



# 1Q2022 Results Presentation

12 May 2022



## 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

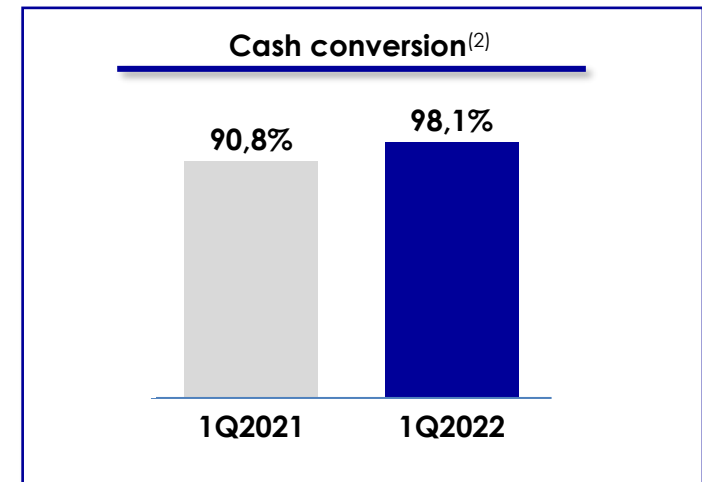
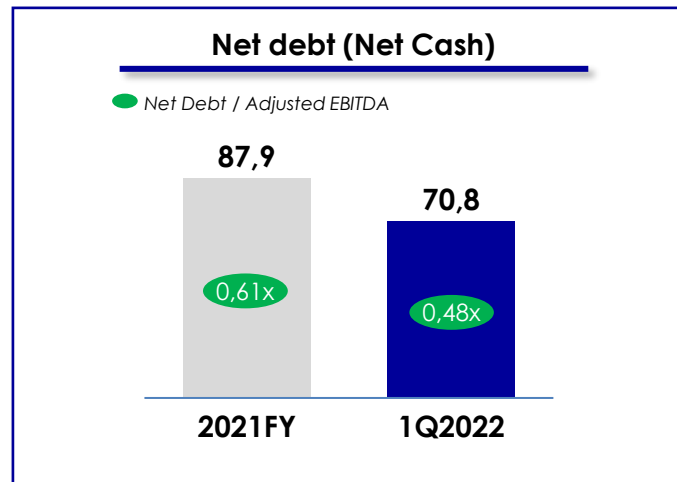
