

# 1Q2016 Results Presentation

Rome, 11<sup>th</sup> May 2016

The RaiWay logo consists of the word "Rai" in white text inside a dark blue square, followed by the word "Way" in dark blue text.

**Rai**Way

## FORWARD LOOKING STATEMENTS

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# Rai Way Participants

- Stefano Ciccotti, Chief Executive Officer
- Adalberto Pellegrino, Chief Financial Officer
- Giancarlo Benucci, Head of Investor Relations

# 1Q2016 Financial Highlights

## Financial Highlights

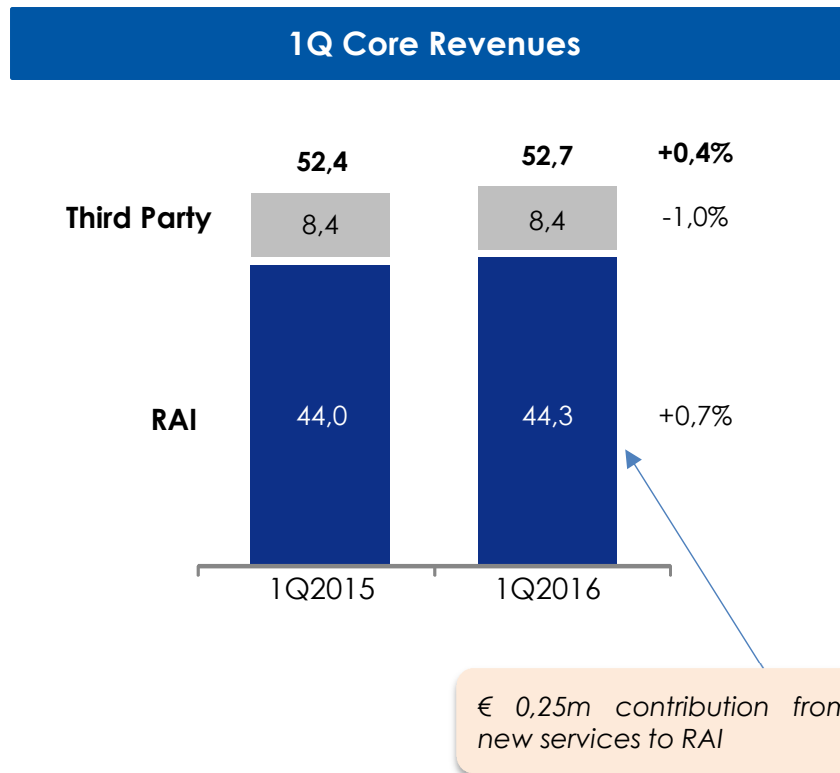
<i>Eur Mln, %</i>	1Q 2015	1Q 2016	% YoY
<b>Core Revenues</b>	<b>52,4</b>	<b>52,7</b>	<b>0,4%</b>
Other Revenues	0,2	0,0	
<b>EBITDA</b>	<b>26,1</b>	<b>27,4</b>	<b>5,0%</b>
<i>% margin</i>	49,7%	52,0%	
<b>Net Income</b>	<b>9,3</b>	<b>10,7</b>	<b>14,9%</b>
<hr/>			
<b>Capex</b>	<b>3,0</b>	<b>2,1</b>	
Maintenance	3,0	1,7	
<i>% on core revenues</i>	5,7%	3,2%	
Development	0,0	0,5	
Cash conversion <sup>(1)</sup>	88,6%	93,9%	
<hr/>			
	<b>2015 YE</b>	<b>1Q 2016</b>	
<b>Net Debt</b>	<b>41,6</b>	<b>23,0</b>	
<i>Net Debt/1Y rolling Adj. EBITDA</i>	0,38x	0,21x	

