



# Company Presentation

Euronext Infrastructure & Energy Day

September 2023

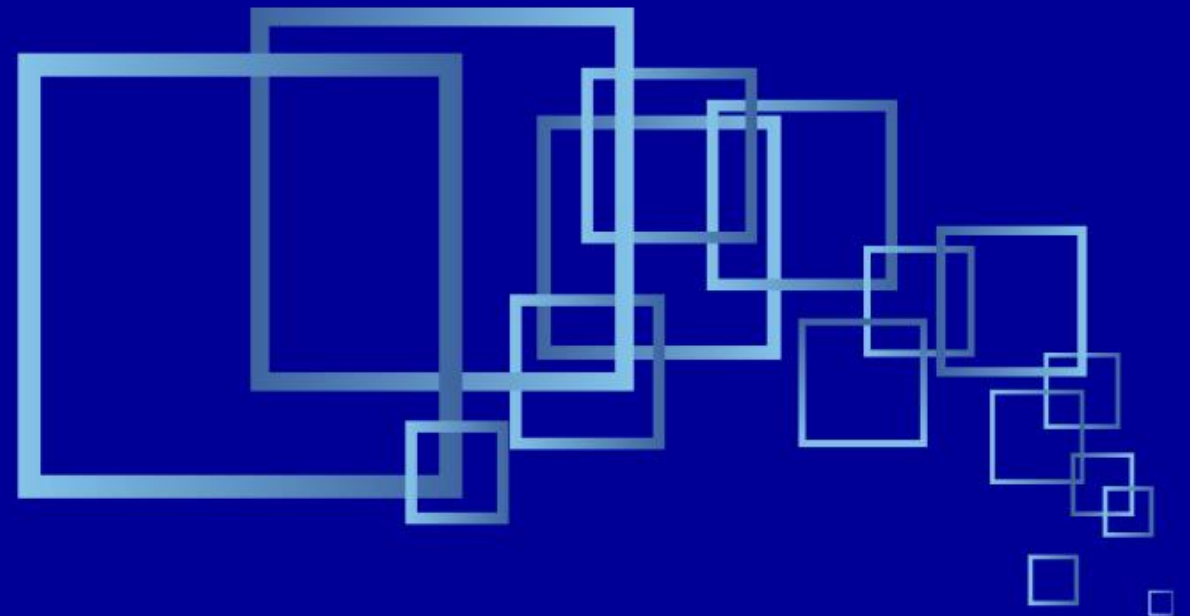


## FORWARD LOOKING STATEMENTS

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.

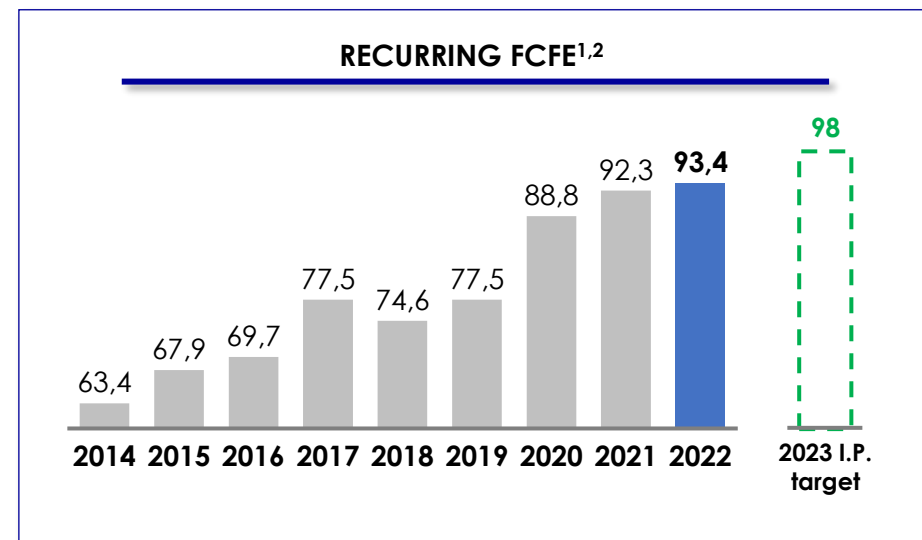
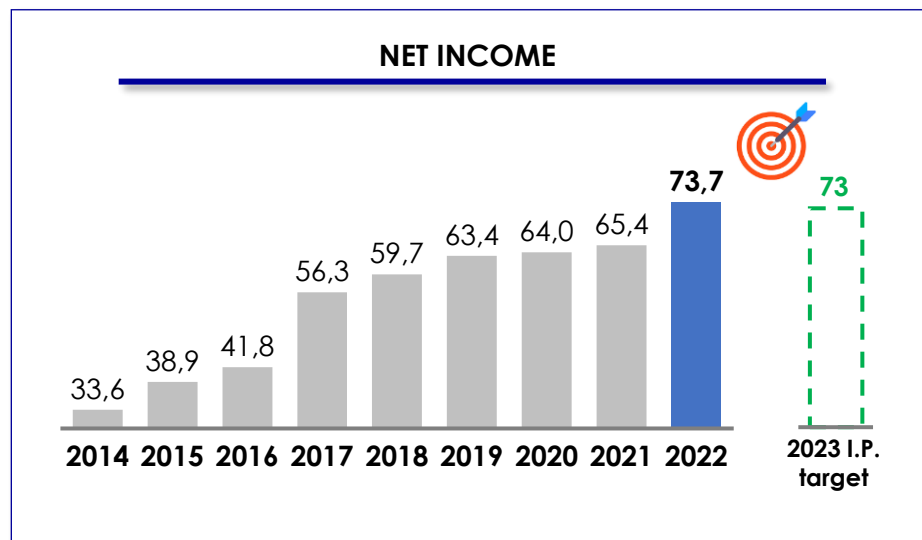
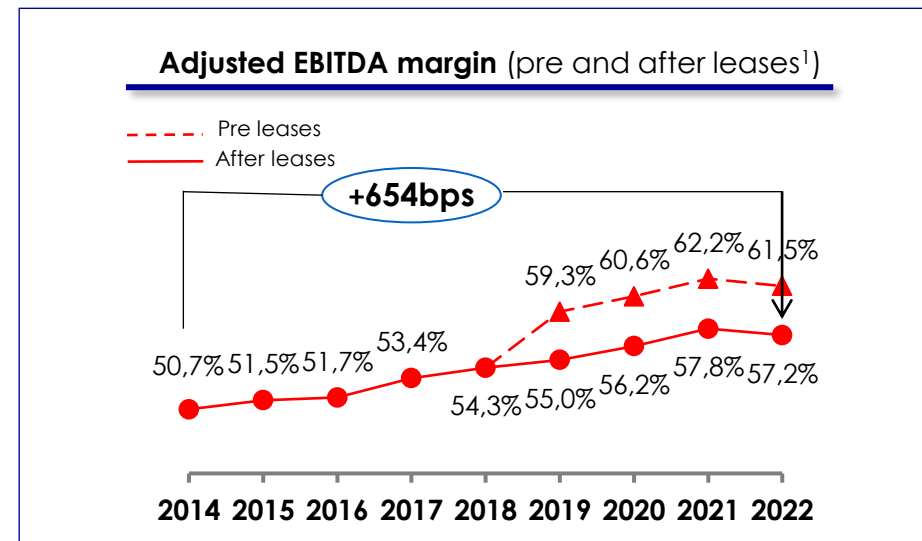
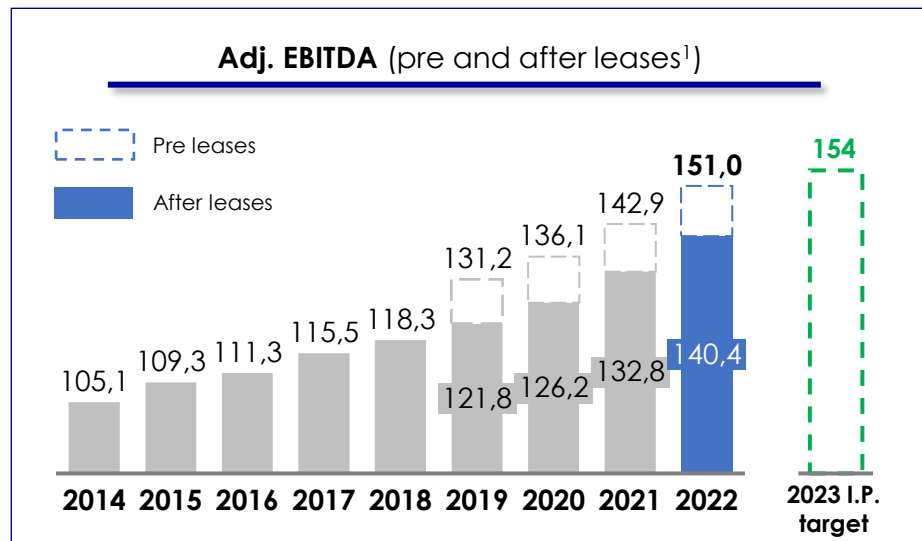
# Agenda

