



# 2022FY Results Presentation

16 March 2023



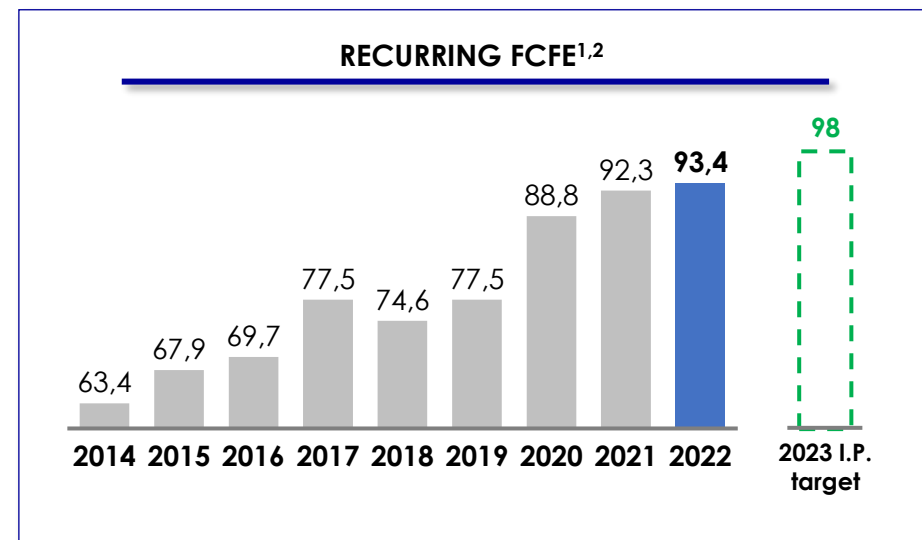
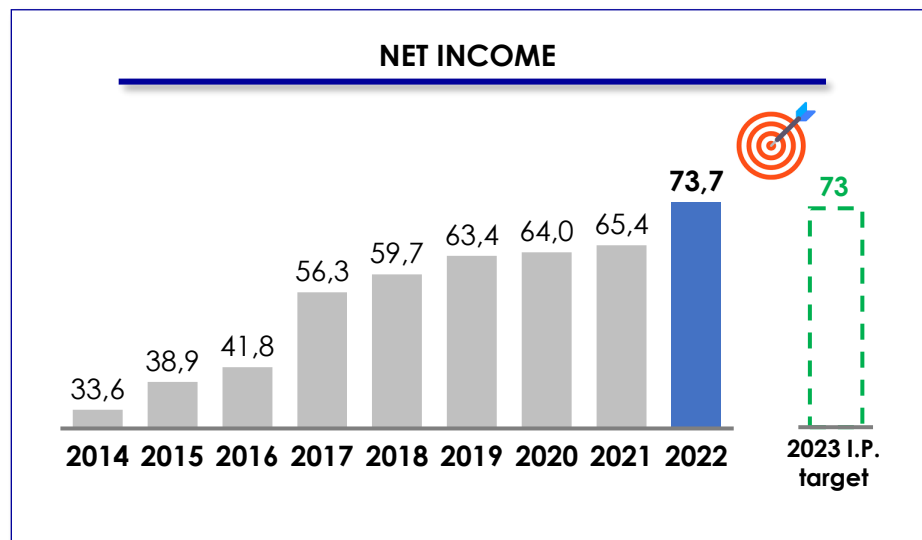
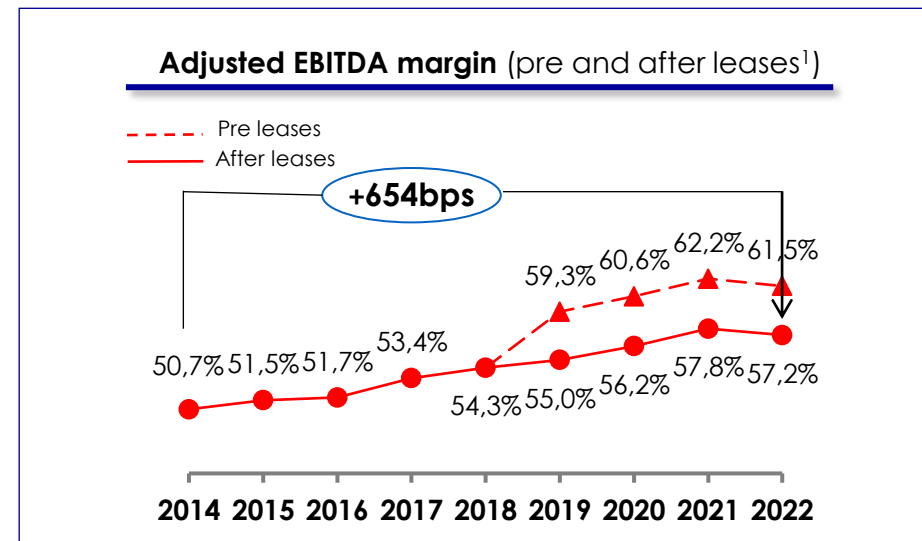
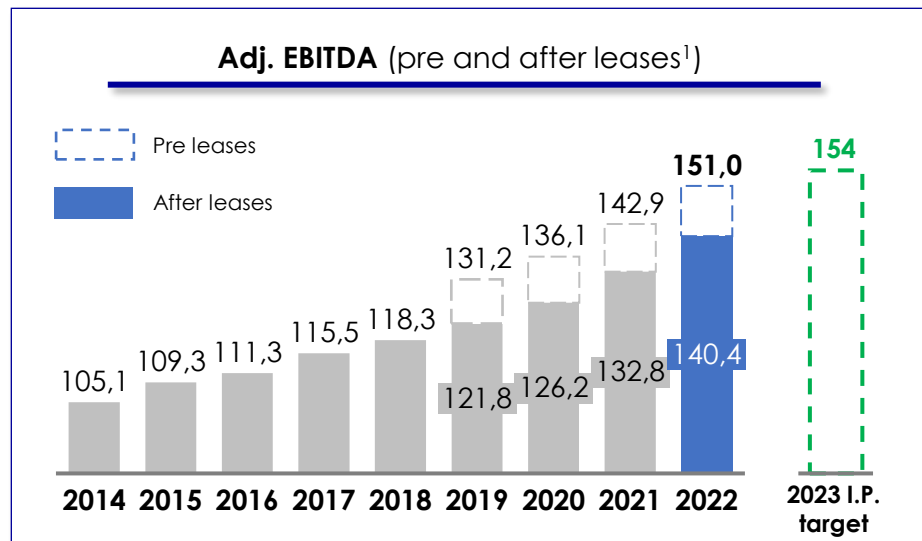
## FORWARD LOOKING STATEMENTS

This presentation contains forward-looking statements regarding future events and the future results of Rai Way that are based on current expectations, estimates, forecasts, and projections about the industries in which Rai Way operates, as well as the beliefs and assumptions of Rai Way's management. In particular, certain statements with regard to management objectives, trends in results, margins, costs, rate of return and competition tend to be forward-looking in nature. Words such as "expects", "anticipates", "targets", "goals", "projects", "intends", "plans", "believes", "seeks" and "estimates", variations of such words and similar expressions, are intended to identify such forward-looking statements. These forward-looking statements are only predictions and are subject to risks, uncertainties, and assumptions that are difficult to predict because they relate to events and depend on circumstances that will occur in the future. Therefore, Rai Way's actual results may differ materially and adversely from those expressed or implied in any forward-looking statements. They are neither statements of historical fact nor guarantees of future performance. Rai Way therefore cautions against relying on any of these forward-looking statements. Factors that might cause or contribute to such differences include, but are not limited to, economic conditions globally, the impact of competition, political, economic and regulatory developments in Italy. Any forward-looking statements made by or on behalf of Rai Way speak only as of the date they are made. Rai Way undertakes no obligation to update any forward-looking statements to reflect any changes in Rai Way's expectations with regard thereto or any changes in events, conditions or circumstances on which any such statement is based.

