9M2024 Results Presentation

13th November 2024

Way
to go

Rai Way

Disclaimer

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.

Speakers

Roberto Cecatto, Chief Executive Officer

Adalberto Pellegrino, Chief Financial Officer

Giancarlo Benucci, Chief Corporate Development Officer

Key messages

Financial Results – 9 Months trend in line with H1 and expectations:

- **Core Revenues up 1,1% vs 9M2023**, with 3Q underlying Third-Party performance accelerating at +5% supported by CPI, regional frequencies and hosting services to FWA, MNOs and Radio Broadcasters
- **Adjusted EBITDA up 2,7% (profitability up 110bps at 68,9%)**, with higher revenues, cost rationalization in traditional business and some non-recurring benefits (e.g., higher level of Other revenues and capitalized personnel) more than offsetting rising energy tariffs and start-up costs related to new initiatives
- **Development Capex at € 19,9m, more than half deployed on diversification projects**
- **Recurring Cash generation at ca € 96m**

Operations – Update on execution:

Operating efficiency - Real Estate Management	Diversification	Enablers
○ **Enhancement of corporate identity and future savings from new corporate HQ**	○ **DC marketing strategy refined and CDN testing ongoing**	○ **Strengthening of commercial structure for new services underway**

Outlook – FY guidance for Adjusted EBITDA growth over 2023 confirmed

FOCUS ON: New Headquarters

Contract signed for a brand-new HQ in Rome

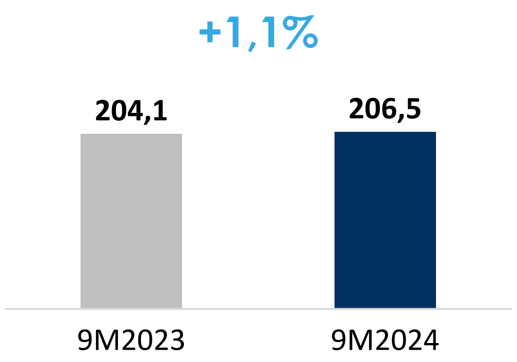
- **Located in the city center** and able to host corporate functions
- **Ready by April 2025**
- **9+9 years renting contract**
- **~230 employees** to be relocated
- **Ca. € 0.2m run-rate estimated yearly savings**

Rationale

- **Building up corporate identity** by establishing an independent HQ, designed to communicate Rai Way's brand and values
- **Enhancing operational efficiency and productivity**, in accordance with one of the pillar of the 2024-27 Industrial Plan

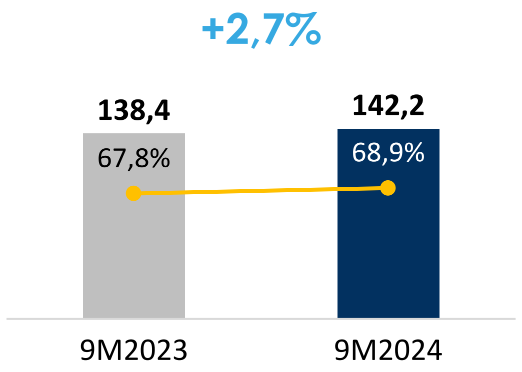
9M2024 Financial highlights

Core revenues (€m)

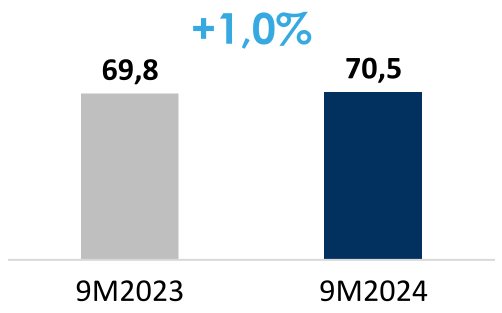


Adjusted EBITDA (€m)

