

The Rai logo consists of the word "Rai" in a white, bold, sans-serif font, centered within a solid blue square. The background of the entire page is a complex geometric composition of overlapping shapes in shades of blue, teal, grey, and olive green, creating a modern, abstract design.

**Rai**

Separate and consolidated  
interim financial statements  
as at **30 June 2018**



# Separate and consolidated interim financial statements as at 30 June 2018





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# Directors' Report

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# Corporate Officers

## BOARD OF DIRECTORS

<b>Chair</b>	<i>Up to 26 July 2018</i> Monica Maggioni	<i>since 27 July 2018</i> Marcello Foa <sup>(1)</sup>
<b>Chief Executive Officer</b>	Fabrizio Salini	
<b>Directors</b>	Rita Borioni Arturo Diaconale Marco Fortis Carlo Freccero Guelfo Guelfi Giancarlo Mazzuca Franco Siddi	Rita Borioni Beatrice Coletti Igor De Biasio Riccardo Laganà Giampaolo Rossi
<b>Board Secretary</b>	Anna Rita Fortuna	

## BOARD OF STATUTORY AUDITORS

<b>Chair</b>	Biagio Mazzotta
<b>Permanent statutory auditors</b>	Roberto De Martino Anna Maria Magro
<b>Alternate auditors</b>	M.M. Assunta Protopapa Pietro Floriddia

## GENERAL MANAGER

<i>Up to 26 July 2018</i> Mario Orfeo
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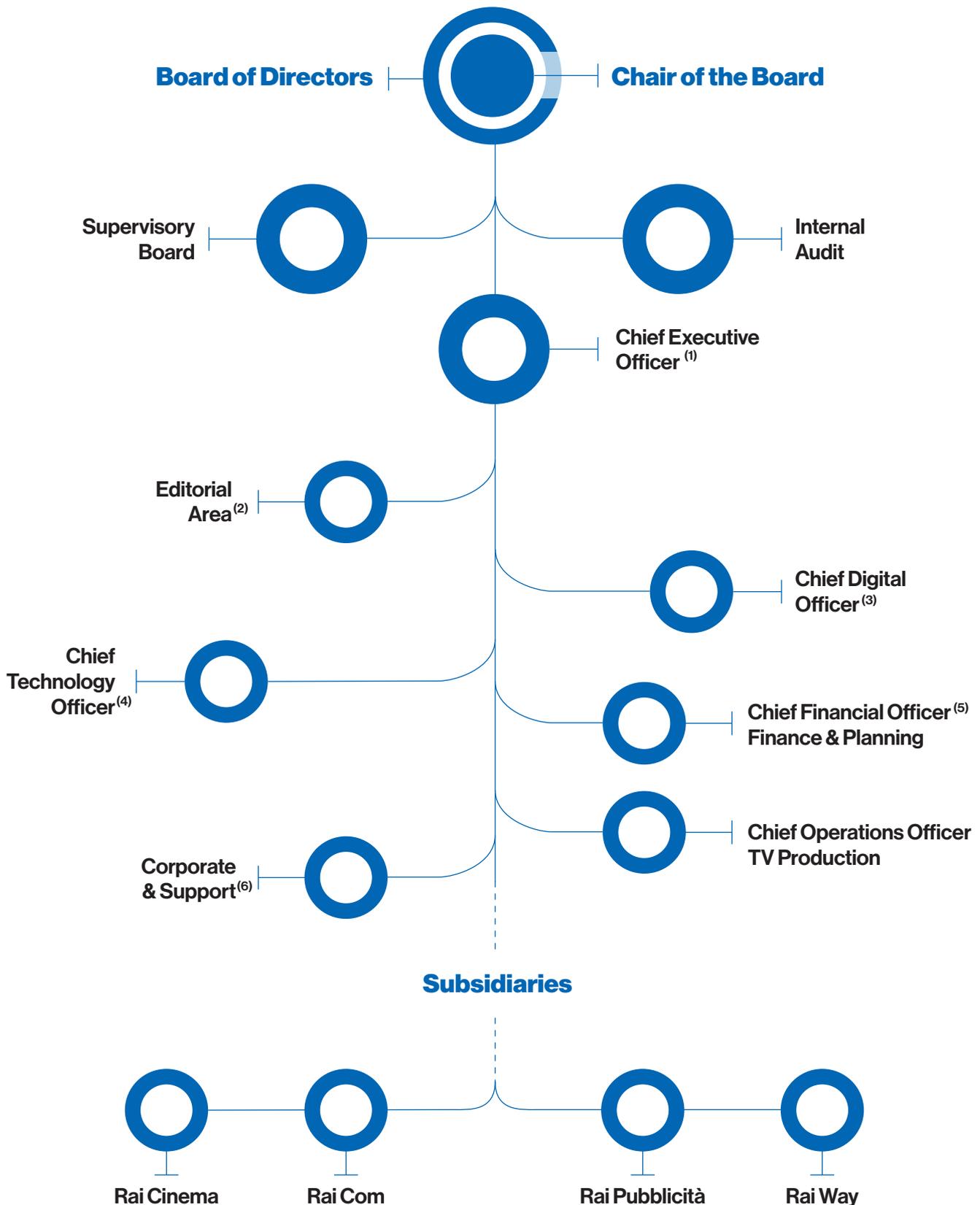
## INDEPENDENT AUDITORS

PricewaterhouseCoopers
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<sup>(1)</sup> Chair of the Board of Directors since 26 September 2018.

# Organisational Framework

(short form)



<sup>(1)</sup> Includes, inter alia, Governance and the Corporate Secretariat, covering the CEO's Staff and the Board & Corporate Secretary.

<sup>(2)</sup> Includes: the Editorial Board for Information Programmes, Editorial Coordination for Television Scheduling, Mastheads, TV Channels and Genres, Creative Division, and Radio.

<sup>(3)</sup> Reporting to the Chief Digital Officer are: Digital, Libraries, and the Public Utility Service.

<sup>(4)</sup> Reporting to the Chief Technology Officer are: the CTO's Staff, Coordination of Standardisation and Special Projects, Quality & Planning, the Research and Technological Innovation Centre, Broadcast Services and Frequency Management, Platforms and Distribution, ICT, Safety & Security, Real Estate Assets, and Services.

<sup>(5)</sup> Reporting to the Chief Financial Officer are: Strategic Planning & Management Control, Administration & Finance, TV Licence Fees, Tax Affairs, Methodological Legal Support, and PMO, Sustainability Report.

<sup>(6)</sup> Includes, inter alia, Communications, External, Institutional & International Relations, Human Resources & Organisation, and Legal & Corporate Affairs.

# Introduction of the Chair of the Board of Directors

The earnings of the Rai Group in the first half of 2018 are basically in line with those for the corresponding period of the previous year, reporting a slight loss of just under €5 million.

In terms of revenue, the contraction in proceeds from licence fees, due to a lower impact of contingent items and the weakness of the advertising market had an impact.

With an overall decline in revenue of approximately €25 million, tight control over spending made it possible to keep the decrease in EBIT to just under €12 million.

The first half of 2018 ended with a positive net financial position of nearly €90 million (negative by approximately €60 million at 30 June 2017). The average financial position also improved considerably, amounting to a negative €42 million, thanks to lower debt at the start of the year and a better financial profile in the period.

The positive results of the main economic and financial variables, quality and variety of editorial content and their strong performance also contributed. For example, as regards television – thanks also to the important contribution from specialised content – Rai has remained leader of the entire daytime share as well as the prime time segment.

Without presenting a lengthy list of programmes of every kind that have featured in the first six months of Rai's line-up on various platforms – seeking and often achieving a challenging balance between taking a universal approach and opening up to and attracting specific segments of the public – I feel I should point out how important culture – as something refined, and as a service – has become to Rai 1, in addition to the Rai channels specially dedicated to culture – Rai 5 and Rai Storia.

The evening show *Danza con me* and the four episodes of *Meraviglie - La penisola dei tesori* with Alberto Angela prove how quality and excellent viewing figures go hand in hand, thanks to unique talents of an undeniable value.

This is a solid strategy, that has received robust confirmation in the last few weeks, with the very recent broadcast of *Ulisse - Viaggio senza ritorno* with Alberto Angela, on the deportation of Jews from the ghetto in Rome by German troops on 16 October 1943. This is a magnificent example of how even difficult topics can be purposely chosen by millions of people, by bringing together narrative strength, rigorous scientific validation and contemporary language, setting in motion the valuable and fundamental part of the mission of a public service – to become a cultural and not an educational reference point for other operators.

Special mention should go to TV series, which are one of the most versatile and functional macro-genres in the context of a multi-platform offering, as demonstrated by the high number of views on RaiPlay – over 40% of the total. This format is also ideal in a selective manner – for trying out new ways for viewers to watch, including box sets, complete seasons of TV series, appreciated by a younger, digital public.

The gradual completion of digital platforms for Rai content is even more significant; the proprietary infrastructure, starting from the aforementioned RaiPlay, boasts two recent, new additions: RaiPlay Radio and RaiPlay Yoyo.

The new portal for radio, which has been fully updated, has exciting, innovative functions. The portal features photo galleries, videos and special initiatives, plus live audio and on-demand content, for users to make the most of the offering from Radio Rai channels; the app for mobile devices is dedicated exclusively to live and on-demand audio content.

RaiPlay Yoyo, a one-of-a-kind product, is a free app dedicated entirely to children, offering a safe, digital, ad-free environment with parental control.

As part of this strategy, Rai has developed a unique registration process, where users sign up free of charge to RaiPlay, RaiPlay Radio and RaiPlay Yoyo digital services to access their vast assortment of on-demand content and additional services, from their own account. Registration is essential for finding out more about our users, to understand their tastes and offer best-match products for everyone – for a truly personal service; it also means the average age of users can be lowered and segments of the population resistant to consumer trends can be covered too.

As part of the continual evolution which must be embedded in the strategy for shaping a latest-generation, digital, public service, technological advances and diversified distribution approaches are just as important as the products offered to users. Basically, innovation – with all its connotations and nuances – and quality, which is an essential outcome of a public service, will be the stand-out feature of Rai's future initiatives.

The international media industry is increasingly involved in concentration processes, which are creating ecosystems that integrate vertically with the production, distribution and sale of content. These processes – put in place by players, global media companies, telecommunications operators and OTTs, with a considerable financial strength and geographic penetration that is multi-territorial – are reshaping the competitive landscape. Consequently, they influence – and will increasingly influence – the strategies of traditional players, including public service providers.

This trend, consolidated for several years now, is contemplated in the agreement making Rai the exclusive public service provider, where alongside traditional radio and TV content, it delivers multimedia products, and is specifically requested in this regard to promote internationally co-produced projects.

In this context, the agreement on TV series reached between Rai, France Télévisions and ZDF is extremely important, targeting European projects with an international slant in order to compete abroad with over the tops.

Last March, the 2018-2022 Five-Year Service Agreement stipulated with the Ministry for Economic Development was published in the Official Gazette, the Official Journal of the Italian Government. This Agreement outlines the operating scope of Rai's activities and will be «supplemented» in the first few months of 2019, as a result of editorial and industrial plans and operating projects that Rai will have to prepare and submit to the competent ministry for assessment, as well as information to the Parliamentary Supervisory Committee, which is essential for a public service.

More specifically the projects include particularly important initiatives such as the development of a themed channel with news about institutions, in addition to the English-language information channel, to produce and distribute programmes for language minorities, which are still not covered by specific agreements with regions concerned, as well as the project on the broadcasting area, which will guarantee free signal reception for the entire population.

On this note and with the presentation of these interim financial statements, I would like to remark on the excellent timing of the new board taking up office, of which I am Chair, with activities planned to produce the important strategic documents referred to and which will steer company management for the entire three-year mandate.

On behalf of the entire board and together with the Chief Executive Officer I would like to confirm our commitment to and determination in achieving growth, based on the important results already attained through the conviction and enthusiastic involvement of all our co-workers, and our status, building up our distinctive nature, authority and reputation as a public service and its editorial, technological and distribution-based dimension.

## Financial Highlights

### Rai SpA

#### INCOME STATEMENT

(€/million)	June 2018	June 2017	Change
External revenue	1,221.1	1,246.5	(25.4)
External costs	(681.1)	(696.8)	15.7
HR expenses	(473.4)	(466.0)	(7.4)
EBITDA	66.6	83.7	(17.1)
EBT	(7.0)	35.2	(42.2)
<b>Profit (Loss) for the period</b>	<b>14.1</b>	<b>47.1</b>	<b>(33.0)</b>

#### CAPITAL STRUCTURE

(€/million)	30.06.2018	31.12.2017	Change
Equity	821.1	808.4	12.7
Net debt (cash)	(148.2)	181.0	(329.2)
<b>Total financial position</b>	<b>672.9</b>	<b>989.4</b>	<b>(316.5)</b>

#### INVESTMENTS

(€/million)	June 2018	June 2017	Change
Investments in programmes	78.8	84.3	(5.5)
Technical investments	28.3	30.2	(1.9)
<b>Total investments</b>	<b>107.1</b>	<b>114.5</b>	<b>(7.4)</b>

#### PERSONNEL

(units)	30.06.2018	31.12.2017	Change
Permanent and fixed-term employees	11,755	11,850	(95)
of which fixed-term	649	795	(146)

## Rai Group

### CONSOLIDATED INCOME STATEMENT

(€/million)	June 2018	June 2017	Change
External revenue	1,309.9	1,335.2	(25.3)
External costs	(525.8)	(543.5)	17.7
HR expenses	(519.4)	(515.2)	(4.2)
EBITDA	264.7	276.5	(11.8)
EBT	(10.4)	1.7	(12.1)
<b>Profit (Loss) for the period</b>	<b>(4.9)</b>	<b>(2.2)</b>	<b>(2.7)</b>

### CONSOLIDATED CAPITAL STRUCTURE

(€/million)	30.06.2018	31.12.2017	Change
Equity	453.7	480.1	(26.4)
Net debt (cash)	(89.2)	209.0	(298.2)
<b>Total financial position</b>	<b>364.5</b>	<b>689.1</b>	<b>(324.6)</b>

### CONSOLIDATED INVESTMENTS

(€/million)	June 2018	June 2017	Change
Investments in programmes	208.8	220.4	(11.6)
Other investments	36.1	46.1	(10.0)
<b>Total consolidated investments</b>	<b>244.9</b>	<b>266.5</b>	<b>(21.6)</b>

### GROUP PERSONNEL

(units)	30.06.2018	31.12.2017	Change
Permanent and fixed-term employees	12,974	13,058	(84)
of which fixed-term	733	858	(125)

## Mission

After approval by the Parliamentary Commission for the general guidelines and supervision of radio and television services of the required opinion, the Decree of the President of the Council of Ministers was published in the Official Gazette no. 118 of 23 May 2017 which established Rai as the official concession holder of the radio, television and multimedia Public Service for the durations of 10 years starting on 30 April 2017, and approved the draft of the convention attached to the concession.

The subject of the concession is the radio, television and multimedia Public Service to be considered as a general interest service, consisting in production and broadcasting activity on all distribution platforms for direct audiovisual and multimedia contents, including through the use of new technologies, ensuring complete and impartial information, as well as to encourage education, civil growth, progress and social cohesion, promote the Italian language, culture and creativity, safeguard the national identity and ensure socially useful services.

The Service Agreement for the 2018-2022 five-year period was therefore entered into, published in the Official Gazette of 7 March 2018.

## Market scenario

The media industry at a global level is being increasingly driven by a considerable concentration which is creating ecosystems that are vertically integrating the production, distribution and sale of content, reshaping the competitive landscape and changing the dynamics among competitors. The players in this competition are media companies, telecommunications companies and Internet giants. To maintain a competitive edge and counter the rise of OTTs, Netflix and Amazon in particular, but also traditional public service and commercial players, are forging alliances and agreements.

On the global front, for example, an 85-billion dollar telecommunications/media company merger was finalised in June 2018 between the two leading US companies AT&T and Time Warner. At the end of July, shareholders approved the deal between the two international players 21st Century Fox (deal approved only after the sale of the Fox news segment) and Disney, with the latter consolidating its own position in the Hulu joint venture, set to become an important competitor of Netflix.

Another important M&A deal is the very recent acquisition of Sky by the US's largest cable operator, Comcast (at the beginning of October 2018). Comcast now has control of Sky, pay TV leader in Italy, Austria, Germany, Ireland and the United Kingdom, paying 38.8 billion dollars to obtain 61% of the shares.

The market is also going through considerable change in the rest of Europe too. For example the public service medias (PSM) Rai, France Télévisions and ZDF have forged an alliance, signing an agreement for the co-production and distribution of content. The agreement has also opened up to other European PSMs, and will form the basis for a greater synergy in the TV production sector at a European level.

On the Spanish market, the two commercial operators Mediaset España and Atresmedia have come to an agreement with the public service operator RTVE to develop a shared platform with HbbT technology.

In France, the three leading public service and commercial media groups – France Télévisions, TF1 and M6 – have reached an agreement to provide a subscription-based on-demand video service called Salto, to meet the needs of the public and tackle competition from Netflix and Amazon.

In the UK, BBC, Channel 4 and ITV are evaluating opportunities to create a joint venture – which could also involve Nbc Universal – to create a new streaming platform

that would replace iPlayer, All4 and ITV Hub, to establish a single service.

In the first half of 2018, important agreements were also made by media companies at a national level. In May, the deal between Sky Italia and Mediaset was finalised, which is particularly significant as it will reshape the entire competitive framework of pay TV in Italy. The agreement has enabled some Mediaset Premium channels to be available on satellite, and some Sky channels to be visible on DTT. As a result, Mediaset has extended multi-platform coverage of its own channels, while Sky has expanded its presence on DTT. This agreement is an important change for the strategies of the two companies that have decided, after years of strong, direct competition, to move towards a synergistic model.

OTTs are still stepping up their investments – with new types of audiovisual content and investments in local production – and diversifying their own offer in order to become even more competitive and tap into the global market. Strategies are based not only on audiovisual products such as TV series, films, cartoons and documentaries, but also music, live sport and services in general.

In March 2018, Netflix, with its 117 million customers worldwide and Sky, with 23 million families subscribing to its services in Europe, signed a deal that will see them on the same SkyQ platform (the media box launched in Italy by Sky in November 2017), as from 2019. The service will initially be offered in the UK and Ireland, and will then be extended to Germany, Austria and Italy.

The merger has come at a time of great change for Sky, and considerable expansion on competing markets: in February Netflix signed a deal with another pay TV operator in the Middle East and North Africa: Orbit Showtime Network – OSN. This commercially and technologically strategic agreement will enable Sky customers to access Netflix content on the SkyQ platform and, vice versa, OTT users can migrate to pay TV and benefit from the contents of both services.

These agreements will allow the OTT to link its own customer base with those of other pay TV operators, consolidating overlapping areas that already exist and adopting strategies that are complementary and do not clash with other services, while pay TV operators will be afforded protection from cord-cutting processes.

In the global media industry, Chinese OTTs are steadily gaining ground, with important moves beyond their national boundaries.

Alibaba, the leading Chinese e-commerce service, ended 2017 posting revenue of over 40 billion dollars (+58% compared to 2016) and in June 2018, announced that it will end the current year with further growth of 60%. At present, Alibaba controls approximately 70% of the domestic e-commerce market and is already competing with Amazon in other countries of South East Asia, Australia and India.

The Chinese giant has earmarked approximately 15 billion dollars for growth on international markets over the next five years. Its leadership on the retail market in China has enabled it to make investments/technological progress similar to those of Amazon. For example, Alibaba has developed a voice assistant, created a cloud computing division and, imitating Amazon Prime Video, it also has a major presence streaming content in China via the Youku Tudou platform, which has over 325 million active users; Youku is also investing in original Chinese content. In the last few years, the operator has acquired numerous international shows for its own platform, but at MIPTV 2018 it announced it wanted to co-produce at international level, in order to improve the quality standards of domestic production, which are still considered insufficient for global markets. In addition, it has made major investments in Hollywood, with the acquisition of a share in Steven Spielberg's company Amblin Entertainment.

Baidu is one of the leading search engines in China, developed based on the Google/YouTube model. For years, Google has tried to launch a subscription-based YouTube format (the latest examples being YouTube Red or YouTube Tv), but has never wanted to give up on advertising revenue. iQiyi, Baidu's video platform has evolved from a AVoD business model (like YouTube) to a SVoD model (like Netflix), creating a hybrid "freemium" YouTube/Netflix model and today has over one billion users, of which 67 million are subscribers. In terms of international expansion, Baidu, like Google, has invested a great deal in artificial intelligence and self-driving vehicles, which should be launched in Japan from as early on as 2019. Baidu also has a portfolio of apps that are extremely widespread in India, Brazil and South East Asia.

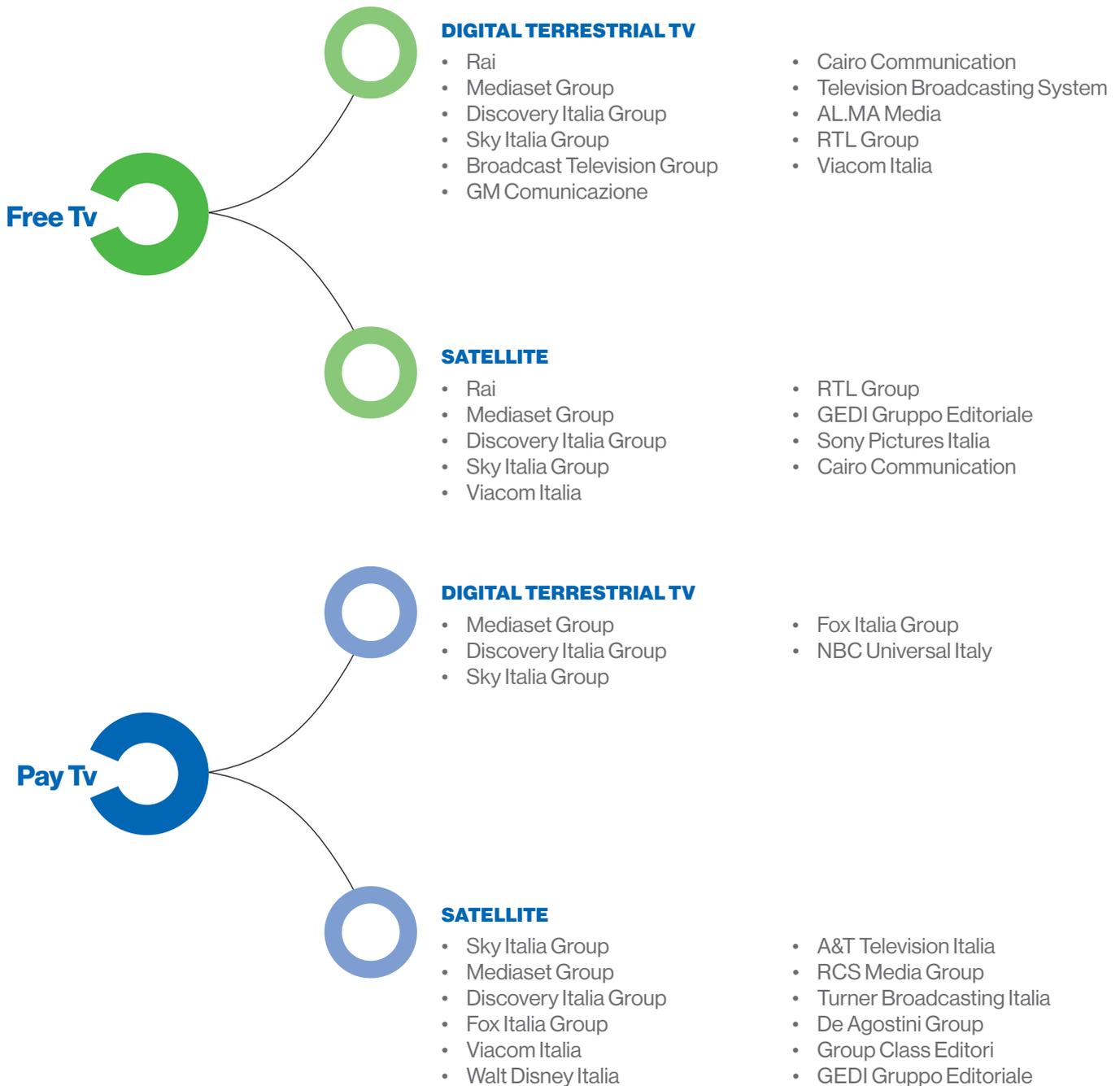
Tencent was created in 1998 as a messaging service, but has changed considerably over the years. It is a leading gaming company at a global level and is iQiyi's biggest streaming rival in China; it has investments in the search engine Sogou, in the e-commerce company JD.com and in Snapchat; it owns the Chinese social messaging service Wechat (with over one billion users). In the video online market, it

has a similar strategy to iQiyi and currently has around 43 million subscribers. It is highly active at an international level and has already signed a number of agreements (HBO, FremantleMedia, Skydance, BBC); its turnover is similar to that of Alibaba.

The rapid growth of Alibaba, Baidu and Tencent has certainly had an impact on the global market, not only on the media, but also on areas such as artificial intelligence, cloud computing, self-driving cars, gaming, etc.

**MAIN TELEVISION OPERATORS WITH REGISTERED OFFICE IN ITALY**

(source Confindustria Radio TV)



A common objective of all operators in the media industry is to capture the interest and attention of consumers, where the share of attention comes from the synergy of the platform, content and commercial offering.

Video on-demand (VoD) is symbolic of cross-platform products. VoD and its various offshoots have gained ground as a result of the process of deep transformation and continual development, driven by digital innovation, that has radically changed the content industry in a short time (4-5 years) with a strong impact on the offering (production, distribution) and on consumer demand, changing the behaviour and habits of viewers. In terms of performance, data published by the 2018 *Digital Trends* survey conducted by Ergo Research concerning the Italian market confirm consumers' interest in on-demand video services: in the first half of 2018, VoD services out of total video services accounted for 23%, going up from 19%. Specifically: viewers of catch up TV and the minutes dedicated to it increased (+39%); users of SVoD/TVoD/EST services (+25%) and the minutes dedicated to it went up (+52%); the number of native video web users (+15%) and average day users (+31%) also rose. Persons over 14 who declared they had used at least one SVoD service in an average day totalled 4.5 million (+22% compared to 2017).

The reasons behind this phenomenon include the development of digital videos services, an ever increasing assortment of products and less or no advertising. As regards the media

time budget – considering all possible uses – which increased by 5 minutes compared to 2017, from 6 hours 19 minutes to 6 hours 24 minutes, video use accounts for 60%. Specifically: 22% of video use refers to general TV, 20% to multichannels (i.e. all free channels available on DTT and DTH/), 7% to online videos, 5% to Sky, 3% to SVoD/TVoD/EST services, 2% to catch up TV and 1% to Mediaset Premium. The remaining 40% refers to radio (14%), listening to music (10%), viewing videos on the Internet/social media (8%), newspapers (6%) and gaming (2%).

A very important issue for the media industry and public opinion is information, also considering that social and digital media in general are increasingly used as a source of information by broad segments of the population. In this scenario, analysis and research on fake news issues and online disinformation have been ongoing at a European and national level. In late 2017, the European Commission launched a public consultation on these topics and set up a group of experts, starting a process which ended in March 2018 with the publication of a report on this defining issue.

The Commission defines disinformation as “*verifiably false or misleading information that is created, presented and disseminated for economic gain or to intentionally deceive the public, and may cause public harm*”. The areas most affected by fake news are elections and immigration policies, as indicated by data from the *Eurobarometer* survey (November 2017 – February 2018).

### TREND OF USERS OF THE MEDIA AS AN INFORMATION SOURCE, 2017-2018

(Figures % - source Censis: 15<sup>th</sup> Report on communication, digital media and the end of the start system)

	Total population			Young people (14-29 years)		
	2017	2018	Change %	2017	2018	Change %
TV news	60.6	65.0	4.4	53.9	57.2	3.3
Facebook	35.0	25.9	(9.1)	48.8	33.0	(15.8)
TV all news	20.2	22.6	2.4	11.7	16.9	5.2
Radio news	22.4	20.0	(2.4)	10.4	12.0	1.6
Newspapers (paid for, paper version)	14.2	14.8	0.6	5.6	3.8	(1.8)
Internet search engines	21.8	14.0	(7.8)	25.7	16.5	(9.2)
Information websites	10.3	13.3	3.0	11.2	17.0	5.8
Digital newspapers	10.0	8.9	(1.1)	10.3	7.3	(3.0)
Televideo	11.0	8.6	(2.4)	5.8	4.9	(0.9)
YouTube	12.6	7.3	(5.3)	20.7	17.6	(3.1)
Weekly/monthly magazines (paper version)	9.6	6.0	(3.6)	5.8	3.4	(2.4)
Smartphone apps	8.6	5.2	(3.4)	11.7	9.0	(2.7)
Blogs/Online forums	4.1	4.0	(0.1)	4.6	5.5	0.9
Free press	5.0	3.7	(1.3)	4.3	2.6	(1.7)
Mobile phone SMS service	3.7	2.8	(0.9)	3.2	2.6	(0.6)
Twitter	4.8	1.8	(3.0)	10.6	3.9	(6.7)

As regards communication channels, people interviewed believe that the most reliable sources of information are traditional: radio 70%, television 66% and the press 63%; there is little trust in online sources of information and websites that publish videos, which have confidence ratings of 26% and 27% respectively. The Commission has proposed a number of measures to combat online disinformation, including best practices to guarantee transparency of sponsored content, clearer information about how algorithms work and measures to identify and close false accounts; an independent European Fact Checking network will also be set up to establish common working methods with extensive coverage throughout the European Union.

In this scenario, AGCom has also established some technical panels, in which Rai is a participant. The aim is to identify and introduce appropriate forms of self-regulation in order to prevent and combat disinformation. First, necessary terminology was defined, and actions were then outlined. Fake news is often used in a broad and general way to indicate without making any distinction a wide range of online information disorders, including online misinformation, i.e. all untruthful information given over the Internet that may be perceived as being real, but that has not been created with the intention of causing harm; online mal-information, which is information based on reality, given over the Internet and contextualised with the specific intention of inflicting harm on a third party; and online disinformation, i.e. information, which may also be sponsored, that appears true but is false and also contagious, and deliberately published and distributed with the intention of inflicting harm for political/ideological or economic reasons.

Like AGCom, the 2018 edition of the Digital News Report, produced by the Reuters Institute for the Study of Journalism, analysed the concept of fake news, further investigating it and classifying it into several categories, to better understand its scope. According to the report, the trend is to go beyond the general term “fake news” and use the more specific concepts of disinformation/misinformation. This category comprises several sub-categories: “distorted” information, to support a specific agenda, specifically “made-up” news for political or commercial purposes, “poor journalism” (wrong facts, misleading titles, clickbait), an instrumental and general use of the term fake news (e.g. by politicians) to discredit the media, adverts presented as news items, information content created and distributed for fun (satire).

Reuters Institute analysts also measured the impact of fake news on respondents, in terms of their concern over and exposure to fake news. The results show how their concern exceeds actual exposure to the phenomenon, generating a significant gap. Analysis of data reveals that there is no substantial difference in exposure to fake news between online and offline users.

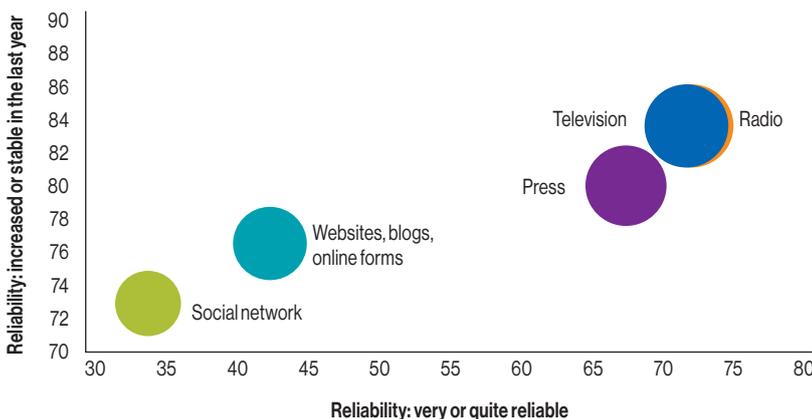
In this context, the public service must offer an even greater reliability, impartiality and the ability to represent different opinions.

Based on official Nielsen figures, the advertising market reported a drop in the first six months 2018 of 0.4% compared to 2017 in Italy, from a figure of €3.244 billion to €3.231 billion. Considering the *Search and Social* component, also estimated by Nielsen, the advertising market would report an increase of +1.8% compared to the first half of the previous year, from a figure of €4.244 billion to €4.320 billion.

As regards the breakdown of revenue from various media: TV posted a slight increase (+0.4%), radio continued its positive trend, with a significant upturn of +6.8%, the digital advertising segment posted growth in the half year period, up by 7.9% compared to the same period in 2017 (+3.3% excluding the *Search and Social*) estimate.

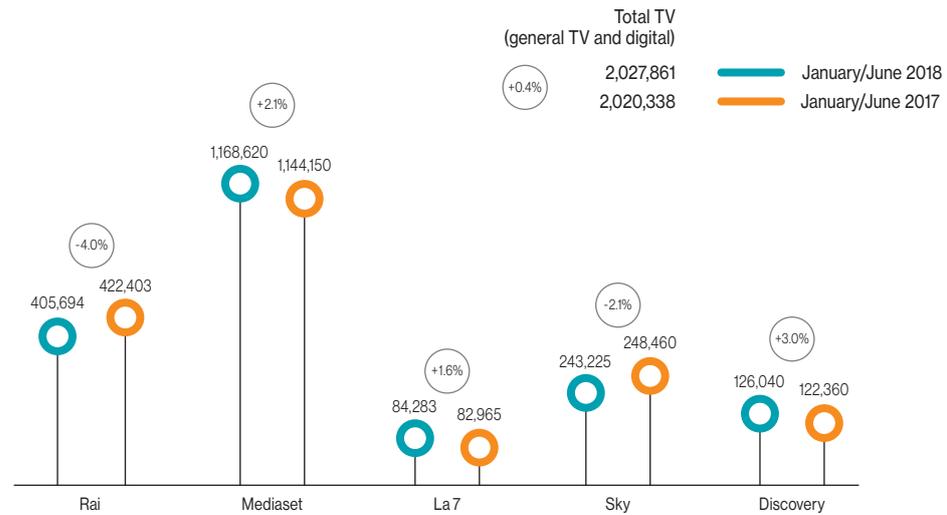
**RELIABILITY OF THE MEDIA AND RELIABILITY TRENDS IN THE LAST**

**12 MONTHS** (Figures % - source Censis: 15<sup>th</sup> Report on communication, digital media and the end of the start system)



**ADVERTISING MARKET ESTIMATES - TV (NET FIGURES)**

(€/000)



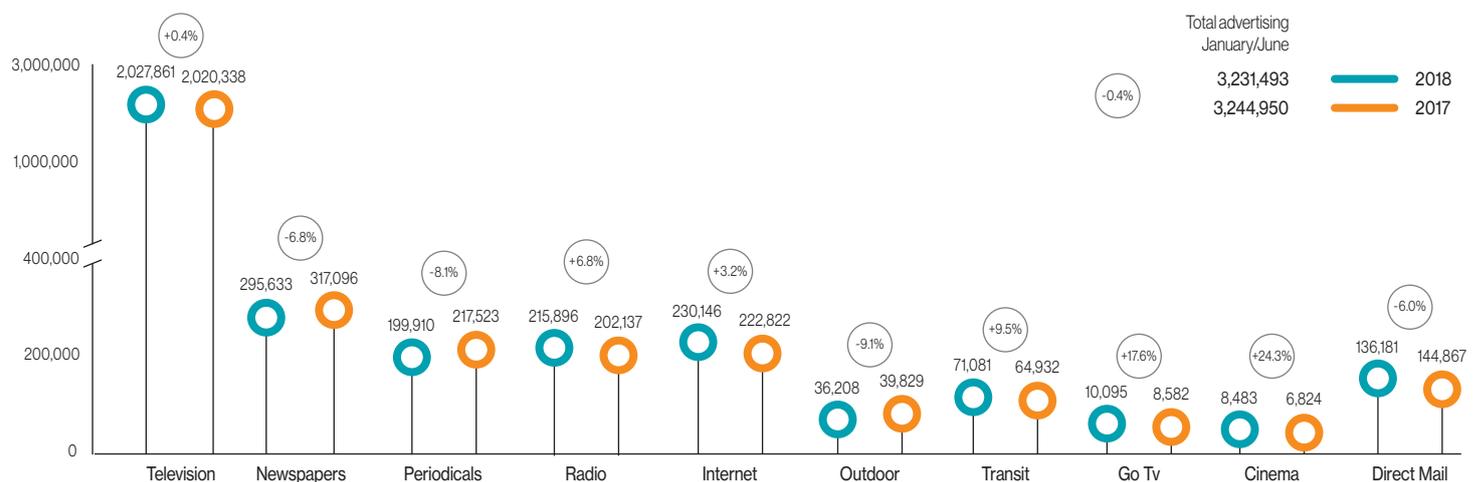
The printed segment is still on a downturn: -6.8% for newspapers and -8.1% for periodicals. The negative trend of the outdoor and direct mail segments continued (-9.1% and -6.0% respectively); advertising revenues went up considerably from the cinema (+24.3%), Go TV (+17.6%) and transit (+9.5%) segments.

As regards the television market alone, in terms of advertising revenues compared to individual publishers, Rai posted a decrease of 4.0%. Sky also recorded a decline of -2.1%; Mediaset reported an increase of 2.1%, La7 of 1.6% and Discovery of 3%.

In advertising, *Addressable TV* proved to be an interesting phenomenon and is part of a wider ranging category termed by Milan Polytechnic Analysts as "*Advanced Tv*", i.e. which is capable of sending a commercial message to a specific target, rather than transmitting it indistinctly. The term *Addressable TV Advertising* means technologies that enable advertisers to select a specific TV audience, based on own/shared/provider data, in order to broadcast adverts with a tailor-made content and format during programmes or to a common browsing screen.

**TREND OF ADVERTISING REVENUES BASED ON THE MEDIUM-FIGURES NET OF INTERNET DESK (SEARCH AND SOCIAL)**

(Source Nilsen, €/000)



Advertising content can therefore be potentially conveyed in a customised version at a number of levels; it is possible to use geolocalisation parameters as well as parameters related to interests and to how TV content is used.

During the first half of 2018, the main broadcasters continued their portfolio diversification, creating highly specialised channels, while players from other sectors, platforms or different markets (Telecommunications Companies and Internet Giants) continued to expand their offering, often overlapping that of traditional television broadcasters.

Regarding the satellite platform, the share of Sky subscribers is down slightly, accounting for 4.3 million households. In the context of pay TV services, Mediaset Premium, broadcasting through DTT, has reached 1.4 million subscribers, according to independent market research (Ergo Research). Use of the free satellite platform Tivùsat increased, with nearly 3.3 million active smart cards in the period (+8% compared to the first half of 2017) and over 2.2 million users (operator data).

During the first half of 2018, in terms of the competitive environment, the following changes took place:

- in January 2018, the channel DeeJay TV returned to free DTT (position 69);
- in April, Mediaset channel 20 started broadcasting (the latter had purchased position LCN20 in 2017 from Rete Capri);
- in the same month Mediaset started its brand restyling of Mediaset's free-to-air channels on DTT;
- in April, Rai launched Raiplay Yoyo for children and families, free to view on iOS and Android;
- in May, as already mentioned, Sky/ Mediaset entered into an agreement;
- in June, Rai launched two specialist digital radio channels, Rai Radio1 Sport and Rai Radio2 Indie, a spin off of its two generalist channels;
- in May, Mediaset started broadcasting shows from its Focus channel, dedicated to culture and acquired from Discovery Italia in April, on channel 35 on free DTT.

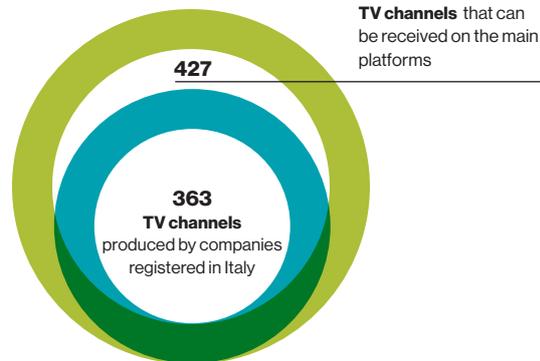
As of June 2018, there were a total of 363 TV channels under TV broadcasters with registered office in Italy – net of any duplications – available on DTT, DTH or both platforms; of these, 128 are on the digital terrestrial platform and 305 are on satellite (free and pay TV). 70 of the 363 channels are available on both platforms. In terms of the business model, a total of 134 free channels

are available, 79 of which can be seen on the Tivùsat platform; there are 229 subscription channels, net of duplications, of which 210 visible on Sky and 27 on the Mediaset Premium platform. HD products increased, with 111 channels (accounting for 31% of the total) net of overlapping channels on different platforms. HD channels are mainly present on satellite (108 channels). In January 2018, Sky closed the broadcasting of its own channel in 3D<sup>1</sup>. Channels measured and published by Auditel totalled 181 at the end of June 2018.

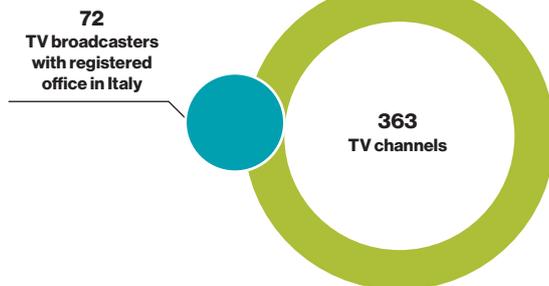
<sup>1</sup> Data processed by Confindustria Radio Televisioni (CRTV).

## TV channels in Italy

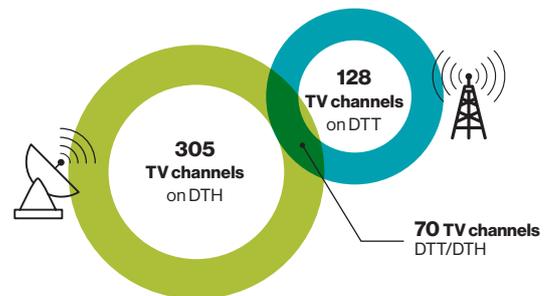
(source Confindustria Radio TV)



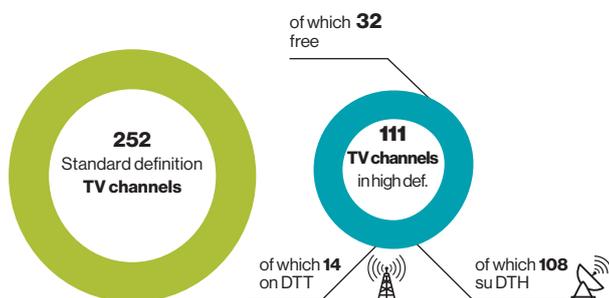
### Editorial groups and TV channels



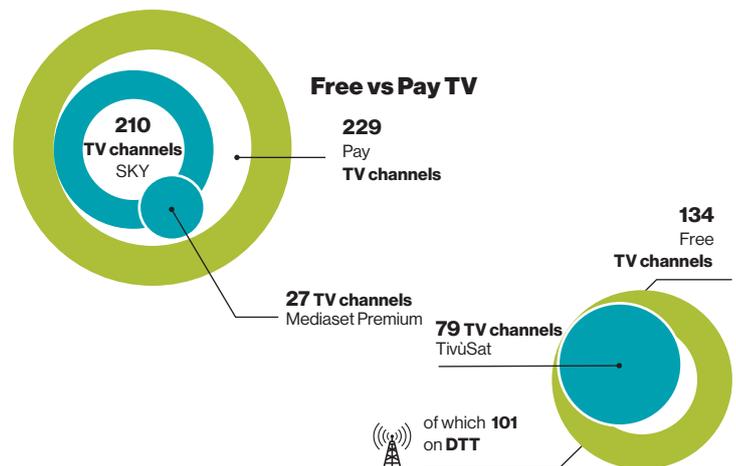
### Technological Platforms



### HD and others

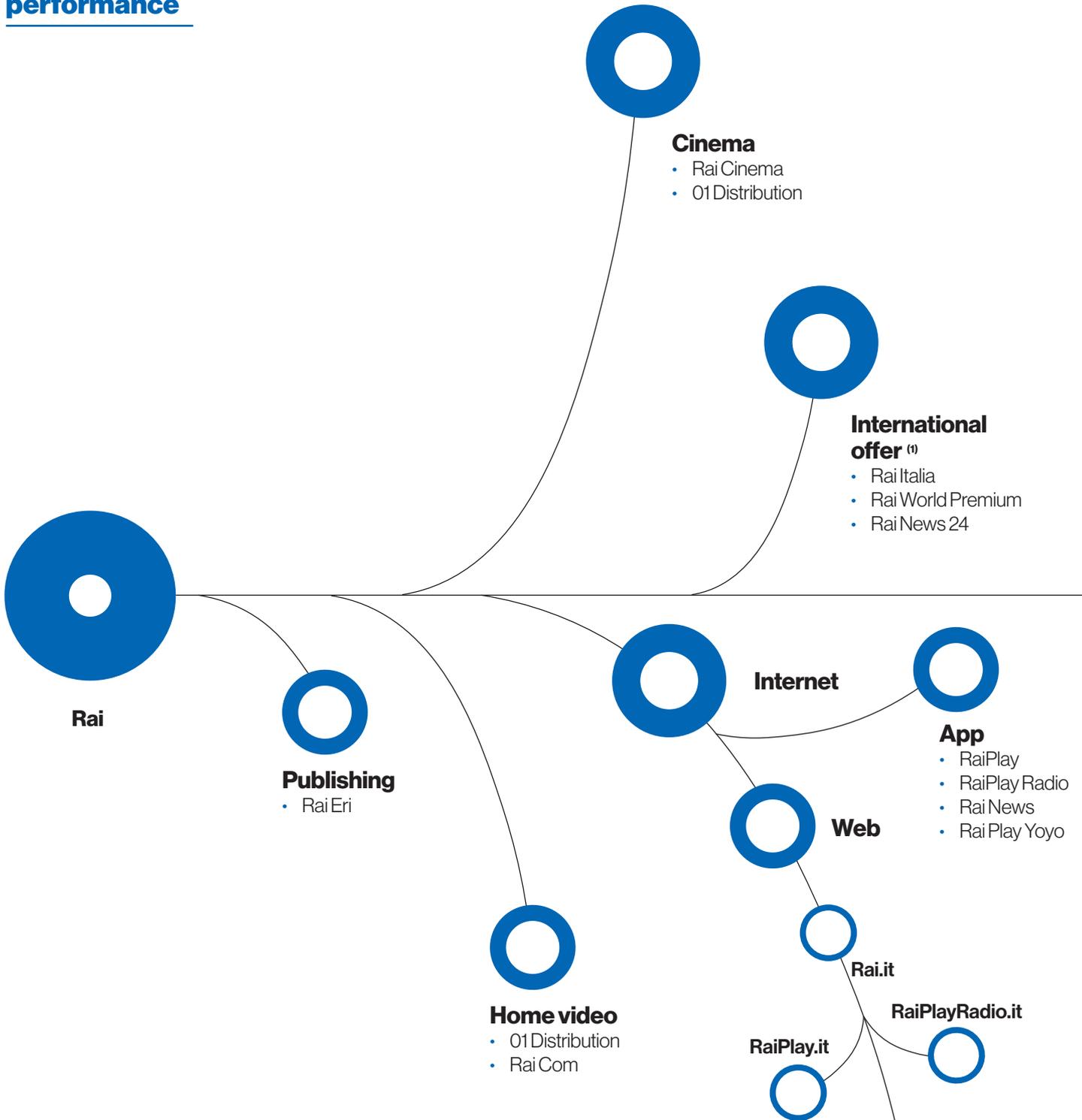


### Free vs Pay TV



# The Rai product: offer and performance

## Map of the offer



Note:

<sup>(1)</sup> Rai's offering is enhanced by the some programmes broadcast on national channels being re-offered in various ways, depending on the region of the world.

<sup>(2)</sup> Its radio offering is also available on digital terrestrial TV and satellite, on the web and on the RaiPlay Radio app. The specialised stations (Rai Radio Tutta Italiana, Rai Radio Classica, Rai Radio Techetè, Rai Radio Live, Rai Radio Kids, Rai Radio 1 Sport and Rai Radio 2 Indie) are only available on digital terrestrial TV and satellite, Dab+, the web and RaiPlay Radio app.

<sup>(3)</sup> The television offering is available on DTT, satellite and RaiPlay.

<sup>(4)</sup> Can only be viewed on Tivùsat.

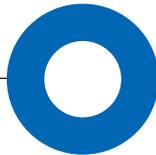
<sup>(5)</sup> Visible in areas reached by MUX5 and on satellite only on Tivù Sat.



### Radio<sup>(2)</sup>

- Rai Radio 1
- Rai Radio 1 Sport
- Rai Radio 2
- Rai Radio 2 Indie
- Rai Radio 3
- Rai Isoradio
- Rai Gr Parlamento
- Rai Radio Tutta Italiana
- Rai Radio Classica
- Rai Radio Techeté
- Rai Radio Live
- Rai Radio Kids

### Television<sup>(3)</sup>



#### Generalist channels

- Rai 1
- Rai 2
- Rai 3
- Rai 1 HD
- Rai 2 HD
- Rai 3 HD



#### Semi-generalist channels

- Rai 4
- Rai 5
- Rai Movie
- Rai Premium
- Rai 4 HD<sup>(5)</sup>
- Rai 5 HD<sup>(4)</sup>
- Rai Movie HD<sup>(4)</sup>
- Rai Premium HD<sup>(5)</sup>



#### Special interest stations

- Rai News 24
- Rai News 24 HD<sup>(4)</sup>
- Rai Storia
- Rai Storia HD<sup>(4)</sup>
- Rai Scuola
- Rai Scuola HD<sup>(4)</sup>
- Rai Sport
- Rai Sport+HD
- Rai Gulp
- Rai Gulp HD<sup>(4)</sup>
- Rai YoYo
- Rai YoYo HD<sup>(4)</sup>



### Information

- TG1
- TG2
- TG3
- TGR
- Rai Parlamento
- Rai Sport
- Rai News 24
- Teletvivo
- Giornale Radio Rai
- Gr Parlamento

### Rai offering

The Rai Group provides a broad and diversified Public Service offering, present on all platforms and engaging all sections of the public, as set out in the new 2018-2022 Service Agreement, approved in December 2017. In compliance with the above Agreement, Rai works to expand and diversify its television, radio and multimedia offering.

A series of important initiatives, promoted by Rai and necessary in order to keep up with the times, concerns the complex issue of audience measurement and the systems used to measure TV, radio and digital ratings. In this context, Rai is committed to promoting transparent audience measurement systems, based on international best practices shared as far as possible with all industry operators and in line with requirements of the industry regulator AGCom.

Rai sustains and promotes an audience measurement approach through the Joint Industry Committee which currently measures the audiences of TV and digital media and includes broadcasters, publishers and associations that bring together advertising investors and communication operators (UPA, Assap/Assocom).

In terms of radio, Rai has maintained its guiding role in the framework of the Tavolo Editori Radio (TER), which brings together all national broadcasters, publishers and associations representing the local broadcaster, working to create the 2018 survey.

The process to achieve technological and methodological innovation in measurements has therefore continued in 2018, particularly as regards systems to measure TV audiences and online publishing, that have changed profoundly, to best represent current and future use scenarios. Some actions have been put in place, while others are in the advanced study and implementation stage.

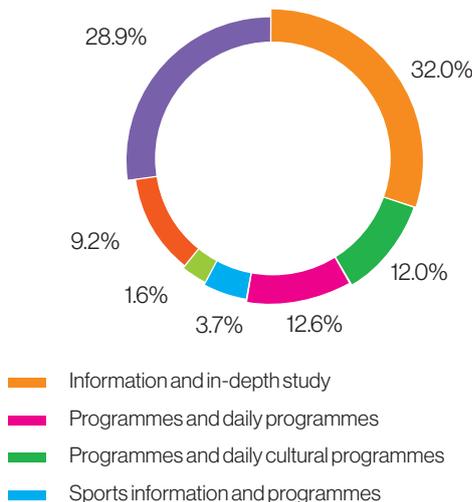
Specifically, as regards television audience measurement, Auditel is continuing its long-term development plan focussed on the *Total Audience* project, to measure and integrate as part of the Auditel standard, audiences of TV content delivered over the web and seen on digital devices (PC, tablet, smartphone and smart TV). The project went into development during 2018.

Similarly to international approaches, the measurement of digital use will be based on census data obtained with the active cooperation of broadcasters (thus with the measurement of all use), and on panel data, necessary to assign the average socio-demographic profile of users of specific online content.

The assistance of broadcasters will be necessary also to correctly identify contents viewed on digital platforms (live streaming and/or on-demand), through information on programmes scheduled on own channels and own libraries, to assign these audiences along with and consistently with traditional TV audiences.

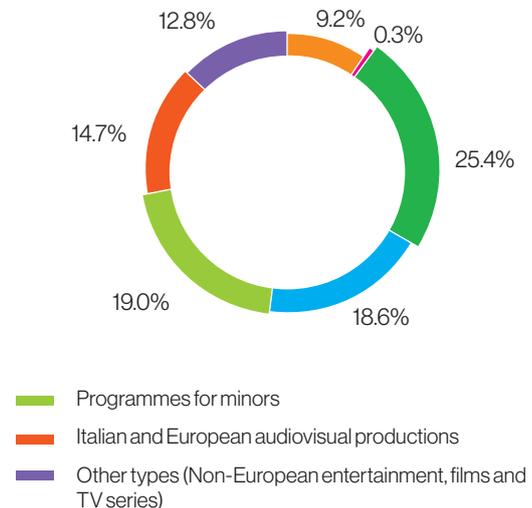
#### PROGRAMMING BY GENRE ON GENERALIST NETWORKS

(Source Rai)



#### PROGRAMMING BY GENRE ON SPECIALISED NETWORKS

(Source Rai)



The Auditel project therefore involves two stages, with the following publication guidelines (to be confirmed):

- autumn 2018: production of census-only data;
- summer 2019: profiling of audiences using panel data.

The final aim is to identify a single set of measurement indicators that concern all options for viewing video content: live streaming, deferred and on-demand.

As regards the measurement of digital audiences, Audiweb started to produce audience data in June 2018 based on a new methodology called *Audiweb 2.0*, which is the result of intense studies carried out in the previous two years to solve measurement limitations (such as: the lack of timeliness of data, the small overall sample base, the lack of assigning traffic to broadcasters regarding their content when used through in-app browsing). Audiweb 2.0 was devised to represent new ways of using online editorial content (increasingly mobile-based) more promptly and accurately, particularly as regards the younger population. This approach is also useful on a market with a high number of national broadcasters and major international players (such as Google and Facebook) that can capture large audiences but still have little interest in surveys based on methodologies shared with other national broadcasters and with advertisers represented by UPAs. The measurement methodology has been entirely revised, which is based on three information sources:

1. census-data from broadcasters;
2. the measurement panel on the PC/Mobile;
3. big data from third parties.

In terms of radio audience measurement, in the first half of 2018 the first audience measurement was started conducted by the company Tavolo Editori Radio (TER), specifically established in 2016 to represent the entire radio market comprising: Rai, seven national Groups and two associations of local broadcasters – with the first edition held in 2017, with some issues, due to operating delays in the start-up stage, which were identified during the measurement and led to a revision of the measurement periods and deferment of the times to distribute data for 2017.

TER's methodology comprises:

- a telephone survey, with approximately 120,000 interviews (CATI technique);
- a CATI survey of 20,000 individuals.

During the first half of the year, fine tuning was adopted for the survey, concerning:

the questionnaire, sampling strategies, the availability of audience data per device and various, more operational aspects of the measurement.

### Digital terrestrial TV and satellite

Among digital terrestrial TV and satellite operators on the market, Rai has the largest offering on DTT with fourteen nationally broadcast channels:

- three generalist networks: Rai 1, Rai 2, Rai 3 available both in SD and HD;
- eleven semi-generalist or specialised networks: Rai 4, Rai 5, Rai Movie, Rai Premium, Rai News 24, Rai Storia, Rai Scuola, Rai Sport, Rai Sport +HD, Rai Gulp and Rai Yoyo. Of these, Rai 4, Rai Premium and Rai Sport+HD are also available in high definition.

Digital satellite, complementary in relation to digital terrestrial, makes it possible to reach parts of the population not covered by DTT. Based on the model of experiences in other countries, Rai – along with Mediaset, Telecom Italia Media, Confindustria Radio Tv and Aeranti-Corallo – contributed to creating the free Tivùsat platform. All 14 Rai channels are available on this satellite platform, also in HD. In addition to and to support the linear television offer, Rai proposes interactive applications and on-demand video services via the Internet that can also be used on connectable TVs (smart TV or through certain types of interactive decoders).

In the first half 2018, Rai paid particular attention to experimentation, innovation, society, history and culture. Products were designed to meet the needs of individual spectators, and above all to offer a chance for families to spend time together, plus much more.

In the first six months of the year, Rai 1 offered a whole host of emotions, fun, passion and knowledge, enabling it to compete in the segments it is most well known for – TV series, culture and entertainment.

It managed to engage a broad-spectrum public, attaining excellent results with its TV series, some of which have gained a real cult status.

This year, *Don Matteo*, which is now in the 11th series, had 28% of the share, involving a public of all ages, from tiny tots to the over 65's. The series is the most viewed on RaiPlay, with just under 1.4 million views on average.

The two new episodes of *Il commissario Montalbano* had an average share out of the total of 44%, peaking with the over 55 audience and engaging younger viewers as well. Repeats of this product also had a share (26%) above the average.

New programmes in the half year period include the TV series *Il capitano Maria* starring Vanessa Incontrada (share 25%) and the miniseries dedicated to Fabrizio De Andrè, *Fabrizio De Andrè - principe libero*. The latter programme, a biopic dedicated to one of Italy's greatest songwriters, recorded a 25% share. Rai 1 proved it could take risks, and re-invent and reposition its long-standing brands, by going back to tradition, without forgetting innovation. The 2018 edition of the Sanremo music festival was a great success, exceeding expectations and showcasing Rai's creative and professional experience. Today, *Il Festival di Sanremo*, is an event that can reach out to a diverse audience, with a considerable ability to bring people together and to encourage social sharing (in Nielsen's top ten social programmes, *Il Festival di Sanremo* ranks second, after *Amici* with just over 22.2 million interactions). Rai's new successes also include *La Corrida*, an example of the re-offering of a successful brand. The show, which is more than fifty years old and which saw the first nine editions being broadcast on Radio 2, has come back to Rai, capturing an audience of over 5 million viewers (25% of the share) thanks also to the host Carlo Conti. Just as important to consolidating Rai 1's values are well known shows such as *Tale e Quale Show* (22%) and *Ballando con le stelle* (20%). *Meraviglie, la penisola dei tesori* has reinforced Rai 1's image as a network broadcasting important shows with an outstanding cultural content. The channel's awareness in broadcasting excellent Italian programmes to the public at large reached new heights with episodes dedicated to historical places in Italy and Italian artists. This programme, created and hosted by Alberto Angela, achieved a 23% share, with 5.5 million viewers on average.

In the daytime slot, performance of the morning shows *La Prova del cuoco*, *Storie Vere* and *Buono a sapersi* was steady. In the early afternoon, the game show *Zero e Lode* gave new life to the post-lunch schedule on Rai 1 and opened up alternatives for trying out new formats.

During the first half of the year, Rai 2 consolidated its offering of genres, which are always diverse but never lose sight of innovation and experimentation, which are hallmarks of this channel. With a view to consolidation, infotainment and TV series performed well during the prime time slot. Despite its change of channel, *Nemo* managed to maintain a share similar to that of the previous season, retaining the experimental nature of the network's information content. *Il Cacciatore* achieved one of the best prime time performances for Rai 2, consolidating TV prime-time police series with a 100% Italian production in line with an international outlook (*Montanari Best Performance at Canneserie 2018*). As regards day time TV, *Quelli che... il calcio* achieved an excellent growth (approximately +1% compared to Spring 2017), also paving the way for trialling a highly innovative brand extension initiative: *Quelli che... dopo il tg*, which targets the downturn in viewers of Tg2 (Rai 2 news), with a fun, light-hearted look at the news.

*The voice of Italy* returned, with a new host (Costantino della Gherardesca replacing Federico Russo) and new coaches (Al Bano, Renga, Scabbia, and J-Ax coming back). This fifth edition attracted an average audience of over 2 million viewers, with a 9.5% share, and achieved the best prime time results for the Rai channel since January 2018, in terms of performance and average viewer age (51.6 years).

In the first half of 2018, Rai 3 confirmed its intent and interest in experimenting with new languages, styles and contents, always consistent with its public service mission. Rai 3's line-up aims to portray social change and modernity, based on all types of programmes available (talk shows, investigations, documentary films and/or documentary TV series and news). In the first half of the year, Rai 3 attempted to expand its offering, adding in some cases light-hearted and unusual features from unconventional worlds. Products dedicated to a select public in the late evening enabled the network to experiment with new modes of expression and to portray new styles and see our society and current affairs from a new perspective (*Ossigeno, Brunori Sas*).

## THE MOST VIEWED PROGRAMMES IN THE FIRST HALF OF 2018 (TOP 3)

(source: Auditel)

	Title	Channel	Date	Audience	Share
<b>Film</b>	1 Quo vado?	Canale 5	08/01/2018	6,295,955	24.8%
	2 Cinderella	Rai 1	05/01/2018	5,650,557	23.6%
	3 Perfetti sconosciuti	Canale 5	15/01/2018	4,791,473	20.1%
<b>Italian TV series</b>	1 Il commissario Montalbano	Rai 1	12/02/2018	11,783,263	45.6%
	2 Don Matteo 11	Rai 1	11/01/2018	8,475,221	30.7%
	3 La mossa del cavallo - C'era una volta Vigata	Rai 1	26/02/2018	8,190,182	32.6%
<b>Entertainment</b>	1 68° Festival di Sanremo	Rai 1	10/02/2018	12,207,411	58.3%
	2 Sanremo start	Rai 1	10/02/2018	10,941,021	42.9%
	3 Striscia la notizia	Canale 5	27/02/2018	6,993,529	24.3%
<b>Sports special features</b>	1 Mediaset World Cup matches live	Italia 1	17/06/2018	2,658,561	18.5%
	2 Tiki Taka Russia	Italia 1	26/06/2018	2,632,827	14.5%
	3 Balalaika dalla Russia col pallone	Canale 5	21/06/2018	2,311,350	15.3%
<b>Sports</b>	1 Uefa Champions League matches live	Canale 5	11/04/2018	10,926,219	38.8%
	2 Coppa Italia matches	Rai 1	09/05/2018	10,584,763	39.0%
	3 World Cup football matches	Canale 5	30/06/2018	7,633,937	42.8%
<b>Religions</b>	1 Rito della Via Crucis	Rai 1	30/03/2018	4,473,323	19.0%
	2 Angelus	Rai 1	01/01/2018	3,212,856	23.6%
	3 Easter Mass	Rai 1	01/04/2018	2,706,297	28.2%
<b>Service</b>	1 Tg1: Fabrizio Frizzi's funeral	Rai 1	28/03/2018	5,178,225	42.6%
	2 La partita del cuore (Charity football match)	Rai 1	30/05/2018	3,126,882	14.5%
	3 Con il cuore nel nome di Francesco	Rai 1	19/06/2018	3,013,853	14.5%
<b>Cartoons</b>	1 Inside Out	Canale 5	30/03/2018	2,426,975	11.1%
	2 Tangled	Rai 2	01/01/2018	1,951,185	8.0%
	3 Iced aged - Dawn of the dinosaurs	Italia 1	27/01/2018	1,754,488	7.4%
<b>Science and environment</b>	1 Linea Verde	Rai 1	25/02/2018	3,724,608	20.7%
	2 Linea Bianca	Rai 1	03/03/2018	2,470,841	12.5%
	3 Linea Blu	Rai 1	21/04/2018	2,252,586	14.3%
<b>Culture</b>	1 Meraviglie - La penisola dei tesori	Rai 1	17/01/2018	5,936,891	24.0%
	2 Concerto di capodanno	Rai 1	01/01/2018	4,206,916	25.7%
	3 55 Giorni l'Italia senza Moro	Rai 1	08/05/2018	3,424,514	13.3%
<b>Investigations</b>	1 Porta a porta speciale	Rai 1	26/03/2018	3,807,797	25.0%
	2 Di martedì	La7	29/05/2018	3,003,179	14.0%
	3 Viaggio nella chiesa di Francesco speciale	Rai 1	30/03/2018	2,102,015	10.4%
<b>Current events</b>	1 Che tempo che fa	Rai 1	04/03/2018	4,788,714	18.0%
	2 La vita in diretta	Rai 1	26/03/2018	3,005,159	23.6%
	3 Tg La 7 speciale	La7	31/05/2018	2,347,091	9.8%

Rai 3 recounts contemporary life and its many facets. From late-evening stories of *Prima dell'alba* to the memoirs of *Non ho l'età*, exploring topics that are very much on the radar and are sensitive, such as the events discussed in *Storie di Genere*. With a different style product from previous versions, *Lessico Familiare*, and thanks to the hosting by the extremely professional Massimo Recalcati, Rai 3 has managed to present the family roles that are fundamental for forming personalities in our society, exploring theories and suggestions of psychoanalysis. The network continued to address difficult issues related to illness, considered in the context of major hospitals. *Linea verticale*, the series published on the RaiPlay platform on 6 January 2018, was broadcast on Rai 3 on 13 January, discussing a complex issue with incredible sensitivity, gaining a moderate share (5.7%). A new comic series was broadcast in a pre-prime time slot to lighten up the transition to prime time programmes. After years away from the screen, the comic programme *Be Happy* returned to Rai 3 with a light, but never over-the-top style. Lastly, programmes which are a permanent and recognisable fixture of the channel, continued to attract a loyal audience, engaging it in important issues addressing current affairs and information both during the prime time slot (*Report*, *Chi l'ha visto?*, *Storie maledette*, *#Cartabianca*, etc.) and in the day time slot (*Agorà*, *Tutta salute*, *Mi Manda Raitre*, *Geo*, etc.).

## Radio

Radio has been confirmed as one of the pillars of Italians' media consumption; as with traditional television, the medium has been able to withstand and use new communication procedures and technological innovation, integrating its offer with new contents, formats and social interactions, with positive feedback including in terms of advertising revenue.

Technological innovation has further changed the way radio services are used: traditional devices are being increasingly flanked by mobile devices (smartphones and tablets), fixed devices (PCs), as well as connected TVs. With these devices it is possible to listen to traditional FM analogue radio and in Dab+, and use online streaming services (through aggregators or apps) or digital native radio web. The December 2017 launch of the multimedia platform dedicated to the RaiPlayRadio.it radio offer is along these lines. It replaced RadioRai.it with a consumer-friendly innovative technology, significantly improving the audience's listening experience.

Rai continued its *Radio Visione* strategy, starting a process to digitalise its radio studios, equipping them with cameras and a dedicated video production unit to view radio programmes directly when streamed.

With twelve channels, Rai's offering is one of the most extensive in Italy with: three generalist radio stations: Radio 1, Radio 2 and Radio 3; two service channels: Isoradio (traffic information) and Gr Parlamento (information about parliament); seven specialised digital channels: Rai Radio Tutta Italiana, Rai Radio Classica, Rai Radio Live, Rai Radio Kids, Rai Radio Techetè and, since June 2018, Rai Radio1 Sport and Rai Radio2 Indie – spin-offs of the two generalist channels.

The seven specialised digital channels, each covering a specific theme, to satisfy different moods and needs, can be listened to with Dab+, with the RaiPlayRadio app, via the web and with digital terrestrial and satellite technology on dedicated radio channels.

Specifically:

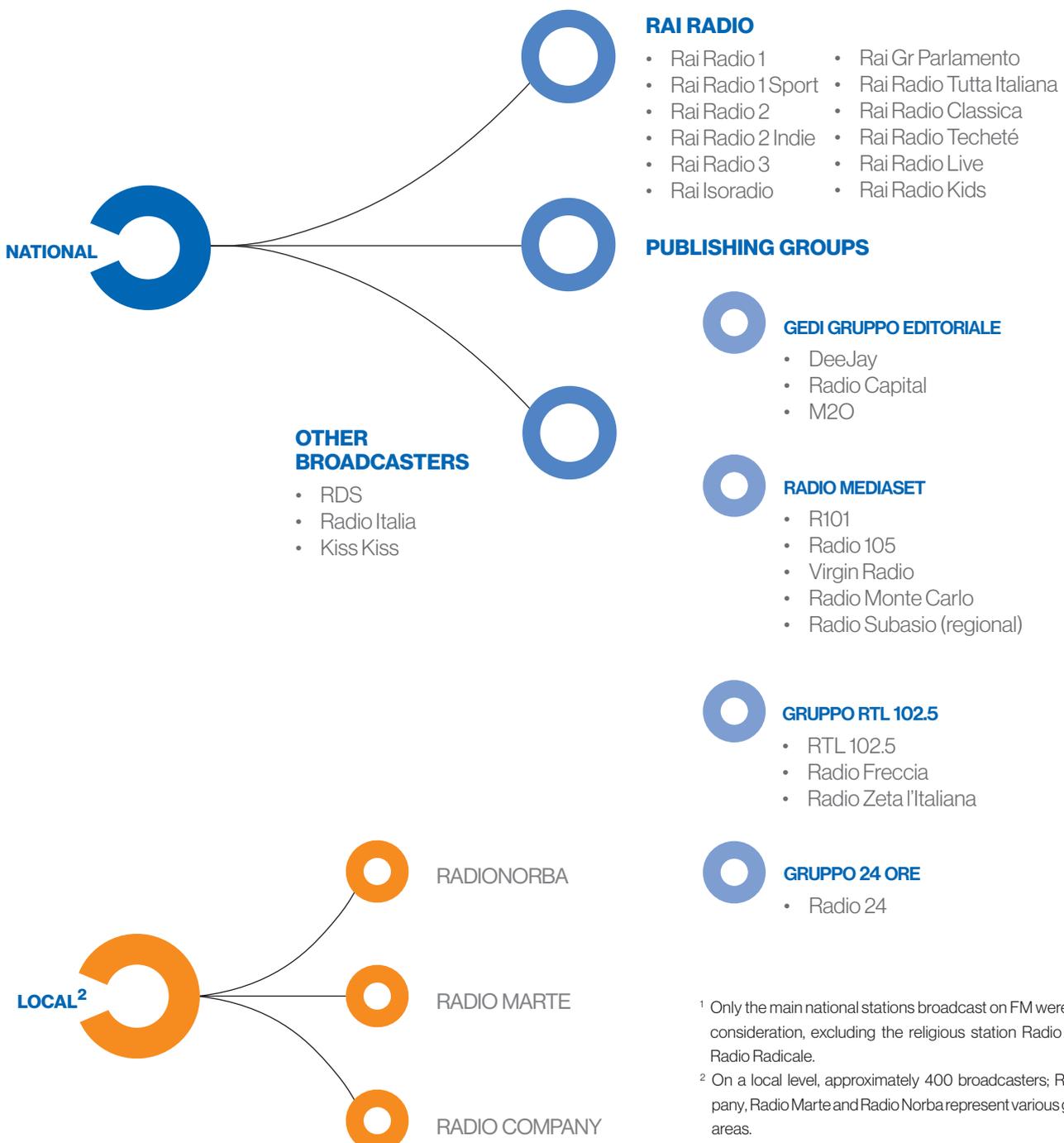
- Rai Radio Tutta Italiana: an Italian music channel dedicated exclusively to the 1960s;
- Rai Radio Classica: a channel dedicated to Italian and international classical music;
- Rai Radio Live: a channel dedicated to important concerts and to promoting local aspects of Italy;
- Rai Radio Kids: a channel with a wide range of programmes for the under tens;
- Rai Radio Techetè: a channel with radio programmes from the past;
- Rai Radio 1 Sport: a channel dedicated to all sports, starting from football, in partial simulcast with Radio 1. Radio 1 Sport's line-up and consequent simulcast with Radio 1 is partly due to live sports events, and partly to a standardised format, based on the fixtures calendars of the most popular sports such as football. Some of the most well-known programmes broadcast in simulcast include: *Radio anch'io sport* (Monday morning); *Zona Cesarini* (broadcast Monday to Friday at around 21:00); *Sabato e Domenica sport*, *Tutto il calcio minuto per minuto* (at the weekend). During complementary time slots, apart from other sports' events of particular importance, sports news and musical entertainment pieces are broadcast (June 2018);
- Rai Radio 2 Indie: the independent music channel, with a considerable focus on live events and music news. This is the channel of future trends, of the new independent rock and alternative scene, but also of new Italian pop music and exclusive live events. It offers free music,

which is always trending and up-to-date, without excluding any styles or sounds, under a single banner: to always offer everything that is on trend, before anyone else. The segment identified by Radio 2 rounds off the musical offering and can also attract new audiences to engage with, including on social media.

The breakdown of the national radio offer is marked by the co-presence of important multimedia editorial groups, vertically integrated including in terms of advertising revenue: Rai Group (Rai Pubblicità SpA); Mediaset Group (Mediamond SpA); Elemedia/Gedi Group (A. Manzoni & C. SpA) and Gruppo 24 Ore (System 24).

## MAIN OPERATORS ACTIVE ON THE RADIO BROADCASTING MARKET <sup>1</sup>

(Source Rai)



<sup>1</sup> Only the main national stations broadcast on FM were taken into consideration, excluding the religious station Radio Maria and Radio Radicale.

<sup>2</sup> On a local level, approximately 400 broadcasters; Radio Company, Radio Marte and Radio Norba represent various geographic areas.

In addition, the following independent radio broadcasters operate in Italy: RTL 102.5, Radio Dimensione Suono, Radio Italia and Radio Kiss Kiss.

The industrial consolidation of the Mediaset Group, which currently controls Radio 101, Radio 105, Virgin, Radio Montecarlo (of which 100% purchased in September 2018) and Radio Subasio, has been significant.

There were around 1,000 stations<sup>2</sup> in the local radio segment in June 2018, with extremely varied signal coverage levels (from municipal areas to multi-regional areas) and audience levels.

Overall, a local station is able to attract a significant audience share, thanks to its strong roots in the area, and the level of editorial proposal which, for many stations, is competitive even in relation to national networks.

## Digital

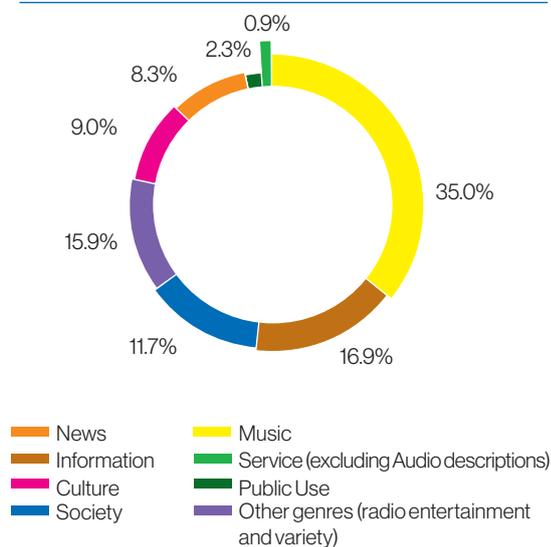
At the end of the first half of 2018, the Rai offering mainly referred to:

- Rai.it, the portal, comprising 5 areas (News, Sport, Tv, Radio and Corporate);
- RaiPlay.it, the app for live streaming and on-demand access to Rai video content (14 TV channels);
- RaiPlayRadio.it, the Rai radio portal;
- Rainews.it/TGR web, the portal with all Rai information
- RaiPlay Yoyo, the app with children's cartoons (created in April 2018), delivers all Rai Yoyo channel content safely and without advertising.

<sup>2</sup> Confindustria Radio Televisioni, July 2017.

## RADIO PROGRAMMING BY GENRE

(Source Rai)



Rai Radio consolidated and rationalised its official presence on the main social networks (Facebook, Instagram and Twitter) in 2018, aimed at intercepting an increasingly vast user pool, younger and more technologically skilled, as well as to position its corporate brand and single product brands in a cleared and more effective manner overall and organised based on social platforms.

An innovation process was continued along these lines for both TV and radio and for the instruments and formats used. Among other things, live broadcasts were tried on Facebook and Instagram allowing Rai's talents and faces to dialogue with the audience and the main profiles have become piratically constant and structured, along with the communication of on air contents and referral activity, i.e. referral to Rai digital platforms and app downloading. New formats have been developed designed exclusively for the social platforms with the aimed of greater user involvement and reinforcement of the channel brand positioning to promote the offer. In particular, besides specific activities concerning the above-mentioned *Festival di Sanremo*, the daily live broadcasts *Timeline* continued in 2018, shown before *Agorà* on all of Rai's social and digital platforms (Facebook, Instagram, Twitter, Rai channel on YouTube and RaiPlay), with a total of two hundred episodes since September 2017 and over 6.5 million total views. At the same time, Rai 2, the network for innovation and experimentation on Rai's social media, consolidated and broadened its strategy, based on incorporating channel and network influencers in its system, who, thanks to their "missions" on social media (*Sanremo 2018*, *The Voice*) attract considerable numbers of viewers in the 13-25 year bracket, and help Rai consolidate ad hoc projects with sponsors, making it possible to monetise brands on social media too.

The Rai offering further targeted the promotion of video content, through a dual strategy of publishing long forms on proprietary platforms (RaiPlay) and clips on third-party platforms (YouTube, MSN). In addition, the key tool of user registration was fully implemented. At the end of the first half 2018, 7 million subscribers were registered, of which 5.1 million active users.

The Weather and Mobility service was created and designed for the Public Utility area, which entails the creation of a specific app and a portal which will be available online in the second half of 2018, in accordance with various institutional information sources: the Air Force, CCISS (Road Safety

Information Coordination Centre), the Civil Protection Corps.

Rai's vast offer is present on interactive digital terrestrial televisions and decoders certified with the Dgtvi Gold and Platinum sticker with the services RaiPlay, TGR, Rai News Rai Sport and Telecomando.

### International offer

The distribution and sale of Rai channels on the international market is assigned to Rai Com SpA. This subsidiary handles the European distribution of broadcasting rights of television and radio channels (Rai 1, Rai 2, Rai 3, Rai Storia, Rai Scuola, Rai News 24 and Rai Radio 1, Rai Radio 2, Rai Radio 3), as well as the non-EU distribution of the channels: Rai Italia (the Channel offers a "best of" Rai programmes plus original programmes for Italians abroad, including news in English and, on some continents, 3 Serie A football matches a week); Rai World Premium (the channel that broadcasts original TV series produced by Rai) and Rai News 24.

The Rai offering in non-European areas includes three radio stations: Rai Radio 1, Rai Radio 2 and Rai Radio 3.

Channels are offered through local TV platforms – by cable, satellite or new media platforms – with both free and pay formats:

- in the United States, Canada, Australia and Europe the channels are offered to subscribers in "Package" or "Premium – A La Carte" plans. The subscribers – to view Rai

channels – pay a monthly fee, in addition to their subscription with their operator;

- in Asia, the Rai Italia is in *free to air* mode;
- in Latin America and Africa the channels are offered in "Basic" or "Extended Basic" mode, where the subscribers only pay the monthly subscription price to the operator, with no additional costs.

### TV offer performance

In the first half of 2018, the average number of viewers that watched television went up compared to the same period of 2017, with 10.7 million viewers for the entire day (+465 thousand viewers) and 25.1 million for the prime time, with a steady performance compared to the first half of 2017.

The Rai Group confirmed its market leadership with 36.4% of the share for the entire day (-0.8 percentage points compared to the first half of 2017) and 37.5% for prime time (-1.8 points); Mediaset, in the 24-hour period, had a 32.2% share (+0.5 percentage points) and 33.2% for prime time (+1.5 points). Despite Mediaset showing UEFA World Cup matches from 14 June for the first time ever, Rai managed to retain its leadership position, limiting the gap with its main competitor.

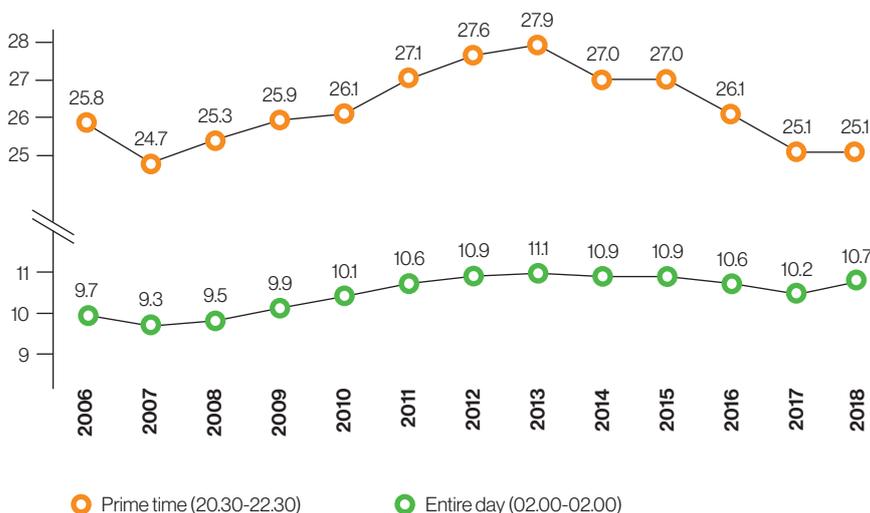
Overall, traditional generalist channels (Rai 1, Rai 2, Rai 3, Canale 5, Italia 1, Rete 4 and La7) recorded a growth of 0.6 percentage points for the entire day, from 58% in the first half of 2017 to 58.6% in the first half of 2018; they recorded an increase of 1.6 percentage points for the prime time slot, from 61% to 62.6%. Specialist channels reversed this trend, losing 0.3 points, for the entire day, with the figure of 33.7% (first half of 2017) going down to 33.4% (first half of 2018) and 1.3 percentage points for prime time, decreasing from 30.7% to 29.4%. semi-generalist channels registered a slight decrease for the entire day, from 8.3% to 8% (-3 points) and prime time, from 8.2% to 8% (-0.2 points).

In detail:

- Rai 1 with a 17.1% share for the entire day (-0.2 points compared to the first half of 2017) and 19.6% for prime time (+0.3 points compared to the first half of 2017) was the most viewed channel in absolute terms, retaining a good margin over Mediaset's flagship channel Canale 5, which recorded a share of 16.1% (-0.1 points) for the entire day and 16.3% (+0.8 points) for prime time;
- Rai 2 dropped to 5.8% (-0.5 points) for the entire day and to 5.9% (-0.6 points) in the prime time slot;
- Rai 3 is more or less stable over the entire day time slot with a 6.6% share (+0.1 points), while it recorded a decrease of 1 percentage point during the prime time slot, from 6.7% to 5.7% for the first half of 2018.

