



RAI WAY S.P.A.: THE BOARD OF DIRECTORS APPROVES THE DRAFT FINANCIAL STATEMENTS AT 31 DECEMBER 2015

- **Key results for the year ended 31 December 2015 (vs 31 December 2014 pro-forma¹):**
 - Revenues of € 212.3m (€ 207.4m at 31 December 2014);
 - EBITDA² of € 107.8m (€ 104.6m at 31 December 2014);
 - Operating profit (EBIT) of € 61.9m (€ 54.2m at 31 December 2014);
 - Net profit of € 38.9m (€ 33.6m at 31 December 2014);
 - Earnings per share (EPS) of € 0.1432 (€ 0.1234 at 31 December 2014)
- **Investments of € 30.1m, out of which € 12.1m as development capex**
- **Net debt of € 41.6m, compared to € 65.5m at 31 December 2014**
- **Proposed dividend of 0.1432 €/share, in line with 2015 Net profit**
- **Resignation of the Chairman from the Board of Directors with effect from the next Shareholders' Meeting**
- **An Ordinary Shareholders' Meeting has been called for 28 April 2016**
- **Proposed plan for purchase and disposal of treasury shares**

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), qualifies it 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 year ended 31 December 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 year ended 31 December 2014 were as follow: revenues of €167.3m; EBITDA of €62.9m; operating profit (EBIT) of €37.0m; net profit of €24.6m

²The 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



Rome, 21 March 2016 – The Board of Directors of Rai Way S.p.A. (Rai Way), met today under the chairmanship of Camillo Rossotto, examined and unanimously approved the Company's draft of the financial statements for the year ended 31 December 2015.

"2015 was characterized by a strong improvement in operational efficiencies as well as investments in capital projects to stimulate new revenues streams," Camillo Rossotto, Rai Way Chair stated.

Key Results at 31 December 2015

Although operating in a still weak economic environment, characterized in Italy by a modest increase in GDP and inflation close to zero, in 2015 Rai Way has on the one hand confirmed its strong propensity to growth, establishing itself in the new role taken on as a result of the listing process, and on the other completed its first strategic initiatives, in terms of sales, innovation and optimization of resources, designed to achieve the targets set in the Group's 2015-2019 Business Plan approved on 29 September 2015.

The Company's **revenues** amount to € 212.3 million for the year ended 31 December 2015, an increase of 2.4% over € 207.4 million as represented in the 2014 pro-forma results. Revenues from RAI, equal to € 177.4 million, reflect the new Service Contract and additional 2015 initiatives. Revenues from third-party customers amount to € 34.9 million.

EBITDA amounts to € 107.8 million, an increase of 3.1% over € 104.6 million in the 2014 pro-forma results, representing a margin on revenues of 50.8% (50.4% in 2014). In 2015, EBITDA includes non-recurring expenses of € 1.6 million (€ 0.5 million in 2014).

Operating profit (EBIT) amounts to € 61.9 million, an increase of 14.2% over € 54.2 million in the 2014 pro-forma results, benefiting from lower amortisation and depreciation charges.

Net profit amounts to € 38.9 million, an increase of 16.0% compared to the 2014 pro-forma results of € 33.6 million.



In 2015, **investments** in active and passive infrastructure amount to € 30.1 million, of which € 12.1 million relates to development initiatives (€ 21.0 million in 2014³, fully related to maintenance activities).

Net invested capital⁴ amounts to € 200.9 million, with **net debt** closing at € 41.6 million compared to € 65.5 million at 31 December 2014.

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 € 1.9 million of the net profit for 2015 to the legal reserve and to distribute the balance of € 37.0 million as a dividend to Shareholders, with a further amount of € 2.0 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 € 0.1432 per each outstanding ordinary share, to be paid on 25 May 2016 and with record date (the date which determines the Shareholders entitled to receive the dividend) set at 24 May 2016, with the share going ex-dividend on 23 May 2016 on detachment of coupon no. 2.

Outlook

The key drivers of growth for the Company will continue to be 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.

The expected increase in revenues will be associated with a continued strong focus on costs optimization.

Rai Way is forecasting for 2016:

³ Capex in 2014 consists of investments in tangible assets, 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 invested capital is calculated as the sum of fixed capital, working capital and non-current financial assets



- Adjusted EBITDA of approximately € 110 million;
- maintenance capex below 10% of core revenues.

Resignation of the Chair

The Chair of the Board of Directors, Mr. Camillo Rossotto, today resigned as director and accordingly also as Chair of the Board of Directors with effect from the next Shareholders' Meeting given the new professional positions he has recently taken on. Mr. Rossotto, a non-executive and non-independent director, is not a member of any board committee. In the name of the entire Board of Directors, the Chief Executive Officer would like to thank Mr. Rossotto for his important leadership.