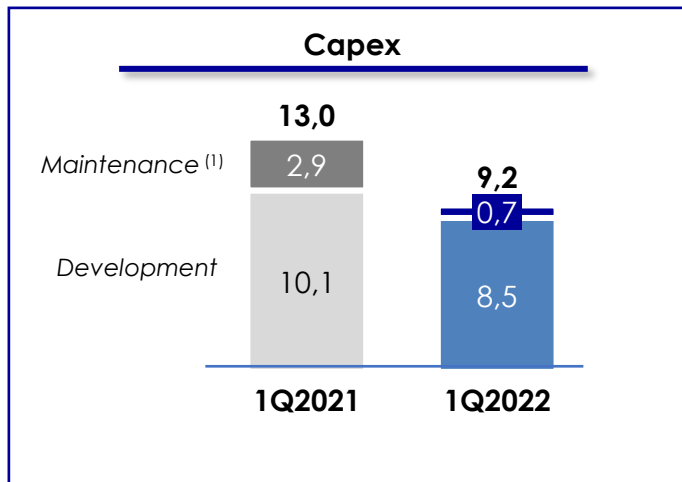
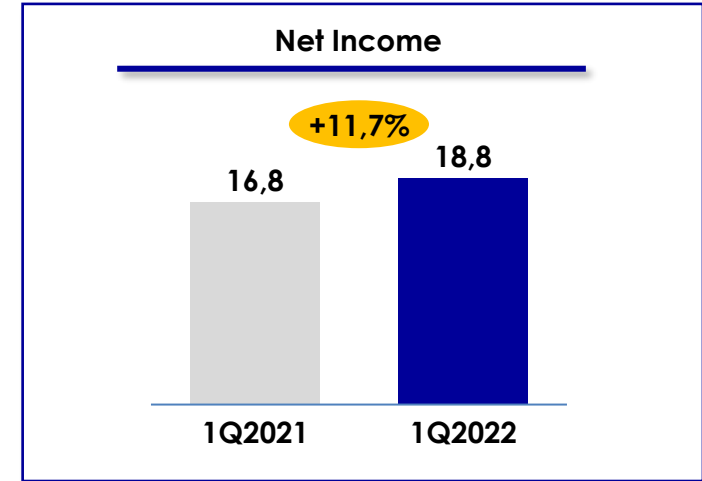
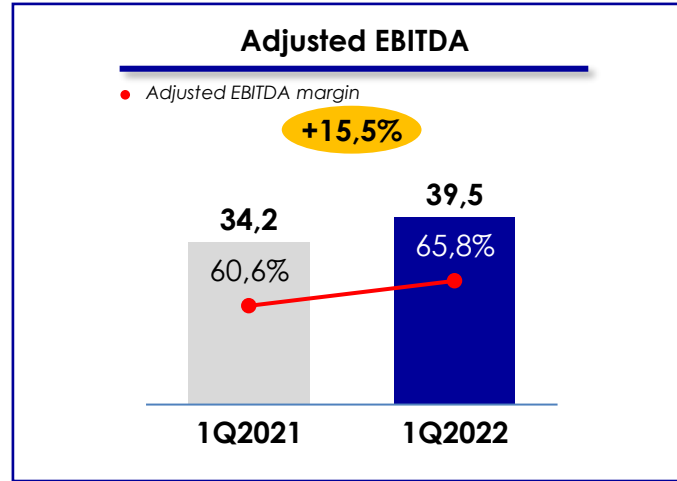
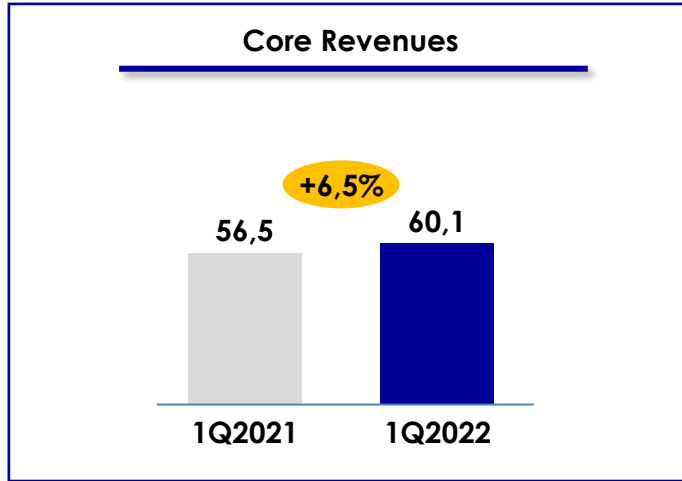
# Key messages

