



RAI WAY S.P.A.: RESULTS FOR THE FIRST HALF 2017 APPROVED, REPORTING AN INCREASE IN NET INCOME OF 39.4%

- **Key results for the half-year ended 30 June 2017 (vs 30 June 2016):**
 - Revenues of € 108.0m (+1.3%);
 - Adjusted EBITDA of € 56.8m (+2.0%);
 - Operating profit of € 39.7m (+29.1%);
 - Net profit of € 27.4m (+39.4%);
- **Investments of € 12.4m**
- **Net debt of € 43.0m (€ 9.4m at 31 December 2016)**

Rome, 27 July 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 Financial Statements for the half-year ended 30 June 2017.

"A semester in which we have started up new initiatives for growth and innovation, further focusing our business action. We are seeking new opportunities for revenues, at the same time continuing to support RAI in its core and development activities. The financial results are in line with expectations, with a strong increase in net income of 39%," Aldo Mancino, Rai Way CEO stated.

Key Results for the first half 2017

The Company's **revenues** amount to € 108.0 million for the semester ended 30 June 2017, an increase of 1.3% over € 106.6 million for the first half of 2016 results. Revenues from RAI, amounting € 90.6 million, increased by the contribution of € 2.3 million from new initiatives.



Revenues from third-party customers rise to € 17.4 million and reflect the impact of the agreement with the Norba Group.

Adjusted EBITDA amounts to € 56.8 million, an increase of 2.0% over € 55.6 million in the first half 2016 mainly as a result of higher revenues, operating leverage and cost control, with a margin on revenues of 52.6% (52.2% in the first half 2016). Including the impact of non-recurring items (€ 0.6m in the first half 2017 compared to € 3.4m in the first half 2016), **EBITDA¹** amounts to € 56.1 million, an increase of 7.5% over € 52.2 million in the first half 2016 results.

Operating profit (EBIT) amounts to € 39.7 million, an increase of 29.1% over € 30.8 million in the first half 2016 results, benefiting from lower depreciation and amortisation charges.

Net profit amounts to € 27.4 million, an increase of 39.4% over € 19.6 million in the first half 2016 results.

In the first half of 2017, **investments** amount to € 12.4 million, of which € 8.6 million relate to development and M&A activities (€ 4.8 million in the first six months of 2016, of which € 1,5 million in development activities).

Net invested capital² amounts to € 190.3 million, with **net debt** closing at € 43.0 million compared to € 9.4 million at 31 December 2016, mainly driven by dividend and tax payment. Excluding these impacts, the net debt declines compared to the level of the first half 2016.

Outlook for 2017

The results of the first semester 2017 are in line with Company's expectations. The outlook for the full year 2017, disclosed to the market on 9 March 2017, is therefore confirmed. In particular, Rai Way is forecasting:

- Adjusted EBITDA to continue in the growth trajectory of recent years;
- Maintenance capex to remain in line with long-term target.

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



Upon completion of the consolidation process, the wholly owned company Sud Engineering S.r.l. has been merged by incorporation into Rai Way effective from June 22nd, 2017, with accounting and tax effects retroactive from March 1st, 2017.

Rai Way announces that today, Thursday 27 July 2017 at 5:30pm CET the results of the first semester 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.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.

For more information:**Investor Relations**

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Income Statement

(€m; %)	2Q16	2Q17	1H16	1H17
Core revenues	53.9	54.2	106.6	108.0
Other revenues	0.1	0.0	0.1	0.0
Purchase of consumables	(0.4)	(0.3)	(0.6)	(0.6)
Service costs	(12.5)	(12.7)	(24.5)	(24.9)
Personnel costs	(15.4)	(12.3)	(27.5)	(24.6)
Other costs	(0.9)	(1.1)	(1.8)	(1.9)
Opex	(29.2)	(26.4)	(54.5)	(51.9)
Depreciation and amortization	(10.7)	(8.3)	(21.3)	(16.5)
Provisions	(0.2)	0.0	(0.2)	0.0
Net Operating profit	14.0	19.6	30.8	39.7
Net Finance income (expenses)	(0.5)	(0.4)	(1.1)	(0.8)
Profit before income taxes	13.5	19.2	29.7	38.9
Income taxes	(4.5)	(5.6)	(10.0)	(11.5)
Profit for the year	8.9	13.6	19.6	27.4
EBITDA	24.8	27.8	52.2	56.1
<i>EBITDA margin</i>	46.0%	51.4%	49.0%	52.0%
Non recurring expenses	(3.4)	(0.6)	(3.4)	(0.6)
Adjusted EBITDA	28.3	28.5	55.6	56.8
<i>Adjusted EBITDA margin</i>	52.4%	52.6%	52.2%	52.6%



