1H2023 Results Presentation

27 July 2023

Disclaimer

Rai Way

FORWARD LOOKING STATEMENTS

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Rai Way participants

- **Roberto Cecatto**, Chief Executive Officer
- **Adalberto Pellegrino**, Chief Financial Officer
- **Giancarlo Benucci**, Chief Corporate Development Officer

Key messages

- **Strong 1H23 performance**:
  - Revenues up 12,2%, benefitting from CPI-link and rising contribution of regional *refarming*;
  - Adjusted EBITDA up 16.1%, with underlying opex trend under control supported by lower energy consumption (effect of declining electricity tariffs limited to 2Q only)
  - Development capex at € 14,3m, with lower component related to completion of refarming (€ 5,5m vs 19,1m in 1H22, for both RAI and regional networks) and new infrastructure projects starting to enter investment phase

- Board **review of infrastructure expansion initiatives** underway

- **Guidance** for the full year **confirmed,** with **increased comfort** on achieving targets

Main drivers of the growth path

STRENGTHENING OF THE CORE BUSINESS

Strengthen the Core Business through the coverage of new technologies / platforms, the offer of new services and the evolution of the operating model in terms of *digital transformation*:

- ✓ Improving long-term positioning in the media industry
- ✓ Introducing innovations in asset management
- ✓ Pursuing operational efficiency (on costs and maintenance capex)

EXPANSION OF THE INFRASTRUCTURE MANAGED

Pursue expansion, also by external lines, in **infrastructures** ensuring:

- ✓ scale (and competitiveness in a market under progressive consolidation)
- ✓ synergies
- ✓ diversification
- ✓ optimization of capital structure

OPTIONALITIES FOR INNOVATIVE USES OF EXISTING INFRASTRUCTURE

Monitor any optionality for innovative uses of the existing infrastructure

Refarming RAI
Regional refarming
DAB
Content IP distribution
5G/FWAP hosting
Efficiencies

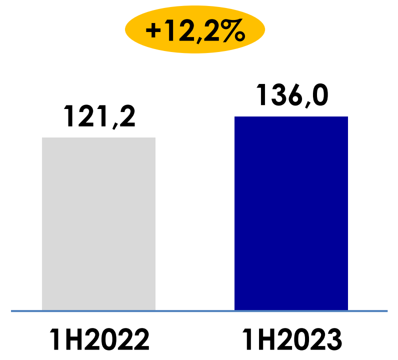
Broadcasting towers
Colocation data centers (HS/Edge)