- **Robust 1Q22 growth, in line with expectations:**
  - Revenues up 6,5%, driven by *refarming* for RAI (step-up effective from 2H21) and CPI; first impact from regional *refarming* with contribution expected to grow materially in the coming quarters
  - EBITDA up 15,5% with profitability at 65,8% (+513 bps), boosted by top-line growth, operating leverage, tight cost control and electricity bill still benefitting from previous fixed-price contract
  - Development capex still driven by *refarming* activities
  
- Operational update:
  - National *refarming*: roll-out in line with roadmap with Adriatic and Southern regions completed
  - Regional *refarming*: in 6 out of 7 areas, networks activated and commercialization concluded with almost full capacity utilization (around 150 customers acquired)
  - New services: ongoing fiber backbone connectivity upgrade
  
- **Guidance** for the full year **confirmed**



# 1 Q2022 Financial highlights

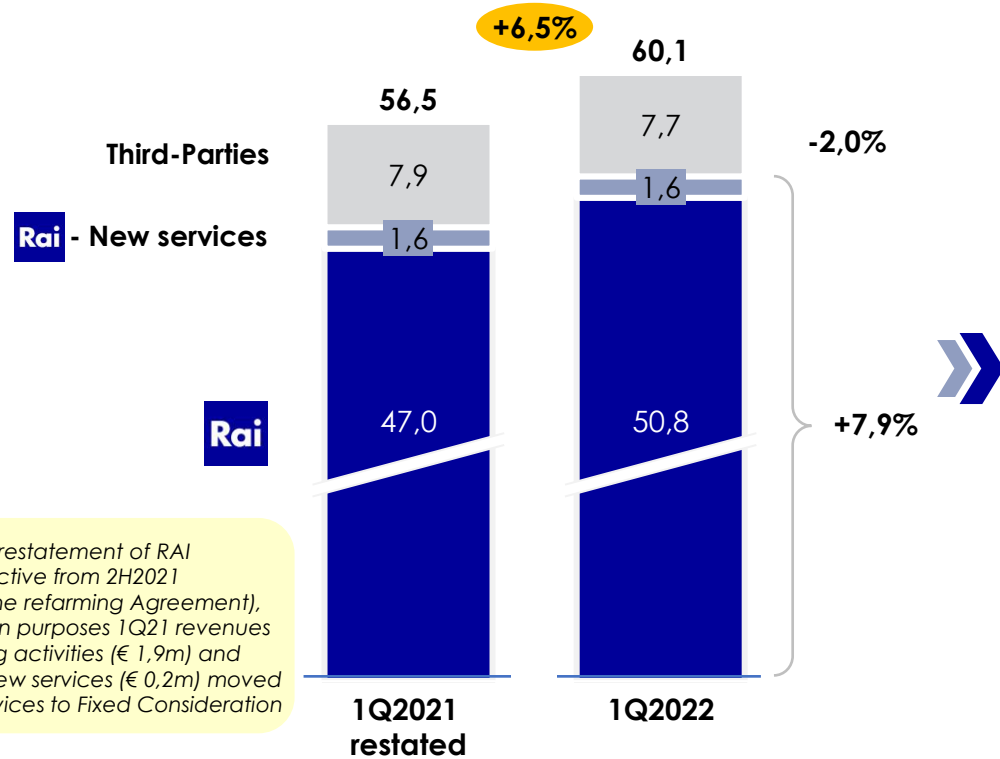
Mln Eur; %   % YoY growth



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

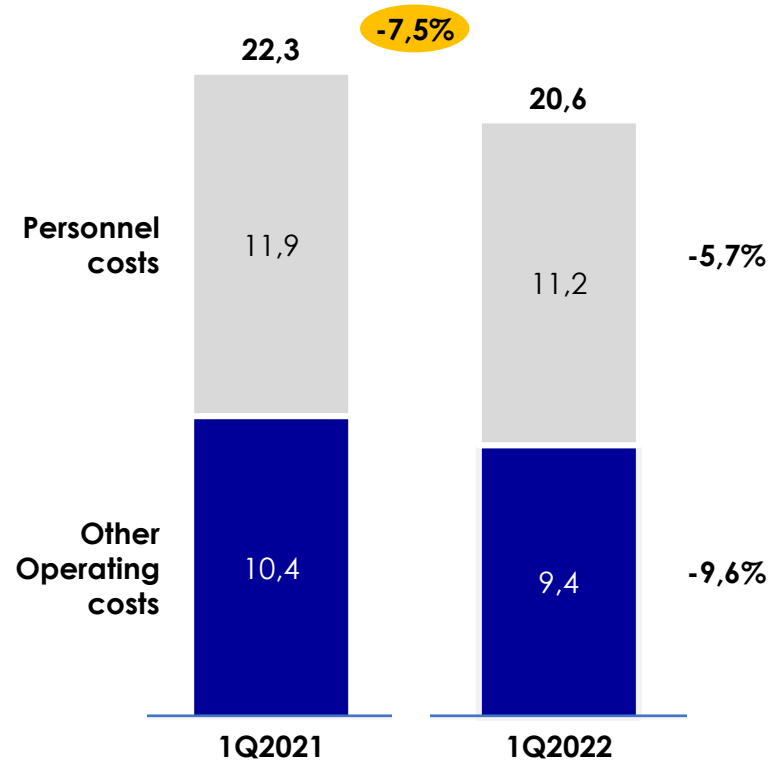
Mln Eur; % ● % YoY growth



- Rai **Fixed Consideration up 8,2%** driven by *refarming*-related step-up and CPI
- Excluding the impact from expiration of certain lower-margin non-hospitality services, **stabilization of third-party revenues** with MNOs rationalization offset by CPI-link, FWA and initial contribution from regional *refarming*
  - Return to growth during the year supported by contribution from regional *refarming*

