9M2021 Results Presentation

11 November 2021

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Rai Way participants

- **Aldo Mancino**, Chief Executive Officer
- **Adalberto Pellegrino**, Chief Financial Officer
- **Giancarlo Benucci**, Chief Corporate Development Officer

Key messages from 9M2021: execution to support growth

- **Positive 9M2021 results, with the effects of development activities on growth beginning to be more visible**:
  - Excluding non-core items, top-line growth of ca. +3% in 9M and above 4% in 3Q driven by the step-up in RAI contract effective from 1st July
  - Adjusted EBITDA up +5,2% with sound profitability enhancement (+180 bps)
  - Development & maintenance capex level consistent with FY guidance

- **Update on execution**:
  - National refarming: investments for RAI reached ca. € 40m in 9M2021 (€ 85m since 2019), with activities fully on-track and thematic multiplexes switched to MPEG4 starting from October;
  - Regional refarming: ranking of content providers who will have access to capacity in Northern Italy published; network roll-out and commercial negotiations in the 7 technical areas awarded to Rai Way underway
  - New infra & services: ongoing set-up of projects that will fuel Co's future growth

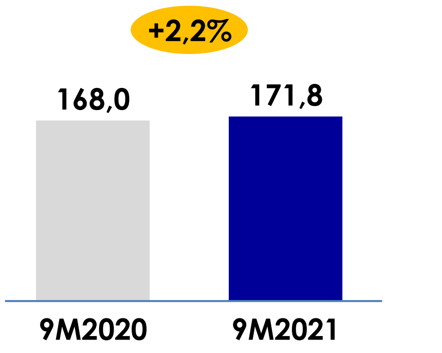
- **Trend** for the full year **confirmed**; some temporary pandemic-related safety measures to partially benefit also 2021

