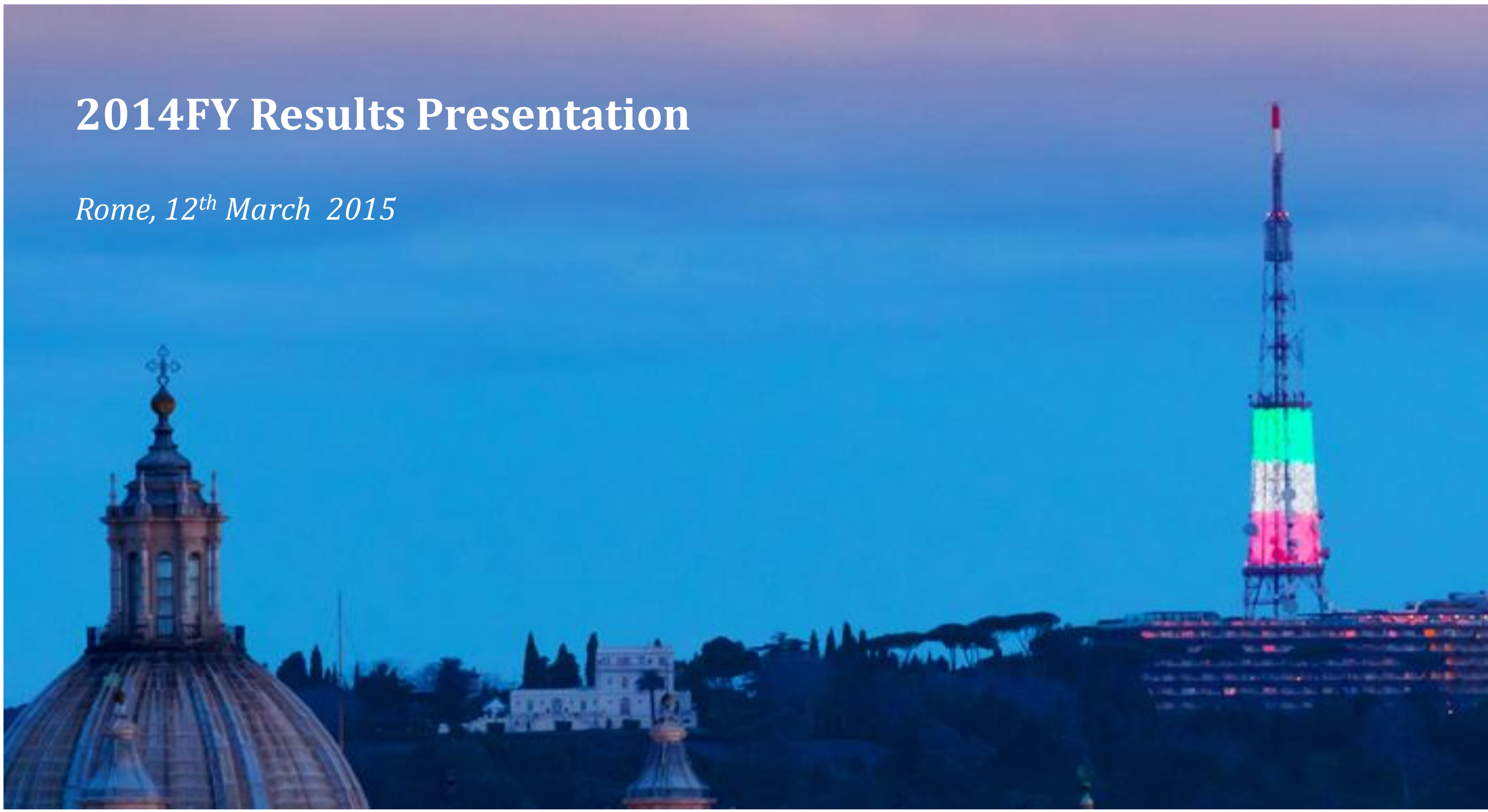
2014FY Results Presentation

Rome, 12th March 2015



FORWARD LOOKING STATEMENTS

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Rai Way Participants

- Camillo Rossotto, Chairman
- Stefano Ciccotti, Chief Executive Officer
- Adalberto Pellegrino, Chief Financial Officer
- Giancarlo Benucci, Head of Investor Relations