1. **Investment case in a nutshell**
2. Recent activity and performance
3. ESG strategy and achievements



# Steady organic growth since the IPO...

Mln Eur; %



1) Recurring FCFE = Adj. EBITDA – Leases – Net Financial Charges – P&L Taxes – Recurring Maintenance Capex. Figure for 2021 restated to exclude a € 1 mln one-off tax benefit

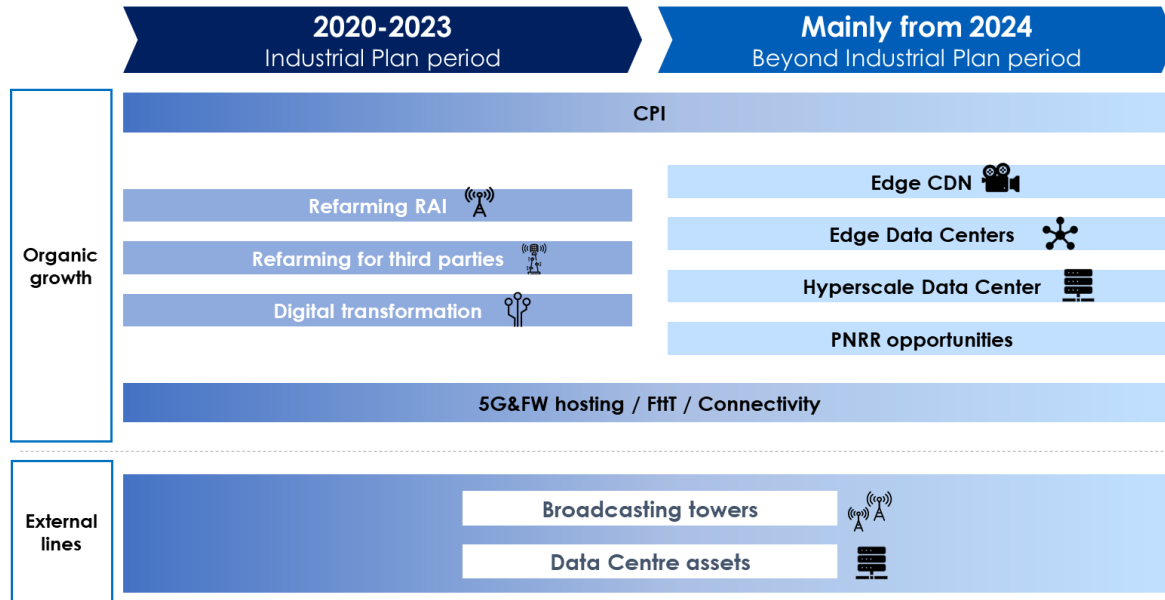
2) Leases impact estimated as sum of leasing right of use depreciation (excl. dismantling) + financial charges on leasing contracts

# Strategy and ambitions confirmed in current environment



Contractualized revenues provide high visibility and cash generation

  
Unchanged commitment to capital deployment



  
Resiliency of the business model

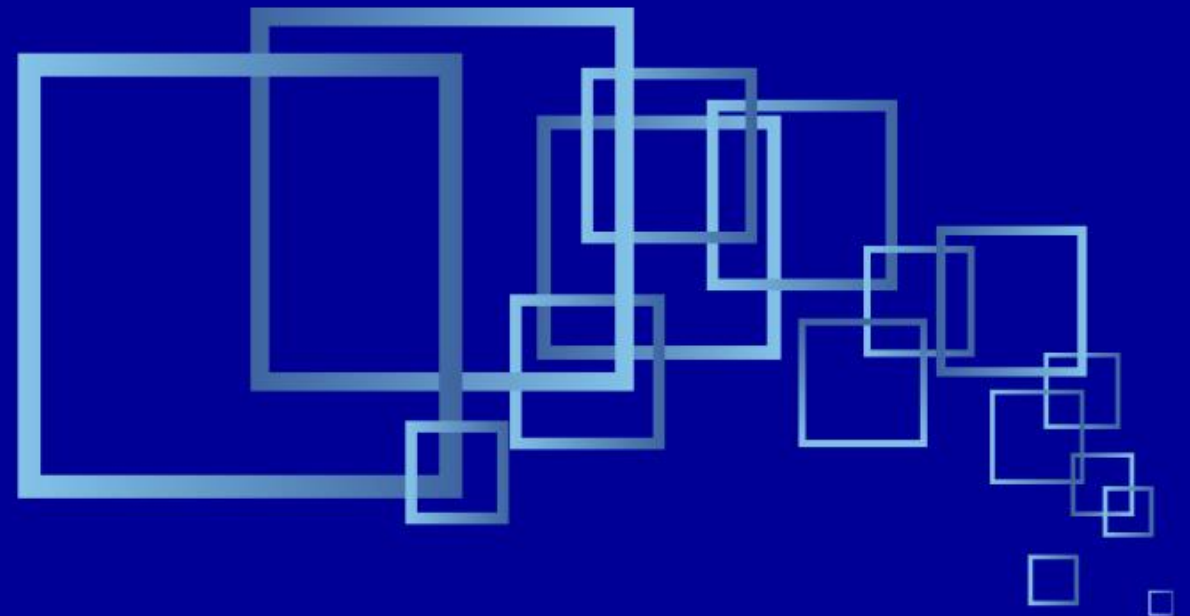


## Supportive scenario

- Top-line not linked to economic cycle
- Net benefit from inflation
- Digitalization trend