5G Broadcasting

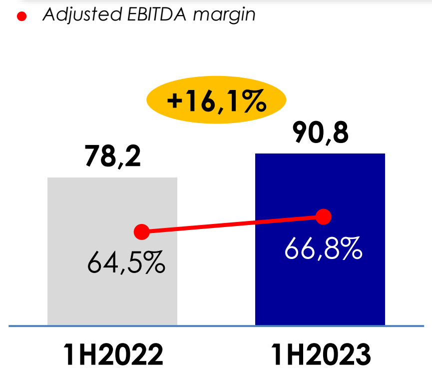
1H2023 Financial highlights

Mln Eur; % % YoY growth

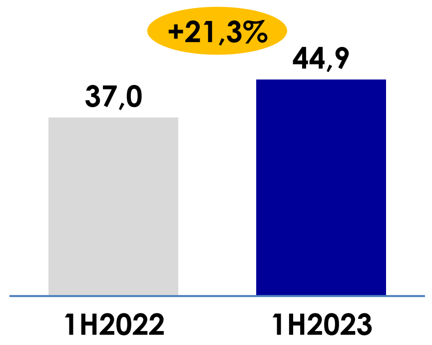
Core Revenues



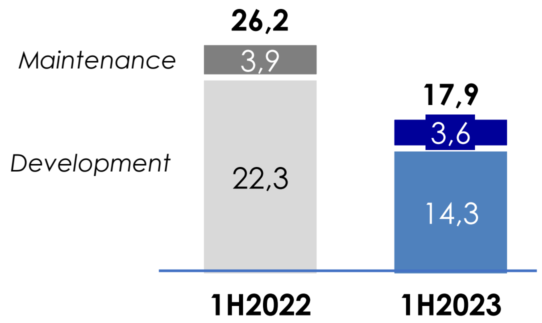
Adjusted EBITDA



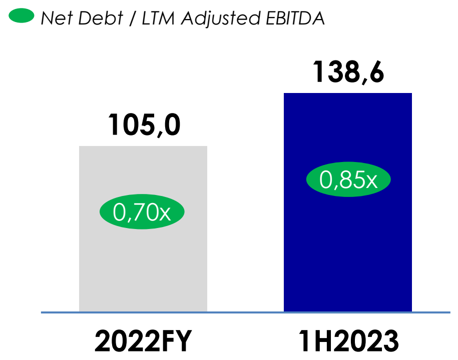
Net Income



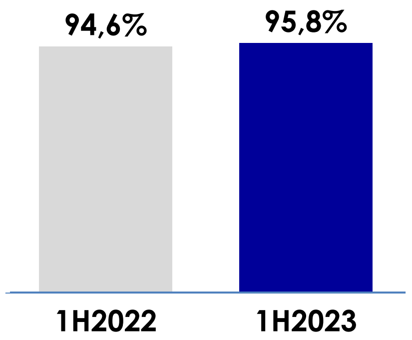
Capex[1]



Net debt (Net Cash)



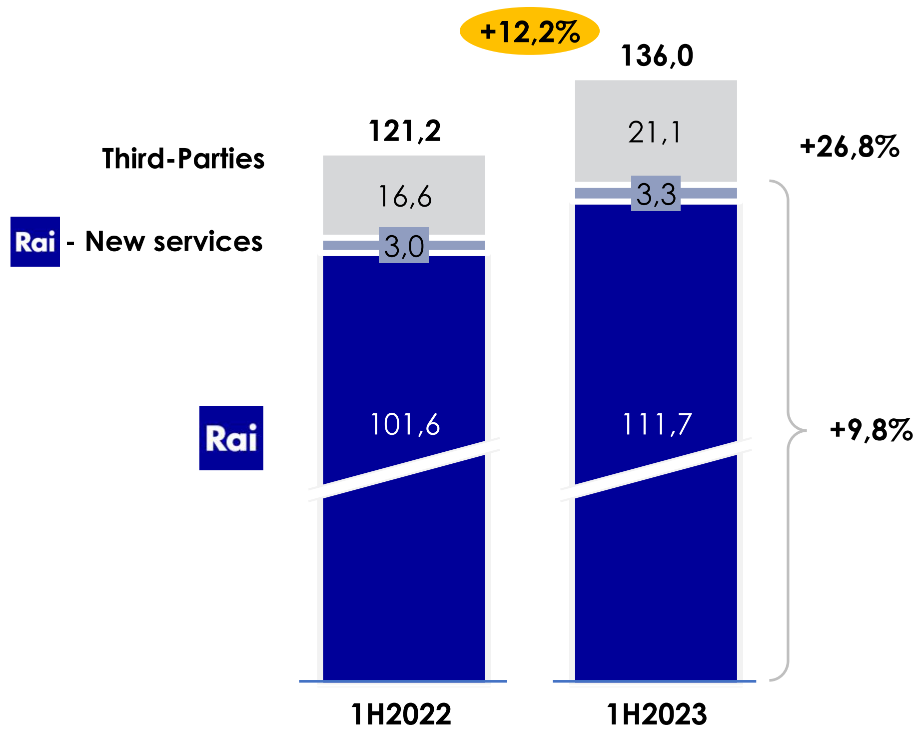
Cash conversion[2]



1) Maintenance capex excluding component related to IFRS-16 leasing. Development capex include € 2,7 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