### EVOLUTION OF THE AVERAGE TELEVISION AUDIENCE

(source Auditel, figures in millions)



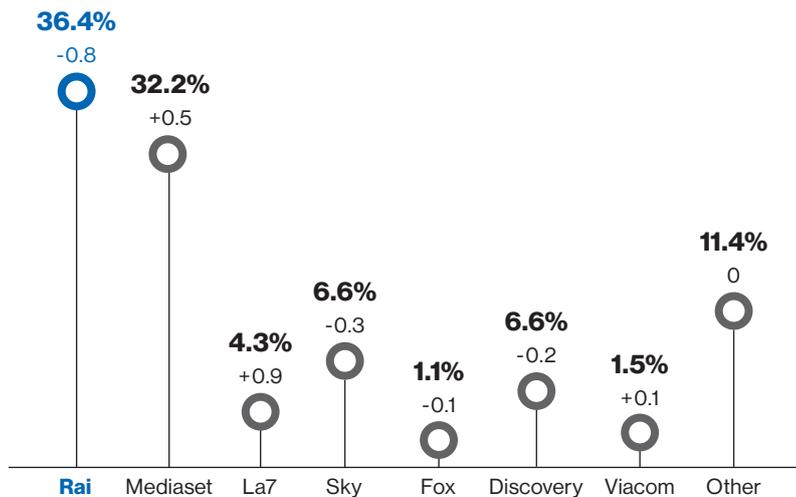
## AVERAGE SHARE FOR THE FIRST HALF OF 2018 (source Auditel)

## TOTAL VIEWERS (AGE 4+)

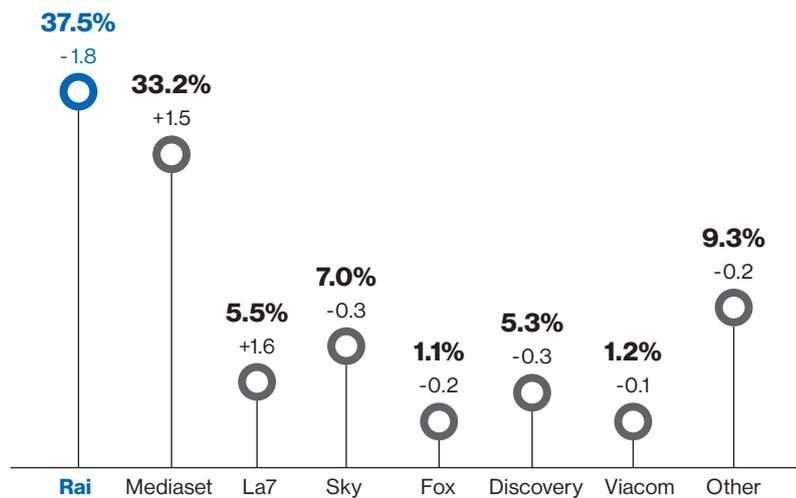
				
		ENTIRE DAY (02:00–02:00)		PRIME TIME (20:30–22:30)
	2018	2017	2018	2017
<b>Rai 1</b>	17.07%	17.23%	19.61%	19.35%
<b>Rai 2</b>	5.76%	6.23%	5.94%	6.57%
<b>Rai 3</b>	6.64%	6.50%	5.72%	6.73%
<b>Rai Generalist</b>	<b>29.47%</b>	<b>29.95%</b>	<b>31.27%</b>	<b>32.65%</b>
<b>Rai 4</b>	1.44%	1.40%	1.47%	1.57%
<b>Rai Premium</b>	1.16%	1.02%	1.11%	1.13%
<b>Rai Movie</b>	1.02%	1.11%	1.25%	1.31%
<b>Rai 5</b>	0.38%	0.39%	0.41%	0.40%
<b>Rai Storia</b>	0.24%	0.26%	0.29%	0.29%
<b>Rai Scuola</b>	0.03%	0.02%	0.04%	0.03%
<b>Rai Yoyo</b>	1.25%	1.53%	0.79%	0.89%
<b>Rai Gulp</b>	0.36%	0.49%	0.35%	0.46%
<b>Rai Sport</b>	0.45%	0.50%	0.31%	0.39%
<b>Rai News 24</b>	0.60%	0.54%	0.18%	0.20%
<b>Rai Specialised</b>	<b>6.93%</b>	<b>7.26%</b>	<b>6.21%</b>	<b>6.68%</b>
<b>Total Rai</b>	<b>36.40%</b>	<b>37.21%</b>	<b>37.48%</b>	<b>39.33%</b>
Canale 5	16.07%	16.17%	16.29%	15.52%
Italia 1	5.36%	5.00%	6.15%	5.20%
Rete 4	3.86%	4.02%	3.84%	4.22%
<b>Mediaset Generalist</b>	<b>25.29%</b>	<b>25.18%</b>	<b>26.28%</b>	<b>24.95%</b>
<b>Mediaset Specialised</b>	<b>6.92%</b>	<b>6.51%</b>	<b>6.92%</b>	<b>6.75%</b>
<b>Total Mediaset</b>	<b>32.21%</b>	<b>31.70%</b>	<b>33.20%</b>	<b>31.70%</b>
<b>Total La7</b>	<b>4.34%</b>	<b>3.40%</b>	<b>5.47%</b>	<b>3.90%</b>
<b>Total Sky</b>	<b>6.57%</b>	<b>6.91%</b>	<b>6.95%</b>	<b>7.31%</b>
<b>Total Fox</b>	<b>1.05%</b>	<b>1.15%</b>	<b>1.14%</b>	<b>1.31%</b>
<b>Total Discovery</b>	<b>6.56%</b>	<b>6.81%</b>	<b>5.27%</b>	<b>5.61%</b>
<b>Total Viacom</b>	<b>1.47%</b>	<b>1.36%</b>	<b>1.23%</b>	<b>1.36%</b>
<b>Other channels</b>	<b>11.40%</b>	<b>11.46%</b>	<b>9.26%</b>	<b>9.48%</b>
<b>Total Tv</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>

**SHARE OF TV GROUPS IN AN AVERAGE DAY - Generalist and specialised channels**

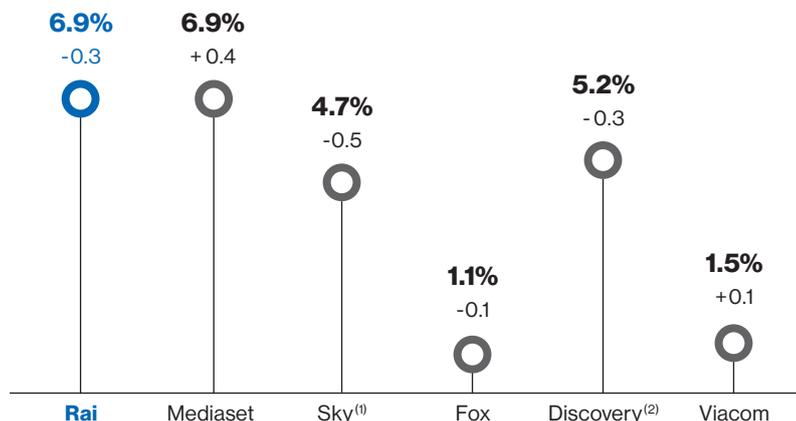
(02.00 - 02.00 time slot, source Auditel)

**SHARE OF TV GROUPS DURING THE PRIME TIME SLOT - Generalist and specialised channels**

(20.30 - 22.30 time slot, source Auditel)

**SHARE OF TV GROUPS IN AN AVERAGE DAY - Specialised channels**

(02.00 - 02.00 time slot, source Auditel)



(1) Figures for Sky do not include the TV8 channel

(2) Figures for Discovery do not include the Nove channel

In terms of the performance of the competition's main channels during the period in question, the following results are reported: Italia 1 had a 5.4% share (+0.4 points) for the entire day and a 6.2% share (+1 point) for prime time; Rete 4 had a 3.9% share (-0.2 points) for the entire day and 3.8% (-0.4 points) for prime time; La7 had a 3.9% share (+1 point) for the entire day and 5.1% for prime time (+1.6 points); TV8 had a 1.8% share (+0.2 points) for the entire day and a 2.2% share (+0.5 points) for prime time; Nove had a 1.4% share (+0.1 points) for the entire day and 1.4% (-0.2 points) for prime time.

As regards semi-generalist and specialised networks, Rai channels recorded a slight drop in performance (-0.33% for the entire day compared to the first half of 2017; -0.47% for the prime time), compared to an increase reported by Mediaset channels (0.41% and 0.17%).

As regards other semi-generalist channels (TV8, NOVE, Cielo, Real Time, D-Max and Sky Uno), very limited changes in performance were recorded, apart from TV8, which increased its share by 0.2 points for the entire day and by 0.48 for the prime time slot. Other specialised channels were basically stable.

**Radio offer performance**

As mentioned, radio audiences were measured in February 2017 by the company Tavolo Editori Radio (TER); for the first half of 2018, the reference period was 30 January to 25 June, while for the first half of 2017, data from 4 May to 9 October were considered; therefore a comparison between the two half years cannot be made, unless on a purely indicative basis.

In the first half of 2018, radio penetration was equal to 65.2%, with an average time spent per day of 2 hours and 25 minutes; this figure is slightly more than the 6.3 million average audience in the 06:00 - 24:00 time band, total medium.

In terms of audience share (06:00-24:00) of the main groups on the market, Rai Radio, with its four main channels (Radio1, Radio2, Radio3 and Isoradio) ranks fourth, reporting an average audience of 707 thousand listeners and a share of 11.1% in the first half of 2018. Radio Mediaset, with its four channels: R101, Radio 105, Virgin Radio and Radio Montecarlo reported an average audience of 857 thousand listeners, with a share of 13.5%; The RTL 102.5 Hit Radio Srl Group (RTL 102.5 and Radio Freccia) reported an average audience of 747 thousand listeners and a share of 11.8%; Gedi Gruppo Editoriale (including Radio DeeJay, Radio Capital and M2o), reported an average audience of 718 thousand listeners and a share of 11.3%.

The main radio stations of the Rai Group reported the following results (06:00- 24:00 time band):

- Rai Radio1, with an average audience of 308 thousand listeners and a share of 4.85%, ranking 6th;
- Rai Radio2, with an average audience of 232 thousand listeners and a share of 3.65%, ranking 8th;
- Rai Radio3, with an average audience of 118 thousand listeners and a share of 1.86%, ranking 13th;
- Isoradio, in 17th place, with 49 thousand listeners and a share of 0.77%.

In terms of the main competitors:

- RTL 102.5, with an average audience of 666 thousand listeners and a share of 10.49%, ranked first;
- this was followed in second place by Radio 105 with 528 thousand listeners and a share of 8.31%;
- RDS ranked third with an average audience totalling 483 thousand listeners and a share of 7.61%;
- Radio DeeJay ranked fourth with an average audience of 474 thousand listeners and a share of 7.46%;
- Radio Italia ranked fifth, with an average audience totalling 410 thousand listeners and a share of 6.46%.

### Digital and social offer performance

The total digital audience (source Audiweb) is continually increasing. Figures for the first three months of 2018 (latest available data) report 25.5 million unique users on an average day, up by 7.3% compared to the first quarter of 2017. Nearly 13 million Italians access the Internet from a PC on an average day, with this figure up by 18.5% compared to the first quarter of 2017; users who access the Internet from mobile devices went up by 3.3%, equal to nearly 22 million.

During the first quarter of 2018, an average of 34.1 million individuals, i.e. 62% of the Italian population, connected to the Internet at least once on a monthly average; this figure is up 11.3% compared to the same period of 2017. Users who browsed from a PC totalled 25.5 million, up by 0.5% compared to the first quarter of 2017; those who connected to the Internet from mobile devices totalled 30 million, with a growth of 13.4%.

Users who connected at least once a month to one of the various Rai sites or apps in the first quarter of 2018 totalled 6.2 million (18.2% of the digital population), with an increase of 2% compared to the same period of 2017. The main activity performed by online users is watching videos: in the first quarter of 2018,

27.9 million users were recorded, equal to 81.7% of monthly Internet users.

In the ranking of main online groups active in Italy, Rai came 35th in the first quarter of 2018, with an average of 6.2 million individual users (+2% compared to the same period of 2017), while Mediaset, ranking 12th, had an average of 11.9 million users (+12%). Major international players, such as Google, Facebook, Microsoft and Amazon were the highest ranking, with a stable position compared to the first quarter of 2017, immediately followed by Italiaonline and some leading ex-print publishers such as Mondadori (6th) and Gruppo Gedi (8th).

The Rai information portal, Rai News, reported a 41.6% growth in the first quarter of 2018, compared to the same period of 2017, with average unique monthly users amounting to 1.7 million. However, compared to its main competitors, Rai News is considerably lagging behind (Repubblica.it 10.6 million; Corriere.it 9.6 million; TgCom 8.1 million).

As regards the video portals of leading national broadcasters, RaiPlay reported a monthly average of 4.4 million individual users in the first quarter of 2018, with a 2.6% decrease compared to the same period of 2017; among its main competitors, Mediaset reported a monthly average of 5.3 million individual users (+18.3%, compared to the same period of 2017), Sky 3.3 million (-4.1%) and La 7 just over 1 million (comparative data not available) according to Audiweb figures.

In terms of individual content, Rai's video offering for the first half of 2018 (source: Webtrekk census) recorded a total of 354 million media views (+8% compared to the same period of 2017), with a monthly average of 58.9 million (+8.1% compared to the same period in 2017). The total offering of the Rai Group in the first half of 2018 (source: Webtrekk census), generated total traffic of just under 2 billion pages visited, with a monthly average of 329.6 million (+7.7% for the same period of 2017).

The Rai channel on YouTube achieved excellent results: in the first half of 2018, it recorded 442 million videos viewed, with more than 2 million persons registered at June 2018 (Source: Google Analytics).

The three main Rai applications for mobile use reached a total of 17.6 million downloads at the end of June 2018. The RaiPlay app reached 14 million (including Rai Tv updates); RaiPlay Radio (including Radio Rai updates) 2.2 million and Rai News 1.3 million. As already stated, in April 2018, Rai launched RaiPlay Yoyo, the app for children's cartoons without advertising, which gives parents the chance to control when their kids access the app, from a "monitoring area".

In the first two months since it was launched, RaiPlay Yoyo has recorded 240 thousand downloads. The cartoons on the RaiPlay Yoyo app generated 12.8 million video views between April and June 2018.

In the first half of 2018, the main Rai profiles on Facebook, Twitter and Instagram totalled more than 31.7 million fans and followers (21 million on Facebook; 8.7 million on Twitter and around 2 million on Instagram, gross data).

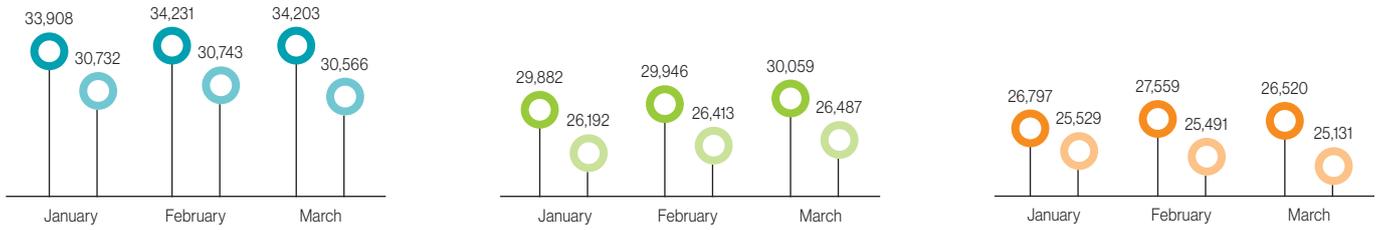
Thanks to its social media strategy, important results have also been achieved by *Festival di Sanremo 2018*, with a total of 32.2 million interactions (Facebook, Twitter and Instagram) in a week's schedule (Nielsen Social Content Ratings). The share of Facebook, Twitter and Instagram interactions related to Rai programming, in the period in question, was equal to 29% of total interactions generated by television programming on a national scale, not including sports events. With this share, Rai is the second publisher by number of generated interactions.

Directors' Report

**DIGITAL AUDIENCE PER MONTH (individual users)/000**

(source Audiweb)

All devices 2018 2017 Mobile 2018 2017 PC 2018 2017

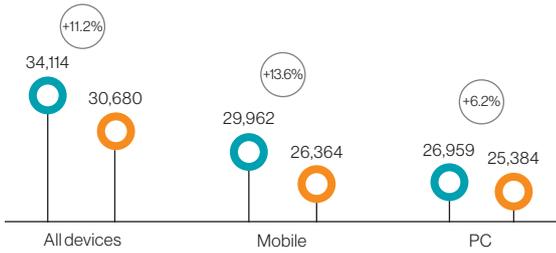


Due to the change in the way traffic is measured, data for April, May and June 2018 are not available.

**DIGITAL AUDIENCE AVERAGE (unique users)/000**

(source Audiweb View; user PC 2+, user Mobile 18-74)

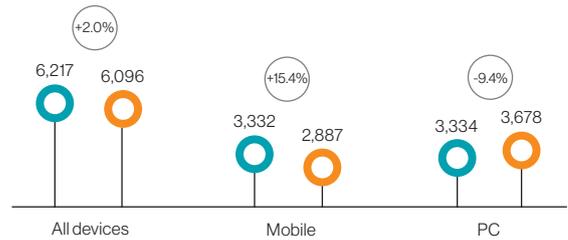
First quarter of 2018  
First quarter of 2017



**DIGITAL AUDIENCE RAI AVERAGE (unique users)/000**

(source Audiweb View; user PC 2+, user Mobile 18-74)

First quarter of 2018  
First quarter of 2017

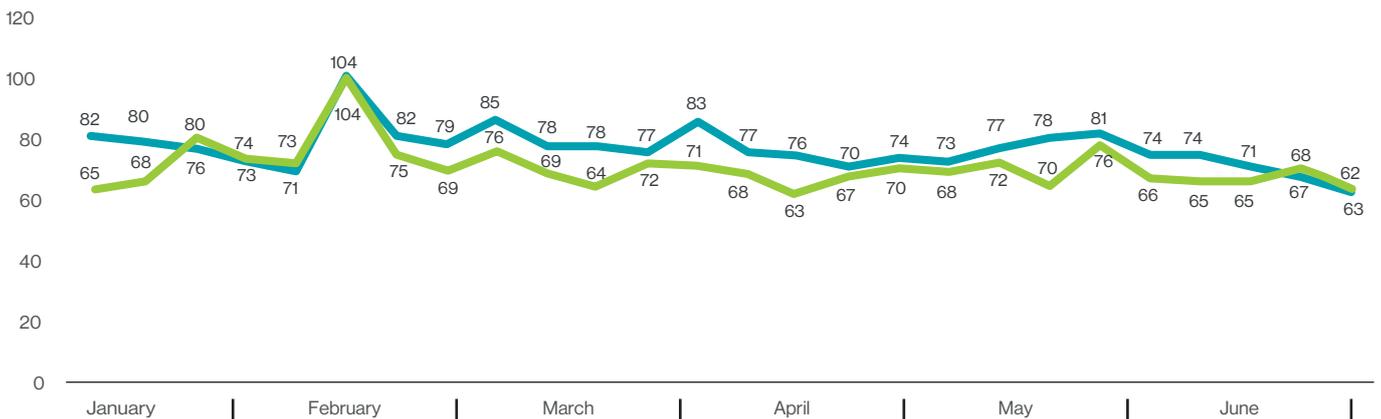


Due to the change in the way traffic is measured, data for April, May and June 2018 are not available.

**RAI INTERNET TRAFFIC (millions of pages visited)**

(source Webtrekk)

2018 2017



# Activities

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Rai 1



24.705



106



17.1%

PRIME TIME SHARE

19.6%

## Television

### Generalist channels

#### Rai

Rai 1 responds to the complexity and competitiveness of a fluid, dynamic and increasingly articulated landscape through the creation of a balanced offer in values and factors of attraction, to win new audiences without neglecting its traditional audiences.

This cross-cutting offering is reflected in record-breaking results with peaks of excellence in terms of both the audience share performance and quality of the Public Service, as well as of the web and social results.

A total of 24.7 million daily contacts, a 17.1% share over the entire day and 19.6% in prime time, and a significant increase in share in higher educational levels demonstrate the aggregating force of a network that has known how to create an editorial proposal able, compared to the past, to attract new audiences and at the same time ensure the stability of the share in an increasingly competitive and fragmented context.

Its strength is based on programming that has covered diverse television genres and is characterised by the quality of its contents able to ensure a shared and universal use.

Culture has become a fundamental pillar of Rai 1 programming. The evening event *Danza con me* (21.5% share, 4.9 million viewers) and the 4 events of the new programme by Alberto Angela *Meraviglie-La penisola dei tesori* (23.4% share, 5.7 million viewers) represented the perfect combination of quality and audience in the pursuit of renewal in line with a refined editorial policy inspired by a spirit of service.

In terms of entertainment, the *Festival di Sanremo 2018* recorded the highest share in the last 13 years and reached the record of the last 20 years among girls aged 15 to 24 (63.7%) and university graduates (56.4%), generating at the same time a strong impact beyond the television screen with almost 30 million video-on-demand views distributed on Rai Play and 28 million interactions on social platforms.

Serial entertainment has consolidated successful formats such as *Che tempo che fa* and *Ballando con le stelle* and has been able to renew itself with 4 new titles (*Superbrain*, *Sanremo Young*, *La Corrida*, *Ora o mai più*) that, thanks to excellent audience results, have enhanced the library.

1. *Festival di Sanremo 2018*
2. *Che tempo che fa*
3. *La mossa del cavallo*
4. *Sanremo Young*
5. *La Corrida*
6. *Il commissario Montalbano*
7. *Ora o mai più*



Excellent results have also been recorded in TV series continuing with the model of a balance between returning series of well-known products, the proposal of new programmes, and events linked to the history of Italy and civil commitment. The 11.1 million reached with the new episodes of *Il Commissario Montalbano* marked an all-time record for the TV movie series taken from the novels by Andrea Camilleri. The new series, *Il capitano Maria*, exceeded a share of 25% and 6 million viewers. This sequence of successes continued with 6.2 million viewers (24.9% share) and 8.2 million (32.6% share) reached respectively with the events *Fabrizio De Andrè-Principe libero* and *La mossa del cavallo*.

Rai 1 has always stood for authoritative information. In addition to Tg1, continuing the journalistic analysis of news, politics and lifestyle in the late evening *Porta a Porta* programme, reinforcement of *Petrolino* and the daily live broadcasts of *Uno Mattina* and *La vita in diretta*, Rai 1 has devoted again very special attention to major events in Italy and the world, becoming the point of reference, as far as news was concerned, for the entire TV offer.

*“Rai 1 continues to be a prestigious and authoritative network, representative of Italy’s identity and supporting the daily life of citizens, a channel able to excite with its exclusive events, to entertain with engaging and familiar formats, to create information focused on all the most relevant domestic and international issues, to tell the world’s story through great drama and cultural dissemination and to have a strong impact on the country thanks to its large numbers of viewers.”*






AVERAGE DAILY  
CONTACTS

17.564



MINUTES SEEN  
PER DAY

50



SHARE IN 24 HOURS

5.8%

PRIME TIME SHARE

5.9%

## Rai 2

Rai 2 is the general interest channel with a consolidated offering without neglecting at the same time its experimental and innovative vocation both in terms of language and content.

In the first half of 2018, numerous well-known and highly successful programmes were offered.

*Un boss in incognito*, aired between March and April 2018 with a new conductor, told once again new stories of managers, who, in getting involved, reveal the human and professional sides of their employees, which are often surprising and unsettling. The programme reached a 6.26% share, with an average of 1.6 million viewers who watched the five episodes, despite the frequent changes in the programme schedule (Friday, Thursday and Monday).

After the success of recent seasons, *Stasera tutto è possibile* did not disappoint expectations compared to the previous edition, achieving an average share of 7.92% with 1.8 million viewers (target audience between 51 and 54.4 years); Also the return of *The Voice of Italy*, following a two-year break, was able to maintain its position in a much more competitive TV scenario, recording a 9.55% share, equal to an average audience of 2.1 million viewers (obtained from only 8 episodes, each lasting 2 hours and 30 minutes).

The average age of viewers for this edition was 51.4 years.

On Friday, the second edition of the talk show *Nemo-Nessuno Escluso* ended a season rich in success. The programme was able to make viewers have a close experience of Italian news recording an average share of 4.9% with over 1 million viewers, i.e., 0.8% more than the first edition. *Nemo's* audience is a valuable one: it reaches above-average results among the higher socio-economic and educational groups. Here too the average age of viewers fell slightly (from 55.9 to 55.2 years), confirming *Nemo* as the season's youngest information programme on the television scene.

The new features included *Il supplente*, a programme that has united both parents and children among its viewers. In five episodes, famous people replaced teachers to tell stories about Italy today and listen to young Italian secondary school students as they share experiences from school and their lives. The programme recorded a share of 6.73%, representing an average audience of around 1.4 million viewers. The average age was 53.9 years, particularly involving the younger age groups aged 8-24 and young adults 45-54. Initially designed for late evening, this programme turned out to be a valuable prime time production given the audience who followed it: north, high level of education, and upper socioeconomic classes.

1. *Stasera tutto è possibile*
2. *Night Tabloid*
3. *Detto/Fatto*
4. *Boss in incognito*
5. *The Voice of Italy*
6. *Nemo - Nessuno Escluso*



In the mix of genres, Rai-produced drama made a successful return with the new series *Il Cacciatore* (7.48% share, equal to an average audience of 1.8 million viewers), based on the books by the Italian magistrate Alfonso Sabella, intriguing a valuable audience for six weeks. It was such a success with critics that a second season will be produced.

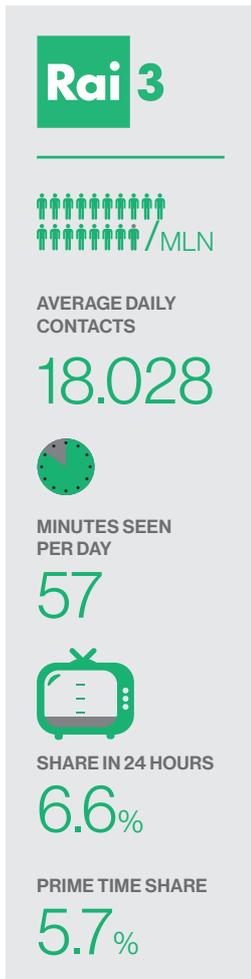
The offering of purchased series was marked by the usual and much-loved mix of well established programmes such as the *NCIS* franchise, now in its fifteenth year, *NCIS: Los Angeles*, *NCIS: New Orleans*, the exotic *Hawaii Five-0* on the one hand and new programmes, among which *Bull* and the action series *SWAT* stand out for their innovative modes of expression. Then there were also premiere TV movies on Saturdays and Sundays (*Il difficile mondo delle donne* and *Nel segno del giallo*) along with new episodes of the series *MacGyver*, *Roswood* and the legendary series made in Germany, *Squadra speciale Cobra 11* now in its 23rd season.

In addition to the reconfirmed *Night Tabloid* and the wild *Sbandati*, the late evening featured new programmes and new types of offering with *Lo squadrone - Cacciatori di Calabria*. The programme, which followed a real police squad based in Vibo Valentia fighting an incredible war against the local criminal organisation the 'Ndrangheta, recorded a share of 4.32% equal to an average audience of 568 thousand viewers.

In day time the network's two most representative titles were: *Detto/Fatto*, a point of reference for the young female audience in the afternoon, and *Quelli che... il calcio* that had a season of important confirmations and novelties with the trio Luca, Paolo and Mia Ceran who also conducted the access, from Monday to Friday, with *Quelli che... dopo il TG*.

*"With a combination of innovation and tradition, Rai 2 is consolidating its offering by continuing to win over viewers and the interest of critics and younger generations alike."*





## Rai 3

**Rai 3 is the Network of innovation and experimentation: historical brands and identity values redone in a contemporary key, without neglecting new forms of television use.**

In the first half of 2018, Rai 3 was the third Network of the entire day on the Italian television scene, totalling an average daily share of 6.64%, up compared to the same period of 2017.

The Qualitel of the first half of 2018 for Rai 3 showed a very positive overall rating (7.5), with a particularly significant score in the culture genre, equal to 7.8 thanks to programmes such as *Lessico Familiare*, *Kilimangiaro*, *Geo* and *Il Borgo dei Borghi*. The rating of the Rai-produced drama *Un Posto al sole* (8.4) was also significant.

Current events, culture, history, health and protection of consumers characterised the public service vocation of the network's day time in the first half of 2018 too.

*Agorà* consolidated its role as newsroom with the first space on the general interest TV scene, in which the public can watch the news in real time for two hours running. *Mi manda Rai 3*, the historical, and only, defender of citizen's rights, continues to bring to the screen

the stories collected throughout Italy to bring reality into the homes of viewers.

*Tuttasalute*, with its new format launched in September 2017, is always attentive to the needs of older viewers and content on healthy living.

*Quante Storie* has been a meeting place for narratives: not only books but all the arts: music, cinema and theatre too. The narrative of history is provided through *Passato e Presente*, created by Rai Cultura, which continues to be a very popular appointment with the network's audience.

The network's cultural vocation is naturally linked to the information space of the news: *TGR* and *Tg3* as well as *TGR Leonardo* dedicated to science and new technologies, and *TGR L.I.S.* and *TGR Piazza Affari*.

Three hours of live broadcasting every day, with nature as the indisputable leading character. This is *Geo*, another historical Rai 3 brand which continued to accompany the audience in the first half of the year taking them on a voyage through the protection of the environment, local cultures and chronicles and the world of the associations. *Geo* is a world and a way of life, not just a programme.

On Saturday, it was the turn of *TvTalk*, the big show on television: a rich parterre of never boring guests to narrate current events through television and other media.

1. Serena Bortone hosts *Agorà*
2. The TV series *La linea verticale*
3. *Tuttasalute*
4. *Report*
5. Massimo Recalcati hosts *Lessico familiare*
6. *Le parole della settimana* hosted by Massimo Gramellini



On Sunday the channel continued to work with Ministries on key themes for society: work in *Il Posto Giusto*, and integration with Radici, a thrilling journey in search of their roots made by foreigners living in Italy. Lucia Annunziata continued to be a point of reference for the Network's audience with *Mezz'ora in più*, her authoritative face-to-face interview, now lasting 60 minutes. Finally, the journey around the world with *Kilimangiaro*, a space particularly dear to Rai 3 viewers, is a must.

In **access time** the attempt to recount present-day life and reality in the slot after the news was very successful leveraging its blending of languages and genres.

In addition to the traditional appointment with *Blob*, Rai 3 proposed two important and successful TV series: *Non ho l'età*, dedicated to love stories between people over 65 years of age, and *Senso Comune*, a group narration of current topics but also a real anthropological investigation that crosses Italy from north to south.

These wide-ranging and interesting narratives could not do without the expressive language of *Un Posto al Sole*: the day-to-day story of a world which turns its local dimension into a universal message which in this half-year period reached the historic milestone of 5,000 episodes.

Between May and June, two experimental products dedicated to comedy and lightness were launched: in May *Be Happy*, the programme dedicated to happiness, a gallery of sketches and characters with the aim of laughing at our weaknesses, whims and rituals; in June *La tegola e il caso*, a show of improvised artistic performances at the home of ordinary unsuspecting citizens, caught in their daily lives, who are called to interact and comment on the exhibitions and then to take the scene.

The historical information products were confirmed in prime time on Mondays: *Preso Diretta* and *Report*, two different, but complementary ways of recounting the complexity of national news and worldwide problems.

On Monday, 30 April, an exceptional prime-time event dedicated to Patty Pravo was broadcast to celebrate her 70th birthday: a biopic titled *In arte Patty Pravo* in which the artist retraced her long career full of successes and anecdotes in an interview.

The day-to-day story of current political events has increasingly taken centre stage in prime time on Tuesdays with *#Cartabianca*. *Chi l'ha visto?* on Wednesday is still the biggest popular storytelling product on Italian TV.

An incomparable – and not reproduceable – mix of public service, narration, information and inclusion.

Thursday evenings in the first half saw the return of Michele Santoro with his new programme *M*, broadcast between January and February with four episodes on current events (tax evasion, racism, etc..) and, in May, with a second cycle of four episodes focused on Aldo Moro's kidnapping.

A new programme was launched between March and April: *Cyrano*, a collection of stories and meetings, and interviews, illustrating the complex geography of feelings. Finally, in June, the new episodes of *La Grande Storia* began to air. A special mention for prime time on Friday, 16 March: *Il condannato – Cronaca di un sequestro*, the documentary film that, exactly 40 years later, told the story of the 55 days that turned Italy upside down, those of Aldo Moro's kidnapping.

Saturday's programme schedule saw the conclusion of the series *La linea verticale* and, from March, the appointment with scientific education in *Ulisse*: a mix of high profile acquired and self-produced elements, all enhanced by a straightforward, engrossing presentation.

The Sunday prime time programme schedule on Rai 3 proposed some of its best known and successful brands: *Amore Criminale*, stories of love and violence, in which feelings are mixed with blind violence that cannot be controlled; *Storie Maledette*, to understand, challenge, and tell, in an attempt to explain how risky games with destiny are lost; *Sono Innocente*, to narrate the drama and redemption of men and women who have been wrongly accused of crimes.

The **late evenings** are packed with experiments and enjoyments.

Beside long-established but constantly evolving narrative such as *La Grande Storia*, *Doc 3* and *Un giorno in pretura*, Rai 3 endeavoured to present the important international events and the strident contradictions of our society, creating new programmes that are unique in their kind.

The Monday late evening schedule was characterised by the cultural offering with *Tv Storia*, a programme produced by Rai Cultura that linked key events in recent history with current social issues; in April, *Brunori Sa*, a programme in which the Calabrian singer-songwriter focused on narrating reality for an audience of forty-year-olds, was broadcast.

Tuesday was also characterised by two new major features: *Prima dell'alba*, a series of reports dedicated to the many aspects of nightlife, and, in May, *Lessico Familiare*, one of the most successful experimental programmes in the half-year period in which the psychoanalyst and writer Massimo Recalcati explained the archetypes on which our society is built (mother, father, child, school), presenting theses and ideas from the world of psychoanalysis, punctuated and enhanced by interviews, video contributions, readings of texts, and film clips.

The Thursday programme schedule in February featured *Ossigeno*, a programme created with the aim of using and playing music in out-of-the-ordinary ways to propose narratives transcending music, through interviews with international rock stars and big names in Italian music, writers, actors, performers, and celebrities. In April, *Storie del genere* was the first programme to address issues of gender identity and transsexuality.

The Friday late evening schedule featured the appointment with *Ieri e oggi*, the historic brand brought back to the screen by Carlo Conti that tells about showbiz celebrities directory through repertoire videos and a studio interview dedicated to their current activities. It was followed by an important mini-cycle of historical monographic documentaries of the series *Nel nome del popolo italiano* dedicated to Vittorio Occorsio, Piersanti Mattarella and Marco Biagi.

Finally, in May, came a new production titled *A modo mio*, a series of five biopics dedicated to the original lives and the human, intellectual, ethical and artistic choices of five people who, through an unceasing individual research and always knowing how to reorient and rediscover themselves, have been able to break away from rules and patterns and to cast an innovative look towards their respective areas.

On Saturday there was *Commissari*, the programme dedicated to the story of the personal and professional life of some of the most important investigators of the Italian police. In May, the documentary *Infinito crimine* was broadcast, in which the magistrate Nicola Gratteri, a figure always at the forefront of the fight for legality, and the journalist Antonio Nicaso, offered a first-hand account, told also in the field, of the reality of the 'ndrangheta, the most powerful criminal organisation in the world.

The Rai 3 digital offering is a mix of positioning strategy on multimedia platforms, production and publication of cross-media content, services and programme consulting, training, and creative factory of digital formats and initiatives.

As for its social media presence, Rai 3's network includes about 50 channels and active profiles of networks and programmes on the three social media of reference (Facebook, Twitter and Instagram, as well as experiments on other SN such as Spotify) and currently has a total user pool that breaks down as follows:

- Facebook: around 4.3 million likes (top page: *Report* 1.3 million, Rai 3 665 thousand, *Presa Diretta* 450 thousand, *Kilimangiaro* 312 thousand, *Chi l'ha visto* 353 thousand) +7.5% yoy;
- Twitter: 2.2 million followers (top profile: *Report* 1.26 million, Rai 3 258 thousand, *Presa Diretta* 180 thousand, *TvTalk* 108 thousand) +5% yoy;
- Instagram: 278 thousand followers (top profile: *Un posto al sole* 92.5 thousand, Rai 3 74.1 thousand, *Kilimangiaro* 41.7 thousand) +131% yoy.

There were numerous live streaming activities on the social platforms, a meeting point between Rai 3's iconic programmes and digital channels, with Q&A experiments with the community of each programme.

In the first half of 2018, the weekly schedule was consolidated with about 15 live social events (among the programmes involved: *Tutta Salute*, *Report*, *Quante storie*, *Mi Manda Raitre*, *Tv Talk*, etc.) as well as special initiatives in case of specific events or special occasions (the 5 thousand episodes of *Un Posto al Sole*, with a mini-series of meetings with the actors and technical cast to analyse plots and interesting facts about the longest Italian soap opera).

In the first half of the year, the network's digital production line was enhanced with original products (*Timeline*, *Timeline Focus*, *Vero o falso?*, *Happy birthday Tu*), previews and extras made exclusively for Rai Play.

*"Rai 3 continues to retain the loyalty of the Web's public and to involve them in the topical issues of current affairs and information, talking about social and contemporary transformations: through its historical programmes that make the channel's image stable and recognisable, but also with eccentric looks from even unconventional worlds and drawing on all genres and all languages available."*

Rai 4

 /MLN
AVERAGE DAILY  
CONTACTS

5.509

MINUTES SEEN  
PER DAY

40



SHARE IN 24 HOURS

1.4%

## Semi-generalist and special interest channels

### Rai 4

Action, crime/thriller, epic, fantasy, science fiction and horror. But there are also many new features, such as various quality and cult horizontal series, to recover, on the occasion of Rai 4's tenth anniversary, an important piece of the channel's original identity.

Faithful for ten years to its key genres, Rai 4 closed the first half of 2018 confirming the average audience over the day recorded in the first half of last year. The average share stood at 1.44% over the whole day, with a greater penetration in the 15-44 years old target audience, recording an average of 1.77% over the whole day. Like last year, the number of programmes with more than 500,000 viewers is close to one hundred.

Among the movies, *The Equalizer: Il vendicatore*, the action/crime movie with Denzel Washington, confirmed to be an absolute champion in terms of audience, with a result of 888,029 viewers for a 3.78% share. Excellent results were also recorded by *Parker*, another action movie with noir shades and *Il mistero di Ragnarok*, a Norwegian epic/fantasy production. But there were also premiere thrillers including *I segreti del settimo piano*, a Spanish-Argentinean co-production and the Icelandic production *The Oath: Il giuramento*. Among the films, there were also numerous immediate reruns after the generalist broadcast.

Blockbusters like *Gods of Egypt*, *The Last Witch Hunter*, *I guardiani della galassia*, *Kingsman: Secret Service* and *Sicario* enhanced the network's editorial proposal with a product of broader appeal.

But Rai 4 is also about TV series. In this first half of 2018, the careful blend of exclusive products and reruns of mainstream and cult programmes, and major and independent productions, characterised the programming of series. Also worth noting in this regard was the experiment conducted in the spring in the "serial killer" subgenre, combining the premiere of *The Fall: Caccia al serial killer* with the evergreen *Criminal Minds*. A series with a dense horizontal plot and a European narrative scope, on the one hand; a classic American crime investigation series with self-contained episodes, on the other hand.

The perfect embodiment of contemporary quality TV, *The Fall* was, not by chance, the first series of Rai 4 published entirely in VOD on RaiPlay, inaugurating a necessary cross-platform synergy.

The first two seasons, however, recorded flattering results also in linear airing, with an average share of 1.09% in prime time and 1.65% in rerun in the late evening. The reruns of *Criminal Minds* were, moreover, the focus of an editorial operation on an already well-consolidated product: from 18th May, the *Real Criminal Minds* cycle proposed twenty-four episodes of the series in prime time, inspired by real facts in the news,

1. *Falling Skies*, produced by Steven Spielberg
2. *The Fall: Caccia al serial killer*



recording, in eight triple appointments, an average share of 2.23% in prime time and 2.91% in rerun in the late night.

The first of the three cases of each week was presented in video by a short introduction, while the other two were the subject of detailed analyses on the official social pages of Rai 4, published simultaneously with the broadcast. The series, moreover, confirmed its potential even in the daily "strip" slots, unrelated to the programming of the cycle, with more than satisfactory results.

Peak audience ratings in prime time were also recorded for the premiere of *Scorpion* and the reruns of *Elementary* and *Gomorra* after being broadcast on general interest channels. Not to forget *Vikings*, the epic that for five years has been a fixed appointment in the winter programme schedule in combination with a cycle of contemporary films of the same genre. Among the new features of the half year were the spy action series *24* aired in day time and the premiere *Falling Skies*, a post-apocalyptic sci-fi series inspired by the rich imagination of the genre's B-movies.

1. *The Equalizer: Il vendicatore*
2. Ermal Meta and Fabrizio Moro on the stage at the *Eurovision Song Contest*

Two appointments, now classics in the Rai 4 events calendar, have been confirmed: the *Eurovision Song Contest* in prime time and the *BRIT Awards* in late evening.

Waiting for the new features scheduled for the autumn, the productions included two weekly late evening programmes: *Nemo Syrup*, a re-edition of the most interesting reports from Rai 2's infotainment, and *Back4*, branded sports content.

*"Original formats and special events enhance our programming that has always been dedicated to film and TV series fans."*



## Rai Movie

■■■■■/MLN

AVERAGE DAILY  
CONTACTS

5.793



MINUTES SEEN  
PER DAY

27



SHARE IN 24 HOURS

1.0%

### Rai Movie

The Rai cinema channel. Genre films, comedies, action films, romance films, thrillers and westerns skilfully scheduled throughout the day.

With an average of 14 films a day, Rai Movie is the only free channel with a cinema-only offering that, despite increasingly fierce and renewed competition, manages to maintain the audience targets set by the Company.

The first half of 2018 saw a significant increase in competition, with the launch of channel 20 in April and an increase in the film offering on all channels, with evenings that also offer viewers 15 films at the same time. The period ended, on the whole, with substantially stable ratings (1.25% in prime time).

The programming, consolidated by the mechanism of the immediate rerun of films aired by the general interest Networks, includes all genres to reach and satisfy all types of audiences. And the Monday evening Western is the classic and not-to-be-missed appointment for lovers of this genre and is the spearhead of the channel imitated by other competitors.

In the first three months of the year Rai Movie became the channel for the *David di Donatello* Awards. To celebrate the return of the most prestigious Italian film award, Rai Movie's programming featured films that have won at least one award over the years. More than 100 films were aired at different times in the run-up to 21st March, the day of the award ceremony of the *David di Donatello 2018*.

The channel's social networks dedicated short daily reviews to the winning films of the David awards, written, among others, by critics of the Italian magazines Ciak and Film Tv.

Great attention was therefore paid to the Italian cinema even before the new audiovisual law came into force as a way to start offering – well before January 2019 – a variety of Italian and European productions.

Films inspired by books were the subject of scheduling that accompanied the days of the *Salone Internazionale del Libro* in Turin. The event, which in the last two years has been revived and has an ever-growing audience, was also the subject of an episode of *Movie Mag*: the relationship between books and the cinema, as well as even the most successful TV series is becoming closer and closer.

1. Ficarra e Picone in *Nati Stanchi*, a Rai Cinema co-production
2. *L'Oroscopo del Cinema*
3. *David di Donatello 2018*



*Movie Mag*, Rai Movie's weekly magazine dedicated to the cinema, has become one of the not-to-be-missed programmes for those working in the industry and an instrument for promoting films. Films coming out or being made, awards and Festivals, the history of cinema and interviews with its protagonists are among the magazine's ingredients. With the *Oroscopo del Cinema*, the brilliant clips dedicated to actors skilfully chosen from the heritage of Rai's video archives, the news programme produced with the collaboration of Anica and the most popular films to be released, *Movie Mag* has become a consolidated and eagerly awaited appointment.

Rai Movie has always paid great attention to the quality of the copies it airs. Where possible, foreign films are broadcast in "dual audio", with the original soundtrack proposed on the second digital terrestrial channel.

In addition, ad-hoc programmes have been dedicated to those days that, as every year, are traditionally proposed to commemorate important moments of Italian history.

*"Rai Movie is the channel for every cinema genre, with an extended offering not limited to any niche, that is capable of placing the genre preferred by viewers at the centre of the scene."*

1. Steven Spielberg receives the David di Donatello for career achievements



## Rai Premium

MLN

AVERAGE DAILY CONTACTS

3.991



MINUTES SEEN PER DAY

45



SHARE IN 24 HOURS

1.2%

### Rai Premium

Rai Premium has consolidated its position on the digital scene with its offering of the best Italian and foreign dramas as well as Rai's greatest entertainment successes.

The channel has always been attentive to its traditionalist audience who are fond of the product that made up its original core: Italian TV dramas. The offering of short-term reruns of general interest premieres was appreciated by television audiences, comforted by the possibility of finding what they missed or seeing again what they loved, whether dramas or prime time entertainment.

The audience data show gratifying results with significant peaks. The average share for the whole day increased by about 14% over the same period of the previous year (1.16% vs. 1.02%, with days exceeding 1.7%).

*Brava*, an original production of the channel characterised by an elegant and professional hosting style, recorded an interesting performance (average 0.8%); it is aimed primarily at women, without however neglecting the male presence in everyday life. The programme is repeated in late night also on Rai 1, with flattering results.

The offering of reruns of general interest dramas has been a winning choice, both in prime time with immediate reruns of new features and in day time with historical Rai Premium productions.

In the first case, suffice it to mention *Il Giovane Montalbano*, which at the beginning of the year recorded a share of over 3.5% in prime time, while, in the late evening, features such as *Un medico in famiglia*, *Provaci ancora Prof!*, *Ho sposato uno sbirro*, *La squadra*, *Il commissario Manara*, *L'ispettore Coliandro* and *Che Dio ci aiuti* were also rerun in morning marathons over the weekend.

An important initiative of the channel is worth mentioning: the rerun of *La Bibbia* in a restored HD version as a Rai Premium exclusive.

More generally, the channel is aimed at offering a schedule of multi-slot reruns in day time of products already known to the public.

As far as purchased series are concerned, international TV series such as *Miss Fisher* and romance TV movies such as the *Katie Fforde* collection in prime time and day-time family series such as *Il Commissario Rex* and *Le sorelle McLeod* continue to have a strong appeal, especially among the female audience.

Rai Premium continues – especially through social networks such as Facebook – to encourage the engagement of that part of its audience that is still remote from the digital world, helping many adult viewers to improve their understanding and interaction across different media.

*“Dramas and entertainment of yesterday and today for an audience that loves excitement and to have fun, with the quality of Rai products.”*

1. *Brava*  
2-5. *La Bibbia*



## Rai Italia

**Rai Italia is the channel for Italians around the world and it is organised by continent: Americas, Africa, Australia and Asia.**

Rai Italia's schedules – based on the specific time zones – offer a “best of” Rai networks, selecting the best programming of information, entertainment, sports, drama, art and culture.

Alongside a selection of the best of the programming of Rai Networks, the offer includes original productions dedicated to Italians abroad and the promotion of Italy in the world, in line with the mission stated in the agreement between Rai and the Italian Prime Minister's office for the public service offering outside of Italy.

Among the original productions of the channel, the best known features offered also in this first half of 2018 include: *Community*, *La giostra dei goal*, live commentary of the matches of the *Serie A Football Championship*, *Cristianità*, and *Italian Beauty*.

*Community* is a daily container that recounts the Italian communities abroad through original films from the five continents, studio guests with their international experiences, experts for service information for those who live and travel abroad, and linguists from the Dante Alighieri Society for the promotion of the Italian language. The stories and testimonials of Italians around the world are collected in a magazine and broadcast also on Rai 3, thus contributing to spread information in Italy about Italians living abroad.

*Italian Beauty* tells about Italy's art treasures, its land and Made in Italy products and all the elements that make travelling and living in the country a unique experience. As in the previous year, a series of specials with English subtitles was also produced and aired.

*Cristianità*, Rai Italia's religious culture programme, offers a look at faith and the Church in the world in every episode, also through the voices, images and life stories of real people.

*La Giostra dei Goal* is a programme that lets all fans follow Serie A football matches live, including live commentaries of Saturday and Sunday evening matches.

Among the editorial initiatives of Rai Italia in the first half of 2018, the campaign of VIP testimonials on the civic duty to go to the polls in the March general elections, stands out.

It was an appeal that declared “I vote”, which was joined by about forty celebrities, including personalities from the world of culture, entertainment and sports.

To complete the television offer for abroad, it is possible to watch original Rai Italia programmes on the site [www.raitalia.it](http://www.raitalia.it) and through social media.

*“Rai Italia is the container of genres for Italians in the world to make those far away feel at home.”*

## Rai Cultura

Rai Cultura produces, distributes and fosters the circulation and multi-platform reuse of cultural content, cultural entertainment, history and quality education formats. A schedule which combines narrative force and rigorous scientific verification and speaks the language of today, with the capacity to override outdated scheduling concepts and which also travels through networks and social media on mobile devices and in on-demand mode.

In addition to delivering the multi-platform offer of the three TV channels Rai Storia, Rai 5 and Rai Scuola, the vertical themed portals (culture, art, literature, economics, sciences, Italian language, philosophy and media) and of the National Symphony Orchestra of Rai, Rai Cultura occupies daily or weekly programming slots in the schedules of generalist channels through its productions such as: *Italiani (History specials)*, *I grandi della Letteratura italiana*, and *I grandi discorsi della storia* on Rai 1, *Memex*, *Digital World* and *Viaggio nell'Italia del Giro* on Rai 2, and *Passato e Presente* (daily with rerun on Rai Storia), *Diario Civile*, *Provincia Capitale*, *Tv Storia*, and *Save the date* on Rai 3. Also broadcast on Rai 1 and Rai 3, *Sembra ieri cronache e storia* produced in collaboration with Rai News.

Rai Cultura is also the centre of expertise for the production of classical music: in fact, exclusive events and prestigious concerts are produced and aired on general interest channels.

The main events aired in the first half of 2018 included *the Concerto di Capodanno from Vienna* and *the Concerto di Capodanno from the Teatro La Fenice di Venezia* directed by Myung-Whun Chung with Eleonora Abbagnato, *the Concerto dell'Epifania from Naples* performed by the Orchestra Partenopea di Santa Chiara and directed by Maestro Renato Serio, *the Concerto di Pasqua from the Cathedral in Orvieto*, *Concerto della Polizia di Stato per il 26° anniversario della strage di Capaci from the Teatro Massimo in Palermo*, and *the Concerto per le celebrazioni del 71° Anniversario della Festa della Repubblica* from the Sala dei Corazzieri at the Quirinale broadcast on Rai 1 on 1 June.

In terms of its web and social media presence, Rai Cultura is currently one of the main influencers in the cultural debate on the Internet. It is a demanding role, consolidated and reinforced in the period through a cross-media concept with the aim of encouraging forms of reuse, sharing and discussion typical of social media networks.

The digital offering is organised into 3 horizontal portals linked to the relevant thematic TV channels and 6 vertical-thematic video portals. This organisation of the platform has made it possible to achieve results that currently make Rai Cultura one of the most significant channels in Italy, leading it to experiment – with great audience feedback and major attention from the media and industry operators – with the creation of multimedia magazines for tablet, multimedia e-books and cloud instruments for students and teachers.

1. The protagonists of *Art Investigation*
2. *Memex: Galileo*
3. Massimo Bernardini in *Nessun Dorma*
4. The opera *Don Pasquale* by Donizetti




 / MLN

 AVERAGE DAILY  
CONTACTS

3.343


 MINUTES SEEN  
PER DAY

18



SHARE IN 24 HOURS

0.4%

In the first half of 2018, a process of renewal of the *Scuola* portal was launched, which, when fully operational, will host a new platform for the collection and use of e-learning content. The existing tool for the creation of lesson plans will be further developed to make the experience of use by the community of students and teachers more participatory. The aim is to create a large media library of training, open to the contribution of all schools and universities involved in the creation of advanced teaching materials.

Rai Cultura Web told the story of Italy's main cultural events, offering exclusive live streaming and creating webdocs and web specials related to events and celebrations of great social and cultural impact, enhanced by new web content created ad hoc and the priceless content of Teche Rai.

In particular, during the half year, it is worth mentioning the web-doc *Shoah, il Giorno della Memoria* (27 January), the special web-doc *Il Giorno del ricordo* on the Rai Storia portal (10 February), a web-doc dedicated to *Aldo Moro* (16 March) with an exceptional reconstruction of the dramatic 55 days of his kidnapping by a great Rai journalist, Sergio Zavoli, who dedicated several episodes and debates of his historic investigation *La notte della Repubblica*.

And again, the web-doc that, on 25 April 2018, covered the process of *Italian National Liberation* with priceless videos from the Rai Teche archive, infographics and photogalleries.

Great attention was paid to commemorating the *Capaci attack* (23 May) when, in addition to relaunching the events of Rai Storia, Rai Scuola Web and Social remembered the anniversary already in the previous days, followed by streaming the most significant moments, from the departure of the Legality Ship from Civitavecchia, the activities that saw students play a central role at Palermo's landmarks, the top-security courtroom and the Legality village, Piazza Magione and the Giardino della Memoria (Garden of Memory) in Capaci.

Finally, on 2 June, an interesting webdoc was aired on the *Day of the Republic*: a journey over the three-year period from 1945 to 1948, made of rare videos selected from the Rai archives and exclusive contents.

## Rai 5

**The cultural entertainment channel devoted to music, art, literature and theatre with a special focus on large-scale productions, innovation and experimentation.**

Also in the first half of 2018, Rai 5 alternated original productions with the most significant documentaries on the international market, as well as with the production of major events on the Italian music and opera scene.

The prime time offering continued to be organised into thematic evenings to consolidate a stable relationship with viewers.

As for the Monday dedicated to literature, it is worth noting the new cycle of the programme *L'altro Novecento*, a series of monographic episodes dedicated to unjustly forgotten Italian writers; the literary forays of Stas' Gawronski with *No Concept* with Giovanni Allevi, Red Canzian, and Rita Pavone. But the literary Monday also saw Luigi Pirandello among the protagonists, with the adaptations of his *Novelle per un anno*, or the new cycle of a "historical" programme like *Prima della prima*.

Tuesdays saw the confirmation of the appointment with great international auteur cinema, offering week after week the most significant and original films in recent production from all over the world; on Wednesdays the journey to the discovery of the *Icons* of jazz, rock and pop music continued: from the Beatles in *A Long and Winding Road* to *David Gilmour - Wider Horizons*, from David Bowie in the new production *Bowienext* to *The seven age of Elvis*, up to the combination with the new cycle of *Variazioni su tema*, Wednesdays have become a must for all lovers of international music.

In prime time on Thursdays in the first half of 2018, great operas were proposed, starting with *La Bohème* at the Teatro Comunale in Bologna, conducted by Michele Mariotti and directed by Grahm Vick, *La Sonnambula* at the Teatro dell'Opera in Rome, Donizetti's *Don Pasquale* live from the Teatro alla Scala in Milan, directed by Riccardo Chailly, and Claudio Monteverdi's *Orfeo* from the Teatro Regio in Turin.

Rai 5 was also at the forefront of the celebrations of the 150th anniversary of the death of Gioachino Rossini, proposing the *Otello* and *Stabat Mater* by the great composer from Pesaro; the latter was directed by the internationally renowned maestro Ivor Bolton at the head of the Orchestra Nazionale di Santa Cecilia.

As for ballet, prime time offered two productions of great appeal: the world premiere in February of *Don Chisciotte*, which opened the 2017-2018 ballet season at the Teatro dell'Opera in Rome and *A Swan Lake*, in Alexander Ekman's innovative production which was staged in Oslo for the first time in 2014 at the Norwegian National Opera: a disruptive and very personal version of the famous Tchaikovsky ballet, whose music was revisited by the Swedish composer Mikael Karlsson.

The first half of 2018 was also enriched by the concerts of Rai's Orchestra Sinfonica Nazionale, aired in prime time and sometimes live; among the major events, suffice it to remember the concert *Mahler e Beethoven per l'orchestra Rai*, conducted by Hartmut Haenchen and performed by the mezzo-soprano Michelle Breedt (a leading performer of Mahler's repertoire) and the appointment dedicated to two cornerstones of Russian music: Rachmaninov and Tchaikovsky. One of the most charismatic conductors of all time, Yuri Temirkanov, took the podium of the Rai Orchestra Sinfonica Nazionale.

A selection of concerts from the most prestigious musical institutions was also scheduled during the period of reference, including *Prokofiev's Violin Concerto No. 2*, featuring violinist Lisa Batiashvili together with the Orchestra dell'Accademia Nazionale di Santa Cecilia, conducted by Manfred Honeck. Maestro Daniele Gatti also conducted the Filarmonica della Scala in a concert broadcast in June in prime time, with music by Hindemith and Bruckner.

On 10 June, live from Piazza Duomo in Milan, the traditional *Concerto per Milan* with the Orchestra Filarmonica della Scala, conducted by Riccardo Chailly with Denis Matsuev at the piano.

Finally, the live broadcast on 23 May of *Insieme per non dimenticare*, the concert of the Banda Musicale della Polizia di Stato from the Teatro Massimo in Palermo, in honour of the victims of the mafia massacres in Capaci and via D'Amelio.

Art was the protagonist of the Friday prime time, with the acclaimed series *Art Investigation*, followed by many features such as, among others, the biography of Holbein, and the series *This Is Art*. But Friday was also the showcase for *Terza pagina*, a programme that was completely renewed this year in its form and content. An anticipation and moment of reflection on the cultural supplements of major newspapers in Italy (and beyond), this edition of *Terza pagina* saw the debut as host of Licia Troisi, a famous writer of fantasy novels sold worldwide, together with art critic Alessandro Masi, the professor of media economics Emanuele Bevilacqua and the author and radio host Federica Gentile.

The Saturday theatre playbill, another well-established appointment, featured a series of funny and tragic titles, in a mosaic that offered elements of reflection on the contemporary world, flashes of irony, and civil questions: the all-female cycle between February and March, the irony of Ale & Franz, Leonardo Manera and Claudio Bisio; Marco Baliani with his *Corpo di Stato* coinciding with the fortieth anniversary of the murder of Aldo Moro, and finally the cycle with Gioele Dix and Marco Paolini.

In 2018, Rai 5 also meant nature, environment, travel and exploration, with a strong anthropological focus both in day time and prime time on Sundays (e.g., with the series *Ghost Town*).

*"Rai 5's productions cover all genres of performing arts from music to theatre and from ballet to opera and focus particularly on broadcasting events live at the same time providing cultural entertainment in an up-to-date and contemporary language."*

1. *Passato e Presente* with Paolo Mieli
2. The Rai orchestra directed by James Conlon



## Rai Storia

MLN

AVERAGE DAILY  
CONTACTS

1.575



MINUTES SEEN  
PER DAY

23



SHARE IN 24 HOURS

0.2%

### Rai Storia

The quality channel which presents history, shows great documentaries, talks about Italy and reflects on our past, present and future history.

Rai Storia performs duties of multi-channel and multi-platform production, selection, management and distribution of historical analysis content, with the aim of bringing its audience all over the world and to any time, talking about facts, places, personalities, civilisation, lifestyles, cultural trends, political processes and social achievements. It is a channel with a mainly production-oriented vocation, a radio/television and cross-media Public Service that covers the entire spectrum of social media and networks that becomes a memory bank for everyone, and can be used on any screen.

In addition to regular daily programmes *Passato e Presente* with Paolo Mieli (broadcast on both Rai 3 and Rai Storia), *Mille papaveri rossi* and *Il giorno e la storia*, during 2018 the network precisely defined the themes for the prime time offering.

The narration of history and places characterised programmes like *Cronache dall'Antichità* and *Cronache dal Medioevo*, the successful series where the viewer is taken to the places and events of the ancient world and Medieval period. The offering was consolidated with the new series *Cronache dal Rinascimento* with the most important facts and figures of one of the most beautiful and dramatic moments in Italian history. *a.C. d.C.*, the programme that tells history "from homo sapiens to Napoleon", with new episodes dedicated to different figures including *Alexander the Great*, *Marco Polo*, *Dr. Livingstone* and *the Neanderthals*, confirmed its success.

The places of the country involved in the pink jersey race were the protagonists of *Viaggio nell'Italia del Giro*, broadcast during the day time on Rai 2 with reruns on Rai Storia and Rai Sport.

Spaces dedicated to the main male and female protagonists of the past were confirmed and even broadened: from the biographies of *Italiani illustri* (among the new episodes were those dedicated to Emilio Sereni for the anniversary of his death), to the portraits of *Grandi donne*, dedicated to women who in the most diverse fields have made Europe and the world great, making their voices heard thanks to their passion and vitality, such as *Eleanor Roosevelt*, *Gertrude Bell*, *Anne Morgan*, *Marie Curie* and for the cinema *Brigitte Bardot*, and finally *Mariangela!*, a series of three episodes dedicated to Mariangela Melato told by an extraordinary protagonist, Renzo Arbore.

Ample room was also given to inquiring into important issues such as legality, justice, the fight against organised crime and terrorism. The documentaries of *Diario Civile* aired in the first half of 2018 told the story of the criminal organisation *Sacra Corona Unita* and proposed, 25 years after the Capaci massacre, two episodes of *Lezioni di Mafia*, the historic programme created in 1992 by Alberto La Volpe and Giovanni Falcone.

Space was also given to the commemoration of important events celebrated by offering dedicated broadcasting on the given day, such as *Giorno della Memoria commemorating the Shoah* (27 January), *Giorno del ricordo in memory of the victims of the Foibe massacres* (10 February), *International Women's Day* (8 March), *Giornata della Memoria e dell'Impegno in memory of the innocent victims of Mafia criminal organisations* (21 March) and the *Anniversary of Italian Liberation* (25 April); the *50th anniversary of 1968*, the year that changed the world, was celebrated with dedicated specials and extensive programming. Rai Storia also commemorated the *50th anniversary of the killing of Aldo Moro* with the special *Il condannato* and *Cronache di un sequestro, the Capaci massacre* (23 May) with *C'era una volta a Palermo... Falcone e Borsellino*. The half year ended with *I-TIGI a Gibellina* to remember Ustica, a theatrical tale conducted not far from the places where the tragedy took place.

During the half year, the *Speciali Storia* also found their place in the programme schedule: on 3 April *Un uomo nel mirino - Martin Luther King e l'FBI*, on the occasion of the 50th anniversary of his assassination; *1948: gli Italiani nell'anno della svolta* on the occasion of the anniversary of the general elections on 18 April 1948; *30 May Robert Kennedy - sogno infranto* on the occasion of the 50th anniversary of his assassination on 6 June 1968; on 19 June, on the occasion of the 100th anniversary of the shooting down of his plane, a special on the aviator *Francesco Baracca*.

*Contemporanea* continued to be shown on Saturday with new purchased products to change from "narrating history" to "narrating the present" through a selection of major documentaries on current events, providing the public with a glimpse of contemporary affairs which will be the history of tomorrow.

In the first half of 2018 a new series called *Sopravvissuti*, which tells of six major disasters in the last 100 years through six untold stories of people involved in those disasters, was aired.

And then *Genius*, another new series that starting in May told the story of famous rivals and the great competition between the most brilliant minds who were always ready to fight to secure a place in history, as in the case of *Colt vs Wesson* for the invention of the gun, or *Edison vs Tesla*.

*“Great institutional activities, the most important anniversaries, events in the past that are to be remembered, all become televised and cross-media events in Rai Storia which are vital elements in the narration of our country’s culture.”*

### Rai Scuola

**The channel devoted to formal and informal teaching, education and digital, scientific and technological literacy: culture and learning at the centre of the television’s function as a Public Service.**

This year too, the channel continued to pay great attention to scientific issues by expanding the offer of the programme *Memex* which was aired in prime time with *Galileo*, the scientific and technological dissemination magazine that helps to understand how and to what extent science affects everyday life. The first two episodes of the series *Speciali* that recounted the national final of FameLab Italia 2018, a communication competition that explains science to the general public, were also presented.

As always, the programming continued with in-depth studies, documentaries and specials made to illustrate the major events in the field of scientific dissemination.

In addition to the programmes dedicated to science, the programming dedicated to teaching the English language, another strong point of the channel, continued and was renewed. Among the programmes broadcast in the first half of 2018: the second edition of *Dr. Jack Hill and Mr. Speech*, the programme, premiered on Rai Play and dedicated to teaching the most used idiomatic expressions in English, and *Non è mai troppo presto*, a programme dedicated to educators that illustrates the basics of glottodidactics and provides advice to help children learn a second language.

Ample prime time space was also given to in-depth documentaries of a didactic-educational nature related to current events, including: ecology, science, nature, respecting the environment and recycling materials, eco-friendly cities, interculture and integration and legality.

The second edition of *Toolbox* was confirmed with episodes dedicated to the narrative of European citizens, analysis of academic subjects and issues strictly tied to good schooling and support for educational activity. Among these, it is worth mentioning the series *Coding* on the dissemination of coding in schools and the new edition of *Speciali di Rai Scuola*, eleven episodes for following the most important dates for the school world and Italy.

The new series of *Invito alla lettura*, a 10-episode programme developed in agreement with the CEPELL (Centre for Books and Reading), was presented. It is aimed at teachers and educators and is dedicated to basic themes and activities to promote reading, to enhance skills in reading education and to help young people grow as independent readers.

*Digital World*, now in its third edition, also continued. It is a social programme that explores and reflects on the changes linked to digital technologies. In the first 18 episodes, just as many thematic areas were addressed, with a focus on both technological innovations and their impact on different sectors (information, school, society, finance, environment, health, etc.).

The channel also paid great attention to philosophy with the continuation of the programme *Zettel Debate. Fare filosofia*, also conceived with the collaboration of the MIUR Commission for new guidelines on teaching philosophy in schools, with the in studio debate stimulated and guided by two high-profile hosts: the professors Maurizio Ferraris and Felice Cimatti.

*“Rai Scuola broadens its horizons, strengthening the offer of tools and content online and for the world of mobile devices, creating operational links with schools, universities, the leading cultural institutions and the most active persons and entities in the sphere of scientific and technological research.”*

## Rai Orchestra Sinfonica Nazionale

The first half of 2018 was full of new features and confirmations.

The concert season continued on the stage of the Auditorium Toscanini. Among the most significant events were the concert of the former principal conductor Juraj Valcuha and the soprano Manuela Uhl in the performance, among other things, of pages from Richard Strauss's *Salome*; the performance of *Alle vittime senza nome*, conducted by Peter Eoetvoes, commissioned by the Orchestra Rai, Filarmonica della Scala, Orchestra del Maggio Musicale Fiorentino and Accademia di Santa Cecilia; Brahms' *symphonies no. 2 and 4*, conducted by James Conlon, then repeated in Pavia, at the Teatro Fraschini; Michel Tabachnik who replaced Mirga Grazynite Tyla at the last moment, because she was unable to conduct, for the 21st concert of the season which included famous pages by Debussy, Chopin and Bartok, then repeated in Pordenone, at the Teatro Verdi, on 12 May; the memorable oratorio version of Richard Wagner's *Flying Dutchman* conducted by James Conlon; the great master Myung-Whung Chung who concluded the season with an exceptional performance of Beethoven's *Symphony No. 3*.

The traditional festival of contemporary music *Rai Nuovamusic* continued with three concerts that saw as their main theme the presence of just as many famous violinists, Patricia Kopatchinskaya, Akiko Suwanai and Viktoria Mullova, in the performance of concerts by Ligeti, Salonen and Pascal Dusapin. The latter's Concerto for violin, cello and orchestra *At swim-Two birds* received its Italian premiere.

With Stravinsky's *Apollon Musagète*, the success of the experimental debut of the ballet in the Auditorium with the choreography by Balanchine performed by Roberto Bolle and conducted by John Axelrod was huge.

There was also the traditional and appreciated *Concerto di Carnevale* which saw the famous duo of extraordinary musicians/comedians/actors Igudesman & Joo on stage and John Axelrod on the podium.

The out-of-the-season *Festa dell'Orchestra*, which featured some of the first parts of the line-up as soloists, was performed.

From 7 to 28 June there was the *Stagione di Primavera*, entirely dedicated to Rossini.

In the first of the four concerts, James Conlon conducted the famous *Stabat mater*, with a high-profile company that included Carmen Giannattasio, Marianna Pizzolato, Edgardo Rocha and Kristinn Sigmundsson, and the excellent participation of the Choir of the Accademia di Santa Cecilia. For the second concert, Maestro Fabio Luisi conducted the Orchestra in the performance of pieces by Rossini, Beethoven, and Britten inspired by Rossini. Enrico Dindo lit up the third concert alternating between the conduction of the orchestra in the performance of several opera symphonies by Rossini and the solo performance of *Une larme* on the cello.

The last concert probably created a "genre". In fact, the *Barber of Seville* was performed in a semi-staged form in which the Orchestra played a leading role on stage, surrounded by the various characters who animated its representation. The performance was, however, led not only musically by Pietro Mianiti, but also by Francesco Micheli, who interrupted the action and played with the singers explaining to the public with irony and participation not only the story, but also the relationship between Rossini and his time, between the story told by Beaumarchais and the political situation in Europe at the time. All with a mixture of scenic ideas of great intelligence and inventiveness.

The activity of the chamber groups of the Orchestra continued with 6 *Concerti del Quirinale*, 4 concerts of the *Domeniche dell'Auditorium*, a presence of a string quintet at the Foyer of the Teatro Regio for *Cartoons on the Bay*, in collaboration with Rai Com, and the performance of two concertos for piano by Beethoven in the version accompanied by string quintet with Andrea Bacchetti as soloist in Milan for the *Serate Musicali*.

## Rai Kids

The proposal of a new, rich and innovative editorial offer for children and young people is one of the core elements of the strategy followed by Rai, a promoter of a culture where childhood finds more and more space and recognition.

In this context, Rai Kids intends to be the stimulus and instrument of the editorial commitment of Public Service, with three main objectives:

- to offer the public of children and young people a wide selection of fun and educational programmes;
- to involve the best talents and national audiovisual companies in the field of cartoons and programmes for young children;
- to foster new forms, styles, languages, technologies and interaction methods.

The offering for children and young people has its focus on the two specialised channels Rai Yoyo and Rai Gulp and on their web developments.

In addition to the broadcasts of the two channels, Rai Ragazzi's is characterised by a series of events that have fostered the visibility and image of the Public Service, international development and a direct contact with the public. These include the presentation in Paris, in a joint initiative between Rai, France Télévisions and ARD, of the series *Max e Maestro* with maestro Daniel Barenboim; the previews of the special *La stella di Andra e Tati*, the first cartoon for children on the Shoah, produced in collaboration with MIUR, held in Turin, during Cartoons on the Bay, in Rome, at the invitation of the International Holocaust Remembrance Alliance, in Palermo and Bologna; taking over the chairmanship of the Kids Media Group of the EBU, the European Broadcasting Union; 3 Moige Awards for Rai Yoyo and Gulp programmes.

Of particular significance for Rai Ragazzi's mission were the Qualitel surveys published in June 2018: the public has an excellent perception of the Rai offering dedicated to children, with very flattering data and a clearly positive approval rating for both channels: on a scale of 1 to 10, the result was 8.0 for Rai Yoyo and 7.9 for Rai Gulp.

The excellent ratings obtained both among the youngest children and those of school age, as well as from their parents, further confirms that when one enters particularly delicate areas, as happens for the programming dedicated to children, the public gives Rai a high rating both in terms of satisfaction and reliability, going so far as to judge the offering as "*adequate and substantially free of criticism.*"




 AVERAGE DAILY  
CONTACTS

3.145


 MINUTES SEEN  
PER DAY

61



SHARE IN 24 HOURS

1.3%



SHARE 4-7 YEARS OLD

11.9%

## Rai Yoyo

Rai Yoyo is the television for pre-school age children, their first channel, calling card of a Public Service that wants to immediately become your friend. A Network without advertising that only wants to offer, asking for nothing in return.

The Rai offering for pre-school children, structured based on a solid and accurate narrative foundation, is to help them to discover themselves and the world around them, and understand that there is also a place for them, that difficulties can be overcome, that others can be friends and that decisions and actions have consequences. The affection of family members is a keystone, but friendship is just as important and becomes narrative.

Rai Yoyo proposes stories, worlds, colours and different techniques, broadening languages to stimulate a more complete sensitivity in children, breaking the laziness of wanting to watch and rewatch the same programme a thousand times.

With the increase in channels and platforms, the offer for little ones has tended to become more and more specialised (infant TV, preschool, upper preschool or bridge): during all of its schedule Rai Yoyo hosts and organises a series of different programmes, combining general fun storytelling with valuable learning with programmes with specific curricula, language learning, art, history, science and maths.

Rai Yoyo's audience starts from a very young age to change from watching colours on TV to playing with their parents' smartphones and to become immersed in tablet touchscreens. That is why, with the crucial collaboration of Rai Digital, the Yoyo channel has been associated with the RaiPlay Yoyo app since April 2018.

Products proposed by the station are divided into:

- entertainment studio productions (such as *La Posta di Yoyo*, *Bumbi*, *L'Albero Azzurro*);
- purchased series (*Peppa Pig*, *PJMask*, *Masha e Orso*, *Molang*, *Bing*, *Il giorno in cui Henry incontrò...*, *La casa di Topolino*, *Disney English*, *Dottorossa Peluche*, *Rapunzel*, *Peter Coniglio*, *Bob Aggiustatutto* and many others);
- co-productions (*Topo Tip*, *Minicuccioli*, *Giulio Coniglio*, *Le avventure dei Trullalleri*, *I Saurini*, *Dixiland*, *Trullitales*, *Pimpa*, *Regal Academy*, and others).

Finally, the portal [www.raiyoyo.rai.it](http://www.raiyoyo.rai.it) accompanies the channel offering, hosting not just replays of broadcast series, but also ad hoc videos and informative contents to involve children and their parents in all the channel's programmes and initiatives. The creation of the RaiPlay Yoyo App is a part of this offering. It is simple, rich, safe, absolutely free of charge and ad-free.

It is designed for children and features many functions, all to be discovered. The RaiPlay Yoyo App, available on Android smartphones and tablets, offers live and on-demand video content of cartoons and dedicated programmes.

*"Rai Yoyo is at present an excellence at national and international level which has succeeded in establishing itself as the favourite and most watched channel for children and their families."*

1. *L'Albero Azzurro*
2. *Bing*
3. *Le avventure dei Trullalleri*



## Rai Gulp

MLN

AVERAGE DAILY CONTACTS

1.566



MINUTES SEEN PER DAY

36



SHARE IN 24 HOURS

0.4%



SHARE 8-14 YEARS OLD

3.2%

### Rai Gulp

Rai Gulp is the channel for young and older children of elementary and early secondary school age: an age of great transformations and changing tastes, in which each year is different from the other and growth takes place rapidly.

These are children who are discovering school, reading, autonomy and differences.

They start to see television channels for children and other general interest channels, in an increasingly broader menu including prime time TV. They usually have smartphones and tablets, start interacting on social media and gradually find all sorts of contents on web – directly or through classmates or older siblings.

The Public Service offer opens to all languages: cartoons, TV series, in studio programmes, documentaries and films. In an increasingly close connection between the television channel and the online and social media offer.

A special commitment is dedicated to helping children to grow as citizens, develop insight and a critical spirit, reject discrimination and promote confidence in themselves and in their own abilities. This does not just involve rejecting stereotypes (which come in massive doses from the web, advertising and the persistence of archaic cultural beliefs), but performing a positive action to devalue them in an intelligent and respectful manner.

Special focus is devoted to two mainstays which occasionally overlap: the rejection of bullying and stereotypes in general. The objective is to offer programming that fights them, discourages them with intelligence and demonstrates their inconsistency and uselessness.

Channel programmes can be divided into:

- entertainment studio productions (*Gulp Music*, *Teen Voyager*, *Sport Stories*, *Top Music*, *Snap*);
- purchased series (live series, such as *Soy Luna*, *Hank Zipzer*, *Backstage*, *Heidi Bienvenida*, *Mako Mermaids* and cartoons, such as *Kung Fu Panda*, *H2O Mermaids Adventures*, *Inazuma Eleven*, *Peter Pan*, *Vita da Giungla*, *Robin Hood*, *Jungle Book*, *Marco e Star*, *Sailor Moon*);

- co-productions, which represent the main component of the network offering (cartoons such as *Max e Maestro*, *Atchoo!*, *Spike Team 3*, *Geronimo Stilton*, *Paf il Cane*, *Scream Street*, and live action series such as *Alex and Co* and *Maggie e Bianca Fashion Friends*).

There is a transition in progress among the users of the portal [www.raigulp.rai.it](http://www.raigulp.rai.it), updated July 2018, which proposes content filled with educational ideas, able to offer children the possibility to have fun by always interacting directly with the channel. This is achieved not just through tailored productions but also with a strong presence on social media (Facebook and Instagram in particular), with a photo gallery of the favourite stars and with the possibility of reviewing broadcasts on Rai Play.

*“Rai Gulp’s characteristic is that it is a smart, educational entertainment offering which uses themes and trends which are particularly dear to young people in order to convey positive values and elements in an entertaining and light-hearted vein, which is a valuable aid in young viewer’s formative process, making them aware of the issues they met in their everyday life and of the complexity of their times.”*

1. *Heidi Bienvenida*
2. *Top Music*
3. *Max e Maestro*



### Rai News 24

Live 24 hours a day, every day of the year, Rai News 24 is Rai's all news channel that brings news to the homes of Italians as it happens.

The first six months of 2018 confirmed the positive trend of the channel. Increasingly attentive to the timeliness of the news, to the coverage of events in Italy and abroad with live broadcasts, services, in-depth analyses and reports, Rai News 24 has consolidated, with a few minor adjustments, the schedule defined in recent seasons and the underlying editorial philosophy.

An all-news channel that is not just a continuous news channel: the continuous news stream is constantly enhanced with features and in-depth analyses, commemorations and original documents, in a scheme that is always flexible and modifiable according to the evolution of current events.

The clock, the full-hour news with headlines, 24 hours a day, is a fundamental part of the schedule. Alongside it is the narrative and analysis of current events: news, politics, and economy in Italy and abroad, in synergy with the other Rai newsrooms, in particular the TGR, and correspondence offices abroad.

A great productive and organisational effort has been made to cover live big, institutional and news events, in Italy and around the world (lastly the dramatic adventure of the teenagers stuck in a cave in Thailand, with the journalist of Rai News 24 to be the first to arrive on the spot and report the development of the events on all Rai Networks).

All this is supported by the ratings: its share in the first six months of 2018 was 0.6% (0.5% in 2016 and 0.57% in 2017) and ensures its leadership in digital terrestrial. In the slot from 6 to 8 in the morning, the prime time for all news channels, Rai News 24 is steadily above 3.00%.

The TV offering (hours of news, in-depth analyses, talk features, etc.) is in line with last year's with hundreds of live connections per month of journalists and correspondents also for Rai Networks and news programmes, with a view to better optimising company resources.

The Rainews.it portal, full of news, updates, photos, videos, webdocs and latest generation multimedia products, is continuing its growth trend from 3 million to 3.4 million individual users per month and 930 thousand page views per day. There was also growth in social media activities with the Facebook page followed by 394,000 followers (365,000 in 2017) and 62 million views of Twitter followers in the first six months of 2018.

## Rai News 24



AVERAGE DAILY CONTACTS

3.274



MINUTES SEEN PER DAY

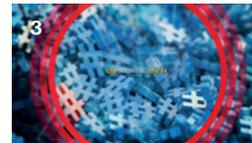
28



SHARE IN 24 HOURS

0.6%

1. Amarcord
2. #Bastalasalute
3. CheHashtagchefa
4. Frammenti D'Arte
5. Cronache Italia
6. Cronache Mondo
7. Economia 24
8. Mordi e Fuggi
9. Il Sabbatico
10. La Bussola
11. Meteo 24
12. Sport 24
13. Newsroom Italia
14. Oggi in Prima
15. Sembra Ieri
16. Pillole di Fisica
17. Sabato-Domenica 24
18. Vroom
19. Telegram
20. TuttiFrutti
21. Headlines



**Teletext** continues to be a simple and timely tool that Italians recognise as authoritative, fast and reliable (Censis 2017 data), supported, however, by smartphone apps and the website that help to broaden the possibilities of use by the audience. User distribution, type of use (news, weather, TV programming) and user satisfaction were all in line with last year.

## Rai Sport

**Where there is sport there is also Rai, with its live broadcasts and its in-depth analyses. From the Olympics to great football, from cycling to alpine skiing, without ever forgetting the minor sports, Rai Sport brings sport to the homes of all Italians, with a rich offering that combines traditional platforms with languages and communication tools close to the spirit and habits of millennials.**

The PyeongChang Winter Games opened 2018 with the programming of Rai 2 and Rai Sport+HD adapted to the need to offer the audience maximum coverage of current events on snow and ice in South Korea. The 23rd edition of the Olympics had a sporting as well as a political value. The PyeongChang Games opened the way to the meeting that followed and the historic handshake between the top representatives of two countries that are still formally at war. The opening ceremony, with 91 nations participating, was broadcast live on Rai 2 from 12:00 p.m. Italian time and lasted over 2 hours under the slogan Peace in motion. Franco Bragagna's commentary was able to take advantage of Paolo Mieli's collaboration, given the exceptional political importance of the event.

The average audience was over 1.5 million with a share of 11.32%. A total of 137 thousand interactions (likes, comments, shares, etc.) on the platforms Facebook, Twitter and Instagram.

PyeongChang was Italy's women's Olympics, the first without any gold medals for men. A woman, Arianna Fontana, was the standard bearer at the opening ceremony; a woman, Carolina Kostner, was the one at the closing ceremony. And it was precisely on Arianna Fontana's competitions that the attention of viewers was focused. On 13 February, on the Rai Sport channel, between 1:10 p.m. and 1:30 p.m., an average of 664 thousand spectators with an audience share of 4.02% followed Fontana as she won the gold medal in the 500-metre final.

Alpine skiing, in particular the women's downhill, was the most significant factor, also taking into account the competition's broadcasting time. Sofia Goggia's victory,

which came live shortly after 7:30 a.m. in Italy, involved an average of over 300,000 viewers with a 6.75% share on Rai 2. Rai thus documented an accomplishment that is part of the history of the Winter Olympics: Goggia was the first Italian to win a downhill race at the Games.

Even Michela Moioli's gold medal in snowboarding, a spectacular discipline loved by younger audiences, came at 8 a.m., followed on Rai 2 by an average of 392 thousand viewers for a share of 6.52% with an exceptional following on the web, going in a continuous back-and-forth between television images rerun several times during the day and comments and likes on the various social media.

Overall, in the Olympic period, from 9 to 25 February, the views were 1.4 million and the interactions were close to a million. Rai accompanied these feats with the presence of its correspondents in South Korea who interviewed the protagonists live and then offered exclusive images and comments to the news of the various networks, bringing to the fore sports that are unfairly considered to be of secondary importance with respect to more popular sports. This is also a fact and a merit of Public Service broadcasting.

The first half of 2018 laid the foundations to bring back great international football on Rai networks. Champions League, European Super Cup, qualifications of the Italian National Football Team at the European Championships in 2020 and for the World Championships in 2022, in addition to the Nations League and international friendly matches. It is an increasingly rich offering that consolidates the ancient bond that unites Rai and the Italian national football team, as evidenced by the ratings of the matches broadcast on Rai 1 and despite the failure of the Azzurri team to qualify for the 2018 Russian championships. The friendly match against Saudi Arabia was followed by an average of over 6 million viewers with a share of 23.61%; the next match against France attracted 5.9 million viewers for a share of 26.67% and a peak that reached 29.18%. In absolute terms, the most significant result was the March friendly match against Argentina, with an average of 6.3 million viewers with a share of 24.36% and a peak of 26.60%.

Another highlight of the football offering was the Coppa Italia, an event that, also thanks to the visibility it has had in recent years on Rai networks, has now reached an absolute technical level and a growing popularity among fans. Rai Sport worked to give maximum coverage to the matches in the various phases

of the tournament, in synergy with the general interest channels, with audience share results that repaid the production and journalistic effort. The final at the Olimpico Stadium in Rome between Juventus and Milan had an average of almost 10.6 million viewers with a share of 39.03% and a peak of 41.06%. Among the semi-final matches, the one between Lazio and Milan stood out with 6.3 million viewers and a 24.24% share. Overall, the 7 Coppa Italia matches broadcast on Rai 1 between 2 January and 9 May had an average audience of 6.24 million viewers and a 24.80% share.

Cycling, with the *Giro d'Italia*, is an essential appointment for Rai. In 2018, the organisation of broadcasts and reporters was renewed, further increasing the quality of the equipment and technologies available to better follow each stage of the race and beyond. An event always live from the first kilometre of each stage, with a daily change of the guard between Rai Sport +HD and Rai 2, once again designated as the network of the *Giro*. There was also the traditional appointment with the *Processo alla tappa* after each stage, with interviews, behind the scenes facts, analyses and comments. An effort rewarded once again by the attention and appreciation of the public: the average audience of *Giro all'arrivo*, i.e., the final and crucial moments of the stage, was 1.8 million viewers with a share of 15.50%; the average audience of each stage as a whole was 1.3 million viewers with a share of 10.30%.

The Paris-Roubaix and especially the Milan-Sanremo completed an offering of the highest level for cycling enthusiasts. An average of about 1.3 million viewers with a share of 7.90% followed on Rai 2 Vincenzo Nibali feat, as he took the lead with 7 kilometres to go and gave back the victory in the Milan-Sanremo race to Italy after 12 years.

**AFTERNOON  
EDITION  
AUDIENCE**

(SHARE)

**Tg1**  
**22.8%****Tg2**  
**14.8%****Tg3**  
**11.1%****TGR**  
**15.4%****Information****Tg1**

For 66 years now, Tg1 is Rai's historical news programme, putting the citizen-viewer in contact with the world of institutions, politics, society, religion, economy and culture.

Created in 1952 with the experimental Italian TV broadcasts under the name of *Telegiornale*, Tg1 is the unquestioned leader in informing the country in terms of audience and image and perfectly in line with the values of universality, quality and reliability of Rai's programmes and has been covering all the most important events for more 60 years.

Tg1's top audience ratings make it Italy's number one news programme.

The main edition at 8:00 p.m. has an average share of 23.5%; the morning edition at 8:00 a.m. was slightly up, increasing viewers from 1.3 million in 2017 to almost 1.4 million in 2018 and confirming its share of 23.3%. The ratings of the 1:30 p.m. edition, which has a 22.8% share, were also on the rise.

The reason for the success of Tg1 also lies in the full schedule containing three main editions of half an hour each, six flash editions, one in sign language, one of "sixty seconds" and a long night news.

The discussions in *Tv7* and *Speciale Tg1* should not be overlooked with the many other theme-based features, such as *Tg1 Economia*, *Tg1 Billy*, and *Tg1 Dialogo*; the show business discussion programme *DoReCiakGulp*; *Tg1 Fa' la cosa giusta*, a page of good practices, rights and solidarity; the features *Cinemattina* and *Camera con Vista* shown in *Uno Mattina*; medical news in *Tg1 Medicina*; *Tg1 Motori* on the world of cars and *Tg1 Persone* with its filmed and spoken portraits of men and women whose lives reflect the main themes in our times.

*"The correct presentation of a multiplicity of news, the selection of news, care in the transmission of images, the credibility of the narrative and rigour in contents are the factors that make Tg1 a reliable news programme, a window on the world for all Italians and a mixture of tradition and innovation."*

**EVENING EDITION  
AUDIENCE**

(SHARE)

**Tg1**  
**23.5%****Tg2**  
**7.5%****Tg3**  
**10.7%****TGR**  
**11.8%**

1-2. Journalists Emma D'Aquino and Alberto Matano anchoring the Tg1



## Tg2

The identity of Tg2 is based on the principles of correctness, pluralism and detailed and continuous checking of sources and the truth of news, in line with its vocation as a Public Service news programme and with a continuous search for quality information.

Also in 2018 the news programme continued its editorial process following the already charted route of objectivity, impartiality, completeness, experimentation, independence, and consistency with the changing public and society. It is a production model that from the beginning of this year to date has already produced about 600 hours of transmission.

The editorial policy, in fact, has developed through the maximum efficiency of the production model, based on the immediacy of information, with issues addressed promptly and in depth with investigations and reports, including through the TV language of live storytelling, with unpublished and exclusive stories.

The formula of the presence of guests in the studio, in the 8:30 evening edition, is always appreciated by the public.

The audience trend is confirmed, with an average share of 14.8% for 1:00 p.m. edition, 4% for the 6:15 p.m. edition and 7.5% for the 8:30 p.m. edition. These are all the more significant when compared with the data relating to the time slots of the Network.

1. Annual Report of the President of the Bank of Italy Ignazio Visco
2. Ceremony of the Alfieri del Lavoro at the Quirinale
2. Report from Consob Day 2018
4. Report on the opening of the judicial year
5. Live coverage of the Regatta of the Ancient Maritime Republics in Genoa
6. The feature *Costume & Società*

The news programme has succeeded in increasing its editorial production and in increasing the use of crews, technical assistance abroad and backpacks for live connections on the news, in the commentaries, in the specials, and in the 14 features of the news programme. This choice aims to reaffirm the identity of Tg2 in guaranteeing a punctual and pluralistic offer, in line with the guidelines of the editorial mission.

The national and international news events, the migration emergency, the landings, the electoral appointments, the institutional commentaries, the 63rd regatta of the Ancient Maritime Republics in Genoa, live reports, and some episodes of the feature *Punto di Vista* recorded on the spot, resulted in a great use of resources and technical means, which are essential to maintaining faith in the qualifying parameters for a Public Service news programme.

The offer of in-depth analysis that Tg2 proposes through its 14 features is also important. Ten-year appointments, each with a specific theme (art, cinema, culture, society, customs, tourism, food and wine, medicine and health, motoring, national and international news, current affairs, unpublished stories, stories of life and personalities, the world of youth, the third sector and volunteer work, and world of wine production).

The features are broadcast throughout the week, at different times, always rewarded by the satisfaction of viewers.

A product with excellent ratings that reach up to 10% share.



As part of a complete and increasingly strategic editorial programming, the web offering continues to be increased with an evolving website and the dissemination of audiovisual content on all distribution platforms.

*“Tg2 is continuing a strategic and well-organised editorial programme with a production system and an increasingly modern and quality-based editorial offer. A commitment that continues to be pursued in the spirit of objectivity, impartiality and independence.”*

### Tg3

**Tg3 is the news programme that uses live broadcasts from the places of the events to tell about the life of citizens and the dynamics of society. Attentive to rights and sensitive to issues that determine the quality of everyday life.**

In the first six months of 2018 the 7:00 p.m. edition recorded a share of 10.7% with over 1.8 million viewers, more than 200 thousand more than last year.

