



## **PRESS RELEASE**

### **RAI WAY S.P.A.: THE BOARD OF DIRECTORS APPROVES THE RESULTS OF THE FIRST QUARTER 2015**

- **Key results for the quarter ended 31 March 2015 (vs 31 March 2014 pro-forma<sup>1</sup>):**
  - Revenues of € 52.4m (€51.8m at 31 March 2014);
  - EBITDA<sup>2</sup> of € 26.1m (€25.1m at 31 March 2014);
  - Operating profit (EBIT) of € 14.4m (€12.4m at 31 March 2014);
  - Net profit of € 9.3m (€7.6m at 31 March 2014);
  - Earnings per share (EPS) of €0.0342
- **Capex of €3.0m**
- **Net debt of €57.4m (€ 65.5m at 31 December 2014)**

Rome, 05 May 2015 – The Board of Directors of Rai Way S.p.A. (Rai Way), met today under the chairmanship of Camillo Rossotto, examined and approved the Company's Interim Financial Report for the quarter ended 31 March 2015.

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#### **Key Results at 31 March 2015**

The Company's **revenues** amount to € 52.4 million for the quarter ended 31 March 2015, an increase of 1.2% over € 51.8 million in the first quarter 2014 pro-forma results. Revenues from RAI, equal to € 44.0 million, reflect the new service contract. Revenues from third-party customers amount to € 8.4 million.

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<sup>1</sup> The Company's New Service Contract for the broadcasting and transmission network differs from the previous one as it includes certain conditions which, from an accounting standpoint (IAS 17), mean that it now qualifies as an operating lease and no longer a financial lease. As a consequence, without any modification having occurred in the ownership of the network, which was and remains that of the Company, the representation of the contract for balance sheet and income statement purposes has undergone a significant change. For this reason, the income statement figures for the quarter ended 31 March 2014 are presented on a pro-forma basis, as if the contract were effective at 1 January 2014, an approach considered more representative for analysing the Company's performance. The income statement figures for the quarter ended 31 March 2014 were as follow: revenues of €35.3m; EBITDA of €7.8m; operating profit (EBIT) of €7.6m; net profit of €5.7m

<sup>2</sup>The Company defines EBITDA as profit for the year adjusted by the following items: (i) income taxes, (ii) financial charges, (iii) financial income, (iv) accruals to provisions for risks, (v) amortisation and depreciation and (vi) write-downs of receivables



**EBITDA** amounts to € 26.1 million, an increase of 4.0% over € 25.1 million in the first quarter 2014 pro-forma results, representing a margin on revenues of 49.7% (48.4% in the first quarter 2014). EBITDA benefits from higher revenues and a reduction of operating expenses.

**Operating profit (EBIT)** amounts to € 14.4 million, an increase of 16.0% over € 12.4 million in the first quarter 2014 pro-forma results, benefiting from lower amortisation and depreciation charges.

**Net profit** amounts to € 9.3 million, an increase of 22.9% compared to the first quarter 2014 pro-forma results, with a net profit of € 7.6 million.

In the first quarter of 2015, **investments** in active and passive infrastructure amounted to € 3.0 million (€ 1.8 million in the first quarter 2014<sup>3</sup>).

**Net invested capital**<sup>4</sup> amounts to € 220.3 million, with **net debt** closing at € 57.4 million compared to € 65.5 million at 31 December 2014.

### **Significant subsequent events**

*Voluntary public purchase and exchange offer for 272,000,000 ordinary shares of Rai Way S.p.A. promoted by EI Towers S.p.A.*

Following the notification from EI Towers S.p.A. ("Offeror") on 10 April 2015 of the resolution to amend the tender threshold of the condition precedent to 40% of the share capital of Rai Way, on 13 April 2015 Consob notified the Offeror that amending the features of the Offer is equivalent to proposing a different transaction and accordingly signifies that it is no longer possible to continue with its preliminary process for approving the Offering Document, which must therefore be considered concluded. The amendment of the tender threshold was unanimously resolved by EI Towers following Consob's notification on 1 April 2015 that the intention expressed by the Italian Ministry of the Economy and Finance and by RAI-Radiotelevisione italiana S.p.A. ("RAI") to retain an interest of 51% in the share capital of Rai Way made the "condition" of reaching the minimum threshold of 66.67%, to which the Offeror subordinated the success of the Offer, impossible to achieve, constituting an impediment to upholding the application for approval of the Offering Document.

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<sup>3</sup> Capex in the first quarter 2014 consists of investments in tangible assets, investments in intangible assets and financial lease cash-out; the latter represents the value of the investments made in the network infrastructure up to 30 June 2014.

<sup>4</sup> Net invested capital is calculated as the sum of fixed capital, working capital and non-current financial assets



On 16 April 2015, the Board of Directors of RAI confirmed that the majority shareholder of Rai Way would not tender any share to EI Towers' offer, also following the change of the acceptance threshold.