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

# Another year of solid organic growth

Mln Eur; %



1) Recurring FCFE = Adj. EBITDA – Leases – Net Financial Charges – P&L Taxes – Recurring Maintenance Capex. Figure for 2021 restated to exclude a € 1 mln one-off tax benefit

2) Leases impact estimated as sum of leasing right of use depreciation (excl. dismantling) + financial charges on leasing contracts

# Key messages on 2022

## FINANCIAL RESULTS

- **Strong financial performance despite severe energy headwind**
  - Underlying top-line organic growth of ca. 6% supported by development activities and CPI; Third-party up double-digit
  - Excluding the increase in energy bill, higher revenues flowed entirely to Adj. EBITDA (up 5,7%) thanks to firm cost control
  - Development capex above €60m driven by *refarming* for RAI; Third-Party portion represented more than one third
  - Recurring cash generation trending towards € 100m
- 27,45 €/cent **dividend** proposed to the AGM, equal to 100% pay-out and 4,9% dividend yield<sup>(1)</sup>

## OPERATIONS

- RAI DTT network upgrade and roll-out of new regional MUXes substantially **completed on time and budget**
- Construction started for the first set of 5 **Edge DCs**, tendering started for 3 more Edge DCs; permit application for the **hyperscale DC** submitted to the relevant authorities; tender procedures for **CDN** project underway
- Key contract renewal, framework agreement with new entrant and start of 5G coverage in rural areas **improve MNO performance**; busy FWA market
- Further enhancement of Company's **ESG profile** through implementation of the Sustainability Plan

## OUTLOOK

- Recovery from energy headwind in 2022 through CPI-link and cooldown in prices, with **adjusted EBITDA growth rate expected in the mid-teens area**
- Commitment to disciplined capital deployment; digital transition and evolving networks strengthen **conviction on investment in new infrastructure**

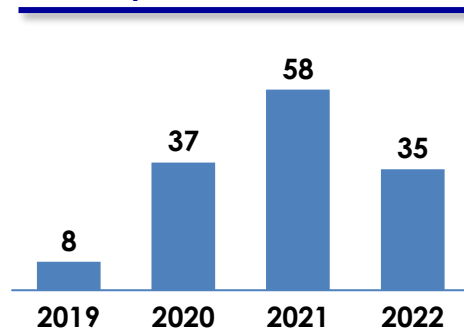
<sup>1)</sup> Dividend yield based on market closing price on 15/03/2023 (5,62 €/share)

# Rai Way broadcast network post-refarming

## National DTT networks for Rai

	<u>N. sites</u>	<u>Population Coverage</u>	<u>Technical features</u>
<b>MUX MR</b>	~2.000	~99%	T2-ready, MPEG4/HEVC
<b>MAX NAZ A</b>	~1.000	>95%	T2-ready, MPEG4/HEVC
<b>MUX NAZ B</b>	~1.000	>95%	T2-ready, MPEG4/HEVC

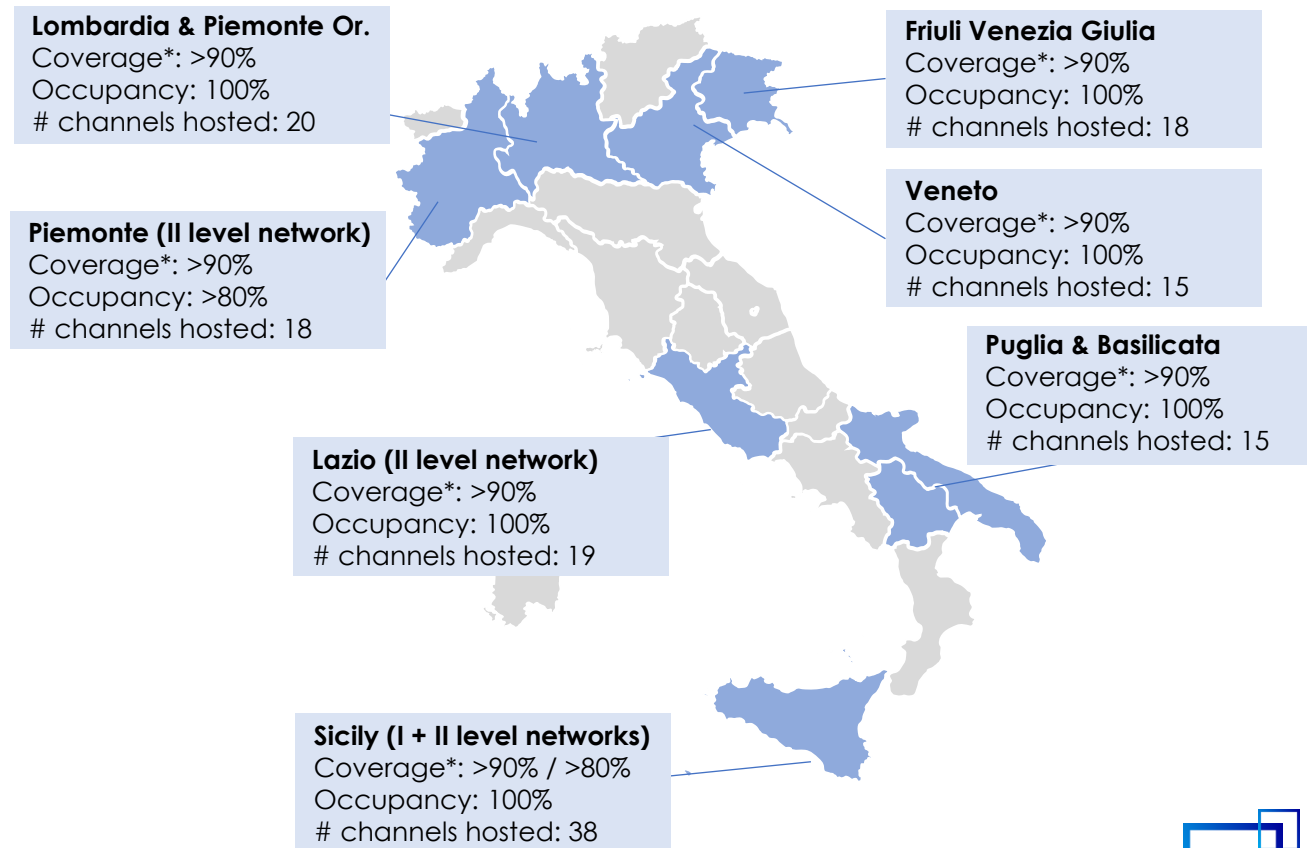
### Capex breakdown



Capex tail in 2023 mainly to complete equipment inventories

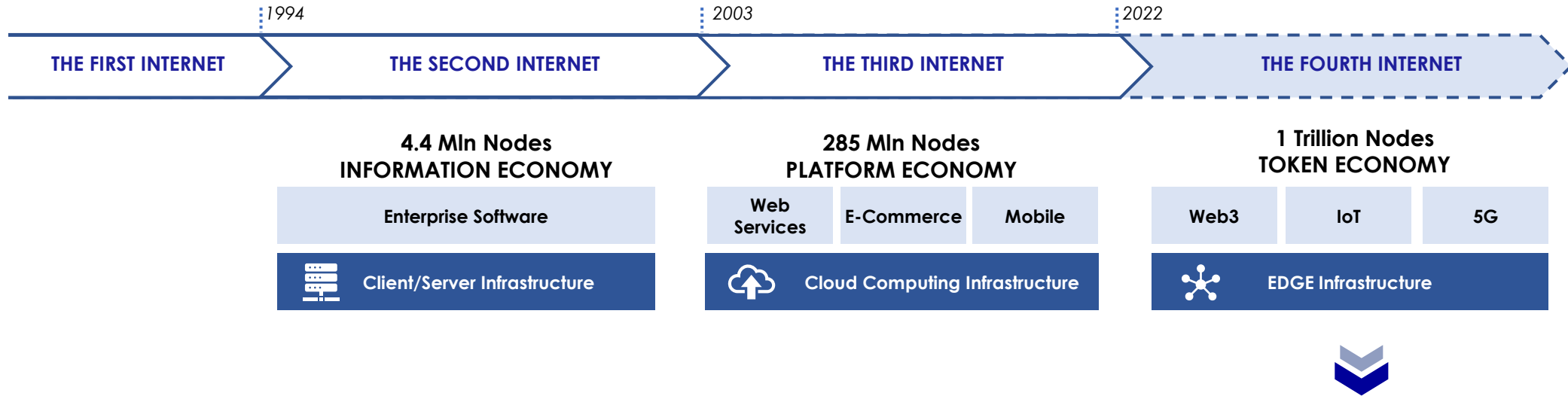
## Regional networks

- T2-ready networks, MPEG4/HEVC; average capacity available: Max: ~22 Mbps (DVB-T) – Max: ~40 Mbps (DVB-T2)
- DVB-T2 capacity substantially fully allocated

