RAI WAY APPROVES THE DRAFT FINANCIAL STATEMENTS AT 31 DECEMBER 2017 WITH A 35% GROWTH OF NET INCOME

- **Key results for the year ended 31 December 2017 (*vs* 31 December 2016):**
  - **Revenues of € 216.2m (+0.5%);**
  - **Adjusted EBITDA of € 115.5m (+3.8%);**
  - **Operating profit (EBIT) of € 81.4m (+24.1%);**
  - **Net profit of € 56.3m (+34.6%);**
  - **Earnings per share of €cent 20.7 (+34.6%)**
- **Capex of € 23.7m (€ 19.5m at 31 December 2016)**
- **Net debt of € 4.8m (€ 9.4m at 31 December 2016)**
- **Proposed dividend of 20.26 €cent/share, for a total amount broadly in line with 2017 Net profit and a dividend yield equal to 4.4%[1]**
- **New plan for purchase and disposal of treasury shares proposed**

Rome, 21 March 2018 – 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 draft of the financial statements for the year ended 31 December 2017.

[1] Dividend yield based on the closing price recorded on 20 March 2018 on MTA Stock Exchange managed by Borsa Italiana (4.60 €/share)

Aldo Mancino, CEO of Rai Way, stated: "*In 2017 Rai Way improved all the key economic and financial performance indicators, with Net Income rising by more than one third at the highest level recorded since IPO, confirming the ability to achieve its targets. During a year that kicked-off a phase of great dynamism related to the upgrade of the broadcasting networks, the Company focused on some main streams of action: strengthening of the competitive positioning through the review of the commercial proposition and the focus on the sector consolidation and progress of the efficiency initiatives. Moreover, great effort has been put on innovation. The results achieved so far and the solidity of the Company allow us to look forward into 2018 and the next challenges with the confidence of being able to consolidate a leading role and to continue generating value for our shareholders*".

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Key Results at 31 December 2017

With the economy showing the first signs of recovery and return to a moderate inflation, 2017 results confirm the growing trends of all the main economic and financial indicators.

Regarding the provision of evolutionary services to the main customer, Rai, activities to bring the entire bouquet of Rai HD channels on satellite platform have been completed and the offer of radio stations available on satellite and digital terrestrial platforms has been enlarged. Contracts have also been finalized to roll out the DAB+ network to cover Northern Italy Highways and to renew and upgrade some radio links equipment in light of the imminent reallocation of the 3.6-3.8 GHz band.

Commercial activities, on the back of the strengthening of the Business Development departments and the review of the commercial proposition to customers, experienced raising interest in Rai Way's assets and know-how among national radio broadcasters and leading local TVs. In March, a multi-year agreement was finalized for the operation and maintenance of the radio and TV broadcasting network of Norba Group, the biggest Italian local operator in terms of audience. Rai Way infrastructure has also continued to support the broadband coverage of the digital divide areas via wireless networks.

2017 has been also important in terms of innovation. Indeed, Rai Way signed a number of cooperation agreements for the study and testing of technologies that will represent the future of broadcasting and telecommunication networks. These included participation in the 5G network trial in Bari and Matera, together with TIM, Fastweb and Huawei.

The Company's **revenues** amount to € 216.2 million for the year ended 31 December 2017, an increase of 0.5% over € 215.2 million as represented in the 2016 results. Revenues from RAI, equal to € 181.0 million, reflect the contribution for € 4.5 million from new initiatives. Revenues from third-party customers amount to € 35.2 million, an increase of 1.2% compared to previous year.

Adjusted EBITDA amounts to € 115.5 million, an increase of 3.8% over € 111.3 million in 2016 mainly benefiting from efficiency initiatives. The margin on revenues is at 53.4% (+1.7% compared to 51.7% in 2016). Including the impact of non-recurring expenses (€ 1.7 million in 2017 compared to € 6.8 million in 2016), **EBITDA**[2] amounts to € 113.8 million, representing an increase of 8.9% over € 104.5 million reported in the 2016 results.

Operating profit (EBIT) amounts to € 81.4 million, an increase of 24.1% over € 65.6 million in 2016 benefiting, on top of the higher Adjusted EBITDA, from a lower impact of non-recurring expenses and lower D&A.

Net profit amounts to € 56.3 million, an increase of 34.6% compared to the 2016 results of € 41.8 million.

In 2017, **investments** amount to € 23.7 million, of which € 11.2 million relate to development activities and M&A (€ 19.5 million in 2016, of which € 3.3 million in development activities).

