

# 1Q2024 Results Presentation

10 May 2024

**Way**  
to go

**Rai Way**

# Disclaimer

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## 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.

# Rai Way speakers

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**Roberto Cecatto**, Chief Executive Officer



**Adalberto Pellegrino**, Chief Financial Officer



**Giancarlo Benucci**, Chief Corporate Development Officer

# Key messages

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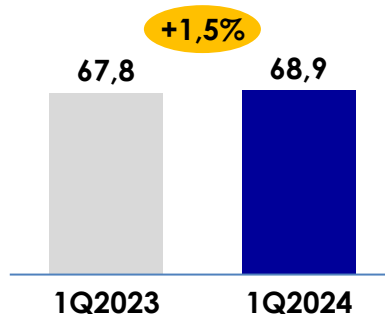
- **First quarter fully in line with expectations:**
  - Revenues up 1,5% mainly driven by CPI-link, regional frequencies and hosting services to FWA and radio broadcasters
  - Adjusted EBITDA up € 2,4m or 5,3%, benefiting from a higher level of capitalized personnel and a positive reduction across all other cost items
  - Capex level typically low in the first quarter, development activity mainly devoted to diversification projects
- **2024-27 Industrial Plan approved: path, initiatives and priorities defined; focus now shifted to execution**
- **Guidance for the Full Year 2024 confirmed**