Balance Sheet

(€m)	2016FY	1H2017
Non current assets		
Tangible assets	205.2	195.2
Intangible assets	2.2	10.6
Financial assets, holdings and other non-current assets	0.5	0.4
Non-current tax assets	5.0	3.1
Total non-current assets	212.8	209.3
Current assets		
Inventories	0.9	0.9
Trade receivables	67.0	73.0
Other receivables and current assets	4.4	6.0
Current financial assets	0.2	0.3
Cash	81.3	45.0
Tax assets	0.3	0.3
Total current assets	154.1	125.6
TOTAL ASSETS	366.9	334.9
Equity		
Share capital	70.2	70.2
Legal reserves	10.1	12.2
Other reserves	37.0	37.0
Retained earnings	44.3	28.0
Total equity	161.5	147.3
Non-current liabilities		
Non-current financial liabilities	60.7	45.7
Employee benefits	18.7	17.8
Provisions for risks and charges / Allowances	18.8	18.1
Other non-current liabilities	0.0	0.0
Non-current tax liabilities	0.0	0.0
Total non-current liabilities	98.2	81.6
Current liabilities		
Commercial debt	41.2	35.4
Other debt and current liabilities	33.6	25.7
Current financial liabilities	30.3	42.7
Tax liabilities	2.2	2.2
Total current liabilities	107.2	106.0
TOTAL NET EQUITY AND LIABILITIES	366.9	334.9



Cash Flow Statement

(€m)	2Q2016	2Q2017	1H2016	1H2017
Earnings before taxes	13.5	19.2	29.7	38.9
Depreciation and amortization	10.7	8.3	21.3	16.5
Provisions and others	0.8	(0.3)	1.3	0.6
Net financial Income	0.5	0.3	1.0	0.7
Other non-monetary items	0.0	0.0	0.0	0.0
Net operating CF before change in WC	25.4	27.5	53.3	56.6
Change in inventories	0.1	0.0	0.1	0.0
Change in accounts receivable	14.1	8.5	3.0	(5.9)
Change in accounts payable	0.5	0.3	(2.2)	(7.3)
Change in other assets	0.4	0.1	(0.9)	(1.6)
Change in other liabilities	(2.8)	(6.5)	8.2	2.2
Use of funds	(0.2)	(0.5)	(0.3)	(0.5)
Payment of employee benefits	(2.0)	(1.1)	(2.6)	(1.7)
Change in tax credit/liabilities	0.6	0.9	(1.2)	0.0
Taxes paid	(1.0)	(21.1)	(1.0)	(21.1)
Net operating cash flow	35.0	8.0	56.3	20.7
Investment in tangible assets	(2.5)	(2.9)	(4.5)	(4.7)
Sale of tangible assets	0.1	0.1	0.1	0.1
Investment in intangible assets	(0.2)	(0.3)	(0.2)	(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	0.0
Companies consolidation	0.0	(0.3)	0.0	(7.4)
Investing cash flow	(2.6)	(3.4)	(4.7)	(12.2)
(Decrease)/increase in medium/long-term debt	(0.0)	(0.1)	(15.0)	(15.1)
(Decrease)/increase in current financial liabilities	0.2	10.3	0.1	12.2
Change in current financial assets	(0.0)	(0.1)	(0.3)	(0.1)
Interest paid	0.0	(0.1)	(0.4)	(0.4)
Dividends paid	(39.0)	(41.8)	(39.0)	(41.8)
Financing cash flow	(38.8)	(31.8)	(54.6)	(45.2)
Change in cash and cash equivalent	(6.3)	(27.1)	(3.0)	(36.7)
Cash and cash equivalent (beginning of period)	82.3	72.1	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)	76.0	45.0	76.0	45.0