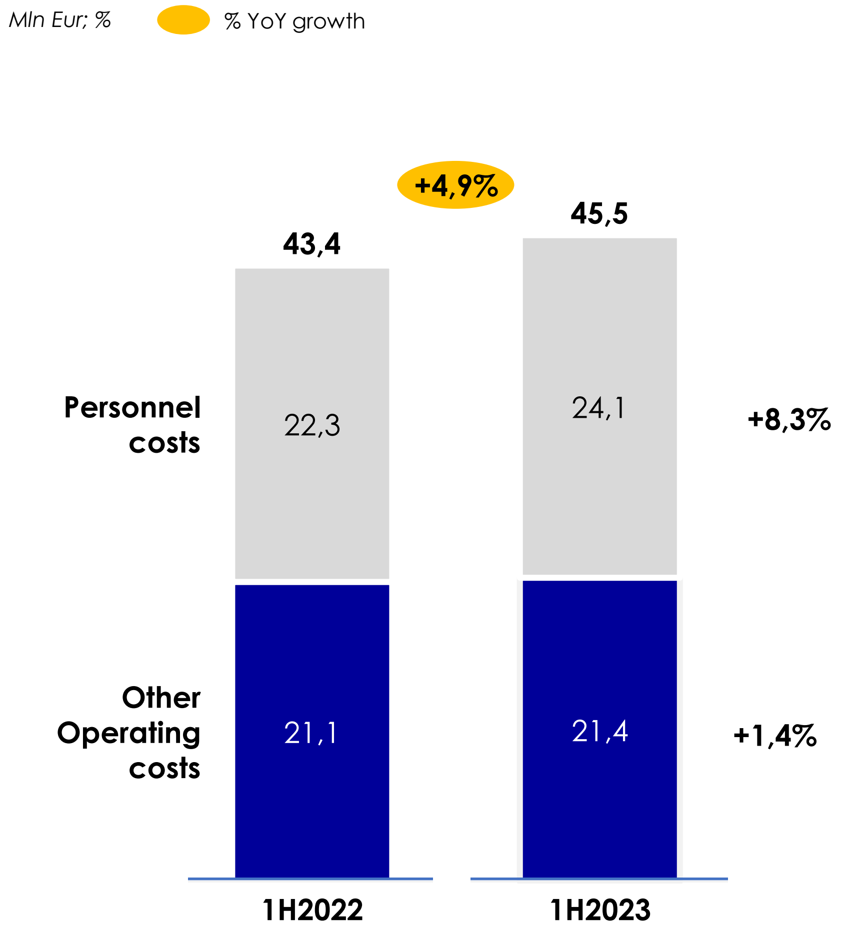
Mln Eur; % % YoY growth



- Rai **up 9,8%** driven by CPI escalator and termination of a minor radio service effective from 3Q22

- **New regional MUXes business** pushed **Third-party revenues up 26,8%**
  - As for other customers, YoY growth at around 9% supported by inflation link and rising activity with FWAPs and radio broadcasters

Opex (excluding non-recurring)



- Excluding non-core items and lower capitalization compared to 2022, **Personnel cost up 3,9%**
- Underlying trend of **Other Operating costs broadly stable**, benefitting from **lower utilities**
  - **Energy bill reduction in the 1H** still **driven mostly by volumes** rather than price paid (contributing only from 2Q[2])

	1H2022	1H2023	Δ
Raw energy[1] price (€/MWh)	153[2]	142	
Tax credit impact (€/MWh)	-	-37	
Other tariff components (equivalent per MWh)	43	83	
Total price (equivalent per MWh)	**196**	**188**	**-4%**
Consumption (GWh)	**38,6**	**33,4**	**-14%**
Energy bill (€ mln)	**7,6**	**6,3**	**-17%**

1) Average raw energy price paid (€/MWh) Including spread and green energy option (1Q22: ~58; 2Q22: ~252; 1H22: 153; 1Q23: ~160; 2Q23: ~124; 1H23: 142)
2) 1Q22 benefitting from raw energy price fixed at 2021 level