# 1Q2024 Financial highlights

Mln Eur; %

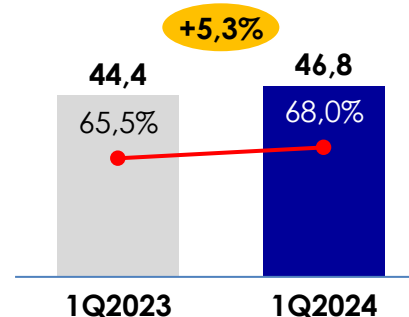
% YoY growth

## Core Revenues

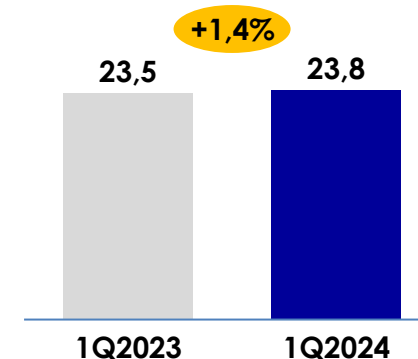


## Adjusted EBITDA

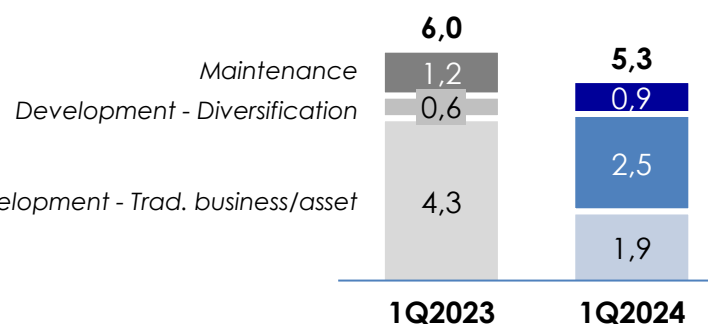
• Adjusted EBITDA margin



## Net Income

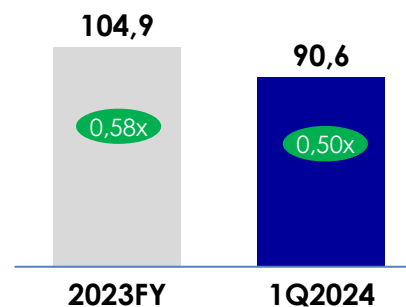


## Capex<sup>(1)</sup>

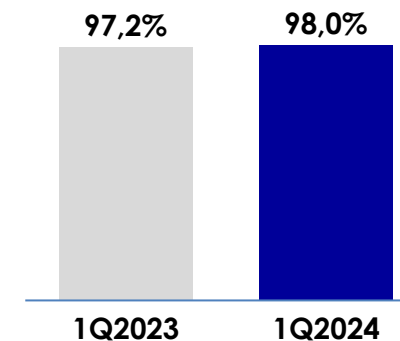


## Net debt (Net Cash)

● Net Debt / Adjusted EBITDA



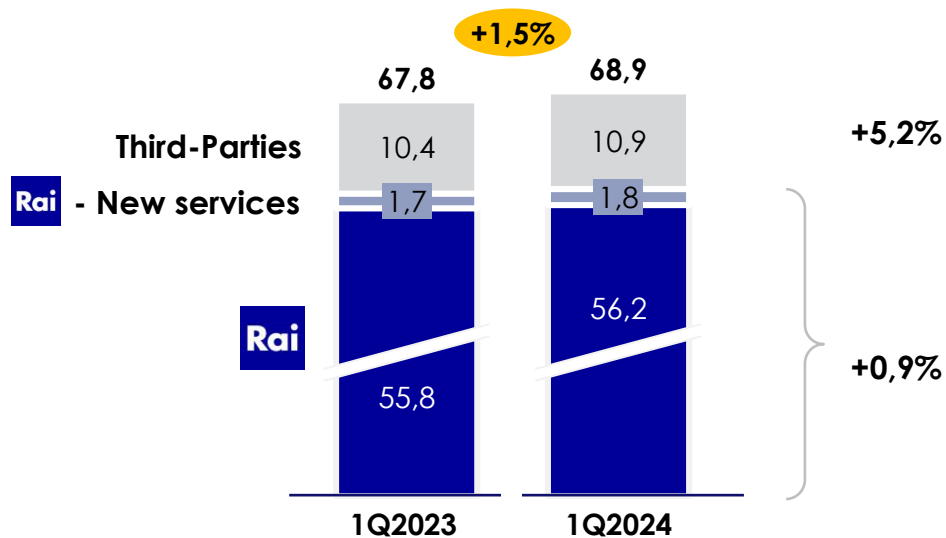
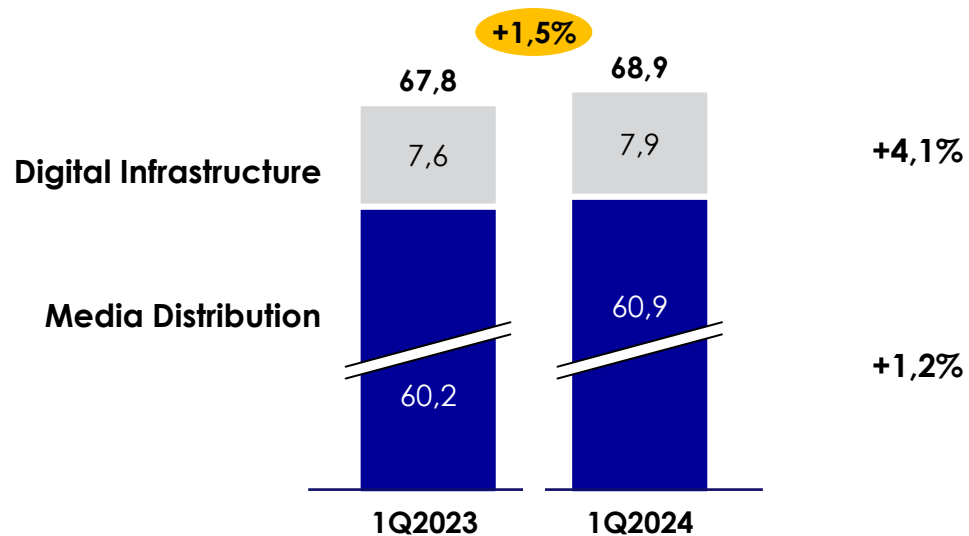
## Cash conversion<sup>(2)</sup>



1) Excluding component related to IFRS-16 leasing

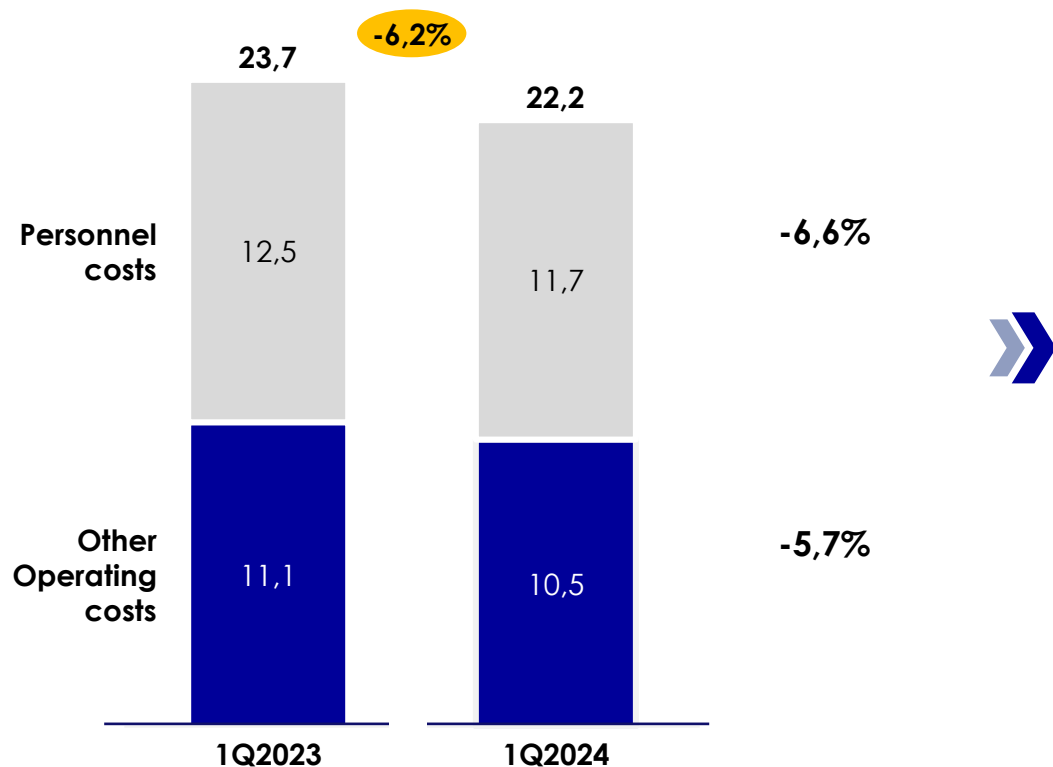
2) Cash conversion = (Adj. EBITDA after Leases – Maintenance Capex) / Adj. EBITDA after Leases. Leases estimated as sum of leasing right of use depreciation (excl. dismantling) + financial charges on leasing contracts

# Core Revenues



- Revenues growing slightly above **CPI** supported by:
  - Full impact of **Regional refarming** in the **Media Distribution** segment
  - Healthy performance of **FWAPs** and **radio broadcasters** in **Tower Hosting**