# Agenda

1. Investment case in a nutshell
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# 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
- **New Board** in place: focus on **execution** and **value creation**; **review of infrastructure expansion initiatives** underway
- **Mid-teens Adjusted EBITDA growth expectations for 2023 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**

Reforming RAI

Regional reforming

DAB

Content IP distribution

5G/FWAP hosting

Efficiencies

Broadcasting towers

Colocation data centers (HS/Edge)

5G Broadcasting

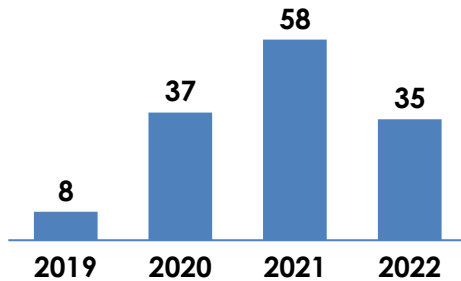


# Rai Way TV broadcasting network post-refarming

## National DTT networks for Rai

	<u>N. sites</u>	<u>Population Coverage</u>	<u>Technical features</u>
<b>MUX MR</b>	~2.000	~99%	T2-ready, MPEG4/HEVC
<b>MAX NAZ A</b>	~1.000	>95%	T2-ready, MPEG4/HEVC
<b>MUX NAZ B</b>	~1.000	>95%	T2-ready, MPEG4/HEVC