On 22 April 2015, after analyzing RAI's press release, the Board of Directors of EI Towers S.p.A. acknowledged that the conditions do not exist for continuing with the offer.

As announced on its corporate website on 17 April 2015, EI Towers withdrew the communication of the transaction sent on 24 February 2015 and, as a consequence, the Italian Competition Authority ceased its preliminary review process.

## **Outlook**

The results of the first quarter 2015 are in line with management's expectations. The outlook for the full year 2015, disclosed to the market on 12 March with the 31 December 2014 results, is confirmed:

- an increase of approximately € 2 million in EBITDA over 2014 pro-forma figure;
- capex of approximately € 40 million, including those relating to the new services to RAI;
- net debt at year end of approximately € 50 million.

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## **Clarifications at Consob's request**

The Company hereby notes the following as a result of the request made by Consob that was received on 30 April 2015:

**(i) updates on possible opportunities for external growth and/or combinations with other operators in the market, explaining whether such strategic options have been discussed by the Board of Directors**

1. consistent with the statements made in the listing prospectus, the Company is assessing various opportunities for external growth, including by way of acquisitions, which are of a marked business nature and are aimed at strengthening Rai Way's market position;



2. the Company's Board of Directors has recently examined possible operations – still being reviewed – considering them worthy of interest, but has not adopted any resolutions that may lead to commitments of a binding nature concerning the actual realization of such possible opportunities;
- (ii) any restrictions on possible combinations with other operators represented: a) by the dilutive effects that such operations may have for the major shareholder; b) by the outstanding loan agreements of the Company and the Parent Company RAI S.p.A.**
3. before taking any binding decisions on possible opportunities for external growth, the Company will evaluate their worth from a business and economic standpoint in view of its objective to create value for all of its shareholders. Only subject to the outcome of that assessment will it be possible to define the corporate framework – which in any case is not expected to change the Company's capital structure and hence have dilutive effects – and the financial framework for carrying out any such operations;
  4. as a result, eventual restrictions can be subject to a detailed review only at a later stage;
- (iii) if the Company expects to approve a new Business Plan an indication of the expected date**
5. the Company expects that an updated Business Plan will be approved towards the end of July this year.

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*Rai Way announces that today, Tuesday 05 May 2015 at 17:30 CET the results of the first quarter 2015 will be presented to the financial community via conference call.*

*The presentation supporting the conference call will be made available in advance on the company's website [www.raiway.it](http://www.raiway.it) in the Investor Relations section.*

*To take part in the conference call:*

*Italy: +39 02 8020911 - UK: +44 1 212818004 - USA: +1 718 7058796*

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The manager in charge of preparing the corporate accounting documents, Adalberto Pellegrino, declares, pursuant to article 154-bis of the Consolidated Finance Law (TUF), that the accounting information in this release corresponds to the underlying accounting documents, books and entries.

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**Disclaimer**

This release contains forward-looking statements on the future events and results of Rai Way that are based on current expectations, estimates and forecasts about the sector in which Rai Way operates and on management's current opinions. By their nature these items contain an element of risk and uncertainty as they depend on the occurrence of future events. The actual results could differ, even materially, from those stated for a variety of reasons such as: global economic conditions, the effect of competition and political, economic and regulatory developments in Italy.

**Rai Way S.p.A.**

Rai Way manages and develops the terrestrial broadcast infrastructure which carries the television and radio signals of RAI, Italy's national public broadcasting company, and provides services to its business customers. Rai Way has an extensive experience and technological, engineering and organizational know-how in the Italian media and broadcast infrastructure market. Such a unique expertise, together with the skills and ongoing training of its 600 and more employees, makes Rai Way an ideal partner for any companies and entities seeking for integrated solutions to develop their network and transmit their signals. Rai Way operates throughout the national territory and can rely on its headquarters in Rome, 23 local network centers and more than 2,300 sites across Italy.

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## Income Statement

(€m; %)	1Q2014	1Q2014PF	1Q2015
<b>Core revenues</b>	<b>35,3</b>	<b>51,8</b>	<b>52,4</b>
Other revenues	0,2	0,2	0,2
Purchase of consumables	(0,4)	(0,4)	(0,3)
Service costs	(14,8)	(14,1)	(13,0)
Personnel costs	(11,8)	(11,8)	(12,4)
Other costs	(0,7)	(0,7)	(0,9)
<b>Opex</b>	<b>(27,7)</b>	<b>(27,0)</b>	<b>(26,6)</b>
D&A	(0,2)	(12,7)	(11,7)
Provisions	0,0	0,0	0,0
<b>Net Operating profit</b>	<b>7,6</b>	<b>12,4</b>	<b>14,4</b>
Net Finance income	1,5	(0,4)	(0,5)
<b>Profit before income taxes</b>	<b>9,2</b>	<b>11,9</b>	<b>13,9</b>
Income taxes	(3,5)	(4,4)	(4,6)
<b>Profit for the year</b>	<b>5,7</b>	<b>7,6</b>	<b>9,3</b>
<b>EBITDA</b>	<b>7,8</b>	<b>25,1</b>	<b>26,1</b>
<i>EBITDA margin</i>	<i>22,1%</i>	<i>48,4%</i>	<i>49,7%</i>