## OpEx (excluding non-recurring)



- Excluding non-core items and higher level of capitalization compared to 1Q23 (+ € 1.1m), **underlying Personnel cost up 2,3%**
- Underlying **Other Operating costs down** by more than **7%**:
  - **energy bill down 8% vs. 1Q23 thanks to lower tariffs, despite lack of tax credits** (1Q23 still impacted by high level of raw energy price)
  - Mid-to-high single digit reduction across all other cost lines
- Start-up costs related to diversification initiatives in 1Q24 of ca. € 0,4m, mainly on personnel

1) OpEx net of tax credits related to electricity expenses



# P&L

*Eur.Mln., %*

	1Q2023	1Q2024	% YoY
<b>Core Revenues</b>	<b>67,8</b>	<b>68,9</b>	<b>1,5%</b>
Other Revenues & income <sup>1)</sup>	0,3	0,1	
<b>Adj. EBITDA</b>	<b>44,4</b>	<b>46,8</b>	<b>5,3%</b>
% margin	65,5%	68,0%	
Non recurring costs	0,0	-0,1	
<b>EBITDA</b>	<b>44,4</b>	<b>46,7</b>	<b>5,2%</b>
% margin	65,5%	67,9%	
D&A <sup>2)</sup>	-11,1	-11,9	7,4%
<b>Operating Profit (EBIT)</b>	<b>33,4</b>	<b>34,9</b>	<b>4,4%</b>
Net financial income (expenses)	-0,7	-1,4	92,5%
<b>Profit before Income taxes</b>	<b>32,7</b>	<b>33,5</b>	<b>2,5%</b>
Income Taxes	-9,2	-9,6	5,2%
% tax rate	28,0%	28,8%	
<b>Net Income</b>	<b>23,5</b>	<b>23,8</b>	<b>1,4%</b>

## 1Q24 Net Income up by 1,4% at € 23,8m:

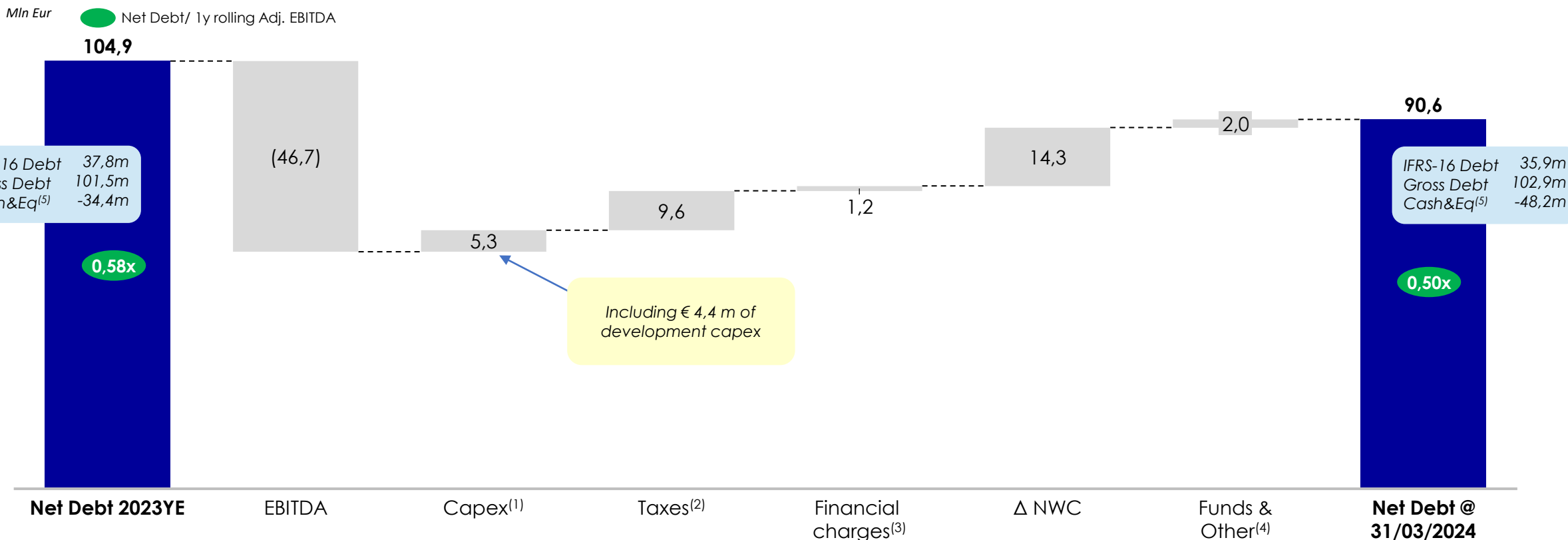
- Higher EBITDA (+5,3%) and profitability (+250bps at 68%)
- Higher D&A as a result of the investment activity
- Financial charges reflecting higher interest rates
- Stable tax rate back

1) 1Q23 Other Revenues and income net of tax credit related to electricity expenses

2) Including provisions



# Net Debt bridge



1Q2024 recurring FCFE<sup>(6)</sup> at ca. € 33m

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 (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