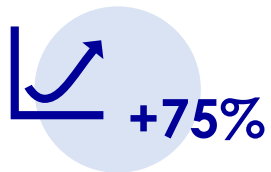


\* Coverage of the population in the reference area

# DC & Edge: digitalization (and 5G) support strong outlook



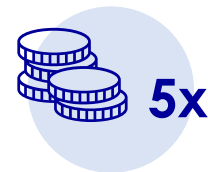
## Supportive scenario



Enterprise data expected to be processed in the Edge in 2025



Growth in the size of the Edge data centre global market expected in the next 5 years



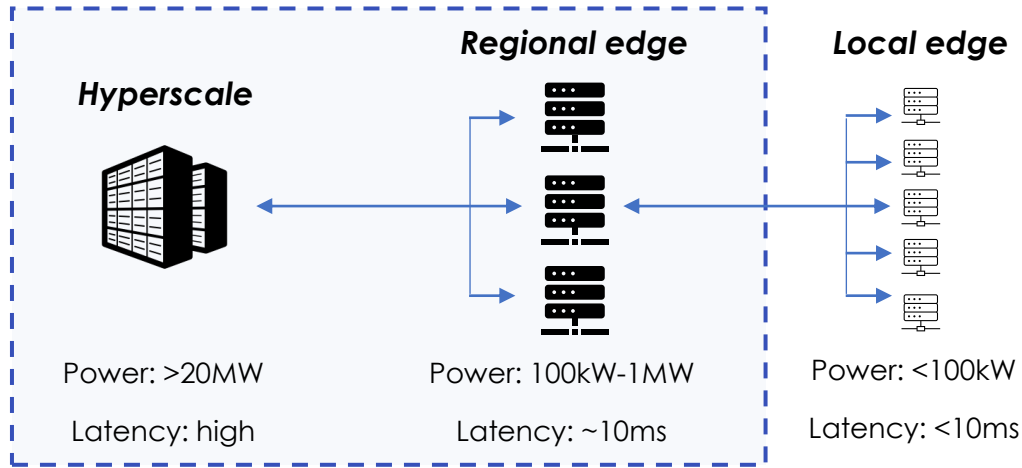
Amount of \$bln GDP served by 1 MW in Milan vs FLAP+D\* market

**Decentralized and distributed low-latency EDGE computing to characterize the Fourth Internet**

- Industry 4.0 / Private network
- Security/video surveillance-inspection
- Content delivery
- AI and predictive analytics
- AR & VR
- Gaming
- Logistic and tracking
- Remote surgery
- Conferencing
- Connected vehicles



## Infra project



## Progress update

Activity progress: 100% >>> 0%



- Tendering of additional 3 EDCs (ca. 0,7 MW) initiated; capex estimated at ~10-15m €
- First assets progressively available from end of 2023
- Full capacity deployed by 2025 (18 edge sites for ~3MW)
- Fiber backbone upgrade underway

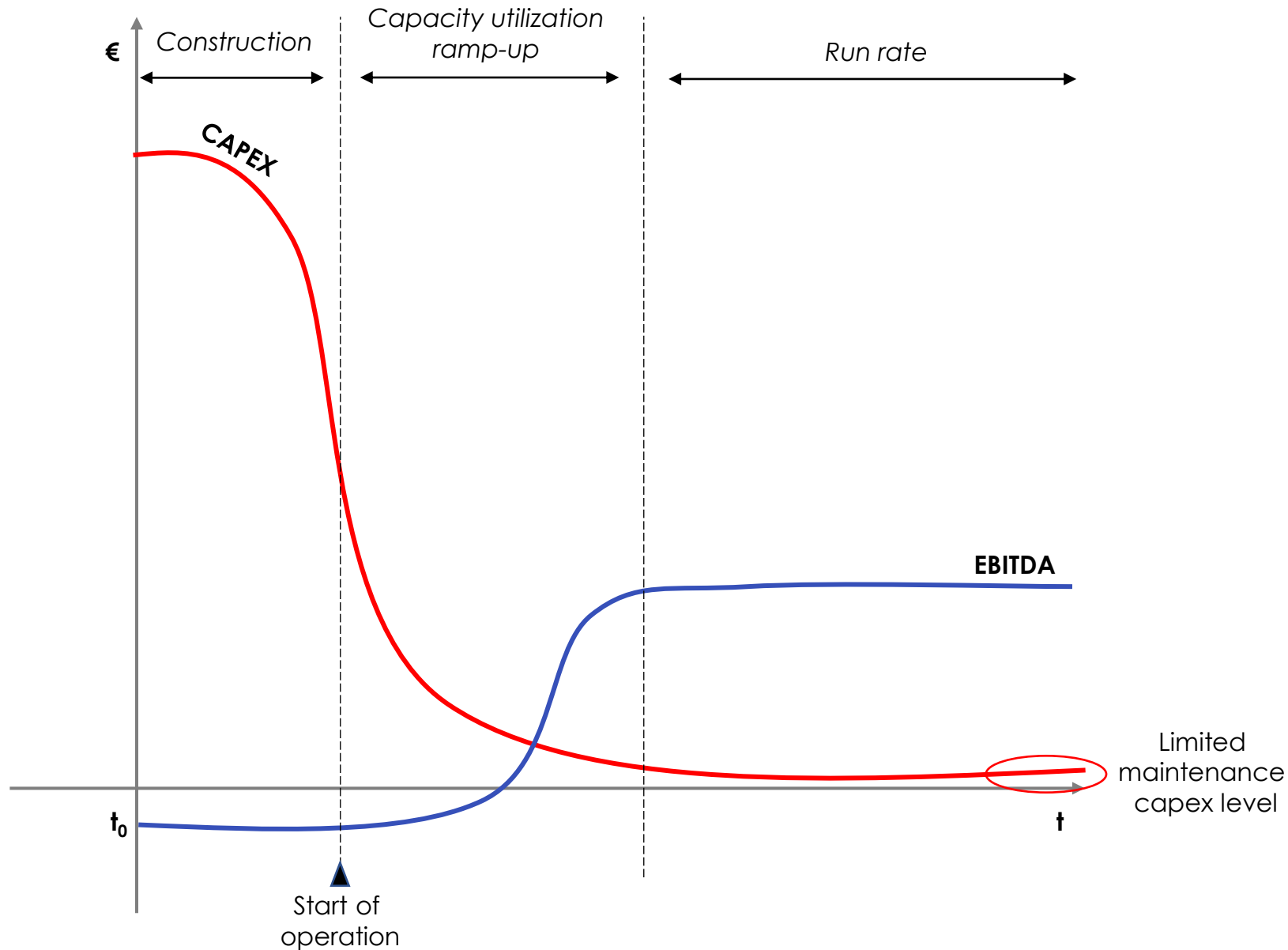


- Permit application (including design and draft concession agreement with municipality) submitted in order to start authorization procedure
- TIER-IV scalable asset up to ca. 35 MW IT load, with 4 modules of ~9 MW each
- First module construction time (once authorized): 12-18 months



# New infrastructure projects: expected cash profile

ILLUSTRATIVE PURPOSE ONLY



**8-10X**  
CAPEX/ EBITDA

**≥10%**  
Unlevered  
IRR

# Update on ESG



## Sustainability Plan 2023 Main Targets

- ✓ 100% green electricity
  - ✓ 99% waste recovery<sup>1</sup>
  - ✓ € 100+ m investments in more efficient equipment
  - Carbon Neutrality by 2025<sup>2</sup>
- 

- ✓ 35%<sup>3</sup> women in mgnt roles
- ✓ agile working scheme up to 45% of employees
- ✓ DTT coverage improvement for 1000+ Italian municipalities

- 80% of registered suppliers to be engaged on ESG issues
- ✓ 20% ESG goals within the LTI plan

- About € 200m to be invested in technological evolution projects and in digital transformation

## Achievements so far

- Carbon Inventory with 1<sup>st</sup> time Scope 3 emissions disclosure
- -16% electricity consumption vs 2020
- First corporate fleet efficiency and photovoltaic projects under study

- Agile work scheme adopted by 56% of employees
- Broad set of D&I initiatives carried out throughout the year

- Joined UN Global Compact
- Women within BoD increased to 55%
- New shareholders engagement policy
- First Sustainable Supply Chain policy

- € 170+ m capex spent as of 2022
- Roll-out of new RW Edge digital infra started
- 5G Broadcasting trial public tender awarded to Rai Way