Tg3 is the only news programme to have a national edition at 12:00 p.m. that is produced and broadcast from Milan. It is followed by about 10% of the TV audience with one million viewers. The 2:20 p.m. edition, very attentive to consumer problems, recorded an 11.1% share with over 1.7 million viewers, an increase of 0.4%.

The strengths of the news programme are the analysis and direct language used in reporting events, the choice of topics covered, the vocation to give voice to weak or marginalised people and the attention to social problems or the effects of the economic crisis.

The audience appreciates the interviews with the protagonists and the live reporting of events. Eighteen special broadcasts for about 29 hours live were dedicated in the first six months of 2018 to election appointments, negotiations for the formation of the new government, and news events.

Ample space is also given to daily live coverage such as *Linea Notte* and *Fuori Tg* and to weekly features such as *Pixel*, *Persone*, *Agenda del mondo*, *Chi è di scena*, and *Fuori Linea*. Of particular significance is the transmission in sign language for deaf spectators and *Tg3 nel Mondo* dealing with international politics.

The news programme is then present on the web and on social media, with the possibility to review online the editions of the news and columns.

*“Tg3 takes viewers to where the facts are: “the use of live coverage and a clear language are the strengths of the news.”*

1. The weekly feature *Fuori Linea*
2. The daily in-depth analysis *Fuori Tg*
3. The live broadcast of Tg3 at 7:00 p.m.
4. The daily in-depth analysis of *Linea Notte*



## TGR

### TGR, near the territory, near you.

Rai's regional offices are the parts of a well-organised puzzle that permit the radio and TV Public Service to ensure efficient and constant news coverage.

After the digitalisation process, in the first part of 2018 the regional news programme focused its development efforts on the web project, an activity in which it is in fact the only protagonist in the field of regional news. Several newsrooms now feed web pages dedicated exclusively to local news with numerous reports and analyses. There is also an intense presence on social networks, which means that TGR is often among the Twitter Trending Topics of the day.

Thanks to the editorial staff of TGR, Rai has the strength and ability to maintain strong ties with the different communities and the most diverse social, economic and cultural realities. This allows the other news programmes and other Rai Group networks to narrate an Italy that sticks to reality, giving a voice to, and making space for, reports, suggestions and complaints from civil society.

The social campaigns strongly promoted by the regional news programme are tangible evidence of this. This is one more reason for citizens to feel close to Rai.

Proof of this is in the audience figures for the two main news programmes, the one at 2:00 p.m. and the one at 7:30 p.m., with a share of 15.4% and 11.8% respectively, slightly up from 2017.

The results of the in-depth features are also excellent. Particular appreciation was shown for *Leonardo* the science and environment news programme.

Culture and social issues are at the centre of *Petrarca* and *Mezzogiorno Italia*, the latest features born from the heart of the newsroom.

*"In 2018, TGR improved its digital offering without losing sight of the traditional media, where it continues to enjoy considerable success, often being the second most watched news broadcast in Italy."*

1. Live broadcast from the 70<sup>th</sup> Prix Italia
2. The feature *Petrarca*



## Rai Parlamento

**Rai Parlamento is the news programme that informs citizens about the activities of the Italian Parliament and the European Parliament, in close connection with developments in political activity.**

During the first half of 2018, Rai Parlamento, the direct interlocutor of Italian parliamentary institutions, played a leading role in following the 4 March general elections, holding, according to instructions of the Parliamentary Supervisory Commission on Rai, a rich cycle of political debates with 37 daily appointments – on television and radio – including press conferences, debates, interviews, debates for foreigner voters and features for Italian voters in the world. In addition, there were 22 appointments dedicated to self-managed messages for the lists that competed in the elections.

A total of about 35 hours of broadcast time allowed citizens to learn about the programmes and political positions of each party competing in the 2018 elections.

In addition, there have been about 250 editions of the Rai Parlamento news programme dedicated to the activities of the Italian Lower and Upper Houses of Parliament since the start of the new legislature.

Also significant were the live broadcasts and specials for the new Parliament and for the vote of confidence for the new Government, with an average share of 8.94%.

In the first half of the year there were also more in-depth analyses with new features during the night edition of the news for a total of 41 appointments.

The positive trend in ratings of the historic weekly feature of Rai Parlamento *Settegiorni* – which, in its 37 episodes dedicated to current political and social events, recorded an ever-increasing share with an average of over 15% – also continued, as did the 22 episodes of the weekly feature *Punto Europa*, dedicated to the European Union and to parliamentary proceedings in Brussels and Strasbourg.

The usual appointments were also confirmed for live coverage from the Senate and the Lower House for *Question Time*, which is now broadcast weekly and is characterised as an important appointment for a direct debate between government representatives and the political forces represented in Parliament.

1. Special General Election 2018
2. The feature *Filo Diretto*
3. The feature *Mattina in piedi*
4. The weekly feature *Punto Europa*
5. The weekly feature *Settegiorni*
6. Debates for the General Election 2018



## TV series

Rai Fiction is responsible for the production of TV dramas and comedy for all Rai networks and platforms.

The commitment to encouraging Italian and European audiovisual production is one of the linchpins of its mission as a Public Service broadcaster in recounting contemporary and historical Italy, in fostering Italian talent and industry, and in supporting innovation and the circulation of Italian productions in other countries.

The original TV series broadcast in prime time on Rai 1 between January and June 2018 reached a total of 54 evenings. The average audience was about 5.3 million viewers with a 22% share.

Nine of the ten most popular Italian series in the period under consideration were Rai productions. In particular, *Il commissario Montalbano* was back at the top of the ranking: the two new episodes inspired by Andrea Camilleri's works achieved an absolute record with an overall average audience of 11.5 million viewers and a 44.5% share.

Second place went to the event TV movie *La mossa del cavallo*, from Andrea Camilleri's best seller (8.2 million viewers and 32% share), confirming the success of a story that is popular and capable of reaching all audiences. It was followed by the eleventh season of one of Rai 1's great classics, *Don Matteo*, with 6.8 million viewers and a 28.1% share.

Even for audiences who subscribe to satellite Pay TV, *the top ten TV series* by share are composed of nine Rai shows. First position is

held by *Il commissario Montalbano* (44.5%), followed by *La mossa del cavallo* (27.4%) and the event miniseries *Fabrizio De André - Principe libero* (23.7%), a biopic conceived as a novel of formation to remember the talent and generous and unusual humanity of a protagonist of Italian songwriting.

The figures demonstrate that even with a rich offer such as that of satellite Pay TV, Rai Fiction is able to satisfy the tastes and expectations of the most demanding audiences.

As far as the prime time of Rai 2 is concerned, an excellent result was recorded for *Il Cacciatore*, from the book by Alfonso Sabella, a story inspired by the real story of a young public prosecutor on the front line in the hunt for mafia criminals after the massacres of Capaci and via D'Amelio. The series began with an average audience of 2.5 million viewers and a 10.4% share, a significant result for a challenge that focused on an innovative language, quality and the talent of young professionals. It is a product of excellence that has met with success among the finest international TV series and received prestigious awards such as the award to Francesco Montanari in the Best Performer category at the CanneSeries Festival.

On Rai 3, innovation continued thanks to intense experimentation in genres and formats. An example of this was the medical series *La linea verticale*, a dramedy written and directed by Mattia Torre, in an original 30-minute episode format. The series, which follows the daily life of an oncological urology ward of an Italian hospital from the point of view of patients in an ironic, moving and at times surreal tone, has received considerable public and critical acclaim.

1. *Don Matteo*
2. *La mossa del cavallo*
3. *Il cacciatore*
4. *Fabrizio De André - Principe libero*
5. *La linea verticale*
6. *Il commissario Montalbano*.



The appointment with the soap opera *Un posto al sole*, the longest running Italian series, is a must. Every day it talks about feelings and social themes to a loyal and passionate audience of all ages and has obtained a particularly high Qualitel rating (8.4).

The half year just ended confirms that TV drama and comedy is one of the most flexible and functional macro-genres within the framework of a multi-platform offer, in line with the change in the methods of use. TV drama is, in fact, one of the most important and appreciated contents of Rai Play's offer, equal to 42% with over 130.5 million views (out of a total of 350 million). In particular, it is worth noting the summer success of the box set of *Tutto può succedere 3*: in the thirteen days of preview the new episodes of the series totalled 2.5 million views with an average of 150 thousand per episode and a rising trend of daily viewing with a peak of more than 210 thousand views.

In the framework just summarised, characterised by excellent performance in terms of audience, internationalisation is now a structural condition. Rai Fiction has established itself in recent years as a leading player on the international scene, placing itself with authority in the large global market of audiovisual narrative. A natural consequence of the work done was the agreement with France Télévisions and ZDF that aims to develop co-productions in Europe to produce quality series that can compete abroad and in particular with the OTT. It is an opportunity not only for co-production, but also for sharing information on ongoing projects, developed by the broadcasters involved, and for evaluating possible financial support.

In the first half of 2018, production continued for the TV series that will make up next year's offer. These are varied, innovative projects for all audiences, the result of creativity and a production machine that is capable of combining craftsmanship and an industrial dimension in a process of seamless collaboration with the different Italian production realities.

As for the TV series for Rai 1, shooting has begun on *La compagnia del cigno*, conceived and directed by Ivan Cotroneo, which tells the story of the growth, obstacles and expectations of a group of young people who become adults in a music school in Milan; *Mentre ero via*, directed by Michele Soavi, is a new chapter in the ideal collection of mystery dramas focused on the theme of female rebirth: the difficult path of a woman in recovering her memory, suspended between the old life in which she does not recognise herself and a present that is difficult to accept.

Another new feature in production is the mystery drama entitled *Pezzi unici*, set in the shops of Florence and directed by Cinzia TH Torrini: a master craftsman is the last chance of salvation for five apparently lost boys, each of whom hides a secret about the death of a loved one that he suffered.

The production of sequels considered to be of a strategic nature, popular series that have become classics of Rai 1's programming, has started: *Un passo dal cielo 5*, *Che Dio ci aiuti 5* and *L'allieva 2*.

Among TV movies, there are many that tell real stories, a strong sign of the public service mission, linked to the values of legality and civic responsibility in which Italians can recognise themselves: *Il mondo sulle spalle*, inspired by the story of Enzo Muscia, Knight of Merit of the Italian Republic, who became the owner of the company that had fired him; *I nostri figli*, freely inspired by the story of Marianna Manduca and focused on the battle of a couple determined to get custody of their three grandchildren who are orphans after their mother is murdered; *Tutto il giorno davanti*, a day in the life of a Councillor for Social Policy of the Municipality of Palermo, who became the legal guardian of seven hundred unaccompanied foreign minors.

Among the portraits that cast a contemporary light on figures of Italy's popular imagination is *Io sono Mia*, a biopic dedicated to Mia Martini.

As for comedy, two new chapters of the collection *Purché finisca bene: Basta un paio di baffi*, a lively tale *en travesti* about the skirmishes of love, and *L'amore, il sole e le altre stelle*, an ironic reflection on the extraordinary forms that love can take.

A great new feature for the Rai 1 afternoon schedule: the daily version of *Il Paradiso delle Signore*, aired from Monday to Friday for an exciting journey for women, between the search for change and the legacy of the past, between rules and transgressions, and between the revolution in customs and the defense of traditional values.

During the period under consideration, the shooting of two major event series continued. They are prestigious international co-productions that represent a quantum leap for Rai TV dramas: *L'amica geniale*, a first major HBO-Rai co-production in Italian language taken from the bestsellers by Elena Ferrante and directed by Saverio Costanzo, and *Il nome della rosa*, an adaptation of the novel by Umberto Eco, co-produced with AMC Networks and TeleMünchen Group and directed by Giacomo Battiato, starring an extraordinary cast which

includes, among others, John Turturro and Rupert Everett.

The post-production works of the second chapter of *Medici*, dedicated to the youth of Lorenzo II Magnifico, are now drawing to a close: from the seizure of power to Pazzi conspiracy.

For Rai 2, shooting has begun on the sequels of two successful series: *L'ispettore Coliandro* and *La porta rossa 2*, in the new episodes of which commissioner Cagliostro remains on earth to save his young daughter from danger and, at the same time, shed light on a mystery that involves his loved ones. New episodes also for *Suburra - La serie*, a Rai-Netflix co-production that returns with a second season to tell stories, ambitions, and licit and illicit appetites of three boys who live in the world of Roman crime and who want to emerge and find their way.

In order to consolidate the effort to experiment and cover other time slots of the Network, the afternoon appointment with the scripted reality show *Ci vediamo in tribunale* was then confirmed.

Finally, for Rai 3, work has been completed on a great new feature for the autumn: Antonio Albanese making his debut in the TV series *I Topi*: six 30-minute episodes to tell, in the surreal tones that have always characterised his comedy, the life of a fugitive mobster and his family in a technologically advanced fortified villa.

## Cinema

In the first six months of 2018 Rai Cinema – the company in the Rai Group that acquires, produces and distributes cinema and audiovisual content – continued its activities of purchasing films and dramas with the aim of enhancing the quality and quantity of Rai's programming.

Moreover, Rai Cinema has a leading role in national and European film production activity and in commercial exploitation activity through the O1 Distribution brand.

## Acquisition

As far as the procurement activity for the Networks is concerned, on the Majors side, there were the packages with 20th Century Fox International Television and The Walt Disney Company. Thanks to the agreement with Fox, 46 films and 6 series have entered the Rai Cinema stock for the years 2018, 2019 and the first months of 2020, for all Rai channels; the package formalised with The Walt Disney Company includes current films and libraries, first-run series and renewals and products for the channels dedicated to children, covering the needs for the years 2018 and 2019 of all the Rai networks.

To supplement the cinema offer and satisfy the greater needs of the Rai channels deriving from new programming obligations, a package of 35 movies for all networks and 20 classic library features only for specialised channels was negotiated with Notorious Pictures.

With regard to products designed more specifically for television, a wide selection of products comes from the German company ZDF which, by virtue of a consolidated partnership, provides a substantial quantity of products for programming in all slots: TV movie collections, continuing series and, among the new features, the continuation of the event mini-series for Rai 3, *Ku'damn '59* and the investigative series *The Fall*. Also worth mentioning is the acquisition from GA&A, Dall'Angelo Pictures and A&E of the TV movies required for Rai 1 day time and to cover the summer prime time cycles of Rai 2.

Finally, for Rai 4, the first season of *Britannia*, an epic/fantasy TV series of American/English production and first co-production between Sky and Amazon Prime Video, and the 5 seasons of *Falling Skies*, the American television sci-fi series produced by Steven Spielberg, were purchased.

As regards international shows for distribution, the long-term agreement with Leone Film Group made it possible to expand the distribution list of new shows: *Anna* by Luc Besson, an interesting action story in the style of *Nikita*, *Léon and Lucy*; *The Kingkiller Chronicle* by Sam Raimi, a fantasy inspired by the famous trilogy by the writer Patrick Rothfuss; *355* by Simon Kinberg with Jessica Chastain, Penelope Cruz, Marion Cotillard and Lopita Nyong'o, an all-female spy story in which 5 spies will have to collaborate, overcoming cultural and political differences, to form a strong bond and work together.

The following were also acquired in distribution service: *After*, a new young adult phenomenon like *Twilight* and *Fifty shades of gray*, based on the international best-selling novel by Anna Todd; Oscar-winning Michael Hazanavicius' *The Lost Prince* with Omar Sy and B enice Bejo, a film for the whole family, full of fantasy and magic; *Adrift*, an immersive, emotionally powerful and inspired tale of love and courage against the impossible; *Chaos Walking*, a science fiction film based

on the book of the same name of the highly successful Patrick Ness trilogy, directed by Doug Liman, former director of *Bourne Identity*, *Mr and Mrs Smith*, and *The Edge of Tomorrow*; *A Simple Favor* by Paul Feig, mystery-thriller genre film; *Gun to the Head (aka Toff Guys)* by Guy Ritchie, a gangster movie with great suspense; *John Wick 3*, third film in the John Wick series, successfully distributed to create a solid "brand" of great appeal for all channels.

During the first half of the year Rai Cinema also joined Globalgate, a sort of "consortium" that brings together the main content producers and distributors from various countries around the world, facilitating the marketing of remake rights for local productions.

Under this agreement Rai Cinema acquired the right to first look for Italy on the creative adaptations of film projects made available to Globalgate by the various partners and, in turn, Globalgate Entertainment LLC acquired the same right on projects related to Italian productions, of which Rai Cinema holds the processing rights, for the production of any remakes abroad.

1. *A casa tutti bene*
2. *Dogman*
3. *Ella & John*
4. *Il ragazzo invisibile. Seconda generazione*
5. *Io sono tempesta*
6. *Lazzaro felice*
7. *The Post*
8. *La Tenerezza*



## Movie production

During the first half, Rai Cinema helped to make a very large number of movies which make up a widely diversified range of products.

**Among the films released in the first half of 2018**, co-produced by Rai Cinema and distributed by third-party companies: *Nome di donna* by Marco Tullio Giordana, on the discrimination and abuse that women are forced to endure in the workplace; *Quanto basta* by Francesco Falaschi, a comedy on the world of cooking contests; *Dei*, the first work by Cosimo Terlizzi, about the story of a country boy in search of himself; *Resina*, Renzo Carbonera's first work; *Hotel Gagarin*, first feature by Simone Spada, on the tragicomic adventures of a shabby film crew; *Hannah* by Andrea Pallaoro, the story of a woman who has to learn how to handle the private anguish of an unspeakable secret; *La terra dell'abbastanza*, debut movie by the very young Fabio and Damiano D'Innocenzo that tells the story of the downward spiral of two boys living in the suburbs of Rome; *San Valentino Stories*, romantic Neapolitan comedy in three episodes, directed by three newcomers (Emanuele Palamara, Sergio Panariello, and Antonio Guerriero); *Nato a Casal di Principe* on the desperate search of a family whose son disappeared into thin air at the hands of the camorra; *Tito e gli Alieni*, second work by Paola Randi, a fantasy with surreal overtones; *Blue Kids*, the debut work of Andrea Tagliaferri, a portrait of young people on the run without reference points or values; *Favola*, Sebastiano Mauri's debut as director, taken from the play of the same name; *Al massimo ribasso* by Riccardo Jacopino, on the issue of rigged tenders; *Due piccoli italiani* by Paolo Sassanelli, a heart-warming story of the escape of two mentally ill people; *Finalmente Sposi* by Lello Arena, a story of the couple of the Artetecas; *Ci vuole un fisico* by Alessandro Tamburini, the story of a chance meeting between a man and woman.

**Among the completed movies:** *Capri Revolution*, a new film by Mario Mattone, which tells the story of the encounter between a shepherdess and a community of artists on Capri in the years of the First World War; *Euforia*, the second work by Valena Golino, and *Todos lo saben* present at the last Cannes Film Festival; *Ricchi di fantasia*, comedy by Francesco Micciché; *Il rumore del sole*, third work by Mirko Locatelli, a story of guilt and forgiveness set in Trieste; *Drive Me Home*, first work by Simone Catania, a road movie on the meeting of two childhood friends; the long-awaited film by Alberto Fasulo, *Menocchio*, which reconstructs the story of a Friulian miller of the late sixteenth century; *History of Love*, second work by Slovenian director Sonja Prosenč; *Il mangiatore di pietre* by Nicola Bellucci that tells

a story of mourning, revenge and smuggling; *La fuitina sbagliata* by Mimmo Esposito; *Il flauto magico* di Piazza Vittorio, an alternative version of Mozart's masterpiece, conducted by Gianfranco Cabiddu and Mano Tronco.

**Among the post-production films:** *Hogar*, first work by the documentarist Maura Delpero, a story of the dynamics of relationships in an institution for single mothers; *White Flowers*, bizarre gothic film experiment set between Italy and Japan, directed by Marco De Angelis and Antonio Di Trapani; *Rosa Tempesta*, a dramatic female comedy by Katja Colja at her debut; *Troppa grazia* by Gianni Zanasi, a "mystical comedy" about a young woman who in a moment of personal crisis begins to have strange visions; *Un giorno all'improvviso*, by Ciro D'Emilio at his debut as director; *La befana vien di notte* by Michele Soavi, a children's film; *Non sono un assassino*, second work by Andrea Zaccariello, based on the novel of the same title by Francesco Caringella; *L'amore a domicilio*, a comedy directed by Emiliano Corapi where a young man falls in love with a girl under home arrest; *Tutte le mie notti*, thriller by the debuting Manfredi Lucibello; *Flesh out* by Michela Occhipinti, that tells of Venda, a young Mauritanian girl, and the practice of "gavage"; *Palloncini* by Laura Chiossone, a comedy that takes place entirely during a birthday party; *The End? L'inferno fuori* by Daniele Misischia, story of a man stuck in a lift while a virus turns people into zombies; *Il Giorno più bello* by Vito Palmieri, comedy about the rights of homosexuals; *Free*, second work by Fabrizio Maria Cortese, on the issue of old age; *Lacrime di sale* by Maurizio Zaccaro, taken from the book of the same title, an excerpt from the life of Pietro Bartolo, the only doctor in Lampedusa; *Saremo Giovani e Bellissimi* by Letizia Lamartire, a story on an unusual mother-son relationship.

**The following are near completion:** *Il bene mio* by Pippo Mezzapesa with Sergio Rubini; *Likemeback*, second work by Leonardo Guerra Seragnoli, a story about three girls sharing a vacation; *Lucania*, second work by Gigi Roccati, which tells the story of the escape of a father and his daughter; *Restiamo Amici* by Antonello Grimaldi; *Rosso Istria* by Maximiliano Hernando Bruno, a moving account of the last moments of Norma Cossetto's life.

The production of many films started during the first half of the year: *Assandira* by Salvatore Mereu; *Dormiremo da vecchi*, an acid comedy directed by Fabio Resinaro; *Non ci resta che il crimine*, a new comedy by Massimiliano Bruno, in which three friends suddenly find themselves caught in the criminal scene in Rome in the 1980s; *Dafne* by Federico Bondi, story of the emancipation of a young girl with

Down's Syndrome; *Don't forget to breathe* by Martin Turk, the story of the formation of two brothers who grew up without a father; *Il Ladro di Cardellini* by Carlo Luglio with Nando Paone, a comedy about old age; *Lala*, meeting in Bombay of Goutam Ghose, story of a young documentary filmmaker who comes into contact with an Indian child; *Il campione*, first work by Leonardo D'Agostini, which tells the story of the bond created between a disillusioned former professor and a young footballer; *Cinque è il numero perfetto*, Igor Tuveri's directorial debut, with the film adaptation of one of his most famous graphic novels; *Martin Eden*, debut in pure fiction by Pietro Marcello with the classic by Jack London; *Momenti di trascurabile felicità* by Daniele Luchetti; *Se un giorno tornerai* by Marco Mazzieri, is a Po Valley melodrama; *Il mio corpo vi seppellirà*, an all-girl western directed by Giovanni La Parola; *Volevo nascondermi*, biopic about the life of the naïf painter Antonio Ligabue from Emilia; *Cittadini del mondo*, return as director for Gianni Di Gregorio with a comedy about a group of irresistible senior citizens.

As always, the number of **projects under development in the writing phase** is incredible: *L'isola delle rose* by Sydney Sibilla, the story of the founding of a free republic on a platform off the coast of Romagna; *Fuoco*, the story of an actor who can no longer distinguish between real life and invention, written by Massimo Coppola; *Save Wambezi*, the story of a strange Neapolitan couple of swindlers written by Enrico Caria; *Hammamet* by Amelio, which tells the story of the last months of Bettino Craxi's life; Alessandro Rak's upcoming animation project; *Ex Vedove*, an all-girl western written by Fabio and Damiano D'Innocenzo; *Lei mi parla ancora*, a new project by Pupi Avati; *Samia* by Yasemin Samdereli, taken from the investigative journalism book by Giuseppe Catozzella on the unfortunate life of Samia Yusuf Omar; *Abracadabra* by Dario Acocella, the story of a man who almost goes mad; *39 inches — La misura di una mano* by Emanuele Pica and Cosimo Calamini, the story of a young disabled person in the world of art; *Rabbia e Voodoo* by Max Croci and Marina Scirocco, a comedy about love between two colleagues; *Sulla Giostra* by Giorgia Cecere that investigates the mother-son relationship.

**Among the developments completed:** *Black* by Christian Bisceglia, Sara Maestri, and Fabio Campo, on the mysterious events of Valganna; *Il grande tuffo*, which deals with the theme of disease with a comedic register; *Calibro 9* by Toni D'Angelo, followed by the successful police TV dramas of the 70s.

Finally, the commitment to the development of international co-productions and to the

international promotion of Italian film products was further strengthened.

In the first half of 2018 Rai Cinema was the protagonist of the 40th edition of the Moscow International Festival and the Shanghai International Film Festival. The presence of co-productions by Rai Cinema and delegations of Italian films and industry associations, together with the chairmanship of the International Jury of the Moscow Film Festival, made it possible to establish important relations, with the aim of encouraging and promoting the search for new collaborations between Italy and the two countries, for an exchange of projects and for the development of their respective film industries.

### Cinema of reality and documentary

In the first half of 2018, Rai Cinema started 15 projects, in line with its editorial policy and the mandate to support independent authors and producers.

Alongside new projects by well-known directors (Andrea Segre, Daniele Segre, Nene Grignaffini and Francesco Conversano, Massimo D'Anolfi and Martina Parenti, Francesco Patierno, Bruno Oliviero), Rai Cinema has invested in the debut of new talents such as Laura Cini (*Medium*), Francesco Lagi (*Ziguli*), Manu Gerosa (*One More Jump*), Mimmo Verdesca (*Alida Valli. L'antidiva*), Elio Di Pace and Matteo Pedicini (*La Chimera*), Duccio Fabbri (*Sqizo*).

Among the prizes obtained it is worth mentioning: Award for best medium-length documentary at Hot Docs for *La Convocazione* by Enrico Maisto; L'Oeil d'Or award at the Cannes Film Festival for best documentary for Stefano Savona's *La strada dei Samouni*; Jury Prize at the Festival Visions du reel in Nyon for *The Remnants* by Paolo Barberi and Riccardo Russo; Award as Best Documentary Film at the Moscow Film Festival for Giuseppe Carrieri's *Hanaa*; David di Donatello as best documentary for *La lucida follia* by Marco Ferreri by Anselma Dell'Olio.

### Festivals

The Company has successfully participated in the two major festivals on the calendar: the Berlinale (15-25 February) and the Cannes Film Festival (8-19 May).

Four Italian films produced with the support of Rai Cinema in Berlin: *Figlia mia* by Laura Bisपुरi, in competition; *Land* by Babak Jalali and *La terra dell'abbastanza*, the first work by the very young D'Innocenzo brothers, in the Panorama section; the documentary *Lorello e Brunello* by Jacopo Quadri, in the Culinary Cinema section.

The presence of Rai Cinema on the Croisette is particularly significant.

Two films in competition, *Dogman* by Matteo Garrone and *Lazzaro felice* by Alice Rohrwacher, both in the prize-list with two important awards: Best male performance by Marcello Fonte for *Dogman* and *Lazzaro felice* for Best Screenplay, written by the director herself.

Alongside these, *Euforia* by Valeria Golino in the section "Un certain regard"; *Troppa grazia* by Gianni Zanasi and *La strada dei Samouni* and the short film *La lotta* by Marco Bellocchio at the Quinzaine des Réalisateurs; another short feature *Così in terra* by Pier Lorenzo Pisano at the Cinéfondation and the opening film, *Todos lo saben* by Asghar Farhadi.

There are 19 David di Donatello's collected by films supported by Rai Cinema. Of these, five were awarded to *Ammore e malavita* by the Manetti Bros, which was declared Best Film; four to *Nico, 1988* by Susanna Nicchiarelli, including the one for Best Original Screenplay; and two to *A Ciambra* by Jonas Carpignano, winner as Best Director.

In addition, the 5 Golden Globes awarded by the Foreign Press in Italy - including Best Film for Leonardo di Costanzo's *L'intrusa* - and the 19 Nastri d'Argento awarded last 30 June in Taormina by the National Union of Italian Film Journalists, with the triumph of *Dogman* by Matteo Garrone, winner of 8 Nastri including Best Film, Best Director, Best Actor (Marcello Fonte and Edoardo Gero) and Best Producer (Archimede, Rai Cinema - Matteo Garrone and Paolo Del Brocco).

## Distribution

In the first half of 2018 Rai Cinema distributed 16 films with a total box office take of €40 million, reaching 3rd place in the ranking of distributors – the top Italian distributor – with a market share of 14% of box office grosses.

The best performance was achieved by *A casa tutti bene* by Gabriele Muccino, with a box office of about €9.3 million, the fifth highest grossing of the year. Excellent results for Steven Spielberg's *The Post*, with Tom Hanks and Meryl Streep, which grossed about €6.6 million; *Ella & John*, an "American" film by Paolo Virzi and *Metti la nonna in freezer* with Fabio De Luigi and Miriam Leone, both capable of grossing around €3.4 million.

Rai Cinema had a market share totalling 6.1% for new 2018 features in the in the home video market (+17% compared to 2017) and 4.6% for the entire library (also slightly up +2%).

## Commercial agreements

The first half of 2018 confirmed the growing trend in sales activities in the various channels in which distribution is carried out following the exploitation of theatrical and home video rights.

As regards Pay TV/SVoD transfers, the agreement with Amazon for the exclusive transfer of the rights to 23 films released in 2018 on the Amazon Prime Vision streaming platform.

In collaboration with Rai Com, an agreement was reached with Vodafone for the concession of 33 non-exclusive SVOD films.

Agreements were also confirmed with the major digital platforms for the distribution of products in TVOD and EST modes such as iTunes, Chili, Timvision, Google Play, Sony, Xbox of Microsoft and Wuaki.

As regards the channel of news-stands, thanks to agreements in place with Mondadori, a consistent presence of Rai Cinema films has been recorded.

Numerous works have been granted to Rai Com for foreign sales; among these, great satisfaction from *In guerra per amore*, Pif's second work, and *Lasciati andare* by Francesco Amato and the film by Matteo Garrone *Dogman*. Worthy of note is China's return as a distributor of Italian films.

Finally, RaiCom's marketing of SVOD rights for the international Netflix market is worth noting.

## Strategic and digital marketing

Rai Cinema's commitment on the web has been confirmed with the usual support of the Rai Cinema Channel in the promotion of all films produced and co-produced by Rai Cinema. RCC documented the previews of Steven Spielberg's *The Post* and Gabriele Muccino's *A casa tutti bene* and was at the forefront of the Cannes Film Festival, with content that reached a user pool of about 500,000 users.

Rai Cinema awarded the Italian short feature "più web" at numerous prestigious festivals; the main innovation of the first half of the year was the choice to dedicate the first prize to a short feature shot in virtual reality.

In the first half of 2018, an important project of activities and ad-hoc strategies for communication and marketing was also launched for the launch of films on digital platforms; the commitment to develop the social networks of Rai Cinema, Facebook, Instagram and Twitter with the addition of the creation and management of the new channel LinkedIn is continuing.

## Radio

The radio is an original component of the Public Service and an advance guard of hybridisation among the media, an example of the convergence between the most deep-rooted consumption of society and the expectations of an increasingly diversified and demanding audience.

The proliferation of content, formats and technology that characterise the radio, a deeply innovative segment for Rai, able to interpret the fluid identity of sound in all its versions and claiming a place in the centre of the digital scenario.

The extension of the DAB+ network accompanies a process of production and editorial migration which has been in progress for some time and which has already been perceived by habitual listeners of digital devices and thanks to its RaiPlayradio website and app.

Rai's commitment to develop and promote digital radio is one of the near future priorities of the Company.

The composite make-up of radio, deeply rooted in people's habits and ready for hybrid behaviours, requires a multitude of objectives and skills, creativity and the daily work of all operators.

Rai Radio works in a complex and dynamic market context, full of national and local editors, with the main goal of complying with the commitments set out in the Public Service Concession and Service Contract. The offer is organised into 12 channels, broadcast on 8 technological platforms, diversified based on editorial mission and reference target, all also active on the web and social media: the general interest channels Radio 1, Radio 2 and Radio 3; special interest channels Isoradio and Gr Parlamento; specialist channels.

## Generalist channels

### Radio 1

The channel has confirmed its informative, reliable, credible and authoritative mission.

The newsrooms produce a total of more than 55 daily editions between Gr1 (36), Gr2 (13) and Gr3 (6), lasting from two to twenty minutes. An intense and fascinating job, to recount the complex dynamics of politics, economy, trade union life, finance, news, foreign events, social upheaval, the land, cultural events and performances. Information characterised by direct coverage, radio news specials and various types of analysis: politics, news and current affairs.

In the first half of 2018, the focus was on the political situation in the country, with several specials on the general and regional elections. Attention was also given to events and recurrences of various nature, such as the *Giorno della Memoria*, the *Giornata del Ricordo* or, for example, to events such as the murder in Macerata.

During the electoral period that characterised the first six months of 2018, from the electoral campaign to the creation of the government, Radio 1 followed the entire political debate very closely, both with in-depth analyses of traditional programmes and radio newspapers, and with ad-hoc changes to the programme schedule: in particular, an editorial experiment that was very popular with the public was carried out: *Gioco a premier*, a political in-depth analysis included in the morning programming of Radio 1.

Sports remains a mainstay of Radio 1 and Gr, with a wide range of events: from the Italian football championship to the Champions league, from Formula1 to MotoGP, plus basketball, volleyball, rugby, track and swimming. A major container of free sports broadcasting rights.

1. Zona cesarini
2. General Election 2018



Radio 1 entertains audiences with its Monday morning programme *Radio anch'io Sport*: *Zona Cesarini* is broadcast in the evening: the historic event dedicated to the Champions League and the Europa League. On weekends there is space for recounting and the stories of sports personalities with *Extratime* in the morning time slot and direct coverage with pitches and race circuits with *Sabato Sport*, *Domenica Sport*, and the historic *Tutto il calcio minuto per minuto* in the afternoon slot.

Maximum commitment for major events in 2018: starting with the *Football World Cup in Russia 2018*. Then, a long and in-depth radio news programme for the Giro di Italia, enhanced by *Sulle Strade del Giro*, the live arrival at the stage finish line with the first immediate impressions and *Fuori Giro*, the post-stage commentary.

This year too, Radio 1 was once again the media partner of Internazionali BNL d'Italia, with a broad editorial offer, to recount the thrills of every match, the curiosities and behind-the-scene news of the main courts.

The schedule is filled with appointments starting in the early hours of the day. It starts at 5:00 a.m. with *Prima Radio1*, the press review; then *6 su Radio1* the good morning to listeners by telling them about the main topics of the day that is about to begin; followed by *Radio anch'io*, a leading information programme focusing on dialogue with listeners, investigative reports and specials.

At 10:00 a.m. *La radio ne parla*, a programme that deals with how Italian society is changing, and then space for feelings with *Tre di cuori*. After the 1:00 p.m. *Gr, Un giorno da Pecora*, a political satire programme. The afternoon of Radio 1 starts with *Fuori Gioco*, an afternoon container made up of sports, news and music; then follows a show in its first year of life: *Mangiafuoco*, a winning example of a narrative programme, a news story through a radio story. Then, two more cornerstones of Radio 1: *Italia sotto Inchiesta* and *Zapping*. Finally, after 11:00 p.m. *Tra poco in edicola*, with previews of the next day's newspapers.

Many media partnerships were confirmed in 2018: Rai Radio 1 is the official radio of festivals and important events and brings its broadcasts to the territory: Festival del giornalismo alimentare (Turin); Assiom forex (Verona); Vinitaly (official radio); Un campione per la vita (a traveling event to 8 Italian cities); Vivicittà (event in various cities of Italy);

Musicultura (Macerata); LINK, Premio Luchetta incontra (Trieste); Golden Gala di Atletica leggera (Rome); le giornate di primavera del Fai – i luoghi del cuore; the Internazionali di Tennis d'Italia (Rome); The Salone del Libro (Turin); È Storia (Gorizia); Festival della Bellezza of Verona, Festival dell'Economia of Trento, Rome Cup; the charity event *Con il cuore 2018*, in conjunction with Rai 1 (Assisi). In addition, as every year, Radio 1 has been present at the Festival del Giornalismo in Perugia.

Radio 1's main initiatives regarding interaction with listeners involve setting up and developing work on social media, increasing vanity metrics and growing and strengthening the interaction of the Radio 1 community on all its social profiles on Facebook, Twitter and Instagram.

The live broadcasts of the individual radio programmes have been repositioned on the official page of the channel rather than on those of the programmes to promote and increase the awareness of the Radio 1 page as well as its engagement.

During the week of the Festival di Sanremo, Radio 1 broadcast and shared social surveys aimed at increasing interaction with the public on trending topics. On the occasion of the last general elections, the coverage of the event was followed live on social media sharing contents of various kinds, in particular the statements of politicians interviewed by the radio newspaper or network programmes, with great interest on the part of listeners.

The YouRadio function is already at an advanced stage of experimentation – the launch of which is scheduled for the autumn – which will allow registered users of RaiPlay Radio to create their own personalised radio news programme. Users can choose the preferred thematic areas and the duration of their Gr (5 or 10 minutes) and an algorithm will prepare a digital radio news programme updated several times during the day.

At the beginning of January 2018 the new Studio G1A was inaugurated, which allows live streaming as well as the creation of TV connections. Radio 1 currently broadcasts part of its programming on Facebook and the web.

On 14 June, on the occasion of the World Cup in Russia, the new digital channel Radio 1 Sport was created and began broadcasting online on four platforms: web and RaiPlayRadio.it app, on digital terrestrial (DTT), radio digital terrestrial (Dab+) and via satellite.

Nine hours of programming each day, plus various moments of simulcasting with the rich sports offer of Radio 1.

After the experience of the World Cup, Radio 1 Sport will continue to offer much to its listeners giving the right space to all sporting events that are not fit in the programming of Radio 1.

## Radio 2

Multi-platform production projects, focus on music, live events, local coverage, social campaigns, brand visibility through cross-media, plus strong increase of on-field and online activity: these are the elements that characterised the Radio 2 offering in the first half of 2018.

The on-air offer, with the precise intent of reinforcing the station's recognisable identity, witnessed a consolidation action of the programming presented in the autumn.

An exceptional project closed the half year: the official launch of Radio 2 Indie, a digital channel entirely dedicated to the most innovative music with a sophisticated and particular playlist of Italian and international songs, with live performances by emerging artists and music programmes by the protagonists.

An original offer based on research work in the new independent rock and alternative scene, but also in the new Italian and foreign pop music and in the most exclusive live events, for uninterrupted listening.

The network's main programmes were confirmed: *Il Ruggito del Coniglio*, *Caterpillar*, *Caterpillar AM*, *610*, *Decanter*, *Radio 2 Social Club*, *I Provinciali*, *Non è un Paese per Giovani*, *I Sociopatici*, *Me Anziano YouTuberS*, *KGG*, *Back2Back*, and *Musical Box*.

On the weekend, *Senti che Storia*, *Gli Sbandati di Radio 2* and *Girl Solving*. The historical *Black Out*, *Programmone*, *Ettore*, *Italia nel Pallone* and *Hit Story*.

Radio 2 is also on the international scene. And from Barcelona with Primavera Sound, the Spanish festival which combines the best of the international music scene, and Sonar, the annual event with electronic music and multimedia art.

The strategy developed around the live concept has continued to grow and was again one of the Station's strong points:

- **live and 'special meetings' from the studios in Via Asiago** on air and streaming on RaiPlayRadio.it/Radio2, live on Facebook, on the channel Youtube Rai and with special content on Twitter and Instagram @ RaiRadio2. Selton, Ghali, Nic Cester, Giorgia, Max Gazzè, Gizmodrome, The Kolors, Negramaro, Emma Marrone, Laura Pausini, Colapesce, Zen Circus, Alvaro Soler, Motta, Frah Quintale, Germanò, Bud Spencer Blues Explosion, Biagio Antonacci, I Ministri, Luca Carboni;
- **mini live** with musical and sound exhibitions by young trendy groups in the Rock and Roll Circus, Babylon and 2Night;
- **broadcasts with territorial events**, live from the Radio 2 truck, squares and theatres, often thanks to media partnerships such as M'illumino di Meno, the Festival di Sanremo, Vinitaly, the May 1st Concert, the Giro d'Italia, the Biografilm Festival, CaterRaduno, Rock in Roma, etc.

It is worth pointing out that the Network made an impressive production effort to major events, such as the Sanremo Festival and the Giro d'Italia: on the occasion of the 101st edition of the cycling race, more than 50 hours of live coverage and more than 4,000 covered by the stage-truck, which was based in all the Italian cities touched by the Giro, were achieved.

1. Radio 2 live broadcast of the May 1st Concert
2. Emma in live concert from Sala B in Via Asiago



As regards the synergies in terms of editorial content with TV programming:

- **Rai 1** – *David di Donatello, Eurovision Song Contest, La Partita del Cuore, Wind Music Awards, Pino è, Il Ruggito del Coniglio*, daily from *Uno Mattina*; Fede and Tinto of *Decanter* as members of the jury at *La prova del cuoco*;
- **Rai 2** – *The Voice of Radio 2*;
- **Rai 3** – *May 1st Concert*;
- **Rai News24** – *Caterpillar to Telegram*.

Moreover, Radio 2 made sure to involve its community in social campaigns to raise awareness of major current issues. February saw the 14th edition of “M’illumino di meno”, the Energy Saving Day launched and supported by *Caterpillar*, which for years has represented the largest radio awareness campaign on energy consumption and sustainable mobility.

The project – organised on air, on the web and on social media – was again sponsored in 2018 by the highest authorities of the State and participation from the main Italian and European monuments, as a symbolic gesture of energy saving.

Radio 2 never goes on holiday and to stay close to its listeners during the summer, it tells about exclusive events and festivals to continue to make quality music the protagonist. Thanks to renewed synergies and unprecedented partnerships throughout Italy, the network - since June - is live on field with *Radio 2 in Tour*. It is a journey full of music, a traveling party that started in Matera and then landed in Senigallia, on the occasion of the thirteenth edition of *CaterRaduno* on Radio 2, passing through Riccione, Valle d'Itria, Cervia, Porto Recanati and Vasto.

The multimedia contents of Radio 2 programmes – photos, videos, exclusive backstage programmes – are also available on RaiPlayRadio.it/Radio2, Facebook, Twitter and Instagram of Radio 2 and on Rai's YouTube channel.

## Radio 3

Also in the first half of 2018, Radio 3 devoted particular attention to the major themes of the cultural and civil debate and consolidated the breadth and quality of its musical offerings.

From the latter point of view noteworthy events includes live broadcasts from Teatro alla Scala, for both the opera and symphony seasons, from the Regio of Turin, Comunale of Bologna, Fenice of Venice, Teatro dell'Opera of Rome and San Carlo of Naples.

The Rai National Symphony Orchestra was a constant presence with Symphony Season concerts and cycles of *Rai Nuova Musica*, devoted to contemporary music. Radio 3's *I Concerti del Quirinale* continued, a prestigious series of musical events produced live every Sunday morning from the Quirinale, now in its nineteenth year and which has witnessed increased audience participation. *Euroradio* concerts continued to enrich the morning and Sunday afternoon schedules. They are from the main worldwide institutions and make it possible to propose famous orchestras and opera seasons of important theatres.

In 2018, Radio 3 consolidated the breadth and quality of its music offering by broadcasting, from January 1 to June 30, 386 concerts, of different musical genres and distributed in various broadcasts. In addition to concerts, Radio 3 offers a constant proposal of in-depth analyses thanks to Wikimusic and the popular *Lezioni di Musica*.

There are many programmes and events that recall important dates in Italian history, such as 27 January, when a live broadcast from Livorno told about the *Giorno della Memoria*, with a special evening from the Teatro Goldoni, through the voice of the witnesses of the Shoah.

1. The Festa di Radio 3 in Cesena - from 25 to 27 May 2018: three days of events, debates, music and shows on the theme “Tyranny and Freedom”
2. Speciale *La Baruccia*: *Gran Galà di Rossini*



The attention to issues and languages was also the motivation of the Special Days: 8 March with a play dedicated to Margaret Atwood's *The Handmaid's Tale*, with readings by the actress Viola Graziosi; on the World Poetry Day (21 March), which coincides with the "Day of Remembrance and Commitment in Memory of the Innocent Victims of the Mafia" promoted by the association Libera, the two souls of the network came together during the programming with 20 poems on the issue of the fight against the Mafia and civic commitment.

On 28 March, with a *Grand Gala* live from Sala A in via Asiago, Radio 3 celebrated Gioachino Rossini on the occasion of the 150th anniversary of his death. It was a celebration that saw the participation of some of today's greatest Rossini performers and that opened a series of initiatives that will culminate in a special day, 13 November, in which all the broadcasts of the network will resonate with his music. Also worth mentioning among the initiatives dedicated to Rossini were: in the week from 26 to 30 March, the programme *Qui comincia* dedicated a daily space to Rossini; the *Péchés Rossiniens Tre sguardi sul mondo di Rossini* during *Radio 3 Suite* offered listeners three moments of reflection on Rossini's figure and music.

The 50th anniversary of 1968 was remembered with a special programme dedicated to its culture and all the different disciplines that were affected: science, music, books, art, and theatre. From 3 March to 26 May every Saturday at 6:00 p.m., the 13 episodes of the programme *Pantheon* titled *Il Sessantotto in 13 libri* were aired.

Throughout 2018 Radio 3 confirmed its presence live from the most important cultural events: in March from the Fiera internazionale dell'Editoria Tempo di libri in Milan, from Libri Come, Festa del libro e della lettura in Rome, and from Book Pride in Milan; in May from the Turin Book Fair, and from the Cannes Film Festival and the Venice Art Biennale in May, from the Trento Economy Festival in June. Festivals organised directly by Radio 3 were particularly significant and included the fourth edition of the Festa di Radio 3 in Romagna, a presence that meets the logic of making those subjects which are always the focus of broadcasting even more attractive and make it possible to meet the audience live.

There is increased focus on new formats and the needs of an audience that, along with traditional broadcasting forms, is more and more likely to select deferred listening to programmes.

Special care is taken in packaging contents that can be listened to again in streaming or downloaded as podcasts, a popular choice with users, as demonstrated with the results obtained by the broadcasts of *Ad Alta Voce* and *Wikiradio*. The offer of films, images, e-books and non-traditional contents for a radio station has increased through the use of social networks, especially video streaming activity, above all for special initiatives.

## Special-interest channels

### Isoradio

In the first half of 2018 the channel confirmed its stream scheduling: news on traffic, urban and suburban roads, music. On air 24 hours a day, 365 days a year.

The daily service reports with the Highway Police, Società Autostrade, ANAS, port authorities, airports and the railways have been confirmed to ensure continuous and accurate information on the state of urban and suburban traffic throughout the peninsula.

Among the new features is the campaign *In viaggio con la Costituzione* on the occasion of the 70th anniversary of Italy's Constitution. The initiative, which started in October 2017, ended in February 2018 with the reading of all 139 Articles proposed by the "voices" of Isoradio and followed by a brief commentary by Prof. Alfonso Celotto, professor of Constitutional Law at the University of Rome 3. Then there was the new campaign on road safety by ASAPS, *La strada è di tutti*. The doctor, the cyclist, the firefighter, the lawyer, the pedestrian, the car driver and others are the protagonists of a series of spots that give useful advice on how to deal with traffic and driving in a prudent and conscious way. The objective is always the same, preventing road accidents to say enough to the too many victims of the road. In addition, new campaigns have been promoted and implemented against the use of mobile phones for driving, against the dramatic phenomenon of abandoning children in the car, against distraction to driving and for the use of seat belts.

Always present in the schedule is the weekly appointment *Viaggiare in sicurezza con la Polizia Stradale*: Highway police officers inform those who travel on the rules of the Highway Code, on the behaviour to be followed when driving, and on the penalties provided for. But also *Notte sicura con Isoradio*, the night programme aired 7 days a week from 00:30 a.m. to 05:30 a.m., a radio happening with music and news dedicated to those who travel at night and safety on the streets.

Every Tuesday until the end of May, the space *Studenti a Isoradio*, with the students of secondary schools of first and second degree hosted at Isoradio studios, and with live interventions on issues of education and road safety.

With *Le cinque giornate di Sanremo*, from 6 to 10 February Isoradio followed the 68th edition of the Festival with a special programme.

In addition, on air from January to June, the following thematic areas are highlighted: *Sulla strada*, dedicated to the world of road transport; *I Viaggi di Isoradio*, unusual itineraries to discover the country; *Arrivi e Partenze*, events, characters and places to discover up close; *Scuola guida international*, world news on the world of mobility; *La dolce vita*, illustrious personalities exemplary for their professional and social commitment; *Pop Corn*, quality music from the 80s, which is added to the music programme with insights and monographs of artists, often guests live at Isoradio studios.

### Gr Parlamento

Gr Parlamento is the institutional channel that mainly deals with the parliamentary activities of the Senate and Chamber, with live broadcasts of sessions from the Houses and selecting, if there is more than one at the same time, those of greatest collective interest based on the themes treated and topicality of the subjects, possibly aired deferred broadcasts of the other sessions.

The work of the Parliamentary Committees is also followed and broadcast – mostly on a deferred basis – giving priority to the issues of greatest public interest, as well as the conferences, initiatives, appointments and press conferences that take place in institutional venues.

Information is ensured by five daily news programmes and an ample daily press review. The schedule also includes daily in-depth features with the participation of MPs, political leaders, commentators, experts in the specific subjects, respecting the informational pluralism typical of the Public Service.

Further in-depth sections – such as *Italia che va*, *Federalismo solidale*, *No Profit*, *Parlamento 2.0* – deal specifically, always with an institutional vision, with rights, diversity, social issues and the third sector for a total of seven weekly appointments.

There were numerous *Specials*, aired on the occasion of events of particular political/parliamentary importance or in case of commemorations that enhance the channel's information offering.

### Specialised stations

Launched in 2017, they work alongside general interest radios to make up a complete offer aimed at intercepting vertical audiences. Audiences can listen in Dab+, on TV, on the web and with the RaiPlay Radio app.

### Rai Radio Classica

Rai Radio Classica is the point of reference for Italian and international serious music, from ancient to contemporary music.

The schedule includes the opera, musicals, operetta and orchestra repertoire: a space dedicated to the national symphonic orchestra of Rai and Rai orchestra seasons from the historical archive.

For fans of ancient music, compositions from the Middle Ages to late Baroque, as well as arias, duets, trios and scenes from the opera repertoire, chamber music, the great Romantic Age repertoire, the Quirinale concerts, and the music of soundtracks.

### Rai Radio Kids

Rai Radio Kids offers fun, music and participation for children.

*Big Bang*, the talk show with Armando, Lallo and Lella, finds ideas to tell the events of everyday life. *DJ* deals with music, also hosting composers of songs for children. The world of readings includes the great classics and more and more often original productions, even with readings of texts written by young writers such as school children. And on the web part of the channel, there is space for recipes for children. Finally, more information on nature, performances, events, science, the environment, tourism and technology.

### Rai Radio Live

Rai Radio Live offers a very personal tour of Italy through the story of events, the description of villages, the world of food and wine, entertainment, and music: an updated calendar with all the cultural, musical and social events, followed daily by *Fronte del Palco*. In addition, musical interviews of *Era ora*, the C side of music and colloquial ones of *Questioni di Stilo*. On the weekend, *Vita da Strada*, to discover Italian towns, wine and food shows and events related to the world of literature.

Quality music, rock and pop are the leitmotiv throughout the programming.

## Rai Radio Techete'

Rai Radio Techete' retraces and re-proposes the radio of the past following the three strands of variety, sport and fiction, with some original insights. An original way for promoting the best of Italian radio from post-WWII to the present. This is the best of radio entertainment, the thrill of sports told by historical radio newscaster, the histories of music, the special with birthdays and commemorations told through archive material. Plus the voices and personalities who made radio great, the most famous programmes re-proposed in their entirety, plays and great drama and comedy.

## Rai Radio Tutta Italiana

Rai Radio Tutta Italiana stands out for its easy listening, with rapid spoken interventions and in-depth analyses never exceeding three minutes and features such as *Mi ritorni in mente*, which traces year after year the most important events, or *Cantare è d'amore*, which offers the most beautiful love songs of the last fifty years. Lastly, more than 120 profiles dedicated to the star singers from Umberto Bindi to Tiziano Ferro. And there is plenty of space for emerging singers and new independent trends. Radio Tutta Italiana is also on FM as the theme song of Gr Parlamento during the evening and night time slots.

## Genres, success, audiences

The editorial profile of general interest stations is organised into genre shares defined by the Service Contract: news, information, culture, society, music, service and public utility.

**Radio 1.** News and information exceed 58% of the broadcast hours; this is followed by 18% music, concentrated in the late evening time slot and society with 16%. The minimum amount required by the Service Contract (total 70%) is more than fully complied with.

**Radio 2.** The main genres are music (31%) and society (15%), while the share of other genres (e.g., variety and entertainment) total 46% overall. There is no total minimum share.

**Radio 3.** The prevalence of music (55%) and culture (25%), followed by information (9%) that describe a station that fully guarantees the 90% required by the Service Contract.

The transversal public utility genre includes information on traffic (223 weekly updates in all time slots) and weather (118), a continuous service with high added value, especially for the population on the move, which becomes the main ingredient for Isoradio.

The main quality indicator is the Qualitel survey, created by the Istituto Gfk. The average value of the radio medium (6.7%) has been exceeded by the approval rating of all the measured Rai channels: 6.9% for Radio 1, 7.5% for Radio 2, 7.7% for Radio 3 and 7.1% for Isoradio.

The audience measurement sponsored by TER Tavolo Editori Radio and performed by Gfk-Ipsos, assigned the following share values to the four measured Rai stations: 4.8% for Radio 1, 3.7% for Radio 2, 1.9% for Radio 3, 0.8% for Isoradio.

The Group's total share (11.1%) puts Rai in fourth place in the national ranking; the Mediaset group came in first, down sharply (13.5%), the RTL 102.5 group in second place (11.8%), and the Gedi group in third place (11.3%).

## Special initiatives

### Progetto Rai - EUYO European Union Youth Orchestra

EUYO is a youth orchestra founded by Claudio Abbado, composed of musicians 16 to 26 years old, financed by the EU Commissions and resident in Ferrara for 2018-20, with registered office in Palazzo di Via Asiago, and is the result of an institutional and cultural agreement. It is also thanks to this that RaiRadio ensures the organisation of auditions for Italian candidates and the promotion of EUTO's artistic goals, based on the universal language of music.

### Prix Italia 70

Prix Italia, a showcase for the best multimedia productions from around the world, is a prestigious international competition and a time for reflection on the emerging themes common to the media operators. RaiRadio normally participates in the Prix's full programme and for the 2018 edition it prepared a series of events related to the 70th anniversary: concerts, shows and DJ sets in various locations on the island of Capri, in addition to the usual presentation of autumn schedules, followed by a musical show offered to investors advertising.

## Regional Programming

A significant portion of territorial programming aired in Radio 1 confirms its vocation as a radio close to the community and its realities, communicating information (three daily TGR regional news editions) and programmes under conventions broadcast in the Regions with an autonomous status to ensure local independence and protection of linguistic minorities: Valle d'Aosta, Trentino, Autonomous Province of Bolzano, Friuli Venezia Giulia, Sardinia and Sicily.

In 2018 RaiRadio developed a line of travelling productions to involve numerous regional offices.

### Audio descriptions

The television audio description service for the blind and visually impaired is broadcast on Radio 1 in medium wave: the most important TV drama and comedy shows and series have become accessible to those with sensory disabilities. A total of 248 hours was broadcast in the first half of 2018.

### Radio for social affairs

The institutional and social schedule of RaiRadio coordinates the social communication of all channels, for a better coverage of awareness, communication and fund-raising campaigns, promotion of initiative and engagement of the public on social issues and third sector activities.

In 2018, 22 fundraising campaigns, 11 awareness campaigns and 31 institutional campaigns of the Italian Prime Minister's Office were planned.

The management of institutional and social communication is defined through the planning of free promotional spaces belonging to the social area requested by the Italian Prime Minister's Office, for a total amount in 2018 of 35 campaigns, including announcements for Public Service and Supranational Agencies.

The free spaces for the communication campaigns promoted by the Italian Prime Minister's Office are planned in the schedules of the general interest radio channels with a total of 20 daily runs. Since 2018, commercials have also been planned on the 5 specialised channels.

## Production and platforms

### Installations and systems

Numerous works have been carried out to renovate the systems and equipment recently built, including: two studio/control room facilities; new radio studios in Saxa Rubra; the video filming installation to allow broadcast in web streaming and on the main social media networks by the Radio 1 schedule; the new computer system for the automatic scheduling of music programming; the digitalisation project for historical broadcast audio tapes.

## RaiPlay Radio

The RaiPlay Radio platform, designed based on the success of RaiPlay, makes a wide range of radio contents immediately available. The interface is optimised for use from a browser and via app, for live and audio on-demand streams, enriched with texts, photos and video clips.

### Radio Digitale Dab+

The development of the radio digital terrestrial network is one of the strategic priorities of the Rai Group, in technological and productive terms, but also editorial related and for market ranking.

## Digital

In March 2018 (latest available Audiweb data), the total digital audience reached 34.2 million users, 62.3% of Italians two years of age and over. On the average day 25.4 million Italians were online, while 21.5 million (49% of Italians between 18 and 74 years of age) browsed from mobile devices. Furthermore, 12.6 million over-18 Italians browsed exclusively from mobile devices in the average day. In this context of continuous growth, in the first six months of 2018 Rai is consolidating the editorial and industrial strategy started in the second half of 2016 and confirmed in 2017, with the RaiPlay multimedia offering distributed on all platforms (desk, mobile, connected TV).

The offer has been progressively enhanced with the birth of two new products, one dedicated to radio, RaiPlay Radio – available from December 2017 – which completely renewed Rai Radio's digital offering, and one dedicated to children, RaiPlay Yoyo – born in April 2018 – a unique product of its kind, with an offer dedicated to the younger segment.

As part of this strategy, Rai has also created a unique registration process, through which the user identifies for free with the digital services of RaiPlay, RaiPlay Radio and RaiPlay Yoyo and, with his own account, accesses on-demand content and additional services available for the three product lines.

In line with the requirements of the new European Privacy Regulation, Rai has also created *Il Tuo Account*, a dedicated area from which the user can quickly and easily access their data in the Rai database and with which to independently manage all authorisations or requests.

At the end of the first half of 2018, Rai made the following offering available to its users:

**RaiPlay.it:** the multi-platform environment for access, through an advanced and adaptive graphical interface, to a selected video offer of Rai that is made available on non-linear platforms.

The offer consists of:

- live streaming of 14 TV channels;
- live streaming of one or more web-only channels for exclusive products or special events;
- the Replay tv service, from which access may be obtained on demand and on payment of rights to nine of the Rai channels broadcast during the previous seven days;
- access on-demand, a rich video on-demand offer selected from TV channels, in addition to contents exclusive to the web from the Teche Archives and Rai productions ordered by genres and re-proposed through specifically theme-related selections.



In particular, the catalogue offer is broken down into sections relating to programmes (most of the television offering of the 14 TV channels), drama and comedy (the vast repertoire of quality drama and comedy produced by Rai), films (a rich catalogue of about one thousand films from the 1930s to the present), theatre (a selection, divided by genre, of theatrical performances that are part of the current television offer and works from the Rai archive), documentaries (the best of international production broadcast by Rai channels), music (with numerous musical or documentary content representing most musical genres, from classical to jazz, with performers of international renown), children and young people (all content for the under-18 group, from children to adolescents, programmed on Rai networks).

With a view of expanding the user audience use, the YouTube platform was consolidated for the distribution of contents parallel to RaiPlay for young people and children. Together with the distribution on MSN, YouTube and RaiPlay allow the product and the Rai brand to reach, free of charge, an increasingly large audience of users. The MHP and the connected TV apps are well covered and continuously evolving in order to make use of the contents also on traditional but evolved media. Constant attention is also paid to the integration of live streaming and on-demand content with television broadcasting for an increasingly complete user experience.

**RaiPlay Radio.it:** after having been completely renovated in all its components, the portal of the Rai radio world has added other 2 digital channels, Radio1 Sport and Radio2 Indie with selections and specific programmes related to the core of the channel to the live coverage of the 10 radio channels - 5 on air and 5 digital. Access to all the portals of radio networks and programmes remains, with the new interface that offers a series of technological and usability innovations such as the floating player and the extended live, of great interest and originality.

Created for the web in responsive mode and as app for smartphones and tablets, the new RaiPlay Radio also has a wide range of on-demand audio contents including texts, photographs and videos, most of which are exclusive.

**Rainews.it/TGR web:** Rainews.it is the portal where it is possible to access all Rai information. In the first half of 2018 the extension of the web project of the TGR newsroom continued, with the authorisation to publish daily news on their respective websites by the offices in Palermo and Trieste (Italian

editorial staff), in addition to those already online in Florence, Venice, Bari and Trieste (Slovenian editorial staff).

These results are bolstered by training and support to journalists during the initial 'experimentation' period.

**RaiPlay Yoyo:** latest born in Rai, it is an App completely dedicated to children in a secure digital environment, without advertising and with parental control. The app is free and available for iOS and Android operating systems. Children will find all the animation series and television programmes broadcast by Rai Yoyo, to watch live or on-demand (if available VOD rights) on the RaiPlay Yoyo app. The programme schedule is organised in a simple and intuitive way even for children who, thanks to their favourite characters, can recognise the programme they want to see. There is also the possibility to use a convenient internal search engine or access content through the sections *last seen*, *favourite* and *downloaded*.

Access does not require registration, but the creation of an account allows parents greater control over their child's browsing, because it allows the activation of additional services and options, such as customisation of the offer, downloading programmes and the functions of protection and monitoring. Within the same account parents can create a profile dedicated to each child, in order to have a personalised offer differentiated by age.

**Rai Sport:** in the first half of 2018 a web special dedicated to the *Giro d'Italia* was created, replicating the experience made available for the first time in 2017, with a special site outside the RaiSport portal entirely dedicated to the event, and with social activities coordinated with those of web publication.

**Rai.it:** the portal that is inclusive and makes the vast Group's web offer easily accessible. Rai.it promotes all the programmes on air and gives access to them, with their web available contents, from all TV networks and radio channels, as well as to information and multimedia content from all the news mastheads, directly reporting the most important news of Rai News and Rai Sport. Rai.it also proposes a series of services that are of great importance and interest to audience, such as the guide to the Rai programmes and the access to the corporate information of Rai. Rai.it includes the offer of the programme, channel and service websites.

Not yet available to users, the project **Meteo e Mobilità** provides for the creation of an app and a portal. During the first half of 2018, aspects relating to the acquisition, pre-processing and processing of information sources were consolidated, intensifying contacts with the various owners (Italian Air Force, CCISS, Civil Protection, etc.).

During the first six months of 2018, the **social media** and **digital marketing** strategy was consolidated and revamped in order to adapt quickly and effectively to the market scenarios that have evolved in this period, marking a major break from the past. The objective is to intercept an increasingly large social audience, possibly young and technologically competent, repositioning the perception of the brand, the products, the capacity for innovation and involvement of Rai.

The strategy on social and digital platforms is based on four main elements: product promotion, user involvement, creation of traffic to Rai's digital platforms and monetisation. In 2018, two important areas were added: the development of faces and formats on social platforms, with a view to talent cultivation – to create ever greater opportunities for user involvement and to develop brands and talents that can then also serve TV and radio activities – and the consolidation of monetisation activities through the tool of branded social content, in addition to the partnership/monetisation agreements in place with major players. One goal above all is the effectiveness of organic communication activities on the *Festival di Sanremo*: in 2018, in the light of excellent results also on Rai's digital platforms (+140% video views compared to 2017 on RaiPlay, + 30% live streaming views), an absolute record was also set on social platforms, on which, for the entire week of the Festival, the interactions generated by Rai profiles were over 28 million with an increase of +25% compared to the already successful 2017 edition.

The *Festival di Sanremo* prime time, with a total of 6 million interactions, also set the record for the most commented television event on social networks in Italy.

As far as the development of formats and talent is concerned, in 2018 the daily live broadcasts of *Timeline*, the appointment that precedes *Agorà* on all Rai social and digital platforms (Facebook, Instagram, Twitter, Rai channel on YouTube and RaiPlay) continued, totalling 200 episodes from September 2017 with over 6.5 million total views.

At the same time, Rai 2's strategy has been consolidated and expanded – by far the network of innovation and experimentation on Rai's social networks – based on creating a system including network influencers and web influencers who, thanks to their "missions" on social media (for Sanremo 2018, for *The Voice*, for the *World Cup in Russia*), attract significant user groups in the 13-25 age group and help Rai consolidate ad-hoc projects with sponsors, allowing the possibility of extending the monetisation of brands also to social networks.

Alongside the promotion of Rai's brands, products and platforms, and the involvement of users in television and radio entertainment and information products, there is also a caring strategy that will be consolidated organically in 2018 in a dedicated customer care area for digital platforms. Among the first KPIs:

- as part of Rai's rationalisation process, additional social profiles were eliminated in the first few months of 2018, amounting to a total of around 400 profiles for the entire company;
- as far as caring activities for users with RaiPlay profiles are concerned, Rai has gone from an average of 90 replies per day to post/comments or Tweets in 2017 to 400 per day in June 2018.

The consolidation of Rai's digital marketing and traffic building activities is continuing. During the first half of 2018, the strategy was further developed to plan advertising campaigns on the main digital platforms with the aim of:

- increasing traffic on Rai websites and downloads of Rai Apps;
- repositioning Rai's digital platforms in search engines, increasing discoverability and content prominence;
- reach new targets that are potentially far from Rai, with campaigns aimed, in addition to traffic building, also at brand awareness of core content for the company that is innovative or for a young audience.

These are the results of the first six months of 2018, pending the quantification of the total activities:

- new traffic building campaigns were consolidated and developed on the Facebook/Instagram platforms;
- on the Facebook, Instagram and Google platforms, the digital marketing and traffic building strategy achieved, until 30 June 2018, the following results:
  - impressions: 258 million;
  - clicks to Rai digital platforms: 4.6 million with an average cost per click of 0.14 euros;
  - installation of RaiPlay App: 234 thousand at an average conversion cost of 0.46

euros (Best Performer: Google Universal App Campaign with a conversion cost of 0.33 euros).

In the first half of 2018, social training activities continued for regional newsrooms and the first training support for other newsrooms. These activities allowed the launch of the new online websites of 6 of the 24 TGR newsrooms on 2 July 2018, supported by an on-air, organic and paid social communication campaign. The websites of the 6 online newsrooms, already in the first week since their launch, saw an average increase of 100% for the different pages of the daily media views. A significant percentage of incoming traffic (50%) was generated by communication activities on digital platforms and measured through the tracking of referrals.

From January 2017 to June 2018, more than 900 hours of specific training were provided – of which 150 from January to June 2018 – for use of social platforms in the newsrooms and with journalists from Tuscany, Veneto, Friuli Venezia Giulia (2 newsrooms, Italian and Slovenian), Puglia, Sicily, Molise, Trentino Alto Adige (4 newsrooms, 2 Italian, German and Ladin).

On Facebook, all the TGR profiles receiving training witnessed a substantial increase in the number of fans, which, after the peaks recorded in 2017 (Friuli Venezia Giulia and Veneto, in particular, recorded a growth between 230% and 250%) continued in the first 6 months of 2018 with an overall increase in fans of 104% (in particular, the regions of Puglia, Molise and Trentino grew by 196%, 53% and 29% respectively) (data source Crowdtangle).

The growth in interactions is regular, despite the inconvenience caused by the adjustment of the Facebook algorithms introduced in January 2018; the peaks of interest and interaction of the public are naturally linked to the impact of the shared news, both in terms of importance and emotionality combined with the use of formats most awarded by the platform and appreciated by the public (such as, for example, the series of Facebook live broadcasts with which TGR Toscana covered the death of Davide Astori, reaching peaks of 450 thousand views).

On Twitter, in the regions that completed their training, the overall increase in followers from last year was 100%; constant publication and growth of the user pool also affect engagement, which recorded peaks for the Veneto and Friuli Venezia Giulia TGRs of 6.8% and 3.8% respectively.

The consolidation of the communication activities of the digital platforms of the RaiPlay family is also continuing. In the first six months of 2018, launch and maintenance campaigns were developed for: RaiPlay Radio, RaiPlay Yoyo, the winter and summer offer of RaiPlay, TGR, the great events of TV drama and comedy as well as for the offer of sports events.

With over 200 videos, gifs and graphics developed ad hoc for organic and paid campaigns, as well as various campaigns for consumer and trade press, the development of graphic and creative formats has gradually consolidated, creating a renewed and more effective brand and traffic building communication for Rai's digital offering.

As regards the performance of the digital sector (source: Webtrekk), in the first half of 2018 the product distributed on proprietary platforms recorded a total of more than 1.8 billion page views (+11% compared to the first half of 2017) and about 360 million video views (+23% compared to 2017), with an average month of 23 million individual browsers (+8% compared to the first half of 2017) for 51.5 million visits (+12% compared to the first half of 2017). More specifically:

**RaiPlay** recorded overall traffic of 297 million video views, with a monthly average of 49 million (+12% vs the first half of 2017) and 11.8 million average monthly individual browsers (-3% vs the first half of 2017);

**RaiPlay Radio**, the new radio portal, recorded a monthly average of 1.1 million individual browsers, with a total of 13.3 million views;

**RaiPlay Yoyo**, the new portal dedicated to children recorded since its launch 12.8 million video views (with a May-June monthly average of over 5.5 million) and a monthly average of 130 thousand individual browsers in the period May-June;

**RaiNews.it** recorded a total of 292 million page views (+6% over the first half of 2017) and over 19 million video views (+18% over the first half of 2017), with a monthly average of 9.3 million individual browsers (+43% over the first half of 2017);

**Rai.it** generated a total of around 67 million page views, with monthly traffic of over 11 million (-34% over the first half of 2017) and 2.8 million individual browsers averaged over one month (-24% over the first half of 2017).

The distribution of syndicated content in the first half of 2018 generated more than 502 million video views, bringing the Rai product in

the digital area to an average of more than 143 million monthly views.

The most successful applications were:

- RaiPlay – with more than 7.9 million downloads (figure net of updates);
- RaiPlay Radio – with more than 1.5 million downloads (figure net of updates);
- RaiNews – with more than 1.35 million downloads;
- RaiPlay YoYo – with more than 192 thousand downloads (figure net of updates).

## Teche

Again in the first half of 2018 initiatives continued aimed at reinforcing the brand as a point of reference of Public Service for the country's audiovisual history.

A result obtained in part thanks to the participation, through the supply of Rai repertoire materials, in many cultural initiatives that took place in Italy and abroad.

The most significant initiatives included: the exhibition *La Dolce Vittì* in Rome from 8 March to 10 June at the Teatro dei Dioscuri at the Quirinale, the retrospective dedicated to Franca Valeri at the Casa del Cinema in Rome, the participation in the Festival del Cinema Ritrovato organised by the Cineteca di Bologna from 23 June to 1 July, the presence at BIF&ST in Bari from 21 to 28 April with the retrospective dedicated to the works of Marco Ferreri and the exhibitions organised by the Cineteca Nazionale at the cinema Trevi in Rome.

The important activity to promote and use the historic programmes of the archive by selecting and providing programmes for the RaiPlay platform also continued in the first half of 2018. The section called *I Favolosi* continues to be an important key for drawing digital users.

The Teche Archives make a vital contribution to networks and media outlets with its Multimedia Catalogue (MMC), which brought available product hours up to 1.7 million for TV and 1.6 million for radio.

There are more than 75 million radio and TV documents in the Catalogue in addition to 90 thousand books kept in the three Rai libraries in Rome and Turin and 45,000 photos; the users registered to acquire archive material for reuse in programmes make an average of more than 2 million searches a month.

In the first half of 2018, the archive belonging to the Milanese photographer Vito Liverani was also acquired, consisting of more than 1 million photographs that will be included in the

Multimedia Catalogue in the next few years, once they are digitised and documented.

The Teche Archives check that rights to a product are available before it is put on air, a vital activity in view of the rise in digital use, and are responsible for harmonising the process of digitalising the Rai archive assets; they also handle legal obligations with regard to the utilisation of copyright works.

Negotiations continued with SIAE and LEA for the renewal of framework licensing agreements and with the collecting of performers for the payment of fair compensation.

Finally, in 2018, the Teche Archives also continued with the essential cultural activity of assisting in the employment of Rai's records as a historical source and object of study for the whole country, increasing the extent to which they are used by public and private entities, museums, schools, universities and foundations, which avail themselves of this Public Service as a depository of first-class historical material for the celebration of all types of anniversaries of events that have occurred in modern times.

The Rai Teche Archives are also present in many Italian and foreign museums, Italian cultural institutes abroad, universities and libraries; in the first half of 2018, a new consultation point of the Multimedia Catalogue was opened at the Library of the University of Pavia.

## Public Service Function

There are numerous collaboration agreements with institutions and bodies for the acquisition and distribution of public service content. These include, among others, the formal agreements with the Italian National Research Centre, the Council for Agricultural Research and Analysis of the Agricultural Economy, the Istituto Poligrafico dello Stato and the Italian Environment Fund (FAI).

In the first half of 2018, the formalisation of the Memorandum of Understanding with the Civil Protection Department is of particular importance for the latter's provision of information on the National Civil Protection Service, with particular reference to criticality/ weather alert and hydrogeological risk bulletins, prevention and communication campaigns, civil protection exercises and any activity connected with the dissemination of a culture of prevention.

Constant attention is also paid to the qualitative and quantitative results in terms

of public satisfaction and audience ratings in relation to public service initiatives undertaken by Rai. In this regard, the monitoring of the satisfaction of public utility services was started through a Teletext Focus and Public Utility Services, carried out as part of the surveys on Rai Corporate Reputation, which showed a medium-high position in the quality perceived by users.

In addition to this, there are also interesting audience results, especially for regional weather information.

### Weather and Traffic

Between February and April 2018 the weather forecasts were added to the television programmes *Buongiorno Regione Calabria* and *Buongiorno Regione Umbria*. As for radio, the production and transmission of *Meteo Europa* continued on Radio 3, now focused on cities where musical, theatrical and sporting events take place. The *Bolneve* (weather forecast and avalanche bulletin) was produced in collaboration with the Carabinieri Corps Forestry Service, which was replaced in summer by the *Bolmont* (weather forecast and safety tips in the mountains), in collaboration with the Club Alpino Italiano. The weather forecast was then doubled in the evening and, in the summer, the *Bolmare* (weather forecasts and notices to sailors) was doubled in collaboration with the Coast Guard, now also broadcast on digital radios. Finally, for digital radios, the production of integrated weather and mobility forecasts for the weekend continues.

On the occasion of the *Giro d'Italia 2018*, the weather forecasts and the traffic and closed road forecasts for the channel and for the Rai Sport website were provided again.

Rai also participated in the various crisis roundtables set up at the Central Department of Civil Protection (bad weather, fall of the Chinese satellite, tidal wave exercise), a department with which the Agreement for the acquisition of environmental data and risk prevention activities was ratified. A project was developed together with Rai Way for the construction of an integrated network of weather stations and webcams.

Finally, training in communication continued for Italian Air Force forecasters and those in the regional offices, as well as for infomobility service personnel.

Isoradio started the production of two 5 minute traffic analysis programmes at 1:30 a.m. and 4:30 a.m. from metropolitan areas, with information supplied by the Municipal Police forces.

Activity continued to develop new logistical and technological infrastructure to support radio and TV broadcasting and the spread of web and mobile platforms, which includes the design of a new television studio, the modernisation of radio booths, the organisation of new spaces for the infomobility newsroom and the weather control room. A scene design, graphics and technological project is also shaping up that is particularly original and with a high visual impact aimed at promoting the recognisability and differentiation of the Rai offer.

During the first half of 2018, for each week, the following were created:

for radio:

- *Onda Verde* news programmes:
  - 190 editions, with appointments from 5:30 a.m. to 00:30 a.m., distributed in the schedules of the three radio networks and GR Parlamento;
  - 35 news programmes between 1:05 a.m. and 05:05 a.m. broadcast on Radio1;
  - 14 radio appointments in the night schedule of the channel Isoradio;
  - 6 editions for GR Lazio at 7:20 a.m., Monday to Saturday;
- *Meteo* news programmes:
  - 119 editions of the weather bulletins from 6:00 a.m. to 11:30 p.m. in the schedules of the 3 general interest networks;
  - 7 editions of the *Meteo Europa* on Radio 3;
  - 4 editions of *Bolmont* on Radio 1, Radio 2 and Radio 3;
  - 2 editions of *Bolmare* on Radio 1 and runs on digital radios;
  - 84 editions of *Meteo* aired from 5:30 a.m. to 12:30 a.m. on the channel Isoradio.

for television:

- *CCiSS* news programmes:
  - 51 editions from 5:55 a.m. to 7:30 p.m. distributed in the schedules of Rai 1, Rai 2, Rai 3, TGR and Rai News;
- *Meteo* news programmes:
  - 92 editions 24 hours a day distributed in the schedules of Rai 1, Rai 2, Rai 3, TGR and Rai News.

## Accessibility

The objectives of the new Service Agreement provide for even greater attention to ensure the inclusion of people with sensory disabilities. This has led to further increases in subtitled hours, audio descriptions and use of sign language.

In particular, as at 30 June 2018, more than 7,700 hours of Italian subtitled programmes had been broadcast and there had been a significant increase in the number of subtitled programmes broadcast on Rai Play; while the airing of programmes with English subtitles was in line with the year before.

Sign language programming in the first half of 2018, in addition to the now customary ad hoc editions of the news broadcasts on the three general interest channels, has been enhanced – from 28 May – an edition broadcast on Rai News at 9:30 p.m., including the experimentation of the weather forecast in sign language. This new edition has been produced in a completely new way: lasting slightly longer, with new graphics and a greater integration of the interpreter with reference to video journalistic contributions that for the first time are translated into sign language.

Considerable effort was also put into the audio descriptions: in the first half of 2018, a total of around 700 hours of audio-described products were broadcast, covering almost ¼ of prime-time films and dramas.

The Rai Easy Web continued its editorial activity dedicated to sight impaired individuals, which includes the traditional offer of multimedia works and stories of an educational nature. The proposal of Easy Web specials completes the contents offer, containers created to offer reference users the possibility to consult an accurate selection of the company archive present on Rai portals in a simple manner. During the first half of the year, a total of 16 *Speciali* were produced on topical subjects and recurrences of important events (from *Adriano Celentano's 80th birthday*, to the *40th anniversary of the tragic death of Aldo Moro*, to the *Giornata della Legalità*).

## Teletext Services

Teletext's daily offering is divided into more than 15,000 pages – distributed between the National Teletext and the 21 regional sites – to which, from 2017, sections on the *Environment*, *Snow Report*, *Books* and *Territory* have been added.

In terms of the territory, the Teletext editorial staff created and published a feature on *Borghi d'Italia*, which is attracting interest from other publishing structures, such as Rai Radio Kids and Radiocorriere Tv.

The same strategy to expand the distribution of contents created by Televideo's editorial staff is the basis for a collaboration agreement with Radiocorriere Tv, for features on music, cooking and books. Collaboration with TV channels has also been consolidated to anticipate and inform on broadcast contents and with radio channels to allow inserting their schedules.

Collaborations and joint projects continue with the Coast Guard, the Italian Research Council (CNR), the Italian Environment Fund (FAI), the National Astrophysics Institute and ANICA (Italian National Association of Audiovisual and Multimedia Film Industries) for the publication of trailers of films shown in cinemas.

A project to rationalise the national programme schedule is being implemented and will become operational during the year.

## Digital inclusion

As part of the activities aimed at literacy, awareness and development of digital skills, it is worth mentioning the project *Glossario*, already at an advanced stage, which provides for drafting, in collaboration with experts in the field, more than 1,700 definitions of keywords of digital culture, of which more than 400 already made and published in part in the Teletext section *Le parole della Rete*.

A total of 130 fact sheets have been compiled on personalities, places and topics of close digital relevance (ultra-wideband, cybersecurity, telemedicine, artificial intelligence, smart city, etc.) and a selective agenda of the most important events dedicated to the world of innovation has been proposed.

Many projects have been carried out in collaboration with institutional bodies such as the Italian Ministry for Economic Development, Ministry of Education, Universities and Research, Ministry of Interior, Agid, Postal Police, Privacy Authority, Communications Authority (AGCOM), as well as private companies and Italian and international centres of excellence. The projects include: the Safer Internet Centre Italia-Generazioni Connesse 2019 – 2020; public consultation organised by AGCOM on the Regulation on the classification of audiovisual works intended for the web and video games; participation in the EBU Digital Media Days 2018 in Prague where, within the "Media Literacy" panel, the Rai 2017 Digital Inclusion project was presented to the main European media companies (BBC, FranceInfo, YLE, etc.).

As part of its well-established partnership with the Politecnico University of Milan, Rai is participating in the work of the Digital Agenda Observatory, now in its sixth edition: it is a space for discussion to implement the opportunities offered by digital innovation on some major issues such as the efficiency of Public Administration, the fight against tax evasion and support for development.

Compared to 2017 – the year in which highly visible activities were carried out thanks to collaborations with programmes such as *L'Eredità* and the short TV series *Complimenti per La Conessione 2*, which received a special mention at the Italian Digital Agenda Award – in 2018 the design of formats and editorial proposals that are waiting to move on to the operational and production phases is continuing. There are still many objectives to be achieved: promoting technological innovation, literacy and digital education; experimenting with programmes, formats and content aimed at increasing citizens' skills, competences and critical thinking; promoting the skills needed to ensure security and privacy for all citizens; countering fake news and cyberbullying; planning and promoting the strategic use of social networks and Rai's current digital platforms; stimulating domestic supply and demand; promoting interactive and capillary initiatives on the territory to reach, in particular, the 13-35 year age bracket through partnerships with institutions, local authorities and stakeholders.

## Sales activities

### Advertising

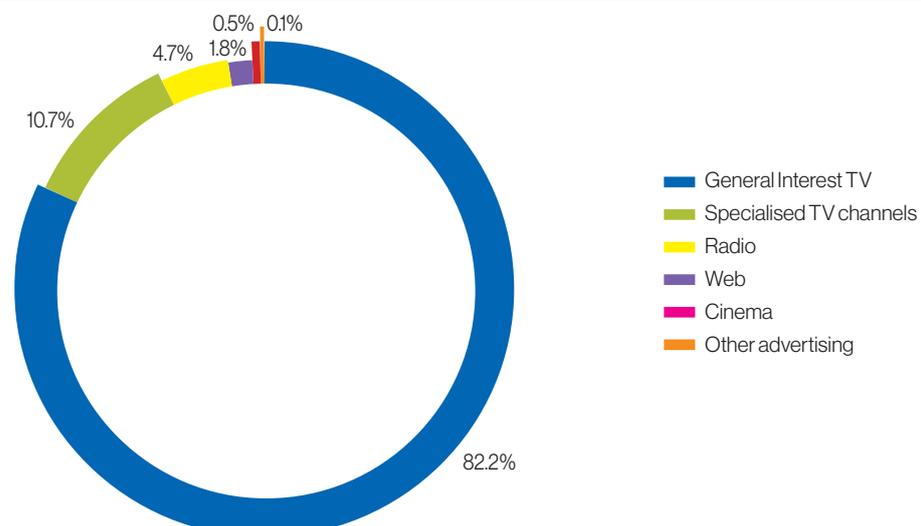
The sale of Rai advertising space – on general interest and specialised radio and television channels, on the Rai domain, on teletext and on other minor media – is managed exclusively by Rai Pubblicità, a wholly-owned subsidiary of Rai.

In an economic context of the Euro area that is growing, but at a slower pace, and an Italian scenario that is seeing a slowdown in the growth that began in the last part of 2017 (the June Economic Outlook publication of the International Monetary Fund, moreover, revised downward the estimates for the performance of the Italian economy for 2018, reducing them by 0.3 percentage points compared to the outlook of April 2018, indicating a projected GDP growth of 1.2%), the advertising market in the first part of 2018 is down by 1.4% compared to the same period of the previous year.

In the scenario described above, the first six months of 2018 – influenced, among other things, by the presence, for the first time, of the World Cup in the offering of the main competitor, as well as by the repercussions determined on the schedule by the broadcasts linked to the general elections – recorded a 4.3% reduction in advertising revenues of the Rai Group, compared to the first half of 2017.

The breakdown by medium of the total advertising of the Rai Group – of which television is the leading medium – is shown in the graph below.

#### ADVERTISING OF THE RAI GROUP - BREAKDOWN BY MEDIUM



During the first half of 2018, in order to support and improve internal business processes, and with the aim of making them more performing and responsive to market needs, the analysis was carried out and new procedures were formalised regarding pricing, discount brackets, advertising lists, the sale of advertising space, the management of credit lines and relations with Media Centres.

In this context, the support provided by the available IT tools was also fundamental, such as the digitalisation process – started in early 2018 – which has the ambitious objective of structuring the Company in terms of organisation, processes and competence, in order to prepare it to carry out the important strategic innovation projects on the agenda, such as CRM and Business Intelligence, as well as the creation of digital services. In this regard, the development of the business intelligence project continued during the first half of the year, with the creation of a first set of dashboards analysing commercial trends for the board, which is expected to be released during the third quarter.

## Sales

Rai Group's sales activities are managed by the wholly-owned subsidiary Rai Com.

### Agreements with the public administration, institutional bodies, and non-profit-making bodies

The area *Agreements with Public Authorities, Institutional Bodies and Non-profit Organisations* finalises and manages the negotiations for all Agreements with local public authorities, institutional bodies and non-profit organisations, as well as of contracts resulting from the Rai/State Service Contract obligations (language minorities and Rai Italia) with the exception of Ministries (activity managed directly by the Parent Company) as well as activity connected with the Rai Orchestra Sinfonica Nazionale and national and European calls for tenders.

Despite the continuing difficulty of local authorities in finding funds to invest in communication and a context that has not favoured the development of agreements with local authorities, the first half of 2018 saw both the start of forms of collaboration with new partners and the confirmation of agreements following on from the previous year and also following the signing of multi-year agreements, which, though formalised in 2017, have effects in 2018. Among these, the agreement with the Autonomous Province of Trento, which provides for the creation of 78 episodes of a *Rubrica Provinciale* (Provincial Feature) that will be aired until 31 December 2018.

In particular, among others, the following agreements are worth mentioning:

- with the Umbria Region for the production of promotional videos within the fiction *Don Matteo 11*;
- with the Promoting Committee of the Rossini Year for the production of a series of communication initiatives aimed at promoting the celebrations of the Rossini Year;
- with Consorzio Tutela Grana Padano which, in addition to confirming what was already done last year, has signed a second agreement for another initiative;
- the Sultanate of Oman for the enhancement of the territory.

