



9M2020 Results Presentation

Rome, 12 November 2020



FORWARD LOOKING STATEMENTS

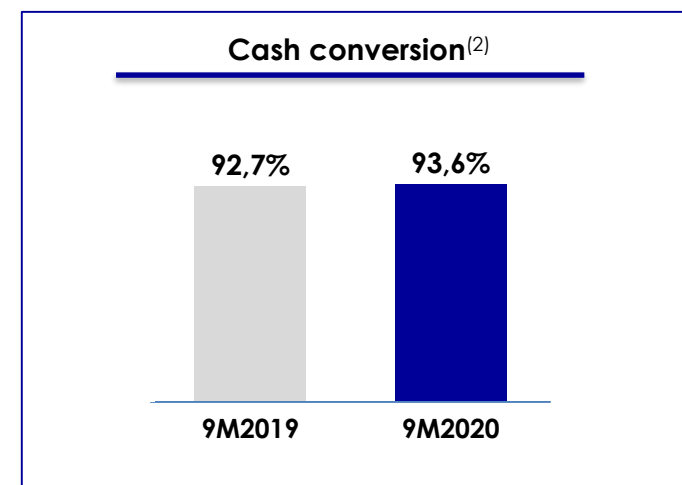
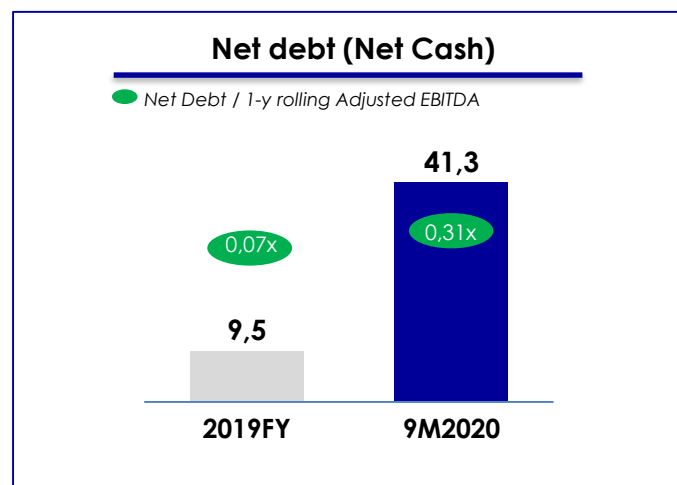
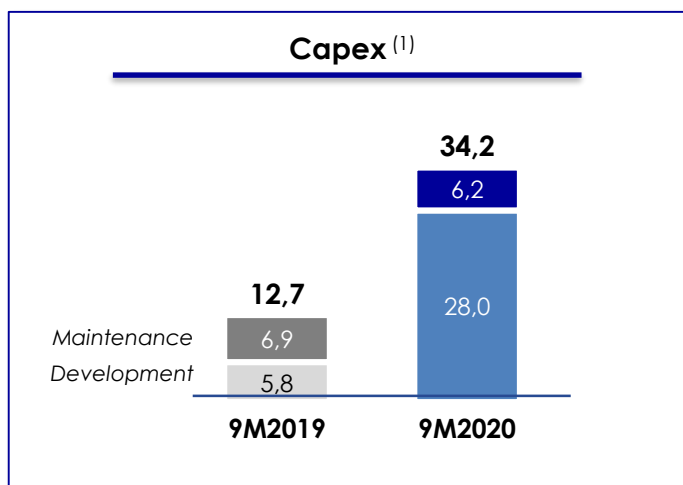
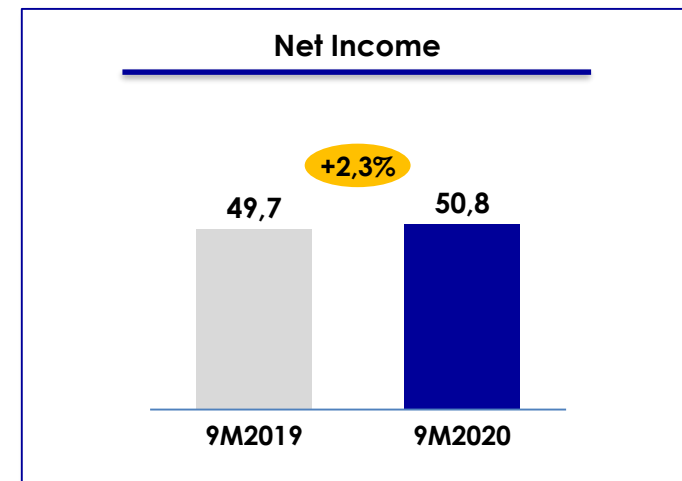
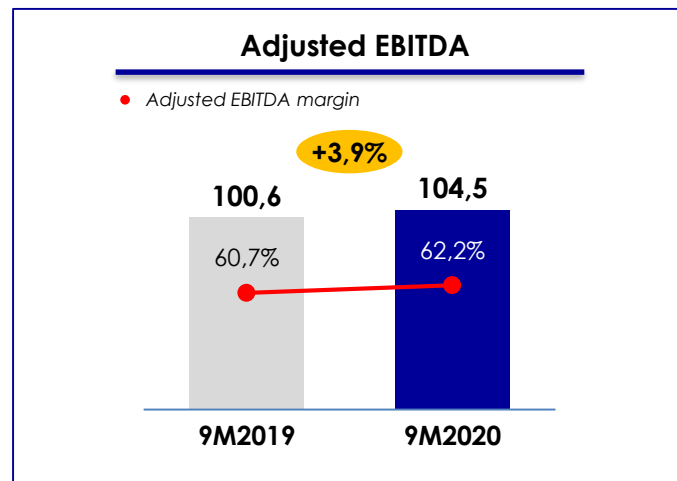
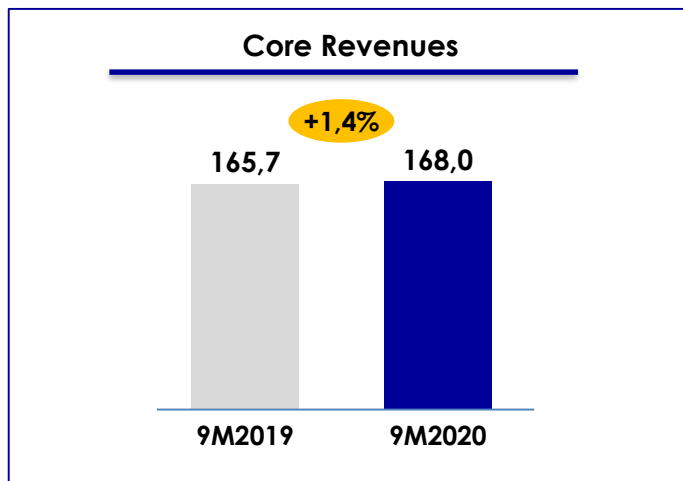
This presentation contains forward-looking statements regarding future events and the future results of Rai Way that are based on current expectations, estimates, forecasts, and projections about the industries in which Rai Way operates, as well as the beliefs and assumptions of Rai Way's management. 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.