2014 Main Achievements

- IPO successfully completed

- New exclusive service contract with RAI signed in July 2014

Scope	Tenor	Economics
▪ **Network services** – Broadcasting and transmission of TV / Radio signals – Full exclusivity for Rai Way ▪ **New Services** – Right of first offer for new/additional services	▪ 7 years; automatically renewed for another 7 years (up to max. 21 years) ▪ 12 months termination notice, from the end of year 7 onwards	▪ €85.5m for H2 2014 ▪ €175m for FY 2015 ▪ From 2016, increase in line with Italian CPI ▪ Consideration does not include revenues from new and additional services

- Two Telco contracts renewed

- Core Revenues at € 207m; adjusted EBITDA margin above 50%; Cash conversion confirmed at 80%

- Dividend proposal of 12,34 €cent/share, with a pay-out ratio of 100% of Net Income on a pro-forma basis

IPO as a starting point

- New financing in place
- Management team completed
- Negotiations for new services to RAI under way
- Last Telco contract renewal under way

2014FY Financial Highlights

Financial Highlights

Eur Mln, %	2013FY PF	2014FY PF	% YoY
Core Revenues	**208,4**	**207,4**	**-0,5%**
Adj. EBITDA	**108,0**	**105,1**	**-2,7%**
% margin	*51,8%*	*50,7%*	
Net Income	**30,8**	**33,6**	**8,9%**
Capex(1)	**23,0**	**21,0**	**-8,7%**
% on core revenues	*11,0%*	*10,1%*	
Cash conversion (2)	*78,7%*	*80,0%*	
Net Debt(3)	**58,6**	**65,5**	**11,9%**
Net Debt/Adj. EBITDA (3)	*0,54x*	*0,62x*	

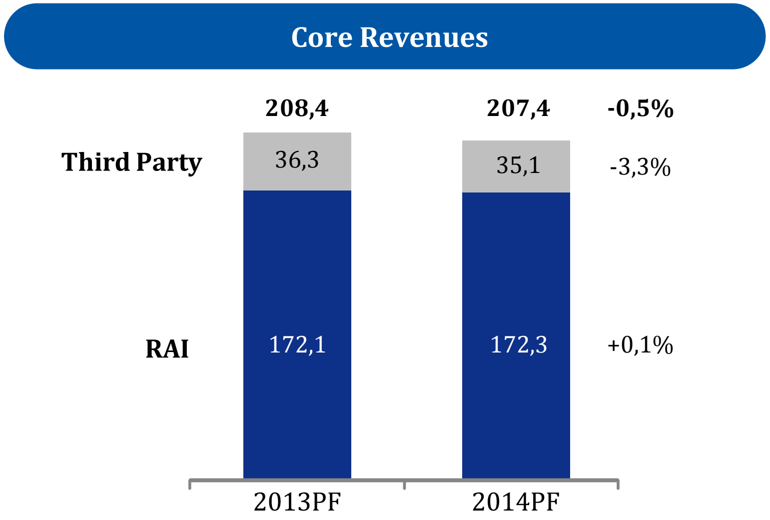
Pro Forma figures assume FY impact of the new service contracts with RAI (in place since 1st July 2014)

- Core revenues at € 207,4m, broadly stable vs. 2013
- Adjusted EBITDA at € 105,1m, with EBITDA margin at 50,7%
- Adjusted EBITDA reduction mainly driven by lower prior period adjustments compared to 2013
- Net Income at € 33,6m, up 8,9% vs. 2013
- Capex at € 21,0m (10,1% of core revenues)
- Sound cash conversion at 80%
- Net Debt/Adjusted EBITDA at 0,62x

(1) Capex include investments in tangible and intangible assets and financial lease cash-out, representing network capex according to the old service agreement with RAI (being treated as a financial lease)
(2) Cash conversion= (Adj. EBITDA – Capex) / Adj. EBITDA
(3) Net debt consists of the Net Financial Position (determined in compliance with paragraph 127 of the recommendations contained in the document prepared by ESMA, no. 319 of 2013, implementing Regulation 2004/809/EC) excluding the current financial receivables relating to the financial leasing with RAI

