RAI WAY S.P.A.: DRAFT FINANCIAL STATEMENTS AT 31 DECEMBER 2016 APPROVED, REPORTING AN INCREASE IN NET PROFIT OF 7.4%

- **Key results for the year ended 31 December 2016 (*vs* 31 December 2015):**
  - **Revenues of € 215.2m (+1.4%);**
  - **Adjusted EBITDA of € 111.3m (+1.8%);**
  - **Operating profit of € 65.6m (+6.0%);**
  - **Net profit of € 41.8m (+7.4%);**
  - **Earnings per share of € 0.1537 (€ 0.1432)**
- **Capex of € 19.5m, of which € 3.3m in development activities**
- **Net debt of € 9.4m (€ 41.6m at 31 December 2015)**
- **Proposed dividend of 0.1537 €/share, in line with 2016 Net profit**
- **An Ordinary Shareholders' Meeting has been called for 28 April 2017**
- **Proposed a new plan for purchase and disposal of treasury shares**

Rome, 9 March 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 draft of the financial statements for the year ended 31 December 2016.

"*The results demonstrate the Company's resiliency in the market and ability to realize the targets set out in the business plan, as recently shown also by the agreement with the Norba Group,*" Stefano Ciccotti, Rai Way CEO stated.

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Key Results at 31 December 2016

In an economic environment characterized by modest growth and near-zero inflation, 2016 saw Ray Way consolidate its position in the Italian broadcast and mobile communication infrastructure sector.

The Company carried out numerous technological, commercial and operational activities. It completed the new fiber optic network, within the scope of a broadcast network upgrade project designed to support the digitalization of RAI. Moreover, the broadcast services were reconfigured and enriched for the launch of HD channels on digital terrestrial television and satellite platforms. Regarding services to third-parties, Rai Way is poised to take advantage from the reorganization of regional frequencies and to strengthen the commercial activity with major radio broadcasters. As to telecommunications, the Company continued to expand its hosting services to FWA operators while, in the Internet of Things, it undertook pre-commercial development initiatives and completed the review of the technological solutions available in the market, leading Rai Way to join the LoRa Alliance.

The Company's **revenues** amount to € 215.2 million for the year ended 31 December 2016, an increase of 1.4% over € 212.3 million as represented in the 2015 results. Revenues from RAI, equal to € 180.5 million, increased by the contribution of € 4.2 million from new initiatives. Revenues from third-party customers amount to € 34.7 million, in line with the previous year.

Adjusted EBITDA amounts to € 111.3 million, an increase of 1.8% over € 109.3 million in 2015[1] mainly as a result of operating leverage and cost control, with a margin on revenues of 51.7% (51.5% in 2015). Including the impact of non-recurring expenses (€ 6.8 million in 2016 compared to € 1.6 million in 2015), **EBITDA**[2] amounts to € 104.5 million, representing a reduction of 3.0% over € 107.7 million reported in the 2015 results[1].

[1] EBITDA at 31 December 2015 adjusted to reflect the reallocation, starting from 1st of January 2016, of "reimbursement of expenses" (€ 103k at 31 December 2015) and "reversal of provisions" (€ 133k at 31 December 2015), previously reported as "other revenues", to operating expenses and provisions respectively. These adjustments are neutral at EBIT level

[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

Operating profit (EBIT) amounts to € 65.6 million, an increase of 6.0% over € 61.9 million in the 2015 results, benefiting from a reduction of depreciation and amortisation charges that more than offset the impact of non-recurring expenses.

Net profit amounts to € 41.8 million, an increase of 7.4% compared to the 2015 results of € 38.9 million.

In 2016, **investments** in active and passive infrastructure amount to € 19.5 million, of which € 3.3 million relate to development activities (€ 30.1 million in 2015, of which € 12.1 million in development activities).

Net invested capital[3] amounts to € 171.0 million, with **net debt** closing at € 9.4 million compared to € 41.6 million at 31 December 2015.