- **Aldo Mancino**, Chief Executive Officer
- **Adalberto Pellegrino**, Chief Financial Officer
- **Giancarlo Benucci**, Head of Corporate Development & IR

- Third quarter confirmed **resiliency** of the business, with pace of **development activities improving** compared to 1H
- 9M2020 **Adjusted EBITDA growing at +3,9%** (profitability at 62,2% or +150 bps); investments for refarming ramping up
- Update on refarming process
 - National: **criteria regulating the auction** for the additional 4 lots of ½ national MUXes approved by AGCOM in line with the consultation; MISE now expected to define the timing of the tender
 - Local: Rai Way awarded with frequencies in **Lombardy and Piedmont**; tenders ongoing in other regions
 - From the operative perspective, extension of the thematic MUXes progressing with **increase in population coverage**
- Approx. 1,4m shares acquired as of 30 September 2020 under the **share buyback** program launched in August, for a total consideration of € 7,7m
- New **€ 170m financing finalized** in October; funding needs related to the Industrial Plan 2020-23 fully covered
- **Guidance** for the full year 2020 **confirmed**

9M2020 Financial Highlights

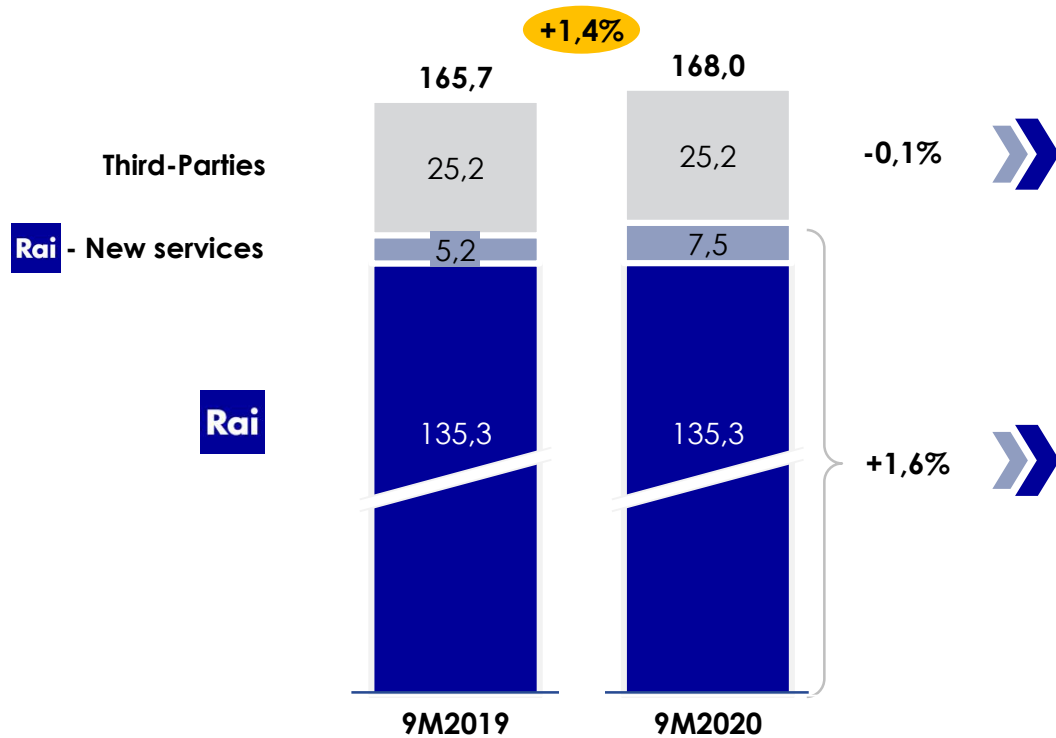
Mln Eur; % % YoY growth



(1) Maintenance capex excluding component related to IFRS-16 leasing
 (2) Cash conversion = (Adj. EBITDA – Maintenance Capex) / Adj. EBITDA. All figures before IFRS 16 impact

Core Revenues

Mln Eur; % ● % YoY growth

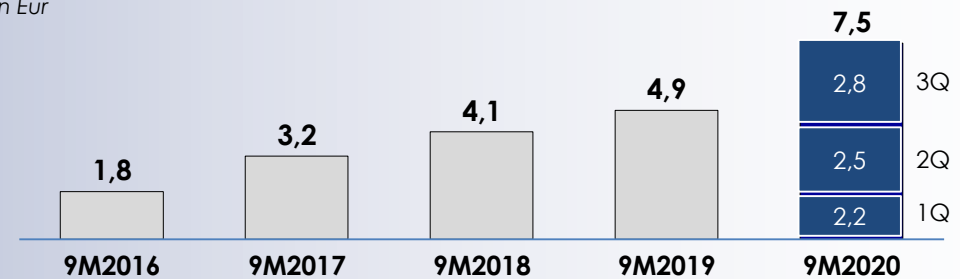


- 3Q20 performance positively impacted by one-off items
 - Recurring third-party revenues down -3% in 9M, in line with anticipated trend