# Opex (excluding non-recurring)

Mln Eur; % % YoY growth



- Excluding non-core impacts, **underlying personnel cost relatively flat** reflecting stable headcount
- Other Opex down by approx. 10% fully driven by **lower electricity costs** benefitting from:
  - lower consumption (-11%), following post-refarming network configuration (equipment efficiency and lower number of MUX)
  - last quarter with raw electricity price fixed at 2021 level
  - new government relief measures on ancillary charges
- Opex trend to revert in the coming quarters, mainly due to electricity bill

<i>Eur Mln. %</i>	1Q2021	1Q2022	% YoY
<b>Core Revenues</b>	56,5	60,1	6,5%
Other Revenues & income	0,1	0,0	
<b>Adj. EBITDA</b>	<b>34,2</b>	<b>39,5</b>	<b>15,5%</b>
<i>% margin</i>	60,6%	65,8%	
Non recurring costs	0,0	0,0	
<b>EBITDA</b>	<b>34,2</b>	<b>39,5</b>	<b>15,5%</b>
<i>% margin</i>	60,6%	65,8%	
D&A <sup>(1)</sup>	-11,9	-12,8	7,4%
<b>Operating Profit (EBIT)</b>	<b>22,3</b>	<b>26,7</b>	<b>19,9%</b>
Net financial income (expenses)	-0,3	-0,4	32,6%
<b>Profit before Income taxes</b>	<b>22,0</b>	<b>26,3</b>	<b>19,7%</b>
Income Taxes	-5,1	-7,5	45,7%
<i>% tax rate</i>	23,4%	28,5%	
<b>Net Income</b>	<b>16,8</b>	<b>18,8</b>	<b>11,7%</b>

- **1Q2022 Net Income up by 11,7% at € 18,8m as a result of:**

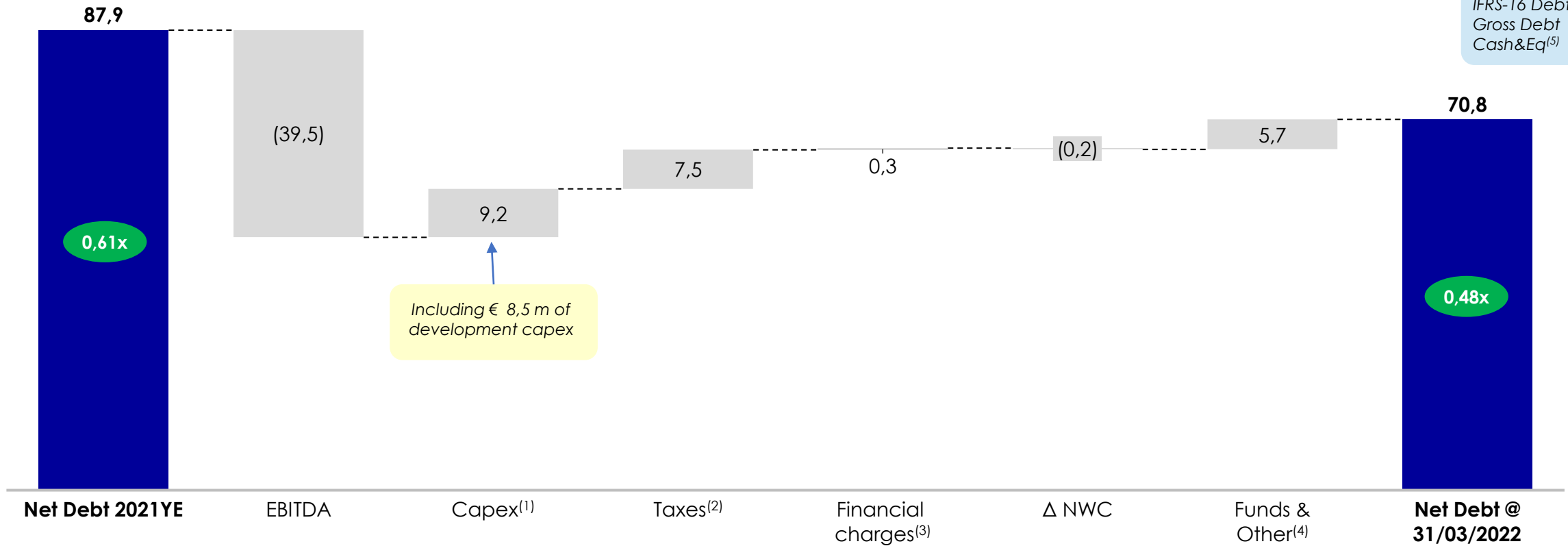
- Higher top-line
- Profitability up 513bps, with margin close to 66%
- Higher D&A following investment activity
- Tax rate back to normal level (1Q21 benefitting from one-off tax relief)

