

## Press Release

### RAI WAY APPROVES RESULTS FOR THE NINE MONTHS 2022

***Development activities and cost control drive growth despite strong pressure from electricity prices impacting mainly third quarter trends; increased visibility on 2022 targets with stronger expected EBITDA growth***

- **Key results for the nine months ended 30 September 2022 (vs 30 September 2021):**
  - **Core revenues of € 184.4m (+7.4%);**
  - **EBITDA<sup>1</sup> of € 115.7m (+5.2%);**
  - **Operating profit (EBIT) of € 79.8m (+8.9%);**
  - **Net income of € 56.3m (+6.6%);**
- **Capex of € 41.9m<sup>2</sup> (€ 55.5m at 30 September 2021)**
- **Net debt<sup>3</sup> of € 122.2m (compared to € 87.9m at 31 December 2021)**

Rome, 10 November 2022 – The Board of Directors of Rai Way S.p.A. (Rai Way), met today under the chairmanship of Maurizio Rastrello, examined and unanimously approved the Company's Interim Financial Report for the nine months ended 30 September 2022.

Aldo Mancino, CEO of Rai Way stated: *"The nine-month results confirm the validity of our approach and the company's ability to cope with external factors, such as the current energy price dynamics. Although the full benefit will be visible in 2023 thanks to the indexation to inflation, our confidence in ensuring EBITDA growth also in 2022 increases. Business model and strategy remain viable even under rapidly changing economic scenarios, and we work for a successful implementation of our Industrial Plan".*

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<sup>1</sup> The Company assesses performance also on the basis of certain measures not considered by IFRS. Set out below is a description of the components of the indicators that are important for the Company:

. EBITDA (earnings before interest, taxes, depreciation and amortization): this is calculated as profit before income taxes, depreciation, amortization, write-downs and financial income and expenses.

. Adjusted EBITDA: this is calculated as profit before income taxes, depreciation, amortization, write-downs, financial income and expenses and non-recurring expenses/income.

. Operating profit or EBIT (earnings before interest and taxes): this is calculated as profit before income taxes and before financial income and expenses.

. Net Debt: the format for the calculation of Net Debt is the one provided in paragraph 127 of CESR Recommendation 05-054b, which implements Regulation (EC) no. 809/2004.

<sup>2</sup> Excluding investments related to the application of new IFRS 16 Accounting Standard, equal to € 6.4m

<sup>3</sup> Net Debt including the effect of the application of the IFRS-16 accounting standard

**Key results for the nine months 2022**

As of 30 September 2022, Company's **core revenues** amount to € 184.4 million, an increase of 7.4% over € 171.8 million for the nine months 2021 also due to indexation to inflation. Revenues from RAI, equal to € 158.8 million, also reflect the increase driven by *refarming* activities (effective from the second half of 2021), as well as a one-off benefit of € 2.0 million. Revenues from third-party customers stood at € 25.6 million, with a significant increase (+17.0% in the third quarter compared to the same period last year) driven by contribution of the new regional networks developed in the context of *refarming*.

**EBITDA** amounts to € 115.7 million, an increase of 5.2% over € 110.0 million in the nine months 2021. This growth is the result of higher revenues and a focus on costs, which, even including certain non-recurring benefits, offset the headwinds of more than € 7 million from the sharp increase in electricity prices. The margin on revenues reached 62.7% (64.0% in the nine months 2021). No non-recurring expenses were recorded during the nine months (absent in the same period of 2021 as well).

**Operating profit (EBIT)** amounts to € 79.8 million, rising 8.9% over € 73.3 million of the nine months 2021, and benefits also from the completed depreciation of DVB-T transmission equipment.

**Net income** amounts to € 56.3 million, up compared to the nine months 2021 figure, when - including a one-off tax relief of € 1.0 million - it stood at € 52.8 million.

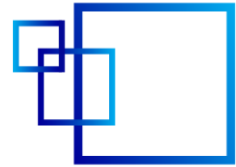
**Capex**<sup>4</sup> amount to € 41.9 million at 30 September 2022, of which € 35.0 million relate to development and M&A activities (€ 55.5 million in the nine months 2021, of which € 46.6 million of development activities). The level of development investments reflects mainly the gradual finalization of activities related to the *refarming* process for RAI as well as the implementation of the new regional TV networks and the new assets design activities.