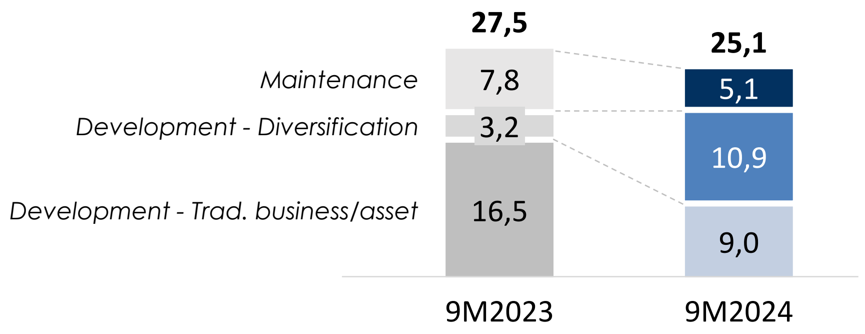
Adjusted EBITDA margin



Net Income (€m)

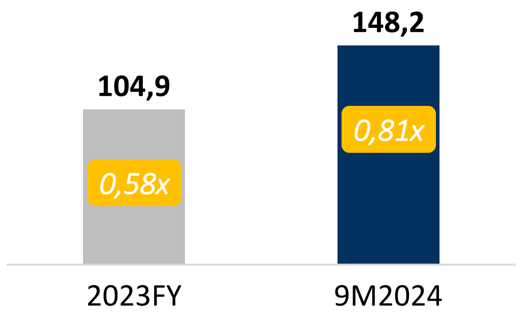


Capex[1] (€m)

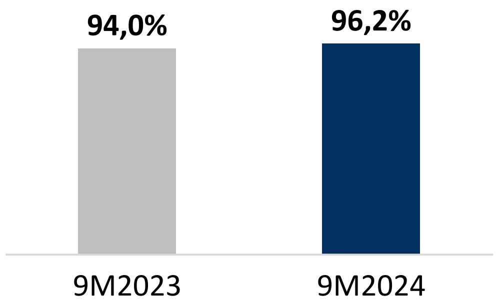


Net Debt (Cash) (€m)