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 € 2.1 million of the net profit for 2016 to the legal reserve and to distribute the balance of € 39.7 million as a dividend to Shareholders, with a further amount of € 2.1 million to be distributed to Shareholders from the retained earnings reserve. As a consequence, the proposal envisages the payment of a total gross dividend of € 0.1537 per each outstanding ordinary share, to be paid on 24 May 2017 and with record date (the date which determines the Shareholders entitled to receive the dividend) set at 23 May 2017, with the share going ex-dividend on 22 May 2017 on detachment of coupon no. 3.

Outlook

Rai Way is forecasting for 2017:

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

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

Notice of call for the Shareholders' Meeting

The Board of Directors has resolved to call an ordinary Shareholders' Meeting on 28 April 2017 in single call at 11:00 a.m. at the offices of RAI S.p.A. in Viale Mazzini 14.
The Shareholders' Meeting will be asked to adopt resolutions on:

- the approval of the 2016 annual financial statements and the proposal for the allocation of net profit for the year and the partial distribution of retained earning
- the appointment of the new Board of Directors (which should take place, pursuant to the law and the articles of association, on the basis of slates of candidates presented by one or more shareholders with at least a 2.5% equity interest in the company as of the date of presentation of the slate) and the Chairman of the Board, after the number of board members and their terms of office and compensation have been determined;
- the new authorization, subject to revocation of the previous authorization deliberated on 28 April 2016, 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.

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 2016 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 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 28 April 2017) and within the prescribed time periods.

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Rai Way announces that today, Thursday 9 March 2017 at 5:30pm CET the 2016 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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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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Income Statement

(€m; %)	4Q15	4Q16	FY15	FY16
Core revenues	**54.1**	**53.9**	**212.3**	**215.2**
Other revenues[1]	0.1	0.3	0.3	0.4
Purchase of consumables	(0.6)	(0.5)	(1.5)	(1.3)
Service costs[1]	(13.2)	(15.2)	(52.1)	(52.9)
Personnel costs	(13.8)	(16.0)	(47.6)	(53.2)
Other costs	(1.0)	(1.0)	(3.7)	(3.6)
Opex	**(28.5)**	**(32.7)**	**(104.9)**	**(111.1)**
Depreciation and amortization	(10.3)	(6.2)	(45.4)	(38.3)
Provisions[1]	(0.7)	(0.5)	(0.5)	(0.6)
Net Operating profit	**14.6**	**14.8**	**61.9**	**65.6**
Net Finance income (expenses)	(1.3)	(0.5)	(2.9)	(2.1)
Profit before income taxes	**13.2**	**14.3**	**58.9**	**63.5**
Income taxes	(4.5)	(5.1)	(20.0)	(21.6)
Profit for the year	**8.8**	**9.3**	**38.9**	**41.8**

EBITDA	**25.6**	**21.5**	**107.7**	**104.5**
EBITDA margin	*47.3%*	*40.0%*	*50.7%*	*48.6%*
Non recurring expenses	(1.5)	(3.3)	(1.6)	(6.8)
Adjusted EBITDA	**27.0**	**24.8**	**109.3**	**111.3**
Adjusted EBITDA margin	*50.0%*	*46.1%*	*51.5%*	*51.7%*

(1) 4Q2015 and 2015FY figures adjusted to reflect the reallocation, starting from 1st of January 2016, of "reimbursement of expenses" (€ 103k at 31 December 2015) and "reversal of provisions" (€ 133k at 31 December 2015), previously reported as "other revenues", to operating expenses and provisions respectively. These adjustments are neutral at Net Operating Profit (EBIT) level