**Net invested capital**<sup>5</sup> amounts to € 280.6 million, with **net debt** of € 122.2 million (including the impact from the application of the IFRS-16 accounting standard for € 36.7 million)

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<sup>4</sup> Excluding component related to IFRS-16 Leasing

<sup>5</sup> Net invested capital is calculated as the sum of fixed capital, working capital and non-current financial assets



compared to € 87.9 million at 31 December 2021, confirming - net of development investments and dividend payments - the solid recurring cash generation.

## Outlook

Considering the results of the first nine months, the Company expects for 2022FY:

- mid-single-digit revenues growth driven by investments in *refarming*, both for RAI and third-party customers, and indexation to inflation;
- Adjusted EBITDA growth higher compared to the outlook communicated last July also due, in the final part of the year, to lower electricity prices, benefits from government measures and ongoing cost control actions;
- maintenance investments in line with the level provided in the 2020-23 Industrial Plan; development investments in line with 2021 driven by progress of *refarming* activities and deployment of new services.

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*Rai Way announces that today, Thursday 10 November 2022 at 5:30pm CET, the results of the nine months 2021 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](http://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*

*Alternatively, please register [here](#) to receive the weblink to the event directly in your inbox and Outlook Calendar.*

*The replay of the conference call will be available after the end of the event in the Investor Relations - Events kit section of the website [www.raiway.it](http://www.raiway.it).*

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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, 20 local network centers and more than 2,300 sites across Italy.*

#### **For more information:**

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## Income Statement

(€m; %)	3Q21	3Q22	9M21	9M22
<b>Core revenues</b>	<b>58,4</b>	<b>63,2</b>	<b>171,8</b>	<b>184,4</b>
Other revenues and income <sup>1</sup>	0,0	1,5	0,5	1,8
Purchase of consumables	(0,3)	(0,4)	(1,0)	(1,0)
Cost of services <sup>2</sup>	(8,8)	(16,5)	(27,6)	(35,7)
Personnel costs <sup>2</sup>	(8,5)	(9,5)	(31,7)	(31,8)
Other costs	(0,7)	(0,6)	(2,0)	(1,9)
<b>Opex</b>	<b>(18,3)</b>	<b>(27,1)</b>	<b>(62,3)</b>	<b>(70,5)</b>
Depreciation, amortization and write-downs	(12,5)	(10,2)	(36,7)	(35,9)
Provisions	0,0	-	0,1	0,0
<b>Operating profit (EBIT)</b>	<b>27,6</b>	<b>27,3</b>	<b>73,3</b>	<b>79,8</b>
Net financial income (expenses)	(0,4)	(0,5)	(1,1)	(1,3)
<b>Profit before income taxes</b>	<b>27,2</b>	<b>26,9</b>	<b>72,2</b>	<b>78,5</b>
Income taxes	(7,6)	(7,6)	(19,4)	(22,2)
<b>Net Income</b>	<b>19,6</b>	<b>19,3</b>	<b>52,8</b>	<b>56,3</b>
<b>EBITDA</b>	<b>40,1</b>	<b>37,5</b>	<b>110,0</b>	<b>115,7</b>
EBITDA margin	68,7%	59,4%	64,0%	62,7%
Non recurring costs	-	-	-	-
<b>Adjusted EBITDA</b>	<b>40,1</b>	<b>37,5</b>	<b>110,0</b>	<b>115,7</b>
Adjusted EBITDA margin	68,7%	59,4%	64,0%	62,7%

1) Other income includes tax credits related to electricity expenses

2) 9M2021 expenses amounting to c. € 92k reclassified from personnel costs to service costs