1) Including provisions



# Net Debt bridge

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



IFRS-16 Debt	38,0m
Gross Debt	69,4m
Cash&Eq <sup>(5)</sup>	-36,5m

**1Q2022 recurring FCFE<sup>(6)</sup> at ca. € 28m**

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) 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

## REVENUES

- Mid-single-digit revenue growth driven by CPI, *refarming* for RAI and *refarming* for third parties

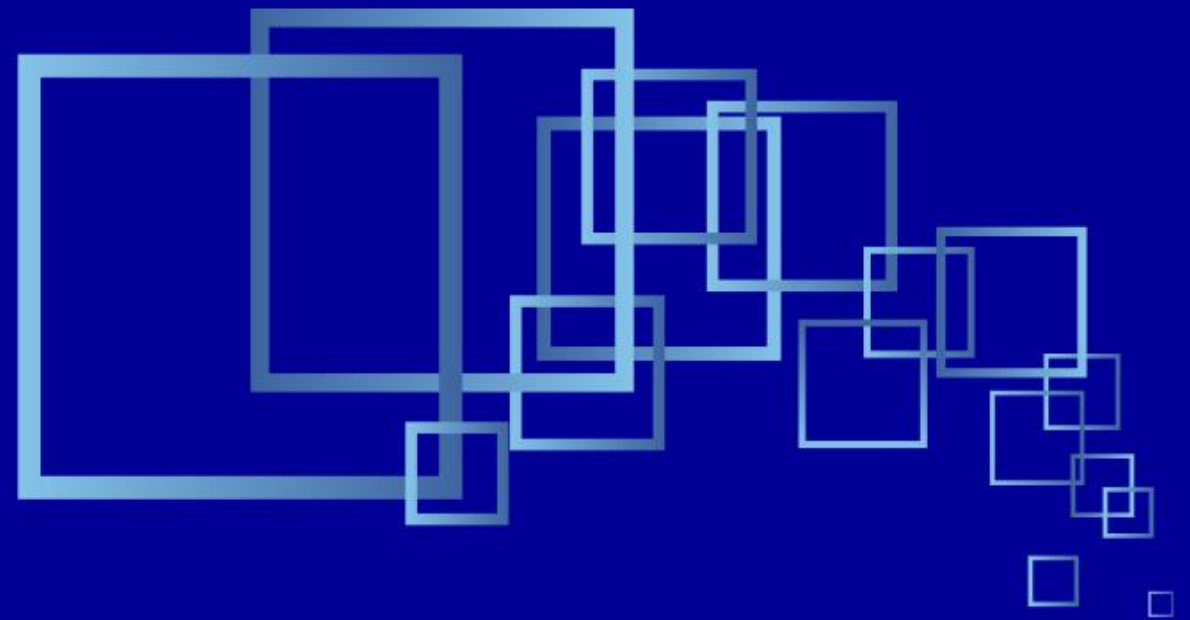
## ADJUSTED EBITDA

- Growth of Adjusted EBITDA, assuming a progressive normalization of electricity prices
  - ❖ *In the event of sustained high level of prices:*
    - *CPI-link on revenues provides protection over time*
    - *the new upgraded network ensures a sensible reduction in consumption*
    - *possibility for mitigation actions on other costs*