Core Revenues

Eur Mln; %

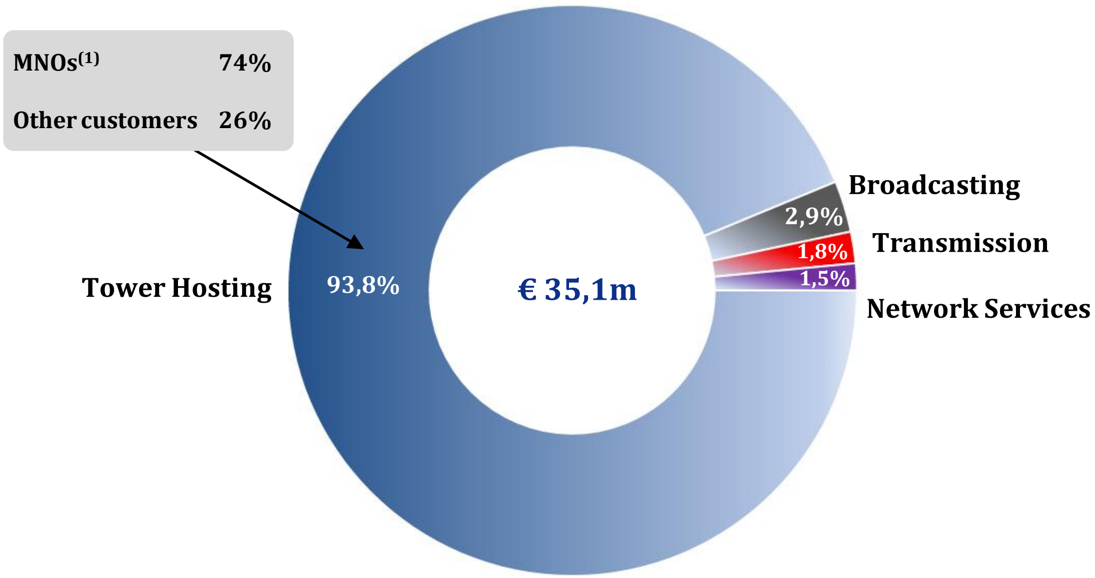


- PF revenues from RAI related to services included in the new contract:
  - € 171m fixed consideration
  - € 1,3m from recurring services & other items
- 2014 Third Party revenues impacted by:
  - Negligible benefit from inflation
  - Sites optimization operated by mobile operators
  - Loss of one customer in the broadcasting segment (occurred in 2013)
- Contracts with MNOs provide good visibility:
  - 3 out of 4 long term contracts already renewed, last renewal under way
  - Link to inflation

Third Party Revenues breakdown

Eur Mln; %

Third Party Revenues breakdown by service



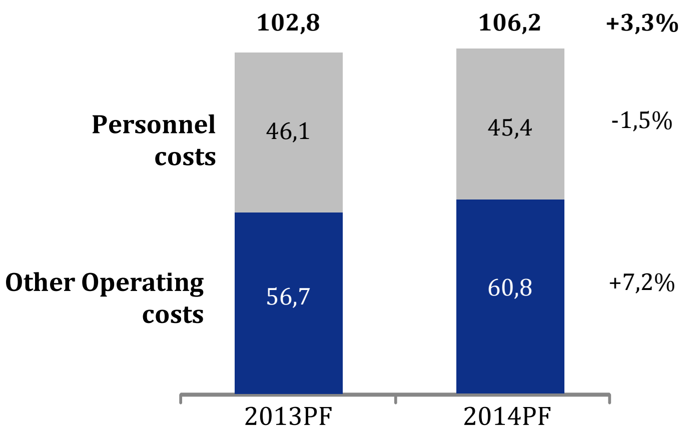
- Tower Hosting represents 93,8% of Third Party revenues

(1) MNOs: Telecom Italia, Vodafone, Wind and H3G

Opex

Eur Mln; %

PF Opex (excluding one-off)