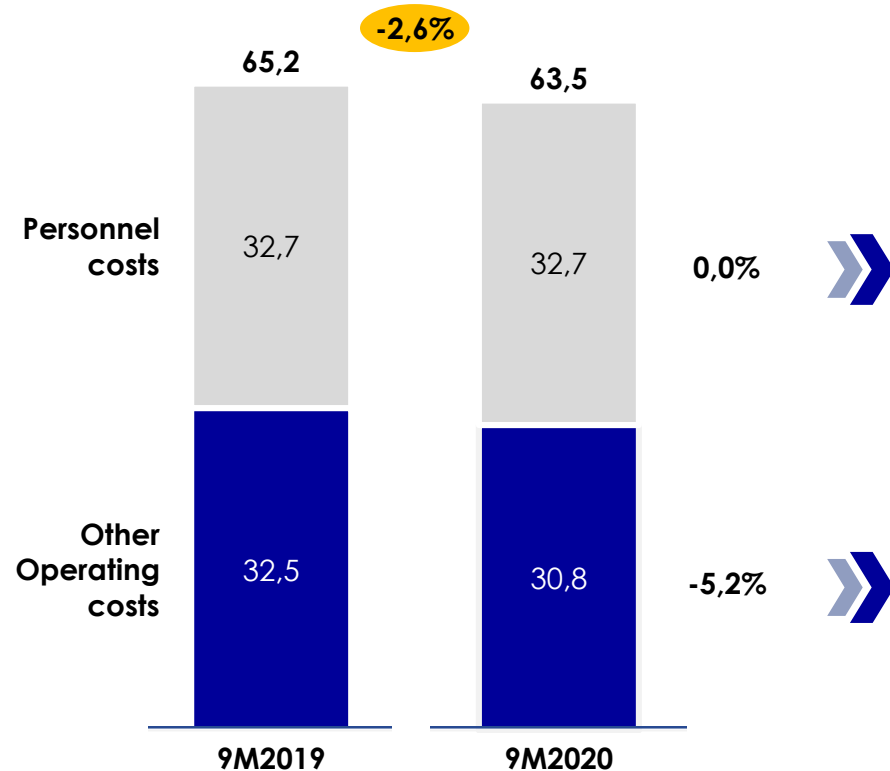
- Negligible benefit from CPI on fixed contract
- Contribution from New Services up +52% in the 9M (excl. one-off & una tantum components) supported by re farming-related projects and DAB
- Acceleration of new installations for MUX coverage extension in 3Q vs. previous quarters

New services recurring contribution (excl. one-offs and una tantum components)

Mln Eur



Mln Eur; % ● % YoY growth



Underlying 3Q20 opex still favorably impacted by COVID-related measures but trending back to 2019 level compared to 2Q

- Excluding non-core items and capitalization, personnel cost down -0,9% vs 9M19 due to impact of Covid-19 on variable components

- Lower Other Opex mainly due to i) Covid-19 impact and ii) savings on Utilities following energy contract renewal, offsetting rising number of installed equipment