9M2021 Financial highlights

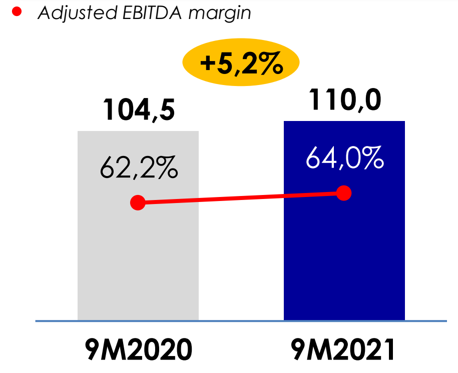
Rai Way

Mln Eur; % — % YoY growth

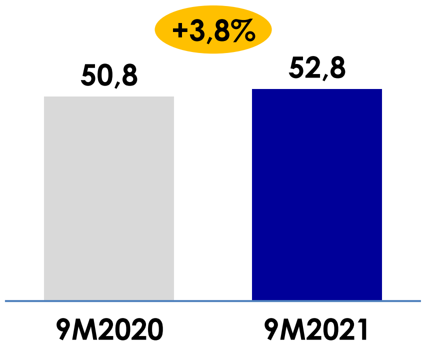
Core Revenues



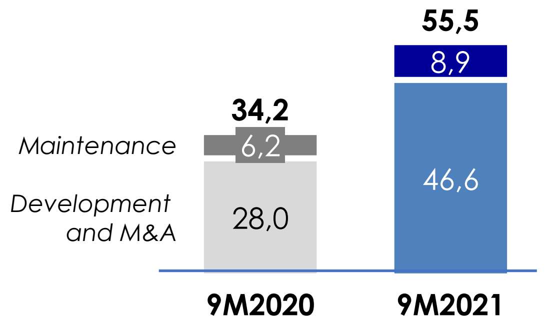
Adjusted EBITDA



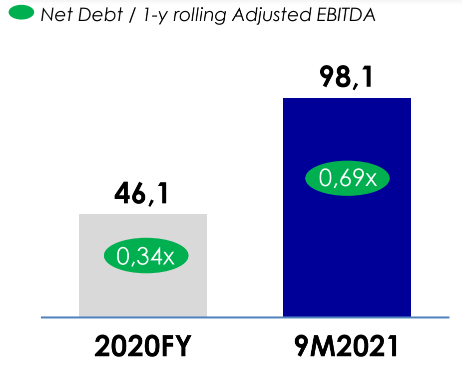
Net Income



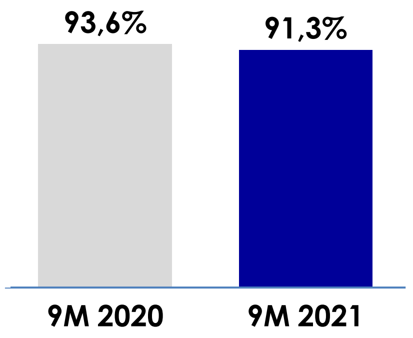
Capex (1)



Net debt (Net Cash)



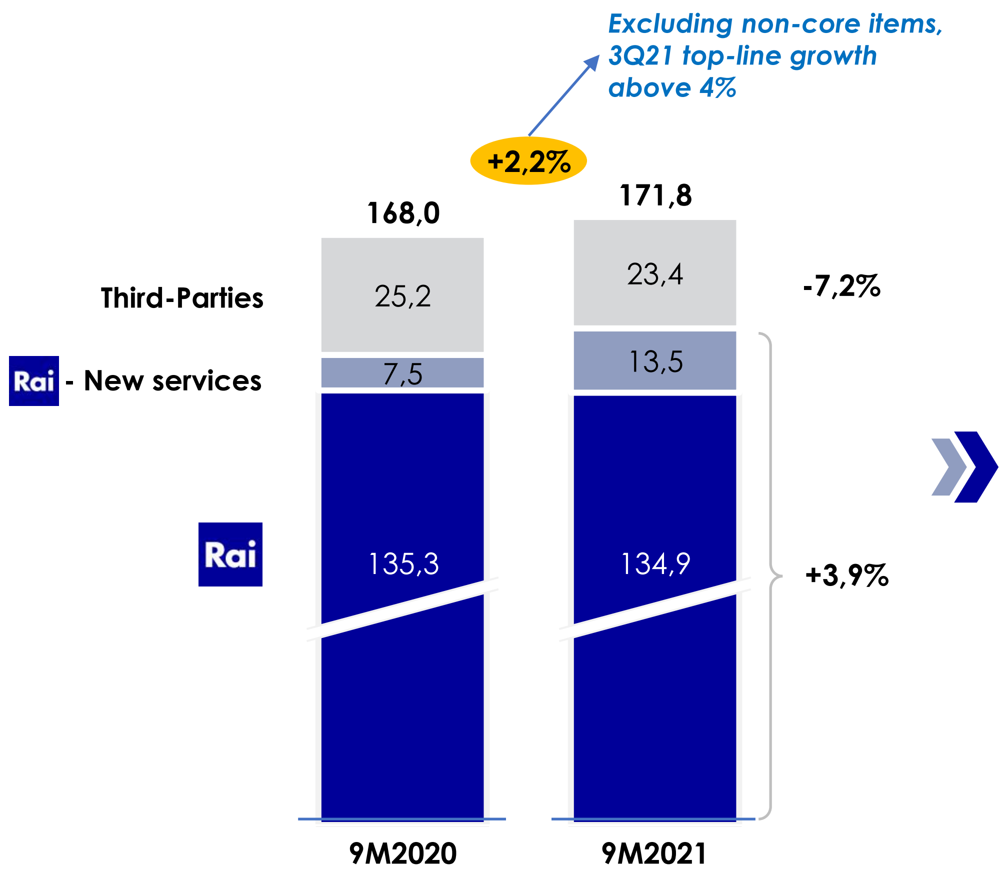
Cash conversion (2)



1) Maintenance capex excluding component related to IFRS-16 leasing
2) Cash conversion = (Adj. EBITDA - Leases – Maintenance Capex) / (Adj. EBITDA – Leases). Leases estimated as sum of leasing right of use depreciation (excl. dismantling) + financial charges on leasing contracts

