



PRESS RELEASE

RAI WAY S.P.A.: THE BOARD OF DIRECTORS APPROVES THE DRAFT FINANCIAL STATEMENTS AT 31 DECEMBER 2014

- **Main pro-forma¹ results for the year ended 31 December 2014 (vs 31 December 2013):**
 - Revenues of € 207.4m (€208.4m at 31 December 2013);
 - EBITDA² of € 104.6m (€104.5m at 31 December 2013);
 - Operating profit (EBIT) of € 54.2m (€51.1m at 31 December 2013);
 - Net profit of € 33.6m (€30.8m at 31 December 2013);
 - Earnings per share (EPS) of €0.1234
- **Capex³ of €21.0m**
- **Net debt⁴ of €65.5m, compared to € 58.6m at 31 December 2013**
- **An Ordinary Shareholders' Meeting has been called for 28 April 2015**
- **Proposed dividend of 0.1234 €/share, in line with 2014 pro-forma net profit**

Rome, 12 March 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 draft of the financial statements for the year ended 31 December 2014.

¹ 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 years ended 31 December 2014 and 2013 are presented on a pro-forma basis, as if the contract were effective at 1 January 2014 and 1 January 2013 respectively, an approach considered more representative for analysing the Company's performance. The income statement figures for the year ended 31 December 2014 are as follow: revenues of €167.3m (€118.3m at 31 December 2013); EBITDA of €62.9m (€11.0m at 31 December 2013); operating profit (EBIT) of €37.0m (€8.4m at 31 December 2013); net profit of €4.6m (€8.5m at 31 December 2013)

² 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

³ Capex 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

⁴ Net debt consists of the Net Financial Position (determined in compliance with paragraph 127 of the recommendations contained in the document prepared by ESMA, no. 319 of 2013, implementing Regulation 2004/809/EC) excluding the current financial receivables relating to the financial leasing with RAI



“With the approval of the 2014 results and the proposal of the dividend to Shareholders” – Camillo Rossotto, the Rai Way Chair stated – “we close what has been an extraordinary year for our Company which has taken its first steps on the journey towards opening up to the market, to new Shareholders, so that we can win new customers and provide increasingly innovative services by leveraging our existing broadcasting infrastructure, the Italian leader. A value creation initiative which makes us proud, one that combines entrepreneurship and our public service spirit”.

Key Results at 31 December 2014

Despite an economic situation in Italy characterised by a further contraction of GDP and an increase in both consumption and inflation close to zero, in 2014 Rai Way consolidated its 2013 results and successfully completed two important processes which have contributed to building the basis of the Company’s future development: the stipulation of a new service contract with RAI - Radiotelevisione italiana S.p.A. on 31 July 2014 (effective from 1 July 2014) and the listing of the Company’s shares on the Mercato Telematico Azionario (MTA), organized and managed by Borsa Italiana S.p.A., on 19 November 2014.

The Company’s **pro-forma revenues** amount to € 207.4 million for the year ended 31 December 2014, essentially in line with those of 2013. Revenues from RAI reflect the new service contract and revenues from third-party customers amount to € 35.1 million.

Pro-forma EBITDA amounts to € 104.6 million (in line with € 104.5 million for 2013), representing a margin on pro-forma revenues of 50.4% (50.1% in 2013).

Pro-forma operating profit (EBIT) amounts to € 54.2 million, an increase of 6.0% over € 51.1 million for 2013, benefiting from lower amortisation and depreciation charges and lower accruals.

Pro-forma net profit amounts to € 33.6 million, an increase of 8.9% compared to 2013, with a net profit of € 30.8 million.

In 2014, **investments** in active and passive infrastructure amounted to € 21.0 million (€ 23.0 million in 2013).

Net invested capital⁵ amounts to € 219.3 million, with **net debt** closing at € 65.5 million compared to € 58.6 million at 31 December 2013.