## Balance Sheet

(€m)	2021FY	9M2022
<b>Non current assets</b>		
Tangible assets	244,5	260,5
Rights of use for leasing	31,5	30,7
Intangible assets	17,2	15,3
Financial assets, holdings and other non-current assets	1,4	1,9
Deferred tax assets	3,0	1,8
<b>Total non-current assets</b>	<b>297,7</b>	<b>310,1</b>
<b>Current assets</b>		
Inventories	0,8	0,8
Trade receivables	67,8	77,2
Other current receivables and assets	3,9	3,5
Current financial assets	0,5	0,6
Cash and cash equivalents	17,2	15,6
Current tax receivables	0,1	0,1
<b>Total current assets</b>	<b>90,4</b>	<b>97,8</b>
<b>TOTAL ASSETS</b>	<b>388,0</b>	<b>407,9</b>
<b>Shareholders' Equity</b>		
Share capital	70,2	70,2
Legal reserves	14,0	14,0
Other reserves	37,3	38,0
Retained earnings	64,4	56,2
Treasury shares	(20,0)	(20,0)
<b>Total shareholders' equity</b>	<b>165,9</b>	<b>158,4</b>
<b>Non-current liabilities</b>		
Non-current financial liabilities	69,0	101,0
Non-current leasing liabilities	21,4	21,2
Employee benefits	12,3	10,3
Provisions for risks and charges	17,2	15,1
<b>Total non-current liabilities</b>	<b>119,9</b>	<b>147,5</b>
<b>Current liabilities</b>		
Trade payables	51,7	43,9
Other debt and current liabilities	35,2	40,1
Current financial liabilities	0,2	0,7
Current leasing liabilities	15,1	15,5
Current tax payables	0,1	1,9
<b>Total current liabilities</b>	<b>102,2</b>	<b>102,0</b>
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>	<b>388,0</b>	<b>407,9</b>



## Cash Flow Statement

(€m)	3Q2021	3Q2022	9M2021	9M2022
<b>Profit before income taxes</b>	<b>27,2</b>	<b>26,9</b>	<b>72,2</b>	<b>78,5</b>
Depreciation, amortization and write-downs	12,5	10,2	36,7	35,9
Provisions and (releases of) personnel and other funds	(0,9)	0,9	0,9	0,3
Net financial (income)/expenses	0,4	0,4	1,0	1,2
Other non-cash items	(0,0)	0,1	0,1	0,2
<b>Net operating CF before change in WC</b>	<b>39,2</b>	<b>38,4</b>	<b>110,9</b>	<b>116,1</b>
Change in inventories	0,0	0,0	0,1	0,0
Change in trade receivables	(11,7)	(9,1)	(14,3)	(9,6)
Change in trade payables	2,5	4,1	(2,8)	(8,1)
Change in other assets	0,2	(1,4)	(0,2)	0,4
Change in other liabilities	5,6	4,8	4,7	8,2
Use of funds	(0,2)	(0,1)	(0,3)	(0,9)
Payment of employee benefits	(0,6)	(0,6)	(2,4)	(2,3)
Change in tax receivables and payables	(0,0)	(0,1)	(0,0)	(0,1)
Taxes paid	(21,2)	(21,3)	(21,8)	(22,9)
<b>Net cash flow generated by operating activities</b>	<b>13,9</b>	<b>14,9</b>	<b>73,8</b>	<b>80,7</b>
Investment in tangible assets	(25,0)	(0,0)	(53,1)	(40,7)
Disposals of tangible assets	(0,2)	(0,0)	0,0	0,0
Investment in intangible assets	(0,6)	(0,0)	(1,4)	(1,2)
Disposals of intangible assets	-	(0,0)	0,0	(0,0)
Change in other non-current assets	0,0	0,0	0,0	0,0
Change in non-current financial assets	0,0	0,0	0,1	0,1
Business combination	-	-	(1,0)	-
<b>Net cash flow generated by investment activities</b>	<b>(25,7)</b>	<b>(0,0)</b>	<b>(55,3)</b>	<b>(41,7)</b>
(Decrease)/increase in medium/long-term loans	-	-	40,9	32,0
(Decrease)/increase in current financial liabilities	15,1	0,1	15,1	0,3
(Decrease)/increase in IFRS 16 financial liabilities	(2,4)	(1,1)	(7,7)	(6,9)
Change in current financial assets	0,2	(0,1)	0,1	(0,3)
Net Interest paid	(0,1)	(0,2)	(0,5)	(0,7)
Dividends paid	(0,1)	(0,0)	(64,0)	(65,1)
<b>Net cash flow generated by financing activities</b>	<b>12,7</b>	<b>(1,3)</b>	<b>(16,0)</b>	<b>(40,7)</b>
<b>Change in cash and cash equivalent</b>	<b>0,8</b>	<b>13,5</b>	<b>2,5</b>	<b>(1,6)</b>
Cash and cash equivalent (beginning of period)	5,7	17,7	4,1	17,2
Cash and cash equivalent (end of period)	6,5	31,2	6,5	15,6