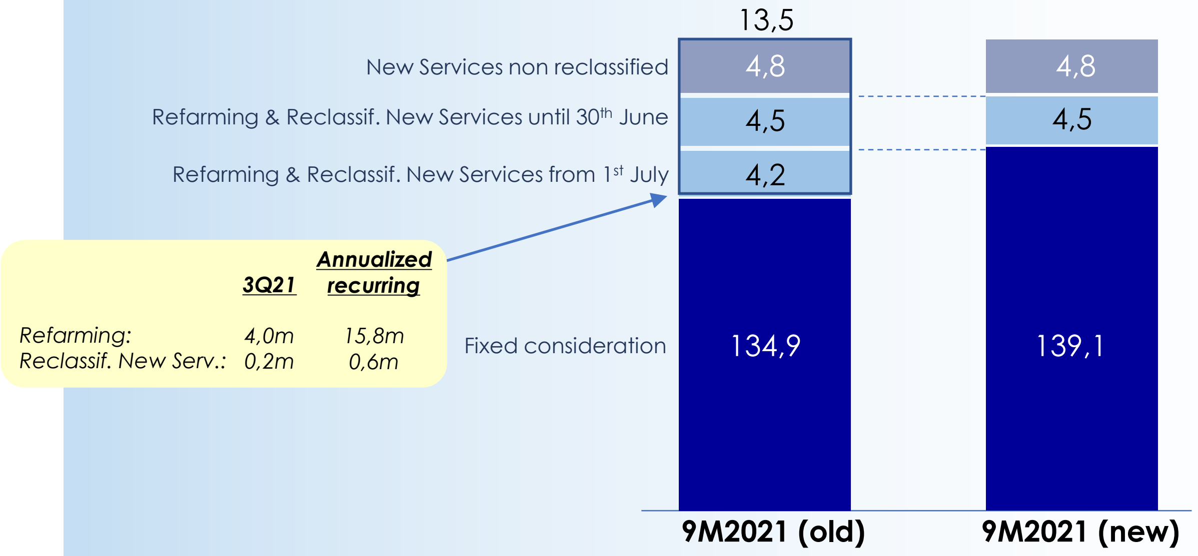
Core Revenues

Mln Eur; % — % YoY growth



- Refarming-related step-up in revenues from RAI (€ 15,8m + € 0,6m from reclassified new services on an annual basis)

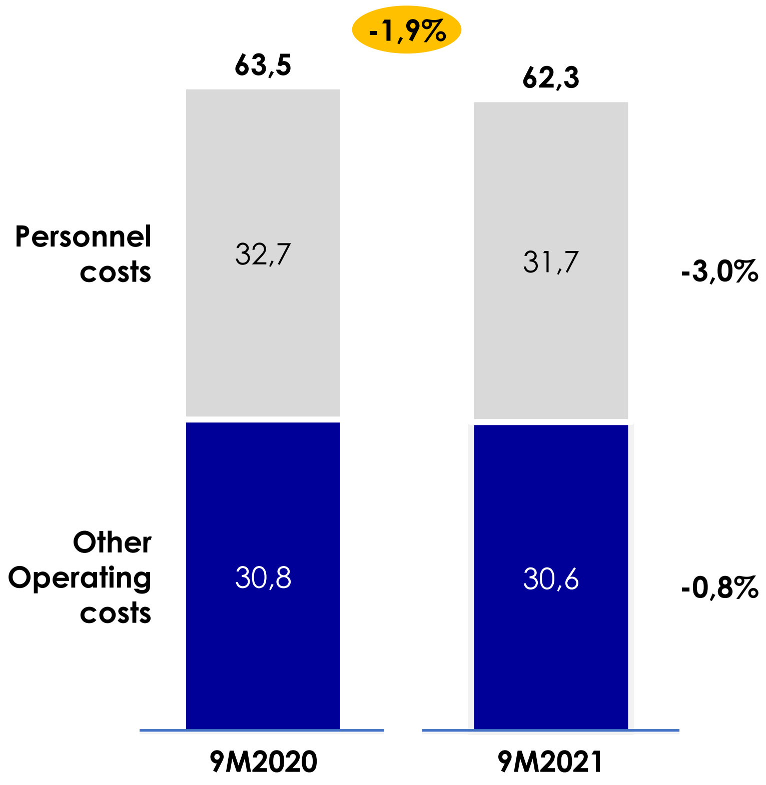
Restatement of Revenues from RAI from 1st July 2021