## CAPEX

- Maintenance Capex in line with Industrial Plan figure for 2022
- Development capex up vs 2021 to reflect completion of *refarming* activities and deployment of new services

# Q&A session



## - Investor Relations



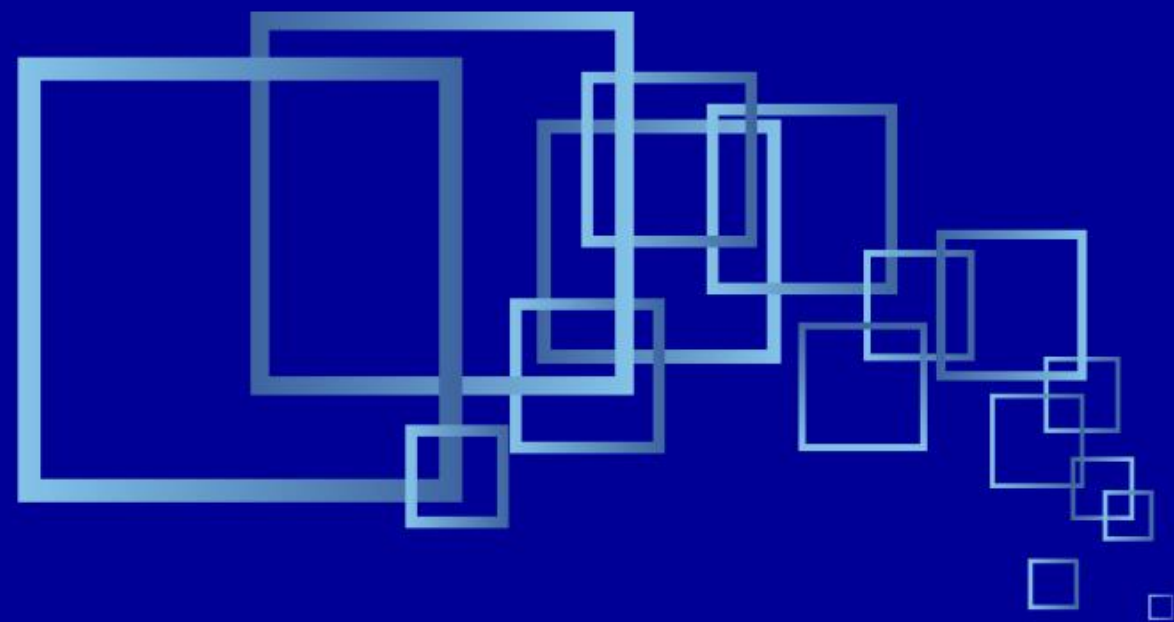
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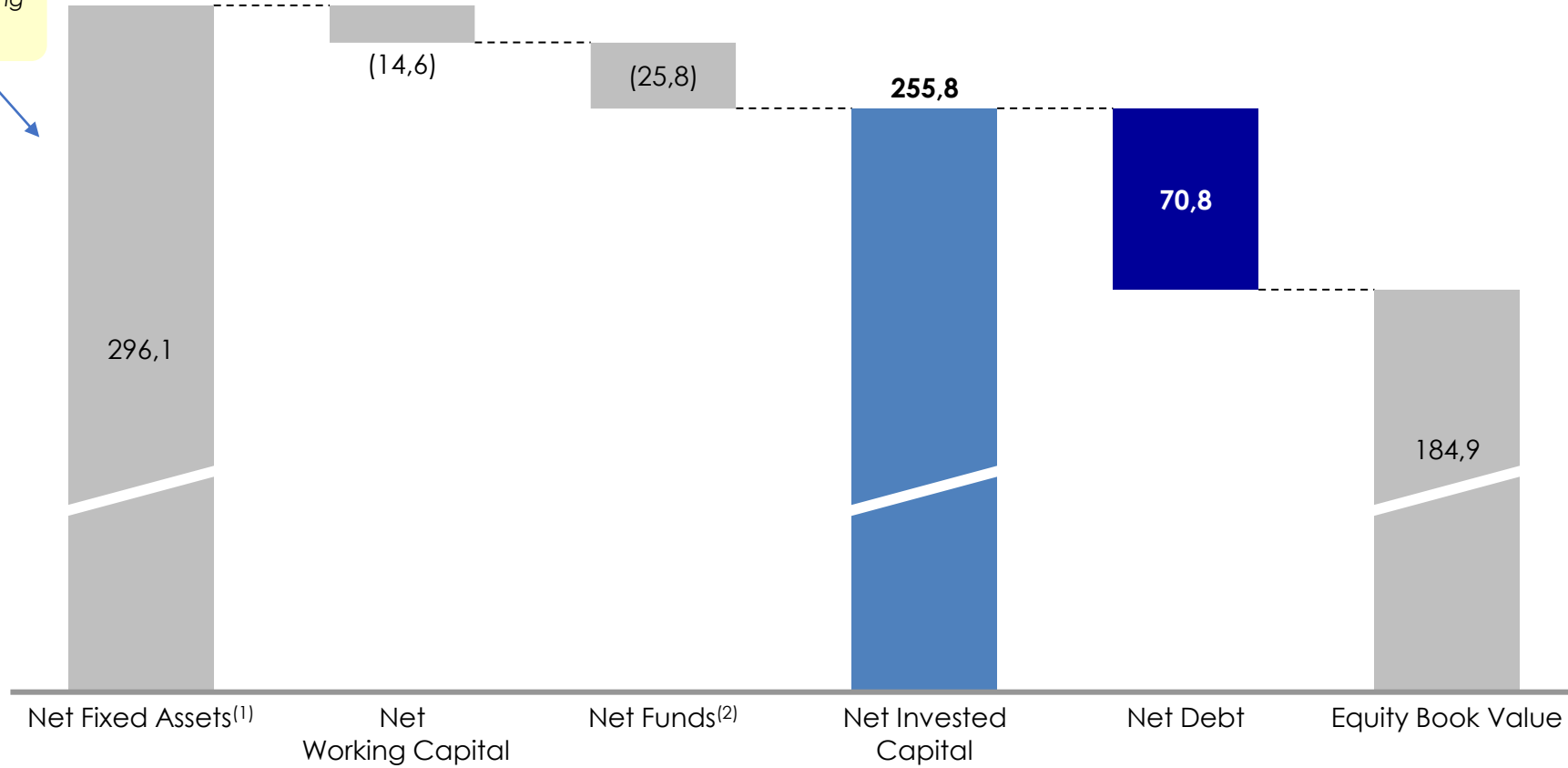
# Appendix