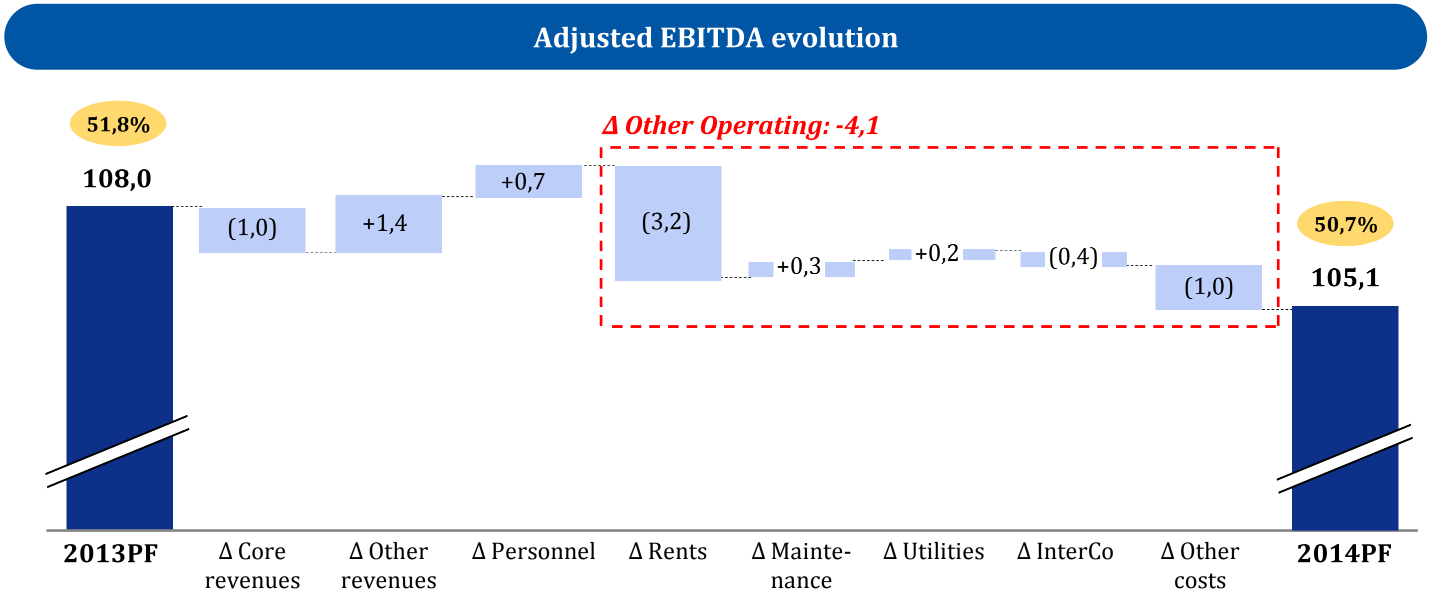


- Personnel costs decreased by 1,5% vs. 2013
- PF Other Operating costs up 7,2% vs. 2013
  - 2013 Other Operating costs positively impacted by higher level of prior period adjustments, mainly to Rents
  - Excluding this impact, 2014 Other Operating costs in line with previous year

Adjusted EBITDA evolution

EBITDA margin

Eur Mln; %



- 2014 Adjusted EBITDA at € 105,1 m vs. € 108,0m in 2013, with a margin of 50,7% on core revenues

- Focusing on core items only (excluding change in Other revenues and prior period adjustments), Adjusted EBITDA broadly flat with costs optimization almost fully offsetting reduction of Core revenues

From Adjusted EBITDA to Net Income

PF P&L

Eur Mln, %	2013FY PF	2014FY PF	% YoY
Adj. EBITDA	**108,0**	**105,1**	**-2,7%**
% margin	*51,8%*	*50,7%*	
One-off	-3,6	-0,5	
EBITDA	**104,5**	**104,6**	**0,2%**
% margin	*50,1%*	*50,4%*	
D&A(1)	-53,3	-50,5	-5,4%
EBIT	**51,1**	**54,2**	**6,0%**
Financial expenses	-3,1	-2,0	-35,1%
Pre Tax Profit	**48,0**	**52,1**	**8,6%**
Taxes	-17,2	-18,6	8,2%
% tax rate	*35,8%*	*35,6%*	
Net Income	**30,8**	**33,6**	**8,9%**
EPS(2)	*0,113*	*0,123*	

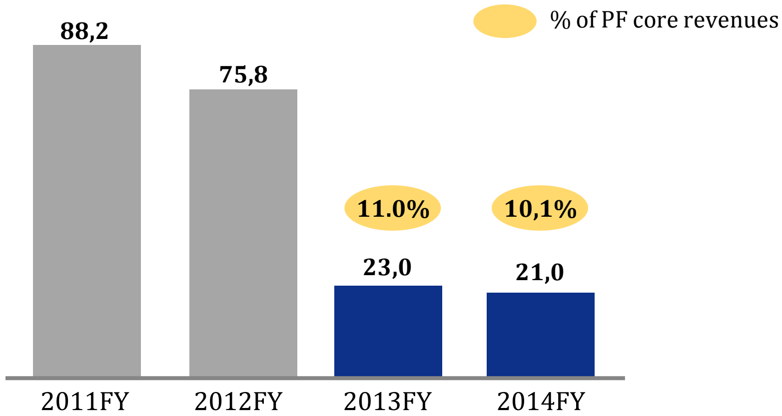
- One-off costs of € 0,5m related to IPO process (vs. restructuring costs of € 3,6m in 2013)
- Reduction of PF D&A (€ -2,9m vs. 2013) driven by a combination of lower depreciations and lower provisions
- Tax rate at 35,6%
- PF Net Income at € 33,6m, up 8,9% vs. 2013

