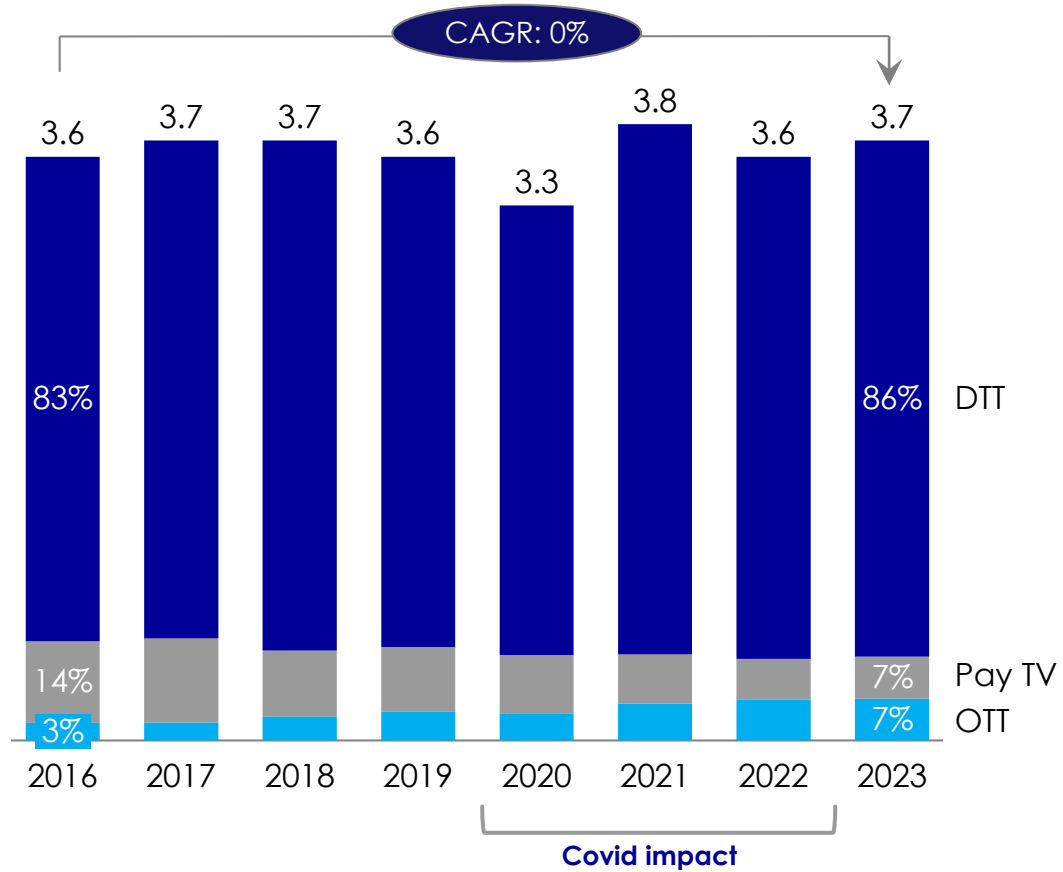
* OTT video (live streaming and VoD), online video and mobile video
Source: Ampere Nov. 2023; Media consumption in Italy (PQ Media)

Despite the period of steep uptake of OTT, linear TV did not lose relevance remaining the platform with the highest audience and adv revenues

TV audience evolution in Italy
(M viewers, DTT+sat; FTA+pay)



Video adv revenue share in Italy
(B€)



1. New way of collecting data (from May '22) to avoid double counting audience watching connected TV online
Source: Rai on Auditel figures

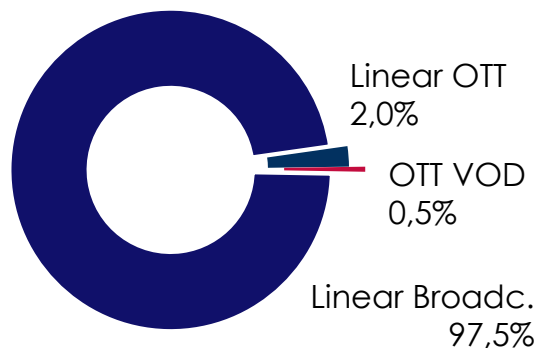
A long-term view where platforms coexist remains the most likely option



Content / Platform Polarization

How Sanremo 2022 was viewed

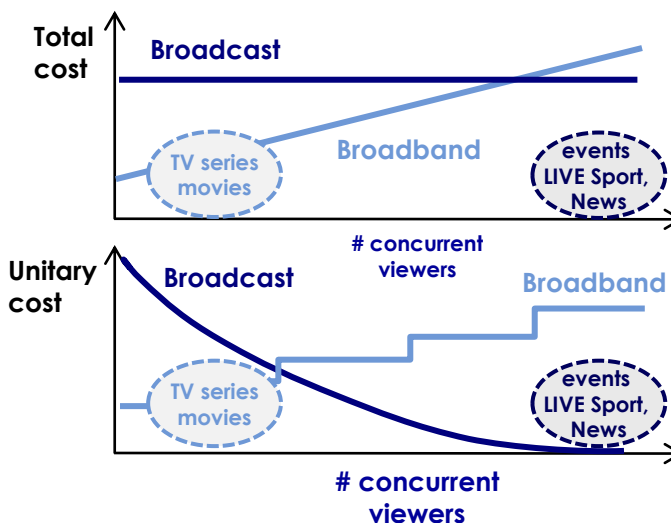
Total Time Spent (TTS)



**Broadcast for linear viewing
vs OTT for on demand**



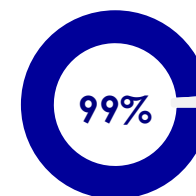
DTT efficiency for linear distribution



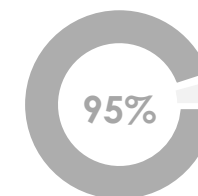
Public service requirements

Public service obligations

% coverage to be guaranteed



**Generalist
content and
news**



**Other
content**

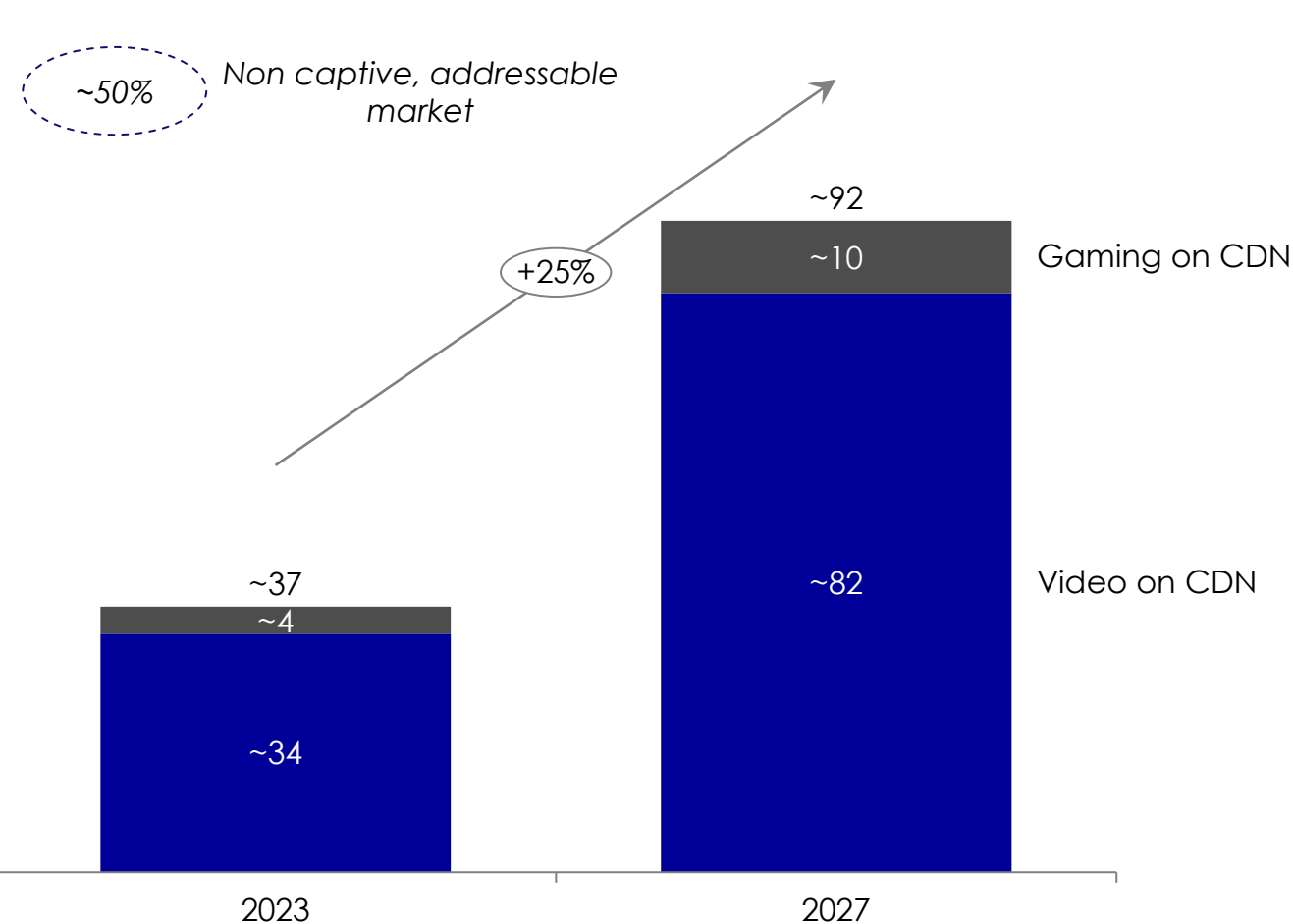
Validation of multiplatform strategy in the RAI-
State Service Contract with commitment to
improve coverage







Broadcasting market characterized by stable relationships between network operators and TowerCos; MUX12 still to be allocated

		Content providers /channels	Network operators	Tower operators
			Frequencies	Equipment
DTT (National TV)		Rai	3 MUX - Rai	Rai Way
		MEDIASET	3 MUX - Mediaset	3lettronica
		sky ZONA DAZN	1 MUX - DFREE	Prima TV + 3lettronica
		CAIROCOMMUNICATION 7d	1 MUX - Cairo CAIRO NETWORK	EI TOWERS
		sky Discovery DRAGOSTINI EDITORE sportitalia	3 MUX - Persidera	EI TOWERS
			MUX12 To be allocated	
DTT (Regional TV)		~400 channels	8 networks in 7 technical areas (coverage >30mln people)	Rai Way
			15 networks in 13 technical areas (coverage ~40mln people)	EI TOWERS
DTH	Free	tivù sat [Rai MEDIASET etc.]	Rai Way for Rai	EI TOWERS for MEDIASET
	Pay-tv	sky	sky	
OTT		TV TIMVISION infinity prime video NOW NETFLIX PREMIUM ONLINE Rai Play Disney+		

Growth in video streaming and gaming fueling traffic managed by Content Delivery Networks

Forecasted CDN market volumes in Italy ('000 PB) 

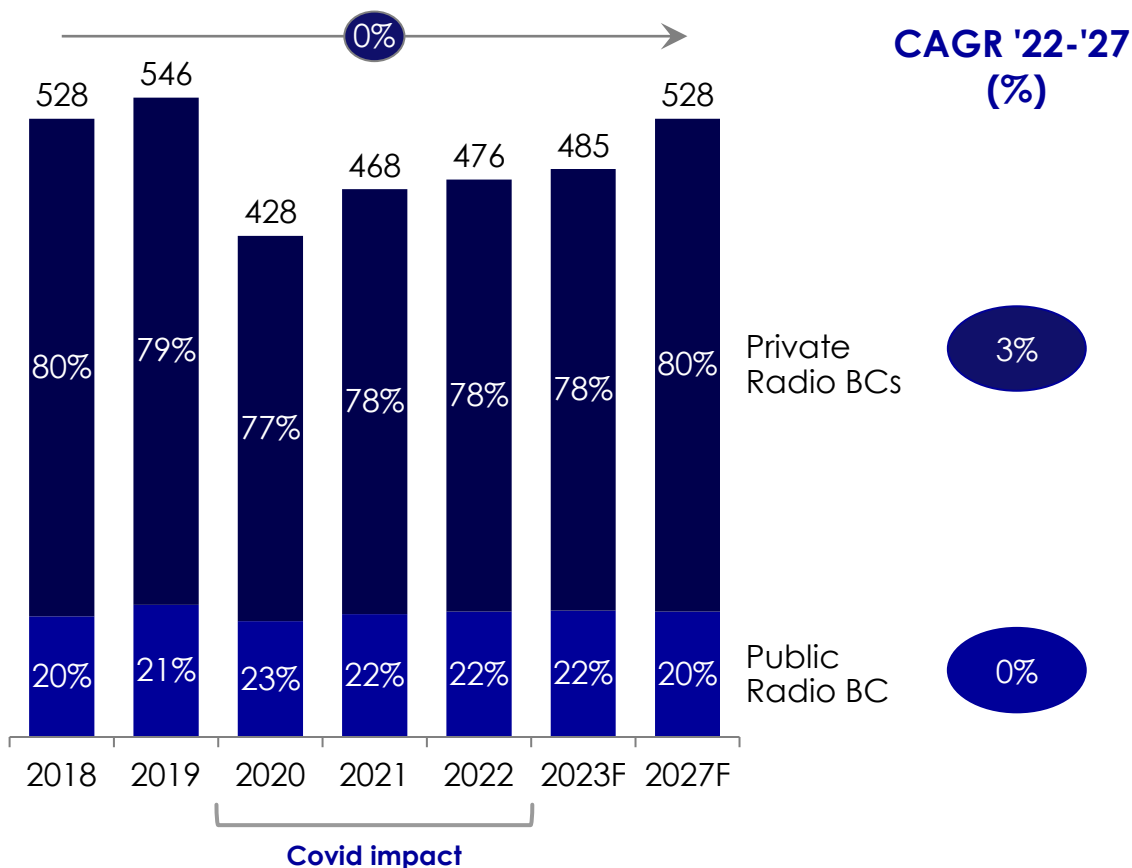


-  Gaming Platforms
-  eSports
-  Streaming Networks
-  National Broadcasters
-  Retail/Other Video content providers
-  OTTs looking for a dedicated platform

Source: PWC (Omdia 2022), VNI CISCO (2018)

Post-pandemic steady growth for radio broadcasters; opportunities for DAB network coverage enabled by frequencies availability

Radio Revenues in Italy (M€)



National DAB coverage



57%

of Italian territories covered

86%

of Italian population covered

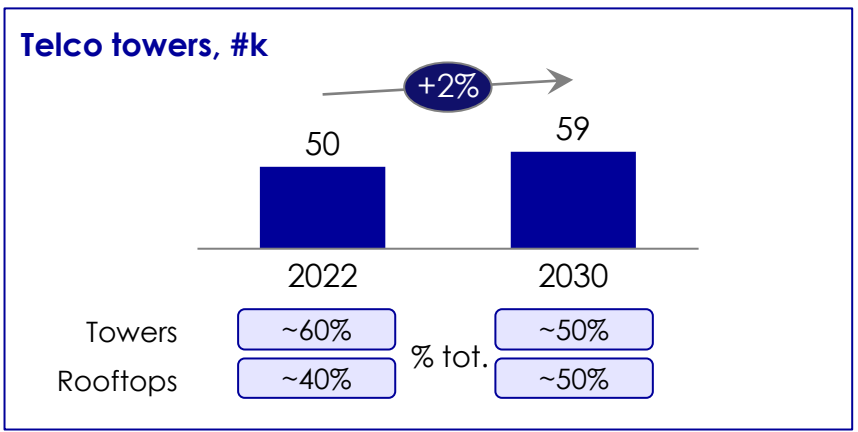
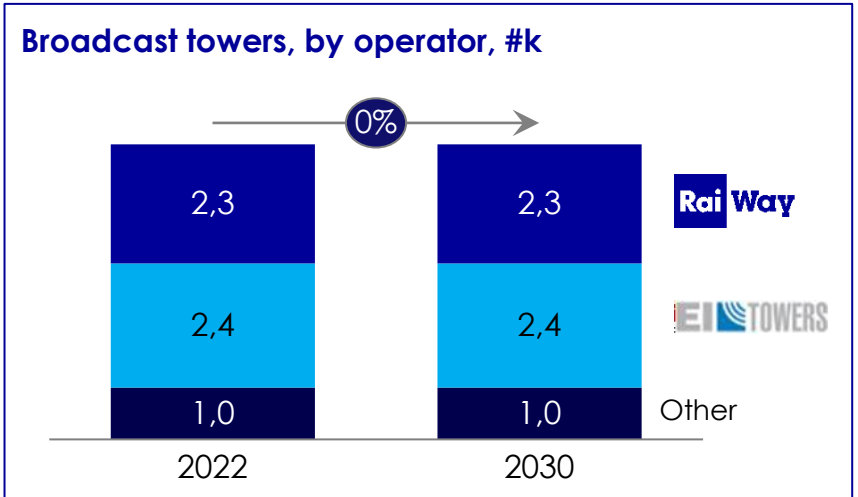
95%

Highways covered

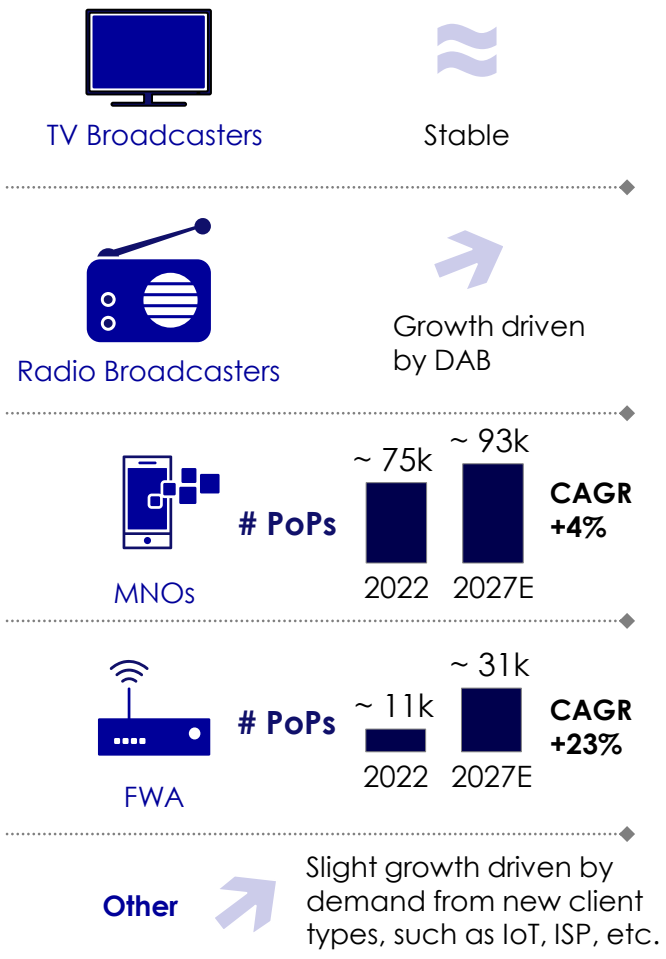
- Following frequencies availability freed up by TV refarming:
 - Public tender to award new DAB frequencies incentivizes **national networks** coverage extension
 - Deployment of **regional DAB** networks in several areas

