RAI WAY: THE BOARD OF DIRECTORS APPROVES THE 2020-2023 INDUSTRIAL PLAN AND THE DRAFT FINANCIAL STATEMENTS AT 31 DECEMBER 2019

2023 recurring cash generation to grow by over 25% compared to 2019

- **Key targets for 2023 (at constant perimeter):**

Mln €; %	Target 2023	CAGR 2019-23
Core Revenues	247	+2.8%
Adjusted EBITDA	154	+4.1%
Adjusted EBITDA margin	~62%	
Net profit	73	+3.7%
Recurring maintenance capex / Core Revenues	~6%	
Recurring Free Cash Flow to Equity[1]	98	+5.9%
2020-2023 cumulated development capex	220	

- **The Plan is based on a capital allocation strategy which, along with the organic development investments, envisages:**
  - **a dividend policy equal to 100% of Net Profit, for a distribution of approx. € 250m cumulated over the plan period, except for the possibility of investing part of these profits in the purchase of treasury shares. In addition, a further buy-back program is planned for 2020 for an amount of at least € 20m through the use of available reserves;**
  - **a focus on external growth.**

[1] Recurring Free Cash Flow to Equity calculated as Adjusted EBITDA net of recurring Net Financial Charges, Income Statement Taxes and recurring Maintenance Investments. All figures are adjusted to deduct the rental costs impacted by the new IFRS-16 accounting standard - which was applied from 1 January 2019 - to reflect actual cash generation.

- **Key results for the year ended 31 December 2019 (*vs* 31 December 2018 pro-forma[2]):**
  - **Revenues of € 221.4m (+1.7%);**
  - **Adjusted EBITDA of € 131.2m (+2.7%);**
  - **Operating profit (EBIT) of € 90.1m (+7.1%);**
  - **Net profit of € 63.4m (+6.4%);**
  - **Investments[3] of € 35.3m (€ 27.0m at 31 December 2018);**
  - **Net debt of € 9.5m. Excluding the impact from the application of the new IFRS-16 accounting standard starting from 1 January 2019, the Company would have reported a positive net cash position of € 30.0m (compared to a positive net cash position of € 16.6m at 31 December 2018).**
- **Proposed dividend of 23.29 €cent/share, for a total amount in line with 2019 Net income and a dividend yield equal to 4.9%[4]**

Rome, 12 March 2020 - The Board of Directors of Rai Way S.p.A. ("Rai Way" or the "Company"), met today under the chairmanship of Mario Orfeo, examined and unanimously approved the Company's Industrial Plan 2020-2023 and the draft of the financial statements for the year ended 31 December 2019.

Aldo Mancino, CEO of Rai Way, stated: "*The financial results of 2019 confirmed the steady growth path of the Company, allowing us to even exceed the cash generation target set in the 2015-19 Plan. The year ended with the signing of the agreement with RAI on the refarming process, removing an element of uncertainty and setting the conditions to finalize the new 2020-23 Industrial Plan. In these years we have placed the company in the best conditions to undertake the next and fundamental steps of growth, that clearly emerge*

[2] It is considered appropriate to provide changes with respect to the economic data as of 31 December 2018 on a pro-forma basis, simulating the application of the IFRS-16 accounting standard from 1 January 2018, as it is considered more representative for the analysis of the Company's performance.
[3] Excluding investments related to the application of new IFRS 16 Accounting Standard, equal to €1.2m in 2019
[4] Dividend yield calculated on the basis of the closing price of March 11, 2020 recorded on the Mercato Telematico Azionario managed by Borsa Italiana (4.76 €/share)

from the new plan, approved today. An ambitious project, which aims to strengthen the core business - positioning Rai Way on new platforms and services, balancing the increased competitiveness of some markets and exploiting the opportunities of digital transformation - and to pursue diversification and scale also through the expansion of the managed infrastructures portfolio."

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Considering the uncertainties related to the current extraordinary health emergency and, in particular, to its duration and intensity and to the effectiveness of the containment measures, the 2020-2023 Industrial Plan and the outlook for 2020 do not include any impact deriving from the spread of COVID-19.

Strategic guidelines of the 2020-23 Industrial Plan

The 2020-2023 Industrial Plan is based on a detailed analysis of the expected evolution of the reference sectors and the Company's current competitive positioning.

Over the time period of the Plan, the media market will be mainly characterized by the implementation of the *refarming* process, with the transition to DVB-T2 technology and most advanced compression standards, which will involve national and local network operators and content providers.
The evolution of consumer habits and the development of advanced connectivity infrastructures will support the diffusion of OTT platforms complementary to Digital Terrestrial, without substitutive effects but with the coexistence of means with a hybrid approach based on polarization by mode of use and type of content.

