RAI WAY S.P.A.: RESULTS OF THE NINE MONTHS 2017 APPROVED, REPORTING AN INCREASE IN NET PROFIT OF 35.3%

- **Key results for the nine months ended 30 September 2017 (*vs* 30 September 2016):**
  - **Revenues of € 162.1m (+0.5%);**
  - **Adjusted EBITDA of € 89.0m (+2.9%);**
  - **Operating profit of € 63.6m (+25.3%);**
  - **Net profit of € 44.0m (+35.3%);**
- **Investments of € 14.5m**
- **Net debt of € 16.0m (€ 9.4m at 31 December 2016)**

Rome, 7 November 2017 – The Board of Directors of Rai Way S.p.A. (Rai Way), met today under the chairmanship of Raffaele Agrusti, examined and unanimously approved the Company's Interim Financial Report for the nine months ended 30 September 2017.

"*The results of the first nine months represent a further evidence of the solidity of the Company and are in line with the targets for 2017. Operating profitability, close to 55%, and Net profit, up 35% compared to 2016, continued on their improvement path. The Company thus proved itself to be in the best possible conditions to face future market challenges and pursue its strategic and financial goals,*" Aldo Mancino, Rai Way CEO stated.

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Key Results for the nine months 2017

The Company's **revenues** amount to € 162.1 million for the nine months ended 30 September 2017, an increase of 0.5% over € 161.3 million for the nine months 2016 results. Revenues from RAI amount to € 135.8 million (of which € 3.3 million from new initiatives), broadly stable compared to the previous year despite the absence of the cyclical events that contributed in 2016 (as European Football Cup and Rio Olympic Games). Revenues from third-party customers rise to € 26.3 million and reflect the impact of the agreement with the Norba Group.

Adjusted EBITDA amounts to € 89.0 million, an increase of 2.9% over € 86.4 million in the nine months 2016 as a result of higher revenues and cost efficiencies, with an operating profitability of 54.9% (53.6% for the nine months 2016). Including the impact of non-recurring items (€ 0.5 million in the nine months 2016 compared to € 3.5 million in the same period of 2016), **EBITDA**[1] amounts to € 88.5 million, representing an increase of 6.7% over € 83.0 million for the nine months 2016 results.

Operating profit (EBIT) amounts to € 63.6 million, an increase of 25.3% over € 50.7 million in the nine months 2016 results, benefiting from lower depreciation and amortisation charges.

Net profit amounts to € 44.0 million, an increase of 35.3% compared to the nine months 2016 results of a net profit of € 32.6 million.

In the nine months 2017, **investments** amount to € 14.5 million, of which € 9.5 million relate to development and M&A activities (€ 8.3 million in the nine months of 2016, of which € 2.3 million in development activities[2]).

Net invested capital[3] amounts to € 180.0 million, with **net debt** closing at € 16.0 million compared to € 9.4 million at 31 December 2016. Excluding the impact of dividend payment, a solid cash generation is confirmed.

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[1] 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

[2] Investment in development activities at 30 September 2016 adjusted to reflect a partial reallocation (€ 119k) of certain activities from development to maintenance

[3] Net invested capital is calculated as the sum of fixed capital, working capital and non-current financial assets

Outlook for 2017

In view of the results of the first nine months, the Company confirms the forecast for 2017 for an Adjusted EBITDA that continues in the growth trajectory of recent years, while maintenance capex level for 2017 is now expected slightly below the long-term target previously communicated.

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Rai Way announces that today, Tuesday 7 November 2017 at 5:30pm CET the results of the nine months 2017 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 in the Investor Relations section.

To take part in the conference call:

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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; %)	3Q16	3Q17	9M16	9M17
Core revenues	**54.7**	**54.1**	**161.3**	**162.1**
Other revenues	0.0	0.7	0.1	0.8
Purchase of consumables	(0.2)	(0.2)	(0.9)	(0.8)
Service costs	(13.2)	(12.2)	(37.7)	(37.1)
Personnel costs	(9.7)	(9.3)	(37.2)	(33.8)
Other costs	(0.8)	(0.8)	(2.7)	(2.7)
Opex	**(24.0)**	**(22.5)**	**(78.5)**	**(74.4)**
Depreciation and amortization	(10.8)	(8.5)	(32.1)	(24.9)
Provisions	(0.0)	0.0	(0.2)	0.0
Net Operating profit	**20.0**	**23.9**	**50.7**	**63.6**
Net Finance income (expenses)	(0.5)	(0.4)	(1.6)	(1.3)
Profit before income taxes	**19.4**	**23.5**	**49.1**	**62.3**
Income taxes	(6.5)	(6.8)	(16.6)	(18.3)
Profit for the year	**12.9**	**16.7**	**32.6**	**44.0**