Telecommunication network rollout still guarantees hosting volume growth

Macro towers in Italy, 2022-2030



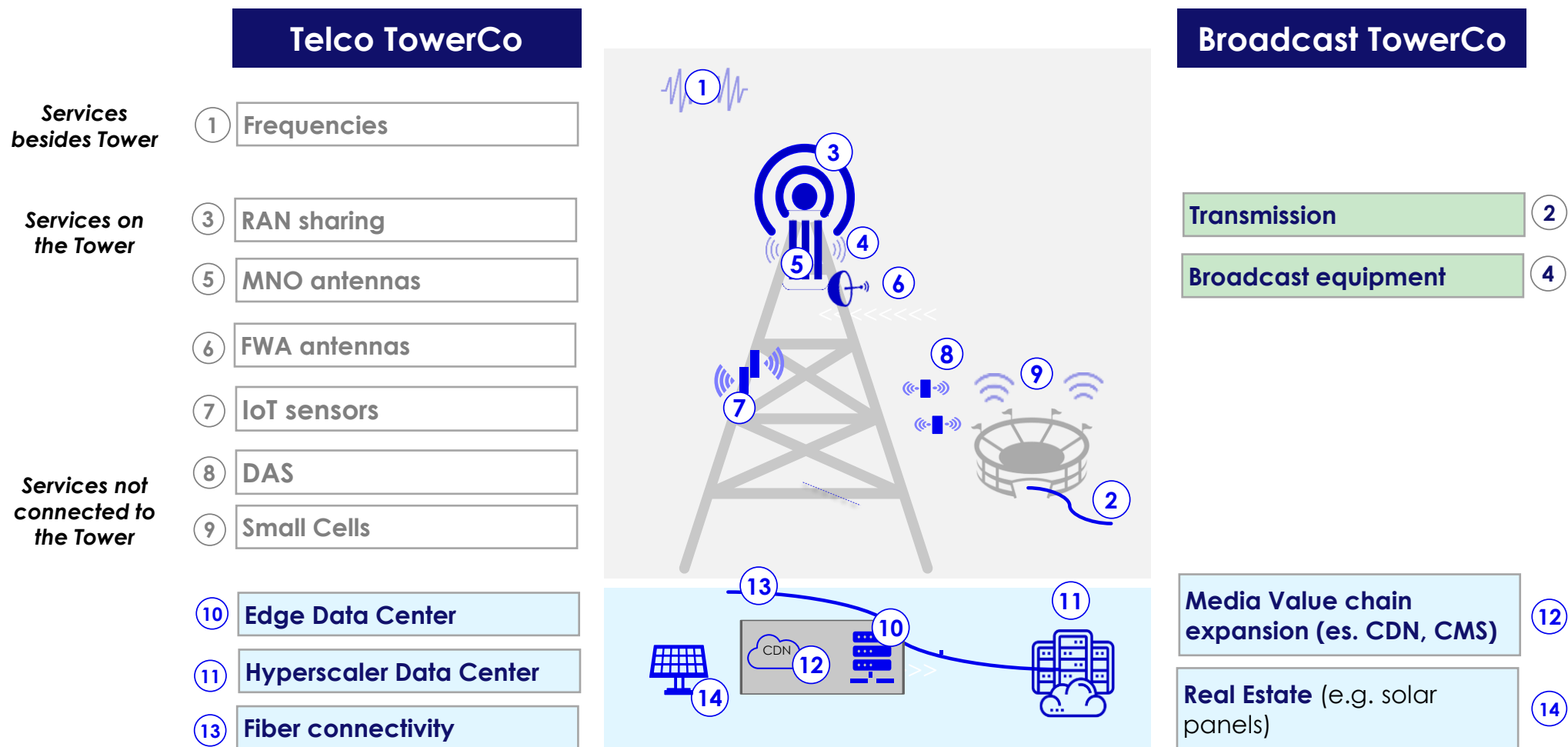
Clients: market trends



- **Main growth drivers:**
 - **5G adoption** spreading to non-urban areas
 - **Fixed Wireless Network** expansion, also pushed by Piano Italia 1Giga
 - **New client types**
- **Spin-off** trend continuing
- Tower operators **diversifying** to grow

- Possible challenges:
 - MNOs relying mostly on **captive towers**
 - Access networks / operators **consolidation** (creating less demand for new towers, partially offset by RAN-sharing fees)

TowerCos are diversifying vertically towards new businesses to leverage current assets and capabilities for future-proof growth



Not in scope

Addressed by Rai Way

Already part of Rai Way's portfolio

Digital Infra demand growth fueled by exponential increase in data traffic and Cloud services that require Data Center infrastructures


Rising Demand

Tech drivers

Data consumption and storage

5G & edge computing

AI

Client drivers

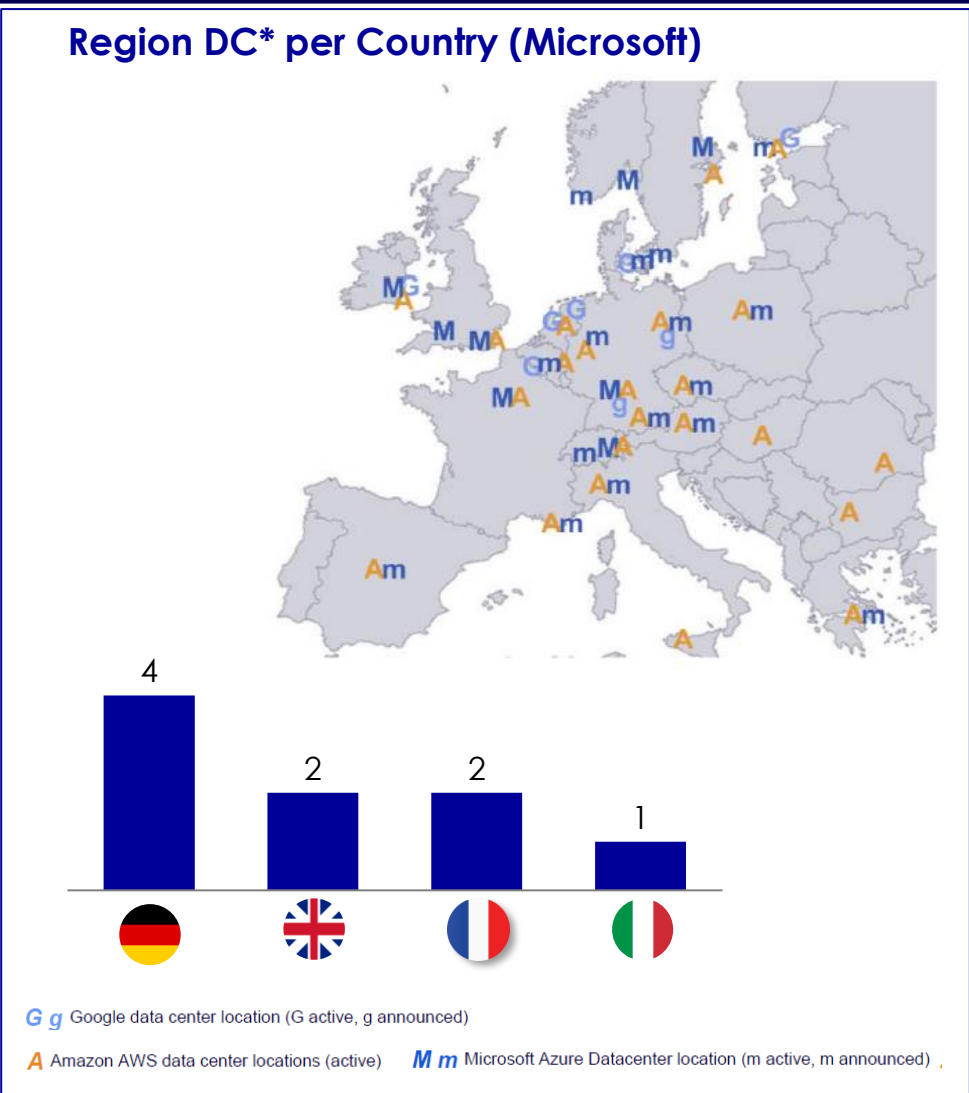
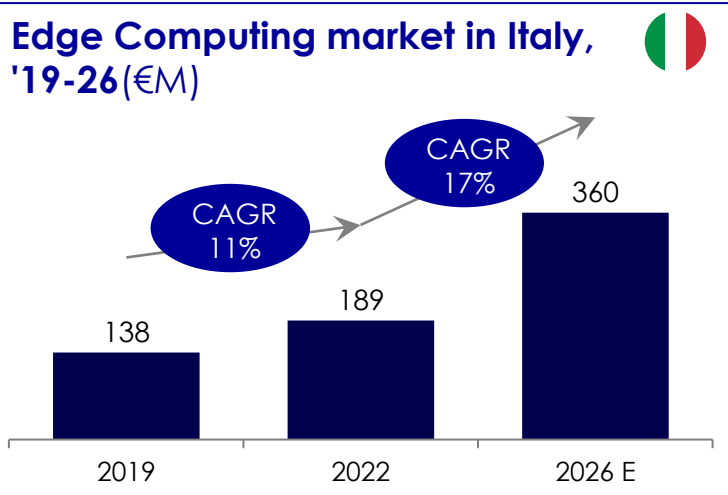
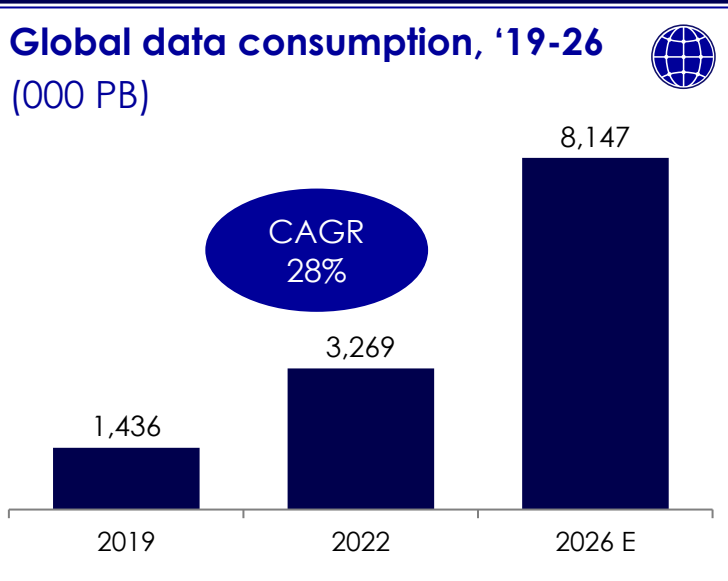
Global Cloud Service providers growth and geo diversification

Public Admin. (DC rational. and cloud migration)

Corporate IT externalization (also through hybrid cloud)

Regulatory drivers

GDPR & data sovereignty



* The Region Data Center (DC) is an area with high concentration of data centers, hence consuming more data than average
 Source: Gartner IDC; Pwc Entertainment & Media Outlook in Italy 2022-2026; Company Investor report presentations

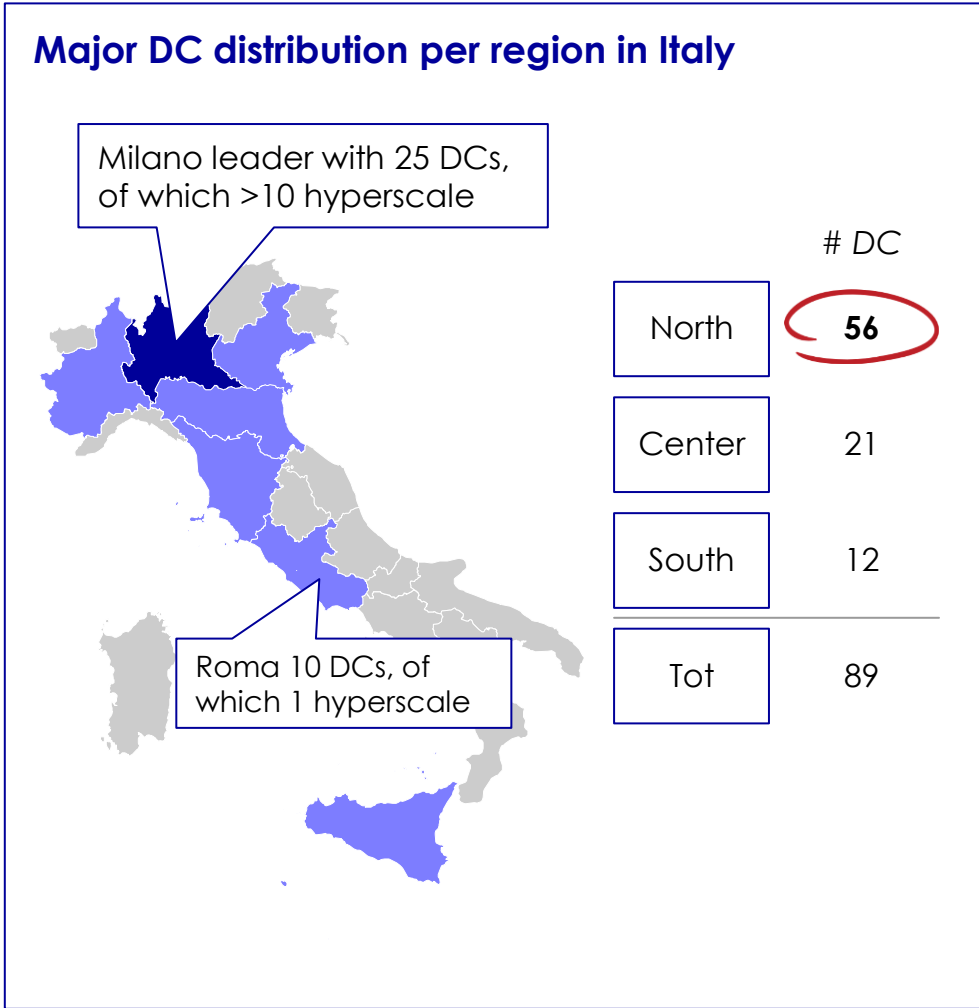
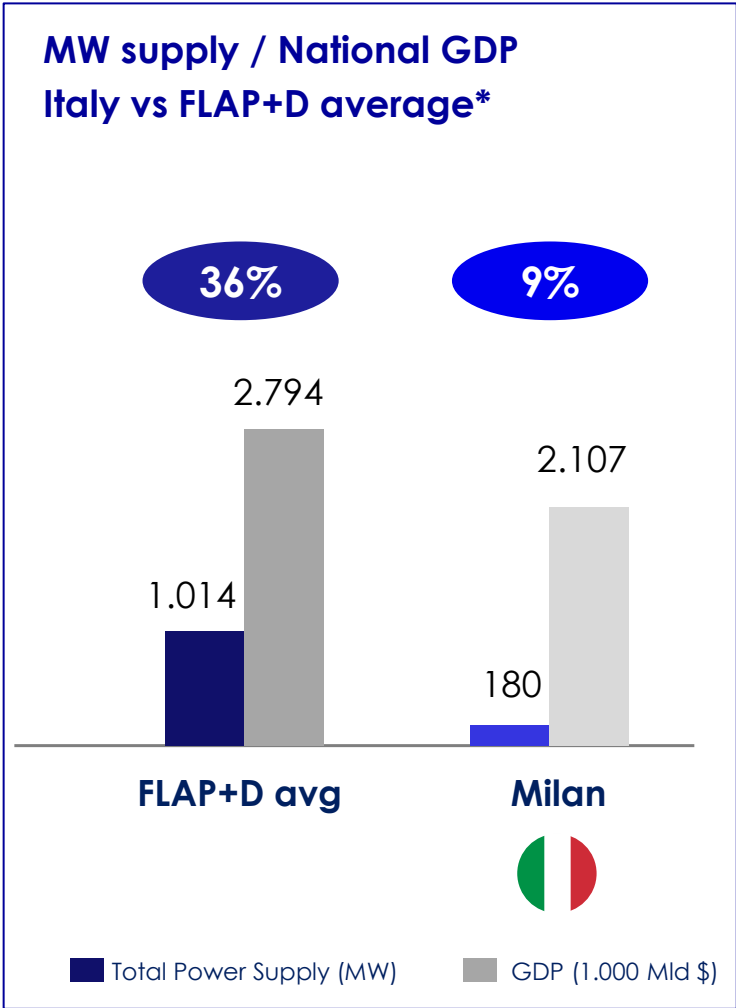
Supply however still fragmented and scarce, with opportunities for Rai Way to expand its infra portfolio with hyperscaler and edge DCs

 **Limited Offer**

Early-stage market with fragmented and limited offering

Quality Hyperscale assets concentrated in the Milan area

Possible competitors on edge now limited and with areas of weakness
(carrier neutrality, asset quality, focus)

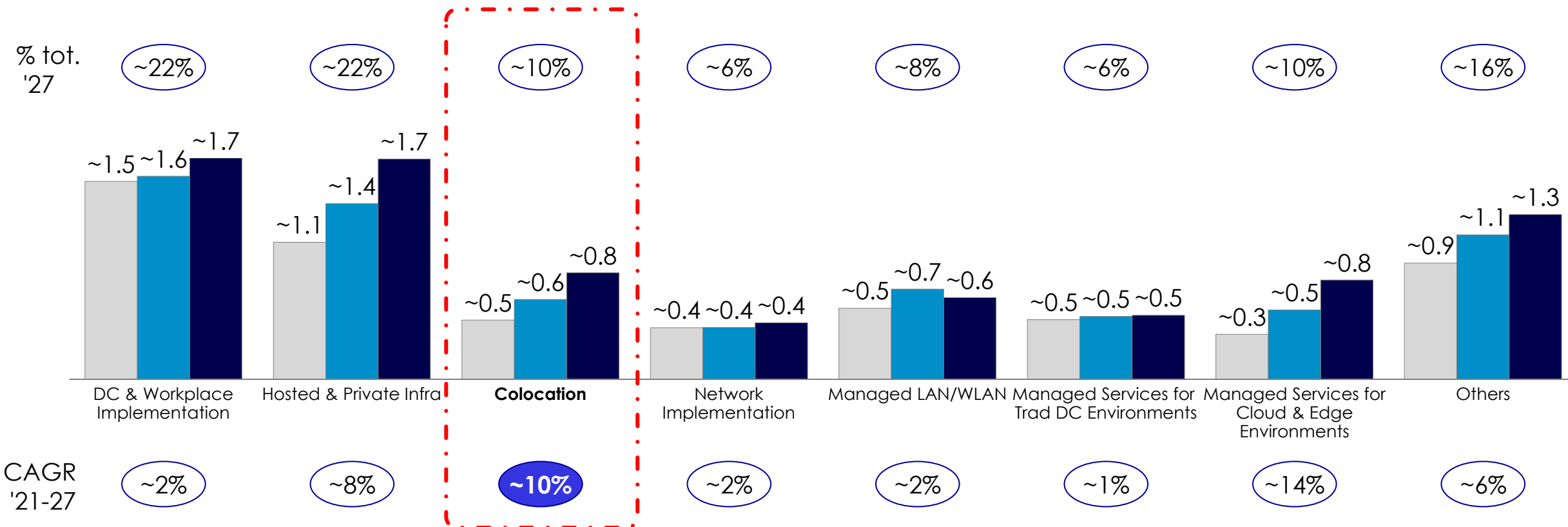


*FLAP+D= Frankfurt, London, Amsterdam, Paris + Dublin
Source: CBRE 2022; World bank 2021; Datacentermap; Omdia; company websites

Colocation market expected growth at ~10% p.a. (edge component even higher...)