(1) Including provisions
(2) 2013PF EPS calculated on 2014YE number of shares

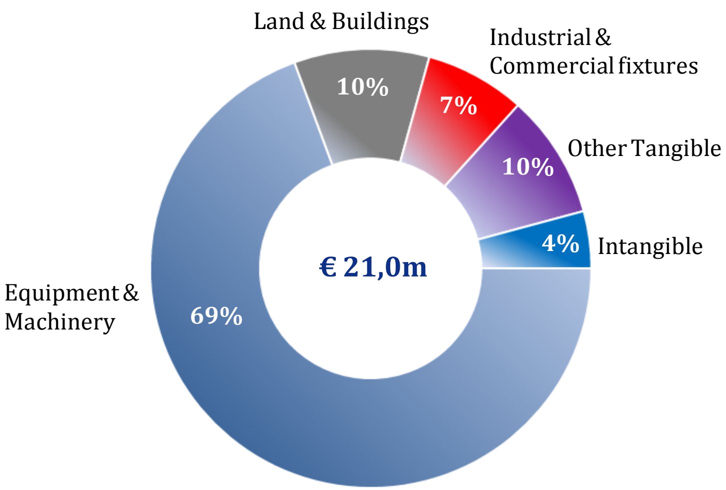
Capex

Eur Mln; %

Capex



2014 Capex breakdown by asset category

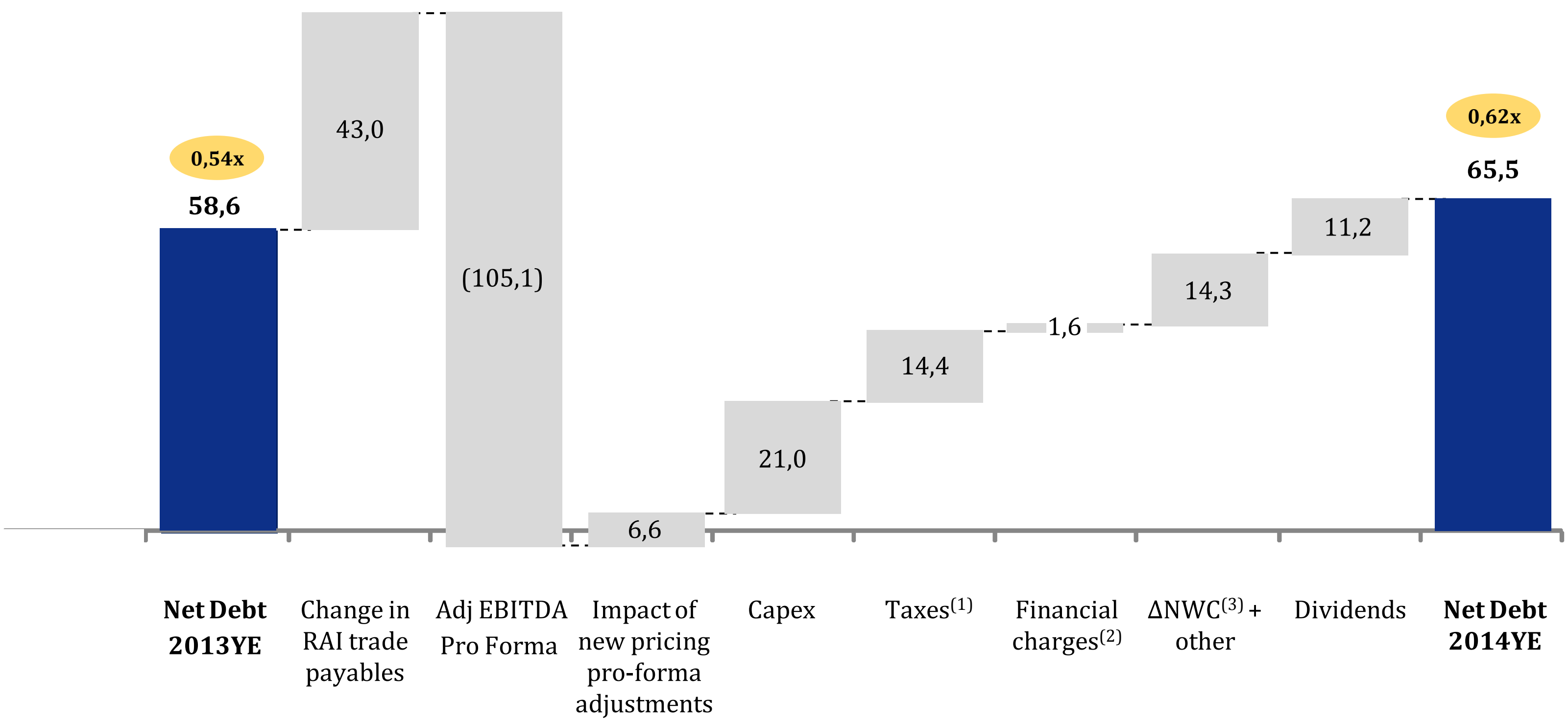


- 2014 Capex at € 21,0m, 10,1% of PF Core revenues
- After few years of heavy investments for DTT roll-out, capex back at maintenance level in 2013-14
- Equipment & Machinery Capex mainly include broadcasting equipment (TV and radio), transmission equipment and technical infrastructure

Cash Flow generation

Net Debt/Adjusted EBITDA

Eur Mln; %

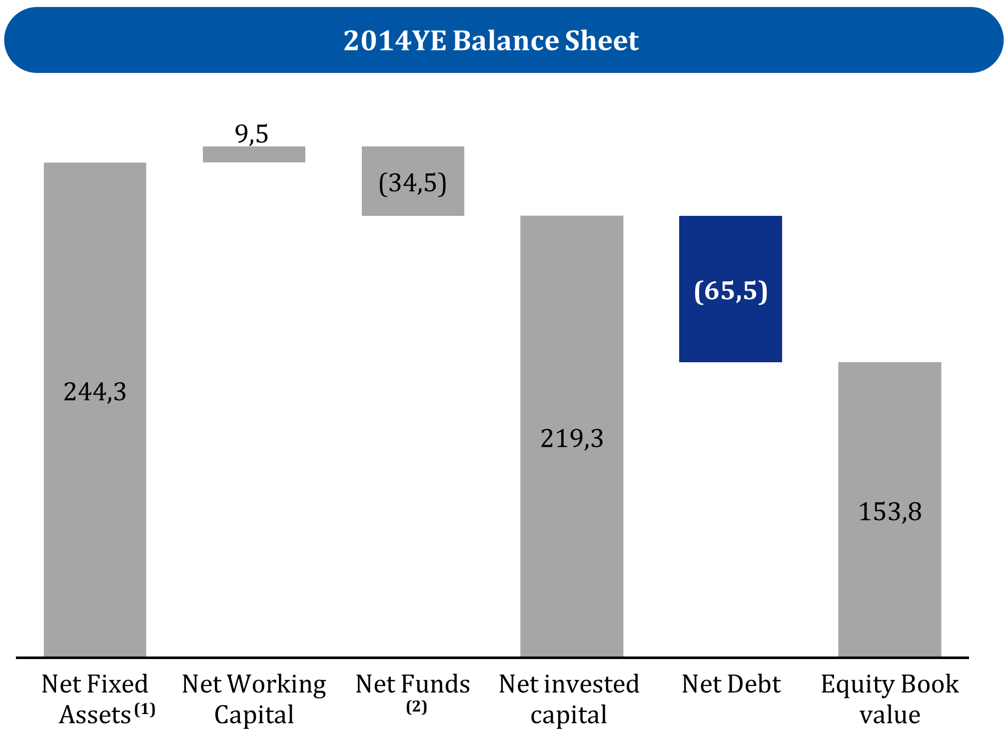


- Excluding change in RAI trade payables, positive cash flow generation in 2014
- Strong cash conversion[4] at 80%

(1) P&L taxes
(2) P&L financial charges excluding interests on the employee benefit liability
(3) Excluding change in RAI trade payables
(4) Cash conversion= (Adj. EBITDA – Capex) / Adj. EBITDA

Balance Sheet

Eur Mln



- Conservative capital structure with € 65,5m Net Debt as of December 2014
  - 0.62x Net Debt/Adj EBITDA
  - 0.43x Net Debt/Equity book value
- Termination of cash-pooling agreement with RAI after the IPO
- New Loan Agreement signed in November 2014:
  - € 120m Term Loan (rate: EURIBOR + 100bps)
    - Ca. € 80m drawn as of Dec14
    - Repayable in semi-annual installments starting from March 2016
  - € 50m Revolver (rate: EURIBOR + 120bps)
    - Fully undrawn