Net Debt/Adjusted EBITDA

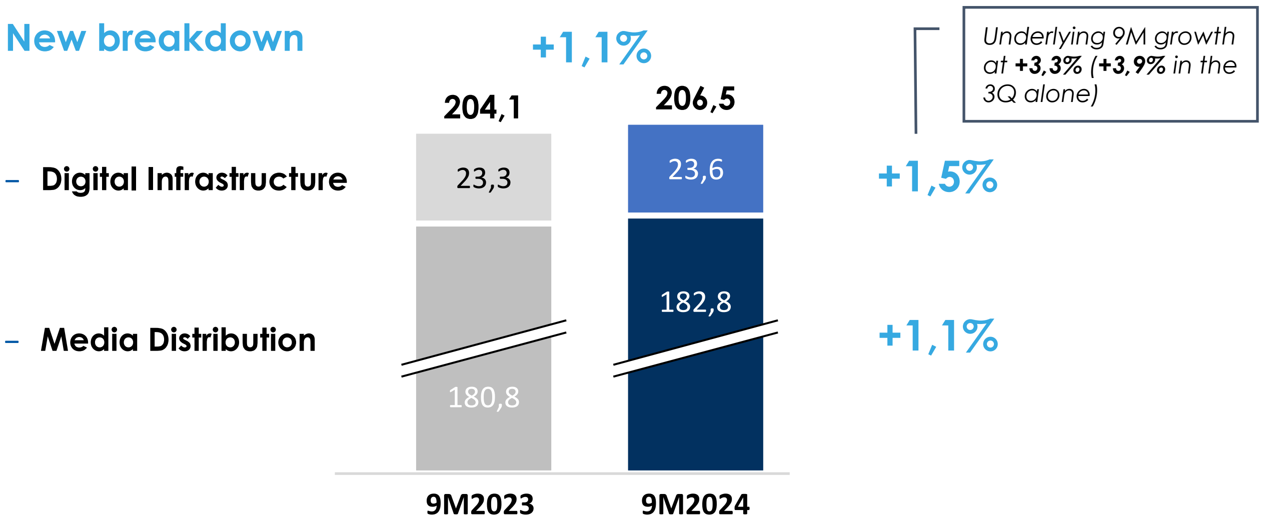


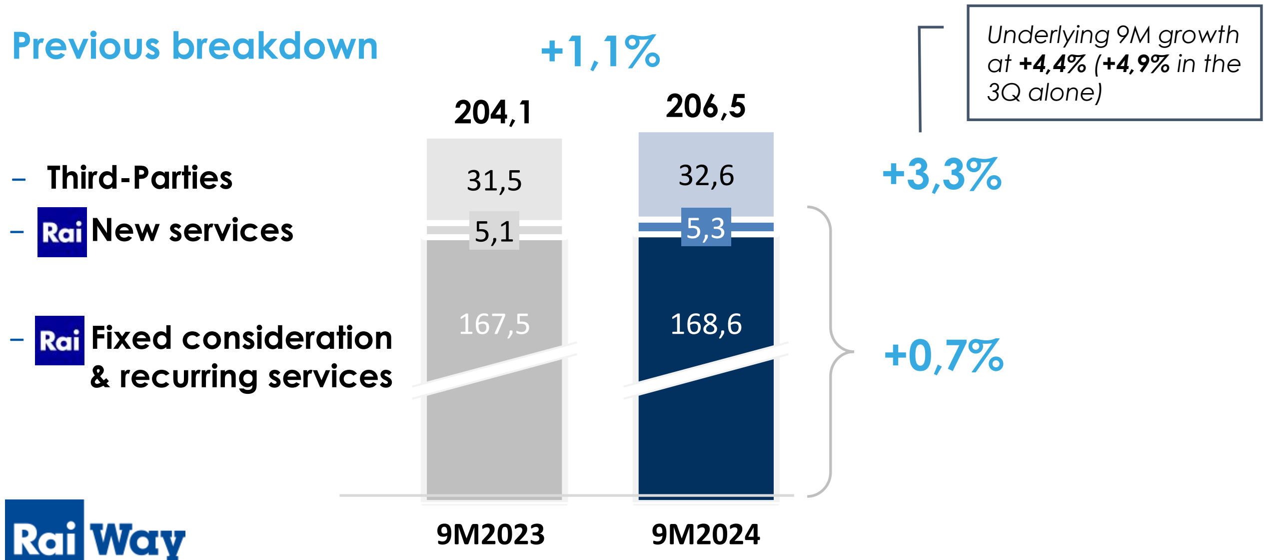
Cash Conversion[2]



1) Excluding component related to IFRS-16 leasing; Development capex include € 0,1 million related to CDN project, 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





- **Media Distribution up 1,1%** reflecting CPI-link on RAI contract and contractual step-up in regional broadcasting networks contribution
- **Digital Infrastructures underlying performance** (excluding non-core and residual refarming impacts) at **+3,3%**, supported by mid-to-high single-digit growth of FWAPs, MNOs and radio broadcasters
- Overall, **4,9% underlying growth of Third-Party revenues in 3Q2024**

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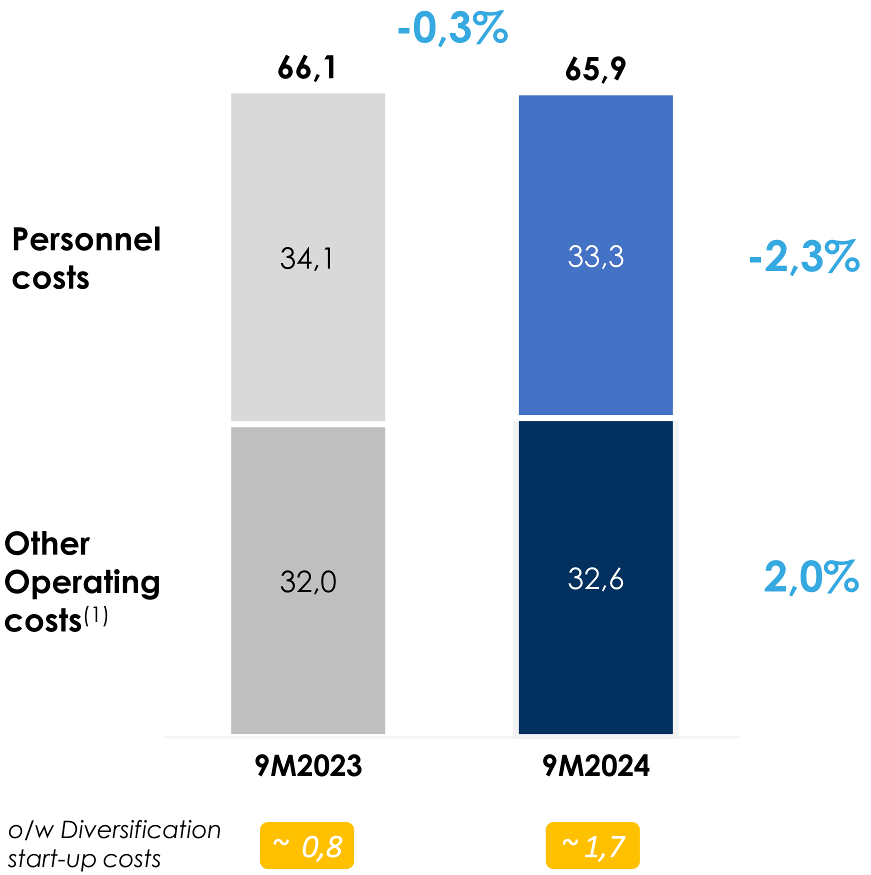
Opex (excluding non-recurring)



