RAI WAY APPROVES THE DRAFT FINANCIAL STATEMENTS AT 31 DECEMBER 2018 WITH IMPROVED PROFITABILITY AND NET INCOME REACHING ALMOST 60 MILLION

- **Key results for the year ended 31 December 2018 (*vs* 31 December 2017):**
    - **Net income of € 59.7m (+6.2%);**
    - **Operating profit (EBIT) of € 83.8m (+3.0%);**
    - **Adjusted EBITDA of € 118.3m (+2.4%);**
    - **Core revenues of € 217.7m (+0.7%);**
- **Capex of € 27.0m (€ 23.7m at 31 December 2017)**
- **Net cash of € 16.6m (net debt of € 4.8m at 31 December 2017)**
- **Proposed dividend of 21.96 €cent/share, for a total amount in line with 2018 Net income and a dividend yield equal to 4,6%[1]**
- **An Ordinary Shareholders' Meeting has been called for 18 April 2019**

Rome, 14 March 2019 – 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 2018.

Aldo Mancino, CEO of Rai Way, stated: "*The good results achieved prove once again the effectiveness of Rai Way's actions in line with the strategic guidelines. All the indicators further improved, confirming the best-in-class profitability and exceeding one year in*

[1] Dividend yield based on the closing price recorded on 13 March 2019 on MTA Stock Exchange managed by Borsa Italiana (4.75 €/share)

advance the 2019 target for net income. Looking forward, the company will count on important development investments related to the agreement with Rai for the extension of coverage of the thematic MUXes, improving also the quality and capillarity of the service offered to the citizens. In the coming months, the regulatory, technical and procedural boundaries of the 700Mhz band refarming will be defined. This transition represents the main source of discontinuity for the company and the whole sector and Rai Way is ready to manage it thanks to the competencies and value of its resources and to its outstanding technological know-how."

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Key Results at 31 December 2018

In a context of weaker economic growth, but with the first meaningful contribution from inflation, 2018 results confirm the growing trends of all the main economic and financial indicators.

Regarding the provision of evolutionary services to the main customer Rai, the refarming activities on the radio links in the 3.6-3.7 GHz portion of the band were completed while the ones on the 3.7-3.8 GHz portion, as well as the extension of the DAB+ network, have been started. The commercial activity with Rai, which benefitted from the renewal of the Concession with the Government, has been focused on the completion of the pipeline of contracts included in the 2015-2019 Industrial Plan but also on the definition of the activities required by the 700MHz band refarming process. In July we signed the important agreement for the extension of coverage of the thematic MUXes, one of the main contracts included in the Industrial Plan, which will not only have a positive impact on the business – in terms of future development investments and revenues thanks to a wider scope – but will also allow to provide citizens with a more widespread and more qualitative service.

The business related to third-party customers slowed down in 2018 mainly due to the continuing pressures on the MNOs segment. Nonetheless, also to mitigate this effect, the company boosted the commercial activities aimed at diversifying the business, reaching supportive growth rates in the segments related to Corporate and Radio/TV broadcasting, which coupled with the progresses with Fixed Wireless Access Providers (FWAP).

The Company's **core revenues** amount to € 217.7 million for the year ended 31 December 2018, an increase of 0.7% over € 216.2 million as represented in the 2017 results. Revenues from RAI, equal to € 184.6 million, reflect the CPI and the contribution for € 6.8 million from new initiatives. Revenues from third-party customers amount to € 33.1 million.

Adjusted EBITDA amounts to € 118.3 million, an increase of 2.4% over € 115.5 million in 2017 also benefiting from operational efficiency initiatives. The margin on revenues is at 54.3% (compared to 53.4% in 2017). Including the impact of non-recurring expenses (€ 1.2 million in 2018 compared to € 1.7 million in 2017), **EBITDA**[2] amounts to € 117.1 million, representing an increase of 2.9% over € 113.8 million reported in 2017.

Operating profit (EBIT) amounts to € 83.8 million, an increase of 3.0% over € 81.4 million in 2017 with the higher EBITDA that more than offsets the benefit from release of provision recorded in 2017.