Infrastructure implementation & Infrastructure Managed Services market, by service type (€B)

2021 2024 2027



Agenda



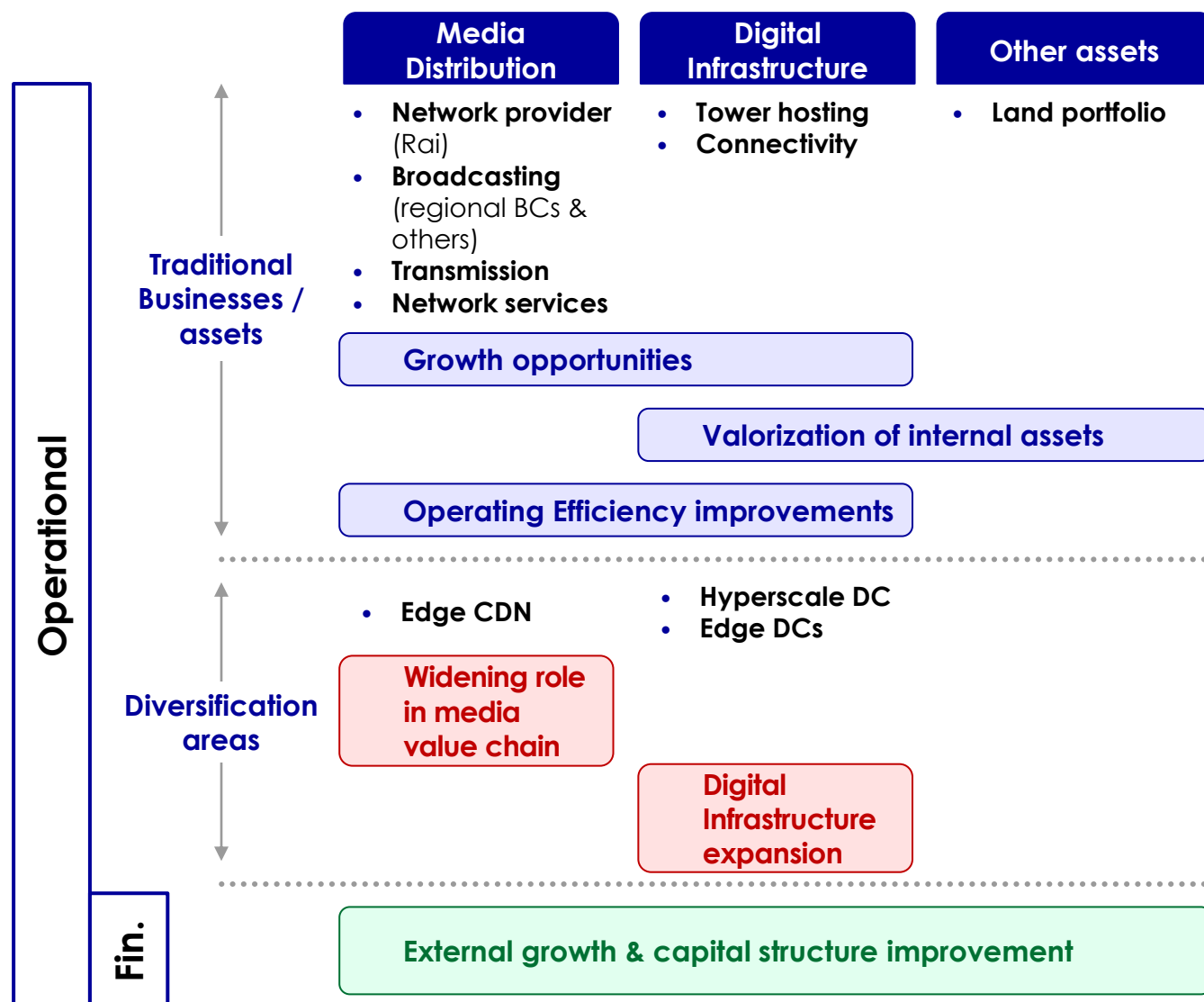
2023FY results



2024-2027 Industrial Plan

2. Industrial Plan Pillars and Related Initiatives

Industrial Plan Pillars



Enhance Rai Way positioning as media distribution services and digital infra provider

1) Strengthening traditional businesses/assets, by:

- 1.a) Taking advantage of selected **growth opportunities**, mainly related to network coverage extension
- 1.b) **Increasing value of internal asset** currently not used to full potential:
- 1.c) **Improving operational efficiency**, through:
 - Operating model evolution
 - Real Estate footprint optimization

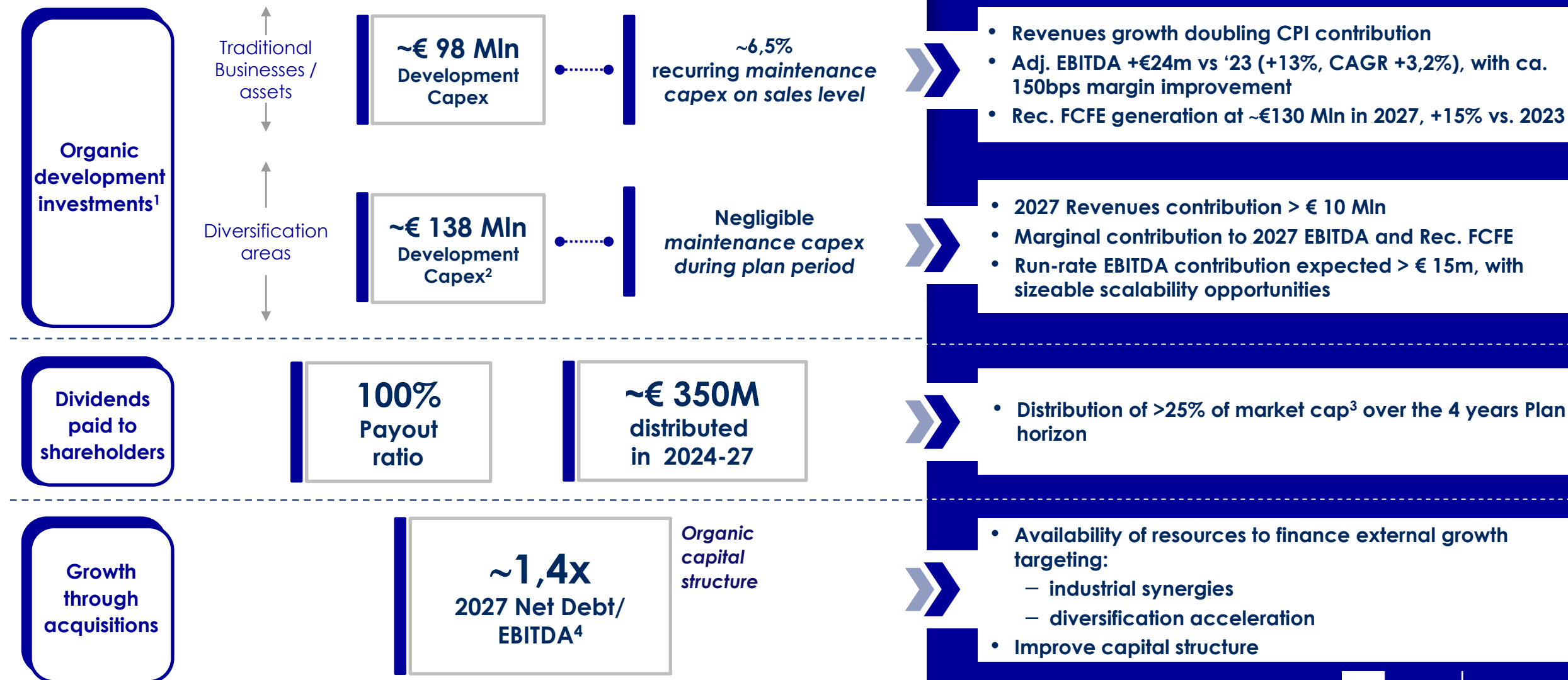
2) **Widening our role in the Media Value Chain**, capturing rising demand for IP content distribution

3) **Expanding digital infrastructure**, completing roll-out and marketing the Data Center network to support digital transition

4) **Speeding up strategy and improving capital structure** through **external growth**:

- Achieving synergies and reduction of time-to-market
- Enhancing Shareholders' return

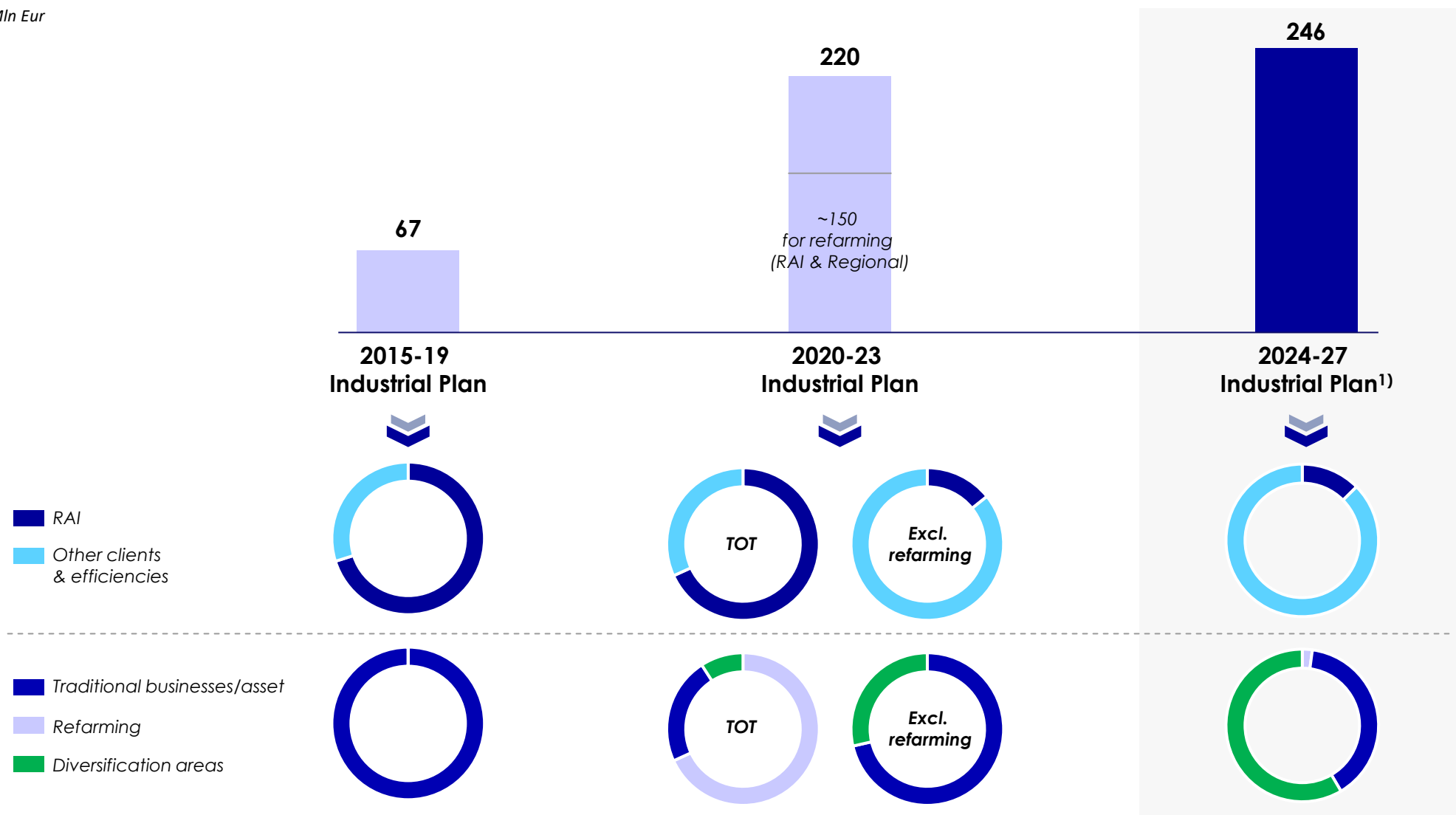
2024–2027 Capital allocation



1. Excluding cost of capitalized personnel. 2. Including development of CDN, 10 edge DC for ca. 3MW and first data hall of the hyperscale DC for 4,4MW (half of Module1) 3. Based on market closing price on 22/03/2024 (4,8 €/share) 4. Post IFRS-16

(Organic) Development investments: traditional businesses/assets continue to offer opportunities, acceleration of new infrastructure deployment

Mln Eur



1) Capex including capitalized personnel

Value creation on main projects

Mln Eur

	Pillar	EBITDA '27	CapEx 24-27 ^a	EBITDA run-rate <i>Plan +5y</i>	Incremental CapEx post 2027	CapEx/ EBITDA
Trad. Business/ assets	Growth opportunities					
	Internal asset valorization	~14	~71			~5x
	Operating efficiency improvement					
Diversification	Media value chain extension	~1 ^b	~138 ^(b)	<div> <div>No extra-capex (HS DC at 4,4MW)</div> <div>>15^(b)</div> </div>	-	<div>~9x^(d)</div> <div>Unlev. IRR >10%</div>
	Digital Infrastructure expansion			<div>Further development of the HS DC to 17,6MW</div> <div>>30^(c)</div>	~+160 ^(c)	

vs comp. EV/ EBITDA trading multiples:
~20-30x DC operators
~15x CDN operators

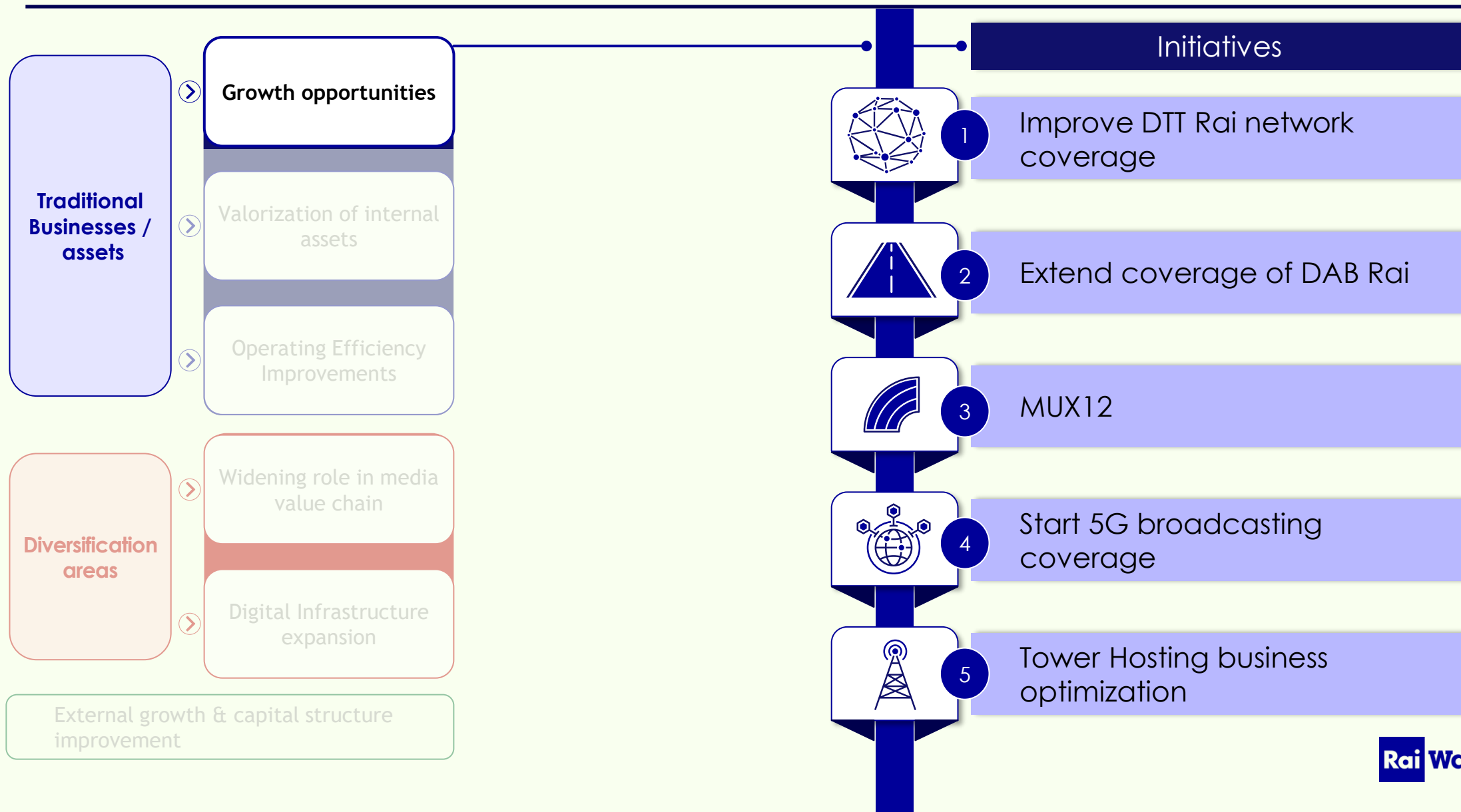
a. Capex figure not including capitalized personnel cost

b. Based on the development of the CDN, 10 edge data center for ca. 3 MW and the first data hall of the hyperscale data center for 4,4 MW

c. Assuming further development of the hyperscale data center to reach 17,6MW (2 out of 4 modules)

d. Multiple calculated including capex spent before 2024 for ca. €21m

Strengthening traditional businesses: growth opportunities



Initiatives to extend networks and optimize tower hosting

1 Improve RAI DTT network coverage

Activities to improve network quality

3 MUX12

Hosting or network management services
(in case of MUX awarding)

4 Start RAI 5G broadcasting coverage

5G broadcasting networks in 5 test cities

2 DAB coverage...

Extend Rai DAB coverage, currently lower than the other 2 main market players

...and "DAB in galleria"