P&L

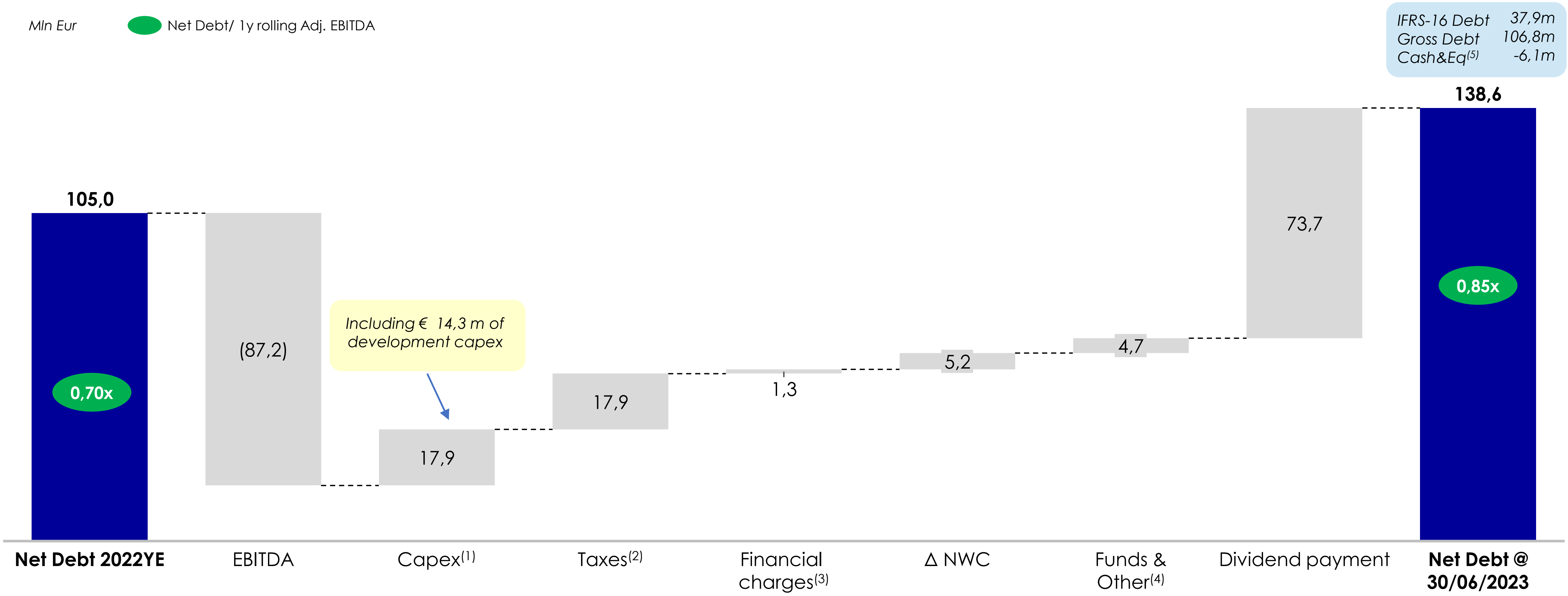
Eur Mln, %	2Q2022	2Q2023	% YoY	1H2022	1H2023	% YoY
Core Revenues	**61,1**	**68,1**	**11,5%**	**121,2**	**136,0**	**12,2%**
Other Revenues & income [1]	0,3	0,0		0,3	0,3	
Adj. EBITDA	**38,6**	**46,3**	**19,9%**	**78,2**	**90,8**	**16,1%**
% margin	*63,2%*	*68,0%*		*64,5%*	*66,8%*	
Non recurring costs	0,0	-3,6		0,0	-3,6	
EBITDA	**38,6**	**42,7**	**10,5%**	**78,2**	**87,2**	**11,5%**
% margin	*63,2%*	*62,7%*		*64,5%*	*64,1%*	
D&A [2]	-12,9	-11,6	-9,8%	-25,7	-22,7	-11,8%
Operating Profit (EBIT)	**25,8**	**31,1**	**20,7%**	**52,5**	**64,5**	**22,9%**
Net financial income (expenses)	-0,4	-1,0	140,2%	-0,9	-1,8	103,5%
Profit before Income taxes	**25,4**	**30,1**	**18,7%**	**51,6**	**62,7**	**21,5%**
Income Taxes	-7,2	-8,7	21,7%	-14,6	-17,9	22,1%
% tax rate	*28,2%*	*29,0%*		*28,4%*	*28,5%*	
Net Income	**18,2**	**21,4**	**17,5%**	**37,0**	**44,9**	**21,3%**

1H2023 Net Income up by 21,3% at € 44,9m despite €3,6m non-recurring costs:

- Significantly higher EBITDA
- Lower D&A following the termination of the useful life of DVB-T equipment
- Financial charges up reflecting higher net debt and rising interest rates
- Stable tax rate

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

Net Debt bridge



1H2023 recurring FCFE[6] at ca. € 62m

1) Excluding component related to IFRS-16 leasing; development capex include € 2,7 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 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

Guidance 2023 confirmed

- Outlook based on recent levels of power futures for 2023[1]

Increased comfort supported by 1H operating performance and energy price expectations for 2H

Adjusted EBITDA	***Growth rate in the mid-teens area***	- CPI-link - Rising contribution from regional refarming - Lower energy prices[1] and lower consumption - Start-up costs related to new infrastructure/services
Capex	• ***Maintenance capex broadly stable vs 2022*** • ***Development capex broadly stable vs 2022, but with different RAI-3rd Parties mix***	- New infra roll-out (mainly edge & CDN) - Backbone upgrade completion - Residual refarming investments (both RAI & regional)

1) Average level of raw energy price for FY2023 (excluding spread, green energy option and effect of tax credits) assumed at ca. 135 €/MWh