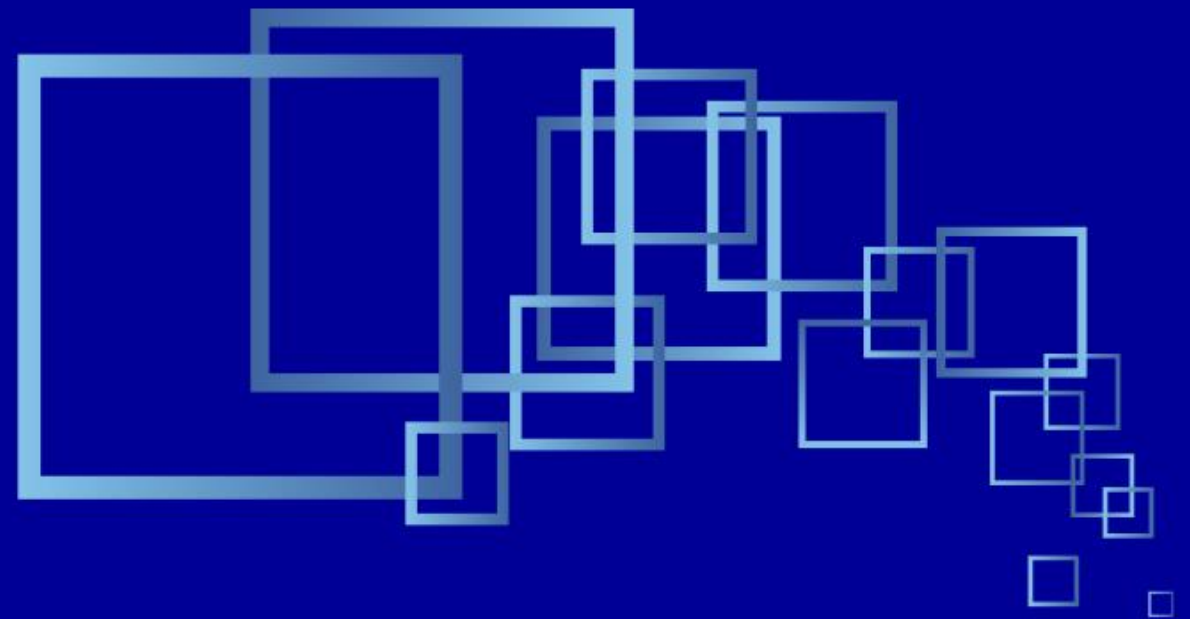
# Outlook for 2024 confirmed

- Outlook based on current level of power futures for 2024<sup>(1)</sup>

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

1) Average level of raw energy price for FY2024 (excluding spread, green energy option and effect of tax credits) assumed at ca. 95 €/MWh.

## Q&A session



# Investor Relations contacts

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**Andrea Moretti**  
*Head of Investor Relations*



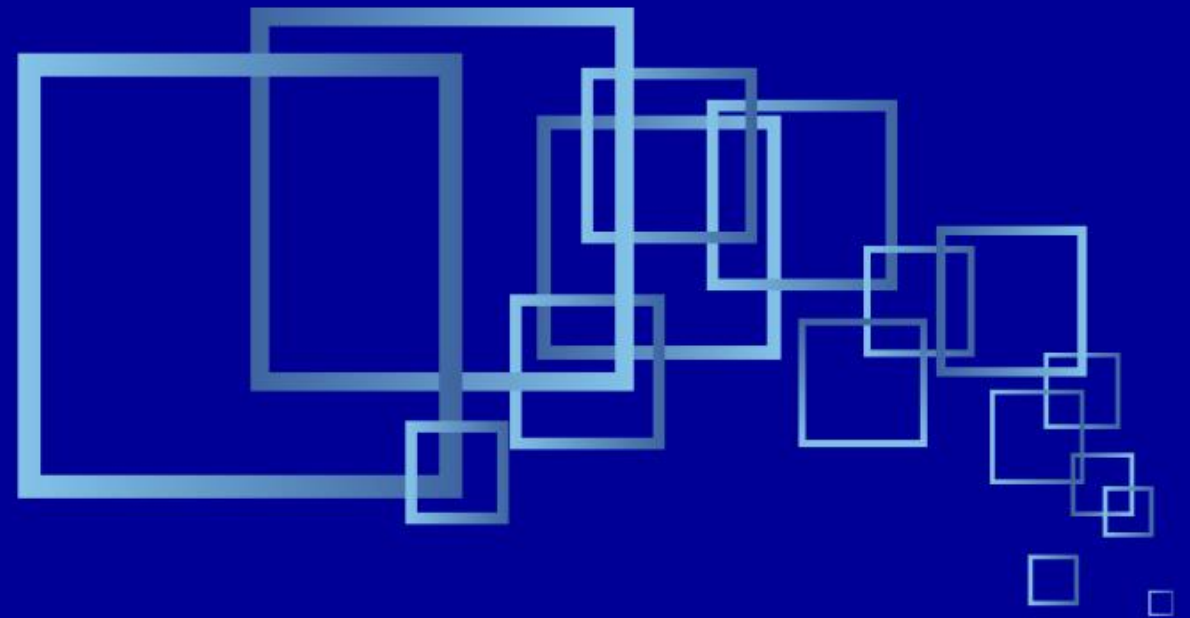
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# Appendix