⁵ Net invested capital is calculated as the sum of fixed capital, working capital and non-current financial assets



The refinancing of the Company's debt was completed during the last quarter of the year. The new financing, with final maturity in September 2019, consists of a Term Credit Facility and a Revolving Credit Facility amounting in total to € 170 million.

Proposal for the allocation of profit for the year

The Board of Directors of Rai Way additionally adopted a resolution at today's meeting to propose to the Shareholders' Meeting the allocation of € 1.2 million of the net profit for 2014 to the legal reserve and to distribute the balance of € 23.4 million as a dividend to Shareholders, with a further amount of € 10.2 million to be distributed to Shareholders from the retained earnings reserve. As a consequence, the proposal envisages the payment of a total gross dividend of € 0.1234 per each outstanding ordinary share, to be paid on 21 May 2015 and with record date (the date which determines the Shareholders entitled to receive the dividend) set at 20 May 2015, with the share going ex-dividend on 18 May 2015 on detachment of coupon no. 1.

Significant subsequent events

On 24 February 2015 EI Towers S.p.A. announced that its Board of Directors had unanimously resolved to make a voluntary public purchase and exchange offer for 272,000,000 ordinary shares of Rai Way S.p.A., being the latter's entire share capital.

The purpose of this offer – made pursuant to and in accordance with article 102 and article 106, paragraph 4 of Italian Legislative Decree no. 58 of 24 February 1998 as amended and the relative implementation provisions – is to withdraw the shares of Rai Way S.p.A. listed on the MTA (Mercato Telematico Azionario) or purchase an interest representing at least 66.67% of Rai Way's share capital.

Additional information on the terms and conditions of the offer may be found in the above-mentioned announcement.

Outlook

Digital Terrestrial is showing itself to be the reference platform in the Italian broadcasting market, with a growing interest arising in testing new transmission techniques (DVB-T2) aimed mainly at the terrestrial broadcasting of HD television programmes. The development of the radiophonic broadcasting service in DAB+ digital technology and the expansion of the LTE service in terms of population coverage by mobile telephone operators continue.



The main lines of development are based on providing new services to RAI, the consideration of which is not included in the fees of the current service contract, together with a commercial focus on third-party customers, namely TV and radio broadcasters and telecommunication operators.

Rai Way is forecasting for 2015:

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

Notice of call for the Shareholders' Meeting

The Board of Directors has resolved to call an ordinary Shareholders' Meeting at 11:00 a.m. on 28 April 2015 in first call at the offices of RAI S.p.A., Viale Mazzini 14. The Shareholders' Meeting will be asked to adopt resolutions on the following matters:

- the approval of the individual statutory accounts for the year ended 31 December 2014 and the proposal for the allocation of profit for the year and the partial distribution of the retained earnings reserve;
- the appointment of the Board of Statutory Auditors and its Chair (on the basis of lists to be submitted pursuant to the applicable provisions of law and the bylaws) and the determination of the relative fees;
- the matters as per article 123-ter, paragraph 6 of Legislative Decree no. 58/1998 with regard to the Remuneration Report approved by the Board of Directors.

Rai Way announces that today Thursday 12 March 2015 at 17:30 CET the 2014 results 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:

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



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.

