

9M2015 Results Presentation

Rome, 4th November 2015

The Rai Way logo consists of the word "Rai" in white text inside a dark blue square, followed by the word "Way" in dark blue text.

Rai Way

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.

Rai Way Participants

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

9M2015 Financial Highlights

Financial Highlights

<i>Eur Mln, %</i>	3Q 2014	3Q 2015	% YoY	9M 2014 PF	9M 2015	% YoY
Core Revenues	51,7	53,2	3,0%	155,2	158,3	2,0%
Other Revenues	1,4	0,1		2,9	0,6	
Adjusted EBITDA	27,2	28,6	4,8%	80,4	82,5	2,6%
% margin	52,7%	53,6%		51,8%	52,1%	
Net Income	8,9	10,4	16,7%	26,9	30,2	12,2%
Capex⁽¹⁾	4,9	6,9		11,4	14,0	
. Maintenance	4,9	2,0		11,4	9,1	
. % on core revenues	9,5%	3,8%		7,3%	5,7%	
. Development	0,0	4,9		0,0	4,9	
Cash conversion ⁽²⁾	82,0%	92,9%		85,9%	89,0%	
Net Debt⁽³⁾				65,5	49,6	
Net Debt/1Y rolling Adj. EBITDA				0,62x	0,46x	
				2014FY PF	9M 2015	

In 9M2014, Pro Forma figures assume the impact of the new service contracts with RAI as effective from 1st January 2014

- 9M15 Core revenues at € 158,3m, up 2,0% vs. 9M14
- 9M15 Adjusted EBITDA at € 82,5m, with EBITDA margin of 52,1% (vs. 51,8% in 9M14, despite lower level of Other Revenues)
- 9M15 Net Income at € 30,2m, up 12,2% vs. 9M14
- Investments at € 14,0m, including € 4,9m development capex for new services to RAI (cash conversion at 89,0%)
- Net Debt at € 49,6m, with Net Debt/1Y rolling Adj. EBITDA at 0,46x

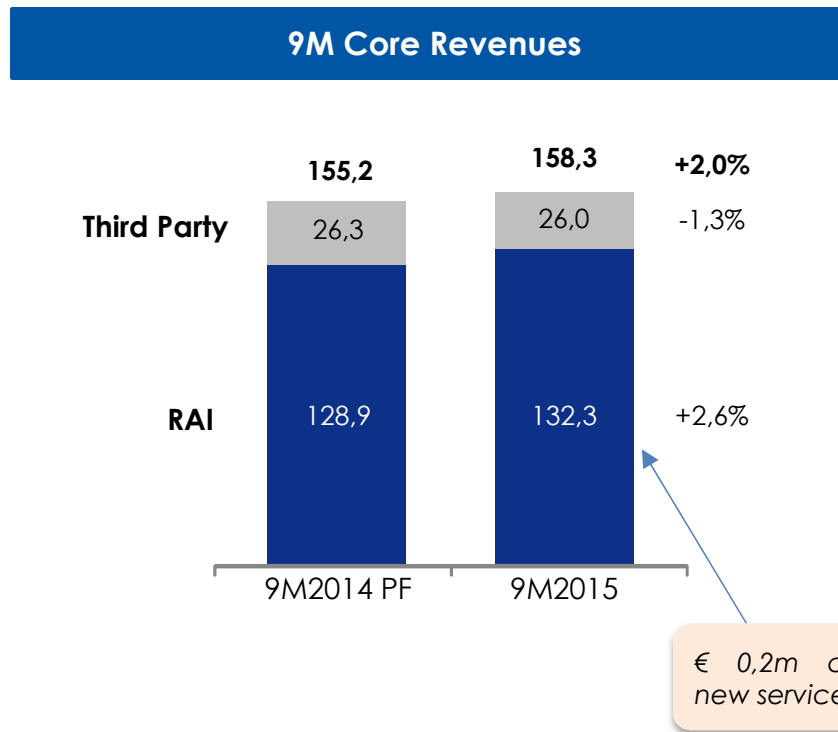
(1) 9M14 Capex includes investments in tangible and intangible assets and financial lease cash-out, representing network capex according to the old service agreement with RAI (being treated as a financial lease)