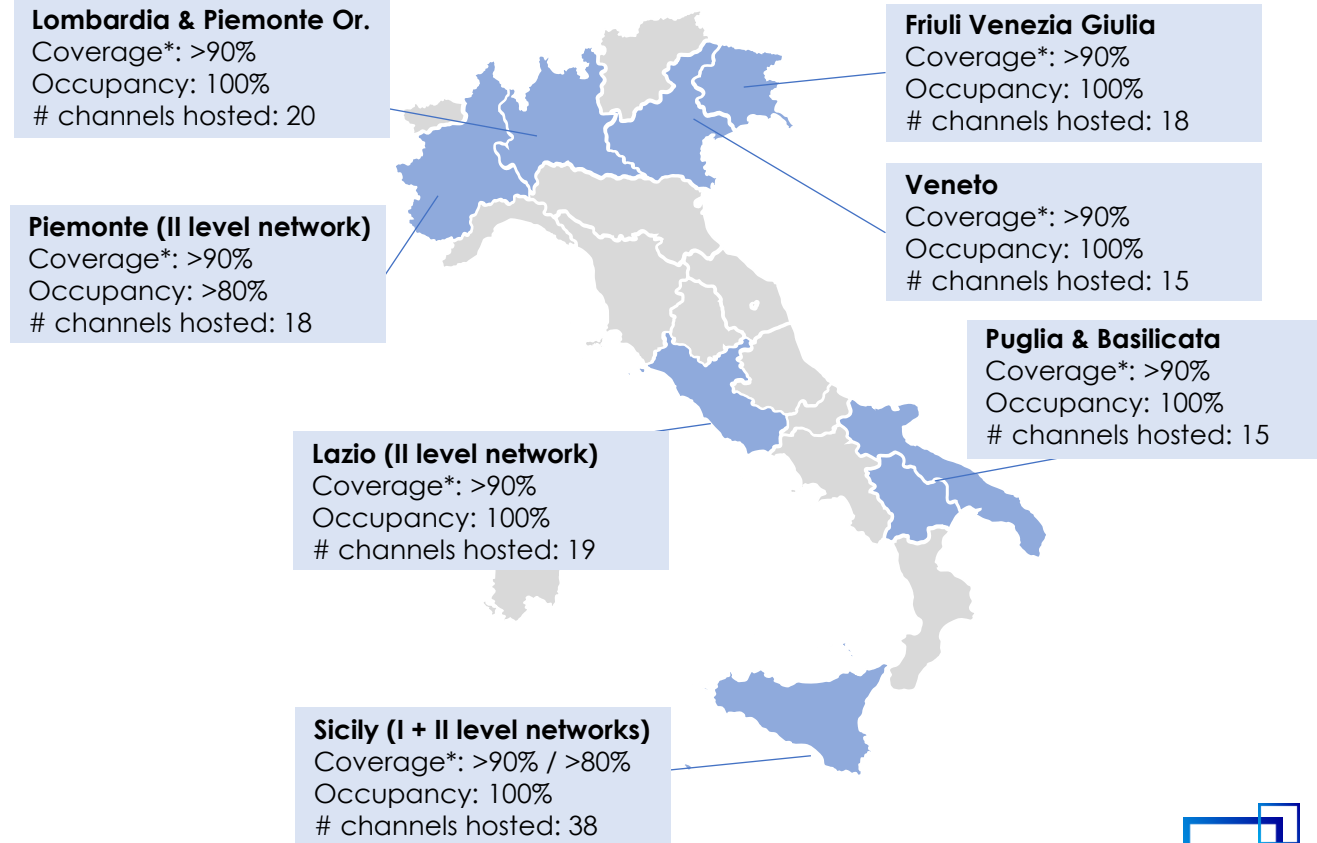
### Capex breakdown



Capex tail in 2023 mainly to complete equipment inventories

## Regional networks

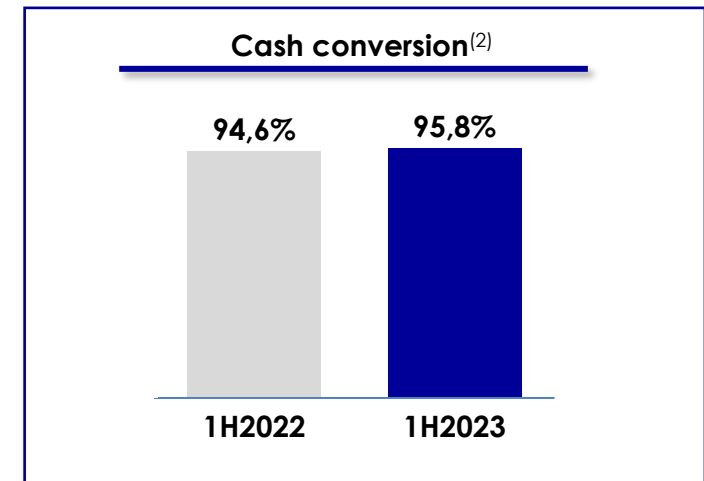
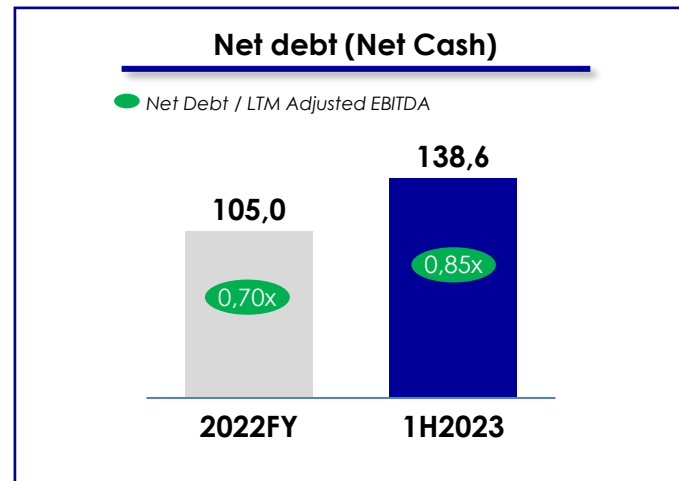
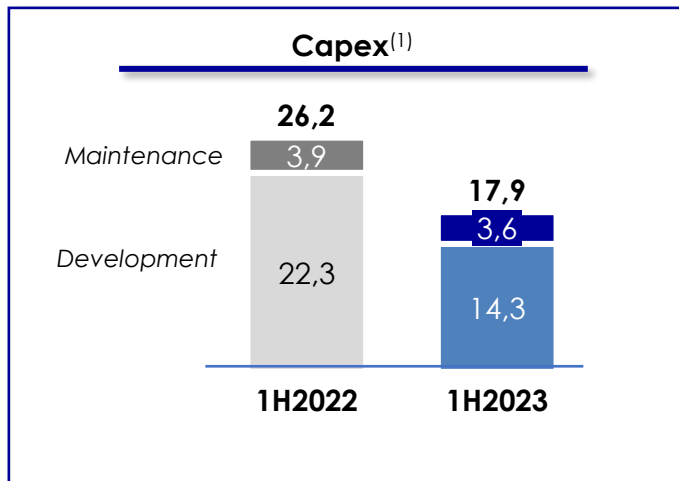
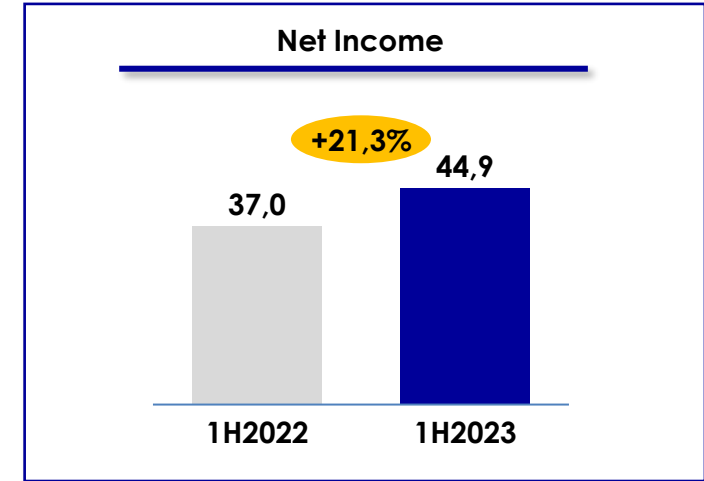
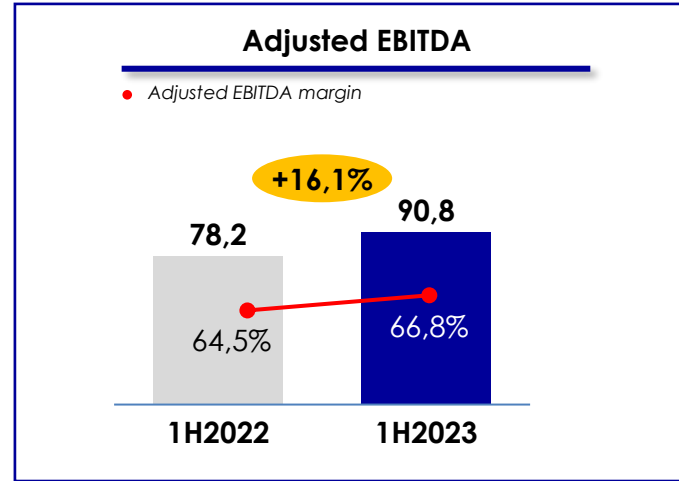
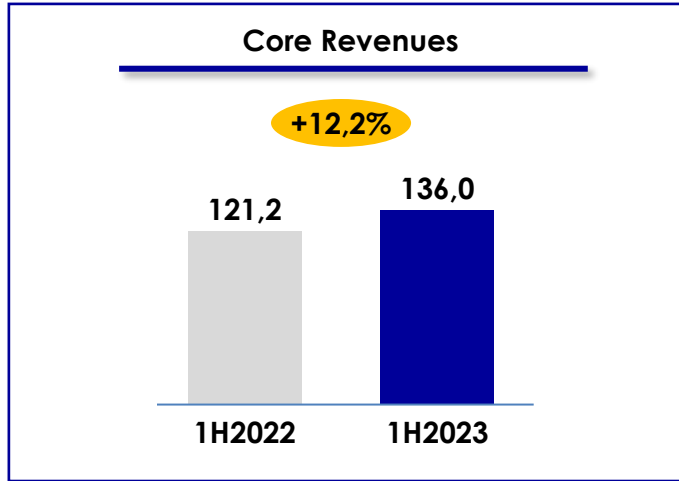
- T2-ready networks, MPEG4/HEVC; average capacity available: Max: ~22 Mbps (DVB-T) – Max: ~40 Mbps (DVB-T2)
- DVB-T2 capacity substantially fully allocated



\* Coverage of the population in the reference area as of 31/12/2022

# 1H2023 Financial highlights

Mln Eur; % ● % YoY growth

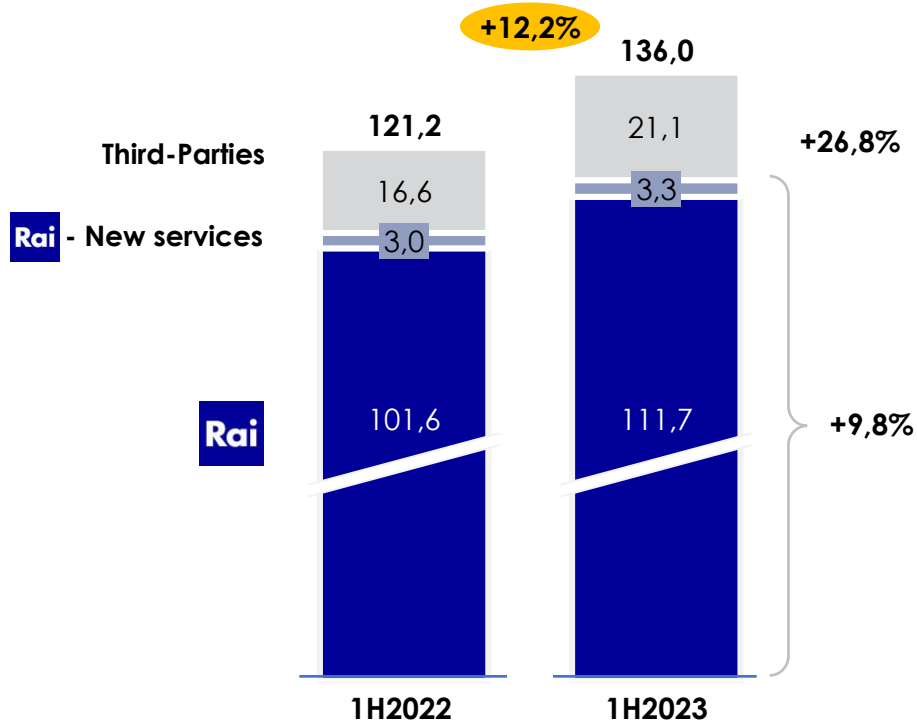


1) Maintenance capex excluding component related to IFRS-16 leasing. Development capex include € 2,7 million related to fiber IRU, reported under IFRS-16 financial liabilities in the financial statements

