



2020FY Results Presentation

18 March 2021



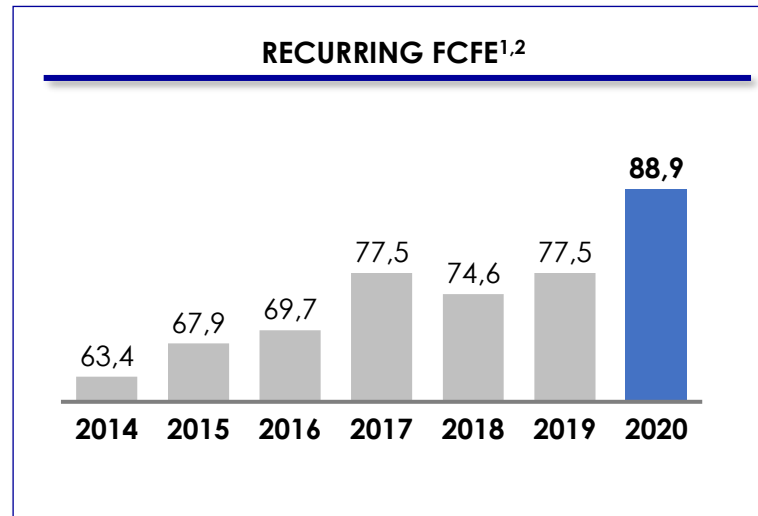
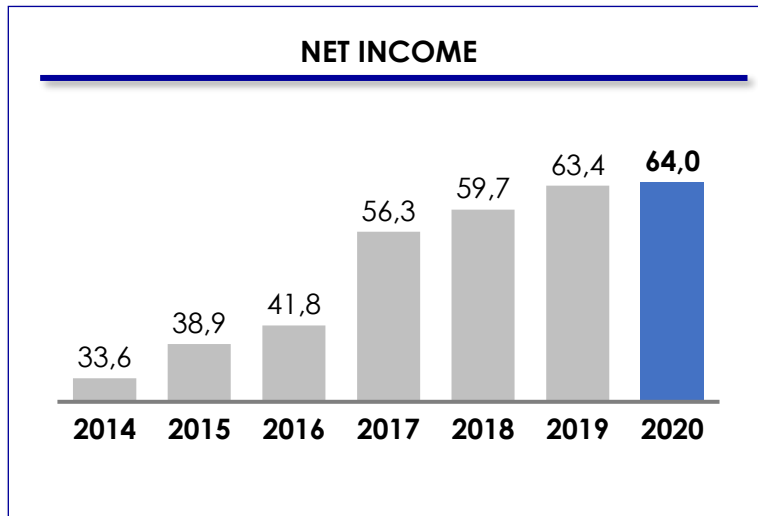
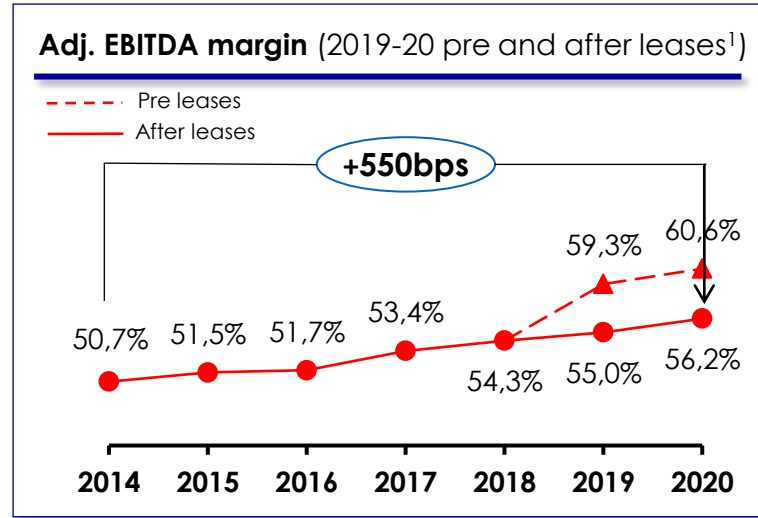
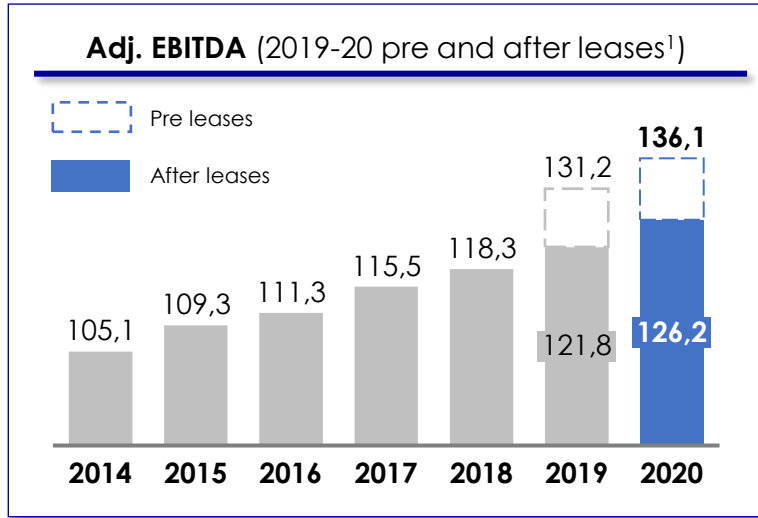
FORWARD LOOKING STATEMENTS

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

Sequential growth since IPO

Mln Eur; %



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

2) Recurring FCFE = Adj. EBITDA – Leases – Net Financial Charges – P&L Taxes – Recurring Maintenance Capex

Key messages on 2020

RESULTS	<ul style="list-style-type: none"> • 2020FY results above expectations, also helped by temporary cost reduction from pandemic safety and recovery measures: <ul style="list-style-type: none"> ○ Adjusted EBITDA up +3,7% with profitability at 60,6% (+130 bps) ○ Development capex ramping up driven by <i>refarming</i> ○ Highest recurring cash generation ever at ca. 90m • 23,85 €/cent dividend proposed to the AGM, equal to 100% pay-out and 5,0% dividend yield⁽¹⁾
OPERATING	<ul style="list-style-type: none"> • 2020-23 Industrial Plan approved • Refarming activities for RAI proceeding to meet process deadlines; Rai Way awarded with local frequencies in Lombardy and Piedmont • Solid ex-MNOs third party performance, with mid-single-digit volumes growth supported by FWA
FINANCIAL	<ul style="list-style-type: none"> • New € 170m financing fully covering funding needs related to the Industrial Plan 2020-23 • € 20m buyback program completed
ESG	<ul style="list-style-type: none"> • Approval of first Sustainability Plan
OUTLOOK	<ul style="list-style-type: none"> • 2021 guidance reflects step-up in RAI contract in 2H, driving further recurring EBITDA improvement • Commitment to Industrial Plan execution fully confirmed, ongoing set-up of new initiatives