- **Personnel cost broadly flat YoY** when excluding higher level of capitalization compared to 9M23 (€ +1,0m)
- **Other Operating costs up 2,0%:**
  - **Energy bill up 13,2%** in 9M (+25,2% in 3Q) entirely due to higher prices following lack of incentives (tax credit reported in 1H23 and lower other tariffs components)

	2024				2023				
	1Q	2Q	3Q	9M	1Q	2Q	3Q	9M	4Q
Raw energy[2] price (€/MWh)	101	110	134	115	160	124	121	135	132
Tax credit impact (€/MWh)	-	-	-	-	-40	-34	-	-24	-
Other tariff components (equivalent per MWh)	80	85	89	85	80	67	60	69	50
Total price (equivalent per MWh)	**181**	**195**	**223**	**200**	**200**	**157**	**181**	**179**	**182**
Direct Consumption (GWh)	**16,7**	**16,4**	**17,2**	**50,3**	**16,6**	**16,6**	**17,1**	**50,4**	**17,0**
Direct Energy bill (€m)	**3,0**	**3,2**	**3,8**	**10,1**	**3,3**	**2,6**	**3,1**	**9,0**	**3,1**
Energy component in passive contracts	0,2	0,3	0,2	0,7	0,2	0,2	0,2	0,5	0,2
Total Energy bill (€m)	**3,2**	**3,5**	**4,1**	**10,8**	**3,5**	**2,8**	**3,3**	**9,5**	**3,3**
% change	*-7,6%*	*25,1%*	*25,2%*	*13,2%*					

  - **Other costs down 3% in the 9M (or € -0,7m)** mainly driven by rents (thanks to switch to proprietary backbone) and intercompany (services internalization)
- **Excluding higher level of personnel capitalization and headwind from electricity tariffs, Total Opex down 0,5m despite rising start-up costs** related to diversification initiatives (+0,9m vs 9M2023)

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1) Other Operating Costs net of tax credits related to electricity expenses reported in 9M2023
2) Average raw energy price paid (€/MWh) Including spread and green energy option

P&L

Eur Mln, %	3Q2023	3Q2024	% YoY	9M2023	9M2024	% YoY
Core Revenues	**68,2**	**68,9**	**1,1%**	**204,1**	**206,5**	**1,1%**
Other Revenues & income [1]	0,1	1,4		0,4	1,7	
Adj. EBITDA	**47,6**	**48,6**	**2,1%**	**138,4**	**142,2**	**2,7%**
% margin	*69,9%*	*70,6%*		*67,8%*	*68,9%*	
Non recurring costs	0,0	-0,1		-3,6	-0,2	
EBITDA	**47,6**	**48,6**	**2,0%**	**134,8**	**141,9**	**5,3%**
% margin	*69,9%*	*70,5%*		*66,0%*	*68,8%*	
D&A [2]	-11,6	-13,5	16,3%	-34,3	-38,1	11,1%
Operating Profit (EBIT)	**36,0**	**35,1**	**-2,6%**	**100,5**	**103,9**	**3,4%**
Net financial income (expenses)	-1,2	-2,1	83,1%	-2,9	-5,0	71,2%
Profit before Income taxes	**34,8**	**32,9**	**-5,5%**	**97,6**	**98,9**	**1,3%**
Income Taxes	-9,9	-9,6	-3,3%	-27,8	-28,3	2,0%
% tax rate	*28,4%*	*29,0%*		*28,5%*	*28,6%*	
Net Income	**24,9**	**23,4**	**-6,3%**	**69,8**	**70,5**	**1,0%**