## Balance Sheet

(€m)	2014FY	1Q2015
<b>Non current assets</b>		
Tangible assets	243,1	234,6
Intangible assets	0,6	0,6
Non-current financial assets	0,6	0,6
Non-current tax assets	5,4	5,6
<b>Total non current assets</b>	<b>249,8</b>	<b>241,3</b>
<b>Current assets</b>		
Inventories	0,9	0,9
Trade receivables	64,4	85,4
Other receivables and current assets	4,4	5,4
Current financial assets	0,7	0,2
Cash	14,7	63,0
Tax assets	0,3	0,3
<b>Total current assets</b>	<b>85,3</b>	<b>155,3</b>
<b>Total assets</b>	<b>335,1</b>	<b>396,6</b>
<b>Equity</b>		
Share capital	70,2	70,2
Legal reserves	6,9	6,9
Other reserves	37,1	37,1
Retained earnings	39,6	48,8
<b>Total equity</b>	<b>153,8</b>	<b>162,9</b>
<b>Non-current liabilities</b>		
Non-current financial liabilities	80,6	105,6
Employee benefits	21,3	21,5
Provisions for risks and charges / Allowances	18,6	18,5
Other non-current liabilities	0,0	0,0
<b>Total non-current liabilities</b>	<b>120,5</b>	<b>145,6</b>
<b>Current liabilities</b>		
Commercial debt	36,0	35,2
Other debt and current liabilities	21,7	35,2
Current financial liabilities	0,3	14,9
Tax liabilities	2,9	2,7
<b>Total current liabilities</b>	<b>60,8</b>	<b>88,1</b>
<b>Total net equity and liabilities</b>	<b>335,1</b>	<b>396,6</b>



## Cash Flow Statement

(€m)	1Q2014	1Q2015
<b>Earnings before taxes</b>	<b>9,2</b>	<b>13,9</b>
D&A	0,2	11,7
Provisions and others	0,5	0,0
Net financial Income	(1,5)	0,5
Other non-monetary items	0,0	0,0
<b>Net operating CF before change WC</b>	<b>8,3</b>	<b>26,1</b>
Change in inventories	0,0	0,0
Change in accounts receivable	(11,2)	(21,2)
Change in accounts payable	(2,6)	(0,8)
Change in other assets	(4,0)	(1,1)
Change in other liabilities	13,7	9,6
Use of funds	(0,1)	(0,1)
Payment of employee benefits	(0,8)	(0,3)
Change in tax credit/liabilities	(0,9)	(0,9)
Taxes paid	0,0	0,0
<b>Net operating cash flow</b>	<b>2,4</b>	<b>11,5</b>
Investment in tangible assets	(0,0)	(2,9)
Sale of tangible assets	0,0	0,0
Investment in intangible assets	0,0	(0,0)
Sale of intangible assets	0,0	0,0
Financial lease cash-out	(1,8)	0,0
Financial lease cash-in	12,0	0,0
Change in non-current financial assets	0,0	0,0
Interest received	1,9	0,0
<b>Investing cash flow</b>	<b>12,1</b>	<b>(2,9)</b>
Repayment of long-term debt	0,0	(14,7)
Change in current financial assets	0,0	0,5
Cash-in from financing	0,0	39,8
(Decrease)/increase in liabilities	(14,3)	14,7
Interest paid	(0,3)	(0,4)
Dividends paid	0,0	0,0
<b>Financing cash flow</b>	<b>(14,5)</b>	<b>39,8</b>
Change in cash and cash equivalent	0,0	48,3
Cash and cash eq (Beg. of Period) <sup>(*)</sup>	0,0	14,7
Cash and cash eq (End of Period) <sup>(*)</sup>	0,0	63,0

\* For a better understanding of the contents of the table it should be noted that, in the 1Q2014, under a centralised treasury agreement, the Company's financial management is entrusted to the Parent Company RAI through a cash-pooling system that provides for the daily transfer of the positive and negative balances arising from operations to an intercompany current account; as a consequence, the net balance of cash flows generated or used by operating, investing and financing activities is recognised as a receivable from or payable to Rai under the item "short-term financing and other financing". The Company's cash balance is therefore always zero.