1) Dividend yield based on market closing price on 17/03/2021 (4,73 €/share)

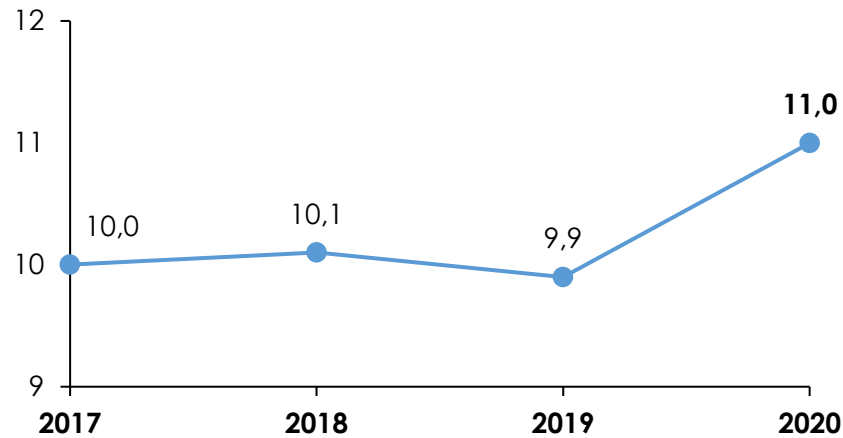
Role of traditional TV confirmed

- Increased video consumption fuelled by the pandemic impacted all platforms, confirming the resilience and social role of traditional TV
- New platforms not replacing but complementing DTT in viewers' consumption habits, with traditional TV supported by live events & contents addressing large concurrent audience (typical of broadcasters)