In the radio market, the coverage of the DAB+ networks is expected to be gradually extended, also thanks to the frequencies that will be released by the *refarming* process.

The telecommunications market will be characterised by the roll-out of new generation fixed and mobile networks and the development of an ecosystem of innovative services,

mainly B2B, which will continue to stimulate the growth of data traffic. High investments and margins under pressure push telco operators towards network sharing agreements and optimisation of their cost base. At the same time, new network architectures and increased requirements in terms of capacity, capillarity and latency offer infrastructure operators the possibility to expand their perimeter of assets and services on adjacent businesses.
Fixed Wireless Access is also expected to grow further, particularly in rural and suburban areas, also as a result of the initiatives of traditional operators.

In the infrastructure segment, the separation of "TowerCo" as non-core asset for broadcasters and telco operators is expected to continue, with subsequent consolidation of assets aimed at monetization and achievement of industrial synergies.

Under this scenario, Rai Way aims to achieve the following objectives within the Plan:

- Strengthen the Core Business through:
    - the introduction of new technologies and platforms for media customers (DVB-T2, distribution and contribution of content on OTT/IP platforms);
    - the offer of new services/assets functional to the development of 5G networks and to the growing needs of edge computing;
    - the evolution of the operating model through digital transformation.

  These levers are also expected to improve the long-term positioning in the broadcasting sector, introduce innovations in asset management and enhance the operational efficiency on costs and maintenance investments.
- Pursue further growth both through the expansion by external lines in infrastructures that guarantee size scale, synergies and/or diversification in fast-developing markets, and actively addressing optionality for innovative uses of the existing infrastructure.

The Plan is in continuity with the path aimed at achieving specific objectives of sustainable development in relation to four fundamental pillars: Environment Health and Safety, Social, Innovation and Governance.

Economic and financial objectives of the 2020-23 Industrial Plan

The Industrial Plan - based on CPI[5] assumption of 0.1% in 2019, 0.8% in 2020 and 1.1% in 2021-2022 – sets, on an organic basis[6], **recurring cash generation[7]** (recurring Free Cash Flow to Equity) **target of €98 million** in 2023, **with an increase of more than 25% compared to 2019** (CAGR[8] 2019-23 of 5.9%) as a result of:

- **Core Revenues** estimated at € 247 million in 2023, with a CAGR in the period 2019-23 of 2.8%, due to contribution from *refarming* and further development initiatives;
- **Adjusted EBITDA** estimated at € 154 million in 2023 (CAGR 2019-23 of +4.1%), with a margin on revenues improving to 62.3%. Adjusted EBITDA benefits from revenues growth and a broadly stable cost base (CAGR 2019-23 of +0.6%), with additional costs relating to new services offset by the impacts of the digital transformation process and further efficiency actions. In particular, growth is expected to accelerate in the last two years of the plan following the full contribution of the main development initiaves;
- **Net Profit** estimated at € 73 million in 2023 (CAGR 2019-23 of +3.7%), with the increase in EBITDA partially offset by higher amortization and depreciation related to development investments and higher financial charges;
- **Maintenance investments[9]** in relation to core revenues gradually decreasing over the plan horizon. In particular, the recurring level (excluding the impact of extraordinary activities) in 2023 is expected at around 6%, also benefiting from the renewal of the networks in the context of refarming;
- Cumulated **development investments** over the period 2020-2023 of € 220 million (including *refarming*). These investments will be financed entirely from cash generated and debt.

The Plan is also based on the assumption of a stable dividend policy with a pay-out equal to 100% of Net Profit, for an overall distribution to Shareholders of approximately € 250m

[5] Consumer Price Index. Each year's CPI value has an impact on revenues in the following year
[6] Targets do not include possible growth contribution by external lines
[7] Recurring Free Cash Flow to Equity calculated as Adjusted EBITDA net of recurring Net Financial Charges, Income Statement Taxes and recurring Maintenance Investments. All figures are adjusted to deduct the rental costs impacted by the new IFRS-16 accounting standard to reflect actual cash generation.
[8] Compounded average growth rate
[9] Excluding the non-cash component relating to the IFRS-16 lease

cumulated over the plan period, equal to 19% of the current market capitalisation[10]. However, part of this amount could alternatively be used to purchase treasury shares based on market and sector conditions.
In addition, a further buy-back plan is planned to be launched in 2020 for an amount of at least € 20m through the use of distributable reserves.