- Excluding one-off items, third-party revenues down 3,4% mainly driven by MNOs
  - upcoming contribution from regional refarming expected to reverse the trend

Opex (excluding non-recurring)

Mln Eur; % — % YoY growth



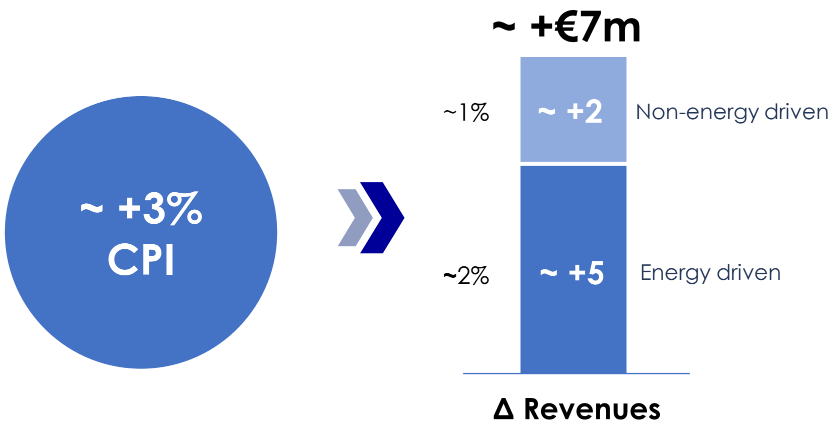
- Excluding capitalizations and non-core items, underlying personnel cost down -0,5% vs. 9M2020 reflecting benefits from headcount reduction and lower temporary savings due to covid-related safety measures (on variable components)
- Other Opex reduction mainly driven by lower energy prices partially offset by higher maintenance; similar temporary savings from covid-related safety measures vs. 9M2020

CPI-link provides natural hedge vs rising electricity prices

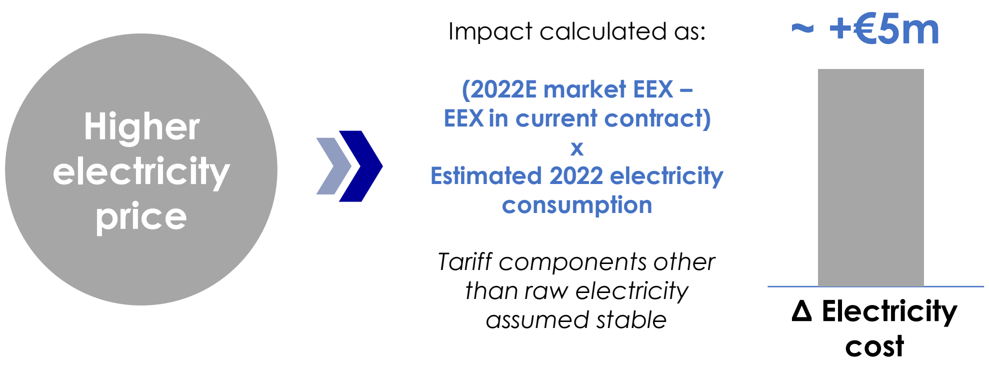
- Rising electricity prices also reflected in higher inflation
  - CPI (FOI index) estimated at ca. +3% in October 2021 or ca. +1% excluding energy components[1]
- Current annual electricity contract, based on fixed price, effective from April 2021 to March 2022
  - New contract to be effective starting from April 2022
- Other opex not directly linked to CPI

Assuming a new contract at raw electricity price (EEX) currently forecasted for 2022, theoretical **impact on yearly opex to be fully offset by higher CPI-driven revenues**

CPI impact on revenues



Theoretical electricity price impact on opex



2022 P&L impact to be mitigated by:
- *2021 electricity consumption higher vs. 2022*
- *Electricity price for 1Q2022 already contractually fixed*