Q&A session

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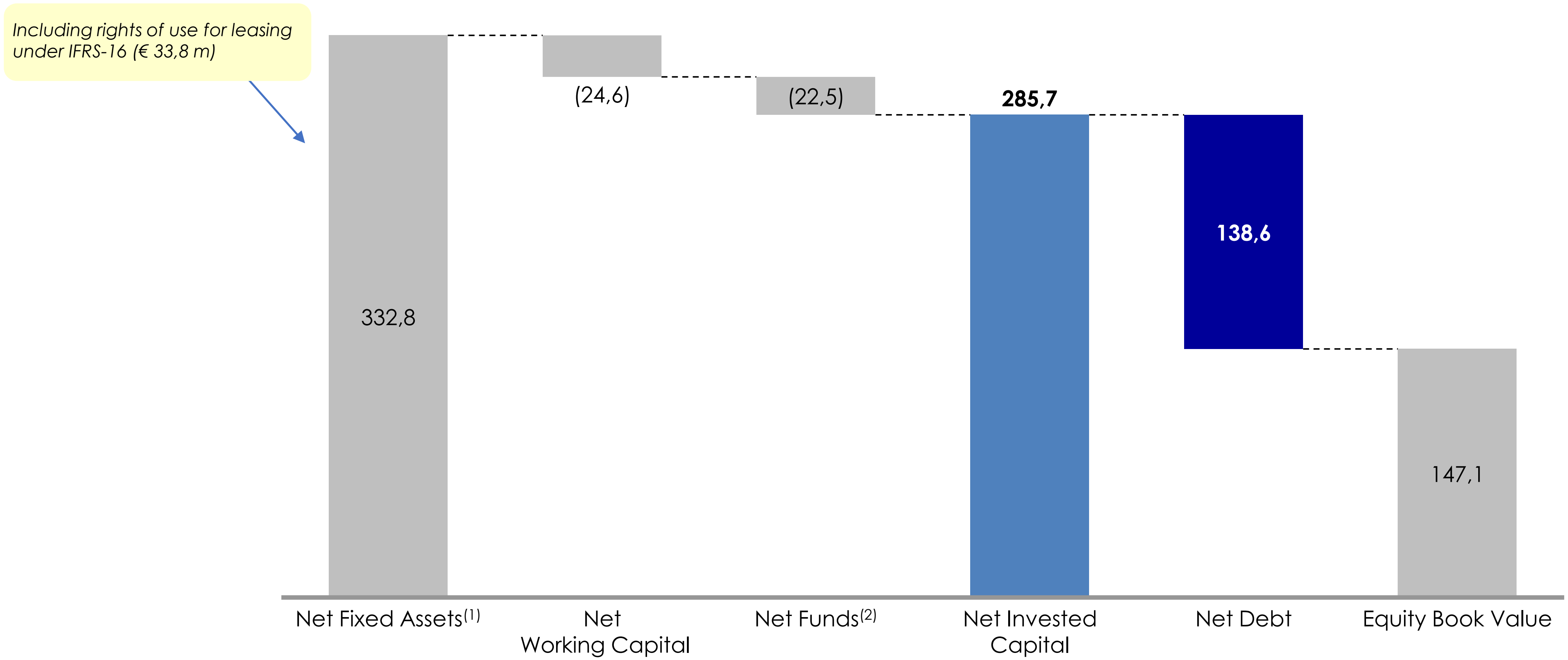
Appendix

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; %)	2Q22	2Q23	1H22	1H23
Core revenues	**61,1**	**68,1**	**121,2**	**136,0**
Other revenues and income [1]	0,3	0,6	0,3	1,5
Purchase of consumables	(0,2)	(0,3)	(0,6)	(0,6)
Cost of services	(10,8)	(9,9)	(19,2)	(20,8)
Personnel costs	(11,1)	(15,0)	(22,3)	(27,5)
Other costs	(0,7)	(0,8)	(1,3)	(1,4)
Opex	**(22,8)**	**(26,0)**	**(43,4)**	**(50,4)**
Depreciation, amortization and write-downs	(12,9)	(11,6)	(25,7)	(22,7)
Provisions	0,0	-	0,0	-
Operating profit (EBIT)	**25,8**	**31,1**	**52,5**	**64,5**
Net financial income (expenses)	(0,4)	(1,0)	(0,9)	(1,8)
Profit before income taxes	**25,4**	**30,1**	**51,6**	**62,7**
Income taxes	(7,2)	(8,7)	(14,6)	(17,9)
Net Income	**18,2**	**21,4**	**37,0**	**44,9**

EBITDA	**38,6**	**42,7**	**78,2**	**87,2**
EBITDA margin	*63,2%*	*62,7%*	*64,5%*	*64,1%*
Non recurring costs	-	(3,6)	-	(3,6)
Adjusted EBITDA	**38,6**	**46,3**	**78,2**	**90,8**
Adjusted EBITDA margin	*63,2%*	*68,0%*	*64,5%*	*66,8%*