- 1Q16 Core revenues at € 52,7m, up 0,4% vs. 1Q15
- 1Q16 EBITDA at € 27,4m, up 5,0% vs. 1Q15, with margin improvement driven by ongoing focus on cost optimization
- 1Q16 Net Income at € 10,7m, up 14,9% vs. 1Q15
- Usual low capex level in 1Q (€ 2,1m, including € 0,5m development capex for new services to RAI)
- Net Debt at € 23,0m, with Net Debt/1Y rolling Adj. EBITDA at 0,21x

(1) Cash conversion= (Adj. EBITDA – Maintenance Capex) / Adj. EBITDA

# Core Revenues

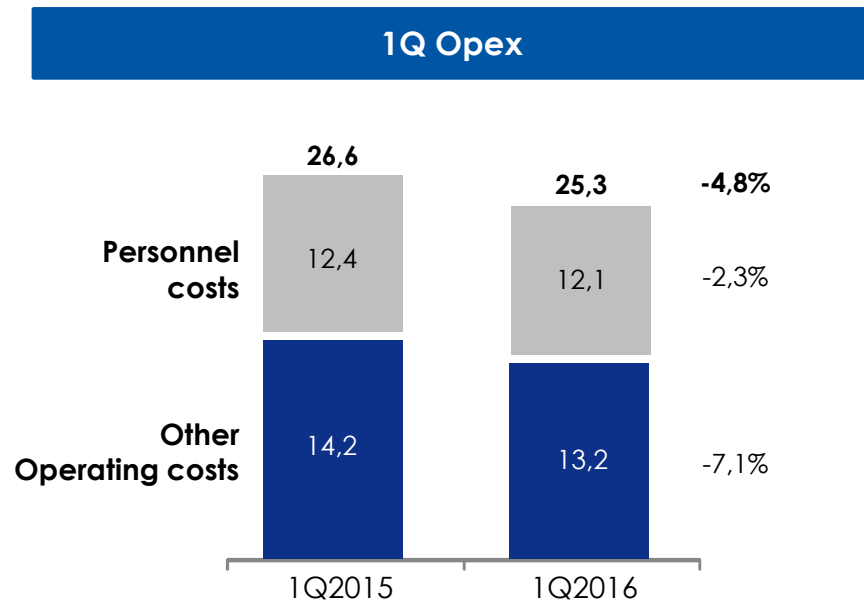
*Eur. Mln; %*



- No impact from CPI
- Increase in revenues from RAI driven by new services
  - Contribution from new initiatives to increase in coming quarters driven by completion of “Upgrade of contribution network” and finalization of new contracts
- Excluding non recurring impacts, Third Party revenues flat in 1Q
  - Growing tower rental services to Fixed Wireless Access Providers

# Opex

Eur Mln; %



- Personnel costs down 2,3% vs. 1Q15 driven by higher capitalization and optimization of non core items
- Other Operating costs declined by 7,1% vs. 1Q15, mainly driven by:
  - Utilities, thanks to favorable comparison basis (benefit of new energy supply contract from 2H15) and oil price reduction
  - Other costs, benefiting from reduction of travel expenses and external costs