# Balance sheet

Mln Eur

Including rights of use for leasing under IFRS-16 (€ 33,9 m)



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; %)	1Q21	1Q22
<b>Core revenues</b>	<b>56,5</b>	<b>60,1</b>
Other revenues and income	0,1	0,0
Purchase of consumables	(0,3)	(0,3)
Cost of services <sup>1</sup>	(9,5)	(8,4)
Personnel costs <sup>1</sup>	(11,9)	(11,2)
Other costs	(0,6)	(0,7)
<b>Opex</b>	<b>(22,3)</b>	<b>(20,6)</b>
Depreciation, amortization and write-downs	(12,0)	(12,8)
Provisions	0,1	-
<b>Operating profit (EBIT)</b>	<b>22,3</b>	<b>26,7</b>
Net financial income (expenses)	(0,3)	(0,4)
<b>Profit before income taxes</b>	<b>22,0</b>	<b>26,3</b>
Income taxes	(5,1)	(7,5)
<b>Net Income</b>	<b>16,8</b>	<b>18,8</b>
<b>EBITDA</b>	<b>34,2</b>	<b>39,5</b>
<i>EBITDA margin</i>	60,6%	65,8%
Non recurring costs	-	-
<b>Adjusted EBITDA</b>	<b>34,2</b>	<b>39,5</b>
<i>Adjusted EBITDA margin</i>	60,6%	65,8%