- **9M24 Net Income up by 1,0% at € 70,5m:**
  - Higher Adj. EBITDA (+2,7% or +1,7% excluding *una tantum* contribution to Other revenues) and profitability
  - Rising D&A as a result of the accelerating investment activity
  - Financial charges reflecting higher interest rates and debt stock
  - Stable tax rate

1) 9M23 Other Revenues and income net of tax credit related to electricity expenses
2) Including provisions

Underlying adj. EBITDA growth (Δ vs 2023)

€m	1H24	3Q24	9M24
Δ Adj. EBITDA reported	**2,8**	**1,0**	**3,8**
Δ other revenues	-	1,3	1,3
Δ capitalized personnel	0,8	0,2	1,0
Δ energy tariffs	-0,4	-0,8	-1,2
Δ other non-recurring	-0,1	-0,1	-0,2
Underlying Δ Adj. EBITDA	**2,5**	**0,4**	**2,9**
o/w Δ start up costs	*-0,4*	*-0,5*	*-0,9*
Underlying Δ Adj. EBITDA excl. Δ start up costs	**2,9**	**0,9**	**3,8**

- **Underlying performance excluding non-core effects and start-up costs confirms solid growth trajectory**

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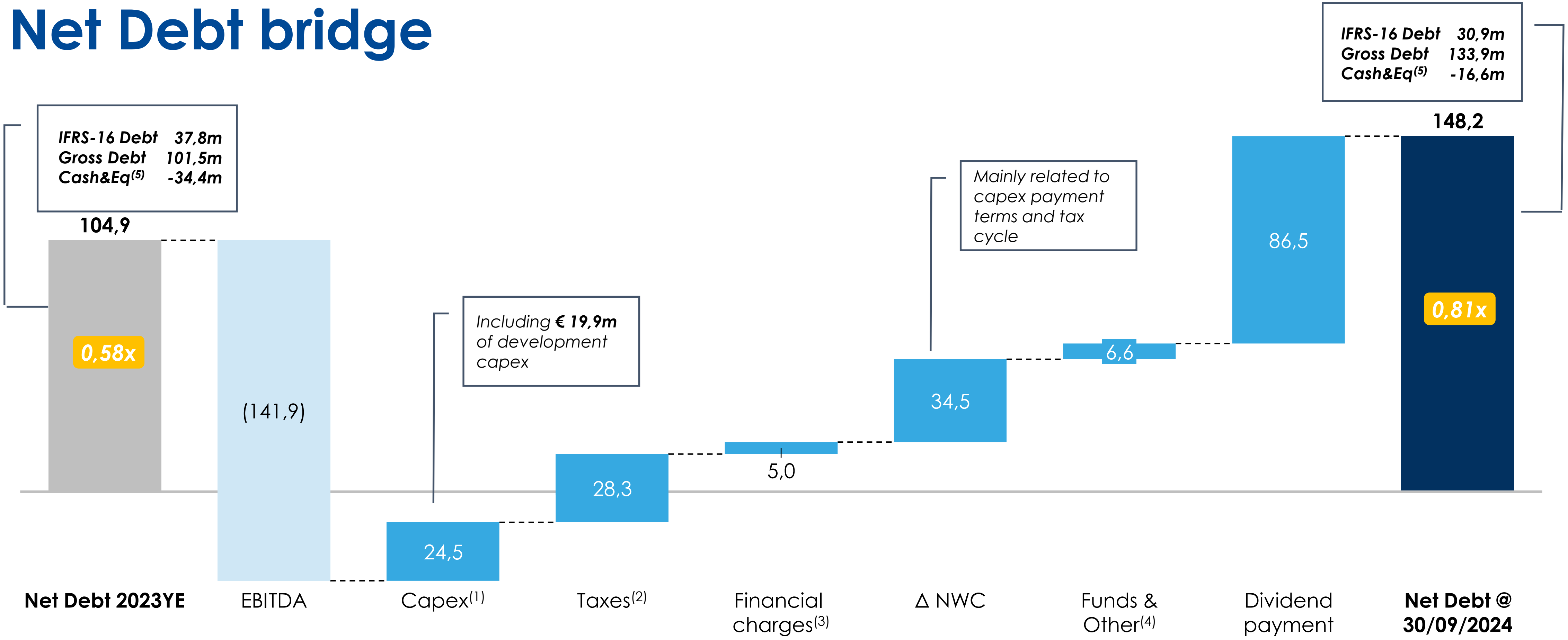
Net Debt bridge