1) Energy components in CPI include regulated and unregulated components

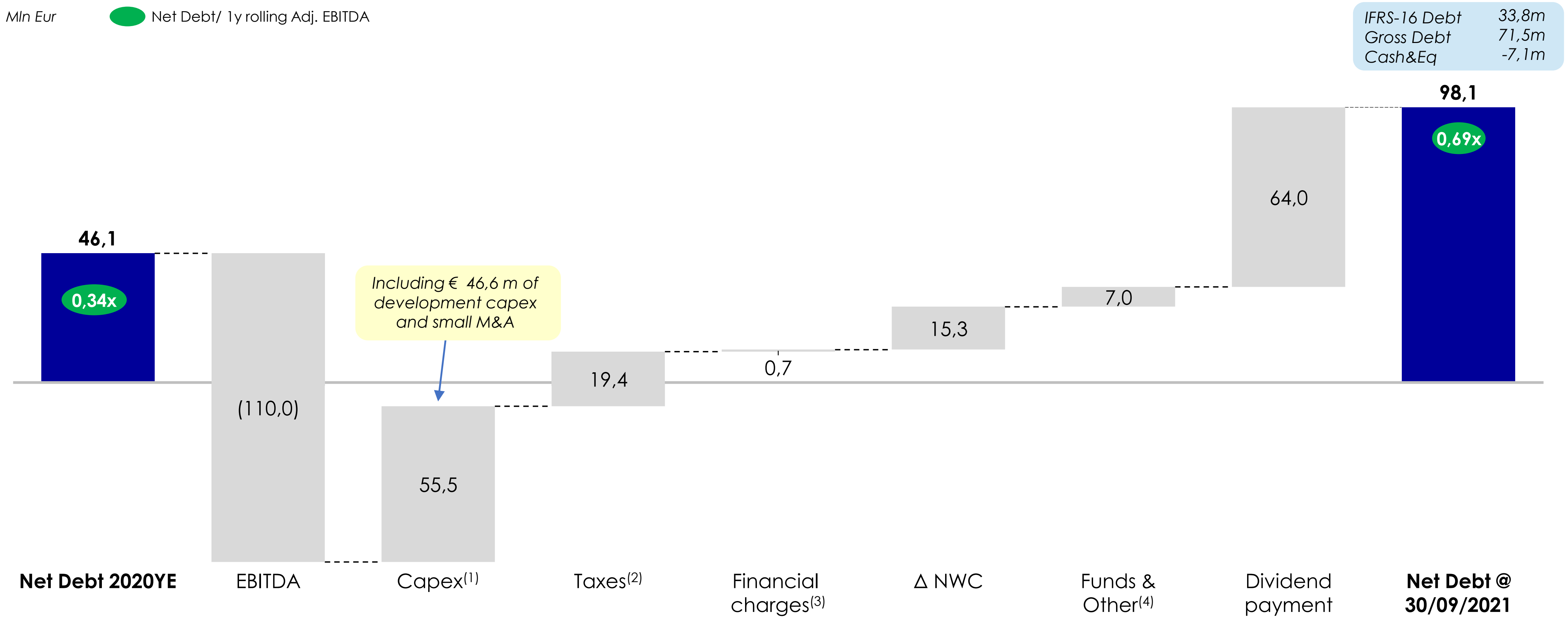
P&L

Eur Mln, %	3Q 2020	3Q 2021	% YoY	9M 2020	9M 2021	% YoY
Core Revenues	**56,9**	**58,4**	**2,7%**	**168,0**	**171,8**	**2,2%**
Other Revenues & income	0,0	0,0		0,0	0,5	
Adj. EBITDA	**36,6**	**40,1**	**9,8%**	**104,5**	**110,0**	**5,2%**
% margin	*64,3%*	*68,7%*		*62,2%*	*64,0%*	
Non recurring costs	-0,1	0,0		-1,1	0,0	
EBITDA	**36,5**	**40,1**	**10,0%**	**103,5**	**110,0**	**6,3%**
% margin	*64,2%*	*68,7%*		*61,6%*	*64,0%*	
D&A [1]	-11,2	-12,5	11,3%	-32,8	-36,7	11,9%
Operating Profit (EBIT)	**25,3**	**27,6**	**9,4%**	**70,7**	**73,3**	**3,7%**
Net financial income (expenses)	-0,3	-0,4	61,2%	-0,7	-1,1	63,7%
Profit before Income taxes	**25,0**	**27,2**	**8,9%**	**70,0**	**72,2**	**3,1%**
Income Taxes	-6,9	-7,6	10,0%	-19,2	-19,4	1,3%
% tax rate	*27,7%*	*28,0%*		*27,4%*	*26,9%*	
Net Income	**18,1**	**19,6**	**8,4%**	**50,8**	**52,8**	**3,8%**

- **9M2021 Net Income up by 3,8% at € 52,8m as a result of:**
  - Higher Adjusted EBITDA, with profitability at 64%
  - Absence of non-recurring costs
  - Higher D&A following rising investment activity
  - Tax rate at 26,9%, positively impacted by a € 1m one-off Covid-related tax relief accrued in 1Q

1) Including provisions

Net Debt bridge



9M21 recurring FCFE[5] at ca. € 74m

1) Excluding component related to IFRS-16 leasing
2) P&L taxes
3) P&L financial charges excluding interests on employee benefit liability and interests on leasing contracts
4) Including renewal of leasing contracts and interests on leasing contracts
5) Recurring FCFE = Adj. EBITDA – Leases – Net Financial Charges – P&L Taxes – Recurring Maintenance Capex. Leases estimated as sum of leasing right of use depreciation (excl. dismantling) + financial charges on leasing contracts

Guidance 2021

ADJUSTED EBITDA

- **Growth** of **Adjusted EBITDA** supported by step-up in RAI contract in 2H, although limited by:
  - Tough comparison with 2020 figure, positively impacted by temporary factors mainly related to COVID-19 outbreak
  - Slightly negative CPI recorded in 2020

Compared to initial expectations, 2021 still benefitting from some temporary savings related to pandemic safety measures

CAPEX

- **Maintenance capex on core revenues ratio above 2020 figure**; run-rate post-network upgrade confirmed at ca. 6%
- **Development capex above 2020 level**, pushed by *refarming* investments