Improve coverage extending the signal in the main tunnels of the major highways



5 Tower Hosting Optimization



Hosting Development

- 5G rollout
- FWA
- DAB (no RAI & local)
- MNO clients stabilization



Better processes & offering

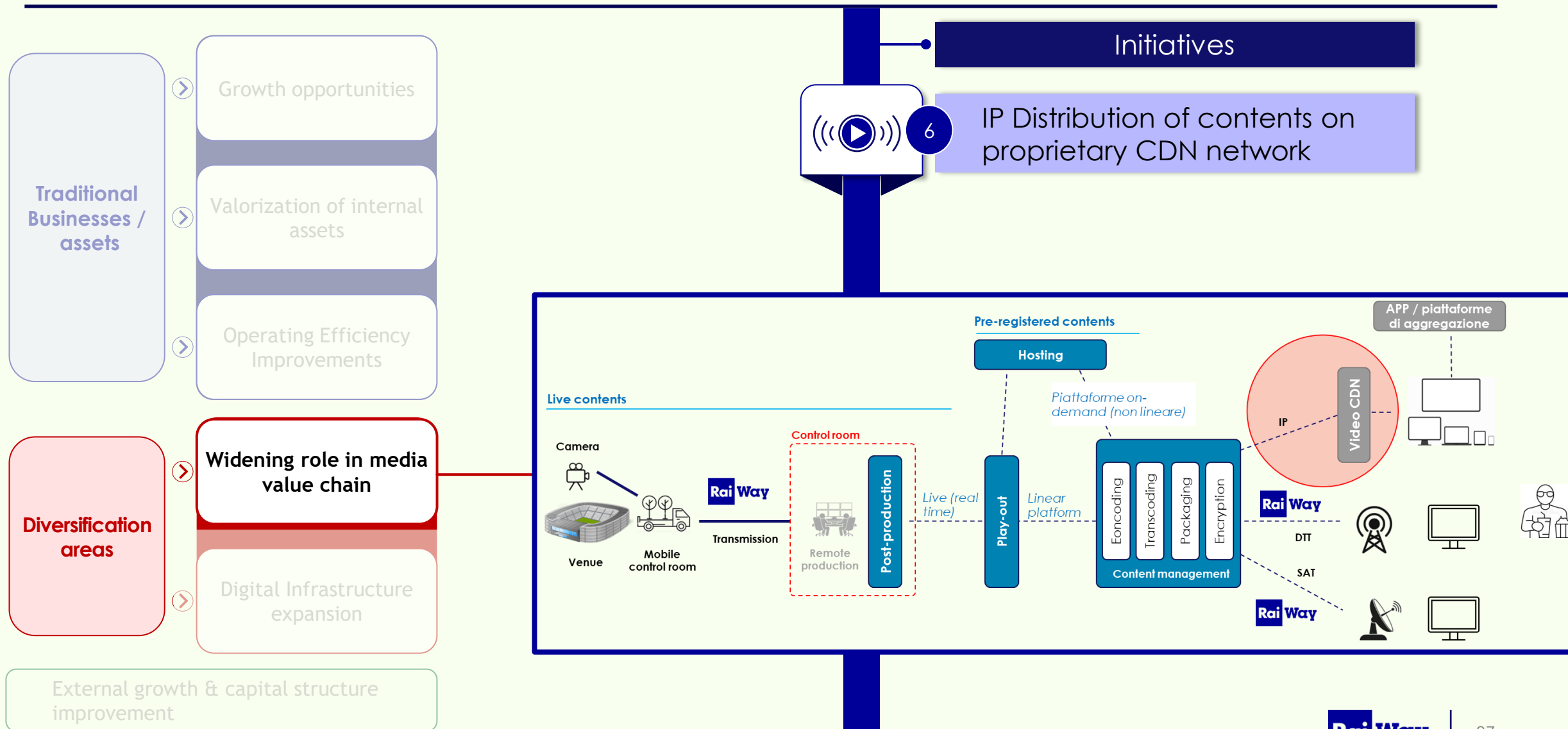
Optimize efficiency of requests logged into the system and internal provisioning process



Expand offering

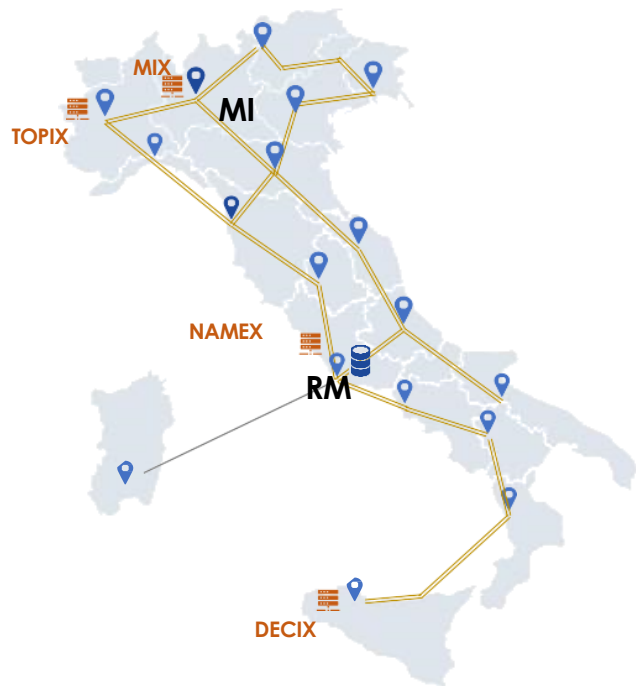
- Fiber Backhauling in selected sites
- Radio backhauling

Widening role in media value chain



IP distribution of contents on proprietary CDN network: architecture and value proposition

Distributed national architecture



Distributed PoPs
widespread on Italian
territory



Synergy with the new
infrastructure of Edge
Data Centers



Selection of the best
tech vendors



Origin and core
systems



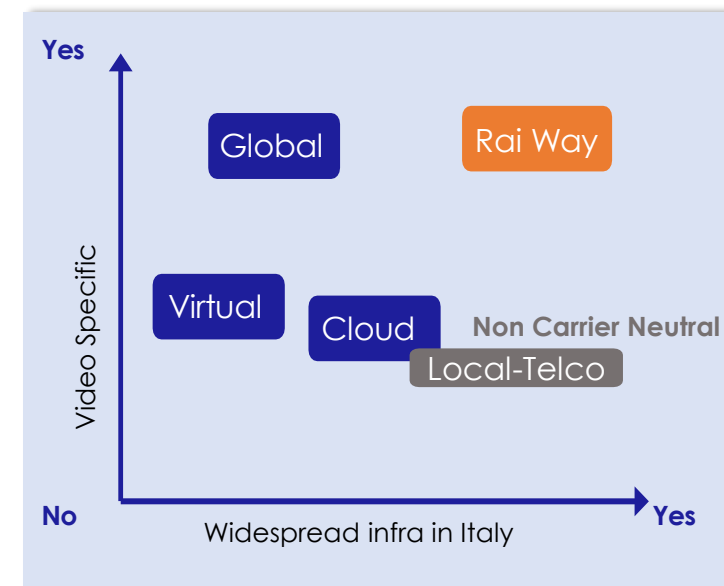
Backbone/IRU



PoP/Edge cache
CDN



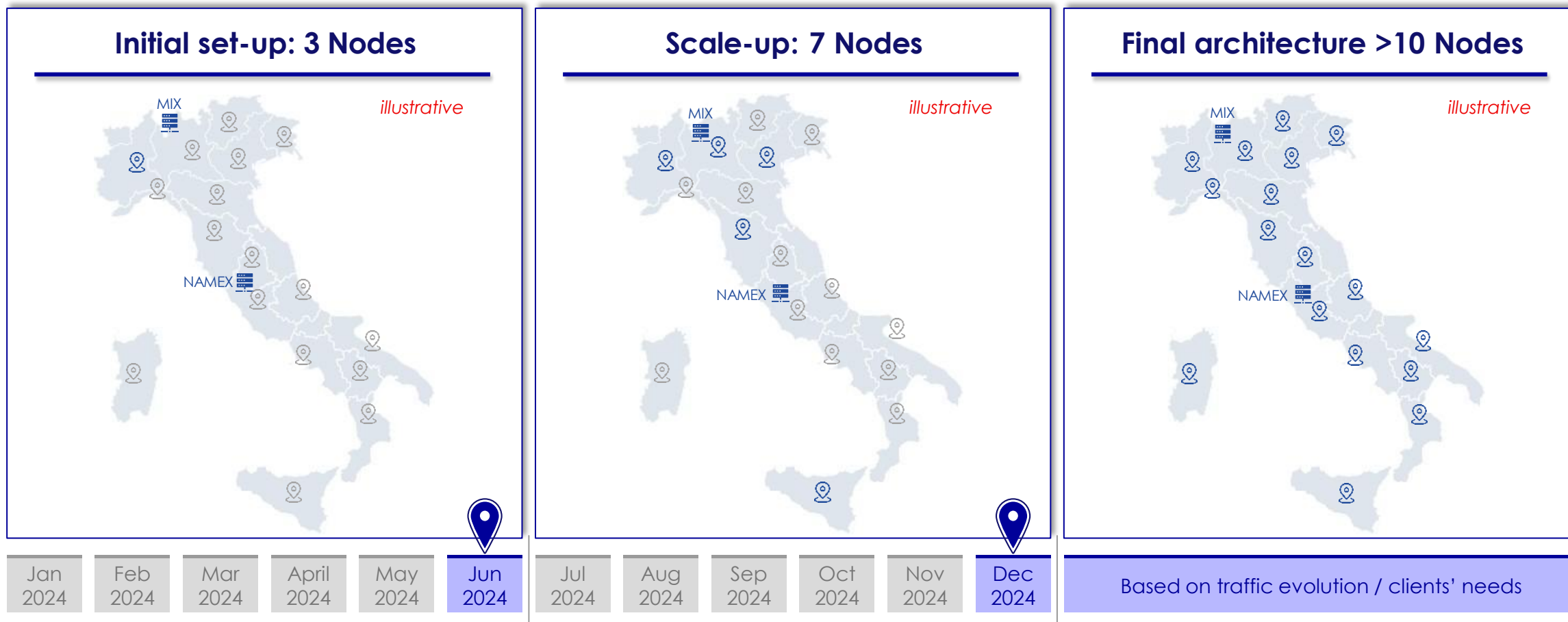
IXP



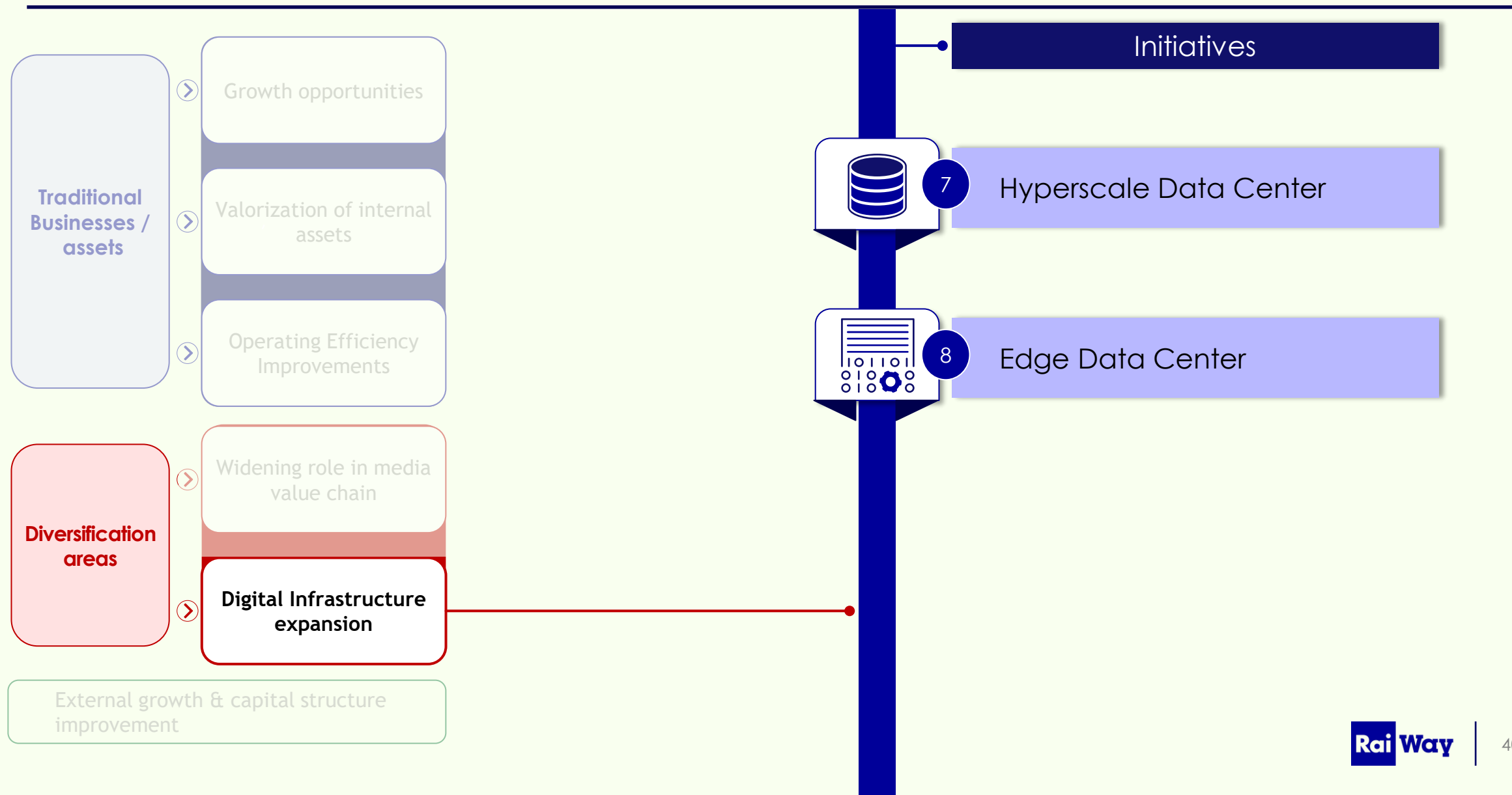
Rai Way to position own Edge CDN
solution to address needs for

- Live streaming of Multimedia world (Video, Gaming, ...)
- Low latency services

Edge CDN creation project to be developed in 3 phases with the first two steps of set-up and scale-up to be completed by end of '24

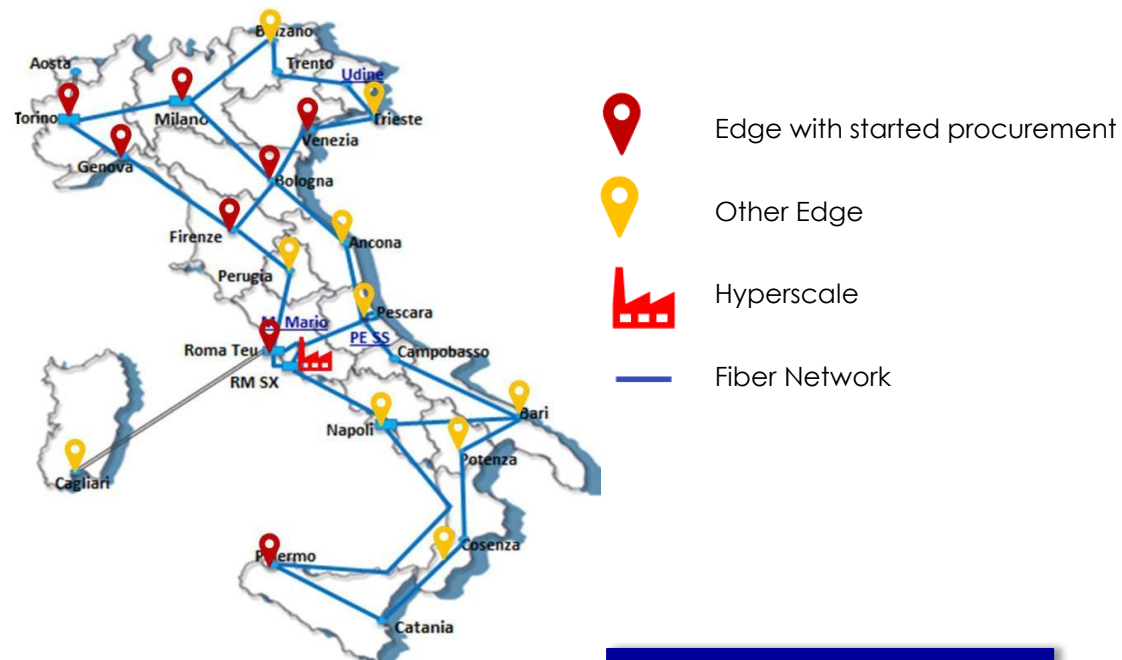
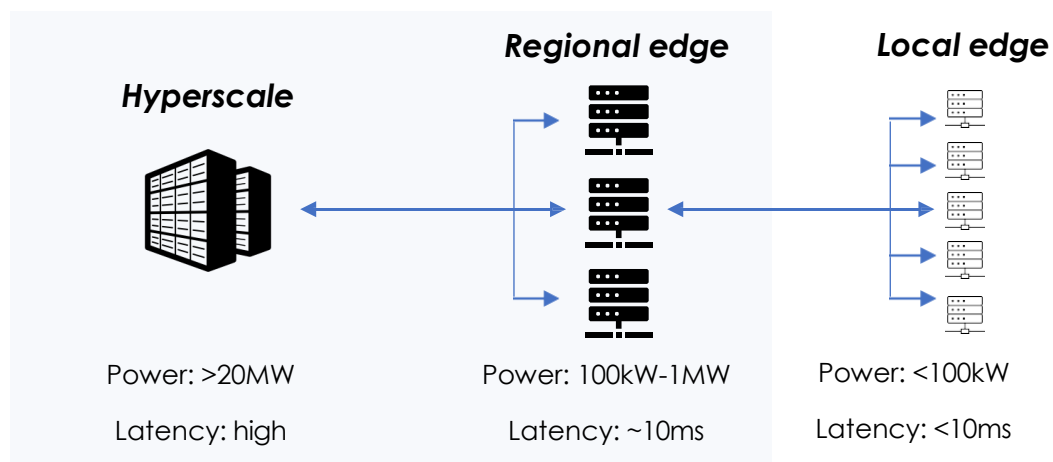


Digital Infrastructure Expansion



Rai Way's new digital infrastructure

The infrastructure project



- **Multi Edge Data Centers network**
- **1 TIER-IV Hyperscale Data Center in Rome** area (ca. 35MW potential, scalable IT load distributed across 4 buildings)
- **Interconnection** through proprietary backbone
- Clear **value proposition** for clients / partners:
 - Independent, reliable and carrier-neutral
 - Integrated Edge DC network to meet low latency requirements
 - Computing Continuum

Differentiating factors

- **Pure infrastructure offering:** co-location (space, energy, security) and connectivity
- **High synergies with societary assets:**
 - Wide-spread footprint, with space available in relevant areas and brand new quality assets
 - Proprietary backbone
 - Possibility to upsell current clients
 - First mover advantage on edge