Net invested capital[3] amounts to € 181.2 million, with **net debt** closing at € 4.8 million compared to € 9.4 million at 31 December 2016. Excluding the payment of the dividends and some temporary impacts on working capital, a solid cash generation is confirmed.

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

Proposal for the allocation of profit for the year

The Board of Directors of Rai Way adopted a resolution at today's meeting to propose to the Shareholders' Meeting – called in Ordinary Session and single call for 23 April 2018 at 11 a.m. in Rome at RAI - Radiotelevisione Italiana S.p.A. offices in Viale Mazzini n. 14[4] - the allocation of approx. € 1.9 million of the net profit for 2017 to the legal reserve and to distribute the balance of approx. € 54.4 million as a dividend to Shareholders, with a further amount to be distributed to Shareholders of approx. € 0.7 million from the "Retained earnings reserve". As a consequence, the proposal envisages the payment of a total gross dividend of € 0.2026 per each outstanding ordinary share, to be paid on 23 May 2018 and with record date (the date which determines the Shareholders entitled to receive the dividend) set at 22 May 2018, with the share going ex-dividend on 21 May 2018 on detachment of coupon no. 4.

Events occurred after the end of the period

On February 16 2018 Rai Way informed to have submitted, together with F2i Fondi Italiani per le Infrastrutture SGR S.p.A. ("F2i"), a joint binding offer, subject to certain conditions, in the context of the potential disposal process of Persidera S.p.A. ("Persidera"), launched by its shareholders. The offer, then later expired, envisaged a structure of the deal with F2i holding and managing the rights of use of the spectrum currently granted to Persidera for its DTT MUXes while Rai Way acquiring the network infrastructure and simultaneously signing a long-term agreement for the supply of broadcasting services.

Outlook

Rai Way is forecasting for 2018:

- Adjusted EBITDA to keep growing organically;
- Maintenance capex in the range of 9% of core revenues; going forward, the average level of 8,5% of core revenues is confirmed

[4] For details on the agenda of the Shareholders' Meeting, already disclosed in the press release issued on 8 March 2018, please refer to the notice of call issued on 14 March 2018

Proposal to the Shareholders' Meeting to authorize the purchase and disposal of treasury shares subject to revocation of the previous authorization

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 – subject to revocation of the authorization deliberated on 28 April 2017 and in keeping with the latter - 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 official stock market price 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 continue 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 - subject to revocation of the authorization already deliberated on 28 April 2017 - 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.raiway.it under the section Corporate Governance/Shareholders' Meeting/Meetings/Ordinary Meeting of 23 April 2018) and within the prescribed time periods.

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Rai Way announces that today, Wednesday 21 March 2018 at 5:30pm CET the 2017 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:

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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

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 around 600 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; %)	4Q16	4Q17	FY16	FY17
Core revenues	**53.9**	**54.1**	**215.2**	**216.2**
Other revenues	0.3	0.0	0.4	0.8
Purchase of consumables	(0.5)	(0.5)	(1.3)	(1.3)
Service costs	(15.2)	(13.9)	(52.9)	(50.9)
Personnel costs	(16.0)	(13.3)	(53.2)	(47.1)
Other costs	(1.0)	(1.1)	(3.6)	(3.8)
Opex	**(32.7)**	**(28.9)**	**(111.1)**	**(103.2)**
Depreciation and amortization	(6.2)	(9.6)	(38.3)	(34.5)
Provisions	(0.5)	2.1	(0.6)	2.1
Net Operating profit	**14.8**	**17.8**	**65.6**	**81.4**
Net Finance income (expenses)	(0.5)	(0.3)	(2.1)	(1.6)
Profit before income taxes	**14.3**	**17.4**	**63.5**	**79.7**
Income taxes	(5.1)	(5.2)	(21.6)	(23.5)
Profit for the year	**9.3**	**12.2**	**41.8**	**56.3**

EBITDA	**21.5**	**25.3**	**104.5**	**113.8**
EBITDA margin	*40.0%*	*46.7%*	*48.6%*	*52.6%*
Non recurring expenses	(3.3)	(1.3)	(6.8)	(1.7)
Adjusted EBITDA	**24.8**	**26.5**	**111.3**	**115.5**
Adjusted EBITDA margin	*46.1%*	*49.0%*	*51.7%*	*53.4%*