9M2024 recurring FCFE[6] at ca. € 96m

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;

X,Xx Net Debt/LTM Adjusted EBITDA

Reiterating 2024 Outlook

Outlook based on current level of power futures for 2024[1]

Adjusted EBITDA

Growth of Adjusted EBITDA vs 2023, despite new infra costs and lack of energy tax credits

- CPI-link (+0,7% for RAI contract)
- Rising contribution from New Services to RAI and broadcasting services to regional content providers
- Higher expected energy tariff due to lack of tax credits[1]
- Costs related to new infrastructure/services, broadly offset by lower other opex

Capex

Maintenance and development capex substantially in line with 2023 level

- Maintenance expected in line with 2023
- Large majority of development capex devoted to diversification and other Third-Party / internal projects

1) Average level of raw energy price for 4Q2024 (excluding spread and green energy option) assumed at ca. 120 €/MWh

Q&A Session

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Appendix

Detailed summary of 9M2024 Income Statement

(€m; %)	3Q23	3Q24	9M23	9M24
Core revenues	**68,2**	**68,9**	**204,1**	**206,5**
Other revenues and income [1]	0,1	1,4	1,6	1,7
Purchase of consumables	(0,3)	(0,3)	(0,9)	(0,9)
Cost of services	(9,6)	(10,8)	(30,4)	(29,9)
Personnel costs	(10,0)	(10,0)	(37,5)	(33,5)
Other costs	(0,7)	(0,6)	(2,1)	(1,9)
Opex	**(20,6)**	**(21,7)**	**(71,0)**	**(66,2)**
Depreciation, amortization and write-downs	(11,6)	(13,5)	(34,3)	(38,1)
Operating profit (EBIT)	**36,0**	**35,1**	**100,5**	**103,9**
Net financial income (expenses)	(1,2)	(2,1)	(2,9)	(5,0)
Profit before income taxes	**34,8**	**32,9**	**97,6**	**98,9**
Income taxes	(9,9)	(9,6)	(27,8)	(28,3)
Net Income	**24,9**	**23,4**	**69,8**	**70,5**

EBITDA	**47,6**	**48,6**	**134,8**	**141,9**
EBITDA margin	*69,9%*	*70,5%*	*66,0%*	*68,8%*
Non recurring costs	-	(0,1)	(3,6)	(0,2)
Adjusted EBITDA	**47,6**	**48,6**	**138,4**	**142,2**
Adjusted EBITDA margin	*69,9%*	*70,6%*	*67,8%*	*68,9%*

1) 9M23 Other Revenues and income include tax credits related to electricity expenses