Edge DCs roll-out plan

18 Edge Data center: 10 (major) DCs to build in Phase 1 & 2, and more (minor) to build based on demand



MAJOR

OTHER

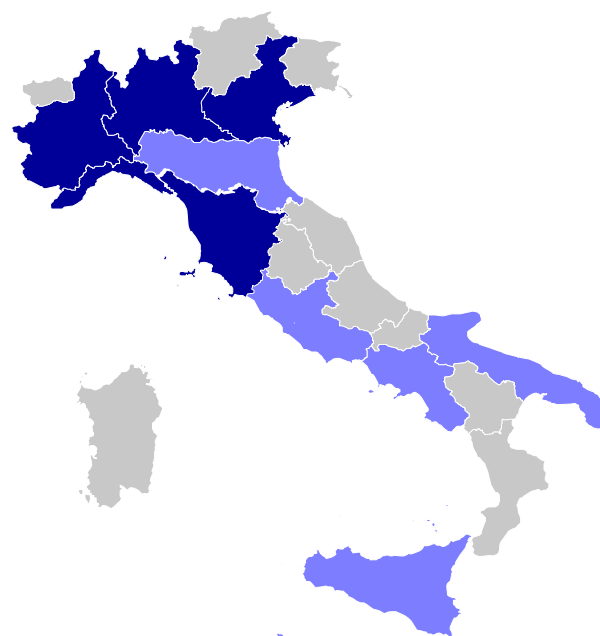
PH1, 2024: 5 EDGE

+

PH2, 2025-26: 10 Edge



After '26: up to 18 Edge + 1 HS DC¹



■ Phase 1 ■ Phase 2 ■ Phase 3

- ~ 3 MW IT load for the first 10 sites, possibly scalable based on demand
- Interconnected via own optic fiber and locally linked to the public network via ISP
- Built to be sustainable and create value from Rai Way's real estate

1. Initial 4,4 MW (50% of the first module)

Edge DC Phase 1 approaching completion

Torino

- Data hall: 118 sqm
- 39 rack
- Up to 280 kW IT Load



Milano

- 2 data hall of 230 sqm
- 60 rack (+28 cold expansion)
- Up to 450 kW IT Load



Venezia

- Data Hall: 108 sqm
- 34 rack
- Up to 204 kW IT Load



Genova

- Data hall: 3 containers of 105 mq
- 32 rack
- Up to 204 kW IT Load



Firenze

- Data hall: 185 sqm
- 60 rack
- Up to 432 kW IT Load



1,6 MW
IT Load

249
rack

747 sqm
data hall

~27
M€
Capex

Hyperscale DC | Rendering and concept design data



100%
Green
electricity



Data Center Modules Configuration

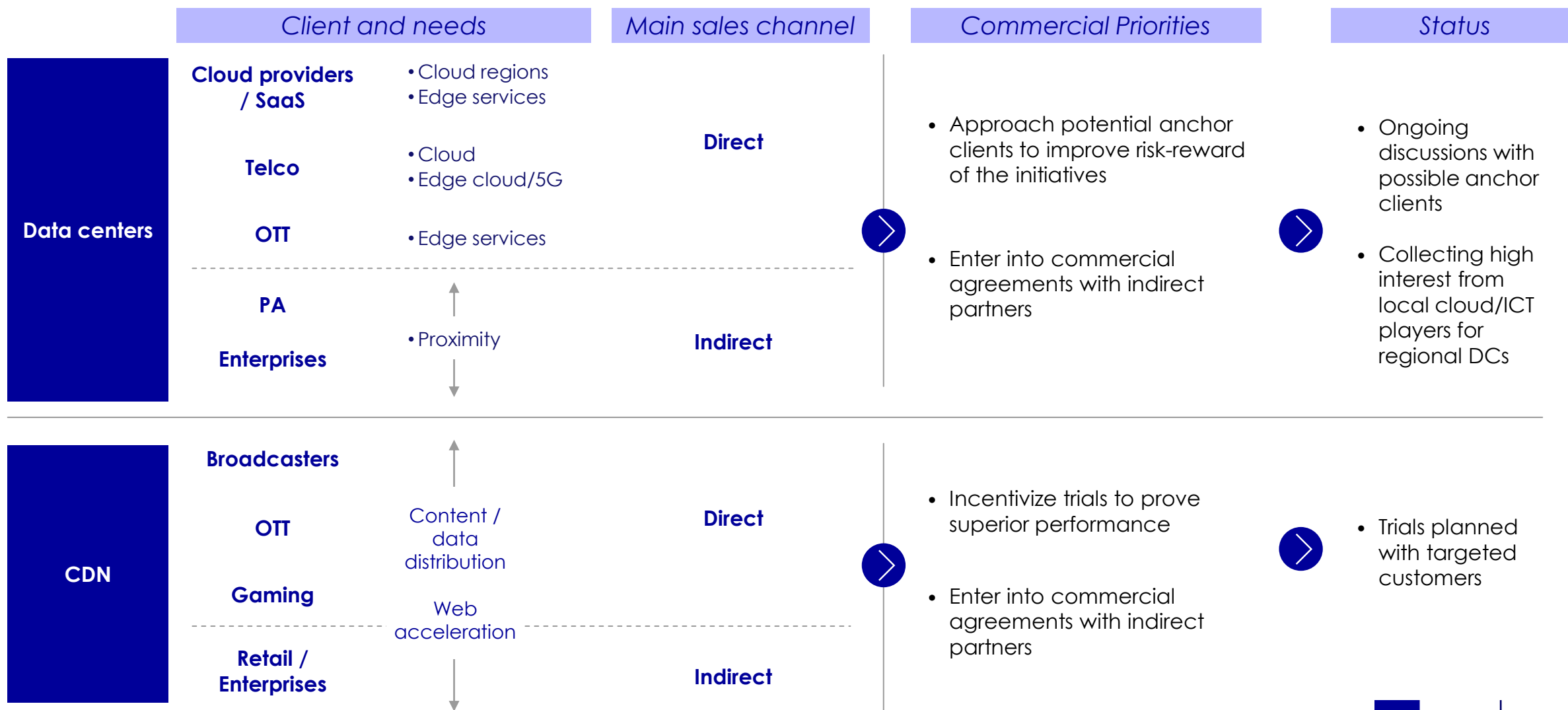
- 4 Modules with 8,8 MW IT Load per Module
- Emergency power supply and air conditioning
- UPTIME Institute TIER IV compliance
- Solar panels; centralized water supply

- **«Conferenza dei Servizi» underway** – authorization possibly within 2024
- Construction time: 12-18 months
- **First data hall availability (4,4 MW) and revenues contribution assumed from 2027**

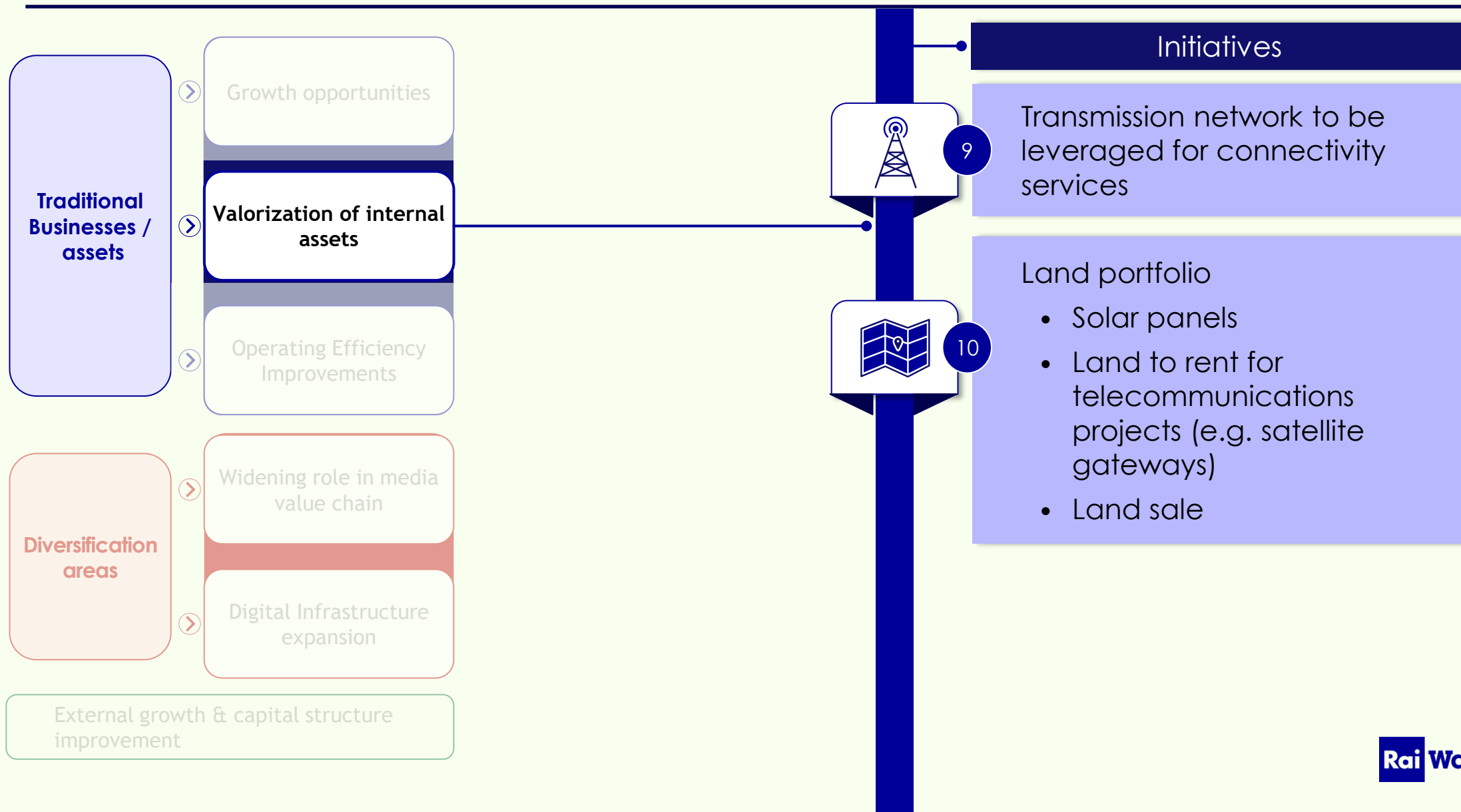
Why Rome

- Limited hyperscale DC presence (1 live, 4 in development), while Rome expected to become next Italian HS region
- Assets currently concentrated in Northern Italy
- Lower latency for Center/South of Italy vs Milan
- Traffic managed by Rome IXP expected to grow
- Strategic location to aggregate international traffic

Commercial approach and priorities



Valorization of internal assets



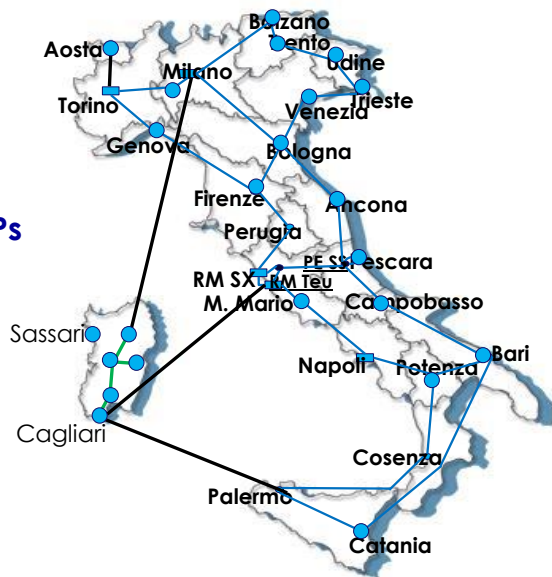
Transmission network to be leveraged for (wholesale) transport services

Fiber backbone

6,000 Km

- 30 PoP
- Interconnection with main IXPs
- Internal network monitoring

- Regional sites
- Production centers



Our plan



Fiber Optics transport services

- Dedicated transport in fiber optics
- Wholesale strategy addressing carriers' needs

Radio-link backbone

>500 IP links



Point to Point radio links transport

- Transport services in grey/white areas not covered by fiber
- Wholesale strategy



Regional headquarter
Rai Way – optic fiber



Site with Rai Way
infrastructure



Backhauling final
client



Land portfolio valorization

Rai Way analyzed possibility to create value from ~40 land plots, in 3 possible ways

**40**

Main land plots analyzed

200

Total hectares of land



Solar panels



Land to rent for telecommunications projects (e.g. satellite gateways)

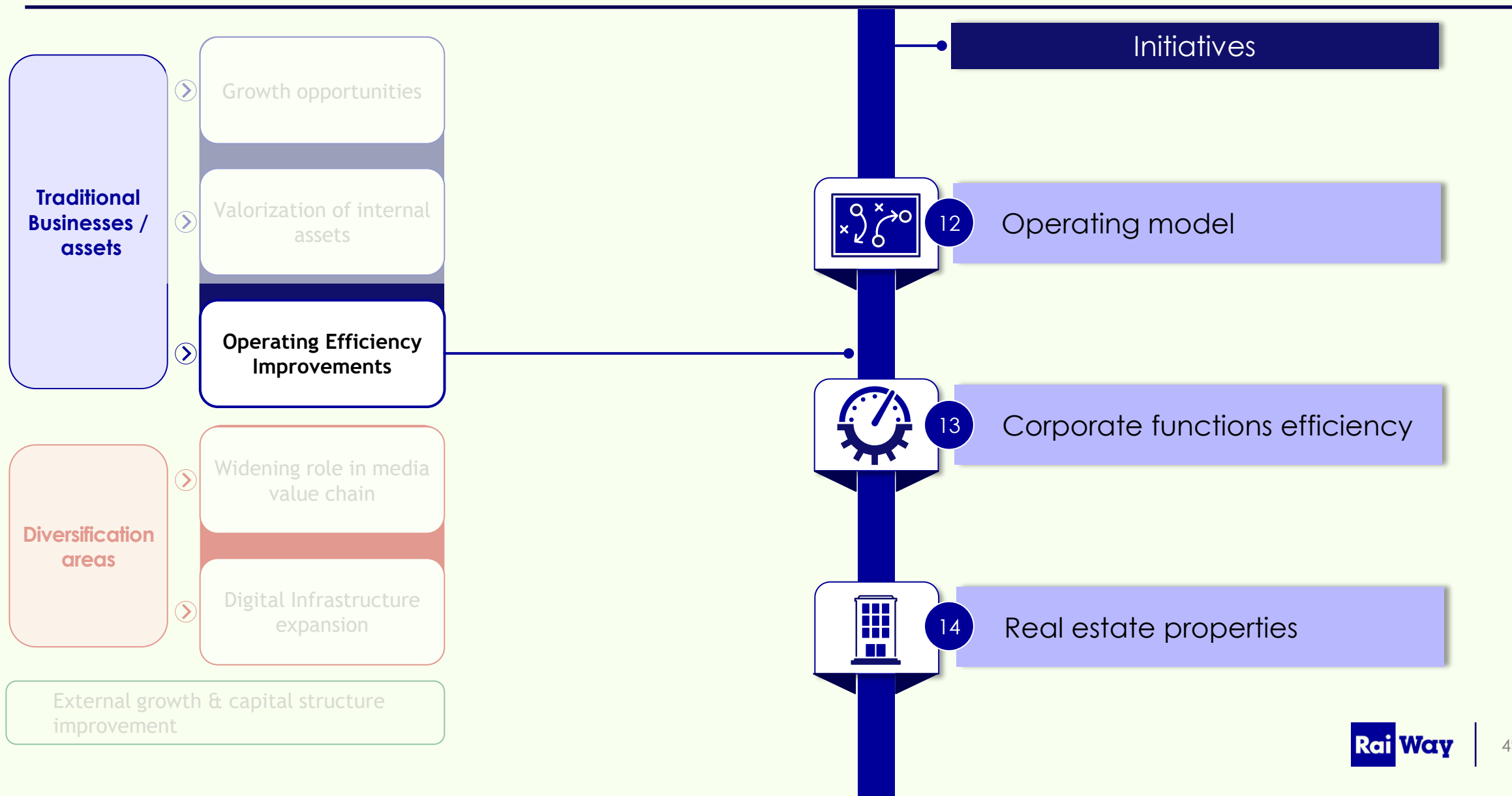


Land sale



- Selected 14 sites for solar panels, with target power of ~ 40 MW and target production of ~75 GWh/year

Operating Efficiency Improvements



Enhancing efficiency in operating model improvements, corporate initiatives and real estate property management



Operating model initiatives

- Reorganization of regional departments
- Digitalization of monitoring of assets through the implementation of **predictive maintenance**

Maintenance accounts for the majority of field force activities



Real Estate Management

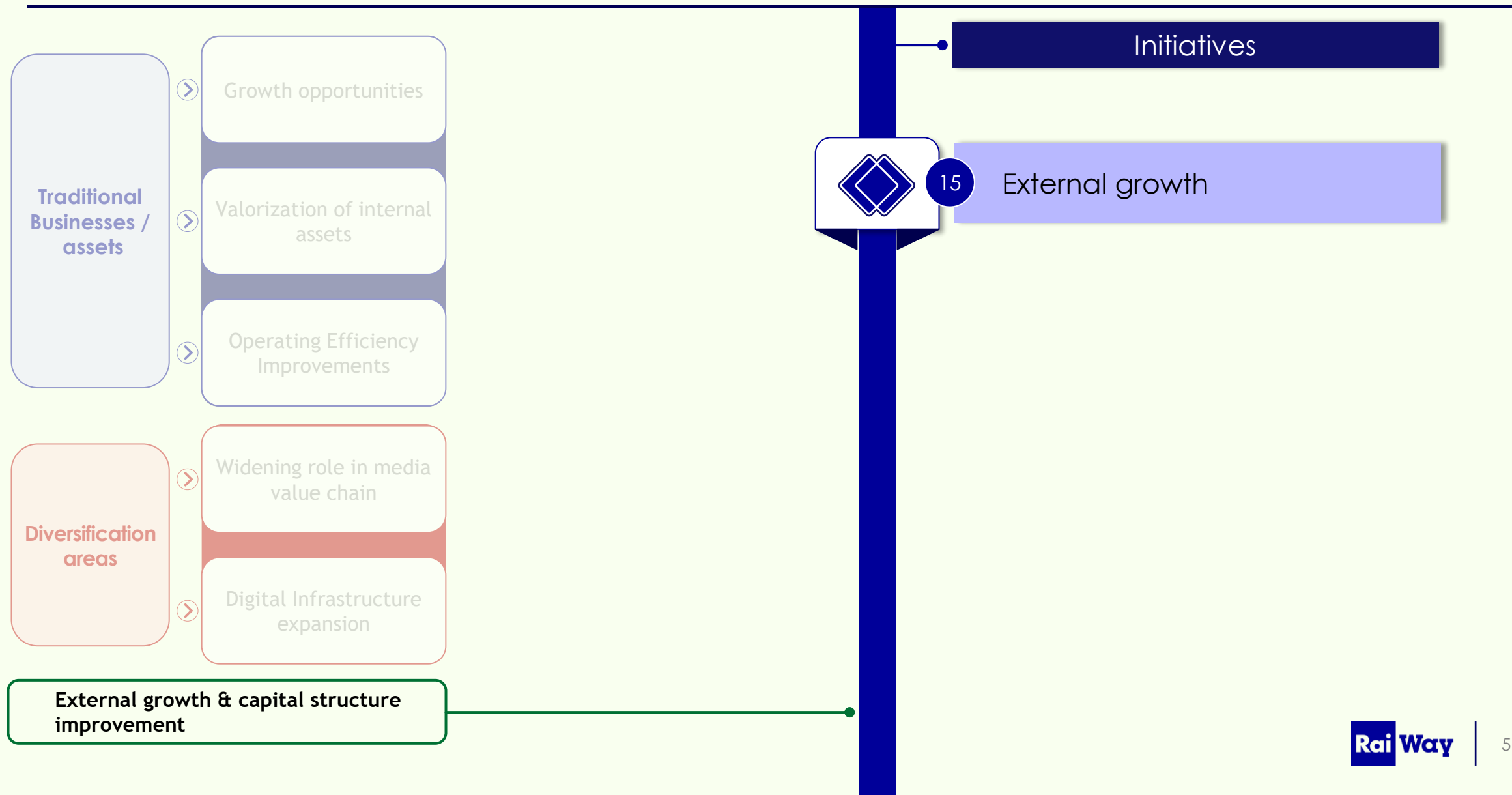
- **Workplace** evolution towards hybrid models (allowing spaces reduction)
- Benchmark on rental costs and service levels to identify **room for further efficiencies**
- Greater use of owned premises
- More efficient management of **headquarter**





Corporate functions efficiency

- **Digital transformation** in systems (e.g. new BSS platform) and processes to enable further corporate efficiencies

External growth lever to accelerate strategy and improve capital structure



Target M&A – Areas of interest

		Rationales		
		Industrial synergies	Capital structure optimization	Diversification
Traditional Businesses / assets		<ul style="list-style-type: none"> Consolidation of national broadcasting infrastructures → Transformational	<ul style="list-style-type: none"> Acquisition of independent (minor) portfolios of broadcast towers → Strategic Mom & Pop	
Diversification areas		<ul style="list-style-type: none"> Data Center assets: <ul style="list-style-type: none"> Independent assets with client portfolio and development opportunities Assets spun-off by anchor clients (cloud provider, corporate...) Location and technical features consistent with Rai Way edge network → Time to Market acceleration of diversification and insourcing of competencies		
Possible additions to offering		<ul style="list-style-type: none"> E.g. system Integrators, P2P network operators, CDN tech/network providers, etc... 		