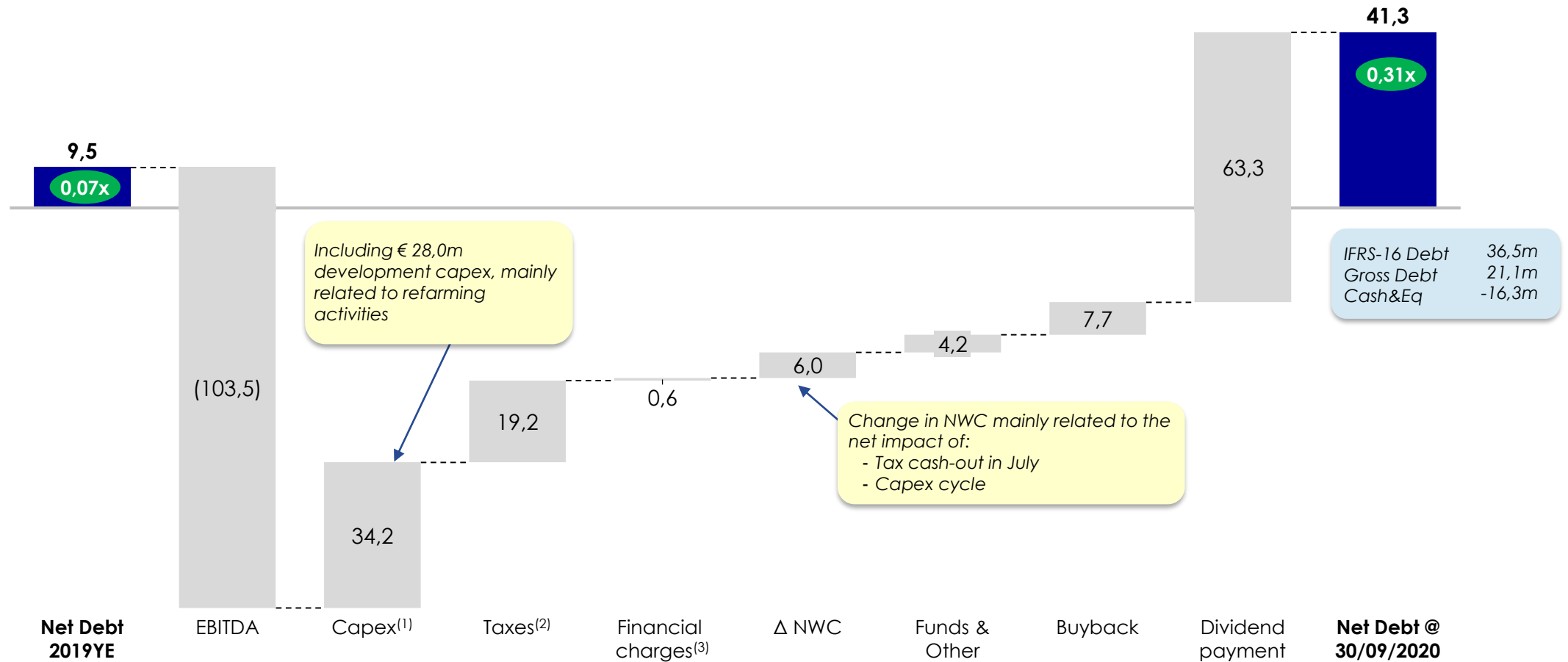
<i>Eur.Mln., %</i>	3Q 2019	3Q 2020	% YoY	9M 2019	9M 2020	% YoY
Core Revenues	55,3	56,9	2,8%	165,7	168,0	1,4%
Other Revenues & income	0,0	0,0		0,1	0,0	
Adj. EBITDA	34,9	36,6	4,7%	100,6	104,5	3,9%
<i>% margin</i>	63,2%	64,3%		60,7%	62,2%	
Non recurring costs	-0,1	-0,1		-0,1	-1,1	
EBITDA	34,8	36,5	4,8%	100,5	103,5	3,0%
<i>% margin</i>	63,0%	64,2%		60,6%	61,6%	
D&A ⁽¹⁾	-10,7	-11,2	5,4%	-30,1	-32,8	9,0%
Operating Profit (EBIT)	24,2	25,3	4,5%	70,4	70,7	0,4%
Net financial income (expenses)	-0,4	-0,3	-34,1%	-1,0	-0,7	-32,7%
Profit before Income taxes	23,8	25,0	5,1%	69,4	70,0	0,9%
Income Taxes	-6,7	-6,9	3,4%	-19,7	-19,2	-2,8%
<i>% tax rate</i>	28,1%	27,7%		28,4%	27,4%	
Net Income	17,1	18,1	5,8%	49,7	50,8	2,3%