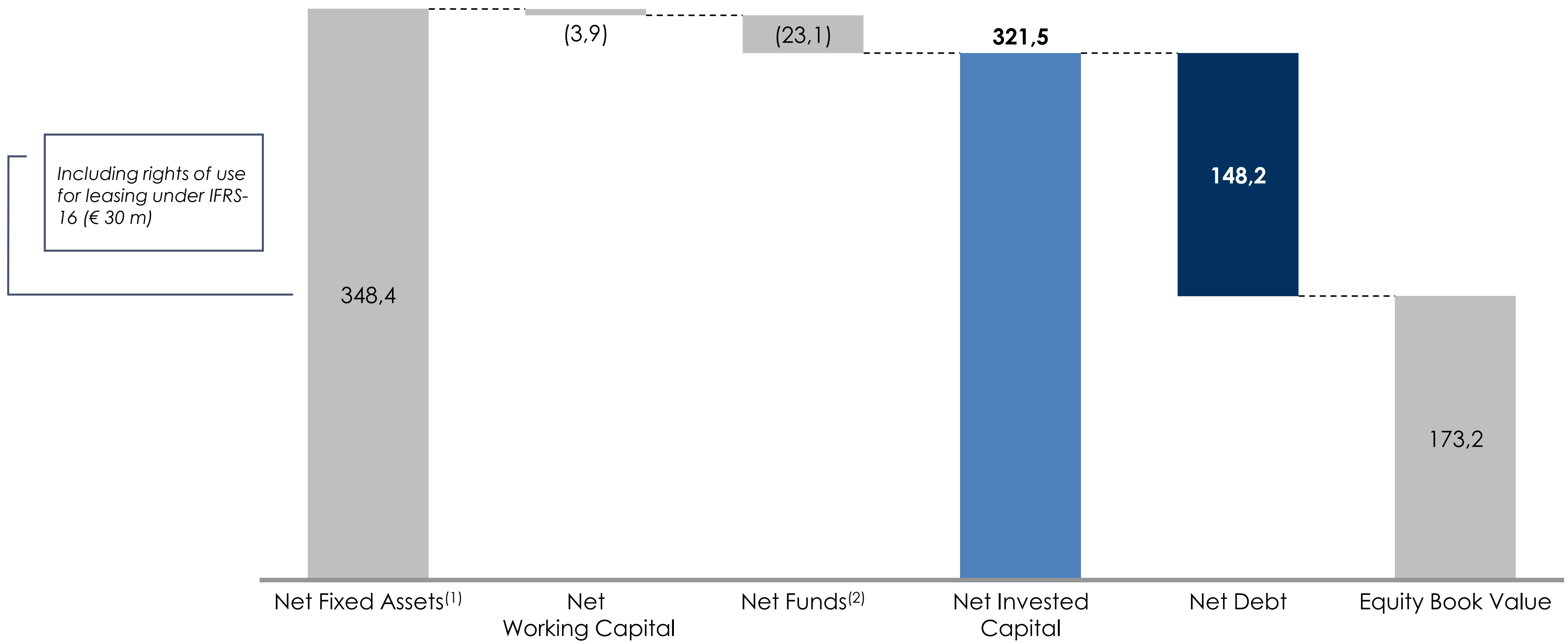
Summary of Balance Sheet as at 30 September 2024

(€m)	2023FY	9M2024
Non current assets		
Tangible assets	297,4	294,2
Rights of use for leasing	33,0	30,4
Intangible assets	24,7	23,2
Financial assets, holdings and other non-current assets	0,9	0,9
Deferred tax assets	2,9	2,0
Total non-current assets	**359,0**	**350,6**
Current assets		
Inventories	0,8	0,8
Trade receivables	74,8	81,9
Other current receivables and assets	1,4	4,3
Current financial assets	0,3	0,2
Cash and cash equivalents	34,1	16,4
Current tax receivables	0,1	0,1
Total current assets	**111,3**	**103,6**
TOTAL ASSETS	**470,3**	**454,2**

(€m)	2023FY	9M2024
Shareholders' Equity		
Share capital	70,2	70,2
Legal reserves	14,0	14,0
Other reserves	37,7	37,2
Retained earnings	86,7	71,0
Treasury shares	(20,0)	(19,3)
Total shareholders' equity	**188,7**	**173,2**
Non-current liabilities		
Non-current financial liabilities	100,4	100,5
Non-current leasing liabilities	17,5	15,0
Employee benefits	8,9	8,7
Provisions for risks and charges	17,9	16,4
Other non-current liabilities	0,3	0,3
Total non-current liabilities	**145,0**	**140,8**
Current liabilities		
Trade payables	65,0	42,6
Other debt and current liabilities	48,9	45,8
Current financial liabilities	1,1	33,4
Current leasing liabilities	20,2	15,9
Current tax payables	1,4	2,4
Total current liabilities	**136,6**	**140,2**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**470,3**	**454,2**