Also of note, the renewal of agreements with the Prime Minister's Office regarding broadcasts to safeguard the interests of French, Slovene and Friulian linguistic minorities and for Italians abroad.

The ambitious partnership with the Region of Basilicata continued with a series of communication activities leading up to 2019, the year when Matera will become the European Capital of Culture. Lastly, also worthy of mention the Agreements with the Region of Liguria for communication activities during the *Festival di Sanremo* and with the Autonomous Province of Trento for the production of programmes promoting the territory.

Activity for the concerts of the Rai Orchestra Sinfonica Nazionale in Turin and for radio continued with good results.

### Music editions

In its capacity as music publisher, Rai Com develops and manages Rai's music catalogue and handles the acquisition and distribution of rights related to light music, contemporary music and classical music and prose works.

In first half of 2018, 35 new television programme layouts were created, between editions and productions. These include: *Linea Bianca*, *Uno Mattina in Famiglia*, *Geo* (studio and documentaries), *Protestantesimo*, *Agorà Estate*, *Chi l'ha visto?*, *Voyager*, *Presca Diretta* (21 investigative reports), *Le Meraviglie dell'Unesco*, *Codice*, *Fuori Luogo*, *Reazione a Catena*, *Sereno Variabile*, *Giro d'Italia*, *Detto Fatto*, *Buono a Sapersi*, *Quelli che dopo il TG...*, *Stracult*, *Casa Mika*, *Kronos*, *Farweb*, *Lo Zecchino D'oro*, *Ora o Mai Più*, *Niente è più come Prima*, *Eroi di Strada*, *Domenica in*, *Ballando con le Stelle*, *I Soliti Ignoti* (co-authoring agreement with Endemol), *Pechino Express* (agreement with Magnolia), *La Corrida* (Milan/Rome co-authoring agreement).

Music from the Rai Com library was used in 56 documentaries based on requests from the channels Rai Storia, Rai 1 and Rai 3.

In addition, the new rebranding jingles for Radio 1 and the layout of 11 programmes for the winter and summer schedule were developed (including the Russia 2018 World Cup) as well as 45 network and institutional promos.

The important synergy for the edition and musical productions of scores in collaboration with Rai Fiction was confirmed. Among the long series, the most important programmes included: *La Mafia Uccide Solo d'Estate 2*; *È Arrivata la Felicità 2*; *Rocco Schiavone 2*; *L'Aquila Grandi Speranze* recorded at the Auditorium Casella dell'Aquila with the Orchestra Città Aperta dell'Aquila; *Questo Nostro Amore Anni 80'*; *I topi*; *La Vita Promessa*; *Carlo & Malik*. The TV movies include: *La Mossa del Cavallo*; *Il Commissario Montalbano*; *Duisburg*; *I figli della Ndrangheta*; *Aldo Moro il professore*. Also worth noting were the many documentaries of a scientific and educational nature including *Ulisse Il Piacere della Scoperta*, *Superquark* and *Passaggio a Nord Ovest*.

There was also significant activity aimed at theatrical film projects such as *Il tutto fare* directed by Valerio Atanasio, with Sergio Castellitto and music by the award-winning Pivio and Aldo De Scalzi and the *Grande Salto* directed by Giorgio Tirabassi, with Ricky Memphis and Marco Giallini and music by Battista Lena.

The collaboration with the Orchestra Sinfonica Nazionale in Turin which made it possible, thanks to performances and recordings of the Orchestra, to create masterpiece works totally performed in-house.

As regards contemporary music, in the first half of 2018, the musical editions further enhanced the catalogue and were present on Rai broadcasts (Radio 3 and Filodiffusione) but also abroad (Radio France, SWR2).

Important works were performed at prestigious festivals such as Eclat (Stuttgart) and Festival Présences of Radio France; many compositions were presented at the Accademia Nazionale di Santa Cecilia, at the Teatro Argentina (Rome), at the Fondazione Franco Zeffirelli and at the Maggio Musicale Fiorentino (Florence), at the Auditorium in Milan, at Wigmore Hall (London), at the Palau de la Música (Valencia), at the Landestheater in Salzburg, at the Istituto Italiano di Cultura in Paris, at the Music Island Philharmonic Hall (Xiamen, China), at the Lincoln Center (New York) and at the Istituto Italiano di Cultura in San Francisco.

As far as classical music and prose are concerned, relations with the most important Italian theatres and opera houses have been managed and agreements with the Teatro dell'Opera in Rome and the Teatro alla Scala in Milan continue.

As far as the event *Melò* is concerned – an event and place for discussion, analysis, information and promotion of music in all its representations, now in its ninth edition – the first half of the year was dedicated to the construction of an even more innovative 2018 edition characterised by a dual profile:

- *Melò*, an event traditionally dedicated to exploring the world of Foundations and Opera Theatres, aimed at professionals and national and local institutions;
- *Scuola di Melò*, dedicated to young people, schools and the territory, with elements of educational, training and entertainment offering, which will merge into audiovisual educational content.

### Sports broadcasting rights

Current agreements continued for the distribution in Italy of the JTV sport theme channel with the SKY platform, abroad of the theme channels JTV, Roma Tv, and Lazio Style, and for marketing archive rights in Italy and abroad for the Club libraries.

Various sports images present in the Rai teche were also sold.

### Rai Eri

The first half of 2018 saw the launch of new projects and new authors, inside and outside the Rai world. The credibility acquired with the commercial partners and the spaces conquered on the market should be, for each publisher, the key to the launch of new proposals, capable of enhancing the offer and expanding the target audience.

The strategy met with its greatest success at the beginning of the year, with the publication of *I dolci di casa* by Natalia Catellani, one of the most beloved members of *La prova del cuoco* cast. The synergy between television promotion within the programme, the popularity of the author's blog and social networks and a winning editorial launch strategy led to a bestseller with 5 reprints and over 15,000 copies sold.

Rai Eri has thus demonstrated its ability to bring new faces to editorial success and the author has reconfirmed her commitment to publish two other books in 2019.

There was no shortage of well-known names from the world of entertainment: in this regard suffice it to mention *Il jazzista imperfetto* by Danilo Rea and *Dix Libris* by Gioele Dix, famous authors with quality projects. The commitment to enhance the faces and voices of Rai's television and radio programming continued with Rai Eri, with the entry among the authors of Alberto Matano with the book *Innocenti*, a selection of stories from his successful programme told with great narrative power, and then with *Il segreto di Annibale* by Roberto Giacobbo and with the now traditional summer book *Reazione a catena*.

Research activities on the foreign market were intensified, with two projects based on current affairs: *La fine dell'onore*, a work of nonfiction narrative by Antonio Nicaso and Peter Edwards on the Italian mafia abroad, and *Il banchiere di Lucifero* by Bradley Birkenfeld, an investigative journalism book on the dirty secrets of merchant banks. The latter was at the centre of a successful launch, with important visibility in bookshops (book display stands and promotional video projected on video walls) and the author won two opening pages on the main Italian cultural supplement, *La Lettura* of *Il Corriere della Sera*, as well as engaging in a successful book tour.

On a commercial level, despite the difficulties of the market, Rai Eri has been able to maintain the positions it has secured thanks to the work of relaunching the brand carried out in the previous three years.

The commitment to bring authors to local communities has been intensified, with a view to the inclusion and involvement of the entire population in the cultural activities of the publishing house. As was the case last year, Rai Eri was among the few publishers to be protagonists of both the great spring publishing events, *Tempo di Libri* in Milan and the *Salone del Libro* in Turin, where the presentations were crowded and attended by all the authors, in particular with a presentation of music and literature that saw Danilo Rea at the piano.

During the summer months, the authors of Rai Eri were invited to numerous festivals and cultural initiatives, in particular Gioele Dix for whom a successful tour was organised; the publishing house thus continued the work of positioning itself in the Italian cultural calendar, aware that the presence at events throughout the country is essential for the publisher as well as gratifying for the authors.

Great efforts have also been made on the parallel newsstand channel, with the launch of the series of guides to the regions of Italy by one of the most famous names of public television, and bestselling author of Rai Eri, Osvaldo Bevilacqua. The guides were published in collaboration with Mondadori and distributed at newsstands together with *Tv Sorrisi e Canzoni*, achieving an excellent sales success and laying the foundations for future collaborations that will see the authors of Rai Eri programming at the centre.

Scouting was strengthened with a reorganisation of the editorial structure and production activities were further rationalised with a new framework contract for the printing of books and continuing the commitment to the accurate management of inventories.

### Library and consumer product

In line with the trends of the previous year, both the marketing in traditional markets (Home Video and Licensing) and the development of digital markets (Avod, Svod and Est/Vod rights) were stable, with the latter carried out in close synergy with Rai Digital and Rai Cinema.

**Teche.** The Rai archive material is confirmed to be of considerable interest in the broadcaster market.

**Home Video Italia.** Despite the continuing deep crisis in the reference market, the excellent quality of the products developed – including the newsstand distribution of the entire *Montalbano* series – is a guarantee of good results. There was a significant increase in sales of direct published and co-published products with the main Italian publishers.

**Normal Trade.** The trend in distribution in specialised stores and bookshops confirmed its trend, maintaining and consolidating its position in the market.

**Cultural Heritage.** The *Sanremo 2018* box office did well and the marketing of T2 television patents grew.

**Licensing.** There are many titles of historical magazines (*Detto Fatto*, *Reazione a catena*, *La Prova del Cuoco*) and of new products such as those dedicated to children (*Pj mask*, *Molang*). In the world of children there are many successful initiatives (in particular, *Molang*, *I gemellini YoYo*, and *Giulio Coniglio*). In the *entertainment* sector, the brands *The Voice of Italy* and *Sanremo 2018* should be mentioned.

**Digital Rights.** The activities of Avod (MSN and Google projects), Svod and EstVod (Itunes, Google, Chili, etc.) are growing. In the first half of 2018, new commercial agreements were signed with Amazon for the sale of TV programmes (including "Premium" products such as *Il Cacciatore*, *Medici*, *il Vicequestore Schiavone*) and with Netflix.

### Sales of rights to foreign countries: cinema, TV and music

As far as the distribution of television and film content is concerned, *Il Commissario Montalbano* is continuing its undisputed success: the two new TV movies 2018 confirmed the validity of the series as well as the sales in all the areas where the programme was already distributed. Among these, the greatest interest was seen in those countries acquired directly from the producer: Spain, France, United Kingdom, and Latin American. At the same time, the two TV movies were distributed in countries distributed under mandate including Japan, Finland, Croatia, Hungary and Portugal.

Very satisfying results were also recorded for the long series *Al Paradiso delle Signore* and *Scomparsa* among the products of the line-up, as well as for catalogue series such as *Capri* and *Una Grande Famiglia* both sold in Eastern Europe and Canada.

The detective genre continues to be a sure success: the crimes series that recorded the best results – in addition to Montalbano – included *Non Uccidere*, *l'ispettore Coliandro* and *I Bastardi di Pizzofalcone*.

Thanks to new production agreements for documentaries, various commercial agreements were signed for the distribution of *Le Meraviglie*, *Stanotte a Firenze* and *Stanotte a Venezia* in many countries including the United States, Mexico, Argentina, Greece and Cyprus, Middle East, Russia and Eastern Europe. The documentaries by Alberto Angela have also been distributed on airlines. The other major documentaries in 2018 were *Ghost Town* and *Fumettology*.

With regard to theatrical cinema, the first part of the year saw important results with the film *Dogman* by Matteo Garrone, the film that won the Best Actor award at Cannes and was successfully distributed in 57 countries. Then there was also *La Tenerezza* by Gianni Amelio, sold in Japan, China, Australia, Eastern Europe, New Zealand and Latin America; *Ammore and Malavita* by the Manetti Bros, distributed in Japan, Portugal, China, USA and Latin America; *Gatta Cenerentola*, an animated film sold in China, Germany, France, USA, Latin America and Portugal.

### Rai channels marketing and distribution abroad

Rai channels are marketed and distributed throughout the world.

In Europe, the channels Rai 1, Rai 2, Rai 3, Rai News 24, Rai Storia, and Rai Scuola as well as the three radio channels are distributed through local television platforms and in hotels, according to a composition that varies from country to country according to the interest of individual partners.

The latest available data estimate a total of about 17 million subscribers in Europe in 36 different countries.

The channels Rai Italia, Rai News 24 and Rai World Premium are distributed outside Europe.

The channel Rai Italia, in particular, distributed in non-European continents with different schedules and broadcasting standards based on the countries of destination, has different schedules: for the Americas, Australia, Asia and Africa.

For the distribution activity, 18 contribution or direct broadcast satellites and one fibre optic link are used for the transport and transmission of television signals in countries of the five continents.

It is estimated that, in the first half of 2018, all or part of the programming of the channel Rai Italia in non-European countries was available in over 20 million homes, for a potential audience estimated at between 100 and 120 million individuals.

## Other activities

### Technological activities

#### Technological planning

During the first half of 2018, technological activities continued to be planned over the medium term, with the design of a plan of activities for technical projects in order to obtain benefits for the products and services offered by the Company, both in terms of end-to-end quality and greater effectiveness and efficiency of business processes.

The progress of the plan and projects was monitored through periodic and articulated quarterly progress reports.

With reference to the stipulation of the new Service Contract between Rai and the Italian Government, an accurate analysis of all the industrial obligations assigned to the Company was carried out, their classification into categories (offer development, upgrading of industrial assets, distribution networks, customer centres, technical quality and innovation, processes and organisation, disaster recovery and business continuity, archives) and the definition of the macro-project initiatives consistent with the obligations and objectives set out in the Contract.

The Laboratorio Mercato Tecnologico (Technological Market Laboratory) continued its analysis and operational testing of the main innovative technologies in the field of new High Definition video and advanced audio formats, with the aim of developing technical, systematic and structured solutions, aimed at continuously improving the technical quality of company programmes for both linear and broadband offerings.

#### Technical and institutional agreements

Numerous activities related to the promotion, finalisation and management of collaboration agreements with Institutions, Universities and Research Entities to implement special initiatives in the technological area, as well as to identify and develop, together with Rai Com, economic opportunities related to project financing.

During the first half of 2018 agreements were entered into with Universities, Research Centres, sector Trade Associations, with the specific objective of starting experimental projects aimed at improving the technical quality of the radio and TV programming of Rai towards its users. In the National Cluster Technology area, coordination of the project *La città educante*, which will end in August 2018, was also assured.

Some of these initiatives concerned the production of films with a high technological standard, in close collaboration with Rai networks and channels and intended for television programming as well as experimentation with the systems and equipment of the *Laboratorio Mercato Tecnologico*.

#### Technical Quality Development

The ongoing improvement in the technical quality of the products and services offered by Rai is a key feature of its role as the Public Service Concession holder. In 2018 too, monitoring activities continued in this area, along the entire production and distribution chain, both from an objective point of view and from the point of view of the end user's perception.

The main activities concerned the analysis of data made available by the EVA (Signal Quality Evaluator) system, the technology benchmarking of quality, a coordinated management of inefficiencies (aimed at taking any appropriate infrastructural countermeasure), as well as the coordination of operating standards and the correlated comparative evaluation.

The EVA system – the instrument used to control the technical quality of radio and TV signals and to manage corrective actions and infrastructural projects – ensures a prompt and effective reporting of technical inefficiencies. In this context, operational measures were also taken for the development of digital radio, through the acquisition of specific probes for the reception and measurement of DAB+ standard, which will be installed at the sites of regional offices.

Furthermore, activities continued to improve the technical quality as regards drama and comedy works, together with other similar activities aimed at delivering the highest technical quality standards (from HD to UHD) to users, as well as those for the monitoring and evaluation of the technical quality that can be measured by means of tools, also in collaboration with Rai Way (e.g. Radio, Drama and Comedy, Sports).

Therefore, there was the upgrade of the IT system (CQS) dedicated to the inefficiencies observed on the distribution network of radio and TV signals of Rai or reported by the subsidiary Rai Way; specific and structural measures were taken to improve the distribution network in order to increase the technical quality of signals and the overall reliability of the distribution network.

To this end, a project was started for the introduction of statistical analysis tools (supported by a data mining application) to analyse the trends in the values measured and make aggregations on a geographical and time basis. The system will be completed by a series of indicators that will show the anomalies reported on customised “dashboards”, based on parameters and on a multidimensional basis. Furthermore, activities will be started for the experimentation of mobile probes, which may be interconnected with a central system through the Internet, using any available wireless technology (WiFi, 3G and 4G networks).

In collaboration with the Engineering Faculty of La Sapienza University in Rome, a system was implemented for the ‘Full Reference’ objective measurement of the quality of a video HD and/ or UHD signal, through the definition of a QI (Quality Impairment) index for the determination of the deterioration of the end-to-end video content (from the transmission point to the user reception point). The QI was defined by using both internationally recognised metrics and metrics specifically produced for the requirements of Rai. The QI indexes were calculated in relation to the first UHD programmes broadcast by Rai and subjective quality assessments of 4K video content encoded in HEVC were carried out on a sample of users in accordance with international standards such as:

- ITU-R Radiocommunication Sector of ITU, Recommendation BT.2095-1 “*Subjective assessment of video quality using expert viewing protocol*” – Geneva 06/2017;
- ITU-R Radiocommunication Sector of ITU, Recommendation BT.500-13 “*Methodology for the subjective assessment of the quality of television pictures*” – Geneva 01/2012;
- ITU-T Telecommunication Standardization Sector of ITU, Recommendation P.910 “*Subjective video quality assessment methods for multimedia applications*” – Geneva 04/2008.

The results of the 4K subjective tests made it possible to create the world’s first reference database for 4K video content encoded in HEVC. The results of the subjective tests will be used, again in collaboration with the University La Sapienza of Rome, to refine the index of evaluation of Full Reference video quality.

In collaboration with the Politecnico University of Turin, a prototype system for improving the perception of audio quality reproduced by flat screen televisions was started for the best-selling models of television sets for the living room (37”-47” screen) in Italy, in order to improve above all the intelligibility of speech.

An App was created for mobile devices and devices connected to the Internet, which allows the user to “personalise” audio listening (My audio), in particular of contents related to operas and symphonies.

The experimental measurement system was further fine-tuned, which is able to assess the quality of reception – on the user side – of the radio service that can be received from mobile IP networks (3G/4G). This instrument is able to detect, on a georeferenced basis, the presence and quality of the audio signal decoded by a smartphone (connected to the network and using the RadioRai App) through metrics that simulate the user’s perception.

The first hw/sw system was implemented able to evaluate the quality perceived by users of the Rai Web TV services and that of its main competitors. This system can be used to plan specific comparative measurement campaigns of the live and/or on-demand service quality of any web portal and be able to summarise their many quality indicators in an explanatory dashboard.

The implementation of an experimental HW/SW system able to evaluate the quality of mobile reception of the radio service in frequency modulation (FM), from a user’s point of view, was started. This system will allow evaluating the perceived quality of Rai programmes along the main roads and highways in Italy.

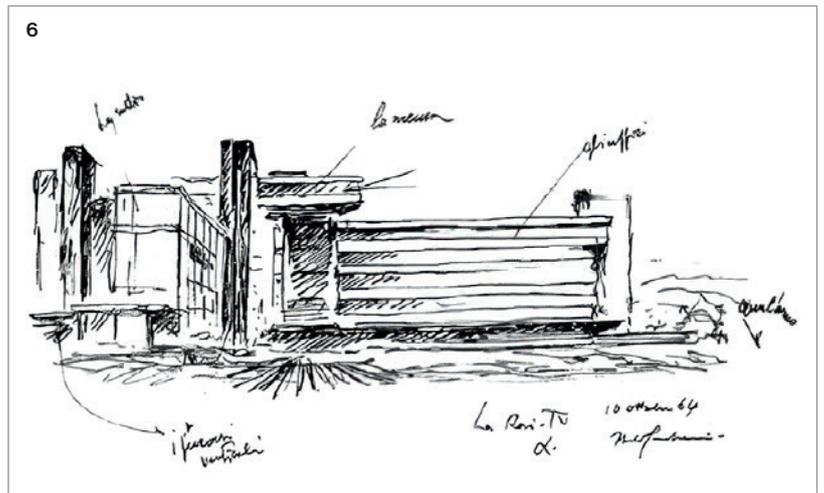
In collaboration with the Politecnico University of Milan, a study was launched to create a prototype system for the recognition of the intelligibility of speech, which can also support the host of a radio or television broadcast in the complex activity of managing the interventions of the guests of a specific broadcast, through a simple and effective “traffic light” interface.

Coordination of the B2C Table between Rai and Rai Way was completed for the definition of the guidelines of a contact center for the improvement of the quality of customer satisfaction and the traceability of reports received by the Rai Group.

## Real Estate Assets and Services

Rai manages its own real estate assets, connected services and individual and office equipment, ensuring an adequate service level for the user facilities.

1. PTV Rome - Centro Saxa Rubra - L.go V. De Luca 4
2. CPTV Rome - Via Teulada 66
3. CPTV Rome - Centro Studi Nomentano - Via Romagnoli 30
4. Production Centre TV/RF Milan – Corso Sempione 27
5. Florence Regional Office - Via Ettore Bernabei, 1
6. Project by Italo Gamberini, 1962, for the Regional Office in Florence - Via Ettore Bernabei, 1
7. Cosenza Regional Office - Via G. Marconi, (ss19b)
8. Palermo Regional Office - Viale Strasburgo, 1



The real estate database composed of mapping of all property and the relative documentation is continuously updated and developed for integrated management of technical, administrative and managerial activities, with Geographic Information System (GIS) and Building Information Modeling (BIM) systems and applications.

Managed real estate assets are distributed throughout the country and total around 780,000 gross square meters, of which 660,000 Rai company property and 120,000 square meters owned by others.

The usable gross area, excluding common parts, totals around 450,000 square meters, composed of 37% for offices and editorial staff, 31% for television and radio studios and other production technical areas and remaining 32% for garages, warehouses and other service areas.

The territorial distribution shows that most of the sites are for the production centres of Rome, Milan, Turin and Naples (59%); the regional sites have 21% of the buildings and offices that are part of the head office 20%, distributed between Rome (10%) and Turin (10%).

One of the most significant buildings is the **Saxa Rubra** complex, the first lot of which was inaugurated on the occasion of the 1990 Italian Football World Cup. The Saxa Rubra Centre is by far the largest of the Rai complexes, and hosts all the television and radio newsrooms distributed in 10 buildings, with a production capacity of over 50 television and radio studios of various sizes, and a population of over 3,000 employees, including journalists, technicians and employees.

The **Milan Production Centre** in Corso Sempione 27 was inaugurated in 1952 and designed based on a plan by Giò Ponti. After undergoing various extensions, it has radio and television studios of various sizes, including the TV3 of over 600 square metres, and also hosts an important node of the broadcasting network, with the bridge tower over 130 m tall, and a significant body of equipment for external footage.

The **Florence Regional Office**, at number 1 of the street recently named after Ettore Bernabei, was built in 1968 according to a plan by the architect Italo Gamberini, and is characterised by a rational layout and a careful study of materials and finishes, with some elements of great value, including the spiral staircase on a square plan in steel and glass that dominates the lobby.

The building was designed with particular attention to radio production, and features ample space for training.

In the first half of 2018, the technological systems at the production centres in Milan, Turin and Rome were significantly upgraded. In particular, in Rome, work was carried out to upgrade the equipment rooms at the CPTV in Via Teulada 66, in accordance with regulations, while work continued on the project to renovate the Centro Studi Nomentano.

With regard to the project to assess the compliance of company buildings with the safety requirements set out by current technical regulations, important interventions were carried out to adapt to anti-seismic standards at the regional offices of Cosenza and Palermo.

### Information and Communication Technology

Information technology and telecommunications products and services are provided to all Rai structures and Group companies to support business processes and product development.

The construction of the upgrade scenario required by the transition to the Digital Media Company model requires new production schemes and increasingly rapid timescales for adaptation to change. This scenario is the result of concerted change actions to make available solutions to support the digital business, supported by the renewal of the enabling technology platforms.

The upgrade plan requires:

- ensuring the logic of coordination between processes and systems, integrating the components based on a 'business architecture' model, whose distinctive elements are modularity, scalability and flexibility;
- governing the alignment of innovation plans with the regulatory framework of reference, planning and implementing appropriate compliance actions;
- reconciling the prospects for renewal with the need to ensure continuity and reliability in the provision of services;
- ensuring the continuous improvement of the skills and competences of ICT personnel.

The Project Portfolio developed in the first half of 2018 is a roadmap related to the Company's strategic vision and is centred on the following issues:

- **System digitalisation and content dematerialisation**

In line with the digital agenda, the voting system for the member of the Board of Directors appointed by the Assembly of Rai employees was prepared and Rai participated in the technical secretariat that assisted the electoral commission. In addition, the dissemination of the new Raiplace portal and the development of the Rai Academy Portal, integrated tools for accessing and sharing information, were supported.

The presentation of the UCC (Unified Communications and Collaboration) platform proposed an enabling approach to communication, integrating the use of devices of a different nature (PC, landline telephone, mobile phone, mobile client, videoconference, etc.) and offering wide scenarios of use within the intra- and inter-company scope.

In order to increase the use and enhancement of the company's audiovisual heritage, in addition to integrating the new version of the Multimedia Catalogue with new features and search databases, the current MAM (Multimedia Asset Management) system will evolve through the adoption of a product capable of increasing the levels of reliability and ensuring adequate support for the evolution of audio/video technologies.

- **Multi-platform and multi-network digital distribution**

The objective of facilitating, through the IP Network, the exploitation of new business models to make content and metadata available on diversified access and distribution platforms has prompted the consolidation of the backbone infrastructure and the evolution of the virtual network for the transmission of digitised files to the production environments of all Rai offices.

- **Innovation of processes and business models**

The integration scenario currently being agreed upon for editorial, economic and production planning processes will make it possible to set up interoperability logics on the information systems that support them (On Air, SIP, Primsys), capable of ensuring the unambiguous nature of the plans in the budget formulation and budget adjustment phase, the correlation of workflows, and the availability of overall views summarising information pertaining to the individual areas.

The need for integrated product planning is also a key point in the digitalisation of management and administrative processes which, in addition to the availability of tools for management analysis, require a high level of automation and operational efficiency. The upgrade path in this field will involve the Industrial Accounting systems, at the moment defined by the activities of internal production of television orders, economic planning and financial planning.

The objective of providing marketing analysts and editors with tools for research and in-depth analysis of social phenomena through the monitoring of the flow of information existing within the main social networks led to the availability of a solution for surveying the sentiment analysis, which has surpassed the traditional concept of audience satisfaction related to the processing of Auditel data.

- **Quality, safety, continuity and reliability of services**

The upgrade of the ICT Data Centers, the technological hub for digital transformation, and of the governance models of technological assets is related to the strategic management and protection of the company's information assets.

In this scenario, considering the need to increase the level of information security – Rai's telematic systems and networks are considered critical infrastructures of national interest – Rai committed itself to raising the level of protection against the risks of malware by integrating new services on processing systems, storage and connectivity components.

Significant investments have been made to upgrade the platforms for the structured management of data and information, in particular in the areas of business intelligence, big data and SAP ERP.

As part of the Rai Porte Aperte project, numerous educational visits were proposed to illustrate the history, prospects and professionalism in the field of Information Technology, with the possibility of visiting the Data Center and the Control Room of the via Cavalli offices in Turin.

## Research, Technological Innovation and Experimentation Centre

The experimentation and implementation of new technological platforms aimed at broadcasting, telecommunications, television production and accessibility support are at the heart of Rai's research and development strategies and are

essential prerequisites for the evolution of services in line with the requirements of the Service Contract 2018-2022.

The current development of the radio and television system technology is guided by:

- commercial availability of television screen with increasingly higher definition (HD, and Ultra-HD 4K) and better viewing quality (HDR);
- the increasingly widespread possibility for users to use connected televisions and other devices to exploit contents in various modes (linear and on-demand);
- more and more intense interaction between the radio-television world and social media;
- the availability of new technologies, based on Artificial Intelligence methods and technologies including deep learning, to use in the area of analysis, indexing and processing of audio-video contents;
- the widespread deployment of fixed broadband and the introduction of new network technologies (4G to 5G) in mobile broadband.

To make the most of this technological evolution, it is indispensable to define new television and multimedia product types that are highly interactive and new promotional procedures based on the knowledge and profiling of users.

Therefore, in line with the evolution of the reference context and in compliance with the new Service Contract 2018-2022, during the first half of 2018 the main research and development topics concerned the evolution of audio/video production and coding systems, the study and distribution of new multi-platform services and the upgrade of both the fixed and mobile distribution networks. These issues were partially addressed in the context of collaborations with third parties and funded projects.

Considering the current transition to the **Full HD** video format and, in the future, to even more advanced formats, in a context of reduced frequency resources and re-planning of digital terrestrial television by 2020/2022, in the first half of 2018 the study and evaluation of video quality related to available encoding techniques (*Mpeg-2*, *Mpeg-4*, *HEVC*) were carried out, in order to contribute to the definition of business strategies for the management of digital multiplexes.

Applicability studies also continued for encoding techniques based on profound neural networks, also aimed at contributing to the future technological-scientific development of international standards (MPEG, ISO-IEC, ETSI).

As regards the evolution of production systems, new technologies and appliances were developed and analysed able to handle very high quality television signals all along the production and distribution chain, paying particular attention to standardisation problems of new formats, also with a view to a pervasive transition to the *IP technology*. Study and experimental activities were performed aimed at understanding the maturity and concrete applicability of emerging standards, such as SMPTE 2110, including through laboratory tests and developments and the participation at events organised by international entities.

Rai continued its work in the study of and experimentation into **HDR** (High Dynamic Range) technology, which will allow high dynamic range imaging to be generated and transmitted and which is considered a basic feature of new TV formats, both **UHD** and **HD**. The consolidation of the production workflow allowed Rai to set an example for other realities, presenting its work at seminars organised by the EBU and continuing to gain visibility in prestigious contexts such as the *PromaxBDA Awards*. In the laboratory it was possible to respond to the need for a long test session for the evaluation of the new UHD HDR camera chains. Moreover, following the growing demand to study the new 5G telecommunications technology, Rai has joined the European project 5GCity. In addition to the production of 4K HDR promotional material, applications have been developed for the use of this technology in combination with modern HMD vision devices of mixed and augmented reality.

The objective of the **Teca Master digitalisation project** is to save the contents of the company analogical archive – composed of video cassettes and films – on digital master files, easily exploitable in production and distribution contexts. The dimensions of the Rai archives require the use of automation as much as possible to complete digitalisation within the desired time frame. After the completion in 2017 of the technological infrastructure for the transfer of magnetic tapes and films of the Master archive in Rome (for the time being, the digitisation of a small portion of the magnetic tapes has been completed), in the first half of 2018 the digitalisation systems of the Turin office were started up and in the remaining part of the year the construction of those of the other regional offices will be gradually continued.

With specific regard to 35mm films, innovation activities are carried out for the processing

of the most valuable material, digitised at 4K resolution and with a view to digital post-production. Quality Control studies are connected with this project to check the effectiveness and the validity of the digitalisation processes and the resulting master files and on digital preservation which handles the measures aimed at ensuring the future usability of digital archive contents as storage technologies and production formats evolve.

In the field of advanced **content management** systems, the first phase of experimental activities in the field of indexing and visual search of video content was completed, both through the use of standard components and technologies (*MPEG CDVS*) and through the use of state of the art market components. Experiments have been carried out on the correlation between finished programs and raw archive materials and a series of visual research experiments for marketing and advertising applications. Experimental studies also continued in the automatic classification field based on Deep Learning networks for the study of innovative architectures for classifying video contents enabling documentation cost optimisation and increasing the potential for exploiting contents. In this context, activities were launched to evaluate the solutions proposed by the major cloud providers, especially in terms of their applicability in the Rai domain.

The industrialisation of the end-to-end production system for companion screen applications called **Rai Bridge** also continued. This system includes an authoring suite that allows the linear TV to be enhanced with synchronised content and an Android application for users to use the enhanced programme. This system will be the subject of a series of pilot experiments linked to company productions, the first of which – *L'Elisir d'Amore* aired on Rai 5 on 26 July at the Macerata Opera Festival – involved a group of selected users.

Activity continued aimed at the creation of a production platform geared towards data journalism, which involves the use of Hyper media news and concept book systems, developed by Rai, as multisource indexing and search engines integrated with third party systems to support the production process.

In order to analyse and verify the potential of this platform, a collaboration agreement was signed with the University of Turin to carry out a study and research activity on the issue of eminicide *within the PRIN project "Rappresentazioni sociali della violenza sulle*

*donne: il caso del femminicidio in Italia"* (Social representations of violence on women: the case of femicide in Italy).

Starting this year, an interactive platform available in Italy on new televisions is based on the new *HbbTV* standard, which will replace the current *MHP* used to date.

To take account of this evolution, the configuration of interactivity on terrestrial and satellite diffusive channels was reorganised in order to introduce, alongside the transmission of *MHP* applications, also the transmission of the corresponding *HbbTV* applications. The new configuration has been on air since June. Moreover, having the first implementations of the *HbbTV* version 2.0.1 specification available on TVs on sale from May of this year, the *Telecomando* and *RaiPlay* applications have been reviewed with the aim of making them faster and more efficient.

In addition, an experimental service has been created that allows the programme broadcast on connected televisions to be reviewed from the outset, and work has continued on the launch of the slow motion *TV* service for on-demand content on the *RaiPlay* platform to improve speech comprehension for the elderly, foreigners and users with hearing problems. Finally, a demonstration application has been developed that allows to replace, on televisions connected to the Internet, the advertising broadcast on the diffusive channel with a more personalised one, coming from the Internet.

As part of the development of technologies and services to support the accessibility of Rai products for people with disabilities, some technologies of automatic transcription of speech into text were analysed to assess the potential for use in support of the production of subtitles in TV programmes. In addition, the first project of an *accessible museum* was completed at the Radio and Television Museum in Turin, with the creation of various museum itineraries aimed at the inclusion of differently abled people. Study activities continued for the creation of Rai spaces (Auditorium Toscanini in Turin and via Asiago in Rome) accessible to people with cochlear implants and hearing aids through the distribution of audio signals with wireless technologies.

In the field of radio, the development of a prototype application of hybrid radio continued, offering customisation and content recommendation functions, as well as advanced keyword search in the speech-to-text transcription of podcasts.

In the context of the Community plans that provide for the release by 2020/2022 of the frequencies of the 700MHz band currently used for television broadcasting, and according to the National Frequency Plan for Digital Terrestrial (so-called PNAF2018) which establishes the transition to the new DVB-T2 standard, evaluation studies have been launched for the reorganisation and implementation of Rai multiplexes during the transition period and when fully operational, in particular the public service multiplex containing regional information. In particular, an original solution has been proposed and tested for the transmission of the 21 regional news programmes in a National SFN network, ensuring HD quality on Rai 1, Rai 2 and Rai 3. Work also continued on the study on the development of **terrestrial distribution networks**, with specific reference to the introduction of broadcast modes in next-generation 5G mobile technology. In this context, collaboration continued with the University of Braunschweig in Lower Saxony for the development of a demonstrator for the transmission of live TV content from broadcast networks to mobile terminals (in this regard, a demonstration event was organised in Valle d'Aosta during the European Athletics Championships in Berlin in August 2018) and collaboration with the Politecnico University of Turin, to study the characteristics of mobile terminal antennas in the near future. In addition, a study of 4G/5G technologies for the Internet of Things (IoT) was carried out, in collaboration with the Politecnico University of Turin, to assess the possibility of using broadcast networks for IoT services in various types of application scenarios (from vehicle to home automation).

Finally, the study activities on **WiB** (Wide Band Frequency Reuse-1) as an alternative to conventional digital terrestrial television planning continued. The studies were supported by measures in the service area of the behaviour of commercial TV antennas for TV reception and highlighted the limits of WiB compared to the conventional DTT in SFN configuration, as adopted by Italy. The results will be published in international scientific journals.

Work is continuing on the definition of a new DVB standard via satellite to alert the population in the event of floods, earthquakes or fires (EWS, Early Warning System). In this context, an EWS prototype applicable to all DVB satellite standards was designed and tested in the laboratory.

In order to increase the broadcaster's offer by distributing OTT (Over-the-Top) multimedia

content over fixed IP networks, the company participated in the DVB activities for DVB-I services, i.e., audio/video services distributed over the Internet that can be used by the user, through receivers such as connected televisions or mobile devices (tablets, smartphones), with the same ease and experience as the traditional services received from DVB broadcast networks. Of particular interest is the "broadcast-centric" case, in which the DVB-I services, authorised by a national body, represent an extension of the broadcaster's existing offer (e.g., niche or time-limited content linked to a specific event) and are included in the TV programme list.

As part of the **DAB+ network** project, the digital radio service that is currently supporting FM frequency modulation broadcasting, technical solutions for continuous coverage in motorway tunnels have been implemented and tested. In particular, two projects are active, one in the final phase with the company Autostrade per l'Italia and the other with the company Raccordo Autostradale Valle d'Aosta. In collaboration with the DAB private radio consortia, a soon to be published technical manual has been drawn up. Addressed mainly to car manufacturers, it indicates the minimum signal threshold to the automotive receiver for use of the service.

As regards the **participation in financed projects**, the *H2020 MULTIDRONE* project continued in the first half of 2018. The project involves the study of a coordinated management system of fleets of drones for the TV broadcasting of special events and to date Rai has substantially contributed to the definition of the production requirements and is in charge of development activities for the technical specifications for integration of the system in production processes.

The *H2020 5GCity* project started in the second half of 2017, which intends to develop and use three test beds for testing in the cities of Barcelona, Bristol and Lucca, certain functions essential in the context of 5G technologies, such as edge computing and neutral cell, continued. Rai, which is guiding the case of use for the distribution of video content, started the implementation of network services and some applications with immersive (360° video) and UHD content in the city of Lucca and Puccini's museum/birth home.

Within the H2020 framework, the activities of the MediaRoad project started. One of its main objectives is to support innovation processes in the traditional media sector in Europe, also through the introduction of start-up approaches.

Work proceeded on the *ESA SCORSESE* project for the study and development of an infrastructure, which allows the exploitation of satellites that are usually used to broadcast "linear" TV signals, including for the power supply of the nodes of broadband networks currently employed for multi-media services and video-on-demand to "connected" devices (PCs, tablets, smartphones). The project was officially completed in May 2018.

In the first half of 2018, three agreements were formalised with the Politecnico University of Turin concerning the activation of three PhD scholarships in the field of "5G", "*Artificial Intelligence Technologies applied to the Media*" and "*New Video Coding Systems*", that will commence within the current year.

The Research Centre also actively participated in the Rai Porte Aperte project, hosting a total of nine visits: 5 high schools, 1 university faculty, 3 sociotherapeutic day centres.

### Broadcast and Frequency Management Services

Many activities were carried out in the first half of 2018 along two main lines: the relationship with the Broadcast service providers and the attention paid to Rai subscribers regarding technical problems affecting the quality of the broadcasting service.

Activities deriving from the 2018 Finance Act

The 2018 Finance Act translated the obligations imposed by EU Decision (899/2017) aimed at developing the latest generation mobile technology (5G), outlining a series of provisions that have an impact both on the entire terrestrial television platform and on the current methods – used in particular by Rai – for the transmission of television services on the national territory through a network of radio links.

In particular, the reorganisation of electronic communication services in the 700 MHz bandwidth has two important consequences for Rai: the restructuring of the Multiplex DTT that broadcasts the main stream of RAI (Mux1), relocating it to a frequency band that suffers from technical problems and major critical reception issues for users, and the extension of the coverage of Mux2, 3 and 4 – now with lower penetration than Mux1 – to be able to ensure continuity of reception by the population from 2022.

For these profiles, at the institutional level, Rai participated in the consultations launched by AGCOM (on the adoption of a new national

frequency plan) and by MISE (on the national calendar for the release of the 700 MHz band), carrying out technical analyses aimed at highlighting in particular the major critical issues related to the restructuring of Mux1 and the consequences on the receivability of Rai programmes by users.

Broadcast Services Management

The project for the creation of an entire chain of tests and measurements for the transmission of contents on DTT networks is in the operational phase with the aim of examining in detail new types of modulation (DVB-T2), new coding schemes (HEVC) and new technical possibilities (PLP) in order to be fully aware of the very important technical changes that will necessarily have to be implemented in the coming years following the change in the reference context (new PNAF). The project will be up and running by the end of this year.

With a view to improving the quality of service, a project was launched to improve the management of communications received by Rai with regard to technical problems relating to broadcasting, and campaigns continued to measure radio coverage of the territory.

Rai Way Service Contract

For activities connected with the management of the *Turnkey Supply Service Contract* between Rai and Rai Way for broadcasting and distribution services used to perform the radio and TV Public Service obligations, numerous job orders were performed.

Among the most important projects started in 2018, two projects that will lead to a significant extension of both television and radio broadcasting networks were launched: the one for the extension of coverage up to 95% of the population of Mux 2, 3 and 4, and the one for the further extension of the DAB+ digital terrestrial radio on roads and tourism-intensive territories (island of Capri).

Technical and administrative procedures were managed for the activation of two new radio channels (Radio1 Sport and Radio2 Indie on the DTT, SAT, DAB+ platforms) and the construction of DTT systems for users particularly penalised in the reception of digital terrestrial television services (in particular in the municipalities of Valsangone, Sanfrè and Verzuolo).

Work also continued on the management of other orders concerning, in particular, the provision of connectivity both on a permanent

basis, with the expansion of the network connecting the TV production centre in Rome to institutional buildings, and on a temporary basis for the specific needs of various television productions (e.g., *Serie A and B Football, European Champions League, Winter Olympics, Sanremo*, etc.).

#### Frequency management

A major focus was kept on defending the analogue radio service (FM), which has always suffered from a lack of preventive planning and which therefore requires constant monitoring, often with the need to intervene with the administration, at different levels, ranging from participation in measurement campaigns, when interference situations occur, to participation in technical meetings and formal actions, including judicial.

Of interest is the continued commitment to protect the GR Parlamento service broadcast to cover the Rome area from the Monte Cavo site. This activity – still in progress – was caused by the attempt of a private broadcaster to obtain from the Ministry an unfair protection of its service – which turned out to be illegally performed based on a study and research carried out by Rai – to the detriment of the broadcasts of GR Parlamento.

In line with the company's commitment for the development of the digital radio network, activities for the implementation of a project permits the broadcast of the Dab+ service along the motorways A1 (Milan - Salerno) and A4 (Turin-Trieste) and, on the occasion of the Prix Italia 2018, the DAB+ technology radio broadcasting network was extended to the island of Capri. The main activity that is the basis of international and national coordination is represented by assessment of interference scenarios produced by the installation and/or modification of analogue and digital installation, both for TV and radio. Specifically, international coordination of frequency entails a planning activity to ensure harmonisation and compatibility with the use of spectrum resources between the various countries to have signed the various coordination agreements. Around 40 frequency coordinations were managed in the first half of 2018 requested by MISE.

#### Platforms and Distribution

Rai's commitment to overseeing the entire company's distribution perimeter (DTT, SAT and IP) and its multi-platform strategy is constant. The first half of 2018 saw the start of the design of the integrated distribution plan for the multi-platform offering, the monitoring of issues relating to the sale of the 700 MHz band and the continuation of the development of the 4K project.

As far as satellite broadcasting is concerned, coordination activities continued with the TivùSat platform, as well as the activities of Rai Way to guide and control satellite broadcasting, also through the monitoring of relations with the satellite operators Eutelsat and SES Astra; a plan was also prepared for the free distribution of satellite Smart Cards, as provided for in the Rai-Mise 2018-2022 service contract.

As far as IP distribution is concerned, the study for the project of a CDN Next Gen was started and the continuity of the Smart Building project was ensured.

As far as the evolution of receivers is concerned, the certification and specification definition processes carried out by national and international bodies as well as by Tivù srl were monitored, as well as relations with television, decoder and CAM manufacturers, also in view of the possible technological discontinuities linked to the sale of the 700 MHz band and the development of satellite and IP platforms. In this context, Rai is participating in the UHD Forum Joint Technical Group (JTG), and in the HbbTV Association Steering Group responsible for defining the specifications and developing the HbbTV standard.

### Broadcasting

Rai Way – Network Operator of the Rai Group – in its activity operates more than 2,300 sites equipped with infrastructures and systems for the transmission and broadcasting of radio and TV signals in Italy. Its 23 operating offices are located throughout the country and avails itself of highly skilled staff, including more than 600 people. The technology assets and specialist know-how are key resources for the present range of services, as well as for the development of new businesses.

The services provided by Rai Way can be divided into the following types of activity:

- Broadcasting Services, to be intended as services for the terrestrial and satellite transmission of TV and radio signals, through the broadcasting networks, to the end users within a geographical area.

- Services for the transmission of radio and TV signals via the connecting network (radio links, satellites, fibre optic) and in particular the provision of Contribution Services, to be intended as one-way transport services:
  - between fixed sites and/or video/audio/data via analog or digital circuits;
  - of the radiofrequency signal from the satellite within a geographical area of a certain size, and connected services.
- Tower Rental Services, to be intended as:
  - services for the hosting of transmission equipment at broadcasting points (sites) related to radio, TV, mobile telephony and telecommunications signals; services for the management and maintenance of the transmission equipment hosted at our sites;
  - complementary and connected services.
- Network Services, which consist of a vast range of heterogeneous services which can be provided by the Company in relation to networks of electronic communication and telecommunications in general (design, construction, installation, maintenance and operation, as well as consultancy, monitoring and radio protection services, etc.).

The type of customer who comes to Rai Way to make use of the abovementioned services can be conventionally classified as being in the category of Broadcasters (national and local radio and television broadcasters, including Rai), Telecommunications Operators (mostly mobile network operators) and Public Administration and Corporate Entities (a catch-all residual category including public authorities, legal entities and persons) and FWAP (Fixed Wireless Access Provider) operators.

Rai Way is a leading operator in the Italian radio and television transmission infrastructure market. The main transmission platforms in the television broadcasting market are as follows:

- DTT (Digital Terrestrial Television, both free and pay TV);
- DTH (satellite);
- IPTV (internet);
- cable TV.

Italy is characterised by having a greater diffusion of the DTT platform than the other countries of Western Europe. In other countries, the reduced extent of the use of the DTT platform is due to a broader and more competitive presence of satellite platforms (e.g. the United Kingdom and Germany), cable (e.g. Germany) and IPTV (e.g. France).

The solid positioning of DTT in the Italian TV broadcasting market is further supported by the absence of cable TV (at a European level operators that are capable of delivering TV services via cable usually represent the strongest competitors on the market, as regards both television and broadband) and, in practice, of IPTV as well, the poor diffusion of which is due to, among other things, the limited presence of fast broadband networks capable of supporting the relative services.

As regards the Italian radio market, programmes are transmitted in both analog and digital format (DAB - Digital Audio Broadcasting) and noexpiry dates have been set for a switch-off of the analog signal, in line with many other European countries.

The experience Rai Way has gained in operating transmission and broadcasting networks allow it to play a central role in its reference scenario, in a favourable position for also being able to explore markets related to the development of new generation telecommunication networks.

The Service Agreement that was entered into between Rai and Rai Way in 2014 provides for the delivery of basic broadcasting and transmission services, as well as provides for and regulates the possibility for the parties to negotiate the provision of additional services should the customer have any additional requirements. In this context, the most significant services performed in first half of 2018 include:

- contribution services for sports and institutional events, provided with technological solutions able to ensure a high level of reliability;
- the refarming process of Mux 1 following the assignment through the beauty contest of frequencies coordinated with the local broadcaster. Specifically, Rai Way continued the Mux 1 broadcasting frequency changeover for TV and radio channels in the Lombardy, Abruzzo and Basilicata regions;
- the continuation of the interventions for the clearing of the 3.6-3.8 GHz band;
- the start of the project to extend the radio digital terrestrial distribution service Dab+, starting from main motorway routes.

As regards the market of third-party customers, the Tower Rental segment continued to report the pressure started with optimisation actions by MNOs operators. The other customer segments, on the other hand, showed a growing trend due to the finalisation of new agreements with broadcast and corporate operators, as well as thanks to the activation of new sites by existing customers.

## Security & Safety

Actions were also implemented in the first half of 2018 to contribute to ensuring safety of employees, company tangible and intangible assets and the environment based on the following guidelines:

- review of operating processes to guarantee compliance with national and international legislation on safety and security;
- maintenance of the infrastructures, plants and equipment to the highest reference standards;
- assurance of safety and security standards for all operators and third parties working in any capacity at the company;
- continuous monitoring to ensure that workers have up-to-date information and adequate safety training;
- reporting to the Supervisory Body of any process improvement event.

With regard to **health and safety** in the workplace, during the first half of 2018, the prevention and protection of workers continued and was consolidated, also through constant cultural promotion aimed at making employees aware of the importance of individual behaviour in the field of accident prevention and the necessary involvement, at all levels, of all staff.

For the purposes of **prevention and protection**, Risk Assessment continued, without interruption, with respect to all contractual tasks and all production sites on the national territory; in particular, the various evaluation methods were aligned with recent regulatory changes and, with regard to the new risks that have emerged, the extension of the evaluation to security risks with an impact on safety was launched, also with reference to work abroad.

Pursuant to Legislative Decree 231/01, the necessary activities were carried out (e.g., Internal Audits with recording of the evidence of the activities carried out) to ensure the maintenance of certification in accordance with the BS OHSAS 18001 standard, which will transit, in accordance with the expected timeframe, to the new ISO 45001.

In addition, the processes adopted by the operating structures during production events and temporary and mobile construction sites were monitored by means of random checks of the documentation produced and the activities carried out by both internal staff and consultants. For these activities, the revision of the internal guidelines and procedures was started, also with a view to updating the DVR (Risk Assessment Document).

It should be noted that also in the first half of 2018, the profitable activity carried out

in the field of worker safety (pursuant to Legislative Decree 81/08 as amended) resulted in company accident rates (relative frequency and seriousness) being lower than the INAIL average for companies with similar characteristics.

With regard to the **environment**, the process for the implementation of the Environmental Management System (UNI EN ISO 14001 standard) was started; as a first step, the mapping of the current impact on the surrounding environment of the production activities carried out at the production centre in Rome was prepared.

The **corporate health service** continued, at the various Rai offices throughout the country, the health surveillance activities for the protection of health provided for in workplaces by Legislative Decree no. 81/08, carrying out 2,466 medical examinations (preventive and periodic) complete with the relevant legally required obligations.

As regards personnel deployed abroad, 228 preventive interventions were activated at the Rome and Milan occupational medical centres (check-up and vaccinations). In addition, 6 health care plans were prepared for television productions with public participation.

In addition, two preventive health protection interventions involving large groups of workers from a TV production centre and a regional office were carried out in a particularly short time.

Activities relating to safety, the environment and health are carried out not only for Rai but also for Group companies in compliance with regulatory obligations and the harmonisation of preventive measures. First aid training courses, including specific risks (Ministerial Decree 388/03) were prepared and delivered for Rai Way throughout Italy.

With regard to the protection of company assets, a review of the procedures relating to access management and the classification of premises based on the different levels of security required was launched.

Operational support was also provided for radio and television events, including: the *68th Festival di Sanremo*, the Presentation of the Autumn-Winter TV Programmes, *the David di Donatello*, *the Settimana della legalità* (Week of Legality).

In this regard, the central role of the whole national territory in relations with the law enforcement and all the institutional bodies in charge of the security system is confirmed.

Monitoring activity continued in the first half of the year to support journalist or production missions abroad in at risk countries or locations, with risk analyses and weekly reports and geolocalised maps for employees and freelancers on missions. Tangible collaboration with the Ministry of Foreign Affairs and International Cooperation was reinforced with exchange of information to protect personnel on missions.

A service is being acquired, based on a methodology validated by a primary reference body, which can support the assessment of the level of country risk, both in terms of safety and health.

1. The ceremony of the 3rd edition of the DMA - Diversity Media Awards 2018, on 23 May 2018 at the Teatro Vetra in Milan
2. Festival of TV and new media in Dogliani from 3 to 6 May 2018
3. The David di Donatello Award
4. The new RaiPlay Yoyo app
5. Rai's commitment to social issues
6. The winners of EBU Connect 2018
7. The Salone del Libro in Turin
8. Tempo di Libri in Milan
9. The conference for the presentation of the TV drama about Pippo Fava *Prima che la notte*

Survey activity continued on pertinent company policies to protect information, in the relative degree of updating and effectiveness threshold and the necessary corrective actions were initiated through the interaction with all the subjects involved.

In the area of information security, collaboration and discussion with the main players continued and institutional relations were consolidated; Rai also participated in the technical round table for the implementation of corporate actions necessary for the implementation of European Regulation 2016/679 on the protection of personal data (GDPR).

## Communication and Public, Institutional and International Relations

As part of an extensive project to enhance the role of the Public Service role of the Concession holder and to strengthen the strategic objectives of affirming and consolidating its brand and reputation, also at an international level, Rai implements initiatives and organises events capable of meeting with consensus, affirming the value of the editorial offering – also in cultural and social terms – and of favouring quality, excellence and the Company's ability to grasp new trends in the interest of all its stakeholders.

Below is a description of the main activities carried out during the first half of 2018.

### Institutional Relations

There is continuous dialogue with institutional bodies and an update effort on aspects and measures that affect the Company. The first part of 2018 was characterised in particular by the general elections of 4 March, the regional elections of April and May and the municipal elections of June, with a strong commitment to a timely verification of the monitoring data to ensure fairness and a substantial balance of positions in the field for an "orderly" conduct of election campaigns.



After coordinating the company's activities aimed at defining the final text of the Service Contract (which came into force on 8 March 2018), the role for its operational application is fundamental. This includes, among other things, the working group responsible for defining a development plan aimed at strengthening, both quantitatively and qualitatively, the offer dedicated to people with disabilities. In this context, it should be noted that from Monday 28 May, a new edition of the news programme translated into sign language will be broadcast on Rainews24 at 9:30 p.m.; this product – which is in addition to those already broadcast on the three general interest networks in other time slots – also aims to encourage innovation in editorial content, introducing the translation of film and weather services, maintaining constant contact with updates dictated by current events to give an overview of what happened during the day.

1. The presentation of the docufiction *Aldo Moro – Il Professore* at the Great Hall of the La Sapienza University of Rome
2. The Open Doors project

## Social responsibility and relations with associations

Many meetings were held with the aim of maintaining a constructive relationship with the various associations present in the country, starting with those accredited by the National Council of Consumers and Users (C.N.C.U.) at the Ministry of Economic Development, and more specifically with Consumer Associations. The main objective is to consolidate the institutional relations between Rai and associations, promoting and sharing common principles to ensure their involvement in order to increase the effectiveness in achieving the Public Service mission, ensuring the rotation in the presence of the associations within the various programmes through an objective regulation and evaluation criteria on the initiatives proposed for the promotion spaces.

In particular, these include:

- the hearing at the C.N.C.U. on the activities aimed at promoting the communication initiatives of Consumer Associations on the various Rai platforms;
- the development of a communication campaign to promote financial, insurance and social security education. This project – promoted by the Italian Government with the coordination of the Ministry of Economy and Finance – provides



for the implementation of an information campaign not only in the in-depth programmes and journalistic columns, but also within other types of programming such as fiction, entertainment, etc..

In addition, a process of discussion with the federative sports associations was initiated, in order to consolidate relations with bodies representing relevant parts of the Italian public. In this context, Rai aims to ensure significant editorial attention to sport, through the creation and transmission of events or dedicated programmes, with particular interest in minor sports and those played by people with disabilities.

As part of the coordination of the initiatives of the non-profit organisations, in the first half of 2018, the following were started: 23 fundraisers; 10 awareness campaigns; 12 Rai social communication ads (a total of 336 runs on TV and radio); 2 progress spots (total of 84 runs on TV and radio); a spot for supranational agencies (42 runs).

In addition, as part of the spaces of Prime Minister's Office, 22 campaigns were broadcast for a total of 7,125 runs (of which 3,580 on television and 3,545 on radio), in addition to another 875 runs on the RaiNews channel.

As required by the Agreement and the Service Agreement, the Board of Directors approved the Financial Statements at its meeting of 7 May 2018, which integrates two important areas: the provisions of Legislative Decree no. 254 of 30 December 2016, which requires public bodies to prepare, together with the financial statements, also the "*communication of non-financial information*", and the provisions of the Service Agreement, which require that Rai prepare a document that accounts for "*the activities carried out in the socio-cultural field, with particular regard to respect for pluralism of information and politics, the protection of minors and minority rights, the representation of the female image and the promotion of national culture, as well as the results of demographic surveys on the quality of the proposed offering as perceived by users and the corporate reputation.*"

## International Relations.

In the context of boosting relations with other broadcasters and the international dimension of Rai as a Media Company capable of competing in the new global context and affirming the role of the Public Broadcasting Service, its values and relative economic sustainability, the first half of 2018 saw the Company engaged in:

- representation activities towards the European institutions and monitoring, through constant monitoring, of the main political and legislative issues of corporate interest within the framework of the "*Strategy for the digital single market*" launched by the European Commission, in particular for the following issues: Revision of the Telecommunications/Electronic Communications Directive; Audiovisual Media Services Directive; Copyright; Fake News; Proposal for a Regulation on unfair practices between online platforms and businesses; Revision of the Privacy Directive; *Whistleblowers*; Artificial Intelligence; GDPR, General Data Protection Regulation;
- a renewed commitment within the main international associations, instrumental to the revival of a policy of cooperation and exchange of best practices, for the development of strategic alliances and the participation of Rai in projects with an international scope. In detail:
  - **EBU – European Broadcasting Union.** Participation in high-impact initiatives promoted by the main European public service broadcasters, such as the *Eurovision Song Contest* with Rai 1, was supported; the *Junior Eurovision Song Contest* with Rai Gulp; Big5 Drama Initiative, a network of drama managers to plan and share common projects;
  - **COPEAM – Conférence Permanente de l'Audiovisuel Méditerranéen;**
  - **CIRCUM – European Association of Regional Television;**
  - **CMCA - Centre Méditerranéen de la Communication Audiovisuelle** in particular for PRIMED - International Festival of Mediterranean Documentary and Reportage, an event aimed at audiovisual professionals (385 films registered from 40 countries), which over the years has been able to combine openness toward the general public with activities aimed at involving young people in various initiatives related to the Award. The CMCA has for some time now been developing a programme of education in Mediterranean citizenship through images, involving schools and young people;
  - **CRI - Italian-speaking Radio and Television Community** Several initiatives

were carried out, all included in the official programme of events related to the European Year of the Ministry of Cultural Heritage and Activities and Tourism (MIBACT). In particular, suffice it to mention: the radio co-production “35 mm: *l'italiano al cinema, il cinema in italiano*”, from January on air with 10 proposals that describe the Italian language and cinema from different points of view, capturing original and often little-known aspects; the seminar for Italian-speaking radio communicators, editors and animators in collaboration with RadioRai (Rome, 22-23 March); the radio co-production “*L'immaginazione alla radio*” with the participation of 15 Italian-speaking radios, on a model freely inspired by the BBC programme “*History of the world in 100 objects*”; *In cammino sulla Magna via Francigena*, 8 Italian-speaking radio stations on the road from Agrigento to Palermo, with daily reports, radio episodes and TGR services, a dedicated website with the broadcast of episodes and a Facebook page for daily updates on the stages with photos, messages and notes;

- **ASBU – Arab States-Broadcasting Union;**
- **ABU – Asia Pacific Broadcasting Union.**

In particular, in March the International Forum “*Innovation meets culture - Digital media and Cultural Heritage*” was held in Rome with 100 representatives from over 30 countries in Asia and the Pacific. The event was an opportunity to discuss global media trends, digitalisation and market convergence, consumption patterns and digital innovation in the service of enhancing the value of artistic and cultural heritage.

### Think Tanks

The analysis of trends and expectations of public opinion regarding the role and activities of Rai Public Service involves a silent training process. Numerous meetings were also held in the first half of 2018 with the aim of disseminating the contents elaborated, in particular on the in-depth analysis of social cohesion, labour and immigration issues.

### Corporate Communication

During the first half of 2018, 26 communication projects were developed, 23 of which were already implemented and 3 under construction; the launch of products or services that are particularly representative for the Company was promoted with the aim of enhancing its brand, as well as promotion plans on advertising media that are not part of the Company's radio, television and

multimedia offering (posters, dynamic and printed media); meetings were organised, also in collaboration with Italian and international institutions and with broadcaster associations; The company newsletter project was launched, aimed at all employees to increase their knowledge of the Rai offering and activities and to consolidate a motivated sense of belonging and awareness of what is produced as a Public Service.

In addition, in line with the process of brand image development and brand awareness growth, Rai participated in 90 of the most important national and international festivals and awards with 273 products, considered worthy to compete in for the themes and targets of reference. The results obtained were 83 nominations and 25 prizes and awards won by programmes and commercials produced and co-produced by Rai.

Finally, Rai's Contact Center, a channel for direct communication with users, allows the company to offer its public consistent information. Users can contact Rai both through the telephone channel, which from March 2018 for all topics has been unified on the toll-free number 800.93.83.62, and through the web, using the service *ScriveR@i*.

### Press & Media Office

40 photo shoots and 55 product and institutional press conferences were organised throughout Italy (about 45 in Rome, the others in Milan, Sanremo, Matera, Turin and other locations).

A major commitment was made to special events to present dramas and initiatives (*Rocco Chinnici, Fabrizio De André principe libero, Il Capitano Maria, Aldo Moro, etc...*), major events of international promotion (*Il Commissario Montalbano, Cartoons on the Bay*) and sports events (*Winter Olympics*). The most significant events followed and organised include: the *Festival di Sanremo*, the *Programme Schedules Presentation, Cartoons On The Bay, Screenings*, the publication of election results, political debates and information programmes.

### Special Projects

Numerous projects were started and developed during the first half of 2018. Among these, many for the millennial target (*Rai Porte Aperte*, visits and meetings with foreign university students, presentation of the drama *Aldo Moro, il professore*, the final event of presentation of the school-to-work projects carried out at Rai, etc.), as well as initiatives to promote cohesion and build

belonging (Rai Academy communication plan, the presentation of the Rai Code of Conduct in collaboration with the Rai Equal Opportunities Commission, etc.).

In total, during the first half of 2018, 451 visits were organised for about 11,525 students; 15 special meetings were held at trade fairs or events throughout the country, involving a total of 7,000 young people; 85 school-to-work projects were received and 14 were selected and activated throughout Italy.

### Media Partnerships and Ceremonial

In the first six months of 2018, more than 200 media partnerships were signed on issues such as Culture, Society, Environment and Sports. Among the most significant institutional events and anniversaries: from 2018 as the “European Year of Cultural Heritage” to 2018 as the “Rossini Year”, to the “90 years of ANAS”, but also the Spring Days of FAI and the preparation of the 61st Festival of the Two Worlds in Spoleto, the 48th Giffoni Film Festival, the 75th Venice International Film Festival and the 50th Barcolana in Trieste.

In the foreground for cultural media partnerships, the promotion of reading with the 31st Salone internazionale del Libro (International Book Fair) in Turin, Tempo di Libri in Milan and, after about 15 years, the return of a similar event in the South with Napoli Città Libro, waiting for Più Libri più Liberi in Rome and with the already confirmed Premio Campiello in Venice.

More than 70 events required the support of the activities of the Ceremonial: from the institutional preview of the documentary *Il Condannato. Cronaca di un sequestro* by Ezio Mauro at the Auditorium Parco della Musica with Rai Cinema, to the premiere at La Sapienza University of the drama *Il professore*, dedicated to Aldo Moro on the 40th anniversary of his assassination.

## Agreements with the Central Government

The most significant agreements included:

- *Ministry for Employment and Social Policies/ Anpal*: the airing of the fourth edition of the *Posto Giusto* regularly continued and an agreement is being negotiated for the continuation of the programme also for the next television season;
- *Ministry of Agricultural, Food and Forestry Policies*: despite the contingencies generated by constraints, part of the initiatives within the framework of the existing agreements were carried out and the technical annexes of three of the Implementing Agreements to the Memorandum of Understanding were redefined to incorporate the current communication priorities of the Ministry;
- *Ministry of the Interior*: in the spring, the new edition of the programme *Radici*, dedicated to inclusive immigration issues, began broadcasting and will be completed by the end of the current financial year; at the same time, an agreement is being finalised for the production of a further three editions, for the same number of years;
- *Edufin* (Interministerial Committee for the Planning and Coordination of Financial Education Activities): The feasibility of launching a communication plan on financial education in the autumn, aimed at improving citizens' financial education skills, was tested;
- *Minister of Cultural Heritage and Tourism*:
  - within the framework of the agreement with Mibact/Cepell aimed at promoting reading, the material for the dissemination of the series *Toolbox 2- Invito alla Lettura* was delivered to the sample schools selected within the framework of Project 0-6 promoting reading; *Toolbox 3-Invito alla lettura* was then aired in full. This project is extremely valuable in terms of image and Public Service;
  - the agreement between Rai and MIBACT finalised for the creation of a communication plan for the enhancement of the Italian heritage recognised by UNESCO, consisting of ad-hoc initiatives that will be implemented by Rai Cultura in the current year.
- *Ministry for Employment and Social Policies*: following the conclusion of an Implementing Agreement to the Memorandum of Understanding, on the issues of social inclusion and job creation, a working group was formed to define the initiatives that could start from the autumn season;
- *Ministry of Education, University and Research*: operational agreements were concluded, which will lead to the airing of *La Stella di Andra e Tati*, an animated film dedicated to the Shoah, which will be broadcast for the first time in October.

## Changes in the regulatory framework

### National Service Agreement between the Italian Ministry of Economic Development and Rai – Radiotelevisione Italiana SpA 2018-2022

The new National Service Agreement between the Ministry and the Company for the 2018-2022 five-year period was published in Official Gazette no. 55 of 7 March 2018.

The Agreement regulates activities that the Company performs to provide the public service: in particular, the radio, television and multimedia service broadcast through the various platforms in all modes, use of the necessary transmission capacity, creation of editorial content, provision of technological services for the production and transmission of the signal using analogue and digital technology, and preparation and management of control and monitoring systems.

Following publication, the aforesaid Service Agreement became effective as of 8 March 2018.

### Refarming of the so-called 700 band, planning frequencies and adoption of related instruments

Implementing (EU) Decision 2017/899 related to the use of the 470- 790 MHz frequency band in the Union, art. 1, paragraphs 1026-1046 of Law 205 of 27 December 2017, including “*State Budget for the financial year 2018 and multi-annual budgets for the 2018-2020 three-year period*” regulated and scheduled the process to assign, in the 2018–2022 four-year period, frequencies in the 694-790 MHz band (currently mainly allocated to national and local television broadcasting) to terrestrial systems able to supply wi-fi broad band electronic communication services, in order to take initiatives needed to develop fifth generation networks (5G networks). These provisions also set out a new structure to the DTT platform broadcasting system, based on the supply of spectral resources that have remained available for the broadcasting service (from 174 to 230 MHz and from 470 to 694 MHz). Specifically, the frequencies in III VHF band are scheduled to create a regional multiplex for transmission of local TV programmes and to maximise the number of coordinated blocks that can be allocated to digital radio (DAB) in each region; assigning the right to use the frequencies in that band to the operator of the public radio, television and multimedia service to create a multiplex containing regional information and broadcast programmes locally; reserving 20% of the relative broadcasting capacity (transitorily, 40%) to transmission of public service programmes containing information regionally.

With resolution 290/18/CONS, AGCOM consequently adopted the “*National Plan Assigning Frequencies to be allocated to the terrestrial digital technology service (PNAF 2018)*”, then sending a notification to the Government on the implementation of art. 1, paragraphs 1030-1031, of the 2018 Budget Law to highlight critical issues and uncertainties on certain aspects of the primary legislation.

In parallel, the Ministry for Economic Development (hereinafter, MISE) adopted, after the public consultation held in the months of April-May 2018, the Decree pursuant to article 1, paragraph 1032 of the aforementioned Budget Law for 2018, including the national calendar related to the roadmap expiry dates; in order to implement the objectives invoked in (EU) decision 2017/899, considering the need to set a transitory period, from 1 January 2020 to 30 June 2022, to ensure the release of frequencies attributed in III VHF band and 470-694 MHz by all network operators holding national and local user rights, and the restructuring of the multiplex containing regional information by the public radio, television and multimedia service operator. With the decision it was also decided to dispose of the MPEG2 coding in favour of the MPEG4 coding on DVBT standard.

The Ministry also set up a Table of coordination “TV 4.0” with the representatives of the competent institutions, television operators (including Rai) and category associations affected, to harmonise and coordinate activities to release the 700MHz band, and to develop instruments to favour the digital transformation of the television sector. With subsequent resolution 182/18/CONS, AGCOM, implementing what was set forth in art. 1, paragraph 1031 of Law 205/2017, then launched the procedure to establish (by 30 September 2018) the criteria for conversion of the frequency use rights owned, on the date the above Law came into force, by national network operators nationally for the terrestrial digital technology service into broadcasting rights to use in newly created national multiplex in DVB-T2 technology and for the national assigning of the rights to use frequencies in 470-694 MHz UHF band planned by the PNAF 2018 for the terrestrial digital technology television service to national operators.

Lastly, the MISE launched a consultation to review the Frequency Distribution Plan (PNRF) and the tender procedure for assigning rights to use radio-electric frequencies to be allocated to mobile, terrestrial, bi-directional, broad band electronic communication services

in the bands 694-790 MHz, 3600-3800 MHz and 26.5-27.5 GHz (so-called. "pioneer bands"), implementing what is set forth in the 2018 Budget Law and based on rules established by AGCOM with resolution 231/18/CONS of 8 May 2018.

The Company is assessing actions to be taken when the aforementioned measures have been issued, related to any adverse effects on its activities.

### Protection of personal data

EU Regulation 2016/679 (so-called GDPR, General Data Protection Regulation) on the protection of natural persons with regard to the processing of personal data and on the free movement of such data was applied in all EU Member States on 25 May 2018.

Important principles were introduced as were new obligations for controllers such as a non exhaustive example, the principle of accountability, the principles of privacy by design and privacy by default, the data protection impact assessment (DPIA), the control and notification of a data breach to the Authority and notification to the data subject in the more serious cases, the preparation and continual updating of a processing register.

### Register of cinema and audio-visual works

The President of the Council of Ministers' decree (DPCM) of 8 January 2018, containing "*Application provisions for activation of a public Register of cinema and audio-visual works*" implemented art. 32 of Law 220 of 14 November 2016 ("*Cinema and audio-visual regulations*" so-called. "*Cinema Law*") establishing the aforementioned Register with the Ministry of Cultural Assets and Activities (with resulting suppression of the special public register for cinema and audio-visual works, pursuant to paragraph 2, of art. 103, Law 633 of 22 April 1941, and confluence of the relative data into the Register). It also delegated to the DPCM in question the decision on Register characteristics, how works should be registered, tariffs related to keeping the register, type and formal requirements of records to be transcribed, methods and limits to publication of information, also needed to ensure the transparency of public contributions.

On this point, the Company started discussions with the Ministry, also related to further implementation provisions to be adopted by the Ministry.

### Dignity decree

Decree-Law 87 of 12 July 2018, containing "Urgent provisions for the dignity of workers and companies", converted, with amendments, into Law 96 of 9 August 2018, has also introduced measures to combat harm caused by gambling, to combat job insecurity and on fiscal and tax matters. In particular, for the first point, art. 9 (Prohibition to advertise games and betting), in the relative text coordinated with actions applied by the conversion law established, with no prejudice to laws in force on the matter – contained in the so-called. "Balduzzi Decree" and the 2016 Budget Law, that the Company has already adapted its activities to, also related to provisions pursuant to art. 25, letter s) of the Service Agreement and art. 3, paragraph 1, letter r) of the Agreement – and excluding national lotteries and deferred extraction, local luck events pursuant to article 13 of Presidential Decree 430 of 26 October 2001, and of safe, responsible gaming locations of the Agency of Customs and Monopolies, the prohibition of any form of advertising, even indirect, related to gaming and gambling with money prizes, and gambling, performed in any way and on any means, including sports, cultural or artistic events, television and radio broadcasts, daily and periodical press, publications in general, posters and computer, digital, telematic and social media channels. Moreover, from 1 January 2019 the prohibition in question will also apply to the sponsorship of events, activities, happenings, programmes, products or services and all the other forms of communication with promotional content, including visual and acoustic quotations and the overlapping of the name, brand, symbols, activities or products whose advertising is forbidden by law. A breach of prohibitions will lead to an administrative, monetary sanction (AGCOM is competent for applying it). For advertising contracts in progress as at 14 July 2018 (date the Decree Law came into force) the previous regulation shall continue to apply until its expiry date, however for no longer than one year from that date.

For the second point, art. 12 of the decree has established non-applicability of the split payment – operational as of 1 July 2017, with which Rai ensured compliance through opportune internal actions – for the supply of services where fees are subjected to taxes withheld at source as income tax or as advance payment pursuant to article 25 of Presidential Decree 600 of 29 September 1973, for which the invoice is issued after the Decree came into force.

## Setting of television licence fees

On 9 February 2018, the decree of the Ministry for Economic Development dated 21 December 2017 was published in the Official Gazette, containing provisions for “*Special television licence fees for 2018*”. The decree sets the amounts of special licence fees for the possession of radio receivers or television sets on non-household premises and of special licence fees for the possession of radio receivers or television sets in cinemas, theatres and comparable premises for the current year, in accordance with the amounts set forth in tables 3 and 4 annexed to the ministerial decree of 29 December 2014.

## Suspension of payment of the Rai licence fee for regions hit by the earthquake

Article 1 of Law 89 of 24 July 2018, converting Decree-Law 55 of 29 May 2018 into law, with amendments, containing further urgent measures for populations in the areas of the Regions Abruzzo, Lazio, Marche and Umbria, affected by the earthquakes that occurred as of 24 August 2016, established suspension of payment of the Rai licence fee until 31 December 2020 in the territories of the municipalities listed in annexes 1, 2 and 2-*bis* of Decree-Law 189 of 17 October 2016, converted, with amendments, by Law 229 of 15 December 2016. Payments of sums suspended will start again from 1 January 2021; reimbursements of sums already paid in the period between 1 January 2018 and when the measure came into force will be regulated through a measure of the director of the Revenue Office.

## Contributions due to the Authority

On 30 January 2018, the Company paid, expressly reserving the right to appeal and seek restitution, €111,000.00 as a contribution to cover administrative costs sustained for activities MISE is responsible for 2018.

On the same date, the Company paid, expressly reserving the right to appeal and seek restitution, € 452,835.20 as a contribution for radio link connections for 2018 and € 402,860.26 for contributions due to integration of what was paid in previous years (2014-2017).

Subsequently, the Operator arranged within contribution payment terms to cover the administrative costs for the year for the functions of regulation, supervision, settlement of disputes and sanctions attributed to AGCOM; based on the percentage established for operators in the remaining markets (equal

to 1.9 per thousand of revenues), with express reserve to appeal and seek restitution any amounts not definitely owed and resulting subsequent presentation of the extraordinary appeal to the Head of State.

Lastly, Rai has paid the sum due for the operating expenses of the Italian Competition Authority and for the rights to use television frequencies on terrestrial digital technology; in that latter case expressly reserving the right to appeal and seek restitution any sums not necessarily due.

During 2018 Rai formalised an internal procedure for the payment of contributions and expenses for the Company.

## Public contracts

After the progressive coming into force of regulatory provisions and implementation regulations of the Code of Public Contracts (Legislative Decree 50 of 18 April 2016, as recently amended by Legislative Decree 56 of 19 April 2017), Rai is adjusting its internal procedures for assigning contracts in the so-called ordinary sector, that is for attributions not excluded by application of the Code; updating for the so-called “sectors excluded” was completed with approval of the Board of Directors’ resolution of 27 July 2017, in compliance with the new contract assignment criteria and procedures pursuant to article 49-*ter* TUSMAR, added by Law 220 of 28 December 2015 (*Rai Reform Law*), characterised by a progressive application mechanism, as of 1 December 2017.

The provisions on the new Register of Rai Suppliers, which is the main tool for identifying (in compliance with the rotation principle) subjects who will take part in any competition procedures announced by the Company for both the radio-television sector excluded from application of the new Public Contracts Code – where there are no specific assumptions legitimising use of direct negotiations with a single operator – and for tender procedures with invitations to bid established by the new Public Contracts Code for the ordinary sector (i.e. contracts below the EU threshold) came into force on 1 February 2018.

In the first half of 2018 the National Anti-Corruption Authority published notice-type 2 (related to assigning cleaning services to be assigned based on the most economically advantageous offer), and adoption of notice-type 3 (for assigning engineering and architectural services for amounts equal to or higher than €100,000) and further guidelines and regulatory deeds implementing the Public Contracts Code also regarding:

the assignment of the private surveillance service; the update to the selection criteria for tender commissioners and methods for registering experts in the obligatory national Register of selection board members (on which the Authority has also issued specific instructions, also with reference to the dates of Register operations); updating of guidelines on the use of the criterion for awarding to the most economically advantageous bid; updating of guidelines on procedures for assigning public contracts for an amount below the EU significance thresholds, market surveys and training and management of the lists of economic operators and the general guidelines on assigning architectural and engineering services. Guidelines with "*Indications on the preliminary market consultations*" are still in the consultation stage.

With resolution dated 13 June 2018, ANAC adopted the regulation on exercising powers pursuant to article 211, paragraphs 1-*bis* and 1-*ter* of the Code; legitimating the latter's direct appeal against notices, other general deeds and provisions related to contracts for a relevant impact, issued by any commissioning body, if it believes they violate the public contract regulations on works, services and supplies (art. 211, paragraph 1-*bis*), and the invalidation with prior motivated opinion (art. 211, paragraph 1-*ter*) of measures including serious breaches of the code; in that hypothesis the Authority issues a motivated opinion to be transmitted to the commissioning body and, if the latter should not comply by the term assigned, it may appeal to the administrative judge.

The so-called BIM Decree is in force (Ministerial Decree 560 of 1 December 2017), implementing article 23, paragraph 13, of the public contracts code which establishes progressive introduction methods and times, by commissioning bodies and economic operators, of the mandatory aspects of methods and specific electronic instruments (such as the modelling ones used for building and the infrastructures, in the design, construction and management stages of the works and relative controls) and regulates the preliminary compliance obligations for the commissioning bodies, which must adopt a personnel training plan, a plan for the purchase or maintenance of decision-making and information management hardware and software and an organisational deed explaining the control and management process, data managers and conflict management. The obligation to use the modelling methods and electronic instruments starts: from 1 January 2019 for works from €100 million; from 2020 for complex works of over €50 million; from

2021 for complex works of over €15 million; from 2022 for works over €5.2 million; from 2023 for works over €1 million; from 2025 for all new works.

In May 2018, the Decree of the Minister for infrastructures and Transport 49 of 7 March 2018, titled "*Regulation containing: «Approval of guidelines on working methods of the works manager and the director of execution»*" was published.

## Corporate Governance

### Election of the member of the Board of Directors voted by the employees' general meeting. Renewal of the Board of Directors

The management body of the Company has adopted the Regulation for a member of the Board of Directors to be designated by the Rai employees' general meeting, in compliance with article 49, paragraph 6, of the TUSMAR, as amended by the Rai Reform Law and organisation of the connected voting procedure, which established appointment of an *ad hoc* Electoral Commission.

On 18 July 2018, the four members of the Board of Directors designated by the Chamber of Deputies and the Senate were elected. On 19 July 2018 voting took place to identify the internal member, with resulting announcement. On 27 July 2018, the Council of Ministers designated, at a Ministry for the Economy and Finance proposal, the two board members appointed by the government. On the same date, the Shareholders' Meeting appointed the Board of Directors of the Company, proposing Fabrizio Salini for the office of Chief Executive Officer. The management body then appointed him on 31 July 2018.

### Non-financial declaration and sustainability report

In compliance with Legislative Decree 254 of 30 December 2016, related to communicating information of a non-financial nature and information on diversity from some companies and some large groups (as implemented by Consob resolution 20267, regulating method of publication, transmission, control and supervision of non-financial reports, hereinafter DNF), Rai prepared the consolidated DNF for year 2017 specifically containing what is required by the decree (on environmental, social, personnel matters, respect for human rights, the fight against active and passive corruption referred to which, if the body does not practice policies, provides clear, structured motivations) and, as integration, the information indicated in art. 12 of the Agreement and art. 25, letter l) of the Service Agreement, on sustainability.

Certification that the report has been prepared and on the compliance of information provided compared to what is set forth in the Legislative Decree, also with reference to principles, drafting methodology and methods (pursuant to art. 3, paragraph 10 of the Decree) was assigned to the external auditor PricewaterhouseCoopers SpA under the limited assurance engagement method.

### Obligations for personal data protection

In compliance with provisions in EU Regulation 2016/679 (so-called GDPR, General Data Protection Regulation), Rai has appointed its own DPO, Data protection Officer and has defined procedures for managing obligations introduced by the EU regulation.

### Preventing corruption

In its meeting of 30 January 2018, the Board of Directors approved the Three-year Corruption Prevention Plan for 2018-2020.

### Update of the Plan for Company Transparency and Communication, of data and information established therein

In April 2018, the Company updated, as established as at least once a year by art. 49-*bis*, Legislative Decree 177/2005, its Plan for Transparency and Company Communication and for the updating of its data and information.

The Plan, published in the section dedicated to the company website, contains the information established by art. 49, paragraph 10, letter g) TUSMAR, and the criteria and methods to decide and update that information (based on diversified and specifically identified timings).

### Personnel recruitment criteria

In April 2018, the Company updated its methods and criteria on personnel recruitment and how job appointments are made.

### Market abuse

Rai, as an issuer of financial instruments listed on the Irish regulated market, after updating regulations on managing the Register of people with access to privileged information and the relative Regulation, in May 2018 formalised an internal operating procedure on management of that information and the related information flows.

### Approval of the financial statements

In its meeting of 26 June 2018, the Rai Shareholders' Meeting approved the financial statements as at 31 December 2017, drafted in compliance with international accounting standards (IFRS).

On the same date, the Shareholders' Meeting resolved on integrating the fees paid to PricewaterhouseCoopers SpA for the independent auditing of accounts for the years 2015-2023, for the increased auditing work

needed on the Rai financial statements and on the consolidated ones of the Group; and for the limited auditing of the half-year financial statements following the independent auditing reform (applicable from the year ended as at 31 December 2017).

## Corporate Governance Report - the Control Model Governance of Rai and the Internal Control and Risk Management System

### The Internal Control and Risk Management System

The Internal Control and Risk management System (SCIGR) is "all the instruments, organisational framework, company rules and regulations that enable the company to be managed in a healthy, correct way consistent with company goals established by the Board of Directors, through a suitable process to identify, measure, manage and monitor the main risks, and by structuring suitable information flows to guarantee circulation of information".

The Rai Internal Control and Risk Management System, approved by the Board of Directors on 18 December 2014, is included in the more general organisation and corporate governance structures and is divided into three roles.

An efficient Internal Control and Risk Management system favours informed decisions and helps protect corporate assets, the efficiency and effectiveness of company processes, the reliability of financial information, compliance with laws and regulations and the Articles of Association and internal regulations.

The System's goal is to mitigate risk by managing it and not the elimination of the risk inherent in each management and control process.

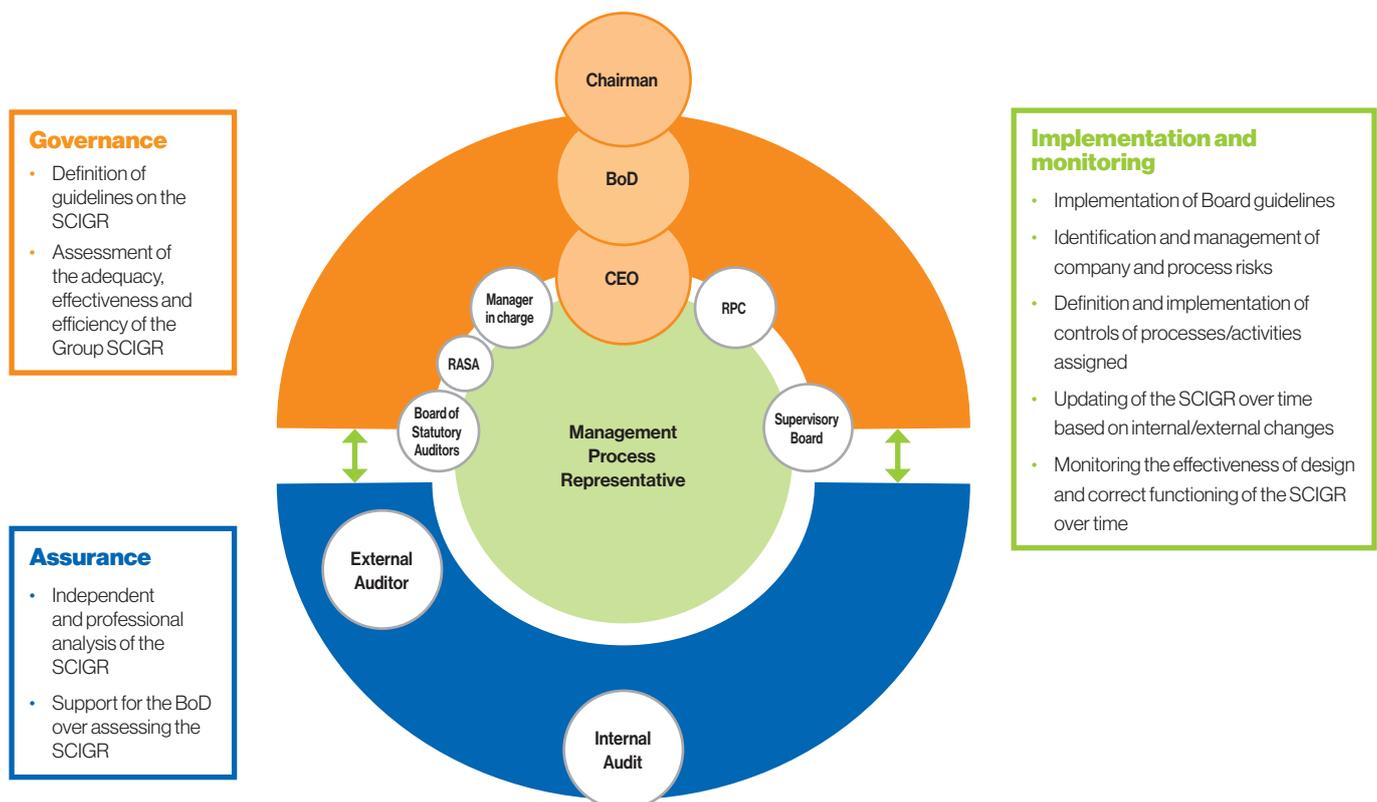
Rai uses the *Committee of Sponsoring Organizations Report*, acknowledged both in Italy and internationally, as a reference framework to implement, analyse and assess the Internal Control System.

Internal controls, of the Internal Control and Risk Management System of Rai, are structured on three levels: Management (I Level), Management with monitoring functions (II level), Internal audit (III level).