## Last ESG Ratings

**MSCI**

2022 **BBB**

**SUSTAINALYTICS**

2021 6,6 - Negligible

**CDP**  
DISCLOSURE INSIGHT ACTION

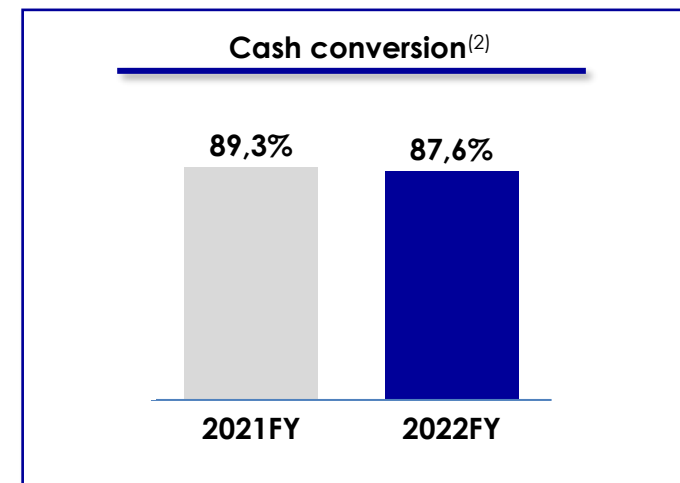
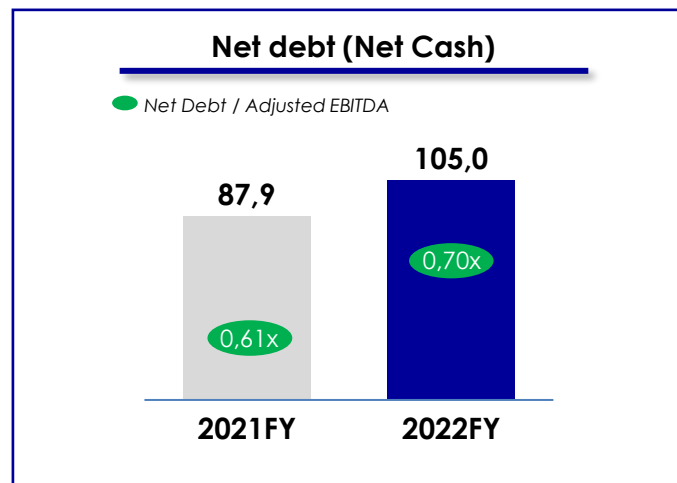
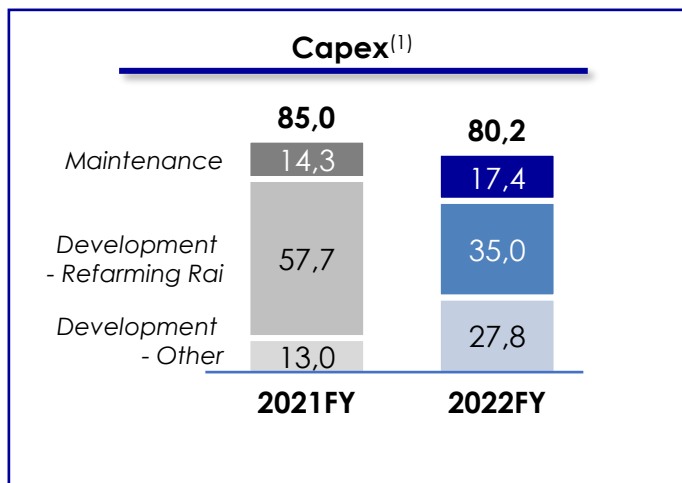
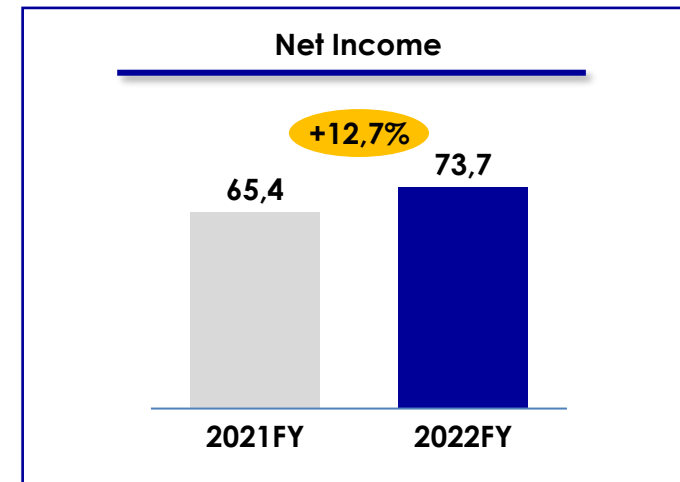
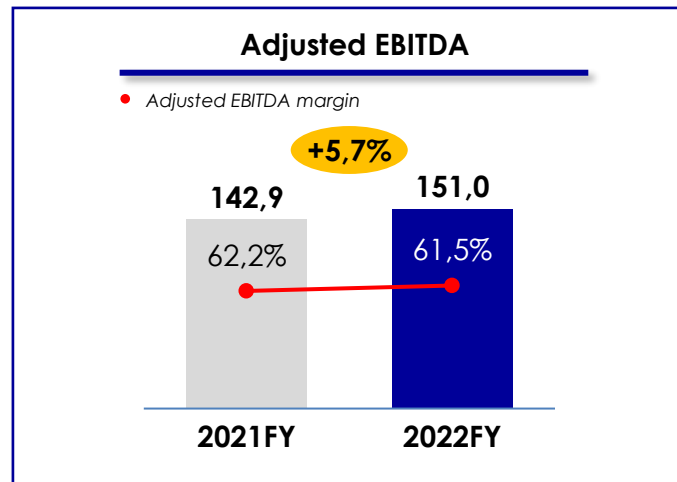
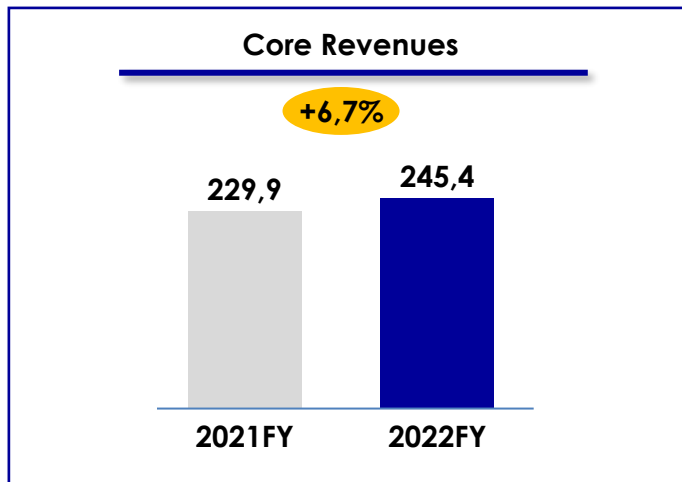
2022 **B-Management**

**S&P Global**

2021 **85° perc. [46/100]**

# 2022FY Financial highlights

Mln Eur; %    % YoY growth

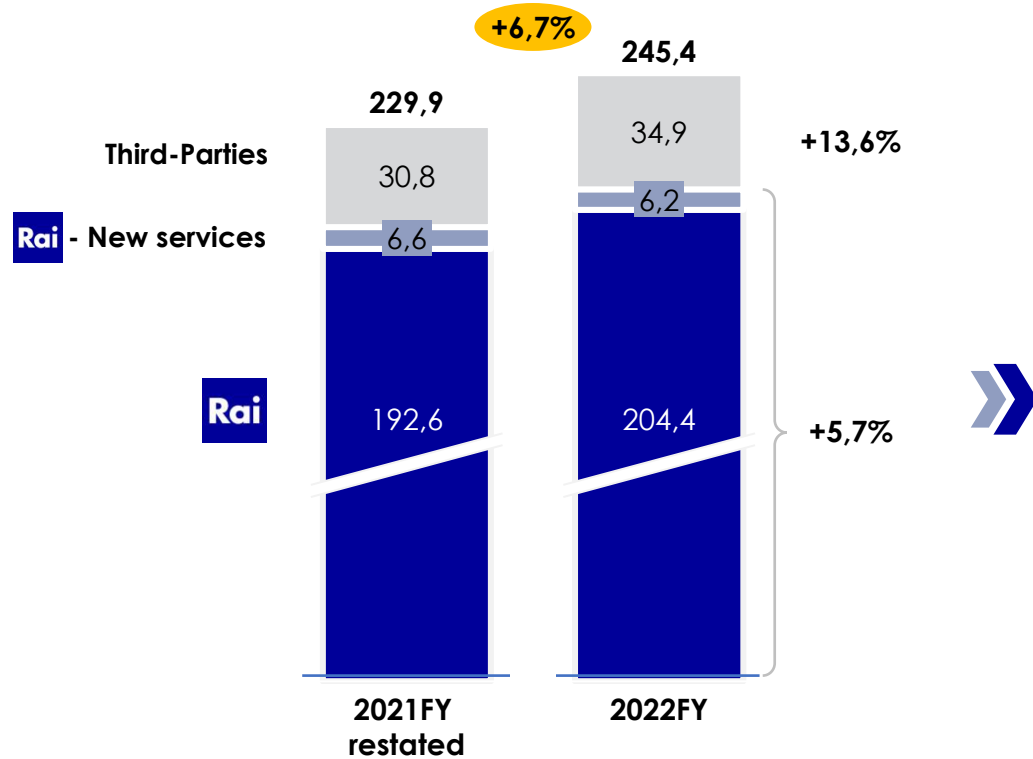


1) Maintenance capex excluding component related to IFRS-16 leasing. Development capex include € 4,6 million related to fiber IRU, reported under IFRS-16 financial liabilities in the financial statements