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

# 1H23 Core Revenues

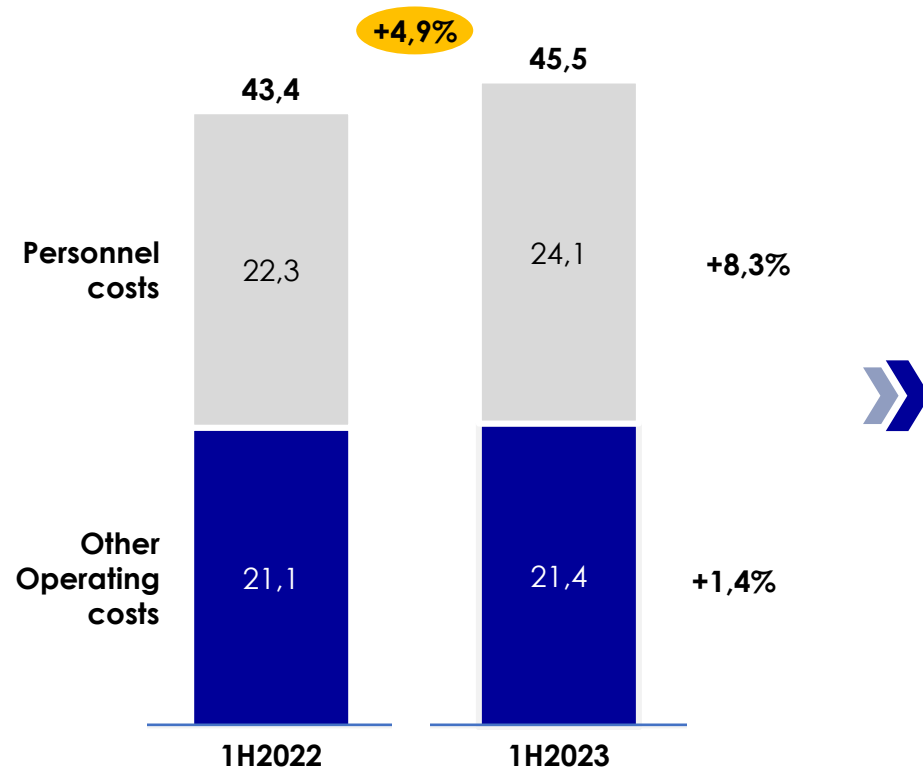
Mln Eur; % % YoY growth



- 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

# 1H23 Opex (excluding non-recurring)

Mln Eur; % ● % YoY growth



- 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<sup>(2)</sup>)

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

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

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

**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

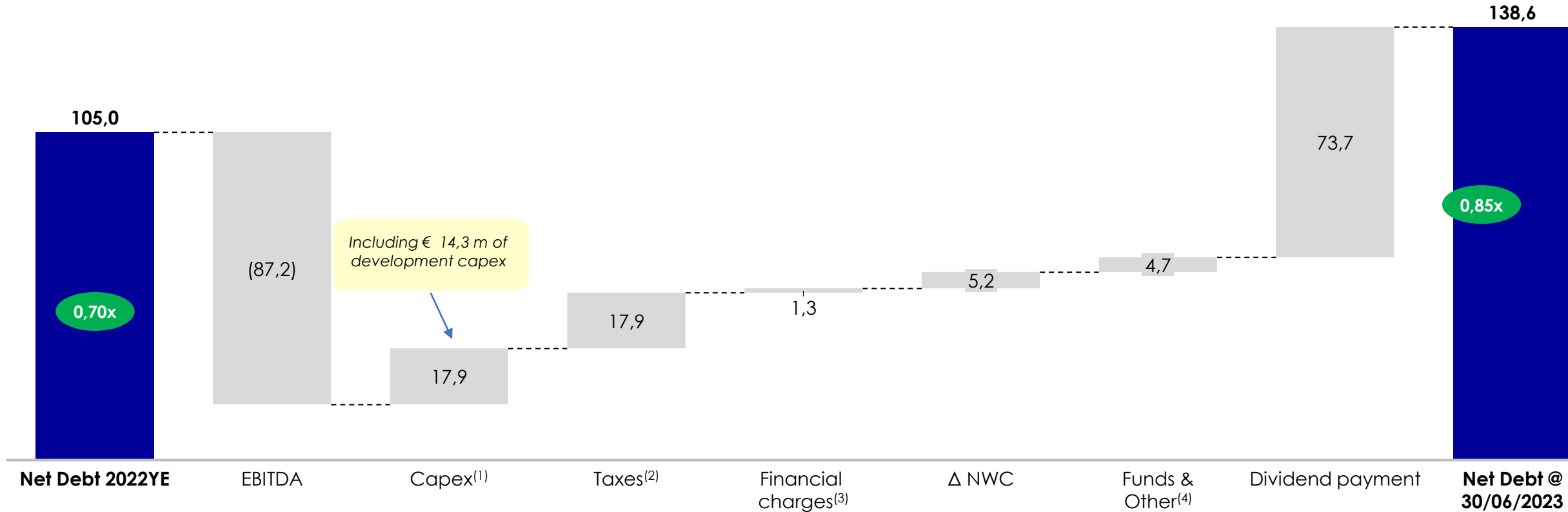


1) Other Revenues and income net of tax credit related to electricity expenses Including provisions; 2) including provisions

# 1H23 Net Debt bridge

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

IFRS-16 Debt	37,9m
Gross Debt	106,8m
Cash&Eq <sup>(5)</sup>	-6,1m



Including € 14,3 m of development capex

**1H2023 recurring FCFE<sup>(6)</sup> 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 for 2023 confirmed

- Outlook based on recent levels of power futures for 2023<sup>(1)</sup>

*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 rearing
- Lower energy prices<sup>(1)</sup> and lower consumption
- Start-up costs related to new infrastructure/services