Also considering the significant organisational change launched in 2017, with Rai being turned into an integrated *Media Company*, in the first half of 2018 the integrated Risk Assessment project was launched to identify, assess and manage corporate operating and compliance risks (Anti-Corruption and Legislative Decree 231).

The regulatory and provision framework of the Internal Control and Risk Management System is mainly represented by:

- Company Articles of Association;
- Service Contract;
- Code of Ethics;
- Organisation, Management and Control Model, pursuant to Legislative Decree 231/2001;



- Three-year Corruption Prevention Plan;
- Regulatory, organisation and powers system of Rai SpA;
- Model for the management and processing of notification of potentially illegal, irregular or reprehensible facts;
- Internal disciplinary system;
- Guidelines on Internal auditing activities, integrating the Guidelines on the Internal control and Risk Management System;
- Regulation for the management and coordination activities performed by Rai on its subsidiaries.

## The Code of Ethics

The Code of Ethics regulates the rights, duties and responsibilities that Rai specifically undertakes with the stakeholders it interacts with during its activities and is aimed at the Corporate Officers, the CEO, managers, employees, collaborators and all those who have commercial and/or financial relations of any kind with Rai or who act on its behalf based on specific mandates.

The Code of Ethics was drawn up for the entire Group so is binding for all companies controlled directly or indirectly by Rai. The Code is valid both in Italy and abroad, with any adjustments needed for the different situations of countries Rai operates in, also through its subsidiaries.

The Code of Ethics was reviewed and updated in 2017, to highlight what was set forth in the Three-year Corruption Prevention Plan; also establishing specific information flows between the Stable Committee for the Code of Ethics and the Corruption Prevention Manager.

Monitoring effective compliance with the Code of Ethics and the will to contrast conduct that goes against its principles, formulating amendment proposals based on periodic updating of the Code and assessment of notifications received, is assigned to the Stable Committee for the Code of Ethics, which assures continual flows of information to the Rai Supervisory Body pursuant to Legislative Decree 231/2001 and to the Corruption Prevention Manager and periodic reporting on actions taken following notifications received and their results.

The Code also establishes that the Supervisory Body provide observations on ethical problems and on presumed breaches of the Code of Ethics that could occur as part of its area of responsibility; notify the Stable Committee for the Code of Ethics of any breaches to the Code itself; monitor effective application of any measures imposed following breaches to the Code of Ethics.

## The Organisation, Management and Control Model

Rai adopted an Organisation, Management and Control Model pursuant to Legislative Decree 231 of 8 June 2001 on the administrative accountability of entities.

The Organisation, Management and Control Model was introduced in 2005 by the Board of Directors. During 2013, and then in 2015 and 2017, the Model was updated based on the progressive expansion of laws to cover new types of offence and the company's organisational changes.

The Rai Organisation Management and Control Model contains the description of approval methods and responsibilities, Model application and updating and establishes standards and control measures for the types of offence currently included in Legislative Decree 231/2001 until July 2017.

In terms of updating, the Model in force as of 2013 established the creation of a "Team 231", including the main staff managements, assigned the task of formulating Model updating and/or adjustment proposals presented by the CEO to the Board of Directors, having informed the Supervisory Body. Model updating can be launched by the Supervisory Body which is also assigned its updating based on what is set forth in Legislative Decree 231/2001, the heads of departments/structures and *Team 231* itself.

Control standards are prepared based on principles and indications in the Guidelines of Confindustria, and on the best international practices.

Every six months, the Supervisory Body, collectively, sends the Board of Directors, the Board of Statutory Auditors and the CEO a Report on actions carried out and on other information foreseen by the Model, making recommendations for the best suitability and effective implementation of the offence prevention system indicated in the regulation referred to.

The body currently has three members, of which one a company employee, and falls from office when the Board of Directors that appointed it expires; though still performing its functions temporarily until the new Board of Directors appoints a new Body.

The Model adopted by Rai establishes that the Supervisory Body of the Parent Company include the Head of Internal Audit *pro tempore* due to the function performed. To implement its annual supervisory action plan, the Body

mainly avails itself of the Internal Audit Department in order to use its consolidated operating methods and resources with suitable technical skills.

The Supervisory Body performs specific actions and monitors Model adequacy in compliance with Legislative Decree 231/2001 and to ascertain the level of effective prevention system implementation and efficiency, and performs analysis and investigation to check compliance with provisions in the aforementioned decree.

The most recent update to Model 231 and the Code of Ethics was approved by the Parent Company Board of Directors in its meeting of 27 July 2017; considering amendments to regulations that came in force with Law 220/2015, changes to the company's organisation structure, recommendations made by the Supervisory Body in the periodical Reports sent to top management and in order to simplify the Model and harmonise it with the other regulatory tools (in particular the Three-year Corruption Prevention Plan).

Special attention is reserved for the results of audits conducted by the Internal Audit Department and monitoring of the resulting corrective actions identified to improve company efficiency and strengthen controls established to prevent crimes. There are also recurrent relations with the Board of Statutory Auditors of the Parent Company.

## Anti-corruption and transparency

With reference to preventing corruption, Rai SpA has implemented provisions in Law 190 of 6 November 2012 containing "*Provisions for the prevention and suppression of corruption and illegality in public administration*".

With its resolution of 18 December 2014, the Board of Directors of Rai appointed a Manager responsible for the Prevention of Corruption and for Transparency and, in the same meeting, approved the procedure for the model for managing and processing notification of potentially illegal, irregular or reprehensible facts, then updated with Board resolution of 16 July 2015.

The Corruption Prevention Manager (RPC) was assigned to fulfil what was established by Law 190 of 6 November 2012, by the National Anti-corruption Plan, and by ANAC and the Ministry of Economy and Finance, as the controlling body.

With a subsequent resolution of 29 January 2015, the Board of Directors adopted the Three-year Corruption Prevention Plan (PTPC) of Rai SpA (2015- 2017), then presented to the National Anti-corruption Authority. It was the first time the Law in question had been implemented by Rai SpA. Furthermore, it indicates principles and implementation criteria for Rai Subsidiaries related to management and coordination.

During 2016 and 2017, the PTPC was updated, re-projecting structure, method and logic. The main changes introduced were the result of three separate activities: implementing the National Anti-corruption Plan, the guidelines and recommendations of ANAC, Risk Assessment and analysis of the results of audit reports and investigations into notifications received. More specifically, we finalised protocols for the Personnel Acquisition and Progression Area and rationalised protocols for the Purchasing Department.

With the Three-year Corruption Prevention Plan, the Public Broadcasting Service operator does not only have to implement Law 190/2012. It also has to identify and define the guidelines and the programmatic, preparatory activities for the adoption, development and implementation of the document itself.

The goal is to implement an internal control and prevention system integrated with other systems adopted by the Company, taking the opportunity, indicated in the aforementioned Law, to introduce new measures and/or strengthen existing ones through a coordinated action, to contrast corruption and illegality more effectively.

With that in mind, the RPC operates to check the compliance and adequacy of the PTPC through the following four lines of action, involving other company structures: I) documentary analysis of notifications, whose content is examined from an anti-corruption point of view in order to set up any further prevention controls and adjust the PTPC, and Audit reports, whose content and the results of findings are examined to assess the potential impact on risk Areas and sensitive activities; and on related transversal control principles and protocols; II) field activities by promoting Self Risk Assessment Control activities and specific Audits; III) analysis and monitoring of periodical information flows with different company interlocutors; IV) monitoring by analysing certification containing the Annual Information Cards of the Anti-Corruption Representatives.

The latter for their respective areas of responsibility, coordinating with the RPC to provide elements and findings on implementation of the PTPC in the structures and reference processes, and on adjustment actions deemed necessary for effective prevention.

During 2017, the notion of Anti-corruption Representative was identified better so those roles are now held by the heads of Top Management organisational structures (those reporting directly to the Chairperson, CEO, Chief Officers and all Management heads), the Heads of Regional Offices and of the Regional Editorial Offices of Regional News, the Heads for foreign Correspondence Offices and the Heads of the TV Production Centres of Rome, Milan, Naples and Turin.

To further develop those roles and keep them continuously updated, we have finalised a periodical newsletter system and a specific dedicated area on the company intranet containing important data, documents and information on anti-corruption and transparency, with a section reserved for managers and one accessible to all employees.

Moreover, during the year, several training sessions were held to cover the entire company population (also through e-learning) targeted at analysing corruption prevention and enabling personnel to understand the contents and updates of the aforementioned Three-year Plans. The training courses on anti-corruption are continuously updated and used, and made available in coordination with the Rai Academy Department (RUO).

The RPC provides the results of the aforementioned activities in six-monthly and annual reports to Top Management and to the Administration and Control Bodies.

The Three-year Corruption Prevention Plan is updated every year, considering progressive implementation of activities planned, highlighting actions to be taken and the goals and priorities set by Top Management, indications from ANAC and MEF and other Authorities, any regulatory and organisational changes to the company structures and any indications from the Head of Corruption Prevention.

It is through these adjustment and fine-tuning activities that the document can comply with the dual target of preventing conduct that is potentially exposed to corruption offences and strengthen the principles of legality, correctness and transparency when managing activities in Rai, promote correct

company structure operations and protect the reputation and credibility or the public service broadcasting concessionaire.

As concerns transparency, considered by the PNA as one of the main anti-corruption levers and measures available to the Company, on 28 December 2015 Law 220/2015 on Reform of the Rai and the Public Broadcasting Services was approved. It brought in significant company transparency novelties. Consequently, on 28 May 2016 Rai prepared and adopted the new Plan for Transparency and Company Communication establishing the criteria and methods for defining, publishing and updating the data, documents and information set forth in regulations in force. That data was published on the company website in the section called "*Rai for Transparency*" as of 25 July 2016.

The plan was updated and adopted in the Board of Directors' meeting of 18 April 2018.

The most significant actions concerned:

- addition of new personnel recruitment and appointment criteria, updated in the light of the Three-year Corruption Prevention Plan of Rai SpA, approved by the Board of Directors in January 2018;
- the change in the way remuneration data being published is presented for subjects established by TUSMAR as amended by the Rai Reform Law 220/2015, in consideration of introduction during 2016 (see Law 198/2016 "publishing reform") of the remuneration limit for Rai employees.

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## Other information

### Human Resources and Organisation

The strategies to manage and develop human resources, the company structure, design and operation of processes is implemented in compliance with and in line with the vision, values and culture of the Rai Group.

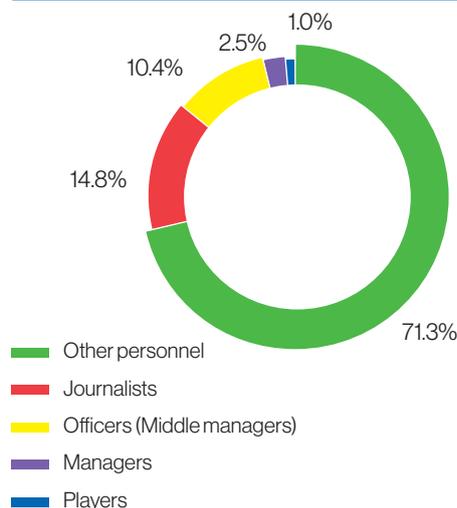
The management, growth and compensation of personnel and activities connected to integrative resources employed with artistic writing, independent work and set term contracts are implemented following performance management models and with the HR business partner in mind, guaranteeing the correctness of industrial relations and ensuring respect for labour laws and inspection functions.

Analysing numbers, the **Rai workforce**, including top management with set term contracts, went from 11,055 at the start of the year to 11,106 at the end of June 2018. The graphs show the division by macro categories and gender.

Changes included 137 terminations, of which 16 for having reached pension age, 4 for intra-group mobility, 105 for consensual termination, notice given and incentives, and 188 new hirings.

Those hired can be detailed by the following motives: 151 to stabilise fixed term personnel; 13 for intra-group mobility; 9 reintegrated following litigation; 15 new arrivals to reconstitute the workforce due to turnover, to strengthen some structure or for new needs.

#### Workforce by macro categories



During the first half of 2018 fixed term contracts were limited because of resources found in specific selections, and for disabled workers (for whom there are percentage employment obligations based on the parties employed, and commitments undertaken pursuant to the specific agreement signed in April 2017 with the Metropolitan City of Rome).

Following the Board of Directors' resolution of December 2017, an incentive to leave plan was launched for middle managers, office and blue collar workers and for orchestra professors on a voluntary basis; with a view to continue the cost rationalisation and organisation streamlining process launched with the plan previously launched for executive personnel. About 800 employees have expressed their interest in the initiative. As at 30 June 2018 420 employees had adhered and an overall adhesion of about 500 is expected by the end of the process.

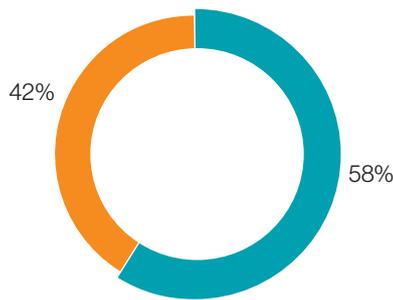
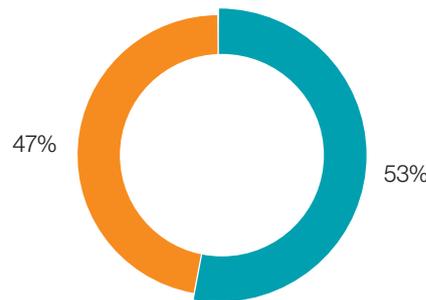
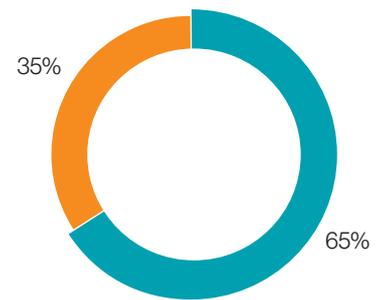
Workers terminated are expected to be replaced by new employees, in a ratio of 1 to 2. For that purpose, in the first half of 2018 selections started for young apprentices with diplomas (office staff, programme assistance, production technicians, technicians and ICT technicians) and university graduates (engineers) and further initiatives will then be launched.

As part of actions to develop internal resources, as concerns management, the remuneration benchmark assessment process has been completed through comparison to market averages with internal equity and external competitiveness in mind.

As regards **Artistic Resources**, fee levels for external collaboration were maintained, specifically referred to those already reduced in past years.

During the first half of 2018, efforts also continued to concretely implement provisions in the board resolution "*Organic plan of criteria and parameters to identify and remunerate artistic service contracts*" of 14 June 2017 in relations between Rai and its external collaborators with fees exceeding €240 thousand. In particular, fees accrued by collaborators affected by the provision were monitored, in order to plan future commitments to assess the feasibility of renewing contracts in compliance with the annual fee "ceiling".

For the Casting sector, during the first half of 2018, contestants, actors, columnists were selected for 11 TV productions, as well as actors to be used for TV advertising on behalf of Rai Pubblicità. That sector has a database

Division of workforce  
between men and womenDivision of recruitment  
between men and womenDivision of terminations  
between men and women

Men Women

that increased in the first months of 2018 with the auditions of 5,418 potentially usable resources.

Activities continued for the operational launch of the new Collaborators system (SAP Espers) for both contracts and payments, as well as operational support for all parties involved; also in the light of regulatory amendments, such as the new Privacy Regulation coming into force.

As far as **the organisation structure** is concerned, consistent with logics that guided 2017 changes, in the first half of 2018 the technological department was reorganised under the responsibility of the Chief Technology Officer through the following actions:

- establishment of the *Platforms and Distribution* Department, resulting from the former *Satellites Structure*, with an increase in the perimeter of the competences attributed in order to ensure full development of distribution on all networks, platforms and receivers, implementing obligations resulting from the Agreement and Service Agreement, based on the company communication market positioning goals as well as the related need to control transition strategies related to the passage to DVBT2 set for 2022;
- review of the internal structure and responsibilities of the *Planning Frequencies and Spectrum Management* Department, which took on the name of *Broadcast Services and Management of Frequencies*, related to the need for an even more efficient governance of the Broadcast Service Agreements and an improved ability to check the quality of services supplied;
- confluence into ICT of activities related to mobile voice services together with the consistent updating of the organisational responsibilities assigned to the Department;

- review of the overall structure of the *Security & Safety* Department to guarantee integrated management of certain matters by bringing together security activities for the common good under a single line structure and a general streamlining of the structure, together with renaming the Department as *Safety & Security*;
- establishment of two areas reporting to the Chief Technology Officer: *CTO Staff* and *Coordination of Standardisation and Special Projects*, with the main purpose of supporting the CTO for its interface, coordination, standardisation, technical support and consolidation activities for the activities and contributions of departments operating in that area.

Moreover, more specific actions were taken to optimise the organisation structure, to both rationalise Departments and their organisations, and to complete structures, missions, responsibilities and job descriptions. In particular, it is worth mentioning:

- the organisation and responsibilities review of the *Rai Uno* Division to strengthen the *Economic Planning and Means* staff structure to support the editorial ones;
- the organisation and responsibilities review of the *Regional Journalistic News* to reinforce control and coordination of the order budget and means of production, and management of programming and the other support activities;
- the evolutionary review of the organisation of the *Radio* Department concerning the *Radio Marketing, Radio Programming* and *General Affairs* areas for a more functional division of competences, and a more specific allocation and clarification of responsibilities;
- the organisation and responsibility update of the *Rai Tre* Department which concerned renaming some programming and staff structures, creation of the *Information*

structure, optimisation of the *Production Nucleuses*;

- the organisational restructuring of the *Prix Italia* structure, for a more specific, detailed definition of responsibilities;
- the re-allocation of responsibilities concerning the sustainability report to the *Finance and Planning* Department, c/o the *Sustainability Report* structure, now reporting directly to the Chief Financial Officer – Finance and Planning Director.

Finally, activities have continued to review and improve corporate operating processes (e.g. processes managing contribution payments, concessions and administrative duties owed by RF and TV network operators, prize competition and games management procedure, branded Content process flow, and preparation of specific procedural indications and operating instructions on the processing and protection of personal data (management of requests to exercise the rights of data subjects, application of the privacy by design and privacy by default principles, management and notification of data breaches, method guidelines for conducting risk assessments and data protection impact assessments) that come under the framework of actions to comply with what is set forth in the new EU Regulation 2017/79 (so-called GDPR).

Lastly, measurement of the assessment process of all company positions was completed, carried out based on methods recognised at an international level.

As regards **Industrial Relations**, after long negotiations with the Trade Union Associations representing middle managers, office staff, blue collar workers and orchestra professors, respectively on 28 February 2018 and 28 June 2018, contractual renewal agreements were signed, both valid for the 2014- 2016 three-year period and, as an exception, for 2017 and 2018.

For the economic part, for the first time it was agreed to give, with solidarity in mind, a boost to workers hired indefinitely after 6 April 1995 (hence, with biennial increases limited to 5) through a higher increase of minimum pay; with reference to the regulatory part, the main parts of the regulatory novelties that had occurred over the years were updated (with special attention for the protection of parenthood, civil unions and illness).

Of particular significance, for renewal of the Labour Contracts for middle managers, office staff and blue collars were the innovations introduced to classify personnel, through: the reduction and simplification of professional

profiles; updating of all the brief descriptions of professional profiles, also considering evolutions linked to technological innovation; identification of specialisations/ additional editorial activities and flexibility linked mainly to the use of new technologies, as assets for professional development and as instruments to reduce supply contracts and collaborators; standardising the growth path for all non blue-collar worker profiles, linked to the study title required (diploma/degree).

As regards journalists, on 13 March 2018, Rai – Unindustria Roma and Usigrai – FNSI signed an agreement to extend the National Labour Contract for Journalists in Rai, and some specific agreements were signed in view of the subsequent discussion on renewal of the Rai Usigrai Integration; in this case too, as regards the increase of minimums, the parties adopted a solidarity criterion in favour of personnel hired after 6 April 1995.

As regards the TGR, exchanges with unions on the project related to regional information on web and on the social network platforms continued, by identifying further editorial offices in which to start testing (Bolzano, Campobasso, Rome and Trento) and the management of the online transition in the editorial offices of Venezia and Trieste, at the end of the experimental stage.

Lastly a discussion was started on the issue of journalism outside newspapers with an analysis of activities performed in those contexts by resources used with contracts that were not for journalists.

On the **disciplinary** front, in the first half of 2018, following notifications by the structures involved and by the Stable Commission for the Code of Ethics, 94 potentially relevant cases from a disciplinary point of view were taken on.

Based on inquiries carried out, it was decided to proceed from a disciplinary point of view in 24 cases, inflicting about 14 sanctions including 1 dismissal, whereas about 40 proceedings are still in progress. 29 disciplinary proceedings pending as at 31 December 2017 were then settled.

Besides customary consultancy activities with requesting structures and single employees to take action to prevent and/or reduce the number of labour disputes, 17 settlement reports were signed with the unions, to close 8 cases pending and prevent 9 potential disputes. Furthermore, support was given to the *Legal and Corporate Affairs* Department to settle 17 positions in court, assessing the settlement conditions of each applicant.

In addition, 24 provisional settlements were agreed with the same number of workers encouraged to leave (whilst defining 4 pending cases and 3 out-of-court claims), while 15 final rulings were also given full execution, mostly with career reconstruction to avoid appeals as regards the *quantum*.

Concerning **labour regulations and social security** the following activities were carried out:

- the complex interpretation and application work continued on novelties introduced through extending sickness contribution and the related indemnity to INPS to office staff and similar, also through ongoing relations with the social security institution;
- instructions to apply the new regulations to use so-called *by hours* parental leave were communicated, after the specific provision had been entered by the collective contract for Group company personnel;
- assistance was given to *Industrial Relations* to draft the new Collective Labour Contract for some subjects that were specifically regulatory (sickness, maternity, part time, etc.);
- provisions related to holidays being taken by staff were reviewed and an innovative contractual layout for so-called smart working was prepared, for an initial test by the company;
- as part of implementing the *Rai for Me* project (ex DIGIGAPP), in order to guide use and correct application by users, the cards summing up numerous legal and contractual situations were processed;
- in the context of the encouragement to leave procedure launched, the forms used were reviewed for both the encouragement proposal and the individual settlement reports;
- support was offered to the *Selection and Training* area in various types related to activating curricula internships and prepare the exclusion clauses in the selection procedures;
- in agreement with the external consultancy arranged by Rai, information for personnel adapted to EU Regulation 679/2016 on privacy coming into force was prepared and assistance was provided on procedures to access personal data, also by preparing new forms and feedback reports;
- as part of reviewing the declaration forms of autonomous collaborators, training courses on pension and contribution systems applicable to those workers were held for offices handling contracts;
- as usual advice on labour and social security matters was provided to the competent offices in Rai and Group Companies, also considering the regulatory changes and as

feedback to specific interpretative needs, especially on incompatibility and non Rai activities.

As regards **Internal Communication** activities, in order to expand the company intranet – the communication instruments used for company/employee communications – and make it more efficient, the project on creating the new RaiPlace portal was concluded and released in April 2018. The new tool, richer in content and more integrated with company information systems, is now the only access point to information, services and applications for employees.

As regards **Administration and systems** activities continued in compliance with rules set by regulatory, legislative and contractual rules – or individual agreement; payments were adjusted following management provisions or execution of legal and/or settlement orders, as were new payslip procedures related to application of provisions in the 2018 Budget Law, or for the first facilities or lump sums foreseen by union agreements with renewal of the Collective Contract of Middle Managers, office staff and Workers and applying the National Journalist Labour Contract.

For the **Personnel Information Systems**, besides ordinary controls and maintenance to make sure that company information systems with a greater impact on personnel management work correctly (HRis, presences and transfer system, HRdoc, AGA web, etc.), the *Rai For Me* project has been recovered and implemented. That project, based on an in-depth review of the work processes and methods, involves digitalisation of functionalities at the employee's service, including first of all the process managing personnel presence and absence. The most immediate result consists in implementing the first entirely digital company process, including authorisation signatures.

**Rai Academy** carried on its work to strengthen the potential of Rai's human capital, by discovering, enhancing and developing new talents, competences and skills. The 2018 strategic plan was oriented by three important guiding principles:

- **Attract, select and develop the best talents.** During the first half of 2018 Rai Academy performed activities to:
  - activate selection processes for various professional profiles;
  - assess internal resources with professional growth and development in mind;
  - implement part of the activities contained in the employer branding plan;

- bring students into the Company for internships and school-work alternation periods.

Three selection initiatives were launched – through public notice – for various professional figures (technicians with diplomas, technicians with degrees, office staff and programme assistants), to be employed by the Company with a professionalising apprentice contract.

Overall it received 17,394 candidacies; 4,433 candidates were called in for the first selection stage and 900 then went through the assessment. 157 technicians with diplomas and 32 with degrees were then considered suitable and 344 between office staff and programme assistants. Please note that the selection activities conducted in the first half of 2018, in volume terms (candidacies received, interviews held and suitable candidates identified), is comparable to the total of what was carried out in the 2015-2017 three-year period.

As regards obligations resulting from Law 68/99 – *Regulations for the disabled right to work*, we assessed 78 resources belonging to protected categories, as office staff, programme assistants and production technicians and 54 were found suitable. A personnel search was also conducted, through head hunting companies, to identify two programmer directors with specific skills related to accessibility for sensory disabilities and weather.

Professional development activities continued for TD or TI colleagues who were involved in job change processes (9 resources) and an initiative was launched to develop potential for 29 higher officers, which will end in the second half of the year.

For the employer branding activities, development started on digital channels by activating a page on LinkedIn (obtaining a 20% increase in followers during the half year and reaching about 55 thousand users) and the start of a study to reorganise the website [www.lavoracononoi.rai.it](http://www.lavoracononoi.rai.it).

In parallel, “in presence” employer branding activities continued by taking part in the career days in some Italian universities (Turin Polytechnic, LUISS, Unicussano) and in a specific contest reserved for management engineering students from 9 different universities, organized in the Naples Parthenope University. On those occasions, Rai came into direct contact with about 850 students and young graduates.

In collaboration with Communications and External, Institutional and International Relations, the *Rai Doors Open* project continued to welcome students of all ages so they can get to know the Company and the types of roles that work at it. To this end, 14 school-work interchange projects took place (Good School Law 107/2015) activated in Rai for the first time in 2017. That initiative, which ended in May with a celebration in the Turin Rai Auditorium, involved 300 students from all over the country and generated about 15,000 teaching laboratory hours.

Still related to bringing the company and the Italian educational world closer together, please note that, in the first half of 2018, 115 interns coming from the main Italian universities (96 students) and the schools of journalism recognised by the National Order of Journalists (19 students) were welcomed into the Company.

- **Develop training and orientation actions that help Rai people live change as protagonists.**
  - The new training and development strategy has the following actions as its key-points:
    - definition of a training catalogue; creation of a digital training portal;
    - definition of rules to access training activities;
    - establishing the competences model;
    - mapping competences and know-how already in the Company, through online *curriculum vitae*.

The first quarter 2018 was used to design and build the first Training Offer Catalogue including all courses planned for 2018. Catalogue visibility and circulation was guaranteed by publication, in April, on the RaiPlace intranet portal.

In its first version, the 2018 training offer catalogue, covering 5 main areas and 18 subjects, presented 145 courses of which 98 online: alongside obligatory courses, or available on request, online courses open to all were introduced.

New aspects included the availability, for the first time, of training provided through so-called *microlearning*, short multimedia courses providing agile, easily accessible and usable contents, to be explored at will, in order to provide a first set of learning with notions, basic concepts and food for thought on the subjects dealt with.

Development of such a broad offer online was accompanied by classroom training

activities for about 27,000 hours. In this area, alongside the customary support of implementation and updating processes of the information systems adopted in the company (TCube, On Air, SAP MM, SAP ESPERS, S.I.P., Rai Per Me, Transfer systems, Office applications, etc.), actions continued to sustain introduction of new company procedures such as those related to the collaborators' system and the procurements cycle.

The first half of 2018 was also characterised by two initiatives for Top Managers: a plenary session, arranged by members of the Rai Supervisory Body and Internal Audit, on the Rai MOGC pursuant to Legislative Decree 231/2001, and three sessions dedicated to directors, as *Safety Managers*, to offer this target a view that adequately considered the position held and resulting responsibilities.

These actions were flanked by the customary obligatory training activities for the rest of the company, such as general training on safety, the training of first aid teams, courses for prevention and protection service operators and for the representatives of safety workers.

A massive campaign was carried out for all employees on the application and impact of the GDPR (General Data Protection Regulation) on ordinary working activities.

The fifth edition of the course PER.FOR. MA MM (*Management Training for Middle Management*) was held for a group of about 40 middle managers, to develop and align knowledge and methods of common managerial action in participants and promote people-oriented management approaches.

As of 6 April 2018, the first digital training portal was made available on the company intranet so that all employees have access to the following contents:

- the Rai Academy training and growth strategy;
- access to online curriculum vitae;
- the Rai skills model;
- the 2018 training offer;
- training rules;
- the 2018 course calendar (with direct access to courses online).

This is the first version of the digital portal which will then have two further evolution levels; the next by the end of 2018.

Overall, in the first half of the year about 43,000 training hours were provided

involving 70% of employees: for 35% these were e-learning courses, for 62% classroom courses and for 3% on-the-job training.

- **Improve knowledge of Rai human capital and its development potential.**

As of 6 April 2018, a single new online curriculum vitae was made available to all Rai personnel and Sister companies on the RaiPlace portal, replacing previous versions different in type and content. The instrument was designed using technologies in line with market trends; it can be used on PC, tablet, cell phones and is accessible outside the Company.

The different sections of the CV are structured to contain information on the employee's past, present and future, to reconstruct his/her professional history, outline the current profile and have indications on possible skills and availability. Each employee can record his/her experience and professional skills autonomously (both those in Rai and outside Rai): professional experiences, certifications, study titles, training courses, self-assessment on computer, digital and language skills, personal information and areas of company interest.

All employees now know about the instrument: more than 10,000 have accessed at least once, almost 1000 employees have finished filling in all the fundamental sections, while over 3,000 employees have filled in more than 50% of the sections.

Information collected can help improve training plans and is already usable on suitable business intelligence instruments (also being further optimised, with completion scheduled by the end of 2018) available to Company management structures.

Preparing the CV is now essential to be able to access obligatory training, to take part in job postings and to change jobs.

## Intercompany Relations

In the first half of 2018 the Rai Group continued its operations based on a decentralised organisation model for some activities managed by companies set up for the purpose. Relations with subsidiaries, associated companies and in joint ventures are based on normal negotiations referred to current and market values.

For details on commercial and financial relations with Group companies please refer to what is indicated in note 13.4 "Transactions with related parties" in the Notes to the interim Separate Financial Statements.

**RAICINEMA**

(€/million)	30 June 2018	31 December 2017	30 June 2017
Revenue	143.3	321.1	143.1
EBIT	3.4	31.7	6.9
Net profit (loss) for the period	1.4	21.4	4.6
Net profit (loss) for the period	1.7	21.4	4.4
Shareholders' equity	247.9	261.0	244.0
Net financial position	(186.5)	(160.4)	(252.3)
Investments	130.0	243.5	135.8
Workforce (in units)	146.0	140.0	140.0
<i>of which fixed-term</i>	15.0	9.0	7.0

**RAICOM**

(€/million)	30 June 2018	31 December 2017	30 June 2017
Revenue	23.7	52.1	23.9
EBIT	6.2	13.5	5.6
Net profit (loss) for the period	4.3	12.0	4.1
Net profit (loss) for the period	4.3	12.0	4.1
Shareholders' equity	110.5	118.5	110.6
Net financial position	150.5	137.6	108.0
Investments	-	0.3	0.2
Workforce (in units)	107.0	106.0	111.0
<i>of which fixed-term</i>	13.0	10.0	13.0

**RAICORPORATION**

(€/million)	30 June 2018	31 December 2017	30 June 2017
Revenue	-	-	-
EBIT	-	(0.1)	(0.1)
Net profit (loss) for the period	-	(0.1)	(0.1)
Net profit (loss) for the period	-	(0.1)	(0.1)
Shareholders' equity	-	-	-
Net financial position	4.0	4.0	4.1
Investments	-	-	-
Workforce (in units)	-	-	-
<i>of which fixed-term</i>	-	-	-

**RAIPUBBLICITÀ**

(€/million)	30 June 2018	31 December 2017	30 June 2017
Revenue	333.2	655.0	348.6
EBIT	8.3	4.0	7.9
Net profit (loss) for the period	6.1	0.5	5.5
Net profit (loss) for the period	6.2	0.5	5.6
Shareholders' equity	36.0	29.8	34.9
Net financial position	(13.4)	(3.7)	(6.4)
Investments	0.6	1.8	1.0
Workforce (in units)	359.0	361.0	365.0
<i>of which fixed-term</i>	37.0	36.0	37.0

**RAI WAY**

(€/million)	30 June 2018	31 December 2017	30 June 2017
Revenue	109.0	217.0	108.0
EBIT	42.8	81.4	39.7
Net profit (loss) for the period	31.0	56.3	27.4
Net profit (loss) for the period	31.1	56.7	27.6
Shareholders' equity	151.8	176.4	147.3
Net financial position	(13.1)	(4.8)	(43.0)
Investments	7.3	26.2	12.4
Workforce (in units)	607.0	601.0	617.0
<i>of which fixed-term</i>	19.0	8.0	17.0

Directors' Report

**ECONOMIC BALANCES OF RAI SPA WITH SUBSIDIARIES AND ASSOCIATED COMPANIES AS AT 30 JUNE 2018 AND 31 DECEMBER 2017**

<b>Subsidiaries</b> (in €/'000)	Rai Pubblicità	Rai Cinema	Rai Com	Rai Way	Rai Corporation in liquidation	Total Subsidiaries
<b>Non-current financial assets</b>						
As at 30 June 2018	-	-	-	-	-	-
As at 31 December 2017	-	-	-	-	-	-
<b>Current financial assets</b>						
As at 30 June 2018	13,277	197,645	-	-	-	210,922
As at 31 December 2017	3,694	161,199	-	-	-	164,893
<b>Current trade receivables</b>						
As at 30 June 2018	146,591	3,122	81,691	3,272	-	234,676
As at 31 December 2017	180,812	3,134	85,422	4,262	-	273,630
<b>Other current receivables and assets</b>						
As at 30 June 2018	12,525	6,426	6,484	27,661	-	53,096
As at 31 December 2017	15,116	7,185	3,495	17,311	-	43,107
<b>Current financial liabilities</b>						
As at 30 June 2018	-	(11,156)	(148,698)	(233)	(3,410)	(163,497)
As at 31 December 2017	-	(788)	(136,440)	(76)	(3,314)	(140,618)
<b>Trade payables</b>						
As at 30 June 2018	(67)	(21,582)	(7,395)	(64,661)	-	(93,705)
As at 31 December 2017	(68)	(15,907)	(9,018)	(58,558)	-	(83,551)
<b>Other current payables and liabilities</b>						
As at 30 June 2018	(1,148)	(445)	(1)	(2,456)	-	(4,050)
As at 31 December 2017	(1,128)	(445)	(29)	(2,538)	-	(4,140)
<b>Non-current financial liabilities</b>						
As at 30 June 2018	-	(71)	-	-	-	(71)
As at 31 December 2017	-	-	-	-	-	-

<b>Associated companies</b> (in €/’000)	Auditel	San Marino RTV	Tivù	Tavolo Editori Radio	Total Associates
<b>Non-current financial assets</b>					
As at 30 June 2018	-	-	-	-	-
As at 31 December 2017	-	-	-	-	-
<b>Current financial assets</b>					
As at 30 June 2018	-	1,579	191	-	1,770
As at 31 December 2017	-	517	-	-	517
<b>Current trade receivables</b>					
As at 30 June 2018	-	52	272	1	325
As at 31 December 2017	-	51	106	1	158
<b>Other current receivables and assets</b>					
As at 30 June 2018	-	-	-	-	-
As at 31 December 2017	-	-	-	-	-
<b>Current financial liabilities</b>					
As at 30 June 2018	-	-	-	-	-
As at 31 December 2017	-	-	-	-	-
<b>Trade payables</b>					
As at 30 June 2018	-	-	(415)	(254)	(669)
As at 31 December 2017	-	-	(416)	(477)	(893)
<b>Other current payables and liabilities</b>					
As at 30 June 2018	-	-	-	-	-
As at 31 December 2017	-	-	-	-	-
<b>Non-current financial liabilities</b>					
As at 30 June 2018	-	-	-	-	-
As at 31 December 2017	-	-	-	-	-

## ECONOMIC BALANCES OF RAI SPA WITH SUBSIDIARIES AND ASSOCIATED COMPANIES AS AT 30 JUNE 2018 AND 31 DECEMBER 2017

<b>Subsidiaries</b> (in €/’000)	Rai Pubblicità	Rai Cinema	Rai Com	Rai Way	Rai Corporation in liquidation	Total Subsidiaries
<b>Revenue from sales and services</b>						
As at 30 June 2018	289,493	10	29,321	27	-	318,851
As at 31 December 2017	304,026	8	30,281	24	-	334,339
<b>Other revenue and income</b>						
As at 30 June 2018	1,868	1,750	1,753	5,480	-	10,851
As at 31 December 2017	1,683	1,654	1,906	5,693	-	10,936
<b>Costs to purchase consumables</b>						
As at 30 June 2018	-	-	-	-	-	-
As at 31 December 2017	-	-	(2)	-	-	(2)
<b>Costs for services</b>						
As at 30 June 2018	162	(124,133)	(3,602)	(103,101)	-	(230,674)
As at 31 December 2017	168	(124,817)	(4,929)	(102,008)	-	(231,586)
<b>HR expenses</b>						
As at 30 June 2018	555	569	479	178	-	1,781
As at 31 December 2017	855	562	253	306	-	1,976
<b>Other costs</b>						
As at 30 June 2018	-	-	(207)	-	-	(207)
As at 31 December 2017	-	-	(210)	-	-	(210)
<b>Write-downs of financial assets</b>						
As at 30 June 2018	-	-	208	-	-	208
As at 31 December 2017	-	-	-	-	-	-
<b>Depreciation, amortisation and write-downs</b>						
As at 30 June 2018	-	-	-	-	-	-
As at 31 December 2017	-	-	202	-	-	202
<b>Provisions</b>						
As at 30 June 2018	-	-	-	-	-	-
As at 31 December 2017	-	-	-	-	-	-
<b>Financial income</b>						
As at 30 June 2018	13	16,150	11,556	35,804	-	63,523
As at 31 December 2017	3	48,568	6,573	27,162	-	82,306
<b>Financial expense</b>						
As at 30 June 2018	-	(29)	-	-	-	(29)
As at 31 December 2017	-	(12)	-	(13)	-	(25)

<b>Associated companies</b> (in €/'000)	Auditel	San Marino RTV	Tivù	Tavolo Editori Radio	Total Associates
<b>Revenue from sales and services</b>					
As at 30 June 2018	-	-	276	-	276
As at 31 December 2017	-	-	263	-	263
<b>Other revenue and income</b>					
As at 30 June 2018	-	12	23	4	39
As at 31 December 2017	-	12	23	-	35
<b>Costs to purchase consumables</b>					
As at 30 June 2018	-	-	-	-	-
As at 31 December 2017	-	-	-	-	-
<b>Costs for services</b>					
As at 30 June 2018	(3,972)	2	(830)	(348)	(5,148)
As at 31 December 2017	(4,066)	2	(831)	-	(4,895)
<b>HR expenses</b>					
As at 30 June 2018	-	84	-	-	84
As at 31 December 2017	-	84	-	-	84
<b>Other costs</b>					
As at 30 June 2018	-	-	-	-	-
As at 31 December 2017	-	-	-	-	-
<b>Write-downs of financial assets</b>					
As at 30 June 2018	-	-	-	-	-
As at 31 December 2017	-	-	-	-	-
<b>Depreciation, amortisation and write-downs</b>					
As at 30 June 2018	-	-	-	-	-
As at 31 December 2017	-	-	-	-	-
<b>Provisions</b>					
As at 30 June 2018	-	-	-	-	-
As at 31 December 2017	-	-	-	-	-
<b>Financial income</b>					
As at 30 June 2018	-	11	-	-	11
As at 31 December 2017	-	4	-	-	4
<b>Financial expense</b>					
As at 30 June 2018	-	-	-	-	-
As at 31 December 2017	-	-	-	-	-

## Important facts occurring after the financial year ended

No important fact needs to be highlighted.

## Outlook of operations

After the slowdown noted in the first quarter 2018, the short-term prospects of the global economy are, on the whole, favourable despite the deceleration of world trade expansion due to the risk from possible protectionist policies.

Growth continued in the Euro zone, despite the reduction recorded at the start of the year. The ECB plans to interrupt the net purchase of stock at year end, but intends to maintain an ample level of monetary adjustment, maintaining interest rates at the current low levels at least up until all of summer 2019.

In Italy too, despite the slowdown signals that emerged in the spring months, growth continued, youth unemployment is dropping gradually and the business lending trend is still positive.

Macroeconomic projections estimate a growth trend in the next three years, assuming a favourable global context.

In this scenario, as regards the outlook of Group operations for the year 2018 and against a background of protecting the quality and competitiveness of Rai's offering and the capacity for editorial and technological innovation, economic and financial projections point to a break-even result.

In a difficult advertising market context and without being able to benefit from any big sports events, and due to the drop in licence revenues, mainly due to the lower contingencies that 2017 benefited from, that substantial break-even position is expected to be achieved through a number of cost rationalisation actions.

Group financial indebtedness will remain at sustainable levels.

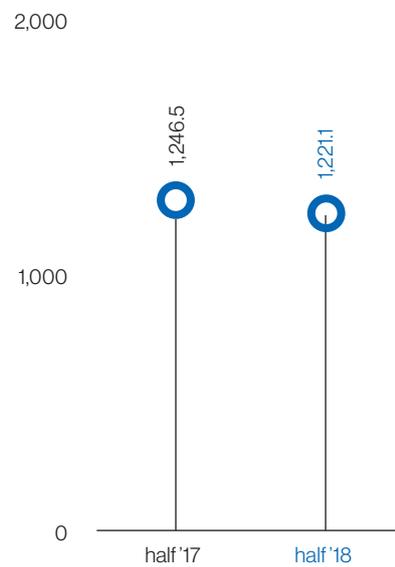
# Interim Separate Financial Statements as at 30 June 2018

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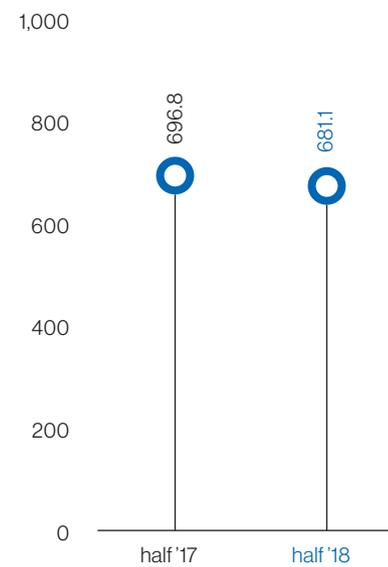
## Highlights

(€/million)

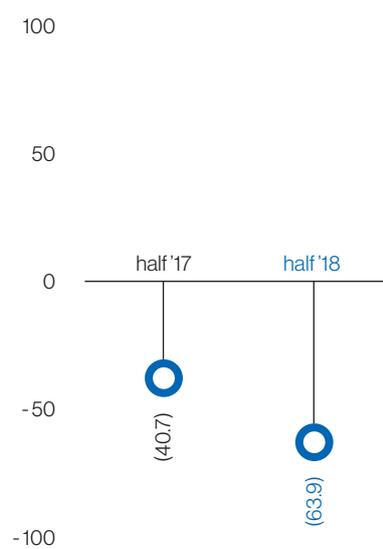
### EXTERNAL REVENUE



### EXTERNAL COSTS

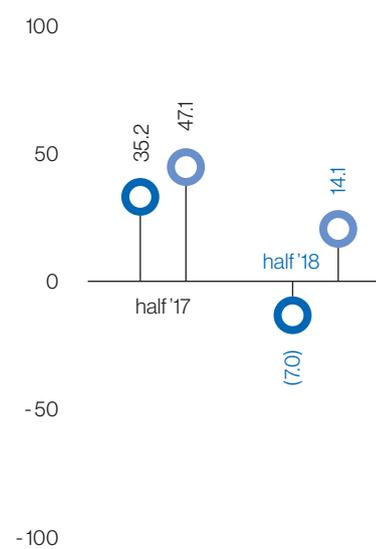


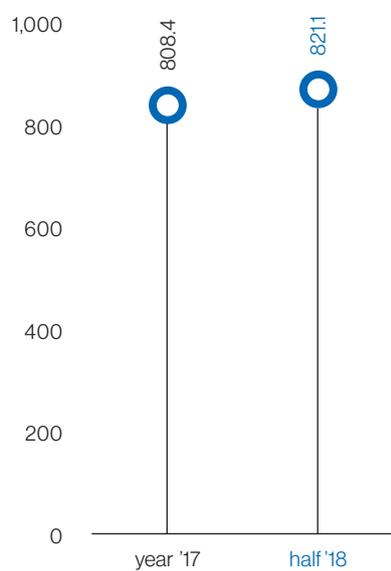
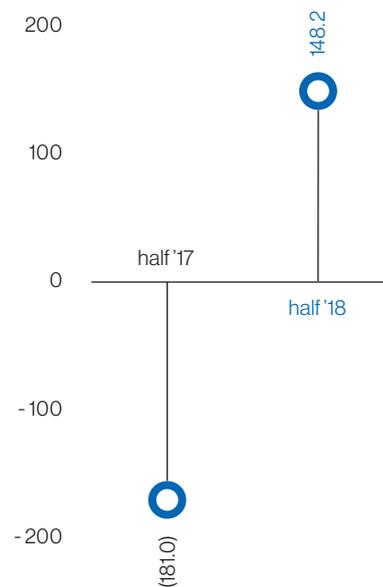
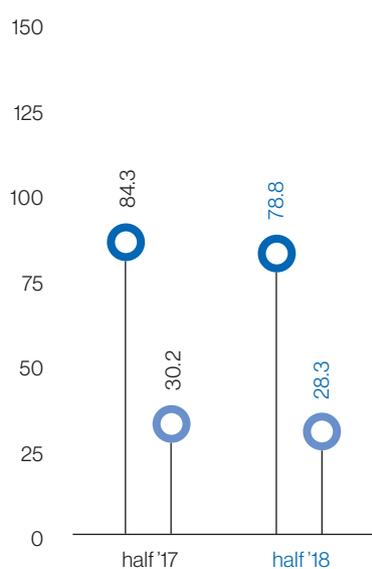
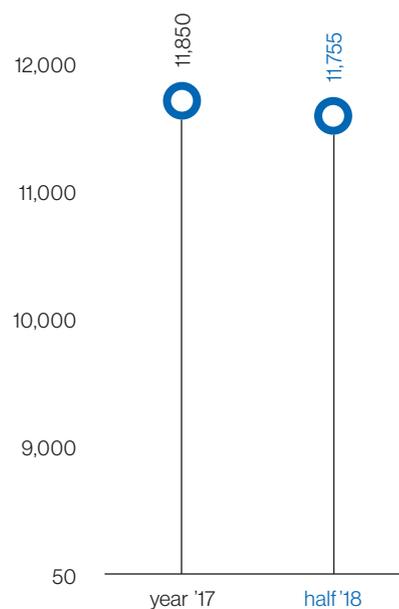
### EBIT



### PRE-TAX PROFIT

#### NET PROFIT/(LOSS) FOR THE PERIOD



**EQUITY****(NET DEBT) CASH****INVESTMENTS IN PROGRAMMES AND TECHNICAL INVESTMENTS****PERSONNEL AT THE END OF THE PERIOD (IN UNITS)\***

\* Includes permanent personnel totalling 795 employees at 31 December 2017 and 649 at 30 June 2018.

Rai SpA / Reclassified statements

## Reclassified statements

### INCOME STATEMENT

(€/million)	June '18	June '17	Change
<b>External revenue</b>	<b>1,221.1</b>	<b>1,246.5</b>	<b>(25.4)</b>
External costs net of major sports events	(670.3)	(696.8)	26.5
Major sports events	(10.8)	0.0	(10.8)
<b>External costs</b>	<b>(681.1)</b>	<b>(696.8)</b>	<b>15.7</b>
<b>HR expenses</b>	<b>(473.4)</b>	<b>(466.0)</b>	<b>(7.4)</b>
<b>EBITDA</b>	<b>66.6</b>	<b>83.7</b>	<b>(17.1)</b>
Depreciation, amortisation and write-downs	(128.7)	(121.8)	(6.9)
Provisions	(1.8)	(2.6)	0.8
<b>EBIT</b>	<b>(63.9)</b>	<b>(40.7)</b>	<b>(23.2)</b>
Net financial income (expense)	56.7	75.6	(18.9)
Earnings from equity investments recognised under the equity method	0.2	0.3	(0.1)
<b>Pre-tax profit</b>	<b>(7.0)</b>	<b>35.2</b>	<b>(42.2)</b>
Income tax	21.1	11.9	9.2
<b>Net profit (loss) for the period</b>	<b>14.1</b>	<b>47.1</b>	<b>(33.0)</b>
Other components of the total profit/(loss)	(0.7)	10.0	(10.7)
<b>Comprehensive profit (loss) for the period</b>	<b>13.4</b>	<b>57.1</b>	<b>(43.7)</b>

### CAPITAL STRUCTURE

(€/million)	30.06.2018	31.12.2017	Change
Fixed assets	2,214.1	2,236.7	(22.6)
Net working capital	(944.7)	(633.6)	(311.1)
Provisions for risks and charges	(148.7)	(156.2)	7.5
Employee benefits	(447.8)	(457.5)	9.7
<b>Net invested capital</b>	<b>672.9</b>	<b>989.4</b>	<b>(316.5)</b>
Equity	821.1	808.4	12.7
Net debt (cash)	(148.2)	181.0	(329.2)
	<b>672.9</b>	<b>989.4</b>	<b>(316.5)</b>

## Review of results and financial position as at 30 June 2018

### Results of the Parent Company

The financial statements of the Parent Company referring to the first half of 2018 showed a net profit of €14.1 million, down compared to the corresponding period of 2017 (€47.1 million profit), mainly caused by the contraction in external revenue and net financial income, the latter as a result of fewer dividends collected by the subsidiaries, even if operating costs were lower.

Some summarised information on the main items of the Income Statement and Capital Structure is provided below, along with the reasons for the most significant variances compared to the figures of the previous period.

### Income Statement

#### External revenue

This item is made up of licence fees, advertising proceeds and other trade revenue, and amounted to a total of €1,221.1 million, down by €25.4 million (-2.0%).

#### TV licence fees

The licence fees of the period and those pertaining to previous years, totalling €886.7 million, are €8.6 million less (-1.0%) than those of the first half of 2017, as seen in the table below.

The drop in the item is mainly due to the item Contingencies on ordinary licence fees (€-7.0 million), in which the licence fees of the previous year paid to the state in the following year are recognised, and which were notified after the financial statements for the year had been finalised.

#### EXTERNAL REVENUE

(€/million)	June '18	June '17	Change
TV licence fees	886.7	895.3	(8.6)
Advertising	288.0	303.1	(15.1)
Other revenue	46.4	48.1	(1.7)
<b>Total</b>	<b>1,221.1</b>	<b>1,246.5</b>	<b>(25.4)</b>

#### TV LICENCE FEES

(€/million)	June '18	June '17	Change
Licence fees for the year - ordinary	817.2	819.3	(2.1)
Licence fees for the year - special	40.1	39.0	1.1
Licences fees collected by enforcement order	15.5	16.1	(0.6)
Contingencies on ordinary licence fees	13.9	20.9	(7.0)
<b>Total</b>	<b>886.7</b>	<b>895.3</b>	<b>(8.6)</b>

## Advertising

The advertising market performed negatively in the first half of 2018, with a decrease, net of social media and search engines, of 0.4% compared to the same period of 2017 (Nielsen data). Television, which confirmed its leadership role by representing about 63% of the total market, enjoyed a 0.4% positive change. For the other media in which Rai operates, please note that radio (+ 6.8%) and Internet (+ 3.3%, excluding search engines and social networks) grew.

In this context, Rai's advertising proceeds (€288.0 million), broken down in the table below, dropped by €15.1 million compared to the first half of 2017 (-5.0%). Among other things, the data is affected for the first time by the presence of the world football championships in the major competitor's offer, and by the repercussions on the schedule caused by the broadcasts tied to the political elections.

## Other revenue

It amounted to €46.4 million, with a €1.7 million decrease (-3.5%) compared to 30 June 2017.

The item is broken down in detail in the following table.

The most significant changes compared to 2017 relate to:

- *Sale of rights* (€+1.0 million): the profit is attributable to Rai TV series;
- *Broadcasting with digital terrestrial technology services* (€-1.5 million): income was eliminated due to the broadcasting of a TV channel by another operator starting from July 2017;
- *Other* (€-0.8 million): reduction mainly due to the smaller amount of the contribution for switching to terrestrial digital technology recognised to the income statement.

In connection with the revenue trends pointed out above, the licence fee reached 72.6% of revenue, with an increase of 0.8% percentage

### ADVERTISING

(€/million)	June '18	June '17	Change
Television advertising on general-interest channels:			
- air time	173.3	195.4	(22.1)
- promotions, sponsorships and other initiatives	67.8	61.9	5.9
	<b>241.1</b>	<b>257.3</b>	<b>(16.2)</b>
Television advertising on specialist channels	31.2	28.8	2.4
Radio advertising	13.5	14.5	(1.0)
Web advertising	3.7	3.2	0.5
Other advertising	0.1	0.2	(0.1)
Third parties' share	(1.1)	(0.9)	(0.2)
Contingencies	(0.5)	0.0	(0.5)
<b>Total</b>	<b>288.0</b>	<b>303.1</b>	<b>(15.1)</b>

### OTHER REVENUE

(€/million)	June '18	June '17	Change
Special services under convention	18.9	18.9	0.0
Service and other provision of services to investees	10.4	10.3	0.1
Sale of rights	4.4	3.4	1.0
Distribution and sale of channels	5.4	5.7	(0.3)
Sundry services, mainly for institutional purposes	2.8	2.5	0.3
Broadcasting with digital terrestrial technology services	0.0	1.5	(1.5)
Other	4.5	5.3	(0.8)
Third parties share on sales	(0.1)	(0.3)	0.2
Contingencies	0.1	0.8	(0.7)
<b>Total</b>	<b>46.4</b>	<b>48.1</b>	<b>(1.7)</b>

points compared to 30 June 2017, mainly to the detriment of Advertising, as seen in the table below.

### Operating costs

These are made up of external costs and HR expenses, meaning both internal and external costs pertaining to the company's ordinary business except for those concerning financial management.

They amounted to €1,154.5 million and, compared to the same period of 2017, were down by €8.3 million (-0.7%), the reasons for which are explained below.

### External costs

These amounted to €681.1 million and included the purchases of goods and services needed to produce programmes of immediate use (purchases of consumables, external services, artistic collaboration agreements, etc.), the sports event recording rights, copyrights, services rendered by subsidiaries, operating costs and other management-related costs (indirect taxes, contributions payable to the control authorities, etc.).

The item dropped by €15.7 million (€-2.3%) compared to the first half of 2017, notwithstanding the costs for the 2018 Winter Olympics (€10.8 million, of which €10.0 million for acquisition of the recording rights alone).

## % OF REVENUE

	June '18	June '17
TV licence fees	72.6	71.8
Advertising	23.6	24.3
Other revenue	3.8	3.9
<b>Total</b>	<b>100.0</b>	<b>100.0</b>

## EXTERNAL COSTS

(€/million)	June '18	June '17	Change
<b>Purchases of materials</b>	<b>5.9</b>	<b>6.3</b>	<b>(0.4)</b>
<b>Costs for services:</b>			
Contractors	67.3	65.2	2.1
Services for programme acquisition and production	103.6	98.1	5.5
Service travel and accessory personnel costs	19.4	20.2	(0.8)
Signal broadcast and transmission – Rai Way	102.3	102.0	0.3
Maintenance, repairs, transport and similar	18.1	18.3	(0.2)
IT system documentation and assistance services	25.6	24.0	1.6
Other outsourced services (telephony, cleaning, supply services, postal, insurance, etc.)	38.4	38.9	(0.5)
Purchase of passages from subsidiaries	125.1	126.9	(1.8)
Rental expenses and rentals	23.8	27.6	(3.8)
Recording rights (essentially Sports rights and Sanremo Italian Song Festival)	74.2	91.2	(17.0)
Copyright	53.1	54.1	(1.0)
Recovery of expenses	(1.1)	(1.2)	0.1
Contingencies	2.1	1.3	0.8
	<b>651.9</b>	<b>666.6</b>	<b>(14.7)</b>
<b>Other costs</b>	<b>23.3</b>	<b>23.9</b>	<b>(0.6)</b>
<b>Total</b>	<b>681.1</b>	<b>696.8</b>	<b>(15.7)</b>

The reduction, recurring over several breakdown items as seen in the previous table, is mostly ascribable to the recording rights (€-27.0 million net of the Winter Olympics) of the following sports events: Football – Coppa Italia (-9.6 million) due to the different distribution of matches during the two half years, football – National (-3.5 million) for the under 21 European Football Championships played during the first half of 2017, the Formula 1 Championship (€-8.3 million) not acquired in 2018 and winter sports (€-2.5 million) because of the presence of the world downhill skiing and Nordic skiing events in 2017.

### HR expenses

This item amounted to €473.4 million, up by €7.4 million (+1.6%) compared to the first half of 2017, as seen in the table below.

The increase of the item Wages, salaries and social security costs was caused by provision of the amount pertaining to the half year of the rewards system for middle managers, office staff, workers and journalists that offset the positive effects triggered by reduction of the average workforce, explained below, and by the March 2018 agreement to implement the National Bargaining Agreement of journalists that led to fewer provisions covering the employment termination indemnity to pay.

Also noteworthy are:

- fewer provisions for litigation (item Other);
- lower capitalisation of personnel costs, mainly for producing the TV series “Non uccidere 2” during the first half of 2017.

The **average number of employees** during the year, including temporary personnel, was 11,608 units with 164 units less than the first half of 2017, of which 155 units of permanent personnel and 9 units of temporary personnel.

The **current employees** at 30 June 2018 consisted of 11,106 units of workforce (including permanent personnel, temporary management personnel and apprentices) and 649 temporary personnel. The increase of 51 workforce personnel compared to 31 December 2017 was caused by 137 units leaving, 25 of which under an incentive plan, and the hiring of 188 units, of which 151 to stabilise temporary personnel, 9 due to litigation and 13 entries from Group companies.

### HR EXPENSES

(€/million)	June '18	June '17	Change
Wages and salaries, and social security costs	454.0	445.3	8.7
Employee severance pay provision	19.6	19.6	0.0
Pensions and similar obligations	6.5	6.9	(0.4)
Other	4.3	5.4	(1.1)
	<b>484.4</b>	<b>477.2</b>	<b>7.2</b>
Redundancy incentives	1.0	1.1	(0.1)
Recovery of expenses	(2.8)	(2.8)	0.0
HR expenses capitalised	(6.9)	(9.5)	2.6
Contingencies	(2.3)	0.0	(2.3)
	<b>(11.0)</b>	<b>(11.2)</b>	<b>0.2</b>
<b>Total</b>	<b>473.4</b>	<b>466.0</b>	<b>7.4</b>

**EBITDA**

In connection with the changes stated above, EBITDA was positive and totalled €66.6 million, down €17.1 million compared to the first half of 2017.

**Depreciation, amortisation and write-downs**

The balance of this item was €128.7 million, up €6.9 million (+5.7%) compared to 30 June 2017, and refers to depreciation, amortisation and write-downs of current and non-current assets as shown in the table below.

**Provisions**

The item, showing provisions for risks and charges and their absorptions not classifiable in specific items of the income statement, had a negative balance of €1.8 million (€-2.6 million in 2017), for the most part caused by the provisions to the litigation fund for €2.4 million (without changes compared to what was allocated in the first half of 2017) and by absorptions of miscellaneous funds for €0.9 million (zero in the first half of 2017).

**DEPRECIATION, AMORTISATION AND WRITE-DOWNS**

(€/million)	June '18	June '17	Change
<b>Amortisation and depreciation</b>			
Amortisation of programmes			
TV series	71.6	71.5	0.1
Film	0.0	0.1	(0.1)
Cartoons	2.7	2.8	(0.1)
Other	1.5	1.6	(0.1)
	<b>75.8</b>	<b>76.0</b>	<b>(0.2)</b>
Of property, plant and equipment:			
Buildings	5.8	5.8	0.0
Plant and machinery	23.0	24.0	(1.0)
Fixtures and fittings, tools and other equipment	0.8	0.7	0.1
Other assets	2.8	2.6	0.2
	<b>32.4</b>	<b>33.1</b>	<b>(0.7)</b>
Of intangible assets:			
Software	3.2	1.8	1.4
Other rights	0.1	0.1	0.0
	3.3	1.9	1.4
	<b>35.7</b>	<b>35.0</b>	<b>0.7</b>
<b>Total amortisation and depreciation</b>	<b>111.5</b>	<b>111.0</b>	<b>0.5</b>
<b>Write-downs (reversing impairment losses)</b>			
Of intangible assets:			
Programmes under amortisation	15.3	8.0	7.3
Programmes in progress	1.5	1.0	0.5
Other	0.0	1.0	(1.0)
	<b>16.8</b>	<b>10.0</b>	<b>6.8</b>
<b>Of investments valued at cost</b>	<b>0.0</b>	<b>0.1</b>	<b>(0.1)</b>
<b>Of other non-current assets</b>	<b>0.6</b>	<b>0.9</b>	<b>(0.3)</b>
<b>Of trade receivables and other current assets</b>	<b>(0.2)</b>	<b>(0.2)</b>	<b>0.0</b>
<b>Total write-downs</b>	<b>17.2</b>	<b>10.8</b>	<b>6.4</b>
<b>Total</b>	<b>128.7</b>	<b>121.8</b>	<b>6.9</b>

**EBIT**

The changes in revenue and costs explained to this point brought about a negative EBIT of €63.9 million, €23.2 million worse than 30 June 2017.

**Financial income (expense)**

The item was positive for €56.7 million (€75.6 million in at 30 June 2017), down €18.9 million compared to the first half of 2017.

The item, itemised in detail in the following table, shows the income-related effects arising from distribution of the dividends by the subsidiaries, from recognition of the actuarial interest for employee benefits, and the effects of financial management, such as interest income/expense from banks, Group companies and bondholders, in addition to exchange rate charges/gains.

Compared to the first half of 2017, please note:

- a €19.3 million reduction in dividends;
- less net interest expense from banks and higher net interest income from subsidiaries and associates for €1.3 million;

- €0.3 million additional expense for the actuarial valuation of obligations for employee benefits (mainly TFR and supplementary company pension provision);
- greater net exchange rate charges for €0.5 million.

The average cost of loans, chiefly consisting of medium/long-term credit lines and the 2015-2020 corporate bond, was 1.8%, up compared to the figure of the first half of 2017 (1.5%) which saw use of short-term loans characterised by lower rates but greater indebtedness.

Please also note that the four *Interest Rate Swap Forward Start* contracts signed in the first half of 2017 for a total notional amount of €350 million with commencement date May 2020 and validity for the next 5 years, implemented to hedge the risk of interest rates increasing at the due date of the current bond issue and the resulting need to refinance, had a negative fair value of €1.0 million (positive for €1.2 million before the tax component at 31 December 2017), which negatively reflects on the total net profit of the period by €2.2 million.

**FINANCIAL INCOME (EXPENSE)**

(€/million)	June '18	June '17	Change
Dividends			
Rai Cinema	14.5	47.5	(33.0)
Rai Way	35.8	27.2	8.6
Rai Com	11.6	6.6	5.0
Almaviva	0.1	0.0	0.1
	<b>62.0</b>	<b>81.3</b>	<b>(19.3)</b>
Other net financial income (charges)			
Net bank interest/income (expense)	(0.3)	(1.0)	0.7
Net interest/income (expense) from subsidiaries and associated companies	1.6	1.0	0.6
Interest expense on bonds	(3.0)	(3.0)	0.0
Interest on employee benefit liabilities	(2.5)	(2.2)	(0.3)
Net exchange rate gains (charges)	(0.3)	0.2	(0.5)
Other	(0.8)	(0.7)	(0.1)
	<b>(5.3)</b>	<b>(5.7)</b>	<b>0.4</b>
<b>Financial income (expense)</b>	<b>56.7</b>	<b>75.6</b>	<b>(18.9)</b>

### Earnings from equity investments recognised under the equity method

The item showed a profit of €0.2 million (€0.3 million in 2017) brought about by valuation of the associates and joint ventures at net equity.

### Income tax

This item showed a positive value of €21.1 million (€11.9 million in the first half of 2017) and is due to the balance between current and deferred taxes, as itemised in the following table:

Income during the half year did not lead to taxable income for the direct taxes, the same as at 30 June 2017.

Deferred tax liabilities had a positive net effect of €0.9 million (no change compared to 30 June 2017) in connection with the recovery of the temporary income differences recognised in previous years.

Deferred tax assets had a positive net effect of €20.2 million, arising from recognition of the tax loss of the period, partially offset by the income brought in by the Group companies during tax consolidation.

## INCOME TAX

(€/million)	June '18	June '17	Change
IRES	0.0	0.0	0.0
IRAP	0.0	0.0	0.0
Deferred tax liabilities	0.9	0.9	0.0
Deferred tax assets	20.2	11.0	9.2
<b>Total</b>	<b>21.1</b>	<b>11.9</b>	<b>9.2</b>

## Capital Structure

### Fixed assets

These amounted to €2,214.1 million, down €22.6 million compared to 31 December 2017, are shown in the following table.

Property, plant and equipment, broken down in the table below, decreased by €6.1 million.

Assets in programmes, down by €13.7 million and explained in detail in the table below, are mostly represented by the TV series, on which – as explained below – most investments of the half year were concentrated.

### FIXED ASSETS

(€/million)	30.06.2018	31.12.2017	Change
Property, plant and equipment	871.1	877.2	(6.1)
Assets in programmes	401.7	415.4	(13.7)
Long-term investments	922.4	923.8	(1.4)
Others	18.9	20.3	(1.4)
<b>Total</b>	<b>2,214.1</b>	<b>2,236.7</b>	<b>(22.6)</b>

### PROPERTY, PLANT AND EQUIPMENT

(€/million)	30.06.2018	31.12.2017	Change
Land	370.1	370.1	0.0
Buildings	299.7	300.3	(0.6)
Plant and machinery	124.2	125.1	(0.9)
Fixtures and fittings, tools and other equipment	5.2	4.8	0.4
Other assets	22.8	22.0	0.8
Assets under development and payments on account	49.1	54.9	(5.8)
<b>Total</b>	<b>871.1</b>	<b>877.2</b>	<b>(6.1)</b>

### ASSETS IN PROGRAMMES

(€/million)	30.06.2018	31.12.2017	Change
TV series	311.2	323.8	(12.6)
Cartoons	28.6	26.8	1.8
Rights of library use	61.9	64.8	(2.9)
<b>Total</b>	<b>401.7</b>	<b>415.4</b>	<b>(13.7)</b>

Long-term investments, consisting of company equity investments and other financial assets falling due beyond 12 months, showed a decrease of €1.4 million, mainly due to the change in fair value of the Interest Rate Swap Forward Start contracts implemented to hedge the risk of increased interest rates on the due date of the current bond, as previously mentioned.

The item is broken down in detail in the following table.

Other fixed assets, broken down in the following table, decreased by €1.4 million.

Investments in the first half of 2018 amounted to €107.1 million, down by €7.4 million (-6.5%) compared to the first half of 2017.

In detail:

- lower investments in programmes for €5.5 million (-6.5%) referring to the TV series genre;
- lower technical investments for €1.9 million (-6.3%).

## LONG-TERM INVESTMENTS

(€/million)	30.06.2018	31.12.2017	Change
<b>Equity investments in subsidiaries:</b>			
Rai Cinema SpA	267.8	267.8	0.0
Rai Com SpA	107.1	107.1	0.0
Rai Way SpA	506.3	506.3	0.0
Rai Pubblicità SpA	31.1	31.1	0.0
	<b>912.3</b>	<b>912.3</b>	<b>0.0</b>
<b>Equity investments in associates:</b>			
Auditel Srl	0.7	0.7	0.0
Euronews SA	1.2	1.2	0.0
Tivù Srl	1.9	2.0	(0.1)
San Marino RTV SpA	2.0	2.1	(0.1)
	<b>5.8</b>	<b>6.0</b>	<b>(0.2)</b>
<b>Other equity investments</b>	<b>0.9</b>	<b>0.9</b>	<b>0.0</b>
<b>Fixed-income securities</b>	<b>2.4</b>	<b>2.5</b>	<b>(0.1)</b>
<b>Derivative instruments</b>	<b>0.1</b>	<b>1.2</b>	<b>(1.1)</b>
<b>Other</b>	<b>0.9</b>	<b>0.9</b>	<b>0.0</b>
<b>Total</b>	<b>922.4</b>	<b>923.8</b>	<b>(1.4)</b>

## OTHER FIXED ASSETS

(€/million)	30.06.2018	31.12.2017	Change
Software	17.6	18.9	(1.3)
Commercial rights with football clubs	1.3	1.4	(0.1)
<b>Total</b>	<b>18.9</b>	<b>20.3</b>	<b>(1.4)</b>

## INVESTMENTS

(€/million)	June 2018	June 2017	Change
TV series	74.3	78.8	(4.5)
Cartoons	4.5	5.5	(1.0)
<b>Investments in programmes</b>	<b>78.8</b>	<b>84.3</b>	<b>(5.5)</b>
Tangible investments	26.5	26.4	0.1
Software	1.8	3.8	(2.0)
<b>Technical investments</b>	<b>28.3</b>	<b>30.2</b>	<b>(1.9)</b>
<b>Total investments</b>	<b>107.1</b>	<b>114.5</b>	<b>(7.4)</b>

## Net working capital

The most significant changes compared to 31 December 2017 regard the following items:

- **Trade receivables** down by €42.5 million, chiefly due to fewer receivables due from Rai Pubblicità.
- **Other receivables** up by €55.5 million, in connection with the advances paid for acquisition of rights of future football events, such as the 2020 European Championships, Nations League, and Champions League.
- **Other payables** increased by €297.4 million due to the recognition of deferred income on licence fees originating from the difference between the amounts paid during the half year by the Ministry of Economy and Finance and the accrued value, whose recovery is expected during the second half.

## Provisions for risks and charges

The item Provisions for risks and charges, which amounted to €148.7 million, dropped by €7.5 million compared to 31 December 2017, mainly attributable to the balance between use of the provision at 31 December 2017 and new allocations to the provisions for accrued compensation costs from employees and litigation.

The breakdown of the provisions and the related changes compared to 31 December 2017 are shown in the table below.

## Employee benefits

Employee benefits, which totalled €447.8 million, decreased by €9.7 million compared to 31 December 2017.

The itemisation of the provisions and relevant changes compared to 31 December 2017 is provided in the table below.

### NET WORKING CAPITAL

(€/million)	30.06.2018	31.12.2017	Change
Inventories	0.1	0.2	(0.1)
Trade receivables	250.5	293.0	(42.5)
Other receivables	179.1	123.6	55.5
Trade payables	(567.8)	(550.9)	(16.9)
Other payables	(749.1)	(451.7)	(297.4)
Assets (Liabilities) for deferred taxes	(57.5)	(47.8)	(9.7)
<b>Total</b>	<b>(944.7)</b>	<b>(633.6)</b>	<b>(311.1)</b>

### PROVISIONS FOR RISKS AND CHARGES

(€/million)	30.06.2018	31.12.2017	Change
Legal disputes	(61.0)	(63.0)	2.0
Building renovation and refurbishment	(27.8)	(28.0)	0.2
Accrued compensation costs	(11.8)	(16.6)	4.8
Risk of recourse on bad debts by the concessionaires Rai Pubblicità and Rai Com	(7.8)	(7.7)	(0.1)
Reversals	(4.0)	(4.3)	0.3
Social security disputes	(3.0)	(3.0)	0.0
Other	(33.3)	(33.6)	0.3
<b>Total</b>	<b>(148.7)</b>	<b>(156.2)</b>	<b>7.5</b>

### EMPLOYEE BENEFITS

(€/million)	30.06.2018	31.12.2017	Change
Employee severance pay	(236.4)	(236.3)	(0.1)
Supplementary company pension provision	(127.5)	(136.5)	9.0
Pay in lieu of notice to journalists	(69.8)	(69.5)	(0.3)
FASDIR assistance provision for the retired	(13.5)	(14.6)	1.1
Other	(0.6)	(0.6)	0.0
<b>Total</b>	<b>(447.8)</b>	<b>(457.5)</b>	<b>9.7</b>

## Net financial position

The first half of 2018 closed with a positive net financial position, calculated following the ESMA scheme, for €148.2 million (€+130.9 million at 30 June 2017), up by €329.2 million compared to 31 December 2017, whose components are shown in the table below.

The total reabsorption of net debt at 31 December 2017 was the result of the ordinary cash flows of the first half of the year (characterised by the usual payment of licence fee advance instalments amounting to a total of €1,190 million). The balance was also positively affected by the reduction of disbursements for personnel and operating costs. Intercompany flows were negative as they were impacted by the fewer dividends paid and by other debit changes of Rai arising from offsetting Group taxes.

Average financial position was negative by about €43 million (€-537 million in the first half of 2017), a significant improvement (€494 million) due to the lower debt at the beginning of the year and the improved financial profile of the period, which benefited from the new licence fee transfer plan by the Ministry.

In June 2018, Moody's – as a consequence of the rating action initiated against the Italian sovereign debt – reviewed Rai's rating, currently *Long-Term Issuer Baa3 (investment grade)* with a negative outlook, whose assessment is linked to the state, the Company's shareholder of reference.

## NET FINANCIAL POSITION

(€/million)	30.06.2018	31.12.2017	Change June 2018 December 2017	30.06.2017
Liquidity	471.0	170.9	300.1	358.6
Current financial receivables:				
- due to subsidiaries and associates	212.7	165.4	47.3	260.5
- current financial assets on derivatives	0.4	0.0	0.4	0.6
- tied accounts	6.4	6.3	0.1	9.0
- other	0.5	0.3	0.2	0.3
	<b>220.0</b>	<b>172.0</b>	<b>48.0</b>	<b>270.4</b>
Current financial debt:				
- due to banks	(10.0)	(10.0)	0.0	(10.1)
- current financial liabilities on derivatives	0.0	(0.5)	0.5	(0.6)
- due to subsidiaries and associates	(163.5)	(140.6)	(22.9)	(111.0)
	<b>(173.5)</b>	<b>(151.1)</b>	<b>(22.4)</b>	<b>(121.7)</b>
Non-current financial debt:				
- due to banks	(20.0)	(25.0)	5.0	(30.0)
- bond issue	(348.3)	(347.8)	(0.5)	(347.4)
- non-current financial liabilities on derivatives	(1.0)	0.0	(1.0)	0.0
	<b>(369.3)</b>	<b>(372.8)</b>	<b>3.5</b>	<b>(377.4)</b>
<b>Net cash (debt)</b>	<b>148.2</b>	<b>(181.0)</b>	<b>329.2</b>	<b>129.9</b>
of which:				
- due to subsidiaries and associates	49.2	24.8	24.4	149.5
- due to third parties	99.0	(205.8)	304.8	(19.6)
<b>Total</b>	<b>148.2</b>	<b>(181.0)</b>	<b>329.2</b>	<b>129.9</b>

The financial risks to which the Company is exposed are monitored with appropriate IT and statistical tools. A policy regulates financial management according to best practices, with the aim of preserving the company's value through a stance adverse to risk, pursued with active monitoring of exposure and implementation of expedient hedging strategies, also on behalf of the Group companies (except for Rai Way).

Detailed information on the financial risks is provided in the specific section of the Notes to the financial statement, to which the reader is referred.

# Financial statements of Rai SpA

Financial statements of Rai SpA

**STATEMENT OF FINANCIAL POSITION**

(in €/thousand)	Note	Half year ended 30 June 2018	Year ended 31 December 2017
Property, plant and equipment.	7.1	871,097	877,147
Intangible assets	7.2	420,550	435,721
Equity investments	7.3	919,115	919,241
Non-current financial assets	7.4	3,308	4,586
Deferred tax assets	7.5	-	-
Other non-current assets	7.6	26,706	8,420
<b>Total non-current assets</b>		<b>2,240,776</b>	<b>2,245,115</b>
Inventory	8.1	107	187
Trade receivables	8.2	250,486	293,014
Current financial assets	8.3	220,029	172,046
Current income tax credits	8.4	19,541	19,507
Other current receivables and assets	8.5	132,922	95,647
Cash and cash equivalents	8.6	470,969	170,900
<b>Total current assets</b>		<b>1,094,054</b>	<b>751,301</b>
<b>Total assets</b>		<b>3,334,830</b>	<b>2,996,416</b>
Share capital		242,518	242,518
Reserves		590,792	587,181
Retained earnings (losses)		(12,274)	(21,304)
<b>Total shareholders' equity</b>	<b>9</b>	<b>821,036</b>	<b>808,395</b>
Non-current financial liabilities	10.1	369,340	372,825
Employee benefits	10.2	447,804	457,462
Provisions for non-current risks and charges	10.3	148,731	156,203
Deferred tax liabilities	10.4	57,481	47,809
Other non-current payables and liabilities	10.5	1,565	1,969
<b>Total non-current liabilities</b>		<b>1,024,921</b>	<b>1,036,268</b>
Trade payables	11.1	567,850	550,891
Current financial liabilities	11.2	173,505	151,161
Current income tax payables	11.3	12,366	29,959
Other current payables and liabilities	11.1	735,152	419,742
<b>Total current liabilities</b>		<b>1,488,873</b>	<b>1,151,753</b>
<b>Total liabilities</b>		<b>2,513,794</b>	<b>2,188,021</b>
<b>Total shareholders' equity and liabilities</b>		<b>3,334,830</b>	<b>2,996,416</b>

**INCOME STATEMENT**

(in €/thousand)	Note	Half year ended	
		30 June 2018	30 June 2017
Revenue from sales and services	12.1	1,207,892	1,232,441
Other revenues and income	12.2	13,199	14,092
<b>Total revenue</b>		<b>1,221,091</b>	<b>1,246,533</b>
Costs for the purchase of consumables	12.3	(5,866)	(6,325)
Costs for services	12.3	(651,920)	(666,604)
Other costs	12.3	(23,302)	(23,856)
HR expenses	12.4	(473,402)	(466,032)
Write-down of financial assets	12.5	594	-
Depreciation, amortisation and other write-downs	12.6	(129,279)	(121,772)
Provisions	12.7	(1,794)	(2,617)
<b>Total costs</b>		<b>(1,284,969)</b>	<b>(1,287,206)</b>
<b>EBIT</b>		<b>(63,878)</b>	<b>(40,673)</b>
Financial income	12.8	63,813	82,700
Financial expense	12.8	(7,097)	(7,045)
Earnings from equity investments recognised under the equity method	12.9	167	291
<b>Pre-tax profit/(loss)</b>		<b>(6,995)</b>	<b>35,273</b>
Income tax	12.10	21,050	11,866
<b>Net profit (loss) for the period - Profit (loss)</b>		<b>14,055</b>	<b>47,139</b>

Financial statements of Rai SpA

**STATEMENT OF COMPREHENSIVE INCOME**

(in €/thousand)	Half year ended	
	30 June 2018	30 June 2017
<b>Net profit (loss) for the period</b>	<b>14,055</b>	<b>47,139</b>
Items that can be reclassified to the income statement:		
Profit/(loss) on cash flow hedge	(2,206)	2,063
Tax effect	289	(467)
<b>Total</b>	<b>(1,917)</b>	<b>1,596</b>
Items that cannot be reclassified to the income statement:		
Recalculation of defined-benefit plans	1,171	8,348
<b>Total</b>	<b>1,171</b>	<b>8,348</b>
<b>Comprehensive profit (loss) for the period</b>	<b>13,309</b>	<b>57,083</b>

**CASH FLOW STATEMENT**

(in €/thousand)	Note	Half year ended	
		30 June 2018	30 June 2017
<b>Pre-tax profit</b>		<b>(6,995)</b>	<b>35,273</b>
Adjustments for:			
Write-down of financial assets - Depreciation, amortisation and write-downs	12.5 12.6	128,685	121,772
Provisions and (issues) of personnel provisions and other provisions		32,874	28,577
Net financial charges (income)	12.8	(56,716)	(75,655)
Earnings from equity investments recognised under the equity method	12.9	(167)	(291)
Other non-monetary items		47	78
<b>Cash flow generated by operating activities before changes in net working capital</b>		<b>97,728</b>	<b>109,754</b>
Change in inventory		80	33
Change in trade receivables	8.2	42,686	243,210
Change in trade payables	11.1	16,959	18,282
Change in other assets and liabilities		275,923	432,041
Use of provision for risks	10.3	(21,704)	(32,160)
Payment of employee benefits and to external provisions	10.2	(32,271)	(35,513)
Taxes paid		-	(4,154)
<b>Net cash flow generated by operating activities</b>		<b>379,401</b>	<b>731,493</b>
Investments in property, plant and equipment	7.1	(26,451)	(26,400)
Disposal of property, plant and equipment	7.1	2	526
Investments in intangible assets	7.2	(80,599)	(88,139)
Equity investments		-	(200)
Dividends collected	7.3 12.8	62,256	81,933
Interest collected		42	-
Change in financial assets	7.4 8.3	(47,886)	(157,036)
<b>Net cash flow generated by investment activity</b>		<b>(92,636)</b>	<b>(189,316)</b>
Long-term loans taken out	10.1	-	-
Long-term loan redemptions	10.1	(5,000)	(5,000)
Increase (Decrease in short-term borrowings and other loans)	11.2	22,432	(178,586)
Net interest paid (*)		(4,128)	(4,596)
<b>Net cash flow generated by financial activities</b>		<b>13,304</b>	<b>(188,182)</b>
<b>Change in cash and cash equivalents</b>		<b>300,069</b>	<b>353,995</b>
Cash and cash equivalents at the beginning of the year	8.6	170,900	4,562
Cash and cash equivalents at the end of the period	8.6	470,969	358,557

(\*) Referring to financial assets/liabilities

Financial statements of Rai SpA

**STATEMENT OF CHANGES IN EQUITY**

(in €/thousand)	Share capital	Legal reserve	Other reserves	Retained earnings (losses)	Total shareholders' equity
<b>Balances as at 1 January 2017</b>	<b>242,518</b>	<b>11,553</b>	<b>570,853</b>	<b>(25,455)</b>	<b>799,469</b>
Allocation of profit	-	213	4,053	(4,266)	-
Net profit (loss) for the period	-	-	-	47,139	<b>47,139</b>
Components of the statement of comprehensive income	-	-	1,596	8,348	<b>9,944</b>
<b>Comprehensive profit (loss) for the period</b>	<b>-</b>	<b>-</b>	<b>1,596</b>	<b>55,487</b>	<b>57,083</b>
<b>Balances at 30 June 2017</b>	<b>242,518</b>	<b>11,766</b>	<b>576,502</b>	<b>25,766</b>	<b>856,552</b>
<b>Balances at 1 January 2018 [1]</b>	<b>242,518</b>	<b>11,766</b>	<b>575,415</b>	<b>(21,972)</b>	<b>807,727</b>
Allocation of profit	-	276	5,252	(5,528)	-
Net profit (loss) for the period	-	-	-	14,055	<b>14,055</b>
Components of the statement of comprehensive income	-	-	(1,917)	1,171	<b>(746)</b>
<b>Comprehensive profit (loss) for the period</b>	<b>-</b>	<b>-</b>	<b>(1,917)</b>	<b>15,226</b>	<b>13,309</b>
<b>Balances at 30 June 2018</b>	<b>242,518</b>	<b>12,042</b>	<b>578,750</b>	<b>(12,274)</b>	<b>821,036</b>

[1] The figures include the effects caused by the first application of the IFRS 9 and IFRS 15 accounting standards, as explained in note no. 3 "Effects caused by the first application of the IFRS 9 and IFRS 15 accounting standards".

# Notes to the Interim Separate Financial Statements as at 30 June 2018

# 1

## General information

Rai Radiotelevisione italiana SpA (hereinafter “Rai”, the “Company” or the “Parent Company”) is a joint-stock company incorporated and domiciled in Italy, with registered office in Rome at Viale Mazzini 14, and organised according to the laws of the Italian Republic.

The Company and its subsidiaries (jointly the “Group”) operate in Italy in the role of general radio and television public broadcasting service: with Prime Ministerial Decree of 28 April 2017 containing “Assignment of the radio, television and multimedia Public Service concession and approval of the annexed draft agreement”, Rai was formed as concessionaire of the radio, television and multimedia Public Service on an exclusive basis for a decade, starting from 30 April 2017.

On the strength of specific national and community regulations, the Parent Company is obliged to fulfil precise programming quality and quantity obligations, further detailed in the Service Contract stipulated with the Ministry for Economic Development (hereinafter also the “Contract”) for the period 2018-2022, published in the Official Gazette on 7 March 2018.

The Contract relates to the activity that Rai performs in order to carry out the public service and, in particular, the radio, television and multimedia services broadcast through the various platforms in all modes, the use of the necessary transmission capacity, the creation of editorial content, the provision of technological services for the production and transmission of the signal using analogue and digital technology, and the preparation and management of control and monitoring systems.

The capital of the Company is respectively held by:

- Ministry of Economy and Finance (99.5583%)
- SIAE Società Italiana Autori Editori (0.4417%).

The Interim Separate Financial Statements as at 30 June 2018 (hereinafter “Separate Financial Statements”) are subject to auditing by the company PricewaterhouseCoopers SpA (hereinafter the “External Auditor”) to which the Rai Ordinary General Meeting of Shareholders, upon the proposal put forward by the Board of Statutory Auditors, assigned the appointment for the financial years until 2023 on 10 March 2016, in consideration of Rai’s acquisition of status of Public Interest.

# 2

## Basis of preparation, measurement and use of estimates

The Separate Financial Statements are drafted applying what is set forth in accounting standard IAS 34 – Interim Financial Statements, part of the International Financial Reporting Standards (“IFRS”).

As concerns preparation, measurement criteria and use of estimates to draw up the Separate Financial Statements, please refer to the specific paragraphs of the Notes to the Separate Financial Statements of the document Reports and Financial Statements as at 31 December 2017 as it has not changed, except as regards the new accounting standards IFRS 9 “Financial Instruments” (hereinafter, “IFRS 9”) and IFRS 15 “Revenue from contracts with customers” (hereinafter, “IFRS 15”) coming into force on 1 January 2018 and the useful life of programmes with repeated utility belonging to the cartoons segment which varied from three to five years.