# From Adjusted EBITDA to Net Income

## P&L

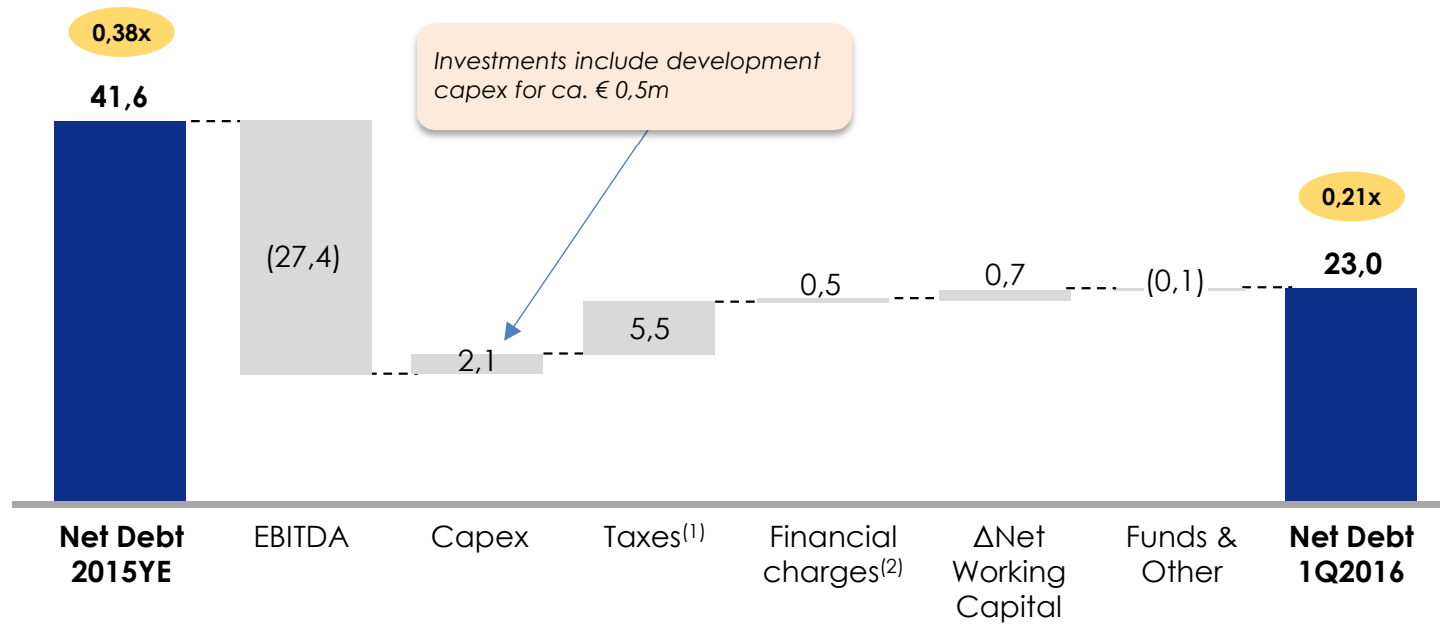
<u>Eur Mln, %</u>	1Q 2015	1Q 2016	% YoY
<b>EBITDA</b>	<b>26,1</b>	<b>27,4</b>	<b>5,0%</b>
% margin	49,7%	52,0%	
D&A <sup>(1)</sup>	-11,7	-10,6	
<b>EBIT</b>	<b>14,4</b>	<b>16,8</b>	<b>16,7%</b>
Financial expenses	-0,5	-0,6	
<b>Pre Tax Profit</b>	<b>13,9</b>	<b>16,2</b>	<b>16,6%</b>
Taxes	-4,6	-5,5	
% tax rate	33,0%	34,0%	
<b>Net Income</b>	<b>9,3</b>	<b>10,7</b>	<b>14,9%</b>
EPS	0,0342	0,0393	

- 1Q16 EBITDA at € 27,4m, up 5,0% vs. 1Q15, with a margin of 52,0% (49,7% in 1Q15)
- Declining trend of D&A (€ -1,1m vs. 1Q15) mainly resulting from reduction of Capex vs. “switch-off period”
- 1Q16 tax rate at 34,0%
  - excluding the impact of deferred taxes, underlying equivalent tax rate at 32,1%
- Net Income at € 10,7m, up 14,9% vs. 1Q15

(1) Including provisions

# Cash Flow generation

Eur Mln; %



- 1Q16 cash generation of ca. € 18,7m
- Capex level reflects typical distribution of maintenance activities throughout the year