Notice of call for the Shareholders' Meeting

The Board of Directors has resolved to call an ordinary Shareholders' Meeting on 28 April 2016 in single call at 11:00 a.m. at the offices of RAI S.p.A. in Viale Mazzini 14. The Shareholders' Meeting will be asked to adopt resolutions – in addition to the approval of the 2015 annual financial statements and the proposal for the allocation of net profit for the year and the partial distribution of retained earnings – on the appointment of two directors to the Board of Directors and the possible appointment of the Chair of the Board of Directors (given that the term in office of the director Mr. Nicola Claudio will expire with the Shareholders' Meeting, as he was coopted onto the board, and that the above resignation of the Chair of the Board of Directors will also take effect), as well as on the proposal to authorize the purchase and disposal of treasury shares and on the Remuneration Report pursuant to article 123-ter of paragraph 6 of Legislative Decree no. 58/1998.



Proposal to the Shareholders' Meeting to authorize the purchase and disposal of treasury shares

With reference to the proposal to authorize the purchase and disposal of treasury shares, the Board of Directors has resolved to recommend to the Shareholders' Meeting to authorize, for the period of eighteen months following the date of the Shareholders' Meeting approval, the purchase of treasury shares in one or more instalments up to a maximum of 10% of share capital at a price that shall not be lower or higher by more than 20% of the weighted average of the official stock market prices of the shares recorded by Borsa Italiana S.p.A. in the session preceding each individual transaction, by any of the means permitted by current legislation, excluding the faculty of purchasing treasury shares through the purchase and sale of derivative instruments traded on regulated markets that envisage the physical delivery of the underlying shares. The purpose of this transaction is to enable the Company – which does not currently hold any treasury shares – to have an important means of flexibility at its disposal which can be used for:

- investing liquidity in the medium- and long-term or in any case taking advantage of market opportunities;
- limiting, in accordance with current provisions, unusual movements in quotations and regularizing trends in trading and prices in situations of temporary distortions due to an excess of volatility or a low level of trading liquidity;
- creating a portfolio of treasury shares that can then be deployed for uses considered to be of interest to the Company, including the servicing of stock incentive plans or the issuing of bonus shares to shareholders.

At the same time, the proposal will also be made to authorize the disposal of treasury shares, for the above purposes and without any time limit, at a price or, in any case, in accordance with criteria and conditions established by the Board of Directors having regard to the procedures to be actually deployed, the trend in prices of the shares in the period preceding the transaction and the Company's best interest, by whatsoever means suitable for complying with the objectives pursued, in compliance with current laws and regulations. For further information reference should be made to the Report of the Board of Directors on the authorization proposal which will be published in accordance with the prescribed procedures (including publication on the Company's website www.rairway.it)



under the section Corporate Governance/Shareholders' Meeting of 28 April 2016) and within the prescribed time periods.

Rai Way announces that today, Monday 21 March 2016 at 5:30pm CET the 2015 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.rairway.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.

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; %)	4Q14	4Q15	FY14	FY14 PF	FY15
Core revenues	52.2	54.1	167.3	207.4	212.3
Other revenues	0.9	(0.0)	3.9	3.9	0.5
Purchase of consumables	(0.5)	(0.6)	(1.7)	(1.7)	(1.5)
Service costs	(14.9)	(13.2)	(57.8)	(56.2)	(52.2)
Personnel costs	(12.3)	(13.8)	(45.4)	(45.4)	(47.6)
Other costs	(1.2)	(1.0)	(3.3)	(3.3)	(3.7)
Opex	(28.9)	(28.6)	(108.2)	(106.6)	(105.0)
Depreciation and amortization	(12.5)	(10.3)	(25.5)	(50.1)	(45.4)
Provisions	(0.4)	(0.6)	(0.4)	(0.4)	(0.6)
Net Operating profit	11.3	14.6	37.0	54.2	61.9
Net Finance income	(0.6)	(1.3)	2.0	(2.0)	(2.9)
Profit before income taxes	10.7	13.2	39.0	52.1	58.9
Income taxes	(4.0)	(4.5)	(14.4)	(18.6)	(20.0)
Profit for the year	6.7	8.8	24.6	33.6	38.9
EBITDA	24.2	25.5	62.9	104.6	107.8
<i>EBITDA margin</i>	46.4%	47.1%	37.6%	50.4%	50.8%
Non recurring expenses	-0.5	-1.5	-0.5	-0.5	-1.6
Adjusted EBITDA	24.7	26.9	63.4	105.1	109.4
<i>Adjusted EBITDA margin</i>	47.3%	49.8%	37.9%	50.7%	51.5%