Rai Way's commitment to sustainability: 2024-2027 ESG goals

Sustainability Plan 2024-2027

Strategic Guidelines

6

Objectives and target

24+20

Operational initiatives

38

- **ESG risks** of the ERM catalogue included in the definition of objectives and initiatives
- **New topics** introduced:
 - **Circular economy**
 - **Biodiversity**
 - Developing **partnership and networking activities**
- **Photovoltaic system** design and implementation on a few selected sites

SUSTAINABLE VALUE CREATION: 6 STRATEGIC GUIDELINES and 13 SDGs



Fight climate change and reducing environmental impact



Promote the well-being and development of our people



Contribute to the social, cultural and economic development of the community and territory



Development and maintenance of a governance system aligned to best practice, integrated with sustainability profiles



Develop technological innovation and contribute to the digitisation of the country



- **Carbon Neutrality** scope 1+2 by 2025
- **Maintain 100% renewable energy purchase**
- **Cybersecurity training** to at least 75% of employees
- **Establishment of an internal control system** related to ESG data and information ("CSRD")
- **Full management alignment** through the ambitious goals of the new LTI plan

Agenda



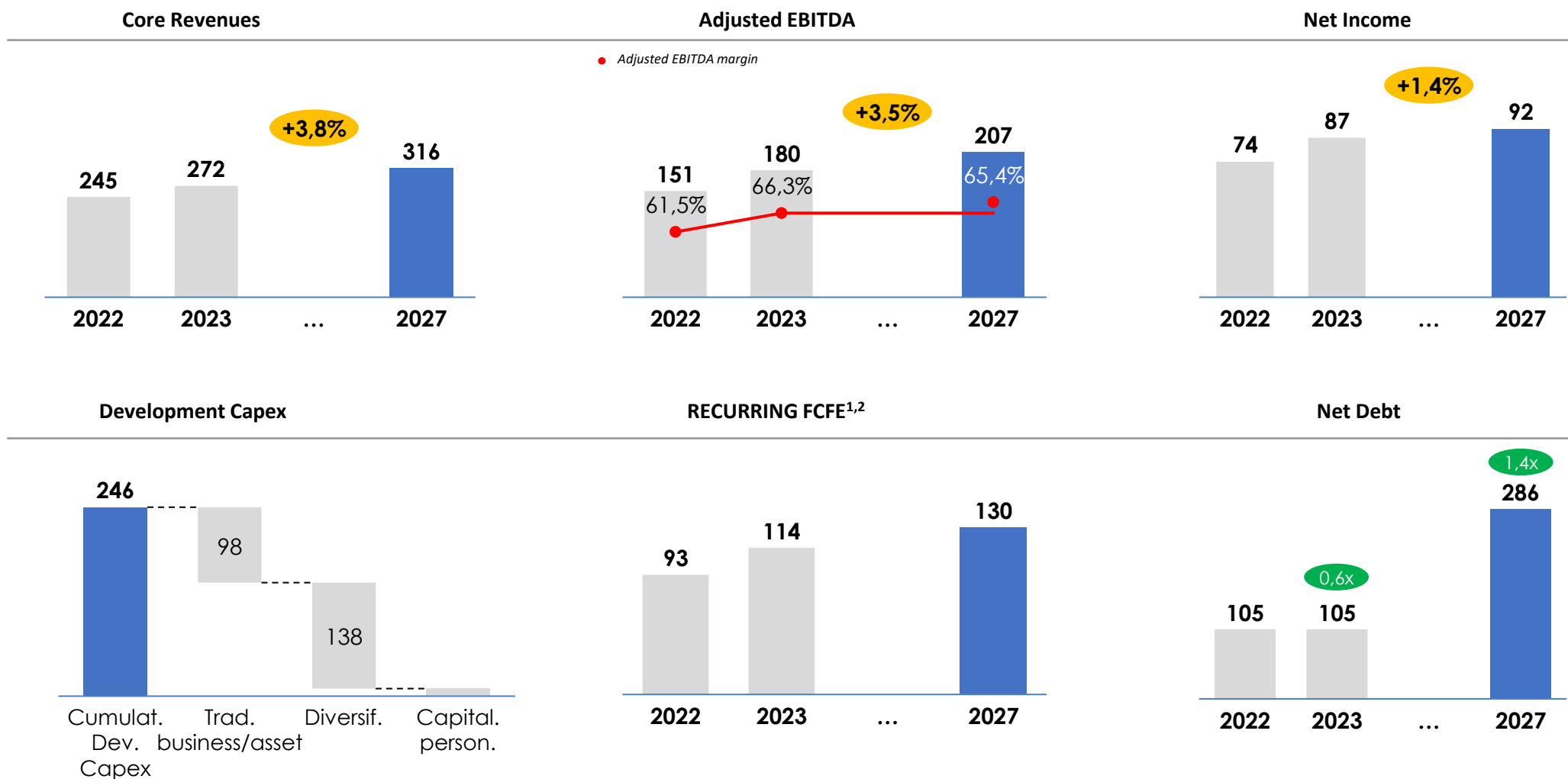
2023FY results



2024-2027 Industrial Plan

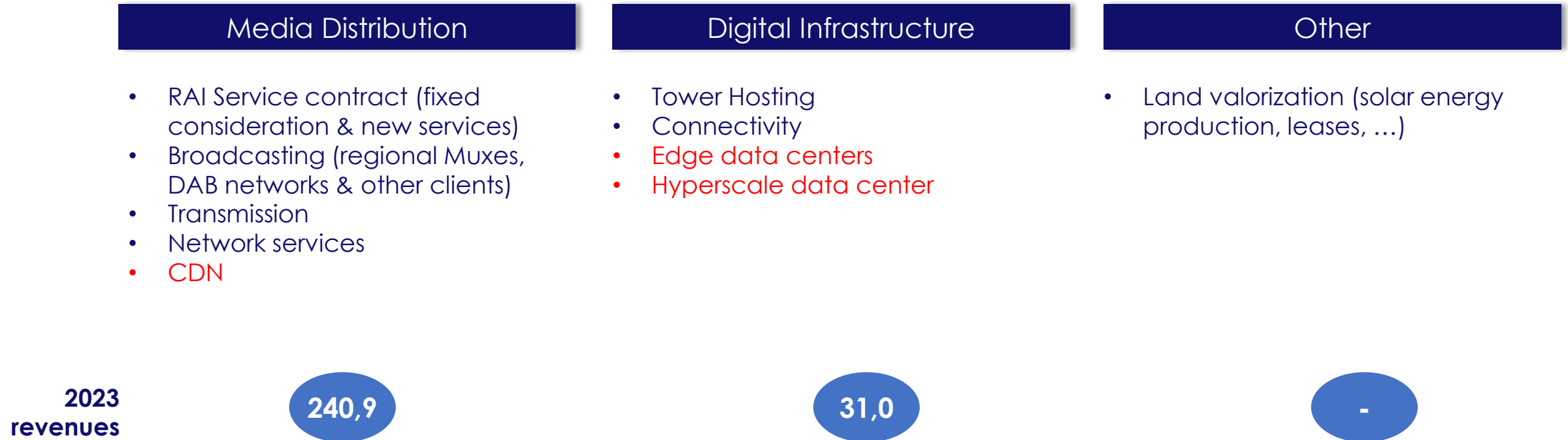
3. Financial targets

Key financial highlights⁽¹⁾



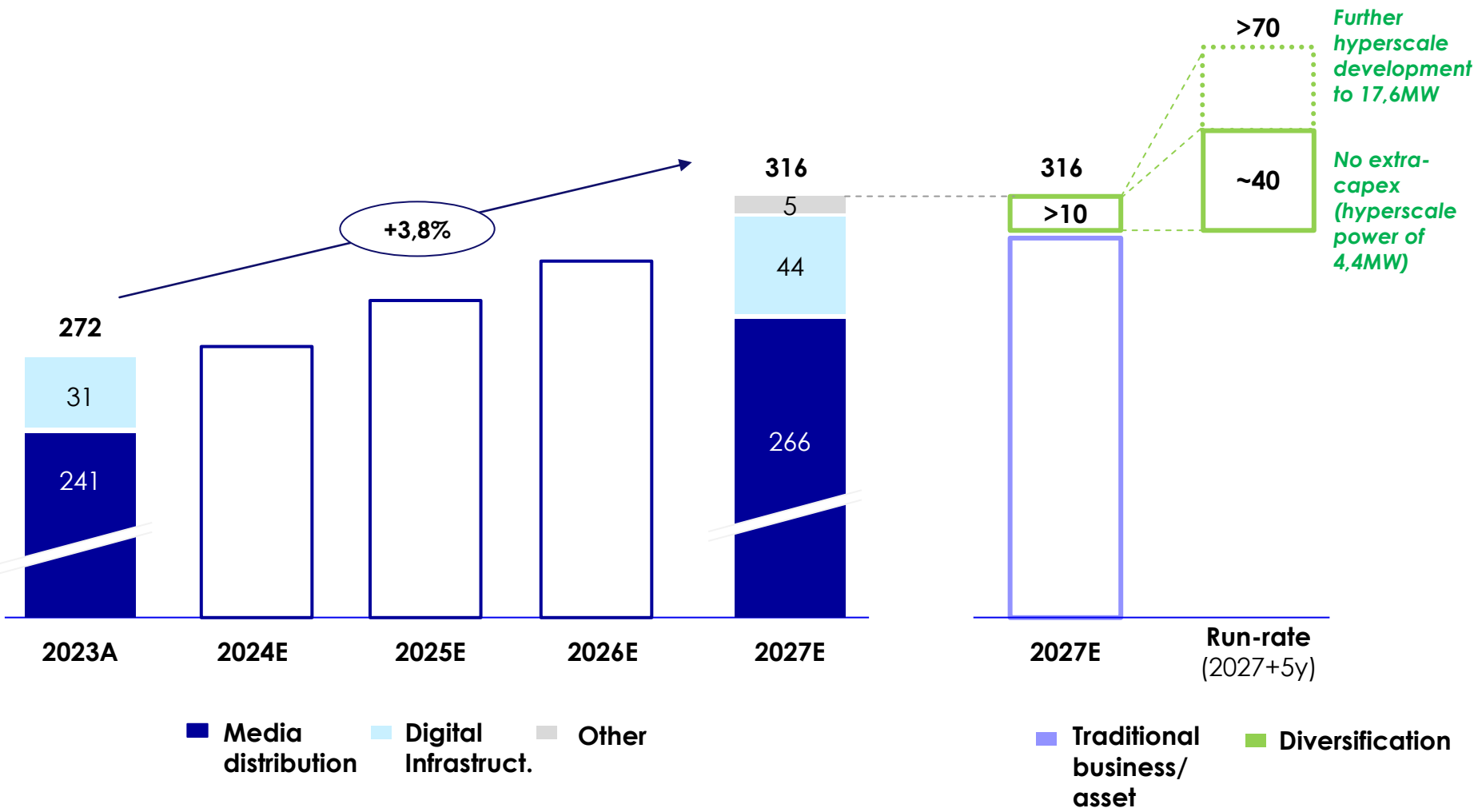
1) On organic basis; 2) Based on CPI assumptions of: 0,7% in 2023 and 1,5% in 2024-26, with impact on revenues in the following year; 3) Raw energy price assumption (excluding spread, green option and ancillary component): 95 in 2024 and ca. 85 in 2027 3) Excluding non-cash component related to IFRS-16 Leasing 4) Recurring FCFE = Adjusted EBITDA – Net Financial Charges – P&L Taxes – Recurring Maintenance Capex. All figures adjusted to deduct rents impacted by IFRS-16 from the calculation of cash generation

New Core revenues breakdown

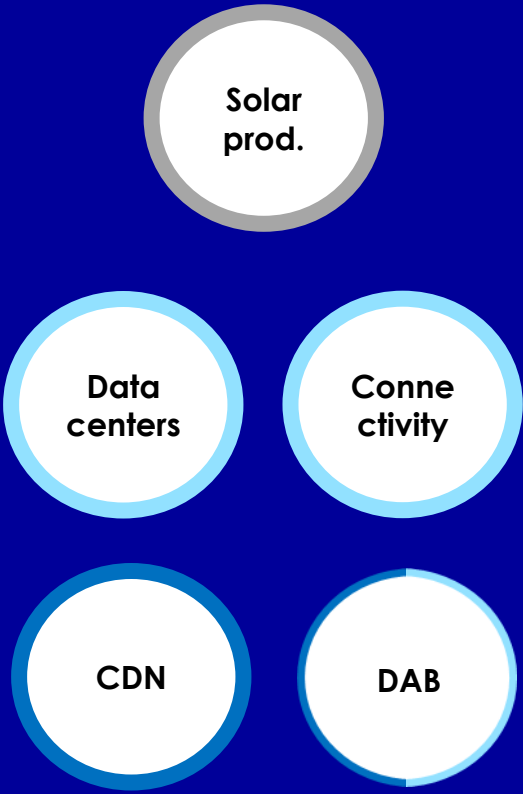


Core Revenues: 2023-27 evolution

Mln Eur; %



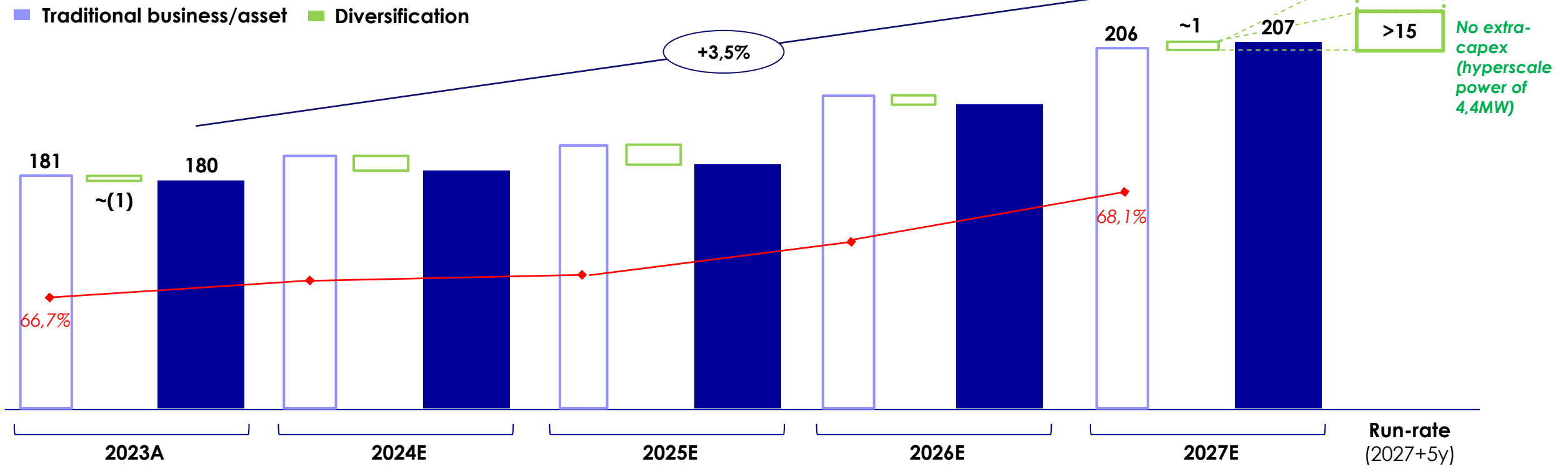
Main drivers



• 2027 figures based on the development of the CDN, 10 edge data center for ca. 3 MW and the first data hall of the hyperscale data center for 4,4 MW
• Assuming further development of the hyperscale data center to reach 17,6MW (2 out of 4 modules) with € 160m additional capex

Adjusted EBITDA: 2023-27 evolution

Mln Eur; %



Margin improvement: ~ **+150 bps**

Oper.
leverage

Oper.
model
efficiency

RE
rationaliz.