Q&A session

Contacts

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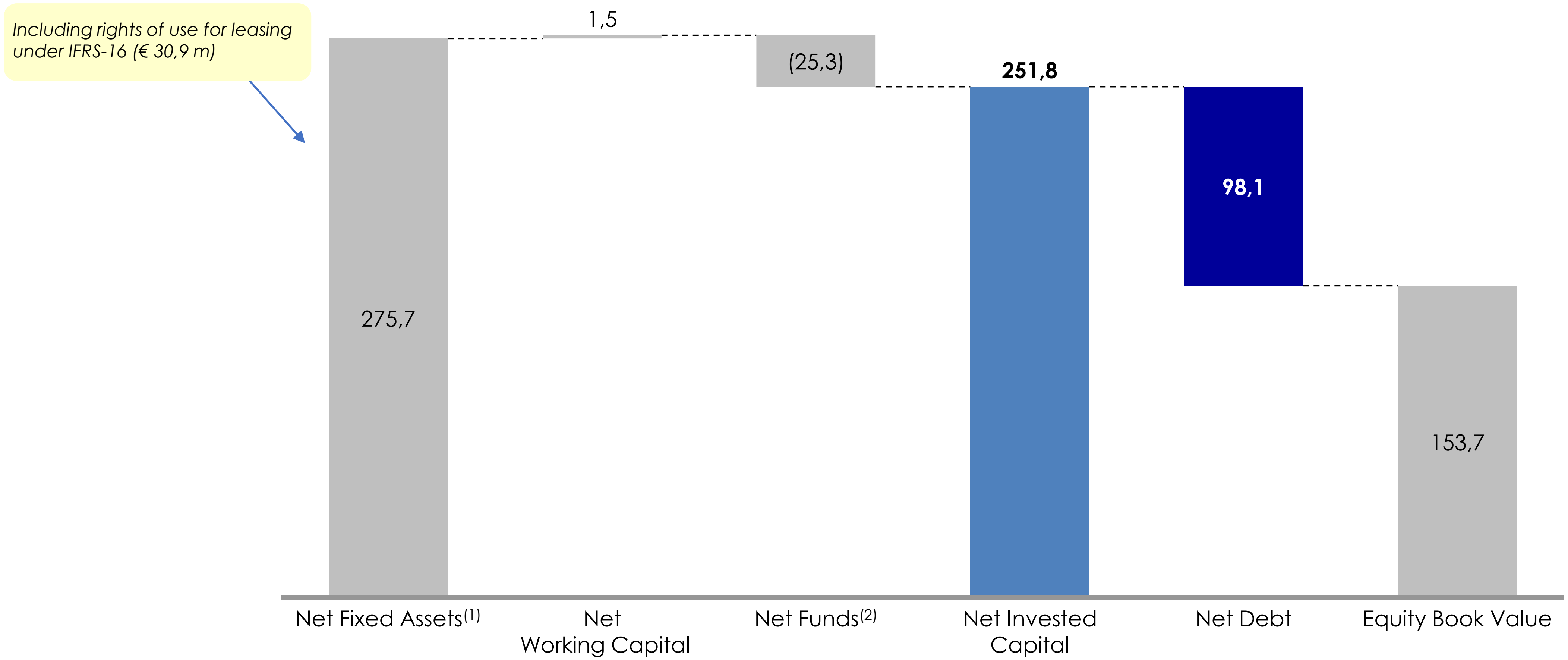
Appendix

Balance sheet

Mln Eur



1) Including long-term financial items and the rights of use for leasing introduced from 2019 with the application of IFRS 16
2) Net funds include employee termination indemnities, provision for risks and deferred taxes

Detailed summary of Income Statement

(€m; %)	3Q20	3Q21	9M20	9M21
Core revenues	**56,9**	**58,4**	**168,0**	**171,8**
Other revenues and income	0,0	0,0	0,0	0,5
Purchase of consumables	(0,3)	(0,3)	(0,5)	(1,0)
Cost of services	(10,2)	(8,8)	(28,5)	(27,5)
Personnel costs	(9,3)	(8,5)	(33,7)	(31,7)
Other costs	(0,6)	(0,7)	(1,9)	(2,0)
Opex	**(20,4)**	**(18,3)**	**(64,6)**	**(62,3)**
Depreciation, amortization and write-downs	(11,2)	(12,5)	(32,7)	(36,7)
Provisions	(0,0)	0,0	(0,0)	0,1
Operating profit (EBIT)	**25,3**	**27,6**	**70,7**	**73,3**
Net financial income (expenses)	(0,3)	(0,4)	(0,7)	(1,1)
Profit before income taxes	**25,0**	**27,2**	**70,0**	**72,2**
Income taxes	(6,9)	(7,6)	(19,2)	(19,4)
Net Income	**18,1**	**19,6**	**50,8**	**52,8**

EBITDA	**36,5**	**40,1**	**103,5**	**110,0**
EBITDA margin	*64,2%*	*68,7%*	*61,6%*	*64,0%*
Non recurring costs	(0,1)	-	(1,1)	-
Adjusted EBITDA	**36,6**	**40,1**	**104,5**	**110,0**
Adjusted EBITDA margin	*64,3%*	*68,7%*	*62,2%*	*64,0%*

Summary of Balance Sheet

(€m)	2020FY	9M2021
Non current assets		
Tangible assets	200,9	227,7
Rights of use for leasing	32,5	30,9
Intangible assets	15,9	15,2
Financial assets, holdings and other non-current assets	2,1	1,9
Deferred tax assets	2,8	2,3
Total non-current assets	**254,2**	**278,0**
Current assets		
Inventories	0,9	0,8
Trade receivables	62,6	76,7
Other current receivables and assets	4,2	4,4
Current financial assets	0,7	0,6
Cash and cash equivalents	4,1	6,5
Current tax receivables	0,1	0,1
Total current assets	**72,4**	**89,1**
TOTAL ASSETS	**326,6**	**367,1**