(1) P&L taxes

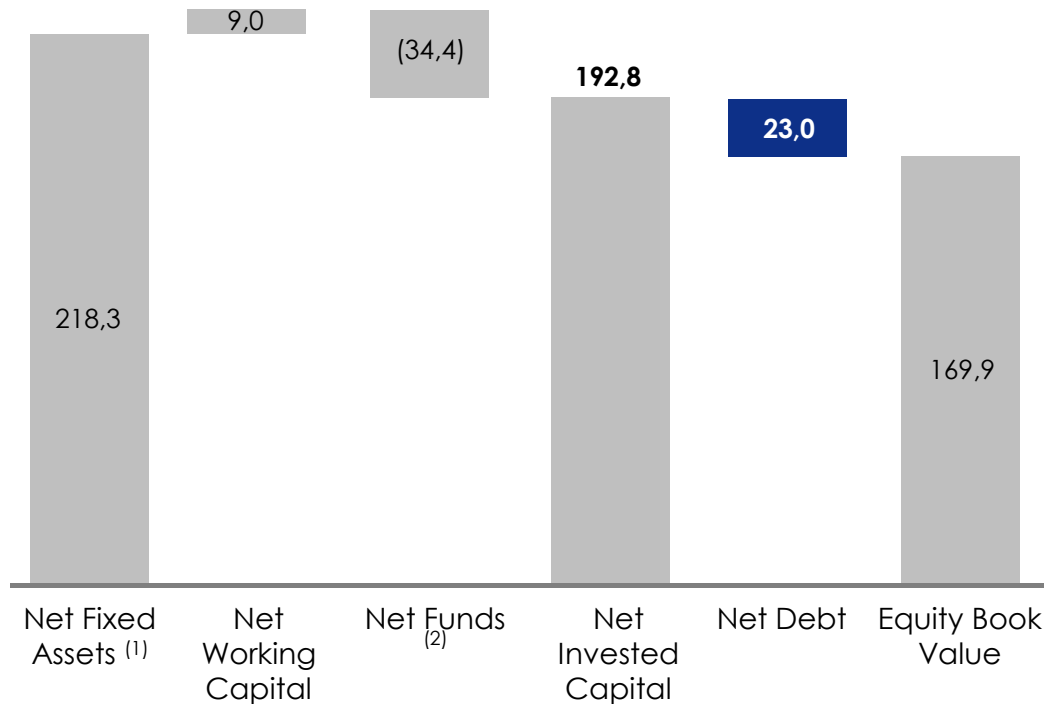
(2) P&L financial charges excluding interests on the employee benefit liability



# Balance Sheet

Eur Mln

## 1Q2016 Balance Sheet



- Conservative capital structure with € 23,0m Net Debt as of March 2016:

- 0,21x Net Debt/1y-rolling Adj. EBITDA
- 0,14x Net Debt/Equity book value

(1) Including long-term financial items

(2) Net funds include employee termination indemnities , provision for risks and deferred taxes

# 2016 Outlook confirmed

- **EBITDA**

- 2016 Adjusted EBITDA expected at ~ € 110m

- **Capex**

- 2016 Maintenance capex on revenues below 10%

# Q & A session



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## Upcoming events

<u>Date</u>	<u>Event</u>
<b>28/07/2016</b>	<b>1H16 results</b>
<b>09/11/2016</b>	<b>3Q16 results</b>

# Appendix



# Detailed summary of Income Statement

(€m; %)	1Q15	1Q16
<b>Core revenues</b>	<b>52.4</b>	<b>52.7</b>
Other revenues	0.2	0.0
Purchase of consumables	(0.3)	(0.3)
Service costs	(13.0)	(12.0)
Personnel costs	(12.4)	(12.1)
Other costs	(0.9)	(0.9)
<b>Opex</b>	<b>(26.6)</b>	<b>(25.3)</b>
Depreciation and amortization	(11.7)	(10.6)
Provisions	0.0	0.0
<b>Net Operating profit</b>	<b>14.4</b>	<b>16.8</b>
Net Finance income	(0.5)	(0.6)
<b>Profit before income taxes</b>	<b>13.9</b>	<b>16.2</b>
Income taxes	(4.6)	(5.5)
<b>Profit for the year</b>	<b>9.3</b>	<b>10.7</b>
<b>EBITDA</b>	<b>26.1</b>	<b>27.4</b>
<i>EBITDA margin</i>	49.7%	52.0%
Non recurring expenses	0.0	0.0
<b>Adjusted EBITDA</b>	<b>26.1</b>	<b>27.4</b>
<i>Adjusted EBITDA margin</i>	49.7%	52.0%