- **9M2020 Net Income up by 2,3% at € 50,8m as a result of:**
 - Higher top-line
 - Improved profitability with margin above 62%
 - € 1,1m one-off costs in 9M2020, mainly related to voluntary layoff incentive
 - Higher D&A following rising investment activity and 9M2019 figure positively impacted by € 1,6m release of provisions
 - Tax rate at 27,4% mainly benefitting from a Covid-related tax relief

(1) Including provisions

Cash flow generation

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



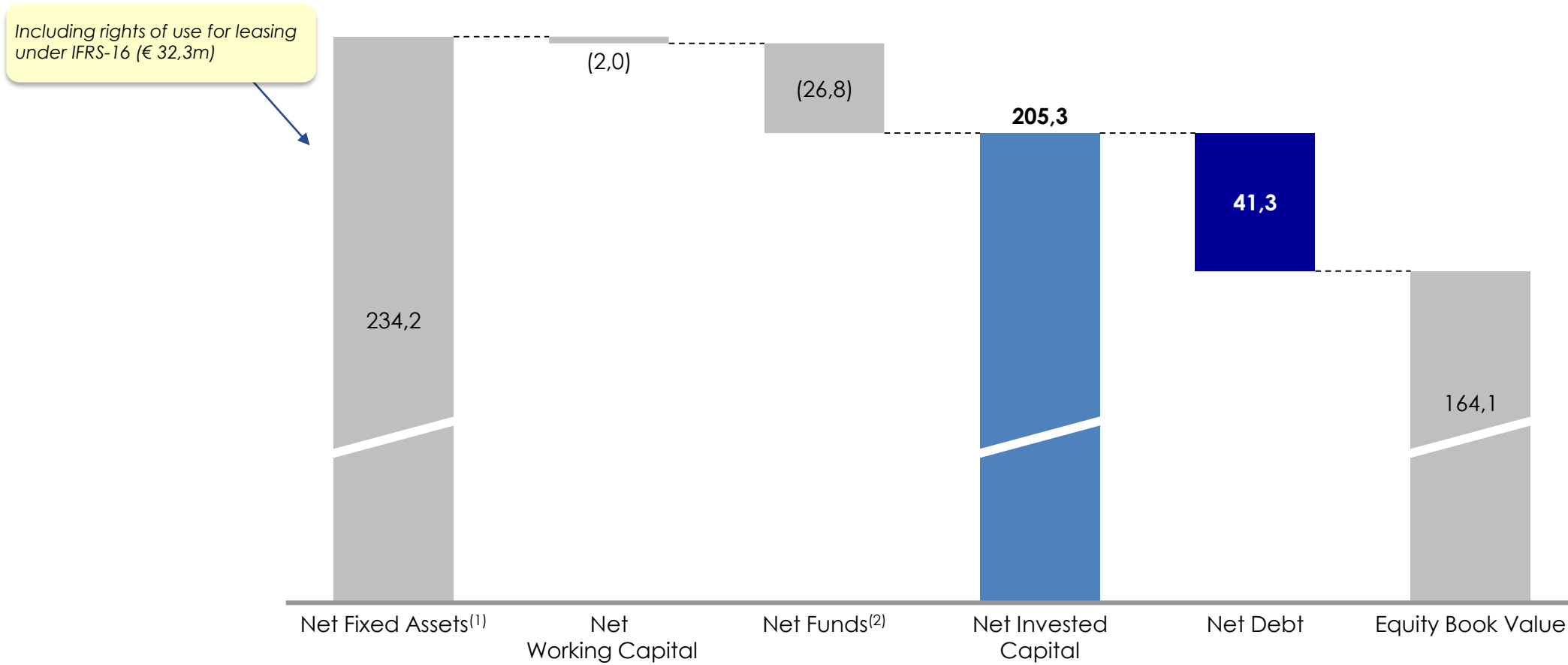
(1) Excluding component related to IFRS-16 leasing