# Detailed summary of 1Q2024 Income Statement

(€m; %)	1Q23	1Q24
<b>Core revenues</b>	<b>67,8</b>	<b>68,9</b>
Other revenues and income <sup>1</sup>	0,9	0,1
Purchase of consumables	(0,3)	(0,3)
Cost of services	(10,9)	(9,6)
Personnel costs	(12,5)	(11,8)
Other costs	(0,6)	(0,6)
<b>Opex</b>	<b>(24,3)</b>	<b>(22,3)</b>
Depreciation, amortization and write-downs	(11,1)	(11,9)
<b>Operating profit (EBIT)</b>	<b>33,4</b>	<b>34,9</b>
Net financial income (expenses)	(0,7)	(1,4)
<b>Profit before income taxes</b>	<b>32,7</b>	<b>33,5</b>
Income taxes	(9,2)	(9,6)
<b>Net Income</b>	<b>23,5</b>	<b>23,8</b>
<b>EBITDA</b>	<b>44,4</b>	<b>46,7</b>
EBITDA margin	65,5%	67,9%
Non recurring costs	-	(0,1)
<b>Adjusted EBITDA</b>	<b>44,4</b>	<b>46,8</b>
Adjusted EBITDA margin	65,5%	68,0%

1) 1Q23 Other Revenues and income include tax credits related to electricity expenses

# Summary of Balance Sheet as at 31 March 2024

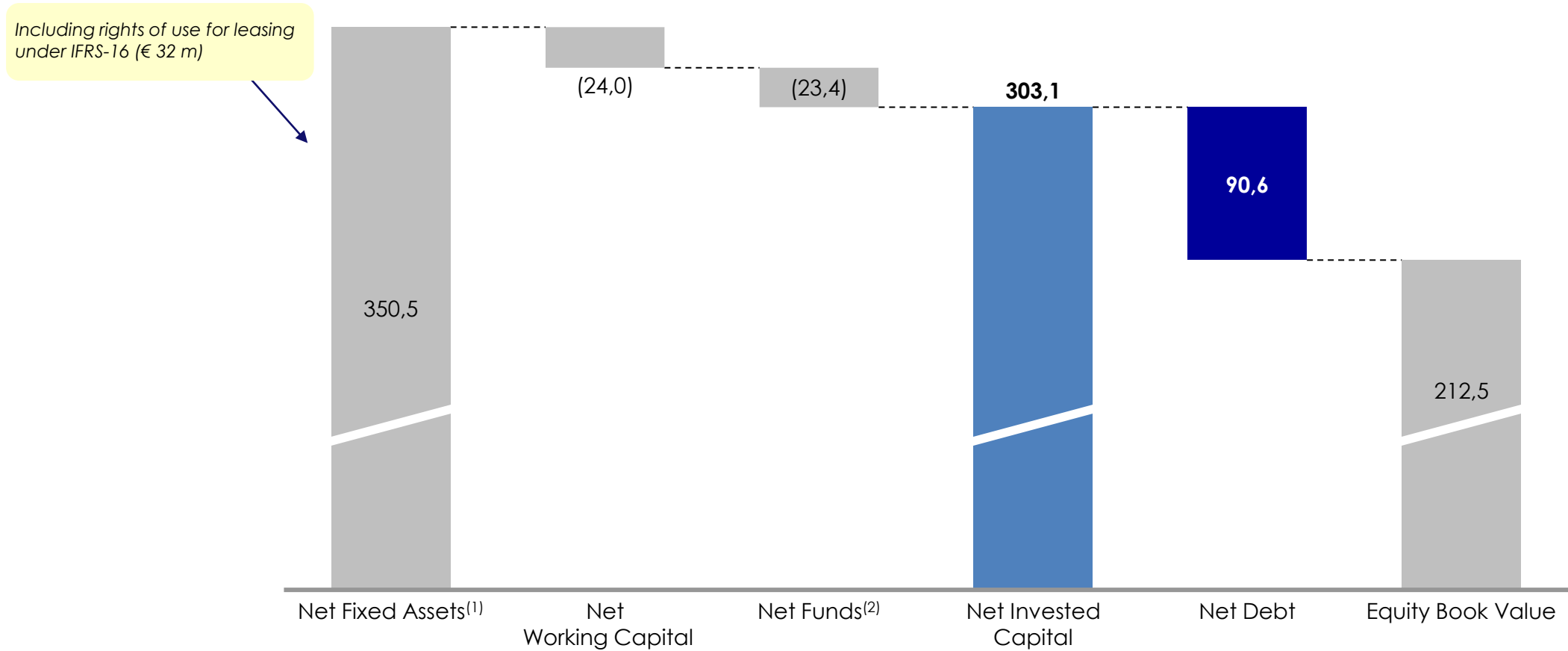
(€m)	2023FY	1Q2024
<b>Non current assets</b>		
Tangible assets	297,4	294,4
Rights of use for leasing	33,0	31,9
Intangible assets	24,7	23,6
Financial assets, holdings and other non-current assets	0,9	0,9
Deferred tax assets	2,9	3,1
<b>Total non-current assets</b>	<b>359,0</b>	<b>353,8</b>
<b>Current assets</b>		
Inventories	0,8	0,8
Trade receivables	74,8	84,3
Other current receivables and assets	1,4	3,4
Current financial assets	0,3	0,4
Cash and cash equivalents	34,1	47,7
Current tax receivables	0,1	0,1
<b>Total current assets</b>	<b>111,3</b>	<b>136,8</b>
<b>TOTAL ASSETS</b>	<b>470,3</b>	<b>490,6</b>