EBITDA	**30.7**	**32.4**	**83.0**	**88.5**
EBITDA margin	*56.2%*	*59.9%*	*51.4%*	*54.6%*
Non recurring expenses	(0.0)	0.2	(3.5)	(0.5)
Adjusted EBITDA	**30.8**	**32.2**	**86.4**	**89.0**
Adjusted EBITDA margin	*56.3%*	*59.6%*	*53.6%*	*54.9%*

Balance Sheet

(€m)	2016FY	9M2017
Non current assets		
Tangible assets	205.2	189.1
Intangible assets	2.2	10.3
Financial assets, holdings and other non-current assets	0.5	0.4
Non-current tax assets	5.0	2.6
Total non-current assets	**212.8**	**202.5**
Current assets		
Inventories	0.9	0.9
Trade receivables	67.0	79.5
Other receivables and current assets	4.4	6.4
Current financial assets	0.2	0.1
Cash	81.3	44.6
Tax assets	0.3	0.3
Total current assets	**154.1**	**131.9**
TOTAL ASSETS	**366.9**	**334.3**
Equity		
Share capital	70.2	70.2
Legal reserves	10.1	12.2
Other reserves	37.0	37.1
Retained earnings	44.3	44.6
Total equity	**161.5**	**164.0**
Non-current liabilities		
Non-current financial liabilities	60.7	30.7
Employee benefits	18.7	17.3
Provisions for risks and charges / Allowances	18.8	17.8
Other non-current liabilities	0.0	0.0
Non-current tax liabilities	0.0	0.0
Total non-current liabilities	**98.2**	**65.8**
Current liabilities		
Commercial debt	41.2	39.9
Other debt and current liabilities	33.6	32.3
Current financial liabilities	30.3	30.1
Tax liabilities	2.2	2.3
Total current liabilities	**107.2**	**104.5**
TOTAL NET EQUITY AND LIABILITIES	**366.9**	**334.3**

Cash Flow Statement

(€m)	3Q2016	3Q2017	9M2016	9M2017
Earnings before taxes	**19.4**	**23.5**	**49.1**	**62.3**
Depreciation and amortization	10.8	8.5	32.1	24.9
Provisions and others	0.6	0.4	1.9	1.0
Net financial Income	0.5	0.4	1.5	1.1
Other non-monetary items	0.0	0.0	0.0	0.0
Net operating CF before change in WC	**31.2**	**32.8**	**84.5**	**89.4**
Change in inventories	0.0	0.0	0.1	0.0
Change in accounts receivable	(12.2)	(6.5)	(9.3)	(12.4)
Change in accounts payable	3.1	4.5	1.0	(2.8)
Change in other assets	0.1	(0.4)	(0.8)	(2.0)
Change in other liabilities	(11.5)	1.3	(3.4)	3.5
Use of funds	(0.3)	(0.2)	(0.6)	(0.8)
Payment of employee benefits	(0.5)	(1.1)	(3.1)	(2.8)
Change in tax credit/liabilities	15.9	(0.9)	14.7	(0.9)
Taxes paid	(16.5)	0.0	(17.5)	(21.1)
Net operating cash flow	**9.3**	**29.5**	**65.7**	**50.2**
Investment in tangible assets	(3.4)	(2.2)	(8.0)	(6.8)
Sale of tangible assets	0.0	0.0	0.1	0.1
Investment in intangible assets	(0.1)	(0.0)	(0.3)	(0.3)
Sale of intangible assets	0.0	0.0	0.0	0.0
Change in other non-current assets	0.0	(0.0)	0.0	0.0
Change in holdings	0.0	0.0	0.0	0.0
Change in non-current financial assets	(0.0)	0.0	(0.0)	0.0
Interest received	0.0	0.0	0.0	0.1
Companies consolidation	0.0	0.0	0.0	(7.4)
Investing cash flow	**(3.5)**	**(2.1)**	**(8.2)**	**(14.3)**
(Decrease)/increase in medium/long-term debt	(15.1)	(15.0)	(30.1)	(30.1)
(Decrease)/increase in current financial liabilities	(0.2)	(12.4)	(0.1)	(0.2)
Change in current financial assets	(0.0)	0.2	(0.3)	0.1
Interest paid	(0.6)	(0.5)	(1.1)	(0.9)
Dividends paid	0.0	0.0	(39.0)	(41.8)
Financing cash flow	**(15.9)**	**(27.7)**	**(70.5)**	**(73.0)**
Change in cash and cash equivalent	(10.1)	(0.3)	(13.0)	(37.1)
Cash and cash equivalent (beginning of period)	76.0	45.0	78.9	81.3
Cash and cash equivalent of newly consolidated companies (beginning of period)	0.0	0.0	0.0	0.4
Cash and cash equivalent (end of period)	65.9	44.6	65.9	44.6