Diversifi-
cation

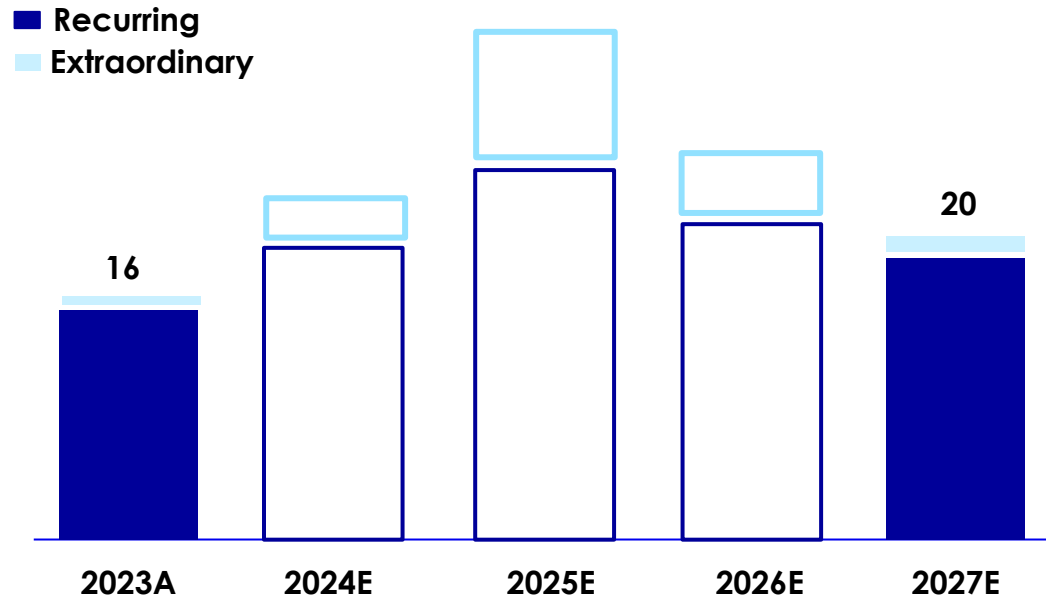
Run-rate margin : **40-50%**

Head-
count

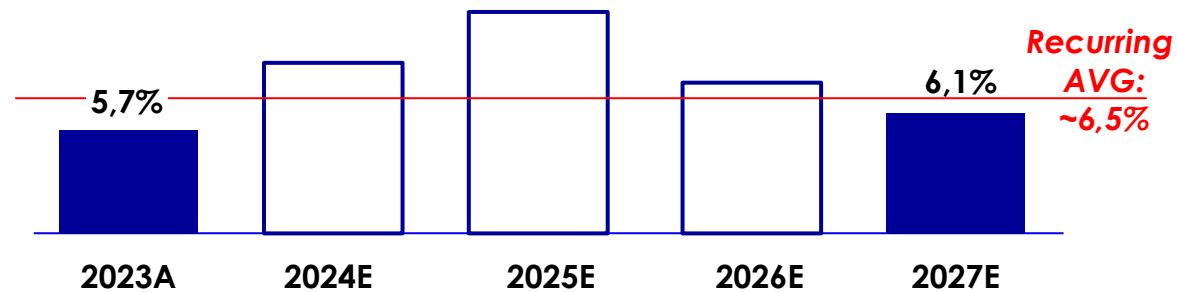
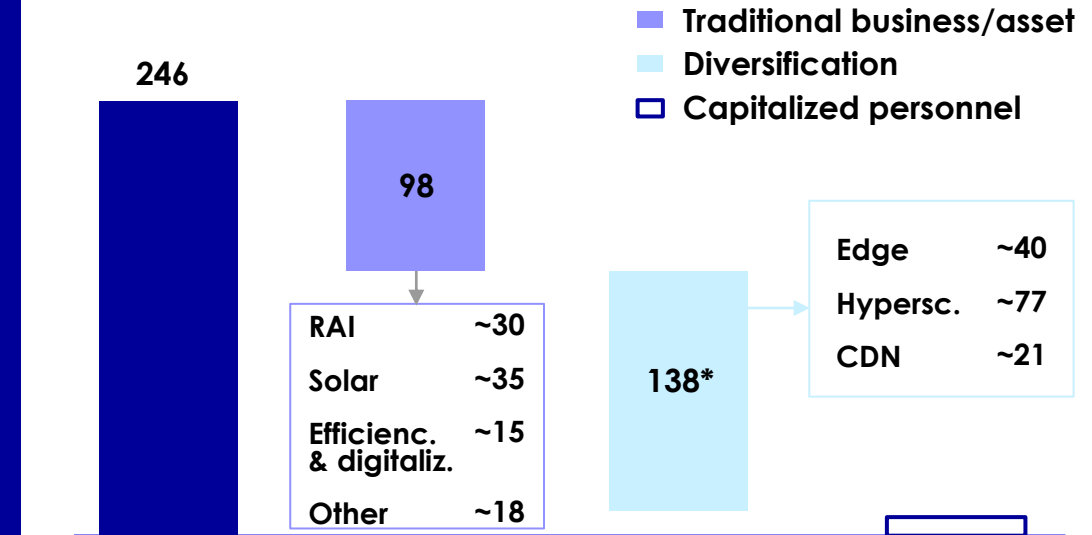
~ +30 mainly to support
diversification initiatives (also
leveraging on internal reallocation)

Traditional
business /
asset

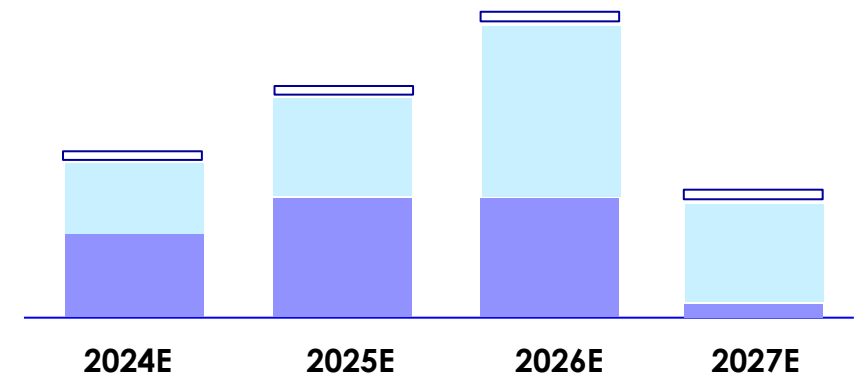
Capex

M
A
I
N
T
E
N
A
N
C
E

Recurring maintenance capex on core revenues ratio

D
E
V
E
L
O
P
M
E
N
T

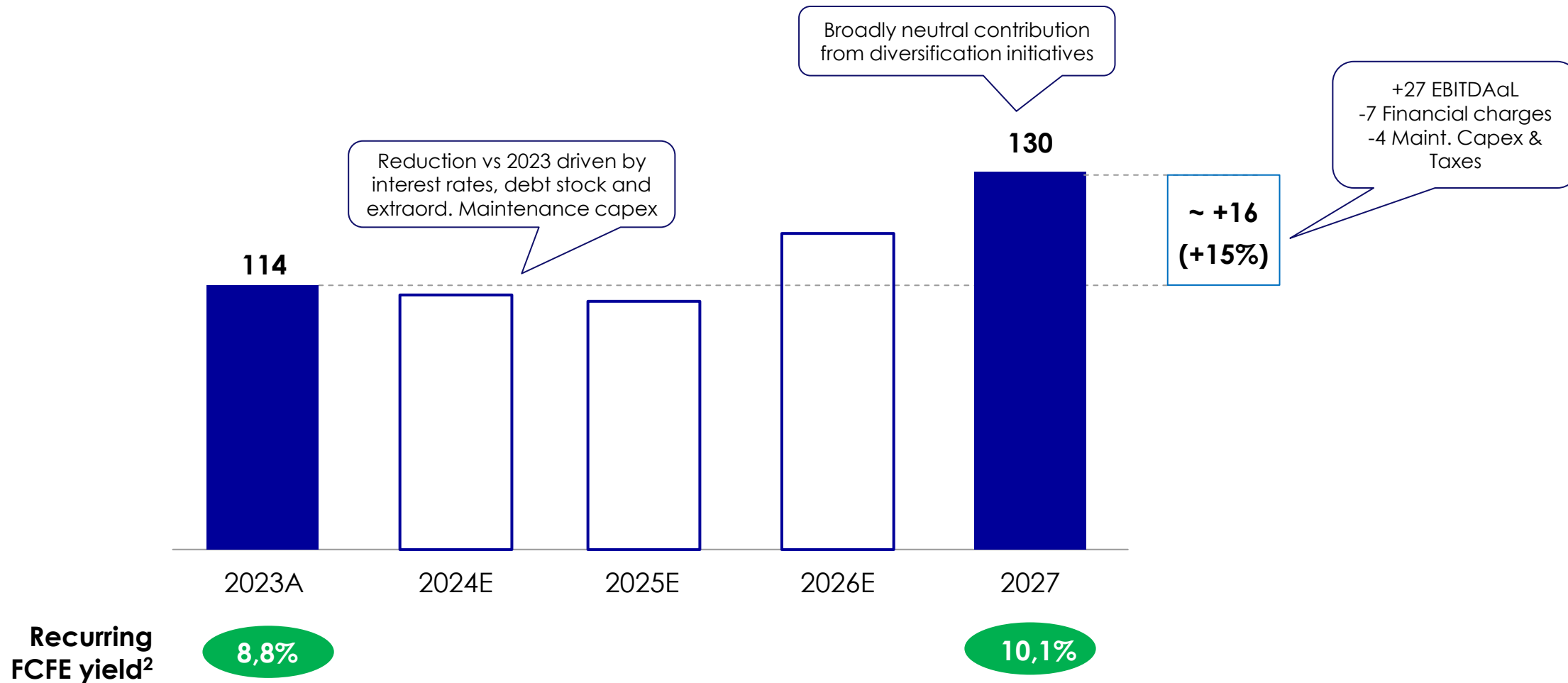
Cumulated 2024-27
developm. capex



* Based on the development of the CDN, 10 edge data center for ca. 3 MW and the first data hall of the hyperscale data center for 4,4 MW

Recurring FCFE: 2023-27 evolution

Mln Eur; %

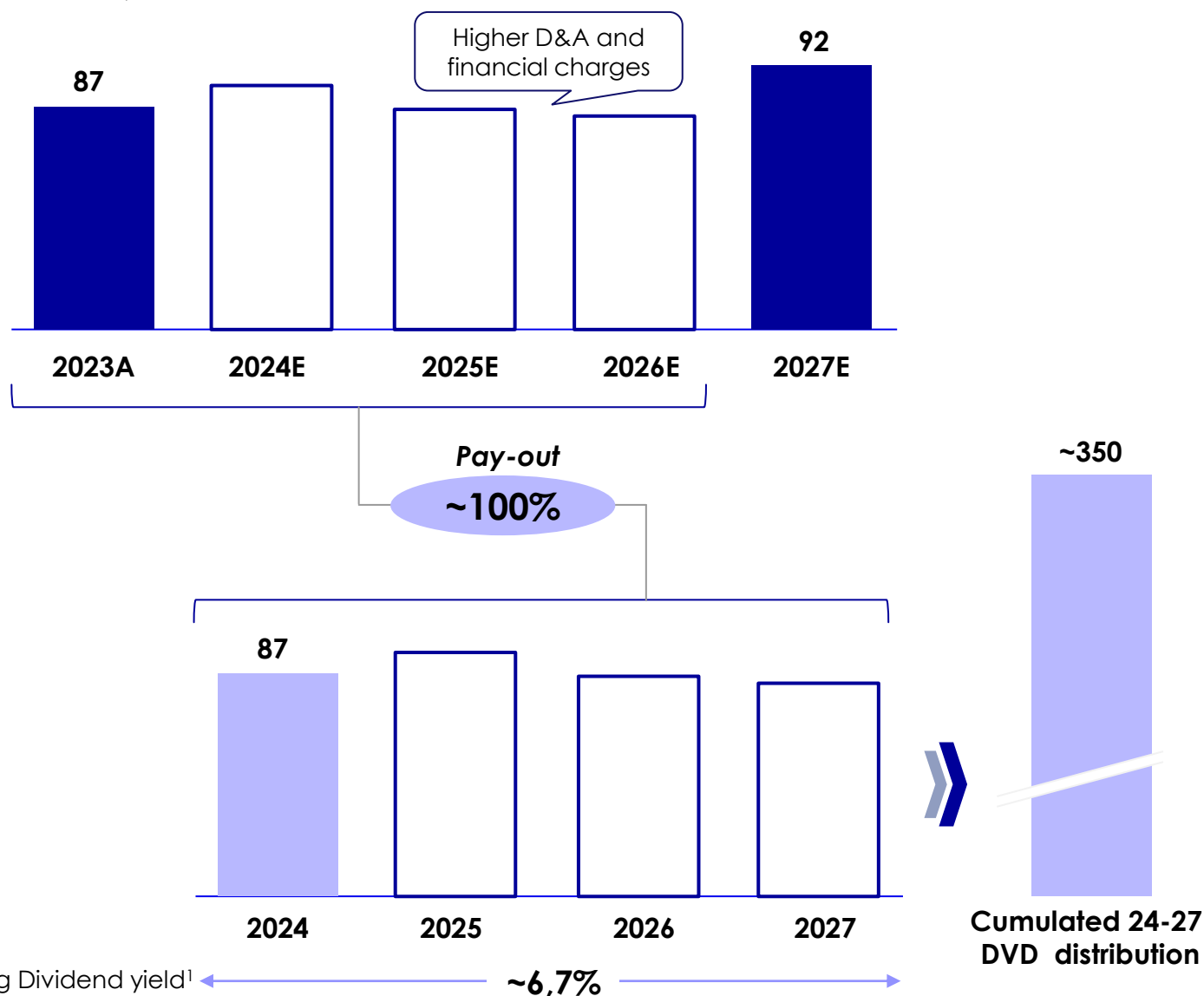


1) Recurring FCFE: Adjusted EBITDA – Leases – Oneri finanziari (excl. Componente leases) – Adjusted P&L Taxes – Recurring Maintenance capex

2) Based on market closing price on 22/03/2024 (4,8 €/share)

Net Income & Dividends

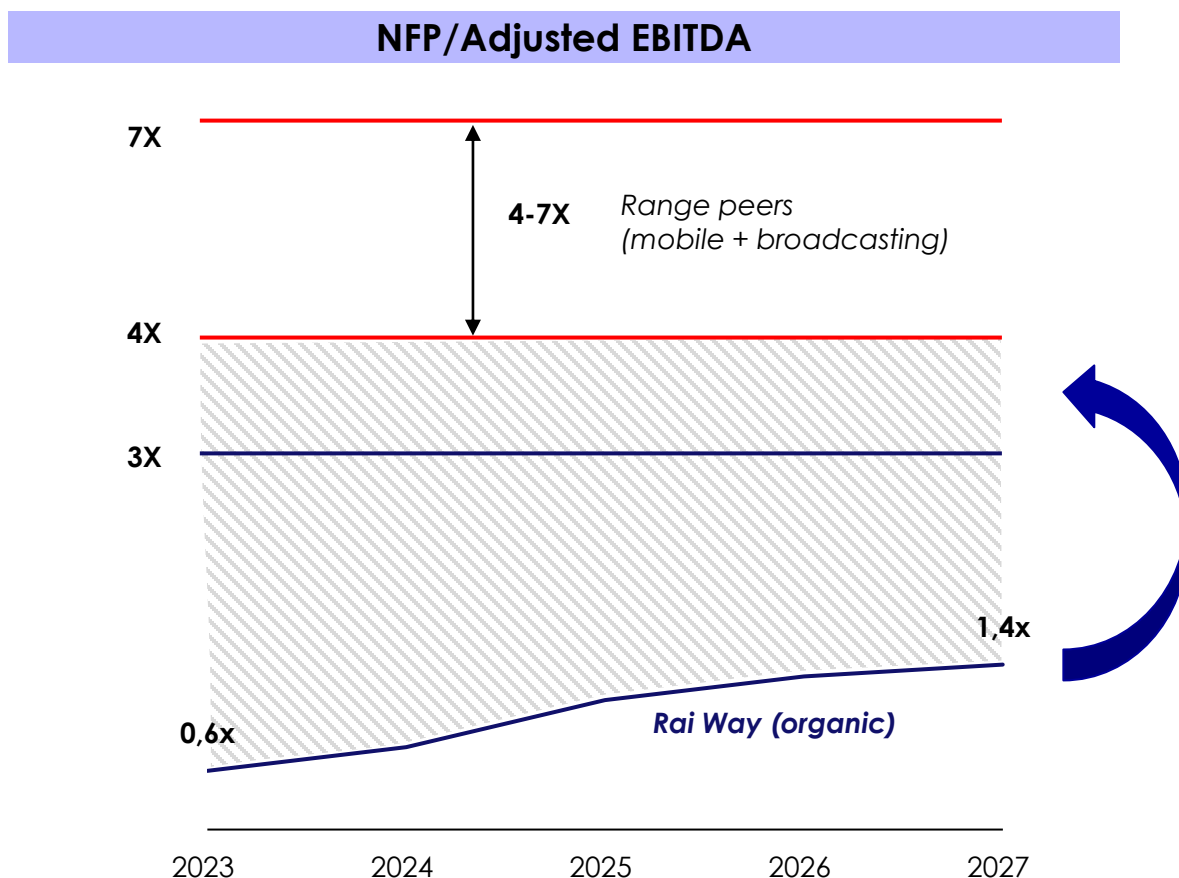
Mln Eur; %



- Proposed **pay-out** of around **100% of Net Income**, in continuity with the past (average **dividend yield⁽¹⁾** equal to **ca. 6,7%**)
- Expected distribution of **approx. €350 Mln cumulated dividends** in the 2024-27 period, equal to more than 25% of current market cap⁽¹⁾

(1) Based on market closing price on 20/03/2024 (4,79 €/share)

Capital structure evolution



- On an organic basis, 2027E financial leverage (post-dividend payment) at around 1,4x NFP⁽¹⁾/Adjusted EBITDA, giving flexibility to pursue external growth
- **Sustainable and reasonable level** of financial leverage in a **3-4x range**, also depending on market conditions

M&A FINANCIAL CRITERIA

- Even within the same asset class (e.g. towers, data centers), targets may have different risk profile (e.g., DC already built vs. to be developed, with committed demand vs. without commitment, with high vs. low % fill rate)

→ **Unlevered IRR level appropriate for the risk profile of the asset**

(1) Net Financial Position including IFRS-16 leasing

Agenda



2023FY results



2024-2027 Industrial Plan

4. Closing remarks

A clear industrial path...