(€m)	2023FY	1Q2024
<b>Shareholders' Equity</b>		
Share capital	70,2	70,2
Legal reserves	14,0	14,0
Other reserves	37,7	37,7
Retained earnings	86,7	110,6
Treasury shares	(20,0)	(20,0)
<b>Total shareholders' equity</b>	<b>188,7</b>	<b>212,5</b>
<b>Non-current liabilities</b>		
Non-current financial liabilities	100,4	100,4
Non-current leasing liabilities	17,5	16,4
Employee benefits	8,9	8,5
Provisions for risks and charges	17,9	17,9
Other non-current liabilities	0,3	0,3
<b>Total non-current liabilities</b>	<b>145,0</b>	<b>143,6</b>
<b>Current liabilities</b>		
Trade payables	65,0	45,0
Other debt and current liabilities	48,9	64,7
Current financial liabilities	1,1	2,4
Current leasing liabilities	20,2	19,5
Current tax payables	1,4	3,0
<b>Total current liabilities</b>	<b>136,6</b>	<b>134,5</b>
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>	<b>470,3</b>	<b>490,6</b>



# Balance Sheet as at 31 March 2024

Mln Eur

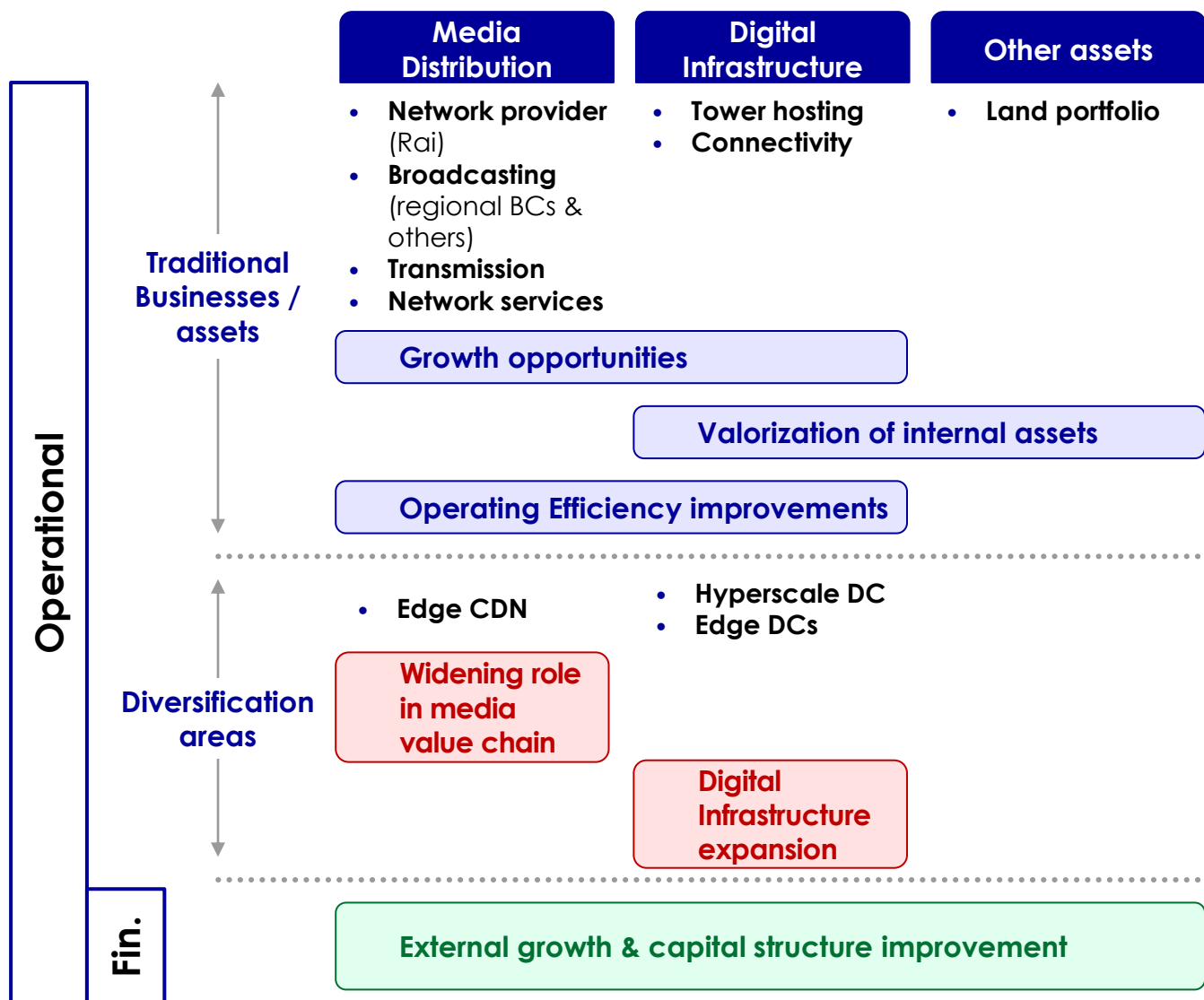


1) Including long-term financial items and the rights of use for leasing introduced from 2019 with the application of IFRS 16  
2) Net funds include employee termination indemnities, provision for risks and deferred taxes