(2) P&L taxes

(3) P&L financial charges excluding interests on the employee benefit liability

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

- Amount: **€ 170m**, of which € 120m Term loan (with **bullet** repayment at maturity) + € 50m Revolving
- Term Loan to be drawn as needed upon borrower's request
- Tenor: **3 years**
- Interest: **Euribor (0 floor) + 0,75%**
- Commitment fee: 35% of spread on Term Loan; 30% of spread on Revolving
- One-off fees: 20bps upfront fee; 10bps coordination fee
- Covenant: **Net Debt / EBITDA \leq 3,75x**
- Lenders: Mediobanca - Banca di Credito Finanziario S.p.A., Banca Nazionale del Lavoro S.p.A., Cassa depositi e prestiti S.p.A. and UniCredit S.p.A.



2020-23 Industrial Plan financing needs fully funded

- Based on current visibility on the evolution of Covid-19 emergency and on the back of the good resiliency shown so far, Company's expectations for the FY2020 are confirmed

ADJUSTED EBITDA

- Further organic **growth** of **Adjusted EBITDA**

CAPEX

- **Maintenance capex as a percentage of core revenues** expected **below 2019** figure
- **Rising Development capex**, mainly related to *refarming* process



Q&A session

- Investor Relations



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Appendix

Detailed summary of Income Statement

(€m; %)	3Q19	3Q20	9M19	9M20
Core revenues	55,3	56,9	165,7	168,0
Other revenues and income	0,0	0,0	0,1	0,0
Purchase of consumables	(0,2)	(0,3)	(0,8)	(0,5)
Cost of services	(10,0)	(10,2)	(30,1)	(28,5)
Personnel costs	(9,6)	(9,3)	(32,7)	(33,7)
Other costs	(0,6)	(0,6)	(1,7)	(1,9)
Opex	(20,5)	(20,4)	(65,3)	(64,6)
Depreciation, amortization and write-downs	(10,7)	(11,2)	(31,6)	(32,7)
Provisions	0,1	(0,0)	1,6	(0,0)
Operating profit (EBIT)	24,2	25,3	70,4	70,7
Net financial income (expenses)	(0,4)	(0,3)	(1,0)	(0,7)
Profit before income taxes	23,8	25,0	69,4	70,0
Income taxes	(6,7)	(6,9)	(19,7)	(19,2)
Net Income	17,1	18,1	49,7	50,8
EBITDA	34,8	36,5	100,5	103,5
<i>EBITDA margin</i>	63,0%	64,2%	60,6%	61,6%
Non recurring costs	(0,1)	(0,1)	(0,1)	(1,1)
Adjusted EBITDA	34,9	36,6	100,6	104,5
<i>Adjusted EBITDA margin</i>	63,2%	64,3%	60,7%	62,2%

Summary of Balance Sheet

(€m)	2019FY	9M2020
Non current assets		
Tangible assets	177,6	185,6
Rights of use for leasing	36,2	32,3
Intangible assets	14,3	15,0
Financial assets, holdings and other non-current assets	1,3	1,2
Deferred tax assets	2,7	2,5
Total non-current assets	232,1	236,6
Current assets		
Inventories	0,9	0,9
Trade receivables	74,8	69,6
Other current receivables and assets	5,0	5,0
Current financial assets	0,3	0,4
Cash and cash equivalents	30,2	15,9
Current tax receivables	0,1	0,1
Total current assets	111,2	91,9
TOTAL ASSETS	343,3	328,5