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

Summary of Balance Sheet

(€m)	2022FY	1H2023
Non current assets		
Tangible assets	280,8	278,2
Rights of use for leasing	33,4	33,8
Intangible assets	19,5	20,1
Financial assets, holdings and other non-current assets	0,9	0,9
Deferred tax assets	1,8	3,0
Total non-current assets	**336,4**	**336,1**
Current assets		
Inventories	0,8	0,8
Trade receivables	66,2	75,2
Other current receivables and assets	2,5	3,7
Current financial assets	1,5	0,8
Cash and cash equivalents	35,2	5,4
Current tax receivables	0,1	0,1
Total current assets	**106,2**	**85,9**
TOTAL ASSETS	**442,6**	**422,0**

(€m)	2022FY	1H2023
Shareholders' Equity		
Share capital	70,2	70,2
Legal reserves	14,0	14,0
Other reserves	38,2	38,0
Retained earnings	73,7	44,9
Treasury shares	(20,0)	(20,0)
Total shareholders' equity	**176,2**	**147,1**
Non-current liabilities		
Non-current leasing liabilities	22,6	22,5
Employee benefits	10,0	9,9
Provisions for risks and charges	15,1	15,6
Other non-current liabilities	0,3	0,3
Total non-current liabilities	**48,0**	**48,3**
Current liabilities		
Trade payables	60,5	44,8
Other debt and current liabilities	38,5	58,2
Current financial liabilities	101,5	106,8
Current leasing liabilities	17,6	15,5
Current tax payables	0,4	1,3
Total current liabilities	**218,4**	**226,6**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**442,6**	**422,0**

Summary of Cash Flow Statement

(€m)	2Q2022	2Q2023	1H2022	1H2023
Profit before income taxes	**25,4**	**30,1**	**51,6**	**62,7**
Depreciation, amortization and write-downs	12,9	11,6	25,7	22,7
Provisions and (releases of) personnel and other funds	(1,0)	0,9	(0,6)	1,8
Net financial (income)/expenses	0,4	1,0	0,8	1,7
Other non-cash items	0,1	0,2	0,2	0,2
Net operating CF before change in WC	**37,7**	**43,7**	**77,7**	**89,1**
Change in inventories	0,0	-	0,0	0,0
Change in trade receivables	7,6	9,4	(0,5)	(9,3)
Change in trade payables	(5,1)	(5,7)	(12,3)	(15,7)
Change in other assets	0,7	1,0	1,8	(1,2)
Change in other liabilities	(3,4)	(3,9)	3,4	3,9
Use of funds	(0,8)	(0,2)	(0,9)	(0,4)
Payment of employee benefits	(0,7)	(0,8)	(1,7)	(1,3)
Change in tax receivables and payables	(0,0)	(2,2)	(0,1)	(2,2)
Taxes paid	(1,7)	-	(1,7)	-
Net cash flow generated by operating activities	**34,3**	**41,3**	**65,9**	**63,0**
Investment in tangible assets	(16,4)	(7,6)	(25,5)	(12,4)
Disposals of tangible assets	0,0	-	0,0	-
Investment in intangible assets	(0,6)	(1,5)	(0,7)	(2,8)
Change in other non-current assets	0,0	0,0	0,0	0,0
Change in non-current financial assets	0,0	-	0,1	-
Net cash flow generated by investment activities	**(16,9)**	**(9,1)**	**(26,1)**	**(15,2)**
(Decrease)/increase in medium/long-term loans	32,0	-	32,0	-
(Decrease)/increase in current financial liabilities	0,2	4,7	0,2	4,7
(Decrease)/increase in IFRS 16 financial liabilities	(2,3)	(5,3)	(5,7)	(7,8)
Change in current financial assets	(0,1)	(0,2)	(0,2)	0,0
Net Interest paid	(0,3)	(0,8)	(0,5)	(0,9)
Dividends paid	(65,1)	(73,5)	(65,1)	(73,7)
Net cash flow generated by financing activities	**(35,7)**	**(75,1)**	**(39,3)**	**(77,7)**
Change in cash and cash equivalent	**(18,3)**	**(43,0)**	**0,5**	**(29,8)**
Cash and cash equivalent (beginning of period)	36,0	48,3	17,2	35,2
Cash and cash equivalent (end of period)	17,7	5,4	17,7	5,4