As a result of the recurring cash generation, the development investments plan and the assumed distribution to Shareholders, the financial leverage will increase on an organic basis to around 1x Net Debt / Adjusted EBITDA over the plan period, a level that guarantees access to additional resources to support expansion by external lines.
The commitment to pursue also this growth strategy responds mainly to the need for strengthening the size scale and diversification, relevant competitive factors in a sector that is undergoing a progressive consolidation.
The identification of the possible areas of expansion will reflect the willingness to maintain a predominant infrastructural component, consistent with the company's know-how, reinforcing the growth profile through the achievement of industrial synergies and/or the greater exposure to rapidly developing markets.

Key results for the year ended 31 December 2019

In a context of further slowdown in economic growth and deceleration of investments, the 2019 results confirm for Rai Way the growth trend across the key financial indicators.

As regards relations with the customer RAI, 2019 recorded the finalization of the agreement for the progressive interventions on the DTT network required by the refarming process. The contract provides for annual incremental revenues for Rai Way of approximately € 16 million starting from 1 July 2021 against investments of approximately € 150 million[11]. The agreement also includes the renewal under the new terms and conditions of the Service Contract for

[10] Market capitalisation calculated on the basis of the closing price of March 11, 2020 recorded on the Mercato Telematico Azionario managed by Borsa Italiana (4.76 €/ share)
[11] Impacts based on a scenario that foresees the management by Rai Way of 3 Multiplexes for RAI after the *refarming*. The amount of incremental revenues equal to € 16m includes the contribution of the national MUX coverage extension project. For further information on the *refarming* agreement, please refer to the Press Release of 10 December 2019.

the second seven-year period until 30 June 2028. Regarding the provision of evolutionary services to Rai, it is worth mentioning the start of activities to extend the coverage of thematic MUXes, the progressive extension of the DAB+ digital radio network and the conclusion of the tidying up of frequencies used for radio links in the 3.7-3.8 GHz band.

The business with third-party customers confirmed the dynamics already observed in previous years, with the contribution of Broadcasting Radio/TV customers, corporates and Fixed Wireless Access Providers (FWAP) counterbalancing the pressure in the mobile network operators' segment, leading to an overall volume of activities substantially stable compared to 2018.

Starting from 1 January 2019, the new IFRS-16 accounting standard was applied. In order to better compare the performance of the Company, the 2018 economic figures are shown on a pro-forma basis, restated to simulate the impact of the application of this accounting standard:

Eur Mln	**2018FY**	**2018FY pro-forma**	**2019FY**	**Δ % 2019 vs. 2018**	**Δ % 2019 vs. 2018 PF**
Core revenues	217.7	217.7	221.4	+1.7%	+1.7%
Adjusted EBITDA	118.3	127.7	131.2	+10.9%	+2.7%
EBITDA	117.1	126.6	131.1	+11.9%	+3.6%
Operating profit (EBIT)	83.8	84.1	90.1	+7.5%	+7.1%
Net profit	59.7	59.5	63.4	+6.1%	+6.4%

The comments below refer to the comparison with the 2018 pro-forma data.

The Company's **core revenues** amount to € 221.4 million for the year ended 31 December 2019, an increase of 1.7% over € 217.7 million as represented in the 2018 results. Revenues from RAI, equal to € 188.2 million, reflect the CPI and the contribution for € 7.8 million from new services. Revenues from third-party customers amount to € 33.2 million.

Adjusted EBITDA[12] amounts to € 131.2 million, an increase of 2.7% over € 127.7 million in 2018 pro-forma also benefiting from cost control. The margin on revenues reached 59.3% (compared to 58.7% in 2018 pro-forma). Including the impact of non-recurring expenses (€ 0.1 million in 2019 compared to € 1.2 million in 2018), **EBITDA** amounts to € 131.1 million, representing an increase of 3.6% over € 126.6 million reported in 2018 pro-forma.

Operating profit (EBIT) amounts to € 90.1 million, an increase of 7.1% over € 84.1 million in 2018 pro-forma due to higher EBITDA and the benefit of € 1.6 million from the release of provisions for risks.

Net profit amounts to € 63.4 million, an increase of 6.4% compared to the 2018 pro-forma results of € 59.5 million.

In 2019, **investments**[13] amount to € 35.3 million, of which € 17.2 million relate to development activities (€ 27.0 million in 2018, of which € 7.6 million in development activities).

Net invested capital[14] amounts to € 193.7 million, with **net debt** closing at € 9.5 million including the impact from the application of the new IFRS-16 accounting standard for € 39.5 million. Excluding this impact, the Company would have reported a positive net cash position of € 30.0 million (positive net cash position of € 16.6 million at 31 December 2018) mainly due to the strong cash generation.