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



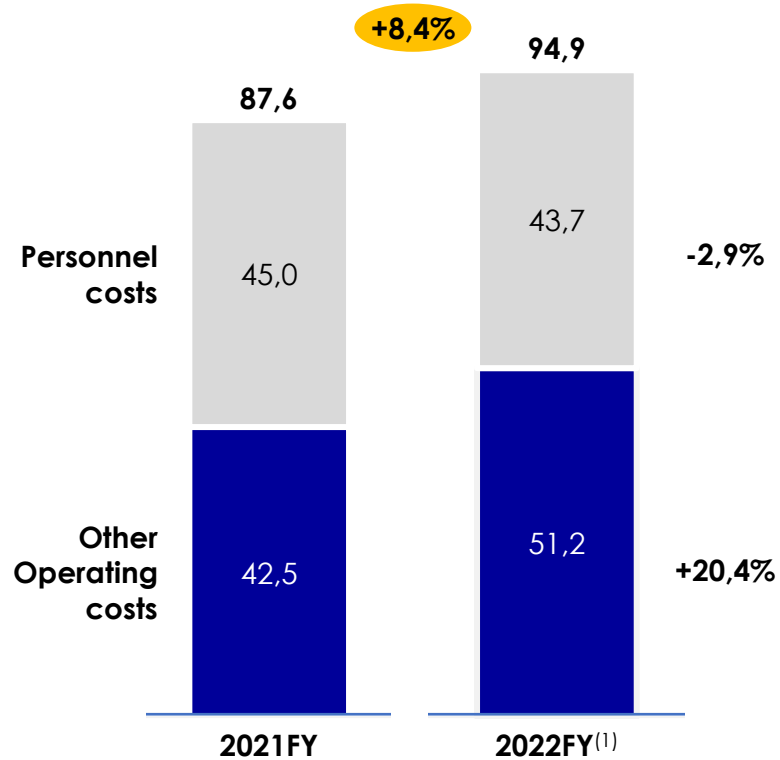
Following the restatement of RAI revenues effective from 2H2021 (as part of the Refarming Agreement), for comparison purposes 2021 revenues from refarming activities (€ 12,0m) and Reclassified new services (€ 0,8m) are entirely represented as Fixed Consideration

- RAI **Fixed Consideration up 6,1%** (or 5,1% excluding € 2,0m one-off amount paid by RAI in 3Q22 to terminate a minor service related to an old radio transmission technology) driven by **CPI escalator** and full impact of **refarming-related step-up** (effective from 2H21)
- Slight reduction in **New Services for RAI** related to the withdrawal from a regional service in the context of refarming

- Excluding non-recurring items, **Third-party revenues up 12%** (+19% in 2H):
  - rising contribution from **new regional MUXes business**
  - substantially **stable performance for other customers**, with progressively lower pressure from MNOs offset by higher hospitality to other clients (mainly FWA operators and radio broadcasters)

# Opex (excluding non-recurring)

Mln Eur; % % YoY growth



- Excluding non-recurring benefits and higher capitalization compared to 2021, **stable underlying personnel cost**
- **Electricity bill up € 8,5m vs 2021**  
(€ +1,4m in 4Q) with rise in energy prices only partially mitigated by government measures (tax credits and cut in other components) and lower consumption (-13% vs 2021)
- **Stable underlying trend for other cost items**, supported by mitigating actions on discretionary spending

1) OPEX net of tax credits related to electricity expenses

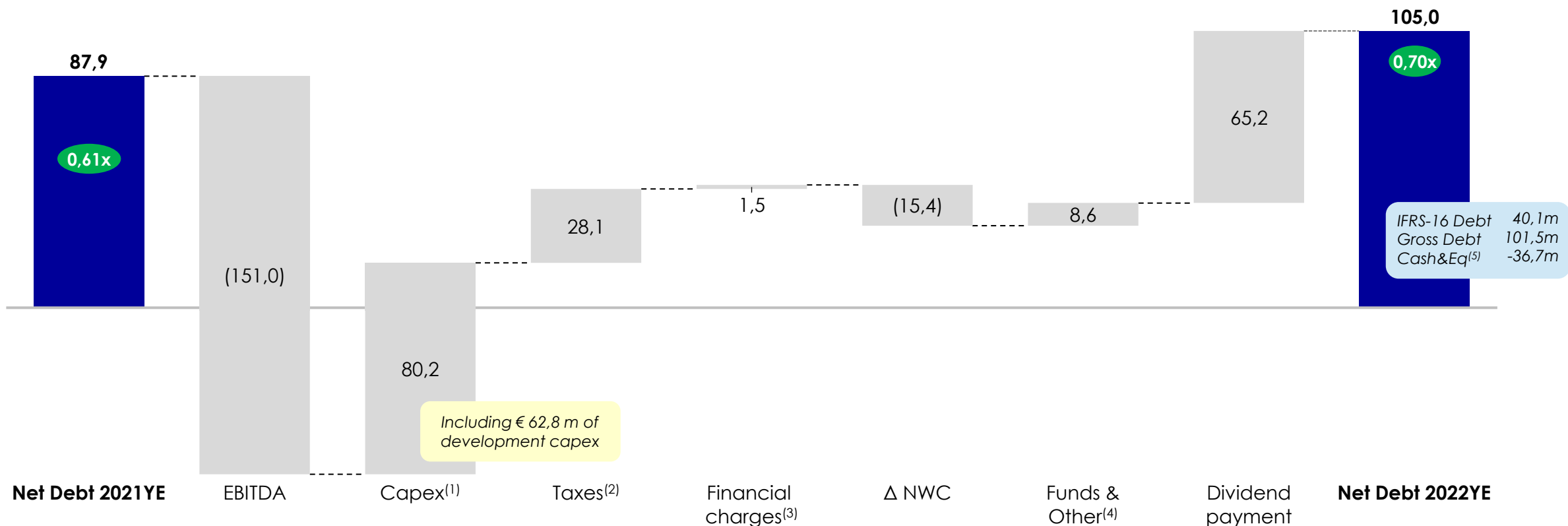
<i>Eur Mln, %</i>	4Q2021	4Q2022	% YoY	2021FY	2022FY	% YoY
<b>Core Revenues</b>	<b>58,2</b>	<b>61,1</b>	<b>4,9%</b>	<b>229,9</b>	<b>245,4</b>	<b>6,7%</b>
Other Revenues & income <sup>(1)</sup>	0,0	0,1		0,6	0,5	
<b>Adj. EBITDA</b>	<b>33,0</b>	<b>35,4</b>	<b>7,3%</b>	<b>142,9</b>	<b>151,0</b>	<b>5,7%</b>
% margin	56,6%	57,9%		62,2%	61,5%	
Non recurring costs	-0,4	0,0		-0,4	0,0	
<b>EBITDA</b>	<b>32,6</b>	<b>35,4</b>	<b>8,5%</b>	<b>142,6</b>	<b>151,0</b>	<b>5,9%</b>
% margin	56,0%	57,9%		62,0%	61,5%	
D&A <sup>(2)</sup>	-14,8	-11,4	-23,2%	-51,5	-47,2	-8,3%
<b>Operating Profit (EBIT)</b>	<b>17,8</b>	<b>24,0</b>	<b>34,9%</b>	<b>91,1</b>	<b>103,8</b>	<b>14,0%</b>
Net financial income (expenses)	-0,1	-0,7	684,9%	-1,2	-2,1	68,3%
<b>Profit before Income taxes</b>	<b>17,7</b>	<b>23,3</b>	<b>31,6%</b>	<b>89,9</b>	<b>101,8</b>	<b>13,2%</b>
Income Taxes	-5,1	-5,8	15,0%	-24,5	-28,1	14,6%
% tax rate	28,7%	25,1%		27,3%	27,6%	
<b>Net Income</b>	<b>12,6</b>	<b>17,4</b>	<b>38,3%</b>	<b>65,4</b>	<b>73,7</b>	<b>12,7%</b>