(2) Cash conversion= (Adj. EBITDA – Maintenance Capex) / Adj. EBITDA

(3) 2014FY PF 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; %

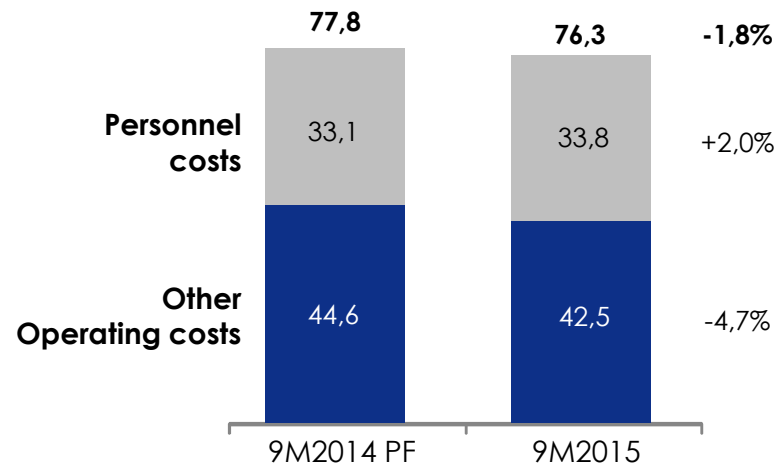


- Revenues from RAI driven by the step-up in the fixed consideration included in the service contract (from € 171m in 2014 to € 175m in 2015, on a yearly basis) and first contribution from new initiatives
- 9M15 Third Party performance impacted by lower Tower Rental revenues, mainly from non-MNO customers, and lower Network Services revenues
 - Improvement vs. previous quarters mainly driven by recovery of one lost broadcasting customer

Opex

Eur Mln; %

9M Opex (excluding non-recurring)



- Personnel costs up 2,0% vs. 9M14 driven by completion of organizational structure after IPO
- Other Operating costs declined by 4,7% vs. 9M14, mainly driven by utilities and maintenance

From Adjusted EBITDA to Net Income

P&L						
<i>Eur Mln. %</i>	3Q 2014	3Q 2015	% YoY	9M 2014 PF	9M 2015	% YoY
Adj. EBITDA	27,2	28,6	4,8%	80,4	82,5	2,6%
% margin	52,7%	53,6%		51,8%	52,1%	
One-off	0,0	0,0		0,0	-0,1	
EBITDA	27,2	28,6	4,8%	80,4	82,4	2,4%
% margin	52,7%	53,6%		51,8%	52,0%	
D&A ⁽¹⁾	-12,8	-11,7		-37,6	-35,1	
EBIT	14,5	16,8	16,2%	42,8	47,3	10,5%
Financial expenses	-0,6	-0,6		-1,4	-1,6	
Pre Tax Profit	13,9	16,3	17,0%	41,4	45,7	10,5%
Taxes	-5,0	-5,9		-14,5	-15,5	
% tax rate	35,9%	36,1%		35,0%	34,0%	
Net Income	8,9	10,4	16,7%	26,9	30,2	12,2%
EPS ⁽²⁾	0,0328	0,0382		0,0989	0,1110	