Balance Sheet

(€m)	2016FY	2017FY
Non current assets		
Tangible assets	205.2	188.7
Intangible assets	2.2	11.2
Financial assets, holdings and other non-current assets	0.5	0.4
Non-current tax assets	5.0	2.2
Total non-current assets	**212.8**	**202.4**
Current assets		
Inventories	0.9	0.9
Trade receivables	67.0	72.0
Other receivables and current assets (2)	4.7	5.4
Current financial assets	0.2	0.1
Cash	81.3	55.9
Current tax assets (1)(2)	0.0	0.0
Total current assets	**154.1**	**134.3**
TOTAL ASSETS	**366.9**	**336.7**
Equity		
Share capital	70.2	70.2
Legal reserves	10.1	12.2
Other reserves	37.0	37.0
Retained earnings	44.3	57.0
Total equity	**161.5**	**176.4**
Non-current liabilities		
Non-current financial liabilities	60.7	30.6
Employee benefits	18.7	16.4
Provisions for risks and charges / Allowances	18.8	16.0
Other non-current liabilities	0.0	0.0
Non-current tax liabilities	0.0	0.0
Total non-current liabilities	**98.2**	**63.0**
Current liabilities		
Commercial debt	41.2	37.7
Other debt and current liabilities (4)	35.2	28.9
Current financial liabilities	30.3	30.3
Current tax liabilities (3)(4)	0.6	0.4
Total current liabilities	**107.2**	**97.3**
TOTAL NET EQUITY AND LIABILITIES	**366.9**	**336.7**

(1) Previously “Tax assets”

(2) Tax assets other than current tax assets have been reallocated into “Other receivables and current assets”. 2016FY figures have been adjusted to reflect this reallocation for an amount of € 318k.

(3) Previously “Tax liabilities”

(4) Tax liabilities other than current tax liabilities have been reallocated into “Other debt and current liabilities”. 2016FY figures have been adjusted to reflect this reallocation for an amount of € 1,6m

Cash Flow Statement

(€m)	4Q2016	4Q2017	FY2016	FY2017
Earnings before taxes	**14.3**	**17.4**	**63.5**	**79.7**
Depreciation and amortization	6.2	9.6	38.3	34.5
Provisions and others	1.5	(0.7)	3.4	0.3
Net financial Income	0.4	0.3	1.9	1.4
Other non-monetary items	0.0	0.0	0.0	0.0
Net operating CF before change in WC	**22.5**	**26.6**	**107.1**	**116.0**
Change in inventories	0.0	0.0	0.1	0.0
Change in accounts receivable	12.7	6.6	3.4	(5.7)
Change in accounts payable	3.0	(2.2)	4.0	(5.0)
Change in other assets	0.9	1.3	0.1	(0.7)
Change in other liabilities	5.7	(8.9)	2.3	(5.4)
Use of funds	(0.3)	(0.6)	(0.9)	(1.3)
Payment of employee benefits	(1.6)	(1.2)	(4.7)	(4.0)
Change in tax credit/liabilities	(14.7)	0.9	0.0	(0.1)
Taxes paid	(1.7)	(2.0)	(19.1)	(23.1)
Net operating cash flow	**26.5**	**20.4**	**92.2**	**70.6**
Investment in tangible assets	(10.7)	(8.0)	(18.7)	(14.9)
Sale of tangible assets	0.0	0.1	0.1	0.1
Investment in intangible assets	(0.5)	(1.1)	(0.8)	(1.4)
Sale of intangible assets	0.0	0.0	0.0	0.0
Change in other non-current assets	(0.1)	(0.0)	(0.0)	0.0
Change in holdings	0.0	0.0	0.0	0.0
Change in non-current financial assets	0.1	0.0	0.1	0.1
Interest received	0.0	0.0	0.0	0.1
Companies consolidation	0.0	0.0	0.0	(7.4)
Investing cash flow	**(11.1)**	**(9.0)**	**(19.3)**	**(23.4)**
(Decrease)/increase in medium/long-term debt	(0.1)	(0.1)	(30.2)	(30.2)
(Decrease)/increase in current financial liabilities	0.2	0.3	0.1	0.1
Change in current financial assets	0.0	(0.3)	(0.3)	(0.3)
Interest paid	(0.1)	(0.0)	(1.2)	(0.9)
Dividends paid	0.0	0.0	(39.0)	(41.8)
Financing cash flow	**(0.0)**	**(0.1)**	**(70.5)**	**(73.1)**
Change in cash and cash equivalent	**15.4**	**11.3**	**2.4**	**(25.8)**
Cash and cash equivalent (beginning of period)	65.9	44.6	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)	81.3	55.9	81.3	55.9