Related to the accounting standards approved but not yet applicable or not yet approved by the European Union, please refer to what is reported in the specific paragraph of the Notes to the separate Financial Statements of the document Reports and Financial Statements as at 31 December 2017. In addition, please note that, during the first half of 2018, the following standards were approved:

- Regulation 2018/289 issued by the European Commission on 26 February 2018 approved the amendments to the international accounting standard IFRS 2 “Payments based on shares”. The amendments are intended to clarify how companies need to apply the standard in certain specific cases. Those amendments are effective as of financial years starting on or after 1 January 2018.
- Regulation 2018/400 issued by the European Commission on 14 March 2018 approved the amendments to the international accounting standard IAS 40 “Real estate investments”. The amendments clarify when a company is authorised to change the qualification of property that was not a “real estate investment” to one or vice versa. Those amendments are effective as of financial years starting on or after 1 January 2018.
- Regulation 2018/498 issued by the European Commission on 22 March 2018 approved amendments to the international accounting standard IFRS 9 “Financial Instruments – Prepayment features with negative compensation”. The amendments are intended to clarify classification of certain financial assets that may be repaid in advance. Those amendments are effective as of financial years starting on or after 1 January 2019 consenting early application.

- Regulation 2018/519 issued by the European Commission on 28 March 2018 approved IFRIC 22 “Transactions in foreign currency and advances”.

The interpretation clarifies recognition of transactions including the receipt or payment of advances in foreign currency. Those amendments are effective as of financial years starting on or after 1 January 2018.

The Company decided that the above-mentioned amendments and interpretations will not have any impact on the Separate Financial Statements.

### 3 Effects resulting from the first application of accounting standards IFRS 9 and IFRS 15

In correspondence to first application of accounting standards IFRS 9 and IFRS 15 the Company availed itself of the right to enter the effect connected to retrospective recalculation of opening shareholders' equity values of the current accounting period. Therefore, the differences in accounting values resulting from adoption of the new standards were recognised in profits carried forward as at 1 January 2018; consequently, balances as at 31 December 2017 were measured and entered in the financial statements as set forth respectively by the previous accounting standards IAS 39 and IAS 18.

The effects on the capital-financial situation as at 1 January 2018 resulting from application of the new accounting standards can be found in the following table:

(in €/’000)	31 December 2017	IFRS 15	IFRS 9	1 January 2018	Notes
Property, plant and equipment	877,147	-	-	877,147	
Intangible assets	435,721	-	-	435,721	
Equity investments	919,241	-	-	919,241	
Non-current financial assets	4,586	-	-	4,586	
Other non-current assets	8,420	-	-	8,420	
<b>Total non-current assets</b>	<b>2,245,115</b>	<b>-</b>	<b>-</b>	<b>2,245,115</b>	
Inventory	187	-	-	187	
Trade receivables	293,014	-	(436)	292,578	[1]
Current financial assets	172,046	-	-	172,046	
Current income tax credits	19,507	-	-	19,507	
Other current receivables and assets	95,647	-	-	95,647	
Cash and cash equivalents	170,900	-	-	170,900	
<b>Total current assets</b>	<b>751,301</b>	<b>-</b>	<b>(436)</b>	<b>750,865</b>	
<b>Total assets</b>	<b>2,996,416</b>	<b>-</b>	<b>(436)</b>	<b>2,995,980</b>	
Share capital	242,518	-	-	242,518	
Reserves	587,181	-	-	587,181	
Retained earnings (losses)	(21,304)	-	(668)	(21,972)	
<b>Total shareholders' equity</b>	<b>808,395</b>	<b>-</b>	<b>(668)</b>	<b>807,727</b>	
Non-current financial liabilities	372,825	-	-	372,825	
Employee benefits	457,462	-	-	457,462	
Provisions for non-current risks and charges	156,203	-	232	156,435	[2]
Deferred tax liabilities	47,809	-	-	47,809	
Other non-current payables and liabilities	1,969	-	-	1,969	
<b>Total non-current liabilities</b>	<b>1,036,268</b>	<b>-</b>	<b>232</b>	<b>1,036,500</b>	
Trade payables	550,891	-	-	550,891	
Current financial liabilities	151,161	-	-	151,161	
Current income tax payables	29,959	-	-	29,959	
Other current payables and liabilities	419,742	-	-	419,742	
<b>Total current liabilities</b>	<b>1,151,753</b>	<b>-</b>	<b>-</b>	<b>1,151,753</b>	
<b>Total liabilities</b>	<b>2,188,021</b>	<b>-</b>	<b>232</b>	<b>2,188,253</b>	
<b>Total shareholders' equity and liabilities</b>	<b>2,996,416</b>	<b>-</b>	<b>(436)</b>	<b>2,995,980</b>	

[1] Increase in the provision for write-down of receivables with Rai Com through application of the impairment model based on the expected loss.

[2] Increase in provisions for risks of recourse on Rai Com receivables through application of the impairment model based on the expected loss.

The effects on the initial shareholders' equity are entered in the following table:

(in €/’000)	Share capital	Legal reserve	Other reserves	Retained earnings (losses)	Total shareholders' equity	Note
<b>Balances as at 31 December 2017</b>	<b>242,518</b>	<b>11,766</b>	<b>575,415</b>	<b>(21,304)</b>	<b>808,395</b>	
Effects resulting from application of the new standards						
<b>IFRS 15</b>	-	-	-	-	-	-
<b>IFRS 9</b>	-	-	-	(668)	<b>(668)</b>	[1]
<b>Balances as at 1 January 2018</b>	<b>242,518</b>	<b>11,766</b>	<b>575,415</b>	<b>(21,972)</b>	<b>807,727</b>	

[1] Caused by the increase in provisions for write-down of receivables and for risks of recourse against Rai Com for application of the impairment model based on the expected loss.

There are no effects on the income statement as at 30 June 2018 from application of the new standards compared to what was set forth in previous standards IAS 39 and IAS 18.

A brief description of the new accounting standards and measurement criteria used is provided below.

### 3.1 Main effects from the first application of accounting standard IFRS 9

#### Classification of financial assets

Accounting standard IFRS 9 states that the entity should check both the business model related to managing financial assets and the contractual characteristics related to cash flows and, based on that analysis, classify them consistently.

On initial recognition, a financial asset, if not designated as a financial asset valued at fair value with balancing entry in the income statement, is classified as:

- amortised cost asset, if managed based on business model whose goal is to hold the asset to cash its contractual flows and relative contractual terms foreseeing allocation of financial flows represented solely by returning capital and interest accrued on remaining capital;
- asset valued at fair value with balancing entry in the other components of comprehensive income, if managed based on business model whose goal is to hold the asset to cash its contractual flows, and to realise the investment through the sale and relative contractual terms establishing allocation of financial flows represented solely by returning the capital and interest accrued on the residual capital.

At the time of the initial entry of an equity investment not held for negotiation, the entity may irrevocably choose to present the subsequent variations in fair value in the statement of comprehensive income. This choice is made investment by investment.

The financial asset categories valued at fair value with balancing entry in the income statement include all derivative instruments, except for those instruments designated as hedging as part of hedging the risk of financial flow change.

Considering what has been specified above, the following table compares the financial assets of the Company classified according to IFRS 9 categories and based on what was previously established by IAS 39. Please note that the new classification did not cause effects on the value of financial assets as at 1 January 2018.

	Previous classification adopted pursuant to IAS 39	New classification adopted pursuant to IFRS 9
<b>Trade receivables</b>	Receivables and loans	Assets at amortised cost
<b>Current financial assets (a)</b>	Receivables and loans	Assets at amortised cost
<b>Cash and cash equivalents</b>	Receivables and loans	Assets at amortised cost
<b>Non-current financial assets (a)</b>	Receivables and loans	Assets at amortised cost
<b>Debt securities</b>	Held-to-maturity financial assets	Assets at amortised cost
<b>Hedging derivatives - Interest Rate Swap Forward Start</b>	Hedging financial tools	Financial assets measured at fair value with balancing entry in other components of comprehensive income
<b>Equity investments in other companies</b>	Financial assets at fair value with balancing entry in the income statement (b)	Equity investments designated at fair value with balancing entry in the income statement (c)

(a) Excluding debt securities and hedging derivative instruments.

(b) Non-listed investments, whose fair value could not be reliably estimated, were recognised at cost adjusted for losses of value.

(c) For investments in non-listed companies, where the information available to value the fair value is insufficient, the cost is deemed to represent a suitable estimate.

The debt securities item is entirely made up of State securities maturing in May 2021, provided to guarantee the Contract and Conventions with the State, classified under amortised cost assets as the Company intends to keep them until maturity to collect the cash flows created solely from payment of interest and capital.

### Hedge accounting

All hedge accounting designated pursuant to IAS 39 as at 31 December 2017 satisfies the criteria for being recognised as hedging transactions also pursuant to IFRS 9 as at 1 January 2018 so is considered as a continuation of pre-existing hedge accounting.

As a result of adopting the IFRS 9, the aligned time value of the optional structures of derivatives was recognised separately as hedging cost and recognised in other components of comprehensive income, to be allocated to the reserve as “hedging cost” instead of being entered in the income statement immediately, based on the previous standard IAS 39. That change did not cause any significant effects as at 1 January 2018.

For the description of strategies and management objectives for risks being hedged please refer to what is declared in note no. 4 “Management of Financial Risks”.

### Impairment of financial assets

Accounting standard IFRS 9 replaces the “sustained loss” impairment model in IAS 39 “Financial instruments: recognition and measurement” with the “expected loss” model. The new model applies to financial assets measured at amortised cost and investments in debt securities measured at fair value with balancing entry in the statement of other comprehensive income, but not to investments in instruments representing capital.

The Company values losses expected on trade receivables related to their entire duration based on an estimate weighted by the probabilities that those losses could occur. To this end, Rai uses information and quantitative and qualitative analyses, based on historical experience, suitably integrated by forecasts on the evolution expected of circumstances. Losses are measured as the current value of all differences between financial flows contractually due and cash flows that the Company expects to receive. Discounting is carried out applying the effective interest rate of the financial asset.

For financial assets that are not trade receivables, Rai estimates losses on a time horizon corresponding to the duration of each financial instrument, except for:

- financial assets represented by debt securities attributed a low credit risk (that is the risk of non-compliance along the expected lifespan of the financial instrument) at the reference data of the financial statements.

Rai believes that a debt security has a low credit risk when its rating is equal to or higher than at least one of the following levels: Baa3 for Moody's, BBB- for Standard&Poor's and Fitch;

- of the other financial assets (current and non-current financial assets, cash and cash equivalents) for which the credit risk has not increased significantly from the date of initial recognition. To calculate whether the credit risk of a financial asset, not trade receivables, has increased significantly after initial recognition, Rai uses all the pertinent information, considered reasonable, that is adequately supported and available with no costs or excessive efforts.

Losses for reduction in value related to financial assets are presented separately in the income statement.

Applying the standard only caused effects on the trade receivables item resulting from the assessment of loss of value based on losses expected.

The Company decided, with reference from 1 January 2018, a greater write-down of trade receivables for an amount of €436 thousand and a greater provision to provisions for risks from recourse related to the share already collected of Rai Com receivables for €232 thousand.

### **3.2 Main effects resulting from the first application of the accounting standard IFRS 15**

The new accounting standard establishes that revenue be recognised based on the following five steps:

1. identification of the contract with the customer;
2. identification of the performance obligations (i.e. the contractual commitments to transfer goods and/or services to the customer);
3. determination of the transaction price;
4. allocation of the transaction price to the performance obligations identified on the basis of the stand alone selling price of each good or service; and
5. recognition of the revenue when the relevant performance obligation is met.

#### **Revenue recognition method**

On signing each contract with customers, the Company, related to the goods or services promised, identifies as a separate obligation each promise to transfer goods, a service, a series of goods or services or, even more, a combination of separate goods and services to a customer.

Revenue is valued as fair value of the fee owed to Rai, including any variable components, where it is highly likely that they will not be transferred to the future.

Rai recognises revenues due from fulfilling each separate obligation when control over the services supplied, rights granted or goods sold is transferred to the purchaser.

Revenues are entered in the financial statements net of any discounts and rebates, of payments made to customers which do not correspond to the purchase of distinct goods or services, and the estimate of returns from customers.

Rai recognises a contractual asset or liability based on the fact that the service has already taken place, but the relative fee still has to be received, or a contractual liability when, with fees already received, obligations taken still have to be fulfilled.

Here below, you will find a brief description of the recognition, measurement and assessment process applied for each of the main flows of revenue identified.

## Revenues from licence fees

As reported in "1 General information", to perform its public service Rai performs the activities established in the Contract. The fee for the service performed by the Company is represented:

- by ordinary licence fees, paid to the State, mainly debited in the electricity bill, by the owners of a device that can receive the radio-tv broadcasting signal and, for its share, paid by the State as set forth in the Contract in force in the months of January, May and September;
- by special fees, paid to the Company directly by those running a commercial activity in which they provide the public service to the public through a device that can receive the broadcasting signal.

As Rai fulfils its obligations to supply a public service over time, the resulting licence revenues are recognised gradually as the radio-TV offer is transmitted.

## Revenues from advertising

Contracts with advertisers establish that Rai, against a fee, undertakes to broadcast the promotional messages of its customers on its multimedia channels. The Company recognises advertising revenues when the promotional messages are effectively transmitted also considering fee reductions deemed highly probable.

## Revenues from special services under convention

This type includes revenues calculated through agreements that oblige Rai to perform the activities set forth in the Contract related to the production, distribution and transmission of audio-visual contents abroad to promote the Italian language, culture and enterprise and the production and distribution of radio and TV programmes, and audiovisual content, intended for some linguistic minorities, and the activities connected to managing the television licence fees.

The type of obligation undertaken, normally satisfied over time, means that Rai has to recognise the relative revenues over the period in which the obligations is fulfilled. Moreover, the fee due is normally based on the duration of productions broadcast.

## Revenues from the sale of music rights and editions

Contracts for the commercialisation of rights to exploit audio-visual works and music editions normally grant customers the possibility to use the associated works through various means of multimedia communication, for a limited period of time or for a number of pre-set showings, in contractually defined territories.

User licences normally give the licensee the right to access the audio-visual works and music editions as is when the licence is granted; recognition of the relative revenue therefore takes place when the licensee is able to start exploiting rights granted, the fee due is calculated as a fixed, non-refundable amount. However, when contracts foresee a fee calculated based on the income deriving from the distribution of the right, revenue is recognised when realised.

If rights that are part-owned by third parties are commercialised, the expenses resulting from the revenue due to them is recognised as a drop in revenue.

## Revenue from distribution and sale of channels

Contracts for the distribution and sale of channels oblige making the contents of the entire schedule available to customers; for a limited period and to broadcast on contractually defined platforms and territories.

The type of obligation undertaken, normally satisfied over time, means recognising the relative revenue over the period in which the obligation is fulfilled, regardless of whether the fee could have been quantified as fixed and recognised in advance as final.

There were no effects from application of accounting standard IFRS 15.

## Management of financial risks

The financial risks to which the Company is exposed are managed according to the approach and the procedures defined within a specific policy. These documents establish procedures, limits and tools for monitoring and minimisation of financial risk, with the objective of preserving corporate value.

The main risks identified by the Company are:

- market risk arising from exposure to fluctuations of interest rates and exchange rates connected with the financial assets and liabilities respectively owned/originated and assumed;
- credit risk arising from the possibility that one or more counterparties might be insolvent;
- liquidity risk arising from the Company's inability to obtain the financial resources necessary to meet short-term financial commitments.

### 4.1 Market risks

Market risk consists of the possibility that changes in the interest and exchange rates might negatively influence the value of the assets, liabilities or expected cash flows.

#### Interest rate risk

Interest rate risk originates from the possible increase in net financial expenses as a result of unfavourable changes in market rates on the variable rate financial positions. In order to limit this, corporate policy requires that medium-long term variable rate loans be converted to fixed rate for a minimum of 50% by using derivatives products, such as Interest Rate Swaps.

As at 30 June 2018 and as at 31 December 2017 medium/long-term borrowings were entirely at fixed rate; therefore, the effects of the change in rates fall only on the short-term positions of a varying duration and sign during the year.

Please also note that on 20 April 2017 four Interest Rate Swap Forward Start contracts were signed for a total notional amount of €350,000 thousand with commencement date May 2020 and valid for the next 5 years. This transaction was implemented to cover the risk of increasing interest rates when the current bond issue expires with the resulting need to refinance. The fair value of that transaction as at 30 June 2018 is suspended in a specific cash flow hedge reserve, with effect, net of the tax component, on the overall profit for the period.

#### Sensitivity analysis

The sensitivity analysis of uncovered financial positions, only including short-term items, only considers the scenario of an increase in short-term rates of 50 b.p., considering their minimum level already reached. In that hypothesis, both as at 30 June 2018 and as at 31 December 2017, please note greater net income, considering the higher interest receivable on cash on hand held by third parties and intercompany. Related to effects caused on Interest Rate Swap Forward Start contracts, in a similar hypothesis of an increase in rates, please note a positive variation of the cash flow hedge reserve of about 7.5 million. For these, considering the longer term rate curve, a parallel shift down 50 b.p. was also considered, with negative results on the cash flow hedge reserve (hence the overall result) of about 9 million.

#### Exchange rate risk

The exchange rate risk of the Company is mainly related to the exposure in USD originated from the purchase of rights in that currency. During the first half of 2018, those commitments generated payments for about \$3 million (\$18 million in the first half of 2017). Further currencies exposures, with broken-down outlays of an overall modest amount are the Swiss Franc and English Pound.

Exchange rate risk is managed starting from the date the trade commitment is signed, is often long-term and has as an objective protecting the value in Euro of the commitments, as estimated at the time of the order (or budget). The policy regulates its management in keeping with the international best practices, to minimise the risk. This is pursued by the active monitoring of exposure and the implementation of hedging strategies by Rai, also on behalf of the subsidiaries (except for Rai Way which has an autonomous policy and management). The mandates for carrying out hedging transactions are given hierarchically and progressively, with a minimum intervention percentage of 50% of the contractual amount in foreign currency.

The hedging strategies are carried out through derivative instruments – such as forward purchases and optional structures – without taking on a financial speculation nature. To this end, using appropriate systems, effectiveness tests are conducted, and make it possible to identify, as better described in detail in Note 11.2 “Current financial liabilities”, the effective and ineffective amount of the hedge.

As at 30 June 2018 there were no hedging transactions operational.

### Sensitivity analysis

Due to what was illustrated above, exposure to the exchange risk is only significant for the Euro/Dollar exchange. The sensitivity analysis as at 30 June 2018 was carried out on the uncovered credit and debt positions, and on the availability in currency and confirm the changes highlighted as at 31 December 2017: with a Euro/Dollar 10% exchange rate depreciation, negative economic effects are very limited.

## 4.2 Credit risk

The theoretical exposure to credit risk for the Company mainly refers to the book value of the financial assets and trade receivables recognised.

As for the counterparty risk, trade partner assessment procedures are adopted to manage trade receivables.

Credit risk on use of funds is limited since corporate policy requires the use of low risk financial instruments and with counterparties having high ratings for the periods of cash surplus. Only time or demand deposits with bank counterparties holding investment grade rating were used during the first half of 2018 and in financial year 2017.

## 4.3 Liquidity Risk

On the strength of specific contracts with the subsidiaries, with the sole exception of the subsidiary Rai Way, Rai manages Group financial resources through a cash-pooling system that involves daily transfer of the bank balances of the associates to the Rai current accounts; which then grants the intercompany credit facilities needed for the activities of these companies. Rai Way has autonomous treasury and financial resources from the listing date.

As regards the medium/long-term, the financial structure of the Company consists of a bond issue with maturity date in May 2020 for €350 million (please refer to Note 10.1 “Non-current financial liabilities and current portions of non-current financial liabilities”) and a European Investment Bank (hereinafter “EIB”) loan against the project to implement terrestrial digital technology for €35 million due for repayment by June 2021.

In consideration of the significant fluctuation of the infra-annual indebtedness connected with the periodic settlement of the licence fees by the Ministry of Economy and Finance, the Company has uncommitted bank credit facilities for about €480 million and a five-year revolving line with a pool of banks totalling €270 million.

The new revolving line establishes compliance with the following parametric/capital index to be met on the Consolidated Financial Statements and to be calculated when the financial statements for the year are closed:

- Net financial debt (adjusted by receivables from the State for licence fees)/shareholders' equity <1.7.

The cash situation is monitored continuously through a financial forecasting process that highlights any critical financial issues well in advance, in order to be able to take corrective actions.

## 5 Capital risk management

The Company's objectives in managing capital are inspired by preservation of the ability to continue guaranteeing optimum capital strength also through the ongoing improvement of operational and financial efficiency. The Company pursues the objective of retaining an adequate level of capitalisation that allows it realise a return and to access outside sources of funding. The Company monitors how the debt level evolves related to shareholders' equity constantly. More specifically, the ratio between treasury stock and total liabilities including shareholders' equity is shown in the table below:

(in €/'000)	<b>Half-year ended 30 June 2018</b>	Year ended 31 December 2017
Shareholders' equity	821,036	808,395
Total shareholders' equity and liabilities	3,334,830	2,996,416
<i>Contents</i>	24.6%	27.0%

Note 15.2 "Appendix" shows the net financial position of the Company for the financial periods being analysed.

## 6 Fair value measurement

The financial instruments at fair value are made up of hedging derivatives measured with a financial model that uses the most popular, accepted market formulas (net current value for future cash flows for the IRS, net current value of currency at term purchasing transactions and application of the Black-Scholes formula for the options), in addition to the following input data given by the provider Reuters: ECB spot exchange rates, Euribor and IRS rate curves, volatility and credit spreads of the various bank counterparties and of the securities issued by the Italian State. The fair value of derivatives constitutes the net position between assets and liabilities. For more information on the derivative instruments (assets and liabilities), please refer to Notes 8.3 "Current financial assets" and 11.2 "Current financial liabilities".

All instruments as at 30 June 2018 and 31 December 2017 were measured applying the so-called Level 2 method: use of parameters observable on the market (e.g. for the derivatives, the exchange rates recorded by the Bank of Italy, market rate curves, volatility provided by Reuters, credit spreads calculated on the basis of the credit default swaps, etc.) different from the Level 1 listed prices.

# 7

## Non-current assets

### 7.1 Property, plant and equipment – Tangible Assets

Property, plant and equipment, amounting to €871,097 thousand (€877,147 thousand as at 31 December 2017), are broken down as follows:

(in €/’000)	Land	Buildings	Plant and machinery	Fixtures and fittings, tools and other equipment	Other assets	Assets in progress and advances	Total
Cost	370,131	459,658	1,405,079	69,438	113,618	54,927	2,472,851
Accumulated depreciation	-	(159,331)	(1,280,022)	(64,687)	(91,664)	-	(1,595,704)
<b>Balance as at 31 December 2017</b>	<b>370,131</b>	<b>300,327</b>	<b>125,057</b>	<b>4,751</b>	<b>21,954</b>	<b>54,927</b>	<b>877,147</b>
<b>Changes in 2018 - First half</b>							
Increases and capitalisation	-	1,531	6,545	403	1,600	16,373	26,452
Disposals [1]	-	-	(37)	-	(3)	(3)	(43)
Reclassifications [2]	-	3,690	15,597	847	1,996	(22,198)	(68)
Depreciation	-	(5,860)	(22,965)	(787)	(2,779)	-	(32,391)
<b>Balance as at 30 June 2018</b>	<b>370,131</b>	<b>299,688</b>	<b>124,197</b>	<b>5,214</b>	<b>22,768</b>	<b>49,099</b>	<b>871,097</b>
<i>broken down as follows:</i>							
Cost	370,131	464,799	1,418,454	70,379	116,785	49,099	2,489,647
Accumulated depreciation	-	(165,111)	(1,294,257)	(65,165)	(94,017)	-	(1,618,550)
[1] of which:							
Cost	-	(80)	(8,767)	(300)	(429)	(3)	(9,579)
Accumulated depreciation	-	80	8,730	300	426	-	9,536
	-	-	<b>(37)</b>	-	<b>(3)</b>	<b>(3)</b>	<b>(43)</b>
[2] of which:							
Cost	-	3,690	15,597	838	1,996	(22,198)	(77)
Accumulated depreciation	-	-	-	9	-	-	9
	-	<b>3,690</b>	<b>15,597</b>	<b>847</b>	<b>1,996</b>	<b>(22,198)</b>	<b>(68)</b>

Investments for the period, amounting to €26,452 thousand, were part of modernisation and technological development actions implemented by the Company.

The amount of the existing contractual commitments for the purchase of property, plant and machinery is specified in Note 13.2 “Commitments”.

## 7.2 Intangible assets

Intangible assets, amounting to €420,550 thousand (€435,721 thousand as at 31 December 2017), are broken down as follows:

(in €/’000)	Programmes	Software	Trademarks	Other rights	Work in progress and payments on account	Total
Cost	646,677	20,004	70	500	208,979	876,230
Accumulated amortisation	(352,144)	(8,103)	(56)	(367)	-	(360,670)
Write-downs	(50,403)	-	-	(5)	(29,431)	(79,839)
<b>Balance as at 31 December 2017</b>	<b>244,130</b>	<b>11,901</b>	<b>14</b>	<b>128</b>	<b>179,548</b>	<b>435,721</b>
<b>Changes in 2018 - First half</b>						
Increases and capitalisation	35,609	1,170	-	-	43,820	80,599
Reclassifications [1]	62,456	2,756	-	-	(65,144)	68
Disposals/value recoveries [2]	-	(5)	-	-	-	(5)
Write-downs	(15,304)	-	-	-	(1,465)	(16,769)
Use of provision for write-downs	22,668	-	-	3	-	22,671
Amortisation	(98,462)	(3,215)	(4)	(54)	-	(101,735)
<b>Balance as at 30 June 2018</b>	<b>251,097</b>	<b>12,607</b>	<b>10</b>	<b>77</b>	<b>156,759</b>	<b>420,550</b>
<i>broken down as follows:</i>						
Cost	744,934	23,928	70	500	187,086	956,518
Accumulated amortisation	(450,606)	(11,321)	(60)	(421)	-	(462,408)
Write-downs	(43,231)	-	-	(2)	(30,327)	(73,560)
[1] of which:						
Cost	62,648	2,765	-	-	(65,336)	77
Accumulated amortisation	-	(9)	-	-	-	(9)
Provision for write-down	(192)	-	-	-	192	-
	<b>62,456</b>	<b>2,756</b>	<b>-</b>	<b>-</b>	<b>(65,144)</b>	<b>68</b>
[2] of which:						
Cost	-	(11)	-	-	(377)	(388)
Accumulated amortisation	-	6	-	-	-	6
impairment	-	-	-	-	377	377
	-	<b>(5)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(5)</b>

Period investments, amounting to €80,599 thousand were mainly referred to TV series for €74,301 thousand and cartoons for €4,521 thousand.

The amount of work in progress and payments on account refers to programmes for €150,598 thousand, software for €4,910 thousand and other rights for €1,251 thousand..

Write-downs recorded in the period amounted to €16,769 thousand and were entered to adjust assets to their estimated recoverable value.

The amount of the existing contractual commitments for the purchase of intangible assets is specified in Note 13.2 “Commitments”.

### 7.3 Equity investments

Equity investments amounted to €919,115 thousand (€919,241 thousand as at 31 December 2017) and are broken down as follows:

#### EQUITY INVESTMENTS IN SUBSIDIARIES

(in €/000)	Year ended 31 December 2017			Changes in 2018 - First half	Half-year ended 30 June 2018		
	Cost	Write-downs	Book value	Write-downs	Cost	Write-downs	Book value
Rai Cinema SpA	267,848	-	267,848	-	267,848	-	267,848
Rai Com SpA	107,156	-	107,156	-	107,156	-	107,156
Rai Corporation in liquidation	2,891	(2,871)	20	(12)	2,891	(2,883)	8
Rai Pubblicità SpA	31,082	-	31,082	-	31,082	-	31,082
Rai Way SpA	506,260	-	506,260	-	506,260	-	506,260
<b>Total equity investments in subsidiaries</b>	<b>915,237</b>	<b>(2,871)</b>	<b>912,366</b>	<b>(12)</b>	<b>915,237</b>	<b>(2,883)</b>	<b>912,354</b>

#### EQUITY INVESTMENTS IN JOINT VENTURES AND ASSOCIATED COMPANIES

(in €/000)	Year ended 31 December 2017			Changes in 2018 - First half			Half-year ended 30 June 2018		
	Cost	Adjustment to shareholders' equity	Book value	Acquisitions	Profit/(loss)	Decrease due to dividends	Cost	Adjustment to shareholders' equity	Book value
<b>Joint ventures:</b>									
San Marino RTV SpA	258	1,801	2,059	-	(70)	-	258	1,731	1,989
Tivù Srl	483	1,533	2,016	-	226	(286)	483	1,473	1,956
<b>Associated companies:</b>									
Audiradio Srl (in liquidation)	1,428	(1,428)	-	-	-	-	1,428	(1,428)	- (a)
Auditel Srl	10	688	698	-	28	-	10	716	726 (b)
Euronews SA	850	334	1,184	-	-	-	850	334	1,184 (b)
Tavolo Editori Radio Srl	17	(5)	12	-	(12)	-	17	(17)	- (c)
<b>Total equity investments in joint ventures and associated companies</b>	<b>3,046</b>	<b>2,923</b>	<b>5,969</b>	<b>-</b>	<b>172</b>	<b>(286)</b>	<b>3,046</b>	<b>2,809</b>	<b>5,855</b>

(a) The Rai balance sheet deficit, based on results in the Financial Statements as at 31 December 2017 (last financial statements approved), amounted to €9 thousand, hedged by provisions for charges for the same amount.

(b) Assessment related to Financial Statements as at 31 December 2017, last ones available.

(c) The Rai balance sheet deficit, based on Financial Statement results as at 31.12.2017 (last financial statements available), amounted to €5 thousand, hedged by provisions for charges for the same amount.

#### EQUITY INVESTMENTS IN OTHER COMPANIES

(in €/000)	Year ended 31 December 2017			Changes in 2018 - First half	Half-year ended 30 June 2018		
	Cost	Impairment	Book value	Acquisitions	Cost	Impairment	Book value
Almaviva SpA	324	-	324	-	324	-	324
Banca di Credito Cooperativo di Roma	1	-	1	-	1	-	1
International Multimedia University Umbria Srl	52	(52)	-	-	52	(52)	-
Istituto dell'Enciclopedia Italiana SpA	713	(132)	581	-	713	(132)	581
<b>Total equity investments in other companies</b>	<b>1,090</b>	<b>(184)</b>	<b>906</b>	<b>-</b>	<b>1,090</b>	<b>(184)</b>	<b>906</b>

## 7.4 Non-current financial assets

Non-current financial assets, which amounted to €3,308 thousand (€4,586 thousand as at 31 December 2017), break down as follows:

(in €/’000)	Half-year ended 30 June 2018	Year ended 31 December 2017
Securities	2,463	2,502
Hedging derivative assets – rates	-	1,205
Hedging derivative assets activated for Rai Cinema	71	-
Other financial assets (deferrals)	688	822
Financial receivables from employees	265	236
Provision for write-down of non-current financial assets	(179)	(179)
<b>Total non-current financial assets</b>	<b>3,308</b>	<b>4,586</b>

Non-current financial assets are shown net of the provision for write-downs of €179 thousand (unchanged compared to 31 December 2017), entirely referring to the Financial receivables from employees.

The Securities item, €2,463 thousand (€2,502 as at 31 December 2017), is entirely made up of government bonds falling due in May 2021, given to secure the Service Contract and the Agreements with the State.

As at 31 December 2017, the €1,205 thousand value refers to the fair value of Interest Rate Swap Forward Start contracts indicated in Note 4.1 “Market risk”; as at 30 June 2018, those derivatives recorded a negative fair value so were entered under non-current financial liabilities.

Hedging derivative assets on the exchange risk amounting to €71 thousand (zero as at 31 December 2017) are related to the exchange risk hedging derivatives (with positive fair value) activated by Rai through the mandate received from Rai Cinema, whose effects transit from intercompany accounts. The derivatives are analysed in the assets component, including the current and non-current portion in Note 8.3 “Current financial assets”, to be referred to.

The other non-current financial assets for €688 thousand (€822 thousand as at 31 December 2017) refer to the deferral of the non-current portion of fees related to the five-year revolving loan contract for a total of €270 million.

The expiry of current and non-current financial assets can be found below:

(in €/’000)	Half-year ended 30 June 2018			
	Within 12 months	Between 1 and 5 years	Beyond 5 years	Total
Receivables from subsidiaries - current account positions	210,919	-	-	210,919
Receivables from joint ventures - c/a San Marino RTV SpA	1,579	-	-	1,579
Other financial receivables due from associated companies	191	-	-	191
Securities	-	2,463	-	2,463
Tied current accounts	6,444	-	-	6,444
Hedging derivative assets activated for Rai Cinema	415	71	-	486
Receivables from subsidiary Rai Cinema for derivative instruments	3	-	-	3
Financial receivables from employees	53	86	-	139
Other financial assets	425	688	-	1,113
<b>Total financial assets</b>	<b>220,029</b>	<b>3,308</b>	<b>-</b>	<b>223,337</b>

(in €/’000)	Year ended 31 December 2017			
	Within 12 months	Between 1 and 5 years	Beyond 5 years	Total
Receivables from subsidiaries - current account positions	164,387	-	-	164,387
Receivables from joint ventures - c/a San Marino RTV SpA	517	-	-	517
Securities	-	2,502	-	2,502
Tied current accounts	6,304	-	-	6,304
Hedging derivative assets – rates	-	1,205	-	1,205
Receivables from subsidiary Rai Cinema for derivative instruments	506	-	-	506
Financial receivables from employees	46	57	-	103
Other financial assets	286	822	-	1,108
<b>Total financial assets</b>	<b>172,046</b>	<b>4,586</b>	<b>-</b>	<b>176,632</b>

The short-term portion of the Financial assets, for €220,029 thousand, is included in the current components of the Balance Sheet described in Note 8.3 “Current financial assets”.

Information on risks hedged and being hedged and on hedging policies can be found in Note 4.1 “Market risks”.

## 7.5 Deferred tax assets

As the following table shows, the net balance for deferred tax assets and deferred tax liabilities had as at 30 June 2018, like 31 December 2017, a negative amount so is recorded in the liabilities of the capital-financial situation. Please refer to Note 10.4 “Deferred tax liabilities” for the relevant analyses.

(in €/’000)	Half-year ended 30 June 2018	Year ended 31 December 2017
Deferred tax assets eligible for offset	104,881	115,750
Deferred tax liabilities eligible for offset	(162,362)	(163,559)
<b>Deferred tax liabilities</b>	<b>(57,481)</b>	<b>(47,809)</b>

Income taxes are reported in Note 12.10 “Income taxes”.

## 7.6 Other non-current assets

Non-current assets, which amounted to €26,706 thousand (€8,420 thousand as at 31 December 2017), break down as follows:

(in €/’000)	Half-year ended 30 June 2018	Year ended 31 December 2017
Advances for trade initiatives	8,396	8,449
Advances for sports events	25,411	6,978
Amounts committed to cautionary deposit with third parties	1,609	1,626
Receivables from personnel	454	493
- Provision for write-down of other non-current assets	(9,164)	(9,126)
<b>Total other non-current assets</b>	<b>26,706</b>	<b>8,420</b>

Advances for sports events mainly refer to sums paid to purchase the rights to future sports events (European Football Championships and summer Olympics of 2020 amongst the most important).

The remaining items indicated above essentially refer to non-current portions of assets described in Note 8.5 "Other current receivables and assets", to be referred to.

The provision for write-down of other non-current assets, which amounted to €9,164 thousand (€9,126 thousand as at 31 December 2017), is broken down below:

(in €/’000)	Balances as at 31 December 2017	Provisions	Drawdowns	<b>Balances as at 30 June 2018</b>
Provision for write-down of advances for sports events	(6,902)	-	600	(6,302)
Provision for write-down of advances for trade initiatives	(2,224)	(638)	-	(2,862)
<b>Total provisions for write-down of other non-current assets</b>	<b>(9,126)</b>	<b>(638)</b>	<b>600</b>	<b>(9,164)</b>

## 8 Current assets

### 8.1 Inventory

Inventories, net of relative impairment, amounted to €107 thousand (€187 thousand as at 31 December 2017), broken down as follows:

(in €/’000)	<b>Half-year ended 30 June 2018</b>	Year ended 31 December 2017
Inventory	12,236	12,273
- Provision for write-down of inventory	(12,129)	(12,086)
<b>Total inventory</b>	<b>107</b>	<b>187</b>

Inventory refers to maintenance stock and spare parts and technical capital goods, assimilable to consumables as their usefulness is exhausted in a period that does not generally exceed 12 months.

### 8.2 Trade receivables

Trade receivables came to €250,486 thousand (€293,014 thousand as at 31 December 2017) and break down as follows:

(in €/’000)	<b>Half-year ended 30 June 2018</b>	Year ended 31 December 2017
Trade:		
- Italian Tax Revenue Office for services under agreement	6,000	10,517
- Other receivables	18,537	18,147
- Provision for write-down - trade	(9,052)	(9,438)
Subsidiaries:		
- Receivables	235,188	273,914
- Provision for write-down of receivables from subsidiaries (Rai Com SpA)	(512)	(284)
Joint ventures and associates	325	158
<b>Total trade receivables</b>	<b>250,486</b>	<b>293,014</b>

Receivables from subsidiaries, joint ventures and associated companies are referred to:

(in €/’000)	Half-year ended 30 June 2018	Year ended 31 December 2017
Subsidiaries:		
. Rai Pubblicità SpA	146,591	180,812
. Rai Way SpA	3,272	4,262
. Rai Com SpA	81,692	85,422
. Rai Cinema SpA	3,121	3,134
<b>Receivables from associated companies</b>	<b>234,676</b>	<b>273,630</b>
Joint ventures and associated companies:		
. San Marino RTV SpA	52	51
. Tavolo Editori Radio Srl	1	1
. Tivù Srl	272	106
<b>Receivables from joint ventures and associated companies</b>	<b>325</b>	<b>158</b>

Receivables from the Revenue Office for services under agreement amounted to €6,000 thousand, down by €4,517 thousand compared to the amount entered as at 31 December 2017, and were entirely referred to management of ordinary license fees, of which €4,000 thousand for year 2017 and €2,000 thousand for the first half of 2018.

The other receivables were entered for a nominal value of €18,537 thousand (€18,147 thousand as at 31 December 2017) and represent receivables for the sale of rights and for other services.

Receivables from related parties are indicated in Note 13.4 “Transactions with related parties”.

Trade receivables were entered net of the write-downs for €9,564 thousand (€9,722 thousand as at 31 December 2017) as detailed below:

(in €/’000)	Balances as at 31 December 2017	Applying IFRS 9	Absorption in income statement	<b>Balances as at 30 June 2018</b>
Provision for write-down - trade	(9,438)	-	386	(9,052)
Provision for write-down of trade receivables from the subsidiary Rai Com	(284)	(436)	208	(512)
<b>Total bad debt provisions - trade</b>	<b>(9,722)</b>	<b>(436)</b>	<b>594</b>	<b>(9,564)</b>

Receivables in currency other than the Euro amounted to €1 thousand (zero as at 31 December 2017).

### 8.3 Current financial assets

Current financial assets amounted to €220,029 thousand (€172,046 thousand as at 31 December 2017). The breakdown of the item and the comparison with the previous year are shown below:

(in €/’000)	Half-year ended 30 June 2018	Year ended 31 December 2017
Receivables from subsidiaries - current account positions	210,919	164,387
Tied current accounts	6,444	6,304
Receivables from joint ventures - c/a San Marino RTV	1,579	517
Other financial receivables due from associated companies	191	-
Assets for derivatives activated on behalf of Rai Cinema	415	-
Receivables from subsidiary Rai Cinema for derivative instruments	3	506
Financial receivables from employees	53	46
Other current financial assets	425	286
<b>Total current financial assets</b>	<b>220,029</b>	<b>172,046</b>

Receivables from subsidiaries are detailed by company in the table below:

(in €/’000)	Half-year ended 30 June 2018	Year ended 31 December 2017
Receivables from subsidiaries - current account positions:		
Rai Pubblicità SpA	13,277	3,694
Rai Cinema SpA	197,642	160,693
<b>Receivables from subsidiaries - current account positions</b>	<b>210,919</b>	<b>164,387</b>

Blocked bank deposits, which came to €6,444 thousand (€6,304 thousand as at 31 December 2017) refer to amounts seized on current accounts due to litigation in progress.

The derivatives, recognised at fair value, are broken down below in the assets component, including the current and non-current portion:

(in €/’000)	Half-year ended 30 June 2018	Year ended 31 December 2017
Assets for derivatives activated on behalf of Rai Cinema	415	-
Receivables from subsidiary Rai Cinema for derivative instruments	3	506
<b>Total derivative financial instruments – current portion</b>	<b>418</b>	<b>506</b>
Assets for derivatives activated on behalf of Rai Cinema	71	-
Hedging derivative assets – rates	-	1,205
<b>Total derivative financial instruments – non-current portion</b>	<b>71</b>	<b>1,205</b>
<b>Total derivative financial instruments</b>	<b>489</b>	<b>1,711</b>

The fair value of derivatives was calculated considering measurement models used in financial environments and market parameters at the reporting date of the financial statements, as better indicated on Note 6 “Fair value measurement”.

Derivatives hedging exchange risks as at 30 June 2018 are entirely referred to hedging transactions activated by Rai through the mandate received from Rai Cinema, as described in Note 13.4 “Transactions with related parties” whose effects transit from intercompany accounts.

Information on risks hedged and being hedged and on hedging policies can be found in Note 4.1 “Market risks”.

## 8.4 Current income tax credits

Current income tax credits, for €19,541 thousand (€19,507 thousand as at 31 December 2017), are specified below:

(in €/’000)	Half-year ended 30 June 2018	Year ended 31 December 2017
IRES requested as refund for IRAP deductibility for employee expense and similar	16,905	16,905
Deductions on assignments to foreign companies	1,097	1,063
- Provision for write-downs of current income tax credits	(222)	(222)
<b>IRES receivable</b>	<b>17,780</b>	<b>17,746</b>
<b>IRAP receivable</b>	<b>1,761</b>	<b>1,761</b>
<b>Total current income tax receivables</b>	<b>19,541</b>	<b>19,507</b>

The IRAP receivable, for €1,761 thousand (unchanged compared to 31 December 2017) refers to the IRAP prepayments made to the Revenue Office in previous financial years.

The taxes are commented in Note 12.10 “Income taxes”.

## 8.5 Other current receivables and assets

The other current receivables and assets, for €132,922 thousand (€95,647 thousand as at 31 December 2017) are broken down as follows:

(in €/’000)	Half-year ended 30 June 2018	Year ended 31 December 2017
Receivables from associated companies	53,097	43,103
Advances for sports events	27,583	655
Advances to suppliers, collaborators and agents	19,240	17,534
Receivables from personnel	9,609	9,792
Receivables from entities, companies, bodies and others	7,837	7,544
Receivables from social security and welfare institutions	2,645	3,186
Other tax receivables	1,869	1,857
Receivables for subsidies and grants from the State, EU and other public entities	240	220
Other receivables (current deferrals)	15,061	15,621
- Provision for write-down of other current receivables and assets	(4,259)	(3,865)
<b>Total other current receivables and assets</b>	<b>132,922</b>	<b>95,647</b>

The breakdown of the receivables from subsidiaries follows:

(in €/’000)	Half-year ended 30 June 2018	Year ended 31 December 2017
Receivables from subsidiaries:		
Rai Pubblicità SpA	12,526	15,116
Rai Way SpA	27,661	17,307
Rai Com SpA	6,484	3,495
Rai Cinema SpA	6,426	7,185
<b>Receivables from associated companies</b>	<b>53,097</b>	<b>43,103</b>

It is also specified that:

- receivables from subsidiaries are mainly from the contribution of companies to the tax consolidation arrangement (please see Note 13.4 “Transactions with related parties”);
- advances for sports events refer to sums paid to purchase the rights to future football events (Nations League and Champions League amongst the most important);
- receivables from personnel are for various reasons, detailed below and including under “Others” receivables resulting from application of law 89/2014:

(in €/’000)	Half-year ended 30 June 2018	Year ended 31 December 2017
Travel expenses	3,475	3,575
Labour disputes	3,196	2,812
Production expense advances	1,670	2,075
Other	1,268	1,330
<b>Receivables from personnel</b>	<b>9,609</b>	<b>9,792</b>

- the breakdown of the item other tax receivables is as follows:

(in €/’000)	Half-year ended 30 June 2018	Year ended 31 December 2017
VAT refund requested	1,712	1,667
Other tax refunds requested	157	156
Other tax receivables	-	34
<b>Total other tax receivables</b>	<b>1,869</b>	<b>1,857</b>

The other current receivables and assets were entered net in the provision for write-downs of €4,259 thousand (€3,865 thousand as at 31 December 2017), as broken down below:

(in €/’000)	Balances as at 31 December 2017	Provisions	Uses and other assets g/c	Absorption in income statement	Balances as at 30 June 2018
Provision for write-down of other current receivables and assets	(3,865)	(406)	2	10	(4,259)

Considering the short period of time elapsing between when the receivable arises and its due date, it is not believed that there are significant differences between the book value of the trade receivables, other receivables and current financial assets and their respective fair values.

## 8.6 Cash and cash equivalents

Cash and cash equivalents, for €470,969 thousand (€170,900 thousand as at 31 December 2017), are divided into the following items:

(in €/’000)	Half-year ended 30 June 2018	Year ended 31 December 2017
Bank and postal deposits	470,663	170,583
Cheques	1	1
Cash at bank and in hand	305	316
<b>Total cash and cash equivalents</b>	<b>470,969</b>	<b>170,900</b>

Bank and postal deposits amounted to €470,663 thousand (€170,583 thousand as at 31 December 2017) and are the availability at sight or short term resulting from deposit or current accounts with banks, financial institutions and the postal administration.

The money, cheques and other securities amounted to €306 thousand (€317 thousand as at 31 December 2017) and include liquidity represented by cash and similar (tax stamps, etc.) present as at 30 June 2018 in corporate cash.

Below please find a breakdown of shareholders' equity:

## Shareholders' equity

(in €/000)	Half-year ended 30 June 2018	Year ended 31 December 2017
<b>Share capital</b>	<b>242,518</b>	<b>242,518</b>
<b>Legal reserve</b>	<b>12,042</b>	<b>11,766</b>
IFRS first-time adoption reserve	570,446	570,446
Cash flow hedge reserve	(1,001)	916
Valuation reserve for equity investments	1,556	951
Other reserves	7,749	3,102
<b>Total other reserves</b>	<b>578,750</b>	<b>575,415</b>
Actuarial reserves for employee benefits	(25,661)	(26,832)
Profit (loss) for the period	14,055	5,528
Loss carried forward through first adoption of IFRS standards	(668)	-
<b>Total retained earnings (losses carried forward)</b>	<b>(12,274)</b>	<b>(21,304)</b>
<b>Total shareholders' equity</b>	<b>821,036</b>	<b>808,395</b>

### Share capital

As at 30 June 2018, the share capital consisted of 242,518,100 ordinary shares with a unit par value of €1. The share capital, fully subscribed and paid up, is held by:

- the Ministry of the Economy and Finance (MEF) for a total of 241,447,000 shares, equal to 99.5583% of the share capital;
- Società Italiana Autori Editori (S.I.A.E.) for a total of 1,071,100 shares, equal to 0.4417% of the share capital.

### Legal reserve

The legal reserve amounted to €12,042 thousand.

### Other reserves and retained earnings (losses carried forward)

The other reserves, for €578,750 thousand (€575,415 thousand as at 31 December 2017) and losses carried forward for €12,274 thousand (losses for €21,304 thousand as at 31 December 2017), including profit for the period, break down as follows:

- the IFRS first-time adoption reserve is entered as an addition to shareholders' equity for €570,446 thousand (no change versus 31 December 2017);
- the cash flow hedge reserve, entered as a reduction to shareholders' equity for €1,001 thousand (positive, net of tax effects, for €916 thousand as at 31 December 2017), refers to the fair value measurement of derivatives hedging financial flows (please see Note 10.1 "Non-current financial liabilities"); the change compared to 31 December 2017 caused negative effects to the statement of comprehensive income for €1,917 thousand;
- other reserves amounted to €9,305 thousand, (€4,053 thousand as at 31 December 2017) and refer to:
  - equity investments measurement reserve: €1,556 thousand;
  - other reserves: €7,749 thousand;

- actuarial reserves for employee benefits totalled €25,661 thousand and were entered as a decrease to shareholders' equity; the change compared to 31 December 2017 (€26,832 thousand) had a positive effect on the statement of comprehensive income for a total of €1,171 thousand;
- losses carried forward from first adoption of IFRS accounting standards, for €668 thousand are highlighted in Note 3 "Effects from the first application of accounting standards IFRS 9 and IFRS 15";
- profit for the period amounted to €14,055 thousand.

# 10

## Non-current liabilities

### 10.1 Non-current financial liabilities and current portions of non-current financial liabilities

Non-current financial liabilities, including current portions, totalled €379,340 thousand (€382,825 thousand as at 31 December 2017). The figure breaks down as follows.

(in €/000)	Half-year ended 30 June 2018			Year ended 31 December 2017		
	Non-current portion	Current portion	Total	Non-current portion	Current portion	Total
Bonds	348,268	-	348,268	347,825	-	347,825
Hedging derivative liabilities - rates	1,001	-	1,001	-	-	-
Payables to the subsidiary Rai Cinema for derivative instruments	71	-	71	-	-	-
M/L-term loans due to banks	20,000	10,000	30,000	25,000	10,000	35,000
<b>Total</b>	<b>369,340</b>	<b>10,000</b>	<b>379,340</b>	<b>372,825</b>	<b>10,000</b>	<b>382,825</b>

Non-current financial liabilities, including current portions, dropped by €3,485 thousand compared to 31 December 2017, mainly due to repayment of the third instalment of the European Investment Bank loan.

Medium/long-term payables as at 30 June 2018 consisted of bonds issued for a nominal amount of €350,000 thousand and a €30,000 amortising loan from the EIB maturing in 2021, granted to Rai for the development of digital terrestrial infrastructure.

The latter includes compliance with the following parametric/capital indexes to be met on the annual and half year Consolidated financial Statements:

- Net Financial Debt (adjusted by receivables from the State for licence fees)/shareholders' equity  $\leq 1.3$ .
- Net Financial Debt (adjusted by receivables from the State for licence fees)/EBITDA  $\leq 1.0$ .

Those ratios, with a consolidated, positive net financial position, were compliant at the date of these financial statements.

The fair value of non-current liabilities for derivatives hedging rates for €1,001 thousand (assets for €1,205 thousand as at 31 December 2017) refers to Interest Rate Swap Forward Start contracts stipulated in April 2017 with date starting from May 2020 and validity for the following 5 years; current portions were not recognised.

The bonds issued by Rai at the end of May 2015 are listed on Euronext Dublin the bond, fully subscribed to by international institutional investors, yields a nominal rate of 1.5%, matures at May 2020, is fully unsecured and contains the usual covenants for issues with rating of that level, including:

- a negative pledge, that is the prohibition to grant guarantees on bond issues of the Issuer or the "important subsidiaries", unless the same guarantee is extended to existing bonds;
- a cross-default provision, whereby in the event of default on debt totalling more than €50 million by the Issuer or its "significant subsidiaries", bondholders may declare default on the bond;
- a change of control clause permitting bondholders to exercise a put option at par if the Ministry of the Economy and Finance ceases to hold the majority of voting rights exercisable at ordinary and extraordinary shareholders' meetings of Rai SpA.

In June 2018 Moody's – as a result of the rating action implemented for the Italian sovereign debt – reviewed the Rai rating, currently Long-Term Issuer Baa3 (investment grade) with negative outlook, the measurement is linked to the State, the Company's shareholder of reference.

The due dates of financial liabilities (current and non-current) are as indicated below:

(in €/'000)	Half-year ended 30 June 2018			
	Within 12 months	Between 1 and 5 years	Beyond 5 years	Total
Bonds	-	348,268	-	348,268
Payables to subsidiaries – current account positions	163,081	-	-	163,081
Payable to subsidiary Rai Cinema for derivatives	415	71	-	486
M/L-term loans due to banks	10,000	20,000	-	30,000
Liabilities for derivatives taken out on behalf of Rai Cinema	3	-	-	3
Short-term payables to banks	6	-	-	6
Hedging derivative liabilities - rates	-	1,001	-	1,001
<b>Total</b>	<b>173,505</b>	<b>369,340</b>	<b>-</b>	<b>542,845</b>

(in €/'000)	Year ended 31 December 2017			
	Within 12 months	Between 1 and 5 years	Beyond 5 years	Total
Bonds	-	347,825	-	347,825
Payables to subsidiaries – current account positions	140,618	-	-	140,618
M/L-term loans due to banks	10,000	25,000	-	35,000
Liabilities for derivatives taken out on behalf of Rai Cinema	506	-	-	506
Short-term payables to banks	37	-	-	37
<b>Total</b>	<b>151,161</b>	<b>372,825</b>	<b>-</b>	<b>523,986</b>

All medium/long-term debt is held at fixed interest rates.

The fair value of non-current financial liabilities (other than derivatives) is indicated below and was measured applying the following criteria:

- the bond issued by the Company in May 2015 has a fair value corresponding to the market price of 101.31, inclusive of interest accrual;
- the fair value of the EIB loan (including the short-term portion) was measured by discounting cash flows for capital and interest at the rates implicit in the Euro curve as at the reporting date. Plus a credit spread for Rai, estimated on the basis of Italian government securities and is essentially in line with the balance sheet value.

## 10.2 Employee benefits

Employee benefits, for €447,804 thousand (€457,462 thousand as at 31 December 2017), break down as follows:

(in €/’000)	Half-year ended 30 June 2018	Year ended 31 December 2017
Provision for employee severance pay	236,445	236,297
Supplementary pension benefits	127,484	136,545
Provision for pay in lieu of notice to journalists	69,792	69,446
Health insurance fund for Rai senior managers (FASDIR)	13,531	14,587
Other	552	587
<b>Total employee benefits</b>	<b>447,804</b>	<b>457,462</b>

Provisions for employee benefits measured using actuarial techniques break down as follows.

(in €/’000)	Half-year ended 30 June 2018				
	Employee severance pay	Supplementary pension	Pay in lieu of notice to journalists	FASDIR	Other
<b>Present value of bond at start of period</b>	<b>236,297</b>	<b>136,545</b>	<b>69,446</b>	<b>14,587</b>	<b>587</b>
Current cost of defined benefit plans	-	-	(184)	-	3
Current cost of defined contribution plans	19,616	-	-	(552)	-
Interest expense	1,335	790	273	86	-
Actuarial (profits)/losses resulting from changes in financial assumptions	1,491	19	(721)	-	-
Actuarial (profits)/losses from past experience	1,564	(4,705)	1,181	-	-
Benefits paid	(7,102)	(5,165)	(203)	(590)	(38)
Transfers to external funds for defined contribution plans	(19,246)	-	-	-	-
Other movements	2,490	-	-	-	-
<b>Present value of bond at the end of the period</b>	<b>236,445</b>	<b>127,484</b>	<b>69,792</b>	<b>13,531</b>	<b>552</b>

There are no assets serving the plan.

Costs for employee benefits, calculated applying actuarial assumptions, recorded in the income statement, break down as follows:

(in €/’000)	Half-year ended 30 June 2018				
	Employee severance pay	Supplementary pension	Pay in lieu of notice to journalists	FASDIR	Other
Current cost of defined benefit plans	-	-	184	-	(3)
Current cost of defined contribution plans	(19,616)	-	-	552	-
Net interest expense (income):					
- interest expense on the liability	(1,335)	(790)	(273)	(86)	-
<b>Net interest expense (income)</b>	<b>(1,335)</b>	<b>(790)</b>	<b>(273)</b>	<b>(86)</b>	<b>-</b>
<b>Total</b>	<b>(20,951)</b>	<b>(790)</b>	<b>(89)</b>	<b>466</b>	<b>(3)</b>
of which recognised as labour cost	(19,616)	-	184	552	(3)
of which recognised as financial income (expense)	(1,335)	(790)	(273)	(86)	-

Costs for defined benefit plans recognised in other comprehensive income break down as follows:

(in €/’000)	Half-year ended 30 June 2018				
	Employee severance pay	Supplementary pension	Pay in lieu of notice to journalists	FASDIR	Other
Writebacks:					
- actuarial profits (losses) resulting from changes in financial assumptions	(1,491)	(19)	721	-	-
- Actuarial profits (losses) from past experience	(1,564)	4,705	(1,181)	-	-
<b>Total</b>	<b>(3,055)</b>	<b>4,686</b>	<b>(460)</b>	<b>-</b>	<b>-</b>

The main actuarial assumptions adopted are reported below:

	Half-year ended 30 June 2018
<b>Financial assumptions</b>	
Average discount rate [1]:	
. Employee severance pay	1.09%
. Supplementary pension	1.21%
. Pay in lieu of notice to journalists	0.91%
Inflation rate:	
. Employee severance pay	1.50%
. Supplementary pension	-
. Pay in lieu of notice to journalists	1.50%
Expected rate of growth in remuneration/benefits [2]:	
. Employee severance pay	N.A.
. Supplementary pension	1.21%
. Pay in lieu of notice to journalists	3.00%
<b>Demographic assumptions</b>	
Maximum retirement age:	
. Employee severance pay	As per law
. Supplementary pension	-
. Pay in lieu of notice to journalists	As per law
Mortality tables:	
. Employee severance pay	SI 2016 revised
. Supplementary pension	AS62
. Pay in lieu of notice to journalists	SI 2016 revised
Average annual employee leaving rate:	
. Employee severance pay	6.60%
. Supplementary pension	-
. Pay in lieu of notice to journalists	5.30%
Annual probability of advance requests:	
. Employee severance pay	1.50%
. Supplementary pension	-
. Pay in lieu of notice to journalists and Others	-

[1] Measured as the weighted average of the Eurocomposite AA June 2018 curve interest rates for 30.06.2018 and Eurocomposite AA 2017 for 31.12.2017

[2] Including inflation.

### 10.3 Provisions for non-current risks and charges

Provisions for risks and non-current charges amounted to €148,731 thousand (€156,203 thousand as at 31 December 2017). The figure breaks down as follows:

(in €/’000)	Balances as at 31 December 2017	Provisions	Drawdowns	Application IFRS 9	Absorptions	Balances as at 30 June 2018
Provisions for legal disputes	63,000	4,435	(6,435)	-	-	61,000
Provision for reclamation and renovation of buildings	28,000	-	(197)	-	-	27,803
Provisions for accrued compensation costs	16,604	11,618	(14,881)	-	(1,530)	11,811
Provisions for the risk of recourse on bad debts by the concessionaires Rai Pubblicità and Rai Com	7,748	8	(45)	232	(154)	7,789
Provisions for dismantling and restoration costs	4,251	4	-	-	(215)	4,040
Provisions for social security disputes	3,000	-	-	-	-	3,000
ISC and ISM provisions Agents	715	27	-	-	(7)	735
Other provisions	32,885	357	(146)	-	(543)	32,553
<b>Total provisions for risks and charges</b>	<b>156,203</b>	<b>16,449</b>	<b>(21,704)</b>	<b>232</b>	<b>(2,449)</b>	<b>148,731</b>

Provisions for legal disputes, totalling €61,000 thousand, show the prudential and forecasted estimate of charges for pending lawsuits in which the Company is involved in various ways. Specifically, the figure includes €38,000 thousand in provisions for civil, administrative and criminal litigation and €23,000 thousand in provisions for labour law disputes (amounts including legal costs).

Provisions for building renovation and refurbishment, totalling €27,803 thousand, show the estimated costs the Company expects to incur primarily in relation to the removal of materials containing asbestos present in buildings owned. The constructive obligation to proceed with the refurbishment and renovation of the aforementioned buildings is connected with the Company’s expression of intent to perform such work, as expressed on several occasions in negotiations with trade unions.

Provisions for accrued compensation costs, totalling €11,811 thousand, show the overall costs estimated in relation to employment contracts in place.

Provisions for the risk of recourse on bad debts by the concessionaires Rai Pubblicità and Rai Com, totalling €7,789 thousand, refer to the charges associated with the retrocession of income already recognised by the Company in the event that the concessionaires do not collect on the related receivables.

Provisions for dismantling and restoration costs, totalling €4,040 thousand, show the estimated costs for the dismantling and removal of installations and modifications and the restoration of premises rented by the Company under operating leases which require the lessee to restore the rented premises to their original condition at the end of the lease (where the lease will not be renewed).

Provisions for social security disputes, totalling €3,000 thousand, show the estimated costs connected with pending legal disputes with social security institutions.

ISC (supplementary customer indemnities) and ICM (meritocratic customer indemnities) provisions for agents, totalling €735 thousand, include amounts payable to agents upon termination of agency agreements for reasons not attributable to the agent. The provisions are based on estimates that take into consideration the historic data of the Company and growth in the customer portfolio or in business with customers already in portfolio.

## 10.4 Deferred tax liabilities

Deferred tax liabilities totalled €57,481 thousand and are stated net of €104,881 thousand of deferred tax assets eligible for offsetting. The net balance as at 31 December 2017 showed a deferred tax liability of €47,809 thousand.

The nature of the temporary differences that gave rise to deferred tax liabilities and the deferred tax assets eligible for offset is reported in the table below.

(in €/’000)	Balances as at 31 December 2017	Changes			Balances as at 30 June 2018
		Income statement	Other comprehensive income	Equity	
Taxable differences in property, plant and equipment	(156,567)	902	-	-	(155,665)
Neutralisation currency valuations	(5)	5	-	-	-
Interest rate derivatives	(289)	-	289	-	-
Statutory/taxable difference investments	(6,698)	1	-	-	(6,697)
<b>Deferred tax liabilities eligible for offset</b>	<b>(163,559)</b>	<b>908</b>	<b>289</b>	<b>-</b>	<b>(162,362)</b>
Negative IFRS taxable income	115,750	20,142	-	(31,011)	104,881
<b>Deferred tax assets eligible for offset</b>	<b>115,750</b>	<b>20,142</b>	<b>-</b>	<b>(31,011)</b>	<b>104,881</b>
<b>Deferred tax liabilities</b>	<b>(47,809)</b>	<b>21,050</b>	<b>289</b>	<b>(31,011)</b>	<b>(57,481)</b>

Deferred tax assets were recognised when their future recoverability was considered reasonably certain.

The change related to other comprehensive income concerns the recovery of deferred tax liabilities related to financial flow hedging instruments recognised in compliance with hedge accounting.

Deferred tax assets on tax losses carried forward totalled €104,881 thousand. They will probably be used to offset the taxable earnings of Group companies that take part in the tax consolidation arrangement and with the deferred tax liability carried through the income statement.

## 10.5 Other non-current payables and liabilities

The other non-current payables and liabilities are all stated in euros. Totalling €1,565 thousand (€1,969 thousand as at 31 December 2017), they refer entirely to deferred income for the non-current portion of government grants provided by the former Ministry of Communications to support initiatives for the switch-over to digital terrestrial. See Note 11.1 “Trade payables and other current payables and liabilities” for further information on those grants.

Payables to related parties are reported in Note 13.4 “Transactions with related parties”.

# 11

## Current liabilities

### 11.1 Trade payables and other current payables and liabilities

Trade payables and other current payables and liabilities, totalled €1,303,002 thousand (€970,633 thousand as at 31 December 2017), and break down as follows:

(in €/’000)	Half-year ended 30 June 2018	Year ended 31 December 2017
Payables to suppliers	473,476	466,447
Trade payables to subsidiaries	93,705	83,551
Trade payables to joint ventures and associates	669	893
<b>Total trade payables</b>	<b>567,850</b>	<b>550,891</b>
Payables to personnel	226,652	216,250
Payables to social security institutions	58,931	71,118
Other tax payables	35,677	55,951
Payables for frequency rights	5,147	403
Payables to subsidiaries	4,029	4,110
Other payables accruing for assessments	2,927	4,241
Other payables	6,064	4,153
Advances:		
- Ordinary licence fees	46,962	56,922
- Other advances	1,399	1,262
Accruals for fees and interest	515	3,144
Deferrals:		
- Licence fees	345,591	523
- Grants for the switch-over to digital terrestrial	1,225	1,644
- Other deferrals	33	21
<b>Total other current payables and liabilities</b>	<b>735,152</b>	<b>419,742</b>
<b>Total trade payables and other payables and current liabilities</b>	<b>1,303,002</b>	<b>970,633</b>

The structure of trade payables and other payables to subsidiaries, joint ventures and associated companies are broken down in the following tables:

(in €/’000)	Half-year ended 30 June 2018	Year ended 31 December 2017
Subsidiaries:		
Rai Cinema SpA	21,582	15,907
Rai Com SpA	7,395	9,018
Rai Pubblicità SpA	67	68
Rai Way SpA	64,661	58,558
<b>Trade payables to subsidiaries</b>	<b>93,705</b>	<b>83,551</b>

(in €/’000)	Half-year ended 30 June 2018	Year ended 31 December 2017
Joint ventures and associated companies:		
Tavolo Editori Radio Srl	254	477
Tivù Srl	415	416
<b>Trade payables to joint ventures and associates</b>	<b>669</b>	<b>893</b>

(in €/’000)	Half-year ended 30 June 2018	Year ended 31 December 2017
Subsidiaries:		
Rai Cinema SpA	445	445
Rai Pubblicità SpA	1,128	1,128
Rai Way SpA	2,456	2,537
<b>Other payables to subsidiaries</b>	<b>4,029</b>	<b>4,110</b>

Trade payables amounted to €567,850 thousand increasing by €16,959 thousand compared to 31 December 2017.

The other current payables and liabilities increased by €315,410 thousand mainly for deferrals on licence fees resulting from the difference between amounts paid by the Ministry for the Economy and Finance in the six months compared to the amount owed. Its recovery is mainly expected in the second half of the year.

The item deferrals for grants for the switch-over to digital terrestrial including the current portion of the grants allocated by the former Ministry for Communications from 2007 to 2011 to support actions to speed up the switch-over to digital terrestrial, amounted to €1,225 thousand.

Payables to personnel amounted to €226,652 thousand (€216,250 thousand as at 31 December 2017) and breaks down as follows:

(in €/’000)	Half-year ended 30 June 2018	Year ended 31 December 2017
Untaken paid annual leave	86,444	69,704
Untaken time in lieu	52,855	52,500
Wage and salary assessment	44,476	46,227
Leaving incentives	41,292	46,019
Other	1,585	1,800
<b>Payables to personnel</b>	<b>226,652</b>	<b>216,250</b>

Payables to social security institutions totalled €58,931 thousand (€71,118 thousand as at 31 December 2017). The figure breaks down as follows.

(in €/’000)	Half-year ended 30 June 2018	Year ended 31 December 2017
Payables to INPS	24,484	25,436
Payables to INPGI	11,559	13,606
Contributions on assessed wages and salaries	10,715	9,095
Payables to supplementary pension funds for personnel	10,697	21,177
Payables to CASAGIT	1,114	1,380
Payables to INAIL	-	73
Other payables	362	351
<b>Payables to social security institutions</b>	<b>58,931</b>	<b>71,118</b>

The other tax payables include the taxes payable to the Revenue Office that are not current income taxes and break down as follows:

(in €/’000)	Half-year ended 30 June 2018	Year ended 31 December 2017
Group VAT payable	10,897	21,330
Suspended VAT payable	1,008	1,008
Withholding tax on wages and salaries for employees and contractors, substitution tax and other withholdings	23,772	33,613
<b>Total other tax payables</b>	<b>35,677</b>	<b>55,951</b>

Payables to related parties are reported in Note 13.4 “Transactions with related parties”.

## 11.2 Current financial liabilities

Current financial liabilities, for €173,505 thousand (€151,161 thousand as at 31 December 2017), are broken down in the table below:

(in €/’000)	Half-year ended 30 June 2018	Year ended 31 December 2017
Payables to subsidiaries – current account positions	163,081	140,618
M/L-term loans due to banks (current portion)	10,000	10,000
Payables to the subsidiary Rai Cinema for derivative instruments	415	-
Liabilities for derivatives taken out on behalf of Rai Cinema	3	506
Short-term payables to banks	6	37
<b>Total current financial liabilities</b>	<b>173,505</b>	<b>151,161</b>

Payables to subsidiaries are detailed by company in the table below:

(in €/’000)	Half-year ended 30 June 2018	Year ended 31 December 2017
Subsidiaries:		
Rai Cinema SpA	10,741	788
Rai Com SpA	148,698	136,440
Rai Corporation in liquidation	3,409	3,314
Rai Way SpA	233	76
<b>Payables to subsidiaries – current account positions</b>	<b>163,081</b>	<b>140,618</b>

The current portions of non-current financial liabilities are reported and explained in Note 10.1 “Non-current financial liabilities”.

Short-term payables to banks totalled €6 thousand (€37 thousand as at 31 December 2017) and consisted of the negative balance on current accounts held with banking institutions.

Currency derivatives only concerned the hedging of risks activated by Rai for its subsidiary Rai Cinema related to the purchase of TV rights for series and film products in USD, as reported in Note 13.4 “Transactions with related parties”.

The derivatives, recognised at fair value, are broken down below in the liabilities component, including the current and non-current portion:

(in €/’000)	Half-year ended 30 June 2018	Year ended 31 December 2017
Liabilities for derivatives taken out on behalf of Rai Cinema	3	506
Payables to the subsidiary Rai Cinema for derivative instruments	415	-
<b>Total derivative financial instruments – current portion</b>	<b>418</b>	<b>506</b>
Hedging derivative liabilities - rates	1,001	-
Payables to the subsidiary Rai Cinema for derivative instruments	71	-
<b>Total derivative financial instruments – non-current portion</b>	<b>1,072</b>	<b>-</b>
<b>Total derivative financial instruments</b>	<b>1,490</b>	<b>506</b>

Current liabilities for derivatives, for €3 thousand (€506 thousand as at 31 December 2017), are reflected through the intercompany accounts as financial receivables from the subsidiary Rai Cinema, as reported in Note 8.3 “Current financial assets”. No non-current portions are recognised.

The current and non-current portion of payables to the subsidiary Rai Cinema, for respectively €415 thousand and 71 thousand (zero as at 31 December 2017), is referred to derivatives hedging the exchange risk with positive fair value activated by Rai for Rai Cinema. Effects transit through intercompany accounts.

The fair value of non-current liabilities for derivatives hedging rates for €1,001 thousand (assets for €1,205 thousand as at 31 December 2017) refers to Interest Rate Swap Forward Start contracts, as reported in Note 10.1 "Non-current financial liabilities and current portions of non-current financial liabilities".

Information on risks hedged and being hedged and on hedging policies can be found in Note 4.1 "Market risks".

### 11.3 Current income tax payables

Current income tax payables, for €12,366 thousand (€29,959 thousand as at 31 December 2017), refer to IRES payable under the national tax consolidation arrangement. On this point please note that the Company has opted for a Group taxation scheme, with transfer to it, as consolidating party, of obligations connected with the settlement and payment of the IRES tax on companies included in the tax consolidation. Procedures for consolidating Group taxable income are governed by a specific agreement between the Parent Company and its subsidiaries.

Income taxes are reported in Note 12.10 "Income taxes".

### 12.1 Revenue from sales and services

The main items making up "Revenue from sales and services" are shown in the table below.

(in €/’000)	Half-year ended 30 June 2018	Half-year ended 30 June 2017
TV licence fees	886,709	895,332
Advertising	288,044	303,126
Other revenue	33,139	33,983
<b>Total revenue from sales and services</b>	<b>1,207,892</b>	<b>1,232,441</b>

The breakdown of revenue by geographical area shows it is predominantly originated in the domestic market.

#### TV licence fees

Revenue from TV licence fees, in the first half of 2018 amounted to €886,709 thousand (€895,332 thousand in the first half of 2017). The figure breaks down as follows.

(in €/’000)	Half-year ended 30 June 2018	Half-year ended 30 June 2017
Licences for the period - household licences	817,200	819,324
Licences for the period - special licences	40,100	39,000
Licence fees collected by enforcement order	15,500	12,998
Licence fees for prior years – household licences	13,909	24,010
<b>Total TV licence fees</b>	<b>886,709</b>	<b>895,332</b>

Related to revenue from licence fees, please note that information and figures made available referred to the new collection methods used to calculate the amount for household licences,

considering Law 190 of 23 December 2014 (art. 1, paragraph 293), which established a 5 percent reduction, as of year 2015, on sums to be paid to Rai to cover the cost of the public service supplied.

The new collection methods were introduced by Law 208 of 28 December 2015 (the so-called 2016 Stability Law). In art. 1, paragraphs 152 et seq. it established, as of 1 January 2016, collection of the TV licence fee for households by debiting – with a separate item – invoices issued by electricity companies.

The law introduced, in an effort to overcome evasion, the mechanism by which if a household has a utility account for a power supply to a registered home address, then it can be presumed that the household owns a television set. The presumption of the possession of a television set may only be overturned by a statutory declaration made in accordance with the Consolidation Law as per Presidential Decree 445 of 28 December 2000. False statements are punishable by law and may entail criminal liability.

The 2016 Stability Law also established that any higher revenues collected from 2016 to 2018 with respect to 2016 state budget forecasts are to be transferred to Rai in the set proportion of 67% for the year 2016, and 50% for the years 2017 and 2018.

In relation to the amounts reported above:

- TV licence fees collected by enforcement order refer to licence fees due in 2015 and prior years and paid in 2018 under an enforcement order by households with overdue payments;
- licence fees for prior years – household licences refer to licence fees for 2017, notified only during the course of the year, that were paid to the State in 2018 and to the recalculation of licence fees for prior years.

The mechanism for calculating the single television licence fee contemplated by the Consolidation Law for audiovisual and radio media (“separate accounting”), designed to ensure that revenue from licence fees is proportional to the costs incurred by Rai, as certified by an independent auditor, for its Public Service operations, found a shortfall in such revenue for the period 2005–2016 of €2.6 billion. Separate annual accounts for 2017 are being prepared.

## Advertising

Advertising revenue, normally higher in the first six months, amounted to €288,044 thousand (€303,126 thousand in the first half of 2017), breaks down as follows:

(in €/’000)	<b>Half-year ended 30 June 2018</b>	Half-year ended 30 June 2017
Television advertising on general-interest channels:		
- air time	173,331	195,435
- promotions, sponsorships and special initiatives	64,903	59,290
- product placements	2,903	2,553
Television advertising on specialist channels	31,243	28,846
Radio advertising	13,508	14,492
Web advertising	3,660	3,230
Other advertising	132	197
Third-party rights	(1,101)	(888)
Contingencies	(535)	(29)
<b>Total advertising</b>	<b>288,044</b>	<b>303,126</b>

## Other revenue

Other revenue from sales and services, €33,139 thousand in the first half of 2018 (€33,983 thousand in the first half of 2017), breaks down as follows:

(in €/’000)	Half-year ended 30 June 2018	Half-year ended 30 June 2017
Special services under convention	18,940	18,938
Distribution and sale of channels	5,435	5,726
Sale of music rights and editions	4,294	3,301
Sundry services, mainly for institutional purposes	2,780	2,493
Digital terrestrial broadcasting services	-	1,450
Production and facility services	125	291
Agreements with telephone service providers	236	160
Home video distribution	105	99
Other	1,170	1,026
Third-party portions	(53)	(267)
Contingencies	107	766
<b>Total other revenue</b>	<b>33,139</b>	<b>33,983</b>

## 12.2 Other revenues and income

Other revenues and income, €13,199 thousand in the first half of 2018 (€14,092 thousand in the first half of 2017), breaks down as follows:

(in €/’000)	Half-year ended 30 June 2018	Half-year ended 30 June 2017
Other income from investees	10,368	10,329
Contributions for operating expenses	990	1,509
Compensation for damages	343	743
Cost recoveries and expense refunds	516	242
Income from real estate investments	117	114
Other	866	1,229
Contingencies	(1)	(74)
<b>Total other revenues and income</b>	<b>13,199</b>	<b>14,092</b>

Other income from investees, as specified in Note 13.4 “Transactions with related parties”, refers to agreements for the provision of services by Rai.

## 12.3 Costs for the purchase of consumables, for services and other costs

The costs to purchase consumables, for services and other costs, in the first half of 2018 for €681,088 thousand (€696,785 thousand in the first half of 2017), break down as follows:

(in €/’000)	Half-year ended 30 June 2018	Half-year ended 30 June 2017
Purchases of consumables	5,866	6,325
Costs for services	651,920	666,604
Other costs	23,302	23,856
<b>Total costs for the purchase of consumables, services and other costs</b>	<b>681,088</b>	<b>696,785</b>

Costs for services, with details in the table below, amounted to a total of €651,920 thousand (€666,604 thousand in the first half of 2017) net of discounts and rebates obtained. It includes, inter alia, emoluments, indemnities of office and expense refunds paid to directors, for a total of €350 thousand, and to statutory auditors, for a total of €81 thousand.

(in €/'000)	Half-year ended 30 June 2018	Half-year ended 30 June 2017
Contractors	67,251	65,217
Programme production services	103,579	98,145
Travel allowances and expenses and accessory costs for personnel	19,389	20,159
Rai Way signal transmission and broadcasting	102,327	102,023
Maintenance, repairs, transport and similar	18,057	18,282
IT system documentation and assistance services	25,585	23,953
Other outsourced services	38,428	38,937
Purchase of showings	125,145	126,908
Rentals and leases	23,835	27,615
Recording rights	74,203	91,157
Copyright	53,109	54,167
Recovery of expenses	(1,071)	(1,226)
Contingencies	2,083	1,267
<b>Total costs for services</b>	<b>651,920</b>	<b>666,604</b>

In accordance with art. 2427, 16-*bis*, of the Civil Code, please note that fees for the first half of 2018 for services provided by the External auditor to audit the annual accounts, for other auditing services, including the audit of the half-year financial report amounted respectively to €83 thousand and €109 thousand.

## 12.4 HR expenses

HR expenses, for €473,402 thousand (€466,032 thousand in the first half of 2017), break down as follows:

(in €/'000)	Half-year ended 30 June 2018	Half-year ended 30 June 2017
Wages, salaries and social security costs	453,964	445,271
Employee severance pay	19,616	19,663
Pensions and similar obligations	6,524	6,874
Other	4,292	5,417
<b>HR expenses</b>	<b>484,396</b>	<b>477,225</b>
Costs for redundancy incentives	1,043	1,067
Recovery of expenses	(2,761)	(2,762)
HR expenses capitalised	(6,903)	(9,465)
<b>Other HR expenses</b>	<b>(8,621)</b>	<b>(11,160)</b>
<b>Contingencies and releases of provisions</b>	<b>(2,373)</b>	<b>(33)</b>
<b>Total HR expenses</b>	<b>473,402</b>	<b>466,032</b>

The item includes €19,064 thousand of charges for defined contribution plans and €181 thousand of income for defined benefit plans, net of past benefits, as reported in note 10.2 "Employee benefits".

Five different collective bargaining agreements (CCLs) are applied within the Group: the CCL for middle managers, office staff and workers employed by the companies Rai, Rai Way, Rai Cinema and Rai Com; the CCL for Rai orchestra musicians; the CCL for journalists (CNLG), applied by Rai under the terms and conditions of the “Convention for the Extension of the CNLG to Rai” and the relative Addendum Agreement with Usigrai for journalist staff; the national CCL for senior managers of manufacturing and service companies and the relative Addendum Agreement between Rai and ADRai; and the CCL for the middle managers and office staff of Rai Pubblicità.

With respect to those agreements, we report that:

- the collective agreement for middle managers, office staff and workers was renewed on 28 February 2018, for the 2014 - 2016 three-year period and, exceptionally, for 2017 and 2018;
- the collective agreement for orchestra musicians was renewed on 28 June 2018, for the 2014 - 2016 three-year period and, exceptionally, for 2017 and 2018;
- for journalist staff, on 13 March 2018 Rai - Unindustria Roma and Usigrai - FNSI signed a Convention for the Extension of the National Collective Bargaining Agreement for Journalists to Rai. The Rai Usigrai Addendum Agreement expired on 31 December 2013;
- for personnel employed as senior managers, the collective bargaining agreement for the period 1/1/2015 - 31/12/2018 is still in force, while the Rai-ADRai Addendum Agreement was renewed on 6 July 2018 for the period 2017 - 2019.

The average number of Company employees is shown below by employment category:

	Half-year ended 30 June 2018			Half-year ended 30 June 2017		
	Permanent employees (average No.) <sup>(1)</sup>	Temporary employees (average No.)	Total	Permanent employees (average No.) <sup>(1)</sup>	Temporary employees (average No.)	Total
- Senior managers (2)	274	-	274	277	-	277
- Officers and middle managers	1,137	-	1,137	1,159	-	1,159
- Journalists	1,634	210	1,844	1,623	183	1,806
- Office staff, production staff, camera crew, director's assistants, technicians	6,850	430	7,280	6,969	446	7,415
- Workers	886	57	943	903	78	981
- Orchestra musicians and other artists	119	4	123	124	3	127
- General Practitioners	7	-	7	7	-	7
<b>Total</b>	<b>10,907</b>	<b>701</b>	<b>11,608</b>	<b>11,062</b>	<b>710</b>	<b>11,772</b>

(1) of which apprentices

39

159

(2) the figure includes top managerial figures hired on temporary contracts

The average number of employees was calculated as the arithmetic mean of the daily number of employees over the reporting period, weighted to account for part-time employees. The average number of employees includes personnel on permanent and temporary employment contracts.

## 12.5 Write-down of financial assets

This item, a new addition in compliance with accounting standard IFRS 9, recognises losses for reduced value (including recoveries) of financial assets in the wider view provided by IAS 32, which includes all assets of a contractual origin creating rights to receive cash flows (hence including trade receivables). Values are not calculated as at 30 June 2017 related to the right to retrospectively recalculate the shareholders' equity values at the start of the current accounting period; consequently, reference values are measured and entered in the balance sheet in compliance with the previous accounting standard IAS 39, as specified in Note 3 “Effects resulting from first application of accounting standards IFRS 9 and IFRS 15” to be referred to.

As at 30 June 2018, the item shows a positive value of €594 thousand and refers to absorptions of provisions detailed below, already illustrated in Note 8.2 "Trade receivables", to be referred to.

(in €/’000)	Half-year ended 30 June 2018
Trade receivables	386
Receivables from the subsidiary Rai Com SpA	208
<b>Total write-down of financial assets</b>	<b>594</b>

## 12.6 Depreciation, amortisation and other write-downs

Depreciation, amortisation and other write-downs amounted to €129,279 thousand (€121,772 thousand in the first half of 2017) and break down as follows:

(in €/’000)	Half-year ended 30 June 2018	Half-year ended 30 June 2017
<b>Property, plant and equipment:</b>		
Buildings	5,860	5,826
Plant and machinery	22,965	23,990
Fixtures and fittings, tools and other equipment	787	663
Other assets	2,778	2,627
<b>Total depreciation of property, plant and equipment</b>	<b>32,390</b>	<b>33,106</b>
<b>Intangible assets:</b>		
Programmes	75,794	75,974
Software	3,215	1,829
Trademarks	3	3
Other rights	52	83
<b>Total amortisation of intangible assets</b>	<b>79,064</b>	<b>77,889</b>
<b>Total amortisation and depreciation</b>	<b>111,454</b>	<b>110,995</b>
Programmes under amortisation	15,304	8,021
Programmes in progress	1,465	1,002
Other intangible assets	-	950
Equity investments recognised at cost	12	48
Other non-current receivables and assets	638	945
Trade receivables	-	60
Receivables from the subsidiary Rai Com SpA	-	(202)
Other current receivables and assets	406	(47)
<b>Total other write-downs</b>	<b>17,825</b>	<b>10,777</b>
<b>Total depreciation, amortisation and other write-downs</b>	<b>129,279</b>	<b>121,772</b>

## 12.7 Provisions

Net provisions totalled €1,794 thousand (net provisions were €2,617 thousand in the first half of 2017), determined by provisions for €2,706 thousand compensated by absorptions for €912 thousand and mainly refer to provisions for risks and charges for disputes of various kinds.

## 12.8 Financial income and expenses

Net financial income was €56,716 thousand (€75,655 thousand in the first half of 2017) and breaks down as follows:

(in €/’000)	Half-year ended 30 June 2018	Half-year ended 30 June 2017
<b>Financial income:</b>		
Dividends	61,970	81,293
Interest income from subsidiaries	1,654	1,013
Interest income from joint ventures – San Marino RTV SpA	11	4
Income from currency derivatives	-	6
Interest income from banks	55	11
Foreign exchange gains realised	-	282
Gains from currency valuation	21	43
Other	102	48
<b>Total financial income</b>	<b>63,813</b>	<b>82,700</b>
<b>Financial expense:</b>		
Interest expense on bonds	(3,046)	(3,038)
Interest on employee benefit liabilities	(2,484)	(2,159)
Interest expense due to banks	(387)	(964)
Charges on currency derivatives	-	(106)
Foreign exchange losses realised	(166)	71
Losses on currency valuation	(53)	(12)
Interest expense due to subsidiaries	(29)	(25)
Other	(932)	(812)
<b>Total financial expense</b>	<b>(7,097)</b>	<b>(7,045)</b>
<b>Net financial income (expense)</b>	<b>56,716</b>	<b>75,655</b>

Breakdown of dividends:

(in €/’000)	Half-year ended 30 June 2018	Half-year ended 30 June 2017
Rai Cinema SpA	14,508	47,558
Rai Way SpA	35,804	27,162
Rai Com SpA	11,556	6,573
Almaviva SpA	102	-
<b>Total dividends</b>	<b>61,970</b>	<b>81,293</b>

## 12.9 Earnings from equity investments measured at equity

Earnings from equity investments measured at equity amounted to €167 thousand (€291 thousand in the first half of 2017), and break down as follows:

(in €/'000)	Half-year ended 30 June 2018	Half-year ended 30 June 2017
Income (expense) from equity investments		
Auditel Srl	28	28
San Marino RTV SpA	(70)	(91)
Tavolo Editori Radio Srl	(17)	8
Tivù Srl	226	346
<b>Total effect of recognition under the equity method</b>	<b>167</b>	<b>291</b>

The breakdown of the change in equity investments measured at equity is reported in Note 7.3 "Equity investments".

## 12.10 Income tax

Economic changes in the six month period did not cause, as at 30 June 2017, taxable income for direct taxes.

Therefore, income taxes, positive for €21,050 thousand (€11,866 thousand in the first half of 2017) are the effect of deferred taxes, as can be seen in the following table:

(in €/'000)	Half-year ended 30 June 2018	Half-year ended 30 June 2017
Deferred tax liabilities	908	941
Deferred tax assets	20,142	10,925
<b>Total deferred taxes</b>	<b>21,050</b>	<b>11,866</b>
<b>Total tax for the year</b>	<b>21,050</b>	<b>11,866</b>

For IRES purposes, in the first half of 2018, as in the first half of 2017, there were further tax losses for which deferred tax assets were allocated, with a positive effect on the income statement.