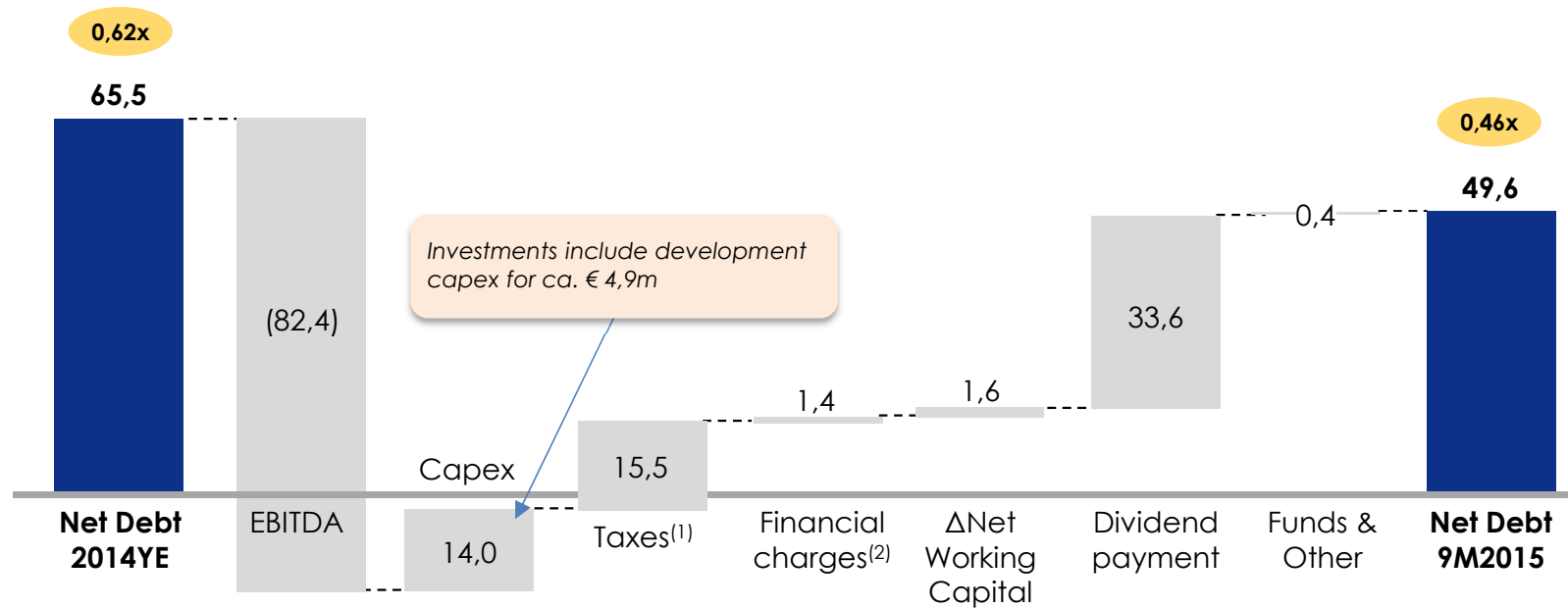
- 9M15 EBITDA at € 82,4m, up 2,4% vs. 9M14, with a margin of 52,0%
- 9M15 EBITDA including non recurring expenses of € 0,1m
- Declining D&A (€ -2,5m vs. 9M14) mainly resulting from reduction of Capex vs. "switch-off period"
- 9M15 Net Income at € 30,2m, up 12,2% vs. 9M14

(1) Including provisions

(2) 3Q214 and 9M14 PF EPS calculated on 2014YE number of shares

Cash Flow generation

Eur Mln; %



- 9M15 cash generation pre-dividend payment of ca. € 49m
- Capex level reflects typical distribution of maintenance activities throughout the year