Rai Way

Balance Sheet as at 30 September 2024



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 9M2024 Cash Flow Statement

(€m)	3Q2023	3Q2024	9M2023	9M2024
Profit before income taxes	**34,8**	**32,9**	**97,6**	**98,9**
Depreciation, amortization and write-downs	11,6	13,5	34,3	38,1
Provisions and (releases of) personnel and other funds	(0,8)	0,9	1,1	1,1
Net financial (income)/expenses	1,1	2,1	2,8	4,9
Other non-cash items	0,1	0,2	0,4	0,2
Net operating CF before change in WC	**47,0**	**49,6**	**136,1**	**143,2**
Change in inventories	-	-	0,0	-
Change in trade receivables	(5,0)	(7,7)	(14,3)	(7,6)
Change in trade payables	(8,1)	1,1	(23,7)	(22,3)
Change in other assets	(0,1)	(0,6)	(1,3)	(2,9)
Change in other liabilities	7,0	4,1	10,9	4,5
Use of funds	(0,3)	(0,0)	(0,6)	(1,0)
Payment of employee benefits	(0,4)	(0,6)	(1,7)	(1,7)
Change in tax receivables and payables	(0,0)	(0,1)	(2,2)	(0,1)
Taxes paid	(22,8)	(33,8)	(22,8)	(33,8)
Net cash flow generated by operating activities	**17,3**	**12,0**	**80,3**	**78,1**
Investment in tangible assets	(7,9)	(8,3)	(20,3)	(21,5)
Investment in intangible assets	(1,6)	(0,9)	(4,3)	(2,9)
Change in other non-current assets	0,0	(0,1)	0,0	(0,1)
Net cash flow generated by investment activities	**(9,5)**	**(9,3)**	**(24,7)**	**(24,5)**
(Decrease)/increase in current financial liabilities	(1,0)	10,0	3,7	29,9
(Decrease)/increase in IFRS 16 financial liabilities	(1,0)	(4,9)	(8,8)	(12,9)
Change in current financial assets	(0,4)	(0,2)	(0,4)	(0,1)
Net Interest paid	(0,1)	(0,4)	(1,0)	(1,8)
Dividends paid	-	(0,1)	(73,7)	(86,5)
Net cash flow generated by financing activities	**(2,4)**	**4,5**	**(80,1)**	**(71,3)**
Change in cash and cash equivalent	**5,4**	**7,2**	**(24,5)**	**(17,7)**
Cash and cash equivalent (beginning of period)	5,4	9,2	35,2	34,1
Cash and cash equivalent (end of period)	10,7	16,4	10,7	16,4

2024-27 Industrial Plan Pillars

Operational

Traditional Businesses / assets

Media Distribution	Digital Infrastructure	Other assets
• **Network provider** (Rai) • **Broadcasting** (regional BCs & others) • **Transmission** • **Network services**	• **Tower hosting** • **Connectivity**	• **Land portfolio**

- **Growth opportunities** (Media Distribution, Digital Infrastructure)
- **Valorization of internal assets** (Digital Infrastructure, Other assets)
- **Operating Efficiency improvements** (Media Distribution, Digital Infrastructure)

Diversification areas

Media Distribution	Digital Infrastructure
• **Edge CDN**	• **Hyperscale DC** • **Edge DCs**
Widening role in media value chain	**Digital Infrastructure expansion**

Fin.

- **External growth & capital structure improvement**

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

Organic development investments[1]

Traditional Businesses / assets

~€ 98 Mln
Development Capex

~6,5%
recurring *maintenance capex on sales level*

Diversification areas

~€ 138 Mln
Development Capex[2]

Negligible *maintenance capex during plan period*

Dividends paid to shareholders

100%
Payout ratio

~€ 350M
distributed in 2024-27

Growth through acquisitions

~1,4x
2027 Net Debt/ EBITDA[4]

Organic capital structure

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[3] 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 pontential, while preserving its distinctive features…

Pillars of Rai Way's equity story

- **Revenue predictability** granted by strong backlog
- **Protection from macro headwinds**
- **Best-in-class profitability**
- **Record cash generation** compared to industry levels
- **Generous dividend payout**
- **Growth and capital deployment opportunities**

2024-27 Industrial Plan: addressed value levers

Industrial Plan pillars	Addressed value levers
Strengthening traditional business	Cash generation enhancement
Value-creating diversification	• Returns • Growth profile • Long term sustainability
External growth	• Size • Synergies • Capital structure

Full awareness of key levers

Commitment to execution to unlock relevant Shareholders' value

ABC Traditional business/assets

ABC Diversification areas

New Core revenues breakdown

Media Distribution	Digital Infrastructure	Other
• RAI Service contract (fixed consideration & new services) • Broadcasting (regional Muxes, DAB networks & other clients) • Transmission • Network services • CDN	• Tower Hosting • Connectivity • Edge data centers • Hyperscale data center	• Land valorization (solar energy production, leases, …)

	Media Distribution	Digital Infrastructure	Other
2023 revenues	240,9	31,0	-