Net income amounts to € 59.7 million, an increase of 6.2% compared to the 2017 results of € 56.3 million.

In 2018, **Capex** amount to € 27.0 million, of which € 7.6 million relate to development activities (€ 23.7 million in 2017, of which € 11.2 million in development activities and M&A).

Net invested capital[3] amounts to € 164.3 million, with **net financial position** closing at € -16.6 million (cash positive), better than the € 4.8 million net debt at 31 December 2017, and confirming a solid cash generation.

[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 the allocation of the net income for 2018 to dividend to Shareholders for an amount of approx. € 59.7 million and to "Retained earnings reserve" for an amount of approx. € 14 thousands. Consequently, the proposal envisages the payment of a total gross dividend of € 0.2196 per each outstanding ordinary share, to be paid on 22 May 2019 and with record date (the date which determines the Shareholders entitled to receive the dividend) set at 21 May 2019, with the share going ex-dividend on 20 May 2019 on detachment of coupon no. 5.

Outlook[4]

Rai Way is forecasting for 2019:

- Further organic growth of the Adjusted EBITDA;
- Maintenance capex on core revenues ratio substantially in line with 2018 figure.

Notice of call for the Shareholders' Meeting

The Board of Directors has resolved to call an ordinary Shareholders' Meeting on 18 April 2019 in single call at 11:00 a.m. at the RAI S.p.A. headquarters in Viale Mazzini 14, Rome. The Shareholders' Meeting will be asked to adopt resolutions on:

- the approval of the 2018 annual financial statements and the proposal for the allocation of net income for the year;
- the new authorization, subject to revocation of the previous authorization deliberated on 23 April 2018, for purchase and disposal of treasury shares according to the main terms set out below;
- the Remuneration Report pursuant to Article 123-ter of paragraph 6 of Legislative Decree no. 58/1998.

[4] Before the application of the IFRS 16 international accounting standard

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 23 April 2018 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 23 April 2018 - 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 18 April 2019) and within the prescribed time periods.

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Rai Way announces that today, Thursday 14 March 2019 at 5:30pm CET the 2018 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 02 8020911 - UK: +44 1 212818004 - USA: +1 718 7058796

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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
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 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; %)	4Q17	4Q18	FY17	FY18
Core revenues	**54.1**	**54.5**	**216.2**	**217.7**
Other revenues and income	0.0	0.1	0.8	0.1
Purchase of consumables	(0.5)	(0.4)	(1.3)	(1.0)
Cost of services	(13.9)	(13.0)	(50.9)	(50.3)
Personnel costs	(13.3)	(13.2)	(47.1)	(46.1)
Other costs	(1.1)	(1.1)	(3.8)	(3.4)
Opex	**(28.9)**	**(27.6)**	**(103.2)**	**(100.8)**
Depreciation, amortization and write-downs	(9.6)	(8.9)	(34.5)	(33.3)
Provisions	2.1	(0.1)	2.1	(0.1)
Operating profit (EBIT)	**17.8**	**18.0**	**81.4**	**83.8**
Net financial income (expenses)	(0.3)	(0.2)	(1.6)	(1.2)
Profit before income taxes	**17.4**	**17.7**	**79.7**	**82.5**
Income taxes	(5.2)	(5.2)	(23.5)	(22.8)
Net Income	**12.2**	**12.6**	**56.3**	**59.7**

EBITDA	**25.3**	**26.9**	**113.8**	**117.1**
EBITDA margin	*46.7%*	*49.4%*	*52.6%*	*53.8%*
Non recurring costs	(1.3)	(0.7)	(1.7)	(1.2)
Adjusted EBITDA	**26.5**	**27.7**	**115.5**	**118.3**
Adjusted EBITDA margin	*49.0%*	*50.8%*	*53.4%*	*54.3%*