(€m)	2019FY	9M2020
Shareholders' Equity		
Share capital	70,2	70,2
Legal reserves	14,0	14,0
Other reserves	37,1	37,1
Retained earnings	62,9	50,5
Treasury shares	0,0	(7,7)
Total shareholders' equity	184,2	164,1
Non-current liabilities		
Non-current financial liabilities	0,3	0,2
Non-current leasing liabilities	26,3	23,6
Employee benefits	14,4	14,4
Provisions for risks and charges	15,9	14,9
Other non-current liabilities	0,0	0,0
Deferred tax liabilities	0,0	0,0
Total non-current liabilities	56,9	53,0
Current liabilities		
Trade payables	54,3	38,1
Other debt and current liabilities	34,1	37,7
Current financial liabilities	0,2	20,9
Current leasing liabilities	13,3	12,9
Current tax payables	0,4	1,8
Total current liabilities	102,3	111,3
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	343,3	328,5

Summary of Cash Flow Statement

(€m)	3Q2019	3Q2020	9M2019	9M2020
Profit before income taxes	23,8	25,0	69,4	70,0
Depreciation, amortization and write-downs	10,7	11,2	31,6	32,7
Provisions and (releases of) personnel and other funds	0,9	2,3	0,8	3,0
Net financial (income)/expenses	0,3	0,2	0,9	0,5
(Retained earnings)/Losses carried forward - Effect of IFRS adoption	0,0	0,0	0,0	0,0
Other non-cash items	0,0	0,0	0,0	0,1
Net operating CF before change in WC	35,8	38,7	102,7	106,4
Change in inventories	0,0	0,0	0,0	0,0
Change in trade receivables	(1,2)	(7,6)	(9,1)	5,2
Change in trade payables	3,5	2,8	0,3	(16,2)
Change in other assets	(1,3)	0,5	(1,5)	0,0
Change in other liabilities	3,4	5,3	3,5	8,0
Use of funds	(0,0)	(2,1)	(0,3)	(2,5)
Payment of employee benefits	(0,5)	(0,4)	(2,5)	(1,6)
Change in tax receivables and payables	0,0	0,0	0,2	(0,1)
Taxes paid	(22,2)	(21,7)	(22,2)	(21,7)
Net cash flow generated by operating activities	17,4	15,4	71,2	77,6
Investment in tangible assets	(5,1)	(13,4)	(12,0)	(31,5)
Disposals of tangible assets	(0,0)	0,0	0,0	0,0
Investment in intangible assets	(0,2)	(1,8)	(0,8)	(2,7)
Disposals of intangible assets	0,0	0,0	0,0	0,0
Change in other non-current assets	(0,0)	(0,0)	0,1	0,1
Change in non-current financial assets	0,0	0,0	0,0	0,0
Net cash flow generated by investment activities	(5,3)	(15,2)	(12,6)	(34,1)
(Decrease)/increase in medium/long-term loans	(0,0)	0,0	(0,1)	(0,1)
(Decrease)/increase in current financial liabilities	(0,4)	(42,6)	(0,7)	20,8
(Decrease)/increase in IFRS 16 financial liabilities	(0,2)	(2,6)	(1,2)	(6,7)
Change in current financial assets	(0,1)	(0,0)	(0,2)	(0,2)
Net Interest paid	0,0	(0,3)	(0,1)	(0,5)
Buyback	0,0	(7,7)	0,0	(7,7)
Dividends paid	0,0	(63,3)	(59,7)	(63,3)
Dividends to be paid	0,0	63,3	0,0	0,0
Net cash flow generated by financing activities	(0,6)	(53,2)	(61,9)	(57,7)
Change in cash and cash equivalent	11,5	(52,9)	(3,4)	(14,3)
Cash and cash equivalent (beginning of period)	2,3	68,8	17,2	30,2
Cash and cash equivalent of newly consolidated companies (beginning of period)	0,0	0,0	0,0	0,0
Cash and cash equivalent (end of period)	13,8	15,9	13,8	15,9