



**RAI WAY S.P.A.: THE BOARD OF DIRECTORS APPROVES
THE 2015-2019 INDUSTRIAL PLAN**

- **Key targets for 2019:**

Euro Million	Target 2019	CAGR 2015-19
Revenues	230	2.1%
Adjusted EBITDA¹	123	3.6%
Adjusted EBITDA margin	53.4%	
Net income	57	10.9%
Normalized FCFE²	75	4.8%

Rome, 28 September 2015 - The Board of Directors of Rai Way S.p.A. (Rai Way) met today under the chairmanship of Camillo Rossotto and examined and unanimously approved the Industrial Plan for the period 2015-2019.

“At less than one year after our listing” Camillo Rossotto stated: “Rai Way has organically established its guidelines for growth: a focus on core business and operational efficiency initiatives with the resulting expansion of our margins and ability to generate cash”.

Strategic guidelines of the Industrial Plan

Rai Way's 2015-2019 Industrial Plan is based on a detailed analysis of the expected trends in the industry in which it operates and its competitive positioning, and represents a

¹ EBITDA before non-recurring items

² Normalized Free Cash Flow to Equity (FCFE) is defined as adjusted EBITDA – financial expense – P&L taxes (adjusted by impact of restructuring costs) – Maintenance Capex.



development of its strategic guidelines that is fully consistent with the enhancement achieved through the listing process, successfully completed on 19 November 2014.

In the TV & Radio Broadcasting segment, the Plan envisages that Digital Terrestrial will prove to be the benchmark platform in the Italian market, with the key growth opportunities deriving from a reorganization of the frequencies for regional TV (as a result of the planning process initiated by AGCom – Autorità per le Garanzie nelle Comunicazioni in 2014), an increasing demand for the broadcasting of content and programs in HD and the testing of new transmission techniques to be deployed for a more efficient use of the radio spectrum (DVB-T2).

In addition, the radiophonic market is expected to see the progressive development of the DAB+ digital technology, which will involve both RAI and the consortium of national and regional radio broadcasters.

In the telecommunications market, the use of bandwidth-intensive applications and services will continue to stimulate the rise in data traffic and the resulting development of networks able to support it. The impact of the potential steps to efficiency being taken by the leading mobile operators, also as a result of the increased presence on the market of telecom tower operators, is expected to be offset by the new broadband services (backhauling, B2B telecom, etc.) that Rai Way will provide.

In addition, further growth is expected in Fixed Wireless Access provider activities, especially in rural and extra-urban areas, also in line with the ultra-broadband plan being promoted by the Italian Government.

Within this scenario, Rai Way is aiming to achieve the following objectives over the period of the Industrial Plan:

- Consolidation of the Company's leadership in the TV & Radio Broadcasting market through a more marked commercial focus which, in the context of market changes and opportunities described above and leveraging on existing infrastructure and skills, expands the Company's activities with leading national and regional operators and strengthens its competitive positioning;
- Broadening of the offer to RAI by providing new services, the consideration of which is not included in the fees of the current contract;



- Diversification of the offer for third-party customers in both the TV & Radio Broadcasting market and the telecommunications market, mainly through the introduction of wireless broadband services enabled by the upgrade of Rai Way's network capacity;
- An increase in operating efficiency, by optimizing costs, adopting organizational improvements and reducing maintenance capex, above all in the active infrastructure component.

In addition, in order to strengthen its market position, Rai Way will assess any opportunities for external growth, including acquisitions.

Economic and financial objectives

The Industrial Plan – prepared on the assumption of a CPI³ of 0.20% in 2015, 1.00% in 2016 and 1.25% from 2017 and beyond (with the effect on the following year's revenues) – sets the following economic and financial objectives:

- **Revenues** estimated at € 230 million in 2019, with an average growth rate (CAGR) of 2.1% for the period 2015-2019:
 - . **Revenues from RAI** estimated at € 193 million in 2019 (2015-19 CAGR of 2.1%), including new services of approximately € 10 million in the final year of the plan;
 - . **Revenues from third-parties** estimated at € 37 million in 2019 (2015-19 CAGR of 2.4%), including “opportunistic initiatives” relating to small M&A and development of the Fiber to the Tower model;
- **Adjusted EBITDA** estimated at € 123 million in 2019 (2015-19 CAGR of 3.6%), with a margin as a percentage of revenues increasing to 53.4%. Adjusted EBITDA will benefit from the increase in revenues and a substantially constant cost base (2015-2019 CAGR of 0.3%), with the steps taken to improve operating efficiencies offsetting the increase in costs arising from the new initiatives;
- **Net income** estimated at € 57 million in 2019 (2015-19 CAGR of 10.9%), as a result of the increase in EBITDA and a decrease in amortization and depreciation;
- **Maintenance capex** progressively decreasing over the timeframe of the plan, with a target of approximately 8.5% as a percentage of revenues in 2019 (compared to

³ Consumer Price Index



approximately 11% in 2015), due in particular to the optimization of the active infrastructure component;

- **Development capex** between 2015 and 2019 directed towards:
 - . New services to RAI of approximately € 47 million, cumulative;
 - . New services to third party customers of approximately € 5 million, cumulative;
 - . Opportunistic initiatives relating to small M&As and the development of the Fiber to the Tower model totaling approximately € 15 million, cumulative;
- Cash generation, expressed as **Normalized Free Cash Flow to Equity**⁴, estimated at € 75 million in 2019 (2015-19 CAGR of 4.8%).

The Plan is based on a stable dividend policy over the period, with a pay-out ratio of 100% of net income.

Given the high predictability of revenues and the generation of cash ensured by the business model, the current capital structure will provide full financial flexibility.

The strategic guidelines and objectives of the Company's 2015-19 Industrial Plan will be presented to the financial community as part of "Investor Day 2015", which will begin at 10:00 am CET tomorrow 29 September 2015 in Studio TV3 RAI at Corso Sempione 27, Milan. It will be also possible to follow the presentation via audio webcast on the website www.raiway.it and via conference call by dialing the following numbers:

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

The presentation supporting the event will be available in advance on the Company's website www.raiway.it in the Investor Relations section.

A replay of the conference call will be available after the event in the Investor Relations – Events kit section of the website www.raiway.it.

⁴ Normalized Free Cash Flow to Equity (FCFE) is defined as adjusted EBITDA – financial expense – P&L taxes (adjusted by impact of restructuring costs) – Maintenance Capex.



Revision of the financial calendar

Pursuant to article 2.6.2 of the Regulations of Borsa Italiana S.p.A., as an amendment to its previous announcement Rai Way hereby states that the meeting of the Board of Directors to approve the Interim Financial Report at 30 September 2015 will now be held on 4 November 2015.

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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Key assumptions and financial indicators

(%)	2015E	2016E	2017E	2018E	2019E
CPI	0.20%	1.00%	1.25%	1.25%	1.25%

(€m; %)	2014A	2015E	2019E	CAGR 2015-19
Revenues	207	212	230	2.1%
Revenues from RAI	172	178	193	2.1%
Revenues from 3rd Parties	35	34	37	2.4%
Adjusted EBITDA	105	107	123	3.6%
Adj. EBITDA margin	50.7%	50.3%	53.4%	
Net Income	34	37	57	10.9%
Maintenance capex	23	24	19	
Maintenance capex / Revenues	11.1%	~11%	~8,5%	
Normalized FCFE	61	62	75	4.8%

2015-19 cumulated investments for new services to RAI	~47
2015-19 cumulated investments for new services to 3rd Parties	~5
2015-19 cumulated investments for opportunistic initiatives	~15