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)	2013PF	2014PF	2013	2014
Core revenues	208,4	207,4	118,3	167,3
Other revenues	2,5	3,9	2,5	3,9
Purchase of consumables	(1,9)	(1,7)	(1,9)	(1,7)
Service costs	(51,8)	(56,2)	(55,2)	(57,8)
Personnel costs	(49,7)	(45,4)	(49,7)	(45,4)
Other costs	(3,0)	(3,3)	(3,0)	(3,3)
Opex	(106,4)	(106,7)	(109,8)	(108,2)
D&A	(52,2)	(50,1)	(1,5)	(25,5)
Provisions	(1,2)	(0,4)	(1,2)	(0,4)
Net Operating profit	51,1	54,2	8,4	37,0
Net Finance income	(3,1)	(2,0)	6,7	2,0
Profit before income taxes	48,0	52,1	15,1	39,0
Income taxes	(17,2)	(18,6)	(6,6)	(14,4)
Profit for the year	30,8	33,6	8,5	24,6
EBITDA	104,5	104,6	11,0	62,9
IPO-related costs	0,0	0,5	0,0	0,5
Restructuring costs (lay-off incentive)	3,6	0,0	3,6	0,0
Adj. EBITDA	108,0	105,1	14,6	63,4
<i>Adj. EBITDA margin</i>	<i>51,8%</i>	<i>50,7%</i>	<i>12,3%</i>	<i>37,9%</i>



Balance Sheet

(€m)	2013	2014
Non current assets		
Tangible assets	0,3	243,1
Intangible assets	0,0	0,6
Non-current financial assets	0,2	0,6
Non-current tax assets	5,3	5,4
Total non current assets	5,8	249,8
Current assets		
Inventories	21,1	0,9
Trade receivables	50,4	64,4
Other receivables and current assets	1,8	4,4
Current financial assets	250,0	0,7
Cash	0,0	14,7
Tax assets	0,4	0,3
Total current assets	323,6	85,3
Total assets	329,3	335,1
Equity		
Share capital	70,2	70,2
Legal reserves	6,3	6,9
Other reserves	37,1	37,1
Retained earnings	28,1	39,6
Total equity	141,7	153,8
Non-current liabilities		
Non-current financial liabilities	1,2	80,6
Employee benefits	19,5	21,3
Provisions for risks and charges / Allowances	12,8	18,6
Other non-current liabilities	0,0	0,0
Total non-current liabilities	33,5	120,5
Current liabilities		
Commercial debt	83,0	36,0
Other debt and current liabilities	11,1	21,7
Current financial liabilities	57,4	0,3
Tax liabilities	2,7	2,9
Total current liabilities	154,2	60,8
Total net equity and liabilities	329,3	335,1



Cash Flow Statement

(€m)	2013	2014
Earnings before taxes	15,1	39,0
D&A	1,5	25,5
Provisions and others	1,9	(0,0)
Net financial income	(6,7)	(2,0)
Other non-monetary items	(0,3)	0,1
Net operating CF before change WC	11,5	62,6
Change in inventories	(0,1)	(0,0)
Change in account receivables	17,9	(14,3)
Change in account payables	8,9	(47,0)
Change in other assets	2,0	(0,2)
Change in other liabilities	1,0	0,9
Use of funds	(3,7)	(0,6)
Payment of employee benefits	(4,9)	(2,8)
Change in tax credit/liabilities	(0,1)	0,2
Taxes paid	(4,5)	(7,0)
Net operating cash flow	28,2	(8,3)
Investment in tangible assets	(0,1)	(14,1)
Sale of tangible assets	0,0	0,2
Investment in intangible assets	0,0	(0,5)
Sale of intangible assets	0,0	0,0
Financial lease cash-out	(22,9)	(6,4)
Financial lease cash-in	64,2	31,1
Cash-in from financing	0,0	79,5
Change in non-current financial assets	0,0	(0,4)
Interest received	9,6	4,1
Investing cash flow	50,8	93,6
Repayment of long-term debt	(0,1)	(0,1)
Change in current financial assets		(0,7)
(Decrease)/increase in liabilities	(76,4)	(57,2)
Interest paid	(2,4)	(1,4)
Dividends paid	0,0	(11,2)
Financing cash flow	(79,0)	(70,6)
Change in cash and cash equivalent	0,0	14,7
Cash and cash eq (Beg. of Period) ⁽¹⁾	0,0	0,0
Cash and cash eq (End of Period) ⁽¹⁾	0,0	14,7

* For a better understanding of the contents of the table it should be noted that 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.