## Capex

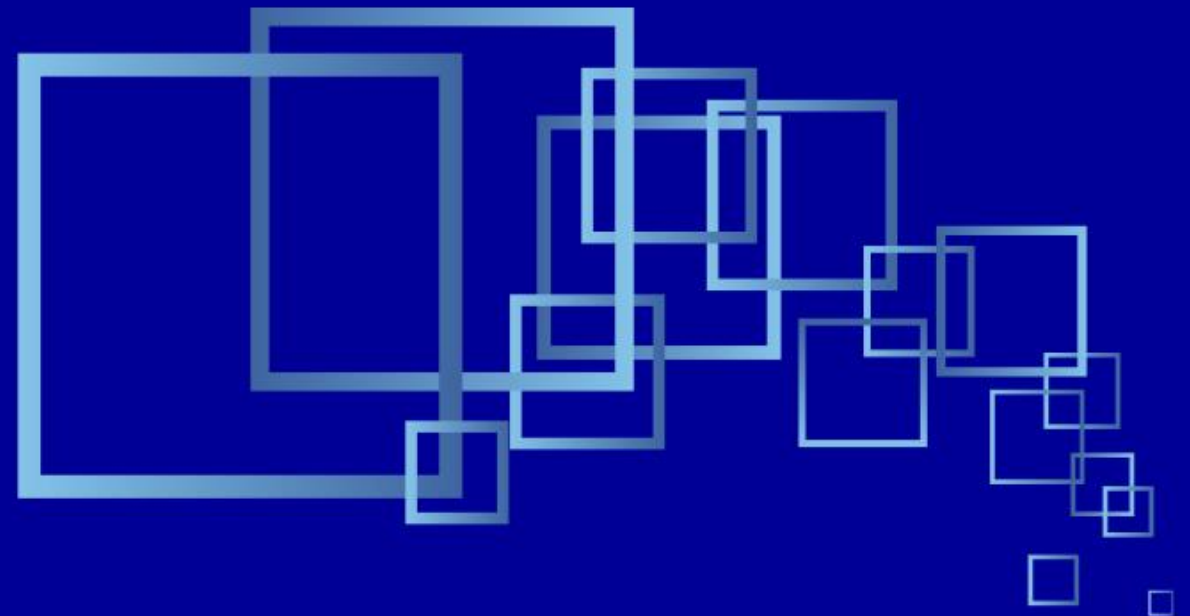
- **Maintenance capex broadly stable vs 2022**
- **Development capex broadly stable vs 2022, but with different RAI-3<sup>rd</sup> Parties mix**

- New infra roll-out (mainly edge & CDN)
- Backbone upgrade completion
- Residual rearing investments (both RAI & regional)

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

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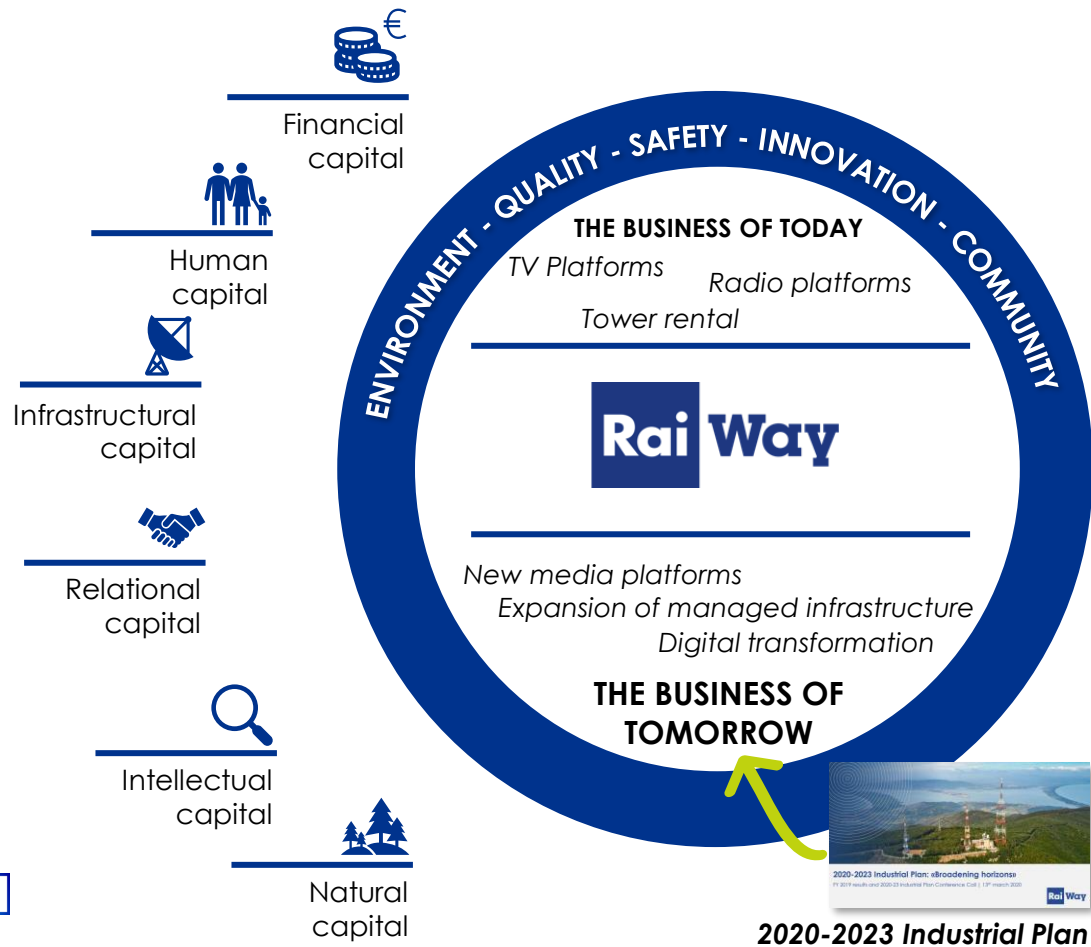




# Our sustainable journey: the 2023 Sustainability Plan

- Since 2020, Rai Way's commitment to sustainability has been reinforced by:
  - the launch of an **engagement process** with main ESG rating agencies
  - the adherence to the **United Nations Global Compact** initiative
  - the adoption of a **Sustainability Plan** integrated with the Industrial Plan and backed by a Sustainability Policy

## INPUT & ASSETS      BUSINESS MODEL & VALUES      SUSTAINABILITY PLAN: 6 STRATEGIC GUIDELINES & 12 SDGs



**SUSTAINABILITY PLAN: 6 STRATEGIC GUIDELINES & 12 SDGs**

- Fight climate change and reduce environmental impact
- Promote the well-being and development of our people
- Contribute to social, cultural and economic development in our community and the territory
- Ensure high health and safety standards throughout the value chain
- Develop and maintain a governance system aligned to the best practices, integrated with sustainability profiles
- Develop technological innovation and contribute to the digitalisation of the Country

**54**  
operational initiatives


**69%**  
completion as of 22FY

**16**  
quantitative targets

# Update on ESG



## Sustainability Plan 2023 Main Targets

- ✓ 100% green electricity
  - ✓ 99% waste recovery<sup>1</sup>
  - ✓ € 100+ m investments in more efficient equipment
  - Carbon Neutrality by 2025<sup>2</sup>
- 

- ✓ 35%<sup>3</sup> 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 LTI plan

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

## Achievements so far

- Carbon Inventory with 1<sup>st</sup> time Scope 3 emissions disclosure
- -16% electricity consumption vs 2020
- First corporate fleet efficiency and photovoltaic projects under study

- Agile work scheme adopted by 56% of employees
- Broad set of D&I initiatives carried out throughout the year

- Joined UN Global Compact
- Women within BoD increased to 55%
- New shareholders engagement policy
- First Sustainable Supply Chain policy