Linear TV (DTT) audience in Italy

Auditel, Target: Individuals aged 4+ - Time: 02:00-02:00

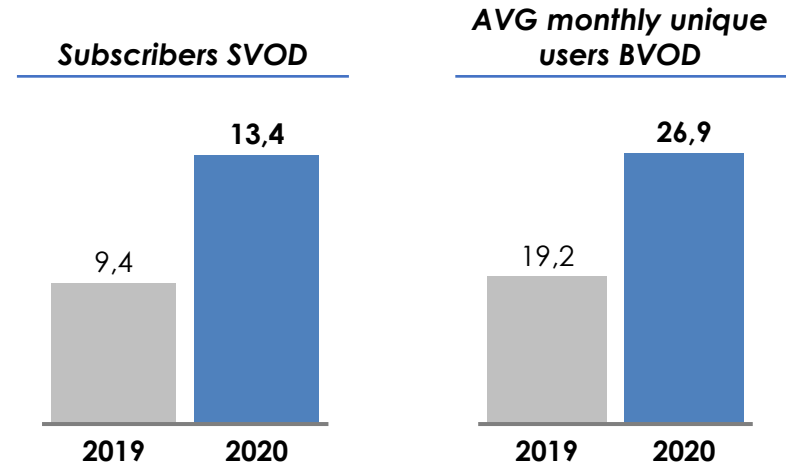
Mln avg day



OTT platforms users in Italy

RAI analysis based on Ampere Analysis Markets and Audiweb data

Mln



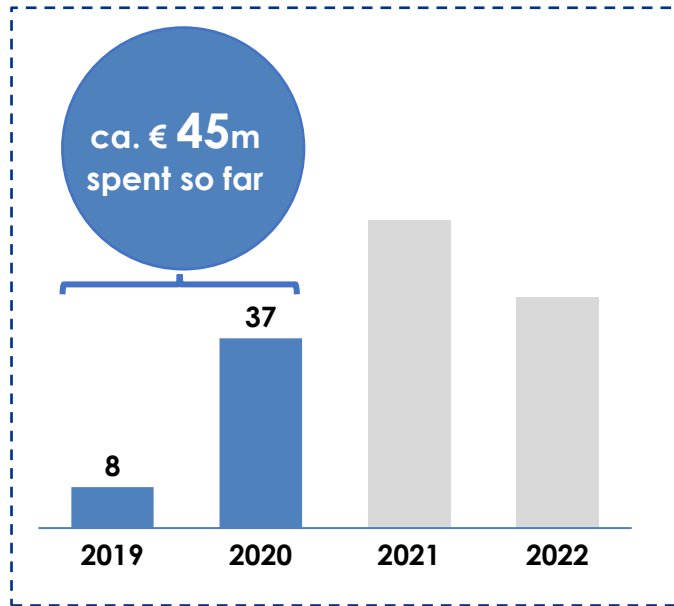
~90%

OTT subscribers watching traditional TV⁽¹⁾



1) Sources: EY report, October 2020

Refarming Capex evolution



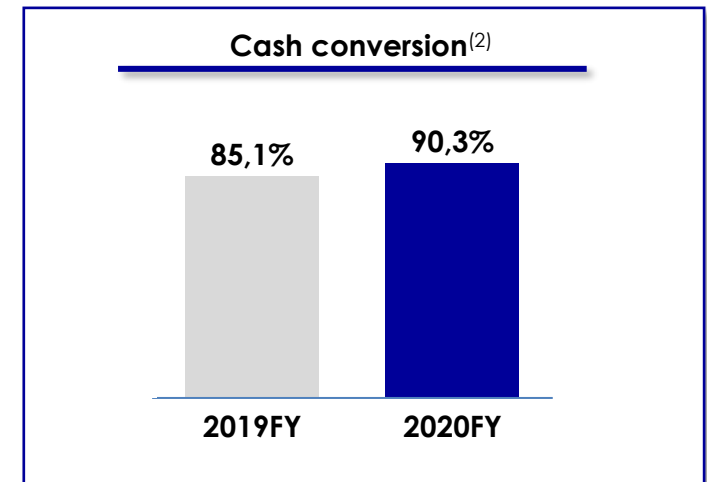
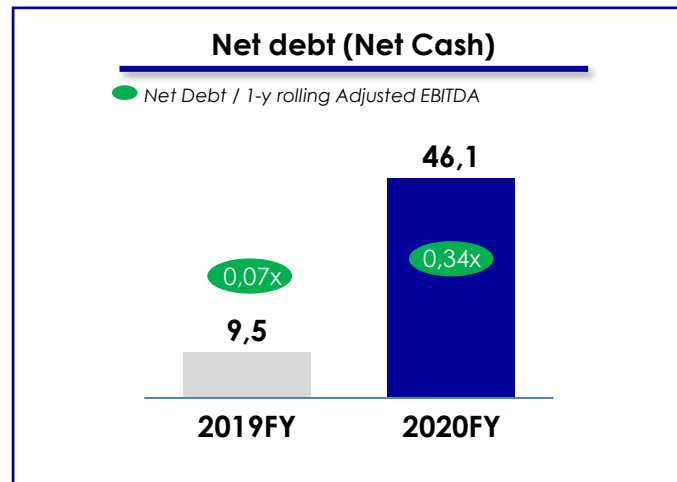
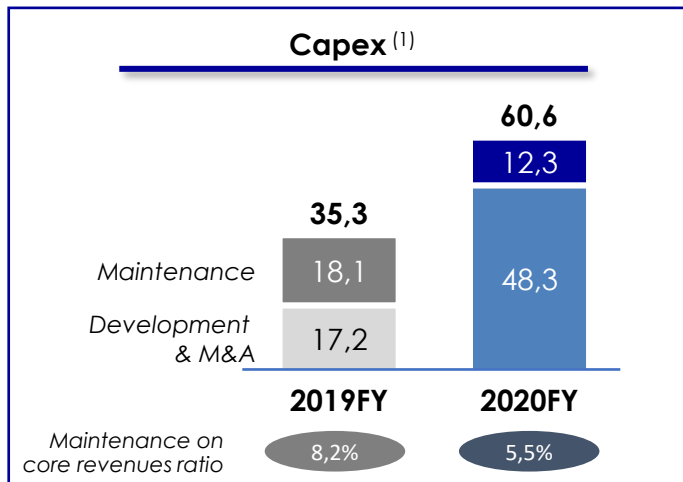
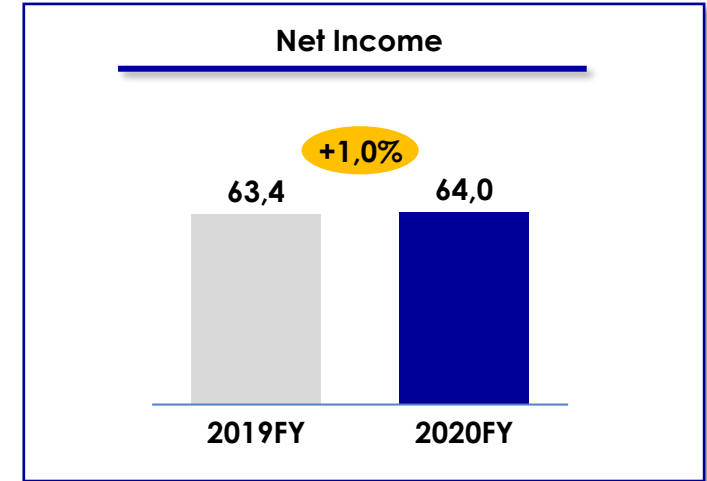
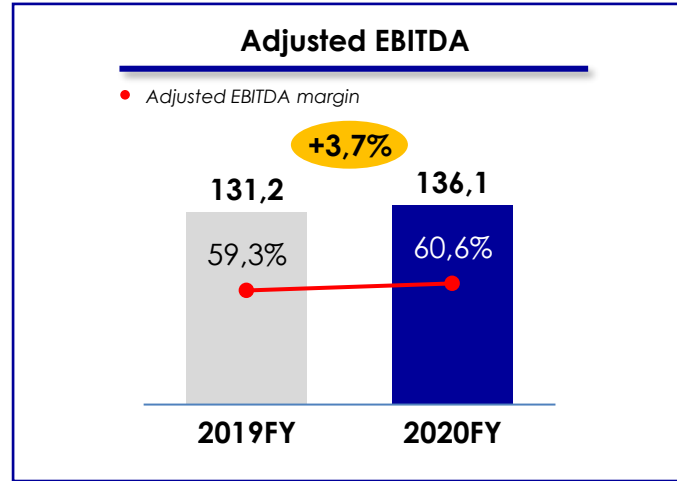
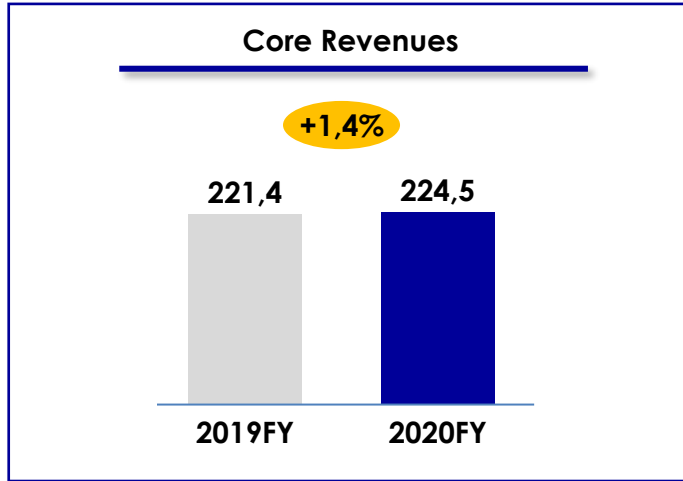
€ 150m
Total capex for RAI refarming project (based on 3 MUX)

Main activities

- **National MUX coverage extension**
 - Ca. 400 new sites activated as of December 2020 and 500+ as of today (out of 600 in the final configuration)
 - **New macro regionalized UHF “DVB T2” MUX & National MUX upgrade to DVB-T2**
 - Permitting & procurement
 - Installation of antennas & active equipment started
- So far, RAI awarded 2 MUX through “conversion” and additional capacity equivalent to 0,5 MUX
 - Awarding of residual capacity (4 slots of 0,5 MUX) expected within 3Q2021