# Summary of Balance Sheet

(€m)	2015FY	1Q2016
<b>Non current assets</b>		
Tangible assets	224.5	216.0
Intangible assets	1.8	1.8
Non-current financial assets	0.5	0.5
Non-current tax assets	4.5	4.2
<b>Total non-current assets</b>	<b>231.3</b>	<b>222.5</b>
<b>Current assets</b>		
Inventories	1.0	1.0
Trade receivables	70.3	81.5
Other receivables and current assets	4.5	5.7
Current financial assets	0.3	0.4
Cash	78.9	82.3
Tax assets	0.5	0.3
<b>Total current assets</b>	<b>155.5</b>	<b>171.3</b>
<b>TOTAL ASSETS</b>	<b>386.8</b>	<b>393.8</b>

(€m)	2015FY	1Q2016
<b>Equity</b>		
Share capital	70.2	70.2
Legal reserves	8.1	8.1
Other reserves	37.1	37.0
Retained earnings	43.9	54.6
<b>Total equity</b>	<b>159.3</b>	<b>169.9</b>
<b>Non-current liabilities</b>		
Non-current financial liabilities	90.6	75.7
Employee benefits	20.3	20.3
Provisions for risks and charges / Allowances	18.4	18.3
Other non-current liabilities	0.0	0.0
Non-current tax liabilities	0.0	0.0
<b>Total non-current liabilities</b>	<b>129.3</b>	<b>114.3</b>
<b>Current liabilities</b>		
Commercial debt	37.2	34.5
Other debt and current liabilities	28.3	43.8
Current financial liabilities	30.2	29.9
Tax liabilities	2.5	1.3
<b>Total current liabilities</b>	<b>98.3</b>	<b>109.6</b>
<b>TOTAL NET EQUITY AND LIABILITIES</b>	<b>386.8</b>	<b>393.8</b>

# Summary of Cash Flow Statement

(€m)	1Q2015	1Q2016
<b>Earnings before taxes</b>	<b>13.9</b>	<b>16.2</b>
Depreciation and amortization	11.7	10.6
Provisions and others	0.0	0.6
Net financial Income	0.5	0.5
Other non-monetary items	0.0	0.0
<b>Net operating CF before change in WC</b>	<b>26.1</b>	<b>27.9</b>
Change in inventories	0.0	0.0
Change in accounts receivable	(21.2)	(11.2)
Change in accounts payable	(0.8)	(2.7)
Change in other assets	(1.1)	(1.3)
Change in other liabilities	9.6	11.0
Use of funds	(0.1)	(0.1)
Payment of employee benefits	(0.3)	(0.6)
Change in tax credit/liabilities	(0.9)	(1.8)
Taxes paid	0.0	0.0
<b>Net operating cash flow</b>	<b>11.5</b>	<b>21.3</b>
Investment in tangible assets	(2.9)	(2.1)
Sale of tangible assets	0.0	0.0
Investment in intangible assets	(0.0)	(0.1)
Sale of intangible assets	0.0	0.0
Financial lease cash-out	0.0	0.0
Financial lease cash-in	0.0	0.0
Change in other non-current assets	0.0	(0.0)
Change in non-current financial assets	0.0	0.0
Interest received	0.0	0.0
<b>Investing cash flow</b>	<b>(2.9)</b>	<b>(2.1)</b>
(Decrease)/increase in long-term debt	25.0	(15.0)
(Decrease)/increase in current liabilities	14.7	(0.3)
Change in current financial assets	0.5	(0.1)
Interest paid	(0.4)	(0.5)
Dividends paid	0.0	0.0
<b>Financing cash flow</b>	<b>39.8</b>	<b>(15.8)</b>
Change in cash and cash equivalent	48.3	3.4
Cash and cash eq (Beg. of Period)	14.7	78.9
Cash and cash eq (End of Period)	63.0	82.3