- € 170+ m capex spent as of 2022
- Roll-out of new RW Edge digital infra started
- 5G Broadcasting trial public tender awarded to Rai Way

## Last ESG Ratings



2022 **BBB**



2022 **10,9 - Low risk**



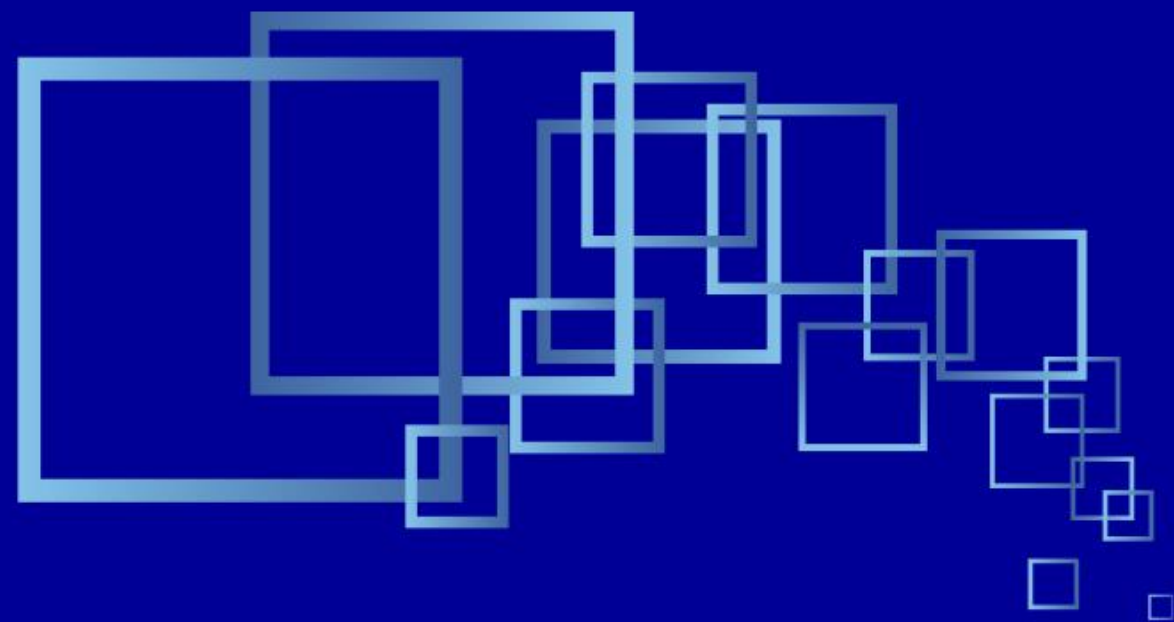
2022 **B-Management**



2022 **81° perc.[53/100]**

1) With respect to total waste generated excluding septic sludge (non-recoverable); 2) Based on scope 1+2 CO2 emissions; 3) With reference to gender workforce