2020FY Financial highlights

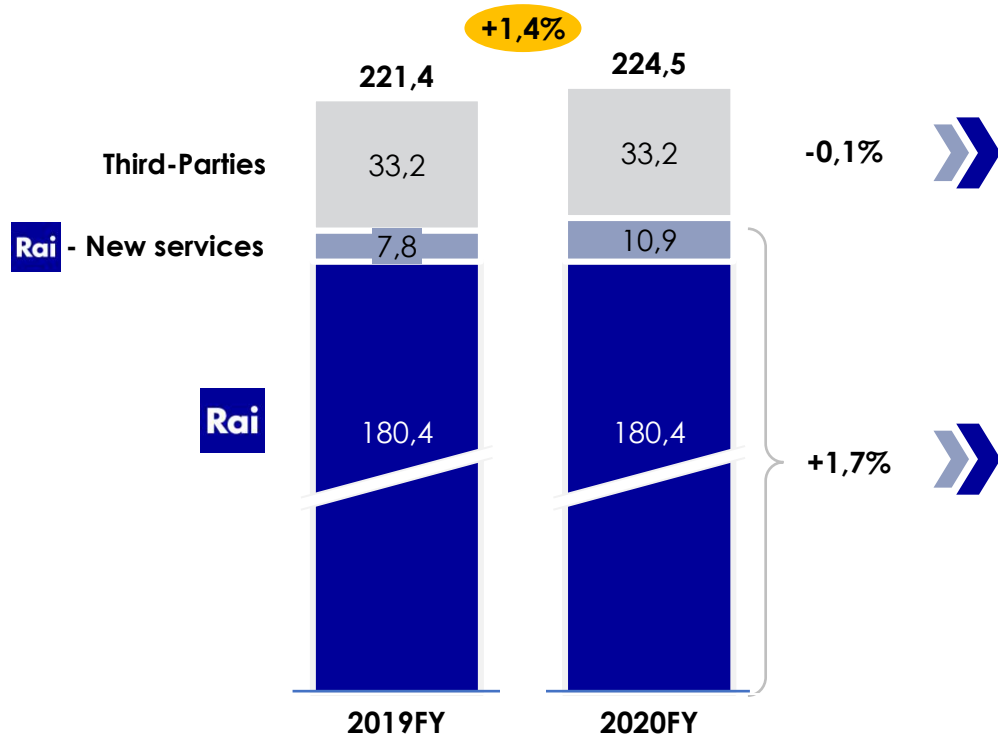
Mln Eur; % % YoY growth



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

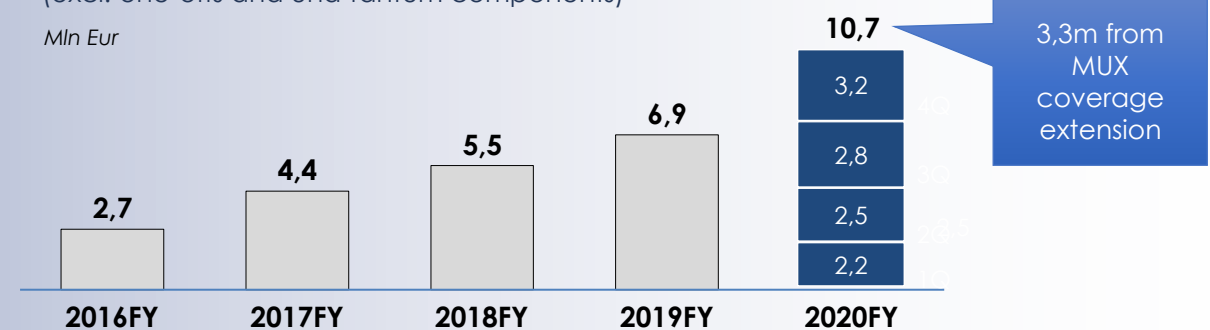


- Excluding one-off items, recurring third-party revenues only marginally down (-0,9%) vs 2019 driven by:
 - Mid-single-digit growth of non-MNOs, supported by FWA
 - More balanced third-party customers portfolio (non-MNOs now representing more than 40% of total third-party revenues)

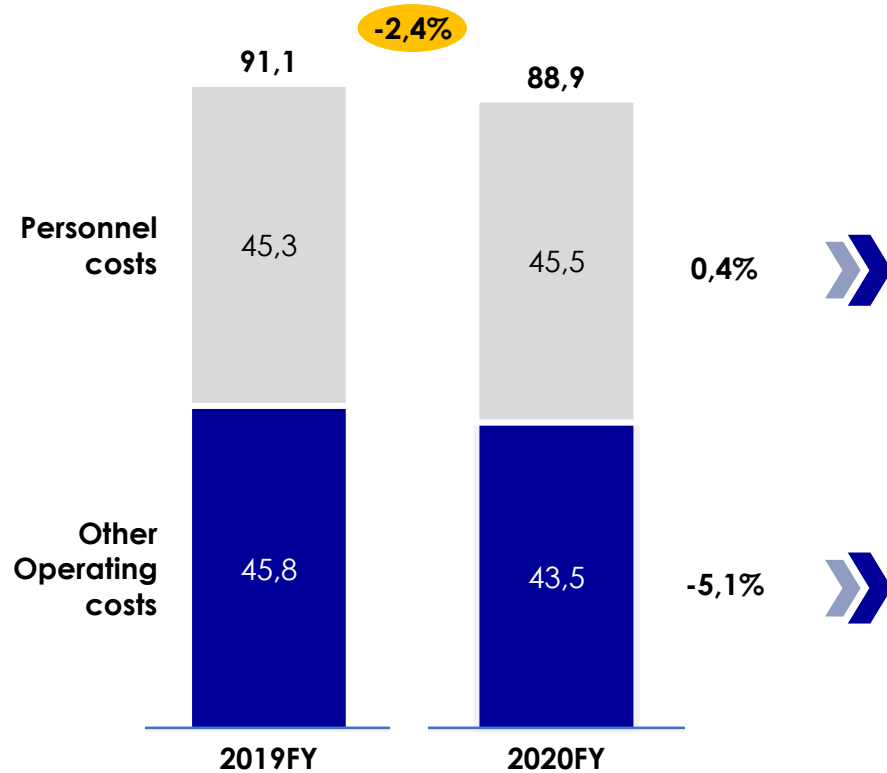
- Negligible benefit from CPI on fixed contract
- Contribution from New Services rose by 3,8m in 2020 (excl. one-off & una tantum components) supported by refarming-related projects and DAB, despite more gradual MUX coverage extension

New services recurring contribution (excl. one-offs and una tantum components)

Mln Eur



Mln Eur; % ● % YoY growth



Stable opex underlying performance when excluding non-core and temporary impacts (mainly from pandemic measures)

- Also excluding capitalization and non-core items, underlying personnel cost broadly stable vs. 2019 with reduction driven by Covid-related measures offset by other temporary factors
- Other Opex performance largely driven by temporary reduction due to pandemic and related measures (main impacts on Energy, Maintenance and Travel)
- On a recurring basis, costs related to implementation of new services offset by lower energy price and efficiencies on connectivity capacity rental