(€m)	2020FY	9M2021
Shareholders' Equity		
Share capital	70,2	70,2
Legal reserves	14,0	14,0
Other reserves	37,1	37,2
Retained earnings	63,5	52,2
Treasury shares	(20,0)	(20,0)
Total shareholders' equity	**164,8**	**153,7**
Non-current liabilities		
Non-current financial liabilities	15,1	56,0
Non-current leasing liabilities	23,9	22,7
Employee benefits	13,2	12,3
Provisions for risks and charges	16,3	15,4
Total non-current liabilities	**68,5**	**106,3**
Current liabilities		
Trade payables	45,5	42,7
Other debt and current liabilities	36,0	36,2
Current financial liabilities	0,3	15,5
Current leasing liabilities	11,5	11,1
Current tax payables	0,0	1,6
Total current liabilities	**93,3**	**107,1**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**326,6**	**367,1**

Summary of Cash Flow Statement

(€m)	3Q2020	3Q2021	9M2020	9M2021
Profit before income taxes	**25,0**	**27,2**	**70,0**	**72,2**
Depreciation, amortization and write-downs	11,2	12,5	32,7	36,7
Provisions and (releases of) personnel and other funds	2,3	(0,9)	3,0	0,9
Net financial (income)/expenses	0,2	0,4	0,5	1,0
Other non-cash items	0,0	(0,0)	0,1	0,1
Net operating CF before change in WC	**38,7**	**39,2**	**106,4**	**110,9**
Change in inventories	0,0	0,0	0,0	0,1
Change in trade receivables	(7,6)	(11,7)	5,2	(14,3)
Change in trade payables	2,8	2,5	(16,2)	(2,8)
Change in other assets	0,5	0,2	0,0	(0,2)
Change in other liabilities	5,3	5,6	8,0	4,7
Use of funds	(2,1)	(0,2)	(2,5)	(0,3)
Payment of employee benefits	(0,4)	(0,6)	(1,6)	(2,4)
Change in tax receivables and payables	0,0	(0,0)	(0,1)	(0,0)
Taxes paid	(21,7)	(21,2)	(21,7)	(21,8)
Net cash flow generated by operating activities	**15,4**	**13,9**	**77,6**	**73,8**
Investment in tangible assets	(13,4)	(25,0)	(31,5)	(53,1)
Disposals of tangible assets	-	(0,2)	-	0,0
Investment in intangible assets	(1,8)	(0,6)	(2,7)	(1,4)
Disposals of intangible assets	-	-	-	0,0
Change in other non-current assets	(0,0)	0,0	0,1	0,0
Change in non-current financial assets	-	0,0	-	0,1
Business combination	-	-	-	(1,0)
Net cash flow generated by investment activities	**(15,2)**	**(25,7)**	**(34,1)**	**(55,3)**
(Decrease)/increase in medium/long-term loans	-	-	(0,1)	40,9
(Decrease)/increase in current financial liabilities	(42,6)	15,1	20,8	15,1
(Decrease)/increase in IFRS 16 financial liabilities	(2,6)	(2,4)	(6,7)	(7,7)
Change in current financial assets	(0,0)	0,2	(0,2)	0,1
Net Interest paid	(0,3)	(0,1)	(0,5)	(0,5)
Buyback	(7,7)	-	(7,7)	-
Dividends paid	(63,3)	(0,1)	(63,3)	(64,0)
Dividends to be paid	63,3	-	-	-
Net cash flow generated by financing activities	**(53,2)**	**12,7**	**(57,7)**	**(16,0)**
Change in cash and cash equivalent	**(52,9)**	**0,8**	**(14,3)**	**2,5**
Cash and cash equivalent (beginning of period)	68,8	5,7	30,2	4,1
Cash and cash equivalent (end of period)	15,9	6,5	15,9	6,5