It should also be noted that, despite the weak macroeconomic environment of the recent years, the results are substantially in line with the EBITDA target for 2019 defined in the 2015-19 Industrial Plan, offsetting lower revenues - mainly due to a weaker than expected inflationary trend and tougher competition in certain segments - with more extensive

[12] 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.
[13] Excluding investments related to the application of new IFRS 16 Accounting Standard, equal to €1.2m
[14] Net invested capital is calculated as the sum of fixed capital, working capital and non-current financial assets

efficiency actions. At the same time, the results exceeded targets at net profit, recurring cash generation and net financial position level.

Proposal for the allocation of profit for the year and call for the Shareholders' Meeting

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 2019 to dividend to Shareholders for an amount of approx. € 63.3 million and to "Retained earnings reserve" for an amount of approx. € 12 thousands. Consequently, the proposal envisages the payment of a total gross dividend of € 0.2329 per each outstanding ordinary share.
Considering the uncertainties related to the extraordinary health emergency currently underway, the resolutions relating to the date of the Shareholders' Meeting will be taken and made public later, in any case according to the methods and times prescribed.
For the same reasons, the Board of Directors has prudently resolved to pay the dividend on 29 July 2020, with record date (the date which determines the Shareholders entitled to receive the dividend) set at 28 July 2020 and with the share going ex-dividend on 27 July 2020 on detachment of coupon no. 6.

Outlook for 2020

In line with the evolution of the strategic initiatives assumed in the Industrial Plan, in 2020 the upward trend in revenues will come with a slight increase in operating costs mainly related to the implementation of new services, whose benefits will be evident in following years.

In particular, Rai Way is forecasting:

- a further organic growth in Adjusted EBITDA;

- maintenance investments on core revenues ratio in line with the previous year.

This outlook does not include any potential impact from the diffusion of COVID-19.

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The strategic guidelines and objectives of the 2020-2023 Industrial Plan, along with the results for 2019, will be presented to the financial community on Friday 13 March 2020 at 11:00 a.m. CET. The presentation can be followed by audio webcast from the website and by conference call using the following numbers:

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

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

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.

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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 more than 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, 21 local network centers and more than 2,300 sites across Italy.

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Income Statement 2019FY

(€m; %)	4Q18	4Q18PF	4Q19	FY18	FY18PF	FY19
Core revenues	**54,5**	**54,5**	**55,7**	**217,7**	**217,7**	**221,4**
Other revenues and income	0,1	0,1	0,9	0,1	0,1	0,9
Purchase of consumables	(0,4)	(0,4)	(0,4)	(1,0)	(1,0)	(1,2)
Cost of services	(13,0)	(10,6)	(12,1)	(50,3)	(40,9)	(42,2)
Personnel costs	(13,2)	(13,2)	(12,6)	(46,1)	(46,1)	(45,3)
Other costs	(1,1)	(1,1)	(0,9)	(3,4)	(3,4)	(2,6)
Opex	**(27,6)**	**(25,3)**	**(25,9)**	**(100,8)**	**(91,3)**	**(91,3)**
Depreciation, amortization and write-downs	(8,9)	(11,2)	(10,8)	(33,3)	(42,4)	(42,4)
Provisions	(0,1)	(0,1)	(0,1)	(0,1)	(0,1)	1,5
Operating profit (EBIT)	**18,0**	**18,1**	**19,7**	**83,8**	**84,1**	**90,1**
Net financial income (expenses)	(0,2)	(0,4)	(0,2)	(1,2)	(1,9)	(1,3)
Profit before income taxes	**17,7**	**17,7**	**19,4**	**82,5**	**82,3**	**88,8**
Income taxes	(5,2)	(5,2)	(5,8)	(22,8)	(22,7)	(25,5)
Net Income	**12,6**	**12,5**	**13,7**	**59,7**	**59,5**	**63,4**
EBITDA	**26,9**	**29,3**	**30,6**	**117,1**	**126,6**	**131,1**
EBITDA margin	*49,4%*	*(1,5%)*	*55,0%*	*53,8%*	*58,1%*	*59,2%*
Non recurring costs	(0,7)	(0,7)	(0,0)	(1,2)	(1,2)	(0,1)
Adjusted EBITDA	**27,7**	**30,0**	**30,6**	**118,3**	**127,7**	**131,2**
Adjusted EBITDA margin	*50,8%*	*55,1%*	*55,0%*	*54,3%*	*58,7%*	*59,3%*

1) Pro-forma figures restated to simulate on 2018 the impact of the application of the new IFRS-16 accounting standard effective from 1 January 2019