<i>Eur Mln, %</i>	4Q 2019	4Q 2020	% YoY	2019FY	2020FY	% YoY
Core Revenues	55,7	56,4	1,4%	221,4	224,5	1,4%
Other Revenues & income	0,9	0,5		0,9	0,5	
Adj. EBITDA	30,6	31,5	2,9%	131,2	136,1	3,7%
<i>% margin</i>	55,0%	55,9%		59,3%	60,6%	
Non recurring costs	0,0	0,1		-0,1	-1,0	
EBITDA	30,6	31,6	3,4%	131,1	135,1	3,1%
<i>% margin</i>	55,0%	56,0%		59,2%	60,2%	
D&A ⁽¹⁾	-10,9	-12,9	18,2%	-41,0	-45,7	11,5%
Operating Profit (EBIT)	19,7	18,7	-4,9%	90,1	89,4	-0,8%
Net financial income (expenses)	-0,2	-0,4	80,8%	-1,3	-1,1	-12,1%
Profit before Income taxes	19,4	18,3	-5,9%	88,8	88,3	-0,6%
Income Taxes	-5,8	-5,1	-11,1%	-25,5	-24,3	-4,6%
<i>% tax rate</i>	29,6%	28,0%		28,7%	27,5%	
Net Income	13,7	13,2	-3,7%	63,4	64,0	1,0%

- **2020 Net Income up by 1,0% at € 64,0m as a result of:**

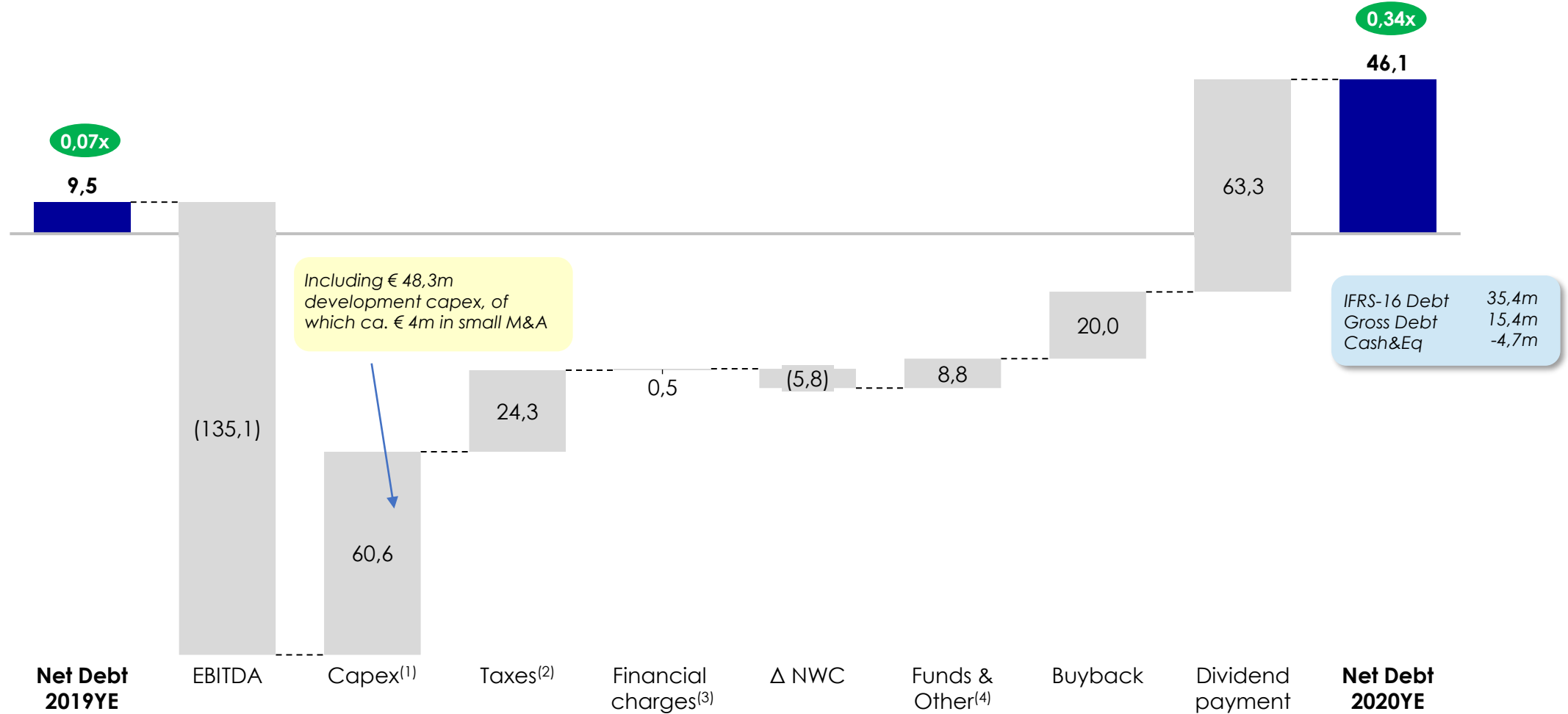
- Higher Adjusted EBITDA, with profitability exceeding 60%
- € 1,0m one-off costs in 2020 related to voluntary layoff incentive
- Higher D&A following rising investment activity and 2019 figure positively impacted by € 1,5m release of provisions
- Tax rate at 27,5% mainly benefitting from a one-off Covid-related tax relief



1) Including provisions

Net Debt bridge

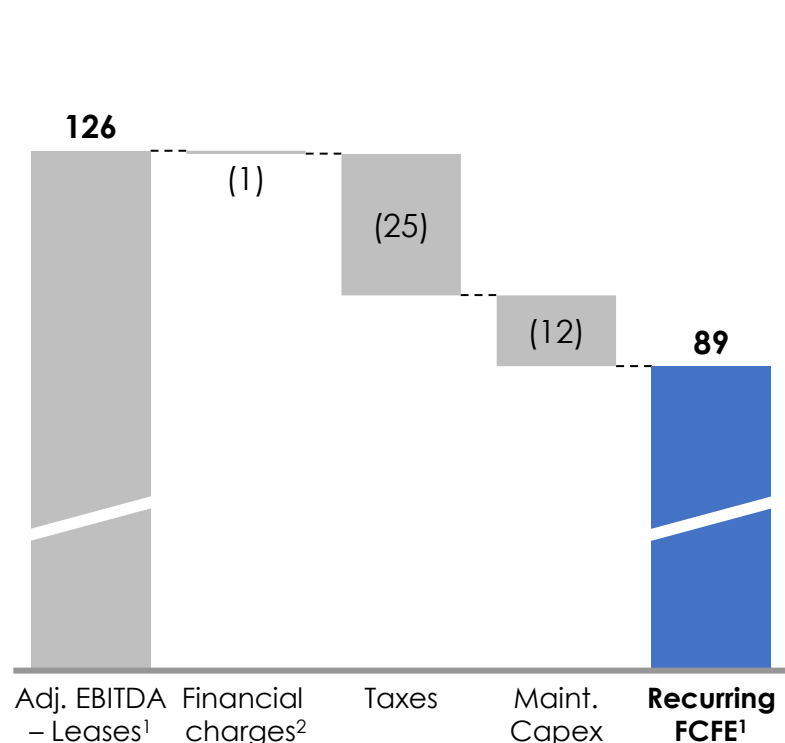
Mln Eur ● Net Debt/ 1y rolling Adj. EBITDA