# Summary of 1Q2024 Cash Flow Statement

(€m)	1Q2023	1Q2024
<b>Profit before income taxes</b>	<b>32,7</b>	<b>33,5</b>
Depreciation, amortization and write-downs	11,1	11,9
Provisions and (releases of) personnel and other funds	0,9	1,0
Net financial (income)/expenses	0,7	1,3
Other non-cash items	0,1	-
<b>Net operating CF before change in WC</b>	<b>45,4</b>	<b>47,7</b>
Change in inventories	0,0	-
Change in trade receivables	(18,6)	(9,6)
Change in trade payables	(10,0)	(20,0)
Change in other assets	(2,2)	(2,1)
Change in other liabilities	7,9	7,5
Use of funds	(0,2)	(0,5)
Payment of employee benefits	(0,5)	(0,9)
<b>Net cash flow generated by operating activities</b>	<b>21,8</b>	<b>22,3</b>
Investment in tangible assets	(4,8)	(5,0)
Investment in intangible assets	(1,2)	(0,2)
Change in other non-current assets	(0,0)	0,0
<b>Net cash flow generated by investment activities</b>	<b>(6,0)</b>	<b>(5,3)</b>
(Decrease)/increase in IFRS 16 financial liabilities	(2,5)	(3,3)
Change in current financial assets	0,2	0,0
Net Interest paid	(0,1)	(0,1)
Dividends paid	(0,2)	-
<b>Net cash flow generated by financing activities</b>	<b>(2,6)</b>	<b>(3,4)</b>
<b>Change in cash and cash equivalent</b>	<b>13,2</b>	<b>13,6</b>
Cash and cash equivalent (beginning of period)	35,2	34,1
Cash and cash equivalent (end of period)	48,3	47,7

# 2024-27 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

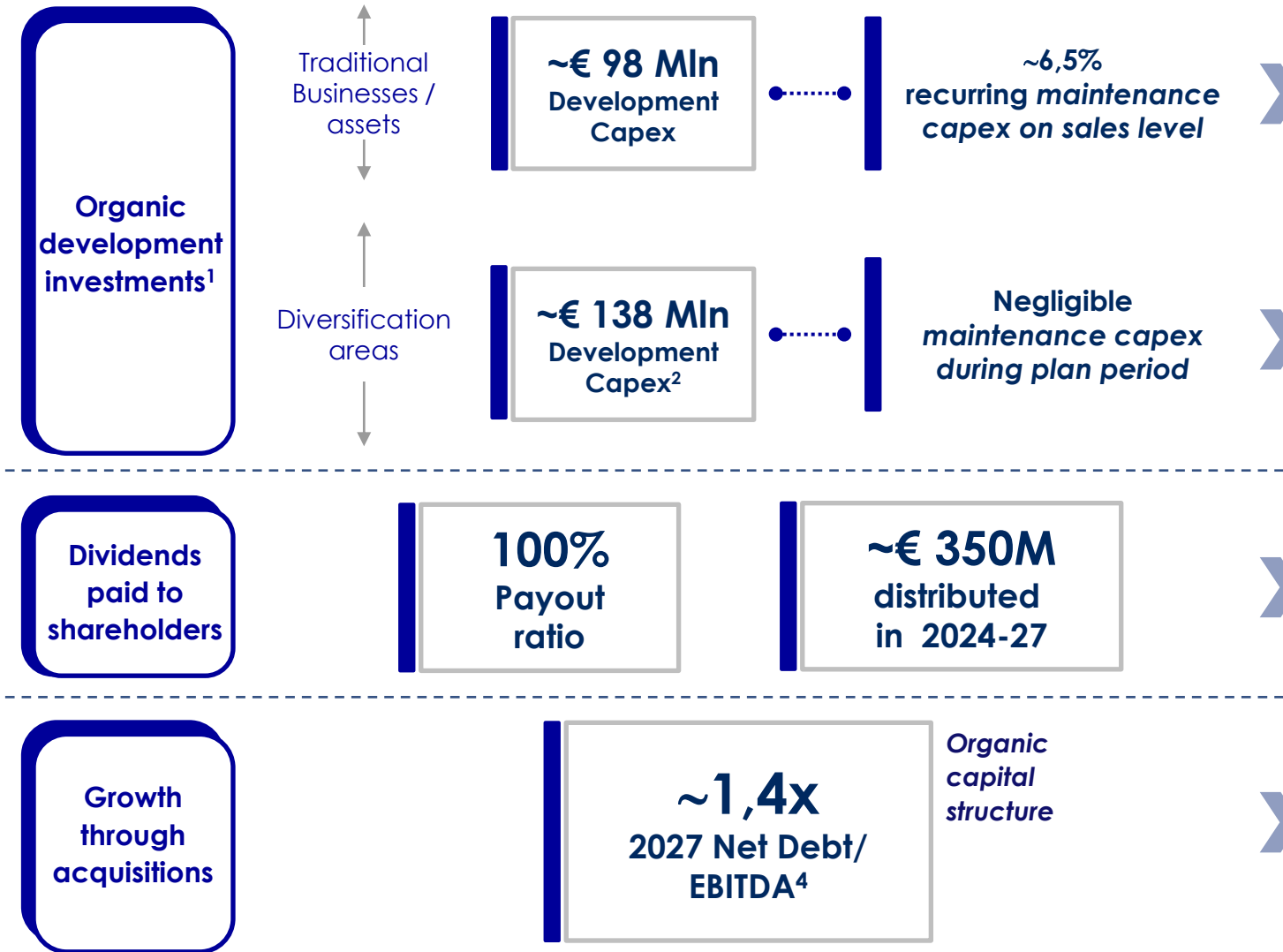
### 2) **Widening our role in the Media Value Chain**, capturing rising demand for IP content distribution

### 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



## 2027 Target

- Revenues growth doubling CPI contribution
- Adj. EBITDA +€24m vs '23 (+13%, CAGR +3,2%), with ca. 150bps margin improvement
- Rec. FCFE generation at ~€130 Mln in 2027, +15% vs. 2023