Balance Sheet 2019YE

(€m)	2018FY	2019FY
Non current assets		
Tangible assets	180,9	177,6
Rights of use for leasing	0,0	36,2
Intangible assets	12,9	14,3
Financial assets, holdings and other non-current assets	1,3	1,3
Deferred tax assets	3,3	2,7
Total non-current assets	**198,5**	**232,1**
Current assets		
Inventories	0,9	0,9
Trade receivables	71,5	74,8
Other current receivables and assets	5,8	5,0
Current financial assets	0,1	0,3
Cash and cash equivalents	17,2	30,2
Current tax receivables	0,1	0,1
Total current assets	**95,5**	**111,2**
TOTAL ASSETS	**294,0**	**343,3**
Shareholders' Equity		
Share capital	70,2	70,2
Legal reserves	14,0	14,0
Other reserves	37,1	37,1
Retained earnings	59,5	62,9
Total shareholders' equity	**180,8**	**184,2**
Non-current liabilities		
Non-current financial liabilities	0,4	0,3
Non-current leasing liabilities	0,0	26,3
Employee benefits	15,1	14,4
Provisions for risks and charges	17,0	15,9
Other non-current liabilities	0,3	0,0
Deferred tax liabilities	0,0	0,0
Total non-current liabilities	**32,8**	**56,9**
Current liabilities		
Trade payables	45,6	54,3
Other debt and current liabilities	33,9	34,1
Current financial liabilities	0,3	0,2
Current leasing liabilities	0,0	13,3
Current tax payables	0,6	0,4
Total current liabilities	**80,4**	**102,3**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**294,0**	**343,3**

Cash Flow Statement 2019FY

(€m)	4Q2018	4Q2019	FY2018	FY2019
Profit before income taxes	**17,7**	**19,4**	**82,5**	**88,8**
Depreciation, amortization and write-downs	8,9	10,8	33,3	42,4
Provisions and (releases of) personnel and other funds	1,4	1,5	4,0	2,4
Net financial (income)/expenses	0,2	0,2	1,0	1,0
(Retained earnings)/Losses carried forward - Effect of IFRS adoption	0,0	0,0	(0,8)	0,0
Net operating CF before change in WC	**28,2**	**31,9**	**120,0**	**134,7**
Change in inventories	0,0	0,0	0,0	0,0
Change in trade receivables	13,1	5,5	0,2	(3,6)
Change in trade payables	7,8	8,4	7,9	8,7
Change in other assets	0,5	2,3	(0,4)	0,8
Change in other liabilities	(3,4)	(4,3)	2,7	(0,7)
Use of funds	(0,1)	(0,9)	(0,9)	(1,2)
Payment of employee benefits	(0,6)	(0,7)	(3,2)	(3,3)
Change in tax receivables and payables	0,0	(0,0)	0,3	0,2
Taxes paid	(2,3)	(2,4)	(21,6)	(24,6)
Net cash flow generated by operating activities	**43,3**	**39,8**	**105,0**	**111,0**
Investment in tangible assets	(12,5)	(20,3)	(24,0)	(32,3)
Disposals of tangible assets	0,1	0,1	0,1	0,2
Investment in intangible assets	(2,2)	(2,3)	(3,0)	(3,0)
Disposals of intangible assets	0,0	0,0	0,0	0,0
Change in other non-current assets	0,0	(0,0)	(1,0)	0,1
Change in holdings	0,0	0,0	0,0	0,0
Change in non-current financial assets	0,0	0,0	0,1	0,0
Business combination	0,0	0,0	0,0	0,0
Net cash flow generated by investment activities	**(14,6)**	**(22,5)**	**(27,8)**	**(35,1)**
(Decrease)/increase in medium/long-term loans	(0,1)	(0,1)	(60,2)	(0,2)
(Decrease)/increase in current financial liabilities	(17,9)	(0,1)	(0,0)	(0,8)
(Decrease)/increase in IFRS 16 financial liabilities	0,0	(0,7)	0,0	(1,8)
Change in current financial assets	0,1	(0,1)	0,1	(0,2)
Net Interest paid	(0,2)	(0,1)	(0,7)	(0,2)
Dividends paid	0,0	0,0	(55,1)	(59,7)
Net cash flow generated by financing activities	**(18,2)**	**(1,0)**	**(115,9)**	**(62,9)**
Change in cash and cash equivalent	**10,5**	**16,4**	**(38,7)**	**13,0**
Cash and cash equivalent (beginning of period)	6,7	13,8	55,9	17,2
Cash and cash equivalent of newly consolidated companies (beginning of period)	0,0	0,0	0,0	0,0
Cash and cash equivalent (end of period)	17,2	30,2	17,2	30,2