- 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 impact of renewal of leasing contracts and interests on leasing contracts

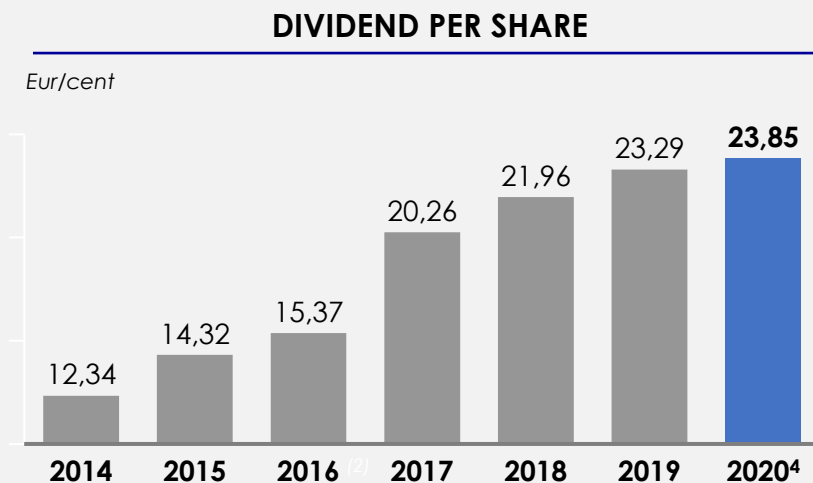
2020 Recurring cash generation and dividend proposal

Mln Eur



Dividend proposal

- Dividend proposal of 23,85 €cent/share (pay-out ratio of 100% of Net Income), with a dividend yield⁽³⁾ of 5,0%
- Including the proposed dividend for 2020, approx. € 357m 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) Dividend yield based on market closing price on 17/03/2021 (4,73 €/share)
 4) Dividend proposal

2023 Sustainability Plan reinforces the commitment towards ESG+I



Main goals and activities

- Reduce **energy consumption** and **greenhouse gas emissions**
- Promote a **climate-friendly culture** among stakeholders
- Improve **management systems** to reduce environmental impacts



- Enhance **diversity** and ensure **inclusion** and **work-life balance**
- Expand the **accessibility to digital services** and increase social and cultural initiatives for the **community**
- Ensure high standards in terms of **health and safety at work**
- Electromagnetic emissions compliance and reduction of **landscape impact**

- Ensure the respect of **Privacy and Data Security**
- Adhere to **external standards** related to ethics and anti corruption (es. *UN Global Compact*)
- Ensure **diversity** of mgnt and control bodies
- Integrate ESG principles throughout the **supply chain**
- Strengthen the sustainability governance frameworks

- Enable the **technological and digital evolution** of the company and its stakeholders
- Invest in research and development for **innovative uses of infrastructure**
- Strengthening **skills for digital innovation**

Targets

- **100% renewable** electricity
- **99% waste recovery**²
- **€ 100+** investments in **more efficient equipment**
- **Carbon Neutrality** by 2025⁽¹⁾

- **35% 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 soon to come LTI plan

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

2020 achievements

- **100% green electricity**
- **99,1% waste recovery**
- **-36% CO2 emissions**

- **45%** employees working from home during Covid-19 pandemic

- Responsibilities of the BoD's Risk Control Committee extended to ESG issues

- **€ 40+ m** development capex spent (eg. re-farming)

1) Based on scope 1+2 CO2 emission
 2) With respect to total waste generated excluding septic sludge (non-recoverable).

- Outlook based on a scenario with 3 MUX managed for RAI after *refarming* and on current visibility on the evolution of pandemic emergency:

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

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



Contractualized revenues provide high visibility and cash generation



Resiliency of business model proven also during pandemic emergency



In a potential inflationary environment, direct benefit from CPI-linked contracts (1% CPI → ca. 2m EBITDA)
Limited impact in case of rising interest rates (top-line not directly linked to economic cycle, limited debt)



Industrial Plan financial target confirmed⁽¹⁾, with higher organic growth approaching driven by refarming and digital transformation



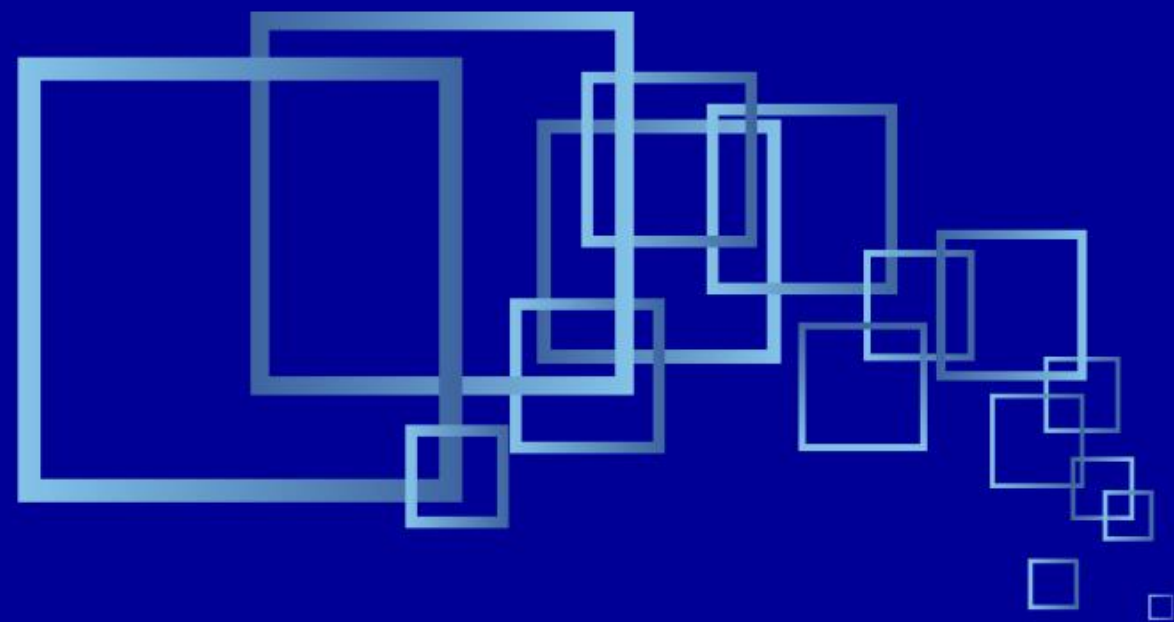
Intact commitment to Industrial Plan execution and capital allocation to enhance long-term growth and shareholders' return (new services and asset expansion)