Balance Sheet

(€m)	2015FY	2016FY
Non current assets		
Tangible assets	224.5	205.2
Intangible assets	1.8	2.2
Non-current financial assets	0.5	0.5
Non-current tax assets	4.5	5.0
Total non-current assets	**231.3**	**212.8**
Current assets		
Inventories	1.0	0.9
Trade receivables	70.3	67.0
Other receivables and current assets	4.5	4.4
Current financial assets	0.3	0.2
Cash	78.9	81.3
Tax assets	0.5	0.3
Total current assets	**155.5**	**154.1**
TOTAL ASSETS	**386.8**	**366.9**
Equity		
Share capital	70.2	70.2
Legal reserves	8.1	10.1
Other reserves	37.1	37.0
Retained earnings	43.9	44.3
Total equity	**159.3**	**161.5**
Non-current liabilities		
Non-current financial liabilities	90.6	60.7
Employee benefits	20.3	18.7
Provisions for risks and charges / Allowances	18.4	18.8
Other non-current liabilities	0.0	0.0
Non-current tax liabilities	0.0	0.0
Total non-current liabilities	**129.3**	**98.2**
Current liabilities		
Commercial debt	37.2	41.2
Other debt and current liabilities	28.3	33.6
Current financial liabilities	30.2	30.3
Tax liabilities	2.5	2.2
Total current liabilities	**98.3**	**107.2**
TOTAL NET EQUITY AND LIABILITIES	**386.8**	**366.9**

Cash Flow Statement

(€m)	4Q2015	4Q2016	FY2015	FY2016
Earnings before taxes	**13.2**	**14.3**	**58.9**	**63.5**
Depreciation and amortization	10.3	6.2	45.4	38.3
Provisions and others	5.2	1.5	3.9	3.4
Net financial Income	0.3	0.4	1.9	1.9
Other non-monetary items	0.0	0.0	0.0	0.0
Net operating CF before change in WC	**29.0**	**22.5**	**110.2**	**107.1**
Change in inventories	(0.0)	0.0	(0.1)	0.1
Change in accounts receivable	7.5	12.7	(4.1)	3.4
Change in accounts payable	1.3	3.0	1.2	4.0
Change in other assets	0.9	0.9	(0.1)	0.1
Change in other liabilities	(8.3)	6.7	1.2	3.3
Use of funds	(1.7)	(0.3)	(1.9)	(0.9)
Payment of employee benefits	(3.6)	(1.6)	(3.2)	(4.7)
Change in tax credit/liabilities	0.9	(15.7)	(0.2)	(1.0)
Taxes paid	(1.7)	(1.7)	(14.2)	(19.1)
Net operating cash flow	**24.3**	**26.5**	**88.9**	**92.2**
Investment in tangible assets	(14.9)	(10.7)	(28.6)	(18.7)
Sale of tangible assets	0.2	0.0	0.3	0.1
Investment in intangible assets	(1.3)	(0.5)	(1.6)	(0.8)
Sale of intangible assets	0.1	0.0	0.1	0.0
Financial lease cash-out	0.0	0.0	0.0	0.0
Financial lease cash-in	0.0	0.0	0.0	0.0
Change in other non-current assets	0.0	(0.1)	0.0	(0.0)
Change in non-current financial assets	0.0	0.1	0.1	0.1
Interest received	0.0	0.0	0.1	0.0
Investing cash flow	**(15.8)**	**(11.1)**	**(29.6)**	**(19.3)**
(Decrease)/increase in long-term debt	(0.0)	(0.1)	10.0	(30.2)
(Decrease)/increase in current liabilities	(0.4)	0.0	29.9	(0.3)
Change in current financial assets	0.1	0.2	0.4	0.1
Interest paid	(0.5)	(0.1)	(1.8)	(1.2)
Dividends paid	0.0	0.0	(33.6)	(39.0)
Financing cash flow	**(0.8)**	**(0.0)**	**5.0**	**(70.5)**
Change in cash and cash equivalent	7.7	15.4	64.3	2.4
Cash and cash eq (Beg. of Period)	71.2	65.9	14.7	78.9
Cash and cash eq (End of Period)	78.9	81.3	78.9	81.3