Balance Sheet

(€m)	2017FY	2018FY
Non current assets		
Tangible assets	188.7	180.9
Intangible assets	11.2	12.9
Financial assets, holdings and other non-current assets	0.4	1.3
Deferred tax assets	2.2	3.3
Total non-current assets	**202.4**	**198.5**
Current assets		
Inventories	0.9	0.9
Trade receivables	72.0	71.5
Other current receivables and assets	5.4	5.8
Current financial assets	0.1	0.1
Cash and cash equivalents	55.9	17.2
Current tax receivables	0.0	0.1
Total current assets	**134.3**	**95.5**
TOTAL ASSETS	**336.7**	**294.0**
Shareholders' Equity		
Share capital	70.2	70.2
Legal reserves	12.2	14.0
Other reserves	37.0	37.1
Retained earnings	57.0	59.5
Total shareholders' equity	**176.4**	**180.8**
Non-current liabilities		
Non-current financial liabilities	30.6	0.4
Employee benefits	16.4	15.1
Provisions for risks and charges	16.0	17.0
Other non-current liabilities	0.0	0.3
Deferred tax liabilities	0.0	0.0
Total non-current liabilities	**63.0**	**32.8**
Current liabilities		
Trade payables	37.7	45.6
Other debt and current liabilities	28.9	33.9
Current financial liabilities	30.3	0.3
Current tax payables	0.4	0.6
Total current liabilities	**97.3**	**80.4**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**336.7**	**294.0**

Cash Flow Statement

(€m)	4Q2017	4Q2018	FY2017	FY2018
Profit before income taxes	**17.4**	**17.7**	**79.7**	**82.5**
Depreciation, amortization and write-downs	9.6	8.9	34.5	33.3
Provisions and (releases of) personnel and other funds	(0.7)	1.4	0.3	4.0
Net financial (income)/expenses	0.3	0.2	1.4	1.0
(Retained earnings)/Losses carried forward and other non-monetary items	0.0	0.0	0.0	(0.8)
Net operating CF before change in WC	**26.6**	**28.2**	**116.0**	**120.0**
Change in inventories	0.0	0.0	0.0	0.0
Change in trade receivables	6.6	13.1	(5.7)	0.2
Change in trade payables	(2.2)	7.8	(5.0)	7.9
Change in other assets	1.3	0.5	(0.7)	(0.4)
Change in other liabilities	(8.9)	(3.4)	(5.4)	2.7
Use of funds	(0.6)	(0.1)	(1.3)	(0.9)
Payment of employee benefits	(1.2)	(0.6)	(4.0)	(3.2)
Change in tax receivables and payables	0.9	0.0	(0.1)	0.3
Taxes paid	(2.0)	(2.3)	(23.1)	(21.6)
Net cash flow generated by operating activities	**20.4**	**43.3**	**70.6**	**105.0**
Investment in tangible assets	(8.0)	(12.5)	(14.9)	(24.0)
Disposals of tangible assets	0.1	0.1	0.1	0.1
Investment in intangible assets	(1.1)	(2.2)	(1.4)	(3.0)
Disposals of intangible assets	0.0	0.0	0.0	0.0
Change in other non-current assets	(0.0)	0.0	0.0	(1.0)
Change in holdings	0.0	0.0	0.0	0.0
Change in non-current financial assets	0.0	0.0	0.1	0.1
Interest received	0.0	(0.0)	0.1	0.0
Business combination	0.0	0.0	(7.4)	0.0
Net cash flow generated by investment activities	**(9.0)**	**(14.6)**	**(23.4)**	**(27.8)**
(Decrease)/increase in medium/long-term loans	(0.1)	(0.1)	(30.2)	(60.2)
(Decrease)/increase in current financial liabilities	(0.0)	(17.9)	(0.3)	(0.0)
Change in current financial assets	(0.0)	0.1	0.1	0.1
Interest paid	(0.0)	(0.2)	(0.9)	(0.7)
Dividends paid	0.0	0.0	(41.8)	(55.1)
Net cash flow generated by financing activities	**(0.1)**	**(18.2)**	**(73.1)**	**(115.9)**
Change in cash and cash equivalent	**11.3**	**10.5**	**(25.8)**	**(38.7)**
Cash and cash equivalent (beginning of period)	44.6	6.7	81.3	55.9
Cash and cash equivalent of newly consolidated companies (beginning of period)	0.0	0.0	0.4	0.0
Cash and cash equivalent (end of period)	55.9	17.2	55.9	17.2