- **2022FY Net Income up by 12,7% at € 73,7m as a result of:**
  - Higher top-line
  - Broadly stable profitability despite sharp increase in energy bill
  - Lower D&A following the termination of the useful life of DVB-T equipment

1) Other Revenues and income net of tax credits related to electricity expenses 2) Including provisions

# Net Debt bridge

Mln Eur ● Net Debt/ 1y rolling Adj. EBITDA



**2022FY recurring FCFE<sup>(6)</sup> at ca. € 93m**

1) Maintenance capex excluding component related to IFRS-16 leasing; development capex include € 4,6 million related to fiber IRU, reported under IFRS-16 financial liabilities in the financial statements

2) P&L taxes;

3) P&L financial charges excluding interests on employee benefit liability and interests on leasing contracts;

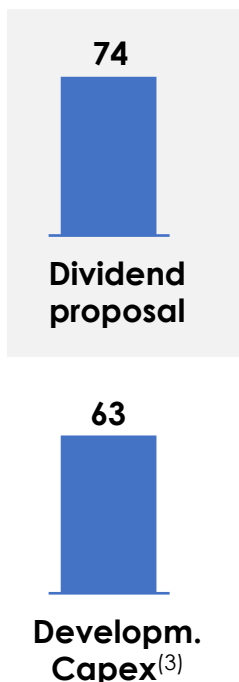
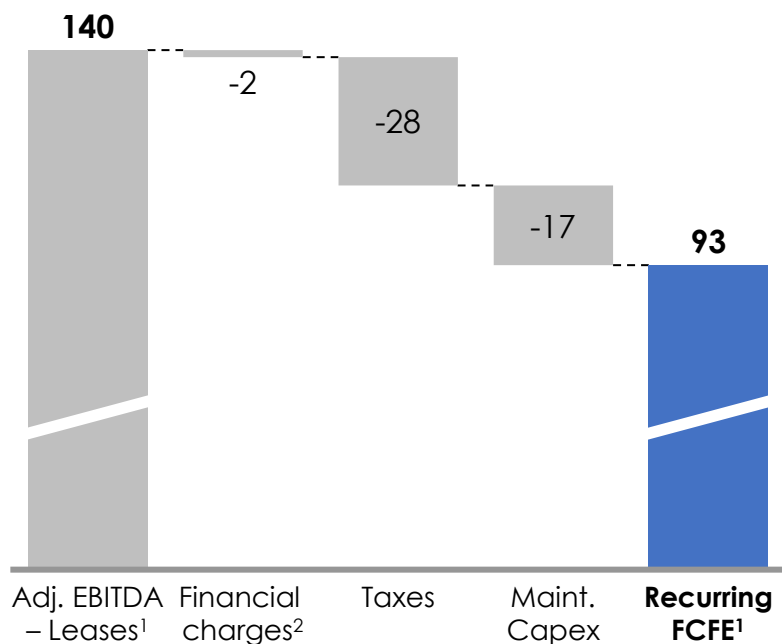
4) Including renewal of IFRS16 leasing contracts and interests on leasing contracts; excluding € 4,6 million related to fiber IRU, shown under Capex

5) Including current financial assets

6) 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

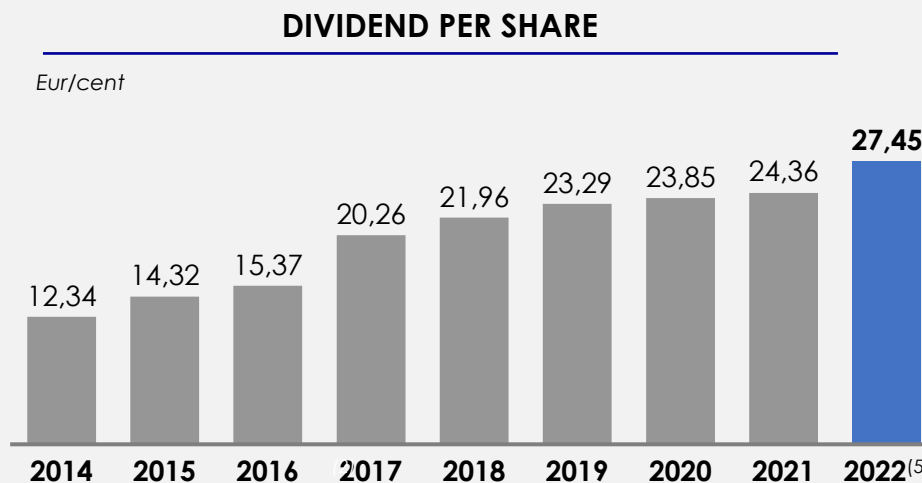
# 2022 Recurring cash generation and dividend proposal

Mln Eur



## Dividend proposal

- Dividend proposal of 27,45 €cent/share (pay-out ratio of 100% of Net Income), with a dividend yield<sup>(4)</sup> of 4,9%
- Including the proposed dividend for 2022, approx. € 496m distributed to Shareholders since listing




1) 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  
 2) P&L financial charges excluding interests on employee benefit liability and interests on leasing contracts  
 3) Development capex include € 4,6 million related to fiber IRU, reported as IFRS in the financial statements  
 4) Dividend yield based on market closing price on 15/03/2023 (5,62 €/share)  
 5) Dividend proposal



- Outlook based on recent levels of power futures for 2023<sup>(1)</sup>

<b>Adjusted EBITDA</b>	<b>Growth rate in the mid-teens area</b>	<ul style="list-style-type: none"><li>- CPI-link</li><li>- Rising contribution from regional rearing</li><li>- Lower energy prices<sup>(1)</sup> and lower consumption</li><li>- Start-up costs related to new infrastructure/services</li></ul>
<b>Capex</b>	<ul style="list-style-type: none"><li>• <b>Maintenance capex broadly stable vs 2022</b></li><li>• <b>Development capex broadly stable vs 2022, but with different RAI-3<sup>rd</sup> Parties mix</b></li></ul>	<ul style="list-style-type: none"><li>- New infra roll-out (mainly edge &amp; CDN)</li><li>- Backbone upgrade completion</li><li>- Residual rearing investments (both RAI &amp; regional)</li></ul>

 1) Average level of raw energy price for 2023 (excluding spread, green energy option and effect of tax credits) at ca. 150 €/MWh. Source for raw energy futures price: European Energy Exchange website; data as of 15/03/2023