# 13

Other  
information

## 13.1 Guarantees

Guarantees provided totalled €70,780 thousand (€70,682 thousand as at 31 December 2017). The figure breaks down as follows:

(in €/’000)	Half-year ended 30 June 2018		
	Personal and surety guarantees	Collateral	Total
Subsidiaries	65,964	-	65,964
Joint ventures and associates	2,582	-	2,582
Other	-	2,234	2,234
<b>Total</b>	<b>68,546</b>	<b>2,234</b>	<b>70,780</b>

(in €/’000)	Year ended 31 December 2017		
	Personal and surety guarantees	Collateral	Total
Subsidiaries	65,866	-	65,866
Joint ventures and associates	2,582	-	2,582
Other	-	2,234	2,234
<b>Total</b>	<b>68,448</b>	<b>2,234</b>	<b>70,682</b>

Guarantees provided include the obligation to pay the Financial Administration, as a guarantee for the refund advanced on VAT surpluses for €64,441 thousand as at 30 June 2018 (€64,265 thousand as at 31 December 2017) for subsidiaries.

The Company also recognised €392,944 thousand of guarantees provided by third parties (€365,323 thousand as at 31 December 2017) on commercial and financial obligations held by the Company. Those guarantees mainly consist of:

- (i) guarantees received from various banks and insurance companies for:
  - the purchase of goods and services;
  - full performance of contracts for the production of radio and television productions;
- ii) guarantees provided by third parties on obligations held by the Company:
  - for payables – surety guarantee on the medium/long-term EIB loan;
  - for the other obligations – mainly for surety issued to the Financial Administration to guarantee prize competitions and the refund of VAT credit, for surety issued to UEFA for qualifications at the European Football Championships of 2020 and World Football Championships of 2022.

## 13.2 Commitments

The main commitments, including long-term commitments, connected with products or with technological development and modernisation initiatives and in place at the reporting date are reported in the table below.

(in €/’000)	Half-year ended 30 June 2018	Year ended 31 December 2017
Future commitments on:		
Sports broadcasting rights	365.9	92.4
Investments in TV series and cartoons	123.4	123.4
Rights and services for the production of programmes	25.1	56.7
Technical investments	39.3	22.3
<b>Total commitments</b>	<b>553.7</b>	<b>294.8</b>

### 13.3 Contingent liabilities

The Company is a party to civil, administrative, labour law and social security lawsuits connected with its ordinary business activities.

Civil and administrative litigation involving the Company is primarily connected with the production and public broadcasting of radio and television programmes. Almost all civil litigation concerns claims for damages, mostly in connection with alleged defamation and infringement of personality rights, while claims for damages under administrative law usually concern disputes over tender awards in which the equivalent compensation claim is usually a subsidiary application to the main application for the annulment of the tender decision and, in some cases, the award of the contract.

If, on the basis of analyses conducted on such kinds of litigation:

- information is available, at the time of preparation of the financial statements, suggesting it is likely that a liability will arise;
- and the amount of the liability can be reasonably estimated, considering the petition made by the applicant;
- then a relative liability is recognised through the allocation of provisions for legal disputes.

In relation to labour law and social security matters, the Company is a party to a considerable number of lawsuits, mainly concerning claims for reinstatement, applications for investigations into the alleged use of fictitious intermediaries in the procurement of labour, applications for higher level employment grades and categories, compensation claims for alleged demotion and alleged non-fulfilment of social security obligations under employment contracts or collective bargaining agreements. For the purposes of determining the amount of provisions to be allocated, given the large number of pending lawsuits and the consequent difficulty in assessing the contingent liability for each, the cases are subdivided into three categories in relation to their status and any appeal rulings handed down – lawsuits pending in courts of first instance; lawsuits lost on appeal; lawsuits won on appeal. The risk is then estimated for each category by identifying an average value expressed in percentage terms, in order to quantify the amount of provisions to be allocated for legal disputes.

Provisions allocated for legal disputes are reported in Note 10.3 “Provisions for non-current risks and charges”.

On the basis of information currently available, the Company believes that provisions for risks are adequate.

### 13.4 Transactions with related parties

Here below are details of Company transactions with related parties, identified based on criteria in IAS 24 “Balance sheet information on transactions with related parties”.

The Company mainly has trade and financial transactions with the following related parties:

- Rai Cinema;
- Rai Com;
- Rai Corporation in liquidation;
- Rai Pubblicità;
- Rai Way;
- key management personnel (“Senior Management”);
- other associated companies and joint ventures in which the Company has an interest as indicated in Note 7.3 “Equity Investments”; companies controlled or under the joint control of Senior Management and entities that manage benefit plans after the labour relationship is over solely for Group employees (“Other related parties”).

Although related party transactions are conducted at arm’s length, there is no guarantee that if those transactions were negotiated and pursued with or between third parties, the relative contracts, and the transactions themselves, would be stipulated under the same terms and conditions.

“Senior management” means key management personnel with the power and direct or indirect responsibility for the planning, management and control of Company business, including therein the members of the Board of Directors of the Company. For information on emoluments paid to statutory auditors please see Note 12.3 “Costs for the purchase of consumables for services and other costs”.

The following table details balance sheet totals as at 30 June 2018 and 31 December 2017 and the economic effects of transactions between the Company and related parties in the first half of 2018 and the first half of 2017:

(in €/’000)	Subsidiaries	Senior Management	Other related parties	Total
<b>Current financial assets</b>				
As at 30 June 2018	210,922	-	1,770	212,692
As at 31 December 2017	164,893	-	517	165,410
<b>Trade receivables</b>				
As at 30 June 2018	234,676	-	325	235,001
As at 31 December 2017	273,630	-	158	273,788
<b>Other current receivables and assets</b>				
As at 30 June 2018	53,097	5	-	53,102
As at 31 December 2017	43,107	10	-	43,117
<b>Non-current financial liabilities</b>				
As at 30 June 2018	(71)	-	-	(71)
As at 31 December 2017	-	-	-	-
<b>Employee benefits</b>				
As at 30 June 2018	-	(3,558)	(13,531)	(17,089)
As at 31 December 2017	-	(4,208)	(14,587)	(18,795)
<b>Current financial liabilities</b>				
As at 30 June 2018	(163,497)	-	-	(163,497)
As at 31 December 2017	(140,618)	-	-	(140,618)
<b>Trade payables</b>				
As at 30 June 2018	(93,705)	-	(669)	(94,374)
As at 31 December 2017	(83,551)	-	(893)	(84,444)
<b>Other current payables and liabilities</b>				
As at 30 June 2018	(4,050)	(7,896)	(6,395)	(18,341)
As at 31 December 2017	(4,140)	(7,297)	(12,738)	(24,175)

(in €/'000)	Subsidiaries	Senior Management	Other related parties	Total
<b>Revenue from sales and services</b>				
As at 30 June 2018	318,851	-	276	319,127
As at 30 June 2017	334,339	-	263	334,602
<b>Other revenues and income</b>				
As at 30 June 2018	10,851	-	39	10,890
As at 30 June 2017	10,936	-	35	10,971
<b>Costs for the purchase of consumables</b>				
As at 30 June 2018	-	-	-	-
As at 30 June 2017	(2)	-	-	(2)
<b>Costs for services</b>				
As at 30 June 2018	(230,674)	(431)	(5,148)	(236,253)
As at 30 June 2017	(231,586)	(310)	(4,895)	(236,791)
<b>Other costs</b>				
As at 30 June 2018	(207)	-	-	(207)
As at 30 June 2017	(210)	-	-	(210)
<b>HR expenses</b>				
As at 30 June 2018	1,781	(8,589)	(5,194)	(12,002)
As at 30 June 2017	1,976	(8,419)	(6,660)	(13,103)
<b>Write-downs of financial assets</b>				
As at 30 June 2018	208	-	-	208
As at 30 June 2017	-	-	-	-
<b>Amortisation and other write-downs</b>				
As at 30 June 2018	-	-	-	-
As at 30 June 2017	202	-	-	202
<b>Financial income</b>				
As at 30 June 2018	63,523	-	11	63,534
As at 30 June 2017	82,306	-	4	82,310
<b>Financial expense</b>				
As at 30 June 2018	(29)	-	-	(29)
As at 30 June 2017	(25)	-	-	(25)

Related to the description of the main agreements in force between Rai and subsidiaries, associated companies and joint ventures listed above, please refer to the specific paragraph in the Notes to the Separate Financial Statements of the document Reports and Financial statements as at 31 December 2017 Rai SpA, except for the following paragraphs.

## Tax consolidation arrangement

The Group applies the group taxation system for IRES purposes called “tax consolidation arrangement”, as set forth in articles 117 *et seq.* of the TUIR and regulated by Ministerial Decree 9 June 2004.

The option for the tax consolidation arrangement for the 2017 tax period was renewed automatically with no need for notification.

The tax and equity arrangements between the participating companies are governed by a specific agreement made between the parties, which is updated in the light of relative legislative amendments applicable under the agreement.

As a result of the tax consolidation arrangement, Rai recognised receivables with companies adhering for €42,412 thousand as at 30 June 2018.

## Group VAT offsetting

The Company has adopted the procedure contemplated by Ministerial Decree of 13 December 1979, providing implementing rules for the provisions of Article 73, last paragraph, of Presidential Decree 633 of 26 October 1972, for the offsetting of Group VAT.

The option to apply the Group VAT procedure is valid for one year and was exercised by Rai and all its Italian subsidiaries until 31 December 2018. Tax and equity arrangements under the procedure are governed by a specific agreement between the parties.

## 14 Subsequent events

No significant event to report.

## 15 Appendix

### 15.1 Rai equity investments in subsidiaries and associated companies

The following table reports the equity investments held by Rai in domestic and foreign companies.

Values as at 30 June 2018	Registered Office	No. shares/ units held	Nominal value (in euros)	Shareholders' equity (in €/'000)	Equity interest held %	Profit (loss) (in €/'000)	Equity interest held %	Carrying amount (in €/'000)
<b>Subsidiaries</b>								
Rai Cinema SpA	Rome	38,759,690	516	200,000	247,899	1,442	100.00%	267,848
Rai Com SpA	Rome	2,000,000	516	10,320	110,500	4,284	100.00%	107,156
Rai Corporation in liquidation	New York (USA)	50,000	10.00 (1)	500 (2)	8 (3)	(12) (4)	100.00%	8
Rai Pubblicità SpA	Turin	100,000	100.00	10,000	36,000	6,117	100.00%	31,082
Rai Way SpA	Rome	176,721,110	- (5)	70,176	151,782	30,940	64.971%	506,260
								<b>912,354</b>
<b>Associates</b>								
Audiradio Srl in liquidation	Milan	69,660	1.00	258	(33) (6)	- (6)	27.00%	- (7)
Auditel Srl	Milan	99,000	1.00	300	2,199 (6)	85 (6)	33.00%	726
Euronews SA	Lyon (F)	55,271	15.00	26,886	38,463 (6)	(22,773) (6)	3.08%	1,184
San Marino RTV SpA	S. Marino (RSM)	500	516.46	516	3,978	(140)	50.00%	1,989
Tavolo Editori Radio Srl	Milan	1	17,380.00	110	(30)(6)	(107) (6)	15.80%	- (8)
Tivù Srl	Rome	1	482,500.00	1,002	4,062	470	48.16%	1,956
								<b>5,855</b>

(1) Values in USD amounts in thousands of USD

(2) USD 8,746 at the exchange rate of 30.06.2018 of Euro/USD 1:1658

(4) USD -14,553 at the exchange rate of 30.06.2018 of Euro/USD 1:1658

(5) Ordinary shares with no indication of nominal value

(6) As per financial statements as at 31.12.2017, the last available

(7) The balance sheet deficit for €9 thousand is hedged by provisions for expenses for the same amount

(8) The balance sheet deficit for €5 thousand is hedged by provisions for expenses for the same amount

## 15.2 Net financial position

Net financial position, as measured in accordance with the recommendations of paragraph 127 of the ESMA document ESMA/2013/319, implementing Regulation (EC) No 809/2004, is reported in the table below.

(in €/'000)	<b>Half-year ended 30 June 2018</b>	Year ended 31 December 2017
A. Cash	306	317
B. Other cash equivalents	470,663	170,584
C. Securities held for trading	-	-
<b>D. Liquidity (A+B+C)</b>	<b>470,969</b>	<b>170,901</b>
<b>E. Current financial receivables:</b>	<b>220,029</b>	<b>172,046</b>
F. Current bank debt	(6)	(37)
G. Current portion of long-term loans	(10,000)	(10,000)
H. Other current financial debt	(163,499)	(141,125)
<b>I. Current financial debt (F+G+H)</b>	<b>(173,505)</b>	<b>(151,162)</b>
<b>J. Net current financial position (I+E+D)</b>	<b>517,493</b>	<b>191,785</b>
K. Non-current bank loans	(20,000)	(25,000)
L. Bonds issued	(348,268)	(347,825)
M. Other non-current financial indebtedness	(1,072)	-
<b>N. Non-current financial debt (K+L+M)</b>	<b>(369,340)</b>	<b>(372,825)</b>
<b>O. Net financial position (J+N)</b>	<b>148,153</b>	<b>(181,040)</b>

# Certification pursuant to article 154-bis of Italian Legislative Decree 58/98

The undersigned Fabrizio Salini, in the capacity as Chief Executive Officer, and Massimo Cappelli, in the capacity as Manager in charge of drawing up the corporate accounting documents of Rai Radiotelevisione italiana SpA, also taking into account the provisions of Article 154-bis, paragraphs 3 and 4 of Legislative Decree No. 58 of 24 February 1998, hereby attest:

- the adequacy in relation to the characteristics of the Company and
- the actual application

of administrative and accounting procedures in preparing the Separate Interim Financial Statements as at 30 June 2018 during the first half of 2018.

The administrative and accounting procedures and operating practices in place have been applied in a manner consistent with the internal administrative and accounting control system to ensure the achievement of the objectives required by the applicable regulatory framework.

It is also attested that:

- the Separate Interim Financial Statements as at 30 June 2018 of Rai Radiotelevisione italiana SpA:
  - a) have been prepared in accordance with International Financial Reporting Standards endorsed by the European Union pursuant to EC Regulation 1606/2002 of the European Parliament and of the Council of 19 July 2002;
  - b) correspond to the entries in the books and accounting records;
  - c) are suitable to provide a true and fair representation of the equity, economic and financial position of the issuer.
- the Report on Operations includes a reliable analysis of the trends and results of operations, as well as the situation of the issuer, together with a description of the main risks and uncertainties to which they are exposed.

Rome, 31 October 2018

Fabrizio Salini  
Chief Executive Officer

Massimo Cappelli  
Manager in charge of drawing  
up the corporate accounting documents

# External Auditors' Report



## REVIEW REPORT ON SEPARATE INTERIM FINANCIAL STATEMENTS

To the Board of Directors of  
RAI – Radiotelevisione italiana SpA

### Foreword

We have reviewed the accompanying separate interim financial statements of Rai – Radiotelevisione italiana SpA as of 30 June 2018, comprising the statement of financial position, income statement, statement of comprehensive income, cash flow statement, statement of changes in equity and related notes. The directors of RAI – Radiotelevisione italiana SpA are responsible for the preparation of the separate interim financial statements that give a true and fair view in accordance with International Accounting Standard 34 applicable to interim financial reporting (IAS 34) as adopted by the European Union. Our responsibility is to express a conclusion on these separate interim financial statements based on our review.

### Scope of review

We conducted our work in accordance with International Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”. A review of the separate interim financial statements consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than a full-scope audit conducted in accordance with International Standards on Auditing and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the separate interim financial statements.

### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying separate interim financial statements of RAI – Radiotelevisione italiana SpA as of 30 June 2018, do not give a true and fair view of the financial position, the result of operations and cash



flows of RAI – Radiotelevisione italiana SpA ,in accordance with International Accounting Standard 34 applicable to interim financial reporting (IAS 34) as adopted by the European Union.

Rome, 9 November 2018

PricewaterhouseCoopers SpA

A handwritten signature in black ink, appearing to read 'Pier Luigi Vitelli', written in a cursive style.

Pier Luigi Vitelli  
(Partner)

*This report has been translated into English from the Italian original solely for the convenience of international readers.*

*We have not examined the translation of the financial statements referred to in this report.*

**VIEW REPORT**

**RAI – RADIOTELEVISIONE ITALIANA SPA**

**SEPARATE INTERIM FINANCIAL STATEMENTS AS OF 30 JUNE 2018**



# Interim Consolidated Financial Statements at 30 June 2018

## Directors' Report

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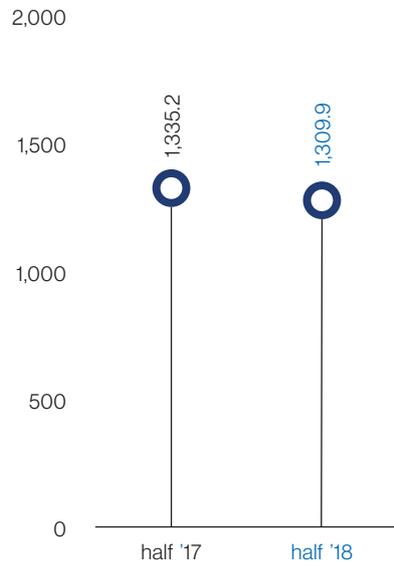
For information on activities performed by the Rai Group, human resources, research and development, significant events occurring in the year, significant events occurring after the end of the period and the outlook of operations, please refer to the Directors' Report in the Interim Separate Financial Statements, with which these Interim Consolidated Financial Statements are being presented as single document.

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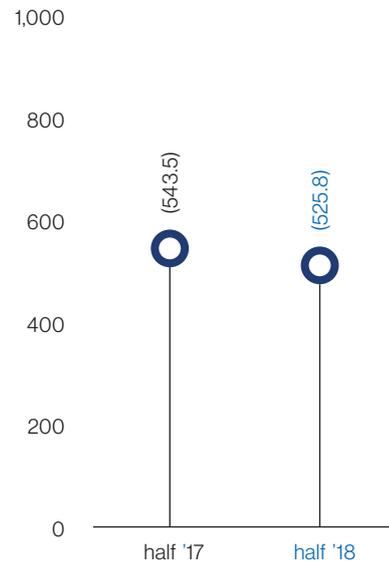
## Highlights

(€/million)

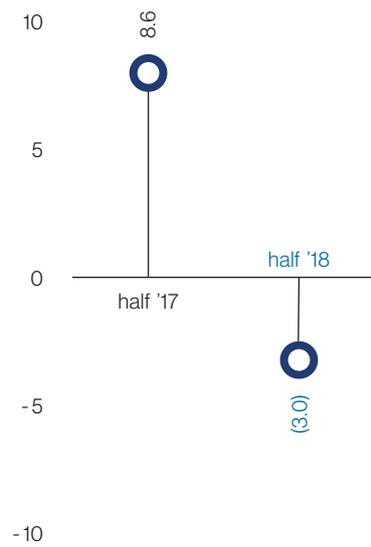
### REVENUE



### EXTERNAL COSTS

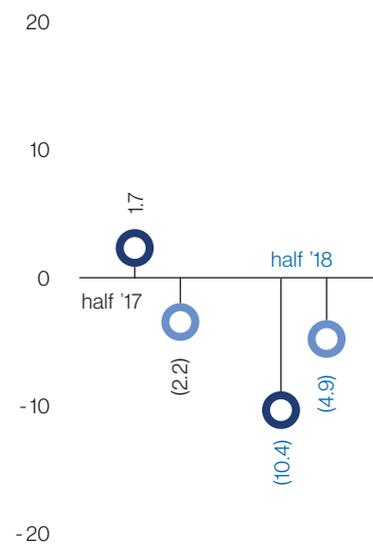


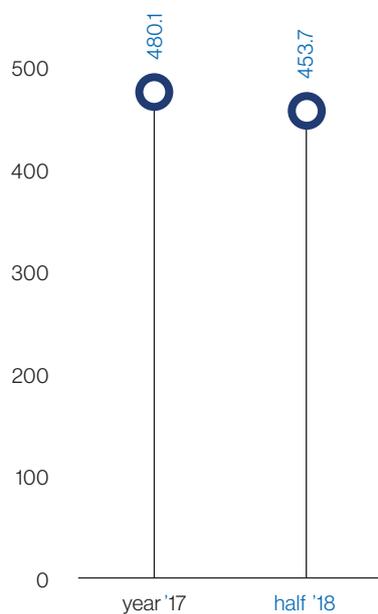
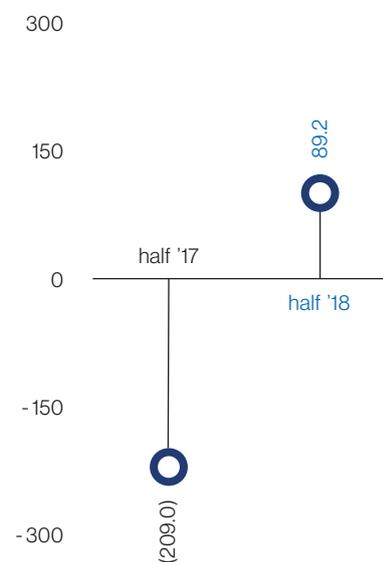
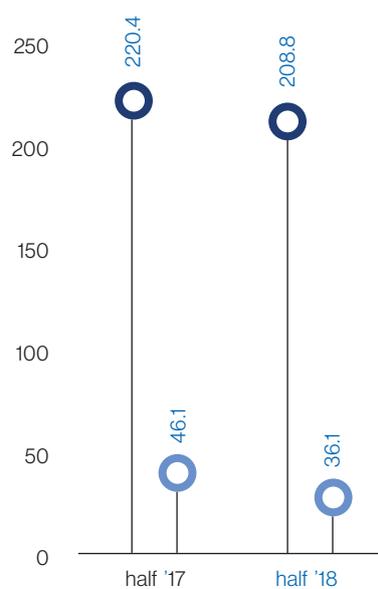
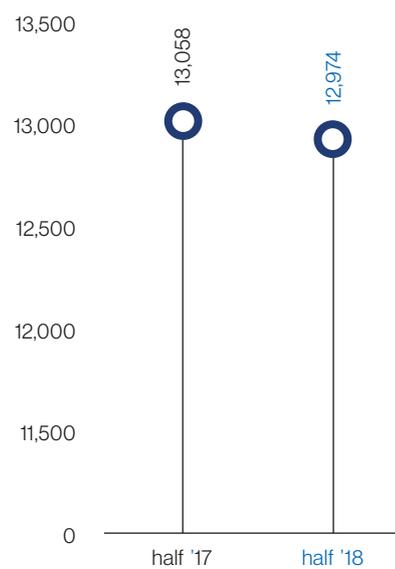
### EBIT



### PRE-TAX PROFIT

#### NET PROFIT/(LOSS) FOR THE PERIOD



**EQUITY****(NET DEBT) CASH****INVESTMENTS IN PROGRAMMES  
AND OTHER****PERSONNEL AT THE END  
OF THE PERIOD (IN UNITS)\***

\* Includes permanent personnel totalling 858 employees at 31 December 2017 and 733 at 30 June 2018.

Rai Group / Reclassified statements

## Reclassified statements

### INCOME STATEMENT

(€/million)	June '18	June '17	Change
<b>Revenue</b>	<b>1,309.9</b>	<b>1,335.2</b>	<b>(25.3)</b>
External costs net of major sports events	(515.0)	(543.5)	28.5
Major sports events	(10.8)	0.0	(10.8)
<b>External costs</b>	<b>(525.8)</b>	<b>(543.5)</b>	<b>17.7</b>
HR expenses	(519.4)	(515.2)	(4.2)
<b>EBITDA</b>	<b>264.7</b>	<b>276.5</b>	<b>(11.8)</b>
Depreciation, amortisation and write-downs	(265.8)	(254.8)	(11.0)
Provisions	(1.9)	(13.1)	11.2
<b>EBIT</b>	<b>(3.0)</b>	<b>8.6</b>	<b>(11.6)</b>
Financial income (expense)	(7.6)	(7.2)	(0.4)
Earnings from equity investments recognised under the equity method	0.2	0.3	(0.1)
<b>Pre-tax profit</b>	<b>(10.4)</b>	<b>1.7</b>	<b>(12.1)</b>
Income tax	5.5	(3.9)	9.4
<b>Net profit (loss) for the period</b>	<b>(4.9)</b>	<b>(2.2)</b>	<b>(2.7)</b>
of which attributable to minority interests	10.8	9.6	1.2
Other components of the total profit/(loss)	(0.3)	10.0	(10.3)
<b>Comprehensive profit (loss) for the period</b>	<b>(5.2)</b>	<b>7.8</b>	<b>(13.0)</b>
of which attributable to minority interests	10.9	9.6	1.3

### CAPITAL STRUCTURE

(€/million)	30.06.2018	31.12.2017	Change
Fixed assets	2,009.9	2,031.4	(21.5)
Net working capital	(996.7)	(673.6)	(323.1)
Provisions for risks and charges	(178.2)	(185.6)	7.4
Employee benefits	(470.5)	(483.1)	12.6
<b>Net invested capital</b>	<b>364.5</b>	<b>689.1</b>	<b>(324.6)</b>
Equity	453.7	480.1	(26.4)
Net debt (cash)	(89.2)	209.0	(298.2)
	<b>364.5</b>	<b>689.1</b>	<b>(324.6)</b>

## Review of results and financial position as at 30 June 2018

### Results of the Rai Group

The Consolidated Financial Statements of the Rai Group referring to the first half of 2018 showed a net loss of €4.9 million, worse than what was recorded in the corresponding period of 2017 (loss of €2.2 million), mainly caused by the contraction of external revenue, although with a reduction of operating costs.

Some summarised information on the main items of the Income Statement and Capital Structure is provided below, along with the reasons for the most significant variances compared to the figures of the previous period.

### Income Statement

#### External revenue

This is made up of licence fees, advertising proceeds and other trade revenue.

It came to a total of €1,309.9 million, down by €25.3 million (-1.9%) and is broken down below.

#### TV licence fees

The licence fees of the period and those pertaining to previous years, totalling €886.7 million, were €8.6 million less (-1.0%) than those of the first half of 2017, as seen in the table below.

The drop in the item is mainly due to the item Contingencies on ordinary licence fees (€-7.0 million), in which the licence fees of the previous year paid to the state in the following year are recognised, and which were notified after the financial statements for the year had been finalised.

#### EXTERNAL REVENUE

(€/million)	June '18	June '17	Change
TV licence fees	886.7	895.3	(8.6)
Advertising	329.2	344.1	(14.9)
Other revenue	94.0	95.8	(1.8)
<b>Total</b>	<b>1,309.9</b>	<b>1,335.2</b>	<b>(25.3)</b>

#### TV LICENCE FEES

(€/million)	June '18	June '17	Change
Licence fees for the year - ordinary	817.2	819.3	(2.1)
Licence fees for the year - special	40.1	39.0	1.1
Licences fees collected by enforcement order	15.5	16.1	(0.6)
Contingencies on ordinary licence fees	13.9	20.9	(7.0)
<b>Total</b>	<b>886.7</b>	<b>895.3</b>	<b>(8.6)</b>

## Advertising

The advertising market performed negatively in the first half of 2018, with a decrease, net of social media and search engines, of 0.4% compared to the same period of 2017 (Nielsen data). Television, which confirmed its leadership role by representing about 63% of the total market, enjoyed a 0.4% positive change. For the other media in which Rai operates, please note that radio (+ 6.8%) and Internet (+ 3.3%, excluding search engines and social networks) grew.

In this context, the Rai Group's advertising proceeds (€329.2 million), broken down in the table below, amounted to a reduction of €14.9 million compared to the first half of 2017 (-4.3%). Among other things, the data is affected for the first time by the presence of

the world football championships in the major competitor's offer, and by the repercussions on the schedule caused by the broadcasts tied to the political elections.

## Other revenue

This item amounted to €94.0 million, with a €1.8 million decrease (-1.9%) compared to 30 June 2017.

The item is broken down in detail in the following table.

The most significant changes compared to 2017 relate to:

- *Sale of music rights and editions* (€+4.8 million): increase to attribute to the sale of SVOD rights of Rai programmes;

## ADVERTISING

(€/million)	June '18	June '17	Change
Television advertising on general-interest channels:			
- air time	195.6	219.6	(24.0)
- promotions, sponsorships and other initiatives	76.7	70.1	6.6
	<b>272.3</b>	<b>289.7</b>	<b>(17.4)</b>
Television advertising on specialist channels	35.3	32.4	2.9
Radio advertising	15.3	16.3	(1.0)
Cinema advertising	1.7	1.4	0.3
Web advertising	5.9	4.9	1.0
Other advertising	0.4	0.3	0.1
Third parties' share	(1.1)	(0.9)	(0.2)
Contingencies	(0.6)	0.0	(0.6)
<b>Total</b>	<b>329.2</b>	<b>344.1</b>	<b>(14.9)</b>

## OTHER REVENUE

(€/million)	June '18	June '17	Change
Special services under convention	22.0	22.0	0.0
Sale of music rights and editions	30.6	25.8	4.8
Film and home video distribution	19.8	19.9	(0.1)
Distribution and sale of channels	10.2	10.4	(0.2)
Fees for hosting plants and equipment	15.4	16.2	(0.8)
Sundry services, mainly for institutional purposes	3.8	3.3	0.5
Signal diffusion services, rental of circuits, radio links and connections	1.1	3.0	(1.9)
Interactive telephone	0.3	0.2	0.1
Contributions for operating expenses	2.8	2.4	0.4
Other	5.2	5.3	(0.1)
Third parties share on sales	(17.8)	(14.6)	(3.2)
Contingencies	0.6	1.9	(1.3)
<b>Total</b>	<b>94.0</b>	<b>95.8</b>	<b>(1.8)</b>

- *Signal diffusion services, rental of circuits, radio links and connections* (€-1.9 million): mainly due to elimination due to the broadcasting of a TV channel by another operator starting from July 2017.

In connection with the revenue trends pointed out above, the licence fee reached 67.7% of revenue, with an increase of 0.7% percentage points compared to 30 June 2017, to the detriment of Advertising, as seen in the table below.

### Operating costs

These are made up of external costs and HR expenses, meaning both internal and external costs pertaining to the company's ordinary business except for those concerning financial management.

It amounted to €1,045.2 million and, compared to the same period of 2017, was down by

€13.5 million (-1.3%), the reasons for which are explained below.

### External costs

These amounted to €525.8 million and included the purchases of goods and services needed to produce programmes of immediate use (purchases of consumables, external services, artistic collaboration agreements, etc.), the sports event recording rights, copyrights, operating costs and other management-related costs (indirect taxes, contributions payable to the control authorities, etc.).

The item dropped by €17.7 million (€-3.3%) compared to the first half of 2017, notwithstanding the costs for the 2018 Winter Olympics (€10.8 million, of which €10.0 million for acquisition of the recording rights alone).

## % OF REVENUE

	June '18	June '17
TV licence fees	67.7	67.0
Advertising	25.1	25.8
Other revenue	7.2	7.2
<b>Total</b>	<b>100.0</b>	<b>100.0</b>

## EXTERNAL COSTS

(€/million)	June '18	June '17	Change
<b>Purchases of materials</b>	<b>6.8</b>	<b>7.5</b>	<b>(0.7)</b>
<b>Costs for services</b>			
Contractors	69.2	66.9	2.3
Services for programme acquisition and production	114.1	110.7	3.4
Service travel and accessory personnel costs	21.2	22.1	(0.9)
Maintenance, repairs, transport and similar	22.1	22.1	0.0
IT system documentation and assistance services	27.4	26.2	1.2
Other outsourced services (telephony, supply services, cleaning, postal, insurance, agency fees, etc.)	73.1	72.9	0.2
Rental expenses and rentals	43.8	48.7	(4.9)
Recording rights (Sports broadcasting rights, Festival of Sanremo, Classical music and prose)	75.1	92.4	(17.3)
Copyright	53.4	54.4	(1.0)
Recovery of expenses	(7.8)	(9.1)	1.3
Contingencies	1.0	1.5	(0.5)
	<b>492.6</b>	<b>508.8</b>	<b>(16.2)</b>
<b>Other costs</b>	<b>26.4</b>	<b>27.2</b>	<b>(0.8)</b>
<b>Total</b>	<b>525.8</b>	<b>543.5</b>	<b>(17.7)</b>

The reduction, recurring over several breakdown items as seen in the previous table, is mostly ascribable to the recording rights (€-27.3 million net of the Winter Olympics) of the following sports events: Football – Coppa Italia (-9.6 million) due to the different distribution of matches during the two half years, football – National (-3.5 million) for the under 21 European Football Championships played during the first half of 2017, the Formula 1 Championship (€-8.3 million) not acquired in 2018 and winter sports (€-2.5 million) because of the presence of the world downhill skiing and Nordic skiing events in 2017.

### HR expenses

This item amounted to €519.4 million, up by €4.2 million (+0.8%) compared to the first half of 2017, as seen in the table below.

The increase of the item Wages, salaries and social security costs was caused by provision of the amount pertaining to the half year of the rewards system for middle managers, office staff, workers and journalists that offset the positive effects triggered by reduction of the average workforce, explained below, and by

the March 2018 agreement to implement the National Bargaining Agreement of journalists that led to fewer provisions covering the employment termination indemnity to pay.

Also noteworthy are:

- Fewer provisions for litigation (item Other);
- Lower capitalisation of personnel costs, mainly for producing the TV series “Non uccidere 2” during the first half of 2017.

The **average number of employees** during the year, including temporary personnel, was 12,809 units with 177 units less than the first half of 2017, caused by a reduction of 186 units of permanent personnel and an increase of 9 units of temporary personnel.

The **current employees** at 30 June 2018 consisted of 12,241 units of workforce (including permanent personnel, temporary management personnel and apprentices) and 733 temporary personnel. The increase of 41 workforce personnel compared to 31 December 2017 was caused by 151 units leaving, 36 of which under an incentive plan, and the hiring of 192 units, of which 157 to stabilise temporary personnel, and 9 due to litigation.

### HR EXPENSES

(€/million)	June '18	June '17	Change
Wages and salaries, and social security costs	497.9	488.7	9.2
Employee severance pay provision	21.6	21.7	(0.1)
Pensions and similar obligations	7.4	7.8	(0.4)
Other	3.4	6.1	(2.7)
	<b>530.3</b>	<b>524.3</b>	<b>6.0</b>
Redundancy incentives	1.1	1.4	(0.3)
Recovery of expenses	(1.1)	(0.8)	(0.3)
HR expenses capitalised	(8.4)	(10.7)	2.3
Contingencies	(2.5)	1.0	(3.5)
	<b>(10.9)</b>	<b>(9.1)</b>	<b>(1.8)</b>
<b>Total</b>	<b>519.4</b>	<b>515.2</b>	<b>4.2</b>

**EBITDA**

In connection with the changes stated above, EBITDA was positive and totalled €264.7 million, down €11.8 million compared to the first half of 2017.

**Depreciation, amortisation and write-downs**

The balance of this item was €265.8 million, up €11.0 million (+4.3%) compared to 30 June 2017, and refers to depreciation, amortisation and write-downs of current and non-current assets as shown in the table below.

**Provisions**

The item, showing provisions for risks and charges and their absorptions not classifiable in specific items of the income statement, had a negative balance of €1.9 million (€-13.1 million in the first half of 2017), caused by provisions for €3.4 million (€14.7 million in 2017) and by absorptions for €1.5 million (€1.6 million in 2017). In this regard, it is noted that the provisions refer to the litigation provisions for €2.4 million (€2.5 million in the first half of 2017) and that at 30 June 2017 there were provisions for tax disputes for €10.8 million resulting from settlement of tax disputes by way of facilitated acceptance pursuant to Art. 11 of Legislative Decree 50/2017 of the Rai Pubblicità VAT dispute.

**DEPRECIATION, AMORTISATION AND WRITE-DOWNS**

(€/million)	June '18	June '17	Change
<b>Amortisation</b>			
Amortisation of programmes			
TV series	139.3	137.3	2.0
Film	47.8	45.6	2.2
Cartoons	4.8	5.6	(0.8)
Other	2.7	2.6	0.1
	<b>194.6</b>	<b>191.1</b>	<b>3.5</b>
<b>Other amortisation and depreciation</b>			
Of property, plant and equipment:			
Buildings	8.6	8.6	0.0
Plant and machinery	35.4	36.9	(1.5)
Fixtures and fittings, tools and other equipment	1.4	1.3	0.1
Other assets	3.0	2.7	0.3
	<b>48.4</b>	<b>49.5</b>	<b>(1.1)</b>
<b>Of real estate investments</b>	<b>0.2</b>	<b>0.2</b>	<b>0.0</b>
Of intangible assets:			
Software	4.1	2.7	1.4
Other rights	0.2	0.2	0.0
	4.3	2.9	1.4
<b>Other amortisation and depreciation</b>	<b>52.9</b>	<b>52.6</b>	<b>0.3</b>
<b>Total amortisation and depreciation</b>	<b>247.5</b>	<b>243.7</b>	<b>3.8</b>
<b>Write-downs (reversing impairment losses)</b>			
Of intangible assets:			
Programmes under amortisation	16.0	8.8	7.2
Programmes in progress	1.5	1.0	0.5
Other	0.0	0.9	(0.9)
	<b>17.5</b>	<b>10.7</b>	<b>6.8</b>
<b>Of other non-current assets</b>	<b>0.7</b>	<b>1.1</b>	<b>(0.4)</b>
<b>Of trade receivables and other current assets</b>	<b>0.1</b>	<b>(0.7)</b>	<b>0.8</b>
<b>Total write-downs</b>	<b>18.3</b>	<b>11.1</b>	<b>7.2</b>
<b>Total</b>	<b>265.8</b>	<b>254.8</b>	<b>11.0</b>

**EBIT**

The changes in revenue and costs explained to this point brought about a negative EBIT of €3.0 million, €11.6 million worse than 30 June 2017.

**Financial income (expense)**

The item includes the economic effects arising from recognition of the actuarial interest for employee benefits, from financial management, such as interest income/expense from banks and bondholders and from the exchange rate charges/income.

The item showed a loss of €7.6 million (€-7.2 million at 30 June 2017), whose components are broken down in the table below.

Compared to the corresponding period of the previous year, please note:

- lower net interest expense to banks and other lenders for €0.9 million as a result of the lower debt level;
- €0.3 million additional expense for the actuarial valuation of obligations for employee benefits (mainly TFR and supplementary company pension provision);
- greater net exchange rate charges for €0.9 million.

The average cost of loans used during the half year, consisting almost only of medium/long-term credit lines and the corporate bond of the Parent Company, was 1.7%. The first half of 2017 showed a lower average rate (1.4%) since also short-term lines and revocable lines were used owing to a greater financial need, with rates close to zero.

Please also note that the four Interest Rate Swap Forward Start contracts signed in the first half of 2017 for a total notional amount of €350 million with commencement date May 2020 and validity for the next 5 years, implemented to hedge the risk of interest rates increasing at the due date of the current bond issue and the resulting need to refinance, had a negative fair value of €1.0 million (positive for €1.2 million before the tax component at 31 December 2017), which negatively reflects on the total net profit of the period by €2.2 million.

**FINANCIAL INCOME (EXPENSE)**

(€/million)	June '18	June '17	Change
Dividends	0.1	0.0	0.1
Net interest income (expense) net with banks and other lenders	(0.6)	(1.5)	0.9
Interest expense on bonds	(3.0)	(3.0)	0.0
Interest on employee benefit liabilities	(2.6)	(2.3)	(0.3)
Net exchange rate gains (charges)	(0.3)	0.6	(0.9)
Other	(1.2)	(1.0)	(0.2)
<b>Financial income (expense)</b>	<b>(7.6)</b>	<b>(7.2)</b>	<b>(0.4)</b>

### Earnings from equity investments recognised under the equity method

The item showed a profit of €0.2 million (€0.3 million in 2017) brought about by valuation of the associates and joint ventures at net equity.

### Income tax

This item, which showed a positive value of €5.5 million (negative €3.9 million in the first half of 2017), is calculated by the balance between current and deferred taxes, as itemised in the following table.

The income-related changes that arose during the half year led to taxable profit in several Group company, for which overall €13.6 million for IRES and €2.9 million for IRAP were set aside.

Deferred tax liabilities had a positive net effect of €1.9 million in connection with the recovery of the temporary income differences recognised in previous years.

Deferred tax assets had a positive net effect of €19.8 million mainly due the tax loss of the Parent Company that occurred during the period being entered in accounts.

## INCOME TAX

(€/million)	June '18	June '17	Change
IRES	(13.6)	(13.2)	(0.4)
IRAP	(2.9)	(2.9)	0.0
Deferred tax liabilities	1.9	1.0	0.9
Deferred tax assets	19.8	11.0	8.8
Direct taxes of previous years	0.3	0.2	0.1
<b>Total</b>	<b>5.5</b>	<b>(3.9)</b>	<b>9.4</b>

## Capital Structure

### Fixed assets

This item amounted to €2,009.9 million, down €21.5 million compared to 31 December 2017, and are shown in the following table.

Property, plant and equipment, broken down in the table below, decreased by €15.4 million.

Assets in programmes, down by €3.4 million and explained in detail in the table below, are mostly represented by the TV series and film genres, on which – as explained below – most investments of the half year were concentrated.

### FIXED ASSETS

(€/million)	30.06.2018	31.12.2017	Change
Property, plant and equipment	1,059.6	1,075.0	(15.4)
Assets in programmes	908.0	911.4	(3.4)
Long-term investments	10.1	11.5	(1.4)
Others	32.2	33.5	(1.3)
<b>Total</b>	<b>2,009.9</b>	<b>2,031.4</b>	<b>(21.5)</b>

### PROPERTY, PLANT AND EQUIPMENT

(€/million)	30.06.2018	31.12.2017	Change
Land	382.2	382.1	0.1
Buildings	330.4	333.6	(3.2)
Plant and machinery	249.9	262.1	(12.2)
Fixtures and fittings, tools and other equipment	9.2	9.3	(0.1)
Other assets	24.1	23.5	0.6
Assets under development and payments on account	63.8	64.4	(0.6)
<b>Total</b>	<b>1,059.6</b>	<b>1,075.0</b>	<b>(15.4)</b>

### ASSETS IN PROGRAMMES

(€/million)	30.06.2018	31.12.2017	Change
TV series	545.8	523.1	22.7
Film	257.1	281.6	(24.5)
Cartoons	35.6	33.8	1.8
Rights of library use	61.9	64.8	(2.9)
Other	7.6	8.1	(0.5)
<b>Total</b>	<b>908.0</b>	<b>911.4</b>	<b>(3.4)</b>

The **Long-term investments**, consisting of company equity investments and other financial assets falling due beyond 12 months, showed a decrease of €1.4 million, mainly due to the change in fair value of the *Interest Rate Swap Forward Start* contracts implemented to hedge the risk of increased interest rates on the due date of the previously mentioned current bond.

It is also pointed out that the reduction in book value of the equity investment in Tivù Srl, an associate measured at equity, was caused by recognition of the dividends.

The item is broken down in detail in the following table.

The item **Other fixed assets**, broken down in the table below, includes *Goodwill* and *Customer portfolio* coming from the allocation of a portion of the sum paid by Rai Way to acquire control of Sud Engineering Srl, merged through incorporation into Rai Way in June 2017, and shows a €1.3 million reduction, mostly referring to Software.

## LONG-TERM INVESTMENTS

(€/million)	30.06.2018	31.12.2017	Change
Equity investments in associates			
Auditel Srl	0.7	0.7	0.0
Euronews SA	1.2	1.2	0.0
Tivù Srl	2.0	2.1	(0.1)
San Marino RTV SpA	2.0	2.0	0.0
	<b>5.9</b>	<b>6.0</b>	<b>(0.1)</b>
Other equity investments	0.9	0.9	0.0
Fixed-income securities	2.4	2.5	(0.1)
Derivative instruments	0.1	1.2	(1.1)
Other	0.8	0.9	(0.1)
<b>Total</b>	<b>10.1</b>	<b>11.5</b>	<b>(1.4)</b>

## OTHER FIXED ASSETS

(€/million)	30.06.2018	31.12.2017	Change
Software	22.8	24.0	(1.2)
Goodwill	5.0	5.0	0.0
Portfolio for business lines	3.1	3.1	0.0
Commercial rights with football clubs	1.3	1.4	(0.1)
<b>Total</b>	<b>32.2</b>	<b>33.5</b>	<b>(1.3)</b>

Investments in the first half of 2018 amounted to €244.9 million, down by €21.6 million (-8.1%) compared to the first half of 2017.

In detail, there were lower investments:

- in programmes for €11.6 million (-5.3%) referring to the TV series genre;
- in software for €2.3 million (-45.1%);
- other for €8.3 million in connection with the intangible assets, as explained above, arising from the allocation of a portion of the sum paid by Rai Way for acquisition of control of Sud Engineering during the first half of 2017.

## Net working capital

The most significant changes compared to 31 December 2017 regard the following items:

**Other receivables** up by €42.2 million, mainly for advances paid for acquisition of rights of future football events, such as the 2020 European Championships, Nations League, and Champions League.

**Other payables** increased by €303.6 million due to the recognition of deferred income on licence fees originating from the difference between the amounts paid during the half year by the Ministry of Economy and Finance and the accrued value, whose recovery is expected during the second half.

## INVESTMENTS

(€/million)	June '18	June '17	Change
TV series	177.6	189.3	(11.7)
Film	24.0	23.4	0.6
Other programmes	7.2	7.7	(0.5)
<b>Total investments in programmes</b>	<b>208.8</b>	<b>220.4</b>	<b>(11.6)</b>

## OTHER INVESTMENTS

(€/million)	June '18	June '17	Change
Property, plant and equipment	33.3	32.7	0.6
Software	2.8	5.1	(2.3)
Other	0.0	8.3	(8.3)
<b>Total other investments</b>	<b>36.1</b>	<b>46.1</b>	<b>(10.0)</b>
<b>Total investments</b>	<b>244.9</b>	<b>266.5</b>	<b>(21.6)</b>

## NET WORKING CAPITAL

(€/million)	30.06.2018	31.12.2017	Change
Inventories	2.3	2.4	(0.1)
Trade receivables	361.3	391.6	(30.3)
Other receivables	147.7	105.5	42.2
Trade payables	(682.3)	(660.1)	(22.2)
Other payables	(778.0)	(474.4)	(303.6)
Assets (Liabilities) for deferred taxes	(47.7)	(38.6)	(9.1)
<b>Total</b>	<b>(996.7)</b>	<b>(673.6)</b>	<b>(323.1)</b>

## Provisions for risks and charges

The item Provisions for risks and charges, which amounted to €178.2 million, dropped by €7.4 million compared to 31 December 2017, mainly attributable to the balance between use of the provision at 31 December 2017 and new allocations to the provisions for accrued compensation costs from employees and litigation.

The breakdown of the provisions and the related changes compared to 31 December 2017 are shown in the table below.

## Employee benefits

Employee benefits, which totalled €470.5 million, decreased by €12.6 million compared to 31 December 2017.

The itemisation of the provisions and relevant changes compared to 31 December 2017 is provided in the table below.

### PROVISIONS FOR RISKS AND CHARGES

(€/million)	30.06.2018	31.12.2017	Change
Legal disputes	(67.9)	(69.9)	2.0
Accrued compensation costs	(14.4)	(19.1)	4.7
Building renovation and refurbishment	(27.8)	(28.0)	0.2
Dismantling and restoration	(14.5)	(14.6)	0.1
Tax disputes	(2.6)	(2.6)	0.0
Social security disputes	(3.0)	(3.0)	0.0
ISC/ICM agents	(2.2)	(2.1)	(0.1)
Other	(45.8)	(46.3)	0.5
<b>Total</b>	<b>(178.2)</b>	<b>(185.6)</b>	<b>7.4</b>

### EMPLOYEE BENEFITS

(€/million)	30.06.2018	31.12.2017	Change
Employee severance pay	(257.7)	(258.8)	1.1
Supplementary company pension provision	(128.0)	(137.2)	9.2
Provision for pay in lieu of notice to journalists	(69.8)	(69.5)	(0.3)
FASDIR assistance provision for the retired	(13.6)	(14.7)	1.1
Seniority bonuses	(0.8)	(2.3)	1.5
Other	(0.6)	(0.6)	0.0
<b>Total</b>	<b>(470.5)</b>	<b>(483.1)</b>	<b>12.6</b>

## Net financial position

The first half of 2018 closed with a positive net financial position, calculated following the ESMA scheme, for €89.2 million (€-60.3 million at 30 June 2017), up by €298.2 million compared to 31 December 2017, whose components are shown in the table below.

The total reabsorption of net debt at 31 December 2017 was the result of the ordinary cash flows of the first half of the year (characterised by the payment of licence fee advance instalments amounting to a total of €1,190 million). The balance was also positively affected by the reduction of Parent Company disbursements for personnel and operating cost flows, and by the deferral of several payment flows of the Associates to the second half of 2018.

Average financial position was negative by about €42 million (€-547 million in the first half of 2017), a significant improvement (€505 million) due to the lower debt at the beginning of the year and the improved financial profile of the period, which benefited from the new licence fee transfer plan by the Ministry.

In June 2018, Moody's – as a consequence of the rating action initiated against Italian sovereign debt – reviewed Rai's rating, currently Long-Term Issuer Baa3 (investment grade) with a negative outlook, whose assessment is linked to the state, the Company's shareholder of reference.

The financial risks to which the Group is exposed are monitored with appropriate IT and statistical tools. A policy regulates financial management based on best practices with the objective of preserving corporate value through a risk averse attitude, pursued with active monitoring carried out centrally by the Parent Company, also on behalf of the subsidiaries. This does not include Rai Way which has its own financial autonomy, though with guidelines assigned by the Parent Company.

Detailed information on the financial risks is provided in the specific section of the Notes to the financial statement, to which the reader is referred.

## NET FINANCIAL POSITION

(€/million)	30.06.2018	31.12.2017	Change June 2018 December 2017	30.06.2017
Liquidity	505.2	228.0	277.2	404.4
Current financial receivables:				
- current financial assets on derivatives	0.4	0.0	0.4	0.0
- tied accounts	6.4	6.3	0.1	9.0
- with associates	1.8	0.5	1.3	2.3
- other	0.6	0.4	0.2	0.4
	<b>9.2</b>	<b>7.2</b>	<b>2.0</b>	<b>11.7</b>
Current financial debt:				
- due to banks	(40.1)	(40.0)	(0.1)	(50.0)
- due to other lenders	(0.1)	(0.1)	0.0	(0.1)
- current financial liabilities on derivatives	0.0	(0.5)	0.5	(0.6)
- other	(0.2)	(0.2)	0.0	(2.7)
	<b>(40.4)</b>	<b>(40.8)</b>	<b>0.4</b>	<b>(53.4)</b>
Non-current financial debt:				
- due to banks	(35.3)	(55.3)	20.0	(75.3)
- bond issue	(348.3)	(347.8)	(0.5)	(347.4)
- due to other lenders	(0.2)	(0.3)	0.1	(0.3)
- non-current financial liabilities on derivatives	(1.0)	0.0	(1.0)	0.0
	<b>(384.8)</b>	<b>(403.4)</b>	<b>18.6</b>	<b>(423.0)</b>
<b>Net cash (debt)</b>	<b>89.2</b>	<b>(209.0)</b>	<b>298.2</b>	<b>(60.3)</b>

# Financial Statements of the Rai Group

Financial statements of the Rai Group

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

(€/million)	Note	Half-year ended 30 June 2018	Year ended 31 December 2017
Property, plant and equipment	8.1	1,055.1	1,070.3
Real estate investments	8.2	4.5	4.7
Intangible assets	8.3	940.2	944.9
Equity investments	8.4	6.8	6.9
Non-current financial assets	8.5	3.3	4.6
Deferred tax assets	8.6	-	-
Other non-current assets	8.7	33.7	15.2
<b>Total non-current assets</b>		<b>2,043.6</b>	<b>2,046.6</b>
Inventory	9.1	2.3	2.4
Trade receivables	9.2	360.6	390.6
Current financial assets	9.3	9.2	7.2
Current income tax credits	9.4	22.1	21.7
Other current receivables and assets	9.5	92.6	69.6
Cash and cash equivalents	9.6	505.2	228.0
<b>Total current assets</b>		<b>992.0</b>	<b>719.5</b>
<b>Total assets</b>		<b>3,035.6</b>	<b>2,766.1</b>
Share capital		242.5	242.5
Reserves		201.7	209.9
Retained earnings (losses)		(43.8)	(34.1)
<b>Total Group Shareholders' equity</b>		<b>400.4</b>	<b>418.3</b>
Third party capital and reserves		42.5	42.2
Retained earnings (losses) attributable to minority interests carried forward		10.8	19.6
<b>Total shareholders' equity attributable to minority interests</b>		<b>53.3</b>	<b>61.8</b>
<b>Total shareholders' equity</b>	<b>10</b>	<b>453.7</b>	<b>480.1</b>
Non-current financial liabilities	11.1	384.8	403.4
Employee benefits	11.2	470.5	483.1
Provisions for non-current risks and charges	11.3	178.0	185.3
Deferred tax liabilities	11.4	47.7	38.6
Other non-current payables and liabilities	11.5	1.9	2.0
<b>Total non-current liabilities</b>		<b>1,082.9</b>	<b>1,112.4</b>
Trade payables	12.1	682.3	660.1
Current provisions for risks and charges		0.2	0.3
Current financial liabilities	12.2	40.4	40.8
Current income tax payables	12.3	16.0	30.5
Other current payables and liabilities	12.1	760.1	441.9
<b>Total current liabilities</b>		<b>1,499.0</b>	<b>1,173.6</b>
<b>Total liabilities</b>		<b>2,581.9</b>	<b>2,286.0</b>
<b>Total shareholders' equity and liabilities</b>		<b>3,035.6</b>	<b>2,766.1</b>

**CONSOLIDATED INCOME STATEMENT**

(€/million)	Note	Half-year ended	
		30 June 2018	30 June 2017
Revenue from sales and services	13.1	1,303.6	1,328.5
Other revenues and income	13.2	6.3	6.7
<b>Total revenue</b>		<b>1,309.9</b>	<b>1,335.2</b>
Costs for the purchase of consumables	13.3	(6.8)	(7.5)
Costs for services	13.3	(492.6)	(508.8)
Other costs	13.3	(26.4)	(27.2)
HR expenses	13.4	(519.4)	(515.2)
Write-downs of financial assets	13.5	0.3	-
Depreciation, amortisation and other write-downs	13.6	(266.1)	(254.8)
Provisions	13.7	(1.9)	(13.1)
<b>Total costs</b>		<b>(1,312.9)</b>	<b>(1,326.6)</b>
<b>EBIT</b>		<b>(3.0)</b>	<b>8.6</b>
Financial income	13.8	0.8	1.3
Financial expense	13.8	(8.4)	(8.5)
Earnings from equity investments recognised under the equity method	13.9	0.2	0.3
<b>Pre-tax profit/(loss)</b>		<b>(10.4)</b>	<b>1.7</b>
Income tax	13.10	5.5	(3.9)
<b>Result net of operating activities</b>		<b>(4.9)</b>	<b>(2.2)</b>
<b>Net profit (loss) for the period - Profit (loss)</b>		<b>(4.9)</b>	<b>(2.2)</b>
of which attributable:			
- to the Group		(15.7)	(11.8)
- to minority interests		10.8	9.6

Financial statements of the Rai Group

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

(€/million)

	Half-year ended	
	30 June 2018	30 June 2017
<b>Net profit (loss) for the period - Profit (loss)</b>	<b>(4.9)</b>	<b>(2.2)</b>
Items that can be reclassified to the Income Statement:		
Profit/(loss) on cash flow hedge	(1.8)	1.7
Conversion of balances with currency that is not the Euro	-	-
Tax effect	0.2	(0.3)
<b>Total</b>	<b>(1.6)</b>	<b>1.4</b>
Items that cannot be reclassified to the Income Statement:		
Recalculation of defined-benefit plans	1.3	8.7
Tax effect	-	(0.1)
<b>Total</b>	<b>1.3</b>	<b>8.6</b>
<b>Comprehensive profit (loss) for the period - Profit (loss)</b>	<b>(5.2)</b>	<b>7.8</b>
of which attributable:		
- to the Group	(16.1)	(1.8)
- to minority interests	10.9	9.6

**CONSOLIDATED CASH FLOW STATEMENT**

(€/million)	Note	Half-year ended	
		30 June 2018	30 June 2017
<b>Gain (Loss) before tax</b>		<b>(10.4)</b>	<b>1.7</b>
Adjustments for:			
Write-downs of financial assets, amortisation, depreciation and other write-downs	13.5 - 13.6	265.8	254.8
Accruals to and (releases of) personnel provisions and other provisions	13.7	35.8	42.0
Net financial charges (income)	13.8	7.6	7.2
Earnings from equity investments recognised under the equity method	13.9	(0.2)	(0.3)
Other non-monetary items		0.1	0.1
<b>Cash flow generated by operating activities before changes in net working capital</b>		<b>298.7</b>	<b>305.5</b>
Change in inventory	9.1	0.1	0.2
Change in trade receivables	9.2	28.5	230.3
Change in trade payables	12.1	22.2	(41.0)
Change in other assets/ liabilities		278.3	362.9
Use of provision for risks	11.3	(24.0)	(32.2)
Payment of employee benefits	11.2	(34.8)	(39.1)
Taxes paid		(0.3)	(8.8)
<b>Net cash flow generated by operating activities</b>		<b>568.7</b>	<b>777.8</b>
Investments in property, plant and equipment and real estate investments	8.1 - 8.2	(33.3)	(32.7)
Disposal of property, plant and equipment and real estate investments	8.1 - 8.2	-	0.7
Investments in intangible assets	8.3	(211.6)	(233.8)
Disposal of intangible assets	8.3	-	-
Equity investments		-	(0.2)
Dividends collected		0.1	0.6
Interest collected		0.1	-
Change in financial assets	8.5 - 9.3	(1.4)	(5.8)
<b>Net cash flow generated by investment activity</b>		<b>(246.1)</b>	<b>(271.2)</b>
Long-term loans taken out	11.1	-	-
Long-term loan redemptions	11.1	(20.1)	(20.1)
(Decrease)/Increase in short-term borrowings and other loans	12.2	0.1	(147.7)
Interest paid		(6.1)	(6.0)
Dividends distributed		(19.3)	(14.6)
<b>Net cash flow generated by financial activities</b>		<b>(45.4)</b>	<b>(188.4)</b>
<b>Change in cash and cash equivalents</b>		<b>277.2</b>	<b>318.2</b>
Cash and cash equivalents at the beginning of the year	9.6	228.0	86.2
<b>Cash and cash equivalents at end of the period</b>	<b>9.6</b>	<b>505.2</b>	<b>404.4</b>

Financial statements of the Rai Group

**STATEMENT OF CHANGES IN CONSOLIDATED EQUITY**

(€/million)	Share capital	Legal reserve	Other reserves	Retained earnings (losses)	Group shareholders' equity	Non-controlling interests	Total shareholders' equity (Note 14)
<b>Balances at 1 January 2017</b>	<b>242.5</b>	<b>11.6</b>	<b>194.3</b>	<b>(28.4)</b>	<b>420.0</b>	<b>56.6</b>	<b>476.6</b>
<b>Allocation of profit</b>	-	<b>0.2</b>	<b>3.3</b>	<b>(3.5)</b>	-	-	-
Distribution of dividends	-	-	-	-	-	(14.6)	(14.6)
<b>Transactions with Shareholders</b>	-	-	-	-	-	<b>(14.6)</b>	<b>(14.6)</b>
Net profit (loss) for the period	-	-	-	(11.8)	(11.8)	9.6	(2.2)
Components of the statement of comprehensive income	-	-	1.4	8.6	10.0	-	10.0
<b>Comprehensive profit (loss) for the period</b>	-	-	<b>1.4</b>	<b>(3.2)</b>	<b>(1.8)</b>	<b>9.6</b>	<b>7.8</b>
<b>Balances at 30 June 2017</b>	<b>242.5</b>	<b>11.8</b>	<b>199.0</b>	<b>(35.1)</b>	<b>418.2</b>	<b>51.6</b>	<b>469.8</b>
<b>Balances at 1 January 2018 [1]</b>	<b>242.5</b>	<b>11.8</b>	<b>197.0</b>	<b>(34.8)</b>	<b>416.5</b>	<b>61.7</b>	<b>478.2</b>
<b>Allocation of profit</b>	-	<b>0.2</b>	<b>(5.6)</b>	<b>5.4</b>	-	-	-
Distribution of dividends	-	-	-	-	-	(19.3)	(19.3)
<b>Transactions with Shareholders</b>	-	-	-	-	-	<b>(19.3)</b>	<b>(19.3)</b>
Net profit (loss) for the period	-	-	-	(15.7)	(15.7)	10.8	(4.9)
Components of the statement of comprehensive income	-	-	(1.7)	1.3	(0.4)	0.1	(0.3)
<b>Comprehensive profit (loss) for the period</b>	-	-	<b>(1.7)</b>	<b>(14.4)</b>	<b>(16.1)</b>	<b>10.9</b>	<b>(5.2)</b>
<b>Balances at 30 June 2018</b>	<b>242.5</b>	<b>12.0</b>	<b>189.7</b>	<b>(43.8)</b>	<b>400.4</b>	<b>53.3</b>	<b>453.7</b>

[1] the figures include the effects caused by the first application of the IFRS 9 and IFRS 15 accounting standards, as explained in note no. 3 "Effects caused by the first application of the IFRS 9 and IFRS 15 accounting standards".

# Notes to the Interim Consolidated Financial Statements as at 30 June 2018

# 1

## General information

Rai Radiotelevisione italiana SpA (hereinafter “Rai”, the “Company” or the “Parent Company”) is a joint-stock company formed and domiciled in Italy, with registered office in Rome at Viale Mazzini 14, and organised according to Italian law.

The Company and its subsidiaries (jointly the “Group”) operate in Italy in the role of general radio and television public broadcasting service: with Prime Ministerial Decree of 28 April 2017 containing “Assignment of the radio, television and multimedia Public Service concession and approval of the annexed draft agreement”, Rai was formed as concessionaire of the radio, television and multimedia Public Service on an exclusive basis for a decade, starting from 30 April 2017.

On the strength of specific national and community regulations, the Parent Company is obliged to fulfil precise programming quality and quantity obligations, further detailed in the Service Contract stipulated with the Ministry for Economic Development (hereinafter also the “Contract”) for the period 2018-2022, published in the Official Gazette on 7 March 2018.

The Contract relates to the activity that Rai performs in order to carry out the public service and, in particular, the radio, television and multimedia services broadcast through the various platforms in all modes, the use of the necessary transmission capacity, the creation of editorial content, the provision of technological services for the production and transmission of the signal using analogue and digital technology, and the preparation and management of control and monitoring systems.

The capital of the Company is respectively held by:

- Ministry of Economy and Finance (99.5583%)
- SIAE Società Italiana Autori Editori (0.4417%)

The interim Consolidated Financial Statements as at 30 June 2018 (hereinafter “Consolidated Financial Statements”) are subject to auditing by the company PricewaterhouseCoopers SpA (hereinafter the “External Auditor”) to which the Rai Ordinary General Meeting of Shareholders, upon the proposal put forward by the Board of Statutory Auditors, assigned the appointment for the financial years until 2023 on 10 March 2016, in consideration of Rai’s acquisition of status of Public Interest.

## 2 Basis of preparation, measurement and use of estimates

The Consolidated Financial Statements are prepared applying what is set forth in accounting standard IAS 34 – Interim Financial statements, part of the International Financial Reporting Standards (“IFRS”).

As concerns preparation, measurement criteria and use of estimates to draw up the Consolidated Financial Statements, please refer to the specific paragraphs of the Notes to the Consolidated Financial Statements of the document Reports and Financial Statements as at 31 December 2017 as it has not changed, except as regards the new accounting standards IFRS 9 “Financial Instruments” (hereinafter, “IFRS 9”) and IFRS 15 “Revenue from contracts with customers” (hereinafter, “IFRS 15”) coming into force on 1 January 2018 and the useful life of programmes with repeated utility belonging to the cartoons segment which varied from three to five years.

Related to the accounting standards approved but not yet applicable or not yet approved by the European Union, please refer to what is reported in the specific paragraph of the Notes to the Consolidated Financial Statements of the document Reports and Financial Statements as at 31 December 2017. In addition, please note that, during the first half of 2018, the following standards were approved:

- Regulation 2018/289 issued by the European Commission on 26 February 2018 approved the amendments to the international accounting standard IFRS 2 “Payments based on shares”. The amendments are intended to clarify how companies need to apply the standard in certain specific cases. Those amendments are effective as of financial years starting on or after 1 January 2018.
- Regulation 2018/400 issued by the European Commission on 14 March 2018 approved the amendments to the international accounting standard IAS 40 “Real estate investments”. The amendments clarify when a company is authorised to change the qualification of property that was not a “real estate investment” to one or vice versa. Those amendments are effective as of financial years starting on or after 1 January 2018.
- Regulation 2018/498 issued by the European Commission on 22 March 2018 approved amendments to the international accounting standard IFRS 9 “Financial Instruments – Prepayment features with negative compensation”. The amendments are intended to clarify classification of certain financial assets that may be repaid in advance. Those amendments are effective as of financial years starting on or after 1 January 2019, permitting early application.
- Regulation 2018/519 issued by the European Commission on 28 March 2018 approved IFRIC 22 “Transactions in foreign currency and advances”. The interpretation clarifies recognition of transactions including the receipt or payment of advances in foreign currency. Those amendments are effective as of financial years starting on or after 1 January 2018.

The Group decided that the above-mentioned amendments and interpretations will not have any impact on the Consolidated Financial Statements.

## 3 Effects resulting from the first application of accounting standards IFRS 9 and IFRS 15

In correspondence to first application of accounting standards IFRS 9 and IFRS 15 the Group availed itself of the right to enter the effect connected to retrospective recalculation of opening equity values of the current accounting period. Therefore, the differences in accounting values resulting from adoption of the new standards were recognised in the other reserves and in profits carried forward as at 1 January 2018; consequently, balances as at 31 December 2017 were measured and entered in the financial statements as set forth respectively by the previous accounting standards IAS 39 and IAS 18.

The effects on the consolidated capital-financial situation as at 1 January 2018 resulting from application of the new accounting standards can be found in the following table:

(€/million)	31 December 2017	IFRS 15	IFRS 9	1 January 2018	Notes
Property, plant and equipment	1,070.3	-	-	1,070.3	
Real estate investments	4.7	-	-	4.7	
Intangible assets	944.9	-	-	944.9	
Equity investments	6.9	-	-	6.9	
Non-current financial assets	4.6	-	-	4.6	
Deferred tax assets	-	-	-	-	
Other non-current assets	15.2	-	-	15.2	
<b>Total non-current assets</b>	<b>2,046.6</b>	<b>-</b>	<b>-</b>	<b>2,046.6</b>	
Inventory	2.4	-	-	2.4	
Trade receivables	390.6	-	(1.8)	388.8	[1]
Current financial assets	7.2	-	-	7.2	
Current income tax credits	21.7	-	-	21.7	
Other current receivables and assets	69.6	-	-	69.6	
Cash and cash equivalents	228.0	-	-	228.0	
<b>Total current assets</b>	<b>719.5</b>	<b>-</b>	<b>(1.8)</b>	<b>717.7</b>	
<b>Total assets</b>	<b>2,766.1</b>	<b>-</b>	<b>(1.8)</b>	<b>2,764.3</b>	
Share capital	242.5	-	-	242.5	
Reserves	209.9	-	-	209.9	
Retained earnings (losses)	(34.1)	-	(1.8)	(35.9)	
<b>Total Group shareholders' equity</b>	<b>418.3</b>	<b>-</b>	<b>(1.8)</b>	<b>416.5</b>	
Third party capital and reserves	42.2	-	-	42.2	
Retained earnings (losses)	19.6	(0.1)	-	19.5	
<b>Total shareholders' equity attributable to minority interests</b>	<b>61.8</b>	<b>(0.1)</b>	<b>-</b>	<b>61.7</b>	
<b>Total shareholders' equity</b>	<b>480.1</b>	<b>(0.1)</b>	<b>(1.8)</b>	<b>478.2</b>	
Non-current financial liabilities	403.4	-	-	403.4	
Employee benefits	483.1	-	-	483.1	
Provisions for non-current risks and charges	185.3	-	-	185.3	
Deferred tax liabilities	38.6	(0.1)	-	38.5	[2]
Other non-current payables and liabilities	2.0	-	-	2.0	
<b>Total non-current liabilities</b>	<b>1,112.4</b>	<b>(0.1)</b>	<b>-</b>	<b>1,112.3</b>	
Trade payables	660.1	-	-	660.1	
Current provisions for risks and charges	0.3	-	-	0.3	
Current financial liabilities	40.8	-	-	40.8	
Current income tax payables	30.5	-	-	30.5	
Other current payables and liabilities	441.9	0.2	-	442.1	[2]
<b>Total current liabilities</b>	<b>1,173.6</b>	<b>0.2</b>	<b>-</b>	<b>1,173.8</b>	
<b>Total liabilities</b>	<b>2,286.0</b>	<b>0.1</b>	<b>-</b>	<b>2,286.1</b>	
Liabilities held for sale	-	-	-	-	
<b>Total shareholders' equity and liabilities</b>	<b>2,766.1</b>	<b>-</b>	<b>(1.8)</b>	<b>2,764.3</b>	

[1] Increase in the provision for write-down of receivables by application of the impairment model based on expected loss.

[2] Effects from the different time distribution of revenues relating to plant and equipment hosting payments.

The effects on the initial shareholders' equity are entered in the following table:

(in €/000)	Share capital	Legal reserve	Other reserves	Retained earnings (losses)	Group shareholders' equity	Non-controlling interests	Total shareholders' equity	Notes
<b>Balances as at 31 December 2017</b>	<b>242.5</b>	<b>11.8</b>	<b>198,1</b>	<b>(34,1)</b>	<b>418,3</b>	<b>61,8</b>	<b>480,1</b>	
Effects resulting from application of the new standards								
IFRS 15	-	-	-	-	-	(0.1)	(0.1)	[1]
IFRS 9	-	-	(1.1)	(0.7)	(1.8)	-	(1.8)	[2]
<b>Balances as at 1 January 2018</b>	<b>242.5</b>	<b>11.8</b>	<b>197.0</b>	<b>(34.8)</b>	<b>416.5</b>	<b>61.7</b>	<b>478.2</b>	

[1] Effect arising from the different time distribution of revenues relating to plant and equipment hosting payments.

[2] Effect attributable to the increase in the provision for write-down of receivables due to application of the impairment model based on expected loss.

There are no effects on the income statement as at 30 June 2018 from application of the new standards compared to what was foreseen from previous standards IAS 39 and IAS 18.

A brief description of the new accounting standards and measurement criteria used is provided below.

### 3.1 Main effects from the first application of accounting standard IFRS 9

#### Classification of financial assets

Accounting standard IFRS 9 states that the entity should check both the business model related to managing financial assets and the contractual characteristics related to cash flows and, based on that analysis, classify them consistently.

On initial recognition, a financial asset, if not designated as a financial asset valued at fair value with balancing entry in the income statement, is classified as:

- amortised cost asset, if managed based on business model whose goal is to hold the asset to cash its contractual flows and relative contractual terms foreseeing allocation of financial flows represented solely by returning capital and interest accrued on remaining capital;
- asset valued at fair value with balancing entry in the other components of comprehensive income, if managed based on business model whose goal is to hold the asset to cash its contractual flows, and to realise the investment through the sale and relative contractual terms establishing allocation of financial flows represented solely by returning the capital and interest accrued on the residual capital.

At the time of the initial entry of an equity investment not held for negotiation, the entity may irrevocably choose to present the subsequent variations in fair value in the other overall components of comprehensive income. This choice is made investment by investment.

The financial asset categories valued at fair value with balancing entry in the income statement include all derivative instruments, except for those instruments designated as hedging as part of hedging the risk of financial flow change.

Considering what has been specified above, the following table compares the financial assets of the Group classified according to IFRS 9 categories and based on what was previously established by IAS 39. Please note that the new classification did not cause effects on the value of financial assets as at 1 January 2018.

	Previous classification adopted pursuant to IAS 39	New classification adopted pursuant to IFRS 9
<b>Trade receivables</b>	Receivables and loans	Assets at amortised cost
<b>Current financial assets (a)</b>	Receivables and loans	Assets at amortised cost
<b>Cash and cash equivalents</b>	Receivables and loans	Assets at amortised cost
<b>Non-current financial assets (a)</b>	Receivables and loans	Assets at amortised cost
<b>Debt securities</b>	Held-to-maturity financial assets	Assets at amortised cost
<b>Hedging derivatives - Interest Rate Swap Forward Start</b>	Hedging financial tools	Financial assets measured at fair value with balancing entry in other components of comprehensive income
<b>Equity investments in other companies</b>	Financial assets at fair value with balancing entry in the income statement (b)	Equity investments designated at fair value with balancing entry in the income statement (c)

(a) Excluding debt securities and hedging derivative instruments.

(b) Non-listed investments, whose fair value could not be reliably estimated, were recognised at cost adjusted for losses of value.

(c) For investments in non-listed companies, where the information available to value the fair value is insufficient, the cost is deemed to represent a suitable estimate.

The debt securities item is entirely made up of State securities maturing in May 2021, provided to guarantee the Contract and Conventions with the State, classified under amortised cost assets as the Company intends to keep them until maturity to collect the cash flows created solely from payment of interest and capital.

### Hedge accounting

All hedge accounting designated pursuant to IAS 39 as at 31 December 2017 satisfies the criteria for being recognised as hedging transactions also pursuant to IFRS 9 as at 1 January 2018 so is considered as a continuation of pre-existing hedge accounting.

As a result of adopting the IFRS 9, the aligned time value of the optional structures of derivatives is recognised separately as a hedging cost and recognised in other components of comprehensive income, to be allocated to the reserve as “hedging cost” instead of being entered in the income statement immediately, based on the previous IAS standard.

39. That change did not cause any significant effects as at 1 January 2018.

For the description of strategies and management objectives for risks being hedged please refer to what is declared in Note no. 4 “Management of Financial Risks”.

### Impairment of financial assets

Accounting standard IFRS 9 replaces the “sustained loss” impairment model in IAS 39 “Financial instruments: recognition and measurement” with the “expected loss” model. The new model applies to financial assets measured at amortised cost and investments in debt securities measured at fair value with balancing entry in the statement of comprehensive income, but not to investments in instruments representing capital.

The Group values losses expected on trade receivables related to their entire duration based on an estimate weighted by the probabilities that those losses could occur. To this end, the Group uses information and quantitative and qualitative analyses, based on historical experience, suitably integrated by forecasts on the evolution expected from circumstances. Losses are measured as the current value of all differences between financial flows contractually due and cash flows that the Company expects to receive. Discounting is carried out applying the effective interest rate of the financial asset.

For financial assets that are not trade receivables, the Group estimates losses on a time horizon corresponding to the duration of each financial instrument, except for:

- financial assets represented by debt securities attributed a low credit risk (that is the risk of non-compliance along the expected lifespan of the financial instrument) at the reference data of the financial statements. The Group believes that a debt security has a low credit risk when its rating is equal to or higher than at least one of the following levels: Baa3 for Moody's, BBB- for Standard&Poor's and Fitch;
- of the other financial assets (current and non-current financial assets, cash and cash equivalents) for which the credit risk has not increased significantly from the date of initial recognition. To calculate whether the credit risk of a financial asset, not trade receivables, has increased significantly after initial recognition, the Group uses all the pertinent information, considered reasonable, adequately supported and available with no costs or excessive efforts.

Losses for reduction in value related to financial assets are presented separately in the income statement.

Applying the standard only caused effects on the trade receivables item resulting from the assessment of loss of value based on losses expected.

The Group determined, with reference to 1 January 2018, higher write-downs of trade receivables for a total amount of €1.8 million.

### 3.2 Main effects from the first application of accounting standard IFRS 15

The new accounting standard establishes that revenue be recognised based on the following five steps:

1. identification of the contract with the customer;
2. identification of the performance obligations (i.e. the contractual commitments to transfer goods and/or services to the customer);
3. determination of the transaction price;
4. allocation of the transaction price to the performance obligations identified on the basis of the stand alone selling price of each good or service;
5. recognition of the revenue when the relevant performance obligation is met.

#### Revenue recognition method

On signing each contract with customers, the Group, related to the goods or services promised, identifies as a separate obligation each promise to transfer goods, a service, a series of goods or services or, even more, a combination of separate goods and services to a customer.

Revenue is valued as fair value of the fee owed to Rai, including any variable components, where it is highly likely that they will not be carried forward to the future.

The Group recognises revenues due from fulfilling each separate obligation when control over the services supplied, rights granted or goods sold is transferred to the purchaser.

Revenues are entered in the financial statements net of any discounts and rebates, of payments made to customers which do not correspond to the purchase of distinct goods or services by the Rai Group, and the estimate of returns from customers.

The Group recognises a contractual asset or liability based on the fact that the service has already taken place, but the relative fee still has to be received, or a contractual liability when, with fees already received, obligations taken still have to be fulfilled.

Here below, you will find a brief description of the recognition, measurement and assessment process applied for each of the main flows of revenue identified.

### Revenues from licences

As reported in Note 1 "General information", to perform its public service the Parent Company performs the activities established in the Contract. The consideration for the service provided is:

- by ordinary licence fees, paid to the State, mainly debited in the electricity bill, by the owners of a device that can receive the radio-tv broadcasting signal and, for its share, paid by the State with methods set forth in the Contract in force, in January, May and September;
- by special fees, paid to the Parent Company directly by those running a commercial activity in which they provide the public service to the public through device that can receive the broadcasting signal.

As the Parent Company fulfils its obligations to supply a public service over time, the resulting licence revenues are recognised gradually as the radio-TV offer is transmitted.

### Revenues from advertising

Contracts with advertisers foresee an obligation, for a fee, to broadcast the promotional messages of its customers. The Group recognises advertising revenues when the promotional messages are effectively transmitted also considering fee reductions deemed highly probable.

### Revenues from special services under convention

This type includes revenues calculated through agreements that oblige the Parent Company to perform the activities set forth in the Contract related to the production, distribution and transmission of audio-visual contents abroad to promote the Italian language, culture and enterprise; and the production and distribution of radio and TV programmes, and audiovisual content, intended for some linguistic minorities, and the activities connected to managing the television licence fees.

The type of obligation undertaken, normally satisfied over time, means that the Group has to recognise the relative revenues over the period in which the obligation is fulfilled. Moreover, the fee due is normally based on the duration of productions broadcast.

### Revenues from the sale of music rights and editions

Contracts for the commercialisation of rights to exploit audio-visual works and music editions normally grant customers the possibility to use the associated works through various means of multimedia communication, for a limited period of time or for a number of pre-set showings, in contractually defined territories.

User licences normally give the licensee the right to access the audio-visual works and music editions as is when the licence is granted; recognition of the relative revenue therefore takes place when the licensee is able to start exploiting rights granted, the fee due is calculated as a fixed, non-refundable amount. However, when contracts foresee a fee calculated based on the income deriving from the distribution of the right, revenue is recognised when realised.

If rights that are part-owned by third parties are commercialised, the expenses resulting from the revenue due to them is recognised as a drop in revenue.

### Revenues from film and home video distribution

Film distribution contracts oblige making the material needed to project films available to cinema owners for a pre-set period of time. In exchange, the Group obtains the right to be paid a fee, normally variable based on the number of tickets sold and the commission percentage established contractually on cinema earnings. At times, there is a minimum guaranteed (when exceeded an invoice will be issued based on actual numbers) or a fixed consideration.

The Group recognises revenues associated with film distribution in line with the type of contract: (i) for contracts foreseeing a minimum guaranteed or a fixed fee, when the control of film projection material needed is transferred to cinema owners respecting the economic competence principle; (ii) for contracts foreseeing a variable fee, as the tickets are actually sold and the fee is accrued.

Contracts for home video distribution of audio-visual works normally establish that the Group delivers its clients DVDs and Blue Ray Discs to be sold to the public, on a sale or return basis. The Group, therefore, accrues the right to a fee for the sale of those goods when they are sold to the customer and per period of competence.

Both these contract types generally foresee that the owners or shopkeepers (or chains they belong to) debit the Group for expenses related to the promotional activities performed in the cinemas, in points of sale or in their immediate vicinity. As, in most cases, these activities are no different to the film and home video distribution, the Group recognises expenses as a direct reduction to the fee accrued. Hence, measuring revenues net of the sums debited to it for that purpose.

### **Revenue from distribution and sale of channels**

Contracts for the distribution and sale of channels oblige making the contents of the entire schedule available to customers; for a limited period and to broadcast on contractually defined platforms and territories.

The type of obligation undertaken, normally satisfied over time, means recognising the relative revenue over the period in which the obligation is fulfilled, regardless of whether the fee could have been quantified as fixed and recognised in advance as final.

### **Fees for hosting plants and equipment**

Fees from plant and equipment hosting services are recognised from when the client obtains access to the sites in which the plants and equipment are to be placed. Those revenues are recognised on a straight-line basis over the entire duration of the hospitality contract; therefore, apart from time distribution of the fee payment.

The effects on shareholders' equity as at 1 January 2018, resulting from application of IFRS 15, amounted to €0.1 million from the different time distribution of revenue from plant and equipment hosting fees net of the tax component.

The Consolidated Financial Statements were prepared using interim financial statements as at 30 June 2018 of the Company and its subsidiaries drafted in compliance with the IFRS. Please note that all Group companies close their financial years as at 31 December.

As regards consolidation standards used to draw up the Consolidated Financial Statements, please refer to what is indicated in the specific paragraphs of the Notes to the Consolidated Financial Statements of the document Reports and Financial Statements as at 31 December 2017.

The companies included in the scope of consolidation as at 30 June 2018, unchanged compared to 31 December 2017, are detailed in Note 17 "Appendix".

## 5 Management of financial risks

The financial risks to which the Group is exposed are managed according to the approach and procedures defined in a specific policy issued by the Parent Company and also applied to subsidiaries, except for Rai Way Spa (hereinafter "Rai Way") which, following listing, adopted its own policy; moreover the same as the Rai one. Those documents establish procedures, limits and tools for the monitoring and minimisation of financial risk; to preserve the corporate value of the Group and of entities belonging to it .

The main risks identified by the Group are:

- market risk arising from exposure to fluctuations of interest rates and exchange rates connected with the financial assets and liabilities respectively owned/originated and assumed;
- credit risk arising from the possibility that one or more counterparties might be insolvent;
- liquidity risk arising from the Group's inability to obtain the financial resources needed to meet short-term financial commitments.

### 5.1 Market risks

Market risk consists of the possibility that changes in the interest and exchange rates might negatively influence the value of the assets, liabilities or expected cash flows.

#### Interest rate risk

Interest rate risk originates from the possible increase in net financial expenses as a result of unfavourable changes in market rates on the variable rate financial positions. In order to limit this risk, corporate policy requires that the medium/long-term variable rate loans be converted to fixed rate for at least 50% by using derivative products, such as Interest Rate Swaps.

As at 30 June 2018 and 31 December 2017, the Parent Company had medium-long term loans that were entirely at fixed rate; therefore, the effects of the change in rates fall only on the short-term positions of a varying duration and sign during the year.

Please also note that on 20 April 2017 Rai stipulated four Interest Rate Swap Forward Start contracts for a notional total of €350 million with commencement date May 2020 and valid for the following 5 years. That transaction was implemented to hedge the risk of increasing interest rates when the current obligation expires with the resulting need to refinance.

Rai Way, in compliance with its financial policy, has two Interest Rate Swap contracts (IRS) as 50% hedging of the amortising credit line, for a residual notion amount of €45 million as at 30 June 2018.

The fair value of these transactions as at 30 June 2018 is suspended in a specific cash flow hedge reserve, with effect, net of the tax component, on the overall profit for the period.

On 30 July 2018, Rai Way reimbursed the amortising credit line for a total of €45 million in advance, extinguishing the relative rate hedging transactions at the same time.

#### Sensitivity analysis

The sensitivity analysis of uncovered financial positions, only including short-term items, only considers the scenario of an increase in short-term rates of 50 b.p., considering their minimum level already reached. In that hypothesis, both as at 30 June 2018 and as at 31 December 2017, please note greater net income, considering the higher interest receivable on cash on hand. Related to the fair value of the Interest Rate Swap and Interest Rate Swap Forward Start, in a similar rate increase hypothesis, please note an increase of the cash flow hedge reserve of about €8 million. For those products, considering the longer term rate curve, a parallel 50 b.p. shift down was also considered, with negative impacts on the cash flow hedge reserve (and therefore overall profit and loss) of about 9 million.

## Exchange rate risk

The Group exchange rate risk is mainly related to the exposure in USD from the purchase of film and TV rights by Rai Cinema SpA (hereinafter “Rai Cinema”), and, residually, sports rights purchased by Rai. During the first half of 2018, those commitments generated payments for about \$92 million (\$107 million in the first half of 2017). Further currency exposures, with broken-down outlays of an overall modest amount are the Swiss Franc and English Pound.

As at 30 June 2018, hedging transactions are only present for Rai Cinema.

Exchange rate risk is managed starting from the date the trade commitment is signed, is often long-term and has as an objective protecting the value in Euro of the commitments, as estimated at the time of the order (or budget). The policy regulates its management in keeping with the international best practices, to minimise the risk. This is pursued by the active monitoring of exposure and the implementation of hedging strategies by Rai, also on behalf of the subsidiaries (except for Rai Way which has an autonomous policy and management). The mandates for carrying out hedging transactions are given hierarchically and progressively, with a minimum intervention percentage of 50% of the contractual amount in foreign currency.

The hedging strategies are carried out through derivative instruments – such as forward purchases and optional structures – without taking on a financial speculation nature. To this end, using appropriate systems, effectiveness tests are conducted and make it possible to identify, as better described in detail in Note 12.2 “Current financial liabilities”, the effective and ineffective amount of the hedge.

## Sensitivity analysis

Due to what was illustrated above, exposure to the exchange risk is only significant for the Euro/Dollar exchange. The sensitivity analysis as at 30 June 2018 on credits and debts not hedged, on derivatives hedging commitments for contracts already signed and on available cash in foreign currency confirm changes highlighted as at 31 December 2017: a Euro depreciation causes, on the one hand, negative effects on the amount of positions not hedged (about €1 million for a 10% depreciation), on the other an increase in the cash flow hedge reserve due to the higher hedging value (about €1.2 million). On the contrary, the Euro appreciating implies lower charges and a drop in the cash flow hedge reserve due to a lower hedging value, for similar amounts, though the opposite, to the previous hypothesis.

## 5.2 Credit risk

The theoretical exposure to credit risk for the Group mainly refers to the book value of the financial assets and trade receivables recognised in the financial statements.

As for the counterparty risk, trade partner assessment procedures are adopted to manage trade receivables.

Credit risk on use of funds is limited since corporate policy requires the use of low risk financial instruments and with counterparties having high ratings for the periods of cash surplus. Only time or demand deposits with bank counterparties holding investment grade rating were used during the first half of 2018 and in financial year 2017.