Balance Sheet

(€m)	2014FY	2015FY
Non current assets		
Tangible assets	243.1	224.5
Intangible assets	0.6	1.8
Non-current financial assets	0.6	0.5
Non-current tax assets	5.4	4.5
Total non-current assets	249.8	231.3
Current assets		
Inventories	0.9	1.0
Trade receivables	64.4	70.3
Other receivables and current assets	4.4	4.5
Current financial assets	0.7	0.3
Cash	14.7	78.9
Tax assets	0.3	0.5
Total current assets	85.3	155.5
TOTAL ASSETS	335.1	386.8
Equity		
Share capital	70.2	70.2
Legal reserves	6.9	8.1
Other reserves	37.1	37.1
Retained earnings	39.6	43.9
Total equity	153.8	159.3
Non-current liabilities		
Non-current financial liabilities	80.6	90.6
Employee benefits	21.3	20.3
Provisions for risks and charges / Allowances	18.6	18.4
Other non-current liabilities	0.0	0.0
Non-current tax liabilities	0.0	0.0
Total non-current liabilities	120.5	129.3
Current liabilities		
Commercial debt	36.0	37.2
Other debt and current liabilities	21.7	28.3
Current financial liabilities	0.3	30.2
Tax liabilities	2.9	2.5
Total current liabilities	60.8	98.3
TOTAL NET EQUITY AND LIABILITIES	335.1	386.8



Cash Flow Statement

(€m)	4Q2014	4Q2015	FY2014	FY2015
Earnings before taxes	10.7	13.2	39.0	58.9
Depreciation and amortization	12.5	10.3	25.5	45.4
Provisions and others	0.4	1.9	(0.0)	0.7
Net financial Income	0.5	0.3	(2.0)	1.9
Other non-monetary items	0.3	0.0	0.1	0.0
Net operating CF before change in WC	24.4	25.8	62.6	106.9
Change in inventories	(0.0)	(0.0)	(0.0)	(0.1)
Change in accounts receivable	6.2	7.5	(14.3)	(4.1)
Change in accounts payable	(3.8)	1.3	(47.0)	1.2
Change in other assets	0.6	0.9	(0.2)	(0.1)
Change in other liabilities	(8.0)	(8.3)	0.9	1.2
Use of funds	(0.3)	(1.7)	(0.6)	(1.9)
Payment of employee benefits	(1.0)	(0.3)	(2.8)	0.1
Change in tax credit/liabilities	1.0	0.9	0.2	(0.2)
Taxes paid	(1.6)	(1.7)	(7.0)	(14.2)
Net operating cash flow	17.5	24.3	(8.3)	88.9
Investment in tangible assets	(9.4)	(14.9)	(14.1)	(28.6)
Sale of tangible assets	0.2	0.2	0.2	0.3
Investment in intangible assets	(0.2)	(1.3)	(0.5)	(1.6)
Sale of intangible assets	0.0	0.1	0.0	0.1
Financial lease cash-out	0.0	0.0	(6.4)	0.0
Financial lease cash-in	0.0	0.0	31.1	0.0
Change in other non-current assets	0.0	0.0	0.0	0.0
Change in non-current financial assets	(0.2)	0.0	(0.4)	0.1
Interest received	0.0	0.0	4.1	0.1
Investing cash flow	(9.6)	(15.8)	14.1	(29.6)
(Decrease)/increase in long-term debt	79.4	(0.0)	79.4	10.0
(Decrease)/increase in current liabilities	(71.6)	(0.4)	(57.2)	29.9
Change in current financial assets	(0.7)	0.1	(0.7)	0.4
Interest paid	(0.3)	(0.5)	(1.4)	(1.8)
Dividends paid	0.0	0.0	(11.2)	(33.6)
Financing cash flow	6.8	(0.8)	8.9	5.0
Change in cash and cash equivalent	14.7	7.7	14.7	64.3
Cash and cash eq (Beg. of Period) ^(*)	0.0	71.2	0.0	14.7
Cash and cash eq (End of Period)	14.7	78.9	14.7	78.9

* For a better understanding of the contents of the table it should be noted that, up until 9M2014, under a centralised treasury agreement, the Company's financial management was entrusted to the Parent Company RAI through a cash-pooling system that provided 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 was recognised as a receivable from or payable to Rai under the item "short-term financing and other financing". The Company's cash balance was therefore always zero