At current perimeter, recurring FCFE yield @ ~8% on 2023 Industrial Plan target⁽²⁾

1) Assuming similar CPI total contribution
2) Yields based on market closing price on 17/03/2021 (4,73 €/share)

Q&A session



- Investor Relations



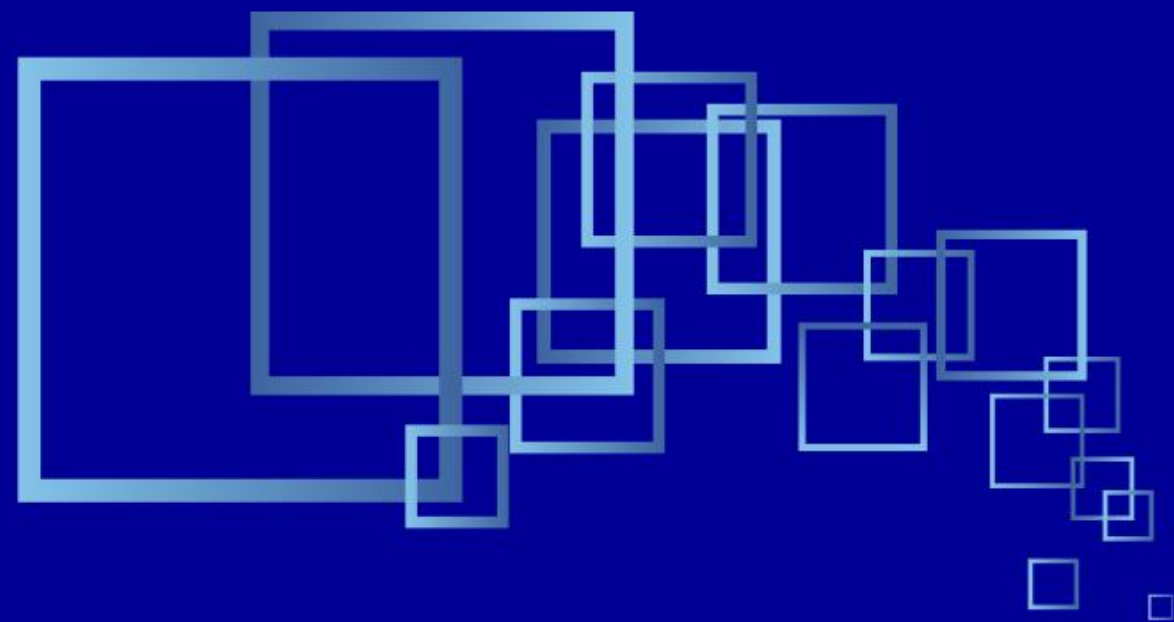
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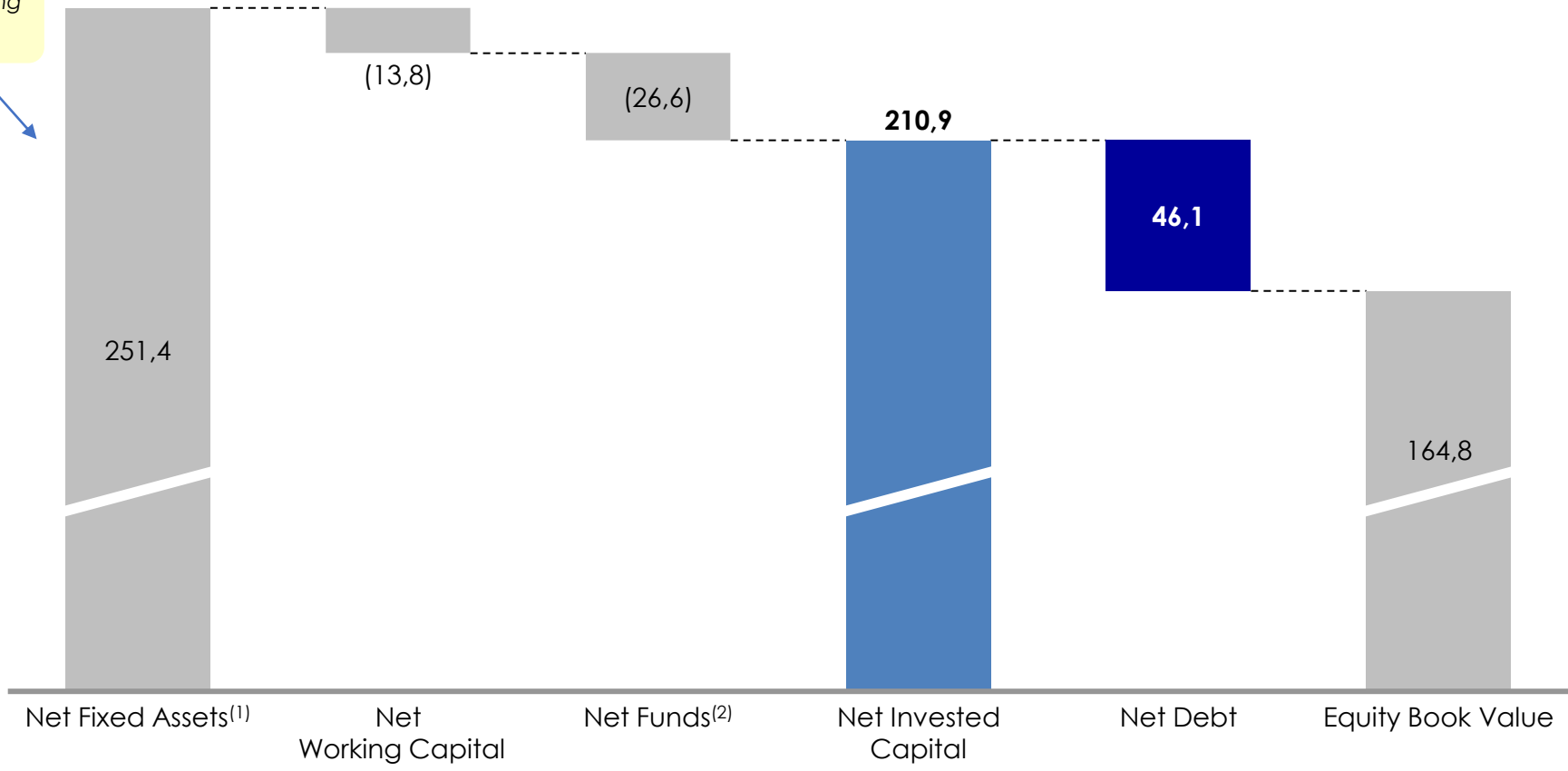
Appendix