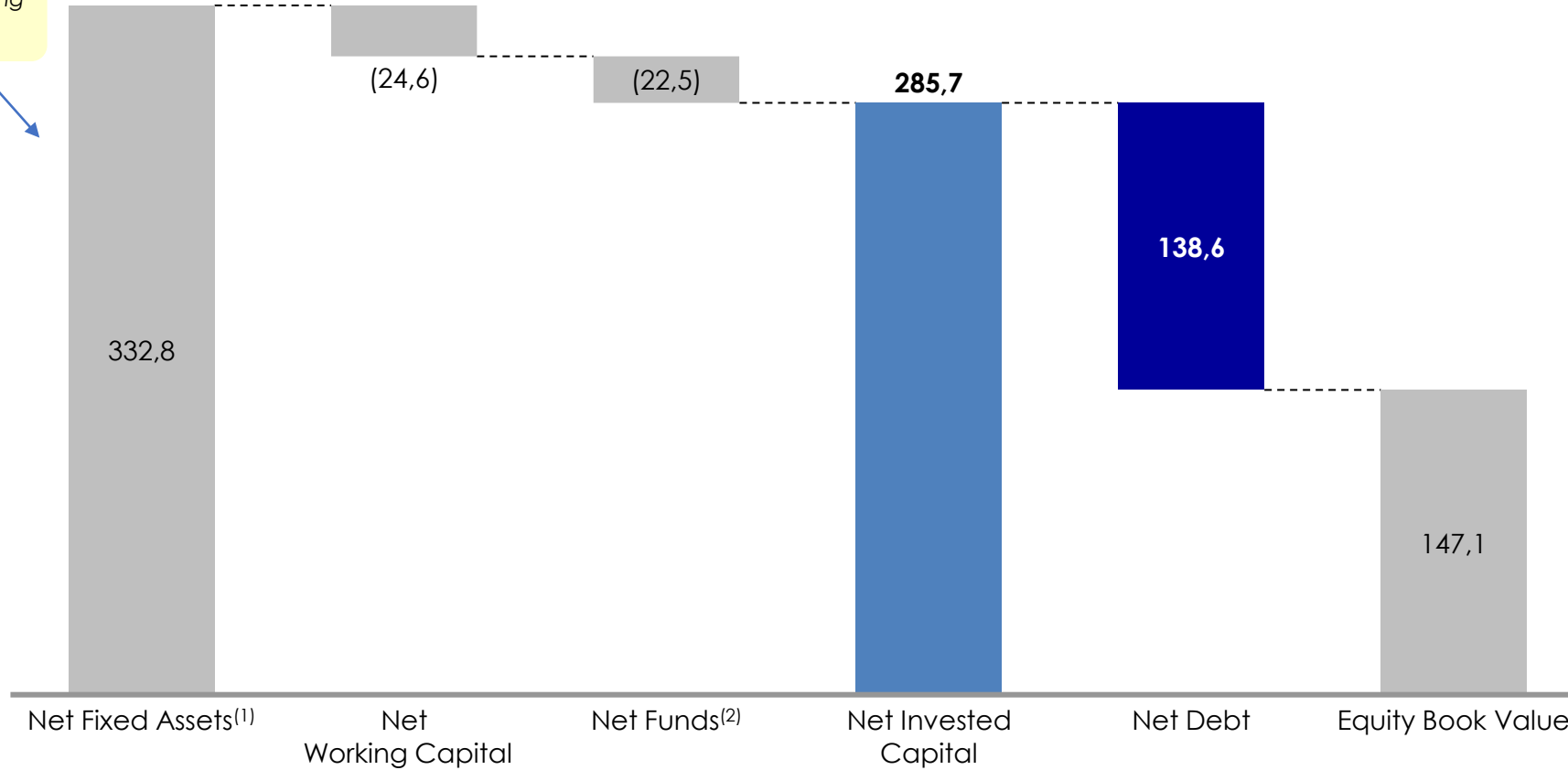
# Appendix



# Balance sheet

Mln Eur

Including rights of use for leasing under IFRS-16 (€ 33,8 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; %)	2Q22	2Q23	1H22	1H23
<b>Core revenues</b>	<b>61,1</b>	<b>68,1</b>	<b>121,2</b>	<b>136,0</b>
Other revenues and income <sup>1</sup>	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)
<b>Opex</b>	<b>(22,8)</b>	<b>(26,0)</b>	<b>(43,4)</b>	<b>(50,4)</b>
Depreciation, amortization and write-downs	(12,9)	(11,6)	(25,7)	(22,7)
Provisions	0,0	-	0,0	-
<b>Operating profit (EBIT)</b>	<b>25,8</b>	<b>31,1</b>	<b>52,5</b>	<b>64,5</b>
Net financial income (expenses)	(0,4)	(1,0)	(0,9)	(1,8)
<b>Profit before income taxes</b>	<b>25,4</b>	<b>30,1</b>	<b>51,6</b>	<b>62,7</b>
Income taxes	(7,2)	(8,7)	(14,6)	(17,9)
<b>Net Income</b>	<b>18,2</b>	<b>21,4</b>	<b>37,0</b>	<b>44,9</b>
<b>EBITDA</b>	<b>38,6</b>	<b>42,7</b>	<b>78,2</b>	<b>87,2</b>
<i>EBITDA margin</i>	63,2%	62,7%	64,5%	64,1%
Non recurring costs	-	(3,6)	-	(3,6)
<b>Adjusted EBITDA</b>	<b>38,6</b>	<b>46,3</b>	<b>78,2</b>	<b>90,8</b>
<i>Adjusted EBITDA margin</i>	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
<b>Non current assets</b>		
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
<b>Total non-current assets</b>	<b>336,4</b>	<b>336,1</b>
<b>Current assets</b>		
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
<b>Total current assets</b>	<b>106,2</b>	<b>85,9</b>
<b>TOTAL ASSETS</b>	<b>442,6</b>	<b>422,0</b>

(€m)	2022FY	1H2023
<b>Shareholders' Equity</b>		
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)
<b>Total shareholders' equity</b>	<b>176,2</b>	<b>147,1</b>
<b>Non-current liabilities</b>		
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
<b>Total non-current liabilities</b>	<b>48,0</b>	<b>48,3</b>
<b>Current liabilities</b>		
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
<b>Total current liabilities</b>	<b>218,4</b>	<b>226,6</b>
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>	<b>442,6</b>	<b>422,0</b>

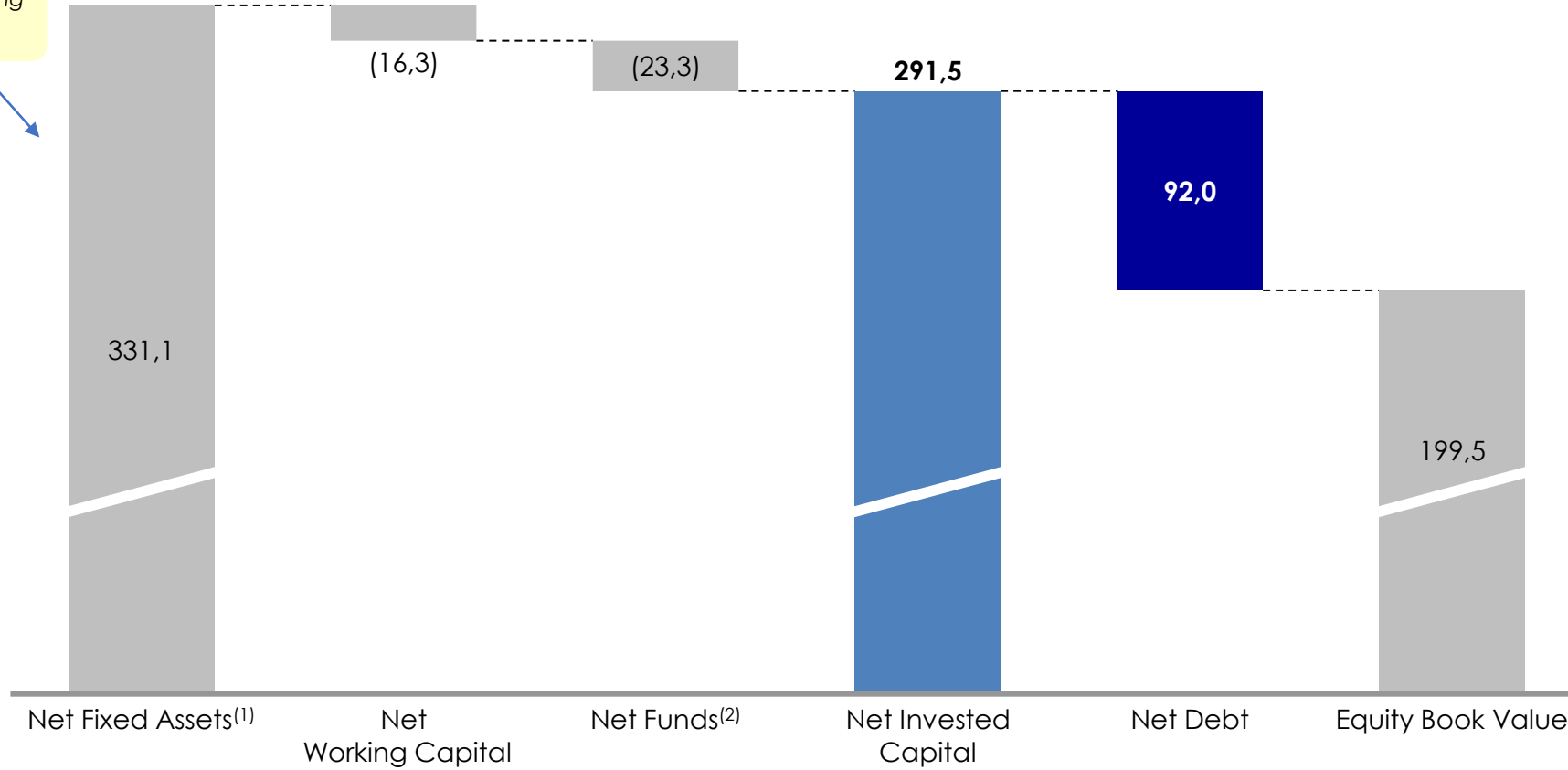
# Summary of Cash Flow Statement

(€m)	2Q2022	2Q2023	1H2022	1H2023
<b>Profit before income taxes</b>	<b>25,4</b>	<b>30,1</b>	<b>51,6</b>	<b>62,7</b>
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
<b>Net operating CF before change in WC</b>	<b>37,7</b>	<b>43,7</b>	<b>77,7</b>	<b>89,1</b>
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)	-
<b>Net cash flow generated by operating activities</b>	<b>34,3</b>	<b>41,3</b>	<b>65,9</b>	<b>63,0</b>
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	-
<b>Net cash flow generated by investment activities</b>	<b>(16,9)</b>	<b>(9,1)</b>	<b>(26,1)</b>	<b>(15,2)</b>
(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)
<b>Net cash flow generated by financing activities</b>	<b>(35,7)</b>	<b>(75,1)</b>	<b>(39,3)</b>	<b>(77,7)</b>
<b>Change in cash and cash equivalent</b>	<b>(18,3)</b>	<b>(43,0)</b>	<b>0,5</b>	<b>(29,8)</b>
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

# Balance sheet

Mln Eur

Including rights of use for leasing under IFRS-16 (€ 32,6 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





## Contacts



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