# Strategy and ambitions confirmed in current environment

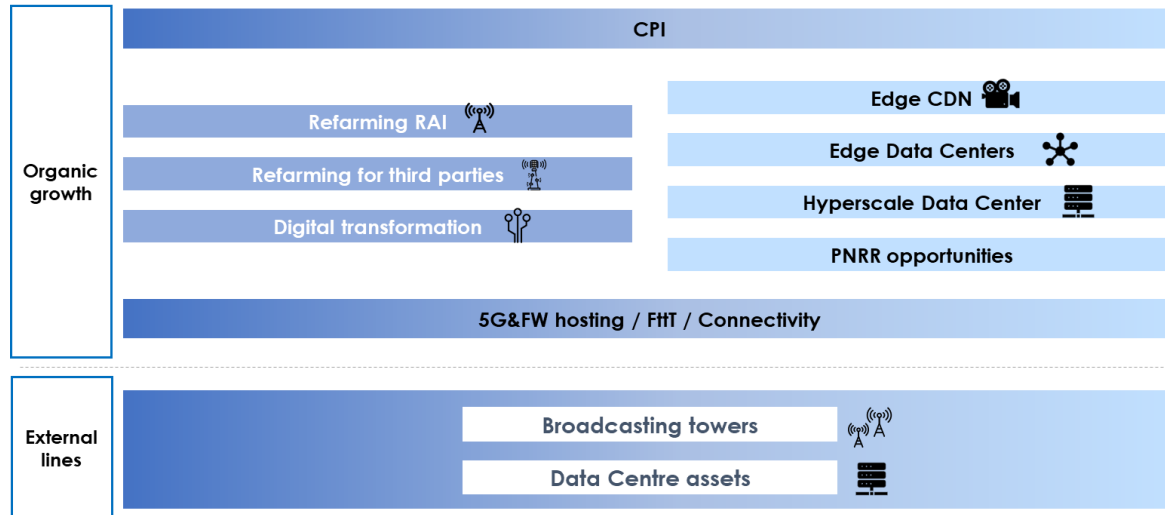


Contractualized revenues provide high visibility and cash generation



**2020-2023**  
Industrial Plan period

**Mainly from 2024**  
Beyond Industrial Plan period



Unchanged commitment to capital deployment

Resiliency of the business model

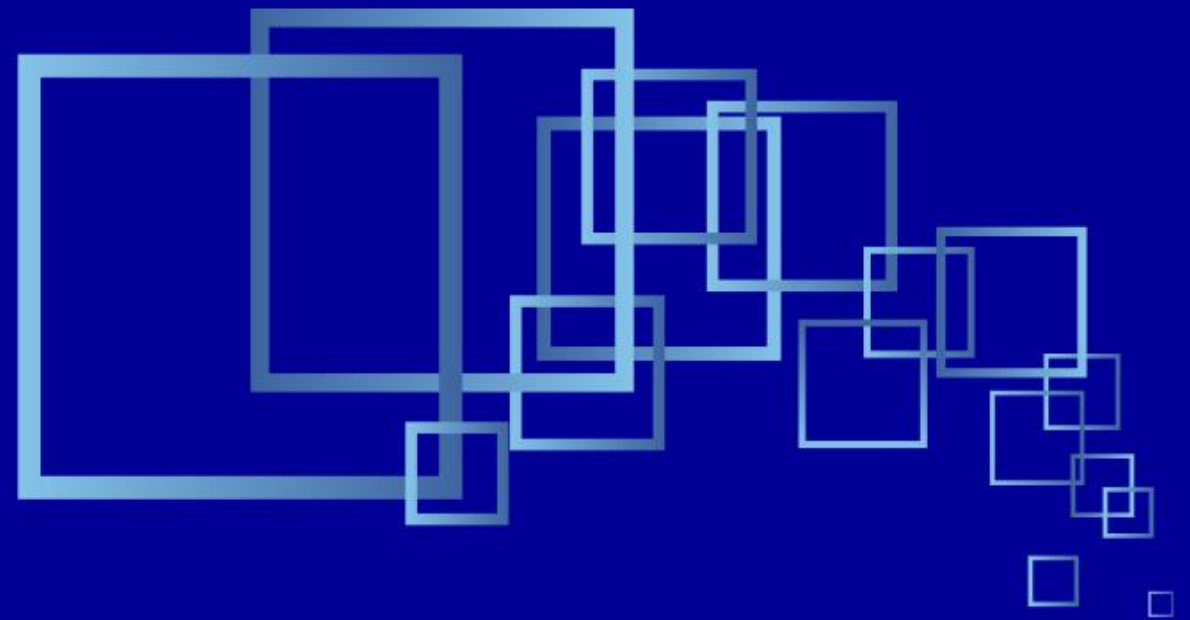


### Supportive scenario



- Top-line not linked to economic cycle
- Net benefit from inflation
- Digitalization trend

# Q&A session



## - Investor Relations



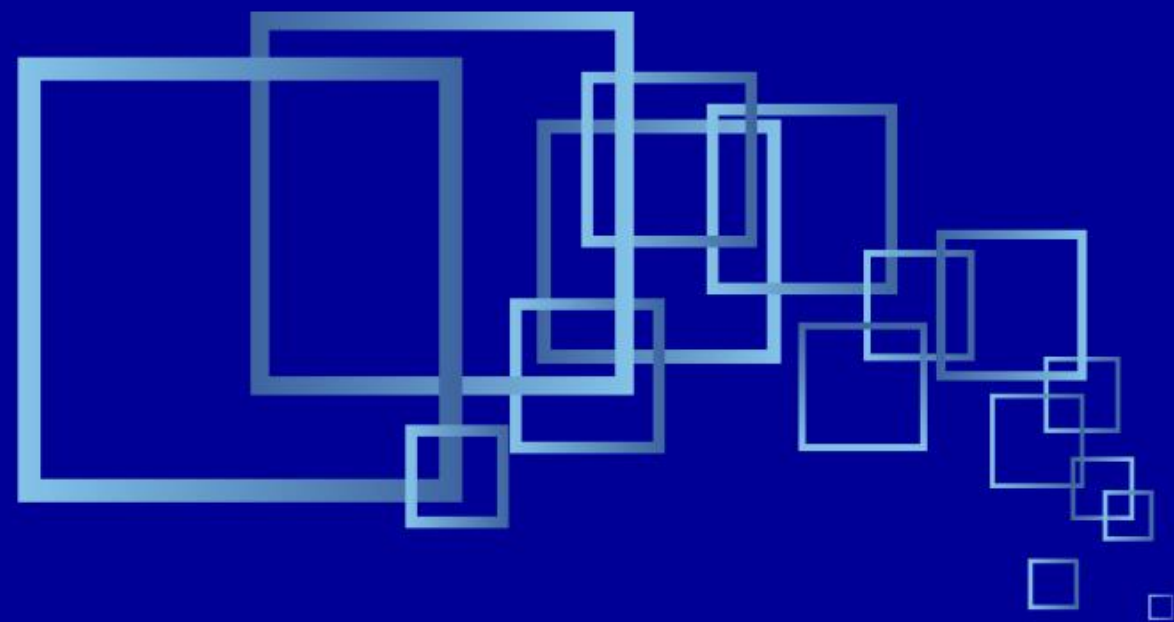
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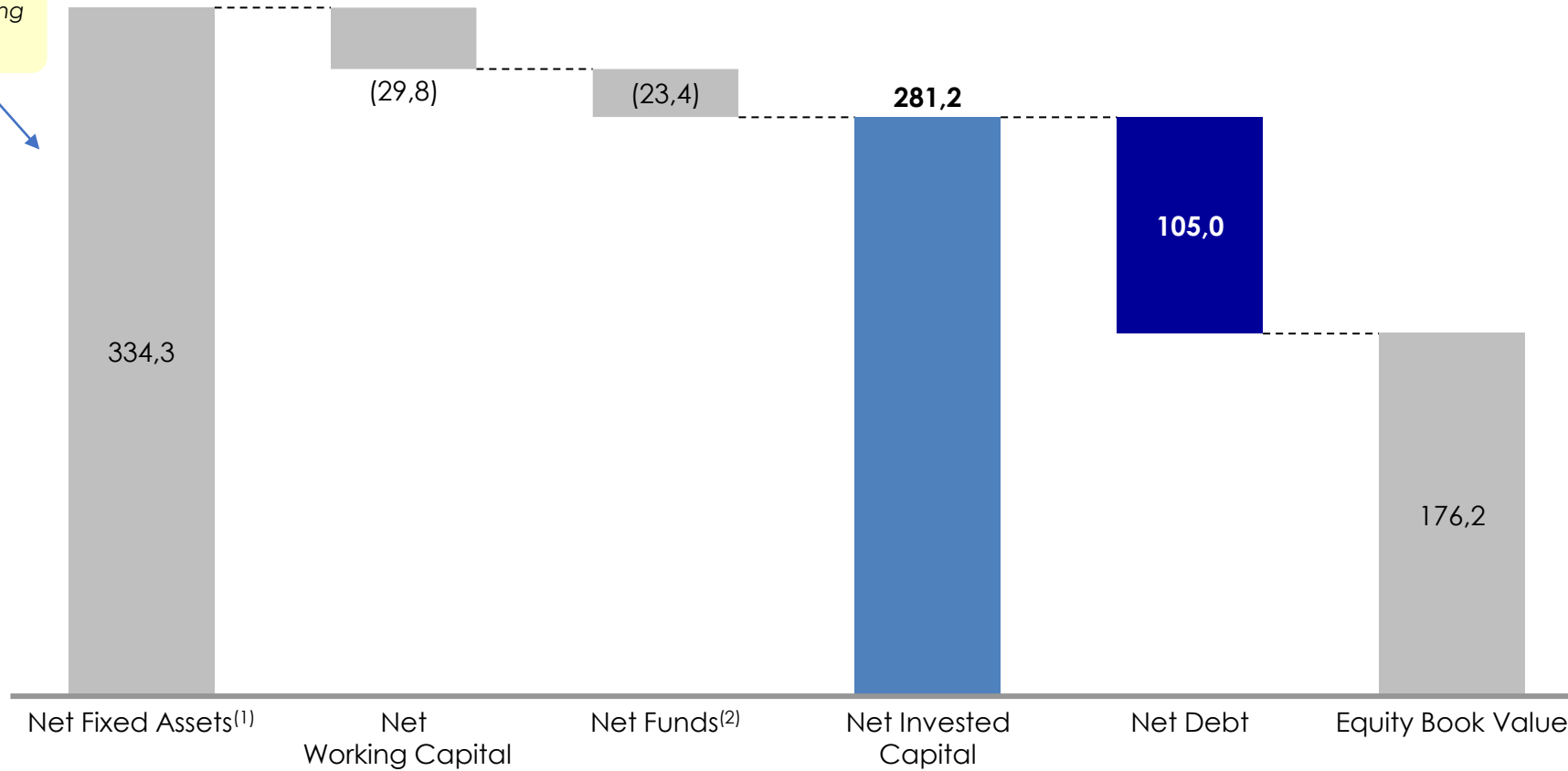
# Appendix