Renewed focus on 2 business segments (media distribution and digital infra) with a clear industrial proposition enabled by a modern, integrated digital asset portfolio

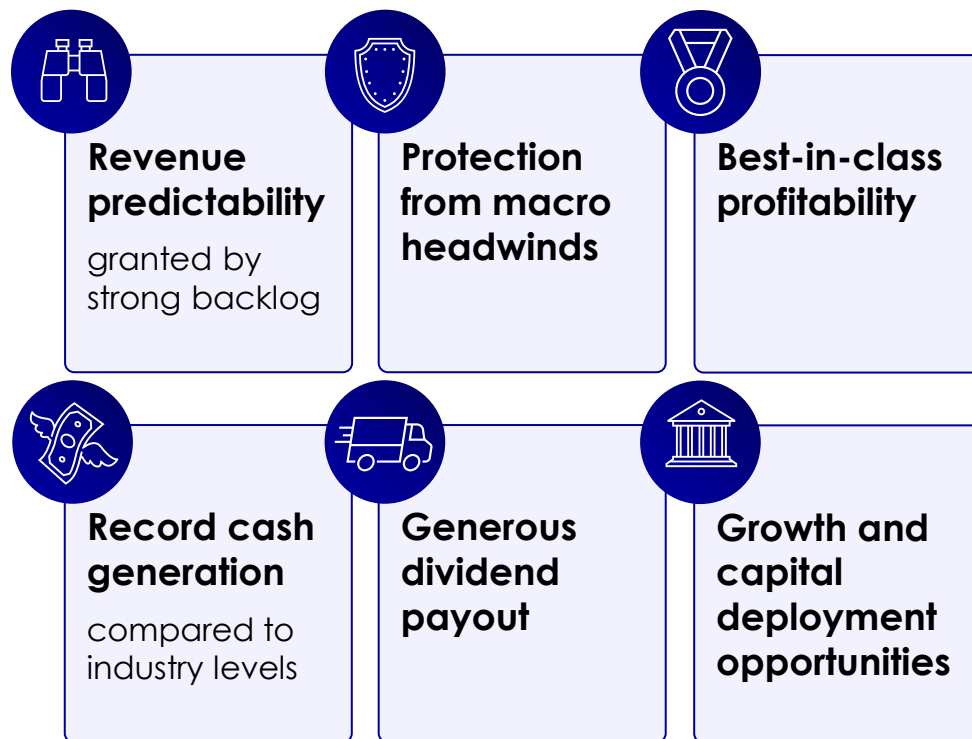
Traditional business continues to offer growth opportunities (networks expansion, efficiencies, asset valorization) thanks to a unique business model and competencies

Synergic, value-creating diversification confirmed, ensuring long-term sustainable growth

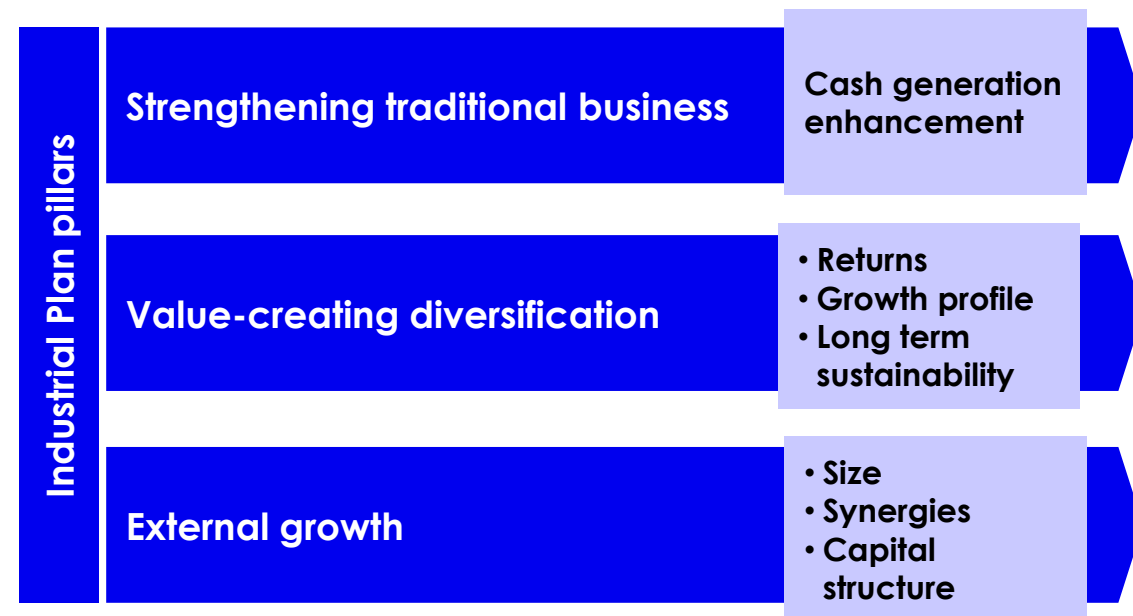
External growth to accelerate strategy and improve capital structure

....addressing key levers to unlock Rai Way's full potential, while preserving its distinctive features...

Pillars of Rai Way's equity story



2024-27 Industrial Plan: addressed value levers



Full awareness of key levers

Commitment to execution to unlock relevant Shareholders' value

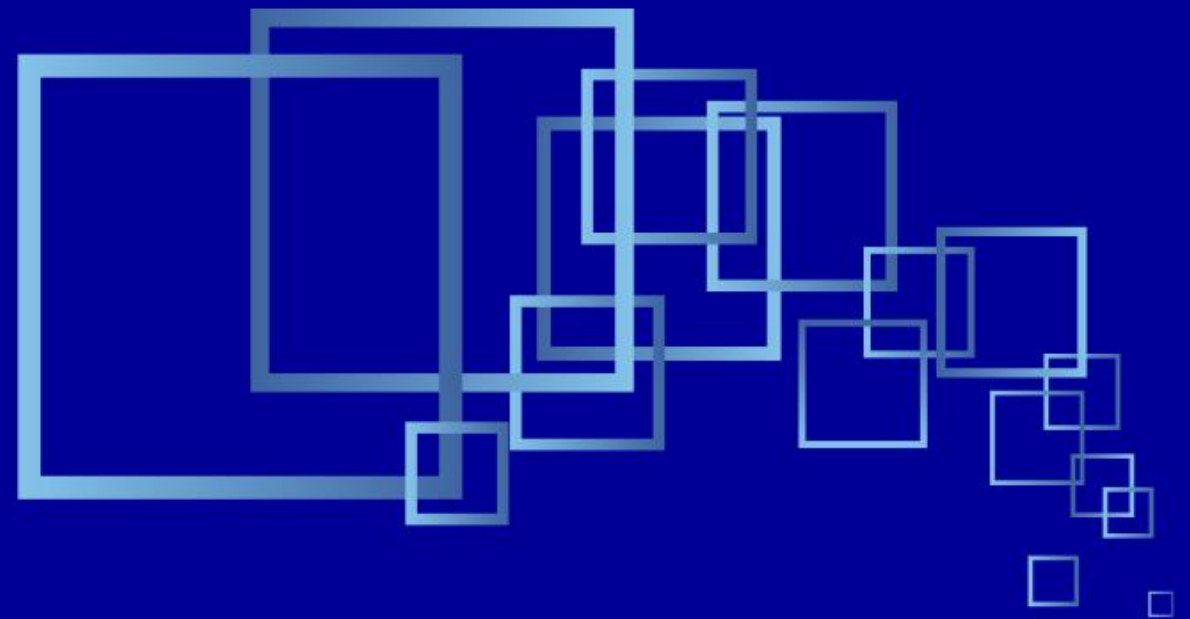
...and defining near-term priorities for a successful execution

Move forward with assets roll-out

Finalize commercial agreements on new infra and services

Effort to accelerate on external growth

Q&A session



Investor Relations contacts

Andrea Moretti
Head of Investor Relations



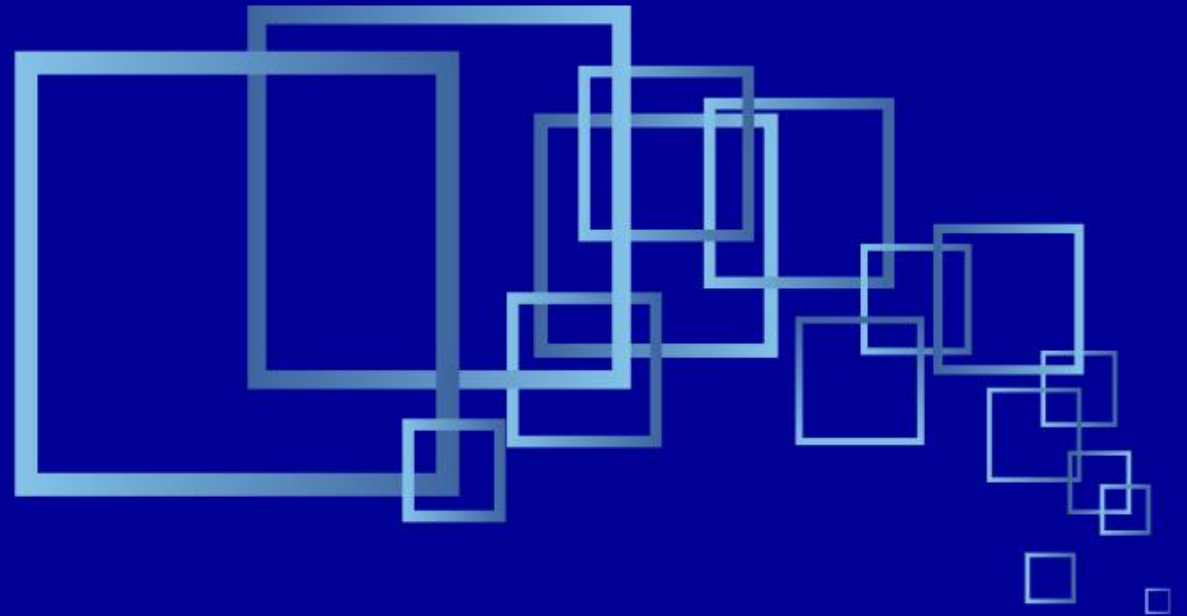
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www.raiway.it / Investors

Appendix



Detailed summary of 2023FY Income Statement

(€m; %)	4Q22	4Q23	FY22	FY23
Core revenues	61,1	67,8	245,4	271,9
Other revenues and income ¹	1,4	0,5	3,1	2,1
Purchase of consumables	(0,5)	(0,4)	(1,5)	(1,3)
Cost of services	(13,3)	(13,4)	(49,0)	(43,8)
Personnel costs	(11,9)	(13,8)	(43,7)	(51,4)
Other costs	(1,4)	(0,6)	(3,4)	(2,7)
Opex	(27,0)	(28,2)	(97,5)	(99,1)
Depreciation, amortization and write-downs	(11,4)	(13,0)	(47,2)	(47,3)
Provisions	(0,0)	(1,7)	0,0	(1,7)
Operating profit (EBIT)	24,0	25,5	103,8	126,0
Net financial income (expenses)	(0,7)	(1,6)	(2,1)	(4,5)
Profit before income taxes	23,3	23,9	101,8	121,5
Income taxes	(5,8)	(7,0)	(28,1)	(34,8)
Net Income	17,4	16,9	73,7	86,7
EBITDA	35,4	40,2	151,0	174,9
EBITDA margin	57,9%	59,2%	61,5%	64,3%
Non recurring costs	-	(1,7)	-	(5,3)
Adjusted EBITDA	35,4	41,9	151,0	180,3
Adjusted EBITDA margin	57,9%	61,8%	61,5%	66,3%

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

Summary of 2023YE Balance Sheet

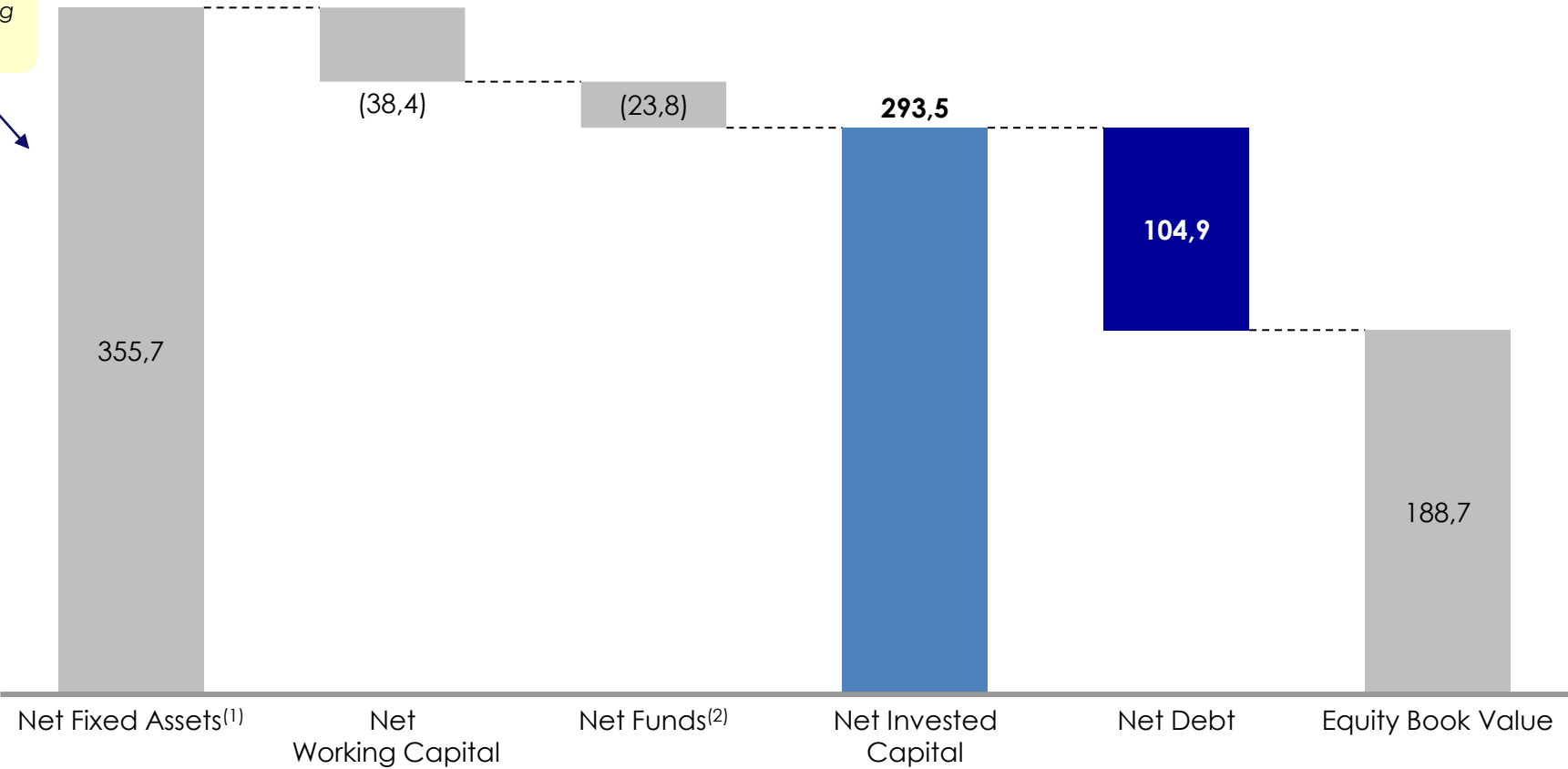
(€m)	2022FY	2023FY
Non current assets		
Tangible assets	280,8	297,4
Rights of use for leasing	33,4	33,0
Intangible assets	19,5	24,7
Financial assets, holdings and other non-current assets	0,9	0,9
Deferred tax assets	1,8	2,9
Total non-current assets	336,4	359,0
Current assets		
Inventories	0,8	0,8
Trade receivables	66,2	74,8
Other current receivables and assets	2,5	1,4
Current financial assets	1,5	0,3
Cash and cash equivalents	35,2	34,1
Current tax receivables	0,1	0,1
Total current assets	106,2	111,3
TOTAL ASSETS	442,6	470,3

(€m)	2022FY	2023FY
Shareholders' Equity		
Share capital	70,2	70,2
Legal reserves	14,0	14,0
Other reserves	38,2	37,7
Retained earnings	73,7	86,7
Treasury shares	(20,0)	(20,0)
Total shareholders' equity	176,2	188,7
Non-current liabilities		
Non-current financial liabilities	-	100,4
Non-current leasing liabilities	22,6	17,5
Employee benefits	10,0	8,9
Provisions for risks and charges	15,1	17,9
Other non-current liabilities	0,3	0,3
Total non-current liabilities	48,0	145,0
Current liabilities		
Trade payables	60,5	65,0
Other debt and current liabilities	38,5	48,9
Current financial liabilities	101,5	1,1
Current leasing liabilities	17,6	20,2
Current tax payables	0,4	1,4
Total current liabilities	218,4	136,6
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	442,6	470,3

2023YE Balance Sheet

Mln Eur

Including rights of use for leasing
under IFRS-16 (€ 33 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

Summary of 2023FY Cash Flow Statement

(€m)	4Q2022	4Q2023	FY2022	FY2023
Profit before income taxes	23,3	23,9	101,8	121,5
Depreciation, amortization and write-downs	11,4	13,0	47,2	47,3
Provisions and (releases of) personnel and other funds	2,5	5,9	2,8	7,0
Net financial (income)/expenses	0,7	1,5	1,9	4,3
Other non-cash items	0,9	0,0	1,1	0,4
Net operating CF before change in WC	38,7	44,3	154,8	180,4
Change in inventories	0,0	-	0,0	0,0
Change in trade receivables	10,8	5,3	1,3	(9,1)
Change in trade payables	17,2	28,2	9,1	4,5
Change in other assets	0,3	2,4	0,8	1,1
Change in other liabilities	(6,4)	15,4	1,8	3,6
Use of funds	(1,9)	(1,6)	(2,9)	(2,2)
Payment of employee benefits	(0,8)	(1,9)	(3,1)	(3,6)
Change in tax receivables and payables	(0,8)	(0,1)	(0,9)	(2,3)
Taxes paid	(1,0)	(25,5)	(23,9)	(25,5)
Net cash flow generated by operating activities	56,3	66,7	137,0	146,9
Investment in tangible assets	(28,1)	(27,0)	(68,9)	(47,4)
Disposals of tangible assets	0,0	-	0,0	-
Investment in intangible assets	(5,6)	(5,7)	(6,7)	(10,0)
Disposals of intangible assets	0,0	-	0,0	-
Change in other non-current assets	0,2	0,0	0,2	0,0
Change in non-current financial assets	(0,1)	-	-	-
Net cash flow generated by investment activities	(33,7)	(32,7)	(75,4)	(57,4)
(Decrease)/increase in medium/long-term loans	(32,0)	100,4	-	100,4
(Decrease)/increase in current financial liabilities	31,7	(105,1)	31,9	(101,4)
(Decrease)/increase in IFRS 16 financial liabilities	(2,1)	(4,6)	(9,0)	(13,4)
Change in current financial assets	0,0	0,5	(0,3)	0,1
Net Interest paid	(0,4)	(1,6)	(1,1)	(2,6)
Dividends paid	(0,2)	(0,2)	(65,2)	(73,8)
Net cash flow generated by financing activities	(3,0)	(10,6)	(43,7)	(90,7)
Change in cash and cash equivalent	19,6	23,4	17,9	(1,1)
Cash and cash equivalent (beginning of period)	15,6	10,7	17,2	35,2
Cash and cash equivalent (end of period)	35,2	34,1	35,2	34,1

Credit lines

- Amount: **€ 185m**, of which € 143m Term loan (with **bullet** repayment at maturity) + € 42m Revolving
- Term Loan to be drawn as needed upon borrower's request
- 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**



Cash generation and available debt to finance development initiatives