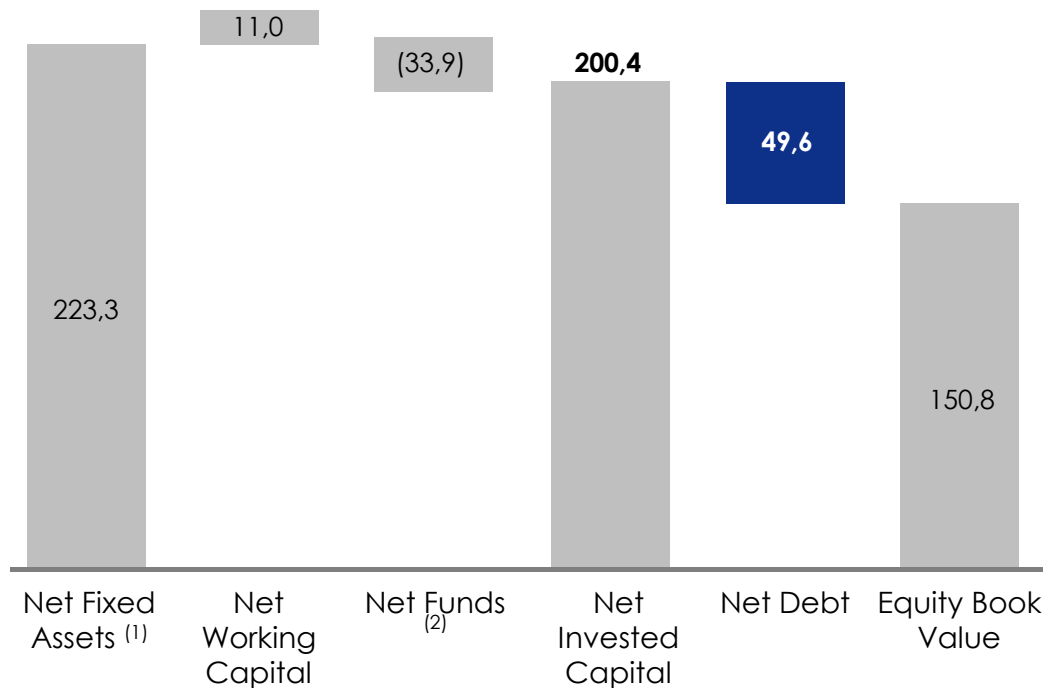
(1) P&L taxes

(2) P&L financial charges excluding interests on the employee benefit liability

Balance Sheet

Eur Mln

9M2015 Balance Sheet



- Conservative capital structure with € 49,6m Net Debt as of September 2015:

- 0,46x Net Debt/1y-rolling Adj. EBITDA
- 0,33x Net Debt/Equity book value

(1) Including long-term financial items

(2) Net funds include employee termination indemnities , provision for risks and deferred taxes

2015 Outlook confirmed

- **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

Q & A session



Contacts

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Appendix



Detailed summary of Income Statement

(€m; %)	3Q14	3Q15	9M14	9M14 PF	9M15
Core revenues	51.7	53.2	115.1	155.2	158.3
Other revenues	1.4	0.1	2.9	2.9	0.6
Purchase of consumables	(0.4)	(0.3)	(1.2)	(1.2)	(0.9)
Service costs	(14.9)	(13.7)	(42.8)	(41.2)	(39.1)
Personnel costs	(10.0)	(9.9)	(33.1)	(33.1)	(33.8)
Other costs	(0.6)	(0.8)	(2.2)	(2.2)	(2.7)
Opex	(25.8)	(24.7)	(79.3)	(77.8)	(76.5)
Depreciation and amortization	(12.8)	(11.7)	(13.0)	(37.6)	(35.1)
Provisions	0.0	0.0	0.0	0.0	0.0
Net Operating profit	14.5	16.8	25.7	42.8	47.3
Net Finance income	(0.6)	(0.6)	2.6	(1.4)	(1.6)
Profit before income taxes	13.9	16.3	28.3	41.4	45.7
Income taxes	(5.0)	(5.9)	(10.4)	(14.5)	(15.5)
Profit for the year	8.9	10.4	17.9	26.9	30.2
EBITDA	27.2	28.6	38.7	80.4	82.4
<i>EBITDA margin</i>	52.7%	53.6%	33.6%	51.8%	52.0%
Non recurring expenses	0.0	0.0	0.0	0.0	-0.1
Adjusted EBITDA	27.2	28.6	38.7	80.4	82.5
<i>Adjusted EBITDA margin</i>	52.7%	53.6%	33.6%	51.8%	52.1%