# Balance sheet

Mln Eur

Including rights of use for leasing under IFRS-16 (€ 33,4m)



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; %)	4Q21	4Q22	FY21	FY22
<b>Core revenues</b>	<b>58,2</b>	<b>61,1</b>	<b>229,9</b>	<b>245,4</b>
Other revenues and income <sup>1)</sup>	0,0	1,4	0,6	3,1
Purchase of consumables	(0,5)	(0,5)	(1,5)	(1,5)
Cost of services	(10,6)	(13,3)	(38,2)	(49,0)
Personnel costs	(13,7)	(11,9)	(45,4)	(43,7)
Other costs	(0,8)	(1,4)	(2,8)	(3,4)
<b>Opex</b>	<b>(25,6)</b>	<b>(27,0)</b>	<b>(87,9)</b>	<b>(97,5)</b>
Depreciation, amortization and write-downs	(13,8)	(11,4)	(50,5)	(47,2)
Provisions	(1,0)	(0,0)	(1,0)	0,0
<b>Operating profit (EBIT)</b>	<b>17,8</b>	<b>24,0</b>	<b>91,1</b>	<b>103,8</b>
Net financial income (expenses)	(0,1)	(0,7)	(1,2)	(2,1)
<b>Profit before income taxes</b>	<b>17,7</b>	<b>23,3</b>	<b>89,9</b>	<b>101,8</b>
Income taxes	(5,1)	(5,8)	(24,5)	(28,1)
<b>Net Income</b>	<b>12,6</b>	<b>17,4</b>	<b>65,4</b>	<b>73,7</b>
<b>EBITDA</b>	<b>32,6</b>	<b>35,4</b>	<b>142,6</b>	<b>151,0</b>
<i>EBITDA margin</i>	<i>56,0%</i>	<i>57,9%</i>	<i>62,0%</i>	<i>61,5%</i>
Non recurring costs	(0,4)	-	(0,4)	-
<b>Adjusted EBITDA</b>	<b>33,0</b>	<b>35,4</b>	<b>142,9</b>	<b>151,0</b>
<i>Adjusted EBITDA margin</i>	<i>56,6%</i>	<i>57,9%</i>	<i>62,2%</i>	<i>61,5%</i>

1) Other Revenues and income include tax credits related to electricity expenses

# Summary of Balance Sheet

(€m)	2021FY	2022FY
<b>Non current assets</b>		
Tangible assets	244,5	280,8
Rights of use for leasing	31,5	33,4
Intangible assets	17,2	19,5
Financial assets, holdings and other non-current assets	1,4	0,9
Deferred tax assets	3,0	1,8
<b>Total non-current assets</b>	<b>297,7</b>	<b>336,4</b>
<b>Current assets</b>		
Inventories	0,8	0,8
Trade receivables	67,8	66,2
Other current receivables and assets	3,9	2,5
Current financial assets	0,5	1,5
Cash and cash equivalents	17,2	35,2
Current tax receivables	0,1	0,1
<b>Total current assets</b>	<b>90,4</b>	<b>106,2</b>
<b>TOTAL ASSETS</b>	<b>388,0</b>	<b>442,6</b>

(€m)	2021FY	2022FY
<b>Shareholders' Equity</b>		
Share capital	70,2	70,2
Legal reserves	14,0	14,0
Other reserves	37,3	38,2
Retained earnings	64,4	73,7
Treasury shares	(20,0)	(20,0)
<b>Total shareholders' equity</b>	<b>165,9</b>	<b>176,2</b>
<b>Non-current liabilities</b>		
Non-current financial liabilities	69,0	-
Non-current leasing liabilities	21,4	22,6
Employee benefits	12,3	10,0
Provisions for risks and charges	17,2	15,1
Other non-current liabilities	-	0,3
<b>Total non-current liabilities</b>	<b>119,9</b>	<b>48,0</b>
<b>Current liabilities</b>		
Trade payables	51,7	60,5
Other debt and current liabilities	35,2	38,5
Current financial liabilities	0,2	101,5
Current leasing liabilities	15,1	17,6
Current tax payables	0,1	0,4
<b>Total current liabilities</b>	<b>102,2</b>	<b>218,4</b>
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>	<b>388,0</b>	<b>442,6</b>



# Summary of Cash Flow Statement

(€m)	4Q2021	4Q2022	FY2021	FY2022
<b>Profit before income taxes</b>	<b>17,7</b>	<b>23,3</b>	<b>89,9</b>	<b>101,8</b>
Depreciation, amortization and write-downs	13,8	11,4	50,5	47,2
Provisions and (releases of) personnel and other funds	4,3	2,5	5,2	2,8
Net financial (income)/expenses	0,0	0,7	1,0	1,9
Other non-cash items	0,2	0,9	0,3	1,1
<b>Net operating CF before change in WC</b>	<b>36,1</b>	<b>38,7</b>	<b>146,9</b>	<b>154,8</b>
Change in inventories	0,0	0,0	0,1	0,0
Change in trade receivables	8,8	10,8	(5,5)	1,3
Change in trade payables	9,0	17,2	6,1	9,1
Change in other assets	0,9	0,3	0,7	0,8
Change in other liabilities	(5,6)	(6,4)	(0,9)	1,8
Use of funds	(1,8)	(1,9)	(2,1)	(2,9)
Payment of employee benefits	(1,3)	(0,8)	(3,7)	(3,1)
Change in tax receivables and payables	(0,1)	(0,8)	(0,1)	(0,9)
Taxes paid	(2,4)	(1,0)	(24,2)	(23,9)
<b>Net cash flow generated by operating activities</b>	<b>43,5</b>	<b>56,3</b>	<b>117,4</b>	<b>137,0</b>
Investment in tangible assets	(26,3)	(28,1)	(79,4)	(68,9)
Disposals of tangible assets	0,0	0,0	0,0	0,0
Investment in intangible assets	(3,2)	(5,6)	(4,6)	(6,7)
Disposals of intangible assets	(0,0)	0,0	-	0,0
Change in other non-current assets	0,0	0,2	0,1	0,2
Change in holdings	0,5	-	0,5	-
Change in non-current financial assets	(0,0)	(0,1)	0,1	-
Business combination	-	-	(1,0)	-
<b>Net cash flow generated by investment activities</b>	<b>(29,0)</b>	<b>(33,7)</b>	<b>(84,3)</b>	<b>(75,4)</b>
(Decrease)/increase in medium/long-term loans	13,0	(32,0)	53,9	-
(Decrease)/increase in current financial liabilities	(15,9)	31,7	(0,7)	31,9
(Decrease)/increase in IFRS 16 financial liabilities	(0,7)	(2,1)	(8,4)	(9,0)
Change in current financial assets	0,1	0,0	0,1	(0,3)
Net Interest paid	(0,3)	(0,4)	(0,8)	(1,1)
Dividends paid	(0,0)	(0,2)	(64,0)	(65,2)
<b>Net cash flow generated by financing activities</b>	<b>(3,9)</b>	<b>(3,0)</b>	<b>(19,9)</b>	<b>(43,7)</b>
<b>Change in cash and cash equivalent</b>	<b>10,7</b>	<b>19,6</b>	<b>13,2</b>	<b>17,9</b>
Cash and cash equivalent (beginning of period)	6,5	15,6	4,1	17,2
Cash and cash equivalent (end of period)	17,2	35,2	17,2	35,2