(1) Including long-term financial items
(2) Net funds include employee termination indemnities , provision for risks and deferred taxes

2015 Outlook

Main market trend

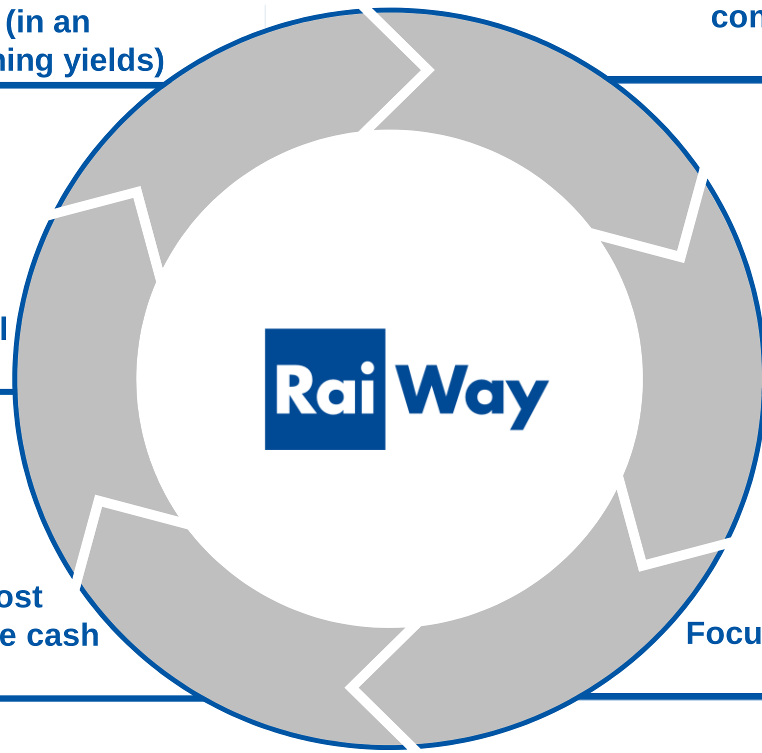
- Continuing low-inflation environment
- DTT confirmed as leading platform in Italy:
  - Sky Italia entered DTT with its All-news channel
  - Agon Channel on air since November 2014
  - Discovery Italia securing one additional channel
  - Cairo confirming launch of new channels on the recently awarded MUX
- Stabilization of TV and radio advertising market
- Possible redefinition of local TV frequencies to solve interferences issue
- Growing customers/end-users' demand for new technologies (HD, DAB+)
- 4G network roll-out outside main cities
- Entry of a new player in the italian TLC tower market (Abertis following Wind deal)

Rai Way

- **EBITDA**
  - 2015 EBITDA expected to increase by ~ € 2m compared to 2014 level
- **Capex**
  - 2015 Capex expected at ~ € 40m, including maintenance and first tranche of development capex for new services to RAI
- **Net Debt**
  - 2015YE Net Debt targeted at ~ € 50m

2015-2018 Industrial Plan *shall be presented by end of July*

Investment highlights



1. Highly visible and predictable revenues, based on long term contracts with high profile customers
2. Business model and commercial effort (on both broadcasters and telcos) to provide growth opportunities
3. Focus on opex and capex optimization
4. Operating leverage + cost optimization to enhance cash generation
5. Low gearing provides flexibility to catch potential market opportunities
6. Sound dividend yield (in an environment of declining yields)

Q & A session

Contacts

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Upcoming events

Date	Event
28/04/2015	Shareholders' Meeting
05/05/2015	1Q15 results
30/07/2015	1H15 results
03/11/2015	3Q15 results