Summary of Balance Sheet

(€m)	2014FY	9M2015	(€m)	2014FY	9M2015
Non current assets			Equity		
Tangible assets	243.1	222.1	Share capital	70.2	70.2
Intangible assets	0.6	0.7	Legal reserves	6.9	8.1
Non-current financial assets	0.6	0.5	Other reserves	37.1	37.1
Non-current tax assets	5.4	4.8	Retained earnings	39.6	35.4
Total non-current assets	249.8	228.1	Total equity	153.8	150.8
Current assets			Non-current liabilities		
Inventories	0.9	1.0	Non-current financial liabilities	80.6	90.6
Trade receivables	64.4	75.9	Employee benefits	21.3	20.6
Other receivables and current assets	4.4	5.4	Provisions for risks and charges / Allowances	18.6	18.1
Current financial assets	0.7	0.4	Other non-current liabilities	0.0	0.0
Cash	14.7	71.2	Non-current tax liabilities	0.0	0.0
Tax assets	0.3	0.3	Total non-current liabilities	120.5	129.4
Total current assets	85.3	154.2	Current liabilities		
TOTAL ASSETS	335.1	382.3	Commercial debt	36.0	35.9
			Other debt and current liabilities	21.7	33.1
			Current financial liabilities	0.3	30.6
			Tax liabilities	2.9	2.5
			Total current liabilities	60.8	102.2
			TOTAL NET EQUITY AND LIABILITIES	335.1	382.3

Summary of Cash Flow Statement

(€m)	3Q2014	3Q2015	9M2014	9M2015
Earnings before taxes	13.9	16.3	28.3	45.7
Depreciation and amortization	12.8	11.7	13.0	35.1
Provisions and others	(0.3)	0.0	(0.4)	(1.2)
Net financial income	0.6	0.6	(2.5)	1.6
Other non-monetary items	0.4	0.0	(0.2)	0.0
Net operating CF before change in WC	27.4	28.6	38.2	81.1
Change in inventories	(0.0)	0.0	0.0	(0.1)
Change in accounts receivable	(11.6)	(10.4)	(20.6)	(11.6)
Change in accounts payable	2.9	5.5	(43.2)	(0.1)
Change in other assets	7.8	(0.2)	(0.9)	(1.0)
Change in other liabilities	7.0	7.5	8.8	9.5
Use of funds	(0.1)	(0.1)	(0.2)	(0.2)
Payment of employee benefits	(0.5)	(0.1)	(1.8)	0.4
Change in tax credit/liabilities	0.1	(0.6)	(0.8)	(1.1)
Taxes paid	(0.1)	0.0	(5.3)	(12.4)
Net operating cash flow	32.9	30.3	(25.8)	64.6
Investment in tangible assets	(4.7)	(6.8)	(4.7)	(13.7)
Sale of tangible assets	0.0	0.0	0.0	0.1
Investment in intangible assets	(0.2)	(0.2)	(0.2)	(0.3)
Sale of intangible assets	0.0	0.0	0.0	0.0
Financial lease cash-out ¹	0.0	0.0	(6.4)	0.0
Financial lease cash-in	0.0	0.0	31.1	0.0
Change in non-current financial assets	(0.1)	0.0	(0.1)	0.0
Interest received	0.2	0.0	4.1	0.1
Investing cash flow	(4.9)	(6.9)	23.7	(13.8)
(Decrease)/increase in long-term debt	0.0	(14.9)	(0.1)	10.1
(Decrease)/increase in current liabilities	(27.4)	15.3	14.5	30.3
Change in current financial assets	0.0	0.1	0.0	0.3
Interest paid	(0.6)	(0.5)	(1.1)	(1.3)
Dividends paid	0.0	0.0	(11.2)	(33.6)
Financing cash flow	(28.0)	0.0	2.1	5.8
Change in cash and cash equivalent	(0.0)	23.4	0.0	56.6
Cash and cash eq (Beg. of Period) ⁽²⁾	0.0	47.8	0.0	14.7
Cash and cash eq (End of Period) ⁽²⁾	0.0	71.2	0.0	71.2

(1) In 9M2014, financial lease cash-out represents network capex, due to the old service agreement with RAI being treated as a financial lease
(2) In 3Q2014 and 9M2014, cash-pooling agreement with RAI