Balance sheet

Mln Eur

Including rights of use for leasing under IFRS-16 (€ 32,5m)



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; %)	4Q19	4Q20	FY19	FY20
Core revenues	55,7	56,4	221,4	224,5
Other revenues and income	0,9	0,5	0,9	0,5
Purchase of consumables	(0,4)	(0,4)	(1,2)	(0,9)
Cost of services	(12,1)	(11,2)	(42,2)	(39,7)
Personnel costs	(12,6)	(12,8)	(45,3)	(46,5)
Other costs	(0,9)	(1,0)	(2,6)	(2,9)
Opex	(25,9)	(25,3)	(91,3)	(89,9)
Depreciation, amortization and write-downs	(10,8)	(12,6)	(42,4)	(45,4)
Provisions	(0,1)	(0,3)	1,5	(0,3)
Operating profit (EBIT)	19,7	18,7	90,1	89,4
Net financial income (expenses)	(0,2)	(0,4)	(1,3)	(1,1)
Profit before income taxes	19,4	18,3	88,8	88,3
Income taxes	(5,8)	(5,1)	(25,5)	(24,3)
Net Income	13,7	13,2	63,4	64,0
EBITDA	30,6	31,6	131,1	135,1
<i>EBITDA margin</i>	55,0%	56,0%	59,2%	60,2%
Non recurring costs	(0,0)	0,1	(0,1)	(1,0)
Adjusted EBITDA	30,6	31,5	131,2	136,1
<i>Adjusted EBITDA margin</i>	55,0%	55,9%	59,3%	60,6%

Summary of Balance Sheet

(€m)	2019FY	2020FY
Non current assets		
Tangible assets	177,6	200,9
Rights of use for leasing	36,2	32,5
Intangible assets	14,3	15,9
Financial assets, holdings and other non-current assets	1,3	2,1
Deferred tax assets	2,7	2,8
Total non-current assets	232,1	254,2
Current assets		
Inventories	0,9	0,9
Trade receivables	74,8	62,6
Other current receivables and assets	5,0	4,2
Current financial assets	0,3	0,7
Cash and cash equivalents	30,2	4,1
Current tax receivables	0,1	0,1
Total current assets	111,2	72,4
TOTAL ASSETS	343,3	326,6

(€m)	2019FY	2020FY
Shareholders' Equity		
Share capital	70,2	70,2
Legal reserves	14,0	14,0
Other reserves	37,1	37,1
Retained earnings	62,9	63,5
Treasury shares	-	(20,0)
Total shareholders' equity	184,2	164,8
Non-current liabilities		
Non-current financial liabilities	0,3	15,1
Non-current leasing liabilities	26,3	23,9
Employee benefits	14,4	13,2
Provisions for risks and charges	15,9	16,3
Total non-current liabilities	56,9	68,5
Current liabilities		
Trade payables	54,3	45,5
Other debt and current liabilities	34,1	36,0
Current financial liabilities	0,2	0,3
Current leasing liabilities	13,3	11,5
Current tax payables	0,4	0,0
Total current liabilities	102,3	93,3
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	343,3	326,6

Summary of Cash Flow Statement

(€m)	4Q2019	4Q2020	FY2019	FY2020
Profit before income taxes	19,4	18,3	88,8	88,3
Depreciation, amortization and write-downs	10,8	12,6	42,4	45,4
Provisions and (releases of) personnel and other funds	1,5	2,0	2,4	5,1
Net financial (income)/expenses	0,2	0,4	1,0	0,9
Other non-cash items	(0,7)	0,2	(0,7)	0,3
Net operating CF before change in WC	31,2	33,6	134,0	140,0
Change in inventories	0,0	0,0	0,0	0,0
Change in trade receivables	5,5	7,3	(3,6)	12,5
Change in trade payables	8,4	7,4	8,7	(8,7)
Change in other assets	2,3	0,8	0,8	0,8
Change in other liabilities	(3,8)	(6,1)	(0,4)	2,0
Use of funds	(0,9)	(0,1)	(1,2)	(2,6)
Payment of employee benefits	(0,8)	(1,9)	(3,2)	(3,5)
Change in tax receivables and payables	(0,0)	(0,3)	0,2	(0,3)
Taxes paid	(2,4)	(2,3)	(24,6)	(24,0)
Net cash flow generated by operating activities	39,6	38,4	110,7	116,0
Investment in tangible assets	(20,3)	(24,2)	(32,3)	(55,7)
Disposals of tangible assets	0,9	-	0,9	-
Investment in intangible assets	(2,3)	(1,7)	(3,0)	(4,3)
Change in other non-current assets	(0,0)	(0,0)	0,1	0,1
Change in holdings	-	(0,5)	-	(0,5)
Change in non-current financial assets	-	(0,4)	-	(0,4)
Business combination	-	(0,5)	-	(0,5)
Net cash flow generated by investment activities	(21,7)	(27,2)	(34,4)	(61,3)
(Decrease)/increase in medium/long-term loans	(0,1)	14,9	(0,2)	14,8
(Decrease)/increase in current financial liabilities	(0,1)	(20,6)	(0,8)	0,1
(Decrease)/increase in IFRS 16 financial liabilities	(1,1)	(4,5)	(2,3)	(11,2)
Change in current financial assets	(0,1)	(0,2)	(0,2)	(0,4)
Net Interest paid	(0,1)	(0,3)	(0,2)	(0,8)
Buyback	-	(12,3)	-	(20,0)
Dividends paid	-	-	(59,7)	(63,3)
Net cash flow generated by financing activities	(1,4)	(23,0)	(63,4)	(80,8)
Change in cash and cash equivalent	16,4	(11,8)	13,0	(26,1)
Cash and cash equivalent (beginning of period)	13,8	15,9	17,2	30,2
Cash and cash equivalent (end of period)	30,2	4,1	30,2	4,1