- 2027 Revenues contribution > € 10 Mln
- Marginal contribution to 2027 EBITDA and Rec. FCFE
- Run-rate EBITDA contribution expected > € 15m, with sizeable scalability opportunities

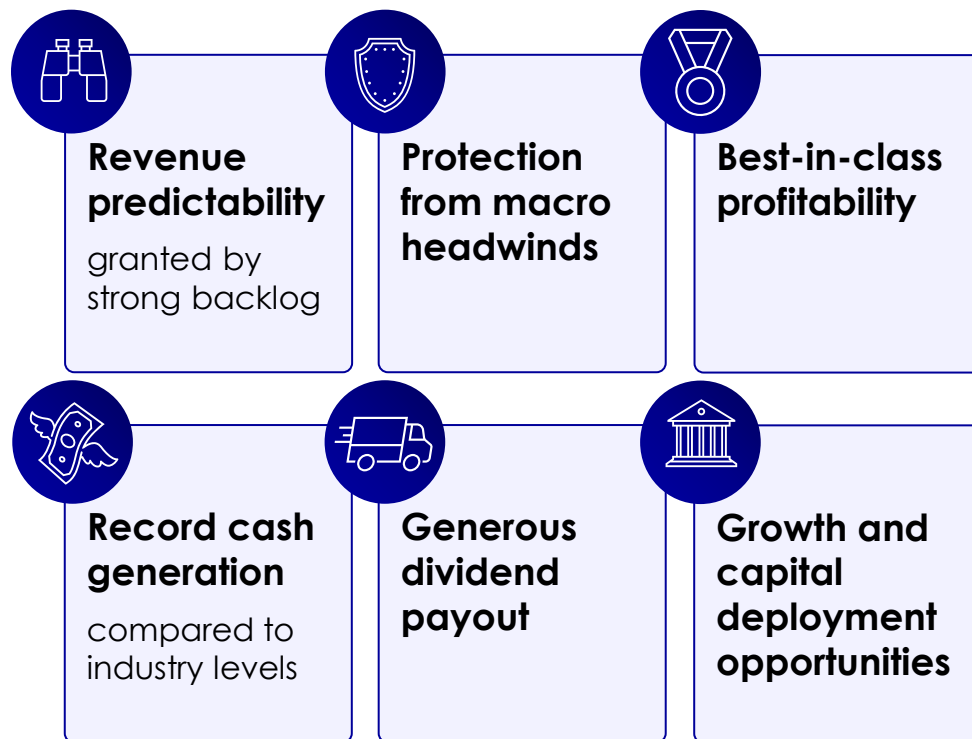
- Distribution of >25% of market cap<sup>3</sup> over the 4 years Plan horizon

- Availability of resources to finance external growth targeting:
  - industrial synergies
  - diversification acceleration
- Improve capital structure

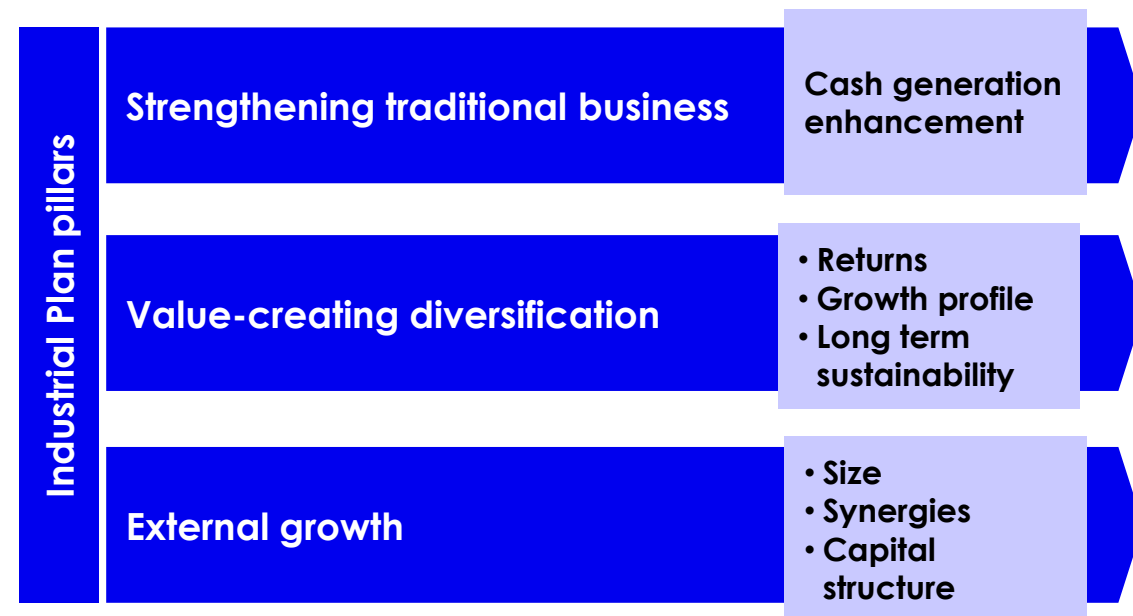
1. Excluding cost of capitalized personnel. 2. Including development of CDN, 10 edge DC for ca. 3MW and first data hall of the hyperscale DC for 4,4MW (half of Module1) 3. Based on market closing price on 22/03/2024 (4,8 €/share) 4. Post IFRS-16

# New Industrial Plan addresses 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

## New Core revenues breakdown