## 5.3 Liquidity Risk

On the strength of a centralised treasury agreement, the Group's financial management, with the sole exception of the subsidiary Rai Way, is entrusted to Rai through a cash-pooling system that involves daily transfer of the bank balances of the associates to the Parent Company current accounts, which grants the intercompany credit facilities needed for their transactions. Rai Way has autonomous treasury and financial resources from the listing date.

For medium/long term needs, the Group's financial structure is formed by a bond issue expiring in May 2020 and by an amortising loan finally expiring in 2021, granted by the European Investments Bank, allocated to the digital terrestrial implementation project for €380 million, both for the Rai; plus a pool loan of €45 million, for Rai Way, expiring in 2019 (for further details, please refer to note 11.1 "Non-current financial liabilities and current portions of non-current financial liabilities").

In consideration of the significant fluctuation of the infra-annual indebtedness connected with the settlement in four quarterly instalments of the licence fees by the Ministry of Economy and Finance, the Parent Company has uncommitted bank credit facilities for about €480 million and a five-year revolving line with a pool of banks totalling €270 million.

The revolving lines establishes compliance with the following parametric/capital index to be met on the Consolidated Financial Statements and to be calculated when the financial statements for the year are closed:

- net financial debt (adjusted by receivables from the State for licence fees)/shareholders' equity <1.7.

Rai Way has its own revolving line of €50 million not used as at 30 June 2018, expiring in 2019.

The cash situation is constantly monitored with a financial forecasting process that highlights any financial critical issues considerably in advance so that expedient measures can be taken.

## 6 Capital risk management

The Group objectives when managing capital are inspired by preservation of the ability to continue guaranteeing optimum capital strength also through the ongoing improvement of operational and financial efficiency. The Group pursues the objective of retaining an adequate level of capitalisation that allows it to realise an economic return and to access external sources of funding. The Group constantly monitors the evolution of the indebtedness level related to shareholders' equity. More specifically, the ratio between treasury stock and total liabilities including shareholders' equity is shown in the table below:

(€/million)	Half-year ended 30 June 2018	Year ended 31 December 2017
Shareholders' equity	453.7	480.1
Total liabilities and shareholders' equity	3,035.6	2,766.1
<i>Contents</i>	14.9%	17.4%

The net financial position of the Group for the periods under review is reported in Note 17.2 "Net consolidated financial position".

## 7 Fair value measurement

The financial instruments at fair value are made up of hedging derivatives measured with a financial model that uses the most popular, accepted market formulas (net current value for future cash flows for the IRS, net current value of currency at term purchasing transactions and application of the Black-Scholes formula for the options), in addition to the following input data from the provider Reuters: ECB spot exchange rates, Euribor and IRS rate curves, volatility and credit spreads of the various bank counterparties and of the securities issued by the Italian State. The fair value of derivatives presents the net position between assets and liabilities. For more information on derivative instruments (assets and liabilities), please refer to Notes 9.3 "Current financial assets" and 12.2 "Current financial liabilities".

All instruments as at 30 June 2018 and 31 December 2017 were measured applying the so-called Level 2 method: use of parameters observable on the market (e.g. for the derivatives, the exchange rates recorded by the Bank of Italy, market rate curves, volatility provided by Reuters, credit spreads calculated on the basis of the credit default swaps, etc.) different from the Level 1 listed prices.

## 8 Non-current assets

### 8.1 Property, plant and equipment

Property, plant and equipment, which amounted to €1,055.1 million (€1,070.3 million as at 31 December 2017), are broken down as follows:

(€/million)	Land	Buildings	Plant and machinery	Fixtures and fittings, tools and other equipment	Other assets	Work in progress and payments on account	Total
Historical cost	382.1	588.0	2,122.5	97.8	120.7	64.4	3,375.5
Write-downs	-	-	(0.3)	-	-	-	(0.3)
Accumulated depreciation	-	(259.1)	(1,860.1)	(88.5)	(97.2)	-	(2,304.9)
<b>Balance as at 31 December 2017</b>	<b>382.1</b>	<b>328.9</b>	<b>262.1</b>	<b>9.3</b>	<b>23.5</b>	<b>64.4</b>	<b>1,070.3</b>
Increases and capitalisation	0.1	1.5	6.7	0.5	1.6	22.9	33.3
Disposals [1]	-	-	-	-	-	-	-
Reclassifications	-	4.1	16.5	0.8	2.0	(23.5)	(0.1)
Depreciation	-	(8.6)	(35.4)	(1.4)	(3.0)	-	(48.4)
<b>Balance as at 30 June 2018</b>	<b>382.2</b>	<b>325.9</b>	<b>249.9</b>	<b>9.2</b>	<b>24.1</b>	<b>63.8</b>	<b>1,055.1</b>
<i>broken down as follows: [2]</i>							
Historical cost	382.2	593.5	2,134.9	98.8	123.8	63.8	3,397.0
Writebacks	-	-	-	-	-	-	-
Write-downs	-	-	(0.2)	-	-	-	(0.2)
Accumulated depreciation	-	(267.6)	(1,884.8)	(89.6)	(99.7)	-	(2,341.7)
<i>[1] of which:</i>							
Cost	-	(0.1)	(10.8)	(0.3)	(0.5)	-	(11.7)
Writebacks	-	-	-	-	-	-	-
Write-downs	-	-	-	-	-	-	-
Amortisation	-	0.1	10.8	0.3	0.5	-	11.7
<i>[2] net of use of the provision for write-downs for:</i>							
Write-downs	-	-	0.1	-	-	-	0.1
Depreciation	-	-	(0.1)	-	-	-	(0.1)
	-	-	-	-	-	-	-

Investments in the period, which amounted to €33.3 million (€91.7 million in 2017), fall within the scope of the modernisation and technological development initiatives that the Group initiated.

Write-downs concern plant and machinery and are to adjust the asset value for technological obsolescence.

The amount of the existing contractual commitments for the purchase of property, plant and machinery is specified in Note 14.2 "Commitments".

## 8.2 Real estate investments

Real estate investments amounted to €4.5 million (€4.7 million as at 31 December 2017) and concern some property, owned by Rai Pubblicità SpA (hereinafter "Rai Pubblicità"), leased to third parties, for which rent was received totalling €0.9 million in the first half of 2018, unvaried compared to the first half of 2017. Real estate investments break down as follows:

(€/million)	
Historical cost	13.6
Accumulated depreciation	(8.9)
<b>Balance as at 31 December 2017</b>	<b>4.7</b>
Increases	-
Decreases	-
Depreciation	(0.2)
<b>Balance as at 30 June 2018</b>	<b>4.5</b>
<i>broken down as follows:</i>	
Cost	13.6
Accumulated amortisation	(9.1)

During the first half of 2018, there were no investments and disposals; the change in the period refers entirely to depreciation.

## 8.3 Intangible assets

Intangible assets, which amounted to €940.2 million (€944.9 million as at 31 December 2017), are broken down as follows:

(€/million)	Programmes	Software	Trademarks	Goodwill	Other intangible assets	Work in progress and payments on account	Total
Cost	1,421.2	25.5	0.1	5.0	3.9	310.7	1,766.4
Write-downs	(55.7)	-	-	-	-	(30.7)	(86.4)
Amortisation	(724.0)	(10.4)	(0.1)	-	(0.6)	-	(735.1)
<b>Balance as at 31 December 2017</b>	<b>641.5</b>	<b>15.1</b>	<b>-</b>	<b>5.0</b>	<b>3.3</b>	<b>280.0</b>	<b>944.9</b>
Increases and capitalisation	158.7	1.9	-	-	-	51.0	211.6
Disposals [1]	-	-	-	-	-	-	-
Reclassifications [2]	98.2	3.5	-	-	-	(101.6)	0.1
Write-downs	(16.0)	-	-	-	-	(1.5)	(17.5)
Amortisation	(194.6)	(4.1)	-	-	(0.2)	-	(198.9)
<b>Balance as at 30 June 2018</b>	<b>687.8</b>	<b>16.4</b>	<b>-</b>	<b>5.0</b>	<b>3.1</b>	<b>227.9</b>	<b>940.2</b>
<i>broken down as follows: [3]</i>							
Cost	1,678.3	30.9	0.1	5.0	3.9	258.2	1,976.4
Writebacks	-	-	-	-	-	-	-
Write-downs	(47.4)	-	-	-	-	(30.3)	(77.7)
Amortisation	(943.1)	(14.5)	(0.1)	-	(0.8)	-	(958.5)
[1] of which:							
Cost	-	-	-	-	-	(0.2)	(0.2)
Writebacks	-	-	-	-	-	-	-
Write-downs	-	-	-	-	-	0.2	0.2
Amortisation	-	-	-	-	-	-	-
[2] of which:							
Cost	98.4	3.5	-	-	-	(103.3)	(1.4)
Writebacks	-	-	-	-	-	-	-
Write-downs	(0.2)	-	-	-	-	1.7	1.5
	98.2	3.5	-	-	-	(101.6)	0.1
[3] net of use of the provision for write-downs for:							
Write-downs	24.5	-	-	-	-	-	24.5
Amortisation	(24.5)	-	-	-	-	-	(24.5)
	-	-	-	-	-	-	-

Investments, which amounted to €211.6 million (€464.3 million as at 31 December 2017) mainly referred to TV series for €177.6 million and films for €24.0 million.

The Goodwill item includes the deficit generated following the merger through incorporation of Sud Engineering into Rai Way that took place in 2017. The item Other intangible assets includes the value attributed to the customer portfolio acquired following the above transaction for a residual amount, net of amortisation, of €3.1 million.

The amount of work in progress and payments on account refers to programmes for €220.2 million, software for €6.4 million and other rights for €1.3 million.

Write-downs recorded in the period amounted to €17.5 million and were entered to adjust assets to their estimated recoverable value.

The amount of the existing contractual commitments for the purchase of intangible assets is specified in Note 14.2 "Commitments".

## 8.4 Equity investments

Equity investments measured by the equity method and equity investments in other companies, respectively for €5.9 million (€6.0 million as at 31 December 2017) and €0.9 million (€0.9 million as at 31 December 2017), break down as follows:

(€/million)	Half-year ended 30 June 2018	Year ended 31 December 2017
Joint ventures	4.0	4.1
Associates	1.9	1.9
<b>Total investments measured by the equity method</b>	<b>5.9</b>	<b>6.0</b>
Equity investments in other companies	0.9	0.9
<b>Total equity investments</b>	<b>6.8</b>	<b>6.9</b>

Here below are the movements of investments measured by the equity method:

(€/million)	Year ended 31 December 2017			Changes in the half year			Half-year ended 30 June 2018		
	Cost	Adjustment to shareholders' equity	Book value	New entries	Adjustment to shareholders' equity	Decrease due to dividends	Cost	Adjustment to Shareholders' Equity	Book value
<b>Joint ventures:</b>									
San Marino RTV SpA	0.2	1.8	2.0	-	-	-	0.2	1.8	2.0
Tivù Srl	0.5	1.6	2.1	-	0.2	(0.3)	0.5	1.5	2.0
<b>Associated companies:</b>									
Audiradio Srl (in liquidation)	1.4	(1.4)	-	-	-	-	1.4	(1.4)	-
Auditel Srl	-	0.7	0.7	-	-	-	-	0.7	0.7
Euronews SA	0.9	0.3	1.2	-	-	-	0.9	0.3	1.2
Tavolo Editori Radio Srl	-	-	-	-	-	-	-	-	-
<b>Total equity investments in joint ventures and associated companies</b>	<b>3.0</b>	<b>3.0</b>	<b>6.0</b>	<b>-</b>	<b>0.2</b>	<b>(0.3)</b>	<b>3.0</b>	<b>2.9</b>	<b>5.9</b>

(a) valuation relating to the Financial Statements as at 31 December 2017, the latest available.

Here below are the movements of the equity investments in other companies:

(€/million)	Half-year ended 30 June 2018	Year ended 31 December 2017
Almaviva SpA	0.3	0.3
Istituto Enciclopedia Treccani SpA	0.7	0.7
Others [1]	0.1	0.1
<b>Gross value</b>	<b>1.1</b>	<b>1.1</b>
Provision for write-down of equity investments in other companies	(0.2)	(0.2)
<b>Total equity investments in other companies</b>	<b>0.9</b>	<b>0.9</b>

[1] Banca di Credito Cooperativo di Roma Scpa, International Multimedia University Umbria Srl and Immobiliare Editori Giornali Srl.

## 8.5 Non-current financial assets

Non-current financial assets, for €3.3 million (€4.6 million as at 31 December 2017), break down as follows:

(€/million)	Half-year ended 30 June 2018	Year ended 31 December 2017
Financial receivables from personnel	0.1	-
Securities	2.4	2.5
Derivative instruments	0.1	1.2
Other non-current financial assets	0.7	0.9
<b>Total non-current financial assets</b>	<b>3.3</b>	<b>4.6</b>

Non-current financial assets are shown net of the provision for write-downs of €0.2 million (unchanged compared to 31 December 2017) entirely referring to financial receivables from personnel.

The Securities item, €2.4 million (€2.5 million as at 31 December 2017), is entirely made up of government bonds falling due in May 2021, granted to guarantee the Service Contract and the Agreements with the State.

The non-current share of derivatives, for €0.1 million (€1.2 million as at 31 December 2017) refers to the fair value of transactions activated by the subsidiary Rai Cinema, fully suspended in equity in the cash flow hedge reserve. The derivatives are analysed in the assets component, including the current and non-current portion in Note 9.3 "Current financial assets", to be referred to. As at 31 December 2017, the €1.2 million value referred to the fair value of Interest Rate Swap Forward Start contracts stipulated by Rai as indicated in Note 5.1 "Market risk"; as at 30 June 2018, those derivatives recorded a negative fair value so were entered under non-current financial liabilities.

The other non-current financial assets for €0.7 million (€0.9 million as at 31 December 2017) refer to the deferral of the non-current portion of fees related to the five-year revolving loan stipulated by Rai for a total of €270 million.

The expiry of current and non-current financial assets can be found below:

(€/million)	Half-year ended 30 June 2018			
	Within 12 months	Between 1 and 5 years	Beyond 5 years	Total
Financial receivables from personnel	0.1	0.1	-	0.2
Securities	-	2.4	-	2.4
Receivables from joint ventures and associated companies	1.8	-	-	1.8
Derivative instruments	0.4	0.1	-	0.5
Blocked bank deposits	6.4	-	-	6.4
Other financial assets	0.5	0.7	-	1.2
<b>Total current and non-current financial assets</b>	<b>9.2</b>	<b>3.3</b>	<b>-</b>	<b>12.5</b>

(€/million)	Year ended 31 December 2017			
	Within 12 months	Between 1 and 5 years	Beyond 5 years	Total
Securities	-	2.5	-	2.5
Receivables from joint ventures and associated companies	0.5	-	-	0.5
Derivative instruments	-	1.2	-	1.2
Blocked bank deposits	6.3	-	-	6.3
Other financial assets	0.4	0.9	-	1.3
<b>Total current and non-current financial assets</b>	<b>7.2</b>	<b>4.6</b>	<b>-</b>	<b>11.8</b>

The short-term portion of the Financial assets, for €9.2 million, is included in the current components of the Balance Sheet described in Note 9.3 "Current financial assets".

Information on risks hedged and being hedged and on hedging policies can be found in Note 5.1 "Market risks".

## 8.6 Deferred tax assets

(€/million)	Half-year ended 30 June 2018	Year ended 31 December 2017
Deferred tax assets eligible for offset	111.1	122.3
Deferred tax liabilities eligible for offset	(158.8)	(160.9)
<b>Net deferred tax liabilities</b>	<b>(47.7)</b>	<b>(38.6)</b>

As at 30 June 2018 the net balance of deferred tax assets and deferred tax liabilities was negative, like 31 December 2017; so is posted in the liabilities of the consolidated Financial Position. Please refer to Note no. 11.4 "Deferred tax liabilities" for the relevant analyses.

Income taxes are reported in Note 13:10 "Income taxes".

## 8.7 Other non-current assets

The other non-current assets, for €33.7 million (€15.2 million as at 31 December 2017), break down as follows:

(€/million)	Half-year ended 30 June 2018	Year ended 31 December 2017
Advances for sports events	25.4	7.0
Advances for trade initiatives	20.2	20.6
Non-current portion of trade receivables	0.7	1.0
Receivables from personnel	0.5	0.5
Amounts committed to cautionary deposit with third parties	2.2	2.3
Other non-current receivables	5.4	4.4
- Provision for write-down of other non-current assets	(20.7)	(20.6)
<b>Total other non-current assets</b>	<b>33.7</b>	<b>15.2</b>

Advances for sports events mainly refer to sums paid to purchase the rights to future sports events (European Football Championships and summer Olympics of 2020 amongst the most important).

The other non-current receivables referred for €1.0 million to registration of the non-current portion of the substitute tax resulting from the tax exemption of the merger deficit from the merger through incorporation of the company Sud Engineering into Rai Way during 2017. The current portion of €0.1 million was entered under "Current income tax credits" as illustrated in Note 9.4.

The remaining items indicated above essentially refer to non-current portions of assets described in Note 9.5 "Other current receivables and assets", to be referred to.

The provision for write-down of other non-current assets, which amounted to €20.7 million (€20.6 million as at 31 December 2017), is broken down below:

(€/million)	Year ended 31 December 2017	Provisions	Drawdowns	Half-year ended 30 June 2018
Provision for write-down of advances for trade initiatives	(13.7)	(0.7)	-	(14.4)
Provision for write-downs of doubtful advances for sports events	(6.9)	-	0.6	(6.3)
<b>Total provision for write-down of other non-current assets</b>	<b>(20.6)</b>	<b>(0.7)</b>	<b>0.6</b>	<b>(20.7)</b>



**Current  
assets**

## 9.1 Inventory

The inventory, net of its provision for write-downs, amounted to €2.3 million (€2.4 million as at 31 December 2017), and is broken down as follows:

(€/million)	Half-year ended 30 June 2018	Year ended 31 December 2017
Technical materials	12.9	13.0
Technical materials bad debt provisions	(12.1)	(12.1)
Work in progress to order	0.2	0.2
Finished products and goods	1.3	1.3
<b>Total inventory</b>	<b>2.3</b>	<b>2.4</b>

The final inventory of technical materials, €0.8 million net of the provision for write-downs (€0.9 million as at 31 December 2017), refers to stock and spare parts for maintenance and the use of technical capital equipment similar to consumables since their utility is depleted over a period that usually is no longer than 12 months.

Work in progress to order, €0.2 million (unvaried compared to 31 December 2017), refers to costs sustained to develop the Isoradio network, entered in the Financial Statements of the subsidiary Rai Way.

Final inventory of finished products and goods, €1.3 million (unvaried compared to 31 December 2017), mainly concerns inventories related to magazines and books and home video distribution.

## 9.2 Trade receivables

Trade receivables amounted to €360.6 million (€390.6 million as at 31 December 2017) and break down as follows:

(€/million)	Half-year ended 30 June 2018	Year ended 31 December 2017
Trade:		
State and other public bodies for agreement services	59.1	61.6
Other receivables	347.5	374.0
Provision for write-down - trade	(46.3)	(45.2)
Joint ventures and associates	0.3	0.2
<b>Total trade receivables</b>	<b>360.6</b>	<b>390.6</b>

Receivables from joint ventures and associated companies refer to:

(€/million)	Half-year ended 30 June 2018	Year ended 31 December 2017
Joint ventures and associated companies:		
San Marino RTV SpA	-	0.1
Tivù Srl	0.3	0.1
<b>Total receivables due from joint ventures and associated companies</b>	<b>0.3</b>	<b>0.2</b>

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The nominal value of receivables from the State and other public bodies for agreement services, €59.1 million (€61.6 million as at 31 December 2017), refers to:

(€/million)	Half-year ended 30 June 2018	Year ended 31 December 2017
<b>Prime Minister's Office:</b>		
Contribution to the year to be paid to San Marino RTV	4.6	3.1
Radio, television and multimedia offer for abroad	10.1	6.7
Broadcasts from Trieste in Slovenian	17.0	11.4
Radio and TV broadcasts in French for the Valle d'Aosta Autonomous Region	3.2	2.1
<b>Revenue Office:</b>		
Management of ordinary TV licence fees	6.0	10.5
<b>Regions and Provinces:</b>		
autonomous Province of Bolzano: broadcast of radio and TV programmes in German and Ladin in the autonomous province of Bolzano	9.6	19.2
autonomous Region of Valle d'Aosta: management of plants for TV reception of programmes from the French cultural area	8.6	8.6
<b>Total receivables from the State and other public bodies for agreement services</b>	<b>59.1</b>	<b>61.6</b>

The other trade receivables are net of amounts transferred non-recourse for €0.9 million (€7.2 million as at 31 December 2017).

Receivables from related parties are indicated in Note 14.4 "Transactions with related parties".

Trade receivables are shown net of the provision for write-downs of €46.3 million (€45.2 million as at 31 December 2017), with movements itemised below:

(€/million)	Year ended 31 December 2017	Provisions	Drawdowns	Absorptions	Applying IFRS 9	Half-year ended 30 June 2018
<b>Provision for write-down - trade</b>	<b>(45.2)</b>	<b>(0.7)</b>	<b>0.4</b>	<b>1.0</b>	<b>(1.8)</b>	<b>(46.3)</b>

The first application of accounting standard IFRS 9 caused an increase to the provision for the write-down of trade receivables for €1.8 million, as illustrated in Note 3.1 "Main effects from the first application of accounting standard IFRS 9".

### 9.3 Current financial assets

Current financial assets, which amounted to €9.2 million (€7.2 million as at 31 December 2017), increased by €2.0 million. The breakdown of the item and the comparison with the previous year are shown below:

(€/million)	Half-year ended 30 June 2018	Year ended 31 December 2017
Joint ventures and associates	1.8	0.5
Employees	0.1	-
Derivative instruments	0.4	-
Blocked bank deposits	6.4	6.3
Other current financial assets	0.5	0.4
<b>Total current financial assets</b>	<b>9.2</b>	<b>7.2</b>

Receivables from joint ventures and associated companies refer to:

(€/million)	Half-year ended 30 June 2018	Year ended 31 December 2017
Joint ventures and associated companies:		
San Marino RTV SpA	1.6	0.5
Tivù Srl	0.2	-
<b>Total current financial assets from joint ventures and associated companies</b>	<b>1.8</b>	<b>0.5</b>

Blocked bank deposits, which came to €6.4 million (€6.3 million as at 31 December 2017) refer to amounts seized on current accounts due to litigation in progress.

The derivatives, recognised at fair value, are broken down below in the assets component, including the current and non-current portion:

(€/million)	Half-year ended 30 June 2018	Year ended 31 December 2017
Currency hedging derivatives	0.4	-
<b>Total derivative financial instruments – current portion</b>	<b>0.4</b>	<b>-</b>
Currency hedging derivatives	0.1	-
Rate hedging derivatives	-	1.2
<b>Total derivative financial instruments – non-current portion</b>	<b>0.1</b>	<b>1.2</b>
<b>Total derivative financial instruments</b>	<b>0.5</b>	<b>1.2</b>

The fair value of derivatives was calculated considering measurement models used in financial environments and market parameters at the reporting date of the financial statements, as better indicated in Note 7 “Fair value measurement”. The transactions concern the exchange risks for contracts to purchase TV rights to series and films quoted in US dollars and the Interest Rate Swap transactions on medium-long term loans.

Recognition of the effects on the income statement and realisation of cash flows being hedged are foreseen over a period that ends in the fourth quarter 2019.

During the first half of 2018 there were no significant cases where, for transactions previously qualified as hedging, implementation of hedging was no longer considered highly probable.

The receivable fair value of derivatives as at 30 June 2018 amounted to €0.5 million (€1.2 million as 31 December 2017) and mainly refers to the current portion (zero as at 31 December 2017) of the fair value of hedging transactions activated by Rai through the mandate received from Rai Cinema, suspended for €0.4 million in equity in the cash flow hedge reserve and for the remainder to adjust the value of the right purchased.

As at 31 December 2017 the value of €1.2 million referred to the non-current portion of derivatives hedging the Rai rate risk as reported in Note 8.5 “Non-current financial assets”.

Information on risks hedged and being hedged and on hedging policies can be found in Note 5.1 “Market risks”.

## 9.4 Current income tax credits

Current income tax credits, which totalled €22.1 million (€21.7 million as at 31 December 2017), are specified as follows:

(€/million)	Half-year ended 30 June 2018	Year ended 31 December 2017
IRES refund requested	16.9	16.9
Withheld taxes	1.6	1.1
<b>Total IRES</b>	<b>18.5</b>	<b>18.0</b>
<b>IRAP</b>	<b>3.7</b>	<b>3.9</b>
<b>Advance for substitute tax on goodwill</b>	<b>0.1</b>	<b>-</b>
<b>Provision for write-downs of current income tax credits</b>	<b>(0.2)</b>	<b>(0.2)</b>
<b>Total current income tax receivables</b>	<b>22.1</b>	<b>21.7</b>

Current income tax credits are shown net of the provision for write-downs of €0.2 million (€0.2 million as at 31 December 2017) relating to deductions on income risking recoverability.

The advance for substitute tax on goodwill refers to recognition of the current portion of the substitute tax resulting from the tax exemption of the merger deficit generated by the merger through incorporation of Sud Engineering into Rai Way during 2017. The non-current portion of €1.0 million was entered under "Other non-current assets" as reported in Note 8.7.

The IRAP receivable, for €3.7 million (€3.9 million as at 31 December 2017) mainly refers to the IRAP advances paid to the Inland Revenue.

The taxes are commented in Note 13.10 "Income taxes".

## 9.5 Other current receivables and assets

Other current receivables and assets, which totalled €92.6 million (€69.6 million as at 31 December 2017) break down as follows:

(€/million)	Half-year ended 30 June 2018	Year ended 31 December 2017
Advances for sports events	27.6	0.7
Advances to suppliers, collaborators and agents	22.3	20.6
Receivables from social security and welfare institutions	2.7	3.7
Other tax receivables	4.0	3.7
Receivables from personnel	9.9	10.1
Receivables from entities, companies, bodies and others	10.3	16.1
Receivables for subsidies and grants from the State, EU and other public entities	0.2	0.2
Other receivables (current deferrals)	20.5	19.0
- Provision for write-down of other current receivables and assets	(4.9)	(4.5)
<b>Total other current receivables and assets</b>	<b>92.6</b>	<b>69.6</b>

Please note that:

- advances for sports events refer to sums paid to purchase the rights to future football events (Nations League and Champions League amongst the most important);
- the receivables from social security and welfare institutions refer to advances disbursed against contributions due for artistic collaborations and other reasons;

- receivables from personnel are mainly referred to receivables from labour disputes, to advances for travel expenses and for production expenses. The item includes receivables from application of Law 89/2014;
- the breakdown of the item other tax receivables is as follows:

(€/million)	Half-year ended 30 June 2018	Year ended 31 December 2017
VAT refund requested	2.2	2.1
Other tax refunds requested	0.2	0.2
Other	1.6	1.4
<b>Total other tax receivables</b>	<b>4.0</b>	<b>3.7</b>

The provision for write-down of other current receivables and assets, which totalled €4.9 million (€4.5 million as at 31 December 2017) is broken down below:

(€/million)	Year ended 31 December 2017	Provisions	Drawdowns	Half-year ended 30 June 2018
<b>Provision for write-down of other current receivables and assets</b>	<b>(4.5)</b>	<b>(0.4)</b>	-	<b>(4.9)</b>

Considering the short period of time elapsing between when the receivable arises and its due date, it is not believed that there are significant differences between the book value of the trade receivables, other receivables and current financial assets and their respective fair values.

## 9.6 Cash and cash equivalents

Cash and cash equivalents, which amounted to €505.2 million (€228.0 million as at 31 December 2017), are broken down into the following items:

(€/million)	Half-year ended 30 June 2018	Year ended 31 December 2017
Bank and postal deposits	504.9	227.7
Cash and securities in hand	0.3	0.3
<b>Total cash and cash equivalents</b>	<b>505.2</b>	<b>228.0</b>

Bank and postal deposits amounted to €504.9 million (€227.7 million as at 31 December 2017) and represent the money at-call or short-term liquid assets resulting from deposit or current accounts with banks, financial institutions and with the postal administration.

Cash and securities in hand amounted to €0.3 million (unvaried as at 31 December 2017) and include the liquidity represented by cash and similar values (tax stamps, cashier's cheques or in any case secured by banks, etc.) in the company's coffers as at 30 June 2018.

# 10

## Shareholders' equity

Here below is the breakdown of shareholders' equity, divided between the Group and minority shareholders:

(€/million)	Half-year ended 30 June 2018	Year ended 31 December 2017
<b>Share capital</b>	<b>242.5</b>	<b>242.5</b>
<b>Legal reserve</b>	<b>12.0</b>	<b>11.8</b>
IFRS first-time adoption reserve	(58.7)	(58.7)
Translation difference reserve	0.7	0.7
Cash flow hedge reserve	(0.8)	0.8
Other reserves	248.5	255.3
<b>Total other reserves</b>	<b>189.7</b>	<b>198.1</b>
Actuarial reserves for employee benefits	(27.4)	(28.7)
Retained profit/(losses)	(0.7)	-
Profit/(Loss) for the period	(15.7)	(5.4)
<b>Total retained earnings (losses) carried forward</b>	<b>(43.8)</b>	<b>(34.1)</b>
<b>Total Group shareholders' equity</b>	<b>400.4</b>	<b>418.3</b>
Third party capital and reserves	42.5	42.2
Profits/(Losses) attributable to minority interests carried forward	10.8	19.6
<b>Total shareholders' equity attributable to minority interests</b>	<b>53.3</b>	<b>61.8</b>
<b>Total shareholders' equity</b>	<b>453.7</b>	<b>480.1</b>

### Minority interests

The profit/(loss) for the period and the shareholders' equity of Third parties refer to the subsidiary Rai Way, with Rai holding a 64.971% share.

### Share capital

As at 30 December 2018, the share capital of the Parent Company consisted of 242,518,100 ordinary shares with a unit par value of €1. The share capital, fully subscribed and paid up, is held by:

- the Ministry of the Economy and Finance (MEF) for a total of 241,447,000 shares, equal to 99.5583% of the share capital;
- Società Italiana Autori Editori (S.I.A.E.) for a total of 1,071,100 shares, equal to 0.4417% of the share capital.

### Legal reserve

The legal reserve amounts to €12.0 million.

### Other reserves and retained earnings (losses) carried forward

The other reserves, for €189.7 million (€198.1 million as at 31 December 2017) and losses carried forward, for €43.8 million (€34.1 million as at 31 December 2017) are broken down as shown below.

# 11

## Non-current liabilities

### 11.1 Non-current financial liabilities and current portions of non-current financial liabilities

Non-current financial liabilities, including current portions, totalled €424.9 million (€443.5 million as at 31 December 2017). The figure breaks down as follows.

(€/million)	Half-year ended 30 June 2018			Year ended 31 December 2017		
	Non-current portion	Current portion	Total	Non-current portion	Current portion	Total
Bonds	348.3	-	348.3	347.8	-	347.8
M/L-term loans due to banks	35.3	40.1	75.4	55.3	40.0	95.3
Derivative instruments	1.0	-	1.0	-	-	-
M/L-term loans due to other lenders	0.2	-	0.2	0.3	0.1	0.4
<b>Total non-current financial liabilities and current portions of non-current financial liabilities</b>	<b>384.8</b>	<b>40.1</b>	<b>424.9</b>	<b>403.4</b>	<b>40.1</b>	<b>443.5</b>

Non-current financial liabilities, including current portions, decrease by €18.6 million compared to 31 December 2017 mainly due to:

- repayment by Rai, of the second instalment of the loan provided by the European Investment Bank, for €5.0 million;
- repayment of one instalment of the Rai Way loan for €15.0 million.

The main m/l term bank loans due as at 30 June 2018 included:

- amortising loan, due date 2021, granted to Rai by the European Investment Bank to develop the digital terrestrial infrastructure, for a residual amount of €30 million;
- Rai Way amortising loan for a residual amount of €45.0 million, with the final due date in 2019;
- medium-long term credit lines granted to Rai Way by Mediocredito Centrale and Cassa Depositi e Prestiti for a total amount of €0.7 million.

The EIB loan foresees compliance with the following balance sheet parameters/ratios to be met in the consolidated annual and interim financial statements:

- Net financial debt (adjusted by receivables from the State for licence fees)/shareholders' equity  $\leq 1.3$ .
- Net financial debt (adjusted by receivables from the State for licence fees)/EBITDA  $\leq 1.0$ .

Those ratios, with a consolidated, positive net financial position, were compliant at the date of these financial statements.

The Rai Way amortising loan foresees compliance as at 31 December and 30 June of each year with the following balance sheet parameters/ratios to be met in the financial statements of the company:

- net financial debt/shareholders' equity  $\leq 2.75$
- net financial debt/EBITDA  $\leq 2.75$

Those ratios were met in full.

The bonds issued by Rai in May 2015 are listed on Euronext Dublin. The bond, fully subscribed to by international institutional investors, yields a nominal rate of 1.5%, matures at May 2020, is fully unsecured and contains the usual covenants for issues with rating of that level, including:

- a negative pledge, that is the prohibition to grant guarantees on bond issues of the Issuer or the "important subsidiaries", unless the same guarantee is extended to existing bonds;
- a cross-default provision, whereby in the event of default on debt totalling more than €50 million by the Issuer or its "significant subsidiaries", bondholders may declare default on the bond;
- a change of control clause permitting bondholders to exercise a put option at par if the Ministry of the Economy and Finance ceases to hold the majority of voting rights exercisable at ordinary and extraordinary shareholders' meetings of Rai SpA.

Notes to the interim Consolidated Financial Statements

In June 2018 Moody's – as a result of the rating action implemented for the Italian sovereign debt – reviewed the Rai rating, currently Long-Term Issuer Baa3 (investment grade) with negative outlook, the measurement is linked to the State, the Company's shareholder of reference.

The due dates of financial liabilities (current and non-current) are as indicated below:

(€/million)	Half-year ended 30 June 2018			
	Within 12 months	Between 1 and 5 years	Beyond 5 years	Total
Bonds	-	348.3	-	348.3
M/L-term loans due to banks	40.1	35.3	-	75.4
M/L-term loans due to other lenders	-	0.2	-	0.2
Amounts due to other lenders short-term	0.1	-	-	0.1
Derivative instruments	-	1.0	-	1.0
Other financial liabilities	0.2	-	-	0.2
<b>Total current and non-current financial liabilities</b>	<b>40.4</b>	<b>384.8</b>	<b>-</b>	<b>425.2</b>

(€/million)	Year ended 31 December 2017			
	Within 12 months	Between 1 and 5 years	Beyond 5 years	Total
Bonds	-	347.8	-	347.8
M/L-term loans due to banks	40.0	55.3	-	95.3
M/L-term loans due to other lenders	0.1	0.3	-	0.4
Derivative instruments	0.5	-	-	0.5
Other financial liabilities	0.2	-	-	0.2
<b>Total current and non-current financial liabilities</b>	<b>40.8</b>	<b>403.4</b>	<b>-</b>	<b>444.2</b>

All medium/long-term debt is held at fixed interest rates.

The fair value of non-current financial liabilities (other than derivatives) is indicated below and was measured applying the following criteria:

- the bond issued by the Company in May 2015 has a fair value corresponding to the market price of 101.31, inclusive of interest accrual;
- the fair value of the EIB loan (including the short-term portion) was measured by discounting cash flows for capital and interest at the rates implicit in the Euro curve as at the reporting date. Plus a credit spread for Rai, estimated on the basis of Italian government securities and is essentially in line with the carrying amount.

Concerning Rai Way loans, the carrying amount is estimated to meet their fair value.

The fair value of non-current liabilities for derivatives, for €1.0 million, is mainly referred to Rai Interest Rate Swap Forward Start, stipulated in April 2017 with start date May 2020 and validity for the following 5 years. And, residually, to the Interest Rate Swap transactions stipulated by Rai Way to hedge 50% of the amortising credit line. Current portions were not recognised.

## 11.2 Employee benefits

Employee benefits totalled €470.5 million (€483.1 million as at 31 December 2017). The figure breaks down as follows:

(€/million)	Half-year ended 30 June 2018	Year ended 31 December 2017
Provision for employee severance pay	257.7	258.8
Provision for supplementary pensions benefits	128.0	137.2
Provision for pay in lieu of notice to journalists	69.8	69.5
Health insurance fund for senior managers (FASDIR)	13.6	14.7
Seniority bonuses	0.8	2.3
Other	0.6	0.6
<b>Total employee benefits</b>	<b>470.5</b>	<b>483.1</b>

Provisions for employee benefits measured using actuarial techniques break down as follows:

(€/million)	Half-year ended 30 June 2018				
	Employee severance pay	Supplementary pension	FASDIR	Pay in lieu of notice to journalists	Other
<b>Present value of the liability at the start of the year</b>	<b>258.8</b>	<b>137.2</b>	<b>14.7</b>	<b>69.5</b>	<b>2.9</b>
Current cost of defined benefit plans	-	-	-	(0.2)	0.1
Current cost of defined contribution plans	21.6	-	(0.6)	-	-
Interest expense	1.5	0.8	0.1	0.2	-
Writebacks:					
- Actuarial losses (profits) resulting from changes in financial assumptions	1.4	-	-	(0.7)	-
- Actuarial losses / (profits) from past experience	1.6	(4.8)	-	1.2	-
Cost of past benefits and gains/losses on settlement	-	-	-	-	(1.5)
Benefits paid	(7.5)	(5.2)	(0.6)	(0.2)	(0.1)
Transfers to external funds for defined contribution plans	(21.2)	-	-	-	-
Other movements	1.5	-	-	-	-
<b>Present value of the liability at the end of the year</b>	<b>257.7</b>	<b>128.0</b>	<b>13.6</b>	<b>69.8</b>	<b>1.4</b>

There are no assets serving the plan.

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Costs for employee benefits, measured using actuarial assumptions and recognised in the consolidated Income statement, break down as follows:

(€/million)	Half-year ended 30 June 2018				
	Employee severance pay	Supplementary pension	FASDIR	Pay in lieu of notice to journalists	Other
Current cost of defined benefit plans	-	-	-	0.2	(0.1)
Current cost of defined contribution plans	(21.6)	-	0.6	-	-
Cost of past benefits and Gains/Losses on settlement	-	-	-	-	1.5
Net interest expense (income):					
- Interest expense	(1.5)	(0.8)	(0.1)	(0.2)	-
- Interest income	-	-	-	-	-
<b>Total</b>	<b>(23.1)</b>	<b>(0.8)</b>	<b>0.5</b>	<b>-</b>	<b>1.4</b>

Costs for defined benefit plans recognised for an overall €1.3 million with the other components of comprehensive income break down as follows:

(€/million)	Half-year ended 30 June 2018				
	Employee severance pay	Supplementary pension	FASDIR	Pay in lieu of notice to journalists	Other
Writebacks:					
- actuarial profits (losses) resulting from changes in financial assumptions	(1.4)	-	-	0.7	-
- Actuarial profits (losses) from past experience	(1.6)	4.8	-	(1.2)	-
<b>Total</b>	<b>(3.0)</b>	<b>4.8</b>	<b>-</b>	<b>(0.5)</b>	<b>-</b>

The main actuarial assumptions adopted are reported below.

	Half-year ended 30 June 2018
<b>Financial assumptions</b>	
Average discount rates [1]	from 0.91% to 1.50%
Inflation rate	1.50%
Expected rate of growth in remuneration/benefits [2]	from 1.21% to 3%
<b>Demographic assumptions</b>	
Maximum retirement age	as per law
Mortality tables:	
. Employee severance pay	SI 2016 Revised
. Supplementary pension	AS62
. Pay in lieu of notice to journalists	-
Average annual employee leaving rate	from 3.10% to 7.80%
Annual probability of advance requests	1.50%

[1] Measured as the weighted average of the Eurocomposite AA June 2018 curve interest rates for 30.06.2018 and Eurocomposite AA 2017 for 31.12.2017.

[2] Including inflation.

### 11.3 Provisions for non-current risks and charges

Provisions for risks and non-current charges totalled €178.0 million (€185.3 as at 31 December 2017). The figure breaks down as follows.

(€/million)	Balances as at 31 December 2017	Provisions	Drawdowns	Absorptions	Conversion differences	Balances as at 30 June 2018
Provisions for legal disputes	69.9	4.5	(6.5)	(0.1)	0.1	67.9
Provisions for building renovation and refurbishment	28.0	-	(0.2)	-	-	27.8
Provisions for dismantling and restoration costs	14.6	0.1	-	(0.2)	-	14.5
Provisions for accrued compensation costs	19.1	13.3	(16.4)	(1.6)	-	14.4
Provisions for social security disputes	3.0	-	-	-	-	3.0
Provisions for tax disputes	2.6	-	-	-	-	2.6
ISC and ISM provisions Agents	2.1	0.1	-	-	-	2.2
Provisions for disputes over leases	1.4	-	(0.1)	(0.3)	-	1.0
Provisions for default interest payment risks	0.6	-	-	-	-	0.6
Provisions for licence fee refunds	0.4	-	(0.1)	-	-	0.3
Other provisions	43.6	1.7	(0.7)	(0.9)	-	43.7
<b>Total provisions for non-current risks and charges</b>	<b>185.3</b>	<b>19.7</b>	<b>(24.0)</b>	<b>(3.1)</b>	<b>0.1</b>	<b>178.0</b>

Provisions for legal disputes, totalling €67.9 million, show the prudential and forecast estimate of charges for pending lawsuits in which the Group is involved in various ways. Specifically, the figure includes (amounts inclusive of legal costs) provisions for civil, administrative and criminal litigation for €41.3 million, and €26.6 million in provisions for labour law disputes.

Provisions for building renovation and refurbishment, totalling €27.8 million, show the estimated costs expected to be incurred primarily in relation to the removal of structures containing asbestos present in buildings owned. The obligation to proceed with reclamation and the resulting refurbishment and renovation of the aforementioned buildings is connected with Parent Company's intention to perform such work, as expressed on several occasions in negotiations with trade unions.

Provisions for dismantling and restoration costs, totalling €14.5 million, show the estimated costs for the dismantling and removal of installations and modifications made and the restoration of areas and/or premises rented by the Group under operating leases which require the lessee to restore the area and/or rented premises to their original condition at the end of the lease (where the area and/or lease will not be renewed).

Provisions for accrued compensation costs, totalling €14.4 million, show the overall costs estimated in relation to existing labour contracts.

Provisions for social security disputes, totalling €3.0 million, show the estimated costs connected with pending legal disputes with social security institutions.

Provisions for tax disputes, totalling €2.6 million (€2.6 million as at 31 December 2017), show the total estimated costs for taxes, sanctions and interest possibly resulting from an unfavourable result to Rai Pubblicità tax disputes in progress. The value entered is consistent with the probable risk opinion issued by external advisers for the irregularities for which Rai Pubblicità was unsuccessful in legal proceedings held till now.

ISC (supplementary customer indemnities) and ICM (meritocratic customer indemnities) provisions for agents, for €2.2 million, include amounts payable to agents when winding up agency agreements for reasons not attributable to the agent. The provisions are based on estimates that take into consideration the historic data and growth in the customer portfolio or in business with customers already in portfolio.

Notes to the interim Consolidated Financial Statements

## 11.4 Deferred tax liabilities

Deferred tax liabilities totalled €47.7 million and are stated net of €111.1 million of deferred tax assets eligible for offsetting. The net balance as at 31 December 2017 showed a deferred tax liability of €38.6 million.

The nature of the temporary differences that gave rise to deferred tax liabilities and the deferred tax assets eligible for offset is reported in the table below.

(€/million)	Year ended 31 December 2017	Changes			Half-year ended 30 June 2018
		Income statement	Other comprehensive income	Equity	
Taxable differences in property, plant and equipment	(157.7)	1.0	-	-	(156.7)
Currency and rate derivatives	(0.3)	-	0.2	-	(0.1)
Other equity investments	(1.7)	-	-	-	(1.7)
Other	(1.2)	0.9	-	-	(0.3)
<b>Deferred tax liabilities</b>	<b>(160.9)</b>	<b>1.9</b>	<b>0.2</b>	<b>-</b>	<b>(158.8)</b>
Negative taxable income	115.7	20.2	-	(31.0)	104.9
Write-downs of programmes	0.5	(0.2)	-	-	0.3
Statutory/taxable difference programs	0.1	-	-	-	0.1
Employee benefits	0.8	(0.2)	-	-	0.6
Estimate of provisions recovered	3.2	0.1	-	-	3.3
Prepaid taxes adjusted through consolidation	1.5	(0.1)	-	-	1.4
Other	0.5	-	-	-	0.5
<b>Deferred tax assets eligible for offset</b>	<b>122.3</b>	<b>19.8</b>	<b>-</b>	<b>(31.0)</b>	<b>111.1</b>
<b>Net deferred tax liabilities</b>	<b>(38.6)</b>	<b>21.7</b>	<b>0.2</b>	<b>(31.0)</b>	<b>(47.7)</b>

Deferred tax assets were recognised when their future recoverability was considered reasonably certain.

The change related to other comprehensive income mainly concerns the recovery of deferred tax liabilities related to financial flow hedging instruments recognised in compliance with hedge accounting.

Deferred tax assets on tax losses carried forward amounted to €104.9 million. Their use is probable related to the possibility to offset by allocation to the consolidated income statement of deferred tax liabilities.

## 11.5 Other non-current payables and liabilities

Other non-current payables and liabilities are all stated in euros. Totalling €1.9 million (€2.0 million as at 31 December 2017), they refer entirely to deferred income for the non-current portion of government grants provided by the former Ministry of Communications to support initiatives for the switch-over to digital terrestrial. See Note 12.1 "Trade payables and other current payables and liabilities" for further information on those grants.

Payables to related parties are reported in Note 14.4 "Transactions with related parties".

# 12

## Current liabilities

### 12.1 Trade payables and other current payables and liabilities

Trade payables and the other current payables and liabilities, totalling €1,442.4 million (€1,102.0 million as at 31 December 2017), break down as follows:

(€/million)	Half-year ended 30 June 2018	Year ended 31 December 2017
Trade payables to suppliers	676.9	655.8
Trade payables to joint ventures and associates	5.4	4.3
<b>Total trade payables</b>	<b>682.3</b>	<b>660.1</b>
Payables to personnel	238.3	226.0
Payables to social security institutions	65.2	76.2
Other tax payables	38.9	59.4
Payables for frequency rights	5.1	0.4
Other payables for assessments	3.7	4.8
Advances:		
- Ordinary licence fees	47.0	56.9
- Other advances	5.8	7.7
Deferrals:		
- Licence fees	345.6	-
- Grant for the switch-over to digital terrestrial	1.2	1.6
- Other deferrals	1.8	1.1
Accruals	0.5	3.1
Other payables	7.0	4.7
<b>Total other current payables and liabilities</b>	<b>760.1</b>	<b>441.9</b>
<b>Total trade payables and other current payables and liabilities</b>	<b>1,442.4</b>	<b>1,102.0</b>

Trade payables to joint ventures and associates refer to:

(€/million)	Half-year ended 30 June 2018	Year ended 31 December 2017
Joint ventures and associated companies:		
San Marino RTV SpA	4.8	3.4
Tavolo Editori Radio Srl	0.2	0.5
Tivù Srl	0.4	0.4
<b>Trade payables to joint ventures and associates</b>	<b>5.4</b>	<b>4.3</b>

Trade payables, totalling €682.3 million, increased by €22.2 million compared to 31 December 2017.

The increase of other current payables and liabilities, for €318.2 million compared to 31 December 2017, is mainly the result of recognition as at 30 June 2018 of deferrals on licence fee instalments from the difference between amounts paid in the half year by the Ministry for the Economy and Finance compared to the amount due, recovery of which is mainly expected for the second half of the year.

The item deferrals for grants for the switch-over to digital terrestrial includes the current portion of the grants allocated by the former Ministry for Communications from 2007 to 2011 to support actions to speed up the switch-over to digital terrestrial, amounted to €1.2 million.

Payables to personnel totalled €238.3 million (€226.0 million as at 31 December 2017). The figure breaks down as follows.

(€/million)	Half-year ended 30 June 2018	Year ended 31 December 2017
Untaken paid annual leave	91.5	73.2
Untaken time in lieu	53.2	52.9
Wage and salary assessment	49.4	50.5
Redundancy incentives	42.5	47.6
Other	1.7	1.8
<b>Total payables to personnel</b>	<b>238.3</b>	<b>226.0</b>

Payables to social security institutions totalled €65.2 million (€76.2 million as at 31 December 2017). The figure breaks down as follows.

(€/million)	Half-year ended 30 June 2018	Year ended 31 December 2017
Payables to supplementary pension funds for personnel	11.5	21.1
Payables to INPGI	11.5	13.6
Payables to INPS	27.9	28.7
Payables to INAIL	-	0.1
Payables to CASAGIT	1.1	1.4
Contributions on assessed wages and salaries	12.0	10.3
Other payables	1.2	1.0
<b>Total payables to social security institutions</b>	<b>65.2</b>	<b>76.2</b>

The other tax payables include the taxes payable to the Revenue Office that are not current income taxes and break down as follows:

(€/million)	Half-year ended 30 June 2018	Year ended 31 December 2017
Group VAT	10.9	21.3
Suspended VAT	1.0	1.0
Withheld on work income to be deposited	25.7	37.0
Substitute tax withholdings and tax withheld as withholding agent	1.3	0.1
<b>Total other tax payables</b>	<b>38.9</b>	<b>59.4</b>

Payables to related parties are reported in Note 14.4 "Transactions with related parties".

## 12.2 Current financial liabilities

Current financial liabilities totalled €40.4 million (€40.8 million as at 31 December 2017). The breakdown is shown in the table below:

(€/million)	Half-year ended 30 June 2018	Year ended 31 December 2017
M/L-term loans due to banks (current portion)	40.1	40.0
M/L-term loans due to other lenders (current portion)	-	0.1
Due to other lenders	0.1	-
Derivative instruments	-	0.5
Other current financial payables and liabilities	0.2	0.2
<b>Total current financial liabilities</b>	<b>40.4</b>	<b>40.8</b>

The current portions of non-current financial liabilities reported in the table below are commented in Note 11.1 “Non-current financial liabilities”.

Derivative transactions concern the cash flow hedge of the exchange risks for contracts to purchase TV rights to series and films quoted in US dollars and the Interest Rate Swap transactions on medium-long term loans.

The fair value of derivative financial liabilities, current and non-current, is given below:

(€/million)	Half-year ended 30 June 2018	Year ended 31 December 2017
Currency hedging derivatives	-	0.5
<b>Total derivative financial instruments – current portion</b>	<b>-</b>	<b>0.5</b>
Rate hedging derivatives	1.0	-
<b>Total derivative financial instruments – non-current portion</b>	<b>1.0</b>	<b>-</b>
<b>Total derivative financial instruments</b>	<b>1.0</b>	<b>0.5</b>

The fair value payable on derivative instruments as at 30 June 2018, for €1.0 million (€0.5 million as at 31 December 2017), is referred to Interest Rate Swap rate hedging transactions performed by Rai and, to a lesser extent by Rai Way, as reported in Note 11.1 “Non-current financial liabilities and current portions of non-current financial liabilities”. Current portions were not recognised.

As at 31 December 2017, the fair value liability of €0.5 million recognised in current financial liabilities is referred to exchange risk hedging transactions of the associate Rai Cinema. That value is not significant in millions of euro as at 30 June 2018.

Information on risks hedged and being hedged and on hedging policies can be found in Note 5.1 “Market risks”.

## 12.3 Current income tax payables

Current income tax payables totalled €16.0 million (€30.5 million as at 31 December 2017). The figure breaks down as follows:

(€/million)	Half-year ended 30 June 2018	Year ended 31 December 2017
IRES	12.4	30.0
IRAP	2.9	0.5
Tax assessments and other	0.7	-
<b>Total current income taxes payable</b>	<b>16.0</b>	<b>30.5</b>

As regards amounts payable to the Inland Revenue for IRES, totalling €12.4 million (€30.0 million as at 31 December 2017), please note that Group companies opted for Group taxation; thus transferring to the Parent Company, as the consolidating party, compliance linked to settling and paying IRES for companies included in tax consolidation. Procedures for consolidating Group taxable income are governed by a specific agreement between the Parent Company and its subsidiaries, as described in Note 14.4 “Transactions with related parties”.

Income taxes are reported in Note 13.10 “Income taxes”.

### 13.1 Revenue from sales and services

The main items making up “Revenue from sales and services” are shown in the table below.

## 13 Income statement

(€/million)	Half-year ended 30 June 2018	Half-year ended 30 June 2017
TV licence fees	886.7	895.3
Advertising	329.2	344.1
Other revenue	87.7	89.1
<b>Total revenue from sales and services</b>	<b>1,303.6</b>	<b>1,328.5</b>

The breakdown of revenue by geographical area shows it is predominantly originated in the domestic market.

#### TV licence fees

Revenue from TV licence fees, in the first half of 2018 amounted to €886.7 million (€895.3 million in the first half of 2017). The figure breaks down as follows:

(€/million)	Half-year ended 30 June 2018	Half-year ended 30 June 2017
Licences for the period - household licences	817.2	819.3
Licences for the period - special licences	40.1	39.0
Licence fees collected by enforcement order	15.5	16.1
Licence fees for prior years – household licences	13.9	20.9
<b>Total TV licence fees</b>	<b>886.7</b>	<b>895.3</b>

Related to revenue from licence fees, please note that information and figures made available referred to the new collection methods used to calculate the amount for household licences, considering Law 190 of 23 December 2014 (art. 1, paragraph 293), which established a 5 percent reduction, as of year 2015, on sums to be paid to Rai to cover the cost of the public service supplied.

The new collection methods were introduced by Law 208 of 28 December 2015 (the so-called 2016 Stability Law). In art. 1, paragraphs 152 *et seq.* it established, as of 1 January 2016, collection of the TV licence fee for households by debiting – with a separate item – invoices issued by electricity companies.

The law introduced, in an effort to overcome evasion, the mechanism by which if a household has a utility account for a power supply to a registered home address, then it can be presumed that the household owns a television set. The presumption of the possession of a television set may only be overturned by a statutory declaration made in accordance with the Consolidation Law as per Presidential Decree 445 of 28 December 2000. False statements are punishable by law and may entail criminal liability.

The 2016 Stability Law also established that any higher revenues collected from 2016 to 2018 with respect to 2016 state budget forecasts are to be transferred to Rai in the set proportion of 67% for the year 2016, and 50% for the years 2017 and 2018.

In relation to the amounts reported above:

- TV licence fees collected by enforcement order refer to licence fees due in 2015 and prior years and paid in 2018 under an enforcement order by households with overdue payments;
- licence fees for prior years – household licences refer to licence fees for 2017, notified only during the course of the year, that were paid to the State in 2018 and to the recalculation of licence fees for prior years.

The mechanism for calculating the single television licence fee contemplated by the Consolidation Law for audiovisual and radio media (“separate accounting”), designed to ensure that revenue from licence fees is proportional to the costs incurred by Rai, as certified by an independent auditor, for its Public Service operations, found a shortfall in such revenue for the period 2005–2016 of €2.6 billion. Separate annual accounts for 2017 are being prepared.

## Advertising

Advertising revenue, normally higher in the first six months, amounted to €329.2 million (€344.1 million in the first half of 2017), breaks down as follows:

(€/million)	Half-year ended 30 June 2018	Half-year ended 30 June 2017
Television advertising on general-interest channels:		
- air time	195.6	219.6
- promotions, sponsorships and special initiatives	72.9	66.8
- product placements	3.8	3.3
Television advertising on specialist channels	35.3	32.4
Radio advertising	15.3	16.3
Cinema advertising	1.7	1.4
Web advertising	5.9	4.9
Other advertising	0.4	0.3
Third-party portions	(1.1)	(0.9)
Contingencies	(0.6)	-
<b>Total advertising</b>	<b>329.2</b>	<b>344.1</b>

## Other revenue

Other revenue from sales and services in 2018 amounted to €87.7 million (€89.1 million in the first half of 2017). The figure breaks down as follows:

(€/million)	Half-year ended 30 June 2018	Half-year ended 30 June 2017
Special services under convention	22.0	22.0
Sale of music rights and editions	30.6	25.8
Film and home video distribution	19.8	19.9
Distribution and sale of channels	10.2	10.4
Fees for hosting plants and equipment	15.4	16.2
Sundry services, mainly for institutional purposes	3.8	3.3
Signal diffusion services, rental of circuits, radio links and connections	1.1	3.0
Interactive telephone	0.3	0.2
Production services	0.2	0.4
Revenue from sales	0.5	0.3
Other	1.3	1.1
Third-party quotas	(17.8)	(14.6)
Contingencies	0.3	1.1
<b>Total other revenue</b>	<b>87.7</b>	<b>89.1</b>

## 13.2 Other revenues and income

Other revenues and income, €6.3 million in the first half of 2018 (€6.7 million in the first half of 2017), breaks down as follows:

(€/million)	Half-year ended 30 June 2018	Half-year ended 30 June 2017
Contributions for operating expenses	2.8	2.4
Income from real estate investments and rentals	0.9	1.0
Compensation for damages	0.3	0.8
Contingencies	0.3	0.8
Other	2.0	1.7
<b>Total other revenues and income</b>	<b>6.3</b>	<b>6.7</b>

## 13.3 Costs for the purchase of consumables, costs for services and other costs

The costs to purchase consumables, for services and other costs, for an overall €525.8 million (€543.5 million in the first half of 2017), break down as follows:

(€/million)	Half-year ended 30 June 2018	Half-year ended 30 June 2017
Costs for the purchase of consumables	6.8	7.5
Costs for services	492.6	508.8
Other costs	26.4	27.2
<b>Total costs for the purchase of consumables, costs for services and other costs</b>	<b>525.8</b>	<b>543.5</b>

Costs for the purchase of consumables, for €6.8 million (€7.5 million in the first half of 2017), mainly refer to the purchase of sundry production materials, technical materials for the inventory and other materials.

Costs for services, with details in the table below, amounted to a total of €492.6 million (€508.8 million in the first half of 2017) net of discounts and rebates obtained. They include, *inter alia*, emoluments, office indemnities and expense refunds paid to directors, for a total of €0.4 million, and to statutory auditors, for a total of €0.1 million. Please note that no member of the Board of Directors and the Board of Statutory Auditors of the Parent Company performed, overlapping, similar jobs in other subsidiaries.

(€/million)	Half-year ended 30 June 2018	Half-year ended 30 June 2017
Contractors	69.2	66.9
Services for programme acquisition and production	114.1	110.7
Travel allowances and expenses and accessory costs for personnel	21.2	22.1
Maintenance, repairs, transport and similar	22.1	22.1
IT system documentation and assistance services	27.4	26.2
Other outsourced services (telephone, supply services, cleaning, postal, insurance etc.)	73.1	72.9
Rental expenses and rentals	43.8	48.7
Recording rights	75.1	92.4
Copyright	53.4	54.4
Contingencies	1.0	1.5
Cost recoveries and expense refunds	(7.8)	(9.1)
<b>Total costs for services</b>	<b>492.6</b>	<b>508.8</b>

In accordance with Article 2427 (16-bis) of the Civil Code, please note that fees accruing to the first half of 2018 for services provided by the external auditors for the annual auditing of accounts and other auditing services, including the half-year situation, were respectively €0.2 million and €0.1 million.

Other costs, totalling €26.4 million (€27.2 million in the first half of 2017), mainly referred to the user rights to digital television frequencies and other contributions to control authorities, indirect taxes and other duties, and prizes and winnings on Radio-TV competitions.

### 13.4 HR expenses

HR expenses, for €519.4 million (€515.2 million in the first half of 2017), break down as follows:

(€/million)	Half-year ended 30 June 2018	Half-year ended 30 June 2017
Wages and salaries, and social security costs	497.9	488.7
Employee severance pay	21.6	21.7
Pensions and similar obligations	7.4	7.8
Other	3.4	6.1
<b>HR expenses</b>	<b>530.3</b>	<b>524.3</b>
Costs for redundancy incentives	1.1	1.4
Recovery of expenses	(1.1)	(0.8)
HR expenses capitalised	(8.4)	(10.7)
<b>Other HR expenses</b>	<b>(8.4)</b>	<b>(10.1)</b>
<b>Contingencies and releases of provisions</b>	<b>(2.5)</b>	<b>1.0</b>
<b>Total HR expenses</b>	<b>519.4</b>	<b>515.2</b>

The item includes €21.0 million of charges for defined contribution plans and €1.6 million of income from defined benefit plans, net of past benefits, as reported in note 11.2 “Employee benefits”.

Five different collective bargaining agreements (CCLs) are applied within the Group: the CCL for middle managers, office staff and workers employed by the companies Rai, Rai Way, Rai Cinema and Rai Com; the CCL for Rai orchestra musicians; the CCL for journalists (CNLG), applied by Rai under the terms and conditions of the “Convention for the Extension of the CNLG to Rai” and the relative Addendum Agreement with Usigrai for journalist staff; the national CCL for senior managers of manufacturing and service companies and the relative Addendum Agreement between Rai and ADRai; and the CCL for the middle managers and office staff of Rai Pubblicità.

With respect to those agreements, we report that:

- the collective agreement for middle managers, office staff and workers was renewed on 28 February 2018, for the 2014 - 2016 three-year period and, exceptionally, for 2017 and 2018;
- the collective agreement for orchestra musicians was renewed on 28 June 2018, for the 2014 - 2016 three-year period and, exceptionally, for 2017 and 2018;
- for journalist staff, on 13 March 2018 Rai - Unindustria Roma and Usigrai - FNSI signed a Convention for the Extension of the National Collective Bargaining Agreement for Journalists to Rai. The Rai Usigrai Addendum Agreement expired on 31 December 2013;
- for personnel employed as senior managers, the collective bargaining agreement for the period 1/1/2015 - 31/12/2018 is still in force, while the Rai-ADRai Addendum Agreement was renewed on 6 July 2018 for the period 2017 - 2019;
- the collective agreement for middle managers, office staff and workers of Rai Pubblicità was renewed on 7 July 2018, for the 2014 -2016 three-year period and, exceptionally, for 2017 and 2018.

The average number of employees included in the area of consolidation is shown below by employment category.

	Half-year ended 30 June 2018			Half-year ended 30 June 2017		
	Average number TD	Average number T1 <sup>(1)</sup>	Total	Average number TD	Average number T1 <sup>(1)</sup>	Total
Managers	-	336	336	0	342	342
Officers/middle managers	1	1,385	1,386	1	1,407	1,408
Journalists	210	1,634	1,844	183	1,623	1,806
Office staff	502	7,642	8,144	500	7,785	8,285
Workers	57	912	969	78	933	1,011
Orchestra musicians and choristers	4	119	123	3	124	127
General Practitioners	-	7	7	0	7	7
<b>Total</b>	<b>774</b>	<b>12,035</b>	<b>12,809</b>	<b>765</b>	<b>12,221</b>	<b>12,986</b>
(1) of which inclusion / internship contracts		41			175	

The average number of employees was calculated as the arithmetic mean of the daily number of employees over the reporting period, weighted to account for part-time employees. The average number of employees includes personnel on permanent and temporary employment contracts.

### 13.5 Write-downs of financial assets

This item, a new addition in compliance with accounting standard IFRS 9, recognises losses for reduced value (including recoveries) of financial assets in the wider view provided by IAS 32, which includes all assets of a contractual origin creating rights to receive cash flows (hence including trade receivables). Related to the right applied to recalculate shareholders' equity values opening the current accounting period retrospectively, reference values as at 30 June 2017 are measured and entered in the balance sheet in compliance with the previous accounting standard IAS 39, as specified in Note 3 "Effects resulting from first application of accounting standards IFRS 9 and IFRS 15" to be referred to.

The item as at 30 June 2018 is positive for €0.3 million and refers to the effect net of absorptions and allocations to the to provision for write-down of trade receivables as reported in Note 9.2 "Trade receivables", to be referred to.

### 13.6 Depreciation, amortisation and other write-downs

Depreciation, amortisation and write-downs totalled €266.1 million (€254.8 million in the first half of 2017). The figure breaks down as follows:

(€/million)	Half-year ended 30 June 2018	Half-year ended 30 June 2017
<b>Property, plant and equipment:</b>		
Buildings	8.6	8.6
Plant and machinery	35.4	36.9
Fixtures and fittings, tools and other equipment	1.4	1.3
Other assets	3.0	2.7
<b>Total depreciation of property, plant and equipment</b>	<b>48.4</b>	<b>49.5</b>
<b>Intangible assets:</b>		
Programmes	194.6	191.1
Software	4.1	2.7
Other intangible assets	0.2	0.2
<b>Total amortisation of intangible assets</b>	<b>198.9</b>	<b>194.0</b>
<b>Depreciation of real estate investments</b>	<b>0.2</b>	<b>0.2</b>
<b>Total amortisation and depreciation</b>	<b>247.5</b>	<b>243.7</b>
Programmes under amortisation	16.0	8.8
Programmes in progress	1.5	1.0
Other intangible assets	-	0.9
Other non-current receivables and assets	0.7	1.1
Trade receivables	-	(0.6)
Other current receivables and assets	0.4	(0.1)
<b>Total other write-downs</b>	<b>18.6</b>	<b>11.1</b>
<b>Total depreciation, amortisation and other write-downs</b>	<b>266.1</b>	<b>254.8</b>

### 13.7 Provisions

Net provisions, for €1.9 million (€13.1 million in the first half of 2017), are determined by provisions for €3.4 million (€14.7 million in the first half of 2017), offset by absorptions for €1.5 million (€1.6 million in the first half of 2017) mainly referred to provisions for risks and charges for disputes of various kinds.

### 13.8 Financial income and expenses

Net financial expenses totalled €7.6 million (€7.2 million in the first half of 2017). The figure breaks down as follows:

(€/million)	Half-year ended 30 June 2018	Half-year ended 30 June 2017
<b>Financial income</b>		
Dividends	0.1	-
Interest income from banks	0.1	-
Profits on exchange	0.3	1.0
Income from currency hedging derivatives	0.2	0.2
Other	0.1	0.1
<b>Total financial income</b>	<b>0.8</b>	<b>1.3</b>
<b>Financial expense</b>		
Interest expense due to banks	(0.7)	(1.4)
Interest payable to other lenders	-	(0.1)
Interest expense on bonds	(3.0)	(3.0)
Expenses on exchange hedging derivatives	(0.1)	(0.3)
Losses on exchange	(0.7)	(0.3)
Interest on employee benefit liabilities	(2.6)	(2.3)
Other	(1.3)	(1.1)
<b>Total financial expense</b>	<b>(8.4)</b>	<b>(8.5)</b>
<b>Total net financial income (expense)</b>	<b>(7.6)</b>	<b>(7.2)</b>

### 13.9 Earnings from equity investments measured at equity

Earnings from equity investments measured at equity amounted to €0.2 million (€0.3 million in the first half of 2017), and break down as follows:

(€/million)	Half-year ended 30 June 2018	Half-year ended 30 June 2017
San Marino RTV SpA	-	(0.1)
Tivù Srl	0.2	0.4
<b>Total earnings from equity investments measured at equity</b>	<b>0.2</b>	<b>0.3</b>

The breakdown of the change in equity investments measured at equity is reported in Note 8.4 "Equity investments".

### 13.10 Income tax

Income taxes, positive for €5.5 million (negative for €3.9 million in the first half 2017), break down as follows:

(€/million)	Half-year ended 30 June 2018	Half-year ended 30 June 2017
IRES	(13.6)	(13.2)
IRAP	(2.9)	(2.9)
<b>Total current taxes</b>	<b>(16.5)</b>	<b>(16.1)</b>
Deferred tax liabilities	1.9	1.0
Deferred tax assets	19.8	11.0
<b>Total deferred taxes</b>	<b>21.7</b>	<b>12.0</b>
<b>Direct taxes of previous years</b>	<b>0.3</b>	<b>0.2</b>
<b>Total tax for the year</b>	<b>5.5</b>	<b>(3.9)</b>

In the first half of 2018, economic changes caused taxable incomes of Group companies for the period for which IRES taxes were set aside for €13.6 million and IRAP for €2.9 million.

Deferred tax liabilities caused a positive economic effect of €1.9 million (€1.0 million as at 30 June 2017) due to recovery of temporary income differences recognised in the previous years.

For IRES purposes, in the first half of 2018, as in the first half of 2017, the Parent Company determined further tax losses for which deferred tax assets were allocated, for an amount to €20.2 million, with a positive effect on the income statement.

### 14.1 Guarantees

Guarantees provided totalled €70.8 million (€70.7 million as at 31 December 2017). The figure breaks down as follows:

(€/million)	Half-year ended 30 June 2018			
	Surety guarantees	Other personal guarantees	Collateral	Total
Joint ventures and associates	2.6	-	-	2.6
Other	66.0	-	2.2	68.2
<b>Total</b>	<b>68.6</b>	<b>-</b>	<b>2.2</b>	<b>70.8</b>

(€/million)	Year ended 31 December 2017			
	Surety guarantees	Other personal guarantees	Collateral	Total
Joint ventures and associates	2.6	-	-	2.6
Other	65.9	-	2.2	68.1
<b>Total</b>	<b>68.5</b>	<b>-</b>	<b>2.2</b>	<b>70.7</b>

Guarantees provided include the obligation to pay the Financial Administration, as a guarantee for the refund advanced on VAT surpluses for €64.4 million as at 30 June 2018 (€64.3 million as at 31 December 2017) for subsidiaries.

The Group has also presented €476.4 million of guarantees provided by third parties (€447.4 million as at 31 December 2017) on commercial and financial obligations. Those guarantees mainly consist of:

- (i) guarantees received from various banks and insurance institutions:
  - to guarantee the purchase of goods and services;
  - full performance of contracts for the production of radio and television productions;
- (ii) guarantees provided by third parties on obligations held by the Group:
  - for payables – mainly surety guarantees for the Parent Company on the medium/long term EIB loan;
  - for the other obligations – mainly for surety issued for the Parent Company to the Financial Administration to guarantee prize competitions and the refund of VAT credit, for surety issued to UEFA for qualifications at the European Football Championships of 2020 and World Football Championships of 2022.

## 14.2 Commitments

The main commitments, including long-term commitments, connected with products or with technological development and modernisation initiatives and in place at the reporting date are reported in the table below:

(€/million)	Half-year ended 30 June 2018	Year ended 31 December 2017
<b>Future commitments on:</b>		
Sports broadcasting rights	365.9	92.6
Investments in audiovisual works	255.4	251.6
Rights and services for the production of programmes	25.3	56.7
Technical investments	44.6	32.6
<b>Total commitments</b>	<b>691.2</b>	<b>433.5</b>

## 14.3 Contingent liabilities

Group companies, mainly Rai, are party to civil, administrative, labour law and social security lawsuits connected with its ordinary business activities.

Civil and administrative litigation involving the Group is primarily connected with the production and public broadcasting of radio and television programmes. Almost all civil litigation concerns claims for damages, mostly in connection with alleged defamation and infringement of personality rights, while claims for damages under administrative law usually concern disputes over tender awards in which the equivalent compensation claim is usually a subsidiary application to the main application for the annulment of the tender decision and, in some cases, the award of the contract.

If, on the basis of analyses conducted on such kinds of litigation:

- information is available, at the time of preparation of the financial statements, suggesting it is likely that a liability will arise;
- and the amount of the liability can be reasonably estimated, considering the petition made by the applicant;

then a relative liability is recognised through the allocation of provisions for legal disputes.

In relation to labour law and social security matters, the Group is a party to a considerable number of lawsuits, mainly concerning claims for reinstatement, applications for investigations into the alleged use of fictitious intermediaries in the procurement of labour, applications for higher level employment grades and categories, compensation claims for alleged demotion and alleged non-fulfilment of social security obligations under employment contracts or collective bargaining agreements. To determine the amount of provisions to be allocated, given the large number of pending lawsuits and the consequent difficulty in assessing the contingent liability for each, the cases have been subdivided into three categories in relation to their status and any appeal rulings handed down (lawsuits pending in courts of first instance; lawsuits lost on appeal; lawsuits won on

appeal). The risk is then estimated for each category by identifying an average value expressed in percentage terms, in order to quantify the amount of provisions to be allocated for legal disputes.

The tax assessment launched by the Tax Police in November 2017 for presumed irregularities on transactions performed by Rai Pubblicità in years from 2012 to 2016 for intra-community VAT purposes, ended in June 2018 and highlighted no irregularities.

Based on information currently available, and taking account of provisions for risks, the Group believes current values allocated to existing provisions for risks are consistent.

Provisions allocated for legal disputes are reported in Note 11.3 "Provisions for non-current risks and charges".

## 14.4 Transactions with related parties

Here below are details of Parent Company transactions with related parties, identified based on criteria in IAS 24 "Balance sheet information on transactions with related parties".

The Parent Company mainly has trade and financial relations with the following related parties:

- Rai Cinema;
- Rai Com;
- Rai Corporation;
- Rai Pubblicità;
- Rai Way;
- management personnel with strategic Group responsibilities ("Senior Management");
- other associated companies and joint ventures with which the Group has an interest as indicated in note 8.4 "Shareholdings"; companies controlled or under the joint control of Senior Management and entities that manage post-employment benefit plans reserved exclusively to Rai Group employees ("Other related parties").

Although related party transactions are conducted at arm's length, there is no guarantee that if those transactions were negotiated and pursued with or between third parties, the relative contracts, and the transactions themselves, would be stipulated under the same terms and conditions.

"Senior management" means key management personnel with strategic responsibilities and the power and direct or indirect responsibility for the planning, management and control of Group company business, including therein the members of the Board of Directors of Group companies. For information on emoluments paid to Statutory Auditors please see Note 13.3 "Costs for the purchase of consumables for services and other costs".

The follow table details the balance sheet totals as at 30 June 2018 and as at 31 December 2017 and the economic effects of transactions between the Group and related parties conducted in the first half of 2018 and in the first half of 2017 and obviously excluding those between the Parent Company and its subsidiaries, consolidated applying the comprehensive method.

(€/million)	Senior Management	Other related parties	Total
<b>Current financial assets</b>			
As at 30 June 2018	-	1.8	<b>1.8</b>
As at 31 December 2017	-	0.5	<b>0.5</b>
<b>Current trade receivables</b>			
As at 30 June 2018	-	0.3	<b>0.3</b>
As at 31 December 2017	-	0.2	<b>0.2</b>
<b>Other current receivables and assets</b>			
As at 30 June 2018	0.1	-	<b>0.1</b>
As at 31 December 2017	0.2	-	<b>0.2</b>
<b>Employee benefits</b>			
As at 30 June 2018	(4.3)	(13.6)	<b>(17.9)</b>
As at 31 December 2017	(5.1)	(14.7)	<b>(19.8)</b>
<b>Trade payables</b>			
As at 30 June 2018	-	(5.5)	<b>(5.5)</b>
As at 31 December 2017	-	(4.3)	<b>(4.3)</b>
<b>Other current payables and liabilities</b>			
As at 30 June 2018	(9.0)	(7.3)	<b>(16.3)</b>
As at 31 December 2017	(9.4)	(12.7)	<b>(22.1)</b>

(€/million)	Senior Management	Other related parties	Total
<b>Revenue from sales and services</b>			
As at 30 June 2018	-	0.3	<b>0.3</b>
As at 30 June 2017	-	0.4	<b>0.4</b>
<b>Costs for services</b>			
As at 30 June 2018	(0.4)	(5.3)	<b>(5.7)</b>
As at 30 June 2017	(0.3)	(5.0)	<b>(5.3)</b>
<b>HR expenses</b>			
As at 30 June 2018	(11.3)	(5.8)	<b>(17.1)</b>
As at 30 June 2017	(11.4)	(7.1)	<b>(18.5)</b>

Related to the description of the main agreements in force between the Parent Company and subsidiaries, associated companies and joint venture listed above, please refer to the specific paragraph in the Notes to the Consolidated Financial Statements of the document Reports and Financial statements as at 31 December 2017 Rai Group, except for the following paragraphs.

### Tax consolidation arrangement

The Group applies the group taxation system for IRES purposes called “tax consolidation arrangement”, as set forth in articles 117 *et seq.* of the TUIR and regulated by Ministerial Decree 9 June 2004.

The option for the tax consolidation arrangement for the 2017 tax period was renewed automatically with no need for notification.

The tax and equity arrangements between the participating companies are governed by a specific agreement made between the parties, which is updated in the light of relative legislative amendments applicable under the agreement.

## Group VAT offsetting

The Company has adopted the procedure contemplated by Ministerial Decree of 13 December 1979, implementing rules for the provisions of Article 73, last paragraph, of Presidential Decree 633 of 26 October 1972, for the offsetting of Group VAT.

The option to apply the Group VAT procedure is valid for one year and was exercised by Rai and all its Italian subsidiaries until 31 December 2018. Tax and equity arrangements under the procedure are governed by a specific agreement between the parties.

## Rai Way

On 30 July 2018, the company voluntarily reimbursed in full the amortising loan totalling €45.0 million and extinguished the related Interest Rate Swaps.

## 15 Subsequent events

The breakdown of the items reconciling the result of the income statement and shareholders' equity of the Separate Financial Statements and the respective data of the Consolidated Financial Statements is as follows:

(€/million)	Net profit (loss) for the period		Shareholders' equity	
	Half-year ended 30 June 2018	Half-year ended 30 June 2017	Half-year ended 30 June 2018	Year ended 31 December 2017
Rai Financial Statements	14.1	47.1	821.1	808.4
Elimination of value of investments against the respective shareholders' equity and of dividends paid compared to the profit for the period	(19.1)	(39.6)	(366.2)	(326.6)
Adjustment deferred taxes on revaluation of Rai Way investment	-	-	5.0	5.0
Other consolidation adjustments	0.1	(9.7)	(6.2)	(6.7)
Consolidated Financial Statements	(4.9)	(2.2)	453.7	480.1
of which third parties	10.8	9.6	53.3	61.8

## 16 Reconciliation between the Separate and Consolidated Financial Statements

# 17

## Appendix

### 17.1 Rai equity investments in subsidiaries

The following table reports the equity investments held by Rai in domestic and foreign companies.

The above investments had not changed as at 30 June 2018 compared to the situation as at 31 December 2017.

Values as at 30 June 2018	Registered Office	No. Shares/ shareholdings owned	Nominal value (in euros)	Share capital (in €/’000)	Equity interest held %
<b>Subsidiaries</b>					
Rai Cinema SpA	Rome	38,759,690	5.16	200,000	100.00%
Rai Com SpA	Rome	2,000,000	5.16	10,320	100.00%
Rai Corporation in liquidation	New York (USA)	50,000	10.00 (1)	500 (2)	100.00%
Rai Pubblicità SpA	Turin	100,000	100.00	10,000	100.00%
Rai Way SpA	Rome	176,721,110	- (3)	70,176	64.971%

(1) Values in USD

(2) Amounts in thousands of USD

(3) Ordinary shares with no indication of nominal value

The market value of Rai Way shares as at 29 June 2018 was €4.01.

## 17.2 Consolidated net financial position

Net financial position, as measured in accordance with the recommendations of paragraph 127 of the ESMA document ESMA/2013/319, implementing Regulation (EC) No 809/2004, is reported in the table below:

(€/million)	Half-year ended 30 June 2018	Year ended 31 December 2017
A. Cash	0.3	0.3
B. Other cash equivalents	504.9	227.7
C. Securities held for trading	-	-
<b>D. Liquidity (A+B+C)</b>	<b>505.2</b>	<b>228.0</b>
Hedging derivatives	0.4	-
Blocked bank deposits	6.4	6.3
Receivables from associates	1.8	0.5
Loans to personnel	0.1	-
Other (accruals, deferrals, discounts issue)	0.5	0.4
<b>E. Current financial receivables:</b>	<b>9.2</b>	<b>7.2</b>
F. Current bank debt	-	-
G. Current portion of long-term loans	(40.1)	(40.1)
Due to other lenders	(0.1)	-
Hedging derivatives	-	(0.5)
Other (accruals, deferrals, discounts issue)	(0.2)	(0.2)
H. Other current financial debt	(0.3)	(0.7)
<b>I. Current financial debt (F+G+H)</b>	<b>(40.4)</b>	<b>(40.8)</b>
<b>J. Net current financial position (D+E+I)</b>	<b>474.0</b>	<b>194.4</b>
K. Non-current bank loans	(35.3)	(55.3)
L. Bonds issued	(348.3)	(347.8)
Payables to other lenders - non current	(0.2)	(0.3)
Non-current hedging instruments	(1.0)	-
M. M. Other non-current payables	(1.2)	(0.3)
<b>N. Non-current financial debt (K+L+M)</b>	<b>(384.8)</b>	<b>(403.4)</b>
<b>O. Net financial position (J+N)</b>	<b>89.2</b>	<b>(209.0)</b>

# Certification pursuant to article 154-*bis* of Italian Legislative Decree 58/98

The undersigned Fabrizio Salini, in the capacity as Chief Executive Officer, and Massimo Cappelli, in the capacity as Manager in charge of drawing up the corporate accounting documents of Rai Radiotelevisione italiana SpA, also taking into account the provisions of Article 154-*bis*, paragraphs 3 and 4 of Legislative Decree No. 58 of 24 February 1998, hereby attest:

- the adequacy in relation to the characteristics of the Company and
- the actual application

of administrative and accounting procedures in preparing the Consolidated Interim Financial Statements as at 30 June 2018 during the first half of 2018.

The administrative and accounting procedures and operating practices in place have been applied in a manner consistent with the internal administrative and accounting control system to ensure the achievement of the objectives required by the applicable regulatory framework.

It is also attested that:

- the Consolidated Interim Financial Statements as at 30 June 2018 of the Rai Group:
  - a) have been prepared in accordance with International Financial Reporting Standards endorsed by the European Union pursuant to EC Regulation 1606/2002 of the European Parliament and of the Council of 19 July 2002;
  - b) correspond to the entries in the books and accounting records;
  - c) are suitable to provide a true and fair representation of the equity, economic and financial position of the issuer.
- the Report on Operations includes a reliable analysis of the trends and results of operations, as well as the situation of the issuer, together with a description of the main risks and uncertainties to which they are exposed.

Rome, 31 October 2018

Fabrizio Salini  
Chief Executive Officer

Massimo Cappelli  
Manager in charge of drawing  
up the corporate accounting documents

# External Auditors' Report



## REVIEW REPORT ON CONSOLIDATED INTERIM FINANCIAL STATEMENTS

To the Board of Directors of  
RAI – Radiotelevisione italiana SpA

### Foreword

We have reviewed the accompanying consolidated interim financial statements of Rai – Radiotelevisione italiana SpA and its subsidiaries (the RAI Group) as of 30 June 2018, comprising the consolidated statement of financial position, consolidated income statement, consolidated statement of comprehensive income, consolidated cash flow statement, consolidated statement of changes in equity and related notes. The directors of RAI – Radiotelevisione italiana SpA are responsible for the preparation of the consolidated interim financial statements that give a true and fair view in accordance with International Accounting Standard 34 applicable to interim financial reporting (IAS 34) as adopted by the European Union. Our responsibility is to express a conclusion on these consolidated interim financial statements based on our review.

### Scope of review

We conducted our work in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of the consolidated interim financial statements consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than a full-scope audit conducted in accordance with International Standards on Auditing and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the consolidated interim financial statements.

### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated interim financial statements of the RAI Group as of 30 June 2018, do not



give a true and fair view of the financial position, the result of operations and cash flows of the RAI Group, in accordance with International Accounting Standard 34 applicable to interim financial reporting (IAS 34) as adopted by the European Union.

Rome, 9 November 2018

PricewaterhouseCoopers SpA

A handwritten signature in black ink, appearing to read 'Pier Luigi Vitelli', written in a cursive style.

Pier Luigi Vitelli  
(Partner)

*This report has been translated into English from the Italian original solely for the convenience of international readers.*

*We have not examined the translation of the financial statements referred to in this report.*

**VIEW REPORT**

**RAI – RADIOTELEVISIONE ITALIANA SPA**

**SEPARATE INTERIM FINANCIAL STATEMENTS AS OF 30 JUNE 2018**

# Corporate Directory

## GENERAL MANAGEMENT RAI

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Viale Mazzini, 14  
00195 Rome

Via Cavalli, 6  
10138 Turin

t. +39 06 38781  
[www.rai.it](http://www.rai.it)

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## RAI CENTRES

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### TV production centre

Largo Villy De Luca, 4  
00188 Rome

### Production centre RF

Via Asiago, 10  
00195 Rome

### Production centre

Corso Sempione, 27  
20145 Milan

### Production centre

Via Marconi, 9  
80125 Naples

### Production centre

Via Verdi, 16  
10124 Turin

### Research

Via Cavalli, 6  
10138 Turin

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## SUBSIDIARIES

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### Rai Cinema SpA

Piazza Adriana, 12  
00193 Rome

t. +39 06 684701  
[www.raicinema.it](http://www.raicinema.it)

### Rai Corporation

c/o GC Consultants  
444 Madison Avenue - Suite 1206  
New York - NY 10022

### Rai Com SpA

Via Umberto Novaro, 18  
00195 Rome

t. +39 06 36861  
[www.rai-com.com](http://www.rai-com.com)

### Rai Pubblicità SpA

Via Cavalli, 6  
10138 Turin

t. +39 011 7441111  
[www.raipubblicità.it](http://www.raipubblicità.it)

### Rai Way SpA

Via Teulada, 66  
00195 Rome

t. 800 111 555  
[www.raiway.it](http://www.raiway.it)

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## REGIONAL OFFICES

### Abruzzo

Via de Amicis, 27  
65123 Pescara

### Marche

Scalo Vittorio Emanuele, 1  
60121 Ancona

### Autonomous Province of Bolzano

Piazza Mazzini, 23  
39100 Bolzano

### Basilicata

Via dell'Edilizia, 2  
85100 Potenza

### Molise

Contrada Colle delle Api  
86100 Campobasso

### Autonomous Province of Trento

Via f.lli Perini, 141  
38122 Trento

### Calabria

Via G. Marconi snc  
87100 Cosenza

### Puglia

Via Dalmazia, 104  
70121 Bari

### Umbria

Via Luigi Masi, 2  
06121 Perugia

### Emilia Romagna

Viale della Fiera, 13  
40127 Bologna

### Sardinia

Via Barone Rossi, 27  
09125 Cagliari

### Valle d'Aosta

Loc. Grande Charriere, 70  
11020 Saint Christophe (AO)

### Friuli Venezia Giulia

Via Fabio Severo, 7  
34133 Trieste

### Tuscany

Ettore Bernabei, 1  
50136 Florence

### Veneto

Palazzo Labia - Campo San Geremia  
Cannaregio, 275  
30121 Venice

### Liguria

Corso Europa, 125  
16132 Genoa

### Sicily

Viale Strasburgo, 19  
90146 Palermo

## Rai - Radiotelevisione Italiana SpA

### Parent Company

Company Name: Rai - Radiotelevisione italiana SpA  
Share Capital: Euro 242.518.100,00 fully paid in  
Registered office in Rome: Viale Giuseppe Mazzini, 14  
00195 - Rome

Project by: Direzione Finanza e Pianificazione

Advisory services: Ergon Com