Appendix

Detailed summary of Income Statement

(€m)	2013	2014	2013PF	2014PF	% change
Core revenues	**118,3**	**167,3**	**208,4**	**207,4**	**-0,5%**
Other revenues	2,5	3,9	2,5	3,9	57,0%
Purchase of consumables	(1,9)	(1,7)	(1,9)	(1,7)	-8,6%
Service costs	(55,2)	(57,8)	(51,8)	(56,2)	8,4%
Personnel costs	(49,7)	(45,4)	(49,7)	(45,4)	-8,6%
Other costs	(3,0)	(3,3)	(3,0)	(3,3)	11,0%
Opex	**(109,8)**	**(108,2)**	**(106,4)**	**(106,7)**	**0,3%**
D&A	(1,5)	(25,5)	(52,2)	(50,1)	-4,0%
Provisions	(1,2)	(0,4)	(1,2)	(0,4)	-65,4%
Net Operating profit	**8,4**	**37,0**	**51,1**	**54,2**	**6,0%**
Net Finance income	6,7	2,0	(3,1)	(2,0)	-35,1%
Profit before income taxes	**15,1**	**39,0**	**48,0**	**52,1**	**8,6%**
Income taxes	(6,6)	(14,4)	(17,2)	(18,6)	8,2%
Profit for the year	**8,5**	**24,6**	**30,8**	**33,6**	**8,9%**

EBITDA	**11,0**	**62,9**	**104,5**	**104,6**	**0,2%**
Restructuring costs	3,6	0,0	3,6	0,0	
IPO-related costs	0,0	0,5	0,0	0,5	
Adj. EBITDA	**14,6**	**63,4**	**108,0**	**105,1**	**-2,7%**
Adj. EBITDA margin	*12,3%*	*37,9%*	*51,8%*	*50,7%*	

Summary of Balance Sheet

(€m)	2013	2014
Non current assets		
Tangible assets	0,3	243,1
Intangible assets	0,0	0,6
Non-current financial assets	0,2	0,6
Non-current tax assets	5,3	5,4
Total non current assets	**5,8**	**249,8**
Current assets		
Inventories	21,1	0,9
Trade receivables	50,4	64,4
Other receivables and current assets	1,8	4,4
Current financial assets	250,0	0,7
Cash	0,0	14,7
Tax assets	0,4	0,3
Total current assets	**323,6**	**85,3**
Total assets	**329,3**	**335,1**
Equity		
Share capital	70,2	70,2
Legal reserves	6,3	6,9
Other reserves	37,1	37,1
Retained earnings	28,1	39,6
Total equity	**141,7**	**153,8**
Non-current liabilities		
Non-current financial liabilities	1,2	80,6
Employee benefits	19,5	21,3
Provisions for risks and charges / Allowances	12,8	18,6
Other non-current liabilities	0,0	0,0
Total non-current liabilities	**33,5**	**120,5**
Current liabilities		
Commercial debt	83,0	36,0
Other debt and current liabilities	11,1	21,7
Current financial liabilities	57,4	0,3
Tax liabilities	2,7	2,9
Total current liabilities	**154,2**	**60,8**
Total net equity and liabilities	**329,3**	**335,1**

Summary of Cash Flow Statement

(€m)	2013	2014
Earnings before taxes	**15,1**	**39,0**
D&A	1,5	25,5
Provisions and others	1,9	(0,0)
Net financial Income	(6,7)	(2,0)
Other non-monetary items	(0,3)	0,1
Net operating CF before change WC	**11,5**	**62,6**
Change in inventories	(0,1)	(0,0)
Change in account receivables	17,9	(14,3)
Change in account payables	8,9	(47,0)
Change in other assets	2,0	(0,2)
Change in other liabilities	1,0	0,9
Use of funds	(3,7)	(0,6)
Payment of employee benefits	(4,9)	(2,8)
Change in tax credit/liabilities	(0,1)	0,2
Taxes paid	(4,5)	(7,0)
Net operating cash flow	**28,2**	**(8,3)**
Investment in tangible assets	(0,1)	(14,1)
Sale of tangible assets	0,0	0,2
Investment in intangible assets	0,0	(0,5)
Sale of intangible assets	0,0	0,0
Financial lease cash-out(1)	(22,9)	(6,4)
Financial lease cash-in	64,2	31,1
Cash-in from financing	0,0	79,5
Change in non-current financial assets	0,0	(0,4)
Interest received	9,6	4,1
Investing cash flow	**50,8**	**93,6**
Repayment of long-term debt	(0,1)	(0,1)
Change in current financial assets	0,0	(0,7)
(Decrease)/increase in liabilities	(76,4)	(57,2)
Interest paid	(2,4)	(1,4)
Dividends paid	0,0	(11,2)
Financing cash flow	**(79,0)**	**(70,6)**
Change in cash and cash equivalent	0,0	14,7
Cash and cash eq (Beg. of Period)(2)	0,0	0,0
Cash and cash eq (End of Period)(2)	0,0	14,7

(1) Financial lease cash-out represents network capex, due to the old service agreement with RAI being treated as a financial lease
(2) In 2013 cash-pooling agreement with RAI