1) 1Q2021 expenses amounting to c. € 42k reclassified from personnel costs to service costs

# Summary of Balance Sheet

(€m)	2021FY	1Q2022
<b>Non current assets</b>		
Tangible assets	244,5	244,4
Rights of use for leasing	31,5	33,9
Intangible assets	17,2	16,3
Financial assets, holdings and other non-current assets	1,4	1,5
Deferred tax assets	3,0	3,0
<b>Total non-current assets</b>	<b>297,7</b>	<b>299,1</b>
<b>Current assets</b>		
Inventories	0,8	0,8
Trade receivables	67,8	75,9
Other current receivables and assets	3,9	2,8
Current financial assets	0,5	0,6
Cash and cash equivalents	17,2	36,0
Current tax receivables	0,1	0,1
<b>Total current assets</b>	<b>90,4</b>	<b>116,1</b>
<b>TOTAL ASSETS</b>	<b>388,0</b>	<b>415,2</b>

(€m)	2021FY	1Q2022
<b>Shareholders' Equity</b>		
Share capital	70,2	70,2
Legal reserves	14,0	14,0
Other reserves	37,3	37,5
Retained earnings	64,4	83,2
Treasury shares	(20,0)	(20,0)
<b>Total shareholders' equity</b>	<b>165,9</b>	<b>184,9</b>
<b>Non-current liabilities</b>		
Non-current financial liabilities	69,0	69,0
Non-current leasing liabilities	21,4	21,0
Employee benefits	12,3	11,8
Provisions for risks and charges	17,2	17,1
<b>Total non-current liabilities</b>	<b>119,9</b>	<b>118,8</b>
<b>Current liabilities</b>		
Trade payables	51,7	44,5
Other debt and current liabilities	35,2	48,3
Current financial liabilities	0,2	0,4
Current leasing liabilities	15,1	17,0
Current tax payables	0,1	1,3
<b>Total current liabilities</b>	<b>102,2</b>	<b>111,5</b>
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>	<b>388,0</b>	<b>415,2</b>



# Summary of Cash Flow Statement

(€m)	1Q2021	1Q2022
<b>Profit before income taxes</b>	<b>22,0</b>	<b>26,3</b>
Depreciation, amortization and write-downs	12,0	12,8
Provisions and (releases of) personnel and other funds	0,9	0,4
Net financial (income)/expenses	0,3	0,4
Other non-cash items	-	0,0
<b>Net operating CF before change in WC</b>	<b>35,1</b>	<b>40,0</b>
Change in inventories	0,0	-
Change in trade receivables	(14,9)	(8,1)
Change in trade payables	1,3	(7,2)
Change in other assets	(1,6)	1,1
Change in other liabilities	5,6	6,8
Use of funds	(0,0)	(0,1)
Payment of employee benefits	(1,1)	(1,0)
Change in tax receivables and payables	(0,0)	(0,0)
<b>Net cash flow generated by operating activities</b>	<b>24,3</b>	<b>31,5</b>
Investment in tangible assets	(12,9)	(9,1)
Disposals of tangible assets	0,2	-
Investment in intangible assets	(0,1)	(0,1)
Change in other non-current assets	0,0	0,0
Change in non-current financial assets	0,0	0,0
<b>Net cash flow generated by investment activities</b>	<b>(12,8)</b>	<b>(9,2)</b>
(Decrease)/increase in current financial liabilities	(0,1)	(0,0)
(Decrease)/increase in IFRS 16 financial liabilities	(1,4)	(3,4)
Change in current financial assets	(0,0)	(0,1)
Net Interest paid	(0,1)	(0,2)
<b>Net cash flow generated by financing activities</b>	<b>(1,7)</b>	<b>(3,7)</b>
<b>Change in cash and cash equivalent</b>	<b>9,8</b>	<b>18,7</b>
Cash and cash equivalent (beginning of period)	4,1	17,2
Cash and cash equivalent (end of period)	13,9	36,0